

## Powells Coda: Dissension In The Ranks

Presuming Kevin Warsh's nomination as Fed Chair is approved by the Senate, as is widely expected, yesterday's FOMC meeting was Jerome Powell's last as its Chair. However, he will stay on as a voting Governor. As he explains: *Things that happened in the last 3 months left me no choice but to see them through at least that long.*" His personal forecasts and opinions on future monetary policy were less important than they were at prior meetings. But the FOMC meeting statement, which represents the views of the voting members, was very telling.

As seen at the end of the statement, in the graphic below, there were four dissenting votes, the most since 1992. Stephen Miran voted to cut rates by 0.25%, as he has in the last few meetings. More interestingly, three voters, Beth Hammack, Neel Kashkari, and Lori Logan, agreed with no change to the Fed Funds rate but dissented on the vote because they did not support what they viewed as an easing bias in the statement. They took offense at the following sentence:

*The Committee is attentive to the risks to both sides of its dual mandate.*

Given that the three dissenters have recently voiced inflationary concerns, their dissents represent a new hawkish bias toward potentially raising rates. With Powell lingering at the Fed and the three hawkish dissents, Warsh will have trouble forming a consensus to cut rates. To wit, the Fed Funds futures markets now price in a 88% chance the Fed doesn't change rates by the end of January 2027 and a slight 12% chance of a rate hike. Given the widely differing opinions of FOMC voting members, Fed meetings are likely to become less predictable, which may lead to more volatility in the stock and bond markets. That said, a resolution of the Iranian conflict and lower oil prices could bring a consensus back to the Fed.

For release at 2:00 p.m. EDT ~~April 29~~~~March 18~~, 2026

~~Recent~~~~Available~~ indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, on average, and the unemployment rate has been little changed in recent months. Inflation ~~is~~~~remains somewhat~~ elevated, in part reflecting the recent increase in global energy prices.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. Developments in the Middle East are contributing to a high level of uncertainty~~Uncertainty~~ about the economic outlook, ~~remains elevated. The implications of developments in the Middle East for the U.S. economy are uncertain.~~ The Committee is attentive to the risks to both sides of its dual mandate.

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 3-1/2 to 3-3/4 percent. In considering the extent and timing of additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.

In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Michael S. Barr; Michelle W. Bowman; Lisa D. Cook; ~~Beth M. Hammack~~; Philip N. Jefferson; ~~Neel Kashkari~~; ~~Lorie K. Logan~~; Anna Paulson; and Christopher J. Waller. Voting against this action ~~werewas~~ Stephen I. Miran, who preferred to lower the target range for the federal funds rate by 1/4 percentage point at this meeting; and Beth M. Hammack, Neel Kashkari, and Lorie K. Logan, who supported maintaining the target range for the federal funds rate but did not support inclusion of an easing bias in the statement at this time. -

