Your Weekly Investment
Insights

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VERDENCE / RIA+

Key Takeaways:

- Strait of Hormuz is not just about oil.
- Supply chain disruptions starting to be reflected in data.
- Rising fuel is reducing the positive impact from One Big Beautiful Bill.
- How long will the Fed let inflation run hot?
- Be patient and expect additional weakness as valuations adjust.

Watching War Impact in Economic Data

Last week marked the one year anniversary of Liberation Day. A year later, investors are contending with renewed political uncertainty with the ongoing conflict in Iran. As the war enters its sixth week, investors are trying to assess what impact the disruption in the Strait of Hormuz will have on supply chains. It was six years ago this month when COVID lockdowns froze supply chains and inflation surged. While there has been some traffic through the Strait over the weekend, it is still well below normal. As a result, investors are bracing for short term supply chain disruptions and inflation scares. In this weekly insights, we highlight products aside from oil that rely on the waterway and what we expect in the near term.

- **Strait is not just oil:** Roughly ~25-30% of the world's helium goes through the Strait. Helium is used in MRI machines, semiconductor chips and many manufacturing processes. Between 20-45% of the global supply of inputs in fertilizers travels through the Strait. While only ~5% of the global aluminum supply goes through the Strait, supply is already tight.
- **Signs of supply chain delays:** Aside from energy, the next items most at risk are chemicals. This has broad reaching impact on many items (e.g. plastic, rubber, electronics). The March ISM Index showed delivery times rose to the highest level since 2022 so producers are waiting longer for input materials.
- **Fuel costs eating into tax benefit:** The Tax Foundation estimates that tax refunds are ~$100 billion higher this year due to the One Big Beautiful tax bill. However, the recent $1.20 increase in the price of a gallon of gasoline has the ability to eat away that benefit. While the personal savings rate is at a six month high, it is still below the historical average (~6%). Any supply chain disruptions can add to strain on the consumer.
- **Data to start offering clues:** This week we receive a range of economic data on the immediate inflation impact due to the war. Last week, we saw March manufacturing prices jump to the highest level since 2022. This week we will get service prices and the Consumer Price Index which is expected to rise 1.0% (MoM) at the headline level.
- **More clues on Fed view:** We will also get the FOMC Minutes from the March 18 meeting. This detailed report should offer further insight into the committee's appetite to let inflation run hot while the war continues. At some point, the committee will need to offer their opinion on the inflation risk due to supply chain disruptions.

The Bottom Line:

As markets grow more familiar with the conflict, we have seen a solid rebound in equities. However, the next phase will be absorbing the economic data that reflects the supply disruptions, higher energy costs and inflation. We have not seen any change in earnings estimates to reflect a prolonged conflict, operational bottlenecks or that the Fed would not be cutting rates this year. This leaves the market open to additional downside so we recommend being patient until valuations factor in these risks.

Peter McGratty | Director
pmcgratty@ria.plus

Weekly Economic Recap –

Economy strong before we entered Iran War

Home prices rose 1.2% (YoY) in January according to the S&P Cotality Index, the slowest pace of gains seen since July 2023. For the month, Charlotte, Miami and Phoenix saw the largest price increases. In contrast, San Francisco, Seattle and San Diego saw prices decline for the month.

Consumer confidence according to the Conference Board rose for the second consecutive month in March. The rise was because of sentiment on the present economic situation as confidence in the future declined. Consumers felt more confident about the current labor market conditions and views on their finances.

Jobs openings according to the JOLTS report declined in February. The hiring rate fell to the lowest level since April 2020 and layoffs increased. The weakness was led by services, healthcare and manufacturing.

Retail sales came in better than expected in February. At the core level (ex food, autos, gas, building materials) sales rose at the fastest pace in four months. At the core level, the strength in sales was led by health and personal care, clothing and sporting goods.

The ISM Manufacturing Index rose for the second time in the past three months. The rise was due to delivery times and prices paid. The prices paid component rose to the highest level since June 2022.

The U.S. economy added 178K jobs in March, the most since December 2024 and the unemployment rate dipped back to 4.3%. The job creation was led by education, trade, manufacturing and leisure/hospitality.

Key Takeaways:

- Consumer confidence surprisingly resilient.
- Consumer spending remains strong.
- U.S. job growth accelerates in March.
- Global equities rally the most in four months.
- Treasuries rally as chance of Fed rate hikes fell.
- Crude oil prices continue to climb.

