# Dow drops 100 points as chip and Alphabet weakness overshadow a strong start to earnings season

GLOBAL MARKET SQUARE
BIRLING CAPITAL ADVISORS, LLC

**July 16, 2026**

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The U.S. and European stock markets diverged Thursday, as a broad selloff in technology names dragged the major U.S. averages lower even as European bourses closed mostly higher. The S&P 500 fell 0.51% to 7,533.77, the Nasdaq Composite dropped a sharp 1.47% to 25,881.94, and the Dow Jones Industrial Average shed 105.97 points, or 0.20%, to close at 52,552.97 — with the tech-heavy indexes bearing the brunt of the day's weakness. Closer to home, the divergence was stark: the Birling Capital Puerto Rico Stock Index closed up 1.54% at 4,954.49, and the Birling Capital U.S. Bank Index gained 1.33% to 10,628.54, both standing in sharp contrast to a broader U.S. tape that finished decisively negative.

The semiconductor complex led the selling. Taiwan Semiconductor Manufacturing's shares fell more than 2% even after a better-than-expected second-quarter report, as the companies sharply raised capital expenditure guidance — now $60 billion to $64 billion for the year, up from $52 billion to $56 billion previously — stoked renewed concern about the pace and durability of AI-related infrastructure spending. The VanEck Semiconductor ETF (SMH) fell nearly 4%, with Arm Holdings down more than 5%, Micron Technology and Advanced Micro Devices each off more than 5%, Broadcom down 5%, and the U.S.-listed shares of SK Hynix tumbling more than 13%. Alphabet added to the tech-sector pressure, falling more than 4% on reports that it has delayed the release of its next flagship AI model; Meta Platforms, Nvidia, and Amazon also traded lower.

Despite the day's selloff, the underlying earnings picture remains constructive: of the 40 S&P 500 companies that have reported so far, more than 87% have topped Wall Street estimates, and this week's major bank earnings — a traditional bellwether for broader economic activity — beat expectations comfortably. Economic data released Thursday reinforced the picture of a resilient U.S. consumer: initial jobless claims for the week ending July 11 fell to a seasonally adjusted 208,000, below the 218,000 consensus estimate, while June retail sales rose in line with expectations at 0.2% month-over-month.

## U.S. Markets

Technology and semiconductors dominated Thursday's price action. Taiwan Semiconductor's raised capex guidance triggered a broad rotation out of chip names despite the company's earnings beat, pulling down the VanEck Semiconductor ETF (SMH) by nearly 4% and dragging Arm Holdings, Micron, AMD, and Broadcom all lower by roughly 5% or more; SK Hynix's U.S.-listed shares fell over 13%. Alphabet's more than 4% decline amid reports of a delayed next-generation AI model added to the "Magnificent Seven" weakness, with Meta Platforms, Nvidia, and Amazon also lower on the day. Against that backdrop, earnings season continues to deliver better than 87% of the 40 S&P 500 companies that have reported are beating estimates, and this week's major bank results — JPMorgan, Bank of America, Citigroup, Goldman Sachs, and Wells Fargo — all topped expectations. UnitedHealth Group, GE Aerospace, and Abbott Laboratories also beat estimates ahead of Thursday's bell. Uber's $14.8 billion acquisition of Delivery Hero and Eli Lilly's $3.8 billion purchase of

AtaiBeckly kept M&A activity in focus. Netflix closes out the week's earnings calendar after today's bell.

### European Markets

European bourses closed mostly higher Thursday, recovering from a softer open as investors weighed a fresh slate of corporate earnings against escalating Middle East tensions. The Stoxx 600 rose 1.02 points, the FTSE 100 gained 56.32 points, and the DAX Index fell 84.04 points. Early in the session the pan-European benchmark had been pressured by a 1.1% slide in utilities — the session's worst-performing sector — but buying interest into the close lifted the index into positive territory by the final bell. Corporate news drove the day's sharpest individual moves: Norway's Telenor tumbled more than 11% after the telecom operator cut its 2026 outlook following a weaker-than-expected second-quarter, while French advertising group Publicis rose on stronger first-half revenue tied to demand for AI-driven marketing services. The U.K.'s FTSE 100 led the region's major benchmarks, while Germany's DAX was the lone decliner among the three, continuing to feel pressure from the same AI-capex skepticism and chip-sector rotation that weighed on U.S. semiconductor names earlier in the session — a read-through effect that has periodically resurfaced in Frankfurt trading since the broader technology correction began in mid-June. Escalating U.S.-Iran tensions near the Strait of Hormuz remained the macro backdrop for the entire session, keeping a geopolitical risk premium embedded across European risk assets even as individual earnings stories drove the bulk of the day's stock-specific action.

