Wall Street Impacted as Middle East Conflict Triggers Flight to Safety with Global Uncertainty Mounting and U.S. Index of Consumer Sentiment Rises Sharply to 60.50.

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The U.S. and European stock markets closed with losses as the escalating conflict in the Middle East reawakens investor concerns over global stability. Wall Street is down more than 1% following overnight developments in which Israel reportedly struck Iranian nuclear and military assets, prompting retaliatory drone attacks from Iran. The **Dow Jones** fell sharply by **769.83 points**, reflecting a broad-based retreat in industrial and financial stocks. The **S&P 500** shed **68.29 points**, pressured by weakness in energy and consumer discretionary sectors as oil volatility and macro risks resurfaced. Meanwhile, the **Nasdaq Composite** lost **255.66 points**, driven by pullbacks in large-cap tech names, as investors trimmed exposure to growth assets in favor of safer alternatives. The magnitude of these declines underscores a clear flight-to-safety dynamic, with traders recalibrating portfolios ahead of potential market-moving developments.

The intensifying hostilities have driven crude oil prices up roughly 8%, reviving fears of potential supply disruptions across global energy markets.

European and Asian indexes posted broad-based losses. However, these declines appear relatively measured, and year-to-date gains remain firmly in place across many major benchmarks.
The flare-up in geopolitical risk is prompting investors to seek traditional safe havens. Gold has advanced 1%, while the U.S. dollar is also gaining ground. Treasury markets are relatively steady today; the 10-year yield rose slightly to 4.41% as investors reassessed their risk exposure.

Sentiment Resilient Despite Turbulence

Amid the geopolitical shock, the latest reading of the **U.S. Index of Consumer Sentiment** offered a surprising boost of confidence. The index rose sharply to **60.50**, up from **52.20** last month—a notable **15.90% increase**, marking its highest level since late 2023. This surge reflects an improved consumer outlook despite elevated geopolitical risks and suggests resilience in domestic economic fundamentals.

A Historical Lens of Markets and Geopolitical Shocks

While today's developments have rattled market sentiment, history offers valuable perspective. Geopolitical flare-ups—particularly those involving the Middle East often generate short-term volatility, but they rarely derail long-term equity performance. Oil prices are absorbing a modest risk premium, now headed for their most significant weekly gain since 2022. Yet even after today's jump, crude remains near $74 per barrel—well below its highs from last year and within its broader three-year range.

Looking back at similar events, equities typically dip on the day of the shock and may remain choppy over the following week. However, those pullbacks tend to fade, with markets generally higher six to twelve months after the event. The resilience of equities reflects the broader forces that ultimately drive returns, including corporate earnings, consumer demand, and monetary policy, rather than temporary geopolitical stress.

Moreover, the U.S. economy is less vulnerable to oil shocks than in decades past. With the nation now a net exporter of petroleum products and energy expenditure as a share of GDP declining steadily, the risk of an energy-induced recession is significantly reduced.

As we enter the summer months, markets may face renewed tests, ranging from geopolitical uncertainty and trade policy shifts to domestic fiscal debates and central bank recalibrations. Nonetheless, the recent 20% rally since April 8 is rooted in more than just sentiment.
Trade tensions have eased, investor focus is turning to potential tax reforms, and incoming economic data continues to reflect broad resilience. Corporate earnings have remained robust, supporting equity valuations despite macroeconomic uncertainty. With the Federal Reserve expected to hold rates steady next week, attention will shift to its updated projections. The Fed will signal a cautiously dovish stance, opening the door to one or two rate cuts later this year and laying the groundwork for a more neutral policy stance into 2026.

Bottom Line

While short-term volatility linked to geopolitical risk is unavoidable, it rarely undermines long-term market performance. Investors should maintain perspective, recognizing that the structural strength of the U.S. economy, reduced energy dependence, and resilient earnings picture remain the key pillars of the current bull market. In times like these, discipline, diversification, and a focus on fundamentals are critical.

Economic Update:

- **U.S. Index of Consumer Sentiment:** is unchanged at 52.20, from 52.20 last month.
- **Canada Manufacturing Shipments:** fell to $ 69.59 billion, down from $ 71.56 billion last month, a decrease of 2.76%.
- **Canada Wholesale Sales MoM:** fell -4.41%, compared to 1.44% last month.
- **Germany Consumer Price Index YoY:** is unchanged at 2.10%, compared to 2.10% last month.
- **Eurozone Industrial Production Index YoY:** rose to 3.60%, compared to 1.00% last month.

