

Market action showed continuing signs of being a power trend despite cancelled peace talks between the US and Iran. The Nasdaq is at a record closing high after gains in 15 of the last 18 days and 4 consecutive weekly gains. The S&P500 is up in 14 of the last 18 days with 4 consecutive weekly gains and also at a new closing high. The Dow Jones Industrial Average was down fractionally on the week and the Russell 2000 climbed for the 4th straight week albeit only fractionally and is just -1% from a new high. Washington and Tehran remain far apart on blockade, Strait of Hormuz closure, Iran's nuclear program the biggest sticking point. US energy exports hit a record 12.9M bpd last week.

Overview:

- Power trend is in effect. Recall when a power trend is happening, that is when most stock gains often occur. Last week the S&P500 climbed +0.55%, the NASDAQ added +1.50%, the DJIA lost -0.44%, and the Russell 2000 small stocks average climbed +0.32%. Also notable was that volume on the Nasdaq for the last two weeks was above average on positive days indicating institutional participation. But volume was mostly below average for the S&P500 which suggests caution continues in the face of the geopolitical macro.
- Sectors were mixed with Technology (XLK, +3.8%) the leader. Semi-conductors were very strong, advancing +9.1% for the week and has posted gains for 17 out of 18 days adding nearly +40% over that time period. Healthcare (XLV, -3.1%) led on the downside with Communications Services (XLC, -3.0%) not far behind. Meta, Alphabet, Netflix, and Disney comprise over half of the XLC.
- Speaking of the geopolitical macro, confusion and infighting continue within Iranian leadership. Middle East conflict forcing investors in the Gulf to reconsider after putting \$120B+ into NA and Europe last year.
- Futures are mixed across the major averages from -0.15% to +0.15% and crude oil up ~+1.5 % Sunday night, to ~\$96-\$101/bbl.

More Detailed Summary:

- The bearish narrative centers on the fragility of the US-Iran cease fire and being far apart on the nuclear issue and second round of talks being scrapped. Forced demand destruction likely due to physical shortages. Input cost pressures from both the ME conflict and AI boom. Elevated cap ex worries and rough start to Software earnings season. Dissipation in fund re-risking narrative as Goldman Sachs noted it

is modeling pensions selling \$25B, largest non-quarterly estimate on record. Increase in gas prices largely offsetting the \$350 average increase in income tax refund if +15% for 2026.

Bullish talking points:

- US-Iran ceasefire extended though no deadline. S&P500 Q1 earnings growth rate ended last week at +15% up from +12.5% at the start of earnings season. Of those reporting 82% have beat expectations with surprises of +12.5% in aggregate. AI compute and infrastructure demand the dominant theme with semiconductors a huge beneficiary. Power, construction, and infrastructure names leveraged to data center build out the other standout area. Consumer spending still resilient despite high gas prices and tax refunds ticking down slightly. Industrial recovery is another positive theme with project backlog and infrastructure being key drivers. Dover and Texas Instruments were notable standouts. Rail earnings reports were notably strong per CSX and Union Pacific (UNP). Core retail sales were up +0.7% m/m in March were much stronger than the +0.2% expected and the April flash manufacturing PMI, output and new orders all rose to approximately 4-year highs. ADP private payrolls also another new high (+54.75k). Justice Department dropped investigation into Chair Powell clearing the way for Chair nominee Warsh confirmation. Private credit pushed back hard via Blackstone earnings call noting insurance and institutional clients continuing to commit large-scale capital to the asset class.
- Infrastructure earnings continued to roar during the week ended 4/24.
 - **Vertiv (VRT)** revenue beat slightly but Q1EPS crushed delivering \$1.17 vs \$1.00 consensus. But the Q2 guide was a little light \$1.37-\$1.43 vs \$1.43 estimated and revenue of \$3.25B-\$3.45B vs \$3.40B estimated. Full year 2026 guide beat solidly with EPS of \$6.30-\$6.40 vs prior guide of \$5.97-\$6.07 and consensus of \$6.12. Revenue guide for 2026 was \$13.5B-\$14.0B vs prior \$13.25-\$13.75B and consensus \$13.63B.
 - **GE Vernova (GEV)** reported Q1 EPS of \$1.95 vs \$1.95 expected and revenue of \$9.34B vs \$9.25B expected. The guide for FY2026 moved up by \$0.5B to \$44.5B-\$45.5B. Adjusted EBITDA margin moved up by 100bp to 12-14% Q/Q. Equipment backlog increased by \$12B Q/Q to \$76B with gas power backlog increasing to 44GW and slots up to 56GW. Electrification backlog was up Q/Q by \$8B, \$42B. Total backlog increased 32% y/y, to \$163B. Adj EBITDA margin increased by

