Records Extend as S&P 500 Breaks Higher and Nasdaq Posts Longest Winning Streak Since 2009 Amid Ceasefire Optimism

April 16, 2026

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The U.S. and European stock markets closed on a constructive but uneven note, with U.S. equities extending their record-setting advance while European markets delivered a mixed finish, reflecting improving geopolitical sentiment alongside persistent macro crosscurrents. U.S. markets pushed higher following confirmation of a 10-day ceasefire between Israel and Lebanon, a development that reinforced expectations for renewed U.S.–Iran negotiations and further de-escalation in the region. **The S&P 500 closed at a new all-time high, building on its decisive breakout above the 7,000 thresholds, while Nasdaq extended its historic rally with its longest winning streak since 2009**. Across the Atlantic, the STOXX Europe 600 ended marginally lower, while the FTSE 100 and DAX posted gains, highlighting a fragmented regional response to stronger U.K. growth and firmer eurozone inflation. Treasury yields remained stable and oil prices held near recent levels, signaling that while risk appetite is strengthening, markets continue to price a residual geopolitical and inflation risk premium.

U.S. Markets: Record Breakout Strengthens as Geopolitical Risk Recedes

U.S. equities extended their upward trajectory, with all three major indices closing higher and both the S&P 500 and Nasdaq Composite registering fresh all-time closing highs. The S&P 500 advanced 0.26% to 7,041.28, while the Nasdaq gained 0.36% to 24,102.70, marking its 12th consecutive session of gains—the longest winning streak since 2009. The Dow Jones Industrial Average added 115 points, or 0.24%, to close at 48,578.72.

The strength of the move reflects a market increasingly confident that the geopolitical shock tied to the Iran conflict is transitioning from escalation risk to resolution pathway. Diplomatic developments, including direct engagement by Donald Trump with regional leaders and the announcement of a temporary ceasefire, have materially reduced the probability of a prolonged disruption, particularly around energy flows through critical corridors.

On a weekly basis, momentum has been decisive. The S&P 500 has gained approximately 3.3%, while the Nasdaq has surged 5.2%, underscoring continued leadership from technology and AI-linked sectors. The rally has also been characterized by strong participation, with the market fully retracing losses from the onset of the Iran conflict and pushing to new highs.

However, beneath the surface, the macro-outlook remains nuanced. While geopolitical easing has supported risk assets, forward expectations for economic growth remain measured. Market participants are increasingly pricing a scenario in which U.S. growth moderates toward the 2% range, with the potential for below-trend quarters in the near term as the lagged effects of geopolitical disruption and tighter financial conditions filter through the economy.

This creates a dual-track environment: one in which equity markets are supported by earnings resilience, liquidity, and declining risk premiums, but still constrained by a growth outlook that is stabilizing rather than accelerating. As a result, while momentum remains firmly intact, the next phase of the rally will likely require confirmation from both earnings delivery and sustained macro stability.

European Markets: Growth Surprise Meets Inflation Pressure

European equities ended the session essentially flat, reversing earlier gains as investors balanced stronger growth signals against persistent inflation concerns and geopolitical uncertainty.

The pan-European STOXX 600 closed marginally lower, reflecting mixed performance across sectors and geographies. While early optimism was driven by encouraging economic data, the inability to sustain those gains highlights a more fragile sentiment backdrop than in the U.S.
The United Kingdom delivered a notable upside surprise, with GDP expanding 0.5% in February—significantly above expectations of 0.1%. This suggests short-term resilience in economic activity, even as forward-looking risks tied to energy costs and geopolitical tensions remain elevated.
At the same time, eurozone inflation data came in slightly hotter than anticipated, with prices rising 2.6% year-over-year in March. This complicates the European Central Bank's policy outlook, as it must balance slowing growth momentum with still-elevated price pressures.
Geopolitics continues to cast a long shadow over the region. Markets remain highly sensitive to developments in U.S.–Iran negotiations, with any perceived progress toward de-escalation providing intermittent support to risk assets.
Corporate performance further illustrates the divergence. easyJet shares declined sharply after the company warned that higher fuel costs linked to the Iran conflict are weighing on profitability and booking trends. The airline cited approximately £25 million in incremental fuel costs, underscoring that energy volatility is being directly transmitted into corporate margins.
Meanwhile, diplomatic signals have turned incrementally constructive. Donald Trump indicated that the conflict is approaching resolution, while also announcing a temporary ceasefire agreement between Israel and Lebanon. These developments have helped stabilize sentiment, though markets remain cautious given the fluid nature of negotiations.

