Nasdaq Falls More Than 1% as Semiconductor Selloff and Rising Oil Prices Trigger Rotation Away from AI Leaders

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed lower on Tuesday as investors rotated out of semiconductor and artificial intelligence leaders while rising geopolitical tensions pushed oil prices sharply higher. Wall Street's recent momentum paused after renewed selling in chipmakers weighed heavily on the technology sector, sending the **Nasdaq Composite** down more than 1% and pulling the **S&P 500** lower. The **Dow Jones Industrial Average** also retreated from a new intraday record, finishing back below 53,000 marks. Markets were pressured by a sharp advance in crude oil prices after Iran attacked a Qatari liquefied natural gas tanker near the Strait of Hormuz, reigniting concerns over global energy supplies. Despite the technology-led pullback, investors continued to rotate into healthcare, financials, and other defensive sectors, underscoring that weakness remained concentrated in AI-related shares rather than the broader market.

U.S. Markets

Wall Street experienced a broad rotation Tuesday as investors locked in profits across semiconductor and artificial intelligence stocks following their exceptional gains this year. The **Dow Jones Industrial Average** declined **130.76 points (0.25%)** to **52,925.15**, after reaching another intraday record earlier in the session. The **S&P 500** fell **0.45%** to **7,503.85**, while the **Nasdaq Composite** dropped **1.16%** to **25,818.69**, its weakest session in several weeks.

The selling was concentrated in the semiconductor industry, where **Micron Technology** lost **4.7%**, while **Broadcom**, **AMD**, **Marvell Technology**, and **KLA** also posted notable declines. The **VanEck Semiconductor ETF (SMH)** fell more than **3%**, reflecting renewed concerns that investor expectations for AI-driven earnings growth have become increasingly demanding ahead of the second-quarter reporting season.

Adding to the cautious tone, reports that China's **DeepSeek** is developing proprietary AI chips raised new competitive concerns for established semiconductor manufacturers. Meanwhile, **SpaceX** fell more than **6%** in its first trading session after joining the Nasdaq-100, despite receiving multiple bullish analyst initiations.

The session was not without bright spots. Investors rotated into more defensive and value-oriented sectors, lifting shares of **Eli Lilly**, **JPMorgan Chase**, **Microsoft**, and **Walmart**, with Walmart gaining after announcing price reductions on several staple consumer products. The market's sector rotation suggests investors are reducing exposure to the year's highest-performing AI names while maintaining confidence in companies with resilient earnings prospects.

Rising energy prices also weighed on sentiment after **Brent crude** climbed to **$74.16** per barrel and **WTI crude** settled at **$70.44**, following the attack on a Qatari LNG tanker and the subsequent U.S. decision to revoke a waiver permitting Iranian oil sales. The renewed geopolitical uncertainty introduced a fresh inflation risk just as investors prepare for the start of the second-quarter earnings season, when elevated expectations are likely to place greater emphasis on corporate guidance than on headline earnings results.

European Markets

European markets closed mixed on Tuesday as investors continued rotating out of technology shares while weighing the outlook for corporate earnings and economic growth. The weakness was most pronounced in continental Europe, where Germany's export-oriented companies and technology-related stocks came under pressure following a broad selloff across Asian semiconductor shares. The United Kingdom outperformed its continental peers, with the **FTSE 100** posting a modest gain, supported by defensive sectors and energy-related companies.

The **Stoxx Europe 600** declined **0.65%** to **646.29**, reflecting broad-based weakness across most sectors. Germany's **DAX** fell **1.37%** to **25,465.25**, leading regional losses as investors reduced exposure to industrial and technology shares. In contrast, London's **FTSE 100**added **0.13%** to **10,665.88**, benefiting from its heavier weighting in defensive, financial, and commodity-related companies. Despite Tuesday's pullback, European markets continue to be supported by easing inflation, resilient labor market conditions, and expectations that lower interest rates will create a more favorable environment for corporate earnings in the second half of 2026.

