SOLLINDA
CAPITAL MANAGEMENT

Market Down & Dirty

March 16, 2026

The Data

- Equities ended the week in negative territory for the 3rd consecutive week.
    - S&P 500 -1.50% Dow -1.99% Russell 2000 -1.71%, Nasdaq -1.26%.[1]
        - The All-Country World Index declined -1.55%.[1]
    - S&P 500 sub-sectors were almost all lower last week.
        - Energy was once again the only positive performer with a gain of +1.82%.[1]
        - Consumer Discretionary & Industrials led to the downside with losses of -4%.[1]
    - The CBOE Volatility Index (VIX) went down -7.8% to end at 27.19.[1]

- US Treasury bond yields moved higher across the board last week.
    - US 2yr +0.17% at 3.73%, 10yr +0.13% to 4.28%, 30yr +0.14% to 4.91%.[1]
    - The market has been quick to reprice rate cuts and a higher inflation regime.

- Commodities as an aggregate asset class rose last week.
    - WTI Crude rose +9.08%.[1]
    - Gold declined -3.00%.[1]
    - The US Dollar index gained +1.52%.[1]

- In our opinion, U.S. economic data was negative last week.
    - Small business optimism came in slightly below expectations and lower than last month.[1]
    - The Consumer Price Index measure of inflation met estimates at a +2.4% rise.[1]
    - Quarterly GDP came in lower than expected at +0.7%.[1]

- An index of equities outside the US (FTSE All-World ex-US) lost -1.77%.[1]

[1] Source: Bloomberg – 3/13/2026

Conclusion

- Stocks continued their year-to-date move lower last week on the back of credit concerns & higher inflationary pressure as a result of the largest oil spike in history.
    - All major indices were lower by over a percent with the Dow Jones Industrial Average leading the way with a loss of 2%.[1]
    - The 3-week string of declines has seen the S&P 500 retreat 5% from its all-times-highs while the Nasdaq is off 8% from its own record level.[1]
- S&P 500 subsectors all declined last week with the exception of Energy which saw a gain.
    - Energy, the smallest sector of the S&P index, is now up almost 30% so far in 2026. [1]
    - Contrast this with Tech, one of the largest, which is now down over 4% on the year. [1]
    - Financials lost over 2% last week taking their year-to-date decline to almost 11%.[1]
        - Financials are on pace for their largest quarterly decline since 2023 while some individual companies in the sector are down more than 30%.[1]
        - The selloff has taken the sector's once lofty valuation to its lowest level since '23 yet the issues plaguing financials appear far from over. [1]
- US Treasury yields rose sharply once again last week sending bond prices lower.
    - The largest oil spike in history has caused a massive repricing of inflation expectations which has driven down market participants expectations for the Federal Reserve's rate cuts.
    - The 10yr yield has now risen from 3.94% to 4.28%.[1]
        - This rise impacts everything from mortgage rates to corporate financing.
        - The 30yr mortgage rate rose by the most in a year to end the week at 6.11%.[1]
- While volatility has measured by the VIX index has surged this year, it declined last week.
    - Measures of positioning show investors have been buying so called "tail protection" or out of the money insurance to the downside to protect against large moves lower.
        - If these large moves don't manifest, this can work as a natural lift to indices.
    - There is a large expiration of these and other types of contracts this week.
    - How investors position coming out of this expiration can have a major impact on the direction of asset prices and bears watching closely.
- Non-US equities declined last week by just under 2%.[1]
    - Large energy importing countries are seeing their markets lead to the downside as the Iran conflict weights on energy prices.
- The US Dollar rose by over a percent for the 2nd week in a row.
    - Investors are closing out their short-US Dollar positions in large numbers which helps boost the greenback's value.
    - Consensus sentiment towards the dollar was deeply negative and this has shifted to positive since the conflict in the Middle East began.

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