

Dow Reclaims 50,000 as Earnings Strength and U.S.–China Signals Lift Markets

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The U.S. and European stock markets closed higher, as equities rallied on strong corporate earnings and constructive geopolitical signals, with the Dow Jones Industrial Average reclaiming the 50,000 milestone for the first time since February. The advance underscores a defining feature of the current cycle: markets continue to reward earnings strength and forward guidance, even as inflation pressures and geopolitical risks persist in the background.

Investor sentiment was further supported by developments from the high-level meeting between Donald Trump and Xi Jinping, where both sides emphasized the importance of keeping the Strait of Hormuz open, easing concerns around a critical global energy chokepoint.

U.S. Markets

U.S. equities closed sharply higher, led by a surge in blue-chip and technology-linked names, with the **Dow Jones Industrial Average rising 372 points, or 0.8%**, to retake the 50,000 level decisively. The move marks a significant technical and psychological milestone, reinforcing bullish momentum across major indices.

The **S&P 500 gained 0.7%**, while the **Nasdaq Composite advanced 0.8%**, with both indices reaching fresh intraday record highs, supported by continued strength in large-cap growth and semiconductor stocks.

A key catalyst for the session was Cisco Systems, whose shares surged **12%** after delivering stronger-than-expected quarterly results and issuing upbeat guidance. The company also announced a workforce reduction of approximately 4,000 employees, signaling ongoing cost discipline alongside growth execution.

The rally was further amplified by gains in Nvidia, which rose more than **4%** following reports that the U.S. government has cleared several Chinese firms to purchase its advanced H200 chips—an important signal of selective easing in technology trade restrictions. Amazon also contributed to the advance, reinforcing the dominance of mega-cap leaders in driving index performance.

The rally's magnitude reflects the broader earnings narrative. Corporate fundamentals remain robust, particularly among large-cap companies, where earnings growth continues to exceed expectations. Cisco alone has gained approximately **46% over the past two months**, while Nvidia and Amazon have advanced **30% and 28%**, respectively—illustrating the concentrated but powerful leadership driving the market higher.

Notably, this advance is occurring amid persistent geopolitical tensions in the Middle East and elevated oil prices, which continue to sustain inflationary concerns. However, the market's ability to climb in this environment suggests that earnings visibility and policy clarity currently outweigh macro risks.

European Markets

European markets closed higher, as investors navigated a complex mix of political developments in the U.K. and global geopolitical dynamics tied to the ongoing summit between Donald Trump and Xi Jinping.

The pan-European **Stoxx 600** advanced **0.7%**, with most sectors and major bourses finishing in positive territory, reflecting a broadly constructive risk environment across the region.

Sector performance highlighted a divergence in leadership:

- **Technology and media stocks** led the advance, benefiting from global growth optimism and continued momentum in innovation-driven sectors.
- **Mining and banking stocks** lagged, weighed down by commodity sensitivity and interest rate uncertainty.

In the United Kingdom, political instability remained a central focus for markets. Prime Minister Keir Starmer faces mounting pressure, with reports suggesting potential leadership challenges, including from Health Secretary Wes Streeting. At the same time, Angela Rayner returned to the spotlight after being cleared by tax authorities, further shaping the evolving political landscape.

This uncertainty is being closely monitored through financial conditions. **U.K. government bond yields (gilts)** declined across the curve, with the **10-year yield falling approximately 7 basis points**, signaling a modest flight to quality. Meanwhile, the **British pound weakened by 0.3% against the U.S. dollar**, reflecting investor caution.

On the geopolitical front, President Trump's visit to China remains a key catalyst for global markets. The delegation includes prominent business leaders such as Elon Musk and Jensen Huang, underscoring the economic significance of the trip. Early commentary from both sides has been constructive, with expectations that improved U.S.–China relations could support global trade and investment flows.

In corporate developments, Burberry shares declined **6.8%** after the company reported weaker performance in Europe and the Middle East, highlighting ongoing challenges in its turnaround strategy.

Overall, European markets demonstrated resilience, advancing despite elevated political uncertainty, supported by global growth expectations and optimism surrounding high-level diplomatic engagement.

U.S. Economic Highlights

Consumer Spending Continues to Lead the Expansion

Economic data released today confirmed that the U.S. consumer remains a critical pillar of growth, demonstrating resilience amid rising inflation pressures.

- **Retail sales increased 0.5% month-over-month in April**, marking the third consecutive monthly gain.
- Excluding gasoline, **retail spending rose 0.3%**, signaling continued strength in core consumption.
- Core spending trends accelerated to approximately **6% annualized growth** over March and April.

