

April 1, 2026

March Market Recap

All eyes were turned toward the Middle East throughout the month of March, with the US and Israel's ongoing conflict with Iran causing energy prices to surge. The closure of the Strait of Hormuz, alongside damage to energy infrastructure across the gulf region, caused crude to rise above \$100 a barrel for the first time since 2022.

Equity markets were notably resilient early in the conflict, but by the end of the month showed increased concern for prolonged global energy turmoil. Bond markets shifted meaningfully as investors repriced future inflation risk and reassessed expectations for Federal Reserve (Fed) activity later in the year.

The major US indices ended the month down in their first major pullback of the year. Looking ahead, the markets are likely to follow the headlines and remain volatile until some clarity emerges regarding the endgame for the current hostilities.

"At its core, the Iran conflict is a standoff between US and Israeli efforts to degrade Iran's military capabilities and Iran's ability to inflict global economic pain by disrupting the Strait of Hormuz," said Raymond James Chief Investment Officer Larry Adam. "That's why oil remains the key swing factor, with the potential to influence Fed policy, the economy and equity markets. The longer this conflict persists into April without deescalation, the greater the likelihood we'll need to sharpen our pencils and revisit our year-end economic and asset class forecasts. As always, we're closely monitoring developments."

We'll dive into more details below, but first, let's look at how the month of March ended.

	12/31/25 Close	3/31/26 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	48,063.29	46,341.51	-1,721.78	-3.58
NASDAQ	23,241.99	21,590.63	-1,651.36	-7.11
S&P 500	6,845.50	6,528.52	-316.98	-4.63
MSCI EAFE	2,892.71	2,826.93	-65.78	-2.27
Russell 2000	2,481.91	2,496.35	+14.44	+0.58
Bloomberg Aggregate Bond	2,348.85	2,342.93	-5.92	-0.25

*Performance reflects index values as of market close on March 31, 2026.

Cushion for US equities

Despite chaos with oil markets and foreign wars, the homefront has some breathing room. This is thanks to upcoming tax refunds, which stand to inject purchasing power into the domestic economy. Time will tell if that buffer is enough to stave off the negative consequences of the conflict, which could hamper the economy and the markets if not resolved quickly.

Inflation risk jeopardized rate cuts

Treasuries fell notably this past month as yields rose between 40 and 50 basis points across most of the yield curve. Oil prices, inflation risk and newly revised expectations regarding rate cuts were the driving forces at play. Projections are still showing a 25-point cut later in the year, but Fed Chair Jerome Powell made it clear that further inflation pressures could lead to no cut at all.

A worst-case scenario for monetary policy

With gas prices on the rise and inflation likely to follow, last month's disappointing employment numbers from the Bureau of Labor Statistics present a serious challenge to the Fed when it comes to monetary policy. The Fed's dual mandate of minimizing both inflation and unemployment is further complicated when both are on the rise. A negotiated settlement of the conflict with Iran, leading to lower oil prices and cooling inflationary pressure, would provide the most optimal resolution.

Disrupted supply lines aren't just for oil

Average gasoline prices topping \$4 a gallon in the US have illustrated that no country is immune to the largest oil supply disruption since World War II. While the oil market is dominating headlines, other supply chains with exposure to the Persian Gulf are also facing challenges. Curtailed exports of natural gas, helium, urea, sulfur and aluminum are affecting industries such as semiconductors, autos and agriculture.

Key steps toward bank deregulation

On the domestic politics front, the revised Basel III capital proposal signaled incoming capital relief for banks who, on the other side, continue to fight separate battles over the CLARITY Act and the fate of stablecoin yields. A framework for a compromise was reached in late March, but the path toward a breakthrough and material steps forward remains cloudy given key industry opposition.

The bottom line

For now, much remains bound to the outcomes of the war in the Middle East. While hoping for a swift end to hostilities and a return to normalcy for the energy sector, only time will tell how much damage has been done and its long-term effects on oil and its many derivatives. Investors should expect heightened volatility in the short term but remain confident that temporary geopolitical issues rarely shake the overall macro trends of long-term positions.

Sincerely,

Jeff

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