GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

S&P 500 falls 1.01% as global stocks pull back, semiconductor selloff spreads, Netflix plunges, and cooling inflation defines the week

July 17, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed lower Friday as Wall Street wrapped up a losing week, weighed down by renewed semiconductor weakness, a sharp Netflix selloff, and escalating U.S.-Iran tensions that pushed oil prices higher. The S&P 500 lost 1.01% in the session, the Nasdaq Composite dropped 1.40%, and the Dow Jones Industrial Average fell 406.55 points, leaving all three benchmarks lower for the week, with the Nasdaq off more than 2%, the S&P 500 down over 1%, and the Dow nearly 1% lower. Bonds provided a partial offset, rallying as investors rotated toward safety. At the same time, this week's cooler inflation readings and stronger-than-expected bank earnings reinforced the case that the U.S. economy remains on solid footing even as technology valuations come under scrutiny.

U.S. Markets

Technology and communication services led U.S. equities lower Friday, with the semiconductor sector on pace for its third weekly decline in four weeks, down more than 8% over the period. Chip stocks were hit hardest earlier in the session before paring some losses, pressured by a new model from Chinese AI startup Moonshot AI that the company says narrows the performance gap with leading U.S. offerings — reviving investor concerns about the payoff on the industry's heavy spending pace. We see this as a sign that end-user demand for AI is becoming more price-sensitive, and that the market is beginning to discipline companies that are ramping up spending too aggressively ahead of demonstrated payoff. Importantly, corporate earnings have not yet shown any slowdown in AI-related demand or spending, which supports our view that this volatility reflects a maturing investment cycle rather than a broken one. Alongside chips, Netflix was a major laggard, falling more than 6% after its quarterly forecast failed to ease investor concerns about slowing subscriber growth. With concentration risk elevated after the sector's sharp run, we continue to favor maintaining AI exposure while complementing it with more diversified sources of return — cyclicals, value-style equities, and international markets.

European Markets

European equities ended Friday with mixed results, proving more resilient than Wall Street despite a cautious global risk environment. Investors balanced renewed geopolitical uncertainty in the Middle East against relatively stable corporate fundamentals. At the same time, Europe's lower concentration of high-growth technology companies helped cushion the impact of the sharp semiconductor-led sell-off that weighed on U.S. and several Asian markets. The pan-European **Stoxx 600** slipped **0.34%** to **641.53**, while Germany's export-sensitive **DAX** declined **0.34%** to **24,830.98** as industrial and technology shares remained under pressure. In contrast, the **FTSE 100** advanced **0.27%** to **10,600.37**, supported by gains in energy, mining, and defensive consumer stocks as higher commodity prices and a weaker pound provided a modest tailwind. Overall, European markets demonstrated relative resilience, although investor sentiment remained cautious heading into next week amid persistent geopolitical risks and uncertainty surrounding the global technology sector.

Energy Markets

Oil prices rose roughly 3% on Friday as U.S.-Iran hostilities intensified, with WTI trading above $81 per barrel and Brent above $86 per barrel. U.S. Central Command reported a sixth consecutive night of strikes against Iranian military and logistics targets. At the same time, Iran claimed retaliatory strikes against U.S. forces in Syria and Bahrain and was accused of striking a Kuwaiti power and desalination plant. The fracture of last month's fragile truce has once again disrupted energy flows through the Strait of Hormuz, a corridor that handles roughly 20% of global oil traffic — reinforcing energy's role as one of Friday's few sources of relative market strength.

Economic & Policy Outlook

This week's data flow reinforced the theme of underlying economic resilience, which we believe offers useful context for the tech-driven pullback. Both the Consumer Price Index and Producer Price Index came in cooler than expected which, in our view, gives the Federal Reserve room to remain on hold at its meeting later this month. Retail sales grew at a solid pace, underscoring continued consumer resilience, and the nation's largest banks opened earnings season with stronger-than-expected results. S&P 500 earnings are now projected to grow 23% year-over-year, marking the second consecutive quarters of earnings growth above 20%, with revenue growth expected near 12%. Notably, earnings estimates have been revised higher over the course of the quarter — an unusual pattern, since estimates are typically trimmed as reporting season approaches. Technology and energy have been the primary drivers of those upward revisions: technology is expected to post the highest revenue growth of any of the eleven S&P 500 sectors and the second-highest earnings growth rate, at 63%, while energy is benefiting from the quarter's higher oil prices. Together, the two sectors are expected to account for roughly 80% of total S&P 500 earnings growth. Next week brings a fresh test of that strength, with roughly 10% of the S&P 500's market capitalization set to report, including Alphabet and Tesla.

