Abacus® FINANCE

MONTHLY ECONOMIC BRIEFING

March 2026

US Economy

The recent events in Iran introduced considerable uncertainty to the trajectory for global economies and financial markets. As it is typical with geopolitical issues in the Middle East, the primary conduit for global economic impact is through energy markets. The US has limited direct exposure to Persian Gulf supply disruptions thanks to the shale revolution, but oil prices will still be affected – the magnitude depends on the duration and severity of the conflict.

Monetary Policy

Higher oil prices could further complicate the path for monetary policy. A sustained rise in oil prices could reignite inflationary pressures, potentially delaying the Federal Reserve's easing plans – a near-term headwind for markets. Minutes from the January FOMC meeting reflected overall support for keeping the fed funds rate at current levels as inflation remains elevated and labor market risks appear to be moderating. Release of the minutes had negligible impact on the expectation for the next rate cut to be delayed until June.

Bond Markets

Ten-year Treasury yields dropped below 4.0% and 30-year mortgage rates fell below 6.0%. These moves may signal slower demand growth in the economy and housing sector but could also reflect declining inflation expectations and term premiums adjusting towards Federal Reserve targets. Treasuries have shown resiliency in times of stress and may do so again. However, the U.S. dollar moves may limit yield declines.

Equity Markets

US equity markets have gotten off to a rather rocky start to the new year, but the activity has not been movement to a risk-off mode. It has been more of a rotation away from the somewhat expensive technology and communication service equities towards the cheaper cyclical and defensive names. This dynamic has helped the equal weighted large cap and SMID cap stocks to notably outperform the cap-weighted large cap indices over the first two months of the year.

LBO Market Commentary

In March 2026, U.S. leveraged buyout activity continues to recover as financing conditions stabilize after the trough of 2025, and sponsors re-engage on quality assets with disciplined leverage and underwriting. However, escalating geopolitical risk from the 2026 Iran conflict has heightened volatility in debt and equity markets and pushed risk premiums higher, contributing to more cautious debt pricing. Competition for high-quality buyout targets remains strong, particularly in resilient sectors, but lenders are emphasizing conservative structures and stress testing for macro and credit risks, with private credit spreads and liquidity conditions under closer scrutiny.

LBO Market Data was provided by Refinitiv LPC

Forecast Provided by Cerity Partners

	Current
Fed Funds Rate	3.75%
US 10-Year Treasury Yield	3.96%
S&P 500 Index	6,879
HY Fixed Income Spread**	320 bps

	2025 est.
World GDP Growth Rate	3.25%
US GDP Growth Rate	2.25%

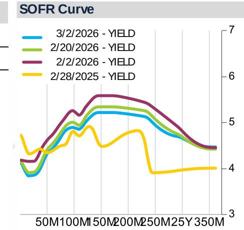
**Source: Factset*
***High Yield Spread is the BofA Merrill Lynch High Yield Master II relative to the US 10-Year Treasury Bond.*

Rate Environment

Treasury Statistics/Rates

	Current	YTD %	Historical 52-Wk HI	Historical 52-Wk LO
US Treasury 2yr	3.39%	-0.09%	4.39%	3.39%
US Treasury 5yr	3.52%	-0.21%	4.61%	3.52%
US Treasury 10yr	3.96%	-0.21%	4.79%	3.95%
US Treasury 30yr	4.63%	-0.21%	5.08%	4.43%
SOFR - 3 Month	3.67%	0.01%	4.33%	3.63%
SOFR - 6 Month	3.62%	0.04%	4.32%	3.56%
SOFR - 12 Month	3.47%	0.05%	4.29%	3.40%

SOFR Curve

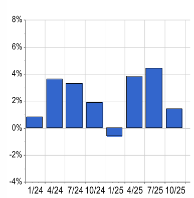


Treasury Statistics and SOFR Curve provided by Factset

Key Economic Data

REAL GDP

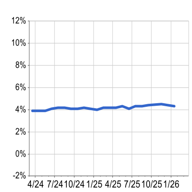
Change from previous quarter



Source: Department of Commerce

UNEMPLOYMENT RATE

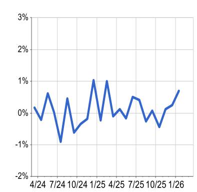
Monthly seasonally adjusted rate



Source: Bureau of Labor Statistics

INDUSTRIAL PRODUCTION

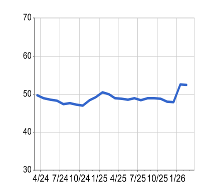
Change from previous month



Source: Federal Reserve

PMI

Reading above 50 indicates expansion in mfg. activity



Source: Institute for Supply Mgmt.

Equity Market Performance

Index	Current	% Change Last Week	% Change YTD	% Change 52 Week	52 Week HI	52 Week LO	Trailing P/E	Forward P/E	Current Yield
DOW	48,977.92	3.20%	2.12%	13.59%	50,188.14	37,645.59	22.12	20.36	0.00%
S&P 500	6,878.88	3.74%	0.68%	16.99%	6,978.60	4,982.77	24.84	21.66	1.16%
NASDAQ	22,668.21	4.94%	-1.06%	20.35%	23,958.47	15,267.91	32.66	25.50	0.00%
R2000	2,632.36	5.55%	6.20%	23.34%	2,718.77	1,760.71	37.81	24.45	0.00%
VIX (S&P)	19.86	-30.22%	32.84%	1.17%	52.33	13.47	N/A	N/A	N/A

**Source: Factset*

LBO Market Performance