March 2026

DeMarche Dashboard

A Flash Report on Markets and the Economy

Data and Commentary for the Period Ended 03/31/2026

Global Overview

Global equity markets declined in March as geopolitical tensions intensified, driving energy prices and inflation expectations higher. As a result, yields moved higher, financial conditions tightened, and performance weakened across both developed and emerging markets. Central banks remained constrained, as persistent inflation limited the scope for policy easing despite signs of moderating growth. Commodity markets experienced broad based increases, reinforcing cost pressures across energy, industrial metals, and agriculture, while supply chain disruptions added further strain to global trade. Volatility increased across asset classes, with moves in equities, rates, and commodities becoming more closely linked during the month. Performance was broadly negative across regions, though declines were more pronounced in markets with greater sensitivity to energy prices and external financing conditions. Within equities, leadership narrowed as prior areas of strength weakened alongside the broader market. Broadly, higher input costs and rising yields added pressure across both consumers and businesses.

U.S. Markets & Economy

March marked a clear shift for US markets, as geopolitical uncertainty outweighed the economic resilience seen earlier in the year. The S&P 500 declined 5.0% for the month, its worst performance since September 2022, as a sharp escalation in the US Iran conflict drove a broad repricing of risk through higher energy prices, rising inflation expectations, and increased Treasury yields. Unlike prior periods of volatility, which were typically confined to specific market segments, March's drawdown was notable for its breadth and speed, with every major index posting negative returns. While markets deteriorated, macroeconomic indicators remained broadly resilient. Consumer sentiment presented a mixed picture, with confidence increasing modestly from 91.2 to 91.8 as current conditions improved, though expectations weakened sharply amid inflation fears, higher gas prices, and geopolitical conflict. This trend was also evident in the manufacturing sector, where PMI edged higher from 52.6 to 52.7. Similarly, labor market conditions remained firm, with initial jobless claims declining from 213,000 to 202,000. What had been a broadening of market leadership earlier in the year began to unwind as geopolitics overshadowed fundamentals, pulling major US indices lower. Growth led the decline, with the Russell 2000 Growth down 6.3% and the Russell 1000 Growth falling 5.2%, while value held up better, with declines of 3.6% and 4.8%, respectively. The broader Russell 1000 and Russell 2000 each fell 5.0%.

The Federal Reserve held interest rates steady at 3.50%–3.75% in March 2026, signaling caution amid inflationary pressures and geopolitical uncertainty. Treasury yields moved higher across the curve, particularly at the 2 and 10 year marks, as rising oil prices fueled renewed inflation concerns. Credit spreads widened during the month, with investment-grade spreads increasing from 86 to 90 bps and high-yield spreads widening from 312 to 328 bps. The Bloomberg Aggregate declined 1.8%, with the weakest performance at the long end as the Bloomberg U.S. Government/Credit Long Index fell 3.6%, while the ICE BofA U.S. High Yield Index declined 1.2%.

