

Key Takeaways:

- Record highs for several equity indices.
- U.S. economy benefits from AI spend.
- Inflation should not be ignored.
- Investors favor tech trade.
- Gold loses its luster.

No April Showers for Equity Investors

As we review the month of April from a performance standpoint, investors ignored the ongoing Middle East conflict, hawkish central banks, gasoline prices at a four year high and a key international agency that warned of slower economic growth and higher inflation (i.e., IMF). Instead, investors shifted their focus to the strong U.S. earnings season. Many U.S. Indices hit a fresh record high (e.g., S&P 500, Nasdaq) along with Japan, Korea and the emerging markets. In this weekly insights we offer a review from an economic and asset class perspective.

- **Economy solid:** The first reading on 1Q26 U.S. GDP showed the economy grew 2% (QoQ). The growth was led by capex spending on equipment and intellectual property and the consumer (specifically in healthcare services).
- **Consumer spending strong:** Despite a very mixed picture on consumer confidence, retail sales came in stronger than expected. In fact, consumers shrugged off the high gasoline prices and used tax refunds to spend on discretionary items.

- **Inflation emerging:** The Fed's preferred inflation measure (Core PCE YoY) is growing 3.2%, while the core Consumer Price Index is growing 2.6% (YoY).
- **Labor market strong:** The U.S. economy added 178K jobs in March, the most since December 2024. In addition, the unemployment rate dipped lower (to 4.3%).

Global Equities – The MSCI AC World Index closed the month at a new record high and posted its best one month gain since November 2020.

- **Investors rotate to tech:** Investors rotated back to tech as the Nasdaq posted its best one month gain (+15.3%) since 2020. The S&P 500 Market Cap Weighted Index outperformed the S&P 500 Equal Cap Weighted Index by the most since 2023.
- **Japan and EM benefit from AI spend:** The MSCI Japan Index and the MSCI Emerging Markets Index posted their best one-month gain since November 2022. Both Indices benefitted from AI related spending.

Fixed Income - The Bloomberg Aggregate Index rose for the third time this year led by riskier fixed income sectors.

- **Risk favored:** The strength in fixed income was led by gains in EM Debt and high yield bonds. High yield spreads dipped to a two month low (268 bps).
- **Duration:** Odds of a Fed on hold and possibly needing to raise rates this year resulted in long term Treasuries declining for the month. The 30 YR Treasury underperformed the three month T bill by 114 bps.

Commodities – The Bloomberg Commodity Index rallied for the fourth consecutive month led by energy as precious metals declined.

- **Gold falters:** Gold prices have been moving inversely to oil since the Middle East conflict broke out. In fact, over the past two months the Bloomberg Energy Index is outperforming the Bloomberg Precious Metals Index by the most since 1990.

Weekly Economic Recap –

Fed Leans Hawkish; Economic Growth Continues

Consumer confidence as measured by the Conference Board unexpectedly rose in April. The strength was led by optimism about the labor market. Those surveyed that find jobs plentiful minus those finding jobs hard to get jumped the most this year. In addition, those expecting better income in the next six months rose to the highest level since October 2025.

In Jerome Powell's final meeting as Federal Reserve Chairman, he stated the Fed will take a "wait and see" approach to monetary policy. As a result, they kept rates at 3.50-3.75% and noted that inflation remains elevated. For the first time since 1992, the meeting featured four dissenting voters (three favored a removal of the easing bias language, and one favored a rate cut). Powell also announced he will stay on as Fed governor for a period of time to be determined.

The U.S. economy grew 2% (QoQ) in 1Q26. The increase was led by companies continuing to invest in AI. Consumer spending was also positive for the quarter, with the biggest driver being spending on healthcare services.

Inflation as measured by the Core PCE Index rose 3.2% (YoY) in March, which is the largest increase since November 2023. The consumption report also showed personal spending outweighed income, which drove the savings rate down to 3.6%, the lowest since October 2022.

The ISM Manufacturing Index showed manufacturing remained in expansion territory in April. This was driven by supply chain disruption because of the conflict in Iran. Going back to 1980 there have only been five occurrences where the prices paid component was higher than the April reading, and the suppliers deliveries report is the highest since May 2022. Manufacturing employment also fell to a year to date low.

Key Takeaways:

- Consumer confidence surprisingly rises in April.
- Fed takes a hawkish tone.
- Inflation expectations climb.
- Tech trade takes center stage.
- Inflation expectations cause yields to rise.
- Crude oil prices resume upward trajectory.

