US Market Wrap - 13th March 2026

Stocks slide and oil climbs on Mid East tensions

- **SNAPSHOT**: Equities down, Treasuries steepen, Crude up, Dollar up, Gold down.
- **REAR VIEW**: Headline PCE in line, core Y/Y slightly above Wall St. expectations; GDP growth revised down; Dismal Durable Goods; JOLTS beat; UoM Sentiment tops consensus w/ inflation expectations beneath forecasts; Awful Canadian jobs data; Pentagon reportedly moving a Marine expeditionary unit to the Middle East; Trump told G7 leaders in a virtual meeting Wednesday that Iran is "about to surrender"; Indian government official said oil tanker Jag Prakash moved out from the east of Strait of Hormuz; UK GDP misses in January.
- **COMING UP**: **Data:** Chinese Retail Sales/Industrial Production (Jan-Feb), Indian WPI (Feb), Canadian CPI (Feb), US Industrial/Manufacturing Production (Feb). **Speakers:** Nvidia (NVDA) CEO Huang.
- **WEEK AHEAD:** Highlights include US/China meet, NVDA GTC, FOMC, BoJ, BoE, ECB, RBA, and SNB. Click here for the full report.

MARKET WRAP

Stocks saw further pressure on Friday as geopolitics continues to dominate, hitting risk sentiment. Sectors were more split with haven sectors (Utilities and Staples) outperforming alongside Energy, while Tech, Materials and Communications were the notable laggards. Oil prices saw further gains with Brent settling above USD 100/bbl for the second consecutive session despite more reports of Indian tankers sailing through the Hormuz. Aside from geopolitics, focus was on a plethora of US data. January PCE was primarily in line, aside from Core Y/Y, while the 2nd estimate of Q4 GDP was revised to show growth of just 0.7%, below the initial estimate of 1.4%. Durable Goods disappointed, while JOLTS offered a glimmer of hope but analysts did highlight there were signs of AI disruption. The UoM report saw a slight beat with mixed components and mixed inflation expectations. T-notes ultimately steepened, seemingly a function of profit taking after the flattening seen recently while data takes a step back from the limelight with focus on geopolitics and energy prices. In FX, Dollar continued to outperform with DXY rising back above 100 while Yen pushed closer to 160 despite jawboning from officials overnight. Gold was pressured but remained above USD 5,000 while Bitcoin saw further gains.

US

PCE: Headline M/M was in line with expectations at 0.3%, easing slightly from December's 0.4%, while Y/Y came in at 2.8% (exp. 2.8%, prev. 2.9%). Core PCE M/M printed 0.4% (exp. & prev. 0.4%), while Y/Y topped Wall Street consensus at 3.1% (exp. & prev. 3.0%). Reminder, Core PCE is the Fed's preferred gauge of inflation. The Fed's December median projection sees 2026 core PCE inflation at 2.5%, although an updated figure will be released on Wednesday at the next FOMC meeting. Attention will focus on the projections, although the ongoing Middle East conflict presents the potential for energy-led inflation. Fed officials have already indicated they expect any impact to be a one-off effect and not something that will materially feed into policy decisions at this stage. Looking at other recent inflation metrics, January US CPI was in line with expectations for core but slightly cooler for the headline, while January PPI came in much hotter than forecast. The February CPI was largely in line with expectations but had hot implications for the February PCE. On the Fed, the Committee remains split, albeit unevenly, between labour market and inflation risks. Governor Waller is among those more focused on the labour market, and this dataset is unlikely to materially alter his view. However, the hawks are concerned about elevated inflation. Further in the report, personal income M/M rose 0.4% (exp. 0.4%, prev. 0.3%), while personal spending increased 0.4% (exp. 0.3%, prev. 0.4%).

GDP (2ND Est.): The second estimate of Q4 2025 GDP saw a revision lower to just 0.7% growth, from the initially reported 1.4%, and falling from the 4.4% seen at the end of Q3. Real Consumer Spending rose 2%, below the 2.4% forecast and prelim. Regarding prices, headline PCE was at 2.9%, accelerating from Q3's 2.8%, but unchanged from the prelim, while the core rose to 3.1% from, revised up from the 2.7% prelim and above the 3.0% forecast. Growth was led by increases in consumer spending and investment. These movements were partly offset by decreases in government spending and exports. Imports, which are a subtraction in the calculation of GDP, decreased. The revision lower to 0.7% reflected downward revisions to exports, consumer spending, government spending, and investment. Meanwhile, imports decreased less than previously estimated. Pantheon Macroeconomics"are pencilling-in a slowdown in real spending growth to 1½% in 2026, from 2.6% in 2025, but the outlook is fluid, given the volatility of energy prices."

