CAPITAL MARKETS REPORT - MARCH 16, 2026

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SERVICE BEYOND COMPARISON

- **Oil Surges Above $100 as Iran Conflict Roils Markets**
- **Slowing Growth and Sticky Inflation Complicate The Fed Outlook**

Escalating military conflict between the U.S., Israel, and Iran pushed Brent crude above $100 per barrel, triggering volatility across global markets. Equities declined last week as investors weighed the inflationary implications of higher energy costs and potential supply disruptions tied to the Strait of Hormuz—a critical chokepoint responsible for roughly one-fifth of global oil flows.

For the week, the S&P 500 and Nasdaq finished lower, the dollar strengthened, and Treasury yields drifted higher as investors shifted toward a more risk-averse posture. Analysts note that the potential disruption to oil supply is already being described as one of the largest shocks to global energy markets in decades. Sustained increases in energy prices could complicate the inflation outlook and potentially delay expectations for Fed rate cuts.

Initial jobless claims edged down to 213K last week, indicating layoffs remain limited despite a growing number of corporate job-cut announcements. However, broader labor indicators show signs of moderation. Recent payroll data revealed weaker hiring momentum, and surveys of small-business hiring plans point to slower job creation ahead. While claims remain low, the broader trend suggests labor demand is gradually cooling as businesses adjust to slower economic growth and increased uncertainty.

Recent economic data indicate the U.S. economy was already losing momentum prior to the escalation in Middle East tensions. Inflation-adjusted consumer spending rose only modestly in January, while fourth-quarter GDP growth was revised sharply lower to an annualized rate of just .7%. At the same time, the Federal Reserve's preferred inflation gauge—core PCE—remained firm at 3.1% year-over-year, driven largely by persistent services inflation.

Higher energy prices, softening labor conditions, and declining consumer sentiment could further weigh on household spending in the months ahead. These crosscurrents leave the Federal Reserve facing a challenging policy backdrop, as geopolitical developments risk pushing inflation higher even as economic growth slows.

Market Last Week

	3/6/2026	3/13/2026	Weekly Change In Bps
2 yr. Note	**3.56%**	**3.67%**	**11**
5 yr. Note	**3.73%**	**3.80%**	**7**
10 yr. Note	**4.14%**	**4.23%**	**9**
30 yr. Bond	**4.73%**	**4.85%**	**12**
SOFR Rate	**3.66736%**	**3.67812%**	**1.076**

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
3/16/2026 8:30 AM	Empire Manufacturing (Mar)	3.90	7.10
3/16/2026 9:15 AM	Industrial Production MoM (Feb)	0.10%	0.70%
3/17/2026 10:00 AM	Leading Index (Feb)	--	-0.20%
3/18/2026 8:30 AM	PPI Final Demand YoY (Feb)	3.00%	2.90%
3/18/2026 8:30 AM	PPI Ex Food and Energy YoY (Feb)	3.70%	3.60%
3/18/2026 10:00 AM	Factory Orders (Jan)	0.30%	-0.70%
3/18/2026 10:00 AM	Durable Goods Orders (Jan F)	0.00	0.00%
3/18/2026 2:00 PM	**FOMC Rate Decision**	**3.50% - 3.75%**	**3.50% - 3.75%**
3/19/2026 8:30 AM	Initial Jobless Claims (Mar 14)	215k	213k
3/19/2026 8:30 AM	Continuing Claims (Mar 7)	1850k	1850k
3/19/2026 8:30 AM	Philadelphia Fed Business Outlook (Mar)	10.00	16.30
3/19/2026 10:00 AM	New Home Sales (Jan)	-2.70%	-0.02