

THE WEEK AHEAD, 24 APRIL 2026

Tug of war

Developments in geopolitics and capital markets over recent days have resembled something of a tug of war. The longer uncertainty persists, the greater the risk that macroeconomic data will also be drawn into this vortex.

A geopolitical tug of war: Initially, the rope was pulled towards de-escalation when Tehran announced that it would reopen the Strait of Hormuz to commercial shipping during the ceasefire, prompting oil prices to fall sharply. Shortly afterwards, however, the pendulum swung back as the reopening remained subject to political and military conditions. The situation took another turn, and uncertainty over actual passage through this chokepoint caused the risk premium in the oil market to rise again. That led to large daily swings in Brent and WTI (West Texas Intermediate) prices, while equity markets oscillated between relief-driven rallies and renewed risk aversion.



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A tug of war in capital markets: This back and forth has now become the dominant pattern – especially in equity markets, where every new twist in the Iran war and the crisis in the Strait of Hormuz is being translated directly into price movements. In light of this, the **technical picture** can only be described as one of caution, with nobody willing to take on new positions. Relative strength indicators present a neutral picture across the major equity markets. In the ebb and flow of recent weeks, key resistance levels have held, and some indexes have even managed to move clear of them. Our weightlessness indicator, which compares the price-to-earnings (P/E) ratio of the S&P 500 to the volatility index VIX as a measure of the price of risk, has regained some footing. Everything appears to be waiting for the tug of war over the **Strait of Hormuz** to be decided – in favour of an uninterrupted flow of oil. Accordingly, the **oil price** continues to swing between hope and fear, with the dynamic even more pronounced in the spot market than in the more important futures price (see our chart of the week). Compared with the period when the Iran war broke out, the relative stability of the three-month Brent crude contract in recent days is almost staggering. While it had reached considerably higher

PUBLICATIONS

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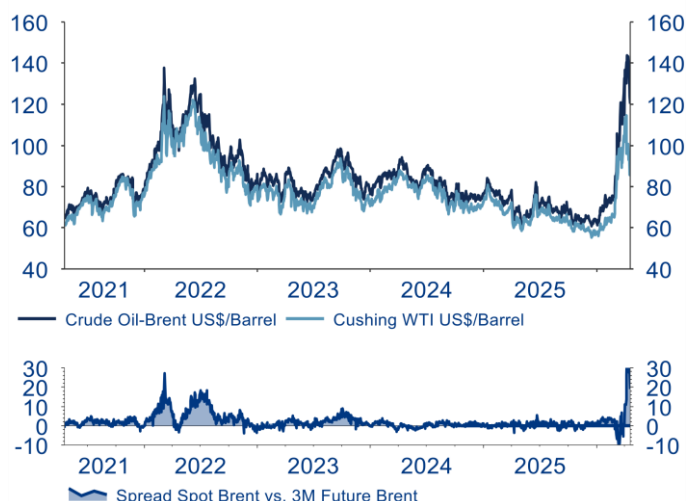
levels than before the war, it has barely increased of late – despite the most famous strait in the world only being briefly opened to shipping.

Beyond the oil price and rising inflation expectations, there are few signs of **systemic stress**. The European Central Bank's (ECB) Composite Indicator of Systemic Stress (CISS), which measures tensions in the financial system, appears largely unfazed; the same is true of its US counterpart, the Federal Reserve Bank of St. Louis Financial Stress Index.

Sovereign bond yields continue to trade at elevated levels, and the ratio of the gold price to that of copper is proving a useful gauge of fear in the markets. In Europe, markets continue to price in two ECB rate increases, while the increases that had temporarily been priced into US Treasury maturities rapidly evaporated.

The **US dollar**, which served as a key portfolio diversifier during the conflict, is likely to resume its downward trend – provided the rope is once again pulled more firmly towards de-escalation. Since the start of the Iran war, there has been a clear positive correlation between the greenback and the oil price, and this still appears to be intact. Even if that correlation fades, the dollar remains fundamentally expensive.

Brent Spot vs. Future (in US\$; 1 barrel = 159 litres)



Source: LSEG Datastream, AllianzGI Global Capital Markets & Thematic Research, 21.04.2026. Past performance does not predict future returns.

UPCOMING POLITICAL EVENTS 2026

27–28 April	BoJ	Central Bank Meeting
28–29 April	FED	Central Bank Meeting
30 April	EZB	Central Bank Meeting
30 April	BoE	Central Bank Meeting
7 May	GB	Regional and national elections
17 May	ESP	Andalusian regional elections
31 May	COL	Presidential elections

The week ahead

Added to this is a **tug of war over monetary policy**. In the week ahead, virtually every major central bank that can meet is set to do so. The Bank of Japan (**BoJ**) is likely to face the least difficult task. Its rate trajectory remains cautiously upward; but it is treading so cautiously that little is expected from this week's meeting. This will be followed by the US Federal Reserve (**Fed**, Wednesday), the Bank of England (**BoE**, Thursday) and the **ECB** (also Thursday). Markets remain divided over how the tug of war between doves and hawks will play out. As recent comments from Frankfurt suggest, the bank's response appears to depend on the oil price and, therefore, on the further course of the Iran war. If the oil price remains close to the ECB's baseline scenario, the deposit rate should remain unchanged. If it moves towards the stress scenario, early and measured signals would be expected. In the event of a sharp jump, a notably more hawkish reaction would be expected from European policymakers.

