14 July 2026

Markets in a Minute

Key highlights

- **Oil prices rise amidst Middle East tensions:** Iran and the U.S. ended their ceasefire as the U.S. struck 80 Iranian targets in retaliation for Iranian attacks on vessels in the Strait of Hormuz. As a result, the oil price rose but lacked serious momentum.
- **The heat is on:** Cooling appliances saw a huge sales boost in Europe as temperatures soared – while an estimated $17 billion in productivity was lost due to the World Cup and heat-induced capacity drops.
- **Prime minister-in-waiting:** Andy Burnham looks set to become prime minister around 20 July. Though some worry about what this will mean for gilts, Burnham has already walked back his more combative remarks and committed to the existing fiscal rules.

Watch the latest Markets in a Minute video with Guy Foster, Chief Strategist.

Semiconductor sector restabilises

Last week began with the market focusing its attention on the semiconductor industry, where a bout of volatility had erupted. Semiconductor and related stocks have been the market leaders over recent weeks, rising extremely sharply. They've become associated with speculative investment activity and it was inevitable that, at some stage, the increases would need to consolidate at the very least.

Despite some very supportive earnings news from Samsung, the sector fell as investors took profits, but towards the end of the week, stability seemed to have returned.

Oil prices rise as Iran-U.S. negotiations remain tenuous

It was the reverse story for the Strait of Hormuz, where the earlier sense of calm had disappeared by the end of the week.

Iran has continued to insist it would impose fees on vessels using the Strait of Hormuz once the 60-day negotiation window with the U.S. closes. In an early act of antagonism, Iran said China and friendly nations would receive special treatment.

On Saturday 4 July, eight ships turned back on the southern Omani route before flows resumed. By Tuesday last week, the mood had darkened sharply: an LNG carrier, the Al Rekayyat, was struck by Iranian projectiles near the Omani coast, with reports of at least one further vessel fired upon. Traffic through the Strait, which was already at a fraction of its pre-March level, looked precarious.

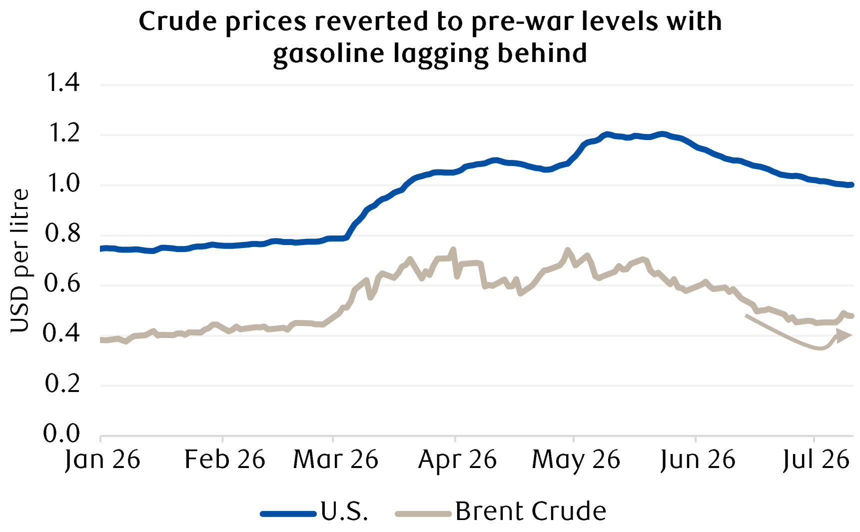
The U.S. responded in force. Last Wednesday, it struck some 80 sites in Iran and revoked a waiver permitting new sales of Iranian oil. Iran called both moves violations of the interim deal and vowed a decisive response. The dispute appears to turn on Tehran's insistence that ships transit only through Iranian waters – a condition that was never obviously part of the agreement reached with Washington. Yet, strikingly, technical talks between the two sides were still reported to be continuing by last week's end.

Continued overleaf

Figure of the week

$17bn

The estimated productivity drag from World Cup sleep deprivation and next-day absenteeism, per global workforce data from UKG.



Source: Bloomberg

Markets took it all with remarkable composure. The oil price rose by around 8% from its lows but lacked any serious momentum. RBC's Chief Commodity Analyst Helena Croft has stressed since the onset of the crisis that traffic is unlikely to ever fully return to February's volumes.

