

Equities Advance Led by Technology Ahead of NVIDIA Earnings as Global Stocks Extend Gains and Yields Edge Higher

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The U.S. and European stock markets closed higher on Wednesday as investors positioned ahead of a pivotal technology earnings release, while global equities continued to benefit from improving corporate profitability trends and resilient macro signals. The session reflects a market leaning constructively toward growth expectations, even as interest rates remain firm and valuation sensitivity persists.

U.S. Markets

U.S. equities closed higher with broad participation across sectors, led by strength in technology and communication services as investors awaited earnings from NVIDIA, currently the world's largest company by market capitalization, due after the close. The rally extended into the afternoon, with the Dow Jones Industrial Average adding another 307.65 points, while the S&P 500 rose 0.81% and the Nasdaq Composite advanced 1.26%, confirming technology-led momentum alongside continued participation from cyclicals and large-cap industrial names.

Treasury yields moved modestly higher, with the 10-year U.S. Treasury closed at 4.05% and the 2-year at 3.45%, signaling stable but still restrictive financial conditions. Despite recent market volatility, the earnings backdrop remains constructive: roughly 90% of S&P 500 companies have reported fourth-quarter results, with aggregate earnings tracking near 12%YoY growth, marking a potential fifth consecutive quarter of double-digit expansion. Consensus forecasts currently project approximately 14% earnings growth for full-year 2026, reinforcing expectations for continued profit resilience.

European Markets

European equities closed higher on Wednesday as investor sentiment stabilized following confirmation that President Trump's universal 10% tariff took effect instead of the previously threatened 15% level, easing fears of a sharper escalation in global trade tensions.

The Stoxx Europe 600 finished 0.7% higher, with most major regional indices ending in positive territory amid a heavy earnings calendar and fresh macroeconomic releases. Market participants also digested updates on German GDP, consumer confidence, and the latest eurozone inflation readings, which collectively reinforced the view of modest but ongoing economic stabilization across the region.

Corporate results drove notable dispersion at the stock level.

HSBC led financials higher after reporting \$29.9 billion in annual pre-tax profit, exceeding expectations; its London-listed shares surged nearly 8%, reaching a new 52-week high and providing a meaningful lift to the banking sector.

In contrast, Diageo was among the session's largest decliners, tumbling 12.7% after cutting its 2026 outlook. The spirits group reported first-half net sales down 4% to \$10.5 billion and operating profit slipping 1.2% to \$3.1 billion, citing weaker demand in North America and China and pressure on U.S. consumer disposable income. The company now expects organic sales to decline 2%–3% in 2026, operating profit to be flat to slightly higher, and reduced dividends—signaling continued headwinds in premium consumer spending.

Aston Martin announced plans to reduce its workforce by 20% in 2026, targeting roughly £40 million in cost savings, after reporting tariff-related pressures in both the U.S. and China. The luxury automaker posted 2025 revenue of £1.26 billion, down 21% year over year, alongside an operating loss of £259 million and a 10% drop in wholesale volumes. Shares ended the day 2.9% lower, touching a 52-week low.

Elsewhere, investors assessed results from a broad set of European corporates, including Leonardo, Iberdrola, E.ON, Bayer, Ferrovial, Heidelberg Materials, Poste Italiane, Fresenius, Novonosis, and Telefónica, reflecting continued earnings-driven rotation across industrial, utility, healthcare, and telecom sectors.

Overall, the session suggested improving near-term risk appetite in Europe, supported by slightly reduced trade-policy uncertainty, resilient bank earnings, and ongoing evidence of gradual macro stabilization—though sector-specific earnings pressures continue to create selective volatility.

Corporate Focus

Investor attention is centered on NVIDIA's quarterly results, which are expected to underscore the scale of ongoing AI-driven investment. Analysts anticipate quarterly revenue near \$66 billion, implying year-over-year growth approaching 70%, while earnings per share are projected at around \$1.54, potentially representing more than 70% annual growth. Given NVIDIA's weight in major indices and its role as a proxy for the AI infrastructure cycle, the outcome is likely to influence near-term market direction, particularly in semiconductors, cloud computing, and high-performance computing.

International Markets

Global equity momentum has remained strong in early 2026. Asian markets closed broadly positive overnight, led by Japan's Nikkei, which gained more than 2% amid improving manufacturing sentiment and expectations for supportive fiscal conditions.

Emerging markets continue to lead global performance, with the MSCI Emerging Markets Index up by more than 13% year to date in U.S. dollar terms. Strength has been reinforced by robust gains in technology-oriented markets, including Korea and Taiwan, which have posted significant advances this year, helping sustain broader EM outperformance.

