# Wall Street Falls as Surging Oil Prices, Rising Treasury Yields, and Escalating U.S.-Iran Tensions Weighed on Investors

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The U.S. and European stock markets closed lower Monday as escalating tensions between the United States and Iran pushed oil prices sharply higher and intensified concerns about inflation and interest rates. Wall Street's three major indexes declined, with the Dow Jones Industrial Average losing more than 270 points. The 30-year Treasury yield reached its highest level since June 2007, adding further pressure to equities. Technology offered pockets of strength, led by Micron Technology, but the gains were insufficient to offset the broader risk-off sentiment.

## U.S. Markets

Wall Street began the week lower as investors weighed the expiration of the U.S.-Iran ceasefire, stalled negotiations, and the growing risk of renewed disruptions across the Middle East. Iran reportedly ruled out extending the memorandum of understanding and warned that it could shift toward a more offensive posture if diplomacy failed.

The Dow Jones Industrial Average fell 272.63 points, or 0.51%, to close at 53,459.78. The S&P 500 declined 0.52% to 7,745.06, while the Nasdaq Composite dropped 0.32% to 26,644.91.

Energy prices became the session's central concern. West Texas Intermediate crude surged 2.6% to $84.50 per barrel, while Brent crude rose 2.7% to $90.87. The advance reinforced concerns that persistent geopolitical instability could keep inflation elevated and complicate the Federal Reserve's policy outlook. The 30-year Treasury yield climbed to its highest level since June 2007, placing additional pressure on equity valuations.

Micron Technology was a notable bright spot, rising 4% amid expectations that U.S. policy could strengthen demand for domestically aligned memory-chip suppliers. Optimism surrounding artificial intelligence also continued after reports that Anthropic's second-quarter revenue exceeded $11.5 billion.

Investors now turn their attention to Wednesday's release of the Federal Reserve's latest meeting minutes and a series of major retail earnings. Home Depot reports Tuesday, followed by Lowe's on Wednesday and Walmart on Thursday. These results should provide a clearer reading of consumer demand following July's weaker-than-expected retail-sales report.

## European Markets

European markets closed lower as the recent earnings-driven rally continued to lose momentum, and investors shifted their attention toward geopolitical developments, economic conditions, and the September central bank meetings.

The Stoxx 600 closed at 656.41, falling 1.45 points or 0.22%, as weakness in luxury, household-goods, and consumer-related stocks outweighed gains in healthcare and basic resources. The FTSE 100 declined 29.81 points or 0.28% to 10,720.30, marking its sixth consecutive losing session. Germany's DAX fell 101.70 points or 0.38% to close at 26,338.61. Renewed tensions between the United States and Iran also weighed on sentiment, while firm oil prices kept inflation concerns in focus.

## Energy Markets
Crude-oil prices held near multi-month highs as the diplomatic standoff between the United States and Iran showed no sign of resolution, with the interim U.S.-Iran ceasefire set to formally expire today. Brent crude traded near $88 per barrel, having briefly topped $91 in early trading, while West Texas Intermediate held above $82.

The renewed pressure came after Israel launched fresh strikes on Lebanon over the weekend, killing 11 people including a senior Hezbollah commander, while the Trump administration prepares new economic sanctions aimed at forcing Iran to the table. Talks between Iran and Oman over reopening the Strait of Hormuz remain deadlocked even as the two sides appear to be inching closer to an understanding on managing the waterway, with the U.S. notably absent from those discussions. The International Energy Agency added to the tension, warning of the widest global supply deficit in five years for 2026.

Middle Eastern producers continue to move crude covertly through the Strait, helping cap further price gains, and additional Middle Eastern barrels are expected to reach the U.S., offering some relief to low inventories. Still, the geopolitical premium embedded in energy prices remains firmly intact — any escalation affecting production or shipping routes through the Strait of Hormuz could quickly renew inflationary pressures, complicating the policy outlook for the Federal Reserve and other major central banks.

