

The Dashboard

April 2026



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- Employment
- Households



Financial Conditions

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- Inflation & Long-Term Rates
- Credit Spreads



Market

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Executive Summary

- The US and Israeli military campaign against Iran, which began in late February, escalated throughout March, roiling markets and pushing energy prices markedly higher.
- The effective closure of the Strait of Hormuz by Iran, through which nearly 20 percent of global oil flows, reignited inflation and recession concerns, as oil and natural gas shortages impact transport costs and the prices of a wide range of global goods.
- Aside from energy sector stocks, global equities retreated in March, and, somewhat surprisingly, safe-haven assets like bonds and gold fell as well.
- The Federal Reserve held interest rates steady at its March meeting, and markets have repriced the path for rates going forward as the ongoing conflict creates additional uncertainty.

Markets Focused on the Middle East

The conflict in Iran intensified throughout March, dominating broad media and financial headlines alike. Strikes by the US and Israel killed Supreme Leader Ali Khamenei and other Iranian leadership during the month, and Iran retaliated by grinding regional trade to a halt by effectively closing the Strait of Hormuz and launching missiles and drones at neighboring countries. The diplomatic picture remains fragile at the time of this writing, as negotiations through intermediaries have not yielded results thus far. Markets continue to grapple with conflicting messages, however; some pointing towards escalation (threats to strike energy infrastructure and desalination plants) and some indicating a resolution may be near (announcements of progress being made and the conflict

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being almost over). Time will tell how this conflict ultimately ends, but we expect headline volatility to persist until that time.

The conflict had an immediate impact on energy prices. In fact, the International Energy Agency called this event “the greatest global energy security challenge in history”. Brent crude peaked near \$120 per barrel, and European natural gas prices doubled, as attacks on QatarEnergy’s Ras Laffan facility severely impacted liquid natural gas (LNG) capacity. Average gas prices in the US jumped over one dollar during the month to above \$4 per gallon, but the effective closure of the Strait has knock-on effects that go far beyond what we pay at the pump. Shipping costs, which factor into the price of global goods, are rising, and plastics, pharmaceuticals, semiconductors, and food prices may face upward pressure, as well.¹²

Using food as an example, approximately a third of globally traded fertilizer typically flows through the Strait, and the closure is occurring during spring planting in the northern hemisphere. The combination of higher fertilizer prices, potentially lower crop yields, and higher shipping costs may drive up grocery bills in the months to come.³ Additionally, building new fertilizer capacity is a capital-intensive process that takes years, so this is not something that gets resolved overnight.⁴

Equity markets, in general, fell during the month, and many parts of the market ended the first quarter lower, as well. The S&P 500 and Nasdaq Composite indexes (a proxy for large-cap US and US technology companies, respectively) both retreated approximately 5% in March. After advancing to begin the year, foreign and emerging market stocks fared even worse during the month, as those markets are more directly impacted by the conflict. The MSCI EAFE (a proxy for foreign stocks) and MSCI Emerging Markets (a proxy for emerging market stocks) ended the month down approximately 10% and 13%, respectively.

Bonds and gold, which typically act as safe-haven assets during volatile times, also finished March lower. Bonds, as represented by the Bloomberg US Aggregate Bond index, fell 2% during the month, amid mounting concerns about inflation as the conflict dragged on. Gold, as represented by the S&P GSCI Gold index, tumbled 11%. Gold had been a beneficiary of the US dollar debasement trade in previous months, but that trade faded as the Iran conflict escalated and investors began favoring energy exposure and inflation hedges.

