

WEEKLY TRADER CALL SUMMARY - RUSSELL THOMPSON

Escalation, Not Resolution

Weekly Market Update

Peace talks have collapsed. Trump has issued a blockade deadline for Iranian ports and WTI is back above \$100. Hungary has voted out Orban in a historic landslide. Last week's data was broadly cold with the exception of inflation expectations, which continue to tick higher. Bitcoin is holding above \$70k despite the geopolitical noise, call vol is trading at a discount to ATM for the first time in memory, and Ethena has announced a significant and potentially consequential revamp of the USDe reserve asset structure.

GEOPOLITICS: IRAN BLOCKADE THREAT

Pakistan Talks Collapse

The peace talks hosted by Pakistan have collapsed. The US attributes the breakdown to nuclear concerns, a characterisation we are sceptical of. Trump has issued a new deadline of **10:00am Eastern today** for the US to begin blockading Iranian ports if conditions are not met. WTI was already up 9-10% at the time of the call, trading at approximately \$104 per barrel, back above \$100 for the first time in several weeks.

Russell's assessment: "This is a very different animal from Venezuela. This is an escalation rather than some light at the end of the tunnel. This is probably going to be very bearish in terms of risk assets if this starts escalating."

Iran Cannot Reroute: The Caspian Dead End

A blockade of Iran's southern ports cannot be circumvented via the Caspian Sea. Iran's refining and export infrastructure sits on the Persian Gulf side of the Strait of Hormuz. The Caspian is underdeveloped, primarily used for oil swaps rather than exports, and surrounded by competing producers including Russia and Kazakhstan. A northward reroute via Kazakhstan or Russia is not commercially or logistically viable at the volumes required. Expect oil to remain bid until the situation materially improves.

HUNGARY: ORBAN OUT, EUROPE REDRAWN

Peter Magyar's Tisza party won a landslide majority in Hungary: **138 seats to Fidesz's 55**, with record voter turnout. Viktor Orban, who had become the EU's primary internal spoiler on Ukraine policy, is out. The EUR 90 billion Ukraine loan he had blocked will now move forward. The EUR 17 billion EU capital allocation for Hungarian infrastructure, stalled under Orban, is also cleared.

Hungary will pivot decisively away from Moscow and toward Brussels and Kyiv, removing a persistent veto threat from within the EU on Ukraine support.

LAST WEEK'S DATA: BROADLY COLD

US: Near-Universal Misses

Indicator	Actual	Expected / Prior	Read
ISM	54	55 expected	Cold / Miss
Durable Goods	-1.4%	-0.5% expected	Cold / Miss
PCE	In line		Neutral
PCE Price Index	3.0%	In line	Neutral
GDP	0.5%	0.7% expected	Miss
CPI (headline)	0.9%	In line vs 3.3% prior	In line
CPI ex Food & Energy	0.2%	0.3% expected	One tenth cold
Michigan Sentiment	47.6	52.0 exp / 53.3 prior	Big miss; below 50
Inflation Expectations KEY	3.4%	3.2% expected	Hawkish beat

Source: Hilbert Trader Call, 13 April 2026

Michigan Sentiment at 47.6 is below 50, which Russell flags as the threshold for a contracting economy. Combined with the GDP miss and the durable goods decline, the growth picture is weakening. The data as a whole is dovish for the Fed, which is exactly what you would expect heading into an oil shock. The single hawkish outlier remains inflation expectations at 3.4% vs 3.2% expected, the number we and the Fed watch most closely.

RUSSELL THOMPSON, CIO

"As I keep saying every week, the most important number the Fed looks at is inflation expectations. It came in quite hot at 3.4 against 3.2 expected. That really flew in the face of a great deal of bearish, dovish numbers on the inflation side of things."

On oil-driven inflation, we reiterate our structural view: higher oil prices are **disinflationary in the medium term** rather than inflationary. The Fed has historically looked through commodity-driven inflation spikes. Private credit is also showing early signs of stress, with several redemption gates having been applied. We are watching this carefully.

UK and Europe: No Case for Hikes

Region / Indicator	Result	Hilbert View
European CPI	In line	ECB will not hike; rate cut thesis intact
UK CPI (headline)	Bang in line	Short Sterling / short Gilts trade maintained
UK House Prices	-0.5% vs +0.1% expected	Sterling crisis thesis reinforced
UK Politics	Worsening economic backdrop	Starmer leadership challenge within next quarter

Source: Hilbert Trader Call, 13 April 2026

RATES AND MARKETS

Fed Funds: Drifting Dovish

With 16 days until the next FOMC meeting, Fed fund futures are pricing **96.4% hold** for April. For December, the market now prices 81.9% no change, 3.2% for higher rates and **15% for one cut or more**. The direction of travel has shifted back toward the dovish side, which we view as sensible given the data. Last week's FOMC minutes contained nothing particularly noteworthy.

