

DATE: April 10, 2026

TITLE: **The Oil Is Still in Charge**

TRANSCRIPT:

Host:

Eric, markets seem to be heading into the weekend with a bit more optimism. Are we finally seeing some stability?

Eric:

There's definitely a bit more optimism — but I'd be careful calling it stability.

What we're really seeing is *hope* coming back into markets. Investors are looking at these upcoming talks over the weekend and thinking, maybe tensions start to ease, maybe we get some normalisation.

But underneath that, the reality hasn't changed. Oil is still elevated, supply is still constrained, and that's still driving the macro picture.

So sentiment has improved — but fundamentals haven't really caught up yet.

Host:

And what about the data this week — has that helped clarify things?

Eric:

Not really — if anything, it's made things a bit more confusing.

Because the data itself hasn't been bad. US jobless claims are still relatively low, core inflation is holding around 3% — so if you looked at that in isolation, you'd say the economy is holding up.

But that's all *pre-shock* data.

What markets are starting to realise is that the oil shock is beginning to feed into everything. And today's CPI number is important because it should show that step-up in headline inflation coming through.

So the key question now is whether this is just a temporary bump — or the start of inflation moving higher again. And that's a much more difficult environment for central banks.

Host:

And globally — are we seeing the same pattern?

Eric:

We are, but it's becoming much more uneven.

Asia is probably the best example. Markets were slightly higher this morning, but there wasn't much conviction behind it.

And that's because Asia is really where the oil shock is being felt first.

China's inflation data, for example — it's not demand-driven, it's cost-driven. It's imported energy pushing prices higher, while growth remains soft.

And that's the worst combination — because it squeezes margins, it slows activity, and it limits what policymakers can do.

So what you're seeing is this emerging pattern of higher inflation, weaker growth, and central banks stuck in the middle — and that's a difficult backdrop for markets.

Host:

US equities have actually held up reasonably well though?

Eric:

They have — but I think that needs a bit of context.

Yes, markets bounced this week, but it's still very headline-driven. Underneath it, oil is still the dominant force.

We've had supply disruptions, reduced production capacity, and prices pushing back up towards \$100 again.

So equities are reacting to the idea that things might not get worse — but they're not really pricing in a meaningful improvement either.

That's why the rallies feel quite fragile. They're not being driven by stronger fundamentals — they're being driven by *less bad news*.

Host:

Where are you seeing the clearest signals right now?

Eric:

For me, it's FX.

That's where the stress is showing up first.

At a headline level, the dollar is weaker, which normally you'd associate with easier financial conditions. But that's not really what's happening.

What we're seeing is very selective pressure — particularly in oil-importing economies.

Currencies like the rupee, the won, the rupiah — they're all still vulnerable because higher oil is directly hitting their trade balances.

So even with a softer dollar, financial conditions aren't necessarily easing globally. In some parts of the world, they're actually tightening.

Host:

And what about credit — are we starting to see any cracks there?

Eric:

Very early signs, but yes — it's starting to show.

We're seeing regulators take a closer look at areas like private credit, particularly in Japan, and that's usually an early signal.

Because stress doesn't show up in defaults straight away — it shows up in liquidity, in valuations, in funding costs.

So while equities still look relatively calm, credit is starting to send a more cautious message underneath.

Host:

You also mentioned AI risks this week — how does that fit into everything else?

Eric:

It's slightly separate, but it's worth paying attention to.

There are increasing concerns — even at the US Treasury level — about the potential for AI to create new cyber risks.

And I think the broader point there is that technology is moving very quickly, and regulation is struggling to keep up.

We've focused a lot on the upside of AI, but the risks — particularly around security — are now starting to become part of the policy discussion.

Host:

So just stepping back — what's the key takeaway for investors right now?

Eric:

The key point is that markets are still treating this as an oil shock — but it's becoming something more structural.

It's not just about the price of oil, it's about the knock-on effects — transport costs, supply chains, inflation expectations.

And if those effects persist, you end up in a much more difficult environment — where inflation stays sticky, growth slows, and central banks have very limited room to respond.

So from an investment perspective, it's about being more selective, being cautious on credit, and paying close attention to currencies — because that's where the pressure is building first.

Host:

So cautious optimism?

Eric:

Exactly.

Markets want to believe things are improving — but for now, the reality is simple:

oil is still in charge.

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