



## MAKING SENSE OF *THIS* WORLD

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By Brunello Rosa



### The Iran War at a Crossroads

On Easter day, April 5<sup>th</sup>, at 1:03 PM, President Trump posted on his social media channel [the following post](#): “Tuesday will be Power Plant Day, and Bridge Day, all wrapped up in one, in Iran. There will be nothing like it!!! Open the Fuckin’ Strait, you crazy bastards, or you’ll be living in Hell – JUST WATCH! Praise be to Allah. President Donald J. TRUMP.” The Iranians responded by saying that promising to commit war crimes won’t do good for the cause: if civilian targets are attacked, the Iranian response against all the countries in the region will be even stronger than before. They also added that the Strait will never return to what it was before the war began.

While Pakistan says that the two sides are exchanging messages, perhaps to advance some form of mediation, the rhetoric is clearly getting harder, promising more escalation, rather than de-escalation. Trump is clearly threatening “Hell on Earth” if the Iranians don’t open up the Strait, while at the same time unilaterally postponing – once again – his self-imposed deadline from the 6<sup>th</sup> to the 7<sup>th</sup> of April. But the Iranians don’t seem likely to back down. As we have discussed before, why should they give him an off-ramp at this stage?

The US has successfully conducted a “search and rescue operation,” to recover the second pilot that ejected from the F-15 that was downed by the Iranians last week. But in the mission, they lost at least two C130 aircrafts and one helicopter. The Iranians are now advancing doubts that the operation was actually aimed at rescuing the pilot.

The Iranians are claiming that the fact that the pilot was picked up at Isfahan, close to the nuclear plant where the enriched Iranian uranium is considered to have been stored/buried after the June 2025 bombing campaign, raises the question of whether the real target of the operation was in fact the seizure of Iran’s uranium. In effect, the number of resources employed for the mission (at least three C130s, plus several other aircrafts, drones, etc) may suggest that the aim of the mission may have been different – and in reality, one of the few points scored for which Trump, if the uranium is recovered, could actually “claim victory and go home.”

Having said all this, the situation is as tense as ever. The Israelis have just killed the new head of the Iranian intelligence service, and are saying they will continue killing everybody in the chain of command. Conversely, the Iranians apparently found a way of restoring artillery hit by the raids: by using excavators, they are able to dig out the launch platforms just hit by the bombs and make them operational within hours, so long as they are not excessively damaged. This would explain why at least half of Iran’s offensive capabilities are still in place, when the US-Israeli forces claimed they had been obliterated.

In any case, it’s obvious the war in the Middle East is at a crossroads. The next few days will tell which direction it will take.

#### Our Recent Publications

- 📄 [Oil, Conflict, and the Risk of Renewed Global Inflation](#), by Lāsma Kokina, 2 April 2026
- 📄 [Japan’s Tokenised Reserves: Linking Central Banking and Blockchain](#), by Ridipt Singh, 1 April 2026

- 📄 [Bitcoin in a Changing Macro Regime](#), by Brunello Rosa Nato Balavadze, 31 March 2026
- 📄 [From Riyadh to Kabul: Pakistan’s Western Security Dilemma](#), by Noel Therattil, 27 March 2026



### Looking Ahead

#### The Week Ahead: US Inflation Rate To Rise; US QoQ GDP To Decelerate; PMIs To Fall In EZ And US

**In the US**, in March, headline and inflation rates are seen increasing to 3.3% y-o-y (*p*: 2.4%) and 2.7% y-o-y (*p*: 2.5%). In Q4, according to the final estimate, GDP growth rate is expected to decelerate to 0.7% q-o-q (*p*: 4.4%). In February, PCE price index is likely to stay at 2.8% y-o-y, while core PCE price index is expected to ease off to 2.7% y-o-y (*p*: 3.1%).

**In the EZ**, in March, S&P Global Services and Composite PMIs are expected to fall to 50.1 (*p*: 51.9) and 50.5 (*p*: 51.9). In February, retail sales are seen contracting by 0.2% m-o-m (*p*: -0.1%).

**In the UK**, in March, S&P Global Services and Composite PMIs are expected to fall to 51.2 (*p*: 53.9) and 51.0 (*p*: 53.7).

