



When Markets Are Rattled, The Signal Remains, and Your Strategy Should Not Waver

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An energy shock rooted in geopolitics. The Fed is caught between two fires. The oldest lesson in investing is still being ignored by those who can least afford to ignore it.

Markets Changed. Your Goals Have Not. Neither Should Your Strategy

We know what you are seeing: red screens and alarming headlines. Energy prices have not been seen at these levels since 2022. An index has shed eleven percent from its peak in a matter of weeks. A conflict in the Middle East shows no sign of resolution. The Federal Reserve is caught between inflation and growth. The news cycle makes every morning feel like a fresh reason to reconsider everything.

We also know what many investors feel right now and want to address it directly. The instinct to act, to reduce exposure, and to wait for calmer waters before re-engaging is human. Historically, it is also among the most reliable ways to impair long-term returns. The best days in the market almost always arrive without warning, often in the middle of the worst moments. An investor who steps aside to avoid pain rarely steps back in time to capture the recovery.

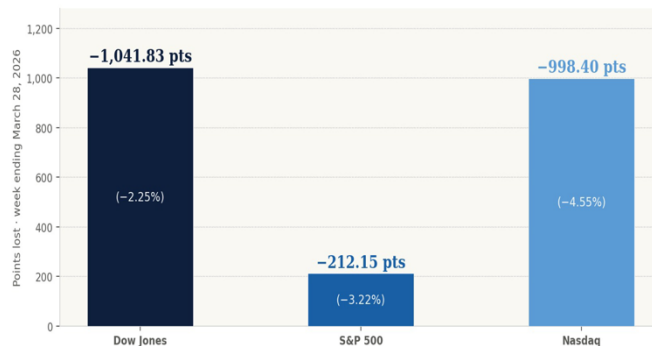
This edition of Think Strategically is built around a single conviction. **The case for staying invested is stronger than the headlines suggest. There are selective, opportunistic positions worth adding today — not in spite of this environment but because of it.** The volatility is real. The anxiety is understandable. But the data, the history, and the economy's underlying structure all point in the same direction — toward patience, discipline, and strategic action rather than retreat.



Weekly Index Performance

Weekly index performance — point losses

Broad-based risk-off selloff · Week ending March 28, 2026



Source: Bloomberg · Birling Capital Advisors analysis

Birling Capital Advisors · Think Strategically · March 2026

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One Month In. No Exit in Sight. A War Declared Won Three Weeks Ago That Won't Go Away

A conflict that began as a regional flashpoint has become the most consequential variable in global financial markets. The war involving Iran is no longer a headline that traders discount at the open and forget by the close. It is reshaping energy prices, the trajectory of inflation, and the calculus of every major central bank. Peace talks have produced statements, not peace. A ceasefire declared three weeks ago has produced something more dangerous than a stalemate: the illusion of resolution without substance.

When historians look back at the first quarter of 2026, the central chapter will not be a Fed decision or an earnings report. It will be the

moment the Iran conflict shifts from a regional flare-up to a structural variable in global capital markets. Oil does not move forty percent in three months on anxiety alone. It moves this way when traders conclude that resolution is not imminent. The risk premium is deserved. Those responsible for pricing that risk have stopped giving the benefit of the doubt.

President Trump's pledge to extend the ceasefire on energy infrastructure briefly lifted sentiment. Markets rallied, bond yields eased, and oil fell by \$3 in the afternoon. By the following morning, the gains were gone. This pattern has defined 2026: geopolitical optimism with a twenty-four-hour half-life. Markets are no longer pricing a ceasefire. They are pricing a slow burn.

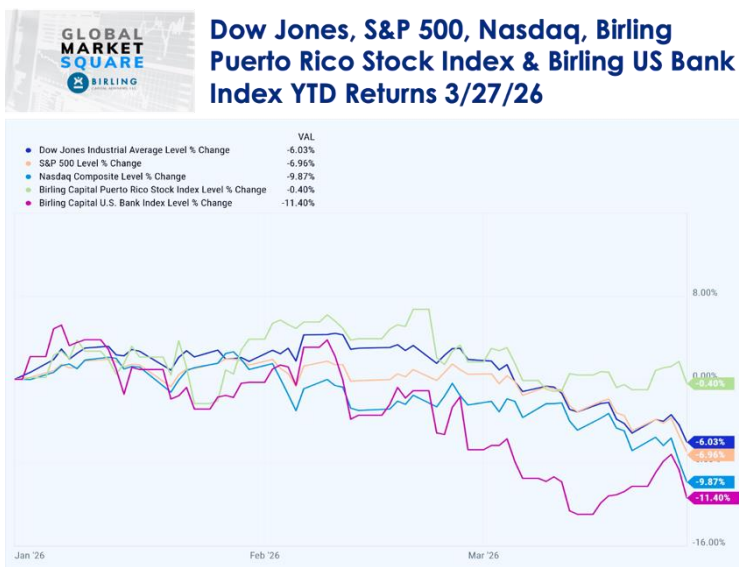
The Strait of Hormuz concentrates all this risk into a single geographic point of leverage. Roughly one in five barrels of global oil supply transits this passage daily — about 21 million barrels. Iran does not need to blockade the Strait to reshape global energy prices. It only needs to make insurance markets, tanker operators, and trading desks believe it might. That belief is now firmly in place.

