



Summary

Markets rebounded last week as equities recovered some of their recent losses, though all major indices remain down over the past quarter. Treasury yields fell sharply across the curve, signaling growing expectations of slowing economic activity and potential policy easing. Meanwhile, amid ongoing conflict with Iran, energy prices continue to surge. WTI crude oil prices closed at \$111.54 a gallon last Friday and national average gas prices

are above \$4.00 for the first time since August 2022, intensifying inflationary pressures. Mortgage rates also continued to climb, now at 6.46% and 46 bps higher than a month ago. Mortgage applications declined sharply last week by 10.4% due to the spike in borrowing costs. Consumer confidence improved to 91.8 in March and employers added 178,000 jobs in the same month, well above expectations. The unemployment

rate edged down to 4.3%. Notably, wage growth slowed to 0.2%, easing some labor cost pressures. JOLTS data for February showed job openings little changed at 6.9 million, while hires declined notably, signaling cooling labor demand despite the strong March employment report. The trade deficit widened modestly to \$57.3 billion, reflecting stable but uneven global demand.

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Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
FHFA Housing Price Index (Jan – Tue 09:00)	0.1%	0.0%	
S&P Case-Shiller Home Price Index (Jan – Tue 09:00)	1.6%	1.3%	
Consumer Confidence (Mar – Tue 10:00)	91.8	88.0	
JOLTS - Job Openings (Feb – Tue 10:00)	6.882M	6.795M	
MBA Mortgage Applications Index (03/28 – Wed 07:00)	-10.4%	NA	
ADP Employment Change (Mar – Wed 08:15)	62K	42K	
Retail Sales (Feb – Wed 08:30)	0.6%	0.5%	
Retail Sales ex-auto (Feb – Wed 08:30)	0.5%	0.3%	
S&P Global U.S. Manufacturing PMI - Final (Mar – Wed 09:45)	52.3	NA	
ISM Manufacturing Index (Mar – Wed 10:00)	52.7%	52.3%	
Initial Claims (03/28 – Thu 08:30)	202K	215K	
Continuing Claims (03/21 – Thu 08:30)	1841K	NA	
Trade Balance (Feb – Thu 08:30)	-\$57.3B	-\$55.8B	
Business Inventories (Jan – Thu 10:00)	-0.1%	NA	
Nonfarm Payrolls (Mar - Fri 8:30)	+178K	+51K	
Unemployment Rate (Mar - Fri 8:30)	4.3%	4.4%	
Average Hourly Earnings (Mar - Fri 8:30)	+0.2%	+0.4%	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
ISM Non-Manufacturing Index (Mar – Mon 10:00)	54.9%	56.1%	
Durable Orders (Feb – Tue 08:30)	0.5%	0.0%	Durable Orders ex-trans (prior): +0.4%
Consumer Credit (Feb – Tue 15:00)	\$7.0B	\$8.1B	
MBA Mortgage Applications Index (04/04 – Wed 07:00)	NA	-10.4%	
Personal Income (Feb – Thu 08:30)	0.5%	0.4%	
Personal Spending (Feb – Thu 08:30)	0.6%	0.4%	
PCE Prices (Feb – Thu 08:30)	0.4%	0.3%	PCE Prices Core (prior): +0.4%
Initial Claims (04/04 – Thu 08:30)	215K	202K	
Continuing Claims (03/28 – Thu 08:30)	NA	1841K	
GDP - Third Estimate (Q4 – Thu 08:30)	0.7%	0.7%	
GDP Deflator - Third Estimate (Q4 – Thu 08:30)	3.8%	3.8%	
Wholesale Inventories (Feb – Thu 10:00)	-0.2%	NA	
CPI (Mar – Fri 08:30)	0.7%	0.3%	Core CPI (prior): +0.2%
Factory Orders (Feb – Fri 10:00)	0.5%	0.1%	
Univ. of Michigan Consumer Sentiment - Prelim (Apr – Fri 10:00)	52.0	53.3	
Treasury Budget (Mar – Fri 14:00)	-\$160.0B	-\$307.5B	

