Tech Rebound Lifts Wall Street as SpaceX Surge and AI Demand Pull Investors Back into Growth Stocks

October 21, 2026

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The U.S. and European stock markets closed higher as a strong SpaceX report and the prospect of a SpaceX-Tesla combination drew investors back into technology. On Wall Street, the S&P 500 extended its winning streak to three sessions, and the Nasdaq led the major indexes. European equities also advanced, with Germany out in front, after Asian markets finished mostly higher overnight and South Korea's Kospi rose about 3%. Attention now shifts to Meta, Tesla, and IBM, which report after the close.

U.S. Markets

U.S. equities closed higher as technology regained leadership. The Nasdaq Composite rose 1.05% to 26,702.86, the S&P 500 gained 0.58% to 7,757.17, and the Dow Jones Industrial Average added 360.21 points, or 0.69%, to 52,856.09. Treasury yields moved higher despite the equity rally, with the 10-year yield closing at 5.13%, up from 5.09% on Tuesday, and the 2-year yield at 4.81%, up from 4.74%.
In Puerto Rico, OFG Bancorp (OFG) reported third-quarter earnings per share of $1.33, with revenues of $187.5 million, up 1.92%, and net income up 9.20% to $56.6 million. The bank's Tier 1 Capital Ratio stands at 14.10%, and our Stock Price Target is $56.75.

European Markets

European equities closed higher across the board, extending the gains seen in Asia overnight, where South Korea's Kospi rose about 3%. The advance was led by Germany, with the DAX gaining 1.35% to close at 25,645.04, while the Stoxx 600 rose 0.92% and the FTSE 100 added a more modest 0.19%. Lower U.S. Treasury yields, with the 10-year note opening near 5.08%, eased pressure on equity valuations. Strong early results from the U.S. earnings season, including SpaceX's report after Tuesday's close, also improved sentiment toward risk assets. The pan-European Stoxx 600 recovered ground after yesterday's decline, which suggests investors are using the more supportive backdrop to rebuild positions.
The gap between the DAX and the FTSE 100 was notable. Germany's export-oriented market tends to respond more strongly to improving global risk appetite and falling yields, while the FTSE 100 gained only slightly as it often does on days when sentiment is led by technology and growth. Challenges remain for European businesses and consumers. WTI crude opened near $97 per barrel, and elevated energy costs continue to weigh on margins, purchasing power, and growth across the region. Lower bond yields could provide some financial relief, but a lasting rally will depend on whether oil prices stay contained and whether Wall Street's earnings strength holds after Meta and Tesla report tonight.
The three indexes we follow closed higher: Stoxx 600, up 5.85 points; FTSE 100, up 19.88 points; and DAX Index, up 340.62 points.

Earnings Take the Spotlight

SpaceX reported third-quarter revenue growth of 161% from a year earlier, well above consensus. Its Super Intelligence segment, which houses the company's AI-related businesses, drove most of the gain. Meta's report will keep attention to AI spending, including how much companies plan to invest

and how they will pay for it.
Early third-quarter results are strong. Of the 16% of S&P 500 companies reported, 86% have beaten earnings-per-share estimates, by an average of nearly 5%. The consensus forecast for third-quarter S&P 500 earnings growth has climbed from 24.8% at the start of the quarter to 27.4% today.
Elevated borrowing costs and stubborn inflation could still squeeze profit margins. Even so, healthy economic activity and heavy AI investment point to continued earnings growth and support for equities in the months ahead.

Energy Markets
West Texas Intermediate crude opened near $97 per barrel, modestly lower on the day. Prices remain high enough to keep inflation, transportation costs, and household budgets in focus.

Economic & Policy Outlook
Housing Showed Softness, but It Is a Small Part of the Economy
Tuesday's housing data was mixed to soft. September building permits changed low, at an annualized rate of 1.4 million, while housing starts slipped to 1.2 million. The National Association of Realtors Pending Home Sales Index, which tracks signed contracts on existing homes that have not yet closed, fell to a record low of 66.0, with higher mortgage rates likely deterring buyers.
Residential investment, the housing component of GDP, contracted for five straight quarters before growing in the second quarter. However, housing's weight in the economy is small, at roughly 4% of GDP in 2025.

The Rest of the Economy Remained Resilient
Nonresidential investment has been strong, and consumer spending has held up. Real final sales to private domestic purchasers, a measure that combines consumer spending and private fixed investment, posted its strongest quarterly gain since the first quarter of 2023 in the second quarter.
Manufacturing is also improving after years of stagnation, with the ISM Manufacturing PMI in expansion territory throughout 2026.
Some pockets of weakness remain, but the broader economy appears to be on solid footing, which should support equities in the coming months.