The Final Word

Friday's decline caps a genuinely rough week for equities. Still, it's best understood as a rotation out of the market's most crowded trade rather than a break in the broader earnings and macro backdrop that has supported stocks all year. Geopolitical risk in the Strait of Hormuz and stretched technology valuations warrant caution, and single-name pressure from names like Netflix shows the market is growing more selective. Still, cooling inflation, resilient consumer spending, and earnings growth still tracking above 20% argue for staying invested while diversifying away from the AI concentration that built up earlier this year. Next week's results from Alphabet and Tesla, alongside any further developments in the Iran conflict, should offer an early read on whether this week's volatility proves to be a healthy pause or the start of something more durable.

GDPNow Update:

- The GDPNow estimate for the second quarter was updated today, rising to 1.70% from 1.30%, a 30.77% increase.

Economic Data:

- **US Index of Consumer Sentiment:** rose to 54.40, up from 49.50 last month, a change of 9.90%.
- **US Export Prices YoY:** fell to 10.20%, compared to 11.30% last month.
- **US Import Prices YoY:** rose to 7.10%, compared to 6.60% last month.
- **US Housing Starts:** rose to 1.427 million, up from 1.199 million last month, a change of 19.02%.
- **US Building Permits:** fell to 1.367 million, down from 1.41 million last month, a change of -3.05%.

Eurozone Summary:

- **Stoxx 600:** closed at 641.53, down 2.20 points or 0.34%.
- **FTSE 100:** closed at 10,600.37, up 28.13 points or 0.27%.
- **DAX Index:** closed at 24,830.98, down 84.51 points or 0.34%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,146.42, down 406.55 points or 0.77%
- **S&P 500:** closed at 7,457.69, down 76.08 points or 1.01%.
- **Nasdaq Composite:** closed at 25,520.24, down 361.70 points or 1.40%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5.064.41, up 109.92 points or 2.22%.
- **Birling Capital U.S. Bank Index:** closed at 10,406.18, down 222.36 points or 2.09%.
- **U.S. Treasury 10-year note:** closed at 4.55%.
- **U.S. Treasury 2-year note:** closed at 4.18%.