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



Economic Review

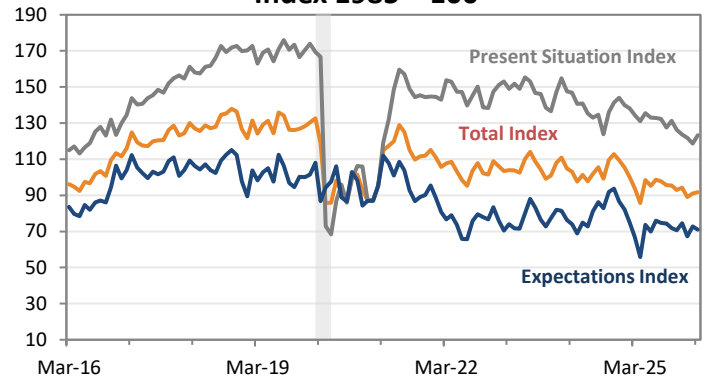
Contrary to expectations, CONSUMER CONFIDENCE improved in March, albeit modestly, to 91.8 from 91.2 in February. The index remains below its value of 93.9 during the same period a year ago. The improvement was driven by the present situation index which rose from 118.7 to 123.3. In contrast, the expectations index declined from 72.6 to 70.9; this is the fourteenth consecutive month this index has measured below 80, the level that typically signals recession. One-year inflation expectations jumped to 6.2% from 5.5%, the highest level since August 2025, suggesting rising consumer concern about price pressures, likely due to rising fuel prices due to current geopolitical conditions.

RETAIL SALES rebounded in February with total sales increasing 0.6% month-over-month and the January reading was upwardly revised to -0.1% from (-0.2%). Sales excluding autos rose 0.5%, after remaining flat in January. Gains were broad-based; motor vehicle and parts sales increased 1.2% after a -0.7% decline in January, while gas sales increased 0.9% after a -1.9% drop in January. Clothing sales jumped 2.0% and food services and drinking place sales increased 0.4%, both improving after declines the previous month. The strength in

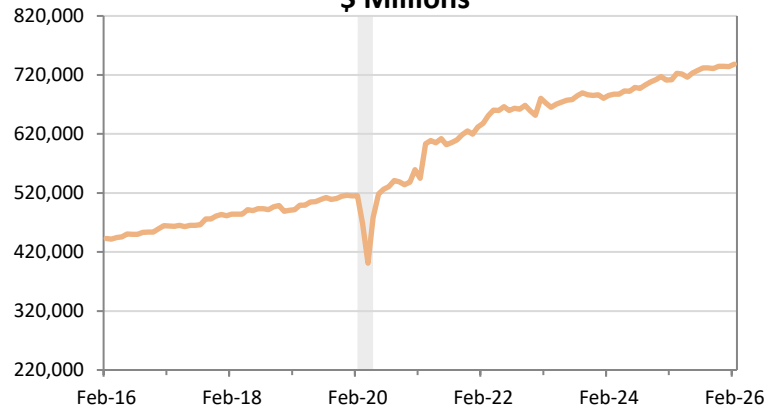
sales in February may prove temporary as rising energy prices and geopolitical volatility are likely to weigh on consumer spending in months ahead.

The March EMPLOYMENT REPORT showed a rebound in job growth following February's decline, though revisions to prior months were mixed. Non-farm payrolls increased by 178,000 in March, following a revised 133,000 decline in February (from -92,000). January's employment was revised up by 34,000 to 160,000. Job gains were concentrated in the health care (+76,000), construction (+26,000), and transportation (+21,000) sectors in February. Federal government employment (-18,000) and financial activities (-15,000) saw the largest losses in March. The unemployment rate edged down to 4.3%, with the number of unemployed at 7.2 million. Labor force dynamics softened slightly, as the participation rate edged down to 61.9% and the employment-population ratio declined to 59.2%. Long-term unemployment remained elevated at 1.8 million, accounting for 25.4% of total unemployment. Average hourly earnings increased 0.2% month-over-month, and the average workweek edged down to 34.2 hours.

