S&P 500 Reaches New Record as Tech Strength Lifts U.S. and European Markets Despite Rising Oil

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The U.S. and European stock markets closed higher, as equity markets extended their advance on the back of strong technology leadership, even as oil prices moved higher and geopolitical tensions between the United States and Iran remained elevated. The S&P 500 advanced to a fresh record, underscoring the market's ability to absorb macro and geopolitical noise while remaining anchored to earnings strength and structural growth themes.

The session highlights a defining feature of the current market cycle: equities are increasingly driven by forward-looking earnings expectations—particularly in artificial intelligence and semiconductors—rather than near-term geopolitical developments. While energy prices rose in response to stalled negotiations, investor focus remained firmly on growth sectors, allowing both U.S. and European markets to close in positive territory.

U.S. Markets

U.S. equities moved modestly higher, with major indices reaching new intraday highs as technology stocks once again led the advance. The S&P 500 rose 0.19%, while the Nasdaq Composite also gained 0.10%, both setting fresh all-time intraday records. The Dow Jones Industrial Average added 95.31 points, reflecting a steady but constructive market tone.

Semiconductors and AI-linked names remained the primary drivers of performance. Shares of Micron Technology surged 7%, leading the memory chip rally, while NVIDIA advanced 2%, continuing to anchor the broader technology trade. This concentration of leadership underscores the market's dependence on a narrow set of high-growth sectors.

Geopolitical developments continued to evolve, with President Donald Trump rejecting Iran's latest proposal and signaling that the ceasefire framework is weakening. Despite this, equity markets showed limited sensitivity, suggesting that investors are discounting geopolitical risk unless it materially impacts economic fundamentals.

Energy markets did reflect the tension. West Texas Intermediate rose approximately 2% to above $98 per barrel, while Brent crude climbed above $104, reintroducing inflation considerations into the macro backdrop. However, the muted equity response reinforces the prevailing dynamic: strong earnings growth—particularly within technology—continues to outweigh external risks.

In aggregate, markets remain in a constructive but increasingly selective phase, where leadership is concentrated and further upside will depend on continued earnings delivery and confirmation from macro data.

European Markets

European equities closed modestly higher, navigating a complex geopolitical backdrop as negotiations between the United States and Iran stalled, tempering the optimism that had supported markets in recent sessions. The pan-European Stoxx Europe 600 edged up 0.1%, reflecting a cautious but resilient tone across the region.

Performance across major bourses was mixed but generally constructive. Markets in the United Kingdom, Germany, and Italy finished in positive territory, while France underperformed, with the

CAC 40 declining nearly 0.8%. Sector dispersion remained pronounced, underscoring a market increasingly driven by geopolitical sensitivity rather than broad macro direction.

The most notable rotation occurred within defense equities, which retreated following last week's rally tied to perceived progress in Middle East diplomacy. Shares of Rheinmetall fell 2.7%, Renk Group declined 3.8%, Leonardo S.p.A. dropped 3%, and Hensoldt slid 3%. In the U.K., Babcock International also weakened, closing 1.7% lower. The pullback reflects a recalibration of risk premiums as the probability of a near-term resolution appears diminished.

Geopolitical developments remain central. President Donald Trump rejected Iran's latest counterproposal as "unacceptable," while Israeli Prime Minister Benjamin Netanyahu reiterated that the conflict is ongoing. Simultaneously, comments from Vladimir Putin suggesting a potential end to the war in Ukraine introduced an additional layer of uncertainty, particularly as reports of continued strikes challenged the credibility of any ceasefire narrative.

Energy markets reinforced the geopolitical tension. Brent crude rose 2.4% to $103.77 per barrel, while West Texas Intermediate increased 2.3% to $97.57, reflecting a renewed risk premium tied to Middle East uncertainty.

In aggregate, European markets are demonstrating resilience, but with clear signs of sector-level volatility and heightened sensitivity to geopolitical developments. The current environment favors selective positioning, as macro stability competes with persistent geopolitical risk in shaping market direction.

Price Check Ahead: Updated Inflation Nowcasting

Inflation remains the central variable for markets this week, but the latest **Inflation nowcasting d**ata introduces a more constructive shift in the trajectory. Updated estimates now place April **headline CPI at 3.56% year-over-year and core CPI at 2.56%**, signaling that underlying price pressures are moderating more decisively than previously expected, even as headline inflation continues to reflect the influence of energy markets.

While inflation is still above the Federal Reserve's 2% target, the data's composition is increasingly favorable. The gap between headline and core inflation underscores that external factors—particularly oil price volatility tied to geopolitical developments involving Iran—remain the primary contributors to elevated readings. Beneath that layer, core inflation is trending toward levels more consistent with long-term price stability.

