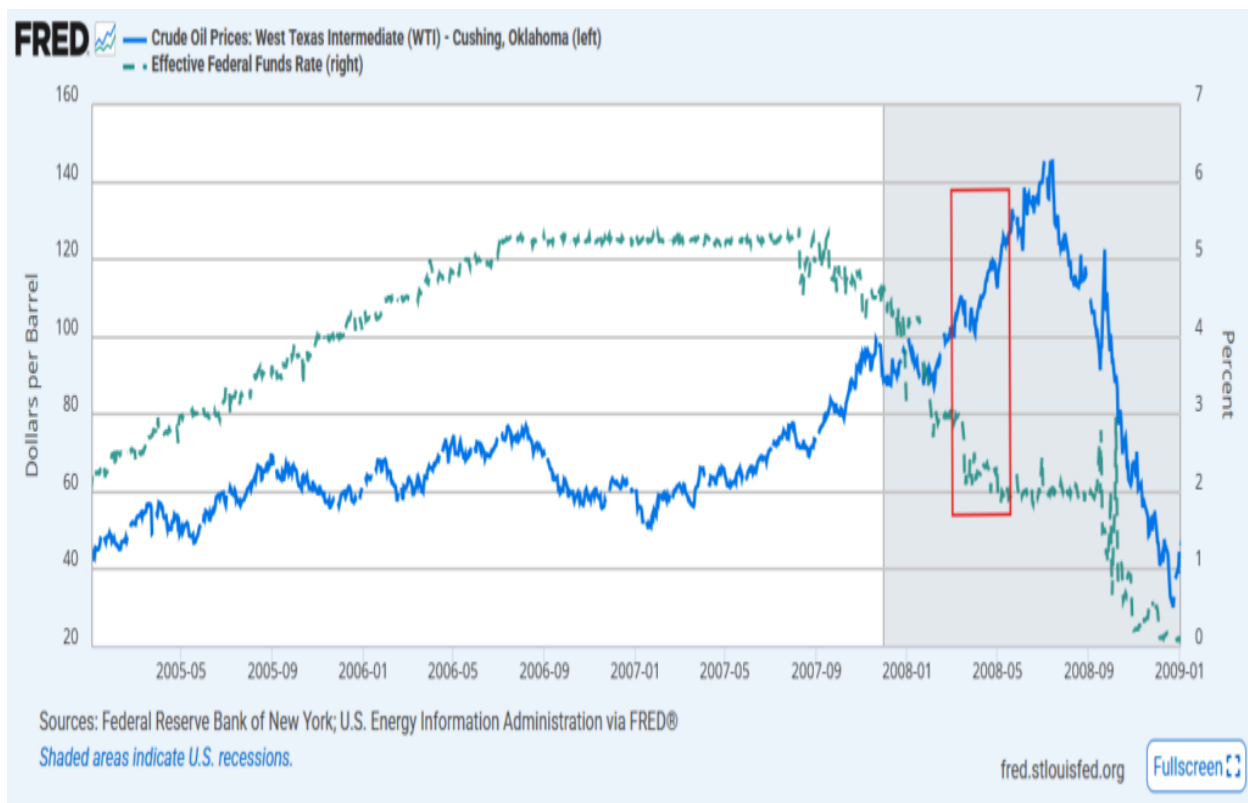


Will Oil Prices Handcuff The Fed?

After Friday's weak employment report, there was a rebirth of the once-dead argument for a rate cut at the Fed's March meeting. Over the last six months, the economy has shed 6,000 jobs in aggregate, including three months in which job growth shrank. Further consider that the civilian workforce has been growing at 184k people per month. Needless to say, the case for a rate cut or series of cuts is not hard to make based on BLS employment data. However, some media pundits claim oil prices will handcuff the Fed. They argue: *"The Fed won't cut rates when oil prices are elevated due to the situation in Iran."*

Regardless of popular opinion, history informs us that the Fed will cut interest rates, even if oil prices remain high. For context, consider the graph below showing oil prices and Fed Funds before and during the 2008 Financial Crisis. As we highlight, the Fed cut rates by 1.00% in the first quarter of 2008. During that quarter, crude oil prices rose above \$100 per barrel. Moreover, oil prices continued to surge. Despite oil approaching an unthinkable \$150 a barrel that summer, the Fed kept rates stable. Ultimately, they lowered rates to address the growing financial crisis.

The Fed always states that it relies on core prices, which exclude energy prices. The graph below shows this was the case in early 2008, and it will likely remain the case if they decide, for economic reasons, to lower rates in March.



