

Dow and S&P 500 Reach New Record Highs as Falling Oil Prices Fuel Optimism on Iran De-escalation

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The U.S. and European stock markets closed mostly higher as investors welcomed a sharp decline in oil prices and improving optimism surrounding a potential stabilization of tensions between the United States and Iran. Lower energy prices and easing inflation concerns supported broader risk appetite, allowing the Dow Jones Industrial Average and the S&P 500 to close at fresh record highs despite moderating momentum in semiconductor stocks.

Investor sentiment improved significantly after oil prices retreated following reports from Iranian state media suggesting the country intended to restore commercial shipping activity through the Strait of Hormuz to pre-conflict levels within one month. Although the White House later dismissed the report as inaccurate, markets continued responding positively to expectations that the risk of prolonged supply disruptions may be easing.

The decline in crude prices materially improved market conditions by reducing fears that elevated energy costs could reignite inflation pressures and complicate the Federal Reserve's policy outlook. West Texas Intermediate crude fell 5.55% to settle at \$88.68 per barrel, marking one of the sharpest declines since tensions escalated in the region.

Lower Treasury yields and declining volatility further supported equities, reinforcing investor confidence that geopolitical risks may gradually become less disruptive to the broader economic outlook.

U.S. Markets

U.S. equities closed modestly higher, with the Dow Jones Industrial Average leading gains and reaching another historic milestone as lower oil prices boosted cyclical and blue-chip sectors. **The Dow Jones Industrial Average advanced 182.60 points, or 0.36%, to close at a record 50,644.28 after also reaching a new intraday all-time high. The S&P 500 added 0.02% to finish at 7,520.36, securing another record close, while the Nasdaq Composite edged 0.07% higher to end at 26,674.73.**

Market leadership rotated away from high-growth semiconductor shares after the sector's powerful rally earlier in the week. Shares of Micron Technology, which surged more than 19% on Tuesday and surpassed \$1 trillion market capitalization for the first time, closed 3.6% higher but well below session highs as momentum moderated throughout the session.

Broader semiconductor performance turned mixed. Intel declined roughly 1%, while Qualcomm fell approximately 6% as investors reassessed valuations following the sector's explosive advance tied to artificial intelligence infrastructure spending.

The recent surge in memory-chip manufacturers has become one of Wall Street's preferred ways to gain exposure to the artificial intelligence investment cycle. Optimism surrounding long-term AI implementation agreements and data-center demand has fueled extraordinary gains across the memory ecosystem, including strong advances in South Korean chipmaker SK Hynix.

However, investors also appeared increasingly sensitive to valuation concerns after the sector's rapid ascent. Market strategists continued to warn that while artificial intelligence remains a long-term

transformational theme, portions of the semiconductor sector may have advanced faster than the underlying fundamentals currently justify.

Financial stocks also weighed on broader market performance. Shares of JPMorgan Chase declined approximately 2% after CEO Jamie Dimon said the bank could pursue acquisitions totaling up to \$20 billion over the next several years, prompting some investor caution about future capital deployment and acquisition risks.

Despite selective sector weakness, broader market conditions remained constructive, as lower energy prices, resilient earnings, and stable economic conditions continued to support investor sentiment.

European Markets

European equities closed modestly higher as investors balanced improving risk sentiment, driven by lower energy prices, with continued geopolitical uncertainty surrounding military developments involving Iran. Market participants remained focused on the evolving security situation while welcoming a sharp retreat in oil prices, which eased concerns about inflation and global economic growth.

The benchmark STOXX Europe 600 advanced 0.10%, with major European exchanges in London, Paris, and Frankfurt also finishing in positive territory as investors cautiously increased risk exposure. Despite the market's positive tone, geopolitical tensions remained a central driver. Regional equities had experienced pressure earlier in the week after U.S. military forces conducted what Central Command described as defensive operations in southern Iran targeting missile launch sites and vessels allegedly attempting to deploy naval mines. Subsequent comments from U.S. officials on the strategic importance of keeping the Strait of Hormuz open heightened market sensitivity to energy supply risks.

