Dow Jumps 517 Points Friday, but Wall Street Still Logs a Second Straight Weekly Loss

August 21, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets advanced Friday as investors looked to stabilize after a sharp sell-off tied to surging Treasury yields earlier in the week. The S&P 500 and Nasdaq Composite each gained roughly 0.4%, while the Dow Jones Industrial Average led the advance, rising about 517 points, or 0.98%, on strength in healthcare names including Merck and Johnson & Johnson.

U.S. Markets

U.S. stocks pushed higher Friday as investors sought to regain footing following Thursday's steep pullback, which had been driven by another leg up in Treasury yields after the government's attempt to slow the bond-market sell-off lost momentum. Pressure on the long end of the curve has intensified as investors weigh the inflationary impact of higher oil prices.

Financials helped lift the broader market, and crypto-linked equities were among the day's strongest performers as bitcoin moved toward a weekly gain near 23%. Robinhood shares climbed 13%, and Coinbase rose 7%, while the materials sector added roughly 2% on the day.

Even with Friday's rally, the major averages remained on pace for weekly losses. The S&P 500 was on track to snap a three-week winning streak with a decline of more than 1% for the week, the Nasdaq was down about 2% and also set to end a three-week run of gains, and the Dow was off nearly 1% for the week, putting it on course for back-to-back weekly declines. The retreat extended beyond U.S. borders, with the MSCI All Country World Index also headed for a weekly loss of almost 1%.

Longer-dated Treasury yields extended their climb Friday, with the 10-year note rising more than 3 basis points to 4.732% and the 30-year bond adding a similar amount to reach 5.273%. Market participants have broadly priced in a 10-year yield range of roughly 4% to 5%; a break meaningfully above that band — particularly toward 6% to 7% — would likely trigger a more adverse market reaction, given how sensitive equity valuations have become to the direction of long-term rates.

With yields still climbing, attention now turns to Federal Reserve Chairman Kevin Warsh's address next week at the Jackson Hole Economic Policy Symposium, where investors will be watching for signals on the rate path as well as commentary on central bank independence.

European Markets

European equities moved modestly higher on Friday, supported by mining and basic resources companies as gold prices advanced and the U.S. dollar weakened. The Stoxx 600 rose approximately 0.2% in morning trading, although the index remained headed toward a second consecutive weekly decline.

Persistent pressure in global bond markets, elevated energy prices, and uncertainty surrounding the conflict with Iran continued to limit investor risk appetite. European markets nevertheless benefited from a more stable regional monetary-policy outlook and signs that economic activity remained resilient despite the geopolitical disruption.

Energy Markets

Energy prices remained elevated as stalled negotiations with Iran and continuing uncertainty surrounding the Strait of Hormuz sustained concerns about global supply. Brent crude traded near $95 per barrel before moderating, keeping energy costs—and their potential effect on inflation—at the center of the market outlook.

Higher oil prices continued to support energy producers but created additional pressure for transportation, manufacturing, and consumer-oriented companies. If crude prices remain elevated, the resulting increase in production and distribution costs could complicate the inflation outlook for both the Federal Reserve and the European Central Bank.

Economic & Policy Outlook

The Citi U.S. Economic Surprise Index declined from approximately 63 in early June to around 21, indicating that economic releases continued to exceed expectations, but by a considerably narrower margin. The retreat reflected softer-than-anticipated data on employment, retail sales, and inflation.

However, Friday's preliminary business-activity readings presented a more nuanced picture. The S&P Global U.S. Services PMI increased to 56.8 in August from 54.6 in July, while the Composite Output Index rose to 56.0, its highest level since April 2022. Manufacturing activity remained in expansion territory but slowed to a five-month low of 53.2.

The combination suggested that the economy remained resilient but increasingly uneven. Services continued to provide the principal engine of growth, while manufacturing confronted higher energy costs, supply-chain disruptions, and softer production momentum.

Attention now turns to the upcoming personal consumption expenditures inflation report, Nvidia's earnings, and Federal Reserve Chairman Kevin Warsh's address at the Jackson Hole symposium. Together, these events could determine whether bond yields stabilize and whether the Fed maintains rates at its September meeting.

In our view, the 10-year Treasury yield will likely remain within the 4.50%-5.00% range unless inflation or fiscal expectations change materially. If economic data continues to moderate while long-term yields remain elevated, the Federal Reserve may conclude that the bond market has already delivered sufficient tightening and keep interest rates unchanged in September.

The Final Word

Friday's rebound offered relief, but it did not resolve the market's central challenge. With Treasury yields near multi-year highs, oil prices elevated, and economic signals increasingly mixed, investors must now balance resilient growth in corporate and services sectors against a materially higher cost of capital.

