Macro & Market Outlook

as at March 31, 2026

ARGUS Wealth Management

Central Banks (decreased by 1*)	• The Federal Reserve ("US Fed") held rates steady through the first quarter of 2026, maintaining the federal funds rate range at 3.50%-3.75%. Oil-driven inflation pressures were acknowledged. • It is not expected that the Fed will cut rates through June. However, expectations for a single 25-basis-point cut in the second half of 2026 remain. Higher anticipated inflation driven by energy prices is a key reason for maintaining higher rates, despite early signs of softening labour market data. • The European Central Bank is not expected to make any rate adjustments in 2026, as its inflation print is already around the 2% target. However, a spike in inflation could lead to a rate increase. The Bank of England is expected to maintain rates through 2026 at 3.75%.
Liquidity & Credit (unchanged*)	• Household debt has been increasing in the US as of Q4 2025 – hitting $18.80 trillion. Credit card balances rose by 5.5% year over year and now total $1.28 trillion. Auto loan balances are $1.67 trillion, and student loan balances now stand at $1.66 trillion.[1] • Private credit has continued to stumble due to the opaque nature of many deals. Lower valuations in private credit have resulted in less capital available for reinvestment, which has negatively impacted high yield and other credit markets. However, for the time being, we do not see the current private credit situation leading to a broad market or financial system crisis. • According to S&P, its Global Credit Cycle indicator trended down from last quarter across most regions. The downward movement is driven by geopolitical uncertainty in the Middle East.[2]
Economics (unchanged*)	• The global economy is split, with strong momentum in technology and reduced tariff uncertainty. However, the closure of the Strait of Hormuz and energy infrastructure being put out of commission are a drag on the global economy, increasing inflationary expectations.[3] • According to the OECD, global GDP growth estimates for 2026 have remained stable at 2.9% but 2027 was lowered to 3.0% from 3.1%.[4] • Inflationary pressure on the global economy and continued uncertainty surrounding the Middle East conflict may be longer-term drags. However, the shock to the system has inspired many countries to review the expansion of renewables and alternative energy sources. Technological advancements, particularly in AI, have increased excitement around efficiency gains for companies, while also raising concerns about job displacement. The level of uncertainty warrants caution and will be closely monitored throughout the quarter.

Legend:

NEG. NEUTRAL POS.

*Change from the previous 12-month outlook.

[1] https://www.newyorkfed.org/microeconomics/hhdc
[2] https://www.spglobal.com/ratings/en/regulatory/article/credit-cycle-indicator-q2-2026-the-middle-east-war-could-accelerate-credit-deterioration-s101677494
[3] https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2026_d4623013-en.html
[4] https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2026_d4623013-en.html

Macro & Market Outlook as at March 31, 2026

Valuations

(unchanged*)

- Overall valuations have stayed relatively steady since last quarter. The US equity market remain on the higher end of their historical range. For reference, the S&P 500's price-to-earnings (P/E) ratio is currently at 26. In comparison, the P/E ratio for the S&P 500 Equal Weight Index Fund is at 19, which falls within its 10-year range of 15 to 25.
- S&P 500 valuations remained stretched despite the uncertainty in the market due to the high weighted tech stocks.
- International stocks (MSCI EAFE) maintain a lower valuation (P/E at 18) compared to domestic US Equity, as less growth is priced in.

Sentiment

(decreased by 1*)

- The University of Michigan's Consumer Sentiment Index, which tracks US consumer sentiment, stood at 53 in March 2026 and 48 in April 2026. Consumer sentiment remains below long-term average and is at 10-year lows.[5]
- The April 15th, 2026, American Association of Individual Investors Sentiment Survey showed a bullish split of 31.7% bullish, 42.8% bearish and 25.5% neutral.[6]
- CEOs' assessments of general economic conditions improved during Q1 2026, rising from 20% to 39% compared to six months earlier. CEOs' expectations for the short-term economic outlook also turned positive in Q1 2026, with 43% expecting improvement and 13% expecting conditions to worsen. The survey was compiled February 3-16, prior to the start of the Middle East conflict.[7]

Technical

(US Large Cap)[8]

(unchanged*)

- The S&P 500 Index is assessed as positive for the short-, medium- & long-term horizons.
- S&P 500 signals positive development and that buy interest among investors is increasing. The index has broken through resistance point at 7000. An established break predicts a further rise.

Overall

(decreased by 2*)

Conclusion: Our overall assessment remains neutral, reflecting a balance between resilient equity markets and persistent macroeconomic uncertainty. While technical trends and selective areas such as technology remain supportive, elevated valuations, constrained sentiment, and ongoing geopolitical and inflationary risks warrant caution. Central banks remain restrictive, liquidity conditions are mixed, and economic momentum is uneven. As such, we continue to monitor developments closely, maintaining a measured stance until greater clarity emerges across inflation, growth, and policy trajectories.

[5] https://tradingeconomics.com/united-states/consumer-confidence [6] https://www.aaii.com/sentimentsurvey
[7] https://www.conference-board.org/topics/CEO-Confidence/
[8] https://www.investtech.com/main/market.php?CompanyID=99200005&product=4

Argus Wealth Management Limited

The Argus Building
14 Wesley Street
Hamilton HM11, Bermuda

Tel: +1 (441) 295 9000
awmcs@argus.bm
arguswealth.bm

* Change from the previous 12-month outlook.
** The weights to calculate the Overall rating are determined by Argus Wealth at its discretion.

ARGUS Wealth Management