Summary:

- Strait of Hormuz still closed, energy and defense stocks up, US Treasury yields up, VIX up, rest of the market down. **Energy sector (XLE)** surged +5.5%, **Utilities (XLU and UTES)** climbed +2.1% and +4.2%, respectively. Worst sectors were **Communication Services (XLC**, -4.6%) and **Software (IGV**, -7.4%). Risk proxy, **ARK Innovation (ARKK)** fell -6.5% and Magnificent 7 stocks (MAGS) dropped -5.0% w/w as Meta (META) and Alphabet (GOOGL) saw social media lawsuits go against them and crushed their stocks by -11.4% and -8.9%, respectively.

Summary:

- In more detail, market averages fell for the fifth straight week. The Nasdaq fell -3.2% and now sits down -9.9% for the year, the S&P500 fell -2.1% w/w and -7% YTD, and the DJ Industrial Average fell -1.9% and is down -6% YTD. All three averages are in correction territory defined as when they are off -10% from their highs. Volatility was high - the S&P fell 3 out of 5 days with 2 down days more than -1.6%. The US 10 year rose for the 4th consecutive week, climbing 5bps to +4.43%, the highest level since June 2025.

- Market environment is more bearish as all major averages are trading below the 200-day moving average except the Russell 2000 which is holding right at the 200day.

- The main bullish talking point is that talks are reportedly being held even if other countries are brokering communications and President Trump extended deadline for any power plant destruction out to April 6. Iran has allowed some vessels to pass or going to allow passage through the Strait of Hormuz with 10 tankers being the “present” President Trump said Iran gave to the US. Malaysia, Spain, and Thailand will see tankers also pass through according to news reports. Consumer spending outside of gasoline still up a solid +3.6% y/y for the w/e 21Mar. Further US oil intensity in the economy is just 1.7% of GDP in 2024 vs 4.8% in 1974.

- Main bearish narrative is conflict resolution skepticism higher due to volatility and one-sided messaging on negotiations, US troop deployment, and asymmetric dynamic regarding reopening Strait of Hormuz, worries about central bank hawkish potential reactions (as mistaken as that may be in our view).

- Another round of bearishness in Software following Anthropic computer control announcement with Claude AI agent to rival OpenClaw. Background is that

OpenClaw is an open-source self-hosted personal AI agent that can run on Windows, Mac, and Linux platforms. It can do such tasks as clear your inbox, reply to emails, manage your calendar, check you in for flights, browse the web and /or control browsers, edit files. It can be controlled from apps such as Telegram, Slack, iMessage, WhatsApp so you can assign tasks from your phone. It is popular among power users and acts as an AI Butler. The fear is that with the announcement by Anthropic that it too will have computer control AI agent software, enterprises with SaaS business models face further disruption even if it will take years to play out.

- Crude oil was mixed with Brent falling -5% w/w while US West Texas Intermediate rose +3%. Both are trading at over $100/bbl with Brent at $106 and WTI at $101.

- Among infrastructure, bright spots included Ciena (CIEN, +4.6%), CECO Environmental (CECO, +10.3%), Entergy (ETR, +10.0%), Vistra (+6.5%), Targa Resources (TRGP, +5.4%), Enterprise Products (EPD, +4.6%), Kinder Morgan (KMI, +3.6%), Mastec (MTZ, +5.1%), Argan (AGX, +19.6% on +75% earnings beat and double in backlog y/y upgrade by JPMorgan), Modine (MOD, +8.9%). On the downside Micron Technology (MU, -15.5%), Credo Technology (CRDO, -7.9%) were hit hard. Investors in MU were concerned about ramping up capital spending as well as the announcement that Google's TurboQuant compression algorithm can significantly reduce LLM memory (6x to 8x per reports) use without negative consequences to performance which may help alleviate high bandwidth memory shortages. Bulls argue that given Jevon's Paradox, if anything demand for HBM will increase as more powerful AI models become more feasible.

- Among equity income stocks such as Ares Capital (ARCC), Blue Owl Capital (OBDC), Hercules Capital (HTGC), they appeared to fall based on the hit to the software sector last week. Background: BDCs predominately hold floating rate non-investment grade middle market commercial loans. BDC net investment income typically responds to shifts in fed funds which drives the Secured Overnight Financing Rate (SOFR). As the Fed has lowered short term rates, this has resulted in downward pressure for loan portfolio yields and BDC earnings. BDC prices are strongly correlated to corporate credit spreads. As high yield spreads widen, BDC's generally sell off because this indicates lower credit risk appetite from investors. Concerns regarding software sector exposure have reduced credit appetite as investors now view loans to software companies as higher risk allocations.

Outlook: Iran war, Consumer Confidence, JOLTS job openings, Fed speeches, Retail Sales figures.

Sunday night stock futures are lower:

Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
45,108.00	- 316.00 0.70%▼	6,372.75	- 39.50 0.62%▼	23,171.25	- 157.25 0.67%▼
Fair Value	**Implied Open**	**Fair Value**	**Implied Open**	**Fair Value**	**Implied Open**
45,392.97	- 284.97	6,410.16	- 37.41	23,310.75	- 139.50

Source: Pre-market Stock Trading | CNN

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. Note updating the estimates from prior weeks as shown below. AI infrastructure investments could reach to $6.9T to $9.8T up $100B to $300B from previous estimates over the 2026-2030 time frame.

