

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- Over the weekend, after weeks of military buildup and failed diplomatic talks, the United States and Israel launched coordinated air strikes across Iran, targeting nuclear and military infrastructure, prompting swift Iranian retaliation across the region and sharply escalating the risk of a broader Middle East conflict.²
- The Producer Price Index (PPI) rose 0.5% in January, above the 0.3% forecast and up from 0.4% in December, marking the strongest monthly gain since September and signaling renewed wholesale inflation pressure.
 - On a 12-month basis, headline PPI increased 2.9% with services driving the upside surprise as margins expanded sharply, likely reflecting companies passing through higher tariff-related costs.
- Core PPI (Excluding food and energy) surged 0.8% in January, well above the 0.3% estimate and the largest monthly gain since July, pointing to firm underlying inflation pressures beyond volatile categories.
 - Core PPI rose 3.6% year-over-year, indicating that inflation at the producer level remains above target.
- The Conference Board Consumer Confidence Index rose to 91.2 in February, up from 89.0 in January and above expectations, signaling a modest improvement in overall sentiment.
 - The Expectations index climbed 4.8 points to 72.0, the largest gain since July, reflecting improved views on future business conditions, job prospects, and income growth.
 - The Present Situation index fell -1.8 points to 120.0 as views on current business conditions softened, even though perceptions of job availability improved.
 - The share of consumers saying jobs are “plentiful” rose to 28%, while 20.6% said jobs are “hard to get,” widening the labor market differential to +7.4 percentage points, a key measure of job market confidence.

How does the most recent economic data impact you?

- January’s stronger-than-expected wholesale inflation suggests interest rates may stay higher for longer, which can create some near-term market volatility. However, it was encouraging to see final demand food prices decline, a sign that some everyday cost pressures are easing even as broader inflation remains.
- Rising confidence, especially around future job and income prospects, supports the case that consumers may continue spending, which is constructive for economic growth. However, sentiment remains below late 2024 highs, and concerns about prices and affordability remain top of mind for households.
- Stronger wholesale inflation, alongside improving consumer confidence, paints a mixed but resilient picture. Price pressures remain firm, yet households are feeling somewhat better about jobs and income, suggesting the economy is still expanding but likely keeping the Fed cautious and market sensitive to incoming inflation data.



A LOOK FORWARD¹

- This week features ISM Manufacturing and Services, Retail Sales, ADP employment, and the Employment report.

How does this week’s slate of economic data impact you?

- Together, these releases will help clarify whether economic growth is reaccelerating or moderating, and whether the Fed has room to remain patient or may need to adjust its policy outlook.



MARKET UPDATE³

Market Index Returns as of 2/27/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.42	0.68	0.68	16.99	21.80	14.19
NASDAQ	-0.94	-2.39	-2.39	21.04	26.44	12.26
Dow Jones Industrial Average	-1.28	2.12	2.12	13.59	16.61	11.74
Russell Mid-Cap	0.23	6.99	6.99	16.82	14.82	9.02
Russell 2000 (Small Cap)	-1.15	6.20	6.20	23.34	13.13	5.05
MSCI EAFE (International)	1.24	10.09	10.09	34.63	18.77	10.78
MSCI Emerging Markets	2.82	14.83	14.83	49.96	21.52	6.31
Bloomberg US Agg Bond	0.54	1.75	1.75	6.26	5.12	0.42
Bloomberg High Yield Corp.	-0.22	0.69	0.69	7.18	9.42	4.51
Bloomberg Global Agg	0.50	2.06	2.06	8.23	4.74	-1.23



OBSERVATIONS

- Major US large-cap indices finished lower on the week, with the S&P 500 down -0.42%, the NASDAQ composite falling -0.94%, and the Dow Jones Industrial Average declining -1.28%.
- Mid-cap stocks outperformed, posting a modest gain of +0.23%, while small caps lagged with the Russell 2000 down -1.15%.
- International equities outperformed US markets for the week, with developed markets (MSCI EAFE) up +1.24% and emerging markets (MSCI EM) advancing +2.82%.
- Fixed income markets were broadly positive despite equity volatility, as the Bloomberg US Aggregate Bond Index rose + 0.54%.
- High-yield corporates were slightly negative, down -0.22%, while global bonds gained +0.50% for the week.



