

DATE: March 6, 2026

TITLE: **Energy Shock, Dollar Strength, and a Market Still Hoping for Calm**

TRANSCRIPT:

**Host:**

Eric, if you had to sum up this week in one sentence, what would it be?

**Eric:**

This week was really about one big shift:

The economy still looks fairly resilient — but markets are now having to price an energy shock on top of that.

And that matters, because when growth is still holding up, higher energy prices don't just hit sentiment — they risk feeding back into inflation expectations.

That is what has changed.

**Host:**

So despite all the market nerves, the economic data itself hasn't actually collapsed?

**Eric:**

No, not at all.

If you look at the US data, it still looks like a late-cycle economy that is slowing gently, not falling apart. Jobless claims remain low, productivity growth has been decent, and labour cost pressures, while a little firmer than expected, are not yet screaming that the economy is overheating.

So the problem is not weak demand.

The problem is that markets are now looking beyond the domestic data and asking a different question: What happens if an external energy shock starts to lift inflation again before growth has properly rolled over?

That is a much more uncomfortable backdrop.

**Host:**

And that takes us straight to oil.

**Eric:**

Exactly.

Oil is the obvious headline this week.

Brent has moved up towards \$85 a barrel, and that rise has been driven by renewed disruption in the Gulf and concern around tanker traffic near the Strait of Hormuz.

Now, that matters because Hormuz is not some obscure shipping route.

It is one of the key arteries of the global economy.

A huge share of the world's oil moves through that narrow passage every day.

So when that area becomes unstable, markets immediately start repricing energy risk.

But I think the bigger point is this:

It's not just crude oil we need to watch.

It's everything that sits around it.

**Host:**

What do you mean by that?

**Eric:**

I mean the knock-on effects.

Refined products.

Jet fuel.

Gas.

Freight.

Transport costs.

That is where the macro story becomes more serious.

We are already seeing refining margins jump sharply in Asia. Jet fuel prices have surged. European gas prices have also moved higher. LNG markets are tightening.

So this is not simply a story of “oil is up a bit.”

It is a story about rising costs spreading through the real economy.

And once that happens, it starts to affect company margins, consumer prices, and inflation expectations much more quickly than people assume.

**Host:**

And is that why markets have started to reprice so abruptly?

**Eric:**

Yes — although the repricing has been quite selective.

Equities are weaker, of course. The Dow had a much tougher session than the Nasdaq. Europe has also come under pressure. Asian markets have remained on the back foot.

But the more important moves, to my mind, have actually been in the **dollar and in bond yields**.

The dollar has strengthened meaningfully this week.

US Treasury yields have moved higher as well.

And when you get those two things happening at the same time — stronger dollar, higher yields — what you are really seeing is a tightening of global financial conditions.

That is when the stress starts to spread beyond the original event itself.

**Host:**

Because it stops being just an oil story?

**Eric:**

Exactly.

It becomes an oil story, a currency story, a funding story, and eventually a growth story.

That is particularly important for emerging markets.

When the dollar rises and energy prices rise together, the pressure lands fastest on countries that rely on imported energy or external capital.

So very quickly this moves from inflation risk to balance-of-payments risk, and from there into asset allocation decisions.

That is why this kind of environment can become broader and more destabilising than the initial headline suggests.

**Host:**

And yet, despite all of that, markets still don't look fully panicked.

Why not?

**Eric:**

Because I think investors are still assuming this is all going to pass quite quickly.

There is still a lot of hope embedded in asset prices.

The hope is that the crisis de-escalates, oil settles down, and the global economy keeps moving along more or less intact.

And that may happen.

But I think the market may still be underestimating the risk that this drags on.

Because if it does drag on, the consequences start to build.

Higher gas prices.

Higher transport costs.

A firmer dollar.

Tighter liquidity.

More pressure on margins.

And at that point markets have to think much harder about valuations, earnings resilience, and balance-sheet strength.

**Host:**

So in that kind of environment, what does the market start rewarding?

**Eric:**

It rewards quality.

It rewards liquidity.

It rewards pricing power.

And it becomes much less forgiving of leverage, weak balance sheets, or highly cyclical business models.

That is why this week has not just been about “risk off.”

It has really been about selectivity.

You can see that in the equity market.

Some structural growth stories are still holding up very well.

Broadcom, for example, reminded investors that AI infrastructure demand is still very real and still very powerful.

So secular growth has not disappeared.

But the rest of the market is being forced into a tougher test.

Can you defend your margins?

Can you absorb higher costs?

Can you perform if the macro backdrop becomes less friendly?

That is the real market filter now.

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