The global economy enters 2026 under the shadow of war.

The outbreak of conflict in the Middle East in late February 2026 has become the dominant macro risk of the year, reversing a modestly improving outlook. The IMF now projects global growth at 3.1% in 2026 and 3.2% in 2027 — well below the 3.4% pace of 2024–25 and the long-run historical average of 3.7%. The irony is stark: absent the war, the Fund would have raised its 2026 forecast by 0.1 percentage point. The entire downward revision is a direct consequence of the conflict.
Inflation is moving in the wrong direction. Global headline inflation is expected to climb to 4.4% in 2026 before retreating to 3.7% in 2027 — both years revised upward — complicating the path to rate normalization for central banks that had nearly completed their disinflation cycle.
The aggregate numbers mask a sharper divergence at the country level. Emerging markets and developing economies face a 0.3-percentage-point downward revision to growth, while advanced economies are broadly unchanged. Commodity importers with pre-existing fragilities are the most exposed.
The downside scenarios are sobering. An adverse energy shock would push global growth down to 2.5% and inflation to 5.4%. A severe scenario — involving direct damage to regional energy infrastructure — would collapse growth to ~2.0% and drive inflation above 6% by 2027.
The IMF's policy prescription is disciplined: central banks must hold the line on inflation expectations, fiscal support must be targeted and temporary, and multilateral cooperation must replace the temptation to fragment trade. The reference forecast assumes the conflict is contained and fades by mid-2026. If it is not, the global economy faces its most difficult growth environment since the pandemic.

Corporate Earnings Parade:

- **The Charles Schwab Corp. (SCHW):** reported first-quarter 2026 revenues of $6.482 billion, up 16%, net income of $2.429 billion, up 30%, and Earnings per share of $1.43, with a stock price target of $116.85. **Check our Schwab Report:** SCHW Overview
- **PepsiCo, Inc. (PEP):** reported first-quarter 2026 revenues of $19.443 billion, up 8.5%, net income of $3.050 billion, up 9%, and Earnings per share of $1.70, with a Stock Price Target of $169.77. **Check our Pepsi Report:** PEP Overview

Economic Data:

- **US Initial Claims for Unemployment Insurance:** fell to 207,000, down from 218,000 last week and a change of -5.05%.
- **US 4-Week Moving Average of Initial Claims for Unemployment Insurance:** rose to 209,750, up from 209,250 last week, a change of 0.24%.
- **NY Fed Business Leaders Survey Current Business Activity:** is at -14.00, up from -22.60 last month.
- **US Industrial Production MoM:** fell to -0.54%, compared to 0.74% last month.
- **30-Year Mortgage Rate:** fell to 6.30%, compared to 6.37% last week.

Eurozone Summary:

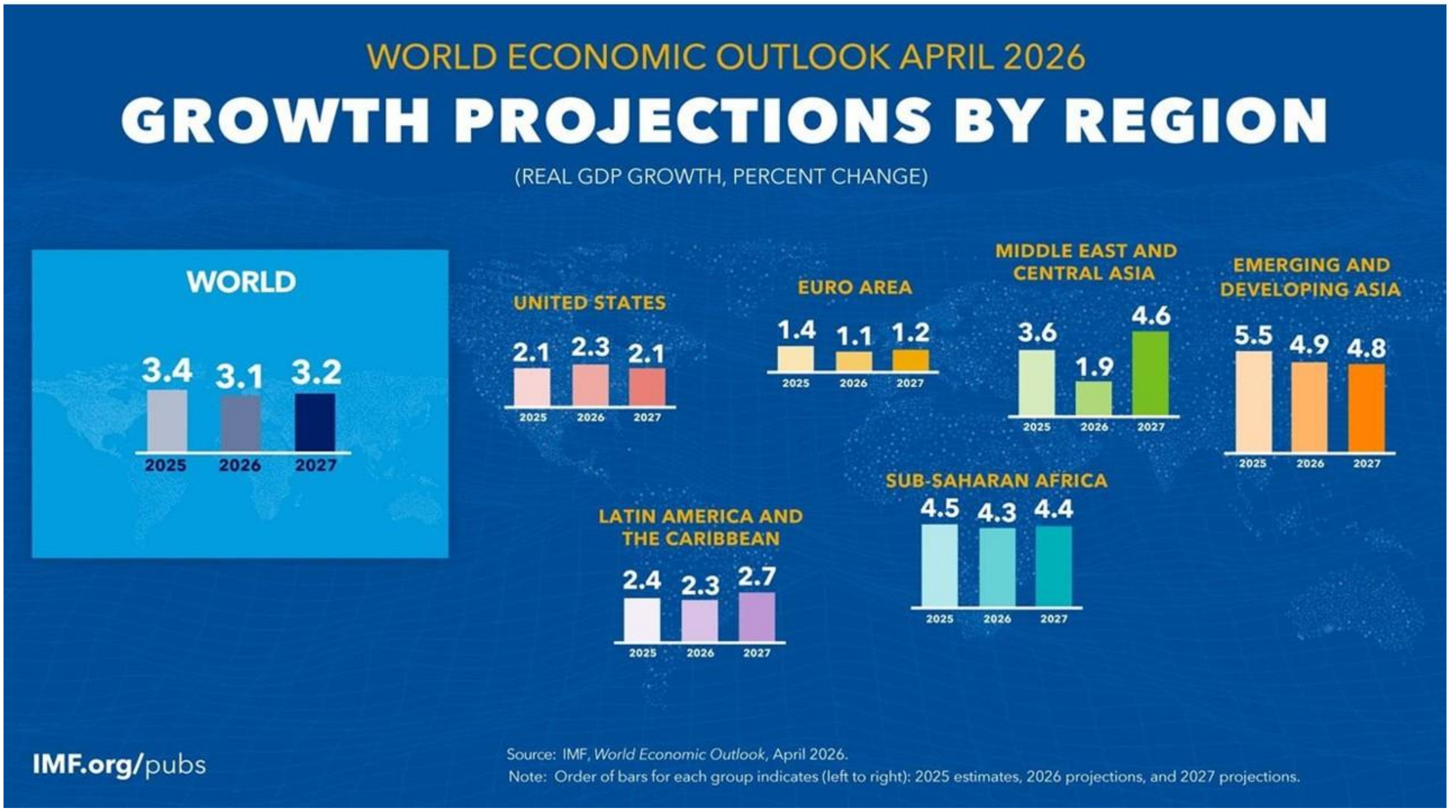
- **Stoxx 600:** closed at 616.95, down 0.32 points or 0.05%.
- **FTSE 100:** closed at 10,589.99, up 30.41 points or 0.29%.
- **DAX Index:** closed at 24,154.47, up 87.77 points or 0.36%.

Wall Street Summary:

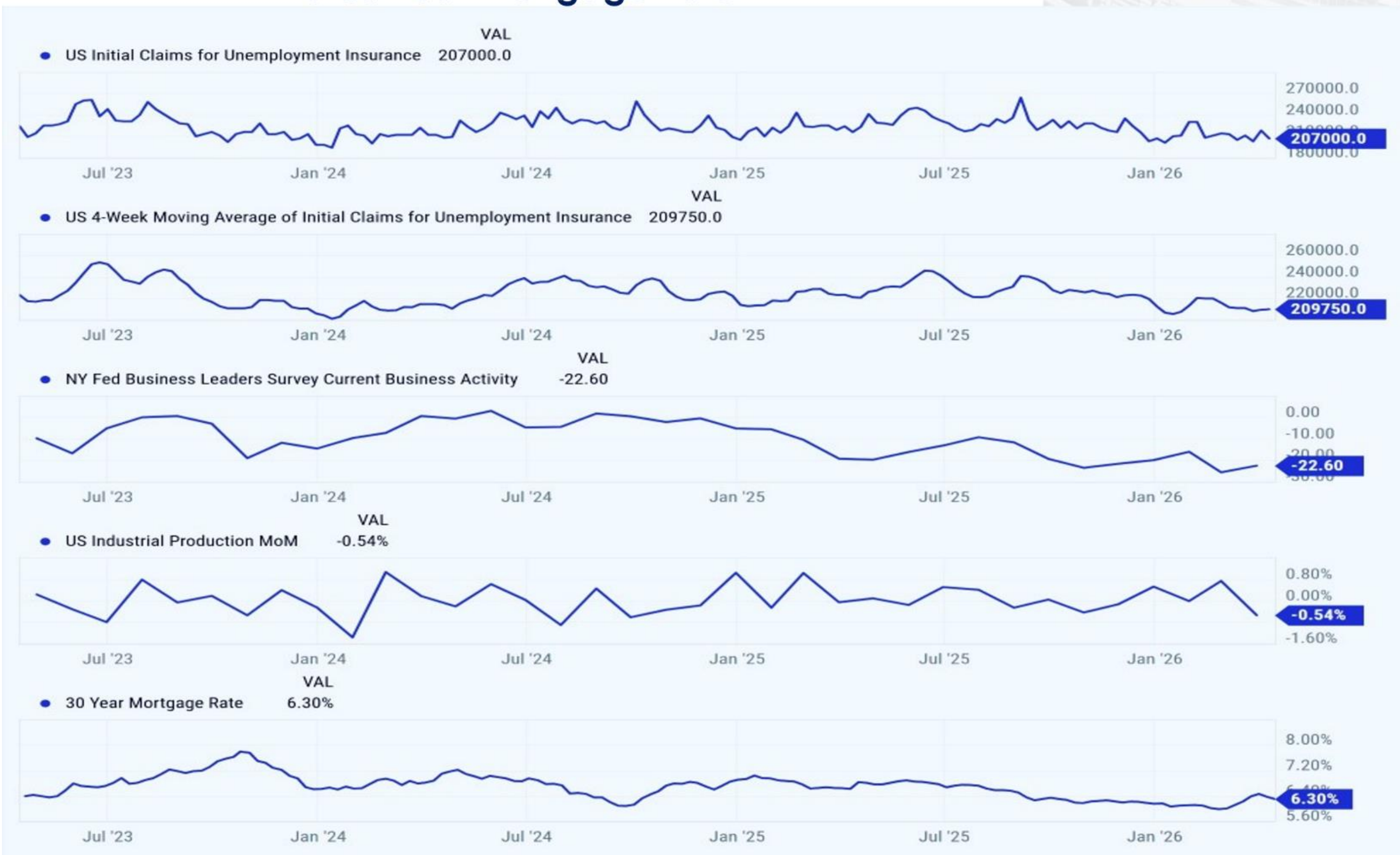
- **Dow Jones Industrial Average:** closed at 48,578.72, up 115.00 points or 0.24%
- **S&P 500:** closed at 7,041.28, up 18.33 points or 0.26%.
- **Nasdaq Composite:** closed at 24,102.70, up 86.68 points or 0.36%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,331.02, up 32.43 points or 0.75%.
- **Birling Capital U.S. Bank Index:** closed at 9,244.60, up 58.35 Points or 0.64%
- **U.S. Treasury 10-year note:** closed at 4.32%.
- **U.S. Treasury 2-year note:** closed at 3.78%.

