GLOBAL MARKET SQUARE
BIRLING CAPITAL ADVISORS, LLC

# Wall Street Tanks as Iran Tensions Push Oil Higher, Chips Rebound and Sentiment Shifts

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The U.S. and European stock markets traded mostly lower Monday as oil prices climbed following the latest round of military exchanges between the United States and Iran. The S&P 500 slipped 0.19%, the Nasdaq Composite eased 0.05%, and the Dow Jones Industrial Average dropped 307.16 points, or 0.59%, pressured by a decline of more than 2% in Apple shares. The U.S. carried out its ninth straight day of strikes on Iran overnight, though sentiment firmed somewhat by midmorning in London after an Iranian Foreign Ministry spokesman signaled that back-channel communications remained active and that a negotiated path forward was still possible. Crude oil edged higher but stayed contained, with WTI near $83 a barrel and Brent near $89, both up roughly 1%. Technology and communication services led early gains, providing support for the broader market.

## U.S. Markets

Wall Street opened the week on mixed footing as investors weighed geopolitical risk against one of the busiest stretches of second-quarter earnings season. Approximately 80 S&P 500 companies are scheduled to report this week, highlighted by Alphabet and Tesla on Wednesday, two companies expected to provide critical insight into artificial intelligence spending, digital advertising demand, cloud computing, and electric vehicle trends.

Chipmakers clawed back some of last week's steep losses, helping cap the market's downside. Micron Technology led the recovery, climbing more than 1%, while Astera Labs added over 2%, Teradyne rose 3%, and Advanced Micro Devices gained around 2%; the VanEck Semiconductor ETF (SMH) was only marginally higher. Market strategists framed the pullback in AI and semiconductor names as a natural cooling-off period after an extraordinary run, though several noted that technical damage has raised the odds of a deeper retreat toward longer-term support levels, even as an oversold bounce in the near term wouldn't be surprising.

Financial institutions largely exceeded expectations last week, reinforcing confidence that corporate America continues to demonstrate resilience despite higher interest rates and geopolitical uncertainty. Consensus forecasts continue to project robust second-quarter earnings growth, led by the technology and energy sectors. All three major indexes finished last week in negative territory, with chip-stock weakness a primary drag; the SMH logged its third weekly decline in four weeks. Investors are also monitoring Treasury yields, with modest increases reflecting expectations that the Federal Reserve will likely remain patient until inflation shows additional progress toward its long-term target.

## European Markets

European markets closed mixed on Monday as investors weighed escalating geopolitical tensions in the Middle East against the start of a pivotal earnings week. STOXX **Europe 600** declined **0.30%** to **639.60**, while London's **FTSE 100** fell **0.71%** to **10,524.76**, pressured by weakness in energy, mining, and financial shares. Germany's **DAX** bucked the broader regional trend, edging **0.06%** higher to **24,846.69**, supported by gains in technology and industrial stocks. Investors remained cautious ahead of a heavy corporate earnings calendar. They continued to monitor developments between the United States and Iran, with hopes that diplomatic efforts could prevent a broader regional conflict despite the recent escalation in military activity.

## Energy Markets

Oil prices softened modestly Monday morning after surging last week amid renewed military action involving the United States and Iran. While geopolitical tensions remain elevated and continue to pose risks to global energy supplies, reports that diplomatic channels remain active reduced immediate concerns over a significant disruption to oil exports through the Strait of Hormuz.
Energy markets are expected to remain highly sensitive to geopolitical headlines throughout the week, with volatility likely to persist until greater clarity emerges regarding regional security conditions.

## Economic & Policy Outlook

This week's primary focus will be corporate earnings rather than economic data, as investors assess whether strong profit growth can continue supporting historically elevated equity valuations. Markets will closely examine management commentary regarding artificial intelligence investment, consumer demand, labor costs, and the outlook for the second half of 2026.
Although geopolitical risks remain elevated, recent economic data continue to point toward a resilient U.S. economy. Strong consumer spending, moderating inflation, and stable labor market conditions have reinforced expectations that economic expansion can continue even amid heightened global uncertainty. Investors will also continue monitoring Federal Reserve communications for additional clues regarding the timing of future monetary policy decisions.

