



Market Update: March 2026

It's a bit of a challenge to write an update like this because, by the time it reaches your inbox, the situation on the ground could look very different. In a fast-moving environment—especially one involving active conflict and central bank pivots—today's "market consensus" can become tomorrow's "old news." However, our goal is to give you a clear-eyed look at the forces currently in play and how we are adjusting your sails accordingly.

The Iran Conflict: Supply Chains & Political "Off-Ramps"

The Iran War remains the primary driver of market anxiety, specifically due to the ongoing closure of the Strait of Hormuz. Beyond the headlines of rising energy prices, the impact of longer-term disruptions would be felt across many countries, economies and sectors. We would become bearish and cautious if this scenario plays out.

However, there is a growing conversation around a potential "off-ramp." With the 2026 Midterm Elections approaching in November, one would think that domestic political pressure will continue to mount.

- **The Election Factor:** Historically, administrations are highly incentivized to stabilize energy prices and consumer sentiment ahead of a major election. We are starting to see dialogue between the U.S. and Iran via international intermediaries. While a ceasefire has not been announced, it would not surprise us if it happened soon. The probability that this conflict could last months or longer does not seem very high. The economic and political cost would be extraordinary; in that scenario we would expect a global recession and major decline to risk assets.



The Fed: Still in "Wait-and-See" Mode

The Federal Reserve's March 18 meeting confirmed that they aren't ready to ride to the rescue just yet. They held rates steady at 3.5%–3.75%, essentially telling the market that their "inflation-first" mandate hasn't changed.

The Fed is worried that if they cut rates now, they'll accidentally fuel the fire of war-driven inflation. There has been discussion that the Fed may actually have to hike rates later this year. We also see that as a low probability event. We will have a new Fed Chair in the next two months, and we are not convinced they will have the same concerns regarding inflation. The Fed has a dual mandate, and the employment situation continues to be weak.

Re-evaluating International Equities

One of the biggest shifts we are making this month is a deeper re-evaluation of International Equities. While the U.S. is relatively energy-independent, many European and Asian economies are not.

- **The Vulnerability:** Major economies in the Eurozone and parts of Asia (particularly Japan and South Korea) are facing a much steeper "energy tax" than the U.S.
- **The Outlook:** Because these regions rely so heavily on LNG and oil imports through the Middle East, we believe they may face a more significant negative economic impact than domestic markets. Consequently, we are looking at potentially trimming some of that international exposure in favor of U.S.-based companies with more localized supply chains and "fortress" balance sheets.



Gold: A Liquidity Reality Check

Finally, a quick note on Gold. Despite the war, gold hasn't acted as the perfect hedge lately. It sold off following the Fed's hawkish tone as investors scrambled for U.S. Dollar liquidity. When volatility hits this hard, even the "safest" assets can be sold to cover losses in other areas, proving that in the very short term, cash is often the only true king.

Outlook

We aren't making radical moves based on daily headlines but continue to evaluate current holdings. We are staying disciplined, evaluating the shorter- and longer-term impacts from the Iran War and will adjust the portfolio to those views. As always, please reach out if you want to discuss your portfolio or any of these topics in more depth.

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