Dow Climbs 423.31 Points as Technology Rebound Supports Wall Street While Consumer Sentiment Falls 35.4% So Far in Trump's Second Term and Elevated Yields Test Market Resilience

October 9, 2026

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The U.S. and European stock markets closed higher on Friday as a rebound in technology shares recovered part of the ground lost in a two-day artificial intelligence sell-off. All three major U.S. averages finished the week with gains even as long-term Treasury yields reached 24-year highs and oil stayed elevated. With large banks set to open third-quarter earnings season, investors now need corporate results to justify current valuations.

U.S. Markets

Technology led Friday's advance. The Dow Jones Industrial Average gained 423.31 points, or 0.83%, to 51,654.95, the S&P 500 rose 0.59% to 7,811.54, and the Nasdaq Composite advanced 0.64% to 27,366.17. Stocks reached their session highs after President Trump said Russian President Vladimir Putin had agreed to supply diesel to U.S. and global markets. Oil settled marginally higher, with West Texas Intermediate near $92 per barrel and Brent above $104, then eased slightly after the announcement.

Software and large-cap technology names set the pace. Palo Alto Networks gained 5%, CrowdStrike 4%, Palantir 5%, Microsoft 2%, and Amazon 3%. SpaceX rose 1% after announcing a deal to acquire a nationwide spectrum portfolio, while AT&T, Verizon, and T-Mobile declined on concerns that the transaction could intensify competition. Healthcare also performed well, with Merck and Gilead Sciences each rising more than 2% and Moderna advancing on reports of National Institutes of Health cancer vaccine efforts.

The rebound followed a difficult Thursday for artificial intelligence stocks, when the Nasdaq fell more than 1%, its largest one-day loss since mid-August. OpenAI had told investors it reached $50 billion in annualized revenue at the end of September, below the $68 billion figure widely reported last month, which a person familiar with the matter said included gross revenue from partners. Adam Crisafulli of Vital Knowledge cautioned that positioning imbalances may take time to unwind, making a sharp, V-shaped recovery in AI-linked stocks unlikely.

For the week, the S&P 500 gained about 1.2%, the Dow 0.9%, and the Nasdaq 0.6%, despite longer-dated Treasury yields reaching their highest levels in 24 years. Elevated yields raise financing costs and the hurdle for equity valuations, although solid corporate fundamentals and narrow credit spreads have helped cushion the impact.

Earnings now take center stage. Large banks report next week, and Johnson & Johnson, UnitedHealth, Wells Fargo, and Citigroup are scheduled for Tuesday. Michael Monaghan of Founder ETFs remains constructive on equities through year-end given anticipated earnings growth, but he cautioned that a wider Middle East conflict and its effect on oil are not priced into the market.

European Markets

European equities closed higher on Friday, with all three major benchmarks advancing as improving global technology sentiment carried through the session. The Stoxx 600 rose 0.97% to 631.55, the FTSE 100 gained 1.06% to 10,552.05, and the DAX advanced 1.13% to 25,087.27. The Stoxx 600 and FTSE 100 more than recovered Thursday's declines, while the DAX recouped nearly all of its loss. However, sovereign borrowing costs remained an important concern.

French government bonds continued to attract scrutiny as investors weighed high public debt, sizable deficits, and sluggish growth. Higher borrowing costs could constrain fiscal flexibility and increase financing expenses across the economy.
The sustained equity strength would benefit from greater stability in government bond markets. Corporate performance could support confidence, but fiscal uncertainty remained a challenge for the region.

Energy Markets
Energy remained a key driver of inflation expectations, consumer purchasing power, and bond-market volatility. Recent oil-price swings complicated the outlook for businesses and households already managing elevated interest rates.
Fuel-cost pressures extended beyond gasoline, affecting transportation, agriculture, manufacturing, and logistics. Companies had to choose between absorbing higher costs through lower margins or passing them on to customers.
A sustained decline in energy costs would help ease these pressures. Continued volatility could prolong inflation concerns and make the Federal Reserve's policy decisions more difficult.

