



Summary

Markets rallied last week with equities surging and Treasury yields declining after Iran and the United States signaled progress in peace talks. Although the Strait of Hormuz was reopened on Friday, as of Saturday morning, it was closed once again. Oil prices declined an additional 12.5% to \$84 per barrel, now 15.3% lower than four weeks ago; however, the price of oil remains 41.8% higher than thirteen weeks ago, so the downstream effects of the price shock remain to be fully released. Economic data pointed to lower-than-expected inflation pressures but mixed underlying activity.

Producer prices rose 0.5% in March, below expectations but still elevated, while core PPI increased only 0.1%, signaling easing input price pressures. In contrast, import prices (+0.8%) and export prices (+1.6%) were up significantly in March, indicating continued pressure from global trade channels. Business sentiment and housing activity showed signs of weakening, with the March NFIB small business optimism index falling to 95.8 and NAHB housing index declining to 34 in April. Existing home sales totaled 3.98 million in March, coming in slightly below the consensus of 4.01 million.

Manufacturing data were mixed. Industrial production declined 0.5% and capacity utilization fell to 75.7% in March, both coming in below expectations during the first month of the war in Iran. The full impact of energy price shocks can take months to materialize. Regional manufacturing data pointed to underlying strength, with the Empire State index rising to 11.0 in April and the Philadelphia Fed index increasing to 26.7, both well above expectations. The labor market also remained stable, with initial claims falling to 207,000 and continuing claims declining to 1.818 million.

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Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Existing Home Sales (Mar – Mon 10:00)	3.98M	4.01M	
NFIB Small Business Optimism (Mar – Tue 06:00)	95.8	98.0	
PPI (Mar – Tue 08:30)	0.5%	1.2%	
Core PPI (Mar – Tue 08:30)	0.1%	0.4%	
MBA Mortgage Applications Index (04/11 – Wed 07:00)	1.8%	NA	
Empire State Manufacturing (Apr – Wed 08:30)	11.0	0.0	
Import Prices (Mar – Wed 08:30)	0.8%	NA	
Import Prices ex-oil (Mar – Wed 08:30)	0.6%	NA	
Export Prices (Mar – Wed 08:30)	1.6%	NA	
Export Prices ex-ag. (Mar – Wed 08:30)	1.7%	NA	
NAHB Housing Market Index (Apr – Wed 10:00)	34	38	
Philadelphia Fed Index (Apr – Thu 08:30)	26.7	12.7	
Initial Claims (04/11 – Thu 08:30)	207K	215K	
Continuing Claims (04/04 – Thu 08:30)	1818K	NA	
Industrial Production (Mar – Thu 09:15)	-0.5%	0.1%	
Capacity Utilization (Mar – Thu 09:15)	75.7%	76.4%	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Retail Sales (Mar – Tue 08:30)	1.3%	0.6%	
Retail Sales, ex-auto (Mar – Tue 08:30)	0.9%	0.5%	
Business Inventories (Feb – Tue 10:00)	0.1%	-0.1%	
Pending Home Sales (Mar – Tue 10:00)	0.5%	1.8%	
MBA Mortgage Applications Index (04/18 – Wed 07:00)	NA	1.8%	
Initial Claims (04/18 – Thu 08:30)	212K	207K	
Continuing Claims (04/11 – Thu 08:30)	NA	1818K	
S&P Global U.S. Manufacturing PMI - Prelim (Apr – Thu 09:45)	NA	52.3	
S&P Global U.S. Services PMI - Prelim (Apr – Thu 09:45)	NA	49.8	
Univ. of Michigan Consumer Sentiment - Final (Apr – Fri 10:00)	47.6	47.6	

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



Economic Review

EXISTING HOME SALES declined 3.6% month-over-month in March, to 3.98 million units, below expectations, and down from an upwardly-revised 4.13 million in February. On a year-over-year basis, sales were down 1.0%. The decline in sales was broad-based across all regions. Sales fell 8.5% in the Northeast, 4.2% in the Midwest, 3.1% in the South, and 1.3% in the West. The South and West remained slightly positive on a year-over-year basis, but sales in the Northeast and Midwest remained negative on a year-over-year basis, down 12.2% and 3.2%, respectively. Median existing home prices increased 1.4% to \$408,800 year-over-year, marking the 33rd consecutive month of annual price gains.

