

## Week in review and ahead (vol.17-26)



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### Week in review

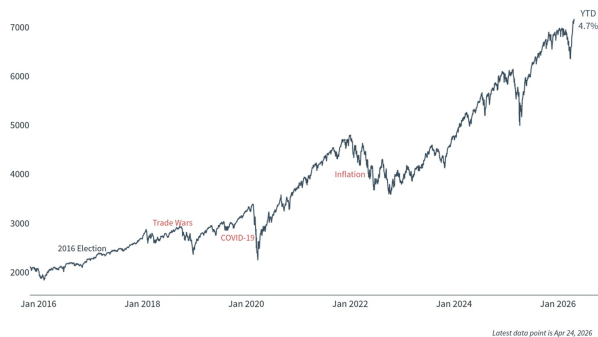
U.S. markets were mixed this week, despite new record highs by the S&P500 and the Nasdaq Composite as progress on resolving the conflict in the middle east remains elusive. Crude oil future prices increased with Brent settling well above the \$100-mark, at 105 per barrel as the US blockade of the Strait of Hormuz remains in place as Iran shows no willingness to concede on major requests for peace. The implications are beginning to be seen beyond Asia with major European airlines announcing flight cancelations as jet fuel supply risks mount. Germany's Lufthansa, for example, announced it would cut 20,000 flights (of less profitable routes) through October. Projections by the International Energy Agency previously anticipated that airlines would do so as it saw supplies of about six (6) weeks. On Friday, oil prices fell on possible continuation of peace talks over the weekend, however, as of writing this newsletter POTUS announced it canceled US envoy's trip to Pakistan.

With corporate earnings posting strong quarterly results and guides, particularly in the semiconductor sector, among others, the recent tech- and AI-trade continued to drive the S&P500 and Nasdaq indices to new highs. The S&P500 and the Nasdaq gained 0.6% and 1.5%, respectively, with both closing the week just off their record-highs set earlier in the week. It appears that the markets have moved past geo-political concerns, at least for the time being, as the rebound in oil prices this week did little to restrain risk assets from moving higher. In contrast, the Dow Jones and the Russell-2000 were little changed in the week, with the former declining by -0.4% while the latter gained 0.4% on the week. With index-level moves relatively range-bound and a Cboe VIX below 19, underneath the surface volatility for risk assets persists, however, with pronounced price action in both directions.

Internationally, energy price and supply concerns appear to have resurfaced as most major markets saw declines in risk assets with the exception of Japan's Nikkei and China's CSI300 index that registered gains of 2.1% and 0.7%, respectively, for the week. Other major equity markets in Asia saw declines as did major markets in Europe and despite better (than expected) macroeconomic data (in the UK) as sentiment turns more cautious. In the UK, the FTSE declined nearly -3% on the week, despite better than expected unemployment rate (of 4.9% vs 5.2%), core inflation (of 3.1% vs 3.2%), and retail sales (of 1.7% vs 1.3%), however, business confidence for Q2'26 declined significantly (to a reading of -65 from -19, previously). Similarly, the DAX declined by -2.3% on the week, as the ZEW economic sentiment index for April showed a reading of -17.2 vs -0.5 previously and expectations of -5.0.

## Stock Market Performance

S&P 500 Index, recent period

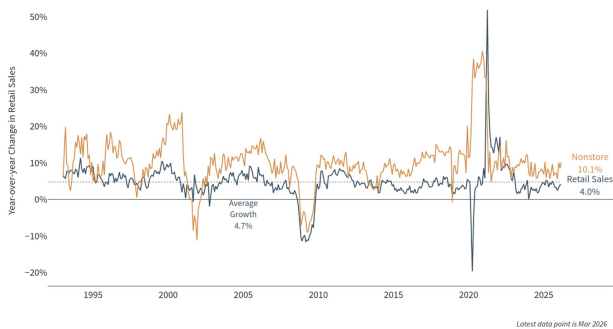


Sources: Clearnomics, Standard & Poor's  
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directly into GDP, were even more impressive, increasing 1.9% MoM against estimates of 1.4% MoM and accelerating sharply from 0.7% sequentially. Given the strength in core spending estimates for GDP Q1'26 were revised upward to 1.2%, back above the 1% threshold for the first time in several weeks and reversing what had been weeks of downward revisions. Together, the data suggest that consumer spending is meaningfully re-accelerated into quarter-end likely on greater tax refunds following last year's tax reform that turned temporary tax cuts permanently.

## Consumer Spending

Retail Sales, YoY % Growth, SAAR



Sources: Clearnomics, U.S. Census Bureau  
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the range consistent with a healthy labor market and below historical averages. The print, hence, does little to alter the broader picture of a labor market characterized by low hiring and low firing.

Consumer sentiment surprised modestly to the upside but remained at depressed levels. The University of Michigan's final consumer sentiment reading for April printed at 49.8, above the 47.6 expected, but down sequentially from the prior reading (of 53.3). The divergence between weak sentiment and strong consumer spending continues to be notable as, for now, behavior continues to outweigh stated mood.

On the monetary policy front, the confirmation hearing for Fed Chair nominee Kevin Warsh proceeded without major surprises, although Senator Thom Tillis suggested his confirmation is far from assured due to the ongoing Department

## Week in review – US macroeconomics

With geopolitical uncertainty remaining, but risk-on sentiment returning as markets digest corporate earnings and guidance, focus this past week shifted to the resilience of the U.S. consumer and the path forward for monetary policy under a new Fed Chair. While the housing market continues to see mixed signals, consumer spending surprised to the upside possibly countering recent fears of slowing momentum in the U.S. economy.

