

# CATMOCK DAILY CAPSULE

April 7, 2026

KAKURO

SUDOKU

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## WEST BENGAL SIR: SUPREME COURT DECLINES BENGAL'S PLEA TO DELAY VOTER ROLL FREEZE

- Hindu



The Supreme Court of India rejected West Bengal government's request to delay freezing the electoral roll for Assembly elections on April 23 and April 29. The State argued this would take

away the rights of over 20 lakh voters who failed to convince judicial officers that there were no 'logical discrepancies' in their details under SIR of the electoral roll.

Electors, whose appeals could not be decided by April 15, could be included in the electoral roll. Freezing the electoral rolls on April 6, the last date of filing nominations for the first phase, would deprive lakhs of their right to vote and would amount to ignoring the appellate process, senior advocate Shyam Divan, appearing for West Bengal submitted. The court said the issue of logical discrepancies was "peculiar" to West Bengal, prompting the Supreme Court to deploy judicial officers to verify objections. The court noted that out of over 60 lakh objections, 59.15 lakh were disposed of by the judicial officers.

The top court left it to the Chief Justice of the Calcutta High Court to form a committee, which would frame a procedure of functioning for the 19 tribunals. The Bench ordered the tribunals to become functional immediately.

### **PRIVATE CREDIT CRISIS?**

**- Bloomberg**

Private credit poster child Blue Owl Capital closed at a record low Monday, capping weeks of declines fueled by mounting concerns over the health of the \$1.8 trillion market. The stock fell 1.4% to close at \$8.45, which is below its previous nadir, set in late 2022.

The stock hit a record intraday low before the long holiday weekend after the firm said it will limit redemptions from two of its private credit funds following a surge in withdrawal requests. Business development companies, a type of private credit fund for retail investors, have been inundated with such requests amid growing anxiety around the market's lending practices and exposure to businesses that are vulnerable to artificial intelligence disruption.

Blue Owl's shares in particular have become one of the favored ways to bet on a sustained fallout in private credit due to its elevated exposure to software companies that could be laid low by AI. —David E. Rovella

Oil climbed and stocks whipsawed after Trump signaled that an escalation of American attacks on Iran, including bridges and energy facilities, could come as soon as Tuesday. Iran, which has been making deals with some countries regarding opening the strait, is demanding a permanent end to the war, lifting of sanctions and reconstruction efforts.

### **HOW IRAN IS MAKING A MINT FROM DONALD TRUMP'S WAR**

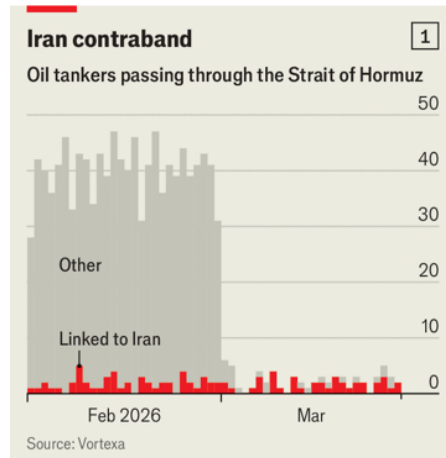
**- Economic Times**



For half a century the Middle East's petro-monarchies have cast themselves as reliable suppliers of low-cost petroleum. The third Gulf war, now in its fifth week, has shattered that image. With the Strait of Hormuz largely closed, 15% of the world's oil cannot reach its customers. All Gulf states have slashed output and seen export proceeds plunge.

All bar one. As its tankers keep plying the strait (see chart 1), Iran is now earning nearly twice as much from oil sales each day as it did before American and Israeli bombs started falling on February 28th. It may be pummelled on the battlefield, but the regime is winning the energy war.

Working out how many barrels the world's greatest sanctions-dodger exports is hard. Its tankers are more furtive than ever, commercial providers of satellite imagery have paused their updates for the region and electronic scrambling has thrown a fog across the Gulf. But a source with knowledge of Iran's oil accounting, who spoke to *The Economist* on condition of anonymity, confirms the country is currently exporting 2.4m-2.8m barrels of oil and petroleum products per day (b/d), including 1.5m-1.8m b/d of crude. That is the same, if not more, than it did on average last year. It also sells at much higher prices.

