Markets Rebounded as Microsoft, Semiconductor Stocks Powered Wall Street Higher Following the Fed's Hawkish Pause

GLOBAL MARKET SQUARE
BIRLING CAPITAL ADVISORS, LLC

July 30, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed higher Thursday as investors returned to risk assets following Wednesday's sharp post-Federal Reserve sell-off. Wall Street staged an impressive rebound, led by a powerful rally in Microsoft and semiconductor shares after another strong round of corporate earnings reinforced confidence in artificial intelligence spending despite the Fed's hawkish stance. Treasury yields stabilized after Wednesday's surge, while oil prices retreated below $84 per barrel, easing inflation concerns even as geopolitical tensions in the Middle East remained elevated. Investors also looked ahead to earnings from Amazon, Apple, and Coinbase, which could provide the market's next catalyst.

U.S. Markets

Wall Street staged a powerful rebound Thursday, recovering much of Wednesday's steep losses as investors embraced strong technology earnings and renewed optimism surrounding artificial intelligence.

The Dow Jones Industrial Average gained **613.92 points** to close at **52,208.06**. The S&P 500 advanced **1.70%** to **7,437.63**, while the Nasdaq Composite surged **2.80%** to **25,122.18**, snapping a six-session losing streak.

Microsoft led the rally, soaring **16%** after reporting exceptional Azure cloud growth and stronger-than-expected AI-related revenue, reinforcing investor confidence that enterprise AI spending continues to accelerate. The optimism spread across the semiconductor sector, with the **iShares Semiconductor ETF (SOXX)** jumping more than **8%**. **Micron Technology** surged **18%**, while **Advanced Micro Devices (AMD)** climbed more than **13%**, highlighting renewed demand for AI infrastructure and memory-chip companies.

The market also saw a resurgence in momentum investing, with the **iShares MSCI USA Momentum Factor ETF (MTUM)** advancing more than **5%** as investors rotated back into high-growth technology shares following Wednesday's broad sell-off.

Not all earnings were well received. Meta Platforms fell approximately **8%** after issuing weaker-than-expected revenue guidance and reporting a **91% decline in second-quarter free cash flow**, reinforcing investor concerns that aggressive AI spending can pressure profitability when revenue growth fails to keep pace. The contrasting performances of Microsoft and Meta demonstrated that investors are increasingly rewarding companies generating tangible returns from artificial intelligence rather than simply increasing AI-related capital expenditures.

Attention now turns to earnings from Amazon, Apple, and Coinbase after the closing bell. These reports could determine whether Thursday's rally marks the beginning of a sustained recovery or simply a relief rebound following one of Wall Street's sharpest declines of the year.

European Markets

European equities closed higher Thursday, extending the region’s recent advance as investors looked beyond the Federal Reserve’s hawkish pause and focused on encouraging corporate earnings, easing bond yields, and a modest retreat in oil prices. While geopolitical tensions in the Middle East continued to temper risk appetite, improving sentiment across technology, industrial, and financial shares helped support most major European benchmarks.

The **STOXX Europe 600** closed at **649.95**, gaining **4.94 points (+0.77%)**, led by advances in technology, industrials, and financial stocks. Germany's **DAX Index** rose **151.55 points (+0.60%)** to finish at **25,612.03**, supported by strength in export-oriented companies and improving investor confidence. Meanwhile, the United Kingdom's **FTSE 100** underperformed its continental peers, slipping **11.14 points (-0.10%)** to close at **10,908.41**, as weakness in energy and mining shares offset gains in financial and consumer-related stocks.

The stronger finish across continental Europe reflected continued optimism that resilient corporate earnings and moderating inflation pressures can support economic activity despite a cautious monetary policy backdrop. Investors remain focused on upcoming Eurozone inflation data and additional corporate earnings reports for further direction.

Economic & Policy Outlook

Economic data painted a picture of a slowing—but still resilient—U.S. economy.

The advance estimate of second-quarter GDP showed the economy expanding at an annualized **1.5%**, below expectations and slower than the previous quarter's **2.1%** pace. Despite slower headline growth, consumer spending remained the economy's primary engine, increasing **3.2%**, well above forecasts and signaling that household demand continues to support economic activity. Government spending and net exports were the principal drags on growth.

Inflation data remained consistent with the Federal Reserve's cautious approach. The Personal Consumption Expenditures (PCE) Price Index increased **3.7%** year over year, while Core PCE eased to **3.3%**, marking another modest improvement but remaining well above the Fed's 2% inflation objective.