### Energy Markets

Crude held steady near $80/bbl for WTI — well above the recent lows near $68 — as the U.S. intensified strikes on Iranian targets near the Strait of Hormuz, keeping a geopolitical risk premium embedded in prices even as the broader oil complex has stabilized off its most recent highs.

### Economic & Policy Outlook

June producer prices reinforced Tuesday's soft CPI read: headline PPI slowed to 5.5% year-over-year with a 0.3% monthly decline, while core PPI's 0.2% gain came in well under the 0.4% consensus. The combination points to contained, largely energy-driven inflation pressure rather than a broader entrenchment. The 10-year Treasury yield ticked up about 3 basis points to 4.58%, still elevated on Iran-driven energy concerns but consistent with a market pricing a Fed hold on July 29 and roughly coin-flip odds on a September hike. Friday brings the University of Michigan's preliminary July consumer sentiment reading, with consensus looking for a modest improvement to 50.7 from June's 49.5.

### Puerto Rico Public Companies Update

Puerto Rico's four publicly traded banking and financial names have their Q2 2026 earnings calendar largely locked in over the next two weeks. OFG Bancorp opens the window on Tuesday, July 21, followed by First BanCorp on Wednesday, July 22, and Popular, Inc. on Thursday, July 23 — all three reporting before the opening bell, with Popular's call starting an hour later than its peers. EVERTEC has not yet issued a company press release confirming its Q2 2026 report date.

| Ticker | Company | Today's Session | Year-to-Date 2026 | Q2 2026 Report Date |
|---|---|---|---|---|
| BPOP | Popular | +8.25% | +39.50% | July 23, 2026 |
| FBP | First BanCorp | +9.82% | +34.30% | July 22, 2026 |
| OFG | OFG Bancorp | +7.12% | +24.79% | July 21, 2026 |
| EVTC | EVERTEC | +13.12% | +5.84% | Date pending |

With this week's Q2 bank earnings season already delivering beats across JPMorgan, Bank of America, Citigroup, Goldman Sachs, and Wells Fargo, the setup into next week's Puerto Rico bank reports is constructive: strong investment banking and trading revenue at the majors, combined with today's sizable outperformance in the Birling Capital U.S. Bank Index, points to a favorable read-through for OFG, FBP, and BPOP as they report over the following three sessions.

### The Final Word

Thursday's session is a reminder that this market's two biggest swing factors — AI capex durability and Middle East energy risk — are pulling in opposite directions from the underlying data, which continues to argue for patience: inflation is cooling, earnings are beating, and the Fed has room to wait. Puerto Rico's own market told that story well today, with banks and the broader PR index both outrunning a softer, chip-burdened U.S. tape. Until AI capex durability or Middle East risk resolves one way or the other, expect rotation beneath the surface to keep doing more work than the headline index moves suggest.

