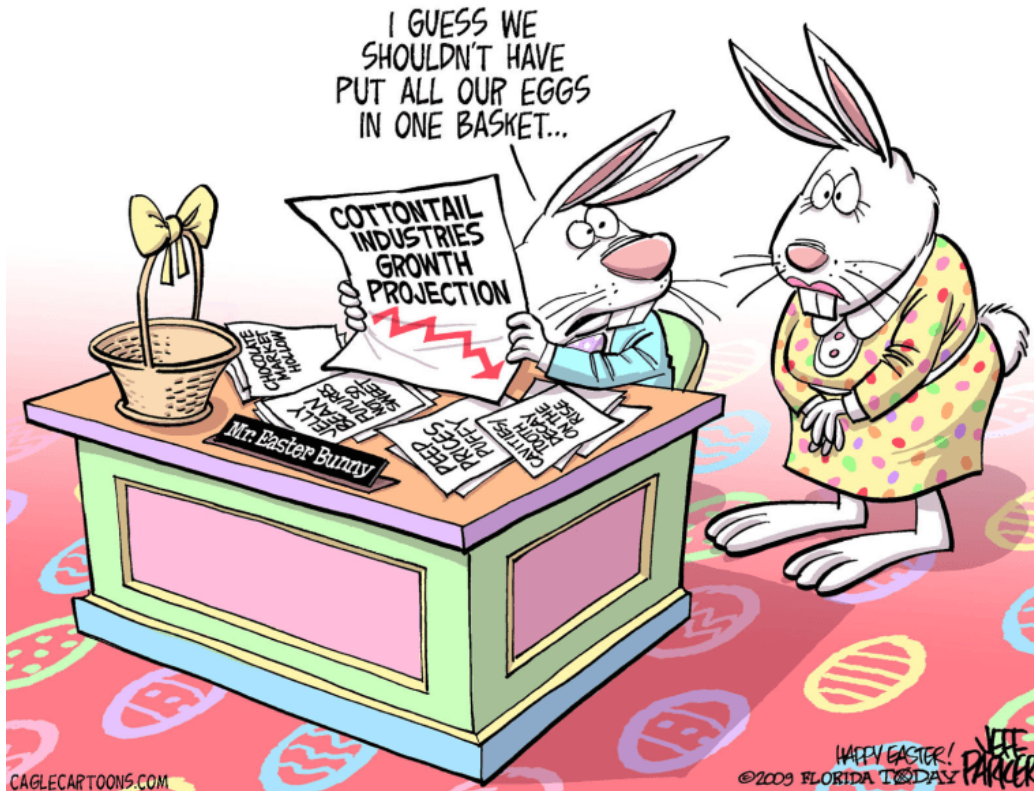


Youtube Channel 




Gatis
Sluka

THE EASTER BUNNY'S DODGY DEAL





Disclaimer: I am not a financial advisor, and do not make any recommendations on what to buy or sell.

The information offered here is for educational purposes only and does not constitute financial, legal or professional advice. NO ONE, including me, has any idea what the market will do.

Each person must determine their own risk profile, trading/investing style and take responsibility for any trades they make. Always do your own research and due diligence before making any investment decisions.

Past performance does not guarantee future results!

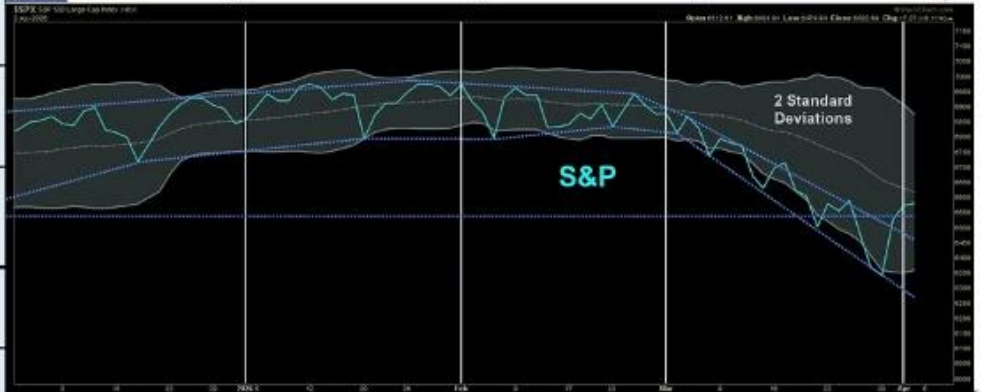
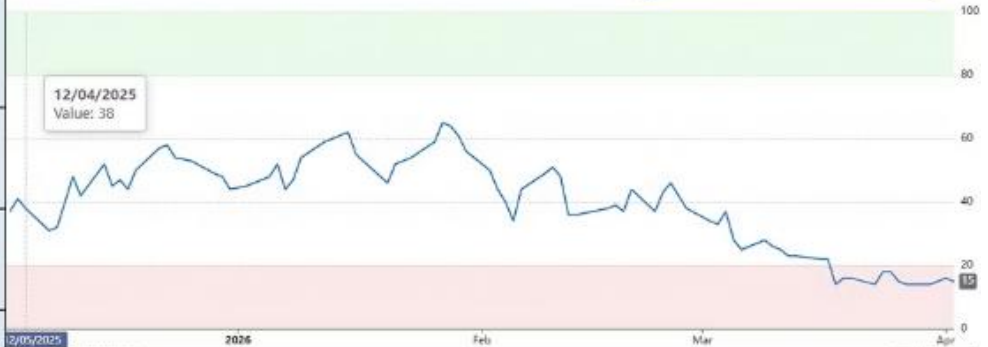
Most of the charts shown in this newsletter are courtesy of StockCharts.com and can be found on the website shown at the top of the page. Here is a link to the StockCharts.com pricing and if you sign up, I would appreciate if you used my email as a referral (danbyrd@comcast.net)

[Service Levels, Data Plans and Pricing | StockCharts.com](#)

MARKET BIAS MATRIX				
Day over Day & Week over Week Trend				
% Bullish Across All Asset Classes				
(Overall, Short Term, Mid Term, Long Term)				
Date	Overall %	ST %	MT %	LT %
4/2/2026	44%	29%	25%	77%
4/1/2026	43%	25%	27%	77%
3/31/2026	42%	22%	27%	77%
3/30/2026	42%	20%	27%	80%
3/27/2026	43%	22%	28%	78%
3/26/2026	43%	25%	29%	76%
3/25/2026	45%	28%	29%	77%
3/24/2026	44%	27%	29%	77%
3/23/2026	45%	27%	32%	77%
3/20/2026	47%	32%	32%	77%
3/19/2026	49%	34%	35%	77%
3/18/2026	49%	34%	35%	77%
3/17/2026	51%	37%	38%	78%
3/16/2026	49%	35%	34%	78%
3/13/2026	51%	35%	38%	78%
3/12/2026	53%	37%	43%	78%
3/11/2026	55%	41%	47%	77%
3/10/2026	55%	42%	47%	77%
3/9/2026	54%	37%	48%	77%
3/6/2026	56%	37%	50%	77%
3/5/2026	59%	41%	59%	77%
3/4/2026	62%	51%	59%	77%
3/3/2026	63%	53%	59%	76%
3/2/2026	65%	58%	61%	77%
2/27/2026	65%	57%	61%	77%
2/26/2026	65%	57%	61%	76%
2/25/2026	62%	53%	58%	76%
2/24/2026	62%	52%	58%	76%
2/23/2026	62%	53%	58%	76%
2/20/2026	63%	52%	62%	76%
2/19/2026	63%	52%	62%	76%
2/18/2026	64%	52%	65%	75%
2/17/2026	64%	53%	65%	75%
2/13/2026	65%	56%	65%	75%
2/12/2026	66%	58%	66%	75%
2/11/2026	66%	58%	67%	73%
2/10/2026	68%	62%	67%	73%
2/9/2026	68%	62%	68%	73%
2/6/2026	67%	58%	67%	75%
2/5/2026	67%	58%	67%	75%
2/4/2026	70%	63%	72%	76%
2/3/2026	73%	68%	73%	77%
2/2/2026	76%	75%	73%	78%
1/30/2026	76%	75%	75%	78%
1/29/2026	75%	75%	73%	77%
1/28/2026	76%	77%	75%	77%
1/27/2026	76%	76%	73%	78%
1/26/2026	76%	75%	73%	78%
1/23/2026	74%	70%	75%	78%
1/22/2026	74%	70%	75%	78%
1/21/2026	75%	70%	75%	80%
1/20/2026	73%	70%	75%	80%
1/16/2026	78%	76%	77%	81%
1/15/2026	83%	84%	81%	85%
1/14/2026	84%	84%	81%	86%
1/13/2026	84%	85%	79%	86%
1/12/2026	82%	84%	77%	86%
1/9/2026	82%	84%	77%	86%
1/8/2026	79%	79%	73%	86%
1/7/2026	79%	78%	73%	86%
1/6/2026	78%	77%	70%	86%
1/5/2026	78%	77%	70%	86%
1/2/2026	77%	77%	67%	86%
12/31/2025	75%	73%	66%	88%
12/30/2025	77%	75%	67%	88%
12/29/2025	76%	75%	66%	88%
12/26/2025	75%	75%	63%	86%
12/24/2025	74%	73%	62%	86%
12/23/2025	73%	70%	62%	88%
12/22/2025	71%	63%	63%	88%

Fear/Greed Index

Current Reading **15 - Extreme Fear**
 Previous Reading **14 - Extreme Fear**



Economic Calendar for Last Week:

Time	Cur.	Event	Imp.	Actual	Forecast	Previous
Monday, March 30, 2026						
10:30	US	Fed Chair Powell Speaks <small>🔊</small>	★★★			
Tuesday, March 31, 2026						
09:45	US	Chicago PMI (Mar)	★★★	52.8	54.8	57.7
10:00	US	CB Consumer Confidence (Mar)	★★★	91.8	87.8	91.0
10:00	US	JOLTS Job Openings (Feb)	★★★	6.882M	6.890M	7.240M
Wednesday, April 1, 2026						
08:15	US	ADP Nonfarm Employment Change (Mar)	★★★	62K	41K	66K
08:30	US	Retail Sales (MoM) (Feb)	★★★	0.6%	0.5%	-0.1%
08:30	US	Core Retail Sales (MoM) (Feb)	★★★	0.5%	0.3%	0.0%
09:45	US	S&P Global Manufacturing PMI (Mar)	★★★	52.3	52.4	51.6
10:00	US	ISM Manufacturing PMI (Mar)	★★★	52.7	52.3	52.4
10:00	US	ISM Manufacturing Prices (Mar)	★★★	78.3	74.0	70.5
10:30	US	Crude Oil Inventories	★★★	5.451M	1.800M	6.926M
21:00	US	U.S. President Trump Speaks <small>🔊</small>	★★★			
Thursday, April 2, 2026						
08:30	US	Initial Jobless Claims	★★★	202K	212K	211K
Friday, April 3, 2026						
All Day	US	United States - Good Friday	Holiday			
08:30	US	Average Hourly Earnings (MoM) (Mar)	★★★	0.2%	0.3%	0.4%
08:30	US	Nonfarm Payrolls (Mar)	★★★	178K	65K	-133K
08:30	US	Unemployment Rate (Mar)	★★★	4.3%	4.4%	4.4%
09:45	US	S&P Global Services PMI (Mar)	★★★	49.8	51.1	51.7

