

Stay on top of the latest market developments and legal and regulatory updates that may affect your business.

MARKET UPDATE | Oil, Uncertainty and the Cost of Conflict

March 2026 delivered one of the most consequential months for financial markets in recent memory, as a combination of mixed economic data, a historic geopolitical shock and an increasingly cautious Federal Reserve combined to pressure equity markets and send Treasury yields sharply higher. U.S. large-cap equities bore significant pressure throughout the month, with the technology-heavy NASDAQ down 4.8%, officially entering correction territory (a decline of 10% or more from a recent high) in late March. The S&P 500 and Dow Industrials finished the month down 5.0% and 5.2%, respectively. Treasury yields surged to multi-month highs over the course of the month, with the 10-year climbing to 4.30%, its highest level since July 2025, as investors rapidly repriced expectations around monetary policy in response to the energy shock and the growing likelihood that the Federal Reserve will hold rates higher for longer than previously anticipated. International equities, which had outperformed domestic benchmarks through the first two months of the year, also faced headwinds as the global economic implications of a widening Middle East conflict came into sharper focus. MSCI EAFE and MSCI Emerging Markets were down 10.3% and 13.1% in March respectively.

The defining event of March began in the final hours of February, when U.S. and Israeli forces launched coordinated strikes against Iran as part of "Operation Epic Fury," sending global oil markets into a sharp upswing. Brent crude surged more than 50% from pre-conflict levels, hovering around \$110 per barrel by late March as Iran's effective closure of the Strait of Hormuz, a critical chokepoint through which roughly 20% of the world's traded oil passes, intensified supply concerns. President Trump announced on March 26th a 10-day moratorium on strikes targeting Iranian energy infrastructure, pausing further military action until April 6th, to allow an offramp for diplomatic negotiations. Markets continued to trade as though the worst pain from the war is yet to come.



Brent crude surges more than 50% from pre-conflict levels

While the U.S. is largely energy independent, global oil markets are still priced as one interwoven system, meaning that when supply is removed anywhere in the world, prices rise everywhere. Higher oil prices mean higher gas prices at the pump, leaving households with less to spend elsewhere, while rising transportation and shipping costs for businesses are typically passed on to consumers in the form of higher prices. Airlines, trucking companies and manufacturers all see margins compress as operating costs climb, weighing on corporate earnings and ultimately stock prices almost across the board. This is why a supply disruption thousands of miles away in the Strait of Hormuz is still showing up in portfolios here at home.

The labor market delivered a troubling signal in early March with the release of February's employment report, which showed the U.S. economy shed 92,000 jobs during the month, a sharp reversal from January's relatively firm 126,000 gain and a significant miss relative

Market Return Indexes	March 2026	YTD 2026	2025
Dow Jones Industrial Average	-5.2	-3.2%	14.9%
S&P 500	-5.0%	-4.3%	17.9%
NASDAQ (price change)	-4.8%	-7.1%	20.4%
MSCI Eur. Australasia Far East (EAFE)	-10.3%	-1.2%	31.2%
MSCI Emerging Markets	-13.1%	-0.2%	33.6%
Bloomberg High Yield	-1.2%	-0.5%	8.6%
Bloomberg U.S. Aggregate Bond	-1.8%	-0.1%	7.3%
Yield Data (Month End)	March 2026	Feb 2026	Jan 2026
U.S. 10-Year Treasury Yield	4.30%	3.97%	4.26%

to economist forecasts. Meanwhile, the unemployment rate ticked up to 4.4% in February. While still relatively low, the increase highlights ongoing softness in a labor market that has struggled to gain momentum so far this year. This compounded an already challenging picture when the Bureau of Economic Analysis revised its fourth-quarter 2025 GDP advanced estimate sharply downward from 1.4% to just 0.7% annualized, driven by weaker consumer spending, a meaningful decline in government outlays stemming in part from last year's government shutdown and softer export activity. For the full year 2025, GDP growth came in at 2.1%, below the 2.8% pace recorded in 2024.



The U.S. economy shed 92,000 jobs during the month

On the inflation front, the data released in March painted a picture of price pressures that were beginning to recede pre-conflict but are now widely expected to re-accelerate. The February Consumer Price Index (CPI), released mid-March, showed headline inflation holding steady at 2.4% year-over-year while core CPI came in at 2.5%, the lowest core reading since March 2021 and a sign that underlying inflation was normalizing, albeit slowly. However, the January Personal Consumption Expenditures (PCE) report told a more complex story, with headline PCE at 2.8% year-over-year and core PCE rising 3.1% annually, still meaningfully above the Fed's 2% target. Both reports predated the oil shock, and the distinction between headline and core inflation becomes important in the months ahead. Headline inflation, which includes food and energy prices, will likely see an immediate and sharp spike as rising oil costs flow directly into gasoline and utility prices. Core inflation, which excludes those volatile categories, tends to move slower. As elevated transportation, shipping and airline costs work their way through supply chains and into the prices businesses charge consumers, core inflation is widely expected to follow headline higher. It is likely the duration of these elevated prices, not the initial spike, that will ultimately determine the depth of economic strain.

