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01

Macro

The US employment report stayed the Federal Reserve's hand for October, not for December. Meanwhile energy and European public finances keep pushing yields higher, and Japan has now joined the game.

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READING TIME

~ 5 minutes

WHAT HAPPENED

In September the United States created 29,000 jobs against the 84,000 expected; August was revised to 133,000 and unemployment stands at 4.2%.

- The odds of a Fed hike in October fell to 15% from almost 75% the week before; December remains in play, at around 85%.
- The 10-year Treasury touched 5.33%, its highest since April 2002, then eased to 5.18%; the 30-year went from 5.67% to 5.57%.
- The ISM prices-paid index for US manufacturing rose from 71.1 to 77.9; Brent, Europe's benchmark crude, closed the week above 102 dollars.
- The French 10-year rose to between 4.92% and 4.95%, and its yield gap with the German bond passed 1.40 percentage points, the widest since 2012.

The bond market sets the pace, US jobs slow down

A rate rise postponed to December is not enough to bring yields back down: energy and European public finances push the other way.

Jobs slow, the Fed waits

The figure that reordered the week came last. In September the American economy created 29,000 jobs outside agriculture, the non-farm payrolls, against the 84,000 expected; August was corrected to 133,000 and July turned negative. Unemployment rose to 4.2%, but for a less severe reason: the increase comes mostly from people returning to the job market, not from people who lost their work.

For a Federal Reserve that raised rates by a quarter point last month, that is reason enough to pause. The odds of another hike in October, read from forward contracts on interest rates, fell to 15% from almost 75% seven days earlier; December remains in play, at around 85%. The week produced a postponement, not a change of course: the relief for bonds was real and short.

On Thursday the American 10-year had risen for a fourth consecutive day, to 5.33%, its highest since April 2002; after the jobs figure it eased back to 5.18%. The rest of the numbers does not describe a slowdown. In the monthly ISM survey of manufacturing purchasing managers, new orders are accelerating and prices paid rise from 71.1 to 77.9. Demand is running ahead of productive capacity, and goods inflation comes out of it more persistent.

Energy shows up in yields

The second force of the week comes from the Gulf. On Monday the American president publicly rejected the Iranian proposal to end the war, and on Thursday he let it be known that he had sent a further 9,000 troops to the region. Brent, Europe's benchmark crude, closed above 102 dollars, and the increase reached the real economy through refined fuels more than through the barrel.

> One week has not changed the Fed's course: it has moved its date. The constraint, meanwhile, is still being set by the bond market.

On Friday the G7 countries agreed to release 100 million barrels from strategic reserves, and diesel prices fell a little. Governments are opening the reserves to contain a price to which their own bond markets react: energy and government bond yields have become the same question. A release of stockpiles does not create supply; it postpones the moment when the reserves will have to be refilled.

France and Japan, two linked debts

In Europe the central bank is not standing still: the ECB's deposit rate is at 2.50% and the market is pricing further increases out to 2027, after September inflation came in above forecast in Germany, France, Italy and Spain. The breaking point is Paris. The French 10-year rose to around 4.92-4.95%, its highest in about twenty years, and its yield gap with the German bond passed 140 basis points, the widest since the euro crisis of 2012. In the same week German yields were falling: this is not shared inflation, it is a budget that requires 340 billion euros of new issuance next year.

For the first time the move also touched BTPs, Italian government bonds, despite public finances better than France's, with a primary surplus and a smaller deficit. If Italian bonds move together with French ones, the market is asking a premium for European sovereign risk and not only for the risk of Paris. Part of the push comes from far away: a Japanese fund in the Sumitomo Mitsui group has liquidated in full the French bonds it held, moving into short-dated German and Japanese bonds.

Analysts do not agree on the cause. Ed Yardeni argues that the yen carry trade is being unwound, the borrowing in Japanese currency at almost no cost and reinvested where it earns more: the Bank of Japan is raising rates, and those positions have to be closed. Deutsche Bank objects that the tell-tale signs do not fit: an unwinding of the carry would push the yen up, whereas the yen and bonds have fallen together. For the German bank the channel is the Japanese 10-year at 3.1%, which removes from world debt its last low-yield anchor.

The quarter just closed is in any case the worst in 32 years for the rise in yields, and the funds that follow the trend of prices have never been positioned so heavily against bonds: a net position of 170 billion dollars, which a slowdown would force them to close all at once.

