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[Posted: April 15, 2026 – 9:30 AM ET] Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 is down 0.4% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 1.5%. Chinese markets were mixed, with the Shanghai Composite essentially unchanged and the Shenzhen Composite down 0.7%. US equity index futures are signaling a mildly higher open.

With 27 companies having reported so far, S&P 500 earnings for Q1 are running at \$72.10 per share, compared to estimates of \$72.32, which is up 12.6% from Q1 2025. Of the companies that have reported thus far, 74.10% exceeded expectations while 14.8% fell short of expectations.

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* begins with a discussion of potential challenges surrounding the leadership transition at the Federal Reserve. We then provide updates on developments in Iran, the implications of the global memory chip shortage, the potential for renewed tariff increases, and signs of additional strain in the relationship between the United States and its allies. As always, we include an overview of recent domestic and international economic data.

Fed Pressure: Nearly a month before Fed Chair Jerome Powell’s term is set to expire, controversy is mounting over what will follow. His potential successor, Kevin Warsh, has made

[financial disclosures that have raised questions](#) about potential conflicts of interest. Separately, [US prosecutors have dropped by a Federal Reserve construction site](#), a move that suggests that Powell may still be under investigation. These developments are likely to fuel scrutiny of the Federal Reserve's future composition in the coming months.

- Ahead of his Senate confirmation hearing, [Kevin Warsh released financial statements showing a net worth of nearly \\$131 million](#), making him potentially the richest Fed chair in history. While he has not been accused of any wrongdoing, his wealth is likely to become a target for lawmakers questioning whether he will take advantage of his position for personal gain. In preparation for the hearing, Warsh has announced that he will step down from his advisory roles with various companies.
- Meanwhile, a recent visit by federal prosecutors to the Federal Reserve's Washington headquarters project underscores that Powell remains entangled in a criminal inquiry over whether he misled Congress about the ballooning cost of the renovation. Although the Fed chair has not been formally charged, the renewed attention to the case is widely seen in Washington as a reminder that the White House will look to discourage him from remaining at the Fed beyond the official end of his term in May.
- The potentially rocky confirmation of Kevin Warsh, together with an ongoing investigation by US authorities, underscores the uncertainty surrounding Powell's position at the end of his term. At the March FOMC press conference, Powell affirmed that he would remain as Fed chair until a successor is formally appointed. He has also left open the possibility of remaining on the Federal Reserve Board, which would make him the first former chair to do so since Marriner Eccles in 1948.
- Although Senator Thom Tillis has stated he will vote against Kevin Warsh's confirmation as long as the investigation of the Fed is ongoing, Warsh is still expected to be confirmed as Fed chair this month. His hearing is likely to be more contentious than those of prior nominees, as he is expected to face questions about his independence given the White House's attempts to pressure the central bank to lower rates. He may also face scrutiny [over some of his outside ties](#), which could further dent his chances.
- The fate of Kevin Warsh and Fed Chair Powell is likely to have an impact on bonds. If Warsh were not confirmed, it would likely reduce the chance of a rate cut this year and potentially add volatility to the bond market, as the FOMC clearly feels content standing pat. Meanwhile, Powell's decision to stay on could lead to a power struggle over the direction of policy. Although we remain confident that the transition will be orderly, we will be looking for any signs that it may not be.

Iran Update: US and Iranian officials are showing signs of progress as they work toward a peace deal. President Trump [has suggested that extending the ceasefire may be unnecessary](#), noting that the war is close to being over. Meanwhile, Israel has praised the US-brokered talks between it and [Lebanon as a potential breakthrough toward ending hostilities](#), a key condition for Iran before it would agree to a deal with the United States. Although no formal agreement has been reached yet, there is growing optimism on both sides that one could be finalized imminently.

