



## Summary

Equities rose last week as Tuesday's fragile ceasefire between the United States and Iran raised hope that the Strait of Hormuz would reopen and provide relief to global energy markets. The 14% drop in the price of oil is promising, but at almost \$96 per barrel, it remains over 67% higher than 13 weeks ago. The impact of the war in Iran is highlighted in March's consumer price index (CPI). The CPI for March surged 0.9% month-over-month and 3.3% year-over-year, almost entirely due to rising energy prices; the CPI for energy soared 10.9% month-

over-month in March. Although core prices (excluding food and energy) remained stable, rising only 0.2% month-over-month, energy prices are passed through to core prices over the course of months, so it is likely that high energy prices will continue to put pressure on consumer prices throughout 2026. The threat of higher, energy-driven inflation adds uncertainty to the Fed's rate-cutting path, which is further complicated by evidence of slowing growth. The third revision to real GDP showed the economy growing at just a 0.5% seasonally

adjusted annual rate (SAAR) in the fourth quarter of 2025. This is substantially lower than the first estimate of a 1.4% SAAR. The pressures from slowing growth and rising inflation showed up in the University of Michigan consumer sentiment survey. The consumer sentiment index fell 5.7 points to 47.6 in April, the lowest level on record. The same survey reported one-year-forward consumer inflation expectations rose one full percentage point to 4.8%.

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Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
ISM Non-Manufacturing Index (Mar – Mon 10:00)	54.0%	54.9%	
Durable Orders (Feb – Tue 08:30)	-1.4%	+0.5%	Durable Orders ex-trans: +0.8%
Consumer Credit (Feb – Tue 15:00)	\$9.5B	\$7.0B	
MBA Mortgage Applications Index (04/04 – Wed 07:00)	-0.8%	NA	
Personal Income (Feb – Thu 08:30)	-0.1%	+0.5%	
Personal Spending (Feb – Thu 08:30)	+0.5%	+0.6%	
PCE Prices (Feb – Thu 08:30)	+0.4%	+0.4%	PCE Prices Core: +0.4%
Initial Claims (04/04 – Thu 08:30)	219K	215K	
Continuing Claims (03/28 – Thu 08:30)	1,794K	NA	
GDP - Third Estimate (Q4 – Thu 08:30)	0.5%	0.7%	
GDP Deflator - Third Estimate (Q4 – Thu 08:30)	3.7%	3.8%	
Wholesale Inventories (Feb – Thu 10:00)	+0.8%	-0.2%	
CPI (Mar – Fri 08:30)	+0.9%	+0.7%	Core CPI: +0.2%
Factory Orders (Feb – Fri 10:00)	+0.0%	+0.5%	
Univ. of Michigan Consumer Sentiment - Prelim (Apr – Fri 10:00)	47.6	52.0	
Treasury Budget (Mar – Fri 14:00)	-\$164.1B	-\$160.0B	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Existing Home Sales (Mar – Mon 10:00)	4.01M	4.09M	
NFIB Small Business Optimism (Mar – Tue 06:00)	98.0	98.8	
PPI (Mar – Tue 08:30)	+1.2%	+0.7%	Core PPI (prior): +0.5%
MBA Mortgage Applications Index (04/11 – Wed 07:00)	NA	-0.8%	
Empire State Manufacturing (Apr – Wed 08:30)	+0.0	-0.2	
Import Prices (Mar – Wed 08:30)	NA	+1.3%	
Export Prices (Mar – Wed 08:30)	NA	+1.5%	
NAHB Housing Market Index (Apr – Wed 10:00)	38	38	
Philadelphia Fed Index (Apr – Thu 08:30)	12.7	18.1	
Initial Claims (04/11 – Thu 08:30)	215K	219K	
Continuing Claims (04/04 – Thu 08:30)	NA	1,794K	
Industrial Production (Mar – Thu 09:15)	+0.1%	+0.2%	
Capacity Utilization (Mar – Thu 09:15)	76.4%	76.3%	

\*Sources: [www.briefing.com](http://www.briefing.com) and [www.federalreserve.gov](http://www.federalreserve.gov)



