Markets Close Mixed as Tech Weakness Extends Losses, Oil Volatility and Rising Yields Weigh on Sentiment

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The U.S. and European stock markets closed mixed, as continued weakness in technology shares offset gains in cyclical sectors, while investors navigated rising oil prices, elevated bond yields, and persistent geopolitical uncertainty tied to the U.S.–Iran conflict.

The session reflects a market at an inflection point—where strong earnings momentum is being challenged by tightening financial conditions and geopolitical risk, forcing investors to reassess positioning after a sustained run to record highs.

U.S. Markets

U.S. equities delivered a mixed performance, with the Nasdaq Composite posting its second consecutive decline amid renewed weakness in semiconductor and artificial intelligence-related stocks. The Nasdaq fell 0.51% to 26,090.73, while the S&P 500 slipped 0.07% to 7,403.05. In contrast, the Dow Jones Industrial Average gained 159.95 points, or 0.32%, closing at 49,686.12.

The divergence underscores a rotation away from high-valuation technology names toward more defensive and cyclical segments, as investors react to higher interest rates and rising input costs.

The technology sector came under notable pressure, led by weakness in memory chip manufacturers. Seagate Technology declined nearly 7% after management signaled that new capacity expansion would take longer than expected, raising concerns about the industry's ability to meet accelerating demand. The commentary reverberated across the sector, dragging Micron Technology down nearly 6%, while Western Digital and SanDisk fell 4.8% and 5.3%, respectively. Broader AI-linked names also softened, with NVIDIA and Broadcom each declining around 1%, signaling a pause in the momentum that has driven markets to recent highs.

This pullback follows a sharp rise in global bond yields, which continues to pressure equity valuations—particularly in growth-oriented sectors. The U.S. 30-year Treasury yield remains near its highest level in over a year, while long-duration yields in the U.K. and Japan have reached multi-decade highs, tightening global financial conditions.

Energy markets remain a central driver of sentiment. West Texas Intermediate (WTI) crude rose approximately 3% to settle near $108.66 per barrel, while Brent crude advanced above $112, as geopolitical tensions surrounding Iran and the Strait of Hormuz continue to elevate supply risk premiums.

However, oil gains moderated after Donald Trump indicated a delay in potential military action, citing ongoing diplomatic efforts supported by Gulf states. While this introduced near-term relief, uncertainty about the conflict's trajectory remains high.

From a policy perspective, inflation remains the dominant factor in the outlook. Recent data, combined with rising energy prices, has significantly reduced expectations for near-term Federal Reserve rate cuts. Markets are increasingly pricing a prolonged period of restrictive policy, reinforcing a "higher-for-longer" rate environment.

The combination of elevated yields, persistent inflation pressures, and geopolitical uncertainty suggests that equities may enter a more constrained trading range in the near term, with direction increasingly dependent on developments in energy markets and global policy signals.

European Markets

European equities rebounded to close higher, reversing early-session weakness as investors recalibrated risk following escalating rhetoric from Donald Trump toward Iran, which intensified focus on geopolitical risk and energy markets.

The pan-European Stoxx 600 advanced 0.3%, with major indices in London, Paris, and Frankfurt all finishing in positive territory. The recovery was led by energy stocks, which gained approximately 2% as oil prices surged amid renewed concerns about supply disruptions tied to the U.S.–Iran conflict.

Markets shifted direction after President Trump warned Iran to "move fast" toward a peace agreement, stating that "the clock is ticking" and cautioning that failure to act could have severe consequences. The remarks, delivered via Truth Social, underscored the growing urgency—and fragility—of ongoing negotiations, which appear increasingly deadlocked.

Despite the geopolitical tension, European equities demonstrated resilience, supported by sector rotation and selective corporate strength. Ryanair shares surged 5% after reporting a 40% increase in annual after-tax profit to €2.3 billion, with management signaling proactive fuel hedging strategies covering 80% of summer demand and contingency planning for extreme volatility in energy markets.

Oil markets moved sharply higher, with Brent crude rising 1.53% to $110.93 per barrel and U.S. WTI advancing 1.4% to $106.90, reinforcing inflationary concerns across the region. The rise in energy prices coincides with a gathering of G7 finance ministers and central bankers in Paris, where inflation dynamics and energy security are expected to dominate discussions.

At the same time, sovereign bond markets remained under pressure. The U.S. 10-year Treasury yield hovered near 4.6%, while U.K. gilt yields reached approximately 5.16%, and German bund yields climbed above 3.17%. The synchronized rise in yields across developed markets reflects persistent inflation expectations and underscores the tightening of global financial conditions.

In contrast to weaker Asia-Pacific markets, Europe's rebound highlights a divergence in regional sentiment, with investors there balancing geopolitical risk against earnings resilience and sector-specific opportunities.