JOLTS: The January JOLTS rose to 6.946mln from the prior 6.550mln, reversing the chunky drop from November to December. The Vacancy rate rose to 4.2% from 4.0%. Hires rose slightly from 5.272mln to 5.294mln, but the hire rate was unchanged at 3.30%. Quits fell to 3.137mln from 3.225mln, but the quits rate was unchanged at 2.0%. Summarising the data, Pantheon suggests demand for labour is still weak, with tentative signs of an AI impact.

MICHIGAN: University of Michigan Preliminary for March was more positive than expected as Consumer Sentiment fell less than expected to 55.5 (exp. 55.0) from 56.6. Current Conditions unexpectedly rose to 57.8 (exp. 55.2) from the prior 56.6. Consumer Expectations fell to 54.1, below the expected 54.7 (prev. 56.6). Inflation expectations both came in beneath forecasts, 1yr at 3.4% (exp. 3.9%, prev. 3.4%), 5yr at 3.2% (exp. 3.4%, prev. 3.3%). The report notes that interviews completed before the military action in Iran showed an improvement in sentiment from last month, but lower readings seen during the nine days thereafter completely erased those initial gains, as gasoline prices have exerted the most immediate impact felt by consumers. About half of the interviews were completed after the start of the US military conflict in Iran. Oxford Economics says we expect consumer sentiment to continue to deteriorate as the war persists. Nonetheless, the firm expects consumption to continue to grow at a solid pace of 2.4% in 2026 despite sentiment around historical lows.

DURABLE GOODS: Durable Goods disappointed in January, with the headline coming in at 0%, shy of the expected 0.8%, albeit an improvement from December's -1.4%. Ex-transport rose 0.4% (exp. 0.5%, prev. 0.9%), with ex-defense 0.5%, improving from -2.5% M/M. Oxford Economics quips the more important detail was that core orders, which offer a better signal of future business spending, were virtually unchanged after months of solid growth. OxEco concludes, though the flat reading for core orders throws some cold water on their expectations for strong equipment investment this year, its shipments that count toward GDP, were relatively stronger.

FIXED INCOME

T-NOTE FUTURES (M6) SETTLED UNCHANGED AT 111-13

T-notes unwind some of the recent flattening into the weekend . At settlement, 2-year -0.3bps at 3.736%, 3-year -0.4bps at 3.753%, 5-year +0.6bps at 3.872%, 7-year +1.6bps at 4.067%, 10-year +2.4bps at 4.285%, 20-year +3.1bps at 4.894%, 30-year +2.8bps at 4.908%.

THE DAY: The yield curve steepened on Friday following the recent flattening, perhaps attributed to some profit-taking into the weekend. There were several data points to watch though, with the 2nd estimate of Q4 GDP being revised down, while the US PCE numbers were largely in line with expectations, but the Core Y/Y was a touch hotter than forecasts. Durable Goods were also soft. After the data, the Atlanta Fed GDP Now estimate for Q1 was unchanged at 2.7%, but shows growth looks set to improve vs the slow pace in Q4. Meanwhile, JOLTS saw a welcome jump after the prior months drop. Nonetheless, none of the data really does much to change the Fed's thought process ahead of next week's FOMC, with a lot of focus on the impact of oil prices on data in the month's ahead and how long the Iran war lasts. T-notes hit peaks today of 111-24+ in wake of the initial batch of data (PCE, GDP), while low of 111-11 was hit after the stronger-than-expected JOLTS report, but T-notes had already been selling off before the data as oil prices gained. Elsewhere, regarding Fed independence, a Federal Judge blocked subpoenas in the renovation probe against Fed Chair Powell due to a lack of evidence, and evidence suggesting it is a plot to remove Powell from office and to lower interest rates. Senator Tillis called for the rulings not to be appealed, as it will only delay the nomination of Fed Chair Nominee Warsh.

SUPPLY

Notes

- 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 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. 0bps), June 4.4bps (prev. 4.4bps), December 20.4bps (prev. 16.5bps).
- NY Fed RRP op demand at 0.14bln (prev. 0.55bln) across 4 counterparties (prev. 4) on March 12th
- SOFR at 3.65% (prev. 3.64%), volumes at USD 3.112tln (prev. USD 3.175tln) on March 12th
- EFFR at 3.64% (prev. 3.64%), volumes at USD 99bln (prev. USD 97bln) on March 12th

