BECKER WEALTH MANAGEMENT, LLC

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Capital markets respond accordingly as Iran war intensifies.

Last week the Iran war intensified through both rhetorical and military lenses including damage to regional energy infrastructure. Capital markets responded accordingly with a fourth consecutive drawdown in equity markets and inflation risks pressuring bond yields higher. For the week, U.S. stocks lost 2% with growth underperforming value and non-U.S. stocks fell 2.5%. U.S. equity markets are off approximately 6% since the war began and bond yields up nearly 50bps. Non-U.S. equity markets continued to shoulder more downside given the strengthening USD and more direct energy supply implications relative to the United States.

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Financial Market Highlights

- The war in Iran and associated risks to global energy infrastructure delivered a third down week for equity and bond markets driven by commodity price risks to the global economy.
- While high yield credit spreads have remained sanguine, investor sentiment measures including growth outlooks and fund manager positioning have begun to deteriorate.
- Private credit, high yield's first cousin, continues to garner substantial financial media coverage, but risks are likely to evolve very slowly, and the degree of systematic risk remains an open question.

Economic Highlights

- Last week's economic calendar was light on the surface; government shutdown impacted, and again largely irrelevant given overwhelming risk drivers coming from the Strait of Hormuz.
- Economists put recession probability at 32% with elevated oil prices the key factor. Despite positive real wage gains since 2023, more is needed to catch up from the post pandemic inflation surge.

Policy Highlights

- All major global central banks met last week (Fed, BoE, ECB, BoJ) with very similar takeaways amounting to inflation concern surrounding oil price shock and a wait and see approach.
- Analysis on a recent Fed banking sector deregulation initiative is expected to have a material positive impact on capital ratios intended to increase banks' appetite and ability to extend loans in the market.
- Polls suggest the decision to go to war is increasingly likely to come with political consequences.

Bullish Asset Allocation Narratives

- Robust U.S. corporate earnings growth, strong profit margins, and positive forward guidance.
- Growth conducive policies across both fiscal (elevated deficit spending) and regulatory landscapes.
- Resilient consumption with low unemployment and under levered consumer balance sheets.
- AI implementation including infrastructure buildouts, productivity gains, and earnings potential.

Bearish Asset Allocation Narratives

- Energy price shock resulting from U.S. foreign policy in Iran and associated risks to inflation and economic growth, particularly given soft labor market hiring/wage gains, cumulative inflation dynamics, and depressed consumer savings rates.
- AI trends given the current equity market profile, shifts toward asset and capex intensive business models, concerns surrounding circular transactions, increased debt financing, and disruptive forces across labor markets and business models.
- Tariff (trade) policy uncertainty and impacts on business uncertainty, price levels, and supply chains.

INSIGHT

SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
Industrial Production (MoM)	3/16/26	Feb	0.7%	-0.3% to 0.7%	0.1%	0.2%
Housing Market Index (MoM)	3/16/26	Mar	37	32 to 38	37	38
Pending Home Sales (MoM)	3/17/26	Feb	-1.0%	-1.0% to 0.2%	-1.0%	1.8%
New Home Sales (AR)	3/19/26	Jan	712k	710k to 800k	728k	587k
CPI (Headline/Core YoY)	3/11/26	Feb	2.4% / 2.5%	2.4% to 2.6%	2.4% / 2.5%	2.4% / 2.5%
CPI (Headline/Core MoM)	3/11/26	Feb	0.2% / 0.3%	.02% to 0.3%	0.3% / 0.2%	0.3% / 0.2%
PCE YoY (Headline/Core)	3/13/26	Jan	2.9% / 3.0%	2.7% to 3.1%	2.9% / 3.0%	2.8% / 3.1%
PCE MoM (Headline/Core)	3/13/26	Jan	0.4% / 0.4%	0.0% to 0.4%	0.3% / 0.4%	0.3% / 0.4%
JOLTS	3/13/26	Jan	6.542M	6.675M to 6.8M	6.75M	6.946M
Housing Starts & Permits (M)	3/12/26	Jan	1.40M / 1.45M	1.31M to 1.43M	1.34M / 1.41M	1.49M / 1.38M
Existing Home Sales	3/10/26	Feb	3.91M	3.81M to 3.98M	3.88M	4.09M
UofM Consumer Sentiment	3/13/26	March	57.3	53.0 to 57.5	56.2	55.5
NFIB Small Biz Optimism	3/10/26	Feb	99.3	99.1 to 100.0	99.7	98.8
Durable Goods Orders	3/13/26	Jan	-1.4%	-2.0% to 1.7%	0.5%	0.0%
Payrolls (MoM)	3/6/26	Feb	130,000	35,000 to 125,000	60,000	-92,000
Unemployment Rate	3/6/26	Feb	4.3%	4.3% to 4.4%	4.4%	4.4%
Retail Sales (Headline/Core)	3/6/26	Jan	0.0% / 0.0%	-0.8 to 0.4%	-0.4% / 0.1%	-0.2% / 0.0%
ISM Services	3/4/26	Feb	53.8	52.0 to 54.2	53.6	56.1
ISM Manufacturing	3/2/26	Feb	52.6	50.5 to 53.0	51.8	52.3
Case-Shiller HPI (YoY)	2/24/26	Dec	0.5%	0.2% to 0.3%	0.3%	0.5%
Consumer Confidence	2/24/26	Feb	89.0	85.0 to 90.5	88.0	91.2
Personal Income / PCE (MoM)	2/20/26	Dec	0.3% / 0.5%	0.0% to 0.7%	0.3% / 0.3%	0.3% / 0.4%
U.S. GDP (QoQ AR)	2/20/26	Q4	4.4%	1.7% to 3.6%	2.8%	0.7%
PCE (QoQ AR)	2/20/26	Q4	0.5%	0.0% to 0.5%	0.3%	2.4%
PMI Services	2/20/236	Feb	52.7	N/A	N/A	52.3
PMI Manufacturing	2/20/26	Feb	52.4	51.8 to 52.1	51.9	52.4
Employment Cost Index	2/10/26	Q4	3.5%	3.4% to 3.5%	3.5%	3.4%