International Markets & Economy

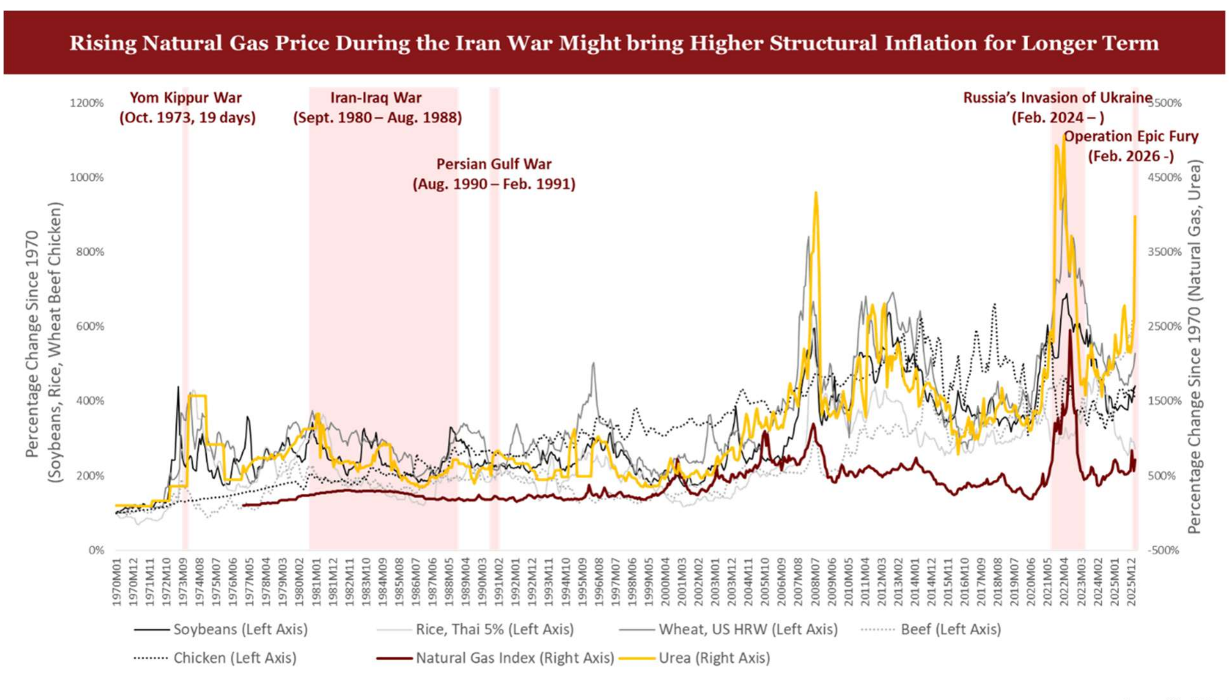
The Eurozone faced renewed inflationary pressure in March as the escalating Middle East conflict pushed energy prices higher. Germany's headline CPI rose from 1.9% in February to 2.7% in March, driven mainly by a 7.2% increase in energy prices, while leading economic institutes cut the country's 2026 GDP growth forecast from 1.3% to 0.6% amid rising energy costs and a cooling labor market, with unemployment steady at 6.3%. Japan's parliament passed its fiscal 2026 budget, calling for record general account spending of 122,309.2 billion yen, reflecting Prime Minister Takaichi's expansionary fiscal stance to spur growth, though it includes no measures to offset rising energy costs tied to the

Middle East conflict. The budget also allocates more than 9 trillion yen, or about 2% of GDP, to defense for the first time. The Bank of Japan kept its key short term rate unchanged at 0.75% at its March 2026 meeting. The MSCI EAFE Index declined 10.3% in March, retreating from February's all-time highs, largely due to the energy shock, which lifted Eurozone inflation expectations and reinforced concerns around higher for longer ECB policy. During the National People's Congress, China set its 2026 GDP growth target at 4.5% to 5.0%, its lowest in decades, reflecting a shift away from debt driven infrastructure, while maintaining a record budget deficit target of 4% of GDP to counter deflationary pressures and property sector weakness through consumer subsidies. The MSCI Emerging Markets Index fell 13.1% in March as the Iran conflict exposed vulnerabilities tied to energy import dependence, currency depreciation, and rising inflation pressures across developing economies.

In the News

One month into the Iran war, Brent crude rose 71% in March to $121.88 per barrel and TTF natural gas increased 49%, reinforcing inflation expectations, with the CME FedWatch Tool now signaling no Federal Reserve rate cuts and three European Central Bank hikes before March 2027. The closure of the Strait of Hormuz has disrupted global trade, forcing ships around Africa and adding 10 to 14 days to transit times, while maritime insurance premiums have surged and freight rates have more than tripled. Commodity pressures are broad based, with helium prices doubling and aluminum rising over 10%, while fertilizer markets are under acute strain as urea prices increased 48% to $690 per ton, with the Gulf region supplying 46% of global nitrogen exports, driving import prices at the Port of New Orleans up 37% and retail prices in the Corn Belt up more than 40%. Global farming unions warn that the speed of these increases has limited hedging, putting the 2026 to 2027 crop cycle at risk given fertilizer accounts for 20% to 30% of grain production costs and prices become embedded during the spring planting season, with current increases in urea and phosphate, up about 30%, expected to flow through to higher crop prices within six to nine months and eventually raise dairy and meat prices through higher feed costs. Historically, when oil exceeds $100, food prices rise 50% to 100%, and despite strong domestic supply, US gasoline prices have climbed from about $3.40 to $4.14 over the past month, adding an estimated $100 to $150 in monthly costs for the average household, while Europe remains more exposed due to its reliance on imports, with inflation rising to 2.5% in March from 1.9% largely driven by energy costs.

