US Market Wrap - 6th March 2026

Equities & Dollar hit on NFP miss, while oil ends a record-breaking week

- **SNAPSHOT**: Equities down, Treasuries steepen, Crude up, Dollar down, Gold up
- **REAR VIEW**: NFP unexpectedly declines, u/e rate rises with wages hotter-than-expected; US Retail Sales fall less than expected, Control beats; Trump said there will be no deal with Iran except unconditional surrender; Fed speak continues to show split committee; Iran attacks a US-owned oil tanker near Kuwait; Kuwait starts cutting production at some oil fields; US reportedly issued a temporary 30-day waiver to allow sale of Russian oil currently stranded at sea to India; BLK limits withdrawals at private credit fund as redemptions mount; WAL informed by JEF of failed agreed upon payments; Conflicting reports over the future of a ORCL-OpenAI data centre project.
- **COMING UP**: **Data:** Chinese CPI (Feb), PPI (Feb), German Industrial Production (Jan), US NY Fed SCE, Australian Westpac Consumer Confidence (Mar), Japanese GDP Final (Q4). **Speakers:** ECB's Elderson, Cipollone.
- **WEEK AHEAD:** Highlights include US and China inflation, UK GDP, China Trade and CBRT. Click here for the full report.
- **WEEKLY US EARNINGS ESTIMATES:** Earnings ease but highlights include ORCL & ADBE. Click here for the full report.

MARKET WRAP

US indices were heavily sold on Friday, concluding what has been a grim week for risk assets amid the start of the Middle East conflict. In addition to that, markets got a further hit on a quite dismal US jobs report, which saw the headline plunge 92k (exp. 59k, prev. 126k), unemployment rate tick higher to 4.4% (prev. & exp. 4.3%), and wages unwelcomingly accelerate/sticky. Further adding to the woes, and hitting the tech/semi sector, including Nvidia, were Bloomberg reports that Oracle and OpenAI end plans to expand data centre site. However, US indices pared some of this weakness as CNBC, citing a source, refuted this, saying existing plans remain on track. Adding more pressure, there were further private credit worries amid reports that BlackRock (BLK) limits withdrawals at a private credit fund as redemptions mount. All sectors, aside from Consumer Staples, were in the red given the aforementioned news. As has, of course, been the theme this week, the crude complex extended their record-breaking week of gains, with WTI and Brent higher by c. USD 25/bbl to last week's Friday settlement. Attention firmly resides on the Middle East, and also the Strait of Hormuz, with participants looking out for any weekend breakthroughs, despite how unlikely it currently seems. The Dollar pared some of its extensive strength seen this week, as the US jobs report weighed, with CAD outperforming on surging oil prices. Treasuries chopped to surging energy prices and a weak NFP report, while private credit concerns linger, and precious metals finished in the green. There was plenty of Fed speak ahead of the blackout this evening (more details below).

US

NFP: Overall, the report was soft and raises questions about whether the labour market has truly stabilised. After a strong jobs report in January (+126k, revised from 130k), the economy lost 92k jobs in February, far below the +59k forecast. Two-month net revisions totalled -69k, largely concentrated in December (-65k), leaving December payrolls at -17k. January job growth remained solid at 126k (initially 130k), but the revisions place the start of the year at a lower employment base, with much of January's strength fading in the initial February reading. The March jobs report, due on 3rd April, will include further revisions to both the strong January figure and the weak February data. Regarding job losses this month, healthcare employment fell by 28k, reflecting strike activity following a 77k increase in January. Employment in information and the federal government continued to trend down, with information employment -11k and federal government employment -10k. Social assistance rose by +9k, while transportation fell by -11k. Little change was reported across other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; retail trade; financial activities; professional and business services; leisure and hospitality; and other services. Ahead of the data, ING highlighted: "A few are warning of a softer, possibly negative number based on the very cold weather in late January and early February. If so, the dollar could get hit briefly, but losses might not endure given the Middle East risk." The unemployment rate rose to 4.4% from 4.3%, against expectations for another 4.3% reading, bringing it in line with the Federal Reserve's 2026 median projection, which is set to be updated on 18th March. Meanwhile, wages came in 0.1% higher than expected at 0.4% M/M and 3.8% Y/Y. For the Fed, the report may prompt Waller to vote for another 25bps cut in March - he said before the data that if January's strength unwound in February, he might support another cut. Markets are still not pricing rate cuts until September amid uncertainty around the situation in the Middle East and its economic impact, and the Fed typically takes a wait-and-see approach during periods of uncertainty. Markets now price in about 44bps of easing in 2026 versus 38bps before the data. This fully prices in one rate cut, with a 76% probability of a second.

