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- Global fixed-income assets, as represented by the Bloomberg Global Aggregate Bond Index, finished in positive territory for the month. U.S. Treasury yields rose modestly for all maturities of one year or greater. (Bond prices move inversely to yields.)
- Headline inflation is beginning to reflect the impact of higher oil prices, with motorists increasingly feeling “pain at the pump.”

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### Economic Backdrop

Global equities, as measured by the MSCI ACWI Index, rose sharply in April as investors were encouraged by relatively strong corporate earnings, particularly in the technology sector, as well as signs of easing geopolitical tensions in the Middle East. The markets were resilient against the backdrop of ongoing volatility and uncertainty surrounding the Mideast war, including Iran’s virtual closure of the Strait of Hormuz, a major shipping channel between the Persian Gulf and the Gulf of Oman. Emerging markets significantly outperformed developed markets for the month.

The Far East and Asia were the top performers among emerging markets in April, as both regions benefited from significant market rallies in Korea and Taiwan. Conversely, the Andean region within Latin America recorded a negative return and was the primary market laggard due to downturns in Colombia and Peru. The Gulf Cooperation Council (GCC) countries also underperformed amid weakness in Saudi Arabia. North America was the strongest-performing developed market for the month, bolstered by strength in the U.S. Additionally, both the Pacific and Far East regions benefited from strength in Japan. On the downside, the Pacific ex. Japan market underperformed due to relative weakness in Singapore.<sup>1</sup>

Global fixed-income assets, as measured by the Bloomberg Global Aggregate Bond Index, returned 1.3% (in U.S. dollars) in April. High-yield bonds led the U.S. fixed-income market, followed by investment-grade corporate bonds, mortgage-backed securities (MBS), and U.S. Treasuries. U.S. Treasury yields moved higher for all maturities of one year or greater and were flat to slightly lower in the shortest segment of the yield curve. (Bond prices move inversely to yields.) The yields on the 2-year Treasury note ticked up 0.09% in April to 3.88%, while 3-, 5-, and 10-year Treasury yields each rose 0.10%, ending the month at 3.91%, 4.02%, and 4.40%, respectively.<sup>2</sup>

Global commodity prices, as represented by the Bloomberg Commodity Index, climbed 4.2% in April. Oil prices maintained their upward momentum amid periods of volatility, with West Texas Intermediate (WTI) and Brent crude rising 3.6% and 6.2%, respectively, during the month due to uncertainty regarding the security of flows through the Strait of Hormuz. The gold price gained 1.1% in April as investors sought safe-haven assets amid the Mideast conflict, as well as inflationary concerns. The New York Mercantile Exchange (NYMEX) natural gas price declined 4.1% during the month as unusually warm spring weather in much of the U.S. dampened expectations for heating demand. The wheat price increased 3.3% in April in response to weather-related supply risks—particularly a drought in the U.S. and crop damage in the Black Sea region—as well as Iran’s blockade of the Strait of Hormuz, which has impeded shipments of fertilizer.

On the geopolitical front, there were numerous twists and turns in the U.S.-Israel-Iran war in April. During a televised address on April 1, President Trump commented that the U.S. war effort in the Middle East was a success and the objectives of the military campaign would be completed in a short time. He dismissed risks to the U.S. economy and energy markets, and noted that the military operation was needed to deter the Iranian regime from enriching uranium to produce nuclear weapons.

Six days later, Trump announced in a social media post that the U.S., Israel, and Iran had agreed to a two-week ceasefire in the hostilities following the Pakistani government's intervention. The U.S. initiated a retaliatory blockade of the Strait of Hormuz, a major shipping channel between the Persian Gulf and the Gulf of Oman, in mid-April in an effort to pressure Iran to stop interfering with shipping by preventing the country from exporting oil. The blockade applies only to ships entering or leaving Iranian ports. On April 21, one day before the ceasefire was scheduled to end, Iranian officials backed out of negotiations with the U.S., which were scheduled to be held in Pakistan. However, Trump announced that he would extend the deadline if Iran agreed to restart peace talks. Toward the end of the month, Iran (through intermediaries Pakistan and Oman) issued a proposal to reopen the strait and end the war. However, Trump rejected the offer as it did not include any concessions regarding Iran's nuclear program.

There was more news emanating from the Middle East in late April. The United Arab Emirates (U.A.E.) announced that it will leave the Organization of the Petroleum Exporting Countries (OPEC) amid the ongoing tensions in the Gulf region. The U.A.E., the oil cartel's third-largest producer, is able to avoid the blockade in the strait by rerouting about half of its oil exports across the country. Its withdrawal from OPEC may enable the U.A.E. to increase its output and be less exposed to the impact of the blockade. In statement announcing the withdrawal, U.A.E. officials said, "While near-term volatility, including disruptions in the Arabian Gulf and the Strait of Hormuz, continues to affect supply dynamics, underlying trends point to sustained growth in global energy demand over the medium to long term."

