

PLAINSCAPITAL BANK

MARKET HIGHLIGHTS



Market Commentary
April 2026

By Andrew Cunningham, CFA, CMT, ChFC

Executive Summary

- Equity markets rebounded sharply following geopolitical de-escalation signals.
- The S&P 500 recovered nearly 10 percent in ten days.
- Valuations reset as earnings rose amid the market decline.
- Bond market volatility eased before stocks advanced.
- Market leadership improved across financials, semiconductors, and cyclicals.
- Global equities remained broadly constructive, with multiple regions at highs.
- Market breadth remained narrow despite index-level gains.
- Energy markets remain a key uncertainty amid unresolved Strait conditions.
- The outlook favors continued gains, with selective leadership and volatility.
- Fed policy remains constrained by persistent inflation pressures.
- Market expectations for rate cuts have fallen.
- Treasury markets still reward positioning for a steeper curve.
- Credit spreads have generally narrowed year to date.
- Technology and energy lead to significant yield spread compression.
- Longer-maturity high-yield bonds reflect elevated duration risk.
- Building materials face ongoing pressure from rising input costs.
- Bond market volume and volatility remain unusually low.
- Fixed income returns increasingly depend on carry and sector selection.

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Markets at a Glance:

Equity - TR (%)	1M	3M	YTD	1Y
MSCI EM LATIN AMERICA	13.8	8.3	21.9	64.1
MSCI AC ASIA PACIFIC	8.3	8.0	13.6	46.9
MSCI EM	13.4	7.6	15.1	50.5
NASDAQ COMPOSITE	13.9	5.4	6.3	52.3
S&P 500 INDEX	9.8	3.6	4.6	36.6
MSCI WORLD	8.5	3.3	5.1	33.1
MSCI WORLD x USA	8.0	2.9	6.5	30.3
RUSSELL 2000 INDEX	14.3	2.8	12.6	49.3
MSCI EAFE	8.2	2.7	6.4	28.7
S&P500 EQUAL WEIGHTED IX	6.9	1.9	6.2	26.2
DOW JONES INDUS. AVG	8.7	0.6	3.5	28.4
Sectors - TR (%)	1M	3M	YTD	1Y
Energy	-4.4	15.9	26.9	43.1
Information Technology	16.9	9.1	7.1	63.0
Real Estate	7.8	7.4	9.4	12.7
Utilities	1.2	5.7	5.8	18.3
Materials	10.8	4.6	14.1	29.1
Industrials	6.1	3.7	10.6	39.0
Communications	9.8	3.5	5.0	57.3
Consumer Staples	2.4	2.0	8.1	5.2
Consumer Discretionary	12.9	-1.2	1.2	32.9
Financials	6.9	-2.5	-4.3	12.3
Healthcare	1.1	-7.1	-5.0	10.4
Alternatives - TR (%)	1M	3M	YTD	1Y
ALERIAN MLP INDEX	-1.5	9.8	16.0	23.2
FTSE NAREIT All Eq REITS	7.5	8.3	10.5	14.5
LS Managed Futures Index	2.4	0.4	1.3	3.2
S&P LISTED PRIV EQUITY	13.0	-8.6	-7.1	6.1
BBG Galaxy Bitcoin Index	12.2	-12.1	-10.1	-14.0

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US Style Returns (%) - Russell Indices

1M

	Value	Core	Growth
Large	7.3	9.8	12.0
Mid	9.1	8.7	6.9
Small	12.6	14.3	16.0

YTD

	Value	Core	Growth
Large	8.2	4.6	1.3
Mid	10.8	8.3	0.1
Small	14.3	12.6	11.1

US Factor Returns (%)	1M	3M	YTD	1Y
S&P 500 High Beta	16.1	8.9	14.8	85.7
MSCI Value	11.2	8.5	17.0	64.5
MSCI Momentum	14.7	7.8	10.1	37.0
MSCI Growth	13.9	4.6	2.8	47.4
MSCI Quality	7.9	2.4	4.0	31.2
MSCI High Dividend Yield	2.9	2.0	6.6	21.6
MSCI Size	7.9	1.7	5.3	25.7

