



The Brief

The dominant mood is geopolitical fear, full stop — Trump's 48-hour Hormuz ultimatum and Iran's retaliatory threats against Treasury buyers have lit a fire under oil while torching everything else. The cross-asset signal is unmistakable: crude ripping +6% pre-market while equities crater, gold collapsing in a liquidation flush, and global indices bleeding from Seoul (-6.2%) to Frankfurt (-5.1%) — this is forced deleveraging meeting a genuine macro shock, not a garden-variety risk-off. Futures are pointing to a lower open — S&P down ~0.6%, Nasdaq off ~1.7% — extending Friday's losses and adding to what is becoming a persistent weekly drawdown pattern that demands respect.

Friday's US close was a broad selloff: S&P 500 fell 1.51% to 6,506, Nasdaq dropped 2.07% to 21,648, the Dow shed 0.96% to 45,577, and the small-cap Russell 2000 lost 1.31% to 2,438. The 10-year Treasury yield surged 10.3 basis points to 4.42% — a bond market under pressure, not a safe-haven bid — while the USD Index held at exactly 100.00. WTI crude closed near \$99.88 but is now trading above \$100 pre-market. Gold posted a jarring -10.6% close to \$4,319, suggesting either a significant data anomaly or a historic forced-liquidation event requiring verification before trading on it.

The causal engine here is geopolitical escalation in the Middle East. Trump issued a 48-hour ultimatum tied to the Strait of Hormuz — the chokepoint through which roughly 20% of global oil supply transits — and Iran responded by threatening buyers of US Treasuries. Think of the Strait as a garden hose for the global oil supply; threaten to kink it and energy prices spike immediately. The Treasury-buyer threat is the more insidious signal: it's Iran weaponizing US debt markets, which explains why yields rose even as equities fell — bond markets are pricing geopolitical risk premium, not a flight to safety. This combination of energy shock plus sovereign debt pressure is the macro cocktail that historically does the most structural damage.

For investors, the playbook splits decisively. Energy ETFs ([XLE] (<https://finance.yahoo.com/quote/XLE>), [XOP] (<https://finance.yahoo.com/quote/XOP>)) are the obvious beneficiary of a crude shock above \$100, but these are momentum trades in a shooting war scenario — position size accordingly. Defense and aerospace ([ITA] (<https://finance.yahoo.com/quote/ITA>), [XAR] (<https://finance.yahoo.com/quote/XAR>)) historically outperform in kinetic geopolitical escalations. On the other side, anything rate-sensitive suffers a double hit: higher yields from Treasury demand concerns and a risk-off growth slowdown — that means long-duration bonds ([TLT] (<https://finance.yahoo.com/quote/TLT>), [EDV] (<https://finance.yahoo.com/quote/EDV>)) are a trap right now, not a refuge. International equity

exposure ([EFA](https://finance.yahoo.com/quote/EFA), [EEM] (https://finance.yahoo.com/quote/EEM), especially [EWJ](https://finance.yahoo.com/quote/EWJ) and [EWY](https://finance.yahoo.com/quote/EWY) given Nikkei -3.5% and KOSPI -6.2%) should be reduced or hedged. Consumer discretionary ([XLY](https://finance.yahoo.com/quote/XLY)) and tech ([QQQ](https://finance.yahoo.com/quote/QQQ), [XLK](https://finance.yahoo.com/quote/XLK)) face the most multiple compression risk in a stagflationary energy shock.

Going into today, S&P futures are down ~0.6% to ~6,510, Nasdaq futures off ~1.7% to ~23,890, and Dow futures down ~0.6% to ~45,600. The cash open is likely to gap modestly lower — watch S&P 6,480–6,500 as near-term support on the open, with the 6,400 level as the line in the sand if selling accelerates. APAC was a bloodbath with no index spared; European bourses are extending losses early, down 3–5%. The single biggest swing factor today is whether Trump's 48-hour deadline passes with escalation or de-escalation — any signal of diplomatic contact with Iran could trigger a sharp short-covering rally in equities and a crude reversal, while military action would send oil toward \$110+ and equities materially lower. There is no economic calendar data to offset the geopolitical noise today.

Stocks sold off. The S&P 500 closed 6,506.48 (-1.51%), the Nasdaq 21,647.61 (-2.07%), the Dow 45,577.47 (-0.96%), the Russell 2000 2,438.45 (-1.31%). Broad selloff — all four major indices closed in the red. Elsewhere: Gold fell 10.58% to \$4,319.00, the 10-year Treasury yield rose 10 bps to 4.42%, WTI crude fell 0.34% to \$99.88/bbl, and the dollar strengthened 0.55%.

