Dow Surges to Record High as Investors Rotate Out of AI and Semiconductor Stocks into Broader Market Leaders

June 4, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets mostly closed higher Thursday as investors shifted capital away from high-flying semiconductor and artificial intelligence stocks and into financials, healthcare, consumer staples, and other cyclical sectors. The rotation propelled the Dow Jones Industrial Average to a fresh all-time high while demonstrating that the current bull market is broadening beyond the technology sector that has driven much of the market's gains over the past two months. Investor sentiment improved despite ongoing geopolitical tensions between the United States and Iran, as lower oil prices, declining Treasury yields, and resilient economic data helped support risk appetite. The market's ability to advance despite weakness in semiconductor shares suggests investors remain confident in the broader economic outlook, even as valuations in some AI-related names face increasing scrutiny following an extraordinary rally.

The session also highlighted a notable shift in market leadership. While technology and semiconductor stocks experienced profit-taking after a strong earnings season, capital flowed into sectors viewed as offering attractive valuations and earnings stability. The result was a powerful advance in the Dow and continued gains for the broader market, reinforcing the view that the current expansion remains supported by healthy corporate fundamentals and a resilient labor market.

U.S. Markets

U.S. equities delivered a mixed but constructive performance as investors rotated away from semiconductor and artificial intelligence-related stocks and into traditional market leaders. **The Dow Jones Industrial Average surged 874.86 points, or 1.73%, to close at a record 51,561.93, while the S&P 500 gained 0.41% to finish at 7,584.31. The Nasdaq Composite was the lone major index to decline, slipping 0.09% to 26,830.96 as weakness in semiconductor shares weighed on technology-heavy benchmarks.**

The market rotation was triggered by a sharp sell-off in Broadcom, whose shares fell more than 12% after reporting fiscal second-quarter revenue that modestly missed expectations and failing to raise its outlook for artificial-intelligence chip demand. The disappointing report prompted investors to reduce exposure across the semiconductor sector, with the VanEck Semiconductor ETF declining more than 1%. Shares of Arm Holdings fell more than 4%, while Micron Technology declined nearly 8%.

Despite the weakness in technology, gains across multiple sectors more than offset the decline. UnitedHealth Group led the Dow higher with a gain of more than 5%, while JPMorgan Chase advanced 3% and Walmart added nearly 1%. Outside the Dow, Costco Wholesale gained approximately 1%, while Eli Lilly and Company rose more than 4%, highlighting broadening participation that supports the market's advance.

The session suggests investors are becoming more selective within the artificial intelligence trade rather than abandoning it altogether. After one of the strongest rallies of the current cycle, market participants appear increasingly willing to lock in profits in semiconductor stocks while redeploying capital into sectors offering attractive earnings growth, strong cash flows, and lower valuation risk. The broad-based nature of Thursday's advance is encouraging, as it suggests market leadership is broadening beyond a relatively small group of technology companies, potentially providing a healthier foundation for future gains.

Investors also continued to monitor developments in the Middle East following recent military exchanges involving the United States and Iran. However, the market largely looked through the geopolitical headlines, focusing instead on corporate fundamentals, declining oil prices, and the anticipation of Friday's employment report, which is expected to provide the next major signal regarding the strength of the U.S. economy and the outlook for Federal Reserve policy action. Friday's nonfarm payrolls report is expected to be the next major test of that narrative.

European Markets

European equities closed higher Thursday, overcoming early weakness as lower oil prices and improving risk sentiment supported investor confidence. The pan-European STOXX 600 gained 0.4%, with major indexes in London, Paris, Frankfurt, and Milan all finishing in positive territory.

Corporate news dominated trading activity. Shares of Universal Music Group fell 5.8% after reports that Pershing Square Capital Management, led by Bill Ackman, sold its remaining stake in the company following unsuccessful takeover efforts. The transaction is estimated to have generated approximately $600 million in profits for Pershing Square. Meanwhile, Nokia's shares declined by more than 6% as the global technology sector experienced profit-taking following its recent rally.

Geopolitical developments remained a key focus for investors. Markets reacted positively to news that Israel and Lebanon agreed to implement a ceasefire, helping ease concerns about a broader regional conflict. The announcement contributed to a sharp decline in oil prices, with WTI crude falling approximately 3% and Brent crude declining 2.5%, providing additional support for European equities and improving the inflation outlook across the region.

