Fed Stands Pat, Chipmakers Rally and Wall Street Strings Together a Third Straight Gain

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The U.S. and European stock markets closed higher on Wednesday as the Federal Reserve left interest rates where they were, and a surge in chip stocks lifted technology shares ahead of Microsoft's earnings. On Wall Street, the S&P 500, the Nasdaq, and the Dow all notched a third consecutive winning session, though the gains were measured, with investors reluctant to commit before the Fed's message and the evening's results.
The central bank paused but did not retreat from its inflation fight. Two officials voted for a hike, and Chair Kevin Warsh said the Fed remained committed to price stability while describing the job market as in good shape. That left markets to decide how much of another increase is already in the price.

U.S. Markets
The S&P 500 gained 0.28%, or 21.38 points, to close at 7,743.98. The Nasdaq Composite rose 0.27%, or 72.04 points, to finish at 26,549.85, and the Dow Jones Industrial Average added 97.53 points, or 0.19%, to end at 52,475.10. [The 10-year Treasury yield settled at X%.]
As widely expected, the Federal Open Market Committee held the federal funds target range at 3.75% to 4.00%, where it has stood since September's quarter-point increase, the Fed's first hike since 2023. Futures had priced in roughly a 93% chance of a hold going into the meeting. The vote was 10 to 2, with Lisa Cook and Beth Hammack favoring a quarter-point increase. The statement called economic activity strong, with resilient spending, strong productivity and robust capital investment, while warning that inflation remains elevated. It did not commit to further tightening, tying the policy stance to incoming information. Warsh said in his press conference that price stability stays the priority and that the employment picture has been quite positive. Nothing in the decision closes the door on another quarter-point increase before year-end.
We think the Fed is likely to deliver two more increases over the next twelve months. The two dissents for a hike point in the same direction, which we read as a limited mid-cycle adjustment rather than the start of a prolonged tightening campaign. A "higher-for-longer" rate backdrop need not derail stocks if solid growth keeps converting into earnings. Higher yields compress the multiples investors will pay, but rising profits can offset much of that pressure.
Technology supplied the day's energy. Oracle jumped nearly 11% after projecting fiscal 2030 revenue of $225 billion, which implies annual growth of about 35%, and pledging to hold additional fundraising to $20 billion between fiscal 2027 and 2030. Chip stocks rose after SK Hynix reported record quarterly profit, which sent its U.S.-listed shares up 13%. Micron gained almost 6%, Arm advanced 4%, and Marvell and Advanced Micro Devices each rose 3%. The rally offered some relief to AI-linked shares, which have struggled in recent weeks over questions about how the industry's buildout will be financed.

After the closing bell, Microsoft reported fiscal first-quarter revenue of $92.28 billion, up 19%, and earnings per share of $4.89, beating estimates. Ford reported third-quarter revenue of $49.5 billion, down 2%, with net income of $2.0 billion, down 16.26%, and adjusted earnings per share of $0.49, ahead of expectations. The market focused on Microsoft's spending outlook: how fast AI investment will continue, and whether it is showing up in revenue growth, profit margins, and free cash flow.

European Markets
European equities closed slightly higher on Wednesday as investors balanced energy-price relief against uncertainty over the Fed's next steps. The DAX led with a 0.44% gain, while the Stoxx 600 and FTSE 100 each rose 0.07%. That split shows how little conviction there was ahead of the Fed's afternoon decision and Thursday's European Central Bank meeting.
Corporate results gave investors plenty to work with. Deutsche Bank reported pretax profit of 2.6 billion euros against 2.45 billion expected, and BNP Paribas earned 3.46 billion euros against 3.18 billion expected, adding a buyback of up to 1.3 billion euros. Standard Chartered raised its income-growth guidance, while UBS fell short on earnings per share, at 0.85 against 0.91 expected. BASF lifted its EBITDA guidance, and Dassault Systèmes and ASM International raised their outlooks. Mercedes-Benz beat on operating profit but described conditions in China as increasingly challenging, and Adyen dropped its medium-term margin target.
Rates and currencies shaped the backdrop. The ECB is widely expected to hold policy on Thursday, although markets price roughly three rate increases over the next twelve months, according to LSEG. French government bonds came under pressure earlier in the week on doubts over the 2027 deficit target, even as German yields eased. The euro traded near 17-month lows against the dollar. Asian markets finished mixed overnight, and the U.S. dollar was modestly firmer against most major currencies.
The three indexes we follow closed higher: Stoxx 600, up 0.46 points; FTSE 100, up 7.96 points; and DAX Index, up 113.25 points.

