U.S. Nonfarm Payrolls Rise 170.8%, creating 130,000 Jobs as Labor Resilience Reprices Risk as Markets Rotate Toward Durable Growth

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The U.S. and European stock markets delivered a mixed performance, as a stronger-than-expected January employment report proved insufficient to extend the recent equity rally. After an initial positive reaction, U.S. indices faded into the close, suggesting that solid macro data alone may not be enough to drive fresh upside at elevated valuation levels.

U.S. Markets & Macro

Equities struggled to build on recent gains despite encouraging labor market data. The January payroll report exceeded expectations and reinforced economic resilience, yet markets appeared to interpret strength through a policy lens rather than a growth lens.

The Dow Jones Industrial Average slipped 66.74 points, snapping a three-day winning streak. The S&P 500 edged lower by less than a point, while the Nasdaq Composite declined 0.16%.

The muted reaction reflects a market recalibrating rate expectation. Stronger labor conditions reduce urgency for Federal Reserve easing, pressuring rate-sensitive segments and limiting multiple expansion. Treasury yields firmed modestly, and the U.S. dollar remained supported, reinforcing the narrative that policy normalization will be deliberate rather than accelerated.

Importantly, the lack of follow-through selling suggests consolidation rather than reversal. Markets remain near record levels, and breadth has improved relative to prior narrow leadership phases.

European Markets

European equities delivered a session defined less by macro forces and more by corporate execution. The STOXX Europe 600 edged modestly higher, while performance across major bourses diverged. In London, the FTSE 100 rose more than 1%, supported by gains in mining and energy shares as investors leaned into commodity strength and cyclical exposure.

Earnings drove dispersion across the continent. Heineken gained roughly 4% after outlining plans to reduce 5,000–6,000 jobs over two years as part of its long-term growth acceleration strategy. Although production volumes declined 1.2% in 2025, operating profit rose 4.4%, and management guided toward 2%–6% growth this year—an illustration of margin discipline amid challenging demand.

In sharp contrast, Dassault Systems fell more than 20% following its earnings release, underscoring how unforgiving markets remain toward valuation-sensitive technology names when expectations are not met.

Meanwhile, Siemens Energy surged 8.4% after reporting that fiscal first-quarter net profit nearly tripled to €746 million. Record order intake—driven largely by global data-center expansion—highlighted that AI-linked capital expenditure remains a structural growth driver on both sides of the Atlantic.

Germany's Commerzbank reported record operating profit of €4.5 billion and net income of €2.6 billion, exceeding its targets and reinforcing the earnings leverage European banks continue to benefit from in a normalized rate environment, even as shares closed modestly lower.

The European session was less about index direction and more about validation. Capital rewards operational execution and penalizes disappointment, with little tolerance for narrative gaps.

Economic Context & Strategic Implications

The broader macro backdrop remains supported by three structural tailwinds: resilient spending among higher-income households, fiscal reinforcement from last year's tax legislation, and sustained AI-related capital investment—particularly in infrastructure and data centers.

What distinguishes this phase of the market cycle is rotation rather than concentration. While mega-cap technology has recently moderated, industrials, transportation, chemicals, and other real-asset sectors have stepped forward. This redistribution of leadership improves breadth and alleviates valuation pressure without requiring broad multiple contraction.

Beyond U.S. large-caps—where positioning remains heavy for many investors—opportunities appear increasingly compelling in U.S. mid-caps, developed international small- and mid-caps, and selective emerging markets. Within the United States, industrials, consumer discretionary, and health care remain strategically favored.

The Final Word: Who Is Ahead?

As of February 11, 2026, performance dispersion across major benchmarks reveals a strategic point: Puerto Rico is not just participating in the rally—it is leading it.

Year-to-date returns stand as follows:

- Dow Jones Industrial Average: +4.28%
- S&P 500: +1.40%
- Nasdaq Composite: -0.76%
- Birling Capital Puerto Rico Stock Index: +5.60%
- Birling Capital U.S. Bank Index: +2.22%

The leadership of the Birling Capital Puerto Rico Stock Index at +5.60% is not accidental. It reflects structural positioning aligned with the current macro regime.

The message from markets is disciplined optimism.

The labor market is not accelerating aggressively—but it is firm enough to sustain earnings. The Fed is not tightening—but it is not compelled to rush easing. Capital is not chasing speculation—but it is reallocating toward durability. This is what stabilization looks like in real time.