TAKEAWAYS

01 The 5% threshold.

The American 10-year has eased back to 5.18% after touching 5.33%. A return above that high would say the Fed's postponement was not enough; a steady fall below 5% would say the opposite.

02 December, not October.

The number to follow is not the probability of an October hike, down to 15%, but the December one, at around 85%. As long as it stays there, the tightening cycle is postponed and not closed.

03 The French spread.

The spread between French and German bonds measures the fiscal risk of Paris. The signal to watch is whether BTPs follow it: in that case the market is repricing the whole euro area.

04 The Japanese anchor.

For Deutsche Bank the link between Tokyo and Paris is the yield on the Japanese 10-year, at 3.1%: as long as it rises, world debt is left without a low-yield anchor.

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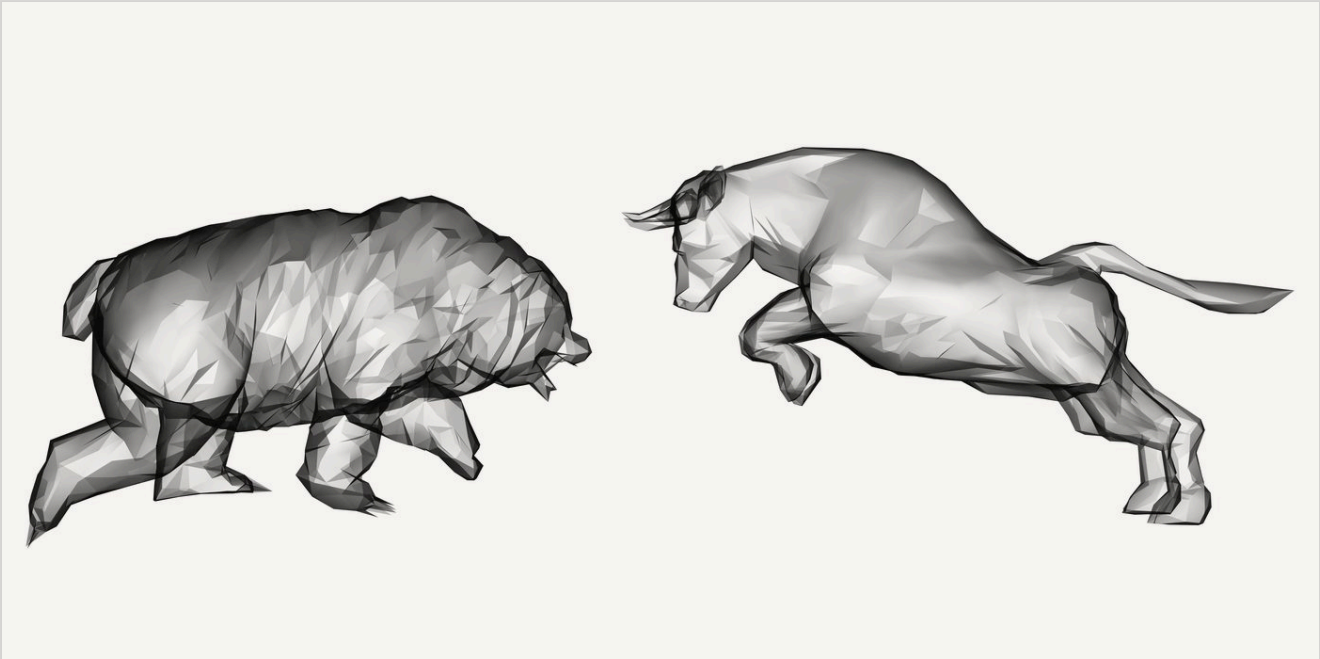

02

Equity

Goldman Sachs has put in writing how much the spending on artificial intelligence has to return. The threshold is within reach, provided a chip stays useful for five years and the commitments taken off the balance sheet do not ask for a return of their own.

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READING TIME

~ 6 minutes

WHAT HAPPENED

Goldman Sachs calculates that the 1,730 billion dollars the large technology companies plan to spend in 2026-27 require 1,420 billion in revenue between 2028 and 2030.

- That threshold equals 11.6 billion dollars of revenue a year for every gigawatt of installed computing power, at a 15% return on invested capital.
- Depreciation on those facilities comes to 276 billion dollars a year, 1.7 times the operating profit the same facilities are meant to produce.
- Fewer than half the stocks in the S&P 500 trade above their own 200-day moving average, while the index itself stays close to record highs.
- The extra yield demanded of the most indebted companies rose 39 hundredths of a point, to 3.12 points; at the lowest rung of speculative debt it passed 10 points, the first time since March 2023.

