



Summary

Equities fell again last week as markets continued to weigh the fallout of the conflict in the Middle East. Despite ticking down 0.8% last week, oil prices remain elevated at \$98.23 per barrel and are up 56.2% over the past four weeks. Rising oil prices are driving up the price of retail gasoline (up 33% over the past month) and diesel (up 40% over the past month). The energy shock has pushed Treasuries higher across the board. Although the Fed kept rates steady as expected at the March meeting, investors are paring back bets that there will be a rate cut this year. There is now a 94% chance that the Fed will not cut rates this year. The PPI

for February came in hotter than expected, rising 0.7% month-over-month and 3.4% year-over-year, driven by a 1.1% increase in goods prices. As energy prices continue to remain elevated due to the conflict in the Middle East, it is likely that input prices will continue to rise, putting pressure on producers and consumers. New home sales were weaker than expected in January, coming in at a seasonally adjusted annual rate of 587,000 against expectations of 719,000. Inventory rose, driving the supply to 9.7 months. Pending home sales, however, rose 1.8% in February, suggesting existing home sales and new

home sales may rise modestly in the first half of 2026; but rising mortgage rates may dampen pending sales. Industrial production rose 0.2% in February after rising 0.7% in January, with strength in chemicals, high-technology industries, and mining. Capacity utilization held steady at 76.3%, below its long-term average of 79.4%. Despite rising uncertainty, initial unemployment claims fell to 205,000 and continued claims ticked up to 1,857,000, suggesting the low-hire, low-fire labor market remains in place.

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| Last Week: Indicator | Number Reported | Consensus Expectation* | Comment |
|--|------------------------|------------------------|----------------|
| Empire State Manufacturing (Mar – Mon 8:30) | -0.2 | 0.5 | |
| Industrial Production (Feb – Mon 9:15) | 0.2% | 0.4% | |
| Capacity Utilization (Feb – Mon 9:15) | 76.3% | 76.0% | |
| NAHB Housing Market Index (Mar – Tue 9:00) | 38 | NA | |
| Pending Home Sales (Feb – Tue 10:00) | 1.8% | -0.8% | |
| PPI (Feb – Wed 8:30) | 0.7% | 0.3% | Core PPI: 0.5% |
| Factory Orders (Jan – Wed 10:00) | 0.1% | NA | |
| FOMC Decision (Wed 14:00) | 3.50-3.75% | 3.50-3.75% | |
| Initial Claims (03/14 – Thu 8:30) | 205K | 215K | |
| Continuing Claims (03/07 – Thu 8:30) | 1857K | NA | |
| Philadelphia Fed Index (Mar – Thu 8:30) | 18.1 | 4.7 | |
| New Home Sales (Jan – Thu 10:00) | 587K | 719K | |
| Leading Economic Index (Jan – Thu 10:00) | -0.1% | NA | |
| Next Week: Indicator | Consensus Expectation* | Prior | Comment |
| Construction Spending | 0.1% | 0.3% | |
| Productivity - Revised | 2.5% | 2.8% | |
| Unit Labor Costs - Revised | 3.1% | 2.8% | |
| S&P Global U.S. Manufacturing PMI - Prelim | NA | 50.2 | |
| S&P Global U.S. Services PMI - Prelim | NA | 50.4 | |
| MBA Mortgage Applications Index | NA | -10.9% | |
| Import Prices | NA | 0.2% | |
| Export Prices | NA | 0.6% | |
| Initial Claims | 210K | 205K | |
| Continuing Claims | NA | 1857K | |
| Univ. of Michigan Consumer Sentiment - Final | 55.5 | 55.5 | |

