

What's on Our Minds

MARKET HIGHLIGHTS

- > **Investor focus was squarely on US-Iran negotiations in Pakistan over the weekend.** Anticipation of a resolution drove equities higher for a second straight week, but talks ended without agreement. Iran's nuclear ambitions and its leverage over Strait of Hormuz shipping remain key sticking points.
- > **March Consumer Price Index (CPI) reflected the initial impact of the conflict:** Headline prices rose 0.9% month over month, pushing year-over-year inflation to 3.3% from 2.4% in February, driven by a 21.2% monthly surge in gasoline prices. Core CPI was a bright spot at +0.2% month over month (below the 0.3% estimate), with year-over-year core going up to 2.6%.
- > **The Institute of Supply Management's March Services report came in at 54.0,** a slight miss but still squarely in expansionary territory.
- > **The April preliminary University of Michigan consumer sentiment survey dropped sharply to 47.6,** signaling growing caution among consumers. Notably, one-year inflation expectations jumped to 4.8% from 3.8%, while five-year expectations held relatively anchored at 3.4%, suggesting consumers view the energy price spike as temporary.

MARKET PERFORMANCE

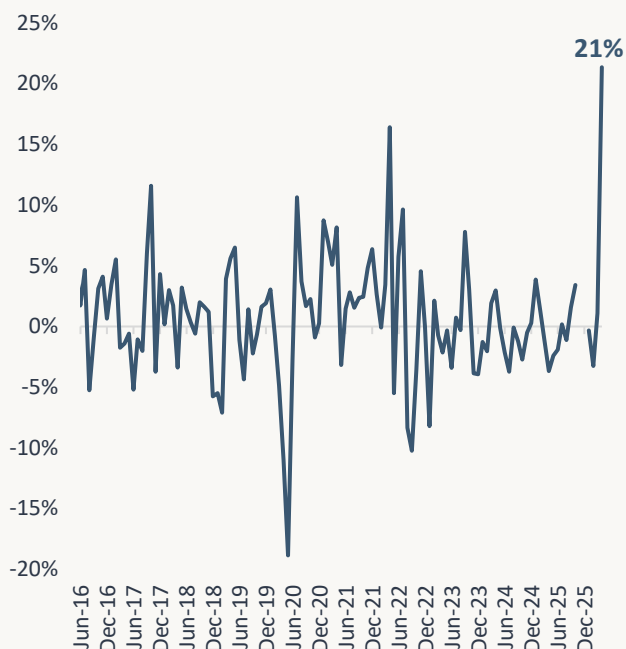
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.33%	0.29%
Municipal Bonds 1-10Y	0.53%	0.49%
U.S. High Yield	0.91%	0.77%
S&P 500	3.58%	-0.07%
Russell 2500 (SMID cap)	3.85%	7.58%
MSCI EAFE (International)	4.42%	6.09%
MSCI Emerging Markets	7.44%	10.67%
MSCI ACWI (Global)	4.13%	2.38%
Crude Oil (NYMEX WTI)	-15.31%	68.63%
Gold LBMA PM	2.90%	9.29%
60/40 ACWI/Agg Portfolio	2.61%	1.54%

WHAT CAUGHT OUR EYES THIS WEEK

Pain at the Pump

As expected, we got a hot CPI print, with headline inflation up 0.9% on the back of a 21% monthly increase in gasoline. This figure incorporates some, but not all, of the spike in prices we've seen so far, up to a \$4.13 national average as of Monday, April 13. Unless things reverse quickly (unlikely), we could see another rough print for April, with gas alone contributing near 1% to a year-over-year headline figure close to 4%. The big macro question is how consumers will react to this kind of sticker shock at the pump. If we hold their behavior constant, an increase to \$4 per gallon would require roughly \$700 more in annual spending on gas per household, or about \$100 billion nationally, which in a vacuum would mean \$100 billion less in spending on everything else. That alone, in the context of \$21 trillion of total consumption, is not likely to move the needle. But it's not alone: Other downstream impacts from the war, like higher airfare, costs for shipping and raw materials, and any potential shortages, will also be factors. Fortunately, there are some offsets, with higher tax refunds from last year's tax bill providing a timely cushion to a population that is largely still employed and enjoying decent—albeit slowing—wage growth.

