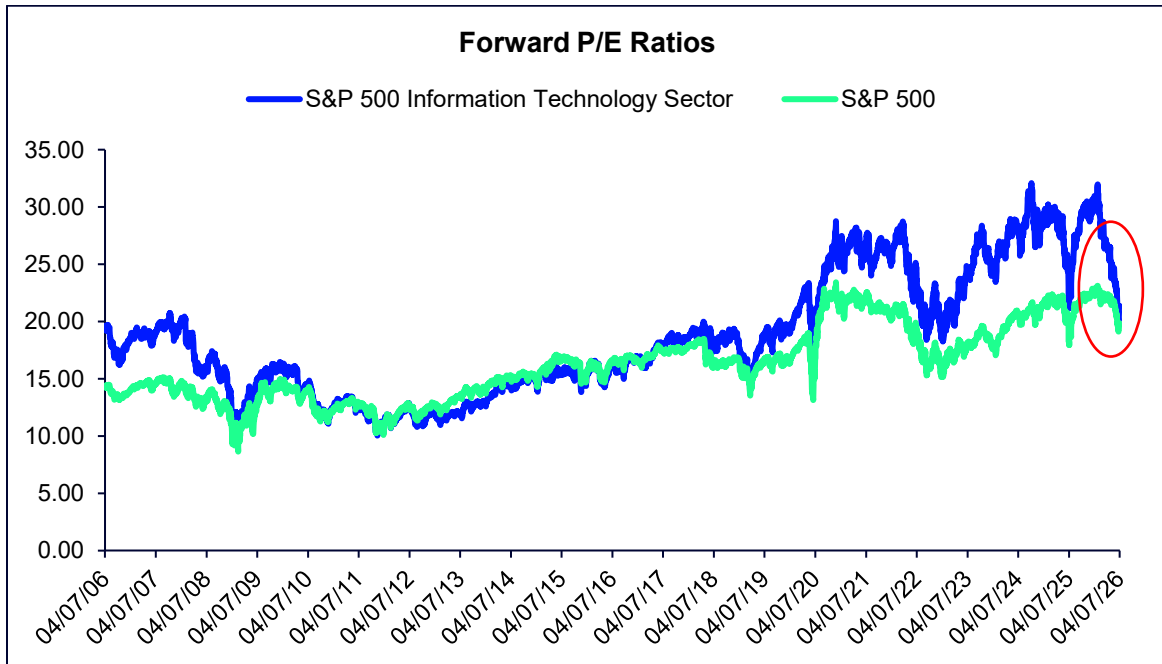


**COMMENTARY**

April 9, 2026

# Mind on the Market

## Chart of the Week



Source: FactSet, S&P. Data as of April 7, 2026.

Since 2018, the Information Technology sector has commanded a premium higher than the broader S&P 500 for earnings growth. That premium has fluctuated over the past 8 or so years, with recent volatility bringing technology valuations closer to the index multiple. Today, the S&P 500 Information Technology sector is trading at its lowest premium to the index since April 2020, excluding the prior week's lows. The S&P 500 currently trades at 19.8x next-twelve-month earnings, while the IT sector trades at 21.3x, down from a 2024 high of 32.0x. As a result, IT valuations are now much closer to the sector's 20-year average multiple of 18.6x.

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## Weekly Highlights

S&P 500 IT Sector YTD  
Change in Forward P/E

**-20%**

Source: FactSet. Data as of April 7,  
2026.

S&P 500 IT Sector YTD  
Change in Forward EPS

**+17%**

Source: FactSet. Data as of April 7,  
2026.

S&P 500 2026 Earnings  
Growth Expectations

**18%**

Source: FactSet. Data as of April 7,  
2026.

## Markets Under Pressure, Earnings Intact

Geopolitical volatility has weighed heavily on global markets this year, pushing most regional equity indices into negative territory, with only a handful still posting positive returns year to date.

Energy-importing regions have borne the brunt of the selloff, as investor sentiment has deteriorated amid chokepoints throughout the Strait of Hormuz.

