

ASAS CAPITAL
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WEEKLY UPDATE

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W E E K L Y U P D A T E

✦ MUSINGS

“Stability is not an end in itself, but it is a necessary condition for sustainable prosperity.”

CHRISTINE LAGARDE

📈 LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	6,817 ▲	3.56% ▲	-0.42% ▼
Nasdaq Composite	22,902.89 ▲	4.68% ▲	-1.46% ▼
10Y UST Yield	4.317 ▲	-1.91% ▲	3.70% ▲
Crude Oil	95.62 ▼	-14.66% ▼	66.59% ▲
Gold	4,749.68 ▲	1.56% ▲	10.00% ▲
DXY	98.69 ▼	-1.49% ▼	0.42% ▲
USD/INR	93.048 ▲	0.41% ▲	3.58% ▲
Bitcoin	72,980 ▲	9.02% ▲	-16.59% ▼
Euro STOXX 50	5,933.79 ▲	3.85% ▲	2.08% ▲
India (Nifty)	24,050.60 ▲	5.89% ▲	-7.96% ▼
Japan (Nikkei)	56,924.11 ▲	7.15% ▲	13.08% ▲
China (CSI 300)	4,636.56 ▲	4.41% ▲	0.66% ▲
Saudi (TASI)	11,343.17 ▲	0.66% ▲	8.13% ▲
Abu Dhabi (ADX)	9,838.39 ▲	2.48% ▲	-1.54% ▼
Dubai (DFM)	5,715.45 ▲	4.20% ▲	-5.48% ▼

📰 NEWS FROM THE MARKETS

- The global financial landscape shifted significantly this week as geopolitical developments took center stage. After a period of extreme tension, a two-week ceasefire between the United States and Iran offered a much-needed reprieve to nervous markets. **While the “warflation” narrative continues to dominate headlines, investors found enough optimism in the pause in hostilities to drive a notable rally in risk assets.** However, beneath the surface, structural concerns regarding energy supply and sticky inflation remain the primary drivers of long-term strategy.

The “Warflation” Balancing Act

- The defining theme of the week was the delicate balance between geopolitical risk and economic data. Thursday’s Personal Consumption Expenditures (PCE) data confirmed that inflation remains “sticky,” stubbornly holding above the 2.5% mark. This data, paired with the recent energy price surge, has forced a recalibration of central bank expectations. **Bloomberg Economics now projects a “notably higher trajectory” for global interest rates, with the aggregate measure for advanced economies up by roughly 35 basis points compared to three months ago.** While the ceasefire provided immediate relief, central banks—including the ECB and the Fed—remain on high alert, signaling that further tightening may be necessary if energy-driven inflation continues to bleed into the broader economy.

Oil: Navigating the Strait of Hormuz

- **Oil was the most volatile asset class this week, and it remains the primary “transmission belt” through which geopolitical tension hits the global economy.** Brent Crude fluctuated significantly, eventually settling just below the \$100 per barrel mark. The week began with high anxiety following a US strike on Kharg Island and threats to Iranian energy infrastructure, which briefly sent prices toward record territory.
- However, the ceasefire announcement caused a sharp pull-back. The “real-world” bottleneck remains the Strait of Hormuz. Despite the ceasefire, traffic through this crucial waterway remains largely restricted; on Tuesday, only three vessels transited the strait, and none were oil tankers. This supply-side constraint is creating a “squeeze” in West Texas Intermediate (WTI), which is trading at a rare premium over Brent due to increased demand for US-sourced crude. While OPEC+ has hinted at increasing production to regain market share, the durability of any price decline depends entirely on whether the peace talks yield a permanent reopening of the Strait.

US Equities: Tech Resiliency and Weekly Records

- Wall Street enjoyed its strongest weekly performance in months, **largely driven by a massive rotation back into technology and semiconductors.** The S&P 500 rose to 6,835.22, while the Nasdaq Composite climbed to 22,946.11. These gains were led by the “AI stalwarts,” with Broadcom surging 4.4% and Nvidia gaining 1.8% following news of long-term infrastructure agreements. Despite the broader market volatility earlier in the year, the Dow Jones Industrial Average also turned positive for 2026 this week, settling at 48,185.80. Investors appear to be looking through the immediate geopolitical disruptions to focus on a robust earnings outlook, with tech companies expected to post profit growth near 30% year-over-year.

US Fixed Income and Credit: Yields Reflect the Energy Shock

- The bond market reflected the underlying anxiety about long-term price stability. Treasury yields moved higher across the curve this week, with the 10-year Treasury yield settling around 4.33%. This move is a direct response to “warflation” risks; as energy costs rise, lenders demand higher returns to compensate for eroded purchasing power. In the credit markets, while volatility has increased, spreads remain relatively contained. However, **the market is now pricing in a higher probability of a rate hike in 2026,** a sharp shift from the “pause” narrative that dominated the start of the year. For investors, the “front end” of the curve is starting to look attractive as yields back up to reflect this more hawkish central bank stance.