Geopolitics ran the session yesterday. Oil prices rise as Trump's Hormuz ultimatum and Iran threats keep markets on edge. The Strait of Hormuz is the world's most important oil chokepoint — roughly 20% of global oil supply passes through it daily. Any credible threat moves energy markets. That ripples into inflation expectations, transportation costs, and [EM](https://finance.yahoo.com/quote/EM) currencies. Gold fell 10.58% alongside equities — worth flagging. When gold drops with stocks, it's usually a signal that the dollar is the real safe-haven trade. Investors went to cash and USD, not bullion.

Here's what this means for your portfolio. Dollar strength (+0.55%) is a quiet headwind for multinationals. S&P 500 large caps collect revenue abroad but report in USD — that gap eats into earnings. [GLD](https://finance.yahoo.com/quote/GLD) and commodity ETFs ([DJP](https://finance.yahoo.com/quote/DJP)) face the same drag. At 4.42%, the 10-year yield is real competition for equities. Growth-heavy portfolios ([QQQ] (https://finance.yahoo.com/quote/QQQ)) are most exposed to further increases. If yields stay elevated, value and dividend-payers ([VTV](https://finance.yahoo.com/quote/VTV), [DVY](https://finance.yahoo.com/quote/DVY), [SCHD] (https://finance.yahoo.com/quote/SCHD)) have historically held up better.

Watch: the 10-year yield — further moves above 4.42% would widen the pressure on valuations; geopolitical headlines — escalation or de-escalation will move oil, FX, and risk sentiment quickly; gold — if risk-off sentiment re-intensifies, gold could recover sharply as the safe-haven trade catches up.

Pre-market is cautious (S&P -2.08% | Nasdaq -1.75% | Dow -0.56%). Sellers are pushing again. The question is whether buyers show up — or don't. APAC closed broadly lower overnight — [ASX](https://finance.yahoo.com/quote/ASX) 200 led (-1.55%), while KOSPI lagged (-6.22%).

No data today. Markets trade on news flow, Fed speakers, and whatever the tape feels like. Quiet data days can actually amplify headline-driven moves — less signal to anchor

against.

Market-Moving Headlines

| # | HEADLINE | SOURCE |
|---|--|--------|
| 1 | Oil prices rise as Trump's Hormuz ultimatum and Iran threats keep markets on edge | CNBC |
| 2 | Iran threatens U.S. Treasury buyers as Trump's 48-hour ultimatum looms | CNBC |
| 3 | 'Tax resistance' gains attention amid ICE protests, Iran war — and IRS penalties could follow | CNBC |
| 4 | The economy has a Strait of Hormuz deadline for Trump: Two weeks | CNBC |
| 5 | India is launching cheap, weight-loss drugs and Novo Nordisk is betting on its brands to stay on top | CNBC |

Positioning Notes

| SIGNAL | SUGGESTED ACTION |
|---|--|
| Equity futures are red (S&P -2.08%) | Sellers extending yesterday's weakness. Consider waiting for price to stabilise before adding long exposure; defensives ([XLU](https://finance.yahoo.com/quote/XLU), [XLP](https://finance.yahoo.com/quote/XLP)) and short-duration bonds offer relative shelter. |
| Geopolitical risk remains elevated with oil at \$99.88/bbl | Energy ETFs ([XLE](https://finance.yahoo.com/quote/XLE)) benefit from sustained high oil, but are also first to reverse on de-escalation headlines. Consider sizing energy exposure with a tight stop rather than adding outright. |
| Gold fell 10.58% alongside stocks — safe-haven bid went to the dollar | If you hold [GLD](https://finance.yahoo.com/quote/GLD) as a hedge, it didn't play its role yesterday. Consider whether short-term USD exposure ([UUP](https://finance.yahoo.com/quote/UUP)) better reflects current market stress. |
| 10-year yield rose 10 bps to 4.42% | Higher yields compress growth-stock valuations most. Tilt away from long-duration tech ([QQQ](https://finance.yahoo.com/quote/QQQ)) toward value ([VTV](https://finance.yahoo.com/quote/VTV)) and dividend payers ([SCHD](https://finance.yahoo.com/quote/SCHD), [DVY](https://finance.yahoo.com/quote/DVY)) until yields stabilise. |
| Dollar strengthened +0.55% | Headwind for multinationals (many S&P 500 earners), [EM](https://finance.yahoo.com/quote/EM) stocks ([EEM](https://finance.yahoo.com/quote/EEM), [VWO](https://finance.yahoo.com/quote/VWO)), and commodities ([GLD](https://finance.yahoo.com/quote/GLD), [DJP](https://finance.yahoo.com/quote/DJP)). Consider trimming international and commodity exposure proportionally. |

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