The Final Word: Strong Earnings, a Soft Housing Market, and a Steady Economy
Earnings are carrying the market this morning, and the early results from this season have been strong. Housing is the weak spot, but it is too small to outweigh the strength in consumer spending, business investment, and manufacturing. The focus now turns to Meta and Tesla, and to whether inflation and borrowing costs begin to ease.

Corporate Earnings Parade:

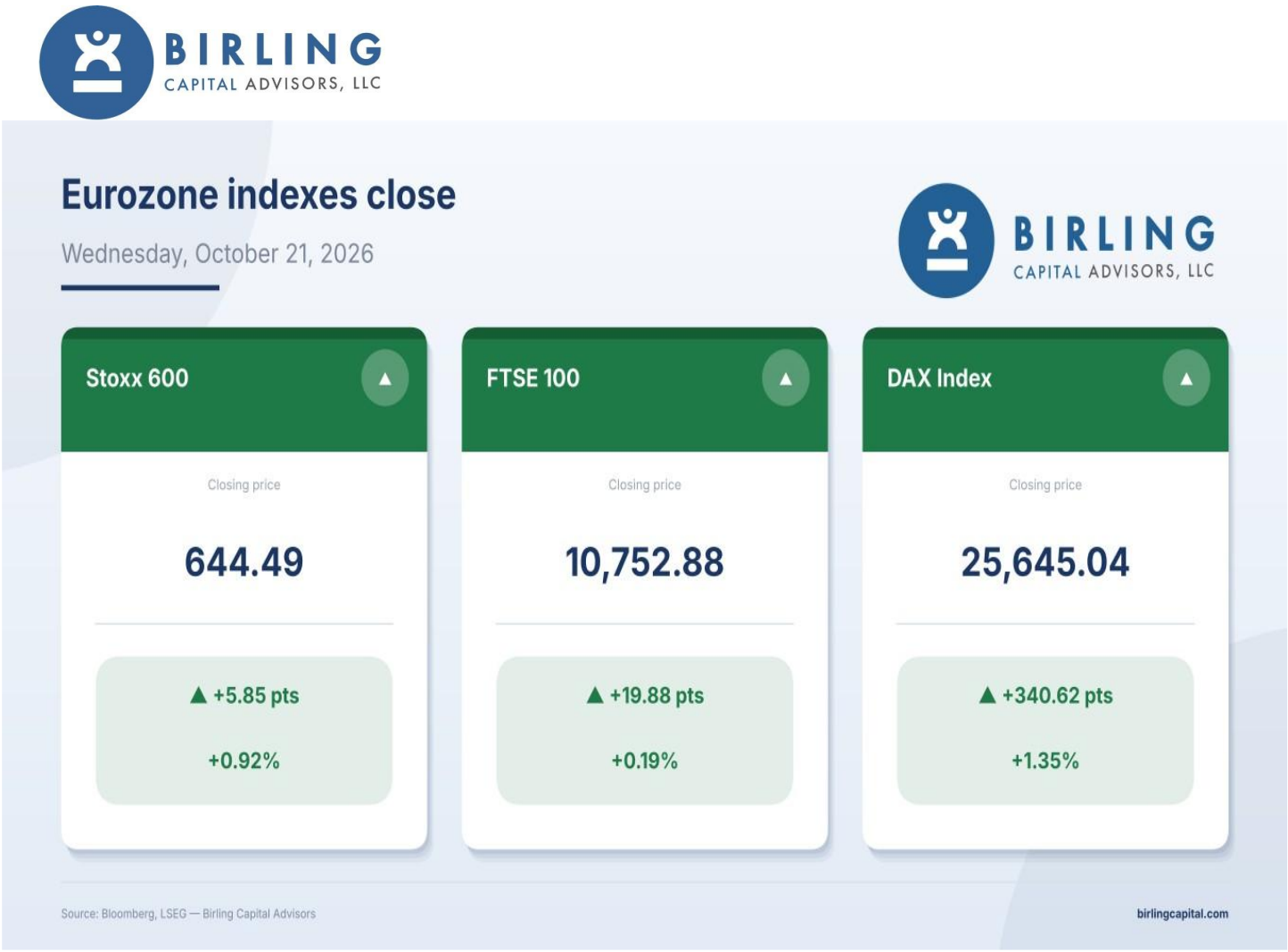
- **OFG Bancorp (OFG):** reported third-quarter 2026 earnings with revenues of $187.5 million, up 1.92%, net income of $56,611, up 9.20%, earnings per share of $1.33, and the Tier 1 Capital Ratio of 14.10%. OFG has a Stock Price Target of $56.75.