## Economic & Policy Outlook
### Bond Yields Remained Elevated Despite Cooling Inflation
July's inflation reports offered some relief, with consumer and producer prices showing signs of moderation. Consequently, futures markets reduced the probability of a Federal Reserve rate increase in September. Nevertheless, the 10-year Treasury yield remained near its year-to-date high. Several forces appeared to be keeping longer-term yields elevated:

- Investment-grade corporate bond issuance was running more than 30% above last year's level, increasing the supply of fixed-income securities.
- Higher oil prices maintained concerns that inflation could prove more persistent.
- The federal government reported a $432 billion budget deficit for July, the largest monthly shortfall since March 2021.
- Continued fiscal deterioration required investors to absorb growing amounts of Treasury debt.

Against this backdrop, we expect the 10-year Treasury yield to remain within the 4.50%-5.00% range through year-end. Investors should maintain neutral duration relative to their benchmarks while recognizing that today's higher starting yields could support more attractive returns on investment-grade bonds over a multiyear horizon.

### Retail Earnings Became the Market's Next Major Test
Following July's disappointing retail-sales report, attention turned toward second-quarter results from some of America's largest retailers. Home Depot reports Tuesday, followed by Lowe's, Target, and TJX on Wednesday, and Walmart and Ross Stores on Thursday.

These reports will provide a clearer view of consumer spending, pricing power, operating margins, and the effects of elevated borrowing costs. They will also test whether household demand can remain resilient as labor-market momentum slows.

The broader earnings season remained exceptionally strong. With approximately 91% of S&P 500 companies having reported, around 85% exceeded earnings expectations, while aggregate second-quarter earnings were on track to rise approximately 48% from the prior year. Earnings growth is also expected to remain above 20% during both the third and fourth quarters.

Eight of the S&P 500's 11 sectors are projected to generate double-digit earnings growth in 2026, highlighting a broader expansion in corporate profitability. We continue to favor communication services, supported by AI-related computing and digital demand, and industrials, which stand to benefit from manufacturing investment, infrastructure spending, and supply-chain modernization.

### The Final Word

Wall Street pulled back modestly as the expiration of the Iran ceasefire and a stalled standoff in the Strait of Hormuz kept oil prices elevated and investors cautious. With the 10-year Treasury yield at 4.72% and geopolitical risk showing no clear resolution, retail earnings will now determine whether the American consumer remains strong enough to sustain the market's momentum through the remainder of the year

### Puerto Rico’s Economy Deep in Contraction

Puerto Rico’s economy has now contracted for five consecutive months, and the numbers leave little room for a benign interpretation. The Economic Activity Index posted year-over-year declines every month from February through June 2026: -0.6%, -0.9%, -0.9%, -0.8%, and -0.6%. That’s not noise around a flat trend — it’s a sustained downward drift that has fully erased the modest recovery signals from late 2025.

The bigger picture makes the reversal even clearer. After a brutal FY2018 contraction of -7.2% (Hurricane Maria’s fiscal year), the island strung together six straight years of growth — FY2019 through FY2024 — cresting at an index level of 128.7. FY2025 broke that streak with a -0.6% decline, and FY2026 has followed with another -0.4%, the first back-to-back annual contractions since the post-Maria period. The index now sits at 127.5, still below its FY2024 peak.

What makes this stretch notable isn’t just the sign flip — it’s the consistency. Look at the monthly path since mid-2024: a brief window of stabilization (Oct 2025–Jan 2026, four straight positive months, +0.1% to +0.3%) gave way almost immediately to the current five-month slide. That whipsaw pattern — a flicker of growth, a snap back into contraction — suggests an economy without underlying momentum, propped up briefly by seasonal or one-off factors rather than by structural improvement.

The caption on this deck says it best: three institutions, three separate methodologies — the Puerto Rico Planning Board, GDB, and the PR Institute of Statistics — arrive at the same conclusion. When independent data sources converge this closely, the margin of error for “Puerto Rico is decelerating” shrinks to nearly zero.

This is the backdrop against which the infrastructure crisis (SAIDI at 1,706 minutes/year, water rationing affecting 180,000+ customers) and the GPI’s “Moderate Progress” reading must be read together — not as separate storylines, but as compounding drags on the same economy.

