S&P 500 closes higher after tame consumer inflation report, tech sector rises

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The U.S. and European stock markets closed mixed Wednesday as investors welcomed an in-line July Consumer Price Index (CPI) report and a wave of strong artificial-infrastructure earnings, while European benchmarks reacted more cautiously to a busy day of continental corporate results.

U.S. Markets

The S&P 500 rose on Wednesday on the back of a tame U.S. inflation report, and tech gains led by artificial intelligence plays CoreWeave and Super Micro Computer. The broad market index climbed 0.3%, while the Nasdaq Composite added 0.5%. The Dow Jones Industrial Average closed just below the flatline.

July's consumer price index came in as expected, with headlines rising 0.1% in the month and the annual inflation rate landing at 3.4%. Core CPI, which excludes food and energy, advanced 0.2% last month and 2.5% on the year. The annual rate for both headlines and core CPI marked a slight decrease from June.

This comes as the Federal Reserve has been laser-focused on the impact higher pricing pressures are having on the U.S. consumer, with three dissenters at the last meeting voting to raise rates. Those concerns have yet to abate, with U.S. oil prices pushing above $83 a barrel Wednesday, as hopes of a reopening of the Strait of Hormuz dwindle.

However, odds that the Fed will leave its rates unchanged next month increased following the report. Fed funds futures trading is now pricing in a roughly 60% chance that the central bank will keep its benchmark rate in its current range of 3.50% to 3.75%, up from more than 45% a week ago. Ellen Zentner, chief economic strategist at Morgan Stanley Wealth Management, noted that in-line inflation keeps the "no need to hike rates" narrative intact following last week's soft jobs report. However, another round of inflation data arrives before the September FOMC meeting that could still shift the storyline.

Meanwhile, the latest quarterly results and guidance from CoreWeave and Super Micro Computer reassured investors that demand in the artificial intelligence buildout is stable. CoreWeave shares jumped 18% after the cloud infrastructure company's second-quarter adjusted operating income margin of 5% exceeded expectations, while its revenue doubled from a year ago. Super Micro Computer added 17% following a strong earnings and revenue forecast for the first quarter. Other AI-related stocks also gained: Dell Technologies and Micron Technology advanced more than 6% and nearly 7%, respectively. In comparison, Cisco Systems rose more than 1%, and U.S.-listed shares of Nebius were up more than 27%.

European Markets

European benchmarks closed mixed Wednesday as a heavy slate of corporate earnings across the DACH and Nordic markets offset a softer U.S. inflation backdrop. The Stoxx Europe 600 slipped 1.03 points, or 0.16%, to close at 659.48, while the UK's FTSE 100 eased 11.04 points, or 0.10%, to 10,833.15. Germany's DAX bucked the softer tone, adding 60.35 points, or 0.23%, to close at 26,321.07, supported by strong earnings from Vestas, ABN Amro, and Bechtle. On the data front, Germany's final July CPI was confirmed at 2.8% year-over-year, the fifth consecutive month above the ECB's 2% target, while Italy's final print was revised up to 2.9%.

It was a busy day for corporate earnings across the continent. Vestas Wind Systems was the standout of the session, raising its full-year guidance and unveiling a DKK 3 billion buyback after a strong second quarter, which sent shares up roughly 14% to 20% intraday. ABN Amro climbed about 5.6% in Amsterdam after lifting its full-year net interest income outlook to €6.8 billion, aided by its August 1 completed acquisition of NIBC, while Bechtle raised its full-year business volume, revenue, and pre-tax profit guidance on the back of a record order backlog. Elsewhere, Hannover Re, K+S, Demant, and Balfour Beatty each posted earnings beats, and E.ON reported results broadly in line with expectations, reaffirming its full-year 2026 guidance. Brenntag was among the session's laggards, slipping about 1.3% in Frankfurt on a soft EPS print despite raising its full-year operating EBITDA guidance.

In comparison, Kingspan gained more than 7% on its acquisition of BMC Manufacturing. In Paris, Legrand and STMicroelectronics each rose 1.7%, while EssilorLuxottica and Kering fell 2.8% and 2.9%, respectively. SBM Offshore rounded out the day's notable movers, adding roughly 4.0% in Amsterdam.

