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A Funny Thing About Markets

Anyone who follows financial headlines long enough eventually notices something strange: the same piece of news can somehow be both bullish and bearish depending on who's writing the article.

Oil prices rise, markets fall because inflation might pick back up. Oil prices fall, markets fall because demand might be weakening. Interest rates stay the same, markets fall because investors wanted cuts.

At times, it can feel like the financial news cycle is less about explaining markets and more about explaining whatever the market happened to do that day.

Over the past couple of weeks, that's been especially true. Headlines have been driven by geopolitical conflict in the Middle East, shifting expectations around interest rates, and a noticeable rotation beneath the surface of the market.

So instead of trying to interpret every headline, we'll step back, filter out the noise, and focus on what's actually changing—and what it means for portfolios.

WHAT MATTERED IN MARKETS

Geopolitics: The Iran Conflict

Ongoing nuclear talks between the United States and Iran ended abruptly on February 28, when joint U.S.–Israeli strikes killed Iran's Supreme Leader along with several high-ranking officials.

Iran responded with rocket and drone attacks on Israel and U.S. military targets in the Persian Gulf, followed by strikes on oil and liquefied natural gas (LNG) infrastructure across the region. The conflict has effectively closed the Strait of Hormuz, sending global fuel and electricity prices higher.

Beyond the initial energy shock, a prolonged conflict carries broader implications. Reduced LNG supply and higher transportation costs could significantly disrupt manufacturing and distribution, adding inflationary pressure across global supply chains.

Interest Rates & Gold

At its March 18 meeting, the Fed kept the federal funds rate in a range of 3.5% to 3.75%. But the more important signal came shortly after, when Chair Powell spoke at Harvard and made clear just how complicated the road ahead has become.

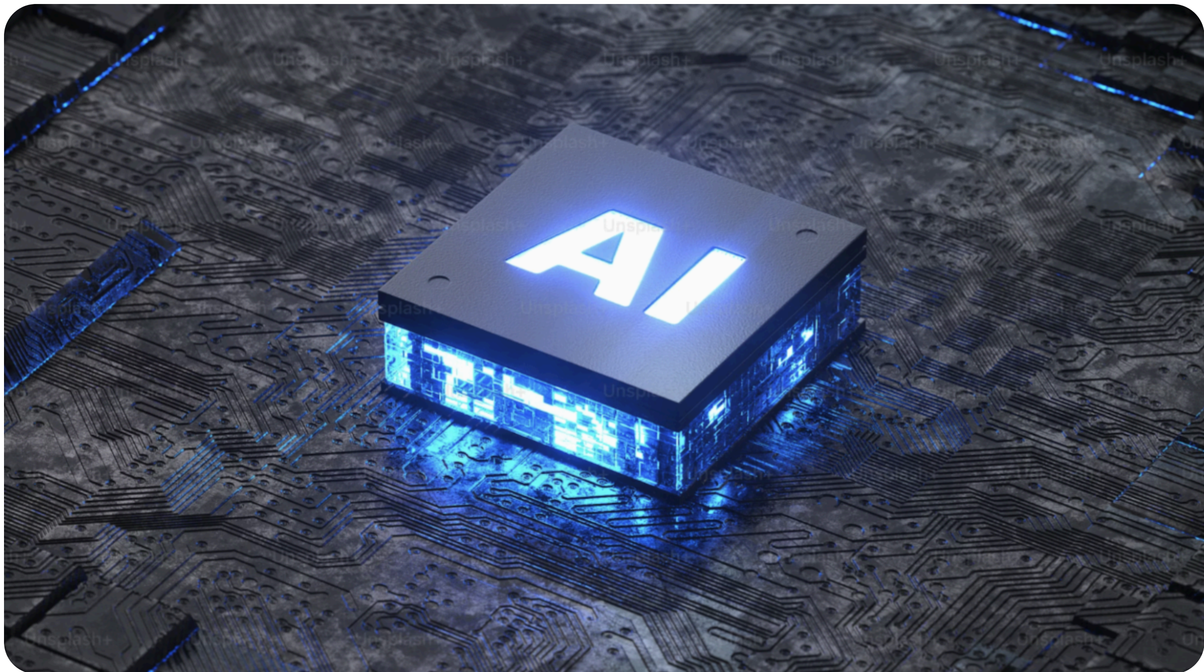
While the Fed appears willing to look past the immediate energy shock, the bigger question is whether consumers will tolerate another round of rising prices. If the conflict drags on, rising energy costs could push inflation higher while simultaneously slowing economic growth—a combination that puts the Fed in a difficult position.

