



The Bespoke Report

March 13, 2026

A Sell-Off So Steep, Investors Won't Sell

On Thursday, the S&P 500 closed 3.15 standard deviations below its 50-day moving average (DMA), a reading recorded on just 0.57% of all trading days since 1928. For context, we consider the market oversold at one standard deviation below the 50-DMA, and "extremely" oversold beyond two. There is no established term for three or more because it's so uncommon.

As shown in the top chart, Thursday's reading ranks in the 99.64th percentile of oversold conditions going back to 1928. Readings at this extreme are rare by definition, and historically they have clustered around some of the most turbulent moments in market history with the most recent being the tariff-driven selloff last April.

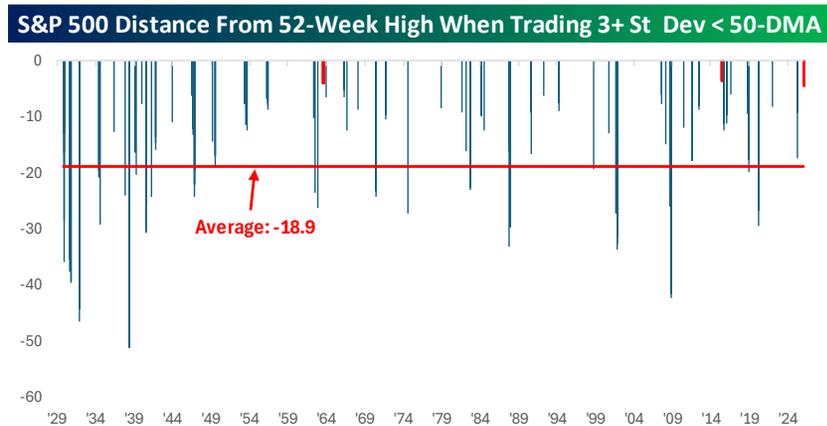
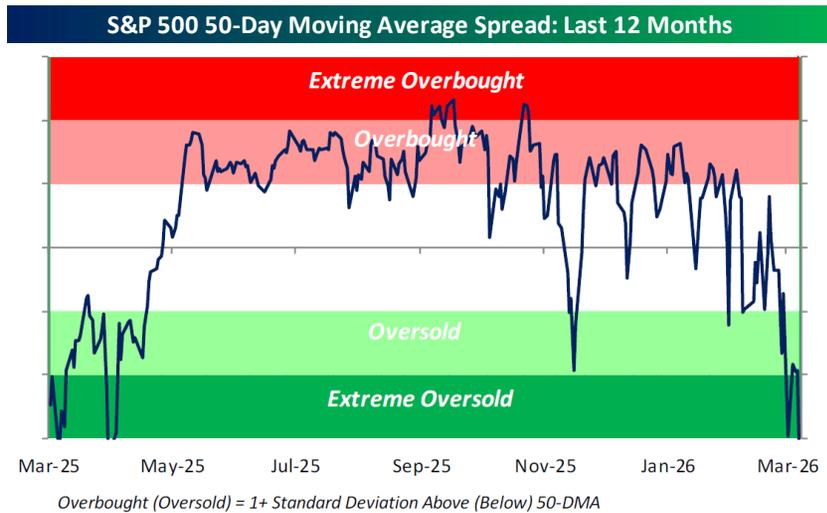
What makes Thursday's reading remarkable isn't necessarily the deep oversold reading but the context it occurred in. On nearly every prior occasion since 1928 when the S&P 500 closed this far below its 50-DMA, the market was already deep in a drawdown. It was down at least 10% from a 52-week high more than 70% of the time, and in bear market territory (down 20% or more) 38% of the time. The average distance from a 52-week high for all the prior occurrences was -18.9%.

Since 1928, there were only two other days when the S&P 500 closed 3+ standard deviations below its 50-DMA and closer to a 52-week high: 7/22/63 (-4.1%) and 6/29/15 (-3.4%). What this means is that the market has become technically extreme without the underlying damage that typically accompanies it. Violent but shallow, at least so far.

This divergence won't continue. Either prices fall further to justify the technical damage, or the oversold conditions resolve as the market stabilizes. Which way it breaks is the question.

In the short term, the answer comes down to one word - oil. The war in the Middle East has made energy prices the market's sole focus, crowding out earnings, rates, economic data, or issues in private credit. If oil falls on signs that Strait of Hormuz supply constraints are easing, expect a rally. If prices continue to climb, it signals a continuation of the bottleneck, and if that's the case, the economic consequences will be difficult to contain regardless of how insulated the US economy is versus most of its global peers.

Markets are usually complex and move on myriad of factors. Right now, it's only one – oil.





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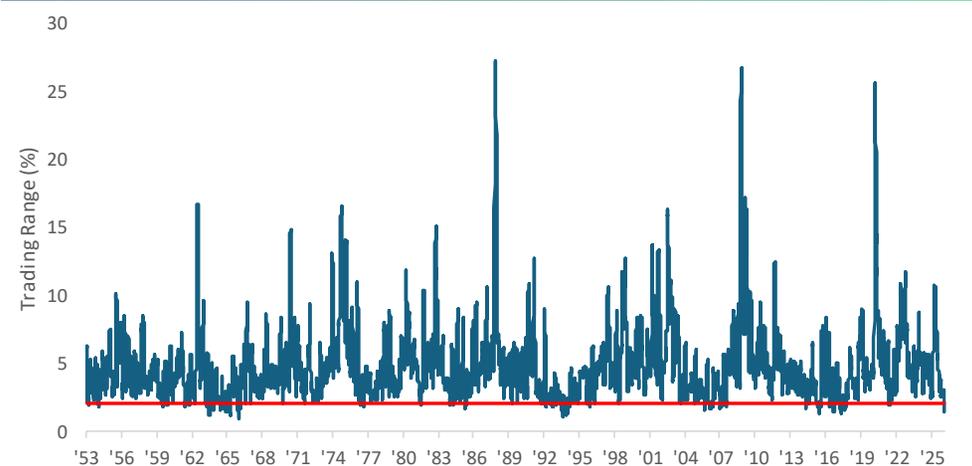
One explanation for the fact that the S&P 500 is at such extreme oversold levels despite still being so close to 52-week highs is the fact that the sideways action of the last few months has caused the index's trading range to massively compress. We showed the chart at right three weeks ago, but since then there was even more compression in the S&P 500's trading range (before starting to expand again in mid-March).

At the narrowest levels last week, the S&P 500's trading range compressed to less than 100 points, meaning that all it took to move from oversold to overbought levels was a move of 1.4%. In the S&P 500's history, there have only been a handful of other periods when its trading range reached narrower levels. The last time the trading range compressed to less than 1.5% was during President Trump's first term in 2017, and the narrowest it ever got was 0.90% in 1965.

Don't let the narrow trading range of the S&P 500 fool you into thinking it's been a quiet year for stocks, though. There's been massive dispersion. The second chart at right shows the YTD performance of the S&P 500 components (through midday Friday).

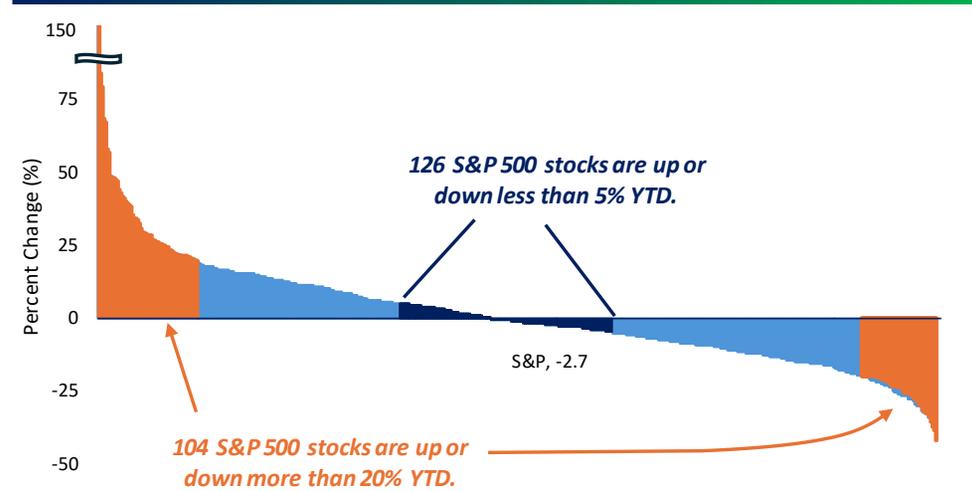
With a 2.7% decline for the index, it's been a pretty lackluster year, but underneath the surface, there are only 126 stocks that are up or down less than 5%. At the extremes, though, more than 100 stocks are up or down at least 20%. Not only that, but despite the S&P 500 being down on the year, more stocks are up 20%+ (59) than down 20%+ (45). Dull market? Anything but.

S&P 500 Trading Range: 1953 - 2026



*Trading range is measured as the range between one standard deviation above and below the S&P 500's 50-DMA.

S&P 500 Components YTD Performance Through 3/13/26





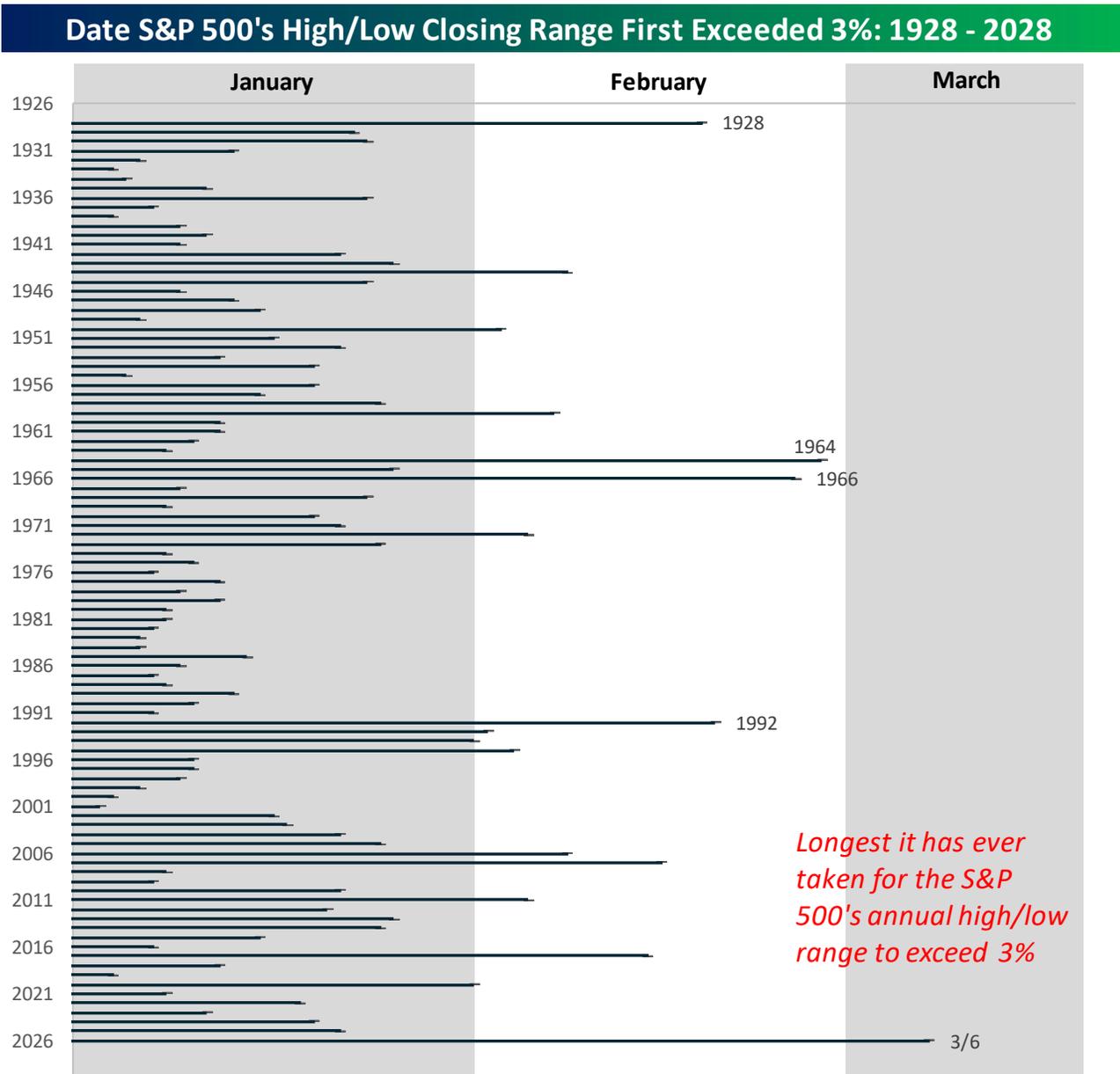
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Between the AI-Doom narrative and the unilateral removal of Venezuela’s president by the US, you would think it was already a volatile year before the Iran war. Neither of those events, though, were enough to break the S&P 500 out of its narrow intra-year range of less than 3%. It wasn’t until last Friday, a week into the war with Iran, that the S&P 500 finally broke out of that range and traded in a range of more than 3% between its closing high and closing low.

The chart at right shows each year since 1928 and when the S&P 500 first traded in a range of more than 3% for its YTD range. Prior to this year, the latest the S&P 500 ever went trading in a narrower range was in 1964 when it took until February 26th. The only other years when it even took until after mid-February were in 1928, 1966, and 1992, and the average for all years was January 17th.

For all the headlines and uncertainty out there, the market in 2026 has never been calmer at the index level.



1/1 1/5 1/9 1/13 1/17 1/21 1/25 1/29 2/2 2/6 2/10 2/14 2/18 2/22 2/26 3/2 3/6 3/10 3/14



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Over the last year, the charts of the major averages are practically a mirror image of the VIX. Starting with the equity charts, both the S&P 500 and Nasdaq have formed one of the most rounded patterns we can remember. After the strong rallies off the tariff-tantrum lows stalled out towards the end of last year, both indices have been levitating for months now, but like a helium balloon slowly leaking, they've been drifting lower for weeks now, forming well defined short-term downtrends. The pattern for the Russell 2000 has been similar although the rounding pattern of that index has been more abrupt. All three indices have recently broken below their 50-DMA as they drift down towards their 200-DMA. Again, the magnitude and speed of the declines has been extremely gradual, but if those 200-DMA break, these pullbacks will quickly take on added significance.

Just as the declines in stocks have been extremely gradual, there has also been a persistent quiet bid in the VIX. Normally, uptrends in the VIX are abrupt in more of an elevator-like move, but this move higher has been more like taking the wheelchair ramp.





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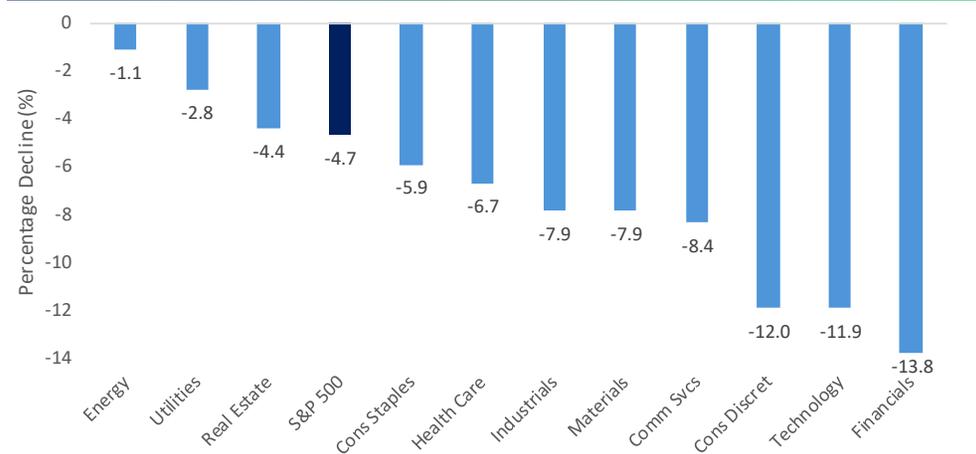
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As of Thursday's close, the S&P 500 was still within 5% of its 52-week high, and while that's far from a major decline, the losses are starting to add up. Not only that, but eight of eleven sectors are experiencing larger drawdowns than the index. Three of those eight sectors are down over 10%, and they're also three of the four largest sectors. The only one of the four largest sectors not in correction territory is Communication Services, and that's down the fourth most of any sector!