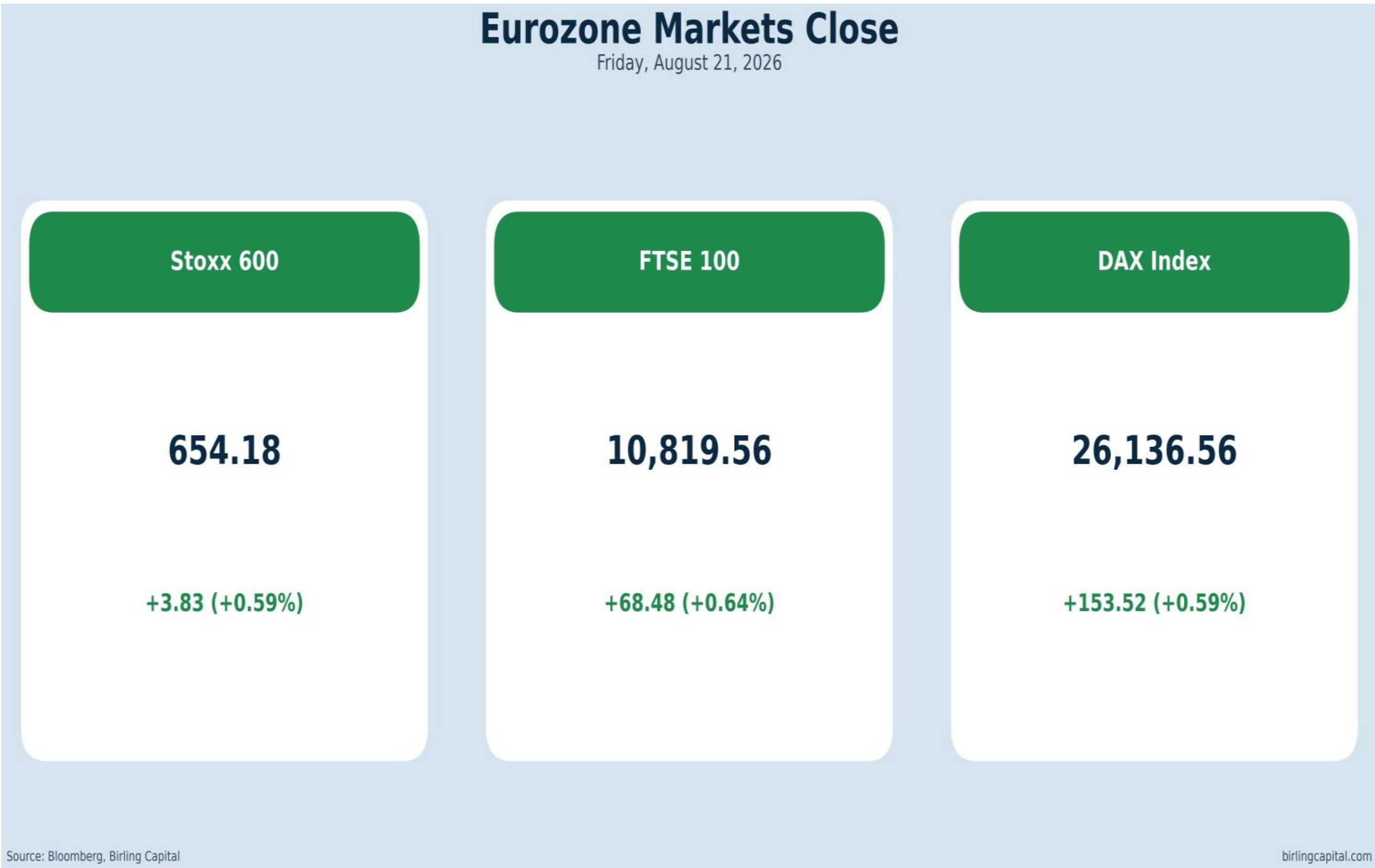
Eurozone Summary:

- **Stoxx 600:** closed at 654.18, up 3.83 points or 0.59%.
- **FTSE 100:** closed at 10,819.56, up 68.48 points or 0.64%.
- **DAX Index:** closed at 26,136.56, up 153.52 points or 0.59%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 53,277.01, up 517.80 points or 0.98%
- **S&P 500:** closed at 7,674.37, up 33.21 points or 0.43%
- **Nasdaq Composite:** closed at 26,180.45, up 113.28 points or 0.44%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,017.87, down 26.75 points or 0.53%
- **Birling Capital U.S. Bank Index:** closed at 10,131.51, down 238.42 points or 2.30%
- **U.S. Treasury 10-year note:** closed at 4.74%.

- **U.S. Treasury 2-year note:** closed at 4.24%.



