Dow Tumbles 700 Points as Treasury Intervention Fails to Contain Yields and Walmart Plunges

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The U.S. and European stock markets closed mostly lower Thursday as long-term Treasury yields resumed their advance despite the government's expanded debt-buyback initiative. Walmart's disappointing sales trends and cautious outlook pressured consumer stocks, while escalating tensions between the United States and Iran pushed oil prices higher. The combination of rising borrowing costs, elevated energy prices, and growing questions about household spending weakened investor sentiment and interrupted Wednesday's market recovery.

U.S. Markets

The Dow Jones Industrial Average tumbled approximately 700 points, or 1.32%, weighed down by a 9% decline in Walmart shares. The S&P 500 fell 0.87%, while the Nasdaq Composite lost 1.00%, reversing part of Wednesday's gains.

Treasury yields moved higher despite the government's announcement that it would at least double it repurchases of 10-, 20-, and 30-year securities over the coming months. The 10-year Treasury yield rose more than five basis points to 4.706%, while the 30-year yield climbed to 5.251%, remaining near its highest level in almost two decades.

The market's reaction suggested that investors viewed the buyback operation as a temporary liquidity measure rather than a solution to the structural pressures affecting the bond market. Persistent fiscal concerns, elevated government borrowing, inflation uncertainty, and increased Treasury issuance continued to exert upward pressure on long-term yields.

Walmart intensified the market's decline as its shares suffered their worst session in more than four years. Although the retailer reported better-than-expected quarterly revenue and adjusted earnings, U.S. comparable-store sales missed expectations, while its adjusted earnings outlook for the third quarter and full year disappointed investors. The results reinforced concerns that higher food, fuel, housing, and financing costs were making consumers increasingly selective.

Oil prices added to the pressure as tensions between the United States and Iran escalated. West Texas Intermediate crude rose approximately 2% to more than $86 per barrel, while Brent crude advanced above $93. The combination of rising oil prices and elevated Treasury yields presented markets with a difficult mix of renewed inflationary pressure and tighter financial conditions.

European Markets

European markets ended mostly lower on Thursday as rising oil prices, renewed pressure on government bonds, and concerns about consumer spending weighed on sentiment. The Stoxx 600 closed at 650.35, down 0.12%, while Germany's DAX declined 0.42% to 25,938.04. Britain's FTSE 100 proved more resilient, edging up 0.04% to 10,748.16.

Energy shares benefited from higher crude-oil prices, while travel, leisure, retail, and other fuel-sensitive sectors faced pressure. The session reflected growing concern that persistently elevated energy costs could intensify inflationary pressures, weaken household purchasing power, and complicate the outlook for European monetary policy.

Energy Markets

West Texas Intermediate crude extended its recent advance to trade near $87 per barrel, while Brent crude surpassed $93. Continuing disruptions in the Strait of Hormuz maintained pressure on global energy supplies and reinforced concerns about transportation costs, inflation, and economic growth. Energy stocks benefited from the rise in crude prices, but the broader economic implications remained unfavorable. Persistently elevated oil prices could reduce household disposable income, pressure corporate margins, and make it more difficult for central banks to bring inflation sustainably toward their targets.

Economic & Policy Outlook

The Conference Board's Leading Economic Index rose 0.2% in July to 99.5, exceeding expectations for a 0.1% increase. The improvement followed a revised 0.1% decline in June and reflected positive contributions from lower unemployment claims, increased building permits, and a steeper yield curve.

More importantly, the index's six-month growth rate turned positive for the first time in more than four years, increasing 0.2% between January and July after contracting 1.3% during the preceding six months. While consumer expectations remained weak, the index no longer signaled an imminent recession and was consistent with moderate economic growth.

Labor-market conditions continued to provide some support. The unemployment rate remained at 4.1%, representing approximately 6.9 million unemployed workers, while available job openings stood at 7.4 million. However, Walmart's results demonstrated that a stable labor market does not entirely insulate households from the cumulative effects of higher energy, housing, and everyday living costs.