Energy Markets
WTI crude traded near $102 per barrel in the morning as markets weighed diplomatic efforts to ease Middle East supply disruptions, and settled at $X. Prices at this level keep energy costs and inflation expectations at the center of the Fed's deliberations. A durable decline will require diplomacy to deliver real improvement in supply security, not just headlines.

Economic & Policy Outlook
Earnings are carrying the market's case. With nearly a third of the season reported, 80% of S&P 500 companies have beaten estimates, by an average of 2.9%. Full-year earnings are forecast to grow about 27% from the prior year, led by energy, then technology and communication services.
What stands out is the breadth: 10 of the 11 sectors are expected to post year-over-year gains. If that holds, the market's rally could rest on a wider base and depend less on a handful of mega-cap names, a healthier foundation if borrowing costs stay elevated.

The Final Word
A Fed pause is not a policy pivot. With two officials already voting to raise rates and yields above 5%, the burden of proof falls on earnings, and Wednesday's results told two different stories. Microsoft grew revenue 19% and beat estimates. Ford beat on adjusted earnings per share, 49 cents against 40 cents expected, but its net income fell 16%, its revenue slipped about 2%, and it said 2027 profit should land only roughly in line with this year as commodity costs rise. If profit growth stays broad and strong, equities can live with higher rates; if it narrows to a few winners, valuations will feel the weight.

Corporate Earnings Parade:
- **Ford Motor Co. (F):** reported third-quarter 2026 earnings with revenue of $45.5 billion, down 2%; net income of $2.0 billion, down 16.26%; and Earnings per share of $0.49. Ford has a Stock Price Objective of $15.56.
- **Microsoft Corp. (MSFT):** reported first-quarter 2027 earnings: revenue of $92.28 billion, up 19%; net income of $36.629 million, up 19% and beating estimates; and Earnings per share of $4.89. Micorsoft has a Stock Price Objective of $605.12.

Economic Update:

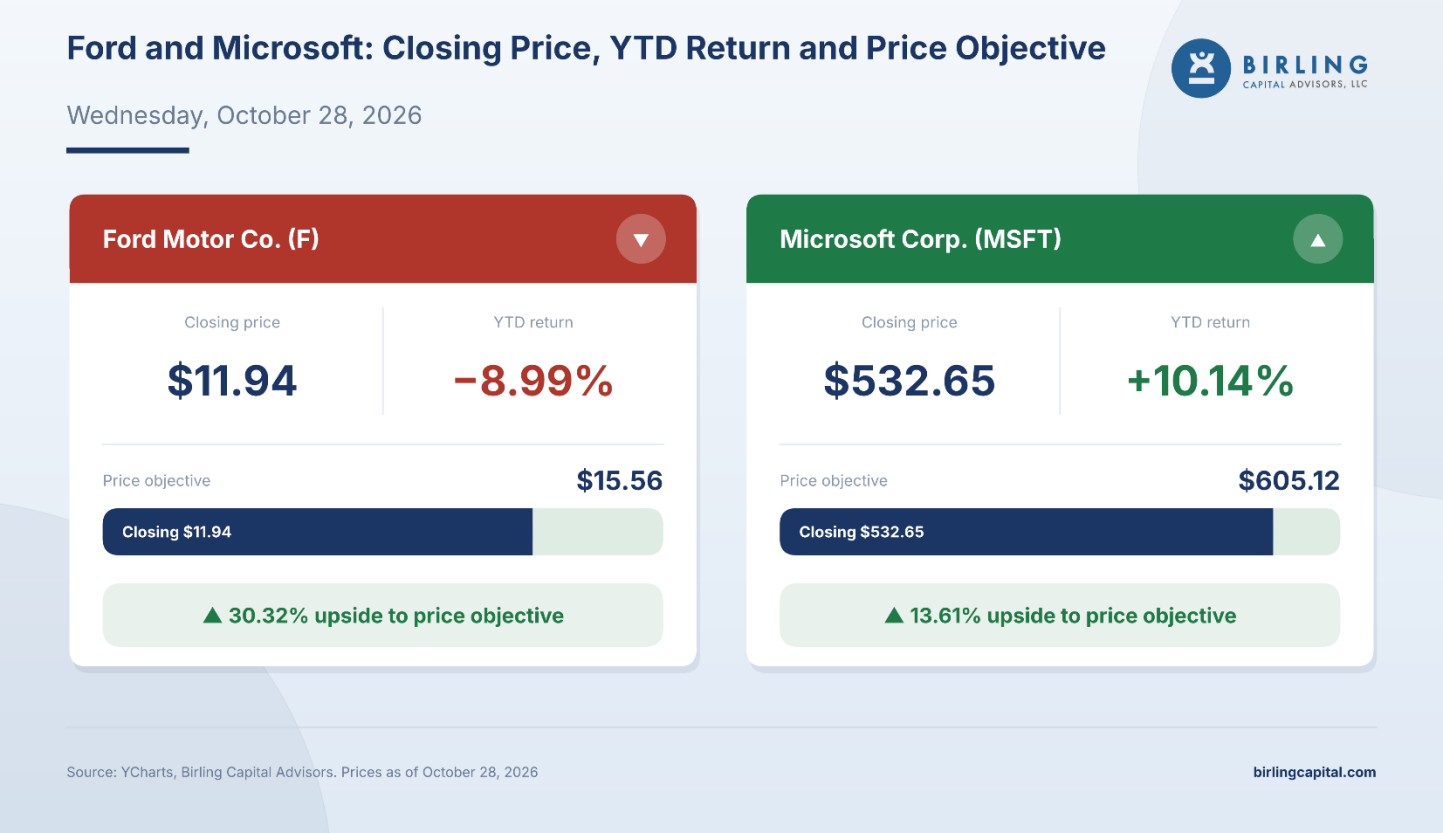
- **Target Federal Funds Rate Upper Limit:** held at 4.00%, unchanged from yesterday.
- **Japan Consumer Confidence Index:** fell to 35.40, down from 35.50 last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 644.14, up 0.46 points, or 0.07%.
- **FTSE 100:** Closed at 10694.50, up 7.96 points, or 0.07%.
- **DAX Index:** Closed at 25,704.02, up 113.25 points, or 0.44%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,475.10, up 97.53 points, or 0.19%.
- **S&P 500:** closed at 7743.98, up 21.38 points, or 0.28%.
- **Nasdaq Composite:** closed at 26,549.85, up 72.04 points, or 0.27%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,918.02, down 56.50 points, or 1.14%.
- **Birling Capital US Bank Index:** closed at 9,340.91, up 94.14 points, or 1.02%.
- **US Treasury 10-year note:** closed at 5.05%.
- **US Treasury 2-year note:** closed at 4.67%.

