S&P 500 and Nasdaq Rally as Chip Stocks Surge and Oil Prices Retreat

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The U.S. and European equity markets closed mostly higher Thursday as investors returned to technology and semiconductor shares, while easing oil prices improved overall market sentiment. Wall Street shrugged off renewed military developments between the United States and Iran, focusing instead on resilient economic fundamentals, declining energy prices, and continued optimism surrounding artificial intelligence spending. Crude oil retreated after reports suggested diplomatic channels between Washington and Tehran remain active, easing fears of an immediate disruption to global energy supplies. Treasury yields were little changed, while investors continued to balance geopolitical uncertainty against a U.S. economy supported by a healthy labor market and solid corporate earnings expectations.

U.S. Markets

Wall Street finished broadly higher, led by a strong rebound in semiconductor and artificial intelligence-related stocks that lifted both the Nasdaq Composite and the S&P 500. The **Nasdaq Composite** advanced **1.30%**, the **S&P 500** gained **0.81%**, and the **Dow Jones Industrial Average** added **139.02 points**.

Semiconductor shares led the advance as the **VanEck Semiconductor ETF (SMH)** climbed **2.5%**, highlighted by a **4.5%** gain in **Micron Technology** and a **7.6%** rally in SanDisk, reflecting renewed investor confidence in the long-term outlook for AI infrastructure spending. Investors also welcomed lower crude oil prices, which reduced immediate inflation concerns despite continued military exchanges between the United States and Iran. While geopolitical risks remain elevated, markets responded favorably to indications that diplomatic efforts continue behind the scenes, helping shift investor attention back toward corporate fundamentals, earnings growth, and the expanding role of artificial intelligence in driving future economic activity.

European Markets

European equities closed mostly higher Thursday as investors welcomed encouraging U.S. labor-market data and renewed strength in global technology shares, reinforcing confidence that the global economy continues to show resilience despite geopolitical uncertainty. Germany's **DAX** led regional gains, advancing **0.89%** as industrial, technology, and export-oriented companies outperformed, while the pan-European **Stoxx Europe 600** rose **0.78%**, reflecting broad-based buying across financials, industrials, and technology stocks. The **FTSE 100** slipped **0.16%**, weighed by modest profit-taking in energy and defensive sectors following this week's rally in crude oil prices. Overall, European markets finished with a constructive tone as investors balanced improving economic fundamentals against ongoing geopolitical risks and expectations that monetary policy across major central banks will continue to normalize gradually.

Energy Markets

Crude oil prices closed modestly lower after posting strong gains earlier in the week, as traders consolidated positions while continuing to assess geopolitical developments in the Middle East.

Despite Thursday's pullback, both Brent and West Texas Intermediate remain significantly higher this week amid renewed concerns over regional stability and potential disruptions to global energy supplies. Energy markets continue to price a geopolitical risk premium as investors monitor developments involving the United States and Iran.

Economic & Policy Outlook

The U.S. labor market continued to demonstrate remarkable resilience. Initial jobless claims declined to **215,000**, below consensus expectations and the previous week's reading, reinforcing evidence that layoffs remain historically low. Combined with last week's June employment report showing unemployment at **4.2%**, the data suggest that labor market conditions remain healthy despite moderating economic growth.

Steady employment conditions continue to support consumer spending and overall economic activity while allowing the Federal Reserve flexibility as it evaluates future monetary policy decisions. Stable labor conditions, moderating inflation, and resilient corporate earnings remain the principal pillars supporting the current economic expansion.

The Final Word: Market Perspective

Markets continue to demonstrate that healthy rotations are not the same as weakening fundamentals. Broader sector participation, stable employment, resilient corporate earnings, and continued investment in artificial intelligence infrastructure suggest the current bull market is becoming more balanced rather than less durable. Investors should continue emphasizing diversification while remaining focused on long-term secular growth opportunities.

