



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

**[Posted: April 23, 2026 — 9:30 AM ET]** Global equity markets are mostly lower this morning. In Europe, the Euro Stoxx 50 is down 0.6% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 0.1%. Chinese markets were lower, with the Shanghai Composite down 0.3% and the Shenzhen Composite down 1.1%. US equity index futures are signaling a lower open.

With 101 companies having reported so far, S&P 500 earnings for Q1 are running at \$72.70 per share, compared to estimates of \$72.32, which is up 12.6% from Q1 2025. Of the companies that have reported thus far, 88.0% exceeded expectations while 12.0% 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
<a href="#">“The War in Iran and the End of US Hegemony”</a> (4/20/26) + <a href="#">podcast</a>	<a href="#">“Wars, Price Shocks, and Inventories”</a> (4/13/26) + <a href="#">podcast</a> 4/17/26	<a href="#">Q1 2026 Report</a>  <a href="#">Q1 2026 Rebalance Presentation</a>	<a href="#">Confluence of Ideas podcast</a>  <a href="#">Keller Quarterly</a> April 2026

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Our *Comment* opens with a discussion of the recent chipmaker market rally. We then assess the dollar’s reserve-currency status in light of its increased usage following the conflict in Iran. Next, we examine the US bailout of Spirit Airlines, Washington’s growing reliance on dollar swap lines to avert forced asset sales abroad, and SoftBank’s expanding investment in AI. As always, we include an overview of recent domestic and international economic data.

**AI Leads Market:** Chipmakers continue to outperform the broader market, driven by sustained demand for AI-related technologies. [The semiconductor sector has now recorded its longest consecutive winning streak in history, reaching 16 straight days of gains](#). This rally has been fueled by investors increasingly looking past the conflict in Iran and refocusing on core market

themes, with growing confidence that the worst of the geopolitical disruption has passed. This run highlights the market's heavy reliance on AI-related companies to maintain positive momentum.

- Much of this strong performance is being driven by the AI boom, which has fueled a surge in demand for memory chips that continues to outpace supply. This imbalance reflects a broader acceleration in capital spending, as major technology companies invest heavily in cloud infrastructure to support AI model training. Industry leaders — [including Texas Instruments, Nvidia, Broadcom, and Micron](#) — [have reported robust earnings](#), underscoring their critical role in supplying chips to data centers.
- The strength has also extended overseas, with several countries benefiting from increased exports as they expand their AI infrastructure. Southeast Asian economies, in particular, have seen gains, supported by strong performances from key players such as [TSMC and SK Hynix](#) — [the latter reporting the fastest earnings growth in its history](#). Meanwhile, Chinese chipmakers SMIC and Hua Hong posted record results, and European semiconductor equipment leader ASML also delivered a strong quarter.
- However, despite the strong earnings, much of this performance predates the recent disruption to global supply chains stemming from the conflict in Iran. The closure of the Strait of Hormuz has made key inputs more difficult to secure for chipmakers seeking to expand production to meet rising demand. While attention has largely focused on oil markets, [constrained helium flows also pose a significant risk to semiconductor supply chains](#).
- While US companies may be relatively insulated due to domestic helium production, international firms are more exposed to supply disruptions. This is particularly true for Asian economies, which rely heavily on Qatar for helium supply. QatarEnergy, a major global provider, sustained damage during the Iranian drone attacks, further constraining availability. Transportation also presents challenges, as helium can warm and boil off during extended transit, limiting the effectiveness of rerouting supply.
- The recent winning streak for chipmakers is an encouraging signal for market fundamentals, but it also suggests that investors may already be looking past the war in Iran, potentially prematurely. While both sides currently appear reluctant to return to full-scale fighting, the conflict's supply-chain risks have yet to fully filter through to markets. Against this backdrop, we think adding selectively to value exposures remains sensible for investors prioritizing capital preservation.

**Dollar's Global Role:** Since the conflict in Iran began, [the dollar's usage has risen to historic levels, according to SWIFT data](#). The international clearing network reports that the dollar accounted for 51.1% of global transactions — the highest share since SWIFT revised its data methodology. At face value, this suggests the dollar's dominance remains largely intact as it shows that countries are still relying on the greenback to make international transactions. However, we believe underlying shifts may be occurring.

