Summary

Oil prices continued to rise last week, increasing 8.0% to $101.94 per barrel and surpassing the $100 mark, reinforcing concerns that energy-driven inflation pressures may be reaccelerating. Oil prices are now over 66% higher than thirteen weeks ago, suggesting that the earlier energy shock is not fully unwinding and may continue to weigh on consumers and production costs. The advanced GDP report for the first quarter of 2026 was released last week; real GDP increased 2.0%, a notable acceleration from the 4Q 2025 reading of 0.5%. Growth was primarily driven by a sharp increase in private investment (+8.7%), which contributed 1.48 percentage points to overall growth, and personal consumption (+1.6%); however, personal consumption decelerated from its fourth quarter reading. Net exports continued to be a drag on overall growth, subtracting 1.30 p.p. from the headline growth. Underlying inflation pressures are accelerating; the PCE price index rose 4.5% from a year ago with core PCE up 4.3%, both up 1.6 p.p from 4Q 2025.

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
Consumer Confidence (Apr – Tue 10:00)	92.8	89.2	
MBA Mortgage Applications Index (04/25 – Wed 07:00)	-1.6%	NA	
Housing Starts (Feb – Wed 08:30)	1,356K	NA	
Housing Starts (Mar – Wed 08:30)	1,502K	NA	
Building Permits (Feb – Wed 08:30)	1,538K	NA	
Building Permits (Mar – Wed 08:30)	1,372K	NA	
Durable Orders (Mar – Wed 08:30)	+0.8%	+0.5%	
Durable Goods ex transportation (Mar – Wed 08:30)	+0.9%	+0.6%	
GDP-Adv. (Q1 – Thu 08:30)	2.0%	2.1%	
Chain Deflator-Adv. (Q1 – Thu 08:30)	3.6%	3.3%	
Personal Income (Mar – Thu 08:30)	+0.6%	+0.4%	
Personal Spending (Mar – Thu 08:30)	+0.9%	+0.4%	
PCE Prices (Mar – Thu 08:30)	+0.7%	+0.6%	Core +0.3%
Employment Cost Index (Q1 – Thu 08:30)	+0.9%	+0.8%	
Initial Claims (04/25 – Thu 08:30)	189K	217K	
Continuing Claims (04/18 – Thu 08:30)	1,785K	NA	
Leading Economic Index (Mar – Thu 10:00)	-0.6%	NA	
ISM Manufacturing Index (Apr – Fri 10:00)	52.7%	53.1%	
Next Week: Indicator	**Consensus Expectation***	**Prior**	**Comment**
Factory Orders (Mar – Mon 10:00)	+0.5%	+0.0%	
Trade Balance (Mar – Tue 08:30)	-$60.3B	-$57.3B	
ISM Non-Manufacturing Index (Apr – Tue 10:00)	53.9%	54.0%	
JOLTs - Job Openings (Mar – Tue 10:00)	NA	6.882M	
New Home Sales (Feb/March – Tue 10:00)	654K	587K	
ADP Employment Change (Apr – Wed 08:15)	79K	62K	
Construction Spending (Feb – Thu 10:00)	+0.2%	-0.3%	
Construction Spending (Mar – Thu 10:00)	+0.4%	NA	
Consumer Credit (Mar – Thu 15:00)	$12.5B	$9.5B	
Nonfarm Payrolls (Apr – Fri 08:30)	67K	178K	
Nonfarm Private Payrolls (Apr – Fri 08:30)	60K	186K	
Unemployment Rate (Apr – Fri 08:30)	4.3%	4.3%	
Average Hourly Earnings (Apr – Fri 08:30)	+0.3%	+0.2%	
Average Workweek (Apr – Fri 08:30)	34.2	34.2	
Univ. of Michigan Consumer Sentiment - Prelim (May – Fri 10:00)	50.5	49.8	
Wholesale Inventories (Mar – Fri 10:00)	+1.4%	+0.8%	

