



The Weekly Market Update – 4/13/26: Peace Talks, Strait of Hormuz & Inflation

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	6,816.89	3.56%	4.42%	-0.42%	21.47%	6,978.60	2.4%
Dow Jones Industrial Average	47,916.57	3.04%	3.40%	-0.31%	14.08%	50,188.14	4.7%
NASDAQ Composite	22,902.90	4.68%	6.08%	-1.46%	32.39%	23,958.47	4.6%
Russell 2000	2,630.59	3.97%	5.38%	5.99%	30.75%	2,718.77	3.4%
MSCI EAFE (USD)	3,045.95	4.57%	7.30%	5.30%	26.87%	3,179.91	4.4%
MSCI Emerging Markets (USD)	1,547.49	7.88%	10.76%	10.19%	40.50%	1,619.28	4.6%
Bloomberg Commodity Index	132.14	-3.71%	-2.30%	20.47%	24.19%	237.95	80.1%
Barclays U.S. Aggregate Bond	93.44	0.07%	0.20%	-0.68%	1.23%	112.07	19.9%

Source: FactSet

Investor focus has returned to the Strait of Hormuz and oil markets, with earnings season on the horizon as well. After U.S.-Iran peace talks ended with no deal on Saturday, our first thoughts were on the duration of the conflict, which has now stretched into its seventh week. As the timeline extends, more stress is placed on oil and gas markets and other shipped commodities, potentially causing more durable economic disruption. Despite the stalled peace talks, U.S. equity markets moved higher Monday (4/13) after an initial decline. Surprisingly, with the S&P 500 at 6,850 in midday trading, the index has nearly returned to the 6,879 closing price on the last day of February (before the war). The U.S.-Iran ceasefire remains in place as of Monday (its two-week duration lasts until 4/21) and attacks are paused. The U.S. has moved to block opposition ships sailing through the Strait of Hormuz, designed to stop a key source of revenue for Iran, and adding to the bottleneck in that critical shipping lane. It is possible that peace talks will resume and it is important, in our view, to see resumed talks while the ceasefire remains in place. Oil markets and bond investors appear to share a cautiously optimistic view: U.S. oil, as measured by West Texas Intermediate crude (WTI), after spiking to \$105 per barrel early Monday, was at \$98 in early afternoon trading, +2% on the day. U.S. interest rates barely budged on Monday with the 2-year Treasury yield (TY) down 1 basis point (bp) from the prior day, to 3.79%, and the 10-year TY also down 1 bp to 4.30%. In our view, we remain in a window where a peace deal can allow oil and gas markets to normalize, which can limit sustained economic damage from the war. This is not to discount elevated fear and uncertainty that remain imbedded in oil markets and interest rates, which have both risen substantially since the end of February. But the ended peace talks and U.S. naval presence in the Strait of Hormuz, at least for now, have not noticeably added to market concerns. Our view of levels that reflect deteriorating fundamentals would be WTI oil above \$120 per barrel and a 10-year Treasury yield that surges past 4.50%. Just 28 S&P 500 companies are scheduled to report March-quarter equivalent financial results this week (with activity accelerating in the final two weeks of April), but expectations are high with earnings estimates for the index reflecting growth of +12.6%.

Consumer inflation surged in March as the increase in oil prices showed up directly in gasoline costs. As reported by the Bureau of Labor Statistics (BLS), the March consumer price index (CPI) increased +3.4% year-over-year (Y/Y), which was +90 basis points from the February Y/Y increase of +2.4%. This was the highest CPI reading in nearly two years (+3.3% in May 2024). The bulk of the increase was caused by an +18.9% Y/Y increase in gasoline and +44% for fuel oil. Excluding food and energy, “core CPI” increased +2.7% vs. +2.5% in February. Core CPI in May 2024 was +3.4%, showing that excluding energy, inflation levels remain a bit lower than two years ago. Gasoline prices remain above \$4.10 nationally (AAA data), with very little relief since the start of the war.

