



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: March 30, 2026 — 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is up 0.3% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 2.2%. Chinese markets were mixed, with the Shanghai Composite up 0.2% and the Shenzhen Composite unchanged. 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
“From the Shah to the Strait” (3/23/26) + podcast	“The Strategic Petroleum Reserve: A Primer” (3/30/26) + 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 war in Iran, including discussions on Iran’s remaining weapons arsenal and potential planning for a US ground operation. We next review several other international and US developments that could affect the financial markets today, including discussions in Congress about cutting federal healthcare spending to help pay for the war and a government move in Japan to ease rules on coal-fired power plants to ease the impact of higher energy prices.

United States-Israel-Iran: As the US and Israel [continued to attack Iran over the weekend, the Iranian military continued to respond with missile and drone attacks against Israel and other countries in the region](#). The Iranian counterattacks raise further concerns about the country’s deep arsenal of weapons and whether significant new capabilities are still being held in reserve. Meanwhile, diplomats from Turkey, Egypt, Saudi Arabia, and Pakistan met to discuss peace proposals over the weekend but with no breakthroughs.

- The *New York Times* yesterday quoted an unnamed US official as saying Iran likely [retains thousands of Shahed attack drones and hundreds of ballistic missiles](#). Although

the official acknowledges that no one knows for sure how many weapons Iran still has, anything in that range would suggest it can still attack and potentially keep the Strait of Hormuz closed for some time.

- In a potentially ominous development in recent days, Houthi rebels in Yemen have [fired at least two ballistic missiles at Israel](#). Both were intercepted, but the development shows how the war could expand further. The Houthis' military capabilities are widely seen as weakened, but their firepower could still help Iran make up for assets destroyed by US and Israeli bombardment.
- Given the Iranians' success in hitting critical weapons systems at US military bases in the Middle East, military observers [are increasingly convinced that Russia and perhaps China are providing detailed targeting coordinates](#) to the Iranians and may also be providing knowledge or equipment to defeat US air defense systems. Such aid could expand the war, but the US has not lodged a significant public protest against it yet.
- Meanwhile, in an interview with the *Financial Times* yesterday, President Trump [said he'd like to "take the oil in Iran," suggesting he may send ground troops to seize control of Kharg Island](#), the center of Iran's oil export industry. In what may have been an effort to prepare the US public for a prolonged occupation, he also said, "It would also mean we had to be there [in Kharg Island] for a while."
- Separately, the *Wall Street Journal* has reported that President Trump [is mulling a US operation to seize the 1,000 lbs. or so of partially enriched uranium that Iran is believed to have](#). Such an operation deep in Iranian territory would require ground troops and be extremely risky, potentially prolonging the war and impacting the president' political fortunes in the midterm Congressional elections later this year.
- Iran's effective closure of the Strait of Hormuz not only continues to drive up energy prices, but it is also creating shortages and boosting prices for other commodities. For example, Middle Eastern helium producers [have declared force majeure and warned customers that they won't be able to honor contracts due to the conflict](#). Global shortages of helium could lead to production disruptions and raise prices for semiconductors.
- In response to the developments over the weekend, global energy prices are up modestly so far this morning, with Brent crude oil changing hands at \$107.37 per barrel, up 1.9%.

US Fiscal Policy: Republicans in Congress [are reportedly considering cuts to federal healthcare spending to help pay for a budget bill providing as much as \\$200 billion](#) to fund the Iran war and immigration enforcement. The healthcare cuts would be couched as reducing fraud and abuse, but some Republicans are concerned that the move would open the party up to election-year attacks that they're cutting health care to pay for an unpopular war. If offsetting spending cuts or tax hikes aren't passed, the enormous cost of the war would be added to the federal deficit and debt.

US Politics: A poll taken at last week's Conservative Political Action Conference found that 53% of attendees [support Vice President JD Vance to be the Republican Party's presidential nominee in 2028](#), while 35% support Secretary of State Marco Rubio. No other Republican

contender had support beyond the single digits. The results suggest Vance currently remains the leader in the race despite Rubio’s growing support.

US Private Credit Industry: New analysis reveals that four large private-credit funds marketed to individual investors by Apollo, Ares, Blackstone, and Blue Owl Capital [have more exposure to the software industry than their filings suggest](#). Amid fears that software firms are threatened by artificial intelligence, the analysis helps explain why investors are now so eager to withdraw their funds from private-credit managers. If AI does materially undercut software firms, the funds’ high exposures would raise the risk of financial contagion, tighter credit, and a recession.

Japan: In a meeting on Friday, the government [took steps to let less-efficient coal facilities take part in capacity market auctions in the fiscal year starting in April](#). Previously, such plants had been restricted from the auctions, where generators sell supply, in order to help tackle climate change. The new move illustrates how countries around the world are now backing away from climate stabilization policies to ensure a more diversified energy mix and better absorb the energy price hikes arising from the Iran war.