Sources: www.briefing.com and www.federalreserve.gov

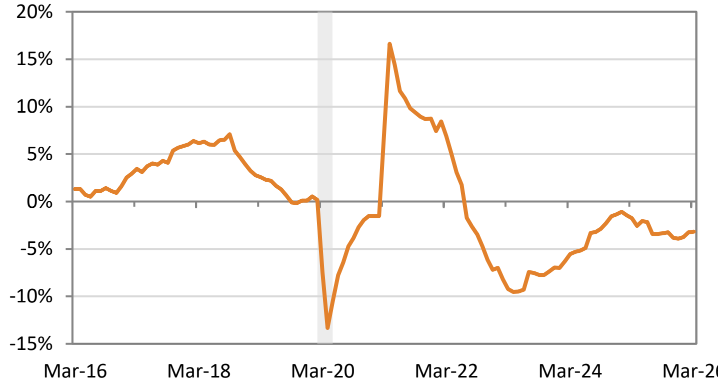
Economic Review

The LEADING ECONOMIC INDEX (LEI) declined 0.6% in March, reversing the 0.3% increase in February, and marking a continued downward trend in leading indicators. Year-over-year, the index has declined 3.2%. The March decline was primarily driven by weakness in building permits, along with declines in consumer expectations and stock prices, all of which contributed negatively to the index. The Conference Board noted that higher oil prices and ongoing supply chain tensions are key factors weighing on the outlook; additionally, while labor market indicators have remained relatively stable and provided some offset to the decline, they are expected to weaken in the coming months as hiring slows and unemployment edges higher. As a result, The Conference Board revised its 2026 GDP forecast down to 1.6% due to expected subdued economic expansion and weaker consumer activity.

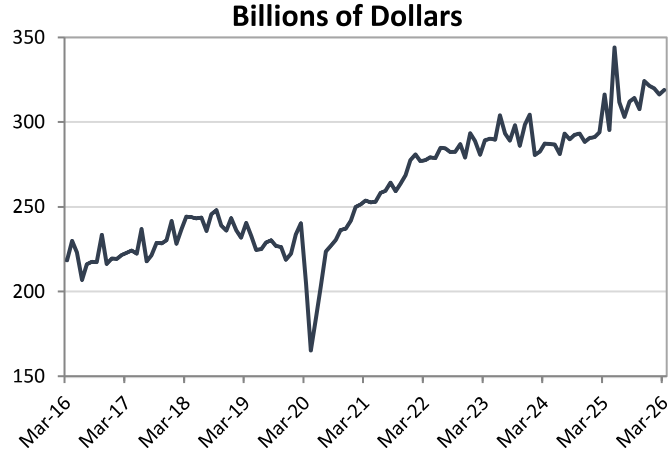
DURABLE GOODS ORDERS increased 0.8% in March, above expectations, reversing part of the 1.2% decline in February and signaling renewed momentum in manufacturing demand. The gain was broad-based, with orders excluding transportation rising 0.9%, supported by continued strength in key categories such as computers and electronic equipment (+3.7%), machinery (+0.8%), and primary metals (+0.4%). Transportation equipment also contributed positively, increasing 0.8% after a sharp 5.6% decline the prior month. Notably, there was a 3.3% surge in nondefense capital goods excluding aircraft, following a 1.6% increase in February. This measure, a key proxy for business investment, suggests a meaningful pickup in capital expenditures, highlighting increased spending on technology and AI-related initiatives.

PERSONAL INCOME increased a faster than expected 0.6% in March, an improvement from the 0.1% decline in February. Personal spending jumped 0.9%, well above expectations of 0.4%, following a 0.6% increase the previous month. The PCE price index rose 0.7% month-over-month, leaving the index up 3.5% year-over-year, increasing from 2.8% in February. The core PCE price index rose 0.3% in March, accelerating to 3.2% year-over-year from 3.0% in February. Real disposable income declined 0.1% and the savings rate fell to 3.6%, indicating that spending strength is supported by a drawdown in savings rather than real income growth.

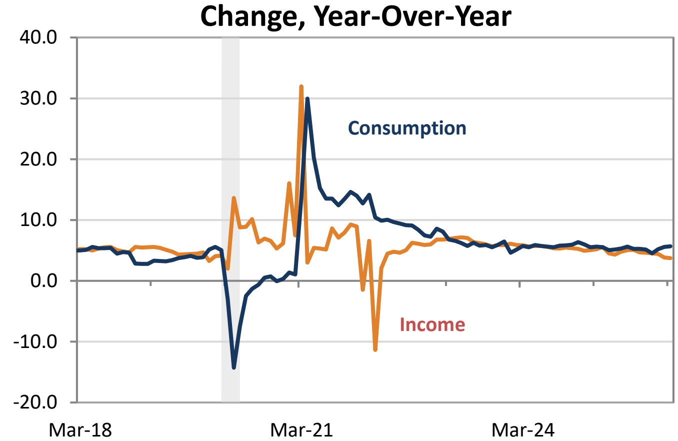
U.S. Leading Economic Index Year-Over Year Percent Change