The bill for artificial intelligence comes due from 2028

It takes 1,420 billion in revenue between 2028 and 2030 to justify today's spending: the credit market has already begun to doubt it.

The Goldman Sachs calculation

There is no longer any doubt that the large technology groups can spend: they can, and beyond expectations. Since January the average of analyst forecasts for the 2026-27 capital spending of the five listed groups has risen 66%, from 1,140 to 1,890 billion dollars. Whether that spending will produce revenue, and how much, is what Goldman Sachs has tried to calculate.

To earn a 15% return on invested capital (ROIC) on roughly 1,730 billion dollars of 2026-27 spending, the six largest operators (Alphabet, Microsoft, Amazon, Meta, Oracle and SpaceX) need to generate around 1,420 billion in cumulative revenue between 2028 and 2030. Per unit of plant, the threshold is 11.6 billion of revenue a year for every gigawatt of computing power in operation.

Moving the assumptions, the same bank shows how far the threshold shifts: between a zero return and one of 30%, and with a cost per facility of between 34 and 51 billion, the revenue required ranges from 900 to 1,900 billion. With no gain at all for the shareholder, 920 billion is still needed, for depreciation and running costs. Goldman judges it reachable and offers evidence: at the second quarter of 2026 Amazon, Microsoft and Google had cloud contracts already signed worth around 1,690 billion dollars, up 152% in a year. Applied to those three, the calculation asks for 59% of today's orders, with no growth.

Depreciation is the weak point

In the model the number that carries the weight is not revenue, it is depreciation: on these two years of investment alone it comes to about 276 billion dollars a year, 1.7 times the operating profit those same facilities have to produce. Everything rests on one variable: how long a computing card stays useful before it is replaced.

> Spending on artificial intelligence is no longer in question. In question is how long a chip stays useful, and who will pay the revenue expected from 2028.

Goldman assumes a five-year useful life. Sceptics assume three, the pace at which Nvidia refreshes its own product generations: with three years the threshold rises, because the chips would have to be bought again more often. A July calculation measured the deferral: 760 billion dollars of investment planned for 2026 against 211 billion of depreciation booked, and the remaining 549 parked in the balance sheets.

The calculation leaves things out, and says so: long-term leases off the balance sheet, special purpose vehicles set up to finance the data centres, licences on third-party capacity. Commitments that will have to be paid and do not enter the return. And it stops at 2027: the next phase, estimated at 4,140 billion of spending between 2028 and 2030, stays outside, while the bank recommends buying all six of the stocks it examined. Torsten Slok of Apollo points to an inconsistency upstream: technology analysts expect the sector's cash to more than double by 2028, while analysts covering the sectors meant to buy those services expect far less.

A strong index, a fragile market

The American market has stayed close to its highs, but the index and the median stock no longer tell the same story. Fewer than half the members of the S&P 500 trade above their own 200-day moving average, and new lows keep outnumbering new highs. The Nasdaq was the only major American index to close the week higher: technology ran, the banks did not.

The credit market moved before equities. High yield spreads, the extra yield demanded of the most indebted companies, widened by 39 basis points in a week, to around 312; at the lowest rung of speculative-grade debt, the one the agencies rate CCC, the premium passed 1,000 basis points for the first time since March 2023, and on the rung immediately above sit 515 billion of bonds and loans exposed to losses. An index held up by a few companies depends on what their debt costs.

The two charts complete the picture. The first measures the off-balance-sheet commitments of the large technology groups, 3,560 billion dollars in the latest quarterly tracking, the part the Goldman calculation does not include. The second looks at who now supplies the leverage to the instruments built on these stocks: it is no longer the banks.

TAKEAWAYS

01 The useful life of chips.

In the quarterly reports the line to read is the useful life assigned to servers: today it is five years, the same figure Goldman assumes. If anyone cuts it to three, the revenue threshold rises for the whole sector.

02 Commitments off the balance sheet.

Leases, special purpose vehicles and licences on third-party capacity stay outside the return calculation. What to watch is whether the next quarterly reports make them more explicit.

03 Market breadth.

Fewer than half the stocks in the S&P 500 sit above their 200-day average: an index near its highs is resting on a few companies. The ratio of new lows to new highs says whether that base is widening.