As expected, the Federal Reserve maintained the federal funds target range at **3.50% to 3.75%**, although three voting members dissented in favor of an immediate rate increase. Chair Kevin Warsh reiterated that policymakers remain prepared to tighten policy further should inflation fail to moderate or if higher energy prices begin feeding into broader price pressures. Financial markets now view the September 16 FOMC meeting as a live decision, with upcoming inflation and labor-market reports likely to determine whether another rate increase becomes necessary.

Energy Markets

Oil prices retreated Thursday, easing inflation concerns after Wednesday's sharp advance. **WTI crude settled below $84 per barrel. At the same time, Brent crude also moved lower**, as investors balanced persistent geopolitical tensions surrounding Iran and the Persian Gulf against expectations that global oil supplies remain sufficient. The decline in crude prices helped stabilize Treasury yields and supported the broad rebound in equity markets, particularly among growth and technology shares. Nevertheless, energy markets remain highly sensitive to developments in the Middle East, with any disruption to regional shipping lanes or oil production likely to trigger renewed volatility.

This version flows better with the rest of today's Global Market Square and ex.

The Final Word

Thursday's rebound demonstrated that investors remain willing to buy into market weakness when supported by strong corporate earnings and resilient economic fundamentals. Microsoft's results reaffirmed that artificial intelligence continues to be a powerful growth catalyst. At the same time, the sharp divergence with Meta underscored that investors are becoming increasingly selective, rewarding companies that can translate AI investments into tangible profits. As attention shifts to earnings from Amazon and Apple, together with upcoming inflation and employment data, markets remain poised between optimism over corporate America and caution over the Federal Reserve's next move. The direction of interest rates, inflation, and geopolitical developments will continue to determine whether this rebound evolves into a sustained advance or remains a temporary recovery.

Corporate Earnings Parade:

1. **Bristol Myers Squibb Co. (BMY):** reported earnings for the second quarter of 2026 with revenues of $12.97 billion, up 5.70%, with Net Income of $3,315 billion, up 153%, and Earnings Per Share of $2.04. BMY has a Stock Price Target of $62.96. **Check our report on BMY:** BMY Overview

Economic Data:

- **US Real GDP QoQ:** fell to 1.50%, compared to 2.10% last quarter.
- **US PCE Price Index YoY:** fell to 3.67%, compared to 4.08% last month.
- **US Core PCE Price Index YoY:** fell to 3.29%, compared to 3.42% last month.
- **US Initial Claims for Unemployment Insurance**: rose to 197,000, up from 188,000 last week, a change of 4.79%
- **US Total Vehicle Sales:** rose to 16.49 million, up from 16.39 million last month.
- **US Personal Income MoM:** fell to 0.20%, compared to 0.68% last month.
- **US Personal Spending MoM:** fell to 0.29%, compared to 0.85% last month.
- **30 Year Mortgage Rate:** rose to 6.58%, compared to 6.55% last week.
- **Japan Industrial Production Index MoM:** fell to 0.10%, compared to 0.49% last month.

