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Weekly Market Guide

Market Resiliency Amidst a Shifting “Wall of Worry”: The market remains resilient, with the S&P 500 holding in a narrow range around its 50-DMA. While the “wall of worry” continues to evolve, market reactions have remained relatively measured. In recent weeks, investor attention has shifted rapidly- from Venezuela, to the SCOTUS/IEPPA tariff ruling, to broad fears around AI-driven disruption, to concerns about private credit, and now to rising geopolitical tensions centered on the conflict in Iran. Despite this fluid backdrop, market technicals remain constructive. Breadth continues to broaden, the cumulative advance-decline line has pushed to new highs, and roughly 63% of S&P 500 constituents remain above their 200-day moving averages.

Fear Rising, but Economic Stress Still Contained: In the near term, choppy trading is likely, as both equity and bond markets are showing increased signs of anxiety—reflected in rising VIX and MOVE index readings. Even so, economic stress indicators, as reflected in credit spreads, remain contained, which supports our longer-term constructive bias for equities.

Energy Breaking Out: The Energy sector, which had already been showing improving technical momentum, is receiving an additional boost from higher oil prices. This is a clear example of price action leading the fundamentals. The sector had been forming a pattern of higher lows since last summer, and the recent rise in oil prices finally provided the catalyst needed to confirm the trend. WTI crude broke out on escalating tensions in Iran, helping push the Energy sector above a four-year trading range. This breakout has been accompanied by a surge in stocks registering new 52-week highs within the group. While the technical setup suggests further upside potential, investors should remain mindful of geopolitical volatility, which could lead to sharp swings in either direction.

Prolonged Escalation Could Elevate Inflation Risk: The most significant current risk is a prolonged geopolitical escalation that fuels upward pressure on inflation. While breakeven inflation expectations have drifted higher, they remain contained for now. Similarly, although the 10-year Treasury yield has moved up, we do not view this as a decisive breakout; it appears more consistent with range-bound trading after bouncing off support and moving toward resistance. However, the longer the conflict persists without a clear off-ramp, the greater the potential impact on consumers and inflation. Gasoline prices are already rising with oil, which could weigh on consumer spending and growth if sustained. With affordability likely to be a key theme heading into the mid-term elections, we see the clock as ticking. An eventual off-ramp remains the most probable outcome, as President Trump may have limited political capital to allow the situation to continue indefinitely.

Bottom Line: We expect near-term volatility to persist, but the market’s underlying resilience and steadily improving technical backdrop continue to support our longer-term constructive stance on equities. In the near term, we would look to be opportunistic and treat periods of weakness as potential buying opportunities.

