Global Cross-Asset Tape

THE CPI RAN HOT, THE MARKET RALLIED ANYWAY, AND THE BARREL EXPLAINS WHY. Friday's August CPI delivered exactly the print we said would decide Wednesday: core +0.3% m/m against a 0.2% consensus, headline +0.4%, taking implied 16 September hike odds to roughly 88%. And equities rallied — S&P 500 7,656.98 (+0.86%), Dow 52,573.29 (+0.98%), Nasdaq Composite 26,333.04 (+0.96%) — snapping a four-session losing streak, with VIX down 11.2% to 15.84. The barrel did that, not the inflation print. Brent closed $104.61, up 3.5% on Thursday but roughly 3% BELOW its ~$108 intraday high, and it was that reversal the equity market bought. Copper fell 4.5%. Read the week honestly: a hot core, a near-certain hike, a 10-year at 4.97% — and a tape that has decided the energy shock is the binding constraint, not the Fed.

US EQUITIES — FRIDAY 11 SEP CLOSE (FIRST UP DAY AFTER FOUR)

ASSET	LAST	CHG
S&P 500	7,656.98	+0.86%
Nasdaq 100	29,368.44	+0.91%
Russell 2000	2,903.94	+0.45%
VIX	15.84	-11.2%

THE AUGUST CPI — THE SERVICES CORE RAN HOT, AS FLAGGED

ASSET	LAST	CHG
Core CPI m/m	+0.3%	vs +0.2% cons
Headline m/m	+0.4%	3.4% y/y
Core y/y	2.4%	in line
16 Sep hike odds	~88%	fr ~57%

RATES & COMMODITIES — FRIDAY CLOSE

ASSET	LAST	CHG
UST 2y / 10y	4.59% / 4.97%	10y at a cycle high
MOVE	82.21	rate vol elevated
Brent	$104.61	+3.5%; off ~$108 high
Copper	$6.55/lb	-4.5% — note this

EUROPE & ATHENS — FRIDAY CLOSE

ASSET	LAST	CHG
DAX	25,568.56	+0.82%
Euro Stoxx 50	6,325.13	+0.90%
EU banks SX7E	322.09	+1.46%
Athens ASE	2,726.49	+1.07%

Read. The single most interesting number in Friday's tape is copper, not the CPI. Copper fell **4.5%** on a day when equities rallied and the oil complex reversed. That matters because the industrial leg has been the one part of our growth reading that was unambiguously firm — the Markets Radar's copper_gold component has carried +0.79 while the small-cap factor crossed to negative. **If copper is now rolling too, the growth axis loses the leg that was holding it up.** One session is not a trend and we do not treat it as one. But we flagged last week that a genuine growth turn needs BOTH legs rolling, and this is the first session in which that became a live question rather than a hypothetical. **Watch copper into the FOMC.**

Session Read

Four threads: a hot core that settled the Fed question; an equity market that bought the oil reversal instead; copper breaking; and a Hormuz file in which we corrected our own read of the US posture.

The CPI — our call held, and it resolved hawkish

We wrote on Friday morning that the headline was largely pre-announced by the PPI and that **the services core was the line to read**. It ran hot: **core +0.3% m/m against 0.2% consensus**, with notable jumps in **technology, airfare and communication** — services components, exactly where it mattered. Shelter was the offset, up 0.3% m/m and decelerating to **3.0% y/y from 3.2%**. Core y/y at **2.4%** matched estimate. **The Fed question is now effectively settled:** implied odds of a 25bp hike on 16 September moved to roughly **88%** from the ~57% we carried mid-week. The print did not deliver the disinflation the Chair said was needed, and the Committee has told us what it does in that case.

The tape — equities bought the barrel, not the print

A hot core, a near-certain hike, and the **S&P rallied 0.86%** to snap a four-day losing streak, with **VIX down 11.2% to 15.84**. That is not a market ignoring the Fed; it is a market that has decided **the energy shock is the binding constraint**. Brent had printed near **$108** intraday on Friday morning and closed **$104.61** — still up 3.5% on Thursday, but a visible reversal off the high, and it relieved precisely the cost channel that had driven the prior four sessions. Europe joined (**DAX +0.82%**, **SX5E +0.90%**, **EU banks +1.46%**). **The read-across is uncomfortable for the bulls:** if the rally is an oil trade rather than a rates trade, it reverses the moment the corridor does.

