

Yet another day of chaotic headlines :

Ceasefire extension softens immediate tail risk but leaves core pressure point intact as the blockade continues to control energy flows - quick resolution for now, seems as elusive as ever.

Key learning is that global energy balance has shifted towards U.S. dominance, diminishing the significance of Hormuz leverage for US whereas pressure Asia and Europe continues - Even as the world remains fixated on Hormuz , US markets continue to be looking past it.

Two things besides these war headlines matter : Warsh Nomination & US Consumer spending

Warsh's Fed Chair hearing :

While backing and opposition to Warsh fell largely along party lines, Senator Thom Tillis was the lone Republican to withhold support. Republicans have 13-11 majority in Senate Banking Committee. Without Tillis's support a stalemate is likely. Warsh's nomination is now inextricably tied to DOJ investigation.

Jeanine Pirro has vowed to continue the Powell probe and she has until May 4 to file her appeal. If Pirro does not appeal, the Powell probe effectively dies- clearing the path for Warsh's confirmation.

Consumer

Gas prices higher, inflation fatigue is real, and sentiment is fragile . But, the hard data points resilient consumer spending which could be due to larger tax refunds which are up over \$40 bio vs last year.

Longer the war endures , the more fiscal becomes a shock absorber. Hence Rates set to stay elevated even if the equities continue to be oblivious of the risks.

ECB's famous 'good place' is no more and they can't hide . ECB was late in responding to 2022 inflation shock and hence would prefer to act preemptively now : insurance rate hike next week looks more likely. In the recent past ,EUR/USD has risen from 1.0125 to 1.2084 fell to 1.1409 and rallied to 1.1849. Break below 1.1721 to signal 1.1550.

Jobs data show labour market in a fragile state, even before the Iran war - increase in economic inactivity : people were not even searching for work. Monday flash low 1.3475 supports; break sees 1.3456 100-DMA, 1.3431 38.2% of 1.3160-1.3599.

Japan's Mar exports rose 11.7% -stronger import growth on rising cost pressure.

USD/JPY stays in sedate 158.00-160.00 range .Now the intervention talk evolves as a rhetoric - bar for any intervention rises.

Action, Rollback & widespread perception of possible rinse and repeat in the not too distant future marks the landscape - indirectly conveys comfort in the current territory of 92.50 94.50 and signals limited utilisation of ammunition.