Rates: Bear Steepener Underway

Instrument	Level	Change (w/w)
US 10-Year Treasury	4.35%	Broadly flat
US 2-Year Treasury	3.89%	Broadly flat
2s10s Spread	51.5bp	+11.5bp (was 40bp)

Source: Hilbert Trader Call, 13 April 2026

The yield curve has been bear steepening: the 2s10s spread moved from 40bp to 51.5bp on the week, driven by the long end rising faster than the short end. This is a classic bear steepener, typically associated with rising inflation expectations or supply concerns at the back end of the curve, consistent with the oil shock environment.

Markets Snapshot

Asset	Level	Change (w/w)
Nasdaq	~25,000	+1,000 pts
S&P 500	6,775	+200 pts
Gold	\$4,727	+\$100
WTI Crude	~\$104	+9-10% this morning
European Nat Gas (Dutch)	~43.5 EUR/MWh	-10% on week (but up today)
US Dollar Index (DXY)	99	-1% (dollar slightly weaker)

Source: Hilbert Trader Call, 13 April 2026

Equities are holding in despite the macro pressure, up on the week. WTI's return above \$100 is the most significant move this morning, driven directly by the collapse of the Iran talks. Private credit stress is building in the background, with redemption gates being applied at several managers; this is flagged as a watch item rather than a crisis, for now.

CRYPTO: ETF INFLOWS RETURN, VOL COMPRESSES

ETF Flows: Half a Billion in a Week

Last week saw approximately **\$500 million in net ETF inflows** into crypto, a material number after several weeks of flat or subdued flow data. Morgan Stanley launched its own crypto ETF, taking in \$64 million of that total. The return of institutional ETF demand is a significant positive signal, suggesting that some allocators are using the current price weakness as a buying opportunity rather than an exit point.

Volatility: Compressing Sharply

Metric	This Week	Last Week
Realized Vol	~41%	~39%
Implied Vol (ATM)	43-44%	~45%
Implied vs Realized Premium	~3pts	6-7pts
DVol Indicator	44.5 (Feb lows)	2-month low
5-delta Calls (wings)	~41%	~45%
5-delta Puts (wings)	56-57%	~61%
Put / Call Premium	~14-15pts	~16pts
Call wings vs ATM	-3.5pts (discount)	Flat

Source: Hilbert Trader Call, 13 April 2026

Unusual signal: calls trading at a discount to ATM. Call wing implied vol has fallen below ATM at around 41%, a 3.5-point discount. Russell flags this as highly unusual: "Being able to buy calls at a discount to ATM is not normal." For options traders this represents asymmetric value in upside optionality, particularly if a geopolitical resolution delivers a sharp Bitcoin rally.

Bitcoin Technical Levels

Bitcoin is holding well given the geopolitical backdrop. There was a push through \$73k at the start of the peace talks; BTC is now trading at approximately **\$70,800**, down from those highs but still above \$70k. Short-term momentum indicators remain bullish above the \$70k level.

Level	Price	Notes
Current price	~\$70,800	Short-term indicators bullish above \$70k
First resistance	\$76,000	Key near-term cap; gamma kicks in \$72-75k
Second resistance	\$84,000	Daily close needed here to turn medium-term bullish
Third resistance	\$88,000	Above \$84k, next meaningful level
First support	\$70,000	Key short-term floor
Second support	\$66,000	Next level below \$70k
Triple bottom support	\$60,000	Lots of negative gamma here; break = nasty

Source: Hilbert Trader Call, 13 April 2026

Gamma Structure

On the upside, gamma kicks in at \$72k to \$75k, meaning market makers will need to start delta-hedging (buying) if Bitcoin pushes through this range, potentially accelerating any move higher. On the downside, gamma becomes significant at \$62k and there is heavy negative gamma at \$60k: a break of \$60k would trigger forced selling from market makers, potentially accelerating a move lower very quickly. Open interest sits at 243,000 contracts (versus 245,000 last week), squarely in the mid-to-low range, suggesting leverage in the system is modest.

ETHENA: A MAJOR RESERVE RESTRUCTURING WATCH

What Is Changing

Ethena has announced a significant revamp of the asset backing structure underpinning USDe. The current model, which generates yield primarily through the basis trade on Ethereum/Bitcoin perpetuals and US Treasury bills as reserve, is being diversified across four new categories. TVL has edged down slightly to \$5.9bn from \$5.9bn last week; USDtb sits at \$940m.

