

Markets Rotate as Tech Retreats, UBS Delivers Earnings Strength, Profit Surges 56%, While Santander Slides on \$12.2B Webster Deal

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The U.S. and European stock markets closed mixed on Wednesday, as equity leadership continued to fragment and rotation beneath the surface became more pronounced. **The Dow Jones Industrial Average finished higher**, supported by cyclical and defensive exposures, while **the S&P 500 and the technology-heavy Nasdaq ended lower** amid an intensifying sell-off across semiconductors and software. From a sector perspective, materials and energy led the S&P 500, while technology and communication services lagged, reinforcing the shift away from concentrated growth leadership. Technology weakness was the defining feature of the session. Semiconductor stocks came under sharp pressure after several bellwethers issued disappointing near-term guidance, weighing heavily on the Nasdaq and broader risk sentiment. Software names also extended recent declines, underscoring investor caution toward AI- and cloud-linked momentum trades after a strong multi-quarter run. In contrast, Dow's relative strength highlighted ongoing rotation into more traditional, cash-flow-oriented parts of the market.

Outside the U.S., leadership remains broader. Developed international and emerging-market equities have continued to outperform U.S. markets year-to-date, signaling meaningful diversification in global equity performance. Precious metals also resumed their advance, with gold and silver extending strong year-to-date gains, while cryptocurrencies weakened, adding to the session's risk-off tone. Taken together, market action continues to favor diversification across sectors, asset classes, and geographies.

ISM services confirm economic momentum

Following this week's upside surprise in U.S. manufacturing data, the ISM Services index reinforced the message of steady expansion. January readings remained firmly in expansionary territory, with new orders still healthy despite a modest deceleration. With services accounting for roughly three-quarters of U.S. economic activity, continued strength in this segment—alongside early signs of manufacturing stabilization—supports the view that growth remains resilient. Current data provides little evidence of an imminent downturn, suggesting a potentially above-trend growth environment as the year progresses.

European Markets

European equities closed mixed on Wednesday, as investors digested a busy slate of corporate earnings and moved past a brief bout of volatility tied to cryptocurrencies and precious metals. The pan-European Stoxx 600 finished near flat but with a positive bias, reflecting selective stock-level moves rather than broad risk appetite.

Regional bourses leaned higher: the U.K.'s FTSE advanced nearly 0.5%, Germany's DAX added around 0.3%, while France's CAC 40 and Italy's FTSE MIB both gained roughly 0.7%. The stabilization followed a short-lived global risk-off episode earlier in the week, with European markets showing relative resilience as volatility cooled.

Banking stocks were mixed. Banco Santander reversed earlier weakness and closed higher, with shares ending the session at **\$12.41, up 1.47%**. The late-session rebound suggests investors ultimately focused on Santander's stronger-than-expected quarterly results and announced share buyback program, offsetting initial concerns around capital deployment and integration risk tied to its planned U.S. acquisition.

The move highlights the market's growing tendency to reassess deal-driven selloffs, particularly when supported by earnings strength, capital-return visibility, and balance-sheet resilience. The decline followed the lender's announcement of a \$12.2 billion acquisition of U.S. regional lender Webster Bank, a move that raised near-term capital and integration questions despite strategic expansion benefits. Santander also released fourth-quarter earnings ahead of schedule, reporting net profit of €3.76 billion—above consensus expectations—while unveiling a new €5 billion share buyback program. Despite the earnings beat and capital return commitment, investor focus centered on deal-execution risk and balance-sheet implications, weighing on the stock.

Overall, European equity performance reflected a market in consolidation mode—supported by earnings strength and easing volatility, but increasingly selective as investors differentiate between balance sheet discipline and growth ambitions.

Corporate Earnings Parade:

- **UBS Group AG (UBS):** reported fourth quarter 2025 revenues **of \$12,145 billion**, up 4%; net income of \$1,199 billion, up 56%; and earnings per share of \$0.36. UBS reached a Tier 1 Capital of 14.40% and has a stock price objective of \$49.32. **Full Year 2025** results were revenues of \$49,573 billion, net income of \$7,767 billion, with earnings per share of \$2.36. View our report on UBS: [UBS Overview](#)

Economic Data:

- **ADP Employment Change:** fell to 22,000, down from 37,000 last month and down -40.54%.
- **ADP Median Pay YoY:** rose to 4.50%, compared to 4.40% last month.
- **US ISM Services PMI:** fell to 53.80, down from 54.40 last.