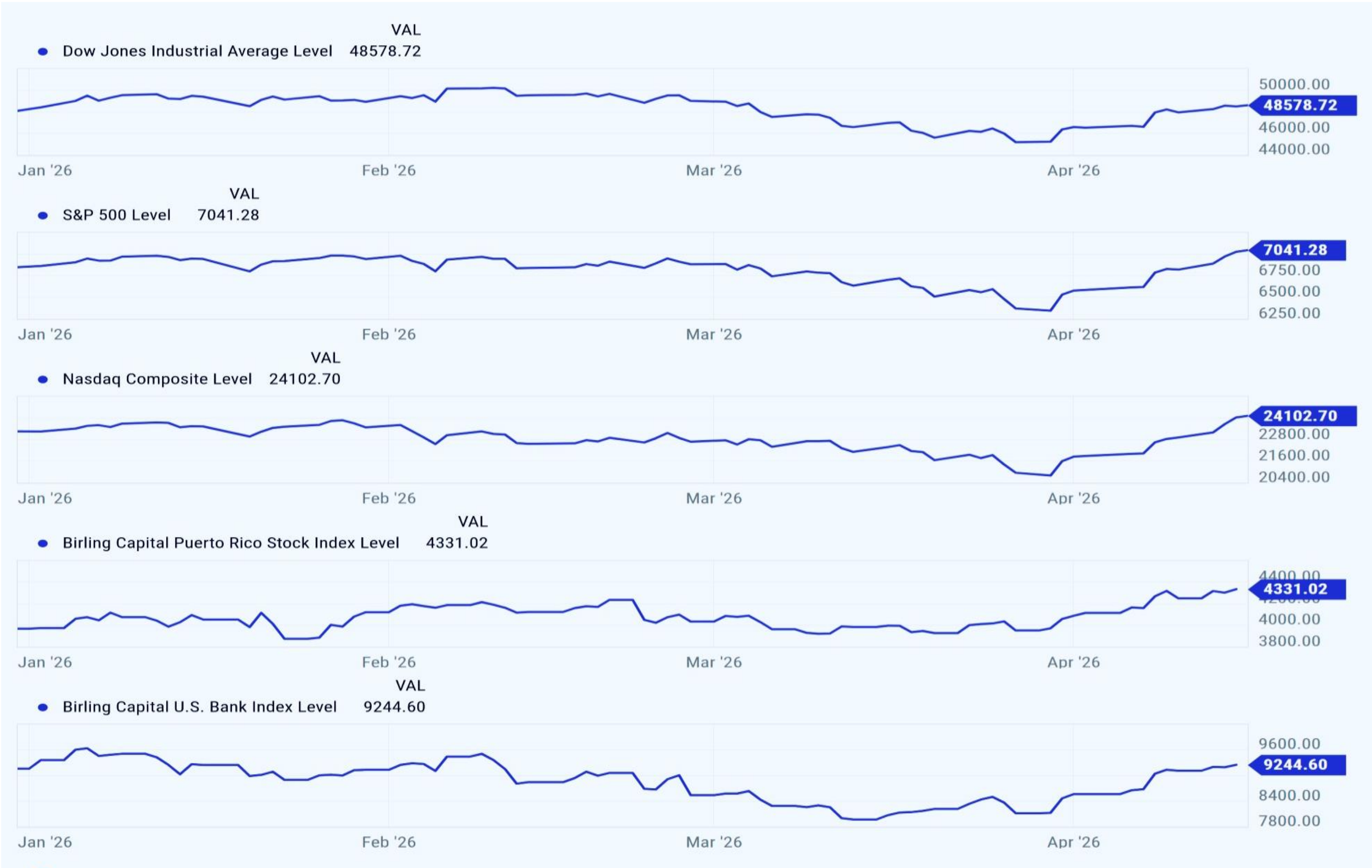
International Monetary Fund

World Economic Outlook Projections April 2026



US Initial Claims for Unemployment Insurance; US 4-Week Moving Average of Initial Claims for Unemployment Insurance; NY Fed Business Leaders Survey Current Business Activity; US Industrial Production MoM & 30 Year Mortgage Rate

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