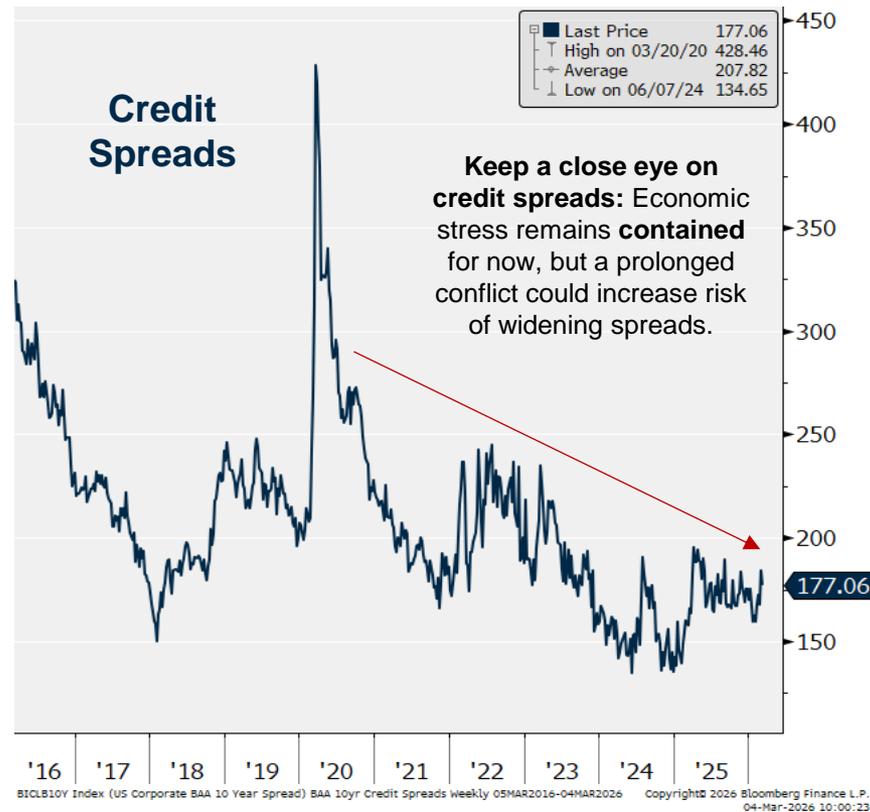
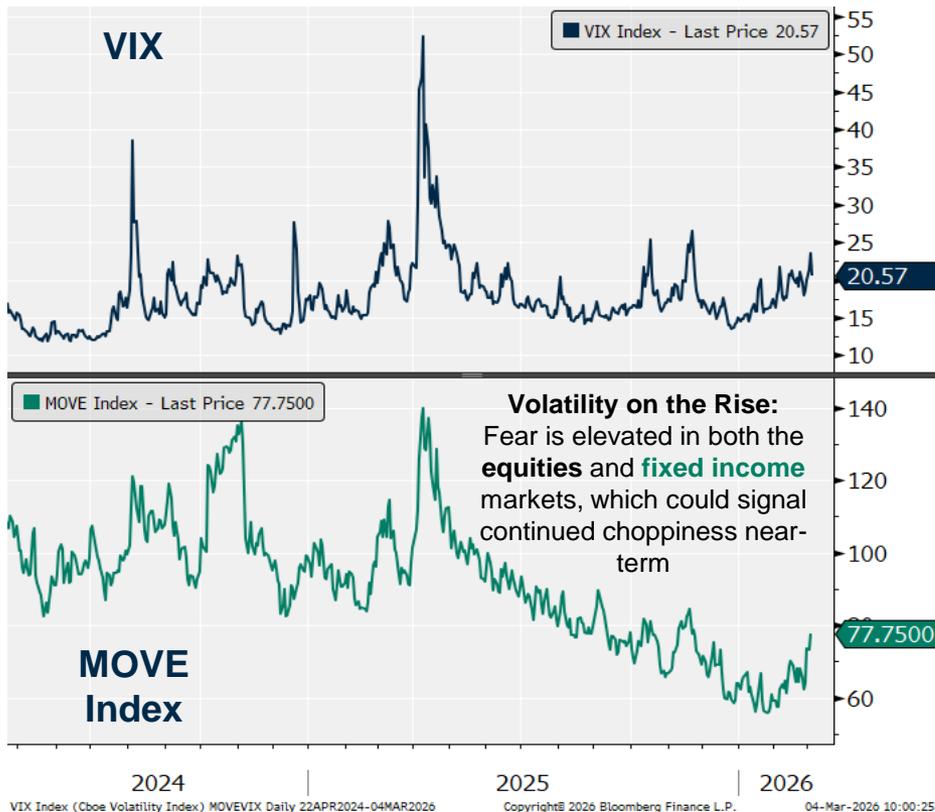
Equity Market Indices	Price Return	
	Year to Date	12 Months
Dow Jones Industrial Avg	0.9%	12.3%
S&P 500	-0.4%	16.5%
S&P 500 (Equal-Weighted)	5.3%	13.4%
NASDAQ Composite	-3.1%	22.7%
Russell 2000	5.1%	24.1%
MSCI All-Cap World	1.5%	20.3%
MSCI Developed Markets	3.6%	21.5%
MSCI Emerging Markets	8.8%	39.2%
NYSE Alerian MLP	14.9%	6.7%
MSCI U.S. REIT	10.6%	4.2%

S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Energy	25.6%	3.5%
Materials	14.0%	2.1%
Consumer Staples	13.3%	5.4%
Industrials	12.9%	9.2%
Real Estate	10.8%	1.9%
Utilities	9.7%	2.5%
Health Care	1.0%	9.7%
S&P 500	-0.4%	-
Communication Svcs.	-0.7%	10.5%
Consumer Discretionary	-5.7%	9.8%
Information Technology	-5.8%	32.7%
Financials	-6.8%	12.6%

