US Market Wrap - 12th March 2026

Stocks sink amid $100/bbl Brent as geopolitical tensions boil

- **SNAPSHOT**: Equities down, Treasuries down, Crude up, Dollar up, Gold down
- **REAR VIEW**: New Iranian Supreme Leader says Strait of Hormuz should remain closed, calls for US bases in the region to be attacked; Fuel tankers struck in the Gulf; Trump stands ground on stopping "evil Empire, Iran"; Trump admin is reportedly set to suspend the Jones Act to curb oil price increases; Iran Deputy FM reportedly says we're not laying mines in Hormuz Strait; US is to release 172mln barrels of crude from strategic petroleum reserve; Iran says it gives permission for Indian oil tankers to pass through the Strait of Hormuz; US Initial Jobless Claims unchanged W/W, Continued Claims rise; USTR Greer says US is initiating Section 301 investigation into 16 trading partners.
- **COMING UP**: **Data:** German Wholesale Prices (Feb), UK Trade Balance (Jan), GDP (Jan), French/Spanish HICP Final (Feb), Canadian Jobs Report (Feb), US Core PCE Price Index (Jan), Durable Goods Orders (Jan), Personal Spending (Jan), JOLTS (Jan), University of Michigan Consumer Sentiment Prelim. (Mar), Atlanta Fed GDP. **Supply:** Japan. **Ratings:** Scope Ratings on UK, Spain; S&P on Spain; Moody's on Greece, Germany; Fitch on Spain, Italy

MARKET WRAP

It was a risk-off trade on Thursday as oil prices surged once again to see Brent settle back above USD 100/bbl as the new Supreme Leader Khamenei called on the Strait of Hormuz to remain shut and for attacks on US bases to continue; meanwhile, navy escorts through the strait may not happen until the end of the month. Additionally, the US is to release 172mln barrels of crude from the SPR, however delivery is expected to take around 120 days, diminishing hopes over the US finding a short-term resolution. Fuel tankers were also struck in the Gulf. The rising oil prices and geopolitical escalations hit US equities with the majority of sectors lower, aside from energy due to energy prices, and utilities and staples - haven sectors. The rise in oil prices bolstered inflationary concerns, and traders unwound rate cut bets for the Fed this year, with a 25bps cut no longer fully priced, currently implying a 66% probability of a 25bps cut this year. Meanwhile, US data saw jobless claims remain within recent wages - perhaps easing some of the concerns following the February NFP report. In FX, the Dollar was bid as cuts were unwound, while cyclical currencies took a hit as stocks tumbled, and the Yen approached intervention territory on the prospects of a more hawkish Fed. Gold and Silver were sold as the Dollar and yields gained while Bitcoin rose.

US

BALANCE OF TRADE: The US Balance of Trade data for January saw the deficit narrow to 54.4bln from 70.3bln, also printing narrower than the expected 68bln. Imports fell slightly to 356.6bln from 357.6bln, but were above the 351bln forecast, while exports jumped to 302.1bln from 287.3bln, above the 286bln forecast. The jump in exports is what led to the narrower-than-expected trade deficit. Oxford Economics highlights that this is due to an increase in industrial materials, primarily precious metals and capital goods. It notes that although total imports fell, details showed capital goods imports were boosted again amid ongoing demand for AI-related goods. The desk also writes, "January's report suggests net trade will be a 0.2ppt contribution to Q1 growth, which is roughly in line with our baseline forecast."

BUILDING PERMITS/HOUSING STARTS: Building Permits fell beneath expectations in January to 1.376mln (exp. 1.41mln) from December's 1.455mln. Single-family authorisations were 873k, -0.9% M/M. Meanwhile, Housing Starts were up 7.2% M/M to 1.487mln (exp. 1.35mln, prev. 1.404mln). Single-family housing starts were 935k, -2.8% M/M. Oxford Economics expects a gradual improvement in housing starts over the course of 2026. "

