

What's on Our Minds

MARKET HIGHLIGHTS

- As we enter the third week of the US–Israel operation in Iran, WTI oil prices are around \$100 and Strait of Hormuz traffic has slowed to a trickle. Equities have fallen for three consecutive weeks. Bond markets have not provided their typical cushion, as investors appear more focused on inflationary implications of higher energy prices than near-term economic damage. Further Federal Reserve easing will likely be delayed, but rate hikes are not yet being discussed.
- Economic data confirmed a slowing but still solid US economy, though most readings predate the hostilities.
- February Consumer Price Index rose 0.3% in line with estimates, with both headline and core inflation holding steady at 2.4% and 2.5% year over year, respectively. The subsequent oil price surge has diminished what would otherwise have been a favorable report.
- Treasury yields rose across the curve amid soft auction demand, with inflation concerns and higher defense spending giving bond investors pause. Yields have yet to reach dangerous levels, but the directional move bears watching—bonds should be a buffer if energy prices weigh on growth.

MARKET PERFORMANCE

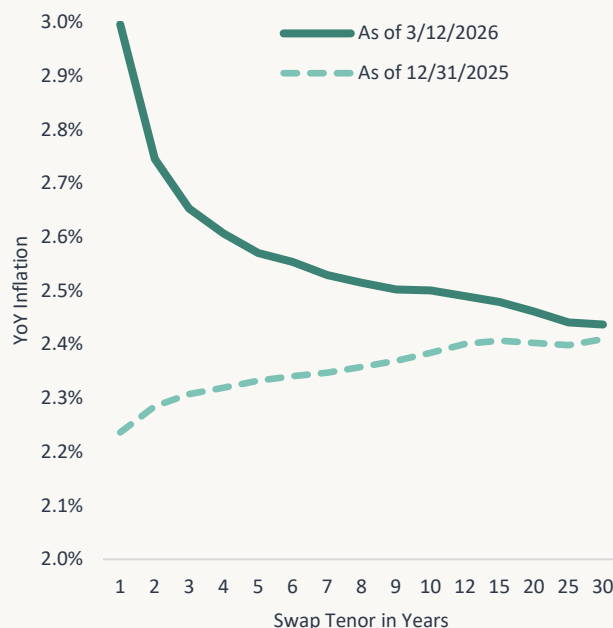
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.92%	-0.16%
Municipal Bonds 1-10Y	-0.51%	0.74%
U.S. High Yield	-0.74%	-0.53%
S&P 500	-1.56%	-2.86%
Russell 2500 (SMID cap)	-1.67%	1.07%
MSCI EAFE (International)	-2.02%	0.61%
MSCI Emerging Markets	-1.96%	4.84%
MSCI ACWI (Global)	-1.74%	-1.31%
Crude Oil (NYMEX WTI)	4.13%	72.13%
Gold LBMA PM	-0.82%	15.50%
60/40 ACWI/Agg Portfolio	-1.41%	-0.85%

WHAT CAUGHT OUR EYES THIS WEEK

A Tough Job Is Getting Tougher

The Federal Open Market Committee (FOMC) meets this week in what will likely be Federal Reserve Chair Jerome Powell's penultimate meeting. No policy changes are expected, but investors will be watching closely for the FOMC's thoughts on what the war in Iran means for the path of inflation and economic growth. More importantly, we will all be looking for hints as to what role the committee sees itself playing in the event of an energy-driven supply shock. Markets are pricing in a meaningful (but not catastrophic) near-term bump in inflation owing to elevated oil prices. Market pricing is rarely an accurate prediction, but the recent moves tell us that the demand for inflation hedges is rising. Accordingly, futures markets are starting to price out rate cuts for 2026 (the base case is now for one cut by year-end, but odds of no cuts are up to 39% from 3% a month ago). But longer-term inflation expectations still appear well anchored, which might allow the Fed to dust off the word "transitory." And don't forget, we just had a rough employment report for February. Safe to say Kevin Warsh will have his hands full when he takes the chair in June.

