



# Weekly Market Commentary

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**March 30, 2026**

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## Weekly Market Commentary & GRIP Summary – Week Ending March 27, 2026

### EXECUTIVE SUMMARY

Markets extended their losing streak this week as the Iran conflict continued to dominate investor sentiment, driving energy prices higher and pulling risk assets lower. The S&P 500 fell 2.1% for the week—its fifth consecutive weekly decline—closing at 6,368.85. The Nasdaq dropped 3.2% as technology stocks bore the brunt of selling pressure, falling nearly 13% below its October record. The Dow Jones Industrial Average slipped 0.9% and entered correction territory on Friday after a 793-point decline. WTI crude briefly touched \$100 per barrel for the first time since 2022, while the 10-year Treasury yield climbed to 4.44%, its highest level since July 2025.

The escalating geopolitical risk, combined with reaccelerating inflation expectations and a Federal Reserve boxed in by stagflationary crosscurrents, reinforces our cautious positioning. Our GRIP framework—tracking Growth, Risk Appetite, Inflation, and Policy—paints a challenging picture: growth is slowing, risk appetite is deteriorating, inflation is accelerating, and policy is on hold. This is the definition of stagflation, and market dynamics reflect that reality.

### MARKET SCORECARD – WEEK ENDING March 27, 2026

Index / Asset	Close	Weekly Change
S&P 500	6,368.85	-2.1%
Nasdaq Composite	20,948.36	-3.2%
Dow Jones Industrial Avg	45,166.64	-0.9%
Russell 2000	~2,450	-1.8%
10-Year Treasury Yield	4.44%	+5 bps
2-Year Treasury Yield	3.93%	+1 bps
WTI Crude Oil	\$101.18/bbl	+3%
Brent Crude Oil	\$114.81/bbl	+2.34%
VIX	31.05	+15.94%
US Dollar Index	100.21	+0.57%



## GRIP FRAMEWORK REVIEW

Our proprietary GRIP framework assesses the macro environment across four pillars. This week's readings confirm a stagflationary regime—one of the most challenging environments for traditional equity-heavy portfolios.

<b>G</b>	<b>GROWTH</b> ▼ <b>SLOWING</b>	Economic growth continues to decelerate across multiple indicators. Flash Composite PMI fell to 11-month low of 51.4; services activity weakening.
<b>R</b>	<b>RISK APPETITE</b> ▼ <b>DETERIORATING</b>	Risk appetite weakening sharply across asset classes. Cross-market correlations breaking down; risk composite firmly negative.
<b>I</b>	<b>INFLATION</b> ▲ <b>ACCELERATING</b>	Inflation reaccelerating, driven by surging energy prices. OECD raised US 2026 inflation forecast to 4.2%; input costs at 10-month highs.
<b>P</b>	<b>POLICY</b> ● <b>ON HOLD</b>	Fed funds rate at 3.50–3.75%; no near-term changes expected. Markets pricing 50% probability of a rate HIKE by year-end 2026.



## KEY THEMES THIS WEEK

### 1. Iran Conflict Dominates Risk Sentiment

The U.S.-Iran war, which began on February 28, continued to be the primary driver of market volatility. The Strait of Hormuz—through which roughly 20% of global oil supply normally transits—remains effectively closed to commercial traffic. President Trump extended his deadline for Iran to reopen the Strait to April 6, adding a degree of uncertainty. Brent crude futures surged 36% from their pre-war levels, and physical oil prices in the Middle East have risen even more steeply. Analysts warn that if the Strait remains closed past mid-April, supply disruptions could double as strategic petroleum reserve releases and other stopgap measures lose effectiveness.

### 2. Stagflation Risk Intensifies

The combination of slowing growth and accelerating inflation is pushing the macro environment squarely into a stagflationary regime. The OECD raised its U.S. inflation forecast for 2026 to 4.2%, sharply above the Fed's own 2.7% estimate. At the same time, business activity is moderating—the Flash Composite PMI dropped to 51.4, its weakest reading in 11 months—and the University of Michigan consumer sentiment reading fell to 53.3, well below expectations. The Philadelphia Fed President noted that inflation running above the 2% target makes her more cautious about any policy easing.

### 3. Bond Market Signals Rising Stress

Treasury yields surged across the curve this week. The 10-year note finished at 4.44%, its highest since July 2025, while the 2-year yield spiked to 3.93% on growing expectations that the Fed may need to tighten rather than ease. The 2-year yield now sits above the Fed funds rate, suggesting the market sees policy as potentially too accommodative in the face of rising inflation. A poor 2-year auction earlier in the week underscored waning demand for government debt at current levels. Higher mortgage rates are also beginning to suppress housing activity, a key leading indicator.

### 4. Equity Market Breadth and Sector Dispersion Widening

Beneath the surface, equity market dispersion is historic. Energy stocks are up 33% year-to-date, while financials are down 11% as the flattening yield curve pressures net interest margins. Software, the S&P 500's second-largest industry, has dropped 20% in 2026. Even the hyperscaler stocks are diverging—their rolling 3-month pairwise correlation has fallen to 23%, roughly half the 2023–2025 average. NVIDIA remains a critical bellwether; if the stock cannot stabilize, further broad-market downside is likely. Our risk composite is now firmly in negative territory, and cross-market correlations are deteriorating.



## MACROECONOMIC REGIME POSITIONING

Our macro regime framework places the current environment in the Stagflation quadrant—growth is decelerating while inflation is accelerating. Historically, this regime rewards defensive positioning, real assets, and active management while punishing duration, growth equities, and passive index strategies.

<b>DISINFLATION</b> Growth ▲   Inflation ▼	<b>INFLATION</b> Growth ▲   Inflation ▲
<b>DEFLATION</b> Growth ▼   Inflation ▼	► <b>STAGFLATION</b> ◀ Growth ▼   Inflation ▲ <b>WE ARE HERE</b>

## RECOMMENDED ASSET ALLOCATION THEMES

Given the stagflationary macro regime, we recommend the following positioning across asset classes. These themes are designed to protect capital, generate real returns, and take advantage of the increased dispersion that rewards active, selective management.

Asset Class	Preference	Rationale
Fixed Income	Bonds Over Stocks	Short duration, high quality preferred
Geography	International Over Domestic	Developed markets over emerging
Market Cap	Small Cap Over Large Cap	US small caps favored over large
Style	Value Over Growth	Value equities outperforming in regime
Management	Active Over Passive	Dispersion rewards active selection
Alternatives	Futures & Commodities	Managed futures as ideal diversifiers



## LOOKING AHEAD

The week ahead will hinge largely on developments in the Iran conflict, with President Trump's extended April 6 deadline approaching. Any progress toward reopening the Strait of Hormuz could spark a sharp relief rally, while deterioration could trigger further downside. On the data front, investors will look to ISM Manufacturing on Tuesday, JOLTS job openings on Wednesday, and Friday's non-farm payrolls report for updated signals on the labor market's resilience in the face of the energy shock. We also expect continued focus on the bond market, where rising yields are tightening financial conditions in real-time.

We believe investors should remain defensive. We continue to favor short-duration, high-quality fixed income, value equities, international diversification, and alternatives including managed futures and commodities. In this environment, capital preservation and selectivity will outperform chasing risk.



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