

CATMOCK DAILY CAPSULE

April 1, 2026

KAKURO

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SUDOKU

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TRUMP BLASTS ALLIES, TELLS THEM 'GO GET YOUR OWN OIL'

- *The Hindu*



U.S. President Donald Trump lashed out at allies on Tuesday, telling them to fend for themselves regarding oil supplies, which have been restricted by Tehran's decision to block the critical Strait of Hormuz after the U.S. and Israel war began bombing Iran.

“Mr. Trump’s latest remarks may have largely been targeted at his NATO allies, but his shifting of responsibility regarding the reopening of the Strait of Hormuz also affects the rest of the world, including India, which depends on oil and gas supplies from the Persian Gulf, so this was our top story today,” says Suresh Nambath, Editor, The Hindu. “After the paper went to print, Mr. Trump reiterated his stance, claiming that the U.S. plans to leave Iran very soon, within two or three weeks, whether there is any deal with Iran or not. He will also make a televised address on Iran on Wednesday evening, the White House said.”

Mr. Trump’s remarks came as oil prices surged and hours after the UAE reported a drone attack on an oil tanker off Dubai.

“All of those countries that can’t get jet fuel because of the Strait of Hormuz, like the United Kingdom, which refused to get involved in the decapitation of Iran, I have a suggestion for you: Number 1, buy from the U.S., we have plenty, and Number 2, build up some delayed courage, go to the Strait, and just TAKE IT,” Mr. Trump wrote on the Truth Social site, early Tuesday morning by Washington time.

“You’ll have to start learning how to fight for yourself, the U.S.A. won’t be there to help you anymore, just like you weren’t there for us. Iran has been, essentially, decimated. The hard part is done. Go get your own oil!” Mr. Trump added.

U.S. Secretary of War Pete Hegseth echoed Mr. Trump’s message during a press briefing at the Pentagon on Tuesday. He said the world should “be prepared to stand up” and that it was not just America’s “problem set” going forward, claiming that the U.S. had done the “lion’s share” of opening up the Strait.

The Hindu’s Opinion pages offer cogent analyses of the U.S strategy, or lack of it, and the fallout for the rest of the world. Former National Security Advisor M.K. Narayanan examined the implications of an extended war, while an editorial from The Hindu notes that U.S. strategy has been going downhill, warning against a ground invasion of Iran.

ARE INDIAN BANKS UNDERESTIMATING THE UNSECURED LOAN PROBLEM?

- *Finshots*



A few years ago, getting a loan meant paperwork, approvals, and waiting. But today, it only takes a few minutes. A credit card gets approved instantly, personal loans are issued with a few taps, and buy now, pay later options are everywhere. Access to credit has never been easier than now.

And in a way, it's a good thing. More access to credit means more consumption, more spending, and ultimately, more growth for the economy. It also brings first-time borrowers into the formal financial system, away from informal moneylenders. Ultimately, this gives people the flexibility to manage short-term needs without dipping into savings.

Banks and NBFCs have also actively pushed these products because they are high-margin, require no collateral, and scale easily through digital channels.

Let's take credit cards, for instance: the number of cards approved has been steadily increasing over the last few years. From FY12 to FY25, the number of active credit cards surged 5x, and by the end of December 2024, there were over 100 million active credit cards in India.

And this is just credit cards. People have other kinds of loans, too. So, as the saying goes, too much of a good thing can also be a bad thing. Because when credit becomes this easy to access, it also becomes easy to overuse. And when millions of borrowers start taking on small loans at the same time, the risks don't show up immediately. They build up slowly in the background. And that's exactly what makes the current situation worth paying attention to.

The Reserve Bank of India has already flagged this trend. It has tightened norms by increasing risk weights on unsecured loans, meaning banks have to set aside more capital for every rupee they lend. Yet despite these signals, credit growth in this segment has continued.

Which raises a natural question: why are lenders still disbursing more loans?

To understand that, it helps to look at how credit cycles typically unfold.

In the early stages of a credit cycle, everything appears stable. Lending grows quickly, defaults remain low, and repayment behaviour looks strong. This creates confidence within the system, and banks expand further. In this stage, new borrowers enter the market, and credit becomes easier to access.

