Dow Rockets to a Record Close Near 52,900 as Cooling June Jobs Report Eases Fed Pressure; Nasdaq Slides on Renewed Chip Weakness

GLOBAL MARKET SQUARE
BIRLING CAPITAL ADVISORS, LLC

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The US and European stock markets closed out a holiday-shortened week on a split note Thursday, with the Dow Jones Industrial Average powering to a fresh record. At the same time, the Nasdaq Composite lagged under continued pressure from the semiconductor sector. A softer-than-anticipated June payrolls report shifted sentiment toward the view that the Federal Reserve has little reason to raise rates in the near term, lifting blue-chip and rate-sensitive names even as investors rotated away from the AI-and-chip trade that has driven much of this year's gains.

U.S. Markets

The Dow added 594.83 points, or 1.14%, closing at a record 52,900.07 after touching an intraday all-time high of 52,903.85. The S&P 500 was essentially flat, edging up less than a point to 7,483.24, while the Nasdaq fell 0.8% to 25,832.67 as chip stocks extended their slide for a second straight session. The VanEck Semiconductor ETF (SMH) dropped 4.5%, with Teradyne down 13.6% and KLA off 11.5%; Nvidia slipped 1.4%, and Micron lost 5.5%. For the week, all three benchmarks finished solidly higher, with the S&P 500 up 1.8% and the Dow and Nasdaq both climbing roughly 2%.

Money managers framed the chip weakness as part rotation and part reassessment of how AI-related valuations are priced. Anshul Sharma, chief investment officer at Savvy Wealth, described the move as investors shifting out of a sector that has run hot for months and questioning whether compute costs will become the market's next focal point.

The bigger catalyst was the jobs report itself: nonfarm payrolls rose by just 57,000 in June, well short of the 115,000 economists had expected, even as the unemployment rate unexpectedly fell to 4.2% from a forecast of 4.3%. The 2-year Treasury yield declined on the data, as traders leaned further into the view that the Fed, under Chairman Kevin Warsh, will stay on hold. Bradford Smith, a portfolio manager at Janus Henderson Investors, noted the print reduces near-term pressure on the Fed to tighten policy. However, he cautioned that Warsh has signaled payroll data only carries real weight once revised — meaning the June figure may prove less decisive by the time the Fed's next meeting arrives. With oil-driven inflation also cooling, Smith said the setup is likely to keep policymakers in wait-and-see mode for now.

European Markets

European equities closed broadly higher after fresh labor-market data showed the eurozone unemployment rate declined to 6.2%, matching its lowest level on record. The three indexes we follow closed higher: Stoxx 600, up 9.04 points; FTSE 100, up 174.53 points; and DAX Index, up 540.60 points. The encouraging employment figures reinforced confidence that consumer demand and domestic economic activity remain resilient despite persistent geopolitical uncertainty and slower manufacturing growth. Financial, industrial, and consumer-related shares led regional gains as investors welcomed signs that the European labor market continues to provide support for the region's economy.

Energy Markets

Energy markets moved sharply lower as easing geopolitical tensions triggered a wave of supply relief. West Texas Intermediate crude fell to roughly $67–68 per barrel, its lowest level since late February and down nearly 29% over the past month, while Brent slipped toward $70–71. The decline follows the reopening of the Strait of Hormuz and signs of progress in U.S.-Iran talks in Qatar, with the UAE restoring exports above 3.9 million barrels per day and Iranian shipments surging past 40 million barrels following the lift of the U.S. naval blockade. Record Russian shipments have added further to a growing global supply surplus. The combination of de-escalation and expanding output has more than offset expectations for steady demand growth, leaving energy markets firmly on the defensive.

Economic & Policy Outlook

The June employment report supports the view that the U.S. economy is transitioning toward a more sustainable pace of expansion rather than entering a period of pronounced weakness. While hiring has slowed, unemployment remains historically low and wage growth continues to support household spending. For policymakers, the combination of moderating job creation and stable labor-market conditions increases the likelihood that the Federal Reserve will keep interest rates unchanged in the near term, while monitoring inflation and broader economic data before making further policy adjustments.