Puerto Rico Economic Update

Puerto Rico's economy continues to lose momentum, with the **Economic Activity Index (EAI)** remaining in contraction for a fourth consecutive month. After ending a 13-month contraction by returning to positive territory in **October 2025 (+0.1%)** and strengthening modestly through **January 2026 (+0.3%)**, economic activity reversed course, declining **0.6% in February**, **0.9% in March**, **0.9% in April**, and **0.7% in May 2026**. The data suggest that the island's economic expansion has stalled, with weakness becoming more broadly based.

Despite softer economic activity, **Puerto Rico's labor market remains remarkably resilient**. The unemployment rate held at **5.6% in May 2026**, unchanged since February and only modestly above the historic low of **5.4%** reached in January 2025.

A more concerning development is the labor force participation rate, which declined to **44.3% in May 2026**, down **0.2 percentage points** from April and **0.2 percentage points** below May 2025, reversing the modest year-over-year improvement recorded in April. The participation rate reached a recent high of **45.4% in December 2025** before falling for **five consecutive months**, returning to the level first recorded in May 2025, at 44.3%. At **44.3%**, labor force participation remains **below the long-term historical average of 44.5%**, underscoring the structural challenges posed by an aging population, sustained outmigration, and a shrinking working-age population. While unemployment remains historically low, Puerto Rico's long-term growth potential will depend on expanding labor force participation rather than simply maintaining low unemployment.

The divergence between a contracting Economic Activity Index, historically low unemployment, and declining labor force participation suggests Puerto Rico is experiencing a period of slower economic growth rather than a broad-based recession. However, if the EAI continues to weaken over the coming months without an improvement in labor force participation, labor market conditions could eventually soften. Reversing the current trend will require stronger private capital formation, accelerated infrastructure investment, higher labor force participation, and policies that improve productivity and competitiveness.

Puerto Rico's economy is entering a more challenging phase as the island's economic outlook for the second half of 2026 will depend on its ability to reverse the slowdown in economic activity, attract new private investment, and expand the labor force to support long-term growth.

Economic Data:

- **US Initial Claims for Unemployment Insurance:** fell to 215,000, down from 217,000 last week, a change of -0.92% from last week and -6.93% from one year ago.
- **US Existing Home Sales:** rose to 4.17M, up from 4.04M last month, a change of 3.22%.
- **30 Year Mortgage Rate:** fell to 6.43%, compared to 6.49% last week.

Eurozone Summary:

- **Stoxx 600:** closed at 640.87, up 4.96 points or 0.78%.
- **FTSE 100:** closed at 10,472.45, down 16.59 points or 0.16%.
- **DAX Index:** closed at 25,118.27, up 220.82 points or 0.89%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,487.41, up 139.02 points or 0.27%.
- **S&P 500:** closed at 7,543.64, up 60.93 points or 0.81%.
- **Nasdaq Composite:** closed at 26,206.89, up 336.23 points or 1.30%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,757.82, down 78.29 points or 1.62%.
- **Birling Capital U.S. Bank Index:** closed at 10,155.87, down 215.38 points or 2.08%.
- **U.S. Treasury 10-year note:** closed at 4.54%.
- **U.S. Treasury 2-year note:** closed at 4.16%.

