

Market action this week showed strength and confirmation of recent start of a new market rally. The Nasdaq has now risen in 13 straight days and the S&P500 is up in 12 of the last 13 days. The Dow Jones Industrial Average has been positive in 12 of the last 14 days while the Russell 2000 is up 12 of the last 13 days. Although both Washington and Tehran announced the reopening of the Strait of Hormuz, the strong market rally still carries heavy geopolitical risks as The IRGC said the Strait is closed again the US blockade remains in place.

Overview:

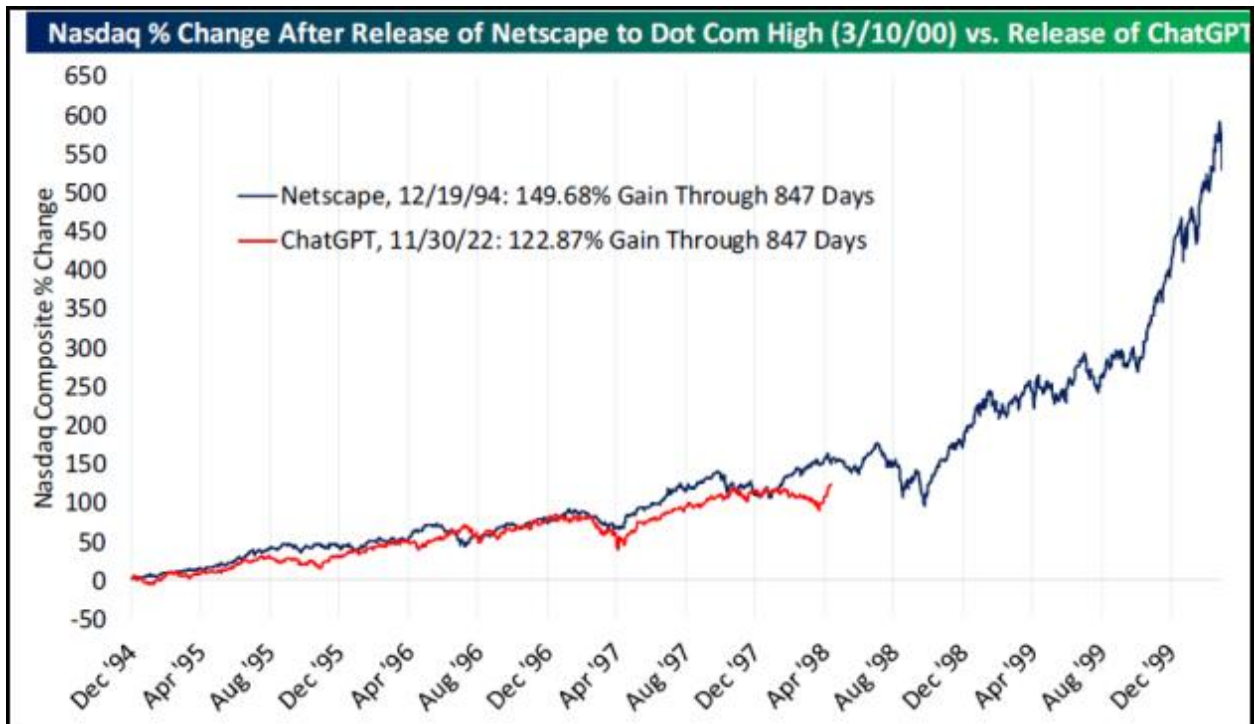
- All the major averages continued to rally and added more signals that a power trend could be on. For example, the 10-day moving average is above the 21-day exponential moving average which is above the 50-day moving average and all are above the 200-day moving average for all the major indices except the Dow Jones Industrial Average. Last week the S&P500 jumped +4.54%, the NASDAQ surged +6.84%, the DJIA advanced 1.38%, and the Russell 2000 small stocks average climbed +5.54%. Also notable was that volume on the Nasdaq for the last two weeks was above average indicating institutional participation. But volume was mostly below average for the S&P500 which suggests caution continues in the face of the geopolitical macro.
- Every sector moved higher except for Energy (XLE, -3.4%), Utilities (XLU, -1.7%) and Materials (XLB, -0.15%). Tech-Software (IGV) roared back +13.9% after having dropped -7.1% the prior week. Technology overall (XLK, +8.2%) surged.
- Speaking of the geopolitical macro, the Strait of Hormuz was announced as open only to be closed again by the Iran IRGC less than a day later. Further, the reversal on Hormuz shows that the IRGC, not Iran political leaders, are in charge now. The US instituted its own blockade of the SoH last week. It seized an Iranian ship in the Gulf of Oman over this past weekend, which was announced after the US said that negotiators would arrive in Pakistan on Monday for talks. The IRGC said it would destroy vessels attempting to cross the Strait of Hormuz (WSJ live updates on US-Iran conflict.)
- As far as outlook, while Iran's top negotiator said there had been progress toward a deal, the sides are far apart. The US-Iran cease fire is set to lapse midweek.
- Futures are down approximately -0.5% to -0.95% across the major averages and crude oil was up +5 %to +6% Sunday night, to ~\$87-\$95/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. The mutual blockade of the Strait of Hormuz shows the lack of trust for anything lasting. Taiwan Semiconductor (TSM) and ASML (ASML) both declined despite beat and raise earnings reports. Goldman noted semis and semi equipment the most net bought global subsector. Tariffs driving industrial sector underperformance. Narrow breadth as the S&P500 and Nasdaq new highs features only 12 stocks making 52-week highs.

