S&P 500 Falls for a Third Day as Elevated Global Bond Yields and Oil Prices Weigh on Markets

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The US and European Stock markets closed mostly lower as the S&P 500 extended its retreat for a third consecutive session Tuesday, as a surge in global sovereign bond yields to multidecade highs, combined with persistently elevated oil prices, kept pressure on equity markets. A steep pullback across semiconductor names added to the drag on the broader.

U.S. Markets

The S&P 500 slipped 0.69%, while the Nasdaq Composite declined a sharper 1.33%, weighed down by weakness in storage and semiconductor names. Western Digital tumbled roughly 7%, Sandisk fell about 9%, and both Marvell Technology and Seagate Technology posted declines of roughly 9% and 8%, respectively. The Dow Jones Industrial Average held up comparatively better, shedding 116 points, or 0.22%.

Long-term borrowing costs continued to climb worldwide: the U.S. 30-year Treasury yield touched a fresh 19-year high, Japan's 10-year bond yield reached its highest level in three decades, Germany's 30-year yield hit its highest mark since 2011, and France's 30-year government bond yield rose to levels last seen in 2008.

The yield backdrop reflects growing investor unease that oil prices could stay elevated for longer, as talks between the U.S. and Iran remain stalled. U.S. crude futures extended Monday's advance, adding another 0.5% Tuesday to trade near $84.94 per barrel.

In our view markets have so far chosen to look past the bond-yield challenge, instead leaning on resilient corporate earnings and continued progress in artificial intelligence — a dynamic he cautioned could leave equities vulnerable to a pullback once the pressures driving yields higher fail to ease.

Geopolitical uncertainty added to the cautious tone. President Trump indicated Tuesday via social media that there are currently no talks or scheduled conversations with Iran, and that the naval blockade remains fully in effect — a reversal from Monday's comments, when he suggested the U.S. could strike Oman if it obstructed negotiation efforts with Iran.

European Markets

European markets closed mostly lower on Tuesday as rising government bond yields, higher oil prices, and continued uncertainty in the Middle East weighed on investor sentiment. The pan-European Stoxx 600 closed at 651.90, declining 4.51 points, or 0.69%, while Germany's DAX fell 210.25 points, or 0.80%, to close at 26,128.36. The FTSE 100 bucked the regional trend, rising 7.74 points, or 0.07%, to close at 10,728.04.

Germany's 10-year government-bond yield approached its highest level since 2011, reinforcing concerns that borrowing costs may remain elevated even as economic growth across the region remains uneven. Most Asian markets also closed lower overnight.

Energy Markets

Oil prices advanced sharply as stalled negotiations in the U.S.–Iran conflict increased concerns about regional supply disruptions. West Texas Intermediate crude approached $85 per barrel, while Brent crude traded above $90.

The continued closure of the Strait of Hormuz and uncertainty surrounding the conflict have added a geopolitical risk premium to energy prices. Higher oil prices also complicate the inflation outlook by increasing transportation, production, and household energy costs.

Economic & Policy Outlook

The rise in Treasury yields appears to reflect a combination of inflation, supply, and fiscal concerns rather than a material change in expectations for Federal Reserve policy.

Corporate-debt supply has increased substantially, with U.S. corporate-bond issuance reaching approximately $1.68 trillion through July—26.9% higher than during the comparable period last year. Heavy borrowing by technology companies financing artificial-intelligence infrastructure has added further supply at the longer end of the yield curve.

Fiscal concerns have also intensified. The federal government recorded a $432.3 billion deficit in July, its largest monthly shortfall since March 2021, bringing the fiscal-year-to-date deficit to approximately $1.8 trillion. The timing of certain federal payments contributed to the unusually large monthly figure, but the broader fiscal trajectory continues to pressure longer-term yields.

We expect the 10-year Treasury yield to remain within a 4.50%–5.00% range through year-end. In this environment, maintaining neutral duration relative to investment benchmarks remains appropriate until inflation, energy prices, or fiscal conditions provide a clearer catalyst for lower long-term yields.

Retail Earnings in Focus

Home Depot delivered better-than-expected second-quarter results, supported by steady demand for smaller repair and maintenance projects. Revenue increased 5.7% to $47.86 billion, comparable sales rose 1.7%, and adjusted earnings reached $4.92 per share. The company reaffirmed its full-year outlook, calling for total sales growth of 2.5%–4.5%.

The results suggest that consumers remain willing to spend on essential home maintenance, even as elevated mortgage rates continue to postpone major renovation projects. Lowe's, TJX Companies, Ross Stores, and Walmart will provide additional insight into household demand later this week.

While higher energy prices and the fading impact of earlier tax refunds may restrain discretionary purchases, stable employment conditions and generally healthy household balance sheets should continue supporting consumer spending through year-end.

