

This commentary was written by our team and NOT outsourced to a third party. We will be giving some macro economic market updates on a weekly basis. No equity recommendations will be given in this commentary, and we encourage you to contact us if you have questions regarding our observations.



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BEACONS OF THE WEEK

The two main purposes of a Lighthouse are to serve as a navigational aid and to warn ships (Investors) of dangerous areas. It is like a traffic sign on the sea.



Abrolhos Archipelago Lighthouse, Santa Barbara, Brazil

This lighthouse is located on an island off the coast of Brazil. The 22-foot-tall lighthouse was constructed in 1861.



Barra Rio Grande Lighthouse, Rio Grande do Sul, Brazil

This active lighthouse is located on a sandy strip near the Brazil – Uruguay border. The original structure was built in 1820 but went out of order due to a severe storm. The lighthouse was rebuilt and reopened in 1942. The lighthouse stands at 102 feet tall.

Feel free to send us your photos of Lighthouses to be featured in our weekly market observations.



Energy volatility continues

Over the course of this past weekend and through the start of the week, numerous news outlets sent the price of oil and other energy commodities in different directions. It seems in today's market, every report and statement from a major government is impacting the price of oil significantly (even if the reports are not confirmed and are based on speculation or opinion). On Tuesday, prices pulled back due to optimism for a U.S.-Iran peace deal. As of Tuesday morning, the price of oil was trading at \$96/barrel. This news follows the U.S. announcement that it will block Iranian ports in the Strait of Hormuz. This blockade was deemed dangerous by China's leadership, which will certainly be negatively impacted by it. Saudi Arabia is also pushing the U.S. to end its blockade over fear that it could cause Iran to escalate the conflict. Numerous European nations were also pushing the U.S. to end its blockade. According to the Main Stream Media (MSN), European leaders are already putting a plan together for a broad coalition of countries to help free up shipping through the Strait of Hormuz after the conflict ends, and the plan reportedly does not include the U.S. as of now.

Traffic in the Strait of Hormuz remains limited despite last week's ceasefire. According to Reuters, Iranian and American leadership will return to Pakistan later this week in order to make a deal. Pakistan officials are reportedly racing to bring the two sides together as fears of an escalation increase with the U.S. blockade of Iranian ports. President Trump has stated that the right people in Iran still want to make a deal. Trump also stated that if any Iranian ships come near the U.S. blockades, the ships will be "eliminated". This rhetoric is something that you do not hear during peace discussions. However, numerous outlets reported that the U.S. and Iran were considering an extension to their ceasefire on Wednesday.

The U.S. blockade of the Strait of Hormuz is aimed at increasing pressure on Iran, which has been exporting millions of barrels of oil since the onset of the conflict through "dark transits" designed to circumvent international sanctions and monitoring. The majority of these shipments have been directed toward Asian markets. These covert oil exports have been a critical source of funding for Iran's wartime operations.

Earlier Wednesday morning, the first monitored tanker successfully transited the Strait of Hormuz since the U.S. initiated its blockade. The vessel, a Malta-flagged crude carrier enroute to Iraq, had been anchored in the Gulf of Oman for two days following the blockade's commencement. This development is viewed as a constructive sign for advancing peace negotiations and easing tensions in global energy markets.

The price of oil has surged this year. The conflict in Iran decreased the global oil supply by 10.1 million barrels per day to 97 million barrels per day in March, according to the IEA. In U.S. news, crude inventories fell for the first time in eight weeks this week as exports increased and imports declined, according to data from the U.S. Energy Information Administration. Commercial crude stocks declined by 913,000 barrels; analysts surveyed expected stocks to increase. Stock in the Strategic Petroleum Reserves declined by 4.1 million barrels this week. According to the EIA, U.S. oil exports hit a record high as global supply remains heavily constrained.

We think constraints will remain within global energy markets, leading to elevated prices for quite some time. We are more than comfortable sitting on our energy positions even with this heightened market volatility. Many of these names trade at extremely attractive valuations and, at these spot prices, are producing strong cash flows, which we think for the most part will be returned to shareholders.



By-elections cement Canadian majority

Nearly a year after the last federal election in Canada, the Liberal Party has secured a majority government. The Liberal party won three seats on Monday night, securing the first Canadian majority government since 2015 to 2019 under former Prime Minister Justin Trudeau. Liberals will now hold 174 of the 343 seats in the House of Commons, giving Carney more latitude with his political agenda.

Monday's results were no major surprise as the three seats up were vacant in mostly Liberal strongholds. The Carney government has been able to scratch together a very thin majority government through several floor crossings from ministers in other parties. According to reports, the Liberals had targeted up to 10 MPs in order to find their majority. Before these floor crossings, Carney and his government depended on MPs from other parties to pass his legislation.

We will say floor crossings are a controversial topic, as voters, for the most part, vote based on party, not on the individual. Crossing the floor and changing alliances changes the will of select voters. However, right now it is our system and is something Canadians must deal with.

