
Investment Weekly Brief: The Oil Shock and the Private Credit Fracture

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1. Executive Summary: The Convergence of Geopolitical and Liquidity Risks

The week ending March 13, 2026, was a clear reminder of how quickly market narratives can flip when geopolitics and structural fragilities collide. We came into the week under the spell of what we now see as a geopolitical head-fake. On Monday, President Trump's assertion that the war with Iran was "practically over" sent WTI crashing from \$119 to \$87 and briefly ignited an euphoric equity rally.

That peace narrative proved shallow. By Thursday, Iran's leadership made it clear that the Strait of Hormuz would remain effectively paralyzed. With that, the illusion faded and the underlying weaknesses of a US economy already operating under a revised stagflationary menu were laid bare.

From our perspective, three takeaways define this shift. First, the February CPI print at 2.4% has effectively become a relic of the past. It was captured before the energy shock and ignores the move in gasoline to \$3.58/gallon, meaning key inflation gauges are still catching up to reality. Second, we are now seeing the first meaningful crack in the \$2 trillion private credit market. Liquidity gates at major platforms such as Morgan Stanley and Cliffwater, imposed to manage heavy redemption requests, mark a break from the "always-liquid" story that has underpinned this asset class. Third, the sharp downward revision of Q4 2025 GDP to 0.7% confirms that the US is no longer growing its way out of its problems. See Figure 1.

The Executive Terminal: Bottom Line Up Front



The Oil-Driven Narrative

S&P 500 closed down **1.6%** at **6,632**. The US-Israel vs. Iran conflict dominated sentiment.

Monday's "war practically over" rally entirely collapsed by Thursday when commercial shipping through the Strait of Hormuz was declared paralyzed. Brent breached \$100.



The Stagflation Data Shock

February CPI (2.4% YoY) is a pre-war relic.

The true shock materialized Friday: **Q4 2025 GDP** was revised **sharply down to 0.7%** from **1.4%**, colliding with January Core PCE accelerating to 3.1%. A textbook stagflation setup.



The Hidden Liquidity Stress

Morgan Stanley and Cliffwater actively capped redemptions in their private credit funds following record exit requests.

This marks the first definitive systemic crack in the \$1.8-\$2.0T semi-liquid private credit market.

MoatPeak Overriding Thesis: The market is severely mispricing the private credit squeeze and the Fed's absolute inability to cut rates amid >\$100 oil.

Figure 1. Bottom-line regime shift: oil, stagflation, and private-credit stress

Key takeaway: The week left investors facing three linked shocks - higher effective inflation, visible private-credit liquidity stress, and weaker growth.

We view this week as a regime shift for 2026. The benign, "muddle-through" scenario is fading, and we now have to navigate the aftermath across US asset classes with far greater attention to both liquidity and tail risks. See Figure 2.

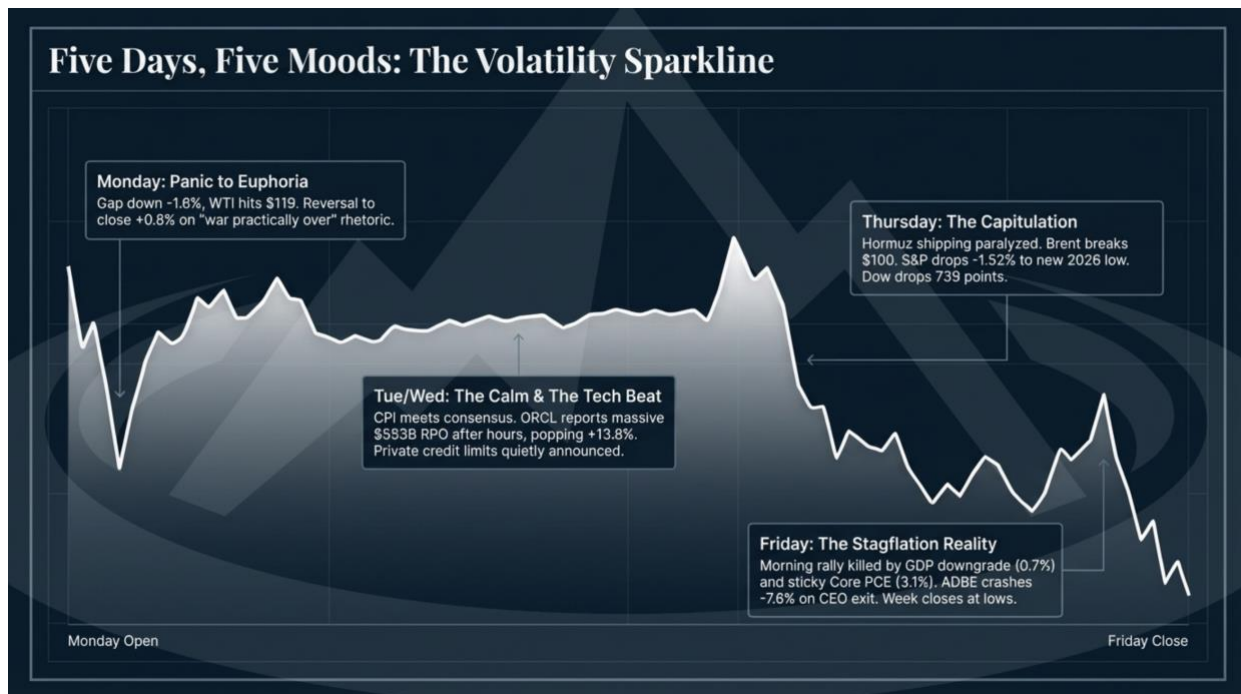


Figure 2. Market volatility through the March 9-13 reversal

Key takeaway: Relief gave way quickly to stagflation and liquidity fears as the Hormuz disruption persisted and the week closed on the lows.