JOBLESS CLAIMS: Initial jobless claims were more-or-less unchanged at 213k W/W (prev. 214k), marginally beneath the expected 215k, and continues to remain within recent ranges; this meant 4-wk average ticked lower to 212k from 215.75k. For the headline, seasonals expected a decrease of 6,843 W/W. In terms of the contributors, Missouri (+3,801) and Virginia (+1,480) had the biggest rises, while New York (-14,360) was the clear decliner, followed by Michigan (-2,523). Continuing claims, for the preceding week, came in at 1.850mln (prev. 1.868mln), bang in line with Wall St. consensus. As Oxford Economics writes, the low and steady level of initial jobless claims suggests the big drop in nonfarm payrolls in February was a blip, not the start of a trend, and the consultancy think the evidence is consistent with labour market conditions stabilizing before the fallout of the Iran war hits the economy.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED 18+ TICKS LOWER AT 111-13

T-notes bear flatten as oil prices rise back above USD 100/bbl, unwinding Fed rate cut bets. At settlement, 2-year +9.8bps at 3.751%, 3-year +9.8bps at 3.770%, 5-year +7.6bps at 3.877%, 7-year +6.2bps at 4.063%, 10-year +4.1bps at 4.269%, 20-year +2.2bps at 4.867%, 30-year +0.6bps at 4.884%.

THE DAY: T-notes were lower across the curve with the curve bear flattening as oil prices surged once again, seeing Brent settle back above USD 100/bbl as markets price out Trump's "end of war" comments from earlier in the week. The new Iranian Supreme Leader released his first statement, calling for a continued closure of the Strait of Hormuz and all US bases should be attacked. Meanwhile, Energy Secretary Wright warned that ships will not receive military escorts through the strait immediately, but he hopes for it to be in place by month-end. Elsewhere, US data saw jobless claims remain low while the trade deficit narrowed thanks to a jump in exports. The data ultimately had little impact, with focus remaining on rising oil prices and the inflationary aspects of the Strait of Hormuz being shut. However, the fact that jobless claims remain stable could be offsetting some of the labour market concerns seen in the wake of the February NFP. Money markets continued to unwind Fed rate cut bets with only 17bps of easing priced in this year, which implies a 66% probability of just one rate cut. Elsewhere, the 30-year auction was solid (more below).

SUPPLY

Notes

- US sold USD 22bln of 30-year bonds at a high yield of 4.871%, stopping through the When Issued by 0.7bps, not as strong as the prior offering stop through of 2.1bps, but still a decent improvement vs the six auction average of a 0.2bps tail. The bid-to-cover ratio fell to 2.45x from 2.66x, but also was above the six auction average of 2.39x. The breakdown of demand saw direct demand increase to 27.2% from 24.2%, above the 23.3% average, while indirect demand fell to 63.4% from 69.9%, below the 65.4% average. This left dealers with a below average 9.4%, but above the prior. Overall, a solid 30-year auction which was better than recent averages but not as strong as the stellar February offering
- US to sell USD 13bln of 20-year bonds on March 17th and USD 19bln of 10-year TIPS on March 19th; all to settle March 31st

Bills

- US sold 4-week bills at a high rate of 3.640%, B/C 2.77x; sold 8-week bills at a high rate of 3.625%, B/C 3.10x
- US to sell USD 89bln of 13-week bills and USD 77bln of 26-week bills on March 16th and USD 86bln of 6-week bills and USD 50bln of 52-week bills on March 17th; all to settle March 19th.

STIRS/OPERATIONS

- Fed Rate Cut Pricing: March 0bps (prev. 0bps), April 0bps (prev. 1.7bps), June 4.4bps (prev. 7.5bps), December 16.5bps (prev. 30.6bps).
- NY Fed RRP op demand at 0.14bln (prev. 0.55bln) across 4 counterparties (prev. 4) on March 12th
- SOFR at 3.64% (prev. 3.64%), volumes at USD 3.175tln (prev. USD 3.2tln) on March 11th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 97bln (prev. USD 104bln) on March 11th
- US Treasury Buyback [Liquidity Support, 7-10year, max purchase USD 4bln]: Accepted 55mln of 3.394bln offers; accepted 3 issues of 10 eligible