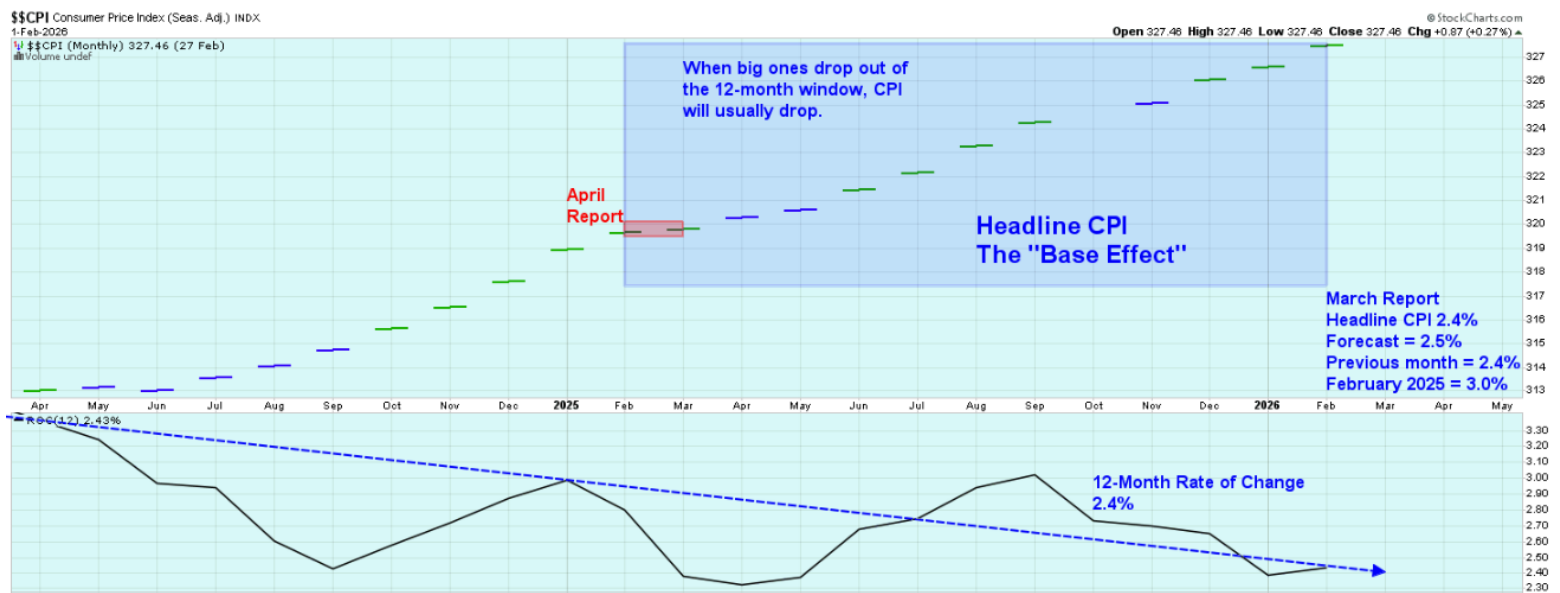
The good news for this week is that the jobs number came in stronger than expected with the unemployment rate falling to 4.3%. This should result in a bit of a rally next week.

The bad news is that next week's CPI (inflation) number is forecast to come in MUCH higher at 3.4%, up a full percentage from 2.4% last month. This could result in the start of the summer selling season.

The "Base Effect" is not going to help either, since a very small one will be rolling off. (see chart below).

Economic Calendar for Next Week:

Time	Cur.	Event	Imp.	Actual	Forecast	Previous
Monday, April 6, 2026						
10:00	US	ISM Non-Manufacturing Prices (Mar)	★★★			63.0
10:00	US	ISM Non-Manufacturing PMI (Mar)	★★★		55.0	56.1
Tuesday, April 7, 2026						
08:30	US	Durable Goods Orders (MoM) (Feb)	★★★			0.0%
Wednesday, April 8, 2026						
10:30	US	Crude Oil Inventories	★★★			5.451M
13:00	US	10-Year Note Auction	★★★			4.217%
14:00	US	FOMC Meeting Minutes	★★★			
Thursday, April 9, 2026						
08:30	US	Core PCE Price Index (MoM) (Feb)	★★★		0.4%	0.4%
08:30	US	Core PCE Price Index (YoY) (Feb)	★★★			3.1%
08:30	US	GDP (QoQ) (Q4)	★★★		0.7%	4.4%
08:30	US	Initial Jobless Claims	★★★			202K
13:00	US	30-Year Bond Auction	★★★			4.871%
Friday, April 10, 2026						
08:30	US	CPI (MoM) (Mar)	★★★		0.9%	0.3%
08:30	US	Core CPI (MoM) (Mar)	★★★		0.3%	0.2%
08:30	US	CPI (YoY) (Mar)	★★★		3.4%	2.4%



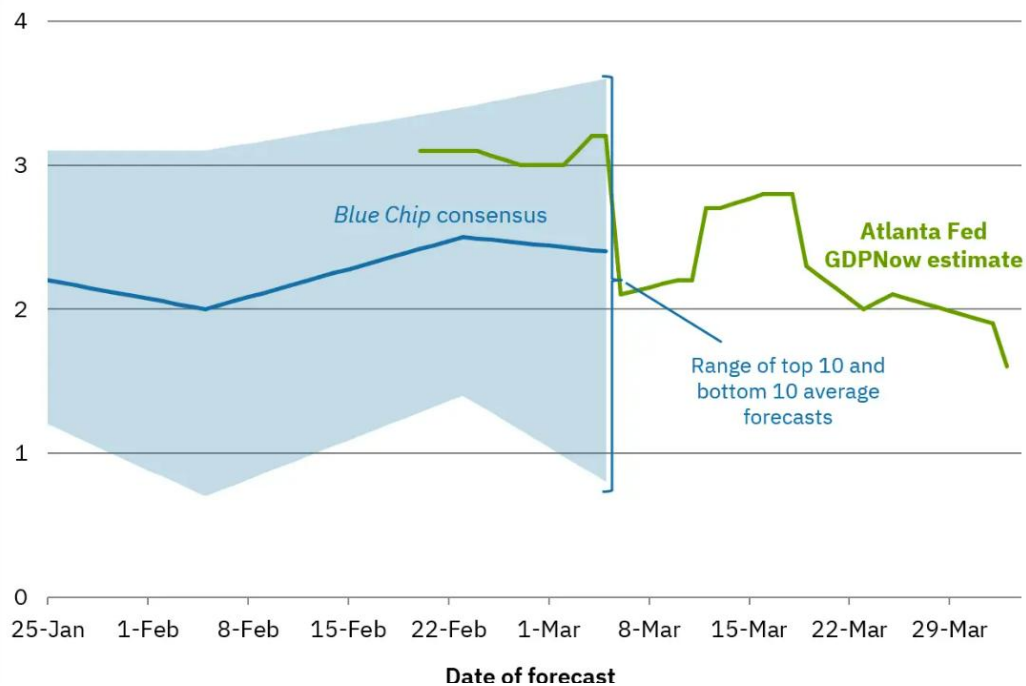
The overwhelming probability is for no change in rates until well into 2027. We'll see if this changes after the CPI number, but the last column for rate HIKES has actually come down from last week. But look at September 2027, perhaps a 50-bps cut. Could this signal a recession? Keep watching this space.

CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	275-300	300-325	325-350	350-375	375-400
4/29/2026	0.00 %	0.00 %	0.00 %	99.48 %	0.52 %
6/17/2026	0.00 %	0.00 %	2.28 %	97.72 %	0.00 %
7/29/2026	0.00 %	0.00 %	5.48 %	94.52 %	0.00 %
9/16/2026	0.00 %	0.00 %	0.34 %	99.66 %	0.00 %
10/28/2026	0.00 %	0.00 %	0.00 %	91.48 %	8.52 %
12/9/2026	0.00 %	0.00 %	9.11 %	90.89 %	0.00 %
1/27/2027	0.00 %	0.00 %	0.00 %	96.48 %	3.52 %
3/17/2027	0.00 %	0.00 %	0.00 %	82.63 %	17.37 %
4/28/2027	0.00 %	0.00 %	25.48 %	74.52 %	0.00 %
6/9/2027	0.00 %	0.00 %	24.52 %	75.48 %	0.00 %
7/28/2027	0.00 %	0.00 %	34.48 %	65.52 %	0.00 %
9/15/2027	19.96 %	80.04 %	0.00 %	0.00 %	0.00 %
10/27/2027	70.48 %	29.52 %	0.00 %	0.00 %	0.00 %
12/8/2027	0.00 %	0.00 %	79.09 %	20.91 %	0.00 %

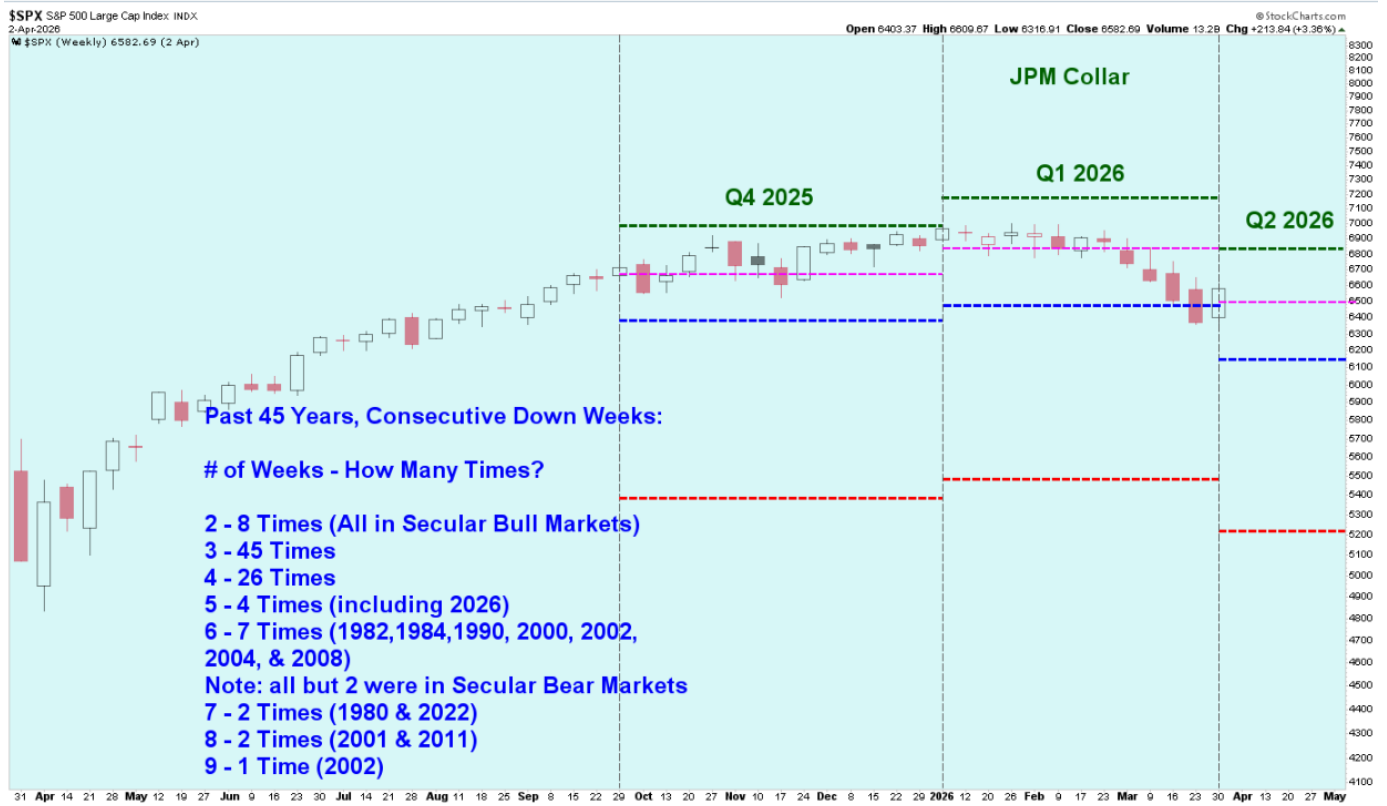
And GDP forecasts keep falling, now at 1.6%.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2026:Q1