This evolving profile has important implications for monetary policy. The Federal Reserve is expected to remain on hold in the near term, supported by a still-resilient labor market and steady economic activity. However, the continued moderation in core CPI strengthens the argument that policy is already sufficiently restrictive. If this trend is confirmed in the official release—and particularly if energy pressures stabilize—the probability of a rate cut in the second half of 2026 increases meaningfully.

From a market standpoint, this update reinforces current positioning. Equities, led by the S&P 500, have been pricing in a controlled disinflation scenario, and these figures validate that thesis. It reduces the risk of a hawkish surprise and supports the view that the broader equity cycle remains intact, albeit increasingly dependent on confirmation rather than momentum.

The bottom line is that inflation is transitioning from a structural headwind to a moderating variable—still above target, still sensitive to external shocks, but moving in a direction that supports both policy flexibility and sustained market stability.

Earnings Power vs. Geopolitical Risk

The defining feature of the current market cycle is the dominance of earnings over macro uncertainty. Despite intermittent volatility tied to developments in the Middle East, corporate performance has decisively anchored valuations.

Following a ~9% correction in March, the S&P 500 has staged a sharp recovery, driven by two primary forces:

1. **Earnings Strength**
    - 90% of companies have reported
    - 84.3% exceeded expectations (vs. 5-year avg. 78%)
    - Average earnings surprise: +18.6% (vs. 7.3% avg.)
    - Q1 earnings growth tracking ~26%
    - Full-year earnings expected to rise ~21%

2. **Geopolitical Stabilization (at the margin)**
    - Although unresolved, the situation in Iran has not escalated into systemic disruption, allowing markets to refocus on fundamentals.

This combination has enabled a 16% rally from March lows—an advance that is both significant and, increasingly, priced in.

Strategic View

Markets are entering a phase where validation matters more than velocity.
The near-term outlook suggests a high probability of consolidation. This is not a reversal signal, but a normalization process after an accelerated move higher. Valuations are now more sensitive to incremental changes in inflation, rates, and earnings trajectory.
From a strategic standpoint:

- **Bull case:** Supported by earnings momentum, stable growth, and contained geopolitical risk
- **Bear case:** Anchored in persistent inflation, elevated valuations, and potential external shocks

The balance of evidence still favors the constructive scenario—but with reduced margin for error.
For investors, the discipline remains unchanged: stay invested but emphasize selectivity. Prioritize sectors with durable earnings visibility, pricing power, and structural growth drivers.
Oil remains the key transmission mechanism between geopolitics and inflation. Its trajectory will continue to influence both policy expectations and market multiples.
Absent a material escalation in geopolitical risk or a negative inflation surprise, the broader trend for equities remains upward—but increasingly dependent on confirmation, not momentum.

GDPNow Update:

- The GDPNow for the second quarter of 2026 was updated on May 8 and remains unchanged at **3.70%**.

Economic Data:

- **US Existing Home Sales:** rose to 4.02 million, up from 4.01 million last month.

Eurozone Summary:

- **Stoxx 600:** closed at 612.79, up 0.65 points or 0.11%.
- **FTSE 100:** closed at 10,269.43, up 36.36 or 0.36%.
- **DAX Index:** closed at 24,350.28, up 11.65 points or 0.048%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,704.47, up 95.31 points or 0.19%
- **S&P 500:** closed at 7,412.84, up 13.91 points or 0.19%.

