



**MG RETIREMENT
ADVISORS**

Sound Advice. Smart Solutions.



Quarterly Economic Update First Quarter 2026

Entering 2026, almost every analyst forecasted that equity markets would experience a rise throughout the year. Will they be right?

In late January of 2026, the S&P 500 reached new highs, and in early February the Dow Jones Industrial Average (DJIA) hit a record high, closing above the 50,000 mark for the first time. These moves were supported by expectations of interest rate cuts, continued earnings growth and improving economic and market trends. By mid-quarter, rising geopolitical tensions, particularly in the Middle East, introduced a new wave of uncertainty. At the same time, evolving expectations around the Federal Reserve's policy path added to investor concern. Together, these factors reignited volatility, marking a departure from the relatively smooth market environment investors had grown accustomed to.

March was a rough month for equities as indexes suffered significant declines. Although the S&P 500 staged a strong rally in the final days of the quarter, it was not enough to fully recover the losses incurred earlier in the month. The S&P 500 closed the quarter at 6,539 and despite its late rally, was down approximately 4.6% for the quarter. The Dow Jones Industrial Average closed the quarter at 46,254, and even after its end of month rally, ended the quarter down about 4.2%. (Source: Morningstar.com; cnbc.com)

Federal Funds rates were unchanged in the first quarter and corporate earnings remained strong, with many S&P 500 companies expected to deliver roughly 12% to 13% year-over-year profit growth. Performance varied significantly across sectors, with energy and industrial companies



Money Rate

(as posted in Barron's 3/30/2026)

	Latest Week	Year Ago
Fed Funds Rate*	3.64%	4.33%
Bank Money Market ²	0.51%	0.44%
12-month Certif ²	1.85%	1.88%

Z - Bankrate.com; * - average effective offer (Source: Barron's; bankrate.com)

outperforming while a lot of technology and consumer sectors lagged. (Source: Marketwatch.com; 3/27/26)

According to the U.S. Bureau of Labor Statistics, the unemployment rate for February 2026 was 4.4%, holding relatively steady from January.

The energy sector was a constant in almost all headlines as oil prices soared during the quarter due to conflicts in Iran. The uncertainty around this conflict was a contributing player in the continued instability in equities.

The current market environment can be summarized in two words: **Volatility persists**. Please remember, volatility is an expected part of the investment experience. As always, we try to assist clients with choosing portfolios that represent their unique objectives. As conditions evolve, maintaining a disciplined and well-structured investment approach remains essential. Our role as financial professionals is to closely monitor market developments and ensure your portfolio remains aligned with your time horizon, risk tolerance, and financial objectives. We remain committed to keeping you informed and well-positioned to navigate evolving market conditions with confidence.

Inflation & Interest Rates

Key Points:

- **Federal funds rates remained unchanged in the first quarter of 2026 at 3.5 - 3.75%.**
- **The direction of inflation remains a concern, with added strain coming from oil prices.**
- **The economy remained strong despite potential drawbacks.**

After enjoying three rate cuts in the last half of 2025, through their first two sessions of 2026, the Federal Open Market Committee (FOMC) kept

KEY TAKEAWAYS

- Equities started the year making new highs, however, a rough March left the quarter with negative results.
- The Federal Reserve kept interest rates unchanged at 3.5% – 3.75% after the first two of their eight annual meetings.
- Released in March, February’s inflation rate held unchanged from January at 2.4%. Recent geopolitical events are expected to affect this rate moving forward.
- Traditionally viewed as a safer haven, bond rates rose and prices dropped slightly as they experienced some volatility during the quarter.
- As the escalation in Iran continued, oil prices rose heavily during the quarter to levels last seen in 2022.
- Focusing on your long-term goals and staying the course of a well-guided plan can help you stay grounded and confident during times of uncertainty.
- ***We are here for you. Please reach out with any questions or concerns. Your financial well-being is always our priority.***

their benchmark federal funds target rate unchanged at a range of 3.5 - 3.75%.

The U.S. economy has remained remarkably resilient. Labor markets continued to show strength and consumer spending remained healthy. February’s Bureau of Labor Statistics data for the year-over-year core Consumer Price Index (less food and energy) rose as expected at 2.4%. Food prices were up 3.1% from a year ago and the price of shelter, the single largest component of CPI, posted a 3% annual gain. (Source: cnbc.com; 3/11/26)

Movements in interest and inflation rates are critical for investors' financial planning, and we will continue to closely monitor these key economic indicators.

The Bond Market and Treasury Yields

Key Points:

- **U.S. Treasuries experienced notable volatility in Q1 2026, with longer-duration bonds declining while shorter-term bonds provided relative stability.**

The first quarter of 2026 delivered a mixed environment for fixed income investors, particularly within U.S. Treasuries. As the quarter ended, the 10-year Treasury yield rose to 4.35%, the 5-year Treasury was 3.97% and the 30-year treasury was 4.91%. *(Source: treasury.gov resource center)*

For investors, bonds continue to play a meaningful role in portfolio diversification. While recent volatility highlights that bonds are not risk-free, especially in a rising yield environment, they can still remain a core component of many well-balanced portfolios, and we will continue to monitor developments in inflation, Federal Reserve policy, and Treasury markets as conditions evolve.

