



Weekly Update

30-April-2026

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- The growth theme continues
- Positioning is still light?
- Earnings are strong and getting stronger (even overseas)
- Inflation is up but under control
- Energy prices might not be the inflation boogedeyman (sic) after all
- Other economic data is strong
- Pentwater Sold!
- Quick Hits
- Where did all the crypto/prediction money go?
- Chart Crime of the week
- Pentwater played Animotion the right way

	Last	5d %	YTD %	1yr %
S&P 500	7,209	1.4%	5.3%	29.5%
QQQ	\$663.57	2.5%	8.7%	40.4%
US 10 YR	4.38%	4.33%	4.17%	4.22%
USD/DXY	98.1	98.8	98.3	100.3
VIX	16.9%	19.3%	15.0%	24.6%
Oil	\$105.88	10.5%	83.0%	80.5%

*10yr, DXY, and VIX are levels not changes

** Oil is front month futures, beware

The growth theme continues as Iran slides further off the front page. Earnings are even better than what we discussed last week. The naysayers call them backward-looking, but forward guidance is accelerating, too. While some stocks are not reacting to their good earnings (notably Meta), the reason for the specific negativity is still strong for the economy in the near-term (excessive spending). And for all the rage about Google and Amazon's cloud and AI businesses, their underlying businesses (search/ads and consumer shopping) are accelerating, too. And economic data remains robust after the brief stagflation fear in March. Employment is gaining momentum (more job hires and fewer job fires). Spending is strong across the board despite higher prices. And these higher prices appear to be stabilizing (rate of change is slowing if nothing else). Moreover, knock-on effects from higher energy prices is not as dramatic as feared. Looking at changing of the guard at the Federal Reserve, oddly, Jerome Powell is going to stay on the Board of Governors despite his term as Chairman

coming to an end. This is highly unusual...it has only happened once back in 1948 (Marriner Eccles). Powell's term does not end until January of 2028. This is mildly hawkish...Powell pretty much said he was staying on to spite Trump which means he will not be voting to cut rates no matter what (and he would obviously be replaced by someone inclined to cut quickly). But as David Zervos points out (he is one of our favorite strategists/economist/Fed watchers because he is the most transparent and pragmatic), this market does not need rate cuts! The economy is strong and getting stronger with fiscal stimulus kicking in (despite doubts about it a month ago). And Earnings are following suit. On the downside, lower income segments of the economy are certainly still suffering with affordability. We think this is one reason for the UAE's sudden announcement that it was dropping out of OPEC. It wants to pump as much oil and gas as it can. There is a good chance this was supported if not encouraged by Trump (purely conspiracy theory by us). There was also a brief market scare when the WSJ reported that OpenAI had missed its internal revenue and user targets for 2025. We have long said that some of today's AI titans might falter...and OpenAI is likely to be one of them. But from looking at the backlogs of the hyperscalers, there is no slowdown in spending in sight. The runway until the money runs out before monetization is still very long (but it will end at some point, for sure). Another worry in the market this year has been private credit. Recall that the hedge fund Saba submitted a tender offer for holders of some of the non-traded private credit funds. The price was a cool 30% discount. But given the panic and desperate need for liquidity, the tender might not have looked too bad to some. Alas, the tender only received 1% of Saba's target. Retail investors like to complain, but they don't like to sell at massive discounts.

➤ Positioning is still light?

Last week we highlighted the reversal in flows as hedge funds sold the bottom and raced back in on the way up. Options trading and Quant chasing further pushed these moves to extremes. Now we learn that hedge funds sold into this rally late in the week! Although this math is not straight forward...as these funds also chased to cover their shorts! This panicky trading is probably all we need to know right now. Hedge funds still have to chase this market. The CTA faction of the quants (the momentum chasers) have now supposedly had their fill after buying \$170b of equities. But we know that if equities go higher and Vol goes lower, these quants will chase more. And even though pensions funds were supposedly sellers today to close out the month, Goldman says their "positioning length" is still only a 6 out of 10 (for the pension funds). Across Equities, ETF volumes have normalized after surging to dominate the market. We think this means people are back to stock picking...or at least not panicking on a daily basis.