Economic & Policy Outlook
Consumer Sentiment Declined 35.4% So Far in Trump's Second Term.
The U.S. Index of Consumer Sentiment fell to 46.30 in October's preliminary reading from 48.10 in September, a decline of 1.80 points, or 3.74%.
The accompanying chart highlighted the broader erosion in confidence. Compared with 71.7 in January 2025, October's preliminary reading was down 25.4 points, or 35.4%. It also stood just 1.5 points above the May 2026 low of 44.8% shown in the chart.
In our view, the deterioration underscored households' sensitivity to living costs and uncertainty about economic conditions. Weak sentiment does not automatically translate into weaker spending, but it makes monitoring actual purchasing activity more important.

Inflation and Retail Sales Take Center Stage
Next week's Consumer Price Index report will help establish how higher September energy prices have affected headline inflation. Core inflation, which excludes food and energy, will better indicate underlying price pressures.
A moderate core reading could suggest that the energy shock remained relatively contained. A stronger increase would reinforce concerns about broader inflation persistence and strengthen the case for maintaining restrictive monetary policy.
Retail sales will offer another test of consumer resilience. Investors should assess whether spending growth reflected greater purchasing activity or higher prices, particularly as household confidence weakened.

Third-Quarter Earnings Will Test Valuations
Large banks will begin reporting third-quarter results, offering insight into business activity, household finances, and credit conditions.
Our focus will extend beyond headline profits to loan demand, deposit costs, net interest margins, credit quality, and management guidance. Across the broader market, earnings will need to demonstrate that companies can sustain growth while managing elevated financing and operating expenses.
In our view, strong results could help support valuations. Disappointing guidance, however, would leave equities more exposed to higher Treasury yields.

The Final Word: Earnings Must Validate Optimism
Technology's early recovery helped restore confidence, but weaker consumer sentiment and elevated yields highlighted the pressures beneath the rebound. Sustained market strength will require earnings that meet expectations and inflation readings that offer a credible path toward relief.

Economic Data:

- **US Index of Consumer Sentiment**: fell to 46.30 from 48.10 last month, down by 3.74%.
- **Canada Employment Net Change**: fell to -68,300, down from -41,700 last month.
- **Canada Unemployment Rate:** rose to 6.50% from 6.40% last month.
- **Canada Labour Force Participation Rate**: fell to 64.80%, compared to 65.00% last month.

Eurozone Summary:

- **Stoxx 600**: Closed at 631.55, up 6.04 points, or 0.97%.
- **FTSE 100**: Closed at 10,552.05, up 110.45 points, or 1.06%.
- **DAX Index:** Closed at 25,087.27, up 280.32 points, or 1.13%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,654.55, up 423.31 points or 0.83%.
- **S&P 500**: closed at 7,811.54, up 46.18 points or 0.59%.
- **Nasdaq Composite:** closed at 27,366.17, up 172.83 points or 0.64%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,832.92, up 37.37 points or 0.78%.
- **Birling Capital U.S. Bank Index:** closed at 9,411.26, up 28.36 points or 0.30%
- **U.S. Treasury 10-year note**: closed at 5.24%.
- **U.S. Treasury 2-year note:** closed at 4.80%.

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U.S. Index Of Consumer Sentiment

Monthly readings, January 2025 to October 2026



Since January 2025

Latest reading, October 2026

46.3

▼ 25.4 points

-35.4%

from 71.7 in January 2025

Series low: 44.8, May 2026

Source: University of Michigan Surveys of Consumers — Birling Capital Advisors

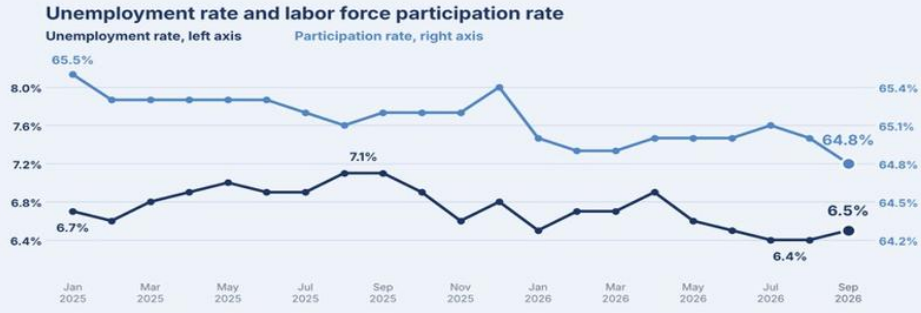
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Canada Labor Market Dashboard

