



***This update reflects market and geopolitical conditions at the time of writing. Because global developments are unfolding rapidly, conditions may change after publication.***

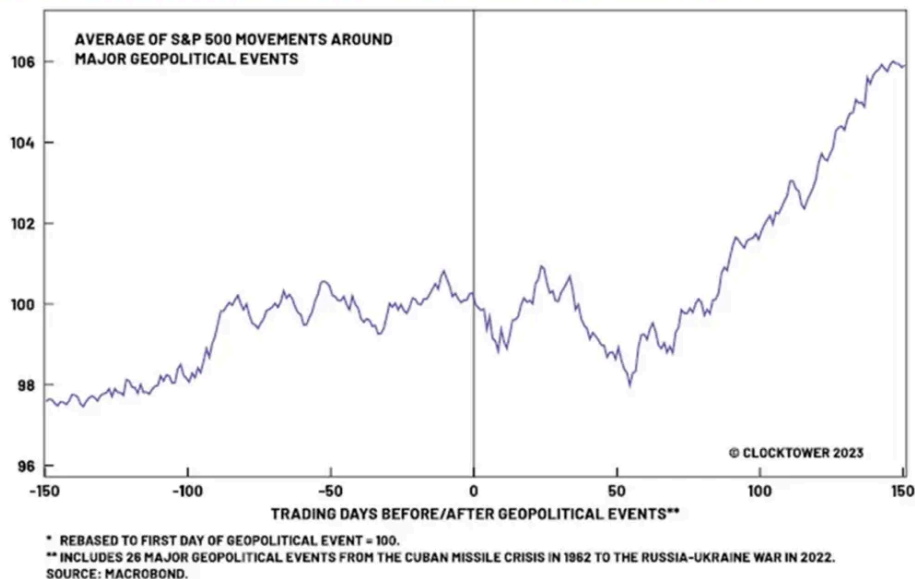
The technical definition of an "exogenous shock" is an unexpected, external event that occurs outside an industry or economic system, causing sudden, significant, and often negative impacts on performance. These events disrupt established systems, impacting supply, demand, and economic growth.

Since February 28, markets have been digesting exactly that in the form of the U.S./Israeli attack on Iran. From an economic and market perspective, the key focus area is the impact on energy transport, both oil and liquified natural gas (LNG).

The Strait of Hormuz is now effectively closed to Western commercial shipping, with vessels unable to transit due to active military attacks. The Strait of Hormuz, which runs along the Iranian coastline, provides open-water passage for roughly 20% of the world's oil supply in any given year. With many oil tankers now unable to pass through the strait, energy transportation has ground to a near halt, creating a supply shock to global energy markets and upward pressure on energy prices. In response to this, the IEA has announced plans to release barrels from emergency strategic reserves, the largest coordinated release in IEA history.

Let's take a look at the chart below, which shows that (on average) the S&P 500 tends to recover and move higher in the months following major geopolitical shocks, rather than sustaining long-term losses. It suggests that while conflicts can cause short-term volatility, they have not historically been a reliable reason to turn structurally bearish on risk assets.

**CHART 8 | Geopolitical Conflicts *Never* Provide a Reason to Be Bearish Risk Assets**



While geopolitical events often trigger short-term noise, history shows that a disciplined perspective is your greatest asset. We are closely monitoring the ongoing developments. If you have any questions at all, please do not hesitate to reach out.



**Dustin Metcalf**  
President & Founder

CA Office: (760) 491-1499  
WA Office: (360) 865-7365 [Dustin@fourcfinancial.com](mailto:Dustin@fourcfinancial.com)

[Learn More >](#)  
ABOUT MY PRACTICE

[Contact Me >](#)  
FOR A CONSULTATION

Four C Financial | [www.FourCfinancial.com](http://www.FourCfinancial.com) | 73000 Highway 111, Suite 202, Palm Desert, CA 92260

Source: Bloomberg

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Investment advice offered through Integrated Partners, doing business as FourC Financial, a registered investment advisor.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

The information contained in this e-mail message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

[Unsubscribe](#) [Manage preferences](#)