Commodities TR (%)	1M	3M	YTD	1Y
WTI Oil	8.3	53.2	62.2	54.2
BBG Commodities Index	1.1	15.1	23.6	31.9
Wheat	0.0	12.6	14.3	-2.0
Copper	12.1	2.2	7.0	22.0
Sugar	-6.7	0.6	0.3	-14.0
Gold	7.5	-5.0	9.6	44.0
Natural Gas	-5.6	-23.2	-16.0	-25.0
Silver	11.9	-24.0	8.9	120.6

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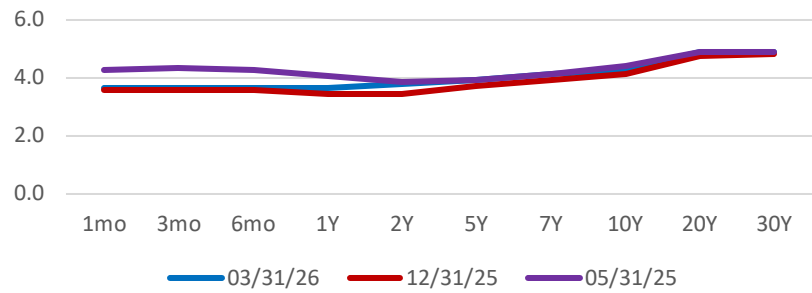
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Index Characteristics	FWD ERP	P/E TTM	P/S TTM	Div Yield
S&P 500	3.3%	27.9	3.5	1.2
MSCI EAFE	4.7%	18.5	1.8	3.0
MSCI EM	7.4%	19.0	2.0	2.4

US Treasury Yield Curve



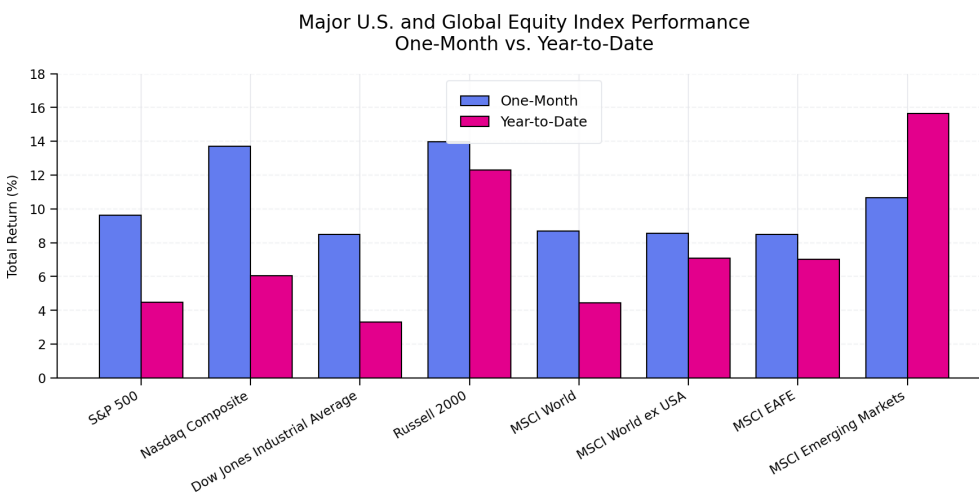
Fixed Income - TR (%)	1M	3M	YTD	1Y
10 - 20 Yrs	2.0	1.1	0.8	10.4
Municipal Bond Index	1.1	0.7	1.3	8.3
US Agg 1-7 Yrs.	0.8	0.6	0.5	5.0
U.S. Corporate High Yield	2.2	0.6	1.3	10.2
1-3 Yr	0.6	0.6	0.6	4.1
Corporate	1.8	0.3	0.6	7.8

Interest Rates (%)	03/31/26	03/31/26	12/31/25	05/31/25
US Fed Funds Effective Rate	3.64	3.64	3.64	4.33
US Generic Govt 1 Mth	3.69	3.69	3.59	4.26
US Generic Govt 3 Mth	3.67	3.67	3.63	4.33
US Generic Govt 12 Mth	3.65	3.65	3.47	4.10
US Generic Govt 5 Yr	3.94	3.94	3.73	3.96
US Generic Govt 10 Yr	4.32	4.32	4.17	4.40
BBG Tax Muni AGG YW	5.21	5.21	5.09	5.46
BBG UA Corporate YW	5.14	5.14	4.81	5.21
BBG U.S. Corp HY YW	7.40	7.40	6.53	7.46