Strategic View

The combination of steady economic expansion, resilient corporate earnings growth, and broadening global equity participation continues to support a constructive outlook for risk assets. While elevated yields and periodic volatility may create tactical swings, the fundamental trend remains consistent with an environment favoring equities over fixed income. From an allocation perspective, opportunities remain most compelling in U.S. large- and mid-cap equities, international developed small- and mid-caps, and emerging-market stocks, where earnings momentum, valuation differentials, and cyclical recovery dynamics continue to provide relative upside.

Economic Data:

- **Eurozone Inflation Rate:** Excluding Energy, Food, Alcohol, and Tobacco: fell to 2.30%, compared to 2.40% last month.
- **Germany Real GDP YoY:** rose to 0.60%, up from 0.30% last quarter.

Eurozone Summary:

- **Stoxx 600:** closed at 633.47, up 4.33 points or 0.69%.
- **FTSE 100:** closed at 10,804.41, up 125.82 points or 1.18%.
- **DAX Index:** closed at 25,175.94, up 189.69 points or 0.76%.

Wall Street Summary:

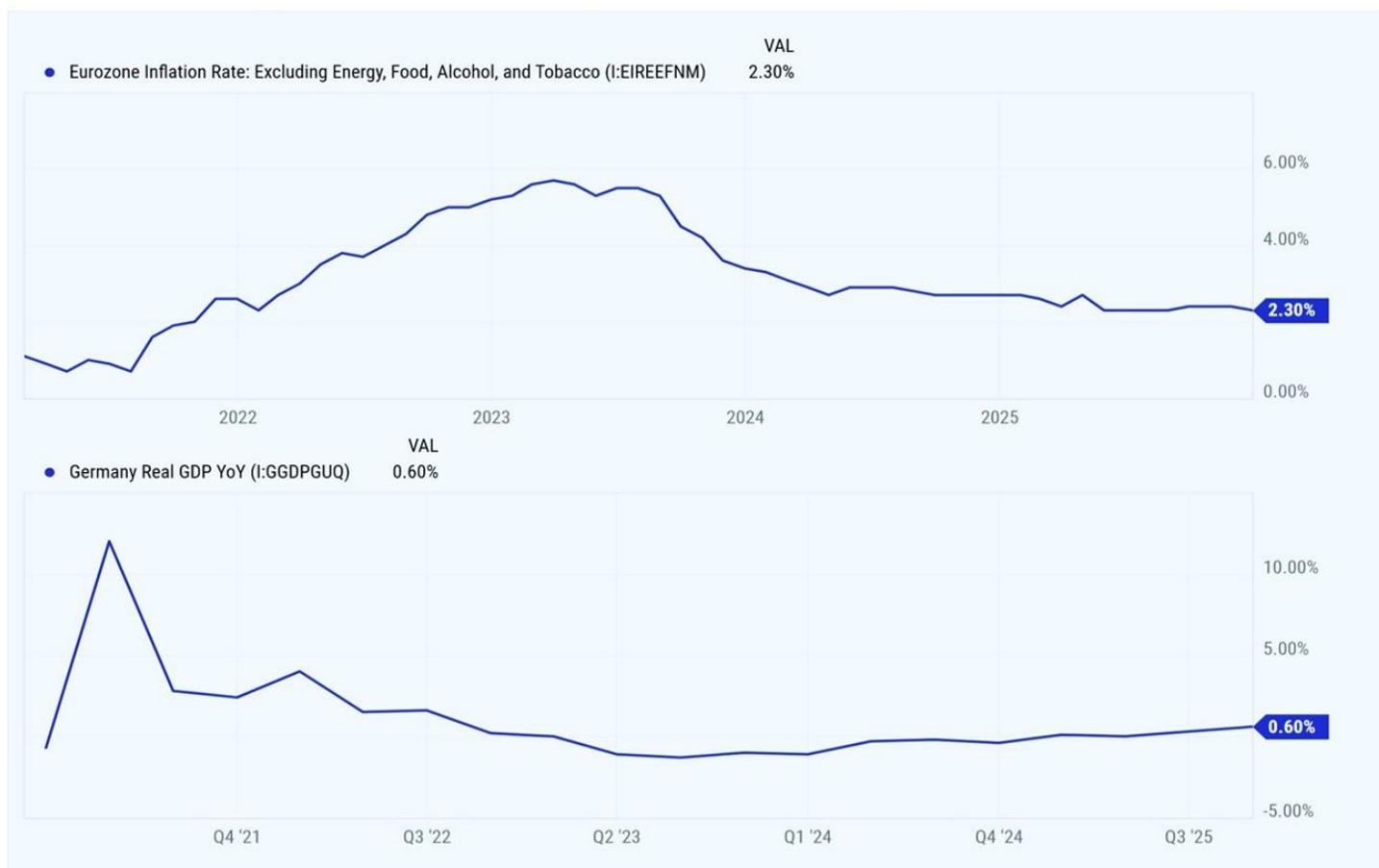
- **Dow Jones Industrial Average:** closed at 49,482.15, up 307.65 points or 0.63%.
- **S&P 500:** closed at 6,946.13, up 56.06 points or 0.81%.
- **Nasdaq Composite:** closed at 23,152.07, up 288.39 points or 1.26%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,020.96, down 26.50 Points or 0.65%
- **Birling Capital U.S. Bank Index:** closed at 8,668.10, down 13.48 Points or 0.16%.
- **U.S. Treasury 10-year note:** closed at 4.05%.
- **U.S. Treasury 2-year note:** closed at 3.45%.