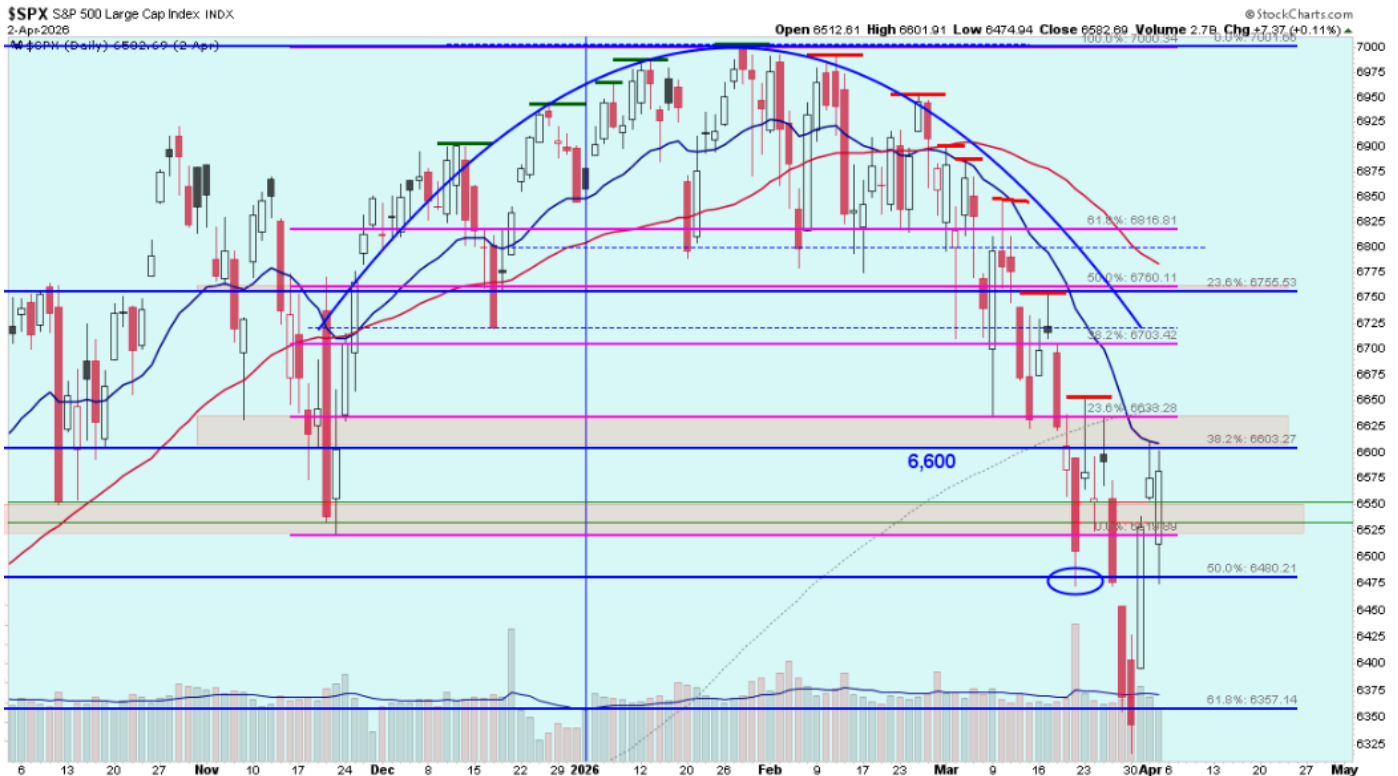
Quarterly percent change (SAAR)



Here is a study of the consecutive down weeks back to 1980, plus the JP Morgan Collar. I covered the JPM Collar in Thursday's Youtube video if you want to learn more about it. The Youtube link is at the top of this newsletter.



The S&P is sitting right below both the 21-EMA and the major 6,600 resistance. Likely 6,700 will be next resistance level.



Weekly Performance:



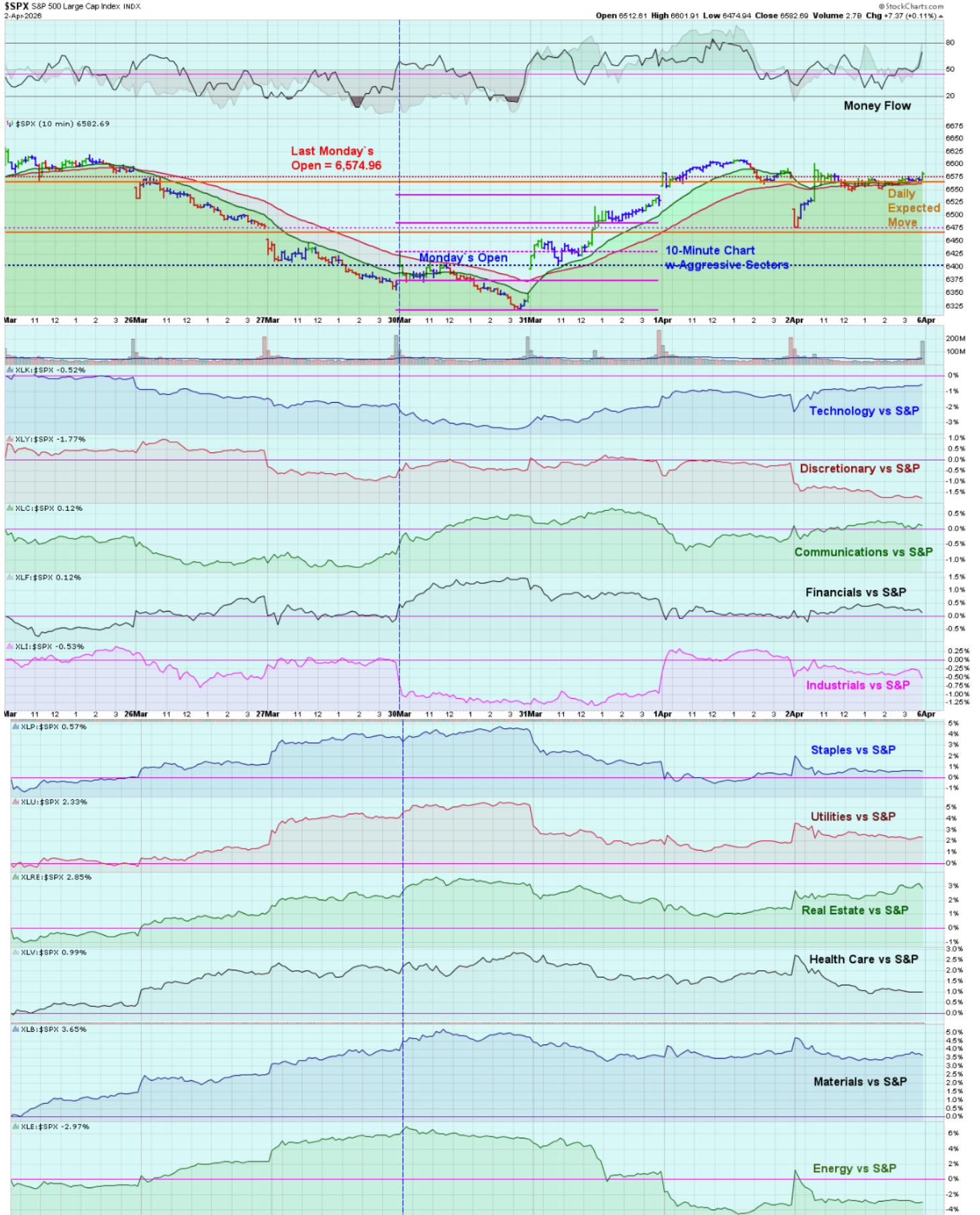
Double click on a box to open the Symbol Summary for that ticker

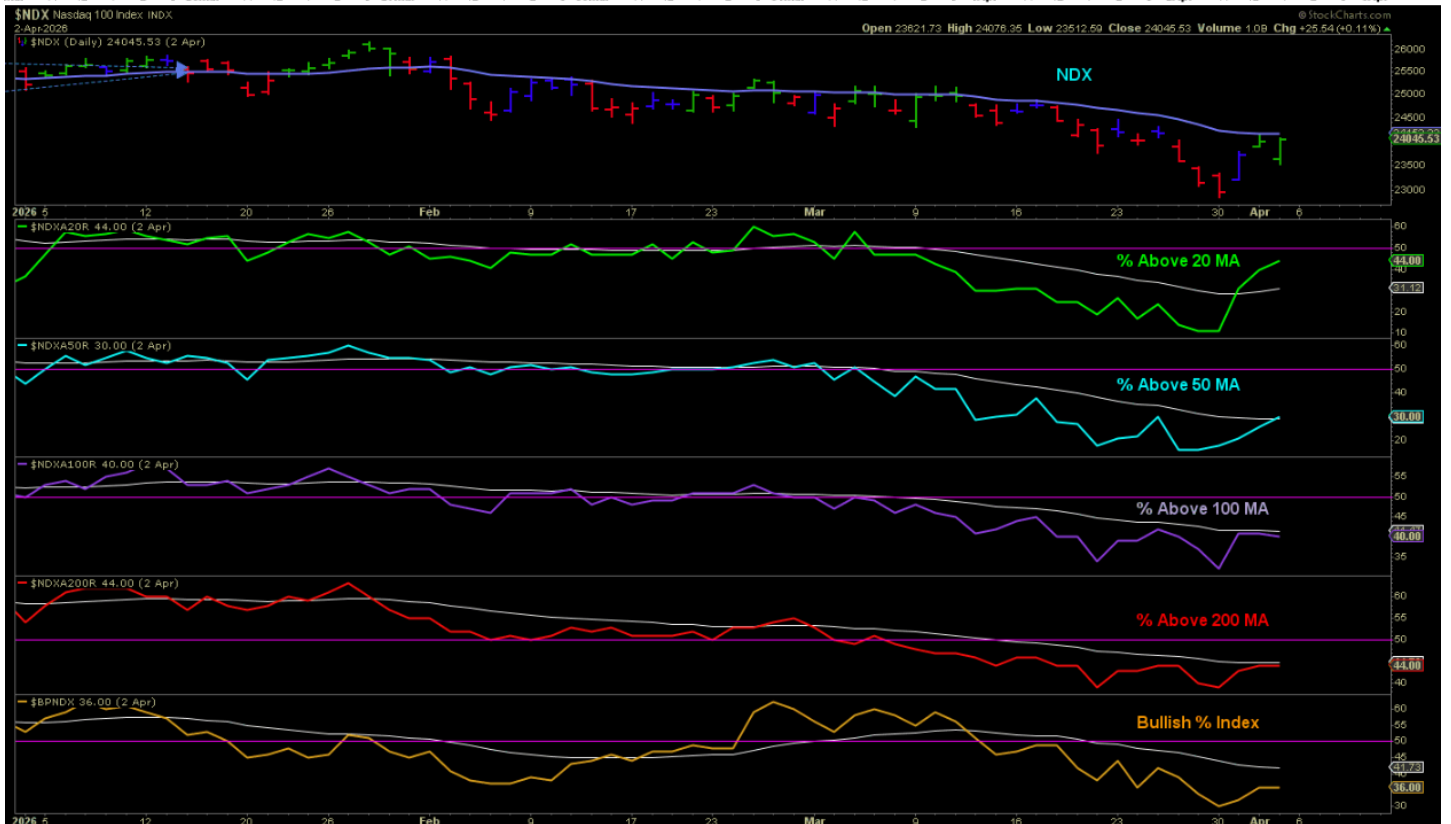
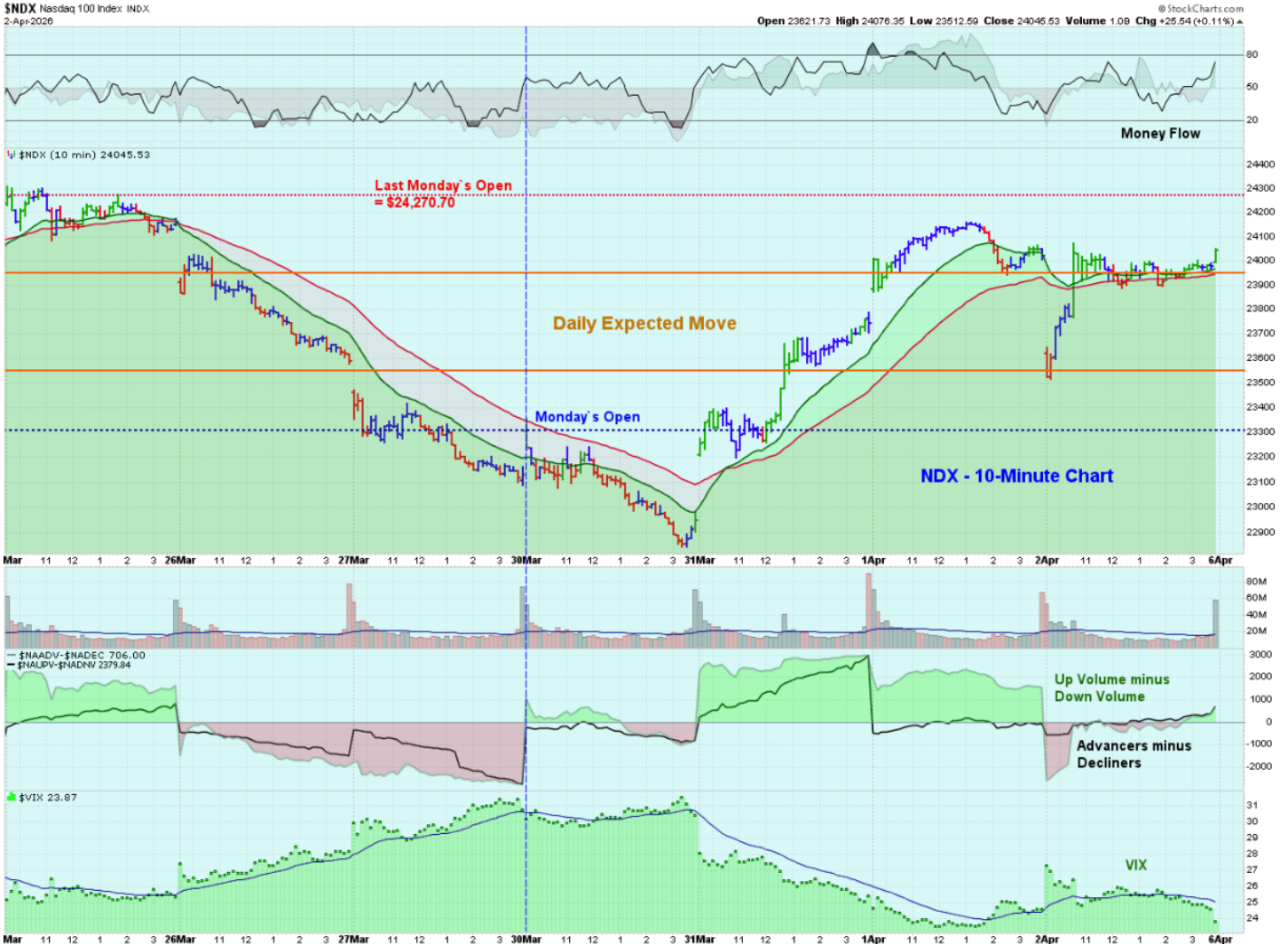
TIMEFRAME

