



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

[Posted: April 28, 2026 — 9:30 AM ET] Global equity markets are lower 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 down 1.0%. Chinese markets were lower, with the Shanghai Composite down 0.2% and the Shenzhen Composite down 1.1%. US equity index futures are signaling a lower open.

With 150 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, 80.0% exceeded expectations while 13.3% 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
“The War in Iran and the End of US Hegemony” (4/20/26) + podcast	“The Consensus Builder” (4/27/26) + podcast	Q2 Reports will be released later this week	Keller Quarterly April 2026 Confluence Mailbag

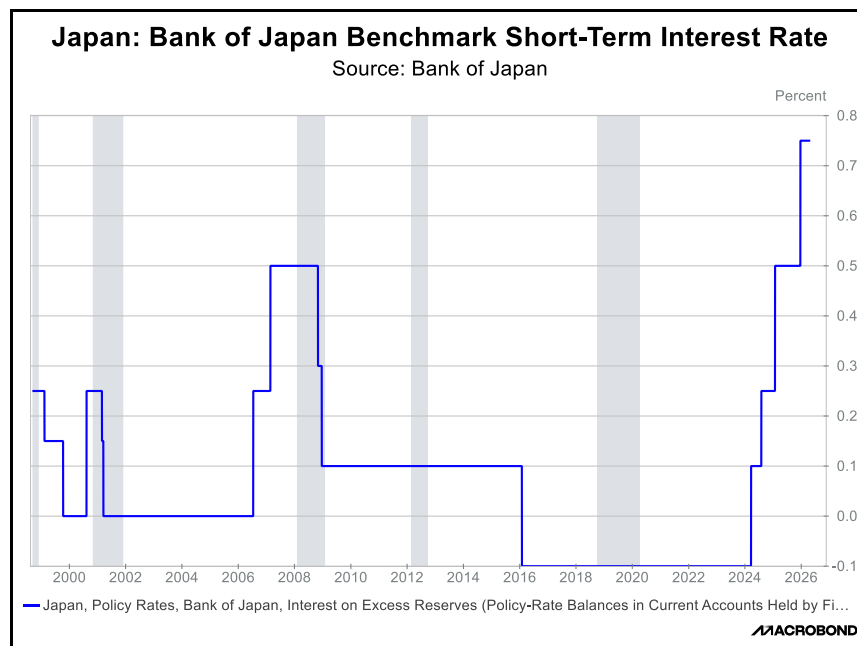
Have a question on the economy, markets, geopolitics, or other important topics? You can submit your queries to our monthly podcast, *Confluence Mailbag*! Submit your question to mailbag@confluenceim.com.

Our *Comment* today opens with a short update on the war in Iran. We next review several other international and US developments with the potential to affect the financial markets today, including a decision by the Bank of Japan to hold its benchmark interest rate steady despite rising price inflation due to the war and new data showing US banks have responded to deregulation by boosting their holdings of Treasuries, potentially helping cap US bond yields.

United States-Israel-Iran: New reporting [confirms that Iran is rapidly running out of facilities to store its oil output as the US continues its blockade](#) of Iranian oil-export terminals and other ports. Iran is trying to ship more oil to China by rail, but the effort is not likely to end the problem, so we see an increasing risk that Iran will have to shut in production at well sites.

- If Iran does shut in its oil wells at scale, it would be difficult and time consuming to bring them back into production quickly when the conflict ends. Some of the wells might never produce oil again.
- This is therefore another example of how the war could leave lasting scars on the global supply of oil and keep post-war oil prices from falling back to their pre-war levels.
- As the US and Iran remain far apart on their negotiating demands this morning, the Strait of Hormuz remains effectively closed and the US continues its blockade. With the standoff continuing, investors are becoming increasingly unnerved by the worsening impact on energy and commodity markets. Brent crude oil prices so far today have therefore risen about 3.0% to \$104.77 per barrel.

Japan: As widely expected, the Bank of Japan today [held its benchmark short-term interest rate unchanged at 0.75%, despite the central bank projecting increased consumer price inflation because of the war in Iran](#). However, three of the nine members of the policy committee voted against the move and called for an immediate rate hike to help contain price pressures. The BOJ has been raising rates gradually to normalize policy now that deflation is less of a concern, but some investors and policymakers believe the central bank should be moving faster.