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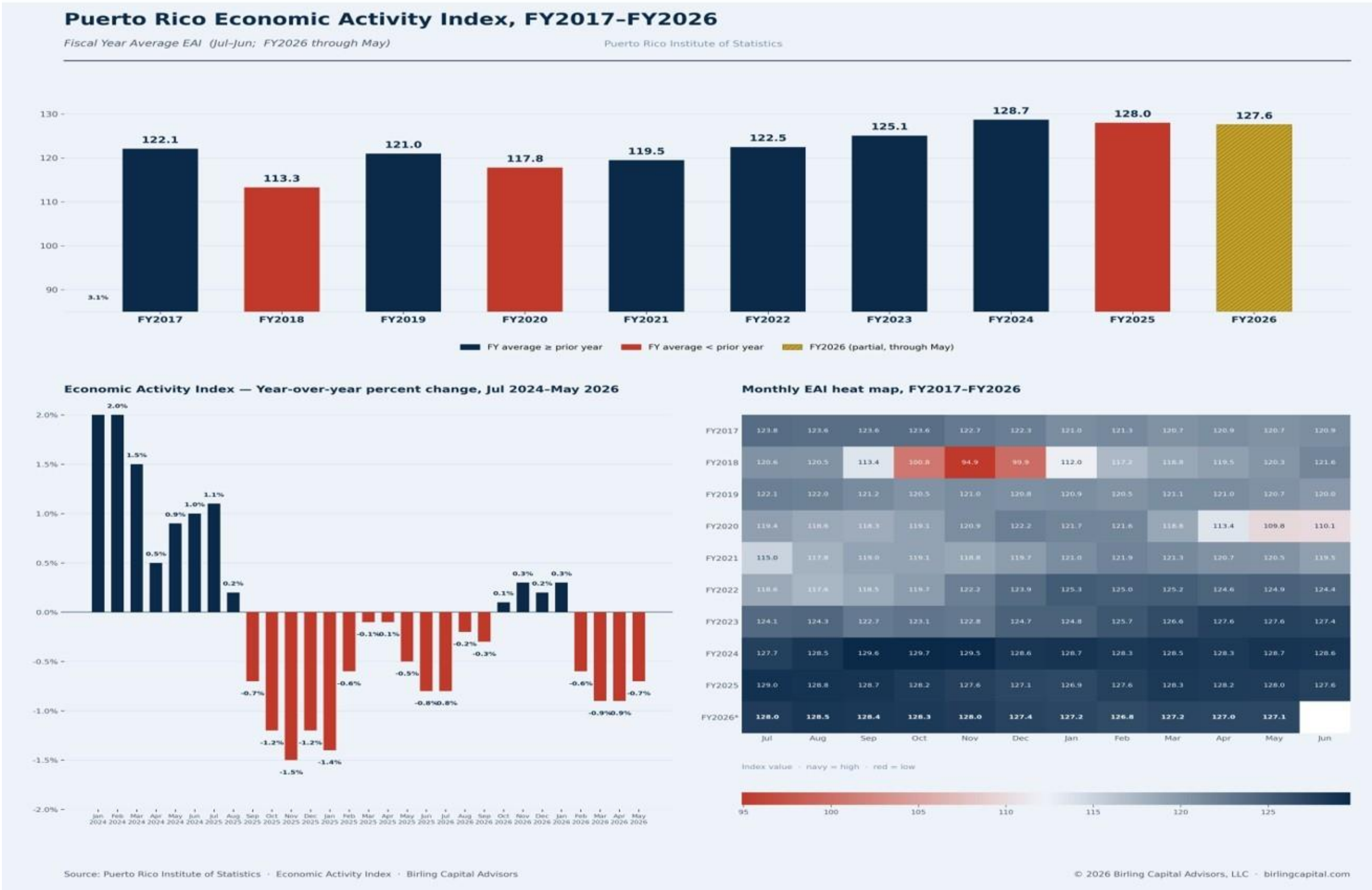