Elsewhere, Péter Magyar defeated 16-year incumbent Viktor Orbán in Hungary's election on April 12. In his concession speech, Orbán noted that he had congratulated Magyar on his victory but indicated that he would remain politically active. "What today means for our homeland, we do not know. Time will tell. In any case, we will serve our homeland even in opposition."

#### **Economic Data (unless otherwise noted, data sourced to Bloomberg)**

- According to Statistics Canada, consumer prices (as measured by the change in the Consumer Price Index (CPI)) increased 0.9% in March. Year-over-year consumer prices were up 2.4% as energy prices have spiked higher due to the Middle East war. Producer prices have continued to reaccelerate in March, as the Industrial Product Price Index (IPPI) rose 2.4%, while the Raw Materials Price Index (RMPI) jumped 12.0%. Year-over-year prices increased 7.8% and 23.6%, respectively, for the IPPI and RMPI. Input prices for petroleum products have driven much of the recent price increases, and while prices for metals have eased recently, they remain well above year-ago levels. The Canadian labour market showed signs of weakness as employment contracted by 18,000 jobs and the unemployment rate was up 0.2% to 6.9%.
- Rising energy prices have fueled inflation in the U.S. The Department of Labor reported that the consumer-price index (CPI) jumped 0.9% in March as prices for fuel oil and gasoline surged 30.7% and 21.2%, respectively, during the month, while utility gas service costs fell 0.9%. Prices for fuel oil and gasoline recorded gains of 44.2% and 18.9%, respectively, over the previous 12-month period. Core inflation, as measured by the CPI for all items less food and energy, rose 2.6% year-over-year in March, an uptick from the 2.5% increase in February and slightly below expectations. Costs for transportation services and medical care services were up 4.1% and 3.7%, respectively, over the previous 12-month period, while prices for used cars and trucks decreased 3.2%. According to the advance estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annual rate of 2.0% for the first quarter of 2026. The increase in GDP for the quarter was attributable primarily to upturns in nonresidential fixed investment (purchases of equipment and software, and nonresidential structures), exports, and federal government spending. Conversely, residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals) declined during the quarter.

- According to the Office for National Statistics (ONS), inflation in the U.K., as measured by the CPI, rose 0.7% in March, exceeding the 0.4% increase in February. The upturn in inflation for the month was attributable mainly to substantially higher transportation costs. Prices for education and furniture and household goods were virtually flat. The CPI advanced at an annual rate of 3.3% in March, up from the 3.0% year-over-year rise in February. Housing and household services, and education posted the largest price gains for the month, while costs for clothing and footwear, and furniture and household goods declined.<sup>3</sup> The ONS also announced that U.K. GDP was up 0.5% for the three-month period ending February 28 (the most recent reporting period), slightly higher than the 0.3% the growth rate for the three-month period ending January 31. Output in the production and services sectors increased 1.2% and 0.5%, respectively, for the period, while the construction sector output fell 2.0%.<sup>4</sup>
- Eurostat pegged inflation for the eurozone at 3.0% for the 12-month period ending in April, higher than the 2.6% annual increase in March. Energy prices surged 10.9% year-over-year in April due to the ongoing blockade in the Strait of Hormuz, affecting a significant amount of global oil capacity, and costs for unprocessed food rose 4.7% compared to the same period in 2025.<sup>5</sup> According to Eurostat's second estimate, eurozone GDP edged up 0.1% in the first quarter of 2026. The economies of Finland, Hungary, Estonia, and Spain were the strongest performers for the first quarter, expanding 0.9%, 0.8%, 0.6%, and 0.6%, respectively. In contrast, GDP for Ireland and Lithuania contracted by corresponding margins of 2.0% and 0.4% during the quarter.<sup>6</sup>

#### Index Data (April 2026)

- The S&P/TSX Composite Index gained 3.81%.
- The FTSE Canada Universe Bond Index edged up 0.12%.
- The S&P 500 Index, which measures the performance of U.S. equities, rose 7.77%.
- The MSCI ACWI (Net) Index, used to gauge global equity performance, gained 7.45%.
- The ICE BofA U.S. High Yield Constrained Index, representing U.S. high-yield bond markets, returned 1.53% (currency hedged) and -0.81% (unhedged).
- The Chicago Board Options Exchange Volatility Index (VIX)—which tracks implied volatility in the S&P 500 Index and is often referred to as the “fear index”—ended April at 16.89, as volatility decreased in conjunction with more measured hostilities and hopes of a resolution to the Middle East war.
- The WTI Cushing crude oil price—a key indicator of movements in the oil market—increased from US\$101.38 to US\$105.07 a barrel during April.

## Glossary and index definitions

For financial term and index definitions, please see: <https://www.sei.com/ent/imu-communications-financial-glossary>

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<sup>1</sup> All equity market performance statements are based on the MSCI ACWI Index.

<sup>2</sup> According to the U.S. Department of the Treasury. As of April 30, 2026.

<sup>3</sup> According to the ONS. April 22, 2026.

<sup>4</sup> According to the ONS. April 16, 2026.

<sup>5</sup> According to Eurostat. April 30, 2026.

<sup>6</sup> According to Eurostat. April 30, 2026.