



Summary

Stocks fell again last week as the war in Iran and the closure of the Strait of Hormuz continue to disrupt the energy supply chain, simultaneously putting downward pressure on growth and upward pressure on prices. Despite their status as a safe haven, Treasury yields rose across the board, driven by investor fears that the upward pressure on prices will erode chances of rate cuts in 2026. Oil prices increased 8.9% last week to \$98.99 per barrel, driving up prices of related commodities from jet fuel to fertilizer. The Treasury statement showed a

large deficit in February at \$307.5 billion. Real GDP for the fourth quarter of 2025 was revised down to a 0.7% seasonally adjusted annual rate (SAAR) versus the advanced reading of a 1.4% SAAR. The CPI rose 0.3% month-over-month and 2.4% year-over-year in February, but it is likely to rise in coming months as energy price hikes make their way through the economy. The combination of slowing growth and inflation pressures complicates the Fed's rate cutting path. There was, however, some evidence of positive growth in activity. Existing home sales

increased more than expected in February, rising 1.7% to a 4.09 million annual rate against expectations of 3.88 million. Building starts also increased more than expected, rising to a 1.487 million annual rate in January, above consensus expectations of 1.340 million. Personal income and spending were solid, with both up 0.4% month-over-month in January. Job openings increased 6.0% in January after declining for the previous two months. The labor market remains in a "no-hire, no-fire" stalemate.

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Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Existing Home Sales (Feb – Tue 10:00)	4.09M	3.88M	
CPI (Feb – Wed 08:30)	0.3%	+0.3%	Core CPI: +0.2%
Treasury Budget (Feb – Wed 14:00)	-\$307.5B	-\$170.0B	
Housing Starts (Jan – Thu 08:30)	1487K	1,340K	
Building Permits (Jan – Thu 08:30)	1376K	1,392K	
Trade Balance (Jan – Thu 08:30)	-\$54.5B	-\$67.9B	
Initial Claims (03/07 – Thu 08:30)	213K	215K	
Continuing Claims (02/28 – Thu 08:30)	1850K	NA	Previous month: 1871M
Durable Orders (Jan – Fri 08:30)	0.0%	+0.7%	Durable orders (ex. trans): +0.4%
Personal Income (Jan – Fri 08:30)	+0.4%	+0.4%	
Personal Spending (Jan – Fri 08:30)	+0.4%	+0.2%	
PCE Prices (Jan – Fri 08:30)	+0.3%	+0.3%	PCE Prices Core: +0.4%
GDP - Second Estimate (Q4 – Fri 08:30)	+0.7%	+1.4%	
GDP Deflator - Second Estimate (Q4 – Fri 08:30)	+3.8%	+3.7%	
JOLTS - Job Openings (Jan – Fri 10:00)	6.946M	NA	Previous month: 6.550M
Univ. of Mich Consumer Sentiment – Prelim (March – Fri 10:00)	55.5	55.7	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Empire State Manufacturing (Mar – Mon 8:30)	0.5	7.1	
Industrial Production (Feb – Mon 9:15)	0.40%	0.70%	
Capacity Utilization (Feb – Mon 9:15)	76.00%	76.20%	
NAHB Housing Market Index (Mar – Tue 9:00)	35	36	
Pending Home Sales (Feb – Tue 10:00)	-0.80%	-0.80%	
PPI (Feb – Wed 8:30)	0.30%	0.50%	Core PPI expectations: 0.4%
Factory Orders (Jan – Wed 10:00)	NA	-0.70%	
FOMC Decision (Wed 14:00)	3.50-3.75%	3.50-3.75%	
Initial Claims (03/14 – Thu 8:30)	215K	213K	
Continuing Claims (03/17 – Thu 8:30)	NA	1850K	
Philadelphia Fed Index (Mar – Thu 8:30)	4.7	16.3	
New Home Sales (Jan – Thu 10:00)	719K	745K	

