

MARKET INSIGHTS

MARCH 2026



Over the weekend, the United States and Israel executed coordinated strikes on multiple targets across Iran, with President Trump publicly calling for regime change while outlining objectives that include dismantling missile capabilities, impairing industrial infrastructure, and neutralizing naval capacity. Tehran responded within hours with missile launches targeting Israel and U.S. installations across the region, prompting Persian Gulf nations to close airspace. The open question now is whether and how China or Russia chooses to engage diplomatically, economically, or otherwise.

Geopolitical shocks demand clarity rather than reflex. In our recent note on *The Fourth Turning*, we outlined how an increased range of probable outcomes can include increased geopolitical tension. Our active risk management process exists precisely for these types of events. The goal is not to predict escalation paths in real time, but to measure how markets, from stocks, bonds, currencies and commodities, absorb them relative to duration and data. The length of this conflict will be the determining variable. A short, contained episode with limited regional spillover likely reinforces existing regime behavior: commodities bid, gold firm, equities resilient, dollar rallies sold. A prolonged conflict that meaningfully disrupts energy supply chains, shipping lanes, or global trade flows introduces a different calculus entirely.

Energy is the immediate transmission channel. Oil risk premium will expand as markets price potential Strait of Hormuz disruptions, and that pricing will influence inflation expectations, rates volatility, and ultimately equity leadership. But the magnitude of impact will correlate directly with time. A multi-day exchange is a headline event. A multi-week disruption becomes a macro variable. A multi-month escalation alters capital allocation decisions globally.

As we transition from February into March, the broader macro framework remains intact, and the dollar remains the most diagnostic signal within it. Last month's focus was whether the currency could sustain a meaningful rally amid Federal Reserve leadership transition headlines, including the nomination of Kevin Warsh. That episode proved instructive. The dollar's inability to materially reverse its broader downtrend reinforced the structural regime we have emphasized since mid-2025, the narrative shifted, but the regime did not. That context now matters even more considering rising geopolitical tension. In classic risk-off shocks, the dollar tends to rally reflexively. If that rally proves shallow or fades quickly, it will further validate the bearish structural view. Conversely, a sustained breakout would suggest regime stress beneath the surface. We do not yet see decisive evidence of that kind of shift, but this remains the key variable to monitor as March unfolds.

The push-pull between Quad 1 and Quad 2 continues, but month over month Quad 1 has regained the lead with higher conviction than we saw at the start of February. That shift reinforces our 1–3 month outlook: constructive for equities, commodities, gold, and bitcoin, and bearish for fixed income and the U.S. dollar. This is not an optimistic stance, but a reflection of cross-asset behavior and liquidity trends that have yet to materially

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deteriorate. The Iran conflict is the immediate test. What will matter most is not the intensity of the initial exchange, but the duration and the incoming data. If escalation proves contained, the existing regime should reassert itself. If it becomes prolonged and materially disrupts energy or trade flows, the macro calculus shifts. Our process is built to measure that distinction rather than react to headlines.

Within this framework, fixed income remains vulnerable. A growth-stabilizing Quad 1 backdrop combined with elevated commodity risk premia pressures bonds from both sides, as inflation expectations firm while fiscal and supply dynamics remain unresolved. Until duration resumes behaving as a reliable hedge, rallies should be viewed tactically, not structurally.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	MARCH 2026	FEBRUARY 2025	1 - 3 MONTH OUTLOOK *
EQUITIES	OFFENSIVE LONG	OFFENSIVE LONG	FAVORABLE
FIXED INCOME	OFFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE
COMMODITIES	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
US DOLLAR	OFFENSIVE SHORT	OFFENSIVE SHORT	UNFAVORABLE
RFR (3M TBILL)	OFFENSIVE SHORT	OFFENSIVE SHORT	UNFAVORABLE
BITCOIN	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE

PORTFOLIO SNAPSHOT *(current exposure relative to target range)*

MODEL	EQUITIES			FIXED INCOME		
	RANGE	MAR 2026	FEB 2026	RANGE	MAR 2026	FEB 2026
BOND	--	--	--	-25 to 100%	70%	70%
PEA CORE STOCK	100%	100%	100%	--	--	--
MODERATE ARM	30 to 60%	60%	60%	10 to 40%	40%	35%
DIVIDEND INCOME	30 to 60%	60%	60%	10 to 40%	40%	40%
MACRO PERSIST	-40 to 40%	30%	30%	-40 to 40%	40%	40%
SYSTEMATIC MACRO	0 to 60%	60%	60%	--	--	--
ALL ASSET	-25 to 100%	60%	60%	-25 to 100%	30%	30%
FOCUS	-100 to 300%	10%	10%	-100 to 300%	30%	30%
Special Situation Equity	0 to 100%	85%	85%	--	--	--

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CURRENT MARKET REGIME: *current conviction score 84%*

Quadrant	MARKET REGIME	
	Current % Share	Previous % Share
GOLDILOCKS / Quad 1	40%	30%
REFLATION / Quad 2	30%	40%
INFLATION / Quad 3	10%	19%
DEFLATION / Quad 4	20%	11%

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