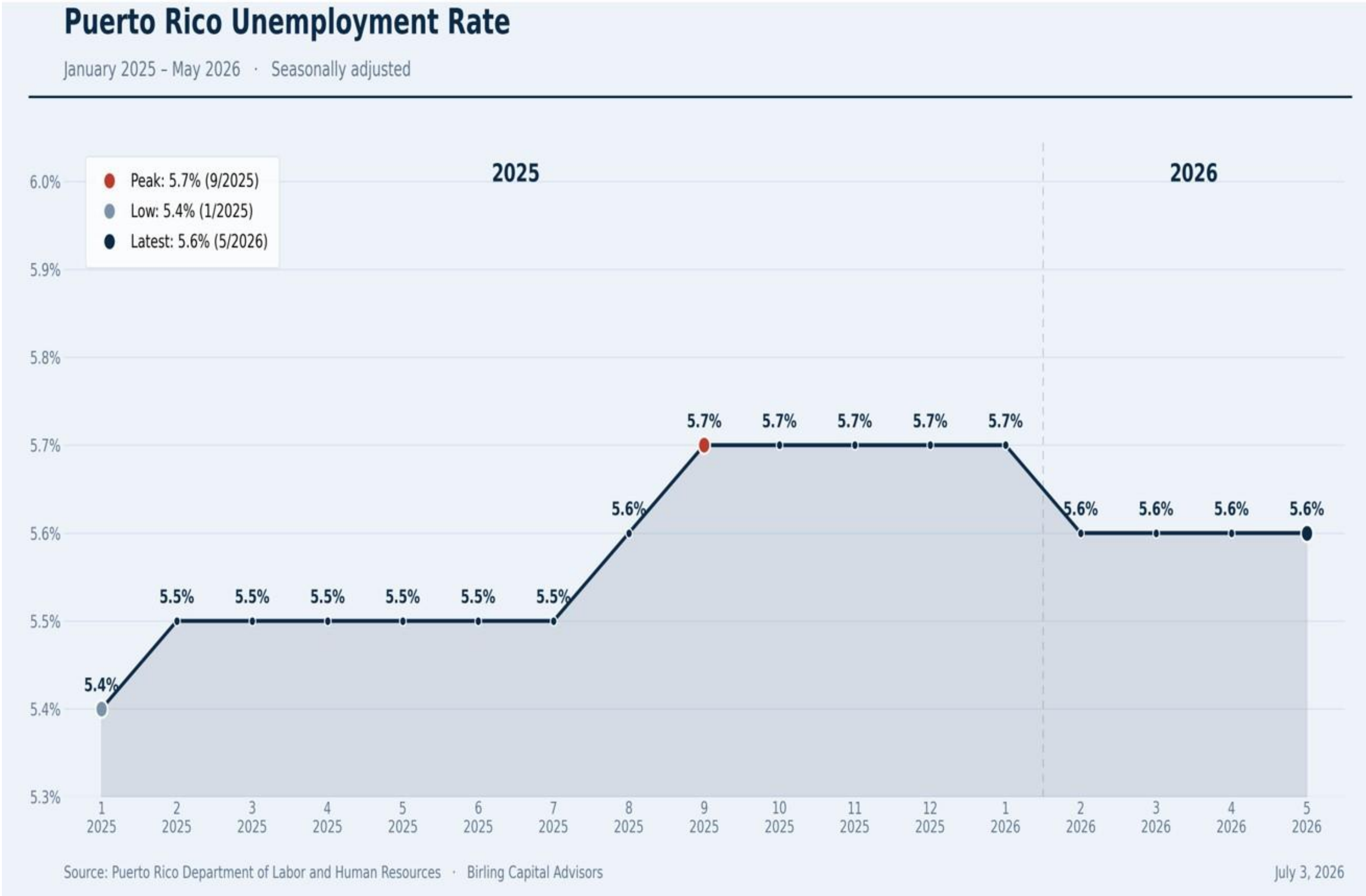
Puerto Rico Unemployment Rate
January 2025 – May 2026 · Seasonally adjusted
Peak: 5.7% (9/2025)
Low: 5.4% (1/2025)
Latest: 5.6% (5/2026)
2025
2026
6.0%
5.9%
5.8%
5.7%
5.6%
5.5%
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Source: Puerto Rico Department of Labor and Human Resources · Birling Capital Advisors
July 3, 2026