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## What To Watch Today

### Earnings

Thursday Apr 30		EPS	Consensus	Previous	Revenue	Consensus	Previous	MarketCap	Fiscal	Time	
🇺🇸	Apple AAPL:US		1.95	1.65		108.9B	95.36B	\$3.9T	Q2	PM	★
🇺🇸	Eli Lilly LLY:US		7.25	3.34		17.61B	12.73B	\$1T	Q1	AM	★
🇺🇸	Mastercard MA:US		4.4	3.73		8.25B	7.3B	\$507.24B	Q1	AM	★
🇺🇸	Caterpillar CAT:US		4.54	4.25		16.29B	14.25B	\$321.18B	Q1	AM	★
🇺🇸	Merck MRK:US		-1.55	2.22		15.9B	15.53B	\$297.33B	Q1	AM	★
🇺🇸	Amgen AMGN:US		4.79	4.90		8.61B	8.15B	\$202.29B	Q1	PM	★
🇺🇸	ConocoPhillips COP:US		1.23	2.09		14.21B	16.09B	\$135.8B	Q1	AM	★
🇺🇸	Stryker SYK:US		3	2.84		6.36B	5.9B	\$134.8B	Q1	PM	★
🇺🇸	Bristol-Myers Squibb BMY:U		1.45	1.80		10.85B	11.2B	\$124.53B	Q1	AM	★
🇺🇸	Parker-Hannifin PH:US		7.83	6.94		5.4B	4.96B	\$121.78B	Q3	AM	★
🇺🇸	Altria MO:US		1.25	1.23		4.57B	5.26B	\$107.28B	Q1	AM	★
🇺🇸	Southern SO:US		1.23	1.23		8.25B	7.78B	\$103.68B	Q1	AM	★
🇺🇸	Royal Caribbean Cruises R		3.21	2.71		4.45B	4B	\$98.5B	Q1	AM	★
🇺🇸	Intercontinental Exchange		1.93	1.72		2.67B	2.47B	\$96.4B	Q1	AM	★
🇺🇸	Western Digital WDC:US		2.34	1.36		3.21B	2.29B	\$90.81B	Q3	PM	★
🇺🇸	Monster Beverage MNST:US		0.53	0.45		2.16B	1.85B	\$90.18B	Q1	PM	★
🇺🇸	Illinois Tool Works ITW:US		2.57	2.38		4.01B	3.84B	\$87.22B	Q1	AM	★
🇺🇸	Cigna CI:US		7.61	6.74		66.89B	65.5B	\$81.16B	Q1	AM	★
🇺🇸	Quanta Services PQ:US		2.16	1.78		7.04B	6.23B	\$80.74B	Q1	AM	★
🇺🇸	L3Harris Technologies LHX:		2.55	2.41		5.39B	5.13B	\$67.68B	Q1	AM	★
🇺🇸	Arthur J. Gallagher AJG:US		4.43	3.67		4.77B	3.68B	\$62.74B	Q1	PM	★
🇺🇸	Air Products & Chemicals		3.05	2.69		3.06B	2.92B	\$59.71B	Q2	AM	★
🇺🇸	Valero Energy VLO:US		2.34	-1.90		28.85B	30.26B	\$59.21B	Q1	AM	★
🇺🇸	Carrier Global CARR:US		0.52	0.65		4.98B	5.22B	\$56.62B	Q1	AM	★
🇺🇸	Monolithic Power Systems		4.89	4.04		737.97M	637.6M	\$56.39B	Q1	PM	★
🇺🇸	Cardinal Health CAH:US		2.78	2.35		62.15B	54.9B	\$54.98B	Q3	AM	★
🇺🇸	Ametek AME:US		1.9	1.75		1.91B	1.73B	\$52.95B	Q1	AM	★
🇺🇸	AIG AIG:US		1.93	1.17		7.02B	6.8B	\$46.73B	Q1	PM	★
🇺🇸	Roblox RBLX:US		-0.39	-0.32		1.74B	1.21B	\$46.29B	Q1	PM	★
🇺🇸	Hershey HSY:US		2.04	2.09		3.02B	2.81B	\$45.82B	Q1	AM	★
🇺🇸	Xcel Energy XEL:US		0.95	0.84		4.16B	3.91B	\$42.11B	Q1	AM	★
🇺🇸	Martin Marietta Materials M		2.35	1.90		1.33B	1.35B	\$40.85B	Q1	AM	★
🇺🇸	Alnylam Pharmaceuticals .		0.99	-0.01		1.16B	594.19M	\$39.74B	Q1	AM	★
🇺🇸	ResMed RMD:US		2.82	2.37		1.42B	1.3B	\$37.89B	Q3	PM	★
🇺🇸	Block SQ:US		0.672	5727384000.0000		6.24B	5727384000.0000	\$35.61B	Q1		★
🇺🇸	Iron Mountain IRM:US		0.52	0.43		1.86B	1.6B	\$30.98B	Q1	AM	★
🇺🇸	DTE Energy DTE:US		2.08	2.14		4.69B	3.37B	\$30.24B	Q1	AM	★
🇺🇸	Cheniere Partners COP:US		1.1	1.08		2.71B	2.99B	\$29.41B	Q1	PM	★
🇺🇸	LPL Financial LPLA:US		5.81	5.15		4.93B	3.67B	\$27.09B	Q1	PM	★

