

Key Takeaways:

- 1Q26 earnings season kicks off.
- Financials deliver strong earnings thus far.
- Semiconductors still driving earnings growth.
- “Mag 7” outweighs other 493 companies.
- Will we hear about a war impact?

What to Expect in 1Q26 Earnings Season?

Last week kicked off the unofficial start to 1Q26 earnings season with several financial firms issuing earnings results (e.g., Bank of America, JPMorgan, Citigroup, U.S. Bancorp). According to Factset¹, S&P 500 earnings are expected to have grown 13.2% (YoY) in 1Q26, the sixth straight quarter of double digit earnings growth. Over the past twenty years analysts have typically reduced quarterly earnings growth estimates by ~4% during the quarter. However, during 1Q26 analysts increased their estimate for 1Q26 earnings by 0.4% since the start of the year, marking the third straight quarter that earnings were revised higher. In this weekly insights, we provide a preview of what investors may see this earnings season and what we would like to hear from companies.

- **Financials kick off with strong earnings:** According to Bloomberg, we have received 22 of the 80 financial firms in the S&P 500 Index thus far. Of the 22 companies, 20 of them have beat earnings estimates. The biggest upside surprises came from Citigroup, Morgan Stanley, Bank of New York, JPMorgan and Truist Financial. Earnings are

expected to be driven by increased trading activity as market volatility has accelerated and higher investment banking fees with M&A rebounding.

- **Tech and semiconductors dominate earnings growth:** The Info Tech sector is expected to report the highest earnings growth rate of all 11 S&P 500 sectors (+45% YoY). The strength in tech is primarily driven by semiconductor earnings growth which is expected to rise 95% (YoY). If this earnings growth was excluded from the Info Tech sector, the sector would see earnings growth of 20% (compared to 45% estimate).
- **“Mag 7” still driver of earnings growth for the Index:** According to Factset¹, estimated earnings growth for the “Mag 7” stocks is 23% (YoY). That is compared to ~10% (YoY) earnings growth for the other 493 companies. However, it is primarily driven by one company (i.e. NVIDIA). If NVIDIA were excluded from the “Mag 7” stocks, their earnings growth would be 6% (compared to 23% YoY).

- **What to expect from energy earnings?** On average, crude oil was only ~1% higher in 1Q26 vs. 1Q25. As a result, the energy sector is not going to be boosted by higher prices. Instead, energy earnings are expected to be the weakest of all 11 sectors (-13% YoY). This is due to refinery headwinds, less volume due to the war and volatile markets which impacted hedging.

The Bottom Line:

According to FactSet¹, earnings are expected to grow 18% (YoY) in 2026, which would mark the fourth consecutive year of double digit earnings growth. We want to highlight that it is still highly dependent on the tech sector. This earnings season, we will be focusing outside of tech to see the impact companies are feeling due to the war (e.g., supply chain disruption, high oil costs). Especially how they are managing it (margin compression or passing on higher prices). This will tell us the probability of the Index posting the fourth consecutive year of double digit earnings growth.

Weekly Economic Recap –

Housing struggles; Small business sentiment weakens

Existing home sales fell more than expected in March (-3.6% vs. -0.7% MoM est) to a nine month low. All four major regions declined but it was led by the northeast which saw the biggest monthly decline since March 2022. The median price of an existing home rose to a four month high (\$408,800).

The NFIB Small Business Optimism Index dropped sharply in March to an 11 month low. The weakness was broad with small business owners less optimistic about earnings, inventories, credit conditions and hiring. In contrast, those expecting higher selling prices rose for the month.

Inflation as measured by the Producer Price Index came in weaker than expected (+0.5% MoM vs 1.1% est). Intermediate prices (the prices for goods/services used as inputs in production) rose by the most since 2022. Energy was a major driver for the increase but we also saw pressure in transportation/warehousing services.

The NAHB Housing Market Index dropped to a seven month low in April. All three components of the survey declined but it was led by sentiment on the future of the housing market. Homebuilders noted that the rise in oil prices is contributing to higher prices of materials and increased uncertainty.

