

Market Review – April 2026

Overview

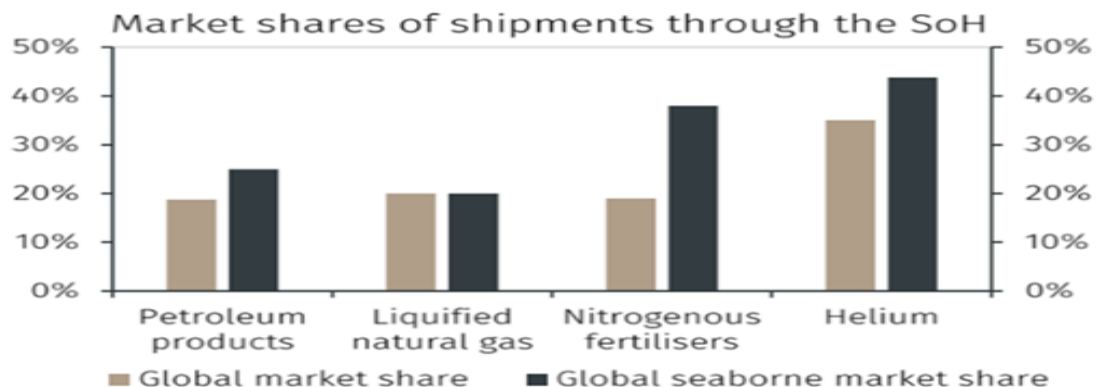
Developments in the Middle East during April were characterised by a fragile but open-ended ceasefire between the United States and Iran, alongside sustained disruption to regional energy and shipping routes.

President Trump extended the ceasefire on an indefinite basis, framing it as a means to create space for negotiations while maintaining pressure on Iran.

While attention has focused on the impact of the effective closure of the Strait of Hormuz on global energy markets, broader risks extend beyond energy. Gulf countries produce around 20% of global fertiliser output and it accounts for nearly 40% of seaborne trade. Disruptions to trade through the Strait therefore risk pushing up food prices and worsening food insecurity in the coming months, should the Strait remain effectively closed for a prolonged period.

Another critical resource is helium, with Qatar supplying over 40% of global seaborne trade in helium. It is essential for semiconductor manufacturing and for operating MRI scanners. Higher costs and reduced availability could slow semiconductor output, potentially affecting investment in data centres and artificial intelligence infrastructure.

Global market share through the Strait of Hormuz



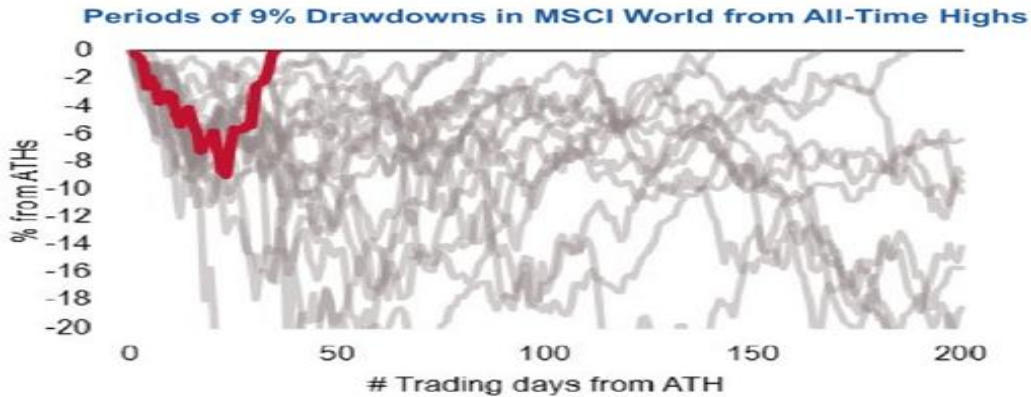
Source: EFG

A negotiated outcome between the United States and Iran remains possible over time, as domestic and economic pressures build on both sides. In the US, the war has remained unpopular with voters as fuel prices and cost-of-living pressures have increased. Polling points to weakening support and lower approval ratings for President Trump, including among independent voters ahead of the 2026 midterm elections. With control of Congress at stake, political and business pressure for a clear path to de-escalation has grown. Iran also faces mounting incentives to negotiate, as constrained oil exports and wider economic strain have intensified, increasing the appeal of sanctions relief and stabilisation.

International Shares

Despite current challenging times, global equities rebounded strongly in April. At the index level, global sharemarkets gained 9.4% in April, staging a recovery after declining -6.3% in March. Over the past year, global equities are up around 30.8%, despite ongoing volatility and heightened geopolitical uncertainty witnessed over the last year.

In the chart below, the red line shows the rebound in global markets during April. This was the fastest recovery on record for the MSCI World Index after a drawdown of more than 9.0% from an all-time high.