Bullish talking points:

- US-Iran cease held despite no initial deal and Trump claimed that Iran had agreed to hand over enriched uranium inventory. Israel-Lebanon agreed to a 10-day cease fire. Commodity Trading Advisors purchased \$86B last week in the top five all time. Retail investors returned to buying the dip after previously selling the rip and flows improved to \$6.6B near the 12-month average of \$6.7B per week. Consumer resilience confirmed by bank earnings with BoA saying debit and CC spending up 6% y/y. Philly Fed manufacturing jumped to highest level since January 2025. ADP payroll data rose 39.25k the largest private increase since the series began. Software and private credit rallied sharply. TSMC and ASML both raised 2026 guidance amidst strong demand. Custom chip deals in the news that involved Broadcom and Credo Technology Group announced acquisition of an optical player also of interest to Nvidia, Intel, and Amazon. Other M&A included Amazon buying Globastar in a \$12B deal, Sazerac offering to buy Brown-Forman for \$15B and United Airlines CEO reportedly pitching to acquire American Airlines in a meeting with President Trump in late February. March core PPI came in at just 0.1% vs 0.5% expected. Also of note is that the Street is projecting S&P500 FY 2026 EPS growth at 18%.
- Other positive data points from colleague CJ Brott include a chart from Bespoke Investment Research that suggests we are closer to the middle of the current boom cycle than its end assuming the current situation is anything like what we saw in the 1990s.



Source: Bespoke Investment Research

- Among infrastructure, there were more double-digit gainers on the week after plenty last week (about a dozen). Mineral names went gang busters including a +10% advance from MP Materials (MP), and a +13.9% move by Albemarle (ALB). Nuclear plays such as Oklo (OKLO, +33%) and NuScale Power (SMR, +37.3%) surged. Bloom Energy (BE, +24.7%) vaulted on top of a gain of more than +20% the prior week. Coherent (COHR, +12.2%) added dd gains for the 2nd consecutive week. Microsoft (MSFT), which has been under pressure all year reversed sharply higher adding 14%, and ServiceNow (NOW) jumped +16%. Both have a long way to go given the YTD pressure. Advanced Micro Devices (AMD) broke out and added +13.6%. Broadcom (AVGO, +9.4%) showed near dd gains after an +18% gain the prior week. Micron (MU) and Sandisk (SNDK) were not up dd w/w but both were up over +8%. Credo Technologies (CRDO, +34%) jumped on an acquisition announcement of a optical player on top of an +18% gain the prior week. Among Magnificent 7 names, all were higher (MAGS, +8.7%) with Tesla (+14.8%) gaining the most. Within Infrastructure PLUS, the Pipelines sub-sector was the only decliner (-2.7%).
- Among equity income stocks the standouts were Blue Owl Capital (OBDC, +8.5%), Golub Capital (GBDC, +7.24%), and Sixth Street (TSLX, +7.5%). 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: US-Iran negotiations to resume Tuesday in Pakistan.

- 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 lower:

	S&P Futures	Dow Futures	Nasdaq Futures	Russell 2000 Futures
US Markets ▾	7,119.50	49,245.00	26,689.75	2,762.30
	-42.00 -0.59%	-396.00 -0.80%	-135.75 -0.51%	-26.60 -0.95%

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, odds of failure are high with the US Navy blockade, the IRGC blockade back on, and threats being traded back and forth on various media and social media outlets.



MARKETSURGE
BY INVESTOR'S BUSINESS DAILY

Source:

Decisive odds of rate cut remain well out in the future with Oct 27 meeting ~60% and Dec 8 meeting at ~90%, FedWatch - CME Group).

The US 10-year interest rate fell -8bp to 4.24%.

Stock Market Today/Week: Apr 17, 2026

Index	Level	Day change	Week Change
S&P 500	7,126.06	+1.20	+4.54%
Nasdaq Composite	24,468.48	+1.52%	+6.84%
Dow Jones Industrial Avg.	48,578.72	+1.79%	+3.04%
US 10 year	4.24%		-8bps

Source: Factset

Key events/headlines for the week ahead: US-Iran negotiations, Tesla earnings, Vertiv earnings, Kinder Morgan earnings, CSX earnings, NEE earnings, GE Vernova earnings among many others.

4/20/2026

4/21/2026 US-Iran discussions to resume, PSN, PPI for Mar: +0.3% M/M ex food and energy expected.

4/22/2026 VRT URI KMI KNX GEV WAB NOW INTC IBM

4/23/2026 FCX SCCO NEE FIX UNP CNP T

4/24/2026 NVT NSC ARCB

Source: Factset

What to do now: Maintaining equity exposure levels for existing allocations pending wind down of hostilities and/or Strait opening.

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 4/19/2026 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.

John D. Edwards, CFA

Sr. Portfolio Manager – Infrastructure PLUS Equity Strategy

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