International Equities: Asia Rises on Ceasefire News

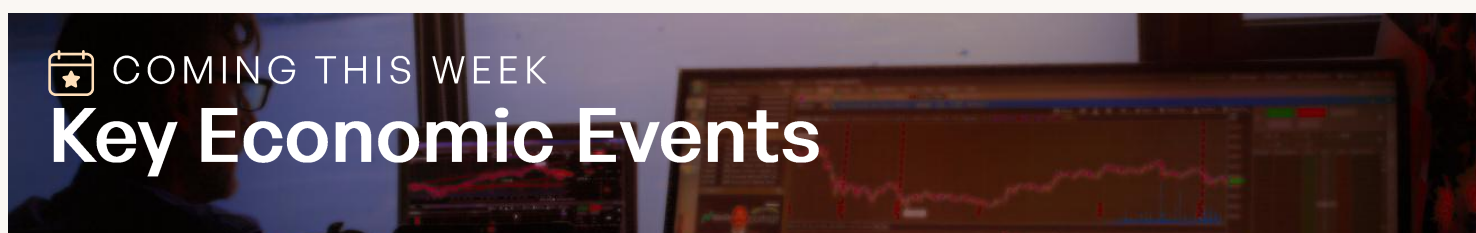
- International markets mirrored the cautious optimism found in the US. **Asian markets, particularly those sensitive to energy imports, traded higher on Friday as the ceasefire began to take hold.** The MSCI EAFE index showed resilience, while in China, factory-gate prices rose for the first time in over three years. China’s Q1 GDP is expected to hold steady at 4.8%, supported by continued strength in net exports. While European markets are still grappling with the proximity of the Middle Eastern conflict, the temporary halt in active strikes on energy infrastructure provided a floor for valuations across the Eurozone.

Gold: The Durable Safe Haven

- Gold continues to trade at historically elevated levels, functioning as the ultimate insurance policy against currency and geopolitical instability. Prices remained buoyant in the \$4,700 to \$5,000 per ounce range. Although the ceasefire triggered some minor profit-taking, the long-term case for gold remains bolstered by central bank purchases and the lingering risk of a renewed escalation in the Middle East. **For many portfolios, gold has transitioned from a speculative trade to a core strategic holding as investors seek protection against the potential for a “protracted conflict” scenario.**

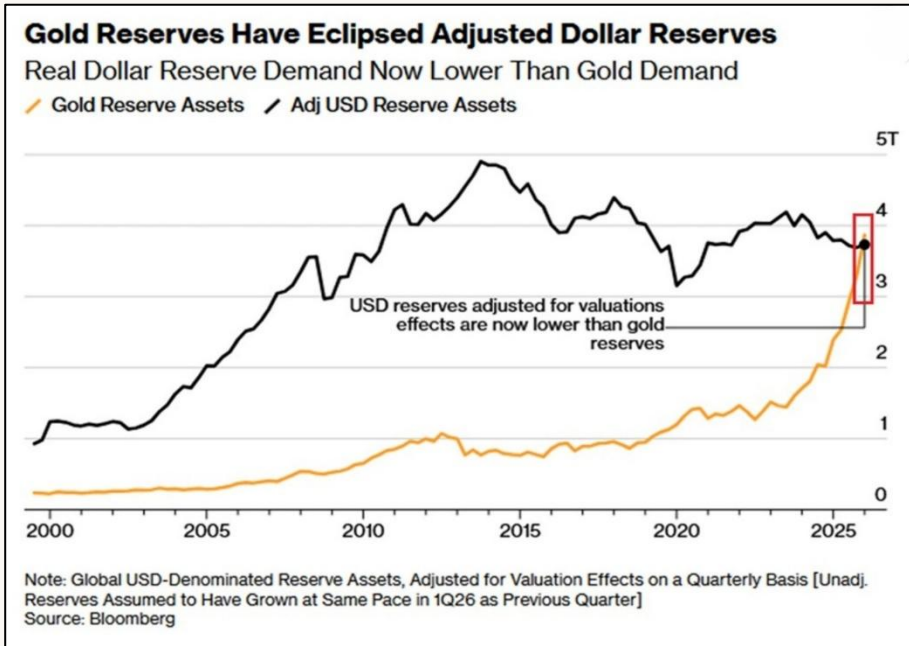
Industrial Commodities: The Pulse of Production

- Industrial metals, led by copper and aluminum, stood out as outperformers this week. While the broader market was distracted by headlines, the “physical economy” showed signs of life. **Sectoral indices for metals advanced strongly, even during sessions where equities were red.** This suggests that global industrial production—which is expected to show a modest rise for March—is continuing to drive demand. For infrastructure-heavy sectors, the stability of these commodities indicates that the underlying demand for electrification and modernization remains a powerful secular trend, independent of the week-to-week geopolitical noise.
- Naturally, all eyes are on the diplomatic progress in the Middle East. While the markets have found a temporary bottom, the path forward remains dependent on the stability of global energy flows.



April 13 th	<ul style="list-style-type: none"> • US Existing Home Sales • India CPI Data (Mar) • Goldman Sachs earnings
April 14 th	<ul style="list-style-type: none"> • Indian Markets Holiday (Ambedkar Jayanti) • US PPI Data (Mar) • India WPI Data (Mar) • JPMorgan, J&J, Citigroup, BlackRock, Wells Fargo, BMW earnings
April 15 th	<ul style="list-style-type: none"> • India Unemployment Rate (Mar) • US Crude Inventories • Bank of America, Morgan Stanley, ASML Holding, Progressive earnings
April 16 th	<ul style="list-style-type: none"> • US Jobless Claims • China GDP Data (Q1) • UK GDP Data • Euro Area CPI Data (Mar) • TSMC, Netflix, PepsiCo, Abbott, Charles Schwab, ProLogis, US Bancorp, Infosys, HCL Tech, Wipro earnings
April 17 th	<ul style="list-style-type: none"> • Truist Financial, State Street, Hindustan Zinc, Jio Financial Services earnings
April 18 th	<ul style="list-style-type: none"> • ICICI Bank, HDFC Bank earnings

CHART OF THE WEEK



Gold Reserves Have Eclipsed Adjusted Dollar Reserves – Real Dollar Reserve Demand Now Lower Than Gold Demand

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