

WEEKLY TRADER CALL SUMMARY - RUSSELL

# Stagflation, Clarity Act And Bitcoin Approaching Bull Territory

Weekly Market Update

**Bitcoin broke higher toward 80,000 on the back of new Iran-related comments from President Trump, while US macro data continues to paint an increasingly stagflationary picture of slowing growth and sticky inflation. The Clarity Act compromise in Washington is setting the regulatory framework for stablecoins, and USDe TVL appears to have bottomed around 3.9 billion dollars as DeFi liquidity normalises post KelpDAO incident.**

## GEOPOLITICS: IRAN, HORMUZ AND RISK APPETITE

Bitcoin was under pressure heading into the New Zealand open, testing down to 78,000, but reversed sharply higher after fresh comments from President Trump. The US announced it would be guiding stranded vessels through and out of the Strait of Hormuz using US personnel and ships, and Trump reiterated that talks with Iran are going well and a positive outcome is expected. Bitcoin rallied into the high 80,000s on the back of these headlines.

Gold and oil came off slightly on the news, but oil remains considerably more sceptical about the prospects for a quick resolution. The impact on supply chains is becoming visible, with the UK government giving airlines broad latitude to cancel flights and consolidate passengers onto full aircraft in order to mitigate high jet fuel costs.

Russell's view is that the new Iranian government is considerably more hardline than its predecessor, and a compromise that could meaningfully be called a success for Trump is difficult to envisage. Trump clearly wants this chapter closed, and we believe the administration has miscalculated here. Iran has already stated that any US naval activity in the Gulf will be treated as a ceasefire violation, and the test of the new arrangement begins today.

## CLARITY ACT: STABLECOIN REGULATION TAKES SHAPE

The other major macro development is progress on the Clarity Act. A compromise text was signed off on Friday by both the Crypto Council for Innovation and the banking industry's lobby organisation. The amendment, sponsored by senators Tillis and Brooks, is now heading to the Senate Banking Committee with support from both sides.

In the amended text Russell has seen, yield will not be permitted on stablecoins in the traditional deposit-interest sense. Crypto companies will however be allowed to pay out rewards tied to what the bill calls bona fide activities or bona fide transactions, providing a compromise path that enables product rewards while blocking outright interest payments.

**Timeline risk:** If the Clarity Act does not clear the Senate before the summer recess, Russell believes the process will be pushed out indefinitely. When Congress returns, mid-term elections will be on the immediate horizon, making major crypto legislation significantly harder to advance.

## MACRO: STAGFLATION TAKES HOLD

Last week's data releases reinforce the picture of an economy where growth is turning down while inflation remains stubbornly elevated.

Indicator	Actual	Expected	Signal
Housing prices (m/m)	0.0%	0.2%	Miss
GDP	2.0%	2.3%	Miss
ISM PMI	52.7	53.0	Miss
ISM Manufacturing Prices	84.6	80.0	Beat (inflationary)

Source: Hilbert Trader Call, 4 May 2026

The Fed held rates at last week's meeting as universally expected. While there were numerous dissents for the first time in several years, Russell views these as nuanced rather than hawkish: the dissents were pushing back against over-emphasising the economic activity side, not signalling a desire to hike. The vote to hold was unanimous on substance.

### This Week's Calendar

The data calendar is busy. ISM Services PMI prints tomorrow, ADP on Wednesday, and Friday brings the two most important releases of the week: average hourly earnings and non-farm payrolls.

### Rates And Markets

US 10 year yields are at 4.37 percent, up three basis points on the week. The 2 year sits at 3.88 percent, up eight basis points. The 2s10s curve has flattened by five basis points over the week to approximately 49 basis points, consistent with Russell's longstanding thesis that the curve will continue to flatten and potentially invert in the second half of 2026.

Asset	Level	Change (w/w)
US 10y yield	4.37%	+3bp
US 2y yield	3.88%	+8bp
2s10s	49bp	-5bp (flatter)
Gold	~\$4,600	Down slightly
WTI	~\$102	Off highs (~\$104.5 open)
DXY	~98	Down slightly (was ~99)
Nasdaq	~27,700	+500
Dutch nat. gas (TTF)	Up ~1%	+2.9%

Source: Hilbert Trader Call, 4 May 2026

**Russell on equities:** US equity markets are very, very highly valued and in his view massively overvalued at these levels.

### Fed Funds Pricing

After the April Fed meeting, the market is now pricing 93.3 percent probability of no change at the next FOMC and 6.7 percent probability of a cut. Notably, speculation on hikes has fallen to zero for the next meeting. By December, 77.7 percent of the market expects unchanged rates, 9.3 percent expects a hike, and 13 percent expects lower rates. Russell maintains that rate hikes remain completely off the table regardless of oil prices.

## BITCOIN: NEARING BULL MARKET TERRITORY

### Technical picture and gamma

Bitcoin has been in a short-term bull trend since approximately 8 to 9 April. The market has broken and held above the 100 day moving average on a multi-day basis, placing technical support back around 76,000. The next critical zone is the cluster of 200 day moving averages sitting between 83,000 and 84,000. A meaningful break and sustained hold above that zone would, in Russell's view, signal re-entry into full bull market territory.

