

Global Cross-Asset Tape

THE LONG END SET ITS HIGHS BEFORE THE PRINT: THE 30-YEAR AT 5.61% INTRADAY, THE HIGHEST SINCE JUNE 2002, THE 10-YEAR AT 5.29%, THE HIGHEST SINCE 2007. AUGUST PCE AND THE ANNUAL REVISION AT 08:30 ET ARE THE ARBITER, AND THE TAPE RISK IS ASYMMETRIC.

RATES — 29 SEP CLOSE (30 SEP ASIA IN BRACKETS). REAL-LED, US — MONDAY 29 SEP CLOSE. THE S&P CLOSED BELOW ITS 20-DAY

ASSET	LAST	CHG	ASSET	LAST	CHG
UST 30y	5.566% (5.558)	+1.9bp	S&P 500	7,670.84	-0.17%
UST 10y	5.236% (5.226)	flat	vs 20-day / 50-day	7,672 / 7,645	below/above
UST 2y	4.877% (4.879)	-5.4bp	Nasdaq 100	30,339.33	+0.21%
10y real	2.888%	+25bp wk	Russell 2000	2,807.92	-0.35%
10y breakeven	2.346%	+2bp wk	VIX / MOVE	16.04 / 106.6	flat / +4.7%

EUROPE, ASIA, EM — 29 SEP CLOSE (NIKKEI 30 SEP)

ASSET	LAST	CHG
Euro Stoxx 50	6,320.26	+0.30%
EU banks (SX7E)	314.28	-0.45%
Athens GI	2,709.91	+0.08%
MSCI EM	1,701.75	-0.46%
Nikkei 225 (30 Sep)	66,864.39	+2.11%

COMMODITIES & FX — 29 SEP SETTLE (BRENT 30 SEP ASIA IN BRACKETS)

ASSET	LAST	CHG
Brent	\$102.59 (102.68)	-2.56%
WTI	\$89.38	-3.48%
Gold	\$4,182	+1.62%
Copper (c/lb)	660.35	+0.57%
DX / USDJPY	101.37 / 157.29	+0.17%/flat

HORMUZ — SOH MONITOR 30 SEP: THE PHYSICS IMPROVED, THE DIPLOMACY IS UNRESOLVED

ASSET	LAST	CHG
Crude through Hormuz	9.7 mb/d	fr 8.6
Transits/day (Windward)	17	25-28 Sep avg
Yanbu loadings	~2 mb/d	RESUMED
Laden Qatari LNG, Sept	4 crossings	fr 0 in Aug
Day of closure	213	war-risk 40x

Read. The long end made its highs on Monday, before the print that is supposed to decide it. The 30-year traded **5.613%** intraday, the highest since June 2002, and closed **5.566%** (+1.9bp); the 10-year printed **5.29%**, the highest since 2007, and closed **5.236%**, flat on the day and **+27.5bp on the week. Take the week apart and it is real yield, not inflation compensation:** the 10-year real is **+25bp** on the week to 2.888% while the breakeven is **+2bp** to 2.346%. That is a credibility move plus a term-premium move, not a de-anchoring, and it is why the Delphic Regime Radar's Monetary/Liquidity axis printed a new cycle high this morning. The front end went the other way: the 2-year fell **5.4bp** after the New York Fed president said one further increase may be appropriate **late this year**, taking October hike odds from 71% to **49%** with December the modal date. **Equities absorbed the level through rotation until Monday, when they stopped:** the S&P closed **7,670.84 (-0.17%)**, a point under its 20-day at 7,672; the Russell **-0.35%** and **-2.8%** on the week; the Nasdaq 100 **+0.21%**. VIX 16.04 did nothing; MOVE is **106.6**, up 36% on the week. **The stress is in rates, not equities, and one of them is early.** Confidence fell to **81.9**, the lowest since 2014, against a consensus of 89. **Oil went the other way from the incident count:** Brent settled **\$102.59 (-2.56%)** on Kpler's September exports data as the SoH Monitor re-rated Hormuz crude throughput to **9.7 mb/d**, with Yanbu loading again and four laden Qatari LNG carriers through in September, while a crude tanker was struck overnight and the formal US response to Tehran is due today through Doha. **Then the print:** ADP at 08:15 ET (consensus +70k) and at 08:30 ET August PCE (consensus core +0.3%, headline +0.4%), the annual revision back to 2021 and the third estimate of Q2 GDP. Nikkei **+2.11%** this morning.