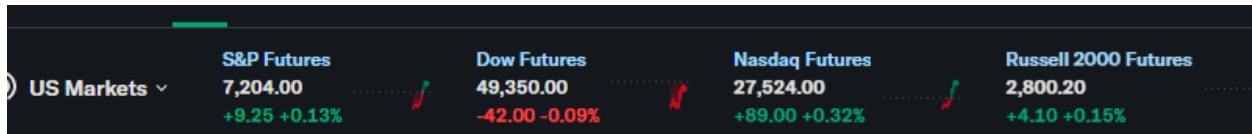
nearly 400bp to 9.6%. Grid orders were 2.5x revenue on demand and EBITDA more than doubled. FCF for the Q was \$4.8B more than all of 2025.

- **Service Now (NOW)** Q1 inline at EPS of \$0.97, Revenue in line at \$3.77B, RPO is \$12.64B for next 12 months. Subscription FY guide of \$15.735-\$15.775B vs consensus \$15.55B. Repurchased 20.1m shares during the Q. But stock still got crushed. Operating margin of 31.5% vs 32% expected for FY26 and FCF margin of 35% vs prior 36%. Some delays on subscription revenues due to ME conflicts and acquisition created 25bp FY2026 subscription gross margin and 75bp to op margin.
- **Kinder Morgan (KMI)** reported adj EBITDA \$2.54B vs \$2.29B expected, and EPS of \$0.48 vs consensus of \$0.40. Full year EPS guide of \$1.36 vs consensus \$1.40 and adj EBITDA of \$8.60B vs consensus \$8.70B and is trending +3% favorable relative to budget. KMI raised the DPS by 1.7% to \$0.2975/share from \$0.2925/share.
- Among infrastructure, there were more double-digit gainers once again and some high single digit gainers too. Plays on circuit boards were strong with TTM Technologies (TTMI) jumping +18%, steel producers surged such as Steel Dynamics (STLD, +13%). Railroads such as UNP surged 7%. GE Vernova (GEV), the maker of gas turbine generators and other electrical equipment soared +14.6% on its earnings report. Bloom Energy (BE, +11.2%) appeared to surge in sympathy thought its earnings are due out tomorrow. Taiwan Semiconductor (TSM) climbed +8.6%, Micron Technology (MU, +9.15%), Advanced Micro Devices (AMD) soared +24.9% on Intel's earnings and Intel (INTC) jumped +20.5%. Astera Labs (ALAB) surged +22.2% and Credo Technology (CRDO) soared another +21.4% on top of a 34% gain the prior week to a new closing high.
- Among equity income stocks the standouts were Blackstone Minerals (BSM, +3.8%) and Kimball Royalty Partners (KRP, +4.4%). Business Development Companies mostly fell between 2-4% on the week. Background: BDCs predominately hold floating rate non-investment grade middle market commercial loans. BDC net investment income typically responds to shifts in fed funds which drives the Secured Overnight Financing Rate (SOFR). As the Fed has lowered short term rates, this has resulted in downward pressure for loan portfolio yields and BDC earnings. BDC prices are strongly correlated to corporate credit spreads. As high yield spreads widen, BDC's generally sell off because this indicates lower credit risk appetite from investors. Concerns regarding software sector exposure have reduced credit appetite as investors now view loans to software companies as higher risk allocations.