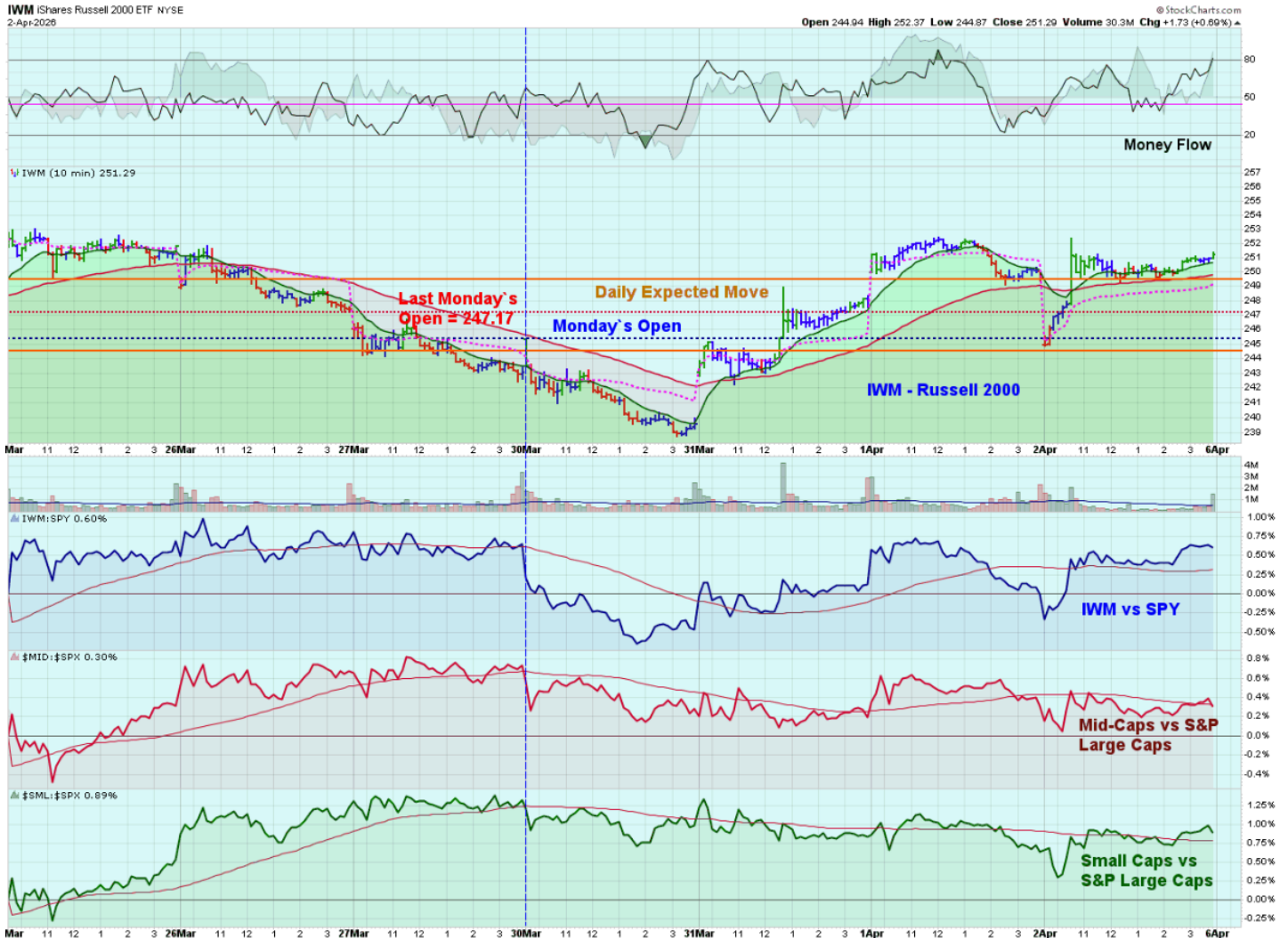
One Week Send Daily Report Send Weekly Report

NAME	% CHG	+/-	DATE
\$GOLD - Gold - Continuous Contract (EOD)	+6.79%		04-02, 14:30
XLRE - Real Estate Select Sector SPDR Fund	+3.28%		04-02, 16:00
XLB - Materials Select Sector SPDR Fund	+2.69%		04-02, 16:00
XLC - Communication Services Select Sector SPDR Fund	+2.66%		04-02, 16:00
XLK - Technology Select Sector SPDR Fund	+2.63%		04-02, 16:00
XLU - Utilities Select Sector SPDR Fund	+2.23%		04-02, 16:00
\$NDX - Nasdaq 100 Index	+1.94%		04-02, 16:00
\$SPX - S&P 500 Large Cap Index	+1.63%		04-02, 16:00
IWM - iShares Russell 2000 ETF	+1.56%		04-02, 16:00
XLI - Industrial Select Sector SPDR Fund	+1.55%		04-02, 16:00
\$BTCUSD - Bitcoin to US Dollar	+1.30%		04-04, 14:18
XLF - Financial Select Sector SPDR Fund	+0.98%		04-02, 16:00
XLP - Consumer Staples Select Sector SPDR Fund	+0.92%		04-02, 16:00
XLV - Health Care Select Sector SPDR Fund	+0.73%		04-02, 16:00
XLY - Consumer Discretionary Select Sector SPDR Fund	-0.62%		04-02, 16:00
XLE - Energy Select Sector SPDR Fund	-3.69%		04-02, 16:00

10-Minute Charts for the Week:







Top 10 Best & Worst Large Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
INTC - Intel Corp.	Technology	Semiconductors	50.38	+6.28	+14.24%	█	91.8	Irg
AZN - Astrazeneca PLC	Health Care	Pharmaceuticals	203.49	+20.09	+10.95%	█	80.1	Irg
MRVL - Marvell Technology Inc	Technology	Semiconductors	107.11	+9.43	+9.65%	█	92.6	Irg
BA - Boeing Co.	Industrial	Aerospace	208.22	+13.86	+7.13%	█	38.1	Irg
AMD - Advanced Micro Devices, Inc.	Technology	Semiconductors	217.50	+13.73	+6.74%	█	81.4	Irg
NFLX - Netflix, Inc.	Comm. Services	Internet	98.66	+5.34	+5.72%	█	38.6	Irg
KHC - Kraft Heinz Co.	Staples	Food Products	22.79	+1.23	+5.71%	█	31.4	Irg
ODFL - Old Dominion Freight Line, Inc.	Industrial	Trucking	198.00	+10.07	+5.36%	█	85.4	Irg
GOOGL - Alphabet Inc.	Comm. Services	Internet	295.77	+14.85	+5.29%	█	69.3	Irg
MELI - MercadoLibre Inc.	Discretionary	Special Consumer Services	1,715.52	+84.53	+5.18%	█	12.9	Irg
NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
NKE - Nike Inc.	Discretionary	Footwear	44.19	-7.88	-15.13%	█	1.3	Irg
MSTR - Strategy Inc	Technology	Software	119.83	-13.10	-9.85%	█	0.3	Irg
AXON - Axon Enterprise, Inc.	Industrial	Defense	412.81	-37.65	-8.36%	█	1.5	Irg
CEG - Constellation Energy Corp.	Utilities	Conventional Electricity	272.82	-22.37	-7.58%	█	9.6	Irg
BIIB - Biogen Inc.	Health Care	Biotechnology	177.34	-13.72	-7.18%	█	55.2	Irg
DXCM - DexCom Inc.	Health Care	Medical Supplies	62.22	-3.87	-5.86%	█	20.7	Irg
TMUS - T-Mobile US, Inc.	Comm. Services	Mobile Telecommunications	201.40	-10.19	-4.82%	█	24.4	Irg
ABNB - Airbnb Inc.	Discretionary	Travel & Tourism	124.95	-6.11	-4.66%	█	40.2	Irg
CVX - Chevron Corp.	Energy	Integrated Oil & Gas	198.97	-8.82	-4.24%	█	84.2	Irg
FANG - Diamondback Energy, Inc.	Energy	Exploration & Production	193.88	-8.31	-4.11%	█	88.6	Irg

WEEKLY VIEW

WEEKLY VIEW



Top 10 Best & Worst Small/Mid-Caps for the Week:

NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
APLS - Apellis Pharmaceuticals, Inc.	Health Care	Biotechnology	40.41	+22.77	+129.08%	█	98.5	mid
CAR - Avis Budget Group, Inc.	Discretionary	Travel & Tourism	190.42	+50.84	+36.42%	█	96.6	mid
UNIT - Uniti Group Inc.	Real Estate	Specialty REITs	10.33	+2.48	+31.59%	█	96.4	mid
CENX - Century Aluminum Co.	Materials	Aluminum	62.57	+14.17	+29.28%	█	98.0	mid
AA - Alcoa Corp.	Materials	Aluminum	71.53	+13.93	+24.18%	█	99.1	lrg
OXM - Oxford Industries Inc.	Discretionary	Clothing & Accessories	39.31	+7.42	+23.27%	█	63.0	sml
LITE - Lumentum Holdings Inc.	Technology	Telecom Equipment	826.88	+138.08	+20.05%	█	99.7	lrg
PENG - Penguin Solutions, Inc.	Technology	Semiconductors	20.69	+3.03	+17.16%	█	54.3	sml
SNX - TD SYNnex Corp.	Technology	Computer Hardware	186.92	+27.28	+17.09%	█	87.6	lrg
ALKS - Alkermes, Inc.	Health Care	Pharmaceuticals	34.84	+4.92	+16.44%	█	79.5	mid
NAME	SECTOR	INDUSTRY	LAST	CHG	% CHG	+/-	SCTR	U
TNDM - Tandem Diabetes Care, Inc.	Health Care	Medical Equipment	18.61	-4.71	-20.20%	█	70.5	sml
NXST - Nexstar Media Group, Inc.	Comm. Services	Entertainment	180.38	-39.25	-17.87%	█	15.4	mid
KNF - Knife River Corp.	Industrial	Building Materials	73.91	-13.19	-15.14%	█	30.7	mid
LNN - Lindsay Corp.	Industrial	Commercial Vehicles	103.02	-17.49	-14.51%	█	24.0	sml
RH - RH	Discretionary	Home Improvement Retailers	113.46	-18.57	-14.06%	█	1.0	mid
EYE - National Vision Holdings, Inc.	Discretionary	Specialty Retailers	23.69	-3.74	-13.63%	█	16.8	mid
AESI - Atlas Energy Solutions Inc.	Energy	Oil Equipment & Services	12.15	-1.85	-13.21%	█	68.7	sml
ENPH - Enphase Energy Inc.	Technology	Renewable Energy Equipment	34.92	-5.26	-13.09%	█	17.5	mid
PBH - Prestige Consumer Healthcare Inc.	Health Care	Pharmaceuticals	52.48	-7.90	-13.08%	█	9.2	mid
CRK - Comstock Resources, Inc.	Energy	Exploration & Production	19.54	-2.79	-12.49%	█	26.9	mid