Session Read

Four threads: a long end at 2002 highs on real yields alone; a print and a revision that decide whether the Fed is scored on a level or a path; a Strait whose physics improved while its diplomacy stayed open; and an Athens tape that reclaimed its 20-day as Wall Street lost its own.

The long end — the discount rate for everything, set by real yields and supply, not by inflation

The 30-year at 5.61% intraday is the highest since June 2002, and the decomposition is unambiguous: +25bp of real yield on the week against +2bp of breakeven. Three drivers run at once and none reverses on a soft print. **The Fed:** two voters said further adjustments are likely; the timing moved to December (October 49% from 71%), the direction did not. **Supply:** \$2.42tn of net issuance over twelve months, net interest above \$1.1tn. **The carry channel:** with the BoJ at 1.25% and the JGB 10-year at 3.08%, yen-funded selling of global duration does not read the PCE; we wrote on 23 September that the BoJ trigger did not transmit, and we now adopt the reading that it does. The S&P closed a point below its 20-day: the tactical box is back on, the stop on the adds a close below 7,645.

The print — our view, written before 08:30 ET so it can be scored

Delphic: core PCE +0.3% m/m (Cleveland nowcast 0.28), headline +0.4%, core about 3.4% y/y on the old basis. The Persistence Wedge stands: core PCE near 3.4 against core CPI 2.4, driven by healthcare, portfolio-management fees and financial services. **The annual revision is the swing:** the Street expects about 30bp off recent core as portfolio-management fees move to a new extrapolator and legal services and software to producer-price composites, back to 2021. **A level shift to about 3.1% is still a point above target and above the Committee's own path to 2029; it does not satisfy the Chair's test that inflation move toward 2% clearly and at sufficient speed.** Our off-ramp for the second hike is unchanged: two consecutive core prints at or below +0.15% m/m; a revised history does not qualify. **The tape risk is asymmetric:** positioning is short at 2002 highs, so a downward re-basing is the relief trigger for the 30-year and a 0.4% core the trigger for 5.65-5.75%. Path into the print: one more hike, December modal, no 2027 cut, first cut 2028, recession odds 15%. **Read the spending line first:** confidence at a 2014 low against intact spending is the Cost-Shock / Demand-Crack split, and today's outlays are its test.

Hormuz — the physics improved on monthly data, the diplomacy is unresolved, the market sold the front

The SoH Monitor holds Phase 2 (Fragile), velocity MIXED, base 55 / bear 25 / bull 20. The throughput scalar moves for the first time since 8 September, from 8.6 to **9.7 mb/d**, on Kpler's preliminary September count (regional exports 16.3 mb/d, Saudi 5.4); it still fails the 12 mb/d gate at about 49% of baseline. **Yanbu is loading again at roughly 2 mb/d, and four laden Qatari LNG carriers crossed in September** against none in August, so the gas leg of the sustained-flow test is met; the crude and war-risk legs are not. **The diplomacy is unresolved, not dead:** indirect talks resumed on 28-29 September through Qatar, the formal US response is due today via Doha, and Washington now conditions a deal on the nuclear file. **The violence has not stopped:** a crude tanker struck overnight (damaged, not sunk), a Kuwaiti tanker on the 25th, 258 vessels stranded. **Brent settled \$102.59 (-2.56%) on the flow recovery, not the incident count.** No Phase-1 trigger has fired. For the inflation path the shipping premium is the removable part; the damaged Qatari trains are the level that is not.

Europe, Athens and the trade truce — the rates channel is the euro story too

Athens reclaimed its 20-day on Monday (2,708, +1.6%) and held it on Tuesday at **2,709.91 (+0.08%)** on turnover near EUR 467m with the banks +0.7%: Piraeus +1.7%, National +0.9%, Alpha +0.7%, PPC +1.4%. The ATHEX tactical's second tranche is back on, stop a daily close below the 50-day at 2,636. The Greek 10-year closed 4.482% (+2.1bp) against a Bund at 3.624%: the spread is stable, the level is not. **Europe absorbed the US long end better than Wall Street** (Euro Stoxx 50 +0.30%, DAX +0.10%), the banks the payer (SX7E -0.45%). **The US-China lists landed on Monday:** reciprocal cuts on \$30bn each, 77 US categories and 1,619 Chinese items, no soybeans, truce extended to 10 January 2027; narrower than the summit rhetoric, a marginal positive for the goods-price leg. EM fell 0.46% with the dollar firmer (DXY 101.37).

