arcanum analytica

campfire notebook

week ending april 10, 2026

"an armistice is not a peace."

— georges clemenceau

"the stock market is filled with individuals who know the price of everything, but the value of nothing."

— phillip fisher

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what i noticed this week

the ceasefire and the 230 tankers

on april 7, the US and iran agreed to a two-week ceasefire. WTI crude crashed **16%** in a single session — the largest one-day drop since april 2020. equities surged. the VIX collapsed. for about four hours, the market acted as though the strait of hormuz crisis was over.

it is not over. as of thursday, roughly **12 ships** have transited the strait since the ceasefire began. the pre-war average was more than **100 per day**. abu dhabi national oil company ceo sultan al jaber confirmed the strait is still effectively closed — iran is restricting and conditioning traffic, requiring permission for each transit. **230 loaded oil tankers** sit waiting inside the gulf. the iranian navy released a map late wednesday suggesting it may have **mined portions of the strait** and designated specific shipping lanes. this is not a reopening. it is a hostage negotiation with nautical charts.

the market's reaction was instructive. WTI swung from a high of **$117.63** to a low of **$91.05** within three sessions before settling at **$97.87** — essentially unchanged from its level five weeks ago when we first flagged this crisis. brent followed, dropping **5.2%** to **$95.92.** the ceasefire compressed the war premium in a matter of hours, but the physical reality of a closed strait has not changed. the wti-brent spread, which inverted last week in a sign of extreme domestic tightness, has partially normalized, with brent now trading below WTI again at **$95.92** versus **$97.87.**

the diplomatic track offers cautious grounds for optimism. pakistan brokered the ceasefire and us-iranian negotiators are expected in islamabad saturday for direct talks — the first since the conflict began. trump threatened **50% tariffs** on any country supplying iran with weapons, adding economic pressure to the diplomatic lever. but iran's conditions for full reopening — transit fees, permission requirements, the implicit threat of mines — suggest tehran views the strait as a bargaining chip, not a concession. the two-week clock is ticking. if islamabad produces a credible reopening mechanism, oil settles back into the **$80-90** range and the equity relief rally has legs. if it doesn't, we're back above **$110** by may.

our WTI long, the best-performing trade in the book at **+13%** last week, round-tripped to essentially flat at **$97.87** versus the **$98.71** entry. the thesis — that the supply disruption would persist and diplomacy would fail to deliver — was partially undermined by the ceasefire agreement. but "partially" is the operative word. the strait is still closed. we're holding the position with the stop at **$95**, but the conviction has shifted from high to medium. the brent long, entered at **$110**, hit its stop at **$98** and is closed at **$95.92** for a **-12.8%** loss. the thesis was right about the direction of the physical market but wrong about the timing of the diplomatic intervention. lesson: in a war trade, the ceasefire headline arrives without warning, and carries typically move faster than fundamentals.

the split report: CPI says two things at once

the march CPI, released this morning, was a split decision. headline inflation surged to **3.3% YoY**, the highest reading in nearly two years, driven almost entirely by energy. gasoline prices rose **21.2%** in march alone, accounting for nearly three-quarters of the total monthly increase. the energy index jumped **10.9%**. the monthly headline print of **+0.9%** was the hottest since 2022.

and then there was core. excluding food and energy, prices rose just **0.2% MoM** and **2.6% YoY** — both a tenth below consensus expectations. shelter costs continued to ease. medical care declined. used cars fell. the core disinflation trend that was running before the strait closure is still intact, buried underneath the energy spike.

this is the macro regime in a single report: an energy shock layered on top of an otherwise normalizing economy. it is 1990 in miniature — a geopolitical oil supply disruption that distorts headline inflation while core trends continue to improve. the fed knows the difference. powell spent most of 2022-23 telling us to look at core. the problem is that consumers don't strip out energy when they fill their tanks. the **4.8%** one-year inflation expectation in today's michigan sentiment survey — a record one-month jump from **3.8%** — says everything about how this is landing at the household level.

for the fed, the split report is both a relief and a trap. the core read gives them cover to stay on hold rather than hike. but the headline read makes cutting impossible. fed funds futures moved barely after the release — the market is already pricing zero cuts for 2026, which we've argued since march 14. our zero-cuts thesis is now consensus. the question is whether it becomes a "next move is a hike" thesis. if oil doesn't come back down and the strait stays closed through summer, it will.