A majority government makes it easier to pass legislation. The majority will allow Carney to pass his agenda at a more rapid pace. It will allow the Carney administration to pursue fiscal, regulatory, investment, and trade policies without having to depend upon fragmented opposition.

The one thing we know true about a majority is that there are no excuses. The Carney government cannot use the conservatives or other parties as an excuse for their performance or progress. Canada will be watching very closely. The Carney government will need to tackle the economy, inflation, health care, and immigration with its majority government. According to a CBC poll, those four topics are the most important issues for Canadians in 2026.

Carney and the Liberals celebrated the majority on Monday night, stating that the Canadian population has entrusted them with their future and trusts their plan moving forward.

The Loonie rose on Tuesday after Monday's election result. The result brings less uncertainty to Canada and perhaps some strength north of the border.

After the majority was confirmed, Carney announced his government would temporarily suspend the federal fuel excise tax on gas and diesel starting next week. The suspension will last until September 7th. Since the conflict began in February, the price of gas in Canada has surged by more than 40 cents a liter

in certain regions. Although a short-term solution, this will help Canadian families tackle rising inflation and economic worries.



More airline news

On Tuesday, a report surfaced that United Airlines floated the idea of a merger with American Airlines. This sent American Airlines shares higher. According to reports, the United CEO has pitched the proposed merger to senior government officials. A combination of the two firms would create the world's largest airline.

While a merger between two of the largest airlines in the U.S. is not impossible, they have been notoriously hard to complete in recent years. Two years ago, a judge blocked the merger between JetBlue and Spirit after the Justice Department sued to prevent it on the basis of antitrust issues. The judge ruled that the merger would negatively impact consumers who rely on Spirit's low fares. In 2023, American and JetBlue also abandoned a potential deal.

Both those deals were rejected by the Biden administration, but regulatory hurdles will remain high and tough to overcome even under Trump – especially if a deal would result in higher prices for consumers. UBS analysts stated that a deal materializing is unlikely due to intense regulatory scrutiny. According to analysts, a deal would lead to many asset disposals by the combined firm, which could present attractive opportunities for competitors like Delta.

Although we do not own airlines, we follow deal-making activity very closely. This proposal is very attractive for M&A activity moving forward across the overall economy. It is also reflective of economic conditions as earnings remain strong for these airlines despite major economic worries. Consumers continue to spend money on travel and experiences where demand remains robust. The consumer backdrop looks uneven rather than uniformly strong. Recent spending data show Americans increased spending on experiences more than on goods, and travel spending remained resilient into early 2026.

Space stocks

One of the hottest companies in the world discussed by consumers and investors over the last few years has been SpaceX. The company is broadly known as the largest non-government-owned space company in the world and is run by Elon Musk. It is also the world's most valuable private company that has seen its valuation meteorically rise. According to recent reports, the firm is currently valued at \$1 trillion and potentially seeking an IPO later this year at a valuation of \$1.5 trillion (these are reports, not our opinions).



Source: Reuters, Steve Nesius

The rise of SpaceX and the potential for the space industry have led many new entrants into the niche sector over the last few years. We have followed a number of names in space, but have yet to pull the trigger on one company. Our investors also already have exposure to the space industry through a secondaries fund that owns SpaceX. Our investors have exposure to this private equity secondaries fund through our Alternative Asset Trust, which invests in various private market assets. The fund is in its 16th year and has delivered decent-risk-adjusted returns to our investors.

Back to space. The SpaceX buzz has led to a rapid increase in the stock prices of publicly listed space stocks. Amongst these companies is Globalstar, an American satellite company. The firm's shares have more than tripled in value over the last 12 months, driven by an Apple investment and a sale speculation (the agreement with Apple includes up to \$1.5 billion in investment). That speculation all came to fruition on Tuesday when Amazon announced it had acquired the firm at an \$11.57 billion valuation. Globalstar shareholders can elect to receive cash or Amazon shares with a value capped at \$90 per share. The cash offer is limited to a maximum of 40% of Globalstar shares.

Amazon's purchase of Globalstar bolsters its satellite business as it tries to play catch-up with SpaceX. Amazon plans to deploy its own direct-to-device satellite system beginning in 2028, allowing it to deliver voice, data, and messaging services to mobile phones and other cellular devices. Amazon plans to launch Amazon Leo, a space-based Wi-Fi service with over 3,000 satellites by the end of the decade (Amazon currently operates 200 satellites, and Globalstar operates about two dozen). Amazon stated that Globalstar's existing satellite fleet and new satellites with expanded capabilities will operate alongside the Amazon broadband system when announcing this deal.

Globalstar currently powers satellite-based safety features like Emergency SOS and Find My for Apple. Amazon stated that it had signed a deal with Apple after its acquisition announcement to continue this agreement.