Data source: Bloomberg

US Equity Highlights

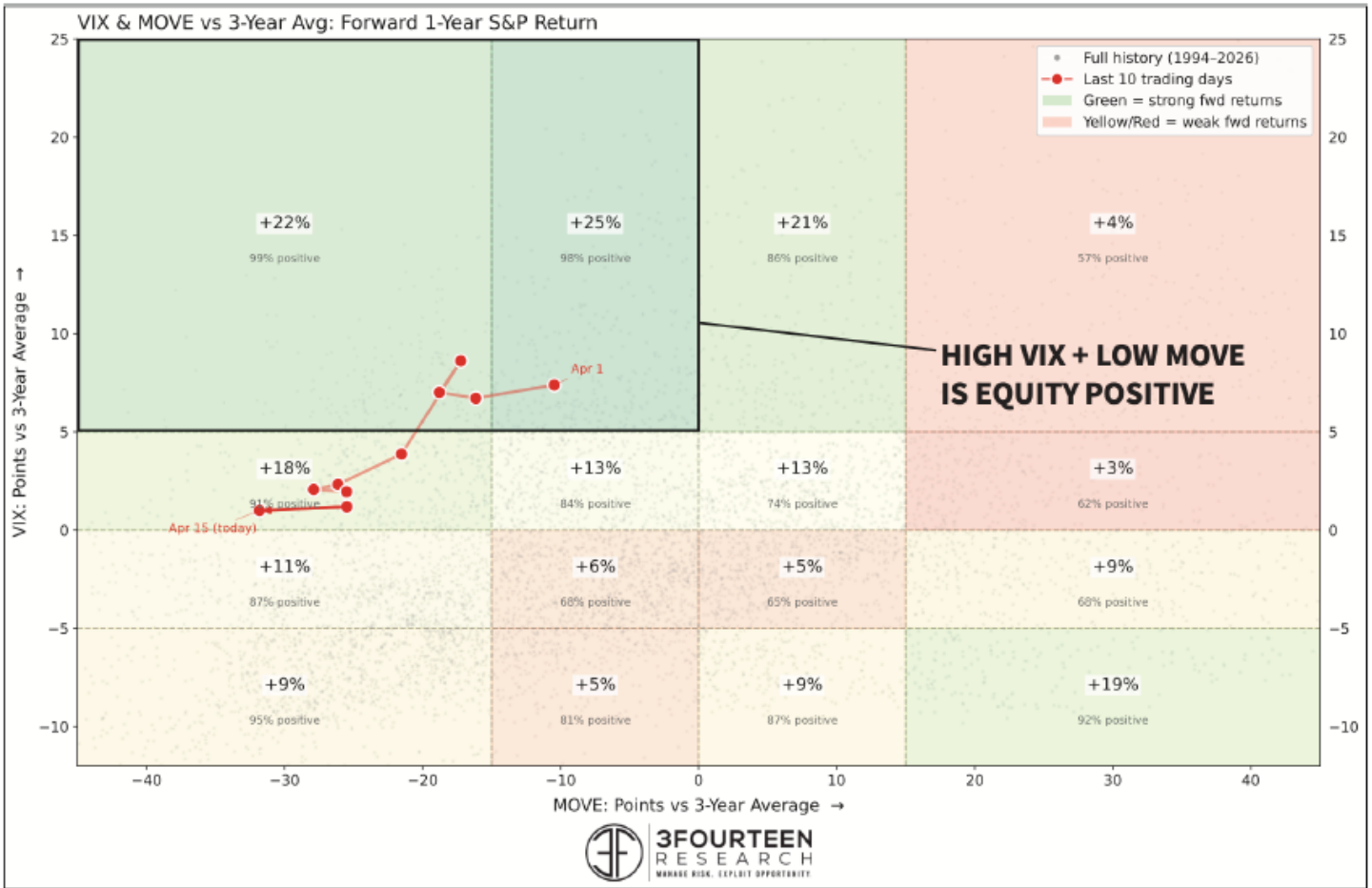
Equity markets recorded an unusually sharp reversal over the past month, following heightened volatility through March and ending the period at or near new highs in several major indexes. U.S. equities initially broke down from a consolidation range amid escalating geopolitical tensions, contributing to defensive-sector leadership and uneven participation. This weakness proved short-lived. A clear shift toward de-escalation late in March and early April coincided with a rapid rebound that lifted the S&P 500 nearly 10% in 10 trading days, placing the move among the strongest short-term advances on record. Year to date, U.S. equities have regained lost ground, while global markets broadly remain in an upward trend, with notable strength in Japan, Taiwan, Brazil, and several other regions.



