GLOBAL MARKET SQUARE
BIRLING CAPITAL ADVISORS, LLC

Wall Street Slides Rising Treasury Yields Trigger Broad Pullback and Pressure Equity Momentum

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The U.S. and European stock markets closed mixed Tuesday as a sharp rise in Treasury yields and renewed concerns over inflation weighed on investor sentiment, interrupting the recent equity rally. The S&P 500 recorded its third consecutive losing session amid higher borrowing costs and elevated energy prices, which pressured growth-oriented sectors. Investors continued to assess developments in the Middle East, monetary policy expectations, and the implications of rising rates for future economic growth.

U.S. Markets

U.S. equities closed lower across all major benchmarks as rising Treasury yields introduced a new source of pressure into a market that had recently reached record highs.

The **S&P 500 fell 0.67%** to close at 7,353.61, marking **its third consecutive day of losses**. The **Nasdaq Composite declined 0.84%** to 25,870.71, while the **Dow Jones Industrial Average dropped 322.24 points**, or 0.65%, ending the session at 49,363.88.

Fixed-income markets became the dominant driver of the session. **The 30-year Treasury yield briefly surpassed 5.19%, reaching its highest level in nearly two decades**, **while the 10-year Treasury yield climbed to 4.67%**, its highest level since January 2025. The increase reflected growing investor concern that inflationary pressures, amplified by higher energy prices, could persist longer than anticipated and delay expectations of monetary easing.

Market participants increasingly focused on the actions of so-called "bond vigilantes"—institutional investors selling government debt in response to concerns that inflation risks are not being sufficiently addressed. Rising yields tightened financial conditions and heightened concerns that higher borrowing costs could eventually slow consumer spending, corporate investment, and broader economic growth.

Technology shares led the decline as investors reduced exposure to higher-valuation growth companies. Semiconductor names remained under pressure ahead of NVIDIA's earnings report later this week. Qualcomm declined nearly 4%, Broadcom fell roughly 2%, while NVIDIA also ended lower as investors adopted a more cautious posture ahead of one of the market's most anticipated earnings events.

Energy prices moved modestly lower following President Trump's comments on a temporary pause in planned military actions against Iran, easing immediate fears of further supply disruptions. West Texas Intermediate crude settled at $107.77 per barrel while Brent crude ended at $111.28, although geopolitical developments remained fluid throughout the session.

The session reflected a market increasingly transitioning from momentum-driven gains toward one more influenced by macroeconomic realities, where interest rates and inflation expectations are beginning to reassert themselves as key determinants of equity direction.

European Markets

European equities closed higher as investors balanced improving risk sentiment with evolving geopolitical and regional economic developments. The broader European market found support from strength in the industrial, defense, and energy sectors, helping to offset concerns about labor

market conditions and slower economic growth in parts of the region.
The European benchmark advanced as investors selectively rotated toward companies with stronger earnings visibility and strategic government-linked initiatives. Major markets in London, Frankfurt, Paris, and Milan all finished the session in positive territory, reflecting a more constructive tone across continental equities.
Germany drew significant attention after announcing plans to reduce state ownership in its energy sector by reprivatizing the utility company Uniper, potentially creating one of Europe's largest capital market transactions this year. The move signaled confidence in the stabilization of Germany's energy infrastructure and broader economic resilience following the disruptions caused by the 2022 energy crisis. Investors viewed the initiative as an indication that governments are beginning to transition from crisis management toward normalization and private-sector capital allocation.
Defense and aerospace shares were among Europe's strongest performers following reports of major military procurement initiatives within the region. Increased defense spending continues to emerge as a structural investment theme across Europe as governments strengthen military capabilities and modernize security infrastructure amid an increasingly complex geopolitical environment.
Economic data also remained in focus. The United Kingdom reported a modest rise in unemployment, adding to evidence that labor-market conditions may be beginning to soften after an extended period of resilience. While the increase does not yet signal significant deterioration, investors are increasingly monitoring employment trends as a leading indicator for future economic activity and potential monetary policy adjustments.
Geopolitical developments continue to influence sentiment. Investors monitored developments in the Middle East and the evolving diplomatic dynamics among the United States, China, and Russia. Markets interpreted recent diplomatic efforts as reducing the risk of immediate escalation, supporting a more stable environment for European risk assets during the session.

