



Weekly market update: Tensions in the Mideast lead to a downturn for stocks.

The market and economy

- Major U.S. equity market indexes moved lower during the week ending March 13, amid more volatility due to the ongoing military conflict in the Middle East. The military and economic impact of Iran's virtual closure of the Strait of Hormuz, a major shipping channel between the Persian Gulf and the Gulf of Oman, dominated the headlines this week, as many vessels have been stranded in ports.
- On Thursday, U.S. government officials said that Iran had begun to lay mines in the Strait, hampering U.S. efforts to reopen the shipping lanes. Consequently, the West Texas Intermediate (WTI) and Brent crude oil prices rose sharply due to concerns about supply disruptions, with the latter commodity closing above \$100 a barrel for the first time since August 2022. However, oil prices retreated on Friday after U.S. Treasury Secretary Scott Bessent announced that, in an effort to increase supply and reduce prices, the U.S. would temporarily allow countries to purchase Russian oil that was already being shipped.
- On Thursday, a U.S. refueling aircraft crashed in western Iraq, killing six American service members. Additionally, Iran's new Supreme Leader, Mojtaba Khamenei, the successor to his father, Ayatollah Ali Khamenei, who was killed in the initial bombings by the U.S. and Israel on February 28, vowed to keep the Strait of Hormuz closed and to continue attacks on neighboring countries in the Gulf region. At the end of the week, U.S. Secretary of Defense Pete Hegseth said that Mojtaba Khamenei had been wounded in an attack.
- There was notable U.S. economic news during the week. The Department of Labor reported that the consumer-price index (CPI) rose 0.3% in February. Prices for fuel oil and utility gas service surged 11.0% and 3.1%, respectively, during the month, while prices for electricity dipped 0.7%. The CPI advanced 2.4% year-over-year in February—matching the increase in January and in line with expectations. Costs for utility gas service and fuel oil climbed 10.9% and 6.2%, respectively, over the previous 12-month period. Conversely, gasoline prices declined 5.6%. Core inflation, as measured by the CPI for all items less food and energy, was up 2.5% year-over-year in February, unchanged from the increase in January and meeting expectations. Costs for medical care services and housing rose 4.1% and 3.0%, respectively, over the previous 12-month period, while prices for used cars and trucks decreased 3.2%.
- According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) rose at an annual rate of 0.7% for the fourth quarter of 2025—down sharply from both the 4.4% gain in the third quarter and the government's initial estimate of a 1.4% increase. The economy expanded 2.1% for the 2025 calendar year, a decrease from the 2.8% growth rate in 2024. The increase in GDP for the fourth quarter was attributable primarily to upturns in consumer spending and nonresidential fixed investment (purchases of equipment and software, and nonresidential structures). Conversely, federal government spending and exports fell during the quarter. The decelerating GDP growth rate in the fourth quarter compared to the previous quarter was due mainly to decreases in exports and federal government spending, as well as a slowdown in consumer spending.
- The U.S. government has continued to release economic data that were delayed by the 43-day shutdown that ended in mid-November. The Department of Commerce announced that the personal-consumption expenditures (PCE) price index rose 0.3% in January. The index advanced 2.8% year-over-year, edging down from the 2.9% annual increase in December. The core PCE price index, which excludes volatile food and energy prices, increased 0.4% in January, matching the 0.4% rise in December. The index posted a year-over-year upturn of 3.1% in January following a 3.0% annual increase in the previous month. The PCE price index is widely considered the Fed's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.

Stocks

- Global equities recorded negative returns for the week. Emerging markets outperformed developed markets.
- U.S. equities declined during the week. Energy and utilities were the top-performing sectors, while financials and industrials were the primary market laggards.
- Value stocks outperformed growth stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.28% during the week.
- The U.S. bond market lost ground for the week.
- High-yield bonds led the market, followed by government bonds and corporate bonds.

As of March 13, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-0.9%	-0.7%	22.7%	1007.8
MSCI EAFE (\$)	-1.1%	1.4%	20.0%	2933.1
MSCI Emerging Mkts (\$)	-0.5%	6.2%	34.9%	1492.1
US & Canadian Equities				
Dow Jones Industrials (\$)	-2.0%	-3.1%	14.1%	46559.8
S&P 500 (\$)	-1.7%	-3.2%	20.0%	6625.1
NASDAQ (\$)	-1.3%	-4.9%	27.8%	22105.4
S&P/TSX Composite (C\$)	-1.8%	2.4%	34.2%	32487.4
UK & European Equities				
FTSE All-Share (£)	-0.4%	2.7%	19.2%	5495.7
MSCI Europe ex UK (€)	-0.1%	-0.6%	7.2%	2042.0
Asian Equities				
Topix (¥)	-2.4%	6.5%	34.5%	3629.0
Hong Kong Hang Seng (\$)	-1.1%	-0.6%	8.5%	25465.6
MSCI Asia Pac. Ex-Japan (\$)	-0.6%	6.5%	33.5%	769.4
Latin American Equities				
MSCI EMF Latin America (\$)	0.0%	10.1%	47.5%	2983.1
Mexican Bolsa (peso)	-2.5%	2.1%	26.6%	65658.8
Brazilian Bovespa (real)	-1.1%	10.1%	41.2%	177439.7
Commodities (\$)				
West Texas Intermediate Spot	5.4%	66.7%	43.8%	95.7
90Gold Spot Price	-1.8%	16.8%	69.4%	5046.4
Bond Indices (\$)				
Bloomberg U.S. Aggregate	-0.8%	0.0%	4.9%	2348.2
Bloomberg Global Aggregate	-0.7%	-0.5%	5.1%	498.9
JPMorgan Emerging Mkt Bond	-0.4%	0.3%	11.2%	1021.0
10-Year Yield Change (basis points*)				
US Treasury	14	12	1	4.28%
UK Gilt	20	35	15	4.82%
German Bund	12	13	13	2.98%
Japan Govt Bond	9	19	71	2.26%
Canada Govt Bond	11	8	46	3.51%
Currency Returns**				
US\$ per euro	-1.7%	-2.8%	5.3%	1.142
Yen per US\$	1.2%	1.9%	8.0%	159.66
US\$ per £	-1.4%	-1.8%	2.1%	1.323
C\$ per US\$	1.2%	0.0%	-4.9%	1.373

Source: Bloomberg. Equity-index returns are price only, others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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