Europe has been caught in an economic crossfire between the U.S. and Iran. A bank-led rally followed the onset of peace negotiations but partially reversed as the conflict resumed.

Hot summer nights create mixed results for Europe

Against this background, the combination of the historic heatwave across the UK and continental Europe and a North American World Cup broadcast schedule featuring late-night kick-off times will distort typical economic performance for short-term and structural reasons. Global workforce data from UKG projects up to a $17 billion drag on productivity from World Cup sleep deprivation and next-day absenteeism, while over 70% of UK workers report heat-induced capacity drops.

Six of the last eight teams in the World Cup were European, and while some South American countries seem to experience a market impact from World Cup wins, Bloomberg found little evidence of that in European markets.

Hospitality usually gets a boost from the World Cup but less so when games take place outside traditional hours. The sector also benefits from good weather, but the gains fall unevenly, and margins are squeezed by higher energy and labour costs. Data from Tenzo showed uncooled city-centre venues losing footfall, while outdoor and air-conditioned locations thrived.

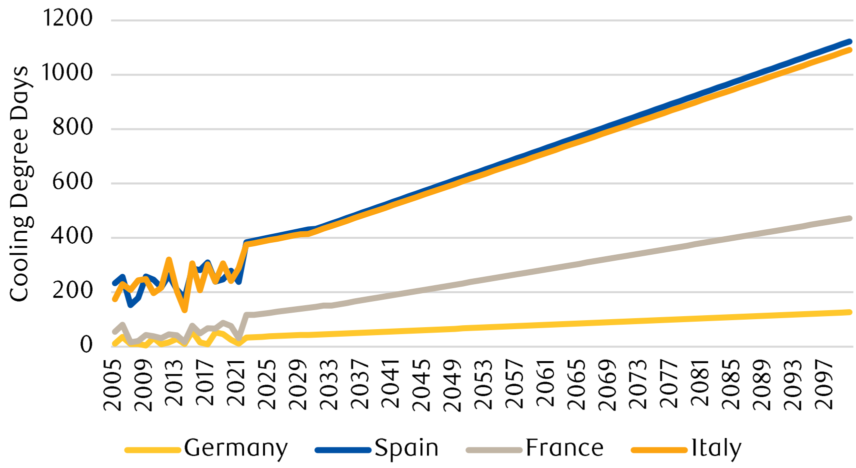
Certain categories of household expenditure have soared, such as the 320% year-on-year surge in cooling appliance sales in the UK, with household air-conditioning penetration at around 20% across Europe.

The chart measures the Cooling Degree Days index, which shows how much and for how long the outside air temperature rose, or is expected to rise, above a specific baseline temperature.

Continued overleaf

"With both Burnham and Miliband positioned to the left of the current leadership, some observers worry about the implications for gilts. While indebtedness is a genuine long-term concern, the immediate political risk should probably be discounted."

The European Commission estimates that the aggregate annual temperature exceeding the tolerable baseline will continue to rise



Source: European Commission

If these extreme summers persist into a long-term trend, structural risks will intensify.

According to the United Nations, persistent heatwaves transition from seasonal inconveniences into structural drags on growth, with projected multi-billion-dollar gross domestic product (GDP) output losses across France and Germany due to permanent cross-border supply chain friction and road/rail infrastructure degradation.

We expect corporate capital expenditure to shift defensively towards climate adaptation and cooling infrastructure alongside productivity-enhancing innovations.

Prime minister-in-waiting

Andy Burnham looks set to become prime minister around 20 July, while Ed Miliband is considered the most likely candidate for chancellor. With both men positioned to the left of the current leadership, some observers worry about the implications for gilts.

We'd caution against overreacting. Politicians often soften in office, and Burnham has already walked back his more combative remarks and committed to the existing fiscal rules. The memory of the Liz Truss episode remains fresh, centrist Labour MPs act as a counterweight and Burnham has ruled out an early election.

Indebtedness is a genuine long-term concern, but the immediate political risk should probably be discounted.

Coming up

- **Q2 in view:** Large companies begin reporting their second-quarter earnings this week, with the banks getting things started on Tuesday.
- **Easy does it:** U.S. inflation should decline slightly as new data is released.
- **Talk the talk:** Rachel Reeves is due to deliver the Mansion House speech on Tuesday, in what could be her last major engagement as chancellor, depending upon the whims of Andy Burnham.

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