Wall Street Breaks Losing Streak Following Treasury Buyback Expansion as Target, TJX and Lowe's Reported Quarterly Earnings

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The U.S. and European stock markets traded mixed Wednesday as an extraordinary Treasury Department buyback announcement pulled long-term yields lower, snapping Wall Street's three-day losing streak. Asian markets finished mostly lower, while European shares traded near the flatline. The U.S. dollar weakened against major currencies, and crude-oil prices extended their advance as disruptions in the Strait of Hormuz continued to threaten global supplies.

U.S. Markets

The Dow Jones Industrial Average rose Wednesday as bond yields fell following the Treasury Department's announcement of an increased buyback operation for longer-term debt. The 30-stock Dow added 119.71 points, or 0.22%. The S&P 500 advanced 0.22%, snapping a three-day losing streak, while the Nasdaq Composite gained 0.16%.

The rally lost ground as the session went on. Earlier in the day, the Dow had climbed more than 300 points, or 0.7%, to its session high, with the S&P 500 up 0.7% and the Nasdaq higher by 0.6% at their respective peaks.

The initial jump came as yields on the long end of the Treasury curve slid after the Treasury Department said it would at least double the size of its government debt repurchases, targeting the 10- to 30-year parts of the curve, including the 20-year. The 30-year Treasury bond yield—which had notched a new 19-year high above 5.33% in the prior session—declined 9 basis points to 5.195%. The 10-year Treasury note yield shed more than 5 basis points to 4.653%.

Stocks viewed as beneficiaries of lower rates gained ground: Lowe's advanced around 3%, while Home Depot rose more than 2%. Moderna more than doubled, soaring over 140% toward its best day on record after an experimental skin cancer vaccine developed with Merck showed success in a late-stage trial; Merck shares jumped more than 12%, supporting the Dow. Marvell Technology gained 8% after announcing an agreement with Google related to its tensor processing units, with Alphabet issuing a warrant to buy up to $12.2 billion of Marvell common stock.

Elsewhere, tech stocks slid after reports that OpenAI's second-quarter results disappointed investors—revenue expanded 18% quarter over quarter, but losses grew as well. Broadcom and Advanced Micro Devices each shed around 4%, while the iShares AI Innovation and Tech Active ETF (BAI) fell 2%.

Tuesday's session had seen the major averages fall, with the S&P 500 posting its third consecutive loss as sovereign bond yields around the globe hit multi-year highs on inflation concerns—Japan's 10-year yield reached its highest level in three decades, France's 30-year bond yield hit its highest point since 2008, and the German 30-year bund yield reached its highest since 2011. Adding to the cautious tone, the July FOMC minutes released Wednesday showed three dissenters had voted to hike rates, underscoring a Committee more divided than markets had assumed and one that could turn to higher rates if inflation doesn't ease.

European Markets

European markets closed mixed as investors balanced declining U.S. Treasury yields against elevated energy prices, geopolitical uncertainty, and unresolved trade tensions.

The Stoxx 600 closed at 651.16, falling 0.74 points, or 0.11%, while Germany's DAX declined 37.03 points, or 0.14%, to 26,091.33. In contrast, the United Kingdom's FTSE 100 advanced 15.31 points, or 0.14%, to close at 10,743.35.
The modest moves reflected a cautious session in which support from lower global bond yields was offset by concerns over the Strait of Hormuz and the potential economic consequences of persistently elevated oil prices.

Energy Markets

Crude-oil prices moved higher as disruptions in the Strait of Hormuz continued to restrict shipping through one of the world's most important energy corridors.
WTI crude advanced to approximately $86 per barrel, while Brent crude approached $92. The increase reflected continued uncertainty surrounding regional diplomacy, reduced tanker traffic, and the possibility of a prolonged disruption to global oil supplies.

Economic & Policy Outlook

The Treasury buyback announcement helped relieve immediate pressure in the bond market by improving liquidity in less actively traded, longer-dated securities. However, the program does not alter the fundamental forces driving long-term yields, including persistent federal deficits, rising government debt, inflation expectations, economic growth and Federal Reserve policy.
On trade, the Trump administration temporarily suspended its proposed 50% tariffs on selected Canadian goods for three days to allow negotiations to continue. The measures would affect approximately $20 billion in imports—including automotive, alcoholic-beverage, and dairy products—representing roughly 5% of the $382 billion in goods imported from Canada during 2025. The brief pause reduced the immediate risk of escalation but did not eliminate it. Without a broader agreement, companies exposed to cross-border trade will continue to face uncertainty surrounding costs, supply chains, and investment planning.

Fed Minutes: July FOMC Reveals a More Divided Committee

The Federal Reserve released the minutes from its July 28–29, 2026 FOMC meeting, offering a detailed look at the discussion behind the Committee's 9–3 decision to hold rates steady. Below is a summary of the key takeaways.

1. **Policy decision**: The Committee voted 9–3 to hold the federal funds rate target range at 3½–3¾%, maintaining its ample-reserves policy. Three regional Fed presidents—Beth Hammack, Neel Kashkari, and Lorie Logan—dissented, preferring a 25-basis-point hike. The postmeeting statement retained the "will deliver price stability" language first used in June, signaling continued hawkish resolve.
2. **Inflation**: Total PCE inflation was 4.1% in May, with core PCE at 3.4%—both elevated versus a year earlier due to tariff pass-through, Middle East-driven energy and input costs, and AI buildout-related demand. Staff estimated inflation stepped down to 3.7% total / 3.3% core in June. Participants saw inflation risks skewed to the upside, with many flagging the re-escalated conflict in the Middle East as a key wildcard that could prolong supply pressures.
3. **Growth and labor market**: Real GDP growth slowed in Q2, though underlying private domestic demand (consumption plus fixed investment) picked up. The unemployment rate held at 4.2%, with labor demand and supply broadly balanced; wage growth was moderate. AI-related capital investment continued to be a major growth driver, and demand for skilled trades tied to data-center buildout (electricians, machinists, engineers) pushed up wages in those niches.
4. **Financial stability**: Staff continued to characterize system vulnerabilities as "notable," citing elevated equity valuations, high hedge fund leverage, and life insurers' growing exposure to illiquid assets. Several participants flagged financing risks tied to AI infrastructure buildout, including the growing role of nonbank and regional-bank credit funding data-center capex, as an emerging concern.