### Economic Update:

- **NAHB/Wells Fargo US Housing Market Index:** rose to 35.00, up from 34.00 last month, a change of 2.94%.
- **Canada Consumer Price Index YoY:** rose to 3.03%, up from 2.80% last month.

### Eurozone Summary:

- **Stoxx 600:** closed at 656.41, down 1.45 points or 0.22%.
- **FTSE 100:** closed at 10,720.30, down 29.81 points or 0.28%.
- **DAX Index:** closed at 26,338.61, down 101.70 points or 0.38%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 53,459.78, down 272.63 points or 0.51%
- **S&P 500:** closed at 7,745.06, down 40.70 points or 0.52%
- **Nasdaq Composite:** closed at 26,644.91, down 84.25 points or 0.32%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,283.91, up 17.87 points or 0.34%
- **Birling Capital U.S. Bank Index:** closed at 10,629.60, up 17.96 points or 0.17%

- **U.S. Treasury 10-year note:** closed at 4.72%.
- **U.S. Treasury 2-year note:** closed at 4.19%.

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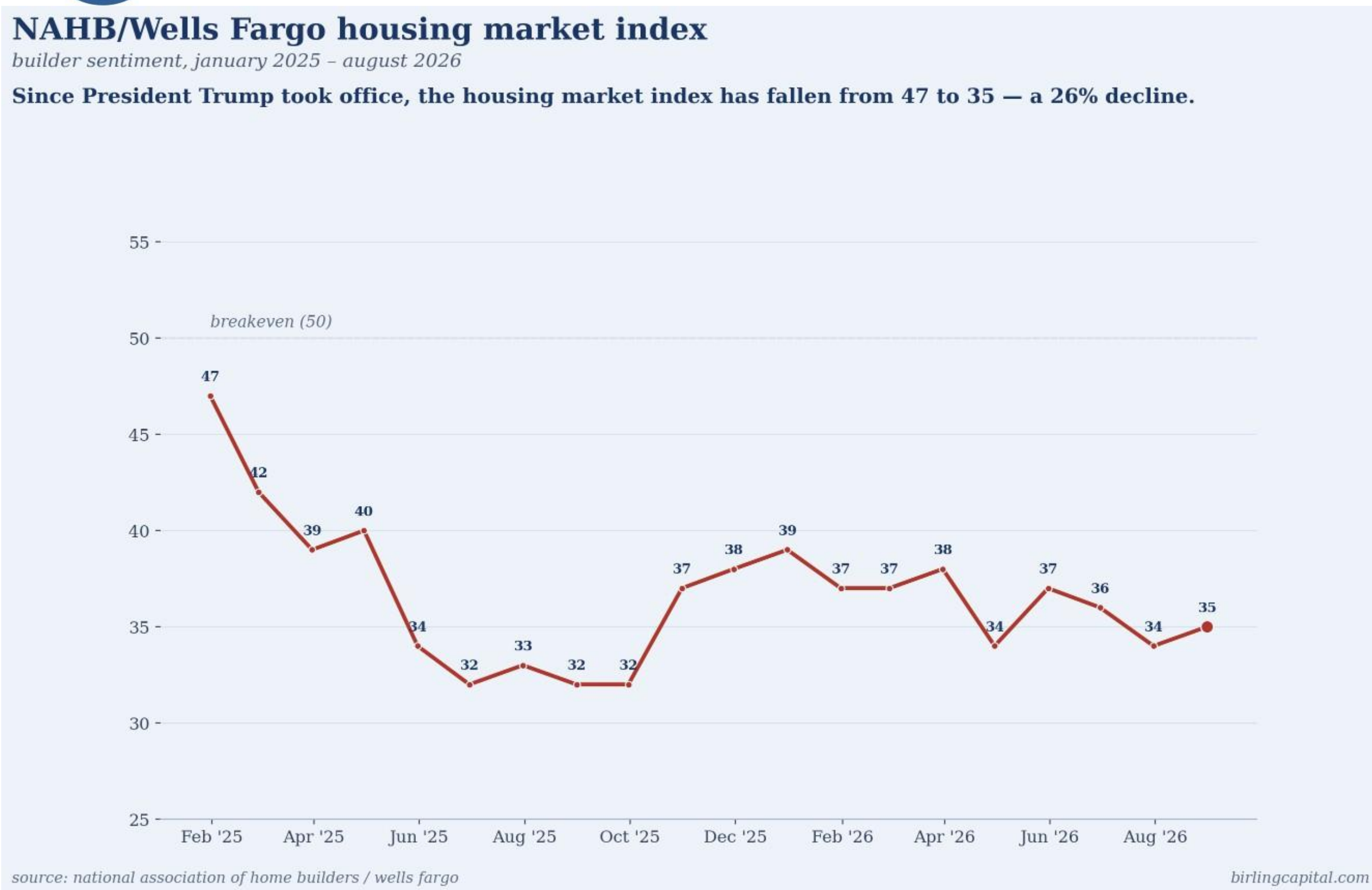

