EMPOWER INVESTMENTS™

Week in review April 20-26, 2026

Capital Currents

with **Tom Nun, CFA**

Index/ security	Asset class	Level (close)	% price change (Friday close) 1 WK	YTD
Dow Industrials	Lg. Cap Eq.	49,230.71	-0.44%	2.43%
S&P 500®	Lg. Cap Eq.	7,165.08	0.55%	4.67%
NASDAQ Comp.	U.S. Equity	24,836.60	1.50%	6.86%
S&P Midcap 400©	Mid-Cap Equity	3,641.32	-0.14%	10.17%
Russell 2000®	Sm. Cap Eq.	2,787.00	0.36%	12.29%
Stoxx 50	Europe Eq.	5,883.48	-2.88%	1.59%

Index/ security	Asset class	Level (close)	% price change (Friday close) 1 WK	YTD
FTSE 100	UK Equity	10,379.08	-2.70%	4.51%
Nikkei 225	Japan Equity	59,716.18	2.12%	18.63%
MSCI Emerging Markets Index	Emkt. Equity	1,610.00	0.81%	14.64%
MSCI EAFE Index	Non-U.S. Equity	3,021.80	-2.88%	4.46%
UST 10y (yield)	U.S. Treasury	4.30%	0.05%	0.13%
Bloomberg U.S. AGG	Fixed Inc.	2,362.26	-0.26%	0.57%

Phone-a-friend.

Imagine this: you've reached the apex of your career and now there's just one more interview to go before you secure your dream job. You know exactly how crucial the role you're about to assume is to the functioning of the global economy, because the final interview is televised and being held in front of *the freakin' US Senate Banking Committee* rather than in some dark, windowless room with only Cheryl and Derek from HR looking on. Your time to shine in the professional spotlight has come, so you sit back and get ready to enjoy it…

…and then you're upstaged by Larry Fitzgerald. You know, future NFL hall-of-famer, more tackles than dropped passes (a mind-blowing stat for a wide receiver BTW,) 11 Pro Bowl appearances in 17 years – yeah, *that* Larry Fitzgerald. As pivotal as Kevin Warsh's coronation as the next Chair of the Federal Reserve (the Fed) is likely to be, the one thing the Internet wanted to know more than anything else was why Mr. Fitzgerald was seated just behind Warsh during his Senate confirmation hearing.

As it turns out, Larry Fitzgerald's second act is just as impressive as his first: while other NFL celebs were busy hocking jeans on TV, starting bro-sy podcasts with their brothers or soaking up publicity based on who they're dating or how successful their fitness regime is at shedding those playing-days pounds, Fitzgerald was quietly building a successful career as a venture capitalist and investor. And while his appearance at Warsh's Senate hearing is still something of a mystery, it seems perfectly plausible that Fitzgerald's post-football day job has placed him in the same orbit as Warsh and that he was there merely to lend support to a friend. But enquiring minds will probably never really know.

It now seems likely that Warsh will win the coveted job being vacated(?) by Jerome Powell in a few weeks. Sure, there were some tense moments following Warsh's nomination that made it seem like he might not make it all the way to the goal line, but a key hurdle was removed last week when the Department of Justice seemingly bowed to pressure applied by maverick Republican Senator Thom Tillis – who had promised to block Warsh's nomination until the DoJ dropped its investigation of Powell's supposed role in cost-overruns related to the renovation of the Fed's headquarters – by suddenly just dropping it.

Maybe Fitzgerald gave Warsh a few pointers on how to leap over such obstacles like they were a trio of B-team defensive backs trying to keep up with a Pro-Bowler, but that's something else we'll probably never know. Far more important going forward is how Chairman Warsh will/would manage the Fed. Based on his testimony, it appears as if Warsh wants to foster at least some sort of limited regime change at the bank including a redesign of Fed communications policy (he believes the current Fed shares too much to be entirely effective,) and a much smaller emphasis on the size of the Federal Reserve's (The Fed's) balance sheet (itself a legacy from rescue efforts during The Great Financial Crisis a decade and a half ago that Warsh seems to believe distorts the Fed's traditional mechanism for fighting inflation: namely, interest rates.)

In this politically-charged environment, it's easy to forget that Nominee Warsh has actual chops: he's a Stanford- and Harvard-trained lawyer who served on the Fed's Board of Governors between 2006 and 2011 – a crucial time in Fed history when the Fed had to twist itself into new and interesting shapes to save the world from financial Armageddon. It's also notable that unlike other potential nominees to replace Powell, he is known to be somewhat hawkish, at least as far as the Fed's balance sheet is concerned. Warsh also aggressively pledged to protect the Fed's independence and shield it from political influence.