Regime & Technical Radar

The Delphic Regime Radar's 30 Sep read: archetype unchanged, neutral / transitional, tightening-dominant late cycle, hardening into the print. Monetary/Liquidity at a NEW cycle high on a real-led long end; Growth down to +0.03 as the levered leg worsened; the new cross-asset scorecard shows the house long the 10-year strategically against a Street Model that is short it.

MARKET REGIME		TECHNICAL RADAR	
Archetype	NEUTRAL / TRANSITIONAL — tightening-dominant late cycle, NOT Goldilocks	S&P 500	7,670.84 — a point BELOW the 20-day (7,672); 50-day 7,645 is the stop on the adds
Monetary / Liquidity	+0.74, NEW CYCLE HIGH — 30y 5.61 intraday (since 2002), 10y 5.29 (since 2007); real-led	UST 30y / 10y	5.566% / 5.236% close; 5.613 / 5.29 highs — 24bp of the 40bp rates tripwire used
Growth	+0.03 from +0.12 — copper momentum to zero, the levered leg (Russell) at its worst	Athens GI	2,709.91 — ABOVE the 20-day (2,687); second tranche back on; 50-day 2,636
Inflation	+0.48 — breakevens anchored (2.35 / 5y5y 2.32); the SURVEY channel de-anchored (UMich 4.6, CB 81.9)	Brent	\$102.59 settle, 102.68 Asia — sold on flow recovery; CO12 carried at 80.27 (23 Sep)
Risk / Stress	+0.11, lifting — VIX 16.0 says no equity stress; MOVE 106.6 says the stress is in rates		
the scorecard	UST 10y: house +2 strategic vs the Street Model -2 — a HORIZON SPLIT, not a contradiction		

What we're watching this week

- **Today 08:15 ET** — ADP September — consensus +70k after +38k
- **Today 08:30 ET** — August PCE + the annual revision + Q2 GDP third — the arbiter of the month
- **Today** — The formal US response to Tehran through Doha — a live channel or not
- **Thu 1 Oct** — ISM manufacturing (54.8 consensus) and claims (197k last)
- **Fri 2 Oct** — September jobs — consensus +90-100k, unemployment 4.1%; sub-50k with a rising rate is the only cut-relevant cell
- **8 Oct / 27-28 Oct** — 30y reopening auction; FOMC with the hike at 49% (December modal)

Read. The archetype does not move; the weight on one axis did, to a cycle high without the Fed's help. Monetary/Liquidity at +0.74 is a long end that priced the cycle on real yields, supply and the carry unwind; the breakeven leg failed to fire for a third week, so this is credibility, not de-anchoring. **The uncomfortable pair is the survey channel against the market channel:** households at 4.6% one-year expectations and confidence at a 2014 low, against a 5y5y at 2.32%; the Fed will be scored on which one it weights. **Growth quietly deteriorated:** +0.03 with copper momentum at zero and the Russell -2.8% on the week, the levered leg giving way first, the transmission we described in September arriving on schedule. **The scorecard's one split is ours by design:** the house is long the 10-year strategically on carry and the demand-crack hedge; the Street Model is short it on momentum; a difference between horizons is a stated position, and the tactical grade opens only when a ladder level prints.

Theme of the Day

THE FED WILL BE SCORED TODAY ON A LEVEL OR ON A PATH, AND THE REVISION DECIDES WHICH. THE LONG END HAS ALREADY VOTED THAT IT DOES NOT MATTER.

Two numbers land at 08:30 ET and only one is a data point. The August core print is the data point: consensus +0.3%, our call the same, a number that keeps December live and October a coin flip. The annual revision is the other thing: a re-measurement of the post-2021 inflation history, with portfolio-management fees re-based to a new extrapolator and legal services and software to producer-price composites, and the Street expecting about 30bp off recent core. **If it prints, core PCE moves from about 3.4% to about 3.1% without a single price having changed,** and the lunchtime argument will be that the Fed hiked into a mismeasured number. **Our answer is that the Chair has told us his test, and it is not a level.**

Cross-asset implications

- **The test is speed, not level.** Inflation must move toward 2% clearly and at sufficient speed; 3.1% is a point above target and above the Committee's own path to 2029, and it is the same 3.1% the Persistence Wedge already attributes to administered and asset-linked prices. A revision narrows the wedge by construction; it does not touch the CPI, the wage tracker at 4.1%, PMI input prices at a 2022 high or household expectations at 4.6%.
- **The tape is asymmetric.** The 30-year set a 24-year high on Monday on real yields and supply, with positioning short and MOVE at 106. A downward re-basing is the headline a crowded short covers on: expect 15-25bp of relief in the long end, a re-pricing of

the front-end path rather than of the term premium that set the high. A 0.4% core puts the 30-year at 5.65-5.75% by the afternoon.

