

What's on Our Minds

MARKET HIGHLIGHTS

- > **Skepticism over a quick resolution to the Iran conflict sent equities lower**, with the S&P 500 nearing correction territory from late-January highs and the Nasdaq already there. Bond yields rose across most of the curve as inflation pressures pushed central bankers globally to a more hawkish stance.
- > **The US presented Iran with a 15-point plan** via Pakistan addressing nuclear capabilities, missile production, and Strait of Hormuz access, with a one-month ceasefire offered upon acceptance. With Iranian leadership in disarray, it remains unclear who has authority to negotiate, though military hard-liners appear to have influence given the defiant responses.
- > **Iran's defiant public tone persists**, and Israel appears intent on a prolonged operation aimed at regime change—which would require a longer-term ground troop commitment.
- > **The March S&P Global flash manufacturing Purchasing Managers Index beat expectations** at 52.4 versus 51.3 consensus, up from February's 51.6. However, slowing new orders and a spike in input prices raised stagflation concerns, and the Federal Reserve Bank of Atlanta's GDPNow first-quarter gross domestic product estimate fell to +2.0%.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.12%	-0.79%
Municipal Bonds 1-10Y	-0.68%	-0.47%
U.S. High Yield	-0.49%	-1.32%
S&P 500	-2.10%	-6.68%
Russell 2500 (SMID cap)	0.08%	-0.12%
MSCI EAFE (International)	0.05%	-1.40%
MSCI Emerging Markets	-1.74%	2.66%
MSCI ACWI (Global)	-1.49%	-4.50%
Crude Oil (NYMEX WTI)	11.41%	73.80%
Gold LBMA PM	0.85%	3.12%
60/40 ACWI/Agg Portfolio	-0.94%	-3.02%

WHAT CAUGHT OUR EYES THIS WEEK

Tough Sledding for the 60/40

One of the key challenges in portfolio construction today is a shift in the relationship between stocks and bonds. For much of the past two decades, the two moved in opposite directions. When stock prices fell, bond prices tended to rise, smoothing out portfolio returns by providing attractive rebalancing opportunities. But lately, that dynamic may be changing. Stock-bond correlations have turned positive in recent years, a pattern more reminiscent of the 1970s through the 1990s than the post-2000 era. We can point to several forces that could be driving this shift in behavior, including the return of inflation, persistent fiscal deficits, and rising geopolitical fragmentation, each of which could introduce new scenarios in which bonds don't hold up as well as they used to during periods of equity market volatility. Importantly, we believe that both stocks and bonds continue to serve valuable roles in a diversified portfolio that seeks a balance of capital appreciation and income. But if this new correlation regime proves durable, investors may benefit from broadening their diversification toolkit.

3-Year Trailing Correlation of Returns: S&P 500 vs. Treasuries



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

[Webinar Recording: Economic Outlook Amid Global Uncertainty](#)

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

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

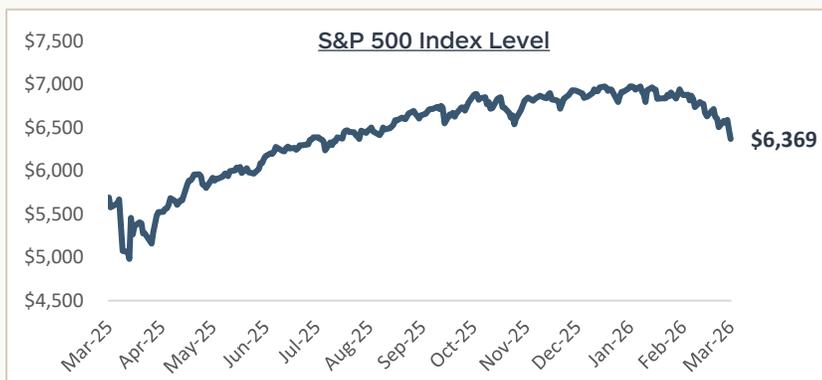
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

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

EQUITIES



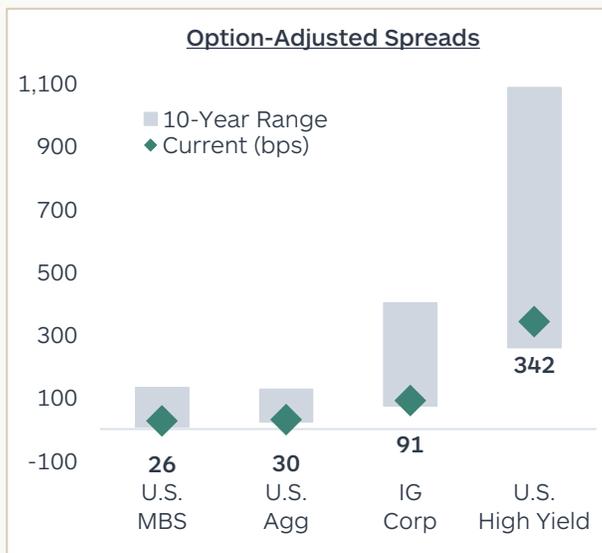
S&P 500 SECTOR	1-WEEK	YTD
Energy	6.2%	41.0%
Materials	4.2%	7.3%
Utilities	2.9%	7.6%
Consumer Staples	1.3%	7.0%
Real Estate	-0.7%	0.7%
Health Care	-1.0%	-7.0%
Industrials	-1.2%	3.0%
Consumer Discretionary	-1.9%	-12.1%
Financials	-2.1%	-12.2%
Information Technology	-3.4%	-11.5%
Comm. Services	-7.2%	-11.2%

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FIXED INCOME

KEY INTEREST RATES	3/27/2026	Δ YTD
Municipal Bonds 1-10Y	3.22%	0.25%
Effective Federal Funds Rate	3.64%	0.00%
3M T-Bill	3.70%	0.07%
10Y Treasury Yield	4.43%	0.27%
U.S. Aggregate	4.69%	0.38%
30Y Mortgage Rate	6.50%	0.25%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.83%	0.75%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	3/27/2026
Crude Oil	\$99.52
Gold	\$4,504.15
U.S. Dollar Index	\$100.15
Bitcoin	\$66,233.39

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THE WEEK AHEAD

Mar. 30 (Mon)	Mar. 31 (Tue)	Apr. 1 (Wed)	Apr. 2 (Thu)	Apr. 3 (Fri)	Coming Up
	Feb. JOLTS Job Openings	Feb. Retail Sales	Initial Claims	Mar. Nonfarm Payrolls & Unemployment Rate	FOM Minutes (4/8)
	Mar. Consumer Confidence	Mar. ADP Employment			Feb. Personal Income and Outlays (4/9)
	Jan. FHFA Home Price Index	Mar. ISM Manufacturing			Mar. CPI (4/10)

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March 30, 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, FactSet, S&P 500, Bloomberg US Treasury Index, LBMA Gold PM, January 1974–February 2026, monthly rebalanced.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 3/27/26. 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 3/27/26 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 3/27/26. 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 3/27/26.

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 3/27/26. 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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