Canada: As they try to regroup from their poor third-place showing in last year’s parliamentary elections, the left-wing New Democrat Party over the weekend [chose Avi Lewis as its new leader](#). Lewis, a filmmaker, is a scion of a leftist political dynasty that has been influential at both the national and the provincial level in Ontario. By pushing progressive policies on issues such as the environment and the fate of the Palestinians, Lewis aims to win back voters who abandoned the NDP for the Liberal Party of Prime Minister Carney.

Russia-United Kingdom: The Russian government [has declared an official at the UK Embassy in Moscow persona non grata and ordered him expelled from the country](#) for having unofficial meetings with Russian economists. The incident is likely to further strain UK-Russian relations. It will also further reduce the combined US and UK diplomatic presence in Moscow, which has made it difficult for the allied governments to understand and influence Russian foreign policy.

US Economic Releases

No major US economic reports have been released so far today. The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
10:30	Dallas Fed Manufacturing Activity	m/m	Mar	1.5	0.2	**
Federal Reserve						
EST	Speaker or Event	District or Position				
10:30	Jerome Powell in Moderated Discussion	Chairman of the Board of Governors				
16:00	John Williams Speaks on the Economy	President of the Federal Reserve Bank of New York				

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								
India	Industrial Production	y/y	Feb	5.2%	5.1%	4.2%	***	Equity bullish, bond bearish
EUROPE								
Eurozone	Economic Confidence	m/m	Mar	96.6	98.2	96.7	***	Equity and bond neutral
	Industrial Confidence	m/m	Mar	-7.0	-7.2	-8.0	***	Equity bullish, bond bearish
	Services Confidence	m/m	Mar	4.9	5.0	4.0	**	Equity bullish, bond bearish
	Consumer Confidence	m/m	Mar F	-16.3	-16.3		**	Equity and bond neutral
Germany	CPI	y/y	Mar P	2.7%	1.9%	2.7%	***	Equity and bond neutral
	CPI, EU Harmonized	y/y	Mar P	2.8%	2.0%	2.9%	**	Equity and bond neutral
Italy	PPI	y/y	Feb	3.7%	-2.1%		**	Equity and bond neutral
UK	Net Lending Sec. on Dwellings	m/m	Feb	4.8b	4.2b	3.9b	*	Equity and bond neutral
	Mortgage Approvals	m/m	Feb	62.6k	60.2k	60.0k	***	Equity and bond neutral
	M4 Money Supply	y/y	Feb	3.6%	3.0%		*	Equity and bond neutral
Switzerland	KOF Leading Indicator	m/m	Mar	96.1	103.8	101.0	**	Equity bearish, bond bullish
	Domestic Sight Deposits CHF	w/w	27-Mar	433.1b	432.8b		*	Equity and bond neutral
	Total Sight Deposits CHF	w/w	27-Mar	461.0b	457.0b		*	Equity and bond neutral
AMERICAS								
Brazil	FGV Inflation IGPM	y/y	Mar	-1.83%	-2.67%	-1.78%	***	Equity bearish, bond bullish
	Total Outstanding Loans	m/m	Feb	7146b	7120b		**	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)	360	360	0	Up
U.S. Sibor/OIS spread (bps)	369	369	0	Up
U.S. Libor/OIS spread (bps)	366	366	0	Up
10-yr T-note (%)	4.37	4.43	-0.06	Up
Euribor/OIS spread (bps)	213	214	-1	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.

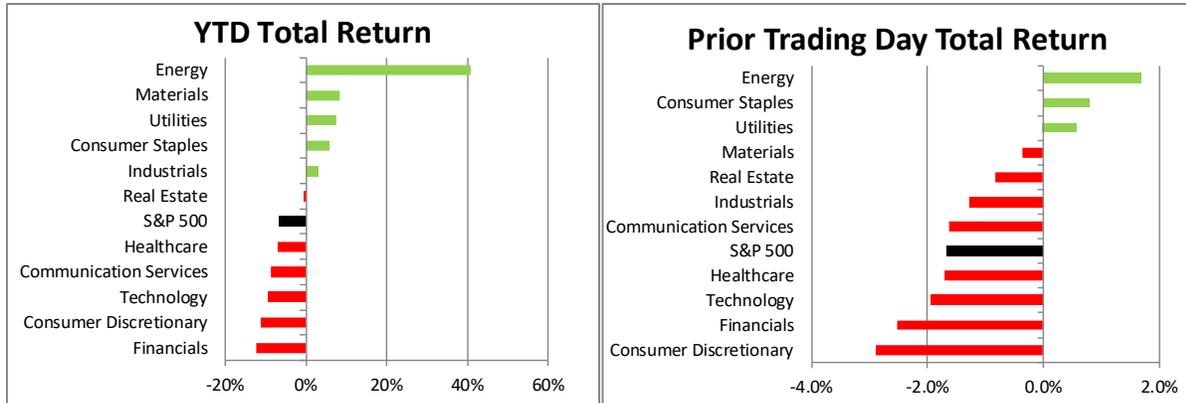
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$114.73	\$112.57	1.92%	
WTI	\$100.83	\$99.64	1.19%	
Natural Gas	\$2.93	\$3.03	-3.01%	
Crack Spread	\$50.64	\$49.76	1.78%	
12-mo strip crack	\$37.25	\$36.79	1.24%	
Ethanol rack	\$2.19	\$2.17	0.71%	
Metals				
Gold	\$4,543.70	\$4,494.09	1.10%	
Silver	\$71.10	\$69.76	1.92%	
Copper Contract	\$552.30	\$549.45	0.52%	
Grains				
Corn contract	\$462.00	\$462.00	0.00%	
Wheat contract	\$602.25	\$605.00	-0.45%	
Soybeans contract	\$1,167.00	\$1,159.25	0.67%	
Shipping				
Baltic Dry Freight	2,031	2,014	17	

