S&P 500 Closes at a Record and Posts Its Strongest Week Since April as Investors Look Past a Weak Jobs Report

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The U.S. and European stock markets closed higher Friday, with the S&P 500 reaching a record close as investors looked beyond an unexpectedly weak July employment report and focused instead on the prospect that slowing labor market conditions could keep the Federal Reserve from needing to raise interest rates in the near term. The S&P 500 advanced 0.62% to a record 7,757.64, the Nasdaq Composite climbed 1.3% to 26,690.62, and the Dow Jones Industrial Average added 151.83 points, or 0.28%, to close at 54,036.93, capping a second straight week of gains and the strongest weekly performance for all three indexes since April. Treasury yields declined following the employment report, with the benchmark 10-year U.S. Treasury yield ending near 4.65%, while the U.S. dollar weakened against most major currencies. Oil prices firmed modestly as investors awaited a potential U.S.-Iran deal to reopen the Strait of Hormuz, with WTI crude settling up 1.15% at $78.18 per barrel and Brent crude up 1.29% at $83.55. Investor sentiment was also supported by another week of stronger-than-expected corporate earnings, reinforcing confidence that resilient business fundamentals continue to underpin the broader market despite signs of a moderating economy.

U.S. Markets

Wall Street finished the week on a positive note as investors interpreted the weaker-than-expected employment report as reducing the odds that the Federal Reserve will need to tighten policy in the near term. July nonfarm payrolls fell by 23,000, well short of the 83,000 gain economists had expected, while the unemployment rate eased to 4.1% as labor-force participation slipped to its lowest level in more than five years. Following the report, fed funds futures traders sharply pared back expectations for a September rate hike, with the majority now anticipating the Federal Reserve will hold its benchmark rate at 3.50% to 3.75% at the next policy meeting, a notable shift from the roughly even odds priced in just a day earlier. Market strategists framed the report as a soft landing for sentiment: a labor market that is cooling but not breaking, with the bigger market concerns of yields and inflation both moving in a favorable direction.

Software and technology names led the advance as second-quarter earnings continued to dispel concerns that artificial intelligence would disrupt enterprise software demand. Cloudflare shares rose more than 5% on strong forward guidance, Atlassian surged 35% after fourth-quarter results and guidance topped expectations, and Airbnb rallied 17% following a top- and bottom-line earnings beat. Strong second-quarter corporate earnings continued to provide the market's primary source of support, with broad participation across sectors reinforcing confidence that profit growth remains healthy despite a slowing pace of economic expansion. Lower Treasury yields also supported interest-rate-sensitive sectors and helped sustain positive investor sentiment heading into next week's inflation data.

European Markets

European equities closed higher Friday, extending their recent gains as investors responded positively to lower global bond yields and the prospect that softer U.S. labor-market conditions could reduce pressure for additional Federal Reserve tightening. The Stoxx 600 rose 0.31% to 660.25, while the FTSE

100 advanced 0.31% to 10,901.09. Germany's DAX outperformed, gaining 0.69% to close at 26,319.45. Sentiment was also supported by continued strength in corporate earnings and optimism that diplomatic efforts involving Iran and Oman could reduce geopolitical risks surrounding the Strait of Hormuz. European investors ended the week with a constructive tone as easing yields, resilient earnings, and improving risk sentiment outweighed lingering concerns about the region's growth outlook.

Energy Markets

Oil prices ended the week little changed, with WTI crude trading near $77 per barrel as traders monitored negotiations involving Iran and Oman that could help reduce disruptions to shipping through the Strait of Hormuz. While geopolitical developments continued to influence price movements, expectations for improved maritime security and adequate global supplies helped keep crude prices relatively stable. Energy markets remain highly sensitive to developments in the Middle East, with any change in regional tensions likely to have an immediate impact on crude prices.

Economic & Policy Outlook

The U.S. labor market lost momentum in July as nonfarm payrolls unexpectedly declined by 23,000, while payroll gains for May and June were revised lower by a combined 103,000, indicating hiring has slowed more than previously believed. Despite the decline in payrolls, the unemployment rate edged down to 4.1%, largely because labor-force participation continued to fall. Average hourly earnings increased 3.2% year over year, below expectations, providing additional evidence that wage pressures continue to moderate.

Even with slower hiring, labor market conditions remain relatively balanced, as job openings continue to outnumber unemployed workers. Combined with one of the strongest earnings seasons in recent years — where approximately 86% of S&P 500 companies have exceeded expectations — the economic backdrop continues to support consumer spending and corporate profitability. The employment report is likely to reinforce the Federal Reserve's data-dependent approach, with upcoming inflation reports expected to play a pivotal role in determining the timing of future policy decisions.

The Final Word

This week's market performance demonstrated that investors remain focused on the broader direction of inflation, earnings, and monetary policy rather than any single economic report. Slower job growth, easing wage pressures, and another outstanding earnings season strengthened the case that the economy may be moving toward a more sustainable pace of expansion. The next major test for markets will come from inflation data and Federal Reserve guidance, both of which will shape expectations for interest rates and the market's direction through the remainder of the third quarter.

