

# Markets Surge as S&P 500 Breaks Above 7,300 and Dow Jumps Over 600 Points on Iran Deal Optimism and Oil Collapse

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The U.S. and European stock markets closed sharply higher, as equities staged a powerful risk-on rally driven by mounting expectations of a potential U.S.–Iran agreement and a significant collapse in oil prices. The prospect of de-escalation in the Middle East triggered a rapid repricing across asset classes, with crude falling more than 7%, easing inflation fears and reinforcing equity valuations. However, late-session volatility underscored the fragility of the narrative. Comments from Donald Trump suggesting that a deal remains uncertain—and warning of renewed military escalation if negotiations fail—tempered gains off intraday highs, reminding investors that geopolitical risk remains active, not resolved.

Still, the dominant market impulse was clear: lower oil, lower inflation expectations, and higher equity multiples.

## U.S. Markets

U.S. equities delivered a broad and decisive advance, with all major indices closing at or near record levels as investors rotated aggressively into risk assets.

The S&P 500 surged 1.46% to close at 7,365.12—its first finish above the 7,300 thresholds, while the Nasdaq Composite gained 2.02% to 25,838.94, also setting a fresh all-time high. The Dow Jones Industrial Average rose 612.34 points (+1.24%) to 49,910.59, reflecting strong participation across cyclical and industrials.

The rally was both broad and sector-driven. Nine of eleven sectors finished higher, led by industrials (+2.7%), technology (+2.2%), and materials (+2.1%), as declining energy costs improved margin expectations. Energy (-4.2%) and utilities (-1.2%) were the only laggards, reflecting the sharp drop in crude prices.

Oil markets were the session's key catalyst. West Texas Intermediate (WTI) fell 7.03% to \$95.08 per barrel, while Brent crude declined 7.83% to \$101.27, as traders aggressively unwound geopolitical risk hedges tied to potential disruptions in the Strait of Hormuz.

At the sector level, momentum was amplified by earnings. Advanced Micro Devices surged 18.6% after delivering strong first-quarter results and issuing an upbeat outlook, lifting the broader semiconductor complex. The VanEck Semiconductor ETF rose 5%, while Intel added 4.5%, reinforcing the AI-driven growth narrative underpinning markets.

Strategically, the session reflects a powerful alignment: easing geopolitical risk, falling energy prices, and accelerating earnings growth. While uncertainty remains around the durability of any Iran agreement, markets are clearly pricing a lower-probability conflict scenario—and responding accordingly.

The near-term trajectory will hinge on whether diplomatic momentum translates into a formal framework. Until then, volatility around headlines is likely, but the underlying foundation—earnings strength and macro resilience—continues to favor equities.

## European Markets

European equities delivered a decisive risk-on session, closing sharply higher as markets repriced geopolitical risk following credible signals that the United States and Iran are approaching a framework agreement to de-escalate the conflict.

The pan-European Stoxx Europe 600 surged 2.3%, marking one of the strongest single-day advances in recent months and reflecting a broad-based compression of risk premiums across the region. National benchmarks followed suit: London's FTSE 100 gained 2.2%, France's CAC 40 jumped 2.9%, and Germany's DAX advanced 2.2%.

The rally was notably broad, with all major sectors finishing in positive territory except energy, which lagged as crude prices declined sharply on easing supply disruption concerns tied to the Strait of Hormuz. This sector divergence underscores the primary transmission mechanism of the day's move: lower oil prices acting as a catalyst for equities ex-energy, particularly in industrials, consumer discretionary, and transportation.

Currency markets reinforced the shift in sentiment. The euro appreciated approximately 0.5% against the U.S. dollar to 1.1751, reflecting improved confidence in the European growth outlook as energy cost pressures eased.

From a policy and geopolitical standpoint, markets reacted to a series of coordinated signals suggesting tangible progress. Donald Trump indicated a pause in maritime security operations in the Strait of Hormuz—referred to as “Project Freedom”—citing meaningful progress toward a potential agreement with Iran. Concurrently, diplomatic engagement intensified, including high-level discussions between Iran's Foreign Minister Abbas Araghchi and China's Foreign Minister Wang Yi, signaling multilateral involvement in advancing negotiations.

