GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

Dow jumps more than 500 points as oil prices slide and investors rotate out of chip stocks

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The U.S. stock market rallied Tuesday as the Dow Jones Industrial Average climbed more than 500 points, lifted by strong corporate earnings, a sharp pullback in oil prices, and a continued rotation out of semiconductor stocks into other parts of the market. Crude fell after Iran opened talks with Saudi Arabia and Oman over the Strait of Hormuz, easing supply concerns and giving equities room to advance. The move extended a broader shift underway in recent weeks in which more defensive, old-economy sectors have gained ground while high-flying technology names have come under pressure. European markets closed higher for a second session, continuing to position ahead of this week's Big Tech earnings and Wednesday's Federal Reserve decision, with declining bond yields and easing inflation concerns lending additional support.

U.S. Markets

The Dow gained roughly 1% Tuesday, powered by a strong earnings-driven advance in Sherwin-Williams, which rose about 8% after topping second-quarter expectations, and Coca-Cola, which climbed nearly 5% on a top- and bottom-line beat and a raised full-year outlook. The S&P 500 added a more modest 0.2%, while the Nasdaq Composite slipped 0.2%, held back by continued weakness in semiconductor names even as a rally in software stocks helped the index off its session lows. Chip stocks extended their decline for a fourth straight session, with the VanEck Semiconductor ETF (SMH) down more than 3%; Micron fell about 10% and AMD dropped 8%.

The session reflected a broader rotation that has been building for six to eight weeks, as momentum has shifted away from high-flying technology names and toward more defensive, value-oriented sectors. The Technology Select Sector SPDR Fund (XLK) touched its lowest level since May, while the Health Care Select Sector SPDR Fund (XLV) and the Financial Select Sector SPDR Fund (XLF) both climbed to record highs, led by strength in insurance names. Strategists have characterized the unwind as largely technical rather than fundamental in nature, though they caution that its staying power will depend on oil prices and interest rates holding near current levels; a renewed climb in crude toward $100 a barrel or a further rise in yields would make it harder for cyclical sectors such as consumer discretionary, financials, and industrials to keep attracting buyers.

Investors are also looking ahead to Wednesday's Federal Reserve rate decision. Policymakers are widely expected to hold rates steady, with markets focused on the tone of the statement and Chair Kevin Warsh's press conference for clarity on the path forward; fed funds futures continue to price in a quarter-point hike at the September meeting. Big Tech earnings remain the other key catalyst this week, with Microsoft and Meta Platforms scheduled to report Wednesday, followed by Amazon and Apple on Thursday.

European Markets

European markets closed higher Tuesday, extending recent gains as investors positioned ahead of this week’s pivotal earnings reports from U.S. technology leaders and the Federal Reserve’s policy decision. The advance reflected broad-based buying across financials, industrials, and consumer sectors, while technology shares stabilized following recent volatility in global semiconductor stocks. Declining bond yields and easing inflation concerns also supported investor sentiment, reinforcing confidence in the region’s economic outlook despite ongoing geopolitical uncertainties.

Energy Markets

Oil prices eased as investors weighed geopolitical developments against expectations for steady global supply. The decline in crude prices helped moderate inflation concerns and contributed to lower Treasury yields, although energy markets remain sensitive to developments in the Middle East. Despite the recent pullback, energy companies continue to benefit from prices that remain supportive of strong quarterly earnings.

Economic & Policy Outlook

The Federal Open Market Committee began its two-day policy meeting Tuesday, with markets overwhelmingly expecting policymakers to leave the federal funds target range unchanged at **3.50% to 3.75%**. Investors will focus less on the rate decision itself and more on the policy statement and Federal Reserve Chair **Kevin Warsh's** press conference Wednesday for signals regarding the September meeting and the inflation outlook.

Although recent declines in Treasury yields have eased financial conditions modestly, inflation remains above the Federal Reserve's long-term objective. Policymakers are therefore expected to maintain a cautious and relatively hawkish tone while emphasizing their commitment to restoring price stability without unnecessarily disrupting economic growth.

The Final Word

This week's Federal Reserve meeting and earnings reports from the world's largest technology companies will likely determine the market's near-term direction. While artificial intelligence remains one of the most compelling long-term investment themes, investors are increasingly demanding measurable returns on record levels of capital expenditure. Encouragingly, earnings strength has broadened across nearly every sector of the economy, providing a stronger and more diversified foundation for equities as markets transition from AI optimism to AI execution.

GDPNow Update:

- The GDPNow for the second quarter of 2026 fell to 1.50%, down from 1.60% a -6.25% decrease.

Economic Data:

- **US Retail Gas Price:** rose to $4.131, up from $3.987 last week, a change of 3.61%.
- **Case-Shiller Composite 20 Home Price Index YoY:** rose to 1.62%, compared to 1.18% last month.
- **Case-Shiller Home Price Index: National:** fell to 331.02, down from 331.17 last month.
- **Richmond Fed Manufacturing Index:** rose to 5.000, up from 4.000 last month.