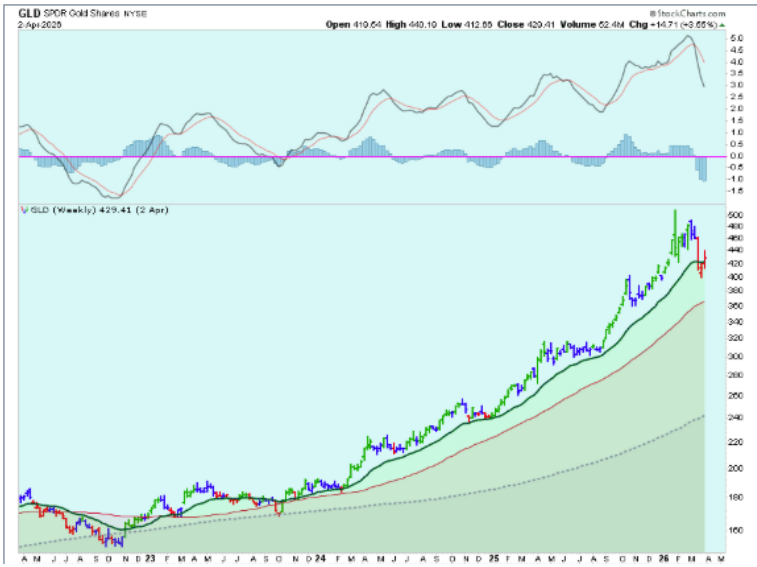
WEEKLY VIEW

WEEKLY VIEW



Gold (left panel) and Bitcoin (right panel):

WEEKLY VIEW



WEEKLY VIEW



Gold and Oil:

WEEKLY VIEW



WEEKLY VIEW



Gold vs S&P and Oil vs S&P:

DAILY VIEW



DAILY VIEW



From Real Investment Advice:

Oil Shocks & Recessionary Outcomes - RIA

Excerpt:

After more than three decades of watching oil markets upend economies, one pattern keeps repeating: investors learn the wrong lessons from the last shock. The 1973 OPEC embargo taught us that geopolitical disruptions are temporary. That lesson then got everyone killed, financially speaking, in 1979. The 2003 Iraq War produced only a mild oil bump and no recession, so traders got comfortable. Then 2008 happened. Today, with Brent crude having spiked over 60% since U.S. and Israeli strikes on Iran began in late February, the same dangerous reasoning is circulating again. That narrative is that this “*event*” is manageable and will resolve quickly. If that is the case, then the economy will absorb it.

That may indeed be the case. However, the conditions that determine whether an oil shock becomes a full recession are specific, quantifiable, and worth examining with clear eyes. That is what this analysis does.

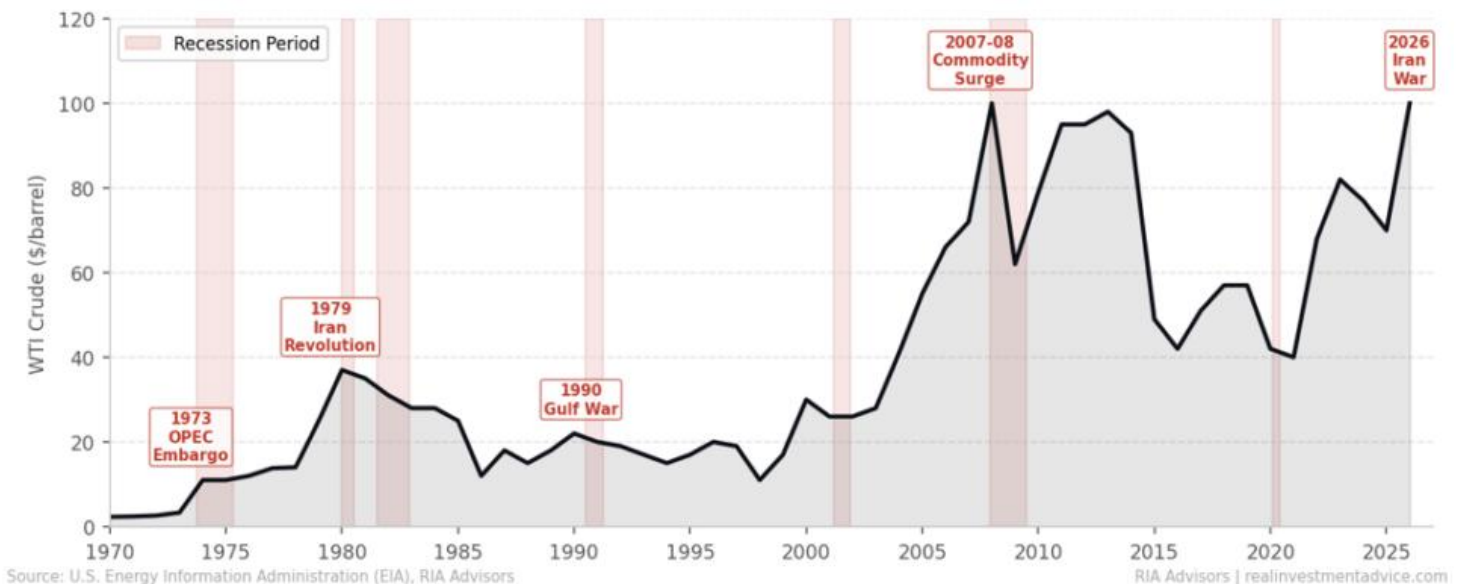


Chart 1: WTI Crude Oil Price History (1970–2026). Shaded areas indicate NBER-defined recession periods. Source: EIA, RIA Advisors.

Not All Oil Shocks Are The Same

The post-World War II era has produced a half-dozen oil price crises significant enough to reshape the global economy. They share a surface-level similarity: prices spike, headlines scream, and politicians rage. However, beyond those commonalities, they diverge dramatically in their underlying causes and economic consequences. (**Read *Energy Price as an Economic Indicator***)

The 1973 OPEC Embargo stands alone as the archetype. OPEC nations cut production and placed a deliberate embargo on the United States in response to U.S. support for Israel during the Yom Kippur War. In roughly 4 months, the price of crude oil rose from \$3 per barrel to nearly \$12 globally, a 300% surge. The U.S. economy, already running hot with inflation at 3.4%, could not absorb the blow. GDP contracted 0.5% in 1974. Unemployment climbed from 4.6% to 9% by May 1975. The Fed raised its benchmark rate from 5.75% in 1972 to 12% by 1974 and still could not contain prices. The result was stagflation: high inflation (above 9%), high unemployment, and slow economic growth. **Those THREE factors are the ugliest combination in economics.**

***Note:** That last sentence is crucially important. Headlines are currently filled with the term “stagflation.” As discussed in the linked article above, current economic data does not meet the definition of stagflation.*

The 1979 Iranian Revolution delivered a second shock to an economy still bruised from the first. Iran’s oil exports, then running at roughly 5 million barrels per day, collapsed as internal chaos overtook the country. Unlike the 1973 embargo, this was not a deliberate strategy; it was a production collapse driven by revolution. The oil supply only dropped about 4% globally, but the market’s reaction doubled crude prices to nearly \$40 per barrel within 12 months. The Iran-Iraq War, which began in 1980, compounded the disruption. The U.S. entered another recession. Fed Chairman Paul Volcker ultimately had to drive interest rates to 20% to break the inflation spiral.

The 1990 Gulf War shock was sharper but shorter. Iraq’s invasion of Kuwait removed roughly 4.3 million barrels per day from the market. Oil went from \$15 to \$42 per barrel in two months, a 75% spike. The U.S. entered a mild recession, with the S&P 500 falling about 21% from its peak. Crucially, the disruption lasted only months. Once coalition forces pushed Iraq back and Kuwaiti fields resumed production, prices fell sharply, and the economic damage was contained. **This episode is the key comparative reference point for why duration matters so much.**

The 2007-2008 oil surge is more complex. Prices rose nearly 100%, from roughly \$50 to a peak of \$147 per barrel in July 2008. The cause was not primarily a supply disruption; it was demand-driven, driven by a decade of explosive growth in China and by hoarding commodities in an unprecedented manner. But the shock landed on an economy already fracturing from the housing and credit collapse. The S&P 500 would go on to lose 55% from peak to trough. Attributing that devastation primarily to oil prices misreads the episode. The financial system’s breakdown amplified every other economic stress factor.

The Russia-Ukraine oil shock of 2022 drove Brent crude to \$139 per barrel by March before falling back. The U.S. never officially entered a recession by the traditional two-quarter GDP definition, though it suffered a significant corrective event. The key

difference was that the U.S. had by then become a net exporter of petroleum products, blunting the direct impact of prior shocks. However, the Fed was aggressively hiking interest rates to combat the surge in inflation resulting from the Pandemic-driven stimulus.

NOTE: Highlights below are mine (editor). Red = Secular Bear Green = Secular Bull Notice the difference in recessions for each.

Historical Oil Shock Episodes at a Glance

Episode	Year(s)	Oil Spike	Recession?	S&P 500 Impact
OPEC Embargo	1973–74	+300%	Yes	-48%
Iranian Revolution	1978–80	+130%	Yes	-20%
Gulf War (Iraq/Kuwait)	1990–91	+75%	Yes (mild)	-21%
Iraq War / Demand Surge	2002–08	+592%	No (until 2008)	+25% (2003–04)
Great Recession Commodity	2007–08	+97%	Yes	-55%
Russia–Ukraine	2022	+80%	No (US)	-25% (bear mkt)
2026 Iran War (YTD)	2026	+60%+	TBD	-5%+ (MTD)

Sources: EIA, Hamilton (2011) NBER Historical Oil Shocks, Federal Reserve Bank of St. Louis, Motley Fool Research. S&P 500 figures represent peak-to-trough decline during recession periods.

So, what does this mean?

What Separates The Killers From The Scares

The Federal Reserve Board’s own researchers concluded that there is no mechanical link between net oil price increases and subsequent recessions, even controlling for the magnitude of the spike. That statement sounds almost reassuring; however, what it actually means is more sobering. **The same oil shock that causes a deep recession in one environment may barely register in another. The conditions surrounding the shock determine the outcome.**

Five variables differentiate the recession-inducing shocks from the ones that economies absorbed:

- **Duration and persistence of the disruption.** *The 1973 embargo lasted six months. The Iranian Revolution removed Iranian supply for much of 1979, then extended it by the Iran-Iraq War into the 1980s. These were multi-year disruptions that forced structural change, manufacturers to reprice inputs, households to slash consumption, and central banks to make crisis decisions in real time. The 1990 Gulf War spike lasted two months before Kuwait came back online. The*

economy absorbed a body blow, but not a sustained one. The difference between a broken rib and a severed artery is time and severity.

-
- **Inflation conditions before the shock.** The 1973 and 1979 shocks both hit economies where inflation was already elevated, and inflation expectations were untethered. The St. Louis Fed's research found that the average real energy price increase preceding the four recessions between 1973 and 1991 was 17.5%, and in each case, the shock compounded pre-existing inflation dynamics. When workers expect prices to keep rising, they demand higher wages. When companies expect input costs to keep rising, they raise prices pre-emptively. The wage-price spiral becomes self-reinforcing. The 2004 to 2005 oil price increase was actually larger than the one that preceded the 2007 to 2009 recession, yet it did not trigger a recession. The difference was that inflation expectations were anchored in the mid-2000s, unlike in the 1970s.
-
- **The role of monetary policy and its timing.** Paul Volcker's decision to raise rates to 20% was the necessary kill shot on 1970s stagflation, but it also pushed the economy into a severe 1981 to 1982 recession. The Fed's response to an oil shock matters as much as the shock itself. An accommodative Fed that lets oil-driven inflation embed in the broader economy risks a worse outcome. A hawkish Fed that overreacts to supply-side inflation can trigger a recession independent of the oil shock itself. Neither 2003 nor 2010 saw the Fed forced into a crisis tightening cycle specifically because of oil.
-
- **Energy intensity of the economy.** This is the most structurally important factor for the current period. The amount of oil required to produce one unit of U.S. GDP has declined by more than 70 percent since the 1970s, according to World Bank data. As Paul Krugman noted in a recent analysis, the U.S. economy has roughly tripled in size since the late 1970s while consuming approximately the same total volume of oil. Every dollar of GDP today requires dramatically less energy than it did in 1973. As the IMF estimated, a sustained 30% increase in oil prices would reduce global GDP by up to 0.5%, which is serious but not catastrophic. The same shock in 1973 could cause damage multiple times that amount.
-
- **U.S. net energy position.** In 1973, the United States imported nearly everything it consumed. Today, the U.S. runs a net petroleum trade surplus — \$58 billion in 2025, per Census Bureau data. Higher oil prices are a direct tax on importers. They're a revenue windfall for exporters. The U.S. is now partially both, which fundamentally changes the calculus. Energy companies and the states where they operate benefit from price spikes even as consumers are hurt. That offset did not exist in any meaningful way before the shale revolution.

