Wall Street Rallies on Softer Inflation, Semiconductor Recovery, and Strong Bank Earnings

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The U.S. and European stock markets finished Tuesday's session on firmer footing after June's inflation report came in softer than economists had projected, easing worries about the pace of price growth and helping semiconductor names claw back much of Monday's losses. The S&P 500 added 0.38% to close at 7,543.59, while the Nasdaq Composite outperformed with a 0.90% gain to settle at 26,107.00. The Dow Jones Industrial Average edged up just 9.63 points, or 0.02%, to 52,508.27, held back by a sharp decline in International Business Machines after the company flagged softer-than-expected second-quarter profits tied to weaker software and infrastructure demand.

Chip stocks were the standout story of the day, bouncing back after the prior session's sell-off, while a strong start to second-quarter bank earnings added further support to sentiment.

U.S. Markets

Equities advanced on Tuesday as June's consumer price data showed inflation cooling by more than expected, with the monthly reading declining 0.4% and the annual rate settling at 3.5%, below consensus forecasts. The softer print prompted traders to sharply scale back expectations for a near-term rate hike, with the probability of a move at the Federal Reserve's July meeting falling from roughly 42% to about 17% following the release, even as the odds of a September hike remained elevated at about 60%. Fed Chair Kevin Warsh addressed Congress during the session, striking an optimistic tone on the inflation outlook while continuing to signal a cautious, data-dependent stance on policy.

Semiconductor stocks led the market's advance, recovering sharply from the previous day's weakness, with equipment, memory, and foundry-adjacent names posting strong gains. Banking stocks also contributed to the rally following a strong start to the second-quarter earnings season, with Goldman Sachs the standout performer, popping 9% after results topped expectations. At the same time, JPMorgan Chase and Bank of America also advanced on earnings beats. IBM was the session's most notable laggard, sliding roughly 25% after management guided to weaker near-term profitability. Energy markets stayed elevated after fresh U.S. military action against Iran, even as an easing of proposed transit fees on Strait of Hormuz shipping traffic pulled crude off its intraday highs.

European Markets

European equity markets closed higher, but modestly, as investors balanced the positive impact of softer U.S. inflation and stronger-than-expected bank earnings against ongoing geopolitical tensions in the Middle East and elevated energy prices. The moderation in U.S. inflation supported expectations that global monetary conditions may become less restrictive over time, helping improve investor sentiment across financial and cyclical sectors. However, gains were tempered by continued caution surrounding developments in the Strait of Hormuz and their potential impact on energy costs and global economic growth. The three indexes we follow closed higher: Stoxx 600, up 1.09 points; FTSE 100, up 31.10 points; and DAX Index, up 32.78 points. Overall, European markets remained resilient as investors assessed the evolving outlook for inflation, interest rates, and second-quarter corporate earnings.

Energy Markets

Energy markets pushed higher as crude prices remained elevated on a sharply escalating standoff in the Strait of Hormuz, even as President Trump abandoned his demand for a 20% transit fee on ships moving through the waterway. Oil pulled back from its intraday highs following that reversal but stayed firm as the U.S. launched fresh strikes on Iran. U.S. crude, which earlier topped $80 per barrel, settled up 1.5% at above $79, while Brent crude added 1.7% to above $84 a barrel. Investors continued to monitor developments in the Middle East, recognizing that any further disruption to one of the world's most important energy corridors could quickly tighten global supply. OPEC has already trimmed its 2026 oil demand growth forecast to 800,000 barrels per day, even as the market weighs a modest 2026 demand increase led by China and India.

