

Global Markets Rebound as Hormuz Stays Open with Travel Stocks Surging, Energy Slides on Oil Collapse

April 17, 2026

by Francisco Rodríguez-Castro
frc@birlingcapital.com

The U.S. stock market surged to new historic highs, as investors aggressively repriced geopolitical risk following Iran's declaration that the Strait of Hormuz is "completely open," reinforcing expectations that the Israel-Lebanon ceasefire could mark the beginning of a broader de-escalation phase. The rally was both decisive and broad-based. **The S&P 500 advanced 1.2% to close at 7,126.06, breaking above the 7,100 thresholds for the first time in history and establishing a new record close. The Nasdaq Composite gained 1.52% to 24,468.48, extending its winning streak to 13 consecutive sessions—its longest since 1992—while also setting fresh intraday and closing highs.**

The Dow Jones Industrial Average delivered one of the session's most striking moves, rising 868.71 points, or 1.79%, to 49,447.43, reflecting a powerful rotation into cyclicals and industrial exposures. Small-cap equities confirmed the breadth of the rally, with the Russell 2000 climbing more than 2% to reach a new high, signaling renewed confidence in domestic growth sensitivity. At the core of the move is a rapid unwind of worst-case geopolitical scenarios. The reopening of the Strait of Hormuz—one of the world's most critical energy chokepoints—has materially reduced the probability of sustained supply disruption, triggering a sharp reversal across energy markets. West Texas Intermediate crude futures fell nearly 12% to settle at \$83.85 per barrel, while Brent crude declined approximately 9% to \$90.38, marking one of the most significant single-session repricing's of geopolitical risk in recent months.

This shift in energy dynamics has had immediate cross-asset implications. Lower oil prices are being interpreted as a disinflationary catalyst, reducing pressure on consumer prices and improving forward margin expectations across transportation, industrial, and consumer sectors. Equity markets responded accordingly, with sectors most exposed to fuel costs and global mobility leading the advance.

U.S. Markets: Historic Breakout as Geopolitical Risk Rapidly Reprices

U.S. equities delivered a powerful, technically significant breakout, with all major indices advancing sharply and multiple benchmarks hitting new record highs. The Dow Jones Industrial Average surged 868.71 points, or 1.79%, to close at 49,447.43, marking one of the strongest single-session gains of the year. The S&P 500 climbed 1.2% to 7,126.06, decisively breaking above the 7,100 thresholds for the first time, while the Nasdaq Composite advanced 1.52% to 24,468.48, extending its rally to 13 consecutive sessions—its longest winning streak since 1992. Both indices established fresh intraday and closing highs.

The rally was not confined to large-cap leadership. The Russell 2000 gained more than 2% and reached a new high, confirming a meaningful broadening of market participation. This expansion in breadth is strategically important, signaling that the advance is being reinforced by cyclicals and domestically oriented companies rather than remaining concentrated in a narrow group of mega-cap names.

Sector performance reflected a decisive rotation into growth-sensitive and mobility-linked segments. Industrial and consumer discretionary stocks led gains, benefiting directly from the sharp decline in

energy prices and improved visibility on global trade flows. Travel, aerospace, and leisure-related equities rebounded strongly, reversing prior losses tied to geopolitical disruption. Boeing and Royal Caribbean posted notable advances, while consumer platform companies such as Amazon and Airbnb moved higher as demand expectations strengthened.

The dominant catalyst remains the rapid repricing in energy markets. West Texas Intermediate crude fell nearly 12% to settle at \$83.85 per barrel, while Brent crude declined approximately 9% to \$90.38. This sharp compression of the geopolitical risk premium reflects the market's reassessment of the probability of supply disruptions following Iran's confirmation that the Strait of Hormuz will remain open during the ceasefire period.

From a macro perspective, the implications are substantial. Lower oil prices act as a disinflationary force, easing pressure on headline inflation while improving forward margin expectations across transportation, manufacturing, and consumer sectors. This dynamic is reinforcing the equity rally by aligning geopolitical relief with improving earnings visibility.