2. US Market Impact: The Erosion of the 60/40 Paradigm

Looking at market performance, we see the traditional 60/40 portfolio proposition under real stress. In healthier regimes, bonds provide ballast when equities slip. This week, that diversification benefit largely disappeared, as both asset classes reacted in the same direction to the energy shock. See Figure 3.

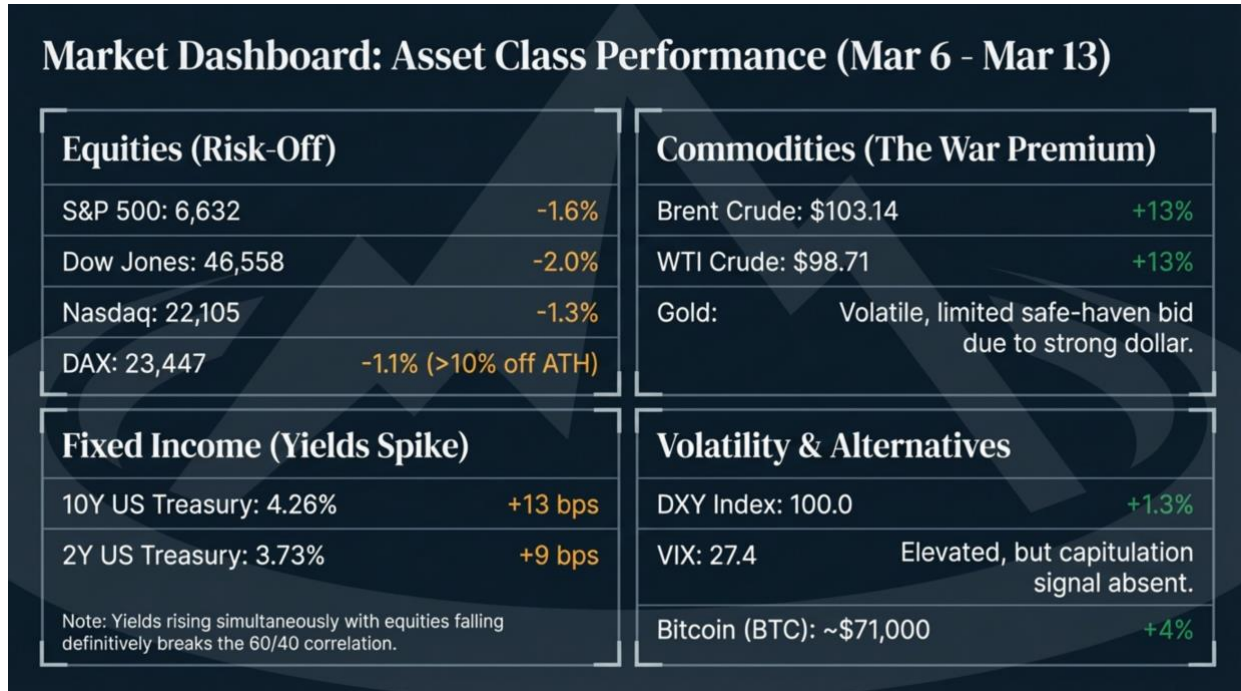


Figure 3. Cross-asset performance under the energy shock

Key takeaway: Equities fell, yields rose, and the dollar strengthened, underscoring how the energy shock weakened the usual diversification benefit of a 60/40 portfolio.

US equity indices spent the week searching for a floor:

- \$SPX (S&P 500) fell -1.6% to 6,632, printing new 2026 lows and extending its losing streak to a third consecutive week.
- Dow Jones Industrial Average dropped -2.0% to 46,558, its weakest weekly showing in five months.
- Nasdaq Composite declined -1.3%, with mega-caps struggling under the pressure of rising yields.

In fixed income, the 10Y US Treasury yield moved 13 bps higher to 4.26%, as markets absorbed the reality that oil at \$100+ makes the Fed's balancing act significantly more difficult. At the same time, the US Dollar Index (\$DXY) pushed up to 100.0. The dollar is still a safe haven, but at current levels it also acts as a liquidity vacuum, drawing capital in while tightening global financial conditions at a highly inconvenient moment.

Weekly Performance Summary

Index / Asset	Closing Value	Weekly Return
S&P 500 (\$SPX)	6,632	-1.6%

Dow Jones	46,558	-2.0%
Nasdaq (\$NDAQ)	22,105	-1.3%
US Dollar Index (\$DXY)	100.0	+1.3%

These pressures are not staying onshore. They are transmitting outward, with particular force into what we see as the world's "vulnerable flanks."

3. European and Global Market Contagion

The current energy shock is not being felt evenly. While the US enjoys partial insulation through its energy footprint, Europe remains highly exposed. Every extra dollar on Brent is effectively a direct tax on the European consumer and a catalyst for political and economic strain. See Figure 4.

