

May 5, 2026

Dow Jones	S&P 500	NASDAQ	Russell 2000	10 yr Treas	Bitcoin	Gold	Crude Oil
49,295	7,261	25,326	2,845	4.42%	80,998	\$4,656	\$100.84

## ***Investment Strategy Report***

### ***Stocks Surge In April For The Best Month Since 2020***

Yes, we are still in the midst of a conflict in the Middle East and yes, energy prices are still painfully high. Yet, the stock market has been on a tear like we haven't seen since the early months of Covid. And therein lies a lesson for investors trying to navigate the financial markets during uncertain times: Don't rely on your gut instincts and feelings of dread, whether it is during a pandemic or a military conflict. Instead, seek out the fundamentals and technicals of the market to determine your strategy. For those investors who succumbed to their anxiety surrounding the current geopolitical situation, the gains that they missed out on were enormous. For the month of April, the major indexes were up 7.1% for the Dow, 10.4% for the S&P 500, 12.2% for the small cap Russell 2000, and 15.3% for the big winner for the month, the growth-oriented Nasdaq.

Many investors are asking themselves, how is this possible? How can the stock market be surging higher when there seems to be so many problems here in our country and in the Middle East. But as I tried to convey to you in last month's letter and in my emails to you, selling stocks when you have a knot in your stomach and prices are falling is rarely the best strategy. It was not an easy call when on April 1<sup>st</sup> I cited the article entitled "When Oil Spikes, Buy Stocks". But as you can see, that strategy has thus far proved very profitable. And following the advice of Tom Lee who said that stock markets bottom during conflicts and that "Waiting until the war's end will be too late", proved to be very prescient.

As stocks climbed higher during April, the positive momentum began to build on itself as more investors began to climb aboard the bull. On April 7<sup>th</sup>, Jay Kaeppel of Sentimentrader.com pointed out that investor bearishness had gotten overdone, as indicated by an elevated put/call ratio. "We are reminded that previous peaks in overly bearish sentiment have often been followed by much better market performance in the months ahead". On 4/17 Ryan Detrick of the Carson Group observed that the stock market had just completed its third week of plus 3% performance. This was only the 3<sup>rd</sup> time this has happened since 1982. The other 2 times, after the market low of 1982 and the after the Covid low, the market rallied 30%. Ryan again appeared on CNBC on May 1<sup>st</sup> and stated that this was the second best April ever for the S&P 500. "After the 10 best Aprils for the S&P 500, May has been higher 9 of those 10 times. And the rest of the year, the S&P was up on average 12%, more than double the average return". He added that this is not the time to "sell in May and go away". He continued on May 4<sup>th</sup> to say that whenever the market is up 5% going into May, as it was this time, the market is up the rest of the year 23 of 25 times.

An important component of Ryan's analysis was that despite the recent surge in stock prices, optimism was not too high, i.e., investors have not gotten too complacent. A recent Gallup poll showed that 80% of Americans say that the economy is fair to weak. And in Barron's Big Money Poll, strategists on average were calling for the market to be lower the rest of the year. Ryan also brought up a key point, that S&P 500 earnings for the first quarter were up 27% over the same period last year. Strong fundamentals are supporting this market move higher.

Brett Eversole of Stansberry Research on April 15<sup>th</sup> wrote about how high levels of pessimism can contribute to the "Wall of Worry" to keep stocks moving higher. He stated that "consumer sentiment has cratered to a new all-time low", as "the Univ. of Michigan Consumer Sentiment Index fell to 47.6 – the lowest level in history". "The good news? This kind of sentiment low has always been a sign to buy stocks." Historically, stocks are up 23.9% a year later. Brett also pointed out (4/22) that the market momentum has been quite historic. In particular, the tech heavy Nasdaq 100 index has been on an extraordinary run. "The index rallied for 13 straight days, one of its longest stretches ever. And according to history, that means a 26% rally is possible over the next year". "Energy prices are still dramatically higher than they were before the fighting began. If that worries you, rest assured...It isn't worrying the market." He concludes with "You might not think of consecutive winning days as a signal to buy. But this is just another way to see that the trend is in our favor. And we know that when stocks are rising, they tend to keep rising". *Jeff Feldman*