April 2026

MONTHLY MARKET INSIGHTS

Key takeaways:

- The escalating conflict in the Middle East weighed heavily on equity markets in March, with the S&P 500 declining -5.09% and the Nasdaq falling into correction territory.[1]
- US corporate earnings remain robust, with fourth-quarter 2025 S&P 500 earnings growth of 13.0% year-over-year, the fifth consecutive quarter of double-digit growth.[2]
- The Federal Reserve held rates steady at 3.50%–3.75% at its March meeting, citing elevated uncertainty stemming from the Middle East conflict. While the updated dot plot still reflects one projected cut this year, rising oil prices and persistent inflation readings have narrowed the window for lower rates in 2026.[3]

March proved to be a challenging month for equity markets as the escalating conflict between the United States, Israel, and Iran sent shockwaves through global markets and created an environment of elevated economic uncertainty. The Dow Jones Industrial Average became the first major US index to enter correction territory, falling 10% from its previous high, while the tech-heavy Nasdaq followed shortly after, declining -4.76% for the month.[4] The S&P 500 fell -5.09% in March but has not yet breached the 10% correction threshold.[5] International equities fared even worse, as European and Asian countries are more dependent on Gulf states for energy. The MSCI All Country World ex US Index declined -11.13%, the steepest monthly decline since 2022.[6]

The Iran conflict's impact on energy markets proved to be the significant driver of March's equity market selloff. Maritime trade through the Strait of Hormuz came to a near standstill as attacks on vessels and the withdrawal of maritime insurance coverage effectively shut down the waterway. According to S&P Global Market Intelligence, just 21 tankers transited the strait in the first three weeks of the conflict, compared with more than 100 ships per day before hostilities began.[7] Approximately 20% of the world's oil supply flows through the strait, and the disruption had an immediate impact on oil prices.[8] Brent crude oil prices surged above $118 per barrel, while West Texas Intermediate oil prices settled near $101 per barrel, both increasing by more than 50% month over month.[9] [10]

While market corrections are inherently uncomfortable, they are a normal feature of equity markets. Historically, the S&P 500 has experienced an intra-year drawdown of 10% or more in roughly one out of every three years. In particular, corrections are common during

1. Bloomberg.
2. Butters, John. "Earnings Insight." FactSet, Mar. 2026, www.factset.com/earningsinsight.
3. "March 18, 2026: FOMC Statement." Board of Governors of the Federal Reserve System, 18 Mar. 2026, www.federalreserve.gov/newsevents/pressreleases/monetary20260318a.htm.
4. Bloomberg.
5. Id.
6. Id.
7. "Traffic Is Trickling through Strait of Hormuz: Who's Moving and Who's Stranded." CNBC, 18 Mar. 2026, www.cnbc.com/2026/03/18/hormuz-bottleneck-vessel-tanker-tracker-shipping-strait-of-hormuz.html.
8. "Amid Regional Conflict, the Strait of Hormuz Remains Critical Oil Chokepoint." U.S. Energy Information Administration, 2026, www.eia.gov/todayinenergy/detail.php?id=65504.
9. Bloomberg.
10. Brent crude is the leading global benchmark for oil while West Texas Intermediate is the primary benchmark for U.S. domestic oil

midterm election years, with the S&P 500 experiencing an average intra-year decline of -19.4% across the last sixteen midterm cycles.[11] Notably, one-year performance following these midterm corrections has been consistently strong, with an average return of 31.1% from the correction trough, and the subsequent one-year recovery has exceeded the magnitude of the drawdown in 75% of cases.[12] That said, the conflict in Iran poses significant challenges to the global economy, and with the duration and resolution of hostilities still uncertain, there remains a wide range of potential outcomes.

The conflict introduces a material upside risk to the inflation outlook. Although oil has been the primary focus, supply chain disruptions extend well beyond energy to other critical inputs, including fertilizer, aluminum, and helium.[13] If elevated prices across these areas persist through the balance of the year, the risk of inflation reaccelerating rises meaningfully, complicating the path for monetary policy. The Federal Reserve held rates steady at its March meeting, maintaining the benchmark federal funds rate between 3.50%–3.75%.[14] Chairman Powell emphasized that the implications of the Middle East conflict for the US economy remain uncertain. With Powell's term as Fed Chair set to expire in May, the upcoming leadership transition adds an additional layer of complexity to the policy outlook. Conversely, if the oil shock drives meaningful demand destruction through higher consumer prices and reduced discretionary spending, it could materially increase the risk of a global economic slowdown in the latter half of the year or into 2027.

While the Middle East conflict and its economic implications dominated the month, it was not the only source of downward pressure on markets. Large-cap technology stocks faced additional headwinds beyond the broader sell-off. A landmark jury verdict that found Meta Platforms and Alphabet liable in a social media addiction lawsuit sent both stocks sharply lower late in the month. The concentration of large-cap tech stocks in major equity indices remains a source of downside risk, especially if those companies experience additional headwinds. Separately, private credit has attracted considerable media attention, with some commentators raising concerns about systemic risk. We believe these headlines have overstated the risks, conflating isolated pockets of weakness with a broader deterioration in fundamentals that we have yet to observe. That said, while we believe the asset class remains a valuable component of a diversified portfolio, we recognize that some of the highlighted concerns are legitimate. We have modestly reduced private credit exposure across client portfolios in recent weeks, building cash reserves to deploy into more compelling risk-adjusted opportunities as they emerge.

Against this uncertain backdrop, there remain meaningful reasons for measured optimism. For instance, US corporate earnings remain strong. With fourth-quarter results now finalized, the S&P 500 posted blended earnings growth of 13.0% year-over-year, marking the fifth consecutive quarter of double-digit growth.[15] Nine of eleven sectors reported positive year-over-year earnings growth, with the broadening of growth into sectors like Industrials and Materials, representing a particularly constructive development. Looking ahead, analysts project Q1 2026 earnings growth of 13.0% and full-year CY 2026 growth of 17.1%.[16] While these estimates are likely to experience downward revisions if the oil price shock persists, the fundamental health of corporate America provides a significant cushion against near-term headwinds. The labor market, while softening, has not deteriorated sharply, and consumer balance sheets remain broadly healthy. Both factors should backstop economic activity through this period of elevated uncertainty.

11. Clifton, Daniel, et al. " Policy Outlook. Mon. Mar. 30, 2026" Strategas, 30 Mar. 2026, www.strategasrp.com.
12. Id.
13. Rissmiller, Don, et al. "Economics Report: An Uncomfortable Waiting Period Continuing." Strategas, 30 Mar. 2026, www.strategasrp.com.
14. "March 18, 2026: FOMC Statement." Board of Governors of the Federal Reserve System, 18 Mar. 2026, www.federalreserve.gov/newsevents/pressreleases/monetary20260318a.htm.
15. Butters, John. "Earnings Insight." FactSet, Mar. 2026,
16. Id.

As we begin the start of the second quarter, the current environment presents a number of risks that narrow the margin for error. However, robust corporate earnings and healthy aggregate consumer balance sheets continue to provide support for risk assets. Periods of market stress have historically rewarded patient investors and created opportunities to deploy capital into high-quality assets at attractive valuations. We will continue to closely monitor developments in the Middle East, the trajectory of oil prices, and incoming economic data, making tactical adjustments to client portfolios as warranted. As always, we welcome the opportunity to speak with clients who wish to discuss their portfolios or the current market environment in greater detail.

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