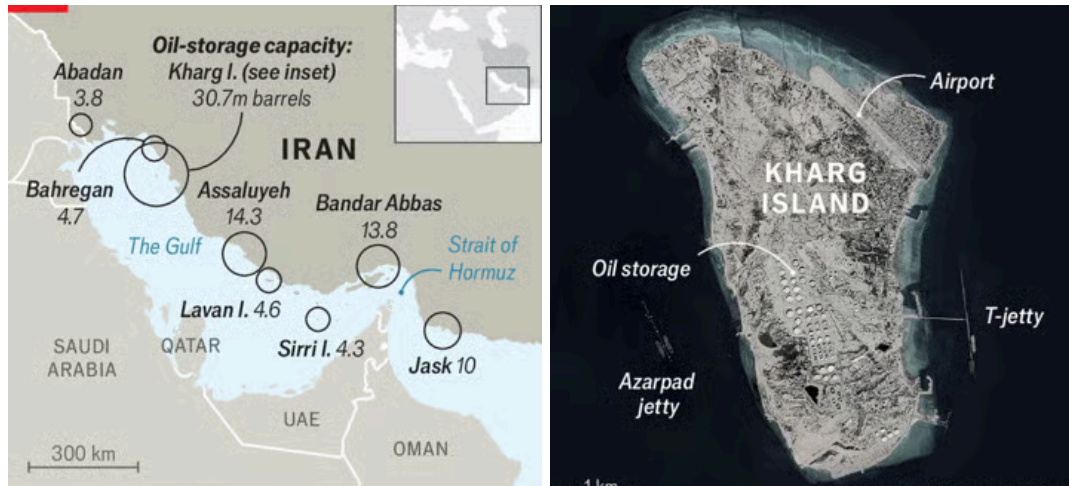


Moreover, Iran's oil machine has adapted in ways that make it more resilient to strikes and sanctions. Most of the proceeds are now going to the Islamic Revolutionary Guard Corps (IRGC), the regime's elite fighting force. And China is playing an active role in allowing the money to flow. Iran's war chest is buried deep in Asia, safe from Israeli ordnance.

Iran's oil business rests on three pillars: salesmen, shipping and shadow banks. Start with the sales force. As in most petrostates, Iranian oil exports are nominally handled by a government-owned producer, the National Iranian Oil Company (NIOC). The practice is different. In a country short of hard currency, oil offers a form of liquidity. Factions of the government, from the foreign ministry to the police, are handed barrels they can sell. Some religious foundations have allocations, too.

All these institutions are controlled by 20 or so oligarchs who use their networks to convert the oil into cash, according to several Iranian sources. Some figures, such as Ali Shamkhani, who once ran Iran's Supreme National Security Council, are now dead. Others survive. Shamkhani's son, Hossein, runs a trading and shipping empire. The clique surrounding Mojtaba Khamenei—son and successor to the late supreme leader, killed on the first day of the war—is also involved in the oil business. Some traders are related to Gholam-Hossein Mohseni-Ejei, a top Islamic jurist.

Many of these individuals have links with the IRGC. Emma Li of Vortexa, a ship-tracker, reckons that the force, which runs its own oilfields, is behind most of the recent growth in petroleum exports. The son and son-in-law of Mohsen Rezaee, a former IRGC commander-in-chief who became the younger Mr Khamenei's military adviser in March, are said to move a lot of barrels. The IRGC's international arm, the Quds Force, controls 25% of Iran's crude output. This decentralised structure is hard to dismantle from the air.



During the war the IRGC has tightened its grip on shipping—the second pillar of Iran’s oil business. The force exercises a chokehold over Hormuz. It also controls transport and communications across much of the Gulf. Nominally private companies owned by the IRGC or affiliated with Khatam al-Anbiya, another branch of the armed forces, co-ordinate most freight logistics with NIOC. They include Sahand (an industrial firm), Sahara Thunder (a trading business), Pasargad (a financial group), Admiral (Mr Shamkhani’s shipping firm) and Persian Gulf Petrochemical Company, which operates oil-processing plants. All are under American sanctions for acting as front companies.

Iran’s logisticians work hard to keep tankers out of harm’s way—the cargo can be worth \$150m-200m, five to ten times the value of the clunkers carrying it. On Kharg Island, from which 90% of Iran’s crude usually departs, vessels at the outermost “T-jetty” (see map, bottom) now operate with emergency escape procedures. In case of an attack, ships can cut mooring lines and sail without tug assistance. The Azarpad jetty, which handles the largest tankers, has reduced usage from its two berths, for safety reasons. Shuttle tankers continue to run between Kharg, nearby islands and storage vessels.

