S&P 500 and Nasdaq Retreat as Chip Rally Fades, Oil Prices Fall, and Investors Await Inflation Data

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The U.S. and European stock markets closed mixed Tuesday as a renewed pullback in semiconductor shares weighed on technology stocks, offsetting the positive impact of lower oil prices and declining Treasury yields. The Nasdaq and S&P 500 ended lower after Monday's sharp rebound in chip stocks lost momentum, while the Dow Jones Industrial Average managed a modest gain. Meanwhile, crude oil prices fell sharply after signs of improving shipping activity through the Strait of Hormuz and optimism surrounding potential U.S.-Iran negotiations eased concerns about a prolonged disruption to global energy supplies. Investors are now focused on Wednesday's Consumer Price Index report, which could provide critical insight into the inflation outlook and the future direction of Federal Reserve policy.

U.S. Markets

U.S. equities closed mixed as investors rotated away from semiconductor and artificial intelligence-related shares despite supportive moves in Treasury yields and energy prices. The S&P 500 declined 0.26% to 7,386.65, while the Nasdaq Composite fell 0.97% to 25,678.82. The Dow Jones Industrial Average bucked the broader trend, gaining 86.10 points, or 0.17%, to close at 50,872.11.
Technology stocks led the decline as investors continued reassessing valuations across the semiconductor sector following one of its most volatile trading periods in years. The iShares Semiconductor ETF fell 1% after rebounding 6% on Monday, while Micron Technology declined 1%, giving back part of the previous session's nearly 10% advance. The recent swings in chip stocks reflect growing debate over whether the artificial intelligence-driven rally has become overheated after producing extraordinary gains across the sector during the past year.
Despite weakness in technology, several economically sensitive sectors benefited from lower energy prices and encouraging housing-market data. Consumer discretionary, materials, and real estate shares outperformed as investors welcomed a decline in crude oil prices and stronger-than-expected existing home sales. However, the nearly 2% decline in information technology stocks outweighed those gains, keeping the broader market under pressure.
Investor sentiment remains cautious ahead of Wednesday's inflation report and Friday's highly anticipated SpaceX initial public offering, which is expected to be the largest IPO in history. The announcement that OpenAI has confidentially filed for an initial public offering added another dimension to the artificial intelligence investment theme, but also increased concerns that the sector may be approaching a period of consolidation following its remarkable advance. Market participants appear increasingly focused on whether inflation data and upcoming capital-market events will support the next leg higher for equities or trigger additional volatility in growth-oriented sectors.

European Markets

European equity markets closed broadly lower Tuesday as investors adopted a more cautious stance ahead of key U.S. inflation data and continued to assess the economic implications of elevated energy prices and ongoing geopolitical uncertainty. The retreat in crude oil prices provided some relief, but it was not enough to offset investor concerns about inflation, growth prospects, and the

potential impact of higher-for-longer interest rates on economic activity across the region.
The pan-European Stoxx 600 declined 3.09 points, or 0.50%, to close at 618.64, reflecting weakness across a broad range of sectors. Investor sentiment remained subdued as market participants weighed the outlook for inflation and monetary policy on both sides of the Atlantic. Defensive sectors outperformed, while cyclical industries tied to economic growth faced renewed pressure.
In London, the FTSE 100 posted the session's steepest decline among the major European benchmarks, falling 145.87 points, or 1.41%, to close at 10,273.33. The index was weighed down by weakness in energy, mining, and financial shares as investors reduced risk exposure ahead of Wednesday's U.S. Consumer Price Index report. The decline highlights growing market sensitivity to inflation developments and the potential implications for global interest-rate expectations.
Germany's DAX Index fell 183.16 points, or 0.74%, to finish at 24,433.06. The decline reflects ongoing concerns regarding Germany's industrial sector, which continues to face headwinds from softer global demand, elevated operating costs, and persistent economic uncertainty. While the broader Eurozone economy has shown pockets of resilience, investors remain cautious about the region's growth outlook as manufacturing activity continues to lag services-sector performance.
Overall, Tuesday's session reflected a market increasingly focused on macroeconomic risks rather than corporate fundamentals. With inflation data and central bank policy expectations driving sentiment, European investors remain in a wait-and-see mode as they seek greater clarity on the outlook for growth, inflation, and interest rates in the second half of 2026.

Energy Markets
Energy markets remained a focal point for investors as crude oil prices retreated below $90 per barrel. The decline followed comments suggesting progress could be made toward maintaining shipping access through the Strait of Hormuz, reducing fears of a significant disruption to global energy supplies.
While oil prices remain elevated relative to historical averages, the recent pullback offers a measure of relief for consumers, businesses, and central banks. Energy costs remain one of the most important drivers of inflation expectations, making the direction of crude oil prices a critical variable for both financial markets and monetary policy.

