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Weekly Market Guide

The US-Iran conflict, and corresponding spike in oil prices, has put pressure on equities over the past week. The S&P is down -3%, Nasdaq Composite -5.5%, and Russell 2000 -5.5% from their recent highs. The situation remains very fluid in the short-term. **However, we ultimately expect the economic impact to be limited- and for the current weakness to present opportunity**.

As supply concerns rise, the price of WTI crude oil has spiked to $87/barrel currently from $65 two weeks ago (Monday hit a peak of $120). Roughly 20% of global oil and LNG is estimated to pass through the Strait of Hormuz in Iran, most of which goes to China. The largest impacts will be to Asian countries, but the global market is affected. For the US, a $20-30 rise in WTI crude oil could hit GDP growth by ~0.1% and boost headline inflation by ~0.5% (impact to core inflation is less), according to the Bloomberg Shock Model. **Of course, the duration at these elevated price levels will be a large determinant of that economic impact.**

Our base case expectation is that the US does not have much appetite for a long, drawn-out conflict in the region. The result leads to US intensification, in order to achieve its objectives in a matter of "weeks vs. months." In that respect, the headline volatility may get worse before it gets better. There are off-ramps presenting themselves that may allow the US to "claim victory," while effectively setting back Iran's nuclear capabilities for now. Negotiations with China over the coming weeks come into play, as the two sides attempt to negotiate a trade deal. Presidents Trump and Xi are set to meet in China the first week of April, and their counterparts will meet ahead of that. US interventions in Iran, Venezuela, and Russia are sure to be a part of conversations.

Big picture, the US economy has cushion from the OBBB tax stimulus (i.e. corporate capex depreciation and individual tax refunds) and monetary stimulus (i.e. 175bps of easing over the last 1.5 years), along with deregulation and productivity benefits. **Economic health is leading to earnings strength (the main driver of equities).**

One of the key risks coming into 2026 was "noise items"- with geopolitics near the top. For a market up 86% in three years (with elevated expectations and valuations), "noise" can become a bigger influence on the market mood and investor risk-appetite. The current Iran conflict is spurring higher oil prices, which increases inflation expectations, in turn reduces Fed rate cut expectations, and puts upward pressure on interest rates- this reduces valuation multiples and economic expectations. As stated previously, how high oil goes and how long it stays there will be very determinant of the impact.

Technical levels of support: Pin-pointing a potential low is difficult when uncertainty and volatility spike, as they are now. That said, **the pullback is coming within a positive trend**. **6521-6596 provides horizontal support near the 200 DMA.** This is the first area to monitor, and Monday's sharp intra-day reversal near there adds to its significance. 6521 represents a -7% pullback from the highs and -3.8% downside from current prices. **Below this, we see good support in the ~6200 area**, which would be a ~11% pullback from the highs (and ~8% from current prices). **If the current conflict proves short-term in nature and we avoid an escalation elsewhere (i.e. China talks, credit event), the current downside is likely to be contained within the normal ~5-11% pullback experienced historically**.

Long-term, diversified portfolios have benefitted from this year's rotation and are well-positioned in the current weakness. We would use the pullback opportunistically, including within Technology (which has been a lagging sector this year) following strong AI-oriented earnings updates over the past couple of weeks.

Due to travel schedules, today's Weekly Market Guide will be brief (no attached charts). We apologize for any inconvenience.

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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.