Corporate Earnings

Corporate earnings season entered its final phase with results continuing to exceed expectations and reinforcing the strength of underlying corporate fundamentals. More than 90% of companies within the S&P 500 have reported results, with first-quarter earnings growth remaining substantially above historical averages.
Home Depot reported results broadly in line with expectations and maintained its forward guidance. Management indicated that despite continued affordability challenges and cautious consumer behavior within housing markets, underlying demand trends remained relatively stable compared with last year.
Investors are now shifting their attention to several high-profile earnings reports expected later this week, including those from NVIDIA and major retailers such as Walmart, Target, and Lowe's. NVIDIA's results will provide another critical indication of artificial intelligence investment trends and enterprise spending momentum, while large retailers will offer insight into consumer spending patterns amid higher fuel and energy costs.
Technology, communication services, and consumer discretionary sectors continue to lead earnings growth, while industrials, financials, and materials also contribute meaningfully to overall performance. Current projections continue pointing toward solid earnings expansion for the full year, supporting a constructive long-term backdrop for equities.

The Final Word

Markets appear to be transitioning toward a more balanced environment where macroeconomic variables are regaining influence alongside earnings strength. Rising Treasury yields are creating near-term valuation pressure, but underlying economic activity, healthy labor conditions, and continued technology investment remain supportive factors.
For investors, the current environment reinforces the value of maintaining a disciplined long-term approach. Market volatility may persist as headlines drive short-term movements, but over time,

earnings growth and fundamentals remain the principal drivers of equity performance.

Economic Data:

- **US Retail Gas Price:** rose to $4.628, up from $4.581 last week, up 1.03% from last week and 50.70% since 2/28/26.
- **US Pending Home Sales YoY:** rose to 3.17%, compared to -0.94% last month.
- **Canada Consumer Price Index YoY:** rose to 2.82%, up from 2.39% last month.
- **Canada Inflation Rate:** rose to 2.82%, up from 2.39% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 611.34, up 1.17 points or 0.19%.
- **FTSE 100:** closed at 10,330.55, up 6.80 or 0.07%.
- **DAX Index:** closed at 24,400.65, up 92.73 points or 0.38%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,363.88, down 322.24 points or 0.65%
- **S&P 500:** closed at 7,353.61, down 49.44 points or 0.67%.
- **Nasdaq Composite:** closed at 25,870.71, down 220.02 points or 0.84%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,234.31, up 76.45 points or 1.84%.
- **Birling Capital U.S. Bank Index:** closed at 8,996.46, up 44.69 points or 0.50%
- **U.S. Treasury 10-year note:** closed at 4.67%.
- **U.S. Treasury 2-year note:** closed at 4.13%.