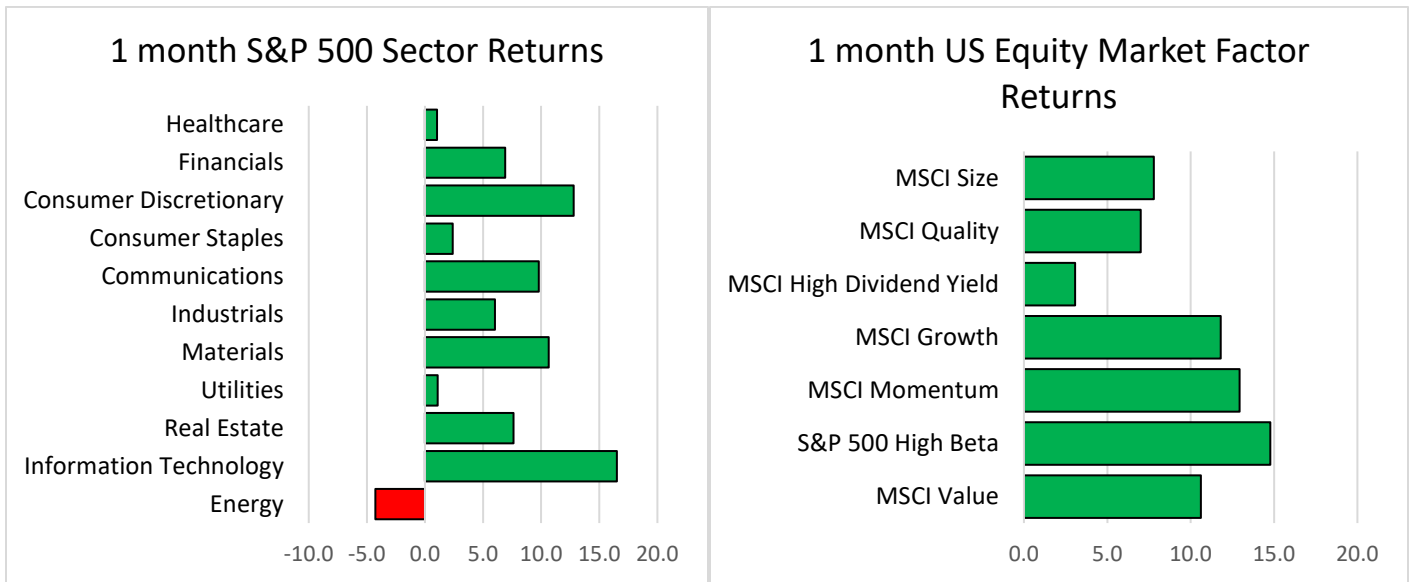
Beneath the headline price action, several structural developments shaped the market's behavior. One recurring theme was a meaningful valuation reset during the selloff. While equity prices declined by roughly nine percent from peak to trough, forward earnings estimates continued to rise, resulting in a sharp contraction in valuation multiples without a corresponding deterioration in fundamentals. Historically, such valuation adjustments outside of recessions or periods of monetary tightening have been rare. Another important feature was the bond market's role. Interest rate expectations stabilized, and bond market volatility declined before equities found their footing, creating a more supportive financial backdrop, even as equity volatility remained elevated.