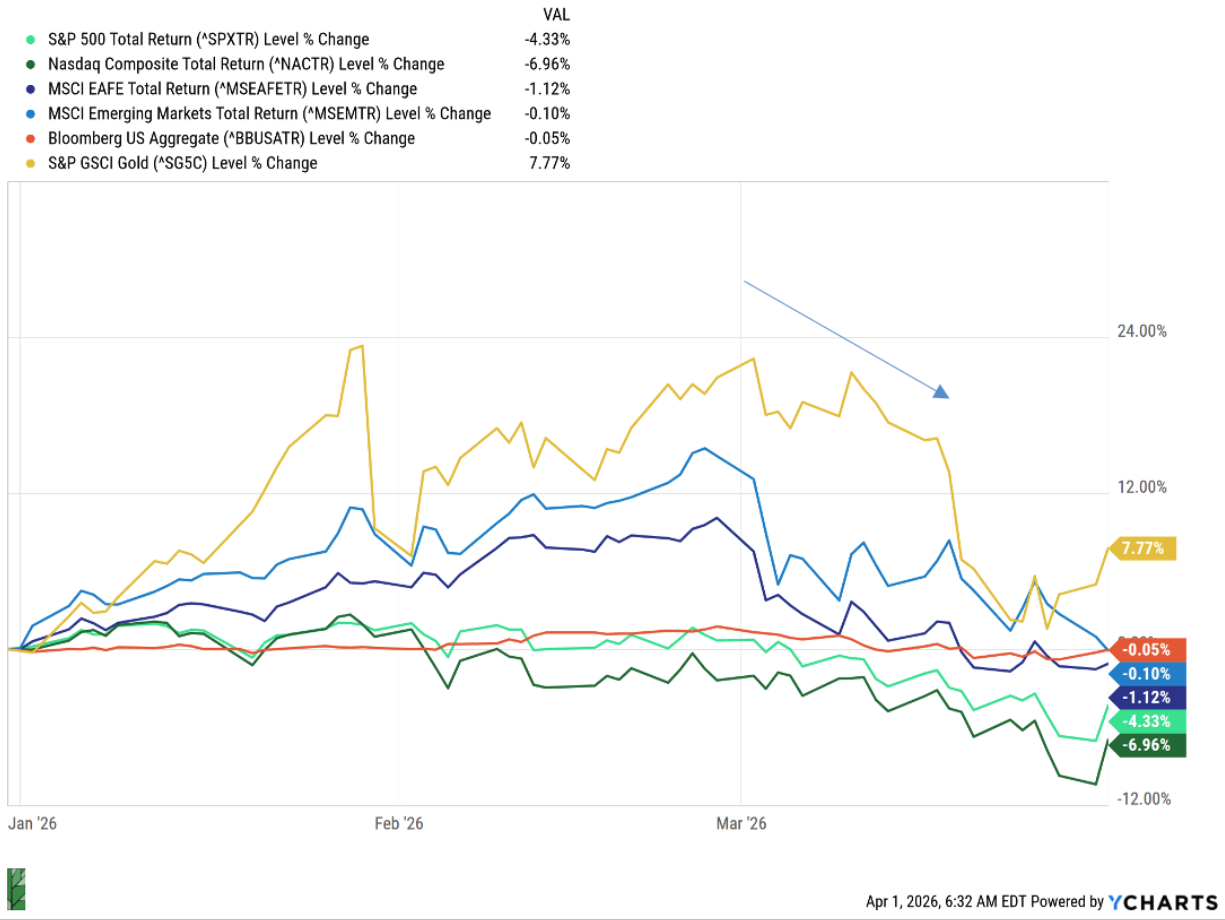
¹ Source: JP Morgan, “Eye on the Market,” March 21, 2026. <https://am.jpmorgan.com/us/en/asset-management/protected/institutional/insights/market-insights/eye-on-the-market/pandoras-bog-the-global-energy-shock-of-2026/>

² Source: Scientific American, “The AI boom is dangerously dependent on helium,” March 18, 2026. <https://www.scientificamerican.com/article/the-iran-war-disrupts-global-helium-supply-and-artificial-intelligence-chip/#:~:text=The%20Iran%20war%20disrupts%20global,of%20microchips%20for%20artificial%20intelligence>

³ Source: Redwheel, “Iran conflict: cascading implications for fertilizer & food,” March 2026.

⁴ Source: Bloomberg, “Fertilizer and the Middle East,” March 31, 2026.

Most Assets Lower in March to End Q1



On a positive note, energy stocks, commodities, and dividend-oriented stocks generally held up reasonably well during the month. In addition, some alternative strategies, such as managed futures and trend-following strategies, also weathered the volatility relatively well. Much like the previous few months, maintaining a diversified portfolio paid dividends again in March.

