Wall Street Finishes Little Changed as Sticky Inflation Keeps Yields Elevated and Investors Await NVIDIA

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets ended mostly mixed Wednesday as investors digested another stubborn inflation reading, modestly higher Treasury yields, and positioned for NVIDIA's highly anticipated earnings report after the closing bell. The S&P 500 finished near the flatline, while the Nasdaq Composite slipped approximately 0.1% and the Dow Jones Industrial Average declined about 112 points, or 0.2%.

July's Personal Consumption Expenditures Price Index reinforced the Federal Reserve's inflation challenge. Headline PCE inflation came in slightly above expectations, while core PCE, the Fed's preferred inflation gauge, matched forecasts but remained well above the 2% target. Treasury yields edged higher following Tuesday's sharp retreat, keeping interest rates and monetary policy firmly in focus.

Attention now shifts to two potentially market-moving events: NVIDIA's second-quarter earnings after Wednesday's close and Federal Reserve Chairman Kevin Warsh's address Friday at the Jackson Hole Economic Symposium. Together, they could help determine whether earnings momentum—particularly the artificial intelligence investment cycle—can continue to offset the headwinds created by sticky inflation and persistently elevated interest rates.

U.S. Markets

Wall Street ended Wednesday with little movement as investors weighed persistent inflationary pressures against resilient economic conditions and awaited NVIDIA's earnings report after the close. The S&P 500 finished near the flatline, while the technology-heavy Nasdaq Composite declined approximately 0.1%. The Dow Jones Industrial Average fell about 112 points, or 0.2%, as investors remained cautious following the latest PCE inflation report.

Meta Platforms was among the day's notable outperformers, rising approximately 1% after settling with state attorneys general in litigation alleging that its social media platforms harmed young users. The principal focus, however, remained inflation and interest rates. Headline PCE inflation for July came in slightly above expectations, while core PCE, which excludes volatile food and energy prices, matched forecasts. Although the core reading offered no upside surprise, inflation remained materially above the Federal Reserve's 2% target, reinforcing expectations that monetary policy could remain restrictive for longer.

Treasury yields edged higher Wednesday after declining sharply Tuesday, when the 10-year Treasury yield fell nearly eight basis points. The bond market remains an important constraint for equities after long-term yields reached multi-year highs last week, including the 30-year Treasury yield reaching levels not seen in nearly two decades.

Investors now turn to NVIDIA, the world's most valuable semiconductor company and the largest constituent of the S&P 500. The company is scheduled to report second-quarter results after Wednesday's closing bell, with Wall Street expecting earnings of approximately $2.09 per share on revenue of $92.28 billion. With NVIDIA's market capitalization exceeding $5 trillion, the results and, more importantly, management's forward guidance could influence sentiment across technology, semiconductors, artificial intelligence, and the broader equity market.

Beyond NVIDIA, attention will quickly shift toward Jackson Hole, where Federal Reserve Chairman

Kevin Warsh is scheduled to speak Friday. Investors will scrutinize his remarks for signals about inflation, interest rates, and the policy outlook ahead of the September 16 FOMC meeting.
The combination of sticky inflation, historically elevated long-term Treasury yields, NVIDIA earnings, and Jackson Hole has left markets without a strong near-term directional conviction. Yet resilient economic activity and corporate earnings growth continue to provide an important fundamental counterweight. The next several sessions could therefore prove pivotal in determining whether Wall Street can extend its 2026 advance or enter a broader period of consolidation.

European Markets

Crude-oil prices moved sharply lower Wednesday, with WTI declining roughly 1.9% to settle near $80.78 per barrel, touching a session low of $80.41 and approaching the lower end of its recent weekly range. The pullback reflects growing optimism that Washington and Tehran are nearing an interim agreement to reopen the Strait of Hormuz, alongside a second consecutive weekly build in U.S. commercial crude inventories, which added 4.4 million barrels for the week ending August 14. The decline offered some relief after energy prices had contributed to renewed inflation concerns in recent weeks. Lower petroleum prices could eventually ease headline inflation pressures, although Wednesday's PCE report demonstrated that underlying services inflation remains the more persistent challenge. Goods prices declined 0.1% during the latest period, helped by lower gasoline and other energy-related goods as well as weakness in household equipment prices. Services prices, however, increased 0.3%, with financial services, insurance, and housing among the categories contributing to the advance.

