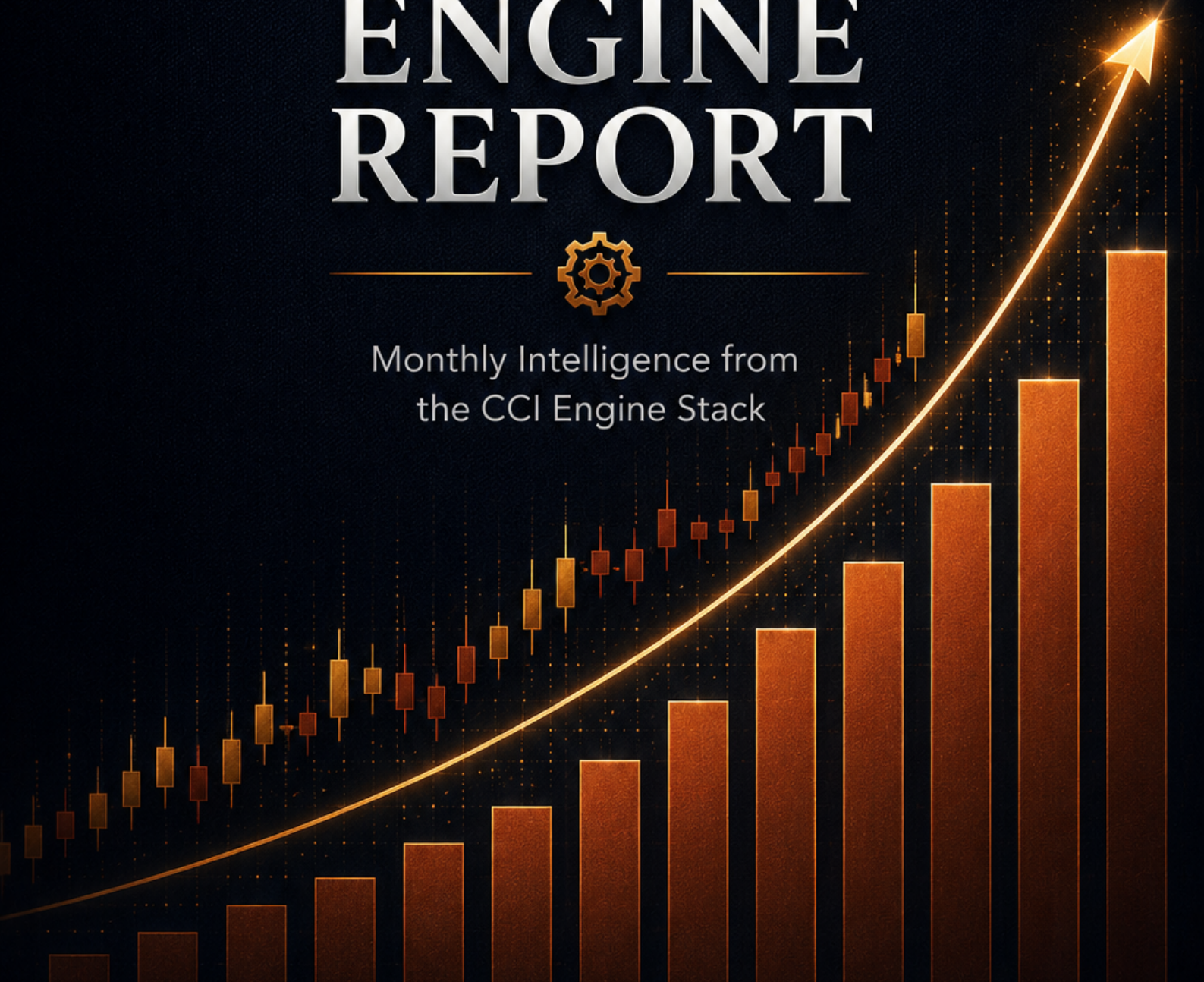
CAPITAL CYCLE

INTELLIGENCE

CCI MONTHLY ENGINE REPORT

Monthly Intelligence from the CCI Engine Stack



MONTHLY ENGINE REPORT

For Top Tier Members Only

September 2026

Institutional Evidence. Disciplined Decisions.

A Capital Cycle Perspective

Price is the Output

Liquidity, Growth and Credit are the Inputs

PURPOSE

To provide Top Tier members with a complete monthly assessment of the Capital Cycle Intelligence framework by combining all seven engines and the month-end Weekly Read into one institutional investment briefing.

This Month's Headline

September preserved the Expansion regime but weakened the clarity of asset leadership. Gold lost its confirmed run without Bitcoin establishing leadership in its place. The result is a rotational hand-off: macro conditions remain supportive, Bitcoin is strengthening below fair value, and execution remains deliberately restrained.

KEY MESSAGE

The opportunity set is becoming more attractive, but leadership and execution permission remain incomplete. Hold the existing portfolio under current rules while closely monitoring the hand-off.

Delivery Note

This edition reviews September using the complete engine reports and Weekly Read dated 5 October 2026, allowing the month-end manufacturing and market evidence to be incorporated.

HOW TO READ THE STACK

Seven specialist committees reporting to one investment committee.

Each engine answers a different question. Together they answer one: What should an informed investor actually do?

Step 1 - Understand the Environment

The Macro Regime Engine establishes whether liquidity, growth and credit are providing fuel or removing it. The Probability Engine measures which macro path is most likely and whether that conclusion is stable.

Step 2 - Identify Leadership and Context

The Capital Intelligence System identifies the asset attracting capital. The BTC Log Regression Channel establishes valuation context without overriding leadership.

Step 3 - Assess Restraint and Permission

The Conviction Engine judges the quality of agreement across the evidence. The Masterplay Engine determines what the framework is permitting now.

Step 4 - Execute

The Portfolio Manager integrates the complete stack into holdings, target ranges and action. It is the only section authorised to publish portfolio allocations and remains the final authority where upstream signals differ.

MEMBER TAKEAWAY

Supportive macro conditions, attractive valuation and a strong raw risk signal can coexist with restricted execution. Confirmation, not enthusiasm, determines when capital moves.

EXECUTIVE SUMMARY

September closed with the macro environment still supportive. The Macro Stress Index rose to 70 out of 100, Expansion remained intact and no component made a negative aggregate contribution. The important qualification is direction: the aggregate trend is Flat / Stabilising, regime confidence is only 27%, and Credit Stress is deteriorating beneath an otherwise strong headline.

The Probability Engine remains reassuring. Expansion is still dominant at 67.66%, with Distribution at 25.14% and Contraction at 7.20%. Expansion softened by 2.24 percentage points during September and Distribution absorbed most of that change, but the confidence spread remains healthy at 47.54%, three-month drift is positive and composite transition risk is only 4 out of 100.

The decisive market change occurred in leadership. After four consecutive Gold Leading observations, the Capital Intelligence System returned to BTC-Gold Chop. That is not Bitcoin leadership; it is the loss of clean Gold leadership. At the same time Bitcoin strengthened to approximately US$86,644 while remaining 11.58% below long-term fair value, improving the opportunity from cheap and weak to cheap and strengthening.

Raw conviction is correspondingly strong at 21 out of 25, yet the final posture remains Selective Risk-On, capped at 25%, with Weak confidence and a Transitional structural gate. Masterplay therefore blocks Bitcoin, disables alternatives and prefers cash. The Portfolio Manager, however, remains governed by its existing strategic targets and holds Gold and cash close to target. No discretionary rebalance is authorised.

BOTTOM LINE

Expansion is intact, valuation is attractive and momentum is improving, but leadership is unresolved. HOLD — BUT WATCH THE HAND-OFF.

🐤 CCI CANARY WATCH — MONTHLY ENGINE REVIEW

Current Status

September closes with **two formal CCI Canary Watches active**.

The Yen Carry Trade remains 🟡 **Watchful**, while Global Duration & Credit Stress has been **elevated from Beneath the Surface to a formal** 🟡 **Watchful Canary**.

Importantly, these are related but separate risks. The Yen Canary monitors the vulnerability of yen-funded leverage and the potential for disorderly deleveraging. The Global Duration & Credit Canary monitors whether unusually high long-term borrowing costs are transmitting through credit, currencies, liquidity and ultimately risk assets.

Neither currently warrants a new Flash Alert.

🐤 Yen Carry Trade — 🟡 WATCHFUL

The Yen Carry Trade remains vulnerable but there is presently insufficient evidence of a renewed disorderly unwind.

USD/JPY remains elevated and intervention risk remains relevant following the earlier coordinated response by Japanese and U.S. authorities. However, yen weakness by itself is not evidence of carry liquidation. The signal CCI is looking for is a combination of changing Japanese rate expectations, positioning stress, rapid yen appreciation and corresponding deleveraging across global risk assets.

That confirmation has not occurred.