## The Final Word

Markets continue to demonstrate that earnings growth remains the dominant driver of equity performance. While geopolitical events may generate short-term volatility, sustainable corporate profits, resilient economic fundamentals, and continued innovation—particularly in artificial intelligence—remain the foundation of the current bull market. This week's earnings reports will provide the next major test of whether those fundamentals remain strong enough to support further gains.

## Economic Data:

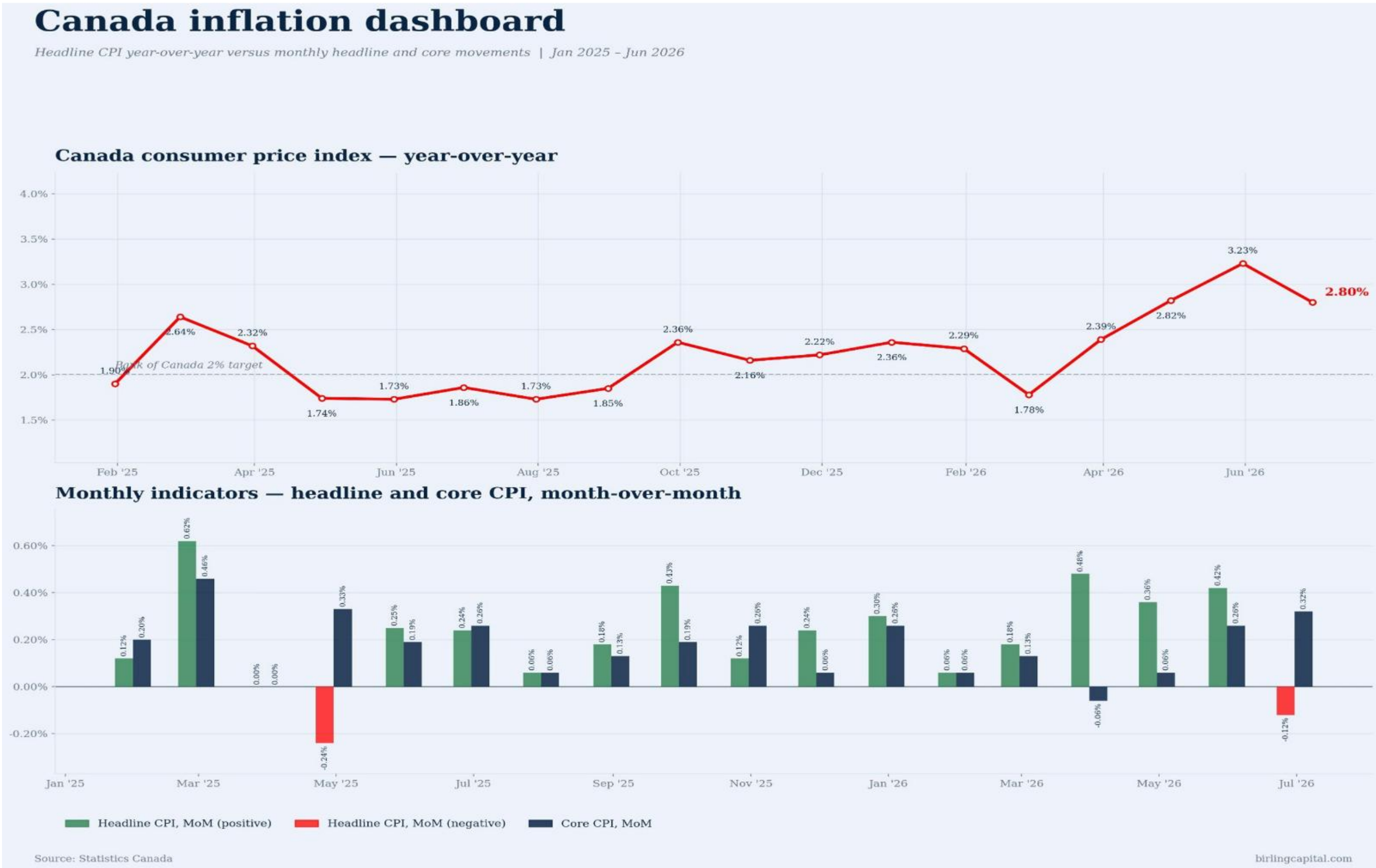
- **Canada Consumer Price Index YoY:** fell to 2.80%, compared to 3.23% last month.
- **Canada Consumer Price Index MoM:** fell to -0.12%, compared to 0.42% last month.
- **Canada Core Consumer Price Index MoM**: rose to 0.32%, compared to 0.26% last month.
- **Canada Inflation Rate:** fell to 2.80% from 3.23% last month.

