



INVESTMENT STRATEGY STATEMENT | April 30, 2026

# Growth Takes the Lead

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# Performance Review & Outlook

**The S&P 500 closed above 7,000 for the first time in April**, as equity markets largely looked through the ongoing Iran conflict and instead rallied powerfully behind the continued strength of technology and AI-related spending—driving one of the strongest monthly performances in recent memory.

**Earnings expectations continue to move higher**, with the S&P 500 now projected to grow earnings approximately 17% in 2026—a meaningful upward revision that, combined with receding macro tail risks, provided strong fundamental underpinning to what might otherwise be dismissed as a momentum-driven move.

**The 10-year Treasury traded in a relatively contained range of 4.25%–4.43%**, closing at 4.38% as markets continued to test the 4.50% resistance level on concerns that a lack of Middle East resolution could keep energy inflation elevated and complicate the Fed's path forward.

**Information Technology and Communication Services each advanced more than 17%** for the month, with semiconductors at the epicenter of a decidedly high-beta, risk-on rally that began with a short squeeze following the Iran ceasefire announcement and gained traction as the hyperscalers once again raised their capex forecasts for 2026.

**The Fed held rates steady at 3.50%–3.75%** in what was almost certainly Chair Powell's final meeting, as the decision produced a rare 8–4 dissenting split—the most since 1992—signaling the complex rate environment that incoming Chair Kevin Warsh will inherit as he prepares to take the helm in mid-May.

**Energy finished the month in negative territory**, as the worst-case scenarios around prolonged Strait of Hormuz disruption appear, for now, to have been taken off the table.

## Equity Market Overview

The S&P 500 closed above 7,000 for the first time in April, capping a remarkable month that saw equity markets largely look through the ongoing uncertainty surrounding the Iran conflict and instead rally powerfully behind the continued strength of technology and artificial intelligence-related spending.

What began as a short squeeze following a ceasefire announcement early in the month quickly gained broader traction, ultimately driving one of the strongest monthly performances in recent memory for risk assets.

## S&P 500 Price Index



*Information Technology and Communication Services led all sectors, each advancing more than 17% for the month.*

The rally was decidedly high-beta in nature, with the Philadelphia Semiconductor Index recording its longest winning streak ever and semiconductors firmly at the epicenter of the move. The catalyst was clear: the hyperscalers once again raised their capital expenditure forecasts for 2026, reinforcing the narrative that enterprise spending on AI infrastructure remains robust and accelerating.

The market's message was equally clear—for now, it is comfortable that the returns on those eye-popping capital commitments will be sufficient to justify them. That said, we continue to believe the push and pull between the scale of AI investment and the eventual economic returns on those investments will remain a recurring theme in markets.

From a macro standpoint, there were meaningful positive surprises. Both CPI and PPI for March

came in below expectations, offering an early indication that the feared price shock from elevated energy costs has not yet fully transmitted to the consumer. This was a welcome development given the uncertainty that has surrounded inflation since the conflict began, and it helped further ease rate concerns heading into the month.

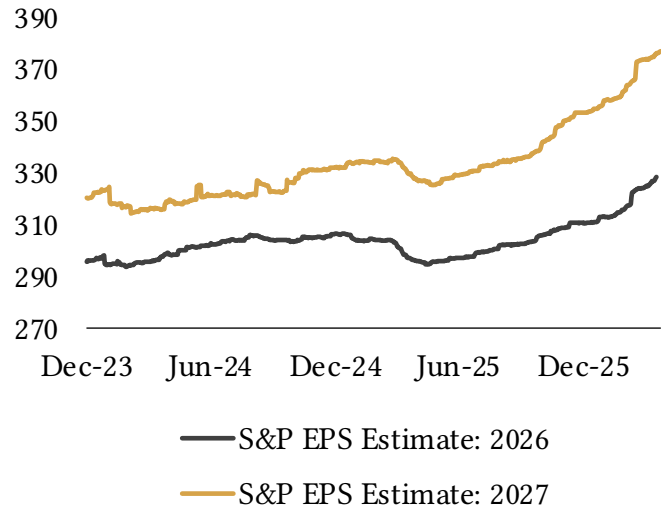
*Energy was one of only two sectors to finish the month in negative territory.*

While oil prices remained elevated, the correlation between energy prices and broader equity performance broke down considerably during April. The worst-case scenarios around prolonged Strait of Hormuz disruption and a sustained inflation shock appear, for now, to have been taken off the table. That does not mean the conflict is resolved, and we remain watchful, but the market has demonstrated a clear willingness to look past near-term geopolitical noise when the fundamental growth picture is compelling.