Despite continued tensions between Washington and Tehran, investors viewed the ceasefire agreement and lower energy prices as constructive developments, allowing European markets to finish the session with solid gains.

Energy Markets

Oil prices declined sharply on Thursday as investors responded positively to news that Israel and Lebanon agreed to implement a ceasefire, reducing concerns that tensions in the Middle East could escalate into a broader regional conflict. West Texas Intermediate crude fell approximately 3% to $93.16 per barrel, while Brent crude declined 2.5% to $95.23. The retreat in energy prices helped ease inflation concerns and supported equity markets by reducing pressure on consumers, businesses, and central banks. While tensions between the United States and Iran remain elevated, investors viewed the ceasefire agreement as an encouraging step toward reducing geopolitical risk in the region.

Economic & Policy Outlook

Economic data released Thursday continued to support the narrative of a resilient U.S. economy. Initial jobless claims rose modestly but remained at levels consistent with a healthy labor market, while continuing claims declined, suggesting workers continue to find employment opportunities. At the same time, lower-than-expected unit labor costs and declining energy prices provided additional evidence that inflationary pressures remain contained. Together, these developments support expectations that economic growth can continue at a moderate pace while inflation gradually moves closer to the Federal Reserve's long-term objective. Investors now turn their attention to Friday's employment report, which is expected to show approximately 105,000 new jobs and an unemployment rate holding steady at 4.3%.

The Final Word: Market Perspective

Thursday's session offered encouraging evidence that the current bull market is broadening beyond its technology-driven foundation. While profit-taking in semiconductor and artificial intelligence shares weighed on the Nasdaq, strong gains in financials, healthcare, consumer, and industrial stocks propelled the Dow Jones Industrial Average to a record close and lifted the broader market higher. Lower oil prices, easing Treasury yields, and continued labor-market resilience helped offset geopolitical concerns and reinforced confidence in the economic outlook. As investors await Friday's employment report, the market appears increasingly focused on the sustainability of economic growth and the broadening of corporate leadership, both of which remain constructive signals for equities in the second half of the year.

Economic Data:

- **US Initial Claims for Unemployment Insurance:** rose to 225,000, up from 212,000 last week, increasing by 6.13%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** rose to 214,750, up from 208,250 last week, increasing 3.12%.
- **US Productivity:** fell to 0.30%, compared to 1.60% last quarter.
- **30 Year Mortgage Rate:** fell to 6.48%, compared to 6.53% last week.

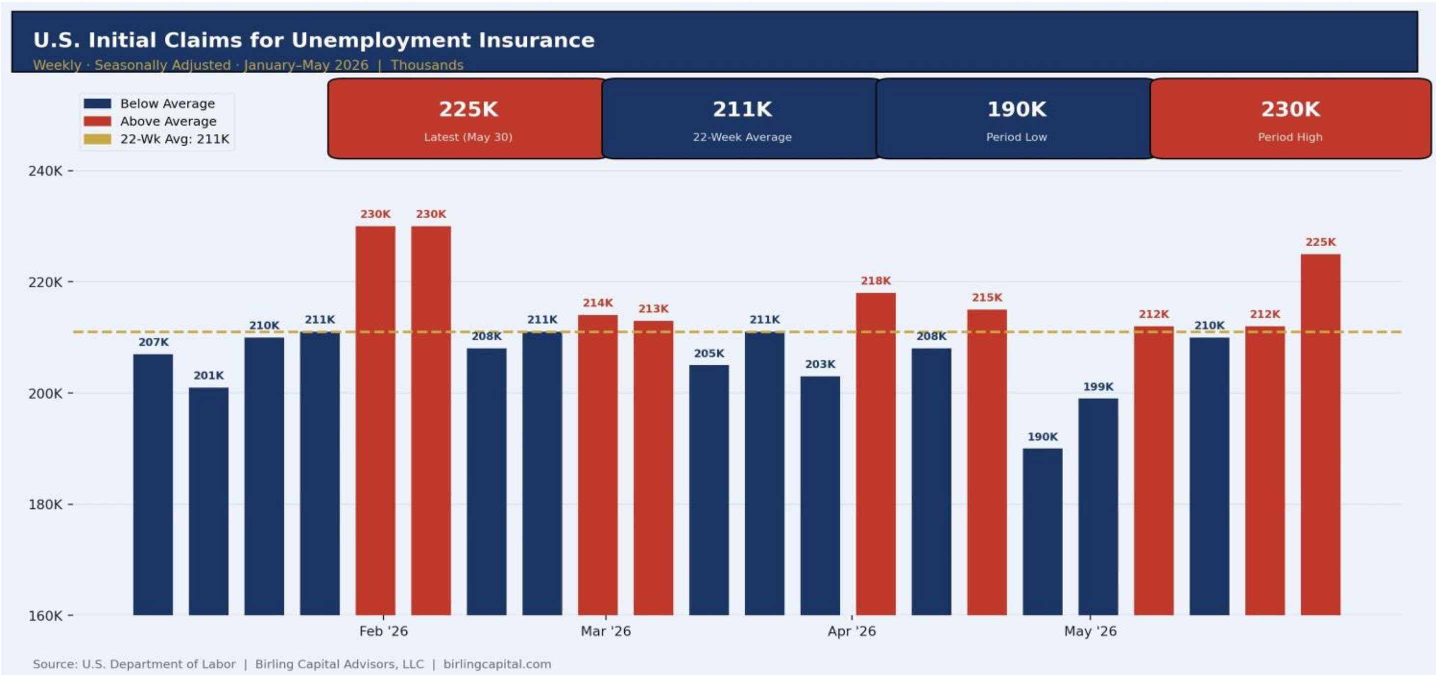
Eurozone Summary:

- **Stoxx 600:** closed at 624.45, up 7.26 points or 0.52%.
- **FTSE 100:** closed at 10,360.32, up 28.02 or 0.27%.
- **DAX Index:** closed at 24,944.95, up 149.01 points or 0.60%

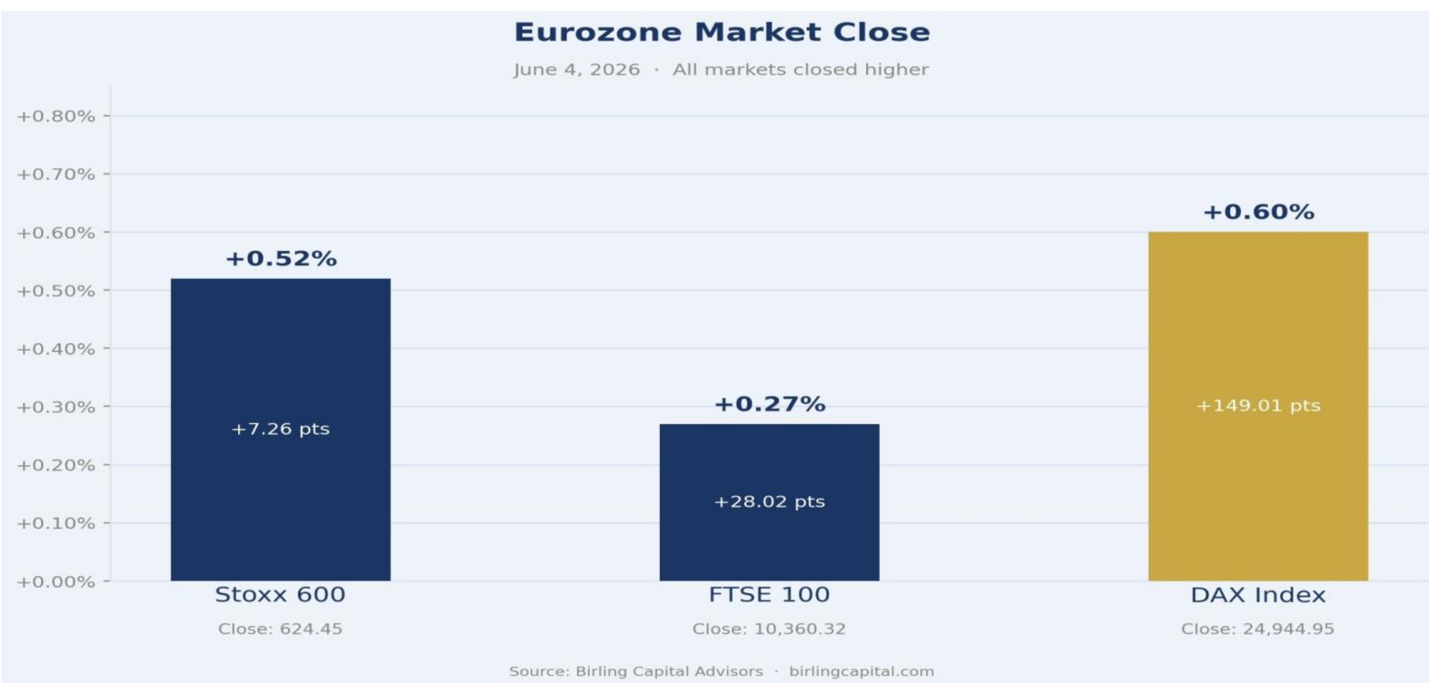
Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,561.93, up 874.86 points or 1.73%
- **S&P 500:** closed at 7,584.31, up 30.63 points or 0.41%.
- **Nasdaq Composite:** closed at 26,830.96, down 23.01 points or 0.09%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,206.73, down 122.86 points or 2.84%.
- **Birling Capital U.S. Bank Index:** closed at 9,526.80, down 107.22 points or 1.11%
- **U.S. Treasury 10-year note:** closed at 4.47%.
- **U.S. Treasury 2-year note:** closed at 4.05%.