Level	Price	Notes
100d MA support	~\$76k	Broken and held on multi-day basis
Gamma concentration	~\$80k	Large gamma pin zone
Topside gamma / key trigger	~\$82k	Break here would amplify upward move
200d MA cluster	\$83k-\$84k	Key resistance; break = bull signal
Downside gamma	~\$74k / ~\$70k	Support zones

Source: Hilbert Trader Call, 4 May 2026

The large negative gamma that previously clustered around 60,000 has rolled off with the expiry of April options contracts and is no longer in play. This removes a previously significant anchor on the downside.

### Volatility: cheap calls, expensive puts

Implied volatility carries approximately a 7 point premium over realised volatility. Five delta puts are trading around 50 percent implied vol, while five delta calls sit at approximately 39 percent, giving a puts-over-calls skew of 11 volatility points. The entire vol premium in this market is coming from demand for downside protection on the put side.

### RUSSELL, CIO

"If you do believe that Bitcoin is going to scream higher from here, vol is very, very cheap. People are not at the moment looking to buy upside, either call protection or speculative bets on Bitcoin screaming higher. The call vol curve is absolutely flat."

At the money calls sit around 39 percent, and the entire call vol surface is flat, indicating that the market is not paying up for upside exposure at any strike. Open interest in BTC options on Deribit has fallen to approximately 27 billion dollars, down around 1 billion from last month, as a large portion of the April contracts expired without being rolled forward.

### ETF flows and MicroStrategy

ETF flows were mixed on Monday and Tuesday last week, but strong inflows arrived on Friday, resulting in a net weekly inflow of approximately 200 million dollars. MicroStrategy continues to purchase significant amounts of Bitcoin, with funds from their STRC structure still flowing through, providing an additional layer of consistent demand.

## USDE AND ETHENA: LIQUIDITY RETURNS, TVL STABILISES

Following the KelpDAO hack and the DeFi United backstop initiative, Aave vault liquidity has improved dramatically. This has in turn reversed the trend in USDe and Ethena, with TVL now sitting at approximately 3.9 billion dollars. While this remains significantly below pre-hack levels, Russell views the bottom as now being in.

The USDe yield on staked positions has normalised downward to around 3.5 percent, compared to the elevated levels seen when Aave looping positions were being unwound and the system was under stress. The combination of stabilising TVL, improved liquidity and a more sustainable yield level signals that the acute risk period around USDe has passed, though Hilbert continues to monitor governance risk and counterparty dynamics within the broader Ethena ecosystem.

**USDe summary:** TVL ~\$3.9bn (bottom appears to be in), staked yield ~3.5% (normalised from stress highs), Aave liquidity improved dramatically. No change to Hilbert's strategic use of USDe as on chain collateral.

## BY THE NUMBERS

### KEY US DATA LAST WEEK

Indicator	Result
Housing prices	0% vs 0.2%
GDP	2.0% vs 2.3%
ISM PMI	52.7 vs 53.0
ISM Mfg Prices	84.6 vs 80.0

### THIS WEEK: US CALENDAR

<b>Tuesday</b>	ISM Services PMI
<b>Wednesday</b>	ADP
<b>Friday</b>	Avg Hourly Earnings + NFP

### GLOBAL MARKETS

Asset	Level
Nasdaq	~27,700
Gold	~\$4,600
WTI	~\$102
DXY	~98
US 10y	4.37%
US 2y	3.88%
2s10s	49bp

### FED FUNDS PRICING

<b>Next meeting: hold</b>	93.3%
<b>Next meeting: cut</b>	6.7%
<b>Dec unchanged</b>	77.7%
<b>Dec hike</b>	9.3%
<b>Dec cut</b>	13.0%

### BTC TECHNICALS

Level	Price
200d MA cluster	\$83k-\$84k
Topside gamma trigger	~\$82k
Gamma pin zone	~\$80k
100d MA support	~\$76k
Downside gamma	~\$74k / \$70k

### BTC VOLATILITY

<b>Implied vs realised premium</b>	~7 vol points
<b>ATM vol</b>	~39%
<b>5-delta puts</b>	~50%
<b>5-delta calls</b>	~39% (vol curve flat)
<b>ETF flows (net w/w)</b>	+-\$200m
<b>OI (Deribit options)</b>	~\$27bn

### USDE / ETHENA

<b>TVL</b>	~\$3.9bn (bottom appears in)
<b>Staked yield</b>	~3.5% (normalised)
<b>Aave liquidity</b>	Improved dramatically

### TOP 10 BY MKT CAP - 7D

#	Asset	7d
1	BTC	+2.36%
2	ETH	+1.89%
3	XRP	-0.08%
4	BNB	+0.27%
5	SOL	-0.46%
6	TRX	+4.61%
7	DOGE	+13.78%
8	HYPE	-1.34%
9	ADA	+1.91%
10	LINK	+2.90%