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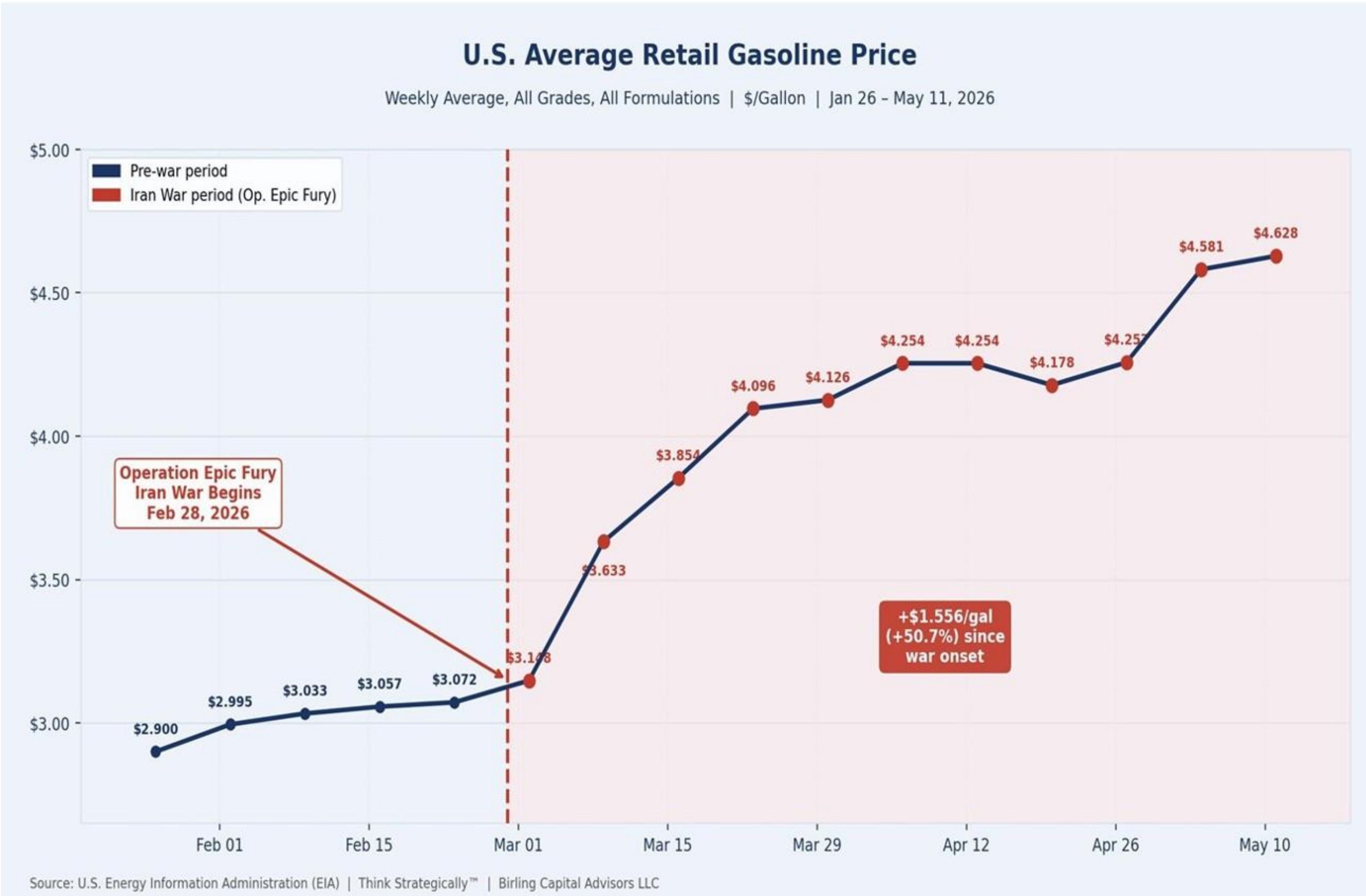
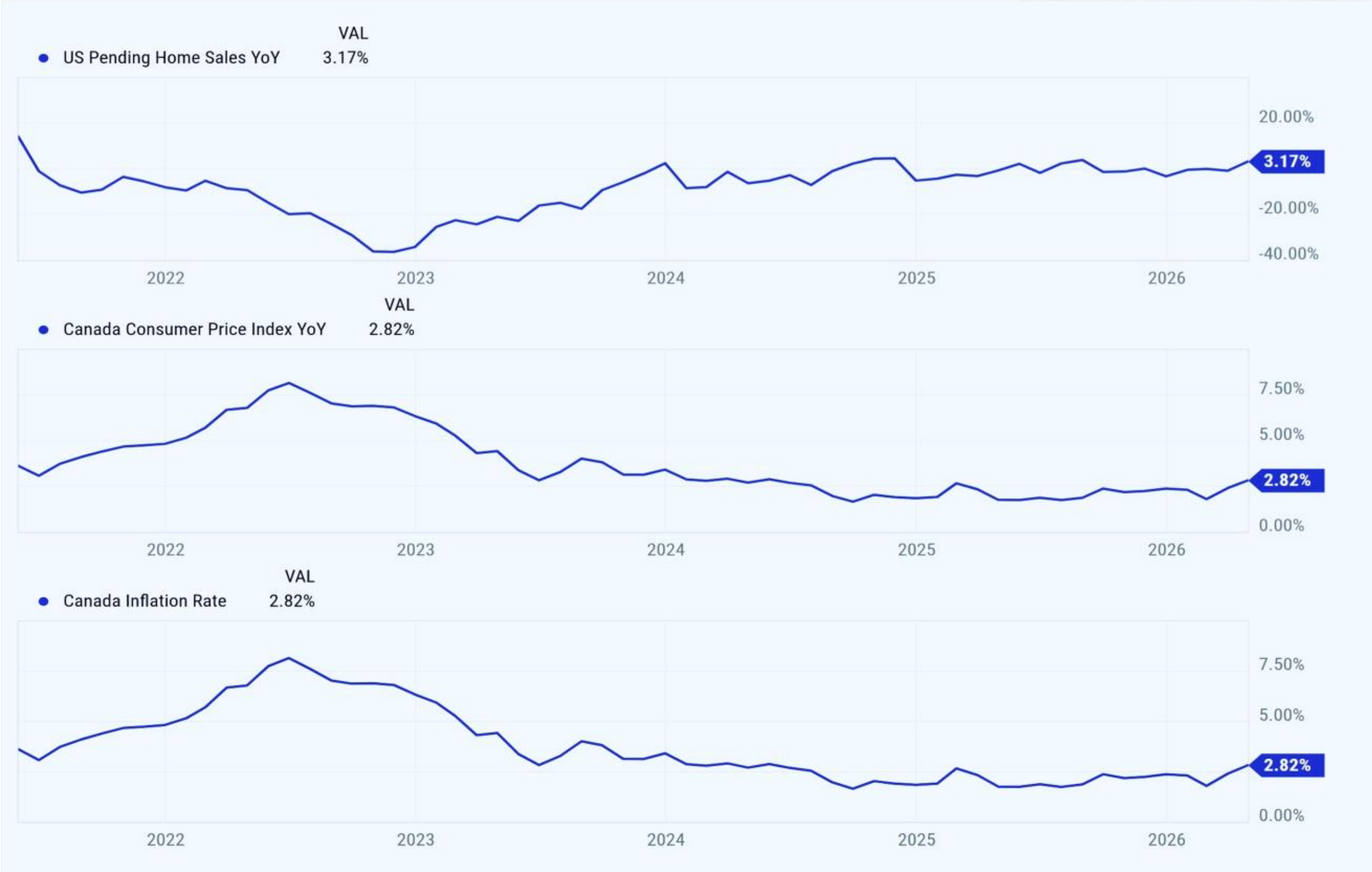
US Retail Gas Price