Source: FactSet

Market Fear Increasing, but Economic Stress Remains Contained

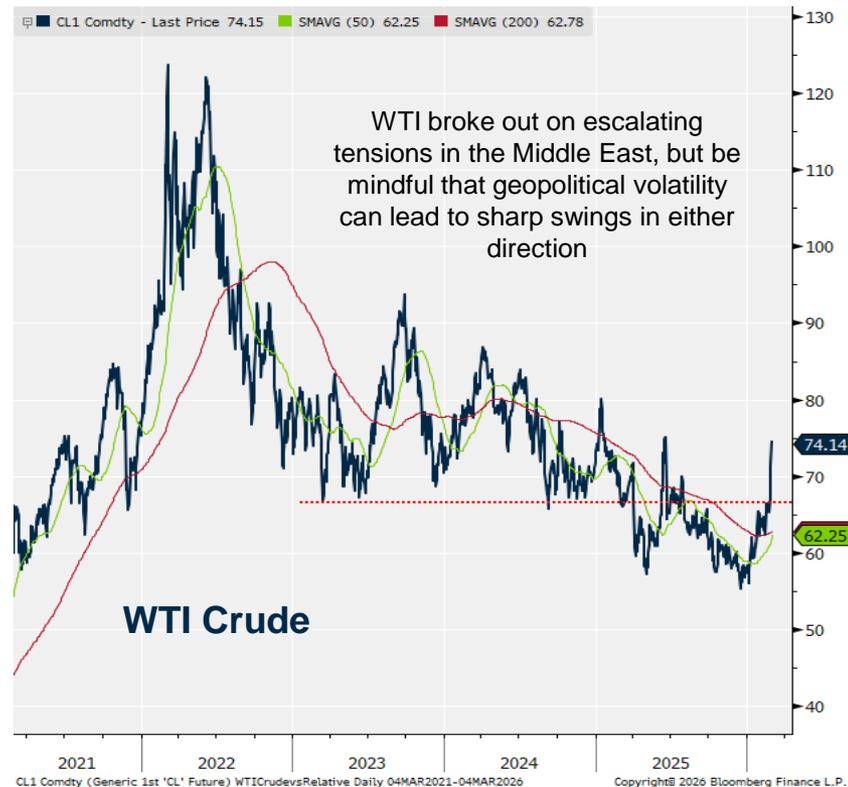
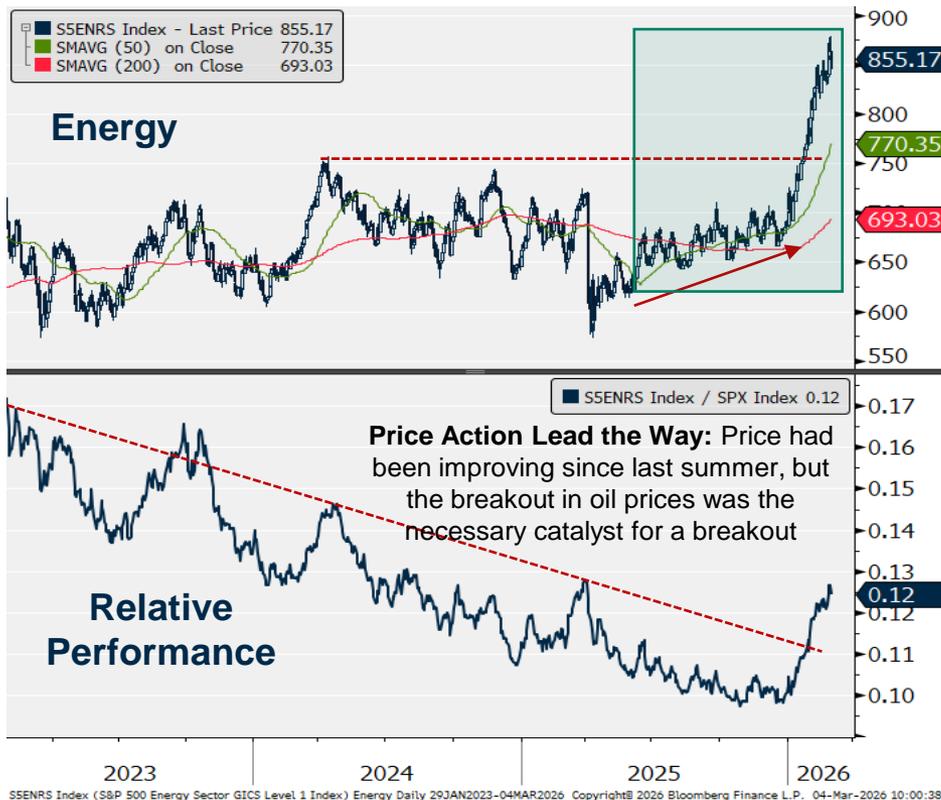
Volatility has been rising across both equity and fixed income markets as market uncertainty increases. However, this has not yet spilled over into broader economic stress, as evidenced by still-contained credit spreads. While elevated levels in both the VIX and MOVE indexes may keep equity and bond markets choppy in the near term, we maintain a constructive 12–18 month outlook for equities if credit spreads remain historically narrow. However, a prolonged period of elevated oil prices could eventually pressure both inflation and the growth outlook—raising the risk of widening spreads ahead.



