

Markets Slide as Yields Surge and Tech Selloff Accelerates After Trump–Xi Summit

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The U.S. and European stock markets closed lower, as a sharp rise in Treasury yields and renewed weakness in technology stocks triggered a broad-based pullback from recent record highs. Investor sentiment turned more cautious following the conclusion of the summit between Donald Trump and Xi Jinping, which failed to deliver any meaningful policy breakthroughs, reinforcing concerns that geopolitical risks and inflation pressures remain unresolved.

The session marked a notable shift in tone. After weeks of AI-driven momentum pushing equities to historic levels, markets are now confronting a more complex backdrop defined by rising rates, elevated oil prices, and heightened valuation sensitivity—particularly in high-growth sectors.

U.S. Markets

U.S. equities declined sharply, led by a broad selloff in technology stocks and a surge in long-term interest rates that tightened financial conditions and pressured valuations.

The S&P 500 fell 1.24% to close at 7,408.50, while the Nasdaq Composite dropped 1.54% to 26,225.14. The Dow Jones Industrial Average lost 537.29 points, or 1.07%, ending at 49,526.17—falling back below the 50,000 threshold reclaimed just a day earlier.

The decline was driven primarily by profit-taking across semiconductor and AI-linked names following an extended rally. Intel dropped more than 6%, while Advanced Micro Devices and Micron Technology fell 5.7% and 6.6%, respectively. NVIDIA declined 4.4%, reflecting heightened sensitivity to valuation as yields rose. Recent IPO momentum also reversed, with Cerebras Systems retreating sharply after its debut-driven surge.

An exception in the technology space was Microsoft, which gained approximately 3% following news of Pershing Square's strategic investment position, underscoring that select large-cap names continue to attract institutional capital even amid broader sector weakness.

The bond market was a central driver of the equity pullback. The U.S. 30-year Treasury yield surged above 5.1%, reaching levels not seen in over a decade, as inflation concerns intensified. A series of stronger-than-expected inflation readings this week—combined with rising oil prices—has reinforced expectations that monetary policy may remain tighter for longer.

Energy markets added to the pressure. U.S. crude (WTI) rose 4.2% to settle at \$105.42 per barrel, while Brent crude climbed to \$109.26, reflecting ongoing geopolitical tensions. Comments from President Trump signaling limited patience with Iran heightened concerns that supply disruptions could persist, sustaining upward pressure on energy prices and inflation.

On the geopolitical front, the Trump–Xi summit concluded with modest outcomes. While both sides agreed on the strategic importance of keeping the Strait of Hormuz open, the absence of substantive agreements disappointed markets. Announcements such as incremental aircraft purchases from Boeing were viewed as underwhelming, further contributing to the stock's continued weakness.

Despite the pullback, the broader narrative remains nuanced. The recent rally has been heavily concentrated on a narrow group of mega-cap technology companies, raising concerns about

market breadth and sustainability. As leadership narrows, volatility tends to rise, particularly when macro conditions—such as rising rates—challenge the dominant growth narrative.

European Markets

European equities closed decisively lower, with the Stoxx 600 falling approximately 1.6% amid resurfacing inflation concerns following a week of stronger-than-expected U.S. data and rising energy prices. The sell-off was broad, with major indices across London, Paris, Frankfurt, and Milan all ending the session in negative territory.

Cyclically sensitive sectors bore the brunt of the decline. Mining stocks were particularly weak, reflecting both commodity price volatility and a reassessment of global demand expectations. Sharp declines in gold prices combined with higher oil added pressure to the sector, driving double-digit losses in names such as Antofagasta and Fresnillo.

Amid the broader downturn, select corporate activity provided isolated upside. Shares of The Magnum Ice Cream Company surged following reports of potential private equity interest from firms including Blackstone, highlighting that M&A remains an underlying support mechanism even in risk-off environments.

In the U.K., political developments added another layer of complexity. Prime Minister Keir Starmer is facing renewed leadership pressure as Andy Burnham positions himself for a potential parliamentary return, raising the prospect of a leadership challenge within the Labour Party. Markets interpreted this shift as a potential pivot toward more expansionary fiscal policy, contributing to higher borrowing costs.

The reaction in fixed income and currency markets was notable. U.K. gilt yields surged, with the 10-year benchmark rising sharply, while the British pound extended its decline for a fifth consecutive session against the U.S. dollar. This combination underscores investor sensitivity to fiscal credibility and policy direction in an already inflationary environment.