Eurozone Summary:

- **Stoxx 600:** Closed at 544.94, down 4.90 points or 0.89%.
- **FTSE 100:** Closed at 8,850.63, down 34.29 or 0.39%.
- **DAX Index:** Closed at 23,516.23, down 255.22 or 1.07%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 42,197.79, down 769.83 points or 1.79%.
- **S&P 500:** closed at 5,976.97, down 68.29 points or 1.13%.
- **Nasdaq Composite:** closed at 19,406.83, down 255.66 points or 1.30%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,924.89, down 14.98 points or 0.38%.
- **Birling Capital U.S. Bank Index:** closed at 6,848.60, down 15.67 points or 0.23%.
- **U.S. Treasury 10-year note:** closed at 4.41%.
- **U.S. Treasury 2-year note:** closed at 3.96%.

US Index of Consumer Sentiment, Canada Manufacturing Shipments & Canada Wholesale Sales

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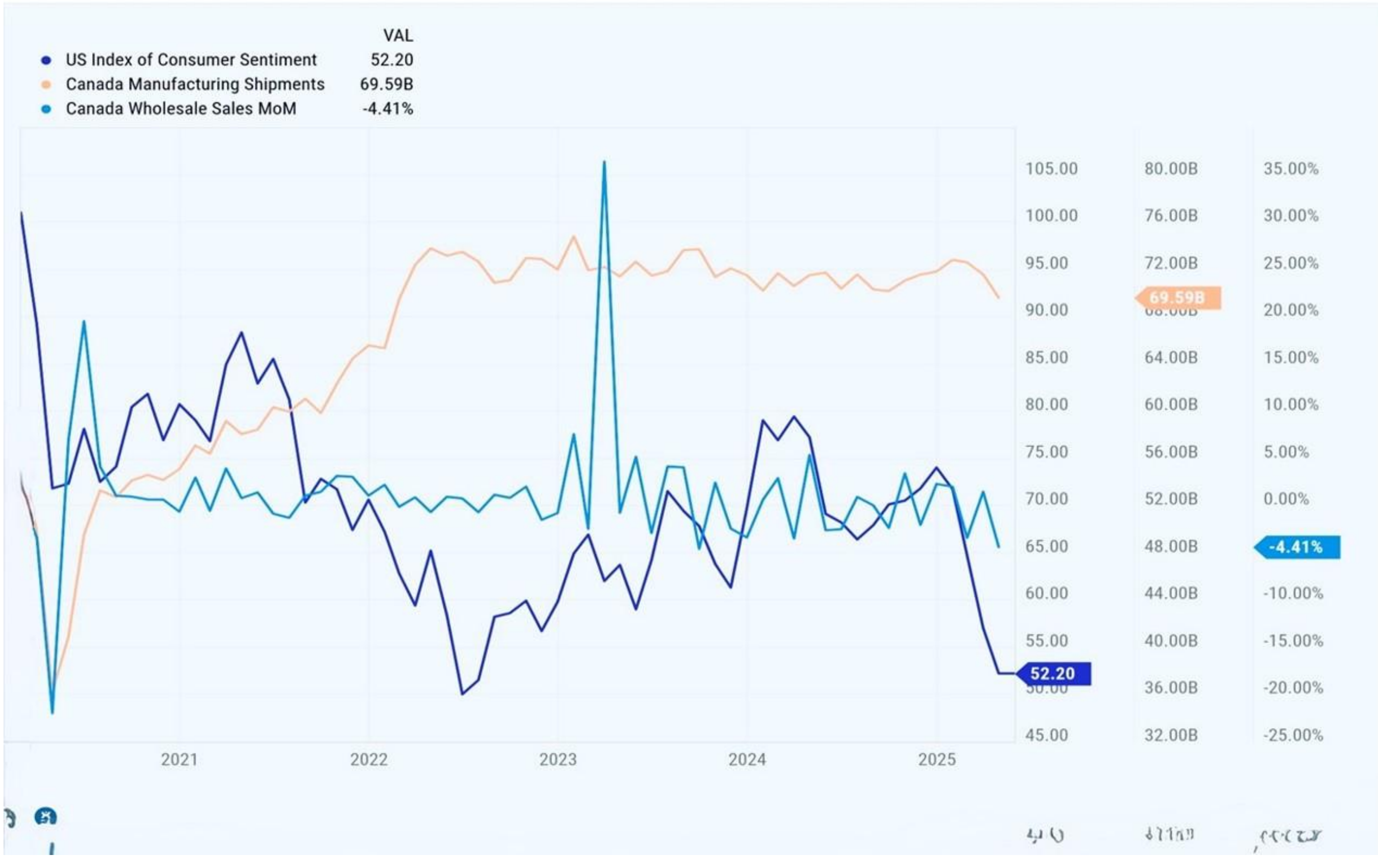

