Coffee & Commentary
April 13, 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 surged between 3% and 5%, roughly matching the prior week's gains. The rally was driven in part by easing tensions in the Middle East, which helped push oil prices down and provided a tailwind for equities. Final results on the week were; S&P 500 +3.58%, NASDAQ +4.7%, and the Dow +3.04%.
- Back-to-back weekly gains helped the market recover much of March's earlier losses. Over the two-week stretch, the NASDAQ rose roughly 9%, the S&P 500 gained about 7%, and the Dow advanced around 6%. Despite the rebound, year-to-date performance remained muted, with the S&P 500 and Dow roughly flat on a total return basis and the NASDAQ still down about 1%.
- Easing tensions in the Middle East triggered a sharp drop in oil prices, with U.S. crude falling about 15% on Wednesday to as low as $91 per barrel following a cease-fire announcement. By Friday afternoon, oil was trading near $96—down roughly 13% for the week and significantly below its recent intraday peak of around $119 on March 9.

2. How are we to prepare and act?

- Markets have recently moved from tension to tentative relief, as a ceasefire between the United States, Iran, and Israel provided a welcome pause in a conflict that had been driving sharp swings across global assets. The announcement triggered a strong rebound in both stocks and bonds, while oil prices fell meaningfully as fears of immediate supply disruption eased. Despite the strength of the rebound, the underlying tone in markets remains cautious. Oil prices, while lower, are still elevated compared to pre-conflict levels, and activity through the Strait of Hormuz remains limited. Investors appear to be weighing the significance of early diplomatic progress against the reality that meaningful obstacles remain, including unresolved issues around regional security and the durability of any long-term agreement. As a result, while volatility has subsided from its recent peaks, markets continue to respond quickly to geopolitical developments, reflecting a broader uncertainty about how the situation may evolve in the weeks ahead.

- At the same time, economic data is beginning to reflect the lingering effects of the recent energy shock, particularly through higher inflation. The latest Consumer Price Index reading showed annual inflation rising to 3.3%, a sharp increase from the previous month and well above the Federal Reserve's long-term target. Much of this acceleration was driven by energy, with that component surging 12.5% year over year and contributing to one of the largest monthly increases in inflation seen in several years. Even as oil prices have begun to ease, these higher costs are expected to continue filtering through the economy in the near term, putting pressure on household budgets and potentially slowing consumer spending. Encouragingly, some underlying inflation trends remain more stable, with areas such as housing showing signs of moderation, suggesting that the broader inflation picture may improve once energy-related effects begin to fade.

3. Taking a look at the week ahead.

- Monday — Existing home sales
- Tuesday — Producer Price Index
- Wednesday — Housing Market Index
- Thursday — Weekly unemployment claims
- Friday — No major reports

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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®
Founder, CEO & CIO
Alpha Zero
2500 N Military Trail, Suite 316
Boca Raton, FL 33431
Phone: (561) 576-2599 Ext. 124
eric@alphazerowealth.com

Visit our website

Alpha Zero
2500 N Military Trail, Suite 316, Boca Raton, FL 33431
Phone: (561) 576-2599 Ext. 124
eric@alphazerowealth.com

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Alpha Zero | 2500 N Military Trail Suite 316 | Boca Raton, FL 33431 US