

# Markets Surge as Dow Jumps 1,125 Points on Iran Off-Ramp Hopes as Oil Signals Ongoing Disruption and Europe Posts Worst Month Since 2022

March 31, 2026

by Francisco Rodríguez-Castro  
[frc@birlingcapital.com](mailto:frc@birlingcapital.com)

**The U.S. and European stock markets closed sharply higher, delivering one of the strongest sessions of the year as investors aggressively repriced geopolitical risk on growing expectations that the Iran conflict may be nearing a resolution.** The rally was driven by a shift in narrative—away from escalation and toward a potential off-ramp—following reports that Iran may be open to ending hostilities and signals that Donald Trump is willing to conclude military operations even if the Strait of Hormuz remains partially constrained.

The move was broad, synchronized, and conviction-driven. U.S. equities surged across all major indices, while European markets advanced in tandem, stabilizing after a difficult month marked by elevated volatility and energy-driven pressures.

At the same time, fixed income markets reflected a modest easing of risk premiums, with Treasury yields declining, while oil prices remained elevated—highlighting a critical divergence between financial market optimism and ongoing physical supply constraints in global energy markets.

## U.S. Markets

U.S. equities delivered a decisive, broad-based rally, their strongest session since May, signaling a sharp reversal in near-term sentiment.

**Wall Street delivered a powerful and broad-based advance, with the Dow Jones Industrial Average surging 1,125.37 points (+2.49%), while the S&P 500 climbed 184.80 points (+2.91%) and the Nasdaq Composite led the rally, jumping 795.98 points (+3.83%),** underscoring the intensity of the relief-driven move and the decisive rotation back into risk assets.

The scale and breadth of the move reflect a rapid unwinding of defensive positioning, as investors quickly re-engaged with risk assets following a shift in geopolitical expectations.

Leadership was both broad and telling. The rally was driven by the segments that had been under the greatest pressure—most notably technology—confirming a classic relief-rally structure:

- NVIDIA surged, reflecting renewed confidence in AI-driven capital investment.
- Microsoft advanced as large-cap platforms regained momentum.
- The Technology Select Sector SPDR Fund posted a strong gain, signaling a rotation back into growth.

The catalyst was not a confirmed resolution, but a material shift in trajectory. Reports suggesting Iran's openness to ending the conflict—combined with U.S. willingness to de-escalate without requiring immediate normalization of oil flows—were sufficient to trigger a repricing of downside risk.

However, the underlying structure remains unresolved.

Energy markets continue to signal disruption. While West Texas Intermediate eased modestly, Brent crude pushed higher, reflecting ongoing stress stemming from constrained flows and security risks in the Gulf. The Strait of Hormuz remains a central variable, and even in a de-escalation scenario, normalization of flows is expected to lag.

This reinforces a critical market divergence: equities are increasingly discounting a forward-looking resolution, while energy markets remain firmly anchored in present-day disruption.

From a broader perspective, the rally represents a powerful reset in positioning—but not yet a full resolution of risk. Major indices, despite the surge, remain below recent highs, and both the month and quarter continue to reflect cumulative losses driven by geopolitical stress. At the same time, elevated oil prices and persistent supply risks continue to weigh on the macro backdrop. In that sense, today's move is best understood as a decisive repricing of expectations—one that remains conditional on how the geopolitical narrative ultimately evolves.

## European Markets

European equities staged a modest rebound, but the broader context is one of material deterioration. The Stoxx Europe 600 advanced 0.43% on the session, with most sectors and major indices—including the DAX and CAC 40—closing higher.

However, the recovery does little to offset the magnitude of recent losses. The Stoxx 600 declined **7.99% in March**, marking its worst monthly performance since 2022 and underscoring the depth of the risk-off rotation driven by the Iran conflict and energy shock.

Macro pressures are intensifying. Eurozone inflation rose to **2.5% in March**, exceeding the European Central Bank's target of 2%, driven by energy prices. This complicates the ECB's policy path, as it must balance slowing growth dynamics with renewed inflationary pressures.

From a sectoral perspective, energy-sensitive industries remain vulnerable, while defensive and consumer-oriented segments have shown relative resilience.