While higher gasoline prices—reflected in a **0.6% monthly increase in CPI**—contributed to the headline figures, underlying demand remains robust. Consumers have not materially reduced discretionary spending, supported by **solid labor market conditions** and **larger tax refunds**, which continue to provide liquidity.

Initial unemployment claims remain low, reinforcing labor market stability. While sustained inflation—particularly from energy—could test consumption, current conditions suggest that household spending remains well-positioned to support ongoing economic expansion.

Geopolitics & Global Markets

Trump–Xi Talks Shape Market Expectations

Markets remained focused on developments from the high-level meetings between Donald Trump and Xi Jinping, which carry significant implications for trade policy, global supply chains, and geopolitical stability.

While early discussions included firm rhetoric surrounding Taiwan, the broader tone shifted toward constructive engagement, with both leaders highlighting the potential for stronger economic ties and expanded cooperation.

Investors are closely monitoring whether these discussions lead to:

- Progress on **tariffs or trade agreements**
- De-escalation of tensions linked to the **Iran conflict**
- Efforts to **reopen key energy supply routes**, particularly the Strait of Hormuz

Any tangible progress would likely ease supply-side pressures, especially in energy markets, and reinforce the current risk-on environment.

Strategic View

Today's session underscores the market's ability to look through near-term inflation volatility and geopolitical uncertainty, focusing instead on the strength of underlying economic fundamentals. The U.S. consumer remains the central driver of this cycle. As long as consumption holds firm, supported by employment and income stability, the broader expansion remains intact. At the same time, elevated oil prices remain the key transmission channel between geopolitics and inflation. Markets are increasingly comfortable with a "higher-for-longer" rate environment, provided growth and earnings remain resilient. This dynamic is allowing equities to continue advancing, supported by both macro stability and improving global dialogue.

Looking ahead, the trajectory of oil prices, outcomes from the Trump–Xi summit, and the sustainability of consumer spending will remain the critical variables shaping market direction.

GDPNow Tracker:

- The GDPNow for the second quarter 2026 was updated today to **4.00%**, up from 3.70%, for an **8.11% increase**.

Economic Data:

- **US Initial Claims for Unemployment Insurance:** rose to 211,000, up from 199,000 last week, increasing by 6.03%
- **US Retail and Food Services Sales MoM:** fell 0.49%, compared to 1.63% last month.
- **US Export Prices YoY:** rose to 8.80%, compared to 5.40% last month.
- **US Import Prices YoY:** rose to 4.20%, compared to 2.30% last month.
- **US Wholesalers Inventories MoM:** is at 1.35%, compared to 0.94% last month.
- **US Business Inventories MoM:** rose to 0.87%, compared to 0.35% last month.
- **30 Year Mortgage Rate:** rose to 6.37%, compared to 6.30% last week.
- **Canada Wholesale Sales MoM:** rose to 13.64%, compared to 2.61% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 616.05, up 4.63 points or 0.76%.
- **FTSE 100:** closed at 10,372.93, up 47.58 or 0.46%.
- **DAX Index:** closed at 24,456.26, up 319.45 points or 1.32%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,063.46, up 370.26 points or 0.75%
- **S&P 500:** closed at 7,501.24, up 56.99 points or 0.77%.
- **Nasdaq Composite:** closed at 26,635.22, up 232.88 points or 0.88%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,142.26, down 49.30 points or 1.18%.
- **Birling Capital U.S. Bank Index:** closed at 8,998.55, down 77.96 points or 0.86%
- **U.S. Treasury 10-year note:** closed at 4.47%.
- **U.S. Treasury 2-year note:** closed at 4.00%.



