GLOBAL MARKET SQUARE

BIRLING CAPITAL ADVISORS, LLC

Tech buyers return as the Nasdaq jumps 1.1%, while turmoil in France drags Europe lower

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The U.S. and European stock markets finished Monday on opposite sides. Wall Street rallied as investors stepped back into technology after last week's sharp selloff in artificial intelligence-linked shares, with the Nasdaq Composite up 1.1% and the S&P 500 up 0.4%. The Dow Jones Industrial Average was the lone laggard, slipping 36.02 points. European equities fell as violent unrest in France rattled sentiment. Meta and Tesla report on Wednesday, and investors are hoping those results will help steady a market still on edge over AI spending, debt and energy prices.

U.S. Markets

Wall Street rebounded as traders returned to the technology names they sold last week. The Nasdaq Composite gained 1.1% and the S&P 500 rose 0.4%, while the Dow Jones Industrial Average ended just below the flat line. Chip stocks led the bounce. Intel gained 2% after a JPMorgan upgrade, Micron added 2% and Advanced Micro Devices rose 1%. CoreWeave was the exception, giving up early gains to close down 3% even after a Goldman Sachs upgrade.

The rebound follows a rough week. The S&P 500 fell nearly 2%, its worst week since late June, and the Nasdaq dropped 4.5%, ending a four-week winning streak. Information technology lost more than 6%, its worst week since April 2025. Goldman Sachs data show hedge funds sold the largest share of technology stocks on record, and tech was the most heavily sold global sector. CoreWeave dropped more than 25% for the week, its largest weekly decline since November 2025, as its credit default swaps reached distress levels.

The worry is no longer only about AI demand but about how the buildout is financed. CNBC reported, citing sources, that Anthropic's third-quarter revenue reached $16.8 billion, up from $11.6 billion in the second quarter. Some investors read that as a sign growth may be slowing relative to the scale of spending. Ron Albahary, chief investment officer at LNW, said the market can no longer assume AI companies are shielded from higher interest rates. If earnings growth cools, he warned, markets could become more fragile, and investors will focus on whether returns justify the debt being taken on.

European Markets

European stocks closed lower on Monday as political turmoil in France rattled investors. A weekend of violent nationwide protests over rising living costs and shrinking public services put France at the center of the selloff, and President Emmanuel Macron called the unrest among the worst in years. French equities led the declines early in the session, with the CAC 40 down about 1%. French government bonds lagged German bonds as the yield gap between them widened, and the euro trailed other major currencies.

Banks took the brunt, falling about 1.4% in early trading, with Spain's bank-heavy index down about 0.9%. France's high debt and large budget deficit leave little room for new spending, and Citi expects the uncertainty to last through winter, possibly until the next presidential election, depending on whether parliament passes debt reforms. Worries about energy prices added to the pressure even as Brent crude retreated from a five-month high. Investors are now looking to this week's earnings to restore risk appetite.

The three indexes we follow closed lower: Stoxx 600, down 5.18 points; FTSE 100, down 117.21 points; and DAX Index, down 302.89 points.

Earnings season off to a solid start

Third-quarter reporting has been encouraging so far, helped by strong results from several large U.S. financial companies last week. About 10% of S&P 500 companies have reported, and roughly 85% beat analyst estimates by an average of 3.4%. For the full quarter, S&P 500 earnings are projected to rise about 27% from a year ago, with energy, technology, and communication services contributing the most.

Elevated inflation and tighter monetary policy are real risks to the outlook, but the economy has held up. Consumers are still spending, and manufacturing has improved after years of stagnation. On that backdrop, we continue to prefer equities over fixed income, with an emphasis on U.S. large- and mid-cap stocks and emerging-market stocks. Investors should weigh these opportunities against their own financial goals and risk tolerance.

Energy Markets

Rising oil prices weighed on investor sentiment last week, alongside elevated inflation, and crude stayed in focus on Monday. West Texas Intermediate settled up 2.22% at $103.66 a barrel, while Brent slipped 0.28% to $109.55, which narrowed the gap between the two benchmarks to about $5.90.

Supply worries remain front and center. Attacks on ships in the Persian Gulf are picking up, and Russia and Ukraine continue to trade strikes on energy infrastructure, including a Ukrainian hit on an oil terminal in St. Petersburg on Sunday. Longer-dated futures have been climbing as traders price in disruptions that could last well into 2027.

