

Markets Defy Geopolitical Pressure, Closing Mixed as Iran Deadline Fails to Trigger Broad Selloff

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The U.S. and European stock markets closed mixed, with U.S. equities demonstrating resilience despite escalating geopolitical tensions ahead of President Trump's deadline for Iran to reopen the Strait of Hormuz. While early trading reflected risk aversion, markets stabilized into the close, signaling that investors are not yet pricing a full disruption scenario, even as energy-driven uncertainty continues to shape the macro landscape.

The geopolitical overhang continues to function as a macro shock, compressing equity valuations while sustaining a bid in energy markets. Oil prices, after early gains, stabilized near elevated levels, underscoring a market caught between disruption risk and tentative diplomatic signals. At the same time, Treasury yields remain firm, reflecting tighter financial conditions and persistent inflation concerns tied to energy.

U.S. Markets

U.S. equities traded lower for much of the session but recovered into the close, with the Dow Jones Industrial Average declining modestly while the S&P 500 and Nasdaq Composite posted slight gains. The intraday volatility reflects a market driven by geopolitical uncertainty, but the closing resilience suggests investors are not yet repositioning for a worst-case escalation scenario.

Investor sentiment deteriorated as the administration's messaging signaled a diminishing probability of a near-term agreement. President Trump's public statements emphasized both the severity of potential consequences and the uncertainty surrounding the outcome, reinforcing a high-stakes environment where timing, not just direction, is critical.

Reports indicating U.S. strikes on Iran's Kharg Island further heightened tensions, contributing to intraday volatility across equities and commodities. However, oil markets ultimately closed with only modest gains, with WTI settling at \$112.95 per barrel and Brent at \$109.62, suggesting that while the risk premium remains embedded, markets are not yet pricing a full disruption scenario.

Importantly, diplomatic channels remain open. Iranian state media signaled that negotiations are ongoing, while proposals—such as a temporary reopening of the Strait—continue to circulate among regional intermediaries. This reinforces the view that, despite aggressive rhetoric, the Strait of Hormuz remains a strategic asset unlikely to be permanently closed, given its critical role in global energy flows.

From a strategic standpoint, markets are navigating a narrow corridor between escalation and de-escalation. The persistence of elevated oil prices is already tightening financial conditions and pressuring consumption-sensitive sectors, while also complicating the Federal Reserve's inflation outlook.

For investors, the current environment underscores a key principle: markets are repricing risk faster than fundamentals are deteriorating. Until clarity emerges on the geopolitical timeline, volatility will remain elevated, and positioning should reflect a balance between resilience to energy shocks and exposure to eventual normalization.

The market is not yet pricing catastrophe—but it is clearly pricing uncertainty.

European Markets

European markets closed decisively lower, as geopolitical risk reached a new inflection point tied directly to President Trump's deadline for Iran to reopen the Strait of Hormuz. The pan-European Stoxx 600 declined nearly 1%, reversing earlier gains and finishing the session broadly negative across sectors and major regional indices.

The selloff marked a sharp re-entry into risk after a four-day Easter break, with investors confronted by an increasingly binary geopolitical outcome. Market participants struggled to reconcile mixed signals from Washington—simultaneously referencing ongoing negotiations while escalating rhetoric around potential military action targeting Iran's civilian infrastructure.

The deadline-driven framework introduced a hard catalyst into markets, compressing risk tolerance and elevating volatility. The Strait of Hormuz, through which a significant share of global energy supply flows, remains the central variable, and the threat of disruption continues to embed a material risk premium across European assets—particularly given the region's structural dependence on imported energy.

From a sector and corporate standpoint, financials and cyclicals bore the brunt of the pressure. In Germany, Commerzbank declined after formally rejecting UniCredit's takeover approach, stating that discussions failed to demonstrate sufficient value creation and reaffirming its commitment to a standalone strategy. UniCredit shares also closed lower in Milan, reflecting diminished expectations for consolidation-driven upside in the European banking sector.

In contrast, select idiosyncratic opportunities emerged. Universal Music Group surged 11.4% following news of a \$64 billion transaction with Pershing Square, which will result in a newly structured entity listed on the New York Stock Exchange. The move underscores that even in a risk-off environment, capital continues to gravitate toward high-quality assets with strong strategic narratives.