## Oil (WTI \$/Barrel)



## S&P EPS Estimates



## Sector and Index Performance

*Perhaps most importantly, the earnings backdrop continues to improve. Expectations for S&P 500 earnings growth now stand at approximately 17% for 2026, with estimates for 2027 also moving higher. That upward revision to the earnings outlook, combined with receding macro tail risks, provided a strong fundamental underpinning to what might otherwise be dismissed as a momentum-driven move.*

<b>+10.4%</b>	S&P 500
<b>+7.1%</b>	Dow Jones Industrial Avg.
<b>+15.6%</b>	Nasdaq Composite

### Outperforming Sectors

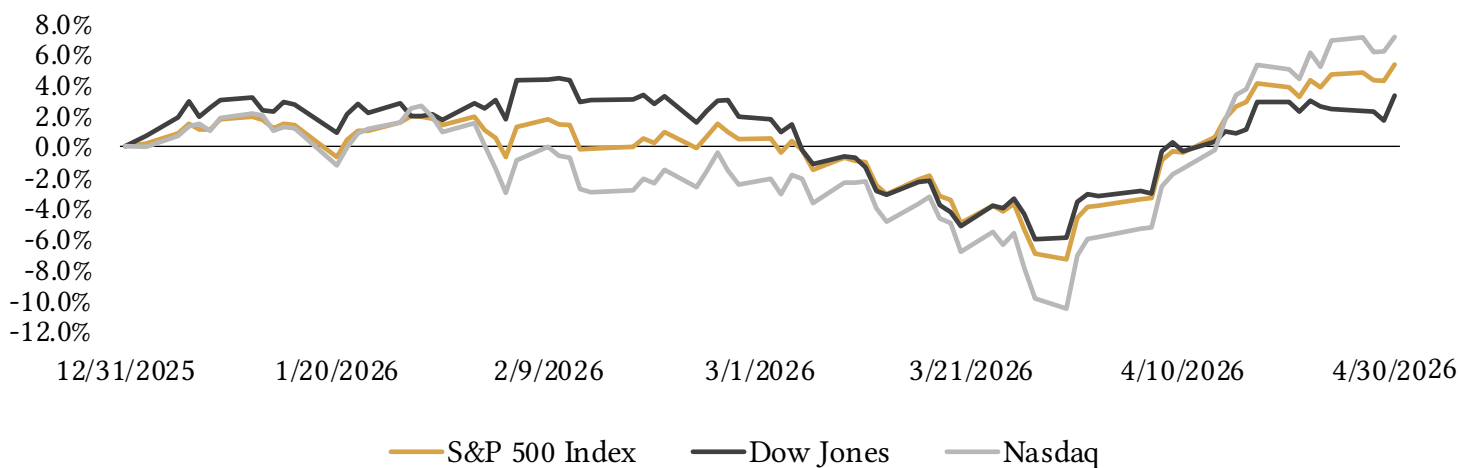
<b>+18.4%</b>	Communication Services
<b>+17.4%</b>	Technology
<b>+11.7%</b>	Consumer Discretionary

### Underperforming Sectors

<b>-3.5%</b>	Energy
<b>-0.6%</b>	Health Care
<b>+2.1%</b>	Utilities

April was a reminder that when the growth story is intact and the most acute risks appear contained, markets can move quickly and decisively.

## Index Returns YTD



## Fixed Income Market Overview

*Despite the ongoing conflict in Iran, U.S. Treasury bonds traded in a fairly tight range in April with the 10-year U.S. Treasury trading at a low of 4.25% and a peak of 4.43%, closing the month at 4.38%.*

### 10 Year U.S. Treasury Yield (%)



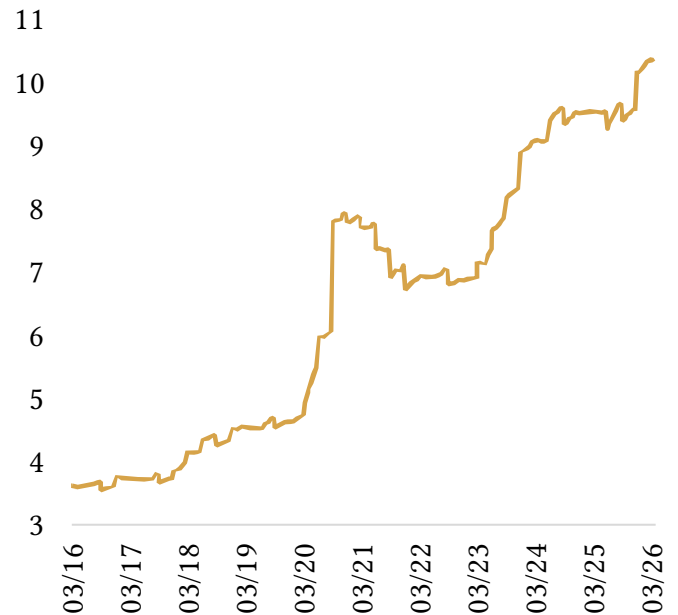
The U.S. 10-year once again seemed to test the 4.50% yield resistance level on concerns that no concrete resolution in the Middle East would result in the possibility of longer-term energy inflation and the possibility that the Fed could actually raise rates to combat sticky inflation.