However, improving diplomatic expectations and a significant decline in crude prices helped stabilize investor sentiment. International benchmark Brent Crude fell 3.4% to \$96.17 per barrel, moving further below the psychologically important \$100 threshold, while West Texas Intermediate declined 3.7% to \$90.40 per barrel. The decline in energy prices eased concerns that sustained oil shocks could reignite inflationary pressures and complicate global central bank policy paths. Corporate activity drove substantial sector-level movements throughout the session. Shares of AkzoNobel surged approximately 20% after the company disclosed it had rejected a joint takeover proposal from Nippon Paint and Sherwin-Williams valuing the company at €73 per share. Management indicated the proposal materially undervalued the company's long-term prospects and reaffirmed support for its strategic merger plans with Axalta.

The European automobile sector also emerged as one of the strongest performers, advancing 2.6% after data showed new vehicle registrations across the European Union increased 5.1% year-over-year. Strong gains were recorded across major manufacturers, with Renault, Stellantis, Volkswagen, Mercedes-Benz, and BMW all posting solid gains as investors interpreted improving demand trends as evidence of resilient consumer spending conditions.

Overall, European markets continued demonstrating resilience as lower oil prices and improving sector-specific fundamentals partially offset ongoing geopolitical uncertainty. Investors remain focused on whether easing energy pressures and diplomatic developments can broaden the recent market recovery while monitoring future implications for inflation and monetary policy.

Economic Perspective

Recent inflation developments continue to generate debate over the Federal Reserve's next policy steps. However, the current inflation environment differs materially from conditions experienced during 2022.

Monetary policy is already restrictive, labor market conditions have moderated, and fiscal support is significantly less stimulative than it was during the post-pandemic period. Unlike 2022, policymakers are not confronting an economy characterized by excessive demand and near-zero interest rates.

Consequently, the Federal Reserve appears more likely to maintain a prolonged pause rather than aggressively tighten policy in response to temporary inflation pressures driven primarily by energy prices.

Consumer confidence declined modestly in May, with the Conference Board Consumer Confidence Index falling to 93.1, slightly better than the 91.9 expected.

Concerns about inflation, energy prices, and geopolitical risks continued to influence sentiment. However, consumer spending remains resilient, supported by stable labor-market conditions and relatively healthy household balance sheets.

The Final Word: Market Sentiment

Markets continue balancing resilient earnings growth, easing financial conditions, and evolving geopolitical developments. The sharp decline in oil prices and improving optimism surrounding a potential stabilization in Middle East tensions have strengthened investor sentiment, helping propel the Dow Jones Industrial Average and the S&P 500 to fresh record highs.

Lower Treasury yields and moderating volatility continue to support equities, although investors remain increasingly sensitive to elevated valuations in portions of the semiconductor and artificial intelligence sectors following their powerful rally.

While the broader market backdrop remains constructive, investors will continue closely monitoring inflation trends, labor-market conditions, energy prices, and geopolitical developments as the principal catalysts shaping the market's next phase.

Economic Data:

- **U.S. Retail Gas Price:** fell to \$4.621, down from \$4.628 last week, a change of -0.15%.
- **Richmond Fed Manufacturing Index:** rose to 13.00, up from 3.000 last month, a change of 333.3%.

Eurozone Summary:

- **Stoxx 600:** closed at 628.18, up 0.17 points or 0.03%.
- **FTSE 100:** closed at 10,505.01, up 13.62 or 0.13%.
- **DAX Index:** closed at 25,177.80, down 7.09 points or 0.03%

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 50,644.28, up 182.60 points or 0.36%
- **S&P 500:** closed at 7,520.36, up 1.24 points or 0.02%.
- **Nasdaq Composite:** closed at 26,674.73, up 18.55 points or 0.07%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,330.60, up 15.95 points or 0.37%.
- **Birling Capital U.S. Bank Index:** closed at 9,337.81, up 58.28 points or 0.63%
- **U.S. Treasury 10-year note:** closed at 4.48%.
- **U.S. Treasury 2-year note:** closed at 4.00%.

U.S. Retail Gasoline Price

Price per gallon · Jan 12 – May 18, 2026 · vs. Jan 12 baseline (\$2.907)

\$4.621

May 18, 2026 (latest)

▲ **+\$1.714 (+58.96%)** since Jan 12



Jan 12 low	May 11 peak	\$ increase	% increase
\$2.907	\$4.628	+\$1.714	+58.96%

Source: EIA

Richmond Fed Manufacturing Index

Richmond Fed Manufacturing Index

Monthly composite · Jan 2025 - May 2026 · Zero = neutral

+13

May 2026 (latest)

▲ Best reading in 17 months



May 2026 (latest) +13	Period low -20	Period high +13	Months in contraction 14 / 17
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Source: Federal Reserve Bank of Richmond