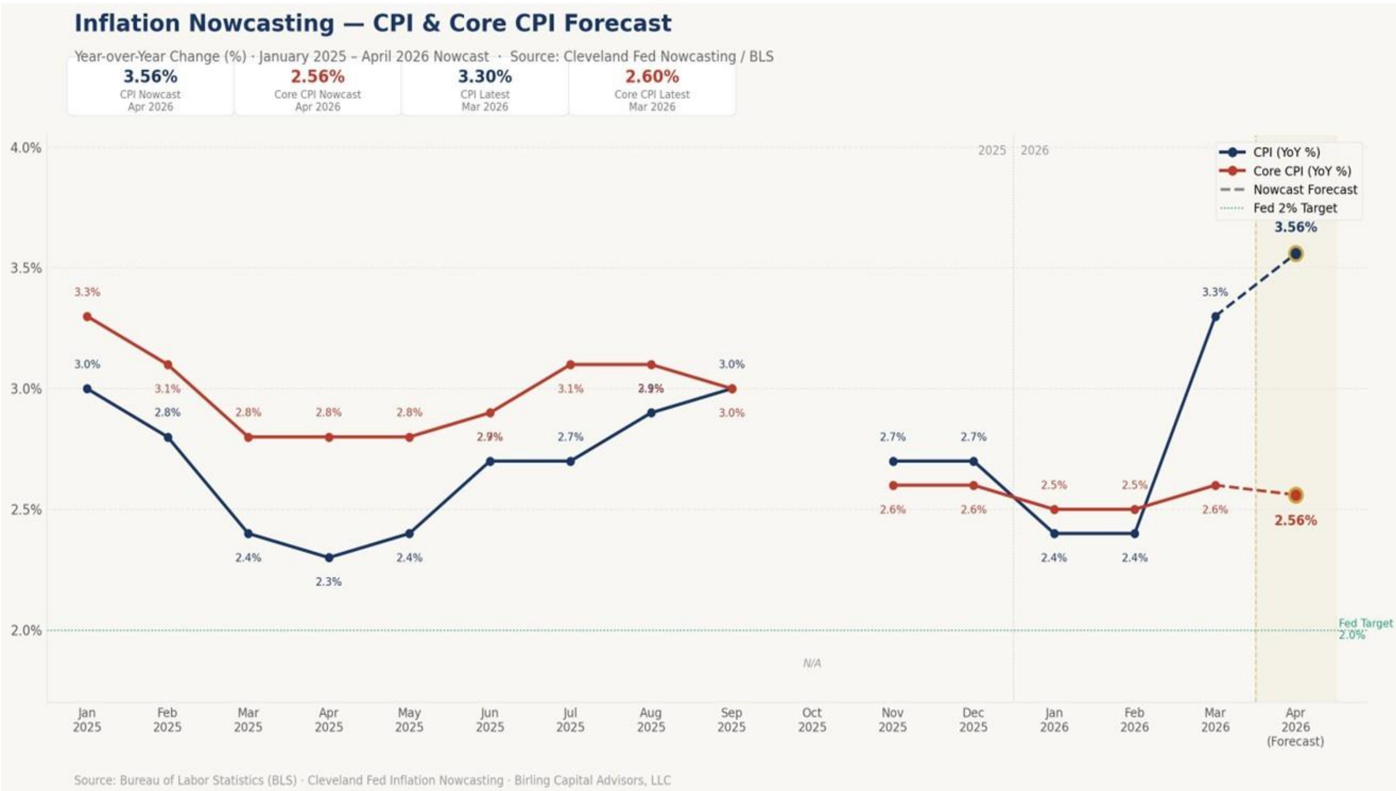
- **Nasdaq Composite:** closed at 26,274.13, up 27.05 points or 0.10%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,295.56, up 35.80 points or 0.80%.
- **Birling Capital U.S. Bank Index:** closed at 9,070.05, down 121.57 points or 1.32%
- **U.S. Treasury 10-year note:** closed at 4.42%.
- **U.S. Treasury 2-year note:** closed at 3.95%.

