

# Doll's Deliberations®

## Weekly Investment Commentary



**Bob Doll, CFA**  
PM/CIO/CEO

### Summary

Stocks rose strongly last week (S&P 500 +4.55%), NASDAQ (+6.84%), and Russell 2000 (3.39%). Movement toward an end to the U.S./Iran war was largely responsible for the gains. Best sectors were technology (+8.09%), consumer discretionary (+6.64%), and communication services (+6.28%); negative sectors were energy (-3.50%) and utilities (-1.69%).

### Key takeaways

- Ceasefire durability optimism picked up over the course of the week as Trump said conflict was very close to being over, the two sides are close on a peace deal and previewed additional near-term talks. He also claimed Iran has agreed to hand over stockpile of enriched uranium. Israel and Lebanon announced a 10-day ceasefire.
- The April Philly Fed survey beat estimates and pointed to resilient manufacturing activity despite the energy shock. New orders and shipments were strong and both increased.
- The energy shock was so sudden that its effects are still only starting to trickle into the data. Even so, economic surprises have started trending down, while inflation surprises have been trending up.
- U.S. March CPI was roughly in line with expectations, but showed reacceleration as the energy shock started to trickle in. One-year inflation expectations jumped 1 percentage point to 4.8%, while the 5-10-year measure rose to 3.4% from 3.2%.
- Iran's pledge to reopen the Strait of Hormuz has cheered markets, but uncertainty around the Middle East conflict remains. The near-term case for Middle East calm is that President Trump has political incentives to suppress escalation into the election, but the longer-term risk remains that without a real nuclear deal, fighting resumes.
- Ambitious S&P 500 earnings estimates appear to disregard margin pressures from elevated input costs. Consumers will have to be resilient in the face of elevated gasoline prices if companies are to meet expectations over the rest of the year.
- The S&P 500 has had three consecutive 3+% weekly gains, best since 2020. Stocks are up 15% in three weeks. NASDAQ finished higher for the thirteenth straight session (longest up streak since 1992).
- There was narrow breadth on Wednesday when the S&P 500 and NASDAQ made new all-time highs. Only 12 stocks in the S&P 500 made a 52-week high that session. Since 1999, there have only been five readings that weak or worse. Two of them occurred in March 2000.
- The tech sector estimated earnings for the next 12 months are +18% (second best to energy). Tech multiples (23x) are now below industrials (26x) and consumer discretionary (28x).
- The federal deficit has been in a narrowing trend over the past year, down to 2.5% of GDP, via record-high receipts and sluggish outlays growth. But that improvement is likely to fade on OBBA expensing/tax provisions and lower tariffs. And on the expense side, Trump is asking for big defense spending hikes.

Equity markets (Index total return %)	Last week	Year-to-date
DJIA	3.19	3.35
S&P 500	4.55	4.47
NASDAQ	6.84	5.46
Russell 1000	3.29	3.21
Russell 1000 Growth	6.72	0.80
Russell 1000 Value	2.41	8.51
Russell 2000	3.39	9.94

S&P equity sectors (Index total return %)	Last week	Year-to-date
Communication services	6.28	6.33
Consumer discretionary	6.64	1.87
Consumer staples	-0.04	8.26
Energy	-3.50	23.58
Financials	3.28	-3.73
Healthcare	0.98	-3.46
Industrials	1.16	12.20
Information technology	8.09	4.89
Materials	-0.37	14.51
Real estate	3.94	11.99
Utilities	-1.69	8.89

## Is There a Deal? Markets Think Yes

Investors have decided that the period of maximum risk related to the war in the Middle East is over and the damage so far will not unduly impact the global economic expansion. This represents a belief that decisions in the coming days will be more rational than has previously been the case. The two sides underlying strategies have not always been clear, including their short-term military and diplomatic tactics. This makes us somewhat uneasy at this fragile juncture. Still, for now, we agree with the consensus even though we expect some setbacks along the way.