04 The credit market moves first.

The premium demanded of the most indebted companies moves before share prices. When the bottom of the corporate debt market gives way, the rest of the equity market usually follows.

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Two charts to measure the part of the cycle the balance sheets do not show: how much the commitments taken outside the balance sheet weigh, and who supplies the leverage today to the instruments built on these shares.

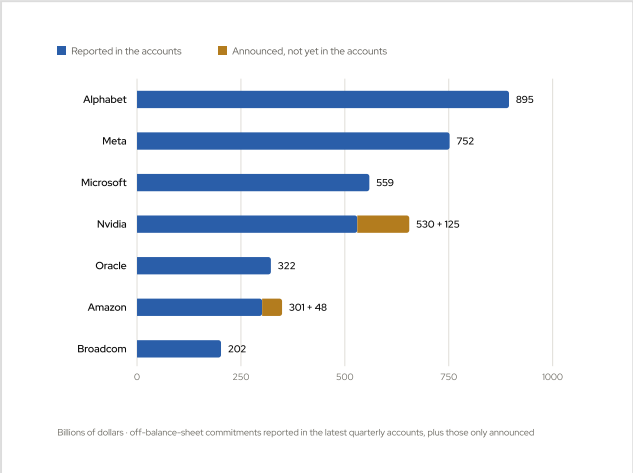

FIG. 2.1

The off-balance-sheet commitments of the large technology groups reach 3,560 billion dollars

Source: own calculations on quarterly accounts and ZeroHedge data

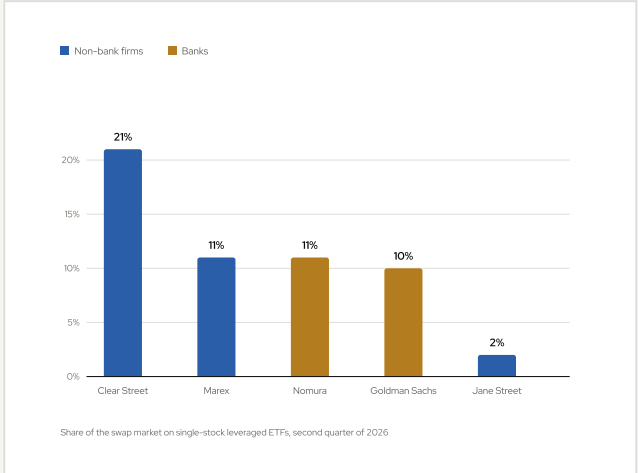

FIG. 2.2

On single-stock leveraged ETFs the leverage is supplied by non-bank firms

Source: own calculations on Bloomberg and Asym Research data



03

Fixed Income

Bank of America is inviting investors to start adding bonds after the worst decade in a century. It is a position against the market, and that is why it is worth understanding what it rests on.

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~ 5 minutes

WHAT HAPPENED

Long-dated zero-coupon bonds, US Treasuries that pay nothing until maturity, are down 65% from their March 2020 peak.

- Anyone who bought US Treasuries ten years ago is down 2% a year: the worst outcome in a century.
- Long-dated bonds from the big technology groups yield 8.4% (Oracle), 7.5% (Meta) and 6.9% (Google).
- Bonds took in $18.8 billion over the week and equities 15.8 billion, while $118 billion left cash.
- US municipal bond funds drew $4.2 billion, the most since the series began in 2004.

The worst bond decade in a century draws its first buyers

Bank of America's chief strategist says it is time to add bonds, and the week's fund flows prove him partly right.

Hartnett's contrarian position

Michael Hartnett runs investment strategy at Bank of America, and through the autumn he had described the market as “long artificial intelligence and short everything else”. In his latest weekly note he wrote that he is starting to add bonds, against the prevailing positioning. The reasoning begins with that positioning: professional managers are heavily exposed to US technology shares and heavily short bonds, which is to say they are betting that yields keep rising. Hartnett thinks they are too short, and a crowded bet reverses on little: the $170 billion net short built up by trend-following funds, which trade on price momentum, measures how crowded it is.

The historical half of the argument rests on a simple rule: deeply negative long-run returns have often marked good entry points, as they did for equities in 1939, 1974 and 2009, or for commodities in 1933 and 2018. Long-dated Treasuries are coming out of their worst decade in a hundred years. Hartnett concedes a limit, though: for yields to fall by one or two percentage points you would need a recession or a credit accident, and prediction markets, where investors bet on events, assign that scenario a zero probability.