The Final Word

The economy continued to demonstrate resilience, but Thursday's session highlighted its principal vulnerabilities: elevated interest rates, rising energy costs, and increasing pressure on consumer purchasing power. Walmart's results showed that Americans were still spending but becoming more selective—an important distinction for markets attempting to determine whether economic resilience can withstand another inflationary energy shock.

Corporate Earnings Parade:

- **Walmart, Inc. (WMT):** reported second-quarter earnings for 2026 with revenues of $187.0 billion, up 5.9%; Net Income of $6.529 billion, down 7.07%; earnings per share of $0.81; and a stock price objective of $137.92. Check Our Report on WMT: WMT Overview

Economic Update:

- **US Initial Claims for Unemployment Insurance:** fell to 206,000, down from 212,000 last week, a change of -2.83%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** rose to 204,000, up from 199,750 last week, a change of 2.13%.
- **30 Year Mortgage Rate:** fell to 6.67%, compared to 6.69% last week.
- **Canada New Housing Price Index YoY:** is unchanged at -2.27%, compared to -2.27% last month.
- **Japan Consumer Price Index YoY:** rose to 1.70%, up from 1.50% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 650.35, down 0.81 points or 0.12%.
- **FTSE 100:** closed at 10,748.16, up 4.81 points or 0.04%.
- **DAX Index:** closed at 25,938.04, down 108.24 points or 0.42%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,759.21, down 703.84 points or 1.32%
- **S&P 500:** closed at 7,641.16, down 66.82 points or 0.87%
- **Nasdaq Composite:** closed at 26,067.16, down 263.92 points or 1.00%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,044.62, down 114.51 points or 2.22%
- **Birling Capital U.S. Bank Index:** closed at 10,369.93, down 207.75 points or 1.96%
- **U.S. Treasury 10-year note:** closed at 4.69%.
- **U.S. Treasury 2-year note:** closed at 4.19%.

