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[Posted: March 23, 2026 — 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is up 1.6% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 3.4%. Chinese markets were lower, with the Shanghai Composite down 3.6% and the Shenzhen Composite also down 4.2%. US equity index futures are signaling a higher 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	Confluence of Ideas podcast Confluence Mailbag

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 Iran war and the US’s apparent retreat from its threat to target Iranian energy infrastructure. We next review several other international and US developments with the potential to affect the financial markets today, including evidence that the Iran war is prompting a rethink about the value that green energy could have in a world of disrupted fossil fuel supplies and new administration efforts to end the long security lines at US airports.

Iran War: In a dramatic statement this morning, President Trump [said the US will postpone further military attacks on Iranian power plants and energy infrastructure for five days](#) because Iran had entered “productive” talks with Washington. The announcement marks a major pivot after the president on Saturday night [gave Iran a 48-hour deadline to provide ships free passage through the Strait of Hormuz](#), after which the US would bomb Iran’s power plants. In response, global energy prices are plunging so far this morning, while equity prices are surging.

- In response to Trump’s threat over the weekend, the Iranian government had warned that it would respond to an attack on its energy facilities by targeting “all energy, information technology, and desalination infrastructure belonging to the US and the Israeli regime in the region.” That had sparked a surge in energy prices and threatened major stock losses, suggesting the president backed down in response to market reactions. Iranian officials today denied that Washington and Tehran are in talks to end the conflict.
- Trump’s ultimatum and the Iranian response encapsulate the maximum risks arising from the war. Iran’s effective closure of the strait was long seen as almost unthinkable; it has now happened. The threats on both sides to target basic civilian services such as energy and water signal an even worse step — what would essentially be unrestrained, all-out war. Since the start of the war, the Iranian government has likely felt it is facing an existential risk. Now, that’s even more likely and could prompt them to respond in kind.
- The weekend also brought unsettling evidence of the broad military capabilities Iran could still bring to bear against the US, Israel, and their allies. Reports indicate Iranian missile and drone attacks in the region are actually increasing again, suggesting the US and Israel haven’t been able to degrade the Iranian military as much as they say. Iran also [launched missiles against US forces in Diego Garcia, thousands of miles into the southern Indian Ocean](#), showing that Iran could now hit targets as far away as London and Paris.
- Indeed, in some respects, the war has already strengthened Iran, despite all the damage its military has taken. For example, it [is increasingly negotiating with individual countries, including Japan, to allow their ships to pass through the strait unmolested](#). That essentially positions Iran as master of the strait, with an unprecedented ability to punish or reward firms and nations around the globe.
- Military analysts and commentators also increasingly worry that the Iranians will be prompted to act more viciously because of unclear messaging from the US. For example, President Trump’s threat to attack Iran’s energy plants [came less than a day after he said he was thinking of “winding down” the war](#). Shifting, inconsistent messaging from the US could make it even harder to reach an eventual ceasefire.

China: According to the *Financial Times*, the share prices of China’s top manufacturers of batteries and energy storage equipment [have surged since the start of the Iran war, adding at least \\$70 billion to the combined market capitalization](#) of firms such as CATL, BYD, and Sungrow. The jump in the companies’ values reflects expectations that no matter how the war wraps up, the disruptions to energy and other commodity shipments from the region so far will likely prompt renewed interest in green energy technology and the need for energy storage.

China-Vietnam: The Vietnamese government on Saturday [formally complained about China’s renewed efforts to expand and exploit islets in the disputed Paracel Islands in the South China Sea](#). China’s recent activities there have focused on an islet called Antelope Reef. It’s unclear why China has recently ramped up its dredging and reclamation activities in the area, and its activities to date suggest the reef could become China’s largest outpost in the area.

Cuba: The government [announced on Sunday that the national power grid had again collapsed, creating the second nation-wide power outage in the last week](#). Power was reportedly restored to much of the country by late yesterday, but the fragility of the grid and growing popular anger at the government suggest the US could be tempted to pivot toward further economic pressure on Havana as it reaches the limits of its war against Iran.

France: In the second and final round of municipal elections yesterday, the far-right populist National Rally [managed only mixed results](#), as it won the mayor's office in the country's fifth-largest city, Nice, but fared poorly in other large cities. Despite its surging popularity in recent years, the party continued to see its strength largely limited to smaller cities and rural areas in the south. That raises questions about how well the party will fare in the presidential elections that are due next year.

