D+A Strategies

WEEKLY MARKET OUTLOOK

April 20, 2026 | D+A STRATEGIES | Research Team

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EXECUTIVE SUMMARY

Markets had a very good week, but not a simple one. The rally began as a relief move once oil came off hard and the Strait of Hormuz reopened, then broadened into a genuine return of risk appetite, led by U.S. technology and supported by firmer sentiment across Europe and parts of Asia. The key point is that investors were not just buying lower oil; they were also buying back into the idea that the Iran shock might prove disruptive without becoming permanent. That was enough to lift major equity markets sharply, ease pressure on rates, weaken the dollar, and reopen room for growth stocks to lead again.

By Friday's close, the message from price action was clear. Energy lost its grip on the market, at least temporarily, and the winning trade became the reverse of the previous few weeks: technology higher, crude lower, the dollar softer, and cyclical fear fading. Still, the rebound finished the week on fragile ground. Over the weekend, tensions between Washington and Tehran flared up again, oil turned back up, and the market moved straight back to asking the same question it had tried to leave behind: whether this is the start of a calmer phase, or just a pause inside a still-unsettled conflict.

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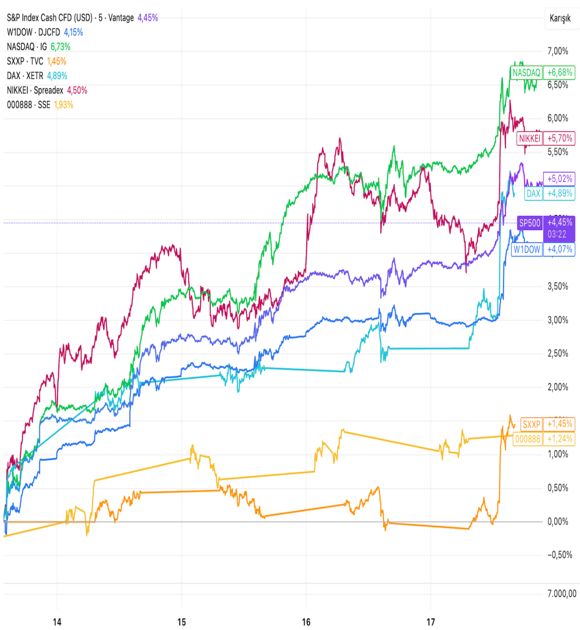
WEEK IN REVIEW

This week, markets were largely driven by a geopolitical relief rally as the reopening of the Strait of Hormuz collapsed oil prices and fueled a risk-on surge that pushed global equity indexes to record highs. In the U.S., the S&P 500 surged roughly 4.5%, and the Dow gained about 3.2%, while the Nasdaq experienced a historic rally, gaining over 6%. By the end of the week, the VIX closed at 17.48, reflecting easing market fear and optimistic expectations towards the war in the Middle East.

European markets experienced a similarly bullish week, with the STOXX Europe 600 finishing the week roughly 2% higher and closing at 626.58, its highest closing value since late February. The DAX also saw positive performance, gaining over 3% for the week. Asia and emerging markets mirrored the positive momentum observed in the U.S. and

Europe, with sentiment bolstered by hopes of a US-Iran ceasefire and a shift toward more supportive monetary policies in key economies. Japan's Nikkei 225 marked a weekly gain of roughly 3.5%, while the Shanghai Composite stocks recorded their second straight weekly gain. Strong demand for semiconductors and AI infrastructure continued to benefit Taiwanese and Indian manufacturing hubs.



Equities traded with clear divergence across regions and sectors. The Nasdaq led the rally, surging to fresh highs as tech strength dominated, while the Nikkei was far more volatile, initially dropping sharply before staging a strong rebound. European equities, led by the DAX, delivered steady gains, outperforming the more muted moves in the S&P 500 and Dow.

Rates, currencies, and commodities reflected the easing inflation fears from lower energy costs. The 10-year US Treasury yield fell to 4.24%, reaching its lowest level since March, while the Euro strengthened to approximately $1.177, benefiting from the broader rotation back into risk-sensitive currencies. Brent crude dropped roughly to $90, while Gold rose 2.2%. Bitcoin surged roughly 5.8% for the week.

Brent fell sharply with the reopening of the Strait of Hormuz, while Gold showed resilience with notable gains. The Euro strengthened on easing inflation expectations, while Bitcoin surged.

The global market trajectory for the week was primarily driven by a dramatic geopolitical relief rally triggered by the reopening of the Strait of Hormuz and a temporary ten-day ceasefire in the U.S.-Iran conflict. This de-escalation led to a sharp drop in energy prices, with crude oil falling over 11% in a single session, which effectively cooled inflation fears and fueled a massive "risk-on" rotation into equities. The travel and technology sectors dominated as the strongest earners as a result of plummeting oil prices.

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MACRO OUTLOOK

Macro Outlook					March 2026 – Calendar Week 17
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	-	UK Employment	UK CPI	Flash PMIs: France, Germany, Eurozone, UK	U.S. University of Michigan Consumer Sentiment
US/Canada	Canada CPI BoC Business Outlook Survey	U.S. Retail Sales, Home Sales & Business Inventories	-	-	UK Retail Sales
Asia	-	-	Flash Australia PMI Flash Japan PMI Flash India PMI	Japan CPI	-

What we're watching & why

This week's focus is less on a single major event and more on whether the rebound can withstand ongoing geopolitical uncertainty. U.S. retail sales will indicate if higher fuel costs are affecting consumers, while UK labor data and CPI are important for similar reasons. Thursday's flash PMIs from the U.S., Europe, the UK, Japan, Australia, and India will provide an early assessment of business activity following recent changes in oil and shipping conditions. The main risk remains geopolitical. Over the weekend, renewed tension in the U.S.-Iran truce led to higher oil prices, a stronger dollar, and weaker equity futures. If these pressures ease, markets can return their focus to earnings and demand. If not, even positive data may be viewed through the lens of concerns about inflation and energy.

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SECTOR COMMENTARY

Financials	+3.3%	Financials had a good week. The sector benefited from the drop in oil and from a calmer read on the war, but the move was still held back by uncertainty over rates and loan growth
Industrials	+1.2%	Industrials rose, but lagged the broad rally. That fit a market that was willing to buy recovery, though still careful with sectors tied closely to transport costs and global trade
Health Care	+1.0%	Health care moved higher, but mostly as a steadier participant rather than a leader. Investors kept some interest in defensive earnings, even as risk appetite improved elsewhere
Information Technology	+8.2%	Technology was the week's standout. Falling oil, softer dollar pressure, and a return to earnings optimism were enough to pull investors back into large-cap growth with real force
Energy	-3.4%	Energy was the clear laggard. The week was dominated by the sharp fall in crude on Friday, when the market briefly priced a more durable reopening of Hormuz and a lower immediate war premium
Materials	+0.2%	Materials were essentially flat. Commodity support helped, but not enough to produce a stronger move once oil backed off and the market rotated harder into technology
Communication Services	+4.5%	Communication services had a strong week, though it still trailed technology. Large platform names benefited from the same shift back toward growth and a lower near-term energy scare

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MARKET SOLUTIONS

		Short-to-Medium Term Tactical Solutions	
		Base Case	**Key Risks**
Investment Backdrop	**Macro**	▪ The most likely path is still that markets treat this as a softer version of the same Iran story: shipping stress and oil volatility remain, but without a full return to the panic seen earlier in the war. That would leave data and earnings back in charge for most of the week	▪ If the ceasefire breaks down more clearly, oil can jump again and drag inflation fears back to the front very quickly
	Fixed Income	▪ If retail sales and PMIs soften while oil stabilises, bonds should regain some of their defensive value	▪ If oil pushes higher again, yields can rise with it, taking down prices ▪
	Equities	▪ Stay invested, but do not just chase the rebound. U.S. large caps and firms with pricing over sectors that rely heavily on fuel and freight costs	• A relapse in the Gulf or a weak PMI round would hit Europe, Japan, and oil-importing emerging markets hard and fast
	Alternatives	▪ Keep gold as a portfolio diversifier and treat oil tactically	▪ If negotiations fail outright, the remaining war premium in oil may not be enough, and the next move could be another violent spike
	FX	▪ Keep some dollar protection, but avoid treating the dollar as a one-way safe haven	▪ A renewed squeeze in Hormuz traffic would likely push the dollar back up and put fresh pressure on oil-importing currencies, especially in Asia

CONTRIBUTORS

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DISCLAIMER

This document reflects the views of D+A Strategies investment leadership going into CW 17 2026. Past performance does not predict future returns. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement

REFERENCES AND SOURCES

Reuters market wraps and cross-asset reporting were used for the weekly narrative, the Iran-conflict developments, and the weekend shift in oil, currencies, and risk sentiment. Official release calendars and publications from the relevant statistical authorities and central banks were used for the macro calendar and policy context, including the U.S. Bureau of Labor Statistics, Bureau of Economic Analysis, Office for National Statistics, Eurostat, the Bank of Japan, and other national agencies where relevant. Market and sector performance were cross-checked using public historical price data for the relevant indices, regional proxies, and Select Sector SPDR ETFs. PMI timing and survey references were taken from S&P Global release schedules. Energy-market context, including Hormuz-related supply implications where relevant to the narrative, was checked against public energy-market reporting and official reference material.

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