

Goldman Sachs Begins Earnings Season with Double-Digit Growth in Earnings, Markets Reprice Geopolitical Risk as Hormuz Blockade Drives Oil Above \$100

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The U.S. and European stock markets closed mixed, as U.S. equities staged a decisive rebound while European markets remained under pressure amid ongoing geopolitical uncertainty tied to the Strait of Hormuz. The Dow Jones Industrial Average rose 301.68 points, or 0.63%, to close at 48,218.25, while the S&P 500 advanced 1.02% to 6,886.24, fully erasing its losses since the onset of the Iran conflict. The Nasdaq Composite led gains, climbing 1.23% to 23,183.74, underscoring continued leadership from technology and AI-linked sectors.

The rebound followed a volatile session in which markets initially traded sharply lower amid the implementation of the U.S.-led blockade of the Strait of Hormuz, before reversing course as President Trump's comments signaling potential negotiations triggered a broad-based risk rally. Energy markets remained elevated but stabilized, with crude prices near \$99 per barrel, suggesting that while the geopolitical risk premium persists, investors are increasingly pricing a pathway toward de-escalation. Markets are once again demonstrating their forward-looking nature—shifting rapidly from pricing disruption to discounting the probability of resolution.

U.S. Markets

U.S. equities delivered a strong reversal, highlighting the market's sensitivity to incremental changes in geopolitical expectations. Early losses—driven by concerns over prolonged conflict and energy supply disruptions—gave way to a powerful rally as investors responded to signals that negotiations with Iran may resume.

At the session's low, the S&P 500 was down approximately 0.4% and the Nasdaq nearly 0.5%, while the Dow Jones Industrial Average had fallen more than 400 points. The subsequent recovery not only erased those losses but pushed major indexes to session highs, marking a significant shift in sentiment within a single trading day.

Technology once again served as the primary driver of market performance. Oracle Corporation surged nearly 13%, while Palantir Technologies gained more than 3%, reinforcing the sector's role as the market's structural leader. The strength in software and AI-linked equities was sufficient to lift the broader market and offset lingering macro concerns.

Geopolitical developments remain central to market direction. While the U.S. blockade targeting Iranian ports remains in effect, U.S. Central Command clarified that maritime traffic through the Strait of Hormuz to non-Iranian ports will continue, alleviating immediate fears of a full supply shutdown. This distinction is critical because it reduces the likelihood of a worst-case energy disruption scenario. Crude oil prices reflected this recalibration. West Texas Intermediate settled at \$99.08 per barrel, up 2.6%, while Brent crude closed near \$99.36, indicating that while the risk premium remains embedded, markets are no longer pricing an immediate supply shock of maximum severity.

On the earnings front, Goldman Sachs delivered a strong start to the reporting season, exceeding expectations with earnings per share of \$17.55, above the \$16.47 consensus, and revenue of \$17.23 billion, above the \$16.23 billion consensus. Investment banking activity surged 48% year over year, signaling a meaningful recovery in capital markets. However, fixed income, currencies, and commodities revenues declined 10%, reflecting normalization in trading activity.

Despite the earnings beat, Goldman Sachs' shares declined 2.09%, underscoring a key dynamic in the current environment: **macro developments continue to outweigh firm-specific fundamentals**. Even strong corporate performance is being filtered through the lens of geopolitical risk and energy-driven inflation concerns.

The broader earnings outlook remains supportive, with expectations for double-digit growth in both revenues and earnings for the S&P 500. However, the market's reaction function is increasingly tied to forward guidance and macro sensitivity rather than backward-looking results.

European Markets: Travel and Cyclical Lead Declines as Energy Shock Ripples Across the Region

European equities closed lower, reflecting heightened sensitivity to energy supply risks and the region's structural dependence on imported fuel. The pan-European Stoxx Europe 600 declined approximately 0.2%, with losses broadly distributed across sectors.

