Markets Rebound as Ceasefire Hopes Pressure Oil and Reprice Risk

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The U.S. and European stock markets closed higher, as renewed expectations of a potential ceasefire between the United States and Iran triggered a broad-based risk-on move, easing energy prices and pulling Treasury yields lower. The session reflected a recalibration of geopolitical risk rather than its resolution, with investors responding swiftly to headlines suggesting diplomatic progress, even as conflicting signals from Tehran underscored the fragility of the narrative.

At the center of the rally was the reported U.S. proposal—delivered through intermediaries—to halt hostilities. While U.S. officials characterized discussions as ongoing and constructive, Iranian sources pushed back, outlining alternative conditions and signaling that both sides remain materially apart. This divergence continues to define market behavior: optimism is driving price action, but conviction remains conditional.

Crucially, energy markets provided the transmission mechanism for today's equity rebound. Oil prices declined meaningfully, relieving one of the most immediate macro pressures—elevated inflation expectations driven by geopolitical supply risk. As a result, financial conditions loosened modestly, supporting equity multiples and reinforcing the bid for risk assets.

Yet beneath the surface, the strategic picture remains complex. Reports of additional U.S. military positioning in the region, including the deployment of elements of the 82nd Airborne Division, highlight that diplomacy and deterrence are advancing in parallel. Markets are therefore navigating a dual-track environment: negotiation headlines on one side and persistent geopolitical risk on the other.

U.S. Markets

U.S. equities advanced decisively, with all three major indices closing higher as investors rotated back into risk assets amid falling oil prices and renewed diplomatic expectations.
The Dow Jones Industrial Average gained 305.43 points, or 0.66%, while the S&P 500 rose 0.54% and the Nasdaq Composite outperformed, gaining 0.77%, reflecting renewed strength in growth-oriented sectors. Technology leadership was evident throughout the session, with gains in Nvidia, AMD, and Intel providing meaningful support to the broader market.
Corporate developments added a layer of idiosyncratic upside. Shares of JetBlue surged approximately 18% following reports that the company is evaluating strategic alternatives, including a potential merger with industry peers. Early-stage discussions reportedly involve exploratory analysis of regulatory feasibility in combinations with carriers such as United Airlines, Alaska Air Group, and Southwest Airlines. While preliminary, the development underscores a broader theme of consolidation potential within the airline sector as operators seek scale and efficiency.
From a macro perspective, the decline in crude prices was central to the day's equity performance. U.S. West Texas Intermediate settled near $90.32 per barrel, down over 2%, while Brent crude closed at approximately $102.22, also lower by more than 2%. This retracement helped alleviate immediate

inflation concerns and contributed to a decline in Treasury yields, reinforcing equity market strength. However, investors remain acutely aware that the geopolitical backdrop is unresolved. Iran's reported rejection of ceasefire terms and its counterproposal—including demands related to control of the Strait of Hormuz—highlight the structural gaps that persist between the two sides. As such, the current rally should be viewed as a tactical rebound driven by positioning and sentiment rather than a confirmed shift in the underlying risk regime.

In this context, market behavior suggests a willingness to re-engage with equities, but not yet a full restoration of confidence. The path forward will depend less on rhetoric and more on verifiable de-escalation—particularly in energy flows and military posture.

European Markets

European equities closed firmly higher, with the pan-European STOXX 600 advancing approximately 1.3%, supported by broad-based gains across all major regional indices. The rally was led by cyclical sectors, particularly real estate and construction, as improved sentiment and easing energy concerns lifted forward growth expectations.

U.K. homebuilders were a focal point of the session. Crest Nicholson surged over 10% following stronger-than-expected sales momentum, which in turn lifted peers such as Bellway, reversing part of the prior session's sharp decline. The rebound in the sector suggests that, despite ongoing mortgage market volatility, demand conditions may be stabilizing at the margin.

On the macro front, U.K. inflation data showed headline CPI holding at 3.0% in February, while core inflation edged up slightly to 3.2%. The data, while not materially altering policy expectations, reinforces the persistence of underlying price pressures in the European economy.

From a geopolitical perspective, European markets are closely tracking developments in the Middle East. Statements from Iran indicating potential safe passage for "non-hostile" vessels through the Strait of Hormuz have helped ease energy concerns, though the lack of confirmed negotiations continues to temper enthusiasm.

Strategic Perspective

Markets are entering a transitional phase defined by three converging dynamics: geopolitical repricing, leadership rotation, and macro resilience. The interaction of these forces is producing a more complex—but also more opportunity-rich—investment environment.

The near-term trajectory will be dictated by geopolitical clarity. However, the medium-term narrative remains intact: a resilient U.S. economy, stabilizing global growth, and a broadening equity market create a foundation for sustained, albeit more selective, upside. In this environment, discipline—not reaction—will define performance.