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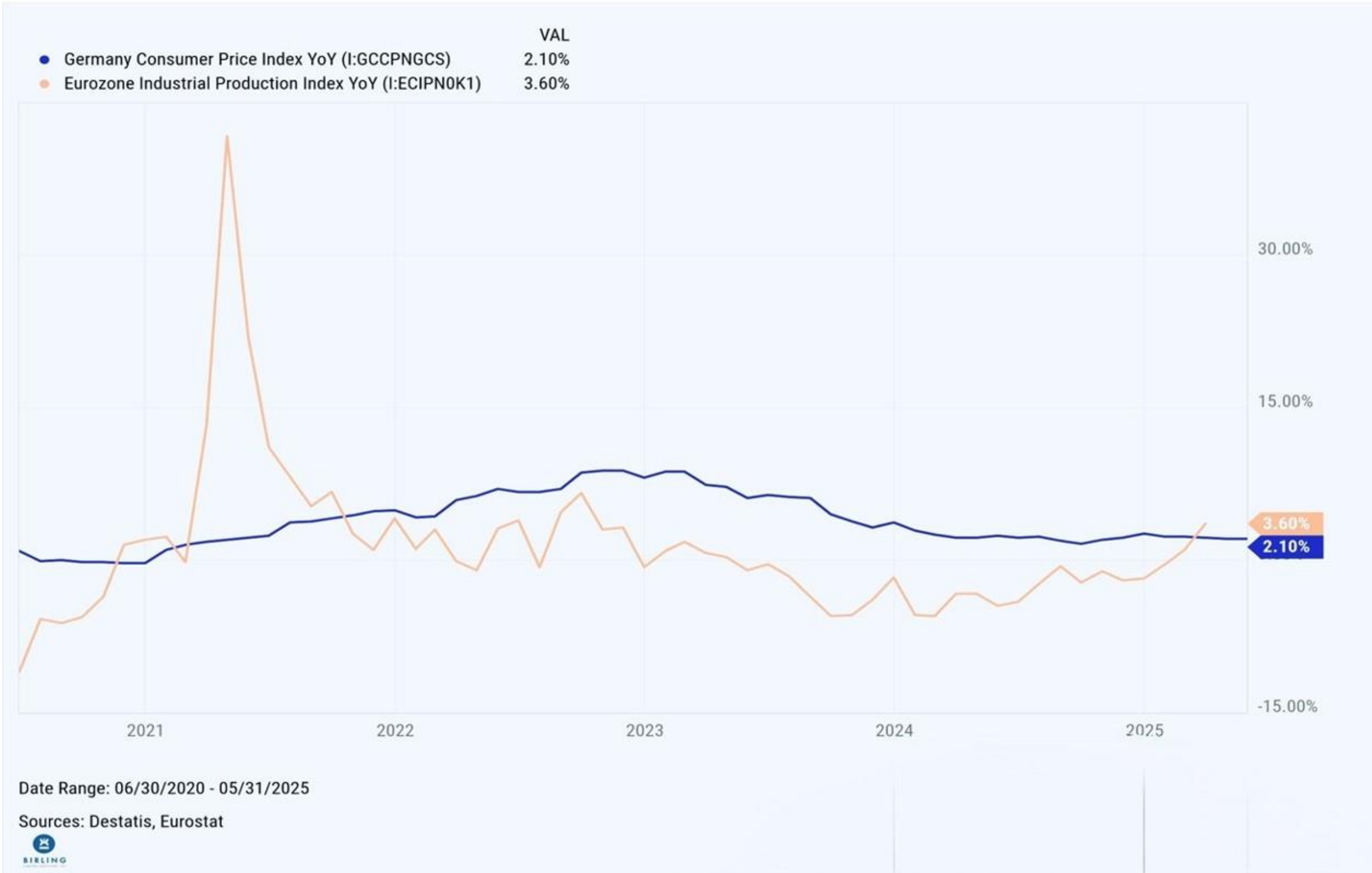
Germany Consumer Price Index & Eurozone Industrial Production Index




VAL
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Jan '25
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Mar '25
Apr '25
May '25
Jun '25
VAL
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Jan '25
Feb '25
Mar '25
Apr '25
May '25
Jun '25
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Feb '25
Mar '25
Apr '25
May '25
Jun '25
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Birling Capital Puerto Rico Stock Index Level 3924.89
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Feb '25
Mar '25
Apr '25
May '25
Jun '25
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4800.00
Jan '25
Feb '25
Mar '25
Apr '25
May '25
Jun '25