Market Down & Dirty

March 9, 2026

The Data

- Equities moved slightly lower last week as the conflict with Iran brought caution.
  - S&P 500 -1.98% Dow -3.01% Russell 2000 -4.02%, Nasdaq -1.24%.[1]
    - The All-Country World Index declined -3.89%.[1]
  - S&P 500 sub-sectors were almost all lower last week.
    - Energy was the lone positive performer with a gain of +2.60%.[1]
    - Materials led to the downside with a loss of 4%.[1]
  - The CBOE Volatility Index (VIX) rose 48% to end at 29.51.[1]

- US Treasury bond yields moved higher across the board last week.
  - US 2yr +0.17% at 3.56%, 10yr +0.19% to 4.15%, 30yr +0.14% to 4.77%.[1]
  - The 2yr led the move higher as oil up = inflation up; preventing the Fed from cutting.

- Commodities as an aggregate asset rose last week.
  - WTI Crude skyrocketed up +36.18%.[1]
  - Gold declined -2.05%.[1]
  - The US Dollar index gained +1.28%.[1]

- In our opinion, U.S. economic data was mixed last week.
  - The ISM manufacturing index remained in expansion territory with a reading of 52.4%.[1]
  - The ISM services index also remained above 50 and ticked higher to 56.1%.[1]
  - The labor market came in below expectations Friday as jobs fell unexpectedly by -92,000.[1]

- An index of equities outside the US (FTSE All-World ex-US) sank -6.94%.[1]

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[1] Source: Bloomberg – 3/6/2026

Conclusion

- Stocks slumped last week as the conflict with Iran continued.
  - The small-cap tracking Russell 2000 led major indices lower with a loss of -4.02%.[1]
    - This isn't surprising as higher oil has led to high yields which puts the most pressure on smaller companies relying on debt.
  - The Nasdaq & S&P 500 declined under 2% while the Dow Jones Industrial Average was down 3%.[1]
- Commodities saw a large gain last week driven by oil prices.
  - Oil gained over 36% as supply disruptions because of the Iranian conflict.[1]
  - Tankers are avoiding the major waterway that is responsible for carrying 14.9 million barrels a day of the world's oil supply.[1]
    - As a result, production by many nations is being cut as storage fills up with no place to put the oil being pumped.
- Non-US equities experienced sharp declines last week.[1]
  - Many foreign countries are much more reliant on oil from that area of the Middle East as well as natural gas.
  - Major oil/nat gas importers saw the most carnage to their equity markets last week.
- US Treasury yields shot sharply higher last week.
  - Despite risk-off equity trading, data showing the labor market weakening, & ongoing private credit concerns, yields jumped higher.
  - We believe this was in response to the risk to inflation that higher oil prices will cause which limits the Federal Reserve's ability to cut rates.
  - Until the Iranian conflict is resolved, the Treasury market is likely to be torn between near-term inflation fears and the risk of economic deceleration later in the year.
- Elsewhere in the credit markets, we're seeing some stress ever so slightly appear.
  - Credit spreads are widening…granted from a historically tight range and not anywhere near levels indicating "concern".
  - Private credit stress is growing (a $3 trillion-dollar market) yet credit metrics are still firm.
  - This complacency as it comes to the debt markets warrants attention from our standpoint.
- Given the extreme move higher in oil prices and the +48% gain in the VIX volatility index, it was a bit of a surprise domestic equity prices only saw modest declines.
  - Investors stepped in en masse on Monday to "buy the dip" despite everything.
  - We believe the longer the Straight of Hormuz is closed or limited with its shipping capacity, the larger the potential drawdown is to equities.
  - As we discussed the last several weeks, under the surface, the market remains in shaky ground structurally which could enhance moves lower.
  - Add on top of this a geopolitical shock from the Middle East and you have the potential recipe for violent moves in asset prices.
  - With the S&P 500 only 4% away from all-time-highs, we urge caution and patience to all investors currently.

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