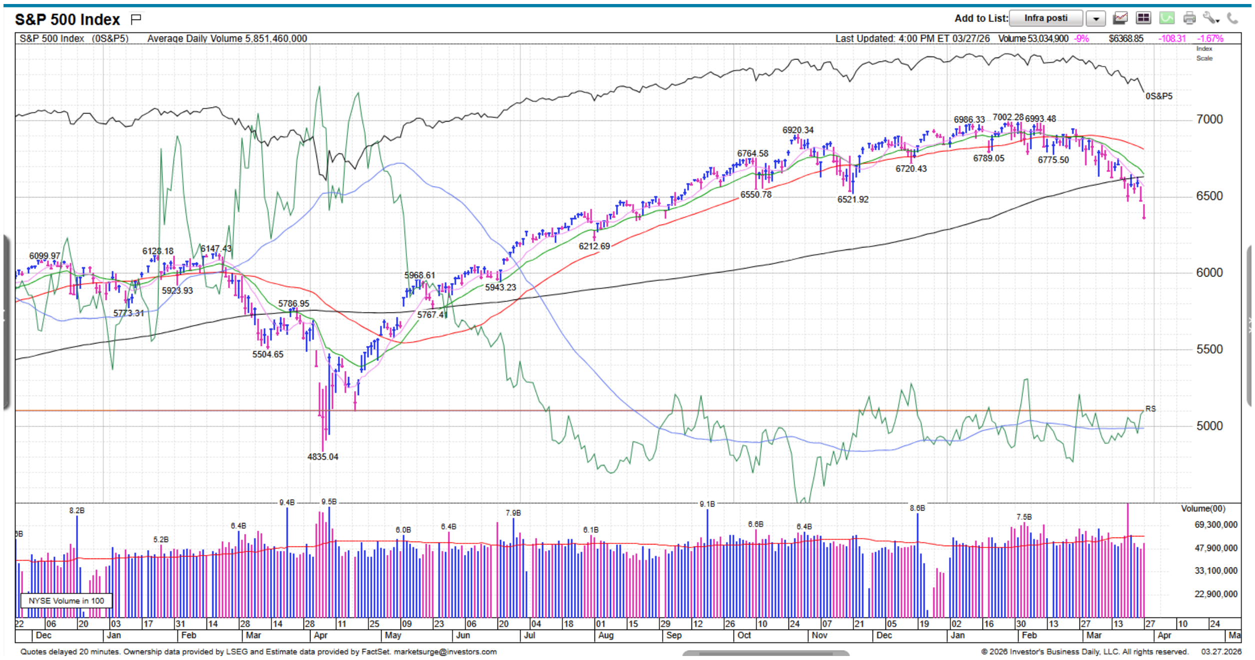
AI infrastructure capex scenarios, 2025–2030

(Global, annual, rough order of magnitude ranges in USD)

Year	Base Annual ($T)	Base Cumulative ($T)	Accelerated Annual ($T)	Accelerated Cumulative ($T)
2025	0.50	0.50	0.50	0.50
2026	0.90	1.40	1.15	1.65
2027	1.08	2.48	1.44	3.09
2028	1.30	3.78	1.80	4.89
2029	1.56	5.34	2.25	7.14
2030	1.87	7.21	2.81	9.95

Source: xAI's AI Buildout Funding and Plans - Grok

Technicals are still out of position for sustained rally: The Nasdaq moving averages are out of position for a power trend to kick in as the 10day and 2-ema have crossed below the 50-dma and all the major indexes are sitting below their 200-day averages. Conditions for a power trend are not present and now we are looking for the market to confirm the start of a new rally. That is not likely to happen until more clarity on the Strait of Hormuz and/or resolution of the Iran war.



Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Decisive odds of rate cut remain well out in the future with Oct 27 meeting (~60%, FedWatch - CME Group).

The US 10-year interest rate rose +15bp to 4.28%.

Stock Market Today/Week: Mar 27, 2026

Index	**Level**	**Day change**	**Week Change**
S&P 500	6,368.85	-1.67%	-2.21%
Nasdaq Composite	20,948.36	-2.15%	-3.23%
Dow Jones Industrial Avg.	45,166.64	-0.90%	-1.73%
US 10 year	4.43%		+15bps

Source: Factset

Key events for the week ahead: Not much in the way of earnings. Fed speeches, JOLTS, Retail Sales.

3/30/2026 Fed Speech from NY Fed Pres Williams

3/31/2026 FHFA Home Price Index for Jan; Chicago PMI for Mar: 54.8 expected. Consumer Confidence for Mar: 88.3 expected; JOLTS Job Openings for Feb: 6,840k expected.

4/1/2026 ADP Employment Survey for Mar: 37k expected. Retail sales for Feb: +0.45% m/m expected in aggregate, +0.3% m/m expected ex autos/fuel. ISM Manufacturing for Mar: 52.3 expected.

4/2/2026 Initial jobless claims for W/E 3/28: 213.5k expected.

4/3/2026 ISM Services PMI for Mar: 54.8 expected. Hourly earnings for Mar: +0.35% m/m preliminary.

Source: Factset

What to do now: Pausing equity purchases and/or rotating to more conservative infrastructure such as pipelines and environmental services. Maintaining equity exposure levels.

Appendix:

What kind of positive technical confirmations for a power trend per IBD (“Webby’s rules”):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

As of 3/29/2026 waiting for a bottom and/or rally attempt.

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Disclaimer