The Final Word

Tuesday's market action underscored that interest rates—not corporate earnings—remain the principal obstacle confronting equity valuations. Until fiscal concerns, heavy debt issuance, and geopolitical pressure on oil prices begin to ease, investors should expect higher volatility and continued market preference for earnings quality, defensive sectors, and companies with strong balance sheets.

Corporate Earnings Parade:

- **The Home Depot, Inc. (HD):** reported second-quarter earnings for 2026 with revenue of $47.9 billion, up 5.7%; Net Income of $4.8 billion, up 4.34%; earnings per share of $4.79; and a stock price objective of $374.69. Check Our Report on Home Depot: [HD Overview]

GDPNow Update:

- The GDPNow for the third quarter of 2026 fell to 4.00%, down from 4.30%, a 6.98% decrease.

Economic Update:

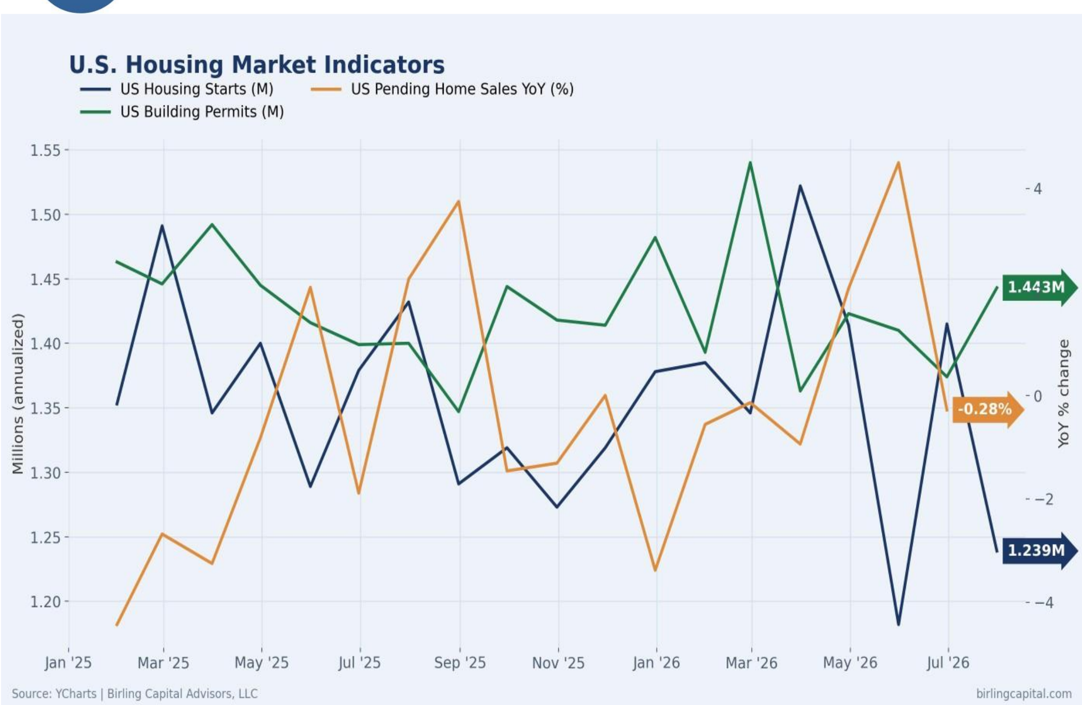
- **US Housing Starts:** fell to 1.239M, down from 1.415M last month, a change of -12.44%.
- **US Pending Home Sales YoY:** fell -0.28%, compared to 4.50% last month.
- **US Building Permits**: rose to 1.443M, up from 1.374M last month, a 5.02% increase.
- **US Export Prices YoY:** fell to 8.20%, down from 10.00% last month.
- **US Import Prices YoY:** fell to 5.90%, down from 6.70% last month.
- **US Retail Gas Price:** fell to $4.141, down from $4.211.
- **NY Fed Business Leaders Survey Current Business Activity:** fell to 0.50, down from 8.70 last month, a change of -94.25%.

Eurozone Summary:

- **Stoxx 600:** closed at 651.90, down 4.51 points or 0.69%.
- **FTSE 100:** closed at 10,728.04, up 7.74 points or 0.07%.
- **DAX Index:** closed at 26,128.36, down 210.25 points or 0.80%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 53,343.40, down 116.38 points or 0.22%
- **S&P 500:** closed at 7,691.76, down 53.30 points or 0.69%
- **Nasdaq Composite:** closed at 26,289.71, down 355.20 points or 1.33%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,217.40, down 66.51 points or 1.26%
- **Birling Capital U.S. Bank Index:** closed at 10,594.67, down 34.93 points or 0.33%
- **U.S. Treasury 10-year note:** closed at 4.71%.
- **U.S. Treasury 2-year note:** closed at 4.19%.