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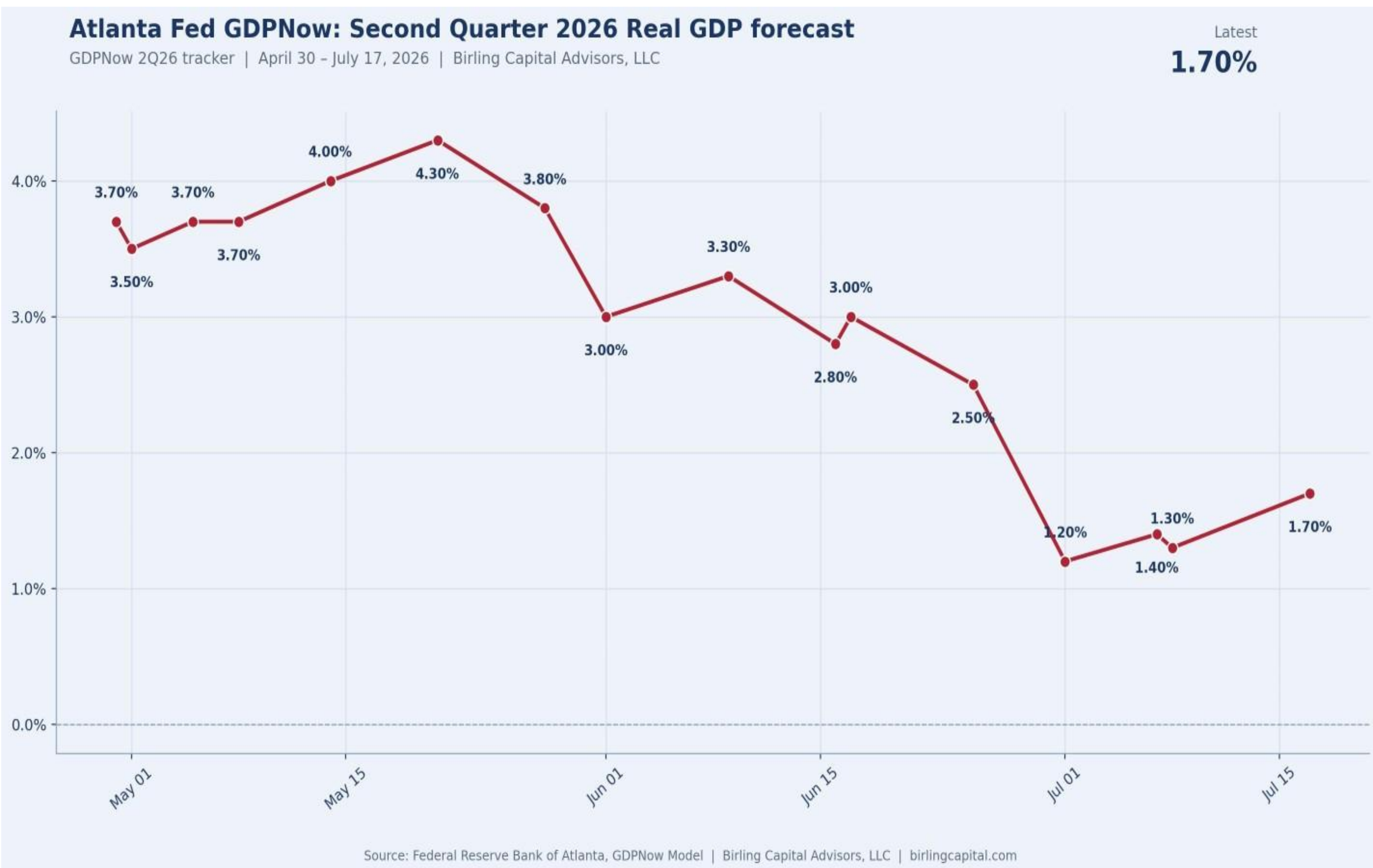
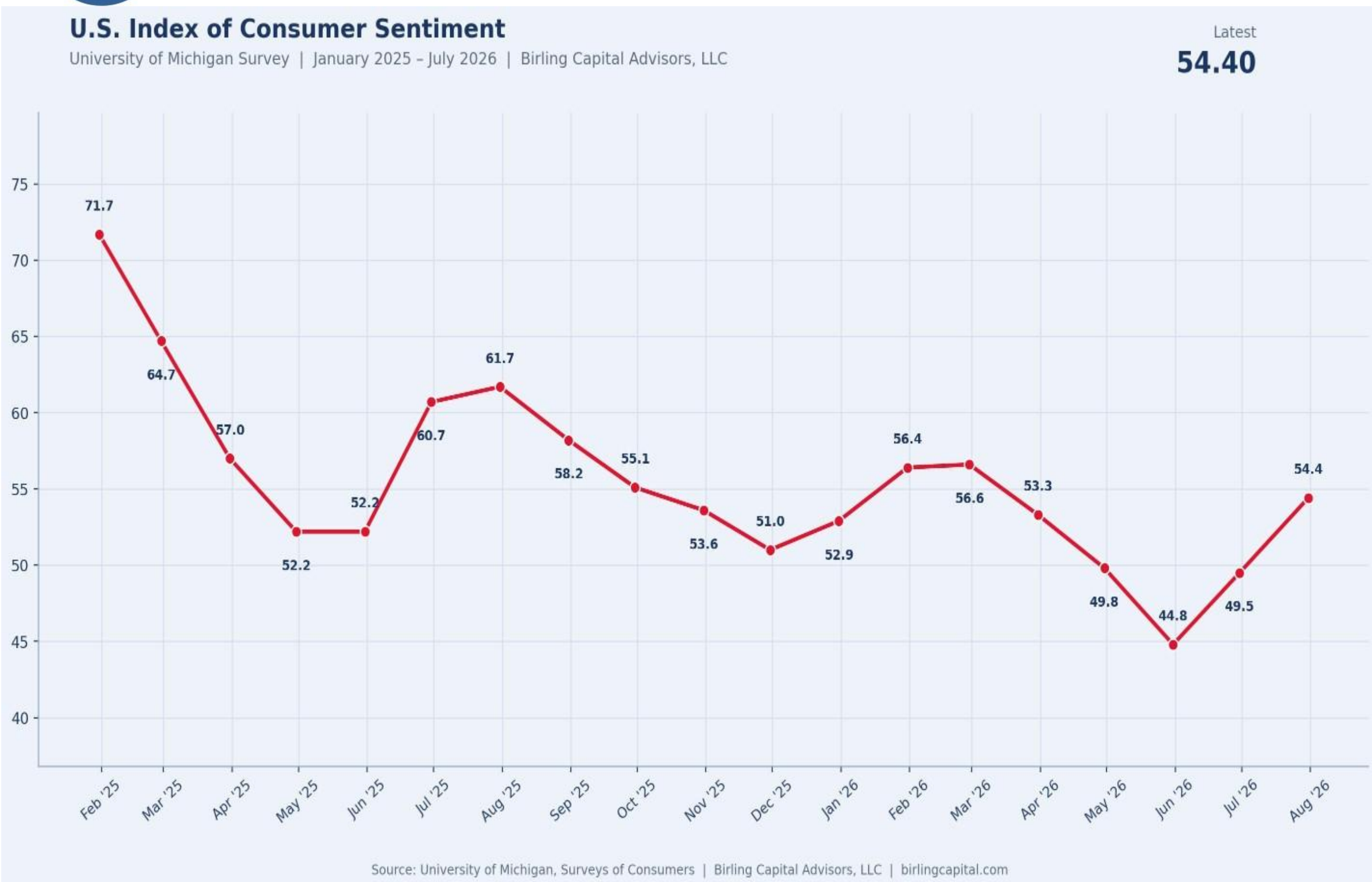