European markets also tracked weakness across Asia, where risk sentiment deteriorated overnight. Broad declines across Japan, Hong Kong, and mainland China reinforced the global nature of the risk-off move, further weighing on European equities.

Global Rates & Macro Pressures

Bond markets remain the primary source of tension across asset classes. A synchronized rise in global yields is reflecting a complex mix of inflation concerns, fiscal expansion, and policy uncertainty. U.S. long-duration yields have climbed to multi-decade highs, with the 30-year Treasury reaching levels not seen since 2007. This trend is mirrored globally: Japan's 30-year yield has approached 4% for the first time in over two decades, while U.K. long bonds are trading at their highest yields in nearly 30 years amid ongoing political and fiscal uncertainty.

Recent inflation data—including a sharp acceleration in U.S. producer prices—has shifted market expectations, with investors now assigning a roughly two-thirds probability to an additional Federal Reserve rate hike later this year. At the same time, fiscal responses aimed at cushioning higher energy costs—such as potential fuel tax relief in the U.S., stimulus measures in Japan, and expanded public spending in the U.K.—are complicating the inflation outlook and weighing on bond investor confidence.

This divergence between equity and fixed income markets is becoming more pronounced. While equities have been anchored by strong earnings and structural growth themes, bond markets are increasingly focused on inflation persistence, elevated oil prices, and fiscal risks. The recent rise in yields is approaching levels that could begin to exert more sustained pressure on equity valuations.

Energy & Inflation Linkages

Oil prices continue to act as the critical transmission mechanism between geopolitics and inflation expectations. The recent upward movement in crude has reinforced concerns that energy could prolong inflationary pressures, particularly if disruptions persist.

However, the structural backdrop suggests this may be a transitory shock. Prior to the escalation of tensions in the Middle East, global supply exceeded demand. Should conditions stabilize—particularly in key transit routes such as the Strait of Hormuz—oil prices are likely to normalize toward pre-conflict levels, easing inflationary pressures and reducing the need for aggressive monetary tightening.

Earnings & AI Leadership: Focus on NVIDIA

As earnings season draws to a close, the underlying message remains constructive. Approximately 90% of S&P 500 companies have reported results that broadly exceeded expectations, driving a significant upward revision in earnings growth.

Current estimates suggest earnings per share growth tracking near 26%, a substantial increase from roughly 12% at the end of the quarter. This reinforces the central role of corporate profitability as the primary driver of equity markets in the current cycle.

Within this context, artificial intelligence remains the dominant structural theme. NVIDIA stands at the center of this narrative, representing nearly 9% of the S&P 500. Its upcoming earnings release is expected to be a key inflection point, with markets closely focused on both results and forward guidance as proxies for AI-driven capital expenditure and demand sustainability.

U.S. Industrial Production: Tentative Recovery

40 months of U.S. Industrial Production data reveal an economy that repeatedly seeks momentum and repeatedly loses it. From January 2023 through April 2026, positive and negative months have alternated with near-mechanical regularity — bursts of output followed by swift reversals, with no sustained expansionary run exceeding two consecutive months.

The low point came in January 2024 at -1.37%, the worst reading in the series. The high points — February 2024's +1.07%, December 2024's +1.04%, and February 2025's +1.03% — each proved short-lived, giving way to contraction within one to two months.

April 2026's +0.68% is the most encouraging recent print, but history in this dataset counsels caution. The pattern has been consistent: strong months invite optimism, then retract. Whether April marks a genuine inflection or another head fake is the defining industrial question of the year.

U.S. industrial output is not in crisis — but it is not in recovery either. It is in suspension, waiting for a catalyst strong enough to break a 40-month cycle of advance and retreat.

The Final Word

Markets are entering a more balanced—and more demanding—phase, where macro forces, particularly interest rates and energy prices, are reasserting themselves alongside still-solid earnings momentum.

The recent pullback reflects a necessary repricing driven by higher yields rather than a deterioration in corporate fundamentals. However, the move in rates—especially at the long end—has reached levels that are beginning to pressure equity valuations, particularly in high-growth and technology sectors that have led this cycle.

As long as earnings' momentum remains intact, the market retains a fundamental anchor. But the path forward is no longer valuation-expansion driven—it is earnings-dependent and increasingly rate-constrained.

For investors, the implication is not to step away, but to become more disciplined. Selectivity is critical: prioritize companies with durable earnings visibility, pricing power, and structural tailwinds such as AI, while managing exposure to rate-sensitive segments.

In the near term, markets will remain headline- and yield-driven. Over the medium term, earnings will continue to define direction—but only if they are strong enough to offset the rising cost of capital.