CRUDE

WTI (J6) SETTLED USD 2.98 HIGHER AT 98.71/BBL; BRENT (K6) SETTLED USD 2.68 HIGHER AT 103.14/BBL

The crude complex was firmer on Friday, in what was a historic week for the space as the Middle East conflict dominates the tape . Highlighting the huge volatility this week, WTI traded between USD 76.73-119.48bbl, with Brent USD 81.16-119.50/bbl, as focus largely resided around any de-escalation, which there hasn't been, and the state of the Strait of Hormuz, which largely remains "closed". Although, benchmarks did see some weakness after an Indian government official said oil tanker Jag Prakash moved out from the east of the Strait of Hormuz. From the US side of things, Trump on US escorts in Strait of Hormuz, remarked they would do it if needed, and going to be hitting Iran "very hard" over the next week, once again showing no signs of de-escalation. Furthermore, WSJ reported that the Pentagon is moving a marine expeditionary unit to the Middle East, which saw Polymarket increase the likelihood of US troops on the ground in Iran, and now seen as a 40% chance by the end of the month. Into the weekend participants will await any further updates, escalations/de-escalations, to reassess come the reopening of the market next week. For the record, the weekly Baker Hughes rig count saw oil up 1 to 412, natgas rise 1 to 133, leaving the total up 2 to 553.

EQUITIES

CLOSES: SPX -0.60% at 6,633, NDX -0.62% at 24,381, DJI -0.25% at 46,560, RUT -0.36% at 2,480

SECTORS: Utilities +0.94%, Consumer Staples +0.54%, Energy +0.41%, Real Estate +0.20%, Financials +0.05%, Health -0.28%, Industrials -0.39%, Consumer Discretionary -0.65%, Communication Services -0.98%, Materials -1.04%, Technology -1.29%.

EUROPEAN CLOSES: Euro Stoxx 50 -0.54% at 5,718, Dax 40 -0.53% at 23,447, FTSE 100 -0.39% at 10,265, CAC 40 -0.91% at 7,912, FTSE MIB -0.29% at 44,327, IBEX 35 -0.43% at 17,066, PSI -0.09% at 9,144, SMI +0.02% at 12,843, AEX +0.10% at 1,002.

STOCK SPECIFICS:

- **Adobe (ADBE)** announced CEO Shantanu Narayen will step down; net new annual recurring revenue missed estimates
- **Ulta Beauty (ULTA):** Top & bottom line light.
- **SentinelOne (S):** Disappointing next Q profit guide.
- **Meta (META)** delayed the release of its new frontier AI model, Avocado, to at least May from this month
- **Nvidia (NVDA)** and **Samsung** accelerated next-gen ferroelectric NAND development
- **Nio (NIO)** was upgraded at HSBC to 'Buy' from 'Hold'.
- **Boeing (BA)** is working on repairs for 25 737 MAX aircrafts with wiring flaws; deliveries halted but impact on customers will be minor.
- US Agriculture Secretary Rollins says fertilizer (**NTR, CF, MOS**) prices announcement is coming soon; Looking at every avenue to keep fertilizer costs down.

FX

The Dollar was firmer, to the detriment of all G10 FX peers, with Antipodeans lagging at the end of a crazy week. Price action this week has been dominated by the Buck, which has followed in tandem with risk amid the Middle East war, which shows no signs of abating. Whilst the Middle East remains of paramount importance and the main driver of markets, there has been a deluge of US data, albeit failed to garner much of a reaction. In summary, Q4 GDP growth and Durable Goods for January were dismal, while PCE (Jan) was mixed. Headline M/M and Y/Y was in line, as was core M/M, while Y/Y was slightly hotter than expected. Prelim UoM for March was strong, as conditions and sentiment topped, with inflation expectations falling, while JOLTS topped forecasts. Heading into next week, where there is many central bank decision, FOMC is on Wednesday with the updated SEPs, albeit with the usual caveats, especially with the potential energy-inflation due to the ongoing war.

G10s were largely hit by risk sentiment, and Dollar strength. Aside from the aforementioned news, the Pound was hit by weak UK GDP data. Antipodeans were weighed on by risk and metals weakening, ahead of the RBA next week whereby they are expected to hike by 25bps. CAD was pressured by a dismal jobs report, as the unemployment rate ticked higher to 6.7% from 6.5%, whilst employment change contracted by 83.9k (exp. +10k).

Yen was the relative outperformer, potentially a function of traders seeing the possibility of near-term intervention/rate checks as USD/JPY sits firmly in the intervention zone, which many tout as between 159-160. Overnight, Finance Minister Katayama said that they are in closer contact with US authorities on FX, and separately commented that they are prepared to take all necessary steps on FX. Intervention seems unlikely at this moment given a couple of reasons; such as unlikely to prove to be effective given the current geopolitical environment.

In EMFX, Banxico Deputy Governor Heath believes that the key rate should be kept steady at the next meeting, given the Middle East situation, and that the next decision should factor in the complex situation resulting from conflict in the Middle East, which boosts the risks to inflation. In LatAm, Brazil Finance Ministry left forecasts for 2026 GDP unchanged at +2.3% (prev. +2.3%), and slightly lifted 2026 inflation forecast to +3.7% (prev. +3.6%).