- The two sides are expected to meet for a second round of talks sometime this week. Discussions between Washington and Tehran to end the conflict are largely being built around Iran's nuclear program. As mentioned in yesterday's *Comment*, the two are in disagreement over how long to suspend Iran's uranium enrichment program, with the US preferring 20 years and Iran offering only five years. However, [the president has also pushed for a permanent end.](#)
- While there has been consistent talk about a pathway to end the conflict since it began in late February, there does seem to be some momentum to get a deal done. At the start of this month, the president stated that he would not like the conflict to extend beyond two to three weeks, a timeline that gives negotiators roughly nine more days to find a solution.
- The end of the conflict is likely to trigger a sizable relief rally; however, its sustainability will depend largely on the next phase. As companies report their results over the coming weeks, we will pay close attention to their outlooks to gauge how the conflict is impacting their supply chains. Companies that demonstrate resilience are likely to perform better, while those hurt by the conflict may experience greater volatility. At this time, we remain optimistic that domestic firms should be well positioned following the conflict.

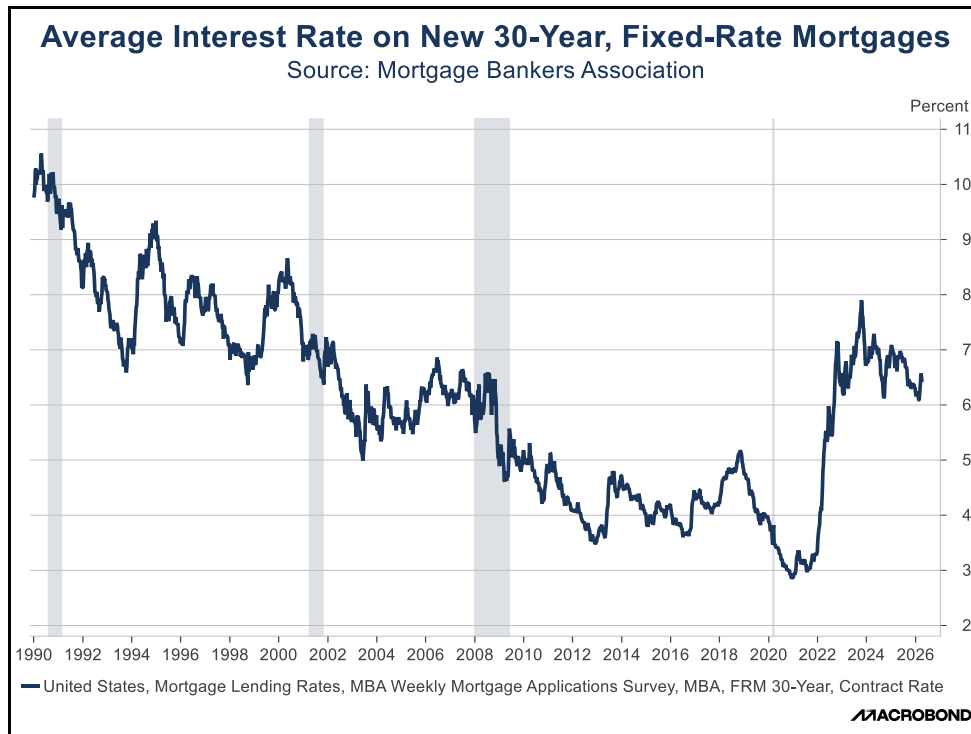
Tech Supply Crunch: The escalating conflict in the Middle East, coupled with the surging demand for AI infrastructure, [has triggered a significant shortage in memory chips.](#) This supply-demand imbalance is projected to drive up consumer electronics prices — particularly smartphones — while forcing margin compression on manufacturers. Ultimately, this shortage underscores the persistent vulnerability of global supply chains and highlights how the intensive resource needs of AI are beginning to disrupt adjacent industries.

Tariff Return: The US plans to return tariff rates to their previous levels by July. On Tuesday, Treasury Secretary Scott Bessent stated that the [new round of Section 301 tariffs will allow the rates to remain in place,](#) citing prior legal victories. The clause would permit the US to intervene if a study reveals that certain countries have benefited from trade due to excessive industrial capacity or forced labor practices. The move is expected to raise tariffs while also giving firms more certainty about future rates.