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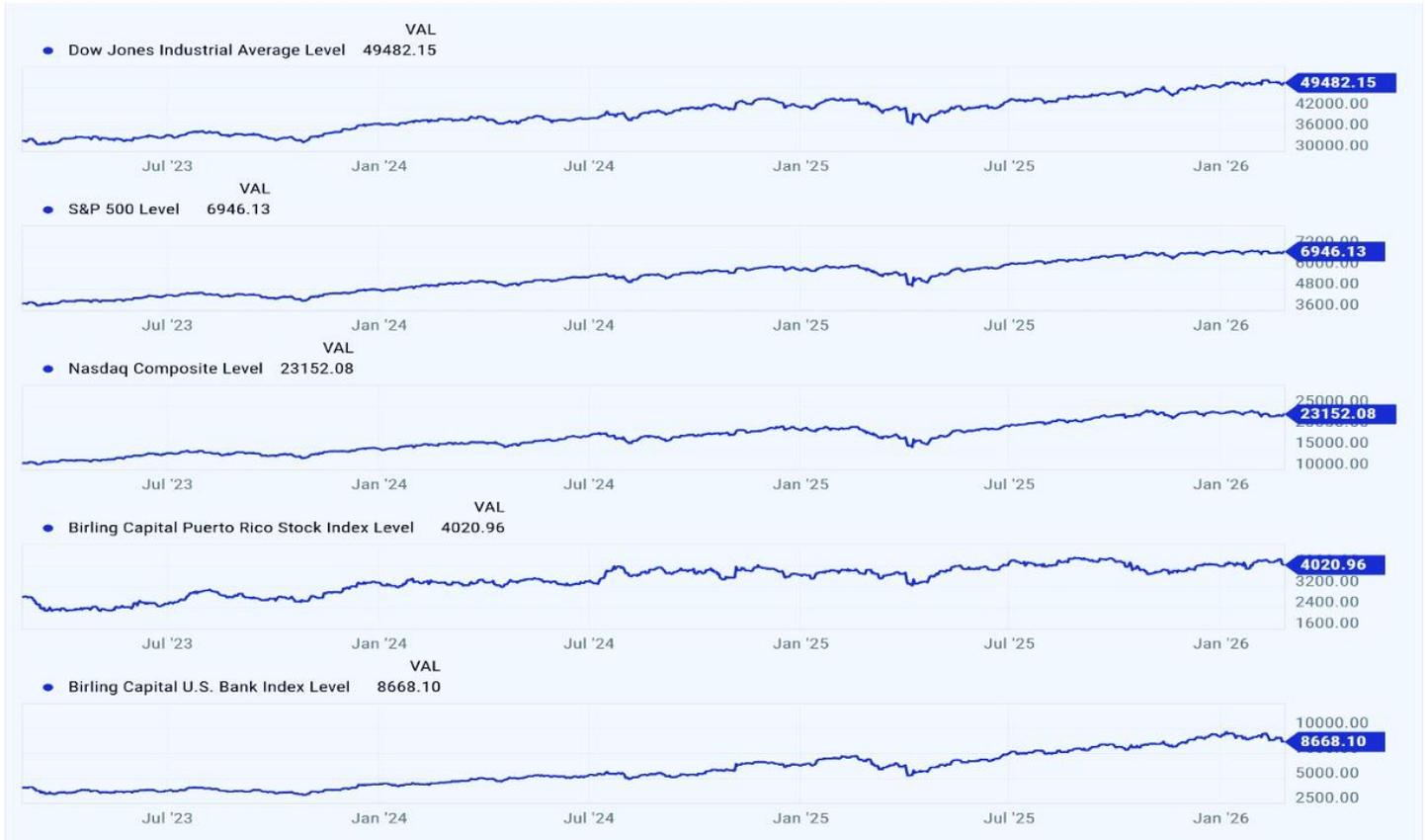
Eurozone Inflation Rate & Germany Real GDP YoY



The Economic Cycle

Jan 2025-Feb 25, 2026





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