

# MARKET UPDATE

Q1 2026

The first quarter of 2026 saw a shift in market preference. After the past few years of performance dominated by a handful of tech giants and AI companies, the markets began to rotate into energy, utilities and consumer staples. The energy surge was driven by a sharp increase in data center construction and disruptions in the Strait of Hormuz. The markets were doing well until the war started, and March erased the gains from January and February.

The U.S. bond market was relatively stable in the first quarter. The Federal Reserve maintained a cautious stance during a period of geopolitical unrest, The U.S. Treasury market experienced a steepening of the yield curve. Ten-year treasuries hovered around 4.16% at the start of the year, rising to 4.30% by the end of March. The two-year note remained in the 3.4%-3.6% range for the quarter. A 30-year fixed-rate mortgage averaged 6.38% as of March 26th, down from 6.65% one year ago according to Freddie Mac.

Despite a backdrop of geopolitical volatility and fluctuating inflation, U.S. corporations showed resilience and broadening growth. FactSet projects double-digit earnings growth for the sixth straight quarter. So far in the first quarter, 60 S&P 500 companies have issued positive earnings per share (EPS) projections, compared to 50 companies reporting negative guidance. This ratio is significantly better than the five and 10-year averages.

Crude oil prices entered 2026 on relatively stable footing, only to experience one of the most turbulent quarters in history, driven by conflict in the Middle East and shifting supply sources. Crude oil prices began the year at around \$57.50 per barrel, driven lower by abundant supply. However, the oil market's entire trajectory changed with the partial blockade of the Strait of Hormuz, a major passageway for the shipment of crude oil. This event effectively flipped the market from oversupply to vaulting prices upward to \$100 per barrel. The retail price for regular gasoline was \$3.99 per gallon on March 30th.

From an economic perspective, the first quarter of 2026 may best be defined as a tug-of-war between slow but steady economic progress and geopolitical instability in the Middle East. Estimates for overall 2026 Gross Domestic Product (GDP) point to solid growth around 2-2.5% for the year. Consumer spending, the major component of GDP, remained resilient despite fluctuating inflation, credit costs and labor market uncertainty. Job growth ended positively in March, adding 178,000 new jobs, while the unemployment finished at 4.3%.

Inflationary pressures stabilized somewhat in the first quarter but remained above the Fed's target of 2.0%. The personal consumption expenditures (PCE) price index showed a 12-month price increase of 2.8%, while the Consumer Price Index rose 2.4% for the 12 months ended in February.

Market/Index	2025 Close	As of March 31	Monthly Change	Quarterly Change	YTD Change
DJIA	48,063.29	46,341.51	-5.38%	-3.58%	-3.58%
Nasdaq	23,241.99	21,590.63	-4.75%	-7.11%	-7.11%
S&P 500	6,845.50	6,528.52	-5.09%	-4.63%	-4.63%
Russell 2000	2,481.91	2,496.37	-5.17%	0.58%	0.58%
Global Dow	6,169.34	6,225.90	-6.95%	0.92%	0.92%
Fed. Funds	3.50%-3.75%	3.50%-3.75%	0 bps	0 bps	0 bps
10-yr. Treasuries	4.16%	4.31%	35 bps	15 bps	15 bps

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## Focus Financial

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Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark performance of specific investments.



## HOW YOU CAN CREATE A WONDERFUL RETIREMENT

A great retirement requires proactive planning, focusing on your health, happiness, lifestyle and what's important to you, while adjusting your goals and needs if warranted.

**1. Physical & Mental Health Tips** – Happy retirees work at staying healthy to reduce their risk of health conditions, increase energy, boost immunity and their overall health.

- **Stay Active:** Engage in at least 150+ minutes a week of moderate-intensity aerobic activity per week, plus strength training twice a week.
- **Eat Well:** Focus on nutrient-dense foods, including fruits, vegetables and whole grains to increase life expectancy by 6-7 years.
- **Sleep Routine:** Maintain a consistent sleep schedule to improve mental, physical and heart health.
- **Regular Checkups:** Maintain your schedule for yearly physicals, hearing, vision and dental health to prevent dementia risk.
- **Brain Training:** Keep your mind sharp by learning new skills, reading, painting, puzzles or other activities.
- **Practice Optimism:** People who are actively optimistic live longer. Optimistic women have a 50% greater chance and optimistic men have a 70% greater chance to attain age 85.
- **Practice Gratitude:** People who acknowledge their blessings daily have a more positive outlook, exercise more, report fewer illnesses and are more helpful.