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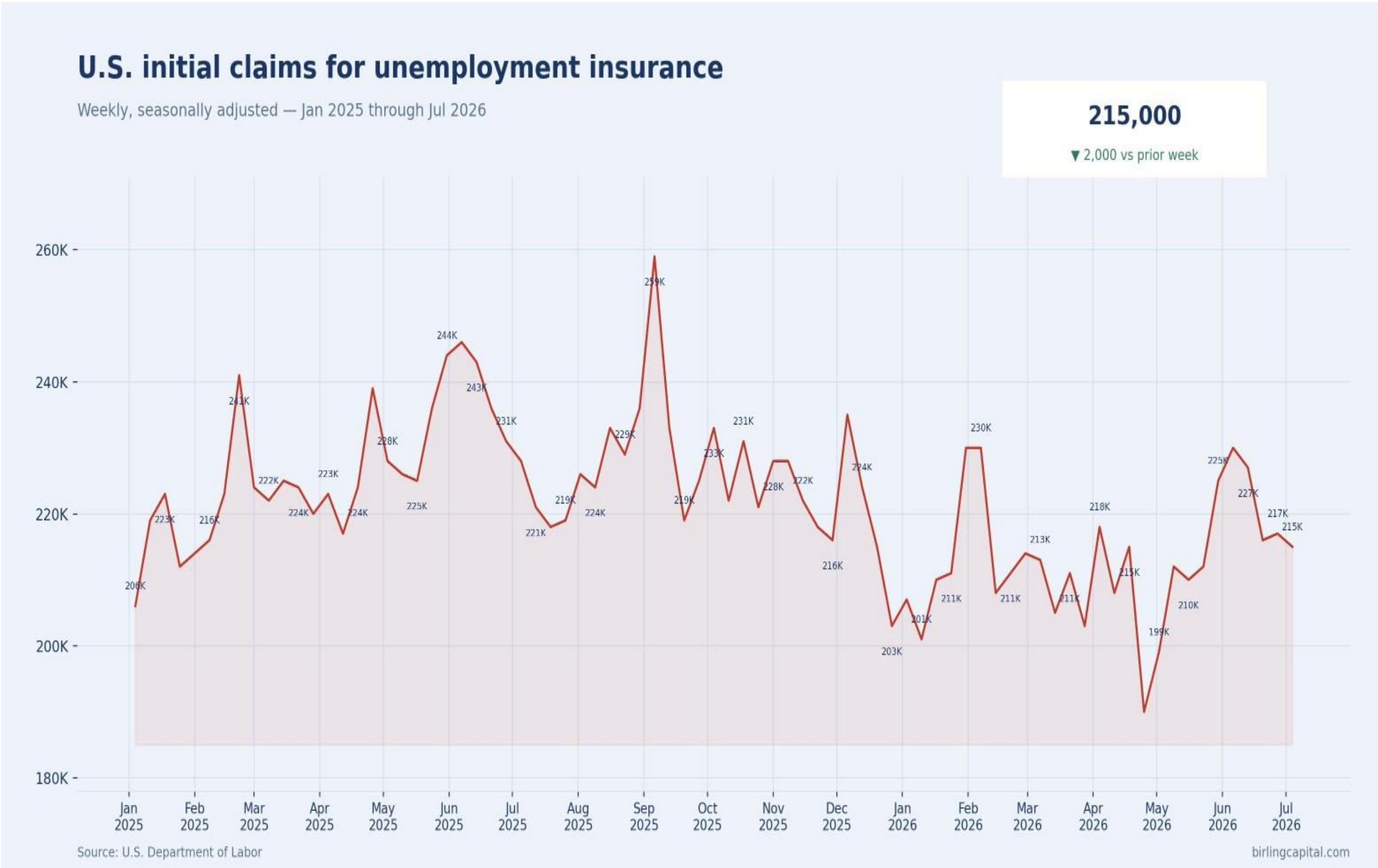