Energy Markets

Crude-oil prices moved lower Wednesday, with WTI declining approximately 1.5% toward $81 per barrel and approaching the lower end of its recent weekly range.
The pullback provided some relief after energy prices had contributed to renewed inflation concerns during recent weeks. Lower petroleum prices could eventually reduce headline inflation pressures, although Wednesday's PCE report demonstrated that underlying services inflation remains the more persistent challenge.
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Economic & Policy Outlook

July's PCE inflation report reinforced the central challenge facing the Federal Reserve: inflation remains well above its 2% target even as economic activity and consumer spending remain resilient. Headline PCE inflation registered 3.7% year-over-year, unchanged from the prior reading but slightly above the 3.6% consensus estimate. Core PCE inflation, which excludes food and energy, remained at 3.3%, matching expectations but providing little evidence that underlying inflation pressures are rapidly returning toward the Fed's target.
The composition of the report was particularly important. Goods inflation softened, helped by declining energy-related prices, while services inflation remained comparatively sticky. That divergence suggests that lower oil and gasoline prices alone may not be sufficient to produce the sustained disinflation the Federal Reserve needs.
The report therefore strengthens the argument for maintaining restrictive monetary policy and could increase the probability of another rate increase. However, the September 16 FOMC decision remains highly dependent on incoming data. Upcoming CPI readings and labor-market indicators will be critical in determining whether policymakers conclude that another increase is necessary.

Positioning Portfolios in a Higher-Rate Environment

Persistent inflation, large federal financing requirements, elevated Treasury issuance, fiscal uncertainty, and resilient economic activity are likely to keep interest rates structurally higher than investors became accustomed to during the decade following the Global Financial Crisis.

While that environment may constrain near-term capital appreciation in bonds, today's higher yields have materially improved the long-term return potential of investment-grade fixed income. High-quality bonds therefore retain an important strategic role in diversified portfolios, particularly for investors seeking income, capital preservation, and portfolio stability.

Over the next 12 months, however, we continue to favor equities over fixed income. Corporate earnings growth, resilient consumer spending, and continued economic expansion provide a constructive fundamental backdrop despite elevated interest rates.

Near-term consolidation should not be surprising after the market's strong 2026 advance. August and September have historically been challenging months for equities, while uncertainty surrounding the November midterm elections could contribute to higher volatility.

Within equities, we favor U.S. large- and mid-cap companies offering a combination of balance-sheet quality, earnings growth, exposure to artificial intelligence investment, and participation in continued economic resilience. We also see opportunities in emerging markets, where AI-related capital investment and improving earnings growth coexist with valuations that remain attractive relative to historical averages.

The Final Word: Sticky Inflation Meets Resilient Growth

Wednesday's PCE report did little to resolve the market's central debate. Inflation remains too high for comfort, Treasury yields remain elevated, and the Federal Reserve has limited room to ease policy. Yet the U.S. economy continues to demonstrate resilience, consumer spending remains healthy, and corporate profits continue to expand.

That combination argues for discipline rather than defensiveness. Higher rates will periodically challenge valuations and create volatility, but they have also restored meaningful income to fixed-income portfolios. For equity investors, periods of consolidation may create opportunities to increase exposure selectively to companies and markets where earnings growth remains strongest.

The investment environment has changed: capital is no longer cheap, inflation cannot be ignored, and valuation discipline matters again. But as long as economic growth and corporate earnings remain resilient, volatility should be viewed not simply as a risk—but as a potential source of opportunity.