Economic & Policy Outlook

Last week's pullback came as investors questioned the heavy, debt-financed spending behind the artificial intelligence buildout. That weighed on technology stocks at the same time as inflation and energy costs. Even so, the S&P 500 is still on pace for a fourth straight year of double-digit gains.

The calendar also helps. Since 1950, the S&P 500 has averaged about 0.9% in October, with positive months 59.2% of the time. November has averaged about 1.9%, with gains 69.7% of the time, and December about 1.4%, with gains 72.4% of the time. History offers no guarantee for 2026. Still, resilient activity and strong profit growth could support further gains through year-end.

Puerto Rico Economic Update As the IMF breaks rank on the Puerto Rico economy

For more than two years, we have said the Planning Board's forecasts were overstated. The Economic Activity Index fell year over year for 13 straight months through September 2025 and has been negative in 19 of the 24 months since September 2024.

Now the IMF agrees. Its October projections have Puerto Rico contracting 0.1% in 2026 and growing 0.1% in 2027, after +0.3% in 2025, with inflation at 3.1% and 3.6% and unemployment at 5.4% and 5.3%. The Planning Board forecasts +0.3% for fiscal 2026 and +0.2% for fiscal 2027. The gap is small, but it turns "flat" into "contracting." The two are not directly comparable: the IMF uses calendar years and GDP, while the Planning Board uses fiscal years and GNP.

The latest data leans toward the IMF. After a four-month rebound we called a mirage, the index fell year over year every month from February through July 2026. August broke the streak with a 0.1% gain, as the index reached 128.6, up 0.8% from July. Still, the index is down 0.5% from January through August and down 0.4% for fiscal 2026, below a +0.3% forecast.

The takeaway: a flat or shrinking economy with inflation near 3.5% squeezes both ends of the island. Households see prices outrun wages and jobs, and big purchases wait. Businesses face thinner demand, higher costs, and little pricing power, so hiring and investment slow. Owners should protect cash flow, stress-test plans against slower sales, and keep credit lines in good order. Families should

build a cushion and be cautious about adding debt. The hard data has not confirmed a recovery, and those who prepare now will be best placed when growth returns.

The Final Word
Last week's selloff was sharp, but [Monday's rebound in technology / Monday's session] and the strength of third-quarter earnings argue against reading it as a change in trend. Meta and Tesla on Wednesday are the next test, and the seasonal calendar, solid profit growth, and resilient economic activity remain supportive heading into the final quarter.

Economic Update:

- **NAHB/Wells Fargo US Housing Market Index:** fell to 29.00, down from 32.00 last month.
- **Canada Inflation Rate:** rose to 3.09%, compared to 3.03% last month.
- **Canada Consumer Price Index YoY**: rose to 3.09%, compared to 3.03% last month.
- **Canada Consumer Price Index MoM**: 0.35%, up from 0.30% last month.
- **Canada Core** CPI **MoM** is 0.13%, down from 0.25% last month.

Eurozone Summary:

- **Stoxx 600**: Closed at 637.75, up 2.74 points, or 0.43%.
- **FTSE 100**: Closed at 10,724.86, up 74.53 points, or 0.70%.
- **DAX Index:** Closed at 25,298.61, up 38.71 points, or 0.15%.

Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 51,966.39, down 36.02 points, or 0.07%.
- **S&P 500**: closed at 7,690.73, up 31.29 points, or 0.41%.
- **Nasdaq Composite**: closed at 26,430.88, up 290.88 points, or 1.11%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,998.26, up 26.54 points, or 0.53%.
- **Birling Capital US Bank Index:** closed at 9,312.11, up 10.90 points, or 0.12%.
- **US Treasury 10-year note**: closed at 5.15%.
- **US Treasury 2-year note**: closed at 4.77%.