The inflationary consequences are arriving on schedule. Headline CPI is tracking toward 3.5%. That would mark the sixth consecutive year the Federal Reserve has failed to return inflation to its target. The two-percent mandate is not dead, but early 2027 is now the most optimistic credible timeline. This is not a forecast. It is a delay with compounding costs.

The American consumer is holding — for now. Balance sheets rebuilt over the past several years, a labor market that has slowed but not broken, and tax relief passed this year all provide support. But \$4 gasoline is a regressive tax that does not negotiate. It hits hardest where buffers are thinnest. The sentiment data are beginning to reflect exactly that.

The Federal Reserve is now in the position it least wished to occupy: buying time while the world moves. European central banks are signaling two to three rate hikes. Japan is preparing to act. The Fed, to its credit, has not panicked. Markets are now pricing a nonzero probability of a U.S. rate hike. That scenario was not in any serious forecast sixty days ago.

Yet, within the disruption, there is opportunity. The Nasdaq has entered correction territory, down eleven percent from its peak. Treasury yields are near their cycle highs. Assets that were fairly or richly valued ninety days ago are cheaper today. For investors with the discipline to look past the noise and the patience to hold, this is not a crisis to escape. It is an entry point to consider and act on with conviction.



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Wall Street Losses Expand

Weekly losses were both broad and decisive, underscoring a material shift in investor positioning. The Dow Jones Industrial Average declined **1,041.83 points (-2.25%)**. The S&P 500 fell **212.15 points (-3.22%)**, marking its fifth consecutive weekly decline. The Nasdaq Composite dropped **998.40 points (-4.55%)**, reflecting pronounced weakness in growth-oriented sectors. The scale and speed of the move signal a clear transition toward risk aversion as markets recalibrate to a more complex macro backdrop. Abrupt repricings of this nature rarely unfold in an orderly fashion.

Energy markets remained at the epicenter of volatility. West Texas Intermediate crude traded near \$100 per barrel while Brent moved above \$110—levels not seen since 2022—reigniting concerns over an energy-driven inflation cycle. The surge is directly tied to escalating tensions in the Middle East, including the intensifying Iran-Israel conflict, reported strikes on energy infrastructure, and the persistent threat of disruption at the Strait of Hormuz. This critical chokepoint carries roughly one-fifth of the global oil supply. It does not need to be closed to move markets; the credible risk of disruption is sufficient to embed a meaningful geopolitical premium into prices.

Financial conditions tightened in parallel. The U.S. 10-year Treasury yield climbed to **4.44%**, while the 2-year rose to **3.88%**, reinforcing the market's reassessment of inflation persistence and policy trajectory. This yield configuration reflects a market no longer expecting a rapid easing cycle, but rather one preparing for a higher-for-longer rate environment. Rising yields have intensified pressure on equity valuations, particularly in growth sectors, where long-duration cash flows are most sensitive to changes in the discount rate. The result has been an acceleration of the rotation already underway—away from high-multiple growth and toward more defensive positioning. This dynamic is likely to persist as long as energy prices remain elevated and interest rates remain anchored at current levels.

Inflation A Costly Detour, Not a Reversal

Gasoline accounts for about three cents of every dollar Americans spend. That sounds small. But it also affects airfares, grocery logistics, utility bills, and nearly everything that travels by truck. A forty-percent oil price move does not stay in the energy aisle. It spreads outward.

Our analysis projects that headline CPI will spike to **3.5% year-over-year soon**. That reading would mark the sixth year in a row the Fed has failed to meet its 2% mandate. Core inflation, which strips out energy and food, will rise more modestly. But the Fed does not communicate in core terms. The headline number is what fills the tank and defines expectations. It will hurt.

