

Markets Tense as U.S. Strikes on Iran Drive Oil Higher, Weigh on Stocks

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— Categories: Finance



U.S. equity futures declined Monday as geopolitical tensions escalated sharply following American airstrikes on Iran's nuclear facilities over the weekend. The Dow Jones Industrial Average futures slipped 0.3%, while the S&P 500 and Nasdaq futures fell 0.1% and 0.2% respectively. The strikes, announced by President Trump as a direct intervention in the Israel-Iran conflict, introduced a fresh layer of uncertainty for investors already navigating a complex economic landscape.

Energy markets responded swiftly. West Texas Intermediate crude rose over 4% to trade above \$77 per barrel, while Brent crude exceeded \$80, driven by growing concerns over possible retaliation from Iran. The potential for disruptions in the Strait of Hormuz, a key shipping route for global oil supplies has heightened fears of a broader energy shock that could destabilize inflation forecasts and delay monetary easing by central banks.

Gold prices continued their upward momentum, rising 0.2% to \$3,375 an ounce, approaching their all-time high. The metal, which has gained nearly 30% this year, is benefiting from its traditional role as a safe-haven asset. However, analysts warn that persistently high energy prices could reignite inflation, prompting the Federal Reserve to hold interest rates steady an outcome that could weigh on non-yielding assets like gold.

Cryptocurrencies, meanwhile, mirrored the broader risk-off sentiment. Bitcoin retreated below the \$100,000 level, signaling a shift away from speculative assets. The dollar strengthened, reflecting increased demand for relative safety amid rising global tensions.

Iran has yet to launch a direct military response, though officials have stated that “all options” remain open. While some members of Iran’s parliament have pushed for aggressive action, including possible closure of the Strait of Hormuz, analysts remain cautious about the likelihood of such a move given potential diplomatic and economic repercussions.

As markets digest the implications of U.S. involvement in the Middle East conflict, volatility may increase. Investors will be closely monitoring Iran’s next steps and the potential for further escalation, which could have significant ramifications for global markets, energy prices, and central bank policy in the months ahead.