### Economic Data:

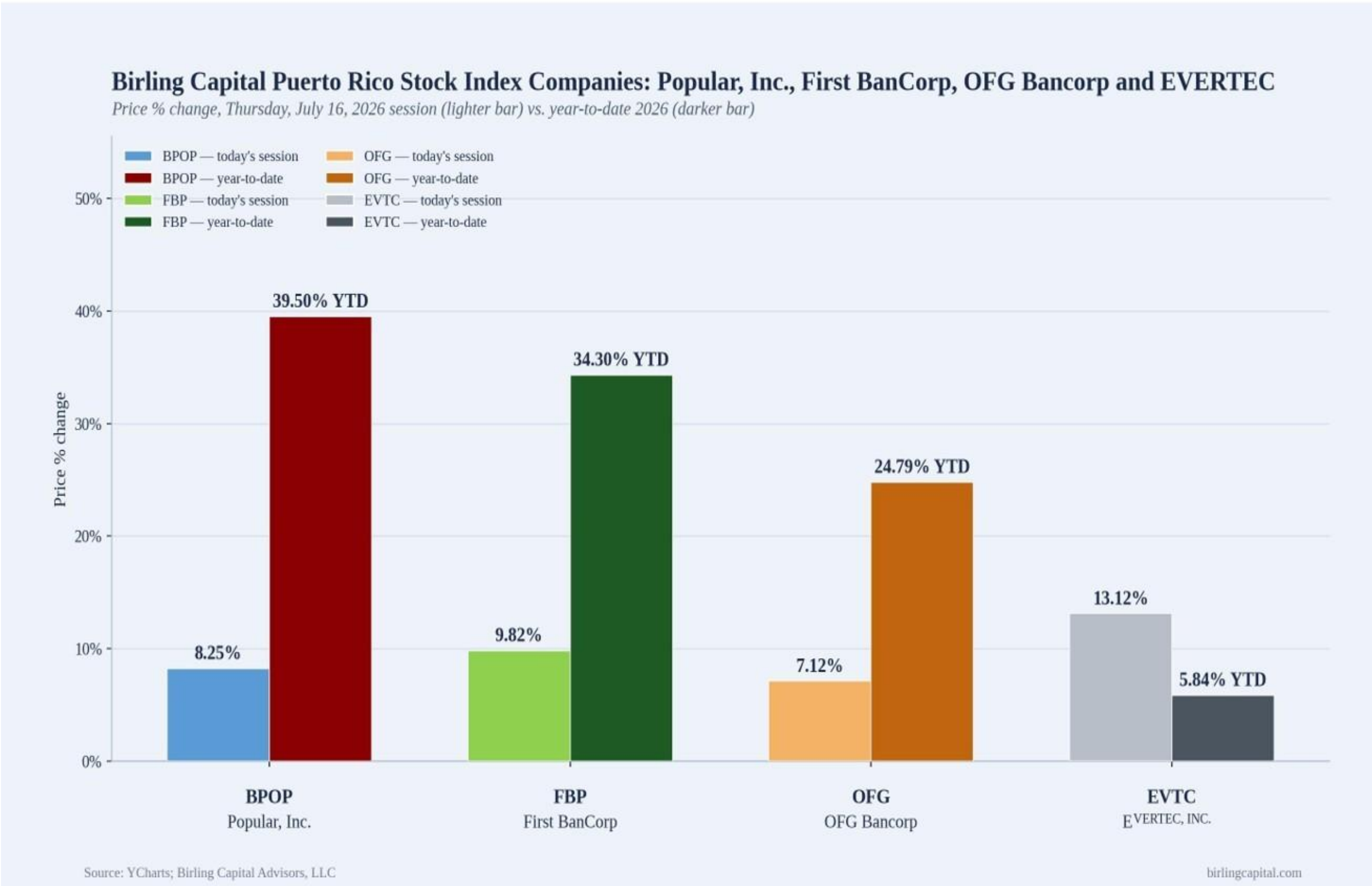
- **US Initial Claims for Unemployment Insurance:** fell to 208,000, down from 216,000 last week, a change of -3.70%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** fell to 214,250, down from 219,000 last week.
- **US Retail and Food Services Sales MoM:** fell to 0.22%, compared to 1.02% last month.
- **US Pending Home Sales YoY:** fell -0.28%, compared to 4.50% last month.
- **NAHB/Wells Fargo US Housing Market Index:** fell to 34.00, down from 36.00 last month.
- **30 Year Mortgage Rate:** rose to 6.55%, compared to 6.49% last week.
- **US Wholesalers Inventories MoM:** fell 0.12%, compared to 0.65% last month.
- **US Business Inventories MoM:** fell to 0.29%, compared to 0.56% last month.
- **NY Fed Business Leaders Survey Current Business Activity:** rose to 8.70, up from -10.10 last month.

