

## Key Takeaways:

- Strait of Hormuz is not just about oil.
- Supply chain disruptions starting to be reflected in data.
- Rising fuel is reducing the positive impact from One Big Beautiful Bill.
- How long will the Fed let inflation run hot?
- Be patient and expect additional weakness as valuations adjust.

## Watching War Impact in Economic Data

Last week marked the one year anniversary of Liberation Day. A year later, investors are contending with renewed political uncertainty with the ongoing conflict in Iran. As the war enters its sixth week, investors are trying to assess what impact the disruption in the Strait of Hormuz will have on supply chains. It was six years ago this month when COVID lockdowns froze supply chains and inflation surged. While there has been some traffic through the Strait over the weekend, it is still well below normal. As a result, investors are bracing for short term supply chain disruptions and inflation scares. In this weekly insights, we highlight products aside from oil that rely on the waterway and what we expect in the near term.

- **Strait is not just oil:** Roughly ~25-30% of the world's helium goes through the Strait. Helium is used in MRI machines, semiconductor chips and many manufacturing processes. Between 20-45% of the global supply of inputs in fertilizers travels through the Strait. While only ~5% of the global aluminum supply goes through the Strait, supply is already tight.

- **Signs of supply chain delays:** Aside from energy, the next items most at risk are chemicals. This has broad reaching impact on many items (e.g. plastic, rubber, electronics). The March ISM Index showed delivery times rose to the highest level since 2022 so producers are waiting longer for input materials.
- **Fuel costs eating into tax benefit:** The Tax Foundation estimates that tax refunds are ~\$100 billion higher this year due to the One Big Beautiful tax bill. However, the recent \$1.20 increase in the price of a gallon of gasoline has the ability to eat away that benefit. While the personal savings rate is at a six month high, it is still below the historical average (~6%). Any supply chain disruptions can add to strain on the consumer.
- **Data to start offering clues:** This week we receive a range of economic data on the immediate inflation impact due to the war. Last week, we saw March manufacturing prices jump to the highest level since 2022. This week we will get service prices

and the Consumer Price Index which is expected to rise 1.0% (MoM) at the headline level.

- **More clues on Fed view:** We will also get the FOMC Minutes from the March 18 meeting. This detailed report should offer further insight into the committee's appetite to let inflation run hot while the war continues. At some point, the committee will need to offer their opinion on the inflation risk due to supply chain disruptions.

---

## The Bottom Line:

As markets grow more familiar with the conflict, we have seen a solid rebound in equities. However, the next phase will be absorbing the economic data that reflects the supply disruptions, higher energy costs and inflation. We have not seen any change in earnings estimates to reflect a prolonged conflict, operational bottlenecks or that the Fed would not be cutting rates this year. This leaves the market open to additional downside so we recommend being patient until valuations factor in these risks.

## Weekly Economic Recap –

Economy strong before we entered Iran War

Home prices rose 1.2% (YoY) in January according to the S&P Cotality Index, the slowest pace of gains seen since July 2023. For the month, Charlotte, Miami and Phoenix saw the largest price increases. In contrast, San Francisco, Seattle and San Diego saw prices decline for the month.

Consumer confidence according to the Conference Board rose for the second consecutive month in March. The rise was because of sentiment on the present economic situation as confidence in the future declined. Consumers felt more confident about the current labor market conditions and views on their finances.

Jobs openings according to the JOLTS report declined in February. The hiring rate fell to the lowest level since April 2020 and layoffs increased. The weakness was led by services, healthcare and manufacturing.

Retail sales came in better than expected in February. At the core level (ex food, autos, gas, building materials) sales rose at the fastest pace in four months. At the core level, the strength in sales was led by health and personal care, clothing and sporting goods.

The ISM Manufacturing Index rose for the second time in the past three months. The rise was due to delivery times and prices paid. The prices paid component rose to the highest level since June 2022.

The U.S. economy added 178K jobs in March, the most since December 2024 and the unemployment rate dipped back to 4.3%. The job creation was led by education, trade, manufacturing and leisure/hospitality.

## Key Takeaways:

- Consumer confidence surprisingly resilient.
- Consumer spending remains strong.
- U.S. job growth accelerates in March.
- Global equities rally the most in four months.
- Treasuries rally as chance of Fed rate hikes fell.
- Crude oil prices continue to climb.