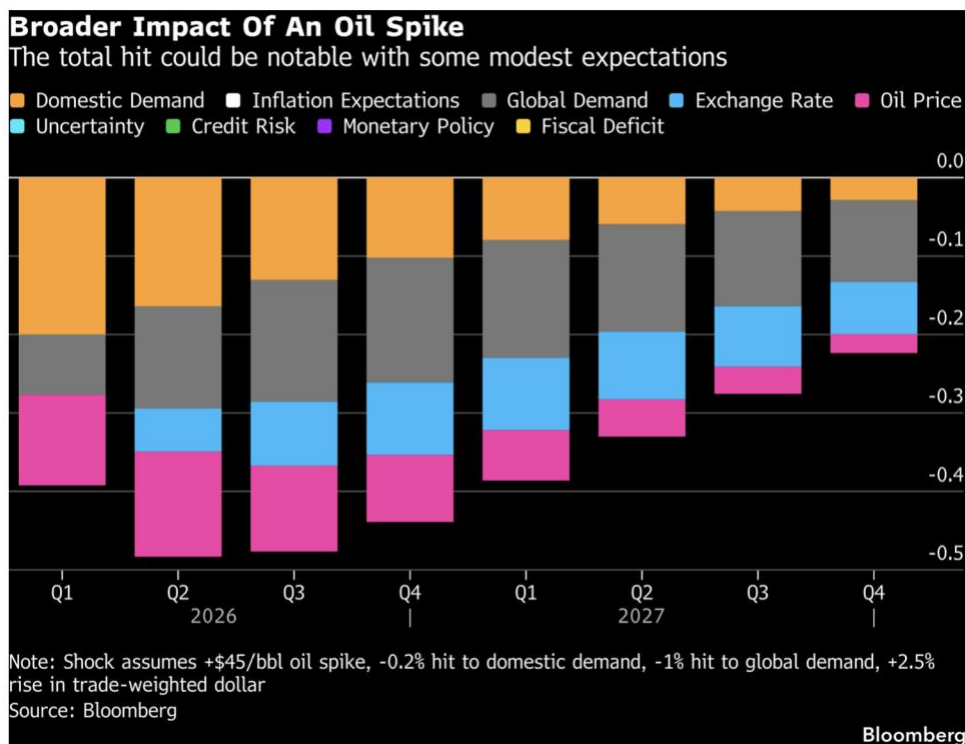
The Fed Holds as Inflation Concerns Mount

The Federal Reserve (Fed) held the federal funds rate steady at 3.50-3.75% at its mid-March meeting, as expected. The Committee's dot plot, which illustrates voting members' expectations for interest rates moving forward, showed only one rate cut in 2026. However, markets are even less optimistic that we will see a rate cut this year, as federal funds futures are not pricing in cuts until mid-2027.

The Fed finds itself in a difficult position regarding its dual mandate – to promote maximum employment and stable prices. The February nonfarm payrolls showed a loss of 92,000 jobs, significantly below consensus expectations and the weakest print since the pandemic. On the other

hand, inflation remains above the Fed's 2% target, and expectations are for prices to rise further after the Iranian conflict is reflected in the data. Fed Chair Powell acknowledged as much, stating, "near-term measures of inflation expectations have risen in recent weeks, likely reflecting the substantial rise in oil prices caused by the supply disruptions in the Middle East."⁵ Given the challenging environment, we expect the Fed to keep rates higher for longer as they wait to see how the conflict impacts economic data.

Several firms have also increased their estimates of recession risk as the conflict has intensified. Goldman Sachs raised the odds of recession to 30%, and Moody's reported an even higher likelihood, at 48.6%. Moody's Chief Economist, Mark Zandi, stated, "Recession risks are very high—and unless the hostilities are coming to an end now, the president figures out a way to stand down, declare victory and move on, and Iranians follow suit—I think recession is more than likely by the second half of the year."⁶ For a visual representation of how the conflict could potentially impact the economy, the Bloomberg chart below measures the aggregate impact on real gross domestic product (GDP), a measure of economic activity, based on the assumptions provided. This model is hypothetical, but it illustrates the impact peaking in the second quarter of 2026 (real GDP 0.5% lower than normal) and lasting well into 2027.⁷



⁵ Source: Financial Times, "Federal Reserve decision as it happened," March 18, 2026. <https://www.ft.com/content/5d52e8d9-ba00-47c0-b4ea-348808009697?syn-25a6b1a6=1>

⁶ Source: Fortune, "Mark Zandi warns recession odds creeping toward 50%," March 26, 2026. <https://fortune.com/2026/03/25/moodys-mark-zandi-recession-risk-50-percent-jobs-data-iran-war/>

⁷ Source: Bloomberg, "Recession probability has risen, but by how much?" March 31, 2026.