Copper — the growth leg that was holding, and may not be

Copper -4.5% to $6.55/lb is the datapoint we would have led on in a quieter week. Our growth reading has rested on a split: the industrial cycle firm (copper_gold +0.79) against a rate-sensitive cohort giving way (the small-cap factor having crossed to negative). We have argued that split is a **rate effect on leverage, not a demand signal**, and that a genuine growth turn would require both legs to roll. **Friday is the first session where the second leg wobbled.** We are not changing the growth call on one print — copper is noisy and the move coincided with a broad commodity reversal. But it converts a hypothetical into something to watch, and it would be the cleanest early evidence that the tightening has reached activity rather than only balance sheets.

Hormuz — we corrected our own posture read, and it strengthens the badge

Today's SoH Monitor withdraws a claim this desk has carried for weeks. We have said the operative US activity in the corridor is a blockade and interdiction posture and **NOT** convoy escort. **That is wrong.** On 1 September CENTCOM escorted up to **forty commercial vessels carrying roughly eighteen million barrels** through the Strait — about **90% of a normal pre-war day's oil flow** — while striking Iranian air-defence, radar, maritime and mine-laying assets and destroying anti-ship missiles during the escort. Two consequences: flow is **convoy-batched**, which is the best explanation yet of the VLCC-exit stall we armed a trigger on and then re-specified; and **escorted third-party transit is evidence against closure**, so Phase 2 holds more comfortably. Against it: screened dark share spiked to **34.3%** from 10.3%, and the vessel queue lengthened to **459**.

Regime & Technical Radar

Archetype unchanged: late-cycle, tightening-dominant, higher-for-longer — NOT Goldilocks. The CPI settled the near-term policy question hawkishly; the open question has moved to whether the growth axis keeps its industrial leg.

MARKET REGIME	
Archetype	NEUTRAL / TRANSITIONAL — tightening-dominant late cycle
Growth	NEUTRAL — and now watch copper, down 4.5% Friday
Monetary / Liquidity	UP — a 16 Sep hike now ~88% priced
Inflation	UP — core CPI +0.3% m/m, above consensus
Risk / Stress	Eased — VIX 15.84, but MOVE still 82.2

TECHNICAL RADAR	
UST 10y	4.97% — a cycle high into a near-certain hike
Brent	$104.61 close, off a ~$108 intraday high
Copper	$6.55/lb, -4.5% — the leg to watch
Athens ASE	2,726.49 (+1.07%) — banks led on the hike

What we're watching this week

- **16 Sep (Wed)** — FOMC — a 25bp hike is now ~88% priced; the SEP and dots
- **Copper** — Whether Friday's 4.5% break extends — the growth tell
- **Hormuz** — Convoy FREQUENCY now matters more than transit counts
- **Gas** — An LNG transit, or Qatari force majeure LIFTED not extended
- **Greece** — 18 Sep rebalance; 21 Sep Developed Market reclassification

Read. The axes are unchanged in direction. What changed on Friday is the **locus of the open question**. A week ago it was whether the CPI would let the Fed hold; that is now answered. The live question is whether the growth axis keeps its industrial leg, because the whole "cost shock, not demand crack" frame rests on the industrial cycle holding while the levered cohort gives way. **Copper is now the single most informative price on our board.**

Theme of the Day

A MARKET THAT BUYS AN OIL REVERSAL WHILE IGNORING A HOT CORE HAS TOLD YOU WHAT IT THINKS THE CONSTRAINT IS.