### Eurozone Summary:

- **Stoxx 600:** closed at 643.73, up 1.02 points or 0.16%.
- **FTSE 100:** closed at 10,572.24, up 56.32 points or 0.54%.
- **DAX Index:** closed at 24,915.49, down 84.04 points or 0.34%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,552.97, down 105.97 points or 0.20%
- **S&P 500:** closed at 7,533.77, down 38.66 points or 0.51%.
- **Nasdaq Composite:** closed at 25,881.95, down 387.28 points or 1.47%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,954.49, up 74.96 points or 1.54%.
- **Birling Capital U.S. Bank Index:** closed at 10,628.54, up 139.39 points or 1.33%.
- **U.S. Treasury 10-year note:** closed at 4.57%.
- **U.S. Treasury 2-year note:** closed at 4.16%.


Birling Capital Puerto Rico Stock Index Companies: Popular, Inc., First BanCorp, OFG Bancorp and EVERTEC
Price % change, Thursday, July 16, 2026 session (lighter bar) vs. year-to-date 2026 (darker bar)
BPOP — today's session
BPOP — year-to-date
FBP — today's session
FBP — year-to-date
OFG — today's session
OFG — year-to-date
EVTC — today's session
EVTC — year-to-date
Price % change
50%
40%
30%
20%
10%
0%
8.25%
39.50% YTD
9.82%
34.30% YTD
7.12%
24.79% YTD
13.12%
5.84% YTD
BPOP
Popular, Inc.
FBP
First BanCorp
OFG
OFG Bancorp
EVTC
EVERTEC, INC.
Source: YCharts; Birling Capital Advisors, LLC
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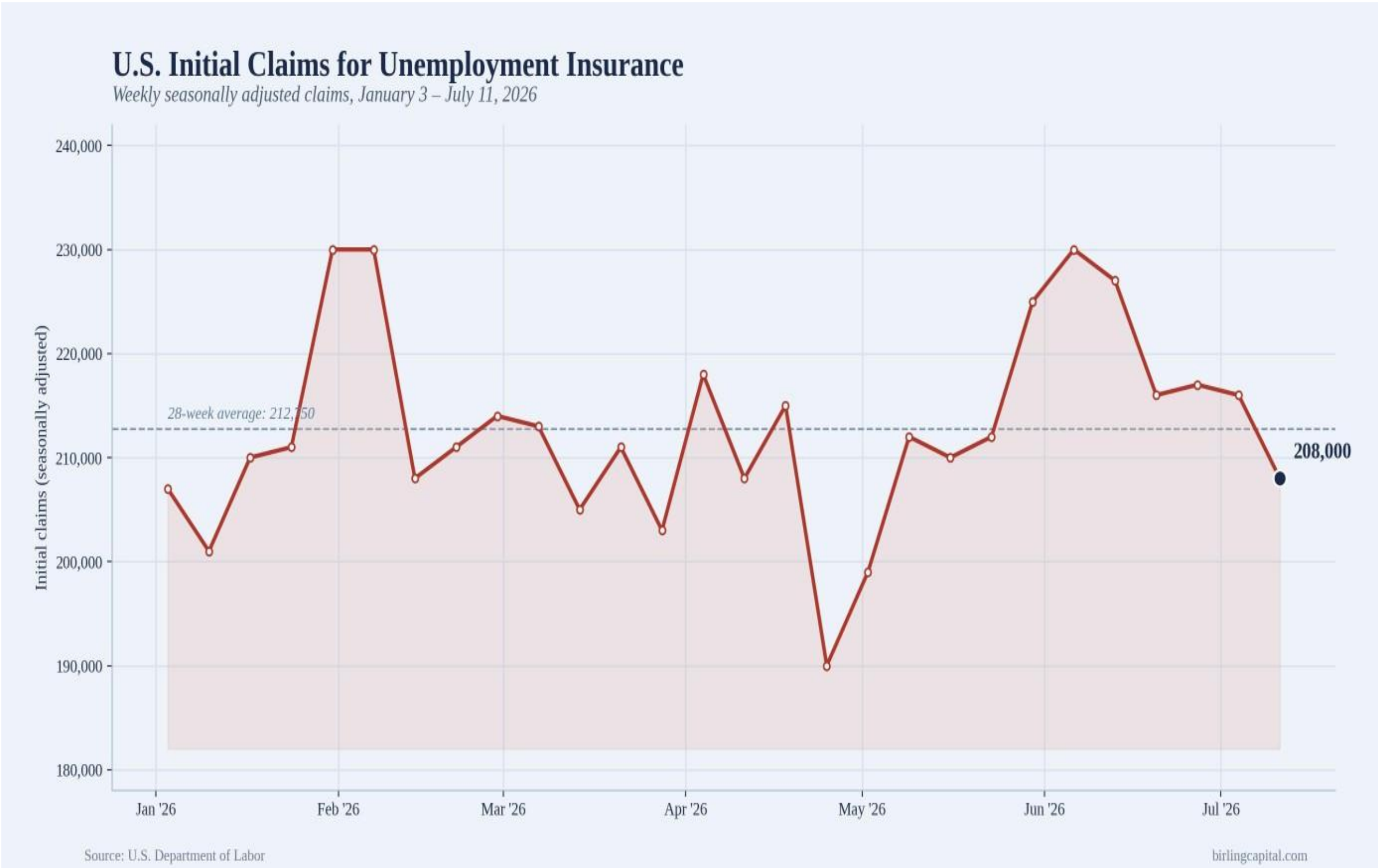