Eurozone Summary:

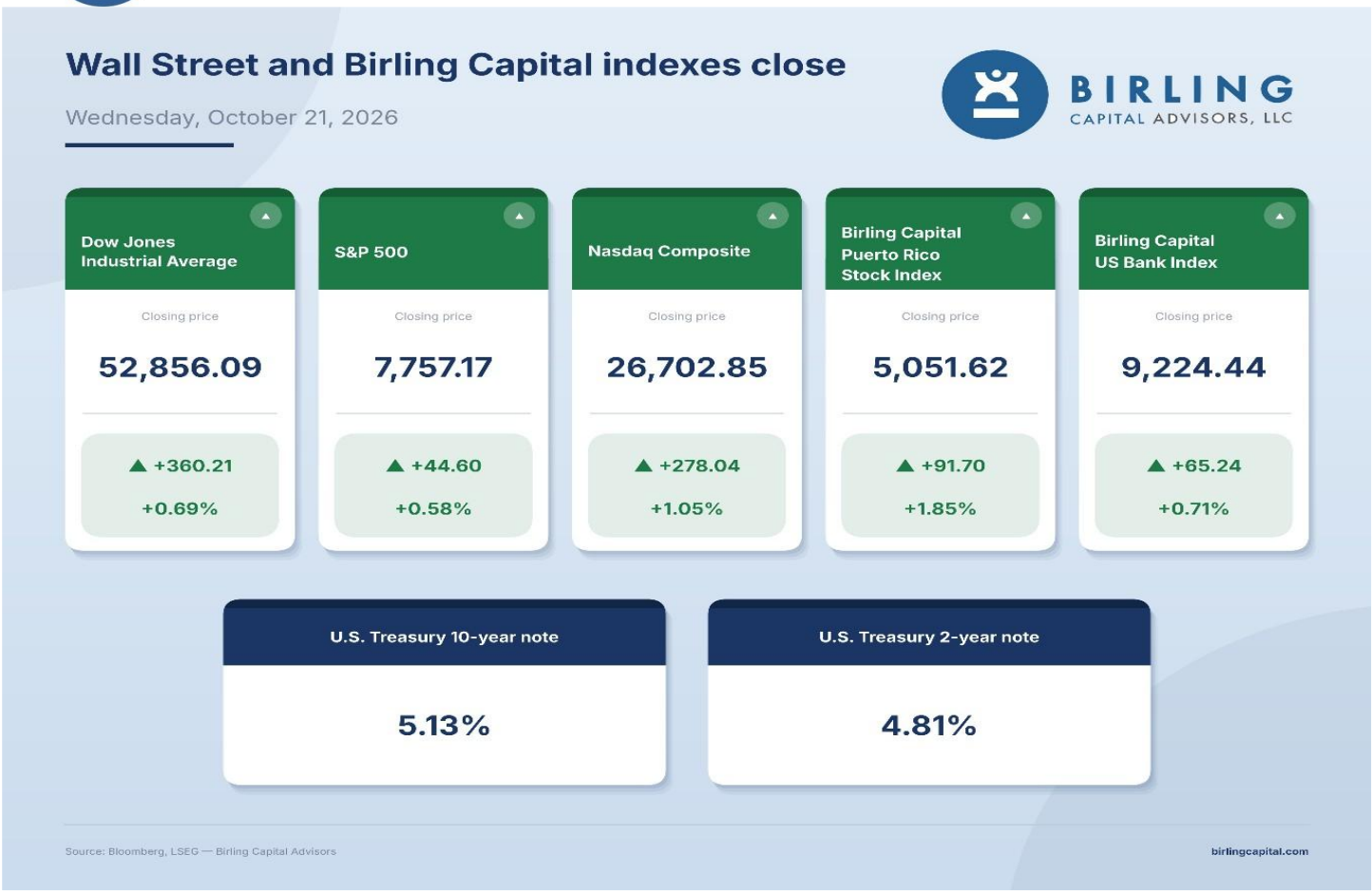
- **Stoxx 600:** Closed at 644.49, up 5.85 points, or 0.92%.
- **FTSE 100:** Closed at 10,752.88, up 19.88 points, or 0.19%.
- **DAX Index:** Closed at 25,645.04, up 3400.62 points, or 1.35%.

Wall Street Summary:

- **Dow Jones Industrial Average**: closed at 52,856.09, up 360.21 points, or 0.69%.
- **S&P 500**: closed at 7,757.17, up 44.60 points, or 0.58%.
- **Nasdaq Composite**: closed at 26,702.85, up 208.04 points, or 1.05%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5,051.62, up 91.70 points, or 1.85%.
- **Birling Capital US Bank Index:** closed at 9,224.44, up 65.24 points, or 0.71%.
- **US Treasury 10-year note** closed at 5.13%.
- **US Treasury 2-year note**: closed at 4.81%.



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