

## Popular, Inc. Earnings Strength Reinforces the Bull Case, Markets Take a Breather After Record Run as Investors Digest Gains While Energy Risks Persist

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**The U.S. and European stock markets closed mixed**, with U.S. equities retreating modestly from record levels as rising oil prices and renewed geopolitical tension offset an otherwise constructive earnings backdrop. **The pullback followed fresh intraday highs in both the S&P 500 and Nasdaq Composite**, underscoring that the market remains in a consolidation phase rather than a reversal.

At the core of the session was a renewed surge in energy risk. Brent crude moved above \$105, reflecting escalating uncertainty tied to the Iran conflict, including reports of internal political fractures and intensifying military posture around the Strait of Hormuz. The result is a market recalibrating in real time—balancing strong earnings against a more volatile geopolitical overlay. Front and center in the earnings narrative remains Popular, Inc. (BPOP), which delivered a standout first-quarter performance. The bank reported revenues of \$835.8 million, up 10.30%, with net income surging 38.20% and earnings per share of \$3.78—well above expectations. With a Tier 1 capital ratio of 15.98% and a \$160 price target, Popular's results reinforce the underlying strength in credit quality and capital formation, even as financials lag broader market performance. This divergence will be explored further below.

Treasury yields held relatively stable, suggesting that while geopolitical volatility is rising, markets are not yet repricing the broader rate trajectory. The current environment remains one where earnings strength is the anchor—but oil and geopolitics are the swing factors.

### U.S. Markets

**U.S. equities closed lower, led by weakness in software and technology shares, amid a sharp move higher in oil prices.** The S&P 500 declined 0.41% to 7,108.40 after reaching a new intraday high, while the Nasdaq Composite fell 0.89% to 24,438.50, after touching record levels earlier in the session. The Dow Jones Industrial Average lost 179.71 points, or 0.36%, closing at 49,310.32.

The primary drag came from the software segment, where earnings-related disappointments triggered a broad repricing. Shares of IBM fell more than 8% despite beating expectations, as unchanged forward guidance failed to meet elevated market expectations. ServiceNow declined by nearly 18% after reporting that subscription growth was impacted by the Middle East conflict. The weakness extended across the sector. Microsoft dropped approximately 4%, Palantir Technologies fell more than 7%, and Oracle declined around 6%, reflecting a broader derating in software valuations. The iShares Expanded Tech-Software ETF (IGV) fell roughly 6%, signaling a meaningful rotation out of high-multiple growth segments.

At the same time, geopolitical developments reasserted themselves as a dominant market driver. The Iran conflict has evolved into a naval standoff, with both the U.S. and Iran contesting control of the Strait of Hormuz and seizing commercial vessels. President Trump's directive to aggressively counter maritime threats further elevated tensions, reinforcing the risk premium embedded in energy markets. Despite the pullback, the broader context remains constructive. The market is consolidating after a sharp rebound, with investors increasingly viewing near-term price action as range-bound as they

await the next catalyst. As one market participant noted, equities are “finding their footing” after a rapid recovery—suggesting digestion, not deterioration.

## European Markets

European equities closed mixed in a muted session, with the **Stoxx 600** closing up 0.1% as investors balanced strong corporate earnings against a deteriorating macro backdrop. Performance across the region remained mixed, reflecting the tension between bottom-up resilience and top-down economic uncertainty.

Earnings were the primary driver of upside. Shares of L'Oréal surged 9%, marking their strongest session since 2008 after reporting the fastest quarterly growth in two years. Similarly, Nokia advanced 6.4% following a solid first quarter, with net sales up 4% year over year and operating profit rising 54% to €281 million, well ahead of expectations. Management highlighted structural growth opportunities tied to artificial intelligence, particularly in optical network infrastructure—an increasingly important theme in Europe's tech landscape.

In the industrial and defense complex, Saab gained 3.8%, as strong profit growth offset softer order intake. While large contract flow moderated, the company reported robust medium-sized demand and a 32% increase in operating profit, reinforcing the durability of Europe's defense spending cycle. Despite these positives, the macro-overlay remains challenging. Germany sharply downgraded its 2026 growth outlook to 0.5%, citing the ongoing Iran conflict and disruptions in the **Strait of Hormuz** as key headwinds. Inflation expectations were revised higher, with projections of 2.7% this year and 2.8% in 2027, reflecting rising energy and input costs.