RETAIL SALES: Retail sales fell 0.2% in January (prev. 0.0%), albeit not as deep as the expected decline of 0.3%, while ex-gas/autos rose 0.3% (exp. 0.0%, prev. 0.1%, rev. from 0%) and ex-autos was unchanged at 0.0%, in line with expectations. Retail control group rose 0.3%, slightly above Wall St. consensus of 0.2%, with the prior revised to 0.0% from -0.1%. Spending fell, as consumer confidence was hit, highlighted within the report as foods services & drinking places, declined for the second consecutive month, while clothing & clothing accessories store spend also pulled back further. Potentially further weighing on the consumer were harsh cold weather conditions affecting some of the country in late Jan.

FED

WALLER (voter, dove) said we are going to see a spike in gasoline prices, but from the Fed's point of view, it is unlikely to cause sustained inflation and added that these energy costs are likely to be passed along like everything else. On the labour market, which is Waller's main concern and speaking before the US jobs report, said it looked like in January might be turning a corner, but will find out today whether it was a signal or not. Of course, as seen from the dataset, it wasn't a turning corner and Feb's. release was truly dismal. Waller reiterated if there is strength in the labour market, he would be willing to pare back his rate cut bets, but after the data today that is exceedingly unlikely given how weak it was. Prior to the NFP release, remarked that if we get a bad jobs number today, and Jan revised down, why would they just sit on their hands?. Regarding the private credit market, the influential Governor doesn't see big or widespread problems and headlines they've seen do not seem to be systemic.

MIRAN (voter, dove) is hesitant to read too much into one month's job report and noted how policy is pretty miscalibrated from here. The forever dove reiterated that monpol is too tight and that the neutral rate is like 2.5-2.75%; hopes the Fed votes to cut next FOMC meeting, and he will be a dissenter if not. Miran echoed the fact that the Fed should cut rates to neutral, then re-estimate. He also added the Fed typically does not respond to oil prices, and if anything it biases him towards even more dovish policy, and that oil shock can weigh on core inflation by hurting demand.

HAMMACK (2026 voter) sees no imminent need to change the stance of monetary policy in an economy where inflation is still "too high". The Cleveland Fed President added that given the Fed's need to balance "elevated" inflation and a "softening" job market, these factors, joined with rate cuts done last year, leave monetary policy "in a good position". Under her base case, she thinks policy should be on hold for quite some time as they see evidence that inflation is coming down and the labour market stabilises further. Hammack noted that it's easy to envision other scenarios, as well, so she sees two-sided risks to rates.

DALY (2027 Voter, Dove) said the latest jobs report has her attention, noting she hoped last year's rate cuts would put a floor under the job market, but warned no single month of data should be decisive. She stressed both sides of the mandate carry risks, with the labour market appearing vulnerable. She suggested that if the breakeven rate is 30k, they are currently below that, but it is only a couple of months of data. She said she is concerned about the labour market, but cites issues around strikes and poor weather. Regarding energy prices in wake of the Middle East conflict, she said the outlook depends on how long oil prices remain elevated, and the Fed does not want to act aggressively unless it knows that part. On the path ahead for rates, she said an alternative is to hold rates steady, but they are not in a position to think they should hike. "We have to be steady in the boat" whilst they collect more inflation.

GOOLSBEE (2027 voter) remarked that the January jobs report was a tough miss, but one report is not a trend, although if you got several months like that, it would be a concern. On the inflationary footing, the Chicago Fed President said non-tariff inflation has been disturbingly high, and there is disturbing persistence of services inflation. Ahead, he is hopeful they can commence rate cuts by the end of this year, and wants to get as much information as possible, especially given recent conflicting data.

SCHMID (2028 voter, hawk) noted that businesses are pausing on hiring, and while he did not speak much on policy, he said he will miss J-Powell and he has been blessed to have him at the head. The Kansas City Fed President said it is probably a good thing that the board of governors have more votes than the Fed presidents.