Source: Bloomberg, FactSet

Energy

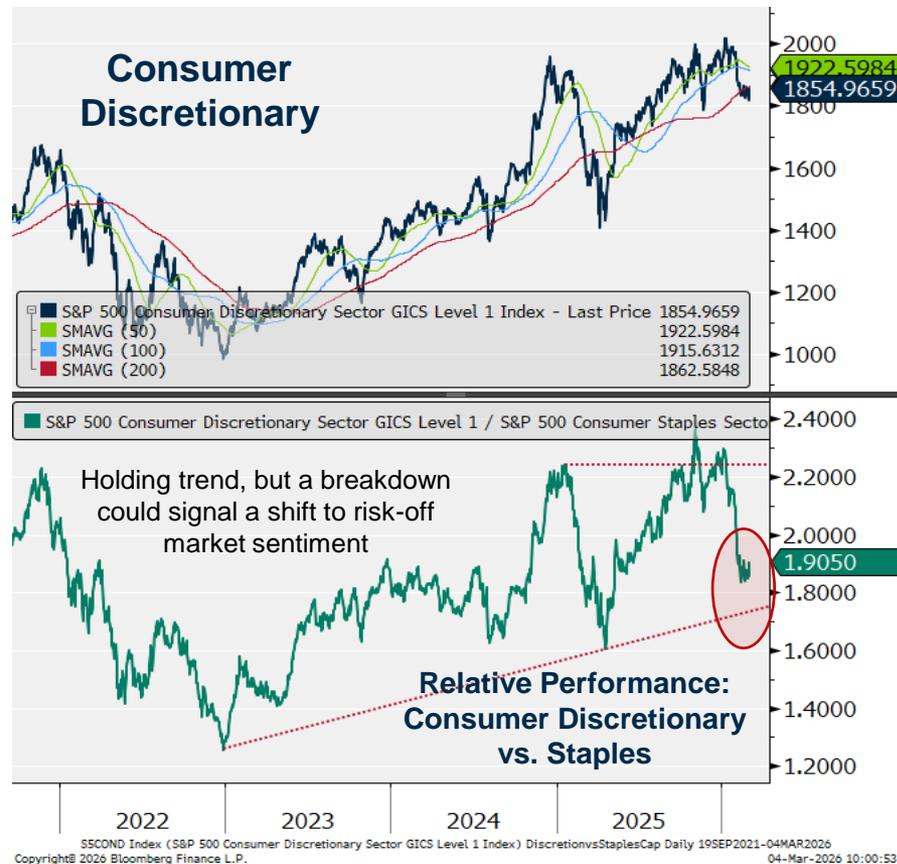
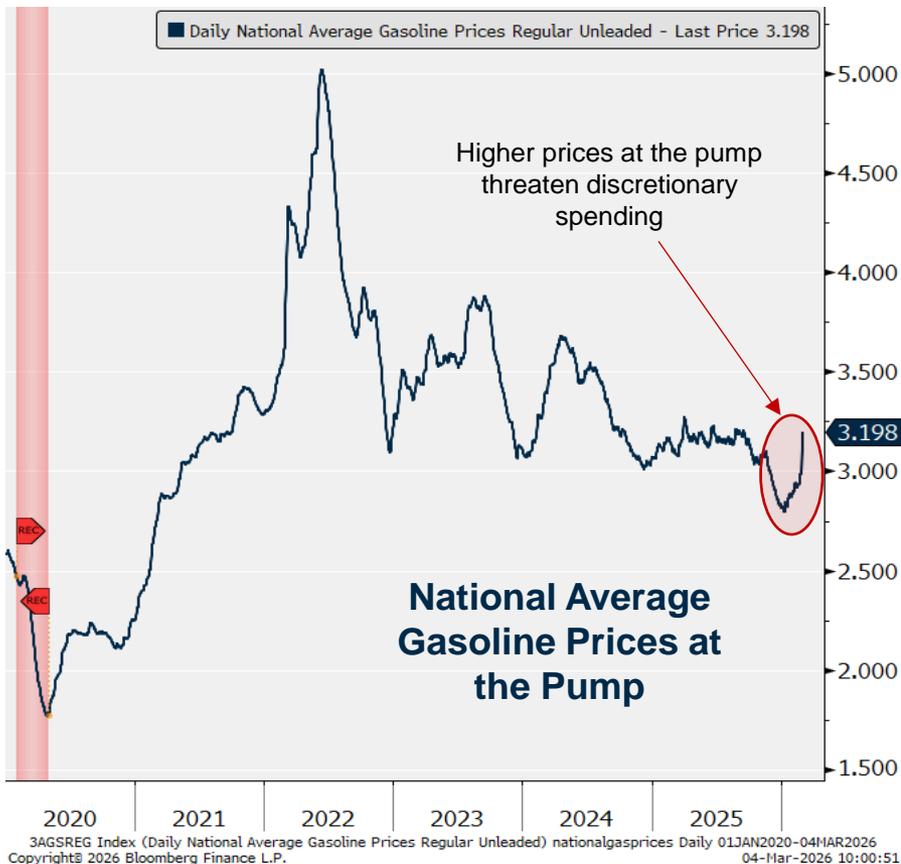
The Energy sector, which had already been showing improving technical momentum, is receiving an additional boost from higher oil prices. This is a clear example of price action leading the fundamentals. The sector had been forming a pattern of higher lows since last summer, and the recent rise in oil prices finally provided the catalyst needed to confirm the trend. WTI crude broke out on escalating tensions in Iran, helping push the Energy sector above a four-year trading range. This breakout has been accompanied by a surge in stocks registering new 52-week highs within the group. While the technical setup suggests further upside potential, investors should remain mindful of geopolitical volatility, which could lead to sharp swings in either direction.



