

Dow Plunges Nearly 1,000 Points as Iran Fears Escalate, Oil Surges, and Chip Stocks Extend Selloff

June 10, 2026

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The U.S. stocks suffered a broad-based selloff Wednesday as escalating tensions between the United States and Iran rattled investors, sending oil prices sharply higher and triggering another wave of selling in technology and semiconductor shares. Market sentiment deteriorated after President Donald Trump warned that additional military action against Iran could be forthcoming, raising concerns that the conflict could expand and disrupt global energy markets.

The risk-off environment pushed investors away from growth-oriented sectors and into traditional safe havens as crude oil prices climbed above \$90 per barrel. The decline came despite inflation data that was generally in line with expectations and suggested that underlying price pressures remain relatively contained. Instead, geopolitical uncertainty and renewed weakness in artificial intelligence-related stocks dominated market attention, leading to one of the sharpest declines in weeks.

U.S. Markets

U.S. equities closed sharply lower, with all three major indexes posting significant losses as investors grappled with rising geopolitical risks and continued weakness across the semiconductor sector.

The Dow Jones Industrial Average fell 953.33 points, or 1.87%, to close at 49,918.78. The S&P 500 declined 1.62% to 7,266.99, while the Nasdaq Composite dropped 1.98% to 25,169.50.

Markets accelerated lower after President Trump stated that Iran had taken too long to negotiate and warned that the United States would respond aggressively if necessary. The comments followed U.S. military strikes against Iranian targets launched in response to the reported downing of a U.S. Army Apache helicopter near the Strait of Hormuz, a critical artery for global oil shipments.

Energy prices moved sharply higher as investors reassessed the potential for supply disruptions. West Texas Intermediate crude settled up 2.07% at \$90.03 per barrel, while Brent crude rose 1.8% to \$93.10 per barrel.

Technology shares remained under heavy pressure, particularly within the semiconductor industry. Shares of Micron Technology, Advanced Micro Devices, and Broadcom declined again, extending the selloff that has now persisted for four sessions in the last five trading days. The iShares Semiconductor ETF (SOXX) fell more than 3%, continuing a sharp correction that began late last week following one of the strongest rallies in the sector's history.

Investors appear to be reassessing valuations after the extraordinary run in artificial intelligence-related stocks. Some market participants also pointed to portfolio repositioning ahead of Friday's highly anticipated SpaceX initial public offering, which is expected to become the largest IPO ever and could temporarily divert capital away from high-flying technology names.

Economic data offered a modestly positive surprise. Core Consumer Price Index inflation rose 0.2% in May, below expectations for a 0.3% increase, while annual core inflation held at 2.9%. However, the headline inflation rate climbed above 4% for the first time in three years, largely driven by higher energy costs, underscoring the growing influence of oil prices on the inflation outlook.

The combination of escalating geopolitical tensions, rising oil prices, and continued profit-taking in technology shares overshadowed the encouraging inflation data, leaving investors increasingly

focused on the potential economic and market consequences of a prolonged conflict in the Middle East.

European Markets

European markets traded lower as investors balanced geopolitical concerns with expectations for further monetary policy tightening from the European Central Bank. Energy and defense shares outperformed, while consumer discretionary and industrial stocks lagged.

Market participants remain focused on Thursday's ECB policy meeting, where policymakers are widely expected to raise interest rates by 25 basis points. Investors are also evaluating the potential economic impact of higher energy prices on European growth and inflation.

Energy Markets

Energy markets moved higher Wednesday as rising tensions between the United States and Iran increased concerns about potential disruptions to global oil supplies. **WTI crude oil rose 2.07% to settle at \$90.03 per barrel, while Brent crude gained 1.8% to close at \$93.10 per barrel.**

The advance reflects a growing geopolitical risk premium following U.S. strikes against Iranian targets and President Trump's warning of additional military action. Although energy flows through the Strait of Hormuz remain uninterrupted, investors are closely monitoring the situation given the region's critical role in global oil markets.

Higher oil prices could add renewed inflationary pressure and reinforce the Federal Reserve's cautious policy stance. Future market direction will largely depend on whether tensions ease or escalate further in the coming days.

Economic & Policy Outlook

May's Consumer Price Index report provided mixed but generally constructive news for policymakers. Headline inflation increased 0.5% during the month and 4.2% year-over-year, largely driven by a 3.9% surge in energy prices. However, core inflation remained relatively contained, rising 0.2% month over month and 2.9% year over year, below consensus expectations.

The data reinforces expectations that the Federal Reserve will leave interest rates unchanged at next week's meeting. While policymakers are likely to acknowledge higher inflation risks stemming from energy prices and geopolitical uncertainty, the broader inflation trend remains consistent with a patient policy approach.

Global central banks also remain in focus. The Bank of Canada left rates unchanged Wednesday, while the European Central Bank is expected to deliver a 25-basis-point rate increase Thursday. Next week, the Bank of Japan is widely expected to raise rates to 1.0%, while both the Federal Reserve and the Bank of England are anticipated to maintain current policy settings.

U.S. Consumer Credit Outstanding

Consumer credit expanded by \$20.73 billion in April 2026, extending a notable surge that began in March when borrowing hit \$22.23 billion — the strongest single-month reading in the 16-month series. These back-to-day \$20B+ months represent a sharp acceleration from the tepid pace that opened 2026, when January and February combined for just \$10.72 billion.

