Monthly Market Commentary

April 2026

US Economy

The U.S. economy continued to grow in April, but signs of slowing momentum became more visible. Newly released data showed the economy expanded in the first quarter, a clear improvement from the weak end of 2025 but slightly below expectations. Business investment —especially tied to artificial intelligence and technology — remained a key source of strength, while consumer spending cooled modestly as higher gasoline and energy costs weighed on household budgets. Inflation moved higher again during the month, largely driven by energy prices, with overall inflation running above the Federal Reserve's target (see our discussion below).

The labor market remained stable but softer, which is a mixed signal for investors. Job growth slowed compared with prior years, and the unemployment rate stabilized, showing that firms were hiring less aggressively but not laying off workers in large numbers. Wage gains continued, though rising prices trimmed real purchasing power for many consumers. Overall, April portrayed an economy that is still expanding and resilient, but one facing headwinds from higher inflation and energy costs. For the average investor, the takeaway is that the economy remains fundamentally sound, yet growth is becoming more uneven – making the balance between inflation control and sustained growth the central issue for markets going forward.

US Markets

U.S. stock markets delivered a strong rebound, bouncing back from the sharp selloff investors experienced in March. All three major indexes finished the month solidly higher, making April one of the best months for stocks in several years. Much of the buying came as investors grew more comfortable that geopolitical tensions abroad would not worsen and turned their attention back to company earnings, which were generally better than expected — especially among large technology firms.

April showed how quickly markets can recover once uncertainty eases. Technology and growth stocks led the rally, while more traditional sectors participated to a lesser degree. Inflation and interest rates were still concerns, but steady economic growth and easing energy-price pressure helped restore confidence. The key takeaway is that despite short-term volatility and unsettling headlines, staying invested through market swings was rewarded in April, reinforcing the importance of a long-term perspective.

Fixed Income

In what was likely Jerome Powell's final Federal Open Market Committee (FOMC) meeting as Chair, the committee held the federal funds rate steady. The FOMC noted that available indicators suggest economic activity has continued at a solid pace, while job gains have remained low. The Fed also indicated that it would continue purchasing shorter-term Treasury securities to help maintain an ample supply of reserves.

The Fed leaving rates unchanged was expected by markets. However, there were four dissents which was unusual and may show a deepening divide within the Fed. Stephen Miran, who preferred to lower the target federal funds rate and Beth Hammack, Neel Kashkari, and Lorie Logan, who supported maintaining the target range for the federal funds rate but did not support inclusion of an easing bias in the statement at this time.

In our opinion, the uncertain geopolitical environment may inject more uncertainty into the ultimate path of the federal funds rate. A deepening divide on the FOMC shows that a growing number of members favor a more neutral bias supporting their outlook for no federal fund rate changes this year. Ultimately, the economic data could impact the timing of any Fed rate cuts. The Fed stated that the implications of developments in the Middle East for the US economy are contributing to a high level of uncertainty about the economic outlook.

International Markets

In Europe, the Iran war had more of an immediate impact, as the region relies heavily on oil and natural gas imports from the Middle East; the spike in energy prices has pushed Eurozone inflation higher. Meanwhile, Eurozone business activity declined as slowing services growth overshadowed modest manufacturing gains. Underlying inflation remained well-behaved but may be sufficient to prevent the European Central Bank (ECB) from pivoting to interest rate hikes down the road. The ECB's single mandate offers little tolerance for inflation spikes. However, rate hikes could further squeeze consumer purchasing power, undercutting a fragile economic recovery benefitting from increased fiscal stimulus tied to infrastructure and defense spending.

As of this writing, Asia has held up relatively well during the Iran war. China showed manufacturing and services activity returned to expansion in March after two months of contraction. China remains better insulated than other emerging markets in the near term due to the country's strategic oil stockpiles, diversified energy sourcing, and focus on renewable technologies. Across broader Asia, manufacturing activity continued to improve in South Korea, Thailand, and Malaysia, while Taiwan, Vietnam, Indonesia, and the Philippines saw slower growth but remained in modest expansion. Japan, however, lost its early-year momentum in both its manufacturing and services sectors, though business sentiment remained elevated in March. Ongoing food disinflation along with energy subsidies helped keep Japan's inflation readings subdued last month, but higher energy costs tied to the Iran war could potentially keep the Bank of Japan on track for an interest rate hike later this year.

Commodities

Commodity markets experienced sharp swings in April, but the overall trend was one of cooling energy prices and strength in metals, as investors reacted to changing geopolitical expectations. Oil prices, which surged earlier in the year due to fears of a prolonged U.S.–Iran conflict, pulled back meaningfully during April as ceasefire talks and diplomatic signals reduced the risk of major supply disruptions. By mid-to-late April, crude prices were notably lower than their March highs, easing some inflation pressures tied to fuel and transportation.

While energy cooled, metals were a bright spot. Precious metals such as gold and silver remained elevated, supported by lingering geopolitical uncertainty and a softer U.S. dollar, though gold finished the month below its mid-April peak. Meanwhile, industrial metals like copper rose strongly, fueled by supply constraints and ongoing demand tied to infrastructure, electrification, and technology. Agricultural and fertilizer markets also stayed firm due to higher input costs and global supply risks. Overall, April reminded investors that commodities can move for very different reasons at the same time—energy responding to politics, metals to long-term demand trends—and that diversification within commodities can help smooth out volatility.

What Does This Mean to Me?

Our view is that this year's growth recovery could be muted by supply-chain and other disruptions tied to the Iran war. We believe growth this year and next also could be restrained by signs of late-cycle financial stress, capped by an increase in credit card delinquencies. Risks are to the downside from persistent supply-chain disruptions and mounting losses from damage to production facilities for energy, fertilizer, and essential industrial inputs. However, we still anticipate the economy's strengths to support growth above its long-term average, particularly if there is an early end to the conflict. Economic growth should be supported by tax refunds and other fiscal stimulus, cumulative cost savings and productivity gains tied to deregulation, and to investment in AI. As such, despite the recent uncertainty, we continue to advise clients to use any equity pullbacks as an opportunity to deploy sidelined cash.

If you have any questions or concerns, please do not hesitate to reach out to us at any time.

Sincerely,

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Stocks are subject to market risk which means their value may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities.

Investing in commodities is not appropriate for all investors. Exposure to the commodities markets may subject an investment to greater share price volatility than an investment in traditional equity or debt securities. The prices of various commodities may fluctuate based on numerous factors including changes in supply and demand relationships, weather and acts of nature, agricultural conditions, international trade conditions, fiscal monetary and exchange control programs, domestic and foreign political and economic events and policies, and changes in interest rates or sectors affecting a particular industry or commodity. Products that invest in commodities may employ more complex strategies which may expose investors to additional risks, including futures roll yield risk.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Investing in emerging markets accentuates these risks.

Investments in fixed-income securities are subject to market, interest rate, credit, and other risks. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can cause a bond's price to fall. Credit risk is the risk that an issuer will default on payments of interest and/or principal. This risk is heightened in lower rated bonds. If sold prior to maturity, fixed income securities are subject to market risk. All fixed income investments may be worth less than their original cost upon redemption or maturity.

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