Economic & Policy Outlook
The U.S. economy continues to demonstrate resilience despite signs of moderating growth. Recent labor-market data indicate that hiring activity remains sufficient to support near-full-employment conditions. U.S. private employers added an average of 29,000 jobs per week during the four weeks ending May 23, slightly below the prior pace but consistent with a stable labor market.
Attention now shifts to Wednesday's Consumer Price Index report. Consensus forecasts call for headline inflation to rise to 4.2% year-over-year from 3.8% in April, while core inflation is expected to increase to 2.9% from 2.8%. If realized, headline inflation would reach its highest level in three years, reinforcing concerns that inflation remains well above the Federal Reserve's long-term target.
The composition of the report will be particularly important. Policymakers and investors will be watching closely to determine whether inflation pressures remain concentrated in energy-related categories or broaden into core services and consumer sectors. With employment conditions remaining stable and inflation still elevated, the Federal Reserve is widely expected to maintain interest rates at current levels until clearer evidence emerges that inflation is moving sustainably lower.

The Final Word: Market Perspective
Markets continue to balance resilient economic fundamentals against persistent inflation risks and geopolitical uncertainty. Lower Treasury yields and easing oil prices have provided support for equities, but inflation remains the primary variable shaping investor expectations.
Wednesday's CPI report is likely to serve as the week's most important market catalyst. A softer-than-

expected reading could reinforce confidence that inflation pressures are moderating and support further gains in risk assets. Conversely, a stronger report could revive concerns that interest rates will remain higher for longer, increasing volatility across financial markets.

GDPNow Update:

- The GDPNow for the second quarter of 2026 was updated, rising to 3.30%, up from 3.00%, a 10% increase.

Economic Data:

- **US Retail Gas Price:** fell to $4.439, down from $4.605 last week, a change of -3.60%.
- **US Trade Balance on Goods:** fell to -83.69B, up from -86.08B last month and up from -86.58B one year ago. This is a change of N/A from last month.
- **US Existing Home Sales:** rose to 4.02M, up from 4.01M last month.
- **US Wholesale Inventories MoM:** rose to 1.35%, compared to 0.94% last month.

Eurozone Summary:

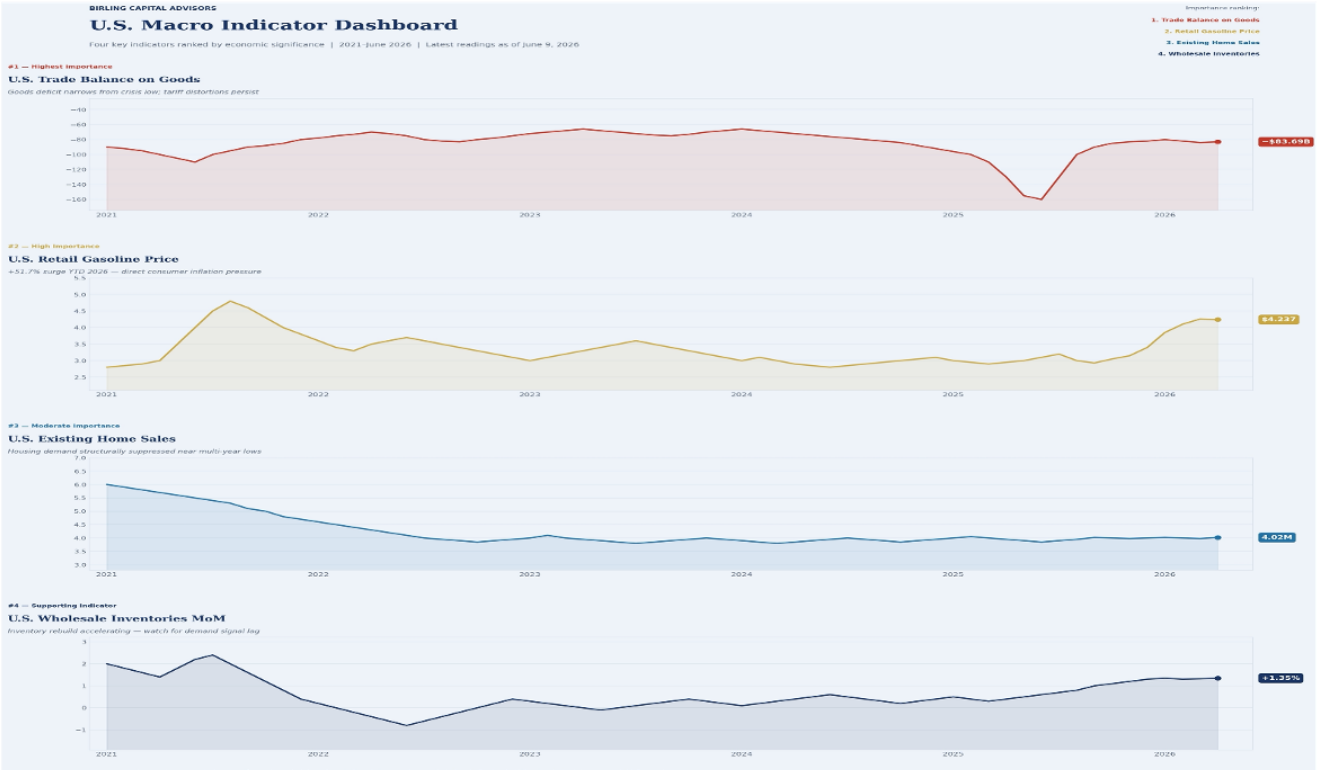
- **Stoxx 600:** closed at 618.64, down 3.09 points or 0.50%.
- **FTSE 100:** closed at 10,273.33, down 145.87 or 1.41%.
- **DAX Index:** closed at 24,433.06, down 183.16 points or 0.74%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,872.11, up 86.10 points or 0.17%
- **S&P 500:** closed at 7,386.65, down 19.08 points or 0.26%.
- **Nasdaq Composite:** closed at 25,678.82, down 250.84 points or 0.97%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,334.12, up 25.82 points or 0.60%.
- **Birling Capital U.S. Bank Index:** closed at 9,735.44, down -10.36 points or -0.11%.
- **U.S. Treasury 10-year note:** closed at 4.53%.
- **U.S. Treasury 2-year note:** closed at 4.13%.