Eurozone Summary:

- **Stoxx 600:** closed at 618.85, up 0.92 points or 0.15%.
- **FTSE 100:** closed at 10,402.34, up 87.75 or 0.85%.
- **DAX Index:** closed at 24,652.24, down 128.55 or 0.52%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,501.30, up 260.31 points or 0.53%.
- **S&P 500:** closed at 6,882.72, down 35.09 points or 0.51%.
- **Nasdaq Composite:** closed at 22,904.57, down 350.60 points or 1.51%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,191.22, up 12.87 points, or 0.31%.
- **Birling Capital U.S. Bank Index:** closed at 9,279.12, up 35.45 points or 0.38%
- **U.S. Treasury 10-year note:** closed at 4.29%.
- **U.S. Treasury 2-year note:** closed at 3.57%.

ADP Employment Change & ADP Median Pay YoY

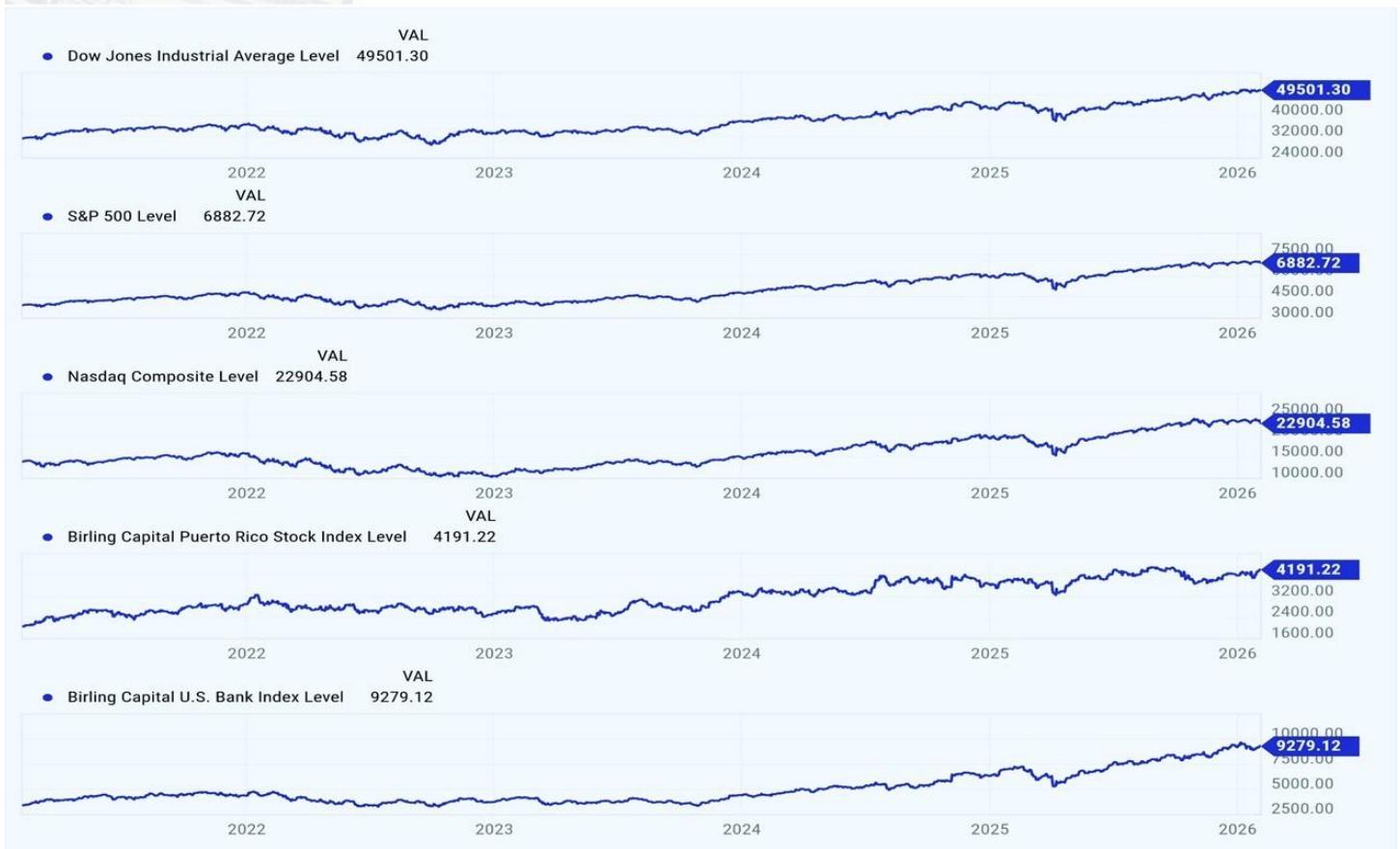
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Wall Street Recap