GDPNow

Second Quarter 2026 Forecast

Atlanta Fed GDPNow — Q2 2026 Real GDP Forecast

Tracking Estimate | April 30 – May 14, 2026 | Annualized Real GDP Growth Rate

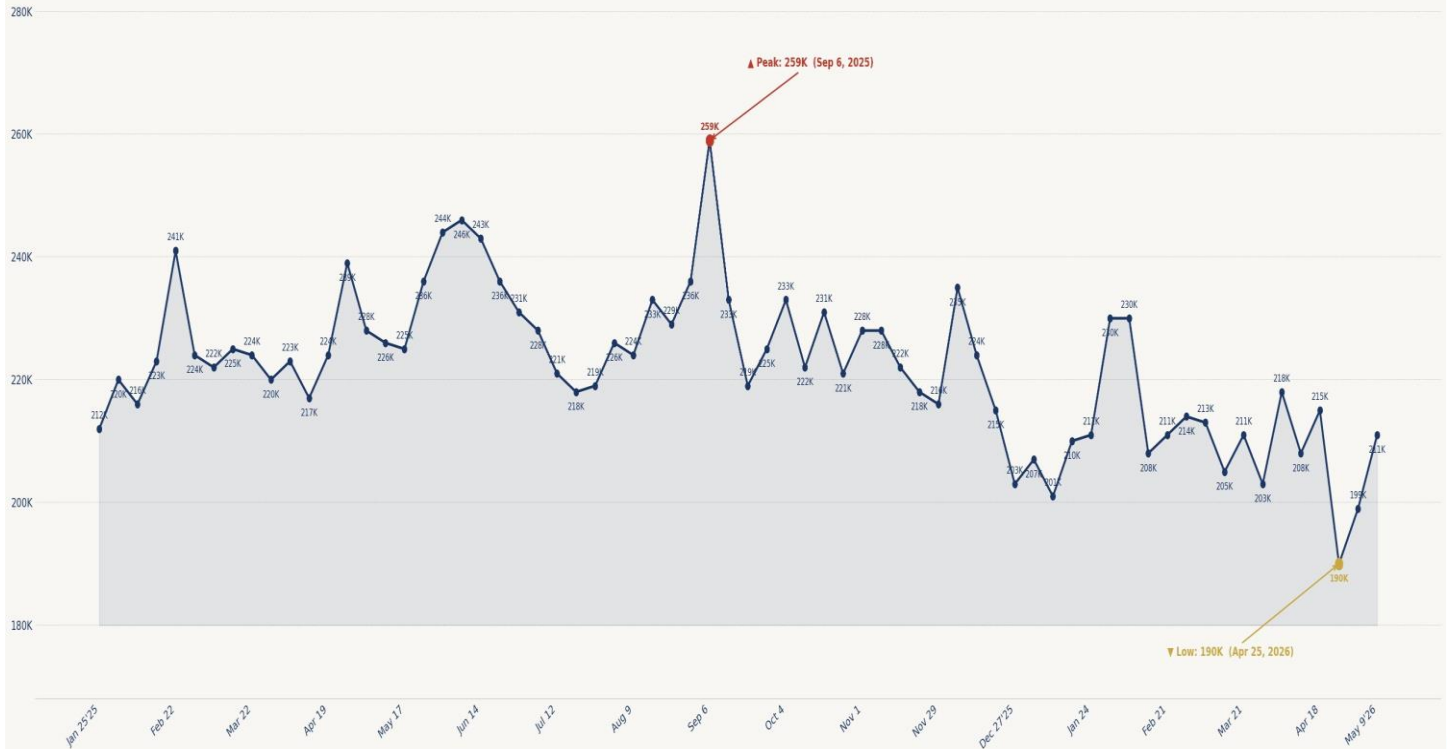


U.S. Initial Claims for Unemployment Insurance May 14, 2026



U.S. Initial Claims for Unemployment Insurance

Weekly | January 25, 2025 - May 9, 2026 • Thousands (000s)



