



BANQUE  
ERIC STURDZA

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# 1. EDITORIAL

## THE COMEBACK

**About a month ago, oil prices broke the \$100 mark, and the prospect of a resurgence in inflation sowed doubt among investors and put equity markets under heavy pressure.**

In just a few weeks punctuated by incessant and contradictory presidential comments, while the ceasefire remained fragile and the Strait of Hormuz blocked, those doubts appear distant. Major U.S. indices are at record highs after a relentless series of increases: 14 consecutive positive sessions for the Nasdaq... something truly exceptional!

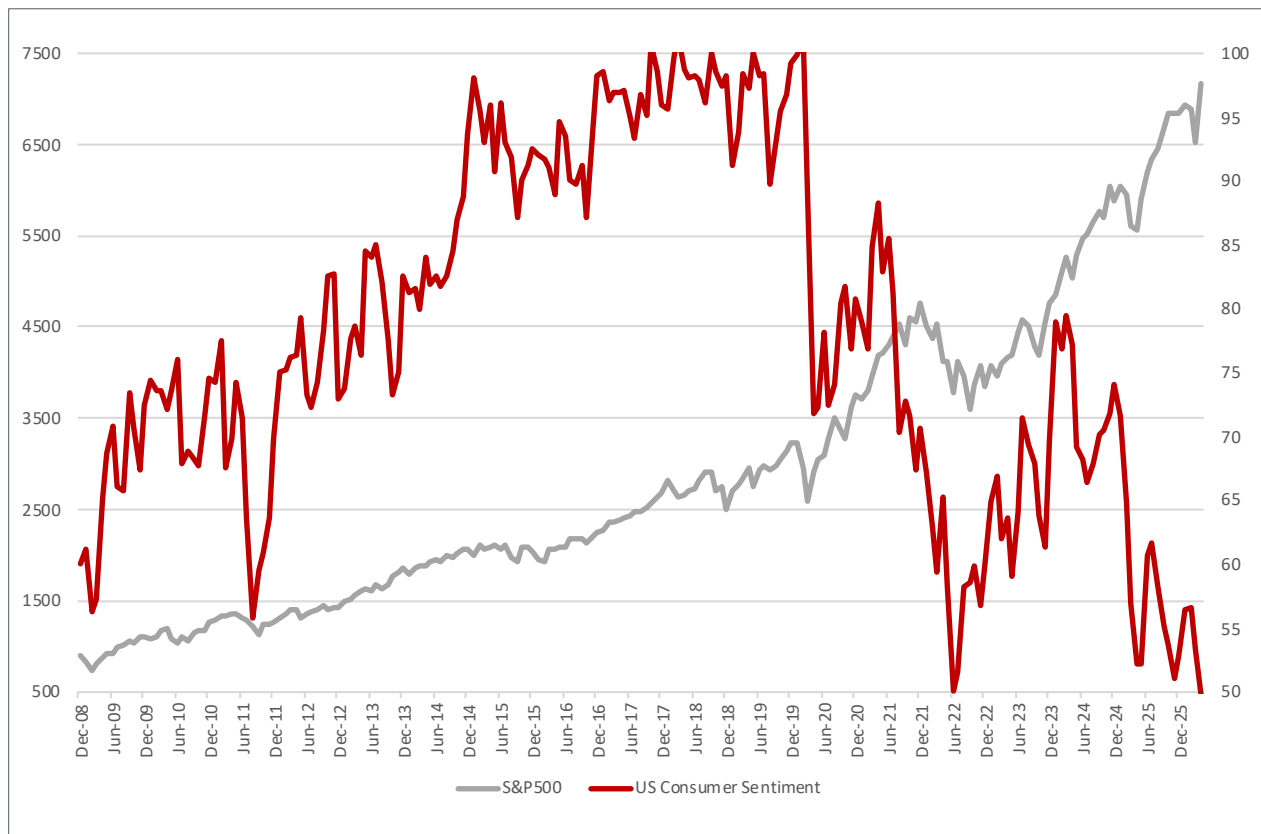
The oil futures market is sending much more mixed signals than the stock market. A barrel of oil for year-

end delivery is still trading at over \$75 – a price obviously lower than the spot price but well above pre-Iran war levels, a price that does not reflect a fully restored quietness amongst commodities traders.

Another discrepancy visible in this relatively bright picture is the US Consumer confidence index. This index continues to plummet. Rarely has such a “scissor effect” been observed relating to stock market indices.