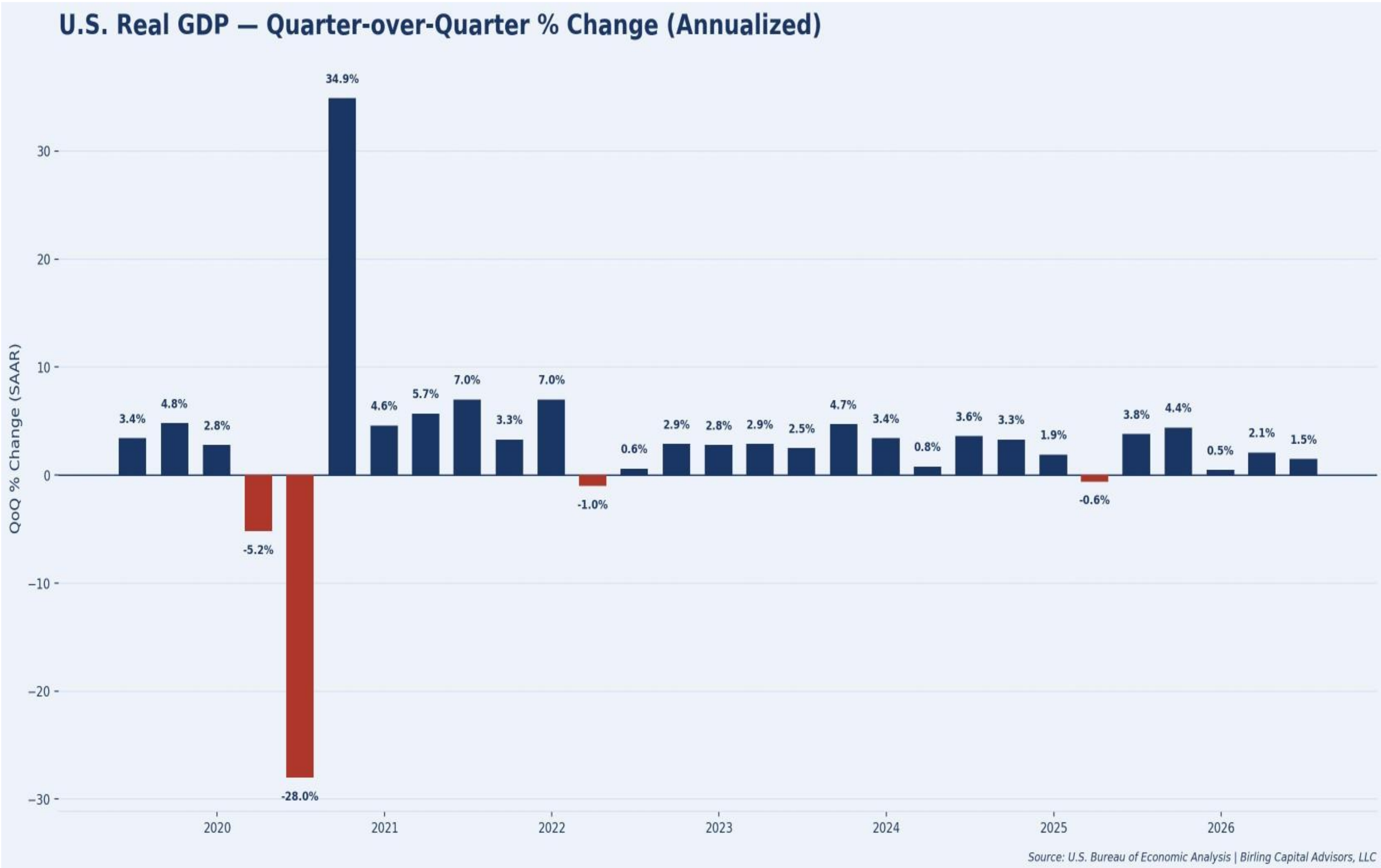
Eurozone Summary:

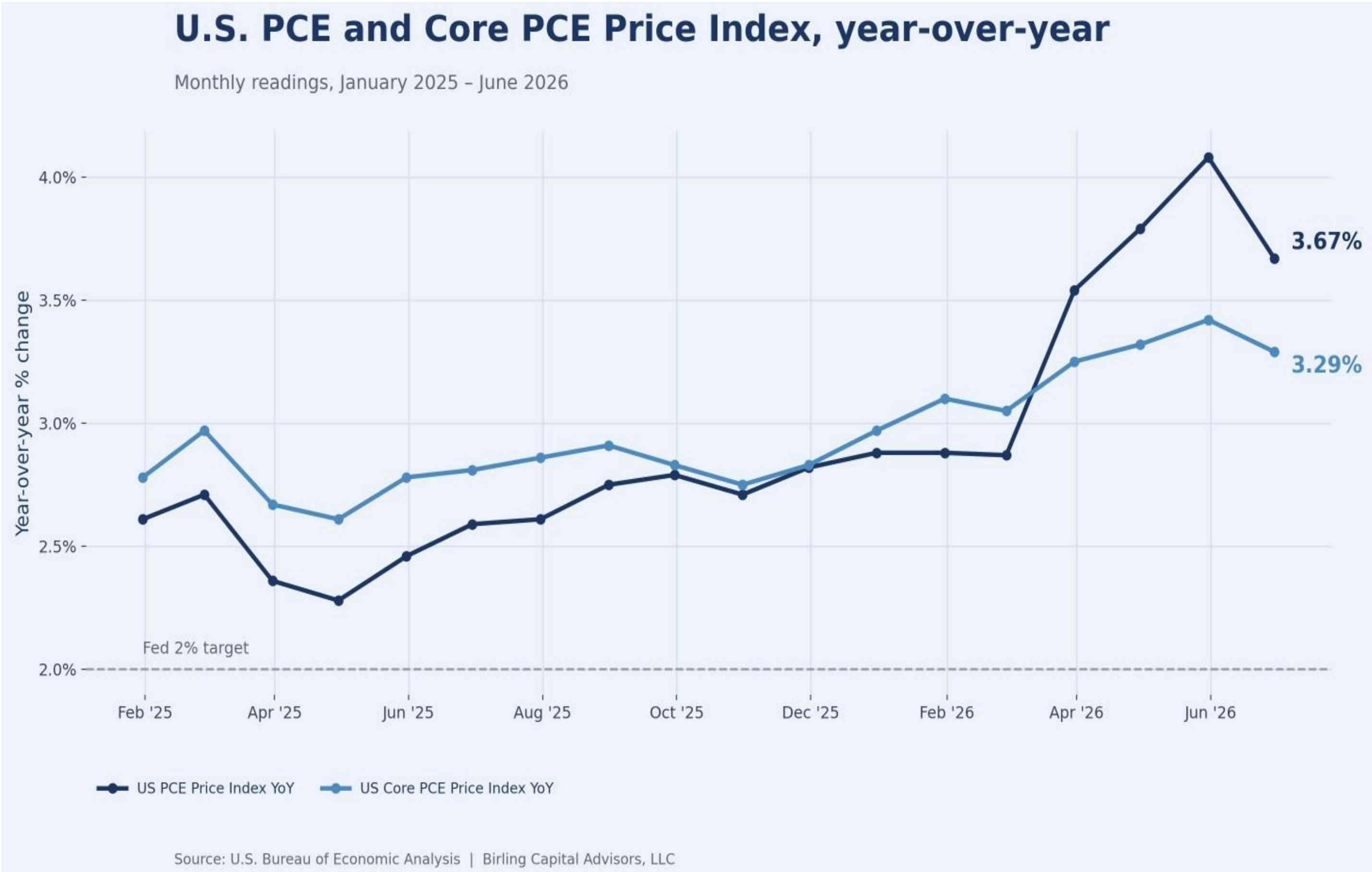
- **Stoxx 600:** closed at 649.95, up 4.94 points or 0.77%.
- **FTSE 100:** closed at 10,908.41, down 11.14 points or 0.10%.
- **DAX Index:** closed at 25,612.03, up 151.55 points or 0.60%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,208.06, up 613.92 points or 1.19%
- **S&P 500:** closed at 7,437.63, up 121.48 points or 1.666%
- **Nasdaq Composite:** closed at 25,122.18, up 679.23 points or 2.78%
- **Birling Capital Puerto Rico Stock Index:** closed at 5,170.00, down 37.71 points or 0.72%
- **Birling Capital U.S. Bank Index:** closed at 9,953.76, down 386.48 points or 3.74%
- **U.S. Treasury 10-year note:** closed at 4.68%
- **U.S. Treasury 2-year note:** closed at 4.23%