The silver lining is that the math may work in the Fed's favor by mid-2026. The oil price surge could create favorable base effects. If markets are right that crude moderates through the back half of the year, headline CPI could ease by early 2027. This is a detour. It is expensive and disruptive. But it does not change the destination.



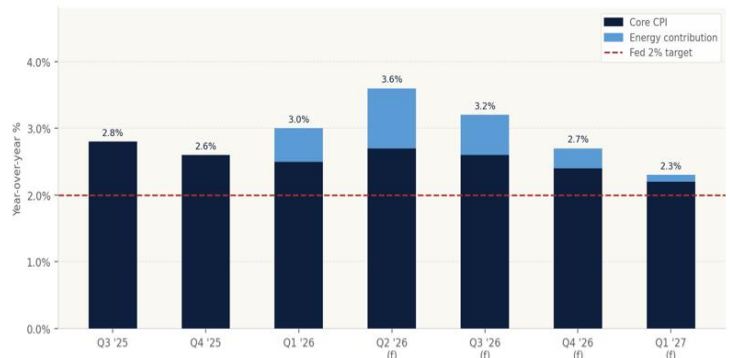
Weekly Market Snapshot

| MARKET SNAPSHOT | | |
|---|---|--|
| Week ending March 28, 2026 | | |
| DOW JONES -1,041.83 pts ▼ 2.25% weekly | S&P 500 -212.15 pts ▼ 3.22% weekly | NASDAQ -998.40 pts ▼ 4.55% weekly |
| WTI CRUDE ~\$100/bbl ▲ Near 2022 highs | BRENT CRUDE >\$110/bbl ▲ 4-year high | 10-YR TREASURY 4.44% ▲ +53 bps in March |
| 2-YR TREASURY 3.88% ▲ Curve steepening | U.S. GASOLINE \$3.97/gal ▲ vs. \$2.80 Jan. 1 | FED HIKE ODDS Low Hold most likely |



U.S. Headline CPI Projected Path Through 2027

U.S. Headline CPI — projected path through Q1 2027
Energy contribution shown separately. Fed 2% target shown. Assumes gradual moderation in forward oil prices.



Source: FRED · Bloomberg · Birling Capital Advisors · Projections are illustrative estimates
Birling Capital Advisors · Think Strategically · March 2026

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The Resilient Consumer Meets the Stubborn Pump

The American consumer has confounded pessimists for three years running. Balance sheets rebuilt during the pandemic are largely intact for higher-income groups. The labor market, while hiring at a slower pace, has not broken. Tax cuts passed this year provide modest but real support. These are not trivial tailwinds. At \$4 gasoline, the math changes for lower-income households. For them, energy is a meaningful share of the monthly budget. Early sentiment data for March registered the conflict's impact — households feel less optimistic, more worried about prices, and more uncertain about the outlook. Sentiment is not spending, but it often precedes it.

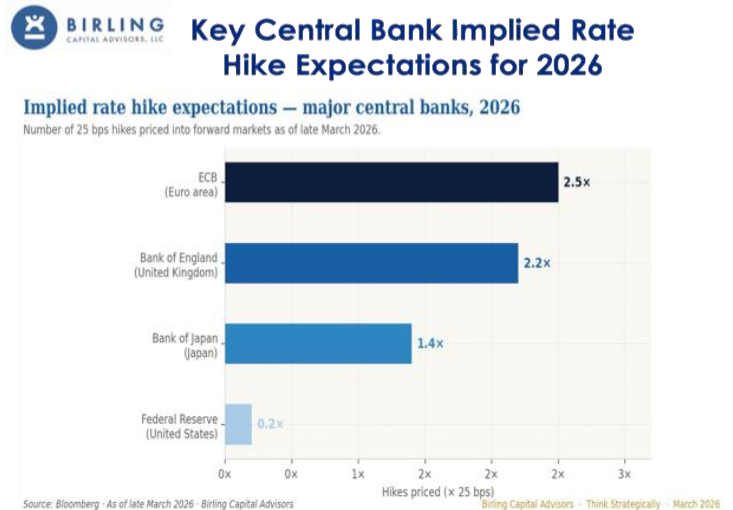
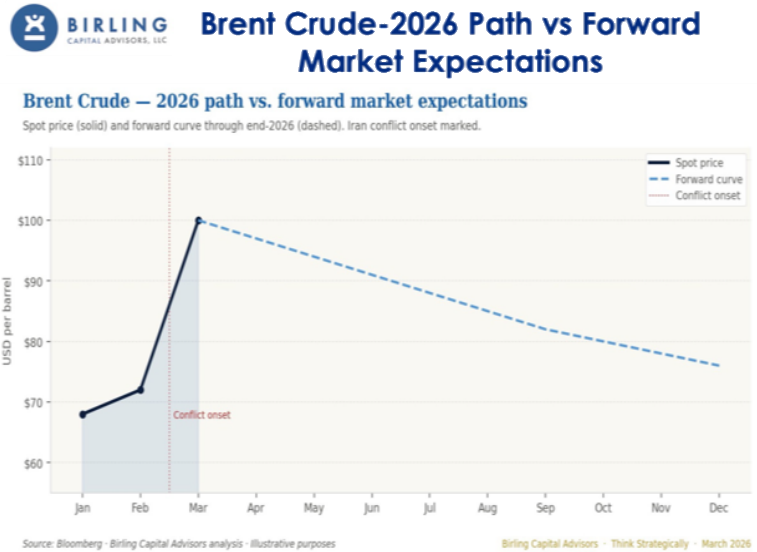
The most vulnerable corners of the economy are rate-sensitive. Housing is affected, with mortgage rates above levels that stalled recovery. Small business investment is also hit, as higher borrowing costs and uncertainty cause firms to wait. The one countervailing force is ongoing AI infrastructure investment, which is largely indifferent to the macro cycle.