Economic Update:

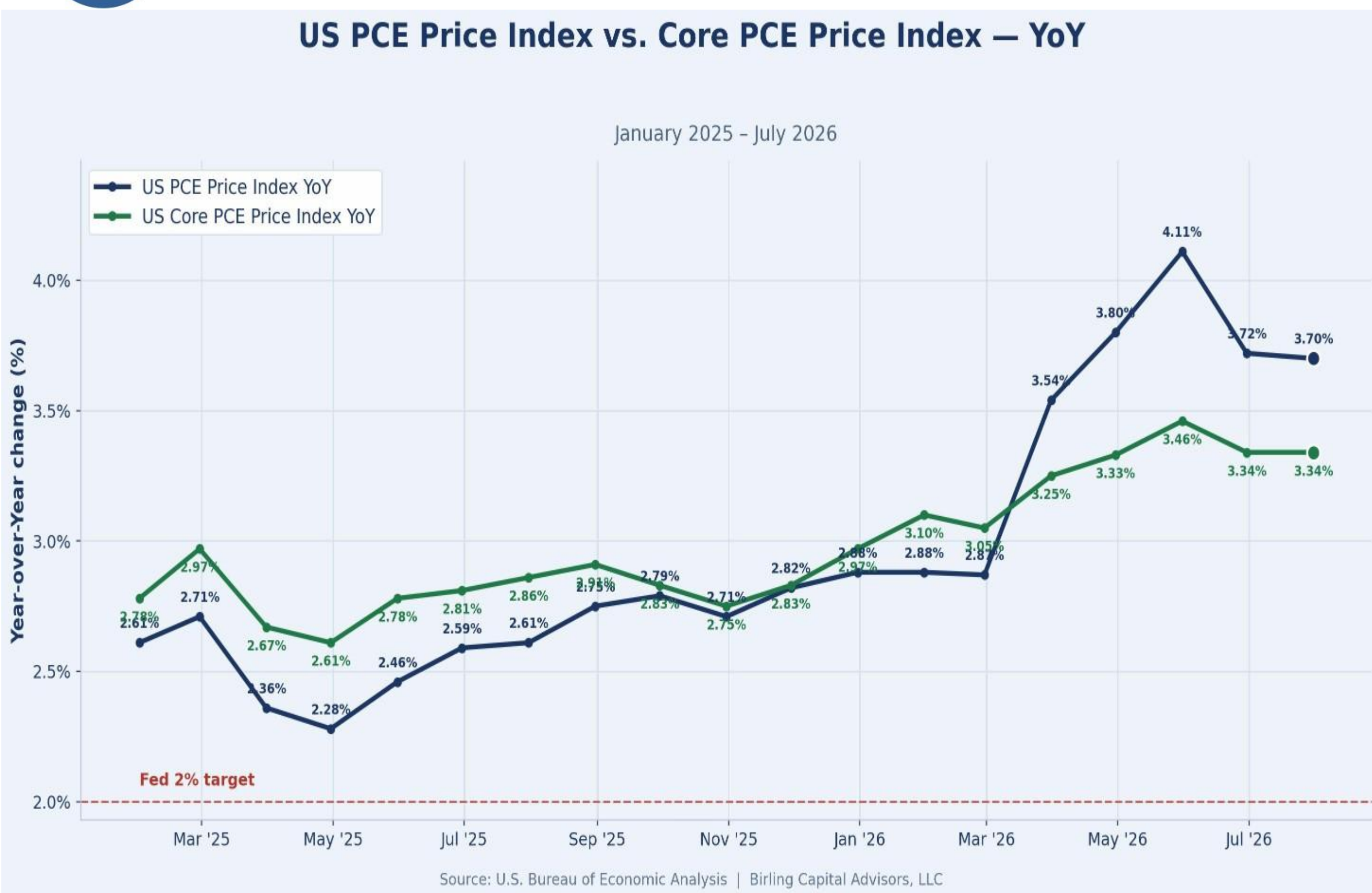
- **US PCE Price Index YoY:** fell to 3.70%, compared to 3.72% last month.
- **US Core PCE Price Index YoY:** is unchanged at 3.34%, compared to 3.34% last month.
- **US Personal Income MoM:** rose to 0.43%, compared to 0.18% last month.
- **US Personal Spending MoM:** fell to 0.16%, compared to 0.35% last month.
- **US Total Vehicle Sales:** fell to 16.76 million, down from 17.04 million last month, a change of -1.68%.
- **US Durable Goods New Orders MoM:** rose to 1.07%, compared to 0.58% last month.