GDPNow

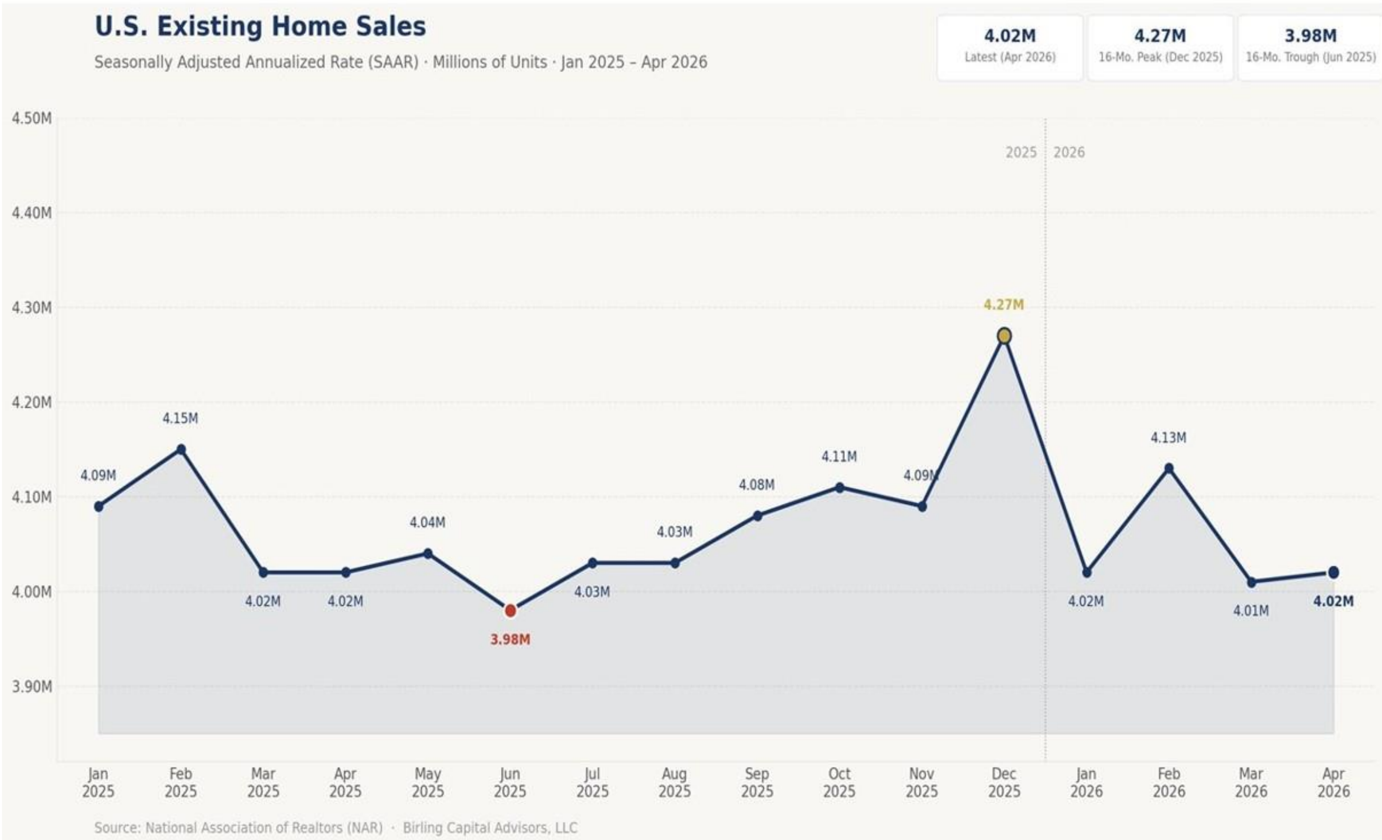
Second Quarter 2026

Inflation Nowcasting

April 2026



US Existing Home Sales 1/2025 to 4/2026



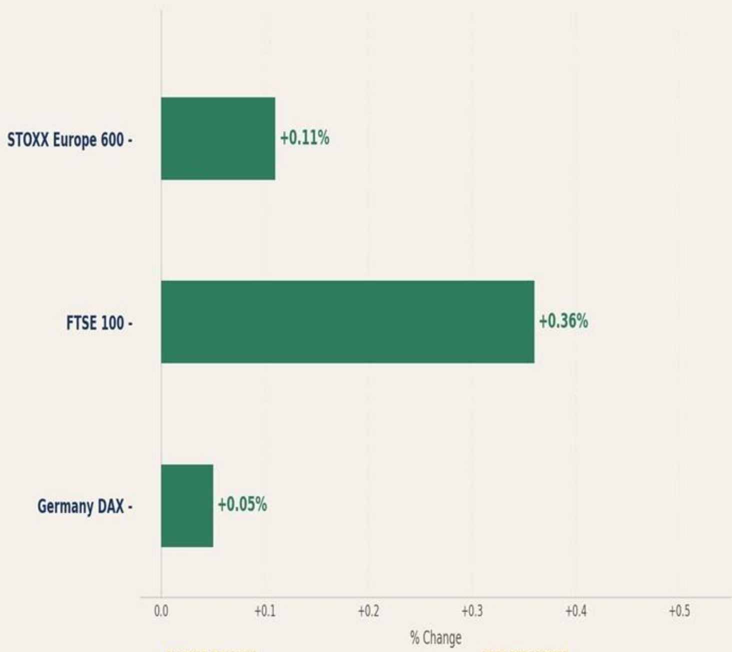
BIRLING CAPITAL ADVISORS, LLC

European Markets Summary May 11,2026

EUROPEAN MARKETS SUMMARY

Birling Capital Advisors, LLC

Major European Equity Indices | May 11, 2026 | All 3 Markets Higher



Ticker	Index	Level	Change	% Chg
.STOXX	STOXX Europe 600	612.79	+0.65	+0.11%
.FTSE	FTSE 100	10,269.43	+36.36	+0.36%
.GDAXI	Germany DAX	24,350.28	+11.65	+0.05%

MARKET BREADTH
All 3 Higher

BEST PERFORMER
FTSE 100 +0.36%

WORST PERFORMER
Germany DAX +0.05%

AVERAGE CHANGE
+0.17%

Think Strategically™

VAL
Dow Jones Industrial Average Level 49704.47
49704.47
46000.00
44000.00
VAL
S&P 500 Level 7412.84
7412.84
6500.00
6000.00
VAL
Nasdaq Composite Level 26274.13
26274.13
24000.00
22000.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 4295.56
4500.00
4295.56
4000.00
3750.00
VAL
Birling Capital U.S. Bank Index Level 9070.05
9600.00
9070.05
8400.00
7800.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26