But, as we mentioned earlier, risks in unsecured lending tend to build slowly. The true risk emerges 18 to 36 months after the loan is disbursed. Credit card NPAs (non-performing assets) - which is essentially where cardholders have failed to make interest or principal repayments - have jumped by about 73% in FY22 and another 28% in FY24. And what this indicates is that loans originated 2-3 years ago are now cracking under stress.

This is because, unlike secured loans, there is no asset backing these loans. Repayment depends entirely on the borrower's income. And when credit grows too fast, especially among first-time borrowers, risks slowly begin to build in the background.

So, when that stress starts to emerge, it often does so quickly, because multiple borrowers begin to struggle at the same time. (* couch cough * 2008 * cough cough *)

There are early signs of that stress beginning to show.

Retail lending, once considered one of the safer segments of banking, is now under pressure at the margins. Many first-time borrowers are managing multiple loans, often across different lenders.

At the same time, banks themselves are facing changing conditions. Deposit costs have been rising, which compresses margins. Regulatory scrutiny has increased. Growth, while still strong, is becoming more expensive to sustain.

Several banks have begun tightening their approach to unsecured lending following the RBI's warning. Credit card issuers, for instance, are recalibrating their customer base. Rewards are being reduced, fees are being adjusted, and low-value or high-risk users are being gradually discouraged. The focus is shifting toward retaining high-spending, low-risk customers who are more profitable and less likely to default.

A similar shift can be seen in areas other than credit cards, too. Take IDFC First Bank as an example. The bank is aggressively de-growing its microfinance (MFI) portfolio, with its share of the total loan book falling from 6.6% in March 2024 to 2.4% by December 2025. One can argue that this withdrawal is a response to the "over-indebtedness" and rising NPAs seen across the MFI sector in late 2024.

These kinds of withdrawals suggest that lenders are not ignoring the risks, which is a good sign.

However, the central tension is still unchanged - Banks continue to bet that strong economic growth will support repayments. And as long as incomes rise and employment remains stable, borrowers can continue servicing their loans. But if income growth does not keep pace with borrowing, or if households stretch themselves too thin, stress can build quickly.

But once a borrower defaults, recovery rates tend to be lower compared to secured loans. And that makes the system more sensitive to changes in borrower behaviour.

The concern, therefore, is not about an immediate crisis. India's banking system today is far more resilient than it was in the past. Banks' NPAs have declined from their earlier peaks, they hold better capital buffers, and regulatory oversight is stronger. But the nature of risk is also evolving. Instead of large corporate defaults, the next phase of stress could be driven by small household loans.

If defaults start rising, lenders may respond by tightening credit further. And since much of today's spending depends on easy credit, this could slow consumption. So, what begins as a financial-sector adjustment can spill over into the broader economy.

So, how can you, as a retail customer, come out ahead in this potential crisis?

First, treat easy credit like a trap, not a privilege. Just because your limit increases or a new card is instantly approved doesn't mean you should use it. Use it only if you need it. Banks expanded their loan book aggressively when money was cheap. Now that they're tightening, you don't want to be caught over-leveraged when the tide turns.

Second, optimise for benefits while they still exist. If banks are cutting rewards and increasing fees, the smartest move is to actively evaluate your cards and accounts. Keep the ones that give you real value and don't use the ones that don't.

Third, protect your credit profile. As banks become more selective, high-quality borrowers will get better terms, while everyone else gets priced out. Paying on time, keeping utilisation low, and avoiding unnecessary loans will ensure you stay in the “profitable customer” bucket.

And finally, build your own safety net. If banks are preparing for a potential slowdown, maybe you should too. A solid emergency fund and lower dependence on credit can give you flexibility when lending tightens or costs rise.

Because in every credit cycle, the winners aren’t the ones who borrow the most. They’re the ones who borrow only when they need to.

FOUR PASSOVER QUESTIONS AS THE IRAN WAR NEARS ENDGAME

- Bloomberg

Much of the world is about to pause to ponder its faith. Ahead of Good Friday, Jews embark on Passover, the holiday that Jesus was celebrating at the Last Supper. An elaborate ritual to commemorate the Hebrew slaves’ flight from Egypt, it involves a stylized meal, or [seder](#), designed to evoke the Exodus.