Inflation: eases in July, matching expectations

Headline CPI rose 0.1% for the month and 3.30% from a year earlier, matching consensus, while core CPI, which excludes food and energy, increased 0.2% in the month and 2.50% year-over-year, also in line with expectations. Encouragingly, the three-month annualized rate of core CPI fell to 1.6% in July, the first reading below the Federal Reserve's 2% target since December 2025.

Shelter inflation, which makes up more than a third of the CPI basket, rose a modest 0.1% for the second consecutive month, and softening home-price growth points to further moderation ahead. Core goods prices, on the other hand, posted their largest monthly increase since September 2025, as used-vehicle and consumer-electronics prices moved higher, the latter likely reflecting recent price increases announced by Apple.

Taken together, today's report suggests higher oil prices have not yet produced broad-based inflationary pressure across core categories. Combined with July's payroll contraction, the data supports a patient approach from the Federal Reserve heading into the September policy meeting. However, the August inflation report, due next month, will carry significant weight in shaping those expectations.

Energy Markets

Oil prices moved higher Wednesday, with U.S. crude pushing above $83 a barrel as hopes for a reopening of the Strait of Hormuz continued to dwindle. The renewed Middle East tension outweighed the constructive inflation backdrop, with West Texas Intermediate trading near $83.70 a barrel and Brent crude near $89.24 a barrel. The move followed reports of a deadly attack on shipping in the Red Sea and U.S. military action against a vessel attempting to breach the blockade of Iranian ports, keeping the Strait of Hormuz the key swing factor for the energy complex heading into the fall.

Economic & Policy Outlook

Attention now turns to Friday's July retail sales report for a read on consumer-spending momentum. Consensus calls for headline retail sales to rise 0.1% month-over-month. In contrast, control-group sales, which strip out motor vehicle and parts dealers, gasoline stations, building materials, and restaurants and bars, are expected to increase 0.4%. Recent trends have been encouraging control-group retail sales grew at an 8.0% three-month annualized rate through June, and real personal consumption expenditure rose at a 3.2% annualized pace in the second quarter, the strongest in a year. We expect consumer spending to remain healthy in the months ahead, supported by steady, if slower-growing, labor-market conditions and generally sound household balance sheets.

Separately, the Treasury Department reported Wednesday that the federal budget deficit hit its largest monthly total in more than five years, with July's shortfall reaching $432.3 billion, up roughly 48% from a year earlier. Medicare spending was the biggest driver, jumping to $174 billion for the month and pushing the year-to-date total to $955 billion, ahead of both Social Security and net interest costs. Tariffs' refunds tied to the Supreme Court's ruling against certain levies added further pressure, along with a calendar quirk that pulled several benefit payments into July. Through the first ten months of the fiscal year, the cumulative deficit has climbed to nearly $1.8 trillion, ahead of last year's pace, while debt-servicing costs have risen to $1.17 trillion on the government's $39.9 trillion in outstanding debt. With inflation still running above the Fed's target and recent data showing some cooling, futures markets aren't pricing in a rate cut for years to come. This dynamic keeps debt financing costs elevated for the foreseeable future.

The Final Word

Wednesday's in-line CPI report, paired with a softer July payroll number, gives the Federal Reserve room for patience rather than urgency. Shelter disinflation continues to do the heavy lifting, even as tariff- and demand-driven pressure in core goods bears watching. With retail sales due Friday and the next CPI print not until September, markets are likely to trade cautiously constructive from here, with the Strait of Hormuz situation remaining the key swing factor for the energy complex — and, by extension, for the inflation outlook itself.