Source: U.S. Department of Labor | Birling Capital Advisors, LLC

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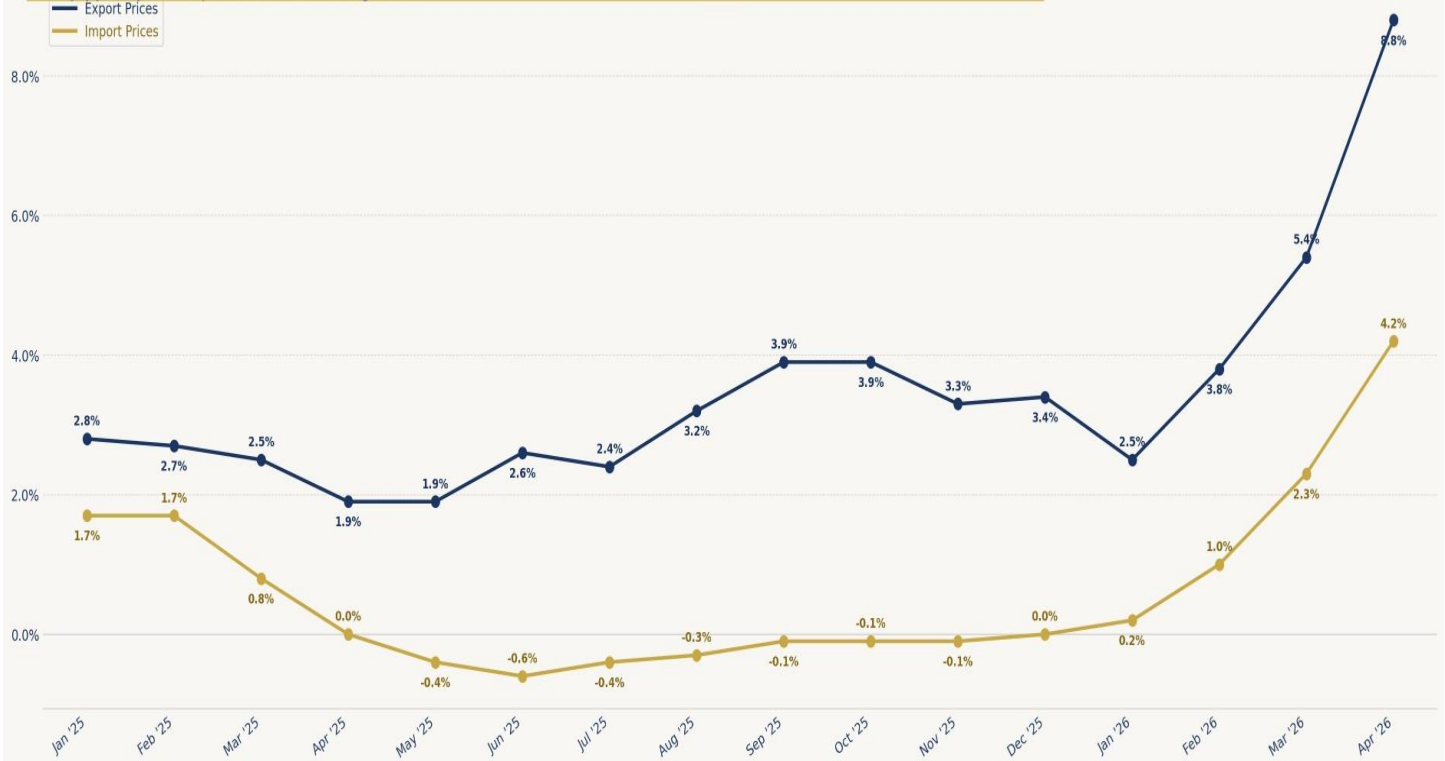
U.S. Export & Import Prices – Year-over-Year Change

May 14, 2026



U.S. Export & Import Prices – Year-over-Year Change

Monthly | January 2025 – April 2026 • Percent Change YoY



Source: U.S. Bureau of Labor Statistics | Birling Capital Advisors, LLC

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U.S. Wholesale & Business Inventories – Month-over-Month Change

May 14, 2026



U.S. Wholesale & Business Inventories – Month-over-Month Change

Monthly | January 2025 – March 2026 • Percent Change MoM



Source: U.S. Census Bureau | Birling Capital Advisors, LLC

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European Markets Summary

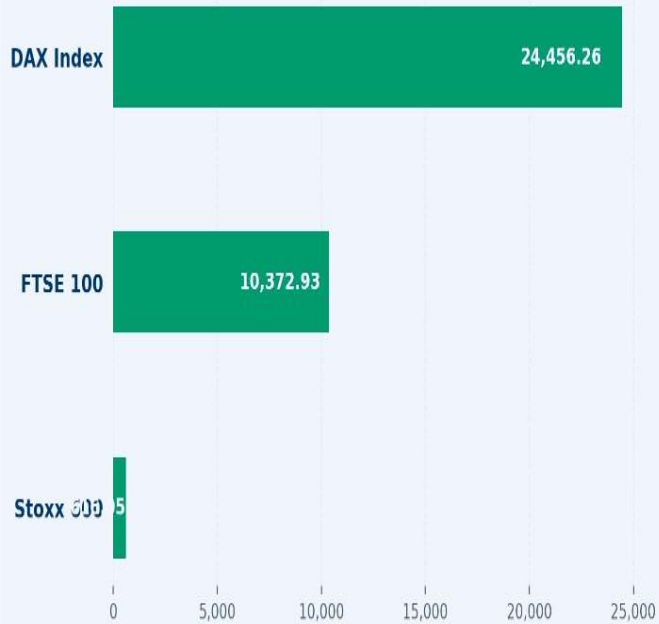
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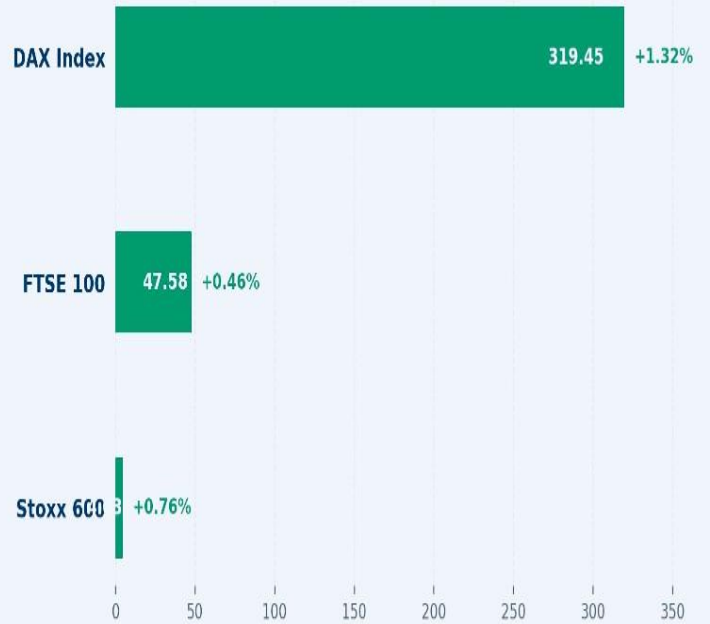
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European Markets Summary

