



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: March 17, 2026 – 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is up 0.2% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 1.4%. Chinese markets were lower, with the Shanghai Composite down 0.9% and the Shenzhen Composite down 1.9%. US equity index futures are signaling a lower open.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold.

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
“The Geopolitics of US Dollar Stablecoins” (3/9/26) + podcast (3/13/26)	“Are Long-Term Treasuries No Longer a Safe Haven?” (3/16/26) + podcast	Q1 2026 Report Q1 2026 Rebalance Presentation	The Case for Hard Assets

Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* today opens with an update on the war in Iran. We next review several other international and US developments that could affect the financial markets today, including an interest-rate hike by the Australian central bank that could signal similar moves around the globe and a move by President Trump to postpone his upcoming summit with Chinese President Xi.

United States-Israel-Iran: According to the *Wall Street Journal* late yesterday, Iran’s security forces [have launched a new crackdown on domestic dissent aimed at preventing any uprising that could threaten the regime’s power](#). While the crackdown isn’t yet as violent and lethal as the one in January that killed thousands, it does suggest that the government can still control society and that rising popular unrest is not likely to put an end to the war, at least for the time being.

- In another key development overnight, Israel said it had [killed Iranian security chief Ali Larijani](#), who had been seen as a key force in Tehran’s aggressive military response to the US-Israeli attacks. Tel Aviv also said it killed the commander of Iran’s Basij paramilitary force, which the regime uses to tamp down domestic dissent.

- Separately, the US allies that President Trump has asked to help secure shipping through the Strait of Hormuz [are showing varying signs that they aren't interested](#). For example, German Chancellor Merz and his defense minister, Boris Pistorius, have rejected the idea outright, with Pistorius saying, "This is not our war. We did not start it." Japan, Australia, the UK, and France have also indicated they're unlikely to send navy ships. The news appears to be pushing oil prices some 3.3% higher this morning.

Pakistan-Afghanistan: Hundreds of people [are feared dead after an air strike on a hospital in Kabul that the Afghan government blamed on Pakistan](#). The Pakistani government has denied the allegation of civilian casualties, but the incident nevertheless suggests that the ongoing tensions over cross-border terrorist attacks could blow up into a full-scale war. That would not only mean a second major war in Asia, but because of Pakistan's arsenal of nuclear weapons, it could also be deeply unsettling for global financial markets.

Australia: The Reserve Bank of Australia today [hiked its benchmark short-term interest rate by 25 basis points to 4.10%, marking its second increase in the last two months](#). In its statement, the RBA said the rate hike was needed to address "the expected inflationary implications of the conflict in the Middle East." The move could be taken as a harbinger of rate hikes by other major central banks as the Iran war continues to push up global commodity prices.

United States-China: In a press conference yesterday, President Trump said he [has asked the Chinese government to delay his summit with President Xi that was set to begin at the end of March](#). According to the president, he requested a delay of about one month so that he can remain in Washington and manage the Iran war. The delay will prolong uncertainty in US-China trade relations, but the bigger story may simply be that Trump expects the war to last at least through the end of the month — a timeline that could well drive global energy prices higher.

United States-Cuba: As the US continues to essentially blockade energy shipments, authorities yesterday [announced a massive failure of the power grid and a nationwide blackout](#). That means some 11 million people are currently without power. The result is likely to be further domestic protests and more pressure on the government to reach a deal with the US regarding dismantling its communist system and reducing its ties with US adversaries such as China.

US Monetary Policy: The Fed today [begins its latest policy meeting](#), with its decision due tomorrow at 2:00 PM ET. Based on futures trading, investors almost unanimously expect the policymakers to hold their benchmark fed funds interest rate at its current range of 3.50% to 3.75%. The real news may come from Chair Powell in his post-meeting presser. The most market-swaying items he could touch on include whether higher wartime energy prices might require new rate hikes or whether he'll leave the Fed board at the end of his term as chair.

