

Tech-Led Rally Masks Divergence: U.S. Markets Advance While Europe Lags Amid Persistent Macro Crosscurrents

April 15, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed mixed, reflecting a market increasingly driven by selective leadership rather than broad-based conviction. In the United States, equities advanced, led by strong gains in technology and AI-linked sectors, while the Dow declined modestly, underscoring narrowing participation. In contrast, European markets closed lower, as investors weighed ongoing geopolitical uncertainty and the absence of a clear breakthrough in U.S.–Iran negotiations. The divergence across regions and sectors highlights a market that continues to reprice toward a more balanced outlook—supported by moderating inflation and resilient earnings, but still constrained by geopolitical uncertainty and uneven global growth signals. Declining oil prices and stable Treasury yields suggest that risk premiums are easing yet not fully resolved.

U.S. Markets: Tech Leadership Drives Gains as Breadth Narrows

U.S. equities delivered a mixed but constructive session, with gains concentrated in growth-oriented sectors. **The S&P 500 rose 0.80% to close at 7,022.96, while the Nasdaq Composite outperformed, advancing 1.60% to 24,016.01. In contrast, the Dow Jones Industrial Average declined 72.27 points, or 0.15%, to 48,463.72, reflecting weakness in more cyclical and value-oriented segments.**

The session was defined by the continued dominance of technology and AI-linked equities, which once again carried the broader market. This dynamic reinforces a key theme: index-level strength is being sustained by a narrow group of high-conviction leaders rather than broad participation.

From a macro perspective, stable Treasury yields—with the 10-year at 4.29% and the 2-year at 3.76%—suggest that markets are maintaining a neutral stance on policy expectations, balancing disinflation signals against ongoing geopolitical risk.

Energy markets provided an additional tailwind, with oil prices declining meaningfully as investors continued to price in the possibility of renewed U.S.–Iran negotiations. The easing in crude prices is helping to contain inflation expectations and support equity valuations.

Earnings are also beginning to influence positioning. JPMorgan Chase, Citigroup, and Wells Fargo reported solid first-quarter results, reinforcing the financial sector's resilience.

European Markets: Weakness Returns as Geopolitical Uncertainty Weighs

European equities closed lower, diverging from U.S. market strength as investors reassessed the durability of recent optimism around geopolitical de-escalation. The Stoxx 600 declined 0.43% to 617.27, while the FTSE 100 fell 0.47%. Germany's DAX was the exception, edging up 0.09%, supported by selective strength in industrial and export-oriented names.

The pullback reflects a more cautious regional stance, as markets continue to weigh the implications of ongoing tensions in the Middle East and the lack of a confirmed path toward renewed negotiations. While energy prices have eased, the underlying geopolitical framework remains unresolved, limiting risk appetite across European equities.

The divergence between U.S. and European markets underscores a broader theme: while U.S. equities are being driven by structural growth leadership and earnings resilience, European markets remain more sensitive to macro and geopolitical uncertainty.

Energy and Macro Outlook: Oil Pullback Eases Pressure, but Risks Remain

In energy markets, WTI crude is trending lower as renewed diplomatic engagement between the United States and Iran raises the probability of incremental supply normalization. Futures markets increasingly imply a drift toward the mid-\$70 range by year-end, signaling a gradual unwinding of the geopolitical risk premium that had supported prices in recent weeks.

This easing in energy prices provides a modest tailwind for inflation expectations, particularly as import price data suggests that external cost pressures remain contained. However, energy remains the key swing factor in the macro-outlook. Any re-escalation in geopolitical tensions could quickly reverse recent gains and reintroduce volatility across asset classes.

At the same time, higher Treasury yields—anchored by the 10-year at 4.27%—indicate that markets are not yet fully convinced that inflation risks have subsided. Instead, the current environment reflects a recalibration phase, in which investors are balancing improving supply-side dynamics against persistent demand-driven inflation pressures.

As markets transition into the heart of earnings season, the focus will increasingly shift toward validation. The key question is whether corporate performance can justify current valuations while macro conditions remain fluid. Early signals are constructive, but the sustainability of the current advance will depend on the consistency of earnings delivery, the trajectory of inflation, and the stability of geopolitical conditions.