America has bombed military installations on Kharg and threatened to seize the island. But the IRGC appears to be preparing for such a scenario. The smaller Jask, Lavan and Sirri terminals are operational and amassing record stocks (see map, top). Pushed to the max, they and others might handle 25% of what Kharg currently exports, reckons Richard Nephew, a former American envoy to Iran.

All details of the ships, including cargo, crew names and destinations, are communicated to the IRGC via intermediaries upon departure. Once vetted by the force’s naval command, says a source, a passcode is issued. As ships approach the strait, they are asked to provide the code by radio; if approved, a small IRGC boat escorts them through. They will often cross not down the middle, as they used to, but via a narrow corridor hugging Iran’s coast, where the force can conduct more verifications. Some tankers are asked to pay a toll of several million dollars,

according to Lloyd's List, a shipping journal. Their transponders are briefly turned on to avoid collisions—before going off again as tankers enter the Indian Ocean.

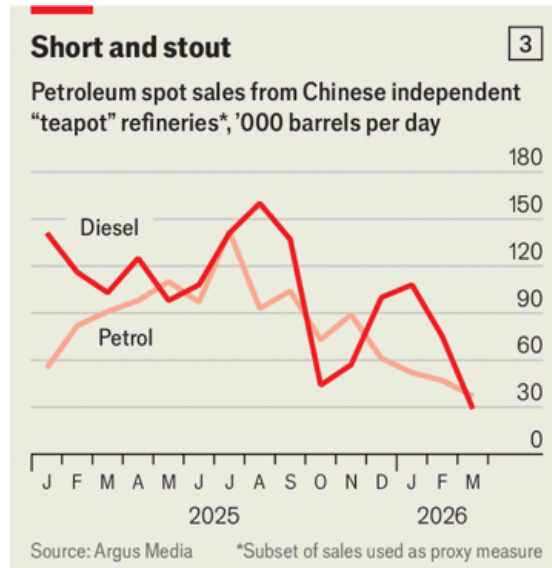
Despite America's decision in late March to waive sanctions on the sale of the near-record 150m Iranian barrels already at sea, Iranian tankers continue to employ every trick available—stealing other ships' credentials, forging documents, spoofing their locations—to conceal their cargo's provenance. "They think the waiver is a trap," explains a source familiar with Iran's shipping business. Most transfer their load on the high seas somewhere off Malaysia or Singapore to legitimate-looking vessels for the final leg.



That end of the journey is almost always China, which absorbs over 90% of Iran's oil. The buyers are 100-odd small "teapot" refineries in Shandong, in the country's north. On paper, these are independent of China's state-owned giants, which fear exposure to American sanctions. The reality is murkier. Some teapots count Chinese oil majors as customers. Shandong Shouguang Luqing Petrochemical, a teapot that has bought at least \$500m of Iranian crude over the years, owns stakes in three joint ventures with state-owned enterprises.

Before the war the teapots could extract discounts against Brent of \$18-24 per barrel for Iranian Light, the country's flagship grade. Now that other Gulf supplies have dried up, that discount has shrunk to \$7-12 a barrel. Factor in the typical freight cost from Malaysia, and Iranian Light delivered to China is now dearer than Brent crude (see chart 2). Brent itself has surged, buoying the futures price of an Iranian barrel for delivery in a few months' time to \$112, 85% above its pre-war level.

This, combined with a government cap on petrol prices that prevents the refiners from passing all the costs on to motorists, is crushing the teapots' margins. Even the permitted prices have tamped down Chinese demand for refined products (see chart 3). But some state-owned refiners are considering buying Iranian oil under the American waiver, says a source. The NIOC rents large storage facilities in mainland China on which these companies could draw. This would formalise China's involvement in Iran's oil trade.



Similar formalisation will probably not extend to Chinese presence in the third pillar of Iran's smuggling complex—payments. Buyers of Iranian oil, Chinese or otherwise, settle by paying into disposable "trust" accounts opened for that purpose, most often at small Chinese banks on the mainland or in Hong Kong. Those accounts are registered in the name of shell companies set up, often for a fee, by Chinese individuals. The oil proceeds are then funnelled from these, through myriad other trust accounts to wherever Iran wants them.

Some of the money stays in China, to pay for goods Iran wants to import. The rest is dispatched around the world. The Economist obtained the names of two Chinese companies used to transfer Iranian oil money in recent months. Together with Kharon, a research firm, we determined that these companies have conducted transactions with plastics-makers in India, Kazakhstan and Turkey.