Eurozone Market Close

Stoxx 600 · FTSE 100 · DAX Index · May 27, 2026

Stoxx 600

628.18

▲ **+0.17 (+0.03%)**



FTSE 100

10,505.01

▲ **+13.62 (+0.13%)**



DAX Index

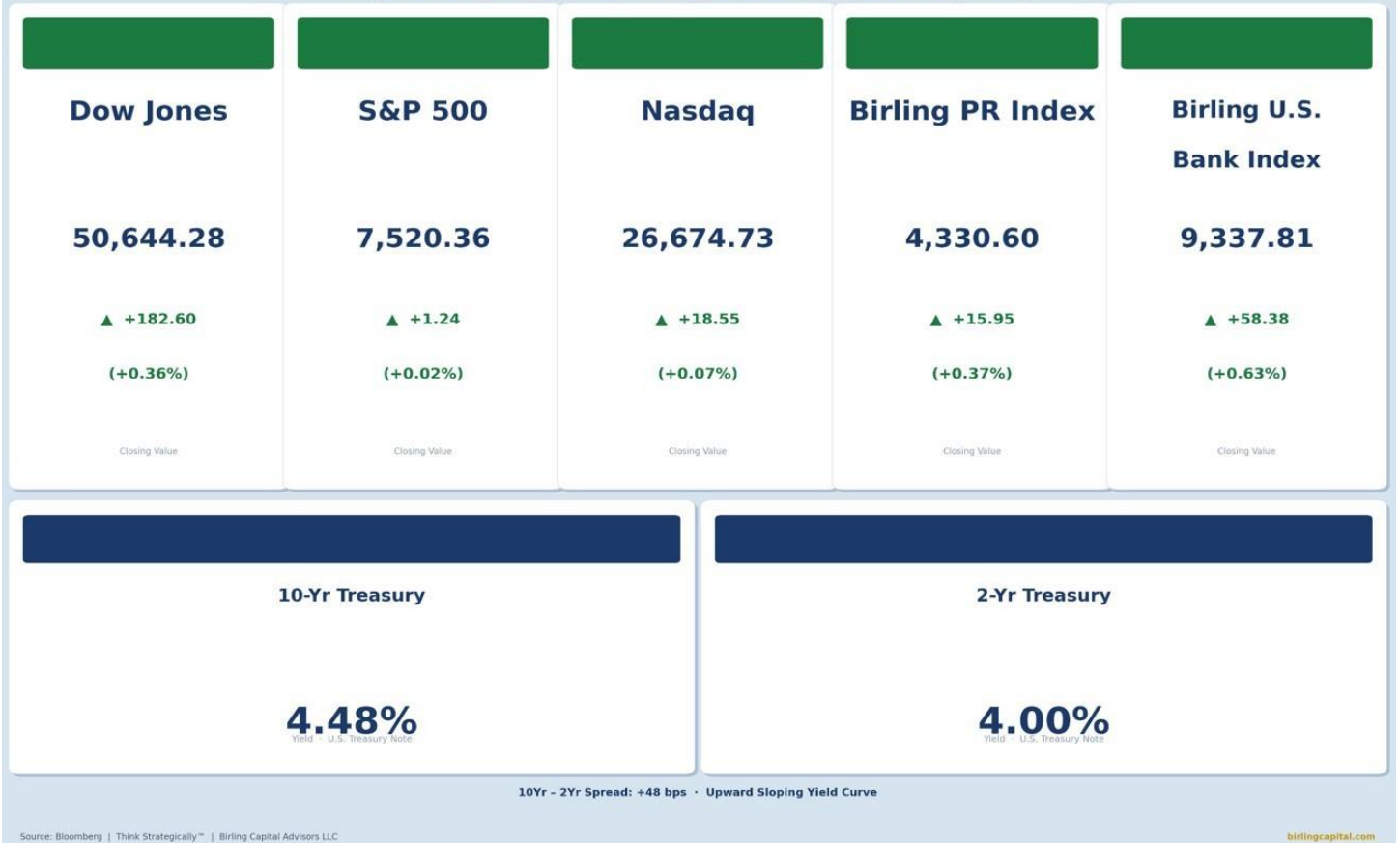
25,177.80

▼ **-7.09 (-0.03%)**



Wall Street Market Close

Dow Jones · S&P 500 · Nasdaq · Birling Indices · U.S. Treasuries · May 27, 2026



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