Eurozone Summary:

- **Stoxx 600:** closed at 646.89, up 2.27 points or 0.41%.
- **FTSE 100:** closed at 10,871.02, up 87.27 points or 0.83%.
- **DAX Index:** closed at 25,464.01, up 102.98 points or 0.41%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,747.32, up 537.24 points or 1.03%.
- **S&P 500:** closed at 7,428.78, up 15.60 points or 0.21%.
- **Nasdaq Composite:** closed at 24,876.91, down 55.17 points or -0.22%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5,109.55, up 20.65 points or 0.41%.

- **Birling Capital U.S. Bank Index:** closed at 10,383.94, up 26.95 points or 0.26%.
- **U.S. Treasury 10-year note:** closed at 4.61%.
- **U.S. Treasury 2-year note:** closed at 4.26%.

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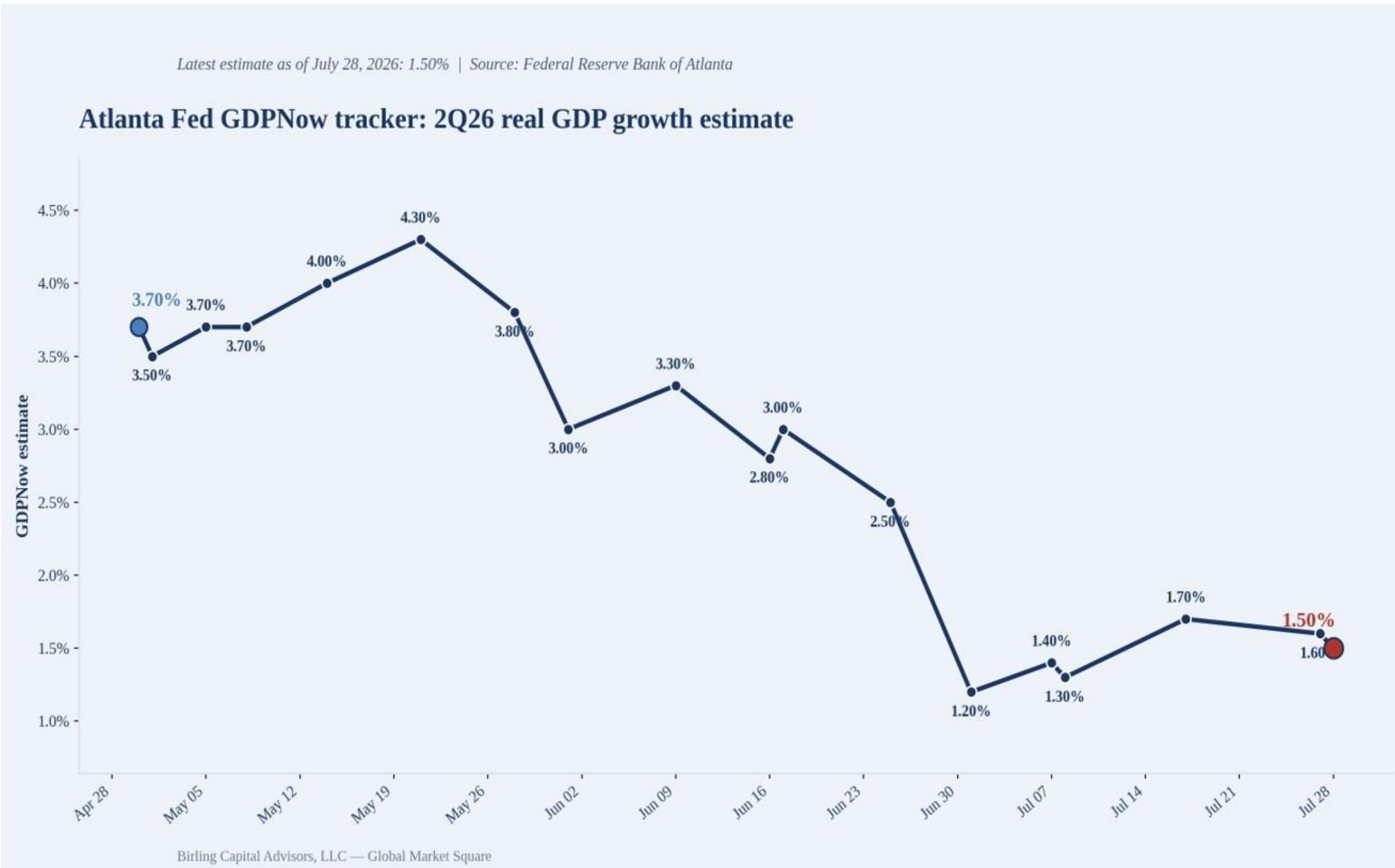

