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The Palos Perspective

Issue **No. 8** | **March 8, 2026**

A Macro Market View by Hubert Marleau

The Line in the Oil Sand is $125 a Barrel

The oil market entered a stage of crisis on Friday, with the international benchmark for a barrel of oil closing at $93.08 - 30% higher than when the Iranian war broke out - en route to $125 if the Strait of Hormuz were to freeze for a long time, thereby creating a nightmare scenario for global energy complex. The energy share of world GDP has risen in the last seven days to roughly 7.0% from 4.5%, dashing hopes that economic activity will be able to maintain the growth momentum of the past nine months.

Indeed, the spot price for crude hasn't been this overbought since 1990, nonetheless commercial traders are signalling that this geoeconomic test is likely temporary. Yes, Brent crude January 2027 contracts are about $20 cheaper than spot, suggesting that the Iranian will not have the capability to keep the Strait closed because Iran will eventually run out of missiles, drones, speedboats and fresh water as US navy ships escort tankers, the International Development Finance Corporation offers insurance, and world pressure mounts on both the United States and Iran to end the war.

The S&P 500 closed at 6740, down 3.4% from the high of 6978 registered on January 28, about when realpolitik, real tension and real threats between the U.S. and Iran began. There is talk that it could fall another 5%; but if it did, the dippers would likely stampede into the market. Why? Reliable economic models and trackers are still forecasting more than 2.0 percentage points of US real growth in Q1 2026, despite dull employment data in the last three months.

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