So how can we reconcile the conflicting signals sent by different market participants? Should we trust the optimism of the stock market or the pessimism of the US consumer?

G1 : S&P 500 (GRAY LEFT AXIS) & US CONSUMER SENTIMENT INDEX (RED RIGHT AXIS)



Source: Bloomberg, Banque Eric Sturdza, dec 08 - april 26

Let's consider first the reasons that can explain such a divergence. Several factors have been put forward explaining the pace and the magnitude of April's rebound: the covering of short positions of course, but also the highly concentrated nature of this rally. The momentum of the semiconductor industry created exceptional traction for stocks in the technology sector, which in turn reportedly dragged the entire market along. Two figures illustrate this: Intel, the fallen star, has regained public favour with a mind-boggling 114% increase in one month. The overall semiconductor sector index (the SOXX) increased by close to over the same period.

When you consider that semiconductors and memory stocks account for circa 20% of the U.S. large-cap market, it's easier to understand the rebound of the market as a whole. Does this mean that the semiconductor industry – the undisputed winner of the AI capex boom – is completely immune to the effects of the war in Iran, rising oil prices, and higher inflation? Definitely. Nevertheless, during this stellar April for U.S. stocks – with 9 out of 10 major sectors advancing – investors did not limit themselves to buying semiconductors. Do this represent too bold of a bet on an imminent end to the crisis?

With the corporate earnings season underway, it's also worth revisiting earnings dynamics in order to answer this question. During this “war time”, contrary to expectations, the message conveyed by the trajectory of expected EPS is positive for the market.

Historically and statistically, EPS expectations are overly optimistic at the start of the year and are adjusted downward during the first four months of the year. Curiously, in 2026, four months have passed (and what months they were!) and the opposite is happening: estimates based on corporate guidance are definitely being revised upward.

**There is certainly some excess in recent market behaviour, and while the recent past and the signals sent by companies argue for staying invested (which we have), caution and some doubts about EPS trends also call for greater selectivity and thinking twice at more asymmetric solutions or option strategies to add more robustness to portfolios. The markets aren't completely irrational!**

## 2. FIXED INCOME

### IT WORKS, UNTILL IT DOESN'T!

#### A repeat of "Liberation Day." For now?

Although the context is entirely different, it still feels as though we're re-playing April–May 2025, eleven months later. The Strait of Hormuz is blocked, oil prices are hovering around \$100, yet stocks remain in limbo; interest rates aren't skyrocketing, and corporate bond spread tightening continues its impressive run. This is entirely logical for corporate bonds. Indeed, if we consider that a corporate bond is theoretically akin to a combination of a government bond and a put option on a company, there is no reason for either of these two "components" to send investment-grade bond yields skyrocketing. When it comes to subordinated debt, the picture is even clearer, as financial subordinated debt is performing admirably well and corporate hybrids are recouping much of their sharp decline in March. It is therefore advisable to remain reasonably well invested and, above all, not to forget to take into account all factors that seemed important to us at the end of February. Let's cite just two examples: one regarding credit and the other government debt. Who will be the winners and losers of the Artificial Intelligence revolution? Will the German stimulus plan push Bunds' yields higher in the long term? We must therefore maintain this discipline, which the markets sometimes forget temporarily: this conflict, while certainly major, must not dominate our thinking and cause us to neglect other important issues.

#### Impact on investment strategies

Early April, we asked ourselves whether it was essential to do nothing. Rightly, this strategy paid off. Thus, the temptation to sell at the bottom was avoided, and taking on additional risk proved ill-advised for portfolios that were already sufficiently invested. In credit markets, continue to enjoy a substantial carry. Hybrid debt did not experience the further correction we had expected, which would have resulted from a widening of the senior-subordinated spread. However, the spread remained remarkably quiet during the mini storm in March. The primary market did offer a few rare opportunities, but there was no cause for great excitement.

Government debt was a source of both satisfaction and frustration. Satisfaction because we did not have to contend with a sell-off pushing returns into negative territory, but frustration because we would have liked to take advantage of a rise in yields toward key levels (for example, a 10-year US Treasury at 4.5% or a 30-year bond consistently above 5%) to increase duration. This may simply be a matter of time, because as our headline points out, everything is fine until the day when something looming on the horizon suddenly materialises.

