

APRIL 20, 2026

PHILEQUITY CORNER

By Wilson Sy



USA wins

Last Friday, Israel and Lebanon agreed to a 10-day ceasefire. Brent crude fell 9 percent to settle at \$90.38 per barrel. The S&P 500 closed at 7,126, a new all-time high. The Nasdaq closed at 24,468, a new all-time high and its thirteenth consecutive up day. President Trump said the war, which began on February 28, "should be ending pretty soon." Despite conflicting headlines on the war, the US blockade, and the status of the Strait of Hormuz, the market made new highs. This was its answer to every worry that defined the first quarter.

We had just returned from a trip to California. And what we saw there only confirmed what the market was already saying.

Happiest place on earth

Sometimes the best market research is not in a Bloomberg terminal. It is in theme parks, in restaurants, and at the ballparks. We took the family and grandchildren to Disneyland. The lines were long, the park was packed, and nobody seemed to be bothered by oil prices or the Middle East. Kids were laughing, parents were spending, and every restaurant and souvenir shop had a queue. If the American consumer is supposed to be under pressure, Disneyland told a different story.

Americans keep spending

It was the same story everywhere we went. The NBA play-in games were a huge success. The games we attended were sold out. Millions more were watching on Amazon Prime. The Giants game at Oracle Park was a full house. Every restaurant we walked into was packed. From high-end dining to neighborhood spots, Americans were out spending as if there were no war in the Middle East and no oil above \$90 a barrel.

Deep and diverse economy

What struck us most was where they were spending. Whole Foods and Trader Joe's were bustling. Americans were buying premium, organic, and specialty items without hesitation, even as fuel prices climbed. Costco parking lots were full. From high-end to bulk buying, this is a consumer economy that simply refuses to slow down.

Of course, America has its share of poverty and inequality. The gap between rich and poor continues to widen, and many households feel the squeeze from higher prices. But for the stock market, what matters is aggregate spending, and it appears to be holding up.

The energy advantage

An American doctor, a close a family friend we respect a lot, put it plainly: the US can finish this war whenever it wants, and it will hurt less than other countries. The reason is energy.

The United States is the world's largest oil producer, pumping a record 13.6 million barrels per day in 2025, according to the US Energy Information Administration. It produces more oil than Saudi Arabia and Russia by a wide margin. It is also one of the world's largest natural gas producers and a net energy exporter. And with Venezuela's 303 billion barrels of proven reserves now under US-aligned control, America sits on the world's biggest reserves too. For American households, energy costs as a share of income have barely moved in two decades.

When the Strait of Hormuz was shut down after the February 28 invasion, the rest of the world scrambled. But the US was barely affected. Its production base spans the Permian Basin, Bakken, Eagle Ford, and the Gulf of America. No single chokepoint can disrupt it.

The market proves it

The S&P 500 was at 6,879 on February 27, a day before US and Israel launched strikes on Iran. It fell as much as 8.2 percent to an intraday low of 6,317 by March 30. In just two weeks, the index erased every single point of loss. By April 17, it closed at 7,126, a new all-time high. Banks reported strong first quarter earnings. According to FactSet, S&P 500 companies are projected to grow first quarter earnings by 12.6 percent.

US leads, the rest follow

Global markets outside America, as tracked by the ACWI ex-US ETF, are now just half a percent shy of their all-time high. Europe, Japan, and most of Asia have recovered their losses on the back of the US-Iran ceasefire and the broader relief rally led by Wall Street. The PSEi at 5,999 remains 9 percent below its prewar close of 6,611. But as the global recovery broadens, the Philippines should eventually participate.

Why the US is the safe haven

There are several reasons America remains the ultimate safe haven. The US dollar remains the world's reserve currency. In a crisis, money flows to the dollar, not away from it. US capital markets are the most liquid and transparent. Corporate earnings are exceptional. Led by the Magnificent Seven, the Information Technology sector alone is projected to grow first quarter earnings by 45 percent. Add the biggest military in the world, and no other country comes close.

Where the money goes

Before the war, there was growing talk of diversification. Money was flowing into emerging markets and ex-US equities. The broadening trade was the consensus call. But the war changed the calculus. When the bombs started falling, money did what it always does in a crisis. It went back to America.

Asian markets are smaller, less liquid, and less transparent than US markets. They do not have the energy independence, the military reach, or the reserve currency status that insulates America. When the world becomes dangerous, money flows to the safest, strongest, and most liquid market on earth. That market is the United States. USA wins.

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