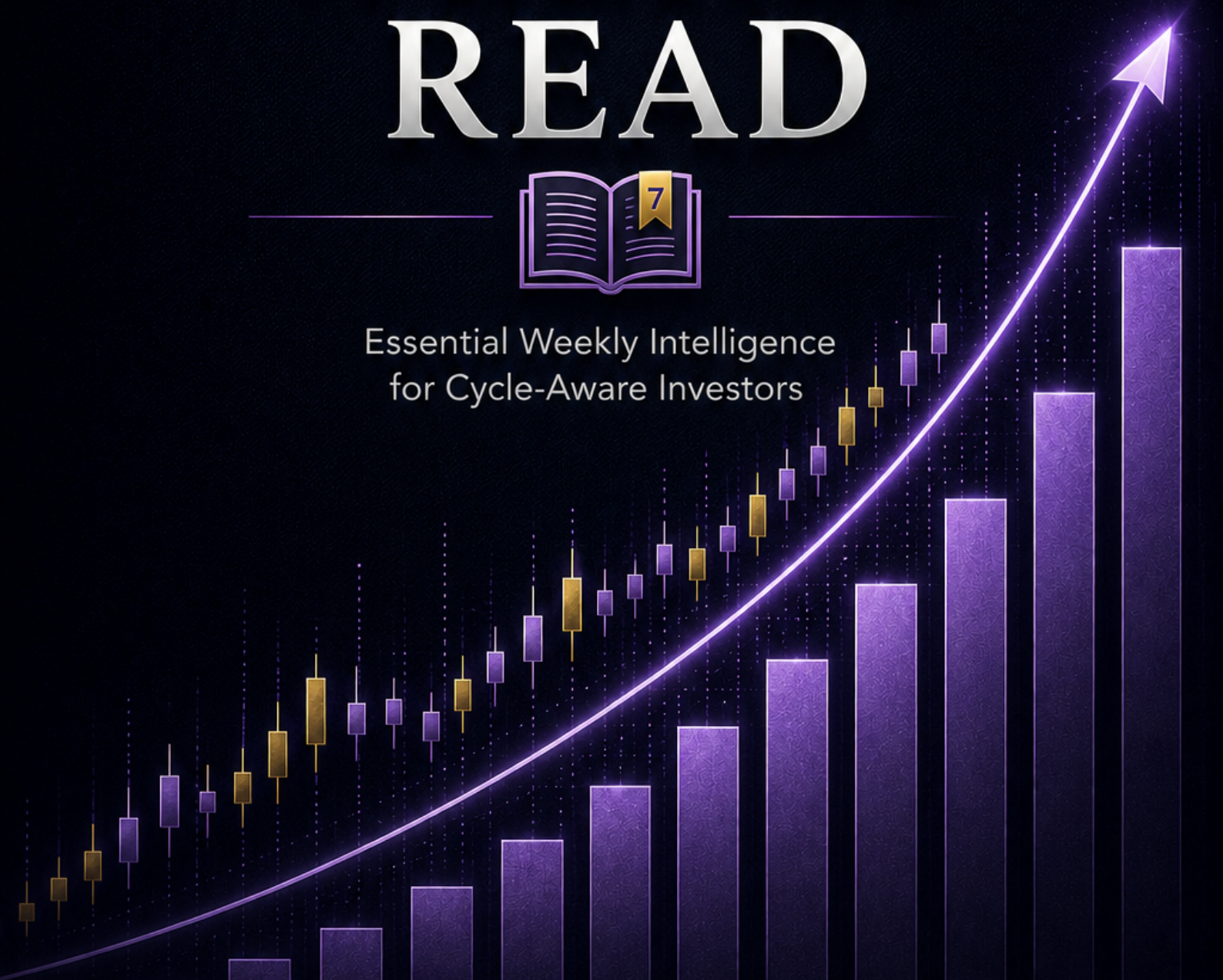
CAPITAL CYCLE

INTELLIGENCE

CCI WEEKLY READ

Essential Weekly Intelligence
for Cycle-Aware Investors



CAPITAL CYCLE INTELLIGENCE

Weekly Read

Week Ending 20th September 2026

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The Gap is Closing

Executive Summary

The most important development this week is not a regime change.

It is **evidence convergence**.

The macro regime remains firmly Expansion. Liquidity continues to provide fuel, the Probability Engine sees very little regime-transition risk, Gold retains leadership, and the portfolio remains correctly positioned. But beneath that stable headline, an important change is taking place: **market structure has improved materially and Bitcoin is beginning to rebuild its case.**

The Conviction Engine provides the clearest evidence of that change. Its mechanical score has risen from **19 to 24**, firmly inside the Extreme Risk-On evidence classification. Market Structure itself has improved substantially, including better Bitcoin weekly structure, stronger equity structure and improved TOTAL3 participation. Yet internal breadth remains weak and the Structural Regime Gate remains **Transitional**, leaving confidence classified as **Weak** and positioning capped.

