

Markets Rebound as Oil Eases and Investors Focus on the Strait of Hormuz

March 16, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. and European stock markets closed higher to begin the week as energy prices moderated and investors assessed developments in the Strait of Hormuz, one of the world's most critical energy shipping corridors. Oil prices, which had surged amid fears of supply disruptions tied to the Middle East conflict, edged lower with West Texas Intermediate crude trading near \$95 per barrel, providing modest relief to global financial markets and helping lift equity sentiment.

Equity markets responded positively to the pullback in crude prices. The S&P 500 advanced 1.01%, reflecting improving sentiment after several sessions dominated by geopolitical uncertainty and energy-driven volatility. The benchmark index, however, remains down approximately 2% year-to-date, underscoring the lingering impact of the recent energy shock and geopolitical tensions on global investor confidence.

Energy markets remain central to the global narrative. Over the weekend, President Trump called on U.S. allies to deploy naval vessels to escort commercial shipping through the Strait of Hormuz in an effort to stabilize one of the world's most vital energy transit routes. While the proposal highlights the strategic importance of keeping the corridor open, allied governments have yet to announce concrete commitments, leaving markets sensitive to further developments in the region.

The easing in oil prices also helped stabilize fixed-income markets. U.S. Treasury yields moved modestly lower across the curve as investors reassessed near-term inflation risks following the recent surge in energy prices. **The yield on U.S. government bonds declined five basis points as demand for high-quality fixed income** returned after several weeks of volatility triggered by rising commodity prices and geopolitical uncertainty. Currency markets reflected the shift toward a more constructive tone, with the U.S. dollar trading slightly weaker as risk sentiment improved.

Recent economic releases offered a mixed view of North American momentum. **The NAHB/Wells Fargo Housing Market Index rose to 38 from 37, while U.S. industrial production slowed to 0.15% MoM from 0.71%**, signaling a moderation in manufacturing momentum. **In Canada, headline CPI eased to 1.78% YoY from 2.29%, while core CPI increased 0.19% MoM from 0.06%**, indicating easing overall inflation but persistent underlying price pressures.

Investor attention now turns to the Federal Reserve's policy meeting on Wednesday, amid heightened uncertainty over inflation, growth, and the potential impact of higher oil prices. Markets have already adjusted expectations, with pricing now pointing to just one 25-basis-point rate cut later this year. Chair Powell's remarks will therefore be closely watched as investors assess how the Fed may balance the inflationary risks of an oil shock against the downside risks to economic growth. For now, the direction of global markets remains closely tied to developments in energy markets and the stability of the Strait of Hormuz, underscoring the intertwined nature of geopolitics and economics.

Wall Street

U.S. equity markets rebounded on Monday after three consecutive weeks of declines as oil prices retreated from recent highs and investors reassessed the near-term impact of the Iran conflict on global energy supplies.

The **Dow Jones Industrial Average rose about 387.94 points, or 0.83%**, while the **S&P 500 gained 1.01%** and the **Nasdaq Composite advanced 1.22%**, supported by strength in large-cap technology stocks and a modest easing in crude prices.

Among notable movers, Meta shares climbed more than 2% following reports that the company is considering a significant workforce reduction exceeding 20%, a move management characterized as speculative, but one investors interpreted as a potential step toward improved cost discipline. NVIDIA shares also moved higher, rising more than 1% as its closely watched GTC conference began Monday, reinforcing investor focus on continued growth in artificial intelligence and semiconductor demand.

Despite the rebound, trading activity suggested caution. Market volumes on both the New York Stock Exchange and Nasdaq remained below average, indicating that while equities recovered, conviction behind the move remained somewhat limited after several weeks of heightened volatility. Energy markets continued to shape sentiment throughout the session. West Texas Intermediate crude declined roughly 5% to around \$93 per barrel, after briefly trading above \$100 overnight, while Brent crude eased about 2% to near \$100 per barrel.

The pullback in oil prices followed comments from Treasury Secretary Scott Bessent, who said Iranian oil tankers were being allowed to transit the Strait of Hormuz, helping ease immediate supply concerns. Reports also suggested the United States may soon announce a coalition of countries to escort commercial shipping through the strategic waterway.