Germany: New data from the national statistics agency today [showed that just over 654,000 babies were born in Germany in 2025, barely half the 1.36 million born at the peak of the baby boom in 1964](#) and the lowest number since post-war records began in 1946. Meanwhile, there were about 1.01 million deaths in Germany last year, highlighting the continued demographic headwinds for economic growth.

United Kingdom: In a sign of Labour Party Prime Minister Starmer’s increasing political vulnerability, parliament today [will begin hearings on Starmer’s appointment of Lord Peter](#)

[Mandelson as British ambassador to the US](#) despite Mandelson's ties to disgraced financier Jeffrey Epstein. Ultimately, the process could lead to lawmakers referring Starmer to the privileges committee for an inquiry into claims he misled parliament about Mandelson's appointment. The resulting political instability is likely to be negative for British stocks going forward.

Canada: Prime Minister Carney yesterday [announced the creation of Canada's first sovereign wealth fund, initially capitalized at \\$18 billion](#) and known as the "Canada Strong Fund." The fund will work with the private sector to finance 15 infrastructure proposals with the country's Major Projects Office, which was set up in August. Carney also said the fund will include a retail investment product for individuals. The fund is aimed at boosting investment and spurring faster economic growth amid the challenges of a more hostile, protectionist US.

US Monetary Policy: The Fed's policy committee begins its latest two-day meeting today, with its decision to be released tomorrow at 2:00 PM ET. Based on interest-rate futures prices, investors [are nearly unanimous in expecting the committee to keep its benchmark fed funds rate unchanged at 3.50% to 3.75%](#). The more significant news will be whether Chair Powell uses his post-decision press conference to reveal anything about his plans for staying on the Fed board after his chairship ends next month.

US Bond Market: New research by the *Financial Times* shows that net Treasury inventories held by primary dealers — the big banks that underwrite US government debt — [have risen to about \\$550 billion on average this year, from less than \\$400 billion in 2025](#). The data suggests the recent easing of capital rules has enticed banks back into the market, providing incremental demand for Treasuries and probably helping to hold bond yields somewhat lower than they otherwise would be.

US Housing Industry: New reports say a bill passed by the Senate last month [is freezing some large-scale home construction projects across the country even though it hasn't yet passed the House or become law](#). The bill includes dozens of measures to make it faster and easier to build homes, such as streamlining environmental reviews and cutting rules for factory-built homes. However, it would also force developers to sell homes built to rent within seven years, forcing developers to shelve large-scale build-to-rent projects in states such as Arizona and Texas.

US Artificial Intelligence Industry: According to inside sources, OpenAI [has been missing internal financial and operational goals since late last year, reflecting slowing growth in the number of regular ChatGPT users](#). In response, CFO Sarah Friar and members of the board have become worried that the firm might not be able to meet its contracts for future computing-power purchases. They are therefore pushing to impose more discipline on future contracts and on the firm's build-out of data centers.

- The news of missed financial and operational goals could undermine investor enthusiasm for OpenAI ahead of its expected initial public offering later this year.
- Slowing growth in ChatGPT usage could simply reflect growing competitive pressure from other popular AI services. All the same, investors may start to interpret the

slowdown as a sign that the industry is maturing faster than expected. That kind of concern would likely be negative for a swath of AI-related stocks.

US Budget Airline Industry: A trade group representing low-cost airlines yesterday [said it would ask the Trump administration for \\$2.5 billion to offset some of the spike in fuel costs](#) from the war in Iran. US jet-fuel prices have essentially doubled from their typical level before the war, creating an especially onerous financial burden on low-margin budget airlines. Bankrupt Spirit airlines is also seeking a \$500-million loan from the federal government to stave off liquidation — a deal that could see the US taking a stake in the airline.