Critical points for the equity markets:

- Equity markets rebounded sharply following geopolitical de-escalation signals.
- The S&P 500 recovered nearly 10 percent in ten days.
- Valuations reset as earnings rose amid the market decline.
- Bond market volatility eased before stocks advanced.
- Market leadership improved across financials, semiconductors, and cyclicals.
- Global equities remained broadly constructive, with multiple regions at highs.
- Market breadth remained narrow despite index-level gains.
- Energy markets remain a key uncertainty amid unresolved Strait conditions.
- The outlook favors continued gains, with selective leadership and volatility.



Leadership trends have also shifted in a more constructive direction. Earlier this year, defensive leadership in Energy and Consumer Staples coincided with a weakening in market breadth. More recently, leadership has rotated toward Financials, Semiconductors, Retail, and Engineering-related industries, while small-cap stocks have quickly recovered to prior highs. This shift toward economically sensitive and investment-linked sectors reflects an improvement in internal market dynamics.

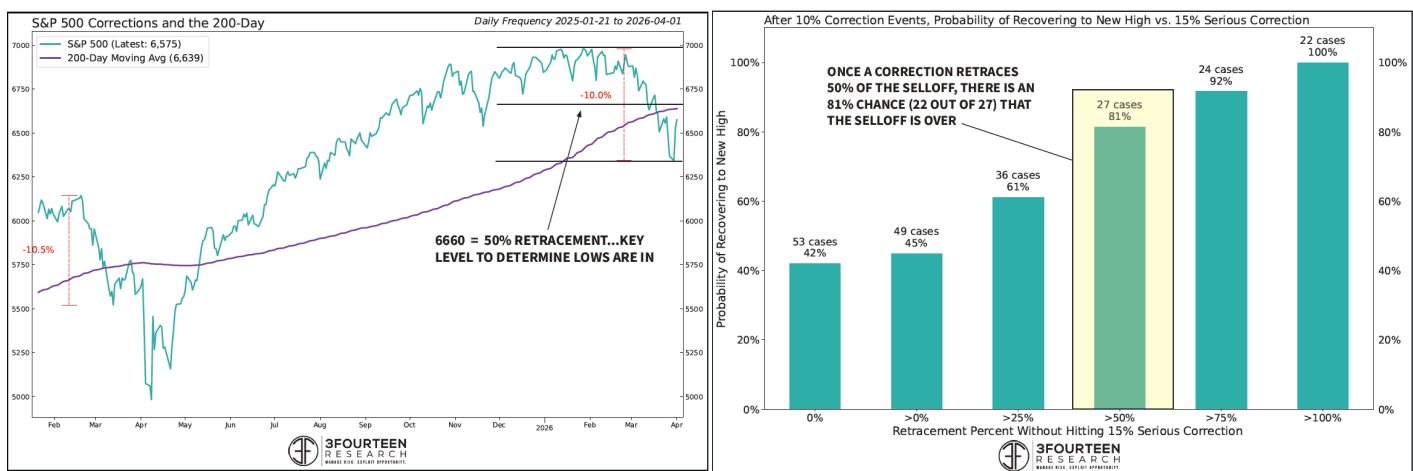


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Globally, participation remains broad, though uneven, reinforcing a recurring pattern of dispersion across regions and sectors rather than a uniform advance.

Despite these positives, current risks remain evident. Market breadth at recent highs has been narrow, with only a small share of stocks making new highs alongside the indexes. Historically, weak breadth can precede periods of volatility, especially if financial conditions deteriorate. Energy markets also remain a source of uncertainty. Although oil prices have retreated from recent peaks, physical markets remain tight, and activity through the Strait of Hormuz has yet to fully normalize. Equity markets appear focused on the direction of change rather than absolute conditions, but renewed disruptions could reintroduce volatility.



Looking ahead, the outlook for equities is shaped by several key drivers. Profit growth expectations continue to improve, supporting valuations after the recent reset. The index's ability to reclaim a substantial portion of the decline and stabilize near this trend has historically been consistent with prior episodes in which market lows were formed and longer-term advances resumed. Historical market pullbacks are often resolved once a meaningful recovery is underway. When a correction retraces roughly half of its initial decline, markets have typically gone on to regain prior highs rather than experience deeper drawdowns. This pattern suggests that partial recoveries have frequently marked the end of corrective phases rather than the beginning of more severe declines.