However, uncertainty remains elevated. President Trump later indicated that the coalition effort is still being organized, urging additional countries to participate in protecting maritime traffic through the Strait. Oil prices subsequently trimmed earlier losses, and equities pulled back from their session highs. The geopolitical backdrop continues to dominate investor sentiment. Last week, President Trump ordered strikes on Iranian military targets on Kharg Island, though the operation did not directly affect oil export infrastructure. The administration has indicated that additional action could be considered if Iran attempts to disrupt shipping through the Strait of Hormuz.

European Markets

European equity markets moved higher as investors cautiously returned to risk assets while monitoring geopolitical tensions in the Middle East and the volatility in global energy markets.

The **pan-European STOXX Europe 600 gained 0.44%**, with most sectors trading in positive territory as oil prices retreated from overnight highs above \$100 per barrel toward the mid-\$90 range.

Major European benchmarks followed the broader recovery. The U.K.'s FTSE 100 advanced 0.55%, Germany's DAX rose 0.50%, and France's CAC 40 gained 0.31%. The gains reflected a modest improvement in investor sentiment after several volatile sessions driven by energy-market disruptions tied to developments in the Middle East.

Corporate activity also supported markets. Commerzbank shares surged 8.8% after UniCredit announced an offer to raise its stake above 30%, a key regulatory threshold that could pave the way for a potential takeover bid. The proposed offer is expected to carry roughly a 4% premium, while UniCredit shares traded modestly higher following the announcement.

Investors are also watching diplomatic developments. President Donald Trump indicated that a planned trip to China later this month could be postponed as Washington pressures Beijing to help ensure the continued flow of oil shipments through the Strait of Hormuz, through which roughly 20% of global oil supply normally transits.

Historical Context: The Strait That History Always Warned Us About

History repeatedly reminds us that geography rarely bends to political optimism. The Strait of Hormuz—only about 21 miles wide at its narrowest point—remains one of the world's most consequential maritime chokepoints, linking the Persian Gulf to global energy markets. Roughly one-fifth of the world's oil supply moves through this corridor, making it indispensable to the global economy and uniquely vulnerable during periods of geopolitical tension.

This vulnerability is not theoretical. During the 1980s “Tanker War,” part of the Iran-Iraq conflict, more than 400 commercial vessels were attacked in the Persian Gulf and near the Strait. The United States ultimately intervened, escorting Kuwaiti tankers under Operation Earnest Will (1987–1988), one of the largest naval convoy operations since World War II. The risks of escalation were starkly illustrated in July 1988 when Iran Air Flight 655 was mistakenly shot down, killing 290 civilians—an enduring reminder of how quickly conflict in such a narrow theater can spiral beyond intentions.

Iran has long emphasized the strategic leverage the Strait provides. Since the 1979 hostage crisis, Iranian leaders and the Islamic Revolutionary Guard Corps have developed doctrines designed to threaten shipping through asymmetric tactics—fast attack boats, naval mines, and coastal missile batteries. Western defense planners have long modeled these risks; multiple U.S. and allied war games concluded that even a partial disruption of Hormuz could trigger a sharp oil shock and potentially push the global economy toward recession.

The history of the Strait has therefore never been ambiguous. The more pressing question today is why a risk so frequently demonstrated was often treated as a remote contingency rather than a recurring strategic vulnerability. As historians have long observed, the danger is rarely ignorance of the past, but the reluctance to fully act on what the past repeatedly warns us about. ***"The most dangerous moment is when you think you know what is coming next". — Henry Kissinger.***

Economic Data:

- **NAHB/Wells Fargo US Housing Market Index:** rose to 38.00, up from 37.00 last month.
- **U.S. Industrial Production MoM:** fell to 0.15%, compared to 0.71% last month.
- **Canada Consumer Price Index YoY:** fell to 1.78%, compared to 2.29% last month.
- **Canada Core Consumer Price Index MoM:** rose to 0.19%, compared to 0.06% last month.

