Scotty C. George
Chief Investment Strategist

April 27, 2026

Market Outlook:

Unintended interruptions

Every market cycle takes on "personality characteristics" that make it distinct from any other. Of course, the last several weeks have been punctuated by the ongoing conflicts in the Middle East and Iran which spill-over into the US and other global bourses. But what I find most egregious is not how the news might be terribly disruptive, but that capital gains in equities are revving on all cylinders. After one of the most treacherous military operations in decades, the difference between highs and lows in the markets have been relatively negligible. In fact, it is almost vile to see how some are profiting from the "bets" they made on oil, military, and water commodities at an accelerated rate.

It used to be that markets were long-term oriented, and investors followed suit. Going back to its beginnings, the stock market of old represented a barter of product for cash at a fair rate of return. It was expected that "normal" rates of return took time to unfold…but time was something that everyone understood and accepted. The empirical reality of today is quite different, and more in line with a generational shift punctuated by the internet and instant access to information and valuation changes. The constant turmoil and reverberation of exogenous noises makes patience the unknown commodity…and, quite frankly, in short supply.

Without doubt, if you happen to be in the right sectors, you care less about the geopolitical ramifications of war and more about the state of your portfolio. This is testament to the considerable neglect we extend to others who are suffering, while focusing on our own personal gain. *Information immediacy* has cost us the natural rhythm of the markets and certainly exposed our lack of empathy for others.

Control what you can control

Nevertheless, top of mind for those looking to protect their portfolios at this juncture is the risk of a global slowdown in all economic strata. The longer the war rages the greater the likelihood that growth recedes. Already, gasoline prices have increased by one-third, while food and other commodities have also become more expensive. The most significant concern shared by all global consumers is inflation pressure upon prices.

When price pressure exerts such a powerful influence upon economic activity, investors are reticent to engage, preferring instead to park short term money into bonds or cash to protect against market volatility and uncertainty. As we've said to our clients many times before during volatile markets, *protecting the downside is more important than gambling on the upside*. Acknowledging those potential pitfalls is the first step in learning how to deal with them.

Demand decline is the worst of those pressures. Expectations fall when markets are slowing, causing a disruption in that "normal pulse" we referenced above. Prolonged periods of material slowdowns elicit a kind of self-fulfilling prophecy which then exacerbates an unwillingness to invest. Our belief is that we are already in a dangerous dichotomy in the financial arena in which the gamblers play against a 24-hour news cycle while the long term investors withdraw to the sidelines to wait and see. There is probably more room for downside surprises than for upside potential given that the markets were starting this (war) conflict at such high valuations.

Finally, the risk that some of these market slowdowns become a permanent part of the future (energy, food, national defense) should not be ignored. This highly complicated confluence of nations, priorities, and expectations calls into question not only the motivations of politicians in the Mideast, but traditional GDP projections all throughout the globe. Even market enthusiasts agree that a sustained decline in production and output might affect profitability potential across the spectrum.

Our focus now will be on securing our allocations to defend against temporary quantitative disruptions while tightening the aperture of long-term expectations. Based upon our current models, parking money in strategic sectors (water, energy, biotech, food, and non-cyclicals) is the best way to maintain linear performance, while acknowledging and hopefully avoiding the potential for retracement in the averages.

Alexander Capital L.P., 10 Drs James Parker Blvd., Suite 202 Red Bank, NJ 07701 646-564-2299