We always say this stuff is typically muddled and changes on a dime. But it sure seems like not enough people are long equities right now.

➤ Earnings are strong and getting stronger (even overseas)

We know Earnings have been gangbusters so far this year. Last week, we talked about the high bar of expectations being eclipsed. This chart from Merrill shows us that this trend is expected to continue this year and into next.

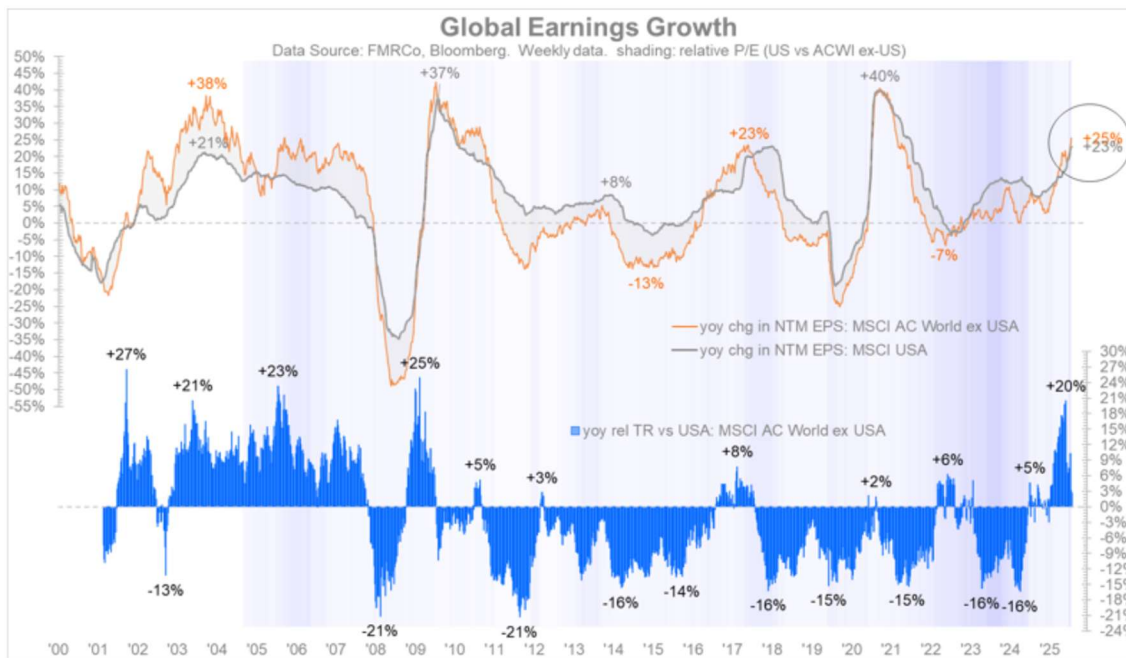
Exhibit 13: 2026 and 2027 estimate revisions are above the historical average trends

S&P 500 historical FY2 EPS revisions vs. 2026-27 consensus EPS (2026-27 as of 4/16/26)



Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2001-2024
BofA GLOBAL RESEARCH

We tend to focus on US Earnings, mostly because the macro swings are so violent in international markets. But Earnings growth has been strong all around the globe. Fidelity points out that Earnings expectations for the next twelve months are slated to increase +25% in international markets (globally ex-US). The US is still strong at +23%. There is a lot of art to this year-ahead guesswork (just like in the chart above). But to have the estimates even close is surprising to us. We still think the macro backdrop is better at home than abroad (energy self-sufficiency being the number one reason), but this balances the equation...especially in light of the recent outperformance in US stocks over international. (This chart is faded for some reason, but the orange line is accelerating more quickly than the grey one in the top chart)