Friday was a clean natural experiment. The market received two pieces of information: an inflation print that came in **above consensus on the core** and pushed hike odds from roughly a coin toss to about **88%**, and an oil complex that reversed roughly three per cent off its intraday high. **It rallied 0.86% and sold eleven per cent of the VIX.** The revealed preference is unambiguous: this market is trading the energy shock, and treating the Fed as a known quantity. **That is a defensible read, and it is also a fragile one.** Defensible, because the cost channel is what has actually been moving equity prices for a fortnight, and because a hike that is 88% priced is a hike that is largely in the curve. Fragile, because it makes the equity tape a **derivative of a waterway** — and today's SoH Monitor is a reminder of how quickly our understanding of that waterway can change. We spent this week discovering that crude moves by ship-to-ship shuttle, then that it also moves in **escorted convoys carrying eighteen million barrels a day**, and correcting our own posture read in the process. **The thing to hold onto is the asymmetry.** A market long the oil reversal is short the corridor. Convoys can be interrupted, the screened dark share tripled inside forty-eight hours, and the vessel queue lengthened to 459. Meanwhile the gas channel — no LNG transit since **11 July** — has no workaround at all and prices the European winter. **We would not fade the equity rally on the Fed. We would fade it on the corridor.**

Catalyst Watch

THE WEEK AHEAD — FROM SUNDAY 13 SEPTEMBER	THEN
• **Wed 16 Sep — FOMC.** A 25bp hike is now ~88% priced. The SEP and the dots carry more information than the decision. • **Copper.** Friday's 4.5% break is the first wobble in the industrial leg; two more sessions like it and the growth read changes. • **Hormuz convoy frequency** — the new metric. A suspension of escorted convoys is now the cleanest bear trigger in the file. • **Star Bulk begins Euronext Athens trading 16 Sep** after pricing at EUR24.50 with the book ~6x covered.	• **Thu 18 Sep — Euronext Athens rebalancing trade** (afternoon), plus Scope and Moody's sovereign reviews. • **Mon 21 Sep — DEVELOPED MARKET reclassification effective** for Euronext Athens. • **An LNG carrier transiting Hormuz**, or Qatari force majeure being lifted rather than extended — the cleanest de-escalation signal available. • **October ECB** — officials have already signalled a further hike is live after the move to 2.50%.

Risks to the Call

- **The rally is an oil trade, so it reverses with the corridor.** Friday's gain came on a ~3% reversal off the intraday high, not on the inflation print. Convoys can be interrupted; the screened dark share tripled inside 48 hours and the queue lengthened to 459.
- **Copper.** A 4.5% break in the one growth leg that was firm. If it extends, the 'cost shock not demand crack' frame loses its supporting evidence and the Growth axis rolls.
- **A hawkish SEP.** The hike is ~88% priced; the dots are not. A 2027 path shifted materially higher is the way Wednesday still surprises.
- **Gas prices the European winter.** No LNG through Hormuz since 11 July, Qatari force majeure running. Gas has no workaround — no shuttle, no ship-to-ship, no convoy.
- **Our own corridor read has moved three times in four sessions.** Shuttle transfer, then convoy escort, then a posture correction. That is the file working, but it is also a warning about confidence intervals on anything corridor-dependent.

Synthesis

THE CALL — the Fed question is answered; the corridor question is not, and that is where the risk now sits.

We fade the dovish reflex and we do not fade the oil. Both legs paid again this week. The CPI ran hot on the core exactly where we said to look, hike odds moved to ~88%, and the 10-year sits at 4.97%. There is no dovish case left to fade into Wednesday — which means the trade has largely done its work and the risk-reward has changed. **What we would emphasise now is the composition of Friday's rally.** Equities did not rally because the inflation news was good; it was not. They rallied because oil reversed off its high. A market positioned that way is **long the corridor without knowing it**, and this week has been a demonstration of how much there is still to learn about that corridor: crude moves by ship-to-ship shuttle, and it also moves in escorted convoys of forty vessels carrying eighteen million barrels, and our own standing description of the US posture was wrong until today. **The two things we would actually watch are copper and convoy frequency.** Copper, because it is the last firm leg of the growth reading and it broke 4.5% on Friday. Convoy frequency, because it has replaced the daily transit count as the number that determines whether the corridor is scheduled or denied. **Greece keeps outperforming its own backdrop:** the index closed 2,726.49 (+1.07%) with banks leading on the hike — **Alpha +2.61%, Piraeus +2.81%, National +1.96%** — five sessions from a Developed Market reclassification, and Star Bulk priced its Athens offering at EUR24.50 with the book roughly six times covered.