Key Takeaways:

- Home sales slow as rates and prices rise.
- Small business optimism at 11-month low.
- Inflation comes in lighter than expected.
- Equities hit record highs on hopes around Iran peace.
- Inflation expectations drop and drive yields lower.
- Crude oil prices drop sharply on reopening of Strait.

Weekly Market Recap –

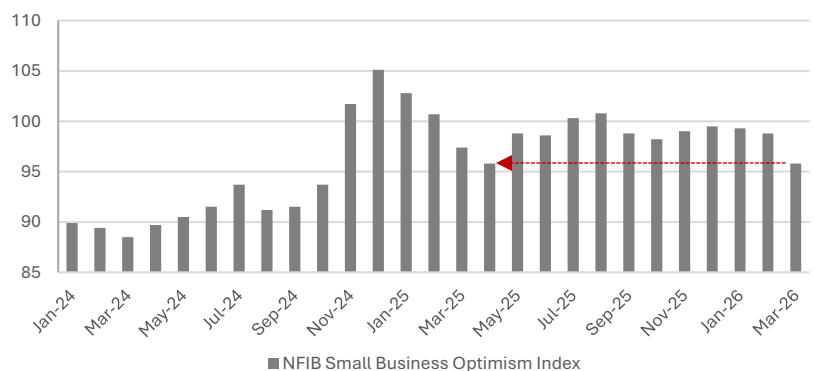
Optimism about Strait of Hormuz openings drives stocks higher

Equities: The MSCI AC World Index rallied for the third consecutive week and many major indices reached fresh new record highs (e.g., S&P 500, NASDAQ, Russell 1000 Value) on news that the Strait of Hormuz would be opening. U.S. equities outperformed both international and emerging market equities. Technology led the gains in the U.S. with the Nasdaq and Russell 1000 Growth Index outperforming.

Fixed Income: The Bloomberg Aggregate Index rallied for the third consecutive week as oil prices dropped sharply and inflation expectations moved lower. Within the fixed income market, the biggest gainers were emerging market bonds, high yield and investment grade credit.

Commodities/FX: The Bloomberg Commodity Index declined for the second consecutive week as tensions with Iran eased. Crude oil prices have posted the worst back to back weekly declines since the pandemic as hopes rose that oil could move through the Strait of Hormuz.

Small Business Optimism Falls on Iran War



Footnotes: Data is as of April 2026.

Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

Global Equities Rally on Optimism Around Strait of Hormuz Reopening

		Current	1WK	1MO	3MO	1YR	YTD			Current	1WK	1MO	3MO	1YR	YTD
U.S. Equities	Dow Jones Industrial Average	49,447	3.2%	5.3%	0.6%	28.5%	3.4%	International Equities	MSCI AC World (USD)	1,075	3.9%	6.3%	3.9%	37.4%	6.3%
	S&P 500	7,126	4.5%	6.2%	3.0%	36.5%	4.5%		MSCI EAFE (USD)	3,111	2.2%	6.2%	4.8%	33.5%	8.4%
	Russell 1000 Growth	4,795	6.7%	7.4%	1.4%	40.1%	0.8%		MSCI Europe ex UK (USD)	3,447	3.1%	7.5%	3.9%	30.2%	6.4%
	Russell 1000 Value	2,235	2.4%	4.8%	4.2%	31.2%	8.5%		MSCI Japan (USD)	5,263	1.7%	5.5%	3.6%	37.5%	10.5%
	Russell 2500	4,855	4.9%	9.6%	5.4%	45.8%	12.9%		MSCI UK (USD)	1,721	1.3%	4.3%	7.0%	36.6%	9.8%
	Russell 2000	2,777	5.6%	10.3%	4.0%	49.6%	12.3%		MSCI EM (USD)	1,597	3.2%	7.0%	8.0%	52.7%	14.2%
	Nasdaq	24,468	6.8%	8.9%	4.2%	51.2%	5.5%		MSCI Asia ex Japan (USD)	1,031	3.1%	6.0%	7.0%	52.5%	13.2%
Fixed Income	U.S. Aggregate	4.4%	0.5%	0.4%	0.8%	6.1%	0.8%	Commodities	Bloomberg Commodity Index	335	-0.4%	-1.4%	16.8%	32.9%	21.2%
	U.S. Govt/Credit	4.4%	0.6%	0.4%	0.7%	5.6%	0.7%		Crude Oil (USD/bbl)	\$90.0	-9.2%	-8.4%	29.6%	25.3%	32.5%
	U.S. 10 Year Treasury	4.2%	0.7%	0.0%	0.9%	5.3%	0.5%		Gold (\$/oz)	\$4,830.3	0.6%	6.2%	0.1%	39.3%	10.4%
	U.S. TIPS (1-10YR)	4.0%	0.4%	0.1%	1.5%	5.5%	1.5%		Copper	\$611.5	0.7%	12.9%	3.8%	27.3%	6.2%
	U.S. High Yield	6.8%	0.7%	1.5%	0.9%	10.4%	1.5%		Wheat	\$599.3	3.2%	-0.2%	10.9%	-4.7%	12.8%
	EM Bonds (USD)	5.9%	1.0%	1.5%	1.2%	11.5%	1.3%		U.S. Dollar	98	-0.1%	-1.4%	-0.4%	-1.1%	0.0%
	Municipal Bonds	3.6%	0.3%	0.3%	0.4%	7.4%	1.3%		VIX Index	17.5	-9.1%	-21.9%	10.2%	-41.0%	16.9%