Source: triple-i Capital Management

US shares led the upswing through April, with the major indices recovering strongly and are near all-time highs. The S&P 500 rose 10%, the Nasdaq gained 15%, and the Dow added 7% for the month, marking their strongest monthly performances in more than five years (and for the Nasdaq, the best since April 2020).

A key support has been the US corporate earnings season. As of 1 May, around 63% of S&P 500 companies had reported results, of which 84% have beaten earnings expectations. The magnitude of earnings surprises has also been notable, with aggregate earnings running 20.7% above estimates. Reflecting this strength, the year on year earnings growth rate for the quarter has lifted to 27.1%, compared to 13.7% estimated at 31 March 2026 and the highest pace since late 2021.

Mega cap technology results have been central to the market narrative. Alphabet, Meta, Amazon and Microsoft reported within minutes of each other and all beat earnings expectations, although market reactions differed.

Alphabet's results were read as showing a clearer payoff from AI investment, supported by strong cloud momentum, alongside a higher 2026 capital spending plan of US\$180–190bn. Meta delivered strong advertising-led growth, supported by AI driven targeting, but lifted its 2026 capex guidance to US\$125–145bn, which tempered sentiment. Amazon's cloud division delivered its fastest growth in more than three years, supported by new data centre capacity, and the company has signalled capex around US\$200bn in 2026. Microsoft continued to benefit from demand for AI related cloud services, while guiding to US\$190bn of capex in 2026. Apple also reported solid growth and stands apart by delivering strong results without similarly large AI capex commitments.

Overall, the common trend is that AI is boosting demand (cloud, enterprise services and advertising efficiency) while also driving a major infrastructure build out. Taken together, capital spending across Microsoft, Meta, Oracle, Google and Amazon is now expected to reach around US\$765 billion in 2026, which is nearly double last year's level.

Australasian Shares

New Zealand's sharemarket fell -0.1% in April, dragged lower by the underperformance in larger index constituents, a2 Milk and Fisher and Paykel Healthcare. In corporate news, a2 Milk flagged near-term disruption to infant formula sales in China due to temporary product availability issues, extended customs clearance times and higher freight costs, pointing to execution and logistics pressures rather than underlying demand weakness. In early May, the company also announced a voluntary recall of three batches of a2 Platinum infant formula sold in the US, which may create short-term noise while investigations and remediation proceed. Ryman Healthcare reported FY26 sales volumes tracking within guidance and noted improved new sales momentum through the fourth quarter, supporting confidence as cash flow improves. Infratil reported a modest uplift in the valuation of its Canberra Data Centres stake, reinforcing the ongoing resilience of data-centre infrastructure themes.

Top performers for the month included Genesis Energy (+13.3%), Skellerup (+12.9%), and Vista Group (+11.2%), whilst KMD Brands (owner of Kathmandu) fell -47.0% following a deeply discounted \$65.3 million equity raise, a2 Milk (-24.9%), and SkyCity Entertainment (-9.3%) performed the worst.

The Australian sharemarket rose 2.2% in April, supported by positive sentiment offshore. Australian corporate news was light in April. Of note Cochlear delivered a significant earnings downgrade cutting profit guidance to A\$290–330m for the 2026 financial year (around 25–30% below prior expectations). Management cited weaker volumes and margin pressure. Cochlear's share price fell about 40% in one day. During the month, the Australian banks provided cautious updates, both NAB and Bank of Queensland increased credit provisioning, while Westpac's update also raised concerns that provisioning could rise further as the outlook for the Australian economy becomes more challenging. There were no clear trends in relative company performance in the Australian market in April. Among the better-performing companies in April were Iluka Resources (+22.4%), Macquarie Bank (+16.5%), and Goodman Property (+15.8%). Cochlear (-44.4%), Harvey Norman (-8.7%), and CSL (-11.7%) were among the worst-performing stocks.

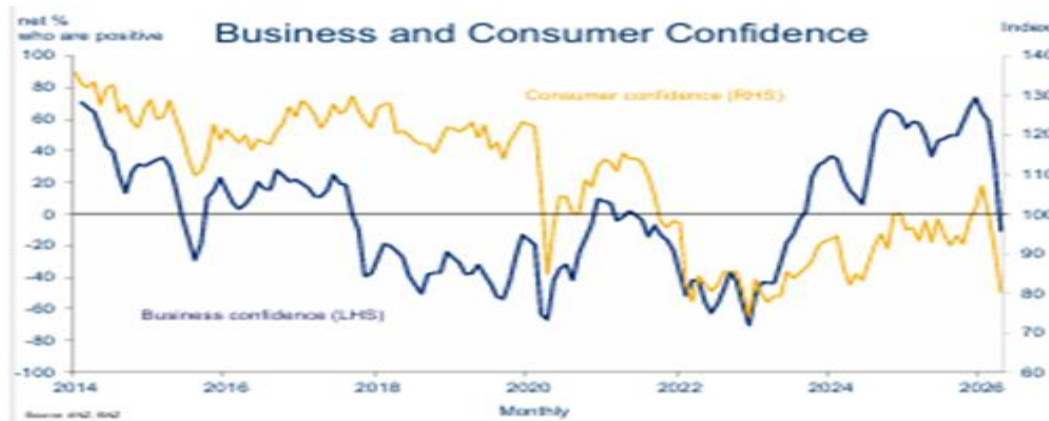
Fixed income and cash markets

The Bloomberg Global Aggregate Bond Index (New Zealand dollar hedged) rose 0.2% in April. There was relative calm in global fixed income markets over the month, with longer-term interest rates ending only marginally higher than at the beginning.