## Economy

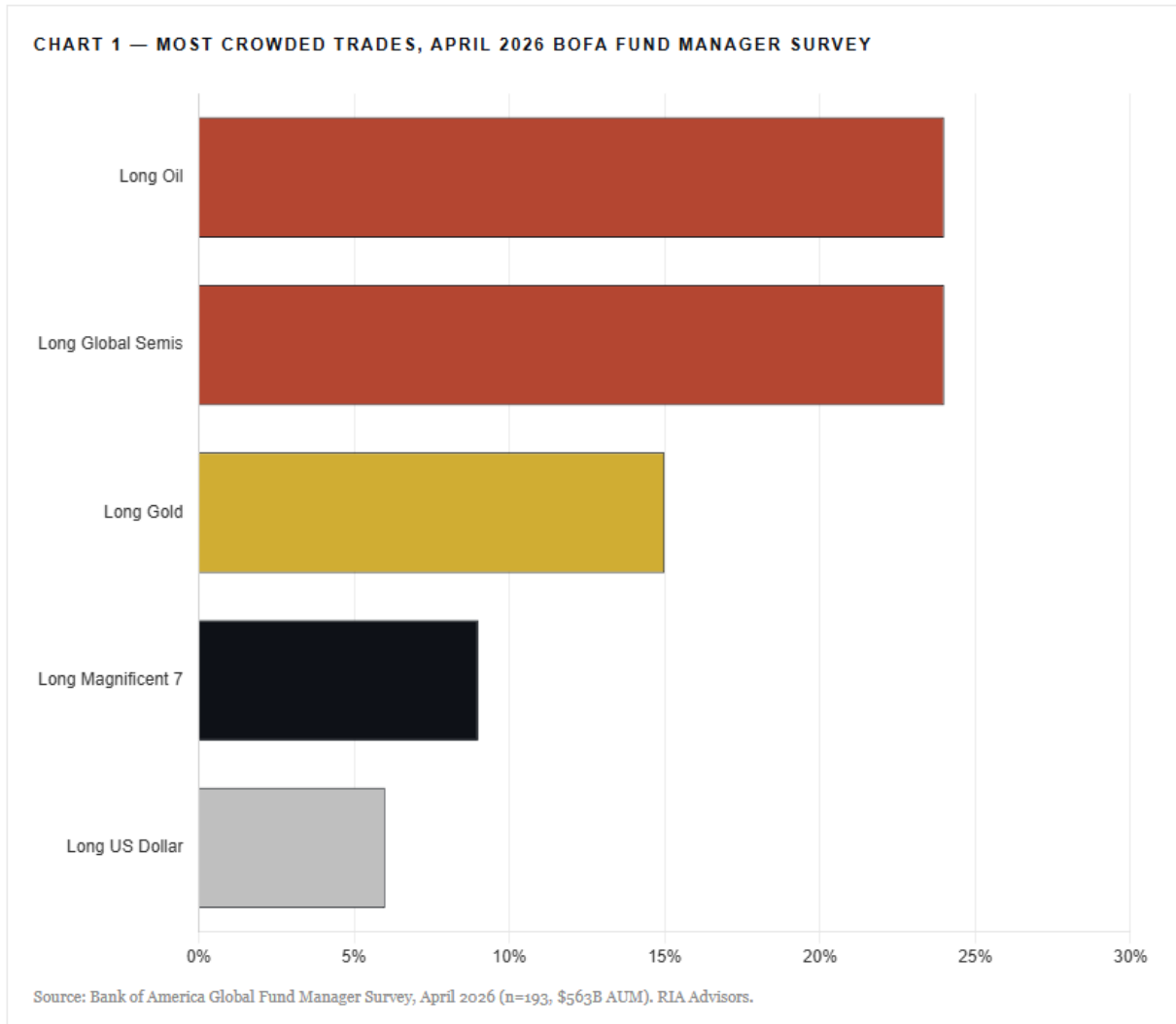
Thursday April 30 2026		Actual	Previous	Consensus	Forecast	
07:30 AM	🇺🇸 US	Core PCE Price Index MoM MAR		0.4%	0.3%	■ ■ ■
07:30 AM	🇺🇸 US	GDP Growth Rate QoQ Adv Q1		0.5%	1.5%	■ ■
07:30 AM	🇺🇸 US	Personal Income MoM MAR		-0.1%	0.4%	■ ■ ■
07:30 AM	🇺🇸 US	Personal Spending MoM MAR		0.4%	0.4%	■ ■ ■
07:30 AM	🇺🇸 US	Employment Cost - Benefits QoQ Q1		0.7%	0.4%	■ ■ ■
07:30 AM	🇺🇸 US	Employment Cost - Wages QoQ Q1		0.7%	0.5%	■ ■ ■
07:30 AM	🇺🇸 US	Employment Cost Index QoQ Q1		0.7%	0.5%	■ ■ ■
07:30 AM	🇺🇸 US	GDP Price Index QoQ Adv Q1		3.7%	3.4%	
07:30 AM	🇺🇸 US	Initial Jobless Claims APR/25			219.0K	
07:30 AM	🇺🇸 US	PCE Price Index MoM MAR		0.4%	0.6%	■ ■ ■
07:30 AM	🇺🇸 US	PCE Price Index YoY MAR		2.8%	3.3%	■ ■ ■
08:45 AM	🇺🇸 US	Chicago PMI APR		52.8	51	■ ■ ■

## Market Trading Update

**Yesterday**, we discussed the preview of last night's earnings bonanza and Powell's last Fed meeting (*noted above*). Tonight, we will continue the earnings parade with Apple (AAPL), Ely Lilly (LLY), and Caterpillar (CAT), among many others. However, the most dangerous place in any market is wherever the crowd has agreed to stand. When positioning gets one-sided, the unwinds are violent and unforgiving. Silver's collapse last fall is the cleanest recent example. The setup looked unstoppable, until it didn't.