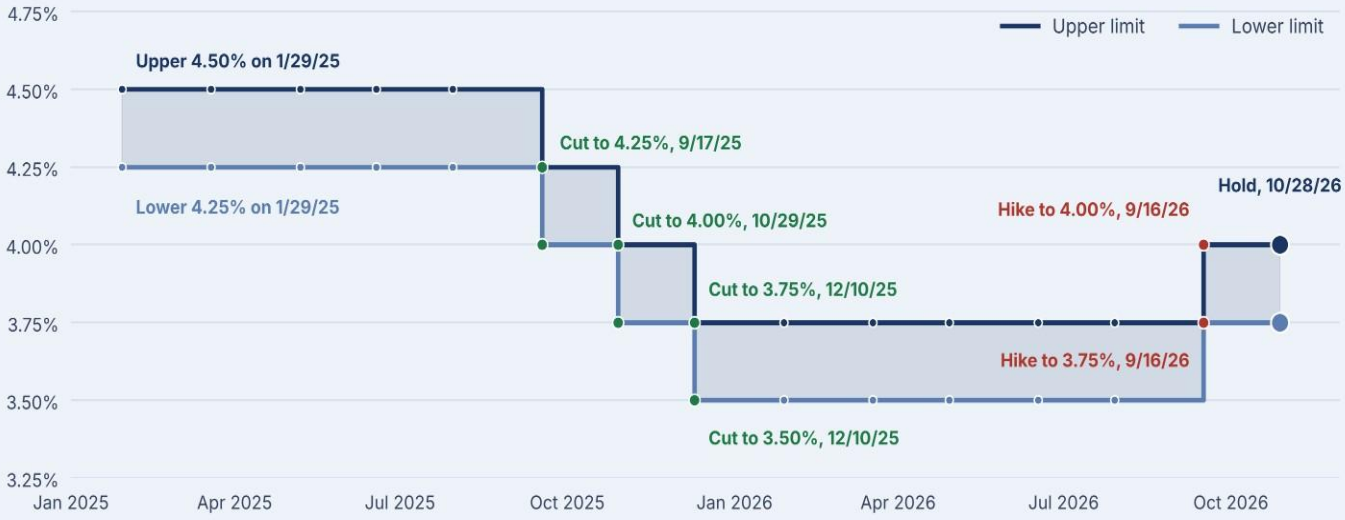


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Target Federal Funds Rate Range

Upper and lower limits, FOMC decisions January 2025 to October 2026. Fed holds rates on Wednesday, October 28, 2026