Economic Update:

- **US Consumer Price Index YoY:** fell to 3.40%, compared to 3.50% last month.
- **US Core Consumer Price Index YoY:** fell to 2.50%, compared to 2.60% last month.
- **US Inflation Rate:** fell to 3.40%, compared to 3.50% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 659.48, down 1.03 points or 0.16%.
- **FTSE 100:** closed at 10,833.15, down 11.04 points or 0.10%.
- **DAX Index:** closed at 26,331.07, down 60.35 points or 0.23%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 53,770.27, down 21.58 points or 0.04%
- **S&P 500:** closed at 7,748.50, up 20.30 points or 0.26%
- **Nasdaq Composite:** closed at 26,588.48, up 143.04 points or 0.54%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,122.72, up 18.79 points or 0.37%
- **Birling Capital U.S. Bank Index:** closed at 10,511.72, up 18.26 points or 0.17%
- **U.S. Treasury 10-year note:** closed at 4.68%.
- **U.S. Treasury 2-year note:** closed at 4.20%.

Inflation nowcasting: forecast vs. actual, July 2026

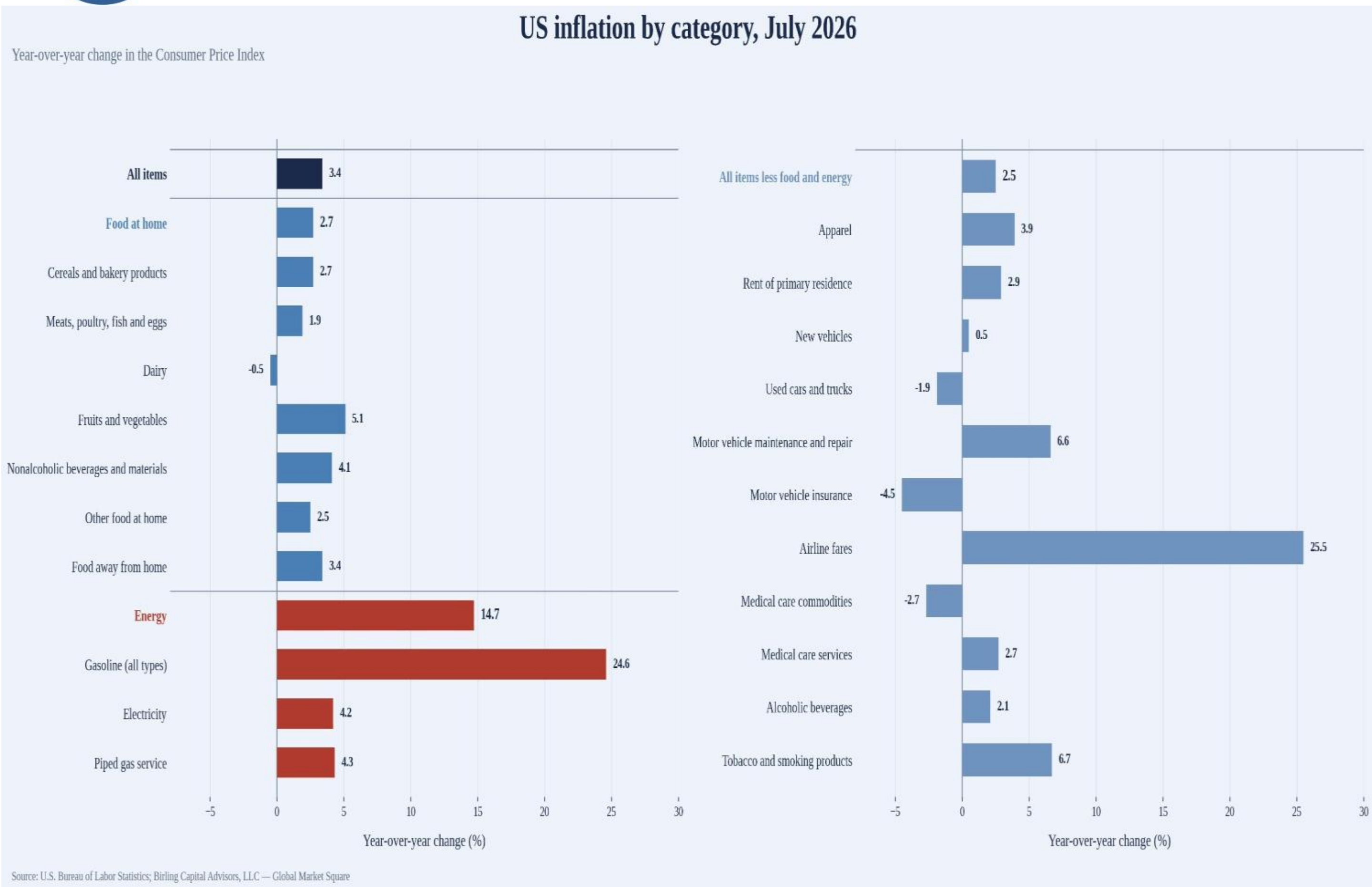
Headline CPI came in at 3.40% year-over-year, matching the nowcast forecast. Core CPI also matched the 2.5% forecast, reinforcing a moderating inflation trend into the September Fed meeting.