## Eurozone Summary:

- **Stoxx 600:** closed at 639.60, fell 1.93 points or 0.30%.
- **FTSE 100:** closed at 10,524.76, fell 75.61 points or 0.71%.
- **DAX Index:** closed at 24,846.69, up 15.71 points or 0.06%.

## Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 51,839.26, down 307.16 points or 0.59%
- **S&P 500:** closed at 7,443.28, down 14.41 points or 0.19%.
- **Nasdaq Composite:** closed at 25,508.07, down 12.17 points or 0.05%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,983.15, down 81.26 points or 1.60%.
- **Birling Capital U.S. Bank Index:** closed at 10,277.74, down 128.44 points or 1.23%.
- **U.S. Treasury 10-year note:** closed at 4.60%.
- **U.S. Treasury 2-year note:** closed at 4.21%.



Canada inflation dashboard
Headline CPI year-over-year versus monthly headline and core movements | Jan 2025 – Jun 2026
Canada consumer price index — year-over-year
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
Bank of Canada 2% target
1.90%
2.64%
2.32%
1.74%
1.73%
1.86%
1.73%
1.85%
2.36%
2.16%
2.22%
2.36%
2.29%
1.78%
2.39%
2.82%
3.23%
2.80%
Feb '25
Apr '25
Jun '25
Aug '25
Oct '25
Dec '25
Feb '26
Apr '26
Jun '26
Monthly indicators — headline and core CPI, month-over-month
0.60%
0.40%
0.20%
0.00%
-0.20%
Jan '25
Mar '25
May '25
Jul '25
Sep '25
Nov '25
Jan '26
Mar '26
May '26
Jul '26
Headline CPI, MoM (positive)
Headline CPI, MoM (negative)
Core CPI, MoM
Source: Statistics Canada
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# European Markets Summary Close

*Monday, July 20, 2026*

| Stoxx 600 | FTSE 100 | DAX Index |
|---|---|---|
| Closing Price | Closing Price | Closing Price |
| 639.60 | 10,524.76 | 24,846.69 |
| ▼ 1.93 | ▼ 75.61 | ▲ 15.71 |
| -0.30% | -0.71% | +0.06% |

Source: Stoxx, London Stock Exchange, Deutsche Börse

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# Wall Street and Birling Capital Indexes Close

*Monday, July 20, 2026*

| | Dow Jones Industrial Average | S&P 500 | Nasdaq Composite | Birling Capital PR Stock Index | Birling Capital U.S. Bank Index |
|---|---|---|---|---|---|
| Closing Price | 51,839.32 | 7,443.28 | 25,508.07 | 4,983.15 | 10,277.74 |
| Change | ▼ -307.10 | ▼ -14.41 | ▼ -12.17 | ▼ -81.26 | ▼ -128.44 |
| % Change | -0.59% | -0.19% | -0.05% | -1.60% | -1.23% |

| U.S. Treasury 10-Year Note | Spread | U.S. Treasury 2-Year Note |
|---|---|---|
| 4.60% | 39 bp | 4.21% |

Source: NYSE, Nasdaq, U.S. Department of the Treasury, Birling Capital Advisors

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VAL
Dow Jones Industrial Average Level 51839.26
51839.26
47500.00
45000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
VAL
S&P 500 Level 7443.28
7443.28
6500.00
6000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
VAL
Nasdaq Composite Level 25508.07
27500.00
25508.07
22500.00
20000.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
VAL
Birling Capital Puerto Rico Stock Index Level 4983.15
4983.15
4000.00
3500.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26
VAL
Birling Capital U.S. Bank Index Level 10277.74
10800.00
10277.74
8400.00
7200.00
Jan '26
Feb '26
Mar '26
Apr '26
May '26
Jun '26
Jul '26