Energy-related input costs remain a watch point for inflation dynamics, though easing geopolitical pressures have reduced near-term stress. Interest-rate expectations have stabilized, providing a less restrictive backdrop for equities. Investor sentiment remains subdued despite the rally, a condition that has historically allowed markets room to advance. Continued rotation toward healthier leadership, easing financial stress, and firm earnings trends suggest a market environment that can strengthen further, though ongoing energy risks and narrow breadth argue for selectivity rather than complacency.

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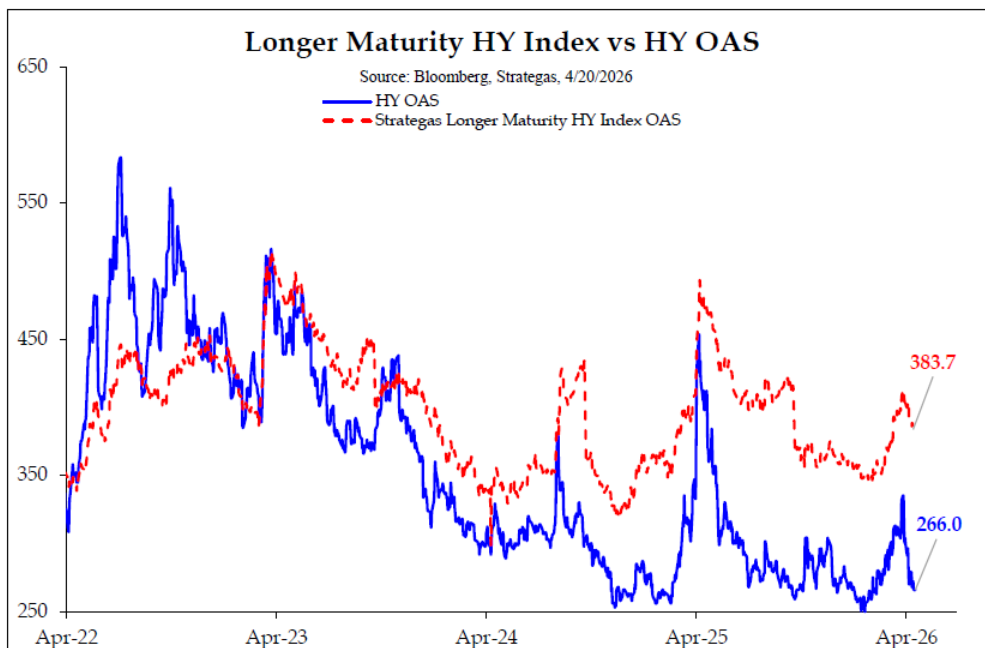
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US Fixed Income Highlights

Recent developments in fixed-income markets have been shaped by the interplay among Federal Reserve policy, evolving inflation dynamics, and shifting risk perceptions across credit and rate markets. Over the past month and year to date, monetary policy expectations have remained anchored by the Fed's emphasis on inflation persistence rather than near-term growth concerns. Inflation measures continue to complicate the policy backdrop, with personal consumption expenditures running hotter than consumer price inflation, suggesting price pressures are broader than housing alone. This has reinforced the Fed's reluctance to ease policy and led markets to scale back expectations for rate cuts, even as economic growth signals remain mixed. Commentary on potential changes in Fed leadership and criticism of forward guidance have added uncertainty, but policy outcomes continue to be dictated by inflation data rather than political noise.

Credit and funding markets have reflected this cautious policy environment. Treasury curve dynamics remain notable, as investors continue to earn positive carry from positioning for a steeper curve despite repeated flattening episodes. This persistence suggests that markets view recent geopolitical disruptions and higher energy costs as temporary rather than structurally damaging to growth. Credit spreads, particularly in high yield, have generally compressed since the start of the year, with the most significant improvements occurring in the technology and energy sectors. In contrast, sectors more exposed to input cost pressures, such as building materials, have seen spreads widen modestly.



Credit and interest rate risk profiles continue to diverge across market segments. Longer-duration high-yield bonds trade at wider spreads than the broader high-yield index, underscoring investor sensitivity to duration risk amid elevated policy

Critical points for the fixed-income markets:

- Fed policy remains constrained by persistent inflation pressures.
- Market expectations for rate cuts have fallen.
- Treasury markets still reward positioning for a steeper curve.
- Credit spreads have generally narrowed year to date.
- Technology and energy lead to significant yield spread compression.
- Longer-maturity high-yield bonds reflect elevated duration risk.
- Building materials face ongoing pressure from rising input costs.
- Bond market volume and volatility remain unusually low.
- Fixed income returns increasingly depend on carry and sector selection.

rates. At the same time, bond market activity has been unusually subdued relative to other asset classes, with both trading volume and interest rate volatility falling to multi-year lows. The muted response suggests fixed-income investors are focused on longer-term economic effects rather than reacting to short-term headline risks. This combination of low volatility and persistent uncertainty highlights a market awaiting clearer evidence on whether inflation or growth will ultimately dominate.

The chart shows that Treasury yields at the front end of the curve closely track changes in the Federal Funds Rate. Many fixed-income analysts view the 2-year yield as one of the market’s best real-time indicators of expected FOMC policy. Because the 2-year maturity is highly sensitive to shifts in rate expectations over the next several meetings, it often leads to actual policy moves rather than reacting to them. In contrast, longer-term yields reflect expectations for inflation, growth, and supply over a broader horizon. The current gap between the 2-year and 10-year yields leaves the curve modestly upward-sloping, signaling that markets expect policy to remain restrictive in the near term while longer-run inflation risks keep yields elevated.

2-Year Yield, 10-Year Yield and the Fed Funds Rate



For retail investors, the broader message is that fixed-income markets are signaling patience, with returns increasingly driven by carry, sector selection, and an ongoing reassessment of inflation’s path rather than by rapid shifts in policy direction.

Sources: 3Fourteen Research, Strategas Research Partners, Bianco Research, Bloomberg, FRED St. Louis Reserve Bank

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Asset Class Return Rank

Asset Class	2022	2023	2024	2025	2026	10Y Cumulative	10Y Annualized
Commodities	19.4	(6.2)	2.2	8.1	32.0	94.15	8.23
Emerging Market Stocks	(20.6)	9.0	6.5	34.1	15.8	98.55	8.31
US Small Cap Stocks	(20.5)	16.9	11.4	12.7	12.5	96.54	8.72
Gold	(0.8)	12.7	26.7	63.9	9.8	161.80	14.81
US Mid Cap Stocks	(17.5)	17.1	15.2	10.4	8.2	112.36	10.31
US REITs	(26.3)	11.8	4.8	3.3	8.0	65.38	5.08
US Large Cap Growth Stocks	(32.7)	55.0	25.6	20.8	6.8	223.43	19.45
Agriculture	2.5	7.7	33.5	(0.6)	6.3	53.74	4.69
Developed International Stocks	(14.4)	18.5	3.5	31.6	6.2	97.92	8.77
US Large Cap Stocks	(19.2)	26.5	24.3	17.2	4.6	148.43	13.68
Preferred Shares	(18.2)	9.2	7.2	4.9	2.9	40.57	3.64
USD Emerging Market Bonds	(18.7)	10.6	5.5	13.9	1.4	36.35	3.13
US TIPS	(12.3)	3.8	1.7	6.8	1.3	27.73	2.58
US Corporate High Yield Bonds	(11.0)	11.6	8.0	8.6	1.3	44.86	4.25
Cash (\$)	1.4	5.0	5.2	4.2	1.1	21.53	2.14
US Corporate Investment Grade Bonds	(18.0)	9.4	0.9	7.9	0.8	30.84	2.64
US Agg Bond Market	(13.1)	5.7	1.4	7.1	0.7	19.87	1.79
20Y+ US Treasury	(31.3)	2.8	(8.1)	4.3	0.6	3.59	(0.60)
International Agg Bond Market	(22.1)	5.6	(6.5)	10.0	0.2	1.32	(0.41)
Bitcoin (Digital Assets)	(63.9)	153.7	122.5	(6.5)	(10.1)	1994.68	55.59

Highest Return	19.4	153.7	122.5	63.9	32.0
Lowest Return	(63.9)	(6.2)	(8.1)	(6.5)	(10.1)
% Asset Classes Positive	15%	95%	90%	90%	95%

1994.68	55.59
1.32	(0.60)
100%	88%

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