Dow closes above 262 points higher as cooling oil offsets a shaky day for chipmakers

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed Monday's session mixed, as a retreat in oil prices lifted the broader tape even as semiconductor names struggled to shake off a bout of China-related uncertainty. The Dow Jones Industrial Average led the way, closing roughly 262 points, or 0.5%, higher, while the S&P 500 eked out a narrow 0.02% gain and the Nasdaq Composite slipped 0.18% as chip stocks weighed on the tech-heavy index. Markets are now heading into the busiest stretch of the quarter, with the Fed's rate decision and results from four Magnificent Seven names both due Wednesday.

U.S. Markets

Chip stocks were the story beneath Monday's headline numbers. The VanEck Semiconductor ETF (SMH) finished about 2% lower, extending Friday's losses, with AMD down roughly 4% and Teradyne off about 5%; Micron Technology shed closer to 3%. Semiconductor names had rallied earlier in the session on the back of Chinese memory-chip maker CXMT's large initial public offering on the Shanghai Stock Exchange, but those gains reversed after a report that China has begun developing its own deep ultraviolet lithography equipment — the technology used to manufacture advanced chips. U.S.-listed shares of ASML, which currently dominates that equipment market, fell more than 8% on the report. Portfolio managers we track described the move as part of a broader repositioning out of the most crowded AI-adjacent names and into steadier ground such as consumer staples and communication services, reflecting growing investor uncertainty over how far the AI infrastructure trade can run following Alphabet's softer-than-expected results last week. That rotation sets up pivotal earnings stretch: Amazon, Apple, Meta Platforms, and Microsoft all report this week, and their results — alongside capital-spending commentary — will likely determine whether AI-spending concerns ease or intensify, with direct implications for the semiconductor names most levered to that theme.

European Markets

European equities opened firmly higher Monday on relief over the U.S.-Iran pause, but gains faded throughout the session, leaving the region's benchmarks to close mixed to modestly higher. The Stoxx 600 finished essentially flat, adding just 0.02%, as early strength in the broader index gave way to profit-taking despite an improved risk backdrop. The DAX outperformed, climbing 1.04% as Germany's export-sensitive names caught a bid, while the FTSE 100 added a more modest 0.42%. Investors digested Germany's July Ifo Business Climate survey alongside earnings from AstraZeneca, LVMH, Michelin, Saipem, and Italgas, while positioning ahead of Wednesday's Fed decision and the week's heavy Big Tech earnings slate.

Energy Markets

Oil prices fell sharply Monday as the pause in U.S.-Iran hostilities continued to unwind the war-risk premium built into crude over recent weeks. WTI crude settled down 7.5% at $82.61 per barrel, while Brent crude for September delivery closed down 8.7% at $88.36. The decline extends a pattern that has played out since the ceasefire took hold over the weekend, as easing fears of a prolonged disruption to Gulf shipping — reinforced by the resumption of Caspian Pipeline Consortium loadings on Russia's Black Sea coast — outweighed lingering risk from unconfirmed Houthi strikes on Saudi Aramco-linked facilities in the Red Sea. Even after the pullback, crude remains well above pre-conflict levels, leaving energy pricing highly sensitive to whether this week's diplomatic progress holds.

Economic and Policy Outlook

Markets this week are balancing two major catalysts: the Fed's July policy decision on Wednesday and the heaviest stretch of Big Tech earnings of the quarter. The setup into that decision has shifted meaningfully — consensus now points to a possible rate hike as soon as September, and the CME FedWatch Tool shows markets pricing in a genuine probability that the Fed lifts its benchmark rate a quarter point at this week's meeting rather than waiting. That repricing reflects a combination of persistent labor-market strength, firmer inflation readings, and a still-fragile oil-price outlook that could reverse quickly if the U.S.-Iran pause breaks down. Chair Kevin Warsh's tone in Wednesday's press conference will be closely parsed for confirmation of this more hawkish path. The irony is that Monday's sharp drop in oil prices, on its own, would normally argue for patience on the Fed's part — but with equities still repricing the durability of the AI spending cycle following Alphabet's disappointing results and this week's Amazon, Apple, Meta, and Microsoft reports, the central bank faces a genuinely two-sided setup heading into Wednesday.