From a policy and geopolitical standpoint, markets are increasingly discounting a contained scenario. Statements from Donald Trump signaling confidence in a potential resolution, alongside the continued enforcement of U.S. strategic pressure, have contributed to a perception that escalation risks are being actively managed rather than intensifying.

Strategically, the session represents a transition from crisis-driven volatility to opportunity-driven positioning. Markets are no longer pricing a sustained energy shock but are instead focusing on the combined effects of lower oil prices, resilient earnings growth, and a potentially extended expansion cycle.

However, this optimism remains conditional. The durability of the ceasefire, the operational framework governing maritime access through Hormuz, and the broader trajectory of U.S.–Iran relations will determine whether this breakout evolves into a sustained bull phase or remains a tactical rally within a still-fragile.

European Markets: Relief Rally Accelerates as Energy Risk Reverses

European equities staged a powerful advance, with markets repricing geopolitical risk after Iran confirmed that the Strait of Hormuz remains fully open to commercial traffic. The development triggered a broad-based relief rally across the continent, as investors swiftly unwound positions tied to supply disruptions and elevated energy costs.

The most pronounced gains were concentrated in the travel and leisure complex, where sentiment shifted abruptly from constraint to recovery. The sector surged more than 5%, reflecting the dual benefit of lower fuel costs and improved visibility on flight operations and consumer demand. Airline equities led the move, with easyJet rising sharply, alongside Wizz Air and International Consolidated Airlines Group, all posting significant gains. The rebound extended to tourism operators such as TUI, underscoring the breadth of the recovery across travel-linked segments.

Notably, Lufthansa reversed earlier losses to trade firmly higher, despite having signaled capacity reductions just a day prior due to fuel cost pressures. The sharp turnaround highlights how quickly operational risk assumptions can shift when energy markets stabilize.

In contrast, energy equities moved decisively lower, reflecting the rapid compression of the geopolitical risk premium embedded in crude prices. Major integrated oil companies such as BP and Shell declined meaningfully, while Vår Energi also traded lower, illustrating the sector's sensitivity to even incremental changes in supply expectations.

The underlying driver of this sectoral divergence is the sharp decline in crude benchmarks. Brent crude fell more than 10% to approximately \$89 per barrel, while West Texas Intermediate dropped by over 11% to nearly \$84 per barrel. This repricing reflects the market's reassessment of near-term supply risks, as the uninterrupted flow through Hormuz removes a critical bottleneck scenario from the immediate outlook.

From a strategic standpoint, the European session reflects a classic rotation dynamic: capital exiting energy and defensive positioning, and reallocating into cyclical and consumption-driven sectors. The

magnitude of the move suggests that prior positioning had been heavily skewed toward disruption scenarios, leaving markets particularly sensitive to any credible de-escalation signal. The key question now is durability. If energy prices continue to normalize and geopolitical tensions remain contained, European equities—particularly those leveraged to mobility, tourism, and industrial activity—could sustain this upward momentum. However, given the ceasefire framework's underlying fragility, markets remain highly reactive, with volatility likely to persist as headlines evolve.

Energy Markets: Risk Premium Unwinds

Energy markets are undergoing a sharp repricing as the immediate threat to one of the world's most critical maritime chokepoints recedes. WTI crude has declined by approximately 10%, reflecting a rapid compression of the geopolitical risk premium previously embedded in prices.

The Strait of Hormuz, which facilitates roughly 20% of global oil and gas transit, remains central to market psychology. Its continued operation—even under a fragile ceasefire—has materially altered short-term supply expectations. While U.S. sanctions on Iranian ports remain in place, futures markets are increasingly signaling a normalization path, with forward curves now implying a potential move to the low-\$70s by year-end.

From a macro perspective, this development carries significant implications. Lower energy prices would act as a disinflationary force, easing pressure on headline CPI while improving margin conditions across energy-intensive sectors such as transportation, manufacturing, and consumer goods. In effect, energy is transitioning from a headwind back toward a potential tailwind for both growth and inflation dynamics.

