

April 1, 2026

Dow Jones	S&P 500	NASDAQ	Russell 2000	10 yr Treas	Bitcoin	Gold	Crude Oil
46,566	6,575	21,841	2,512	4.32%	68,125	\$4,785	\$101.72

Investment Strategy Report

Iran War and Rising Energy Prices Sink Stocks. Is The Worst Over?

It's been a little over a month since the war in Iran began. I won't address the cost in lives lost or in damage done. That's not what I'm here to do. But I will address its effect on the markets and how best to navigate through the volatile undercurrents, if that's even possible. It's during times like these that even the best of analysts are humbled. Back on March 3rd, I sent out an email saying basically that during times like these, it usually doesn't pay to sell. While volatility spikes higher during war time, long term investors can expect to see higher prices in the not too distant future. Yet 4 weeks later, stocks are down approximately 5% and the price of oil is hovering around \$100 per barrel. But those who did sell at some point during the decline would have missed out on the surge in stock prices yesterday (3/31) and today (4/1), with the Nasdaq gaining 5% in just these 2 days. We all knew that stocks were oversold and that once the dust settled, stocks would reset at much higher prices. But it's the timing that is so hard to do.

Which is why for most investors, staying the course usually is the best strategy. When the stock market turns, it can do so violently, and in the case of the last 2 days, the turn can be to the upside. The question now for investors and market forecasters, is whether the US economy, which was on very firm footing 5 weeks ago, can withstand the upset of the last month and resume its robust march higher once the war is over. That is, will the damage have only a temporary effect on the economy or will the effects be much longer lasting.

The biggest concern for the economy is of course the huge spike higher in oil prices. Higher oil prices affect all aspects of the economy and should be expected to cause a significant damper on economic growth. Brett Eversole of Stansberry Research wrote about this on 3/11. The title of his article is "When Oil Spikes, Buy Stocks". I know, it sounds very counter-intuitive. As he says, "Oil price spikes *should* be bad for markets." Higher energy prices "should be a recipe for an economic slowdown ...and a weak stock market". "Most folks would say this is a reason to sell. But history disagrees". He showed that when the price of oil jumps 5%-plus for 2 straight days, "it's a screaming buy signal for stocks". While in the short term, stocks tend to struggle, after 1 year, stocks were up on average 18.6%! (again making the case for long term investing).

On March 12th, Ryan Dietrich made his bullish case on CNBC, stating that a) the credit markets are very calm and are behaving well while b) Put/call ratios are showing extreme fear with hedge funds very short. This, he said, is an environment in which any spark of good news could ignite a rally. On 3/19, Whitney Tilson (Stansberry Research) was also optimistic, comparing our current situation to last year's tariff sell-off. Last year, Trump was able to release the pressure with tariffs when things got dicey, and he is able to do the same thing this time. "My advice remains the same: Ignore the headlines and stay the course".

Tom Lee of Fundstrats is CNBC's go-to guy when it comes to the markets, and he still has a year-end target for the S&P of 7,700, despite the geopolitical risks. He talked (3/20) about the fact that during the last 8 conflicts, markets bottomed during the conflict. "Waiting until the war's end will be too late". "The world is worried about growth, so in this environment, you want to own growth, which is the S&P 500". He added that the US is a net producer of oil and is less affected by higher prices. He went on with his 3/30 CNBC interview "Yes, I would buy the market today. I feel that we are 90-95% through this sell-off." "Investors have de-risked to the point that any less bad news will lead to a V-shaped recovery". And in today's (4/1) Sentimentrader column, they state that "Extreme market pessimism has triggered an Optix buy signal, and historically, when such a signal coincides with a Composite Washout reading, it often leads to a high-return rally lasting several months".

Tax Day is Coming Soon – I'm sure that you all know that tax returns need to be filed by April 15th, but you never know 😊. And if you would like to contribute to your IRA account, again, the deadline is the 15th. *Jeff Feldman*