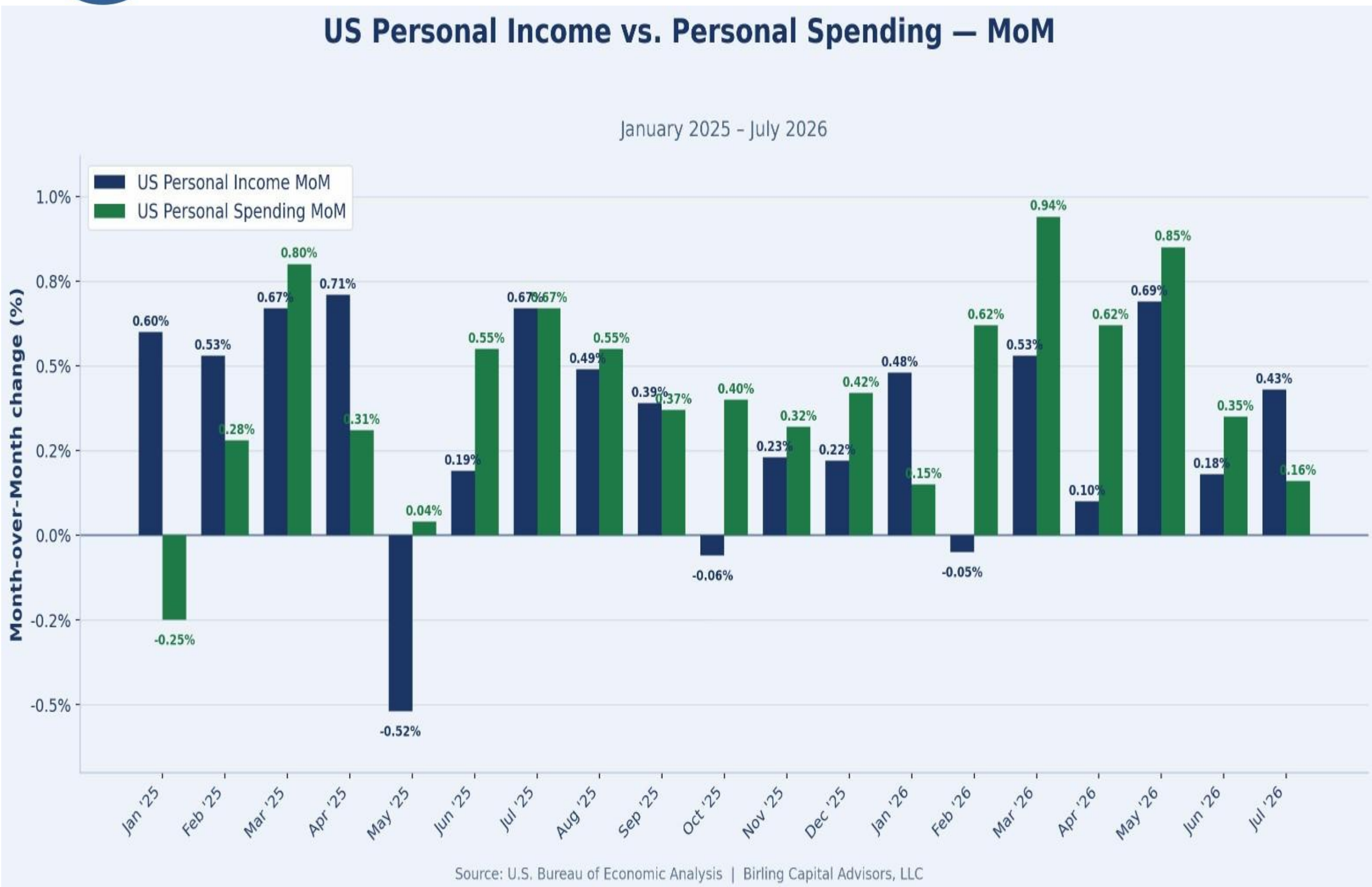
Eurozone Summary:

- **Stoxx 600:** closed at 656.41, down 0.07 points or 0.01%.
- **FTSE 100:** closed at 10,878.12, up 8.04 points or 0.07%.
- **DAX Index:** closed at 26,285.96, up 19.82 points or 0.08%.

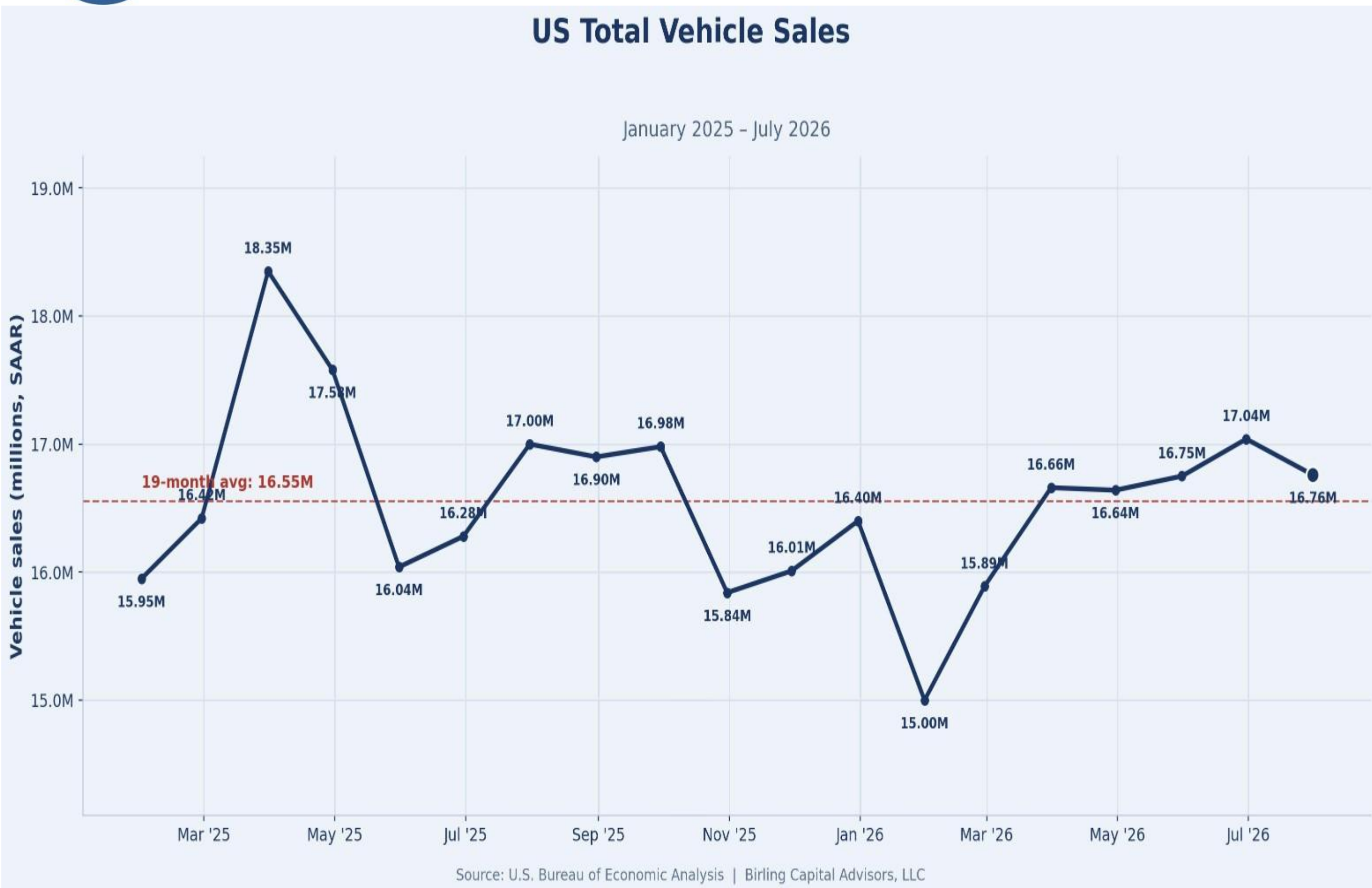
Wall Street Summary:

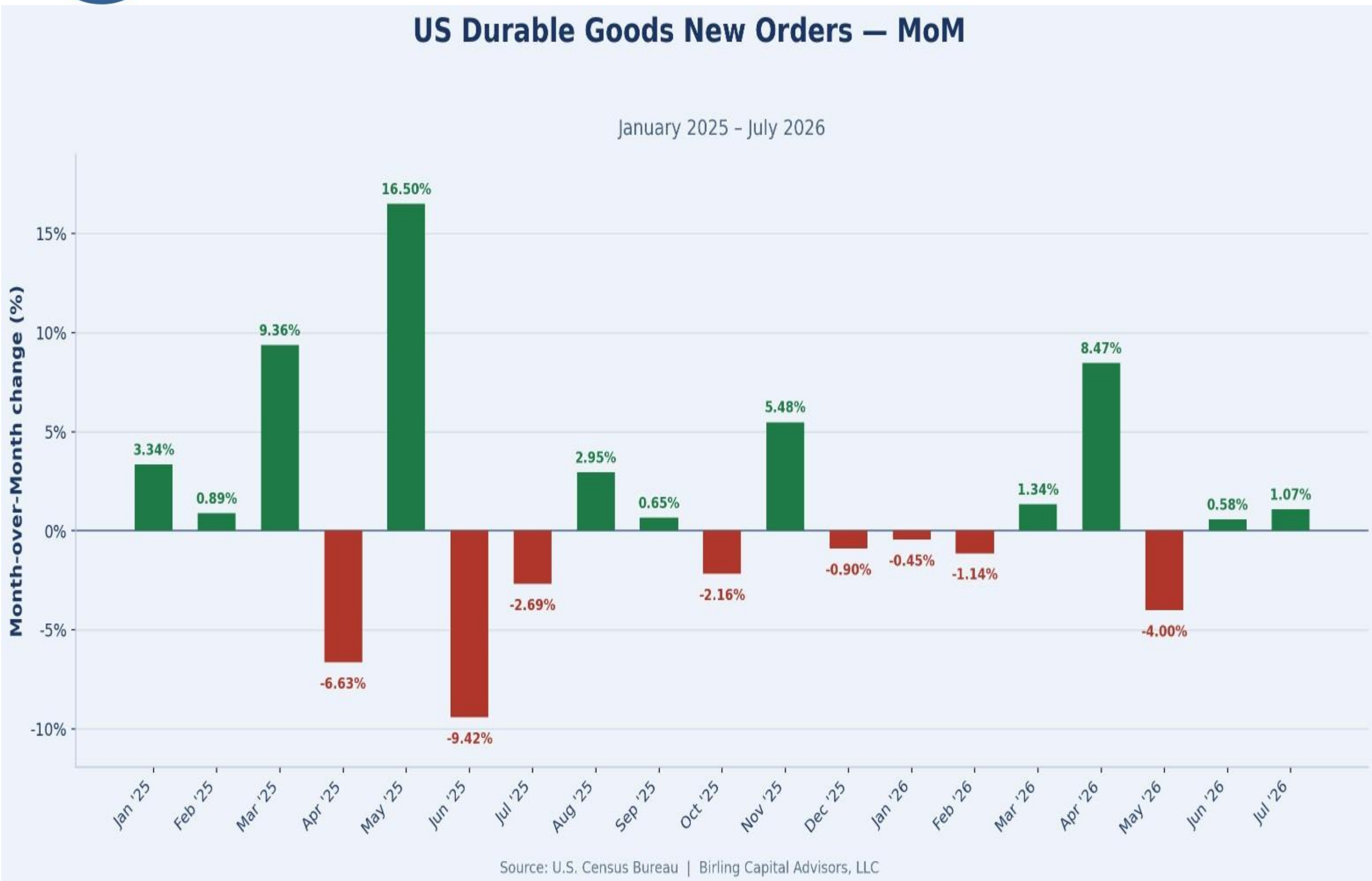
- **Dow Jones Industrial Average:** closed at 53,463.88, down 113.52 points or 0.21%
- **S&P 500:** closed at 7,675.70, down 1.53 points or 0.02%
- **Nasdaq Composite:** closed at 26,130.19, down 21.10 points or 0.08%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,031.02, up 2.54 points or 0.05%
- **Birling Capital U.S. Bank Index:** closed at 10,411.67, up 85.26 points or 0.83%
- **U.S. Treasury 10-year note:** closed at 4.66%.
- **U.S. Treasury 2-year note:** closed at 4.19%.