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



Economic Review

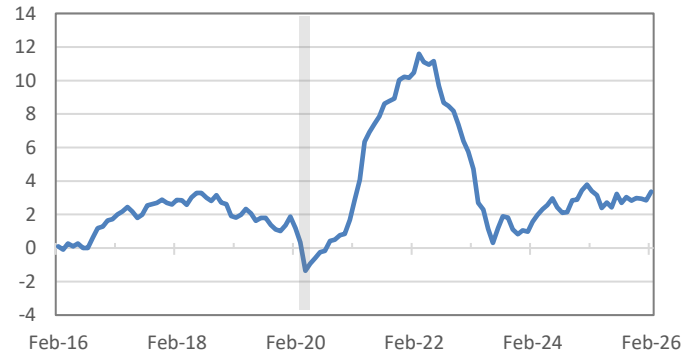
The PRODUCER PRICE INDEX (PPI) rose to 3.4% year-over-year in February, suggesting input cost pressures were already rising prior to the Iran conflict. The PPI was driven higher by goods prices, which rose 1.1% month-over-month. Food inflation remained stubborn, rising 2.4% month-over-month, driven by a 48.9% rise in fresh and dry vegetable prices. Energy prices accelerated to 2.3% month-over-month. The PPI for services decelerated from January but remained hot at 0.5% month-over-month. As the impact of the conflict in Iran continues to ripple through the global economy, it is likely that prices will continue to rise in March. Rising oil prices (up 56.2% over the past four weeks) are passing through to fertilizer (+34% year-to-date) and diesel prices (+40% over the past month), important inputs to agricultural and industrial production and supply chains.

INDUSTRIAL PRODUCTION rose 0.2% month-over-month in February, decelerating from the 0.7% increase in January. Manufacturing output, which accounts for over 75% of total industrial production, also rose 0.2%, as strength in motor vehicles and parts, chemicals, and electrical equipment counteracted weakness in machinery and

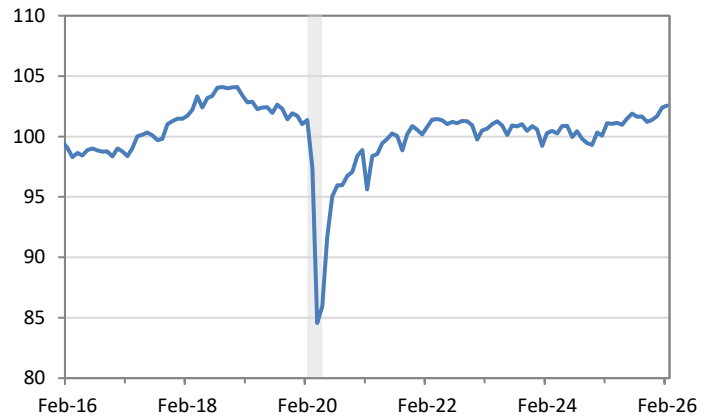
textiles. Industrial production for high-technology industries, which include computers, communications equipment, and semiconductors, was strong, rising 0.7% month-over-month; however, this was a deceleration from the 2.6% rise in January. Mining output was also strong, rising 0.8% month-over-month. Capacity utilization held steady at 76.3% but remained below its long-term average of 79.4%.

NEW HOME SALES for single-family homes fell 17.6% to a seasonally adjusted rate of 587,000 in January, well below consensus expectations of 719,000. Home sales declined across all regions with the sharpest decline in the Northeast region at -44.7% month-over-month. They fell the least in the South region, where they fell -8.1%. Inventory remained robust, rising 0.4% month-over-month to a seasonally adjusted annual rate of 476,000. This amounts to a 9.7 months' supply in January versus an 8.0 months' supply in December. The rising inventory and falling sales are putting downward pressure on new home prices, with the median sales prices falling 4.5% to \$400,500 in January. With mortgage rates up 21 bp over the past four weeks, home sales are likely to remain under pressure in coming months.

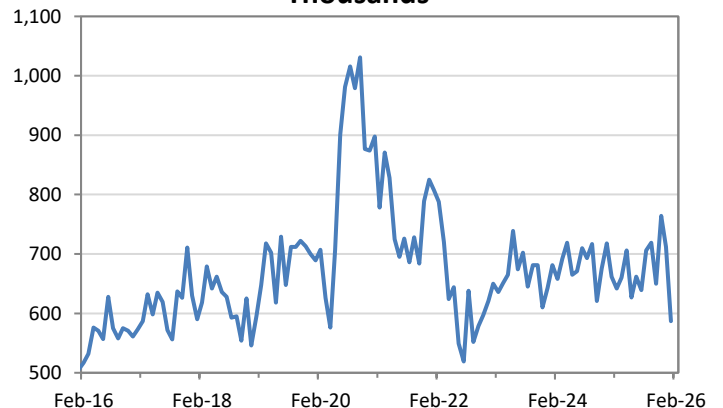
Producer Price Index - Final Demand
Percent Change, Year-Over-Year



Industrial Production Index



New Home Sales
Thousands





Fed Speeches

Federal Reserve Chair Jerome Powell signaled a steady, cautious policy stance at the press conference following the March 18 FOMC meeting, as officials held interest rates unchanged and emphasized the need for further evidence that inflation is moving sustainably toward target.

