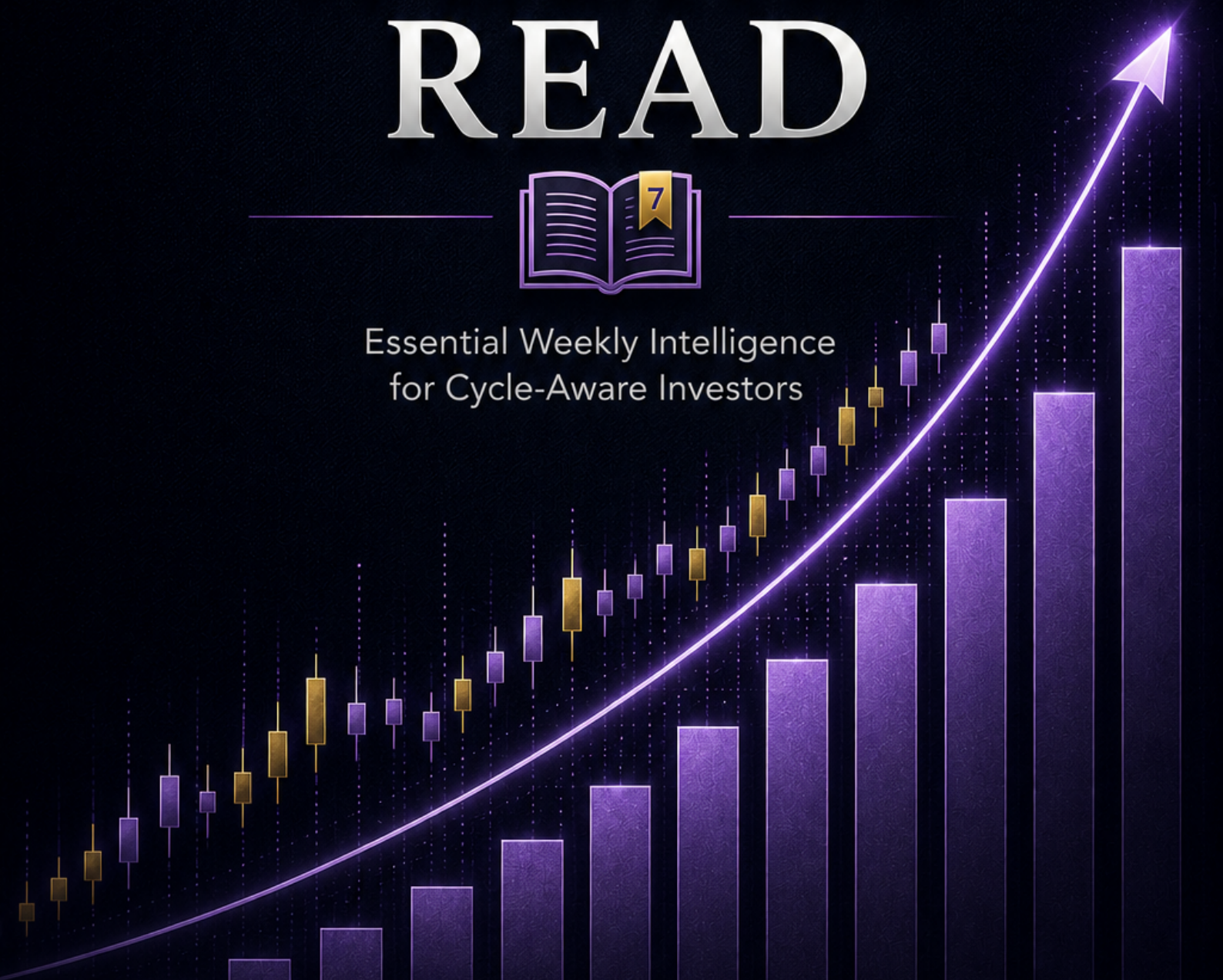
CAPITAL CYCLE

INTELLIGENCE

CCI WEEKLY READ

Essential Weekly Intelligence
for Cycle-Aware Investors



CAPITAL CYCLE INTELLIGENCE

Weekly Read

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Expansion Holds the Lead,

But Confirmation Still Leads the Decision

Executive Summary

The Capital Cycle Intelligence framework continues to present a constructive macro backdrop, but not one that justifies aggressive capital deployment. Expansion remains the dominant macro regime, liquidity continues to improve, and long-term valuation opportunities remain favourable. However, the framework continues to distinguish between improving conditions and confirmed conditions.

Gold remains the current leadership asset, Bitcoin continues to recover from a historically attractive valuation discount, and the Probability Engine has materially strengthened its confidence in Expansion. Yet the Conviction Engine, Capital Intelligence System and Masterplay Engine remain aligned in one critical conclusion: structural confirmation has not yet caught up with improving macro conditions.