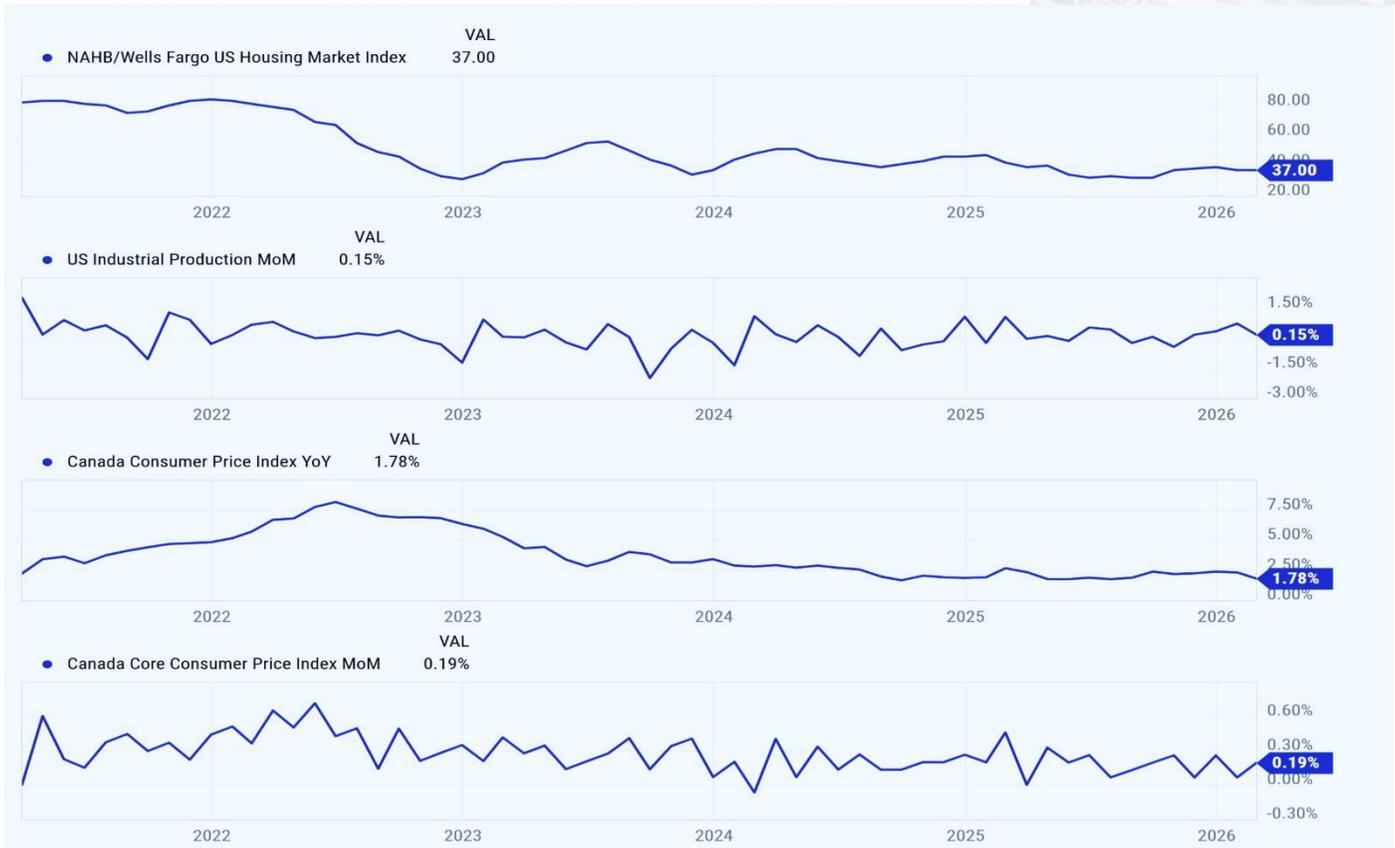
Eurozone Summary:

- **Stoxx 600:** closed at 598.47, up 2.62 points or 0.44%.
- **FTSE 100:** closed at 10,317.69, up 56.54 points or 0.55%.
- **DAX Index:** closed at 23,564.01, up 116.72 points or 0.50%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 46,946.41, up 387.94 points or 0.83%.
- **S&P 500:** closed at 6,699.38, up 67.19 points or 1.01%.
- **Nasdaq Composite:** closed at 22,374.18, up 268.81 points or 1.22%.
- **Birling Capital Puerto Rico Stock Index:** closed at 3,981.52, down 5.09 points or 0.13%.
- **Birling Capital U.S. Bank Index:** closed at 7,965.61, down 31.36 Points or 0.39%
- **U.S. Treasury 10-year note:** closed at 4.23%.
- **U.S. Treasury 2-year note:** closed at 3.68%.