US Pending Home Sales YoY; Canada Consumer Price Index YoY & Canada Inflation Rate



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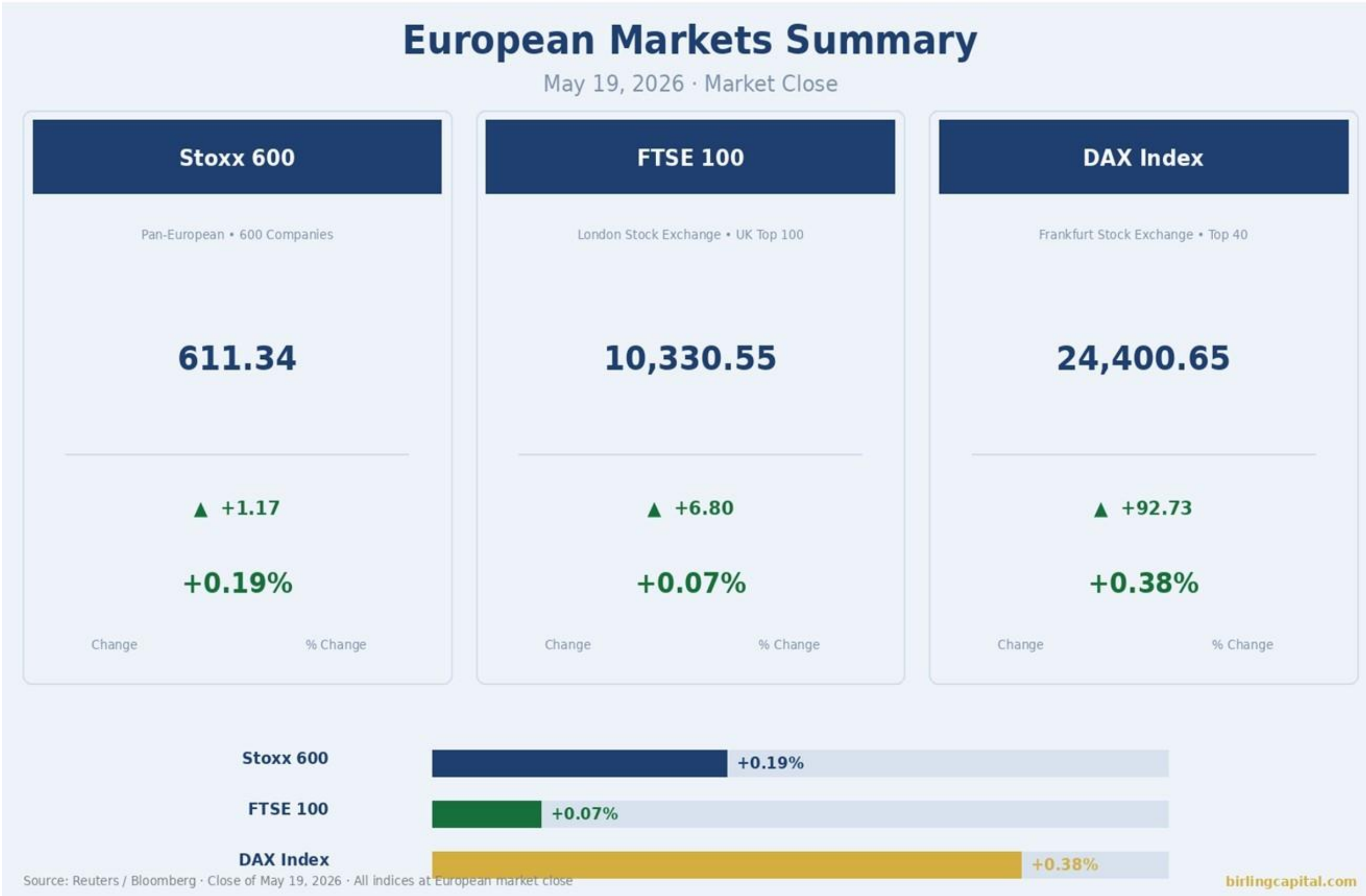