What matters most right now?

Not whether markets are improving—they are.

The critical question is whether the improving evidence has become sufficiently unanimous to justify rotating capital. The answer remains **not yet**.

The framework therefore continues to favour disciplined patience over anticipatory positioning.

🚨 CCI Canary Watch

Current Flash Alert - Yen Carry Trade

Status: 🟡 WATCHFUL — Positioning Has Reloaded While Policy and Duration Triggers Remain Active

The Yen Carry Trade Canary remains 🟡 **WATCHFUL**.

The immediate FX stress has eased materially since the original Flash Alert, with USD/JPY retreating from approximately ¥164 before intervention to the ¥155–156 region. Japan has now confirmed that its intervention between 30 July and 26 August reached a record **¥15.4 trillion**, while August foreign reserves fell by a record **$79.6 billion**, demonstrating the extraordinary scale of the policy response.

However, the underlying carry-trade vulnerability has not disappeared. Latest positioning evidence indicates that speculative yen shorts have begun rebuilding after the initial intervention-driven reduction, leaving renewed exposure to an abrupt unwind should BOJ tightening or further intervention produce another sharp yen appreciation.

At the same time, global sovereign-bond yields remain elevated, with U.S. 10-year yields recently approaching 4.8% and Japanese 10-year yields near 3%. This duration pressure is increasingly developing into a separate CCI Canary in its own right. ?cite?turn0search4?turn0news11?

Importantly, the broader transmission channels remain contained. There is no confirmed synchronized KRW/IDR funding shock, broad high-yield credit remains relatively resilient, and no generalized forced deleveraging event is evident.

CCI Assessment: The original Flash Alert remains active. The immediate yen dislocation has moderated, but the underlying combination of rebuilt carry positioning, prospective BOJ tightening and elevated global sovereign yields prevents an all-clear.

🟡 **WATCHFUL — MONITOR, DO NOT ANTICIPATE.**

Macro Regime Review

What environment are we operating in?

Every macro engine continues to point toward the same conclusion.

Expansion remains the dominant regime.

The Probability Engine assigns a **69.90% probability** to Expansion, with Distribution remaining a distant secondary outcome and Contraction continuing to decline. More importantly than the headline probability itself, regime stability has improved materially this month. Confidence spread has widened back to **47.54%**, three-month drift has turned positive, and composite regime risk has fallen to **3/100**, clearing July's WATCH condition and restoring an **OK** regime alert.

The MSI Engine continues to support this assessment, identifying an Expansion environment characterised by improving liquidity and strengthening macro conditions. Rather than accelerating into a new phase, the evidence suggests a regime that is becoming more stable after a period of uncertainty.

Tailwinds

- Global liquidity continues improving.
- Financial conditions remain supportive.
- Expansion remains statistically persistent.
- Probability stability has strengthened.

Headwinds

- Leadership remains incomplete.
- Market structure continues to lag macro improvement.
- Internal participation remains mixed.

Overall, conditions are best described as **improving and stabilising**, rather than accelerating.

Leadership & Rotation Review

Where should capital be concentrated?

Leadership remains one of the most important distinctions within the framework.

The Capital Intelligence System continues to identify **Gold** as the dominant asset, and the Masterplay Engine recognises Gold as the preferred destination for future capital allocation. However, both engines continue to withhold execution authority because leadership has not yet achieved sufficient structural confirmation.

This distinction is central to the CCI framework.

Opportunity and execution are deliberately treated as separate decisions.

Current leadership can therefore be summarised as follows:

Asset	Status
Gold	Current Leader
Bitcoin	Recovering
Cash	Strategic Reserve
Altcoins	Disabled

Liquidity conditions continue to improve, Bitcoin continues to recover, and Gold continues to outperform. Yet none of these developments have been sufficient to trigger portfolio rotation.

Capital should therefore remain concentrated in Gold and Cash until leadership persistence and structural confirmation improve.

Valuation Review

Are we paying a fair price?

The Log Regression Channel continues to deliver one of the most constructive long-term messages within the entire framework.

Bitcoin remains approximately **21% below model fair value**, while trading comfortably above the -1σ regression boundary following a sustained recovery from the June lows. RSI has strengthened to approximately **59**, confirming improving momentum without entering overbought territory.

Importantly, valuation has improved in quality.

Several months ago the framework described Bitcoin as:

Cheap + weak momentum + below -1σ.

Today it describes Bitcoin as:

Cheap + improving momentum + above -1σ.

That represents a meaningful improvement in the quality of the opportunity.

Nevertheless, valuation alone does not authorise allocation.

Bitcoin remains attractive from a long-term perspective, but the broader framework continues to require confirmation from leadership, market structure and execution engines before capital is rotated.

Conviction Review

How confident should we be?

