

Strong market action driven by surging earnings.

Market action was positive with new closing highs set by the S&P500, Nasdaq, and Russell 2000 on Friday. The DJ Industrial Average closed Friday just 1% off its high. The broader market average increase was the best monthly performance since April 2020. Among the 450+ infrastructure names that I track, I counted over two dozen names that gained double-digits during the week. Industrial infrastructure names were well-represented in the strong gains category: MYR Group (MYRG, +27.8%) and Quanta Services (PWR, +18.8%) on record earnings, guidance, and backlog reports. Alphabet (GOOGL +11% w/w) and Amazon (AMZN +1.6%) closed Friday at new all-time highs. Q1 S&P500 earnings ended the week at +27%, up from +15% at the end of last week and +12.6% at the start of earnings season. President Trump announced “Project Freedom,” where US Navy will “guide” commercial ships out of the Strait of Hormuz.

- Sectors were mostly higher. Energy (XLE) was the leader, advancing +3.5% as West Texas Intermediate Crude Oil rose +8.6% to \$102.50/bbl and Brent Crude rising +3.7%, to \$109/bbl. Technology (XLK, +1.0%) was in line with the Nasdaq. Minerals (XLB, -1.1%) led on the downside.
- Berkshire Hathaway (BRKB) reported earnings on Saturday with Q1 operating profit rising +18% beating estimates. BRKB’s cash pile grew another \$24B Q/Q to a record \$397B.

Bullish talking points gaining traction:

- Q1 earnings surging with S&P500 earnings growth ending the week at +27% more than double the start of earnings season and up from +15% after last week.
- US-Iran ceasefire extended though no deadline. S&P500 Q1 earnings growth rate ended last week at +15% up from +12.6% at the start of earnings season.
- Of those reporting 84% have beat expectations (vs 78% beat rate average over the last 5 years) with surprises of +21% in aggregate, well above the +7% average.
- AI compute demand seems to be insatiable with compute continuing to be in short supply and cap ex now at \$700B, up from \$625B among the hyperscalers reporting so far (Amazon, Meta, Google, Microsoft). Positive for memory makers as hyperscalers referenced cost increases (translation higher prices a positive for players such as Micron Technology (MU), Western Digital (WDC), Sandisk (SNDK)) as the main reason for the higher cap ex budgets. MU advanced +12.5% and SNDK jumped 19.9% (+400% YTD). Key semiconductor players such as Advanced Micro Devices (AMD) also surged +18% on CPU demand along with Intel (INTC) rocketing +49% and +170% YTD.

- Power, construction, and infrastructure names involved in the data center build out benefitted once again as names such as Caterpillar (CAT, +9.9%), Quanta (PWR +18%), nVent (NVT, +12%), MasTec (MTZ, +11%), Carrier (CARR, +11%).
- US-Iran conflict not dragging down market performance.
- Macro stability is largely supported by the data. For example, while the April ISM manufacturing missed on the headline, it still expanded for the 4th consecutive month. Initial jobless claims fell to the lowest level in decades. Q1 Final private domestic demand is still up +2.5%.
- Private credit players rallied. Blue Owl (OWL) which has been at the center of private credit worries rallied +10% following earnings. BDC's such as Sixth Street (TSLX), Blackstone (BXSL), Hercules (HTGC), Golub (GBDC) all rallied over +5%.
- Strong seasonality on the horizon: Despite the adage of "sell in May and go away," JP Mogan said that over the last 10 years, S&P500 returns have been positive in May 90% of the time with gains averaging ~+1.5%, with even stronger returns for June and July.

Bearish talking points:

- Jump in oil prices: Brent crude hit a 4-year high on Thursday at \$126/bbl before retreating to \$109/bbl Friday and \$107 Sunday night.
- Energy inventory drawdown: Gasoline inventories fell for the 11th consecutive week and US exports hit a record 6.4 mbpd which drove a 6.2mm barrel drawdown. OECD are forecast to be near to operational stress levels by early June.
- US National gas prices climbed +8% m/m and 38% Y/Y, hitting \$4.39/gallon on Friday. BoA estimating spiking gas prices have cost US consumers \$19B, offsetting nearly ½ of the \$43B increase in income tax refunds.
- AI Cap ex ROI concerns: Meta and Microsoft were weak as Meta expecting a 2026 revenue growth deceleration (even as Q1 results reported a +33% y/y growth in revenue the strongest since 3Q 2021) amid a \$10B increase in cap ex to \$125-\$145B. MSFT affirmed cap ex to \$190B for 2026.
- Open AI miss on internal targets for weekly users though they still surged to 900mm up +125% y/y.
- Hawkish hold from the Fed: Three officials dissented over decision to maintain the easing bias in the guidance. Powell also noted the complications of the Fed traditional approach of looking past the energy shock given inflation has been above target now for several years and already dealing with tariff shock.