- The dollar remained the dominant reserve currency in 2025, but its long-term role is being widely debated as policy uncertainty, rising fiscal deficits, and shifting trade and tariff strategies are leading investors to reassess their exposure to dollar-denominated

assets. At the same time, political and economic pressures have raised questions about the Federal Reserve's ability to maintain a sufficiently hawkish stance to contain inflation risk, reinforcing concerns about the dollar's future appeal.

- Keep in mind, changes in reserve-currency status typically unfold over decades and in distinct phases rather than overnight. After World War I, it was increasingly clear that sterling was losing ground as the leading reserve currency, as Britain's heavy war debts and reduced ability to supply global liquidity constrained its role. Yet, it took the post-World War II Bretton Woods order and episodes such as the Suez Crisis to solidify the dollar's position at the core of the system and relegate sterling to a secondary status.
- The recent increase in dollar usage reinforces the depth of its reserve currency status. Despite growing headwinds, many countries have raised the share of their transactions conducted in dollars — a clear sign that the greenback remains one of the world's most trusted currencies. While the dollar's elevated usage during the Iran conflict might be viewed as cementing its reserve status, it more likely reflects that no credible rival has yet emerged, leaving the dollar as the default reserve currency for now.
- That said, we expect the erosion of the dollar's reserve currency status to be a long, gradual process, likely marked by periodic setbacks. This means that many countries will probably continue holding dollars as they wait for an alternative currency to emerge. In the meantime, the lack of a viable competitor will likely lead central banks to prioritize gold purchases as their primary means of diversifying away from currency holdings.

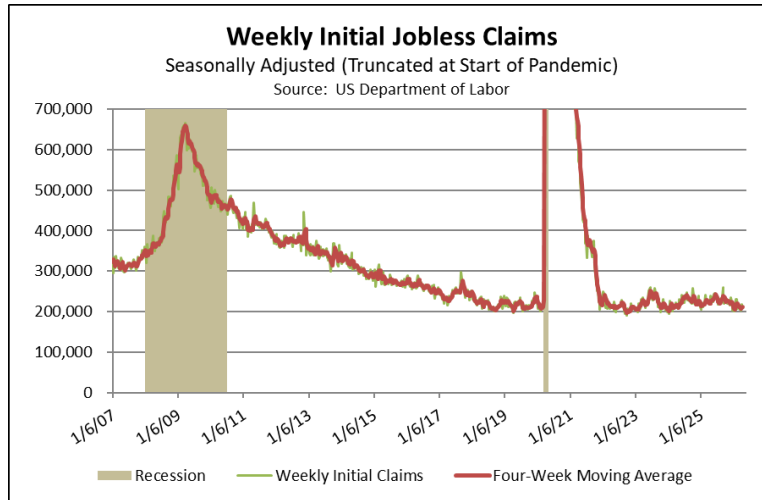
**Trump Airways?** The Trump administration is in advanced talks to take over struggling airline Spirit. The deal would include the [federal government paying \\$500 million for a stake in the company](#). Spirit has struggled to remain profitable since the COVID-19 pandemic, and ongoing geopolitical tensions have made matters worse due to rising jet fuel prices. The move is another reminder of the government's growing role in the economy.

**US Swap Lines:** US Treasury Secretary Scott Bessent [has indicated that a growing number of Gulf countries are seeking dollar swap lines](#) to help maintain dollar liquidity. The access would allow those countries to secure dollars without resorting to panic selling of dollar-denominated assets. More broadly, this would mark yet another instance in which the current administration has considered or deployed measures affecting currency markets, alongside earlier discussions around Japan's FX challenges and the establishment of a swap line with Argentina.

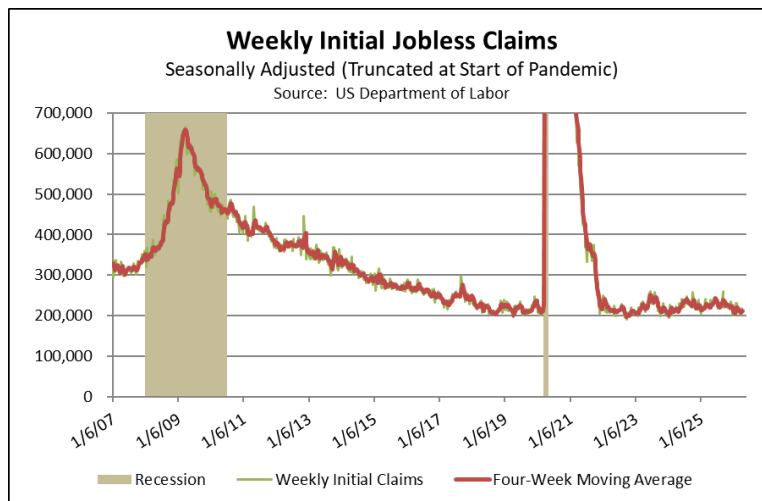
**Softbank Loan:** The multinational conglomerate [is seeking a two-year, \\$10 billion margin loan backed by its stake in OpenAI](#). The facility reportedly includes an option to extend for an additional year, giving the company more flexibility in managing its leverage profile. The move underscores how aggressively SoftBank is leaning into the AI boom, using its OpenAI holdings to lower borrowing costs and monetize a highly valued, still-private and not-yet-profitable AI model provider.

