

Keen monthly insights on both the economy and the markets

## THE ECONOMY

Completely dominating recent headlines has of course been the armed conflict in Iran. Now entering its 3<sup>rd</sup> week, this indeed has the potential to disrupt economic activity globally. The question being, will it?

Historically, sharp moves higher in the price of crude, or 'oil spikes', have had a negative impact on the markets. One glaring exception to this was Operation Midnight Hammer, last June. In that case, crude held its 2024 highs, while the S&P 500 broke to a new all-time high.

Currently, crude is struggling to stay below \$100, which is the same area it peaked when Russia invaded Ukraine. That was clearly more severe than last June and likely exacerbated the 2022 bear market in stocks.

## THE MARKETS

As expected, the 'spike' in crude over the past few weeks has indeed been a headwind for stocks. That being said, I would not call the damage to the market, 'fatal'. Instead, it looks to us as if stocks are 'bending, not breaking'.

Specifically, the S&P 500 is still holding both support in the 6,500 area, as well as its 40-week moving average. Should these fail, it would greatly increase the odds that stocks were seeing a change in their long-term trend.

Also, the percentage of stocks still above their 200-day moving average is holding above the key 40% level. While not perfect, this is a good indicator of the market's health, and one of the primary indicators we use to determine the long-term market trend.

**Mike Hurley, CMT**  
 Chief Investment Officer

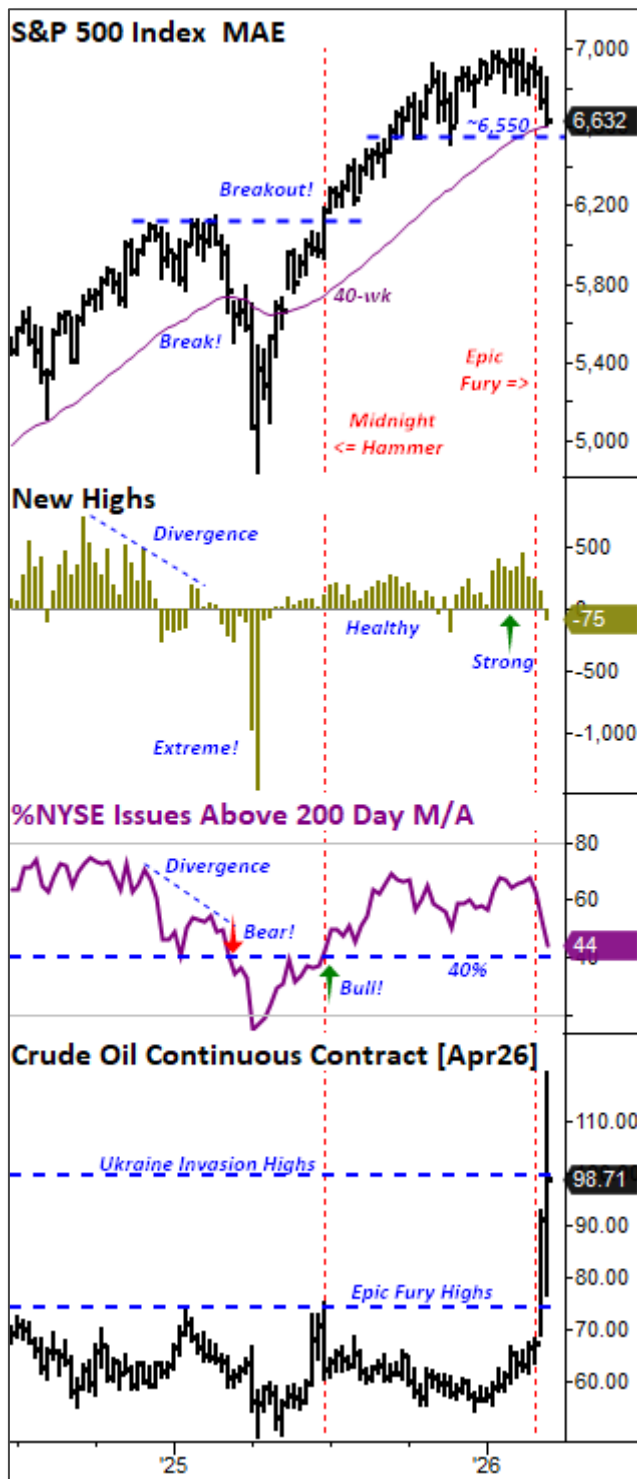


Chart courtesy of TradeStation – as of March 13, 2026

## TRADITIONAL STRATEGIES

We start our process with traditional, modern portfolio theory models, then adjust them based on our outlook. Specifically, we seek to:

- 1) Maintain higher cash levels when we're expecting a cyclical downturn, or 'bear' market
- 2) Add gold to portfolios during periods of inflation
- 3) Tilt fixed income positions based on credit conditions and the trends in interest rates

We offer Conservative, Moderate and Aggressive models, which use stock/bond ratios of 40/60, 60/40 & 80/20, as their starting points, respectively.

## ADAPTIVE STRATEGY

Our 'adaptive' model breaks from modern portfolio theory, based on the observation that markets typically become highly correlated when under stress.

This strategy applies momentum and risk parity to a universe of 10 ETFs, selecting a portfolio of 5. The portfolio is rebalanced monthly using the 60-day volatility to weight the top 5 ETFs. The goal being, to provide stock like returns with lower volatility.

## ABOUT NEXADVISORS

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