



Hartford, Connecticut

MONTH ENDING APRIL 30, 2026

# Market Navigator

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Markets rallied notably in April, largely offsetting the declines they experienced in March. Solid fundamentals and improving investor sentiment helped drive an impressive rebound for markets during the month despite continued geopolitical risks.

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## Beyond the Headlines: Markets Rally in April

Markets staged a strong rebound in April, offsetting much of the weakness seen in March. Improving corporate fundamentals and shifting investor sentiment helped drive the rally. The S&P 500 gained 10.49 percent during the month while the Dow Jones Industrial Average was up 7.24 percent. The technology-heavy Nasdaq Composite led the way for the month, as the index surged 15.31 percent.

These impressive returns were in part driven by improving fundamentals. We're currently in the middle of 2026 earnings season, and, so far, results have been encouraging. Per Bloomberg, as of April 30 with 60 percent of companies having reported earnings, the average earnings growth rate for the S&P stands at 25.5 percent. This is well beyond analyst estimates for a still very strong 12.3 percent growth rate at the start of earnings season. Businesses have shown to be remarkably resilient in the face of shifting risks over the past few years, and the continued outperformance to start the year was a good sign for investors and markets. Over the long run, fundamentals drive performance, so the better-than-expected earnings growth was a welcome development.

Technical factors were also supportive in April, driven by improving investor sentiment. All three major U.S. indices ended the month above their respective 200-day moving averages after finishing below these levels in March. The 200-day moving average is a widely monitored technical signal, as prolonged shifts above or below this level can signal shifting investor sentiment for an index. The swift rebound above these moving averages in April is a sign that the March pullback was short-lived and that investors remain confident in U.S. stocks.

The story was similar for international stocks, which followed a similar pattern of decline in March and rebound in April. The MSCI EAFE Index rose 7.45 percent during the month. The MSCI Emerging Markets Index did even better, gaining 14.73 percent.

## Fixed Income Update: Yields Remain Elevated

Even bonds were up in April, although returns were more muted as rising long-term interest rates weighed on performance. The 10-year Treasury yield rose from 4.30 percent at the end of March to 4.40 percent at the end of April. The Bloomberg Aggregate Bond Index rose 0.11 percent for April. Credit fared better, as spreads compressed and led to strong performance for the index. The Bloomberg U.S. Corporate High Yield Index gained a healthy 1.69 percent in April.

The Federal Reserve met toward the end of the month and elected to keep interest rates unchanged at the conclusion of the meeting. This was widely expected by markets and investors. Looking forward, no changes to the federal funds rate are expected at the upcoming Federal Open Market Committee meetings throughout the year.

### Bloomberg Aggregate Bond Index

↑ 0.11%  
In the month of April

### Bloomberg U.S. Corporate High Yield Index

↑ 1.69%  
In the month of April

### >> The Takeaway

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- Bond returns were positive in April, with corporate credit outperforming.
- The Fed left interest rates unchanged at the conclusion of its April meeting.



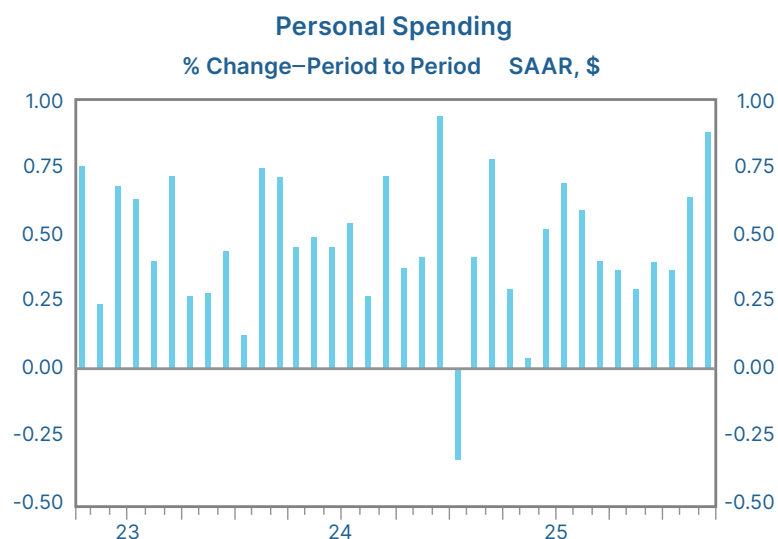
## Geopolitical and Economic Update: Solid Fundamentals Despite Ongoing Geopolitical Risks

While the ongoing war in Iran continued to drive headlines and capture investor attention early in the month, a temporary ceasefire alleviated some of the potential worst-case concerns for markets. Oil prices fell from recent highs mid-month following the announced ceasefire; however, they started rising again toward month-end and remained higher than pre-conflict levels. This will be an important area to monitor in the months ahead as rising energy prices could lead to further inflationary pressure.

Despite the geopolitical risks, however, the economic updates released in April were largely positive. The advanced report of GDP growth in Q1 2026 showed a healthy 2 percent annualized growth rate for the economy to start the year. This is up from 0.5 percent in Q4 2025 and represents a solid economic backdrop.

Personal income and spending growth both improved in March after showing mixed results in February. As seen in Figure 1, this marks the best month for spending growth in more than a year. This was an encouraging sign as consumer spending is critically important for the overall economy. While some of the spending growth during the month can be attributed to rising fuel costs, inflation-adjusted spending was also up in March, which was a positive sign that consumers remain willing and able to spend.

Figure 1: Personal Spending, April 2023–Present



Source: BEA/Haver, as of April 30, 2026

### >> The Takeaway

- The ongoing conflict in the Middle East continued to impact markets in early April.
- Economic reports largely showed a supportive economic backdrop despite geopolitical risks.

## Looking Ahead: Balancing Risks and Fundamentals

While March served as a reminder that uncertainty can cause short-term sell-offs, April showed just how quickly investor sentiment can rebound following a shock. The impressive results in April for markets were primarily driven by shifting investor sentiment, as geopolitical risks began to recede while improving fundamentals and earnings took center stage.

Looking forward, we'll likely continue to see shifting risks throughout the year that might impact markets. Political uncertainty remains high both domestically and abroad, and we may see this ramp up as we approach midterm elections in November. Geopolitical risks should also be monitored as they could impact inflation and the economic fundamentals and cause further bouts of volatility.

With that being said, the fundamentals remain solid for now, which should continue to provide a tailwind for investors. The economy is largely supportive and showed signs of solid growth to start the year. The impressive first-quarter earnings results were certainly welcomed by investors and showcase the continued resilience of corporate America. While headlines can drive short-term market swings, over the longer run, it's the fundamentals that matter the most for investors. And things remain pretty good on that front.

While March served as a reminder that risks can shift suddenly for markets, the long-term outlook remains positive. We can, however, expect challenges and periods of volatility along the way. Given the potential for further market swings, a well-diversified portfolio that takes into account investor goals and timelines remains the best path forward for most. If concerns remain, however, you should speak to your financial advisor to go over your financial plans.



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and convertible debentures. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. It excludes closed markets and those shares in otherwise free markets that are not purchasable by foreigners. The Bloomberg Aggregate Bond Index is an unmanaged market value-weighted index representing securities that are SEC-registered, taxable, and dollar-denominated. It covers the U.S. investment-grade fixed-rate bond market, with index components for a combination of the Bloomberg government and corporate securities, mortgage-backed pass-through securities, and asset-backed securities. The Bloomberg U.S. Corporate High Yield Index covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba/BB+/BB+ or below. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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