Key data from the IRS and Bank of America kindle hopes for resilient spending trends. In the face of higher gas prices and weak consumer confidence, the outlook for consumer spending remains a key investor topic. Tax refund data from the Internal Revenue Service shows that through 4/3/26, tax refunds were \$242 billion (B) and an increase of +15% through the same period in 2025. This represents a \$31B increase in consumer finances. In addition, the Bank of America Institute reported that its March credit and debit card spending increased +4.3% in March, and +3.6% excluding gasoline. BofA said the numbers were stronger for higher-income households but also attributed spending strength to tax refunds.

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The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Growth sectors are those that generally drive expected annual sales and earnings growth that exceed market and sector average. Value stocks will typically trade at valuation levels below peer group averages. Cyclical sectors tend to be more economically sensitive, with more volatility in sales and earnings growth when the economy is either decelerating or accelerating. Defensive sectors (which often include Consumer Staples, Health Care and Utilities) tend to outperform during periods of economic uncertainty or slow down, as many of the products and services in these sectors are essential in daily life and less impacted by economic swings.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts' estimates from firms that submit estimates to FactSet for a given financial metric. Calculations on the percentage price change on indices is provided by FactSet.

Gross domestic product (GDP) is a measure of economic growth and refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data as a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov. Major components of GDP include personal consumption expenditures, non-residential fixed investment, residential investment, government expenditures and adjustments for inventories and net exports (imports). Non-Residential Fixed Investment includes several subcategories including software and information processing equipment that measure investment in technology. Imports of goods and services are subtracted from GDP data (products are not produced or performed in the U.S) while exports are added to GDP.

On 2/28/26 the U.S. and Israel launched an air attack on Iran designed to eliminate weapons capabilities and critical infrastructure. On 3/1/26 the [White House published a release](#) detailing the operation. On 3/6/26 President Trump issued a 10-day deadline for Iran to open the Strait or Hormuz to shipping traffic. The deadline was set to end the evening of 4/6/26. Failure to meet the deadline would lead to the U.S. initiating new military

U.S. oil prices are often described using the price per barrel of West Texas Intermediate (WTI). This is a high quality low density crude oil grade sourced primarily from the Permian basin. Futures contracts and spot prices are traded on the New York Mercantile Exchange (NYMEX). Sustained higher oil prices could weigh on economic growth as consumers pay more for gasoline, and business incur higher transportation and input costs.

The Strait of Hormuz is located in the gulf between Oman and Iran. According to the U.S. Energy Information Administration, an estimated 20 million barrels per day are transported on ships through the Strait on a daily basis. This includes liquefied natural gas (LNG) as well and is an essential waterway for Gulf energy exports. As of 4/6/26 very limited shipping vessels were using the Strait of Hormuz.

The International Energy Agency (IEA) has monitored shipping and supply disruptions through the Strait of Hormuz. They have published key facts on the disruption with links to other reports as well. [The Middle East and Global Energy Markets](#).

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics. The U.S. Personal Consumption Expenditures (PCE) Price Index is an indicator of the growth in consumer spending and measures the value of goods and services purchased by persons who reside in the U.S. It is reported monthly by the Bureau of Economic Analysis. PCE inflation is the percentage rates of change in the price index for personal consumption expenditures (PCE).

Data on the economics of oil price changes on the retail price of gasoline can be found from the Federal Reserve Bank of St. Louis and the U.S. Energy Information Administration (EIA). The Automobile Club (AAA) monitors daily fuel prices in the U.S., which can be tracked at: gasprices.aaa.com. The EIA provides comprehensive data on the U.S. and global energy markets through its eia.gov home page.

The yields of the 2-year and 10-year U.S. Treasury notes are widely followed barometers of the current U.S. interest rate environment. Treasury security data used in calculating The Treasury yield curve displays the market interest rate across different contract lengths for U.S. Treasury securities, indicating the relationship between the interest rate and the time ("term") to maturity. interest rate spreads is obtained directly from the U.S. Treasury Department, through FactSet.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index.

Each year the Internal Revenue Service (IRS) provides weekly cumulative statistics for returns filed, returns processed and refunds issued during the filing season and then at certain points after the filing season. The statistics compare totals as of Friday compared with the corresponding Friday in the prior year.

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