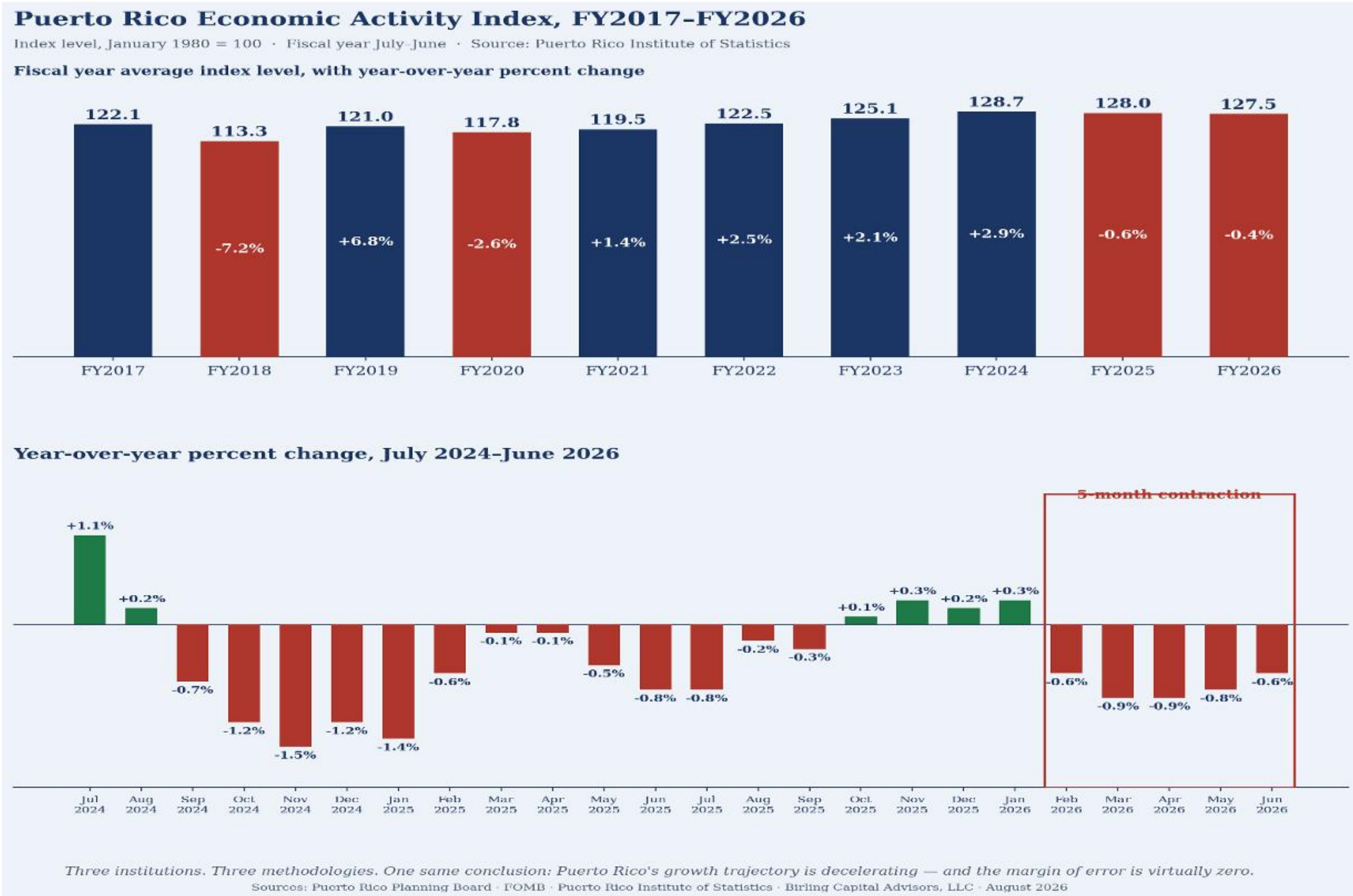
Puerto Rico Economic Activity Index, FY2017–FY2026
Index level, January 1980 = 100 · Fiscal year July–June · Source: Puerto Rico Institute of Statistics
Fiscal year average index level, with year-over-year percent change
122.1
113.3
-7.2%
121.0
+6.8%
117.8
-2.6%
119.5
+1.4%
122.5
+2.5%
125.1
+2.1%
128.7
+2.9%
128.0
-0.6%
127.5
-0.4%
FY2017
FY2018
FY2019
FY2020
FY2021
FY2022
FY2023
FY2024
FY2025
FY2026
Year-over-year percent change, July 2024–June 2026
5-month contraction
+1.1%
+0.2%
-0.7%
-1.2%
-1.5%
-1.2%
-1.4%
-0.6%
-0.1%
-0.1%
-0.5%
-0.8%
-0.8%
-0.2%
-0.3%
+0.1%
+0.3%
+0.2%
+0.3%
-0.6%
-0.9%
-0.9%
-0.8%
-0.6%
Jul 2024
Aug 2024
Sep 2024
Oct 2024
Nov 2024
Dec 2024
Jan 2025
Feb 2025
Mar 2025
Apr 2025
May 2025
Jun 2025
Jul 2025
Aug 2025
Sep 2025
Oct 2025
Nov 2025
Dec 2025
Jan 2026
Feb 2026
Mar 2026
Apr 2026
May 2026
Jun 2026
Three institutions. Three methodologies. One same conclusion: Puerto Rico's growth trajectory is decelerating — and the margin of error is virtually zero.
Sources: Puerto Rico Planning Board · FOMB · Puerto Rico Institute of Statistics · Birling Capital Advisors, LLC · August 2026