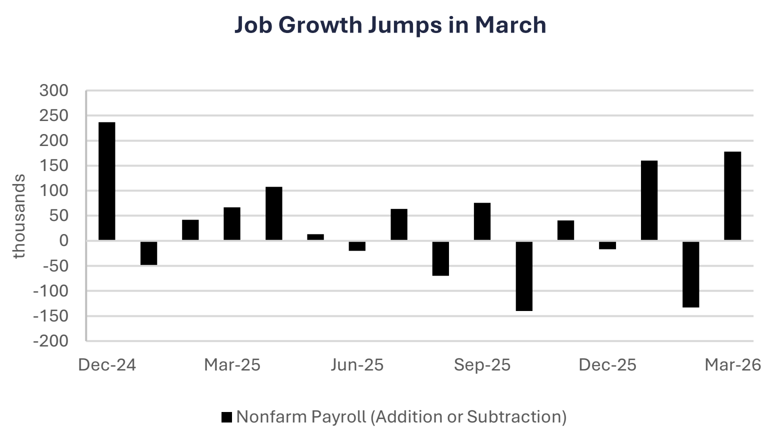
Weekly Market Recap –

Optimism about end of War drives stocks

Equities: The MSCI AC World Index saw its biggest one week rally in four months on optimism that the Iran war is nearing an end and the U.S. economy showed strength coming into the war. International equities, specifically in the developed markets outperformed the U.S. on optimism for an end to the conflict. Within the U.S., all the major averages rallied but it was led by the Nasdaq and growth stocks.

Fixed Income: The Bloomberg Aggregate Index rallied for the first time in five weeks. Bonds rallied on investors betting against the Fed raising rates this year. Investment grade bonds led the gains in fixed income followed by Treasury Inflation Protected Securities and high yield debt.

Commodities/FX: The Bloomberg Commodity Index rallied for the fifth week in the past six weeks led by gains in energy. Crude oil prices jumped to the highest level since 2022 as supply concerns remain as the Middle East conflict continues. Gold prices rallied as bond yields fell and the dollar weakened.



Footnotes: Data is as of March 2026.
Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

Peter McGratty | Director
pmcgratty@ria.plus

Global Equities Rally on Hopes for End to War

U.S. Equities	Current	1WK	1MO	3MO	1YR	YTD
Dow Jones Industrial Average	46,505	1.2%	-4.8%	-3.5%	12.0%	-2.8%
S&P 500	6,583	1.7%	-4.2%	-3.7%	17.5%	-3.5%
Russell 1000 Growth	4,330	1.8%	-4.7%	-8.8%	17.8%	-9.0%
Russell 1000 Value	2,121	1.4%	-3.9%	2.0%	16.1%	2.9%
Russell 2500	#N/A N/A	2.1%	-4.3%	2.2%	22.9%	3.6%
Russell 2000	2,530	1.5%	-4.6%	1.2%	25.4%	2.3%
Nasdaq	21,879	2.2%	-3.7%	-5.7%	25.1%	-5.7%

International Equities	Current	1WK	1MO	3MO	1YR	YTD
MSCI AC World (USD)	994	3.0%	-3.3%	-2.2%	24.8%	-1.7%
MSCI EAFE (USD)	2,919	3.0%	-2.1%	1.0%	24.1%	1.6%
MSCI Europe ex UK (USD)	3,187	3.9%	-1.5%	-2.6%	19.3%	-1.8%
MSCI Japan (USD)	5,023	1.1%	-3.7%	5.4%	32.0%	5.5%
MSCI UK (USD)	1,650	4.4%	-0.2%	4.4%	28.3%	5.0%
MSCI EM (USD)	1,441	0.3%	-5.4%	1.2%	33.4%	3.0%
MSCI Asia ex Japan (USD)	930	-0.4%	-6.5%	0.1%	32.4%	2.1%

Fixed Income	Current Yield	1WK	1MO	3MO	1YR	YTD
U.S. Aggregate	4.6%	0.8%	-1.2%	0.2%	3.5%	0.0%
U.S. Govt/Credit	4.5%	0.9%	-1.2%	0.0%	3.1%	-0.2%
U.S. 10 Year Treasury	4.3%	0.8%	-1.9%	-0.2%	2.2%	-0.5%
U.S. TIPS (1-10YR)	4.2%	0.8%	-0.3%	0.9%	3.5%	0.8%
U.S. High Yield	7.3%	0.7%	-0.7%	-0.1%	8.1%	-0.1%
EM Bonds (USD)	6.3%	0.6%	-1.7%	-1.0%	7.3%	-1.0%
Municipal Bonds	3.7%	0.5%	-1.8%	0.1%	3.7%	0.1%

Commodities	Current	1WK	1MO	3MO	1YR	YTD
Bloomberg Commodity Index	349	4.1%	11.2%	26.4%	33.5%	26.3%
Crude Oil (USD/bbl)	$111.5	18.1%	40.3%	54.2%	39.8%	54.1%
Gold ($/oz)	$4,676.8	6.9%	-12.1%	8.0%	49.2%	8.3%
Copper	$558.4	2.5%	-5.3%	-1.9%	10.8%	-1.7%
Wheat	$598.3	-1.1%	3.6%	15.4%	-3.7%	15.4%
U.S. Dollar	100	-0.1%	1.0%	1.6%	-2.0%	1.7%
VIX Index	23.9	-13.0%	11.3%	64.5%	11.0%	59.7%

Footnotes: Data is as of April 3, 2026.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

Peter McGratty | Director
pmcgratty@ria.plus

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Peter McGratty | Director
pmcgratty@ria.plus