Earnings

Wednesday Mar 4				EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time
	Broadcom	AVGO:US			2.02	1.60		19.17B	14.92B	\$1.64T	Q1	PM 
	Veeva Systems	VEEV:US			1.93	1.74		810.68M	720.88M	\$39.49B	Q4	PM 
	OKTA	OKTA:US			0.85	0.78		749.54M	682M	\$13.72B	Q4	PM 
	Primo Brands Corporation (L				0.25	0.13		591.4M	1.4B	\$11.94B	Q4	AM 
	Dycom Industries	DY:US			1.77	1.17		1.31B	1.08B	\$9.49B	Q4	AM 
	Abercrombie & Fitch	ANF:US			3.6	3.57		1.68B	1.58B	\$4.55B	Q4	AM 
	American Eagle Outfitters	AE			0.67	0.54		1.74B	1.6B	\$4B	Q4	PM 
	Bath And Body Works	BBW:U			1.73	2.09		2.58B	2.8B	\$3.22B	Q4	AM 
	Alexander Baldwin	ALEX:US		0.05	0.14	0.17	43.78M	50.76M	62.45M	\$1.5B	Q4	AM 
	Cracker Barrel Old Country				0.78	1.38		920.09M	949.4M	\$666M	Q2	PM 

Economy

Wednesday March 11 2026				Actual	Previous	Consensus	Forecast
06:00 AM		US	MBA 30-Year Mortgage Rate MAR/06		6.09%		
06:00 AM		US	MBA Mortgage Applications MAR/06		11%		
06:00 AM		US	MBA Mortgage Market Index MAR/06		377.5		
06:00 AM		US	MBA Mortgage Refinance Index MAR/06		1637.5		
06:00 AM		US	MBA Purchase Index MAR/06		158.9		
07:30 AM		US	Core Inflation Rate MoM FEB		0.3%	0.2%	0.2% 
07:30 AM		US	Core Inflation Rate YoY FEB		2.5%	2.5%	2.5% 
07:30 AM		US	Inflation Rate MoM FEB		0.2%	0.3%	0.3% 
07:30 AM		US	Inflation Rate YoY FEB		2.4%	2.4%	2.4% 
07:30 AM		US	CPI FEB		325.25	326.79	326.7 
07:30 AM		US	CPI s.a FEB		326.588		327.57 

Market Trading Update

Yesterday, we discussed the reflexive bounce off of support. The ongoing issues in the Middle East are yet to be resolved, and may not be for a while. As we noted:

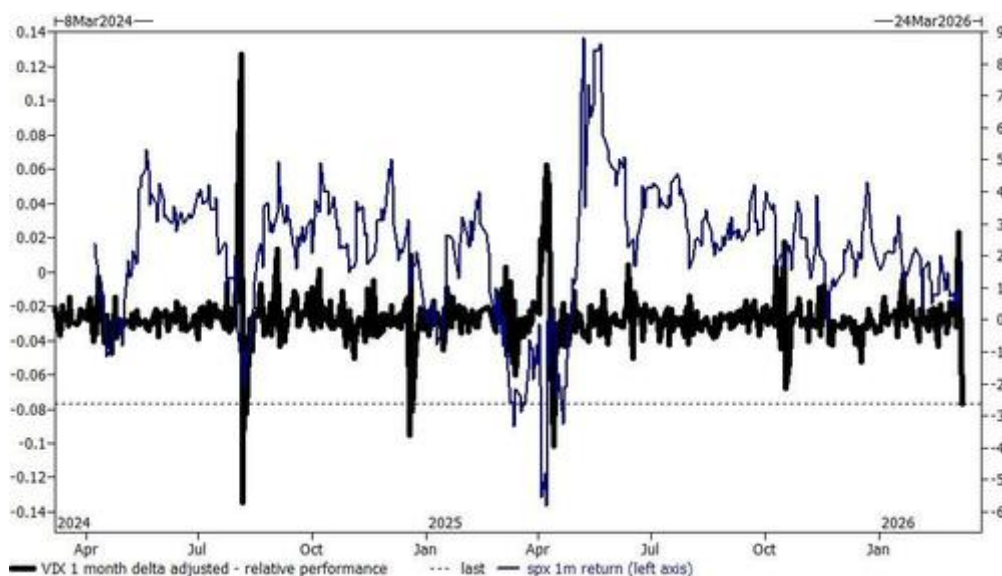
?Notably, the market sold off toward the 200-day moving average and was sufficiently oversold for a technical, reflexive bounce. As shown, with the market more than 3 standard deviations below its 50-dma, relative strength approaching 30, and momentum reversing sharply, the bounce was not unexpected.?

The market bounced right into the overhead resistance levels we discussed on Monday, and sellers emerged. The resistance levels at the 20- and 50-day moving averages may prove formidable near-term, as many *?trapped longs?* look to exit. As we suggested, even though the market is not overbought, the technical deterioration suggests raising cash levels modestly in portfolios. Notably, the rotation to growth, from the *?reflation trade,?* has been ongoing and something we suggested was likely over the last couple of weeks.