U.S. Nonfarm Business Sector Labor Productivity
Quarter-over-Quarter Annualized Change (%) | Q1 2020 – Q1 2026
Positive Quarter
Negative Quarter
Avg (ex-Covid): 1.4%
0.3%
Latest (Q1 2026)
1.4%
Avg (ex-Covid)
19
Quarters Positive
6
Quarters Negative
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
0.3%
2020 2020 2020 2020 2021 2021 2021 2021 2022 2022 2022 2022 2023 2023 2023 2023 2024 2024 2024 2024 2025 2025 2025 2025 2026
Source: U.S. Bureau of Labor Statistics | Birling Capital Advisors, LLC | birlingcapital.com



U.S. Initial Claims for Unemployment Insurance
Weekly · Seasonally Adjusted · January–May 2026 | Thousands
Below Average
Above Average
22-Wk Avg: 211K
225K
Latest (May 30)
211K
22-Week Average
190K
Period Low
230K
Period High
240K
220K
200K
180K
160K
207K
201K
210K
211K
230K
230K
208K
211K
214K
213K
205K
211K
203K
218K
208K
215K
190K
199K
212K
210K
212K
225K
Feb '26
Mar '26
Apr '26
May '26
Source: U.S. Department of Labor | Birling Capital Advisors, LLC | birlingcapital.com



Eurozone Market Close
June 4, 2026 · All markets closed higher
+0.80%
+0.70%
+0.60%
+0.50%
+0.40%
+0.30%
+0.20%
+0.10%
+0.00%
+0.52%
+7.26 pts
Stoxx 600
Close: 624.45
+0.27%
+28.02 pts
FTSE 100
Close: 10,360.32
+0.60%
+149.01 pts
DAX Index
Close: 24,944.95
Source: Birling Capital Advisors · birlingcapital.com

Wall Street and Birling Capital Indexes Close

Dow Jones · S&P 500 · Nasdaq · Birling Capital PR Stock Index · Birling Capital U.S. Bank Index