Chart of the Month



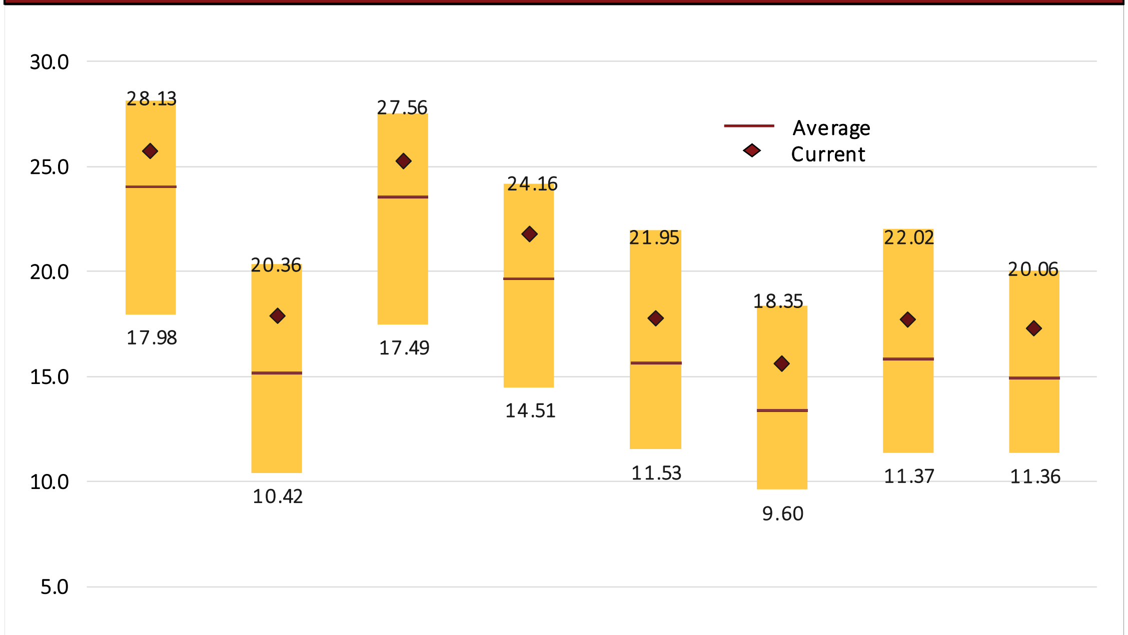
Capital Markets Overview

		TRAILING			ANNUALIZED			
		1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market	MSCI World NR USD	(6.37)	(3.57)	(3.57)	18.90	16.77	10.27	11.80
	Bloomberg US Agg Bond TR USD	(1.76)	(0.05)	(0.05)	4.35	3.63	0.31	1.70
	Russell 3000 TR USD	(4.97)	(3.96)	(3.96)	18.09	17.86	10.87	13.72
	DJ Industrial Average TR USD	(5.20)	(3.19)	(3.19)	12.23	13.77	9.11	12.49
	NASDAQ Composite PR USD	(4.75)	(7.11)	(7.11)	24.81	20.89	10.26	16.06
	MSCI EAFE NR USD	(10.29)	(1.24)	(1.24)	21.27	13.62	7.91	8.38
	FTSE Treasury Bill 3 Mon USD	0.32	0.93	0.93	4.22	4.97	3.49	2.32
	Bloomberg Commodity TR USD	11.50	24.41	24.41	32.29	13.88	14.04	8.02
Domestic Equities	S&P 500 TR USD	(4.98)	(4.33)	(4.33)	17.80	18.32	12.06	14.16
	S&P MidCap 400 TR	(5.39)	2.50	2.50	17.35	12.09	6.92	10.58
	S&P SmallCap 600 TR USD	(4.07)	3.51	3.51	20.50	10.51	4.49	9.90
	Russell 1000 TR USD	(4.97)	(4.18)	(4.18)	17.74	18.14	11.34	13.97
	Russell 1000 Growth TR USD	(5.21)	(9.78)	(9.78)	18.81	21.18	12.76	16.83
	Russell 1000 Value TR USD	(4.82)	2.10	2.10	15.87	14.31	9.43	10.58
	Russell Mid Cap TR USD	(5.33)	1.29	1.29	15.98	13.33	7.26	10.91
	Russell Mid Cap Growth TR USD	(6.27)	(6.35)	(6.35)	9.56	12.74	5.37	11.69
	Russell Mid Cap Value TR USD	(5.06)	3.68	3.68	17.62	13.14	7.94	9.75
	Russell 2000 TR USD	(5.00)	0.89	0.89	25.72	13.05	3.77	9.88
	Russell 2000 Growth TR USD	(6.30)	(2.81)	(2.81)	23.58	12.27	1.62	9.79
	Russell 2000 Value TR USD	(3.64)	4.96	4.96	28.09	13.80	5.79	9.61
International Equities	MSCI ACWI Ex USA NR USD	(10.79)	(0.71)	(0.71)	24.91	14.49	7.02	8.38
	MSCI EAFE NR USD	(10.29)	(1.24)	(1.24)	21.27	13.62	7.91	8.38