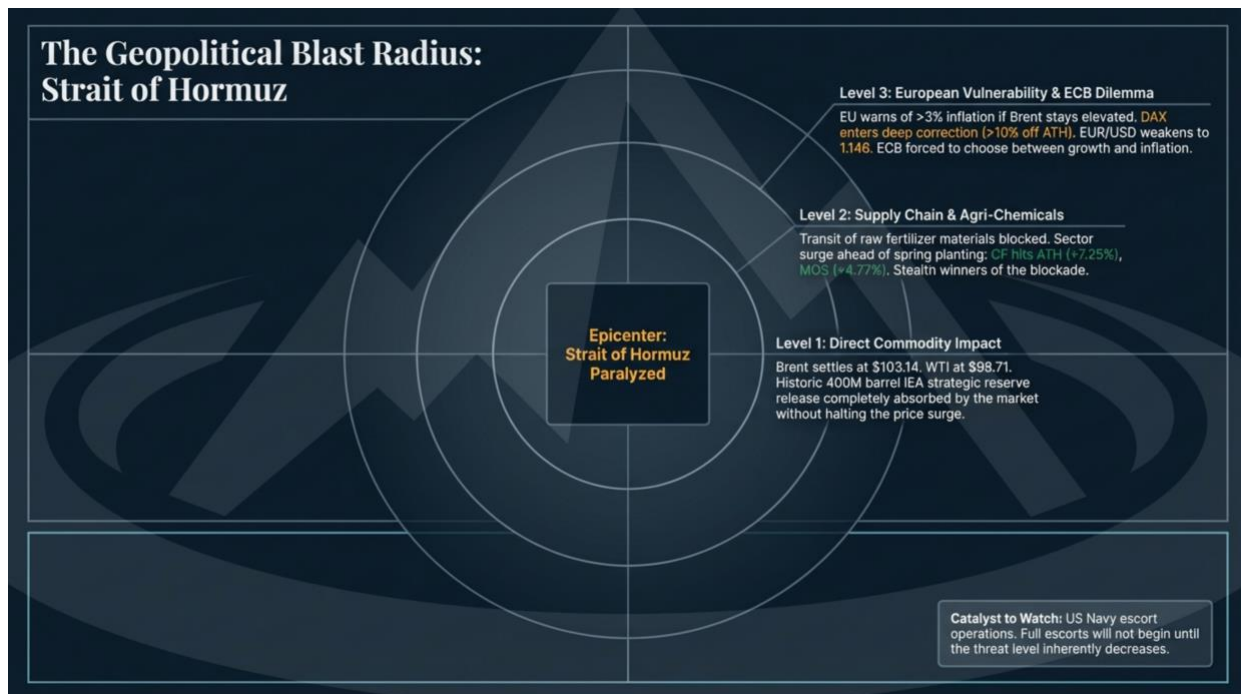


Figure 4. Strait of Hormuz shock transmission across Europe and supply chains

Key takeaway: The disruption radiates outward through Europe, FX, and fertilizer-linked supply chains, intensifying pressure on growth, margins, and politics.

The \$DAX captured this vulnerability, sliding -1.1% for the week and formally entering a 10% correction from its all-time highs. In our view, the recently announced €500 billion fiscal stimulus package played a key role in preventing a more severe drawdown.

Asia followed the global risk tone. The \$NIKKEI 225 fell 1.2%, reflecting a broad de-risking rather than idiosyncratic weakness. In FX, the \$EUR/USD pair slipped to 1.146, reinforcing what we see as a reflexive trap: as energy prices climb, the euro weakens; as the euro weakens, dollar-priced energy becomes even more expensive, amplifying the pressure on growth and margins.

4. Sectoral Rotations and High-Conviction Tickers

Against this backdrop, markets expressed themselves through a decisive rotation into “Flight to Quality” and “Flight to Energy.” See Figure 5.