Market participants are increasingly focused on reports that outline a potential 14-point memorandum of understanding between the U.S. and Iran, which could serve as a precursor to broader nuclear and regional stability talks. While not yet finalized, the mere progression toward a structured framework has been sufficient to materially reprice downside geopolitical scenarios. At the corporate level, earnings also contributed to the positive tone. Novo Nordisk raised its annual profit guidance after stronger-than-expected performance from its weight-loss drug portfolio, reinforcing the earnings-driven support underpinning European equities.

The European rally reflects more than a short-term relief bounce—it signals how sensitive regional equities are to the normalization of energy prices. Given Europe's structural exposure to imported energy, any sustained de-escalation in the Middle East—and by extension, lower oil and gas prices—has an outsized positive effect on margins, consumption, and overall growth expectations.

## Earnings: The Dominant Catalyst

If geopolitics is shaping the short-term narrative, earnings are defining the trend.

First-quarter earnings season continues to materially outperform expectations. Approximately 70% of S&P 500 constituents have reported results that significantly exceed prior estimates. Earnings per share growth is now tracking near 25% year-over-year—double the expectations set just weeks ago. The primary engine of this outperformance remains the AI-driven capital expenditure cycle. The technology and communications services sectors are delivering earnings growth approaching 50%, reflecting sustained investment in infrastructure, semiconductors, and software ecosystems tied to artificial intelligence.

This is not a marginal theme—it is a structural capital cycle with multi-year visibility, and markets are increasingly pricing it as such.

Labor market data further reinforces the earnings narrative. Nonfarm payrolls rebounded strongly in March, while initial jobless claims remain near historically low levels. The implication is clear: income stability continues to support consumption, anchoring the broader economic expansion.

## Economic Data: Confirming Resilience

Macroeconomic data continues to validate the strength observed in corporate earnings.

U.S. GDP expanded at a 2.0% annualized rate in the first quarter, a meaningful recovery from prior softness. More importantly, underlying demand remains robust. Final sales to private domestic purchasers—a cleaner measure of private-sector activity—grew at a 2.5% pace, signaling sustained economic momentum.

Consumer spending has moderated but remains resilient, supported by rising incomes and fiscal tailwinds, including tax refunds. While energy costs have posed a potential headwind, the recent decline in oil prices mitigates that risk in the near term.

Business investment is a critical pillar of growth. Capital expenditures in information technology and software contributed meaningfully to GDP, driven by ongoing AI adoption. This reinforces a key strategic point: the current cycle is not merely consumption-driven, but increasingly investment-led—particularly in productivity-enhancing technologies.

## Strategic View

Markets are recalibrating within a constructive framework: geopolitical risk is easing at the margin, while earnings momentum and macro stability continue to anchor valuations. The convergence of falling energy prices, accelerating profit growth, and resilient economic data is reinforcing a favorable backdrop for equities.

The investment stance remains disciplined and unchanged—stay invested, but highly selective. Prioritize sectors with strong earnings visibility, structural growth tailwinds, and pricing power, while closely monitoring oil as the primary transmission channel between geopolitics and inflation. Absent a renewed geopolitical escalation, the path of least resistance for equities remains higher.

## Economic Data:

- **ADP Employment Change:** rose to 109,000, up from 61,000 last month, increasing 78.69% from last month.
- **ADP Median Pay YoY:** fell to 4.40%, compared to 4.50% last month.
- **Canada Ivey PMI:** rose to 61.50, up from 57.70 last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 623.25, up 13.53 points or 2.22%.
- **FTSE 100:** closed at 10,438.66, up 219.55 or 2.15%.
- **DAX Index:** closed at 24,918.69, up 516.99 points or 2.12%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,910.59, up 612.34 points or 1.24%
- **S&P 500:** closed at 7,365.12, up 105.90 points or 1.46%.
- **Nasdaq Composite:** closed at 25,838.94, up 512.81 points or 2.03%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,434.90, down 9.45 points or 0.21%.
- **Birling Capital U.S. Bank Index:** closed at 9,199.25, up 114.06 points or 1.26%
- **U.S. Treasury 10-year note:** closed at 4.36%.
- **U.S. Treasury 2-year note:** closed at 3.87%.

