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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"Feel the fear and do it anyway." Susan Jeffers

MARKETS

Macro Recap: Geopolitical developments dominated the news cycle last week, driving swings in risk sentiment across markets. Early optimism followed President Trump's remarks suggesting potential Iranian concessions, which briefly lifted investor confidence. That tone was reinforced midweek by reports of possible ceasefire discussions. However, sentiment shifted again as tensions escalated late in the week, renewing concerns over prolonged disruptions to global energy supplies.

Federal Reserve Chair Jerome Powell added to the narrative by noting that longer-term inflation expectations remain well anchored, while emphasizing the Fed's limited ability to address supply-driven inflation shocks. His comments contributed to a pullback in market-implied rate expectations and supported a modest rally in rates-sensitive assets.

After two weeks of relative stability, oil markets reacted sharply to the renewed geopolitical risks. U.S. crude climbed to roughly $112 per barrel by Friday, its highest level since mid-2022 and well above the $90–$100 range that defined most of March. Markets grew increasingly concerned about the potential for sustained disruptions to shipping through the Strait of Hormuz, a critical corridor for global energy flows.

Economic data provided a counterbalance to geopolitical uncertainty. The U.S. economy added 178,000 jobs in March, well above consensus expectations and a meaningful rebound from the prior month's revised net job loss. The unemployment rate edged down to 4.3%, reinforcing perceptions of a still-resilient labor market. The report was released during a market holiday, muting the immediate market response but strengthening the broader macro backdrop.

Equity Market Recap: U.S. equity markets finished the week notably higher, with major indexes rising 3% to 4% and snapping a five-week streak of declines. Trading conditions remained volatile, particularly early in the week, as Middle East headlines drove sharp intraday swings in a holiday-shortened trading schedule.

Despite the weekly rebound, March was a challenging month for equities. The S&P 500 and Nasdaq each declined roughly 5%, marking their second consecutive monthly losses, while the Dow fell more than 5%, ending a 10-month streak of gains. For the first quarter of 2026, all three major indexes posted their largest quarterly declines in nearly four years, underscoring the shift from last year's momentum-driven rally to a more volatile, risk-aware environment.

Fixed Income and Rates Recap: U.S. Treasury yields moved lower on the week, ending a four-week rise that had pushed rates to their highest levels in more than eight months. The 10-year Treasury yield finished around 4.30%, down from approximately 4.43% the prior week, as easing rate expectations and safe-haven demand offset inflation and supply concerns. Despite the pullback, yields remained elevated relative to late February levels, when the 10-year briefly traded below 4.00%.

INDICES

	Mar 30 Open	April 3 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	45,167	46,505	3.0%	48,063	-3.2%
S&P 500	6,369	6,583	3.4%	6,846	-3.8%
NASDAQ	20,948	21,879	4.4%	23,242	-5.9%
Russell 2000	2,450	2,530	3.3%	2,482	1.9%
KBW Bank Indx	148.8	156.5	5.2%	164.0	-4.6%
Bitcoin	$66,521	$67,420	1.4%	$87,648	-23.1%
Oil (WTI)	$99.64	$111.54	11.9%	$57.42	94.3%
Gold	$4,494	$4,677	4.1%	$4,319	8.3%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.64	3.64	0.00	3.64	0.00
3m Tbill	3.68	3.69	0.01	3.63	0.06
2yr UST	3.91	3.84	-0.07	3.47	0.37
10yr UST	4.43	4.34	-0.09	4.17	0.17
2-10yr UST Spread	51	49	-2	69	-19
2y AAA Muni/10y UST	62.7%	62.8%	0.1%	70.3%	-7.5%
10y AAA Muni/10y UST	70.6%	70.5%	-0.2%	65.4%	5.0%
5yr Inflation Forecast	2.63	2.67	0.04	2.27	0.40

Week Ahead

- **Monday:** ISM Nonmanufacturing idx
- **Tuesday:** Durable goods, Consumer credit
- **Wednesday:** FOMC minutes
- **Thursday:** PCE, 1st Q GDP, Wholesale inventories
- **Friday:** CPI, Factory orders, UoM consumer sent., Treasury budget

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