New Durable Goods Orders Billions of Dollars



Personal Income and Consumption Percent Change, Year-Over-Year



Fed Speeches

At last week's FOMC meeting, the Federal Reserve held the federal funds rate target steady at 3.50% to 3.75%, but the vote exposed a split over how policymakers should describe the path ahead. Four officials dissented, the largest number since 1992, but three of those dissents came from officials who did not oppose the rate decision itself. Cleveland Fed President Beth Hammack, Minneapolis Fed President Neel Kashkari, and Dallas Fed President Lorie Logan all supported keeping rates unchanged, but objected to statement language of an easing bias.

The phrase at issue was the Committee's reference to assessing the "extent and timing of additional adjustments" to the fed funds rate target. Because the Fed's most recent policy moves were cuts, that language was widely read as implying that the next move would likely be a cut. The dissenters argued that this guidance no longer fit the outlook, particularly with inflation still above target and energy prices rising amid the conflict in the Middle East. Governor Kashkari released a statement explaining in his dissent, saying,

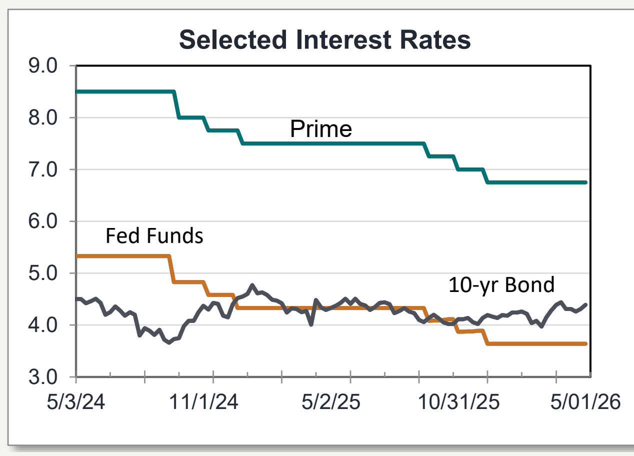
> *"Given recent economic and geopolitical developments and the higher level of uncertainty about the outlook, I do not believe such forward guidance is appropriate at this time."*

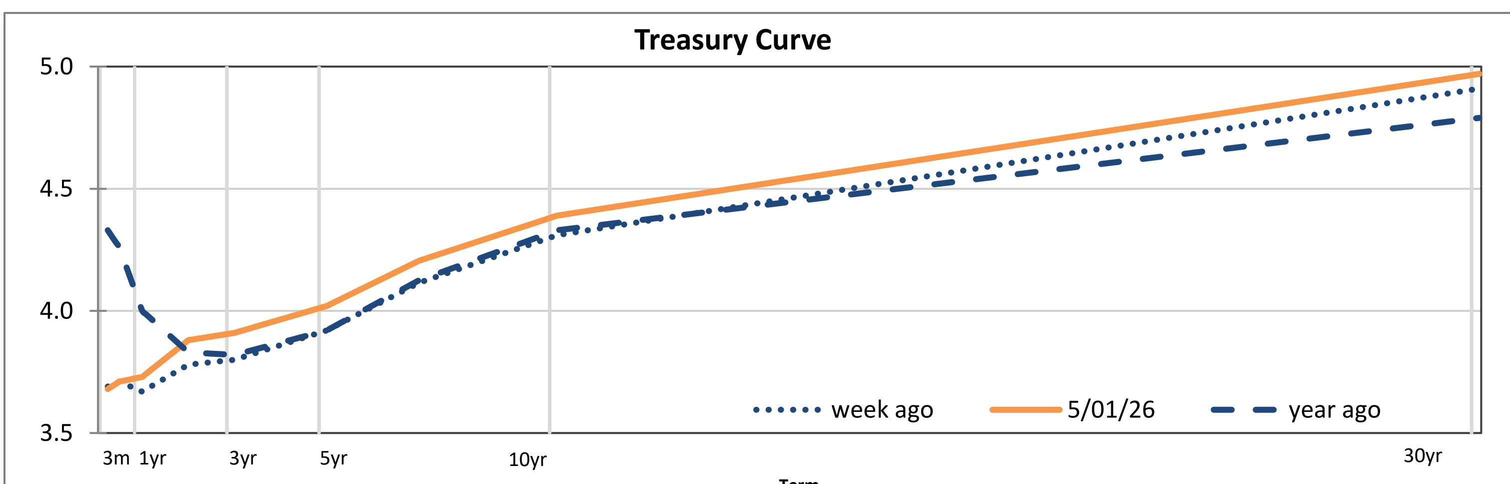
Inflation remains elevated, and recent energy shocks have raised concerns that price pressures could become more persistent if they spread beyond gasoline and oil-related categories. At the same time, the labor market has stabilized, reducing the urgency for more easing. The dissenters are arguing the Fed should not pre-commit to easing when the next move could be either a cut or a hike.