- **The policy consequence is symmetric.** Neither outcome changes the direction of the next Fed move, both change its timing, and only the hot print changes the long end's level for more than a day.
- **Read spending first, not the deflator.** Confidence at a 2014 low against a 5% nowcast is the Cost-Shock / Demand-Crack split in one release; the day the spending line breaks is the day this regime changes.

Catalyst Watch

WEDNESDAY 30 SEPTEMBER

- **08:15 ET ADP September (consensus +70k after +38k).** A weak private print in front of Friday's jobs report gets read through the Labour Prism: supply-led weakness is hawkish-neutral, only a demand-led miss transmits.
- **08:30 ET August PCE, the annual revision, Q2 GDP third estimate.** House: core +0.3%, headline +0.4%. The revision decides whether the Street scores the Fed on a 3.1% level or a 0.3% path. Read the spending and saving lines before the deflator.
- **The formal US response to Tehran, via Doha.** A response with terms keeps the channel alive and takes the SoH Monitor's velocity toward IMPROVING if no laden tanker is struck across the next two builds; a response that ends the mediation is the bear case.
- **US cash opens 09:30 ET** with the S&P a point under its 20-day, VIX 16 and MOVE 106. The box resolves on this session; the stop on the tactical adds is a close below 7,645.

THEN

- **Thu 1 Oct — ISM manufacturing (54.8) and claims.** The regional Fed average of 13.4 with prices paid at a 2022 high says the ISM's price index is the line to read.
- **Fri 2 Oct — September jobs.** Consensus +90-100k, unemployment 4.1%, earnings +0.3%. The only cell that moves our recession odds from 15% is a sub-50k payroll with the rate at 4.3% or higher.
- **Thu 8 Oct — the 30-year reopening.** A tail of 2bp or more with cover under 2.2 after this week's since-2002 print is the auction the term-premium leg would show up in.
- **27-28 Oct — FOMC.** The hike is priced at 49% for October and December is modal; the direction is not in question, the date is.

Risks to the Call

- **A downward revision read as vindication of the cuts trade, and a 25bp long-end rally into short positioning.** We think it re-prices the front end, not the term premium, and would fade it in the 10-year; the first day belongs to the crowded side.
- **A hot core on a 24-year high in the 30-year.** 0.4% m/m puts the long end at 5.65-5.75% into an auction week with MOVE at 106 and 24bp of the 40bp rates tripwire used; Monday's close below the 20-day says equities have stopped paying through rotation.
- **The survey channel is two prints deep:** expectations at 4.6% and confidence at a 2014 low against an anchored 5y5y. If it reaches wages, the Persistence Wedge widens and no revision helps.
- **Hormuz is a flow recovery with an incident rate.** Base case a throttled corridor near 10 mb/d; the bear case is one laden hull sunk in-channel, a Phase-1 trigger and a \$10-15 move in the front month.

Synthesis

THE CALL — score the Fed on the path, not the revised level; fade a revision rally in the front end, respect it in the long end; the spending line is the regime test, not the deflator.

This week's information is a level, not a print: the 30-year at 5.61% and the 10-year at 5.29%, set on real yields and supply before the data that was supposed to set them. **On rates:** one more hike, December modal, no cut in 2027, the first cut in 2028; nothing that prints today changes the direction. A revision that re-bases core PCE to 3.1% changes the Street's story, not the Chair's test, and we fade the front-end relief it produces; the long end is a different instrument, bought by the 10y/30y strategy by time and by level, never by chasing, so a 25bp relief on a revision is a day to do nothing. **On equities:** the S&P closed under its 20-day for the first time since the 21 September gate and leadership has narrowed to semis; stay with quality and self-funding balance sheets, trim duration not beta, and treat VIX at 16 as a tape that has not yet priced what MOVE at 106 has. **On energy:** the SoH re-rating to 9.7 mb/d and resumed Yanbu loadings are why Brent is \$102 with a tanker struck overnight; the energy relief in the inflation path is banked once, the diesel crack remains the lagged core channel. **On Greece:** Athens reclaimed its 20-day on the banks as Wall Street lost its own; the second tactical tranche is back on with a defined stop, hedged through SX7E. **The discipline for today:** read the spending line before the deflator; it is the only divergence on this page that ends this regime.