the consumer breaks first

the university of michigan's preliminary april sentiment index crashed to **47.6** — an all-time record low. the prior record was **51.7** during the 1980 energy crisis. the april reading was an **11% monthly decline** from march's **57.0** and well below the **52.0** consensus estimate. critically, **98%** of the interviews were conducted before the april 7 ceasefire announcement, meaning this captures the full weight of **$111 oil** on consumer psychology.

the details are worse than the headline. one-year inflation expectations surged to **4.8%** from **3.8%**, the largest single-month increase in the survey's history. five-year expectations rose to **3.4%** from **3.2%**. personal finance assessments declined **11%**, with consumers citing high prices and falling asset values. this is a consumer that is frightened, angry, and starting to change behavior.

three weeks ago we noted the conference board data showing a present-versus-expectations divergence — people feeling ok today but worried about tomorrow. that divergence has collapsed. both components are now negative. when the present catches up to the expectations, spending contracts. the last time michigan sentiment was in the 40s was never. the last time it was near 50 with inflation expectations near 5% was 1980. that comparison is neither alarmist nor flattering.

equities, for their part, are pretending none of this happened. the s&p 500 rallied **3.8%** on the week to **6,824.66**, with the nasdaq up **4.5%** and the russell 2000 leading at **+4.9%**. VIX collapsed **20.6%** to **19.49**, back below 20 for the first time since mid-march. tech led the charge — XLK **+5.3%**, with nvidia and meta surging **4-10%** on ai optimism and ceasefire relief. the tape says "all clear." the consumer survey says "help."

oil, gold, copper, and the grains

the oil story was told above. the takeaway: the ceasefire compressed the war premium but didn't remove the supply deficit. physical market stress remains acute — dated brent is trading at a record premium to front-month futures, signaling that near-term barrels are desperately scarce even as the forward curve prices a resolution. this is the market hedging both outcomes simultaneously.

gold touched **$4,851** intraday before settling at **$4,792**, essentially flat on the week (+0.2%) but up **3%** from last week's **$4,651** close. the recovery from the leveraged liquidation washout continues. we set a deadline: reclaim **$4,800** by end of april or mark the trade wrong. gold briefly crossed that threshold wednesday before pulling back. the structural bid — central banks buying **60 tonnes per month**, goldman raising its end-2026 target to **$5,400**, jpm at **$5,055** by q4 — remains intact. our entry at **$5,062** is still well underwater at **-5.3%**, but the trajectory has improved from the **$4,101** low three weeks ago. the ceasefire is a headwind for gold's crisis premium but a tailwind for its inflation premium, given that CPI just printed **3.3%**.

copper hit **$5.75**, up **2.2%** on the week and now above the original **$5.70** measured move target from our descending wedge breakout trade entered at **$5.30.** that's **+8.5%** in three weeks — the cleanest trade in the book. the extended target of **$5.90** remains in play, and citi's **$13,000/ton** call provides institutional cover. the stop moves up to **$5.50** to protect gains. copper is benefiting from a rare alignment: ceasefire optimism boosts risk sentiment and china growth expectations, while physical supply remains tight with lme inventories near six-year highs but concentrated in asia.

the april WASDE, released wednesday, left US corn and soybean ending stocks unchanged at **2.127 billion** and **350 million bushels** respectively. USDA raised the corn season-average price **5 cents** to **$4.15/bu** and soybeans **10 cents** to **$10.30/bu**, while cutting soybean exports by **35 million bushels.** the market yawned. corn futures fell **2.3%** to **$4.44**, pressured by the massive **95.3 million** planted acres from prospective plantings and the ceasefire's removal of the energy cost-push bid. soybeans were nearly flat at **$11.65.** the grain story remains about the battle between ample acreage (bearish) and potential energy-cost planting disruptions (bullish) that won't resolve until the june acreage report.

currencies and the dollar's problem

the dollar index fell to **98.82**, dropping below 99 for the first time since the hormuz crisis began. the **-0.8%** weekly decline marks the fourth consecutive week of dollar weakness. eur/usd rose to **1.17**, aud/usd climbed **1.7%** to **0.70**, and the south african rand strengthened **2.4%** against the dollar as risk-on flows favored commodity currencies and EM.

the dollar is caught between competing forces. the ceasefire removes some safe-haven bid. oil coming off the highs reduces petrodollar recycling flows. but the fed is still on hold at **3.50-3.75%** with no cuts priced — the highest real rate in the g10. the problem for dollar bulls is that the market has already priced the hawkish fed, and the incremental driver from here is geopolitical, not monetary. if the strait reopens, oil drops, inflation moderates, rate cuts come back into the picture, and the dollar weakens further. if the strait stays closed, safe-haven flows return but the economic damage from high oil prices makes rate cuts more likely eventually anyway. both scenarios point to a weaker dollar in the medium term — just via different paths.