Footnotes: Data is as of April 17, 2026.

Source: Bloomberg Finance LP, Verdense Capital Advisors.

Disclaimer:

© 2026 Authored by Megan Horneman, Chief Investment Officer, Verdense Capital Advisors, LLC. Reproduction without permission is not permitted. The indexes presented are unmanaged portfolios of specified securities and do not reflect any initial or ongoing expenses nor can it be invested in directly. An investment's portfolio may differ significantly from the securities in the index.

Verdense relies heavily on unaudited third-party data. Data sources include public data, such as mutual fund data, and non-public data, such as information provided by other investment advisors and managers of limited partnership pooled accounts. Data and/or statistics included on this Portal, including references to performance, opinions, ratings, rankings, manager statistics and demographic information, product or strategy descriptions, either quantitative or qualitative, are based upon information reasonably available to us as of the applicable date(s) then-published. Information has been obtained from sources that we believe to be reliable, but these sources cannot be guaranteed as to their accuracy or completeness. All data and information produced by a third party has the potential to be incorrect, incomplete or otherwise misleading. No implication shall be created that the information contained on the Site is correct, including as of any time subsequent to the publish date, and Verdense does not undertake an obligation to update such information at any time after such date. Verdense makes no warranty or representation of the veracity of the data and information and its use of the information should not be implied as an endorsement of any material or statements made. Data, particularly non-public data, is subject to error and where the information is not audited, the potential for error is greater. Where shown, performance information presented is that which has been calculated and presented by an unaffiliated third-party manager. We have no insight into the performance of the advisor/product/account or fund shown and do not attempt to determine whether the performance presented is accurate. Therefore, the performance could be incorrect, overstated or not reflective of actual trading of client funds. There is the potential that the performance shown is a back test and not the result of real investment advice and trading. As such, it could not be relied upon as indicative of future returns of a particular strategy. Where performance shown is that of a pooled account, limited partnership or private equity fund, you should be aware that there is a significant lack of transparency into the operations and investment process and investment vehicles invested in. As a result pricing and valuation of the underlying holdings which produced the stated performance could be incorrect, stale, or overstated and therefore the performance figures presented cannot be relied upon. Before investing, we encourage you to request additional information, particularly performance information, of any product that you are considering for your client. You should read, as applicable, the Prospectus, SAI, Composite Disclosure and/or performance disclosure associated with any product that you are considering for investment for your or your client's. Certain products shown may have account minimums or minimum investment sizes that are unattainable for your clients and therefore they may not be eligible to invest in these products. Reference to registration with the Securities and Exchange Commission ("SEC") does not imply that the SEC has endorsed or approved the qualifications of Verdense or its respective representatives to provide any advisory services described on the Site.