# ADP Private Payrolls & Median Pay Growth

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## ADP Private Payrolls & Median Pay Growth

January 2025 - April 2026 | Monthly



Payroll Peak  
**+140K**  
Jan 2025

Payroll Trough  
**-53K**  
Mar 2025

Pay Growth Peak  
**4.70%**  
Jan-Feb 2025

Pay Growth Latest  
**4.40%**  
Apr 2026

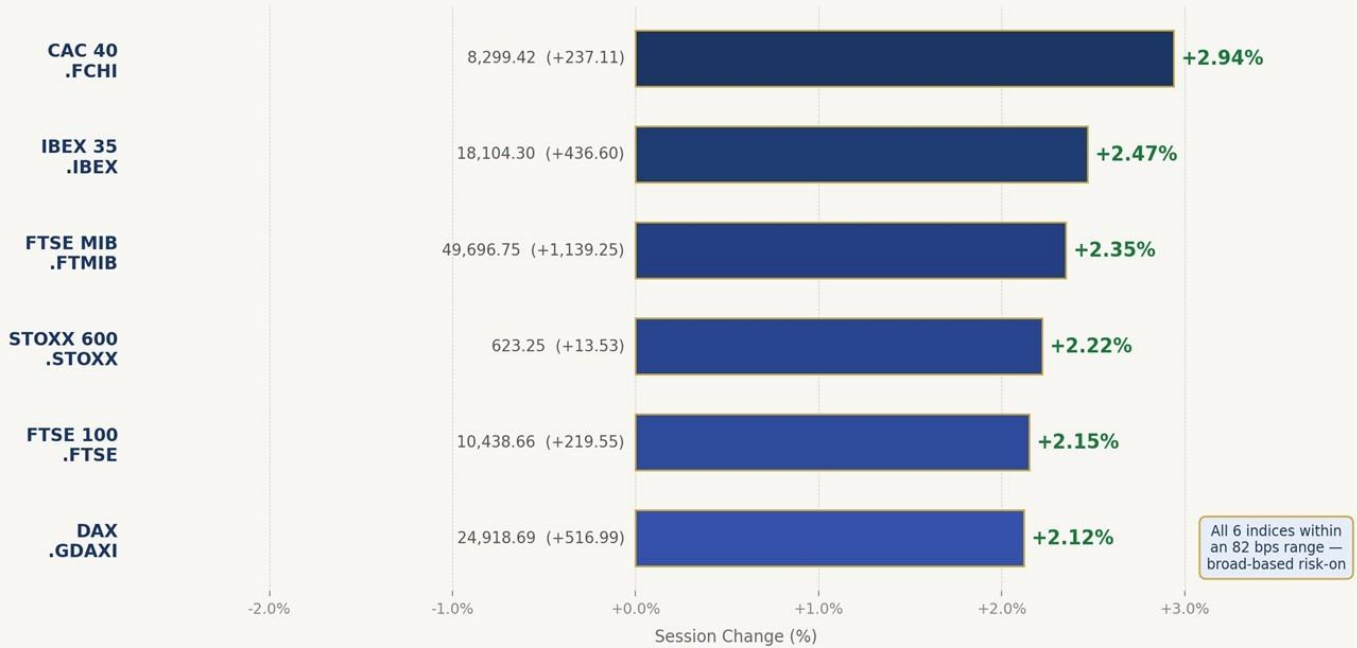
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# European Markets Summary for May 6, 2026

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European Indices — Session Close | Markets Evaluate 14-Article U.S. Peace Proposal | May 6, 2026



Source: Exchange data · Birling Capital Advisors, LLC · birlingcapital.com · All indices reflect official session close. Past performance is not indicative of future results.



# Wall Street Recap

## May 6, 2026



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