The full series reveals a pattern of pronounced volatility. Throughout 2025, monthly readings swung from as low as \$2.02 billion in February to \$16.01 billion in April, with no sustained directional trend. The 16-month average of \$10.04 billion obscures these extremes. What is notable about early 2026 is not just the magnitude of the readings but their consistency — two consecutive months well above the historical average signal a potential shift in borrowing behavior.

The context matters. With the Federal Reserve maintaining elevated interest rates and inflation still running above target, the acceleration in consumer credit raises a critical question: is this borrowing-driven spending a sign of consumer confidence, or does it reflect households stretched thin and increasingly dependent on debt to cover everyday expenses? The distinction carries significant

implications for the economic outlook. Credit-fueled consumption can sustain GDP growth in the short term, but it also builds financial fragility — particularly if labor markets soften or rates remain high through year-end. This data point deserves close attention in the months ahead.

The Final Word: Market Perspective

Markets are once again navigating the intersection of geopolitics, inflation, and monetary policy. While the escalation in Middle East tensions has introduced a new source of uncertainty, the underlying economic backdrop remains resilient. Inflation outside of energy continues to moderate, labor markets remain healthy, and global economic activity continues to expand. Volatility is likely to remain elevated as investors monitor developments in the Middle East and upcoming central bank decisions. However, absent a significant disruption to global energy supplies, the fundamental outlook for economic growth and corporate earnings remains constructive, supporting a balanced but cautiously optimistic investment outlook.

Economic Data:

- **US Consumer Price Index YoY:** rose to 4.20%, up from 3.80% last month.
- **US Core Consumer Price Index YoY:** rose to 2.80%, compared to 2.70% last month.
- **US Inflation Rate:** rose to 4.20% from 3.80% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 618.17, down 0.47 points or 0.08%.
- **FTSE 100:** closed at 10,254.81, down 27.48 or 0.27%.
- **DAX Index:** closed at 24,195.31, down 251.75 points or 0.97%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 49,918.78, down 953.33 points or 1.87%
- **S&P 500:** closed at 7,266.99, down 119.66 points or 1.62%.
- **Nasdaq Composite:** closed at 25,169.50, down 509.32 points or 1.98%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,396.43, up 62.31 points or 1.44%.
- **Birling Capital U.S. Bank Index:** closed at 9,771.92, up 36.48 points or 0.37%.
- **U.S. Treasury 10-year note:** closed at 4.55%.
- **U.S. Treasury 2-year note:** closed at 4.13%.

U.S. Consumer Price Index — Year-over-Year

Headline CPI vs. Core CPI (ex-food & energy) · January 2025 - May 2026

Headline CPI (May 2026)
4.20%

Core CPI (May 2026)
2.80%

Spread (CPI - Core)
+1.40 pp



Source: U.S. Bureau of Labor Statistics · birlingcapital.com

U.S. Consumer Credit Outstanding – Month-over-Month

Net change in total outstanding consumer credit · January 2025 – April 2026

Latest (Apr 2026)

\$20.73B

Prior Month (Mar 2026)

\$22.23B

16-Mo Average

\$10.04B

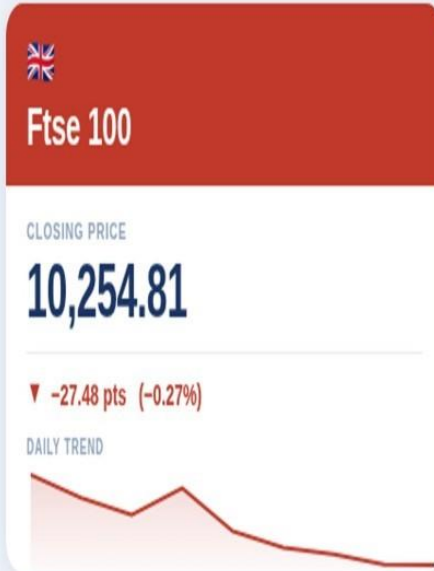
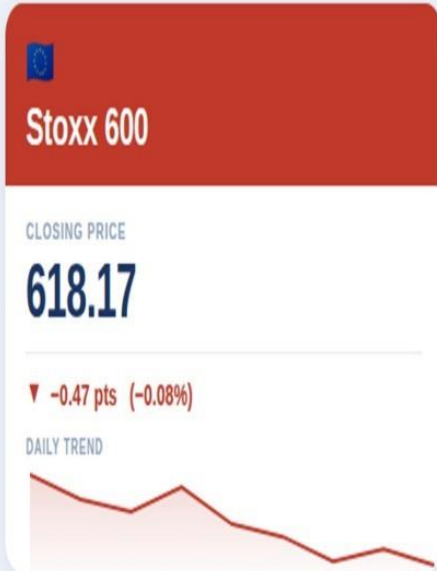


Source: Federal Reserve · birlingcapital.com

European Market Close

June 10, 2026

Eurozone equity summary · June 10, 2026



Source: Bloomberg · Market Data

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Wall Street and Birling Capital Indexes Close

June 10, 2026

U.S. equity markets & Birling Capital proprietary indexes · June 10, 2026



Wall Street Recap

June 10, 2026



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