## Weekly Market Recap –

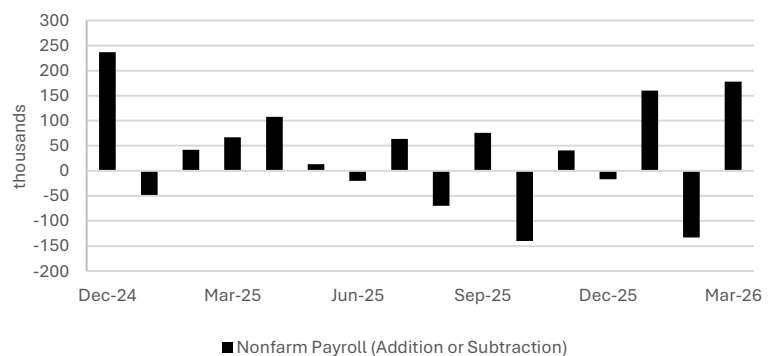
Optimism about end of War drives stocks

**Equities:** The MSCI AC World Index saw its biggest one week rally in four months on optimism that the Iran war is nearing an end and the U.S. economy showed strength coming into the war. International equities, specifically in the developed markets outperformed the U.S. on optimism for an end to the conflict. Within the U.S., all the major averages rallied but it was led by the Nasdaq and growth stocks.

**Fixed Income:** The Bloomberg Aggregate Index rallied for the first time in five weeks. Bonds rallied on investors betting against the Fed raising rates this year. Investment grade bonds led the gains in fixed income followed by Treasury Inflation Protected Securities and high yield debt.

**Commodities/FX:** The Bloomberg Commodity Index rallied for the fifth week in the past six weeks led by gains in energy. Crude oil prices jumped to the highest level since 2022 as supply concerns remain as the Middle East conflict continues. Gold prices rallied as bond yields fell and the

### Job Growth Jumps in March



Footnotes: Data is as of March 2026.

Data Source: Bloomberg Finance LP, Verdense Capital Advisors.

dollar weakened.

## Global Equities Rally on Hopes for End to War

| U.S. Equities                |             |      |       |       |       |       |                          | International Equities |       |       |       |       |       |  |  |
|------------------------------|-------------|------|-------|-------|-------|-------|--------------------------|------------------------|-------|-------|-------|-------|-------|--|--|
|                              | Current     | 1WK  | 1MO   | 3MO   | 1YR   | YTD   |                          | Current                | 1WK   | 1MO   | 3MO   | 1YR   | YTD   |  |  |
| Dow Jones Industrial Average | 46,505      | 1.2% | -4.8% | -3.5% | 12.0% | -2.8% | MSCI AC World (USD)      | 994                    | 3.0%  | -3.3% | -2.2% | 24.8% | -1.7% |  |  |
| S&P 500                      | 6,583       | 1.7% | -4.2% | -3.7% | 17.5% | -3.5% | MSCI EAFE (USD)          | 2,919                  | 3.0%  | -2.1% | 1.0%  | 24.1% | 1.6%  |  |  |
| Russell 1000 Growth          | 4,330       | 1.8% | -4.7% | -8.8% | 17.8% | -9.0% | MSCI Europe ex UK (USD)  | 3,187                  | 3.9%  | -1.5% | -2.6% | 19.3% | -1.8% |  |  |
| Russell 1000 Value           | 2,121       | 1.4% | -3.9% | 2.0%  | 16.1% | 2.9%  | MSCI Japan (USD)         | 5,023                  | 1.1%  | -3.7% | 5.4%  | 32.0% | 5.5%  |  |  |
| Russell 2500                 | #N/A<br>N/A | 2.1% | -4.3% | 2.2%  | 22.9% | 3.6%  | MSCI UK (USD)            | 1,650                  | 4.4%  | -0.2% | 4.4%  | 28.3% | 5.0%  |  |  |
| Russell 2000                 | 2,530       | 1.5% | -4.6% | 1.2%  | 25.4% | 2.3%  | MSCI EM (USD)            | 1,441                  | 0.3%  | -5.4% | 1.2%  | 33.4% | 3.0%  |  |  |
| Nasdaq                       | 21,879      | 2.2% | -3.7% | -5.7% | 25.1% | -5.7% | MSCI Asia ex Japan (USD) | 930                    | -0.4% | -6.5% | 0.1%  | 32.4% | 2.1%  |  |  |

