reflected in how both banks gauge energy price shocks, with the eurozone facing a greater burden.
ECB Signaling Theory: The ECB's strategy utilizes short-term surveys of public expectations, aiming for small hikes that increase credibility and temper inflationary behavior. Their theory hinges on the notion that limited action can still yield significant influence on inflation dynamics.
Fed's Approach to Restraint: In contrast, the Fed's skepticism about the effectiveness of nuanced hikes leads to a more evidence-based strategy focused on meaningful policy adjustments. This implies that they view substantial hikes as essential for managing inflation in a sustainable manner.

Additional Key takes:

- **Inflation Expectations:** Differing legal mandates influence the Fed's direct approach to balancing employment and inflation, whereas the ECB indirectly considers growth risks.
- **Market Sentiment:** Current market pricing reflects anticipation of at least two Fed hikes, potentially adjusting expectations if new inflation shocks from energy costs emerge.

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Economics & Central Banking Strategy

ECB HIKES RATES, NO SIGN OF FOLLOW-ON JULY MOVE

The ECB's latest rate hike aligns with expectations, reflecting an adjustment in inflation and growth projections. Key adjustments indicate an increased concern regarding inflationary pressures, influenced significantly by energy costs, while growth estimates have been moderated.

Interest Rate Movement: The recent increase in the deposit rate from 2% to 2.25% highlights a proactive stance. Even though the Council's emphasis on being data-dependent implies uncertainty, it rules out any imminent July follow-up move, as the commitment remains to evaluate evolving economic conditions.

Economic Projections: Revised projections depict a tilt towards a hawkish view, with inflation forecasts now seeing sustained indirect impacts from energy prices through 2027 and even 2028. The natural gas market being closer to earlier expectations suggests that energy prices may not accelerate inflation as sharply as feared.

Additional Key takes:

- **July Outlook:** Market expectations of a July hike should be tempered, as signals indicate a likelihood of further evaluation before any new increases are confirmed.
- **Future Decisions:** September remains a more probable timeline for subsequent rate adjustments, contingent upon upcoming economic data.
- **Slow Reaction to Rises:** Growth considerations will play a crucial role in future policy decisions, highlighting the importance of market reactions over strict adherence to projected paths.

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Daily Economic Report

PPI Hot and Boosts PCE Inflation

PPI data showed a surprising uptick, raising concerns about PCE inflation. While trade services saw a decline of -1.1% month-over-month in May, the PPI for food and airline services recorded notable increases of +2.5% and +0.6%, respectively. This divergence indicates the potential for inflationary pressures in specific sectors, despite an overall moderation in tariff passthrough impacts.

Trade Services Dynamics: The recent fall in trade services reflects a broader adjustment, suggesting that earlier inflationary trends may be cooling. This could influence consumer behavior and spending.
PPI and Inflation Outlook: The sharp increases in food and airline PPI can add to the PCE inflation narrative, potentially complicating the central bank's assessment of monetary policy going forward.

Additional Key Takes:

- **Initial Jobless Claims:** Claims crept up to 229K, still reflective of a relatively stable labor market, though the rise could signal cautiousness among employers.
- **PCE Implications:** Rising prices in essential services could lead to sustained inflation, prompting strategic adjustments in portfolio allocations.

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Political Analysis

U.S./Iran Air Attacks Intensify, but Remain Calibrated Signaling Intent to Resume Negotiations

Tensions between the U.S. and Iran have escalated, yet both sides remain intent on avoiding all-out conflict while keeping the door open for negotiations. The latest military activity following a U.S. helicopter downing reflects a careful balance, suggesting both parties are cautious not to push matters beyond control.

Military Escalation: The increased kinetic activity represents the most serious challenge to the current ceasefire, though Iran's response is notably less aggressive compared to earlier months. This measured approach indicates a mutual understanding of the stakes involved, as U.S. Central Command has labeled its recent strikes as defensive.
Diplomatic Signals: While President Trump has reiterated threats of further military action, his actions suggest a preference for a diplomatic resolution. Negotiators from Qatar and Pakistan remain engaged, signaling that discussions continue despite recent confrontations. Incremental progress in commercial traffic through the Strait of Hormuz is also being touted, although current tensions may temporarily hinder this advancement.

Iranians' Strategic Calculations:

- **Incremental Approach:** Iran appears to be slowly progressing in negotiations, using targeted escalations to bolster its position without pushing towards conflict.
- **Culprit for Economic Struggles:** The ongoing conflict provides cover for internal economic issues, allowing the regime to deflect blame onto the U.S.

Regional Implications: The potential for instability on the Israel-Hezbollah front could further complicate the ceasefire and the pathway to any agreements. Netanyahu's stance suggests he may not disrupt any interim agreements Trump seeks, even if dissatisfied with the terms.

Unresolved Challenges:

- **Framework for Negotiations:** Key details remain ambiguous, notably on sanctions relief and nuclear obligations, which may lead to future disagreements if not settled.
- **Future Risks:** As recent patterns show, unresolved issues can lead to medium-term risks and potential flare-ups when diplomatic focus shifts.

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Capital Markets Chronicle

Morning Thought

Inflation continues to reign as today's primary macro theme, particularly as markets react to the recent U.S. CPI data. Despite the notable rise in May's figures, the fixed income market surfaced a more favorable reaction to the unexpected dip in core CPI, which reflects greater underlying stability. The upcoming PPI release is anticipated to reflect a strong headline, but expectations for core PPI are more subdued compared to the core CPI's positive surprise. Additionally, a dip in unemployment claims is likely, following last week's spike-a supporting sign as we approach a key 30-year Treasury auction. Yesterday's solid 10-year Treasury auction, with yields surpassing 4.5%, has also helped stabilize market sentiment.

Fixed Income Market Insights: Treasury yields saw a slight decline today, with the 10-year yield dipping by 2bps to 2.520%. This trend mirrors a broader reduction in yields across other major developed nations. Oil prices are retreating, while the dollar is slightly down, allowing both bitcoin and gold to gain traction. Investment-grade credit spreads held steady, yet there are signs of emerging tension in high-yield OAS as cracks begin to show.
Monetary Policy Outlook: Canada decided to maintain its overnight rate at 2.25%. Meanwhile, the EU fiscal board remains cautious about adjusting budget rules due to the ongoing energy shock. Expectations are set for a potential tightening by Japan,

even as market participants navigate uncertainty surrounding BoJ leadership. Notably, this period features a blackout on Fed speakers, leading to a quieter landscape in U.S. monetary policy discussions.

Additional Key Takes:

- **Unemployment Claims Forecast:** Claims are projected to have decreased to 220K from last week's 225K, indicating a labor market still displaying resilience.
- **PPI Expectations:** The forecast calls for May's PPI to increase by 0.6%, with core PPI flat at 0.3%, suggesting persistent inflation pressures.

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Utilities Cos. Survey

Utilities Cos. Survey: Capex Plans Hold Steady At Its All-Time High

Capital spending plans in the utilities sector remain robust, holding steady at an all-time high of 58.3. This stability is underpinned by consistent demand across industrial, commercial, and residential segments. Energy demand reflects a similar strength, with a sustained high of 46.5, indicating a favorable outlook for the sector as we move forward.

Capital Spending Plans: The utilities sector is demonstrating remarkable investment vigor, with capital expenditure expectations for the next 12 months unchanged at the peak level reached last Fall. This is largely influenced by steady environmental, transmission, and distribution spending.
Energy Demand Projections: Expected energy demand also remains strong at 46.5, mirroring the high levels seen previously. Notably, the industrial and commercial sectors hold steady, suggesting a balanced recovery across energy consumption sources.

Additional Key Takes:

- **Future Capex Commitments:** The consistency in capital spending forecasts aligns with long-term infrastructure goals, indicating stability and readiness for future demand increases.

- **Sector Resilience:** Overall indicators suggest resilience in the utilities industry, making it a promising area for investors seeking growth amid broader economic fluctuations.
- **Demand Drivers:** Stable demand from industrial, commercial, and residential sectors provides a solid foundation for sustained capital inflows, further bolstering sector confidence.

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Limousine Cos. Survey

Limousine Cos. Survey Improves, Helped By Sporting Events Including The World Cup

The Limousine Survey is showing positive momentum, with a notable increase this week, driven by a rebound in travel demand and the impact of upcoming sporting events. Continued improvements following recent softness suggest a resilient environment for transportation services, particularly amidst the challenges presented by air travel disruptions.

Activity Trends: After an initial dip due to the Government shutdown and FAA cancellations impacting Q4, the survey has rebounded in early 2026. The latest reading rose from 53.4 to 53.9, reflecting a strengthened outlook for the sector.
Bookings Influence: The upcoming FIFA games are expected to bolster bookings, enhancing sales for limousine operators as customer demand reflects rising engagement in travel and entertainment.

Additional Key Takes:

- **Survey Resilience:** Seven of the last ten weeks have shown improvement, signaling a recovery trajectory for the industry amid external pressures.
- **Broader Implications:** The Airlines Survey corroborates these trends, indicating a similar uptick in travel service demand as the year progresses.

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Hedge Fund Managers Survey

Evercore ISI Hedge Fund Survey With May Sector Allocation Survey Results

The latest Hedge Fund Survey shows net exposure slightly decreased from 54.4 to 54.2, indicating a generally stable outlook among managers. This follows a period of increasing **gross exposure**, which recently tapered from 52.6 to 52.5. Notably, hedge fund managers have shifted their sector bets significantly, increasing allocations in communication services, energy, healthcare, technology, consumer staples, and discretionary sectors while reducing positions in materials, financials, real estate, industrials, and utilities.

Net and Gross Exposure Trends: Despite a minor dip, net exposure continues to reflect a positive sentiment, with a slight fluctuation in gross exposure suggesting a cautious yet steady stance among fund managers.

Sector Allocations: The movement toward sectors like healthcare and technology suggests managers are identifying growth opportunities, particularly as the economic environment shifts. Energy and consumer discretionary sectors remain strong plays, reflecting a favorable outlook.

Sector Reductions: The decreasing interest in utilities and industrials might indicate concerns surrounding inflation and economic growth that could curtail performance in those areas.

Additional Key Takes:

- **Increased Safety in Picks:** The current trend of reallocating into safer sectors can help hedge funds navigate market uncertainties and protect portfolios.
- **Market Watch:** As fund managers adjust their exposures, staying informed on their latest moves is crucial for anticipating market trends.
- **Potential Contrarian Signals:** With ongoing shifts in exposure, certain sectors may present contrarian opportunities if market sentiment turns.

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Political Analysis

Early Signals from House Infrastructure Draft Are Positive for Bridges, Highways and Negative for EVs, Transit—But Likely Headed for Short-Term Stopgap

The early signals from BA250 indicate promising developments for bridges and highways, while raising concerns for EVs and transit funding. A bipartisan committee has pushed forward this significant infrastructure draft, which aims to authorize $580 billion over five years, though a full reauthorization by September 30 appears unlikely. A short-term extension seems more practical under tight legislative timelines.

Bridge and Highway Funding Outlook: BA250 proposes a 67% increase in bridge funding compared to IIJA levels and a modest 7% rise for highways. However, slow spend-out rates from previous infrastructure allocations pose a challenge, with only 40% of IIJA funds having been spent after five years.
Challenges for Transit and EV Funding: Passenger rail and transit funding would see cuts of 37% and 5%, respectively, which has already ignited pushback from Senate Democrats. Additionally, BA250 introduces a fee of $130 annually for EVs and $35 for hybrids, aimed at generating funds for the Highway Trust Fund, but this measure has garnered mixed reactions and is likely to face hurdles in the Senate.

Short-Term Extension Likely: With the legislative calendar compressed and unresolved divisions between the House and Senate, a short-term extension maintaining FY26 funding is expected to minimize disruption. Failure to secure this would revert core programs to pre-IIJA levels, significantly impacting unfunded projects.
SPENDING IMPLEMENTATION: The BA250 framework slightly shifts funding towards formulas over competitive grants for infrastructure projects, which could facilitate faster allocation of some resources, particularly for local bridge initiatives.

Key Insights:

- **Structural Funding Issues:** The proposed EV fee's revenue is insufficient to address the long-term solvency of the Highway Trust Fund, which highlights ongoing structural challenges.

- **Potential for Legislative Adjustments:** The pushback from Senate Democrats regarding rail funding could lead to adjustments in the final legislation, depending on negotiation outcomes.

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Apartment Cos. Survey

Apartment Cos. Survey Of Rents Ticks Down Following Improvement

The latest Apartment Cos. Survey reflects a modest improvement in rent dynamics this year, although the overall sentiment remains cautious. Recent trends indicate a mixed outlook where traffic has shown signs of stabilization, while occupancy rates have dipped slightly.

Rent Trends: Although the rent index experienced a minor decrease from 49.4 to 49.0 in the most recent check-in, it's important to note that this follows a period of strengthening throughout the spring months. The traffic component increased from 52.0 to 53.0, suggesting improved engagement compared to last year, yet the occupancy rate fell slightly from 52.8 to 52.6.
Supply Impact: The influence of new supply on rent growth has declined from a recent high, moving from 65.0 to 63.3, reflecting emerging concerns among participants about how new apartment availability might affect pricing. The "move out to buy" index remains below normal levels but has seen a slight uptick from 42.0 to 42.8, indicating some potential recovery in buyer activity.

Additional Key takes:

- **Regional Insights:** California has emerged as the strongest region with regained market share, while the Southeast continues to lag behind, showing more mixed responses.
- **Current Market Sentiment:** Overall, the data underscores a need for careful monitoring, as the trends suggest that while some segments show resilience, deeper issues related to supply could temper rent growth in the near future.

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Air Cargo Cos. Survey

Air Cargo Cos. Survey Moves Up Building On Recent Strength

The latest Air Cargo Cos. Survey indicates a strengthening trend, reflecting resilience in the sector following earlier fluctuations. Notably, the overall survey score increased from 56.7 to 57.7, punctuated by growth in both domestic and international activities. This marks eight weeks of consecutive upward movement in the Transport Cos. Survey, which rose from 60.7 to 61.1, showcasing enduring strength from trucking and air cargo companies.

Survey Insights: Domestic activity saw an uptick with the score moving from 48.3 to 49.2, while international sales rose significantly from 65.0 to 66.3. This reflects an ongoing strength in volumes, especially across international regions, highlighting an important aspect of the current cargo landscape. The data suggests that despite recent market turbulence, the air cargo sector is better positioned for sustained growth.

Transport Survey Trends: The Transport Cos. Survey has seen a steady increase throughout 2026, supported by robust performance from trucking companies. This consistent upward trajectory reinforces the idea that demand pressures, coupled with pricing power, continue to play a pivotal role in shaping the market dynamics.

Additional Key Takes:

- **Global Trade Insights:** There remains an encouraging upward trend in global trade, reflected in the air cargo metrics.
- **Domestic Growth Indicators:** Despite the recent fluctuations, domestic air cargo shows signs of stabilization amid ongoing solid U.S. economic growth.
- **Commentary from Participants:** Survey participants noted specific strong routes, further emphasizing pockets of resilience even as broader global uncertainties persist.

Amid this encouraging backdrop, it will be critical for investors to monitor further developments in both domestic and international cargo activities, as these insights will be integral in navigating potential investment opportunities within the sector.

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Institutional Bond & Equity Managers Surveys

Evercore ISI Bond & Equity Mgrs. Surveys With May Sector Allocation Survey Results

Latest survey results reveal mixed sentiment among institutional investors, with stable allocations but a notable pivot in sector preferences. Long-only managers have shifted focus towards consumer discretionary and real estate, while pulling back from healthcare and technology.

Bond Market Sentiment: Duration holdings have remained stable at 92.2, reflecting a cautious but consistent approach among bond managers. Credit exposure sits at 53.9, showing no change, indicating a balanced yet conservative posture.
Equity Market Dynamics: While the equity invested position dipped from 64.9 to 64.7, the bullish sentiment holds at a neutral 54.1. This slight pullback suggests growing caution, particularly after a previous uptick earlier in May.

Sector Allocation Trends:

- **Shifts in Cyclical Exposure:** Recent data indicates long-only investors increasing exposure to cyclical sectors after a period of favoring defensives. Notably, the consumer discretionary and real estate sectors saw gains.
- **Defensive Sector Reductions:** Conversely, there's been a downturn in investment in healthcare and technology, suggesting a strategic retreat from previously favored defensive positions.

Overall Market Outlook: Current bullish sentiment is significantly lower than previous months, with only 25% of participants expecting the next move in the S&P 500 to be upward, compared to 55% in earlier surveys. As institutional managers recalibrate their strategies, keep an eye on sector-specific movements and overall market sentiment going forward. For detailed sector breakdowns and further insights, please refer to the full report.

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4 June 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **US LABOR MARKET – A LITTLE FIRMER?** Earlier this year the debate was whether the US labor market was stabilizing or still weakening. Now the debate is whether it is stabilizing or strengthening a bit. We will learn more from Friday's May employment report. Our read is the labor data overall does look a little firmer and the May report should be consistent with this. But so far we see little evidence the labor market is becoming tighter or hotter. The data has become more constructive though it remains mixed. Payroll growth has surprised to the upside with improving breadth (though the household survey job count has stayed weak) job openings have rebounded (though quits have not) and QCEW data suggests payroll employment may not be overstated to the extent previously assumed. These developments – echoed in some surveys including our EVRISI emp cos survey – suggest labor conditions have gone from flat to weaker to flat to a bit stronger, which is welcome. (Krishna Guha)

- **US / FED – MAY BEIGE BOOK: INPUT COSTS DRIVE INFLATION UP, K-SHAPED DYNAMICS WEIGH ON SPENDING:** The picture from the May Beige Book is broadly consistent with macro data, as economic activity and prices slightly accelerated, but the report also signaled greater financial strain for lower-income consumers and suggested that pressures on wages from rising inflation may be starting to build. Businesses reported that prices increased at a "moderate to strong pace" compared to "mostly moderate" in the April Beige Book. Reflecting the rise in energy-related costs associated with the US-Iran war, non-labor input costs have continued to increase faster than selling prices, compressing margins. Although wage growth remained largely in line with inflation, the report signaled that the inflation outlook may worsen due to pressures on wages, as "Districts reported more frequent wage adjustments and cost-of-living increases to manage increasing fuel and other household cost pressures." This kind of second-round effects – if they become evident – would likely require some monetary tightening by the Fed to prevent an energy price-level shock from morphing into a more persistent inflationary shock. (Marco Casiraghi)

- **Unit Labor Costs Revised Lower In 1Q**: Wages have been in a cooling trend across a variety of reports. Claims Move Up, Likely Due To Holiday Week. (Francesca Ponziani)

- **Morning Thought:** Treasury yields are lower overnight on positive news between

Israel and Lebanon. The 10- year yield is down -2bps at 4.464% and the overall yield curve is flatter. Other major developed global sovereign yields are mixed. The oil, the dollar and bitcoin are lower higher, while gold is higher. U.S. credit spreads were little changed on Wednesday. Surging AI investment is rippling through Treasury yields. New York State Legislature will probably vote on a bill to fix loopholes in global sovereign debt law (Champerty Fix Act). Australia's central bank is focused on the influence of rates and energy prices on the economy. India may remove capital gains taxes on foreign investors of their government bonds. This is another attempt to boost foreign investment demand into India. There is an increasing concern about a 'screw' worm infecting the U.S. livestock. Brazil's trade surplus beats consensus, primarily from higher export prices. (Stan Shipley)

- **Auto Aftermarket Mfg. Cos. Survey Steady In May:** (Oscar Sloterbeck)

- **Air Cargo Cos. Survey Pulls Back**: (Oscar Sloterbeck)

- **Evercore ISI Bond & Equity Mgrs. Surveys**: (James Walsh)

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Macro Research Today

Economics

US LABOR MARKET – A LITTLE FIRMER?

Earlier this year the debate was whether the US labor market was stabilizing or still weakening. Now the debate is whether it is stabilizing or strengthening a bit.

We will learn more from Friday's May employment report. Our read is the labor data overall does look a little firmer and the May report should be consistent with this.

But so far we see little evidence the labor market is becoming tighter or hotter.

The data has become more constructive though it remains mixed. Payroll growth has surprised to the upside with improving breadth (though the household survey job count has stayed weak) job openings have rebounded (though quits have not) and QCEW data suggests payroll employment may not be overstated to the extent previously assumed.

These developments – echoed in some surveys including our EVRISI emp cos survey – suggest labor conditions have gone from flat to weaker to flat to a bit stronger, which is welcome.

A natural follow-on is whether the labor market is now in danger of tightening again in ways that could generate inflation pressures. We are not seeing this, but will keep it under close observation. We distinguish between three distinct concepts:

- A stronger labor market refers to improving labor demand and less difficulty finding jobs, which may be met with labor supply, leaving the unemployment rate broadly unchanged.
- A tighter labor market refers to labor demand strengthening relative to labor supply, with unemployment falling relative to NAIRU, and measures like vacancies / unemployment and quits moving up.
- A hotter labor market refers to higher wage growth and unit labor costs.

The labor market looks a little stronger, though this might not be sustained in 2H if the consumer stays weak. So far the data does not suggest the labor market is tighter or hotter, though if labor demand strengthens a lot, this would likely change.

We still see the labor market as a source of disinflation, with unit labor costs (wages minus productivity) only growing in the low 1s.

For the Fed a slightly stronger labor market means less downside risk, so policy can focus on inflation. A tighter or hotter labor market with unemployment falling substantially and wage growth picking up would strengthen the case for a hike.

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Economics & Central Banking Strategy

US / FED – MAY BEIGE BOOK: INPUT COSTS DRIVE INFLATION UP, K-SHAPED DYNAMICS WEIGH ON SPENDING

The May Beige Book presents a mixed picture of the economy, indicating that while economic activity is gaining momentum, increased input costs are heightening inflationary pressures, particularly impacting lower-income consumers. Recent insights suggest that non-labor input costs are rising faster than selling prices, thus squeezing margins for many businesses, a situation exacerbated by the ongoing conflicts affecting energy prices.

Inflation Trends: Businesses noted a shift, with prices increasing at a "moderate to strong pace," reflecting greater input costs that could lead to broader inflation issues.

Concerns are growing that rising wages-amidst inflation-could necessitate monetary tightening from the Fed if they accelerate. There's a notable emergence of wage adjustments to combat inflationary pressures, as firms recognize the strain on employees from increased living expenses.
Consumer Spending Dynamics: Despite ongoing growth expectations among businesses, signs reveal increasing financial strain for consumers, particularly among middle-income households. This demographic appears to be more cautious, managing their spending carefully due to affordability concerns, with delinquencies on mortgages and loans rising.

Key Insights:

- **Cost Adjustments:** Wage growth remains in line with inflation, yet businesses are starting to implement more frequent compensation increases.
- **Regional Observations:** Various districts reported adjustments, with some employers offering bonuses or raises in response to higher fuel costs.
- **Future Outlook:** While the outlook for the next six months is steady, risks to consumer spending from rising inflation and financial strain persist.

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Daily Economic Report

Unit Labor Costs Revised Lower In 1Q

The latest insights indicate a downward revision in unit labor costs for Q1, reflecting an overall stable labor market backdrop. Rising initial unemployment claims to 225k can be attributed to holiday adjustments, yet remain low, signaling underlying resilience in the labor sector.

Labor Market Trends: Despite the rise in claims, the four-week average is still an encouraging 215k. This uptick is primarily due to seasonal factors surrounding Memorial Day.
Projections on Labor Costs: The downward revision of unit labor costs suggests improved productivity, which bodes well for businesses as wage growth stabilizes. This sets a positive tone for corporate margins as inflation pressures potentially ease.

Additional Key takes:

- **Claims Movement:** Increasing claims are seasonal, and overall employment remains strong, supporting economic stability.
- **Labor Cost Dynamics:** The reduction in costs could enhance business profitability, setting a favorable outlook for earnings growth.
- **Longer-term Employment Landscape:** Monitoring ongoing claims and labor productivity will be essential for predicting future labor market trends.

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Capital Markets Chronicle

Morning Thought

The economic landscape is relatively calm today, marked by just a couple of noteworthy releases. Weekly labor market metrics have surpassed expectations, and today's unemployment claims will be closely monitored. With estimates showing a potential rise of +110K in payroll employment for May and a dip in the unemployment rate to 4.2%, there's a positive bias against consensus expectations.

Employment and Labor Market Dynamics: The better-than-expected labor metrics indicate solid underlying economic resilience. The upcoming unemployment claims report will be pivotal in reinforcing this trend, potentially highlighting sustained job growth.
Market Movements and Trends: Treasury yields are slightly lower, reflecting some easing across the yield curve, influenced by favorable geopolitical developments in the region. The broader capital markets appear mixed, with energy prices and cryptocurrency dipping while gold sees a slight uptick.

Emerging Investments and Trends:

- **AI Impact on Credit Markets:** Corporate bond issuance has surged, largely driven by heightened investment flowing into AI sectors. This trend could bolster credit markets further as demand grows.
- **International Developments:** Legislation in New York aiming to address loopholes in global sovereign debt is under consideration, while Australia's central

bank is concerned with the broader economic implications of rates and energy prices. India's moves to abolish capital gains tax for foreign investors in its government bonds also highlight efforts to attract global capital.

- **Concerns from Agriculture to Trade:** There's rising alarm over a 'screw' worm potentially affecting the U.S. livestock sector. Conversely, Brazil has outperformed expectations with a trade surplus, largely due to increased export prices.

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Auto Aftermarket Mfg. Cos. Survey

Auto Aftermarket Mfg. Cos. Survey Steady In May

Recent survey results for U.S. automotive aftermarket orders reveal stability, with a reading of 57.1 in May, reflecting steady maintenance, failure, and discretionary product orders. Following weather disturbances earlier in the year, demand has shown resilience. Promotions, however, continue to lag below pre-pandemic levels due to rising costs limiting discounting activity, as indicated by an unchanged promotions index of 42.5 this week.

U.S. Orders Decline Stability: With orders holding steady across various categories, Maintenance products led with a 59.0 average, followed by Failure products at 57.5, and Discretionary products trailing at 54.3. This indicates a solid but cautious demand environment.
Promotional Activity Remains Subdued: Despite improvements in supply chains, the promotions index has failed to return to normal levels with rising costs impacting price sensitivity. This has resulted in promotions being consistently below trend.

Additional Key Takes:

- **Relative Strength Favoring Retailers:** Relative strength in orders remains favorable for retailers, measured at 66.7, suggesting they are effectively responding to current demand without excessive promotional activities.
- **Tariffs Impacting Pricing Strategy:** Ongoing tariffs and cost pressures continue to influence pricing strategies, which may inhibit competitive discounting in the short term.

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Air Cargo Cos. Survey

Air Cargo Cos. Survey Pulls Back After 6 Straight Weeks Of Improvement

The Air Cargo Cos. Survey has pulled back after six consecutive weeks of improvement, influenced by moderating domestic activity. Despite the decline, international demand remains relatively robust, indicating resilience in certain regions.

Air Cargo Sentiment: The recent survey dropped from 58.8 to 56.7, with domestic activity softening significantly from 50.0 to 48.3. However, international results saw a smaller dip, moving from 67.5 to 65.0, which points to ongoing strength globally.
Transport Cos. Survey Trends: The Transport Cos. Survey saw a slight uptick, increasing from 60.5 to 60.7, bolstered by strong performance from trucking companies. This reflects sustained strength as the survey has trended positively for seven weeks.

Additional Key Takes:

- **Domestic Activity:** The decline in domestic scores is concerning, indicating potential weaknesses in local markets amidst rising operational costs.
- **International Resilience:** Notably, international activity remains firm, suggesting that while domestic pressures exist, global trade dynamics may offer a buffer.
- **Overall Industry Outlook:** While the mixed results introduce some caution, the upward trend in the Transport Cos. Survey offers a glimpse of optimism going forward.

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Institutional Bond & Equity Managers Surveys

Evercore ISI Bond & Equity Mgrs. Surveys With May Sector Allocation Survey Results

May's survey results indicate an intriguing shift in institutional sentiment across bond and equity managers. A slight uptick in bond portfolio duration reflects a cautious stance, while an increase in bullish/bearish sentiment among equity managers suggests a nuanced reallocation in sector focus.