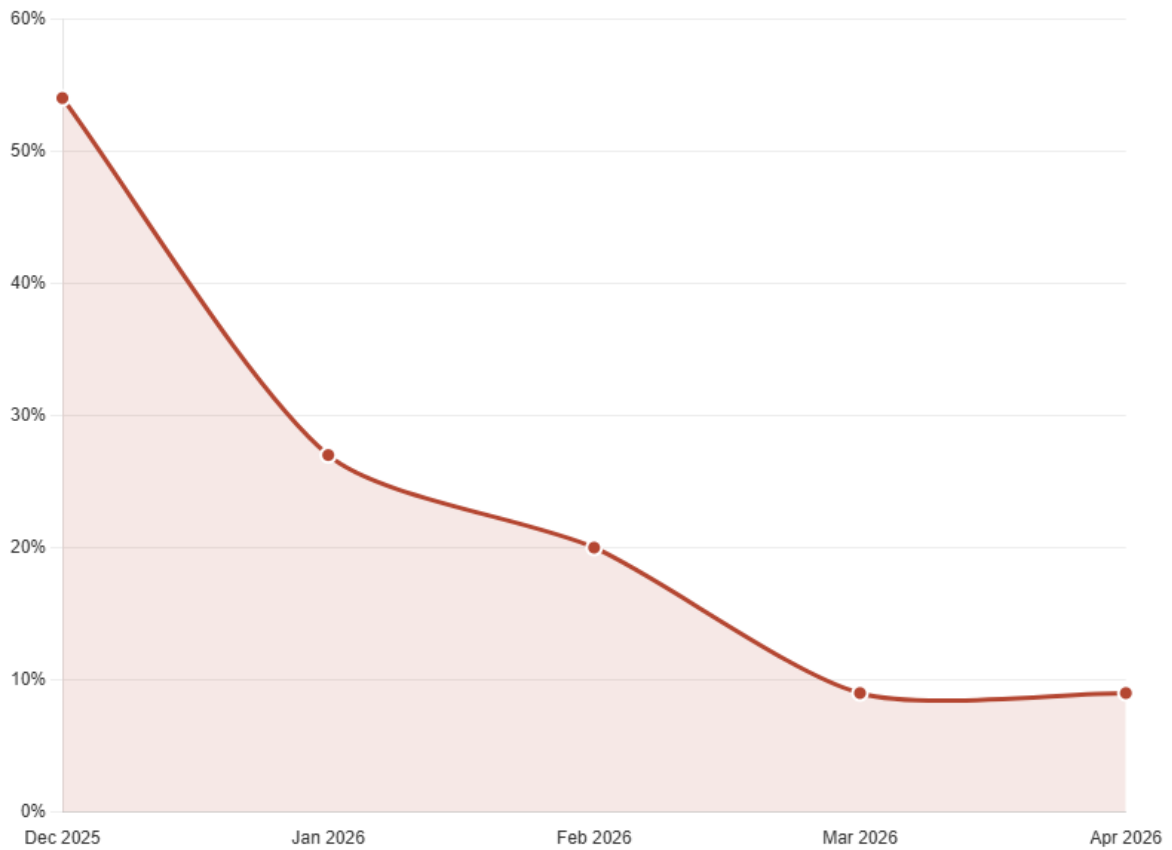
The April Bank of America Global Fund Manager Survey, drawn from 193 managers running \$563 billion, gives us the cleanest read on where consensus has piled in. *?Long oil?* and *?long global*

semiconductors? now share the top spot as the most crowded trades, each cited by 24% of respondents. ?Long gold,? which dominated this list for most of 2025, has slipped to 15%. ?Long Magnificent 7,? once the consensus trade with 54% of managers crowded into it back in December, has collapsed to just 9%.