Economic Data:

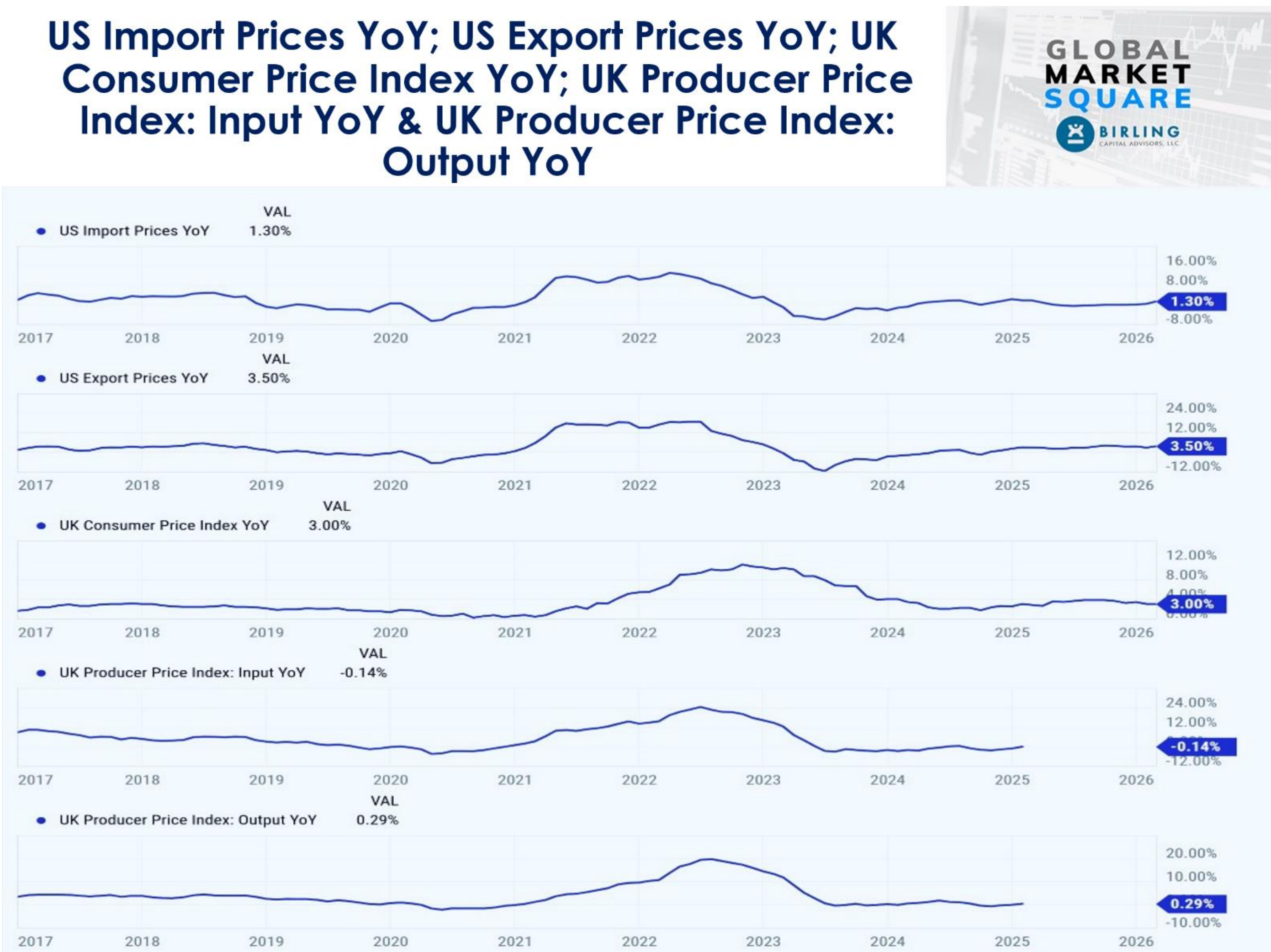
- **U.S. Import Prices YoY:** rose to 1.30%, compared to 0.30% last month.
- **U.S. Export Prices YoY:** rose to 3.50%, compared to 2.60% last month.
- **Germany Ifo Business Climate Index:** fell to 86.40, down from 88.40 last month.
- **Germany Ifo Business Expectations Index:** fell to 86.00, down from 90.20 last month.
- **Germany Ifo Business Situation Index:** is at 86.70, unchanged from 86.70 last month.
- **UK Consumer Price Index YoY:** is at 3.00%, unchanged from 3.00% last month.
- **UK Core Consumer Price Index YoY:** rose to 3.25%, compared to 3.03% last month.
- **UK Producer Price Index: Input YoY:** is at -0.14%, compared to -1.28% last month.
- **UK Producer Price Index: Output YoY:** rose to 0.29%, compared to -0.15% last month.
- **UK Average House Price YoY:** fell 1.32%, compared to 1.94% last month.
- **Japan Business Conditions Composite Coincident Index:** rose to 117.90, up from 114.50 last month.