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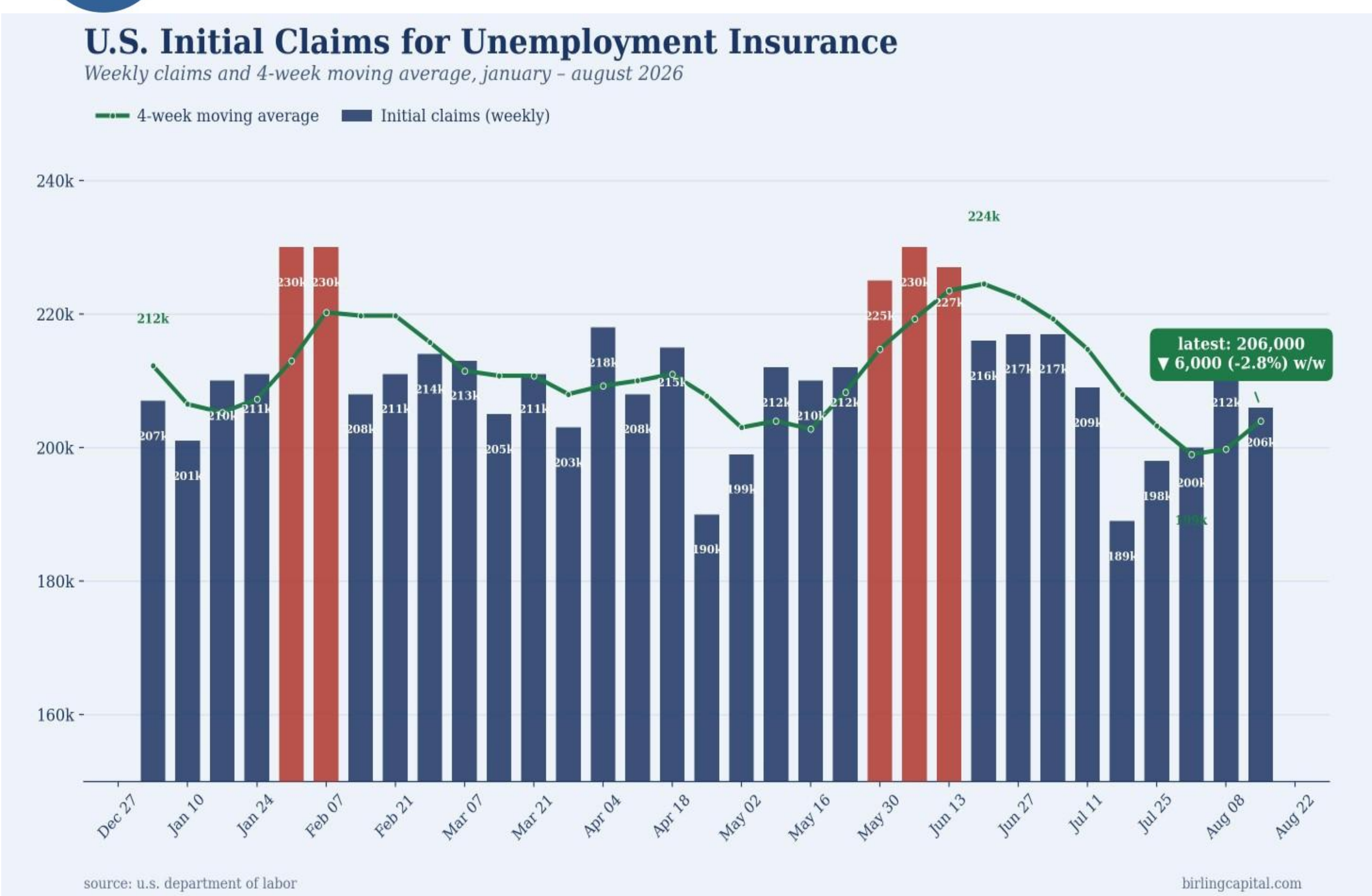

U.S. 30-Year Fixed Mortgage Rate
Weekly average rate, january – august 2026
7.0%
6.8%
6.6%
6.4%
6.2%
6.0%
5.8%
latest: 6.67%
▼ 0.02 pts w/w
6.16%
6.09%
6.11%
6.01%
6.00%
2026 low: 5.98%
6.22%
6.46%
6.30%
6.30%
6.36%
6.53%
6.52%
6.49%
6.49%
6.58%
Jan 15
Jan 29
Feb 12
Feb 26
Mar 12
Mar 26
Apr 09
Apr 23
May 07
May 21
Jun 04
Jun 18
Jul 02
Jul 16
Jul 30
Aug 13
source: freddie mac primary mortgage market survey
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Retail Sector Stock Performance, 2026 Year to Date
Price % change, december 31, 2025 – august 20, 2026
Target Corp.
Amazon.com, Inc.
Macy's, Inc.
The Home Depot, Inc.
Walmart, Inc.
The TJX Cos., Inc.
Lowe's Companies, Inc.
60%
40%
20%
0%
-20%
+62.78%
+13.56%
+3.36%
-2.35%
-6.64%
-8.20%
-9.53%
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26
source: ycharts
birlingcapital.com