Canaccord Genuity's equity research director noted the consolidation that we have already seen in the space and satellite sectors as companies rush to catch up to SpaceX. The director stated that he expects this trend to continue.



The acquisition is expected to close next year, subject to regulatory approvals and achievement of specific deployment milestones by Globalstar. The deal will require approval from the FCC, which is expected to be granted after the FCC chair stated in an interview on CNBC that the FCC was "very open-minded" to Amazon's acquisition of Globalstar.

On the space theme, Global X launched a new ETF this week covering the industry, which will hold 28 companies. The announcement comes as investor demand for space-themed assets has increased and a SpaceX IPO is looming.

Wall Street reports

This week, most of Wall Street reported earnings, with Goldman delivering results on Monday, JPMorgan Chase, Wells Fargo, Citigroup, and BlackRock delivering on Tuesday, Bank of America, Morgan Stanley, and a few insurance providers delivering on Wednesday, and a few other insurance providers and large regional banks delivering their first quarter earnings on Thursday and Friday. To put it simply, it was a big week for investors, especially those with financial exposure in the U.S.

On a top-line basis, the banks reported strong figures as profit and revenue increased year over year (profit for JPMorgan jumped 13% YoY, Citigroup's 42%, Bank of America 23%, Morgan Stanley 32%, and Wells Fargo by 15%). Shares for most of the banks moved higher this week, driven by their strong figures. The strong figures show consumer reliance even as economic pressures mount. Most of the bank's CEOs commented on consumer resilience in recent quarters on their earnings calls as a driver of earnings expansion.

Investment banking and asset management units have driven a large portion of these earnings increases. Morgan Stanley's investment banking and asset management units both delivered record net revenue. JPMorgan's investment banking revenue jumped 38% YoY, Goldman Sachs jumped 48%, Citigroup's increased 19%, and Wells Fargo jumped 68%. Investment banking units have performed well recently despite market volatility. This increase in revenue has not been driven by IPOs, though, as according to Renaissance Capital, there were only 35 IPOs in Q1 compared to 53 last year. Wells Fargo CEO stated that investment banking revenue has been strong and is expected to increase further due to the "delay" in IPO activity, which is expected to progress later this year. Bank of America's wealth unit reported asset flows of \$20 billion during the quarter, and Morgan Stanley's unit brought in \$118.4 billion. Both firms saw their assets under management grow YoY despite elevated market volatility.

Trading revenue also increased during the quarter for Wall Street as traders capitalized on market volatility stemming from the Iran conflict. JPMorgan's markets revenue jumped 20% YoY, Citigroup and Wells Fargo saw their numbers jump by 19%, and Goldman saw their revenue increase by 59% to a

record level. Bank of America's equity sales and trading revenue totaled \$2.8 billion, a record, surging nearly 30% YoY, driven by heightened client activity.



Wells Fargo shares seemed to be the outlier on Wall Street as shares pulled back by 5% on Tuesday after the company released its earnings. The company missed net interest income estimates and raised its provision for credit losses. Wells Fargo was the only major financial institution that missed FactSet consensus revenue estimates. Wells Fargo also reported a 7% decrease in headcount YoY as the firm looks to slash costs. Most of the firm's guidance did not change despite some slight misses.

On the private credit front, Wall Street banks reported more than \$100 billion in private credit exposure, including Bank of America's \$20 billion, Wells Fargo \$36.2 billion, Citigroup \$22 billion, and JPMorgan's over \$50 billion. For the most part, the banks stated they were not worried about their exposure and are monitoring the situation in private credit closely.

What We Are Looking At Next Week

Markets enter the week of April 20th in a precarious position, having staged a sharp two-week rally that has pushed the S&P 500 back toward all-time highs, driven largely by optimism around a potential resolution to the Iran conflict. The speed of the move suggests positioning has shifted from fear to relief, with investors effectively pricing in a benign outcome—namely, that the war does not escalate, and that energy shocks remain contained. That assumption is fragile. The reality is that the conflict has already introduced material macro risk—higher oil prices, renewed inflation pressure, and slower global growth projections—and yet equities have largely looked through it, reflecting a market that is trading on narrative resolution rather than confirmed improvement.

Into next week, the focus will be less on backward-looking data and more on whether that optimistic narrative holds. Ongoing negotiations between the U.S. and Iran—particularly with a ceasefire deadline around April 21—will be the dominant driver, as markets react in real time to any signs of escalation or de-escalation. At the same time, investors will monitor Fed commentary and incoming economic signals for confirmation that inflation pressures, particularly those tied to energy, are not re-accelerating. The key dynamic is simple: markets are priced for stability, not deterioration. Any disruption—whether through a breakdown in talks, renewed oil volatility, or signs that the war's economic effects are broadening—has the potential to challenge a rally that, at current valuations, leaves little margin for error.

April 17, 2026

MacNicol & Associates Asset Management