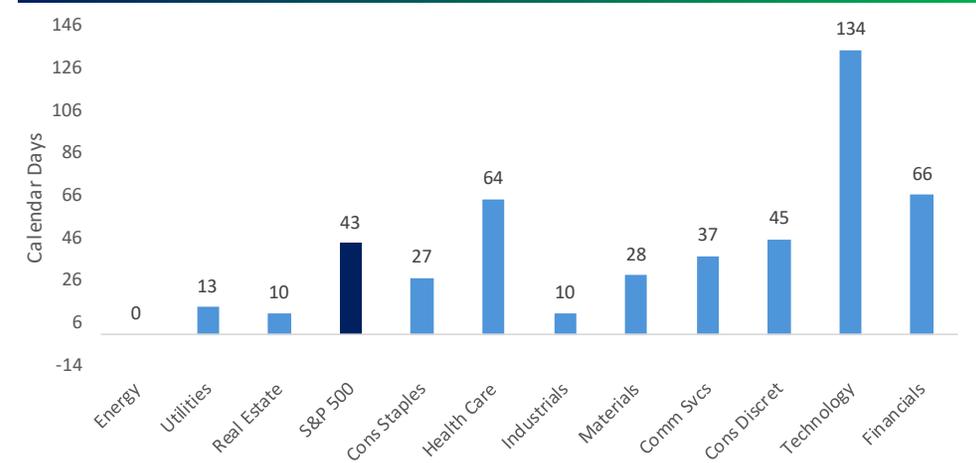
The Financials sector, with a decline of 13.8%, has seen the largest decline of any sector, and the drop has been swift. As shown in the bottom right chart, the sector's high was barely more than two months ago.

Within the Financials sector, banks have been hit hard. The chart below shows the components of the KBW Bank index and how far they closed Thursday from their respective 52-week highs. On average, they're down 18.4% from their highs, and six of the 23 components are in bear market territory with declines of 20%+. Of those six stocks, the most notable is Capital One (COF), which has lost nearly a third of its value, but other major players like Goldman Sachs (GS), Morgan Stanley (MS), and Bank of America (BAC) aren't far from reaching that notorious milestone.

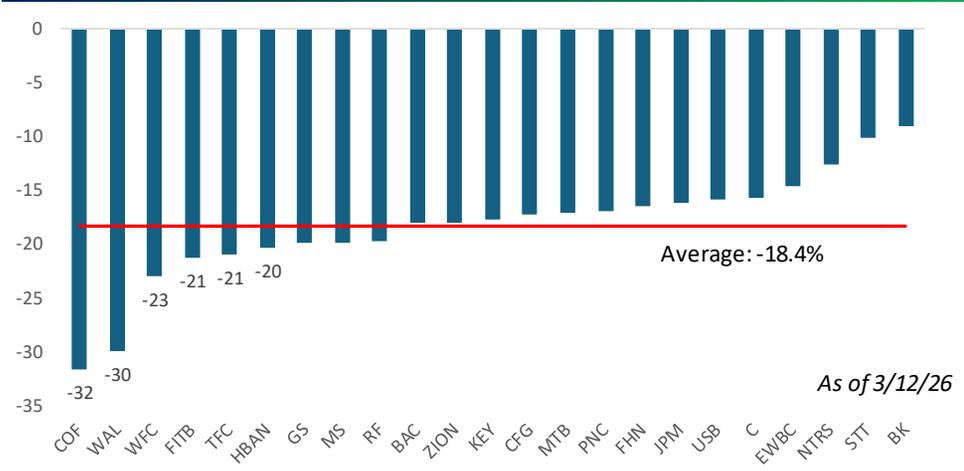
S&P 500 Sectors Distance From 52-Week High (as of 3/12)



S&P 500 Sectors Days Since 52-Week High (as of 3/12)



KBW Bank Index Components Distance From 52-Week High (%)





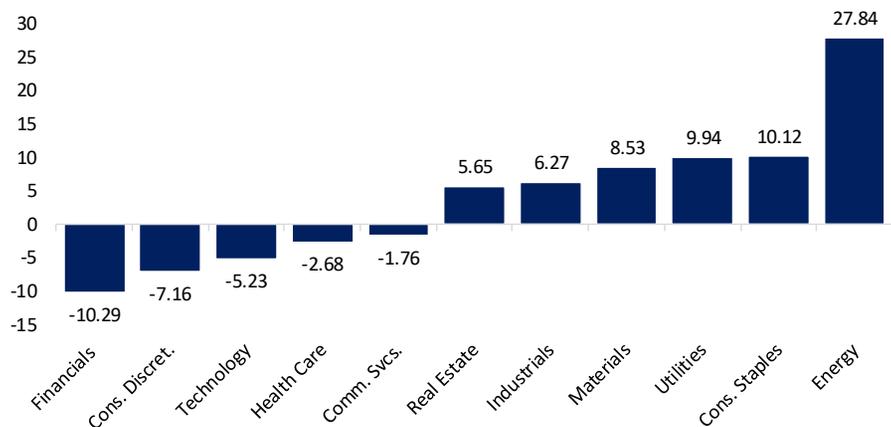
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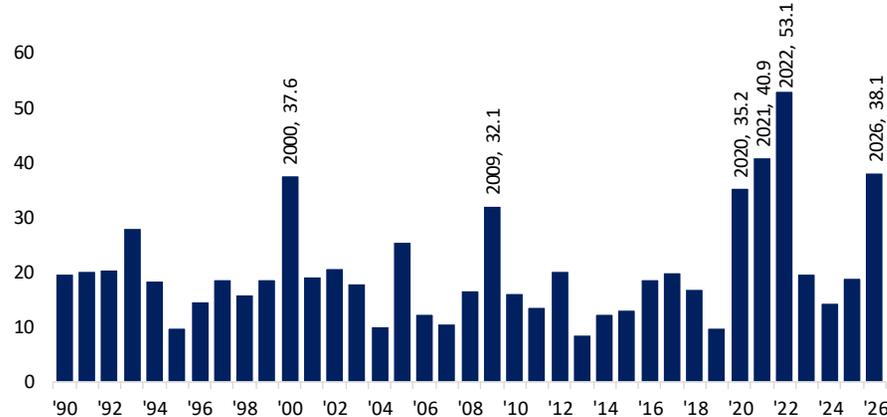
Monday will mark the 50th trading day of 2026. Through Friday, or the 49th day, the S&P 500 is down a modest 2.13% with much larger moves under the hood. As shown below, Energy is currently up the most with a 27.8% rally. That is nearly three times the next largest gain: Staples up 10.12%. On the other end of the spectrum, five sectors are in the red with Financials down the most at 10.3%. Relative to all years since 1990, Utilities, Staples, and Energy have experienced top decile rallies for the comparable number of trading days YTD.

Taking a spread of the best and worst performing sectors, there is a 38-percentage point gap between the two this year. For all years since 1990, that is the third largest gap between the top and bottom ranked sectors for this point of the year. The only two years with larger spreads were recent in 2021 and 2022 while only three others (2000, 2009, and 2020) saw spreads above 30 percentage points. Historically, both the worst and best performers have averaged gains for the rest of the year, although average gains have been much larger for the worst performers in years with wide performance gaps.

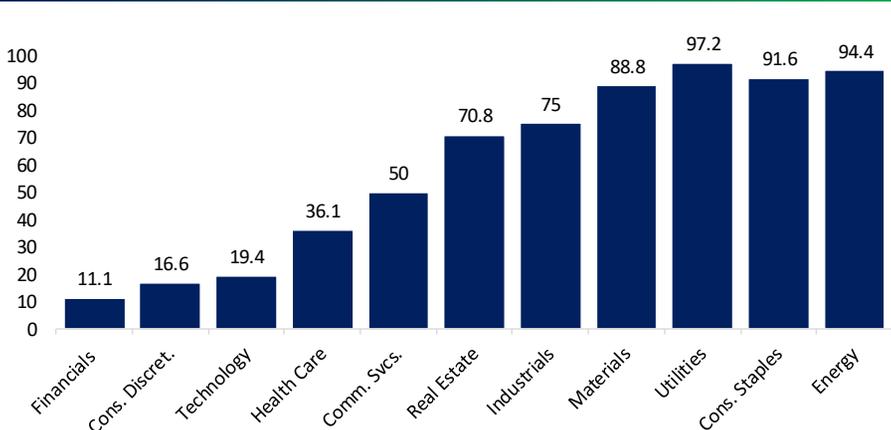
S&P 500 Sector Performance (%) YTD Through 49 Trading Days



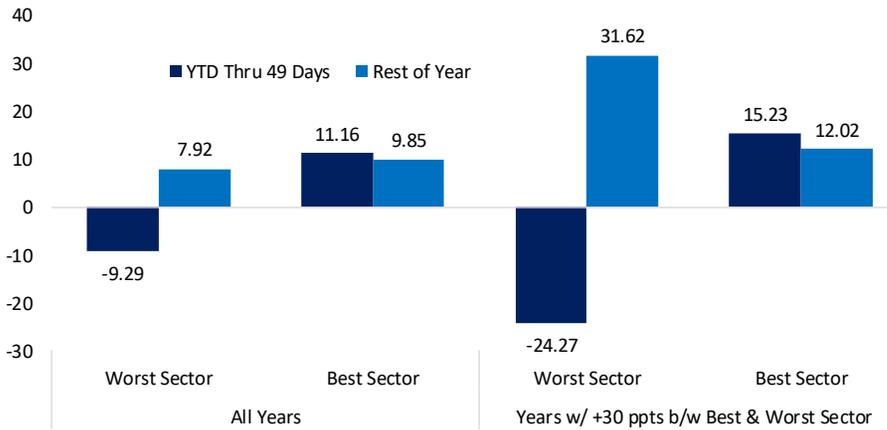
Performance Spread of Best vs. Worst Sector YTD Through 49 Trading Days



S&P 500 Sector Performance YTD Through 49 Trading Days (%ile Since '90)



S&P 500 Sector Avg. YTD Performance Through 49 Trading Days & Rest of Year

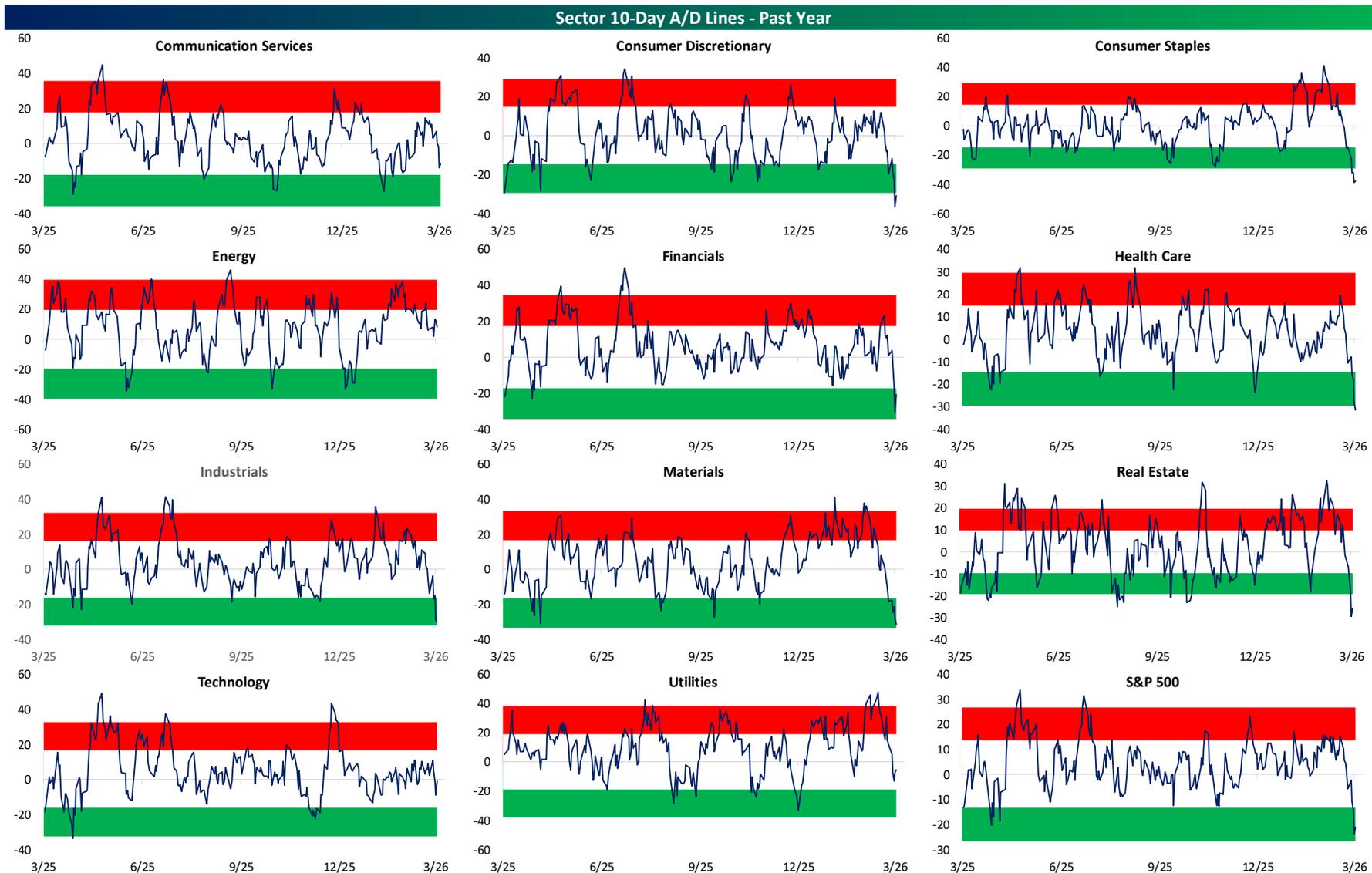




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This week was a brutal one for breadth. As the S&P 500 rolls over once again, an increased number of constituent stocks have been falling across almost all sectors. Below, we show charts from our Sector Snapshot of the 10-day advance/decline lines for each sector and the S&P 500 over the past year. Essentially, these lines show the percentage of stocks that have fallen over the past two weeks. Currently, only Energy is positive whereas 7 sectors in addition to the S&P 500 hit 52-week lows this week.



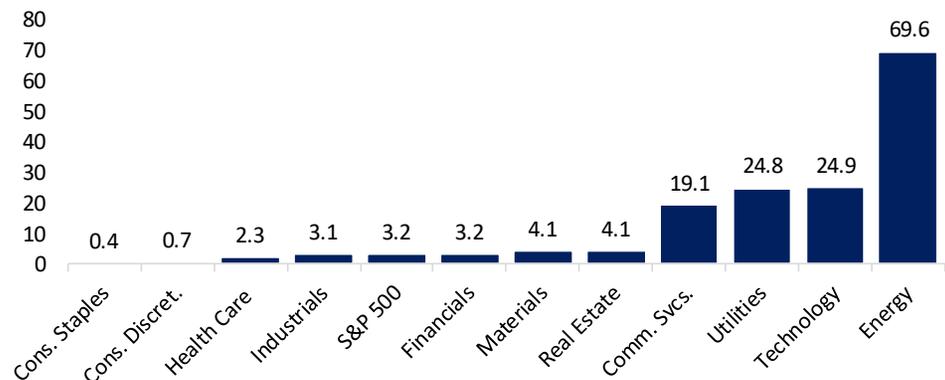


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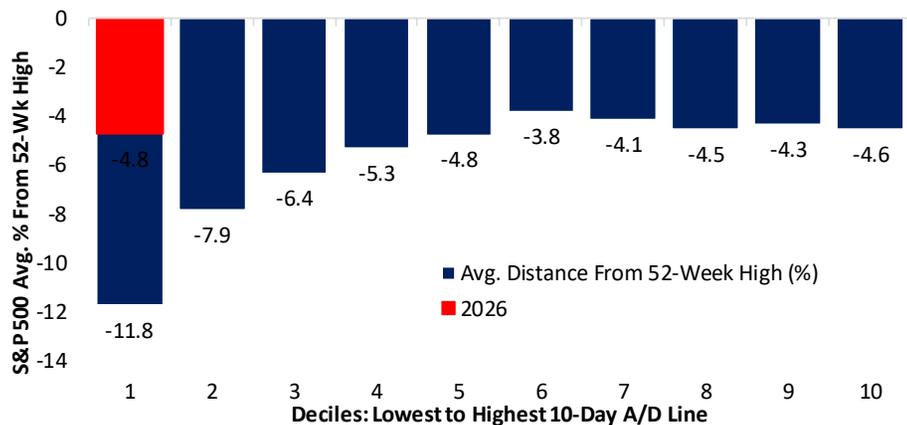
Not only are current readings at 52-week lows, but many 10-day A/D lines are historically low in data going back to 1990. At what was generally the worst readings of the week on Thursday, seven sectors and the S&P 500 saw 10-day A/D readings in the 4th percentile or lower of all periods.