## US Economic Releases

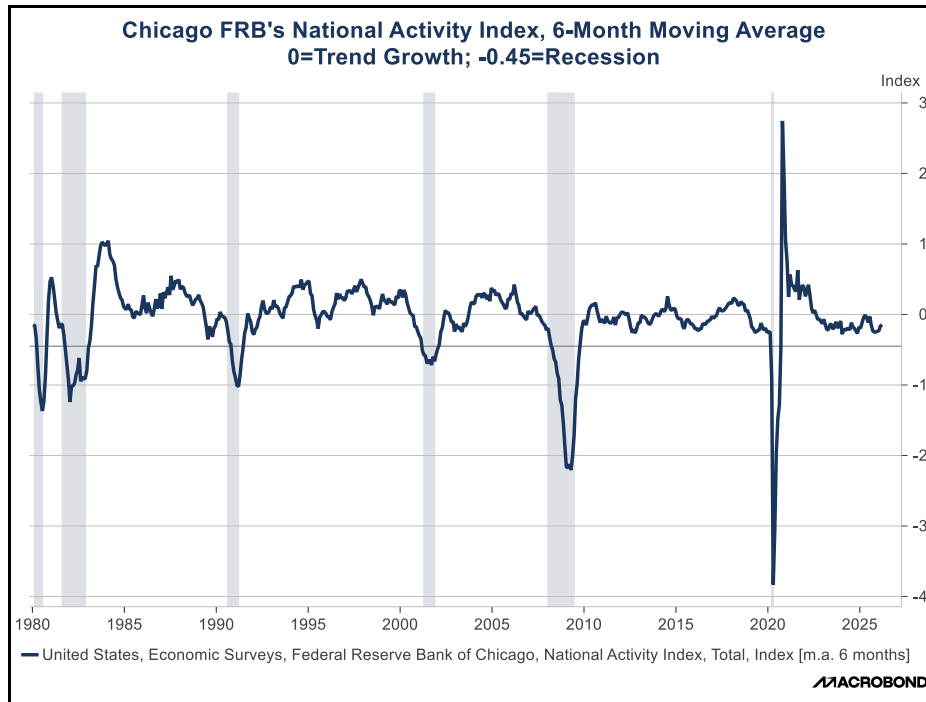
In the week ended April 18, *initial claims for unemployment benefits* rose to a seasonally adjusted 214,000, above both the expected level of 210,000 and the revised level of 208,000 in the previous week. The four-week moving average of initial claims, which helps smooth out some of the volatility in the series, rose to 210,750. The chart below shows how initial jobless claims have fluctuated since just before the Great Financial Crisis. The chart is truncated through much of the pandemic period because of the extremely high level of claims at that time.



In the week ended April 11, the number of *continuing claims for unemployment benefits* (people continuing to draw benefits) rose to a seasonally adjusted 1.821 million, above both the anticipated reading of 1.816 million and the prior week's revised level of 1.809 million. The four-week moving average of continuing claims rose to a still-low 1,812,250. The chart below shows how continuing claims have fluctuated since the GFC. It is also truncated during the pandemic period because of the high level of claims at the time.



Finally, the Chicago Fed said its March *National Activity Index (CFNAI)* declined to -0.20, below both the expected reading of -0.13 and the February reading of 0.03. The CFNAI, which encompasses dozens of separate indicators to capture all aspects of current economic activity, is designed so that readings of 0.00 reflect the economy growing at trend. Our analysis shows that when the six-month moving average of the CFNAI falls below about -0.45, it suggests the economy is in recession. With the latest reading, the index suggests the economy continues to grow relatively weakly, but it is not in recession. The chart below shows how the CFNAI has fluctuated over the last several decades.