At the same time, Bitcoin remains approximately **15–20% below its estimated long-term fair value of US$95,000–100,000**, with weekly RSI around 57. That combination is constructive: valuation is attractive and momentum is recovering without approaching speculative excess. But the Log Regression Channel itself does not grant execution authority; leadership and confirmation still do.

Gold therefore continues to own leadership. Its persistence has increased to three weeks and broader trend persistence to five weeks. The Capital Intelligence System still classifies that leadership as **unconfirmed**, but the signal is strengthening rather than weakening.

What matters most right now?

The system is becoming more constructive underneath the surface — but the evidence has not yet aligned sufficiently to justify abandoning the existing Gold/Cash posture.

🐤 CCI CANARY WATCH

YEN CARRY TRADE

Status: 🟡 WATCHFUL — Stabilizing
Direction: Improving
Flash Alert 001: Remains Active
Actionability: MONITOR — No change to CCI assessment currently warranted

The Yen Carry Trade Canary moved further toward stabilization this week following one of the most important tests since Flash Alert 001 was issued.

The Bank of Japan raised its policy rate to **1.25%**, its highest level in 31 years. Despite the tightening, the move did not trigger the disorderly yen appreciation or forced cross-asset deleveraging that CCI has been monitoring.

Instead, USD/JPY ended the week around the **157 area**, after the yen weakened approximately 2% over the week. Japanese authorities subsequently conducted FX rate checks, keeping the possibility of renewed intervention alive, although no fresh intervention has been confirmed.

Importantly, speculative positioning has changed dramatically. Investors entered the BOJ meeting with approximately **$9.7 billion of net-long yen exposure — the largest bullish yen position since July 2025**. This represents a substantial reversal from the large speculative short-yen positioning that formed one of the principal vulnerabilities behind the original Flash Alert.

The evidence therefore increasingly suggests that much of the vulnerable carry positioning has been reduced through **orderly repositioning rather than forced liquidation**.

The broader transmission indicators remain equally important. There is still no evidence of synchronized stress across Asian FX, global equities, funding markets or broad credit. Asian equities began the new week positively, including gains in South Korea, while U.S. equity futures also strengthened.

U.S. long-duration yields remain the principal area of concern. The 10-year Treasury moved above **5%** during the week as markets absorbed renewed Federal Reserve tightening, elevated inflation pressure and high oil prices. Yet the bond selloff remains orderly, Treasury volatility remains contained and there is still **no evidence of panic within U.S. credit markets**.

CCI Interpretation

The original Yen Carry Trade risk has **materially diminished but has not completely disappeared**.

The BOJ tightening event has passed without triggering a carry-trade accident, speculative short-yen positioning has been substantially removed, and the broader financial system has not displayed the synchronized deleveraging CCI identified as the critical escalation signal.

However, renewed yen weakness has returned Japanese authorities to intervention watch. USD/JPY around 157, combined with reported rate checks and thin Silver Week liquidity, means another intervention remains possible. Japan and the United States also continue to maintain close communication around maintaining orderly currency markets.

For that reason, the Canary remains:

🐤🟡 **WATCHFUL — STABILIZING**

The evidence required for escalation toward 🔴 remains absent:

Yen appreciation → Forced deleveraging → Asian FX stress → Credit widening → Funding stress → Cross-asset liquidation

That transmission chain has **not developed**.

Conversely, the evidence required eventually to return the Canary to 🟢 Stable continues to accumulate.

CCI will therefore continue monitoring intervention risk, USD/JPY behaviour, Asian FX, credit and funding conditions before declaring the original event resolved.

CCI Bottom Line:

The market has increasingly achieved through orderly repositioning what CCI originally feared might occur through forced liquidation. The Yen Carry Trade Canary is quietening, but intervention risk means it is not yet silent.

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

Macro Regime Review

What environment are we operating in?

The macro environment remains **Expansion**.

The MSI continues to register **69/100**, with **Tailwinds Dominant** and positive contribution of 69.24%. Liquidity, ISM/PMI, credit conditions and financial conditions remain supportive. Importantly, there are still no major negative macro contributors. The qualification remains momentum.

The MSI trend is still classified as **Deteriorating**, and Regime Confidence remains only **27%**. That does not mean the economy has entered deterioration or that Expansion has failed. It means the environment remains positive while the **rate of improvement has slowed**.

