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INVESTMENT COUNSEL

Market update

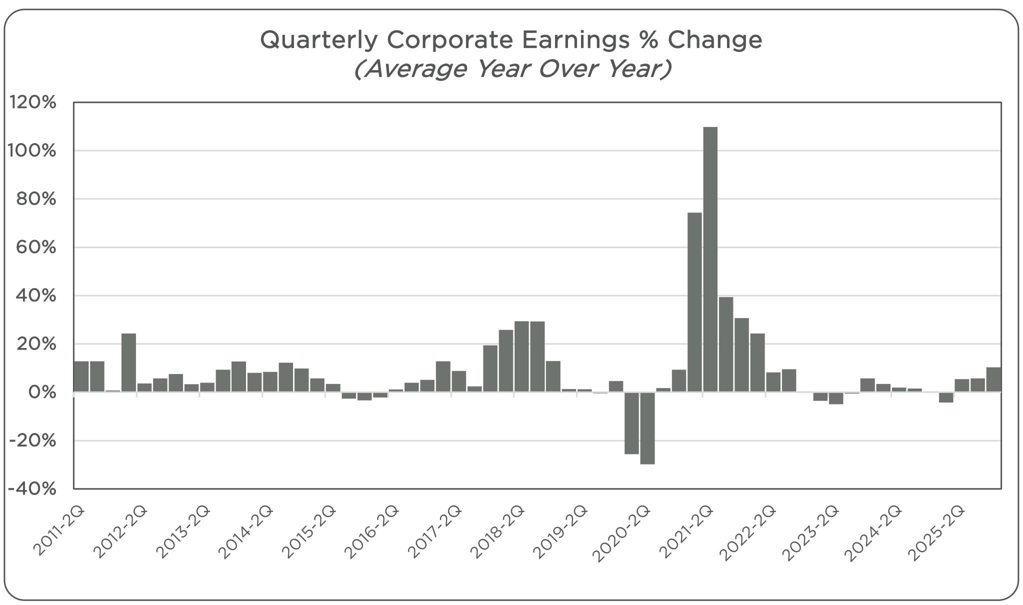
May 1, 2026

After a difficult March, markets staged a broad recovery across asset classes in April. Although the Strait of Hormuz remained technically closed to global shipping, open-ended ceasefires and ongoing discussions aimed at resolving the U.S.-Iran conflict helped ease uncertainty, giving investors space to process quarterly earnings reports.

	APRIL	1 YEAR
• U.S. Taxable Bonds	+0.1%	+4.1%
• U.S. Stocks	+10.3%	+31.4%
• Foreign Stocks	+9.7%	+32.9%

Historically, equity analysts have tended to lower corporate earnings estimates by about 2% between January and April. This year, however, has broken from that pattern despite a tougher macroeconomic environment. Instead, analysts have raised their estimates by 4%. Much of this shift in sentiment can be traced to one dominant theme: AI. Technology firms accounted for roughly 84% of the upward revisions and are projected to drive about 67% of overall earnings growth this year, with Nvidia alone contributing an estimated 21%.

With investors viewing the U.S.-Iran conflict as unlikely to significantly disrupt economic and earnings growth, AI continues to act as a key market tailwind. Sectors tied to AI, which led the declines in March due to stretched valuations, were among the top performers in April across both U.S. and emerging market equities.



Risks remain. Market confidence still depends heavily on strong earnings from a small group of mega-cap tech companies. At the same time, growing scrutiny around massive capital expenditure plans, potentially reaching $725 billion this year, has raised questions about their effectiveness. While AI adoption is expected to deliver substantial productivity gains over time, many companies are still working to convert that potential into tangible bottom-line results.