The Fed's Impossible Geometry

Oil shocks are the monetary policymaker's oldest enemy precisely because they attack from two sides simultaneously. They push prices higher — demanding tighter policy — while simultaneously draining growth and consumer demand — demanding the opposite. The Fed articulated this bind clearly at its March meeting. It did not panic. It did not pivot. It updated its projections, acknowledged the risks, and held.

This stands in notable contrast to developed-market counterparts. European central banks are signaling two to three rate hikes. Japan is moving toward one or two. The Fed, by holding, is implicitly betting that this is a temporary supply shock — painful but self-correcting — rather than the beginning of a sustained wage-price spiral. Friday's payroll report will begin to tell the story.

The yield curve configuration reinforces this tension. At 4.44% on the ten-year and 3.88% on the two-year, the spread has widened — bond markets are not pricing a recession, but they are pricing persistence. Growth and inflation, held simultaneously above trend, are an uncomfortable place for any central bank to operate.



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The Final Word: Discomfort Is Not the Same as Danger

The hardest thing about headline-driven markets is that they make inaction feel irresponsible. Every alert, every red number, every analyst note carries an implicit urgency. The investor who acts on that anxiety — who sells into the fear, moves to cash, and waits for clarity — pays a price that rarely appears on any brokerage statement but compounds relentlessly over time. History does not just suggest staying invested. It demands it.

What the Data Shows

A \$10,000 investment in the S&P 500 held continuously for thirty years through December 2025 grew to approximately \$182,000. Miss the ten best trading days, and it falls to \$83,000. Miss twenty and you have \$46,000. The critical detail: six of the ten best days in that period occurred within two weeks of the ten worst. The investor who sold during the panic missed both the bottom and the bounce. That is not bad luck. It is the predictable cost of a strategy built on comfort rather than conviction.

Your 401(k): Don't Stop the Clock

For the 70 million Americans contributing to a 401(k), a correction is not a reason to pause — it is a reason to appreciate what the structure does. Continuing to contribute \$500 per month during a downturn means buying more shares at lower prices. An investor who pauses contributions for just one year, even if they resume afterward, ends up with \$37,000 less in terminal wealth — before accounting for the employer match foregone. At a \$75,000 salary with a 50% match, that pause also means leaving \$2,250 in free money uncollected. A dollar contributed to a traditional 401(k) in the 22% bracket costs only 78 cents. Stopping does not protect that dollar. It ensures it is never put to work.

Your IRA and Investment Accounts: Compounding Does Not Pause

The S&P 500 has delivered a positive return in 73% of all calendar years since 1928. Following corrections of 10% or more, the index has averaged a 32% return over the subsequent twelve months. Following bear markets, the average rises to 37%. The investor who moved to cash in March 2009 missed a 68% rally over the next year. The investor who moved to cash in March 2020 missed 75%. In both cases, the headlines justified the fear. The market did not. For Roth IRA holders, the cost is permanent: a \$7,000 annual contribution growing at 8% over thirty years produces \$855,000 in tax-free wealth. Time inside a Roth cannot be bought back.

Trading Accounts: Timing Has a Price Tag

Active traders feel the urgency most acutely and pay the cost most visibly. The volatility that makes headlines alarming also makes the temptation to act nearly irresistible — to reduce exposure, rotate defensively, or move to cash until the picture clears. It almost never clears on schedule. And the cost of waiting for clarity is not theoretical. It is measurable, documented, and devastating when compounded over time.