Inflation in March was largely driven by elevated energy prices, as the PRODUCER PRICE INDEX (PPI) increased 0.5% month-over-month, below the 1.2% consensus, following a downwardly revised 0.5% increase in February. Core PPI (excluding food and energy) rose just 0.1%, also below expectations of 0.4%, after a revised 0.3% gain the prior month. On a year-over-year basis, headline PPI accelerated to 4.0% from 3.4%, while core PPI held steady at 3.8%. The final demand goods index rose 1.6% month-over-

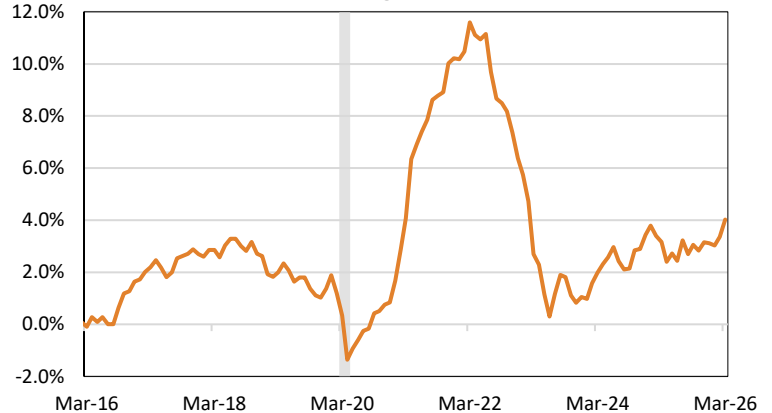
month, the largest increase since August 2023, with energy prices up 8.5% and gasoline prices surging sharply (+15.7%); energy prices pass through to core prices over the course of months. The index for final demand services remained unchanged, in contrast, weighed down by a 0.3% decline in margins for final demand trade. Upstream price pressures were mixed; processed goods prices jumped 2.6%, driven largely by energy, while unprocessed goods prices fell 2.6%, due to a 7.7% decline in the index for unprocessed energy materials.

INDUSTRIAL PRODUCTION declined 0.5% month-over-month in March, below the expected 0.1% increase, following an upwardly revised 0.7% increase in February. The capacity utilization rate fell to 75.7% from a revised 76.1%, also coming in below expectations. Manufacturing output slipped 0.1% after a 0.4% increase in February. Mining output fell 1.2%, while utilities output declined 2.3% after rising 1.8% the prior month. Capacity utilization also declined across sectors, with manufacturing utilization dipping to 75.3% and mining utilization falling to 84.5%. Throughout the next few months, manufacturing activity will continue to face downward pressure from high energy prices.

Existing Home Sales
Million of Units, Annualized Rate



Producer Price Index
Percent Change, Year-Over-Year



Industrial Production
Percent Change, Year-Over-Year





Fed Speeches

In his speech at Auburn University, Governor Christopher Waller focused on the implications of repeated supply shocks for inflation and monetary policy, arguing that the current environment is increasingly shaped by overlapping disruptions rather than a single, isolated event.

He emphasized that while underlying inflation had been moving closer to the Fed's 2% target prior to recent developments, new shocks, particularly from energy markets, have complicated the outlook. In regard to the current geopolitical tensions and skyrocketing energy prices, he notes,

"With this economic shock coming on the heels of the boost to prices from import tariffs, I believe there is the possibility that this series of price shocks may lead to a more lasting increase in inflation, as we saw with the series of shocks during the pandemic."

