



Topeka, Kansas

WEEK OF APRIL 20, 2026

Market Navigator

Global equities rallied across the board as progress was made in de-escalating the conflict in the Middle East and oil prices declined. The Nasdaq Composite, which rose more than 6 percent, led U.S. markets. International markets also advanced. Yields on the 10-year U.S. Treasury dropped to 4.25 percent.

Quick Hits

1. **Beyond the headlines:** Small steps lead to big rallies.
2. **Report releases:** Producer prices rose, but less than expected.
3. **Financial market data:** Stocks rallied on progress toward ending the conflict in the Middle East.
4. **Looking ahead:** Retail sales and corporate earnings are this week's highlights.



Beyond the Headlines: Small Steps Lead to Big Rallies

Markets were dominated by news of progress toward ending the conflict in the Middle East. Last week began with headlines that negotiations in Pakistan had not resulted in a deal. By the end of the week, however, Iran had opened the Strait of Hormuz. Oil prices declined and stocks rallied. The S&P 500 and Nasdaq Composite traded at all-time highs on Friday. But no deal had been reached.

Over the weekend, the Strait of Hormuz was closed again. On Sunday, the U.S. announced that its delegation would return to Pakistan to restart face-to-face negotiations with Iran.

What Does the Market Know?

Famous investor Benjamin Graham once said, “In the short run, the market is a voting machine; in the long run, it is a weighing machine.” Last month, with uncertainty about the path forward at its peak, the S&P 500 dropped 9 percent from its all-time high in February. Oil prices were rising and military action was escalating. Investors were concerned that oil prices would reach levels that could affect the U.S. economy and corporate earnings. They now believe otherwise, which is reminiscent of last year, when markets sold off because of tariff implementation. When the worst-case scenario for tariffs didn’t materialize, the market returned to “weighing” strong fundamentals, captured by 11.6 percent earnings growth for the S&P 500 in 2025.

Although it might seem as if markets are acting irrationally—rallying without a certain end to the conflict—it isn’t necessarily true.

The situation in the Middle East remains fluid, as illustrated by the back-and-forth regarding the Strait of Hormuz. Continuing negotiations between the U.S. and Iran are an encouraging sign. Markets are hopeful that this round of talks will result in a deal that supports more stable oil flows to global markets.

Long-Term Fundamentals Are Strong

Corporate America is in the early stages of first-quarter earnings season. So far, signs have been encouraging, with the quarterly earnings growth rate expected to be 13.2 percent. That would be the sixth consecutive quarter with double-digit earnings growth.

Despite uncertainty about the Middle East conflict, expectations for full-year earnings estimates in 2026 continue to rise. Since the day before the conflict

began, those expectations have moved up more than 3 percent.

Weighing Future Earnings Growth

Although it might seem as if markets are acting irrationally—rallying without a certain end to the conflict—it isn’t necessarily true. Markets may be at highs because earnings are resilient and investors believe geopolitical risks are manageable. In the short run, investors expect that, over time, those risks won’t alter the path of economic growth and corporate earnings.



Report Releases: April 13–17, 2026

Existing Home Sales March (Tuesday)

Existing home sales fell more than expected last month because of rising mortgage rates, bringing the pace of existing home sales to a nine-month low. Affordability remains a key headwind for buyers.

- Expected/prior month existing home sales monthly change: -0.7%/+2.7%
- Actual existing home sales monthly change: -3.6%



Producer Price Index (PPI) March (Wednesday)

Headline and core producer inflation rose last month; however, the pace was slightly below economists' estimates. Encouragingly, core producer inflation, which strips out the impact of food and energy prices, rose only 0.1 percent.

- Prior monthly PPI/core PPI growth: +0.5%/+0.3%
- Expected monthly PPI/core PPI growth: +1.1%/+0.4%
- Actual monthly PPI/core PPI growth: +0.5%/+0.1%
- Prior year-over-year PPI/core PPI growth: +3.4%/+3.8%
- Expected year-over-year PPI/core PPI growth: +4.6%/+4.1%
- Actual year-over-year PPI/core PPI growth: +4.0%/+3.8%



National Association of Home Builders Housing Market Index April (Wednesday)

Home builder sentiment fell to a seven-month low in April due to industry headwinds. Home builders cited rising material costs and mortgage rates as challenges.

- Expected/prior month sentiment: 37/38
- Actual month sentiment: 34



>> The Takeaway

- In a challenging week for housing markets, existing home sales and home builder sentiment were below expectations.
- Although producer price inflation was up because of higher oil prices, the rise was less than economists expected.

Financial Market Data

Equity

Oil prices declined roughly 8 percent and equities rallied on progress toward a deal between the U.S. and Iran to end the conflict in the Middle East. The Nasdaq Composite led the way again, rising 6.84 percent, and the Russell 2000 increased 5.57 percent. International markets climbed around 3 percent. Technology, consumer discretionary, and communication services each rose more than 6 percent. Energy was the worst-performing sector, falling 3.5 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	4.55%	9.20%	4.45%	36.54%
Nasdaq Composite	6.84%	13.35%	5.46%	51.22%
DJIA	3.19%	6.76%	3.35%	28.49%
MSCI EAFE	2.21%	9.82%	8.63%	34.24%
MSCI Emerging Markets	3.23%	14.44%	14.29%	53.56%
Russell 2000	5.57%	11.27%	12.29%	49.63%

Source: Bloomberg, as of April 17, 2026

Fixed Income

Fixed income markets rose. Yields on the 10-year U.S. Treasury dropped to 4.25 percent from the previous week's close of 4.32 percent. High-yield and municipal bonds also moved higher.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.55%	0.88%	0.84%	6.10%
U.S. Treasury	0.48%	0.63%	0.58%	4.40%
U.S. Mortgages	0.55%	0.95%	1.35%	7.80%
Municipal Bond	0.31%	1.46%	1.28%	7.40%

Source: Bloomberg, as of April 17, 2026

>> The Takeaway

- Further progress toward a settlement in the Middle East led to lower oil prices and broadly higher equity markets.
- Fixed income markets moved higher in response to lower oil prices.

Looking Ahead

Consumers will be in the spotlight this week, with updates on retail sales and consumer sentiment. First-quarter earnings season ramps up, with updates from companies across many sectors.

- The week kicks off Tuesday with **retail sales** data for March. Rising gas prices are expected to drive most of the growth. Core sales, which exclude autos and gasoline, are expected to rise modestly.
- On Friday, we'll see the final reading of the **University of Michigan consumer sentiment survey** for April.
- Earnings season highlights include reports from Tesla, General Electric, Boeing, and SLB.



Blooming Sunflower Field, Kansas



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