US Stock Market: The *Wall Street Journal* reported yesterday that the Securities and Exchange Commission [is preparing a rule change that would give publicly listed companies the option to publish their financial reports just twice per year](#) instead of the current quarterly requirement. The change could be proposed as early as next month, at which point it would be subject to a

public comment period and then an SEC vote. If finally approved, the change would help firms save money, but at the expense of financial transparency.

US Labor Market: Unionized workers at a key JBS beef-processing plant in Colorado [remain on the picket lines today after launching a strike for better pay yesterday](#). The affected plant reportedly accounts for about 5% of domestic beef consumption, suggesting that a prolonged work stoppage could cut supplies enough to drive up prices. On top of the higher energy prices already evident from the war against Iran, the result could be even higher consumer price inflation and more political headwinds for the Republicans in November’s elections.

US Precious Metals Market: The *Wall Street Journal* yesterday carried an interesting article noting that several states — including Georgia, Tennessee, Wyoming, and Utah — have now [passed or considered legislation requiring them to hold some of their investment assets in gold bullion](#). The amounts bought so far are small, but the news provides further evidence of how growing geopolitical frictions and the threat of currency debasement are spurring greater demand for precious metals.

US Artificial Intelligence Industry: At AI chip darling Nvidia’s annual developers’ conference yesterday, CEO Jensen Huang [announced an array of new products and services aimed at making AI models more efficient and ushering in the age of “inference.”](#) Importantly, Huang also predicted that Nvidia would sell \$1 trillion of its current cutting-edge chips, Blackwell and Rubin, by the end of 2027.

- Investors so far seem to be taking Huang’s announcements as signs that the firm can keep innovating and adding value as the AI industry evolves.
- In pre-market trading so far this morning, Nvidia’s stock price is up 0.2% to \$183.57 per share.

US Economic Releases

There were no economic releases prior to the publication of this report. The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
10:00	Pending Home Sales	m/m	Feb	-0.6%	-0.8%	**
10:00	Pending Home Sales NSA	y/y	Feb	-4.5%	-1.2%	**
Federal Reserve						
No Fed speakers or events for the rest of today						

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally

significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do shift over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
Japan	Tertiary Industry Index	m/m	Jan	1.70%	-0.80%	0.90%	***	Equity bullish, bond bearish
New Zealand	Food Prices	m/m	Feb	-0.1%	2.1%		***	Equity and bond neutral
	Non Resident Bond Holdings	m/m	Feb	58.8%	57.8%		*	Equity and bond neutral
South Korea	Export Price Index	y/y	Feb	10.7%	7.8%		*	Equity and bond neutral
	Import Price Index	y/y	Feb	1.2%	-0.9%		*	Equity and bond neutral
EUROPE								
Eurozone	ZEW Survey Expectations	m/m	Mar	-8.5	39.4		**	Equity and bond neutral
Germany	ZEW Survey Expectations	m/m	Mar	-0.5	58.3	39.2	**	Equity bearish, bond bullish
	ZEW Survey Current Situation	m/m	Mar	-62.9	-65.9	-68.0	**	Equity and bond neutral
Italy	CPI, EU Harmonized	y/y	Feb F	1.5%	1.6%	1.6%	***	Equity and bond neutral
	CPI NIC Including Tobacco	y/y	Feb F	1.5%	1.6%	1.6%	**	Equity and bond neutral
Switzerland	Producer & Import Prices	y/y	Feb	-2.7%	-2.2%		**	Equity and bond neutral
AMERICAS								
Canada	Housing Starts	m/m	Feb	250.9k	240.1k	255.0k	**	Equity and bond neutral
	CPI	y/y	Feb	1.8%	2.3%	1.9%	***	Equity and bond neutral
	Existing Home Sales	m/m	Feb	-1.3%	-5.8%		**	Equity and bond neutral
Brazil	FGV Inflation IGP-10	m/m	Mar	-2.53%	-2.25%		**	Equity and bond neutral

