arcanum analytica

campfire notebook

week ending april 24, 2026

"the market can stay irrational longer than you can stay solvent."

— john maynard keynes

"what the wise man does in the beginning, the fool does in the end."

— warren buffett

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what i noticed this week

the strait giveth and the strait taketh away

last week's edition was titled around changing our minds. this week is about what happens when the world changes its mind back. iran declared the strait of hormuz open on april 17. oil crashed **11%** in a single session. markets celebrated. the ceasefire extended. rate cuts repriced. the vibe shifted from crisis to relief in forty-eight hours. and then, as if following a script written by someone with a dark sense of humor, iran closed the strait again on april 18, accusing washington of breaching the ceasefire terms by maintaining its naval blockade of iranian ports.

by wednesday, iran had attacked **at least three commercial ships** in the strait. trump extended the ceasefire anyway — at pakistan's request, he said — but the extension is a ceasefire in name while the strait remains a dual blockade in practice. the US navy blocks iran; iran blocks everyone else. **230 tankers** still waiting. the iea's fatih birol called it "the biggest energy security threat in history." that is not a phrase the iea uses lightly.

WTI closed thursday at **$94.40**, down from a midweek spike above **$96** but up roughly **$10** from last friday's ceasefire-euphoria low near **$84**. brent touched **$106** before settling at **$105.33**. the oil market has now round-tripped: the ceasefire crash was a head-fake, exactly as we flagged last week when we wrote that the strait opening was "a gesture, not a resolution." the contrarian re-entry we took at **$84** (pos_013) is already **+12.4%** in a week. sometimes the market teaches you lessons; this week it handed us one back.

the broader read: the market priced peace prematurely and is now repricing conflict with the same speed. the ceasefire exists on paper, but the physical reality is unchanged — ships are not flowing freely through hormuz, and both sides are seizing vessels as leverage. the talks in pakistan this weekend (witkoff and kushner meeting iranian counterparts) are the next binary event. if they produce a framework, oil retreats to the $80s. if they don't — and the ceasefire's credibility is thinning — $110 WTI is the next stop.

for our book, this week was validation. last week's re-entry into oil at $84 was explicitly framed as a bet that the ceasefire was performative. the thesis was: "oil crashed 11% on a gesture, not a resolution." that was right. the question now is whether to take partial profits at $94 or let it run toward the $98 target. given that the pakistan talks inject another binary event over the weekend, trimming a third here and holding the rest with a trailing stop at $88 is the disciplined play.

the market that doesn't care

while oil was re-spiking and the strait was re-closing, US equities hit new record highs. the s&p 500 closed friday at **7,165**, up roughly **0.5%** on the week. the nasdaq reached **24,837**, powered by a semiconductor streak that defies any historical comparison: **18 consecutive days** of gains in the philadelphia semiconductor index. intel shattered its dot-com-era ceiling, surging **23%** after a q1 beat that wasn't even close — **$0.29 eps** vs the **$0.01** consensus, with data center revenue up **22%** on ai-driven cpu demand.

this is a market that has decided the strait of hormuz is somebody else's problem. tech earnings are the oxygen, and the semiconductor cycle is the narrative. nvidia reclaimed a **$5 trillion** market cap. arm and amd are up **40%** and **25%** respectively this week alone. the concentration is extraordinary — and that word is chosen carefully, because it's both the source of the rally's power and its eventual vulnerability.

the macro backdrop doesn't support this level of complacency. oil is back above $94. the VIX sits at **19.3**, which is elevated but not panicked — a strange calm for a market facing a potential $110 oil shock. michigan consumer sentiment was revised up to **49.8** from the preliminary **47.6**, but that's still the weakest reading on record. year-ahead inflation expectations sit at **4.8%**, up from **3.8%** in march — the largest one-month jump since april 2025. the consumer is telling you something the equity market is choosing not to hear.

there is a historical pattern for this kind of divergence. in q3 2007, equities rallied while credit spreads were already widening. in early 2008, the s&p made a lower high while oil was screaming toward $147. the market's ability to compartmentalize — to treat a geopolitical supply shock as a contained event while celebrating an earnings cycle — works until it doesn't. and what breaks it is usually the second-order effects: the energy cost pass-through to margins, the consumer spending pullback, the EM currency stress that feeds back into dollar strength.

apple's announcement that tim cook will step down september 1, with hardware chief john ternus taking over, added to the week's narrative density. it's the end of an era — cook steered apple through the iphone maturity cycle and into services. the market shrugged, which is probably the right reaction for now. the succession was orderly, planned, telegraphed. but it removes one layer of institutional certainty from the most valuable company on earth, at a time when certainty is already scarce.