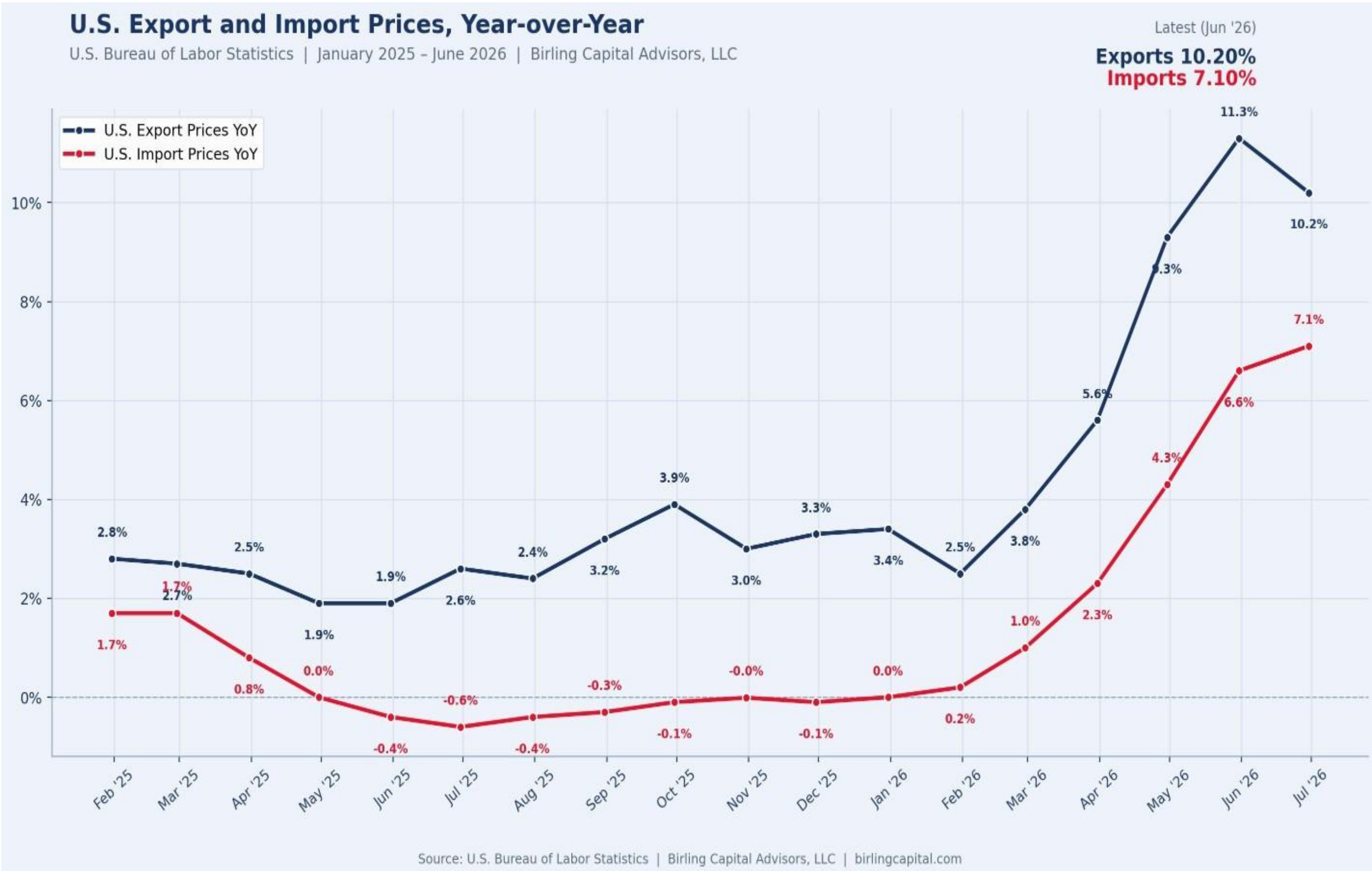