S&P 500 + Sector 10-Day A/D Lines as of 3/12/26: Percentile Since 1990

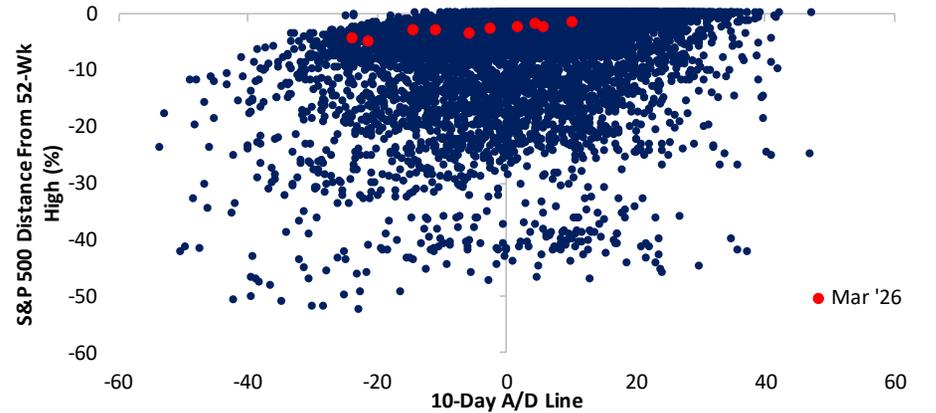


One impressive factor of the low breadth readings has been how far the S&P 500 itself is trading from its 52-week high. The index is less than 5% below its 52-week high, but historically on average bottom decile 10-day A/D line readings have seen the index down an average of 11%.

S&P 500 10-Day A/D Line Deciles: Avg. Distance from 52-Week High



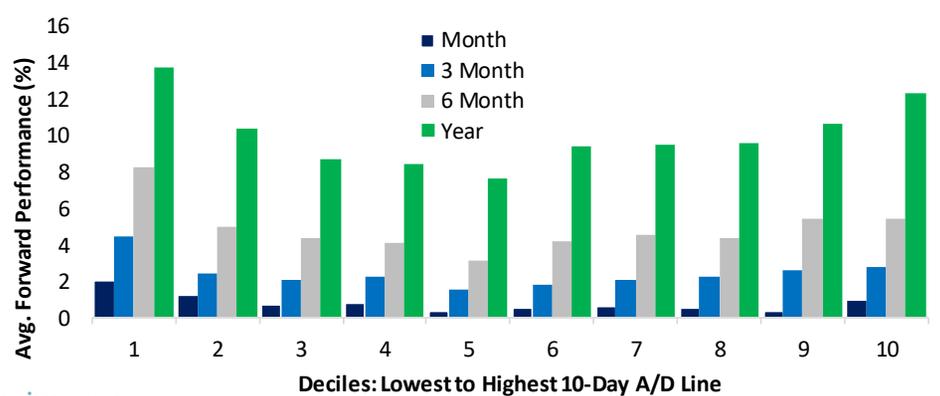
S&P 500 10-Day A/D Line vs. Distance from 52-Week High



In other words, the S&P 500 is not down by nearly as much as it otherwise might be given how weak short-term breadth has been. Granted, as shown above, current levels are far from without precedence. Finally, while that may be taken as a reason for price to catch up with breadth to the downside, that hasn't generally played out historically.

Using those same deciles of 10-day A/D readings, the bottom decile readings of the lowest readings in the 10-day line (as we have now) have on average seen the strongest returns for the S&P 500 one month, three months, six months, and one year later.

S&P 500 10-Day A/D Line Deciles: Avg. Forward Performance



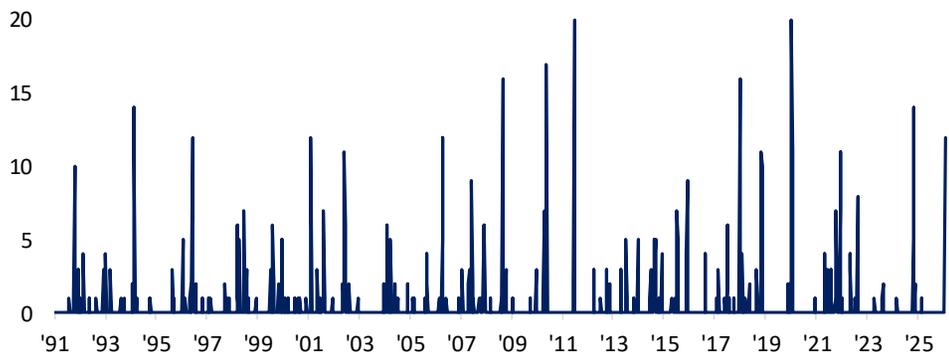


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Moving down a level, as noted on page six, 52-week lows in 10-day A/D lines were common across sectors this week. Thursday was the single worst day as six sectors plus the S&P 500 hit such a low. In total, there were a dozen instances of either the S&P 500 or one of its sectors notching a 52-week low in its 10-day A/D line throughout the week. As shown below and at right, that is an elevated number relative to history with only 14 prior periods of a weekly count surpassing 10.

Weekly Number of 52-Week Lows in S&P 500 + Sector 10-Day A/D Lines



As with the S&P 500 discussed on the prior page, low readings in the 10-day A/D line have tended to be a contrarian signal. Low readings have generally been followed by stronger returns, and the same is true when frequent low readings across sectors have occurred, as was the case this week.

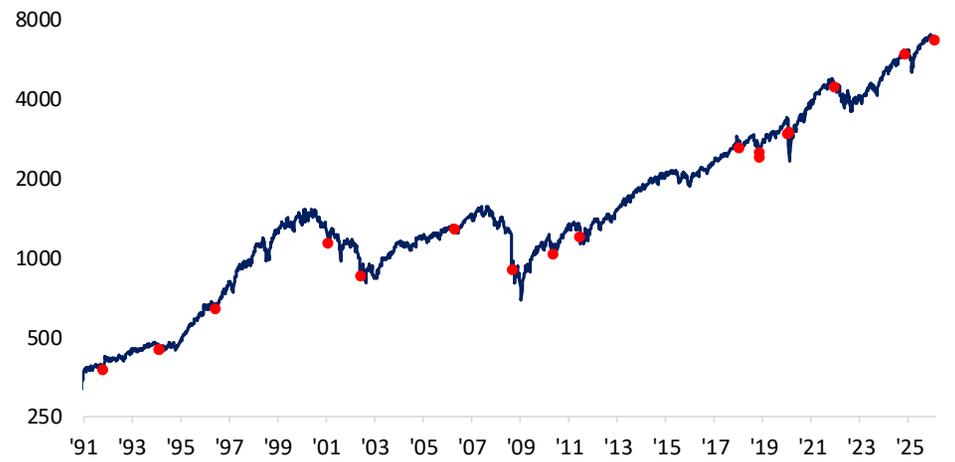
As shown at right, similar instances have seen consistent positive returns throughout the following year that include much stronger than average gains too. For example, one year out, these instances have seen positive returns all but once (in 2022) with an average gain that is several percentage points higher than the all-period average since 1990.

S&P 500 After Frequent 52-Week Lows in S&P 500 & Sector 10-Day A/D Lines

| Date | S&P 500 Distance from 52-Week High (%) | # of 10-Day A/D Lows | S&P 500 Forward Performance (%) | | | | |
|--------------------|--|----------------------|---------------------------------|--------|---------|---------|-------|
| | | | Week | Month | 3 Month | 6 Month | Year |
| 11/29/1991 | -5.58 | 10 | 1.03 | 8.33 | 9.99 | 10.70 | 14.64 |
| 4/1/1994 | -7.52 | 14 | 1.15 | 1.15 | -0.34 | 3.80 | 12.32 |
| 7/19/1996 | -5.86 | 12 | -0.44 | 4.15 | 11.29 | 21.52 | 43.30 |
| 3/23/2001 | -25.38 | 12 | 1.80 | 9.05 | 7.50 | -15.27 | 0.78 |
| 7/19/2002 | -30.55 | 11 | 0.60 | 9.56 | 4.32 | 6.37 | 17.17 |
| 5/26/2006 | -3.44 | 12 | 0.63 | -2.79 | 1.17 | 9.44 | 18.40 |
| 10/10/2008 | -42.42 | 16 | 4.60 | 3.53 | -0.99 | -4.74 | 19.16 |
| 7/2/2010 | -15.99 | 17 | 5.42 | 7.73 | 12.09 | 22.99 | 31.01 |
| 8/5/2011 | -12.04 | 20 | -1.72 | -2.12 | 4.49 | 12.13 | 15.98 |
| 2/9/2018 | -8.82 | 16 | 4.30 | 6.38 | 4.13 | 8.16 | 3.37 |
| 12/21/2018 | -17.54 | 11 | 2.86 | 10.51 | 15.89 | 22.09 | 33.29 |
| 2/28/2020 | -12.76 | 20 | 0.61 | -13.97 | 3.05 | 18.75 | 29.01 |
| 1/28/2022 | -7.60 | 11 | 1.55 | -1.07 | -6.77 | -6.80 | -8.15 |
| 12/20/2024 | -2.62 | 14 | 0.67 | 1.11 | -4.44 | 0.62 | 15.24 |
| 3/13/2026 | -4.75 | 12 | | | | | |
| Average | | | 1.65 | 2.97 | 4.39 | 7.84 | 17.54 |
| Median | | | 1.09 | 3.84 | 4.23 | 8.80 | 16.57 |
| % Positive | | | 85.7 | 71.4 | 71.4 | 78.6 | 92.9 |
| All Periods | | | | | | | |
| Average | | | 0.19 | 0.74 | 2.40 | 4.83 | 10.00 |
| Median | | | 0.29 | 1.21 | 3.23 | 5.58 | 11.64 |
| % Positive | | | 56.8 | 62.5 | 70.2 | 73.7 | 80.4 |

**Times when there are 10 or more instances of a 52-week low in the 10-day advance/decline lines of the S&P 500 and its eleven sector within one week.*

S&P 500 - Since 1991 (Log Scale)





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Another sign of the indecisiveness in the market that has slowly started turning negative is in the semiconductor sector. In the seven trading days through this past Wednesday's close, the Philadelphia Semiconductor Index (SOX) closed within 1% of its 50-DMA six times. The index's inability to break in one direction or the other illustrated the level of confusion on the part of investors, but then on Thursday, they made up their mind and started to sell as the SOX closed more than 3% below its 50-DMA.

On a relative strength basis, the ratio of the SOX to the S&P 500 is one of the most important charts we watch, and as shown in the second chart at right, last week's bounce was short-lived, and it made what's starting to look like a lower high. While the uptrend from the lows last April remains intact, if that breaks, it would be a negative development.

Looking at the performance of individual components within the SOX, it's interesting to note that despite the nearly 8% YTD gain through Thursday, two of the index's three largest components – Nvidia (NVDA) and Broadcom (AVGO) - are both down YTD as the leadership baton has been passed on to stocks like ASML, MU, and AMAT.

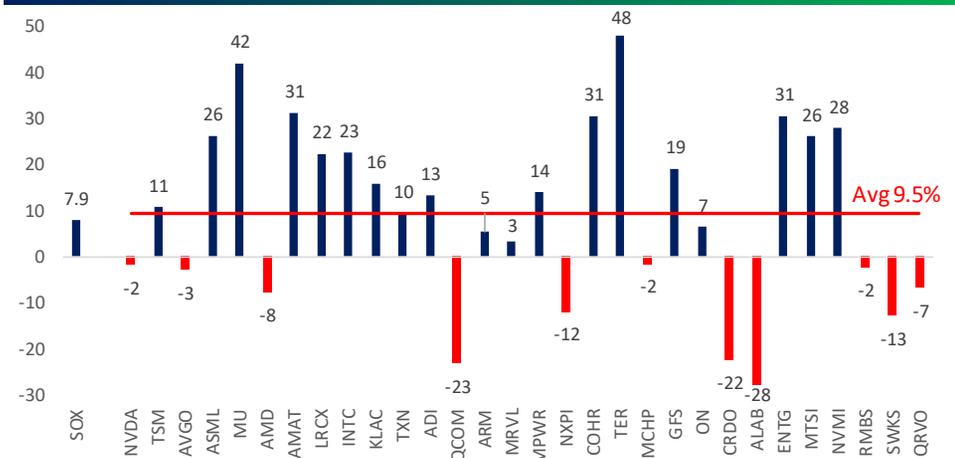
Philadelphia Semiconductor Index - Last 12 Months



Relative Strength of SOX vs S&P 500: Last 12 Months



SOX Components Performance YTD (Through 3/12/26)





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We've discussed the "three-headed monster" a lot lately, but with the moves higher in oil and the other two heads for that matter, it's important to point out again. The longer oil prices remain elevated in the 90s, the more likely it is that the economy feels the hit and ultimately speeds up the decline we've already started to see in stock prices. Relative to oil, the US Dollar Index and the 10-year yield have experienced muted moves, but their moves higher shouldn't be discounted and as the war continues, 10-year yields will face inflationary headwinds, and the Dollar Index should benefit from a flight to safety and increased purchases of US crude oil. If all three continue to rise, it's a negative for the market.

WTI Crude Oil: Last 12 Months



US Dollar Index: Last 12 Months



10-Year Yield (%): Last 12 Months





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With treasury yields moving higher, it's been a rough month for homebuilder stocks. The SPDR S&P Homebuilder ETF closed at \$121.36 on 2/13 but has since declined nearly 18% through Thursday's close. The move higher in February was enough to push the group to 52-week highs, but the gains for 2026 quickly evaporated, and it's now testing support at the \$100 level.

Part of that 18% decline since the February high includes a nine-day losing streak, which is tied for the second longest in the ETF's entire history. The last time there was a streak this long or longer was in October 2018 (13 days).

The decline in homebuilder stocks can almost 100% be attributed to rising interest rates. It's no surprise that in the nine days that XHB traded lower, the 10-year yield finished higher eight times. Since the peak in XHB in February, yields have risen from 4.05% up to 4.25%. If you want homebuilder stocks to rally, you're going to need the 10-year yield to start falling.

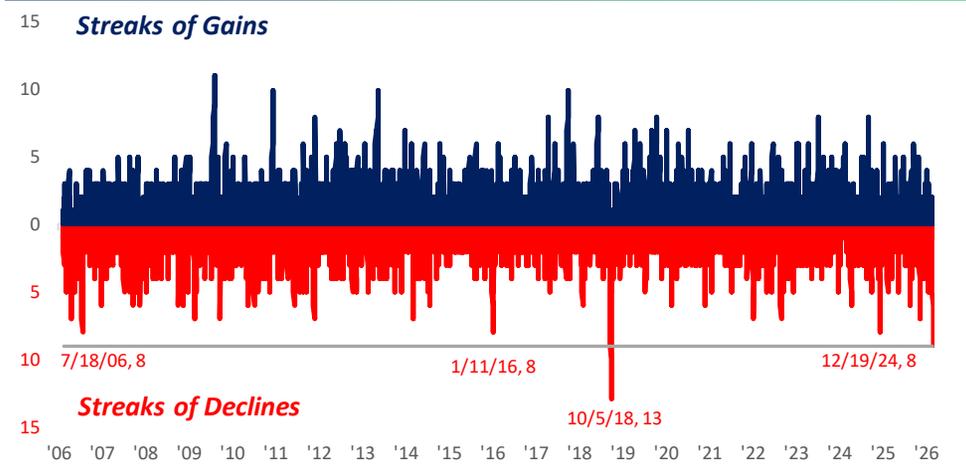
SPDR S&P Homebuilders ETF (XHB) - Last 12 Months



SPDR S&P Homebuilder ETF (XHB) vs 10-Year Yield (%)



SPDR S&P Homebuilder ETF (XHB) Streaks of Daily Gains/Losses





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The snapshot below from our *Trend Analyzer* lists the 15 largest components of XHB, and to the right we list one-year charts of each. Within the 15 largest components of XHB, there are only three pure-play homebuilders (highlighted in yellow below). Through Thursday's close, all 15 stocks were down over the last week, only one – Johnson Controls (JCI) – was above its 50-DMA, and along with JCI, only three others were *not* oversold. Each stock is down at least 3.3% over the last week, and the average decline is more than twice that (7.0%).