This shadow payment system is run by dedicated departments inside Iranian companies, which are controlled by Iran's defence ministry or the IRGC. These operate like informal banks. The density of their networks of accounts—numbering in the thousands—allows them to weather shocks created by the war. In recent weeks the United Arab Emirates, once a haven for Iranian money, has shared extensive intelligence on Iranian-linked banks and companies with America. That has prompted Iran to abandon those channels and reshuffle funds elsewhere.

### Layer cakewalk

Transactions are now being routed through two or three additional layers of shell companies and handled with "extreme caution", says a source with knowledge of the networks. A group of Iran-linked accounts that person monitors, which held a combined \$6bn-7bn before the war, has seen withdrawals as trustees have sought to shelter the cash elsewhere. There is no shortage

of havens: bank accounts in East Asia, Britain, Germany, Georgia, Italy and Romania continue to be used, the source says.

The extreme redundancy introduces such complexity that the money is getting harder to trace even for Iran's central bank—and easier for the country's oil barons to skim. But it keeps the oil machine going. Short of all-out strikes on Iran's energy infrastructure—to which Iran would respond by bombing that of other Gulf states—it will not be throttled.

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## **PEACE THROUGH PROFANITY IS NOT A WINNING STRATEGY**

**- Bloomberg**

### **Escalating to De-escalate?**

On Easter Sunday, President Donald Trump amped up the rhetoric against Iran with a Truth Social post that threatened to hit the country's power plants and bridges and warned the regime to "open the F\*\*\*\*\* Strait!" (He didn't use asterisks.) Today, he brushed off the idea that such attacks on civilian infrastructure would constitute war crimes because the country's leaders killed their own citizens and are "animals." Later on, he added that the "entire country could be taken out in one night, and that night might be tomorrow night." This ever-escalating rhetoric, Marc Champion writes, will only make Trump's miscalculation with Iran even worse.

As Marc says, the "escalate to de-escalate" doctrine has some history — if Trump would only care to learn from it. "This tactic very rarely works, either in the real world or war-gaming exercises," Marc writes. "According to a 2024 Bulletin of the Atomic Scientists article, that's because de-escalating under duress requires both trust, or at least a belief in the credibility of the threats being made, and a willingness to endure public capitulation."

Trump's latest threats are part of a series of warnings — accompanied by repeatedly delayed deadlines — toward the Iranian regime. But Marc is doubtful that Trump's so-called strategy will work. He suggests that a mediated negotiation between Iran and the US is the best path forward — and that can't happen unless Trump stops the threatening rhetoric, which "only makes it harder for Tehran to accept a deal," Marc says. "It also pushes Trump ever deeper into a corner where he would at last be forced to choose between losing face or expanding the war by following through on his threats."

### **The Long-term Fallout**

Meanwhile, even as the risks to human life loom ever larger, the economic, geopolitical and financial costs are piling up. As John Authers notes, prediction markets have cut their odds of a

ceasefire this month. “A war that endures beyond June would be a disaster for the financial world,” John says.

Mihir Sharma writes that many developing countries that bet on close ties to China are faring better during this energy shock than peers which retained their allegiances to the US. This is particularly striking in markets that import large numbers of Chinese solar panels or electric vehicles, such as Pakistan and Nepal.

According to Mihir, this development could lead other developing countries across Asia and Africa to rethink their allegiances going forward. “This is a far greater geopolitical setback to the US than any loss of face in the Iran war might be,” Mihir writes, adding that Trump may be remembered as the “president who lost Asia to China.”

And Aaron Brown points out another sea change that’s underway since the war started: the broken petrodollar. For some five decades, the global energy markets have been underpinned by a “virtuous loop” in which the US provided stability in the Middle East while Gulf states poured their dollar revenues into US Treasuries, effectively subsidizing US government borrowing.

“The US-Israeli war with Iran has fractured this arrangement – at both ends,” Aaron writes. Foreign central banks have been net sellers of Treasuries since the war began, and 10-year Treasury yields have increased instead of fallen, as they would if they were seen as a haven. From the exporting side, Aaron says, Gulf producers can’t get their oil out due to the Strait of Hormuz closure.