The economic impacts of the Middle East conflict are increasingly evident across regions. In the United States, activity has proved relatively resilient, supported by stronger domestic demand, although higher fuel costs are beginning to weigh on consumer confidence. Europe appears more exposed, with business surveys signalling softer growth as energy prices feed directly into household and business costs. In several Asian economies, the impact has been felt through higher import costs and trade disruptions and weakening manufacturing and services sentiment.

Across regions, business surveys report a clear rise in pricing intentions.

Domestically, business surveys point to a deterioration in confidence on higher fuel, freight and imported input costs. Firms are also reporting increased pricing intentions. At the same time, investment and hiring intentions have softened, reflecting heightened uncertainty and weaker demand conditions. These results are consistent with low but positive economic growth, indicating the economy remains fragile but resilient. Consumer confidence has also declined.



Source: BNZ

The tension between higher inflation and weaker economic growth creates a challenging environment for central banks.

The Reserve Bank of New Zealand (RBNZ) remains in a wait and see mode and, as expected, held the Official Cash Rate (OCR) at 2.25% in April. It is balancing weak domestic demand against renewed inflation risks from higher energy prices. The RBNZ continues to emphasise caution and close monitoring of inflation expectations. Markets expect the RBNZ to raise the OCR later this year, reflecting renewed inflation pressures.

Offshore, central banks are increasingly divided. The US Federal Reserve and the European Central Bank have both held rates steady, with debate and vote splits reflecting the uncertainty around inflation persistence and slowing economic growth. In contrast, the Bank of Japan (BOJ) stands apart. While it has held rates steady and internal views remain divided, the BOJ has a clearer bias towards rate increases as inflation proves more durable.

New Zealand's fixed income market gained 0.4% in April.

Conclusion

The Middle East conflict continues to influence global markets. While uncertainty remains, there are signs that the US and Iran may move toward a negotiated outcome, supported by domestic pressure in both countries to secure a durable ceasefire.

Economic activity has been relatively resilient so far, but rising price intentions suggest inflation pressures may persist. Risks remain skewed to the downside, particularly if disruption through the Strait of Hormuz persists.

Geopolitical shocks can unsettle markets, but history suggests impacts are often short-lived unless they lead to broader economic damage.

Despite elevated geopolitical uncertainty, recent market performance suggests investors are increasingly focusing on underlying fundamentals, particularly corporate earnings and key economic data, rather than headlines alone. This shift has been evident in the sharp rebound in global equities during April and the way markets have responded to a stronger than expected US earnings season.

Beyond near-term volatility, sharemarkets remain supported by steady global growth, improving corporate profits, and increasing government spending. Higher interest rates may also improve prospective returns, while central banks adopt a cautious, "wait and see" stance.

As always, and particularly during periods of heightened uncertainty, we encourage investors to focus on their longer-term goals, remain patient during short-term market fluctuations, and maintain a portfolio aligned with their objectives and risk tolerance.

Indices for Key Markets

As at 30 April 2026	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.
S&P/NZX 50 Index	-0.1%	-3.7%	-4.5%	9.1%	3.2%	1.0%
S&P/ASX 200 Index (AUD)	2.2%	-1.2%	-0.9%	10.1%	9.7%	8.4%
MSCI ACWI Index (Local Currency)	9.4%	4.0%	7.4%	30.8%	19.8%	11.5%
MSCI ACWI Index (NZD)	7.2%	6.1%	4.6%	31.9%	21.8%	15.1%
S&P/NZX 90 Day bank bill Total Return	0.2%	0.6%	1.2%	3.0%	4.6%	3.6%

Additional information & disclaimer: This report is for information purposes only. It does not consider your investment needs or personal circumstances, so it is not intended to be viewed as personalised investment or financial advice. If you require financial advice, you should always speak to your Thorne Investment Services Ltd financial adviser. The price, value and income derived from investments may fluctuate because values can go down as well as up and investors may get back less than originally invested. Past performance is not indicative of future results and no representation or warranty, express or implied, is made regarding future performance. This report has been prepared from published information and other sources believed to be reliable and accurate. While every effort has been made to ensure accuracy Thorne Investment Services Ltd, Shaw & Partners nor any person involved in this publication accept any liability for any errors or omissions nor accepts any liability for loss or damage as a result of any reliance on the information presented. Disclosure statements are available on request and free of charge.