Earnings: Breadth Expands, Not Just Leadership

Earnings season has begun on a constructive note, reinforcing the resilience of the corporate sector amid elevated macro uncertainty. The six largest U.S. banks have reported earnings per share that exceeded consensus expectations, providing an early signal that financial conditions remain supportive and that credit quality has not materially deteriorated.

More importantly, the earnings outlook for the broader S&P 500 has strengthened in recent months. First-quarter earnings growth expectations have been revised upward to approximately 12% year over year. If realized, this would represent the sixth consecutive quarter of double-digit earnings expansion—a notable achievement given the tightening monetary backdrop and geopolitical volatility.

Technology continues to anchor growth, with projected year-over-year earnings increases exceeding 40%, driven by sustained capital expenditure cycles in artificial intelligence and digital infrastructure. However, the more critical development is the expansion in breadth. Materials and financials are expected to follow with solid gains, and notably, eight of the eleven sectors are projected to deliver positive earnings growth.

This broadening participation is strategically significant. It reduces market dependence on a narrow set of mega-cap leaders and supports a more durable and balanced equity advance. From a portfolio construction perspective, the implication is clear: diversification is becoming increasingly rewarded as earnings growth disperses across sectors rather than concentrating at the top.

Strategic View: From Shock to Stabilization

Markets are transitioning from a phase dominated by geopolitical shock to one defined by conditional stabilization. The reopening of the Strait of Hormuz does not eliminate risk, but it meaningfully lowers the probability of immediate escalation scenarios that had been driving volatility across asset classes.

The current environment is characterized by three reinforcing dynamics:

- A declining energy risk premium
- A resilient and broadening earnings cycle
- A gradual normalization of safe-haven flows

If these conditions persist, markets may continue to shift toward a more constructive equilibrium—one in which macro risks remain present but no longer drive pricing.

However, this equilibrium remains fragile. The durability of the ceasefire, the trajectory of energy prices, and the confirmation of earnings expectations will ultimately determine whether this opening move evolves into a sustained trend or proves to be another temporary reprieve within a structurally volatile environment.