Bond Market Dynamics: The recent bond survey shows duration modestly increased from 92.1 to 92.2, highlighting stable credit exposure at 53.9 and no change in the bullish/bearish reading at 51.0. This stability may be signaling a cautious optimism among institutional bond managers.
Equity Managers' Sentiment: For equity, the invested position remained steady at 64.9, while the bullish sentiment has nudged up from 53.8 to 54.1. This positivity is primarily driven by increased exposure to consumer discretionary and real estate, contrasting earlier caution towards healthcare and technology.

Additional Key Takes:

- **Sector Allocations:** Long-only managers are recalibrating their strategies, increasing allocations in cyclical sectors like consumer discretionary, while pulling back from traditionally defensive sectors such as healthcare and utilities.
- **Market Outlook:** Only 25% of survey respondents believe the next significant move in the S&P 500 will be upward, a stark decline from 55% just two months prior. This indicates a growing wariness amid shifting market conditions.
- **Cyclical vs. Defensive:** Long-only managers have generally tilted towards cyclical stocks over the past month after a period of increased exposure to defensive sectors, reflecting the ongoing uncertainty in market dynamics.

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Apartment Cos. Survey

Apartment Cos. Survey Of Rents Holds Steady

The latest Apartment Cos. Survey reveals a steady holding pattern for rents, suggesting a possible stabilization in the market. Despite prior deceleration, the rent index has been stable at 49.4 for the past two weeks. Traffic remains robust at 52.0, exhibiting signs of year-over-year improvement, alongside increased occupancy at 52.8.

Rents Holding Steady: After a modest improvement this year, the rent index has been resilient, reflecting a cautious optimism in the market. This steadiness may indicate that prior volatility is subsiding, giving hope for a more consistent rental environment.
Supply Impact on Rent Growth: The perceived impact of new supply on rent growth has retreated from 65.0 to 63.3, signaling some market concerns about potential oversupply pressures. This decline suggests that while supply is a concern, it is becoming slightly less acute than previously thought.
Move Out to Buy Trend: The trend of tenants moving out to purchase homes has decreased further, with this week's index ticking down to 42.0. This continuing lower-than-normal figure indicates that many renters may still prefer stability in their current living situations.

Additional Key Takes:

- **Traffic Insights:** Although traffic dipped slightly to 52.0, it remains well above last year's levels, hinting at healthy demand for apartment rentals.
- **Occupancy Rates:** Increased occupancy at 52.8 indicates strong tenant retention, which is a promising sign for landlords and property managers.

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Hedge Fund Managers Survey

Evercore ISI Hedge Fund Survey With May Sector Allocation Survey Results

The Hedge Fund Survey continues its upward trajectory, with net exposure holding steady at 54.4. This signals increased confidence among fund managers, particularly in sectors they find increasingly favorable. Key areas of investment activity include notable increases in communication services, healthcare, and consumer discretionary sectors, while a retreat in materials and financials has been observed.

Net Exposure Trends: After a consistent increase through April and May, net exposure appears resilient, suggesting that hedge funds are optimistic about market conditions. The alignment at 54.4 indicates maintained levels of confidence despite the potential caution reflected in some macroeconomic indicators.
Sector Allocations: Managers are actively reallocating their portfolios, raising stakes in sectors like energy and technology while pulling back from materials and industrials. Despite this mixed activity, the general trend signals an adaptable strategy amidst shifting market dynamics.

Additional Key Takes:

- **Approach to Risk:** With net and gross exposures stable, hedge funds appear to be strategically balancing risk across sectors, aligning with broader equity market expectations.
- **Sector Opportunities:** Specific interest is notable in sectors such as energy and healthcare, indicating areas potentially ripe for growth as they adjust their strategies based on market signals.
- **Summary of Insights:** The shifts in sentiment among hedge funds may merit further attention - particularly how sectoral allocations evolve as market signals continue to fluctuate.

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Limousine Cos. Survey

Limousine Cos. Survey Improves

Solid improvement in the Limousine Survey signals a positive trend, driven by increased travel activity and upcoming sporting events. Overall, demand has been buoyed by recent developments in TSA performance and event-driven bookings, particularly as the FIFA games loom on the horizon.

Survey Trends: The Limousine Survey showcased a steady uptick, reflecting six weeks of gains out of the last nine. The latest figures moved from 50.0 to 53.4, indicating a solid rebound as business travel picks up, especially with successful events contributing to bookings.
Impact of External Factors: However, uncertainty related to TSA and fuel prices has dampened the gains recently, suggesting that while the outlook is improving, external pressures still pose a risk to sustained growth.

Additional Key takes:

- **Travel Industry Recovery:** The airlines sector mirrors this recovery, showing increased demand for travel services as early 2026 unfolds.
- **Event-Driven Demand:** Sporting events are generating significant business, contributing positively to bookings in the limousine sector.
- **Seasonal Variations:** Despite positive trends, the recent decline towards the end of March illustrates the ongoing volatility that businesses in this sector will need to navigate.

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Subject:	Evercore ISI Macro Daily PULSE – Thurs Mar 12; Strategy + Housing Starts and Weather + Morning Thought + Bond & Equity Mgrs Survey + Utilities Survey + Air Cargo Survey
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Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **More Hedging, Not Less: After the Crash**: The Reversal in WTI from Sunday's $119.48/bbl. to Tuesday's $76.73 (-36%) is a Crash, without precedent all the way back in history... to January. Silver, driven by similar Retail action in the ETF Crashed from $121.65/oz. to $64.10 in a brief period. Such a Crash (SPX 1987, Housing 2008, Silver 1980, Oil 2008, Figures 5 and 6, p. 2) doesn't mean a "forever" peak in prices, but it does change the mindset, particularly in Commodities where Greed and Fear peak in upside blowoffs whereas in stocks, Fear and Greed peak in downside capitulation. We view $119.48 as Peak Oil, unlikely to be exceeded until at least after the November Midterms; "Affordability" remains voters' "kitchen table" issue. (Julian Emanuel)

- **Housing Starts Up Despite Winter Weather**: Weather did not dampen housing starts as much as feared. Multi-family starts were strong. Initial Claims stayed low. (Eco Team)

- **Morning Thought:** U.S. Treasury yields, which have rebounded over the past two days, are modestly higher overnight. The 10-year yield is at 4.229%. Other developed global sovereign yields are generally higher. Oil, gold and the dollar are higher again. But Bitcoin is lower. Credit spreads rose yesterday, and many have climbed above the prior peak in late November. The cost of risk is rising. Despite the release by IEA of 400 million barrels of crude oil reserves, oil markets are in disarray. India's and Ireland's inflation were higher than expected. (Stan Shipley)

- **Evercore ISI Bond & Equity Mgrs. Surveys:** (James Walsh)

- **Utilities Cos. Survey: Capex Plans Hold Steady At All Time High:** (Oscar Sloterbeck)

- **Air Cargo Cos. Survey Improves In Early March:** (Oscar Sloterbeck)

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Macro Research Today

Equity Strategy

More Hedging, Not Less: Overnight Strategy EDGE

The dramatic plunge in WTI from $119.48/bbl to $76.73 (-36%) is a historic crash, echoing past market upheavals. Silver followed suit, dropping sharply as retail-driven ETF action intensified volatility. Despite the turmoil, this doesn't signify a permanent peak in prices but shifts the narrative, especially in commodities where emotions run high. The $119.48 mark is seen as a peak, unlikely to be surpassed before the November Midterms, with "affordability" remaining a key voter concern.

Volatility and Market Dynamics: While Peak Oil might be in place for the medium term, expect continued volatility. Geopolitical headlines will keep oil and equity markets on edge, even as prices stabilize.
Hedging Trends: Minimal hedge unwinding is noted despite strong earnings from key players like ORCL, which is central to the ongoing AI disruption. Hedging remains robust, reflecting a cautious market stance.

Additional Key takes:

- **Market Sentiment:** Stocks are rangebound amid geopolitical tensions, but an eventual unwinding of hedges in QQQ, USO, and HYG is anticipated as markets adapt to higher oil.
- **Earnings Outlook:** SPX is projected for double-digit earnings growth in 2026, a trend that has historically supported positive market returns.

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Daily Economic Report

Housing Starts Up Despite Winter Weather

Initial claims continue to show resilience at 213k this week. Despite historical significance, there's a notable divergence lately, with claims presenting a mixed picture.

Claims Divergence: While both the level and change in claims typically hold weight, recent patterns show a split, signaling potential shifts in labor market dynamics.
Labor Market Insights: The steady claims suggest underlying strength, but the divergence hints at complexities beneath the surface.

Additional Key takes:

- **Historical Context:** The divergence in claims may indicate evolving economic conditions, requiring close monitoring.
- **Market Implications:** Potential uncertainties could arise if the divergence continues, impacting market sentiment.

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Capital Markets Chronicle

Morning Thought

Housing starts for January are expected to show weakness due to extreme cold weather in the South and East. Keep an eye on building permits, which are less weather-dependent. Unemployment claims should remain low, reflecting stability in the labor market.

Treasury Auctions: Yesterday's 10-year Treasury auction was disappointing, graded at C-. The trend of poor auctions continues this week. The 30-year Treasury auction is scheduled for today.
Market Movements: U.S. Treasury yields have rebounded in the past two days, with

the 10-year yield at 4.229%. Global sovereign yields are generally higher, alongside increases in oil, gold, and the dollar.
Commodities and Risk: Despite a release of oil reserves, market disarray persists. Credit spreads rose yesterday, indicating a rising cost of risk.

Additional Key takes:

- **Inflation Surprises:** Higher-than-expected inflation in India and Ireland is noteworthy.
- **Bitcoin Movement:** Bitcoin is trending lower, diverging from other asset classes.

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Institutional Bond & Equity Managers Surveys

Evercore ISI Bond & Equity Mgrs. Surveys With February Sector Allocation Survey Results

Mixed signals from our recent surveys show subtle shifts in market sentiment. Institutional equity managers are slightly more optimistic, while bond managers maintain steady positions.

Equity Manager Insights: Invested positions dipped slightly from 64.3 to 64.1, though the bullish sentiment nudged up to 53.7, indicating cautious optimism.
Bond Manager Insights: Portfolio duration saw a minor pullback from 92.3 to 92.2, with credit exposure holding steady at 54.1. Bullish/bearish sentiment remains balanced at 50.8.
Sector Allocation Shifts: There's a noticeable pivot towards cyclicals like industrials and materials, moving away from defensive sectors seen in late 2025.

Additional Key takes:

- **Equity Positioning:** Long-only investors are recalibrating, increasing in sectors like financials and utilities.
- **Bond Duration:** Despite early gains in 2026, there's a slight retreat in duration

relative to benchmarks.

- **Market Sentiment:** A slight uptick in optimism among equity managers over the next six months.

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Utilities Cos. Survey

Utilities Cos. Survey: Capex Plans Hold Steady At All Time High

Capital spending plans remain robust at 58.3, holding steady at all-time highs. Energy demand expectations also hit a new peak, driven by industrial, commercial, and residential sectors.

Capital Spending Trends: Utilities are maintaining strong investment levels, with a focus on transmission and distribution, which reached 68.8.
Energy Demand Expectations: Demand projections are at an all-time high of 46.5, with industrial demand slightly leading the charge.

Additional Key takes:

- **Generation Capex:** Steady at 60.8 for the next 12 months, showing consistent investment in generation capacity.
- **Environmental Capex:** Lower at 45.3, indicating a potential area of underinvestment compared to other segments.
- **Subsequent 12-Month Projections:** Transmission & Distribution expected to rise further to 73.8, signaling ongoing infrastructure enhancements.

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Air Cargo Cos. Survey

Air Cargo Cos. Survey Improves In Early March

Air cargo activity shows positive momentum as the survey index rises from 50.2 to 51.9 in early March, driven by Middle East disruptions rerouting freight through the U.S. to Europe.

Domestic Activity: Slight improvement from 44.2 to 45.0, aided by recovery post-snowstorms.
International Activity: Notable growth from 56.3 to 58.8, reflecting increased demand.

Additional Key takes:

- **Transport Cos. Survey:** Continued improvement for the fourth consecutive time, rising from 54.1 to 54.4, with air cargo and trucking leading the charge.
- **Industry Capacity Concerns:** Participants are vigilant about potential shifts from ocean to air transport due to Red Sea issues.

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Political Analysis

When Will Trump Declare Mission Accomplished and Will It Matter? It's All About the Strait

Markets breathed a sigh of relief when Trump suggested the conflict was nearing its end, though the situation remains complex with tensions around the Strait of Hormuz.

Strategic Ambiguity: The administration's shifting goals provide Trump flexibility in declaring victory, but this could lead to mixed market reactions if the strait's shipping issues aren't resolved.
Israel's Position: Potential divergence between U.S. and Israeli interests could emerge, especially if Israel continues its efforts to destabilize Iran.
Iran's Response: Iran's willingness to ceasefire is tied to Israel's actions and the broader geopolitical landscape, with mine-laying incidents highlighting ongoing tensions.
Strait of Hormuz: Restoring shipping confidence is crucial, with the potential for Iran to disrupt safety prolonging market impacts.

Additional Key takes:

- **Market Impact:** A successful resolution in the strait could stabilize markets and economic impacts.
- **U.S. Military Actions:** Further targets are on the list, suggesting ongoing military engagement for at least 10-14 days.

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Political Analysis

NEW 301s BEING LAUNCHED TODAY – HERE'S WHAT TO WATCH

New Section 301 investigations are on the horizon, aiming to replicate tariffs previously nullified by the Supreme Court. The specifics remain vague, but expect themes like excess capacity, digital taxes, and currency manipulation to feature prominently.

Strategic Themes: The Administration is likely to use broad themes, impacting multiple countries, to streamline the process. This approach avoids individually targeting each trading partner, which is resource-intensive.
China Implications: A focus on excess capacity could signal a direct impact on China, hinting at transparency ahead of the Trump-Xi meeting. This might suggest a

more strategic and less adversarial approach.

Additional Key takes:

- **Tariff Strategy:** Despite potential short-term disruptions, tariffs are expected to remain at pre-Supreme Court levels, executed through legally durable Section 301s.
- **China-Specific Moves:** While new investigations might not be country-specific, reopening existing tariffs against China remains a possibility.

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Auto Aftermarket Mfg. Cos. Survey

Auto Aftermarket Mfg. Cos. Survey Steady After Softer February

Aftermarket orders have stabilized in early March following a dip in February, holding steady at 57.1. Maintenance and failure orders remained consistent, while discretionary orders saw improvement. Demand has bounced back after weather disruptions.

Order Trends: Sales are solid, with resilient demand despite recent weather impacts. Promotions are still below normal levels due to higher costs, leading to price increases.
Retail vs. Dealer Orders: Retail orders continue to show relative strength, maintaining an index of 66.7.

Additional Key takes:

- **Promotions:** Promotions have risen slightly but are still not at typical levels, influenced by tariffs and robust demand.
- **Weighted Orders:** When weighted by product type, orders show a slight preference for maintenance and failure parts over discretionary items.

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Hedge Fund Managers Survey

Evercore ISI Hedge Fund Survey With February Sector Allocation Survey Results

Hedge fund net exposure has seen a slight pullback, stabilizing in early 2026 before a minor dip from 54.0 to 53.6. Gross exposure, after an upward trend since August, reversed in February, moving from 53.6 to 53.4. Managers are adjusting their sector allocations, with notable shifts in exposure.

Sector Shifts: Increased exposure to healthcare, communication services, consumer staples, industrials, technology, materials, and financials. Decreased exposure to energy, consumer discretionary, and utilities.
Financials Focus: Both LO and HF managers have increased their financials exposure, historically leading to higher absolute returns the following month 73% of the time.

Additional Key Takes:

- **Net Exposure Trends:** The survey indicates a cautious stance with a slight decrease in net exposure, potentially signaling market uncertainty.
- **Gross Exposure Dynamics:** Recent pullback in gross exposure suggests a shift in risk tolerance or confidence levels among managers.

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Limousine Cos. Survey

Limousine Cos. Improves A 2nd WeekAs Spring Break Travel Begins

The Limousine Survey is showing signs of life as it climbed to 51.7, thanks to improving weather and the start of Spring break travel.

Spring Revival: The recent uptick in the survey reflects a positive shift in travel activity, suggesting businesses are starting to loosen their travel budgets.
Past Challenges: Q4 was tough due to a Government shutdown and FAA-related cancellations, which hit air travel hard. However, early 2026 is seeing a rebound, aligning with positive trends in our Airlines Survey.

Additional Key takes:

- **Regional Insights:** The survey includes feedback from various regions across the U.S., providing a comprehensive view of the "black car" market.
- **Business Spending:** The data hints at a potential increase in travel and entertainment spending, a good sign for the broader economy.

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Apartment Cos. Survey

Apartment Cos. Survey Of Rents Steady In Early March

Apartment rents held steady in early March, maintaining a score of 47.8 despite a general softening trend. Traffic showed a slight uptick and is outperforming last year, while occupancy remains stable yet softer compared to the previous year. California leads in strength, while the Southeast lags behind.

Traffic and Occupancy: Traffic improved from 51.6 to 52.8, surpassing last year's

figures. Occupancy is at 52.0, softer than last year.
Regional Insights: California is the strongest region. The Southeast remains the weakest, with the Southwest showing mixed results.
Move Out to Buy: The index rose slightly from 40.2 to 41.0, but remains below normal levels.
Impact of Supply on Rent Growth: Unchanged at 66.7, marking a new survey high, indicating significant pressure from new supply.

Additional Key takes:

- **Traffic:** Improvement in traffic suggests potential resilience in demand.
- **Supply Concerns:** Persistent high impact from new supply is a growing concern for rent growth.

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5 March 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **IRAN / CB UPDATE – FED JULY, BOE APRIL, BOJ APRIL:** • We now see the next cut from the Fed in July / September rather than June: base case July just but September if the conflict drags on a bit longer, with the Fed in wait and see mode and not cutting until inflation rolls over. • We now see the Bank of England delaying its next cut from March to April for more visibility and to guard against the shock from higher oil and natural gas raising less concretely anchored inflation expectations. • We still see the Bank of Japan hiking as before in April, consistent with Ueda's latest comments. • We still do not have an ECB hike this year in the base case, though a hike to anchor expectations against the shock from oil and natural gas is now a 1 in 3 type risk. (Krishna Guha)

- **Higher Productivity, Stronger Growth:** We think AI will continue to power productivity growth, which was strong in 4Q. Claims stayed low and suggest solid jobs growth in February. (Eco Team)

- **What Price Oil Matters to Stocks?:** Navigating the Straights: While still early in this momentous month of March 2026, the biggest surprise to investors is that both the S&P 500 and the NDX remain firmly in the Straight and Narrow ranges that they have been in for almost 6 months now despite the spike in Oil, and in consideration of the Fear as expressed by the level of hedging in the Equity options market, more extreme than in/around the April Tariff Tantrum lows which produced record volatility first, then a "Generational Buying Opportunity". It is even more notable in light of the Crash in Korea's KOSPI, following previous crashes in single stocks during earnings season and begun by the Crash in Silver which started the process of "blowing the speculative froth" off assets more broadly. (Julian Emanuel)

- **US ECON / FED – FED BEIGE BOOK POINTS TO BROADLY UNCHANGED MACRO CONDITIONS, TARIFF PASSTHROUGH NOT COMPLETE BUT INFLATION EXPECTED TO DECLINE IN THE NEAR TERM:** The latest Beige Book – which reflects information collected on or before February 23 – suggests that economic growth was broadly unchanged, with activity increasing at a slight to moderate pace in the majority of districts. AI-related spending was seen as an important driver of economic growth, with manufacturing contacts in several districts citing "boosts in demand from data centers and, relatedly, energy infrastructure." Consumer spending continued to grow although at a slower pace, partially reflecting uncertainty and the impact of temporary factors, such as winter storms. (Marco

Casiraghi)

- **China – 2026 Fiscal Firepower:** One way to gauge the size of fiscal stimulus and the strength of underlying policy resolve is to look at the fiscal firepower financed by government and proxy bonds. Calculations below show Beijing's planned size of fiscal stimulus for 2026 is 7.9% of nominal GDP, vs. 7.7%, 6.7%, and 6.0% delivered in 2025, 2024, and 2023. The increase y/y in 2026 is much smaller than in the previous two years, both in percentage-point terms and in absolute terms (Neo Wang)

- **Morning Thought:** U.S. Treasury yields continue to climb as the 'war' between Iran and U.S. / Israel disturbs capital markets. The 10-year yield rebounded from the '4%' floor and rose +3bps overnight to 4.121%. Other developed global sovereign yields (except France) are higher too. Oil, the dollar and gold are higher, while bitcoin is modestly lower. Retail gasoline prices are up nearly 40 cents from Friday. Credit spreads slipped lower yesterday. Global equity markets are higher overnight. The cost of risk is rising sharply. Fixed income markets are reducing expectations for the number of policy rate cuts this year. Fed' Vice Chairman Bowman will discuss the economy and innovation today. ECB's Nagel and two other ECB policy makers said long Iran war would push inflation higher. (Stan Shipley)

- **Evercore ISI Hedge Fund Survey:** (James Walsh)

- **Air Cargo Cos. Survey Improved In February:** (Oscar Sloterbeck)

- **Apartment Cos. Survey Of Rents Ticks Down Following Feb Improvement**: (Oscar Sloterbeck)

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Macro Research Today

Economics & Central Banking Strategy

IRAN / CB UPDATE – FED JULY, BOE APRIL, BOJ APRIL

Central banks are adjusting their rate outlooks amid the Iran conflict and strong macro data, especially in the US. Here's a quick rundown on how things are shaping up:

Fed Outlook: The next rate cut is pushed to July/September instead of June. Inflation needs to clearly decline before any cuts.
Bank of England: Rate cut delayed to April due to energy price shocks. They're cautious about inflation expectations.
Bank of Japan: April hike still likely, aligning with recent statements. Despite new complexities from the conflict.
ECB: No hikes expected this year, but a modest risk exists if energy prices remain high.

Additional Key takes:

- **Fed's Stance:** Two cuts expected this year, with inflation easing by midyear.
- **BOE Concerns:** Worried about inflation expectations due to energy prices.
- **ECB's Position:** Holding steady unless energy shocks persist significantly.
- **BOJ's Decision:** April hike supported by ongoing inflation trends.

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Daily Economic Report

Higher Productivity, Stronger Growth.

Claims remain low at 213k, signaling a stable labor market with positive employment indicators over the past year. ADP's increase of +63k in February supports expectations for a solid employment report.

Labor Market Stability: Continued low claims and ADP growth suggest strength and stability.
Manufacturing Insights: ISM mfg PMI dipped slightly but remains solid at 52.4%, while S&P Global's mfg PMI is at 51.6%. Manufacturing output seems to be stabilizing post-2025 turbulence.
Service Sector Dynamics: Service PMI declined, impacted by winter weather. However, auto sales bounced back after January's storm-related drop.

Additional Key takes:

- **PMI Discrepancy:** S&P Global's PMI has been consistently higher than ISM's, indicating a middle-ground truth.
- **Economic Outlook:** With improving weather and BBB stimulus, growth is expected to pick up.

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Equity Strategy

What Price Oil Matters to Stocks?: Overnight Strategy EDGE

Both the S&P 500 and NDX remain in tight ranges despite oil price spikes and heightened market fear. The market's resilience contrasts with significant volatility in other global indices.

Market Dynamics: The spike in oil prices hasn't disrupted equity stability, but high hedging activity signals underlying investor anxiety.
Oil Price Impact: WTI trading just 9% above its 24-month moving average suggests mild pressure on returns, but a spike to $90+ could turn forward returns negative.

Additional Key takes:

- **Geopolitical Influence:** Trump's tanker protection pledge has tempered oil volatility, hinting at potential price declines if tensions ease.
- **Historical Context:** Oil's impact on stocks is more about its position relative to historical averages than absolute price levels.

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Economics & Central Banking Strategy

US ECON / FED – FED BEIGE BOOK POINTS TO BROADLY UNCHANGED MACRO CONDITIONS, TARIFF PASSTHROUGH NOT COMPLETE BUT INFLATION EXPECTED TO DECLINE IN THE NEAR TERM

The latest Beige Book indicates broadly stable macro conditions, with slight to moderate growth across most districts. AI spending is a key growth driver, while tariff passthrough remains incomplete but inflation is expected to ease soon.

Economic Activity: AI-related investments are boosting demand in manufacturing and energy sectors.
Consumer Spending: Growth is slowing due to uncertainty and temporary factors like winter storms.
Employment: Hiring is stable, but rising health insurance costs could pressure wages.
Inflation and Tariffs: Inflation is expected to decline, with firms predicting slower price increases. Tariff passthrough is ongoing, affecting costs and consumer prices.

Additional Key takes:

- **AI and Productivity:** AI is seen as enhancing productivity, not replacing workers, mitigating labor market risks.
- **K-shaped Spending:** Diverging spending patterns persist, with lower-income consumers pulling back.
- **District Insights:** Mixed responses to tariff costs, with firms balancing price sensitivity and demand.

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China Research

China – 2026 Fiscal Firepower

China is gearing up for a fiscal stimulus in 2026, set at 7.9% of nominal GDP, a slight uptick from previous years. The approach reflects a tempered growth target of "4.5-5%" for 2026, aligning with a more cautious economic outlook.

Fiscal Strategy: Beijing's fiscal plan indicates a steady commitment to economic support, even as growth targets adjust.
Growth Outlook: The smaller increase in fiscal firepower suggests a more conservative economic forecast compared to prior years.

Additional Key takes:

- **Local Government Support:** Exclusion of certain bonds could still enhance local and household spending, albeit differently.
- **Policy Resolve:** Continued use of government and proxy bonds highlights ongoing policy commitment.

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Capital Markets Chronicle

Morning Thought

Today's focus is on labor market metrics, but all eyes are on tomorrow's payroll numbers. Expecting a modest +60K rise in payroll employment, with unemployment steady at 4.3%. There's an upside risk here. Initial claims should highlight solid job growth, aligning with ADP's private employment data. Import/export prices remain tame.

Market Dynamics: U.S. Treasury yields are climbing amid geopolitical tensions involving Iran. The 10-year yield is up to 4.121%. Global sovereign yields are mostly higher, except in France. Oil, the dollar, and gold are trending up, while bitcoin dips slightly.
Inflation Concerns: ECB officials warn that prolonged conflict with Iran could push inflation higher. Fed's Bowman will address economic and innovation topics today.

Additional Key takes:

- **Credit Markets:** Credit spreads narrowed yesterday, indicating some resilience.
- **Retail Gasoline:** Prices are up nearly 40 cents since Friday, adding pressure to consumer spending.
- **Global Equities:** Markets are seeing gains overnight, despite rising risk costs.

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Hedge Fund Managers Survey

Evercore ISI Hedge Fund Survey With February Sector Allocation Survey Results

Hedge fund net exposure has shown a steady increase through the fall, stabilizing at 54.0 as we kick off 2026. Managers are adjusting their sector allocations, reflecting shifting market sentiments.

Exposure Trends: Net exposure trended higher through the fall, indicating increased confidence among managers.
Sector Shifts: Increased allocations to healthcare, communication services, and financials suggest optimism in these areas. Conversely, energy and utilities saw decreased exposure, hinting at reduced confidence.

Additional Key Takes:

- **Financials Sector:** Both LO and HF managers boosted financials exposure, historically leading to positive returns 73% of the time.
- **Gross Exposure:** Initially pulled back in February but has since stabilized, indicating a cautious yet steady approach to leverage.

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Air Cargo Cos. Survey

Air Cargo Cos. Survey Improved In February

Air cargo activity showed resilience in February, maintaining a steady pace despite regional disruptions. The survey held firm at 50.2, reflecting a balanced outlook after a robust Q4.

Domestic Dynamics: Domestic activity remained stable at 44.2, recovering post-snowstorms, yet still trailing international levels.
International Trends: International activity stood strong at 56.3, indicating solid demand and stability.