COLLINS (2028 voter) expects Fed rate target to hold steady 'for some time' and now is a time for the Fed to be patient and deliberative with rate policy. Boston Fed President said to cut rates again, needs to see clear evidence that inflation is ebbing. Highlighting the view that it is good to hold rates, Collins sees no urgent need to change monpol stance and Fed policy is currently well positioned. On the inflationary angle, the outlook is uncertain with upside risks, and the latest on tariffs could bring more inflation pressure.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 4 TICKS HIGHER AT 112-14

T-notes chop to surging energy prices and a weak NFP report while private credit concerns linger. At settlement, 2-year -3.8bps at 3.561%, 3-year -2.7bps at 3.588%, 5-year -1.8bps at 3.724%, 7-year -1.3bps at 3.923%, 10-year -0.6bps at 4.140%, 20-year +1.5bps at 4.736%, 30-year +1.3bps at 4.766%.

THE DAY: T-notes were choppy on Friday with downside observed throughout the morning as energy prices continued to rocket, with Qatar warning the conflict could cause all Gulf energy producers to have shut production within weeks. However, T-notes rallied in wake of the weak US NFP report, which saw 92k jobs lost, unwinding some of the strength seen in January and raising questions over the recent labour market stabilisation. T-note futures rose from lows of 112-01+ pre-data, to a peak of 112-21 on the release. However, this move quickly faded with T-notes heading lower to match the aforementioned low an hour later. However, with participants weighing the state of the US labour market, or potential price impacts from the Middle East war, treasuries rose back to highs into settlement. Elsewhere, Retail Sales were slightly better than expected, but the focus was on the jobs data. There was plenty of Fed speak before the blackout period commences, Daly said the jobs market is vulnerable and this report has caught her attention, but also noting one month of data is not decisional. Goolsbee said the report was a tough miss, but said one report is not a trend - if this went on for several months, it would be a concern. Miran said the Fed should cut to neutral, then re-estimate. Waller, speaking pre-data, said there will be a spike in gasoline prices, but it is unlikely to cause sustained inflation. He also somewhat ironically said that if we get a bad jobs number today, and January is revised down, "Why would we just sit on our hands?". January only saw a minor revision lower, but December saw a 65k revision lower - perhaps signalling he may vote for another 25bps cut in March. Concerns on private credit continue to linger, too, Western Alliance (WAL) filed a lawsuit & charged off USD 126.4mln in loan balances after Jefferies (JEF) failed to make agreed-upon payments. Meanwhile, Blackrock (BLK) limited withdrawals at a private credit fund as redemptions start to mount.

SUPPLY

Notes

- US to sell USD 58bln of 3-year notes, USD 29bln of 10-year notes and USD 22bln of 30-year bonds on March 12th; all to settle on March 16th

Bills

- US to sell USD 89bln of 13-week bills and USD 77bln of 26-week bills on March 9th; to sell USD 90bln of 6-week bills on March 10th; All to settle March 12th.

STIRS/OPERATIONS

- NY Fed RRP op demand at USD 1.51bln (prev. 2.79bln) across 5 counterparties (prev. 5).
- SOFR at 3.66% (prev. 3.67%), volumes at USD 3.294tln (prev. USD 3.292tln) on March 5th.
- EFFR at 3.64% (prev. 3.64%), volumes at USD 106bln (prev. USD 106bln) on March 5th.

CRUDE

WTI SETTLED USD 9.89 HIGHER AT 90.90/BBL; BRENT (K6) SETTLED USD 7.28 HIGHER AT 92.69/BBL

The crude complex, once again, saw heavy gains on Friday, to end a record-breaking week. Due to the breakout of the Middle Eastern war, and the accompanying Strait of Hormuz worries, WTI has surged from last Friday's close of USD 67.02/bbl to a weekly high of USD 92.61/bbl, while Brent has moved from USD 70.84/bbl to peaks of USD 94.64/bbl. Obviously, the ever heightening geopols is underpinning the energy space, as attacks continue to expand across the region, with some of the main drivers behind the upside being 1) Qatari Energy Minister cautioning that the conflict could cause all Gulf energy producers to have to shut production within weeks, increasing oil to USD 150/bbl; 2) Iran attacking a US-owned oil tanker near Kuwait; 3) Trump saying "There will be no deal with Iran except UNCONDITIONAL SURRENDER!". On the supply footing, several oilfields have seemingly curtailed production. Meanwhile, WaPo, citing sources, reported that Russia is giving Iran information to attack US forces, while CNN, citing sources, said that the US has intelligence suggesting China may be preparing to provide Iran with financial assistance, spare parts and missile components, though Beijing has stayed out of the war up until now. While there haven't been many things easing oil prices this week, WTI and Brent came off highs into settlement amid FT reports that the US agency is to create a USD 20bln reinsurance facility for Gulf shipping, and the facility to restart maritime cargo. Albeit not garnering much attention, the latest Baker Hughes rig count saw oil rise 4 to 411, natgas fall 2 to 132, leaving the total up 1 at 551.