US Economic Releases

No major US economic reports have been released so far today. 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	Richmond Fed Manufact. Index	m/m	Apr	1	0	**
10:00	Conf. Board Consumer Confidence	m/m	Apr	89.0	91.8	***
10:30	Dallas Fed Services Activity	m/m	Apr	-12.0	-13.3	*
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
ASIA-PACIFIC								
Japan	Jobless Rate	m/m	Mar	2.7%	2.6%	2.6%	***	Equity and bond neutral
	Job-To-Applicant Ratio	m/m	Mar	1.18	1.19	1.19	***	Equity and bond neutral
	Machine tool orders	y/y	Mar F	28.0%	28.1%		**	Equity and bond neutral
India	Industrial Production	y/y	Mar	4.1%	5.1%	2.7%	***	Equity bullish, bond bearish
EUROPE								
Italy	Industrial Sales WDA	y/y	Feb	0.5%	-0.8%		*	Equity and bond neutral
	PPI	y/y	Mar	5.4%	-3.7%		**	Equity and bond neutral
AMERICAS								
Brazil	IBGE Inflation IPCA-15	m/m	Apr	4.37%	3.90%	4.46%	***	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)	358	358	0	Up
U.S. Sibor/OIS spread (bps)	366	366	0	Down
U.S. Libor/OIS spread (bps)	365	365	0	Up
10-yr T-note (%)	4.37	4.34	0.03	Up
Euribor/OIS spread (bps)	217	216	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
Central Bank Action				
	Actual	Prior	Expected	
BOJ Target Rate	0.75%	0.75%	0.75%	On Forecast

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.

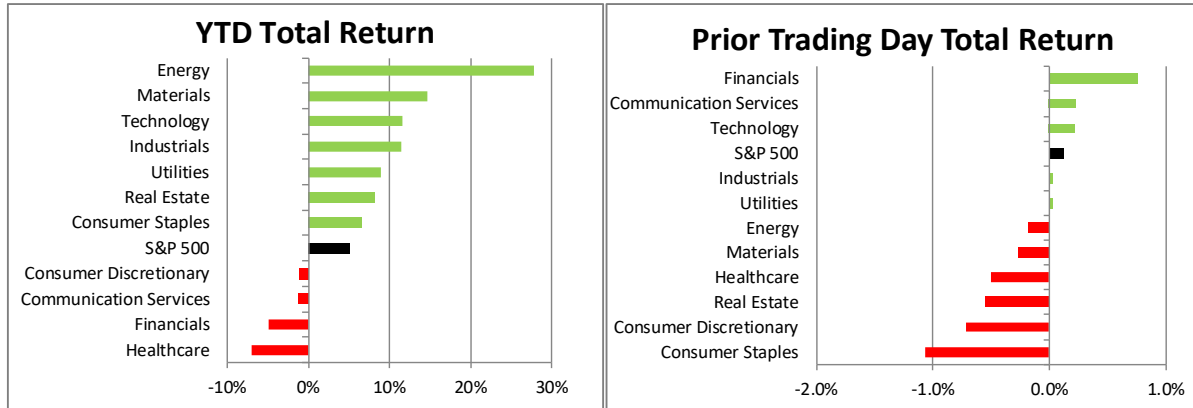
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$111.75	\$108.23	3.25%	
WTI	\$100.93	\$96.37	4.73%	Middle East Conflict
Natural Gas	\$2.51	\$2.55	-1.41%	
Crack Spread	\$49.18	\$51.98	-5.39%	Middle East Conflict
12-mo strip crack	\$39.40	\$40.05	-1.61%	
Ethanol rack	\$2.18	\$2.16	1.02%	
Metals				
Gold	\$4,578.32	\$4,682.08	-2.22%	
Silver	\$72.23	\$75.51	-4.34%	Geopolitical Tensions
Copper Contract	\$595.95	\$607.90	-1.97%	
Grains				
Corn contract	\$473.75	\$469.25	0.96%	
Wheat contract	\$643.25	\$629.75	2.14%	
Soybeans contract	\$1,190.75	\$1,192.00	-0.10%	
Shipping				
Baltic Dry Freight	2,666	2,665	1	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		-2.00		
Gasoline (mb)		-2.00		
Distillates (mb)		-1.80		
Refinery run rates (%)		0.50%		
Natural gas (bcf)		96		

Weather

The 6-to-10-day and 8-to-14-day forecasts currently call for warmer-than-normal temperatures in states west of the Rockies, with cooler-than-normal temperatures everywhere else. The precipitation outlook calls for wet conditions in the southern Rockies, Great Plains, New England, and along the Gulf Coast, with dry conditions expected in the northern Midwest and Great Lakes.

