

## Weekly Market Flash

### The Alfred E Neuman Market Returns

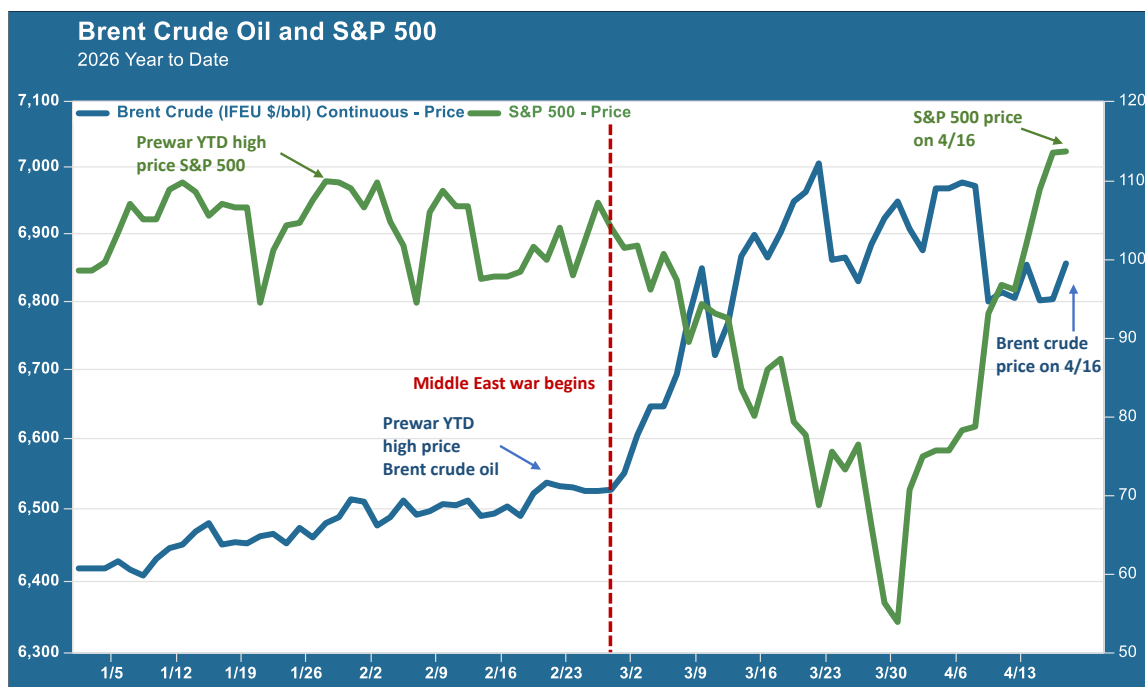
April 17, 2026

On Wednesday this week the S&P 500 stock index closed above 7,000 for the first time ever, and thus gave traders the thrill of two big things on the same day: a nice round number (oh, how we love crossing the round number thresholds), and a record close to boot! So the stock market has clawed back all its losses since the onset of the Middle East war, and then some. Is this the dawn of another one of those magic carpet rides the market takes us on from time to time, or is there potentially cause for a pause?

Neither we nor anyone else can answer that last question with any certainty, of course. But take note of the following: Wednesday was also the day when a company called Allbirds, which makes a line of footwear seemingly popular with the inhabitants of Silicon Valley, for reasons not entirely clear to us, announced out of nowhere that it was pivoting (a timeless expression of Valleyspeak) to become an AI compute infrastructure company. Yep, from shoes to AI compute in one easy press release. Shares in the company rose 580 percent after the announcement (no, that is not a typo). Make of that what you will. When these types of things happen, the image that comes to our mind is that grinning visage of the 1970s, Alfred E. Neuman, on the cover of Mad Magazine with the iconic tag line “what, me worry?” Indeed.

### Meanwhile in the Actual World

Do you know what prices have not gone back to their prewar levels? Oil prices, that’s what, and they seem to have settled into a range around \$95, plus or minus \$5 or so, per barrel of Brent crude oil.



Source: MVF Research, FactSet

The question of when oil prices will come off their elevated levels probably will have a lot to do with whether the stock market continues on its merry way upwards or starts to cool off. Earlier this week the

IMF came out with a fairly downbeat assessment of the war's potential impact on global economic growth, painting several scenarios of increasing harm depending on how long energy prices remain stuck at current levels (or higher). In the best case, which assumes that the current various ceasefires hold and activity in the Strait of Hormuz returns to something resembling normality by early summer, global growth will fall to 3.1 percent from 3.4 percent last year – a gradually slowing trend. If energy disruptions last through the end of the year, though, the situation gets a lot more dire and the possibility of a global recession goes up, according to the agency's analysis presented as its annual spring meetings in Washington got underway.

The stock market seems to have digested the best case scenario with no qualms. But looking ahead to those crucial summer months, oil traders are proceeding with more caution. According to current Brent crude futures prices posted by CME Group (the Chicago Mercantile Exchange), August 2026 futures are fetching around \$88 per barrel, and that only drops to \$82 per barrel for the December 2026 contract. Those prewar prices, fluctuating between \$60 and \$70 per barrel during the first two months of this year, seem a long way from being seen again.

### Complacency versus Caution

Whether the market is being too complacent at present is something we only will learn over the next couple months as more data come in, particularly about jobs and inflation, both of which have been trending in the wrong direction since well before the war began at the end of February. On the caution side of the equation, we are likely to see an abundance of it from the Fed until they have a better understanding of how much the inflationary impact of the war will be structural as opposed to transitory (and don't expect any of the governors or regional bank heads to actually say the word transitory, regardless). The labor market is similarly perplexing, with Fed chair Powell having noted on a number of occasions recently that, in his view, there is roughly zero net job creation growth happening now. It might be just as perplexing to the number crunchers at the Bureau of Labor Statistics itself, given the massive revisions that seem to be coming out every month in regard to the previously published estimates of nonfarm payroll growth.

On the other hand, there has been quite a bit of upbeat commentary from bank executives this week as the major US financial institutions report Q1 financial results and offer their views on the rest of the year. Consumer spending is ticking along and, despite high levels of consumer debt, defaults and delinquencies are more or less in line with expectations. As long as consumers keep spending and AI companies keep throwing money at their infrastructure build-out, overall growth should remain positive.

Which brings us back to that earlier sidebar about Allbirds. Watch this space, because a shoe company becoming an AI infrastructure player seems to be on par with that old parlor trick of 26-odd years ago – slapping a “dot-com” at the end of your company name and watching the share price rocket into the stratosphere. We've seen this rodeo before.

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