There is also a **tug of war over the economic outlook**. Apart from higher energy prices, the baseline scenario – that the economy will be exposed to stress tests but ultimately prove resilient – has so far been borne out. The stream of data over the course of the week should provide greater clarity on the extent to which the Iran war is already feeding through into sentiment indicators and whether the rope is being pulled towards stagflation. In Germany, attention will turn to the GfK Consumer Climate Indicator on Monday, which should provide some pointers on the health of private demand. In the **United States**, the Conference Board's Consumer Confidence Index (CCI) will take centre stage, offering some insight into households' willingness to spend.

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Several European Commission sentiment indicators for the **euro area** are also set to appear on Wednesday: The Business Climate Indicator (BCI) and Economic Sentiment Indicator (ESI) should reflect the current cyclical backdrop, while the indices for industry and services will provide additional signals on sector-specific dynamics. The market anticipates a decline in consumer confidence. China's official purchasing managers' index (PMI), also due out on Wednesday, is expected to show a modest improvement – continuing to signal expansion.

Another focus will be on **flash inflation data (HICP)** for the euro area: Both the headline and core rates are expected to ease back slightly from their most recently reported figures. Similarly, inflation data will also attract attention in the US. Both the personal consumption expenditures (PCE) price index and its core rate will be

key gauges of the extent to which energy prices are already feeding through into inflation. In addition, the first estimate of US gross domestic product (GDP) will be published and should point to moderate growth. Weekly initial jobless claims will provide further clues about labour market dynamics.

Finally, towards the end of the week the Institute for Supply Management (ISM) manufacturing PMI for the US will provide further indications about the strength of US industry.

The tug of war continues. May economic stability prevail,

Dr Hans-Jörg Naumer

Calendar Week 18

			Consensus	Previous
Monday				
GE	GfK Consumer Sentiment	May	--	-28.0
UK	CBI Distributive Trades	Apr	--	-52
Tuesday				
JN	Jobs/Applicants Ratio	Mar	--	1.19
JN	Unemployment Rate	Mar	--	2.6%
US	CaseShiller 20 YY NSA	Feb	--	1.2%
US	Consumer Confidence	Apr	--	91.8
Wednesday				
EC	Broad Money	Mar	--	17,369,529M
EC	Business Climate	Apr	--	-0.27
EC	Economic Sentiment	Apr	--	96.6
EC	Industrial Sentiment	Apr	--	-7.0
EC	Services Sentiment	Apr	--	4.9
EC	Consumer Confid. Final	Apr	-17.0	--
GE	CPI Prelim YY	Apr	--	2.7%
GE	HICP Prelim YY	Apr	--	2.8%
US	Durable Goods	Mar	--	-1.3%
US	Durables Ex-Transport	Mar	--	0.9%
US	Building Permits: Number	Mar	--	1.386M
US	Housing Starts Number	Mar	--	1.487M
US	Fed Funds Tgt Rate	29 Apr	--	3.5-3.75
US	Fed Int On Excess Reserves	29 Apr	--	3.65%
Thursday				
JN	Retail Sales YY	Mar	--	-0.2%
JN	Large Scale Retail Sales YY	Mar	--	3%
CN	NBS Manufacturing PMI	Apr	--	50.4
JN	Housing Starts YY	Mar	--	-4.9%
GE	Import Prices YY	Mar	--	-2.3%
GE	Import Prices YY	Apr	--	--
GE	Retail Sales YY Real	Mar	--	0.7%
GE	Unemployment Chg SA	Apr	--	0k
GE	Unemployment Rate SA	Apr	--	6.3%
GE	GDP Flash QQ SA	Q1	--	0.3%
GE	GDP Flash YY NSA	Q1	--	0.6%
GE	GDP Flash YY SA	Q1	--	0.4%
EC	HICP Flash YY	Apr	--	2.6%
EC	HICP-X F,E,A&T Flash YY	Apr	--	2.3%
EC	GDP Flash Prelim YY	Q1	--	1.2%
EC	GDP Flash Prelim QQ	Q1	--	0.2%
EC	Unemployment Rate	Mar	--	6.2%
UK	BOE Bank Rate	Apr	3.75%	3.75%
EC	ECB Refinancing Rate	Apr	--	2.15%
EC	ECB Deposit Rate	Apr	--	2.00%
US	Core PCE Price Index YY	Mar	--	3.0%
US	PCE Price Index YY	Mar	--	2.8%
US	GDP Advance	Q1	--	0.5%
US	Core PCE Prices Advance	Q1	--	2.7%
US	Initial Jobless Clm	20 Apr, w/e	--	--
US	Cont Jobless Clm	13 Apr, w/e	--	--
US	Employment Costs	Q1	--	0.7%
US	Chicago PMI	Apr	--	52.8
Friday				
JN	CPI, Overall Tokyo	Apr	--	1.4%
UK	BOE Consumer Credit	Mar	--	1.935B
UK	Mortgage Lending	Mar	--	4.840B
UK	Broad Money	Mar	--	3,228,393M
UK	S&P GLOBAL MANUFACTURING PMI	Apr	--	--
US	S&P Global Mfg PMI Final	Apr	--	--
US	ISM Manufacturing PMI	Apr	--	52.7
US	ISM Mfg Prices Paid	Apr	--	78.3

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.

If not mentioned otherwise data and information sources are from LSEG Datastream.

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