Among infrastructure plays, double-digit and high single digit gainers included PWR and MYRG as noted above but also Granite Construction (GVA, +13%), Comfort Systems (FIX, +8.2%), IESC Holdings (IESC, +9.3%), MP Materials (MP, +9.7%), NWPX Infrastructure (NWPX, +26%), Trinity Industries (TRN, +14.1%), CECO Environmental (CECO, +14.5%), Viavi Solutions (VIAV, +15.9%), Applied Optoelectronics (AAOI, +13.1% and +426% YTD), Intel (INTC, +20.7%), Silicon Motion (SIMO, +52.8%), Bloom Energy (BE, +25.7% and +234% YTD).

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 mostly higher:

US Markets	S&P Futures	Dow Futures	Nasdaq Futures	Russell 2000 Futures	VIX	Gold	Bitcoin USD	Crude Oil
7,258.00	49,646.00	27,835.75	2,819.30	16.99	4,639.90	79,220.16	101.14	
+14.25 +0.20%	-189.00 -0.38%	+239.75 +0.87%	+11.50 +0.41%	+0.10 +0.59%	-4.60 -0.10%	+386.19 +0.49%	-0.80 -0.7%	

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 for the 4 hyperscalers that revised their cap ex plans higher from prior \$650-\$700B to \$700B to \$725B:

- Meta to \$125-\$145B, +\$10B both ends
- Alphabet (Google) raised 2026 cap ex to \$180B-\$190B, +\$5B both ends
- Microsoft: \$190B for CY2026
- Amazon confirmed \$200B
- AI infrastructure investments could reach to \$7.6T to \$10.4T over the 2025-2030 time frame as shown in the latest table below.

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	0.95	1.45	1.20	1.70
2027	1.14	2.59	1.50	3.20
2028	1.37	3.96	1.88	5.08
2029	1.64	5.60	2.35	7.43
2030	1.97	7.57	2.94	10.37

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 the power trend rally continues, the Iran – US conflict still looms. One Truth post by President Trump can upend the market rally.



MARKET SURGE
BY INVESTOR'S BUSINESS DAILY

Source:

Decisive odds of rate cut remain well out in the future with Dec 8 meeting at ~15% and now showing a 13% probability of a Fed rate hike ([FedWatch - CME Group](#)). The odds of a rate cut at better than 50/50 do not show up until the October meeting in 2027.

The US 10-year interest rate rose +8bp to 4.38%.

Stock Market Today/Week: May 1, 2026

Index	Level	Day change	Week Change
S&P 500	7,230.12	+0.29%	+0.91%
Nasdaq Composite	25,114.44	+0.89%	+1.12%
Dow Jones Industrial Avg.	49,499.27	-0.31%	+0.55%
US 10 year	4.38%		+8bps

Source: Factset

Key events/headlines for the week ahead: Key earnings for the week do not have the Mag 7 teed up but plenty of players in infrastructure on the docket: Lumentum (LITE), Advanced Micro Devices (AMD), Astera Labs (ALAB), Arista Networks (ANET), Cummins (CMI), Palantir (PLTR) along with capital providers Hercules (HTGC) and Golub (GBDC). Also miners such as Pan American Silver (PAAS), Cameco (CCJ), Centrus Energy (LEU) and oil producer, Occidental Petroleum (OXY) reports and infrastructure player Johnson Controls (JCI).

5/4/2026 GBDC FANG POWL WMB FN BWXT PLTR MPLX CCJ PAAS

5/5/2026 LITE ANET ALAB AMD ETN ECG TLN MWA CMI MPLX AEP MPC QRVO DOCN HTGC OXY TT ET

5/6/2026 JCI GEL WES

5/7/2026 HWM TRGP LNG

5/8/2026

Source: Factset

What to do now: Pruning laggards and losers with no more than 1-5% cash positions, that is, fully invested.

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 5/3/2026 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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