

Summary:

- Market averages fell for the third straight week. US Treasury yields rose sharply on the week with the US 10 year hitting 4.28%, the highest level in ~7 weeks.
- Shifting strategies in prosecuting war with Iran and quick offramp more challenging amid ability of Iran to disrupt oil shipments through the Strait of Hormuz, at least for now.
- Crude oil rose ~ 10% w/w but swung wildly throughout the week. Brent hovering over \$103/bbl Sunday night with WTI over \$98/bbl. The Strait of Hormuz remains in focus. The US bombed 90 targets on Kharg Island, Iran's main oil port (90% of Iran's production shipped from Kharg Island) with more strikes to come per Trump via news reports. Oil assets have been spared for now. President Trump issued a demand for surrender and Iran is reportedly ready to negotiate but Trump said terms "not good enough." Energy Secretary Wright said the war with Iran will "certainly" end in next few weeks.
- On the inflation front January PCE rose 0.3% m/m in line with consensus and slower than the +0.4% December rise. Core PCE up +0.4% m/m, also in line. Annualized core PCE +3.1% vs \$2.9% expected. Headline annualized PCE +2.8% vs +2.9% expected.
- On the economic front Q4 GDP +0.7% vs +1.4% estimated and prior read of +1.4%. Decline due to revision down in exports, consumer spending, government spending, and investment. January JOLTS job openings were higher than expected at 6.946M vs consensus 6.745M and December 6.550M. Job openings rose 4.2% m/m accelerating from 4.0% the prior month. Layoffs and firings rate fell to 1.0% from 1.1% and quit rate held at 2.0%.
- Other than **Energy (XLE, +2.0%)**, **Semiconductors (SMH, +1.8%)**, **Utilities (XLU, +0.5%)** all other sectors lower last week with Software (IGV) faring the worst, declining -4.3% wiping out more than half the gains from the prior week. Of note however, is that **Oracle (ORCL)** rallied +1.4% on strong earnings report. **Retail (XRT, -3.7%)** the next worst. Among infrastructure, **Micron (MU)** surged 15.1%, **Credo Technology (CRDO)** jumped +7.2%. Optical plays, **Ciena (CIEN)** and **Lumentum Holdings (LITE)** both jumped double digits rising +14.7%, and +11.5% respectively mostly recovering declines from the prior week.

Outlook: Iran war, OFC and GTC conferences, Micron Earnings

- Going back over six decades and looking at where markets are post middle east conflicts, out of the 16 conflicts the market was lower only twice after twelve months: (1973-1974) and with the events surrounding 9/11 where an invasion of Iraq followed a stock bubble. Geopolitical events such as ME conflicts have represented good dip buying opportunities.
- Key earnings event this week with Micron Technology (MU) being the most important release (Wednesday) to give more insights on high bandwidth memory demand for AI buildout.
- Nvidia CEO Jensen Huang due to give keynote speech Monday at the annual GTC conference. The annual optical networking and communications conference (“OFC”) to feature many of the leaders such as CIEN, LITE, CRDO, Coherent (COHR), among many others.

Sunday night stock futures are higher:

Dow Futures	Change		S&P 500 Futures	Change		NASDAQ Futures	Change	
47,077.00	+ 191.00	0.41%▲	6,665.50	+ 29.50	0.44%▲	24,722.00	+ 116.25	0.47%▲
Fair Value	Implied Open		Fair Value	Implied Open		Fair Value	Implied Open	
46,704.98	+ 372.02		6,675.92	- 10.42		24,549.60	+ 172.40	

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 \$6.8T to \$9.5T which is a slight increase for the base case but a slight decrease from the accelerated case.