New Reserve Category	Details	Status
Overcollateralized stablecoin lending	Lending from USDe reserves; triparty with Anchorage, Maple, Coinbase	Planned
Overcollateralized prime lending	Prime lending to trading firms	Planned
Real world assets	IG corporate funds, short-term credit, structured credit; first: AAA CLOs (~120bp over Treasuries)	Planned
Commodity basis trades	Gold, silver, oil perpetuals on Hyperliquid; gold/silver basis currently mid-20s	Planned

Source: Hilbert Trader Call, 13 April 2026. Full details on Ethena website.

Hilbert's Concerns

We view the Ethena changes with informed caution. The expansion into overcollateralized lending and commodity basis trades introduces risks that are qualitatively different from the original structure. There is the Gemini precedent: overcollateralized lending works until it does not. It should also be noted that the commodity basis trade can move very sharply. Ethena has established a risk committee to oversee the new structure, which we view as a positive step but not sufficient on its own.

RUSSELL THOMPSON, CIO

"The nature of the risk from being a quite simple asset-backed structure, through doing the basis trade in Ethereum, and then being slowly expanded into things like T-bills, is going to dramatically change over the next few months. We have a professional obligation to keep an eye on how that might change the underlying exposures, particularly as we use this coin as one of our main collateralized stablecoins."

CLARITY ACT: BANKING COMMITTEE MARKUP IN APRIL

The broad agreement between stablecoin issuers and banks on the Tillis-Alsbrooks language is holding. The banking committee markup needs to complete in April for Clarity to have any realistic chance of passing before the summer recess. Our view is unchanged: if it does not pass before the recess, it is dead until the next election cycle. The call was brief on this topic given the detailed coverage in the prior week's quarterly CIO call.

BY THE NUMBERS

IRAN: STATUS 13 APRIL
Pakistan talks Collapsed
Trump deadline 10am Eastern today; blockade of Iranian ports
Caspian reroute Not viable
WTI response ~\$104, +9-10% this morning
Hilbert view Real escalation; bearish for risk assets

HUNGARY ELECTION
Tisza (Magyar) 138 seats
Fidesz (Orban) 55 seats
EUR 90bn Ukraine loan Unblocked
EUR 17bn EU capital Path cleared

KEY DATA LAST WEEK	
Indicator	Result
ISM	54 vs 55
Durable Goods	-1.4% vs -0.5%
PCE / PCE Price	In line / 3%
GDP	0.5% vs 0.7%
CPI Headline	0.9% in line
CPI ex F+E	0.2% vs 0.3%
Michigan Sentiment	47.6 vs 52.0
Inf. Expectations	3.4% vs 3.2% ▲

FED FUNDS FUTURES	
Scenario	Prob
April hold	96.4%
Dec no change	81.9%
Dec higher	3.2%
Dec cut (+1)	15.0%
Direction: drifting dovish	

RATES (13 APR)	
10Y Treasury	4.35%
2Y Treasury	3.89%
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Bear steepener underway	

MARKETS (13 APR)	
Asset	Level
Nasdaq	~25,000
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WTI Crude	~\$104
Dutch Nat Gas	~43.5
DXY	99

CRYPTO (13 APR)	
BTC Price	~\$70,800
ETF Flows (w/w)	~\$500m net inflow
Morgan Stanley ETF	\$64m since launch
Realized Vol	~41%
Implied Vol (ATM)	43-44% (~3pt premium)
5d Puts	56-57%
5d Calls (wings)	~41% (discount to ATM)
Open Interest	243,000 contracts

BTC KEY LEVELS	
Level	Price
Resistance 3	\$88k
Med-term bullish	\$84k
Resistance 1	\$76k
Current price	~\$70,800
Support 1	\$70k
Support 2	\$66k
Triple bottom	\$60k

ETHENA (USDE)	
USDe TVL	\$5.9bn (was \$5.9bn)
USDtb TVL	\$940m
Reserve revamp	OC lending, RWA, commodity basis trades
Triparty signed	Anchorage, Maple, Coinbase
First RWA	AAA CLOs (~120bp over TSY)

TOP ASSETS PERFORMANCE - 7D		
#	Asset	7d
1	BTC	+1.67%
2	ETH	+2.28%
3	XRP	-1.31%
4	BNB	-1.33%
5	SOL	+0.09%
6	TRX	+1.42%
7	DOGE	-1.52%
8	HYPE	+10.74%
9	ADA	-7.12%
10	LINK	-2.82%