| Fixed Income          |               |      |       |       |      |       |                           | Commodities |        |        |       |       |       |  |  |
|-----------------------|---------------|------|-------|-------|------|-------|---------------------------|-------------|--------|--------|-------|-------|-------|--|--|
|                       | Current Yield | 1WK  | 1MO   | 3MO   | 1YR  | YTD   |                           | Current     | 1WK    | 1MO    | 3MO   | 1YR   | YTD   |  |  |
| U.S. Aggregate        | 4.6%          | 0.8% | -1.2% | 0.2%  | 3.5% | 0.0%  | Bloomberg Commodity Index | 349         | 4.1%   | 11.2%  | 26.4% | 33.5% | 26.3% |  |  |
| U.S. Govt/Credit      | 4.5%          | 0.9% | -1.2% | 0.0%  | 3.1% | -0.2% | Crude Oil (USD/bbl)       | \$111.5     | 18.1%  | 40.3%  | 54.2% | 39.8% | 54.1% |  |  |
| U.S. 10 Year Treasury | 4.3%          | 0.8% | -1.9% | -0.2% | 2.2% | -0.5% | Gold (\$/oz)              | \$4,676.8   | 6.9%   | -12.1% | 8.0%  | 49.2% | 8.3%  |  |  |
| U.S. TIPS (1-10YR)    | 4.2%          | 0.8% | -0.3% | 0.9%  | 3.5% | 0.8%  | Copper                    | \$558.4     | 2.5%   | -5.3%  | -1.9% | 10.8% | -1.7% |  |  |
| U.S. High Yield       | 7.3%          | 0.7% | -0.7% | -0.1% | 8.1% | -0.1% | Wheat                     | \$598.3     | -1.1%  | 3.6%   | 15.4% | -3.7% | 15.4% |  |  |
| EM Bonds (USD)        | 6.3%          | 0.6% | -1.7% | -1.0% | 7.3% | -1.0% | U.S. Dollar               | 100         | -0.1%  | 1.0%   | 1.6%  | -2.0% | 1.7%  |  |  |
| Municipal Bonds       | 3.7%          | 0.5% | -1.8% | 0.1%  | 3.7% | 0.1%  | VIX Index                 | 23.9        | -13.0% | 11.3%  | 64.5% | 11.0% | 59.7% |  |  |

Footnotes: Data is as of April 3, 2026.

Source: Bloomberg Finance LP, Verdense Capital Advisors.

**Disclaimer:**

© 2026 Authored by Megan Horneman, Chief Investment Officer, Verdense Capital Advisors, LLC. Reproduction without permission is not permitted. The indexes presented are unmanaged portfolios of specified securities and do not reflect any initial or ongoing expenses nor can it be invested in directly. An investment's portfolio may differ significantly from the securities in the index.

This material was prepared by Verdense Capital Advisors, LLC ("VCA" or "we", "our", "us"). VCA believes the information and data in this document were obtained from sources considered reliable and correct and cannot guarantee either their accuracy or completeness. VCA has not independently verified third-party sourced information and data. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur. These projections, market outlooks or estimates are subject to change without notice. This material is being provided for informational purposes only and is not intended to provide, and should not be relied upon for, investment, accounting, legal, or tax advice. Past performance is not a guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product or any non-investment related content, made reference to directly or indirectly in these materials will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. You should not assume that any discussion or information contained in this report serves as the receipt of, or as a substitute for, personalized investment advice from VCA. Alternative investments are designed only for sophisticated investors who are able to bear the risk of the loss of their entire investment. Investing in alternative investments should be viewed as illiquid and generally not readily marketable or transferable. Investors should be prepared to bear the financial risks of investing in an alternative investment for an indefinite period of time. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. All indexes are unmanaged, and you cannot invest directly in an index. Index returns do not include fees or expenses. Sector Watch Use of this website is intended for U.S. residents only. Any recommendation, opinion or advice regarding securities or markets contained in such material does not reflect the views of Verdense Capital, and Verdense Capital does not verify any information included in such material. Verdense Capital assumes no responsibility for any fact, recommendation, opinion, or advice contained in any such research material and expressly disclaims any responsibility for any decisions or for the suitability of any security or transaction based on it. Any decisions you may make to buy, sell, or hold a security based on this research will be entirely your own and not in any way deemed to be endorsed or influenced by or attributed to Verdense Capital. It is understood that, without exception, any order based on such research that is placed for execution is and will be treated as an UNRECOMMENDED AND UNSOLICITED ORDER. Further, Verdense Capital assumes no responsibility for the accuracy, completeness, or timeliness of any such research or for updating such research, which is subject to change without notice at any time. Verdense Capital does not provide tax, or legal advice. Under no circumstance is the information contained within this research to be used or considered as an offer to sell or a solicitation of an offer to buy any particular investment/security. Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Lower rated securities are subject to greater credit risk, default risk, and liquidity risk. Commodity-related products, including futures, carry a high level of risk and are not suitable for all investors. Commodity-related products may be extremely volatile, illiquid and can be significantly affected by underlying commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions, regardless of the length of time shares are held. Data is provided for information purposes only and is not intended for trading purposes. Verdense Capital shall not be liable for any errors or delay in the content, or for any action taken in reliance on any content.