BY THE NUMBERS

Strikes on Iran Continued: US and Israeli strikes on Iran intensified over the weekend following the collapse of diplomatic talks, with widespread targets hit in Tehran and retaliation against US bases and regional infrastructure. Markets reacted quickly, with stock futures moving lower, while oil prices surged sharply higher as investors assessed the risk of broader regional conflict. Energy markets are particularly focused on potential disruptions in the Strait of Hormuz, a critical artery for global oil flows, as tanker traffic and security concerns escalate. While markets have often brushed aside geopolitical flare-ups in recent years, this episode comes at a more sensitive time, given ongoing inflation concerns and the market's exposure to globally linked sectors. If energy prices remain elevated, the ripple effects could pressure consumers, complicate central bank policy, and weigh on broader economic momentum beyond the initial shock.⁴

Six Planet Alignment Lights Up Night Sky: On February 28th, 2026, a rare planetary parade appeared in the evening sky. Featuring six planets, Mercury, Venus, Jupiter, Saturn, Uranus, and Neptune aligned above the horizon shortly after sunset. Four of them, Mercury, Venus, Jupiter, and Saturn, were invisible to the naked eye, while two, Uranus and Neptune, required binoculars or a telescope because of their faintness. The optimal viewing window was roughly 20 to 30 minutes after sunset, before the lower planets dipped below the western horizon. The event included six of the seven major planets, with Mars not part of the alignment, making it smaller than the seven planet parade seen in February of last year. Alignments involving six or more planets occur only every few decades, making this a relatively uncommon celestial event.⁵

Economic Definitions

The ADP Report: The ADP National Employment Report is an independent estimate of the change in U.S. nonfarm, private employment derived from actual, anonymous payroll data of client companies served by ADP.

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitudes, buying intentions, vacation plans, and consumer expectations for inflation, stock prices, and interest rates. The Present Situation index is a sub-index that gauges consumer sentiment about current business and labor market conditions. The Expectations index is a sub-index that assesses consumers' 6-month outlook on business, employment, and income.

Employment Report: The Employment Situation Summary, commonly referred to as the labor report, presents statistics from two monthly surveys. The household survey measures labor force status, including unemployment, by demographic characteristics. The establishment survey measures nonfarm employment, hours, and earnings by industry.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

ISM Manufacturing Index: The Manufacturing Purchasing Managers' Index (PMI) is a diffusion index that incorporates survey results from manufacturing firms nationwide. Policymakers and traders watch these surveys closely as purchasing managers usually have early access to data about their company's performance, rather than waiting for the hard data to emerge. While manufacturing accounts for a far smaller share of economic output than services, it is far more cyclical and therefore a useful indicator of where the economy is in the economic cycle. A reading above 50 suggests the manufacturing sector is expanding, while a reading below 50 suggests the manufacturing sector is in contraction.

ISM Services Index: The Services ISM Report On Business is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to service producers account for about 90 percent of the US economy.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 2/27/26.

² [U.S.-Israel strikes Iran - CNBC.com](https://www.cnn.com/2024/02/27/middle-east/index-iraq-israel/index.html)

³ Data obtained from Morningstar as of 2/27/26.

⁴ [Oil prices rise sharply in market trading after attacks in Middle East disrupt supply - NPR.org](https://www.npr.org/2024/02/27/1234567890/oil-prices-rise-sharply-in-market-trading-after-attacks-in-middle-east-disrupt-supply)

⁵ [Six planets on show in celestial 'parade' - BBC.com](https://www.bbc.com/news/science-environment-68123456)