The debt of the artificial intelligence giants

The most discussed passage concerns the bonds the large technology companies are using to fund their data centers. Over the past year the price of these securities, rated investment grade and so classed as good-quality debt, has fallen 9% and the yield has gone from 4.5% to 6.2%. On individual issuers' long maturities you reach 8.4% at Oracle, 7.5% at Meta, 6.9% at Google: levels normally found on speculative-grade debt, not on the debt of the world's most highly capitalized companies.

> The bonds Wall Street is shorting hardest are the ones one of its own strategists wants to buy: one of the two sides will be proved wrong.

Hartnett's thesis is that Washington will not let artificial intelligence fail, now that it has become an industrial and political priority: this is the bet Wall Street calls the policy put, the expectation that the state steps in before the collapse. If that were so, those yields would be paying for a risk that someone else ultimately carries. It remains one bank's opinion, not a fact, and for now the credit market is going the other way: it is asking these issuers for a yield that has risen 1.7 percentage points in a year.

Where the money moved

Bond funds took in $18.8 billion, more than the 15.8 that went to equities, while $118 billion left cash in the quarter-end rebalancing. Within fixed income the money chose long maturities and, for $4.2 billion, the debt of US states and cities: an all-time record for the series. That record is not a verdict on rates. Municipal bond ETFs, listed funds bought like a share, have just closed one of their worst months in twenty years, and the money returns because sellers at a loss use the capital loss to cut their tax bill and then buy back. One billion went to utilities, the power, gas and water companies treated as a bond substitute.

Hartnett also sets out the levels he is watching: three listed funds and the MOVE index, the gauge of interest-rate volatility. The sequence he fears runs in a precise order. The banks give way first; then the smaller US companies follow; and only at that point does the exit from risk become general.

The two charts below show the two faces of the same week. The first, from Goldman Sachs, sets the share of bond ETFs in total ETF trading, up toward 26%, against the yield on the 10-year Treasury, pushed toward 5.3%: when rates move, the market now trades through these instruments. The second, from Bank of America, measures the price of zero-coupon bonds beyond twenty-five years from the March 2020 peak to today: down 65%.

TAKEAWAYS

01 Hartnett's four levels.

The prices to watch, in this order: the global financials fund at $125, the funds of medium-sized and small US companies at 666 and 135. Above 125 on the MOVE index, swings in bonds stay wide.

02 High return, high risk.

Oracle's 8.4% is the compensation demanded for data-center risk, and the same market charges the company for it elsewhere: protection against its default sits at a high of 227 basis points.

03 Money at the long end.

Maturities beyond six years drew $7.4 billion, the most since May 2025. This is the weekly flow that says whether the return to long-dated bonds is continuing.

04 Cash has a cost.

The quarter-end exit from cash has an arithmetic reason: the gap between what a 10-year government bond yields today and what idle money in a current account yields.

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Two charts to see why bonds are back at the centre: where the money is going when the yield passes 5%, and how deep the fall was that Bank of America calls humiliation.

