

CAPITAL MARKETS REPORT - MARCH 2, 2026



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535

SERVICE BEYOND COMPARISON

Geopolitical Escalation Drives Energy Volatility

Global markets remain on edge this morning as the U.S. and Israel enter a third day of coordinated strikes on Iran, with retaliatory attacks spreading across the region. World leaders are urging restraint in an effort to prevent the conflict from broadening further.

Brent crude surged as much as 13% following the initial strikes, with volatility centered on the Strait of Hormuz — a critical chokepoint for global energy transit. Prices have since pared gains to roughly 8% after OPEC+ agreed to increase production quotas by more than 200,000 barrels per day. That additional supply, however, provides only a limited cushion if shipping through the Strait is not disrupted. New reports indicate that Saudi Arabia and Qatar have shut down major refining and LNG facilities following damage from Iranian missile strikes. Energy markets remain highly sensitive to any developments that threaten production or transport infrastructure in the region.

Risk Assets Under Pressure

The geopolitical escalation has quickly spilled into broader risk assets. Equities are bracing for a volatile week after posting their worst monthly decline since last April. The DOW has opened down close to 600 points, while major Asian and European indexes are lower by more than 1%. Investors have rotated toward traditional safe havens, including U.S. Treasuries, gold, and the U.S. dollar.

Treasuries and Fed Expectations

After trading as high as 4.27% in early February, the 10-year note yield fell to 3.92% following the outbreak of hostilities before rebounding to 4.00% this morning. The initial move reflected a classic flight-to-safety bid, though yields have since stabilized as markets assess both geopolitical risks and the inflation implications of higher energy prices. Fed funds futures continue to price in two rate cuts in 2026. However, persistent energy volatility could complicate that outlook should it translate into renewed inflationary pressures.

Domestic Economy: Cooling, Not Cracking

On the domestic front, recent economic data suggests the U.S. economy is gradually cooling but not broadly deteriorating. Labor market conditions remain generally stable, with ADP reporting modest payroll gains and weekly jobless claims holding steady. Inflation progress remains uneven, particularly within the services sector. While goods inflation has moderated in several areas, tariff-related costs continue to work their way through supply chains, complicating the Federal Reserve's path toward sustained price stability.

Market Last Week

	2/20/2026	2/27/2026	Weekly Change In Bps
2 yr. Note	3.48%	3.37%	-11
5 yr. Note	3.65%	3.50%	-15
10 yr. Note	4.08%	3.94%	-14
30 yr. Bond	4.72%	4.61%	-11
SOFR Rate	3.67000%	3.67000%	0.000

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
3/6/2026 8:30 AM	Change in Nonfarm Payrolls (Feb)	60k	130k
3/5/2026 8:30 AM	Initial Jobless Claims (Feb 28)	215k	212k
3/2/2026 10:00 AM	ISM Manufacturing (Feb)	51.70	52.60
3/6/2026 8:30 AM	Retail Sales Advance MoM (Jan)	-0.30%	0.00%
3/4/2026 8:15 AM	ADP Employment Change (Feb)	50k	22k
3/4/2026 7:00 AM	MBA Mortgage Applications (Feb 27)	--	0.40%
3/2/2026 9:45 AM	S&P Global US Manufacturing PMI (Feb F)	51.20	51.20
3/6/2026 8:30 AM	Unemployment Rate (Feb)	4.30%	4.30%
3/4/2026 10:00 AM	ISM Services Index (Feb)	53.50	53.80
3/5/2026 8:30 AM	Continuing Claims (Feb 21)	1830k	1833k
3/5/2026 8:30 AM	Nonfarm Productivity (4Q P)	1.70%	4.90%
3/6/2026 3:00 PM	Consumer Credit (Jan)	\$13.550b	\$24.045b

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