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	359	360	-1	Up
U.S. Sibor/OIS spread (bps)	369	369	0	Down
U.S. Libor/OIS spread (bps)	365	365	0	Up
10-yr T-note (%)	4.21	4.22	-0.01	Up
Euribor/OIS spread (bps)	216	216	0	Up
Currencies				
	3 Mo			
Dollar	Down	US		Up
Euro	Up	Euro		Down
Yen	Up	Japan		Down
Pound	Up	UK		Down
Franc	Up	Switzerland		Up
Central Bank Action				
	Actual	Prior	Expected	
RBA Cash Rate Target	4.10%	3.85%	4.10%	On Forecast

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

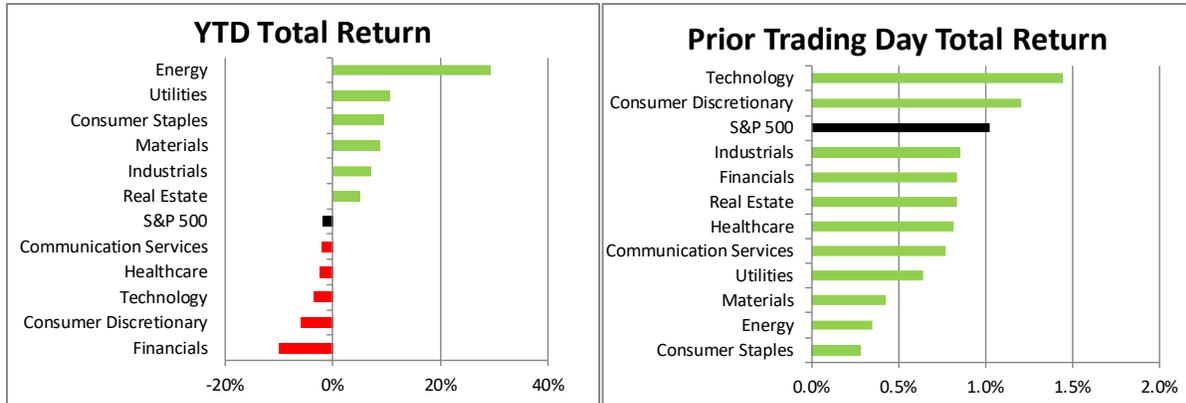
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$103.20	\$100.21	2.98%	Middle East Conflict
WTI	\$96.46	\$93.50	3.17%	Middle East Conflict
Natural Gas	\$3.05	\$3.02	1.03%	
Crack Spread	\$47.05	\$44.13	6.62%	Middle East Conflict
12-mo strip crack	\$32.50	\$31.16	4.31%	Middle East Conflict
Ethanol rack	\$2.00	\$2.01	-0.23%	
Metals				
Gold	\$5,008.54	\$5,006.41	0.04%	
Silver	\$80.54	\$80.78	-0.30%	
Copper Contract	\$576.80	\$583.15	-1.09%	
Grains				
Corn contract	\$456.25	\$454.00	0.50%	
Wheat contract	\$598.75	\$597.25	0.25%	
Soybeans contract	\$1,160.00	\$1,155.25	0.41%	
Shipping				
Baltic Dry Freight	2,038	2,028	10	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		2.50		
Gasoline (mb)		-2.00		
Distillates (mb)		-0.95		
Refinery run rates (%)		-0.50%		
Natural gas (bcf)		-41		

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures for most of the country, with cooler-than-normal temperatures in the New England region. The precipitation outlook calls for wetter-than-normal conditions in the northern Rockies. During the first half of the period, dry conditions are expected across the Southwest, with this dryness then spreading into the Great Plains and Midwest during the latter half.