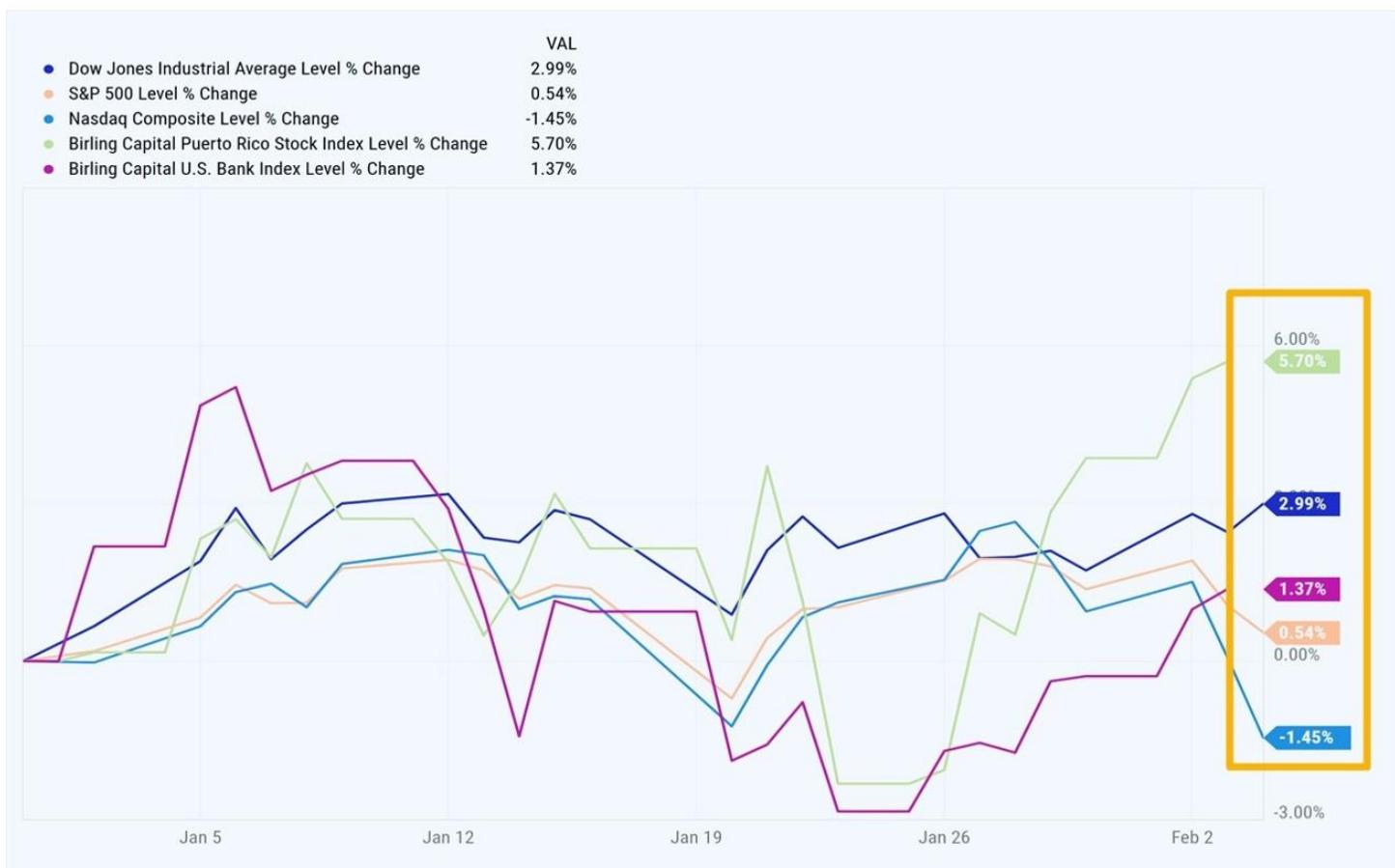
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Dow Jones, S&P 500, Nasdaq, Birling Puerto Rico Stock Index & Birling US Bank Index YTD Returns 2/4/26



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