Governor Stephen Miran's dissent stood apart from the other three. He favored a 25-basis-point cut. Hammack, Kashkari, and Logan dissented because they thought the statement was too dovish.

Financial Markets

Despite ongoing geopolitical tensions and rising energy prices, stocks remained resilient. The NASDAQ gained 1.1%, the S&P 500 rose 0.9%, and the DJIA increased 0.5%, as strong earnings and solid economic data drove investor sentiment. Treasury yields moved higher across the curve, with the two- and five-year yields rising 10 basis points (bps) and the ten- and thirty-year yields increasing 8 and 6 bps, respectively, suggesting markets are not pricing in rate cuts in 2026. Oil prices continued to rise, jumping 8.0% to $101.94 per barrel, a 66% increase from thirteen weeks ago. With the Strait of Hormuz effectively closed and energy infrastructure being rebuilt, higher energy prices will continue to put upward pressure on inflation and downward pressure on global growth. The 30-year conventional mortgage rose 7 bps to 6.30%. Mortgage rates remain lower than a year ago, but this slow climb puts affordability pressures on a market already subdued by high prices.





Interest Rate Forecast*

During the Fed's April's policy meeting, the Federal Open Market Committee (FOMC) maintained the federal funds target rate at 3.50% to 3.75%. In the statement released following the meeting, the FOMC stated, "In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective."

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
2nd Qtr '26	6.75	3.63	3.66	3.69	3.62	4.17	4.77	6.09
3rd Qtr	6.58	3.46	3.49	3.53	3.54	4.03	4.63	5.98
4th Qtr	6.50	3.38	3.40	3.45	3.50	3.93	4.52	5.93
1st Qtr '27	6.25	3.13	3.15	3.22	3.32	3.81	4.35	5.79
2nd Qtr	6.09	2.96	2.99	3.06	3.19	3.73	4.21	5.68

April 2026

FINANCIAL MARKET SUMMARY

	As of 05/01/26	As of 04/24/26	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	6.75	6.75	0	0	0
Secured Overnight Financing Rate (SOFR)	3.66	3.65	1	1	1
Fed Funds (Wed close)	3.64	3.64	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	3.68	3.69	(1)	(2)	1
6 Months	3.71	3.71	0	(1)	10
1 Year	3.73	3.67	6	5	25
2 Years	3.88	3.78	10	9	36
5 Years	4.02	3.92	10	8	23
10 Years	4.39	4.31	8	8	13
30 Years	4.97	4.91	6	9	10
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.43	2.30	13	4	21
5-Year Muni	2.53	2.42	11	(3)	29
10-Year Muni	2.95	2.86	9	39	33
30-Year Muni	4.35	4.30	5	(11)	14
30-Year Conventional Mortgage	6.30	6.23	7	(16)	20
MARKET INDICATORS (Changes in %)					
DJIA	49,499.27	49,230.71	0.5	6.4	1.2
S&P 500	7,230.12	7,165.08	0.9	9.8	4.2
NASDAQ	25,114.44	24,836.60	1.1	14.8	7.0
CRB Futures	499.14	480.60	3.9	3.6	24.0
Oil (WTI Crude)	101.94	94.40	8.0	1.2	66.3
Gold	4,614.21	4,709.50	(2.0)	(1.3)	(5.7)
Yen / Dollar	157.01	159.38	(1.5)	(2.1)	0.8
Dollar / Euro	1.17	1.17	(0.0)	1.8	(1.1)