Italy: State-controlled Poste Italiane yesterday [offered 10.8 billion EUR \(\\$12.5 billion\) in cash and stock for Telecom Italia](#), and the target firm's CEO, Pietro Labriola, expressed his support for the deal because it would produce a telecom "national champion" for Italy. Against a backdrop of concerns about Europe's economic competitiveness, the development suggests that some firms and national governments may adopt the strategy of building big, dominant companies that in theory could compete better in global markets.

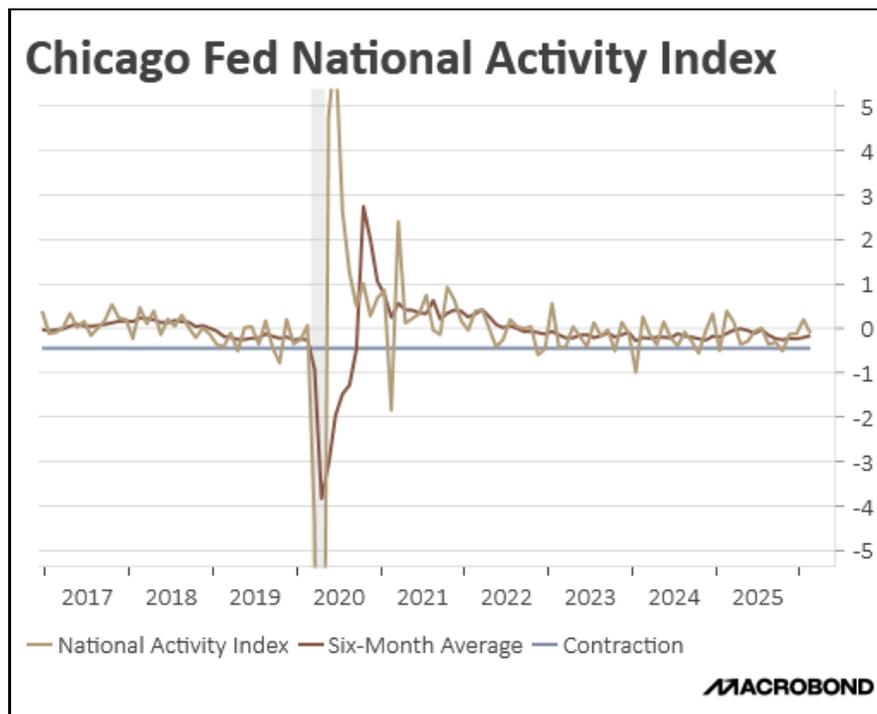
US Airline Industry: Over the weekend, *The New York Times* scooped that Senator Markwayne Mullin, the Oklahoma Republican chosen by President Trump to be the next homeland security secretary, [has been negotiating for weeks with centrist Rep. Josh Gottheimer \(D-NJ\) on terms to end the Homeland Security shutdown](#).

- Mullin and Gottheimer are reportedly negotiating on terms that would include requiring federal immigration agents to obtain judicial warrants "for forced home entry, unless in hot pursuit," and effectively barring civil immigration enforcement actions at sensitive locations, including hospitals, churches, schools, and polling places.
- It isn't clear whether the talks could really produce an end to the standoff and allow Transportation Security Administration employees at airports to get paid again. However, increasingly long security lines at the airports are raising pressure on the administration and Congress to reach a deal.
- Separately, President Trump at the weekend [said Immigration and Customs Enforcement agents would start helping out at airport security lines today](#) to help reduce the long security lines at airports. Again, however, it isn't clear exactly what the ICE agents will be doing or how much they could speed up the lines.

US Prediction Markets: Two senators today plan to introduce legislation that would [prohibit entities regulated by the Commodity Futures Trading Commission, including prediction-market exchanges Kalshi and Polymarket](#), from listing contracts related to sporting events. The move reflects growing concern about sports-betting scandals, impacts on young people, and states' rights issues. At this point, it's unclear how likely the bill could be passed into law.

US Economic Releases

The Chicago Fed said its February *National Activity Index (CFNAI)* fell unexpectedly to -0.11, well below the consensus estimate of +0.27 and January’s revised level of +0.20. The CFNAI, which encompasses dozens of separate indicators to capture all aspects of current economic activity, is designed so that a reading of 0.00 reflects the economy growing at trend. Our analysis shows that when the six-month moving average of the CFNAI falls below -0.45, it suggests the economy is in recession. With the latest reading, this indicator suggests the economy is now growing only slightly below its long trend. The chart below shows how the six-month moving average of the CFNAI has fluctuated over the last several decades.