retail sales: the gasoline mirage

march retail sales came in at **+1.7% MoM**, the fastest monthly pace in over three years. the headline looked strong. it was a mirage. gasoline station sales surged **15.5%** — consumers didn't buy more gas; they paid more for it. strip out gas stations, and retail sales rose **0.6%**, a touch slower than february's **0.7%**. the "strength" was an artifact of the price spike we've been tracking since the strait closed in march.

this is the callback we flagged last week: retail sales would be the first hard data test of whether michigan's **47.6** sentiment print (now revised to 49.8) translated to actual spending contraction. the answer is nuanced. consumers are still spending, but the composition has shifted — more going to gasoline, less to discretionary categories. furniture and home furnishings were up **2.2%**, but that's a noisy category. the cleaner read is ex-gas, ex-auto, and that number was tepid.

the flash s&p global pmis added texture. the composite came in at **52.0**, above the **50.6** estimate and up from march's **50.3**. manufacturing surged to **54.0** — the highest since may 2022. but the details were less encouraging: the manufacturing strength was partly driven by "panic" and "emergency" buying ahead of price hikes and supply shortages. services remained subdued at **51.3**, barely above the contraction line. when businesses are hoarding inventory and consumers are spending more on gas, the GDP print looks fine until you read the composition. then it looks like the early stages of a cost-push squeeze.

gold, the dollar, and the rate-cut repricing that wasn't

last week we took three new positions: gold long (pos_012, high conviction), oil re-entry (pos_013, medium-high), and 10y duration long (pos_014, medium). the oil trade is the clear winner so far. the duration trade is underwater.

the rate-cut repricing that seemed to be accelerating last week — fed funds moved from **14%** to **43%** december cut probability — has stalled. the strait re-closure and oil's return above $90 put the inflation genie back in the bottle. the 10-year yield climbed to **4.31%**, up from **4.246%** last week, as the market absorbed that you can't cut rates into a $100+ oil environment. our duration long (pos_014, entry at 4.246%) is now offside, and the thesis is weakening. if the 10y pushes above **4.40%**, we close this trade and take the loss.

the zero-cuts thesis (pos_002) that we had halved confidence on last week? it's clawing back relevance. at 50% confidence last friday, it might be 60% today. the world changed back faster than anyone expected, and the rate-cut repricing that seemed inevitable a week ago now looks premature. if oil averages above $95 through may, the december cut probability retreats below 30% and our original thesis is vindicated — even if it took a scenic route to get there.

gold is the interesting one. it closed at approximately **$4,724**, down about **3%** on the week. the strait re-closure, which you'd think would support gold as a crisis hedge, actually hurt it — rising oil means rising inflation expectations, which means higher nominal yields, which pressures the non-yielding metal. gold is caught in a paradox: it needs either peace (rate cuts, lower real yields) or sustained war (crisis premium). what it can't handle is the current middle ground — escalating conflict that raises inflation expectations and keeps the fed on hold. our gold positions (pos_003 entry $5,062, pos_011 entry $4,792, pos_012 entry $4,849) are all underwater, though still above the $4,600 invalidation level. the $4,800 deadline by april 30 is now in serious jeopardy.

the dollar strengthened, with DXY testing **99.0** and the cboe dollar index pushing higher on safe-haven flows and the reversal of rate-cut expectations. eur/usd stayed around **1.176** — the euro is trapped between european energy vulnerability (strait closure) and ECB dovish expectations (april 29 meeting). usd/jpy held near **159**, with the yen struggling despite the boj's structural shift toward higher rates. the dollar is reasserting the "exceptionalism" trade: US as net energy exporter benefits from high oil, while europe and japan suffer.

signals & cycles

- semiconductor 18-day streak: since 1990, the sox index has never posted a winning streak this long. the closest was 14 days in 1999. every prior streak above 10 days (7 occurrences) showed the index higher 30 days later 6 out of 7 times (median +3.2%). the exception was october 2000. momentum begets momentum, but the entry risk after 18 days is asymmetric — the upside is incremental, the drawdown risk if the streak breaks is a 3-5% air pocket. this favors patience over chasing.
- VIX at 19.3 with oil above $94 and the strait closed is historically unusual. during the march strait closure, VIX spiked above 27. the market has either priced in the supply disruption or is underpricing it. the last time VIX stayed below 20 during a sustained energy supply shock was never — the 1990 gulf war, 2003 iraq invasion, and 2022 ukraine all saw VIX above 25 within two weeks of the disruption becoming clear. this is either a new regime or a mispricing. the scorecard leans toward mispricing.
- michigan inflation expectations at 4.8% (up from 3.8% in march) represent the largest one-month jump since april 2025. historically, jumps of 100bps or more in 1y inflation expectations have preceded either a fed response (rate hold or hike) within 60 days or a subsequent decline in consumer spending within 90 days. this is consistent with the cost-push squeeze developing in the PMI data.
- COT positioning: managed money in WTI likely re-extended net long this week after the whipsaw. the round-trip — long, stopped out on ceasefire, re-entered on strait closure — will show up as elevated volatility in next week's COT data. watch for the z-score above +2.0, which historically precedes short-term mean-reversion.
- the scorecard after 7 editions stands at **1 win, 5 losses, 2 early closes, 6 open**. batting average: **16.7%**. the one win (copper +11.3%) is a pattern/breakout trade. the five losses are all directional macro calls killed by binary headline risk. the lesson screams from the data: in a regime defined by geopolitical headlines, pattern-based trades with defined invalidation levels are the edge. directional macro calls get whipsawed. we should be running a portfolio weighted toward breakout setups and option-defined risk, not naked directional bets.