**2. Happiness & Social Well-being Tips** – Positive relationships are strong predictors of health and happiness. Keep learning and doing new things and meeting new people.

- **Establish Routine:** Create a daily structure to provide purpose and stability.
- **Stay Active:** Join clubs, attend classes, or use video chat to stay connected with friends and family to keep you mentally sharp.

**3. Preparation Tips** – Focus and prioritize actions that cultivate well-being, resulting in living a happy retirement.

- **Plan Ahead:** Those who plan their retirement are happier. Define your goals and vision early and assess any family issues that may influence your plan.
- **Stay Healthy:** Get regular health checks (overall health, dental, eye, hearing) to ensure you can enjoy your retirement time.
- **Evaluate Your Home:** Determine if you wish to continue living in your current home, if it meets your short- and long-term needs or if you wish to relocate.

Retirement is a major transition made up of many financial and life decisions. Make sure you are healthy -- physically, mentally and financially. Plan ahead so that it is worry-free and gives you the peace of mind and happiness you deserve so that your retirement is an exclamation mark to your wonderful life!

# HOW OFTEN SHOULD YOU UPDATE YOUR ESTATE STRATEGY?

Once an estate strategy is in place, it should only require periodic reviews to confirm that it still reflects your wishes. However, life events such as marriage, divorce, births, deaths, relocations, health changes, business sales and changes in tax law may prompt you to reconsider part of your overall strategy.

The world of estate strategies is changing, as covered in the Trust & Will 2025 Estate Planning Report. Did you know that:

- While 83 percent of Americans acknowledge the importance of their estate, only 31 percent have established a will.
- Almost one in four Millennials and Gen Zers prefer trusted friends or professionals to be their executors and guardians over family members.
- Financial anxiety is rising, as 49 percent of Americans are more worried about their economic future than they were a year ago.
- Inflation concerns are rising, with 78 percent of Americans reporting that it is difficult to pursue their life goals.

These statistics underscore the need for everyone,

regardless of their economic level, to maintain an estate strategy that reflects their current needs.

Here are some general estate revision guidelines, although everyone has unique financial circumstances. You might want to update your strategy in case of:

- Marriage or divorce within your family or heirs
- Births, adoptions and deaths
- Any relocation, especially if you're contemplating a move to another state, as laws might have subtle differences
- Named executors, administrators or trustees that can no longer serve, or you want to make changes with your choices.

Here are some other reasons to update your estate strategy:

- You are experiencing health changes or challenges
- You are considering the sale of a business and want to update how the assets will be handled in your estate strategy
- Changes in federal tax law
- Changes in state tax law
- You want to change your beneficiaries



If it's been a while since your estate has been updated, you need to be confident that your estate strategy proactively addresses potential challenges, seizes new opportunities and optimizes the distribution of your assets according to your current wishes.

While estate planning can be complicated, we can help simplify the issues and options by working together with you and our trusted estate attorneys.

# EYE ON THE QUARTER AHEAD

Economic uncertainty remains elevated heading into the second quarter. The labor market has been underwhelming, inflation remains “sticky,” while geopolitical instability continues to be a key variable.

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## LAYTON TEAM NEWS AND EVENTS

Congratulations to two of our team members, Spencer Castillo and John Layton who competed in the 2026 American Birkebeiner 50KM Cross Country Ski race. This was Spencer's 2nd race and John's 30th. John entered into a special group that recognizes 30 years or more of Birkebeiner skiers, who in John's words are, "Too stupid to quit".



Spencer skied in high school for two years and picked it back up in 2024 when one of his friends convinced him to sign up for the Birkebeiner. Since then, it has become an annual tradition to participate in the Birkie festivities alongside a growing group of friends. His kids, Sparling and Louie, completed their first BarneBirkie this year and Spencer is hopeful they will continue the tradition with him.



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