Current range	Decision, 10/28/26	Last move, 9/16/26	Change since 1/29/25
3.75% – 4.00%	Rates unchanged	+0.25 pts	−0.50 pts



Source: Federal Reserve, FOMC — Birling Capital Advisors

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Eurozone indexes close

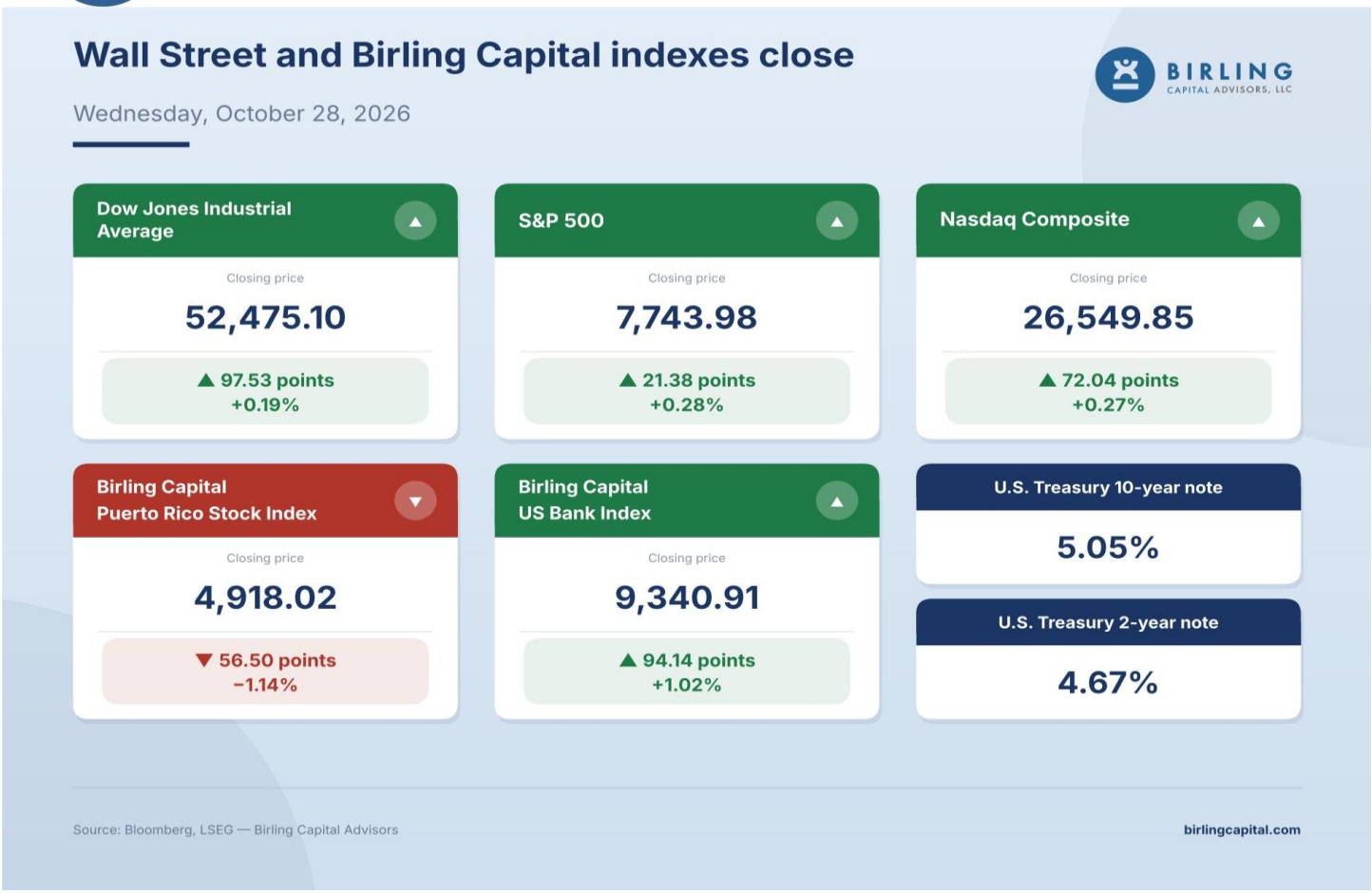
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Wednesday, October 28, 2026

Stoxx 600 ▲	FTSE 100 ▲	DAX Index ▲
Closing price	Closing price	Closing price
644.14	10,694.50	25,704.02
▲ 0.46 points +0.07%	▲ 7.96 points +0.07%	▲ 113.25 points +0.44%

Source: Bloomberg, LSEG — Birling Capital Advisors

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