Economic Data:

- **US Industrial Production MoM:** rose to 0.68%, compared to -0.29% last month.
- **Canada Manufacturing Shipments:** rose to 73.57B, up from 71.41B last month, an increase of 3.02%.

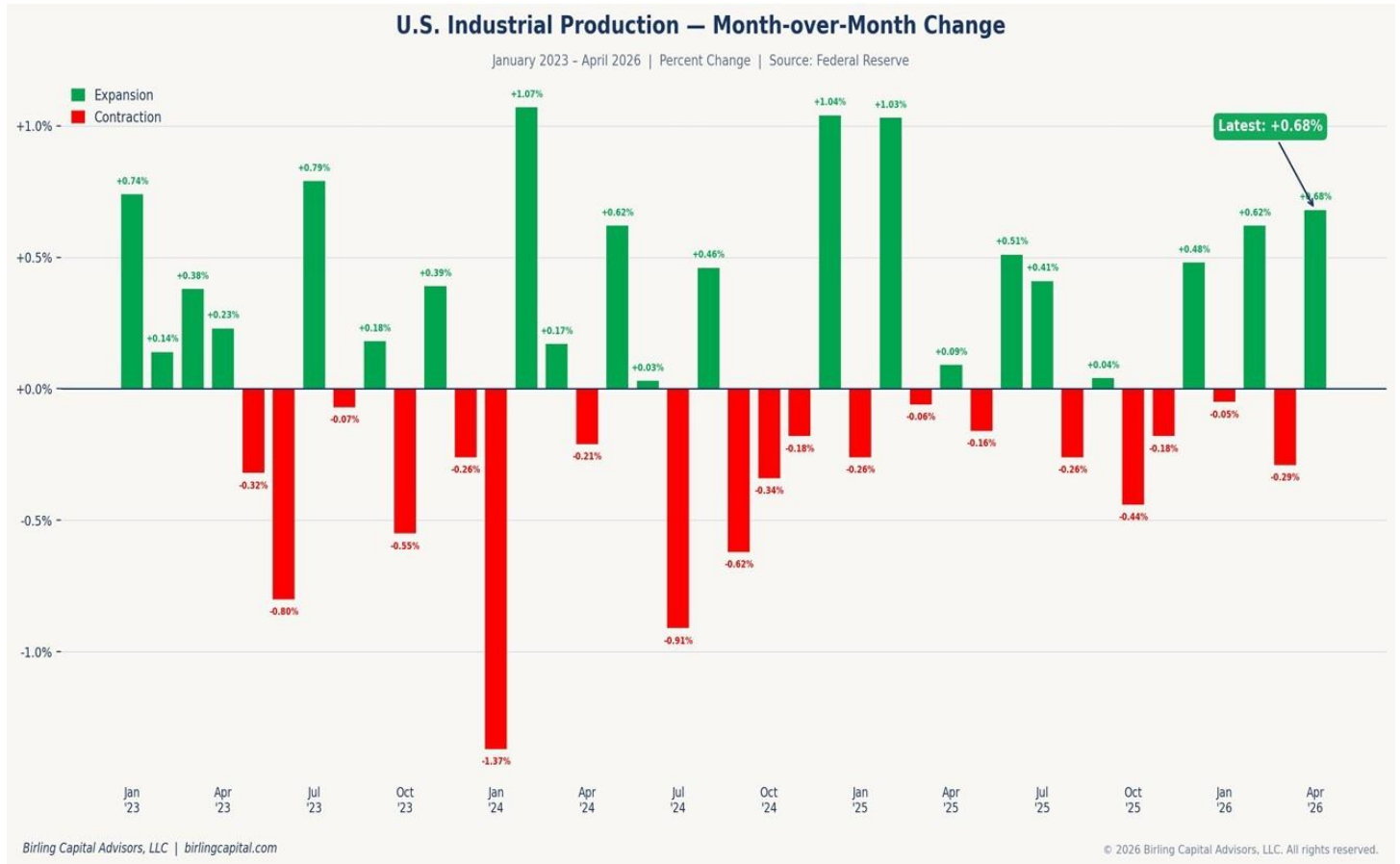
Eurozone Summary:

- **Stoxx 600:** closed at 606.92, down 9.13 points or 1.48%.
- **FTSE 100:** closed at 10,195.57, down 177.56 or 1.71%.
- **DAX Index:** closed at 23,950.57, down 505.69 points or 2.07%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,526.17, down 537.29 points or 1.07%
- **S&P 500:** closed at 7,408.50, down 92.74 points or 1.24%.
- **Nasdaq Composite:** closed at 26,225.14, down 410.07 points or 1.54%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,169.92, up 27.66 points or 0.67%.
- **Birling Capital U.S. Bank Index:** closed at 9,039.18, up 40.64 points or 0.45%
- **U.S. Treasury 10-year note:** closed at 4.59%.
- **U.S. Treasury 2-year note:** closed at 4.06%.

