NATIXIS INVESTMENT MANAGERS | SOLUTIONS

MACRO COMMENTARY | April 2026

Charts and Smarts®

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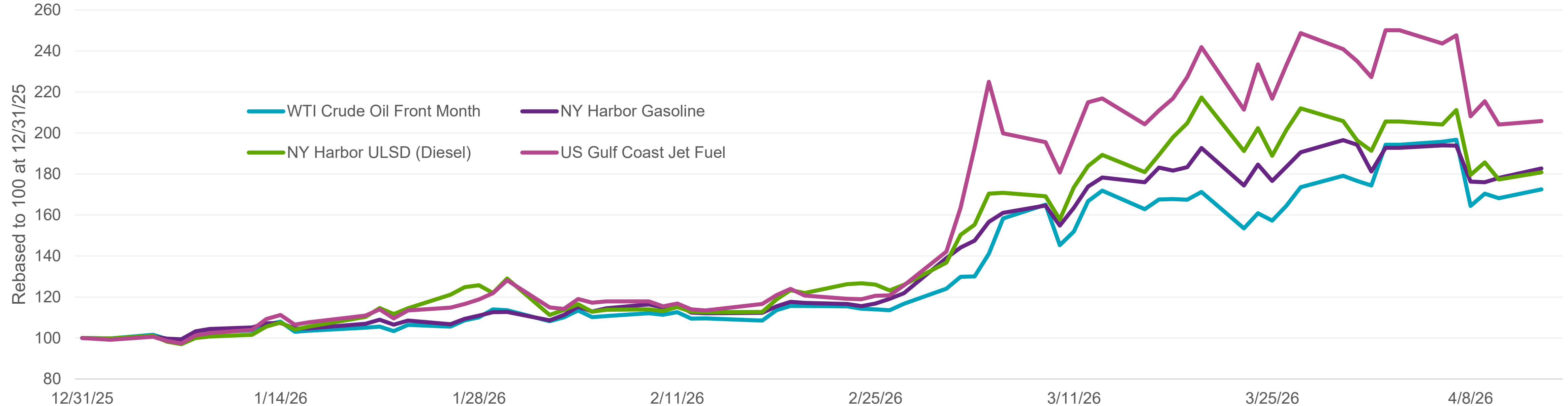
Refined Products (12/31/25–4/13/26)



The headlines having been coming fast and furious over the past few months, and while the market's faith in TACO (Trump Always Chickens Out) has been restored courtesy of the ceasefire announcement, the core issue persists: oil is not freely flowing through the Strait of Hormuz. While any nascent ceasefire is tenuous in the early stages as claims of breaches emanate from all parties involved, markets are clearly looking through short-term frictions to reopen the Strait and viewing any drag from physical disruptions and elevated energy prices as a manageable drag. While markets are likely to be vindicated in their view that the growth drag is manageable for an economy that is far less energy intensive and proven its resilience in the face of shocks time and again, the longer oil flows remain choked, the greater those effects grow. So far, the bulk of the pressure in energy commodities has been felt in the spot market, particularly for middle distillates such as gas, diesel, and jet fuel. Markets are all about probability distributions. The ceasefire and growing pressure for both parties to find and offramp means that the probability of a material escalation has been compressed, effectively clipping the left tail. Combine that with oversold conditions, light positioning, and waning bullish sentiment and you have all you need to fuel a relief rally. But the left tail hasn't been completely severed as it was in the wake of last year's post-Liberation day TACO. Each day the Strait remains closed the physical deficit continues to grow by over 10 million barrels per day, placing renewed upward pressure on energy prices and increasing the magnitude of the potential economic fallout. Given the magnitude of the retracement in markets and the clipping of the left tail, it looks likely the lows are in, but with the economic toll continuing to grow day by day and headline risks persisting, the asymmetry in markets doesn't support pressing longs at the moment.

Source: Portfolio Analysis & Consulting. Bloomberg.