Source: Bloomberg, FactSet

Prolonged Conflict Raises Inflation Risk

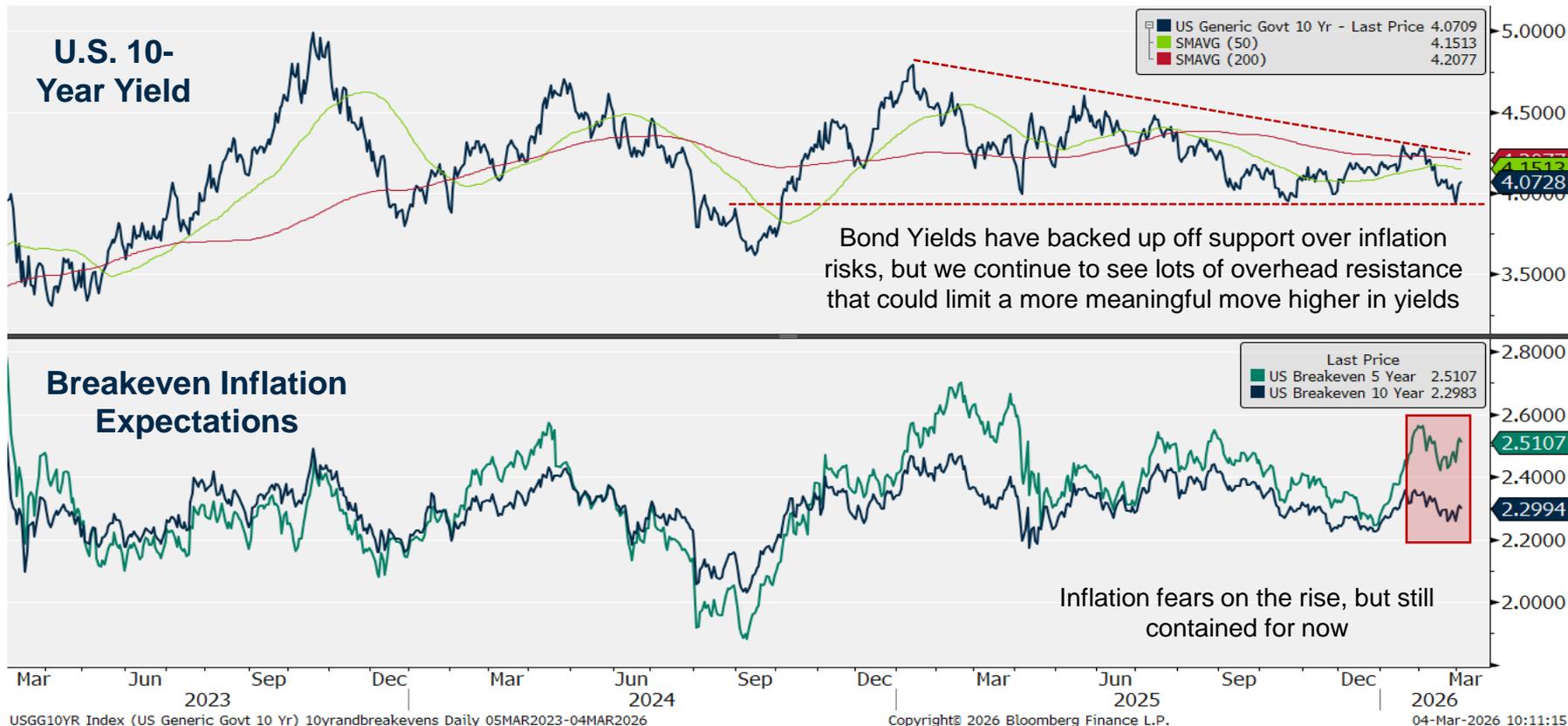
The longer the conflict persists without a clear off-ramp, the greater the potential impact on consumers and inflation. While the consumer has remained resilient overall, a sustained period of higher gasoline prices could begin to constrain discretionary spending and diminish the boost from tax refunds that was expected to support solid growth in 2026. With affordability likely to be a central theme heading into the mid-term elections, we see the clock as ticking.