US Industrial Production-MOM Change Jan-2023 to April-2026





European Markets Summary

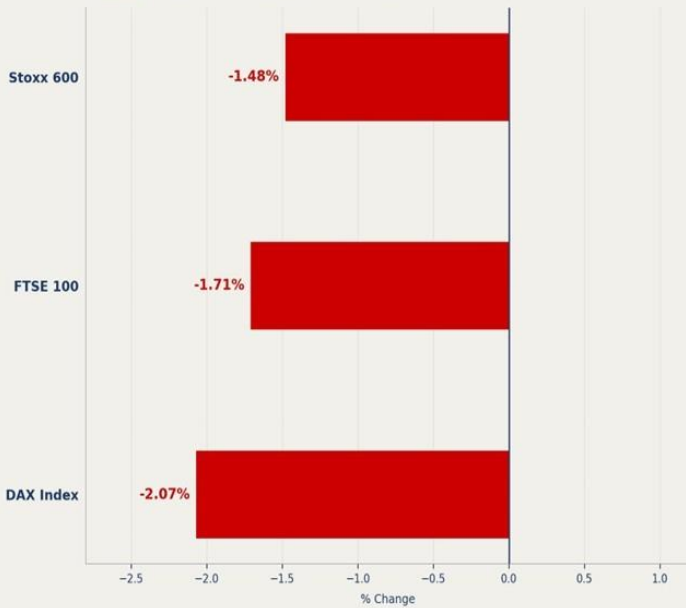
May 15, 2026

European Markets Summary

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European Markets Summary
Major European Equity Indices - May 15, 2026 - All 3 Indices Declined

Birling Capital Advisors, LLC



Index	Close	Change	% Chg
Stoxx 600	606.92	▼ -9.13	▼ -1.48%
FTSE 100	10,195.57	▼ -177.56	▼ -1.71%
DAX Index	23,950.57	▼ -505.69	▼ -2.07%

Source: Stoxx · London Stock Exchange · Deutsche Börse · Birling Capital Advisors, LLC



Wall Street Summary

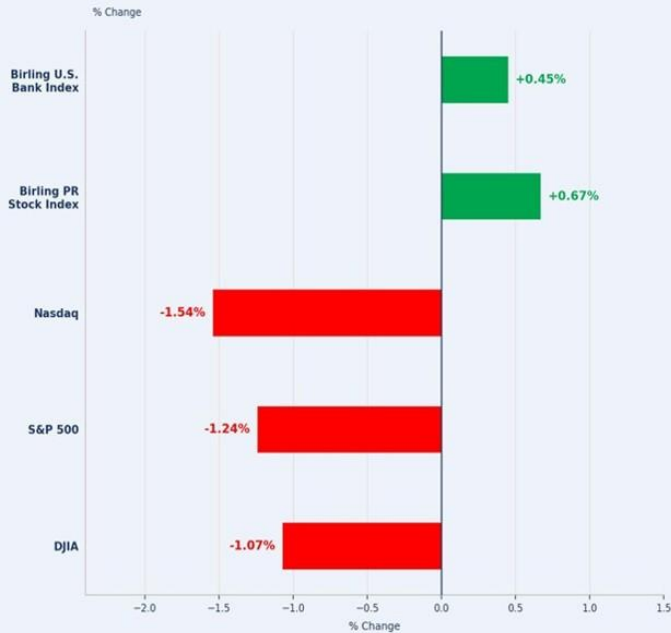
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DJIA	49,526.17	▼ -537.29	▼ -1.07%
S&P 500	7,408.50	▼ -92.74	▼ -1.24%
Nasdaq Composite	26,225.14	▼ -410.07	▼ -1.54%
Birling PR Stock Index	4,169.92	▲ +27.66	▲ +0.67%
Birling U.S. Bank Index	9,039.18	▲ +40.64	▲ +0.45%

U.S. Treasury Yields	
10-Year Note	4.59%
2-Year Note	4.06%

Source: NYSE - Nasdaq - Birling Capital Advisors, LLC

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