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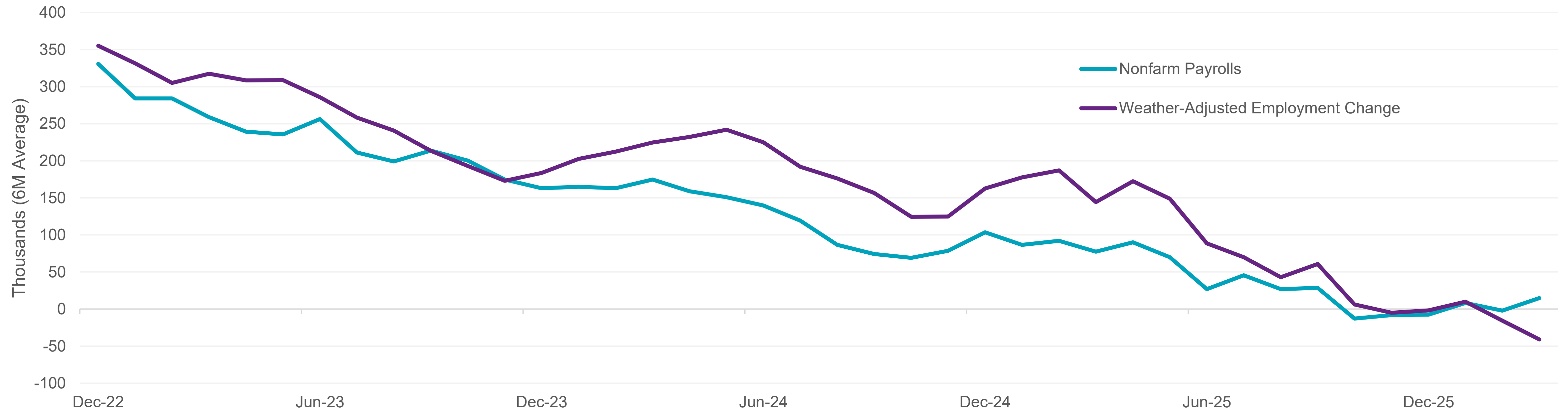
The Joker

Nonfarm Payrolls vs San Francisco Fed Weather-Adjusted Employment Change (12/31/22–3/31/26)



Markets may be looking forward to putting the conflict in Iran in the rearview mirror, but let's not lose sight of the underlying trends within the economy before hostilities broke out. To that end, the March employment report certainly emboldened the reacceleration-istas on the back of a huge headline beat for payrolls and a downside surprise on the unemployment rate. But while the labor market has shown some nascent signs of stabilization in recent months, there's been no shortage of noise in the prints, from DOGE and shutdowns to methodological changes and strikes. It appears we can add a new source of noise to that list: weather. While we haven't noticed an outsized number of workers not at work due to weather in recent months, the San Francisco Fed's Weather-Adjusted Employment data suggests otherwise. The model uses regional weather data to estimate the effects of weather on employment growth. While the model isn't infallible, it does suggest that weather has been a major factor in payrolls data over the past two months, in particular, contributing 150k jobs to headline payroll employment on average over February and March. Unsurprisingly, official nonfarm payrolls and weather-adjusted employment tend to move together as weather effects prove to be short-lived with payback or makeup occurring in subsequent months leaving the underlying trends intact. But stepping back and looking at the six-month average to smooth out the increasing volatility, the two trends have begun to diverge, with nonfarm payrolls stabilizing while weather-adjusted payrolls have continued to weaken. The truth likely lies somewhere in the middle, but even if we exclude weather effects, the plethora of other noise argues for averaging February and March, yielding a far more modest pace of job creation than the March beat. Labor markets certainly aren't collapsing, but beneath the noise, the headline payrolls data doesn't seem to support the reacceleration narrative.

Source: Portfolio Analysis & Consulting. Bloomberg.

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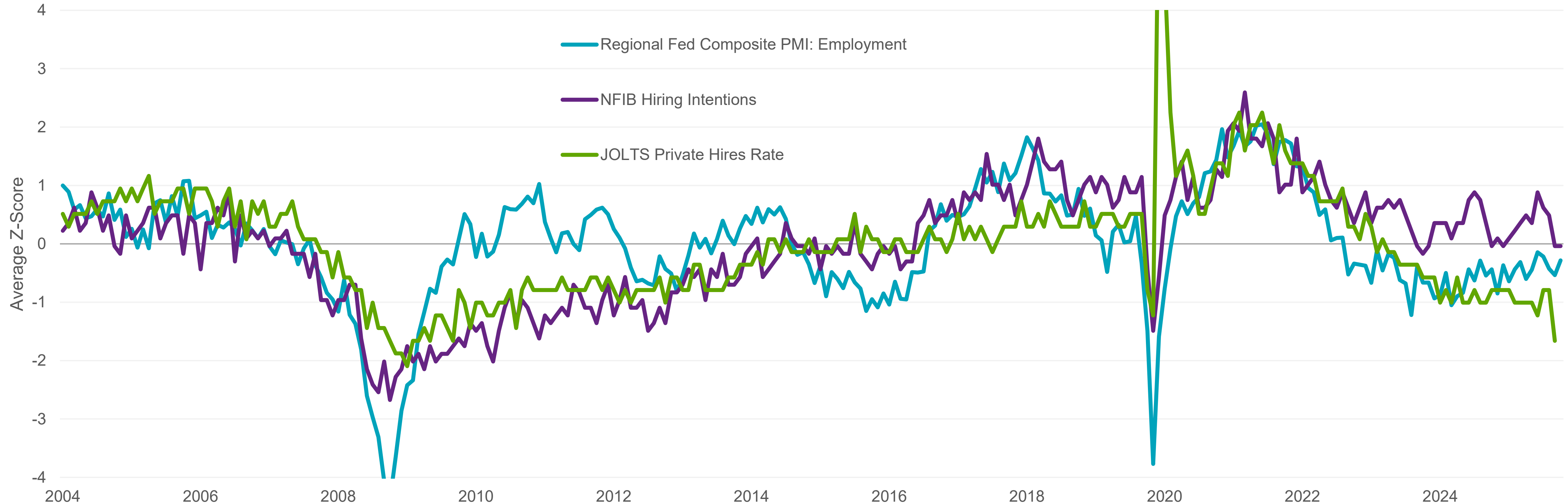
Winter Time

