

# Conflict to Consequences

As we enter April, investors continue to grapple with the consequences of an eventful March. We refer, of course, to the U.S. and Israel’s attack on the Republic of Iran and the evolving effects that have emerged since. For U.S. investors, those effects center on disruption in energy markets and the potential implications for economic growth, consumer prices, and interest rates. Unlike last spring’s fallout following the announcement of reciprocal tariffs (“Liberation Day”), the resolution of last month’s attacks may not be swift.

First, as widely reported, the Strait of Hormuz—a critical chokepoint through which roughly 20% of the world’s oil supply typically passes, much of it destined for Asia—is effectively closed. Prior to the conflict, more than 100 oil and refined-fuel vessels transited the strait each day; today, only a handful are able to pass through this vital corridor. Countries heavily dependent on imported oil and natural gas now face elevated risks of sustained energy price increases, creating immediate inflationary pressure and raising the prospect of slower economic growth in the months ahead.

Second, resolution of the hostilities—and the associated energy and economic disruption—depends on multiple parties, not solely the United States. Chief among them is the Iranian regime, whose overriding priority of self-preservation complicates the prospects for a rapid de-escalation. As a result, markets must contend with a prolonged period of uncertainty, particularly in energy prices and inflation expectations.

## Strait of Hormuz: Commercial Vessel Crossings

Rolling 24-Hour Vessel Count – Weekly Average

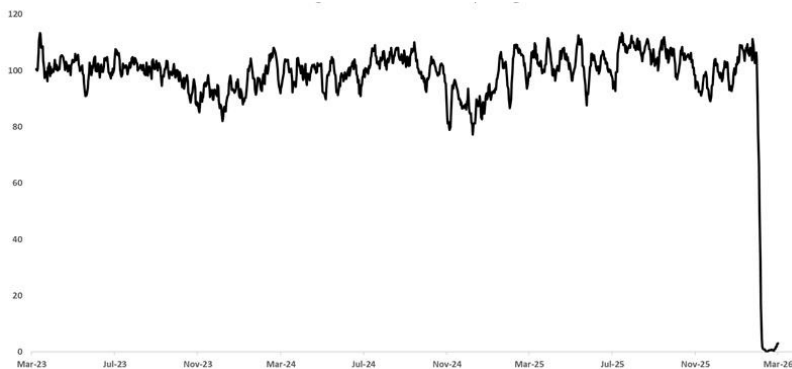


Chart source: Bloomberg

### Economy

Last Week	This Week
- Construction Spending (Jan): 3/23 -0.3% vs. 0.3% prior	- Conf. Board Consumer Confidence (Mar): 3/31
- Manufacturing PMI (Mar): 3/24 52.4 vs. 51.6	- JOLTS (Feb): 3/31
- Current Account Balance (Q4): 3/25 -\$190.7b vs. -\$226.4b prior	- Retail Sales (Feb): 4/1
- U. of Michigan Sentiment (Mar): 3/27 53.5 vs. 55.3 prior	- Nonfarm Payrolls (Mar): 4/3

### Equities

Index	Level	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6344	-3.60	-7.07	-7.07	15.07	18.27	12.03
Russell 1000 Growth	4137	-5.31	-13.04	-13.04	14.61	21.16	12.75
Russell 1000 Value	2062	-1.75	-0.05	-0.05	14.48	14.25	9.39
FTSE High Dividend Yield*	534	-0.80	2.00	2.00	17.03	14.57	10.84
S&P Small and Mid Cap	18292	-2.05	-0.01	-0.01	15.40	10.55	5.55
MSCI EAFE	2827	0.15	-1.50	-1.50	18.98	14.15	8.50
MSCI EM	1412	-0.48	0.94	0.94	29.38	15.77	4.35

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD													
				YTD (%)	Energy	Materials	Industrials	Staples	Utilities	Real Estate	Health Care	Comm. Serv.	IT	Cons. Discr.	Financials		
S&P 500	17.2	15.7	1.3	50													
Russell 1000 Growth	20.4	18.2	0.6	40													
Russell 1000 Value	14.8	13.6	2.1	30													
FTSE High Dividend Yield*	13.7	13.1	3.7	20													
S&P Small and Mid Cap	13.2	15.4	1.9	10													
MSCI EAFE	14.1	13.5	3.2	0													
MSCI EM	10.1	11.2	2.7	-10													

\* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

### Fixed Income

Index	Yield	Returns (%)					
		1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.61	0.07	-0.25	-0.25	4.38	3.56	0.27
U.S. Int. Gov/Credit	4.24	0.03	-0.18	-0.18	4.38	4.19	1.30
U.S. Corporates	5.20	-0.13	-0.88	-0.88	4.64	4.58	0.69
High Yield	7.63	-0.62	-1.10	-1.10	6.28	8.37	4.10
Municipals (1-10)	3.20	-0.51	-0.34	-0.34	4.28	2.73	1.19

Key Rates	Last	1 Wk Ago	Levels (%)				
			Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.83	3.89	3.48	3.48	3.88	4.12	0.16
10-yr Treasury	4.35	4.36	4.17	4.17	4.17	3.55	1.74
30-yr Treasury	4.91	4.93	4.85	4.85	4.53	3.74	2.41
SOFR	3.63	3.63	3.87	3.87	4.39	4.82	
6-mo. CD rate	3.88	3.89	3.62	3.62	4.27	5.09	0.19
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.00	3.25
30-yr fixed mortgage	6.47	6.35	6.25	6.25	6.82	6.84	3.27

Data as of 4:30 PM ET, March 31, 2026. Returns through March 30, 2026.

