Hamilton-Bates
Market Update

April 10, 2026

Peace Brings Chance for Pivot Point for Markets

P.O. BOX 98 Mertztown, PA 19539 877.768.4247 www.hbir.com

The choppiness that began the year, when AI concerns contrasted with earnings and an economy that are still strong. Little did we know that those issues would be put aside for geopolitical concerns in March. Once hostilities started all focus was on the Persian Gulf and in particular the price of oil. Oil is a bedrock commodity which drives the modern economy and may products are derived from crude oil. When oil spiked on the disruption of flow the stock market declined in earnest, bottoming out in late March. Since then a recovery rally has unfolded on hopes of a deal.

Earnings, Economy, Energy and Interest Rates
Higher oil prices cut two ways, as rising oil costs boost the cost of nearly everything. The Fed has focused on the potentially inflationary effects of this, but we believe they are wrong. Oil demand is tough to replace, so rising oil acts more like a 'tax' than anything else. Taxes are deflationary as demand that would have gone to buying more goods and services is effectively destroyed because if the higher oil 'tax'. People don't spend more when energy spikes they spend less to compensate.

The Fed seems destined to look in the rear-view mirror and fight the last war, which was inflation. In our view the concern should be to watch for any signs of a slowdown in the economy and labor market. For now the Fed is on hold, no cuts are likely—but thankfully they are not close to hiking either. The Fed is nether helping nor hurting things right now.

The economy has held up well, and growth remains strong. Earnings estimate revisions have actually been going 'up' this year. As long as the labor market holds up positive earnings should carry the day, eventually. We continue to watch for signs for a deterioration in the labor market—but so far it has held up.

Stock Market Outlook
The stock market has rebounded from very oversold conditions with hopes for a deal. The major averages are showing renewed strength with major indexes moving back above key moving averages. This is a positive sign as long as it holds. Stock market volatility has eased, but some risks are lurking. It really all comes down to the Straits of Hormuz and when it opens fully. Inflation numbers have been tame so far, with energy prices spiking but everything else has held steady. We are on the lookout for inflation data which could shape interest rate expectations, which may then impact bond, gold, and stock prices.

Portfolio Strategy
When we cut some aggressive allocations and raised more cash a few weeks ago we didn't know there would be a strike on Iran. Everything softened on the conflict with Iran, including stocks, bonds, and gold. Extra cash worked out well. We deployed some cash on the weakness in early April, in dividend paying ETF's and some select stock names for those accounts that hold stocks.

The bounce over hopes for a peace deal is a welcome relief and has boosted all assets nearly across the board. If a deal develops history suggests the market and the economy will be able to adjust quickly. But the coast isn't clear yet. The underlying market indicators we follow have definitely shifted to a more favorable position in the past week or so, but the mercurial nature of getting a deal leave things as touch and go.

But Wait There's More
No one can predict geopolitical events or the outcome, but there is really good news for the markets as the year goes on. We are in the second year of the Presidential cycle, a year that is historically choppy–and that has played out true to form. The good news is that year three of the cycle (next year), is overwhelmingly bullish. Only once has the third year not been positive in the last century—that was 1939 when Hitler began storming Europe. **We expect a strong rally from whatever low we see this year.**