Measures of Labor Demand (6/30/04–3/31/26)

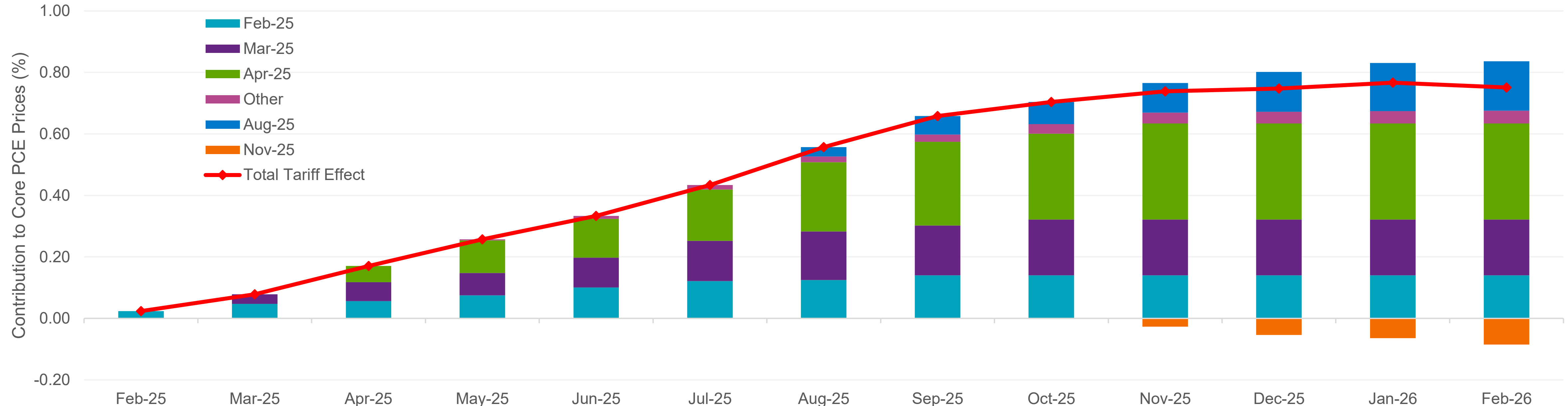


Another reason to continue questioning the reacceleration-istas is the continued lack of momentum with respect to hiring intensity. Whether it's the private hiring rate from the JOLTS survey, small business intentions from the National Federation of Independent Business, or a composite of the employment subindices from the regional Fed manufacturing surveys, there's little evidence of a material uptick in labor demand. Rather the labor market remains in the low fire, low hire stasis it's been mired in for nearly three years now. While the debate continues to rage as to whether the softening in labor markets has been a function of declining supply thanks to immigration and demographics or falling demand, depressed hiring intensity and the continued cooling in wage growth deliver a decisive verdict. Yes, declining labor supply growth has led to a dramatic decline in the breakeven rate of payroll growth required to keep the unemployment rate stable, but a tightening labor market wouldn't be seeing wages continue to slow. Investors may be eager to move past the war, but the evidence continues to mount that the economy was already undershooting lofty expectations entering the year. 2026 continues to look like the year of the ho-hum economy.

Source: Portfolio Analysis & Consulting. Bloomberg. PMI represents purchasing managers' index. NFIB represents National Federation of Independent Business. JOLTS represents Job Openings and Labor Turnover Survey. Z-score is a statistical measure that quantifies the distance between a data point and the mean of a dataset in terms of standard deviations.

