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Stock Market Today: Oil Prices Hit $100 a Barrel While Tech Selloff Deepens

European and U.S. crude oil both jumped, hitting their highest levels in weeks.

Nasdaq drops 2.2% as heavy AI spending at Tesla, Google spooks investors

By Caitlin McCabe

Stock-index performance

Oil prices are back above $100 a barrel, and investors dumped tech stocks amid fresh worries that hyperscalers are overspending on AI.

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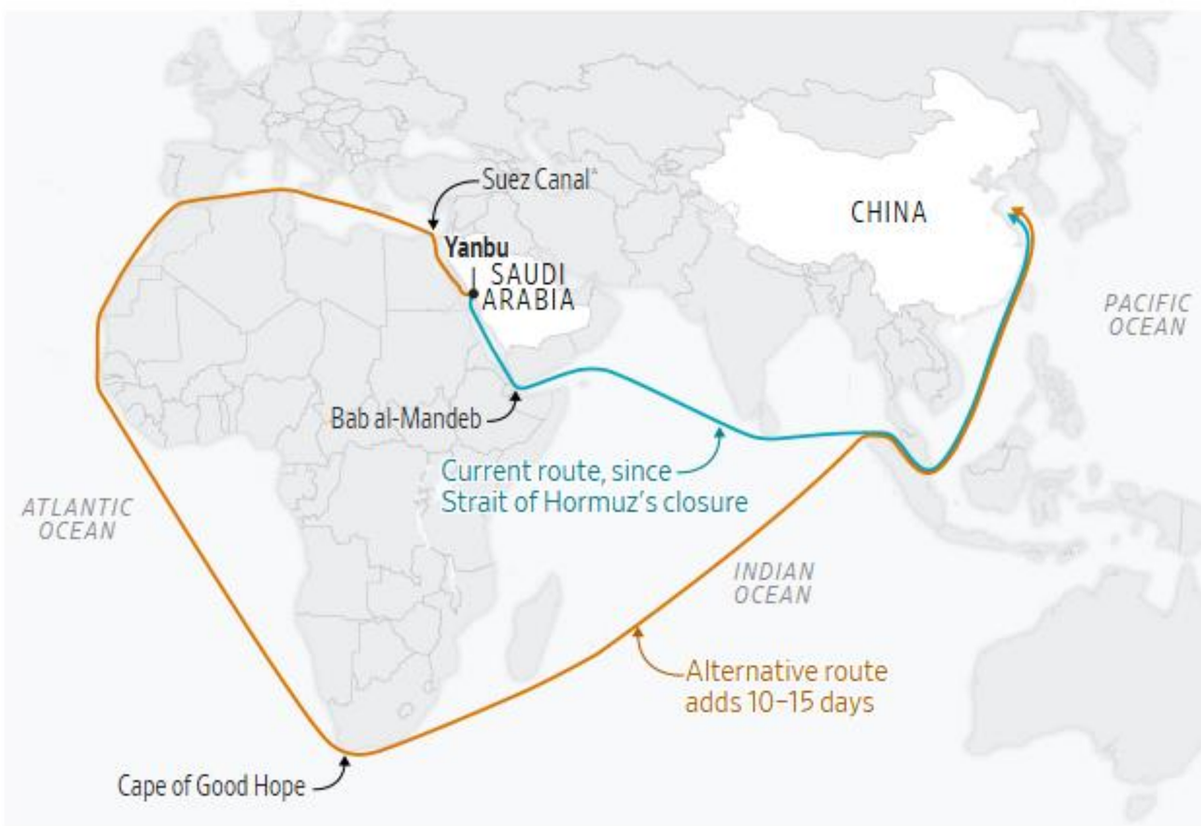
Brent crude futures jumped 7% to $100.69 after Houthi militants claimed attacks on two Saudi tankers in the Red Sea. That's pushing up borrowing costs around the world, with the 10-year Treasury yield at its highest level in more than a year amid fears that inflation could heat up again.

U.S. stocks fell after earnings from Google and Tesla stoked fears about Big Tech's AI spending. Alphabet dropped 7.1% after raising its capital spending forecast for this year, while Tesla tumbled 15% after its free cash flow turned negative in the second quarter. The moves helped pull the Nasdaq 2.2% lower, while the Dow industrials shed 507 points, or 1%. The S&P 500 retreated 1.2%.

The Map That Shows Why Oil Prices Are Surging

Routes for Saudi oil to reach China



*Fully loaded very large crude carriers sit too deep to pass through the Suez Canal and would have to carry partial loads.
Source: Kpler
Daniel Kiss/WSJ

When the Bab al-Mandeb Strait that connects the Red Sea to the Indian Ocean is shut, vessels can still get to customers in Asia. But this requires a massive detour through the Suez Canal and around Africa, adding 10 to 15 days to the journey, according to ship tracker Kpler.

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There is another practical barrier. When fully loaded, the biggest tankers sit too deep in the water to pass through Suez. Shippers would have to operate supertankers on partial loads. These longer and less efficient journeys will tie up more tanker capacity and push up shipping costs for Asian refiners.

Brent crude futures hit $99.70 on Thursday after Houthi militias claimed attacks on two Saudi tankers, and President Trump threatened retaliation.