Weekly Market Recap –

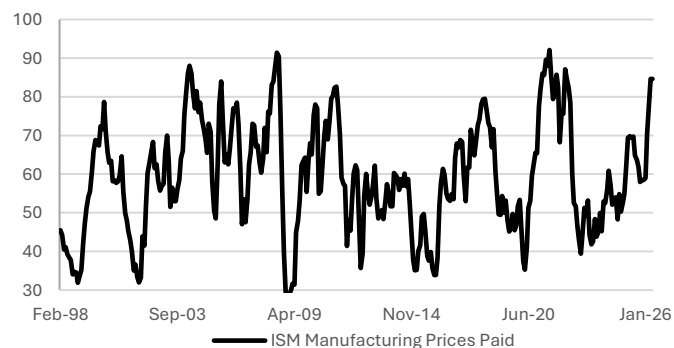
Global equities rally on AI spend

Equities: The MSCI AC World Index rose for the fourth time out of the past five weeks. The gains were led by sectors and countries that can benefit from the ongoing AI spend and rise in energy prices. The Nasdaq Index in the U.S. posted its eighth record high this year. However, the Russell 1000 Value Index outperformed the Russell 1000 Growth Index as energy stocks continued to surge. Japanese equities gained on semiconductor demand and strong earnings.

Fixed Income: The Bloomberg Aggregate Index fell for the second consecutive week after hawkish Fed comments and elevated inflation caused investors to price in the potential for rate hikes in 2026. Treasury Inflation Protected Securities (TIPS) were the only major fixed income sector to gain last week.

Commodities/FX: The Bloomberg Commodity Index rose for the second consecutive week led by a decline in precious and industrial metals. Energy prices surged as the conflict in the Middle East shows no signs of abating.

Inflation Showing up in Several Indicators



Footnotes: Data is as of April 2026.
Data Source: Bloomberg Finance LP, Verdenance Capital Advisors.

Global Equities Surge on Optimism Around U.S. Earnings

		Current	1WK	1MO	3MO	1YR	YTD			Current	1WK	1MO	3MO	1YR	YTD
U.S. Equities	Dow Jones Industrial Average	49,499	0.5%	6.4%	1.7%	23.5%	3.5%	International Equities	MSCI AC World (USD)	1,080	0.7%	8.5%	3.9%	31.1%	6.9%
	S&P 500	7,230	0.9%	10.0%	4.5%	30.6%	6.0%		MSCI EAFE (USD)	3,049	1.0%	3.9%	1.2%	26.0%	6.5%
	Russell 1000 Growth	4,834	0.2%	11.7%	3.2%	29.9%	1.6%		MSCI Europe ex UK (USD)	3,344	0.6%	4.5%	-0.6%	21.9%	3.6%
	Russell 1000 Value	2,270	1.4%	7.4%	5.4%	29.1%	10.2%		MSCI Japan (USD)	5,275	2.0%	3.5%	3.9%	32.4%	10.8%
	Russell 2500	4,893	1.0%	10.5%	8.4%	40.0%	13.8%		MSCI UK (USD)	1,682	0.8%	2.3%	2.2%	29.5%	7.4%
	Russell 2000	2,813	1.0%	12.1%	8.0%	44.4%	13.8%		MSCI EM (USD)	1,601	-0.5%	10.0%	5.3%	46.9%	14.6%
	Nasdaq	25,114	1.1%	15.0%	7.2%	42.7%	8.2%		MSCI Asia ex Japan (USD)	1,046	-0.3%	11.2%	6.2%	48.2%	14.9%
Fixed Income	U.S. Aggregate	4.6%	-0.4%	0.2%	0.1%	4.5%	0.2%	Commodities	Bloomberg Commodity Index	357	3.1%	4.5%	17.2%	44.7%	29.4%
	U.S. Govt/Credit	4.5%	-0.4%	0.2%	0.0%	4.0%	0.0%		Crude Oil (USD/bbl)	\$101.9	8.0%	1.8%	36.7%	42.7%	44.5%
	U.S. 10 Year Treasury	4.4%	-0.5%	0.0%	0.1%	3.2%	-0.4%		Gold (\$/oz)	\$4,614.2	-2.0%	-3.0%	-1.0%	42.4%	6.8%
	U.S. TIPS (1-10YR)	4.2%	0.1%	1.4%	1.5%	5.0%	1.9%		Copper	\$593.2	-1.6%	5.1%	0.1%	29.5%	4.4%
	U.S. High Yield	6.9%	0.0%	1.4%	0.8%	8.8%	1.3%		Wheat	\$637.8	3.4%	4.8%	14.8%	5.5%	20.0%
	EM Bonds (USD)	6.0%	-0.1%	1.8%	0.5%	9.7%	0.9%		U.S. Dollar	98	-0.4%	-1.5%	1.2%	-2.1%	-0.2%
	Municipal Bonds	3.7%	-0.3%	0.9%	0.0%	6.2%	1.0%		VIX Index	17.0	-9.2%	-30.8%	-2.6%	-30.9%	13.6%

Footnotes: Data is as of May 1, 2026.

Source: Bloomberg Finance LP, Verdence Capital Advisors.

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