



# April 2026 Bond Market Review

## Market Summary

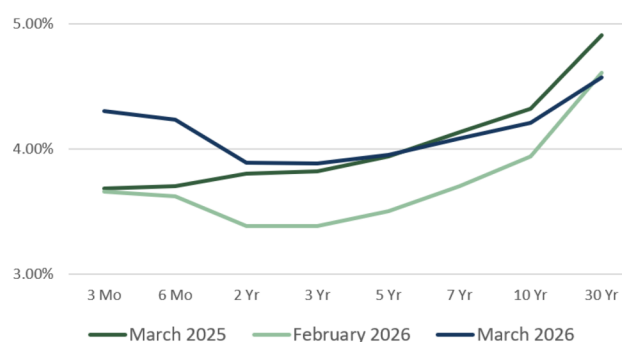
Recent economic data point to moderating growth alongside rising inflation pressures, as the U.S.-Israeli military campaign against Iran that began on February 28 drove a sharp spike in crude oil prices, flattening of the Treasury yield curve, and broad declines across equity markets. Headline inflation held at 2.4% year-over-year in February and the unemployment rate rose to 4.4% as Nonfarm Payrolls unexpectedly contracted, yet the Federal Reserve held policy steady amid elevated uncertainty around the energy shock. The Chandler team expects the Federal Reserve to remain data dependent, with the path of policy tied to the duration of the conflict and the trajectory of core inflation.

The Federal Open Market Committee concluded its March meeting by holding the federal funds rate unchanged at the range of 3.50% to 3.75%, marking a second consecutive pause following three 25-basis-point cuts at the end of 2025. The 11-1 vote saw Governor Stephen Miran dissent in favor of a quarter-point cut, while Governor Christopher Waller voted with the majority to hold. Chair Jerome Powell noted that near-term inflation expectations have risen on the oil price surge and stated that it is too soon to assess the full economic impact of the conflict. The updated Summary of Economic Projections showed modest upward revisions to GDP and PCE inflation for 2026.

Treasury yields were notably volatile in the first quarter, as the Iran conflict heightened energy-driven inflation concerns in a market already contending with persistent core price pressures. By the end of March, the 2-year yield had risen to 3.79%, up 32 basis points year-to-date, while the 10-year reached 4.32% and the 30-year 4.86%. The spread between the 2-year and 10-year narrowed to 52 basis points, signaling a marked flattening of the curve as short-term rates increased more rapidly than longer-term yields. For context, this spread was approximately 32 basis points a year earlier, highlighting the ongoing normalization following the yield curve inversion from 2022 through 2024. Meanwhile, the 3-month to 10-year spread stood near 64 basis points at month-end.

The yield curve normalized sharply in March as the oil shock stemming from the U.S.-Israeli campaign against Iran pushed inflation expectations higher. At the same time, shifting sentiment around additional rate cuts drove yields in the 2- and 3-year part of the curve above money market rates, while the 3-month yield remained anchored near the federal funds rate. Volatility remained elevated throughout the month. The Chandler team expects the policy path to hinge on whether the energy shock proves transitory and whether labor market softening deepens into a broader slowdown, which could revive the case for easing later this year.

**U.S. Treasury Yields**



Source: Bloomberg

## Credit Spreads

Credit spreads were wider in March

	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.05	0.01	0.04
2-year A corporate note	0.39	0.38	0.01
5-year A corporate note	0.60	0.60	-
5-year Agency note	0.05	0.05	-

Source: Bloomberg; data as of 3/31/2026

## Treasury Yields

U.S. Treasury Short-term Rates Normalized in March

Treasury Yields	Trend	3/31/2026	2/27/2026	Change
3 month	▲	3.68	3.66	0.02
2 year	▲	3.80	3.38	0.42
3 year	▲	3.82	3.38	0.44
5 year	▲	3.94	3.50	0.44
7 year	▲	4.13	3.70	0.43
10 year	▲	4.32	3.94	0.38
30 year	▲	4.91	4.61	0.30

Source: Bloomberg

## Market Data

Data as of 3/31/2026 unless otherwise noted

	1-Mo Chg	% Chg
<b>S&amp;P 500</b>		
6,528.52	(350.36)	-5.09%
<b>NASDAQ</b>		
21,590.63	(1,077.58)	-4.75%
<b>Dow Jones</b>		
46,341.51	(2,636.41)	-5.38%
<b>FTSE (UK)</b>		
10,176.45	(734.10)	-6.73%
<b>DAX (Germany)</b>		
22,680.04	(1,810.37)	-7.39%
<b>Hang Seng (Hong Kong)</b>		
24,788.14	(1,842.40)	-6.92%
<b>Nikkei (Japan)</b>		
51,063.72	724.24	1.44%