Outlook: Iran once again offered to reopen the Strait

- As a reminder from prior weeks, going back over six decades and looking at where markets are post middle east conflicts, out of the 16 conflicts the market was lower only twice after twelve months: (1973-1974) and with the events surrounding 9/11 where an invasion of Iraq followed a stock bubble. Geopolitical events such as ME conflicts have historically represented good dip buying opportunities.

Sunday night stock futures are mixed:



Source: Pre-market Stock Trading | CNN

Key tailwind for 2026 remains the buildout in AI and AI infrastructure. Note updating the estimates from prior weeks as shown below. AI infrastructure investments could reach to \$7.21T to \$9.95T over the 2025-2030 time frame.

AI infrastructure capex scenarios, 2025–2030

(Global, annual, rough order of magnitude ranges in USD)

Year	Base Annual (\$T)	Base Cumulative (\$T)	Accelerated Annual (\$T)	Accelerated Cumulative (\$T)
2025	0.50	0.50	0.50	0.50
2026	0.90	1.40	1.15	1.65
2027	1.08	2.48	1.44	3.09
2028	1.30	3.78	1.80	4.89
2029	1.56	5.34	2.25	7.14
2030	1.87	7.21	2.81	9.95

Source: xAI's AI Buildout Funding and Plans - Grok

Market technical indicators signaled a follow-through and all the conditions for a power trend are in place. While we have confirmation for the start of a power trend rally, the Iran – US conflict still looms. The US Navy blockade is still on despite reports per Axios of Iran once gain offering to open the Strait.



MARKETSURGE
BY INVESTOR'S BUSINESS DAILY

Source:

Decisive odds of rate cut remain well out in the future with Dec 8 meeting at ~33%, FedWatch - CME Group).

The US 10-year interest rate rose +6bp to 4.30%.

Stock Market Today/Week: Apr 24, 2026

Index	Level	Day change	Week Change
S&P 500	7,165.08	+0.80%	+0.55%
Nasdaq Composite	24,836.60	+1.63%	+1.50%
Dow Jones Industrial Avg.	49,230.71	-0.16%	-0.44%
US 10 year	4.30%		+6bps

Source: Factset

Key events/headlines for the week ahead: US-Iran negotiations, FOMC meeting. Key earnings: Apple (AAPL), Amazon (AMZN), Alphabet (GOOGL), Microsoft (MSFT), Meta (META). Also Caterpillar (CAT), Bloom Energy (BE), Celestica (CLS), Sandisk (SNDK), Western Digital (WDC), MasTec (MTZ), Quanta Services (PWR). Amazon has been very bullish about AI demand and its ability to monetize such demand. Capital spending guidance will be a critical factor for the market.

4/27/2026 KEX VZ

4/28/2026 WMB EPD OKE CNI CEG BE CECO GLW SIMO

4/29/2026 AMZN META MSFT MYRG NWPX CP VST

4/30/2026 AAPL PWR GVA MTZ TT PAAS CAT NRG SNDK WDC

5/01/2026 NVT NSC ARCB HBM

Source: Factset

What to do now: Maintaining equity exposure levels.

Appendix:

What kind of positive technical confirmations for a power trend per IBD (“Webby’s rules”):

1. Follow through day (FTD)
2. Subsequent FTDs.
3. Close above 21-day exponential moving average (EMA).
4. Low above 21EMA.
5. 3 consecutive days with low above 21EMA.
6. Close above 50-day moving average (DMA).
7. Low above 50dma.
8. 3 consecutive days with low above 50dma.
9. Close above 200dma.
10. Low above 200dma.
11. 3 consecutive days low above 200dma.
12. 21ema moves above 50dma.
13. 21ema moves above 200dma.
14. 50dma moves above 200dma.

As of 4/26/2026 a rally confirmation in place, and all the power trend conditions are in place rules in place for both the Nasdaq and the S&P500.

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