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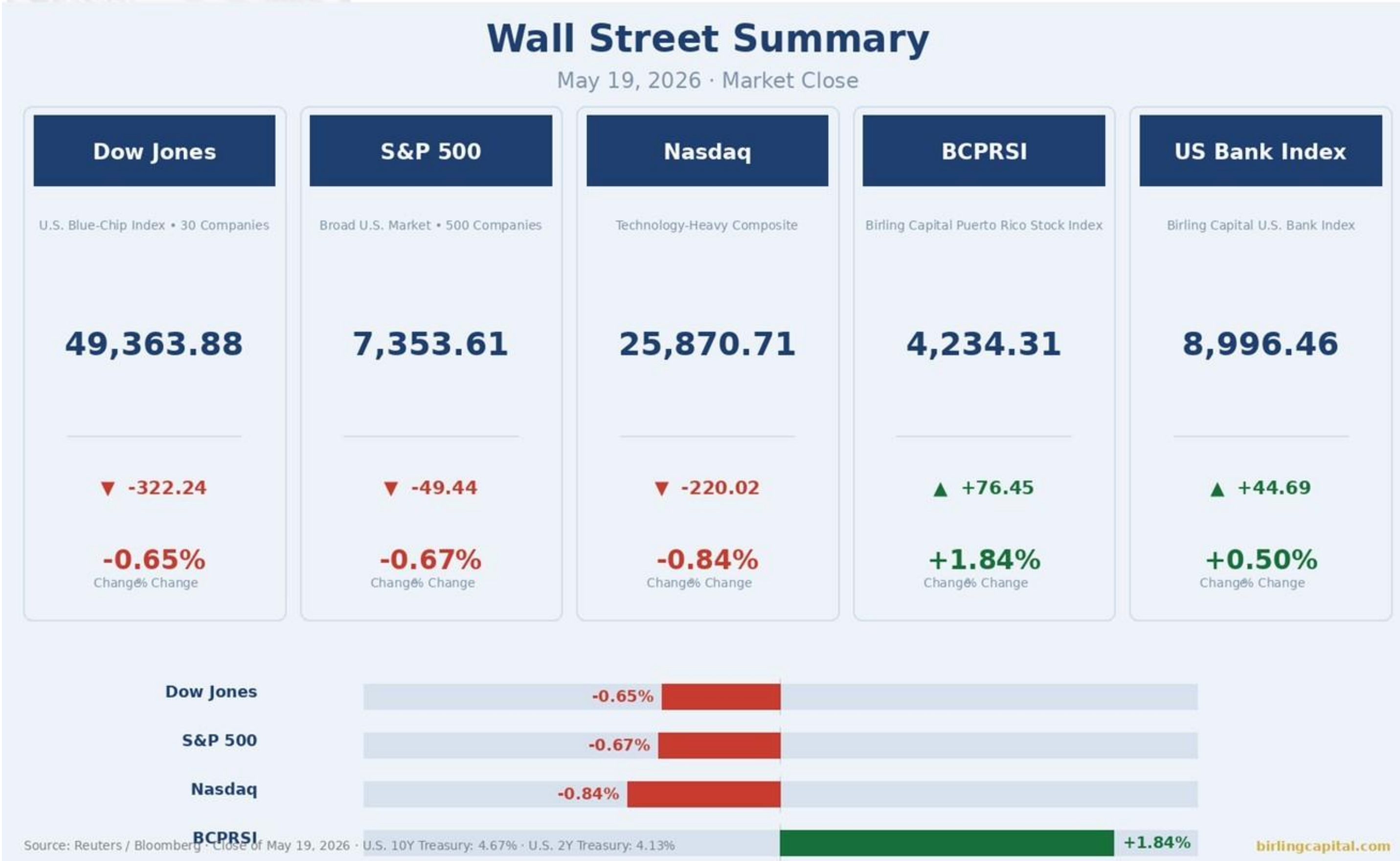

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