U.S. Initial Claims for Unemployment Insurance
Weekly seasonally adjusted claims, January 3 – July 11, 2026
Initial claims (seasonally adjusted)
240,000
230,000
220,000
210,000
200,000
190,000
180,000
28-week average: 212,750
208,000
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
Source: U.S. Department of Labor
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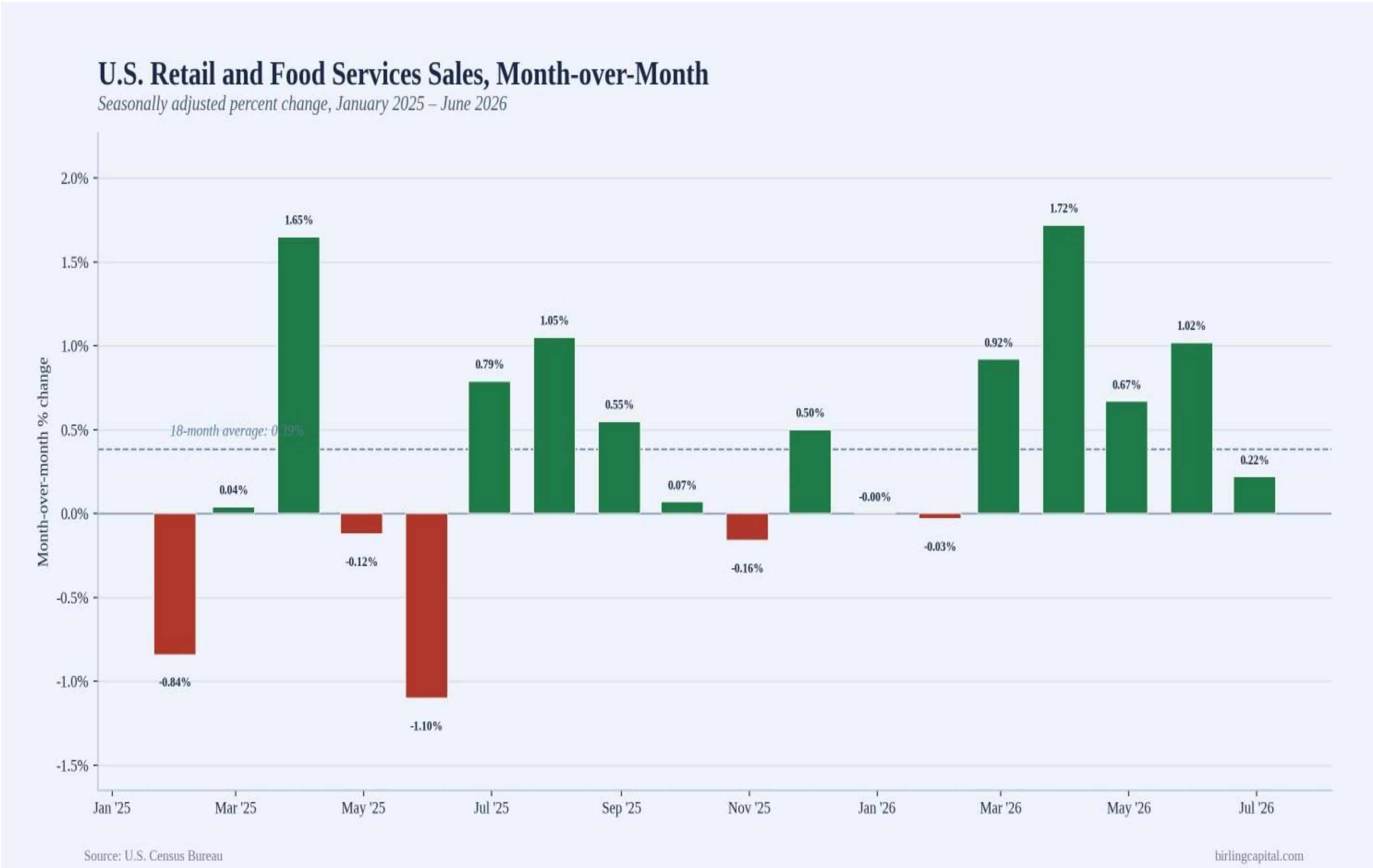
U.S. Retail and Food Services Sales, Month-over-Month