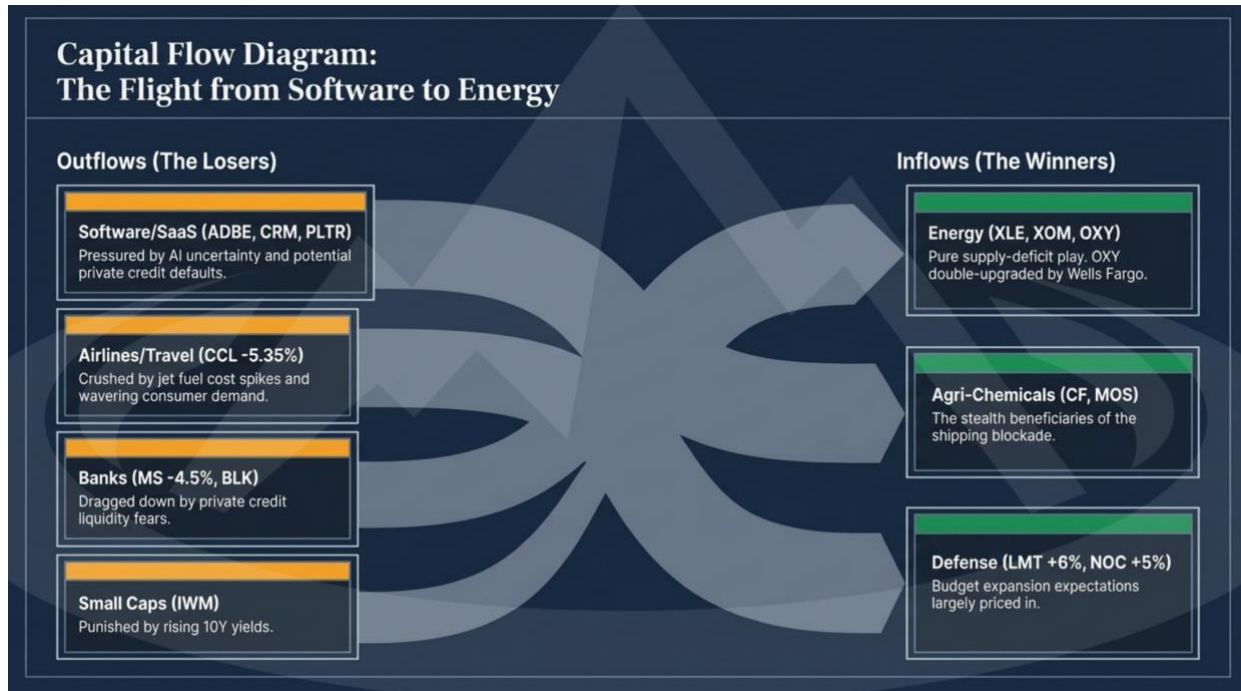


Figure 5. Capital rotation from software and cyclicals into energy

Key takeaway: Leadership narrowed to energy and adjacent scarcity trades while more rate- and liquidity-sensitive exposures lagged.

Energy stood out as the only clear pocket of strength. Names such as \$XOM, \$CVX, and \$OXY advanced as Brent crude pushed back above \$103. Beyond the obvious energy winners, we are increasingly focused on the second-order impact in agri-chemicals. As the Strait of Hormuz disruption coincides with the spring planting season, companies like \$CF Industries and Mosaic (\$MOS) have surged. The bottleneck in fertilizer precursors is creating a scarcity premium that markets are only beginning to fully price.

On the corporate side, we are separating headline drama from underlying fundamentals: See Figure 6.

Micro Realities: The AI Disruption Matrix

	Oracle (ORCL): AI Infrastructure	Adobe (ADBE): AI Software Disruption
The Earnings Beat	EPS \$1.79, Rev \$17.2B (+22%).	EPS \$6.06, Rev \$6.4B (+12%), Record Op Cash Flow (\$2.96B).
The AI Metric	RPO hit a staggering \$553B (+325% YoY).	AI-first ARR tripled, but Net New ARR dropped 11% YoY.
The Hidden Risk	Massive Leverage. \$134.6B Total Debt, FCF -\$24.7B, Moody's Baa2.	Visibility. Market fears AI is disrupting traditional stock-business.
Market Reaction	Stock +13.8%	Stock -7.6% heavily driven by CEO Narayan stepping down.
Valuation Driver	Oracle's debt is growing faster than revenue; watch conversion of RPO to recognized sales. Adobe's drop is narrative-driven; highly oversold if a strong CEO is named.	

Figure 6. AI narrative versus balance-sheet reality in Oracle and Adobe

Key takeaway: Oracle's AI demand is substantial, but leverage matters; Adobe's drawdown reflects reflexive narrative pressure more than current cash-flow weakness.

- **The Oracle (\$ORCL) Paradox.** Oracle reported a striking \$553B in Remaining Performance Obligations (RPO), underscoring powerful AI-related demand. At the same time, we cannot ignore the other side of the balance sheet: \$134.6B in total debt, negative trailing free cash flow, and a Moody's rating of Baa2, only two notches above junk. The market is treating the stock as a pure AI winner, but the leverage story needs equal attention.
- **The Adobe (\$ADBE) Drama.** Adobe's shares fell 7.6% following news of a CEO transition. We find it notable that the market sidelined a record \$2.96B in cash flow to focus on fears about AI disruption. This is a classic case of reflexivity: price action is being used to validate a narrative that is not yet clearly supported by current financials.
- **The \$HIMS / \$NVO Strategic Pivot.** Hims & Hers (\$HIMS) jumped 40% after reaching a settlement with Novo Nordisk. By choosing to stop compounded ads and gain the rights to sell branded products, \$HIMS is trading away high-margin compounding for authorized, scalable distribution. We see this as a strategic move to align with long-term brand trust and volume, rather than near-term margin maximization.