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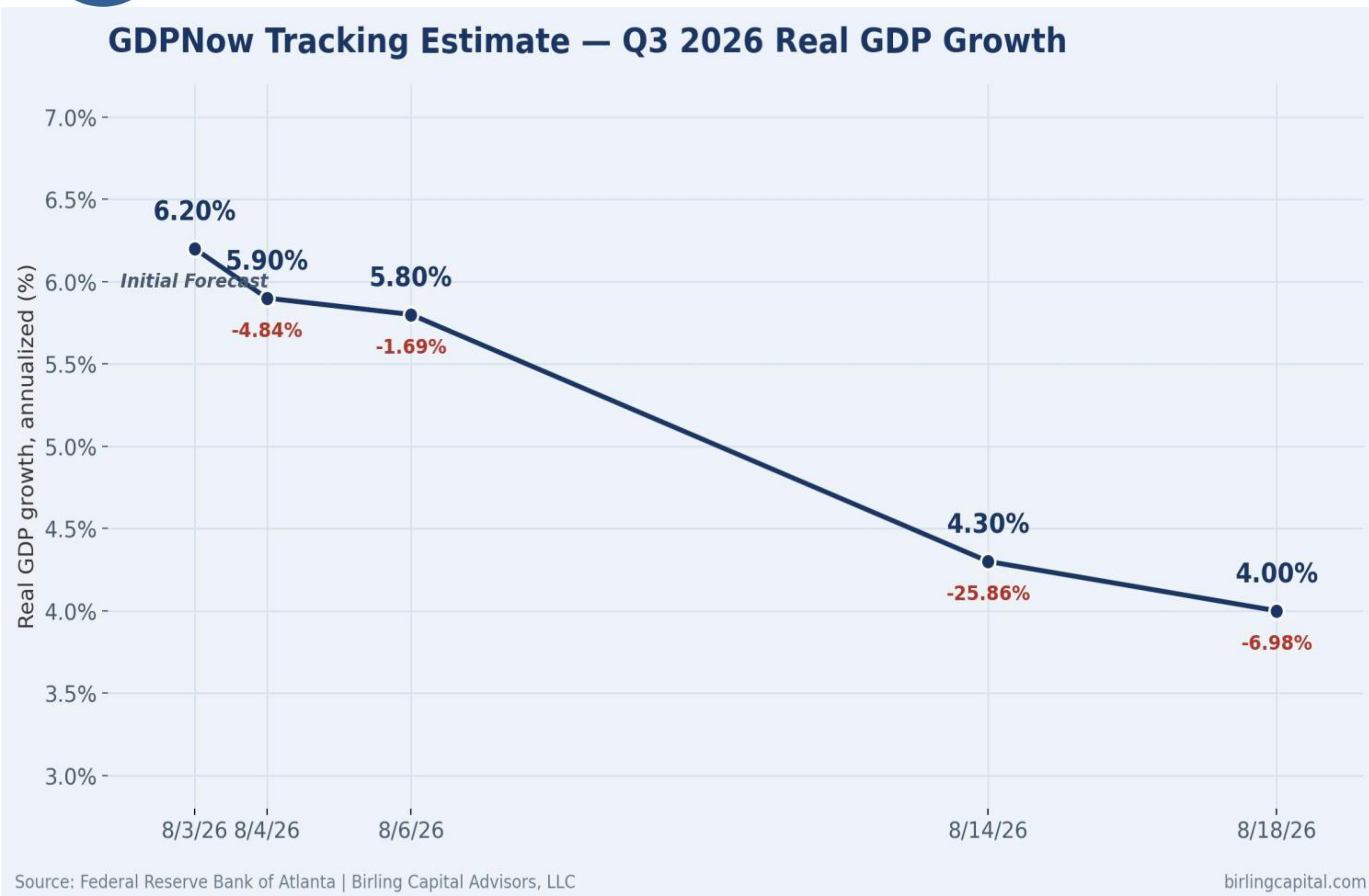