Additional Key takes:

- **Transport Sector Movement:** The broader transport survey saw improvement, climbing from 53.6 to 54.1, driven by trucking and shipping gains.
- **Middle East Impact:** While the conflict in the Middle East poses potential risks, its current impact remains limited, though capacity shifts are being monitored.

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Apartment Cos. Survey

Apartment Cos. Survey Of Rents Ticks Down Following Feb Improvement

Rents have slightly dipped after February's improvement, with the Apartment Cos. Survey showing a decrease from 48.0 to 47.8 amidst a softening trend. Traffic, however, improved to 51.6, surpassing last year, while occupancy edged down to 52.0. California leads as the strongest region, while the Southeast lags behind.

Rent Trends: Rents have ticked down slightly, reflecting a softer market environment.
Traffic and Occupancy: Traffic has improved to 51.6, while occupancy saw a minor decrease.
Regional Strength: California stands out as the strongest, with the Southeast showing weakness. The Southwest presents a mixed picture, with some solid results.

Additional Key takes:

- **Supply Impact:** Supply's impact on rent growth remains unchanged at a high level, indicating ongoing challenges.
- **Move Out to Buy:** The index for "move out to buy" has dropped to its lowest since October '24, staying below normal levels.

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Institutional Bond & Equity Managers Surveys

Evercore ISI Bond & Equity Mgrs. Surveys With February Sector Allocation Survey Results

February's sector allocation survey highlights a notable shift in investment strategies. Managers are leaning towards cyclical sectors while maintaining a steady stance on market sentiment.

Bond Portfolio Duration: Duration is projected to rise in early 2026, stabilizing at 92.3. Credit exposure remains constant at 54.1, with a balanced bullish/bearish outlook at 50.8.
Equity Investment Position: Equity managers are holding firm at a 64.3 investment position. Market sentiment for the next six months is stable at 53.6.
Sector Exposure Shifts: Increased allocations to industrials, materials, financials, consumer staples, and utilities. Decreased exposure to healthcare, technology, consumer discretionary, real estate, and communication services.

Additional Key takes:

- **Shift to Cyclicals:** Managers are pivoting from defensive to cyclical sectors in early 2026.
- **Equity Sentiment:** The bullish/bearish index remains unchanged, reflecting cautious optimism.

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Limousine Cos. Survey

Limousine Cos. Improves Following Extreme Cold & Snowstorms

The Limousine Survey shows a positive uptick, moving from 47.2 to 50.0. This reflects a recovery from weather disruptions as conditions improve.

Limousine Survey Insights: The index experienced a dip during November and December, likely due to holiday seasonality, but rebounded in January despite some weather-related volatility.
Air Travel Impact: Q4 faced challenges due to reduced air travel amid the Government shutdown and FAA cancellations. However, early 2026 indicates a recovery in travel demand.

Additional Key Takes:

- **Regional Variations:** The survey covers diverse U.S. regions, providing a broad view of the business travel landscape.
- **Black Car Industry Focus:** Targeting business travelers, the survey offers insights into corporate travel and entertainment spending trends.

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From:	Evercore ISI
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Subject:	Evercore ISI Macro Daily PULSE – Tues Apr 21; Fed & Warsh Statement + Retail Sales Release + Balance Sheet Debated + Morning Thought
Date:	Tuesday, April 21, 2026 10:51:08 AM

21 April 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **FED – WARSH STATEMENT SETS STAGE FOR CONFIRMATION HEARING:** Fed chair nominee Warsh's opening statement ahead of his confirmation hearing Tuesday pledges that he will be independent in the conduct of monetary policy, prioritizes price stability as the way to ensure independence, and underlines his desire for the Fed to be humble and stay in its lane. Predictably, the statement sets out to avoid controversy and is crafted to canvass support for his confirmation rather than address big policy issues. But it nonetheless holds important clues as to how Warsh intends to approach the job of Fed chair and respects in which he might differ from his predecessors. (Krishna Guha)

- **Retail Sales Surged In March:** Retail sales increased more than expected in March. This is a reaffirmation that the U.S. economy was on solid footing during the initial Iran shock. (Francesca Ponziani)

- **FED – BALANCE SHEET DEBATE GETS UNDERWAY AHEAD OF WARSH CONFIRMATION**: Fed chair nominee Warsh will tread carefully on the sensitive topic of the Fed's balance sheet in his confirmation hearing today, knowing that any hint he might move aggressively to shrink the balance sheet would generate a sharp response in markets. As discussed in our analysis of his opening statement (link) Warsh does not discuss the balance sheet in these prepared remarks. But his emphasis on the need for the Fed to stay in its lane and avoid mission creep alludes to his longstanding desire for a smaller, simpler, humbler balance sheet. His approach as chair will reflect these priors, but in a careful and gradual way. In anticipation of his arrival, a new debate over the Fed balance sheet has opened up. (Marco Casiraghi)

- **Morning Thought:** Today, retail sales and pending home sales are the key releases. Retail sales should jump as gasoline prices are up over 22% and vehicle sales are solid. The fiscal stimulus from the BBB more than offsets higher gasoline prices. Despite retail sales not getting the same attention as payroll and CPI releases, material surprises in retail sales moves equity markets, Treasury yields and relative retail sector performance. There are few signs that home demand has turned up. We estimate pending home sales climbed +2.0% in March. Overseas economic releases this morning were mixed. German ZEW fell more than expected in April, while U.K. employment growth was modestly higher than expected for Feb. (Stan Shipley)

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Macro Research Today

Economics & Central Banking Strategy

FED – WARSH STATEMENT SETS STAGE FOR CONFIRMATION HEARING

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Predictably, the statement sets out to avoid controversy and is crafted to canvass support for his confirmation rather than address big policy issues.

But it nonetheless holds important clues as to how Warsh intends to approach the job of Fed chair and respects in which he might differ from his predecessors.

This includes de-emphasizing the employment side of the dual mandate, while taking an upbeat position on productivity and the need for the Fed not to be trapped by old models and old thinking at a time of rapid technological change that is raising the scope for non-inflationary growth.

This report unpacks and interprets four Warsh themes: what independence means and how to preserve it, price stability vs the dual mandate, Fed humility and the balance sheet, and Warsh's rejection of status quo thinking and policymaking.

We explore what this means for rates, including what may be a sequential approach to first police the initial impact of the oil shock for some months, and in doing so reassure on independence and credibility, then look to pivot to forward-looking cuts.

We argue among other things that Warsh is signaling his dislike of a particular type of Fed dovishness that has been prevalent in recent years, but at the same time potentially opening the door to a different type of dovishness.

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Daily Economic Report

Retail Sales Surged In March

Retail sales increased more than expected in March, with a +1.7% m/m gain. In addition to the expected surge in gasoline, the gains were broad-based, with the control group increasing +0.7% and nonstore retailers rising +1.0%. This is a reaffirmation that the US economy was on solid footing during the initial Iran shock. Overall, this report should be a boost for real consumer spending.

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Economics & Central Banking Strategy

FED – BALANCE SHEET DEBATE GETS UNDERWAY AHEAD OF WARSH CONFIRMATION

Fed balance sheet debate enters a new phase as Warsh's confirmation hearing puts the spotlight on how (and how quickly) the central bank might shrink its footprint-**but don't expect fireworks or a rush to scarce reserves.** The discussion, shaped by a mix of academic and policy voices, is converging toward a pragmatic, gradual approach, with the focus shifting to how demand for reserves could be trimmed without destabilizing markets or banks.

Warsh's Approach: Expect a cautious tone-he won't push for aggressive balance sheet reduction out of the gate. The opening statement skips the topic entirely, but his past comments and "stay in your lane" mantra signal a preference for a smaller, simpler Fed balance sheet. Any shift will be slow and methodical, with a premium on avoiding surprises for markets.
Current FOMC Mood: Little appetite for a return to a pre-GFC scarce reserve regime. Instead, the Committee is open to tweaking regulations and operations to

gradually reduce reserve demand, aligning with the "ample reserves" framework. Logan, Waller, and others have made it clear: the focus is on pragmatic, incremental steps rather than a wholesale regime change.

Academic & Policy Options: Stanford's Duffie lays out a menu of options: revising liquidity regs, tiered reserve remuneration, payment system upgrades (LSM for Fedwire), and temporary open market ops (TOMOs). Miran quantifies the impact-potentially $1.6tn in reduced reserve demand-but not all options are equally palatable to policymakers.

Regulatory Tweaks: Relaxing liquidity rules and supervision stands out as the most likely lever, with Logan and Waller both sounding open to it-though no one is eager to risk financial stability.

Tiered Remuneration & EFFR Above IORB: Tiered remuneration is a non-starter for the old Committee and Logan, who see it as inefficient and potentially requiring legislation. Similarly, running EFFR above IORB is off the table due to concerns about taxing banks and violating the Friedman rule.

TOMOs & TGA Management: TOMOs could be used selectively to smooth out liquidity bumps, but frequent use risks dulling banks' incentives to use standing facilities. Lowering TGA balances would help, but that's ultimately Treasury's call, and recent moves suggest little appetite for a smaller buffer.

Payments System Upgrades: An LSM for Fedwire could help banks operate with fewer reserves, but implementation would be costly, slow, and operationally complex-think years, not months.

Additional Key takes:

- **Gradualism is the watchword:** Any balance sheet reduction will be measured and probably won't start in earnest before 2027. Long-term rates are unlikely to move much this year as a result.
- **Warsh's angle on rate cuts:** A smaller balance sheet might be used to justify future rate cuts, but the link from QT to rates is fuzzy and the rest of the Committee will need convincing.
- **Mortgage market more exposed than Treasuries:** If the Fed matches reserve reduction by shrinking its MBS holdings, mortgage rates and spreads could see more direct impact than Treasury yields.
- **Standing repo facility (SRP) stigma remains a hurdle:** Convincing banks to use Fed liquidity lines regularly is proving tough-stigma is sticky, and operational tweaks alone probably won't solve it.
- **Hybrid regime on the horizon:** Policymakers are warming to a system that is both demand- and supply-driven, using both liquidity facilities and reserve management purchases to keep money markets calm.
- **Bottom line:** The direction is toward a leaner balance sheet, but the journey will be slow, careful, and full of policy nuance-no sudden moves, and no return to pre-crisis scarcity.

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Capital Markets Chronicle

Morning Thought

Retail sales are set to pop this morning, largely reflecting the sharp move higher in gasoline prices (+22%) and some solid auto activity. Stimulus from the BBB continues to more than offset any drag from pricier gas at the pump. Equity markets, Treasury yields, and retail sector performance could all see a reaction if the retail sales print lands well outside the expected range, even though these numbers don't always get the same hype as payrolls or CPI.

Retail Sales Impact: Upside surprise in retail sales is likely, with headline March numbers expected to show meaningful strength. The underlying control group should also be solid, pointing to continued consumer resilience.
Pending Home Sales: Housing demand remains tepid-no real signs of a turn. March pending home sales are estimated up +2.0%, but the move is more about stabilization than a true inflection.
Overseas Macro: Mixed signals abroad: German ZEW fell more than consensus expected, weighing on European sentiment, while UK employment came in a touch better for February. Japan's CPI ex-food/energy was a bit firmer than expected, but nothing game-changing.
Rates & Markets: 10-year Treasury yields are ticking higher (4.255%), but most other developed market yields are down, with the UK as the exception. Dollar and Bitcoin both firmer; oil and gold are both lower this morning. US credit spreads remain steady, little changed over the past week.

Additional Key takes:

- **Retail sector sensitivity:** A material surprise in today's retail sales could drive a quick move in retail stocks and the broader market, so keep an eye on the tape at 8:30am.
- **Housing market:** No clear evidence yet of a rebound in home demand-pending sales are up, but it's not a trend-changer.
- **Global backdrop:** European data is a bit soggy, especially out of Germany, while the UK and Japan are mixed but not market-moving.
- **Market setup:** Treasury auctions and US credit markets are calm; watch for any shift if today's data surprises materially in either direction.

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Technical Analysis

Buy the Rumor, Quell Hormuz

V-bottom breakout to new highs for S&P and QQQ signals that the bull market's next leg is underway-dips keep getting bought, and even big negative headlines are quickly shrugged off as markets grind higher. Breadth is strong, momentum is picking up, and positioning is "fuller, not full." Growth and momentum themes remain front and center, with semis and "MAG7" tech names leading the charge.

Momentum & Breadth: Momentum is surging, with the all-time highs in S&P and QQQ underpinned by broad participation. RSI is "overbought, not over," and positioning, while elevated, isn't maxed out-leaving room for more upside as earnings season approaches.
Growth Leadership: The note leans into "Buy Growth Stocks During Growth Shocks"-Russell 1K Growth is flat YTD but breaking out versus Value, with valuations at relative troughs after underperforming into the recent conflict. Growth is primed for catch-up.
MAG7 & Tech: The "MAG7" and S&P Tech (now 34% of the index) are "rested and ready to rock," emerging from recent geopolitical headwinds stronger both absolutely and on a relative basis.
Semiconductors: Semis are breaking to new all-time highs, with sector heavyweights NVDA and AVGO back in the driver's seat. Semis now make up 16% of the S&P, with NVDA and AVGO alone at 11%.
Software & IT: Software is still bottoming as a sector, but MSFT and ORCL are showing signs of stabilizing at familiar levels.
Financials & REITs: Big Banks and brokers are still favored, with regional banks and REITs seeing relative strength-even as the sector as a whole lags YTD.
Biotech: Biotech stands out with XBI +13% YTD, remaining a high conviction long versus the rest of Healthcare, which is down 4% YTD.
Macro Backdrop: Rates, the dollar, crude, gasoline, mortgage rates, and credit spreads are all trending lower, supporting a "peacetime" risk-on environment that favors Growth during Growth shocks.

Additional Key takes:

- **"Buy the dips, chase the rips" mentality:** Market psychology is firmly risk-on, with investors quick to re-engage on weakness and willing to chase strength-helping sustain the uptrend.
- **Valuations still lagging prices:** Despite the rally, valuations haven't fully caught up to price moves, especially in Growth, suggesting there's still room for multiple expansion if earnings cooperate.
- **Momentum not isolated to Growth:** Breakouts aren't just about Tech-momentum is broad-based, with names like AVGO, MU, NVDA, JNJ, LRCX, XOM, AMD, CAT, JPM, INTC, WMT, GOOGL, AMAT, GEV, and GE all contributing.
- **Sector rotation themes:** While Financials and Healthcare lag, the leadership baton remains with Tech, Semis, and Biotech, with rotation potential if macro tailwinds persist.
- **Macro signals supportive:** Lower rates and tighter spreads reinforce the positive risk backdrop, with the market treating "bad" headlines as buying opportunities rather than reasons to de-risk.

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Equity Strategy

For Political Optionality, Buy Financial Optionality: Overnight Strategy EDGE

Ceasefire negotiations between the U.S. and Iran are shaping up as a high-stakes game of leverage, with both sides angling for maximum optionality ahead of the 4/22 expiration. The U.S. is leaning on the Strait blockade to squeeze Tehran, while Iran's counterpunch is economic pressure via elevated energy prices. The $4/gal. gas "breakpoint" hasn't derailed the U.S. economy yet, but it's a line in the sand as we head into summer driving season. Medium-term equity outlook remains bullish, but near-term sentiment is getting crowded.

Optionality, Not Binary Outcomes: Negotiation results aren't just "deal or no deal." An interim agreement or extension to keep talking is in play. Escalation would be negative for risk assets, likely sending oil back toward $100/bbl, a level that could do real damage if it sticks through July. A "groundbreaking" deal would be positive for equities and take pressure off energy prices. An extension keeps volatility bid as markets digest the uncertainty.

Shorts Capitulate, Bulls Get Crowded: The 13% S&P rally since late March is mostly short covering, earnings beats, and capital markets activity. Bullish sentiment is now stretched-82% expect the next 10% move to be up, matching past peaks that preceded pullbacks. Geopolitical risk is still front and center, and VIX is running above long-term averages.
Positioning: Tech Value, Defensive Fade: Tech is trading at its lowest relative P/E to the S&P since the pandemic, setting up as value into earnings season. The call is to buy June expiry calls on "perfection" stocks-those with eight straight double beats on earnings-and names with low leverage and low defensive characteristics. On the flip side, buy puts on the high leverage/high defense cohort, which outperformed during the March selloff but now looks vulnerable if the rally resumes or the market grinds sideways.

Additional Key takes:

- **Energy Prices & Macro Risks:** Sustained $4/gal. gas is historically bad for both the economy and stocks (see 2022, 2008). A spike above $100/bbl. oil would amplify recession risk, especially with U.S. summer demand looming.
- **Volatility Premium:** Option skew has collapsed as shorts cover, making puts relatively cheap and highlighting the appeal of financial optionality into a volatile stretch of macro and geopolitical catalysts.
- **China's Role:** China's need for Iranian oil and the upcoming Trump/Xi meeting (5/14-15) add another layer of complexity, with potential knock-on effects for both oil and equity markets.
- **Stock/Option Ideas:** Buy calls in NVDA, MSFT, AMZN, MS, BKNG, QCOM, ADBE, BSX, XYZ, ALAB, IONQ-each screening well on earnings quality and leverage. Buy puts in PM, LOW, LMT, DUK, CSX, FITB, PAYX, VRSK, MKC, SJM-names with high leverage or defensive tilt now at risk of underperformance.
- **Client Positioning:** Extreme bullish consensus is a contrarian flag, especially with geopolitical risk and volatility still elevated.

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Political Analysis

The Bumpy Road Leads to Islamabad – Tentative Deal Still Likely, but Risks Abound

Path to a deal remains open, but volatility and headline risk are set to persist as both sides jockey for leverage. Internal Iranian politics and risk of spoilers (especially from Israel) keep the situation fluid, with the odds still leaning toward more talks rather than outright escalation. Green shoots of progress are visible, but the road is littered with potential pitfalls-especially as domestic pressures shape every move.

Talks Continue, But Risks Remain: Despite saber-rattling and the recent U.S. Navy seizure, both Washington and Tehran appear to prefer negotiations over a return to full-scale conflict. Expect ongoing volatility as each side plays to its home crowd, with a short-term deal or at least a ceasefire extension the most likely outcome.
Deal Structure Uncertain, Details Likely Thin: Any agreement is expected to be light on specifics-think Iran trading some uranium enrichment for economic relief, possibly via sanctions easing or asset unfreezing. Still, the lack of detail and enforcement mechanisms leaves plenty of room for disappointment or breakdown.
Internal Iranian Dynamics Key: Ghalibaf is pushing for pragmatism, but hardliners remain deeply skeptical, and the decentralized IRGC structure means even a formal deal could see uneven compliance on the ground.
Leadership Vacuum Adds Complexity: With Supreme Leader Mojtaba Khamenei largely absent, the National Security Council is calling the shots-leaving the process more vulnerable to factional infighting and delays.

Additional Key takes:

- **Israeli Wildcard:** Unilateral action by Israel remains a real risk, especially if any U.S.-Iran deal is seen as too weak or ambiguous.
- **Economic Pressure on Iran:** Sanctions and infrastructure hits are biting hard, limiting Tehran's appetite for prolonged conflict and increasing the incentive for a deal.
- **Potential for "No-Deal Drift":** An extended period of ambiguity (no deal, but no war) isn't the base case, but would likely intensify regime infighting and increase unpredictability.
- **Oil Market Sensitivity:** Any escalation or failed talks would quickly spill over into oil prices, with global markets watching every headline for signs of progress or slippage.

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China Research

China – AI and War to Lift Power Equip. & Clean Tech

China's March export data for power equipment and clean tech products came in strong, with AI infrastructure and Middle East conflict driving fresh demand tailwinds. The standout was solar and battery shipments, but there's a bit of noise from pre-tax policy front-loading.

Photovoltaics & Batteries: Exports soared in March (PV: +84% y/y, batteries: +69% y/y), though some of that jump is inflated by a scramble to beat April's export tax rebate changes. Still, underlying demand remains robust.
Transformers & NEVs: Transformer and new-energy vehicle exports also posted healthy gains (+58% and +56% y/y), reflecting broad global appetite for electrification hardware.
AI Infrastructure: Global AI buildout is now a material driver for power equipment and energy storage demand, as data centers and related infrastructure ramp up globally.
Middle East Conflict: Ongoing instability is accelerating clean tech adoption in the region, with governments and consumers moving away from fossil fuels at a faster clip than before.
Domestic Demand: China's own electrification push and AI deployment are supporting a constructive outlook for internal demand, especially for wind/solar and grid upgrades.
Policy Impact: March's growth rates need a slight discount due to export tax rebate changes, but the broader trend is intact.

Additional Key takes:

- **Structural Demand:** Wind and solar remain the go-to solutions for new electricity demand, with grid and storage investment following close behind.
- **Beyond Autos:** Energy storage needs are set to extend well beyond vehicles, as AI and electrification reshape the grid's requirements.
- **Export Resilience:** Despite policy headwinds, China's clean tech export machine is proving resilient, underpinned by global decarbonization and AI trends.
- **Short-term Volatility:** Expect near-term month-to-month noise as exporters adjust to new rebate rules, but the medium-term outlook stays positive.

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Sector Allocation Survey

Evercore ISI Sector Allocation Survey Where Do Investors See Opportunity?

Rotation out of cyclicals into defensives is picking up after a brief risk-on tilt earlier this year, with both long-only and hedge fund managers showing a clear preference shift in the past two months. Hedge funds are leaning into communication services, real estate, and industrials, while long-onlys are adding to financials, energy, and utilities-healthcare and consumer discretionary are the main sectors seeing outflows across both groups.

Long-only preference shift: Recent allocations show increased exposure to materials, financials, energy, communication services, real estate, and utilities. Healthcare and consumer discretionary have moved to the bottom of the list, a reversal from earlier in the year when cyclicals were the consensus overweight.
Hedge fund positioning: Hedge funds are upping their stakes in communication services, real estate, and industrials, while trimming exposure to healthcare, materials, consumer staples, and financials. The move away from staples and healthcare is notable given the defensive tilt elsewhere.
Sector allocation survey context: The net position spread between cyclical and defensive sectors has narrowed sharply since early 2026, signaling a more cautious stance after a brief period of risk appetite.

Additional Key takes:

- **Cyclical-to-defensive rotation:** The shift toward defensives is a reversal from early 2026, when cyclicals led. This is showing up in both survey data and sector performance.
- **Financials and energy in focus:** Long-onlys are adding to financials and energy, likely reflecting a mix of yield-seeking and macro hedging.
- **Communication services stand out:** Both long-only and hedge fund managers are leaning into this sector, which continues to benefit from structural tailwinds and relative outperformance.
- **Healthcare and consumer discretionary outflows:** Managers are actively reducing positions here, with healthcare in particular falling out of favor after a period of steady inflows.
- **Real estate sees renewed interest:** Positioning in real estate is ticking up, especially among hedge funds-a potential signal of shifting sentiment on rates and inflation.
- **Staples and utilities diverge:** Utilities are getting more attention from long-onlys, while staples are seeing hedge fund outflows, suggesting different views on defensive plays.

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From:	Evercore ISI
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Date:	Tuesday, March 3, 2026 10:56:20 AM

3 March 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **IRAN / MACRO – REPRICING FOR LONGER CONFLICT, SHORT EUROPE ON NAT GAS:** After the unreasonably benign US close Monday, markets are repricing for the risk of a more extended Iran war with Brent at $84, European natural gas prices surging another 30 per cent and yields rising on inflation concerns. A lasting $20 increase in oil would result in a one-time 60-80bp bump in US headline PCE inflation but minimal impact on core and economic growth. The Fed can wait and see; if oil remains elevated it would not cut before September and could easily delay longer. (Krishna Guha)

- **Watching the Defensives:** Moment of Truth test for prevailing "risk on" factor trends continues. Defensive and Valuation factors near 1M, +10% return, historically inflections for the factors, if not market. No Signals Yet. Continue to favor Leverage factor with markets at crossroads – "all weather" return profile in recent months reinforces performance breakout. Base Case is More Upside, More Volatility. Buy "Low Leverage Leaders" potential outperformers (p. 9-10) – Low Leverage, Higher Sentiment (Sales, EPS revisions). Conversely, Sell/Short "Sell High Leverage" potential underperformers (p. 11- 12) – High Leverage, Low Sentiment. (Julian Emanuel)

- **Morning Thought:** U.S. Treasury yields are turning higher as the 'war' between Iran and U.S. / Israel disturbs capital markets. The 10-year yield rebounded from the '4%' floor and rose +6bps overnight to 4.107%. Other developed global sovereign yields are much higher too. U.K. 10-year sovereign is up 22bps. Oil and the dollar are higher - as expected, while bitcoin and gold are lower. Retail gasoline prices were up 11 cents yesterday from Friday to over $3.00 per gallon. Credit spreads were little changed yesterday, but many corporate credit OASs are back to spreads witnessed last November. Global equity markets are down sharply overnight. The cost of risk is rising sharply. Natural gas prices are soaring, which could hit Europe materially. Fixed income markets are reducing expectations for the number of policy rate cuts this year. (Stan Shipley)

- **Never Get Out of the Boat:** I remain Bullish because the Technology sector which makes up 32% of the S&P has double bottomed atop the 200ma, along with NVDA (7.5% of the S&P) and the Mag 7 (MAGS, 32.5% of the S&P). Software (9% of the S&P) has also bottomed; and the Alt's have traded with software. Technology and Financials make up at least 45% of the S&P, and they have bottomed (see charts). The 10 Year Yield closed below the 200 week ma for the 1st time in over 4 years! And you know who likes lower interest rates? The average stock in the S&P, which has surged 6.4% YTD despite Iran, Venezuela, Greenland, Software, Private Credit, and turnover at the Fed. That is a Bullish divergence. And now that Tech, NVDA and Software have rejoined the battle, it will unlock all of that burgeoning Bullishness beneath the surface and power a breakout in the S&P above 7,000 and fast move up to 7,400. (Rich Ross)

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Macro Research Today

Economics & Central Banking Strategy

IRAN / MACRO – REPRICING FOR LONGER CONFLICT, SHORT EUROPE ON NAT GAS

After the unreasonably benign US close Monday, markets are repricing for the risk of a more extended Iran war with Brent at $84, European natural gas prices surging another 30 per cent and yields rising on inflation concerns.

This follows increased attacks on Gulf energy facilities and elevated risks deterring traffic through the Straits of Hormuz even though Iran is still not attempting to close the Straits.

Multiple restatements of US war aims by different officials have not boosted confidence that the US has a robust plan and the means to bring the conflict to a successful close on a tight timeline.

Iran – under its fallback decentralized “mosaic” command structure – continues to lash out where it can, even as its military is systematically degraded. It maintains the ability to use drones to hit nearby Gulf states and threaten the Straits even as its capacity to materially hurt Israel declines.

The bear case is that a wounded, angry but intact Iranian regime continues energy and other attacks on the Gulf as one of few means of leverage, and even if there is at some point a lull or ceasefire, tries to take the Gulf states hostage, with the threat of renewed attacks. This would imply more persistent elevated prices for both oil and gas.

While the US should trade lower, we double down on our view that a more extended conflict with higher-for-longer energy favors long US vs Europe in particular, also DM Asia and EM.

A lasting $20 increase in oil would result in a one-time 60-80bp bump in US headline PCE inflation but minimal impact on core and economic growth. The Fed can wait and see; if oil remains elevated it would not cut before September and could easily delay longer.

While we are used to thinking about Middle East risk to oil, natural gas is now order of magnitude as important.

Europe’s exposure to higher natural gas prices in addition to oil (as a net importer) risks overturning a previously compelling case for European outperformance.

The duration of higher oil and gas is key: we evaluate scenarios below. For now, we think ECB talks hawkish to anchor expectations. If current prices look like they are becoming quasi-permanent, we could see an ECB hike later in the year, but that is not our base case.

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Quantitative Strategy

Watching the Defensives: Factor EDGE

Defensive and Valuation factors are at a critical juncture, with no clear signals yet. The market is at a crossroads, with potential for more upside and volatility in 2026.