The table below lists the economic releases and Fed events scheduled for the rest of the day.

Economic Releases						
No economic releases for the rest of today						
EST	Indicator			Expected	Prior	Rating
9:45	S&P Global US Manufacturing PMI	m/m	Apr P	52.5	52.3	***
9:45	S&P Global US Services PMI	m/m	Apr P	50.6	49.8	***
9:45	S&P Global US Composite PMI	m/m	Apr P	50.6	50.3	***
11:00	Kansas City Fed Manufacturing Activity	m/m	Apr	10	11	*
Federal Reserve						
No Fed speakers or events for the rest of today						

## 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
<b>ASIA-PACIFIC</b>								
<b>Japan</b>	Japan Buying Foreign Bonds	w/w	17-Apr	-¥12.8b	¥698.2b		*	Equity and bond neutral
	Japan Buying Foreign Stocks	w/w	17-Apr	¥338.1b	¥255.6b		*	Equity and bond neutral
	Foreign Buying Japan Bonds	w/w	17-Apr	-¥298.2b	¥706.9b		*	Equity and bond neutral
	Foreign Buying Japan Stocks	w/w	17-Apr	¥2380.9b	¥3941.4b		*	Equity and bond neutral
	S&P Global Japan Composite PMI	m/m	Apr P	52.4	53.0		**	Equity and bond neutral
	S&P Global Japan Manufacturing PMI	m/m	Apr P	54.9	51.6		***	Equity and bond neutral
	S&P Global Japan Services PMI	m/m	Apr P	51.2	53.4		*	Equity and bond neutral
<b>Australia</b>	S&P Global Australia Composite PMI	m/m	Apr P	50.1	46.6		*	Equity and bond neutral
	S&P Global Australia Manufacturing PMI	m/m	Apr P	51.0	49.8		***	Equity and bond neutral
	S&P Global Australia Services PMI	m/m	Apr P	50.3	46.3		*	Equity and bond neutral
<b>South Korea</b>	Consumer Confidence	m/m	Apr	99.2	107.0		*	Equity and bond neutral
	GDP	q/q	1Q A	3.6%	1.6%	2.6%	**	Equity bullish, bond bearish
<b>India</b>	HSBC India PMI Composite	m/m	Apr P	58.3	57.0		**	Equity and bond neutral
	HSBC India PMI Mfg	m/m	Apr P	55.9	53.9		***	Equity and bond neutral
	HSBC India PMI Services	m/m	Apr p	57.9	57.5		**	Equity and bond neutral
<b>EUROPE</b>								
<b>Eurozone</b>	Consumer Confidence	m/m	Apr P	-20.6	-16.4	-17.2	**	Equity bearish, bond bullish
	EU27 New Car Registrations	y/y	Mar	12.5%	1.4%		***	Equity and bond neutral
	S&P Global Eurozone Manufacturing PMI	m/m	Apr P	52.5	51.6	50.9	***	Equity bullish, bond bearish
	S&P Global Eurozone Services PMI	m/m	Apr P	47.4	50.2	49.8	**	Equity bearish, bond bullish
	S&P Global Eurozone Composite PMI	m/m	Apr P	48.6	50.7	50.1	*	Equity bearish, bond bullish
<b>Germany</b>	S&P Global Germany Services PMI	m/m	Apr P	46.9	50.9	50.4	**	Equity bearish, bond bullish
	S&P Global Germany Composite PMI	m/m	Apr P	48.3	51.9	51.2	**	Equity bearish, bond bullish
	S&P Global/BME Germany Manufacturing PMI	m/m	Apr P	51.2	52.2	51.4	***	Equity and bond neutral
<b>France</b>	Business Confidence	m/m	Apr	94	97	96	**	Equity and bond neutral
	Manufacturing Confidence	m/m	Apr	100	99	98	*	Equity and bond neutral
	S&P Global France Manufacturing PMI	m/m	Apr P	52.8	50.0	49.5	***	Equity bullish, bond bearish
	S&P Global France Services PMI	m/m	Apr P	46.5	48.8	48.5	**	Equity bearish, bond bullish
	S&P Global France Composite PMI	m/m	Apr P	47.6	48.8	48.6	**	Equity bearish, bond bullish
<b>UK</b>	Public Finances (PSNCR)	m/m	Mar	28.5b	7.5b		*	Equity and bond neutral
	Public Sector Net Borrowing	m/m	Mar	12.6b	12.8b	10.4b	*	Equity and bond neutral
	PSNB ex Banking Groups	m/m	Mar	12.6b	12.8b		**	Equity and bond neutral
	S&P Global UK Manufacturing PMI	m/m	Apr P	53.6	51.0	50.3	***	Equity bullish, bond bearish
	S&P Global UK Composite PMI	m/m	Apr P	52.0	50.5	50.0	**	Equity bullish, bond bearish
<b>Russia</b>	GfK Consumer Confidence	m/m	Apr P	52.0	50.3	49.8	***	Equity bullish, bond bearish
	PPI	y/y	Mar	-1.8%	-5.2%		***	Equity and bond neutral
	Industrial Production	y/y	Mar	2.3%	-0.9%	1.5%	***	Equity bullish, bond bearish
<b>AMERICAS</b>								
<b>Mexico</b>	Retail Sales	y/y	Feb	3.1%	5.0%	4.5%	***	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)	359	359	0	Up
U.S. Sibor/OIS spread (bps)	367	367	0	Flat
U.S. Libor/OIS spread (bps)	366	365	1	Up
10-yr T-note (%)	4.32	4.30	0.02	Up
Euribor/OIS spread (bps)	216	217	-1	Up
Currencies	3 Mo			
Dollar	Down	US		Up
Euro	Up	Euro		Down
Yen	Up	Japan		Down
Pound	Up	UK		Down
Franc	Up	Switzerland		Down