# Economic Review

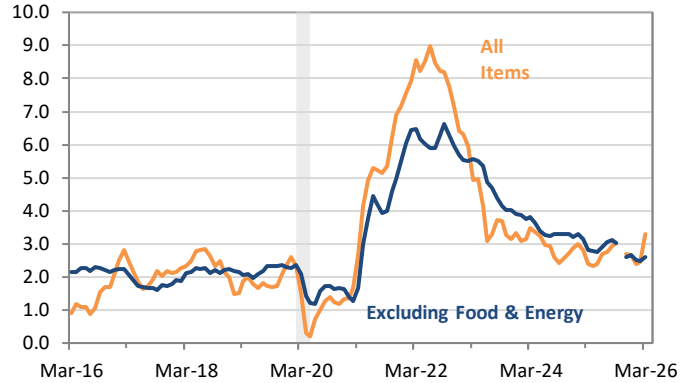
The CONSUMER PRICE INDEX (CPI) surged 0.9% month-over-month and rose 3.3% year-over-year in March as the war in Iran put pressure on energy prices. The CPI for energy soared 10.9% month-over-month and 12.5% year-over-year. The rise in March inflation was almost entirely in energy. The CPI for food was flat month over month and rose 2.7% year-over-year; the core CPI (excluding food and energy) rose 0.2% month-over-month and 2.6% year-over-year. Although core inflation was relatively tame, energy prices pass through to core consumer prices by raising input costs for producers. It can take over a year for energy prices to fully bleed through to core prices and up to six months for fertilizer prices, which are up over 30% since the end of February, to bleed through to consumer food prices. With the price of oil still up over 50% since the start of the war in Iran, it is likely that inflation will remain elevated.

The third estimate for REAL GROSS DOMESTIC PRODUCT was revised down, now rising at a 0.5% seasonally adjusted annual rate (SAAR). It is now 0.9 percentage points lower than the first estimate of 1.4%. Most notably, gross private domestic investment was revised down a full percentage point to a 2.3%

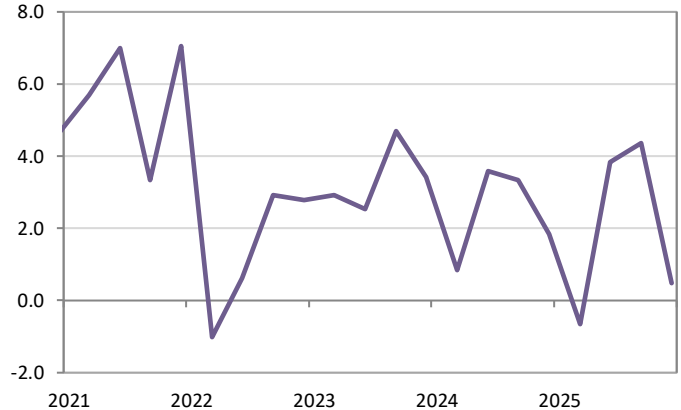
SAAR, driven by a 1.2 percentage point downward revision in residential investment. Sixteen states, including the District of Columbia, had flat or negative growth in the fourth quarter, led by an 8.3% SAAR decline in the District of Columbia, a 3.3% decline in Maryland, and a 1.8% decline in Virginia, showing the impact of decreased federal spending. Government expenditures fell at a 5.6% SAAR.

The preliminary reading of the University of Michigan CONSUMER SENTIMENT INDEX showed the index plunging 5.7 points to 47.6 in April, the lowest reading on record. The current economic conditions index and the index of consumer expectations dropped 5.7 and 5.6 points, respectively, showing a broad deterioration in consumers' confidence about their finances. Write-in responses indicate that the decline in sentiment mostly stem from the war in Iran. One-year-forward inflation expectations surged a full percentage point to 4.8% in April as consumers weigh rising energy prices. Five-year-forward inflation expectations ticked up 0.2 percentage points to 3.4%. Although the ceasefire has paused the rise in global energy prices, a higher-for-longer oil price will likely continue to put downward pressure on sentiment.