Despite the headlines, it is important to note that the US economy and markets still have many factors working in their favor. Economic growth, buoyed in part by the ongoing data center buildout, remains positive (the Federal Reserve Bank of Atlanta forecasts 2% growth for the first quarter), and unemployment is still below average (4.4%).⁸⁹ In addition, the One Big Beautiful Bill should provide an economic tailwind in the first half of this year, and the US is a net exporter of energy, a big advantage over most other economies given the conflict in the Middle East.

The Path Forward

As the first quarter of 2026 draws to a close, market and economic data remain mixed and nuanced. As we discussed previously, there are positive and negative aspects of each as we enter April, but the outcome of the conflict with Iran and its impact on energy markets will most likely continue to move markets until it is resolved.

Beyond geopolitical headlines, a second story has been unfolding in financial media – concern regarding private credit. Private credit, generally speaking, is lending that occurs outside the traditional banking system. Non-bank financial institutions (NBFIs) such as private debt funds, business development companies, and other asset management firms make loans directly to companies in need of capital, and those loans can be pooled into investment vehicles. Private credit can offer investors meaningful diversification opportunities and open new financing channels for businesses. However, because these deals occur outside the traditional banking system, they are not subject to the same level of disclosure and regulatory filings as bank lending. The industry has grown rapidly to approximately \$2 trillion in assets, which represents a five-fold increase since 2009.¹⁰

Headlines about private credit have turned quite negative of late. The concerns include: the opaque nature of the deals, the circularity of some agreements, difficulty pricing the underlying investments, the expansion into retail markets, and the fact that they are illiquid.¹¹ As a result, firms managing these strategies, such as Apollo Global Management, Blackstone, Ares Management, Blue Owl Capital, and others, have seen unprecedented redemption requests. In some cases, firms exercised their right to cap investor withdrawals (not necessarily a sign of distress, liquidity is managed because investments are intended to be long-term), setting off even more negative news.¹²

⁸ Source: Federal Reserve Bank of Atlanta, “GDPNow,” March 31, 2026. <https://www.atlantafed.org/research-and-data/data/gdpnow>

⁹ Source: YCharts, March 31, 2026.

¹⁰ Source: Federal Reserve, “Bank Lending to Private Credit,” May 23, 2025. <https://www.federalreserve.gov/econres/notes/feds-notes/bank-lending-to-private-credit-size-characteristics-and-financial-stability-implications-20250523.html>

