

What's on Our Minds

MARKET HIGHLIGHTS

- > **Global equity markets declined last week** as investors came to grips with the reality that the US-Israeli military operation in Iran will not be the quick, surgical strike seen in prior initiatives. Energy prices surged on the news.
- > **Bond markets were also under pressure**, with yields spiking higher on the inflationary implications of higher energy prices.
- > **Investors continue to monitor potential fallout** from heightened scrutiny in the private credit space.
- > **The February nonfarm payrolls report from the Bureau of Labor Statistics surprised** with a 92,000 decline in jobs versus an estimate of +60,000, while prior months were revised down by 69,000 jobs. The unemployment rate ticked up to 4.4%, and average hourly earnings came in above estimates at +3.8% year over year.
- > **February Institute for Supply Management manufacturing and services Purchasing Managers' Indexes both beat estimates**, with services hitting its highest level since August 2022. A notable pickup in manufacturing prices paid bears watching from an inflation perspective.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.96%	0.77%
Municipal Bonds 1-10Y	-0.64%	1.26%
U.S. High Yield	-0.44%	0.20%
S&P 500	-1.99%	-1.32%
Russell 2500 (SMID cap)	-4.44%	2.79%
MSCI EAFE (International)	-6.73%	2.68%
MSCI Emerging Markets	-6.88%	6.94%
MSCI ACWI (Global)	-3.70%	0.43%
Crude Oil (NYMEX WTI)	27.74%	58.68%
Gold LBMA PM	-3.51%	17.39%
60/40 ACWI/Agg Portfolio	-2.60%	0.56%

WHAT CAUGHT OUR EYES THIS WEEK

Feeling It at the Pump

The global energy outlook is growing increasingly severe as war in the Persian Gulf begins to disrupt supply. With the Strait of Hormuz effectively closed, shipping backlogs and constrained storage capacity are forcing a few gulf nations to cut production. Getting that production back online when ready will take some time. In the United States, very little of the crude oil we consume comes from the Middle East. Thus, the concern for us is not whether we have access to oil—we do and we will—but rather what price we will pay for it. Even with our energy independence, the fungibility of crude oil makes full immunity impossible. After the first week of the war, gas prices are already up over 25 cents per gallon across the country. Luckily, we're coming off a low base after cheap gas in 2025, but that might make year-over-year figures look rough in the next few months. The graph shows some estimates for what impact different gas prices could have on year-over-year headline Consumer Price Index (CPI) if prices are still elevated come May. It considers just the mechanical flow-through of gasoline to CPI, not accounting or any other knock-on effects, and is based on a \$3.16 per gallon national average as of May 2025 and gasoline's 2.9% weight in the CPI.

Estimated Impact of Different Gas Prices on May 2026 YOY Headline CPI



Please see important disclosures and other key information on page 4.

What's on Our Minds

OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but softer labor markets translate into slower (albeit still positive) trends for consumer spending.
- > **Our current expectations of a recession in the next 12 months are moderately low**, which should allow credit spreads to remain tight.
- > **Benefits from the One Big Beautiful Bill Act will accelerate in 2026**, providing a tailwind for consumer spending and capital expenditures.
- > **The Federal Reserve is still looking to cut interest rates**. We expect one or two cuts for 2026.
- > **We expect S&P 500 profits to continue with their momentum from 2025**, growing in the low to mid-teens again in 2026, and broadening to create new sector leaders in the equity markets.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- > **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. dollar assets.

IN CASE YOU MISSED IT

INSIGHTS

[The 1031 Exchange Market: From Transactional Tax Deferral to Institutional Portfolio Strategy](#)

[Video: March 2026 Economic and Market Outlook](#)

[What the Iran Conflict Means for Your Portfolio](#)

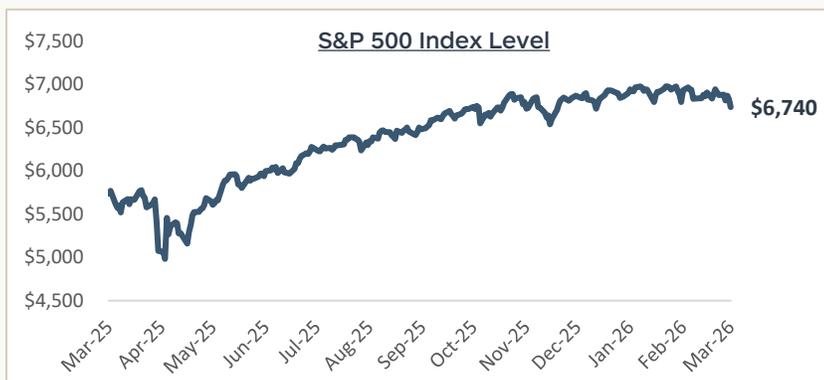
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q1 2026 Market & Economic Outlook](#)

EQUITIES

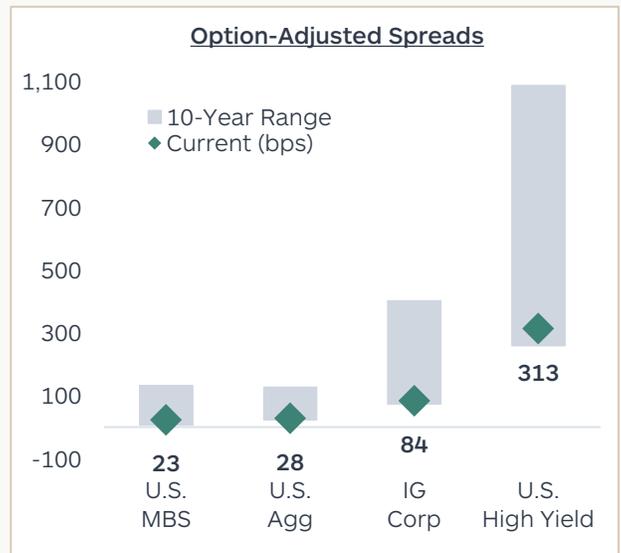


S&P 500 SECTOR	1-WEEK	YTD
Energy	1.0%	26.5%
Information Technology	-0.4%	-5.8%
Consumer Discretionary	-1.4%	-5.1%
Financials	-1.7%	-7.6%
Comm. Services	-2.1%	-1.7%
Utilities	-2.1%	9.5%
Real Estate	-2.3%	6.9%
Industrials	-4.1%	9.6%
Health Care	-4.6%	-1.3%
Consumer Staples	-4.8%	10.7%
Materials	-7.1%	9.5%

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FIXED INCOME

KEY INTEREST RATES	3/6/2026	Δ YTD
Municipal Bonds 1-10Y	2.78%	-0.19%
Effective Federal Funds Rate	3.64%	0.00%
3M T-Bill	3.66%	0.02%
10Y Treasury Yield	4.15%	-0.02%
U.S. Aggregate	4.36%	0.04%
30Y Mortgage Rate	6.11%	-0.14%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.34%	0.26%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	3/6/2026
Crude Oil	\$90.86
Gold	\$5,127.55
U.S. Dollar Index	\$98.99
Bitcoin	\$68,295.00

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THE WEEK AHEAD



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ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, Energy Information Administration, Bureau of Labor Statistics, 3/8/2026. Calculation assumes \$3.16 national average at the end of May 2025 and 2.9% weighting of gasoline in the Consumer Price Index.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 3/6/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 3/6/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 3/6/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 3/6/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 3/6/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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