Oil

Key Points:

- **U.S. oil prices, as measured by futures contracts for May deliveries of West Texas Intermediate, rose 77% to \$101.38 for the quarter.** *(Source: Barron's 3/31/26)*
- **The national U.S. average price for one gallon of regular unleaded gasoline ended the quarter at \$4.02, the highest level since June 2022.** *(Source: Barron's 3/31/26)*

Oil prices ended the quarter at levels not seen since 2022. Rising energy prices are a concerning factor

for both businesses and consumers. The ongoing fighting in the Middle East has led to the closing of the Strait of Hormuz, which typically sees about 20% of the world's oil supply flow through it. While it is still too early to predict the full impact on economic growth, a lengthy continuation of highly elevated oil prices cannot be underestimated. Kristen Dougherty, Fidelity's Energy analyst feels "in the longer term, the global oil market remains deep and liquid", however, investors still need to be mindful of developments in the Middle East and their impacts on markets.

Obviously, oil and energy prices are an area we are monitoring carefully.

Investor's Outlook

Key Points:

- **While we ended the quarter without reaching "correction" territory, volatility is likely to persist, making discipline and perspective essential.**
- **Maintaining a long-term focus and avoiding short-term distractions has historically been one of the most reliable ways to pursue financial goals.**

Looking forward, the trajectory of equities in 2026 will likely depend on several variables, including the path of inflation and interest rates, corporate earnings, stability in the energy sector and of course the turmoil in Iran.

Geopolitical Conflict: The geopolitical conflict in the Middle East and its impact on global oil markets, took center stage in the first quarter and could continue to shape how market conditions move forward in Q2 and beyond. Any escalation or de-escalation could trigger reactive moves across equities, commodities, and currencies.

Interest Rates and Inflation: As always, Federal Reserve policy remains a central influence and we may experience a "higher for longer" stance from the FOMC.

Commonly Used Market Terms

Dip: A short-lived downturn, usually of less than **5%**, from a sustained longer-term uptrend.

Correction: A **10%** drop in the market from recent highs.

Bear Market: A long, sustained decline in the stock market. If the market declines **20%** from its recent high, this is considered the start of a bear market.

S&P 500 Index (1954-2025)

Size of decline	-5% or more	-10% or more	-15% or more	-20% or more
Average frequency	~ twice per year	~ once every 18 months	~ once every 3 years	~ once every 6 years

Corporate Earnings: First quarter corporate earnings were healthy and investors need to remember that corporate earnings still play a meaningful role in stock prices.

While there is currently a high degree of volatility and short-term uncertainty, long-term we remain positive. Moving forward, the media might continue repeating many words that could raise fear and concern, such as “dip”, “correction”, and “bear market”. Please remember, volatility is part of the investment experience and long-term investors know that the upward climb is never a straight line. A long-term mindset can help shield you from succumbing to media pressures and swaying from your financial goals and plans. As you navigate through the next few months, please keep in mind

Volatility can also present a potential opportunity. Periods of market weakness can bring opportunities to invest at more attractive prices, rebalance portfolios, or harvest losses to help offset capital gains.

We believe an informed client is the best client. Our commitment is to offer you consistent, meaningful communication and to proactively help you navigate the changing economic environment. As always, we encourage you to share any concerns you have with us. **Our team is here to help you with every step of your journey toward your financial goals. We greatly value the trust and confidence you place in our firm and look forward to continuing to serve you.**

We want to help others like you!

Many of our best relationships have come through introductions from clients. Please call Sandy at (972) 907-0110 and we'd be happy to explore how we can help them with their financial goals



Securities and investment advisory services offered through **Osaic Wealth**, member FINRA/SIPC. **Osaic Wealth** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth**. Branch Office 2435 North Central Expressway Suite 1020 Richardson, TX 75080 Phone 972-907-0110.

Note: The views stated in this letter are not necessarily the opinion of **Osaic Wealth**, and should not be construed, directly or indirectly, as an offer to buy or sell any securities mentioned herein. Investors should be aware that there are risks inherent in all investments, such as fluctuations in investment principle. With any investment vehicle, past performance is not a guarantee of future results. Material discussed herewith is meant for general illustration and/or informational purposes only, please note that individual situations can vary. Therefore, the information should be relied upon when coordinated with individual professional advice. This material contains forward-looking statements and projections. There are no guarantees that these results will be achieved. All indices referenced are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. There is no guarantee that a diversified portfolio will enhance overall returns outperform a non-diversified portfolio. Diversification does not protect against market risk.

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. Stock market. The modern design of the S&P 500 stock index was first launched in 1957. Performance prior to 1957 incorporates the performance of the predecessor index, the S&P 90. Dow Jones Industrial Average (DJIA), commonly known as “The Dow” is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. Past performance is no guarantee of future results. CDs are FDIC Insured and offer a fixed rate of return if held to maturity. Due to volatility within the markets mentioned, opinions are subject to change without notice. Information is based on sources believed to be reliable; however, their accuracy or completeness cannot be guaranteed.

Sources: Barron's; Business Insider; marketwatch.com; cnbc.com; Morningstar; U.S. Department of Treasury. Contents provided by the Academy of Preferred Financial Advisors, 2026