Dow Jumps 370 Points as AI Relief Rally Lifts Wall Street Despite Trade Uncertainty and Elevated Oil Prices

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The U.S. and European stock markets closed higher as a technology-led rebound in Wall Street helped stabilize global sentiment, even as investors continued to monitor trade-policy uncertainty, Federal Reserve signals, and geopolitical tensions. Strong gains in semiconductors and enterprise software supported risk appetite, reflecting renewed confidence in sustained AI infrastructure investment. The session highlights a market shifting from defensive positioning toward selective growth leadership, while still navigating evolving global trade rules and energy-market pressures.

U.S. Markets

U.S. equities moved higher in early trading, supported by renewed strength in the technology sector and selective corporate catalysts. Semiconductor names led gains after AMD advanced following the announcement of a multiyear strategic partnership with Meta, reinforcing confidence in sustained AI infrastructure demand. Consumer discretionary also provided support, with Home Depot rising after reporting earnings above expectations, though management emphasized that macroeconomic headwinds and cautious consumer trends remain in place.

Investor attention today centers on several Federal Reserve speeches, the evolving regulatory and trade environment following the recent Supreme Court ruling on tariffs, and persistent geopolitical risks. In commodities, oil prices remained near seven-month highs—marking one of the strongest starts to a year since 2022—amid renewed tensions between the United States and Iran and tightening supply expectations. Fixed-income markets continued to reflect defensive positioning, with safe-haven flows during February volatility helping push the 10-year U.S. Treasury yield toward 4.03%.

European Markets

European equities finished modestly higher Tuesday as investors continued to interpret the practical implications of the administration's new global tariff framework and its impact on transatlantic trade. The pan-European Stoxx 600 gained roughly 0.1% by midday in London, reversing earlier weakness, while major regional bourses traded mixed as markets balanced policy uncertainty with signs of short-term relief.

The cautious rebound follows Monday's declines, when global markets reacted to President Trump's announcement of a blanket tariff ceiling of up to 15% on imports into the United States. Subsequent implementation guidance from U.S. Customs and Border Protection clarified that the measure has initially taken effect as a 10% Temporary Section 122 duty for a period of up to 150 days, unless exemptions apply. The gap between the announced maximum rate and the currently applied level has eased immediate market concerns but left investors uncertain about whether higher tariffs could still be introduced later.

For Europe, the outlook remains uneven. Export-sensitive sectors are monitoring whether the tariff structure evolves toward the full 15% level and how exemptions may be distributed across trading partners and industries. The United Kingdom is viewed as particularly exposed to policy changes: its prior bilateral agreement secured a 10% tariff rate—the lowest granted by Washington—meaning any future move toward a uniform higher levy could erode that relative advantage.

In the near term, European equity sentiment is being shaped by this combination of short-term relief from the lower-than-feared initial rate and ongoing uncertainty about the durability and scope of the tariff regime. As a result, investors are likely to remain focused on trade negotiations, implementation details, and export-sector guidance as key catalysts for regional market direction.

Technology and AI Landscape

Concerns about AI-driven disruption continue to influence sector rotation and valuation dispersion. The technology complex remains the epicenter of this reassessment, with the S&P 500 software segment still materially below its autumn peak despite signs of short-term stabilization. The rapid rollout of new AI platforms, automation tools, and agent-based systems is accelerating competitive pressures across industries, reinforcing the likelihood of both structural winners and displaced incumbents.

Historically, transformational technologies have ultimately boosted productivity, economic expansion, and real income growth, even as the transition period introduces market volatility and capital reallocation. Recent flows toward more traditional sectors—including energy, materials, industrials, and consumer staples—have helped improve portfolio resilience through diversification. The next major inflection point for AI sentiment is expected mid-week, when NVIDIA reports results, offering a key read-through on enterprise AI spending and data-center demand.

Trade Policy and Macro Outlook

Markets continue to digest the implications of the Supreme Court decision invalidating the administration's prior global tariff framework. The ruling has introduced fresh uncertainty around the trajectory of U.S. trade policy. While the effective tariff burden could decline in the near term—potentially providing a modest short-term tailwind to growth—policy direction remains fluid. Overnight, U.S. Customs and Border Protection implemented a new 10% global tariff, below the previously signaled 15% level. However, officials have indicated that additional measures remain under consideration as alternative legal pathways are evaluated. The evolving framework, along with unresolved questions surrounding prior tariff collections and potential refunds, may encourage some firms to delay capital expenditure or hiring decisions until greater clarity emerges.

Despite this policy uncertainty, the broader economic backdrop remains relatively constructive. Growth momentum has moderated but continues to expand, corporate earnings trends remain positive, and financial conditions—while tighter than in prior years—do not currently signal systemic stress.

Strategic Perspective

Short-term market direction is being shaped by headline risk tied to AI developments, trade policy recalibration, and geopolitical tensions. Long-term performance, however, will likely depend more on sustained earnings growth, productivity gains from technological adoption, and the economy's demonstrated resilience. For investors, maintaining diversification and focusing on structural drivers rather than policy noise remains the most consistent approach to navigating the current environment.

GDPNow

- The GDPNow for the first quarter of 2026 was updated today and is unchanged at 3.10%.

Economic Data:

- **US Retail Gas Price:** rose $ 0.057 to $3.033 last week, up to 0.79%.
- **Case-Shiller Composite 20 Home Price Index YoY:** rose to 1.42%, compared to 1.34% last month.