### 3. EQUITIES

## TACO\* OR NACHO\*\* ON THE MENU?

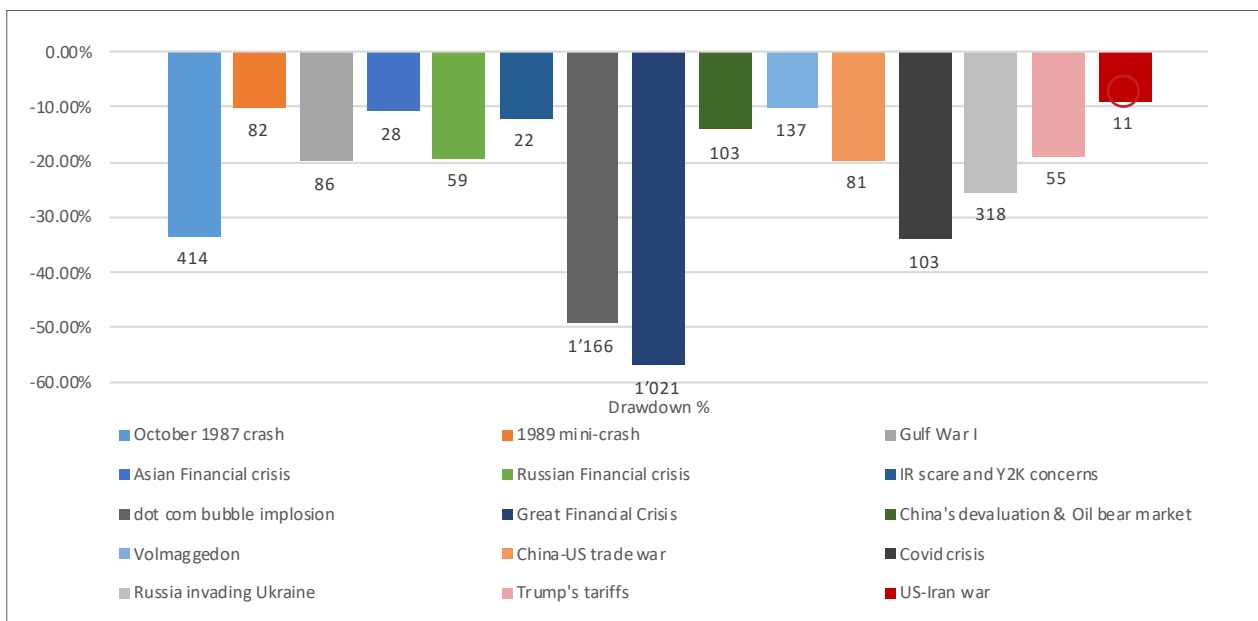
**Following last month's decline, April 2026 saw a rebound as sharp and sudden as the previous consolidation phase had been. Thus, the global large-cap index, which had posted a 4.0% decline year-to-date as of the end of March, swung back into positive territory and ended the month with a gain of just over 4% year-to-date. More specifically, emerging and Asian markets saw the strongest rebound, closely followed by the U.S. market. European markets, which had recorded solid gains and outperformance over the US market before the conflict started are now struggling.**

In only 11 trading sessions, the recovery from the decline observed between the March 2026 high and low (-9.10%) is the fastest ever recorded over the past 40 years for the US market following similar or superior declines. Undoubtedly, the desescalation orchestrated starting in late March, formal-

ized by a two-week ceasefire between Iran and the United States, helped fuel the first phase of the rebound. This marks the return of TACO (Trump Always Chickens Out), an acronym suggesting that President Trump is prone to step back, particularly under the pressure of domestic factors. It is fair to say that with gasoline prices exceeding \$4 a gallon as the *driving* season approaches, discontent is mounting among US consumers (and, incidentally, voters), providing the Trump administration with ample reasons to back down.

The brief truce between the two countries is coming to an end without a peace agreement. Tensions are escalating due to the double blockade of the Strait of Hormuz, leading investors this time to fear the "NACHO" (Not A Chance Hormuz Opens), an acronym suggesting that the reopening of the Strait of Hormuz appears unlikely. It is true that with the Strait of Hormuz having been virtually closed for the past two months, the consequences are begin-

G2: MAJOR DECLINES IN THE S&P 500 SINCE 1986 AND RECOVERY TIMES



Source: Bloomberg, March 1986–April 2026

ning to show, whether in energy commodity prices or even in the availability of refined products (kerosene) and commodities (aluminium, fertilizers, helium) transiting through the strait. From this perspective the continuation of financial markets' rebound might seem quite astonishing. It seems less surprising when one considers the solid results released by US companies. Indeed, the first earnings reports have reassured investors about the ability of companies, to navigate this uncertain environment, and even to achieve impressive results. Thus, of 286 companies that have reported at the time of writing, 80% have reported results exceeding expectations, with aggregate revenue and EPS up 11.4% and 30.3%, respectively, on a rolling-year basis.