The Final Word: Market Perspective

History continues to favor investors following a solid first half of the year. The S&P 500 returned 9.5% in the first six months of 2026, essentially matching its long-term average annual return. Since 1950, first-half gains in the 5%–10% range have been followed by an average second-half gain of 6.1%, with positive results in 86% of occurrences. While past performance never guarantees future results, the combination of resilient corporate earnings, a healthy labor market, moderating inflation, and improving manufacturing activity continues to provide a constructive foundation for equities during the remainder of 2026.

Economic Data:

- **US Nonfarm Payrolls MoM:** fell to 57,000, down from 129,000 last month, a change of -55.81%.
- **US Unemployment Rate:** fell to 4.20%, compared to 4.30% last month.
- **US Labor Force Participation Rate:** fell to 61.50%, compared to 61.80% last month.
- **US Initial Claims for Unemployment Insurance:** fell to 215,000, down from 216,000 last week.
- **US Average Hourly Earnings YoY:** rose to 3.50%, compared to 3.40% last month.
- **30 Year Mortgage Rate:** is at 6.49%, compared to 6.47% last week and 6.81% last year. This is lower than the long term average of 7.69%.

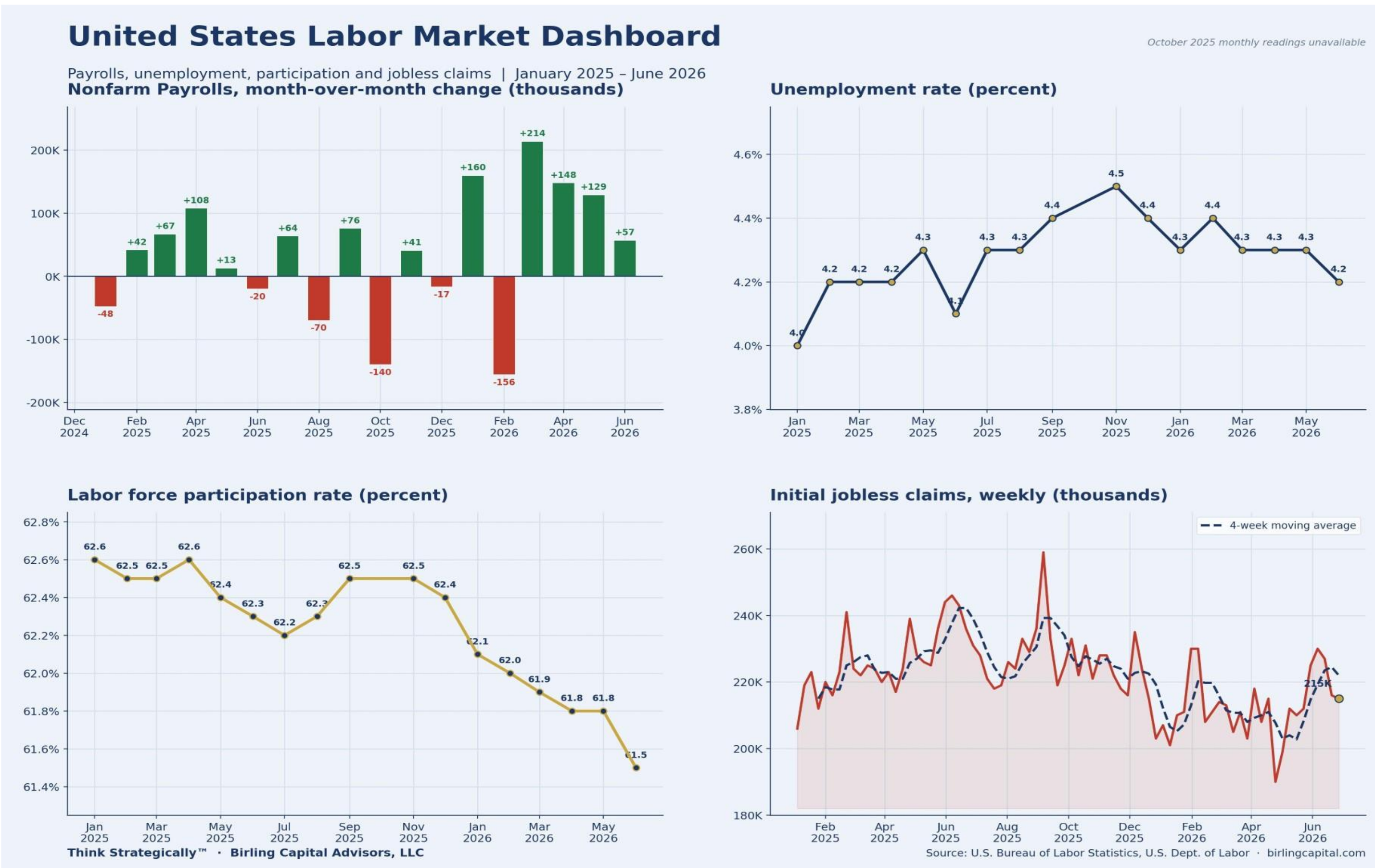
Eurozone Summary:

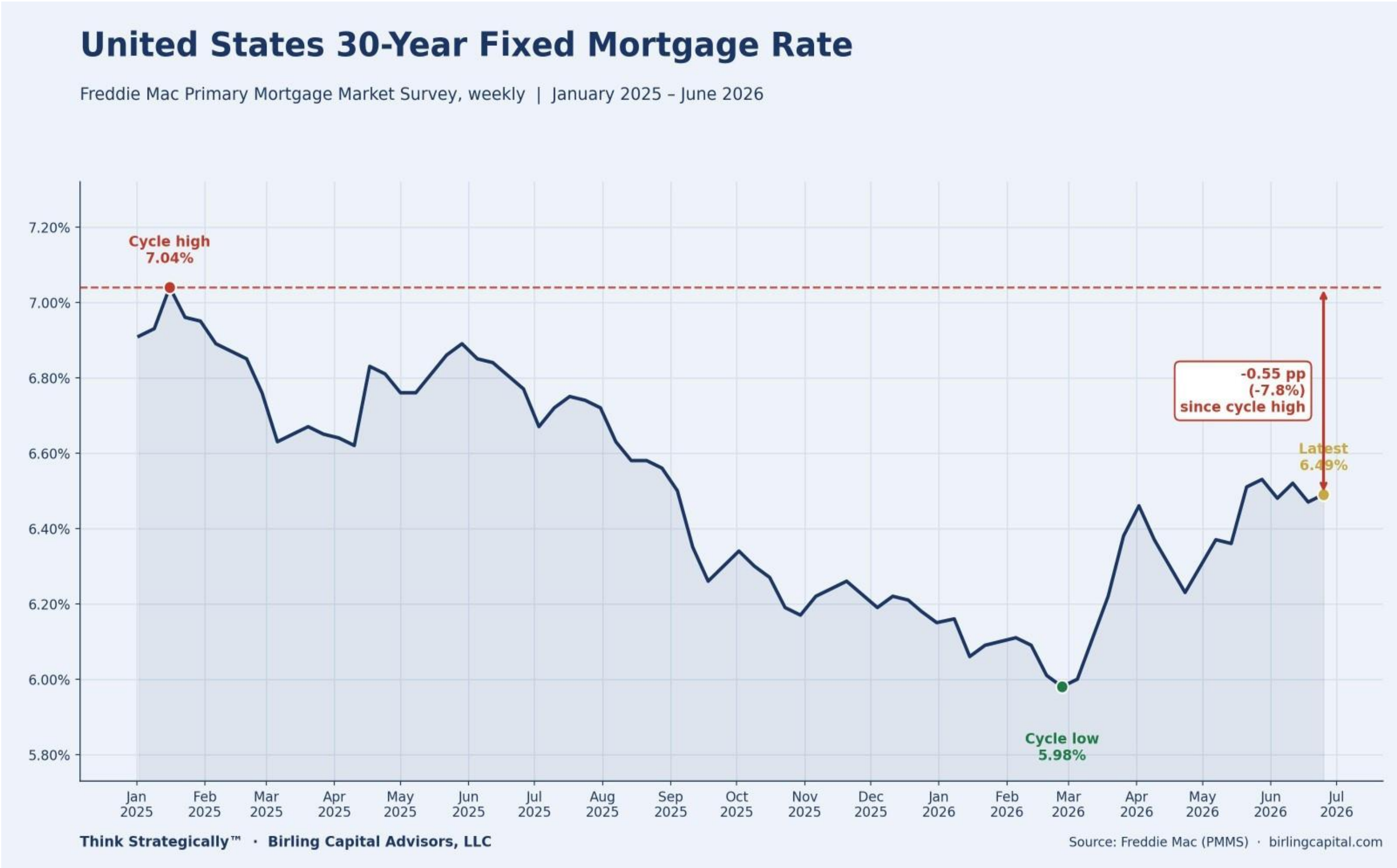
- **Stoxx 600:** closed at 648.35, up 9.04 points or 1.41%.
- **FTSE 100:** closed at 10,652.87, up 174.53 points or 1.67%.
- **DAX Index:** closed at 25,580.88, up 540.60 points or 2.16%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,900.07, up 594.83 points or 1.14%.
- **S&P 500:** closed at 7,483.24, up 0.01 points or 0.00%.
- **Nasdaq Composite:** closed at 25,832.67, down 207.36 points or 0.80%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,880.73, up 134.92 points or 2.84%.