CPI Swaps: YOY Inflation Curve



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](#)

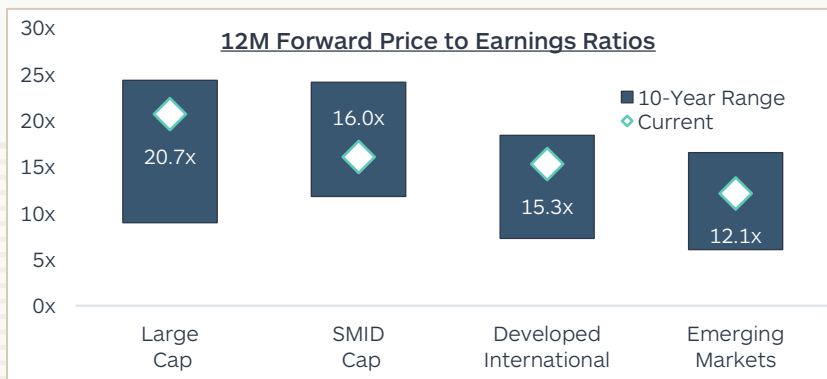
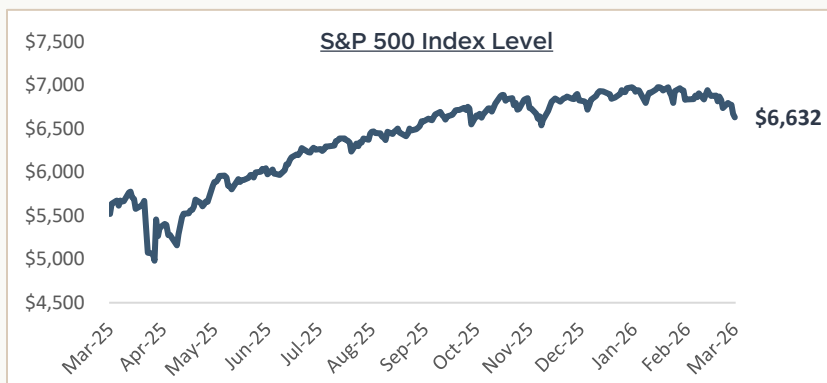
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

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

EQUITIES



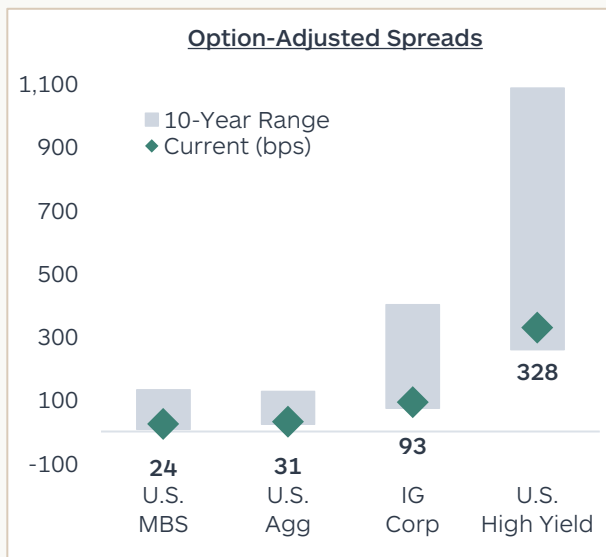
S&P 500 SECTOR	1-WEEK	YTD
Energy	2.2%	29.2%
Utilities	0.5%	10.0%
Consumer Staples	-0.2%	10.5%
Information Technology	-0.8%	-6.6%
Comm. Services	-1.2%	-2.9%
Real Estate	-1.3%	5.5%
Materials	-1.5%	7.9%
Health Care	-2.0%	-3.2%
Consumer Discretionary	-3.0%	-7.9%
Industrials	-3.1%	6.2%
Financials	-3.4%	-10.7%

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What's on Our Minds

FIXED INCOME

KEY INTEREST RATES	3/13/2026	Δ YTD
Municipal Bonds 1-10Y	2.90%	-0.07%
Effective Federal Funds Rate	3.64%	0.00%
3M T-Bill	3.69%	0.06%
10Y Treasury Yield	4.28%	0.11%
U.S. Aggregate	4.54%	0.22%
30Y Mortgage Rate	6.18%	-0.07%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.56%	0.48%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	3/13/2026
Crude Oil	\$98.56
Gold	\$5,044.60
U.S. Dollar Index	\$100.36
Bitcoin	\$71,325.00

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THE WEEK AHEAD

Mar. 16 (Mon)	Mar. 17 (Tue)	Mar. 18 (Wed)	Mar. 19 (Thu)	Mar. 20 (Fri)	Coming Up
Mar. NAHB Housing Market Index	Feb. Pending Home Sales	Feb. PPI	Initial Claims		Mar. Consumer Confidence (3/31)
Feb. Industrial Production		FOMC Meeting	Mar. Philly Fed Index		Mar. ISM Manufacturing (4/1)
		Jan. Factory Orders	Jan. New Home Sales		Mar. Employment Report (4/3)

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What's on Our Minds

March 16, 2026

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

CHART OF THE WEEK: Cerity Partners, Bloomberg, 3/12/2026. Rate cut odds are from CME FedWatch as of 3/16/2026.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 3/13/26. 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 3/13/26 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 3/13/26. 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 3/13/26.

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 3/13/26. 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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