Admittedly, the first quarter of 2025 was relatively weak, providing a favourable comparison, and the surge in commodity prices – which had begun before the conflict – is a major boon for companies in the commodity sectors. But limiting the explanation to these factors alone seems, at the very least, narrow vision. The technology sector and digital leaders have also played a major role. This is particularly true for semiconductor and memory chip companies, which are fully benefiting from the capex

boom related to Artificial Intelligence. The ripple effect from AI-related infrastructure spending is also obvious in Asia, with an even more pronounced rebound in the Korean and Taiwanese markets, driven by their industry leaders – Samsung, SK Hynix, and TSMC. Even software stocks, which were hammered due to perceived threats from AI, continue to post solid results.

As earnings season progresses, consumer-related stocks are traditionally among the last to report, raising concerns that earnings momentum may be losing steam.

**While the micro catalyst appears to have run its course and might be soon behind us, caution remains warranted. The recent sequence highlighted the benefits of staying invested at a time when markets are fluctuating between potential easing and the risk of escalation. It also underscores the benefits of a comprehensive and active approach to equity markets and of leveraging volatility and market conditions to pursue more asymmetric investment strategies or option strategies.**

## T2: Q1 2026 RESULTS – U.S. MARKET

Sector (BICS)	Reported		Earnings Surprise				Sales Growth				Earnings Growth			
	Count	Revenue	+	Inline	-	%	+	Inline	-	%	+	Inline	-	%
US market	286	499	229	23	34	21.97%	254	4	28	11.37%	233	2	51	30.29%
Materials	16	27	11	2	3	15.40%	15	0	1	9.34%	12	0	4	52.09%
Industrials	58	75	47	5	6	8.86%	49	2	7	9.12%	46	0	12	13.82%
Consumer Staples	16	35	13	1	2	5.83%	12	0	4	13.09%	10	0	6	5.49%
Energy	10	23	8	1	1	12.97%	8	1	1	7.55%	7	0	3	31.75%
Technology	24	65	23	1	0	12.52%	23	0	1	22.44%	23	0	1	46.06%
Consumer Discretionary	27	48	18	2	7	53.94%	20	1	6	10.08%	17	0	10	53.28%
Communications	11	26	10	0	1	62.03%	10	0	1	16.01%	9	0	2	54.97%
Financials	60	80	49	2	9	7.28%	55	0	5	11.18%	60	0	0	26.41%
Health Care	29	58	27	1	1	11.43%	29	0	0	8.00%	23	0	6	-4.63%
Utilities	11	31	6	3	2	4.36%	11	0	0	9.41%	9	0	2	10.79%
Real Estate	24	31	17	5	2	5.71%	22	0	2	12.65%	17	2	5	15.59%

Source: Bloomberg,  
Banque Eric Sturdza, 29/04/26

\* TACO: Trump Always Chickens Out  
\*\* NACHO: Not A single Chance Hormuz Opens