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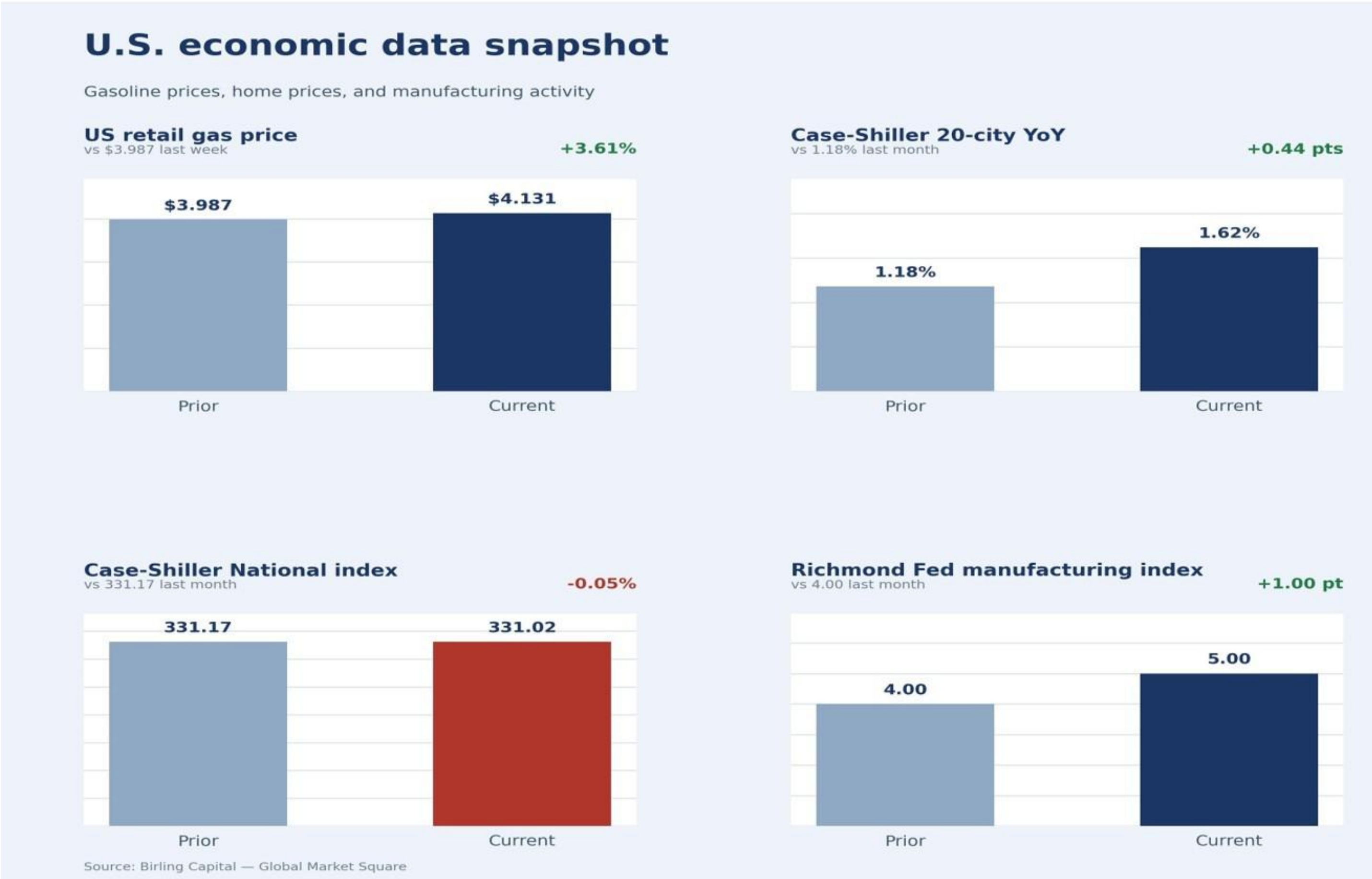

Eurozone Market Close

Stoxx 600 · FTSE 100 · DAX Index · July 28, 2026

Stoxx 600

646.89

▲ 2.27 pts (+0.41%)

FTSE 100

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DAX Index

25,464.01

▲ 102.98 pts (+0.41%)

Source: Market data · Birling Capital Advisors, LLC

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Wall Street and Birling Capital Indexes Close

Tuesday, July 28, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital Puerto Rico Stock Index	Birling Capital U.S. Bank Index
52,747.32	7,428.78	24,876.91	5,109.55	10,383.94
▲ +537.24 (+1.03%)	▲ +15.60 (+0.21%)	▼ -55.17 (-0.22%)	▲ +20.65 (+0.41%)	▲ +26.95 (+0.26%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.61%	4.26%