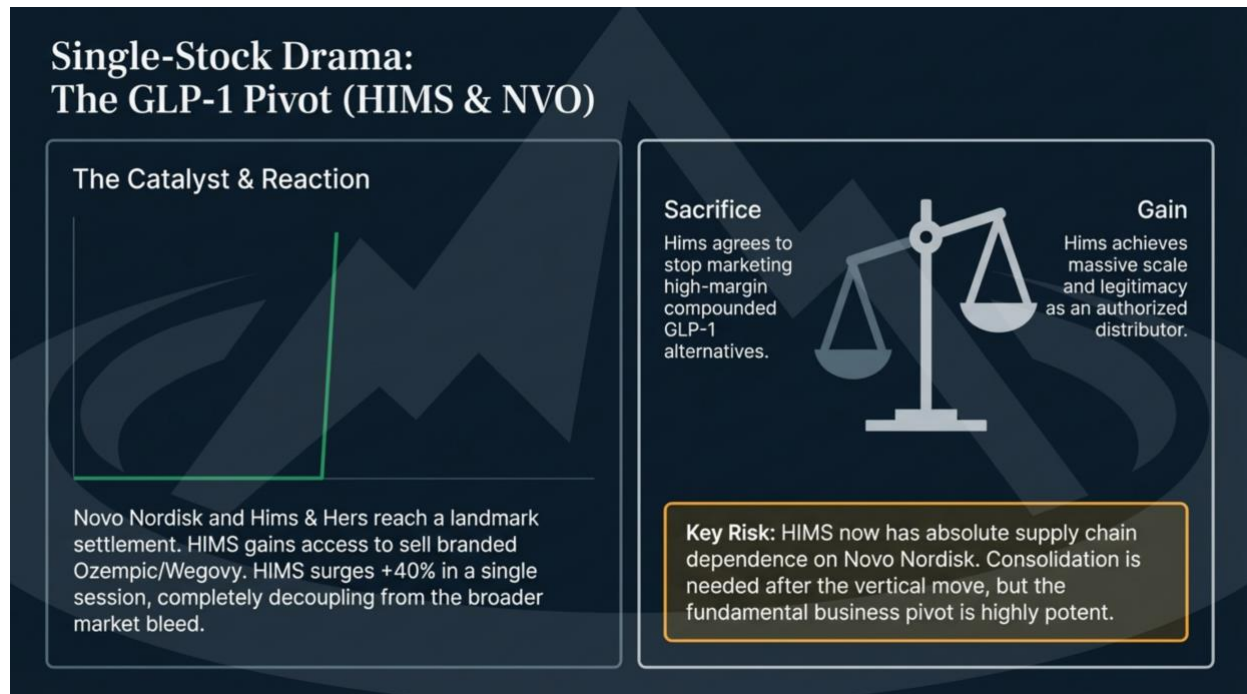


Figure 7. Hims & Hers shifts from compounding to branded GLP-1 distribution

Key takeaway: The settlement improves legitimacy and scale, but it also makes execution and supply-chain resilience central to the thesis.

5. The “Gray Rhinos”: Hidden Risks in Private Credit and Supply Chains

We think of “Gray Rhinos” as large, obvious, high-impact risks that are overlooked until they are suddenly impossible to ignore. This week, we heard them loud and clear in the \$2 trillion private credit market. See Figure 8.

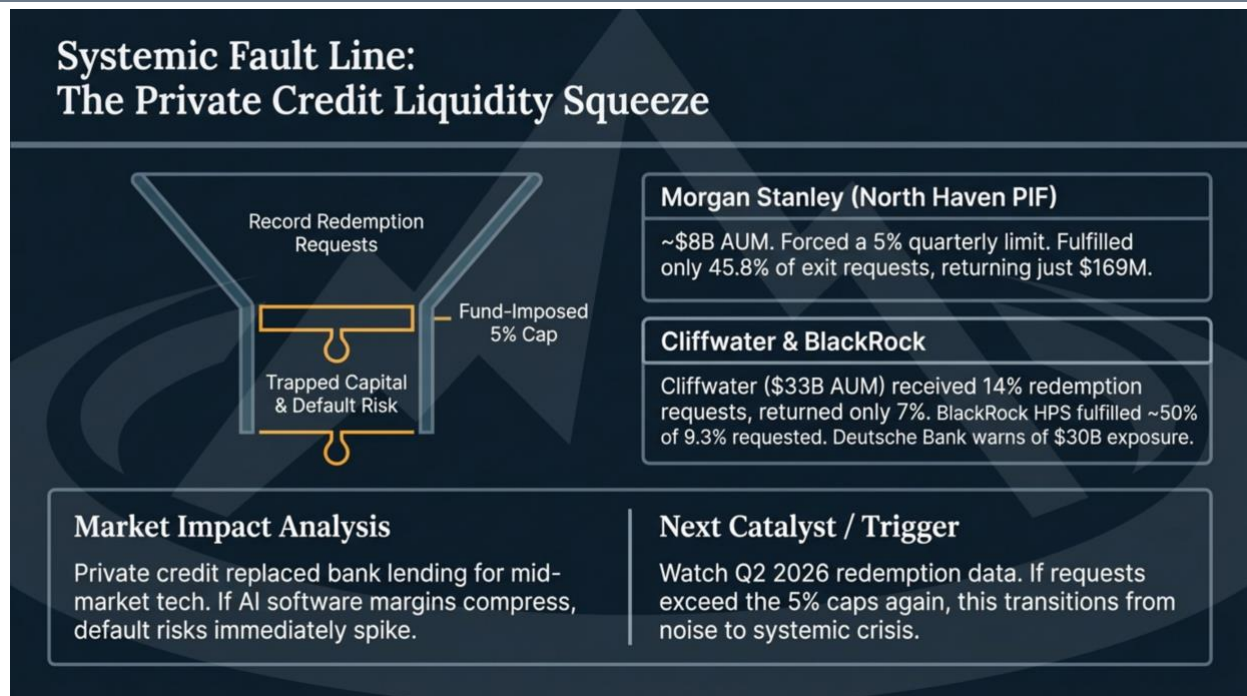


Figure 8. Liquidity gates and redemption pressure in private credit

Key takeaway: Gating at major semi-liquid platforms is the clearest evidence yet that private-credit liquidity is being tested under stress.

On the liquidity front, we are now seeing early but meaningful fault lines in semi-liquid funds. Cliffwater, with \$33 billion under management, received redemption requests for 14% of its shares but met only 7%. Meanwhile, Morgan Stanley North Haven PIF honored just 45.8% of redemption requests, enforcing its 5% quarterly cap. When franchises of this size and profile resort to gating redemptions, it marks a significant break with the prior narrative of easy exit optionality in private credit.