In a notable cross-border development, Unilever confirmed it is in advanced discussions with McCormick & Company to combine its foods division with the U.S.-based firm. The proposed transaction would include approximately \$15.7 billion in upfront cash consideration, with Unilever and its shareholders expected to retain a majority stake of roughly 65% in the combined entity. Despite the strategic rationale, Unilever shares declined by more than 7% on the day, signaling investor caution around execution risk and valuation dynamics in an increasingly volatile macro environment.

## Energy & Geopolitical Dynamics

Oil prices remain elevated, reflecting persistent supply uncertainty tied to constrained flows through the Strait of Hormuz. While overnight prices briefly softened on reports of a potential U.S. de-escalation, they have since stabilized above \$100 per barrel.

Geopolitical signaling remains mixed:

- The U.S. administration has suggested a shorter operational timeline (“weeks, not months”)
- Simultaneously, threats to expand strikes to Iranian civilian energy infrastructure introduce escalation risk.

Even under a de-escalation scenario, oil flows will not normalize immediately. Elevated insurance premiums, persistent security risks, and logistical bottlenecks are likely to extend disruptions well beyond any formal agreement—creating a lag in adjustment where financial markets move ahead of expectations, while commodity markets respond only as physical supply conditions stabilize.

## Labor Market in Focus

Attention now shifts to a critical sequence of U.S. labor data releases:

- JOLTS job openings (February)
- ADP employment report (March)

- Nonfarm payrolls and unemployment rate (Friday)

The labor market continues to normalize without deterioration:

- Unemployment ~**4.4%**
- Initial jobless claims ~**213,000**, well below long-term averages
- Payroll growth is moderate but stable.

The base case remains one of **contained unemployment (~4.5%) and steady, moderate job creation**, supported by slower labor-force expansion.

This equilibrium is constructive for markets, sustaining consumption while reducing the risk of policy over-tightening.

### Strategic View — Navigating a Two-Speed Market

Markets are currently operating across two distinct timelines:

- **Short-term:** dominated by geopolitical volatility and headline risk
- **Medium-term:** anchored in earnings resilience, AI-driven investment, and macro stability

The recent drawdown—particularly in Europe—has begun to reset valuations and create selective entry points. However, the path forward remains nonlinear.

The signal remains intact, but the noise is elevated.

For disciplined investors, periods of dislocation—especially those driven by exogenous shocks—have historically offered the most compelling opportunities to deploy capital with a long-term horizon.

### Economic Data:

- **US Job Openings: Total Nonfarm:** rose to 6.946 million, up from 6.55 million last month, a change of 6.05%.
- **US Retail Gas Price:** rose to \$4.096, up from \$3.854 last week, a 6.28% change.
- **US Crude Oil Production:** rose to 423.30 million, up from 413.65 million last month.
- **Canada Real GDP MoM:** fell to 0.07%, compared to 0.24% last month.
- **Germany Real Retail Sales YoY:** fell to 0.90%, compared to 4.70% last month.
- **Germany Unemployment Rate:** fell to 6.40%, compared to 6.50% last month.
- **UK Real GDP YoY:** fell to 1.00% from 1.30% last quarter.
- **UK Balance of Trade:** is at -12.16B, down from -5.835B last quarter.
- **UK Business Investment YoY:** fell to 1.95% from 3.46% last quarter.
- **Japan Housing Starts YoY:** fell -4.87%, compared to -0.42% last month.
- **Japan Unemployment Rate:** fell to 2.60%, compared to 2.70% last month.