Seasonally adjusted percent change, January 2025 – June 2026
Month-over-month % change
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
-1.5%
18-month average:
-0.84%
0.04%
1.65%
-0.12%
-1.10%
0.79%
1.05%
0.55%
0.07%
-0.16%
0.50%
-0.00%
-0.03%
0.92%
1.72%
0.67%
1.02%
0.22%
Jan '25
Mar '25
May '25
Jul '25
Sep '25
Nov '25
Jan '26
Mar '26
May '26
Jul '26
Source: U.S. Census Bureau
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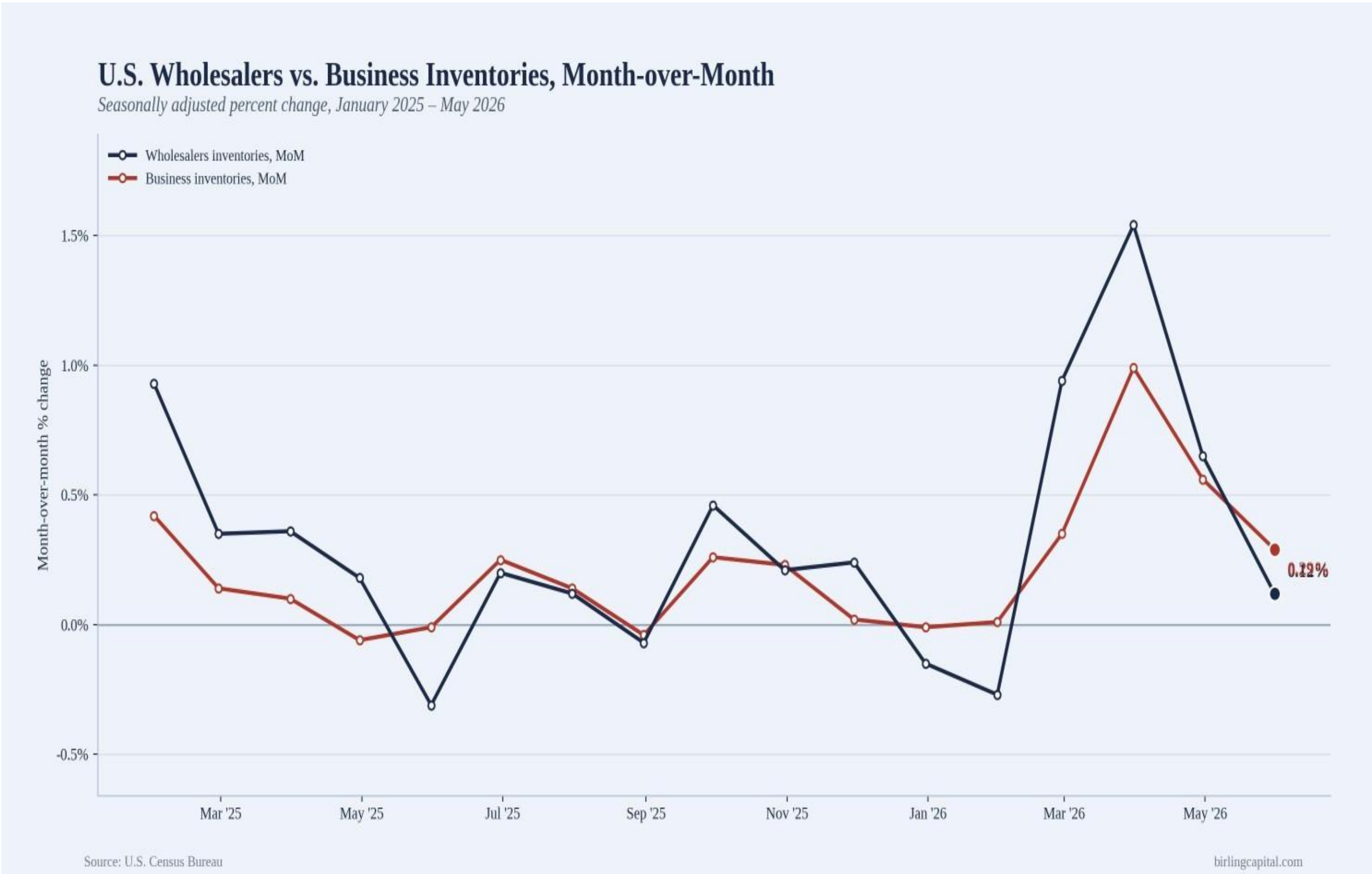