At the macro level, the Federal Reserve is facing what we call a “Stagflationary Menu.” The downward revision of GDP to 0.7% alongside a Core PCE of 3.1%—and, crucially, an acceleration from the prior month—presents an impossible policy choice. The Fed cannot cut rates aggressively to support a slowing economy without risking an oil-driven inflation spiral. This “Inversion” problem, where every option carries substantial downside, underpins our conviction that elevated volatility is likely to persist. See Figure 9.

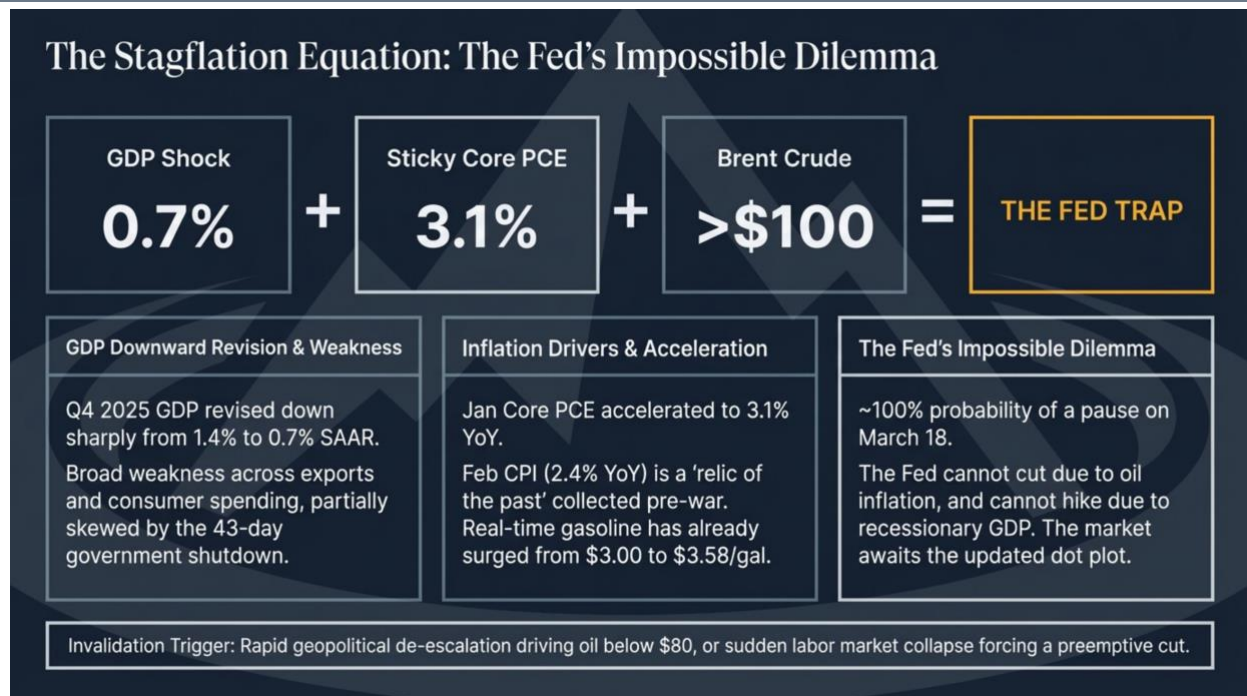


Figure 9. Growth downgrades, sticky inflation, and the Fed's policy bind

Key takeaway: Slower GDP, firmer core inflation, and higher oil compress the Fed's room to maneuver and strengthen the case for persistent volatility.

6. Strategic Scenarios and Probabilities

At MoatPeak, we approach the next phase of 2026 through probabilities, not binaries. Over the coming 4–8 weeks, we see three primary paths: See Figure 10.

The Forward View: 4-8 Week Scenario Probabilities

Base Case (55%) Lingering Uncertainty	Bear Case (25%) Stagflation Spiral	Bull Case (20%) Rapid De-escalation
<ul style="list-style-type: none"> Conflict smolders, strait partially functioning. Fed holds, dot plot shows 1 cut. WTI: \$85 - \$95 S&P 500: 6,400 - 6,800 10Y Yield: 4.15 - 4.40% Portfolio Tilt: SCHD, quality short-duration bonds, pricing-power equities. 	<ul style="list-style-type: none"> Conflict escalates, strait blocked for months. Fed trapped. CPI >3.5%. WTI: \$120 - \$150 S&P 500: 6,000 - 6,200 10Y Yield: 4.50 - 4.80% Portfolio Tilt: XLE (hedge), Spot Gold, T-Bills (SHV), avoid HYG. 	<ul style="list-style-type: none"> Ceasefire within 2-3 weeks. Fed signals dovish (2 cuts priced). WTI: \$70 - \$80 S&P 500: 6,900 - 7,100 10Y Yield: 3.90 - 4.05% Portfolio Tilt: Beaten-down Tech (ADBE, CRM), Semis (NVDA), Small Caps (IWM).

Note: **Bear case outweighs Bull case** due to aggressive rhetoric from Khamenei and lack of a clear US exit strategy.

Figure 10. MoatPeak scenario framework for the next 4-8 weeks

Key takeaway: Our base case remains lingering uncertainty, but the left tail of a stagflationary spiral remains meaningfully live.