### World Stock Market Index Descriptions

**S&P 500**—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization. **NASDAQ**—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange. **Dow Jones**—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. **The Financial Times Stock Exchange Group (FTSE)**—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. **DAX**—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. **Hang Seng**—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. **Nikkei**—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

## Economic Roundup

### Consumer Prices

Inflation held relatively steady in February, with the Consumer Price Index rising 0.3% for the month and 2.4% year-over-year, unchanged from January on the annual basis. Core CPI, which excludes volatile food and energy components, rose 0.2% for the month and 2.5% year-over-year, easing slightly from 2.6% in January, with shelter the largest contributor while energy prices rose 0.6% on early effects from higher crude costs. Personal Consumption Expenditures (PCE) data for February showed more modest price pressures. The headline PCE Price Index increased 0.4% month-over-month and 2.8% year-over-year. Core PCE, the Fed's preferred measure excluding food and energy, rose 0.4% on the month and 3.0% compared to February 2025.

### Retail Sales

The Conference Board's Consumer Confidence Index edged up to 91.8 in March from 91.0 in February, a second consecutive gain that nonetheless sits well below the all-time peak of 144.7 from early 2000. The Present Situation component rose 4.6 points to 123.3 on favorable assessments of business and labor conditions, while the Expectations Index slipped 1.7 points to 70.9. Inflation expectations climbed to their highest since August 2025, reflecting tariff passthrough and elevated gasoline prices. February retail sales rebounded 0.6% from January, with stronger auto and broad-based discretionary spending offsetting January's weather- and vehicle-related weakness; the control group also advanced 0.5%, signaling firmer underlying consumer demand.

### Labor Market

The U.S. economy shed 133,000 jobs in February, falling well below consensus expectations for a gain of 55,000. Meanwhile, the unemployment rate edged up to 4.4% from 4.1%, while the broader U-6 underemployment rate declined to 7.9% from 8.1%. Health care employment fell by 28,000, largely reflecting a strike at Kaiser Permanente during the survey week, while the federal government, transportation and warehousing, and construction sectors shed jobs.

### Housing Starts

February Housing Starts were delayed until April due to ongoing agency rescheduling, and the latest available report covered January, released March 12, with privately-owned housing starts rising 7.2% to a seasonally adjusted annual rate of 1.487 million units, the third consecutive monthly increase and the highest pace since May 2025. Multi-family starts jumped to 552,000 units, while single-family starts slipped to 935,000 units amid elevated financing costs. The S&P Cotality Case-Shiller 20-City Composite Home Price Index rose 1.2% year-over-year in January, the slowest pace since July 2023. The Freddie Mac 30-year fixed mortgage rate averaged 6.38% at the end of March.

Economic Indicator	Current Release	Prior Release	One Year Ago
Trade Balance	(57.35) \$B Feb. 28	(54.68) \$B Jan. 31	(119.78) \$B Feb. 28
Gross Domestic Product	0.50% Dec. 31	0.50% Dec. 31	1.90% Dec. 31
Unemployment Rate	4.30% Mar. 31	4.40% Feb. 28	4.20% Mar. 31
Prime Rate	6.75% Mar. 31	6.75% Feb. 27	7.50% Mar. 31
Refinitiv/CoreCommodity CRB Index	372.42 Mar. 31	312.67 Feb. 27	309.30 Mar. 31
Oil (West Texas Int.)	\$101.38 Mar. 31	\$67.02 Feb. 27	\$71.48 Mar. 31
Consumer Price Index (YoY)	2.40% Jan. 30	2.40% Feb. 28	3.00% Jan. 31
Producer Price Index (YoY)	4.10% Mar. 31	1.60% Feb. 28	0.80% Mar. 31
Euro/Dollar	1.16 Mar. 31	1.18 Feb. 27	1.08 Mar. 31

Source: Bloomberg

© 2026 Chandler Asset Management, Inc. An independent, SEC-registered investment adviser. Data source: Bloomberg, Federal Reserve, and the US Department of Labor. This report is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as an indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation, or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment. Fixed income investments are subject to interest rate, credit, and market risk. Interest rate risk: The value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low-rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market, in general, could decline due to economic conditions, especially during periods of rising interest rates. The S&P Corelogic Case-Shiller home price index tracks monthly changes in the value of residential real estate in 20 metropolitan regions across the nation.