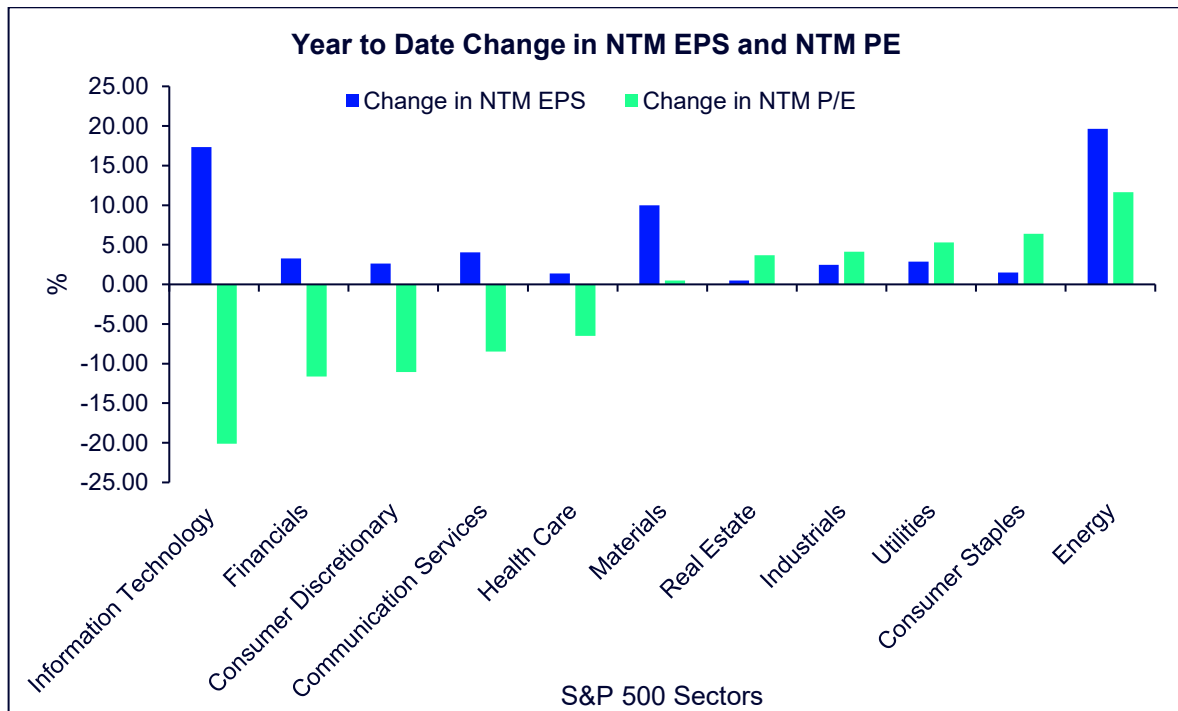
As markets reprice in response to these risks, equity valuations have adjusted accordingly. This compression has created renewed opportunities in sectors and regions that had long been considered expensive relative to history. Some of the most pronounced valuation compression has occurred in China and Emerging Markets. Today, multiples for the S&P 500, MSCI Emerging Markets, and MSCI China all sit below their respective five-year average forward P/E levels. This improvement is not limited to P/E. On a growth-adjusted basis, PEG ratios across the S&P 500, Emerging Markets, Europe, and APAC have all moved lower in 2026. The S&P 500 and MSCI EM now trade below their five-year average PEG ratio.

What makes this environment particularly notable is it's strengthening the fundamental backdrop: valuations are becoming more attractive even as earnings growth expectations improve.

At the broad index level, S&P 500 earnings expectations for 2026 have continued to rise, with consensus growth forecasts increasing from roughly 14% at the start of the year to 18% today. Part of this improvement reflects upward revisions to the energy sector, where higher commodity prices have translated quickly into stronger profit expectations.

Across U.S. large caps, many sectors have undergone a meaningful valuation reset, as seen in the chart below. Technology sector valuations have contracted by roughly 20% year to date, even as EPS estimates have risen by approximately 17%. Financials, Consumer Discretionary, and Communication

Services display a similar pattern of valuation compression accompanied by healthy upward earnings revisions. In contrast, the Energy sector has experienced both significant EPS upgrades and higher valuation multiples.



Source: FactSet, S&P. Data as of April 6, 2026.

One could argue that the broader economic impact of the geopolitical conflict has not yet fully filtered through to earnings estimates, and that may be partially true. However, the energy sector illustrates that analysts are already incorporating second-order effects. Outside of energy, uncertainty remains around how sustained higher input costs may affect margins, or whether those pressures will materialize. Data thus far show margins have remained resilient.

