Firstbank Earnings Beat Expectations Net Income Rises 8.30%, Markets Paused as Higher Oil Prices Offset Strong Earnings; Investors Awaited Big Tech Earnings

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The U.S. and European stock markets finished mixed Wednesday as a sharp increase in crude oil prices offset another solid day of corporate earnings. European equities advanced to fresh highs, while U.S. markets were little changed overall, with the Dow Jones Industrial Average ending essentially flat and the S&P 500 and Nasdaq Composite edging lower as investors weighed the inflationary implications of Brent crude climbing above $94 per barrel. Treasury yields remained elevated as markets reassessed the outlook for Federal Reserve policy, while attention shifted to highly anticipated quarterly results from Alphabet, Tesla, IBM, and Texas Instruments, expected to provide further insight into artificial intelligence spending, cloud demand, and corporate technology investment.

U.S. Markets

Wall Street ended little changed Wednesday as rising oil prices and renewed Middle East tensions offset another strong day of corporate earnings, leaving investors focused on whether artificial intelligence-driven growth can continue to outweigh inflation and geopolitical risks.

The Dow Jones Industrial Average slipped just 6.06 points, or 0.01%, to close at 52,218.58. The S&P 500 declined 10.24 points, or 0.14%, to 7,498.96, while the Nasdaq Composite fell 146.30 points, or 0.57%, to 25,690.90 as technology shares retreated ahead of earnings from several AI leaders.

Crude oil was the day's primary market driver. Brent crude climbed above $94 per barrel, briefly topping $95, while West Texas Intermediate advanced above $86 per barrel after the eleventh consecutive round of U.S. strikes against Iranian targets. Secretary of State Marco Rubio reiterated that the United States would continue protecting commercial shipping through the Strait of Hormuz, reinforcing concerns that elevated energy prices could complicate the Federal Reserve's efforts to bring inflation lower.

Corporate earnings remained the market's focal point. Investors awaited results from Alphabet, Tesla, IBM, Texas Instruments, and ServiceNow for fresh insight into artificial intelligence investment, cloud computing demand, capital expenditures, and enterprise technology spending. Meanwhile, Super Micro Computer surged after raising its margin outlook and reporting more than $60 billion in new orders, underscoring continued strength in AI infrastructure demand. AT&T advanced after reporting better-than-expected quarterly earnings, while GE Vernova declined following weaker-than-expected results.

European Markets

European equities closed higher as gains in aerospace, defense, and energy shares outweighed weakness in technology stocks. The Stoxx Europe 600 advanced 0.58% to another record close, supported by higher crude oil prices and strong corporate news. Airbus was among the session's top performers after announcing a €5 billion share-repurchase program and raising its medium-term profit targets. At the same time, technology shares softened ahead of earnings from Alphabet and Tesla.

Technology stocks lagged as investors awaited quarterly results from major U.S. technology companies and reassessed valuations following the sector's recent rally.

European markets continued to balance solid corporate earnings against concerns that persistently higher energy prices could revive inflation and compel the European Central Bank to maintain restrictive monetary conditions for longer.

Energy Markets

Oil prices rose sharply as the conflict involving the United States and Iran threatened two of the world's most important maritime energy routes. Brent crude briefly traded above $95 per barrel, while West Texas Intermediate climbed toward $87 per barrel.

Shipping activity through the Strait of Hormuz remained severely constrained, with no very large crude carriers or liquefied-natural-gas tankers recorded among Tuesday's limited crossings. Meanwhile, several tankers transporting Saudi crude reversed course in the Red Sea after Yemen's Houthi movement announced a blockade affecting Saudi-linked shipping through the Bab al-Mandeb Strait.

The growing threat to both waterways intensified concerns over global energy supplies, transportation costs, and the inflationary consequences of a prolonged disruption.

Economic & Policy Outlook

Trade policy added another layer of uncertainty after President Trump announced plans to impose a 100% tariff on imported generic pharmaceuticals beginning in August 2028, giving manufacturers two years to relocate production to the United States. Under the announced framework, the tariff would subsequently increase to 200% after an additional year.

The administration also announced an additional 50% tariff on approximately $20 billion of selected Canadian products, scheduled to take effect August 19. Meanwhile, the temporary global tariff imposed under Section 122 of the Trade Act of 1974 was scheduled to expire Friday, July 24.

The administration was expected to rely on Section 301 investigations to establish replacement duties. Unlike the temporary Section 122 tariffs, Section 301 generally requires an investigation and a finding that a foreign government engaged in unfair trade practices.

First BanCorp. Delivers Robust Earnings as Alphabet's AI Spending Takes Center Stage

Closer to Home, Puerto Rico-based First BanCorp. (FBP) delivered another strong quarter, reporting second-quarter 2026 revenues of $264.9 million, up 7.33% year over year. Net income reached $96.2 million, increasing 8.30% from the previous quarter and 19.92% from a year earlier. Diluted earnings per share rose to $0.62 from $0.57 in the first quarter and $0.50 a year ago.