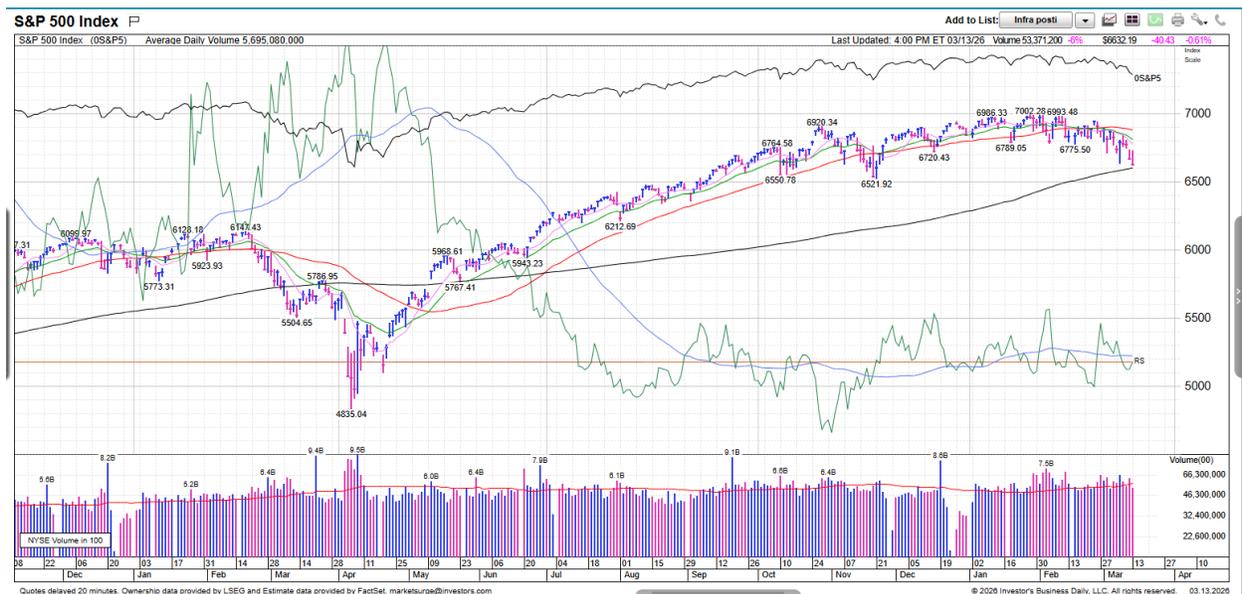
AI infrastructure capex scenarios, 2025–2030

(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	0.85	1.35	1.10	1.60
2027	1.02	2.37	1.38	2.98
2028	1.22	3.59	1.72	4.70
2029	1.47	5.06	2.15	6.85
2030	1.76	6.82	2.69	9.54

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 50-day averages. I count only 5 of the 14 conditions in place for a power trend. But I am not bearish either as I don't believe the US or Israel wants a drawn-out war and I believe they have the means to de-fang Iran. The Nasdaq has fallen 7 out of the last 8 weeks with the Dow and SP500 are down 6 out of the last 8 weeks. Nonetheless, pending the opening of the Strait of Hormuz and the resolution of the Iran war over the next few weeks, given strong fundamentals I believe the market more likely recovers its proper positioning for a sustained rally.



Source: **MARKETSURGE**
BY INVESTOR'S BUSINESS DAILY

Decisive odds of rate cut remain well out in the future with July 29 meeting (~40%, FedWatch - CME Group).

The US 10-year interest rate rose +13bp to 4.28%.

Stock Market Today/Week: Mar 13, 2026

Index	Level	Day change	Week Change
S&P 500	6,632.19	-0.61%	-1.60%
Nasdaq Composite	22,311.98	-1.78%	-1.26%
Dow Jones Industrial Avg.	46,558.47	-0.26%	-1.99%
US 10 year	4.28%		+13bps

Source: Factset

Key events for the week ahead: FOMC meeting, MU OKLO SMTC FDX earnings.

On the economics front FOMC meeting with economic projections scheduled for Wednesday but odds of any change in the Fed Funds rate are close to 0. PPI data for Feb also due out Wednesday with 0.30% m/m expected.

3/16/2026 SMTC BEPC HYMC NGS

3/17/2026 OKLO

3/18/2026 FOMC meeting, PPI data. MU WSM SAIL TAT M earnings.

3/19/2026 FDX

3/20/2026 CCL

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.

In the current rally as of 3/15/2026 5 conditions met.

John D. Edwards, CFA

Sr. Portfolio Manager – Infrastructure PLUS Equity Strategy

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