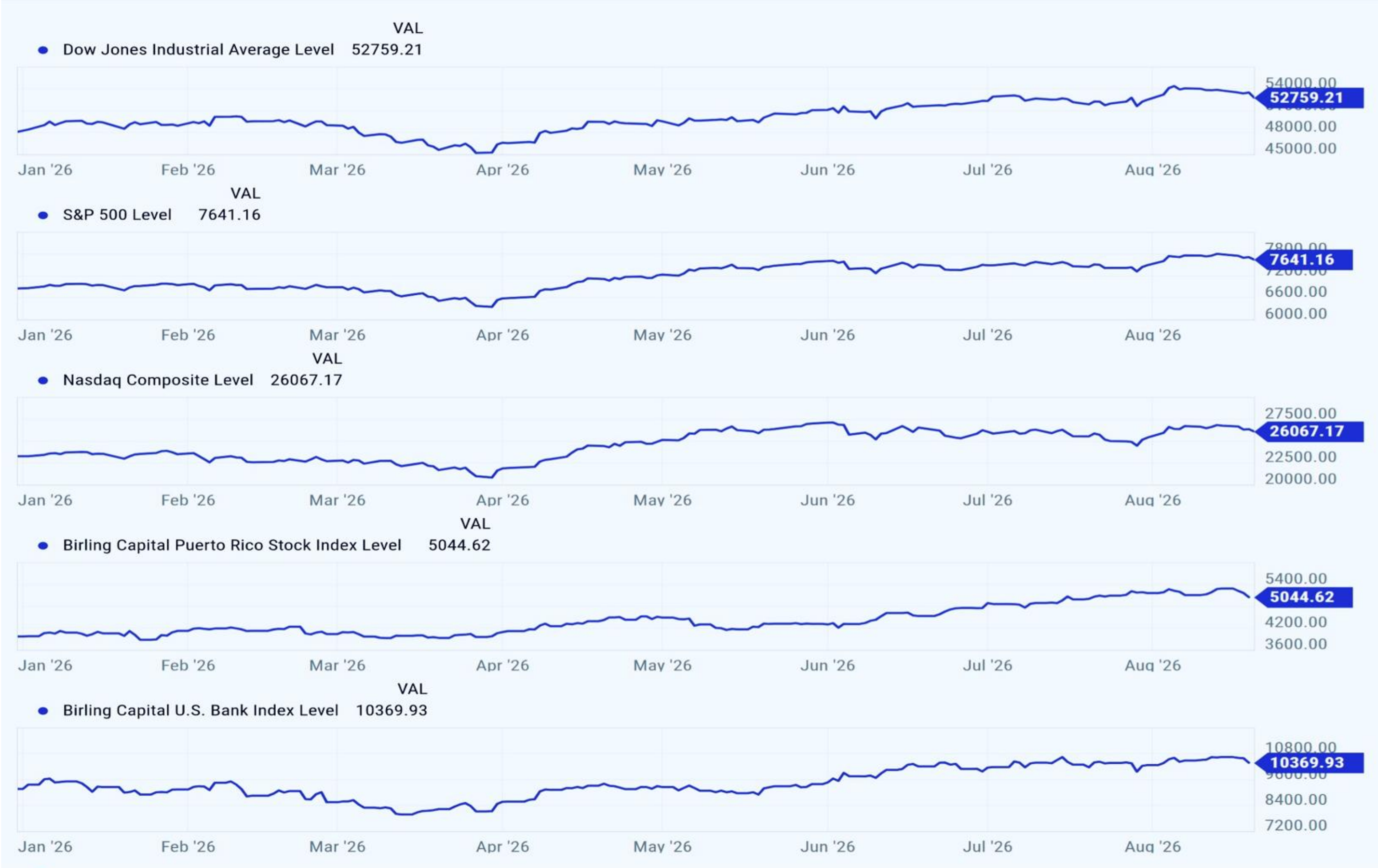
Eurozone Summary

Market close, august 20, 2026

Stoxx 600	FTSE 100	DAX Index
closing price	closing price	closing price
650.35	**10,748.16**	**25,938.04**
▼ 0.81 -0.12%	▲ 4.81 +0.04%	▼ 108.24 -0.42%

source: birling capital

birlingcapital.com



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Dow Jones Industrial Average Level 52759.21
54000.00
52759.21
48000.00
45000.00
VAL
S&P 500 Level 7641.16
7641.16
6600.00
6000.00
VAL
Nasdaq Composite Level 26067.17
27500.00
26067.17
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 5044.62
5400.00
5044.62
4200.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10369.93
10800.00
10369.93
8400.00
7200.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26