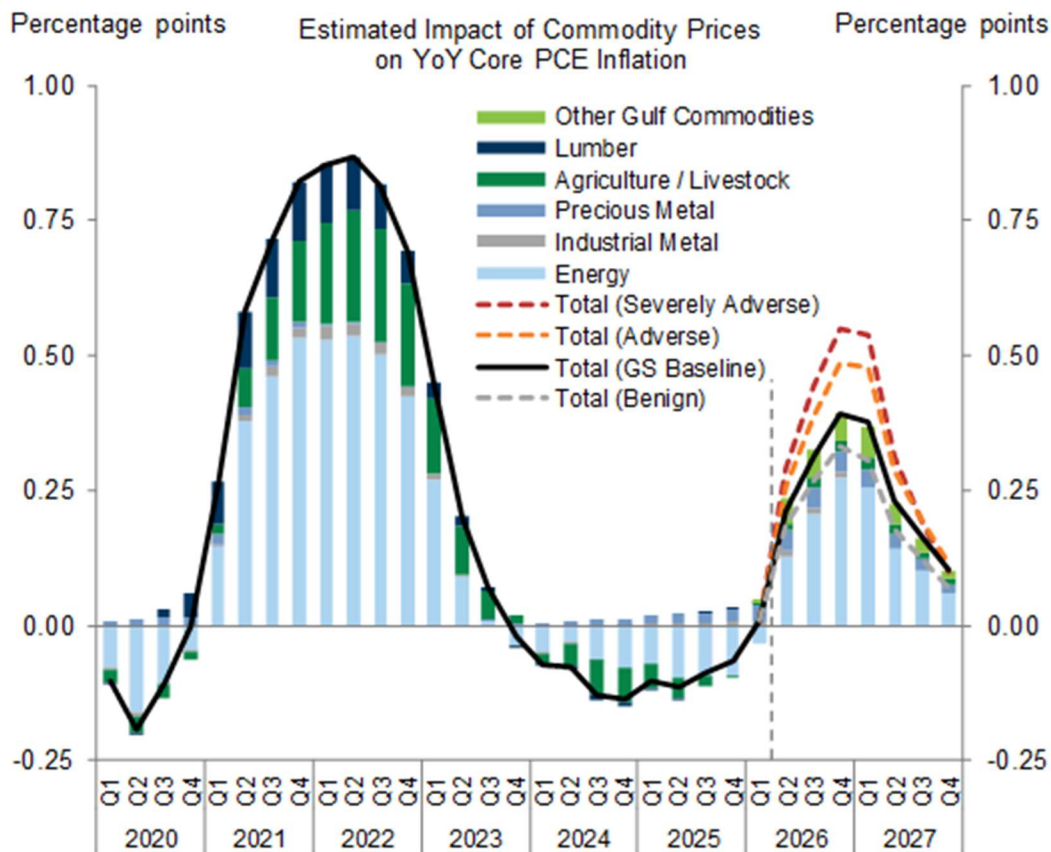


- Inflation is up but under control

PCE inflation (the change in the Personal Consumption Expenditures index) accelerated as expected in March. Prices increased +0.7% on the headline vs Feb. This compares to the +0.4% increase last month. 3.5% is the annual increase (vs 2.8%, but in line with expectations). “Core” prices increased +0.3% (also expected). This is down from the +0.4% gain in February. The annual rate is 3.2% (up from 3.0%, but still in line with expectations).

- Energy prices might not be the inflation boogedeyman (sic) after all

Here is a chart detailing how commodity prices impact “Core” inflation. Energy is the interesting component of this analysis because its price changes are not included in the “Core” PCE. For all the doom and gloom about oil prices impacting inflation, the knock-on effects are quite subdued. As Milton Freidman famously said, “inflation is always and everywhere a monetary phenomenon.” Look no further than 2021/2022.



➤ Other economic data is strong

Durable Goods Orders in March increased slightly +0.8%. This is an improvement from -1.2% in Feb (which was revised higher from -1.4%). Core Capital Goods Orders (aka business spending which strips out Defense and Transportation) jumped +3.3% which is the largest monthly increase in almost six years.

The Dallas Fed Manufacturing index for April slipped slightly (-0.2 to -2.3). The Dallas Services index improved from -13.3 to -9.9. The Richmond Fed manufacturing index remained at -2. Richmond Services also remained flat at 9.

Q1 GDP (early or “advanced” reading) grew by +2.0%. This is a sharp acceleration from +0.5% in Q4 (which was revised down consistently), but it is a slight miss compared to the consensus guess of +2.3%. Then again, it is much higher than the Atlanta Fed’s +1.2% nowcast (GDPNow). GDP Final Sales (which strips out any change in Inventories) increased +1.6% (not many estimates for this, but we have seen some as low as +0.7%). Looking ahead, the first estimate for 2Q GDP growth is +3.7%! The professional guessers (economists) are expecting about +1.5%.

