Coffee & Commentary

April 6, 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. indexes rebounded, finishing the week up 3% to 4% as stocks regained momentum after five straight weeks of losses. Markets continued to be driven by developments in the Middle East, with a strong rally on Tuesday and heightened intraday volatility throughout the holiday-shortened trading week. Final results on the week were; S&P 500 +3.45%, NASDAQ +4.5%, and the Dow +3.11%.
- After a brief period of stability, global oil markets were jolted by renewed geopolitical tensions, reigniting concerns over potential disruptions to shipments through the Strait of Hormuz. U.S. crude climbed to around $112 per barrel on Friday—the highest level since mid-2022 and a notable increase from the $90 to $100 range that had prevailed through most of March.
- The U.S. labor market showed renewed strength in March, with the economy adding 178,000 jobs—well above expectations and a sharp rebound from the prior month's revised loss of 133,000 jobs. The report, released Friday during a stock market holiday, also showed the unemployment rate edging down to 4.3% from 4.4% the previous month.

2. How are we to prepare and act?

- Markets are navigating a delicate balance between cautious optimism and persistent uncertainty as geopolitical tensions in the Middle East continue to shape the near-term outlook. Messaging around the conflict remains mixed, with indications that military activity could continue even as discussions around a potential resolution linger in the background. Reports surrounding the Strait of Hormuz have suggested potential paths forward, but overall flows through the region remain significantly constrained, keeping oil prices elevated and markets sensitive to each new headline. Against this backdrop, stocks have shown an ability to recover from recent lows, even as intraday volatility remains elevated and conviction among investors appears tentative. The broader takeaway is that while markets are increasingly hopeful for de-escalation, they are not yet confident in its timing or durability, leaving asset prices closely tied to geopolitical developments and energy market dynamics.

- Looking beyond the immediate volatility, the duration of the oil shock remains the key variable shaping both economic and market outcomes. A shorter disruption lasting a few additional weeks would likely allow oil prices to gradually retreat, limiting the impact on global growth and supporting modest gains in equities, particularly in the United States. In contrast, a more prolonged disruption stretching several months could push oil prices significantly higher, introduce supply shortages, and increase the probability of a broader economic slowdown, especially in regions more dependent on imported energy. For now, both markets and forward-looking indicators such as oil futures suggest that investors are leaning toward the more contained scenario, with expectations that prices will moderate toward the $70 to $80 range by year-end.

3. Taking a look at the week ahead.

- Monday — Institute for Supply Management's nonmanufacturing index
- Tuesday — Consumer credit
- Wednesday — Release of minutes fom March Fed meeting
- Thursday — Personal Consumption Expenditures (PCE) Price Index
- Friday — Consumer Price Index (CPI)

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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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