Consumer Price Index  
Percent Change, Year-Over-Year



Real Gross Domestic Product  
Quarterly Annualized Percent Change



University of Michigan Consumer Sentiment





## Fed Speeches

In a speech at the University of Detroit Mercy College of Business Administration in Detroit, Michigan, Federal Reserve Vice Chair Philip Jefferson signaled a cautiously steady outlook for the U.S. economy, highlighting resilient growth alongside persistent inflation pressures and a labor market that appears balanced but fragile.

Jefferson said economic activity continues to expand near its potential pace, supported by consumer spending, business investment, and emerging gains from artificial intelligence-related capital expenditures. Geopolitical tensions and elevated energy prices, however, pose downside risks to growth and upside risks to inflation.

Inflation remains above the Fed's 2% target, with progress stalling over the past year. Jefferson pointed to tariffs and rising energy costs as key factors keeping price pressures elevated, though

he expects disinflation to resume once these effects fade.

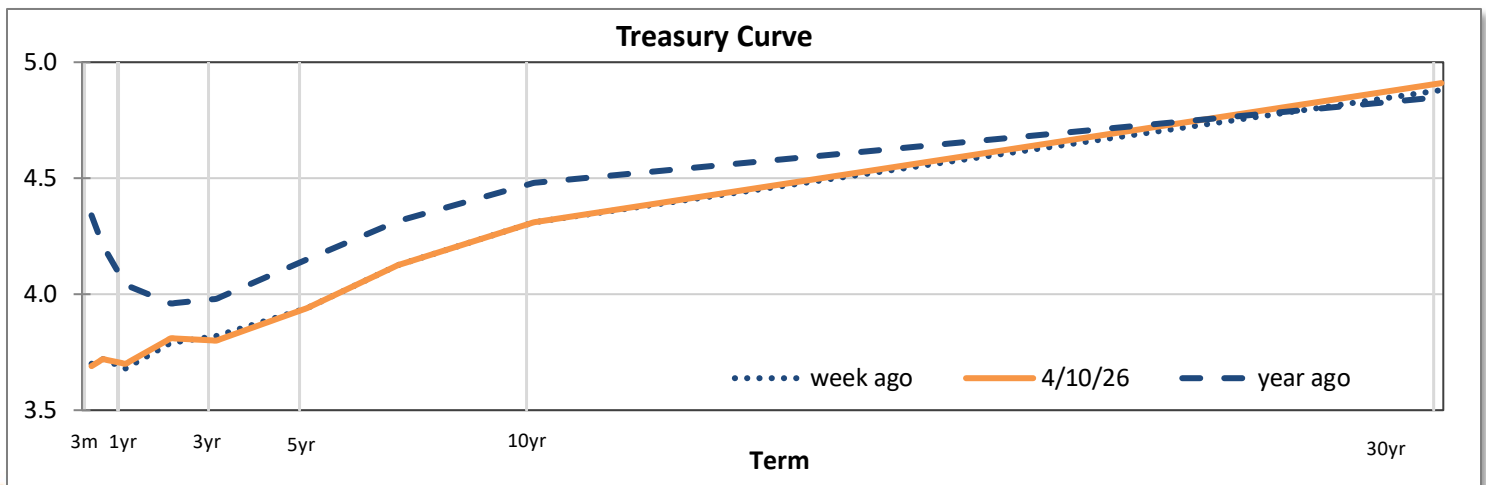
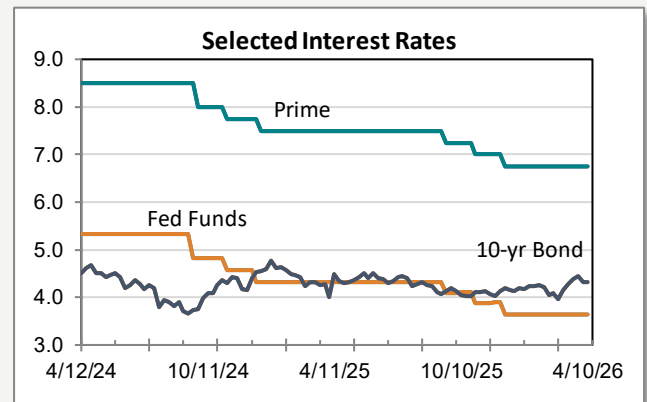
The labor market, meanwhile, has cooled but is stabilizing. Job growth has slowed and hiring has become more cautious, yet unemployment remains near its estimated natural rate. Jefferson described the environment as "low-hire, low-fire," where firms are holding back on hiring rather than cutting jobs.