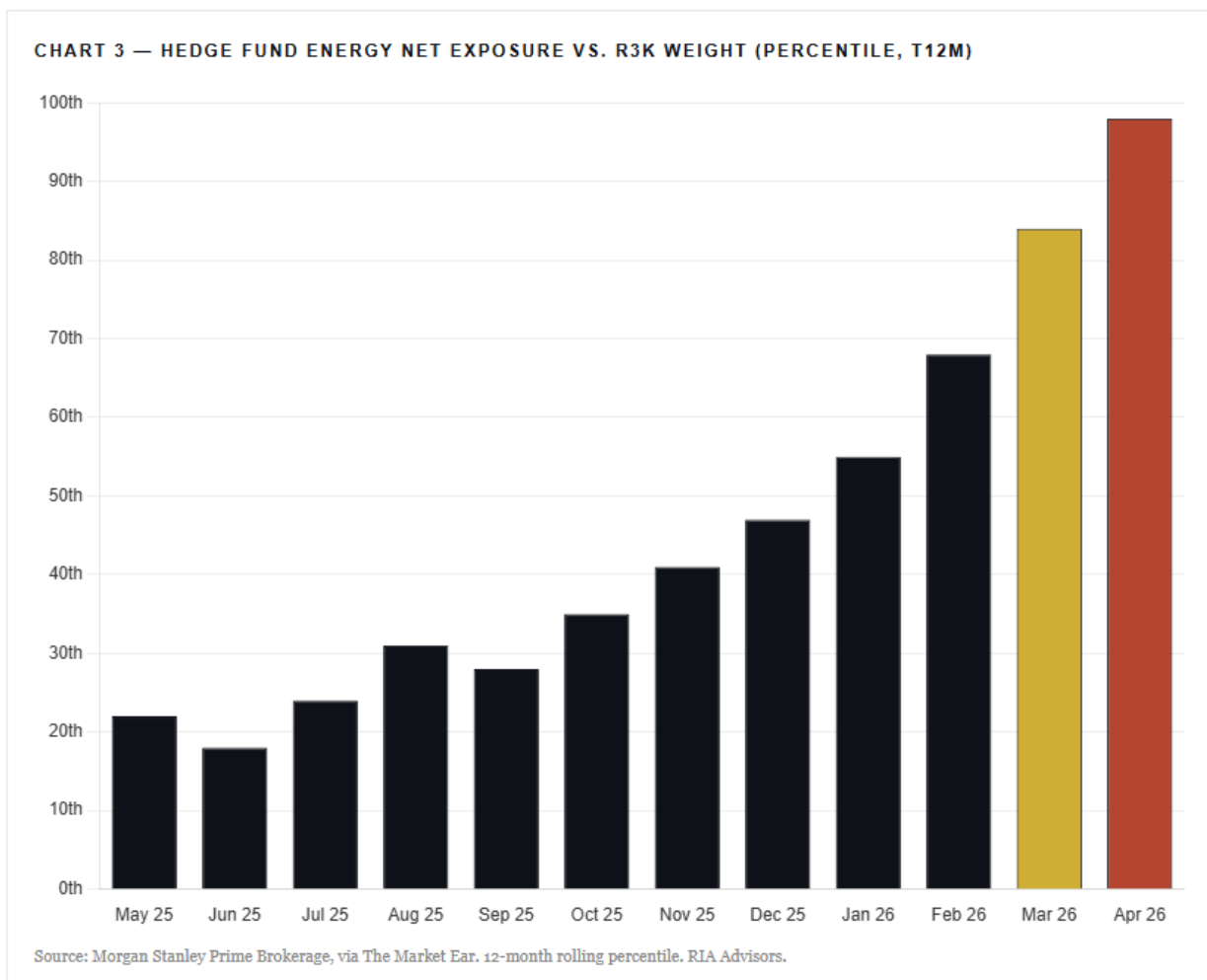
That last shift is the real story under the surface. The trade everyone was selling each other on six months ago is barely on the radar today. Capital didn't disappear. It rotated into oil and semiconductors, leaving big technology names in its wake.

CHART 2 — THE MAGNIFICENT 7 CROWDING COLLAPSE (% CITING AS MOST CROWDED)