## 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.

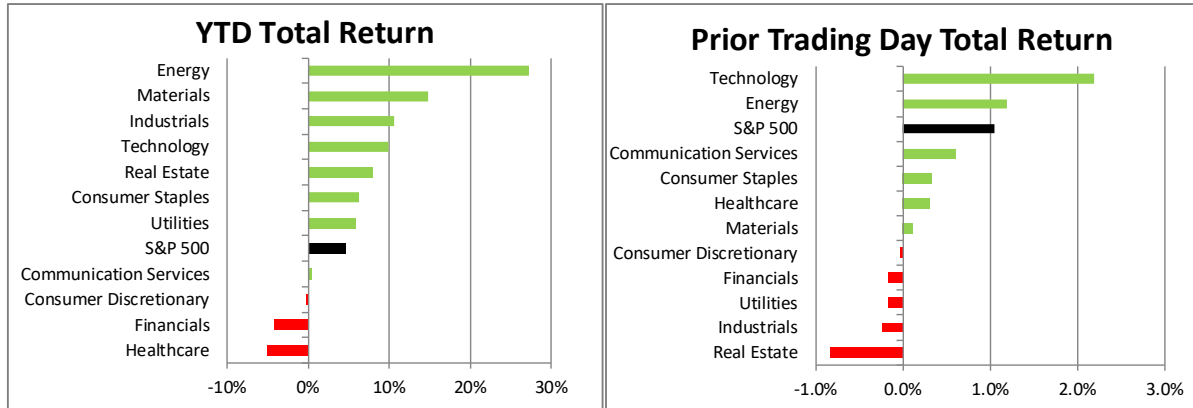
	Price	Prior	Change	Explanation
<b>Energy Markets</b>				
Brent	\$103.12	\$101.91	1.19%	
WTI	\$94.08	\$92.96	1.20%	
Natural Gas	\$2.72	\$2.72	-0.15%	
Crack Spread	\$50.20	\$51.51	-2.53%	
12-mo strip crack	\$38.45	\$38.82	-0.97%	
Ethanol rack	\$2.11	\$2.11	0.15%	
<b>Metals</b>				
Gold	\$4,700.68	\$4,739.90	-0.83%	
Silver	\$74.69	\$77.71	-3.88%	
Copper Contract	\$609.45	\$618.90	-1.53%	
<b>Grains</b>				
Corn contract	\$464.25	\$462.75	0.32%	
Wheat contract	\$612.50	\$607.00	0.91%	
Soybeans contract	\$1,180.50	\$1,179.50	0.08%	
<b>Shipping</b>				
Baltic Dry Freight	2,675	2,640	35	
<b>DOE Inventory Report</b>				
	Actual	Expected	Difference	
Crude (mb)	1.93	-2.00	3.93	
Gasoline (mb)	-4.57	-2.00	-2.57	
Distillates (mb)	-3.43	-1.80	-1.63	
Refinery run rates (%)	-0.05%	0.50%	-0.55%	
Natural gas (bcf)		96		

## **Weather**

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures in the Pacific Northwest and the Southeast, with cooler-than-normal temperatures in the northern Rocky Mountains and Great Plains. The outlook calls for wetter-than-normal conditions in the entire southern two-thirds of the country, with near-normal conditions elsewhere.