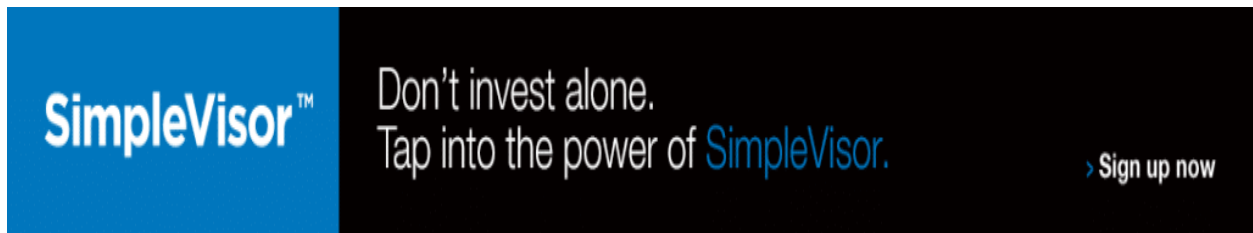


While the market may try to push higher over the next day or two, it seems unlikely, but not impossible, that it can make a meaningful break above resistance. That is, unless we get some very good news on inflation today, or progress is made on the Middle East front. Without a catalyst, it seems stocks may be stuck below resistance for a while, increasing the odds of a retest of the 200-day moving average.

With that in mind, consider rebalancing risk, raising cash levels somewhat, or hedging long exposures until the market gives us a clearer entry point to increase risk. That entry point is likely coming as historically, **when volatility reacts like this, it has marked a tactical bottom in the S&P.**



Trade accordingly.