Energy Markets

Energy prices remained relatively stable, with **WTI crude oil** holding below **$70 per barrel** following the recent OPEC+ production increase. Lower energy prices continue to ease inflationary pressures, improve consumer purchasing power, and support corporate operating margins. Market participants remain attentive to summer demand trends and geopolitical developments that could influence commodity prices during the second half of the year.

Economic & Policy Outlook

With few major economic releases this week, investors are focusing on earnings expectations and the outlook for monetary policy. Treasury yields edged modestly higher as markets continued to anticipate that the Federal Reserve will maintain a data-dependent approach. The combination of moderating inflation and resilient economic growth continues to support expectations that policymakers can remain patient while monitoring incoming economic data.

The Final Word: Market Perspective

Markets have entered the next phase of this year's rally. Following record highs across the major indexes, sustained gains will increasingly depend on whether corporate earnings validate elevated valuations. If companies deliver another quarter of robust profit growth while maintaining optimistic guidance, the fundamental case for equities should remain firmly intact through the second half of 2026.

GDPNow Update:

- The GDPNOW for the second quarter was updated on July 7, 2026, rising to 1.4%, up from 1.20%, a 16.67% increase.

Economic Data:

- **US Retail Gas Price:** fell to $3.964, down from $4.048 last week, a change of -2.08%.
- **US Trade Balance on Goods:** fell -106.48B, down from -82.91B last month.
- **US Consumer Credit Outstanding MoM:** fell to $20.73B, down from $22.23B last month, a change of -6.72%.
- **Canada Ivey PMI:** rose to 59.70, up from 56.20 last month.
- **Japan Business Conditions Composite Coincident Index:** rose to 118.50, up from 118.10 last month.

Eurozone Summary:

- **Stoxx 600:** closed at 646.29, down 4.21 points or 0.65%.
- **FTSE 100:** closed at 10,665.88, up 14.11 points or 0.13%.
- **DAX Index:** closed at 25,465.25, down 352.64 points or 1.37%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 52,925.15, down 130.76 points or 0.25%.
- **S&P 500:** closed at 7,503.85, down 33.58 points or 0.45%.
- **Nasdaq Composite:** closed at 25,818.69, down 302.47 points or 1.16%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,853.16, down 3.46 points or 0.07%.
- **Birling Capital U.S. Bank Index:** closed at 10,427.55, up 264.53 points or 2.60%.
- **U.S. Treasury 10-year note:** closed at 4.55%.
- **U.S. Treasury 2-year note:** closed at 4.19%.