US Personal Income vs. Personal Spending — MoM
January 2025 – July 2026
US Personal Income MoM
US Personal Spending MoM
Month-over-Month change (%)
Source: U.S. Bureau of Economic Analysis | Birling Capital Advisors, LLC


US Total Vehicle Sales
January 2025 – July 2026
Vehicle sales (millions, SAAR)
19.0M
18.0M
17.0M
16.0M
15.0M
18.35M
16.42M
15.95M
16.04M
16.28M
17.00M
16.90M
16.98M
15.84M
16.01M
16.40M
15.00M
15.89M
16.66M
16.64M
16.75M
17.04M
16.76M
19-month avg: 16.55M
Mar '25
May '25
Jul '25
Sep '25
Nov '25
Jan '26
Mar '26
May '26
Jul '26
Source: U.S. Bureau of Economic Analysis | Birling Capital Advisors, LLC


US Durable Goods New Orders — MoM
January 2025 – July 2026
Month-over-Month change (%)
15%
10%
5%
0%
-5%
-10%
3.34%
0.89%
9.36%
-6.63%
16.50%
-9.42%
-2.69%
2.95%
0.65%
-2.16%
5.48%
-0.90%
-0.45%
-1.14%
1.34%
8.47%
-4.00%
0.58%
1.07%
Jan '25
Feb '25
Mar '25
Apr '25
May '25
Jun '25
Jul '25
Aug '25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Source: U.S. Census Bureau | Birling Capital Advisors, LLC

BIRLING CAPITAL ADVISORS, LLC

European Markets Close

Wednesday, August 26, 2026

Stoxx 600	FTSE 100	DAX Index
Closing Price	Closing Price	Closing Price
656.41	10,878.12	26,285.96
▼ -0.07 pts	▲ +8.04 pts	▲ +19.82 pts
-0.01%	+0.07%	+0.08%

BIRLING
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Wall Street and Birling Capital Indexes Close

Wednesday, August 26, 2026

	Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital Puerto Rico Stock Index	Birling Capital U.S. Bank Index
Closing Price	53,463.88	7,675.70	26,130.19	5,031.02	10,411.67
Change	▼ -113.52	▼ -1.53	▼ -21.10	▲ +2.54	▲ +85.26
% Change	-0.21%	-0.02%	-0.08%	+0.05%	+0.83%

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.66%	4.19%

10Y-2Y Spread: 0.47 pts


VAL
Dow Jones Industrial Average Level 53463.88
53463.88
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 7675.70
7675.70
6600.00
6000.00
VAL
Nasdaq Composite Level 26130.20
27500.00
26130.20
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 5031.02
5400.00
5031.02
4200.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10411.67
10411.67
8400.00
7200.00