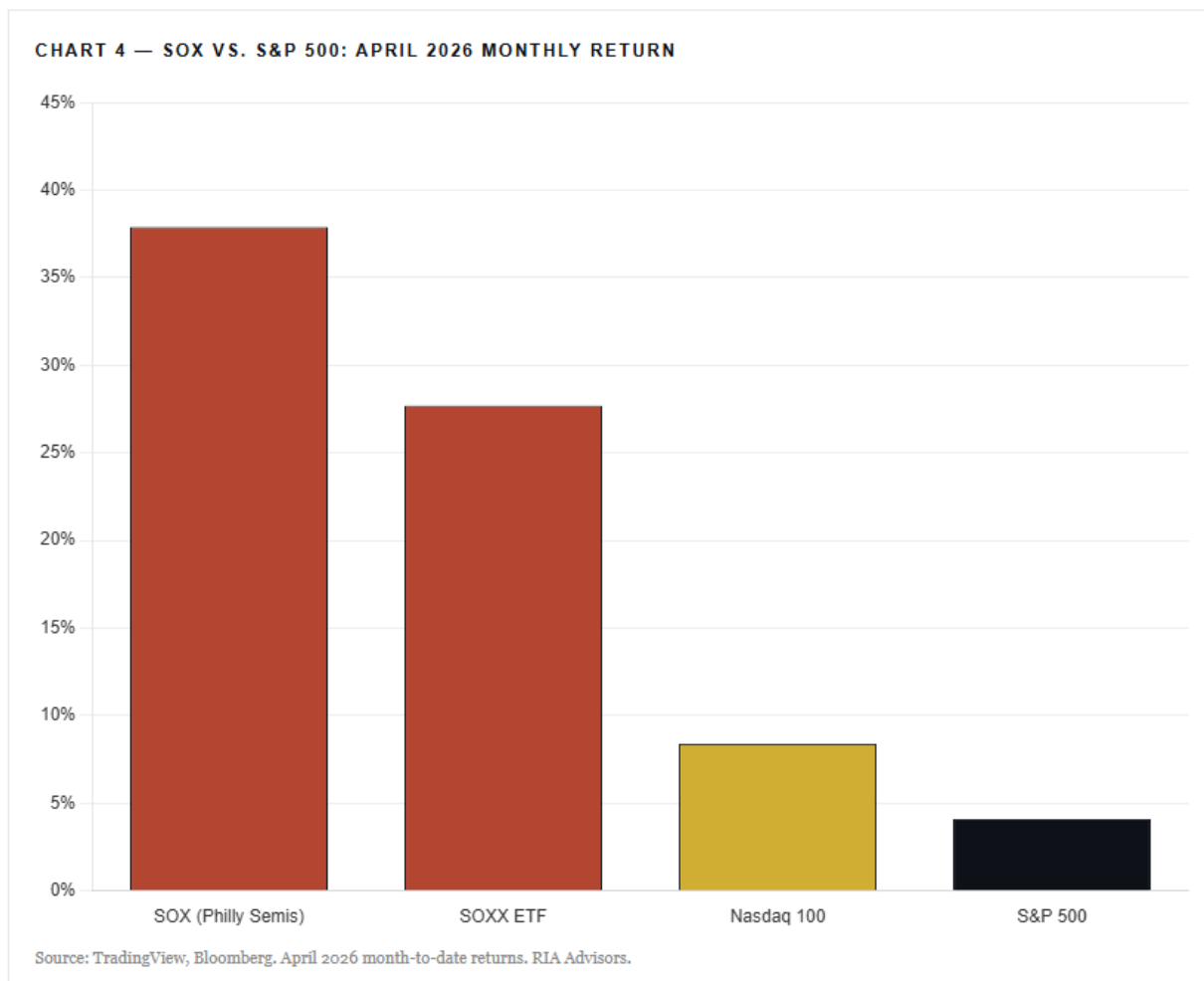
Source: BofA Global Fund Manager Survey, monthly readings Dec 2025 – Apr 2026. RIA Advisors.

The hedge fund positioning data confirms the rotation. Morgan Stanley's prime brokerage data shows that hedge funds have aggressively bought Energy over the last two weeks. Net exposure to the sector is at twelve-month highs, with funds the most overweight Energy relative to its Russell 3000 weight in any month over the past year. That reading sits in the 98th percentile.



Here's the problem with all this. Oil is not gold, and gold is a passive store of value and a sentiment hedge. Furthermore, oil sits at the heart of the inflation and growth transmission channel and a 10% move in crude doesn't wash out. It shows up in CPI prints, gasoline retail data, and earnings guidance for half the consumer-facing economy. Crowding into oil right as it becomes the consensus geopolitical hedge is the opposite of a hedge. It's a leveraged macro bet wearing a defensive costume.

Semiconductors carry the same risk in a different jacket, and the moves of the past month make caution explicit. The Philadelphia Semiconductor Index (SOX) has logged 18 straight green sessions, the longest winning streak in its 32-year history. SOX is up roughly 38% in the past month and 148% over twelve months, hitting a record 10,564 on April 24th. The iShares Semiconductor ETF (SOXX) gained 27.7% in April, its largest monthly return since BlackRock launched the fund in July 2001.



The flow data confirms the chase. SOXX pulled in \$2.05 billion in April alone, more than double its previous monthly record. The VanEck Semiconductor ETF (SMH) absorbed another \$3.4 billion. Combined, the two funds raised \$5.45 billion in a single month, a record for the category. Names below the megacap line have gone vertical: Astera Labs +79%, Marvell +53%, Intel +51%, all in April alone. The AI capex story is real. The earnings are there. But when retail sentiment for SOXX screens *extremely bullish* on every monitoring tool while Michael Burry quietly loads \$330 puts on the same fund, the setup for a violent mean reversion is textbook. **The trade is no longer asymmetric. It's late.**

So, where is the next trade? The most likely answer is the trade everyone just left. The Magnificent 7 still owns the earnings story. FactSet's bottom-up estimates put 2026 Mag 7 earnings growth at 22.8%, compared with 12.1% for the other 493 names in the S&P 500. Forward quarters run even wider, with Mag 7 EPS growth accelerating from 14.9% in Q4 2025 to 19.7% by Q3 2026.