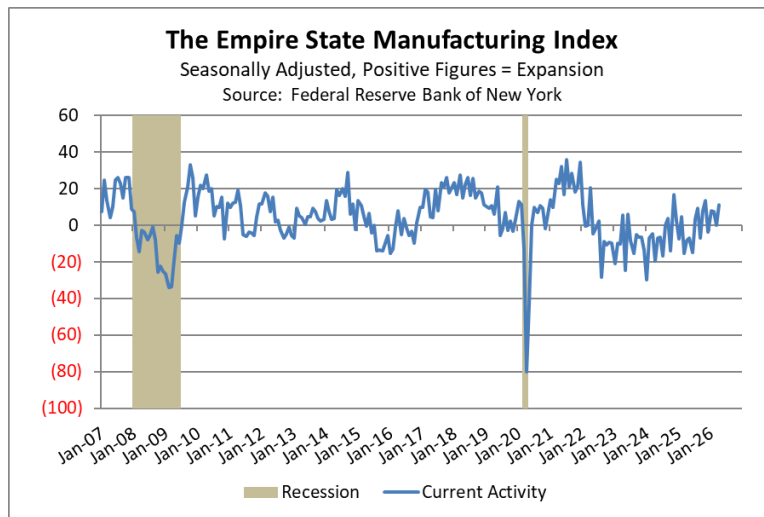
UK-US Trade: In a sign of deteriorating diplomatic ties with the US and its allies, President Trump indicated that he [may revise the trade agreement he negotiated with the UK last year.](#) The move follows Prime Minister Keir Starmer's recent criticism of Washington's actions and its reluctance to assist in ongoing international efforts. In Washington, the prime minister's remarks are being viewed as evidence that the once "special relationship" between the US and the UK is under growing strain.

US Economic Releases

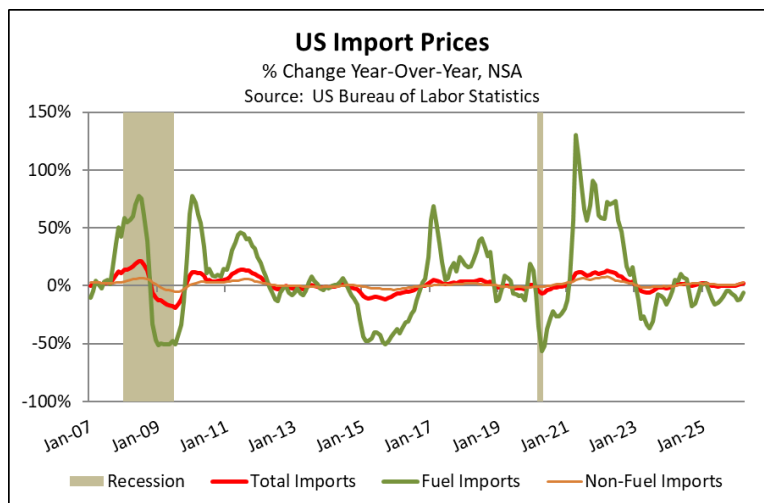
The Mortgage Bankers Association said *mortgage applications* in the week ended April 10 rose 1.8%, erasing their 0.8% decline in the previous week. Applications for home purchase mortgages fell 1.0%, after rising 1.1% in the prior week. Applications for refinancing mortgages rose 5.1%, after declining 2.8% the week before. According to the report, the average interest rate on a 30-year, fixed-rate mortgage fell 9 basis points to 6.42%. The chart below shows how mortgage rates have changed over time.