	MSCI EAFE Growth NR USD	(11.83)	(4.71)	(4.71)	12.67	7.51	3.55	7.13
	MSCI EAFE Value NR USD	(8.90)	2.00	2.00	30.05	19.86	12.19	9.34
	MSCI Japan NR USD	(12.42)	1.37	1.37	25.88	15.73	6.56	8.50
	MSCI AC Asia Ex Japan NR USD	(13.73)	(1.18)	(1.18)	28.37	14.12	2.94	8.23
	MSCI Europe NR USD	(9.90)	(2.82)	(2.82)	19.11	13.25	8.79	8.49
	MSCI United Kingdom NR USD	(7.71)	2.02	2.02	25.65	16.81	12.42	8.30
	MSCI EAFE Small Cap NR USD	(10.93)	(1.25)	(1.25)	25.55	12.65	4.43	7.42
	MSCI EM NR USD	(13.06)	(0.17)	(0.17)	29.55	14.84	3.69	7.80
Fixed Income	Bloomberg US Govt/Credit TR USD	(1.81)	(0.20)	(0.20)	3.86	3.41	0.24	1.79
	Bloomberg US Govt/Credit Interm TR USD	(1.22)	(0.02)	(0.02)	4.41	4.24	1.33	2.04
	Bloomberg US Govt/Credit Long TR USD	(3.63)	(0.76)	(0.76)	2.17	0.90	(2.93)	1.18
	ICE BofA US High Yield TR USD	(1.19)	(0.55)	(0.55)	6.90	8.50	4.19	6.05
	VettaFi US High Yield USD	(1.04)	(0.53)	(0.53)	7.09	8.34	4.23	6.03
	Morningstar LSTA US LL TR USD	0.54	(0.55)	(0.55)	4.81	8.00	5.93	5.61
	FTSE WGBI NonUSD USD	(4.21)	(1.76)	(1.76)	4.14	0.97	(4.29)	(1.20)
	Bloomberg Gbl Agg Ex USD TR USD	(4.13)	(1.87)	(1.87)	4.18	1.62	(2.90)	(0.42)
REITs	FTSE Nareit All REITs TR	(6.24)	3.30	3.30	2.10	6.37	3.36	5.26
	Wilshire US REIT TR USD	(5.74)	4.78	4.78	6.55	9.71	6.05	5.50

USD - US dollar priced index **TR** - Total Return **PR** - Price Return **LCL** - Local Currency Priced Index **NR** - Return includes reinvested net dividends

Source: Morningstar

Current Trailing P/E vs. Trailing 5-Year High, Low Average



	S&P 500	Russell 2000	Russell 1000	MSCI AC World	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Month	Sep-25	Apr-21	Sep-25	Apr-21	Apr-21	Apr-21	Apr-21	Apr-21
Low Month	Sep-22	Sep-22	Sep-22	Sep-22	Sep-22	Oct-22	Sep-22	Sep-22