CRUDE

WTI (J6) SETTLED USD 8.48 HIGHER AT 95.73/BBL; BRENT (K6) SETTLED USD 8.48 HIGHER AT 100.46/BBL

The crude complex was bid amid no signs of de-escalation in the Middle Eastern war. Focus remains on the Strait of Hormuz closure, with the first statement from the new Iranian Supreme Leader stating that the closure should be continued as a tool to pressure the enemy, with further oil upside seen as he said other fronts will be opened if war persists. Before this, oil saw another bullish move after comments from Energy Secretary Wright, noting the Navy escort will happen relatively soon, but it cannot happen right now, and that the SPR release of 172mln bbls will need to be repaid, albeit with interest to return 200mln bbls back to the SPR within a year, which in turn will see more oil on the market in the short term, but the net impact is a tighter market by c. 28mln bbls in the long run. Prior to all this, and in overnight trade, the complex was buoyed by further Iranian attacks on tankers in the Strait. While WTI and Brent was up for the duration of the session and hitting peaks of USD 97.19/bbl and 101.59/bbl, respectively, it did pare some of the gains on a couple of bearish headlines; 1) Trump's admin is reportedly set to suspend the Jones Act to curb oil price increases, and 2) Iran Deputy FM said they are not laying mines in Hormuz Strait and Iran allowed some ships to cross strait. Eyes are also on the Israel/Lebanon border amid reports Israel is considering a ground invasion while tanks are being moved to the border.

EQUITIES

CLOSES: SPX -1.52% at 6,673, NDX -1.73% at 24,534, DJI -1.56% at 46,678, RUT -2.12% at 2,489

SECTORS: Industrials -2.52%, Consumer Discretionary -2.21%, Health -1.76%, Technology -1.72%, Communication Services -1.63%, Financials -1.62%, Real Estate -0.63%, Materials -0.36%, Consumer Staples +0.09%, Utilities +0.73%, Energy +0.98%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.69% at 5,755, Dax 40 +0.06% at 23,601, FTSE 100 -0.44% at 10,309, CAC 40 -0.71% at 7,984, FTSE MIB -0.64% at 44,488, IBEX 35 -1.20% at 17,144, PSI +0.83% at 9,152, SMI -0.56% at 12,850, AEX -0.23% at 1,001.

STOCK SPECIFICS:

- Fertiliser names continued to extend on gains amid supply disruptions. Of note for **CF Industries (CF), Mosaic (MOS).**
- **Atlassian (TEAM)** will eliminate about 10% of its workforce.
- **Occidental (OXY)** double upgraded at Wells Fargo.
- **TE Connectivity (TEL)** authorised $3bln increase to share repurchase prog. & raised Q div. 10% to $0.78/shr
- **Palantir (PLTR)** teams up w/ NVDA to deliver sovereign AI operating system reference architecture
- **Eli Lilly (LLY)** compounded weight-loss drugs that contain vitamin B12 & main ingredient in Lilly's Zepbound could present health risks due to impurity
- **GlobalFoundries (GFS)** priced 20mln share secondary offering at $42.00/shr.
- **Dollar General (DG):** FY SSS guidance slightly light

- **Morgan Stanley (MS)** capped redemptions from one of its private credit funds, returning less than half of capital that investors sought to cash out.
- Wolfpack short **Babcock & Wilcox Enterprises (BW).**

FX

The Dollar Index hit a new YTD high of 99.750 amid Brent briefly regaining the USD 100/bbl handle as the Iranian leader advocated for the Strait of Hormuz to remain closed, while remarks from US President Trump showed little effort to calm tensions. Yields across the curve rose for their third consecutive day as money markets responded to rallying energy prices, now no longer fully pricing in a 25bps Fed rate cut by year-end. Meanwhile, data had little bearing on FX movement with Initial Jobless Claims unchanged at 213k while continuing claims rose above expectations, yet remain sticky within YTD ranges.

Antipodes were at the bottom of the G10 pile on Thursday, with growing hawkish RBA bets failing to offset the continued risk-off sentiment, which has finally caught up with **AUD**, leaving the currency snapping its 3-day outperformance.

USD/JPY trades around intraday peaks of 159.42, eyeing the multi-year high of 161.95, meaning FX intervention is likely to become a just as common topic of conversation as surging energy prices from the Middle East. That said, Japan's heavy reliance on oil imports would suggest that FX intervention would have less of an impact in other environments, and as such, is less likely to occur.

TRY: The CBRT held the rates at 37% as expected. The Central Bank noted that the tight monetary policy stance will be maintained until price stability is achieved.