## Week in Review

*Equity Markets:*
Stock markets continued their decline from this year's prior highs, driven by concerns over inflation, high prices for stocks, and considerable geopolitical uncertainties. The S&P 500 Index fell by -0.42% while the Dow Jones Industrial Average decreased by -1.28% and the Nasdaq came down -0.94%.[1] The Forward 12-month Price/Equity Ratio for the S&P 500 is now at 21.6, which continues to be higher than both its 5-year average (20.0) and its 10-year average (18.8).[2]

Sectors across the US markets have been rotating with frequency so far this year. Where 2026 began with considerable investments towards Communications Services and Information Technology, the last month recognized growing investments into Basic Materials, Consumer Staples, and Energy.[3]

*Fixed Income Markets:*
A rally in US government bonds raised secondary prices last Friday. In the process, yields on US Treasurys came down, with the 10-year Treasury recognizing a contraction below 4.00%, which is the lowest it's been in more than four months, before rebounding up to 4.26%.

Investment-grade Corporate bonds gained 0.21% last week while High-yield Corporates declined by -0.22%. Taxable Municipal bonds delivered a gain of 0.95% last week.[4]

*Economic Updates:*
The Producer Price Index [PPI] rose 0.5% in February, higher than the 0.3% estimates. Concurrently, Core PPI – which removes food and energy prices – rose 0.8%, its largest increase since last July. On a year/year basis, PPI inflation rose 2.9%.[5]

The Consumer Confidence Index crept up 2.2 points in February to read at 91.2, which indicates increased optimism towards future business and labor market conditions. Still, the Index remains considerably lower than its November 2024 peak of 112.8.

## Looking Ahead

*War with Iran:*
The United States and Israel attacked Iran on Saturday morning, in the process taking out that country's key leadership.[6] Iran retaliated with strikes at its neighbors, including airports and oil production facilities around the Persian Gulf. We recognize that about 20% of the world's oil ships through the Strait of Hormuz at the mouth of the Gulf. Noting this, the Organization of Petroleum Exporting Countries (OPEC+) agreed to increase global oil production.[7]

*Equity Markets:*
Investors should be mindful that, historically, geopolitical conflicts have impacted markets with volatility dynamics that have often been relatively short-lived. When looking at the broader markets, we can see that investors may move allocations from one position to another while remaining fully invested in the markets at large. Perhaps it is best for equity investors to focus on potential long-term implications while retaining confidence in their existing financial plans holding resilience in the face of such events.[8]

*Fixed Income Market*
This new war with Iran is expected to minimally impact macroeconomic or portfolio impacts regarding fixed income investments. Far more significantly, this Friday will see the Nonfarm Payrolls report from the Bureau of Labor Statistics. This report will be very significant, recognizing the second the arm of the Federal Reserve's mandate after inflation (which continues to increase), as well as questions about the accuracy of January's NFP report. More to the point: whether the Federal Open Market Committee will choose to lower interest rates this year will depend on furthering a strong jobs market alongside the lowering of inflation.

*Economic Updates:*
Monday sees release of the ISM Manufacturing PMI report, with the ISM Services PMI following on Wednesday alongside the S&P Global US Services and Composite Purchasing Manager Indices. We also will see multiple unemployment reports this week, concluding with the previously mentioned February Nonfarm Payrolls report this Friday.[9]

**** *See Important Disclosures on following page*

*Sources:*


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*4) Nuveen, LLC*
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