

Monthly Market Commentary

Benchmark Returns AS OF MARCH 31, 2026

	MONTH	YTD
S&P 500	-4.98%	-4.33%
Dow Jones Industrial Average	-5.20%	-3.19%
Nasdaq	-4.68%	-6.96%

	MONTH	YTD
Bloomberg Agg Bond Index	-1.76%	-0.05%
Developed International	-10.19%	-1.12%
Emerging Markets	-13.03%	-0.10%



Geopolitics Drives Volatility, Fundamentals Hold Firm

U.S. financial markets navigated a highly volatile March, shaped primarily by the February 28th large-scale attack on Iran by the U.S. and Israel. Outside of war events, investors focused on Federal Reserve policy, ongoing private credit concerns, and the course of corporate earnings.

Geopolitical Shock and Market Reaction

The dominant driver of market performance in March was the rapid escalation of the Iran conflict. The closure of the Strait of Hormuz, a major artery for the global maritime oil trade, triggered a sharp spike in oil prices and a corresponding repricing across asset classes.

Crude oil surged above \$100 per barrel during the month and continued higher into early April, fueling concerns about a renewed inflation cycle. Markets responded with broad-based selling across equities and bonds, as investors recalibrated expectations for growth and monetary policy. Energy was the only S&P 500 sector to post a gain in March (+10.3%). The leadership of Information Technology, Communications Services, and Consumer Discretionary continued to unwind.

Federal Reserve: Holding Steady Amid Uncertainty

Against this backdrop, the Federal Open Market Committee (FOMC) held its policy rate unchanged at 3.50%–3.75% at its March meeting, as expected. Importantly, the tone of the Fed's communication shifted modestly more hawkish. Policymakers acknowledged that higher commodity prices could complicate the inflation outlook, even as geopolitical uncertainty clouds the growth trajectory.

The result is a policy stance best described as "on hold, but vigilant." Markets entered the month expecting rate cuts later in 2026; by month-end, those expectations had been pushed further out, contributing to higher Treasury yields and tighter financial conditions.

Private Credit: An Area of Growing Concern

Beyond public markets, stress continued to build within private credit. The asset class continues to face scrutiny due to its opacity, valuation practices, and sensitivity to the above-mentioned tighter financial conditions. Recent restrictions on investor withdrawals at certain funds highlight growing liquidity mismatches within the sector. The Iran conflict has amplified these concerns. Higher rates, slowing growth, and reduced capital availability are creating a more challenging environment for the borrowers who rely on private financing. Economists have warned that these vulnerabilities, while not yet systemic, could become more pronounced if financial conditions tighten further.

Corporate Earnings: A Strong Foundation

One of the more constructive elements underpinning markets was the final tally of fourth-quarter 2025 earnings. Results came in broadly ahead of expectations, with strong margin performance driving profits. Earnings growth continued to outpace revenue growth, reflecting corporate efficiency and pricing power. This dynamic has historically provided an important cushion during periods of macro volatility, and March was no exception.

The first quarter earnings season begins in early April. Analysts expect S&P 500 earnings to grow at a double-digit pace for the sixth straight quarter. Investors will be monitoring earnings calls for clues to the impact of higher energy costs on corporate outlooks.

Conclusion: A Market Reset, Not a Breakdown

March 2026 will be remembered as a month of repricing rather than capitulation. The Iran war introduced a meaningful exogenous shock, particularly through energy markets, but the broader financial system has thus far demonstrated resilience. Still, risks have clearly risen. Inflation is less predictable, monetary policy is constrained, and pockets of financial stress persist, most notably in private credit.

For investors, the environment reinforces the importance of diversification, quality, and discipline. Periods of heightened volatility often reset expectations and valuations, creating both risks and opportunities for long-term portfolios.

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