



Coffee & Commentary

March 16, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- Major U.S. stock indexes declined for the third straight week, with the S&P 500, NASDAQ, and Dow Jones Industrial Average each falling roughly 1%–2% as ongoing geopolitical tensions and persistently high oil prices continued to pressure both equity and bond markets. Final results on the week were; **S&P 500 -1.6%**, **NASDAQ -1.3%**, and the **Dow -2.0%**.
- Conflict in the Middle East and disruptions to shipments through the Strait of Hormuz drove volatility in oil markets for a second straight week. U.S. crude futures surged to \$119 per barrel on Monday before briefly falling below \$77 the following day. By Friday afternoon, oil was trading near \$98, well above the recent low of roughly \$65 recorded on February 27.
- The Federal Reserve's preferred inflation measure remains above its long-term 2% target. On Friday, the core Personal Consumption Expenditures (PCE) Price Index, which excludes volatile food and energy prices, rose to 3.1% in January, slightly higher than December's 3.0% reading. On a monthly basis, core inflation increased 0.4%.

2. How are we to prepare and act?

- Markets spent the past several weeks navigating an unusually dense fog of geopolitical uncertainty as conflict in Iran and disruptions to global oil supply injected fresh volatility into financial markets. Policymakers and

global institutions moved quickly to stabilize the energy arena, with the International Energy Agency announcing a coordinated release of 400 million barrels from member nations' strategic reserves, while the United States authorized a temporary purchase of sanctioned Russian oil to help offset supply shortages. Even with these measures, oil prices remain roughly 45% higher than their pre-conflict levels, raising concerns that energy costs could stay elevated longer than investors initially expected. Despite the turbulence, recent inflation data offered mixed but generally stable signals, with February's Consumer Price Index showing inflation holding steady, while housing inflation continued to moderate as owners' equivalent rent rose at its slowest pace since 2021.

- Looking ahead, the central question for policymakers and investors alike is whether the recent surge in energy prices represents a temporary shock or the beginning of a more persistent inflationary pressure. Energy makes up roughly 6% of the consumer price index, and if elevated oil prices persist, they could push headline inflation back above 3% in the coming months. Against this backdrop, the Federal Reserve is widely expected to hold interest rates steady at its upcoming meeting, keeping the federal funds target range at roughly 3.50% to 3.75%. With no immediate policy change anticipated, investor attention will likely shift to the Fed's updated economic projections and any signals about the future pace of rate cuts. Market expectations for easing have already shifted modestly, with investors now pricing in fewer cuts as near-term inflation expectations rise. However, many of the underlying forces shaping inflation remain constructive: labor-market conditions have gradually normalized, productivity growth has strengthened, and the broader economy entered this period with solid momentum. U.S. consumers may also receive some support from higher tax refunds this year, while unemployment remains historically low and layoffs limited. Taken together, these factors suggest that while geopolitical tensions and energy prices may create short-term volatility, the longer-term economic backdrop remains relatively supportive for both global growth and financial markets.

3. Taking a look at the week ahead.

- Monday — Housing Market Index
- Tuesday — Pending home sales
- Wednesday — Fed meeting concludes; Powell press conference
- Thursday — Weekly unemployment claims
- Friday — No major reports

As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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