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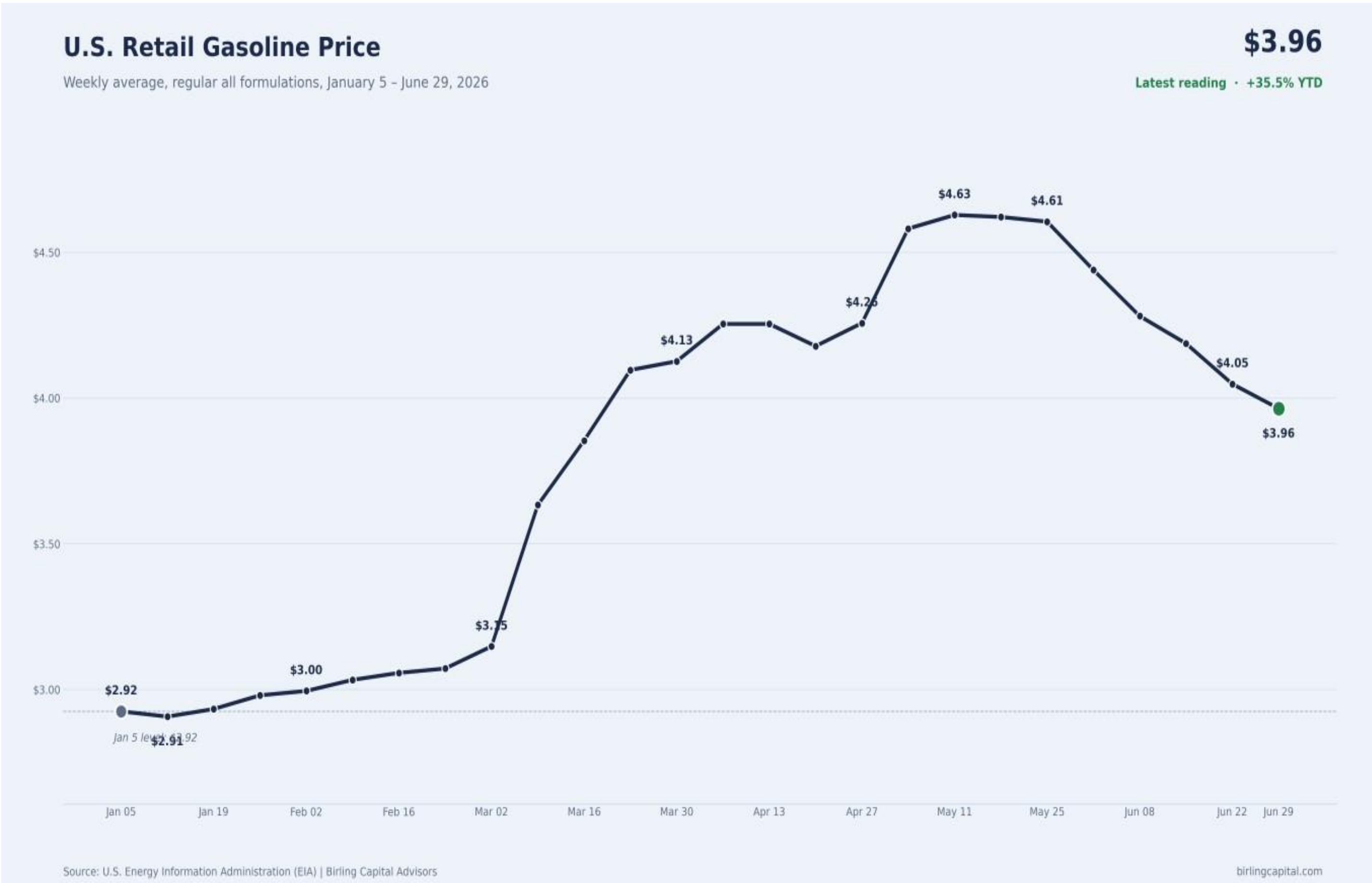

