

# Commentary

## Navigating Uncertainty: Market Perspectives on the Israel-Iran Conflict

- Increasing tensions between Israel and Iran have led to a sharp selloff in global stocks.
- Geopolitical flare-ups tend to cause short term market weakness but rarely lead to significant downturns.
- Patience, discipline, and perspective remain the best tools for navigating an increasingly complex world.

Geopolitical tensions between Israel and Iran have re-emerged as a focal point for global investors. While the situation is fluid, it is our belief that the financial markets are reacting in a measured, rather than panicked, fashion—and that long-term investment discipline remains paramount. Following reports of military action and rising tensions, markets responded as expected:

- Energy prices rose, reflecting concern over potential disruptions in Middle Eastern oil supply routes.
- Defense and energy stocks saw modest gains, while global equities showed signs of increased volatility.
- Safe-haven assets, such as the U.S. Dollar and gold, saw inflows as investors sought risk-off positioning.

Historically, geopolitical flare-ups tend to cause short-term market dislocations but rarely lead to sustained downturns unless they result in a broader economic shock or direct supply chain disruptions. As you can see below and, in our X post [here](#), heightened geopolitical tension may increase the likelihood of near-term market volatility. However, crisis events do not typically impact stocks for too long. The S&P 500 has been positive a year after seven of the last nine major geopolitical events.

Stock Market Reaction to War and Crisis Events				
Event	Date	S&P 500 Return		
		1-Day	1-Month	1-Year
Kuwait Invaded by Iraq	8/2/1990	-1.1%	-8.9%	12.8%
1993 World Trade Center Bombing	2/26/1993	0.2%	1.4%	8.3%
Oklahoma City Bombing	4/19/1995	-0.1%	3.1%	30.8%
September 11th Terrorist Attack	9/11/2001	-4.9%	0.6%	-15.5%
Start of Iraq War (2003)	3/20/2003	0.2%	2.4%	29.2%
2004 Madrid Terrorist Attack	3/11/2004	-1.5%	1.5%	8.7%
Brexit Referendum	6/23/2016	-3.6%	3.1%	17.8%
Ukraine Invaded by Russia	2/24/2022	1.5%	7.1%	-4.4%
Start of Israel-Hamas War	10/7/2023	0.6%	1.7%	34.1%

Source: Cetera Investment Management, FactSet, Standard & Poor's. Returns shown are total returns, which includes dividends.

Looking forward, we continue to emphasize these points. **Stay disciplined:** Reacting to geopolitical headlines can undermine long-term investment success. Portfolios designed around long-term goals should not be altered hastily due to short-term events. **Stay diversified:** Exposure to a broad range of asset classes, sectors, and geographies can help reduce portfolio fluctuations to geopolitical risk. **Expect volatility, not a significant dislocation:** While uncertainty may increase in the near term, we do not expect this conflict to derail the global economy or materially impact long-term corporate fundamentals. To that last point, despite the geopolitical backdrop, the broader macro environment continues to evolve constructively. Inflation is moderating in key developed markets, global central banks are signaling a pause in raising interest rates, and corporate earnings have remained resilient.

We continue to monitor global developments closely and will continue to update you should market risk dynamics change significantly. Patience, discipline, and perspective remain the best tools for navigating an increasingly complex world. Please consult your financial professional for guidance during these times.

This report is created by Cetera Investment Management LLC. [@CeteraIM](#)

**About Cetera® Investment Management**

Cetera Investment Management LLC is an SEC registered investment adviser owned by Cetera Financial Group®. Cetera Investment Management provides market perspectives, portfolio guidance, model management, and other investment advice to its affiliated broker-dealers, dually registered broker-dealers and registered investment advisers.

**About Cetera Financial Group**

"Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), and Cetera Financial Specialists LLC. All firms are members FINRA / SIPC. Located at 655 W. Broadway, 11th Floor, San Diego, CA 92101.

**About Avantax**

Avantax, Inc. (Avantax) is a wholly owned subsidiary of Aretex Group, Inc. (dba Cetera Holdings). Avantax is a unique community within Cetera Holdings, delivering tax-intelligent wealth management solutions for financial professionals, tax professionals, and CPA firms.

Avantax operates two distinct, but related, models within its business: the independent Financial Professional model and the employee-based model. The independent Financial Professional model, known as Avantax Wealth Management®, works with a nationwide network of Financial Professionals operating as independent contractors. Avantax Wealth Management offers its services through its registered broker-dealer, Avantax Investment Services, Inc., Member FINRA/SIPC, registered investment advisor (RIA), Avantax Advisory Services, Inc., and insurance agency subsidiaries.

The employee-based model, known as Avantax Planning Partners<sup>SM</sup>, offers services through its RIA, insurance agency, and affiliated broker-dealer, Avantax Investment Services, Inc. Avantax Planning Partners collaborates with CPA firms to provide their consumer and small-business clients with holistic financial planning and advisory services.

Avantax Investment Services, Inc. is located at 3200 Olympus Blvd, Suite 100, Dallas, TX, 75019. Avantax and Cetera Financial Group are under common ownership. For additional information, please visit [www.avantax.com](http://www.avantax.com).

**Disclosures**

Individuals affiliated with Cetera firms are either Registered Representatives who offer only brokerage services and receive transaction-based compensation (commissions), Investment Adviser Representatives who offer only investment advisory services and receive fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services.

The material contained in this document was authored by and is the property of Cetera Investment Management LLC. Cetera Investment Management provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative or investment adviser representative is not registered with Cetera Investment Management and did not take part in the creation of this material. He or she may not be able to offer Cetera Investment Management portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific investment, tax, or legal advice to any individual without the benefit of direct and specific consultation with an investment adviser representative authorized to offer Cetera Investment Management services. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.

For more information about Cetera Investment Management, please reference the Cetera Investment Management LLC Form ADV disclosure brochure and the disclosure brochure for the registered investment adviser your adviser is registered with. Please consult with your adviser for his or her specific firm registrations and programs available.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

A diversified portfolio does not assure a profit or protect against loss in a declining market.

**Glossary**

The **S&P 500** is an index of roughly 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of large cap universe.