Corporate Earnings Parade:

- **Bank of America Corp. (BAC):** reported first-quarter 2026 revenues of \$30.3 billion, up 7%, net income of \$8.6 billion, up 17%, and Earnings per share of \$1.11, with a Tier 1 capital ratio of 12.50% and a Stock Price Target of \$60.56. **Check our BAC Report:** [BAC Overview](#)
- **Morgan Stanley (MS):** reported first-quarter 2026 revenues of \$20.5 billion, up 16%, net income of \$5.56 billion, up 29%, and Earnings per share of \$5.94, with a Tier 1 capital ratio of 15.10% and a Stock Price Target of \$190.33. **Check our MS Report:** [MS Overview](#)

Economic Data:

- **US Export Prices YoY:** rose to 5.60%, up from 3.80% last month.
- **US Import Prices YoY:** rose to 2.10%, compared to 1.00% last month.
- **NAHB/Wells Fargo US Housing Market Index:** fell to 34.00, down from 38.00 last month and down -10.53%.
- **Canada Manufacturing Shipments:** rose to 71.19B, up from 68.73B last month.
- **Canada Wholesale Sales MoM:** rose to 2.18%, compared to -1.59% last month.

Eurozone Summary:

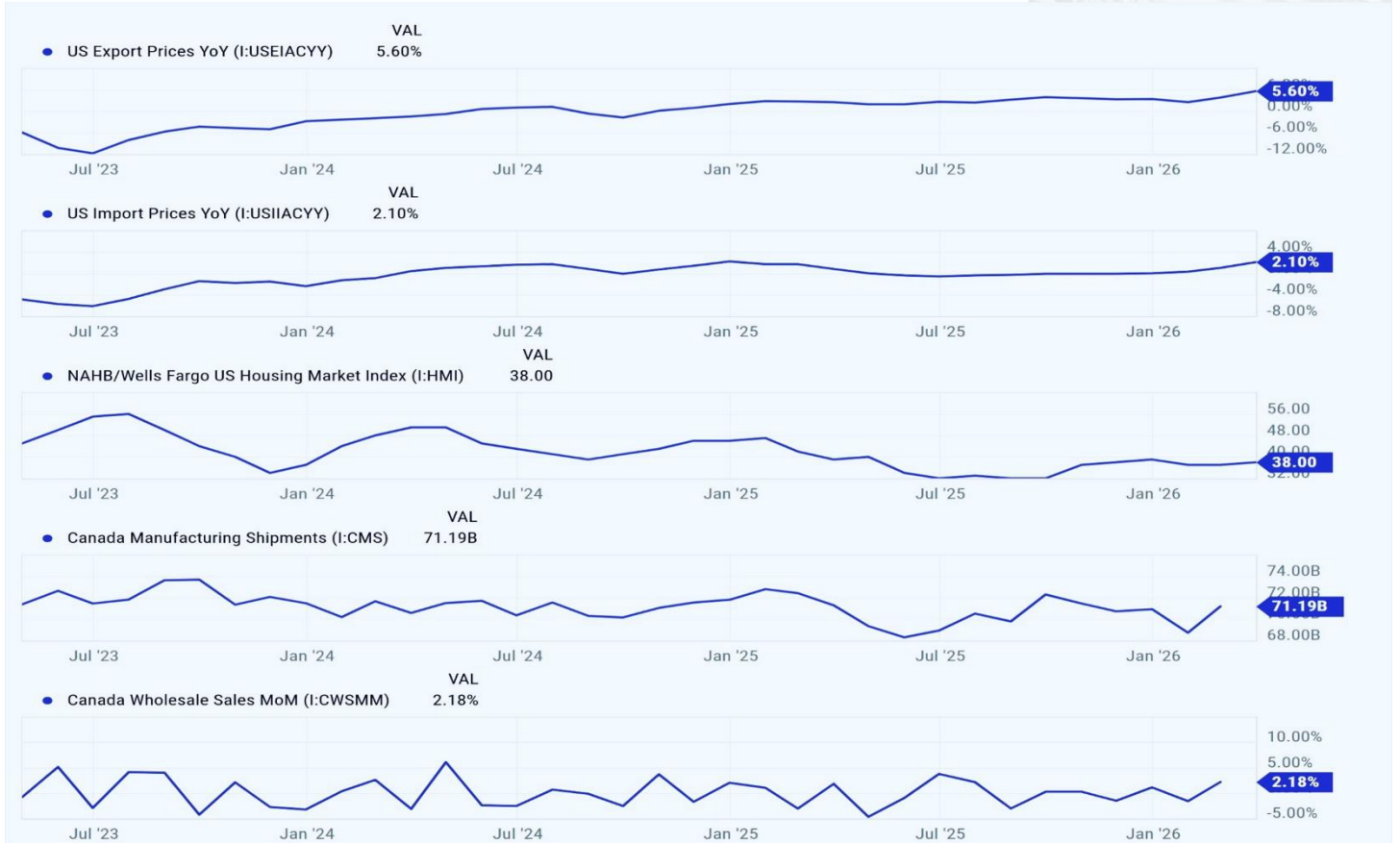
- **Stoxx 600:** closed at 617.27, down 2.68 points or 0.43%.
- **FTSE 100:** closed at 10,559.58, down 49.48 points or 0.47%.
- **DAX Index:** closed at 24,066.70, up 22.48 points or 0.093%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 48,463.72, down 72.27 points or 0.15%
- **S&P 500:** closed at 7,022.95, up 55.58 points or 0.80%.
- **Nasdaq Composite:** closed at 24,016.02, up 376.96 points or 1.60%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,298.60, down 14.80 points or 0.34%.
- **Birling Capital U.S. Bank Index:** closed at 9,186.25, down 8.55 Points or 0.09%

- U.S. Treasury 10-year note: closed at 4.29%.
- U.S. Treasury 2-year note: closed at 3.76%.