Retail sales for the period came in well above expectations on both measures. Headline retail sales rose 1.7% on a month-over-month ("MoM") basis versus estimates of 1.4% MoM, with the prior reading also revised higher. Core retail sales, which exclude the more volatile categories and feed

Housing, by contrast, remained anemic. Pending home sales for the month rose 1.5% MoM, beating estimates of 0.1% but decelerating sequentially from 2.5% MoM. On a year-over-year ("YoY") basis, pending home sales declined -1.1% versus expectations of +0.7% and worsened from -0.8% the prior month. Persistently elevated home prices, due to continued supply constraints, elevated replacement costs, and still-high mortgage rates, continue to weigh on transaction activity. After dipping briefly below 6% in February, the average 30-year fixed mortgage rate rebounded to a recent peak of 6.6% before easing to 6.35% as of last week.

The labor market remained steady. Initial jobless claims came in at 214K, slightly above estimates of 208K and ticking up sequentially, but still well within

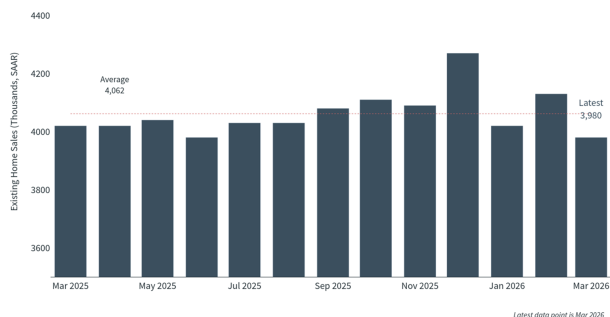
of Justice (“DOJ”) probe of the Fed. The path for an eventual confirmation to succeed Fed Chair Powell at conclusion of his current term on May 15th, may have come on Friday with the DOJ announcing it would drop its prosecution. In the announcement, however, the DOJ left open the door to resume the investigation at a later date. Against that backdrop, Chair Powell may opt to remain on the Federal Reserve Board of Governors through the end of his Governor term in January 2028, which would effectively prevent POTUS’ ability to nominate yet another member to the Board for the duration of that period. Senator Tillis did not offer any comment as of yet.

Market and Economic Chartbook | April 25, 2026



## Existing Home Sales

Number of previously owned and occupied homes sold



Sources: Cleonomics, National Association of Realtors © 2026 Cleonomics, Inc.

## Corporate earnings

In accordance with FactSet, and with over a quarter of the way through earnings season, companies belonging to the S&P500 is reporting strong results with both, the number of companies exceeding expectations (84%) and the magnitude of beating them (by an average of 12.3%), which are ranging well above recent averages. As such, earnings growth rate to date of 15.7% well exceeds the average set for all of last quarter of 13.1%. Similarly, the companies reporting better than expected revenues (of 81%) are above (historical) average. From a sector perspective, eight of eleven sectors are seeing YoY earning growth, led by tech, materials, financial, and industrial, while all sectors are reporting YoY revenue growth, here again led by the tech sector. Next week we will see some of the

larger tech companies report, with five (5) of the Magnificent Seven scheduled to report. With software companies selling off again last week on AI substitution concerns following weaker guidance, markets will focus on Microsoft’s report to assess if the largest software Company will be able to buck the market trend that began earlier this year. Similarly, with semiconductor companies rallying as of late, capital spending by the Magnificent Seven will be closely watched by markets that has been fueling the AI trade.

Market and Economic Chartbook | April 25, 2026



## S&P 500 Earnings Growth Rate

Trailing 12 month earnings per share



Sources: Cleonomics, LSEG © 2026 Cleonomics, Inc.

## Week ahead

The geopolitical (re-)escalation risk with Iran will continue to take center stage next week as the conflict enters the ninth week. While volatility significantly declined this past week, expect headlines to continue move markets. From a US macroeconomic perspective, the Fed’s FOMC is scheduled to meet and discuss any changes to monetary policy, if any. This may be Powell’s last meeting as chair of the Fed, and it is widely expected that rates and monetary policy remain unchanged as a resolution to the geopolitical conflict remains uncertain and the full effects from it may not yet have been reflected in key macroeconomic data. Other reports scheduled for next week that will garner the market’s attention are the advance estimate for US Q1’26 GDP, the

Personal Consumption and Expenditure (“PCE”) report for March, including the Fed’s closely watched index for inflation, the weekly jobless claims, and the ISM manufacturing survey for April that may offer insights into the state of the US economy along with inflationary risks. Other reports scheduled but likely to have a lesser impact on markets are the

Conference Board's consumer confidence and S&P/Case-Shiller home price index. Finally, besides the Fed other major central banks scheduled to hold policy meetings, including, but not limited to, the European Central Bank (ECB), Bank of Japan, Bank of England, and Bank of Canada.

**Number of the week: \$25 billion**

Tesla's revised capital expenditure budget for 2026, raised from approximately \$20 billion previously and roughly three times the \$8.5 billion the company spent in 2025. The announced increase is being directed primarily toward AI-related infrastructure, including the build-out of Tesla's proprietary Cortex AI compute platform, the simultaneous production ramp of Robotaxi and Optimus, and a doubling of AI compute capacity over the course of the year. With the upward revision, Tesla effectively joins the rest of the "Magnificent Seven" in materially escalating its 2026 AI investment plans. As a group, the seven mega-caps are now expected to deploy in excess of \$680 billion in capex this year, up roughly 70% year-over-year. The scale of the spend reinforces that the AI infrastructure cycle remains very much intact and is broadening beyond the original hyperscalers, but it also raises the bar for these companies to demonstrate durable returns on the capital being deployed, a dynamic that, increasingly, equity markets are scrutinizing more closely.

If you have questions about how this may impact your investments, or how you should be positioned, please do not hesitate to contact us at [claudio@caladocapital.com](mailto:claudio@caladocapital.com).

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