The Probability Engine strongly reinforces the regime conclusion.

Expansion remains dominant at **69.90%**, compared with Distribution at **22.36%** and Contraction at only **7.75%**. Confidence spread remains healthy at **47.54%**, three-month drift has recovered to **+0.38%**, and Composite Regime Risk remains extraordinarily low at **3/100**.

There is therefore an important distinction across the two macro engines:

MSI: Expansion is supportive, but momentum is not strengthening.

Probability Engine: Expansion remains statistically stable and shows little evidence of impending displacement.

Those are compatible conclusions.

The environment is **supportive but not accelerating**.

Leadership & Rotation Review

Where should capital be concentrated?

Gold remains the dominant asset.

The Capital Intelligence System records a third consecutive week of Gold leadership and a fifth week of broader trend persistence. The 12-week history now shows the progression clearly: prolonged BTC/Gold chop gave way to intermittent Gold leadership, which has subsequently

matured into three consecutive Gold-leading observations. That matters because the signal is beginning to develop something it previously lacked:

time.

Gold leadership is no longer a one-week event.

However, formal confirmation remains absent.

Bitcoin has neither bullish nor bearish persistence in the CIS framework, while Gold persistence has risen to three weeks. USD conditions remain broadly supportive of Gold rather than providing a contradictory impulse.

The Masterplay Engine therefore continues to distinguish **leadership from authority**.

It sees:

Expansion
Rising Liquidity
Gold Dominant
Leadership Confirmation: FALSE
Rotation Permission: No
Alt Engine: Disabled

and consequently retains its most conservative execution output:

Stand Down — Hold Cash.

This is the point where Bitcoin becomes particularly interesting.

Bitcoin has improved enough that the contest for future leadership no longer looks dormant. But improvement in structure is not the same thing as winning the BTC/Gold relative-strength contest.

Gold still holds the chair.

Bitcoin has started walking toward the table.

Valuation Review

Are we paying a fair price?

From the Log Regression Channel perspective, Bitcoin remains **moderately undervalued**.

Current price is approximately **US$81,768**, while estimated long-term fair value is approximately **US$95,000–100,000**.

That leaves Bitcoin roughly **15–20% below fair value**.

The significance of this week's reading is broader than valuation alone.

Weekly RSI has recovered to approximately **57**, placing momentum in a neutral-to-improving condition. Bitcoin is neither displaying the oversold characteristics normally associated with major historical cycle bottoms nor the extreme valuation and RSI readings associated with major cycle tops.

That leaves Bitcoin in an unusually interesting middle ground:

Price: below long-term fair value.
Momentum: improving.
Macro: supportive.
Structure: improving.
Leadership: not yet captured.
Execution permission: not yet granted.

That is considerably more constructive than merely observing that Bitcoin is cheap.

The opportunity is beginning to acquire supporting evidence.

But not yet enough authority.

Conviction Review

How confident should we be?

This is where the week's most important change appears.

The Conviction Engine's mechanical score has increased from **19 to 24**.

That pushes the raw evidence deeper into **Extreme Risk-On** territory. Liquidity & Macro remains Strongly Supportive and Cycle & Behaviour remains constructive. Most importantly, Market Structure has strengthened materially, with the bucket score improving to **4**.

But the engine refuses to promote raw evidence into full conviction.

Confidence remains **Weak**.

The Structural Regime Gate remains **Transitional**.

Positioning remains **25% Controlled**.

The Conviction State remains:

Selective Risk-On — Capped.

Why?

Because internal participation remains the weakest link.

The Advance-Decline Line, equal-weight participation and crypto participation remain weak or negative. Russell 2000 provides some offset, but not enough to transform breadth into broad confirmation.

This produces the central disagreement in the current framework:

Macro says the fuel exists.

Probability says the regime is stable.

Valuation says Bitcoin is attractively priced.

Market structure says conditions are improving.

Breadth says the move is not yet sufficiently broad.

That is exactly why confidence should be **higher than several weeks ago in the quality of the setup**, but not higher in the engine's formal permission state.

The evidence is improving faster than the permissions.

Portfolio Review

Does the portfolio match the evidence?

Yes.

The current portfolio remains approximately:

Gold: 84.20%
Cash: 15.80%
BTC: 0%
Alts: 0%

against targets of:

Gold: 85%
Cash: 15%
BTC: 0%
Alts: 0%

Portfolio drift is only **0.80 percentage points**, there are zero drift flags, and no action is required.

This remains one of the most important validations of the framework.

The portfolio does not need to anticipate the emerging Bitcoin evidence.

It can wait for it.