This remains the defining feature of the current environment.

The Conviction Engine continues to produce a **19/25 raw evidence score**, corresponding to an **Extreme Risk-On** signal. Under most investment frameworks this would encourage aggressive positioning.

CCI deliberately reaches a different conclusion.

Because market structure remains mildly opposing and internal participation remains transitional, confidence remains classified as **Weak**, structural status remains **Transitional**, and portfolio intensity remains capped.

This distinction reinforces one of the framework's foundational principles:

Strong evidence without broad agreement does not justify high conviction.

Current disagreements remain concentrated in:

- Market structure.
- Bitcoin versus Gold leadership.
- Internal market breadth.
- Crypto participation.

Until these areas improve, conviction remains intentionally restrained despite constructive macro evidence.

Portfolio Review

Does the portfolio match the evidence?

The Portfolio Manager confirms that the answer is **yes**.

Current allocations of **84.41% Gold** and **15.59% Cash** closely match the framework targets of **85% Gold** and **15% Cash**, producing negligible drift and requiring no rebalancing. The Alignment Panel records zero drift flags, no over- or under-exposure, and confirms that the portfolio remains fully aligned with the upstream engine consensus.

Most importantly, the portfolio is behaving exactly as intended.

It reflects:

- Expansion.
- Gold leadership.
- Defensive optionality.
- Structural patience.

The portfolio is therefore not simply invested—it is correctly invested according to the current framework.

What Needs To Change?

The next meaningful evolution in the framework will depend on only a handful of developments.

To Improve the Outlook

- Gold leadership becomes structurally confirmed.
- Market breadth strengthens.
- Bitcoin continues recovering while improving relative strength.
- Conviction confidence moves from Weak toward Moderate.
- Positive probability drift persists.

To Deteriorate the Outlook

- Liquidity weakens materially.
- Probability spread compresses.
- Contraction probability rises.
- Gold loses leadership.
- Financial conditions deteriorate.

To Confirm a New Regime

The framework would require:

- Persistent deterioration in Expansion.

- Distribution overtaking Expansion.
- Composite regime risk increasing materially.
- Broad agreement across Liquidity, Growth and Credit.

To Trigger Rotation

Rotation will require:

- Confirmed leadership.
- Stronger market structure.
- Conviction improvement.
- Masterplay execution permission.
- Portfolio Manager authorisation.

Until those conditions are satisfied, the current portfolio remains the correct portfolio.

CCI House View

The evidence continues to support a constructive macro outlook without supporting aggressive execution.

Expansion remains statistically dominant.

Liquidity remains the strongest witness.

Bitcoin remains attractively valued.

Gold continues to lead.

The portfolio remains correctly positioned.

Yet the framework continues to insist that improving evidence is not the same as confirmed evidence.

This is precisely where disciplined investment frameworks distinguish themselves from reactive ones.

The greatest opportunity continues to lie in Bitcoin's improving long-term valuation. The greatest strength within the current portfolio remains Gold's leadership and the stability of the Expansion regime. The greatest risk is not macro deterioration, but allowing improving conditions to tempt premature rotation before confirmation arrives.

Accordingly, CCI continues to advocate disciplined patience. The objective is not to capture every early move but to participate once the probability of sustained leadership has increased materially.

Validation Review

The framework continues to validate several important design principles.

Confirmed

- Expansion has persisted despite periodic volatility.
- Liquidity continues to lead the cycle.
- Probability stability improved exactly as expected following July's deterioration.
- The Portfolio Manager has maintained exceptional alignment with framework recommendations.
- Bitcoin's recovery has unfolded within the valuation expectations of the Log Regression Channel.

Still Awaiting Confirmation

- Gold leadership.
- Bitcoin leadership transition.
- Market breadth.
- Structural confirmation.
- Execution permission.

The framework has again demonstrated that separating valuation, macro analysis, conviction and execution produces a more disciplined investment process than allowing any single indicator to dominate decision-making.

Final Verdict

Assessment	Current Reading
Current Regime	Expansion
Dominant Asset	Gold
Risk State	Risk On (Controlled)
Confidence Level	Weak (Structural Confirmation Pending)
Portfolio Posture	Gold & Cash / Defensive Alignment
Action Required	Hold

Thirty-Second Summary

The Capital Cycle Intelligence framework remains constructive. Expansion continues to dominate, liquidity is improving, Bitcoin remains attractively valued, and Gold retains leadership. However, structural confirmation, market breadth and leadership persistence remain incomplete. The portfolio already reflects the highest-probability positioning available, so no changes are required. Continue to hold current allocations, preserve optionality, and allow confirmation—not anticipation—to determine the timing of future rotation.

Capital Cycle Intelligence

Know What You Own

Know Why You own It

Know When You Are Wrong

Know How To Behave

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