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[Posted: April 13, 2026 – 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is down 1.0% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed down 1.0%. Chinese markets were higher, with the Shanghai Composite up 0.1% and the Shenzhen Composite up 0.5%. US equity index futures are signaling a lower open.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold.

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
“From the Shah to the Strait” (3/23/26) + podcast	“Wars, Price Shocks, and Inventories” (4/13/26)	Q1 2026 Report Q1 2026 Rebalance Presentation	Confluence of Ideas podcast Confluence Mailbag

Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* today opens with an update on the war in Iran, including a new US threat to blockade ships traveling to and from Iranian ports and an Iranian warning that it would respond by attacking regional ports. We next review several other international and US developments that could affect the financial markets today, including new signs that the UK is working to at least partially reverse Brexit and new reports that the artificial intelligence boom is producing a shortage of computational power.

United States-Israel-Iran: The US-Iran peace talks in Pakistan at the weekend [ended with no deal](#), mostly because the Iranians wouldn’t accept US demands to reopen the Strait of Hormuz to free and unfettered shipping or promise to give up their nuclear program. The Iranian side said lower-level technical officials would keep talking, but President Trump later [said the US would up the ante by blockading passage through the strait to prevent Tehran from re-arming or selling its oil on world markets](#). Iran [threatened to retaliate for the blockade by attacking regional ports](#).

- The failure of the talks will raise the odds that the US, Iran, or both could soon re-start their attacks, especially with a third US aircraft carrier and more ground troops set to arrive in theater within days. For the US, the focus would likely be an attempt to open the strait – an effort that could involve ground troops or other risky operations. In turn, that could mark a return to unbridled attacks and even more disruptions to the world’s energy and commodity markets.
- President Trump yesterday also said the US Navy would hunt down and stop any commercial vessels that pay a toll to Iran to pass through the strait. The statement will further raise the risk when shipping through the waterway.
- Of course, countries around the world are already suffering economic damage from the war. Researchers at Capital Economics [have issued a new forecast that Qatar’s gross domestic product will shrink by 13% this year](#), the United Arab Emirates’s by 8%, and Saudi Arabia’s by 6.6%.
- Separately, media reports over the weekend said the Chinese government [is preparing to send new shoulder-fired anti-aircraft missiles to Iran in the coming weeks](#). Although it has already been reported that China has been aiding Iran with chemicals, dual-use equipment components, and the like, any provision of lethal weapons would mark a significant escalation and eventually risk drawing China into the conflict.
- Iranian sources said the country’s new Supreme Leader, Mojtaba Khamenei, [suffered severe facial and leg injuries during the US-Israeli airstrike that killed his father at the start of the war](#). However, the sources say Khamenei is recovering. Going forward, any facial scars on Khamenei could have political significance, providing a reminder of the US-Israeli attacks with every public appearance.
- Reflecting the failure of the Pakistan talks and the new US threat to blockade Iranian ships, the price for Brent crude oil so far today has jumped 6.7% to \$101.55 per barrel.

China-Taiwan: As the leader of Taiwan’s opposition Kuomintang Party, Cheng Li-wun, ended her visit to China and wrapped up her talks with General Secretary Xi, the Chinese government [said it will take nearly a dozen steps to ease travel to and from the mainland](#), such as restoring direct flights to Taiwan. The announcement likely aims to bolster Cheng’s political stature in Taiwan and undermine the current conservative, anti-China government.

- Separately, a senior Taiwanese official said the government will carry out its first-ever [joint exercise between the Interior Ministry and other departments to escort ships carrying natural gas and oil](#) during a potential Chinese naval blockade.
- The drills suggest the war in Iran has alerted Taiwan to the risk of disrupted energy supplies, which China could use as a nonlethal way to pressure the island to unify with the mainland.

European Union-United Kingdom: As opinion polls increasingly show Britons now regret Brexit, Prime Minister Starmer is reportedly [planning to propose legislation that would insert EU rules into UK law with minimal parliamentary oversight](#). The law would apply to rules in certain policy areas, such as food safety standards. According to Starmer, the legislation would help cut

business costs and bring down prices. In our view, it may also signal further re-integration of the EU and UK as the British try to reignite economic growth.

Hungary: In parliamentary elections yesterday, the opposition Tisza Party [won approximately 138 of the 199 seats in parliament, beating pro-Russia populist Prime Minister Orbán](#) and securing the two-thirds majority needed to ensure Orbán’s policies can be jettisoned. With this election result, Hungary will probably cease to be a major impediment to the European Union’s anti-Russia policies and will be more likely to hew to basic EU policies such as rule of law.

- The European Commission [said it has already begun “immediate engagement” with the expected new prime minister, Péter Magyar](#).
- Besides pushing Magyar to mend ties with Ukraine, officials in Brussels are urging him to start long-demanded reforms to unlock 35 billion EUR (\$41 billion) in frozen EU funds for Hungary.