Economic & Policy Outlook

The June inflation report delivered one of the most encouraging readings in several months. Headline Consumer Price Index inflation slowed to 3.5% year over year, while Core CPI, which excludes food and energy, eased to 2.6%, with both measures coming in below economists' expectations. Fed Chair Kevin Warsh, testifying before Congress, said the inflation surge of the last several years is on track to become a thing of the past. However, his broader commentary since taking the helm has skewed toward the hawkish side, and observers note that the Fed's preferred tool for reining in prices remains higher rates. Combined with stronger-than-expected earnings from the nation's largest banks, the data bolstered confidence that the U.S. economy continues to expand while inflation moderates, giving the Federal Reserve greater flexibility as it evaluates future monetary policy decisions.

The Final Word

Today's market action confirmed that inflation and earnings remain the two most important drivers of investor sentiment. A meaningful moderation in inflation, paired with resilient corporate profitability, reinforces the case that the U.S. economy continues to navigate a soft landing. Geopolitical risks and elevated energy prices remain important headwinds but improving inflation dynamics and broadening earnings growth continue to provide a constructive foundation for financial markets in the second half of 2026.

Backing that thesis, five of the nation's largest banks reported second-quarter 2026 earnings today, and all five beat estimates. JPMorgan Chase (JPM) led with revenue of $57,347 million, up 19%. Bank of America (BAC) posted revenue of $31,558 million, up 15%. Citigroup (C) delivered the fastest net income growth at +45%, reaching $5,831 million on revenue of $24,766 million. Goldman Sachs (GS) was the standout, with revenue of $20,338 million, up 39%. Wells Fargo (WFC) rounded out the group with revenue of $22,622 million, up 9%.

Every institution reported capital ratios well above regulatory minimums, and net income growth outpaced revenue growth at every bank except Wells Fargo — the kind of broad-based earnings and capital strength that supports the soft-landing narrative heading into the second half of 2026. We dig deeper into the results below.

Corporate Earnings Parade:

1. **JPMorgan Chase & Co. (JPM):** reported 2026 second quarter earnings with revenues of $57,347 billion, up 19%, net income of $21,155 up 27%, with earnings per share of $7.70, beating estimates and a Tier 1 Capital Ratio of 15.10%. JPM has a Stock Price Target of $352.76. Check our Report: JPM Overview

2. **Bank of America Corp. (BAC):** reported 2026 second quarter earnings with revenues of $31,558 billion, up 15%, net income of $9,074 up 27%, with earnings per share of $1.21, beating estimates and a Tier 1 Capital Ratio of 12.60%. BAC has a Stock Price Target of $65.79. Check our Report: BAC Overview
3. **Citigroup, Inc. (C):** reported 2026 second quarter earnings with revenues of $24,766 billion, up 14%, net income of $5,831 up 45%, with earnings per share of $3.15, beating estimates and a Tier 1 Capital Ratio of 12.80%. Citi has a Stock Price Target of $155.85. Check our Report: C Overview
4. **Goldman Sachs Group, Inc. (GS):** reported 2026 second quarter earnings with revenues of $20,338 billion, up 39%, net income of $6,628 up 78%, with earnings per share of $20.98, beating estimates and a Tier 1 Capital Ratio of 12.90%. GS has a Stock Price Target of $1,019.20. Check our Report: GS Overview
5. **Wells Fargo & Co. (WFC):** reported 2026 second quarter earnings with revenues of $22,622 billion, up 9%, net income of $6,407 up 17%, with earnings per share of $2.00, beating estimates and a Tier 1 Capital Ratio of 13.40%. WFC has a Stock Price Target of $99.34. Check our Report: WFC Overview

Economic Data:

- **US Consumer Price Index YoY:** fell to 3.50%, compared to 4.20% last month.
- **US Core Consumer Price Index YoY:** fell to 2.60%, compared to 2.80% last month.
- **US Inflation Rate:** fell to 3.50%, compared to 4.20% last month.
- **US Retail Gas Price:** fell to $3.911, down from $3.964 last week.
- **Japan Machinery Orders YoY:** rose to 19.74%, compared to 2.17% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 642.10, up 1.09 points or 0.17%.
- **FTSE 100:** closed at 10,529.9, up 31.10 points or 0.30%.
- **DAX Index:** closed at 25,147.03, up 32.78 points or 0.13%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,508.27, up 9.63 points or 0.02%.
- **S&P 500:** closed at 7,543.59, up 28.25 points or 0.38%.
- **Nasdaq Composite:** closed at 26,107.01, up 233.83 points or 0.90%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,894.73, up 10.72 points or 0.22%.
- **Birling Capital U.S. Bank Index:** closed at 10,343.26, down 30.21 points or 0.29%.
- **U.S. Treasury 10-year note:** closed at 4.58%.
- **U.S. Treasury 2-year note:** closed at 4.18%.


January 2025 – June 2026 • Monthly year-over-year change
US inflation trends: headline vs. core CPI, year-over-year
US CPI YoY
US Core CPI YoY
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
Feb 2025
Apr 2025
Jun 2025
Aug 2025
Oct 2025
Dec 2025
Feb 2026
Apr 2026
Jun 2026
Source: U.S. Bureau of Labor Statistics • Birling Capital Advisors, LLC