our dollar long entered at **100.50** is now at **98.82**, a **-1.7%** loss and uncomfortably close to the **98.50** stop. our eur/usd short entered at **1.15** is at **1.17**, hitting the **1.17** stop — closed for a **-1.7%** loss. the thesis was ECB vulnerability to european energy costs, but the ceasefire removed the near-term energy pressure before the ECB could react. the ECB meeting is april 29 (not april 17 as we previously noted — correcting the calendar). we held the trade too long waiting for a catalyst that the ceasefire preempted. lesson: when the core thesis depends on a crisis persisting, set a time stop alongside the price stop.

signals & cycles

- VIX closed at **19.49**, below 20 for the first time since march 14. the **20.6%** weekly decline was the fastest compression since the ceasefire-hope bounce of late march. but VIX term structure past the second month remains in mild inversion — the front is complacent, the back is not. historically, VIX below 20 during an active military conflict with elevated oil prices has lasted an average of 6 trading days before reverting. the short-vol trade is tempting and probably wrong.
- michigan 1-year inflation expectations at **4.8%** crossed above the **4.5%** threshold that has preceded every consumer spending contraction since 1980. the fed watches the 5-year expectation (**3.4%**), which remains elevated but not yet at the 3.5% panic line. if the april final reading confirms the preliminary, expect fed rhetoric to shift from "patient" to "vigilant." the last time 1-year expectations were at 4.8% was november 2022, when the s&p was at 3,900.
- copper's descending wedge breakout has now exceeded the measured move target of **$5.70**, reaching **$5.75**. the breakout is confirmed: volume expanded on the move, the pattern duration was 4 weeks, and the follow-through has been clean. this is the newsletter's first consolidation/breakout trade and it's tracking exactly to the textbook. pattern traders should note: the move above the measured target often signals a trend extension, not exhaustion. keeping the extended target at **$5.90** with stop raised to **$5.50**.

- the 2008 energy analog, now in week 6, is showing stress. in 2008, the phase 1 pattern (energy outperformance, equities weakening) transitioned to phase 2 (demand destruction fears) around month 4-5. our analog showed a similar signal last week when XLE fell **3.7%** while WTI surged **18%**. this week, XLE fell another **2.8%** even as equities rallied — the energy sector is being sold on both up and down days. the analog suggests the market is pricing the possibility that oil stays high enough long enough to tip the economy. watch XLE relative performance as the leading indicator.
- s&p 500 breadth improved sharply this week. the russell 2000 leading at **+4.9%** versus SPX at **+3.8%** is the kind of broad-based rally that suggests more than just mega-cap momentum. but breadth recoveries during ceasefire-hope rallies are notoriously fickle — the october 2023 israel-hamas pattern saw two breadth-led rallies before the selling resumed. trust the breadth when VIX sustains below 18 for more than two weeks. we're not there.

special focus: march CPI — the energy pass-through arrives

metric	actual	estimate	prior	surprise
CPI MoM	+0.9%	+0.5%	+0.3%	+0.4%
CPI YoY	3.3%	3.1%	2.4%	+0.2%
core CPI MoM	+0.2%	+0.3%	+0.3%	-0.1%
core CPI YoY	2.6%	2.7%	2.7%	-0.1%
energy index	+10.9%	—	+0.8%	—
gasoline	+21.2%	—	+3.1%	—

the march CPI released this morning confirmed what ISM prices paid told us two weeks ago: the energy pass-through from $100+ oil is now showing up in consumer prices. headline CPI jumped **0.9% MoM**, the hottest monthly reading since mid-2022, driven by a **21.2%** surge in gasoline prices — which accounted for nearly three-quarters of the total increase. the annual rate leapt from **2.4%** to **3.3%**, the highest since early 2024.

the market reaction was muted precisely because the number told the story everyone expected. WTI had already been above $100 for most of march. the more interesting signal was in the core: **+0.2% MoM** and **2.6% YoY**, both a tenth below expectations. shelter, which had been the stickiest component, rose at its slowest pace in over two years. medical care and used vehicles declined. the underlying disinflation that was running before the hormuz crisis is still there, just masked by the energy spike.

the fed's calculus is straightforward: the headline number makes cutting impossible, but the core number makes hiking unnecessary. the result is an extended hold — exactly the "higher for longer" regime we've been describing since edition one. fed funds futures barely moved on the release. the december 2026 contract implies **3.50-3.75%**, unchanged — zero cuts for the year.