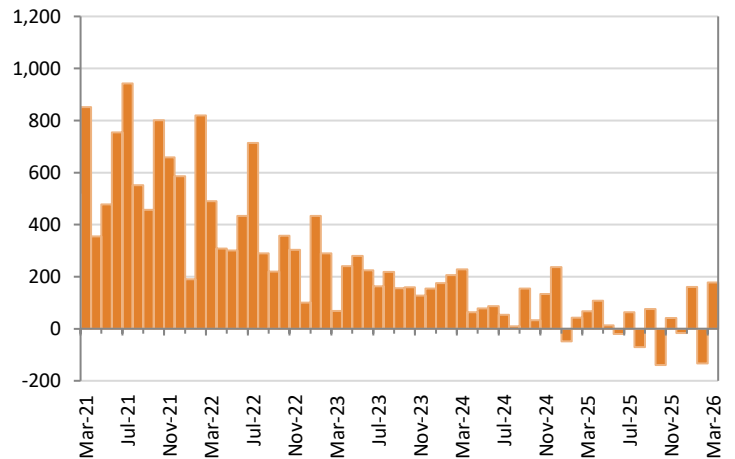
Consumer Confidence Index 1985 = 100



Retail Sales \$ Millions



Employment Growth Monthly Change in Thousands





Fed Speeches

At the Federal Reserve Bank of Dallas' Global Perspectives Speaker Series, Vice Chair Philip Jefferson struck a cautious tone on the U.S. economic outlook, emphasizing that while growth remains steady, rising uncertainty and the current geopolitical tension is complicating the path for monetary policy. The economy continues to expand at roughly a 2% pace, supported by resilient consumer spending and solid business investment, though risks to the outlook have become more pronounced in recent months.

The labor market and inflation data present a mixed and increasingly challenging picture. Unemployment remains low, near 4.4%, but hiring has slowed significantly, with job gains modest and concentrated in a limited number of sectors. At the same time, inflation progress has stalled, with core prices holding near 3% over the past year as easing housing costs have been offset by elevated goods inflation tied in part to tariffs.

A key source of uncertainty in the outlook is the recent rise

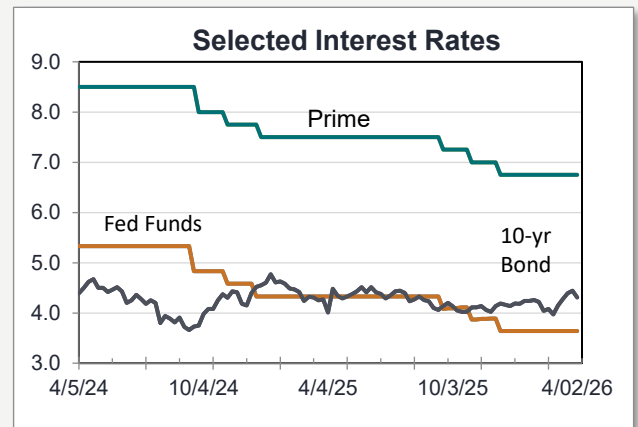
in energy prices driven by conflict in the Middle East. Jefferson noted that while a short-lived increase in energy costs may have only limited economic effects, a more sustained shock could meaningfully alter both growth and inflation dynamics. Higher gasoline prices are already eroding household purchasing power, particularly for lower-income consumers, forcing trade-offs that could weigh on discretionary spending. Elevated energy costs can pass through transportation, manufacturing, and food production costs, raising the risk of inflationary pressures if sustained. Jefferson says:

"If elevated energy costs persist, they can weigh on consumer and business spending. The potential for an extended conflict in the Middle East adds considerable uncertainty to the global economic outlook."