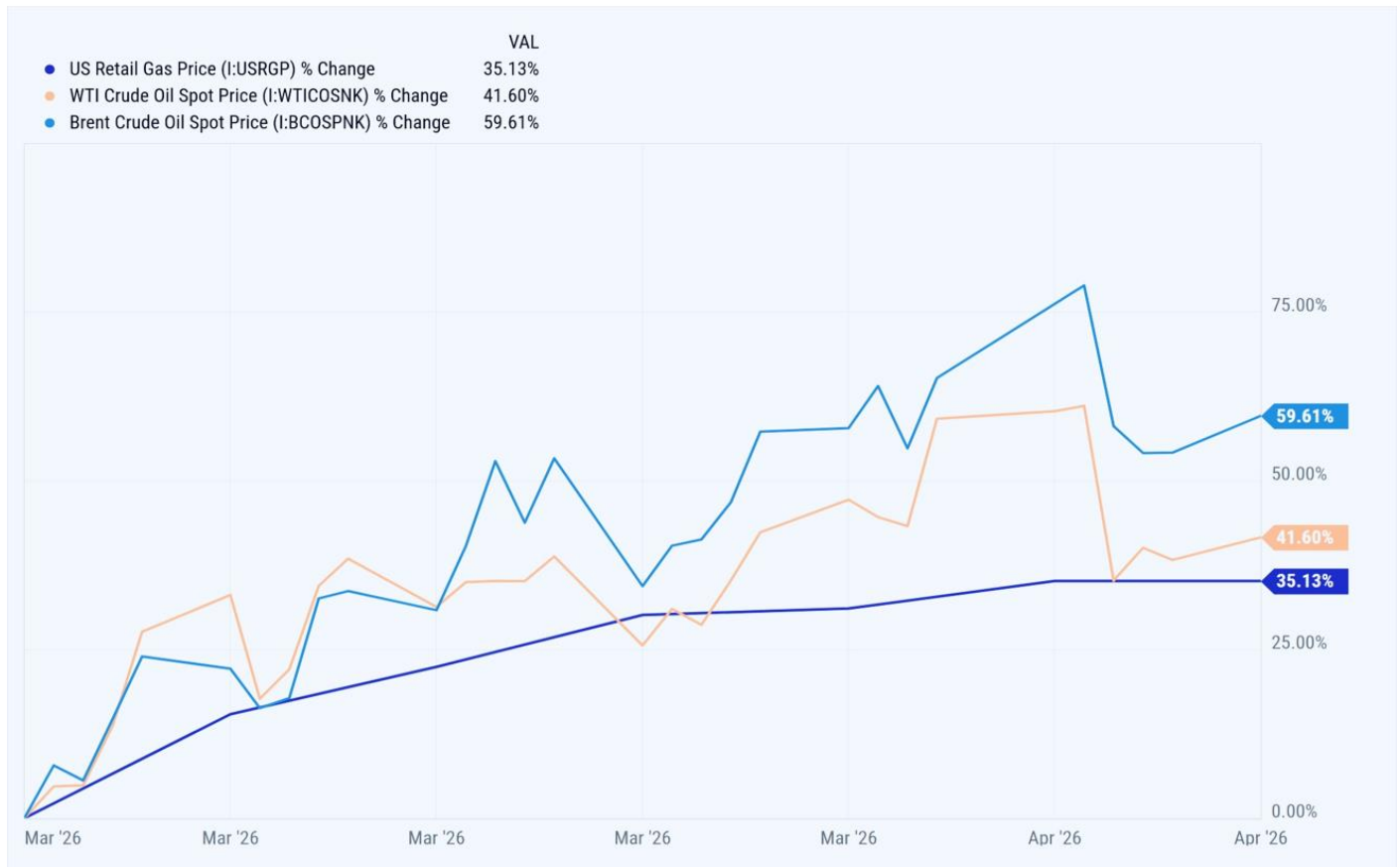
Eurozone Summary:

- **Stoxx 600:** closed at 626.58, up 9.63 points or 1.56%.
- **FTSE 100:** closed at 10,667.63, up 77.64 points or 0.73%.
- **DAX Index:** closed at 24,702.24, up 547.77 points or 2.27%.

Wall Street Summary:

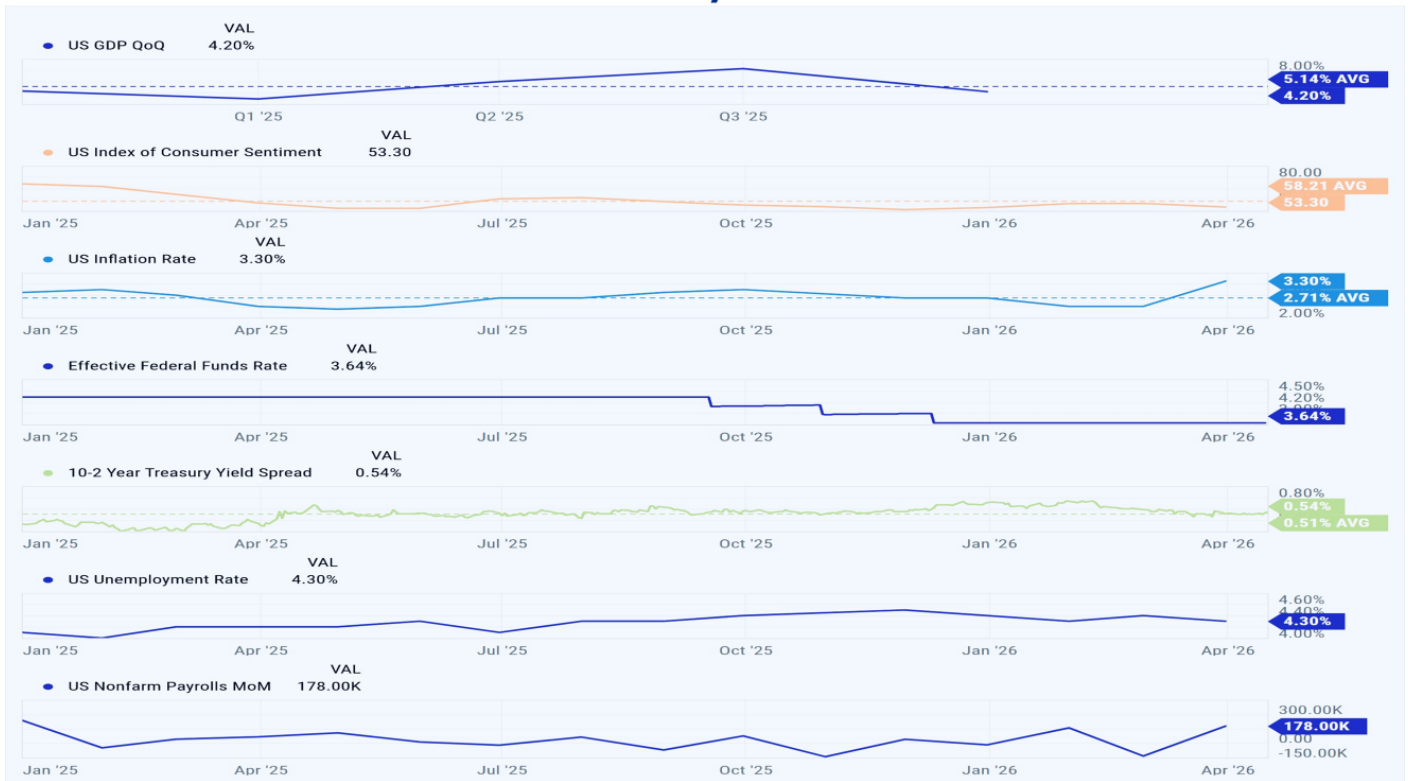
- **Dow Jones Industrial Average:** closed at 49,447.43, up 868.71 points or 1.79%
- **S&P 500:** closed at 7,126.06, up 84.78 points or 1.20%.
- **Nasdaq Composite:** closed at 24,468.48, up 365.77 points or 1.52%.
- **Birling Capital Puerto Rico Stock Index:** closed at 4,316.10, down 14.93 points or 0.34%.
- **Birling Capital U.S. Bank Index:** closed at 9,192.34, down 52.26 points or 0.57%
- **U.S. Treasury 10-year note:** closed at 4.26%.
- **U.S. Treasury 2-year note:** closed at 3.71%.