The most pronounced weakness emerged in travel and leisure, a sector highly exposed to fuel costs and geopolitical disruptions. Airlines and tourism-linked equities retraced sharply, as markets quickly priced in the implications of higher jet fuel costs and potential logistical disruptions. Wizz Air fell more than 5%, while easyJet and Lufthansa declined by roughly 2–3%. TUI Group also moved lower, underscoring the sector's sensitivity to energy volatility.

In contrast, energy producers outperformed, benefiting directly from the upward movement in crude prices. Vår Energi advanced close to 2%, reflecting the immediate earnings leverage to higher oil prices.

The geopolitical backdrop continues to evolve in parallel. The failure of U.S.–Iran negotiations over the weekend—reportedly stalled over nuclear program constraints—has reinforced expectations of a prolonged conflict scenario. Additionally, President Trump's warning of potential tariffs on China should it provide military support to Iran introduces a secondary layer of geopolitical risk, extending beyond the Middle East into global trade dynamics.

Political developments in Europe also influenced market dynamics. In Hungary, long-time leader Viktor Orbán conceded defeat to pro-European challenger Peter Magyar, triggering a sharp appreciation in the Hungarian forint. While supportive of regional currencies, the development underscores the broader political realignment underway across Europe.

Corporate earnings remain in focus, with reports from LVMH, Christian Dior, and Galp Energia providing additional insight into sector-specific demand trends and cost pressures.

Strategic View: Markets Transition from Relief to Repricing

Markets are transitioning from a relief-driven rally to a more disciplined repricing of geopolitical and macroeconomic risk. The blockade of the Strait of Hormuz represents a structural escalation rather than a transient headline, reintroducing energy as a central driver of inflation and market direction. Three dynamics now define the near-term outlook:

First, the trajectory of oil prices will determine the persistence of the inflation shock. Sustained levels above \$100 per barrel would begin to materially affect input costs, consumer behavior, and central bank expectations.

Second, the durability of the blockade—and the risk of escalation—will shape the geopolitical risk premium embedded across asset classes.

Third, earnings delivery and guidance will either validate current equity valuations or expose a disconnect between market expectations and operating realities.

For now, markets remain resilient but increasingly selective—supported by earnings strength, yet constrained by a re-emerging macro headwind that cannot be easily discounted.

Corporate Earnings Parade:

- **Goldman Sachs Group, Inc. (GS):** reported first quarter 2026 revenues of \$17.23 billion, up 14%, net income of \$5.63 billion, up 18%, and Earnings per share of \$17.55. GS has a Tier 1 capital ratio of 13.40% and a Stock Price Target of \$933.75. Check our GS Report: [GS Overview](#)

Economic Data:

- **US Existing Home Sales:** fell to 3.98 million, down from 4.13 million last month and -3.63% from last month.
- **US Existing Home Sales MoM:** fell to -3.63%, compared to 2.74% last month.
- **Japan Industrial Production Index MoM:** fell -2.11%, compared to 4.29% last month.

