



# C&N VANTAGE POINT

QUARTERLY MARKET RECAP & OUTLOOK | FIRST QUARTER, 2026

## MEET A TEAM MEMBER



### EDWARD PENNER, MBA, CTFA

*AVP & Senior Financial  
Consultant and Trust Officer*

Edward K. Penner, Senior Financial Consultant and Trust Officer, has been with C&N Wealth Management for nearly a decade. He holds a Bachelor's degree in Business Administration from Mansfield University and earned his MBA with a concentration in Finance from Southern New Hampshire University.

Edward holds Series 7 and Series 66 securities licenses, insurance licenses in Pennsylvania and New York, and the Certified Fiduciary and Trust Advisor (CFTA) designation.

He is dedicated to helping clients achieve their financial goals while ensuring their legacies are preserved for future generations. "My goal is to take the weight of financial matters off my clients' shoulders, allowing them to focus on what matters most to them."

Edward resides in Wellsboro and enjoys spending time outdoors with his family.

Key Equity Indexes - As of Quarter End	%YTD Return**	NTM P/E**	P/B**	Dividend Yield**
S&P 500	-6.68	19.24	5.08	1.20
Russell 2000	-1.05	22.99	2.11	1.18
Russell 1000 Growth	-12.66	23.40	11.90	0.56
Russell 1000 Value	0.32	16.09	3.06	1.84
MSCI EAFE	-1.31	14.82	2.25	2.67
MSCI EM	2.71	11.68	2.29	1.90

Sources: JP Morgan Weekly Market Recap; Northern Trust. Past performance does not guarantee future results, which may vary.  
\*\* As of 3/27/2026

Key Interest Rates	2026			
	6/27/25	9/26/25	12/31/25	3/27/26
2-yr Treasury Note	3.73	3.63	3.47	3.88
10-yr Treasury Note	4.29	4.2	4.18	4.44
30-yr Treasury Note	4.85	4.77	4.84	4.98
30-yr Fixed Mortgage	6.85	N/A	6.25	6.5
Corp. Bond Index	5.06	4.85	4.82	5.28
High-Yield Bond Index	7.41	7.07	7.06	7.82

Sources: JP Morgan Weekly Market Recap & Oppenheimer Markets Review At-a-Glance  
Past performance does not guarantee future results, which may vary.

## 2026 YTD EQUITY STYLE PERFORMANCES\*\*

Equity Size	US Equity Style			MSCI World Style		
	Value	Core	Growth	Value	Core	Growth
Large	2.07%	-4.20%	-9.79%	1.19%	-4.07%	-8.94%
Medium	3.69%	1.30%	-6.35%	1.09%	-0.71%	-4.13%
Small	5.04%	0.92%	-2.82%	1.62%	1.36%	1.09%

Source: Bloomberg. US Equity Style Returns are Russell Indices. Past performance does not guarantee future results, which may vary.  
\*\*As of 3/31/2026  
\*\*\*All returns represent total returns as of 3/31/2026

## YTD U.S. FIXED INCOME PERFORMANCES\*\*\*

Bloomberg Benchmark	Return
Treasury Index	-0.04%
Aggregate Index	-0.05%
High Yield Bond Index	-0.50%
Municipal Bond Index	-0.18%

# BROAD SHOCKS FROM A NARROW STRAIT

**Assessing the energy supply shock.** The quarter was defined less by realized macroeconomic outcomes than by a reassessment of risks. Economic momentum entering the quarter was reasonably constructive, and published consensus estimates for trend-like global growth and manageable inflation largely remained intact by quarter-end. However, sentiment shifted as the Iran war moved into its second month, biasing expectations toward weaker growth and higher inflation. The effective closure of the Strait of Hormuz disrupted the flow of a meaningful share of global commodity supply, including oil, natural gas, fertilizers, and other inputs. While strategic stockpiles provided a buffer, each day without a definitive path to resolution increased the risk of supply depletion and a more pronounced global energy shock. The potential economic implications varied across regions, with net energy importers in Europe and Asia facing greater scrutiny than the U.S. Oil futures pointed to a baseline scenario of easing tensions, consistent with expectations for a manageable global economic impact. Still, mixed headlines exiting the quarter tempered confidence that a resolution was imminent, leaving investors to contemplate the risk of a more prolonged disruption. While it remained too early to assess the conflict's impact in economic data, central bank expectations responded more rapidly during the quarter. Futures markets now price multiple rate hikes this year from both the Bank of England and the European Central Bank. Markets also dialed back Fed easing expectations, shifting from two cuts to a hold this year.

**Tough first quarter for markets.** Despite a strong start, a challenging March led to weak 1Q financial market returns. Global equities declined 3%, while fixed income returns were slightly negative with headwinds from both rates and credit spreads. Brent crude oil prices surged above \$100 per barrel, leaving the energy sector as the standout winner in the equity space. Real assets outpaced equities, with natural resources and global listed infrastructure aided by energy exposure and lower AI disruption risk. Gold dipped almost 20% from late-January highs, but still posted a 7% quarterly gain. U.S. equities lost 4%, while both non-U.S. developed and emerging market equities finished with small losses after surrendering earlier double-digit gains. Broader U.S. equity market rotation away from megacap tech continued – the Mag 7 was down 12% in the quarter versus a 1% loss for the other 493 S&P 500 companies. Sector-level returns diverged sharply, ranging from a 38% energy gain to 7-10% losses for financials and the tech-adjacent sectors. A number of cross-currents around AI adoption remained a central market theme. Capital spending plans of the largest tech companies continued to top investor expectations, while software companies fell over 20% on concerns around AI business model disruption. The software issues raised concerns for the private credit space, increasing redemption requests and weighing on alternative asset manager stock prices. Full-year 2026 S&P 500 consensus earnings expectations have increased since the start of the year. The bright 2026 earnings outlook (17% y/y growth) helped buffer U.S. equities against further losses in the Iran war's early days.

## FIRST QUARTER 2026 TOTAL RETURNS (%)

There were few diversifying assets outside of the energy complex this quarter.

	FIXED INCOME						EQUITIES			REAL ASSETS		
	Cash	Muni	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	EM	NR	GRE	GLI
	0.9			0.3						19.8	0.8	8.3
		-0.2	0.0		-0.5	-2.2	-3.9	-0.7	-0.2			
2025	4.3	4.2	7.3	7.0	8.6	19.3	17.3	32.9	32.1	29.7	10.9	22.6

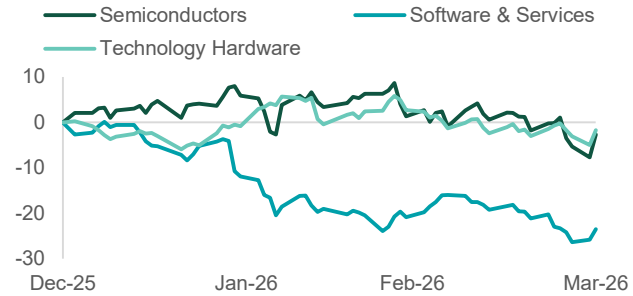
Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

**KEY DEVELOPMENTS**

**AI Adoption and Disruption**

Investors grappled with multi-faceted questions on AI including potential returns on massive capital spending, winners and losers, and risk of broad labor market disruption versus productivity benefits. This led to sharp differences in returns across the broader tech universe. Memory stocks led the way, while the software group sold off over 20% due to AI-driven business model disruption risks. The software risks weighed heavily on the private credit space – increasing concerns on both near-term liquidity and longer-term return prospects.

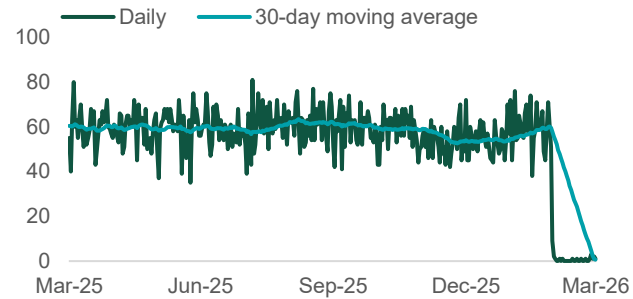
**S&P 500 TECH RETURNS BY INDUSTRY GROUP (%)**



**Iran War Energy Shock**

Initial financial market implications from the Iran war centered around global energy markets. Brent crude oil prices quickly moved above \$100 per barrel, while some Middle East oil benchmarks topped \$150. The war escalated in March with Iran retaliation on targets across the Middle East, damages to energy facilities and tanker traffic halted in the Strait of Hormuz. At quarter-end, the scope of potential outcomes remained wide with a key watchpoint for investors being the extent of energy market and supply chain disruption.

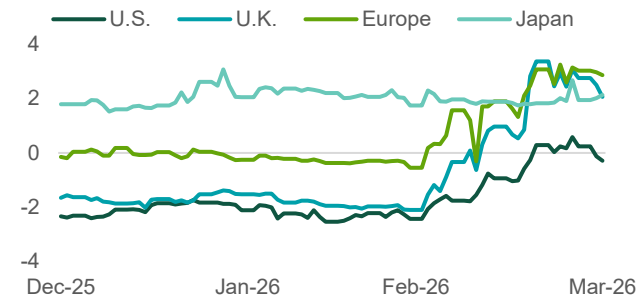
**STRAIT OF HORMUZ: # OF TANKER TRANSIT CALLS**



**Shifting Central Bank Expectations**

Elevated near-term uncertainty around the Iran war's economic impacts led to a sharp swing in investors' central bank expectations (outside of the Bank of Japan). European Central Bank and Bank of England expectations swung to three 2026 rate hikes, while Federal Reserve expectations shifted from two rate cuts to a possible hike by year-end. This hawkish upswing in expectations moderated somewhat by quarter-end, with many central banks likely in a wait-and-see mode to better assess economic impacts from the war.

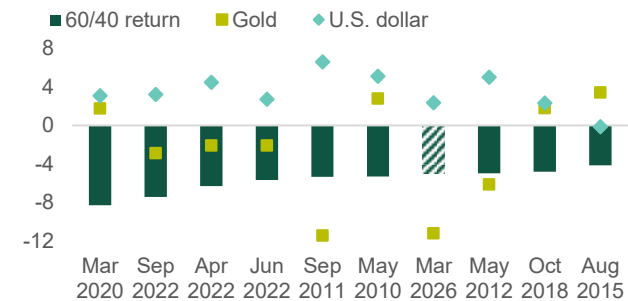
**EXPECTED NUMBER OF RATE HIKES (CUTS) IN 2026**



**Nowhere to Hide in March**

The Iran war led to a weak month of financial market returns in March. Despite a late-month bounce, global equities dropped 7% and traditional portfolio diversifiers such as Treasuries (down 2%) and gold (down 11%) were still in negative territory. This led to the worst monthly return for a 60/40 portfolio since late 2022. Outside of March, broader U.S. equity market rotation continued with the largest tech companies lagging and the rest of the market performing relatively well – continuing a prior trend since late 2025.

**10 WORST MONTHS FOR 60/40 MIX SINCE 2010 (%)**



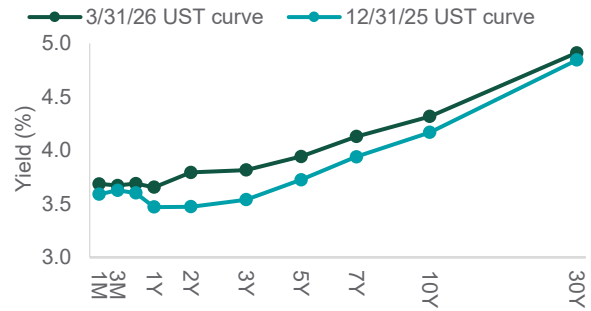
Source: Northern Trust Asset Management, Bloomberg. Data as of 3/31/2026. Note: assumes 25-basis-point moves (third chart); 60/40 mix = 60% MSCI ACWI & 40% Bloomberg U.S. Aggregate (fourth chart). Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

## MARKET REVIEW

### Interest Rates

Most major sovereign bond yields were declining into late February, before reversing sharply following the outbreak of the Iran war. The surge in commodity prices in March pushed up near-term inflation expectations and drove a hawkish repricing of central bank policy paths, lifting government bond yields globally, with China a notable exception. Across the quarter, the 2-year Treasury yield increased 32 basis points (bps) to 3.79%. The 10-year yield gained 15 bps to 4.32%, resulting in a flatter Treasury curve overall.

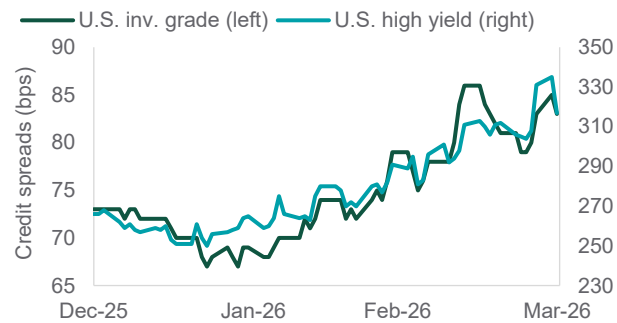
### U.S. TREASURY YIELD CURVE



### Credit Markets

Investment grade (IG) credit spreads widened by 10 bps to 0.83%, while high yield (HY) spreads widened more sharply, by 51 bps to 3.17%. In terms of return, IG fixed income was flat and high yield posted a 0.5% loss. Higher energy prices led to a stagflation-type impulse that weighed on most fixed income assets, with shorter duration and less credit-sensitive segments generally faring the best. While most acute in private credit, a selloff in software amid competitive risks from AI also kept some pressure on broader credit markets.

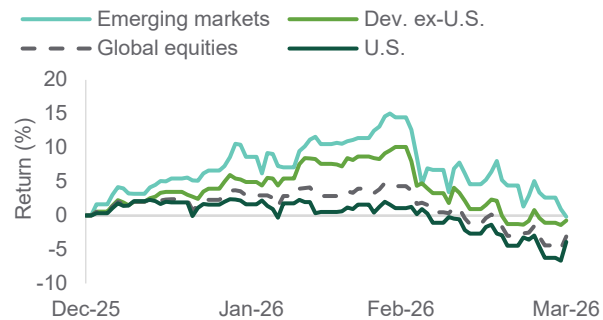
### CREDIT SPREADS



### Equities

Equities were headed higher before the outbreak of the Iran war. Global equities gained 4% prior to the conflict, led by emerging markets – where Korea surged more than 55% on chipmaker rallies – and gains in non-U.S. developed markets, while U.S. equities lagged amid a greater than 20% loss in software stocks. In March, equities turned lower, with the reversal most acute in non-U.S. markets. Net, global equities lost 3.1% in the quarter, with losses of 0.2% in emerging markets, 0.8% in non-U.S. developed markets, and 3.9% in the U.S.

### REGIONAL EQUITY INDICES



### Real Assets

Real assets were one of a few corners of the market to produce gains across the quarter. Natural resources increased 19.8%, followed by an 8.3% gain for global listed infrastructure and a 0.8% rise for real estate. All three outperformed global equities (-3.1%), though real estate lagged amongst the group amid interest rate headwinds. Leadership within natural resources shifted from the metals to energy sector at the onset of the war, however, both commodity sectors finished the quarter up – including gold (+7%), despite an 11% March loss.

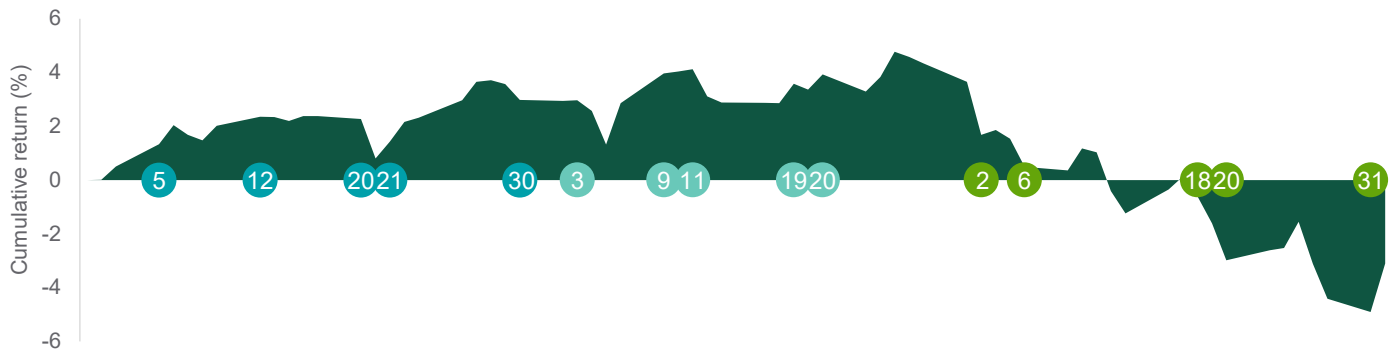
### REAL ASSET INDICES



Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

## MARKET EVENTS

■ 1Q 2026 global equity total return: -3.1%



JANUARY	FEBRUARY	MARCH
<p><b>5</b> Markets digest weekend news of U.S. operation into Venezuela that results in the capture of Venezuelan President Maduro.</p>	<p><b>3</b> The launch of an Anthropic AI legal work automation tool leads to downward pressure on a few industries including software on disruption fears.</p>	<p><b>2</b> Financial markets digest news of the initial U.S.-Israel airstrikes on Iran that mark the onset of the Iran war.</p>
<p><b>12</b> Investor concerns on Fed independence rise as Fed Chair Powell releases brief video explaining the Fed has been targeted in a Department of Justice investigation.</p>	<p><b>9</b> Japan's equity market gains over 2% after the Liberal Democratic Party (LDP) wins a supermajority in the Lower House snap election.</p>	<p><b>6</b> February U.S. jobs report is well below consensus expectations (-92k payrolls figure), albeit with heavy impacts from a healthcare worker strike.</p>
<p><b>20</b> At a time of broader geopolitical risk and recent news of an upcoming snap Lower House election, Japan long-end bond yields surge following a weak 20-year government bond auction.</p>	<p><b>11</b> A slightly delayed January jobs report surprises to the upside with 130k jobs added. Annual benchmark revisions are mostly in-line with expectations.</p>	<p><b>18</b> Iranian attacks cause extensive damages to Qatar's Ras Laffan liquefied natural gas (LNG) complex, raising concerns on energy infrastructure.</p>
<p><b>21</b> In a speech at the Davos economic conference, President Trump backs away from threats of tariffs and use of military force over Greenland.</p>	<p><b>19</b> Concerns on liquidity in the private credit space grow as Blue Owl permanently closes redemptions in one of its retail-focused credit funds following accelerated redemption requests.</p>	<p><b>20</b> Global short-end interest rates rise as investors anticipate more hawkish policy from major developed-market central banks.</p>
<p><b>30</b> President Trump announces Kevin Warsh as his selection for the next Fed Chair. The financial market reaction includes modest yield curve steepening, a stronger U.S. dollar and a major sell-off in precious metals.</p>	<p><b>20</b> The Supreme Court rules against IEEPA tariffs in a 6-3 decision with a number of caveats. The decision does not directly address tariff refunds.</p>	<p><b>31</b> S&amp;P 500 rallies nearly 3% on increased investor optimism around potential de-escalation in the Iran war.</p>

## TIMING AND MEASURING ENERGY SUPPLY RISKS

Financial markets were caught off guard by the sudden attack on Iran, which swiftly transformed a previously oversupplied crude oil market into a much tighter one due to the effective closure of the Strait of Hormuz. Despite widespread expectations that oil supply would far exceed demand, the disruption of this critical transit route reversed market dynamics and reintroduced acute energy supply risks. Just as markets were pricing a benign outlook for oil, geopolitics reminded investors, economists, and policymakers how fragile energy security remains.

Threats to exports and potential regional escalation have forced investors to reassess the likelihood of sustained volatility and higher prices. Markets are now caught between hope and anxiety. There is widespread anticipation that fighting will soon abate, allowing oil flows to stabilize. Yet, the uncertainty surrounding the duration and depth of the supply shock is profound. Ultimately, this is what will likely matter for markets. History suggests that even temporary disruptions can have lasting effects on market psychology and price formation. The lack of clarity on how quickly normalcy can return is likely to keep volatility elevated, with risk premiums embedded in energy prices for the foreseeable future.

The price shock is most severe for oil-importing economies. Rising crude costs, compounded by stronger dollar exchange rates, threaten to squeeze margins, lift

inflation, and weigh on growth—particularly in Europe and Asia, which are more exposed than the U.S.

Globally, the balance of risks has shifted toward lower growth and higher inflation. A sustained 10% rise in energy prices could reduce global real GDP by 0.1–0.3% and add 20–40 basis points to headline inflation, with more limited pass-through to core prices. At \$100 per barrel, Brent is roughly 45% above its 2025 average (less in real terms). Impacts should be manageable if prices ease soon, and consensus forecasts remain largely unchanged—implying de-escalation remains the baseline expectation. Prolonged disruption, however, has the potential to produce material global effects, particularly for net energy importers.

Strategic stockpile releases provide only temporary relief. They cannot resolve uncertainty over the Strait of Hormuz, which carries nearly a third of global seaborne oil. Normalization depends on both de-escalation and diplomatic efforts to secure this corridor.

Central banks are therefore likely to stay cautious. Elevated energy prices complicate easing efforts, pushing policymakers toward a wait-and-see stance. For investors, the episode underscores the fragility of supply chains, the power of geopolitics, and the need for vigilance and flexibility in navigating an unsettled landscape.

### A MAJOR THREAT TO SUPPLY

GLOBAL CRUDE OIL SUPPLY (MILLION BARRELS PER DAY)

— Historical — Estimate Based On Tankers Avoiding The Strait Of Hormuz



Source: Financial Times, U.S. Energy Information Administration, Macrobond. Data is on a log scale through November 2025. Historical trends are not predictive of future results. Forecasts are subject to change without notice.



# C&N PORTFOLIO POSITIONING: NEUTRAL RISK ASSETS

C&N Vantage Point  
April 2026

### Market Views:

Equities Pressured Short Term, Structurally Strong Long Term. Fed Likely On Hold Until Year End. Remain Diversified. Above Average Volatility To Continue.

### Market Risks:

Inflation Going Higher And Staying Longer. High Oil Prices Lead To Economic Demand Destruction. Stagflation. (Slow Growth. High Inflation.)

Risk Type	Asset Class	Sector Category	Under Weight	Neutral	Over Weight	Viewpoints
Risk Control	Cash/Cash Alternatives	Ultrashort Bonds			●	Maintain slight overweight. This is a source of funds for rebalancing in the event of a larger equity market downturn.
		Absolute Return		+		This is a bond alternative category. Yields have risen and equity volatility has increased. We believe this is a more favorable risk/reward environment for Absolute Return. We add to bring it to neutral.
	Alternatives (Fixed Based)	Inflation-Linked Bonds			+	Inflation expectations are increasing, given the ramifications of higher oil prices. We add to TIPS to bring it to a slight overweight.
		US Investment Grade Bonds		●		Yields have increased since the Iran conflict as higher inflation fears have surfaced. We maintain our neutral position as economic risks are balanced.
		International Bonds	●			U.S. yields remain more competitive than most foreign developed markets. We stay underweight international bonds, but maintain our allocation towards unhedged bonds due to dollar weakness.
Risk Assets	Fixed Income	Emerging Markets Bonds		●		We maintain our neutral position given the unknown impacts of potential tariff wars, and expecting any growth shock from the Iran conflict to hit emerging markets first.
		High Yield Bonds		-		Higher oil and its possible impacts, such as demand destruction and higher inflation, may cause a growth slowdown. We reduce High Yield to favor TIPS in the current environment.
		US Large Cap			●	We maintain a slight overweight to this category but shift our overweight from Value to Growth. Large Growth has declined YTD, so we add to this weakness believing its structurally strong in the long term.
	Equities	Developed Ex-US		+		We add to Foreign Large Value believing it offers better valuation than their U.S. counterparts. We trim U.S. Value to fund the addition. A higher dividend yield provides a slightly more defensive posture.
		US Mid & Small Cap	-			The potential for a slowing U.S. economy and unknown tariff and oil impacts has us reducing Mid Cap and Small Cap. We prefer to move up the market capitalization stack to add to Large Growth.
Alternatives (Equity Based) & Real Assets		Emerging Markets	●			Uncertainty from oil price impacts has us maintaining an underweight to this category, as we prefer developed international equities who tend to have more diversified revenue sources.
		Real Estate		-		A Fed that looks to maintain rates for much longer, and increasing concerns on the data center buildouts has us reducing our REIT exposure to neutral. Proceeds fund Absolute Return.
		Commodities/Natural Resources		●		The asset class has had strong recent performance given the Iran conflict. We retain our neutral stance favoring to stay with its momentum.

Note: Views are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector. Client portfolios may or may not be at the recommended weightings above due to, but not limited to: distributions, tax management limitations, systematic purchases, etc. NOT FDIC INSURED / MAY LOSE VALUE / NO BANK GUARANTEE



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