US Retail Gas Price; WTI Crude Oil Spot Price & Brent Crude Oil Spot Price



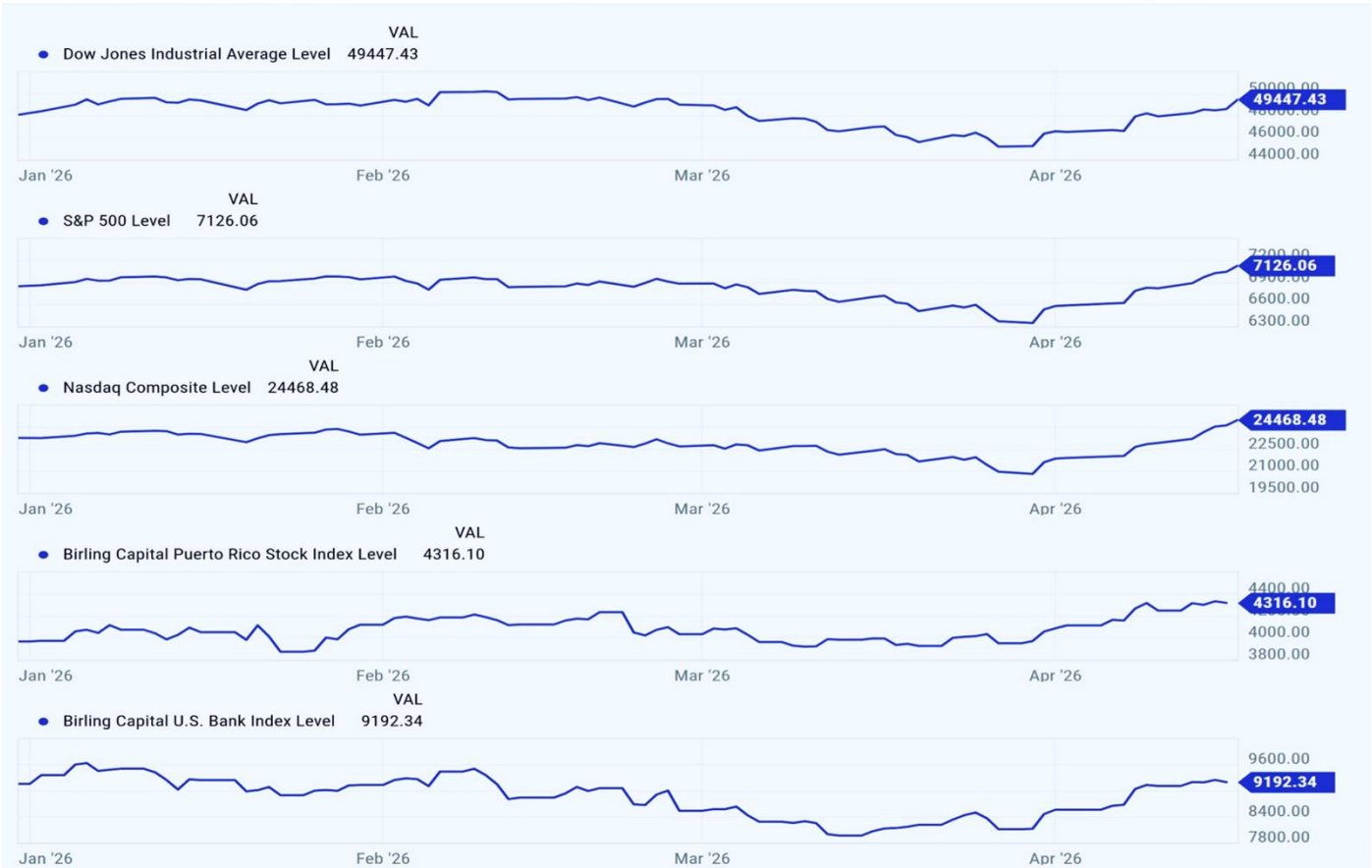
The Economic Cycle: US GDP, US Index of Consumer Sentiment, US Inflation Rate, Effective Federal Funds Rate, 10-2 Year Treasury Yield Spread, US Unemployment Rate & US Nonfarm Payrolls

BIRLING
 CAPITAL ADVISORS, LLC



Wall Street Recap

April 17, 2026



Global Market Square © es una publicación preparada por Birling Capital LLC y resume los recientes desarrollos geopolíticos, económicos, de mercado y otros que pueden ser de interés para los clientes de Birling Capital LLC. Este informe está destinado únicamente a fines de información general, no es un resumen completo de los asuntos a los que se hace referencia y no representa asesoramiento de inversión, legal, regulatorio o fiscal. Se advierte a los destinatarios de este informe que busquen un abogado profesional adecuado con respecto a cualquiera de los asuntos discutidos en este informe teniendo en cuenta la situación de los destinatarios. Birling Capital no se compromete a mantener a los destinatarios de este informe informados sobre la evolución futura o los cambios en cualquiera de los asuntos discutidos en este informe. Birling Capital. El símbolo de registro y Birling Capital se encuentran entre las marcas registradas de Birling Capital. Todos los derechos reservados.