BIRLING
CAPITAL ADVISORS, LLC

Friday, August 21, 2026

Wall Street and Birling Capital Indexes Close

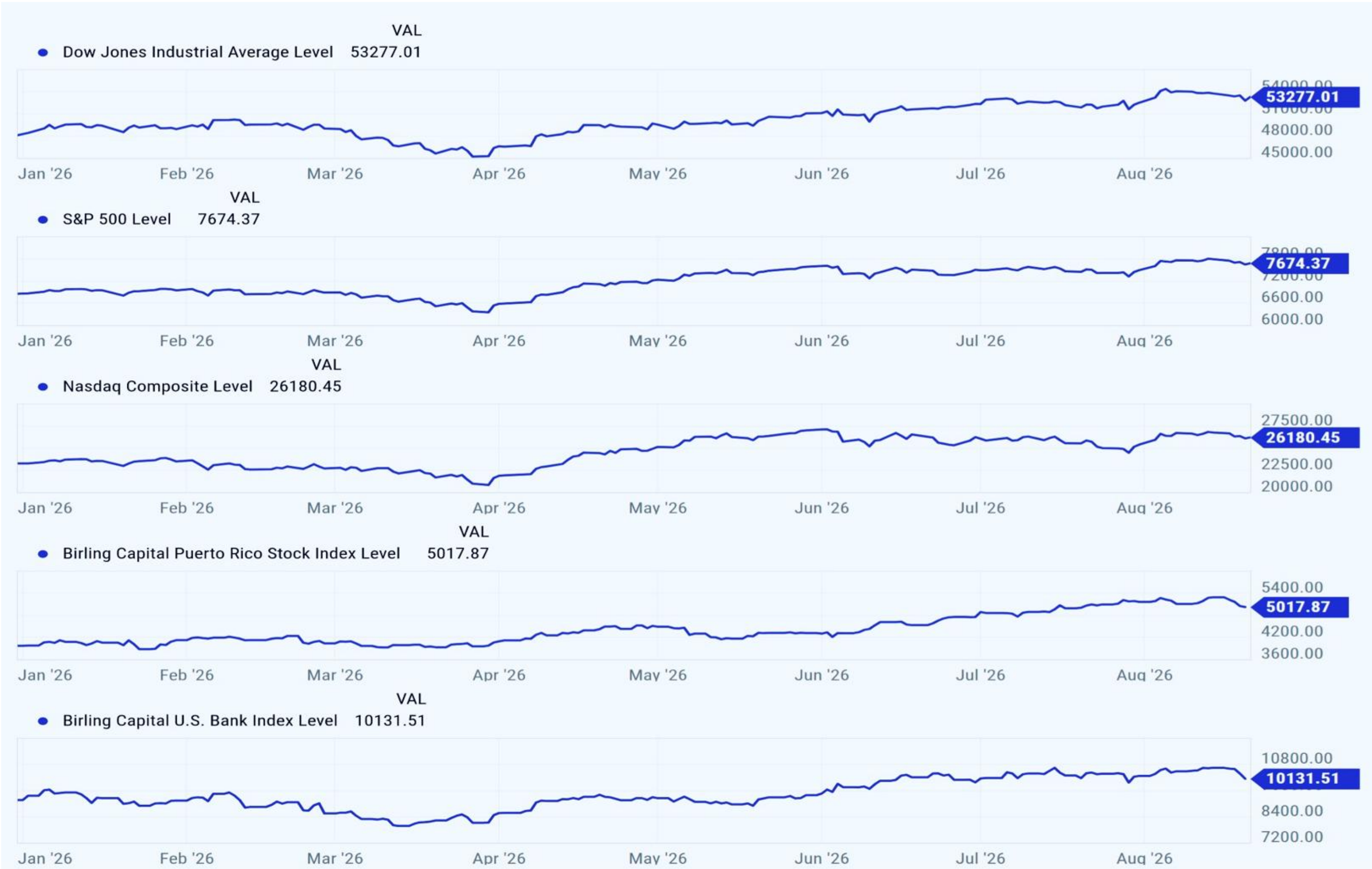
Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
53,277.01	7,674.37	26,180.45	5,017.87	10,131.51
+517.80 (+0.98%)	+33.21 (+0.43%)	+113.28 (+0.44%)	-26.75 (-0.53%)	-238.42 (-2.30%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.74%	4.24%

10-Year / 2-Year Treasury Spread: 0.50%

Source: Bloomberg, Birling Capital

birlingcapital.com



VAL
Dow Jones Industrial Average Level 53277.01
54000.00
53277.01
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 7674.37
7674.37
6600.00
6000.00
VAL
Nasdaq Composite Level 26180.45
27500.00
26180.45
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 5017.87
5400.00
5017.87
4200.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10131.51
10800.00
10131.51
8400.00
7200.00