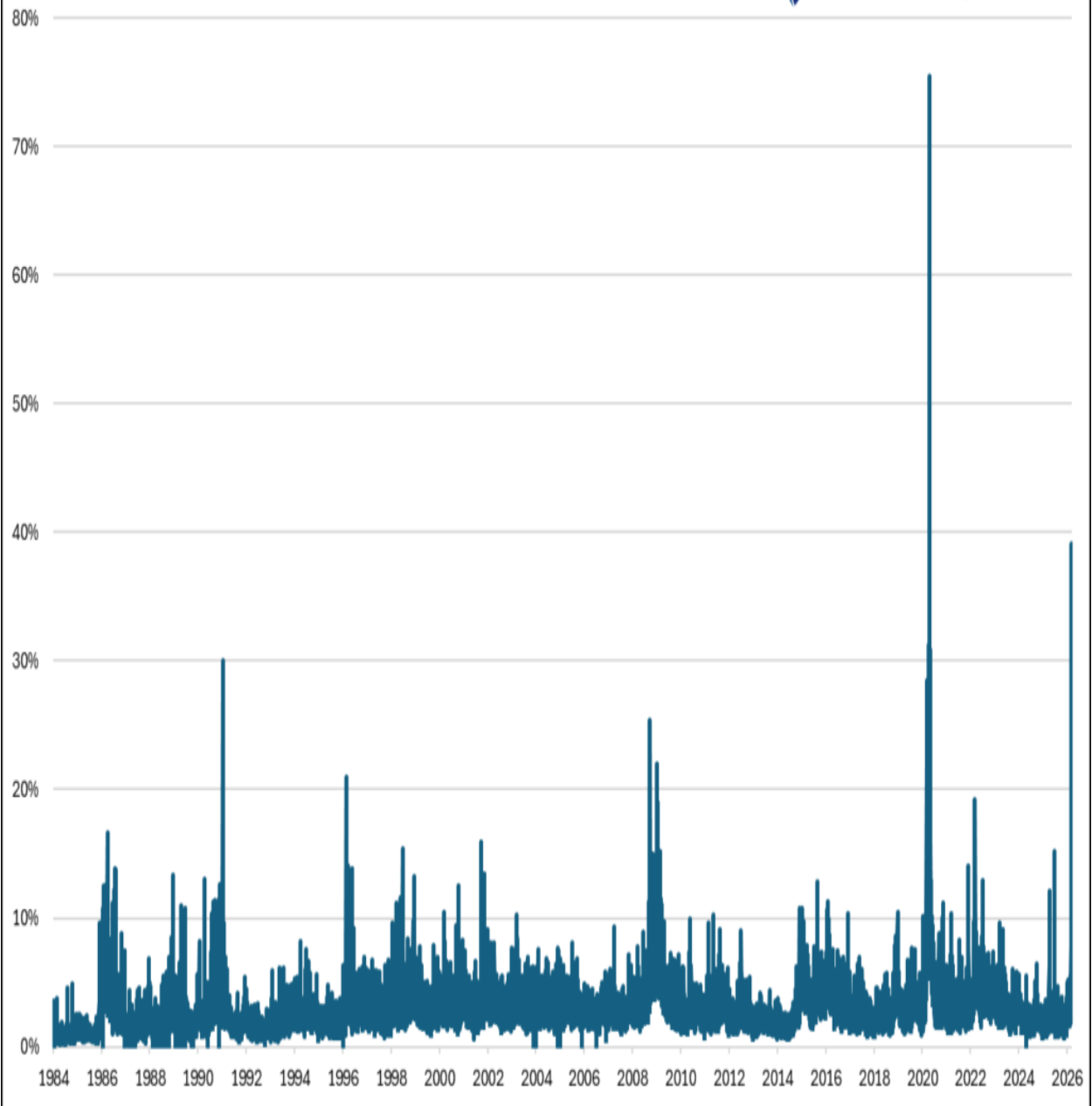


Oil's Spike Then Plunge Teaches Patience

Yesterday's oil market delivered one of its most dramatic intraday reversals in recent memory. Crude oil surged by over \$20 a barrel in early trading. The move was driven by fears that Iranian oil infrastructure was under attack, and the Strait of Hormuz, through which approximately 20% of the world's oil supply passes, could be disrupted. The surge weighed on all financial markets, but then, almost as quickly as oil prices rose, they reversed. By the afternoon, crude oil prices had given back all of their gains and then some, closing down on the day. As we share below, the intraday range of nearly 40% was among the widest recorded in the past decade, a statistical reminder of how violently event-driven markets can move in both directions within hours.

Yesterday's whipsaw provides a great lesson on why patient investors tend to outperform reactive ones during periods of event-driven volatility. The investors who bought oil at the open, in a panic, suffered significant losses within mere hours. The hard lesson oil markets and other markets repeatedly teach investors is that, oftentimes, during a shocking event, markets tend to price in worst-case scenarios instantly and then spend hours, days, or weeks walking them back as clarity emerges. The right response to event-driven volatility is almost never to act immediately. It's usually best to wait, assess, and let the market separate the signal from the noise.

Daily Crude Oil Price Change



Tweet of the Day



***Walter Bloomberg** ✓ @DeItaone · 10m

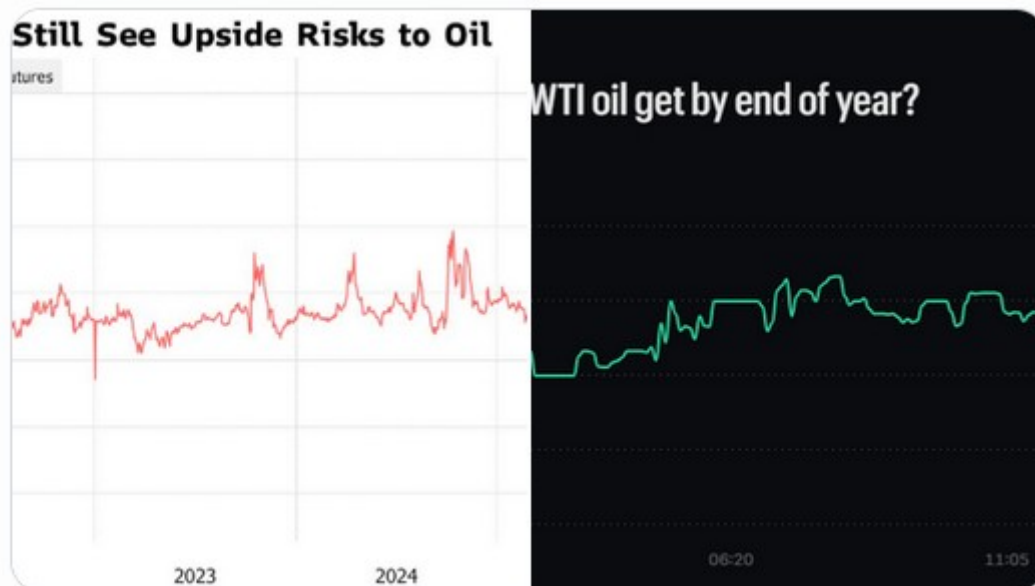


OPTIONS MARKET SIGNALS MORE UPSIDE FOR OIL

Even as crude prices pull back and Brent spreads ease, the options market is still positioning for higher oil.

Traders are paying the largest premium in years for call options on WTI futures relative to puts — a clear sign investors see greater risk of a price spike than a drop.

Prediction markets are also pointing higher, with year-end forecasts for WTI pushing above \$120.



?Want to achieve better long-term success in managing your portfolio? Here are our [15-trading rules for managing market risks.](#)?

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