

## Coffee & Commentary

March 30, 2026

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### 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?

- Early-week gains in the U.S. stock market quickly faded, as selling pressure on Thursday and Friday pushed major indexes lower for a fifth consecutive week. Final results on the week were; **S&P 500 -2.1%**, **NASDAQ -3.2%**, and the **Dow -0.9%**.
- U.S. government bond prices declined for a fourth consecutive week as expectations for future rate cuts continued to fade. The yield on the 10-year Treasury rose to 4.43%, marking its highest level in more than eight months. Meanwhile, the 2-year yield briefly moved above 4.00% on Friday before settling at 3.91%.
- A key measure of U.S. consumer sentiment declined to its lowest level of 2026, reversing recent improvements. The University of Michigan's survey showed sentiment falling to 53.3 in March from 56.6 in February, a larger drop than economists had expected, as forecasts had pointed to a more modest decline to around 54.0.

### 2. How are we to prepare and act?

- Markets have recently been navigating a highly reactive, headline-driven environment, where developments in the Iran conflict and the resulting swings in energy prices are shaping investor sentiment and asset performance on a near-daily basis. Early optimism around potential de-escalation—fueled by ceasefire discussions and policy efforts to stabilize

energy supply—briefly supported both equities and bonds, but that momentum quickly faded as it became clear that meaningful resolution remains uncertain. As the conflict has stretched toward the one-month mark, markets have increasingly priced in the possibility of a more prolonged disruption to global oil supply, pushing energy prices higher and sustaining volatility across asset classes. The impact is already visible at the consumer level, with gasoline prices rising sharply from around \$2.80 earlier in the year to nearly \$4 per gallon, effectively increasing everyday costs and feeding into broader inflation measures. While energy represents a relatively small share of the overall inflation basket, its influence extends beyond the pump, affecting everything from transportation to food and utilities, and is expected to push headline inflation closer to 3.5% in the near term.

- Despite these near-term headwinds, the broader economic picture remains more balanced than the market's volatility might suggest. Household balance sheets remain relatively strong, the labor market, though cooling, is still stable, and fiscal tailwinds such as tax relief are helping to cushion the impact of rising costs. Growth is expected to remain resilient overall, even as interest-rate-sensitive sectors like housing and business investment face renewed pressure from higher borrowing costs. For policymakers, this environment presents a familiar but difficult balancing act: rising energy prices push inflation higher in the short term, while simultaneously introducing downside risks to growth. The Federal Reserve appears inclined to look through what it views as a largely supply-driven shock, maintaining a cautious stance rather than reacting aggressively. In the meantime, elevated volatility may persist, but it is also creating opportunities. Higher bond yields are offering more attractive income potential, while recent equity declines have brought valuations to more appealing levels.

### **3. Taking a look at the week ahead.**

- Monday — No major reports scheduled
- Tuesday — Consumer Confidence Index
- Wednesday — Retail sales
- Thursday — Weekly unemployment claims
- Friday — Good Friday, markets closed

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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,

**Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®**

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