

What's on Our Minds

MARKET HIGHLIGHTS

- > **De-escalation in Iran and Lebanon let investors refocus on fundamentals**, pushing the S&P 500 and Nasdaq to new highs for a third straight week of gains. A rumored deal would release \$20 billion in frozen Iranian assets for enriched uranium, though Hormuz access remains contested. The AI capital expenditures cycle provides a multiyear tailwind.
- > **Higher tax refunds are offsetting tariff costs**, and productivity is offsetting slower labor force growth. Housing remains the weak spot—March existing home sales fell 3.6% and April builder sentiment dropped to 34—and likely needs further Federal Reserve (Fed) easing.
- > **The March Producer Price Index rose just 0.5% versus 1.1% expected**, with core at 0.1%; last year's tariff impulse is fading and rent inflation is moderating. Empire State (+11) and Philadelphia (+13) Fed surveys blew past estimates on strong new orders, though prices paid rose in both. Industrial production fell 0.5% on weather-driven weakness.
- > **The Beige Book described modest growth and a stable no-hire, no-fire labor market**, with input costs outpacing selling prices as the key margin risk.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.55%	0.84%
Municipal Bonds 1-10Y	0.16%	0.66%
U.S. High Yield	0.68%	1.45%
S&P 500	4.55%	4.47%
Russell 2500 (SMID cap)	4.94%	12.89%
MSCI EAFE (International)	2.20%	8.42%
MSCI Emerging Markets	3.23%	14.24%
MSCI ACWI (Global)	3.87%	6.35%
Crude Oil (NYMEX WTI)	-16.38%	47.08%
Gold LBMA PM	3.13%	11.51%
60/40 ACWI/Agg Portfolio	2.54%	4.14%

WHAT CAUGHT OUR EYES THIS WEEK

Schrödinger's Strait

We've been getting a lot of conflicting information out of the Middle East with respect to the Strait of Hormuz. Is it open? Is it closed? Right now, it feels like both. Even during the brief period where the strait was declared officially open by Iranian authorities, traffic through it was a trickle at best. With recent breakdowns in the ceasefire, it's starting to feel more closed than open again. The reality is that shipments through the strait will resume when shippers feel it is safe to do so. Until then, the strait is closed—regardless of news flow or government declarations. Meanwhile, we're starting to hear about empty tankers being rerouted to the United States in search of barrels of oil that are not available through their usual sources. This highlights the global nature of energy markets and explains why we still feel the impacts of the conflict, even if we don't rely on the Middle East for our own energy imports. We're a net exporter, and higher demand for our exports pushes prices up. This benefits the energy sector and has positive implications for our gross domestic product calculation. But the price changes will flow through to domestic markets as well.

WTI Crude Oil



Please see important disclosures and other key information on page 4.

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OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but softer labor markets translate into slower (albeit still positive) trends for consumer spending.
- > **Our current expectations of a recession in the next 12 months are moderately low**, which should allow credit spreads to remain tight.
- > **Benefits from the One Big Beautiful Bill Act will accelerate in 2026**, providing a tailwind for consumer spending and capital expenditures.
- > **The Federal Reserve is still looking to cut interest rates**. We expect one or two cuts for 2026.
- > **We expect S&P 500 profits to continue with their momentum from 2025**, growing in the low to mid-teens again in 2026, and broadening to create new sector leaders in the equity markets.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- > **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. dollar assets.

IN CASE YOU MISSED IT

INSIGHTS

[First Quarter 2026 Review and Second Quarter 2026 Economic and Market Outlook](#)

[Don't Let Tax Penalties Catch You by Surprise](#)

[Video: April 2026 Economic and Market Outlook](#)

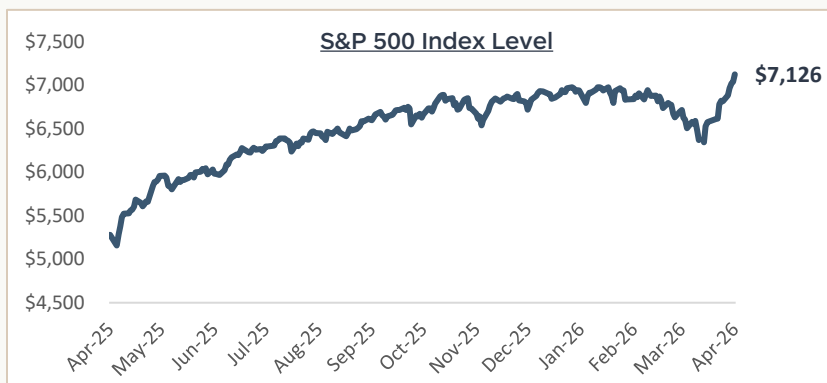
ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

WEBINARS

[Recording: Q1 2026 Market & Economic Outlook](#)

EQUITIES

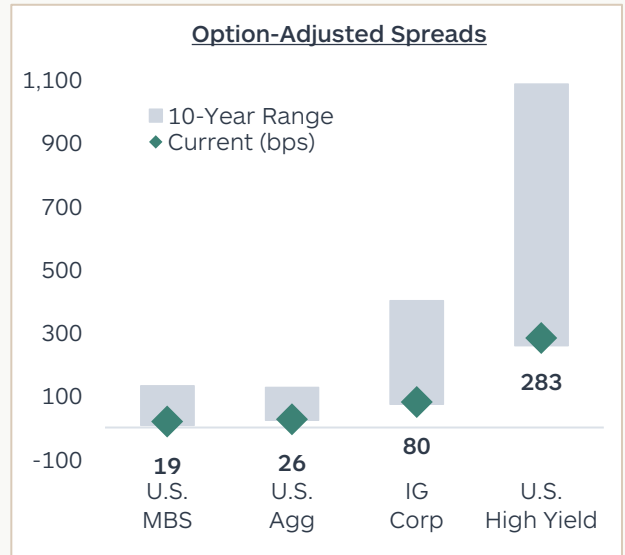


S&P 500 SECTOR	1-WEEK	YTD
Information Technology	8.1%	4.9%
Consumer Discretionary	6.6%	1.9%
Comm. Services	6.3%	6.3%
Real Estate	3.9%	12.0%
Financials	3.3%	-3.7%
Industrials	1.2%	12.2%
Health Care	1.0%	-3.5%
Consumer Staples	0.0%	8.3%
Materials	-0.4%	14.5%
Utilities	-1.7%	8.9%
Energy	-3.5%	23.6%

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FIXED INCOME

KEY INTEREST RATES	4/17/2026	Δ YTD
Municipal Bonds 1-10Y	3.02%	0.05%
Effective Federal Funds Rate	3.64%	0.00%
3M T-Bill	3.69%	0.06%
10Y Treasury Yield	4.24%	0.07%
U.S. Aggregate	4.45%	0.13%
30Y Mortgage Rate	6.41%	0.16%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.15%	0.08%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	4/17/2026
Crude Oil	\$84.22
Gold	\$4,870.50
U.S. Dollar Index	\$98.10
Bitcoin	\$77,970.00

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THE WEEK AHEAD



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April 20, 2026

ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, FactSet, through 4/17/2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 4/17/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 4/17/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 4/17/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 4/17/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 4/17/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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