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	Construction Spending	m/m	Jan	0.1%	0.3%	**
Federal Reserve						
EST	Speaker or Event	District or Position				
8:45	Stephen Miran appears on Bloomberg TV	Members of the Board of Governors				

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								
South Korea	Imports 20 Days	y/y	Mar	19.7%	11.7%		*	Equity and bond neutral
	Exports 20 Days	y/y	Mar	50.4%	23.5%		*	Equity and bond neutral
EUROPE								
Switzerland	M3 Money Supply	y/y	Feb	4.9%	5.3%		**	Equity and bond neutral
	Domestic Sight Deposits CHF	w/w	20-Mar	432.8b	433.5b		*	Equity and bond neutral
	Total Sight Deposits CHF	w/w	20-Mar	457.0b	454.4b		*	Equity and bond neutral
Russia	Current Account Balance	q/q	4Q F	9365m	9200m		**	Equity and bond neutral
AMERICAS								
Canada	Retail Sales	m/m	Jan	1.1%	-0.4%	1.5%	**	Equity and bond neutral
	Retail Sales Ex-Autos	m/m	Jan	0.8%	0.0%	1.2%	**	Equity and bond neutral
	Industrial Product Price	m/m	Feb	0.4%	2.7%	1.1%	**	Equity bullish, bond bearish
	Raw Material Prices	m/m	Feb	0.6%	7.7%	2.4%	*	Equity bullish, bond bearish
Mexico	Retail Sales	y/y	Jan	5.0%	4.3%	3.4%	***	Equity bullish, bond bearish

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)	361	362	-1	Up
U.S. Sibor/OIS spread (bps)	371	372	-1	Up
U.S. Libor/OIS spread (bps)	368	369	-1	Up
10-yr T-note (%)	4.34	4.38	-0.04	Up
Euribor/OIS spread (bps)	211	211	0	Up
Currencies				
	3 Mo			
Dollar	Down	US		Up
Euro	Up	Euro		Down
Yen	Up	Japan		Down
Pound	Up	UK		Down
Franc	Up	Switzerland		Down

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.

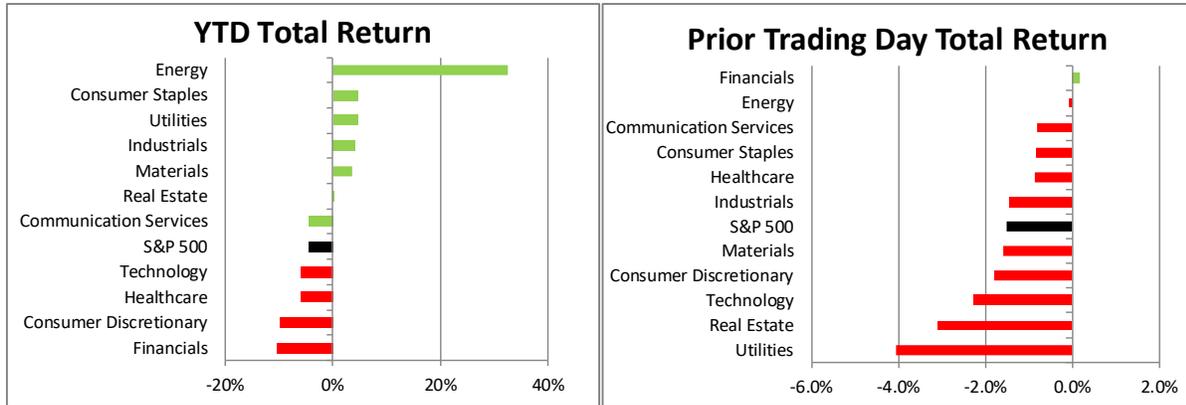
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$103.70	\$112.19	-7.57%	Middle East Conflict
WTI	\$90.35	\$98.23	-8.02%	Middle East Conflict
Natural Gas	\$2.97	\$3.10	-4.04%	Middle East Conflict
Crack Spread	\$53.89	\$59.27	-9.07%	Middle East Conflict
12-mo strip crack	\$36.44	\$39.07	-6.73%	Middle East Conflict
Ethanol rack	\$2.12	\$2.12	0.10%	
Metals				
Gold	\$4,395.25	\$4,492.42	-2.16%	
Silver	\$67.86	\$67.95	-0.13%	
Copper Contract	\$547.65	\$537.45	1.90%	
Grains				
Corn contract	\$463.25	\$465.50	-0.48%	
Wheat contract	\$588.50	\$595.25	-1.13%	
Soybeans contract	\$1,160.75	\$1,161.25	-0.04%	
Shipping				
Baltic Dry Freight	2,056	2,057	-1	

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures across the entire country. Meanwhile, the precipitation outlook calls for wetter-than-normal conditions for everywhere outside of the East Coast, which is expected to have near normal conditions.