#### The Quarter Ahead: Trump Rejects Iran Truce Plan; Ukraine Targets Russian Energy Infrastructure

**Trump rejected a proposed 45-day ceasefire with Iran as “not good enough,”** ahead of his deadline to reopen the Strait of Hormuz. He warned of strikes on Iran’s infrastructure if the strait remains closed, while Tehran dismissed a temporary ceasefire and instead pushed for a permanent end to the conflict.

**Ukraine has expanded strikes on Russian energy infrastructure across the Black and Baltic Seas**, Kyiv says it hit a warship and offshore assets near Novorossiysk, part of efforts to curb oil revenues. In the Baltic, attacks on Primorsk port and Ust-Luga port disrupted exports, with losses estimated at ~\$1bn.

### Last Week’s Review

#### Real Economy: US Unemployment Rate Edged Down; EZ Inflation Rate Increased; UK QoQ GDP Advanced Marginally

**In the US**, in March, unemployment rate edge down to 4.3% y-o-y (*c*: 4.4%; *p*: 4.4%). NFPs rose by 178K (*c*: 60K; *p*: -133K). In March, CB Consumer Confidence increased to 91.8 (*c*: 88.0; *p*: 91.0). In February, retail sales rose by 3.7% y-o-y (*p*: 3.2%). In March, S&P Global Manufacturing increased to 52.3 (*c*: 52.4; *p*: 51.6), while Services and Composite PMIs declined to 49.8 (*c*: 51.1; *p*: 51.7) and 50.3 (*c*: 51.4; *p*: 51.9).

**In the EZ**, in March, headline inflation rate rose to 2.5% y-o-y (*c*: 2.6%; *p*: 1.9%), while core inflation eased off to 2.3% y-o-y (*c*: 2.4%; *p*: 2.4%). In February, unemployment rate edged up to 6.2% (*c*: 6.1%; *p*: 6.1%). In March, consumer confidence shrank further to -16.3 (*p*: -12.2) as expected. Economic Sentiment declined to 96.6 (*c*: 96.8; *p*: 98.2). In March, S&P Global Manufacturing rose to 51.6 (*c*: 51.4; *p*: 50.8).

**In the UK**, in Q4, according to the final estimate, GDP growth rate advanced by 0.1% q-o-q (*c*: 0.1%; *p*: 0.1%) and 1.0% y-o-y (*c*: 1.0%; *p*: 1.2%). In March, S&P Global Manufacturing declined to 51.0 (*c*: 51.4; *p*: 51.7).

#### Financial Markets: Stocks Rose; Yields Declined; US Dollar Fell; Oil Prices Were Up, While Gold Prices Were Down

**Market Drivers:** US equities ended a volatile, holiday-shortened week higher, supported by tentative signs of de-escalation in the Middle East. Treasury yields declined after Donald Trump paused Iran strike plans. In Europe, the STOXX Europe 600 rose 3.9%, with sentiment improving on expectations that the conflict may be shorter-lived than initially feared.

**Global Equities:** increased *w-o-w* (MSCI ACWI, +2.9%, to 994.2). The US S&P 500 index declined (-+3.4% *w-o-w*, to 6,582.69). In the EZ, share prices increased (Eurostoxx 50, +3.4% *w-o-w*, to 5,692.86) In EMs, equity increased (MSCI EMs, +0.3%, to 1,440.95) Volatility is declined to 24.90 (VIX S&P 500, 52w avg.: 19.4; 10y avg.: 19.9).

**Fixed Income:** *w-o-w*, the 10-year US Treasury yields were down (-10 bps to 4.34%). The 2-year US Treasury yields fell (-7 bps to 3.85%). The German 10-year bund yields declined (-10 bp to 3.00%).

**FX:** *w-o-w*, the US Dollar Index declined (DXY, -0.1%, to 100.03; EUR/USD +0.1%, to 1.15). In EMs, currencies rose (MSCI EM Currency Index, +0.2% *w-o-w*, to 1,842.63).

**Commodities:** *w-o-w*, oil prices increased (Brent, +3.5% to 109.03 USD/b). Gold rose declined *w-o-w* (+4.3% to 4,702.70 USD/Oz).



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**Abbreviations, Acronyms and Definitions**

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	M5S	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DIEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year

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