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures in most states west of the Rockies and east of the Mississippi River, with cooler-than-normal temperatures expected in the Dakotas and southern Texas. The precipitation outlook calls for wetter-than-normal conditions for most of the country, with dry conditions expected throughout most of the Pacific region.

Data Section

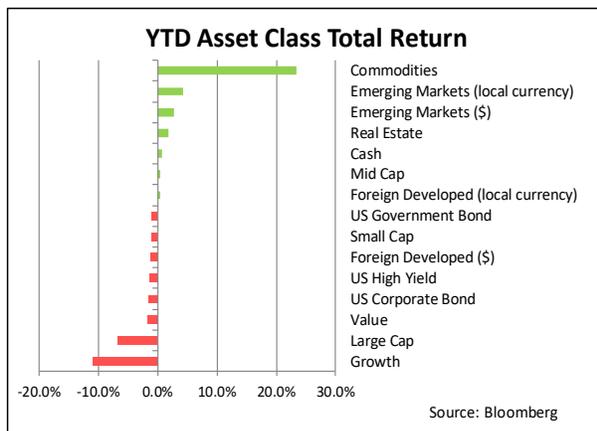
US Equity Markets – (as of 3/27/2026 close)



(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 3/27/2026 close)

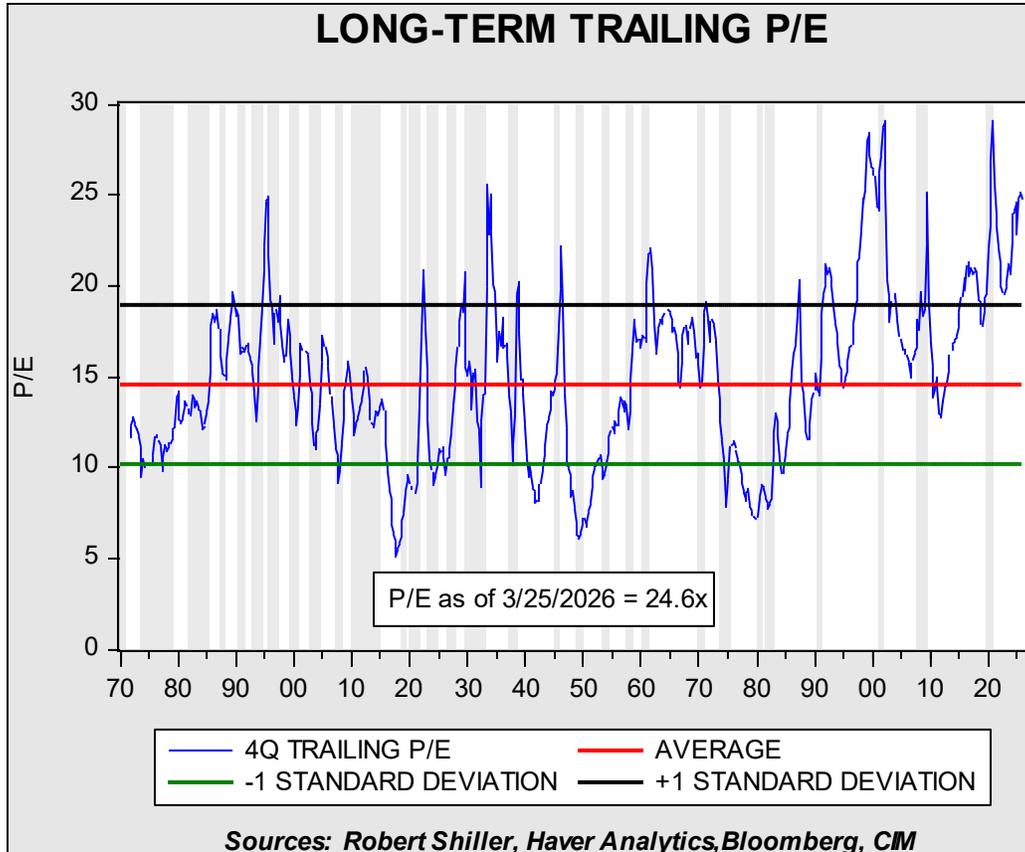


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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 26, 2026



Based on our methodology,¹ the current P/E is 24.6x, 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.