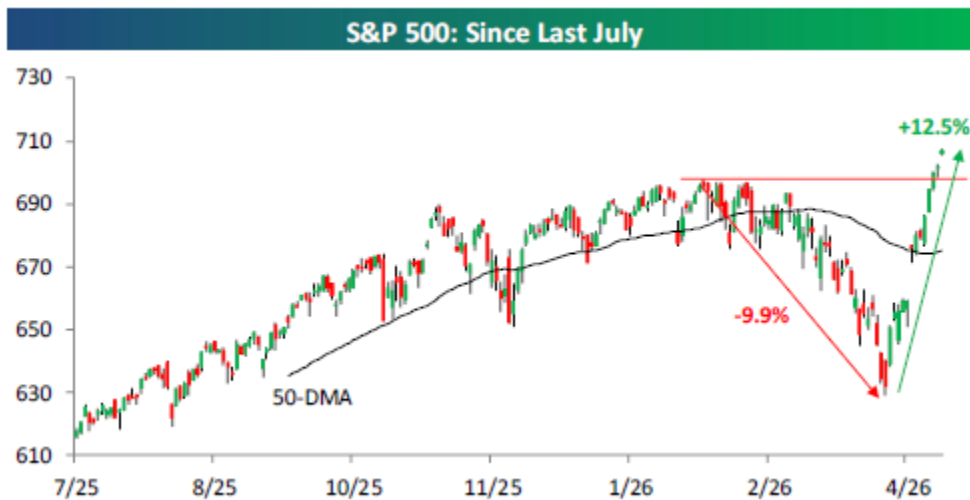


CJ's Weekly Market Memo

April 26, 2026

WHIPLASH!

The S&P 500 closed Friday at 7,126, a fresh all-time high and the capstone on a third straight week of roughly 3% gains. The Nasdaq Composite ran its winning streak to 13 sessions, and small caps joined the advance with the Russell 2000 posting a new high of its own. Step back and consider what we have just witnessed: a six-month stretch that began with the late-October 2025 peak, gave way to a meandering topping pattern, then a sharp 10%-plus correction that drove the index to roughly three standard deviations below its 50-day moving average by March 27, and finally a 15-day sprint from extreme oversold right back to overbought. Whiplash is the only honest word for it. Three weeks ago, CNN's Fear & Greed gauge sat in the single digits with six of its seven components screaming extreme fear. Readers know my view on that kind of reading: when everyone is crowding the same exit, the room usually does not catch fire. It did not. What it did do was set up one of the sharpest reversals we have seen in some time, and it is worth working through where we stand, what the market is telling us, and what I think the next several months may hold.



Source: Bespoke Investment Research

The Economy

The economic data this week leaned firmly constructive. March core PPI came in at just 0.1% against a 0.5% consensus, a genuine downside surprise on inflation that the Street did not see coming. The Philly Fed manufacturing index jumped to its highest level since January 2025, the Empire State survey beat on new orders and shipments, and ADP's weekly private payrolls posted the strongest four-week run since that series began. Initial jobless claims remain muted around 207,000. The Beige Book described

employment as "steady to up slightly," which is about as benign a read as you will get this deep into a cycle.

The consumer continues to do the heavy lifting, and this week's bank earnings confirmed it in plain terms. JPMorgan flagged spending running above last year's pace, Bank of America noted debit and credit card spending up 6%, and Citi saw US consumer card spend up 5%. Every major bank management team downplayed the energy hit from the Iran situation and described credit quality as benign. Household balance sheets are in genuinely good shape: mortgage debt as a percentage of disposable income sits near multi-decade lows, and delinquency rates remain contained. When the institutions with the cleanest real-time view of the American household say the consumer is fine, I take it seriously. The one soft spot worth flagging is housing, where March existing home sales fell 3.6% and builder confidence dropped to its lowest reading since September. Affordability remains the binding constraint, and until the ten year treasury remains sustainably below 4%, this sector will run on one cylinder.

The curious disconnect in all of this is sentiment. Conference Board Consumer Confidence remains detached from the hard data, and Bespoke's work shows the statistical relationship that held from 1962 through 2019 has essentially broken down in the post-2021 period. That detachment is mostly political, not economic, but it matters because a nervous consumer is a less predictable consumer. On the geopolitical front, the Iran situation remains the dominant macro variable, and the market is voting for resolution over escalation. WTI crude settled down roughly 14% on the week as reports emerged of a prospective deal involving frozen Iranian funds in exchange for enriched uranium stockpiles. I am not naive about how quickly these arrangements can unravel, but the direction of travel is the right one.

Current Market Technical Conditions

The technical picture has gone from washed-out to stretched in about fifteen trading days. On March 27 the S&P sat more than three standard deviations below its 50-day moving average, which is as oversold as this market gets. By mid-week the index was back in extreme overbought territory, and the Nasdaq's RSI ran from below 30 on March 30 to above 95 by April 17. That is a textbook overbought reading, and the kind of reading that historically produces a pause, not a resumption of the decline. The important confirmations, though, are all in place: the S&P and Nasdaq both closed at fresh all-time highs this week, and crucially the cumulative advance/decline line made new highs alongside them. When price and breadth move to new highs together, the message is that the breakout is on real footing rather than a hollow move driven by a handful of mega-caps.

The three-headed monster I have referenced so often in these pages, oil, rates, and the dollar, spiked together in the first quarter and pressured everything. All three have begun to pull back. Oil is sharply lower on the ceasefire news, the 10-year yield has

eased to roughly 4.24%, and the dollar index has rolled over. Bespoke's composite measure of that cluster has fallen from 75 at its late-March peak to about 44 today. That easing is a meaningful tailwind for risk assets and for the long-duration earners that led the decline.

The software group, which had been a drag on the market for months, pushed back above its 50-day moving average this week for the first time since the winter sell-off began, a genuine trend-change signal. The semiconductors, what I have long described as the Transports of the 21st century, continue to lead on relative strength and sit at fresh highs versus the S&P. Bespoke's AI Infrastructure basket has broken out to new all-time highs, while the AI Implementation basket remains in a downtrend. That divergence is exactly why we have positioned in AI infrastructure ETFs rather than trying to pick individual winners further down the stack. When the picks-and-shovels names are making new highs and the downstream application names are not, you let the market tell you where the dollars are flowing. Perhaps the most instructive chart of the week is Bespoke's overlay of the Nasdaq since the ChatGPT release against the Nasdaq since the Netscape release in 1994. The AI-era curve is now 123% higher across 847 days, tracking within striking distance of the 150% Netscape-era pace. If that analogy has anything like the runway of the late 1990s, we are closer to the middle of this cycle than to its end.

CJ Brott

Chairman Emeritus, Capital Ideas

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