If Bitcoin continues improving and eventually earns leadership, the system can respond then. Until that happens, Gold remains the dominant strategic exposure while Cash preserves optionality.

Current portfolio expression is therefore not lagging the evidence.

It is **waiting for the evidence to finish speaking**.

What Needs To Change?

The next major development will come from one of two directions: convergence or failure.

To improve the outlook, Bitcoin structure needs to continue strengthening, internal breadth needs to improve, RSI should remain constructive without becoming excessive, and the Conviction Engine needs broader agreement across its evidence buckets.

To deteriorate the outlook, the MSI trend would need to weaken further, liquidity support would need to fade, Bitcoin structure would have to relapse, internal breadth would deteriorate further, or the Probability Engine would begin showing rising Distribution/Contraction risk alongside a narrowing confidence spread.

To confirm a new regime, the Probability Engine would need simultaneous deterioration across dominance, confidence spread and drift. Nothing resembling that combination currently exists.

To trigger rotation, either Gold must achieve full structural confirmation or Bitcoin must regain sufficient relative strength to displace Gold. The CIS requires persistence, BTC/Gold structure and USD behaviour to align before leadership becomes confirmed.

For Bitcoin specifically, the key bridge is becoming increasingly obvious:

better price action → stronger structure → broader participation → leadership challenge → confirmation → permission.

Bitcoin has started moving across that bridge.

It has not reached the other side.

CCI House View

The evidence supports a constructive macro regime with improving market structure and increasingly attractive Bitcoin conditions.

It does **not** yet support broad capital rotation.

Expansion remains the governing regime. Liquidity remains supportive. Regime-transition risk remains exceptionally low. Bitcoin is undervalued relative to its long-term trend, and its momentum and structure have improved sufficiently to warrant significantly greater attention than several weeks ago.

At the same time, Gold remains the recognised leader. Its persistence continues to build. Bitcoin has not yet displaced it. Internal market breadth remains poor enough to prevent the Conviction Engine from upgrading confidence, while Masterplay continues to deny rotation authority.

This means the greatest **opportunity** is emerging in the gap between Bitcoin's improving underlying evidence and the absence of formal leadership.

The greatest **risk** is assuming that narrowing gap has already closed.

That distinction matters.

An improving asset can remain outside the portfolio.

A cheap asset can remain outside the portfolio.

A supportive macro regime can coexist with defensive allocation.

CCI's job is not to eliminate those tensions.

Its job is to recognise them and prevent any single piece of evidence from overruling the whole system.

The current environment therefore argues for **attention without anticipation**.

Watch Bitcoin closely.

Respect Gold's leadership.

Preserve optionality.

Allow confirmation to make the next decision.

Validation Review

Several expectations from recent Weekly Reads continue to validate well.

Expansion remained intact, consistent with both MSI and Probability expectations. Liquidity remained supportive. Gold leadership persisted rather than immediately reverting to BTC/Gold chop. Defensive allocation therefore remained appropriate.

The most significant positive development has been **Market Structure**.

Previous reviews expected structure to require further improvement before confidence could rise. That improvement has now begun. Bitcoin weekly structure strengthened, TOTAL3 improved and the Conviction Engine's overall score advanced materially.

What has not yet been validated is a full leadership transition.

Gold remains dominant.

The CIS remains unconfirmed.

Internal participation remains weak.

The Masterplay Engine still withholds broad execution authority.

Those signals therefore require continued observation rather than reinterpretation.

The framework has, so far, behaved correctly: it identified improving evidence without prematurely converting it into a portfolio change.

Final Verdict

Current Regime: Expansion
Dominant Asset: Gold
Risk State: Constructive / Selective Risk-On
Confidence Level: Weak, but underlying evidence improving
Portfolio Posture: Gold Dominant / Cash Reserve / Capital Preservation
Action Required: Hold — monitor Bitcoin's developing structural challenge; await confirmation

30 Second Read

Expansion remains firmly intact and regime-transition risk is extremely low. Gold still holds leadership and the portfolio remains correctly positioned around 84% Gold / 16% Cash, so no portfolio action is required. The important change is underneath the surface: Bitcoin is moderately undervalued, RSI is improving, market structure has strengthened materially and the Conviction score has risen to 24. The gap between supportive macro conditions and market confirmation is finally beginning to close. **Do not front-run it. Let Bitcoin prove that improved structure can become sustained relative leadership; if it does, the framework will have a legitimate reason to reconsider where capital belongs.**

Capital Cycle Intelligence

Evidence Before Opinion. Process Before Prediction.

Know What You Own

Know Why You Own It

Know When You Are Wrong

Know How to Behave

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