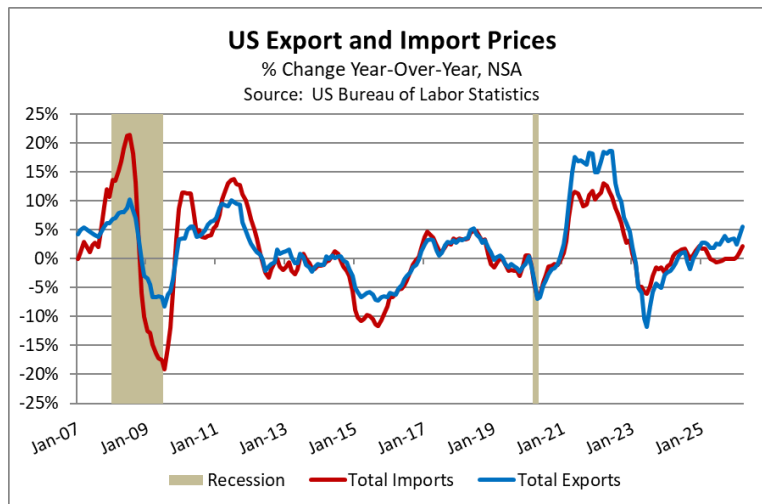
Separately, the New York FRB said its April *Empire State Manufacturing Index* rose to a seasonally adjusted 11.0, handily beating the expected reading of 0.0 and up from -0.2 in March. This index is designed so that positive readings point to expanding factory activity in New York state. At its current level, the index suggests New York manufacturing is now growing consistently again. The chart below shows how the index has fluctuated since just before the Great Financial Crisis



Finally, March *import prices* were up 0.8% from the previous month, much less than the anticipated jump of 2.3% and less than the revised February rise of 0.9%. Import prices are often driven by volatility in the petroleum fuels category. March *import prices excluding fuels* were up just 0.1%, better than their expected rise of 0.3% and far less than their February gain of 0.9%. Overall import prices in March were up 2.1% year-over-year, while import prices excluding fuels were up 2.8%. The chart below shows the year-over-year change in import prices since just before the GFC.



According to the report, *export prices* in March were up 5.6% from one year earlier, in large part because of the key agriculture category. Comparing the annual change in export prices versus import prices provides a sense of the US “terms of trade,” or the relative advantage or disadvantage the country is facing because of trends in international trade prices. The chart below compares the year-over-year change in US export and import prices since just before the GFC.



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	NAHB Housing Market Index	m/m	Apr	37	38	*
16:00	Total Net TIC Flows	m/m	Feb		-\$25.0b	**
16:00	Net Long-Term TIC Flows	m/m	Feb		\$15.5b	**
Federal Reserve						
EST	Speaker or Event	District or Position				
8:30	Michael Barr in Moderated Discussion	Members of the Board of Governors				
13:45	Michelle Bowman Speaks at IIF Forum	Member of the Board of Governors				
14:00	U.S. Federal Reserve Releases Beige Book	Federal Reserve Board				

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	Core Machine Orders	y/y	Feb	24.7%	13.7%	8.1%	**	Equity bullish, bond bearish
South Korea	Export Price Index	y/y	Mar	28.7%	11.1%		*	Equity and bond neutral
	Import Price Index	y/y	Mar	18.4%	1.6%		*	Equity and bond neutral
	Unemployment Rate	m/m	Mar	2.7%	2.9%	2.9%	***	Equity and bond neutral
India	Trade Balance	m/m	Mar	-\$20670m	-\$27100m	-\$28500m	**	Equity and bond neutral
	Exports	y/y	Mar	-7.4%	-0.8%		**	Equity and bond neutral
	Imports	y/y	Mar	-6.5%	24.1%		**	Equity and bond neutral
India	Wholesale Prices	m/m	Mar	5.1%	4.9%		*	Equity and bond neutral
EUROPE								
Eurozone	Industrial Production WDA	y/y	Feb	-0.6%	-1.2%	-1.0%	**	Equity and bond neutral
France	CPI	y/y	Mar F	1.7%	1.7%	1.7%	***	Equity and bond neutral
	CPI, EU Harmonized	y/y	Mar F	2.0%	1.9%	1.9%	**	Equity and bond neutral
	CPI Ex-Tobacco Index	q/q	Mar	101.18	100.20	101.18	*	Equity and bond neutral
AMERICAS								
Mexico	International Reserves Weekly	w/w	10-Apr	\$256213m	\$255489m		*	Equity and bond neutral
Brazil	FGV Inflation IGP-10	m/m	Apr	0.56%	-253.00%		**	Equity and bond neutral
	Retail Sales	y/y	Feb	0.2%	2.7%	1.2%	***	Equity bearish, bond bullish

