BECKER WEALTH MANAGEMENT, LLC

A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT LLC

Energy price shock after week one of war in the Middle East.

Week one of war in the Middle East drove a clear risk off tone as market attention shifted rapidly to implications of global energy supply disruption.

Photo Source: www.bigstock.com

Price action was most pronounced across energy markets with increases in natural gas (+11.5%), gasoline (+32%), and WTI oil (+35.6%) closing over $90/bbl. Global stocks sold off sharply with developed markets (-6.7%) and emerging markets (–8.4%) bearing the brunt of the downside given the more immediate energy supply shock disruption and a corresponding sharp rise in the USD (+1.4%). U.S. equity markets lost 2.2% with energy stocks up on the week but a broad risk off tone pulling all other sectors down. Treasury bond yields rose sharply as inflation risks overwhelmed the flight to safety trade, pushing 10-year bond yields up 17bps to 4.15%.

Financial Market Highlights

- Stock and bond markets are in a stage where geopolitics are overwhelming risk sentiment as elevated oil supply risks are priced into financial assets with prices falling and uncertainty and volatility surging.
- Market sentiments and scrutiny on AI related companies and AI related spending have clearly rotated since the beginning of the fourth quarter 2025 with an expectation that these trends continue.
- Concerns surrounding private credit around fund gating, structural leverage, and AI related fundamental credit risks where the former is simply a feature and the latter two are key.

Economic Highlights

- The economic calendar gave markets a notable miss on the February jobs report (-92k vs +60k) countered by strong beats from ISM in both service and manufacturing sectors.

Policy Highlights

- The U.S. foreign policy decision to effect regime change in Iran through force drove Gulf oil 'shut-in' risks sharply higher but incentives to find an off ramp are high for all parties.
- The jobs report had little impact on market expectations on monetary policy but the war in Iran saw markets price one cut out of 2026 due to inflation pressures with futures markets now seeing room for only a single cut from the FOMC in 2026.

Bullish Asset Allocation Narratives

- Robust U.S. corporate earnings growth, strong profit margins, and positive forward guidance.
- Growth conducive policies including a less restrictive Fed, fiscal stimulus, and deregulation.
- Resilient consumption with low unemployment and consumer balance sheets in good condition thanks to market-related wealth effects and room to 're-lever'.
- AI implementation including infrastructure build, productivity gains, and earnings potential.

Bearish Asset Allocation Narratives

- Energy price shock from the war in Iran add a key risk to consumption, particularly given the backdrop of a weak job market, cumulative inflation dynamics, and depressed consumer savings rates.
- Tariff (trade) policy uncertainty and impact on price levels, supply chains, and business uncertainty.
- AI trends given narrow equity markets, significant capex profiles, and industry specific concerns including circular transactions, increased debt financing, and a shift to asset intensive business models.

SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
Payrolls (MoM)	3/6/26	Feb	130,000	35,000 to 125,000	60,000	-92,000
Unemployment Rate	3/6/26	Feb	4.3%	4.3% to 4.4%	4.4%	4.4%
Retail Sales (Headline/Core)	3/6/26	Jan	0.0% / 0.0%	-0.8 to 0.4%	-0.4% / 0.1%	-0.2% / 0.0%
ISM Services	3/4/26	Feb	53.8	52.0 to 54.2	53.6	56.1
ISM Manufacturing	3/2/26	Feb	52.6	50.5 to 53.0	51.8	52.3
Case-Shiller HPI (YoY)	2/24/26	Dec	0.5%	0.2% to 0.3%	0.3%	0.5%
Consumer Confidence	2/24/26	Feb	89.0	85.0 to 90.5	88.0	91.2
PCE YoY (Headline/Core)	2/20/26	Dec	3.0% / 3.0%	2.8% to 3.0%	2.8% / 2.9%	2.9% / 3.0%
PCE MoM (Headline/Core)	2/20/26	Dec	0.2% / 0.2%	0.2% to 0.4%	0.3% / 0.3%	0.4% / 0.4%
Personal Income / PCE (MoM)	2/20/26	Dec	0.3% / 0.5%	0.0% to 0.7%	0.3% / 0.3%	0.3% / 0.4%
U.S. GDP (QoQ AR)	2/20/26	Q4	4.4%	1.7% to 3.6%	2.8%	1.4%
PCE (QoQ AR)	2/20/26	Q4	0.5%	0.0% to 0.5%	0.3%	2.4%
PMI Services	2/20/236	Feb	52.7	N/A	N/A	52.3
PMI Manufacturing	2/20/26	Feb	52.4	51.8 to 52.1	51.9	52.4
Industrial Production	2/18/26	Jan	0.2%	-0.2% to 0.6%	0.4%	0.7%
Durable Goods Orders	2/18/26	Dec	5.5%%	-5.1% to 1.0%	-2.3%	-1.4%
Housing Market Index	2/17/26	Feb	37	37 to 41	38	36
New Home Sales	2/18/26	Dec	758k	690k to 755k	728k	745k
Pending Home Sales	2/19/26	Jan	-9.3%	0.2% to 6.5%	2.5%	-0.8%
Housing Starts & Permits (M)	2/18/26	Dec	1.25M / 1.41M	1.29M to 1.425M	1.31M / 1.40M	1.40M / 1.45M
CPI (Headline/Core YoY)	2/13/26	Jan	2.7% / 2.6%	2.3% to 2.8%	2.5% / 2.5%	2.4% / 2.5%
CPI (Headline/Core MoM)	2/13/26	Jan	0.3% / 0.2%	0.1% to 0.4%	0.3% / 0.3%	0.2% / 0.3%
Existing Home Sales	2/12/26	Jan	4.35M	4.13M to 4.25M	4.20M	3.91M
Employment Cost Index	2/10/26	Q4	3.5%	3.4% to 3.5%	3.5%	3.4%
NFIB Small Biz Optimism	2/10/26	Jan	99.5	99.5 to 100.8	99.8	99.3
UofM Consumer Sentiment	2/6/2026	Feb	56.4	53.0 to 59.0	55.5	57.3
JOLTS	2/3/2026	Dec	6.928M	7.0M to 7.294M	7.245M	6.542M