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the scorecard

active trades:

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this week's releases

date	release	actual	estimate	prior	market impact
4/21	retail sales MoM (mar)	+1.7%	+1.1%	+0.2%	headline strong; gas-driven
4/21	retail sales ex-gas	+0.6%	—	+0.7%	tepid underlying demand
4/23	S&P; global flash mfg PMI (apr)	54.0	52.5	52.3	48-month high; panic buying
4/23	S&P; global flash svcs PMI (apr)	51.3	50.6	49.8	barely above contraction
4/23	S&P; global flash composite PMI	52.0	50.6	50.3	better than feared
4/23	intel Q1 earnings	$0.29 EPS	$0.01	—	massive beat; +23%
4/24	michigan consumer sentiment (apr final)	49.8	47.6	57.0 (mar)	record low confirmed
4/24	michigan 1Y inflation expectations	4.8%	—	3.8% (mar)	+100bps; largest jump since apr 2025
4/24	initial jobless claims (apr 18)	214K	—	207K	modest uptick
4/18	existing home sales (mar)	3.98M SAAR	—	4.13M	9-month low; -3.6%
4/17-24	strait of hormuz	re-closed apr 18	—	opened apr 17	ceasefire extended but dual blockade

next week's calendar

date	time (ET)	release	estimate	prior	why it matters
4/28	10:00 AM	consumer confidence (apr)	—	92.9	sentiment cross-check with michigan 49.8
4/29	8:30 AM	advance durable goods (mar)	—	+1.0%	capex intentions amid supply chain stress
4/29	2:00 PM	FOMC rate decision	3.50-3.75% (hold)	3.50-3.75%	statement language on inflation/oil critical

date	time (ET)	release	estimate	prior	why it matters
4/29	2:30 PM	powell press conference	—	—	does he acknowledge strait re-closure inflation risk?
4/30	8:30 AM	GDP advance Q1 2026	~1.5%	+2.4% (Q4)	first read on oil-shock economic impact
4/30	8:30 AM	PCE price index (mar)	—	+2.5% YoY	fed's preferred inflation gauge
4/30	8:30 AM	core PCE (mar)	—	+2.8% YoY	does energy pass through to core?
4/30	8:30 AM	employment cost index Q1	—	+0.9%	wage pressure in a tight labor market
5/1	10:00 AM	ISM manufacturing PMI (apr)	—	50.3	confirmation of flash PMI panic-buying?
4/29	—	ECB rate decision	—	2.50%	european energy vulnerability; lagarde tone
4/26	—	US-iran talks in pakistan	—	—	binary event for oil; weekend risk

highest conviction trades — week ending april 24, 2026

trade 1 — oil WTI — long (hold)

vehicle	entry zone	target
CL futures / USO calls	$84 (existing) — trim 1/3 at $94	$98
stop	**conviction**	
$88 trailing	medium-high	

strait re-closed. dual blockade confirmed. ceasefire is paper; ships aren't flowing. pakistan talks are the next binary — if no deal, $110. trimming 1/3 at $94 to lock profits; holding 2/3 with trailing stop.

trade 2 — s&p; 500 put spread — short

vehicle	entry zone	target
may SPY 700/690 put spread	$7,100-7,165	max profit at 690
stop	**conviction**	
$7,250 (close spread)	medium	

18-day semi streak historically doesn't extend to 25. VIX at 19 with $95 oil is mispriced calm. FOMC + GDP + PCE next week = vol catalyst. selling premium into complacency. risk-defined. two-week expiry.

trade 3 — copper — long

vehicle	entry zone	target
HG futures / copx calls	$5.95-6.05	$6.50
stop	**conviction**	
$5.75	medium	

copper at $6.01, consolidating in a 3-week ascending triangle after the $5.90 breakout hit target. measured move from triangle projects $6.50. volume declining into apex. ai/data center demand structural. if energy costs crush global growth, the demand thesis breaks — hence the $5.75 stop below the triangle floor.