Powell described the U.S. economy as continuing to expand at a solid pace, supported by resilient consumer spending and ongoing business investment, even as housing remains weak. Labor market conditions appear broadly stable, with unemployment little changed, though job gains have moderated. Inflation, however, remains somewhat elevated, reinforcing the Fed's reluctance to shift policy prematurely.

"We see the current stance of monetary

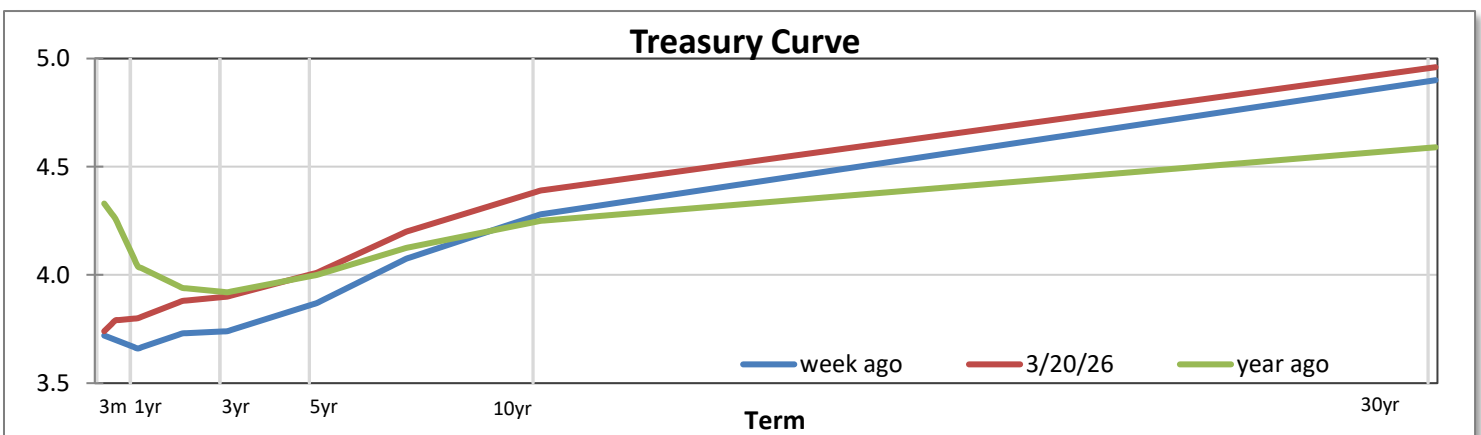
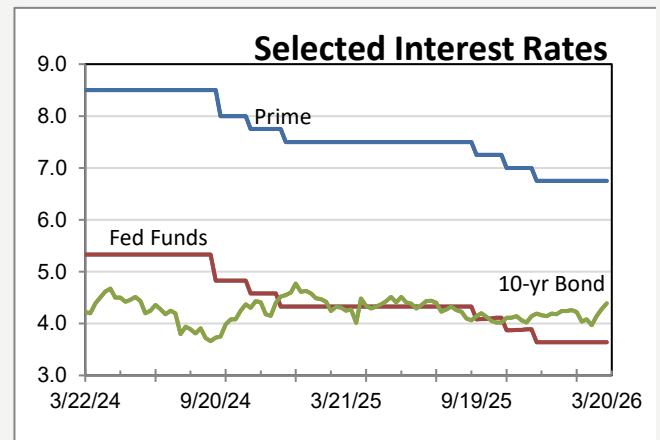
policy as appropriate to promote progress toward our maximum employment and 2% inflation goals."

The Fed's updated projections show slightly stronger growth expectations, with real GDP forecast at 2.4% this year and 2.3% next year. Still, Powell underscored that risks remain two-sided, particularly amid geopolitical uncertainty tied to developments in the Middle East, which could affect inflation and broader economic conditions.