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Puerto Rico Economic Growth Perspectives

Four institutions, one signal: growth is flat, and the IMF now says it is slightly negative

Planning Board GNP forecast, FOMB economic projections, IMF GDP projections and the Economic Activity Index

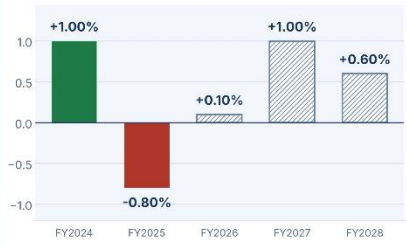
Planning Board

Real GNP growth, fiscal years, forecast of Sept. 16, 2026



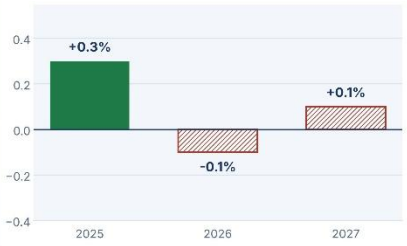
FOMB

Real GNP growth, fiscal years, board projections



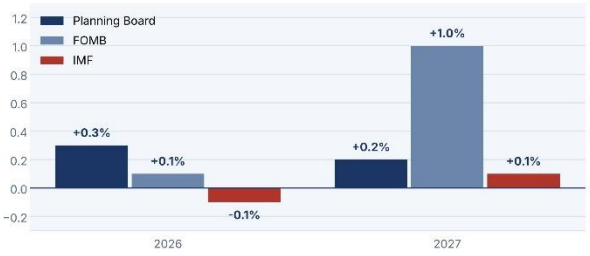
IMF

Real GDP growth, calendar years, October 2026



Same years, three forecasts

Projected real growth for 2026 and 2027, by institution



How the forecasts differ

Institution	Measure	Basis	2026	2027
Planning Board	Real GNP	Fiscal year	+0.3%	+0.2%
FOMB	Real GNP	Fiscal year	+0.1%	+1.0%
IMF	Real GDP	Calendar year	-0.1%	+0.1%

The IMF also projects inflation of 3.1% in 2026 and 3.6% in 2027, and unemployment of 5.4% and 5.3%. It has US growth at 2.3% in both years.

Fiscal years and GNP are not directly comparable with calendar years and GDP.

Economic Activity Index, Year-Over-Year Change

Percent change, January 2024 to August 2026



Four institutions, three methodologies, one conclusion: Puerto Rico's growth is flat, the IMF puts it slightly below zero, and the margin of error is virtually zero.

Sources: Puerto Rico Planning Board (Sept. 16, 2026); FOMB projections; IMF (October 2026, via Sin Comillas); DEDC Puerto Rico Economic Activity Index, August 2026 report. Birling Capital Advisors, LLC, October 2026.

US and Global Economic Data Dashboard

Economic data reporting during the week of October 19, 2026

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30 year mortgage rate	US consumer price index	US ISM manufacturing PMI	US initial jobless claims
7.40%	**336.30**	**54.50**	**199,000**
1Y change +18.02%	1Y change +3.72%	1Y change +11.00%	1Y change -10.36%

Major US Indicators Review

Latest reading compared with one month, three months and one year ago

Indicator	Date	Latest value	1M ago	3M ago	1Y ago	1M change	3M change	1Y change
30 year mortgage rate	10/15/26	7.40%	6.95%	6.55%	6.27%	6.47%	12.98%	18.02%
US consumer price index	09/30/26	336.30	334.13	332.57	324.25	0.65%	1.12%	3.72%
US existing home sales	09/30/26	3.99M	3.93M	4.13M	4.08M	1.53%	-3.39%	-2.21%
US ISM manufacturing PMI	09/30/26	54.50	54.60	53.30	49.10	-0.18%	2.25%	11.00%
US initial claims for unemployment insurance	10/10/26	199,000	198,000	209,000	222,000	0.51%	-4.78%	-10.36%
US labor force participation rate	09/30/26	61.80%	61.60%	61.50%	62.50%	0.32%	0.49%	-1.12%
US nonfarm payrolls MoM	09/30/26	29.00	133.00	31.00	76.00	-78.20%	-6.45%	-61.84%
US total nonfarm payrolls	09/30/26	159.04M	159.02M	158.89M	158.55M	0.02%	0.10%	0.31%

Major World Indicators Events Calendar

October 19 through October 25, 2026 (release times in Eastern Time)

