

Markets Tumble as Oil Surges Above \$110 and Dow Falls 1,041.83 Points for the Week and Enters Correction Territory

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The U.S. and European stock markets closed sharply lower, capping a volatile and decisively negative week as escalating tensions in the Middle East and a surge in oil prices triggered a broad-based risk-off move. Investor sentiment deteriorated materially following renewed incidents in the Strait of Hormuz, which pushed **Brent crude above \$110 per barrel** and intensified concerns over global energy supply disruptions, reigniting inflation fears. Markets struggled to stabilize despite comments from Donald Trump, as geopolitical uncertainty and rising energy costs overwhelmed dip-buying interest. The result was a synchronized selloff across equities, accompanied by rising Treasury yields and tighter financial conditions. The week ultimately marked a turning point in market structure, with major indices breaking key technical thresholds and volatility becoming more entrenched amid energy-driven macro risk.

U.S. Markets

U.S. equities closed sharply lower on Friday, with losses accelerating as energy prices surged and geopolitical risks intensified. The **Dow Jones Industrial Average fell 793.47 points, officially entering correction territory, down approximately 10% from its recent peak.**

The **S&P 500 declined 1.67%**, closing at 6,368.85—its **lowest level in seven months—while the Nasdaq Composite dropped 2.15% to 20,948.36**, extending its drawdown to nearly 13% below its record high and firmly within correction territory.

The selloff reflects a combination of macro and geopolitical pressures. The sharp rise in oil prices—driven by disruptions and heightened risk in the Strait of Hormuz—has reintroduced a significant inflationary impulse into markets. This dynamic has led to a repricing of interest rates, with Treasury yields rising and placing additional pressure on equity valuations, particularly in the growth and technology sectors.

From a weekly perspective, the damage was broad but uneven:

- The **Dow Jones Industrial Average declined 1,041.83 points** for the week.
- The **S&P 500 fell 221.15 points**, marking its fifth consecutive weekly decline.
- The **Nasdaq Composite dropped approximately 998.40 points**, reflecting continued weakness in high-growth equities.

Cumulatively, the three major indices shed approximately 2,261.38 points over the week, underscoring the scale of the risk-off move and the growing influence of energy-driven macro volatility.

As markets enter a more fragile phase, investor focus remains squarely on the trajectory of oil prices, the evolution of tensions in the Middle East, and the implications for inflation, monetary policy, and global growth.

European Markets

European equities closed lower, extending the prior session's weakness as investors struggled to reconcile mixed geopolitical signals with deteriorating market sentiment. The regional benchmark, the Stoxx 600, declined approximately 0.9%, with broad-based selling across most sectors.

Major indices reflected similar pressure. The FTSE 100 finished near flat but lacked upward momentum, while France's CAC 40 fell close to 0.9% and Germany's DAX dropped roughly 1.3%, underscoring the region's sensitivity to global macro and geopolitical developments.

Investor caution was amplified by ongoing uncertainty surrounding Middle East negotiations. President Donald Trump announced a 10-day extension of the pause on strikes targeting Iran's energy infrastructure, pushing the timeline to early April. While the move signaled a potential diplomatic window, markets interpreted it as prolonging uncertainty rather than resolving underlying risks.

At the same time, geopolitical focus shifted to Europe, where G7 foreign ministers convened in France with the conflicts in Iran and Ukraine dominating the agenda. The evolving diplomatic landscape added another layer of complexity for investors attempting to price geopolitical outcomes.

Corporate developments provided selective support within an otherwise weak session. Shares of Pernod Ricard surged following confirmation of merger discussions with Brown-Forman, a potential consolidation move that would reshape the global spirits industry. Meanwhile, AstraZeneca advanced after reporting positive late-stage trial results for a lung disease treatment, highlighting continued pockets of strength in healthcare.

Fixed Income & Rates

Treasury yields moved higher, with the 10-year note approaching 4.44%, reflecting a reassessment of inflation expectations and the Federal Reserve's rate path. Markets are increasingly pricing a slower pace of policy easing amid elevated energy prices and resilient economic data, complicating the inflation outlook.

While the Fed remains positioned to cut rates over time, the trajectory is expected to be gradual, contingent on sustained evidence that inflation—particularly PCE, currently near 2.8%—is trending toward the 2% target.

Higher yields, however, are improving the income-generating capacity of fixed income portfolios. International bonds continue to offer diversification benefits through exposure to different economic cycles, while emerging-market debt provides incremental yield opportunities for investors seeking enhanced income.

Economic Data & Sentiment

Consumer sentiment weakened, with the final March reading from the University of Michigan index revised down to 53.3, reflecting pressure from rising gasoline prices and increased market volatility. Short-term inflation expectations rose to 3.8%, signaling persistent near-term cost pressures, while long-term expectations eased slightly to 3.2%, suggesting that inflation remains anchored over the longer horizon. This divergence underscores the current macro tension between immediate inflation risks and longer-term stabilization expectations.

Strategic Outlook

Markets are navigating a transition phase defined by geopolitical uncertainty, energy-driven inflation dynamics, and evolving monetary policy expectations. The interplay between these forces continues to drive sector dispersion and volatility.

In this environment, disciplined allocation remains critical. Equities offer opportunities across geographies and capitalizations, particularly where valuation and earnings quality align. Fixed income is reasserting its role as a core income and diversification tool, supported by higher yields. As global markets recalibrate, investors should remain focused on structural trends, sector leadership, and policy developments that will shape the next phase of the cycle.

Economic Data:

- **U.S. Index of Consumer Sentiment:** fell to 53.30, down from 56.60 last month and down 5.83% from last month.
- **UK Retail Sales YoY:** fell to 2.50% from 4.80% last month.

Eurozone Summary:

- **Stoxx 600:** closed at 575.37, down 5.47 points or 0.94%.
- **FTSE 100:** closed at 9,967.35, down 4.82 points or 0.05%.
- **DAX Index:** closed at 22,315.24, down 297.73 points or 1.32%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 45,166.64, down 793.47 points or 1.73%.
- **S&P 500:** closed at 6,368.85, down 108.31 points or 1.67%.
- **Nasdaq Composite:** closed at 20,948.36, down 459.72 points or 2.15%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,033.00, up 18.71 points or 0.47%.
- **Birling Capital U.S. Bank Index:** closed at 8,359.48, down 133.43 Points or 1.57%
- **U.S. Treasury 10-year note:** closed at 4.44%.
- **U.S. Treasury 2-year note:** closed at 3.88%.



U.S. Index of Consumer Sentiment 2025 to YTD 2026



US Index of Consumer Sentiment & UK Retail Sales YoY





Wall Street Recap

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