Looking at the charts at right, while the largest components are up or down by varying degrees this year, they all followed similar patterns in the last several weeks with rallies in the first half of February as yields declined, followed by a sharp sell-off as yields ticked up later in February and then accelerated to the upside with the onset of the Iran war. While the war doesn't have a direct impact on homebuilder stocks, the potential inflationary risks of the war feed into interest rates which then impact the housing stocks.



Trends: 15 Largest Components in XHB

| Tickers ↓ | Name | Price | % Change | | | Trend | Timing | Current | Trading Range | | |
|-----------|-----------------------------|--------|----------|--------|--------|-------|---------|------------|---------------|--------|----|
| | | | YTD | 5-Day | 50-DMA | | | | OS | 50-DMA | OB |
| CARR | Carrier Global Corp | 56.49 | 6.91 | -6.47 | -5.17 | ➤ | Neutral | Neutral | | | |
| CSL | Carlisle | 343.38 | 7.35 | -8.38 | -7.14 | ➤ | Neutral | Neutral | | | |
| HD | Home Depot | 338.93 | -1.50 | -6.29 | -8.99 | ➤ | Good | Extreme OS | | | |
| IBP | Installed Building Products | 272.11 | 4.90 | -12.89 | -10.88 | ➤ | Good | Oversold | | | |
| JCI | Johnson Controls Intl | 130.94 | 9.34 | -4.55 | 2.28 | ⬆ | Good | Neutral | | | |
| LII | Lennox Intl | 482.30 | -0.68 | -8.78 | -8.31 | ➤ | Good | Oversold | | | |
| LOW | Lowe's | 239.45 | -0.71 | -5.99 | -10.31 | ➤ | Good | Extreme OS | | | |
| MAS | Masco | 60.66 | -4.41 | -7.11 | -12.54 | ➤ | Good | Oversold | | | |
| OC | Owens Corning | 103.05 | -7.92 | -7.60 | -15.76 | ➤ | Good | Extreme OS | | | |
| PHM | PulteGroup | 120.46 | 2.73 | -7.09 | -7.58 | ➤ | Good | Oversold | | | |
| TMHC | Taylor Morrison Home | 58.86 | -0.02 | -4.48 | -7.09 | ➤ | Good | Oversold | | | |
| TOL | Toll Brothers | 138.02 | 2.07 | -7.77 | -7.50 | ⬆ | Good | Oversold | | | |
| TT | Trane Technologies PLC | 421.82 | 8.38 | -3.33 | -0.61 | ➤ | Neutral | Neutral | | | |
| WMS | Advanced Drainage | 139.03 | -4.00 | -6.69 | -12.70 | ➤ | Good | Extreme OS | | | |
| WSM | Williams-Sonoma | 179.30 | 0.40 | -7.38 | -12.01 | ➤ | Good | Extreme OS | | | |



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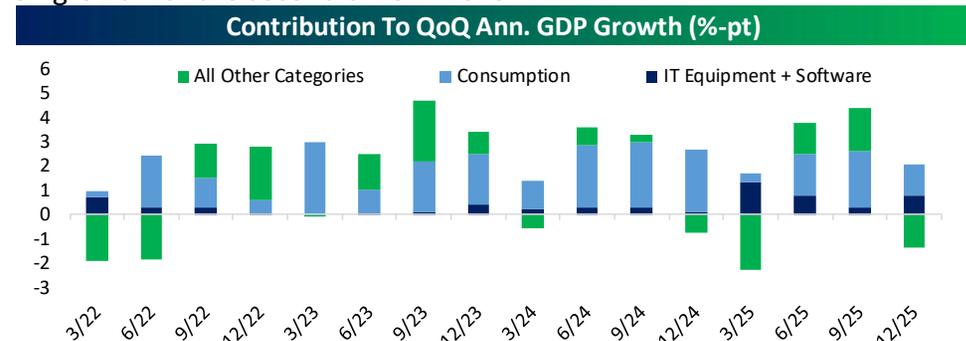
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There was a lot of economic data this week that we covered throughout the week in the Morning Lineup and Closer reports. The week was capped off on Friday with a deluge that we cover below and on the following pages.

Q4 GDP growth was revised down from +1.4% QoQ SAAR to +0.7% QoQ SAAR. Below we show a table detailing contributions to growth by category of expenditure. The big story for Q4 was the government shutdown, which shaved a brutal 116 bps off growth. Excluding federal government, Q4 growth would have been closer to 2%. The good news is that real final purchases by the private sector rose 1.9% annualized, so while Q4 saw growth stumble it wasn't a permanent blow to the solid economic narrative.

| GDP: Q4 2025 Ann. Contribution (%) | | | | |
|------------------------------------|-------------|--------------|--------------|--------------|
| Category | Q3 Rev | Q4 Adv | Q4 2nd Est. | Chg vs Adv |
| Consumption | 2.34 | 1.58 | 1.33 | -0.25 |
| Goods | 0.64 | -0.01 | 0.07 | 0.08 |
| Durable | 0.12 | -0.06 | 0.00 | 0.06 |
| Non-Durable | 0.53 | 0.05 | 0.08 | 0.03 |
| Services | 1.70 | 1.59 | 1.25 | -0.34 |
| Investment | 0.03 | 0.66 | 0.57 | -0.09 |
| Fixed | 0.15 | 0.45 | 0.29 | -0.16 |
| Residential | -0.29 | -0.06 | -0.02 | 0.04 |
| Non-Resi. | 0.44 | 0.51 | 0.31 | -0.20 |
| Inventory | -0.12 | 0.21 | 0.28 | 0.07 |
| Trade | 1.62 | 0.08 | -0.22 | -0.30 |
| Exports | 1.00 | -0.10 | -0.36 | -0.26 |
| Goods | 0.57 | -0.12 | -0.12 | 0.00 |
| Services | 0.43 | 0.02 | -0.24 | -0.26 |
| Imports | 0.62 | 0.18 | 0.15 | -0.03 |
| Goods | 0.80 | 0.29 | 0.26 | -0.03 |
| Services | -0.18 | -0.11 | -0.11 | 0.00 |
| Government | 0.38 | -0.90 | -1.03 | -0.13 |
| Federal | 0.17 | -1.15 | -1.16 | -0.01 |
| State/Local | 0.21 | 0.25 | 0.13 | -0.12 |
| Total | 4.4 | 1.4 | 0.7 | -0.7 |
| Final Demand | 4.5 | 1.2 | 0.4 | -0.8 |
| DFPD* | 2.5 | 2.0 | 1.7 | -0.3 |

We should also note that government spending will bounce back immediately in Q4, effectively shifting from a -1.1% QoQ SAAR headwind to a +1.1% (or thereabouts) *tailwind*, before returning to normal going forward. AI investment remains a significant tailwind, but as usual consumption is the key driver of US growth, adding almost twice as much to GDP as AI categories in the quarter. All other categories were a heavy drag on growth for the second time in 2025.



The biggest downward revisions came from consumption of services (specifically the broad and somewhat nebulous “Other Services” category), non-residential fixed investment (specifically structures and software), exports of services, and state/local government spending.

One reason for downward revisions to *real* growth was upward revisions to inflation. The GDP price deflator, which converts nominal GDP to real GDP, was revised higher by 0.2%-pt QoQ annualized, with nonresidential structures investment inflation revised up 1.0%-pt QoQ annualized. Current-dollar nominal GDP was also revised down, but remains healthy at +4.5% annualized.

To sum up, Q4 growth was weaker than previously estimated, in part because of factors we understood already (the government shutdown, which will reverse out) and in part because of higher inflation. On the margin, this report pointed to an economy still saddled with inflation pressure that was starting to eat into real growth *before* any shock to energy prices from the war in Iran.

*Note: GDP less Gov't, Trade, and Inventory

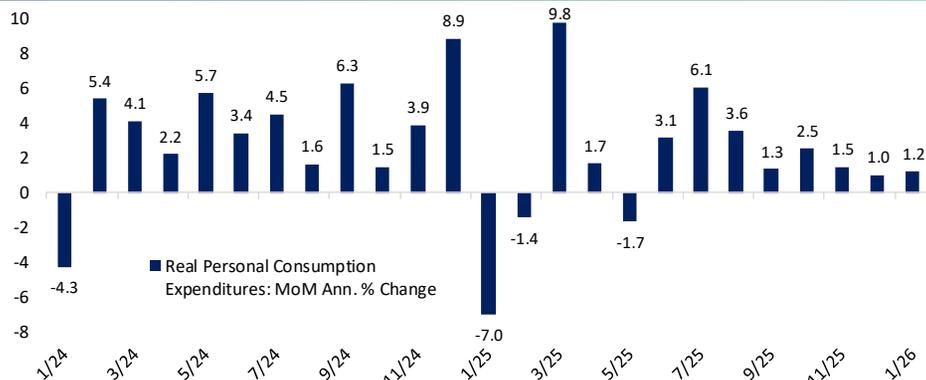


The Bespoke Report

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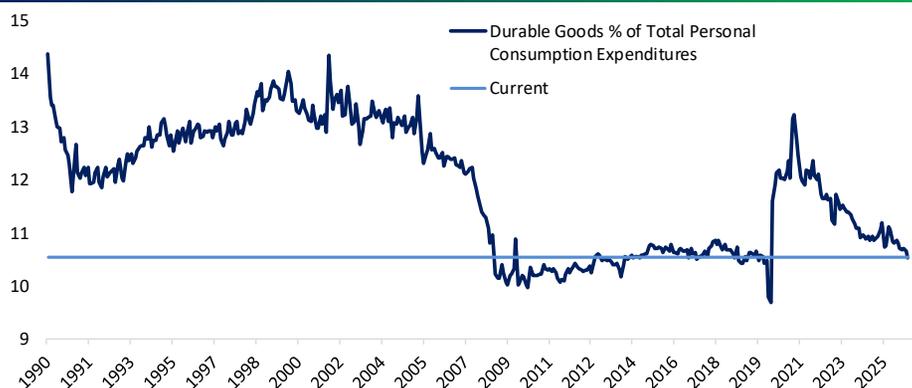
Consumer income rose slightly slower than expected in January while spending was slightly stronger than expected. As shown below, real spending has run in a low-1% range for four of the last five months, softening from the strong gains seen in the middle of last year and during 2024 but without any of the extreme volatility driven by illnesses, weather, wildfires, and tariffs last year.

Consumer Spending Slows, But Not Dramatically



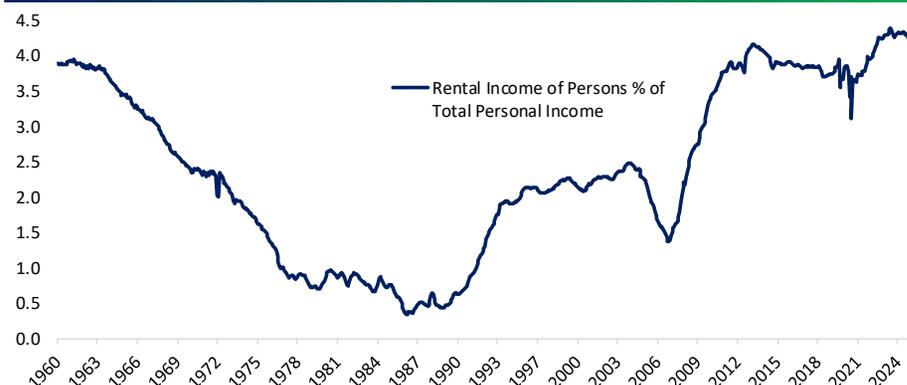
One area of consumer spending that remains persistently weak is durable goods. After collapsing in the 2000s, durable goods' spending share of PCE was stable around 10.5% in the 2010s. But that number exploded higher during the pandemic when other avenues of spending were closed off. Since, it's trailed off steadily and is now back near 2014 levels.

Durable Goods' Share of PCE Back To Pre-COVID Norms



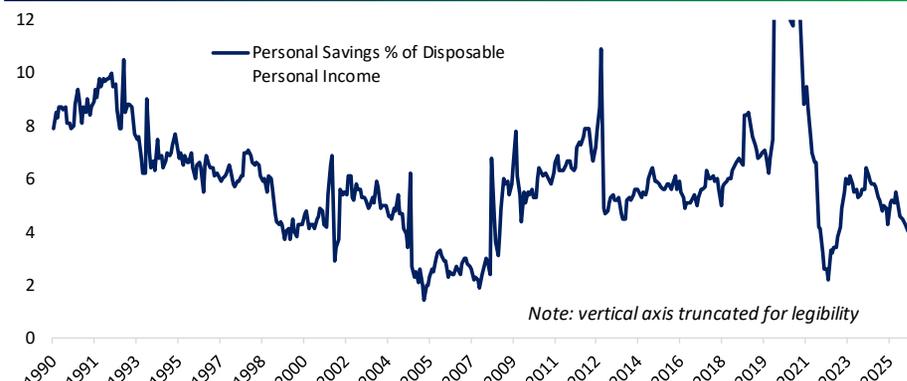
On the income side of the equation, one notable trend that may be starting to reverse is the ever-higher share of personal income coming from rent. As shown below, rental income was around 0.5% of total income in the mid-1980s but rose to almost 4.5% at the pandemic era peak. Since then, disinflating rents have helped push down the share of household income coming from real estate.

The Rent Is Too Damn High



Finally, we note that the savings rate popped in January having fallen steadily since 2023. As shown below, roughly 4% savings rates are low historically but by no means unprecedented, having fallen as low as 2% during the household debt binge of the 2000s. Consumers do not appear to be radically outspending their means in aggregate.

Savings Rate Rises, Remains Low But Not Extreme



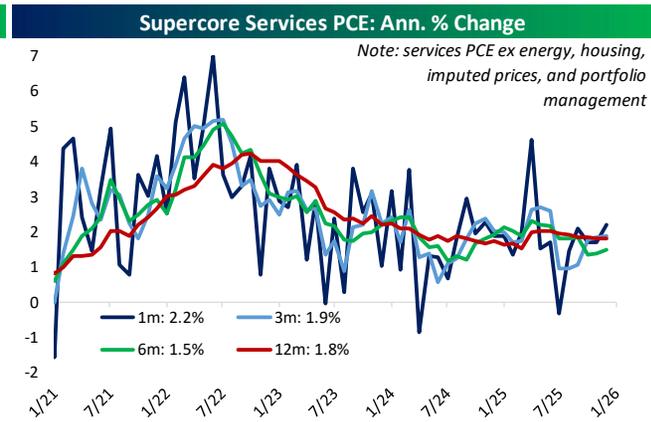
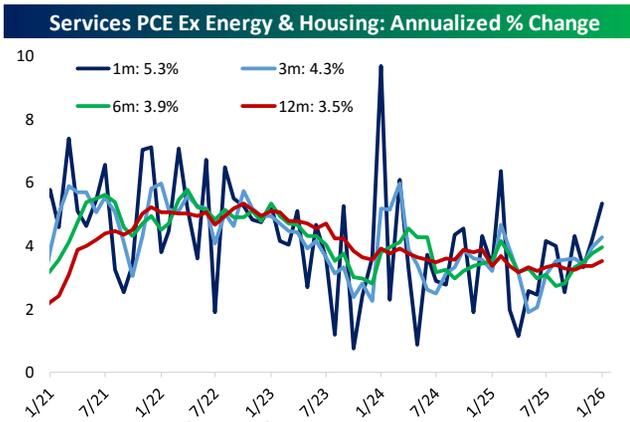
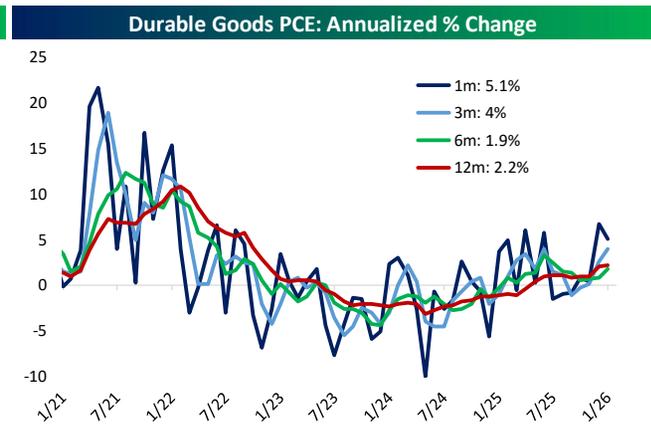
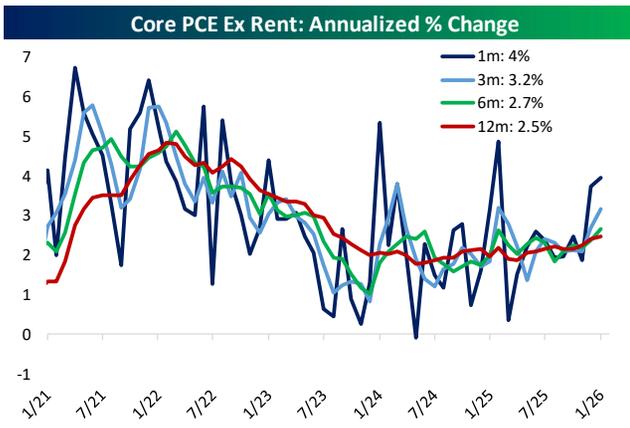
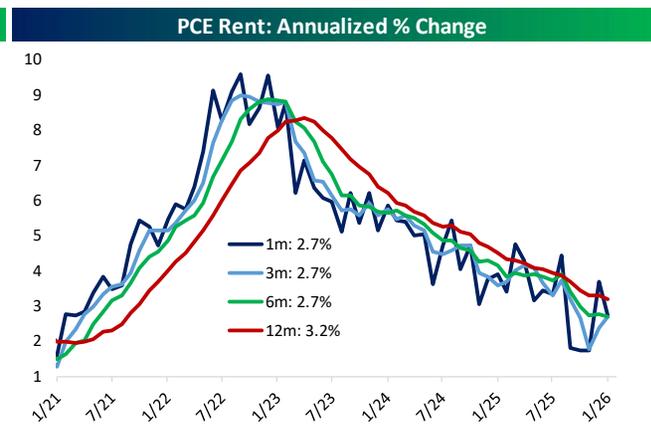
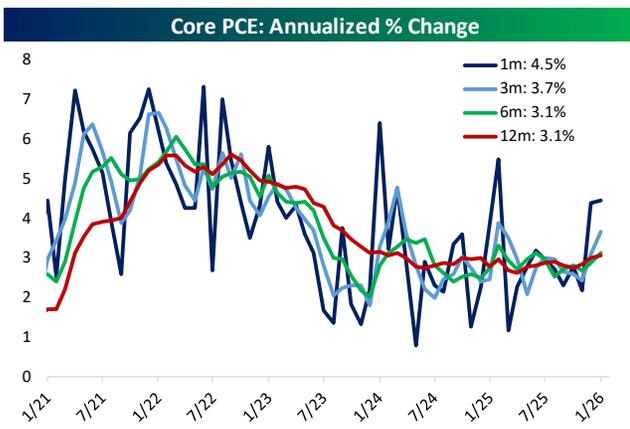


