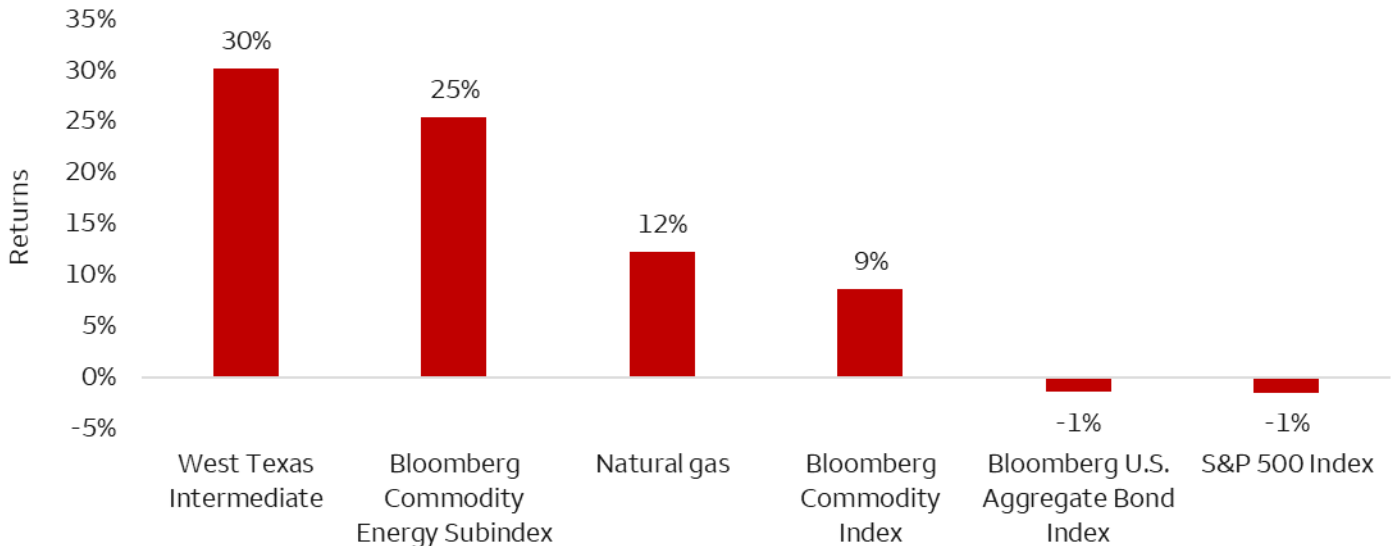


Chart of the Week

Weekly analysis of key themes in markets

March 17, 2026

Using energy outperformance to rebalance



Sources: Bloomberg and Wells Fargo Investment Institute. Daily data is from February 27, 2026 – March 11, 2026. Natural gas = front month natural gas future. **Past performance is no guarantee of future results**

Oil returns have surged, but looking ahead, we think downside risks to prices outweigh upside risks

As shown in the chart above, oil prices surged following the outbreak of the Iran war, with West Texas Intermediate crude oil shooting up 30% over the span of eight trading days. Energy commodities followed, increasing 25% over the same time frame (held back by the smaller gain in natural gas). Meanwhile, commodities broadly saw more limited upside with a 9% gain, and U.S. large-cap stocks and U.S. bonds both declined slightly.

Looking ahead, we recognize the risk for elevated oil prices and volatility as the conflict persists. However, we also believe that the recent spike in prices is at odds with fundamentals, which point to ample supply growth and an easing of prices over the next 6 – 18 months (as explained in our March 16 Investment Strategy report). Ultimately, at current levels, we think downside risks to oil prices through year end outweigh upside risks.

What it may mean for investors

Our base case remains that the conflict will wind down in the coming weeks and months and that the jump in oil prices will be temporary. We would therefore use the bounce in Energy and Commodities as an opportunity to trim allocations back to neutral weights in favor of equities, where we see a stronger outlook for outperformance through year end. With respect to commodity sectors, we would rotate out of Energy into Precious and Industrial Metals.

Mason Mendez, Investment Strategy Analyst

Excerpted from Investment Strategy report (March 16)

Investment and Insurance Products: > NOT FDIC Insured > NO Bank Guarantee > MAY Lose Value

Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. The **Energy** sector may be adversely affected by changes in worldwide energy prices, exploration, production spending, government regulation, and changes in exchange rates, depletion of natural resources, and risks that arise from extreme weather conditions. Exposure to the **commodities** markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. Investments in commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates or factors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies which may expose investors to additional risks. Investing in gold, silver or other **precious metals** involves special risk considerations such as severe price fluctuations and adverse economic and regulatory developments affecting the sector or industry. Investing in **specialty metals** involves special risk considerations such as severe price fluctuations and adverse economic and regulatory developments affecting the sector or industry.

Definitions

An index is unmanaged and not available for direct investment.

Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

Bloomberg Commodity Index is comprised of 22 exchange-traded futures on physical commodities and represents 20 commodities weighted to account for economic significance and market liquidity.

Bloomberg Sub Energy Index is a commodity group subindex of the Bloomberg CTR. The index is composed of futures contracts on crude oil, heating oil, unleaded gasoline and natural gas. It reflects the return on fully collateralized futures positions and is quoted in USD.

S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

General Disclosures

Global Investment Strategy (GIS) is a division of Wells Fargo Investment Institute, Inc. (WFII). WFII is a registered investment adviser and wholly owned subsidiary of Wells Fargo Bank, N.A., a bank affiliate of Wells Fargo & Company.

The information in this report was prepared by Global Investment Strategy. Opinions represent GIS' opinion as of the date of this report and are for general information purposes only and are not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally. GIS does not undertake to advise you of any change in its opinions or the information contained in this report. Wells Fargo & Company affiliates may issue reports or have opinions that are inconsistent with, and reach different conclusions from, this report.

The information contained herein constitutes general information and is not directed to, designed for, or individually tailored to, any particular investor or potential investor. This report is not intended to be a client-specific suitability or best interest analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. The material contained herein has been prepared from sources and data we believe to be reliable but we make no guarantee to its accuracy or completeness.

Wells Fargo Advisors is registered with the U.S. Securities and Exchange Commission and the Financial Industry Regulatory Authority, but is not licensed or registered with any financial services regulatory authority outside of the U.S. Non-U.S. residents who maintain U.S.-based financial services account(s) with Wells Fargo Advisors may not be afforded certain protections conferred by legislation and regulations in their country of residence in respect of any investments, investment transactions or communications made with Wells Fargo Advisors.

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC and Wells Fargo Advisors Financial Network, LLC, Members SIPC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. [PM]-09122027-5303091