Defensive and Valuation Factors: These factors are near historical inflection points, marked by a 1-month +10% return. This could signal broader market movements, especially as the Nasdaq 100 tests key support levels.
Leverage Factor: Favored for its "all weather" profile, showing strong performance in both up and volatile markets. This factor could benefit from prevailing "risk on" trends reasserting.

Additional Key takes:

- **Buy Low Leverage Leaders:** Target R3000 stocks with low leverage and high sentiment, as they are potential outperformers.
- **Sell High Leverage Underperformers:** Focus on R3000 stocks with high leverage and low sentiment, as they may underperform.

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Capital Markets Chronicle

Morning Thought

Today's economic calendar is quiet, but all eyes are on jobs data this week. February's payroll employment is expected to rise by +60K, with unemployment steady at 4.3%. Upside risks exist, but capital markets are fixated elsewhere. U.S. Treasury yields are climbing amid geopolitical tensions involving Iran, U.S., and Israel. The 10-year yield has bounced from the 4% mark, now at 4.107%. Other global sovereign yields, like the U.K.'s, have also surged. Oil and the dollar are up, while bitcoin and gold are down. Retail gasoline prices jumped 11 cents, surpassing $3.00 per gallon. Credit spreads are stable, yet corporate credit spreads mirror last November's levels. Global equities are down significantly, with risk costs spiking. Natural gas prices are soaring, posing a potential threat to Europe. Fixed income markets are dialing back expectations for policy rate cuts this year. ECB's Stournaras emphasizes flexibility. Iran's threats in the Strait of Hormuz add to the tension. Greece's unemployment rate dropped to 7.7% in January from 7.9% in December.

Geopolitical Tensions: The conflict involving Iran, U.S., and Israel is unsettling capital markets, pushing U.S. Treasury yields higher.
Energy Markets: Oil prices are on the rise, with natural gas spikes potentially impacting Europe significantly.
Global Equities: Equity markets are facing sharp declines as the cost of risk escalates.

Additional Key takes:

- **Fixed Income Outlook:** Expectations for policy rate cuts are being reduced as markets adjust to current conditions.
- **ECB Strategy:** Flexibility is being highlighted by ECB policymakers amid evolving economic landscapes.
- **Retail Gasoline Prices:** A notable increase, with prices now over $3.00 per gallon, reflecting broader energy market dynamics.

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Technical Analysis

Never Get Out of the Boat

Bullish signals are emerging as the Technology sector, which accounts for 32% of the S&P, has double bottomed above the 200-day moving average. This includes NVDA and the Mag 7, collectively making up 32.5% of the index. Software, representing 9% of the S&P, has also found a bottom, trading in line with the Alts.

Market Dynamics: Technology and Financials, together constituting at least 45% of the S&P, have shown signs of bottoming. This is a pivotal development, supported by technical chart analyses.
Interest Rates: The 10-Year Yield closing below the 200-week moving average for the first time in over four years is a positive indicator. Lower rates are typically favorable for the average stock in the index.

Additional Key takes:

- **Market Performance:** Despite geopolitical and economic uncertainties, the average S&P stock has surged 6.4% year-to-date.
- **Sector Outlook:** With Tech, NVDA, and Software re-engaging, there's potential for a significant breakout above 7,000, potentially reaching 7,400.

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Date:	Wednesday, April 8, 2026 10:29:34 AM

8 April 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **US ECON - UPDATE ON SIZING THE OIL "TAX" ON CONSUMERS**: We write to update our analysis on the energy "tax" impact on consumers as a ceasefire deal was announced yesterday evening. Pre-Iran war, we estimated that US consumer spending was set to step up markedly in 1H 2026, boosted by OBBB tax refunds. In all paths forward, the increase in gasoline prices wipes out OBBB stimulus for the lower 50% of households. Our analysis focuses on the stimulus impact on consumers from OBBB (tax refunds as well as a reduction in tax burden) net of the adverse impact from oil prices. Looking at just refunds, the surge in gasoline is even more impactful – refunds are up $350 on average but households are likely to spend significantly more than that this year on gasoline (holding volume constant). Tax refunds are concentrated in the February-April timeframe, the tail of which intersects with high seasonality for retail gasoline prices, potentially dampening some of the near-term acceleration expected from refunds. (Francesca Ponziani)

- **IRAN MACRO AND RATES – AFTER THE CEASEFIRE**: Global rates – which we think overshot during the Iran war – are plunging on the ceasefire news. The move is most pronounced in Europe where rates had overshot the most and ten year yields are down 20+ basis points. This is part of a larger story in which the turnaround in the outlook is greatest for Europe, followed by Asia, with very severe outcomes now plausibly avoided. It looks like we are heading towards our flawed deal baseline that meets Iran halfway on several key issues, potentially in the rough zip code of the Zarif plan floated by the former Iranian foreign minister. The market is now discounting a clear skew to one cut from the Fed this year. It is down to a bit more than one hike from the BoE though with two still discounted for the ECB – down from four in each case at the peak. Investors continue to waver on whether the BoJ will hike this month. (Krishna Guha)

- **Two-Week Ceasefire Raises Hopes a Fragile Peace Can Take Hold, But Risks Abound**: President Trump's announcement of a two-week ceasefire is a clear positive that for the time being removes the threat of a highly escalatory bombing campaign against Iran's economic infrastructure and certainly demonstrates reluctance to escalate in a way that requires ground troops. It also creates a window for partial resumption of traffic through the Strait under Iran's new tolling system, providing some limited short-term relief from the global energy shock. (Sarah Bianchi)

China – Gains and Losses from the Iran War: The Iran War is not a decisive turning point for China, but a revealing incident. It offers Beijing tactical advantages, while simultaneously exposing structural constraints. (Neo Wang)

- **Shipping Cos. Survey:** Survey Increases (Oscar Sloterbeck)

- **Airlines Survey:** Slows Further Following Recent Surge In Activity (Oscar Sloterbeck)

- **Trucking Cos. Survey:** Improves Boosted By Better TL Activity (Oscar Sloterbeck)

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Macro Research Today

Economics

US ECON - UPDATE ON SIZING THE OIL "TAX" ON CONSUMERS

The recent ceasefire has shifted the outlook for the energy "tax" on US consumers, but even the most benign path leaves a much larger-than-expected chunk of OBBB stimulus at risk. Lower 50% of households see their refunds essentially wiped out by higher gasoline costs; escalation would threaten almost all of the intended stimulus for everyone but the top decile.

Ceasefire scenario takes center stage: With the ceasefire announcement, the "flawed deal" is now the base case. Gasoline prices are expected to peak near $4.20 and settle around $3.50 by year-end, a 60 cent annual average increase over 2025. The risk of escalation remains, but is now seen as less likely.
Consumer hit from gasoline shock: A 60 cent increase in average gasoline prices translates to a $63bn hit to consumers-nearly half (47%) of the OBBB stimulus. For the bottom half of households, the gasoline "tax" essentially erases any benefit from the tax refund.
Scenario spectrum-risks skewed to the downside: Should the ceasefire unravel, the "walk away" scenario (75 cent increase) would mean a $79bn hit (58% of OBBB), while full escalation ($1.10 increase) would see a $115bn impact (85% of OBBB), with the added risk of demand destruction if gasoline pushes into the $4.50-$5.00 range.
Timing and seasonality matter: Tax refunds are concentrated Feb-Apr, which overlaps with seasonal spikes in gasoline prices. This could blunt the expected near-term boost from refunds, especially for more vulnerable households.

Geographic and income disparities: The burden isn't evenly spread-Southeast and Midwest households (higher per capita miles driven) are hit harder, and the bottom 80% of households are at risk of seeing their OBBB benefit wiped out in higher-price scenarios.

Additional Key takes:

- **Ceasefire is not a done deal:** While the base case is now the flawed deal, there's still a non-trivial risk of reversal or escalation-meaning investors need to keep the tail risks on the radar.
- **Elasticity assumptions matter:** The analysis assumes constant gasoline demand, but actual consumer behavior could shift if prices spike, especially above $4.50-potentially amplifying economic headwinds.
- **Refunds vs. gasoline outlays:** For most households, the average $350 refund is likely to be overwhelmed by higher gasoline costs this year, making the intended fiscal boost a wash at best for the majority.
- **Macro risk if escalation unfolds:** If the escalation scenario materializes, not only does the gasoline "tax" eat up nearly all stimulus, but the risk of demand destruction and broader recessionary pressures rises meaningfully.
- **Assumptions and limitations:** Comparisons between oil tax and OBBB stimulus are imperfect due to differences in census/tax units, and the analysis doesn't account for other potential energy cost increases or changes in refining margins.

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Economics & Central Banking Strategy

IRAN MACRO AND RATES – AFTER THE CEASEFIRE

Ceasefire headlines out of Iran have triggered a sharp rally in global rates, with the most dramatic moves seen in Europe-ten-year yields down 20+ bps as markets unwind the war premium. Europe stands to benefit most from the turnaround, with Asia following, and worst-case outcomes now looking much less likely. Most of the focus now shifts to how central banks will recalibrate, with the Fed, ECB, BoE, and BoJ all at key decision points as the dust settles.

Global rate repricing: Rates markets are quickly adjusting, pricing out much of the war risk. Europe, which had overshot most, is leading the move lower, while the US market now leans toward a single cut from the Fed this year.

Deal dynamics and inflation risk: The baseline scenario is a "flawed deal" with Iran-think something in the ballpark of the Zarif plan, involving nuclear concessions for sanctions relief, but with Iran retaining missiles and proxies. While this sharply reduces tail risk, it doesn't eliminate the risk of a renewed inflation shock, especially with energy markets expected to heal only gradually.

Central bank outlook: Neither the ECB nor BoE is expected to hike in April, with both likely to reassess in June. The ECB may still consider a single hike if inflation metrics surprise, but the window for action is clearly narrowing. The BoJ is now more likely to move in April, but could wait until June for added certainty on the ceasefire's durability.

Fed stance: US rates are now discounting a clear skew to one cut in 2024. Policy messaging is expected to lean slightly more hawkish in the near term, policing the inflation impulse without committing to either side of the risk spectrum. The odds of a rate hike this year are now extremely low.

Additional Key takes:

- **Europe's macro setup:** Biggest positive swing in outlook, with the inflation shock likely to be about twice as large as the US, but also with more room for yields to fall as risk premium comes out.
- **UK risk balance:** Recession risk remains elevated, with the BoE likely to be cutting rates by late 2026/2027. The barbell of possible outcomes persists: a hike or two is still possible, but the bias is shifting toward eventual cuts.
- **Energy markets:** Damage to energy supply chains will take time to heal. Oil is expected to trend lower only gradually, with natural gas potentially seeing more lasting impacts-meaning the inflation drag will linger even as headline risks fade.
- **BoJ timing:** April hike is back in play, supported by recent wage and business surveys, but Ueda may still opt to wait for more clarity on the ceasefire's permanence.
- **Fed policy evolution:** Fed will likely spend the next quarter leaning slightly hawkish, ensuring the oil-driven inflation wave doesn't bleed into broader expectations. If labor holds up and inflation cools as expected, the door reopens for one or maybe two cuts later in the year.
- **Risks to the outlook:** Ceasefire could unravel, and if financial conditions ease too much, central banks may be forced to lean against inflation by holding off on cuts or even hiking. The situation remains fluid, with plenty of moving parts still to watch.

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Political Analysis

Two-Week Ceasefire Raises Hopes a Fragile Peace Can Take Hold, But Risks Abound

Two-week ceasefire meaningfully lowers near-term risk of major escalation, offering a fragile but real window for de-escalation and partial trade normalization through the Strait. Still, the path to anything more durable remains highly uncertain, with multiple unresolved flashpoints and a peace that could unravel quickly if either side perceives a material threat.

Ceasefire Buy-In, But Reluctance Remains: Both Israel and Iran appear to be on board with the two-week pause, but Israel is clearly uneasy and intends to keep pressure on in Lebanon. Iran, meanwhile, faces some lag in getting ceasefire orders down to field units, especially given recent command/control disruptions.
Trump's Calculus and the Limits of Progress: The latest extension seems more about avoiding escalation than about real diplomatic progress. While there's a hint of possible movement on the nuclear file, big sticking points like missiles, regional proxies, and sanctions are nowhere close to resolution.
Short-Term Relief, Long-Term Risks: Partial reopening of the Strait under Iran's new toll system gives the energy market a breather, but there's a real risk that new revenue flows to the IRGC could fund future reconstitution of military capabilities, setting up another round of conflict down the line.
Historical Parallels and the Best-Case Outcome: The dynamic here echoes the U.S.-China trade detente: both sides have leverage, both have shown willingness to inflict pain, and the most realistic hope is a fragile, unresolved truce that could persist but leaves big issues on ice.

Additional Key takes:

- **Ceasefire Extension Odds:** Base case is that the ceasefire gets extended, whether due to modest diplomatic progress or a political desire to declare victory and move on.
- **Intelligence Triggers:** If the U.S. or Israel picks up evidence of Iran rebuilding military strength, expect quick re-escalation-"mowing the lawn" with airstrikes remains on the table and would likely unravel any fragile peace.
- **Global Ripple Effects:** If a fragile peace holds, the conversation quickly shifts to broader geopolitical fallout, with implications stretching from Gulf energy flows to NATO dynamics and Asian security architecture.

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China Research

China – Gains and Losses from the Iran War

Iran conflict isn't a strategic game-changer for China, but it's a valuable test case. Beijing gets some tactical wins in diplomacy, intelligence, and industry positioning, yet long-term energy security and global clout remain stubbornly limited. Net effect: mixed, not transformational.

Global Posture and Perception: Conflict lets Beijing double down on its "stabilizer" role-non-interventionist, pragmatic, and more predictable than Washington-an image that plays well across the Global South, even if it doesn't translate into real power.
Learning Opportunity: Live-fire look at US military, sanctions, and alliance playbook. Beijing is studying enforcement, financial surveillance, and logistics-directly applicable to contingency planning, including Taiwan.
Industrial and Economic Angle: China's supply chain resilience stands out, weathering energy shocks better than peers. Global disruption strengthens the case for electrification and renewables, where China already leads. Higher commodity prices could help China escape industrial deflation sooner-at least for now.
Energy Security and Constraints: Middle East instability exposes China's vulnerability as a major importer. Sea lane risks (Strait of Hormuz) and squeezed private refiners after US sanction shifts add to the challenge. If conflict drags on or escalates, China's hedging strategy in the region may come under real strain.
Diplomatic Balancing Act: Beijing used its refining leverage to build goodwill, but relationships with Iran and Gulf monarchies are increasingly hard to juggle. If the ceasefire fails, China could be forced into a more explicit alignment, which would undermine its flexible Mideast approach.
US Strategic Focus: Crisis distracts Washington, giving Beijing a bit more breathing room in other regions, even if only temporarily.
Currency and Sanctions: RMB use gets a marginal boost in sanctioned energy trade, but there's no real shift away from dollar dominance.

Additional Key takes:

- **Diplomatic Pragmatism:** Beijing's selective support for partners raises questions about the value of alignment with China. Ability to shape outcomes remains limited-still seen as a secondary security actor.
- **Energy Security Risk:** Disruption highlights China's structural dependence on imported energy and limited ability to secure distant sea lanes. US moves on Iranian energy are a particular risk if they materialize.

- **Sanction-Evasion Lessons:** Beijing is closely tracking how sanction networks are scrutinized-shipping, intermediaries, and finance-for future reference.
- **Indirect Impact Most Important:** This isn't a "green light"-it's a calibration moment. China is learning how fast the US can build coalitions and scale sanctions, and how Western industry holds up under stress, while testing US appetite for multiple simultaneous crises.
- **Export Risk:** If the war tips the world toward recession, China's export machine will take a hit.

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Shipping Cos. Survey

Shipping Cos. Survey Increases

Shipping survey jumps to 73.0 as dry bulk activity picks up, but oil tanker outlook clouded by ongoing Middle East tensions. Revenue sentiment is now well above long-term trend, but the underlying tone is cautious as tanker demand faces new headwinds.

Momentum in dry bulk: Dry bulk rates have rebounded after a recent cooldown, helping drive the overall survey higher this week.
Tanker strength vs. future risk: Tanker pricing remains elevated in the near term, but production cuts and geopolitical uncertainty are raising concerns about sustainability.
Geopolitical rerouting and disruption: Ongoing conflict with Iran, Red Sea attacks, and war in Ukraine continue to force ship rerouting and keep the sector on edge about further disruptions and supply shifts.

Additional Key takes:

- **Survey at multi-month highs:** Latest reading of 73.0 is well above the 50 long-term trend, reflecting solid revenue momentum for now.
- **Tanker outlook mixed:** Contacts are wary that current pricing power could fade if OPEC production stays lower and Middle East risks linger.
- **Dry bulk stabilizing:** Improvement this week follows a period of cooling, suggesting some resilience in underlying demand.
- **Heightened watch on shipping lanes:** Route changes and possible new

disruptions remain key swing factors for both tanker and dry bulk names as the geopolitical picture evolves.

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Airlines Survey

Airlines Survey Slows Further Following Recent Surge In Activity

Airlines Survey readings cooled off after the March spike, with the latest print dropping to 50.0 as booking demand normalizes and some holiday timing noise creeps in. International demand remains stable, while premium cabins and peak periods continue to outperform. Fuel cost pressure is a headwind, but demand and pricing have improved since the start of the conflict.

Bookings momentum: Booking strength has moderated from the post-conflict surge, with the survey down from 53.8 to 50.0, reflecting both a normalization in demand and possible holiday timing distortions.
Demand drivers: Premium outperformance stands out, with these cabins and peak travel periods showing robust demand. Tax refunds running higher than last year may also be providing a tailwind to overall bookings.
International trends: International survey results held steady at 62.5 after last week's sharp pullback, signaling a pause in volatility for now.
Cost headwinds: Higher fuel costs remain a negative for carriers, though several contacts noted that both demand and pricing have improved since the onset of the conflict with Iran.

Additional Key takes:

- **Survey context:** Current readings are lapping softer comps from last year, which were impacted by accidents and Liberation Day volatility.
- **Forward revenue:** Overall forward revenue remains above long-term averages, with the 4-week average at 62.2, and international forward revenue at 68.8-both still healthy in a historical context.
- **Pricing environment:** Peak periods and premium products are seeing the

strongest pricing and demand resilience, underscoring a bifurcation in consumer behavior.

- **Noise factors:** Easter and holiday shifts are creating some data noise, making short-term interpretation a bit trickier than usual.

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Trucking Cos. Survey

Trucking Cos. Survey Improves Boosted By Better TL Activity

Trucking survey ticks up again to start April, led by a modest rebound in TL activity; volumes showing sequential improvement, though still below mid-cycle norms. LTL holding steady, with overall demand tracking better than late 2023 but not quite at a level to call a material inflection just yet.

TL Activity: Sequential gains in TL activity (up to 41.9 from 40.0) are encouraging, especially after a stretch of seasonal sluggishness in late 2023. Capacity tightened in December, helping spot rates, and that momentum has carried through Q1.
LTL Stability: LTL volumes remain steady (50.6), showing resilience after a choppier end to last year. January saw a bounce, February was a touch softer, but March pointed to renewed improvement.
Broader Demand Trends: Overall freight volumes are modestly higher than late last year, with the survey index now at 46.3, up from 45.3 in March. The 4-week average (44.0) still sits below the 50 "neutral" line, but directionally things are less negative than they were through the fall.

Additional Key takes:

- **Spot Market:** Tighter TL capacity in December provided a lift to spot rates, and that dynamic is holding up into early spring.
- **Industrial Linkage:** Strong historical correlation (76%) between this survey and U.S. Industrial Production (Mfg.), which recently posted +1.3% y/y in February-a mild tailwind for freight demand.
- **Seasonality:** Some of the recent improvement is seasonal, but the fact that volumes are building sequentially suggests a gradual recovery, not just a calendar

effect.

- **Macro Read-Through:** Survey levels remain below "mid-cycle" averages, so while the worst appears to be behind, there's still a ways to go before calling a robust demand snapback.

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View Report

Economics & Central Banking Strategy

IRAN / ECONOMY – ROUGH NUMBERS ON THREE PATHS FOR THE WAR, OIL AND THE GLOBAL ECONOMY

Escalation in Iran conflict would be substantially adverse for the global economy, with the US relatively insulated but still exposed to higher energy prices and slower growth. Sarah and team see Trump likely to extend his deadline again but keep bombing, meaning the "flawed deal" path (with ongoing volatility) remains the base case for now.

Three Paths, Three Outcomes: The team lays out three illustrative scenarios: (1) a flawed deal that Iran accepts, (2) escalation with infrastructure attacks and possible boots on the ground, and (3) a bomb-then-walk-away approach with others left to manage the Straits. The escalation scenario is the real outlier, with much higher and longer-lasting energy shocks and global macro risk.
Energy Market Fallout: Escalation would see Brent spiking to the $130-140 range in Q2, with global SPR drawdowns exceeding 400M bbl and demand destruction turning structural. Even the bomb-then-walk scenario keeps oil elevated ($105-110 in Q2, $88-95 by Q4) with moderate but persistent behavioral demand destruction.
Macro Risks: Escalation path triggers non-linear risks: higher inflation from both direct and indirect energy effects, but also a much sharper hit to growth and employment. At oil above $110-120, recession risk rises significantly, especially outside the US. Supply chain disruptions could echo pandemic-lite conditions, making it easier for companies to pass on costs.
Rates and Yields: Counterintuitively, the team sees a point where even higher-for-longer oil could ultimately pull down rates and yields as economic drag outweighs

inflation, but there's a risk yields move up first before rolling over as growth cracks.

Additional Key takes:

- **Dollar Strength:** The US, though hurt, is the least badly affected, so dollar strength should persist in the escalation scenario, even as it marginally slows US growth.
- **Base Case (Flawed Deal):** Sarah's team expects Trump to punt on the deadline, keeping the flawed deal path alive. This sees US growth taking a ~60bp hit, but still tracking above 2% for the year, cushioned by productivity, AI capex, fiscal stimulus, and bank deregulation.
- **Inflation Impact:** Oil shock in the base case adds 40-50bp to headline PCE and 20bp to core, with core PCE running ~2.7% in Q4. Europe, Japan, and UK see even bigger headline inflation hits (100bp+), with persistent effects and second-round risks especially for the UK.
- **Equities:** Brent above $120/bbl puts S&P 500 at risk of retesting 6,300 or even 5,950 (-15% from peak) if escalation drags on or boots hit the ground. Rangebound action (6,150-7,000) likely under bomb-then-walk, assuming US growth holds up.
- **Deal Scenario:** Even a flawed deal could see the S&P 500 test the upper end of its range (7,000), especially if manager hedges unwind and April's seasonal tailwinds kick in.
- **Watch for Surprises:** Any deal that looks like it will stick-even if imperfect-could generate a faster easing of financial conditions than currently assumed, making the outlook less dire than the base case implies.

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View Report

Wine & Spirit Wholesalers Survey

Wine & Spirit Wholesaler Survey Steady Following Pull Back

Wine & spirits wholesaler sales momentum has cooled after a solid start to the year, with the latest survey reading holding steady at 55.5-still above trend but showing no clear acceleration into April. The product mix is hovering just above the long-term average, suggesting consumers are not trading down as aggressively as last fall, but premiumization trends remain muted.

Sales Trends: After a modest rebound to start 2026, sales have lost some steam,

flattening out in the most recent weeks. The 4-week average (55.9) is still comfortably above the 50-line, but the lack of upward momentum stands out versus the post-pandemic norm.
Product Mix: Premium mix reversed its late-2025 bounce and softened again in March, settling at 52.0. While this is above the long-term trend, it's a far cry from the premiumization peaks of prior years.

Additional Key takes:

- **Consumer trade-down pressure:** The product mix index signals that value-oriented choices remain a factor, with little evidence of a return to broad-based premiumization.
- **Seasonal normalization:** Recent stability in both sales and mix readings suggests the channel is finding a new equilibrium after a period of volatility.
- **Survey breadth:** Participation remains robust, with feedback from wholesalers covering all 32 uncontrolled states, giving a solid read on national trends.
- **Watch for inflections:** With readings still above 50, conditions are not deteriorating, but the absence of upside in either sales or mix could make for a more selective backdrop as we move deeper into Q2.

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Homebuilders Survey

Homebuilders Survey Ticks Up + Update On Financing Availability

Spring selling season off to a sluggish but not alarming start-survey uptick to 44.7 mainly driven by private builders, while public builders hold steady. Mortgage availability is still better than normal, but promotions and incentives remain elevated as builders work to coax buyers off the sidelines.

Sales Pace Divergence Narrows: Gap between public and private builder sales shrank to 5.6 points from 19 in January-private builders showing incremental improvement even as overall activity remains subdued.
Labor and Wage Dynamics: Labor availability has improved since December, with most seeing flat to modestly higher wage growth (+0-3%). The impact from recent

immigration policy changes is fading, helping ease pressure on build schedules.
Financing and Buyer Activity: Mortgage access is described as "better than normal" for both FHA and non-FHA, though slightly tighter than earlier this year. First-time and move-up buyers remain active, but the overall tone is "a little slow"-better than last summer, similar to last March.
Promotions and Incentives: Promotions are still running above normal, but not as aggressive as last spring. Builders are keeping incentives in play to support absorption, but there's less urgency than a year ago.
Cancellation Rates and Inventory: Cancellations have ticked up since December, with most contacts reporting "steady" or "rising a little" rates. Inventories are now "about right," a notable shift from "a little too high" last summer.

Additional Key takes:

- **Spring selling pace:** Sales are "a little slow," reflecting a mixed but not deteriorating market-contacts see this as a normalization rather than a downturn.
- **Builder mix shift:** Private builders are regaining ground on sales pace, closing the gap with public peers as spring unfolds.
- **Labor supply tailwind:** Improved labor access and slower wage growth support build cycles and margin stability.
- **Mortgage access:** Financing remains a positive outlier, with accessibility still above long-term averages despite a slight recent tightening.
- **Inventory management:** Inventory levels now viewed as balanced, reducing risk of overhang if demand stays steady.
- **Cancellation watch:** Rising cancellation rates are a key metric to monitor, especially if demand weakens further into spring/summer.

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Important Disclosures

From:	Evercore ISI
To:	mliposky@mapension.com
Subject:	Evercore ISI Macro Daily PULSE – Wed June 17; Strategy + Warsh and Fed + Retail Sales Release + Policy Bill on Housing + Morning Thought + Homebuilders' Survey + Airline Survey + Wine & Spirit Survey
Date:	Wednesday, June 17, 2026 10:50:36 AM

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17 June 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **Reinforced Wall of Worry Makes Room for More "Risk On" Factor Extremes**: Key Points: ? Early June pause in the rally from 3/30 has reinforced the Wall of Worry. Near term overhangs in SPCX and Oil relieved, room for Animal Spirits to drive "Risk On" factor extremes resembling 2021. ? Continue to favor Low Leverage factor, "consolidating" prevailing outperformance – scope for resumed "Risk On" trend and repeat of Dotcom era leadership. ? Long "Low Leverage 'Risk On' Leaders" potential O/P (p. 10-12) – Low Leverage, Stronger Sentiment (Sales, EPS revisions), Weaker Defensive. Short "High Leverage Defensive Stragglers" potential U/P (p. 13-14) – High Leverage, Weaker Sentiment, Stronger Defensive. (Julian Emanuel)

- **FINAL THOUGHTS INTO WARSH FED & DOVISH DATA FOR BOE**: The deepening slide in oil on the US-Iran deal gives Warsh a bit more wiggle room on his debut today and eases risks around the meeting some, but we still see event risk as meaningfully higher than normal. The decline in oil means overall inflation will peak sooner and lower with less of a shock to inflation expectations, while bleed-through into core inflation is set to be contained and peak in Q3 / early Q4 before starting to roll over. But, risks to US inflation and rates are not only about oil. For the Fed to avoid raising rates – which has always been and remains our base case forecast – it needs underlying inflation to more clearly downshift and the inflation waves from tariffs, oil and AI capex cost spillovers to core to all peak and roll over in turn without contaminating underlying inflation or expectations. (Krishna Guha)

- **Nominal Retail Sales Better Than Expected, But Volumes Softer**: Nominal retail sales increased +0.9% in May. While some discretionary categories were soft, core retail sales were up a solid +0.7%. The volume of retail sales were soft. (Francesca Ponziani)

- **Supply-Side Housing Bill on Track for Final Passage, with Single-Family Rental Restrictions Stopping Short of Divestment:** Supply-side housing legislation is poised to become law soon after a bipartisan group of House-Senate negotiators announced agreement on final text, resolving the differences that had held up the otherwise broadly supported bill. The legislation's overall thrust is to reduce regulatory barriers that constrain new residential construction by streamlining environmental reviews for federally supported housing projects; encouraging localities to adopt zoning and building-code best practices, such as federal guidelines for single-stairwell multifamily structures; and revising a 1974 law so that manufactured homes may be built without a permanent chassis. (See list of key section.) (Matthew Aks)

- **Morning Thought**: Treasury yields are modestly lower. The 10-year yield is at 4.434%. Other major developed global sovereign yields are lower too. The oil and gold are higher, while the dollar and bitcoin are lower. U.S. investment grade and high yield credit spreads were lower on Tuesday. That said, those spreads remain in a tight band, though some cracks are emerging. U.K. inflation was lower than expected. (Stan Shipley)

- **Homebuilders Survey Improves Following Recent Weakness** : (Oscar Sloterbeck)

- **Airlines Survey Moves Up Amid Good Bookings, Strong Pricing**: (Oscar Sloterbeck)

- **Wine & Spirit Wholesaler Survey Inches Higher**: (James Walsh)

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Macro Research Today

Quantitative Strategy

Reinforced Wall of Worry Makes Room for More "Risk On" Factor Extremes: Factor EDGE

The recent pause in the "Risk On" rally provides an opportunity for further extremes in factor performance, suggesting a potential resurgence driven by increased investor confidence. Overall, near-term pressures in SPCX and oil markets have dissipated, paving the way for a revival of the "Animal Spirits" similar to those seen in 2021.