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INSIGHT

MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr
Dow Jones	45577	(2.09)	(7.95)	(4.93)	(4.79)	10.51
NASDAQ	21648	(2.06)	(5.34)	(6.98)	(6.73)	23.13
S&P 500	6506	(1.87)	(5.72)	(4.50)	(4.68)	16.34
Russell 1000 Growth		(2.38)	(5.71)	(9.60)	(9.54)	16.79
Russell 1000 Value		(1.28)	(5.87)	1.05	0.84	14.52
Russell 2000		(1.65)	(8.33)	(3.30)	(1.52)	19.45
Russell 3000		(1.83)	(5.94)	(4.51)	(4.52)	16.12
MSCI EAFE		(2.05)	(9.34)	(0.26)	(1.41)	17.18
MSCI Emg Mkts		(0.33)	(6.43)	7.33	4.52	31.78

Fixed Income	Δ Yield	1 Wk	1 Mo	3 Mo	YTD	1 Yr
US Aggregate	3.95	0.02	0.10	0.06	0.06	0.23
High Yield	6.72	0.02	0.18	0.15	0.18	0.11
Municipal	3.43	0.04	0.11	0.10	0.11	0.36
Treasury	3.55	0.16	0.23	0.22	0.23	0.48

Commodities	Current	12/31/25	9/30/25	6/30/25
Oil (WTI)	93.39	57.26	63.17	66.30
Gold (Mo-End)	5019.53	5019.53	3665.20	3352.00

Currencies	Current	12/31/25	9/30/25	6/30/25
USD/Euro ($/€)	1.16	1.18	1.17	1.17
USD/GBP ($/£)	1.32	1.32	1.34	1.37
Yen/USD (¥/$)	159.54	159.54	147.97	144.17

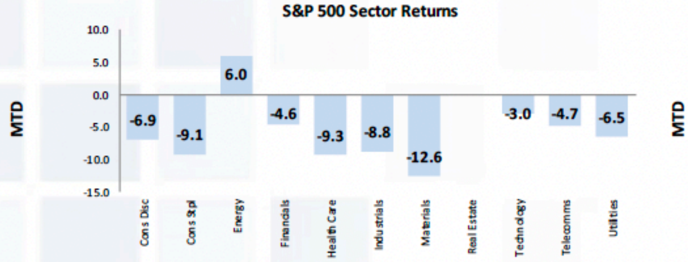
Treasury Rates	Current	12/31/25	9/30/25	6/30/25
3 Month	3.74	3.67	4.02	4.41
2 Year	3.88	3.47	3.60	3.72
5 Year	4.01	3.73	3.74	3.79
10 Year	4.39	4.18	4.16	4.24
30 Year	4.96	4.84	4.73	4.78

Style Returns

MTD

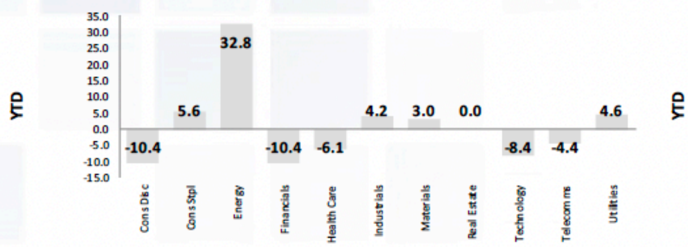
	V	B	G
L	-6.00	-5.45	-4.96
M	-7.07	-6.89	-6.27
S	-6.87	-7.26	-7.64

S&P 500 Sector Returns



YTD

	V	B	G
L	0.84	-4.66	-9.54
M	1.49	-0.38	-6.35
S	1.44	-1.52	-4.20



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