*Sources: www.briefing.com and www.federalreserve.gov



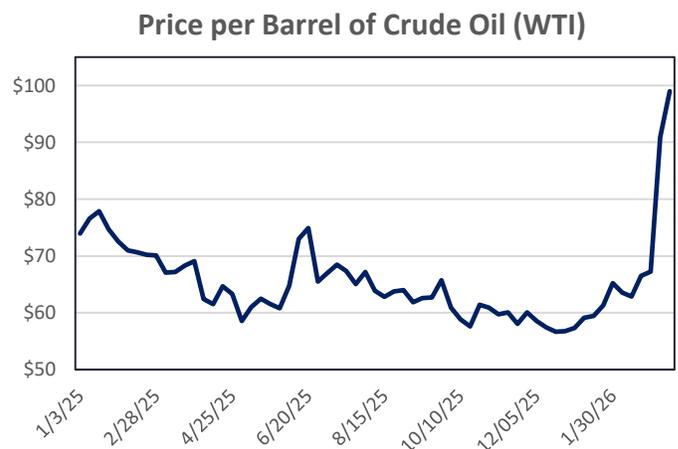
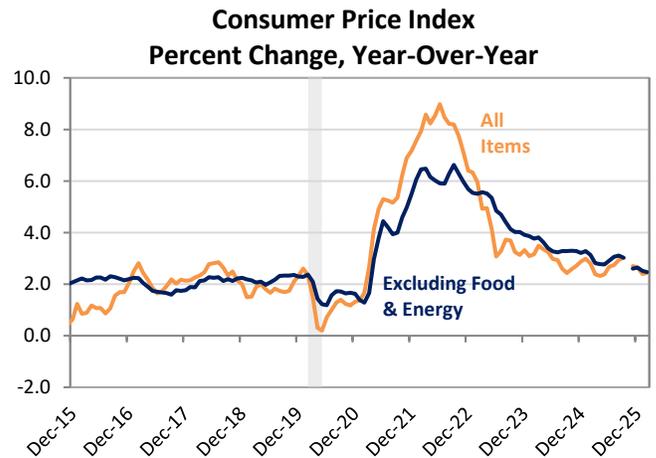
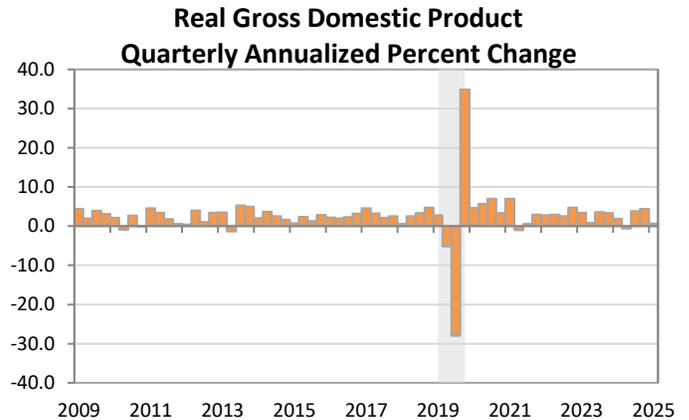
Economic Review

REAL GROSS DOMESTIC PRODUCT for the fourth quarter of 2025 was revised down, growing at just a 0.7% seasonally adjusted annual rate (SAAR) compared to the prior reading of 1.4%. Consumer spending remained positive but slowed to a 2.0% SAAR from the 2.4% SAAR advanced reading due to a downward revision of spending on services. Investment was also revised down from a 3.8% SAAR in the advanced reading to 3.3% in the revision. Downward revisions to services exports brought exports down to a -3.3% SAAR compared to a -0.9% SAAR in the advanced reading. Imports were revised up slightly, but not enough to counteract the downward revisions in exports. Government spending also declined from the first reading, down to a -5.8% SAAR from -5.1% in the advanced report. Overall, the slowing fourth-quarter growth with reemerging inflation complicates the Fed's rate-cutting path.

