WEEK OF MARCH 30, 2026

Market Navigator

Equity markets were mostly lower last week. The small-cap Russell 2000 Index was the lone bright spot, rising 0.5 percent. Fixed income markets were volatile, driven by news of potential cease-fire negotiations in the Middle East. The yield on the 10-year U.S. Treasury rose to 4.43 percent.

Quick Hits

1. **Beyond the headlines:** Are rising 10-year Treasury yields creating an opportunity?
2. **Report releases:** Consumer sentiment, which eroded throughout March, is at its lowest level this year.
3. **Financial market data**: Equity markets were mostly down; only the Russell 2000 increased marginally.
4. **Looking ahead:** The focus this week is the March employment report; a modest increase in jobs is expected.

Beyond the Headlines: Are Rising 10-Year Treasury Yields Creating an Opportunity?

News from the Middle East has caused significant volatility in the 10 year U.S. Treasury yield. Oil prices are entering a second month with prices around $90, causing gasoline prices to move higher. It may be only a matter of time before higher oil prices flow through to products that use oil in their manufacturing processes. This suggests that bond markets are concerned that higher oil prices will reignite inflation and keep interest rates elevated for a longer period.

Those concerns are understandable. But the market may be overestimating how damaging and long lasting oil driven inflation could be.

Oil Prices Seize Headlines; Bond Yields React

Oil prices tend to grab headlines because they directly affect everyday expenses. When energy prices rise sharply, inflation measures often jump in tandem. Short-term inflation expectations have increased. The bond market has responded by pushing longer term interest rates higher, reflecting fears that inflation will stay stubbornly high for years to come.

History suggests, however, that oil price inflation is usually temporary. In addition, the U.S. economy is less oil dependent today than it was decades ago. America consumes energy more efficiently, and businesses are better able to adapt to higher costs, limiting secondary effects on wages and core inflation.

A Potential Slowdown in the Economy

It's also important to understand that higher oil prices often slow economic growth. When consumers spend more at the pump, they tend to spend less elsewhere. That cooling effect can reduce inflation pressures. Oil price shocks often plant the seeds of their own reversal.

Despite the conflict in the Middle East, longer term inflation expectations remain relatively stable. This suggests that investors and consumers believe inflation will eventually move back toward more normal levels. The rise in longer-term Treasury yields could reflect uncertainty around potential fiscal and monetary policy decisions rather than a fundamental shift in the inflation outlook.

When consumers spend more at the pump, they tend to spend less elsewhere. That cooling effect can reduce inflation pressures.

The Macro Impact of the Conflict

For investors, this creates an interesting setup. A medium-term resolution to the conflict in the Middle East could cause energy prices to stabilize or decline, taking the worst-case scenario for policy off the table. That could limit how much higher long term rates go. For the 10-year yield, recent peaks have been around 5 percent. Ultimately, interest rates could move lower, which would benefit high quality bonds that have struggled as rates rose.

Over the past 50 years, the Bloomberg U.S. Aggregate Bond Index—the most widely used benchmark for fixed income investors—has had an average intra-year decline of 3.5 percent. As of Friday's close, the index was down 2.5 percent from February 27, when it reached its 2026 high.

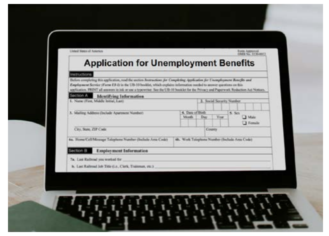
Markets often overshoot in periods of uncertainty, and this could be one of those moments. For patient investors with a long term perspective, current conditions may offer an attractive opportunity for bond income within a diversified portfolio.

Report Releases: March 23–27, 2026

Initial Jobless Claims
Week Ended March 21
(Thursday)

Initial jobless claims matched expectations, illustrating continued labor-market stability.

- Expected/prior initial jobless claims: 210,000/205,000
- Actual initial jobless claims: 210,000



University of Michigan Consumer Confidence Survey
March
(Friday)

Consumer sentiment dipped to its lowest level this year, with the final reading lower than the preliminary estimate two weeks earlier.

- Expected/prior month sentiment: 55.5/56.6
- Actual month sentiment: 53.3

>> The Takeaway

- Initial jobless claims remained in line with expectations. Concerns about higher oil prices and the impact of AI on jobs do not appear to be affecting hiring.
- Consumer sentiment eroded over the course of March.

Financial Market Data

Equity

Equity markets were mostly lower, though the Russell 2000 eked out a 0.46 percent gain. Large-cap indices were pulled down by a sell-off in the technology sector, which declined 3.5 percent. As a result, the Nasdaq Composite dropped more than 3 percent and the S&P 500 fell roughly 2 percent. With oil prices rising by the end of the week, the energy sector rose more than 6 percent, followed by the materials sector, which increased more than 4 percent. International markets declined marginally.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−2.10%	−7.32%	−6.70%	13.25%
Nasdaq Composite	−3.22%	−7.52%	−9.73%	18.44%
DJIA	−0.90%	−7.61%	−5.65%	8.61%
MSCI EAFE	0.09%	−10.35%	−1.27%	18.68%
MSCI Emerging Markets	−1.73%	−10.58%	2.70%	30.55%
Russell 2000	0.47%	−6.83%	−1.01%	20.20%

Source: Bloomberg, as of March 27, 2026

Fixed Income

Fixed income markets declined marginally. Yields on the 10-year U.S. Treasury were volatile; on Wednesday, they fell to 4.31 percent on hopes for a settlement in the Middle East before rising to 4.43 percent by week's end.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.12%	−2.49%	−0.79%	4.39%
U.S. Treasury	−0.07%	−2.34%	−0.66%	3.49%
U.S. Mortgages	−0.08%	−2.53%	−0.49%	5.70%
Municipal Bond	−0.81%	−2.72%	−0.58%	4.34%

Source: Bloomberg, as of March 27, 2026

>> The Takeaway

- Equity markets finished lower. The Russell 2000 outperformed, rising 50 basis points (bps). The technology sector came under pressure, pulling the Nasdaq Composite and S&P 500 down 2 percent–3 percent.
- During a volatile week in fixed income, a late-week sell-off left indices marginally lower.

Looking Ahead

The March employment report will be the highlight of economic data expected this week.

- The week kicks off Tuesday with the **Conference Board Consumer Confidence Index** for March. It's expected to decline slightly after improving modestly last month.
- On Wednesday, we'll see **February retail sales**, which are expected to rise because of higher tax refunds.
- Also on Wednesday, we'll receive the **Institute for Supply Management (ISM) Manufacturing index** for March. Although a slight dip is anticipated, the measure should remain in expansionary territory.
- Finally, on Friday, the March **employment report** will be released. A modest increase of about 50,000 jobs is expected.

Grand Canyon, Arizona

This material is intended for informational/educational purposes only and should not be construed as investment advice, a solicitation, or a recommendation to buy or sell any security or investment product. Diversification does not assure a profit or protect against loss in declining markets, and diversification cannot guarantee that any objective or goal will be achieved. Please contact your financial professional for more information specific to your situation.

Bonds are subject to availability and market conditions; some have call features that may affect income. Bond prices and yields are inversely related: when the price goes up, the yield goes down, and vice versa. Market risk is a consideration if sold or redeemed prior to maturity.

Certain sections of this commentary contain forward-looking statements that are based on our reasonable expectations, estimates, projections, and assumptions. Forward-looking statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. All indices are unmanaged and are not available for direct investment by the public. Past performance is not indicative of future results. The S&P 500 is based on the average performance of the 500 industrial stocks monitored by Standard & Poor's. The Nasdaq Composite Index measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than $50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network.®

Mike Graziano, CMT®, CRPC®, CFP®, Chief Investment Officer

Graziano Budny Wealth Management Group, LLC
8400 E Prentice Ave, Suite 735 | Greenwood Village, CO 80111
720.583.6363 | 720.458.0773 fax | www.grazianobudny.com | mgraziano@grazianobudny.com