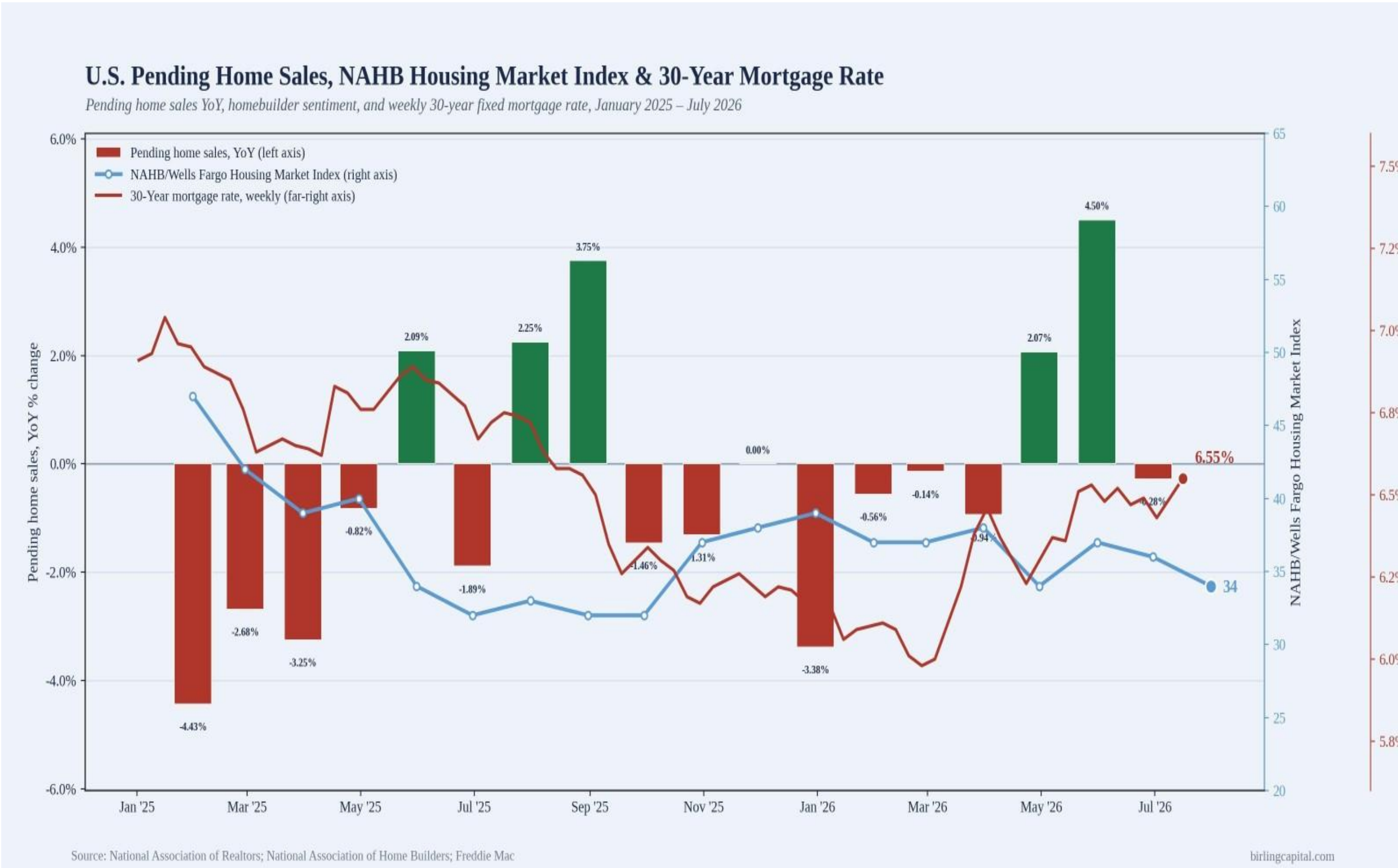

U.S. Pending Home Sales, NAHB Housing Market Index & 30-Year Mortgage Rate
Pending home sales YoY, homebuilder sentiment, and weekly 30-year fixed mortgage rate, January 2025 – July 2026
Pending home sales, YoY (left axis)
NAHB/Wells Fargo Housing Market Index (right axis)
30-Year mortgage rate, weekly (far-right axis)
Pending home sales, YoY % change
NAHB/Wells Fargo Housing Market Index
6.55%
34
Source: National Association of Realtors; National Association of Home Builders; Freddie Mac
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# European Markets Close

*Thursday, July 16, 2026*

| Stoxx 600 | FTSE 100 | DAX Index |
|---|---|---|
| Closing Price | Closing Price | Closing Price |
| 643.73 | 10,572.24 | 24,915.49 |
| ▲ +1.02 | ▲ +56.32 | ▼ -84.04 |
| +0.16% | +0.54% | -0.34% |

Source: Birling Capital Advisors, LLC

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## Wall Street and Birling Capital Indexes Close

*Thursday, July 16, 2026*