# 5. PERFORMANCE

EQUITIES	30.04.26	CURRENT	1M	3M	6M	YTD	2025	2024	2023	2022	2021
US	DOW JONES	49'652	7.1%	1.6%	4.4%	3.3%	13.0%	12.9%	16.2%	-6.9%	20.9%
	S&P 500	7'209	10.4%	3.9%	5.4%	5.3%	16.4%	23.3%	26.3%	-18.1%	28.7%
	S&P500 EW	8'235	5.9%	2.7%	8.2%	6.1%	9.3%	10.9%	13.8%	-11.5%	29.6%
	RUSSELL 2000	2'800	12.2%	7.1%	12.9%	12.8%	11.3%	10.0%	16.9%	-20.5%	14.8%
EUROPE	STOXX 600	611	4.8%	0.0%	6.9%	3.2%	16.7%	6.0%	16.6%	-9.9%	25.8%
	FTSE 100	10'379	2.0%	1.5%	6.8%	4.5%	21.5%	5.7%	7.7%	4.6%	18.4%
	CAC 40	8'115	3.8%	-0.1%	-0.1%	-0.4%	10.4%	-2.2%	20.1%	-6.7%	31.9%
	DAX	24'292	7.1%	-1.0%	1.4%	-0.8%	23.0%	18.8%	20.3%	-12.3%	15.8%
ASIA	SPI SWISS	18'551	4.0%	1.8%	9.2%	1.8%	17.8%	6.2%	6.1%	-16.5%	23.4%
	MSCI EM	1'600	14.5%	4.7%	14.2%	13.9%	30.6%	5.1%	10.2%	-19.8%	-2.3%
	TOPIX	3'727	6.6%	4.5%	11.9%	9.3%	22.4%	17.7%	28.3%	-2.5%	12.8%
	HANG SENG	25'777	4.0%	-5.9%	-0.5%	0.6%	27.8%	17.7%	-10.5%	-12.6%	-11.8%
CSI 300	4'807	8.0%	2.1%	3.6%	3.8%	17.7%	14.7%	-9.1%	-19.8%	-3.5%	
FX & COMMODITIES	30.04.26	CURRENT	1M	3M	6M	YTD	2025	2024	2023	2022	2021
CURRENCIES	EUR-USD	1.173	1.5%	-1.0%	1.7%	-0.1%	13.1%	-6.2%	3.1%	-5.9%	-6.9%
	EUR-CHF	0.917	-0.8%	0.0%	-1.3%	-1.5%	-0.9%	1.2%	-6.1%	-4.6%	-4.0%
	USD-CHF	0.781	-2.3%	1.1%	-2.9%	-1.4%	-12.3%	7.8%	-9.0%	1.3%	3.1%
	USD-JPY	156.6	-1.3%	1.2%	1.7%	-0.1%	0.3%	11.5%	10.5%	13.9%	11.5%
	USD INDEX	98.06	-1.9%	1.1%	-1.8%	-0.3%	-9.1%	7.1%	-2.1%	8.2%	7.0%
COMMODITIES	Gold	4617.85	-1.1%	-5.6%	15.4%	6.9%	65.3%	27.2%	13.1%	-0.3%	-4.2%
	Silver	73.75	-1.9%	-13.4%	51.5%	2.9%	132.4%	21.5%	-0.7%	2.8%	-13.6%
	WTI Crude Oil	105.07	3.6%	61.1%	72.3%	83.0%	-21.0%	0.1%	-10.7%	6.7%	59.1%
	Natural Gas	2.77	-4.1%	-36.4%	-32.9%	-24.9%	9.7%	44.5%	-43.8%	20.0%	46.9%
	Copper	12'911	5.3%	-1.2%	18.7%	3.7%	37.4%	2.2%	0.9%	-14.1%	25.7%
FIXED INCOME	30.04.26	CURRENT	1M	3M	6M	YTD	2025	2024	2023	2022	2021
RATES	US 10 year gvt	4.37	0.05	0.14	0.29	0.20	-42 bps	69 bps	0 bps	237 bps	60 bps
	German 10 year gvt	3.04	0.03	0.19	0.40	0.18	53 bps	34 bps	-54bps	275 bps	39 bps
BONDS	Global Aggregate USD hdg.	609.3	0.3%	-0.1%	0.1%	0.1%	4.6%	3.4%	7.1%	-11.2%	-1.4%
	Global Aggregate EUR hdg.	218.7	0.1%	-0.6%	-0.8%	-0.5%	2.5%	1.7%	4.7%	-13.3%	-2.2%
	Global Aggregate CHF hdg.	158.5	-0.1%	-1.2%	-2.0%	-1.2%	0.3%	-1.0%	2.5%	-13.7%	-2.5%
	US Treasuries	2432.0	-0.1%	0.0%	0.2%	-0.1%	6.1%	0.6%	4.1%	-12.5%	-2.3%
	US IG Corporates	3542.1	0.5%	-0.3%	0.4%	-0.1%	7.5%	2.1%	8.5%	-15.8%	-1.0%
	US High Yield	2949.1	1.7%	0.7%	2.4%	1.2%	8.2%	8.2%	13.4%	-11.2%	5.3%
	Euro Government	244.2	0.3%	-0.9%	-0.9%	-0.2%	0.3%	2.0%	7.1%	-18.2%	-3.4%
	Euro IG Corporates	265.6	0.9%	-0.8%	-0.5%	-0.1%	2.8%	4.7%	8.2%	-13.6%	-1.0%
	Euro High Yield	504.2	1.9%	-0.4%	1.0%	0.4%	4.6%	9.1%	12.8%	-11.1%	4.2%
	EM USD Aggregate	1397.1	2.1%	0.4%	1.4%	0.7%	10.9%	6.6%	9.1%	-15.3%	-1.7%

Source: Bloomberg, 30.04.26

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