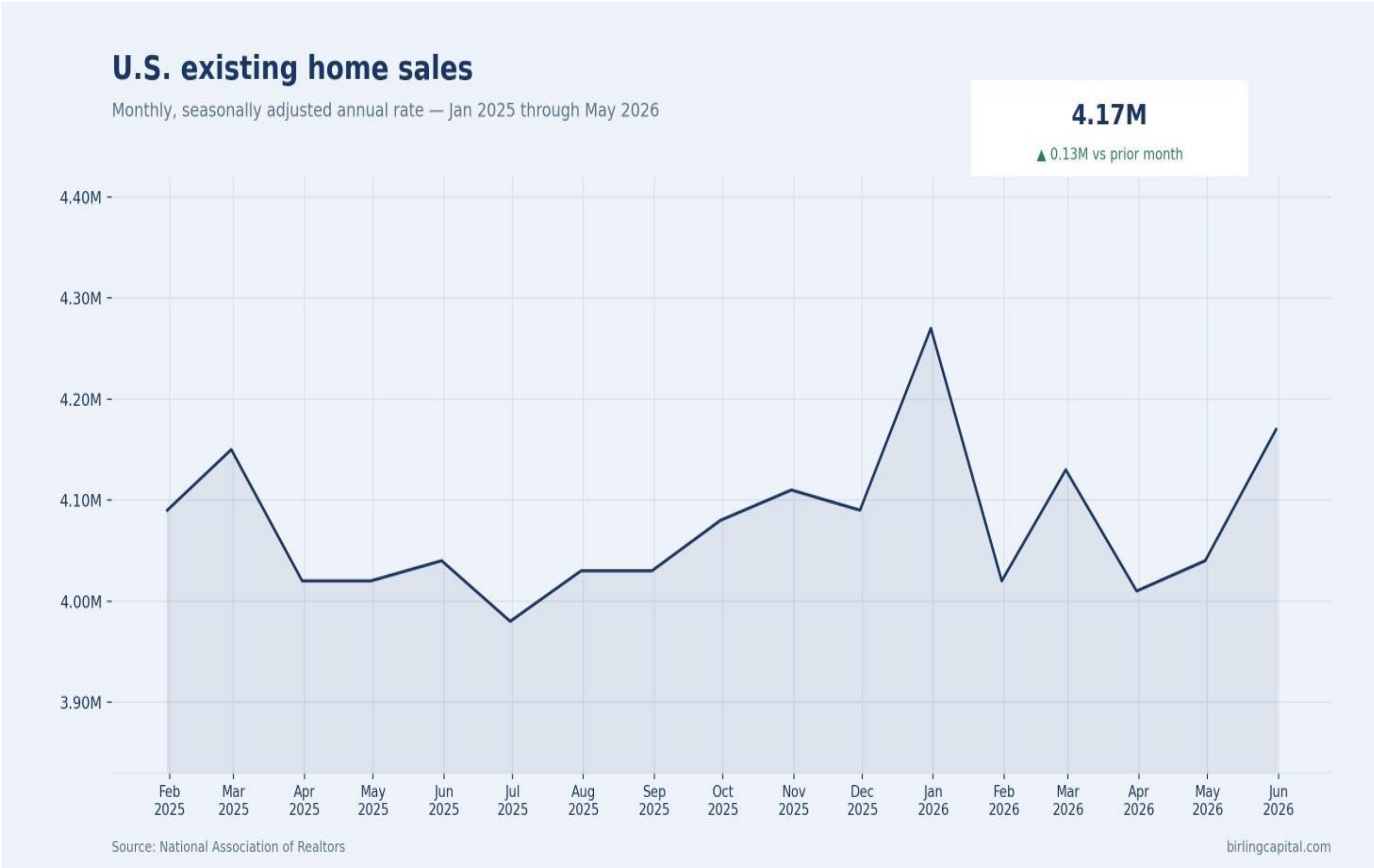
U.S. existing home sales
Monthly, seasonally adjusted annual rate — Jan 2025 through May 2026
4.17M
▲ 0.13M vs prior month
4.40M
4.30M
4.20M
4.10M
4.00M
3.90M
Feb 2025
Mar 2025
Apr 2025
May 2025
Jun 2025
Jul 2025
Aug 2025
Sep 2025
Oct 2025
Nov 2025
Dec 2025
Jan 2026
Feb 2026
Mar 2026
Apr 2026
May 2026
Jun 2026
Source: National Association of Realtors
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Eurozone summary

Market close — July 9, 2026

Stoxx 600	FTSE 100	DAX Index
640.87	10,472.45	25,118.27
▲ +4.96 (+0.78%)	▼ -16.59 (-0.16%)	▲ +220.82 (+0.89%)

Source: Bloomberg

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Wall Street and Birling Capital Indexes Close

Market close — July 9, 2026

Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
52,487.41	7,543.64	26,206.89	4,757.82	10,155.87
▲ +139.02 (+0.27%)	▲ +60.93 (+0.81%)	▲ +336.23 (+1.30%)	▼ -78.29 (-1.62%)	▼ -215.38 (-2.08%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.54%	4.16%