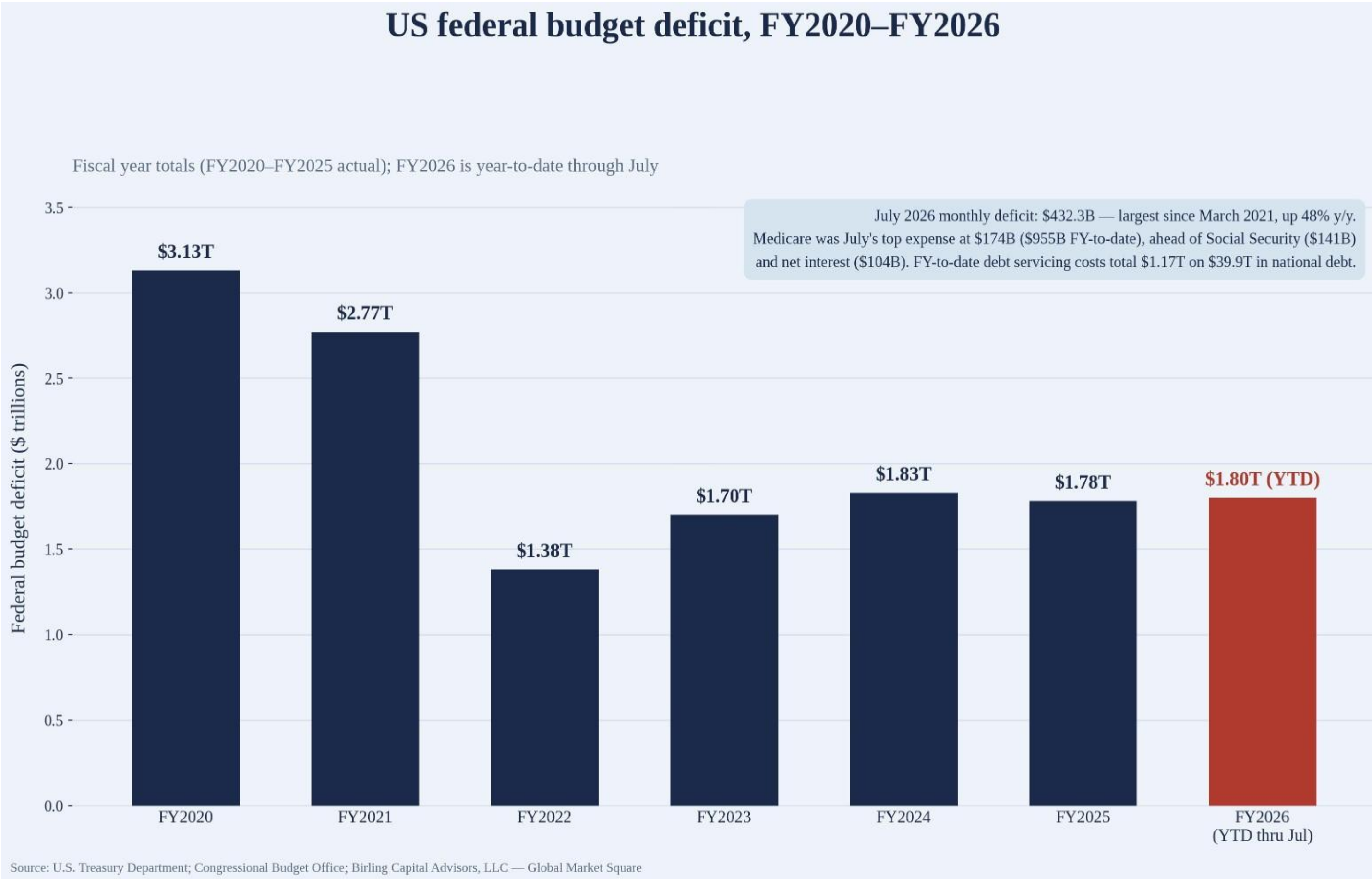
Source: U.S. Bureau of Labor Statistics; Birling Capital Advisors, LLC — Global Market Square

