

Global risks have tilted against both growth and price stability. The fiscal and monetary policy tradeoffs are becoming more challenging as the disruptions drag on.

US prefers to keep the blockade and try to choke off Iran's oil export revenues to the other options such as renewing the conflict or walking away from the scene. Brent responded by hitting the highest level since June 2022. The IEA has called this the "biggest energy security threat in history."

Largest one-day gain in 10 year US Treasury yield since Mar 26, 2026 - up nine of the past 11 trading days - surge reflects steady repricing in energy driven inflation. Markets expect Core PCE today to show 3.2% y/y rise marking the highest reading since Jan 2022.

Fed dissents highlight a policy fracture. The last time four FOMC members dissented was in Oct 1992. Double dissent" scenarios where some call for tighter policy while some press for easier policy- do not inspire confidence. However, three dissents on easing bias makes this as a hawkish hold - dissent by Miran was not unexpected.

Warsh on track to be confirmed as Fed Chair before May 15, with Powell to stay as Governor. Powell ended his press conference by telling "I won't see you next time.". If Powell's stays on, it would be the first time a sitting chair didn't leave Board of Governors since Marriner Eccles in 1948. Powell and Eccles faced similar challenges - white house overreach on monetary policy

AI capex cycle resilient & war-proof. Mag 7 reports biggest revenue surge in stock market history. Alphabet and Microsoft crushing it with those beats shows the infrastructure buildout is paying off big time - USD now offers triple advantage - safe haven , Carry and growth potential - what else global capital needs ?

ECB rate hike today could be seen proactive as a front loading although consensus expects a hold and as a result , long-end rates might see limited pass-through resulting bear flattening. EURUSD on its way towards 1.1550.

China's RatingDog manufacturing PMI rose to 52.2 in April, the strongest since late 2020. Input price inflation at highest level in just over four years, with output prices and export charges both rising at the fastest pace since Oct 2021. Global disinflation momentum exported out of China stopped altogether.

Political risk premium can push 10Y gilt yields well past 5%. GBP negatives pile up - BoE to stay on hold today .GBPUSD support at 1.3467- 100-DMA - under threat today possibly after BoE.

Tomorrow ,Japan will release another 20 days' worth of oil from SPR.Despite this, Japan retains stockpiles, with 450 million barrels.Factory sector contracted for second month. Into Golden week, no likely intervention.160.38 (May 12, 1986) break sets up 164.03 (Oct 31,1986)

Mounting macro headwinds - USDINR all time high to be seen today with seasonal concerns of May ahead -pushing up carry cost to deter speculative element is what is left in the tool box without waiting for the crisis to resolve on its own and mechanically using the ammunition.