GDPNow Tracker — 2Q 2026
Upward revision
Downward revision
Initial forecast
5.0%
4.5%
4.0%
3.5%
3.0%
2.5%
3.70%
3.50%
−5.41%
3.70%
+5.71%
3.70%
0.00%
4.00%
+8.11%
4.30%
+7.50%
Apr 30
May 01
May 05
May 08
May 14
May 21
Source: Federal Reserve Bank of Atlanta, GDPNow Model | Birling Capital Advisors, LLC | birlingcapital.com

US Trade Balance on Goods, US Retail Gas Price, US Existing Home Sales & US Wholesale Inventories



U.S. Retail Gasoline Price

Price per gallon · Jan 12 – May 18, 2026 · vs. Jan 12 baseline ($2.907)

$4.621

May 18, 2026 (latest)

▲ +$1.714 (+58.96%) since Jan 12

Jan 12 low	May 11 peak	$ increase	% increase
$2.907	$4.628	+$1.714	+58.96%

Source: EIA

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CAPITAL ADVISORS, LLC


Birling Capital Advisors, LLC · U.S. Markets & Birling Indexes
Wall Street and Birling Capital Indexes Close
June 9, 2026 | End-of-Day Summary
Dow Jones Industrial Average
DJIA
Closing Price
50,872.11
▲ +86.10 (+0.17%)
S&P 500
SPX
Closing Price
7,386.65
▼ -19.08 (-0.26%)
Nasdaq Composite
COMP
Closing Price
25,678.82
▼ -250.84 (-0.97%)
Birling Capital PR Stock Index
BCPRSI
Closing Price
4,334.12
▲ +25.82 (+0.60%)
Birling Capital U.S. Bank Index
BCUBI
Closing Price
9,735.44
▼ -10.36 (-0.11%)
U.S. Treasury 10-Year Note
4.53%
Yield — June 9, 2026
U.S. Treasury 2-Year Note
4.13%
Yield — June 9, 2026
Yield Spread (10Y – 2Y)
+40 bps
Normal (upward sloping)
Think Strategically™ · Birling Capital Advisors, LLC
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VAL
Dow Jones Industrial Average Level 50872.11
52500.00
50872.11
47500.00
45000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
S&P 500 Level 7386.65
7386.65
6500.00
6000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Nasdaq Composite Level 25678.82
27500.00
25678.82
22500.00
20000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Birling Capital Puerto Rico Stock Index Level 4334.12
4500.00
4334.12
4000.00
3750.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
VAL
Birling Capital U.S. Bank Index Level 9735.44
9735.44
8800.00
8000.00
7200.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26