Monthly readings, January 2025 to September 2026





Unemployment rate

6.5%

▲ 0.1 points vs. August

Low: 6.4% in Jul and Aug 2026

Employment net change

-68.3K

vs. -41.7K in August

High: +87.8K in May 2026

Participation rate

64.8%

▼ 0.2 points vs. August

Lowest reading in the period

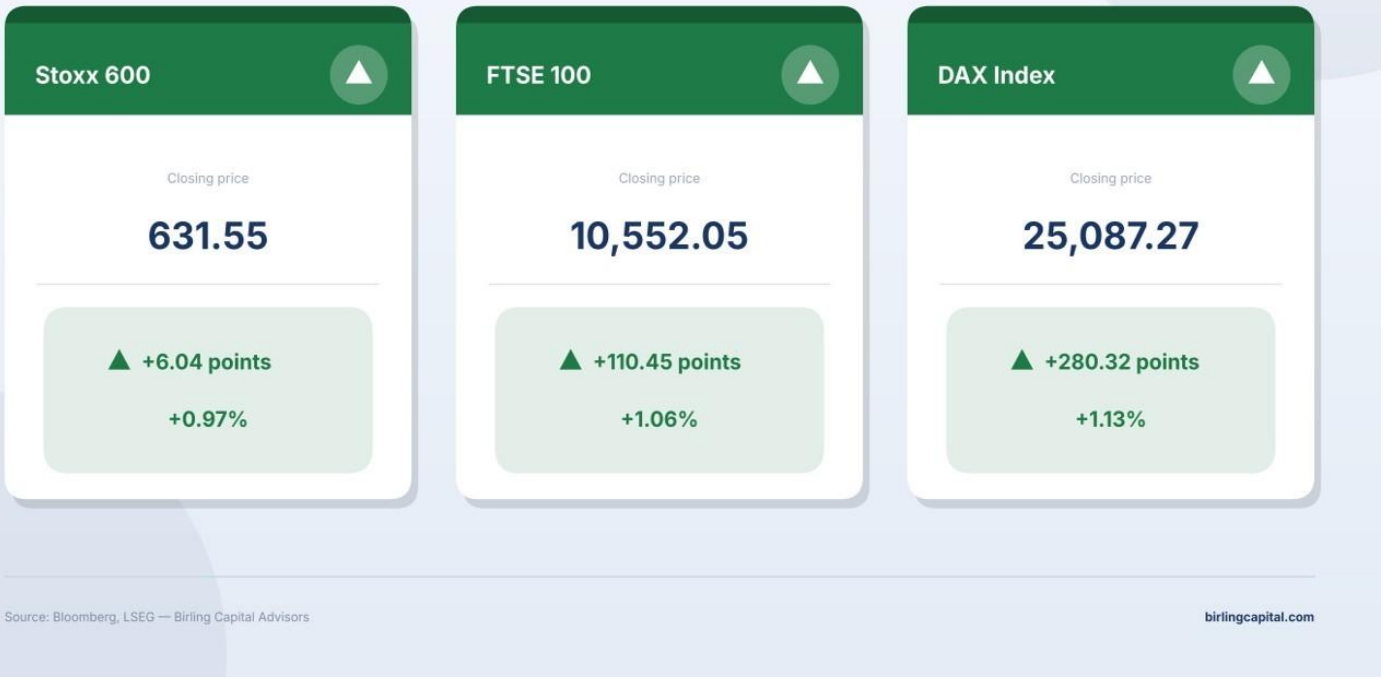
Source: Statistics Canada — Birling Capital Advisors

