

WEEKLY TRADER CALL SUMMARY – RUSSELL THOMPSON

Iran Peace Deal Hits Oil, But Stagflation Risks Deepen

Weekly Market Update

A potential 60-day ceasefire between the US and Iran has sent oil sharply lower, providing some short-term relief to energy markets. However, the broader macro picture deteriorated further last week, with US consumer confidence collapsing and inflation expectations surging. Stagflation risks have rarely been more visible, and the incoming Fed chair Walsh faces an almost impossible policy situation. Bitcoin has drifted lower in an orderly fashion, volatility has collapsed, and USDe yield sits around 3.75 percent.

GEOPOLITICS: IRAN CEASEFIRE IN FOCUS

The dominant global story of the week is a potential 60-day peace deal between the US and Iran. Both sides have floated different proposals, and the precise terms remain unclear, but markets are pricing in a meaningful de-escalation. The expectation is that the Strait of Hormuz would reopen under any deal, with formal nuclear negotiations to follow over the coming two months.

Oil markets reacted sharply to the news. WTI fell 13 dollars per barrel on the week to 94.4 dollars, while Brent dropped even further, by 17 dollars, to 95.4 dollars. This pattern mirrors earlier episodes in which geopolitical tension is rapidly de-escalated, a dynamic Hilbert has previously referred to as the Trump taco trade: maximum pressure followed by a rapid partial reversal that leaves markets where they started or slightly higher.

Key watch: The terms of any Iran deal remain fluid. If talks collapse in the 60-day window, oil could reverse sharply. This week's macro calendar is light, so geopolitical headlines will dominate price action.

MACRO: STAGFLATION SIGNALS INTENSIFY

Last week's US economic data was broadly poor. Services PMI missed at 50.9 against 51 expected, though manufacturing PMI beat. The bigger concern was the University of Michigan consumer data: expectations collapsed to 44.1 against 48.5, and sentiment missed badly at 44.8 against 48.2. These readings suggest that US households are pulling back sharply on their outlook for the economy.

More concerning still were the inflation expectations. The University of Michigan one-year measure surged to 4.8 percent against 4.5 expected, and the five-year measure hit 3.9 percent against 3.4 expected. The combination of collapsing consumer confidence and rising inflation expectations is a textbook stagflation signal, and it puts the Federal Reserve in a particularly difficult position heading into the Walsh era.

Key risk: Weak growth and rising inflation expectations leave the Fed with no clean exit. Walsh arrives with a political mandate to cut rates but will face data that argues strongly against doing so.

FOMC Minutes: A Divided Committee

The FOMC minutes published last week confirmed that the Fed is willing to hold for longer and would consider hikes as the next move. Three governors pushed to make that language explicit in the public statement, but the language was watered down before publication. The result is a committee that looks more hawkish than the market had been pricing, even if the signal was softened at the margin.

Despite the hawkish tilt in the minutes, Hilbert's view remains that rate hikes will not happen. The demand destruction now visible in consumer data is likely to intensify as the effects of higher oil work through the real economy, and the Fed is expected to look through near-term inflation when growth deteriorates sufficiently. Market pricing disagrees, with Fed fund futures assigning a 55 percent probability to at least one hike by December, alongside zero probability of any ease.

Indicator	Actual	Expected	Signal
Services PMI	50.9	51.0	Miss
Michigan expectations	44.1	48.5	Large miss
Michigan sentiment	44.8	48.2	Miss
UMich 1y inflation exp.	4.8%	4.5%	Hot
UMich 5y inflation exp.	3.9%	3.44%	Hot

Source: Hilbert Trader Call, 25 May 2026

This Week's Calendar

The data calendar is relatively light this week. ADP employment on Wednesday, PCE on Thursday and Chicago PMI on Friday are the key releases. In practice, geopolitical news flow around the Iran deal is likely to dominate price action for most of the week. With month-end on Friday, positioning adjustments could amplify moves in either direction.

RATES AND MARKETS: CURVE STARTS TO FLATTEN

US Treasury yields moved in opposite directions last week, producing the bull flattening that Hilbert has been anticipating. The 10-year yield fell 5 basis points to 4.56 percent, while the 2-year rose 3 basis points to 4.12 percent. That 8 basis point flattening on the week is a meaningful shift in the curve's structure and supports the view that the long end will stabilise as growth fears displace inflation fears over time.

US equity markets continued their sharp recovery. Nasdaq closed just under 30,000, up roughly 1,000 on the week, while the S&P 500 reached 7,542, up around 200 points. Gold held steady at 4,550, and the dollar index remained flat at 99. The equity rally stands out as somewhat detached from the deteriorating macro signals, sustained in part by the prospect of a geopolitical ceasefire and continued liquidity.

Asset	Level	Weekly change
US 10y yield	4.56%	-5bp
US 2y yield	4.12%	+3bp
2s10s curve	44bp	-8bp (flattening)
Nasdaq	~30,000	+1,000
S&P 500	7,542	+~200
Gold	4,550	Flat
DXY	99.0	Flat
WTI	94.4	-\$13
Brent	95.4	-\$17
Natural gas	3.00	-\$0.18

Source: Hilbert Trader Call, 25 May 2026

Fed Funds Pricing

With a Fed meeting in 23 days, futures markets are pricing a 98.1 percent probability of no change and just 1.9 percent for a hike at that meeting. Walsh's first committee will almost certainly produce no action. By December however, futures are pricing a 55 percent probability of at least one hike, with zero probability of any ease. Hilbert's view is that the demand destruction currently building in the US economy will ultimately force the Fed's hand toward cuts, not hikes, but the market remains firmly unconvinced.