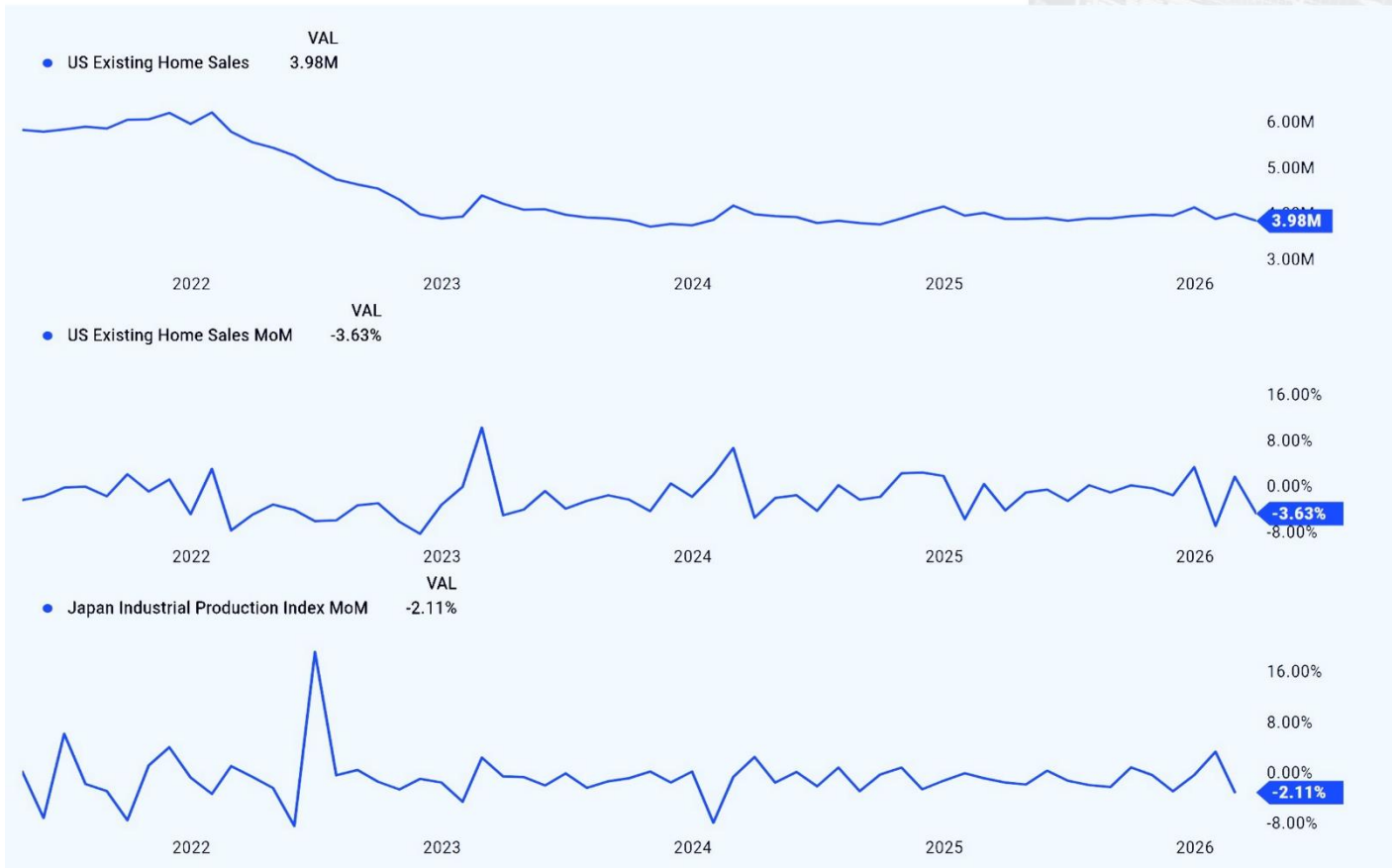
Eurozone Summary:

- **Stoxx 600:** closed at 613.88, down 0.96 points or 0.16%.
- **FTSE 100:** closed at 10,582.96, down 17.57 points or 0.17%.
- **DAX Index:** closed at 23,742.44, down 61.51 points or 0.26%.

Wall Street Summary:

- **Dow Jones Industrial Average:** closed at 48,218.25, up 301.68 points or 0.63%
- **S&P 500:** closed at 6,886.24, up 69.35 points or 1.02%.
- **Nasdaq Composite:** closed at 23,183.74, up 280.84 points or 1.23%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,246.21, down 68.65 points or 1.59%.
- **Birling Capital U.S. Bank Index:** closed at 9,105.93, down 22.36 Points or 0.24%
- **U.S. Treasury 10-year note:** closed at 4.30%.
- **U.S. Treasury 2-year note:** closed at 3.78%.

US Existing Home Sales; US Existing Home Sales MoM & Japan Industrial Production Index MoM



Wall Street Recap

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