*The Federal Reserve held rates steady at a target range of 3.50%–3.75% as widely expected.*

This was almost certainly the final rate decision of Chairman Powell's tenure as his term comes to an end on May 15th. For most of his eight years as chair, Powell has been able to maintain strong consensus among the committee, even as the Fed has struggled to contain inflation and resist aggressive White House political pressure. However, in a dramatic turn, Powell's last meeting produced a rare 8-4 split among Fed Governors—the most dissenting votes since October 1992. Separately, following the FOMC meeting, Powell announced that he would remain on the Fed Board of Governors for an indefinite period.

On the same day, the Senate Banking Committee advanced the president's nominee Kevin Warsh, clearing the way for a full Senate vote the week of May 11th—which would likely confirm Warsh ahead of Powell's term end on May 15th. Markets and analysts are watching the Warsh transition closely. As one analyst noted, the four hawkish dissents signal the challenge ahead for Warsh: the Fed Chair controls the agenda but holds only one vote. The next chapter of rate policy will be something the market watches closely as the new Fed Chair takes the helm. The interplay of a new Fed Chair, Middle East uncertainty, AI-driven growth, and a \$10T refinancing wall makes this one of the most complex rate environments in decades—one that NBCSAM will continue to monitor closely.

### U.S. Debt Maturing over next 12m (\$Trln)



### 12-Month Percentage Change of Indices

Index (Local Currency)	Level	April	YTD	12-Month
S&P 500	7,209.01	10.5%	5.7%	31.0%
Dow Industrials (DJIA)	49,652.14	7.2%	3.8%	24.2%
Nasdaq	24,892.31	15.3%	7.3%	43.6%
Russell 2000	2,799.905	12.3%	13.3%	44.5%
U.S. 2yr Treasury	3.8689	2.0%	11.4%	7.4%
U.S. 10yr Treasury	4.3706	1.3%	4.9%	5.0%
Gold (NY Spot \$/oz)	4,617.85	-1.1%	6.9%	40.4%
Silver (NY Spot \$/oz)	73.7468	-1.9%	2.9%	126.1%
Copper (\$/metric ton)	12,910.76	5.3%	3.7%	41.6%
Oil (WTI Spot/bbl)	105.07	3.6%	83.0%	80.5%
Oil (Brent Spot/bbl)	114.01	-3.7%	87.4%	80.6%
Natural Gas (\$/mmBtu)	2.767	-4.1%	-24.9%	-16.8%

Data as of April 30, 2026. Source: FactSet/Bloomberg

# Economic Overview

## Key Economic Indicators



### JOB MARKET

#### Employment Report

The labor market showed meaningful improvement in March, with nonfarm payrolls rebounding to +178,000, well above the consensus estimate of 59,000, reversing the revised February decline of 133,000. The unemployment rate edged lower to 4.3%, while average hourly earnings rose 0.2% for the month and 3.5% from a year ago, the lowest annual wage increase since May 2021. The underlying story remains one of a slow-growth labor market, with net job creation minimal for more than a year, continuing the entrenched low-hire, low-fire dynamic.

### HOUSING MARKET

#### House Prices

Home price appreciation continues to cool. The S&P Cotality Case-Shiller National Home Price Index posted a 0.7% annual gain for February 2026, down from 0.8% in the prior month, with more than half of major U.S. metropolitan markets posting year-over-year price declines. For the ninth consecutive month, inflation outpaced national home price appreciation, extending the streak of negative real home price returns.



### PERSONAL INCOME & SAVING

Personal income increased 0.6% in March, while personal consumption expenditures rose 0.9% in nominal terms, reflecting increases of \$132.6 billion in goods spending and \$62.9 billion in services spending. However, the spending surge came at a cost to savings: the personal saving rate fell to 3.6% in March, as consumers drew down their savings buffer to fund higher nominal expenditures. Real spending, adjusted for inflation, increased a more modest 0.2% for the month.

# Economic Overview

## Key Economic Indicators

### ECONOMIC GROWTH

#### GDP Growth

Real GDP grew at an annualized rate of 2.0% in the first quarter of 2026, a sharp improvement from 0.5% in the fourth quarter of 2025, though slightly below the 2.2% rate economists had forecast. Investment spending made the largest contribution to growth, with consumer spending also positive but growing at a slower rate than in prior quarters. Net exports were a drag on the quarter, reducing growth by 1.3 percentage points.



### INFLATION

#### Consumer Price Index (CPI)

The annual inflation rate jumped to 3.3% in March, its highest level since May 2024, driven primarily by a 10.9% surge in energy costs as the Iran conflict pushed gasoline prices up 21.2% for the month. The silver lining was in the core reading: core CPI (excluding food and energy) rose just 0.2% for the month and 2.6% year-over-year, both slightly below forecast, indicating that underlying inflation remained contained.

#### Personal Consumption Expenditures (PCE) Price Index

Headline PCE inflation rose to 3.5% year-over-year in March, up from 2.7% in February, while core PCE (excluding food and energy) accelerated to 3.2% year-over-year, up from 3.0% in February. On a monthly basis, headline PCE rose 0.7% while core PCE increased 0.3%, the latter easing slightly from February's 0.4% reading. Both headline and core PCE remain meaningfully above the Fed's 2% target, reinforcing our expectation that rate cuts are unlikely in the near term.

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