US Artificial Intelligence Industry: The *Wall Street Journal* yesterday published an interesting article asserting that the rapid growth in “agentic” AI systems [has caused the demand for computing resources to outstrip capacity](#), forcing firms to ration the resource and even drop product offerings. Anthropic and other AI firms have even faced service outages over the issue. The development illustrates the challenges firms face as AI becomes more widely adopted and may portend higher prices going forward.

US Stock Market: Nasdaq announced on Friday that software maker Atlassian [will be replaced by memory chipmaker Sandisk in the Nasdaq 100 index](#). The move illustrates how the AI boom has scrambled the fortunes of major tech firms, weighing on the market values of software makers while boosting any equipment suppliers to the data-center buildup.

US Economic Releases

There were no economic releases prior to the publication of this report. The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
10:00	Existing Home Sales	m/m	Mar	4.05m	4.09m	***
10:00	Existing Home Sales MoM	m/m	Mar	-0.8%	1.7%	*
Federal Reserve						
EST	Speaker or Event	District or Position				
18:20	Stephen Miran in Moderated Conversation	Members of the Board of Governors				

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally

significant; thus, we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do shift over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
Japan	Money Stock M2	y/y	Mar	2.0%	1.7%		**	Equity and bond neutral
	Money Stock M3	y/y	Mar	1.4%	1.2%		**	Equity and bond neutral
China	New Yuan Loans	m/m	Mar	8600.0b	5610.0b	9060.0b	**	Equity and bond neutral
	Aggregate Financing CNY YTD	m/m	Mar	14830.0b	9600.0b	151745b	**	Equity and bond neutral
	Money Supply M2	y/y	Mar	8.5%	9.0%	8.9%	***	Equity and bond neutral
	Money Supply M1	y/y	Mar	5.1%	5.9%	432.0%	*	Equity and bond neutral
	Money Supply M0	y/y	Mar	12.5%	14.1%		*	Equity and bond neutral
India	CPI	y/y	Mar	3.4%	3.2%	3.4%	***	Equity and bond neutral
EUROPE								
Switzerland	Domestic Sight Deposits CHF	w/w	10-Apr	437.5b	429.9b		*	Equity and bond neutral
	Total Sight Deposits CHF	w/w	10-Apr	461.3b	464.3b		*	Equity and bond neutral
Russia	GDP	y/y	4Q P	1.0%	1.0%	0.6%	**	Equity and bond neutral
	CPI	y/y	Mar	5.86%	5.91%	5..80%	***	Equity and bond neutral
	Core CPI	y/y	Mar	5.03%	5.18%		**	Equity and bond neutral
AMERICAS								
Canada	Net Change in Employment	m/m	Mar	14.1k	-83.9k	15.0k	***	Equity and bond neutral
	Unemployment Rate	m/m	Mar	6.7%	6.8%	6.7%	***	Equity and bond neutral
	Participation Rate	m/m	Mar	64.9%	64.9%	65.0%	*	Equity and bond neutral

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	360	360	0	Up
U.S. Sibor/OIS spread (bps)	368	367	1	Up
U.S. Libor/OIS spread (bps)	366	366	0	Up
10-yr T-note (%)	4.34	4.32	0.02	Up
Euribor/OIS spread (bps)	220	215	5	Up
Currencies		3 Mo		
Dollar	Down	US		Down
Euro	Up	Euro		Up
Yen	Up	Japan		Down
Pound	Up	UK		Flat
Franc	Up	Switzerland		Up

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

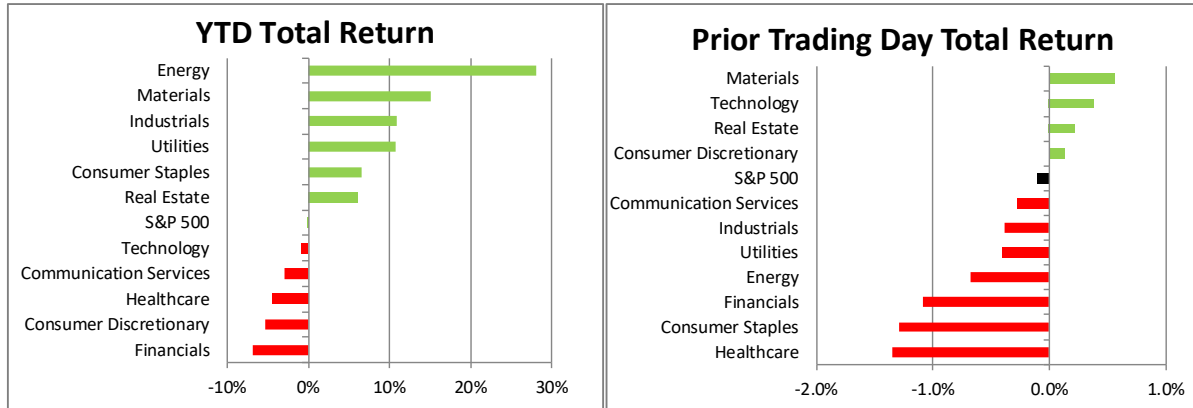
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$101.87	\$95.20	7.01%	Middle East Conflict
WTI	\$104.08	\$96.57	7.78%	Middle East Conflict
Natural Gas	\$2.72	\$2.65	2.53%	
Crack Spread	\$40.88	\$41.32	-1.07%	
12-mo strip crack	\$37.29	\$36.10	3.31%	Middle East Conflict
Ethanol rack	\$2.14	\$2.14	0.10%	
Metals				
Gold	\$4,711.33	\$4,749.75	-0.81%	
Silver	\$74.21	\$75.88	-2.19%	
Copper Contract	\$592.65	\$594.35	-0.29%	
Grains				
Corn contract	\$455.00	\$451.25	0.83%	
Wheat contract	\$593.25	\$580.75	2.15%	
Soybeans contract	\$1,189.25	\$1,191.25	-0.17%	
Shipping				
Baltic Dry Freight	2,201	2,161	40	