Our expectation is that a ceasefire will persist until a lasting de-escalation takes hold, with oil prices settling near or below current levels and energy supplies eventually returning to adequate levels. Again, we expect some bumps ahead, but they should not be sufficient to undermine the global economic expansion. Since the outbreak of war, oil prices have been the key variable impacting all global asset markets. The price spike has peaked and the huge gap between spot oil and the 12-month forward price has narrowed considerably. However, we doubt that a smooth return to pre-war energy prices and supplies will occur anytime soon.

As long as investors have confidence that a durable deal will eventually be agreed upon, and the combatants indeed follow up with an agreement, then risk assets should continue to grind higher. That outcome continues to be supported by the resilient global corporate profit backdrop, and accommodative monetary and fiscal policies.

The recent boost to headline inflation from higher energy prices will soon soften. However, the more important trend will be the persistence of the economic expansion, which will allow underlying inflation to creep higher. The latter, in turn, will likely prevent further policy rate cuts and, eventually, will push bond yields higher. It is remarkable how quickly stock prices have returned to peak levels, despite no real resolution to the war and the increase in economic uncertainty.

Critical to the outlook for risk-asset markets beyond the war in the Middle East is whether this decade's stellar performance of global corporate profits can continue. Our rotation theme out of the U.S. is likely to persist. However, whether our positioning only generates positive relative terms, or generates both positive relative and absolute returns, will ultimately depend on corporate earnings.

With no monetary or fiscal policy brakes being applied, it is no surprise that the global economic expansion has rolled on, even with last year's tariff war and the current energy shock. While a positive corporate earnings backdrop is a big plus for equity bulls, investors still need to discount this appropriately. Earnings expectations are already high, and market valuations range from not cheap to expensive. The S&P 500 P/E peaked at 23x last fall, fell to 19x at the height of the war, and has returned to 22x.

## Conclusion

Investors are front-running a return to a more stable energy market, including a resumption of flows through the Strait of Hormuz. There are improved odds of such an outcome, but the path ahead will likely be bumpy. While economic sentiment surveys show a drop since the war started, the limited hard data is not yet showing much damage. Absent a meaningful re-escalation in the war and rebound in energy prices, we expect the global economic expansion to stay on track. Risk-on should persist as long as bond yields are flat to lower, as the global corporate profit outlook remains supportive.

Source: Bloomberg as of 04/17/26

Crossmark Global Investments Inc. (Crossmark) is an investment adviser registered with the Securities and Exchange Commission that provides discretionary investment management services to mutual funds, institutions, and individual clients. Investment advice can be provided only after the delivery of Crossmark's firm Brochure and Brochure Supplement Form ADV (Parts 2A and 2B) and Form CRS, and once a properly executed investment advisory agreement has been entered into by the client.

**All investments are subject to risks, including the possible loss of principal. Past performance does not guarantee future results.**

Information and recommendations contained in market commentaries and writings are of a general nature and are not intended to be construed as investment, tax, or legal advice. These materials reflect the opinion of Crossmark on the date of production and are subject to change at any time without notice. Where data is presented that was prepared by third parties, the source of the data will be cited, and we have determined these sources to be generally reliable. However, Crossmark does not warrant the accuracy of the information presented.

International equity markets (Index total return %)	Last week	Year-to-date
MSCI ACWI	2.84	5.29
MSCI ACWI EX U.S.	1.95	9.51
MSCI EAFE	1.07	7.22
MSCI EM	3.62	14.68

Fixed income markets (Index total return %)	Last week	Year-to-date
Bloomberg U.S. Aggregate Bond	0.17	0.46
Bloomberg U.S. Corp. High Yield	0.39	1.20
Bloomberg U.S. Gov/Credit	0.15	0.26
Bloomberg U.S. T-Bill 1-3 Month	0.04	1.04

Alternatives (Index total return %)	Last week	Year-to-date
Real estate (FTSE NAREIT)	2.04	11.00
Commodities (DJ)	-0.43	21.16
Global listed private equity (Red Rocks)	6.98	-8.06
Currencies (DB Currency Future Harvest)	0.24	4.89