Economic Data:

- **U.S. Nonfarm Payrolls MoM:** rose to 130,000, up from 48,000 last month, an increase of 170.8%.
- **U.S. Unemployment Rate:** fell to 4.30%, compared to 4.40% last month.
- **U.S. Labor Force Participation Rate:** rose to 62.50%, compared to 62.40% last month.

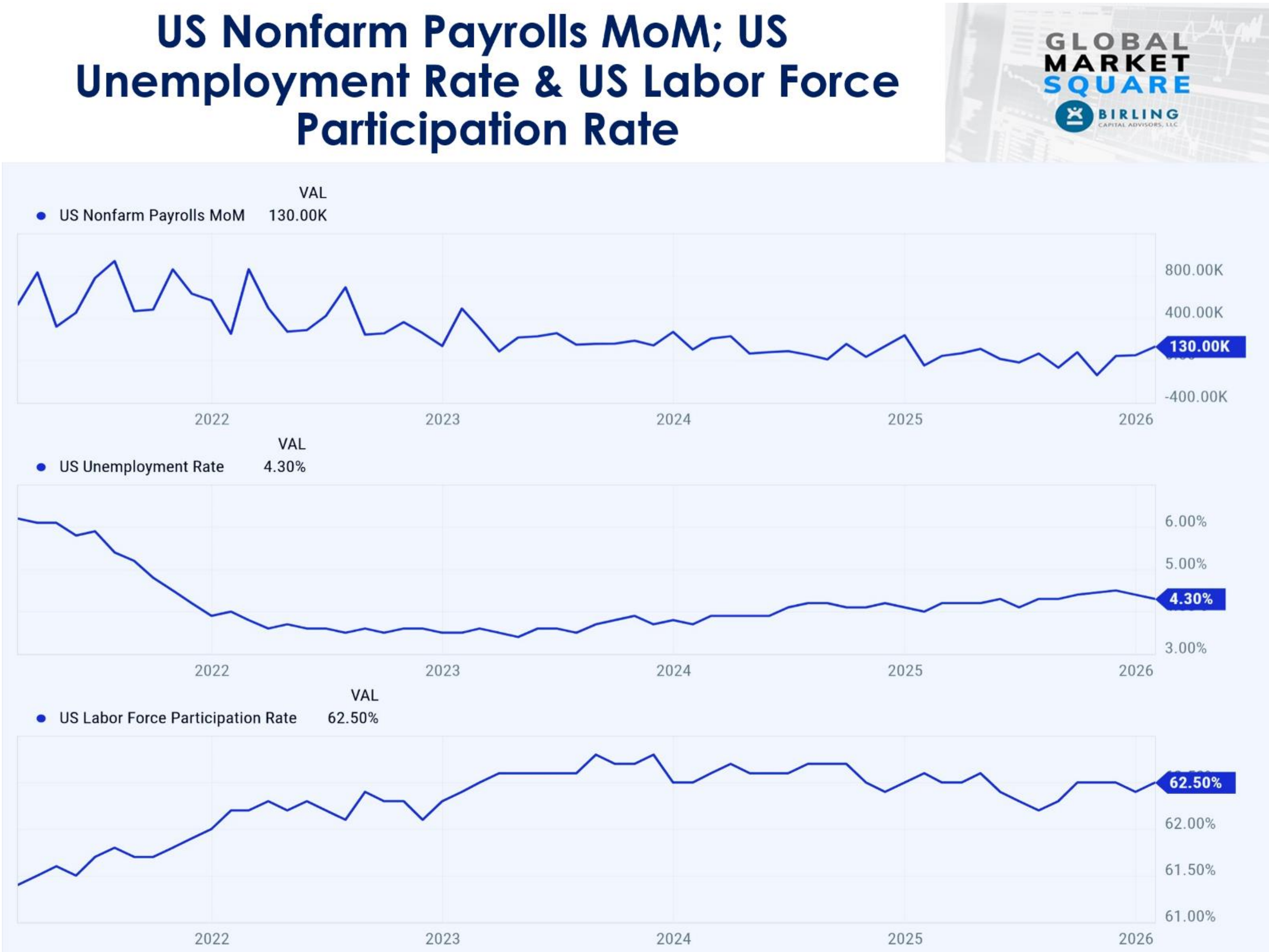
Eurozone Summary:

- **Stoxx 600:** closed at 621.58, up 0.61 points or 0.10%.
- **FTSE 100:** closed at 10,472.11, up 118.27 or 1.14%.
- **DAX Index:** closed at 24,856.15, down 131.70 or 0.53%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,121.49, down 66.74 points or 0.13%.
- **S&P 500:** closed at 6,941.47, down 0.34 points or 0.00%.
- **Nasdaq Composite:** closed at 23,066.46, down 36.00 points or 0.16%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,187.06, down 23.87 points, or 0.51%.
- **Birling Capital U.S. Bank Index:** closed at 9,356.89, down 143.56 points or 1.51%

- **U.S. Treasury 10-year note:** closed at 4.16%.
- **U.S. Treasury 2-year note:** closed at 3.52%.