Indicator	Latest value	Next release	Time (ET)	Frequency	1 release ago	2 releases ago	3 releases ago
UK unemployment rate	4.90%	10/20/2026	4:30 AM	Monthly	0.00%	0.00%	0.00%
ZEW indicator of economic sentiment for Germany	34.70	10/20/2026	5:00 AM	Monthly	1.46%	30.04%	150.5%
Canada bank rate	2.50%	10/20/2026	8:30 AM	Market daily	0.00%	0.00%	--
Canada new housing price index	120.40	10/22/2026	8:30 AM	Monthly	-0.08%	-0.08%	-0.08%
European Union economic sentiment indicator	97.90	10/22/2026	10:00 AM	Monthly	-0.41%	1.03%	1.67%
European Union consumer financial situation of household	20.30	10/22/2026	10:00 AM	Monthly	-0.98%	-1.91%	3.47%
European Union consumer confidence indicator	-15.80	10/22/2026	10:00 AM	Monthly	--	--	--
Japan consumer price index	114.30	10/22/2026	9:00 PM	Monthly	0.09%	0.53%	0.09%

Source: Birling Capital Advisors

NAHB/Wells Fargo US Housing Market Index

Monthly reading, January 2025 to October 2026

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Source: NAHB/Wells Fargo — Birling Capital Advisors

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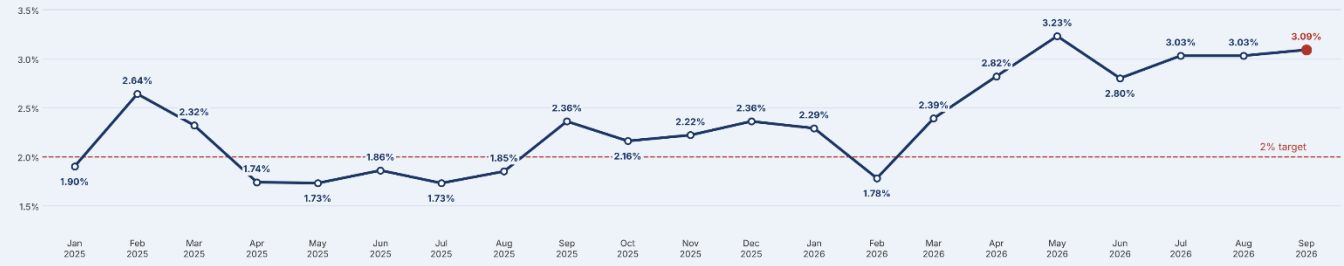
Canada Inflation Dashboard

Consumer price index, January 2025 to September 2026

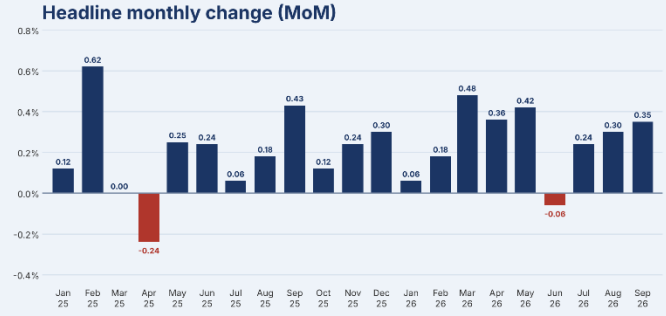
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Annual inflation rate (YoY)	Headline monthly change (MoM)	Core monthly change (MoM)
3.09%	0.35%	0.13%
▲ 0.06 pts vs August	▲ 0.05 pts vs August	▼ 0.12 pts vs August

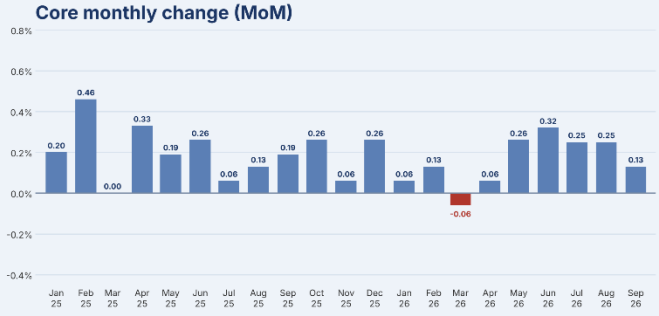
Annual inflation rate (YoY)



Headline monthly change (MoM)



Core monthly change (MoM)