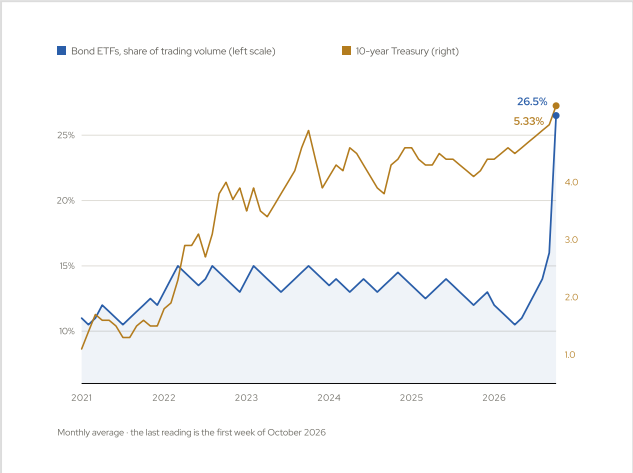

FIG. 3.1

Bond ETFs reach 26.5% of trading volume while the 10-year passes 5%

Source: own calculations on Goldman Sachs data

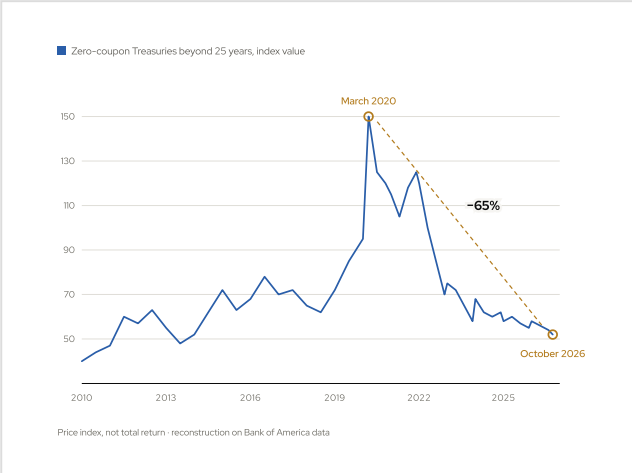

FIG. 3.2

Zero-coupon Treasuries beyond 25 years have lost 65% from their March 2020 peak

Source: own calculations on Bank of America data



04

Commodities

Brent above 102 dollars matters less than diesel at 6.50 dollars a gallon. The week was decided on refined fuels and on an export ban that Washington is genuinely studying.

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WHAT HAPPENED

Brent closed Friday above 102 dollars a barrel, after attacks on oil tankers intensified through the week.

- Chinese refiners suspended fuel exports to every destination except Hong Kong and Macao, pushing Brent back above 100 dollars.
- The G7 agreed to release 100 million barrels from strategic crude and diesel reserves: a little over two weeks of OECD Europe's consumption of about 6 million barrels a day.
- US retail diesel hit a record, averaging around 6.50 dollars a gallon, the equivalent of Brent at 180 dollars.
- Last month US diesel exports hit a weekly record of almost 2 million barrels a day.

Diesel, not crude, sets the price of energy

Brent above 102 dollars matters less than diesel: freight, goods inflation and November's US vote all run through diesel.

The bottleneck is refining

Brent closed above 102 dollars, but the price that reaches the real economy comes from refined products, not from crude. On Thursday Chinese refiners suspended fuel exports to any destination other than Hong Kong or Macao. In a single day a source of diesel left the market, in a system already thinned by the disruptions in the Strait of Hormuz and by Ukrainian attacks on Russian refineries.

Friday brought the political answer: the stock release agreed by the G7 is meant to defuse the American threat of a ban on diesel exports. Prices fell little, and the proportions explain why: OECD Europe alone consumes about 6 million barrels a day. Frank Monkam, a macro strategist at Bloomberg, notes that G7 reserves are close to their lowest level in decades.

The release bears more on diesel than on crude, because the cushion of diesel stocks is wider, even if it is draining fast. But no release creates refining capacity, and that is the real constraint. Goldman Sachs observes that the physical system adapts, with alternative routes and ship-to-ship transfers: the lasting consequence is the cost of freight and insurance, not the loss of barrels.

Why Washington is weighing a ban

Diesel moves tractors, freight trains, trucks and delivery vans. In the United States the retail price hit a record: last week's 6.50 dollars a gallon is the equivalent of Brent at around 180 dollars a barrel. What pushed the White House towards an export ban were members of Congress from the farm states, who want diesel kept at home in the middle of the autumn harvest.

> The price that reaches households is set by refining, and refining capacity cannot be released from a reserve.

The administration's economic officials have studied the consequences of a temporary ban, and some companies are already writing protective clauses into their contracts. The oil industry warns that the measure would raise prices, and offers two alternatives: suspending the federal excise tax of 0.24 dollars a gallon, or exempting road diesel from the biofuel blending mandate, worth about 0.30 dollars a gallon. The first needs Congress, and the House is in recess before the elections. A third route asks for neither law nor ban: the Energy Secretary said he is working with refineries on voluntary limits on exports.

What Goldman's model says

Daan Struyven, head of commodities research at Goldman Sachs, has modelled a ninety-day ban, running from the start of October through at least December. The bank calls it highly plausible, though not the scenario it treats as most likely. The first effect runs against intuition: 1.6 million barrels a day that no longer leave the country stay at home, and while there is room in storage every week of the ban takes 0.25 dollars a gallon off American diesel, a little under 4%.

The problem is duration. American storage fills up in nine or ten weeks, and from that point the mechanism reverses: the refining margin, meaning what a processed barrel earns, slips below zero, refineries slow down, and along with diesel they also make less gasoline and jet fuel, which come out of the same barrel. With storage full, every week of the ban adds 0.30 dollars a gallon to American gasoline.