Source: Morningstar; Data as of 03/31/2026

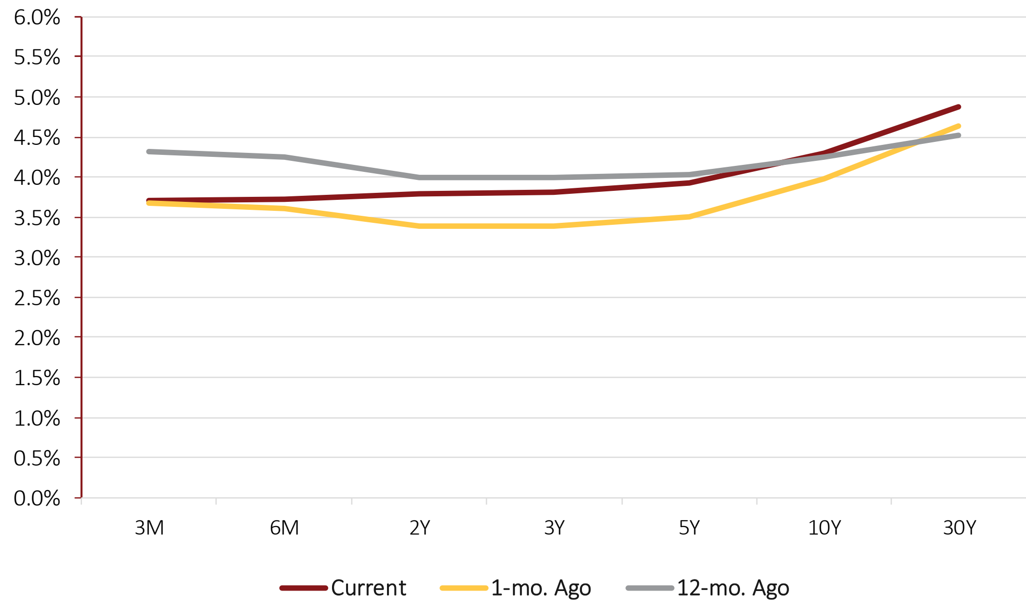
Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates[3] *per US $*		Inflation[2]
	Latest[1]	2026[1]	2027[1]	*(Most recently available)*	*Sovereign Bonds, 10 Year*	Current	1 Year Ago	*(Most recently available)*
United States	0.70	1.72	1.86	4.40	4.31	-	-	2.50
China	1.20	4.41	4.34	5.30	1.82	6.91	7.26	1.80
Japan	0.30	0.89	0.90	2.60	2.30	160.16	149.90	1.60
United Kingdom	0.10	1.17	1.33	5.20	4.78	1.33	1.29	3.20
Euro Area	0.20	1.21	1.40	6.20	3.45	1.15	1.08	2.30
Germany	0.30	1.00	1.45	6.30	2.99	1.15	1.08	2.50
France	0.20	0.95	1.04	7.90	3.68	1.15	1.08	0.90
Italy	0.30	0.62	0.74	5.30	3.85	1.15	1.08	2.40
Canada	-0.20	1.27	1.70	6.70	3.47	1.39	1.44	2.30
India	1.80	6.15	6.45	4.90	7.00	90.75	87.06	4.95
Mexico	0.90	1.17	1.73	2.60	9.16	18.02	20.46	4.50
Brazil	0.10	1.67	2.23	5.80	13.99	5.23	5.74	4.72