Personal Income in March increased +0.6% which is the strongest month in a year. Personal Spending jumped even more +0.9% (highest in 16 months). This does not account for inflation, so it is not as strong as it first appears (but still decent).

The Weekly ADP Employment Change increased +39k. Last week’s +54k was revised down to +40k. These are strong numbers (meshing with that strong Payrolls number from March).

Initial Jobless Claims fell sharply to only 189k from 215k. This is the lowest reading in over five years. Continuing Claims also fell to 1.785mm from 1.808m.

Consumer Confidence in April was mostly flat at 92.8 (up from 92.2).

Housing Starts jumped almost 11% in March. The annualized run-rate hit 1.5mm houses which is the highest in a year and near the top of the three-year range. Building Permits, however, fell almost -11%. February had been very strong, so it might see some reversion. And it probably means the large jump in Starts might not be sustained.

Weekly Mortgage Applications fell slightly.

The average 30-year mortgage rate climbed to 6.37% from 6.35%.

➤ Pentwater Sold!

Wow did Pentwater work the system. This is the hedge fund that bought a ton of Avis stock over the last few months. It went from owning about 10% of the company in December to about 57% of the company last week. The stock had an epic short squeeze from \$100 to \$800 in the course of a month. Many market watchers (including us) were curious why Avis was not selling any shares for itself (the company had filed to sell shares, but there were questions about when the company was restricted by its "blackout period" before its earnings). But someone was selling shares aggressively! We thought it was short sellers who had gotten borrow from unsuspecting retail buyers. While this was still probably true to some extent...we now know that it was Pentwater that was dumping as much stock as it could. The hedge fund turned its probably-fleeting paper profits into \$1b of cold-hard-cash. But there is a catch. Pentwater is legally an "insider," so it is not allowed "swing profits" ...it cannot trade the stock within six-month periods. If it does, it must disgorge all the profits. It turns out, Pentwater has different funds and managed account vehicles. These different entities have different cost bases with different ownership timelines. In other words, Pentwater gets to keep a huge chunk of its trading prowess. And to whom go the spoils of the disgorgement? Avis. Pentwater found a way to make a giant profit for itself and its largest holding.

➤ Where did all the crypto/prediction money go?

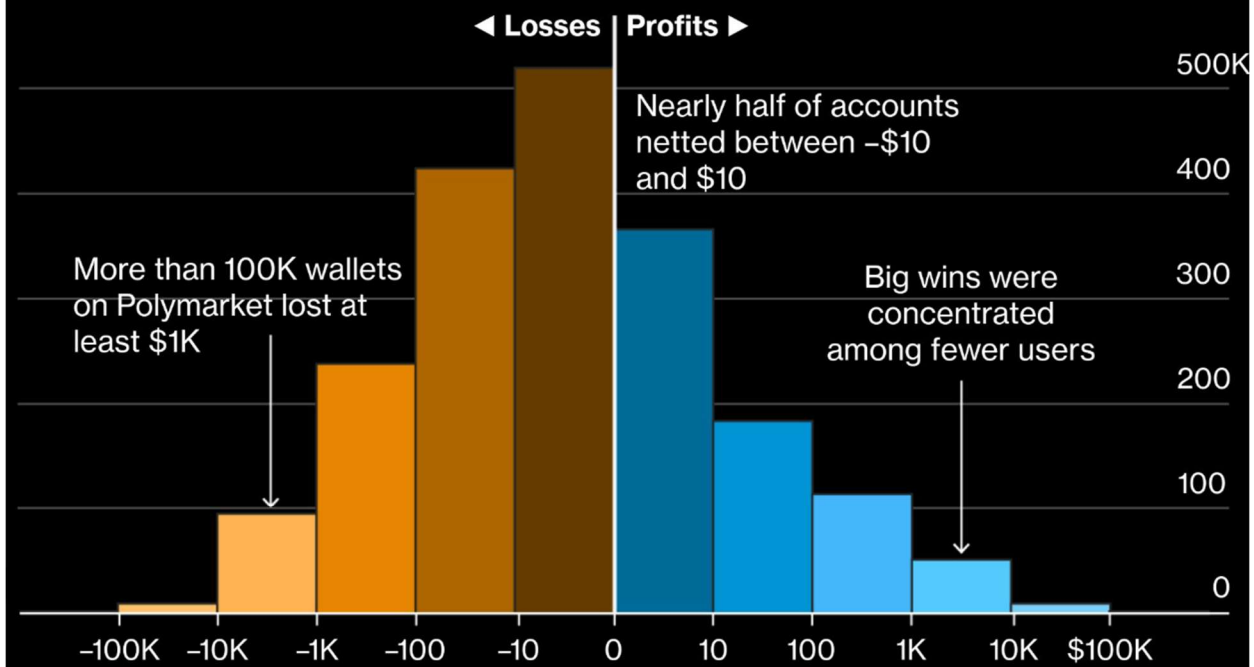
Liquidity is one of the limitations of prediction markets. Sometimes it is just hard to buy and sell contracts with because of giant bid/offer spreads. But low volume also takes away from the signal of the contracts...many people rely on these markets as indicators even without betting on them. Well, it turns out the liquidity is not even as good as it seems. Apparently, about 25% of all trading on Polymarket is wash trading. This means the same bettor is taking both sides of the trade. They are doing this to juice their traded volumes in the hopes of getting rewarded with some mysterious new Polymarket crypto token. In addition to its disputes being determined by a vote from UMA token holders, all wallet and betting activity takes place on the blockchain. 14% of users (identified through their blockchain wallet) are responsible for this wash trading.