- **Case-Shiller Home Price Index:** National rose to 330.45, up from 329.14 last month, an increase of 0.40%.
- **US Wholesale Inventories MoM:** is at 0.25%, compared to 0.24% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 629.79, up 2.09 points or 0.33%.
- **FTSE 100:** closed at 10,680.59, down 4.15 points or 0.06%.
- **DAX Index:** closed at 25,021.55, up 21.68 points or 0.12%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,174.50, up 370.44 points or 0.76%.
- **S&P 500:** closed at 6,890.07, up 52.32 points or 0.77%.
- **Nasdaq Composite:** closed at 22,863.68, up 236.40 points or 1.05%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,047.45, down 184.69 Points or 4.36%
- **Birling Capital U.S. Bank Index:** closed at 8,681.58, down 371.81 Points or 4.11%.
- **U.S. Treasury 10-year note:** closed at 4.04%.
- **U.S. Treasury 2-year note:** closed at 3.43%.

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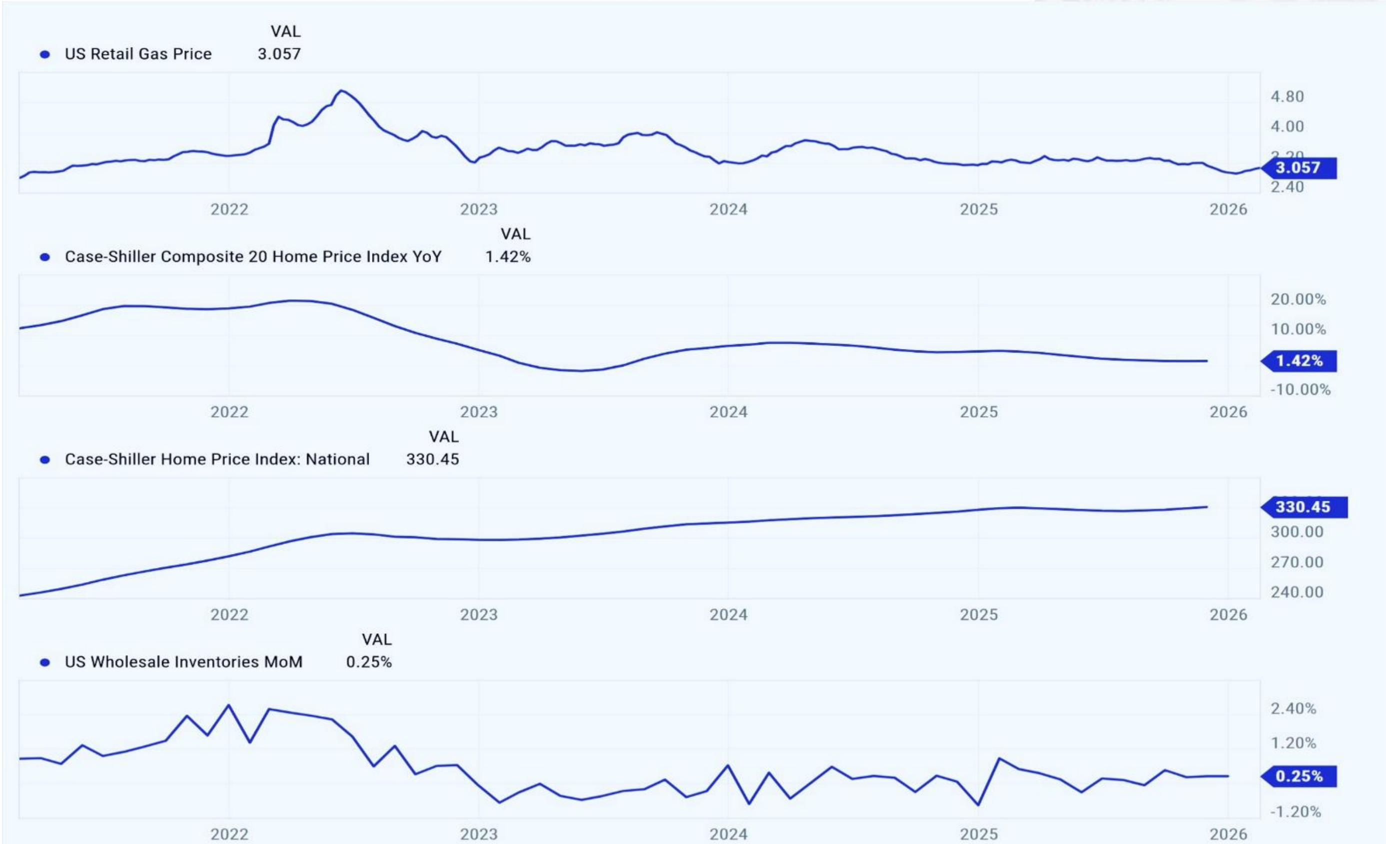
GDPNow

First Quarter 2026

Date	GDPNow 1Q26	Change
2/20/2026	3.10%	Initial Forecast
2/24/2026	3.10%	0.00%

US Retail Gas Price; Case-Shiller Composite 20 Home Price Index YoY; Case-Shiller Home Price Index: National & US Wholesale Inventories MoM



Wall Street Recap

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