

# Week in review and ahead (vol.16-26)



Claudio Calado | Managing Partner

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## Week in review

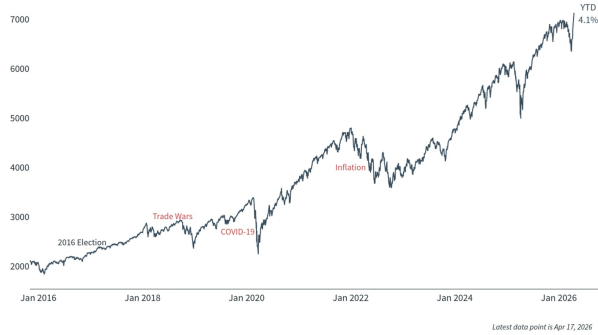
U.S. markets saw strong gains this past week on resurgence of the AI trade and as oil prices retreated well below \$90/barrel following geo-political de-escalation. The pullback came in hopes that ongoing talks will lead to a conclusion about the conflict and the reopening of the Strait of Hormuz. Markets finished the week strong on news Friday morning that Iran would (re-)open the Strait. As of writing this newsletter, a dozen commercial ships completed the outbound transit successfully, however, Iran has since announced that it would close the passageway anew. POTUS on the other hand indicated that talks are going well with updates to be provided throughout the week.

With markets posting strong gains yet again fueled by the resurgence of the AI trade, both the S&P500 and Nasdaq closed the week just off new record highs set earlier. For the week, the S&P500 gained 4.5% to close above 7,100 points for the first time, while the Nasdaq advanced a stunning 6.8%, itself setting a new all-time high above 25,000 for the first time. The Dow Jones gained 3.2%, while the Russell-2000 improved by 5.6% for the week. With markets staging a strong rebound, volatility dissipated with the Cboe's VIX index declining nearly -10% closing at 17.3, a level that suggests lower risk and high market confidence.

Internationally, major equity markets advanced as well, somewhat more moderate than in the US, however, with a couple of notable exceptions. One of those exceptions was South Korea's Kospi index that gained nearly 7% for the week on the resurgence of the AI trade, following strong report from TSMC that saw prices for memory companies' surge. Other markets' gains were more moderate with China's Hang Seng advancing 1.6% while Hong Kong's and India's markets were up 1% and 1.2% respectively for the week. Japan's Nikkei gained 2.7% on the week and closed just off a new all-time high reached on Thursday. In Europe, Germany's DAX posted the strongest gains on the week of nearly 4%, while markets in the UK and France advanced 0.4% and 2%, respectively.

## Stock Market Performance

S&P 500 Index, recent period



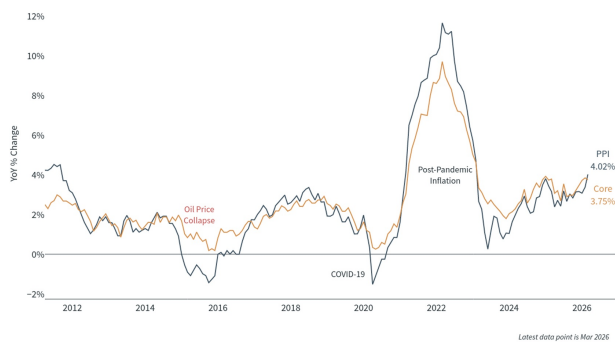
Sources: Clearnomics, Standard & Poor's  
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have all but practically priced in over the last two (2) weeks.

Existing home sales for March fell to a 3.98M annualized rate, the lowest since September'24, missing expectations of 4.05M and declining from 4.13M previously. On a month-over-month ("MoM") basis, sales contracted -3.6% versus -2.0% expected, a sharp reversal from the +2.7% pace prior. Persistently elevated mortgage rates and diminishing affordability remain headwinds.

Wholesale inflation, as measured by the producer price index ("PPI") for March, surprised to the downside. Headline PPI rose 0.5% MoM, unchanged sequentially and well below expectations of 1.3%, while core PPI rose only 0.1% MoM versus 0.5% expected. On an annual basis ("YoY"), however, the picture is less reassuring as headline PPI accelerated to 4.0%. Despite being better than the 4.6% expected, it is the highest since February'23 and up from 3.4% previously, as pass-through effects from tariffs and the Iran war continue to ripple through wholesale prices. Core PPI printed 3.8% YoY, sequentially unchanged but better than the 4.2% expected. While the uptrend since November'25 has paused, inflationary pressures are mounting.

## Producer Price Inflation



Sources: Clearnomics, Bureau of Economic Analysis  
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## Week in review – US macroeconomics

With geopolitical tensions de-escalating, markets will await progress on the (re-) opening of the Strait of Hormuz and the impacts of the war on the global and domestic economy. Preliminary reports indicate that the war has created significant damage to energy infrastructure in the region that will require time to restore. In the US, macroeconomic data this past week presented a mixed picture, with softer housing and industrial production offset by better-than-feared wholesale inflation prints, resilient jobless claims, and unexpectedly strong regional manufacturing surveys. With spillover threats from the Iran conflict reinforcing stagflation risks domestically, it may indeed complicate the Fed's "wait-and-see" stance and test its projection for additional rate cuts later in 2026 which the markets

Import prices for March echoed the PPI surprise, rising 0.8% MoM and well below expectations of 1.9%. The reading suggests that the pass-through of higher global energy prices into U.S. import costs may be more measured than initially feared, though the trajectory remains tied to the duration of the Iran-related energy shock.

