SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"If you're going through hell, keep going." Sir Winston Churchill

MARKETS

Macro Recap: Geopolitical developments were the primary force driving markets over the past week, as escalating conflict among the U.S., Israel, and Iran created broad risk-off sentiment. Hostilities intensified following weekend strikes on senior Iranian leadership, prompting retaliatory actions across the region and elevating concerns about the security of global oil supply routes.

The rising tensions reverberated through energy markets. Military activity near key shipping corridors pushed crude prices to their highest levels since September 2023. With shipments through the Strait of Hormuz sharply reduced, U.S. crude traded near $91 per barrel late Friday, a steep rise from $67 just a week earlier, as markets priced in elevated geopolitical risk and potential pressure on inflation.

Investor sentiment was further challenged by softer-than-expected labor market data. The February employment report showed a net loss of 92,000 jobs, defying expectations for a gain of roughly 50,000. It marked the third decline in the past five months, reinforcing concerns that labor market momentum is fading. Additionally, December and January job figures were revised down by a combined 69,000, underscoring a trend of cooling employment conditions.

Equity Recap: Stocks faced a challenging week as a sharp rise in oil prices and intensifying U.S.–Iran tensions pressured markets and drove investors toward safer assets. The S&P 500 fell 2.0%, the Nasdaq Composite declined 1.2%, and the Dow Jones Industrial Average dropped 3.0%, reflecting broad unease across major U.S. benchmarks.

Losses were even more pronounced overseas. Developed international equities, tracked by the MSCI EAFE Index, and emerging-market equities, measured by the MSCI Emerging Markets Index, each declined nearly 7%, underscoring how geopolitical risk and rising energy costs hit non-U.S. markets particularly hard.

Bond/Rate Recap: U.S. government bonds weakened over the week as rising oil prices intensified existing inflation concerns and pushed yields higher. The move marked a reversal from the prior week, when a flight to safety had driven yields to their lowest levels in more than four months. By Friday's close, the yield on the 10-year Treasury had climbed to 4.15%, up from 3.96% the week before, as investors reassessed inflation risks and the potential impact of elevated energy prices on the broader rate outlook.

Week Ahead: Markets will focus on inflation this week, with two key reports expected to bring clarity after recent mixed signals. Wednesday's CPI will offer the first major read on current pricing pressures, followed by Friday's PCE Price Index, the Fed's preferred gauge.

Recent data have diverged: CPI showed annual inflation easing to 2.4%, while PCE registered a higher 2.9%, marking the fastest monthly price increase in nearly a year. This week's updates will help indicate whether inflation is stabilizing or re-accelerating, and may shape expectations for the Fed's path into the spring.

INDICES

	Mar 2 Open	Mar 6 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	48,978	47,502	-3.0%	48,063	-1.2%
S&P 500	6,879	6,740	-2.0%	6,846	-1.5%
NASDAQ	22,668	22,388	-1.2%	23,242	-3.7%
Russell 2000	2,632	2,525	-4.1%	2,482	1.7%
KBW Bank Indx	159.2	153.5	-3.6%	164.0	-6.4%
Bitcoin	$66,435	$67,843	2.1%	$87,648	-22.6%
Oil (WTI)	$67.02	$90.90	35.6%	$57.42	58.3%
Gold	$5,279	$5,172	-2.0%	$4,319	19.7%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.64	3.64	0.00	3.64	0.00
3m Tbill	3.66	3.66	0.00	3.63	0.03
2yr UST	3.37	3.56	0.19	3.47	0.09
10yr UST	3.94	4.14	0.20	4.17	-0.03
2-10yr UST Spread	56	57	2	69	-12
2y AAA Muni/10y UST	59.6%	60.7%	1.1%	70.3%	-9.6%
10y AAA Muni/10y UST	62.4%	64.4%	2.1%	65.4%	-1.0%
5yr Inflation Forecast	2.45	2.62	0.17	2.27	0.35

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Existing home sales, Small Business Optimism Index
- **Wednesday:** CPI, Federal budget
- **Thursday:** Trade balance, housing starts
- **Friday:** PCE, 4thQ GDP, JOLTS, Durable Goods

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