| Dow Jones Industrial Average | S&P 500 | Nasdaq Composite | Birling Capital PR Stock Index | Birling Capital U.S. Bank Index |
|---|---|---|---|---|
| Closing Price | Closing Price | Closing Price | Closing Price | Closing Price |
| 52,552.97 | 7,533.77 | 25,881.94 | 4,954.49 | 10,628.54 |
| ▼ -105.97 | ▼ -38.66 | ▼ -387.28 | ▲ +74.96 | ▲ +139.39 |
| -0.20% | -0.51% | -1.47% | +1.54% | +1.33% |

| U.S. Treasury 10-Year Note | | U.S. Treasury 2-Year Note |
|---|---|---|
| 4.57% | Spread 0.41% | 4.16% |

Source: Birling Capital Advisors, LLC

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VAL
Dow Jones Industrial Average Level 52552.97
52552.97
50000.00
47500.00
45000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
VAL
S&P 500 Level 7533.77
7533.77
7000.00
6500.00
6000.00
VAL
Nasdaq Composite Level 25881.95
27500.00
25881.95
22500.00
20000.00
VAL
Birling Capital Puerto Rico Stock Index Level 4954.49
4954.49
4400.00
4000.00
3600.00
VAL
Birling Capital U.S. Bank Index Level 10628.54
10628.54
9600.00
8400.00
7200.00