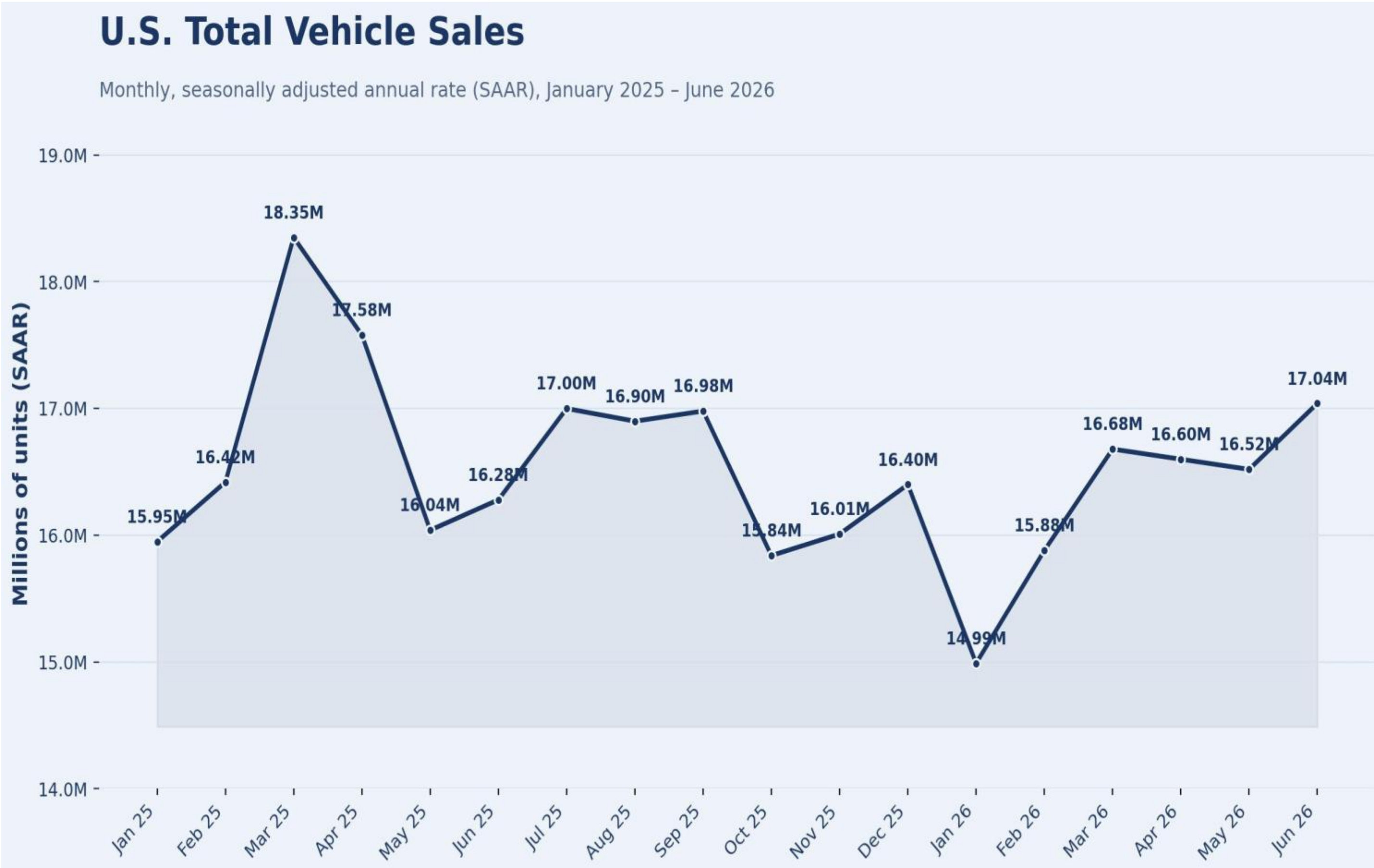
BIRLING
CAPITAL ADVISORS, LLC




U.S. PCE and Core PCE Price Index, year-over-year
Monthly readings, January 2025 – June 2026
Year-over-year % change
4.0%
3.5%
3.0%
2.5%
2.0%
Fed 2% target
3.67%
3.29%
Feb '25
Apr '25
Jun '25
Aug '25
Oct '25
Dec '25
Feb '26
Apr '26
Jun '26
US PCE Price Index YoY
US Core PCE Price Index YoY
Source: U.S. Bureau of Economic Analysis | Birling Capital Advisors, LLC


U.S. Personal Income and Personal Spending, month-over-month
Monthly readings, January 2025 – June 2026
Month-over-month % change
1.0%
0.8%
0.6%
0.4%
0.2%
0.0%
-0.2%
-0.4%
0.29%
0.20%
Jan '25
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
US Personal Income MoM
US Personal Spending MoM
Source: U.S. Bureau of Economic Analysis | Birling Capital Advisors, LLC

BIRLING
CAPITAL ADVISORS, LLC



BIRLING CAPITAL ADVISORS, LLC

GLOBAL MARKET SQUARE — EUROZONE SUMMARY

European Markets Close

Thursday, July 30, 2026

Index	Closing Price	Change	% Change
Stoxx 600	649.95	▲ +4.94 pts	+0.77%
FTSE 100	10,908.41	▼ -11.14 pts	-0.10%
DAX Index	25,612.03	▲ +151.55 pts	+0.60%

Source: Bloomberg

Birling Capital Advisors, LLC — Global Market Square

BIRLING CAPITAL ADVISORS, LLC

Wall Street and Birling Capital Indexes Close

July 30, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
52,208.06	7,437.13	25,122.17	5,170.00	9,953.76
▲ +613.92 (+1.19%)	▲ +121.48 (+1.66%)	▲ +679.23 (+2.78%)	▼ -37.71 (-0.72%)	▼ -386.48 (-3.74%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.68%	4.23%

Source: Birling Capital Advisors, LLC | birlingcapital.com

Wall Street Recap

July 30, 2026

www.birlingcapital.com