

April 6, 2026

On the 38<sup>th</sup> day of the USA's hot war on Iran, it's not just uncertainty that's impacting global financial markets; it's also unpredictability. Will a 45-day ceasefire begin tomorrow?

Or will the United States target the country's energy infrastructure, which supplies power for millions of civilians, as the president said yesterday? Or something else?

As the world watches and waits,

<https://www.independent.co.uk/news/world/americas/us-politics/trump-threats-iran-bomb-truth-social-b2952108.html>, this is a good time to review investment portfolio performance and risk management, and to assess whether current investment strategies align with goals and timeframes.

Ongoing volatility seems likely to be with us for the foreseeable future. It's not just oil prices that are rising. While financial markets have largely erased bets on a Fed rate hike this year, the bond market is sending a different message. The benchmark 10-year Treasury yield surged to 4.37% on Friday,

<https://markets.financialcontent.com/stocks/article/marketminute-2026-4-3-bond-market-rebellion-10-year-yield-hits-437-as-strong-jobs-and-energy-shocks-reshape-inflation-outlook>.

U.S. inflation projections, revised upward for 2026 and 2027, are now anticipated at ~4.2% by the end of the first Quarter, <https://fredblog.stlouisfed.org/2026/03/fomc-summary-of-economic-projections-march-2026/>. Fed Chair Jay Powell, appointed by President Trump in 2018, acknowledged on Monday last week that inflation is running above inflation expectations and that he sees downside risk in the labor market,

<https://www.reuters.com/business/horns-an-inflation-growth-dilemma-fed-chair-powell-speak-harvard-2026-03-30/>. The [Bureau of Labor Statistics](#)' monthly update to

its Consumer Price Index ("CPI") and associated data on consumer inflation, measuring changes in what American consumers pay for everyday items ranging from coffee to cars is due on Friday, <https://www.usinflationcalculator.com/inflation/consumer-price-index-release-schedule/>. Also on Friday, the next update on inflation rates—

covering the 12 months ending March 31, 2026,

<https://www.usinflationcalculator.com/inflation/current-inflation-rates/>,

Contributing factors to rising inflation include:

- (1) aggressive and unpredictable U.S. tariff policies, See generally, <https://www.atlanticcouncil.org/programs/geoeconomics-center/trump-tariff-tracker/>.

- (2) massive and rising national debt. The war on Iran alone appears to have cost U.S. taxpayers \$16.5 Billion by its 12<sup>th</sup> day, <https://www.csis.org/analysis/iran-war-cost-estimate-update-113-billion-day-6-165-billion-day-12>. Plus interest. Multiply, and then add the cost of the two aircraft downed on Friday. And the rescue mission for the officer stranded in Iran and injured after Iran felled the \$31m F-15E fighter jet, <https://tinyurl.com/NYT-US-Fighter-Pilot-Rescue> (gift link); <https://apnews.com/article/iran-us-pilot-military-rescue-fde473d07fb59e871a71cd2ad2ffe4fe>. And for the pilot of the US Warthog also lost during that operation, <https://www.cbsnews.com/news/missing-u-s-crew-member-from-downed-fighter-jet-rescued-in-iran-sources-say/>.
- (3) ongoing decline in the US Dollar's value. Nearly 10% last year, its worst performance since 2017—and continue to fall through the first quarter this year, <https://www.economicgreenfield.com/2026/04/01/u-s-dollar-decline-april-1-2026-update/>. See generally, <https://tinyurl.com/USDvalue-SellAmericaTrade>.
- (4) Risks to the US Dollar's status as the world's reserve currency, supported mainly by the now informal US-Saudi agreement to trade oil in US Dollars, <https://eurasiabusinessnews.com/2024/06/17/saudi-arabia-ends-50-year-petrodollar-deal-with-u-s/>. The English-language publication providing comprehensive coverage on the Saudi royal family and the Kingdom of Saudi Arabia, <https://houseofsaud.com/about-house-of-saud/>, sounded the alert on March 16:

*“Iran’s blockade of the Strait of Hormuz has achieved in sixteen days what a decade of BRICS summits, petroyuan proposals, and de-dollarization manifestos never could. Tehran is now deciding which tankers pass through the world’s most critical shipping lane based on a single criterion: whether the cargo is priced in Chinese yuan. The implications for Saudi Arabia’s five-decade petrodollar compact with the United States are existential, and Riyadh knows it.”* <https://houseofsaud.com/iran-hormuz-blockade-petrodollar-yuan-de-dollarization/>.

Reuters is reporting this morning that a senior Iranian official source has said Iran will not reopen the Strait as part of a temporary ceasefire or accept deadlines or pressure to reach a deal, <https://www.reuters.com/business/aerospace-defense/trump-vows-hell-iran-if-strait-stays-shut-says-deal-is-possible-2026-04-06/>. According to the House of Saud, that's because it can't, <https://houseofsaud.com/iran-deadline-ceasefire-framework-collapse/> (*“Iran Rejects Trump’s Hormuz Deadline Because No One Inside Tehran Can Accept It”*).

The price of a barrel of oil goes up and down. Last month, IMF Managing Director Kristalina Georgieva said a 10% increase in energy prices, if it persists for a year, would push up global inflation by 40 basis points—and slow global economic growth by 0.1-0.2%. Gift link, <https://tinyurl.com/IMF-Iran-Oil-HigherUncertainty>. The price of US securities goes up and down. Meanwhile, although the US economy may be hindered by our “low hire low fire” environment, <https://www.reuters.com/markets/us/iran-war-exposes-frailties-no-hire-us-economy-2026-04-02/> (gift link), nevertheless corporate America’s earnings power remains strong.

While no one can predict how long this financial market volatility may last, it certainly presents opportunities as well as risks. Uncertain geopolitical environments can be emotionally challenging. But the shrinking value of the US Dollar makes Cash a risky asset. And, as always, diversification matters.

Please do not hesitate to reach out to us with questions.

Thank you for your continued trust.

Warmest regards,

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