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World Market Prognosis

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MARKETS NOW | Wall Street ended last week lower as a semiconductor rout deepened: the S&P 500 fell 1.0% Friday to 7,457.69, the Nasdaq lost 1.4% to 25,520.24 and the Dow shed 0.8% to 52,146.42, with a key chip index down about 20% from its record. In Asia, Tokyo was closed Monday for Marine Day after the Nikkei's 4.0% Friday slide to 64,141.12; the Hang Seng dropped 1.8% to 24,562.24 while the DAX eased 0.3% near 24,831. The 10-year Treasury yield slipped to 4.55% on softer June inflation.

COMMODITIES | Energy is the story: Brent jumped roughly 4.6% Friday to about $88 a barrel, up more than 14% for the week, after renewed US-Iran attacks and threats to blockade the Strait of Hormuz, and opened near $85 early this week; WTI traded in the high $70s. Gold held near records around $4,000-4,019 an ounce, silver traded near $56.5, and copper slipped about 1.2% to roughly $6.22 a pound. In agriculture, wheat eased to about $6.70 a bushel from a two-year high and corn hovered near $4.45.

THE PROGNOSIS | The base case is a choppy, defensive week as markets digest a chip-sector bear market, an oil shock and a Federal Reserve weighing softer inflation against energy-driven price risk. Watch whether the Hormuz standoff escalates further - each headline has moved crude by several dollars - and whether upcoming tech earnings can stabilize semiconductors after their worst week since April 2025. Easing core inflation and strong insurance earnings are offsets. Gulf de-escalation would likely lift equities and cool crude; further attacks would deepen the rotation into gold and energy.
