



HCM Market Brief – March 6, 2026

In this episode of the HCM Market Brief Podcast, Dan Rink, Investment Strategist at HCM Wealth Advisors, provides an in-depth update on the developing conflict between the United States, Israel, and Iran, and its implications for financial markets. With Senior Investment Strategist Doug Johnson out for the week, Rink focuses primarily on how the war is affecting asset prices, inflation expectations, interest rates, and overall market sentiment, while reinforcing a disciplined, long-term investment approach.

The immediate catalyst for market volatility was a significant military escalation over the weekend, as U.S. and Israeli forces launched strikes targeting Iran's supreme leadership and military infrastructure. The campaign has included airstrikes on missile batteries and naval assets, triggering concern about broader regional instability. As expected during geopolitical conflicts, volatility has picked up across asset classes, though the actual market moves have been relatively contained so far.

The S&P 500 has experienced sizable intraday swings but is down only about 0.75% year-to-date and roughly 2.65% from its recent peak. International equities have fared worse, with broad international indexes down around 5%, and emerging markets under additional pressure. Gold initially rose amid safe-haven demand but has since pulled back slightly, now down about 1–1.25%. The most notable move has been in oil, which has risen approximately 10–11% to around \$75 per barrel.

Oil is central to the market's reaction because of Iran's strategic position near the Strait of Hormuz, a narrow 20-kilometer-wide waterway through which a substantial portion of the world's oil and natural gas supply flows. Any threat of disruption to this chokepoint can significantly affect global energy prices. Countries particularly exposed to Middle Eastern oil—such as China and many European nations—have seen equity markets react more sharply. Higher oil prices also carry inflationary implications globally and domestically, since energy is a major input cost in goods and services.

In the U.S., rising oil prices have nudged inflation expectations modestly higher. The 10-year Treasury yield moved from approximately 3.95% before the conflict to around 4.06% afterward. While this increase is relatively small, it reflects bond market adjustments to potential inflationary pressure and has implications for mortgage rates and corporate borrowing costs. Rink notes that further significant increases in the 10-year yield would likely require a continued surge in oil prices. For now, both oil and yields appear to be stabilizing.

Historically, Rink emphasizes, markets have proven remarkably resilient to geopolitical shocks. He references several major conflicts and crises—including the 2023 Israeli-Hamas war, Russia’s invasion of Ukraine, the September 11 attacks, the Cuban Missile Crisis, the Tet Offensive, the Korean War, and even Pearl Harbor—demonstrating that market drawdowns during wartime have often been more modest than investors might expect. For example, following the 2023 Middle East conflict, the S&P 500 delivered a 35% return in the subsequent year. Even after 9/11, the maximum drawdown was about 12%, and after Pearl Harbor, around 20%. These historical precedents suggest that while fear and volatility spike during crises, long-term economic fundamentals often remain intact.

Rink cautions against emotional or rash portfolio decisions. Instead, HCM’s strategy during periods of heightened volatility is to search for “dislocations”—areas where prices may have overreacted relative to underlying fundamentals. The firm is particularly attentive to opportunities in international and emerging markets, where declines may offer attractive risk-reward setups if the conflict stabilizes.

An important dynamic in this situation is the effort to maintain oil flows through the Strait of Hormuz. Even if the strait remains physically open, insurance companies sometimes refuse coverage for tankers operating in conflict zones, effectively halting shipments. The U.S. government is reportedly working to provide insurance backstops to ensure oil continues moving through the region. If successful, this could help cap further oil price spikes and reduce inflationary risk.

Seasonality also factors into Rink’s analysis. Historically, late February through mid-March represents one of the weakest periods of the year for U.S. equities, with average drawdowns of around 7%. Markets often bottom in mid-March before strengthening later in the year. While seasonality alone does not drive investment decisions, it provides context for current volatility.

Broadly speaking, 2026 has been characterized by a rotation in market leadership. Previously underperforming areas—large-cap value, small caps, and international stocks—have outperformed the S&P 500 year-to-date. Meanwhile, the primary drag on the index has been large-cap technology, particularly software companies. The software sector ETF is down roughly 21% year-to-date, largely due to fears that artificial intelligence could disrupt traditional business models.

Rink believes those AI-related fears may be overblown. While AI technology is advancing rapidly, he argues that trust, accuracy, and reliability remain significant hurdles—especially for mission-critical business functions like tax preparation or financial reporting. Current AI

systems, with accuracy rates of 75–85%, are unlikely to fully replace established enterprise software solutions in the near term. Indeed, software stocks have already rebounded about 10% from their lows, suggesting investors may be reassessing the severity of the threat.

If software stocks regain momentum, that could provide a strong tailwind for the broader S&P 500, which has moved largely sideways since late October. Strong market breadth—meaning a wide range of sectors contributing positively—has supported the index despite weakness in mega-cap tech. Energy, industrials, and other previously overlooked sectors have been helping to offset declines in technology.

Fundamentally, Rink describes the backdrop as constructive. Corporate earnings, particularly in the fourth quarter, have come in strong. The economy remains on solid footing, though inflation bears monitoring. If oil prices stabilize and inflation remains contained, the Federal Reserve may maintain an accommodative stance, supporting equity valuations. Fiscal policy projections for 2026 also appear supportive.

Rink acknowledges that markets typically experience at least one 10% pullback each year, so investors should remain prepared for volatility. However, he believes risks may be skewed to the upside if the Iranian conflict de-escalates and AI concerns subside. The key variables to monitor are oil prices, inflation trends, and Treasury yields.

In summary, while the Iranian conflict has increased short-term volatility and driven oil prices higher, the broader market environment remains relatively strong. Historical precedent suggests that geopolitical conflicts rarely derail long-term equity performance. With solid earnings, strong market breadth, and improving leadership in value and small-cap stocks, equities continue to present opportunity. HCM remains vigilant, closely monitoring data and prepared to adjust portfolios if conditions materially change—but for now, discipline, patience, and a focus on fundamentals remain the guiding principles.