*"I see the labor market as roughly in balance but susceptible to adverse shocks."*

On policy, Jefferson backed the Fed's decision to hold rates steady after significant cuts over the past 18 months, saying the current stance is well-positioned to respond to evolving risks. He emphasized that future moves will depend on incoming data, as policymakers weigh competing risks to employment and inflation.

## Financial Markets

Stocks rose last week as investors celebrated a two-week ceasefire between the United States and Iran, with hopes that a more permanent solution that will alleviate energy-market price pressures is on the horizon. The Nasdaq rose 4.7%, the S&P 500 rose 3.6%, and the DJIA rose 3.0% last week; however, they all remain below their levels 13 weeks ago. After the ceasefire was announced, the price of oil plunged 14% to just under \$96 per barrel. While this is a positive development, the price remains well above its pre-war levels, and over 67.3% above 13 weeks ago. It is likely that oil prices will remain elevated as energy infrastructure in the Middle East is rebuilt and shipping lanes are reopened. As conventional wisdom states, oil prices rise like a rocket and fall like a feather. Treasury yields moved little across the board as traders and investors weigh the still elevated upward pressures on inflation against the increasing evidence of slower growth, a combination that complicates the Fed's rate-cutting path.





## 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 <sup>nd</sup> Qtr '26	6.75	3.63	3.66	3.69	3.62	4.17	4.77	6.09
3 <sup>rd</sup> Qtr	6.58	3.46	3.49	3.53	3.54	4.03	4.63	5.98
4 <sup>th</sup> Qtr	6.50	3.38	3.40	3.45	3.50	3.93	4.52	5.93
1 <sup>st</sup> Qtr '27	6.25	3.13	3.15	3.22	3.32	3.81	4.35	5.79
2 <sup>nd</sup> Qtr	6.09	2.96	2.99	3.06	3.19	3.73	4.21	5.68

April 2026

### FINANCIAL MARKET SUMMARY

	As of 04/10/26	As of 04/02/26	Weekly Change	4-Week Change	13-Week Change
<b>MONEY MARKETS (Changes in BPs)</b>					
Prime	6.75	6.75	0	0	0
Secured Overnight Financing Rate (SOFR)	3.57	3.65	(8)	(8)	(7)
Fed Funds (Wed close)	3.64	3.64	0	0	0
<b>TREASURIES (BE) (Changes in BPs)</b>					
3 Months	3.69	3.70	(1)	(3)	7
6 Months	3.72	3.72	0	2	15
1 Year	3.70	3.68	2	4	18
2 Years	3.81	3.79	2	8	27
5 Years	3.94	3.94	0	7	19
10 Years	4.31	4.31	0	3	13
30 Years	4.91	4.88	3	1	9
<b>MUNICIPALS- AAA G.O. &amp; Mortgage (Changes in BPs)</b>					
2-Year Muni	2.29	2.39	(10)	7	(1)
5-Year Muni	2.44	2.56	(12)	8	17
10-Year Muni	2.91	3.04	(13)	55	30
30-Year Muni	4.35	4.46	(11)	(2)	21
30-Year Conventional Mortgage	6.37	6.46	(9)	26	21
<b>MARKET INDICATORS (Changes in %)</b>					
DJIA	47,916.57	46,504.67	3.0	2.9	(3.2)
S&P 500	6,816.89	6,582.69	3.6	2.8	(2.1)
NASDAQ	22,902.89	21,879.18	4.7	3.6	(3.2)
CRB Futures	467.56	482.02	(3.0)	1.2	23.6
Oil (WTI Crude)	95.88	111.54	(14.0)	5.5	67.3
Gold	4,772.00	4,676.76	2.0	(5.1)	5.8
Yen / Dollar	159.26	159.64	(0.2)	0.9	1.5
Dollar / Euro	1.17	1.15	1.8	2.8	0.8



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