That fundamental gap is the gravitational pull. When only 9% of managers cite the group as crowded, when relative valuations have compressed against the broader index, and when the earnings engine still runs more than two times the rest of the market, the rotation back becomes a question of timing rather than direction. Money chases earnings growth eventually. The unwinds now building in oil and semiconductors will provide the cash. The earnings will pull it home. The crowd is rarely wrong about direction. It's almost always wrong about timing.

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## Revisiting Hedges

The end date on the graph below is early April. We look back in time to show what the market looked like when we added hedges to our core portfolios. Going into the hedging decision, the S&P 500 had traded below its 200-day moving average for almost two weeks. Further, prior to adding the hedges, it had rallied back to the 200-day moving average. As the graph highlights, amid tariff concerns in April 2025, the market behaved similarly, with the price rejecting the 200-day moving average and falling sharply. Our concern was a similar rejection of the key moving average, followed by a replay of that event. Furthermore, amid the ongoing conflict in Iran, there were geopolitical concerns and oil-related economic risks to consider. A cease-fire was agreed upon days later, and the market zoomed to record highs. We removed the hedges right after the agreement was announced, when the S&P 500 was trading decently above its 200-day moving average.

Looking back at the hedge trades can be instructive.

- *The hedges were relatively small, thus not nearly enough to shield our portfolios from losses or inhibit gains. We certainly had lots of room to sell or add more hedges if needed.*
- *Our concern was broad-based selling, or systematic risk, not losses due to the idiosyncratic, or company-specific risk of any of our holdings. Thus, the hedges allowed us to reduce risk on the margin and keep our portfolio intact.*
- *The hedges were not put on in anticipation of a full-blown bear market, but were intended to shield our portfolios from geopolitical volatility.*
- *We are better off that the hedges didn't work. Yes, we took a slight loss on the hedges, but our portfolios fully participated in the upside over the last few weeks.*



## BDCs: Not All Yield Is Created Equal

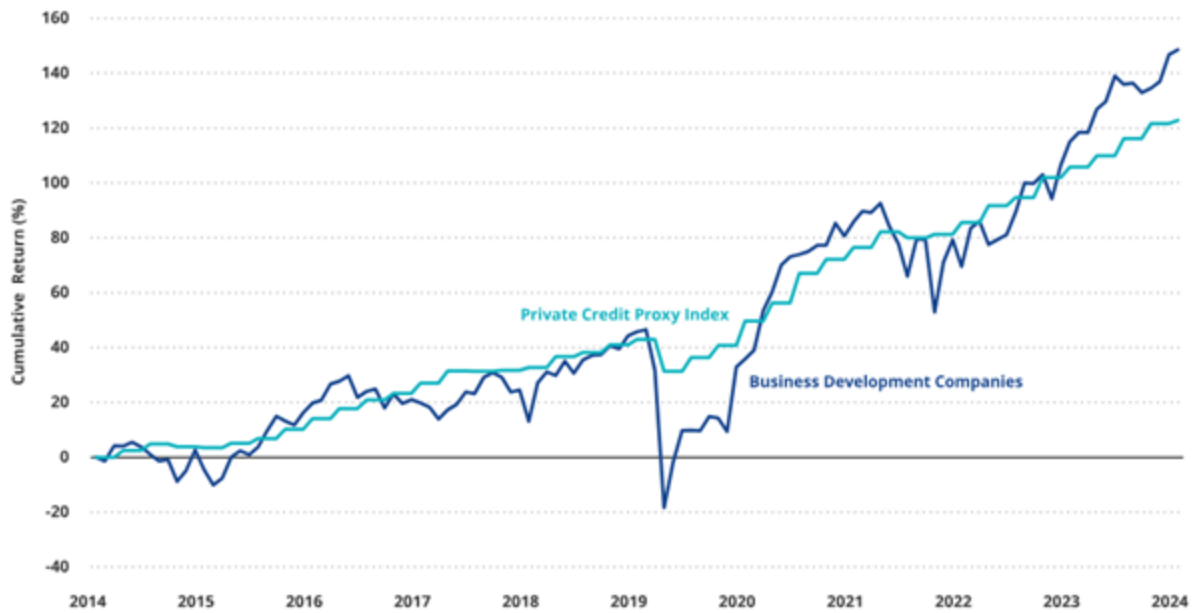
Gated funds, collateral fraud, and auto-sector defaults are giving investors in private credit funds and their stock-market equivalents, business development corporations (BDCs), a headache.