### Eurozone Summary:

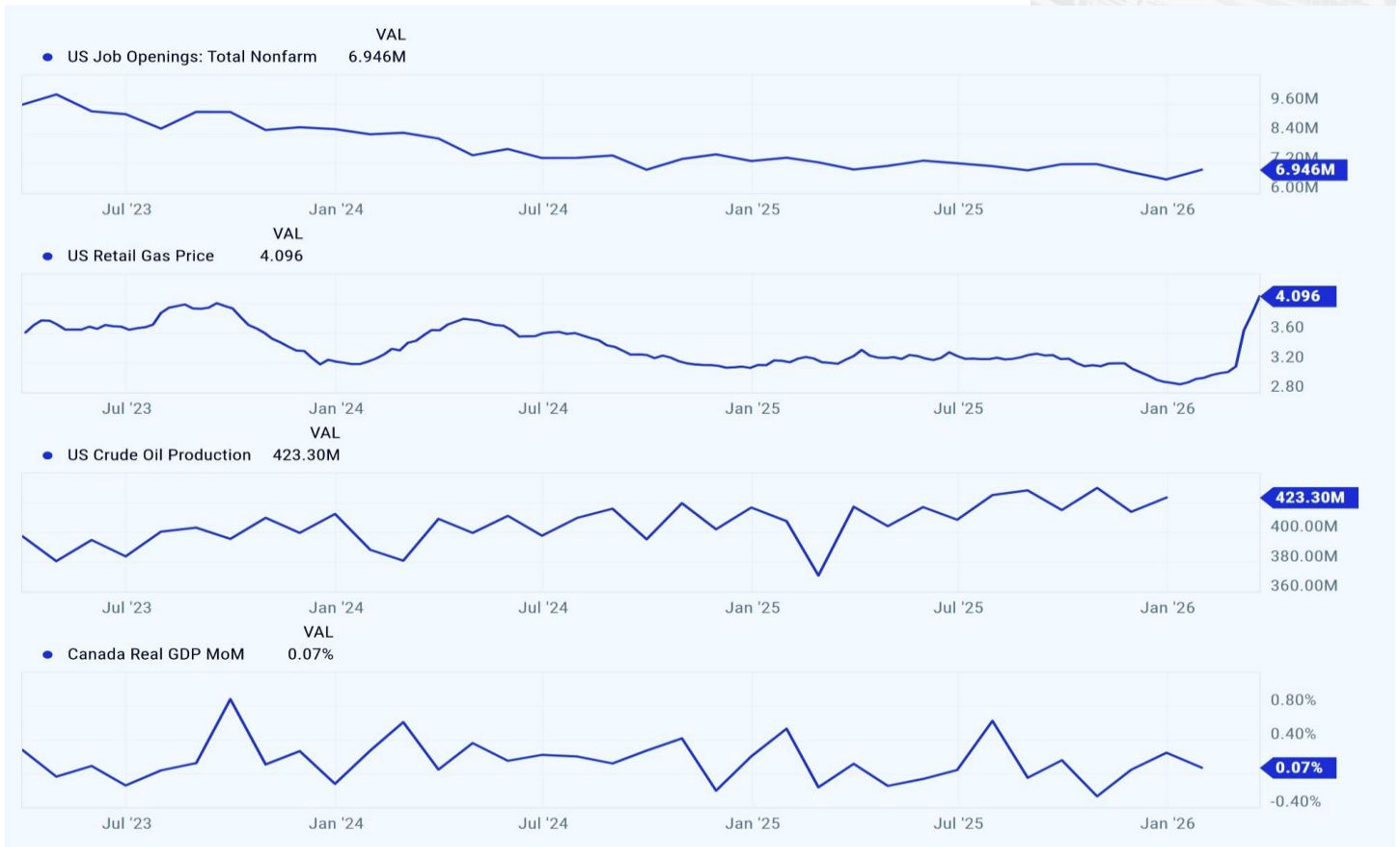
- **Stoxx 600:** closed at 583.14, up 2.41 points or 0.42%.
- **FTSE 100:** closed at 10,176.45, up 48.49 points or 0.48%.
- **DAX Index:** closed at 22,680.04, up 117.16 points or 0.52%.

### Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,341.51, up 1,125.37 points or 2.49%.

- **S&P 500:** closed at 6,528.52, up 184.80 points or 2.91%.
- **Nasdaq Composite:** closed at 21,590.63, up 795.98 points or 3.83%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,969.55, up 20.20 points or 0.51%.
- **Birling Capital U.S. Bank Index:** closed at 8,121.48, up 11.30 Points or 0.14%.
- **U.S. Treasury 10-year note:** closed at 4.30%.
- **U.S. Treasury 2-year note:** closed at 3.79%.

