

## BETWEEN ARTIFICIAL INTELLIGENCE AND OIL: THE HIDDEN FRAGILITY OF THE NEW CYCLE

May Comment 2026

Of course, in the United States there is a "One Big Beautiful Bill" that continues to have an expansive effect in the pockets of taxpayers, both citizens and businesses. In addition, the fiery and susceptible president, with threats and duties, forces many companies to invest in his country. Under his administration, the *baby boomers*, born in the sixties, are turning into the richest retirees in the history of mankind. This fortunate picture of the New World unfolds around the spread of artificial intelligence (AI) which, thanks to Microsoft and OpenAI at first, and then with the initiatives of other *hyperscalers* such as Alphabet, Amazon, Meta and NVIDIA, therefore with an essentially American direction, is enhancing productivity. To help the emerging future there is also a lot of liquidity (M2 money supply at an all-time high).

Only in this context is it possible to reconstruct the logic (desired or intuited) that pushes the almost eighty-year-old president of the United States to exchange

globalization for an absolute centrality of the United States. There is in him, or at least among his loyalists, the idea that the productivity that open markets have promoted over the last thirty years – and that has helped China become a great power – can be obtained, with even exponential effects, through the dominance of artificial intelligence. But for this to happen, the motto "America First", now synonymous with "Trump First", must be realized.

In April, the markets decided to see the world through the *tycoon's* glasses. The S&P 500, the flagship index, scored +9.5%, while the Nasdaq, which concentrates the new technology, even +13.4%, bringing both to new all-time highs. The company results dragged the indices. 28% of companies in the S&P 500 have already reported their first-quarter

results (data up to April 24).<sup>1</sup> Of those, 84% reported earnings per share (EPS) that were above estimates, which is above the five-year average of 78% and the ten-year average of 76%. Overall, companies reported earnings that were 12.3% above estimates, exceeding the five-year average of 7.3% and the ten-year average of 7.1%. The combined earnings growth rate<sup>2</sup> for the first quarter is now 15.1%; if confirmed, it will represent the sixth consecutive quarter of double-digit (year-over-year) earnings growth for the index. Eight of the eleven sectors are reporting earnings growth, driven by information technology, materials, finance and industrials. On the other hand, three sectors are reporting annual earnings declines, led by energy and healthcare.

Given their weight in the indices, hyperscale's and the semiconductor industry are the driving force. Four of the "Magnificent Seven" presented their quarterly results in the last week of the month, and most of them were convincing. Microsoft achieved revenue of \$82.9 billion (+18%) and announced that the AI

division reached \$37 billion in revenue for the first time, an increase of 123% compared to the previous year. Alphabet exceeded expectations with revenue growth of 20%; Google Cloud alone generated \$20 billion, and CEO Sundar Pichai hinted that revenues would be higher if the company was able to fully meet demand. Meta, on the other hand, disappointed: the number of daily active users fell to 3.56 billion, below forecasts, and the increase in capital investments, estimated at up to \$145 billion, caused the stock to fall.

Overall, however, the results confirm the strength of the AI *trend*, which is still capable of generating impressive profits. The market has metabolized the risks associated with over-investments that reduce or neutralize the substantial *cash flows* to which it was accustomed. At this stage, however, the average of the results allows us to glimpse a progressive monetization of investments. The risks that the big names in digitization are biting off more than they can chew exist, and Meta is an example of this. The resilience

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<sup>1</sup> John Butters, *S&P 500 Earnings Season Update: April 24, 2026*, Factset ([S&P 500 Earnings Season Update: April 24, 2026](#)).

<sup>2</sup> It combines the actual results of companies that have already reported and the estimated results for those that have yet to pronounce.

of the market, for now, has put them in the background, and so it will be at least until NVIDIA's quarterly report on May 20.

Not even geopolitics has been able to upset the markets, even though oil has exceeded \$120 per barrel (Brent). The war against Iran has experienced a phase of suspension. Donald Trump's confused interventions worry the markets, but the communication chaos has prevented strong investment decisions from being made, in the belief that both Iran and Trump have, rationally, an interest in ending the confrontation as quickly as possible. Central banks have also mostly decided not to decide. Jerome Powell's Federal Reserve, which is preparing to welcome new Chairman Kevin Warsh, has chosen not to intervene in the fight against persistent inflation and has left interest rates in the 3.5%-3.75% range, although there is no full unanimity within it. The European Central Bank (ECB), the Bank of England and the Swiss National Bank are on the same trajectory, leaving their respective key rates unchanged.

The strong concerns that characterized the month of April, including those of the International Monetary Fund, remained in the background: markets focused on

corporate results, the promises of artificial intelligence and a slowdown in US GDP that nevertheless showed signs of resilience.

European stock exchanges, direct victims of the closure of the Strait of Hormuz, have nevertheless chosen to believe that the conflict in the Middle East will be short-lived: the Euro Stoxx 50 rose by 5.6% in the month, while the Swiss and more conservative SMI moved only 2.8%, penalized by optimism that fueled risk appetite. In Asia, the Nikkei remained stable (but since the beginning of the year marks +18%), while the indices of South Korea and Taiwan, which are home to semiconductor and digitization companies, recorded +30.6% and +22.7% respectively in April.

What will happen from May? This month marks the beginning of a historically more mixed period for the stock markets. By inconveniencing the most tried-and-tested financial parameters, such as the price/earnings (P/E) ratio, the stock markets in general and the American ones in particular are expensive. If one bets on the impact of artificial intelligence on productivity, one could assume that future growth rates justify current prices, with a

deflationary effect that would also allow the Fed to cut rates, as the new president Kevin Warsh seems to assume. The new technologies would thus make the financial parameters used so far obsolete. However, the reality is that new language models require huge data centers, therefore large amounts of semiconductors and a huge demand for energy.

Adding AI capabilities quickly is difficult. In the United States, local opposition to the construction of new data centers has slowed down their development. Shortages of transformers, switchgear, and gas turbines cause delays; some of this equipment can take anywhere from two to five years to deliver while the hunger for energy is enormous.

Trump's design seemed to take this variable into account. It is no coincidence that it has operated in various ways to keep the price of oil low. But the invasion of Iran has changed the cards on the table. The market, for now, is showing optimism, as indicated *by futures* that predict oil prices to fall over time. However, it is difficult to predict the resilience of Iran, which is staking its existence in this war and for which it has been preparing for

years. The UAE's exit from OPEC+ could help contain future oil rises, but the damage caused to installations in the Persian Gulf is extensive and it will take time to restore production.

The month of April showed how the new emerging world, centered on artificial intelligence, is closely dependent on traditional production methods, which require energy, oil and raw materials. Trump's America is attempting to manage this connection through technological force and supremacy. If the stock markets continue to rise, it is because they believe in the deflationary effect of the new economy, but underestimate the inflationary risks related to energy sources and raw materials.

In geopolitical terms, this tension, in its complexity, will continually challenge the American approach. The war in Iran is strengthening China which, despite needing oil, has invested heavily in alternative sources, such as nuclear power, in the last thirty years. Russia is also strengthening, thanks to the increase in the price of black gold. But the tip of the balance will be Europe. A more independent approach by the Old Continent could have a stabilizing effect on

the relationship between raw materials  
and technology, favoring the definition of a  
new globalization.

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