The Federal Reserve held its policy rate steady at 3.50% to 3.75% at its March FOMC meeting, delivering what markets characterized as a "hawkish hold" and the updated dot plot showed the median year-end 2026 rate moving up to 3.4% from 2.9% in December, reflecting the oil-driven inflation risk and projecting only a single 25-basis-point cut for the remainder of the year. The Fed also revised its estimate of the long-run neutral rate upward to 3.125%, cementing the signal that the era of near-zero interest rates is unlikely to return even after current geopolitical pressures subside. In a welcome development for markets, Powell offered a more reassuring tone during a public appearance at Harvard University on March 30th, stating that inflation expectations appear to be well anchored beyond just the short term and that the Fed sees no need to raise rates in response to the oil shock, noting that "by the time the effects of a tightening in monetary policy take effect, the oil price shock is probably long gone". The remarks sent the probability of a rate hike by year-end falling, offering investors a measure of relief heading into April.

Most wars in recent decades have depressed stock prices initially but have had relatively minor effects on investment returns a year later, making a compelling case against abrupt action in response to recent headlines. The energy risk remains a key variable: if oil prices stay elevated, higher inflation and slower growth become more meaningful concerns. For investors with broadly diversified portfolios rather than those concentrated in a handful of individual stocks, patience has consistently proven to be the more rewarding instinct in moments like this.

On January 15, 2026, the Department of Labor's Employee Benefits Security Administration ("EBSA") released its updated **national enforcement projects**, outlining the areas where EBSA intends to focus enforcement and investigative resources in the coming year. These priorities provide helpful insight into EBSA's enforcement approach and identify operational and compliance areas plan sponsors and fiduciaries should consider reviewing proactively.

EBSA's enforcement initiatives apply broadly to both **retirement plans and other employee benefit plans** and emphasize fiduciary process, oversight and participant protections.

✔ Key 2026 Enforcement Priorities for Retirement Plan

Cybersecurity and Protection of Participant Data

EBSA continues to view cybersecurity as a growing risk to retirement plans and participants, particularly given the sensitive personal and financial data held by plans and their service providers. EBSA has emphasized that plan fiduciaries have an obligation to take reasonable steps to mitigate cybersecurity risks and that cybersecurity practices are frequently reviewed during investigations.

As part of its enforcement efforts, EBSA evaluates how both plans and service providers identify, assess, and address cybersecurity threats. EBSA strongly encourages plans to adopt and maintain a **formal cybersecurity program**, including periodic risk assessments, service provider reviews and incident response planning. This enforcement focus builds on [EBSA's cybersecurity guidance issued in 2021 and updated in 2024](#).

Protecting Benefit Distributions

EBSA's **Protecting Benefit Distributions (PBD) Project** is designed to ensure that retirement benefits are paid timely and accurately to participants, even where administrative or financial challenges exist. EBSA has identified several recurring scenarios in which earned benefits often go unpaid or delayed:

- **Terminated Vested Participants.** Benefit payment issues commonly arise when employees earn vested pension benefits but leave employment before benefit commencement. EBSA focuses on whether plan sponsors maintain adequate records and procedures to ensure payments begin when participants become

eligible, and in no event later than a participant's required beginning date for required minimum distributions. Investigations often examine compliance with EBSA's missing participant guidance, including census accuracy, participant communication efforts and missing participant search practices.

- **Distressed Plan Sponsors.** Financial distress, including bankruptcy, can result in missed contributions and, in severe cases, diversion of plan assets. EBSA relies on early investigative intervention in these situations to prevent losses and more quickly correct issues involving asset diversion, excessive expenses and delinquent contributions.
- **Abandoned Plans.** EBSA also continues to target plans that have been abandoned due to events such as death, neglect, insolvency, or bankruptcy. Enforcement efforts focus on locating abandoned plans, ensuring required filings are completed and securing participant benefits. EBSA will coordinate with remaining fiduciaries and review the conduct of custodial service providers to confirm that abandoned plans are administered in participants' best interests and without unreasonable fees or expenses.

Retirement Asset Management

EBSA's retirement asset management enforcement initiative focuses on whether fiduciaries follow a **prudent and well documented process** in selecting and monitoring plan investments, service providers and fees. Investigations typically examine fiduciary decision making processes, documentation, fee reasonableness and whether fiduciaries appropriately manage conflicts of interest.

- **ERISA Section 404(c) Plans.** (Defined contribution plans that allow participants to direct their own investments, with fiduciaries receiving liability relief for losses resulting solely from participant investment decisions if ERISA's disclosure and oversight requirements are met.) EBSA has emphasized that ERISA § 404(c) does not eliminate fiduciary responsibility for selecting and monitoring the plan's investment lineup. Enforcement reviews assess whether fiduciaries engaged in a prudent process when choosing and overseeing designated investment alternatives and whether fiduciaries provided participants with the disclosures required under the regulations.
- **Underfunded Defined Benefit Plans.** In situations where pension plan underfunding poses a risk of reduced or lost benefits, EBSA reviews fiduciary investment

decision making closely. Enforcement efforts focus on whether fiduciaries adopt and monitor investment strategies prudently and avoid overly risky or unsuitable investments intended to improve funded status at the expense of participant security.