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# European markets close

*eurozone summary — august 17, 2026*

| | Stoxx 600 | FTSE 100 | DAX index |
|---|---|---|---|
| Closing price | 656.41 | 10,720.30 | 26,338.61 |
| Change | −1.45 | −29.81 | −101.70 |
| % Change | −0.22% | −0.28% | −0.38% |

*source: bloomberg, refinitiv*

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# Wall Street and Birling Capital indexes close

*wall street summary — august 17, 2026*

| | Closing price | | |
|---|---|---|---|
| Dow Jones Industrial Average | 53,459.78 | −272.63 | −0.51% |
| S&P 500 | 7,745.06 | −40.70 | −0.52% |
| Nasdaq Composite | 26,644.91 | −84.25 | −0.32% |
| Birling Capital Puerto Rico Stock Index | 5,283.91 | +17.87 | +0.34% |
| Birling Capital U.S. Bank Index | 10,629.60 | +17.96 | +0.17% |

U.S. Treasury 10-year note: 4.72%

U.S. Treasury 2-year note: 4.19%

10-year / 2-year yield spread: +53 bps

*source: bloomberg, refinitiv*

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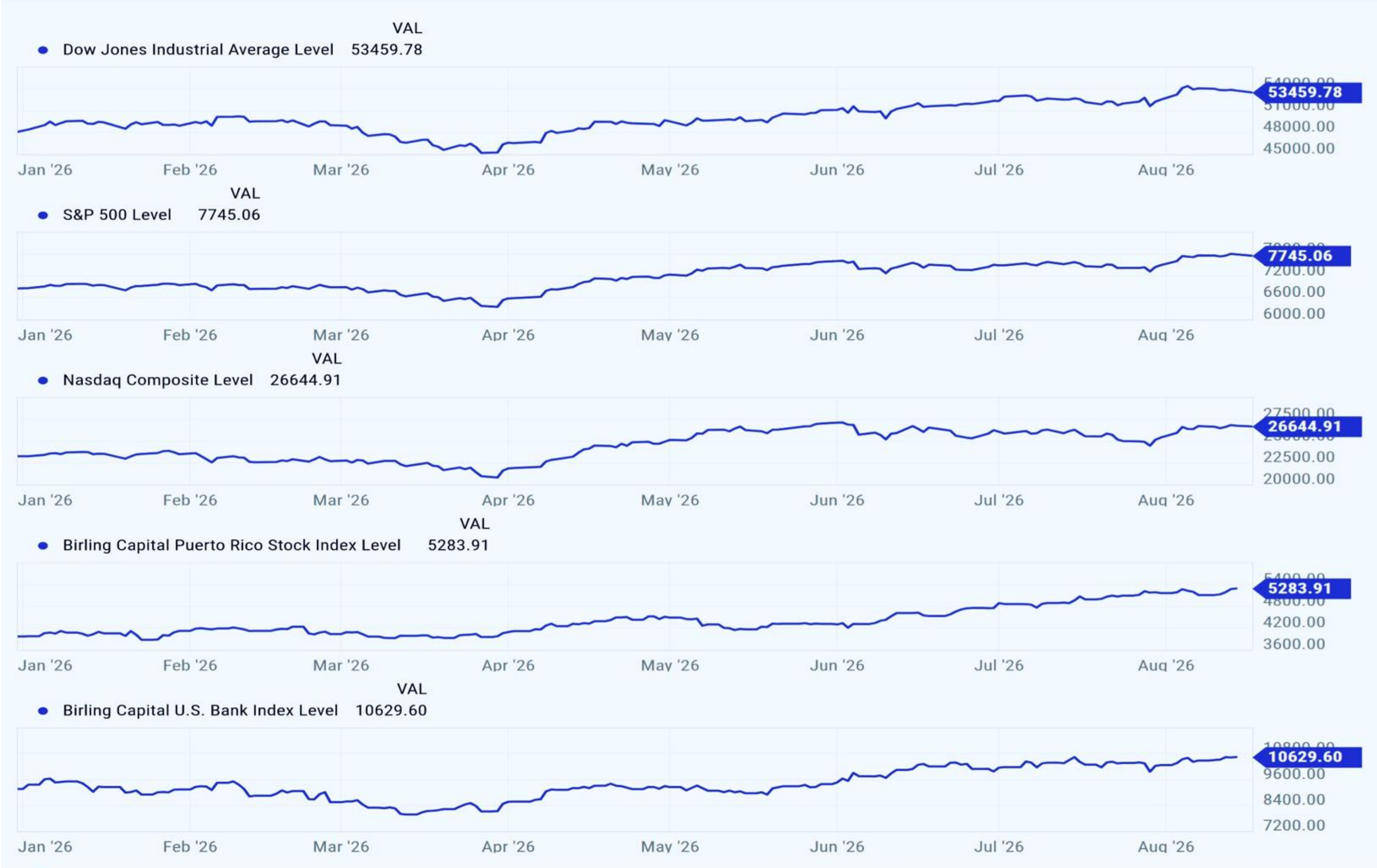

VAL
Dow Jones Industrial Average Level 53459.78
53459.78
48000.00
45000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26
VAL
S&P 500 Level 7745.06
7745.06
7200.00
6600.00
6000.00
VAL
Nasdaq Composite Level 26644.91
27500.00
26644.91
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 5283.91
5283.91
4200.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10629.60
10629.60
9600.00
8400.00
7200.00