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Eurozone Indexes Close

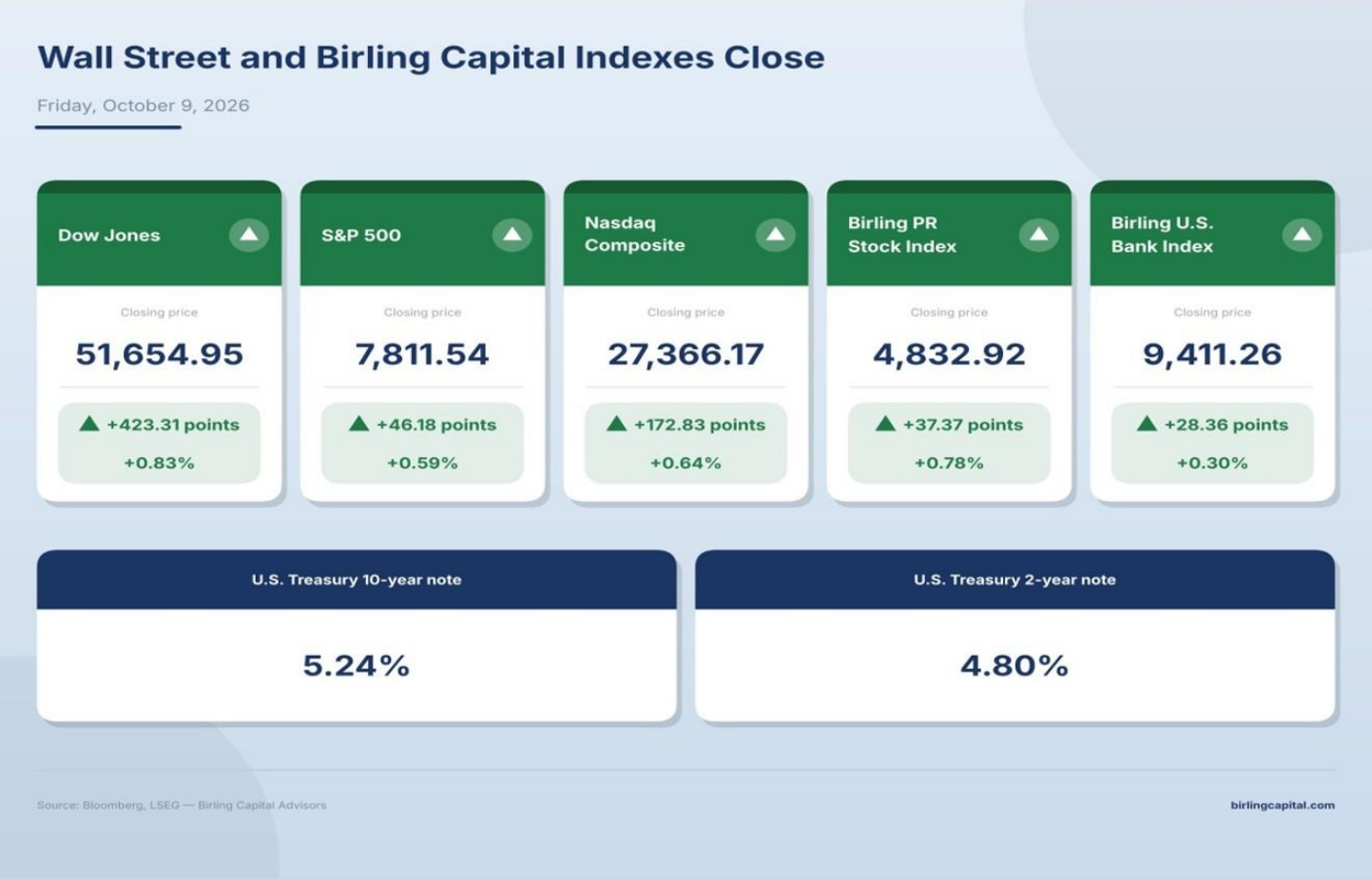
Friday, October 9, 2026



Source: Bloomberg, LSEG — Birling Capital Advisors

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