Data Section

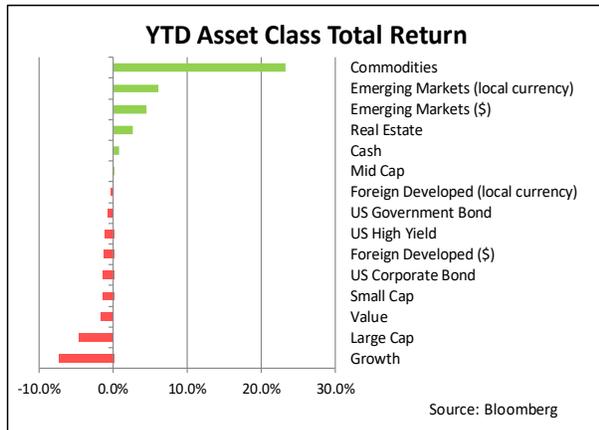
US Equity Markets – (as of 3/20/2026 close)



(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 3/20/2026 close)

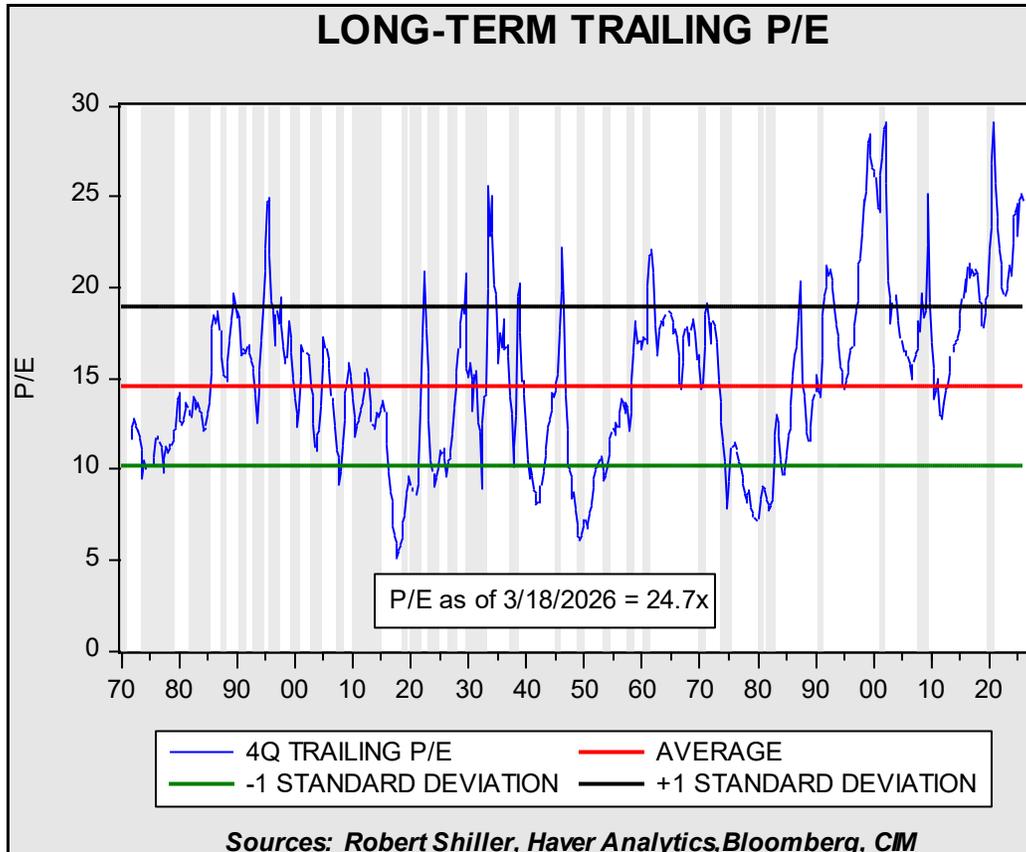


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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 19, 2026



Based on our methodology,¹ the current P/E is 24.7x, down 0.1 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.