Energy security concerns continue to intensify. The International Energy Agency warned of the “largest energy security threat in history”, with particular emphasis on risks to jet fuel supply chains if maritime disruptions persist. This backdrop helped push **Brent crude above \$102**, as reports of U.S. interceptions of Iranian tankers heightened fears of prolonged supply constraints.

In the U.K., fiscal data provided a partial offset, with government borrowing declining by nearly £20 billion to £132 billion. However, improving fiscal dynamics were overshadowed by PMI data pointing to renewed inflationary pressures, which pushed gilt yields higher after an initial decline.

The European narrative remains clear: strong earnings are providing support, but macro fragility—driven by energy risk and slowing growth—continues to cap upside.

## Strategic View: From Relief Rally to Evaluation Phase

President Trump's extension of the ceasefire has reduced immediate geopolitical tail risk, but structural uncertainty remains. The **Strait of Hormuz** continues to operate under constrained conditions, embedding a geopolitical premium into energy prices and reinforcing oil as the primary macro transmission channel.

Markets are now transitioning from a relief-driven rally to a more analytical phase. The focus shifts from avoiding worst-case outcomes to validating forward assumptions—particularly around energy normalization, earnings durability, and policy stability.

In this context, a period of consolidation appears both likely and necessary. Historically, sharp V-shaped recoveries are often followed by sideways movement as gains are absorbed and leadership rotates. If de-escalation continues, the market is likely to revert to its earlier 2026 framework:

Cyclical sectors reasserting leadership over defensives

Small- and mid-cap equities are maintaining relative strength

Emerging markets continue to outperform as global growth stabilizes

At the same time, discipline remains essential. Episodes such as **early 2000** and **late 2007** remind us that sharp recoveries can, in certain environments, precede broader inflection points. While current fundamentals remain constructive, the pace of the rebound warrants close monitoring.

The market is not weakening—it is recalibrating. And in this phase, earnings—led by institutions like **Popular, Inc.**, will ultimately determine the durability of the next move.

## Corporate Earnings Parade:

- **Popular, Inc. (BPOP):** reported 1Q26 revenues of \$835.8 mm, up 10.30%, with net income of \$245,674, mm up 38.20%, and Earnings per share of \$3.78; beating estimates. Popular has a tier 1 capital ratio of 15.98% and a Stock Price Target of \$160.00. Check our Popular **report:** [BPOP Overview](#)

## Economic Data:

- **US Initial Claims for Unemployment Insurance:** rose to 214,000, up from 208,000 last week, increasing 2.88%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** fell to 210,750 last week, up from 210,000 last week, a change of 0.36%.
- **Kansas City Fed Manufacturing Production Index:** rose to 11.00, up from 10.00 last month.
- **30-Year Mortgage Rate:** fell to 6.23% from 6.30% last week.
- **Japan Consumer Price Index YoY:** fell to 1.30% from 1.50% last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 61.20, up 0.32 points or 0.05%.
- **FTSE 100:** closed at 10,457.01, down 19.45 points or 0.19%.
- **DAX Index:** closed at 24,155.45, down 39.45 points or 0.16%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,310.32, down 179.71 points or 0.36%
- **S&P 500:** closed at 7,108.40, down 29.50 points or 0.41%.
- **Nasdaq Composite:** closed at 24,438.50, down 219.06 points or 0.89%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,486.02, down 2.68 points or 0.06%.
- **Birling Capital U.S. Bank Index:** closed at 9,278.85, down 23.02 points or 0.25%
- **U.S. Treasury 10-year note:** closed at 4.34%.
- **U.S. Treasury 2-year note:** closed at 3.83%.