- **Birling Capital U.S. Bank Index:** closed at 10,142.02, up 178.67 points or 1.79%.
- **U.S. Treasury 10-year note:** closed at 4.49%.
- **U.S. Treasury 2-year note: clos**ed at 4.14%.




United States 30-Year Fixed Mortgage Rate
Freddie Mac Primary Mortgage Market Survey, weekly | January 2025 – June 2026
Cycle high
7.04%
-0.55 pp
(-7.8%)
since cycle high
Latest
6.49%
Cycle low
5.98%
7.20%
7.00%
6.80%
6.60%
6.40%
6.20%
6.00%
5.80%
Jan 2025
Feb 2025
Mar 2025
Apr 2025
May 2025
Jun 2025
Jul 2025
Aug 2025
Sep 2025
Oct 2025
Nov 2025
Dec 2025
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May 2026
Jun 2026
Jul 2026
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Source: Freddie Mac (PMMS) · birlingcapital.com

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EUROZONE MARKETS CLOSE

European Markets Close Higher

Thursday, July 2, 2026

Stoxx 600 (Europe)

648.35

▲ +9.04 pts (+1.41%)

Session low 639.31 Session high 648.35

FTSE 100 (UK)

10,652.87

▲ +174.53 pts (+1.67%)

Session low 10,478.34 Session high 10,652.87

DAX Index (Germany)

25,580.88

▲ +540.60 pts (+2.16%)

Session low 25,040.28 Session high 25,580.88

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Source: Bloomberg, LSEG · birlingcapital.com

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Wall Street and Birling Capital Indexes Close

Thursday, July 2, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital Puerto Rico Stock Index	Birling Capital U.S. Bank Index
52,900.07	7,483.24	25,832.67	4,880.73	10,142.02
▲ +594.83 pts (+1.14%)	▲ +0.01 pts (+0.00%)	▼ -207.36 pts (-0.80%)	▲ +134.92 pts (+2.84%)	▲ +178.67 pts (+1.79%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.49%	4.14%

2s10s spread: 35 bps

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Source: NYSE, Nasdaq, U.S. Dept. of the Treasury · birlingcapital.com

VAL
Dow Jones Industrial Average Level 52900.07
52900.07
50000.00
47500.00
45000.00
VAL
S&P 500 Level 7483.24
7483.24
7000.00
6500.00
6000.00
VAL
Nasdaq Composite Level 25832.67
27500.00
25832.67
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 4880.73
4880.73
4400.00
4000.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10142.02
10142.02
9000.00
8000.00
7000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26