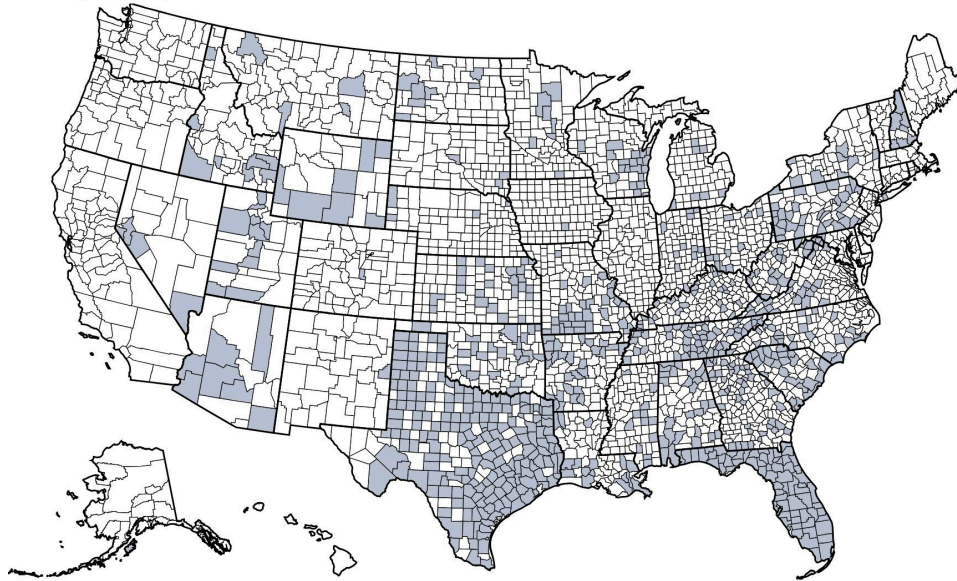
Historically, the so-called flight-quality-trade – in which global conflicts and other shocks typically drive purchases of US Treasuries – has been based on the idea that the US is the source of global stability. But, Aaron writes, “the calculus changes when the US itself is the belligerent; when the conflict is partly America’s war, driving the oil shock, straining Gulf relationships, and generating the fiscal pressure that has bond investors worried about US budget deficits.”

## Telltale Charts

### The Two Americas of Immigration Enforcement

Counties that have signed formal agreements with ICE

■ Cooperating with ICE



Source: Department of Homeland Security

Note: Includes counties where the entire county, or at least one municipal police department, has signed a formal agreement with ICE. Arkansas, Florida, Georgia and Texas mandate all counties to do so.

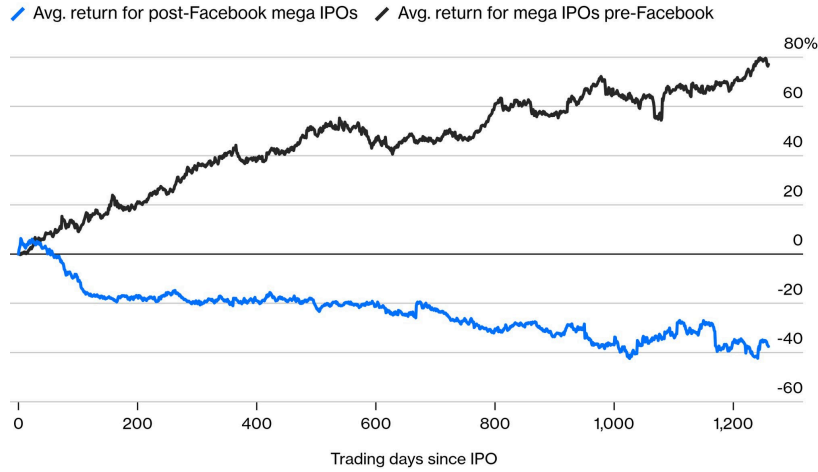
Bloomberg Opinion

Turning to more domestic issues, Ronald Brownstein writes that red and blue states are diverging sharply on issues including abortion, guns, LGTBTQ rights – and now immigration. “In many Republican counties, undocumented immigrants face a much greater risk of deportation almost any time they interact with the criminal justice system, even for minor offenses – or no offense at all,” Ronald writes. In his chart, he shows how cooperation agreements with Immigration and Customs Enforcement vary by region.

On market matters, my column today is about the bumper crop of huge initial public offerings expected in the next 12 months from the likes of SpaceX, OpenAI and Anthropic PBC. My chart shows how mega IPOs have tended to disappoint investors since Facebook went public in 2012. Since Facebook (now Meta), the average mega IPO has underperformed the market.

### Since Facebook, Mega IPOs Have Been Underperformers

The social media company's offering marked the end of an era



Note: Based on top percentile IPOs by offering size since 1999. Full sample includes 46 companies but declines over time where some companies don't have 5 year histories. Excess return is defined as price return in excess of S&P 500.

Source: Bloomberg

Bloomberg Opinion

### SOLUTIONS:

#### KAKURO

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#### SUDOKU

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