

## INVESTMENT COMMENTARY & OUTLOOK

April 2026

Our growth portfolios got off to a great start in January and February as wave after wave of positive sales and earnings announcements propelled our fundamentally superior stocks higher. There was some consolidation in March due to the war with Iran, but before a ceasefire was announced, our growth portfolios resurged from quarter-end window dressing. I think it is fair to say that the excitement about the upcoming quarterly announcement season is building. In fact, FactSet reported the strongest positive analyst earnings revisions in the past five years, so we have a lot to look forward to in the upcoming weeks! As always, we are “locked and loaded” for another earnings announcement season.

Our forecasted sales and earnings for our portfolios are available in the following link:

<https://navellier.com/sales-and-earnings-projections/>

Iran and the U.S. have agreed to a two-week ceasefire that was brokered by Pakistan. The Strait of Hormuz is supposed to be open during this ceasefire, which should help to alleviate shortages of crude oil and fertilizer. Ship operators remained cautious however, but hopefully ship traffic will pick up dramatically. Vice President J.D. Vance described the ceasefire as a “fragile truce.”

Since the Iranian Revolutionary Guard Corps (IRGC) makes money from commerce, it is apparent that economic priorities are now key negotiation topics. President Trump said a 10-point plan from Iran is a “workable basis” for negotiations. The removal of all nuclear material is a U.S. priority, as is getting Iran to end all ballistic missile manufacturing. The relationship with Iran’s neighbors will also be interesting after attacking them over the past 39 days.

In Navellier Market Buzz, we have been discussing whether controlling world energy markets was part of the Trump administration’s “master plan,” in light of the fact the U.S. controls the shipments of Caribbean crude oil from Guyana and Venezuela. The U.S. is already controlling LNG shipments, so crude oil would logically be the next step to stabilizing energy prices

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for the world. Since U.S. sanctions remain on Iranian crude oil, the U.S. has negotiating leverage. Furthermore, the U.S. bombed military targets on Kharg Island before the ceasefire and demonstrated that U.S. Marines could easily take control of its deep-water port which represents 90% of Iran's crude oil exports.

The fog of war should dissipate in the upcoming weeks. The biggest development in the wake of the Iran war is the U.S. has strong allies in the Middle East, namely Bahrain, Kuwait, Qatar, Saudi Arabia and UAE, which all need continued protection from the U.S. military due to Iranian attacks on their infrastructure. The NATO alliance has since crumbled, since Austria, Britain, France, Germany, Italy and Spain all denied access to the U.S. to use their air space and bases from which to attack Iran. It will be interesting to see if the U.S. decides to curtail its NATO funding in the upcoming months.

The bad news is there is an inflation bubble caused by the war in Iran which has sent food and energy prices higher. Traditionally, the Fed does not try to fight food and energy inflation, since it is cyclical as well as based on supply and demand. However, high diesel prices have caused shipping costs to rise and residual inflation may show in the cost of other goods. Fed Governor Christopher Waller recently acknowledged the inflationary effects of the Iran war have caused the Fed and other central banks to hit the pause button until they figure out the inflationary impact.

If you like to worry, all you need to do is read JPMorgan CEO Jamie Dimon's annual letter. Specifically, Dimon talked about, "The skunk at the party—and it could happen in 2026—which would be inflation slowly going up, as opposed to slowly going down," and then added, "This alone could cause interest rates to rise and asset prices to drop." Dimon elaborated and explained further, "Interest rates are like gravity to almost all asset prices." He concluded by saying, "And falling asset prices at one point can change sentiment rapidly and cause a flight to cash." In other words, Jamie Dimon is doing the Fed's job and providing interest rate guidance.

Frankly, Jamie Dimon is more influential than the current Fed Chairman Jerome Powell, who is currently a lame duck. It is imperative that incoming Fed Chairman Kevin Warsh asserts himself and dominates the headlines after his Senate confirmation. As soon as the new Fed Chairman Kevin Warsh takes over in May, more key interest rates cuts might commence. Warsh is expected to argue the productivity gains from AI are not inflationary and will boost U.S. GDP growth. It is imperative that Warsh take over and lead the FOMC, since too many Fed members are like "deer in headlights" with no confidence in their econometric models.

In the meantime, there is a lot of confusion regarding the course of interest rates due to: (1) a recent lackluster Treasury refinancing, (2) growing federal budget deficit concerns, and (3) surging food and energy prices. Frankly, in the interim, it would be good if Treasury Secretary Scott Bessent could install some confidence in Treasury markets, until he can hand the baton to Kevin Warsh.

Overall, despite the fears of an inflation spike and the uncertainty regarding the ceasefire with Iran, Wall Street is rallying due to wave after wave of positive analyst earning revisions. The relative strength and institutional buying pressure that was obvious during quarter-end window dressing has continued in early April. I think it is fair to say the excitement about the upcoming quarterly announcement season is building, so we have a lot to look forward to in the upcoming weeks. Plus, if the ceasefire turns into a lasting peace, the lows for the year in the stock market are likely in the past and I believe we will see a strong market for the remaining of 2026, as the economy is likely to re-accelerate if oil prices normalize over the next three months.



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