## US Jop Openings: Total Nonfarm; US Retail Gas Price; US Crude Oil Production & Canada Real GDP MoM



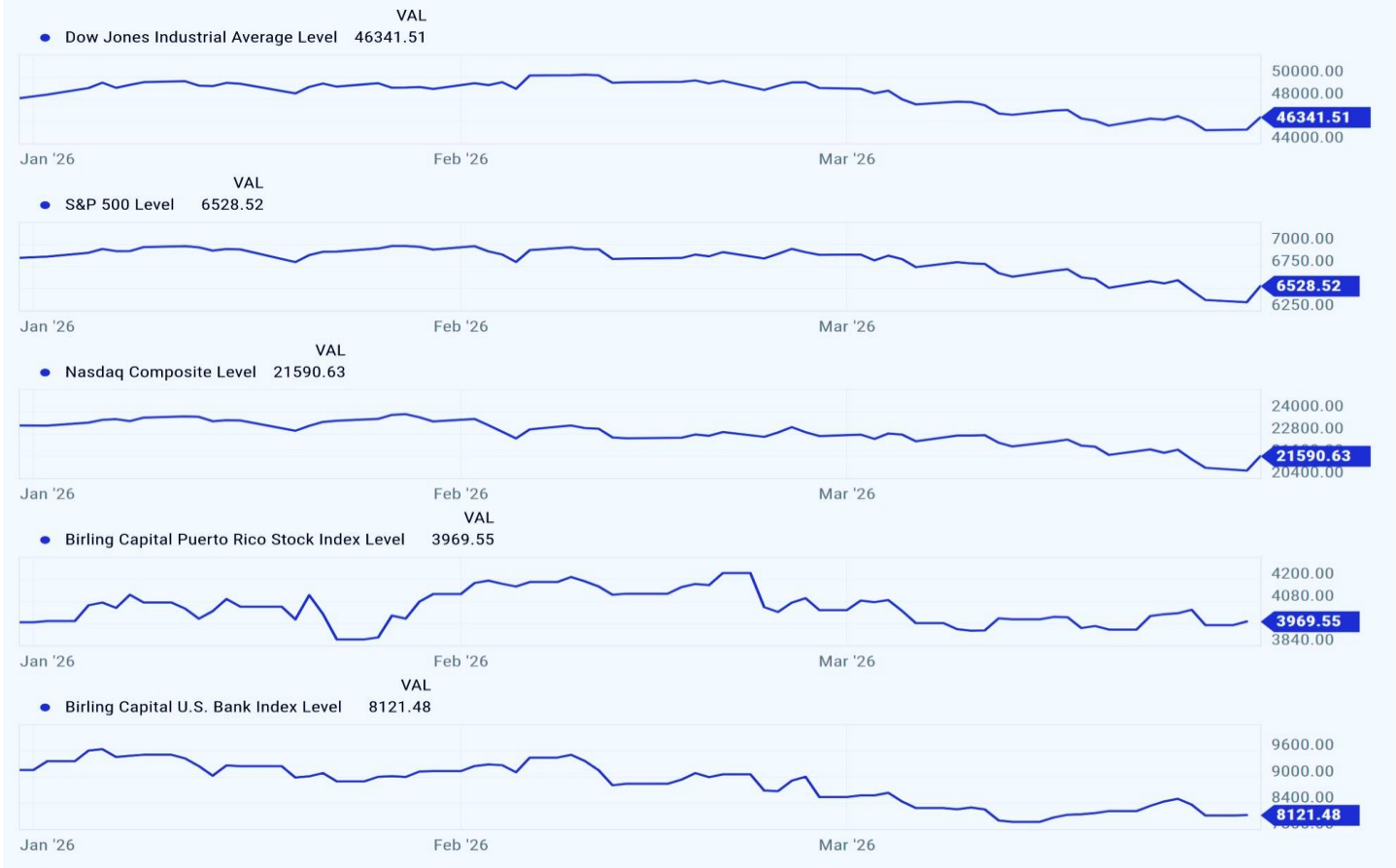
# Germany Real Retail Sales YoY; Germany Unemployment Rate; UK Real GDP YoY; UK Balance of Trade; UK Business Investment YoY; Japan Housing Starts YoY & Japan Unemployment Rate





# Wall Street Recap

## March 31, 2026



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.