Source: Statistics Canada — Birling Capital Advisors

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Eurozone indexes close

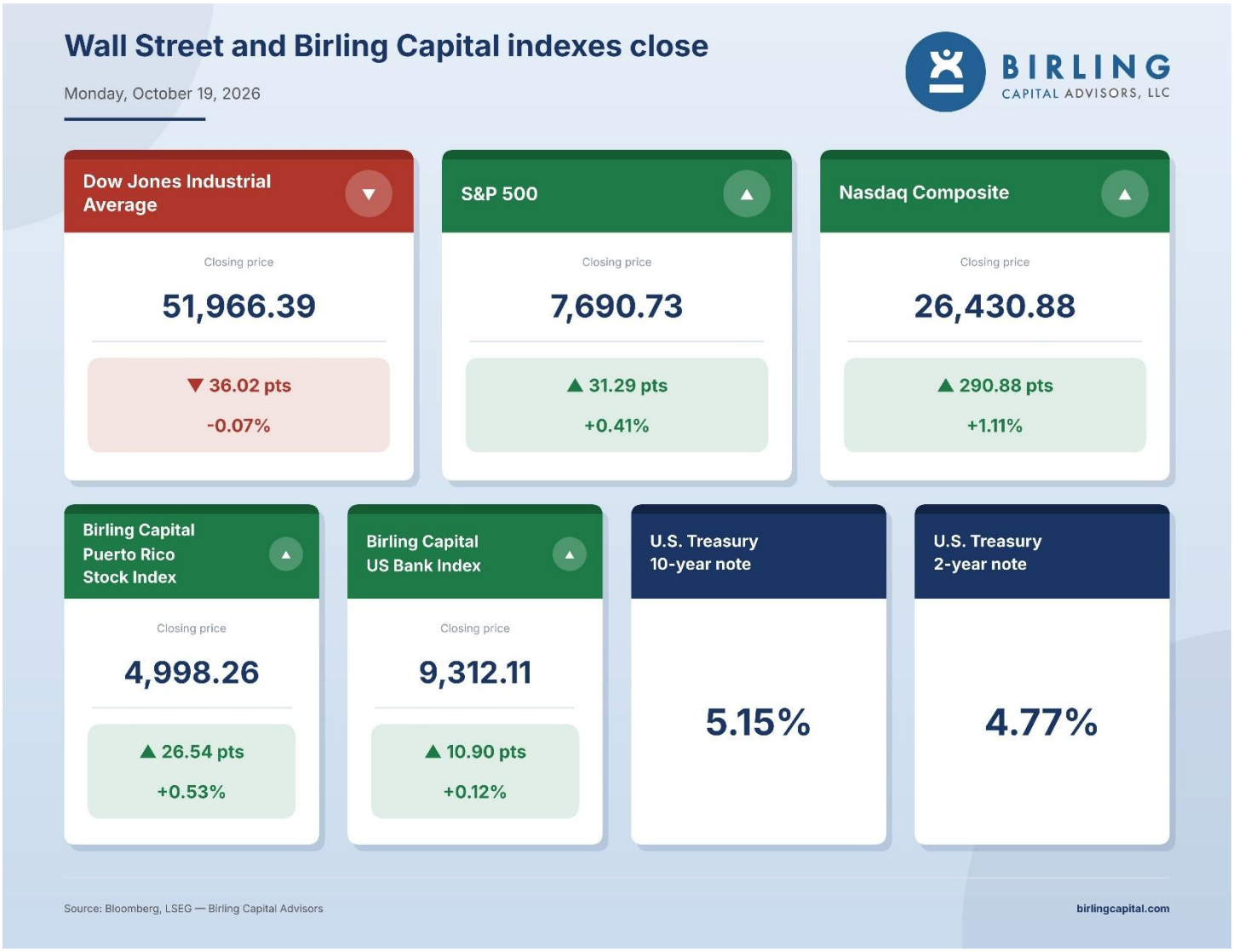
Monday, October 19, 2026

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Stoxx 600	FTSE 100	DAX Index
Closing price	Closing price	Closing price
639.56	10,764.69	25,319.77
▼ 5.18 pts	▼ 117.21 pts	▼ 302.89 pts
-0.80%	-1.08%	-1.18%

Source: Bloomberg, LSEG — Birling Capital Advisors

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