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

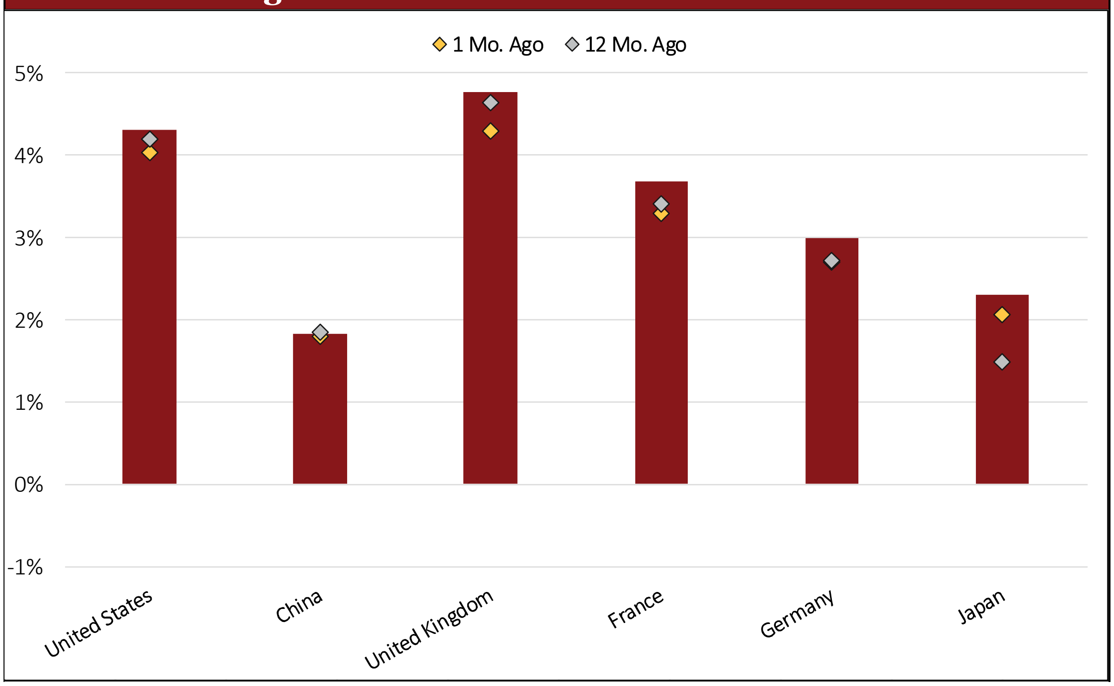
1. Latest GDP is seasonally adjusted annualized rate. 2026 & 2027 is forecasted data from OECD
2. In terms of Core CPI
3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)
4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates

U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 03/31/2026

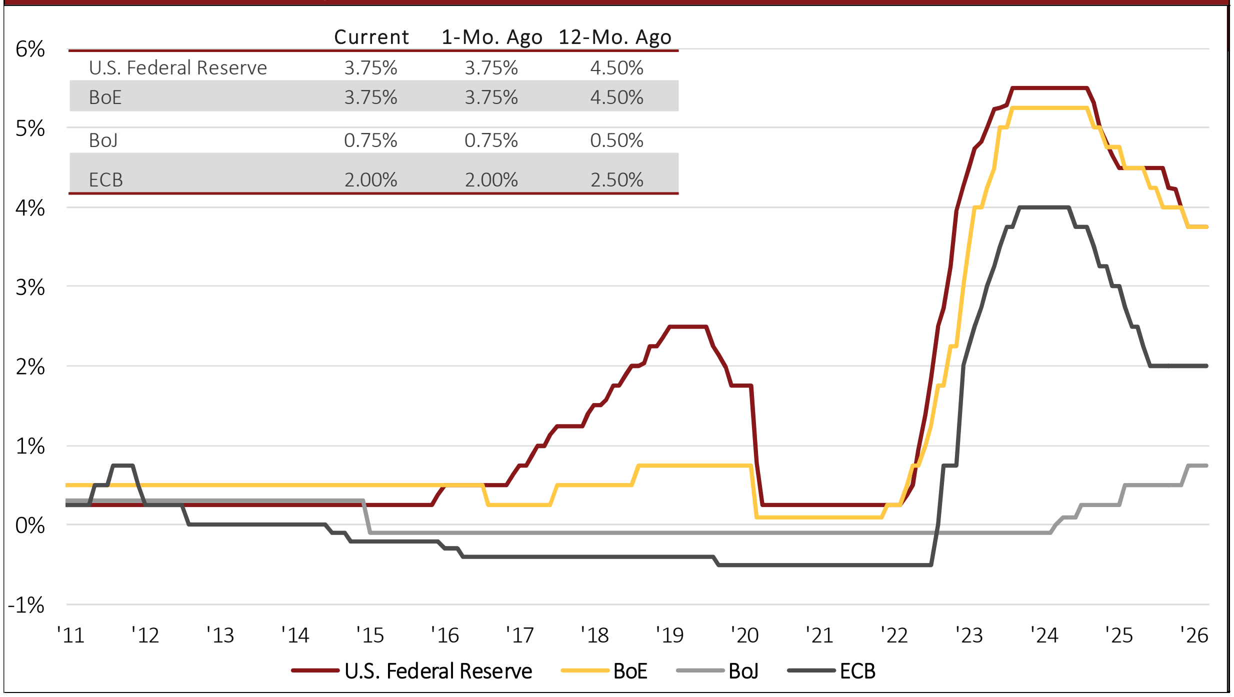
10-Year Sovereign Yields



Source: Trading Economics; Data as of 03/31/2026

Central Bank Policy Rates

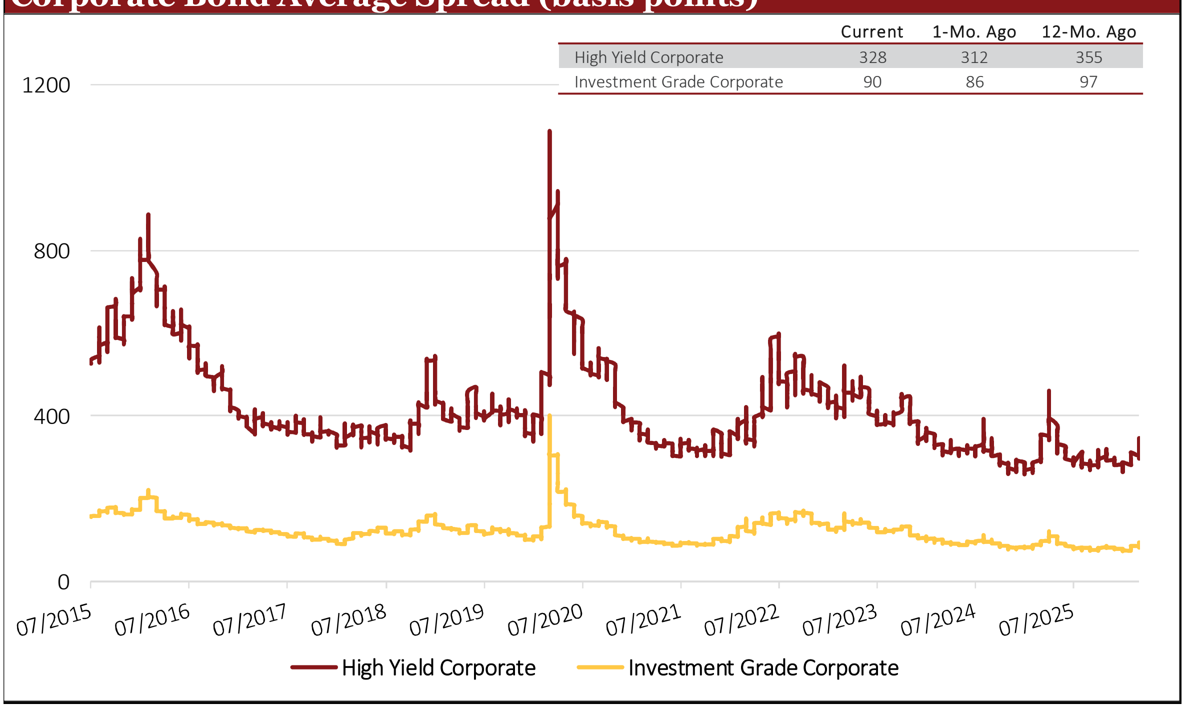
	Current	1-Mo. Ago	12-Mo. Ago
U.S. Federal Reserve	3.75%	3.75%	4.50%
BoE	3.75%	3.75%	4.50%
BoJ	0.75%	0.75%	0.50%
ECB	2.00%	2.00%	2.50%



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 03/01/2026

Corporate Bond Average Spread (basis points)

	Current	1-Mo. Ago	12-Mo. Ago
High Yield Corporate	328	312	355
Investment Grade Corporate	90	86	97



Source: Federal Reserve Bank, Bank of America; Data as of 03/31/2026