- **Investment Advisers and Managers.** EBSA also conducts service provider level reviews of ERISA § 3(21) investment advisers and § 3(38) investment managers, often through investigations of 404(c) plans. These reviews are designed to identify potential conflicts of interest in the recommendation or implementation of investment options and to assess the adequacy of fiduciary oversight.

Contributory Plans Criminal Project

The **Contributory Plans Criminal Project** targets intentional misconduct and fraud involving employee contributions and other plan assets. EBSA coordinates closely with federal, state and local law enforcement agencies to investigate and prosecute individuals who knowingly misuse or divert plan funds. These matters frequently involve parallel civil and criminal proceedings and can result in significant personal liability for responsible individuals.

What Plan Sponsors and Fiduciaries Should Consider Now

In light of EBSA's enforcement priorities, plan sponsors and fiduciaries may wish to consider the following proactive steps:

- Review cybersecurity policies, service provider contracts and incident response procedures.
- Assess missing participant procedures, record retention practices and communication strategies.
- Confirm that investment selection, monitoring and fee review processes are well documented.
- Evaluate oversight of advisers, recordkeepers and custodians, with particular attention to conflicts of interest.
- Identify plans or situations that may attract heightened EBSA scrutiny, such as financial distress or administrative gaps.

USI Consulting Group's team is available to assist employers in identifying and proactively assessing fiduciary and operational risk areas.

Retirement Resources for You

USI Consulting Group's team of experts is happy to assist employers with all retirement plan compliance matters and changes in the market, including those discussed here, to help you mitigate risk and financial impact to your organization.

To learn more, please contact your local USICG representative, visit our [Contact Us page](#) or reach out to us at information@usicg.com.

Find the address and telephone number of your local USI Consulting Group office [here](#).

For previous market and legal commentaries please click [here](#).

This communication is published for general informational purposes and is not intended as advice or a recommendation specific to your plan. Neither USI nor its affiliates and/or employees/agents offer legal or tax advice.

An index is a measure of value changes in a representative grouping of stocks, bonds, or other securities. Indexes are used primarily for comparative performance measurement and as a gauge of movements in financial markets. You can not invest directly in an index and, for comparative purposes; they do not reflect the effect of the various fees inherent in actual investment vehicles.

The S&P 500 Index is a market value weighted index showing the change in the aggregate market value of 500 U.S. stocks. It is a commonly used measure of stock market total return performance.

The Dow Jones Industrial Average is a price weighted index comprised of 30 actively traded blue chip stocks; primarily industrial companies, but including some service oriented firms.

The NASDAQ Composite Index is a market-value weighted index that measures all domestic and non-U.S. based securities listed on the NASDAQ Stock Market.

Gross Domestic Product (GDP) is the market value of the goods and services produced by labor and property in the U.S. It is comprised of consumer and government purchases, net exports of goods and services, and private domestic investments. The Commerce Department releases figures for GDP on a quarterly basis. Inflation adjusted GDP (or real GDP) is used to measure growth of the U.S. economy.

The MSCI Europe and Australasia, Far East Equity Index (EAFE) is a market capitalization weighted unmanaged index developed by Morgan Stanley Capital International to measure approximately 1,100 securities in 21 major overseas stock markets. It is a commonly used measure for foreign stock market performance.

The Barclays Capital U.S. Aggregate Index covers the U.S. Dollar denominated investment grade, fixed-rate, taxable bond market of SEC-registered securities.

The Barclays Capital U.S. Corporate High Yield Index covers the U.S. Dollar denominated, non-investment grade, fixed income, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's Fitch, and S&P is Ba1/BB+/BB+ or below.

The MSCI Emerging Markets Index (EM) is a free-float-adjusted market-capitalization index developed by Morgan Stanley Capital International. It is designed to measure the equity market performance of 26 emerging market countries.

The 10 Year Treasury Yield is the interest rate the U.S. government pays to borrow money for a 10-year period. In addition to influencing how much the government pays to borrow over this time-frame, the 10-year Treasury Yields also determines how much investors earn by investing in this debt and it is a good indicator of investor sentiment.

The higher the yield, the better the economic outlook.

Market Update is a monthly publication circulated by USI Advisors, Inc. and is designed to highlight various market and economic information.

It is not intended to interpret laws or regulations.

This report has been prepared solely for informational purposes, based upon information generally available to the public from sources believed to be reliable, but no representation or warranty is given with respect to its completeness. This report is not designed to be a comprehensive analysis of any topic discussed herein, and should not be relied upon as the only source of information. Additionally, this report is not intended to represent advice or a recommendation of any kind, as it does not consider the specific investment objectives, financial situation and/or particular needs of any individual client.

Investment Advice provided by USI Advisors, Inc. Under certain arrangements, securities offered to the Plan through USI Securities, Inc. Member FINRA/SIPC. 95 Glastonbury Blvd., Suite 102, Glastonbury, CT 06033. USI Consulting Group is an affiliate of both USI Advisors, Inc. and USI Securities, Inc.

©2026 USI Consulting Group. All rights reserved.