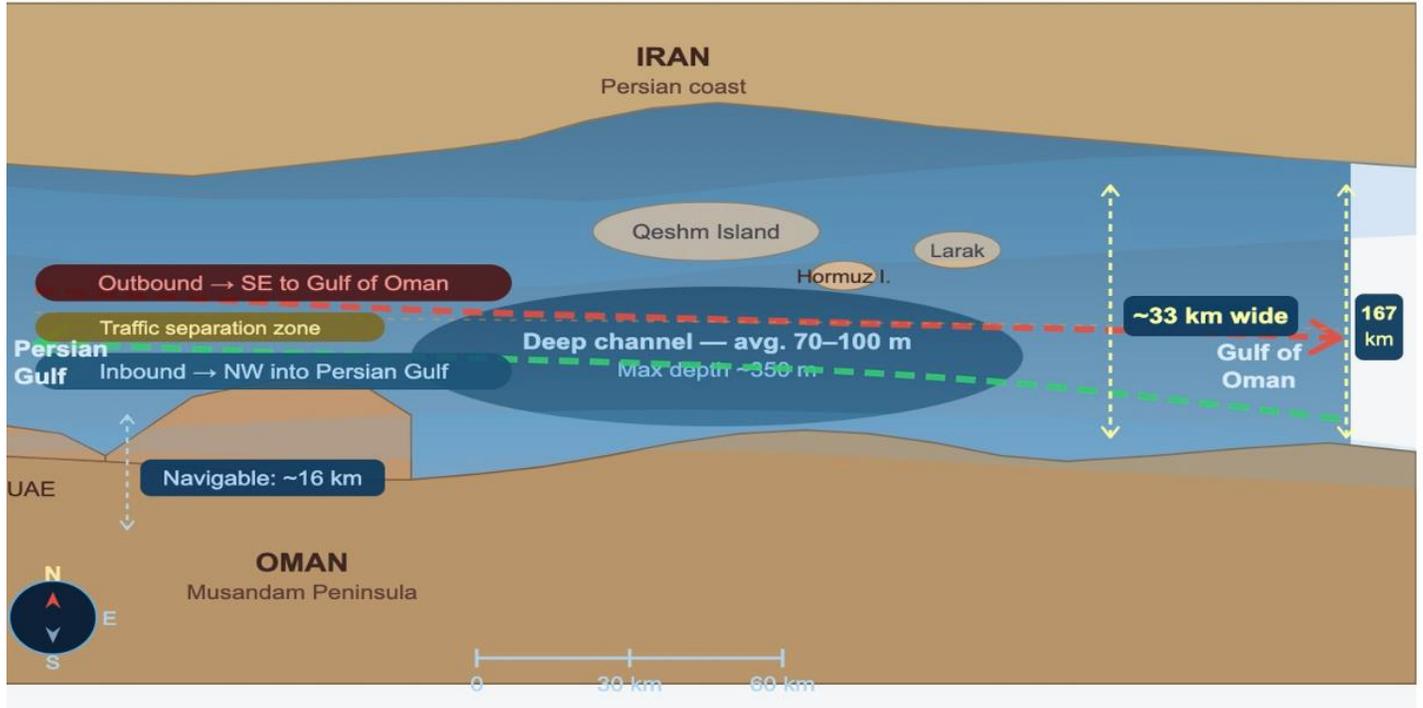
NAHB/Wells Fargo US Housing Market Index; US Industrial Production MoM; Canada Consumer Price Index YoY & Canada Core Consumer Price Index MoM