Not so random reminder: in 2022, 70% of all crypto trading was done via wash trading.

Last week we mentioned that 70% of Polymarket users lose money. Someone broke down the data for us.

Most Users Lose Money on Polymarket

Number of wallets by profit and loss size, since January 2025



Source: Bloomberg News analysis of Polymarket data compiled by Dune

Note: Wallet profits and losses are calculated from all trades between Jan. 1, 2025 and April 8, 2026 on markets that opened and resolved during that same period.

Bloomberg

In the real world of old-fashioned financial thievery, a \$600mm hedge fund has gone belly up. And by belly up, we mean all the money is gone. The fund in question, Mars FX, blames its technology partner that was located in the British Virgin Islands. This company says it stopped doing business with Mars Fx four years ago! The principals of the fund are not on the run (yet), so perhaps there is a tiny probability that they did not simply abscond the money. Then again, the firm touted ~20% annual returns with zero down months for years. But the real tell...they sponsored a GT motorsport racing team! One of the founders even started driving in the "pro-am" version of the events. The only thing worse than buying/sponsoring a sports team...is paying vanity money to be *on the* sports team (and we are not talking about George Plimpton writing a story or Kramer going to fantasy camp).

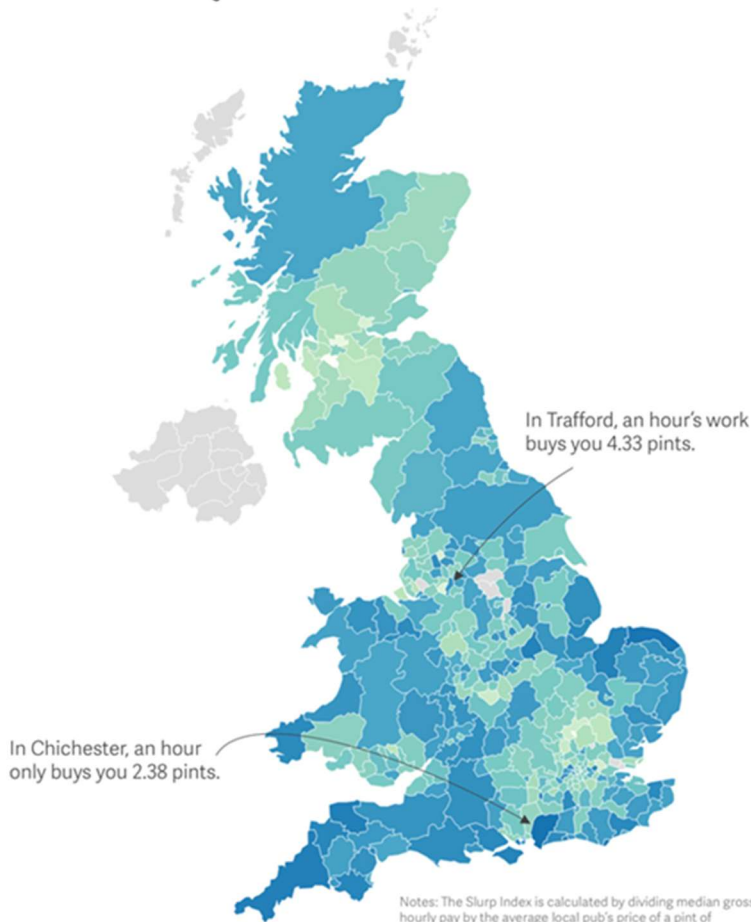
➤ Chart Crime of the week

Not a chart crime! This one is great! (h/t Rothschild)

The Slurp Index

Ratio of average gross hourly earnings to Guinness pint prices by local authority: GB

Resolution
Foundation



Notes: The Slurp Index is calculated by dividing median gross hourly pay by the average local pub's price of a pint of Guinness. Grey cells represent insufficient data. Source: RF analysis of The Times / Guinindex UK, average Guinness pint price by local authority; ONS, Annual Survey of Hours and Earnings.

Map data: © ONS Geography • Created with Datawrapper

This one also might not be a table crime, but a whole lot of extra thinking went into this NHL playoff prediction (the Stars better pull this one out!):

Dallas Stars  vs.  Minnesota Wild

50%

50%

6%	4 Games	8%
13%	5 Games	13%
15%	6 Games	16%
16%	7 Games	14%

The Athletic

➤ Quick Hits

- The CEO of United Airlines is banned from playing Blackjack in most casinos.