Overall, European markets are now firmly anchored to geopolitical developments rather than domestic fundamentals. Until clarity emerges on the Strait of Hormuz and the broader trajectory of the conflict, volatility is likely to remain elevated, with downside risks skewed toward energy-sensitive sectors and export-driven economies.

Economic Data & Policy Signals

The latest labor market data provides a counterbalance to market concerns. U.S. private employers added an average of 26,000 jobs per week over the four weeks ending March 21, marking the third consecutive weekly acceleration and the strongest pace since the weekly ADP series began in September 2025.

This trend suggests that while hiring has moderated from prior peaks, the labor market remains fundamentally stable. Current hiring levels are consistent with monthly job gains in the 50,000–100,000 range—sufficient to sustain full employment given slower population growth and tightening immigration dynamics. As a result, the unemployment rate is expected to remain contained near 4.5%, reinforcing the view of a labor market characterized by slower expansion but limited layoffs. At the same time, manufacturing data points to emerging softness in capital goods demand. Durable goods orders declined 1.4% in February to \$315 billion, marking the third consecutive monthly contraction. The weakness was concentrated in transportation equipment, particularly nondefense aircraft orders. However, excluding transportation, orders rose 0.8%, indicating that underlying demand remains more resilient than headline figures suggest.

Strategic Perspective

Markets are entering a phase where energy, not monetary policy alone, is the dominant driver of cross-asset behavior. The rise in oil prices is simultaneously tightening financial conditions, pressuring corporate margins, and complicating the inflation outlook—effectively acting as a parallel policy shock.

Yet, the resilience of the labor market and the stability of core manufacturing demand suggest that the U.S. economy retains a degree of underlying strength. The key variable remains the duration and

intensity of the energy shock.

For investors, this environment demands discipline. The repricing underway is not solely a function of deteriorating fundamentals but of heightened uncertainty. As such, positioning should remain anchored in long-term strategy, with careful attention to sectors that can either absorb or benefit from sustained energy volatility.

The market is not yet signaling a breakdown—but it is clearly signaling a transition.

GDPNow Update:

- The GDPNow Was Updated on April 7, 2026, to **1.30%**, down from 1.60%, a **-18.75% decrease**.

Economic Data:

- **US Durable Goods New Orders MoM:** fell by -1.37%, compared to -0.45% last month.
- **US Retail Gas Price:** rose to \$4.126, up from \$4.096 last week.
- **US Consumer Credit Outstanding MoM:** fell to \$8.050B, down from \$25.20B last month and down -68.06%.
- **Canada Ivey PMI:** rose to 56.50, up from 49.70 last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 116.30, down from 117.90 last month.

Eurozone Summary:

- **Stoxx 600:** closed at 590.59, down 6.04 points or 1.01%.
- **FTSE 100:** closed at 10,348.79, down 87.50 points or 0.84%.
- **DAX Index:** closed at 22,921.59, down 246.49 points or 1.06%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,584.46, down 85.42 points or 0.18%
- **S&P 500:** closed at 6,616.85, up 5.02 points or 0.08%.
- **Nasdaq Composite:** closed at 22,017.85, up 21.51 points or 0.10%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,116.95, up 50.40 points or 1.23%.
- **Birling Capital U.S. Bank Index:** closed at 8,649.88, up 90.66 Points or 1.06%
- **U.S. Treasury 10-year note:** closed at 4.33%.
- **U.S. Treasury 2-year note:** closed at 3.81%.

GDPNow First Quarter 2026

GDPNow 1Q26 — Real-Time GDP Tracker

Atlanta Fed GDPNow estimates | Feb 20 – Apr 7, 2026 | Birling Capital Advisors, LLC