The Strait of Hormuz- Strategic Geography and Navigation

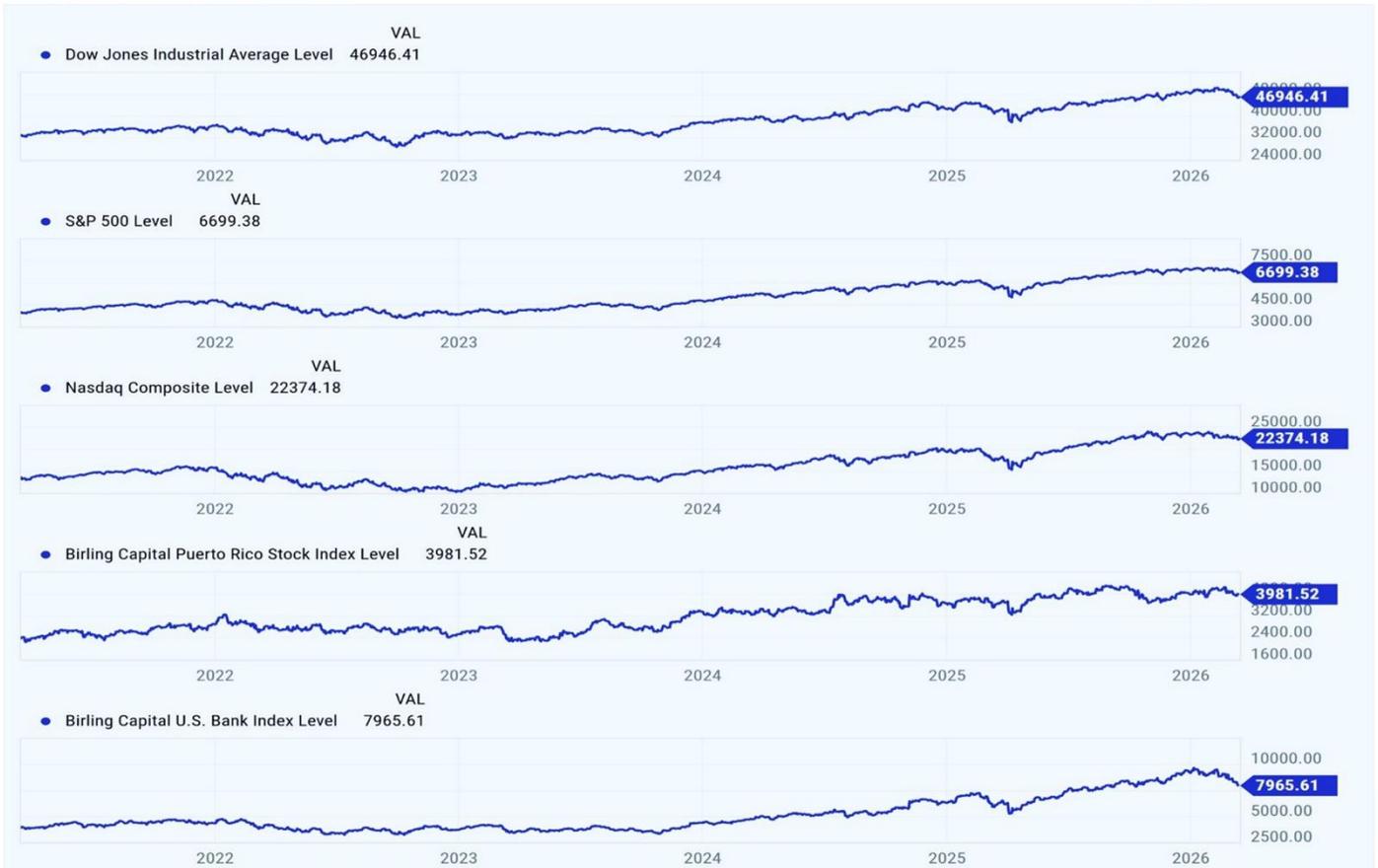
Strait of Hormuz — Strategic geography & navigation

Dimensions · depth · shipping lanes · transit time



Wall Street Recap

March 16, 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.