10Y-2Y spread: 38 bps

Source: Bloomberg, Birling Capital Advisors

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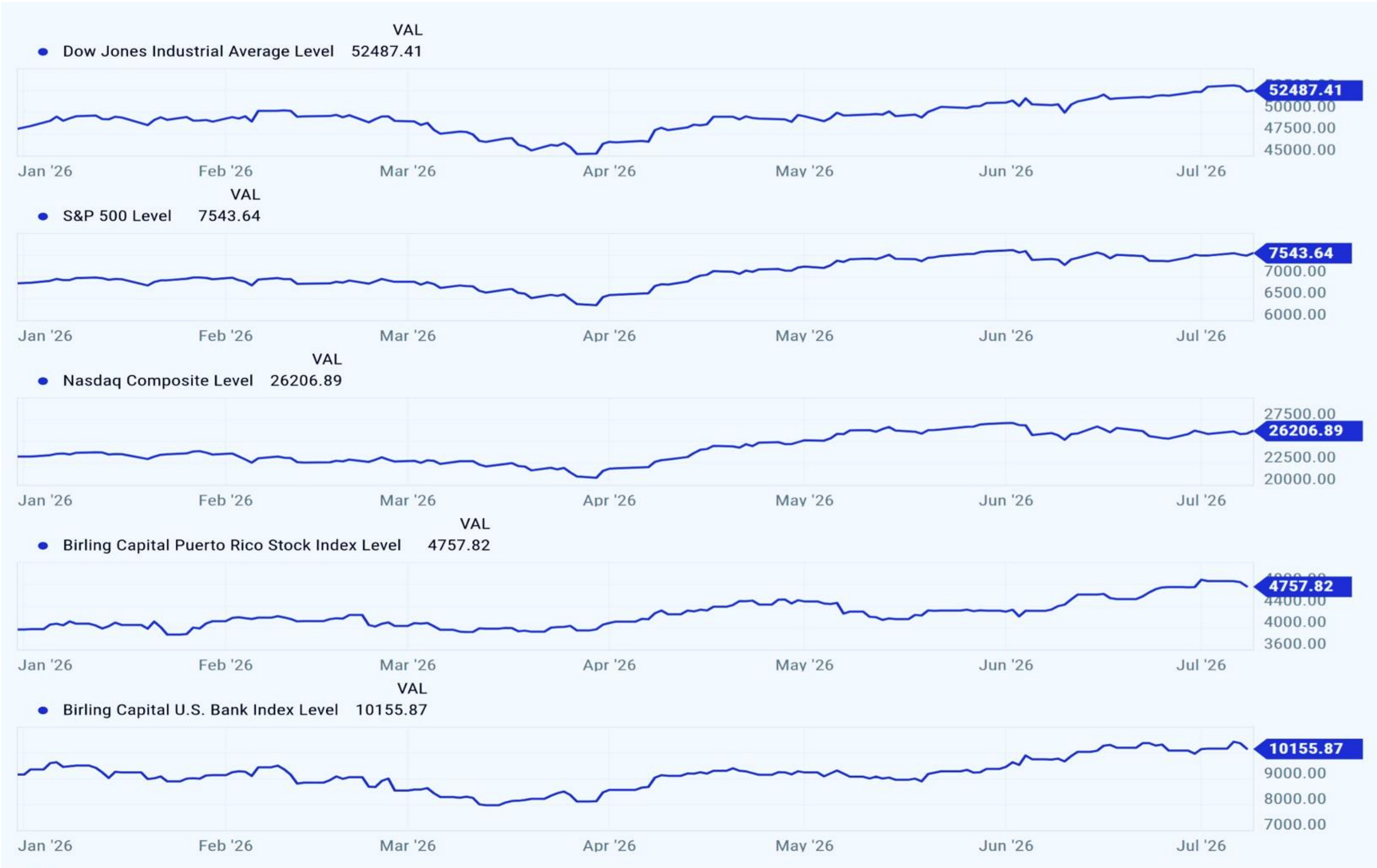

VAL
Dow Jones Industrial Average Level 52487.41
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Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
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6500.00
6000.00
Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
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Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
VAL
Birling Capital Puerto Rico Stock Index Level 4757.82
4757.82
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Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
VAL
Birling Capital U.S. Bank Index Level 10155.87
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8000.00
7000.00
Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26