Latest Estimate
1.30%
Apr 7, 2026

Initial Forecast
3.10%
Feb 20, 2026

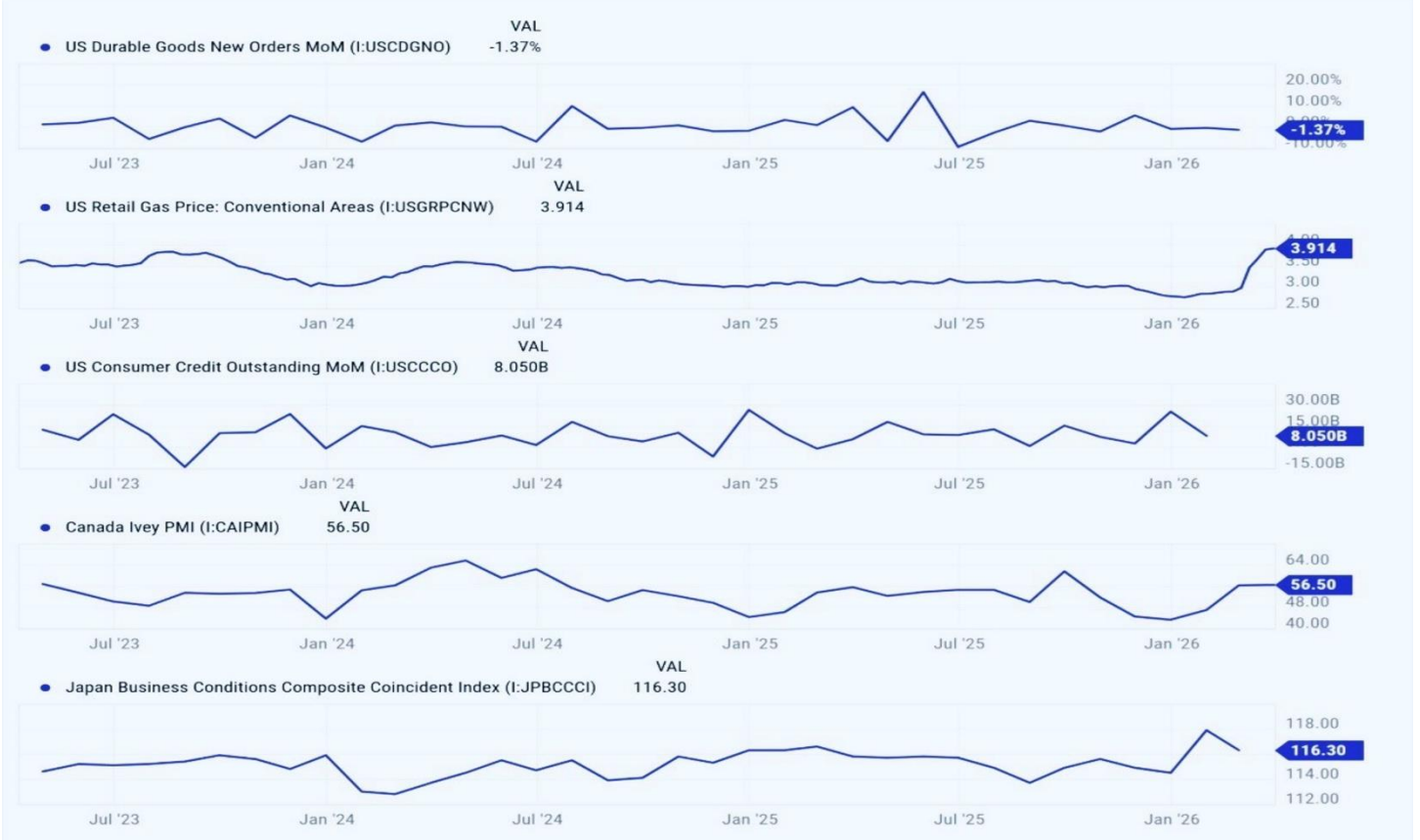
Total Decline
-1.80 pp
-58.1% from peak



Date	GDPNow	Change
2/20/26	3.10%	Initial
2/24/26	3.10%	0.00%
2/27/26	3.10%	0.00%
3/2/26	3.00%	-3.23%
3/6/26	2.10%	-30.00%
3/12/26	2.70%	+28.57%
3/12/26	2.70%	0.00%
3/19/26	2.30%	-14.81%
3/23/26	2.00%	-13.04%
4/1/26	1.90%	-5.00%
4/2/26	1.60%	-15.79%
4/7/26	1.30%	-18.75%

Source: Federal Reserve Bank of Atlanta — GDPNow Model | Birling Capital Advisors, LLC | April 2026
This chart is for informational purposes only and does not constitute investment advice.

US Durable Goods New Orders MoM; US Retail Gas Price: Conventional Areas; US Consumer Credit Outstanding MoM; Canada Ivey PMI & Japan Business Conditions Composite Coincident Index





Wall Street Recap

April 7, 2026



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