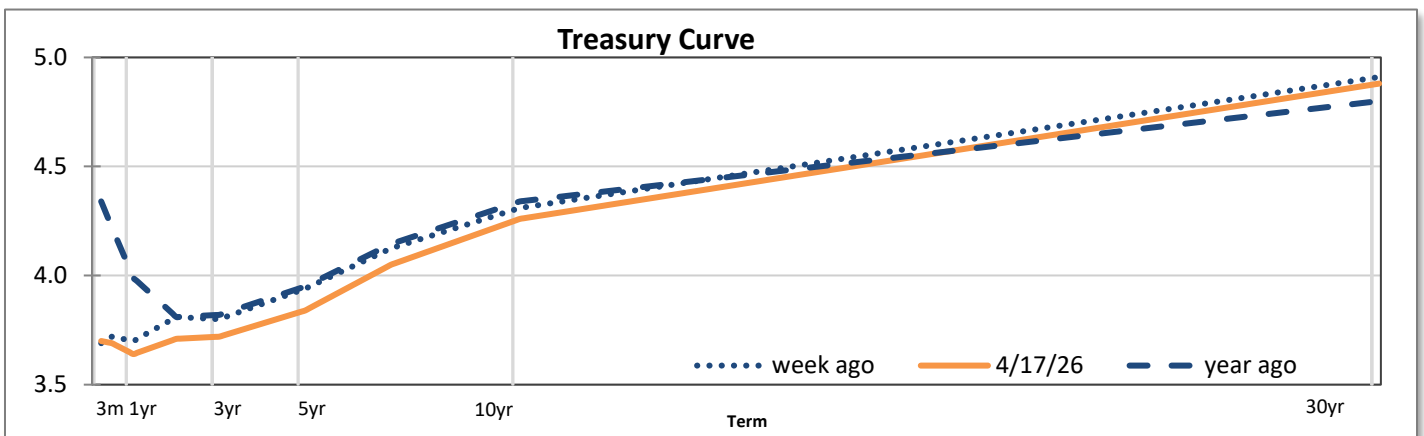
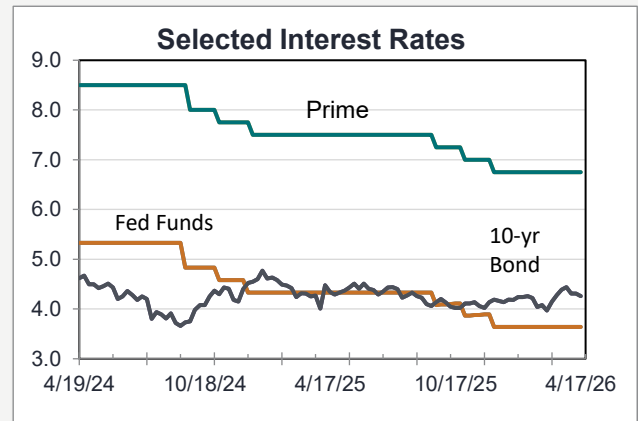
Waller noted that the recent surge in oil and gasoline

prices, driven by escalating conflict in the Middle East, has materially altered the near-term inflation outlook. While energy shocks are often viewed as temporary, he cautioned that sustained increases could feed through more broadly into consumer prices and business costs, particularly if disruptions persist. In that context, he warned that policymakers may not be able to simply "look through" these developments if they begin to influence expectations or pricing behavior more broadly.

Waller also notes that the labor market appears stable on the surface but remains fragile. Job growth has been minimal, and both hiring and layoffs remain subdued, reflecting a delicate balance between labor supply and demand. Structural constraints, including slower population growth and reduced immigration, have limited labor force expansion, helping to keep unemployment steady despite weak hiring. If economic conditions deteriorate, the labor market is particularly vulnerable.

Financial Markets

Stocks continued to climb last week as easing energy prices and cooling geopolitical tensions helped drive a broad-based rally across equities. The NASDAQ rose 6.8%, the S&P 500 gained 4.5%, and the DJIA increased 3.2%, with all three indices now higher than their levels thirteen weeks ago. Treasury yields declined across the curve, with the two- and five-year yields falling 10 basis points and the ten- and thirty-year yields declining 5 and 3 basis points, respectively, due to investor sentiment that energy-related inflation pressures may be easing. Oil prices fell sharply after news broke that progress had been made on peace talks between the United States and Iran, dropping 12.5% to \$83.85 per barrel; they are now down over 15% from their level four weeks ago. On Friday, the Strait of Hormuz was briefly reopened, but it was then closed again as of Saturday morning as peace talks wavered. Even when the strait is completely reopened, end-use energy prices could take weeks to substantially cool as tankers are in transit and infrastructure is rebuilt. The 30-year conventional mortgage rate declined 7 basis points to 6.30%, reflecting the broader pullback in yields, while gold rose modestly by 1.2%, continuing to signal underlying demand for safe-haven assets despite improving market conditions.





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 '26	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 04/17/26	As of 04/10/26	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)	3.67	3.57	10	5	1
Fed Funds (Wed close)	3.64	3.64	0	0	0
TREASURIES (BE) (Changes in BPs)					
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
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.27	2.29	(2)	(4)	3
5-Year Muni	2.41	2.44	(3)	(7)	17
10-Year Muni	2.86	2.91	(5)	38	27
30-Year Muni	4.30	4.35	(5)	(14)	16
30-Year Conventional Mortgage	6.30	6.37	(7)	8	24
MARKET INDICATORS (Changes in %)					
DJIA	49,447.43	47,916.57	3.2	8.5	0.2
S&P 500	7,126.06	6,816.89	4.5	9.5	2.7
NASDAQ	24,468.48	22,902.89	6.8	13.0	4.1
CRB Futures	459.64	467.56	(1.7)	(0.9)	21.2
Oil (WTI Crude)	83.85	95.88	(12.5)	(15.3)	41.8
Gold	4,830.34	4,772.00	1.2	5.6	5.1
Yen / Dollar	158.64	159.26	(0.4)	(0.7)	0.5
Dollar / Euro	1.18	1.17	0.3	1.7	1.4



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