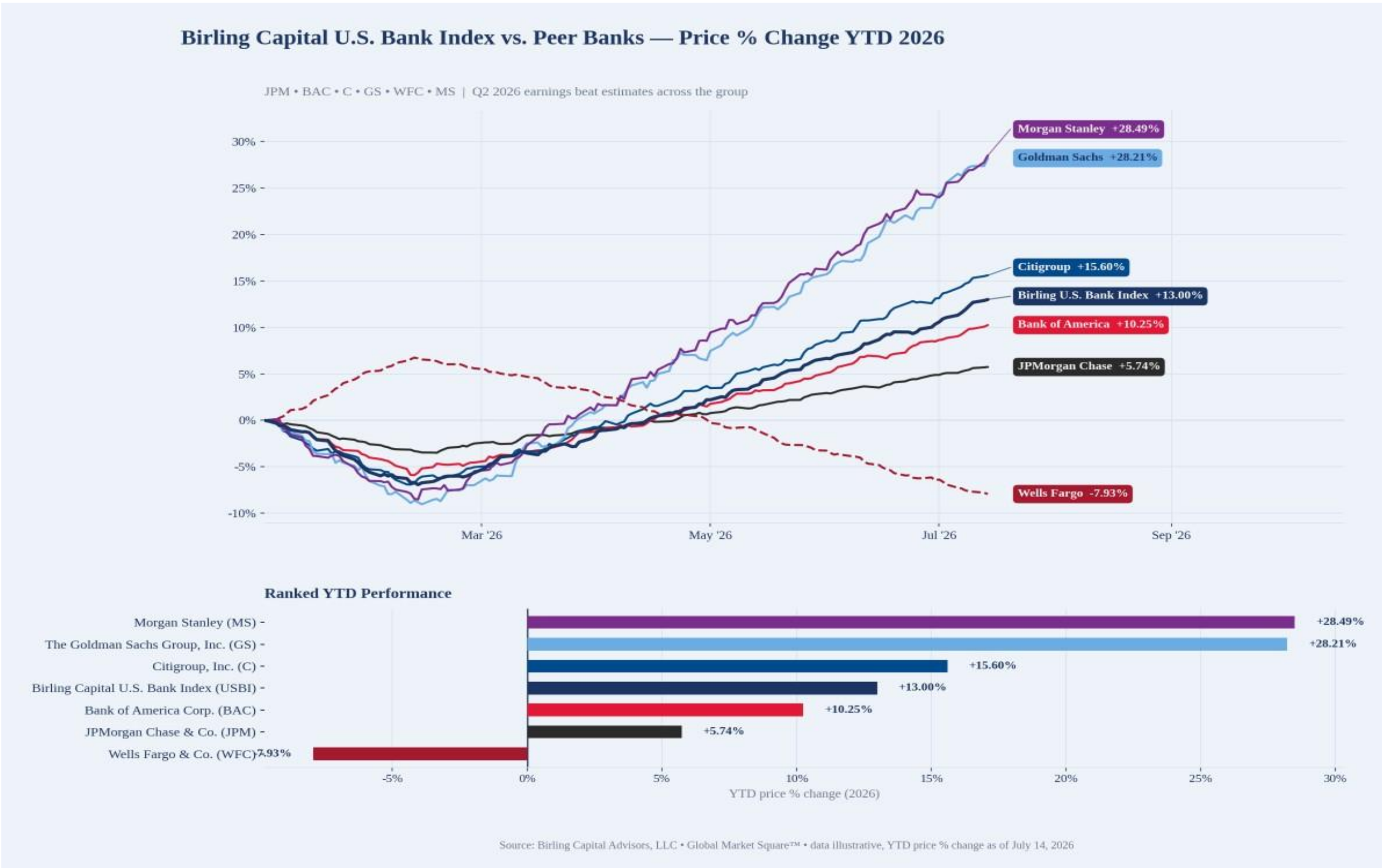

January 5, 2026 – July 6, 2026 • US average, dollars per gallon
US retail gasoline price, weekly
$5.00
$4.50
$4.00
$3.50
$3.00
$2.50
$2.92
$2.91
$2.93
$3.00
$3.06
$3.15
$3.85
$4.13
$4.25
$4.63
$4.61
$4.28
$4.05
$3.91
Dec 29
Jan 19
Feb 09
Mar 02
Mar 23
Apr 13
May 04
May 25
Jun 15
Jul 06
Source: U.S. Energy Information Administration • Birling Capital Advisors, LLC

European Markets Close

Stoxx 600 • FTSE 100 • DAX Index

Stoxx 600	FTSE 100	DAX Index
642.10	10,529.9	25,147.03
▲ +1.09 (+0.17%)	▲ +31.10 (+0.30%)	▲ +32.78 (+0.13%)
points change / % change	points change / % change	points change / % change

Source: Birling Capital Advisors, LLC • Global Market Square™



Birling Capital U.S. Bank Index vs. Peer Banks — Price % Change YTD 2026
JPM • BAC • C • GS • WFC • MS | Q2 2026 earnings beat estimates across the group
Morgan Stanley +28.49%
Goldman Sachs +28.21%
Citigroup +15.60%
Birling U.S. Bank Index +13.00%
Bank of America +10.25%
JPMorgan Chase +5.74%
Wells Fargo -7.93%
30%
25%
20%
15%
10%
5%
0%
-5%
-10%
Mar '26
May '26
Jul '26
Sep '26
Ranked YTD Performance
Morgan Stanley (MS)
The Goldman Sachs Group, Inc. (GS)
Citigroup, Inc. (C)
Birling Capital U.S. Bank Index (USBI)
Bank of America Corp. (BAC)
JPMorgan Chase & Co. (JPM)
Wells Fargo & Co. (WFC)
+28.49%
+28.21%
+15.60%
+13.00%
+10.25%
+5.74%
-7.93%
-5%
0%
5%
10%
15%
20%
25%
30%
YTD price % change (2026)
Source: Birling Capital Advisors, LLC • Global Market Square™ • data illustrative, YTD price % change as of July 14, 2026

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Wall Street and Birling Capital Indexes Close

July 14, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing Price	Closing Price	Closing Price	Closing Price	Closing Price
52,508.27	7,543.59	26,107.00	4,894.73	10,343.26
▲ +9.63	▲ +28.25	▲ +233.83	▲ +10.72	▼ -30.21
+0.02%	+0.38%	+0.90%	+0.22%	-0.29%

U.S. Treasury 10-Year Note	2s10s Spread	U.S. Treasury 2-Year Note
4.58%	39.3 bps	4.187%

Source: Bloomberg, CNBC, Birling Capital Advisors, LLC

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Wall Street Recap

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