Market Dynamics: In early June, geopolitical tensions in the Middle East, persistently high inflation, and a strong labor market contributed to a temporary halt in market optimism. Despite this, indicators such as a spike in put volume and rising bearish sentiment among institutional investors hint at a reset in overly extended market conditions, particularly within the tech sector.
Factor Performance Outlook: The "Low Leverage" factor remains a significant area of focus, consolidating strong outperformance, and indicating a potential repeat of the Dotcom boom leadership. With the current mix of factor extremes and a favorable macro backdrop, conditions are ripe for a renewed "Risk On" trend, with significant opportunities in lower-leverage, high-sentiment stocks.

Additional Key Takes:

- **Geopolitical Easing:** A recent interim deal between the U.S. and Iran has eased oil prices, providing a buffer for consumer spending and reducing macroeconomic pressures.

- **Defensive Factor Dynamics:** Volatility and related defensive factors are currently underperforming, suggesting potential for further downside risks as market sentiment continues to evolve.
- **Investment Strategy:** Continuing to screen for "Low Leverage 'Risk On' Leaders" stands out as a favorable strategy, with robust potential based on the current economic landscape.

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Economics & Central Banking Strategy

FINAL THOUGHTS INTO WARSH FED & DOVISH DATA FOR BOE

The deepening slide in oil on the US-Iran deal gives Warsh a bit more wiggle room on his debut today and eases risks around the meeting some, but we still see event risk as meaningfully higher than normal.
The decline in oil means overall inflation will peak sooner and lower with less of a shock to inflation expectations, while bleed-through into core inflation is set to be contained and peak in Q3 / early Q4 before starting to roll over.
But, risks to US inflation and rates are not only about oil. For the Fed to avoid raising rates – which has always been and remains our base case forecast – it needs underlying inflation to more clearly downshift and the inflation waves from tariffs, oil and AI capex cost spillovers to core to all peak and roll over in turn without contaminating underlying inflation or expectations.
The US-Iran deal makes this more likely. There are signs that tariff inflation is rolling over. But a lot more needs to go right, including on underlying inflation and AI capex cost spillovers.
1y1y and 2y2y inflation swaps– though well off their highs – remain appreciably higher than normal. Market rate pricing has not retreated much – with 80 per cent of a hike priced by end 2026 and a full hike by March – though we think of this as a 35 per cent type chance of 2-3 hikes min in a mid-cycle adjustment.
A deal and lower oil could mean fewer Fed hawks pencil in hikes today, possibly 4-6 rather than 5-6. And it gives Warsh justification for patience, that it is premature to reach conclusions on hiking, plus a little more ability to ride out high frequency disappointments. But not more than that.
He still has a narrow path to walk between being too sunnily dovish – and losing the bond market – and being too hawkish – and inviting renewed bets on hikes.
The art will be to be *medium term hawkish* rather than imminently hawkish and *narrowly hawkish* on underlying inflation and expectations rather than broadly hawkish, while also avoiding anything concerning on QT. It can be done, but there is execution risk.
In the UK, new inflation data confirms the case for hikes is only about oil / expectations. We think it

is now a bit more likely than not the BoE can avoid a hike and the next move is lower by 1H 2027.

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Daily Economic Report

Nominal Retail Sales Better Than Expected, But Volumes Softer

Nominal retail sales increased +0.9% m/m in May, boosted by elevated gasoline prices. While some discretionary categories were soft (such as restaurants), core retail sales were up a solid +0.7%, helped by e-commerce strength. Adjusted for inflation, headline sales were up just +0.1%, suggesting that aggregate consumer spending has been relatively resilient, albeit muted.

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Political Analysis

Supply-Side Housing Bill on Track for Final Passage, with Single-Family Rental Restrictions Stopping Short of Divestment

Supply-side housing legislation is poised to become law soon after a bipartisan group of House-Senate negotiators announced agreement on final text, resolving the differences that had held up the otherwise broadly supported bill.
The legislation's overall thrust is to **reduce regulatory barriers that constrain new residential**

construction by streamlining environmental reviews for federally supported housing projects; encouraging localities to adopt zoning and building-code best practices, such as federal guidelines for single-stairwell multifamily structures; and revising a 1974 law so that manufactured homes may be built without a permanent chassis. (See list of key sections below.)

As we have emphasized throughout the legislative process, these reforms will take time to meaningfully affect housing affordability and will not resolve voter frustration in that area. Still, the legislation is a constructive signal that **Congress can act when there is broad recognition that regulatory and permitting barriers are a constraint** in a major sector. This supply-side impulse may extend beyond housing as well, with bipartisan groups in Congress continuing to discuss similar kinds of reforms in areas such as energy, mining, and infrastructure.

On investor-owned single-family rental (SFR) limits, the final text sticks with the House version we discussed in May (link). This is **far preferable for SFR investors** to the Senate version because it includes a clear **carve-out for build-to-rent** and **does not include a divestment provision**.

At the same time, the introduction of some limits on investor home purchases signals that an industry that previously faced few federal restrictions is operating in a new normal, where **compliance costs to navigate the new rules will be higher** and political risk cannot be dismissed simply as rhetoric.

President Trump will likely take a victory lap when he signs the bill and claim to have "banned" investor home purchases, as he promised to do in January — creating an **uncomfortable high-profile moment for SFR investors**. Investors will also need to monitor any implementing regulations from Treasury/HUD. However, once the dust settles, the industry should have **clear pathways to continue operating**.

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Capital Markets Chronicle

Morning Thought

Today, consumer spending is on the front burner. We estimate retail sales rose +0.4% in May despite robust gains for gasoline prices. There are increasing signs that consumer spending was suffering, especially for low-income consumers. Pending home sales likely edged up +0.2% in May. That is a good metric for June's new and existing home sales. Finally, there is a 20-year Treasury bond auction today.

CAPITAL MARKETS
Treasury yields are modestly lower. The 10-year yield is at 4.434%. Other major developed global sovereign yields are lower too. The oil and gold are higher, while the dollar and bitcoin are lower. U.S. investment grade and high yield credit spreads were lower on Tuesday. That said, those spreads remain in a tight band, though some cracks are emerging. U.K. inflation was lower than expected.

As Oil Falls, Then Five Year Breakeven Inflation Expectations Should Decline Too. Breakeven 5-year Expectations Are Down 40bps over the Past Month.

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Homebuilders Survey

Homebuilders Survey Improves Following Recent Weakness. Rates Remain A Challenge.

The latest Homebuilders Survey shows a moderate uptick, signaling a potential stabilization after recent declines. While public builders have held steady, private builders have begun to show slight improvement. The survey reflects ongoing challenges, particularly due to elevated rates affecting overall sentiment. Public builders seem to be resilient, but the private sector is responding to mixed market conditions as the Spring selling season unfolds. Observations indicate that the Northeast is gaining traction while the Southeast is lagging behind.

Recent Trends in Sentiment: The Homebuilders Survey increased from 42.1 to 43.3, suggesting a bounce-back after two weeks of declines. However, this remains indicative of a generally slow Spring season, with higher promotions noted.
Public vs. Private Builders: The widening sales gap between public and private builders, which narrowed from 11.7 to 5.4 points, highlights the growing pressures faced by private builders amidst mixed performance metrics.
Financing Landscape: Despite rising rates, mortgage availability is reported as better than normal. Both FHA and non-FHA financing have shown slight improvements, easing the pressure on buyers-a crucial factor in the current environment.

Additional Key Takeaways:

- **Sales Trends:** Sales remain described as "a little slow," emphasizing the need for builders to adapt to the current market dynamics and buyer sentiment.
- **Regional Variations:** The Northeast's slight improvement contrasts with softer results in the Southeast, indicating diverse regional responses to prevailing market conditions.

- **Labor Market Insights:** Labor availability appears to be improving, potentially benefiting builders as they adjust their operations amid ongoing challenges.

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Airlines Survey

Airlines Survey Moves Up Amid Good Bookings, Strong Pricing.

Recent trends show a noticeable upturn, with the Airlines Survey increasing from 61.3 to 65.0, solidifying its place as the second-strongest survey following the Shipping Companies Survey. Strong demand and healthy pricing persist, particularly across premium segments.

Bookings and Pricing Dynamics: Despite facing headwinds from elevated fuel costs, airlines report robust bookings across various routes, indicating strong consumer confidence. The premium class has outperformed economy class in terms of demand, suggesting a willingness among travelers to spend on enhanced services.
International Segment Stability: The international portion of the survey remained consistent at 62.5, underscoring stable demand patterns among overseas travelers, further complementing overall revenue projections.

Additional Key Takes:

- **Fuel Cost Implications:** While bookings are strong, rising fuel costs pose challenges for profit margins, making effective cost management critical for carriers moving forward.
- **Market Confidence:** The uptick in the Airlines Survey reflects growing market confidence as bookings improve, auguring well for revenue momentum into the next quarter.
- **Pacing of Domestic Growth:** The domestic airfare market showcases modest annual increases, reinforcing the trend of rising travel costs while maintaining competitive pricing structures.

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Wine & Spirit Wholesalers Survey

Wine & Spirit Wholesaler Survey Inches Higher

The latest Wine & Spirit Wholesalers Survey indicated a slight rebound in sales trends heading into mid-2026, after experiencing fluctuations throughout the previous year. The sales index rose from 54.9 to 55.1, reflecting increased demand among wholesalers, while product mix remained stable, suggesting consumers are maintaining a balanced purchasing strategy.

Sales Trends: Sales showed improvement as the index ticked upwards, indicating a positive shift in wholesaler sentiment after a period of moderation in early 2025 and subsequent stabilization over the summer.
Product Mix Insights: The product mix aspect of the survey has remained steady, suggesting no significant shift towards discount products, a pattern that had previously been observed.

Additional Key takes:

- **Survey Dynamics:** The survey results show resilience, with a notable increase in the sales portion, suggesting strength in the market as we progress through the year.
- **Consumer Behavior:** The continued stability in product mix highlights that consumers are not heavily trading down, which may reflect confidence in their purchasing power.
- **Future Outlook:** However, moderation in sales during March and April raises some caution about sustainability in this growth trend.

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Technical Analysis

Chart of the Deal

The S&P continues to demonstrate strength at 8,000, with positive breadth expansion alongside supportive Crude dynamics. Current projections suggest potential downside for WTI to $55, highlighting historical patterns as the market navigates transitional phases.

Crude Market Dynamics: The prediction of "June Gloom" for WTI indicates a challenging month ahead, particularly as previous collapses at similar times loom large. XOP's historical resistance continues, while XLE sees a bearish target of $50 relating to its 50-week trend. Gasoline, however, has a more stable target of $3.35, though caution is warranted.
Market Breadth Insights: Interestingly, value stocks (+16.3% YTD) are significantly outperforming growth stocks (4.7%), with the Russell index advancing impressively at +20.3% versus the S&P's 10.4%. The equal-weight S&P and Transports are also seeing robust performance, underlining a decoupled narrative from traditional growth benchmarks.
Sector Highlights: Industrials and machinery continue to thrive, with CAT leading the charge (+66%), mimicking the SMH's impressive gains (+77%). Meanwhile, the tech sector showcases contrasting fortunes; AMZN stands out with a +7% uptick and is seen as a strong buy. On the flip side, MSFT is testing crucial support levels, suggesting cautious optimism.
Interest Rates & Utility Plays: Interest rate projections target 4.20 on yields below 4.42 as market variables interplay. Utilities show promise, potentially rebounding from recent false breaks below key support levels.
Consumer Outlook: Despite current consumer weaknesses, upcoming macroeconomic shifts indicate potential summer opportunities, particularly with XRT low compared to historical levels.

Additional Key Takes:

- **Semiconductor Strength:** Semis remain pivotal, showcasing significant upside potential.
- **Rate Sensitivity in REITs:** The sector's solid performance (+16% YTD) suggests an ongoing appetite for rate-sensitive investments.

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Economics & Central Banking Strategy

FED – LOWER T-BILL PURCHASES COULD LAST FOR MONTHS, BUT NOT A SIGNAL ABOUT WARSH BALANCE SHEET POLICY

Last week the NY Fed announced that reserve management purchases (RMPs) will amount to $10bn from mid-June to mid-July. This would be the second consecutive month with RMPs at $10bn, after running at $40bn until mid-April 2026 and then at $25bn between mid-April and mid-May.

The slowdown in RMPs is significant, as Powell had said in December they would run at $20-25bn per month after a period of larger catch-up purchases ahead of Tax Day.

But the reduction is a technical decision by the NY Fed – doubtless blessed by the new Chair – reflecting evolving money market conditions and not a signal regarding future balance sheet policy, which is set by the FOMC under the leadership of the Chair.

We expect that Warsh will announce a review of Fed balance sheet policy, carefully framed and with a sufficiently long timeline to assuage market anxiety about his desire to shrink the balance sheet. However that is a separate matter and he will need to advance slowly to build consensus.

Under current conditions, we estimate that RMPs would plausibly increase again later this year, given growing commercial bank deposits and the Treasury's plan to increase TGA balances, if that holds.

Our estimates suggest the Fed could not structurally reduce the steady-state pace of RMPs without causing tension in money markets absent reduced demand for reserves, a greater willingness to conduct temporary open market operations or changes to TGA management.

As explored here, the Fed has multiple options to reduce the demand for reserves, which is needed to shrink reserves supply without generating upward pressure on and volatility in money market rates.

Meanwhile, lower RMPs imply that the Fed will absorb a smaller share of T-bill issuance than was expected. In February, the TBAC estimated that RMPs would total around $360bn, assuming that they would stabilize at $25bn a month after running at $40bn per month until April.

If RMPs remain at the current pace of $10bn for the rest of the year, the Fed would end up buying about $120bn less in T-bills in 2026 than expected, potentially complicating any further shift in debt issuance towards T-bills and so indirectly contributing to upward pressure on long-term yields.

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Political Analysis

An End to the Iran War? – Recording of Evercore Senior Chairman Roger Altman in Conversation with Former CIA Director Bill Burns

The conversation between Roger and Bill offers intriguing perspectives on the evolving dynamics surrounding Iran, particularly regarding recent ceasefire discussions. The memorandum of understanding marks an initial step toward potential dialogues, but substantial risks remain, especially from Hezbollah and Israeli actions. Notably, with impending elections in Israel, PM Netanyahu faces pressures that could challenge the ceasefire's stability.

Ceasefire Viability: While the ceasefire opens up discussions, its longevity is in serious question due to regional tensions. Hezbollah's actions, especially in northern Israel, may push Netanyahu to test the newly established peace.

Negotiation Timeline: Expect prolonged discussions. The complexities of the issues mirror those faced in the prior JCPOA negotiations, which stretched over 18 months. The political landscape in the U.S. complicates matters as selling this deal domestically will likely prove challenging.

Nuclear Outlook: Iran's uranium enrichment levels are concerningly high, posing significant compliance challenges that could undermine confidence in negotiations.

Economic Incentives: Despite potential sanctions relief, the Iranian regime prioritizes ideological goals over immediate economic benefits. This ideological stance suggests negotiations may take a lot longer than anticipated.

Strait of Hormuz Dynamics: While the demining operation in the Strait is complicated and could delay restoration of pre-war shipping volumes, there's cautious optimism that this could occur by the end of July, contingent on demining progress. Over time, alternative routes may reduce dependency on the Strait.

Regime Resilience: Despite vocal public dissent, the Iranian regime appears to have gained some strength post-war, exhibiting enhanced control even though enduring economic challenges and widespread unpopularity persist.

U.S.-Israel Relationship Implications: Potential shifts in U.S. public sentiment could lead to alterations in the U.S.-Israel dynamic, affecting not only military transactions but broader relations.

Additional Key Takes:

- **Immediate Risks:** With the Israeli elections approaching, there's heightened risk regarding the sustainability of the ceasefire.
- **Animated Negotiations:** The intricacies of nuclear discussions may prolong negotiations, reflecting the complex political interplay.

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House Price Survey

Evercore ISI House Price Survey Ticks Up

- Urban markets have trended higher over the past few months, while many suburban participants have reported some moderation and rural participants have generally held steady or ever reported some improvement.
- After pulling back to begin 2026, the index reversed course and has trended higher in 2026, steadily increasing throughout April before pulling back over the past few weeks. This week the index rose from +2.8% to +3.0% on some suburban improvement.
- Current inventory levels & rate level needed before demand improves– pages 3-4
- Share of contracts failing to close & buyers or sellers market? – pages 5-6
- How difficult is it to secure financing? – page 7

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Trucking Cos. Survey

Trucking Cos. Survey Improves Further, As TL Activity Boosts Index.

The recent Trucking Companies Survey indicates a revival in the sector, with overall sentiment improving to its highest level since October 2022. Analysts noted a solid rise in truckload (TL) activity while less-than-truckload (LTL) activity showed a bit of softness, yet the overall trend remains positive, driven by stronger volumes and pricing.

Truckload Activity: A notable increase from 49.4 to 51.3 signals heightened demand and tightening capacity, which has contributed positively to spot rates and overall market activity. December's capacity crunch appears to have laid the groundwork for a more favorable 2Q outlook.

Less-Than-Truckload Volumes: Contrastingly, LTL volumes softened in December, building on a weak October; this trend reflects variable seasonal demand and recent weather challenges, though there's been a gradual improvement in 2026 thus far.

Macroeconomic Correlation: The linkage between the trucking survey and U.S. Industrial Production is strong, boasting a correlation coefficient of 76%. This reinforces the sampling's relevance in predicting broader economic trends.

Additional Key Takes:

- **Seasonal Adjustments:** Post-slow seasonality, the market is witnessing recovery, bolstered by normalizing demand patterns.
- **Market Trends:** A resilient truckload market is expected to buoy the broader logistics framework, with implications for associated sectors.
- **2026 Outlook:** The expectations for 2026 show promise, moving beyond recent disruptions, especially as the LTL data begins to stabilize.

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Shipping Cos. Survey

Shipping Cos. Survey Improves Mid-Month

The Shipping Cos. Survey saw a modest recovery, increasing from 71.0 to 71.5, driven by improved tanker activity amidst high rates. Despite this uptick, contacts remain uncertain regarding oil supply and tanker demand due to the ongoing conflict in Iran, which could have longer-term implications. While near-term tanker pricing is robust, production cuts pose future challenges. In contrast, dry bulk rates have rebounded slightly after a cooling period early this year.

Tanker Activity Insights: Contacts reported improved tanker metrics due to heightened OPEC production and rerouting caused by geopolitical tensions, particularly in the Red Sea and Ukraine. The ongoing Middle East conflict will likely prompt close monitoring of shipping routes and disruptions in energy outputs.
Dry Bulk Activity: Following strong performance late last year, dry bulk rates began to stabilize in early April. Nevertheless, the outlook remains mixed as the market adjusts to shifting demand and supply dynamics.

Additional Key Takes:

- **Geopolitical Impact:** The ongoing conflict in the Middle East is expected to create volatility in energy markets, influencing tanker routes and overall shipping costs.
- **Navigational Adjustments:** Industry players will need to stay agile with routing adjustments as global tensions continue to affect shipping strategies.

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Important Disclosures

Important disclosures, including company-specific disclosures and recommendation history, are available on https://evercoreisi.mediasterling.com/disclosure.

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Subject:	Evercore ISI Macro Daily PULSE – Wed Mar 4: Iran/Bond Yields + Strategy and Iran + Housing Legislation + Texas Primaries + China + Wine & Spirit Survey + Homebuilding Survey + Trucking Survey
Date:	Wednesday, March 4, 2026 11:04:18 AM

4 March 2026

Macro Daily PULSE - *Policy, Surveys, Levels, Strategy, Economics*

Daily Macro Comment

Report

- **IRAN / BOND YIELDS – A PUZZLE, CAREFUL RE QUICK CONCLUSIONS**: Since the start of the Iran war yields have increased in the US (as in Europe) with the ten year yield up 15bp to 4.09 per cent as investors focus on upside risk to inflation and rates. This means a slightly higher discount rate for US stocks. For dollar based investors, the Treasury bond again failed to perform its classic role as a safe haven asset negatively correlated with risk assets. We hold back from claiming strong conclusions, as this episode is still moving, and we will revisit yield behavior once we have been able to update across a range of models that decompose yields into their different components. But for now, while we absolutely see risks from US policy to the global safe haven status of US Treasuries, we think the claim that recent developments provide further proof in this direction is unproven at this juncture. (Krishna Guha)

- **Four Weeks in March: In Like a Lion**: The War between the U.S./Israel and Iran has created a Volatile March (In Like a Lion) as surging Oil and Natural Gas prices (Figure 1), a surging US Dollar (Figure 3, p. 2) and global stock markets, especially Europe (Figure 4, p. 2), selling off as hostilities escalate and the Strait of Hormuz is effectively closed. Without details and in consideration of the quickly shifting dynamics of Battle, the Trump Administration has targeted 4-5 weeks, the month of March, as the base case length of time the War could conceivably last. Delayed Not Derailed, Degrossing: Despite stress, major U.S. Indices are rangebound (Julian Emanuel)

- **Housing Supply Legislation Takes Another Step Forward, Introducing a "Ban" on Investor-Owned Rental Housing — and a True Ban on Central Bank Digital Currency**: On Monday night, the Senate overwhelmingly supported (84-6) a procedural measure to take up consideration of housing supply legislation that passed the House in February. The fact that the Senate is considering this legislation amidst the Iran conflict underscores the strong momentum it has, with housing "affordability" still a top domestic priority. We wrote in February about the House-passed bill (link), which mainly focuses on supply-side structural reforms, including encouraging localities to ease zoning and land use practices; simplifying permitting and environmental reviews for federally supported housing; and updating regulations to lower the cost of manufactured homes. These policies are not a near-term panacea and are in many cases difficult to quantify but are generally seen as meaningful steps toward addressing longstanding constraints on new construction. (Matthew Aks)

- **Implications of Tonight's Texas Primary for the Midterms**: Much will be made about tonight's primaries in Texas, North Carolina, and Arkansas as political experts will look for any data points that give insight into the November midterms. Most of the focus is on the Texas Senate race where the outcome in both party primaries could determine how competitive the race is in November, an important input as to whether Democrats can defy a difficult map and take back the Senate. Given the current political environment and the narrow Republican House majority, the Democrats are likely to take back the House. However, the Senate remains very difficult for Democrats, and it is only recently that a few pathways that have emerged, including a more competitive Texas. To take the Senate, the Democrats must hold their seat in Georgia where Trump won by more than 2 points in 2024 as well as in New Hampshire and Michigan where Democratic incumbents are retiring. Then, they must win four others among a challenging list of states, North Carolina, Maine, Ohio, Iowa, Alaska, and Texas. (Sarah Bianchi)

- **China – Iran War and Energy Security:** The doomsday scenario of an energy supply disruption caused by a blockade of the Strait of Hormuz, once discussed in my middle school geography class, is now beginning to unfold. China's import dependency ratios for oil and gas have risen sharply since then. (Neo Wang)

- **Wine & Spirit Wholesaler Survey Holds Steady**: (James Walsh)

- **Homebuilders Survey Moves Down To End February**: (Oscar Sloterbeck)

- **Trucking Cos. Survey Improved, Boosted By TL & LTL To End February**.: (Oscar Sloterbeck)

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Macro Research Today

Economics & Central Banking Strategy

IRAN / BOND YIELDS – A PUZZLE, CAREFUL RE QUICK CONCLUSIONS

US bond yields have risen since the onset of the Iran conflict, with the ten-year yield up 15 basis points. This reflects concerns over inflation and interest rate risks, impacting the discount rate for US stocks. Interestingly, the dollar's strength suggests a shift in demand towards US equities and credit, rather than Treasuries.

Safe Haven Dynamics: US Treasuries haven't played their traditional safe haven

role, with rising yields suggesting a change in risk perception.
Short vs. Long-term Yields: Short-term yields have surged due to inflation expectations, while long-term yields are driven by real yield increases.

Additional Key takes:

- **Real Yield Puzzle:** The rise in real yields suggests increased risk premia on US bonds amid geopolitical tensions.
- **Historical Context:** Oil spikes linked to conflict often lead to higher real yields, a pattern seen in past Middle East tensions.
- **Market Reaction:** Two-year yields' response to oil supply shocks has been stronger since 2022, reflecting changes in the US economy's oil dynamics.

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Equity Strategy

Four Weeks in March: Overnight Strategy EDGE

March volatility spikes as geopolitical tensions between the U.S./Israel and Iran escalate, impacting oil and natural gas prices and causing a sell-off in global markets, particularly in Europe. The Trump Administration anticipates a potential month-long duration for the conflict.

Market Resilience: Despite geopolitical stress, major U.S. indices remain rangebound, supported by strong tax refunds and robust EPS growth. Hedging levels are historically high, reflecting cautious investor sentiment.
Oil Dynamics: USO skew suggests a bullish sentiment, reminiscent of past peaks, indicating potential for a contrarian play.

Additional Key takes:

- **Fear and Greed Metrics:** Defensive stocks' outperformance signals market fear, while a VIX spike could indicate further volatility.
- **Credit Markets:** Overall credit markets remain stable with ample liquidity, despite stress in HY Tech spreads.
- **Energy Prices:** WTI returning to pre-conflict lows could signal renewed market optimism.

- **Investor Strategies:** Active managers are likely to continue degrossing until clearer opportunities arise.
- **Stock Picks:** "Falling Knives Out" names could outperform, while "Momentum Moonshots" may be trimmed in current conditions.

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Political Analysis

Housing Supply Legislation Takes Another Step Forward, Introducing a "Ban" on Investor-Owned Rental Housing — and a True Ban on Central Bank Digital Currency

Momentum builds for housing supply legislation amidst geopolitical tensions, highlighting its priority status. The Senate's latest move introduces a "ban" on investor-owned rental housing, with significant caveats, and a true prohibition on Central Bank Digital Currency (CBDC).

Housing Supply Legislation: The Senate aligns with the House on core reforms, focusing on supply-side structural changes without enforcing local zoning changes. The new "ban" on large investors in single-family rentals includes key exemptions, allowing adaptation rather than a complete halt.
Investor-Owned Rental Housing: The "ban" targets entities controlling over 350 properties, permitting acquisitions from existing portfolios and offering exemptions for build-to-rent and renovate-to-rent projects. This nuanced approach allows continued portfolio growth under certain conditions.
Central Bank Digital Currency (CBDC) Ban: The Senate's legislation includes a true prohibition on the Fed issuing a CBDC through 2030, reflecting privacy concerns but having limited practical impact given current Fed leadership's stance.