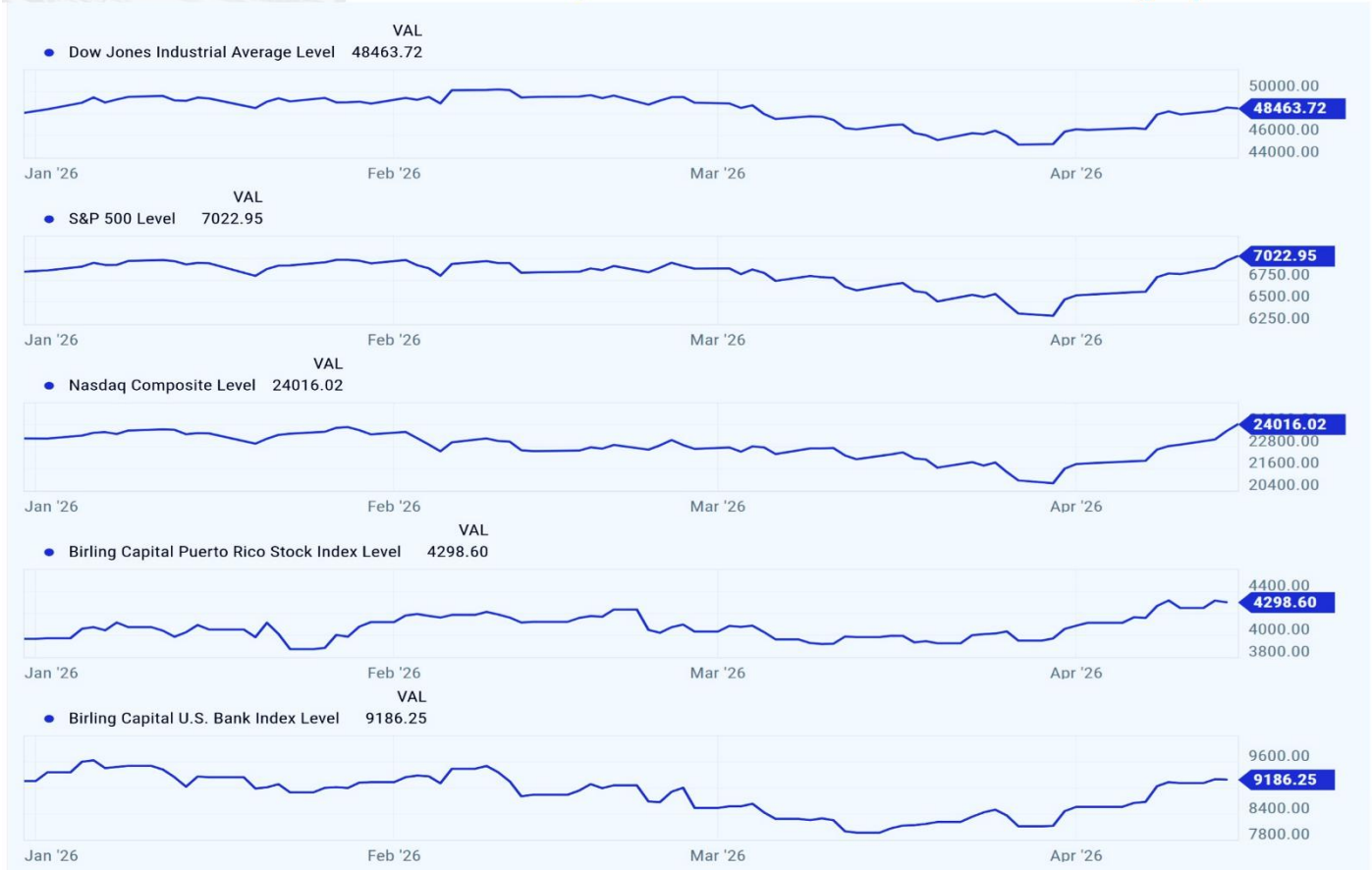
US Export Prices YoY; US Import Prices YoY; NAHB/Wells Fargo US Housing Market Index; Canada Manufacturing Shipments & Canada Wholesale Sales MoM





Wall Street Recap

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