U.S. Index of Consumer Sentiment
University of Michigan Survey | January 2025 – July 2026 | Birling Capital Advisors, LLC
Latest
54.40
75
70
65
60
55
50
45
40
71.7
64.7
57.0
52.2
52.2
60.7
61.7
58.2
55.1
53.6
51.0
52.9
56.4
56.6
53.3
49.8
44.8
49.5
54.4
Feb '25
Mar '25
Apr '25
May '25
Jun '25
Jul '25
Aug '25
Sep '25
Oct '25
Nov '25
Dec '25
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Aug '26
Source: University of Michigan, Surveys of Consumers | Birling Capital Advisors, LLC | birlingcapital.com


U.S. Export and Import Prices, Year-over-Year
U.S. Bureau of Labor Statistics | January 2025 – June 2026 | Birling Capital Advisors, LLC
Latest (Jun '26)
Exports 10.20%
Imports 7.10%
U.S. Export Prices YoY
U.S. Import Prices YoY
10%
8%
6%
4%
2%
0%
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. Bureau of Labor Statistics | Birling Capital Advisors, LLC | birlingcapital.com

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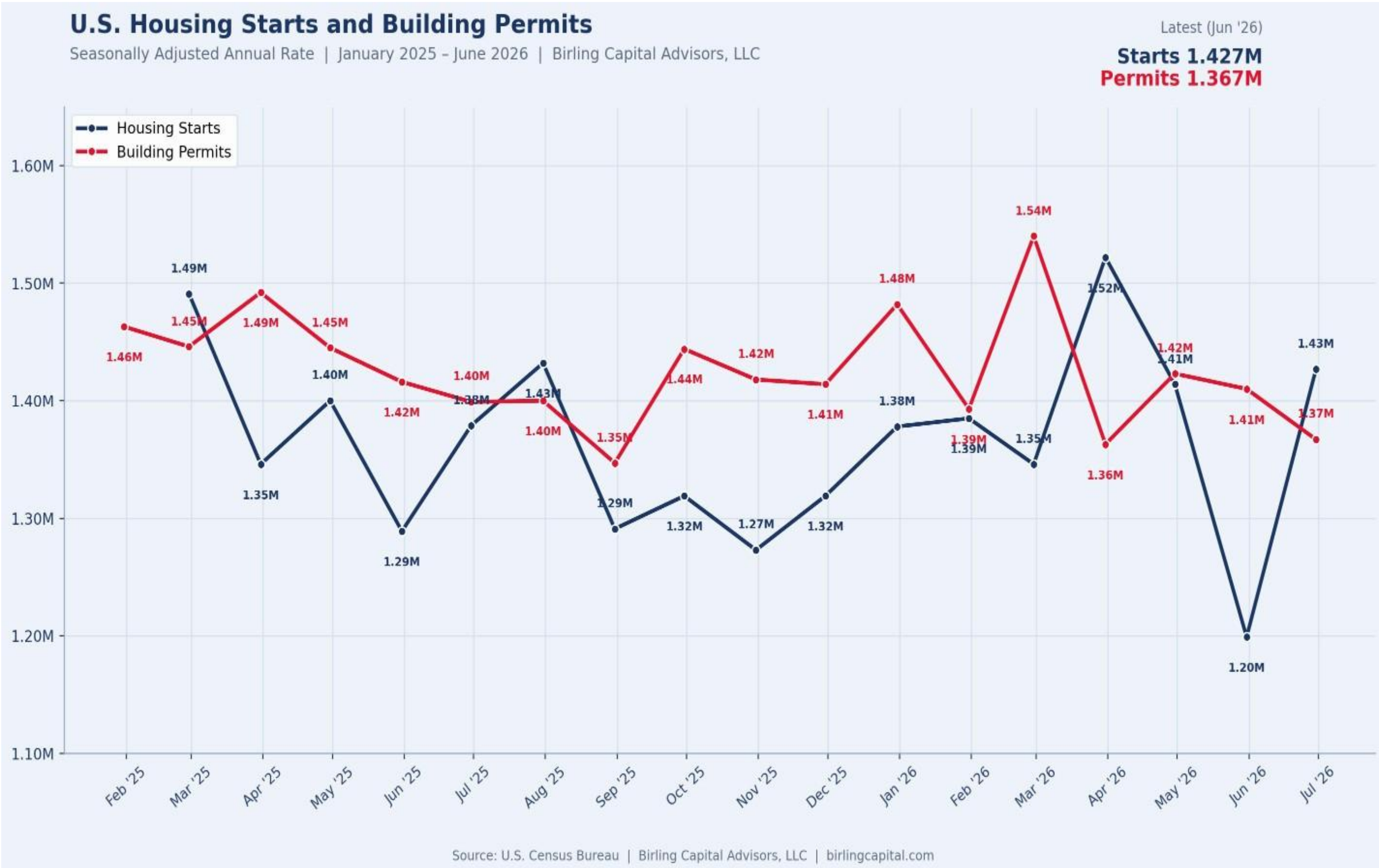

European Markets Close

Friday, July 17, 2026

	Stoxx 600	FTSE 100	DAX Index
Closing Price	641.53	10,600.37	24,830.98
Change	▼ -2.20	▲ +28.13	▼ -84.51
% Change	-0.34%	+0.27%	-0.34%

Source: Birling Capital Advisors, LLC

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Wall Street and Birling Capital Indexes Close

July 17, 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
52,146.42	7,457.69	25,520.24	5,064.41	10,406.18
▼ 406.55	▼ 76.08	▼ 361.70	▲ 109.92	▼ 222.36
-0.77%	-1.01%	-1.40%	+2.22%	-2.09%

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.55%	4.18%

10-year / 2-year spread: 0.37 pts

source: birling capital advisors, llc — market data compilation

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Wall Street Recap

July 17, 2026

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