## Data Section

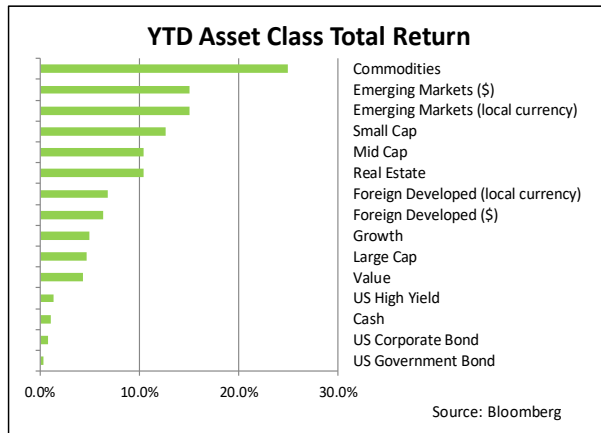
### US Equity Markets – (as of 4/22/2026 close)



(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 4/22/2026 close)

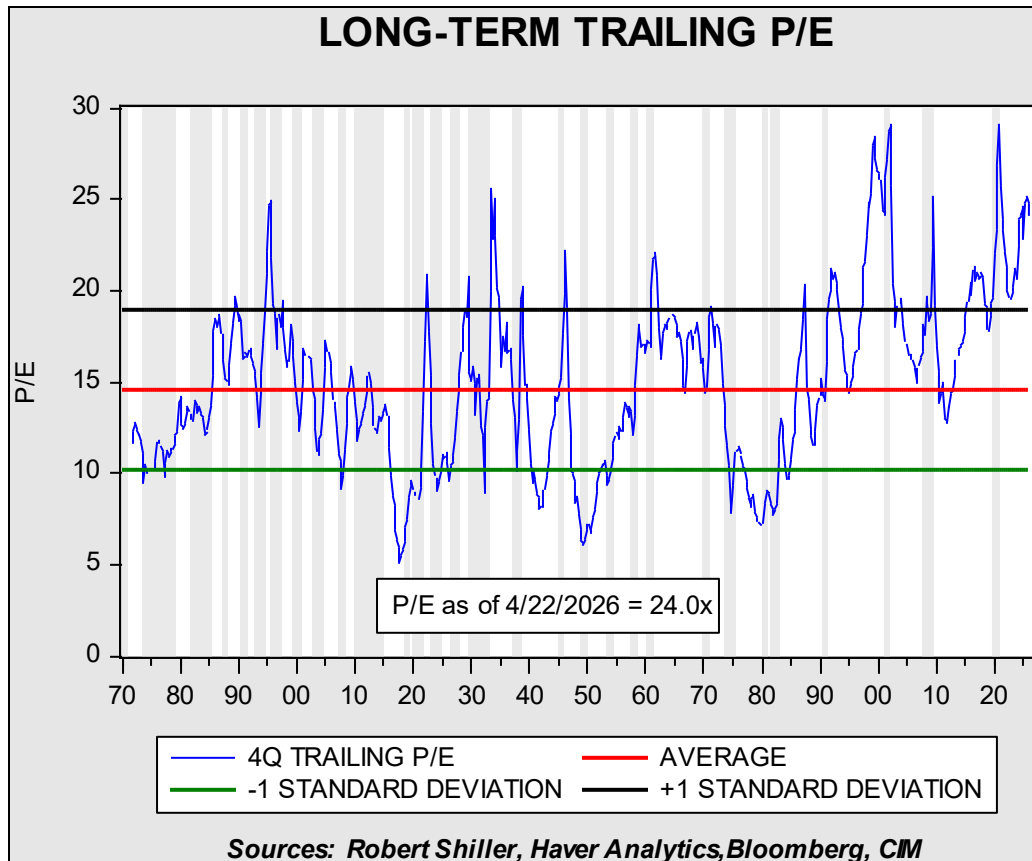


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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 23, 2026



Based on our methodology,<sup>1</sup> the current P/E is 24.0x, up 0.3 from the previous report. Last week, the rise in the stock price index average outpaced the increase in earnings.

*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.*

<sup>1</sup> 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.