As a result, investors are increasingly expecting a “higher for longer” rate environment.

That shift has had ripple effects across markets, particularly in gold. After a historic run in 2025, gold pulled back as rising Treasury yields made interest-bearing assets more attractive. When investors can lock in a guaranteed return, a non-yielding asset like gold must work harder to justify its place in the portfolio.

That said, sentiment can shift quickly. As of this writing, gold is up roughly 4.5% on renewed hopes of de-escalation, alongside a strong move in equities—a reminder that in volatile markets, narratives can change overnight.

Software Stocks: From Leaders to Laggards



Software stocks were among the market’s biggest winners over the past two years. That changed in February, when Anthropic released new AI tools, forcing investors to reassess valuations across software-as-a-service companies.

If AI tools can perform functions that SaaS products currently charge for, the revenue model underlying many of these companies comes into question. The iShares Expanded Tech-Software Sector ETF (IGV) is now down roughly 26% year to date.

Much of that capital has rotated into what market commentator Josh Brown calls “Heavy Assets, Low Obsolescence” (HALO) stocks—companies like Coca-Cola, Walmart, McDonald’s, and Exxon.

In a market increasingly focused on disruption risk, investors are rediscovering the appeal of businesses that produce tangible goods and services that no algorithm can easily replicate.

Our Thoughts

2026 has been quite the year so far, and we’ve still got 75% of it left to enjoy! Expectations on interest rate policy shifted dramatically in late January, a new war in the Middle East kicked off in late February driving energy prices higher while spawning new inflation fears, precious metals have sold off robustly (twice now) as fixed income assets became more attractive due to rising yields, and the advancement of AI’s capabilities have forced investors to reevaluate the future of entire industries. Alien invasion in April, anyone?

In all seriousness, it’s always tempting in times like these to sell everything and run for the hills. But history tells us that’s the wrong strategy time and again. Selling low and waiting on markets to rebound to buy back in just locks in your losses and forces you to pay a premium to buy something you already owned. That’s a lot like selling your car to a dealership and going back the next weekend and repurchasing it for thousands more than you sold it for after they cleaned it up a bit and did some minor repairs.

Fear, uncertainty, and doubt can be difficult to overcome, but taking a long-term view of market history tells us this, too, shall eventually pass. Life will go on, and markets will recover. Supply chains may reorient, borders may move, leaders may change. We simply don’t know what next week, next month, or next year has in store. But we do know that disciplined investing and a continued emphasis on buying quality investments with strong momentum over time consistently outperforms panic-trading based on the latest headlines or frantically chasing the latest flash-in-the-pan trend. That’s our focus as we continue to be the best stewards we can be with your assets.

Portfolio Positioning

Despite the steady stream of headlines, our investment process remains disciplined and data-driven.

We continue to follow our momentum-based framework, focusing on areas of the market demonstrating the strongest relative and absolute strength.

We only made one position change in our model portfolios. In our DSS Model: We recently rotated out of Domestic Stocks (VOO) and moved the proceeds into Real Estate (RWR) in response to momentum shifts.

Risk Management: Our approach focuses on maintaining exposure to areas demonstrating strength while avoiding reactionary decisions.

Markets at a Glance

Market	Level	YTD	YoY
S&P 500	6,601	**-3.56%**	**+30.10%**
Dow Jones	46,592	**-3.04%**	**+21.63%**
NASDAQ	21,970	**-5.46%**	**+40.96%**
Oil (WTI)	$112	**+95.11%**	**+80.72%**
10 - Year Treasury	4.32%	--	**--**

Market Stat of the Month

During the Gulf War in 1990–1991, the S&P 500 initially fell roughly 16% as uncertainty peaked—but went on to finish the following 12 months with gains of over 25%.

In other words, markets often react quickly to geopolitical shocks, but they have historically recovered just as quickly once uncertainty begins to clear.

Wisdom from the Trail

Investing success rarely comes from reacting quickly to headlines.

More often, it comes from staying patient while markets work through periods of uncertainty.

As Peter Lynch once said: **"The key to making money in stocks is not getting scared out of them."**

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