The Final Word

Monday's session captured a market in the middle of two simultaneous repricing: growing conviction that the Fed may need to act sooner than expected, and a sharp reassessment of how much further the AI infrastructure trade can run. The Dow's outperformance against a softer Nasdaq reflects money rotating out of the most crowded semiconductor names — accelerated by China's advances in lithography technology and ASML's steep decline — and into steadier ground like consumer staples and communication services. With the Fed decision and four Magnificent Seven earnings reports landing within the same 48 hours, this week has real potential to reset the market's tone in either direction. We continue to favor pairing AI-theme exposure through communication services with the market's more broadly participative names, industrials among them, rather than concentrating risk in the most crowded semiconductor trades heading into a week carrying this much two-way risk.

Week of July 27–31 Earnings Calendar:

- **Monday, July 27**: Universal Health Services
- **Tuesday, July 28**: Boeing, Ford Motor Company, Visa, Coca-Cola, United Parcel Service, PayPal Holdings, Hilton Worldwide Holdings, Sherwin-Williams, PPG Industries, NXP Semiconductors, Teradyne, Mondelez International, Corning, Centene, Royal Caribbean Group, Waste Management, Seagate Technology
- **Wednesday, July 29**: Meta Platforms, Microsoft, SoFi Technologies, Procter & Gamble, Arm Holdings, Qualcomm, Lam Research, Amphenol, UBS Group
- **Thursday, July 30**: Apple, Amazon, Mastercard, Sirius XM, Shell, Anheuser-Busch InBev, Banco Bilbao Vizcaya Argentaria
- **Friday, July 31**: ExxonMobil, Chevron, AbbVie

Economic Data:

- **US Durable Goods New Orders MoM:** rose to 0.32%, compared to -4.00% last month.
- **Japan Business Conditions Composite Coincident Index:** fell to 117.90, down from 118.10 last month, a change of -0.17%.

Eurozone Summary:

- **Stoxx 600:** closed at 644.62, up 0.11 points or 0.02%.
- **FTSE 100:** closed at 10,781.75, up 45.52 points or 0.42%.
- **DAX Index:** closed at 25,361.03, up 262.03 points or 1.04%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,210.08, up 262.83 points or 0.51%
- **S&P 500:** closed at 7,413.18, up 1.20 points or 0.02%.
- **Nasdaq Composite:** closed at 24,932.08, down 43.74 points or 0.18%.
- **Birling Capital Puerto Rico Stock Index:** closed at 5,088.91, up 26.88 points or 0.53%.
- **Birling Capital U.S. Bank Index:** closed at 10,356.99, up 17.69 points or 0.17%.
- **U.S. Treasury 10-year note:** closed at 4.65%.
- **U.S. Treasury 2-year note:** closed at 4.31%.