Outside the United States the effect runs the other way. Every week of the ban is worth 3 dollars a barrel more on European wholesale diesel, ARA gasoil, a little under 2%, and the continent's strategic reserves can offset about half: at the end of June OECD Europe still held 190 million barrels. On gasoline the public cushion is four times thinner, and refineries worldwide are already shifting production from gasoline to diesel: from there the effect reaches a European driver's tank. Lift the ban and prices would reconnect, American diesel up and foreign diesel down, but at a higher level, because less crude would have been processed meanwhile.

TAKEAWAYS

01 The refining spread.

The margin between crude and fuels, not the price of the barrel, tells you how much reaches the pump. If Brent falls and diesel does not follow, the problem sits in the refineries.

02 Nine or ten weeks.

In Goldman's model American diesel storage fills up in nine or ten weeks. Past that threshold the mechanism reverses: negative margins, refineries slowing down, dearer gasoline.

03 The excise tax alternative.

Two measures work on the American domestic price without touching exports: suspending the federal excise tax and exempting diesel from the biofuel blending mandate. If they are announced, the ban becomes less likely.

04 The number to mark.

On Wednesday 7 October the US energy agency publishes weekly crude and distillate inventories, distillates being diesel and similar products: the reading that says whether stocks are rebuilding or falling.

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05

Forex & Crypto

Citi raises its targets on Bitcoin and Ether and says where the move should come from: flows into listed funds. Gold is going nowhere but keeps finding physical buyers, and the dollar collects what the euro loses on France.

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WHAT HAPPENED

Citi has raised its twelve-month target on Bitcoin from 82,000 to 113,000 dollars, with 151,000 in the favourable scenario and 43,000 in the adverse one.

- For Ether the base target goes from 2,240 to 3,028 dollars, with 4,244 in the favourable scenario and 1,157 in the adverse one.
- Bitcoin rose above 87,000 dollars, its highest since 23 September, then handed it all back after the US employment data.
- Gold stayed around 4,200 dollars an ounce and the Bank of Korea is buying gold for the first time since 2013.
- The Iranian rial touched 2,584,650 per dollar on 1 October, against about 35,800 ten years ago.

Citi raises its crypto targets, gold holds around 4,200 dollars

Crypto prices now depend on ETF flows and on rules a future administration can revoke: two fragilities to weigh before the figure.

Citi's targets rest on flows

The move had begun just ahead of two events on the same day: a buyback of US Treasury securities, an announcement that had fed fears of a weaker currency, and a meeting between the administration and the crypto industry. Citi believes the regulatory side weighed at least as much as those fears, and against that background it has revised its twelve-month estimates upwards: 113,000 dollars on Bitcoin, 3,028 on Ether. It gives three reasons: network activity, the macroeconomic context and flows into the ETFs, the exchange-traded funds that track the price of the two coins.

Flows are the main engine of the model: Citi ties a billion dollars of ETF flows to a 3.5% move in the price. That is the component it raised from its June forecast, where it was flat; the adoption assumption stays at 20% user growth in the base case. The week bore the mechanism out: after nine sessions in which the US ETFs absorbed about 3 billion dollars, with one break mid-week, the price rose above 87,000 dollars, its highest since 23 September.

Then the US employment data arrived, real rates (yields net of expected inflation) climbed back and Bitcoin handed back the entire gain. Ether follows a different logic. Citi raised its estimate because measures of user activity have grown over the past three months, and it is more sensitive to activity given its use as programmable money, money that carries the payment's instructions. Bitcoin is presented as a store of value.

A rule is not a law

The week's second engine was regulatory. The Clarity Act, the US law meant to set the rules of the crypto-asset market, failed to advance in the Senate in mid-September. In Citi's view the subsequent announcements from the SEC, the US markets regulator, eased the negative mood, and the bank calls them a temporary but significant positive factor. It adds that a law would offer more clarity than a regulation.

> The same analyst who points to 113,000 dollars a year out allows a range between 43,000 and 151,000: the width matters, not the central figure.

The distinction is not a formality. An agency's rule can be changed by an act of the same agency; an act of Congress needs Congress. Citi itself flags the risk that a change of administration in 2028 revokes the rules the agencies have adopted, while noting that the date falls beyond its twelve-month horizon. I find that horizon short: anyone holding crypto in a portfolio is thinking about their own, not the one in a research note.