- **Base Case (55%):** “Lingering Uncertainty.” In this scenario, the conflict remains a slow burn. WTI trades in a \$85–\$95 band, and the \$SPX stays effectively range-bound between 6,400–6,800, as markets wait for clarity from the Fed’s next dot plot.
- **Bull Case (20%):** “Rapid De-escalation.” A surprise ceasefire or a decisive US naval escort strategy helps stabilize shipping lanes. Oil falls back into the \$70–\$80 range, and the Fed signals a more accommodative “pivot” tone.
- **Bear Case (25%):** “Stagflationary Spiral.” A prolonged or total blockage of the Strait of Hormuz drives oil to \$120+. In this world, credit spreads widen meaningfully, the private credit market freezes, and risk assets reprice to more distressed levels.

Scenario Comparison Matrix

Scenario	Probability	Oil (WTI) Target	\$SPX Range	Primary Trigger
Base Case	55%	\$85–\$95	6,400–6,800	Persistent Geopolitical Friction
Bull Case	20%	\$70–\$80	6,900–7,100	Ceasefire / Fed Pivot
Bear Case	25%	\$120+	6,000–6,200	Credit Freeze / Oil Spike

Our positioning and risk management are anchored to this distribution, not to any single outcome.

7. MoatPeak Insights: Moving Beyond the Headlines

Our job is to distinguish “News” from “Interpretation”. The headlines will remain dominated by war reports and political commentary. We believe the real signal lies in how the capital cycle and credit spreads evolve from here.

From a Capital Cycle Theory in Energy perspective, high returns are naturally pulling capital toward the sector. Yet the physical constraint of the Strait of Hormuz acts as a hard bottleneck. Capital cannot reopen a critical waterway in the short term. This is why we see strong structural support for a “higher for longer” energy thesis, as long as the chokepoint remains impaired.

In software and AI, we are seeing reflexivity at work in \$ADBE and \$ORCL. Adobe’s price decline is being interpreted as definitive proof of AI disruption, while Oracle’s debt-fueled growth is being read as validation of its AI success. In our view, this framing is incomplete. The CPI itself has become a lagging relic relative to the current energy shock, and the real battleground for the market’s next leg is now in credit spreads and funding conditions, not in outdated inflation snapshots.

8. Actionable Roadmap for the Retail Investor

We do not interpret the current volatility as a reason to panic. Instead, we see it as a “Decision Engine”: a forcing mechanism that helps disciplined investors clarify what they own, why they own it, and under which scenarios they are prepared to act.

In the near term, we are focused on two key catalysts: the March 18 Fed Dot Plot and Nvidia GTC on March 16. Together, they will shape how investors think about the intersection of policy, liquidity, and AI-driven growth.

In terms of positioning, we prefer to keep hedges in place and stay selective. We maintain exposure to \$XLE and spot gold (\$XAUUSD) as core stagflation shields. On the equity side, we favor the relative safety of \$SCHD and high-quality, short-duration bonds over speculative attempts to bottom-tick “beaten-down” tech where near-term catalysts are unclear. See Figure 11.

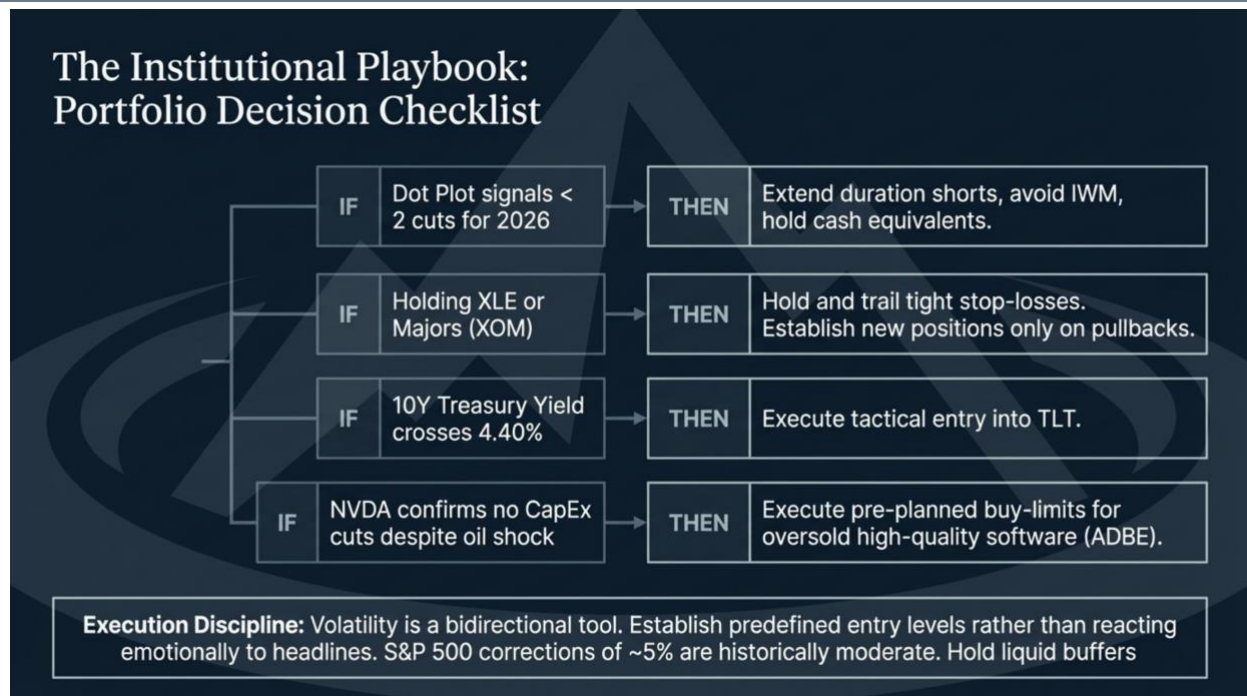


Figure 11. Portfolio decision checklist for a volatile policy-and-energy regime

Key takeaway: Positioning should remain rules-based - keep hedges in place, respect rates, and act selectively when predefined triggers are met.