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As part of the personal income & spending data, we also got PCE inflation. As shown in the charts at right, measures of core inflation, as measured by PCE, accelerated over the past couple of months. That's a contrast with less aggressive acceleration in core CPI inflation, mostly driven by shelter's lower weight in PCE relative to CPI. Another difference is durable goods, where PCE has seen inflation ramp up while CPI Durables has been softer. When we look at supercore services PCE, ex energy and housing services, inflation hit 5.3% in January, though that's likely a pattern exacerbated by residual seasonality. When we also strip out imputed prices and portfolio management, core PCE was around 2.2% MoM.

We also note that the BEA made an unusual decision to change the underlying price series they referenced for Legal Services in PCE data, switching from CPI Legal Services to an equivalent PPI series due to concerns over data availability. These kinds of switches are not unusual, but it's highly unusual to do so outside of annual methodological updates. The CPI series has not been regularly released at monthly frequencies since 2023 due to low response rates but making the switch this month meant an 11.3% MoM increase in the CPI index was avoided. That works out to a roughly 0.1% MoM impact on core PCE. While the challenges of low response rates create hard choices for BLS and BEA, the decision to change underlying indices on the fly (especially in a month that would have involved a large impact on overall inflation) is troubling given the political pressure on government data in recent years.



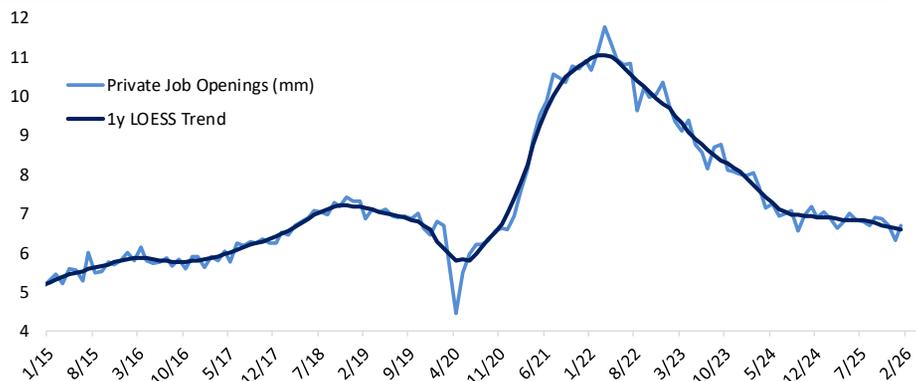


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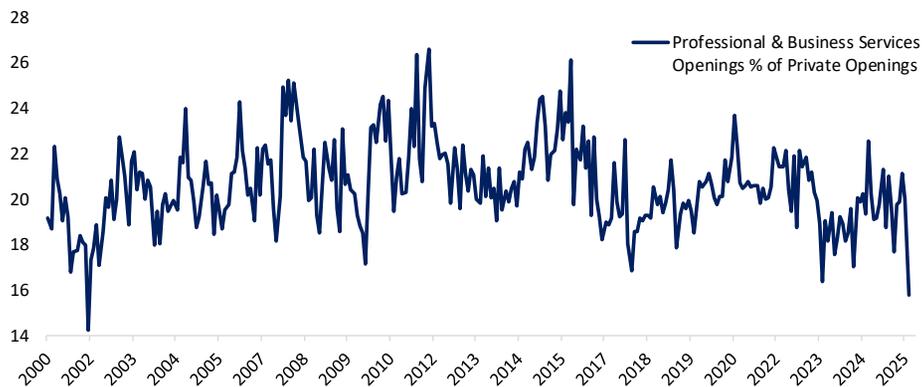
The BLS's Job Openings & Labor Turnover Survey showed a recovery in job openings after a very weak print in December. As shown below, while the trend of job openings is still weaker, the rapid declines in labor demand from 2022-2024 are no longer in play. It's an open question whether an energy price spike caused by the war in Iran derails the nascent recovery we've been looking for.

Job Openings Still Trending Lower But Close To Stable Over Past 2 Years



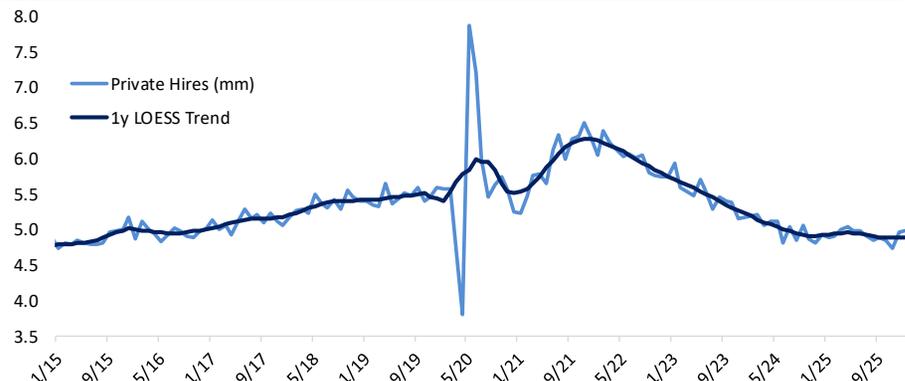
One area of acute weakness was professional and business services, an area which typically accounts for 18-24% of openings. January saw that share fall to 15.8%, a decline that could be explained by businesses pausing hiring in occupations that are vulnerable to AI disruption. On the other hand, the Information industry hired the most workers since 2023.

AI Impacts Starting To Show In Openings Data?



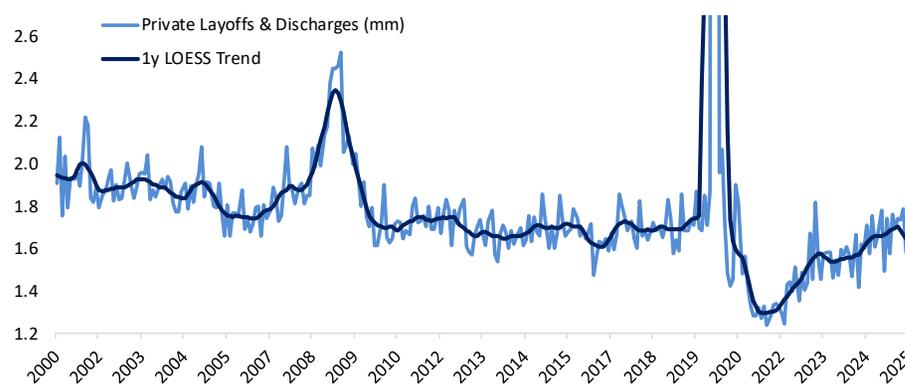
Since code writing and other tech industry jobs are some of the most vulnerable to AI substitution, strong hiring from Information (which includes most tech firms) would seem to be a contrary signal on the AI disruption story. Overall, private hires have stabilized over the last two years around the same levels they sat at in the mid-2010s. This series does not indicate significant further worsening of the labor market.

Private Hires Have Stabilized At 2016 Levels



Finally, we note that while JOLTS didn't paint a rosy picture of the labor market, it did confirm layoffs had become less common with the last several months seeing a sharp drop in already relatively low firings. Prior to this leg down, the number of layoffs was roughly equal to where things sat in the late 2010s.

Layoffs Slowing Versus 2025's Trend Higher





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In addition to all the economic data this week, we also released the latest update to our monthly Bespoke *Consumer Pulse* report. *Consumer Pulse* surveys 1,500 to 2,000 Americans each month, with geographic distributions in-line with the US Census. The survey always takes place during the week containing the 12th of the month and poses 100 questions that we group into six sections: Sentiment, Labor Markets, Personal Finances, Housing, Activity, and Investors. By breaking down *Consumer Pulse* into these sections, we can show, not only top-down sentiment trends and their drivers, but individual areas of strength or weakness with respect to demand, budget, and trends.

Within each month’s report, we break down key trends we saw for each of the major categories covered in our survey and summarized below. We also delve into a detailed analysis of individual questions, broken up by section. If you aren’t yet a subscriber to the monthly Pulse service, [sign up today](#) to unlock all that it has to offer.

Consumer sentiment rebounded from winter weakness with several metrics showing new cycle highs alongside declines in the unemployment rate and stronger spending activity.

Changes in Heat Map Versus Last Month

-Labor Market: The share of respondents reporting that they are unemployed and looking for work fell to the second-lowest level since April 2022.

-Housing: Home purchase intentions rose MoM but remain down significantly from their 2024 peak amidst high mortgage rates.

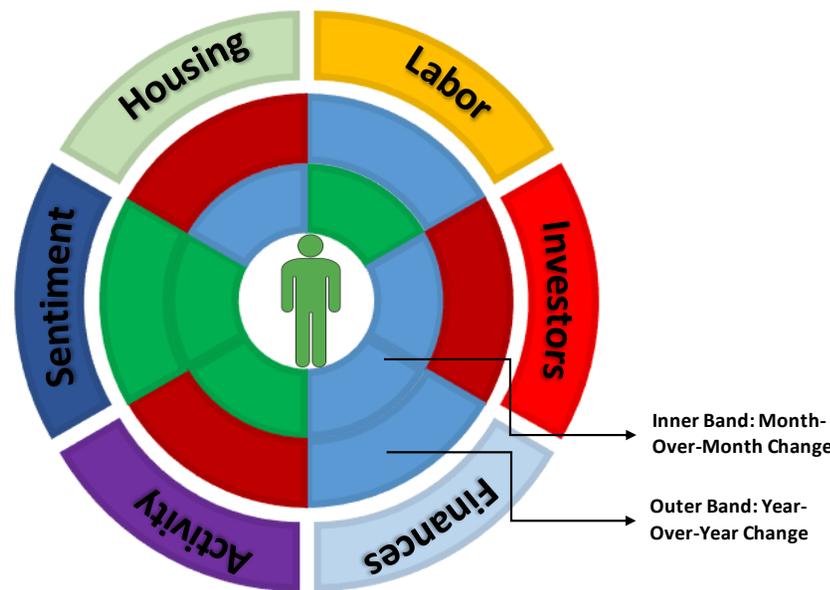
-Consumer Sentiment: Highest net percentage positive on the economy since September.

-Consumer Activity: Highest reading for discretionary spending intentions since 2022 and acceleration sequentially in spending and foot traffic.

-Personal Finances: Strongest sentiment towards personal finances since April 2022, drop in percentage reporting living paycheck-to-paycheck last month held.

-Investor Sentiment: Sequential increases in general risk sentiment and stock market optimism while negative sentiment towards crypto continued.

Bespoke Consumer Heat Map





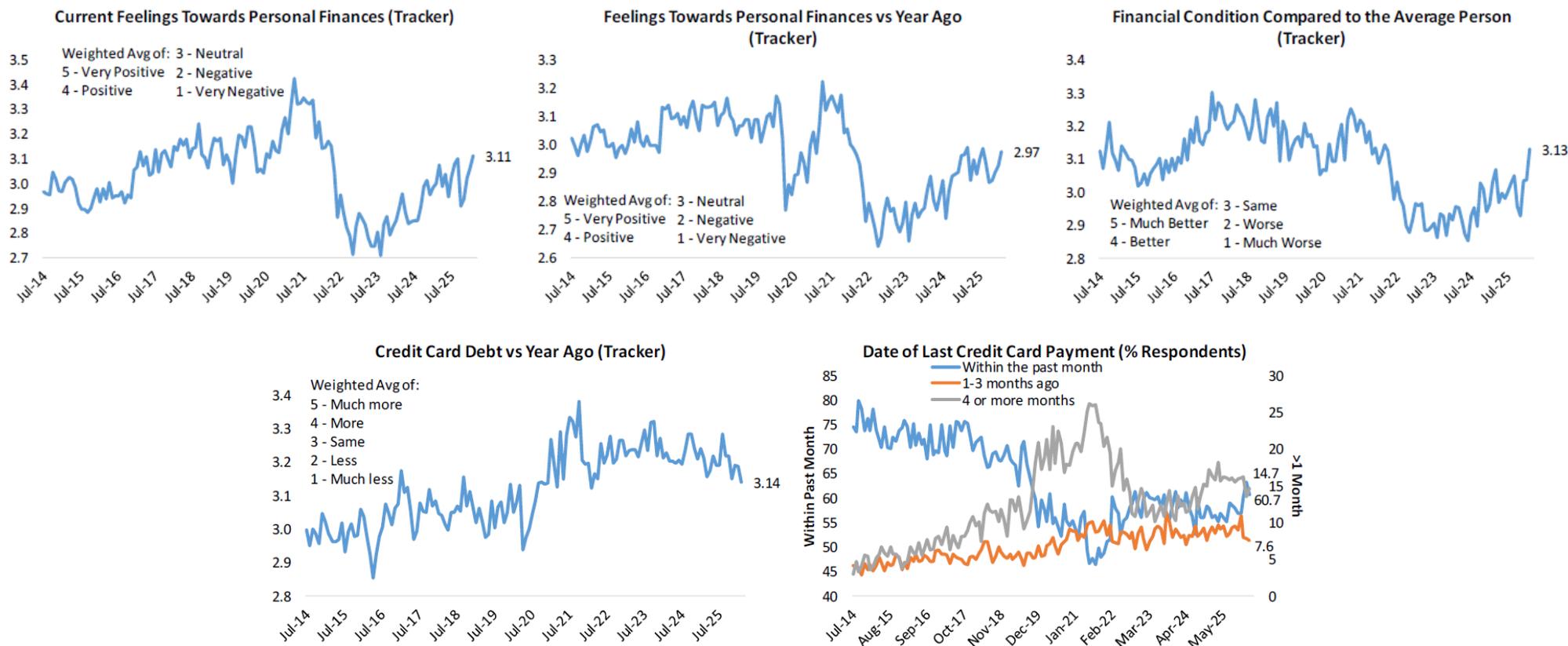
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When it comes to consumer finances, the picture from this month's *Pulse* report was strong. The top three charts are trackers of consumer sentiment towards personal finances, how they compare to a year ago, and then how consumers compare their financial condition to the average American. For all three measures, February's readings showed significant rebounds. In the case of sentiment towards personal finances as well as how those conditions compare to the average person, consumers are feeling good. Both readings jumped to their highest levels since 2022 in February. The strength in consumer perceptions of their financial well being relative to others is especially notable.