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INSIGHT

MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr
Dow Jones	47502	(2.92)	(4.99)	(0.57)	(0.86)	13.49
NASDAQ	22388	(1.22)	(2.72)	(4.92)	(3.58)	24.70
S&P 500	6740	(1.99)	(2.65)	(1.61)	(1.32)	18.96
Russell 1000 Growth		(0.70)	(2.13)	(6.50)	(5.49)	19.18
Russell 1000 Value		(3.44)	(3.06)	4.02	3.59	17.84
Russell 2000		(4.03)	(5.32)	0.44	1.92	23.86
Russell 3000		(2.15)	(2.77)	(1.50)	(1.10)	18.98
MSCI EAFE		(6.72)	(2.89)	4.99	2.70	21.80
MSCI Emg Mkts		(6.88)	(0.35)	8.65	6.96	36.20

Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr
US Aggregate	3.89	0.06	0.01	0.03	0.01	0.16
High Yield	6.65	0.09	0.10	0.09	0.11	0.05
Municipal	3.37	0.07	0.04	0.08	0.05	0.33
Treasury	3.50	0.20	0.17	0.21	0.18	0.46

Commodities	Current	12/31/25	9/30/25	6/30/25
Oil (WTI)	71.13	57.26	63.17	66.30
Gold (Mo-End)	5019.53	5019.53	3665.20	3352.00

Currencies	Current	12/31/25	9/30/25	6/30/25
USD/Euro ($/€)	1.16	1.18	1.17	1.17
USD/GBP ($/£)	1.35	1.35	1.34	1.37
Yen/USD (¥/$)	156.05	156.05	147.97	144.17

Treasury Rates	Current	12/31/25	9/30/25	6/30/25
3 Month	3.69	3.67	4.02	4.41
2 Year	3.56	3.47	3.60	3.72
5 Year	3.72	3.73	3.74	3.79
10 Year	4.15	4.18	4.16	4.24
30 Year	4.77	4.84	4.73	4.78

Style Returns

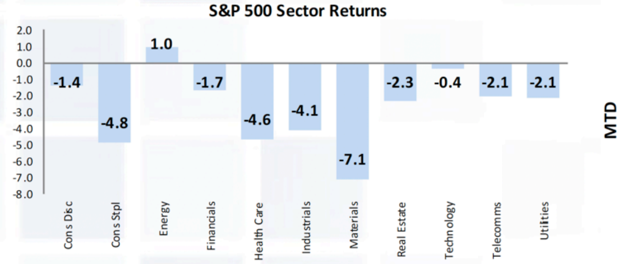
MTD

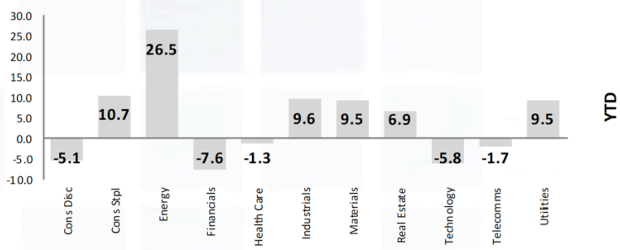
	V	B	G
L	-3.44	-2.06	-0.70
M	-4.00	-3.62	-2.27
S	-3.55	-4.03	-4.49

YTD

	V	B	G
L	3.59	-1.24	-5.49
M	4.84	3.12	-2.35
S	5.05	1.92	-0.93

S&P 500 Sector Returns





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