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Monday, May 4, 2026

Market Snapshot

S&P 500: 7,230.07 | Friday Close Near Records - Futures Whipsawed to Flat/Down 0.2%
Brent Crude: $111.8 | Up About 3% - Hormuz Escort Risk Back in the Price
Gold: $4,598 | Down About 1% - Dollar Strength Offsets Haven Demand
Fed Funds Rate: 3.50-3.75% | Held Steady April 29 - Williams Scheduled for 4:50 PM ET

The Lead

Hormuz Whiplash Tests a Record Tape.
Monday's pre-market opens with the S&P 500 coming off another record finish near 7,230, futures whipping between modest gains and a 0.2% loss, Brent crude around $111.8, gold near $4,598, U.S. natural gas around $2.67, the dollar index at 98.54, EUR/USD near 1.172, USD/JPY around 157.1 after another intervention scare, and a thin but still market-moving U.S. calendar led by 10:00 AM ET factory orders, 11:30 AM ET bill auctions, and a 4:50 PM ET appearance from New York Fed President John Williams.

Monday's opening problem is not that investors suddenly lost faith in earnings or AI. It is that the market is being forced to price geopolitical escalation and record-equity complacency at the same time. Reuters described U.S. stock futures as mixed to lower as traders assessed Iran's warning to U.S. forces around the Strait of Hormuz, while later headlines showed how quickly the tape reversed when U.S. officials denied that any warship had been hit. That kind of intraday whiplash matters because it says the first full session of the week is trading on headline credibility rather than on a settled macro narrative.

Oil is still the cleanest expression of that tension. Reuters said Brent was up more than 3% near $111.81 a barrel by late-morning London trade after Iran claimed it had forced back a U.S. warship and after President Trump said the United States would help guide commercial ships through the strait. At that price, the issue is no longer whether there is a geopolitical premium. The issue is whether markets can continue treating the premium as temporary when it is already large enough to threaten margins, freight costs, airline economics, and inflation expectations across the May data cycle.

Foreign exchange and rates are not offering much relief. Reuters reported the dollar index up 0.3% to 98.542, while another Reuters currency update said the yen briefly strengthened to 155.69 before unwinding back toward 157 as traders again speculated about intervention. Bloomberg's currency pages showed EUR/USD near 1.172 and USD/JPY around 157 on delayed composite pricing, reinforcing the point that the market is paying for safety through a firmer dollar even as Japanese authorities try to keep the yen from becoming a one-way pressure valve.

The other useful cross-asset tell is what is not joining the panic. Gold is lower rather

than higher, with the Wall Street Journal pegging futures near $4,597.70 in thin trading, and Bloomberg commodity pricing showed U.S. natural gas closer to $2.67 than to any fresh crisis high. That split matters. It suggests this is not a generalized liquidation or a full-spectrum commodity shock. It is a more specific oil-and-dollar problem, which can still be painful for equities if it persists because it tightens financial conditions without delivering the kind of defensive all-clear that usually comes from Treasuries or bullion.

Today's U.S. calendar is light, but it still shapes the tone. Public calendars show March factory orders at 10:00 AM ET with consensus around a 0.5% monthly increase after flat February data, followed by 3-month and 6-month Treasury bill auctions at 11:30 AM ET. Neither release will settle the inflation question by itself, but a firmer orders print would strengthen the argument that domestic demand is still holding up under higher energy costs. A softer print would do the opposite by making the oil shock look less like background noise and more like an early drag on industrial momentum.

The final layer is earnings and Fed communication. Palantir reports after the bell, and the rest of the week brings AMD, Disney, Uber, McDonald's, and Friday payrolls into a market that has been willing to reward growth but less willing to forgive any wobble in guidance. Kiplinger flagged a Monday appearance from New York Fed President John Williams and a Wednesday appearance from Chicago Fed President Austan Goolsbee, which means policy commentary returns just as the market tries to judge whether higher oil and a firmer dollar are a brief geopolitical tax or the start of a more durable macro repricing.

Callout

The setup to understand today: record highs are entering the week without a macro cushion. If Brent stays above $110, the dollar stays firm, and USD/JPY keeps flashing intervention risk, equities need factory orders, Williams, and this week's earnings to prove that the oil shock is still a headline tax rather than the start of a broader growth-and-margin reset.

What Moves Today

Three Signals

Possible Paths - Monday, May 4, 2026

How Hormuz Headlines, Factory Orders, and Williams Could Set the Week’s Macro Tone

Constructive containment: If the warship report fades as a false alarm, factory orders hold near consensus, and Williams does not intensify the inflation warning, equities can treat Monday as a headline shock that never became a full repricing. In that path, Treasury yields stay contained, EUR/USD holds the low-1.17 area, USD/JPY remains intervention-sensitive but below the danger zone, Brent slips back from the highs, credit stays orderly, and the week's earnings calendar keeps the tape anchored to fundamentals rather than fear.

Inflation repricing: If Brent stays above $110, the dollar keeps climbing, and Williams leans into the risk that energy is feeding broader price pressure, Monday becomes less about geopolitics and more about financial conditions. Equities would then have to absorb higher discount rates, front-end yields would likely firm, EUR/USD could soften while USD/JPY retests stress levels, gold would struggle against the stronger dollar even with haven

demand in the background, commodities would keep the inflation channel open, credit spreads would widen at the margin, and the earnings bar for cyclicals and consumer names would move higher immediately.

Narrow leadership, wider caution: The trickiest outcome is one where the index holds up because investors still trust a handful of large growth names, but the rest of the market trades defensively under the surface. That would show up in weaker breadth, steadier credit caution, firmer dollar demand, sticky crude, and an earnings tape that rewards only companies with clean guidance and obvious pricing power. If that divergence grows through midweek, rates, FX, commodities, and credit would all be telling a more cautious story than the headline index, raising the stakes for payrolls and the rest of the macro calendar.

Disclosure

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