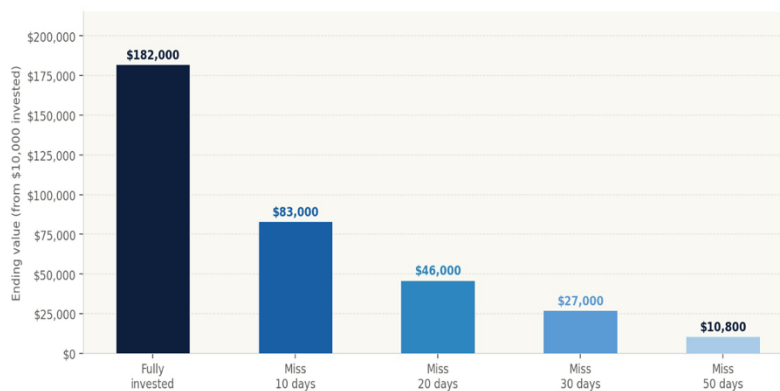
DALBAR — an independent financial research firm whose annual study measures the gap between what markets return and what investors actually earn, finding consistently that fear-driven behavior costs more than any downturn ever has — puts precise numbers on what is at stake. In 2024, a year in which the S&P 500 returned 25.02%, the average equity fund investor earned just 16.54% — an 848-basis-point gap that



The Cost of Mistiming the market- S&P 500 1996-2025

The cost of mistiming the market – S&P 500 (1996-2025)

Hypothetical \$10,000 investment. Impact of missing the best N trading days over 30 years.



Source: Morningstar Direct - Birling Capital Advisors - S&P 500 Total Return - Past performance does not guarantee Birling Capital Advisors - Think Strategically - March 2026

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ranks as the second-largest in a decade. In dollar terms, a \$100,000 account left fully invested in the S&P 500 grew to \$125,020. The average investor, moving in and out at the wrong times, ended the year with \$112,774 — a \$12,246 loss to a single year of behavioral error. Because this gap compounds, the cost accumulates relentlessly. The same \$100,000 left untouched in the S&P 500 over the 20 years ending December 2024 grew to approximately \$717,000. The average investor, whipsawed by the same patterns of selling into weakness and buying back too late, finished with roughly \$346,000 — less than half, not because of a bad market, but because of bad timing.

Geopolitical shocks amplify that dynamic. Volatility widens bid-ask spreads, thins liquidity, and raises transaction costs — burdens that fall disproportionately on individual investors who lack the institutional infrastructure to manage them. And yet those same shocks have historically been among the least durable dislocations in market history. The Gulf War drove oil above \$40 and equities down 20% — the S&P 500 recovered fully within six months. September 11 produced a 14% decline over four sessions, and the market recovered within two months. The 2003 Iraq invasion, the 2014 Russia-Ukraine conflict, the 2019 Iran tensions — each felt, in the moment, like a reason to step aside. Each resolved into a recovery that rewarded investors who stayed and penalized those who did not. The pattern is not a coincidence. It is the market's verdict on fear as a strategy.

What Is at Risk Right Now

The Nasdaq is down 11% from its peak. The underlying companies have not lost 11% of their value — their earnings power, balance sheets, and competitive positions are largely intact. What has changed is the price at which you can buy them. The ten-year Treasury at 4.44% locks in \$4,440 per year on a \$100,000 investment — versus \$3,500 a year ago. That \$940 annual difference compounds to approximately \$11,600 in additional wealth over the decade. It is available today and will close the morning a ceasefire is announced. International developed-market equities trade at 13 to 15 times forward earnings versus the S&P 500 at 20 times — a valuation gap that reflects uncertainty, not impairment, and an entry point that a three-to-five-year investor should not ignore.

Every week on the sidelines during a recovery is a cost that cannot be recovered. The market does not offer make-up sessions. What it offers — consistently, across a century of crises — is the same bargain: stay present, stay diversified, add where the data supports it, and let time do the work that no timing strategy has ever reliably replicated. The opportunity at risk right now is not abstract. It is the yield that closes when the conflict ends. It is the discount that disappears when the Fed moves. It is the compounding day that cannot be un-missed.

Stay invested. Add selectively. Think strategically.

Warren Buffett says, **"The stock market is a device for transferring money from the impatient to the patient"**.

"In every crisis, there is a price at which patience becomes the most aggressive strategy available. We are at that price". — Francisco Rodríguez-Castro



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