Source: Bloomberg, FactSet

Bond Yields

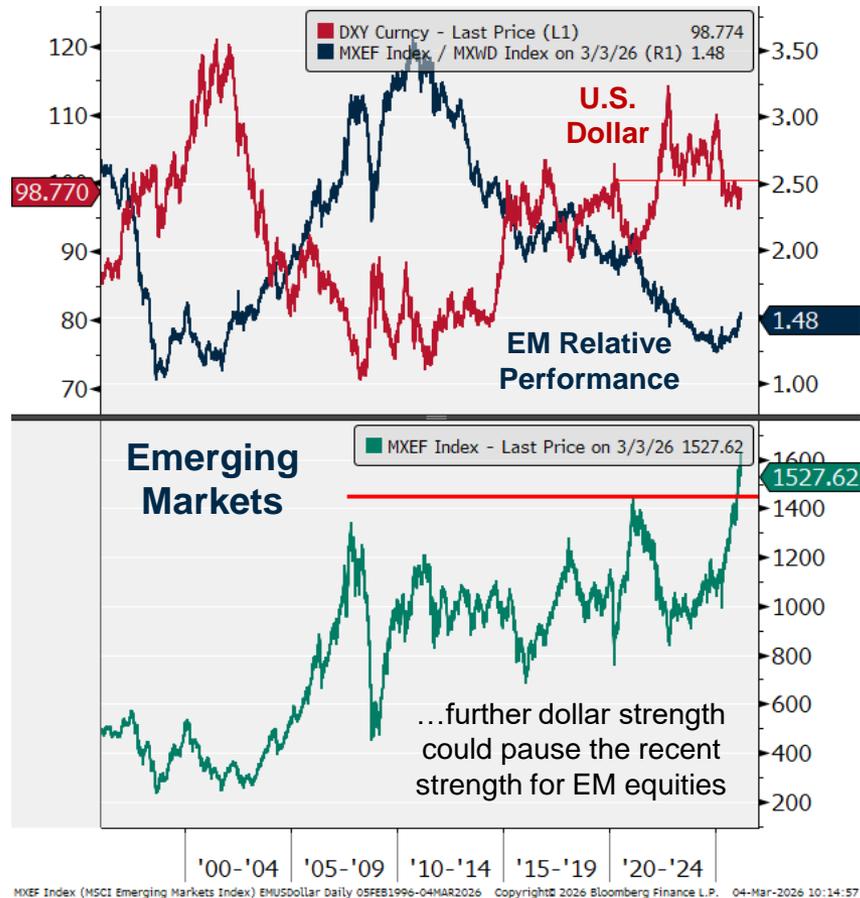
Bond yields have been moving higher, driven by the potential for increased inflationary pressure. Breakeven inflation expectations have edged up, while uncertainty and rising prices have dampened expectations for Fed rate cuts. However, we continue to monitor this closely. Although inflation expectations have moved higher, they remain contained, and the recent rise in the 10-year yield does not yet appear to be a decisive breakout. Instead, it looks more consistent with range-bound trading after bouncing off support and moving toward resistance.