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)	361	360	1	Up
U.S. Sibor/OIS spread (bps)	367	368	-1	Up
U.S. Libor/OIS spread (bps)	366	366	0	Up
10-yr T-note (%)	4.27	4.25	0.02	Down
Euribor/OIS spread (bps)	224	220	4	Up
Currencies				
	3 Mo			
Dollar	Down	US		Down
Euro	Up	Euro		Up
Yen	Up	Japan		Down
Pound	Up	UK		Up
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.

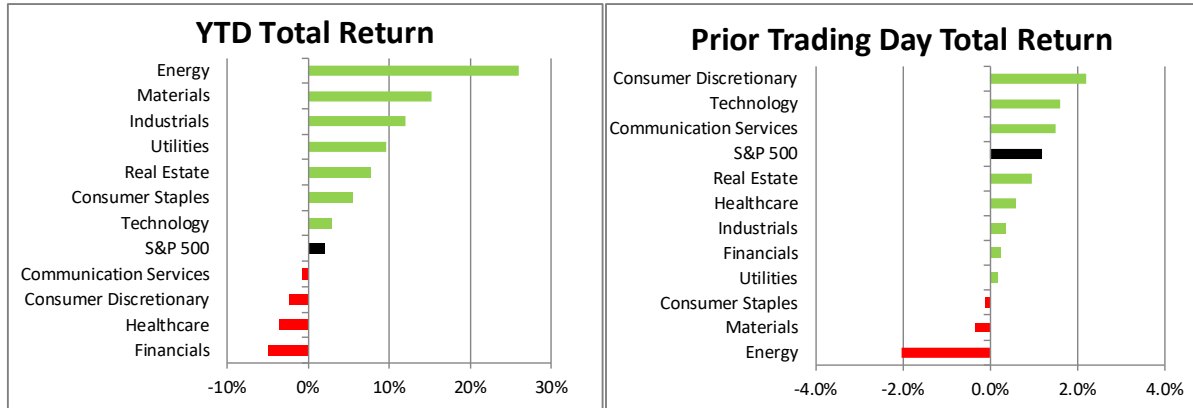
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$95.69	\$94.79	0.95%	
WTI	\$92.05	\$91.28	0.84%	
Natural Gas	\$2.59	\$2.60	-0.46%	
Crack Spread	\$44.78	\$43.90	2.02%	
12-mo strip crack	\$36.28	\$36.10	0.50%	
Ethanol rack	\$2.14	\$2.14	0.00%	
Metals				
Gold	\$4,803.71	\$4,841.75	-0.79%	
Silver	\$78.72	\$79.55	-1.05%	
Copper Contract	\$613.45	\$614.35	-0.15%	
Grains				
Corn contract	\$455.50	\$452.50	0.66%	
Wheat contract	\$595.75	\$601.25	-0.91%	
Soybeans contract	\$1,176.50	\$1,172.75	0.32%	
Shipping				
Baltic Dry Freight	2,354	2,250	104	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		1.90		
Gasoline (mb)		-2.01		
Distillates (mb)		-2.14		
Refinery run rates (%)		0.44%		
Natural gas (bcf)		55		

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures in the Great Plains, the Midwest, and the Southeast, with cooler-than-normal temperatures in the Rocky Mountains. The outlook calls for wetter-than-normal conditions everywhere except the Southwest and New England, where conditions will be near normal.