Dow Jones, S&P 500, Nasdaq Composite, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns as of 2.11.26

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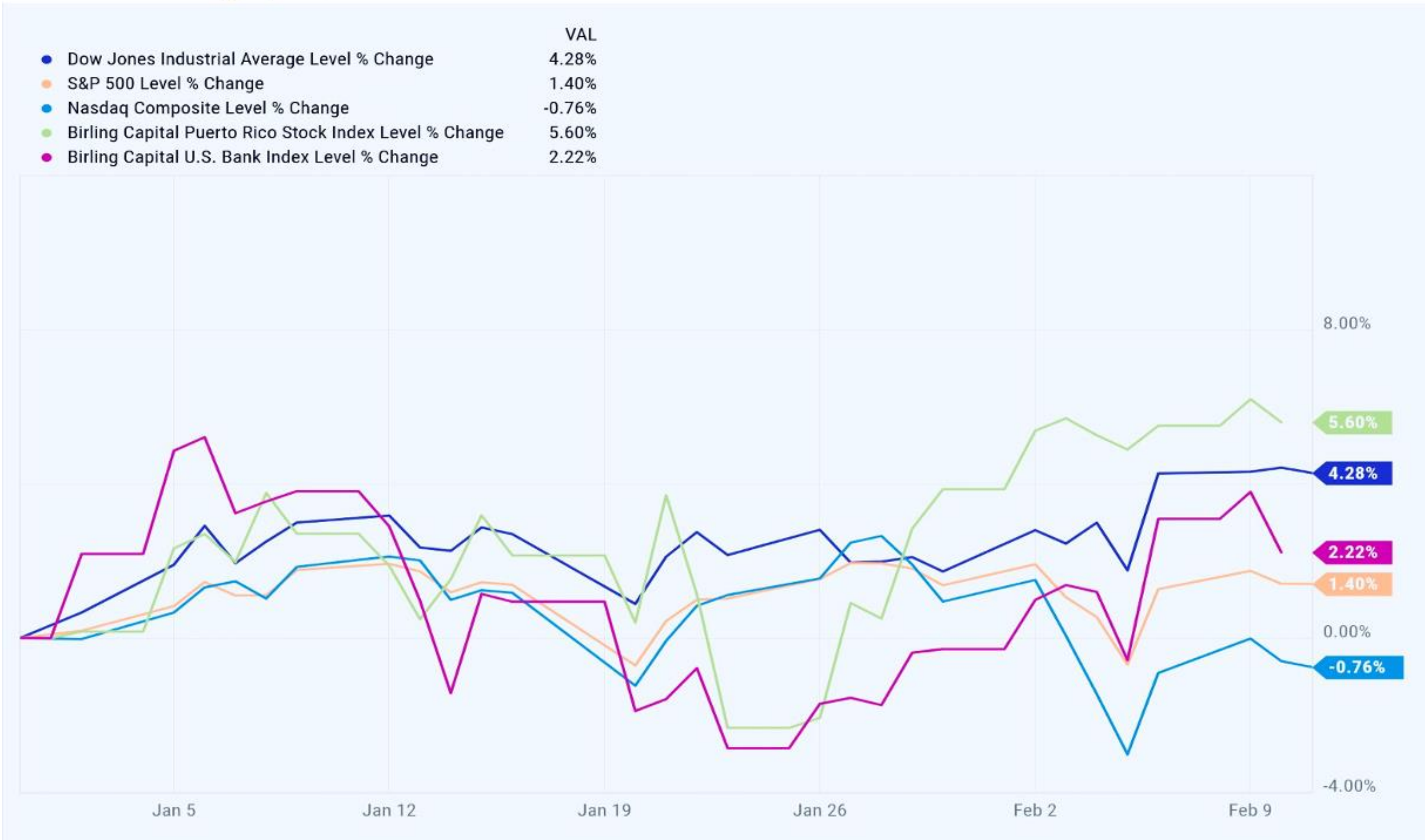

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Wall Street Update

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