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ECONOMIC REVIEW¹

- The Iran war remained the primary focus for markets last week as strikes continued and there have been no publicly announced signs from both parties that a resolution is near.
 - As the conflict looks to enter its fifth week, investors continue to assess how the war could impact global growth in the short and long term and the potential ripple effects across multiple asset classes.
- U.S. export prices increased 1.5% in February, the largest monthly gain since 2022, and are up 3.5% year over year, indicating stronger global demand and higher prices for U.S. goods.
 - Most of the rise came from natural gas, crude oil, metals, and chemicals, showing continued strength in industrial and energy-related exports.
- Likewise import prices rose 1.3% in February, the largest monthly increase since 2022, potentially signaling renewed cost pressure coming from overseas goods.
 - Fuel import prices rose 3.8%, led by higher petroleum and natural gas prices.
- The University of Michigan consumer sentiment index declined from 56.6 to 53.3 in March, as the ongoing U.S.-Iran conflict pushed gasoline prices higher and weighed on stock prices.
- Initial jobless claims in the U.S. rose modestly by 5,000 to 210,000, largely in line with expectations and still consistent with a relatively stable labor market.
- Continuing jobless claims decreased to 1.82 million, which marked the lowest weekly level since May 2024.

How does the most recent economic data impact you?

- Rising export and import prices point to solid global demand but also potentially signal renewed inflation pressures, likely keeping the Federal Reserve on the sidelines from cutting interest rates soon.
- Consumer sentiment may remain pressured as long as the conflict persists and energy prices stay elevated. However, real-time spending data suggests consumers are still spending steadily, indicating no clear signs of a slowdown as long as the conflict remains relatively contained.
- Initial and continuing jobless claims indicate there hasn't been a deterioration in employment conditions.



A LOOK FORWARD¹

- During this holiday shortened trading week, investors will be closely watching retail sales, labor market reports, and manufacturing data.

How does this week's slate of economic data impact you?

- Despite consumer sentiment remaining low, consumers have continued to spend at a steady pace. The resilience in spending will be an important factor in sustaining overall economic growth.
- After last month's weaker-than-expected jobs report, this will be a key data release to see if hiring rebounds. Signs of stabilization in the labor market could further push back expectations for when the Federal Reserve might begin cutting interest rates.
- Manufacturing activity has gained momentum over the past couple of months. If this latest reading comes in above 50, it will mark three straight months of expansion, which hasn't occurred since the second half of 2022.



MARKET UPDATE²

| Market Index Returns as of 3/27/26 | WTD | QTD | YTD | 1 YR | 3 YR | 5 YR |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| S&P 500 | -2.10% | -6.68% | -6.68% | 15.56% | 18.69% | 11.51% |
| NASDAQ | -3.22% | -9.73% | -9.73% | 21.70% | 22.24% | 10.59% |
| Dow Jones Industrial Average | -0.90% | -5.65% | -5.65% | 10.48% | 13.81% | 8.49% |
| Russell Mid-Cap | -0.19% | -0.57% | -0.57% | 14.38% | 14.04% | 6.82% |
| Russell 2000 (Small Cap) | 0.47% | -1.05% | -1.05% | 22.69% | 13.40% | 3.37% |
| MSCI EAFE (International) | 0.05% | -1.40% | -1.40% | 18.58% | 14.54% | 7.83% |
| MSCI Emerging Markets | -1.74% | 2.66% | 2.66% | 30.92% | 16.70% | 4.42% |
| Bloomberg US Agg Bond | -0.12% | -0.79% | -0.79% | 3.81% | 3.60% | 0.14% |
| Bloomberg High Yield Corp. | -0.47% | -1.29% | -1.29% | 6.08% | 8.95% | 4.12% |
| Bloomberg Global Agg | -0.49% | -1.59% | -1.59% | 3.83% | 2.48% | -1.65% |



OBSERVATIONS

- Major U.S. large-cap indices finished the week lower amid continued market volatility and growing concerns about the potential impact of the ongoing U.S. – Iran conflict on economic growth
 - The Nasdaq led the decline for the week (-3.22%), followed by the S&P 500 (-2.10%), and the Dow Jones (-0.90%).
- Mid-cap stocks also finished the week lower but held up better than large caps, declining -0.19%. Small-cap stocks were the best performer and posted a modest gain, rising +0.47%.
- Developed international markets were flat for the week (+0.05%), while emerging markets posted weaker returns (-1.74%) as investors weighed the impact of energy supply disruptions on their economic growth.
- Domestic and international fixed income indices moved lower the week as interest rates rose. The U.S. Aggregate Bond Index dipped -0.12% while high-yield corporate bonds declined -0.47%.
 - International bonds also experienced lower returns for the week and finished down -0.49% as markets begin to price in the possibility of rate hikes.



BY THE NUMBERS

Pakistan Hosts Diplomatic Discussions on Ending War: Pakistan will host Saudi Arabia, Turkey and Egypt for talks on the Iran war as Islamabad positions itself as a potential venue for U.S.-Iran negotiations on the month-old conflict. The four countries' foreign ministers will hold "in-depth discussions on a range of issues, including efforts to de-escalate tensions in the region" during the two-day talks, Pakistan's foreign ministry said. The four nations have been involved in trying to mediate between Washington and Tehran in the war launched by the U.S. and Israel on February 28, and all are acutely vulnerable to threats to energy supplies and trade routes.³

TSA Workers Might Get Paid Monday, but Airport Woes Could Linger for Longer: Transportation Security Administration officers could get their first full paycheck in more than six weeks as early as Monday after President Donald Trump signed an executive order on Friday instructing the Homeland Security secretary to pay them immediately. However, travel experts and labor leaders said the mammoth security lines at some U.S. airports would not disappear overnight and could linger into next week or longer while TSA workers wait for their back pay, airports assess their staffing and Congress remains at odds over funding the Department of Homeland Security. School districts and colleges across the country have upcoming spring breaks, and travel also picks up around holidays like Passover and Easter. A handful of airports experienced daily TSA officer callout rates of 40%. Nationwide on Thursday, more than 11.8% of the TSA employees on the schedule missed work, the most so far, the department said Friday.⁴

Economic Definitions

Continuing Jobless Claims: Continuing claims are the number of people filing for unemployment benefits who have already filed an initial claim. To be included in continuing claims, the person must be covered by unemployment insurance and must be currently receiving benefits. They must have been unemployed for at least a week after filing the initial claim, per Department of Labor (DoL) specifications.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

ISM Manufacturing Index: The Manufacturing ISM Report On Business is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 3/27/2026.

² Data obtained from Morningstar as of 3/27/2026.

³ [Pakistan to host talks with Saudi Arabia, Turkey, Egypt amid Iran war diplomacy | Reuters](#)

⁴ [TSA worker pay won't eliminate airport woes overnight, experts say | AP News](#)

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