Data Section

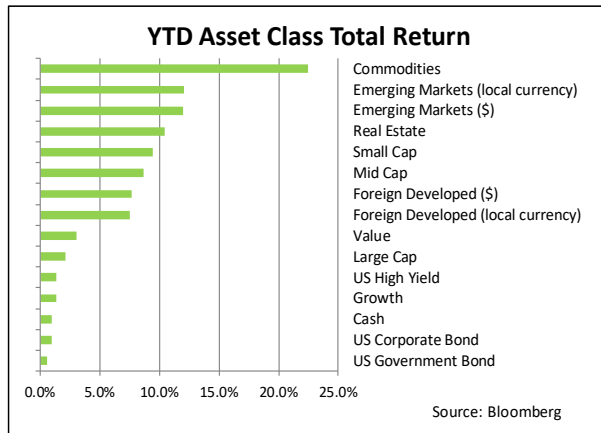
US Equity Markets – (as of 4/14/2026 close)



(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 4/14/2026 close)

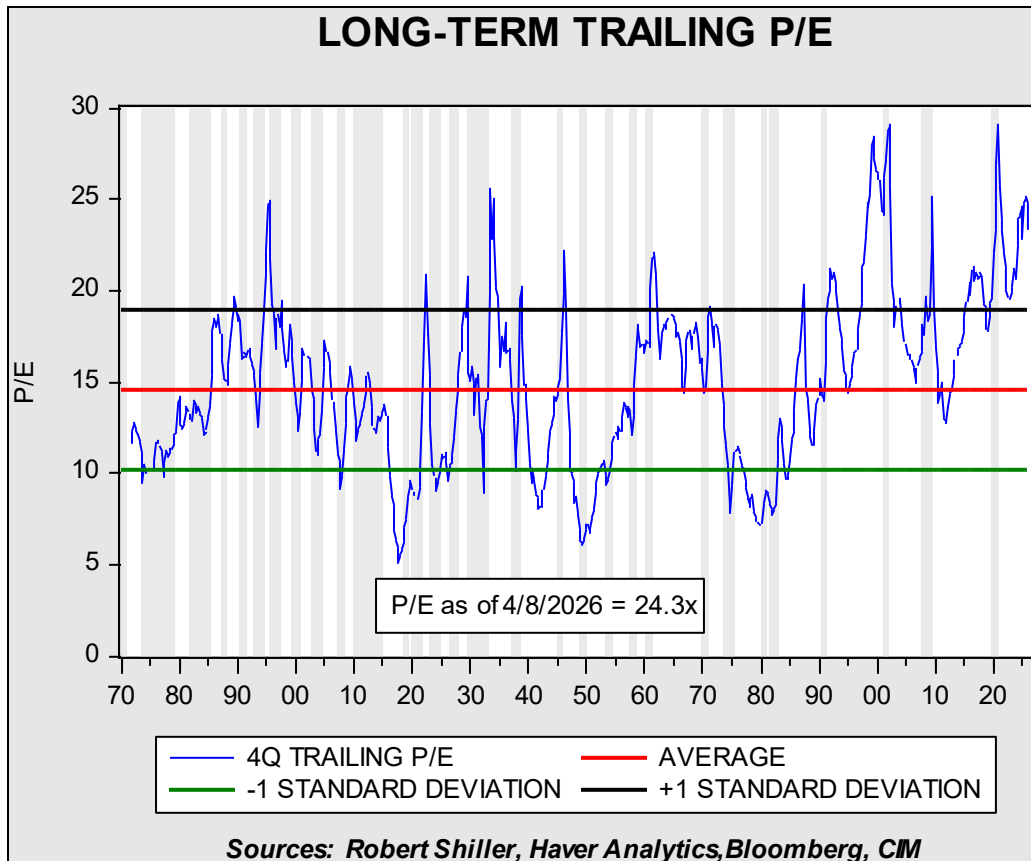


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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.