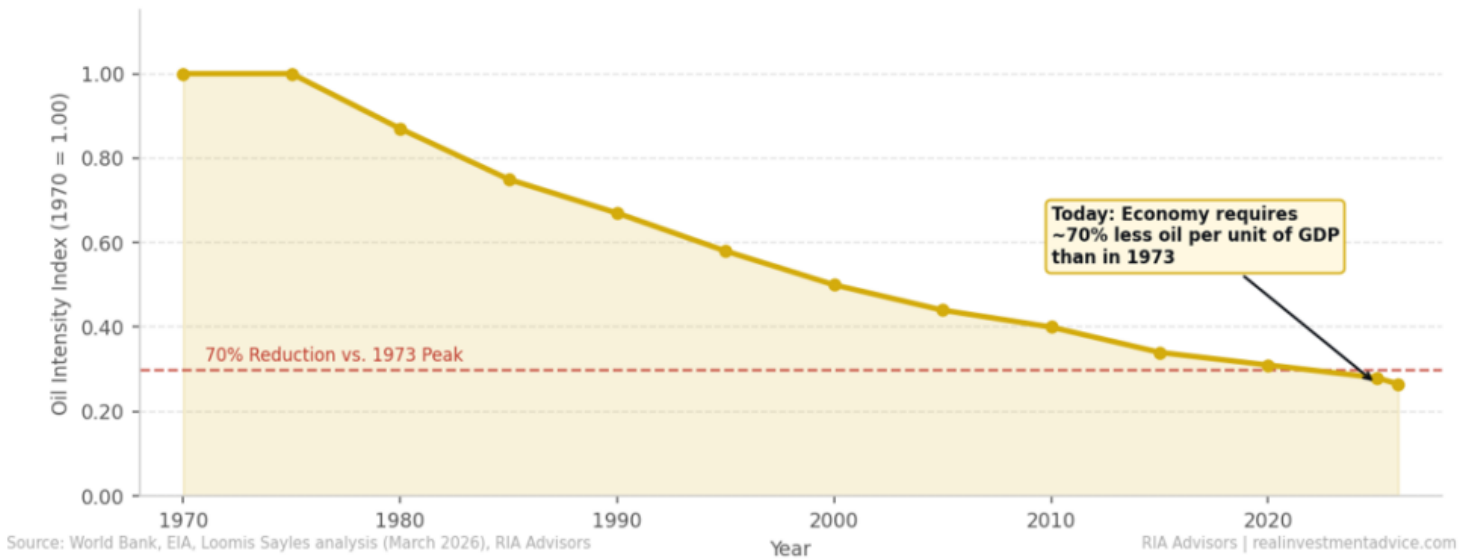


Chart 2: U.S. Oil Intensity of GDP, 1970–2026 (indexed to 1970 = 1.00). The U.S. economy now requires roughly 70% less oil per unit of economic output than it did at the 1973 peak. Source: World Bank, EIA, Loomis Sayles (March 2026).

The 2026 Oil Shock – How Does It Compare?

On February 28, 2026, the United States and Israel launched coordinated strikes on Iran targeting leadership, security forces, and missile infrastructure. Within days, Iran retaliated with missile strikes targeting oil vessels and infrastructure throughout the Gulf region. The Strait of Hormuz, through which roughly 20 million barrels per day of crude oil and refined products normally flow, representing about 20% of global seaborne oil trade, effectively closed to normal traffic. Such headlines generally provide a springboard for more catastrophic views.

"I would argue that we could have years of above-\$100, closer to \$150, oil, which has profound implications in the economy... The \$40 oil implication is one of abundance and growth; the other is an outcome of probably stark and steep recession."

— Larry Fink, CEO, BlackRock — March 25, 2026

Those actions caused Brent crude to surge from around \$70 per barrel before the conflict to \$113.52 as of March 23. That is a 60-plus percent spike in under four weeks. In nominal terms, this is approaching the 2008 peak of \$147 per barrel. The IEA's 32 member nations coordinated the largest emergency drawdown of strategic reserves in the agency's 52-year history, releasing 400 million barrels, more than double the volume deployed after the Russia-Ukraine outbreak in 2022.

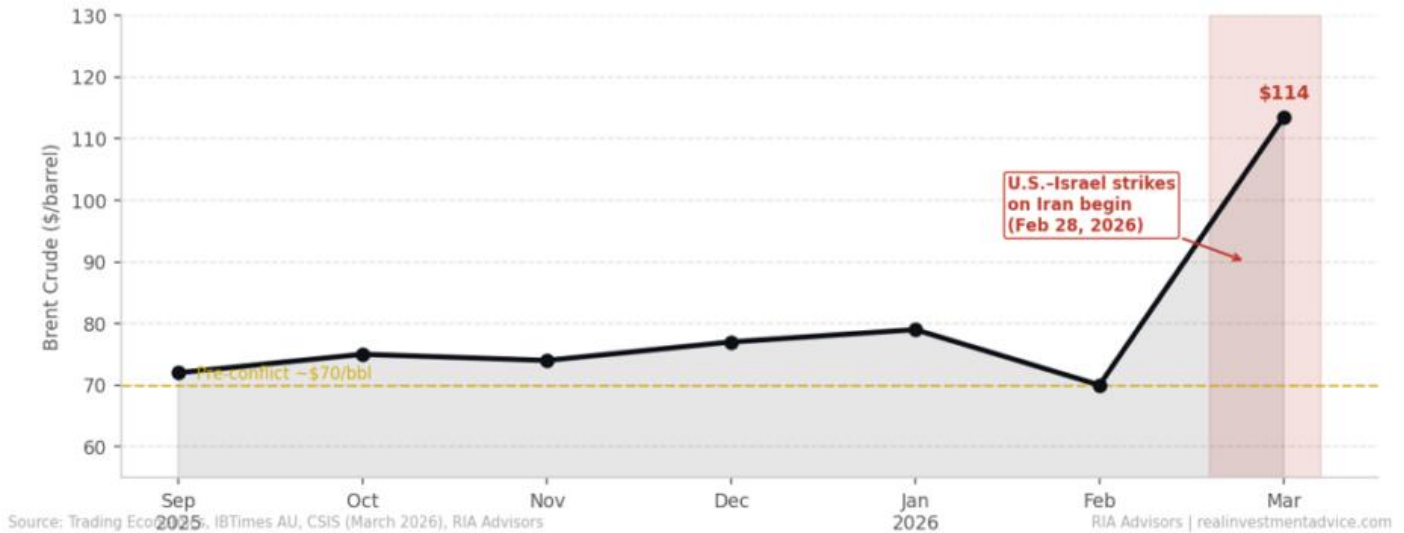


Chart 4: Brent Crude Oil Price, September 2025–March 26, 2026. The U.S.-Israel conflict with Iran triggered a 60%+ surge in under four weeks. Source: Trading Economics, CSIS, IBTimes AU.

So is this time different? In some ways, yes — and in ways that cut both directions.

The structural arguments for a more muted impact are real.

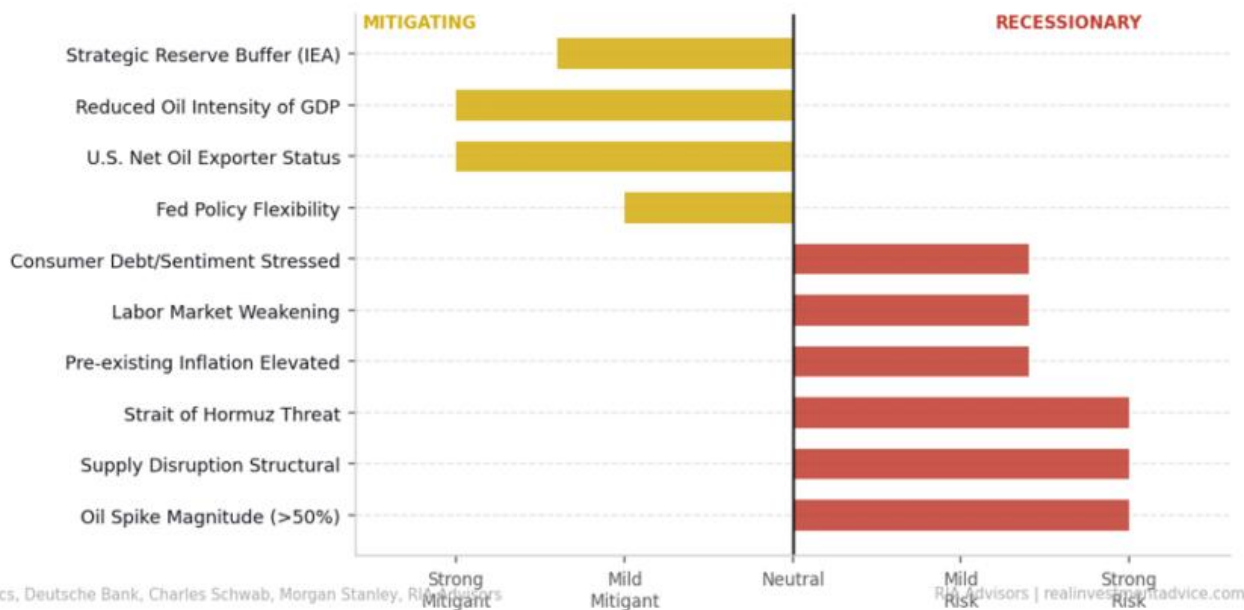
- *The U.S. oil intensity of GDP has fallen roughly 70% since 1973.*
- *The U.S. is a net petroleum exporter.*
- *The strategic reserve architecture now exists specifically for scenarios like this.*
- *And inflation expectations, while elevated, are nowhere near the unanchored levels of the late 1970s.*

Given this backdrop, Oxford Economics modeling suggests that global oil prices would need to average \$140 per barrel for two months, alongside significant financial market tightening and deteriorating consumer confidence, to pose a clear recessionary risk. On the other hand, the arguments for this being a more dangerous shock are equally serious. The Strait of Hormuz presents a physical chokepoint that cannot be bypassed through rerouting or sanctions workarounds, the way Russian supply was redirected after 2022. Roughly 80% of Asia's oil imports transit that strait. Vietnam holds fewer than 20 days of reserve supply. The European Central Bank has already postponed planned rate cuts, raised its 2026 inflation forecast, and warned of the risk of stagflation for energy-intensive economies. Germany, the UK, and Italy face the highest recession exposure in Europe. And the U.S. economy entered this shock with a soft labor market, elevated consumer debt, declining consumer sentiment, and a stock market trading at historically expensive valuations before the conflict began.

Capital Economics recently projected that even in a contained three-month conflict scenario, Brent could average \$150 per barrel over the next six months. In such a

prolonged scenario, the IMF Managing Director warned of a meaningful global inflationary impact. Morgan Stanley also flagged that a conflict lasting longer than a few weeks would meaningfully raise recession probabilities through multiple channels: energy costs, inflation persistence, and tightening financial conditions.

This shock is bigger in scope than 1990, comparable in speed to 1973, structurally more like the physical supply shock of 1979 than the demand-driven surge of 2007, and occurring in an economy that is better insulated in some ways but already stressed in others.



Source: Oxford Economics, Deutsche Bank, Charles Schwab, Morgan Stanley, RIA Advisors | realinvestoradvice.com

Chart 5: 2026 Oil Shock Recession Risk Factor Scorecard. Red bars indicate conditions that increase recession risk; gold bars indicate mitigating factors. Source: Oxford Economics, Deutsche Bank, Charles Schwab, Morgan Stanley, RIA Advisors.

The honest answer is that the outcome is genuinely uncertain and a situation that investors should not entirely ignore.

MARKET BEHAVIOR AND THE INVESTOR PLAYBOOK

History draws a sharp line between market outcomes in oil shocks that became recessions and those that did not. That line does not disappear just because it's uncomfortable.

In the four oil-linked recessions between 1973 and 1991, the S&P 500 experienced average peak-to-trough declines of 20-48%. The 2007 to 2009 Great Recession, where elevated oil prices compounded financial system collapse, saw the index fall 55% from its highs. Recovery in these recession scenarios took anywhere from 126 trading days (*post-COVID*) to 895 trading days (*post-Great Recession*) to reclaim prior levels. That dispersion matters to any investor thinking about sequence-of-returns risk or near-term liquidity needs.

The non-recession oil shock episodes tell a different story. After the 2003 Iraq War oil spike, the S&P 500 delivered roughly 25% gains over the following year. Following the 2016 OPEC production cut cycle and resulting price rebound, equities posted approximately 19% returns in the subsequent 12 months. Kedia Advisory's analysis of 7 oil spike episodes since 1986 found that the S&P 500 averaged a 24% return in the year following a major oil surge, with 6 of the 7 episodes producing positive forward returns. The one exception was 2008, when oil's spike coincided with total financial system breakdown.