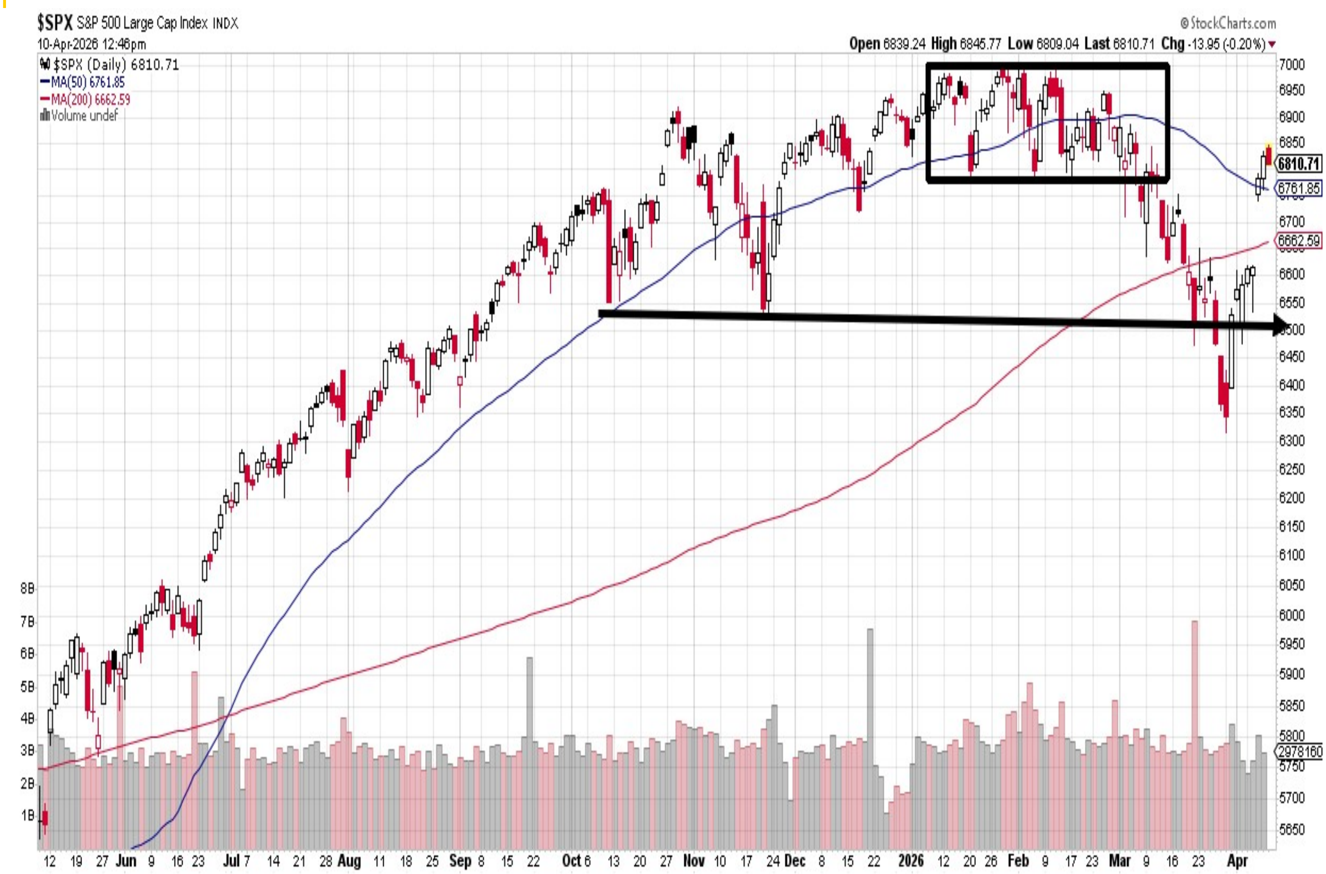
Hamilton-Bates
Market Update

March 4, 2026

Sharp Breakdown and Sharp Recovery

P.O. BOX 98 Mertztown, PA 19539 877.768.4247 www.hbir.com

S&P 500 Market Chart



S&P 500 Chart

The stock market went sideways in early 2026 until the hostilities in Iran broke out, where it started to drop gradually then more sharply into late March, breaking below the lows of late 2025.

Sky-Rocketing oil prices caused by the Straits of Hormuz closure was the catalyst. When oil finally stopped going up the stock market stopped going down. Hopes of peace helped turn an oversold bounce into a pretty big short-squeeze as hedge funds went massively short into quarter end. The bounce has recovered key support around 6600 on the S&P 500 and that level is the key. Above 6600 and the benefit of the doubt goes to the bulls. Expect a lot of volatility around the attempt at a long-term deal.