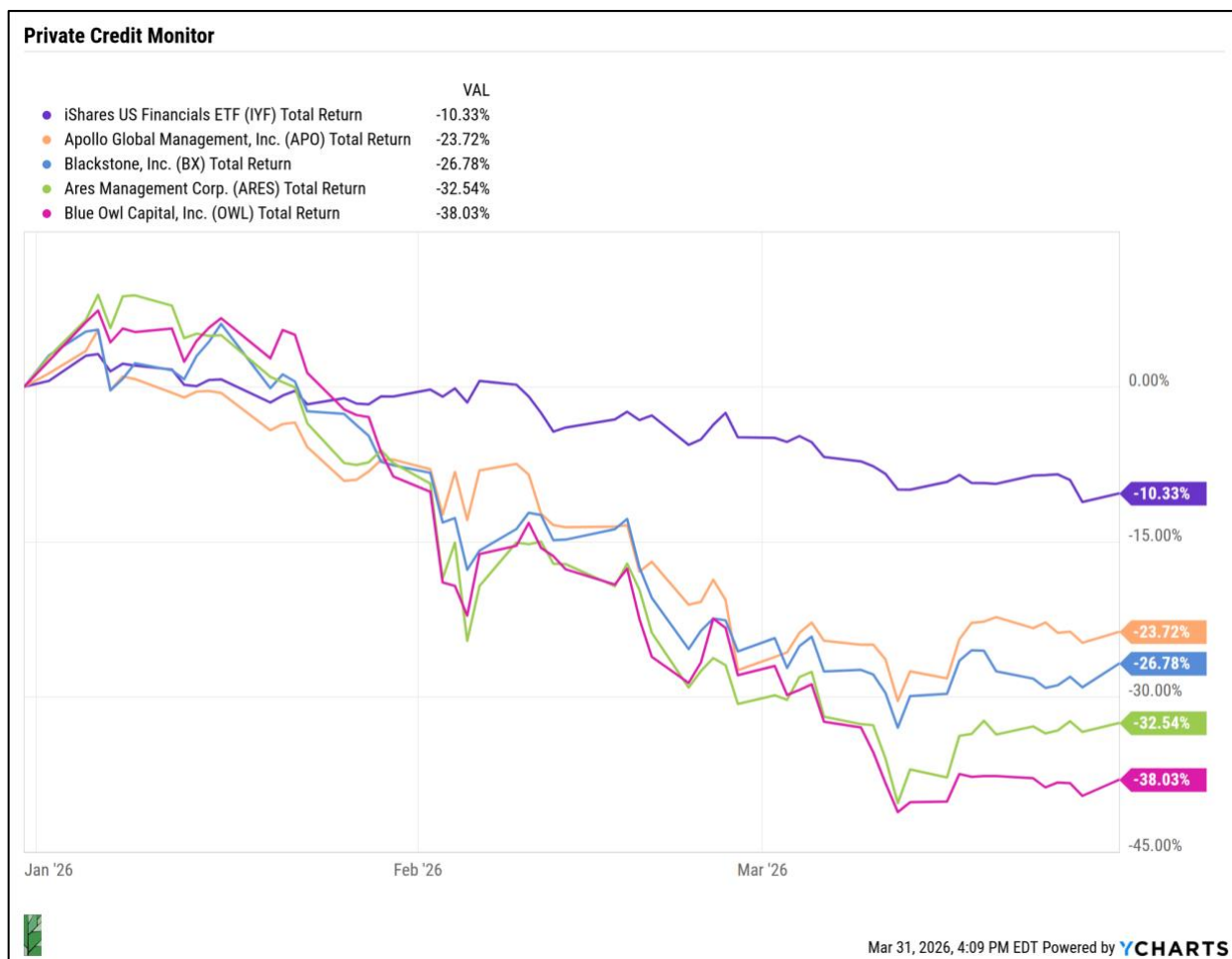
¹¹ Bloomberg, “Why Private Credit is Facing a Sudden Investor Exodus,” March 28, 2026.

<https://www.bloomberg.com/news/articles/2026-03-28/why-investors-are-rushing-to-exit-the-private-credit-market-now>

¹² Bloomberg, “Apollo, Blue Owl Lament Private Credit’s Liquidity Confusion,” March 26, 2026.

<https://www.bloomberg.com/news/articles/2026-03-26/blue-owl-s-ostrover-says-no-increase-in-defaults-despite-unease?srnd=homepage-americas>

As you can see below, the stock prices for several of these companies have fallen significantly so far this year. While the iShares US Financials ETF, a proxy for the broader sector, is down about 10%, Apollo, Blackstone, Ares, and Blue Owl have all fallen more than twice that amount year-to-date.



It is possible that the negativity about private credit may ultimately prove overdone, and Fed Chair Powell stated that while the Fed is watching the space carefully, he does not believe private credit poses a systemic risk.¹³ However, we advise investors to treat potential investments in private strategies much like they would any other investment. We advocate for conducting thorough due diligence to understand the risks, liquidity terms, and expenses, and, when possible, identifying diversified strategies managed by experienced teams that have navigated turbulent markets in the past.

¹³ Source: Bloomberg, "Powell Says Private Credit Doesn't Pose Systemic Risk," March 30, 2026.
<https://www.bloomberg.com/news/live-blog/2026-03-30/fed-s-powell-speaks-at-harvard-economics-class>

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Volatility in private markets, much like public markets, is best navigated with patience. We encourage investors to take a long-term perspective on investing, especially in periods of heightened volatility. As we saw during the Liberation Day tariff announcement almost exactly a year ago, markets can rebound at a moment's notice on unexpected good news. The S&P 500 index is up nearly 17% over the past year despite the market correction that occurred during that turbulent time.¹⁴ It's just another reminder that making emotional decisions in the moment can often result in missed opportunities over the long run.

Given the events of the first three months of the year, we continue to advocate for diversification now more than ever. Both risks and opportunities exist; however, the range of potential outcomes is even wider than normal in our opinion. We appreciate your continued trust and welcome the opportunity to speak with you in greater detail regarding your specific situation.


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¹⁴ Source: YCharts, March 31, 2026

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