The critical investor lesson is that the oil shock itself rarely determines the market outcome. The recession does. And the recession typically follows when the shock is persistent, when it combines with pre-existing economic weakness, and when monetary policy cannot respond flexibly. That is precisely the risk matrix investors need to monitor right now.

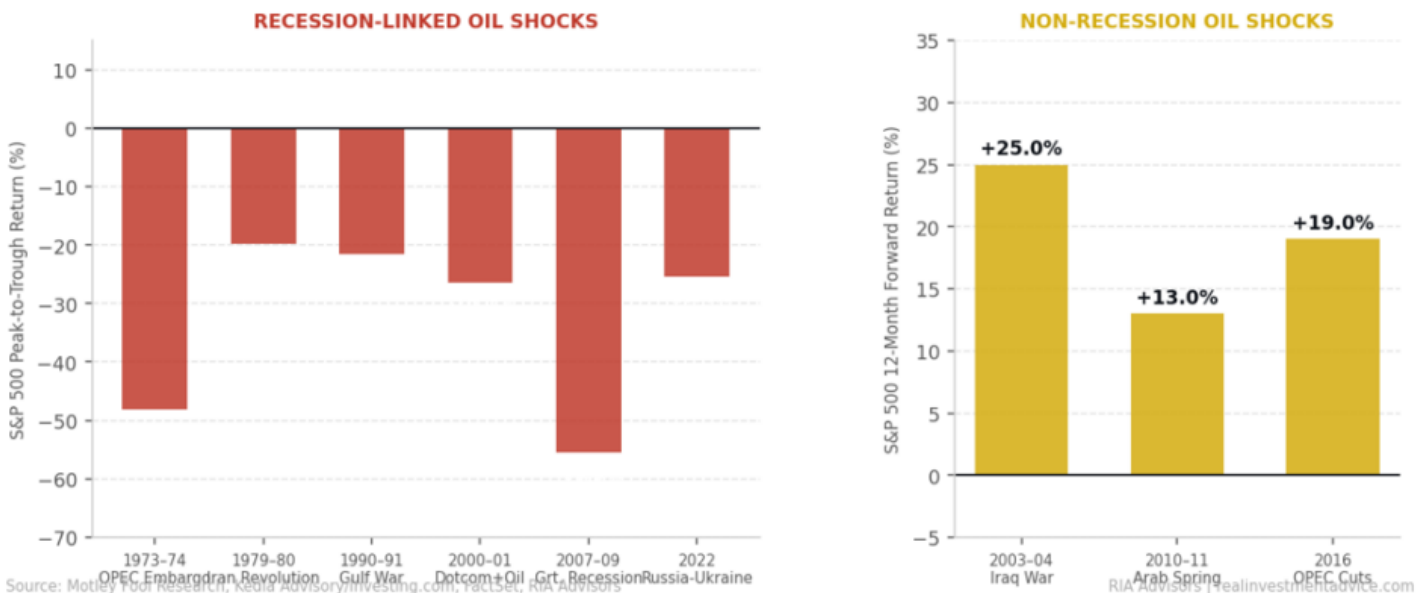


Chart 3: S&P 500 Performance — Recession-Linked vs. Non-Recession Oil Shocks. Left panel shows peak-to-trough declines during recessions following oil shocks. Right panel shows 12-month forward returns in non-recessionary oil shock episodes. Sources: Motley Fool Research, FactSet, Kedia Advisory.

What should investors do differently given this analysis? Three principles apply regardless of how the current conflict resolves.

- **Manage duration risk in fixed income carefully.** If this shock persists and inflation re-accelerates, the Fed will face pressure to keep rates higher for longer. That means Treasuries with long maturities carry more risk than they appear. Short-duration Treasuries and I-bonds remain the cleaner defensive position.
- **Review energy exposure deliberately.** Energy stocks historically outperform during sustained oil price shocks. The 2022 experience confirmed this as energy was the only S&P 500 sector to post positive returns for the year. But energy stocks often

reverse sharply when the shock resolves, so this is a tactical, not a structural, position.

- ***Most importantly, do not let the shock force reactive decisions. The S&P 500 is already down about 7% month-to-date as of late March. A further 10 to 15% correction would not be historically unusual, even in a non-recessionary oil-shock scenario. For investors with properly structured portfolios, that kind of volatility is noise. For investors concentrated in high-multiple, rate-sensitive growth stocks, it may be the beginning of a more serious repricing.***

The data across 50 years of oil shocks says this: if it's a scare, markets often recover quickly, and investors who sold regret it. If it's the beginning of a recession, the damage compounds for months before the bottom is clear. The difference between those two outcomes is driven by factors that are still unfolding and questions that need to be answered.

- *How long will the Strait of Hormuz remain disrupted?*
- *Will inflation expectations remain anchored or begin to drift higher?*
- *And, most critically, will the Fed maintain its policy flexibility or lose it?*

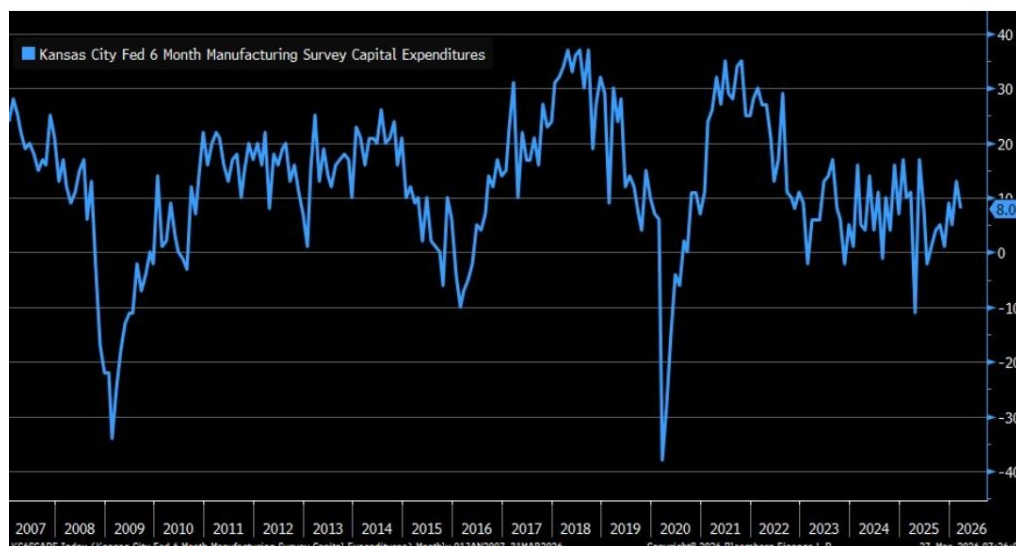
I'm watching all three closely, and so should you.

Good luck trading...

March Kansas City Fed Manufacturing Index up to +11 vs. +3 est. & +5 prior (highest since July 2022) ... broad-based strength with new orders, production, shipments, and employment all higher; prices paid rolled over but remained in expansions



Per KC Fed, capex plans for manufacturing firms eased slightly in March, but series remains in expansion and in uptrend over past year



Services firms surveyed by NY Fed saw significant jump in prices paid expectations in next 6 months ... series rose sharply in March back towards higher end of range over past few years



Outlook for prices paid starting to heat up again per March update of Dallas Fed Manufacturing Index



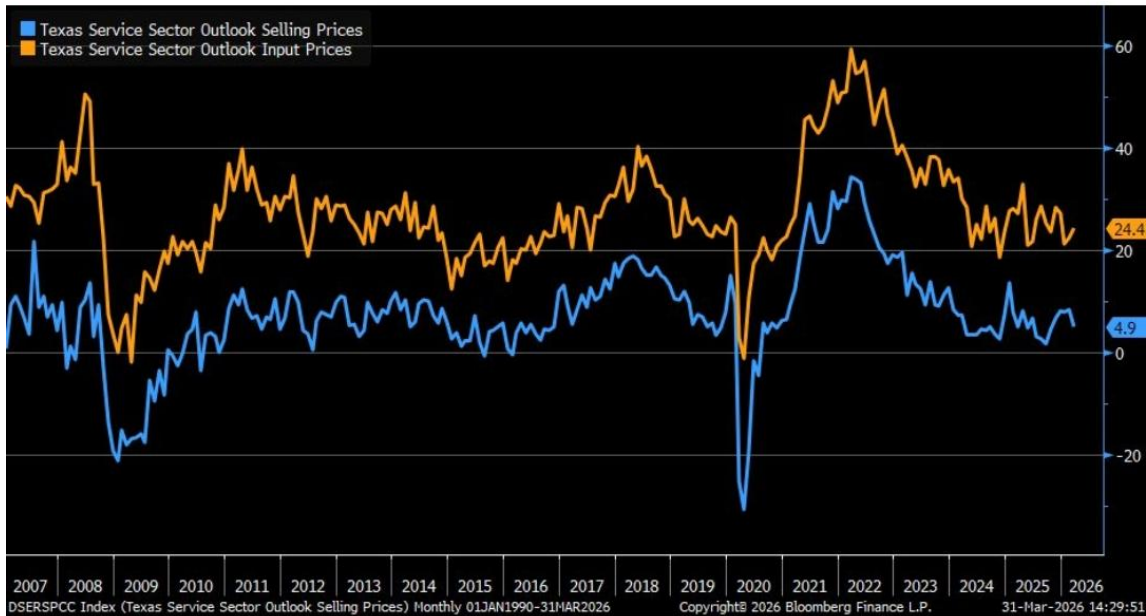
Retail sales' y/y trend improved to +3.7% in February (a nice improvement from recent low of +2.4% in December)



S&P 500's forward P/E has been compressing on a year/year basis for a good chunk of 2026 so far



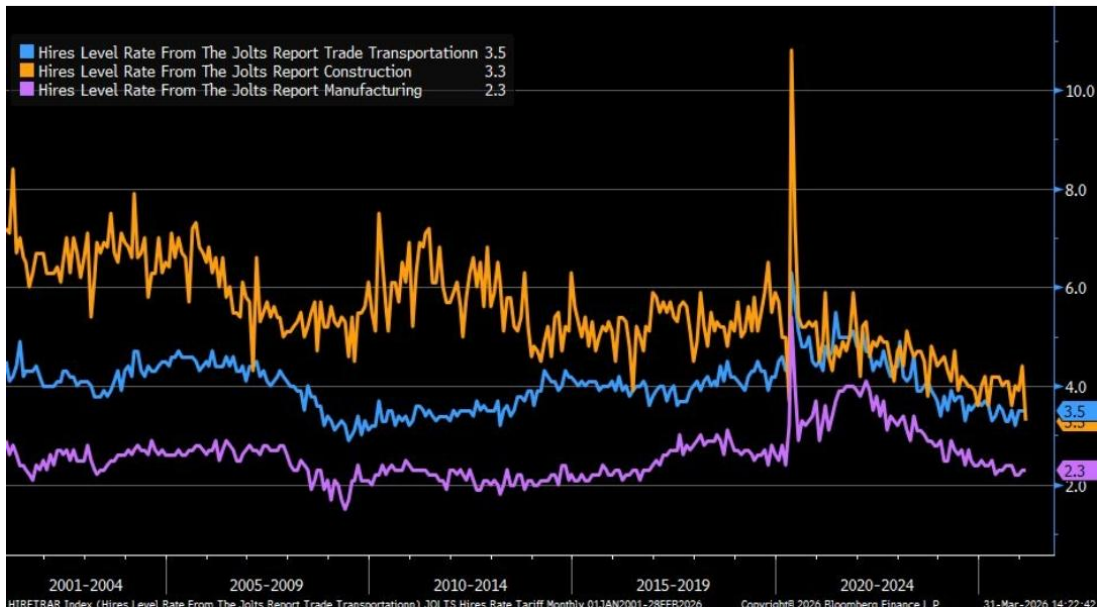
Per Dallas Fed's Services Index, input price pressures (orange) increased in March while selling price pressures (blue) eased