Source: Bloomberg, FactSet

US Dollar

The U.S. dollar has strengthened as investors reposition for inflation amidst a “flight to safety.” Historically, a stronger dollar has acted as a headwind for Emerging Markets equities. Given the strong run EM has already experienced, continued dollar strength could lead to a pause in relative performance as markets digest the repricing tied to higher oil prices.



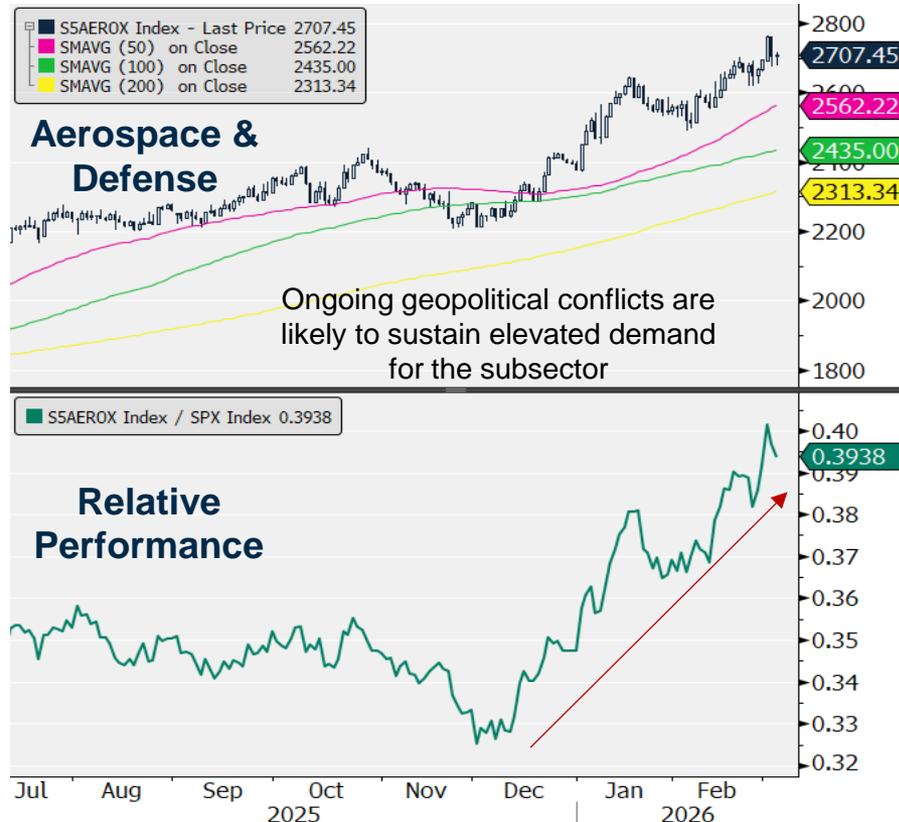
Source: Bloomberg, FactSet

Industrials

Another sector experiencing continued momentum amid the Iran conflict is Industrials. The sector's relative performance recently broke out to a new high, supported by nearly 76% of its constituents trading above their respective 200-day moving averages. Aerospace & Defense, in particular, has seen an uptick in spending, and the ongoing conflict is likely to sustain elevated demand for the subsector. This has helped relative performance continue to expand.



SSINDU Index (S&P 500 Industrials Sector GICS Level 1 Index) Industrials Daily 29JAN2023-04MAR2026 Copyright© 2026 Bloomberg Finance L.P. 04-Mar-2026 10:01:05



SSAEROX Index (S&P 500 Aerospace & Defense Industry GICS Level 3 Index) aerospace Daily 13JUL2025-04MAR2026 Copyright© 2026 Bloomberg Finance L.P. 04-Mar-2026 10:01:04

Source: Bloomberg, FactSet

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Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

Europe: DAX (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Asia: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.