But for those still looking for a conspiracy tied to Warsh's nomination, there was at least some grist for the mill in the form of Warsh's stated preference for so-called "trimmed mean inflation." A description of exactly what that means is probably beyond the scope of our discussion here, but it might be enough to know that 'trimmed mean inflation' as imagined by the Dallas Fed[1] is currently running notably below the Fed's currently-preferred Personal Consumption Expenditures (PCE) inflation – enough, perhaps, to justify a celebratory rate cut if Warsh wins confirmation (if you're prone to tin-foil-hat thinking.)

That's not our base-case, and we're generally pleased with both Warsh as a candidate and some of the changes he seems to be contemplating. But Warsh isn't what moved markets last week; nor, frankly, did developments in Iran or last week's macro calendar. But, this is a newsletter devoted to reviewing the week-that-was, so here's a quick catalog of other stuff that probably didn't matter:

- Talks to end the Iran conflict were derailed, causing Vice President Vance and his entourage to cancel plans to travel back to Pakistan (*yawn! Seen this movie before*…)
- March retail sales grew by a better-than expected 1.7% and control group sales by 0.7%, cementing the consumer's positive contribution to first-quarter Gross Domestic Product (GDP)[2] (*not a shocker…pumped up by gas station sales and a post-tax-day splurge*)
- Growth in manufacturing continued to outpace services, as indicated by last week's flash Purchasing Managers Indices[3] and a handful of regional Fed reports[4,5] (*you probably saw this one coming, too*…)
- The US labor market remained stuck in the no-hire/no-fire zone: despite several high-profile layoff announcements, weekly- and continuing claims remained range-bound and low[6] (*another snoozer: "no-hire/no-fire" has now been around long enough to have become a tired cliché*…)
- PMI- and regional Fed data confirmed that current Inflation is uncomfortably hot, but inflation expectations remain comfortably anchored for now[7] (*…tell us something we don't know*…)
- The US consumer is ticked off[8] (*about as surprising as the University of Michigan's 'Big Blue' drawing a sell-out crowd*…)

So last week at least, the macro didn't really seem to matter that much to markets – maybe because so much of it was already known or pretty well understood. But earnings were a different story: at the highest level, first-quarter earnings season has been pretty good so far: according to Bloomberg data, fewer than 14% of reporting firms in the S&P 500® index have missed expectations, which would make it one of the most successful quarters in a long time if it continues. And in a few cases (Intel and Texas Instruments come to mind,) old(ish) companies in the semiconductor space have recently done well by successfully positioning themselves as beneficiaries of the latest shiny new thing:, AI.

Decent earnings should therefore help ease fears by hinting that all of these new all-time highs might actually have some fundamental support after all. But before you convince yourself that everything is hunky-dory, there were cases where the macro read-thru is a little more defined that leave room for skepticism: last week's rail sector releases were good, but were driven mostly by internal successes and cost discipline, negating any signal they might have provided to the macro. Airlines, on the other hand, were about as bearish as expected: while 1Q results were fine, several firms that reported last week either backed away from previous guidance or widened the range enough to make it all but meaningless. The cause, of course, is that the conflict in Iran caused fuel prices to skyrocket and demand to waiver. That's not exactly macro-positive.

And then there were the notable stumbles, including ServiceNow's miss (the stock was pummeled in spite of IBM's attempt to soothe investors' software fears by guiding that segment's topline higher for the remainder of 2026). Also notable was carmaker Tesla's drop after posting better-than-expected 1Q results. What caught the market's attention here wasn't the five-cent beat, but instead its very aggressive capital spending budget: Tesla now expects up to $25b in AI- and robotics-related spending this year, which sent the stock sharply lower after an initial earnings-related surge. That likely reflects the market's newfound skepticism related to blockbuster capex budgets (which, at least in my view, is at least somewhat overdue.)

...Which gives me an idea: Hey Elon, if you're listening, maybe invite Larry Fitzgerald to sit behind you the next time you announce results. After all, it seems to have worked for Kevin Warsh.