Additional Key takes:

- **Exemption Details:** Exemptions include a seven-year disposal requirement, with loopholes like lease extensions and unsold listings providing flexibility for investors.
- **CBDC Implications:** Prohibiting a CBDC while allowing stablecoins positions

private money as the digital dollar, diverging from other economies' approaches.
- **Legislative Path:** Strong momentum suggests the bill, with its nuanced investor "ban," is likely to pass despite needing further House approval.

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Political Analysis

Implications of Tonight's Texas Primary for the Midterms

Tonight's Texas primary could be pivotal for the November midterms, with significant implications for both parties. The focus is on the Senate race, where outcomes will shape the Democrats' path to reclaiming the Senate.

Texas Primary Dynamics: James Talarico is favored on the Democratic side, but Jasmine Crockett might surprise if urban turnout is strong. On the Republican side, the likely runoff between Paxton and Cornyn is key. A Paxton win could be advantageous for Democrats, as they poll better against him.
Democratic Pathways: Holding Georgia, New Hampshire, and Michigan is crucial. North Carolina appears promising, with Roy Cooper expected to gain momentum post-primary. Maine is another target, contingent on the primary outcome.

Additional Key Takes:

- **Ohio's Challenge:** Sherrod Brown's proven statewide appeal is a hopeful factor, despite the state's red trend.
- **Republican States Strategy:** Winning one of Alaska, Iowa, or Texas remains a tall order, yet Democrats are optimistic about emerging candidates.

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China Research

China – Iran War and Energy Security

China's energy security faces significant challenges with the potential blockade of the Strait of Hormuz impacting oil and gas supplies. Import dependency ratios have surged, placing a third of China's crude oil imports at risk, primarily from Iran.

Oil Supply Concerns: One-third of China's crude oil imports are under threat due to tensions in the Strait of Hormuz. Beijing is urging Iran to maintain open and secure passageways.
Natural Gas Outlook: The risk here is more manageable due to a lower import dependency compared to oil.

Additional Key takes:

- **Renewable Energy Push:** China is expected to accelerate wind and solar adoption to bolster energy security.
- **Industrial Impact:** Higher energy costs might aid industrial reflation, but benefits are likely limited to the petrochemical sector.

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Wine & Spirit Wholesalers Survey

Wine & Spirit Wholesaler Survey Holds Steady

The Wine & Spirit Wholesalers Survey shows a steady start to 2026, with sales stabilizing after a dip in February. The product mix is holding firm, indicating a shift back to premium selections after a discount trend in the fall.

Sales Trends: Sales have rebounded at the start of 2026, maintaining a stable index of 56.8.
Product Mix Insights: There's a noticeable shift back towards premium products, with the index steady at 52.4.

Additional Key takes:

- **Sales Stability:** The sales index reflects resilience, holding steady after a period of moderation.
- **Consumer Preferences:** A movement away from discount products suggests a return to higher-end selections.

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Homebuilders Survey

Homebuilders Survey Moves Down To End February

Recent pullback in homebuilder activity as the survey dips for the second consecutive week, reflecting softer overall conditions amid challenging weather.

Sales Environment: Improvement from September with current sales described as "a little slow," and promotions less aggressive than three months ago.
Public vs. Private Builders: The gap in sales between public and private builders has narrowed from 19 points to 11.7 points.

Additional Key takes:

- **Inventory Levels:** Shifted to "about right" from "a little too high" last summer.
- **Mortgage Availability:** Remains better than normal, easing for both FHA and non-FHA loans.
- **Labor Availability:** Tightened, impacting builder operations.

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Trucking Cos. Survey

Trucking Cos. Survey Improved, Boosted By TL & LTL To End February.

Trucking activity has shown a modest rebound with February seeing improvements post-storm disruptions. The recent survey indicates a slight uptick from 41.6 to 42.0, driven by gains in both TL and LTL segments.

Trucking Activity: February's recovery was notable as it benefited from post-storm catch-up, with TL activity rising from 38.5 to 39.0 and LTL from 44.8 to 45.0.
Capacity and Rates: Tightened TL capacity in December supported spot rates, continuing into early 2023 with demand reflecting typical seasonal patterns.

Additional Key takes:

- **Volume Trends:** December saw softer LTL volumes, but January picked up with February slightly trailing yet showing some end-month improvement.
- **Survey Correlation:** The survey maintains a strong correlation with U.S. Industrial Production at 76%, offering a reliable gauge of broader economic activity.

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Political Analysis

Trump's Political Risk Insurance Plan for Shipping via DFC to Address Jump in Oil Prices – Insufficient to Restore Confidence Around Persian Gulf Waterways

Trump's political risk insurance plan via DFC is unlikely to restore confidence around Persian Gulf shipping lanes. The plan aims to address disruptions in energy markets, but operational challenges remain.

Insurance Plan Challenges: While DFC's insurance covers political risks, it doesn't address safety concerns for crews, limiting its impact on increasing traffic.
Potential Navy Escorts: Escorting tankers through the Strait of Hormuz is a massive undertaking, increasing U.S. exposure to threats. Trump suggests this only "if necessary."

Additional Key takes:

- **DFC Operational Hurdles:** Current restrictions on DFC operations in the Middle East could be amended, but approval timelines need expediting.
- **Alternative Measures:** The Treasury's Exchange Stabilization Fund might intervene creatively in energy markets, and a national gas tax holiday is possible, though not immediate.
- **Strategic Petroleum Reserve:** SPR is not currently in focus but remains a potential tool if oil prices spike further.

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Economics & Central Banking Strategy

US ECON / FED – WILLIAMS STILL DOVISH, SEES MARKET IRAN RESPONSE "MUTED"

Williams continues with a dovish outlook, hinting at further rate cuts. His remarks on the Iran conflict's market impact were that it remains "muted," aligning with our view of two-plus future cuts.

Rate Cuts Timeline: While Williams suggests eventual cuts, the timeline is uncertain, with July/September more likely than June due to data and geopolitical risks.
Leadership Transition: Williams's support is crucial as Warsh takes over from Powell, especially in countering hawkish inflation concerns.
Iran Impact: Market response to the Iran situation is "reasonably muted," with resilience expected against oil price shocks.
AI and Employment: Williams dismisses AI-driven structural unemployment fears, indicating readiness for rate cuts if needed.

Additional Key takes:

- **Real Rate Perspective:** Emphasizes the importance of real rates relative to the neutral rate, suggesting nominal cuts as inflation eases.
- **Growth Forecast:** Growth forecast slightly reduced, with unemployment expected to edge down, reflecting a nuanced view on productivity.
- **Inflation Trajectory:** Underlying inflation seen as benign, with stable expectations and moderate wage growth supporting the 2% target.

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Technical Analysis

Turnaround Bright Eyes

The S&P showing resilience amid geopolitical tensions and credit worries is a bullish signal suggesting potential for a breakout above 7K, with critical support reversals in play.

Software Sector: "NOW" stands out as a stabilizing force, with IGV showing signs of bottoming. Strong support levels make MSFT, INTU, and WDAY attractive buys.
Alternative Investments and Financials: Opportunities in KKR, APO, and ARES are emerging from recent lows, while big banks show promise above key technical levels.

NVDA: Holding strong at key support after a notable surge, reflecting stability within the semiconductor space.
Tech Indices (XLK, QQQ, NDX): Recent rallies off critical support maintain bullish trends, reinforcing confidence in tech resilience.
Yields: 10 Yr and 2 Yr yields face resistance, with a downward trend suggesting potential for lower rates.
Crude Oil: WTI and Brent hold resistance, indicating a balanced outlook amid market volatility.
Credit Markets: Key resistance levels hold in BBB/Baa spreads, maintaining stability despite broader market pressures.

Additional Key takes:

- **Software Sector Positioning:** IGV's bottoming pattern offers a buying opportunity for those looking to capitalize on long-term support.
- **Financials Outlook:** Big banks remain attractive as they hover above critical technical thresholds.
- **Market Sentiment:** Resilience in key indices suggests underlying strength despite external uncertainties.

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Airlines Survey

Airlines Survey Steady In February

Demand remains strong through February, despite recent winter disruptions. The Airlines Survey holds steady at 63.8, reflecting an optimistic outlook, although geopolitical tensions in the Middle East introduce new uncertainties.

Momentum and Recovery: Bookings have rebounded since late 2025, overcoming previous setbacks from the Government shutdown and FAA cancellations. Premium segments are outperforming economy, with peak periods showing robust demand.
International Outlook: The international component of our survey remains stable at 62.5, maintaining gains from earlier improvements.

Additional Key takes:

- **Forward Revenue Trends:** Overall forward revenue sentiment is positive, with the survey consistently reflecting strength.
- **Geopolitical Concerns:** The recent conflict in the Middle East could pose risks to the demand outlook.

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Shipping Cos. Survey

Shipping Cos. Survey Rises On Strength In Tanker Revenues

Spot tanker revenues are on the rise as the Evercore ISI Shipping Cos. Survey improved to 70.0, reflecting strong performance amidst geopolitical tensions.

Tanker Market Dynamics: Increased OPEC production is bolstering tanker rates, with additional boosts from rerouted shipping paths due to regional conflicts.
Dry Bulk Sector: Rates have cooled after last year's peak, but demand remains relatively sturdy despite recent fluctuations.

Additional Key takes:

- **Geopolitical Impact:** Ongoing Middle East conflicts could lead to further shipping disruptions, requiring close monitoring.
- **Overall Market Sentiment:** The survey's improvement highlights a robust backdrop for shipping revenues, despite some volatility.

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Important Disclosures

From:	Krishna Guha
To:	mliposky@mapension.com
Subject:	FED OUTLOOK – STILL WAITING ON A US-IRAN DEAL
Date:	Tuesday, May 26, 2026 7:08:30 AM

26 May 2026

Global Policy and Politics | Economics & Central Banking Strategy

FED OUTLOOK – STILL WAITING ON A US-IRAN DEAL

We had hoped to have a US-Iran deal in place by now (7am ET Tuesday) that would allow us and the market to finally conclude which path we are on for the conflict and update our Fed rate outlook accordingly. But we are still waiting.

Notwithstanding the flare-up with localized US-Iran fighting in the past 24 hours and the decision by Netanyahu to escalate Israeli attacks on Hezbollah in Lebanon – which will stress the late stage negotiations – a deal in the coming days does seem likely. We note among other data points that President Trump's Truth Social Posts indicate he has given up on getting Iran's highly enriched nuclear material transferred to the US and will accept it being transferred to China / Russia or degraded on site in Iran – an outcome that will be much more tolerable to the Iranian regime.

A deal that moderates oil and makes a surge to $150+ much less likely would substantially reduce upside risk to inflation expectations and therefore also substantially reduce the risk of a Fed rate hike – allowing the Fed to remain on hold while it polices the inflation shock.

However, the deal that is emerging is later (end-May not mid-May) and promises a more gradual (60 day) reopening of the Straits than we had factored into our prior base case that retained a Fed cut in December.

It would leave open a path to a December cut, and keep our own rate view pointing ultimately down not up, but (subject to assessment of the detail) likely come too late to rescue a December cut baseline.

In a deal case we would expect some further near-term moderation in US yields, though we think they will remain much higher than pre-war on inflation, issuance (deficits, AI capex, Middle East reconstruction) and solid US growth.

If negotiations were to fail at this late stage however – for instance because of escalating skirmishes and/or Israel-Lebanon – upside risk to oil, inflation and Fed rates would increase substantially.

We will provide a full forecast update, and a detailed discussion of risks with metrics to follow that could lead the Fed to either hike or cut more than we think as soon as we know if we have a deal and what is confirmed to be in it.

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From:	Info@ftserussell.com
To:	Undisclosed recipients:
Subject:	FTSE Russell Withholding Tax Rate Service - Maximum Rates - Annual Review
Date:	Tuesday, February 3, 2026 12:57:03 PM
Attachments:	image001.png EFNE0202.csv
Importance:	High

CORPORATE

2026 ANNUAL REVIEW - MAXIMUM RATES

FTSE Russell Withholding Tax Rate Service

FTSE RUSSELL
An LSEG Business

Date: 03 February 2026

Time: 17:50 GMT

This notice is to advise clients of the withholding tax rates FTSE Russell currently applies in the calculation of its Total Return Net of Tax Indices for the **Maximum Rates** stance.

Clients are invited to share these rates with their tax teams and provide any feedback to FTSE Russell (via info@ftserussell.com) by Friday 13 February 2026.

FTSE Russell advises that the rates are a snapshot of those known to date. Clients must continue to refer to the daily tax rate product file (EFNEddmm.csv) to capture any further prospective changes.

Notes:

1. The Maximum Rates are the withholding tax rates that are applicable to dividends received by institutional investors who are not resident in the same country of tax residence as the remitting company and who do not benefit from any double-taxation treaties.

2. The withholding tax rates **are applied at the individual security level** with tax adjustments to dividends based on the tax residence of the company.

For further details please refer to the Withholding Tax Rates Used in Net-of-Tax Indexes: Ground Rules

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From: Oscar Sloterbeck
To: mliposky@mapension.com
Subject: Flash Survey: AI & Employment, Biggest Risk,Iran Hostilities, Boots On The Ground, S&P 500.
Date: Friday, March 20, 2026 1:08:13 PM

20 March 2026

Investor Surveys | Flash Survey

Flash Survey: AI & Employment, Biggest Risk,Iran Hostilities, Boots On The Ground, S&P 500.

- Biggest risk to equities?
- When will hostilities in the Middle East cease between the U.S./Israel and Iran?
- Will the U.S. put "boots on the ground" in Iran in 2026?
- What will be the next 10% move in the S&P 500?
- AI's current impact on U.S. labor market conditions?

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From:	Oscar Sloterbeck
To:	mliposky@mapension.com
Subject:	Flash Survey: Biggest Risk To Equities, Oil, Iran, AI & Employment, & S&P 500.
Date:	Friday, March 6, 2026 12:31:16 PM

6 March 2026

Investor Surveys | Flash Survey

Flash Survey: Biggest Risk To Equities, Oil, Iran, AI & Employment, & S&P 500.

- Biggest risk to equities?
- Over the next 12 mos., what best describes AI's net labor-market effect?
- When will hostilities cease between the U.S./Israel and Iran?
- What will be the next $10 move in the price of oil?
- What will be the next 10% move in the S&P 500?

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From: Oscar Sloterbeck
To: mliposky@mapension.com
Subject: Flash Survey: Fed, U.S. Recession, Travel, Hostilities With Iran, "Boots on the Ground".
Date: Friday, March 27, 2026 12:27:04 PM

27 March 2026

Thematic Research & Investor Surveys | Flash Survey

Flash Survey: Fed, U.S. Recession, Travel, Hostilities With Iran, "Boots on the Ground".

- When will hostilities in the Middle East cease between the U.S./Israel and Iran?
- Will the U.S. put "boots on the ground" in Iran in 2026?
- Anticipated Fed rate action from now to YE26?
- When do you anticipate the next U.S. recession will begin?
- Given elevated energy costs and geopolitical uncertainty, have your family's travel plans for 2026 changed?

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From:	Oscar Sloterbeck
To:	mliposky@mapension.com
Subject:	Flash Survey: Iran Post-Ceasefire, Oil Price, S&P 500, Hormuz Control, Biggest Risk.
Date:	Friday, April 10, 2026 12:52:55 PM

10 April 2026

Thematic Research & Investor Surveys | Flash Survey

Flash Survey: Iran Post-Ceasefire, Oil Price, S&P 500, Hormuz Control, Biggest Risk.

- What is the most likely outcome at the end of the two week ceasefire between U.S./Israel and Iran?
- Who will have control of the Strait of Hormuz on May 1?
- Next $10 move in price of crude oil?
- Next 10% move in S&P 500?
- What is the biggest risk to equities?

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From:	Sarah Bianchi
To:	mliposky@mapension.com
Subject:	Four Issues We're Watching as War in the Middle East Unfolds – Join Us for Expert Calls Tomorrow
Date:	Sunday, March 1, 2026 2:15:08 PM

1 March 2026

Global Policy and Politics | Political Analysis

Four Issues We're Watching as War in the Middle East Unfolds – Join Us for Expert Calls Tomorrow

The United States' coordinated attack with Israel against Iran obviously has extraordinary implications for the Middle East, geopolitics, and the trajectory of the Trump Administration. The early U.S. military efforts were deemed successful, with the death of Khamenei and many others throughout the Iranian leadership, further degradation of Iran's air capabilities, and the recent reports that some Iranian naval ships have been destroyed. However, there are already confirmed American casualties in the context of Iranian retaliation stretching across the region, with many questions as to what comes next.

This year has been an abrupt change for a President who entered politics arguing against "forever wars" of regime change and warned that a central risk of his 2024 opponent was more military adventurism risking American lives. But reportedly the President believed the talks wouldn't lead to meaningful change on Iran's nuclear ambitions and other critical issues like ballistic missiles, and along with Netanyahu saw an unprecedented opportunity to bring about lasting change to the Middle East security landscape.

*Evercore will be hosting experts on this historic geopolitical event, including a discussion of **implications for energy markets with our colleague Steve Richardson, and how Trump Administration is planning next steps, with Republican geopolitical expert Michael Allen at 12:10pm.** Details to follow.*

Below are the four issues we'll be focusing on in those conversations and beyond, as the events rapidly unfold.

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Important Disclosures

From:	Julian Emanuel
To:	mliposky@mapension.com
Subject:	Four Weeks in March: Overnight Strategy EDGE
Date:	Tuesday, March 3, 2026 4:49:19 PM

3 March 2026

Equity Strategy

Four Weeks in March: Overnight Strategy EDGE

In Like a Lion: The War between the U.S./Israel and Iran has created a Volatile March as surging Oil and Natural Gas prices (Figure 1), a surging US Dollar and global stock markets selling off as hostilities escalate. Without details and in consideration of the quickly shifting dynamics of Battle, **the Trump Administration has targeted 4-5 weeks as the base case length of time the War could conceivably last.**

Delayed Not Derailed, Degrossing: Despite stresses, major U.S. Indices are rangebound with SPX downside at the Nov low of 6,520 supported by stimulus double digit EPS growth and historic levels of hedging already in place before the Attack, as reflected by QQQ and SPY option skew (Figure 2). All while USO (Oil ETF) skew is the most Inverted (Bullish) since this contrarian signal marked the peak of WTI at $120 right after Putin invaded Ukraine in 2022. **The range of outcomes over the next 4 weeks is wide; active managers are likely to keep degrossing** until a higher conviction opportunity set emerges.

Fear and Greed: To take the market's pulse we look at several key metrics. In stocks, the SPLV (Low Volatility ETF) has outperformed YTD; our Factor work shows that 10% or more outperformance in a 1 month period in Defensive factors is cause for "Fear". A **higher high in the VIX would open the door to 50+. In Credit, broader credit remains (relatively) placid, despite widening HY spreads. An element of Greed would resurface should WTI trade to $68/bbl. while the IGV (Software ETF) above $90 would cement a bottom. Most important though, would be moderation of the extreme Fear reflected in SPY, QQQ and USO options skews; this unwind would lead the path to a breakout above SPX 7,000.**

Buy "Falling Knives Out", Sell "Momentum Moonshots": While active Investors wait for a better risk/reward opportunity as the Fog of War (eventually) lifts, degrossing could continue. We reproduce our list of "Falling Knives Out", O/P rated names -10% or more YTD and -30% or more LTM with high Short Interest (p. 4); these could be expected to outperform. Conversely, "Momentum Moonshots" are prospective sources of funds in a degrossing environment, EVR ISI In-Line, U/P and Not Rated names +15% or more YTD, and +125% or more LTM (p. 4).

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Important Disclosures

Important disclosures, including company-specific disclosures and recommendation history, are available on https://evercoreisi.mediasterling.com/disclosure.

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Subject:	GBOF IV CV Investors LP - 2025 Audited Financial Statements
Date:	Tuesday, March 31, 2026 10:51:38 AM
Attachments:	0.png 2025 Gilde Buy-Out Fund IV C.V. - w.s.Independent auditor"s report.pdf 2025 Gilde Buy-Out Fund IV C.V. - Financial statements.pdf

GBOF IV CV Investors LP

Pension Reserves Investment Trust Fund

Dear Investor,

Please be advised that the Annual Audited Financial Statements for GBOF IV CV Investors LP for the year ended 31 December 2025 are now available on Intralinks for your information and use.

Please also see attached the 2025 Annual Report for Gilde Buy-Out Fund IV C.V., along with the Independent Auditors Report for your reference. These are also available on Intralinks.

Should you have any queries, please contact us directly at Gilde@apexgroup.com.

Kind regards,

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Cc:	AFiore@mapension.com; bnyLPAASconnect@canoeintelligence.com; massprim@solovis.com; mclements@mapension.com; mmcgirr@MAPENSION.com; monitor@hamiltonlane.com; PIAASstatements@bnymellon.com; PRIMGSS@mellon.com; PRMAlternatives@bnymellon.com; Solovis_MassPRIM_connect@canoeintelligence.com
Subject:	GBOF IV CV Investors LP - Distribution 25
Date:	Wednesday, April 8, 2026 12:21:07 PM
Attachments:	0.png PENRESER - Distribution 25 Notice.pdf

GBOF IV CV Investors LP

Pension Reserves Investment Trust Fund

Dear Investor,

Please find attached a notice in respect of a GBOF IV CV Investors LP distribution to be made for value date 8 April 2026.

Should you have any queries, please do not hesitate to contact us at Gilde@apexgroup.com.

Kind regards,

Apex Gilde Team
for and on behalf of
Apex Fund and Corporate Services (Guernsey) Limited
as Secretary

www.apexgroup.com | Tel: +44 (0) 203 530 3600

Gilde Admin Team
gilde@apexgroup.com

From: Gilde@apexgroup.com
To: PE@mapension.com
Cc: AFiore@mapension.com; bnyLPAASconnect@canoeintelligence.com; massprim@solovis.com; mclements@mapension.com; mmcgirr@MAPENSION.com; monitor@hamiltonlane.com; PIAASstatements@bnymellon.com; PRMAlternatives@bnymellon.com; Solovis_MassPRIM_connect@canoeintelligence.com
Subject: GBOF IV CV Investors LP - Q1 2026 Quarterly Report and Capital Account Statement
Date: Thursday, April 30, 2026 10:49:42 AM
Attachments: 0.png

GBOF IV CV Investors LP

Pension Reserves Investment Trust Fund

Dear Investor,

I have pleasure in informing you that your Quarter 1, 2026 GBOF IV CV Investors LP Investor Report and your individual Capital Account Statement are now available for you to view/download on the Intralinks website (http://www.intralinks.com).

Access to the service is password protected. Each Limited Partner contact has previously been provided with the links to enable them to set their passwords. If for any reason you need to have your password reset or wish to add an additional contact, please contact us via email at Gilde@apexgroup.com, and we will arrange for an automated email to be sent to you. Upon receipt of the automated email you should access the website and change your password accordingly.

We should also like to bring to your attention the layout of the folders on Intralinks – the Investor Report mentioned above will be uploaded in a general Quarterly Reports folder going forward to which all Limited Partners will be given access. This folder will be available next to your individual Limited Partner folder. All individual Limited Partner documents, such as your Limited Partner specific Capital Account Statement, will continue to be uploaded to your individual Limited Partner folders.

Please do not hesitate to contact us with any queries at Gilde@apexgroup.com.

Kind regards,

Apex Gilde Team
for and on behalf of
Apex Fund and Corporate Services (Guernsey) Limited
as Secretary

www.apexgroup.com | Tel: +44 (0) 203 530 3600

Gilde Admin Team
gilde@apexgroup.com

From:	Gilde@apexgroup.com
To:	PE@mapension.com
Cc:	AFiore@mapension.com; bnyLPAASconnect@canoeintelligence.com; massprim@solovis.com; mclements@mapension.com; mmcgirr@MAPENSION.com; monitor@hamiltonlane.com; PIAASstatements@bnymellon.com; PRMAlternatives@bnymellon.com; Solovis_MassPRIM_connect@canoeintelligence.com
Subject:	GBOF IV CV Investors LP - Q2 2026 Quarterly Report and Capital Account Statement
Date:	Monday, August 3, 2026 5:19:15 AM
Attachments:	0.png

GBOF IV CV Investors LP

Pension Reserves Investment Trust Fund

Dear Investor,

I have pleasure in informing you that your Quarter 2, 2026 GBOF IV CV Investors LP Investor Report and your individual Capital Account Statement are now available for you to view/download on the Intralinks website (http://www.intralinks.com).

Access to the service is password protected. Each Limited Partner contact has previously been provided with the links to enable them to set their passwords. If for any reason you need to have your password reset or wish to add an additional contact, please contact us via email at Gilde@apexgroup.com, and we will arrange for an automated email to be sent to you. Upon receipt of the automated email you should access the website and change your password accordingly.

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Please do not hesitate to contact us with any queries at Gilde@apexgroup.com.

Kind regards,

Apex Gilde Team
for and on behalf of
Apex Fund and Corporate Services (Guernsey) Limited
as Secretary

www.apexgroup.com | Tel: +44 (0) 203 530 3600

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gilde@apexgroup.com

From: Gilde@apexgroup.com
To: PE@mapension.com
Cc: AFiore@mapension.com; bnyLPAASconnect@canoeintelligence.com; massprim@solovis.com; mclements@mapension.com; mmcgirr@MAPENSION.com; monitor@hamiltonlane.com; PIAASstatements@bnymellon.com; PRMAlternatives@bnymellon.com; Solovis_MassPRIM_connect@canoeintelligence.com
Subject: GBOF IV CV Investors LP - Q4 2025 Quarterly Report and Capital Account Statement
Date: Friday, January 30, 2026 12:29:23 PM
Attachments: 0.png

GBOF IV CV Investors LP

Pension Reserves Investment Trust Fund

Dear Investor,

I have pleasure in informing you that your Quarter 4, 2025 GBOF IV CV Investors LP Investor Report and your individual Capital Account Statement are now available for you to view/download on the Intralinks website (http://www.intralinks.com).

Access to the service is password protected. Each Limited Partner contact has previously been provided with the links to enable them to set their passwords. If for any reason you need to have your password reset or wish to add an additional contact, please contact us via email at Gilde@apexgroup.com, and we will arrange for an automated email to be sent to you. Upon receipt of the automated email you should access the website and change your password accordingly.

We should also like to bring to your attention the layout of the folders on Intralinks – the Investor Report mentioned above will be uploaded in a general Quarterly Reports folder going forward to which all Limited Partners will be given access. This folder will be available next to your individual Limited Partner folder. All individual Limited Partner documents, such as your Limited Partner specific Capital Account Statement, will continue to be uploaded to your individual Limited Partner folders.

Please do not hesitate to contact us with any queries at Gilde@apexgroup.com.

Kind regards,

Apex Gilde Team
for and on behalf of
Apex Fund and Corporate Services (Guernsey) Limited
as Secretary

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Gilde Admin Team
gilde@apexgroup.com

From:	Krishna Guha
To:	mliposky@mapension.com
Subject:	IRAN DEAL, OIL AND US / GLOBAL RATES
Date:	Monday, June 15, 2026 7:24:31 AM

15 June 2026

Global Policy and Politics | Economics & Central Banking Strategy

IRAN DEAL, OIL AND US / GLOBAL RATES

The price of oil – which never broke new highs as many expected during the slow-moving US-Iran negotiations – was already falling back fast before the news that we finally have a US-Iran deal, and fell further in Europe / Asia trading Monday with front-month Brent futures down $4 at $83.

And while this is an interim agreement only and Israel / Hezbollah remains a risk, markets are likely right to sense that neither side has any appetite for resuming serious conflict, so the ceasefire should stick.

As of this morning the front month contract is below many year-end forecasts – and the path overall is below the path assumed by many central banks in conditioning their baseline outlooks, and in some cases below even dovish scenarios.