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures for most of the country, with near-normal temperatures everywhere else. The precipitation outlook calls for wetter-than-normal conditions in states within the Mississippi Valley and the Northern Pacific region.

Data Section

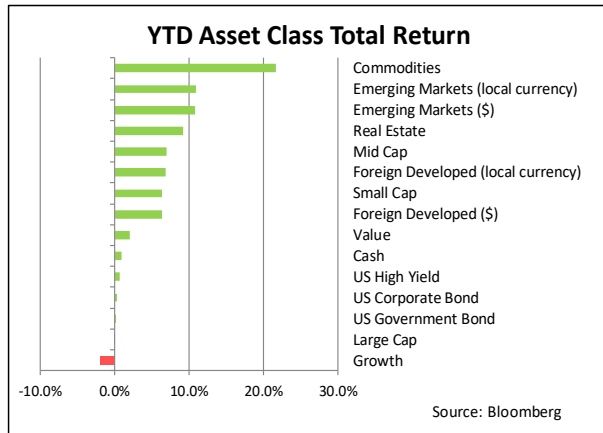
US Equity Markets – (as of 4/10/2026 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 4/10/2026 close)

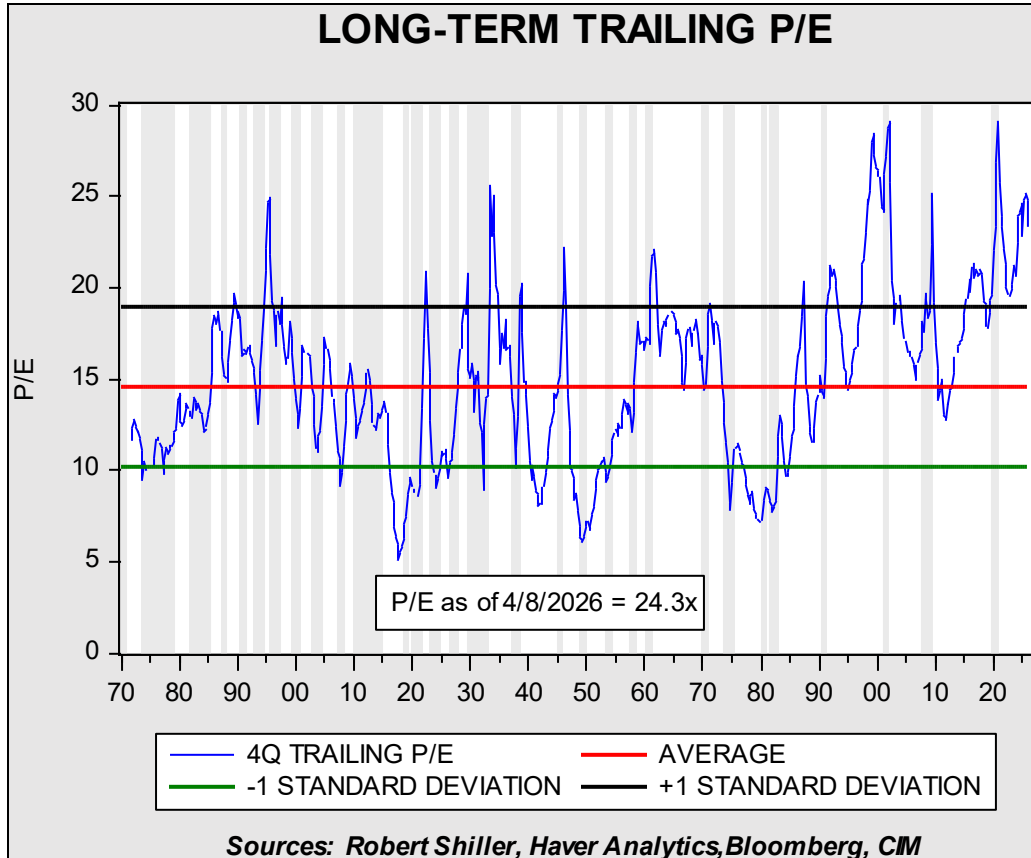


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

April 9, 2026



Based on our methodology,¹ the current P/E is 24.3x, down 0.3 from the previous report. Last week, the stock price index average fell sharply due to the changing of the quarter, earnings expectations for Q1 2026 were also down from the previous period.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

¹ This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q1, Q2, Q4) and one estimate (Q3). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.