It starts with the youngest person asking four questions about why things are being done differently than on all other nights. I’ve long found this a useful exercise for looking at markets; what’s different from usual, and can we explain it? In that spirit, on a day which markets seem to believe was an inflection point in the Iran war, here are 2026’s four financial questions for Passover, all of which centered on another crisis in the Middle East.

Why are stock markets still only 8% below their highs at the beginning of this war, when all the headlines speak of escalation and disaster?

Even before Tuesday’s rally (which we’ll come to), this has been an oddly underdone reaction to a profound geopolitical shock. FTSE’s index of all world stocks (including emerging and developed markets) peaked before the bombardment started, but is down only 8%. That’s not the 10% many demand for a correction, and only the fifth-biggest selloff in this decade:

While volatility, as measured for stocks by the CBOE VIX and for bonds by the MOVE index, has risen in the last month, it’s still at unremarkable levels — particularly for bonds:

So why the calm? Geopolitical shocks matter primarily through the effect they have on the supply and price of oil. A short interruption can be tolerated, while a sustained surge to higher levels cannot. Crude oil is in the deepest contango (meaning that futures are trading at levels that imply prices will come down in the future) on record:

For those who find the contango concept tricky, here is how futures for Brent crude one month and 12 months ahead have moved since 1994. There is remarkable confidence that this oil spike is transitory:

Ultimately, the belief persists that this war will conclude without lasting economic damage. Finally, as [Points of Return has covered](#), there’s no evidence as yet that this hurts companies’ profits — a proposition that will be tested as they start to announce first-quarter results in a couple of weeks.

The resilience of US markets compared to the rest of the world has far more to do with an ongoing rise in profit forecasts than with any great confidence in America as a jurisdiction. The

premium that investors had to pay for US companies surged ahead of President Donald Trump's return to the White House and is now right back where it was three years ago. The decline has continued through the conflict in Iran:

Why have stock markets just reacted so positively to a few words from Iran's president, when until now they had always been willing to buy or sell in response to a tweet from the US president?

As Points of Return said Monday, the question is no longer Trump Always Chickens Out, but: [Will the Ayatollahs Chicken Out?](#) Tehran seems at present to have every incentive to fight on and very little to gain — given the awful damage it's already sustained — from a negotiated settlement. Any sign that the regime wants to talk, from Iranians themselves rather than from Trump's unsubstantiated claims, would therefore be huge for risk assets.

So it proved. Tuesday in New York started with news that Iran had struck a Kuwaiti tanker at dock in Dubai — scarcely the action of a leadership hoping to reduce the tension. But at 12:30 p.m. came reports that President Masoud Pezeshkian had told EU officials that the country was ["willing to end the war"](#) but would need guarantees. It's not much, but it is the clearest official indication we've had that Iran might talk. The result was a WACO rally. Only the days when Trump chickened out of reciprocal tariffs last April and out of [tariffs on China](#) in May have seen bigger rallies in the last three years:

Uncertainty over how long this conflict could last is so extreme that any sign of an interlocutor prepared to discuss a negotiated settlement is like manna from heaven for the markets. Ahead of Pezeshkian's remarks, Polymarket had been pricing roughly equal chances that the war ends in April, that it carries on into June, or lasts even longer:

Since I drew this chart, the odds have shifted, with a 60% shot that the war ends in April and only 20% that it extends beyond June. Such a reduction in uncertainty would make markets happy. It doesn't mean they should be. The long-term prospects are darkening. Jean Ergas of Tigress Financial Partners argues that Iran's leadership now has what it wants, which is survival as a regime. The president's words show that it regards its legitimacy confirmed as a counterparty to any deal.

Further, the guarantees that the regime requires before agreeing to a peace will likely entail a continuing ability to exert control over traffic passing through the Strait of Hormuz:

At the end of the day they have a power that OPEC never had. Yamani knew that at the end of the day he had to sell his oil. These people are already cut off from the world economy. And now they have a chokehold on the rest of the world and they can decide who gets oil at what price. It's as though they become the world's most important central bank.

For now, the market is viewing this prospect positively. It's certainly terribly negative for oil importers, but it's not clear that an Iranian-controlled Strait is good for the US. Which raises another question.