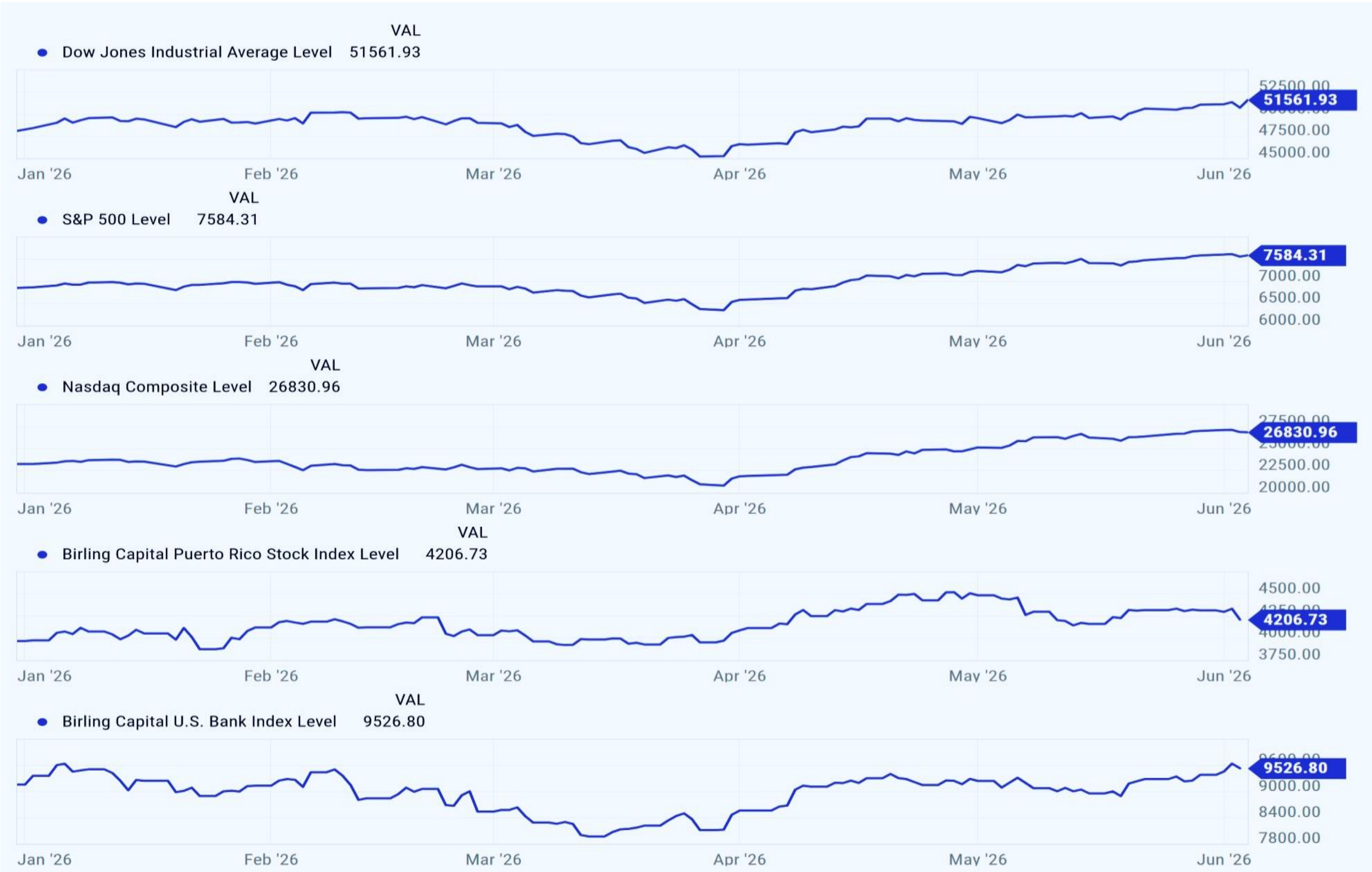
Wednesday, June 4, 2026 — Market Close

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
51,561.93	7,584.31	26,830.96	4,206.73	9,526.80
▲ +874.86 pts	▲ +30.63 pts	▼ -23.01 pts	▼ -122.86 pts	▼ -107.22 pts
+1.73%	+0.41%	-0.09%	-2.84%	-1.11%

U.S. Treasury Note 10-Yr	U.S. Treasury Note 2-Yr
4.47%	4.05%
Yield · U.S. Treasury Note	Yield · U.S. Treasury Note

10Yr - 2Yr Spread: +42 bps · Upward Sloping Yield Curve

Source: Birling Capital Advisors, LLC | Data: NYSE, Nasdaq, U.S. Treasury | Market data for informational purposes only.


VAL
Dow Jones Industrial Average Level 51561.93
51561.93
47500.00
45000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
S&P 500 Level 7584.31
7584.31
7000.00
6500.00
6000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Nasdaq Composite Level 26830.96
26830.96
22500.00
20000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Birling Capital Puerto Rico Stock Index Level 4206.73
4500.00
4206.73
3750.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Birling Capital U.S. Bank Index Level 9526.80
9526.80
9000.00
8400.00
7800.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26