

## WEEKLY MARKET SUMMARY

3/13/2026

**Global Equities:** The escalating war in Iran triggered extreme volatility in energy prices, dragging global stocks to a third consecutive weekly decline. The S&P 500 finished the weekly session -1.6% lower, while the Dow Jones Industrial Average declined -1.9% and the Nasdaq Composite ended down -1.3%. US small cap stocks faced significant headwinds from rising interest rates and a potential slowdown in economic growth, falling -1.7% in weekly trading. Foreign developed market stocks were also negative during the week, falling -2.0%, while emerging markets stabilized after the prior week's heavy selling, ending down -0.9%.

**Fixed Income:** 10-Year Treasury yields spiked higher, hitting 4.29% by week's end as concerns mounted over rising inflation stemming from a global energy shock. The uptick in rates pushed mortgage costs higher, with the average 30-year fixed rate mortgage ending the week above 6.4%. Private credit vehicles faced another week of heavy investor outflows, with Cliffwater LLC, Morgan Stanley, and BlackRock all capping redemptions on certain funds.

**Commodities:** Oil prices dominated the headlines in a wildly volatile week that began with prices for US West Texas Intermediate Crude prices hitting \$119 a barrel before sinking to under \$80 midweek and then rebounding to end at around \$99/barrel on Friday. The volatility stemmed from closure of the Strait of Hormuz which has prevented one-fifth of the global oil supply from reaching the market. The International Energy Agency authorized the release of a record 400 million barrels in reserves in an attempt to keep prices stable while the US lifted sanctions on Russian crude oil, injecting over 100 million additional barrels but also providing a windfall of \$150 million per day to Russia.

## WEEKLY ECONOMIC SUMMARY

**Stagflation Risk Rises:** There were two inflation releases during the week, although investors were somewhat dismissive of the data since it preceded the Iran war and did not reflect the spike in energy prices. The February Consumer Price Index (CPI) was in line with estimates at 2.4% while core CPI (excluding food and energy) also matched estimates at 2.5%. The second inflation report was the Personal Consumption Expenditures Index (PCE), which was slightly better than estimates at 2.8% but hotter than expected on the core reading at 3.1%. The sticky inflation reports were accompanied by a downgrade of Q4 2025 GDP from 1.4% to 0.7%, raising the prospects of a stagflationary environment of slowing growth and rising prices.

**Goldman Downgrades US Outlook:** Goldman Sachs released a research note showing an increased recession probability of 25% stemming from the uptick in energy prices and geopolitical instability. Goldman noted that, in their economic model, every 10% increase in oil prices equates to a 0.2% inflation increase and a -0.1% reduction in the GDP growth

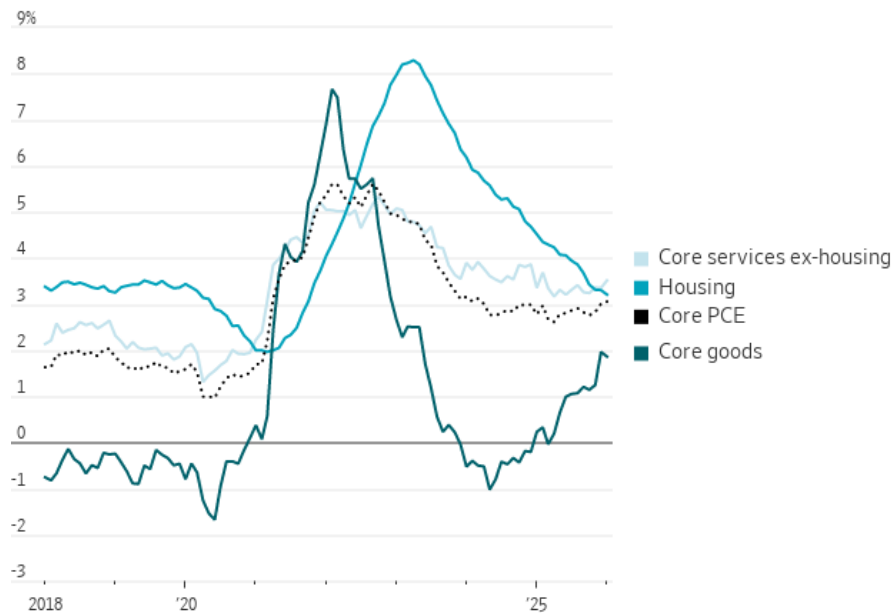
rate. The note also projected PCE inflation to end the year at 2.9% but included a high end projection of 5% inflation, albeit under extreme conditions.

**Central Banks on Deck:** Various central banks will meet in the coming week to set respective interest rate policies, including the US Federal Reserve, the Bank of Canada, the European Central Bank, the Bank of Japan, and the Bank of England. The odds of a rate cut from the US Fed are near zero according to Fed Funds futures markets, and a June rate cut is looking increasingly unlikely despite heavy political pressure from the Trump administration to lower rates. The Fed will release a quarterly “dot plot” Summary of Economic Projections, providing some insight into the balance of power between the hawks and the doves.

### CHART OF THE WEEK

The Chart of the Week shows the major components of Core PCE, the Fed’s benchmark for inflation. Core PCE moved in the wrong direction in January, hitting 3.1% year-over-year. If there is one bright spot in the data, it is the continued deceleration in the cost of shelter, which is now running below the inflation rate of services. The victory may be short-lived, however, as interest rates have turned sharply higher in recent days. Higher rates tend to spur hotter inflation in shelter, not only through higher financing costs, but also potentially reducing supply by disincentivizing both homeowners from selling and builders from engaging in new construction.

Core personal-consumption-expenditures price index, change from year earlier



Note: Core excludes food and energy items  
Sources: Commerce Department, Haver Analytics

Sources: Wall Street Journal. Commentary by VestGen.