Month-Over-Month CPI: Energy Commodities



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

[First Quarter 2026 Review and Second Quarter 2026 Economic and Market Outlook](#)

[Don't Let Tax Penalties Catch You by Surprise](#)

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

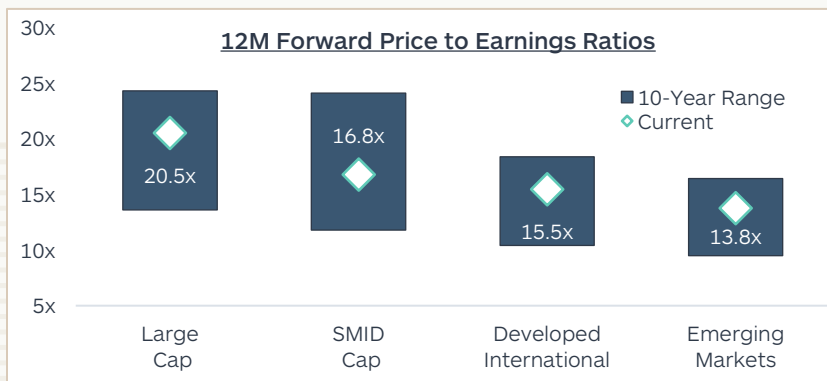
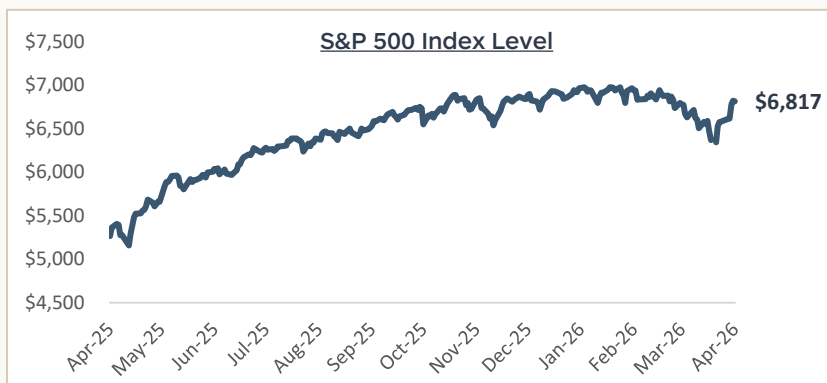
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

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

EQUITIES

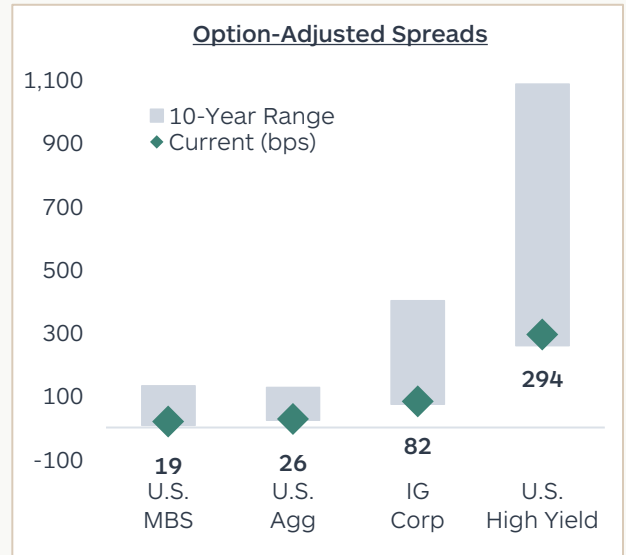


S&P 500 SECTOR	1-WEEK	YTD
Comm. Services	5.9%	0.0%
Consumer Discretionary	5.8%	-4.5%
Information Technology	4.8%	-3.0%
Industrials	4.7%	10.9%
Materials	3.5%	14.9%
Real Estate	2.9%	7.7%
Financials	2.5%	-6.8%
Utilities	1.3%	10.8%
Consumer Staples	0.5%	8.3%
Health Care	0.4%	-4.4%
Energy	-4.1%	28.1%

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FIXED INCOME

KEY INTEREST RATES	4/10/2026	Δ YTD
Municipal Bonds 1-10Y	3.03%	0.06%
Effective Federal Funds Rate	3.64%	0.00%
3M T-Bill	3.68%	0.05%
10Y Treasury Yield	4.32%	0.15%
U.S. Aggregate	4.54%	0.22%
30Y Mortgage Rate	6.51%	0.26%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.34%	0.26%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	4/10/2026
Crude Oil	\$96.56
Gold	\$4,773.75
U.S. Dollar Index	\$98.65
Bitcoin	\$73,825.00

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THE WEEK AHEAD



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

What's on Our Minds

April 13, 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, Bureau of Labor Statistics, as of March 2026.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 4/10/26. 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 4/10/26 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 4/10/26. 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 4/10/26.

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 4/10/26. 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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