Energy and Currency Markets

In energy markets, West Texas Intermediate (WTI) crude declined on the session, despite continued geopolitical risks affecting supply routes through the Strait of Hormuz. The pullback suggests a temporary repricing following recent gains, with demand expectations and positioning dynamics offsetting supply concerns.

The U.S. dollar weakened against major currencies, reversing part of last week's strength. This provided a modest tailwind to global equities and eased financial conditions, particularly for multinational and export-oriented sectors.

Fixed Income and Policy Outlook

Bond markets stabilized, with the U.S. 10-year Treasury yield settling near 4.59%, reflecting a modest pullback from recent highs. Despite this pause, the broader trend in global yields remains upward, driven by persistent inflation concerns and evolving expectations for central bank policy.

Markets are increasingly embracing a "higher-for-longer" rate framework, with some scenarios now incorporating the possibility of additional rate hikes rather than near-term cuts. Inflation expectations, as measured by Treasury Inflation-Protected Securities (TIPS), remain elevated at around 2.5%, contributing significantly to the upward pressure on yields.

The Federal Reserve remains in a holding pattern, as its preferred core PCE inflation gauge continues to run near 3.2%, well above target. Elevated energy prices further complicate the policy path, while a resilient labor market allows policymakers to remain patient as they assess inflation's trajectory.

Earnings Week: The Market's Report Card

The week of May 18–22 delivers one of the most consequential earnings lineups of the second quarter. Twelve marquee names across Technology, Retail, Real Estate, and Industrials will collectively test market resilience against persistent tariff uncertainty, elevated rates, and softening consumer sentiment.

The undisputed headliner is **Nvidia**, reporting Wednesday after the close. With Wall Street expecting $1.78 per share on nearly $79 billion in revenue — nearly double last year's figures — the results will either validate or challenge the entire artificial intelligence investment thesis that has anchored the bull market since 2023.

Retail dominates the calendar. Home Depot and Lowe's open the week with a direct read on housing-related spending, **while Target and TJX** test discretionary purchasing under tariff pressure. **Walmart** — now the first brick-and-mortar retailer to carry a trillion-dollar market cap — closes the retail block on Thursday and will be closely watched for any signals on consumer price pass-through. **Toll Brothers offers the lone Real Estate pulse**, and **Deere & Co. speaks to global capex** sentiment in Industrials.

By Friday's close, investors will have a materially clearer picture of where corporate America stands heading into the second half of 2026.

The Final Word

Markets are entering a critical validation phase. Strong earnings have provided a durable foundation, but elevated valuations and shifting rate expectations require confirmation.

NVIDIA's upcoming results will serve as a defining moment—not just for the technology sector, but for the broader market narrative. In the current environment, performance is no longer driven solely by expectations, but by the ability to deliver on them.

Economic Data:

- **NY Fed Business Leaders Survey Current Business Activity:** is at -5.80, up from -14.00 last month.
- **NAHB/Wells Fargo US Housing Market Index:** rose to 37.00, up from 34.00 last month.
- **Japan Real GDP QoQ:** rose to 0.30%, compared to -0.70% last quarter.
- **Japan Industrial Production Index MoM:** is at -0.49%, compared to -2.01% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 610.17, up 3.25 points or 0.54%.
- **FTSE 100:** closed at 10,323.75, up 128.38 or 1.26%.
- **DAX Index:** closed at 24,307.92, up 357.35 points or 1.49%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,686.12, up 159.95 points or 0.32%
- **S&P 500:** closed at 7,403.05, down 5.45 points or 0.07%.
- **Nasdaq Composite:** closed at 26,090.73, down 134.41 points or 0.51%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,157.86, down 12.05 points or 0.29%.
- **Birling Capital U.S. Bank Index:** closed at 8,951.77, down 87.42 points or 0.97%
- **U.S. Treasury 10-year note:** closed at 4.61%.
- **U.S. Treasury 2-year note:** closed at 4.07%.

Earnings Calendar · Week of May 18–22, 2026

Key Companies Reporting by Sector · Most Widely Held

Sector / Company	Ticker	Report Date	Time	EPS Est.
TECHNOLOGY & SEMICONDUCTORS				
Nvidia	NVDA	Wed 5/20	After Hrs	$1.78 / share
Intuit	INTU	Wed 5/20	After Hrs	$12.57 / share
Workday	WDAY	Thu 5/21	After Hrs	$2.52 / share
RETAIL				
Home Depot	HD	Tue 5/19	Pre-Mkt	$3.41 / share
Lowe's	LOW	Wed 5/20	Pre-Mkt	$2.97 / share
Target	TGT	Wed 5/20	Pre-Mkt	$1.42 / share
TJX Companies	TJX	Wed 5/20	Pre-Mkt	$1.02 / share
Walmart	WMT	Thu 5/21	Pre-Mkt	$0.66 / share
Ralph Lauren	RL	Thu 5/21	Pre-Mkt	$2.53 / share
REAL ESTATE				
Toll Brothers	TOL	Tue 5/19	After Hrs	$2.57 / share
INDUSTRIALS				
Deere & Co.	DE	Thu 5/21	Pre-Mkt	$5.70 / share
Booz Allen	BAH	Fri 5/22	Pre-Mkt	$1.34 / share