The lower path for oil means a smaller inflation wave than feared (smaller than seemed likely given how long it has taken to get to a deal), less extended (though not zero) supply chain disruptions and, importantly, much reduced risk of a spike to new highs that would shock inflation expectations.

For Warsh heading into the June FOMC meeting this promises to mitigate one of three inflation waves – from tariffs, oil and AI capex cost spillovers – nudging up the likelihood that the Fed will be able to tough it out without raising rates.

But, the US rate outlook decoupled from oil a month back, reflecting wider uncertainty as to whether underlying inflation will decisively downshift and the other inflation waves peak and roll over on schedule – all of which is necessary to avoid a hike.

For the BoJ, the news will allow Uchida – standing in for Ueda – to lean moderately hawkish on prospects for at least one more this year while delivering a rate hike Tuesday, though we should expect an ongoing carefully hawkish tone not hawkish fireworks.

For the Bank of England and the ECB, in our view the news challenges market pricing that discounts more than one hike from here in each case.

We think Bailey Thursday will argue that the better path for oil (and natural gas) justifies "active waiting" as the Bank monitors the impact and sees if the jolt to household inflation expectations fades.

For more on the ECB and BoE – where we think the rate outlook is most sensitive to energy prices – read on.

Click Here for the Report

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Marco Casiraghi
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From: Krishna Guha
To: mliposky@mapension.com
Subject: IRAN / MACRO – REPRICING FOR LONGER CONFLICT, SHORT EUROPE ON NAT GAS
Date: Tuesday, March 3, 2026 9:32:15 AM

3 March 2026

Global Policy and Politics | Economics & Central Banking Strategy

IRAN / MACRO – REPRICING FOR LONGER CONFLICT, SHORT EUROPE ON NAT GAS

After the unreasonably benign US close Monday, markets are repricing for the risk of a more extended Iran war with Brent at $84, European natural gas prices surging another 30 per cent and yields rising on inflation concerns.

This follows increased attacks on Gulf energy facilities and elevated risks deterring traffic through the Straits of Hormuz even though Iran is still not attempting to close the Straits.

Multiple restatements of US war aims by different officials have not boosted confidence that the US has a robust plan and the means to bring the conflict to a successful close on a tight timeline.

Iran – under its fallback decentralized "mosaic" command structure – continues to lash out where it can, even as its military is systematically degraded. It maintains the ability to use drones to hit nearly Gulf states and threaten the Straits even as its capacity to materially hurt Israel declines.

The bear case is that a wounded, angry but intact Iranian regime continues energy and other attacks on the Gulf as one of few means of leverage, and even if there is at some point a lull or ceasefire, tries to take the Gulf states hostage, with the threat of renewed attacks. This would imply more persistent elevated prices for both oil and gas.

While the US should trade lower, we double down on our view that a more extended conflict with higher-for-longer energy favors long US vs Europe in particular, also DM Asia and EM.

A lasting $20 increase in oil would result in a one-time 60-80bp bump in US headline PCE inflation but minimal impact on core and economic growth. The Fed can wait and see; if oil remains elevated it would not cut before September and could easily delay longer.

While we are used to thinking about Middle East risk to oil, natural gas is now order of magnitude as important.

Europe's exposure to higher natural gas prices in addition to oil (as a net importer) risks overturning a previously compelling case for European outperformance.

The duration of higher oil and gas is key: we evaluate scenarios below. For now, we think ECB talks hawkish to anchor expectations. If current prices look like they are becoming quasi-permanent, we could see an ECB hike later in the year, but that is not our base case.

Click Here for the Report

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From: Egan-Jones Ratings Co.
To: mliposky@mapension.com
Subject: Iran; Now for the Hard Part
Date: Thursday, March 5, 2026 2:03:58 PM

Risk Commentary

Iran; Now for the Hard Part
(03/05/2026)

CLO (Non-NRSRO) **Ratings:**
www.egan-jones.io/non-nrsro-ratings/clo

Overview

Global markets have traded sideways over the past couple of days despite the removal of top leadership from a rogue state. From a military perspective, one could not have asked for a more perfect execution of plans. However, there is obviously far more at hand here and the markets continue to reflect that unease. For sophisticated institutional investors and risk managers, this installment aims to address the source of that unease and possible outcomes.

Regime Change Challenges

Regime changes are often challenging as there are many who benefited from the prior system. Complicating matters in Iran is the disparity in arms; the prior government had/has them, and the citizens do not. Furthermore, as demonstrated by recent events, the theocracy is willing to kill thousands to quell uprisings.

Be Careful What You Wish For

While there is little doubt that the leadership of the Islamic Republic of Iran was miserable, the major question is what comes next. Turning to the experts, Niccolò Machiavelli[1] is a widely recognized author on political matters. Advising the princes in Florence, Italy, via his treatise entitled The Prince, Machiavelli wrote:

> ***"Men change their rulers willingly, hoping to improve themselves, but they soon discover they have made things worse."***[2]

Providing guidance on regime changes, Machiavelli provided five rules[3]:

1. Eliminate the Former Ruling Family
2. Maintain Existing Laws and Taxes (When Possible)
3. Establish Colonies Instead of Large Occupation Armies
4. Live There Personally or Maintain Close Control
5. Crush Rebellions Quickly and Decisively

One could argue that of the five steps, only part of the first step has been completed; Khamenei's son apparently is still alive and well. Furthermore, per the WSJ, he might be more radical than his father.

Remembering Curtis

Curtis LeMay was the Army Air Corps commander during World War II directing the Army Air Corps operations primarily against Japan. His belief was that the war could be won via a bombing of major Japanese cities. While the firebombing of Tokyo and other cities achieved the stated objectives, it was not until the release of the atomic bombs that Emperor Hirohito was convinced to end the war. (Even with the Emperor's decision, there were some in the military that attempted to thwart the surrender.)

Boots on the Ground

Back to Iran, there appears to be little evidence that Iranian leadership has any interest in coming to terms, and if the previously-mentioned WSJ article is accurate, it might be even more unpalatable. While there is little doubt that the combined forces and intelligence of Israel and the US have blunted the Iranian leadership, the fact remains that the regime has the weapons and the citizens do not. Hence, there is the task of arming the right people and establishing a new order. Presumably, Israel is not a good candidate for direct involvement because of the historic hostilities between Muslims and Jews. There is talk of Kurds and possibly Turks being involved, but there are challenges with both. Again, the trick is getting arms to the right people to counter the old regime.

Choke Point

The relevancy of this whole dilemma is the nuclear threat posed from a country which is actively hostile to the West, and its ability to shut down the Strait of Hormuz through which approximately 20% of global petroleum is transported[4]. While Iran's nuclear threat appears to be materially degraded, the second threat remains. Presumably, the calculus being used by the remnants of the old regime is to increase pressure on all who possibly oppose the regime in an effort to encourage a withdrawal. Given the dispersion of Iran's missiles, eliminating all of them is difficult and probably will require some escort-type arrangements. In the meantime, it is not clear that Iran's ally, China, is benefiting from the curtailment of oil shipments.

Conclusion

We continue to watch developments. There are a multitude of aspects of this conflict that need reviewing, some of which will dramatically change the investment landscape.

Additional Reading

Faster, Better, Cheaper: Emerging Threats and Opportunities

China's reinvestment and new tech challengers are creating risk and opportunity.

Read more

Forgotten Rules of the "Game": The Broader Economic Environment

Political whims can override economics posing sudden, lasting risks for investors.

Read more

The New “Golden Age”?

Geopolitical, fiscal, and technology support a more optimistic long-term outlook.

Read more

Major Trends, Risks and Opportunities in the Coming Year

Key themes shaping credit markets and what investors should watch in 2026.

Read more

Sources & Footnotes

*This number represents an insurance premium. For example, 10 represents 10 basis points of the notional amount, paid on an annual basis for a 5-year bond. All the countries’ CDSs are the values of REFINITIV EOD latest par price.

** non-NRSRO rating. View all at www.egan-jones.io/non-nrsro-ratings/clo

CDS data is accurate as of 03/04/2026

1. https://en.wikipedia.org/wiki/Niccol%C3%B2_Machiavelli
2. Machiavelli, Niccolò. The Prince. Chapter 3, “Concerning Mixed Principalities.” Written 1513, first published 1532.
3. Machiavelli, Niccolò. The Prince. Chapter 3, 4, and 5, “Concerning Mixed Principalities.”
4. U.S. Energy Information Administration (EIA) – Today in Energy: Strait of Hormuz as a critical oil chokepoint https://www.eia.gov/todayinenergy/detail.php?id=65504

This content is produced by individuals who are not part of the credit ratings team and do not have responsibilities for determining credit ratings or developing/approving

From:	Montoni, Davide
To:	Undisclosed recipients:
Subject:	Long weekend reading - UBS QIS Q1 2026 Outlook
Date:	Friday, January 16, 2026 4:01:35 PM
Attachments:	UBS QIS 2025 Q4 Review and 2026 Q1 Outlook.pdf

In case you're looking for some long weekend reading, Spyros Mesomeris (Global Head of Structuring) published his QIS '25 Review and Q1 '26 Outlook.

Our desk has been very busy to start the year, as clients have been actively looking for both hedging solutions with the S&P sitting at all-time highs, along with risk contained vol carry exposures:

Please see attached for Spyros's recap discussing what's worked, what hasn't, and what to do from here across the below UBS QIS product highlights:

1. UBS Commodity Realized-Skew Investment Strategy (UBCIRSER)
2. UBS Equity-Only Short Volatility Basket (UBCSEVRP)
3. UBS Adaptive Strike Option
4. UBS Treasuries Gold Equity Upside Volatility Basket (UBCSUTGV)
5. UBS FX Mean Reversion Strategy (XUBSXMRU)
6. USD Dynamic Triangle Strategy (XUBSTULD)

Please let us know if you'd like to discuss any of these topics in further detail.

Best,
Davide

Davide Montoni
Americas Head of Institutional Eq Derivative & QIS Sales

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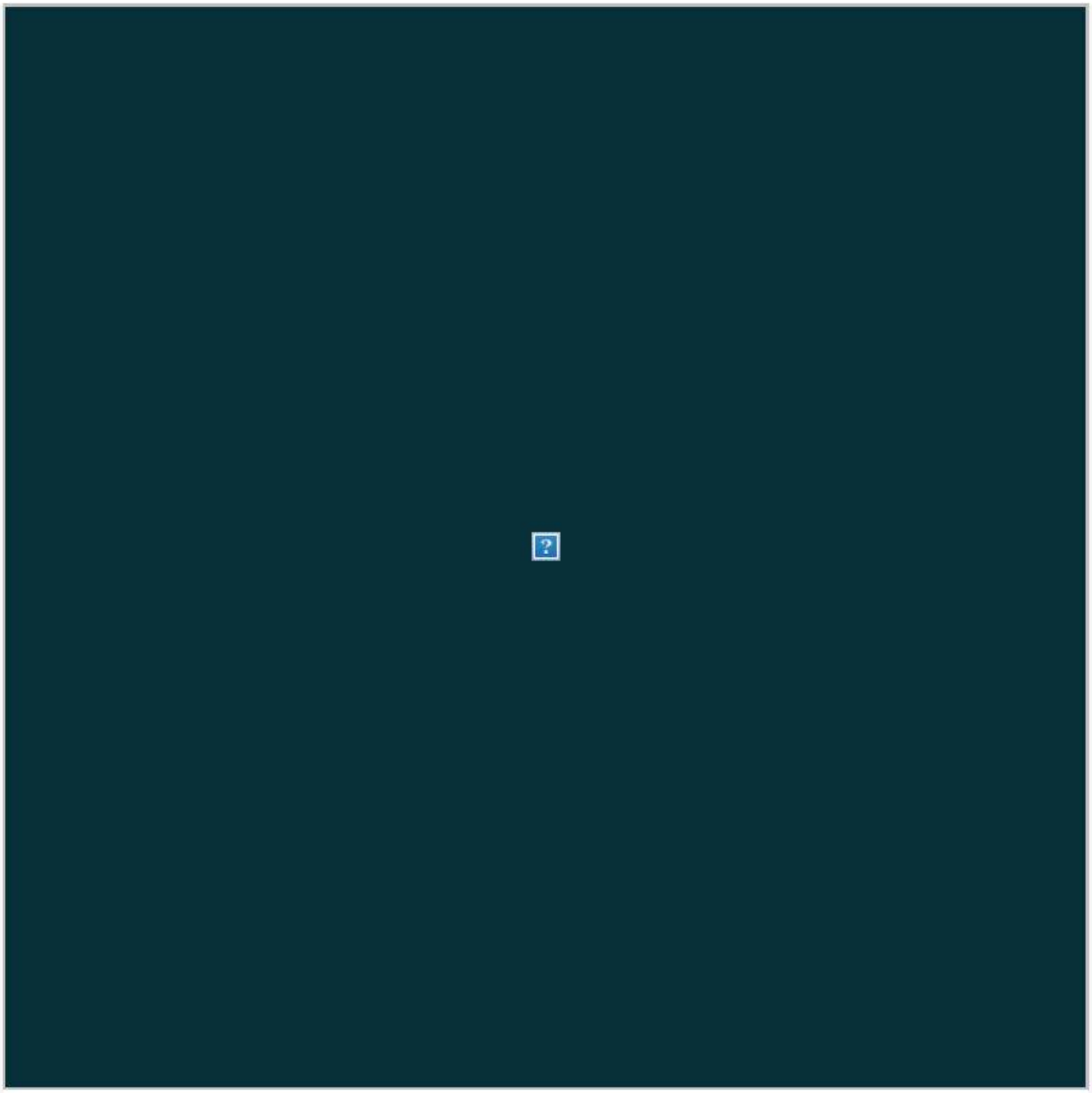
For Institutional Investors Only
Not a Product of UBS Research

From:	MKP Client Solutions
To:	mliposky@mapension.com
Subject:	MKP Capital Macro Outlook Letter - April 2026
Date:	Tuesday, April 28, 2026 4:39:40 PM
Attachments:	MKP Macro Outlook Letter - April 2026.pdf



Dear Investors,

In our previous Macro Outlook Letter, we characterized the global economy as operating in a "Goldilocks" environment, supported by solid U.S. growth, resilient labor markets, and broader-than-expected disinflation across major economies. Three months on, that benign backdrop has been overshadowed by U.S.–Israel conflict with Iran and a sharp rise in oil prices, shifting the macro outlook toward geopolitical risk. Even so, incoming data continues to validate the underlying strength we highlighted, with signs of renewed labor-market momentum, faster-than-expected disinflation, particularly in the U.S. and Europe, and resilient equity markets underpinned by sustained optimism around AI, despite tighter financial conditions.

The U.S.-Israel conflict with Iran has settled into a strategic stalemate, with both sides signaling the capacity to sustain prolonged tension and little immediate incentive to compromise, pointing away from a rapid resolution. Even without outright escalation, intermittent disruption around the Strait of Hormuz is likely to sustain upward pressure on oil prices as inventories decline and seasonal demand strengthens, making the duration of the standoff as important to markets as its ultimate resolution. While diplomacy remains the central medium-term case, rising economic and political costs on both sides imply a time-dependent risk profile, with the likelihood of escalation or resolution increasing the longer the stalemate persists.

When evaluating market implications, these vary distinctly by scenario, with escalation and a negotiated resolution each indicating materially different paths for energy prices, risk assets, interest rates, and the U.S. dollar. A stalemate sits between these extremes, characterized by a gradual but persistent grind higher in oil and rates, a more fragile equity path as energy costs accumulate, and a broadly supported but less directional U.S. dollar. Taken together, we believe this implies maintaining a cautious pro-risk stance, retaining a bias toward long risk markets, whilst maintaining a cautious approach in operating with lower risk in more liquid markets, maintaining downside hedges to protect against the non-trivial escalation tail.

While uncertainty remains a defining feature of the current market environment, we see the rapidly evolving geopolitical and macro dynamics as a landscape rich with opportunity, where evolving macro forces will offer near-term entry points into higher conviction themes, further underpinning our belief that macro alpha will continue to play an increasingly important role in portfolio diversification.

We appreciate your partnership and continued collaboration with MKP and encourage you to reach out to our Client Solutions team, or me directly, should you have any questions. We welcome the opportunity to discuss this outlook in further detail.

Sincerely,

Patrick McMahon
Founder and Chief Investment Officer

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From: Egan-Jones Ratings Co.
To: mliposky@mapension.com
Subject: No Navy, No Air Force, No Problem
Date: Thursday, March 12, 2026 1:06:27 PM

Risk Commentary

No Navy, No Air Force, No Problem
(03/12/2026)

CLO (Non-NRSRO) **Ratings:** www.egan-jones.io/non-nrsro-ratings/clo

Overview

Our fundamental premise is that a country needs neither manned sea vessels nor manned planes to be an effective military force. Using the "faster, better, cheaper" model, missiles and drones now trump most traditional weapon delivery systems. The implications are widespread and are massively relevant for sophisticated institutional investors and risk managers.

Figure I: Fattah-2 Missile

Recent Developments

These recent developments make missiles and drones far more effective:

1. Directable Hypersonic Missiles - The Fattah-2 missile (pictured above) is hypersonic and can change course, making it nearly impossible to hit with current missile defense systems, which use missiles that are designed to counter incoming missiles that fly a relatively stable course at lower speeds. Furthermore, because of its high kinetic energy, the hypersonic missile has far greater destructive power.

2. Iridium Tracking - Like Starlink, Iridium enables drones to be guided with relative ease to targets, mapping of which has apparently been provided to Iran by Russia and China.

3. Physical Limitations of Missile Defense Systems - For a missile defense system to be effective, the defensive missiles need to be able to travel faster than the munitions they are tracking. Given the changing courses of the directable hypersonic missiles, it appears that countering such missiles is extremely difficult.

4. Masking and Cost Disparity - Given the low cost of drones and the ability to disguise drones, it will be increasingly difficult to effectively protect assets from attacks.

5. Mutual Bankruptcy - At what point does this massive expenditure on military hardware

effectively bankrupt the combatants?

Possible Counter Measures

Ultimately counter measures will be adopted, but it appears the advantage is with the attackers. Just as in World War II carrier battles, the advantage was with the side which attacked first, perhaps the advantage here is again with not only the side which attacks first, but also with the side which can hide its assets. On this score, it is clear that Iran has the advantage with a diverse and hidden drone/missile system and the apparent ability to build additional drones at a fairly rapid pace.

Ineffective Defenses

It is becoming increasingly clear that missile defenses are difficult and perhaps can never be sufficiently effective.

Implications

If our premises are accurate, the implications are massive. Israel and the U.S. have succeeded in antagonizing and further radicalizing a state they have no possibility of defeating. Additionally, if one assumes Iran has nuclear material, which it certainly does, there are some elements which will push hard to use that material. Lastly, one can assume Iran will exact a heavy price for the re-opening of the Strait of Hormuz. Additionally, the message extends beyond Iran as China, Russia, and possibly North Korea are aiming to learn from this rapidly evolving episode. We have yet to find out how an aircraft carrier effectively defends itself from a swarm attack of drones and directable hypersonic missiles.

Conclusion

We hope that our analysis is wrong. However, if we are correct, U.S. leadership appears to have tragically flawed views of its capabilities and untangling the mess in the Middle East will take time and will be expensive.

Additional Information

1. Professor Theodore Postol, MIT
2. Col. Larry Wilkerson & Larry C. Johnson

Attached below is a sample of our sovereign report.

GOVERNMENT OF CANADA

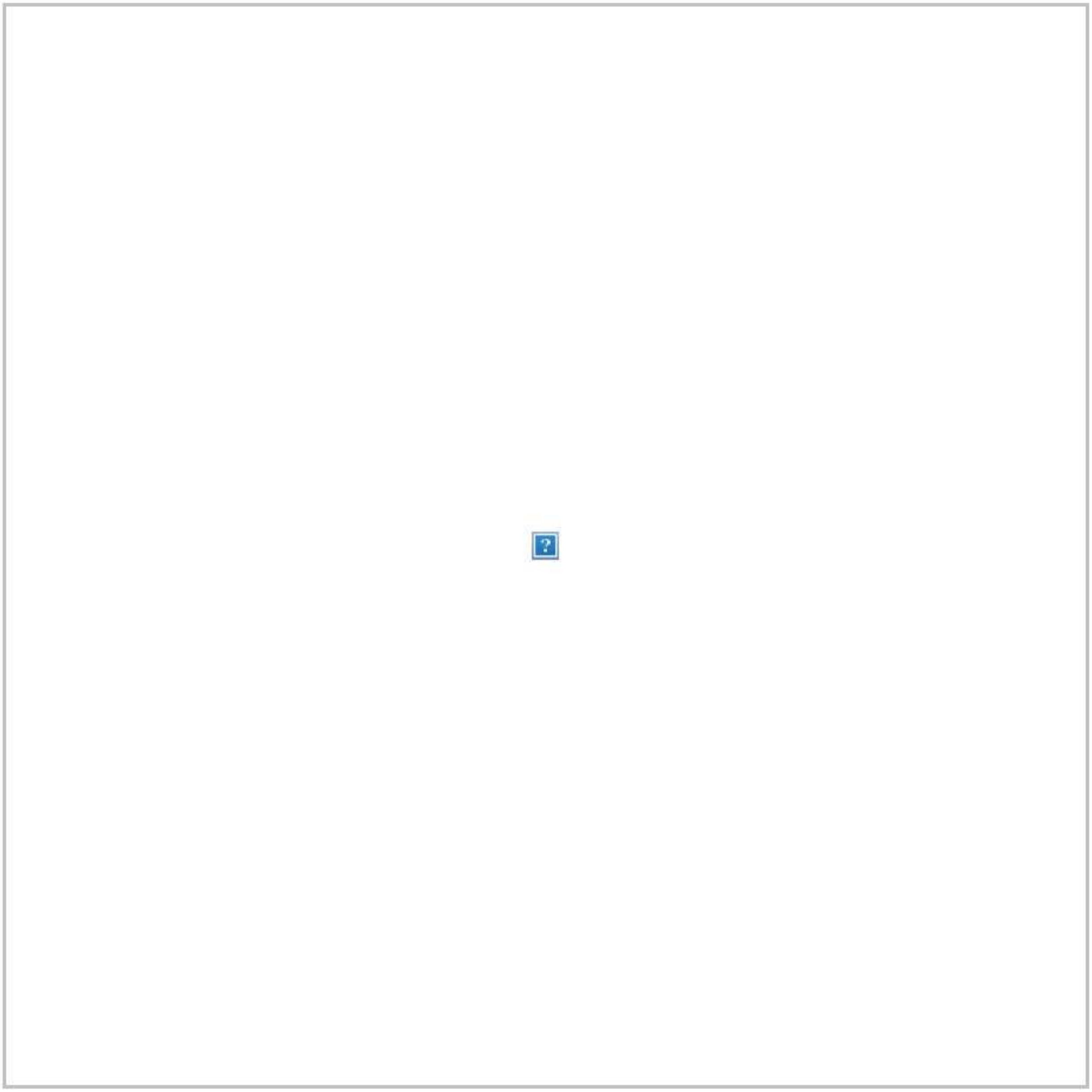
Rating Analysis - 8/13/25 *EJR Sen Rating (Curr/Prj) AA/AA

Canada’s economic growth is expected to slow to 1.0% in 2025 and 1.1% in 2026, as escalating trade tensions with the United States weigh on exports and business investment. Uncertainty over US tariff policy is leading firms to delay investment decisions, and this, combined with weaker employment prospects, is set to dampen household consumption in the coming year.

While headline inflation will rise slightly, driven by higher tariffs on consumer goods, this will be partially offset by lower energy prices following the removal of the fuel charge. Core inflation is expected to rise temporarily before easing back toward the Bank of Canada’s 2% target in 2026. The economic outlook remains highly sensitive to the evolution of trade policy, with the risk of a broad-based US tariff increase posing a significant downside risk for growth and employment. The Bank of Canada has responded to these headwinds by lowering its policy rate to 2.75%, with further modest cuts anticipated later in the year. A key policy challenge will be to boost Canada’s weak productivity growth by removing internal barriers to trade and labor mobility and fostering stronger investment and innovation. Affirming.

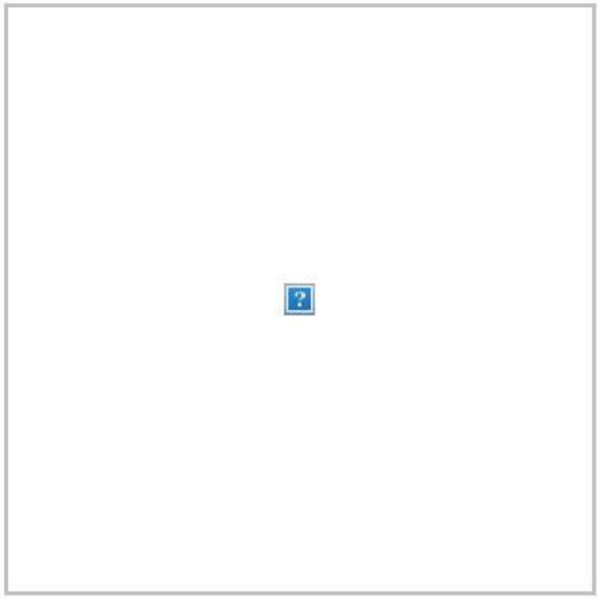
Economic Growth

Canada's economy delivered solid growth in late 2024, with real GDP expanding by 0.6% in the fourth quarter—the strongest quarterly performance since mid-2022. This momentum was fueled by a 1.4% rise in household consumption, supported by temporary reductions in the goods and services tax (GST) and harmonized sales tax (HST) on select goods, as well as a rebound in business investment and ongoing recovery in housing investment. Exports also surged by 1.8%, led by higher shipments of metals, crude oil, and passenger vehicles, while imports rose 1.3%. Early 2025 data indicated this economic momentum carried into the first quarter, with GDP growing by 0.4% according to flash estimates. However, the outlook has since darkened amid escalating trade tensions with the United States, which have undermined business and consumer confidence and heightened policy uncertainty.



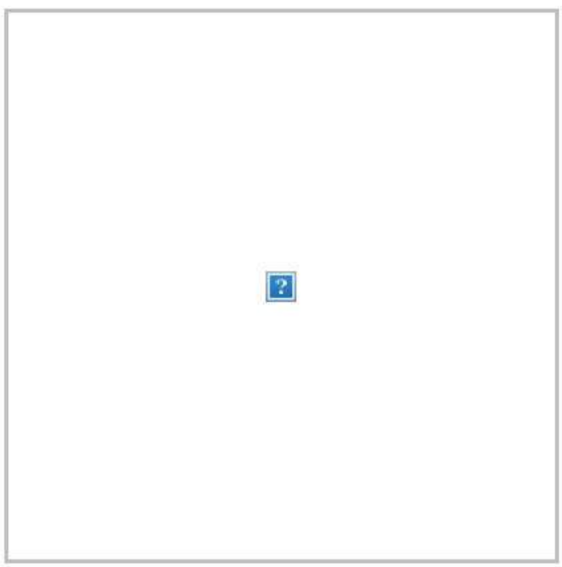
Fiscal Policy

On the fiscal front, Canada's general government budget has shifted from a modest surplus of 0.1% of GDP in 2023 to a deficit of 2.1% in 2024. This deterioration is mainly attributable to a one-off compensation payment, increased interest costs, and higher discretionary spending, particularly on new social programs and affordable housing initiatives. The deficit is projected to narrow in 2025, although the underlying primary balance is expected to weaken slightly.



Unemployment

Canada's unemployment rate climbed to 7.0% in May 2025, the highest level seen outside of the pandemic since 2016, continuing a three-month upward trend. This increase comes despite little change in overall employment. Looking ahead, the outlook for Canada's labor market remains challenging. Persistent economic headwinds are driving the rise in unemployment, including the impact of new US tariffs on key export sectors like aluminum, steel, and autos, as well as broader policy uncertainty and slowing economic momentum.