US inflation trend: CPI vs. core CPI, year-over-year

Headline CPI peaked at 4.20% in May 2026 before cooling for two straight months to 3.40% in July. Core CPI has eased more steadily, falling to 2.50% in July 2026, its lowest reading of the cycle. October 2025 had no BLS release; it is shown here held flat at September 2025's level for continuity.

Source: U.S. Bureau of Labor Statistics; Birling Capital Advisors, LLC — Global Market Square


US inflation by category, July 2026
Year-over-year change in the Consumer Price Index
All items
3.4
Food at home
2.7
Cereals and bakery products
2.7
Meats, poultry, fish and eggs
1.9
Dairy
-0.5
Fruits and vegetables
5.1
Nonalcoholic beverages and materials
4.1
Other food at home
2.5
Food away from home
3.4
Energy
14.7
Gasoline (all types)
24.6
Electricity
4.2
Piped gas service
4.3
All items less food and energy
2.5
Apparel
3.9
Rent of primary residence
2.9
New vehicles
0.5
Used cars and trucks
-1.9
Motor vehicle maintenance and repair
6.6
Motor vehicle insurance
-4.5
Airline fares
25.5
Medical care commodities
-2.7
Medical care services
2.7
Alcoholic beverages
2.1
Tobacco and smoking products
6.7
Year-over-year change (%)
Year-over-year change (%)
Source: U.S. Bureau of Labor Statistics; Birling Capital Advisors, LLC — Global Market Square



US federal budget deficit, FY2020–FY2026
Fiscal year totals (FY2020–FY2025 actual); FY2026 is year-to-date through July
July 2026 monthly deficit: $432.3B — largest since March 2021, up 48% y/y.
Medicare was July's top expense at $174B ($955B FY-to-date), ahead of Social Security ($141B)
and net interest ($104B). FY-to-date debt servicing costs total $1.17T on $39.9T in national debt.
Federal budget deficit ($ trillions)
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
$3.13T
$2.77T
$1.38T
$1.70T
$1.83T
$1.78T
$1.80T (YTD)
FY2020
FY2021
FY2022
FY2023
FY2024
FY2025
FY2026
(YTD thru Jul)
Source: U.S. Treasury Department; Congressional Budget Office; Birling Capital Advisors, LLC — Global Market Square

Eurozone markets close

Wednesday, August 12, 2026

Stoxx 600	FTSE 100	DAX index
Closing price	Closing price	Closing price
659.48	10,833.15	26,321.07
▼ -1.03	▼ -11.04	▲ +60.35
-0.16%	-0.10%	+0.23%

Source: Birling Capital Advisors

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Wall Street and Birling Capital Indexes Close

Wednesday, August 12, 2026

	Dow Jones Industrial Avg	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing price	53,770.27	7,748.50	26,588.48	5,122.72	10,511.72
Change	▼ -21.58	▲ +20.30	▲ +143.04	▲ +18.79	▲ +18.26
% Change	-0.04%	+0.26%	+0.54%	+0.37%	+0.17%

U.S. Treasury 10-Year Note	10Y 2Y spread	U.S. Treasury 2-Year Note
4.68%	+48 bps	4.20%

Source: Birling Capital Advisors

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Wall Street Recap
August 12, 2026

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