FROM THE DESK OF:

New York Life Investment Management's Global Market Strategy team

March inflation: all gas

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New York Life Investment Management

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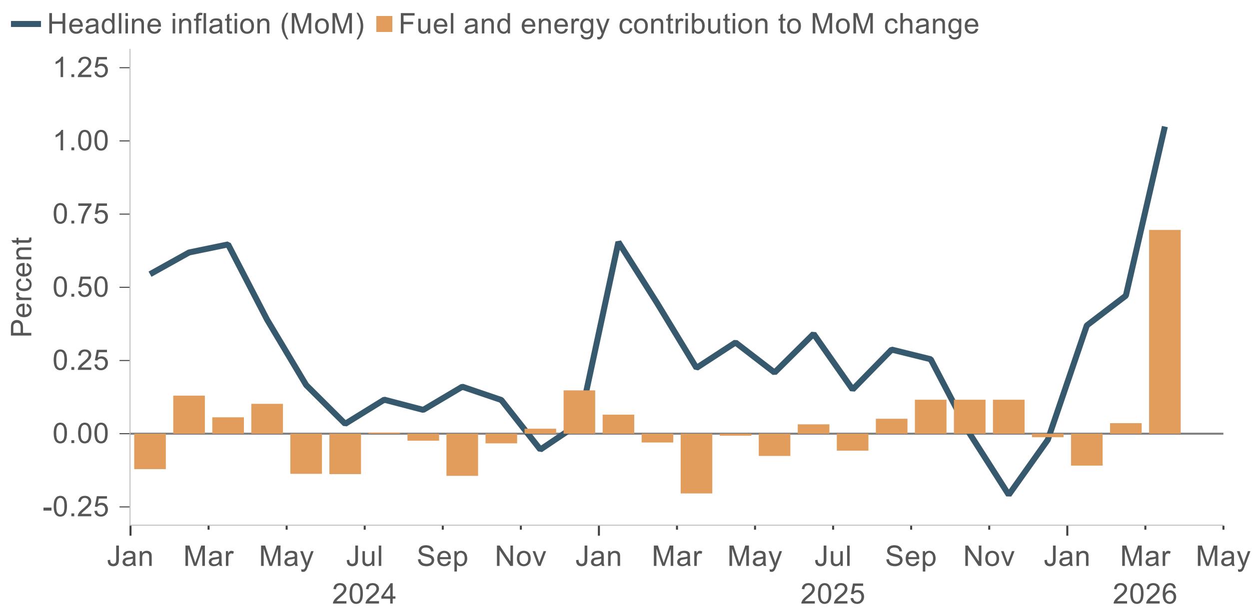
The highest U.S. inflation print in 2 years has been interpreted with some relief. March CPI, while coming in hot at **0.9% MOM** and **3.3% YOY**, was *almost entirely, and expected,* driven by higher energy prices, led by a 21.2% rise in gasoline prices. S&P 500 futures rallied before market open; the dollar lost further steam. Treasuries disagreed: long rates fading an initial bullish reaction to the print, with the 10Y yield spiking above 4.3% for the first time post-ceasefire announcement.

Energy is now the dominant driver of inflation, after dragging on price growth for four years



Sources: New York Life Investment Management, Global Market Strategy, U.S. Bureau of Labor Statistics (BLS), Macrobond, April 2026.

There are three things on our team's mind as the market digests this data:

1. Even if hostilities cease from here, we expect several more months of elevated energy prices (read our views here). The ceasefire announcement between the U.S. and Iran has not yet led to an increase in traffic through the Strait of Hormuz. Notably, the U.S. economy remains relatively sheltered from the worst energy price impacts felt globally, due to its self-sufficiency in natural gas production and relatively lesser dependency on oil products from the middle east.

2. Global markets have been highly focused on the inflationary impact of the energy price shock. In this sense, markets welcome a benign ex-energy inflation print today, but we maintain a balanced view on downside risks to economic activity. Higher energy costs will weigh on consumer activity and business input costs over time, in

the midst of a maturing macro and credit cycle. Accordingly, we believe 1-2 Fed cuts are still possible later in the year. Our April Macro Pulse – Macro spillovers from the Strait – examines these impacts in more detail.

3. The U.S. is staring down a possible shift in Fed Chair in the coming months; the hearing for Kevin Warsh had been scheduled for April 16, but is now delayed. We've said that benign inflation (up to this point) has lowered the near-term stakes of the Fed independence conversation. Now, the potential for Fed leadership to turn over amid upside inflationary risks may compound upside pressures on Treasury yields across the curve.