Against this backdrop, Powell reiterated that policy decisions will remain data-dependent. The central bank is balancing confidence in the economy's underlying strength with caution over inflation persistence, suggesting that officials are prepared to maintain current rates until clearer disinflationary progress emerges.

Financial Markets

Stocks fell this week as the Iran War's energy shock continues to reverberate through markets. Over the past four weeks, the DJIA is down 8.2%, the S&P 500 is down 5.8%, and the Nasdaq is down 5.4%. Oil has remained elevated and volatile, with strikes on oil production sites in the Middle East and the closure of the Straits of Hormuz disrupting global energy supplies. Oil is now up 56.4% over the past four weeks, and related commodities from jet fuel to retail gasoline to fertilizer are rising as well. Treasury yields have risen across the board as fears of rising inflation push back bets that the Fed will cut this year. There is now only a 6.0% chance that there will be a rate cut by the end of the year. There is a 63.2% chance that rates will remain steady and a 30.8% chance that rates will rise. A week ago, there was a 0% probability of a rate hike. Despite its traditional role as a safe-haven asset, the price of gold fell 9.0% last week as investors seek liquidity in the face of growing global uncertainty.





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 |
|-------------------------|-------|-----------|------|--------------|------------|-----------------|------------|----------------|
| 1 st Qtr '26 | 6.75 | 3.64 | 3.66 | 3.60 | 3.52 | 4.18 | 4.82 | 6.08 |
| 2 nd Qtr | 6.58 | 3.46 | 3.49 | 3.50 | 3.45 | 4.03 | 4.64 | 5.98 |
| 3 rd Qtr | 6.50 | 3.38 | 3.40 | 3.45 | 3.44 | 3.93 | 4.47 | 5.93 |
| 4 th Qtr | 6.25 | 3.13 | 3.15 | 3.21 | 3.30 | 3.80 | 4.28 | 5.79 |
| 1 st Qtr '27 | 6.08 | 2.96 | 2.98 | 3.06 | 3.18 | 3.73 | 4.22 | 5.70 |

March 2026

FINANCIAL MARKET SUMMARY

| | As of 03/13/26 | As of 03/06/26 | 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) | 3.62 | 3.65 | (3) | (5) | (4) |
| Fed Funds (Wed close) | 3.64 | 3.64 | 0 | 0 | 0 |
| TREASURIES (BE) (Changes in BPs) | | | | | |
| 3 Months | 3.74 | 3.72 | 2 | 5 | 12 |
| 6 Months | 3.79 | 3.70 | 9 | 18 | 19 |
| 1 Year | 3.80 | 3.66 | 14 | 29 | 29 |
| 2 Years | 3.88 | 3.73 | 15 | 40 | 40 |
| 5 Years | 4.01 | 3.87 | 14 | 36 | 31 |
| 10 Years | 4.39 | 4.28 | 11 | 31 | 23 |
| 30 Years | 4.96 | 4.90 | 6 | 24 | 14 |
| MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs) | | | | | |
| 2-Year Muni | 2.31 | 2.22 | 9 | 25 | (14) |
| 5-Year Muni | 2.48 | 2.36 | 12 | 37 | 8 |
| 10-Year Muni | 2.97 | 2.83 | 14 | 86 | 24 |
| 30-Year Muni | 4.44 | 4.37 | 7 | 30 | 25 |
| 30-Year Conventional Mortgage | 6.22 | 6.11 | 11 | 21 | 1 |
| MARKET INDICATORS (Changes in %) | | | | | |
| DJIA | 45,577.47 | 46,558.47 | (2.1) | (8.2) | (5.3) |
| S&P 500 | 6,506.48 | 6,632.19 | (1.9) | (5.8) | (4.8) |
| NASDAQ | 21,647.61 | 22,105.36 | (2.1) | (5.4) | (7.1) |
| CRB Futures | 463.82 | 461.82 | 0.4 | 18.4 | 25.5 |
| Oil (WTI Crude) | 98.23 | 98.99 | (0.8) | 56.2 | 71.0 |
| Gold | 4,574.90 | 5,027.30 | (9.0) | (10.4) | 4.7 |
| Yen / Dollar | 159.23 | 159.73 | (0.3) | 4.3 | 2.2 |
| Dollar / Euro | 1.16 | 1.14 | 1.4 | (1.8) | (1.2) |



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