Eurozone Summary:

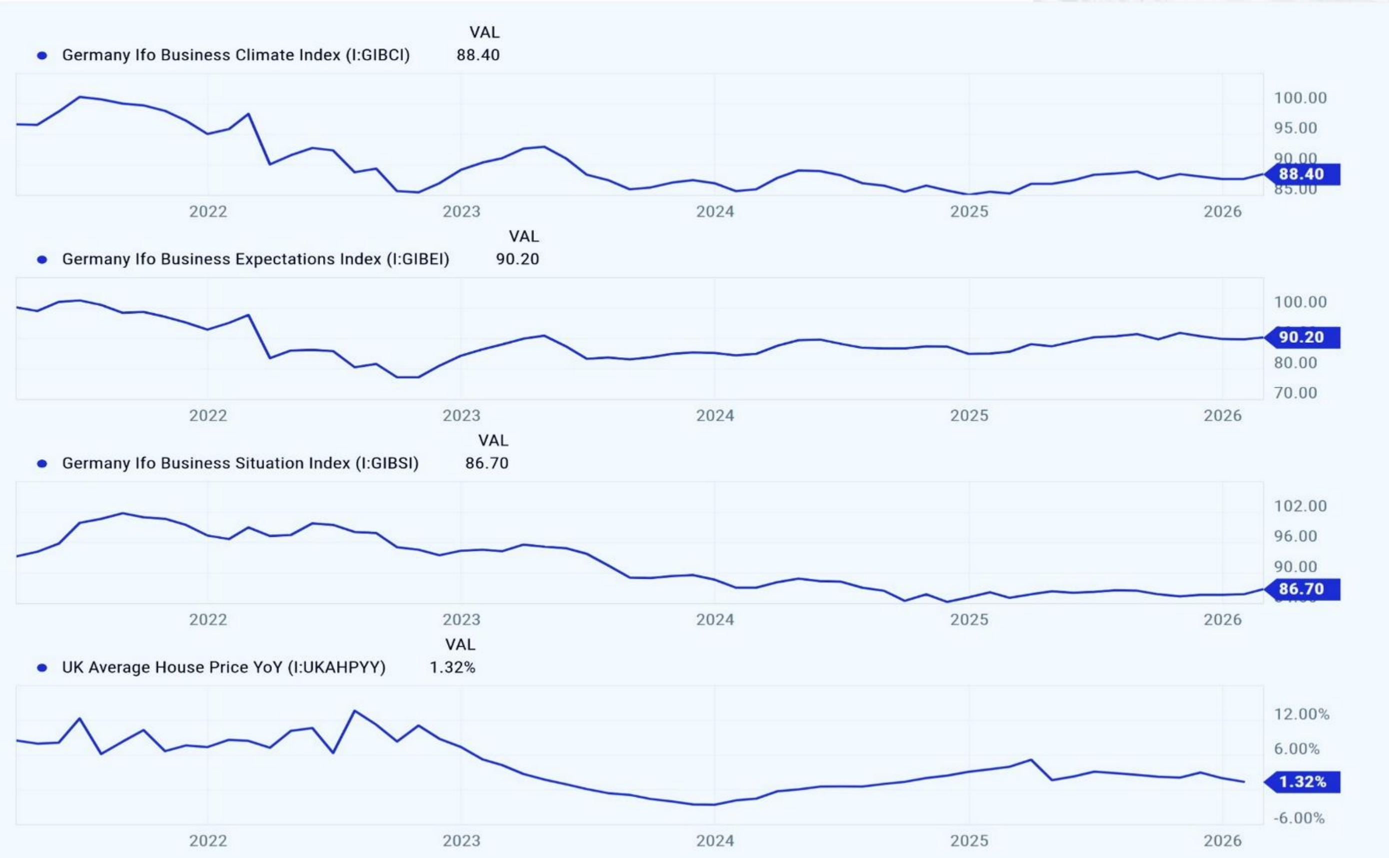
- **Stoxx 600:** closed at 587.49, up 8.21 points or 1.42%.
- **FTSE 100:** closed at 10,106.84, up 141.68 points or 1.42%.
- **DAX Index:** closed at 22,957.68, up 320.17 points or 1.41%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,429.49, up 305.43 points or 0.66%.
- **S&P 500:** closed at 6,591.90, up 35.53 points or 0.54%.
- **Nasdaq Composite:** closed at 21,929.83, up 167.93 points or 0.77%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,008.90, up 9.76 points or 0.24%.
- **Birling Capital U.S. Bank Index:** closed at 8,431.88, up 100.56 Points or 1.21%
- **U.S. Treasury 10-year note:** closed at 4.33%.
- **U.S. Treasury 2-year note:** closed at 3.84%.



Germany Ifo Business Climate Index; Germany Ifo Business Expectations Index; Germany Ifo Business Situation Index & UK Average House Price YoY



Wall Street Recap

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