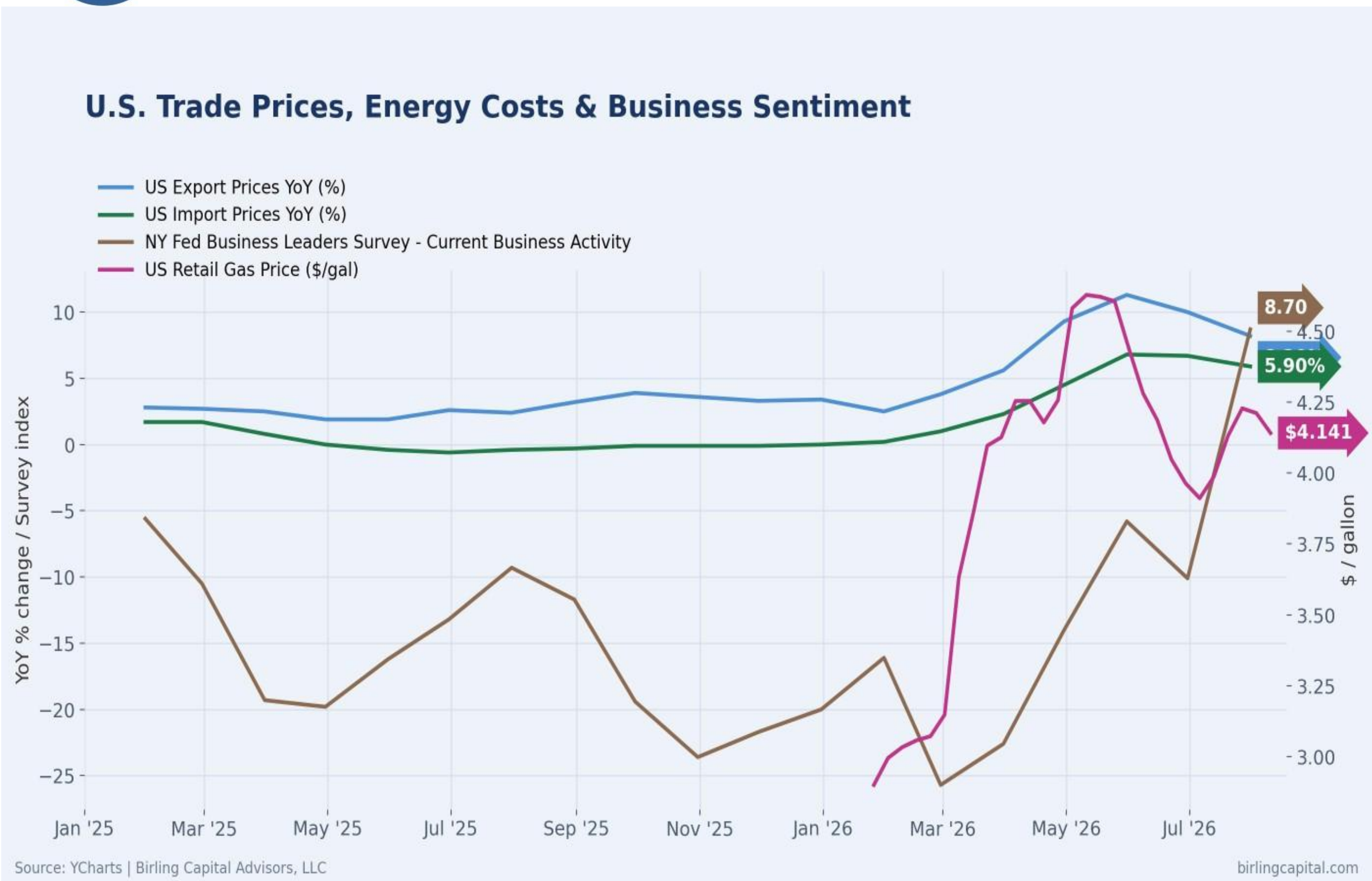
U.S. Trade Prices, Energy Costs & Business Sentiment
US Export Prices YoY (%)
US Import Prices YoY (%)
NY Fed Business Leaders Survey - Current Business Activity
US Retail Gas Price ($/gal)
YoY % change / Survey index
$ / gallon
10
5
0
−5
−10
−15
−20
−25
4.50
4.25
4.00
3.75
3.50
3.25
3.00
8.70
5.90%
$4.141
Jan '25
Mar '25
May '25
Jul '25
Sep '25
Nov '25
Jan '26
Mar '26
May '26
Jul '26
Source: YCharts | Birling Capital Advisors, LLC
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European Markets Close

August 18, 2026

Stoxx 600	FTSE 100	DAX Index
651.90	10,728.04	26,128.36
▼ 4.51 pts ▼ 0.69%	▲ 7.74 pts ▲ 0.07%	▼ 210.25 pts ▼ 0.80%

Source: Birling Capital Advisors, LLC

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Wall Street and Birling Capital Indexes Close

August 18, 2026

Dow Jones Industrial Average	53,723.99	▼ 116.00	▼ 0.22%
S&P 500	7,745.18	▼ 53.81	▼ 0.69%
Nasdaq Composite	26,446.54	▼ 356.48	▼ 1.33%
Birling Capital Puerto Rico Stock Index	5,217.40	▼ 66.51	▼ 1.26%
Birling Capital U.S. Bank Index	10,594.67	▼ 34.93	▼ 0.33%

U.S. Treasury 10-Year Note
4.71%

U.S. Treasury 2-Year Note
4.19%

10-Year / 2-Year Treasury Spread: **0.52%**

Source: Birling Capital Advisors, LLC

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Wall Street Recap

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