# Market Commentary – Operation Epic Fury

Eric Sterner, CFA, CAIA, FRM, CIPM
Chief Investment Officer, Apollon Wealth Management and Apollon Financial
March 2, 2026

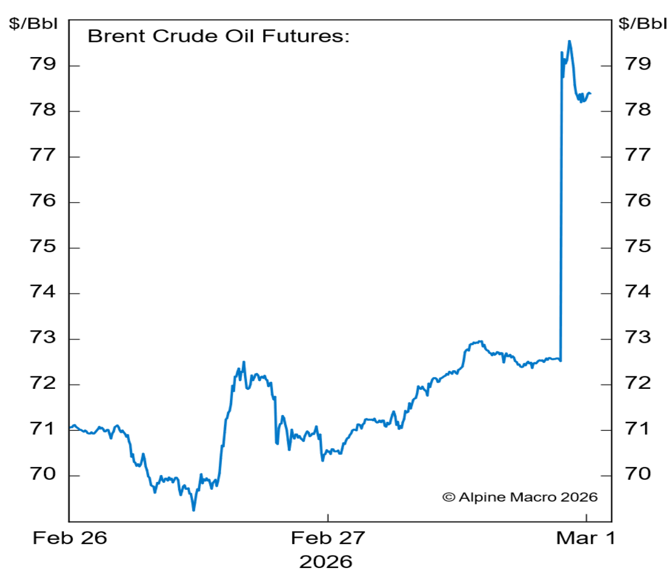
## Thoughts and Prayers to those Impacted by this Conflict

We continue to watch the developments in the Middle East after the United States and Israel launched attacks on Iran after nuclear negotiations broke down. President Trump has signaled he wants regime change. The attacks have not only targeted missiles and nuclear sites, but primarily senior leadership, killing Supreme Leader Ali Khamenei and much of the command structure. Some argue regime change cannot be achieved from the air alone, without "boots on the ground." This statement misreads the strategy. The goal is not to invade and remake Iran, but to spur local actors to topple the regime. Unlike the 2025 12-Day War, this conflict is larger, more intense, and likely to last several weeks.

President Trump spoke on March 1 of a four-week campaign. Iran has denied any interest in negotiations for now, but may seek to negotiate sooner as pressure mounts. The U.S. may be willing to negotiate as the conflict may not be popular domestically. The engagement departs from Trump's "America First" agenda, and the midterms are looming. While the human toll is by far the most important concern on our minds, it is also our job to determine the potential effects to the markets.

## Market Reaction

Equities were flat on the first day of trading after the attack and global oil prices jumped higher. If the Gulf energy flows are impacted for more than a few weeks, we could see the inflationary pressures push up CPI and PCE readings in the near term.




Note: No data shown for Saturday/Sunday morning as futures markets close on weekends

Source: Alpine Macro, Bloomberg Finance L.P.

There are concerns that hostilities could disrupt oil shipments through the Strait of Hormuz, where around 25% of seaborne global oil supplies and 20% of global liquefied natural gas transit. Iran, a major oil producer and member of the Organization of the Petroleum Exporting Countries, holds a strategic position on the northern side of the strait. Even without the full closure of the Strait, shippers will be risk-averse.

Any disruptions to Iranian oil supply could prompt OPEC to ramp up production more quickly. However, its ability to cushion the market would likely be limited if tensions escalate further.

At this time, we do not expect any major impacts to the US markets. Historically speaking, the markets typically recover quickly from geopolitical events. However, if this conflict further escalates and/or other countries are drawn in, volatility will most likely increase, and we potentially could see investors flock to safe haven investments such as gold, US Treasuries and Japanese government bonds.  Aerospace and defense equities may also rally.

### What does this mean for investors?

We must always be mindful of all risks in the markets including geopolitical ones.  Obviously, there are already many risks in the markets that we are navigating including trade wars, tariffs, and heightened federal budget deficits. US corporate profits remain very healthy, and while US consumer spending and the labor markets are moderating, both have proven to be very resilient over the past several years. Investors should avoid making emotional decisions during these highly stressful times.  The best plan is to stay diversified and disciplined to your investment plan.