Economic Data:

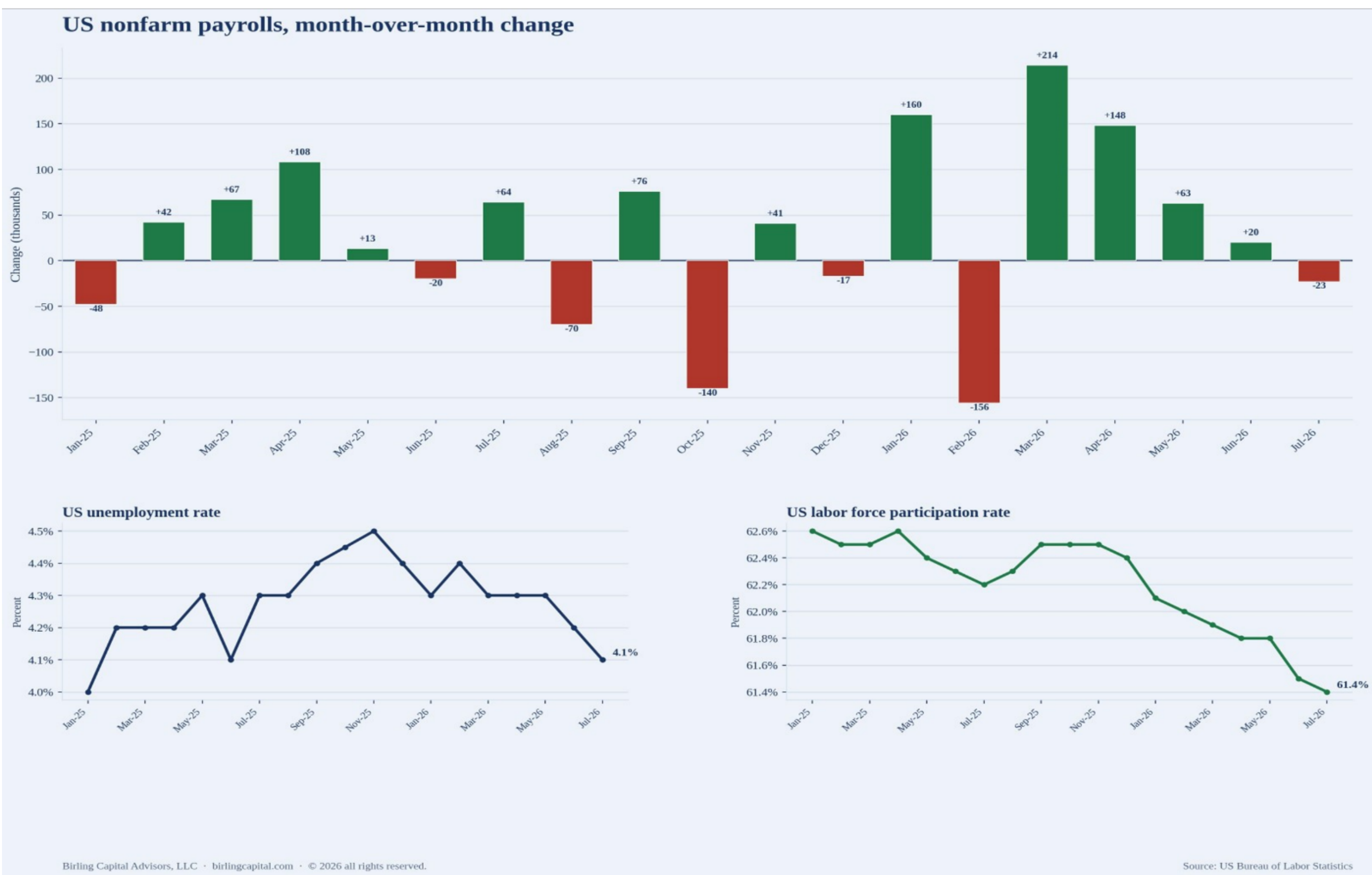
- **US Nonfarm Payrolls MoM:** fell to -23,000, down from 20,000 last month.
- **US Unemployment Rate:** fell to 4.10%, compared to 4.20% last month.
- **US Labor Force Participation Rate:** fell to 61.40%, compared to 61.50% last month.
- **US Consumer Credit Outstanding MoM:** fell to -182.45M, down from 20.82B last month.
- **Canada Employment Net Change:** rose to 75.10K, up from 18.20K last month.
- **Canada Unemployment Rate:** fell to6.40%, compared to 6.50% last month.
- **Canada Labour Force Participation Rate:** rose to 65.10%, compared to 65.00% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 660.25, up 2.06 points or 0.31%.
- **FTSE 100:** closed at 10,901.09, up 30.20 points or 0.31%.
- **DAX Index:** closed at 26,319.45, up 179.32 points or 0.69%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 54,036.93, up 151.83 points or 0.28%
- **S&P 500:** closed at 7,757.64, up 47.68 points or 0.62%
- **Nasdaq Composite:** closed at 26,690.61, up 342.26 points or 1.30%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,191.21, down 29.20 points or 0.56%
- **Birling Capital U.S. Bank Index:** closed at 10,409.98, down 185.41 points or 1.75%
- **U.S. Treasury 10-year note:** closed at 4.65%.
- **U.S. Treasury 2-year note:** closed at 4.19%.



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Eurozone summary close — August 7, 2026

Stoxx 600	FTSE 100	DAX Index
660.25	10,901.09	26,319.45
+2.06 (+0.31%)	+30.20 (+0.31%)	+179.32 (+0.69%)

Source: Wall Street Journal / Bloomberg

Wall Street and Birling Capital Indexes Close

Friday, August 7, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital Puerto Rico Stock Index	Birling Capital U.S. Bank Index
54,036.93	7,757.64	26,690.61	5,191.21	10,409.98
▲ +151.83 pts	▲ +47.68 pts	▲ +342.26 pts	▼ -29.20 pts	▼ -185.41 pts
+0.28%	+0.62%	+1.30%	-0.56%	-1.75%

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.65%	4.19%

Source: Bloomberg. Chart: Birling Capital Advisors, LLC — Global Market Square.