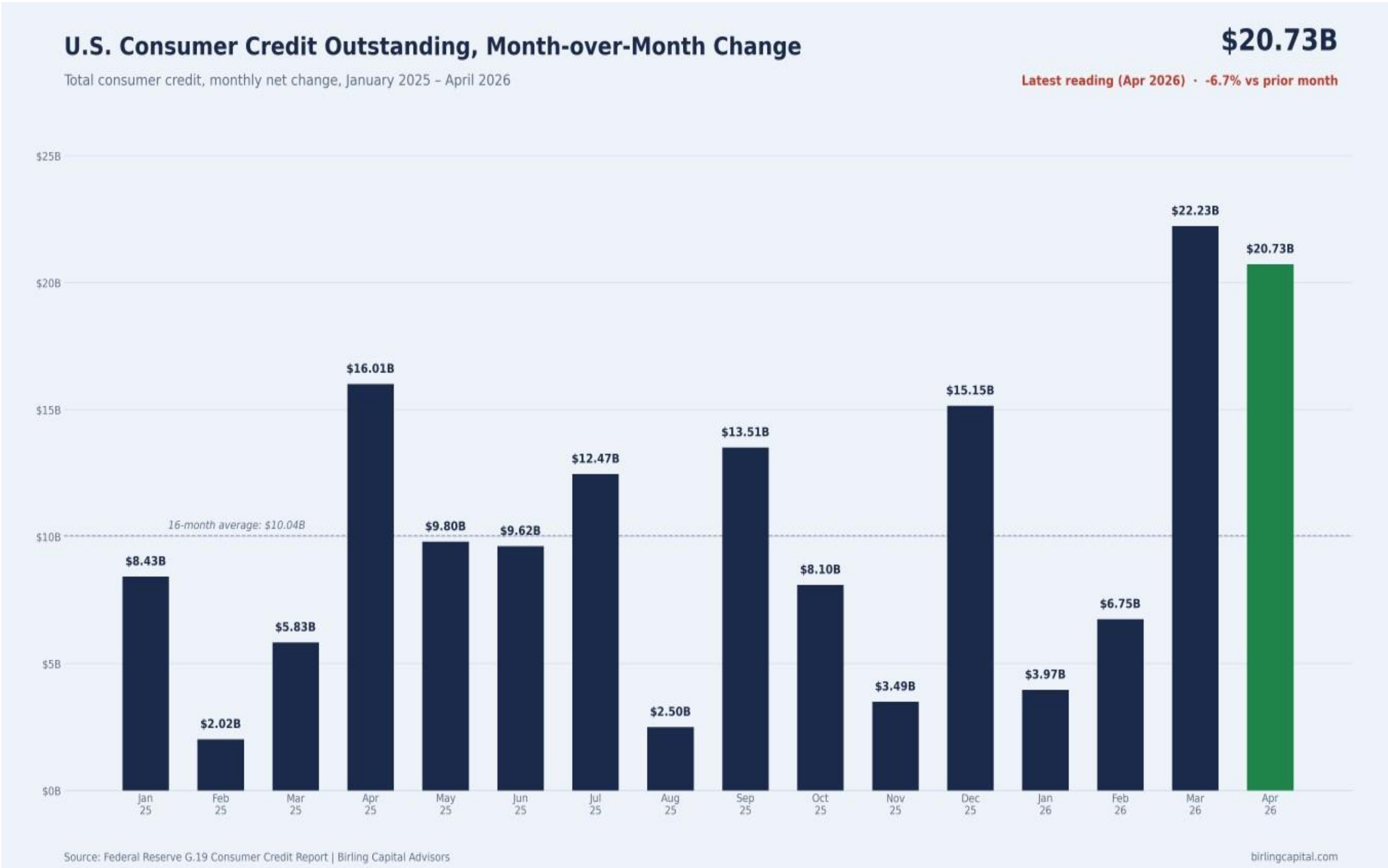
U.S. Consumer Credit Outstanding, Month-over-Month Change
Total consumer credit, monthly net change, January 2025 – April 2026
$20.73B
Latest reading (Apr 2026) · -6.7% vs prior month
$25B
$20B
$15B
$10B
$5B
$0B
16-month average: $10.04B
$8.43B
$2.02B
$5.83B
$16.01B
$9.80B
$9.62B
$12.47B
$2.50B
$13.51B
$8.10B
$3.49B
$15.15B
$3.97B
$6.75B
$22.23B
$20.73B
Jan 25
Feb 25
Mar 25
Apr 25
May 25
Jun 25
Jul 25
Aug 25
Sep 25
Oct 25
Nov 25
Dec 25
Jan 26
Feb 26
Mar 26
Apr 26
Source: Federal Reserve G.19 Consumer Credit Report | Birling Capital Advisors
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Eurozone markets close

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	Stoxx 600	FTSE 100	DAX Index
Closing price	646.29	10,665.88	25,465.25
Points	▼ 4.21 pts	▲ 14.11 pts	▼ 352.64 pts
Percent	-0.65%	+0.13%	-1.37%

Source: Bloomberg, Birling Capital Advisors

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Wall Street and Birling Capital Indexes Close

July 7, 2026

	Dow Jones Industrial Average	S&P 500	Nasdaq Composite	Birling Capital PR Stock Index	Birling Capital U.S. Bank Index
Closing Price	52,925.15	7,503.85	25,818.69	4,853.16	10,427.55
	▼ 130.76	▼ 33.58	▼ 302.47	▼ 3.46	▲ 264.53
	-0.25%	-0.45%	-1.16%	-0.07%	+2.60%

U.S. Treasury 10-Year Note	U.S. Treasury 2-Year Note
4.55%	4.19%

Spread: 36 bps

Source: Bloomberg, Birling Capital Advisors

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Wall Street Recap

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