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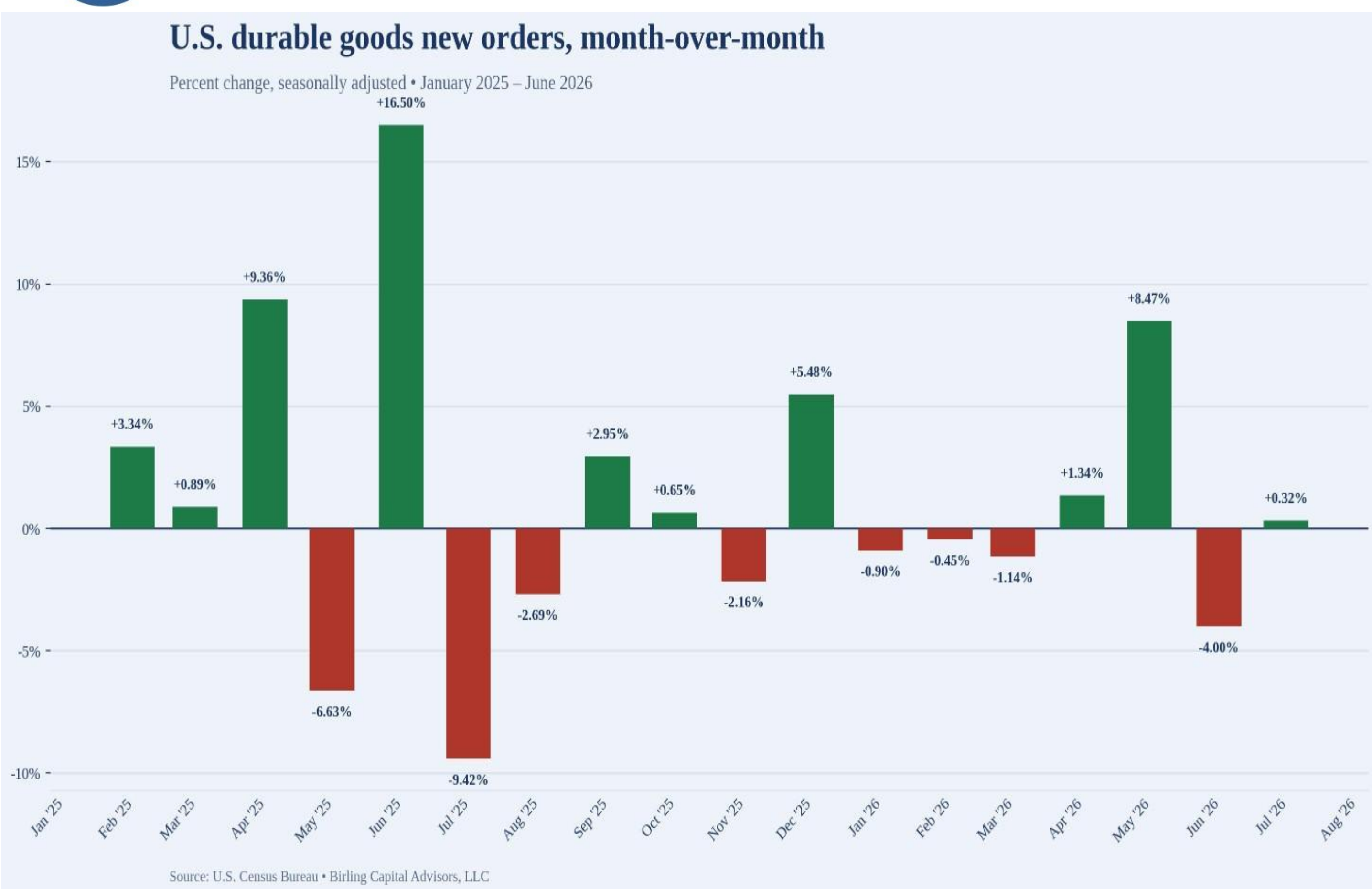

Eurozone Markets Close

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Stoxx 600	FTSE 100	DAX Index
644.62	10,781.75	25,361.03
+0.11 pts (+0.02%)	+45.52 pts (+0.42%)	+262.03 pts (+1.04%)

Source: Birling Capital Advisors, LLC

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Wall Street and Birling Capital Indexes Close

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Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
52,210.08	7,413.18	24,932.08	5,088.91	10,356.99
+262.83 pts (+0.51%)	+1.20 pts (+0.02%)	-43.74 pts (-0.18%)	+26.88 pts (+0.53%)	+17.69 pts (+0.17%)

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.65%	4.31%

Source: Birling Capital Advisors, LLC

Wall Street Recap

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