5. **Market backdrop**: Oil prices rose on Middle East tensions; Treasury yields climbed 25–30 bps as markets priced in a real chance of near-term tightening. Equities dipped slightly but stayed near record highs. The dollar strengthened.
6. **Looking ahead**: Chairman Warsh raised the idea of moving to six scheduled meetings a year instead of eight—no decision was made, and any change wouldn't take effect before 2026 concludes. The next meeting is September 15–16, 2026.

The Final Word

Wednesday's extraordinary Treasury buyback offered Wall Street a reprieve after three straight losing sessions, and constructive earnings from Target, TJX and Lowe's reinforced the resilience of the American consumer. Yet the relief may prove fragile. The July FOMC minutes revealed a Committee more divided than its 9–3 vote suggests, with three dissenters pushing for an immediate rate hike, even as inflation still runs well above target. Add to that the unresolved disruptions in the Strait of Hormuz that are keeping energy prices elevated, a temporary and incomplete pause in U.S.-Canada trade tensions, and a Federal Reserve that has explicitly reserved the option to tighten further if price pressures persist. Sustaining Wednesday's momentum will require more than one favorable Treasury operation — it will require actual progress on inflation, energy prices, trade policy and geopolitical conditions, none of which was resolved today.

Corporate Earnings Parade:

- **Target Corp. (TGT):** reported second-quarter earnings for 2026 with revenues of $26.5 billion, up 5.3%; Net Income of $2.6 billion, up 100%; earnings per share of $4.11; and a stock price objective of $144.40. Check Our Report on Target: TGT Overview
- **The TJX Cos., Inc. (TJX):** reported second-quarter earnings for 2026 with revenues of $15.2 billion, up 5%; Net Income of $1.520 billion, up 22.28%; earnings per share of $1.36; and a stock price objective of $177.40. Check Our Report on TJX: TJX Overview
- **Lowe's Companies, Inc. (LOW):** reported second-quarter earnings for 2026 with revenues of $25,596 billion, up 8.33%; Net Income of $2.399 billion, up 0.40%; earnings per share of $4.27; and a stock price objective of $261.06. Check Our Report on LOW: LOW Overview

Economic Update:

- **US Crude Oil Stocks WoW:** fell to 4.405M, down from 17.42M last week, a change of -74.72%.

Eurozone Summary:

- **Stoxx 600:** closed at 651.16, down 0.74 points or 0.11%.
- **FTSE 100:** closed at 10,743.35, up 15.31 points or 0.14%.
- **DAX Index:** closed at 26,091.33, down 37.03 points or 0.14%.

Wall Street Summary:

- **Dow Jones Industrial Average: closed at 53,463.05, up 119.98 points or 0.22%**
- **S&P 500: closed at 7,707.98, up 16.22 points or 0.21%**
- **Nasdaq Composite: closed at 26,331.09, up 41.37 points or 0.16%**
- **Birling Capital Puerto Rico Stock Index: closed at 5,159.14, down 58.26 points or 1.12%**
- **Birling Capital U.S. Bank Index: closed at 10,577.68, down 16.99 points or 0.16%**
- **U.S. Treasury 10-year note: closed at 4.65%.**
- **U.S. Treasury 2-year note: closed at 4.19%.**

Three retail bellwethers reported today

Stock prices since January 2025 to August 19, 2026

Source: YCharts, Birling Capital Advisors

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Eurozone markets close

August 19, 2026

Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
651.16	**10,743.35**	**26,091.33**
▼ 0.74 pts	▲ 15.31 pts	▼ 37.03 pts
-0.11%	+0.14%	-0.14%

Source: Bloomberg, Birling Capital Advisors

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Wall Street and Birling Capital Indexes Close

August 19, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing price	Closing price	Closing price	Closing price	Closing price
53,463.05	7,707.98	26,331.09	5,159.14	10,577.68
▲ 119.98 pts	▲ 16.22 pts	▲ 41.37 pts	▼ 58.26 pts	▼ 16.99 pts
+0.22%	+0.21%	+0.16%	-1.12%	-0.16%

U.S. Treasury 10-year note	U.S. Treasury 2-year note
4.65%	4.19%

Source: Bloomberg, Birling Capital Advisors

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VAL
Dow Jones Industrial Average Level 53463.05
53463.05
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 7707.98
7707.98
6600.00
6000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26
VAL
Nasdaq Composite Level 26331.09
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26331.09
22500.00
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May '26
Jun '26
Jul '26
Aug '26
VAL
Birling Capital Puerto Rico Stock Index Level 5159.14
5400.00
5159.14
4200.00
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Jan '26
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Apr '26
May '26
Jun '26
Jul '26
Aug '26
VAL
Birling Capital U.S. Bank Index Level 10577.68
10577.68
9600.00
8400.00
7200.00
Jan '26
Feb '26
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May '26
Jun '26
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Aug '26