The Navigator

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THE LEAD

CPI Gave the Rally Oxygen. Michigan Sentiment Took Some of It Back.

Friday’s tape is no longer a simple inflation scare. Core CPI came in cooler than consensus, the dollar softened, and S&P futures held near the flat line. But crude is still hostage to a fragile U.S.-Iran ceasefire, one-year inflation expectations jumped in the Michigan survey, and the next confirmation now has to come from banks and credit-sensitive earnings.

The market got the better version of the inflation print, but not the clean version of the day. March CPI rose 0.9% month over month and 3.3% year over year, both a touch below consensus, while core CPI rose 0.2% month over month and 2.6% year over year, also softer than expected. That is enough to keep the Fed-cut debate alive and enough to explain why S&P 500 futures were essentially unchanged rather than repricing lower into the weekend.

The complication is that the rest of the macro dashboard is still not calm. University of Michigan consumer sentiment fell to 47.6 against consensus near 51.6, and the one-year inflation expectations measure rose to 4.8%. That tells me households are not giving the market the same all-clear that core CPI just gave rates traders. If consumers are still internalizing energy and tariff risk as a future inflation shock, the Fed cannot treat one soft core print as a full policy green light.

Energy is the bridge between those two stories. Reuters’ global market coverage framed the session around cautious trade ahead of U.S.-Iran talks, with the ceasefire still being tested and oil slipping rather than spiking. Brent around $95 is much easier for equities to absorb than the panic highs from earlier in the conflict, but it is not low enough to disappear from inflation expectations. The market has downgraded the war premium; it has not removed it.

Foreign exchange is giving the bulls a modest assist. The dollar index is down around 98.44, EUR/USD is near 1.1725, and the dollar is heading for a weak week after the ceasefire trade took pressure off global risk assets. USD/JPY remains a different problem at roughly 159.30, still close enough to the 160 area to keep intervention risk in the conversation. A softer dollar supports financial conditions, but a too-weak yen keeps the policy tail risk alive.

Gold is telling the same story in a different language. Futures eased to about $4,787, down roughly 0.6%, but that is still an expensive hedge by any normal macro standard. A real unwind in haven demand would look more decisive. Instead, investors appear willing to trim some protection after CPI while still paying up for insurance against another oil or policy shock before next week’s earnings wave.

That makes earnings the next real audit. BlackRock, Wells Fargo, Citigroup, JPMorgan, Johnson & Johnson, and other large-cap reporters now have to tell investors whether this week’s relief rally is translating into flows, credit demand, capital markets activity, and consumer resilience. A cooler core CPI print can protect multiples for a few sessions. It cannot substitute for management teams saying that the economy underneath the tape is holding together.

The trade to understand today: CPI reduced the immediate rates risk, but Michigan sentiment and oil keep the Fed from declaring victory. The rally can continue if earnings confirm demand; it gets thinner if banks sound defensive.

CPI 8:30 AM ET

High Impact Headline CPI printed +0.9% month over month and +3.3% year over year, versus consensus near +1.0% and +3.4%. Core CPI was the cleaner signal at +0.2% month over month and +2.6% year over year, softer than the +0.3% and +2.7% consensus. That keeps the front-end rates trade from turning hostile and gives equity multiples room to breathe.

University of Michigan Sentiment 10:00 AM ET

Medium Impact Sentiment fell to 47.6, missing the 51.6 consensus and breaking against the market’s cleaner CPI story. The one-year inflation expectations component rose to 4.8% versus 4.2% expected, which matters because it tells the Fed that household inflation psychology is still vulnerable to energy and tariff shocks.

Fed Calendar Watch Today

Medium Impact The official Fed calendar is light for market-moving speaker risk today, leaving the data and rates tape to do the policy translation. The next scheduled checkpoints are the April 15 Beige Book and the April 28-29 FOMC meeting, so markets will lean heavily on two-year yields and fed-funds futures until policymakers speak more directly.

BlackRock Earnings Watch Today

Earnings BlackRock's consensus bar is around $12.28 in EPS and $6.61 billion of revenue. The market will care most about flows, fee pressure, and whether clients are putting money back to work after the ceasefire rally. A constructive tone would help turn macro relief into a broader risk-appetite signal.

Big-Bank Week Watch This Week

Earnings JPMorgan, Wells Fargo, Citigroup, Goldman Sachs, and other large financials are the next macro audit. Consensus expects JPMorgan to earn about $5.39 per share on $48.94 billion of revenue, while Wells Fargo and Citigroup carry meaningful credit and net-interest-income read-throughs. The issue is whether lower inflation anxiety is translating into better loan demand and capital markets activity.

THREE SIGNALS

Signal 01 - Rates & U.S. Inflation

Core CPI Was the Best Part of the Day

Core inflation at +0.2% month over month gives the front end of the Treasury curve a reason not to fight the equity rally. The problem is that Michigan's one-year inflation expectation rose to 4.8%, so the Fed can accept the CPI relief without treating it as a decisive policy turn.

Signal 02 - Commodities & FX

Brent Near $95 Is Relief, Not Normalization

Oil is far enough below the conflict highs to lower immediate inflation pressure, but the U.S.-Iran ceasefire remains fragile and shipping risk around the Strait of Hormuz has not vanished. The dollar index near 98.44 supports risk assets, while USD/JPY near 159 keeps a separate policy-risk channel open.

Signal 03 - Equities & Financials

The Rally Now Needs a Credit Confirmation

Equities have already repriced a lot of geopolitical relief and a softer Fed path. Next week's banks need to show healthy credit, durable deposit trends, and better capital markets activity. Without that, Friday's CPI relief risks becoming a rates-driven multiple trade rather than an earnings-backed advance.

THE NAVIGATOR'S TAKE

Market Briefing - Friday, April 10, 2026

I Am Still Long the Relief Trade, but I Want Earnings to Confirm It.

I am not fighting the rally after a softer core CPI print and a weaker dollar. Those are real improvements in the setup, and they matter because the market had spent the week moving from oil shock toward ceasefire relief. I still want broad U.S. equity exposure, but I want that exposure tilted toward balance-sheet quality and financials that can benefit if rates calm without credit deteriorating.

I am not treating the Michigan data as noise. A 47.6 sentiment print and 4.8% one-year inflation expectations tell me the household side of the economy still feels the shock. That makes me less willing to chase high-multiple duration just because core CPI was friendly. My preferred risk is in companies that can pass through cost volatility, defend margins, and show real demand in earnings commentary.

If Brent holds below $100, the dollar stays soft, and banks confirm manageable credit next week, I add to the cyclical side of the book. If oil jumps or bank management teams sound defensive, I take the CPI gift and reduce beta. The right stance is constructive, but conditional.

DISCLOSURE