Gold holds, the dollar gains

Gold followed the same path as Bitcoin: a brief rise after the employment data, then a return to the week's lows, around 4,200 dollars an ounce. Beneath the price, though, physical demand is absorbing the falls: sales of Silver Eagle silver coins have doubled and the Bank of Korea is buying gold again for the first time since 2013. Gold and precious-metals funds took in 275 million dollars, the smallest inflow in three weeks.

On the currency side the dollar took what the euro gave up. The European currency is paying for the French question: the 10-year French government bond is at its highest level in about twenty years, and its gap with the German 10-year is the widest since 2012, with German yields falling. A US government bond at 5% and a rising dollar, together, tighten financial conditions across the world.

At the opposite end of the scale sits the Iranian rial, which reached 2,584,650 per dollar on the parallel market: a 98.6% loss of value in ten years. More than half of that move came after the war began on 28 February, when the rate was around 1.65 million; in September alone the rial went from about 2.14 to 2.58 million.

TAKEAWAYS

01 Flows before the news.

For Citi a billion dollars of ETF flows is worth 3.5% of price, and between the adverse and the favourable scenario, 43,000 and 151,000 dollars, there is a ratio of more than three to one.

02 Ether is measured on use.

Citi raised its Ether estimate for user activity, not for flows. On Ether the number to watch is network use; on Bitcoin, the money coming in.

03 Regulation or law.

The Clarity Act stalled in the Senate leaves clarity to the SEC's regulations, which the next administration can rewrite. The step to watch is that text returning to the calendar.

04 Physical demand under gold.

As long as a central bank is buying, as the Korean one has, gold's falls find a buyer. Official purchases are the figure to follow, more than the daily price.

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A glossary is not read from the first entry to the last: it is consulted. The words marked in the text lead here.

A – B

ARA gasoil

The benchmark price for wholesale diesel in Europe, quoted for the storage hubs of Amsterdam, Rotterdam and Antwerp. It is the number European diesel price lists start from.

Base case

The three assumptions an analyst sets beside a forecast. The first is the one considered most likely; the other two measure how far the price can move away from it.

Basis points

Hundredths of a percentage point: one hundred basis points make a full point. They are used to measure small differences between yields, where even a tenth of a point moves large sums.

C – D

Carry trade

Borrowing money where it costs almost nothing, for example in Japanese yen, and investing it in bonds that pay more. It works as long as the cost of the borrowing stays low.

Depreciation

The share of a facility's cost charged to the profit and loss account each year, spread over the years it will be in use. The shorter the life assumed, the heavier the annual charge.

E – F

ETF

An exchange-traded fund that tracks the price of an index or an asset, Bitcoin for example. It is bought and sold like a share, at any point in the market day.

G – I

High yield spreads

The extra yield an indebted company must offer compared with a government bond of the same maturity. It is measured in hundredths of a percentage point, also called basis points: 312 means 3.12 points more.

L – M

MOVE index

A measure of how much the prices of US government bonds are expected to swing over the following months. For bonds it plays the part the VIX index plays for shares.

N – P

Non-farm payrolls

The monthly count of jobs created or lost in the United States, agriculture excluded. It is the figure the Federal Reserve watches most closely when it decides on interest rates.

Policy put

The expectation that the government or the central bank will step in to prevent the collapse of a sector seen as strategic. Anyone who believes in it accepts a risk that, without that safety net, they would not take.

Programmable money

Digital money that can carry the payment's instructions, for example paying a sum only when a condition is met. It is the use that sets Ether apart from Bitcoin.

Q – S

Refining margin

The difference between the price of crude and the price of the fuels made from it. It measures what a refinery earns, and so how worthwhile it is to process one more barrel.

Return on invested capital

How much profit each euro put into plant and machinery produces. ROIC for short: a return of 15% means fifteen euros of profit a year for every hundred invested.

Strategic reserves

Stocks of crude and fuels that governments hold back for emergencies. They can be released onto the market to cap prices, but then have to be rebuilt by buying at market.

T – Z

Zero-coupon bonds

Bonds that pay no interest along the way: they are bought below their redemption value and the whole gain sits in that difference. The further off the maturity, the more the price moves when yields change.



In 2025 Il Sole 24 Ore chose me as an **Opinion Reader** for its 160th anniversary: an independent reading of economic and financial events, in the service of your wealth and free from product and banking agendas.

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