Besides consumer perceptions of their personal finances being positive, they have also been reporting a steady decline in credit card debt. As shown in the bottom left chart, our tracker of credit card debt versus a year ago fell to the lowest level since 2022. Few consumers are also reporting late credit card payments as payments made within the last month moves up to nearly 61%.

The k-shaped economy was a major economic theme of 2025, and while there will always be two-tiers in the economy, these datapoints suggest that the leg and the arm of the K are closer to converging than they are drifting apart.



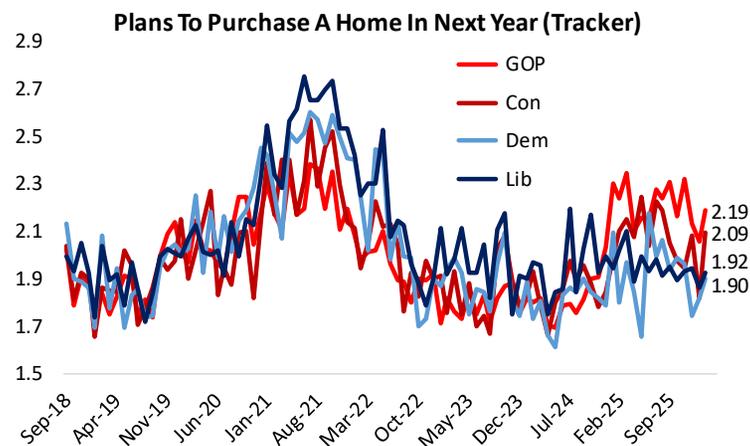
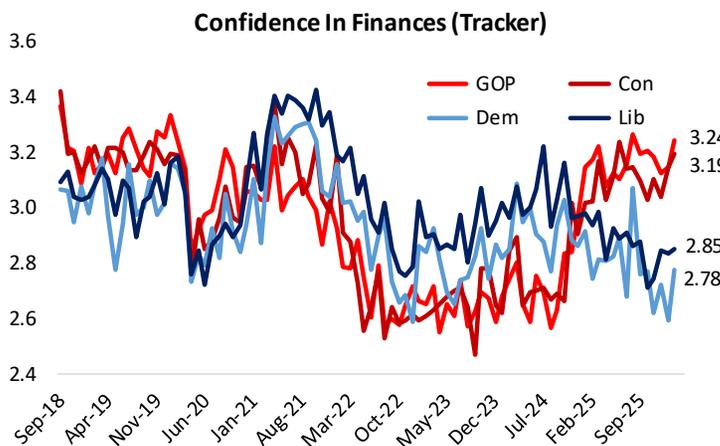
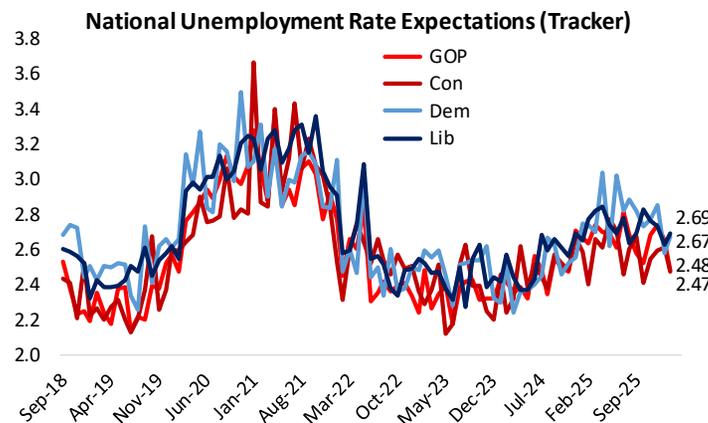
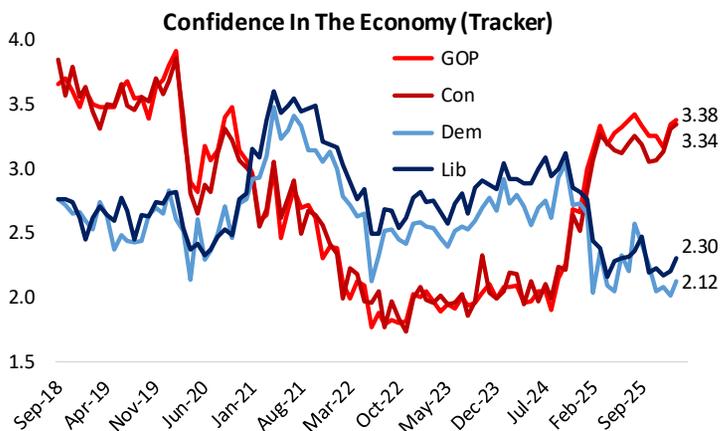


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If you want an example of a k-shaped pattern, an even better angle to take is to look at economic sentiment based on political leaning. With Americans increasingly getting their news from different sources based on the political ‘tribe’ they align with, the constant barrage of biased opinion makes its way into perceptions about the economy.

Just look at our trackers of confidence in the economy and finances (left side) to see the disparities. Consumers on the right side of the political spectrum have much more confidence in both the economy and in their finances. Ironically, while Americans are deeply divided on which direction the economy and their personal finances are going, perceptions of the labor market and plans to move (right side) are more aligned across the political spectrum which makes sense given the fact that it’s hard to convince someone that the labor market is good if they don’t have a job and vice versa.





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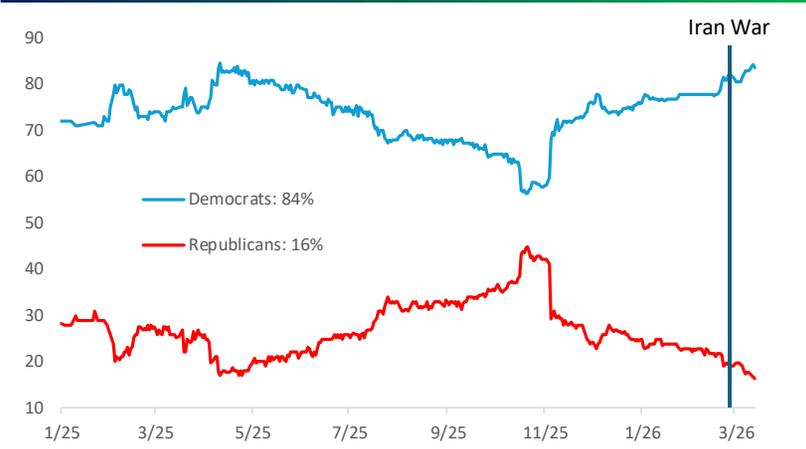
Speaking of politics, the war in Iran has acted as an accelerant to a trend for the mid-terms that was already in place, and if something doesn't change, it's going to be a tough November for Republicans.

Based on Kalshi odds, outside of a brief period last October, Republicans never really had a chance to keep the House as odds for the Democrats taking control have been consistently above 60%. In the days and weeks since the war started, though, Democrats have seen their odds increase to 84%.

In the Senate, the possibility of Republicans losing control seemed remote for most of last year, but since late 2025, they have seen their odds steadily decline at an increasingly quicker pace, and it's now basically a toss-up. If you think Washington is dysfunctional now, just wait until gridlock returns to Washington.

The table below breaks down the DJIA's performance during different sessions of Congress based on the political breakdown in DC. Historically, either scenario of a Republican President and a Democratic House, coupled with a Republican or Democratic Senate has been accompanied by below-average single-digit returns over the two-year Congressional term. In the 11 sessions of Congress when Democrats controlled both houses under a GOP president, the DJIA's average performance during the two-year term was 9.7% with gains 73% of the time. When Democrats had the House and Republicans controlled the Senate, the DJIA's average gain was 7.8% with gains two-thirds of the time.

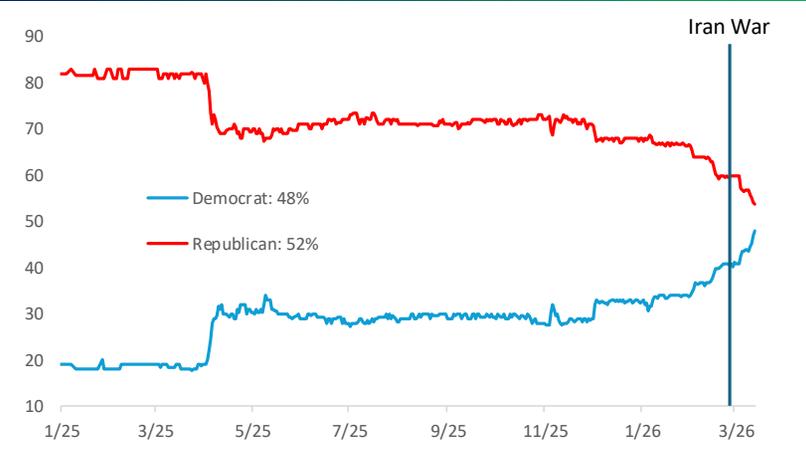
Kalshi Odds to Control the House After 2026 Midterms



Average DJIA Performance During Sessions of Congress: 1901 - 2025

| President | Senate | House | Occurrences | DJIA Change (%) | Annualized Return (%) | % of Time Up |
|--|--------|-------|-------------|-----------------|-----------------------|--------------|
| D | D | D | 21 | 17.31 | 7.61 | 66.7 |
| D | D | R | 3 | 25.62 | 12.02 | 100.0 |
| D | R | D | 0 | | | |
| D | R | R | 6 | 21.46 | 9.53 | 66.7 |
| R | D | D | 11 | 9.68 | 3.92 | 72.7 |
| R | D | R | 1 | -21.42 | -11.35 | 0.0 |
| R | R | D | 6 | 7.79 | 1.29 | 66.7 |
| R | R | R | 14 | 18.39 | 7.94 | 78.6 |
| All Periods | | | 62 | 15.46 | 6.51 | 71.0 |
| DDD & RRR | | | 35 | 17.75 | 7.74 | 71.4 |
| All Possible Combinations of Gridlock | | | 27 | 12.50 | 4.92 | 70.4 |
| Gridlock - Republican President | | | 18 | 7.32 | 2.19 | 66.7 |
| Gridlock - Democratic President | | | 9 | 22.85 | 10.36 | 77.8 |

Kalshi Odds to Control the Senate After 2026 Midterms





The Bespoke Report

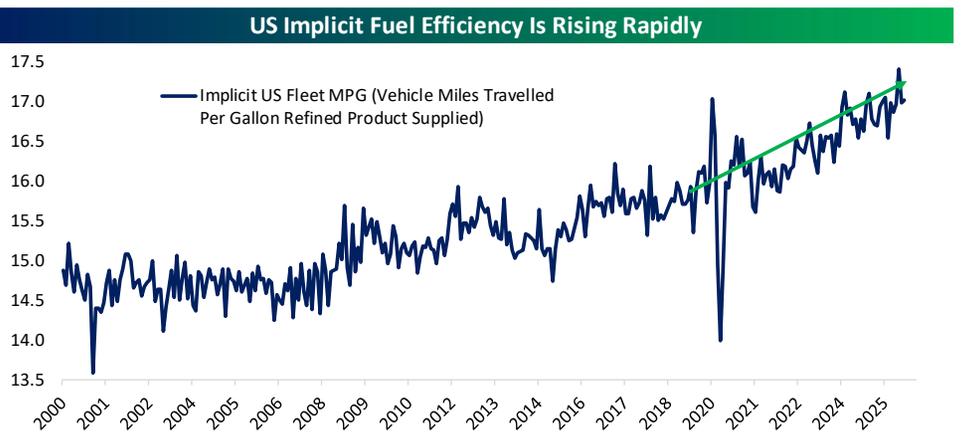
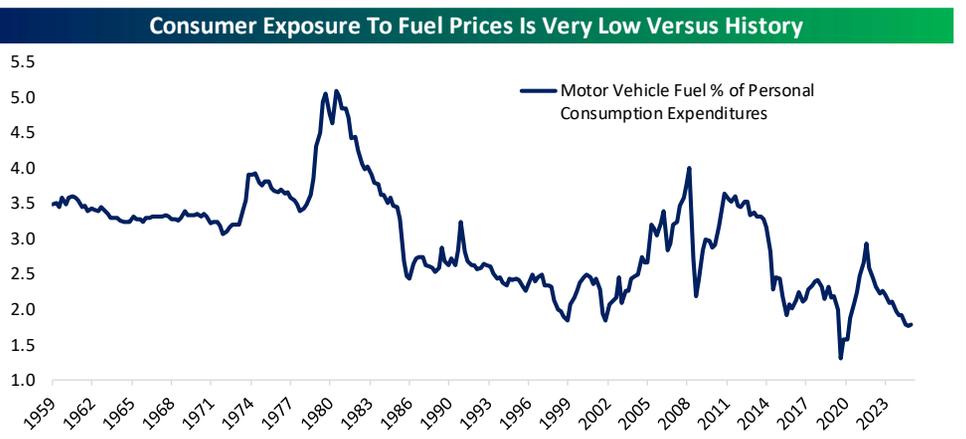
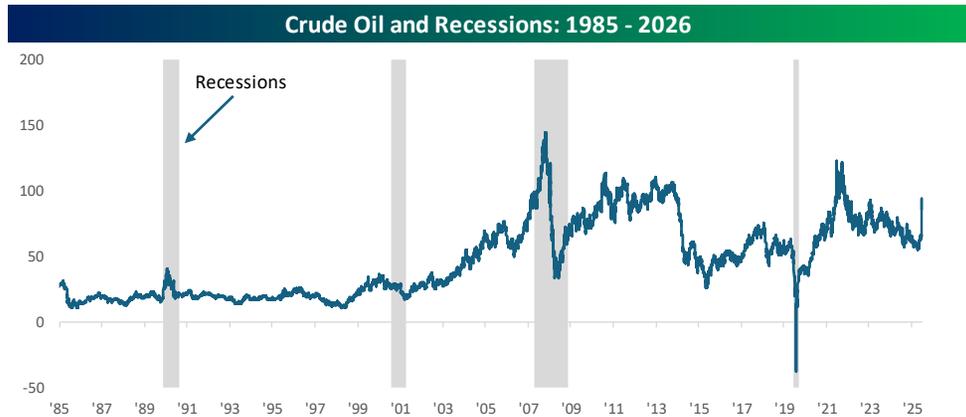
March 13, 2026

Turing back to the economy, the spike in oil prices would seem to increase the risk of a recession given that at least two of the four recessions since the late 1980s followed price spikes in crude oil and the 2000 recession followed a prolonged period of rising prices. The economy is always evolving, though, and two trends make a recession in the US following the latest spike less of a concern.

For starters, as we pointed out in last week's [report](#), the US economy is now on the other side of the counter when it comes to transactions in crude oil and petroleum products. Whereas the US was a net buyer from the 1970s through the last few years, beginning in 2020, we became a net seller of oil to the rest of the world. The reality is that higher energy prices are no longer the thorn in the side of the US economy.

US consumers are also less exposed to oil prices than historically has been the case. As shown in the middle chart at right, personal consumption expenditures on vehicle fuel are under 2% of total outlays. For context, as recently as the early 2010s, that was around 3.5%. In other words, the risks of high oil prices are lower for consumer spending than has historically been the case.

One reason consumers are much less exposed to energy prices is due to higher fuel efficiency standards. As shown in the bottom right chart, in just the last six years, implicit fuel economy per gallon has increased from 15.5 to 17.0. Relative to miles travelled, the US economy has never been less exposed to large swings in oil prices.