Why is Trump talking about ending the war without reopening the Strait when at all other times keeping it open has been regarded as a critical strategic objective?

The president trailed the idea that the US could leave it to others to try to reopen the Strait on March 20 and followed that up on Tuesday morning by saying allies should [“go to the Strait and just TAKE”](#) oil if they wouldn’t buy US jet fuel. An American military operation to force Iran to desist from blocking the passage would take a matter of many weeks. So Trump’s comments Tuesday evening after markets closed that the US would leave Iran within [two to three weeks](#) seem to confirm that he isn’t going to try to reopen the waterway.

Note that the administration’s official foreign policy strategy document, published four months ago, says:

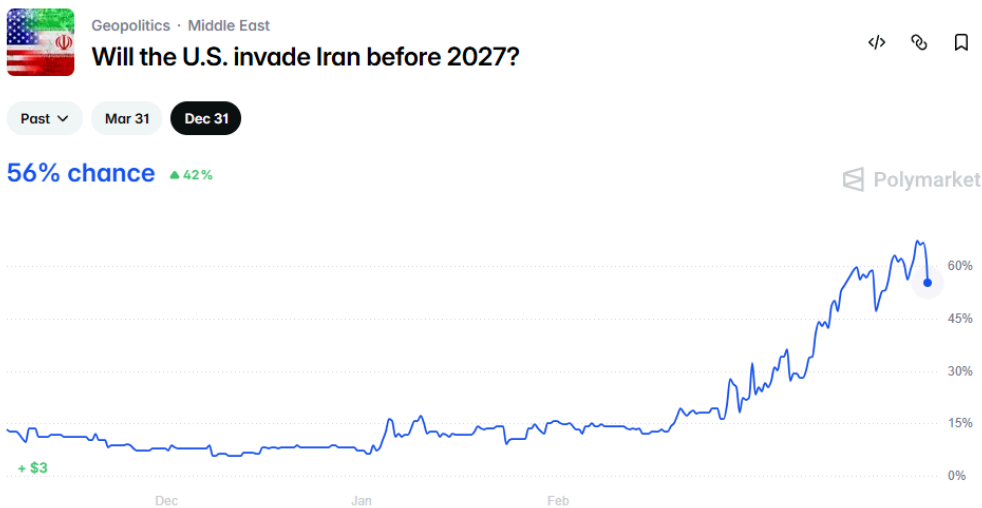
America will always have core interests in ensuring that Gulf energy supplies do not fall into the hands of an outright enemy, that the Strait of Hormuz remains open, [and] that the Red Sea remains navigable.

How is his new position tenable? It’s true, after the shale revolution, that the US is less dependent on the Strait than Europe, Africa or Asia. That shows up in Tuesday’s behavior of the different crude oil benchmarks. [Brent](#) (covering the rest of the world) surged after Trump said he could leave the Strait unopened, while West Texas Intermediate declined. Then WTI dropped impressively at reports that Iran would consider peace, while Brent barely budged. Financially, this is more of a problem for everyone else than for the US:

But there are limits. The US is less affected than others, but gasoline at the pump has just passed \$4 for the first time since the early months of the Ukraine war in 2001. The US addiction to the automobile means that this will hurt:

Supplies of helium (necessary for making chips) and fertilizers come through the Strait, and the US needs them. A world with Iran as the effective price-setter for oil won’t be great for American exporters.

The calculation seems to be that Iran has shown that the Strait cannot be opened without risking American lives in a ground operation. Prediction markets put the chance of this happening at only 56%:



Trump may be right politically to pay the price of leaving the chokepoint under effective Iranian control rather than preside over significant US casualties. Safeguarding American lives should be a priority for any president.

But it means accepting a far worse strategic position than the US had before the war. Which suggests that it was a mistake to launch this conflict in the first place.

Why did Trump choose to attack Iran when all his predecessors of the last half-century, Democrats and Republicans alike, disliked the Iranian regime just as much but decided it was too dangerous?

This is a great question. What's done is done, but we all deserve an answer. And Israelis gathered for *seders* might want to ask their Prime Minister Benjamin Netanyahu whether it was such a good idea to kick the hornets' nest.

KAKURO & SUDOKU

SOLUTIONS:

KAKURO

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SUDOKU

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