

# INVESTMENT STRATEGY QUARTERLY QUICKVIEW

## THEMES



### ECONOMY: Understanding the Affordability Crisis

The US consumer is facing an affordability crisis and while there are many suggested solutions, it may not be an easy fix. Lower interest rates are not always good for the economy and don't solve all problems. Easy money inflates asset prices—especially housing—faster than consumer prices. Lower mortgage rates won't fix affordability because the primary issue is a chronic shortage of homes, not just the cost of borrowing. Average incomes have kept up with home prices, but median incomes have not. Typical households face worsening affordability even as wealthier households benefit from rising asset values.



### POLITICS: Broad-Based Shifts Reshape Equity Market Leadership

Equity leadership in 2026 has dramatically broadened. Markets have shifted away from the narrow, AI-driven leadership of the past two years toward more defensive and cyclical areas. AI sentiment has swung from euphoria to skepticism—creating opportunity. AI-driven efficiency gains are being overlooked, and concerns over software have not materialized. Defensive sectors have rallied—but may not be sustainable. Earnings fundamentals and valuation concerns lead to our underweight views on Staples, Energy, and Materials despite recent strength.



### Q&A: A Pivotal Time for the Fed

New chairs of the US Federal Reserve don't come along often, and Kevin Warsh's nomination comes at a consequential moment. His confirmation may be rocky due to political hurdles. While Warsh may desire meaningful regime change at the Fed, structural constraints and a divided committee argue for gradual adjustments. We expect Warsh to uphold the Fed's independence in the face of political pressure.



### COMMODITIES: Differentiating Between Fundamentals and Sentiment

Non-traditional investment vehicles are once again making headlines, but it's important to remember that fundamental analysis of stocks center on earnings. In contrast to well-established companies, meme stocks cannot be valued using traditional metrics. Gold is heavily sentiment-driven, while silver and platinum trade more on supply/demand fundamentals. Cryptocurrencies lack any fundamental underpinnings, making this the most sentiment-driven asset class.

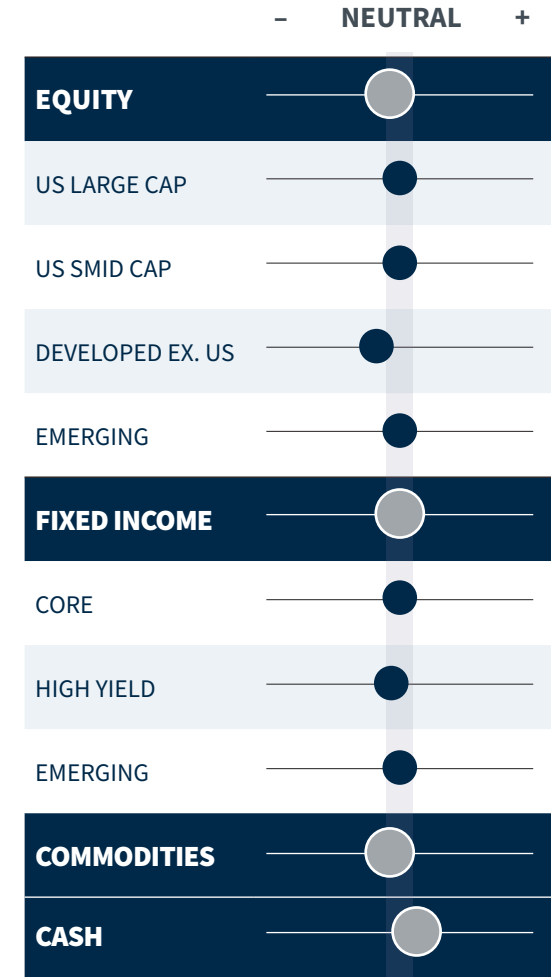
## Economic Snapshot

Economic Indicator

FAVORABLE	BUSINESS INVESTMENT
	MANUFACTURING
NEUTRAL	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	THE DOLLAR
UNFAVORABLE	HOUSING AND RESIDENTIAL CONSTRUCTION
	INFLATION
	FISCAL POLICY

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## Tactical Outlook



The tactical asset allocation outlook above reflects Raymond James Investment Strategy's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

For more information, refer to the full [Investment Strategy Quarterly](#).

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# INVESTMENT STRATEGY QUARTERLY QUICKVIEW

## Capital Markets Snapshot

EQUITY	AS OF 3/31/2026	1Q 2026 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	46,341.51	-3.58%	10.33%
S&P 500 INDEX	6,528.52	-4.63%	16.33%
NASDAQ COMPOSITE INDEX	21,590.63	-7.11%	24.81%
MSCI EAFE INDEX	1,765.85	-1.12%	21.88%
RATES	AS OF 3/31/2026	AS OF 12/31/2025	AS OF 3/31/2025
FED FUNDS RATE TARGET RANGE	3.50-3.75	3.50-3.75	4.25-4.50
3-MONTH SOFR	3.68	4.02	4.35
2-YEAR TREASURY	3.79	3.48	3.89
10-YEAR TREASURY	4.32	4.17	4.21
30-YEAR MORTGAGE	6.48	6.25	6.77
PRIME RATE	6.75	6.75	7.50
COMMODITIES	AS OF 3/31/2026	1Q 2026 RETURN	12-MONTH RETURN
GOLD	\$4,678.60	7.77%	48.51%
CRUDE OIL	\$101.38	76.56%	41.83%

\*Price Level  
\*\*Total Return

## Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	INFORMATION TECHNOLOGY	32%
	CONSUMER DISCRETIONARY	10%
	HEALTH CARE	10%
	INDUSTRIALS	9%
EQUAL WEIGHT	FINANCIALS	13%
	COMMUNICATION SERVICES	11%
	UTILITIES	2%
UNDERWEIGHT	CONSUMER STAPLES	5%
	ENERGY	4%
	REAL ESTATE	2%
	MATERIALS	2%

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While interest on municipal bonds is generally exempt from federal income tax, they may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit.