

The US – Iran Conflict

Market Update | March 2026



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The U.S. – Iran conflict has now entered its second week with no clear diplomatic off-ramp. The Strait of Hormuz remains closed, and disruptions have escalated from a shipping blockade to production shutdowns across the Gulf. Iran’s new hardline Supreme Leader and President Trump’s demand for unconditional surrender make a quick resolution unlikely, though recent U.S. statements signal a desire to reach one. In times like these, the most important principle is sticking to your long-term financial plan which is a task that can feel daunting. One way we help make it less stressful is to ensure your portfolio reflects your personal priorities and goals, giving you the confidence you need to stay on course and pursue long-term financial success.

To understand what this conflict could mean for markets, it helps to step back and look at the broader picture. Rather than focusing on the Iran situation alone, we’re looking at three key factors shaping the investment environment right now. Considering them together gives a clearer sense of what’s driving markets today.

The Iran Conflict Sending Oil to \$100+/barrel (up 35% in a week)

The rising oil price increases inflationary pressures in the U.S. and globally, regardless of energy independence. Higher energy costs slow economic growth and create both economic and political pressure on the U.S. While the Fed can cut rates to support the economy, elevated inflation limits that flexibility. At its core, this reflects Iran using oil as economic leverage in response to recent strikes.

February jobs loss of 92,000 versus expectations of +60,000 growth

The weaker than expected jobs report points to a deteriorating labor market. Whether driven by AI-related disruption or broader economic slowdown, it signals rising stress. Normally, the Fed could respond with rate cuts, but inflationary pressures amplified by higher oil prices may constrain its options.

A major private credit “gating” event

Over the past year, we have warned of risks in private credit, and today we’re noting that more investors are now trying to exit these investments than enter them which can create a potential “run on the bank” dynamic. Many funds have imposed “gating” provisions to limit withdrawals and manage liquidity. While concerning for the broader market, this is not a surprise to us, and we have little to no direct exposure in our portfolios.

So far in 2026, broad diversification has helped insulate portfolios from market drawdowns. (Finally, the S&P 500 isn’t the only game in town! See the graphic below.) While risks remain, we continue to view diversification as the most prudent foundation for positioning portfolios. How we apply that diversification can be tailored to your perspective on the conflict, the economy, and the path ahead to help you have the needed conviction to stay the course on your overall financial plan.

For example, those optimistic about a short-lived conflict may focus on a growth approach, particularly in tech and AI, along with neutral bond exposure for ballast and selective opportunities in high-yield and municipal bonds. For those concerned about prolonged conflict and rising financial stress, we favor defensive factors, including low-volatility and high-dividend equities, sectors such as Utilities, Health Care, Energy, and Consumer Staples, and higher-quality credit like investment-grade corporates, MBS, long-duration Treasuries, and cash equivalents.

The most important principle is that a well-constructed plan already accounts for major events like the Iran conflict, and sticking to it is how we strive to achieve long-term goals. **Tailoring your portfolio to your perspective reinforces confidence, helping you stay invested through volatility.** Short-term adjustments are not about timing the market, rather they are about making the strategy work for you so you can stick to the plan no matter what the geopolitical environment brings.

Discipline wins over uncertainty. Our focus is guiding you to stay on course, pursue your goals, and navigate any market environment with conviction.

Asset class returns

2011 - 2025																	
Ann.	Vol.	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	YTD
Large Cap	Small Cap	RBTs	RBTs	Small Cap	RBTs	RBTs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	RBTs	Comdty.	Large Cap	Large Cap	EM Equity	EM Equity
14.1%	20.3%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	34.4%	14.9%
Small Cap	EM Equity	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	RBTs	EM Equity	Large Cap	Cash	DM Equity	Small Cap	DM Equity	Comdty.
9.5%	17.5%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	31.9%	11.6%
RBTs	RBTs	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	RBTs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Asset Alloc.	Large Cap	RBTs
7.8%	16.4%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	17.9%	10.5%
Asset Alloc.	DM Equity	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Asset Alloc.	DM Equity
7.3%	15.7%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	15.8%	10.1%
DM Equity	Comdty.	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	Comdty.	Small Cap
7.1%	15.4%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	15.8%	6.2%
High Yield	Large Cap	Asset Alloc.	Large Cap	RBTs	Cash	Asset Alloc.	RBTs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	RBTs	Comdty.	Small Cap	Asset Alloc.
5.7%	14.7%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	12.8%	4.7%
EM Equity	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	RBTs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	High Yield	Fixed Income
4.2%	10.1%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	12.1%	1.7%
Fixed Income	High Yield	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	RBTs	Fixed Income	High Yield
2.4%	9.1%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	7.3%	1.2%
Cash	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	DM Equity	Cash	Large Cap
1.5%	4.6%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	4.3%	0.7%
Comdty.	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	RBTs	EM Equity	RBTs	Comdty.	Fixed Income	RBTs	Cash
-1.1%	0.9%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	2.3%	0.6%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
 Large Cap: S&P 500, Small Cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio is for illustrative purposes only and assumes annual rebalancing with the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Annualized (Ann.) return and volatility (Vol.) represents the period from 12/31/2010 to 12/31/2025. Please see the disclosure page at the end for index definitions. All data represent total return for stated period. Past performance is no guarantee of future results.
 Guide to the Markets – U.S. Data are as of February 27, 2026.

J.P.Morgan
ASSET MANAGEMENT

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