What to watch this week

It's a pretty busy week, featuring a Fed decision (Wednesday afternoon,) PCE inflation (part of Thursday's income-and-outlays

Economic Events, April 27 – May 1

Monday Dallas Fed; earnings: VZ, RIG
Tuesday Richmond Fed, consumer confidence, home prices (x2); earnings: V, GM, SBUX, BP, KO, UPS, JBLU
Wednesday Fed rate decision, housing starts, inventories; earnings: MSFT, AMZN, GOOG, META, F, PSX, YUM, ODFL (n=+320)
Thursday, income/outlays (PCE infl.), 1Q GDP (1st est.), weekly claims, LEI, Chicago PM;I earnings: AAPL, MA, CAT, BMY, LLY, MO
Friday: ISM/PMI (mfgr.); earnings: XOM, CVX, CL, BRK

release) and enough earnings data too keep junior analysts and investment bankers eating take-out until Sunday.
The main event will be the Fed's decision on Wednesday afternoon. Consensus is for a continued hold and anything else would undoubtedly catch markets off guard. I don't disagree, but it *is* notable that the Fed appears on pace to hold when consumer inflation is running more than a full percentage point above target and inflationary pressures are clearly building. That makes any discussion of what the Committee is seeing from an inflation perspective extremely relevant. But assuming all goes as planned, expect the post-decision press conference – very likely Powell's last – to be the attention-getter. Watch for Powell's acknowledgement that the DoJ's change of heart will be enough to compel him to move out of the Chair. Powell's plans regarding his seat on the Board of Governors (which is his through January 2028 if he wants it) could be of even greater interest.

Earnings season holds a little something for everyone this week, including our first 300-plus day on Wednesday. Highlights will include a massive amount of market cap in the form of Microsoft, Amazon, Meta and Alphabet, all expected after Wednesday's close. All four are obviously important for the immense gravity they wield over markets and the enormity of their AI spend, but two of the four are also relevant for recent job-cutting efforts: Meta announced last week it would cut another 8,000 positions and pause hiring elsewhere to make room for its booming AI investment, while Microsoft offered early retirements for up to 7% of its workforce – the first buyout program ever offered in its 50 years as a company. Other notables in and around the space include Apple, due to release results on Thursday.

The oil patch will see more than its usual share of earnings this week, beginning with offshore driller Transocean on Monday, then progressing to ever-larger firms such as BP (Tuesday) and Phillips 66 (Wednesday), before wrapping up with the biggest of the big, Chevron and Exxon-Mobil on Friday. Listen to each of these executive teams for a view on oil prices, gasoline prices, and the overall health of an industry that is clearly being forced to evolve by geopolitical developments.

Nearby, a few auto- and industrial-related names are on this week's schedule inculding General Motors (Tuesday) Ford (Wednesday) and Caterpillar (Thursday.) Caterpillar's release and conference call is a particular favorite of mine because CAT's business model carries so much leverage to the global economic cycle – and as an added bonus, the firm's power generating equipment segment has become credible as a second- or third-order AI play, giving the company's results relevance there as well. Beyond comments concerning the health of demand for their big-ticket products, listen to how these firms characterize credit quality – each generate significant revenue by financing customers' purchases.

Speaking of financiing, we'll get both Visa and Mastercard this week: pay attention to card volumes, delinqencies and charge-offs as another way to triangulate the health of the consumer. And last but not least, Berkshire Hathaway's results – particularly the amount of cash on the storied firm's balance sheet – will grab the market's attention on Friday.

Scheduled releases this week include Thursday's income and outlays release for March. In addition to tasty information concerning consumers' earnings, spending and savings habits, this release also includes the Fed-preferred measure of inflation, so-called PCE prices. While it's release the day *after* the Fed announces its latest decision makes it perhaps a little less relevant (that, plus the fact that current inflationary pressures are well-known), March data could help form expectations about what might lie ahead for the Fed's assessment of inflation.

We'll also get a few more Purchasing Managers Indices (PMI)-type releases incuding the final April read for the manufacturing sector on Friday, as well as a handful of regional Feds (Dallas on Monday and Richmond on Tuesday.) Look for the Chicago Purchasing Managers' PMI for a similar view, while Thursday's first guess at first-quarter GDP should provide a broader view. For those hoping to look forward, pay close attention to two releases from the Conference Board this week: consumer confidence on Tuesday (where a dissection of consumers' labor market expectations promises to be interesting) and the Index of Leading Economic Indicators (due Thursday.)

1 https://www.dallasfed.org/research/pce/descr

2 https://www.census.gov/retail/sales.html

3 https://www.pmi.spglobal.com/Public/Home/PressRelease/8bdf1bb2dddf420e9c0e9d7e22f75c09

4 https://www.newyorkfed.org/survey/empire/empiresurvey_overview

5 https://www.philadelphiafed.org/surveys-and-data/regional-economic-analysis/manufacturing-business-outlook-survey

6 https://www.dol.gov/ui/data.pdf

7 https://www.atlantafed.org/research-and-data/surveys/business-inflation-expectations

8 https://www.sca.isr.umich.edu/

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