Data Section

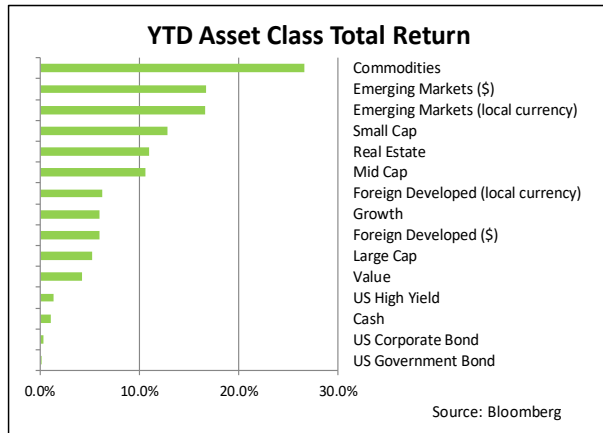
US Equity Markets – (as of 4/27/2026 close)



(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 4/27/2026 close)

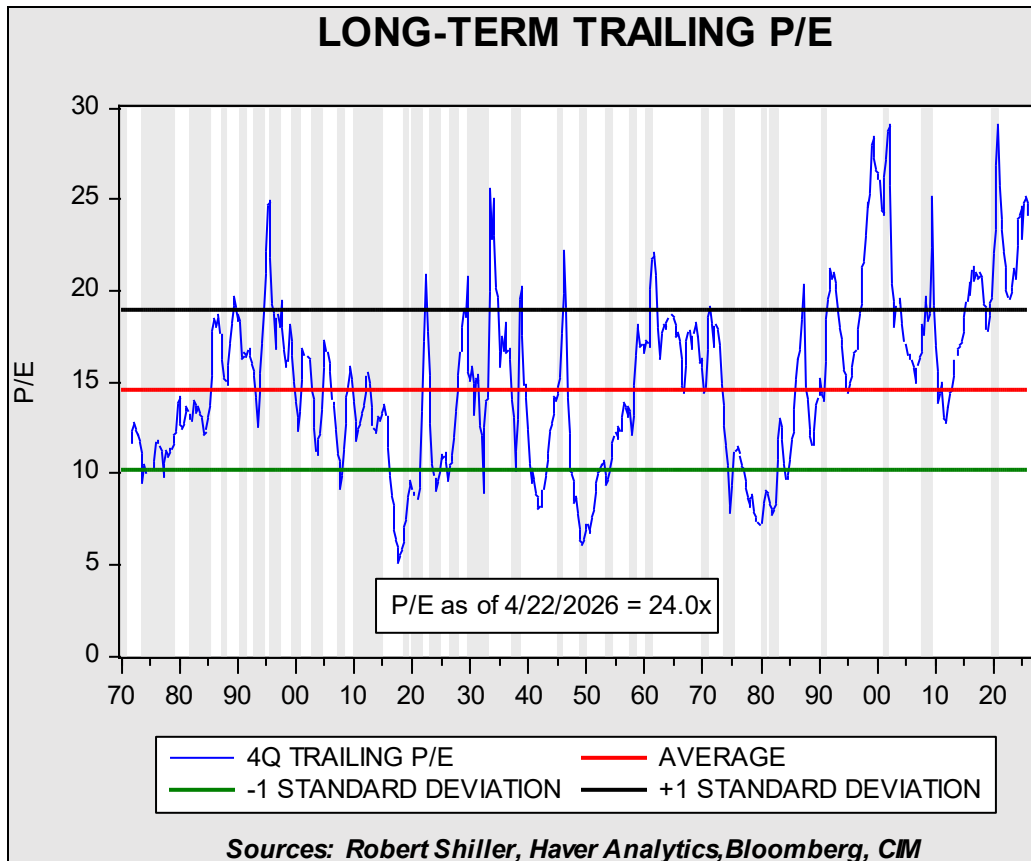


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

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,¹ 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.

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.