

Summary:

- Crude oil rose over 35% (the largest price increase ever) clearing \$90/bbl on WTI and \$92 on Brent as the Strait of Hormuz has effectively closed to shipping. The largest weekly price increase in history is now being followed by oil price futures crossing over \$100/bbl over the weekend. Trump demanded “unconditional surrender” from Iran. Mojtaba Khamenei, the son of former supreme leader, was chosen as the next supreme leader of Iran, an “unacceptable” choice according to President Trump.
- An encouraging development is that a second Chinese-owned bulk carrier sailed through the Strait of Hormuz on Saturday. However, analysts say that near term market chaos to continue in oil markets. The US has promised to roll out maritime reinsurance for the Persian Gulf region covering up to \$20billion in potential losses, financial support, and military escorts. US Energy Secretary Chris Wright said oil market is pricing in disruption risks that won’t last. President Trump said his administration had figured oil prices would rise but also “come down very fast.” Analysts at ING Groep NV said their base case if four weeks of disruption: “two of full upheaval and two weeks of 50%.” Assuming US and Israeli air strikes degrade Iran’s ability to attack vessels and set the stage for reopening of the Strait of Hormuz, “we could see flows starting to normalize.” Worst case scenario is a three-month full disruption to LNG and oil flows.
- February non-farm payrolls declined worse than consensus (-92k vs +55k expected), unemployment rose, retail sales fell 0.2% m/m, ISM manufacturing expanded for 2nd consecutive month and ISM services highest since August 2022. **Broadcom (AVGO, +3.7%), Credo Technology (CRDO, -2%), Marvel (MRVL, +9.8%), and Ciena (CIEN, -15%)** earnings shined and all projected very strong backlog and outlook. **Blue Owl** reached out to investors indicating that the BDCs in their family present unusual investor opportunity as few credit issues exist yet shares trade at nearly 30% discount to net asset value, the largest discount since 2022. Markets fell sharply especially during the last hour of the week: **S&P 500 (-2.0%), Nasdaq (-1.24%), Dow Jones Industrial Average (-3.0%), Russell 2000 (IWM, -4.0%).**
- **Software (IGV)** staged an impressive come back on the week, advancing +7.8% with **ServiceNow (NOW)** surging 15%, **Palantir (PLTR)** jumping +14.6%, **Atlassian (TEAM)** jumping 11%, **Oracle (ORCL)** adding +5%, and **Salesforce (CRM)** rising +3.8%. **Energy (XLE)** was the only other sector in positive ground, advancing ~1%. Risk proxy, **Innovator IBD 50 ETF** crashed -10%, **Metals and Mining (XME)** dropped -7.9%, **Materials (XLB)** slumped -6.8%, and **Semiconductors (SMH)** were clobbered

-6.1%. The US-10 year jumped 18bp, to 4.15% as buyers of US Treasuries did not step up as in past conflicts as crude oil surges and lawsuits to recover tariff money could require more US Treasury sales.

Outlook: Rally resumption likely depends on re-opening the Strait of Hormuz

- Iran war clouds hanging over the market as Qatar warned that all Gulf Producers might have to shut down production within days which could drive oil to \$150/bbl. Higher gasoline prices could offset the tax refunds that are on the way. US Central Command expecting the operations in Iran could extend for at least 100days and likely through September according to reports.
- 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.
- Despite the war clouds, and the pullback in equities key semi-conductor designers provided very bullish outlooks. Broadcom guided for \$100B+ in chips alone for 2027 roughly 2x current revenue levels, Marvel guided FY27 and FY28 revenue growth to surge by +40% and +50%, respectively. Broadcom called out preference for AEC based on lower cost better reliability over optical connectivity which ignited rebounds in CRDO (AEC player) and selloffs in CIEN (-15.6%) and LITE (-20%) (both optical players) despite solid guides from each company.
- Not a lot of earnings this week with Oracle (ORCL) being the most important release to give more insights into the outlook for their datacenter buildout. Oracle and OpenAI ended plans to expand a data center in Abilene, TX according to reports and Meta (META) is in talks with Crusoe to lease the same site according to Bloomberg. Oracle's broader 4.5GW agreement with OpenAI remains intact as this change is solely related to the expansion. Vertiv (VRT), Lumentum (LITE), Coherent (COHR) are being added to the S&P500 later in March and Micron (MU), and GE Vernova (GE) are being added to the S&P100.

Sunday night stock futures are sharply lower:

Dow Futures	Change	S&P 500 Futures	Change	NASDAQ Futures	Change
46,658.00	- 859.00 1.81%▼	6,629.25	- 114.50 1.70%▼	24,210.00	- 460.25 1.87%▼
Fair Value	Implied Open	Fair Value	Implied Open	Fair Value	Implied Open
47,533.59	- 875.59	6,745.09	- 115.84	24,668.52	- 458.52

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

Summary: The major averages all fell last week.

Technicals 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.

Decisive odds of rate cut remain well out in the future with June 17 meeting (+49%, FedWatch - CME Group).

The US 10-year interest rate rose +18bp to 4.15%.

Stock Market Today/Week: Mar 6, 2026

Index	Level	Day change	Week Change
S&P 500	6,740.02	-1.33%	-2.02%
Nasdaq Composite	23,387.68	-1.59%	-1.24%
Dow Jones Industrial Avg.	47,501.55	-0.95%	-3.01%
US 10 year	4.15%		+18bps

Source: Factset

Key events for the week ahead:

- On the economics front CPI data for Feb due out Tuesday with 0.30% m/m and +2.5% y/y expected. Core PCE Deflator for Jan due out on Friday with +0.4% m/m and +2.9% y/y expected. JOLTS job openings for January due to report Friday with 6,675k expected up from 6,542k the prior month.
- 289 companies due to report earnings over the next two weeks. Some of the more important ones below with Oracle (ORCL), Hewlett Packard(HPE), Kohls (KSS), AeroVironment (AVAV), Adobe (ADBE), Lennar (LEN) among the most influential from an overall market perspective.

3/9/2026 BEPC CASY HPE RAIL UMAC

3/10/2026 ORCL VWAGY FNV AVAV KSS

3/11/2026 HMY WPM

3/12/2026 ADBE DKS LEN ULTA OLLI RBRK

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 3/7/2026 5 conditions met.

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