The CONSUMER PRICE INDEX accelerated in February on a month-to-month basis but remained unchanged on a year-over-year basis at 2.4%, suggesting that progress on inflation was being made prior to the outset of the Iran War. Similarly, core CPI inflation remained at 2.5% year-over-

year in February, as it was in January. Food prices remained stubborn, accelerating to 0.4% month-over-month and 3.1% year-over-year, driven by a 1.4% month-over-month increase in fruit and vegetable prices. Energy prices were also elevated in February, rising 0.6% month-over-month as severe winter weather drove up demand.

Inflation is likely to increase in 2026 as the war in Iran continues to drive energy prices higher and disrupt global supply chains. The PRICE OF OIL is already up 72% year-to-date to \$98.99 per barrel, and it is bleeding through to the broader economy. Consumers are being directly hit, with AAA retail gas prices having increased 23% to \$3.63 just before the spring-break driving season. The increase in energy prices is likely to also hit food prices as fertilizer relies heavily on energy production. Fertilizer prices have risen 16% since the end of February, putting additional pressure on agriculture output and food prices. Finally, diesel prices are up 33% over the past month, putting pressure on manufacturers and the supply chains. The rise in input prices will bleed into consumer prices, complicating the Fed's rate cutting path. As of Friday, markets have priced in a 36.7% chance of no cuts in 2026.



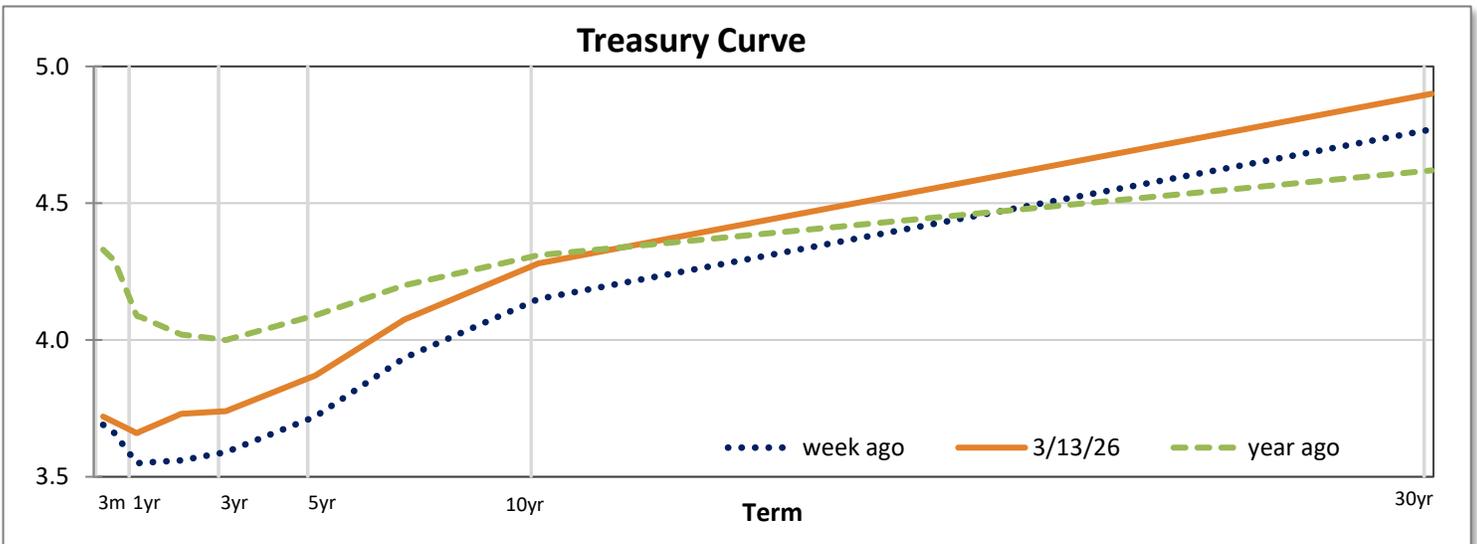
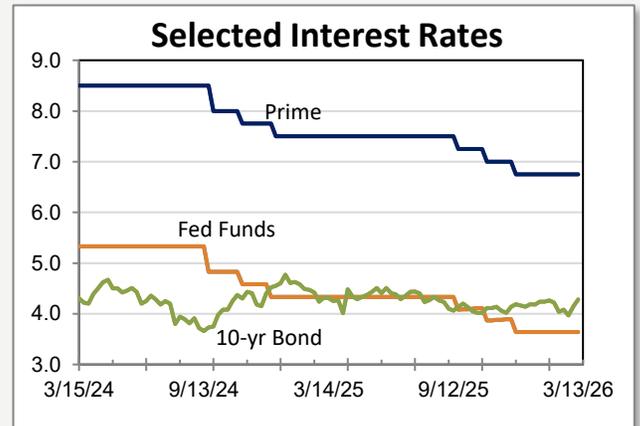