EQUITIES

CLOSES: SPX -1.33% at 6,740, NDX -1.51% at 24,643, DJI -0.95% at 47,502, RUT -2.33% at 2,525

SECTORS: Consumer Discretionary -1.96%, Materials -1.89%, Technology -1.84%, Financials -1.37%, Industrials -1.26%, Real Estate -1.08%, Communication Services -1.06%, Health -0.78%, Utilities -0.38%, Energy +0.13%, Consumer Staples +0.29%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.87% at 5,732, Dax 40 -1.13% at 23,548, FTSE 100 -1.24% at 10,285, CAC 40 -0.65% at 7,993, FTSE MIB -1.02% at 44,152, IBEX 35 -0.99% at 17,074, PSI +0.15% at 8,946, SMI -1.56% at 13,091, AEX -1.52% at 980

STOCK SPECIFICS:

- **Western Alliance (WAL)** filed a lawsuit & charged off USD 126.4mln in loan balances after Jefferies (JEF) failed to make agreed-upon payments. WAL CEO said until last week, the loan had performed as expected, adds that they can absorb the loss with minimal disruption.
- **BlackRock (BLK)** limits withdrawals at private credit fund as redemptions mount.
- **Marvell (MRVL):** EPS, rev. topped w/ stellar guidance
- **Costco (COST):** Top & bottom line surpassed exp.
- **Gap (GAP):** Q metrics light & disappointing FY26 guidance w/ investors concerned about tariff headwinds weighing on margins
- **Petrobras (PBR):** Profit beat as strong oil production & record exports offset weaker crude prices
- **Nike (NKE)** will implement organisational changes aimed at improving efficiency & profitability W/ estimated pre-tax charges of C. $300mln
- **Diana Shipping (DSX)** increased its all-cash offer to acquire Genco (GNK) to USD 23.50/shr. Note, the previous offer was USD 20.60/shr.
- China reportedly in talks with **Boeing (BA)** to order 500 737 MAX jets and also in talks for 100 787, 777x widebodies; deal could be unveiled at planned Trump-Xi summit.
- **Oracle (ORCL)-OpenAI** talks to lease stargate expansion site broke down, Bloomberg reports; Oracle and OpenAI end plans to expand data centre site. That said a later CNBC headline, via a source, conflicted the above, noting existing plans for Oracle's data centre project with OpenAI remain on track.

FX

The Dollar was generally weaker against major peers on Friday as recent support from geopolitical risks were offset by a surprise downturn in US jobs growth. NFP unveiled a decline of 92k jobs in the economy (exp. +59k), with an unemployment rate ticking up to 4.4% from 4.3%, with wages coming above expectations. Some desks have since downplayed the readings, citing the impacts from Storm Fern, yet losses in health pose concerns given consistent gains over the last 12 months. Much Fed speak followed the jobs report, with divergence remaining amongst a committee filled with inflation worries (Hammack (voter), Collins (non-voter), Goolsbee (nv) vs labour doves (Waller & Miran). Elsewhere, US oil prices hit USD 90/bbl, a level not seen since October 2023, as a largely vacant Strait of Hormuz has participants shifting to a stance that large impacts will be felt in a matter of days or a couple of weeks, not months. DXY hit highs of 99.435 before paring to ~98.99, but remains +1.35 from last week.

CAD led G10 strength as surging oil prices and a weaker USD left the currency in prime position for gains. On data, the Canadian

Ivey PMI SA rose above expectations to 56.6 in February (exp. 51.1). USD/CAD sits around lows of 1.3580. Meanwhile, **EUR** and **JPY** lagged as in their case, higher oil & gas prices are more of a negative, given their heavy reliance on exports. EUR/USD was little changed at 1.1600 while USD/JPY climbed about 0.380 to USD 157.94.