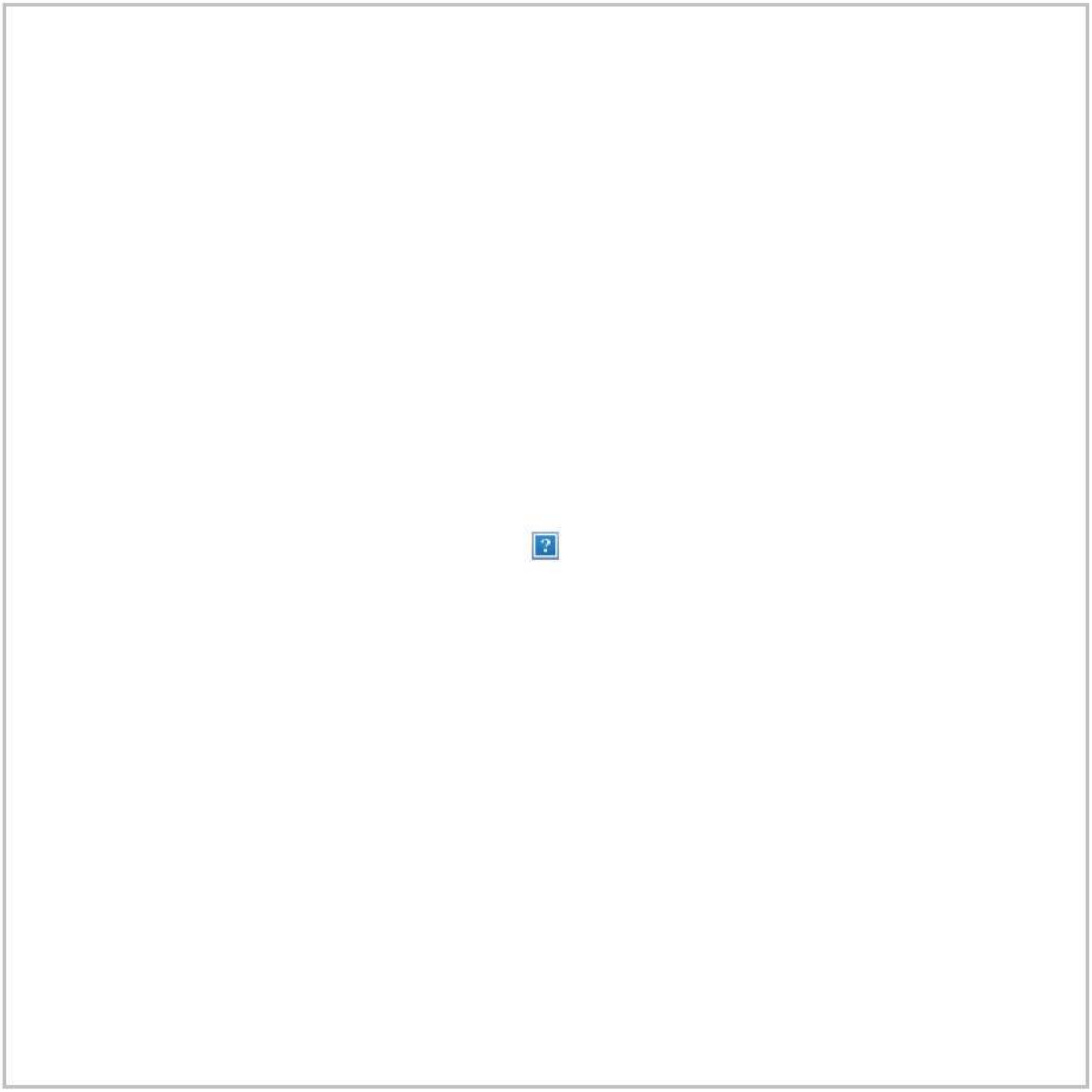


Banking Sector

Canada's banking sector remains fundamentally sound, supported by strong capital buffers and prudent risk management, but faces growing challenges in 2025. Asset quality remains robust overall, with non-performing assets (NPAs) still at historically low levels; however, risks are rising, particularly in commercial real estate and among highly leveraged households facing mortgage renewals at higher rates.

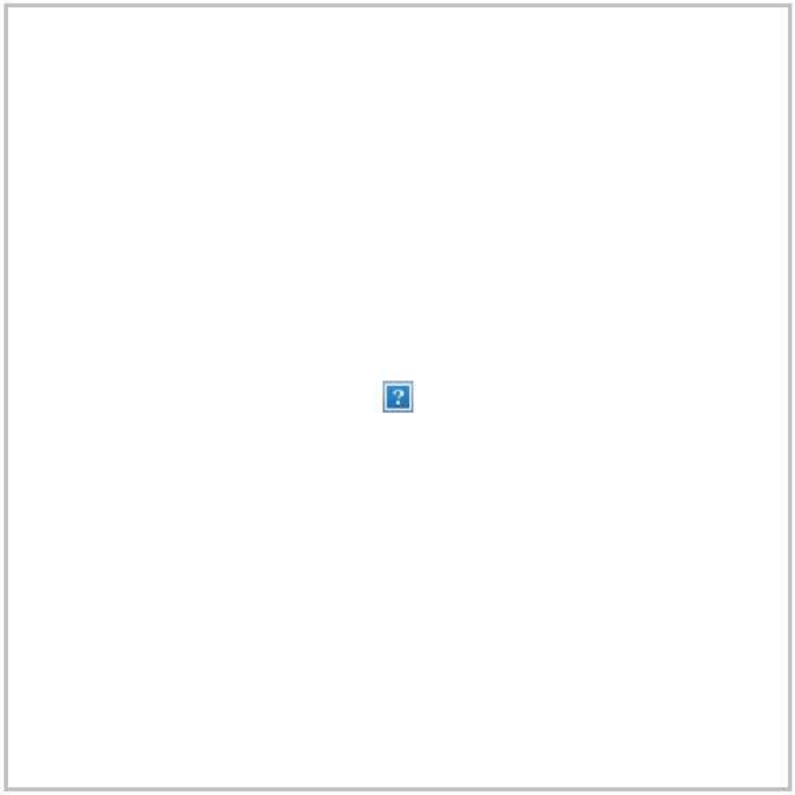
Funding Costs

Interest and funding costs in Canada have eased significantly over the past year, following a series of rate cuts by the Bank of Canada. As of June 2025, the central bank has maintained its key policy rate at 2.75%, marking its second consecutive hold after seven straight reductions that lowered the rate by a total of 225 basis points since June 2024. This pause reflects the Bank's cautious approach amid persistent uncertainty over US tariff policy and mixed signals from inflation and economic growth. The prime lending rate, which influences variable borrowing costs for households and businesses, remains at 4.95%.



Ease of Doing Business

Major factors for growing the economy are the ease of doing business and the economic freedom; although not the sole factor for determining economic growth, a country which makes it easy for businesses to operate and provides a reasonably free environment to conduct business has a good chance for growth. The chart on the right indicates that with an overall rank of 23 (1 is best, 189 worst) is strong.



Economic Freedom

As can be seen below, Canada is strong in its overall rank of 75.5 for Economic Freedom with 100 being best.

Credit Quality Driver: Taxes Growth:

GOVERNMENT OF CANADA has grown its taxes of 4.8% per annum in the last fiscal year which is more than the average for its peers. We expect tax revenues will grow approximately 4.8% per annum over the next couple of years and 4.8% per annum for the next couple of years thereafter.

Credit Quality Driver: Total Revenue Growth:

GOVERNMENT OF CANADA's total revenue growth has been more than its peers and we assumed a 5.8% growth in total revenue over the next two years.

ANNUAL INCOME STATEMENTS

Below are GOVERNMENT OF CANADA's annual income statements with the projected years based on the assumptions listed in the preceding section.

ANNUAL BALANCE SHEETS

Below are GOVERNMENT OF CANADA's balance sheets with the projected years based on the assumptions listed in the Credit Quality section.

and fitness for any particular purpose or non-infringement of any of such information. In no event shall Egan-Jones or its directors, officers, employees, independent contractors, agents, representatives, or Suppliers (collectively, Egan-Jones Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error. (negligent or otherwise) or other circumstance or contingency within or outside the control of Egan-Jones or any Egan-Jones Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by Egan-Jones are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing an Egan-Jones rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Egan-Jones is not responsible for the content or operation of third-party websites accessed through hypertext or other computer links and Egan-Jones shall have no liability to any person or entity for the use of such third-party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of Egan-Jones. Egan-Jones ratings are subject to disclaimers.
Egan-Jones is not an NRSRO (as defined by the SEC) for sovereign/municipal issuers and structured finance/ABS issuers.

Comments on the Difference between the Model and Assigned Rating
In this case, there has been little change in the recent results and therefore we have used our best judgement in making adjustments which are reflected in the results for the projected ratings. We have assigned a rating of "AA" whereas the ratio-implied rating for the most recent period is "AA-"; the median rating for the peers is significantly higher than the issuer's rating.

Changes in Indicative Ratios
We have not made any adjustment in the indicative ratios at this time

SEC Rule 17g-7(a) Disclosure

Below are the disclosures as required by Paragraph (a) of Rule 17g-7:

1. **The symbol in the rating scale used to denote the credit rating categories and notches within categories and the identity of the obligor, security, or money market instrument as required by Paragraph (a)(1)(ii)(A) of Rule 17g-7:**
   For the issuer GOVERNMENT OF CANADA with the ticker of 80710Z CN we have assigned the senior unsecured rating of AA. There are three notches in our rating categories (e.g., A-, A, and A+) other than those deep into speculative grade; for CC, C, and D there are no notches.

2. **The version of the procedure or methodology used to determine the credit rating as required by Paragraph (a)(1)(ii)(B) of Rule 17g-7:**
   We are using the methodology version #16 available via egan-jones.com under the tab at the bottom of the page "Methodologies".

3. **The main assumptions and principles used in constructing the procedures and methodologies used to determine the credit rating as required by Paragraph (a)(1)(ii)(C) of Rule 17g-7:**
   The credit rating assigned reflects our judgement regarding the future credit quality of the issuer. Regarding the specific assumptions used, please refer to page 3 of this Rating Analysis Report.

4. **The potential limitations of the credit rating as required by Paragraph (a)(1)(ii)(D) of Rule 17g-7:**
   Our rating pertains solely to our view of current and prospective credit quality. Our rating does not address pricing, liquidity, or other risks associated with holding investments in the issuer.

5. **Information on the uncertainty of the credit rating as required by Paragraph (a)(1)(ii)(E) of Rule 17g-7:**
   Our rating is dependent on numerous factors including the reliability, accuracy, and quality of the data relied used in determining the credit rating. The data is sourced from publicly-available 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, and other similar sources. In some cases, the information is limited because of issues such as short operating histories, the lack of reported data, a delay in reporting data, restatements, inaccurate accounting, and other issues. Such shortcomings are not always readily apparent. EJR aims to identify such shortcomings and make adjustments using its best judgement.

6. **Whether and to what extent third-party due diligence services have been used in taking the rating action as required by Paragraph (a)(1)(ii)(F) of Rule 17g-7:**
   EJR does not utilize third-party due diligence services.

7. **How servicer or remittance reports were used, and with what frequency, to conduct surveillance of the credit rating as required by Paragraph (a)(1)(ii)(G) of Rule 17g-7:**
   Servicer or remittance reports normally pertain to structured finance issuers; this report does not pertain to a structured finance issuer (EJR is not an NRSRO for structured finance or sovereigns/ municipal issuers). Regarding surveillance, the minimum time

period for corporation issuers is normally one year.

8. **A description of the data that were relied upon for the purpose of determining the credit rating as required by Paragraph (a)(1)(ii)(H) of Rule 17g-7:**
   EJR uses 10Q and 10K statements, quarterly reports, 8K filings, earnings reports, governmental filings and other similar sources for ratings on publicly traded issuers. In the case of private issuers, EJR relies on information provided mainly by issuers.

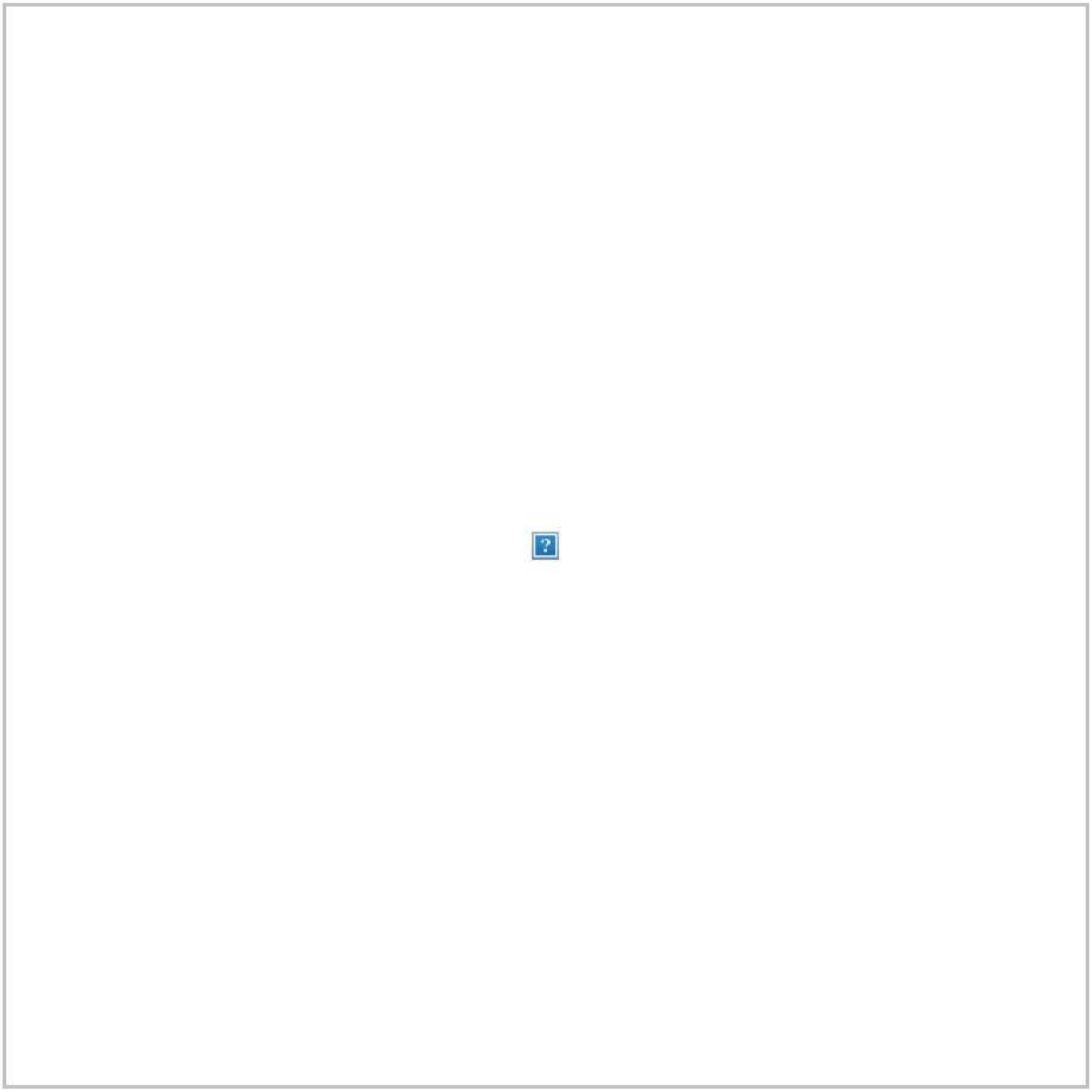
9. **A statement containing an overall assessment of the quality of information available and considered in the credit rating as required by Paragraph (a)(1)(ii)(I) of Rule 17g-7:**
   The information is generally high quality and readily available.

10. **Information relating to conflicts of interest as required by Paragraph (a)(1)(ii)(J) of Rule 17g-7:**
    This rating is unsolicited.

11. **An explanation or measure of the potential volatility of the credit rating as required by Paragraph (a)(1)(ii)(K) of Rule 17g-7:**
    Our rating aims to assess the probability of the payment of obligations in full and on time. Factors which affect such probability, and in turn our rating, include changes in the operating performance of the issuer, changes in capital structure, and merger and acquisition events.

12. **Information on the content of the credit rating as required by Paragraph (a)(1)(ii)(L) of Rule 17g-7:**
    Regarding the historical performance of the credit rating, our rating transition matrix is available in our Form NRSRO, exhibit 1. The expected probability of default and the expected loss in the event of default is listed on the first page of this report.

13. **Information on the sensitivity of the credit rating to assumptions as required by Paragraph (a)(1)(ii)(M) of Rule 17g-7:**
    Below is a summary of the impact of the 5 assumptions which independently would have the greatest impact on our "ratio-implied rating":

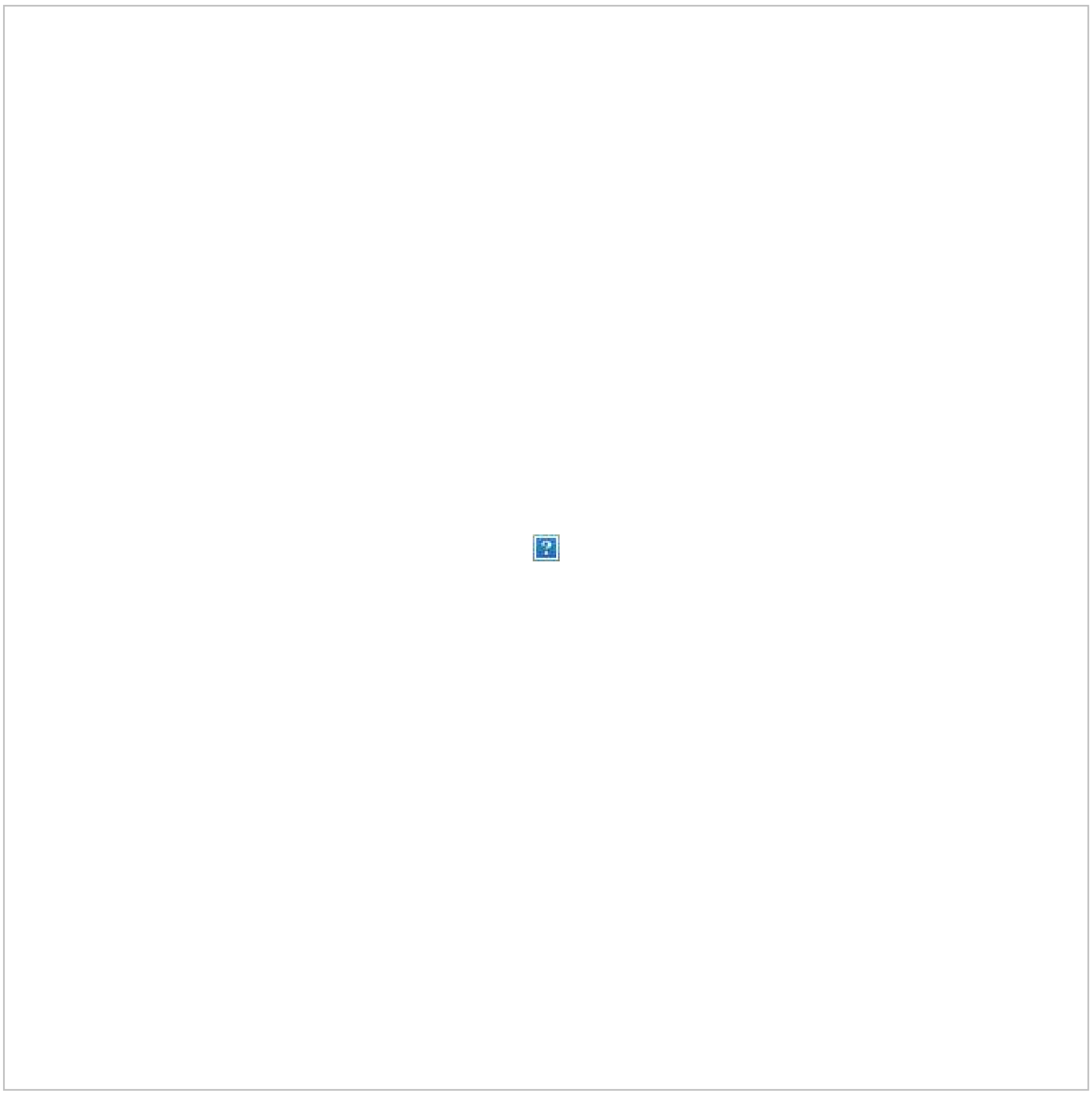


14. **If the credit rating is assigned to an asset-backed security, a description of: (i) the representations, warranties, and enforcement mechanisms available to investors; and (ii) how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities, as required by Paragraph (a)(1)(ii)(N) of Rule 17g-7:**
    This credit rating is not assigned to an asset-backed security.

ATTESTATION FORM

In compliance with the US Securities and Exchange Commission (SEC) Rule 17g-7(a), the Egan-Jones analyst who published the report is responsible for the rating action and to the best knowledge of the person:

1. No part of the credit rating was influenced by any other business activities,
2. The credit rating was based solely upon the merits of the obligor, security, or money market instrument being rated, and
3. The credit rating was an independent evaluation of the credit risk of the obligor, security, or money market instrument.



Sovereign Rating Methodology (Non-NRSRO)

Scope and Limitations:

Sovereign Issuer Credit Quality Ratings (CQR) are a forward-looking assessment of a sovereign's capacity and willingness to honor its existing and future obligations in full and on time. Sovereigns are assigned two CQRs: a Local-Currency CQR, which reflects the likelihood of default on debt issued and payable in the currency of the sovereign, and a Foreign-Currency CQR, which is an assessment of the credit risk associated with debt issued and payable in foreign currencies.

Key Rating Drivers:
EJR's approach to sovereign risk analysis is a synthesis of quantitative and qualitative judgments. The quantitative factors EJR uses are:

- Debt in relation to GDP.
- Surplus or deficit in relation to GDP.
- Debt plus potential under-funding of major banks in relation to GDP.
- Interest expense in relation to taxes.
- GDP growth.
- Foreign reserves in relation to debt.

Debt levels for many sovereign issuers have increased at an accelerating rate over the past decade, affecting implied ratings. EJR also considers unemployment levels and funding costs. EJR recognizes that no model can fully capture all the relevant influences on sovereign creditworthiness, meaning that its sovereign ratings can and do differ from those implied by the rating model. Some of the qualitative factors that impact its ultimate assessment of credit quality include the flexibility, stability and overall strength of the economy, efficiency of tax collection, acceptance of contract law, ease of doing business, trade balances, prospects for future growth and health and monetary policy, and economic freedom. These subjective and dynamic qualitative issues are not captured by the model but affect sovereign ratings.

For additional information, please see Exhibit 2: Methodologies in EJR's Form NRSRO

Additional Reading

The Iran War Part 4: Never Wound a Prince

Airstrikes may not force regime change in Iran, raising risks of prolonged conflict

Read more

Fighting The Last War Part 3; High Risks in Iran

Low-cost drone warfare may favor Iran, raising risks of prolonged conflict

Read more

Iran: Now for the Hard Part

Markets uneasy after Iran leadership removal as regime change risks

Read more

Fighting The Last War; High Risks in Iran

Heightening risks of conflict with Iran and global market shocks

Read more

Sources & Footnotes

*This number represents an insurance premium. For example, 10 represents 10 basis points of the notional amount, paid on an annual basis for a 5-year bond. All the countries' CDSs are the values of REFINITIV EOD latest par price.

** non-NRSRO rating. View all at www.egan-jones.io/non-nrsro-ratings/clo

CDS data is accurate as of 03/12/2026

[1] Iran Population - Wikipedia
[2] [3] Gaza Strip | Area | Britannica
[4] Iran: Area - WorldData

From: Mitch Zerman
To: mliposky@mapension.com
Cc: Rebecca Christmas
Subject: Private Equity New York 2026 Guest Invitation
Date: Wednesday, April 22, 2026 10:23:42 AM
Attachments: 14th Private Equity New York Forum Preliminary Agenda.pdf

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Hi Matthew,

I hope all is well!

We are excited to announce that the **14th Private Equity New York Forum** will take place on **May 13, 2026**, and I'd like to set up a quick chat to discuss how we can get you involved.

Do you have a few minutes for a call today/tomorrow?

The event is the leading private equity conference in the US and was developed to improve financial and investment practices while bringing the community together. Investors and fund managers will explore key sectors, share insights on due diligence and value creation, and discuss trends in private equity investment both in the U.S. and globally.

Confirmed Keynote Speakers:

- James Carey, Co-Chief Executive Officer, Stone Point
- Stephen Carlson, President, Private Equity, Harvest Partners
- Andrea Ponti, Managing Partner and Founder, GHO Capital
- John Hatherly, Founder, Managing Partner, Wynnchurch Capital
- Young Lee, Partner and Co-President, Audax Private Equity
- Scott Sperling, Co-Chief Executive Officer, Thomas H. Lee Partners
- Howard Morgan, Chair **and** General Partner, B Capital

Select Panel Speakers Include:

- Colin Welch, Managing Director, Head of New York, TSG Consumer Partners
- Alexander Fraser, Executive Vice President & Global Head of Private Equity, OMERS
- Arta Tabaee, Partner and Managing Director, Clearlake Capital Group
- Lauren Goodwin, Chief Market Strategist, New York Life Investments
- Jim Coleman, Operating Partner, AEA Investors
- Mayeti Gametchu, Chief Compliance Officer and Regulatory Counsel, Thomas H. Lee Partners
- Wale Adedokun, Head of Manager Research, Mass Mutual
- Jake Siewert, Managing Director, Head of Global Public Policy & Political Risk, Warburg Pincus
- Mark Woods, Partner, Head of North American Private Equity, Cathay Capital
- Barry Giarraputo, Chief Financial Officer, Neuberger Private Markets, Neuberger Berman
- Ben Perl, Managing Director, Global Co-Head of Secondary Private Equity, Neuberger Berman

- Daniel Berglund, Partner, Co-Head of Healthcare, Head of U.S., Nordic Capital
- Gregory Grunberg, Managing Director, Head of Life Sciences, North America, Temasek
- Brad Colman, Senior Managing Director, Blackstone
- Kalina Berova, Managing Director, British Columbia Investment Management Corporation (BCI)
- Kirk Sims, Managing Director of Emerging Managers Program, TRS Investment Management Division
- Gbenga Oladeji, Head of Private Markets, Johnson & Johnson

Let me know if you have a few minutes to connect to further discuss.

Best,
Mitch Zerman
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Program Manager & Investor Relations
Email: mitch.zerman@marketsgroup.org
2126960892
Markets Group Ltd.
595 Madison Ave, Suite 2301
New York, NY 10022
www.marketsgroup.org

From:	Montoni, Davide
To:	Undisclosed recipients:
Subject:	RE: Call worth joining...QIS - What"s Topical: Time to buy the dip in Quality
Date:	Tuesday, December 9, 2025 4:18:25 PM
Attachments:	image001.png image003.png image004.png image005.png image007.png 202511 US Quality Mean Reversion.pdf

For those who missed it, you can Watch the Replay HERE

Attached is the slide deck and below is indicative option pricing for clients looking to go long Quality in a risk defined manner:

US L/S Quality Indic Option Pricing	Underlying Ticker	3m	6m	1Y	2Y
ATM call on 8VT	XUBSR1QV	1.70%	2.36%	3.26%	4.46%
ATM call on 8VT with 30 calendar days lookback	XUBSR1QV	2.42%	3.11%	4.06%	5.25%
ATM Timer Call with 8% p.a vol budget	XUBSR1QT	1.82%	2.50%	3.45%	4.75%

Historical PnL	Timer	8VT	8VT Lookback
Max	21.60%	21.20%	22.10%
75%ile	8.70%	7.80%	8.60%
Median	1.40%	1.20%	1.80%
Average	3.20%	3.00%	3.30%
25%ile	-3.50%	-3.30%	-4.10%
Min	-3.50%	-3.30%	-4.10%

UBS Knowledge Network. Live desk - Event

Power your investment ideas

QIS - What's Topical - Time To Buy The Dip In Quality

Davide Montoni | Global Markets - Head of Institutional Equity Derivatives Flow Sales America | United States

2 Dec 2025