



Horsetooth Rock, located in Colorado, rises to over 7,200 feet tall. While considered a "foothill" in the context of the Rocky Mountains, Horsetooth Rock offers panoramic views of the Horsetooth Reservoir and greater Fort Collins area from its summit.

Similarly, the Magnificent 7 sit atop a new all-time high for the S&P 500 at over 7,200 points, offering stunning panoramic views of the remaining 493 stocks in the S&P 500 below. Since the lows of March 30, the tech-heavy "Mag 7" stocks have contributed approximately 60% of the S&P 500's return since the Iran conflict lows in late March (see the chart of the week below). With 5 of the 7 companies reporting earnings last week, the stocks (in aggregate) provided a boost to the markets' all-time levels.

Performance among the "Magnificent Seven" continues to diverge following recent updates on capital expenditures. Alphabet climbed roughly 10% after its earnings report last Wednesday, while Meta closed down approximately 9% after announcing a bond issue to fund significant increases to its 2026 capex budget. The dispersion amongst the 7 companies (and the broader tech sector) indicates that investors are becoming more discerning between companies in the artificial intelligence race and are looking for evidence regarding what companies will see positive returns on invested capital and which ones may not.

Tech earnings were the primary focus last week, but major central banks also drew attention by holding interest rates steady. These decisions come amid an increasingly uncertain inflation outlook, as the Iran conflict passes the 60-day mark and both WTI and Brent Crude have climbed back above \$100 per barrel.

Additionally, inflation, as measured by the Core PCE in the U.S., came in line with estimates but still measured 3.2% on a year-over-year basis. The near-term inflation trajectory is still pointing in the higher direction, with energy prices remaining elevated. The Fed will have a difficult job assessing the economic landscape in the near term.

While earnings season continues, this week brings key measures of the U.S. labor market, including job openings, layoff announcements, and the all-important non-farm

payrolls report on Friday. With initial claims coming in well below estimates last week, investors will look to the jobs data to confirm a trend in labor stabilization.

## Mag 7 Leading Market Recovery

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### What Happened

**Q1 Tech Earnings** - Alphabet was the standout among a mixed bag of earnings reports from major tech companies, with Meta coming under heavy selling pressure after increasing its planned capital expenditure estimates for 2026 (Source: Bloomberg).

**Global Interest Rates** - The Federal Reserve, Bank of England, Bank of Canada, European Central Bank, and Bank of Japan all kept rates unchanged, with several indicating a future tightening bias (Source: Bloomberg Economic Calendar).

**U.S. Inflation** – U.S. Core PCE came in at 3.2% on a year-over-year basis, in line with estimates (Source: Bloomberg Economic Calendar).



**Dustin Metcalf**  
President & Founder

CA Office: (760) 491-1499  
WA Office: (360) 865-7365 [Dustin@fourcfinancial.com](mailto:Dustin@fourcfinancial.com)

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Four C Financial | [www.FourCfinancial.com](http://www.FourCfinancial.com) | 73000 Highway 111, Suite 202, Palm Desert, CA 92260

Source: Bloomberg

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