Data Section

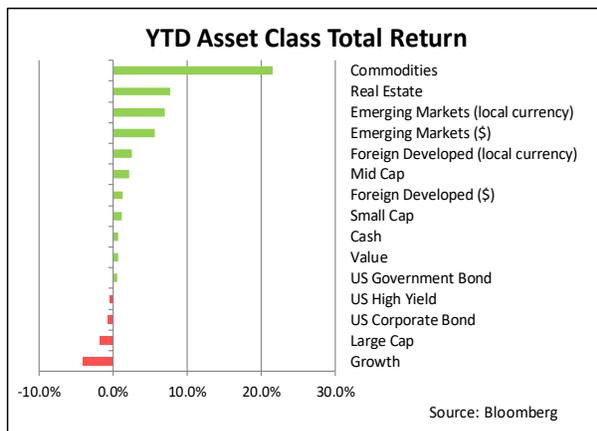
US Equity Markets – (as of 3/16/2026 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 3/16/2026 close)

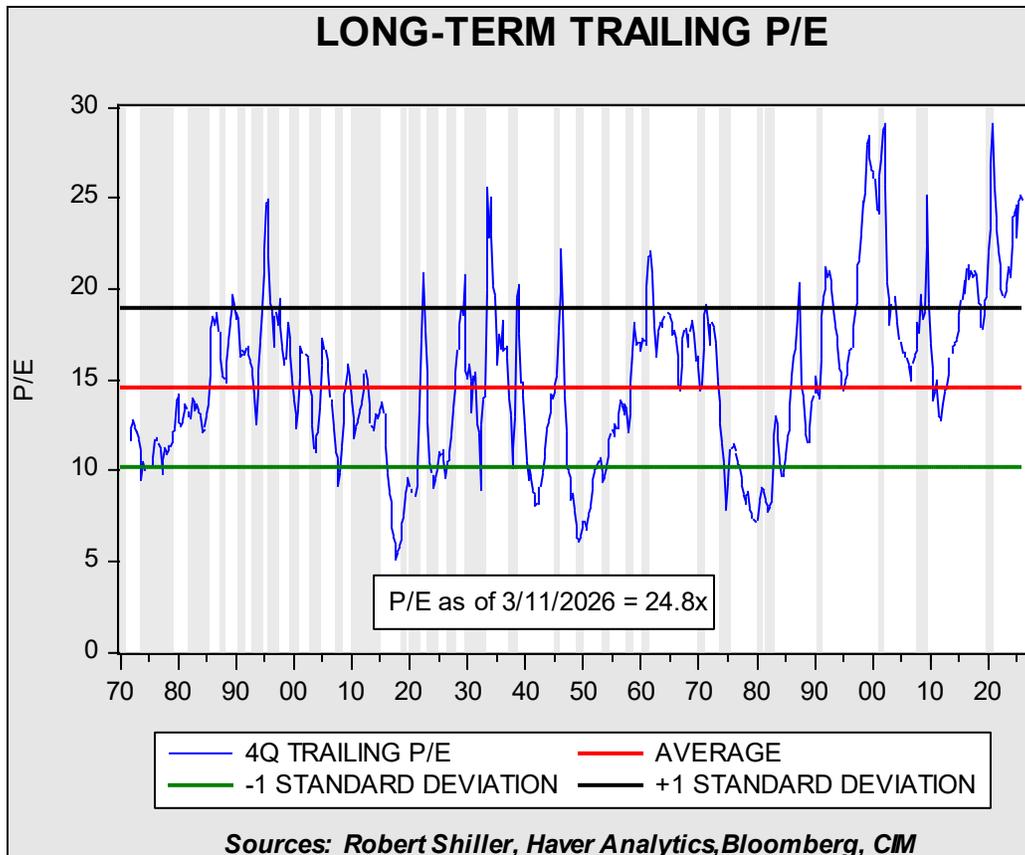


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

March 12, 2026



Based on our methodology,¹ the current P/E is 24.8x, unchanged from the previous report. Last week, the stock price index fell slightly, while earnings were relatively unchanged from the previous week.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

¹ This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q1, Q2, Q4) and one estimate (Q3). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.