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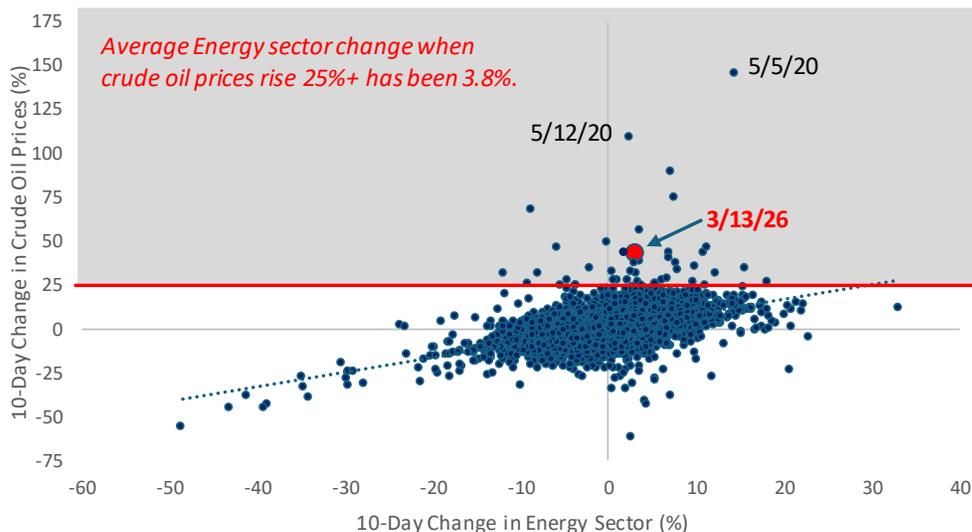
In the ten trading days since the war in Iran started, crude oil prices are up over 40%. With a gain of that magnitude, you would expect the Energy sector to rally, but what you may not have expected is how *little* it has rallied. Through Friday afternoon, the S&P 500 Energy sector was up less than 3% since the war started. If the market expected the spike in oil prices to last, wouldn't you think that Energy stocks would be up more than 3%?

The relatively weak reaction of Energy stocks to the spike in crude oil prices isn't out of the ordinary. The top right chart compares the 10-day change in the Energy sector to the 10-day change in crude oil prices. Since 1989, when crude oil prices have been up 25%+ in the prior 10 trading days, the Energy sector's average gain was less than 4%. This suggests that while crude oil price spikes can be painful in the moment, they usually aren't long-lasting. Either the catalyst that caused the spike subsides, or new sources of supply come on the market. As the saying goes, the cure for higher commodity prices is usually higher prices.

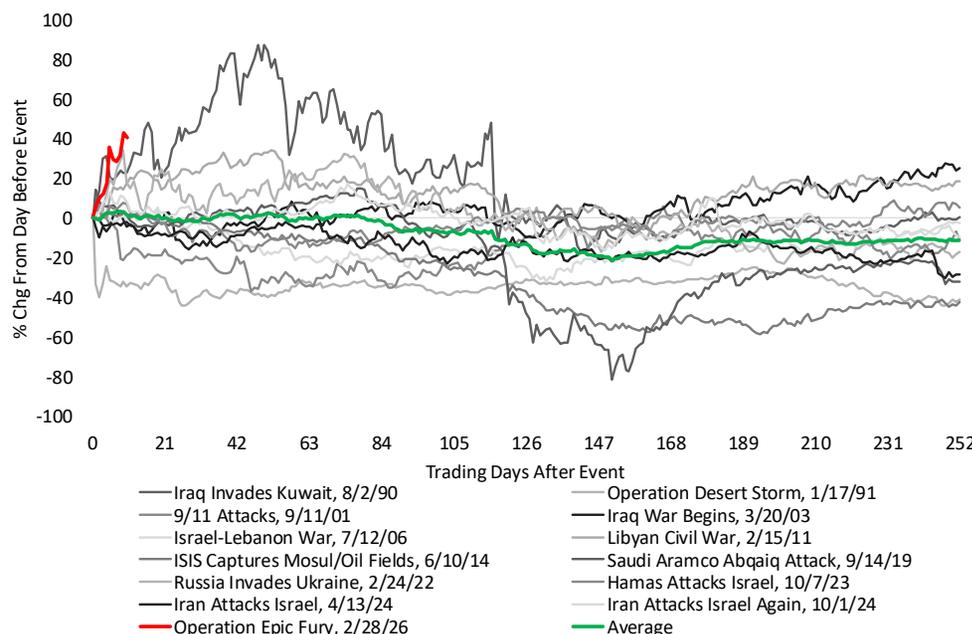
The second chart at right shows the performance of crude oil prices following prior geo-political events tied to the Middle East, and the green line shows a composite of the average performance over the next year. Of the 12 periods shown, crude oil prices spiked an average of 20% at some point in the short-run, but a year later were 11% lower than they were before the initial event, and it was flat or lower nine times.

The market could be wrong this time around, but based on the Energy sector's performance, the expectation is for prices to revert lower in the coming weeks.

10-Day Change in Energy Sector vs Crude Oil: 1989 - 2026



Front Month WTI Crude Oil % Change Following Major Geopolitical Risks





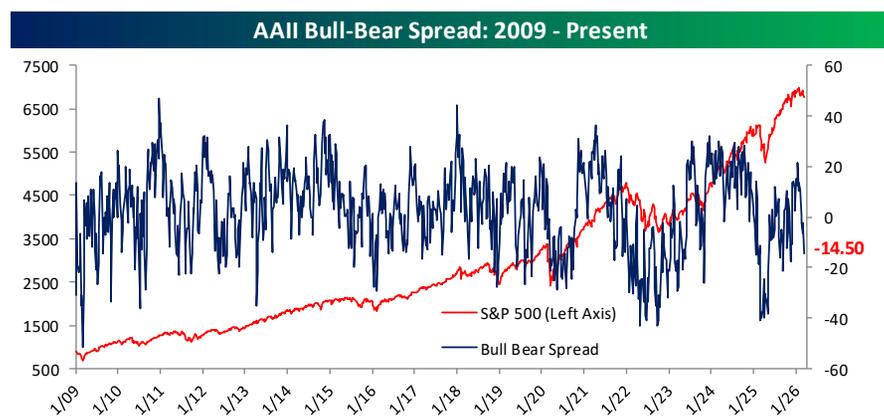
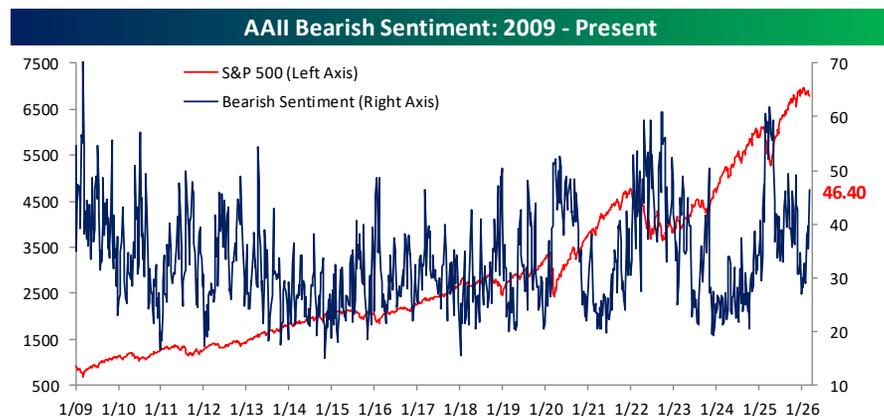
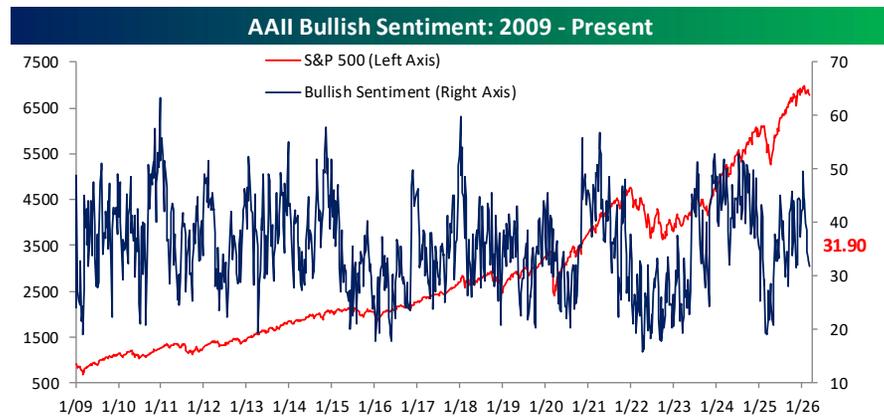
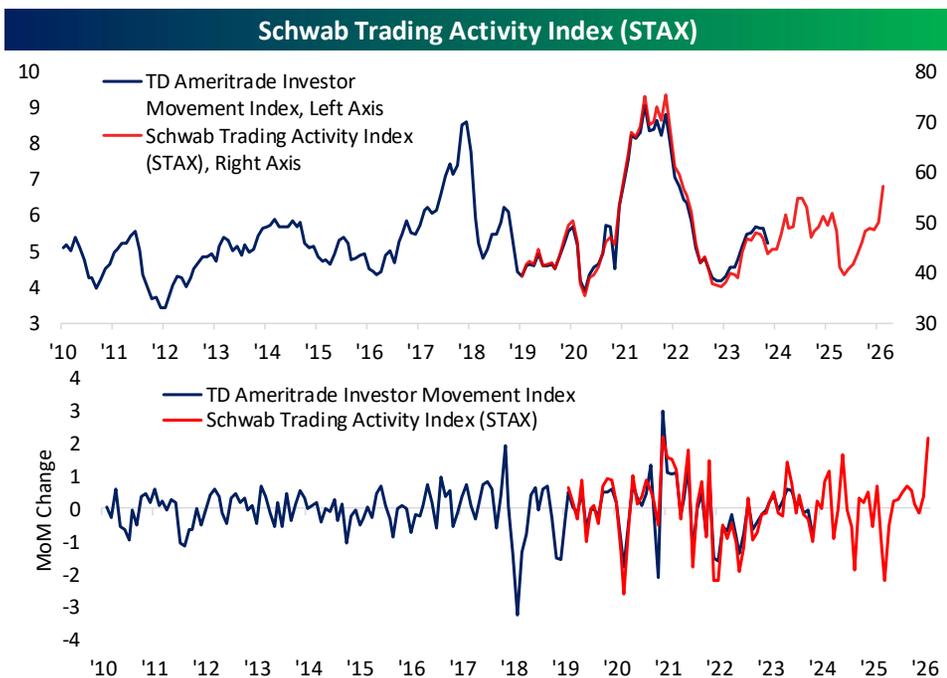
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With the war in the Middle East and weaker stock prices, investor sentiment has seen some notable shifts. As shown in the chart below, the Charles Schwab (SCHW) Schwab Trading Activity Index, or STAX for short, experienced a near record MoM increase in February. Meanwhile, other weekly sentiment gauges have deteriorated. The AAI survey is a prime example, as bullish sentiment fell to 31.9% this week. That is the sixth consecutive weekly decline, bringing bullish sentiment to the lowest level since the week of November 13th.

That drop in bulls was met with a double-digit percentage point surge in bears. Bearish sentiment surged from 35.5% last week, a one-month low, to 46.4% today. That's the highest reading for bears since the week of October 16th and the largest one-week increase since November.

Put together, the bull-bear spread has now been negative (meaning there are more bears than bulls) for the fourth week in a row. The 12.1 point drop this week was the biggest WoW decline since the week of November 13th, and the spread is also the lowest since that same week.





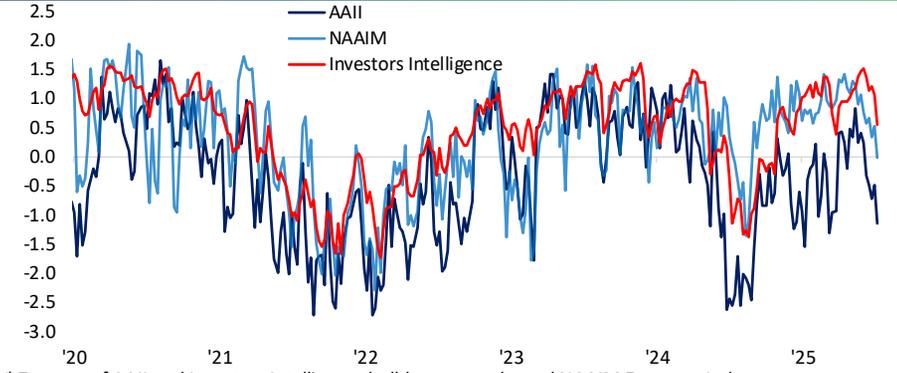
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Along with the *AAll* survey taking a bearish turn, the *NAAIM Exposure Index* and the *Investors Intelligence* survey did as well. The former showed active managers reporting as the least aggressively long since the final week of last April during the tariff-tantrum. Meanwhile, bulls dropped below 50% in the *Investors Intelligence* survey for the first time since November. Putting it all together, our Sentiment Composite is back to negative territory following over six months of positive readings, even if the *AAll* survey is the only one that's firmly more bearish than its historical norm. Additionally, that move into negative territory for the composite was the first in 29 weeks. With that streak now over, it ends as the fifth-longest streak since the series begins in 2006.

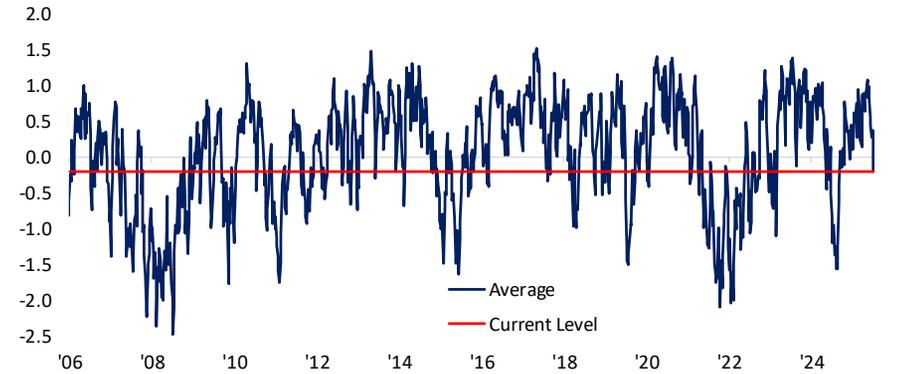
In the chart below, we show the performance of the S&P 500 in the one year following the first negative reading in the Sentiment Composite in at least six months. In addition to being a small sample, returns for these periods have been mixed. The 2018 and 2025 instances both saw gains one year out although there were significant drawdowns midyear, and there was a 10%+ drawdown at some point in each of the four periods. Meanwhile, the 2021 instance saw some positive performance in the first three months after the streak ended, but that was quickly eroded throughout the rest of the 12-month period. Finally, the 2015 instance was hardly in the green in the year after.

Weekly Sentiment Surveys: Past 5 Years (Z-Score)



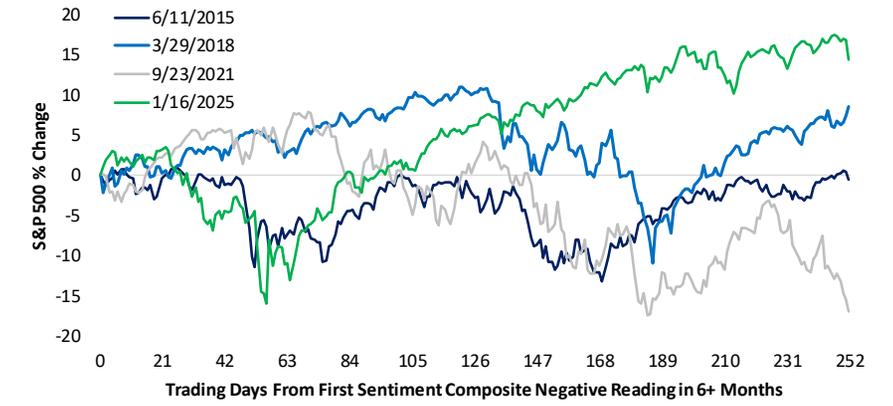
* Z-scores of AAll and Investors Intelligence bull-bear spreads, and NAAIM Exposure Index.

Sentiment Composite - Since 2006

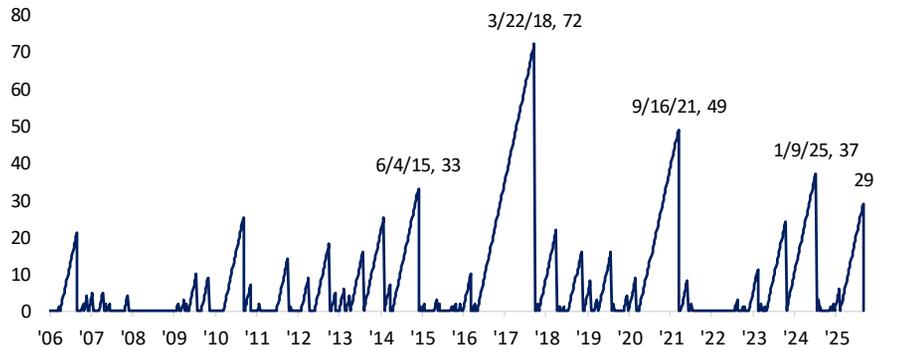


* Average of z-scores of AAll and Investors Intelligence bull-bear spreads and NAAIM Exposure Index.