Profitability and operating performance also strengthened. Net interest margin expanded to 4.87%, return on average assets reached 2.02%, and loan originations totaled $1.7 billion, up 21% year over year. First BanCorp. maintained a robust 16.96% Tier 1 capital ratio and returned 84% of quarterly earnings to shareholders through dividends and share repurchases, underscoring the strength of its earnings, capital position, and geographically diversified franchise.

Alphabet was scheduled to report its second-quarter results after the closing bell, placing artificial-intelligence spending and monetization at the center of investors' attention. The results were expected to provide an important test of whether the unprecedented expansion in AI infrastructure was producing measurable financial returns. Investors were focused on capital expenditure guidance, Google Cloud growth, advertising performance, and management's assessment of AI monetization.

Wall Street projected Alphabet's 2026 capital expenditures at approximately $180 billion to $190 billion. Combined spending by Alphabet, Amazon, Microsoft, Meta, and Oracle was expected to approach $750 billion, supporting demand across semiconductors, data centers, networking equipment, and power infrastructure.

Corporate profit growth was expected to extend beyond the largest technology companies. Second-quarter technology-sector earnings were projected to rise approximately 65.5% year over year, while materials-sector profits were expected to increase 32.5%. Energy-sector earnings were projected to surge approximately 115%, aided by higher commodity prices, while financial companies continued to benefit from resilient economic activity and solid credit conditions. Second-quarter earnings for U.S. mid-cap companies, as measured by the Russell Midcap Index, were projected to increase approximately 17%, compared with an estimate of nearly 13% at the beginning of April. Stable labor-market conditions, improving manufacturing activity, and resilient consumer spending continued to provide a constructive backdrop for corporate profitability.

The Final Word

Markets ended Wednesday balancing rising geopolitical and trade-policy risks against a still-supportive earnings environment. Although higher oil prices and tariff uncertainty could generate additional volatility, economic fundamentals and corporate profit growth remained constructive. Investors should maintain a disciplined, diversified strategy and avoid making long-term decisions in response to short-term headlines.

Corporate Earnings Parade:

- **First BanCorp (FBP):** reported earnings for the second quarter of 2026 with revenues of $264.9 million, up 7.33%, with Net Income of $96,154 million, up 8.30%, and Earnings Per Share of $0.62. FBP has a Stock Price Target of $28.86 and a Tier 1 Capital Ratio of 16.96%. Check our report on FBP: FBP Overview

Economic Data:

- **US Crude Oil Stocks WoW:** fell by -1.692M, down from 2.998M last week.

Eurozone Summary:

- **Stoxx 600:** closed at 646.93, up 3.74 points or 0.58%.
- **FTSE 100:** closed at 10,716.97, up 131.06 points or 1.24%.
- **DAX Index:** closed at 25,155.41, up 144.06 points or 0.58%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,218.58, down 6.06 points or 0.01%
- **S&P 500:** closed at 7,498.96, down 10.24 points or 0.14%.
- **Nasdaq Composite:** closed at 25,690.90, down 146.30 points or 0.57%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5,058.05, up 60.11 points or 1.20%.
- **Birling Capital U.S. Bank Index:** closed at 10,383.79, up 226.44 points or 2.23%.
- **U.S. Treasury 10-year note:** closed at 4.67%.
- **U.S. Treasury 2-year note:** closed at 4.31%.

Eurozone Summary Close

July 22, 2026

Stoxx 600	FTSE 100	DAX Index
Closing Price	Closing Price	Closing Price
646.93	10,716.97	25,155.41
▲ +3.74 pts	▲ +131.06 pts	▲ +144.06 pts
+0.58%	+1.24%	+0.58%

Source: Bloomberg, Birling Capital Advisors

birlingcapital.com

BIRLING CAPITAL ADVISORS, LLC

Wall Street and Birling Capital Indexes Close

July 22, 2026

Index	Closing Price	Change	% Change
Dow Jones Industrial Average	52,218.58	▼ -6.06	-0.01%
S&P 500	7,498.96	▼ -10.24	-0.14%
Nasdaq Composite	25,690.90	▼ -146.30	-0.57%
Birling Capital PR Stock Index	5,058.05	▲ +60.11	+1.20%
Birling Capital U.S. Bank Index	10,383.79	▲ +226.44	+2.23%

U.S. Treasury 10-Year Note	Spread	U.S. Treasury 2-Year Note
4.67%	36 bps	4.31%

Source: Bloomberg, NYSE, Nasdaq, U.S. Treasury, Birling Capital Advisors

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VAL
Dow Jones Industrial Average Level 52218.58
52218.58
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 7498.96
7498.96
7000.00
6500.00
6000.00
Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
VAL
Nasdaq Composite Level 25690.90
27500.00
25690.90
22500.00
20000.00
Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
VAL
Birling Capital Puerto Rico Stock Index Level 5058.05
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Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26
VAL
Birling Capital U.S. Bank Index Level 10383.79
10383.79
8400.00
7200.00
Jan '26 Feb '26 Mar '26 Apr '26 May '26 Jun '26 Jul '26