Source: Kiplinger / Briefing.com / Refinitiv · BO = Before Open · AH = After Hours · Estimates subject to revision

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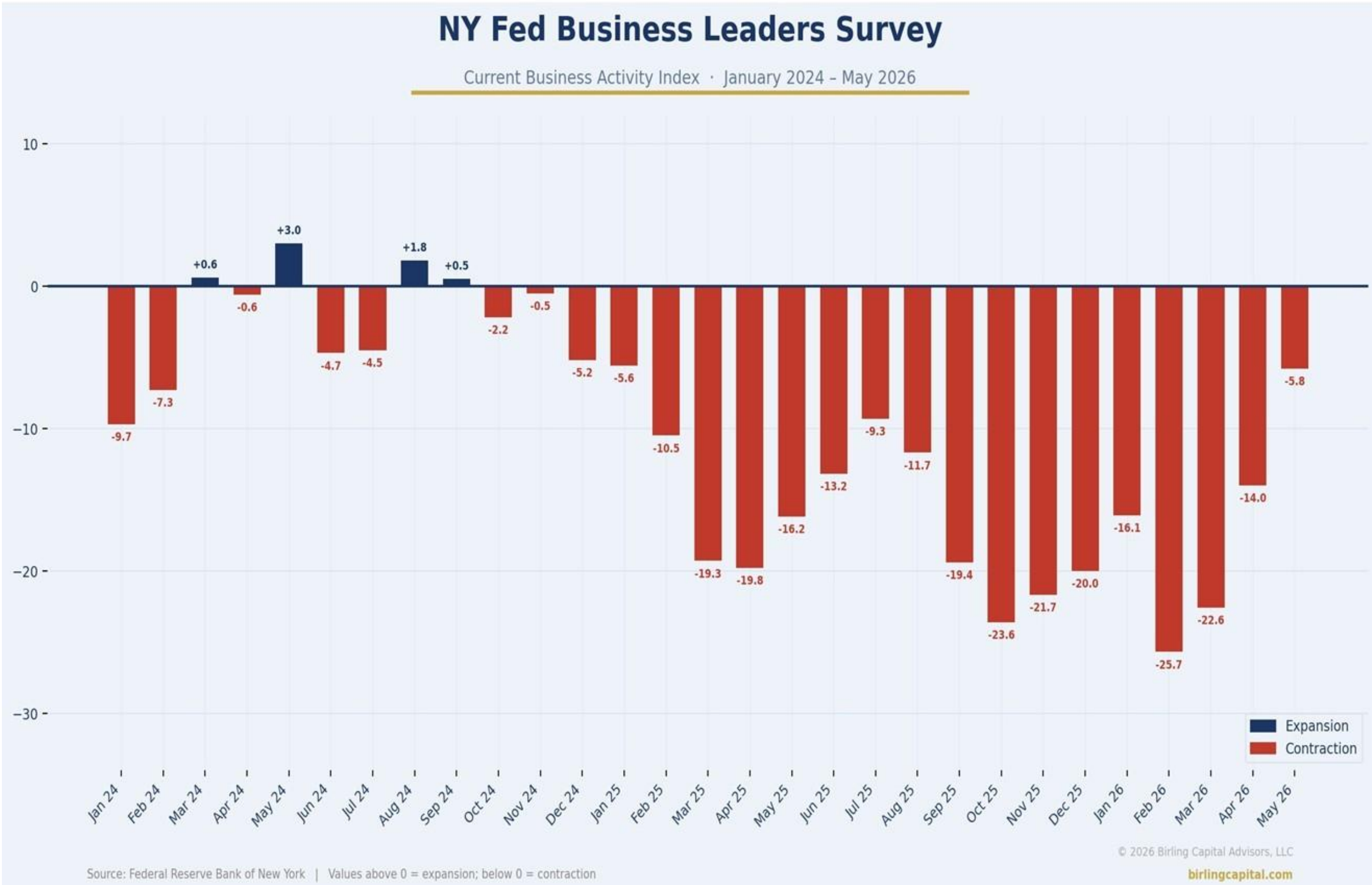
NY Fed Business Leaders Survey
Current Business Activity Index · January 2024 – May 2026
Expansion
Contraction
Source: Federal Reserve Bank of New York | Values above 0 = expansion; below 0 = contraction
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Wall Street Recap

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