Take the Money and Run

Tariff Effects on Core PCE by Tariff Announcement Wave (2/28/25–2/28/26)



While the tension has once again reemerged in the Fed's dual mandate as increasing energy prices will pass through into headline and core prices over the coming months, the tension may not be as great as the hawks on the committee would have you believe. For starters, as Chair Powell has cited on numerous occasions over the past several meetings, excluding the effects of tariffs, core PCE has been within striking distance of the Fed's 2% target and a recent Fed research note puts numbers to those estimates. Breaking out the tariff announcements into the various waves in which they were implemented, we can see the cumulative effect of the tariffs on the level of core PCE prices reached a peak of nearly 80 basis points in January and were sitting at about 75 basis points through February. Backing out that contribution from the year-over-year pace of core PCE puts us at roughly 2.2% excluding tariff effects, which should fade from the year-over-year rate over the course of this year. As we've stated repeatedly since the beginning of the conflict, while the economy is less sensitive to energy price shocks, rising energy costs still represent a negative real income shock. And that negative real income shock will be hitting at a time when real incomes net of transfers has grown just 0.47% over the past year ending February and fallen 1.4% annualized over the past three months while consumption has slowed to a crawl, growing just 0.8% annualized in real terms over the past three months. Real incomes looked likely to remain soft even in the absence of an energy shock. With little room for further compression in the saving rate, risks to consumption continue to look skewed to the downside, which will provide an incremental headwind to any durable inflationary impulse. Risks to the dual mandate appear far more aligned given the softening outlook for consumption.

Source: Portfolio Analysis & Consulting. US Federal Reserve. US Federal Reserve. PCE represents personal consumption expenditures price index.

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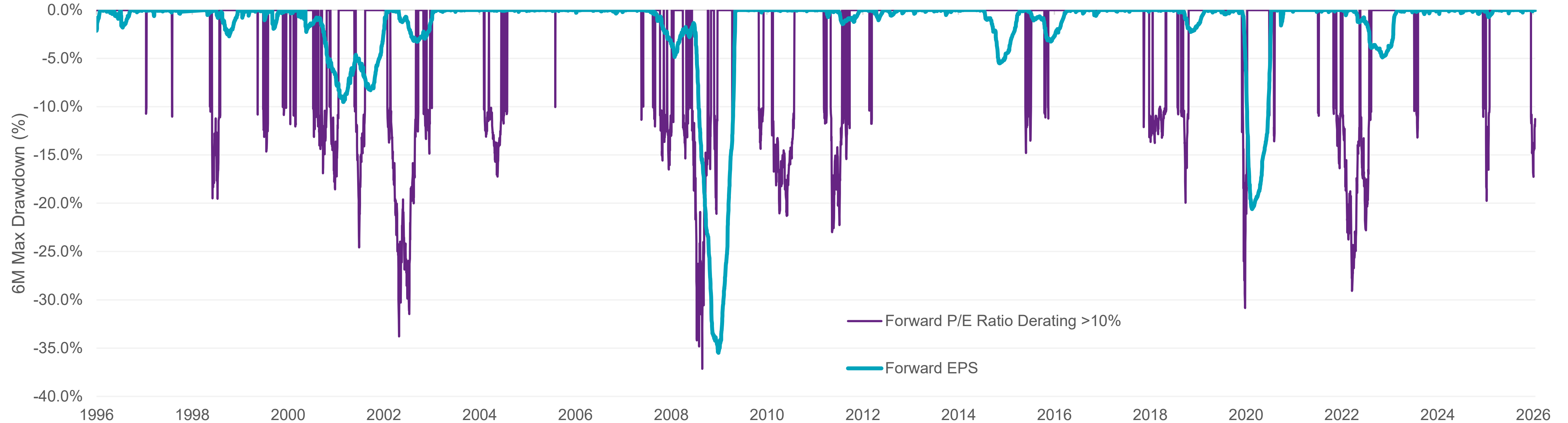
Rock'n Me

S&P 500® Price vs Forward Earnings (3/25/96–4/13/26)



It's April, so that means we're dealing with the fallout from another exogenous shock in markets. And since we're following an eerily similar timeline to the shock we faced last year, we might as well dust of a chart from the vault from this time last year. Over the past month a common refrain echoed by market participants is that markets have been remarkably resilient thanks to the resilience in earnings estimates. While we sympathize with the idea that it's hard to get too bearish if forward earnings estimates are still grinding higher, the nature of the shocks we've faced over the past few years has been such that analysts and management teams alike are loath to adjust their estimates until they absolutely have to. As such, these selloffs appear to be purely a function of multiple compression. But let's not forget that markets are forward discounting mechanisms, and while markets aren't infallible, price tends to lead fundamentals. Investors are constantly voting with their dollars, and what may show up today as multiple derating ultimately settles as some combination of multiple compression and earnings impairment. The selloff paired with the continued upward grind in forward earnings as the forward window shifts further into 2027 certainly led to a meaningful derating, even after the rally off the lows. Now the focus shifts to the Q1 confessional season, but just as was the case last year, don't hold your breath for much in the way of clear guidance updates. It's far easier to stay with your priors during periods of disruption. But while the physical disruptions to date are likely to have some effect on both economic and earnings growth, don't sleep on Corporate America's ability to manage the shock. After all, this isn't their first rodeo.

Source: Portfolio Analysis & Consulting. Bloomberg. Forward P/E represents price-to-earnings ratio based on next twelve months earnings estimates. Forward EPS represents next twelve months earnings per share estimate.

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