Our MoatPeak Watchlist reflects this blend of defensiveness and opportunism: See Figure 12.

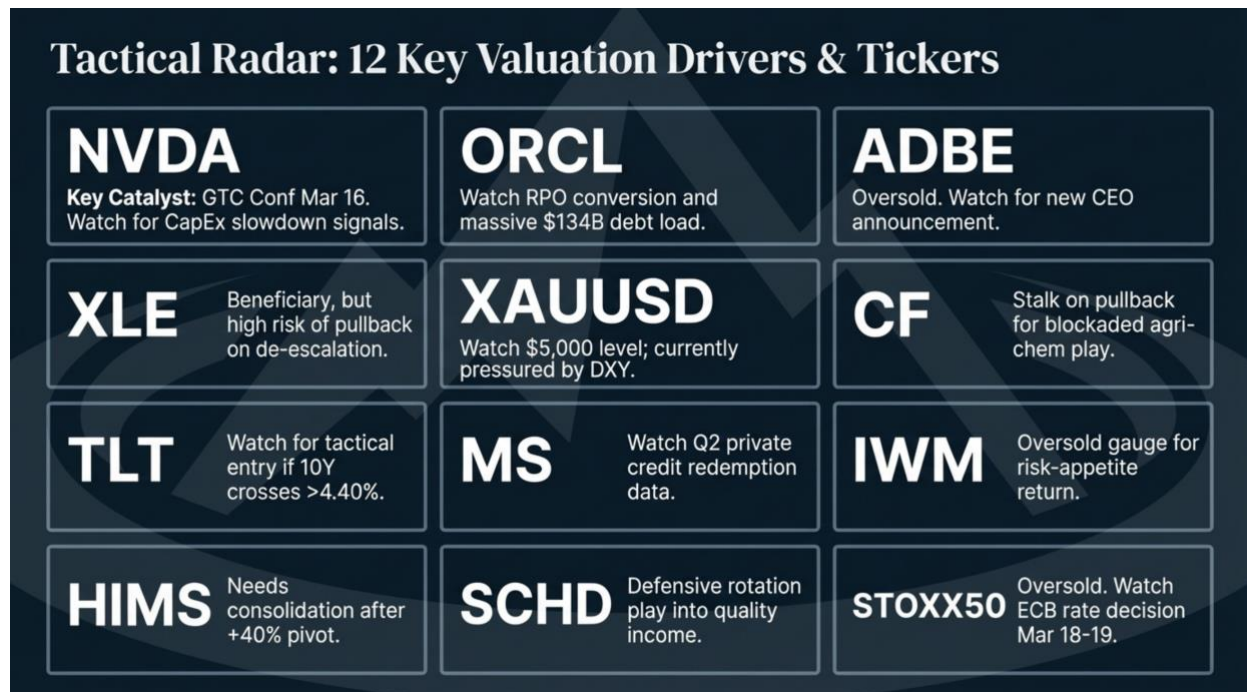


Figure 12. MoatPeak watchlist and tactical valuation drivers

Key takeaway: The watchlist balances stagflation hedges with selective catalysts in AI, private credit, agri-chemicals, and oversold cyclical.

- \$NVDA – The AI bellwether; we see Nvidia GTC on March 16 as a make-or-break moment for near-term sentiment around AI infrastructure.
- \$ORCL – We are tracking the RPO-to-revenue conversion closely, alongside the Baa2 debt profile, to gauge how sustainable the AI-driven narrative really is.
- \$ADBE – Potentially oversold in our view; we are watching for clarity on CEO succession and the market’s reassessment of AI risk.
- \$XLE – Our primary hedge on a “higher for longer” energy path.
- \$TLT – A tactical opportunity if 10Y yields migrate into the 4.40%–4.50% range, offering a more attractive entry point for duration.
- \$HIMS – A high-conviction pivot into branded GLP-1s; we are monitoring supply chain resilience and execution risk.
- \$MS – Our “canary in the coal mine” for how private credit redemptions evolve into Q2.
- \$CF – A direct way to express the ag-chemical disruption theme tied to spring planting and fertilizer bottlenecks.
- \$IWM – Currently oversold and serving as our primary gauge for a return of broad risk appetite.
- \$XAUUSD – Gold continues to play its role as the ultimate geopolitical hedge.
- \$SCHD – A cornerstone for defensive income in what we expect to be a choppy 2026.
- \$VGK – A more patient recovery play on European de-escalation, suitable only for investors comfortable with higher headline and policy risk.

Parting Thought

This week has been a stress test for portfolios and patience alike. But we remind ourselves that structural consequences outlast the news cycle. While attention remains fixated on the war, we are deliberately focused on credit markets and the capital cycle, where the more enduring story is being written.

Our stance is simple: stay disciplined, stay liquid, and keep your eyes on the long horizon.

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Our research integrates insights from global investment banks, asset managers, and macroeconomic data sources, translated into clear, actionable perspectives for long-term, strategic investors.

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