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## Q1 2026 - Market Commentary[1]

- The U.S. Federal Reserve kept interest rates steady during the first quarter.
- After the Iran conflict started and extended through March, global investors priced out any interest rate cuts expectations for the remainder of 2026 and priced in interest rate hikes from several global central banks.
- U.S. stocks underperformed during the first quarter with the Russell 3000 Index declining -4.0%.
- Despite a risk-off environment starting in early March, small caps outperformed large cap stocks by 5.1% during the first quarter as the Russell 2000 Index returned +0.9% compared to -4.2% for the Russell 1000 Index.
- Mega cap tech stocks led the declines in U.S. stocks with the Russell Top 50 Mega Cap Index returning -7.9%.
- The US dollar strengthened in a flight to safety move, which was an additional return headwind to non-U.S. stocks.
- Despite the March underperformance, non-U.S. stocks outperformed U.S. stocks during the first quarter with the MSCI EAFE Index returning -1.2% and the MSCI Emerging Markets Index returning -0.2%.
- After the Iran conflict started, inflation concerns rose quickly and caused bond prices to decline.
- After hitting a low of 3.95% in late February, the 10-year U.S. Treasury bond yield reversed sharply higher and peaked at 4.44% before ending the quarter at 4.32%, up from 4.17% at the start of 2026.
- The Bloomberg Aggregate Bond Index returned -0.05% for the first quarter.
- Credit concerns became more prominent and negatively impacted both high yield bonds and private credit investments.
- Gold peaked at $5,355/oz in January and ended the quarter at $4,717/oz.
- Higher bond yields and a stronger US dollar contributed to downward pressure on gold prices in March.
- Despite a difficult March, gold still gained +9.2% during the first quarter, following a +64% gain in 2025.
- Oil had one of its biggest quarterly gains in history, surging over +77% due to the Iran conflict.
- Digital assets experienced a second quarter of large declines with Bitcoin falling -22.5% and Ethereum plunging -29.3%.
- Tensions in the Middle East contributed to investor uncertainty, prompting a shift away from riskier assets like cryptocurrencies.
- There were also heavy outflows in cryptocurrency ETFs.
- The Global 60/40 Balanced Index returned -1.6% during the first quarter as most financial assets generated negative returns with U.S. stocks the worst performing asset class.

## Performance

| | 1Q26 | | 2025 | | 2024 | | 2023 | | 2022 | |
|---|---|---|---|---|---|---|---|---|---|---|
| S&P 500 Index (U.S. large/mega cap stocks) | -4.3% | ↓ | 17.9% | ↑↑↑ | 25.0% | ↑↑↑ | 26.3% | ↑↑↑↑ | -18.1% | ↓↓↓ |
| Russell 2000 Index (U.S. small cap stocks) | 0.9% | ↑ | 12.8% | ↑↑↑ | 11.5% | ↑↑↑ | 16.9% | ↑↑↑ | -20.4% | ↓↓↓ |
| Russell 3000 Index (all U.S. stocks) | -4.0% | ↓ | 17.2% | ↑↑↑ | 23.8% | ↑↑↑ | 26.0% | ↑↑↑↑ | -19.2% | ↓↓↓ |
| MSCI EAFE Index (large cap developed markets int'l stocks) | -1.2% | ↓ | 31.2% | ↑↑↑↑ | 3.8% | ↑ | 18.2% | ↑↑↑ | -14.5% | ↓↓↓ |
| MSCI EM Index (emerging markets stocks) | -0.2% | ↓ | 33.6% | ↑↑↑↑ | 7.5% | ↑↑ | 9.8% | ↑↑ | -20.1% | ↓↓↓ |
| MSCI All Countries Ex U.S. Index (all non-U.S. stocks) | -0.7% | ↓ | 32.4% | ↑↑↑↑ | 5.5% | ↑↑ | 15.6% | ↑↑↑ | -16.0% | ↓↓↓ |
| MSCI All Countries World Index (all global stocks) | -3.2% | ↓ | 22.1% | ↑↑↑ | 17.5% | ↑↑↑ | 22.2% | ↑↑↑ | -18.4% | ↓↓↓ |
| Bloomberg Aggregate Bond Index (invt. grade bonds) | 0.0% | ↔ | 7.3% | ↑↑ | 1.3% | ↑ | 5.5% | ↑↑ | -13.0% | ↓↓↓ |
| Bloomberg High Yield Index (below invt. grade corp. bonds) | -0.5% | ↓ | 8.6% | ↑↑ | 7.7% | ↑↑ | 13.5% | ↑↑↑ | -12.2% | ↓↓↓ |
| Bloomberg Short-Term Treasury Index (cash) | 0.8% | ↑ | 4.3% | ↑ | 5.3% | ↑↑ | 5.1% | ↑↑ | 1.0% | ↑ |
| Bloomberg Municipal Bond Index | -0.2% | ↓ | 4.3% | ↑ | 1.2% | ↑ | 6.4% | ↑↑ | -8.6% | ↓↓ |
| Gold | 9.2% | ↑↑ | 63.7% | ↑↑↑↑↑ | 27.4% | ↑↑↑↑ | 13.2% | ↑↑↑ | 0.0% | ↔ |
| Oil (West Texas Intermediate Crude) | 77.6% | ↑↑↑↑↑ | -20.1% | ↓↓↓ | 0.7% | ↑ | -11.4% | ↓↓↓ | 6.7% | ↑↑ |
| Bitcoin | -22.5% | ↓↓↓ | -6.4% | ↓↓ | 122.7% | ↑↑↑↑↑ | 153.0% | ↑↑↑↑↑ | -64.0% | ↓↓↓↓↓ |
| Global Balanced Index (60% stocks / 40% stocks) | -1.6% | ↓ | 16.1% | ↑↑↑ | 7.6% | ↑↑ | 10.7% | ↑↑↑ | -12.3% | ↓↓↓ |

*Data sourced from Barclays, Market Watch, MSCI, Russell, Standard & Poors, Wall Street Journal and Barrons.*

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