- The market cap of the Taiwan exchange is bigger than that of the UK.
- The San Diego Chargers got their name because the owner liked the bugle call “Charge!”
- Sportsradar is being accused of facilitating illegal gambling including on ping pong in Poland, futsal in Brazil, and badminton in Indonesia. E-gaming is also a focal point of illegal gambling across Asia.
- Futsal is an indoor version of soccer that uses a smaller ball and only 5v5.
- There is no offsides in futsal. This has long been one of our suggestions as to how soccer could become watchable for Americans. Get rid of offsides.
- \$109b worth of lottery tickets were purchased last year in America.
- The towns of Lenox, Mass and Williamsport, PA both sport the nickname “Millionaires.” Lenox uses Mr. Monopoly, aka Rich Uncle Pennybags, as its logo/mascot.
- The 1958 Onion Futures Act explicitly makes trading onion futures illegal. There are no other fruits or vegetables explicitly forbidden.
- Jim Beam and other liquor producers are seeing increased demand for their “nips” bottles because more people are looking to sneak alcohol into sports and concert venues.
- The average cocktail price in America is \$13.61.
- A survey shows that 41% of drinkers are now changing their habits because of liquor pricing. 4% are drinking nonalcoholic beverages. 37% are drinking more at home before going out.
- Nip is short for nipperkin.
- LendingClub is changing its name to Happen Bank.
- The average age of a car in America is 12.8 years.
- Ulysses S. Grant was born Hiram Ulysses Grant. The congressman who nominated him to West Point wrote down the wrong name. Grant kept it. The S. does not stand for anything.
- 500 people die from hippo attacks every year.
- Babe Laufenberg was the Indiana Hoosiers highest drafted quarterback for 43 years.
- The sound of a whip cracking is not the leather snapping but rather a sonic boom.

- Pancho's Mexican Buffet was founded in El Paso in 1958. There are only a few independent locations left.
- Only white-ish cars are allowed in the capital of Turkmenistan (white, silver, grey, etc.).
- Ashgabat is the capital of Turkmenistan.

TSLAQ: SpaceX plans to prohibit shareholders from suing the company. Last year, the SEC changed its policy, and companies can now require arbitration to settle disputes. If there ever were a great company to test out this new approach, it is Musk and SpaceX.

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