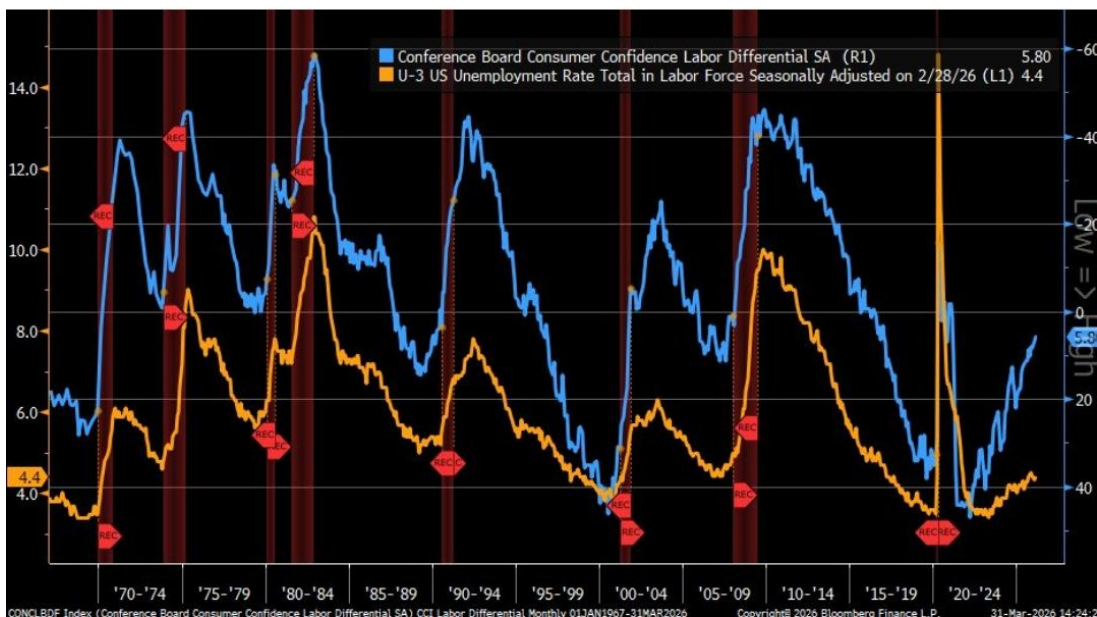
Home price growth came in right near median (going back to 1990) on 3m annualized basis in January per S&P CoreLogic data



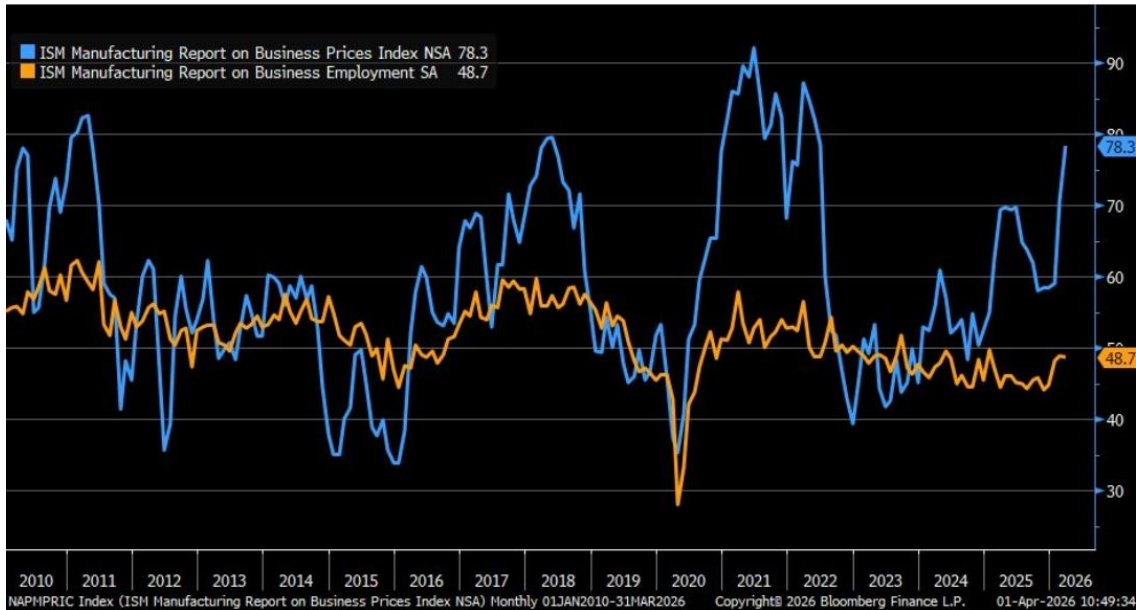
Hiring rates for trade/tariff-impacted sectors remained low (or in some cases, at all-time lows) in February per JOLTS data



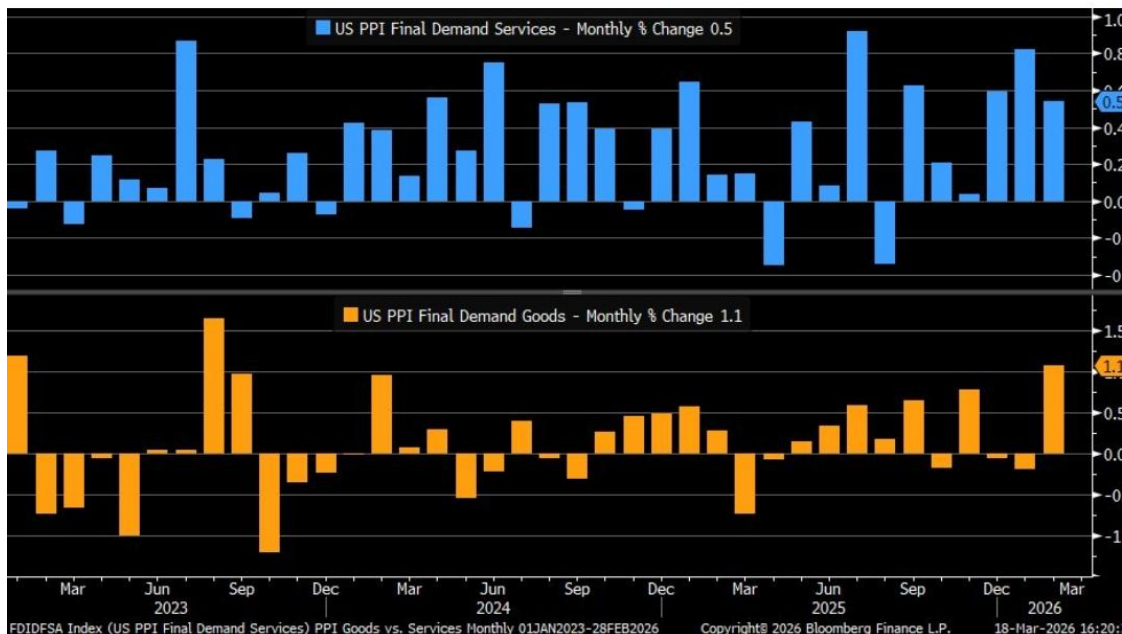
Slight improvement in the Conference Board's labor differential (blue) in March, which would historically suggest a continued move higher in the unemployment rate (orange)



Stagflationary vibe to March ISM data with prices paid (blue) surging and employment (orange) remaining in contraction



For February PPI, services (blue) increased for sixth consecutive month and goods (orange) saw largest jump since August 2023





Returns After S&P 500 Drawdowns

S&P 500 Forward Returns and Win Ratios by Different Drawdown Thresholds
Since 1950.

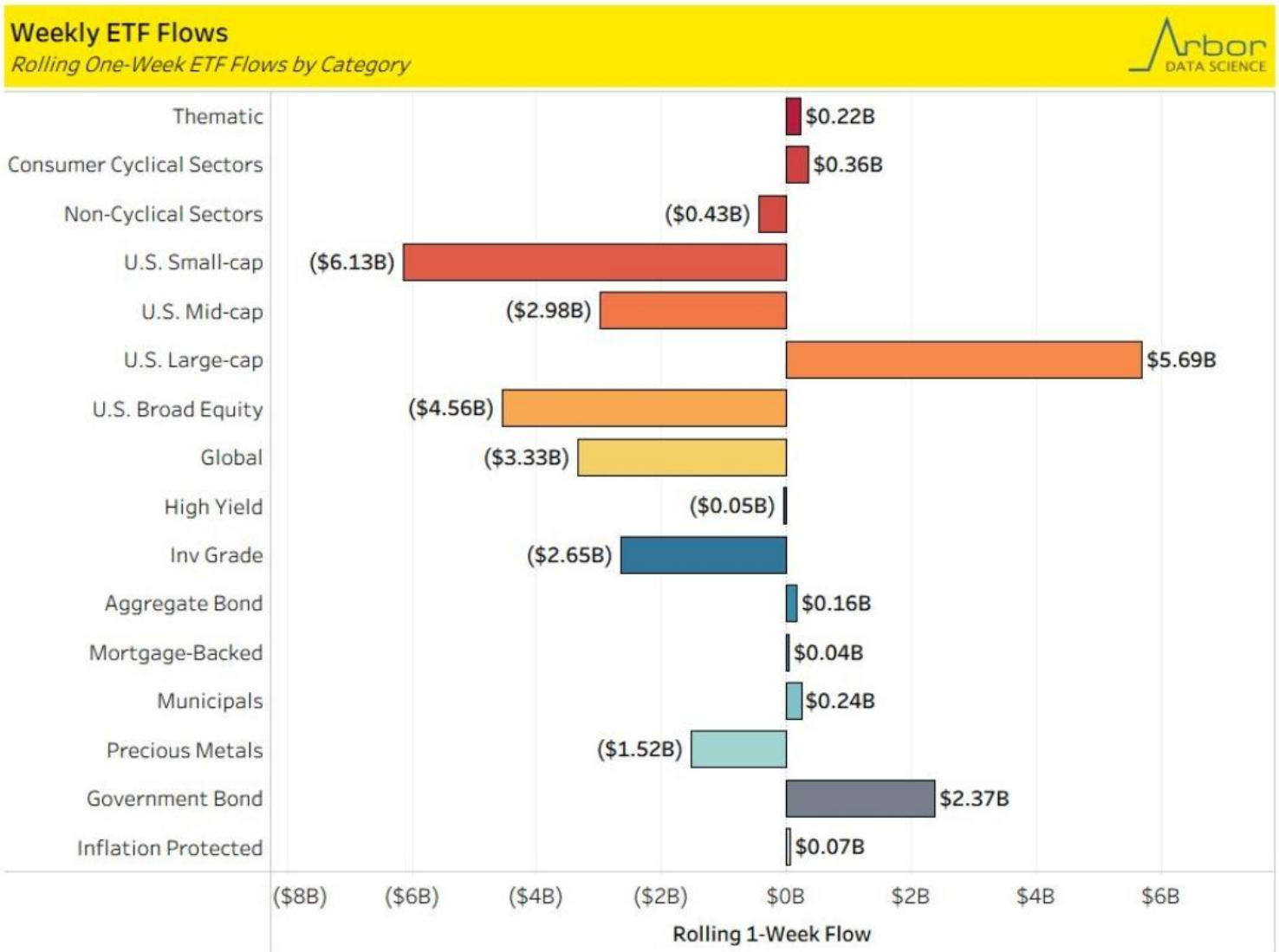


Source: Ritholtz, data via YCharts

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Over past week, U.S. large caps led again with most inflows, followed by government bonds in distant second ... U.S. small caps on opposite end of spectrum with >\$6B in outflows



Best Asset Classes

Data from NYU. Annualized returns. (Stocks = S&P 500, Cash = 3-month T-bills, Bonds = 10 year Treasuries, Real Estate = Case-Shiller Index, Gold = Year-End Price per oz, Inflation = CPI)

BY DECADE!

	 Stocks	 Cash	 Bonds	 Real Estate	 Gold	 Inflation
1930s	-0.9%	1.0%	4.0%	-1.2%	5.3%	-2.0%
1940s	8.5%	0.5%	2.5%	8.1%	-0.8%	5.4%
1950s	19.5%	2.0%	0.8%	3.0%	1.0%	2.2%
1960s	7.7%	4.0%	2.4%	2.2%	1.6%	2.5%
1970s	5.9%	6.3%	5.4%	8.7%	28.6%	7.4%
1980s	17.3%	8.8%	12.0%	5.9%	-2.5%	5.1%
1990s	18.0%	4.8%	7.4%	2.7%	-3.1%	2.9%
2000s	-1.0%	2.7%	6.3%	4.0%	14.1%	2.6%
2010s	13.4%	0.6%	4.1%	3.8%	3.4%	1.8%
2020s	11.9%	1.9%	-2.4%	10.2%	8.0%	4.5%
Average	10.3%	3.3%	4.3%	4.7%	5.6%	3.2%



LARGEST U.S. TREASURY HOLDERS

As of September 2025

Total foreign U.S. Treasury holdings reached **\$9.249** trillion in September 2025.