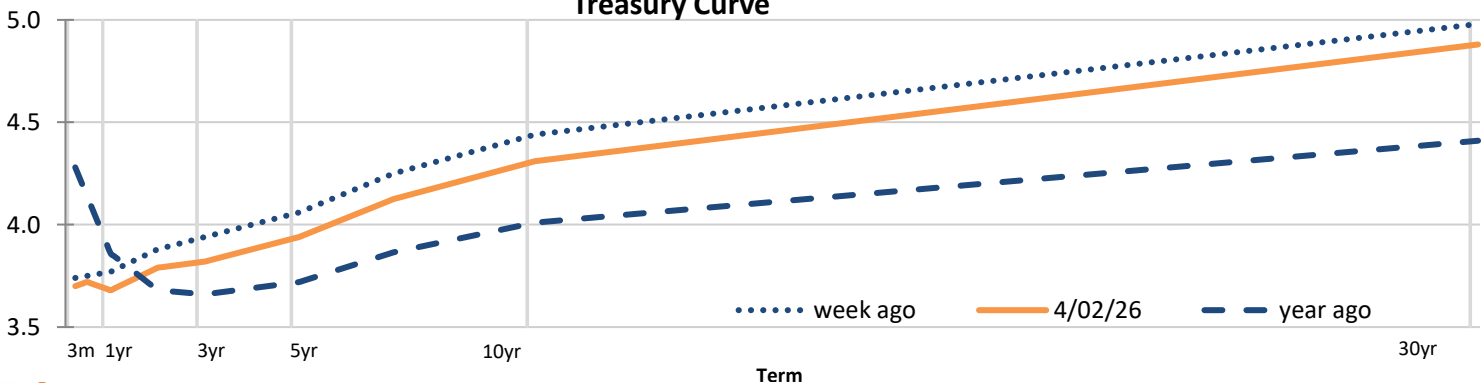
With downside risks to employment and upside risks to inflation, Jefferson emphasized that the Fed remains in a data-dependent holding pattern.

Financial Markets

Stocks rebounded last week as markets stabilized from prior declines; the NASDAQ rose 4.4%, the S&P 500 gained 3.4%, and the DJIA increased 3.0%, recovering some the losses seen over the past month, but remaining lower than their levels 13 weeks ago. Treasury yields declined sharply across the curve, reversing part of the prior week's increases, with the one- and two-year yields falling 9 basis points (bps), the five-year down 12 bps, and the ten- and thirty-year yields declining 13 and 10 bps, respectively. This broad-based decline suggests that markets are increasingly pricing in a slowdown in economic activity and a potential policy response in the coming months. After another week of conflict with Iran and no significant signs of lessening tensions, oil prices surged another 10.7% to \$111.54 per barrel and are now up 66.0% over the past four weeks and up 96.6% over the past three months. For the first time in four years, the national average price for a gallon of gasoline exceeded four dollars, measuring at \$4.08 and over a dollar higher than the price a month ago.



Treasury Curve





Interest Rate Forecast*

During the Fed's March 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
2 nd Qtr	6.75	3.63	3.66	3.69	3.62	4.17	4.77	6.09
3 rd Qtr	6.58	3.46	3.49	3.53	3.54	4.03	4.63	5.98
4 th Qtr	6.50	3.38	3.40	3.45	3.50	3.93	4.52	5.93
1 st Qtr '27	6.25	3.13	3.15	3.22	3.32	3.81	4.35	5.79
2 nd Qtr	6.09	2.96	2.99	3.06	3.19	3.73	4.21	5.68

April 2026

FINANCIAL MARKET SUMMARY

	As of 04/02/26	As of 03/13/26	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	3.65	0	(1)	(22)
Fed Funds (Wed close)	3.64	3.64	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	3.70	3.74	(4)	1	5
6 Months	3.72	3.75	(3)	6	14
1 Year	3.68	3.77	(9)	13	21
2 Years	3.79	3.88	(9)	23	32
5 Years	3.94	4.06	(12)	22	20
10 Years	4.31	4.44	(13)	16	12
30 Years	4.88	4.98	(10)	11	2
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.39	2.45	(6)	23	(4)
5-Year Muni	2.56	2.46	10	31	18
10-Year Muni	3.04	3.13	(9)	79	32
30-Year Muni	4.46	4.55	(9)	21	27
30-Year Conventional Mortgage	6.46	6.38	8	46	31
MARKET INDICATORS (Changes in %)					
DJIA	46,504.67	45,166.64	3.0	(2.1)	(3.9)
S&P 500	6,582.69	6,368.85	3.4	(2.3)	(4.0)
NASDAQ	21,879.18	20,948.36	4.4	(2.3)	(5.8)
CRB Futures	482.02	466.41	3.3	8.5	29.1
Oil (WTI Crude)	111.54	100.73	10.7	66.0	96.6
Gold	4,676.76	4,527.30	3.3	(9.6)	8.0
Yen / Dollar	159.64	160.31	(0.4)	2.3	2.0
Dollar / Euro	1.15	1.15	0.1	(0.9)	(1.7)



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