Fed Speeches

There were no speeches, testimony, or interviews by Federal Reserve officials last week relevant to monetary policy. This is due to the Federal Open Market Committee meeting this week.

Financial Markets

Markets were hit by oil-driven volatility last week with the DJIA down 2.0%, the S&P 500 down 1.6%, and the Nasdaq off 1.3%, as the war in Iran continues to disrupt the energy supply chain and drive input prices higher. Treasuries were also impacted by the conflict, with yields rising across the board as investors pare back bets of multiple rate cuts this year. CME Group has investors pricing in a 36.7% chance that there will not be a rate cut this year. The increase in the treasury yields pushed up mortgage rates. A month ago, there was a 3.4% chance of no rate cut. Oil prices have been driving swings in the market, with WTI up 8.9% last week to \$98.99 per barrel. The dollar has also risen against other currencies as increased oil prices are driving demand.





Interest Rate Forecast*

During the Fed's January policy meeting, the Federal Open Market Committee (FOMC) maintained the federal funds target rate at 3.50% to 3.75%. In the statement released following the meeting, the FOMC stated, "In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of

additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data,

the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum

employment and returning inflation to its 2 percent objective."

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
1 st Qtr '26	6.75	3.64	3.66	3.60	3.52	4.18	4.82	6.08
2 nd Qtr	6.58	3.46	3.49	3.50	3.45	4.03	4.64	5.98
3 rd Qtr	6.50	3.38	3.40	3.45	3.44	3.93	4.47	5.93
4 th Qtr	6.25	3.13	3.15	3.21	3.30	3.80	4.28	5.79
1 st Qtr '27	6.08	2.96	2.98	3.06	3.18	3.73	4.22	5.70

March 2026

FINANCIAL MARKET SUMMARY

	As of 03/13/26	As of 03/06/26	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	6.75	6.75	0	0	0
Secured Overnight Financing Rate (SOFR)	3.65	3.66	(1)	0	(2)
Fed Funds (Wed close)	3.64	3.64	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	3.72	3.69	3	4	9
6 Months	3.70	3.66	4	11	12
1 Year	3.66	3.55	11	24	12
2 Years	3.73	3.56	17	33	21
5 Years	3.87	3.72	15	26	12
10 Years	4.28	4.15	13	24	9
30 Years	4.90	4.77	13	21	5
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.22	2.16	6	15	(25)
5-Year Muni	2.36	2.25	11	24	(5)
10-Year Muni	2.83	2.66	17	71	9
30-Year Muni	4.37	4.25	12	19	18
30-Year Conventional Mortgage	6.11	6.00	11	2	(11)
MARKET INDICATORS (Changes in %)					
DJIA	46,558.47	47,501.55	(2.0)	(5.9)	(3.9)
S&P 500	6,632.19	6,740.02	(1.6)	(3.0)	(2.9)
NASDAQ	22,105.36	22,387.68	(1.3)	(2.0)	(4.7)
CRB Futures	461.82	444.24	4.0	19.7	23.7
Oil (WTI Crude)	98.99	90.90	8.9	55.8	69.1
Gold	5,027.30	5,171.74	(2.8)	(0.3)	16.1
Yen / Dollar	159.73	157.78	1.2	1.6	2.8
Dollar / Euro	1.14	1.16	(1.7)	(3.8)	(2.8)



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