the risk scenario is this: if oil stays above $100 through q2, the energy pass-through bleeds into core via transportation costs, food production, and delivery surcharges. the core CPI softness in march may be the last clean read before second-round effects arrive. we saw this exact pattern in 2008 and in late 2021 — energy leads, core follows with a 2-3 month lag. if the strait reopens and oil normalizes, the pass-through stops. if it doesn't, expect core CPI to inflect higher by june.

this week's releases

date	release	actual	estimate	prior	market impact
4/7	ceasefire announced (US-Iran)	—	—	—	WTI -16%; SPX +2.5%
4/8	NFIB Small Business Optimism	97.4	99.0	100.7	mild negative
4/9	WASDE Report (April)	unchanged	—	—	corn -2.3%; soy flat
4/9	Wholesale Inventories (Feb final)	+0.3%	+0.4%	+0.4%	neutral
4/10	CPI MoM (March)	+0.9%	+0.5%	+0.3%	yields spiked then fell
4/10	CPI YoY (March)	3.3%	3.1%	2.4%	headline shock absorbed
4/10	Core CPI MoM (March)	+0.2%	+0.3%	+0.3%	dovish surprise
4/10	Core CPI YoY (March)	2.6%	2.7%	2.7%	rates rally
4/10	Michigan Sentiment (Apr prelim)	47.6	52.0	57.0	record low
4/10	Michigan 1Y Inflation Exp	4.8%	—	3.8%	record jump
4/10	Initial Jobless Claims (4/4)	219K	215K	202K	slightly elevated
4/10	Continuing Claims	1.84M	1.82M	1.79M	creeping higher

next week's calendar

date	time (ET)	release	estimate	prior	why it matters
4/11	—	Islamabad US-Iran talks begin	—	—	ceasefire extension or collapse

date	time (ET)	release	estimate	prior	why it matters
4/14	8:30 AM	PPI MoM (March)	+0.6%	+0.1%	energy pass-through to producers
4/14	8:30 AM	PPI YoY (March)	3.8%	2.2%	confirms CPI energy story
4/15	8:30 AM	Empire State Mfg Index (Apr)	-5.0	1.4	first post-ceasefire regional survey
4/15	8:30 AM	Import/Export Prices (Mar)	—	—	tariff + oil pass-through
4/16	8:30 AM	Retail Sales (March)	+0.4%	+0.2%	consumer spending resilience test
4/16	9:15 AM	Industrial Production (Mar)	+0.2%	+0.7%	manufacturing activity
4/16	10:00 AM	NAHB Housing Market Index (Apr)	—	39	builder sentiment amid high rates
4/17	8:30 AM	Housing Starts (March)	—	1.50M	rate-sensitive demand gauge
4/17	8:30 AM	Building Permits (March)	—	1.46M	forward housing pipeline
4/17	8:30 AM	Philadelphia Fed Mfg (Apr)	—	-4.1	second regional mfg read
4/17	8:30 AM	Initial Jobless Claims	—	219K	labor market pulse
4/18	—	Good Friday (markets closed)	—	—	—

highest conviction trades — week ending april 10, 2026

trade 1 — s&p; 500 — short

vehicle	entry zone	target
SPY puts (may expiry)	6,800-6,850	6,400
stop	**conviction**	
7,000	medium-high	

ceasefire rally has priced a strait reopening that hasn't happened. michigan 47.6 = consumer deterioration. VIX below 20 during active conflict with 230 tankers waiting is mispriced complacency. if islamabad talks fail, oil re-spikes and this rally reverses. 2-3 week horizon.

trade 2 — gold — long (add)

vehicle	entry zone	target
GC futures / GLD calls	$4,750-4,800	$5,200
stop	**conviction**	
$4,500	medium-high	

CPI at 3.3% with michigan inflation expectations at 4.8% = real rates falling. central banks buying 60t/month. gs target $5,400. ceasefire removes crisis premium but adds inflation premium. the leveraged washout is exhausted — $4,101 low, three-week base, now approaching $4,800. this is the re-entry.

trade 3 — copper — long (hold)

vehicle	entry zone	target
HG futures / copx calls	holding from $5.30	$5.90
stop	**conviction**	
$5.50	medium	

measured move target of $5.70 hit and exceeded. extending to $5.90. ceasefire + china stimulus hopes + physical tightness. raise stop to $5.50 to protect +8.5% gain. if $5.90 hits, take half off.