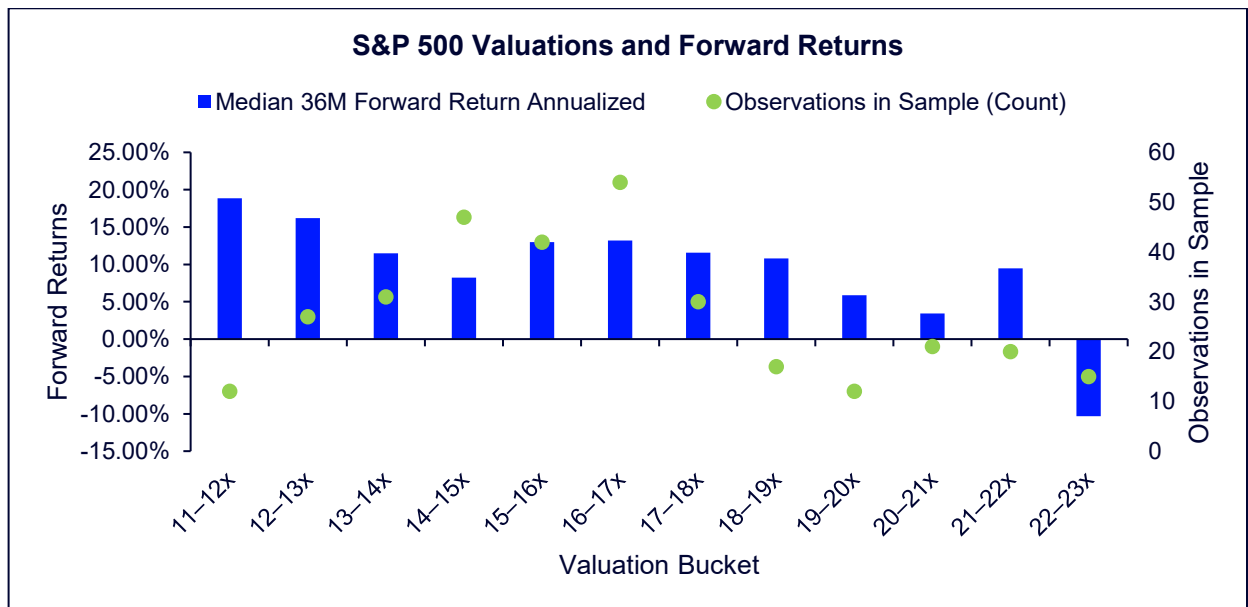
Beyond geopolitics, macroeconomic conditions remain supportive of earnings. FOMC minutes suggest the labor market is broadly balanced and economic activity remains solid, with resilient consumer spending supported by employment, financial conditions, fiscal policy, and AI-related investment. In that context, rising earnings expectations alongside weaker market performance are less surprising.

Corporate guidance has also reinforced the message of earnings resilience. According to FactSet, the current quarter has seen the highest number of S&P 500 companies issuing positive EPS guidance since Q2 2021, with Information Technology firms leading the trend. Notably, the number of IT companies issuing positive guidance ties the previous quarter for the second-highest reading since

FactSet began tracking the data in 2006. This reinforces that data-center investment and AI-related spending remain a powerful secular growth driver, even amid the current environment.

So what can we take away from the decline in valuations? While lower multiples improve the long-term entry point for capital, valuations alone are a poor timing tool. The chart below shows the median annualized 36-month forward return for the S&P 500 across various valuation buckets, highlighting that although starting valuations and subsequent returns tend to move inversely, the relationship is imprecise.

That said, a consistent takeaway remains: equity markets tend to rise over time. As shown below, nearly all forward 36-month return periods have been positive, reinforcing the importance of staying invested, as we highlighted in last week's [Mind on the Market](#).



Source: FactSet, S&P. Data as of April 7, 2026.

With prices and valuations lower while earnings continue to rise, parts of the market now appear increasingly attractive relative to history. Historically, maintaining exposure has been rewarded across valuation regimes, with lower starting valuations improving expected returns over longer investment cycles.

Valuations alone are not a timing signal, but today they do imply investors are paying a reduced price for earnings that remain on an upward trajectory in select markets.

Source: FactSet, S&P, MSCI. Past performance is not indicative of future results.

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\* This figure is presented as of December 31, 2025 and includes ETF AUM of \$1,950.80 billion USD of which approximately \$173.02 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Investment Management are affiliated. Please note all AUM is unaudited.

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Investments in small-sized companies may involve greater risks than in those of larger, better known companies.

Commodities investing entail significant risk as commodity prices can be extremely volatile due to wide range of factors. A few such factors include overall market movements, real or perceived inflationary trends, commodity index volatility, international, economic and political changes, change in interest and currency exchange rates.

Asset Allocation is a method of diversification which positions assets among major investment categories. Asset Allocation may be used in an effort to manage risk and enhance returns. It does not, however, guarantee a profit or protect against loss.

Bonds generally present less short-term risk and volatility than stocks, but contain interest rate risk (as interest rates rise bond values and yields usually fall); issuer default risk; issuer credit risk; liquidity risk; and inflation risk. These effects are usually pronounced for longer-term securities.

Any fixed income security sold or redeemed prior to maturity may be subject to a substantial gain or loss.

Increase in real interest rates can cause the price of inflation-protected debt securities to decrease. Interest payments on inflation-protected debt securities can be unpredictable.

There are risks associated with investing in Real Assets and the Real Assets sector, including real estate, precious metals and natural resources. Investments can be significantly affected by events relating to these industries.

Investing in foreign domiciled securities may involve risk of capital loss from unfavorable fluctuation in currency values, withholding taxes, from differences in generally accepted accounting principles or from economic or political instability in other nations. Investments in emerging or developing markets may be more volatile and less liquid than investing in developed markets and may involve exposure to economic structures that are generally less diverse and mature and to political systems which have less stability than those of more developed countries.

Generally, among asset classes, stocks are more volatile than bonds or short-term instruments. Government bonds and corporate bonds generally have more moderate short-term price fluctuations than stocks, but provide lower potential long-term returns. U.S. Treasury Bills maintain a stable value if held to maturity, but returns are generally only slightly above the inflation rate.