We have discussed the recent woes of private credit funds ([HERE](#), [HERE](#), [HERE](#)), yet we haven't addressed BDCs. The similarities and differences between private credit funds and BDCs are important. For instance, the bad press about the widespread gating of private credit funds. While BDCs own similar assets, they trade on a stock exchange. Thus, investors who want to sell don't have to rely on a fund manager's whim; they can sell their shares in seconds.

The poor sentiment toward private credit funds has dragged down many high-quality BDCs, as well as weaker ones. The chaos and bad press surrounding private credit funds are not reasons to avoid BDCs. In fact, we think it's a reason to consider it.

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### Long Term BDC Performance in Line with Private Credit Market | 2014-2024



Source: Morningstar Direct. As of 12/31/2024. US Business Development Companies represented by the VanEck BDC Income ETF. Private Credit Proxy Index represented by the PitchBook Private Debt All US Index. The performance data quoted represents past performance. Past performance is not a guarantee of future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance may be lower or higher than performance data quoted. Please call 800.826.2333 or visit [vaneck.com](http://vaneck.com) for performance current to the most recent month ended.

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## Tweet of the Day



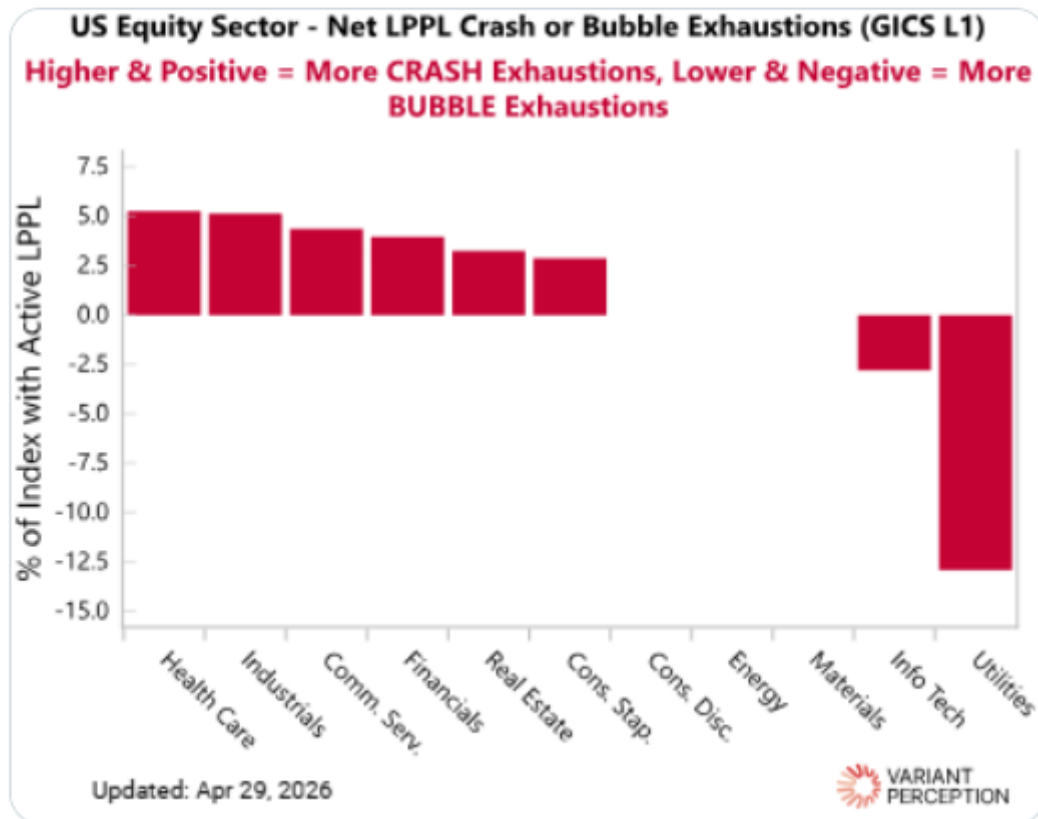
**Variant Perception** ✓ @VrntPerception · 1h



The bubble isn't where you think it is.

Despite the semi/dot com bubble headlines, we aren't seeing that many LPPL exhaustion signals in Information Technology yet. The latest data actually shows active funds are still underweight tech.

Instead, Utilities are flashing the most aggressive bubble exhaustion signals at present. This looks similar to the LPPL setups in Consumer Staples and Materials back in February—right before they rolled over.



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