S&P 500 Performance After First Negative Sentiment Composite Reading in 6+ Mo.



Consecutive Weeks of Positive Readings in the Sentiment Composite





The Bespoke Report

March 13, 2026

On a final note, this Monday marked the 17th anniversary of the Financial Crisis low on 3/9/09, and what a run it's been since then! The chart at right shows the performance of all 24 S&P 500 Industry Groups that were in existence since that low, and while there have been many big winners, semis stand out above everyone else with a gain of 4,691%. That's nearly twice the gain of the next closest industry group (Tech Hardware).

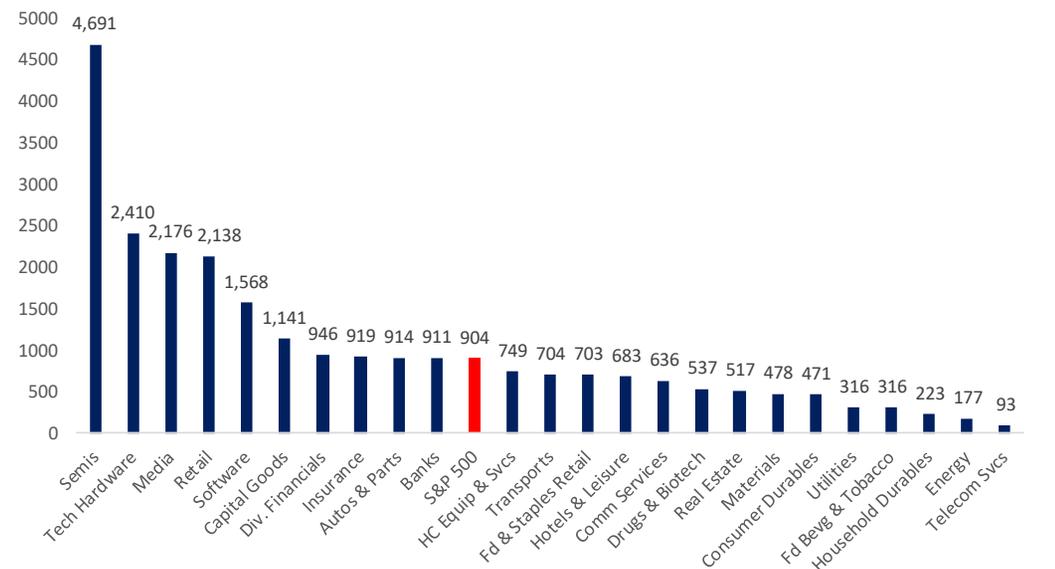
Behind those two groups, four other industry groups, including Software (+1,568%), have been 10-baggers. With all three industry groups in the sector up over 1,000%, there's a reason Technology has been the top performing sector since the 2009 lows.

While the last few years were characterized by the top-heavy nature of the market and the uneven performance between the largest stocks and everyone else, breadth at the industry group level has been more even. Ten groups have outperformed the S&P 500 while 14 have underperformed.

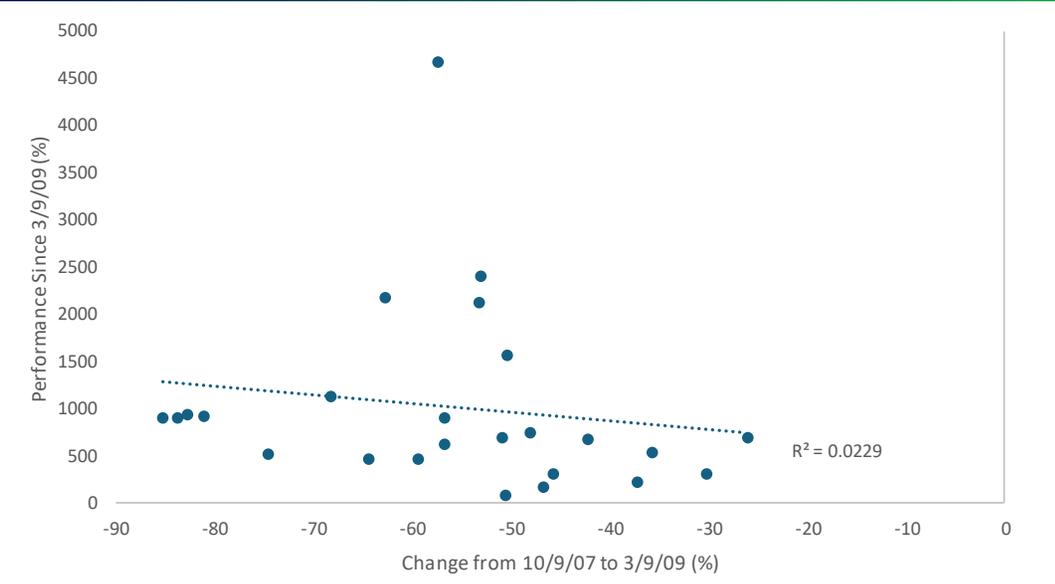
A look at the right side of the chart shows that the laggards have mostly been defensive oriented groups like Telecom Services, Household Durables, Food Beverage & Tobacco, and Utilities. Along with these defensive sectors, Energy has been the second-weakest performing industry group as the price of oil, after peaking at \$145 per barrel in July 2008, has never come close to exceeding that level again.

One question investors face at the early stages of the bull market is whether to buy the biggest winners or losers of the prior bear market. In the case of the rally off the March 2009 lows, neither strategy would have really worked. Instead, it was the groups that declined roughly inline with the S&P 500 during the Financial Crisis, like Semis, Tech Hardware, Media, Retail, and Software, which have outperformed the most since 3/9/09.

S&P 500 Industry Group Performance (%): 3/9/09 - 3/9/26



S&P 500 Industry Group Performance During Financial Crisis vs Since 3/9/09





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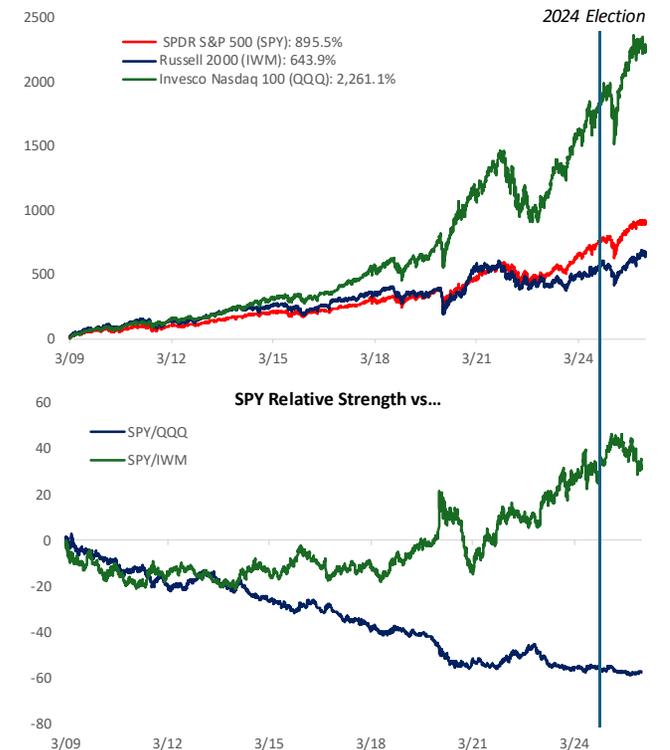
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As strong as the S&P 500's performance has been in the 17 years since the Financial Crisis low, its gain pales in comparison to the Nasdaq 100 (QQQ). As shown in the top left chart, QQQ's performance is more than 2.5 times the gain of SPY as the mega caps that led for the last 15+ years have a larger concentration in that 100-company index than the 500 companies in the S&P 500. The same can't be said for small stocks, though, as the Russell 2000 (IWM) trails the S&P 500 by more than 200 percentage points. On a relative strength basis, though, the QQQ peaked relative to the S&P 500 early in 2025, while the Russell 2000 has basically continued to lag.

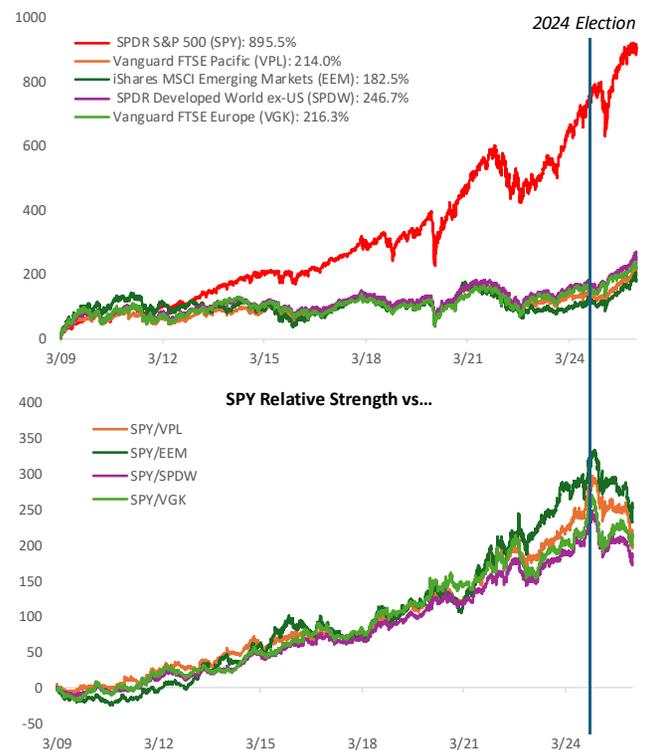
In terms of the international market picture, most of the last 17 years have been the US and everyone else. As shown in the top middle chart, SPY has experienced more than triple the gain of Europe (VGK), Asia (VPL), and emerging markets (EEM), and the three regions have basically traded as a monolith versus the S&P 500. Shortly after the 2024 election, though, the US peaked relative to every other region of the world and has been steadily giving up ground since, except for the last week or so since the war in Iran started. Now, it's everyone else versus the US.

For most of the last 17 years, the S&P 500's performance was well ahead of gold (GLD) and silver (SLV), but that also started to change after the 2024 election. Silver is now outperforming gold after the moves of the last year, and both commodities aren't far from erasing all the S&P 500's outperformance from the prior 15+ years.

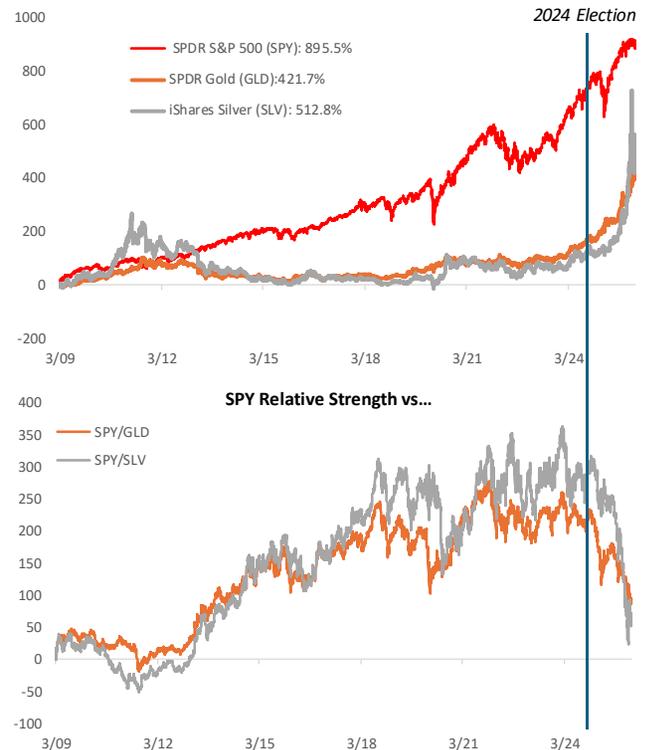
S&P 500 vs Major US Indices: 3/9/09 - 3/9/26



S&P 500 vs International Indices: 3/9/09 - 3/9/26



S&P 500 vs Gold and Silver: 3/9/09 - 3/9/26





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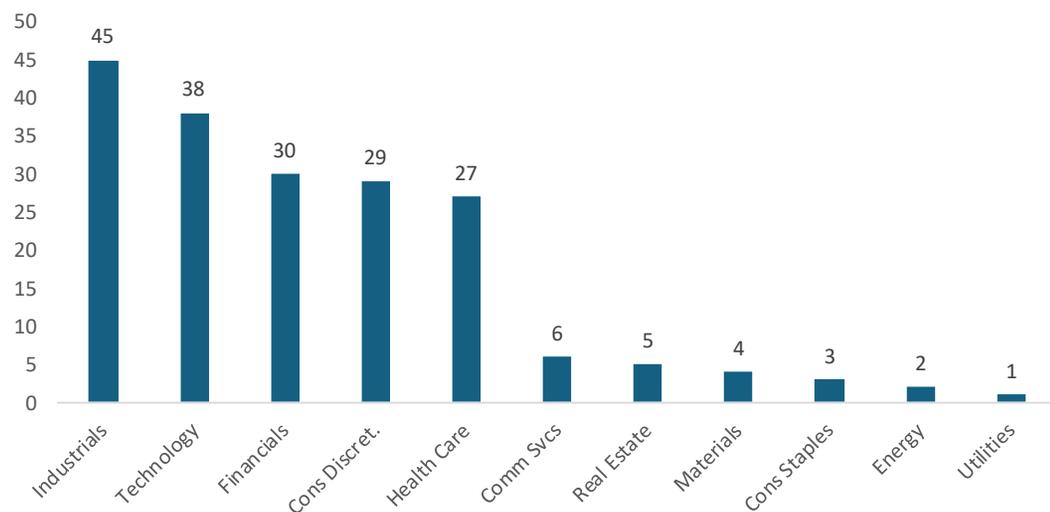
Drilling down to individual stocks, within the S&P 500, 89 of the index’s current components weren’t in existence in their current form at the financial crisis lows, but of the stocks that were around, 190 have rallied more than 1,000%, including eleven that rallied more than 10,000%, which makes them 100+ baggers. For every dollar you invested in Lam Research (LRCX) on 3/9/09, you would have an additional \$109.20 today. For the top performing stock in the S&P 500 – Nvidia (NVDA), every \$1 invested would have earned \$879.24.

Since there were eleven stocks up more than 10,000%, the lower right table of the worst performing stocks in the S&P 500 also goes to eleven. Five of the eleven stocks that were around in March 2009 and are still in the S&P 500 are down in the last 17 years. Topping the list of losers, PG&E (PCG) has declined by nearly half (not including dividend), while three other stocks have lost a third of their value or more.

At the sector level, the chart below breaks out the number of ten-baggers since 3/9/09 by sector. Industrials has the most stocks that are up by at least 1,000% following by Technology, Financials, Consumer Discretionary, and Health Care with more than 25 each. After Health Care, though, there’s a sharp drop-off with no other sector having more than six.

Have a great weekend!

Number of 1,000% Gainers in S&P 500 Since 3/9/09 By Sector



Best Performing S&P 500 Stocks Since 3/9/09

| Ticker | Name | Sector | % Change |
|--------|--------------------|---------------|----------|
| NVDA | NVIDIA | Technology | 87,924 |
| TPL | Texas Pacific Land | Energy | 29,360 |
| URI | United Rentals | Industrials | 26,985 |
| NFLX | Netflix | Comm Services | 17,776 |
| FIX | Comfort Systems | Industrials | 16,637 |
| AXON | Axon Enterprise | Industrials | 15,051 |
| MU | Micron Technology | Technology | 14,990 |
| ULTA | Ulta Beauty | Cons Discret. | 14,870 |
| FICO | Fair Isaac | Technology | 12,837 |
| STX | Seagate | Technology | 11,821 |
| LRCX | Lam Research | Technology | 10,920 |

* Through 3/9/26

Worst Performing S&P 500 Stocks Since 3/9/09

| Ticker | Name | Sector | % Change |
|--------|----------------------|------------------|----------|
| PCG | PG&E | Utilities | -48.9 |
| APA | APA | Energy | -36.6 |
| BAX | Baxter Int'l | Health Care | -35.4 |
| MOS | Mosaic | Materials | -33.3 |
| CPB | Campbell's | Consumer Staples | -1.4 |
| OXY | Occidental Petroleum | Energy | 13.8 |
| DVN | Devon Energy | Energy | 15.4 |
| DOC | Healthpeak | Real Estate | 16.3 |
| VTRS | Viatrix | Health Care | 18.5 |
| SLB | SLB | Energy | 28.7 |
| FE | FirstEnergy | Utilities | 37.5 |

* Through 3/9/26



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