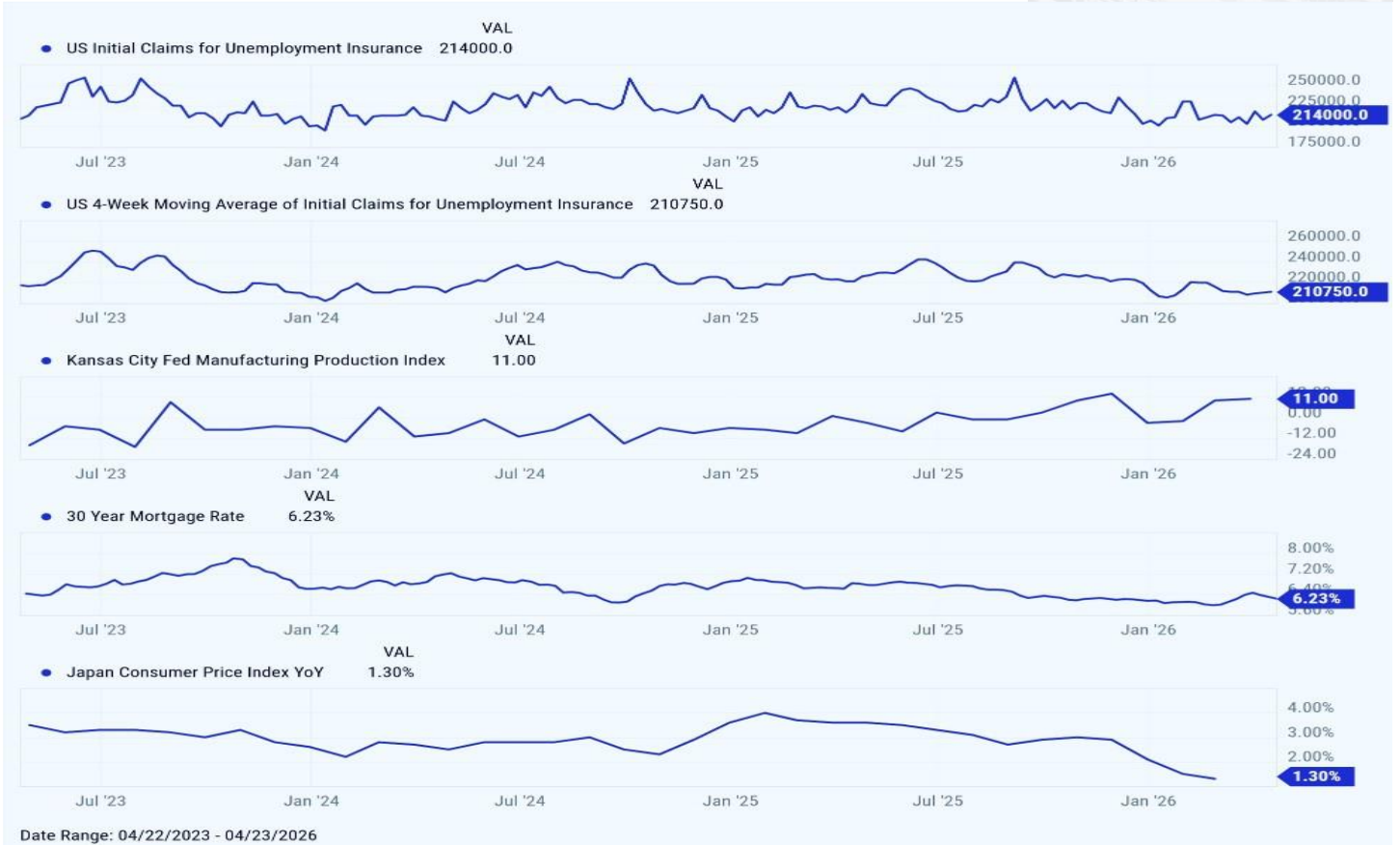


# Popular, Firstbank, Evertec, & Oriental YTD Returns as of 4/23/2026

	VAL
● Popular, Inc. Price % Change	19.84%
● First BanCorp (Puerto Rico) Price % Change	17.27%
● OFG Bancorp Price % Change	12.42%
● EVERTEC, Inc. Price % Change	1.03%



# US Initial Claims for Unemployment Insurance; US 4-Week Moving Average of Initial Claims for Unemployment Insurance; Kansas City Fed Manufacturing Production Index; 30 Year Mortgage Rate & Japan Consumer Price Index YoY





# Wall Street Recap

## April 23, 2026



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