ALPHA ZERO

Coffee & Commentary
March 9, 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?

- Geopolitical tensions in the Middle East, a surge in oil prices, and a weaker-than-expected monthly jobs report pressured markets last week, sending U.S. stock indexes lower for a second consecutive week. Final results on the week were; S&P 500 -2.0%, NASDAQ -1.2%, and the Dow -3.0%.
- Escalating military tensions across the Middle East sent energy markets sharply higher, lifting oil prices to their highest levels since September 2023. With shipments through the Strait of Hormuz significantly disrupted, U.S. crude rose to around $91 per barrel by late Friday afternoon, up from roughly $67 the week before.
- February's employment report came in well below expectations, showing a net loss of 92,000 jobs when economists had anticipated a gain of roughly 50,000. The decline marked the third monthly drop in payrolls over the past five months, and revisions to earlier data further weakened the picture, with December and January job totals reduced by a combined 69,000.

2. How are we to prepare and act?

- Financial markets faced a difficult combination of forces last week, as geopolitical tensions and economic data created a challenging backdrop for investors. Taken together, these developments created a stagflationlike mix—slower growth alongside renewed inflation pressure—that unsettled markets and prompted a broad shift toward defensive positioning. Oil prices surged more than 30% during the week, while U.S. equity markets declined and international stocks fell even further. Government bond yields moved higher, with the 10-year Treasury rising about 20 basis points, reflecting investor uncertainty about how central banks might respond if inflation pressures persist. The disappointing February employment report reinforced these concerns, as over the past three months job creation has slowed to a near standstill, averaging only a few thousand net new positions. Even so, the unemployment rate edged only slightly higher to 4.4%, suggesting the labor market remains relatively stable despite the softer hiring trend.

- The surge in oil prices has become the central variable shaping investor expectations, particularly because energy shocks have historically had the potential to slow economic activity while simultaneously pushing inflation higher. However, the presence of greater domestic energy production and a lower reliance on oil relative to economic output mean that today's economy is less sensitive than in past decades. With oil currently trading around $90 per barrel, models based on long-term historical data suggest the probability of a recession has increased modestly but still remains relatively low. With rising energy prices potentially impacting the trajectory of U.S. inflation, the focus will very quickly shift to the Federal Reserve and how they respond to current events. Despite all the recent volatility, the broader economic picture remains constructive. Corporate earnings continue to expand, investment in technology and artificial intelligence remains strong, and fiscal policy measures are beginning to support household incomes. While geopolitical tensions could continue to generate short-term market swings, history suggests these shocks often fade more quickly than initially feared, leaving long-term economic and investment trends largely intact.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — Existing home sales
- Wednesday — Consumer Price Index (CPI)
- Thursday — Weekly unemployment claims
- Friday — Personal Consumption Expenditures Price Index (PCE)

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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,

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