Manufacturing data was decidedly mixed. While regional surveys surprised meaningfully to the upside, overall industrial production in the US disappointed, even as ISM reported the sector expanding for three (3) consecutive months recently. Industrial production contracted -0.5% MoM in March versus +0.1% expected, the weakest reading since July'24, even as the prior month was revised up from +0.5% to +0.7%. Despite the MoM

contraction, it did post growth of 2.3% YoY for Q1'25. Capacity utilization fell to 75.7%, a level last seen in November'25,

signaling re-emerging industrial slack. The divergence between soft-survey sentiment and hard activity data remains a defining feature of the current landscape.

The labor market continues to demonstrate resilience, with initial jobless claims of 207K printing better than the 215K expected, suggesting last week's uptick may not mark the onset of broader softening. That said, with breakeven non-farm payroll growth estimated at only 10K, the cushion before labor conditions weigh on the Fed's dual mandate remains thin.

## Corporate earnings

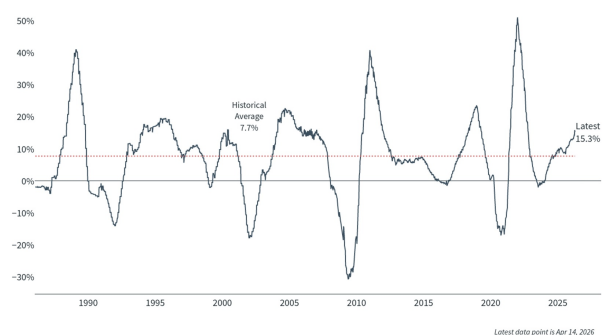
Corporate earning season began in earnest last week with most major banks in the US reporting quarterly results. While all but one financial company reported better earnings, revenue reports were mixed with nearly 30% missing expectations. Overall, this earnings season is off to a good start with key reports scheduled over the next few weeks with Tesla, the first of the Magnificent Seven, to report next week. Per FactSet, the blended earnings growth rate for the quarter is estimated to be 13.2% YoY and 17.4% for all of calendar year 2026. Despite geopolitical risks, corporate earnings estimates for this quarter has seen upward revisions and are likely contributing to the recent rebound as earnings season commences. Markets will focus, however, not just on the scorecard for this quarter, but on corporate guidance that may be impacted by the conflict in the Middle East.

Market and Economic Chartbook | April 18, 2026

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### S&P 500 Earnings Growth Rate

Trailing 12 month earnings per share



Latest data point is Apr 14, 2026

Sources: Clearnomics, IHS  
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## Week ahead

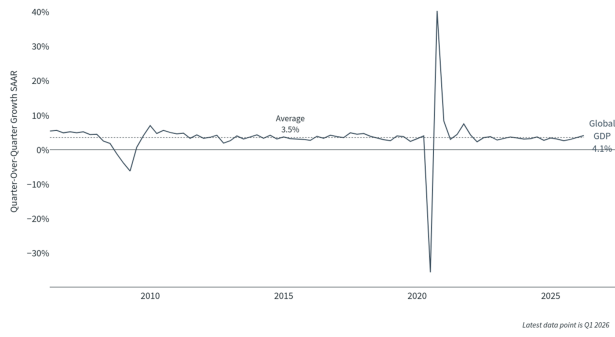
The geopolitical de-escalation and ongoing negotiations with Iran will continue to take center stage next week as the conflict enters the eighth week. While volatility declined significantly this past week, expect headlines to continue move markets. From a US macroeconomic perspective, markets will get an update on the state of the consumer with retail sales for March due on Tuesday as well as an update on pending home sales. Next week will also provide a final read of the UMich consumer sentiment besides the usual weekly jobless claim report a day earlier. Finally, S&P will release its preliminary estimates on the state of the economy with PMI flash data on the overall, service, and manufacturing sector.

## Number of the week: 3.1%

The IMF's downwardly revised forecast for 2026 global growth, unveiled this past Tuesday at the Spring Meetings as part of its April World Economic Outlook ("WEO"), and a -0.3 percentage point reduction from January's projection of 3.4%. The Iran war, now entering its seventh week, was cited as the principal driver of the revision, with global headline inflation now projected at 4.4% for 2026 and emerging market growth revised down to 3.9% from 4.2% previously. The Middle East and North Africa ("MENA") region alone faces a cumulative growth revision of nearly three percentage points. More concerning, however, are the IMF's alternative scenarios: an "adverse" case in which global growth falls to 2.5% and inflation rises to 5.4%, and a "severe" case in which growth declines to 2.0% and inflation exceeds 6.0%. The revision marks the first major institutional acknowledgment of the war's global economic toll and reinforces the stagflationary themes underlying this past week's U.S. macroeconomic data. For the Fed, the IMF's projections complicate the path forward—a weaker global demand backdrop argues for easier policy, while persistent energy-driven inflationary pressures argue for patience. The interplay between these forces is likely to remain the defining macro narrative in the months ahead.

# Global GDP Growth

Bloomberg Economics Global GDP Tracker  
Quarter-over-quarter, seasonally adjusted annual rate



Latest data point is Q1 2026

Sources: Cleonomics,  
Bloomberg  
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