Closing Levels



Point Change



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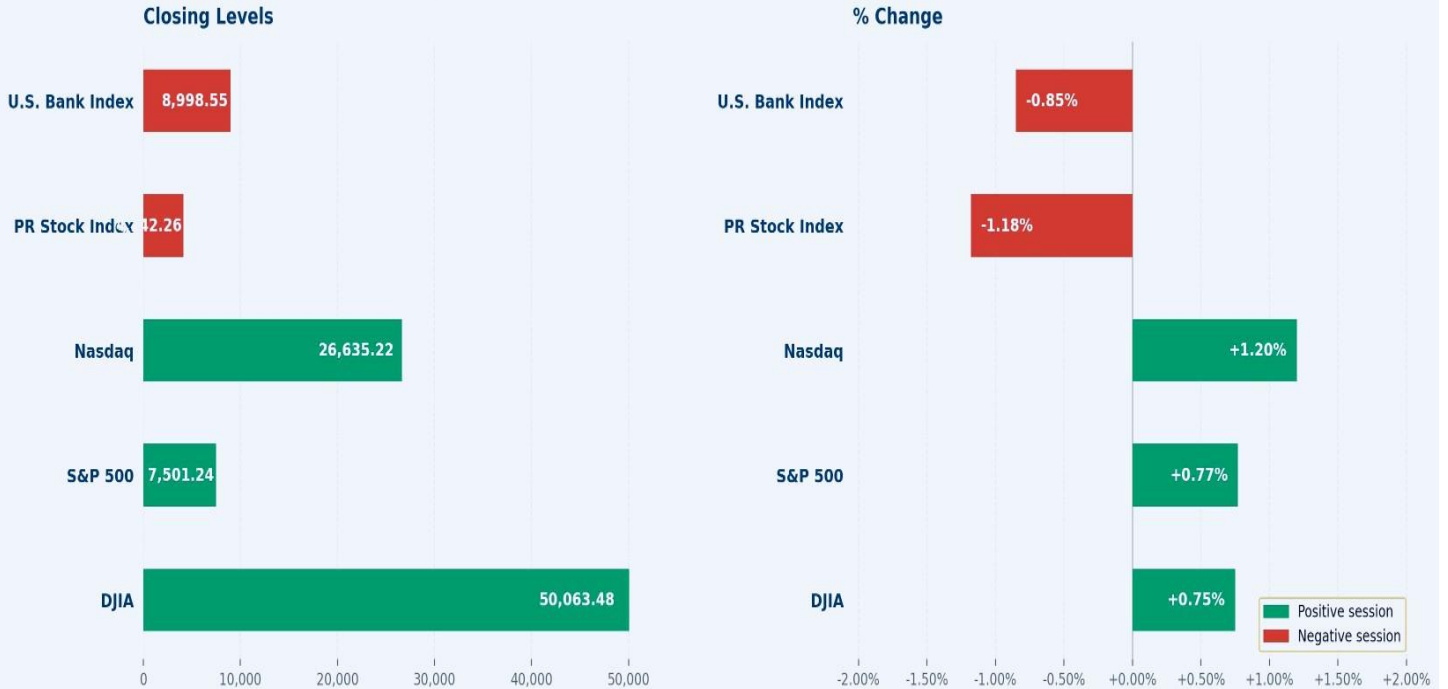
Wall Street Markets Summary

May 14, 2026



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Wall Street Markets Summary



10-Year Treasury
4.47%

2-Year Treasury
4.00%

Yield Spread
+47 bps



Wall Street Recap

May 14, 2026



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