BITCOIN: ORDERLY DECLINE, VOLATILITY COLLAPSES

Bitcoin moved lower in an orderly fashion over the past week, testing the lower end of a well-defined range before finding some support on the Iran ceasefire news over the weekend. Volatility collapsed notably: realised vol fell to around 32 percent and implied vol dropped to 31 percent, meaning realised is now slightly above implied, a reversal of the premium seen in recent weeks. Both numbers are significantly lower than a week ago.

The short-term technical picture turned bearish on 17 May. Support comes in at around 73,000 on the 100-day simple moving average and at 77,000 on the exponential moving average, which is approximately where Bitcoin is trading now. Resistance on the upside sits at 80,400 initially and then 81,400. A sustained break and hold above 81,000 to 82,000 on a daily basis remains the condition needed before the broader picture shifts back toward bullish.

MARKET VIEW

"We need to clear the 81,000 to 82,000 area and hold it on the dailies. We have not been anywhere near doing that in the last few months."

Level	Price	Notes
100 day SMA	~73,000	Key support
100 day EMA	~77,000	Current trading area
First resistance	80,400	Needs to clear and hold
Second resistance	81,400	Bull regime trigger
Downside gamma	75,000 / 70,000	Acceleration zones on break
Upside gamma	80,000 / 85,000	Market maker delta buying

Source: Hilbert Trader Call, 25 May 2026

Volatility And Flows

ETF outflows totalled 1.3 billion dollars for the week, with around half of that, 650 million dollars, coming on Monday 18 May alone. Open interest fell by 5,000 contracts to 253 billion, suggesting that positioning is being reduced rather than rebuilt. The vol skew has softened materially: five-delta puts are at 45 percent implied vol, down from 54 percent a week ago, while five-delta calls are at 34 percent. The put-to-call premium stands at 11 percentage points, down from around 21 points a week ago.

The most notable feature of the vol market is the concentration of gamma at 80,000 dollars. If Bitcoin can move into that zone, a gamma-driven squeeze higher looks possible, with 85,000 the next key level above. On the downside, gamma support kicks in at 75,000 and then 70,000. Given the current positioning and macro backdrop, a test of the downside levels looks more probable in the near term than an upside gamma squeeze.

Vol metric	Level	vs. prior week
Realised vol	32%	Down significantly
Implied vol	31%	Down significantly
5-delta puts	45%	Down from 54%
5-delta calls	34%	Down from 35%
DVOL	34.7	Lower
ETF flows	-\$1.3bn	Outflows
Open interest	253	Down 5,000

Source: Hilbert Trader Call, 25 May 2026

USDE AND ETHENA: YIELD DRIFTS TO 3.75%

USDe yield has drifted down slightly to approximately 3.75 percent this week, from around 4 percent the previous week. No significant changes to TVL or the stablecoin structure were reported. The system continues to operate normally, and the acute stress from earlier in the month has not returned. Hilbert's monitoring stance is unchanged. With a relatively quiet week ahead on the crypto data front, attention will remain on geopolitics and month-end flows as the primary drivers.

BY THE NUMBERS

LAST WEEK: KEY DATA

Indicator	Result
Michigan exp.	44.1 vs 48.5
Michigan sent.	44.8 vs 48.2
UMich 1y infl.	4.8% vs 4.5%
UMich 5y infl.	3.9% vs 3.44%
Services PMI	50.9 vs 51.0
Manuf. PMI	Beat

THIS WEEK

Wednesday	ADP employment
Thursday	PCE inflation
Friday	Chicago PMI + Month end

GLOBAL MARKETS

Asset	Level
US 10y	4.56%
US 2y	4.12%
2s10s	44bp
Nasdaq	~30,000
S&P 500	7,542
Gold	4,550
DXY	99.0
WTI	94.4
Brent	95.4

FED FUNDS PRICING

June meeting (23 days)	98.1% hold / 1.9% hike
December	55% hike / 45% hold / 0% cut
Hilbert view	Next move is a cut

BTC TECHNICALS

Level	Price
100d EMA	~77k
100d SMA	~73k
Resistance 1	80,400
Resistance 2	81,400
Gamma down	75k / 70k
Gamma up	80k / 85k

BTC VOLATILITY

Realised vol	32%
Implied vol	31%
DVOL	34.7
5-delta puts	45%
5-delta calls	34%
ETF flows	-\$1.3bn
Open interest	253

USDE / ETHENA

Yield	~3.75%
Status	Stable, monitoring unchanged

TOP ASSETS PERFORMANCE - 7D

#	Asset	7d
1	BTC	+0.34%
2	ETH	-0.45%
3	BNB	+3.26%
4	XRP	-2.05%
5	SOL	+1.13%
6	TRX	+2.95%
7	DOGE	-1.60%
8	HYPE	+39.11%
9	ZEC	+23.93%
10	ADA	-2.28%