Pressure across Asian currencies is also being monitored, but the evidence remains differentiated rather than synchronous. Oil-sensitive currencies including the Indonesian rupiah, Thai baht, Philippine peso and Indian rupee have experienced greater pressure, while the South Korean won, Singapore dollar and Chinese yuan have remained comparatively resilient.

This distinction matters. Regional FX weakness driven primarily by oil, dollar strength and high U.S. yields is not automatically a Yen Carry Trade event.

CCI Assessment: Vulnerability remains present, but active carry liquidation is not evident.

STATUS: 🟡 WATCHFUL — UNCHANGED.

🐤 Global Duration & Credit Stress — 🟡 WATCHFUL

Global Duration & Credit Stress has now accumulated sufficient independent evidence to graduate from **Beneath the Surface into a formal Canary Watch**.

Long-term sovereign yields have moved to multi-decade highs across several major markets. The U.S. 10-year Treasury recently reached approximately 5.34%, its highest level since 2002, while pressure has also appeared across European and Japanese sovereign markets.

The concern is no longer simply the level of yields.

CCI is monitoring whether persistently expensive capital begins transmitting through the financial system:

Long-end yields → credit spreads → currencies → funding/liquidity → equities and risk assets.

Early evidence of transmission is visible. Parts of Asian FX remain under pressure and the internal CCI engine evidence now shows **Credit Stress deteriorating in direction**.

However, important circuit breakers remain intact. Broader funding markets continue to function, Asian FX deterioration is not synchronous, and global equities have remained remarkably resilient. Indeed, U.S. equity markets have recently returned toward record levels as oil and Treasury yields eased from their extremes.

The evidence therefore describes **pressure—not fracture**.

That distinction keeps the Canary at Watchful rather than Elevated Risk.

CCI Assessment: Duration stress has become persistent enough to warrant formal monitoring, with early transmission into credit and FX, but there is not yet evidence of systemic deleveraging or dysfunctional funding conditions.

STATUS: 🟡 WATCHFUL — NEW FORMAL CANARY.

Connection to the Engine Stack

The Canary evidence is particularly relevant because it is now appearing independently inside the CCI Engine Stack.

The Macro Regime Engine remains firmly in **Expansion**, with an MSI of 70/100 and no component making a negative aggregate contribution. However, the aggregate trend has shifted to **Flat / Stabilising**, regime confidence is only 27%, and Credit Stress is deteriorating beneath the otherwise constructive headline.

The Probability Engine provides an important counterweight. Expansion remains dominant at 67.66%, Contraction probability is only 7.20%, and composite transition risk remains extremely low at 4/100.

The engines are therefore **not signalling a regime break**.

Instead, they are telling us to watch whether deterioration in Credit Stress remains contained or begins to validate the external pressure being observed by the Global Duration & Credit Canary.

This is precisely the role of the Canary framework: identify developing stress before assuming that stress has become the dominant regime.

Asian FX Transmission Basket

CCI has expanded the monitoring framework beyond KRW and IDR to measure the **breadth of regional transmission**.

Early Pressure: IDR | THB | PHP | INR
Risk & Liquidity Confirmation: KRW | TWD
Major Confirmation: SGD | CNY

Individual currency weakness is less important than synchronisation.

Pressure confined primarily to oil-sensitive currencies would suggest differentiated macro stress. Simultaneous deterioration across the broader basket—particularly KRW and TWD followed by SGD and CNY—would materially strengthen the case that tighter global financial conditions are becoming a regional liquidity event.

For now, that broad confirmation is absent.

🔬 Beneath the Surface — Is the Price of Capital Changing?

A second and potentially much larger question has emerged from the current bond-market stress.

The extraordinary capital requirements associated with **AI and data centres, energy infrastructure, government borrowing, defence, reshoring and refinancing** are increasingly competing for the same global pool of savings.

This raises a question CCI is now formally researching:

Are today's unusually high long-term yields principally a cyclical consequence of inflation, fiscal issuance and monetary policy—or are we beginning to observe a structural increase in the global clearing price of capital?

The distinction could prove important.

If the current yield environment is primarily cyclical, falling inflation and eventual monetary easing should ultimately pull long-term borrowing costs materially lower.

If global demand for capital has structurally increased—and productivity-enhancing investment can continue to earn sufficient returns despite higher financing costs—the equilibrium cost of capital may prove considerably more persistent than the post-GFC experience would suggest.

CCI does not yet have the answer.

The purpose of the investigation is not to prove the hypothesis, but to establish what evidence would **confirm or invalidate it**.

This question is now the subject of CCI's first **Special Report investigation**.

What Would Change the Canary Assessment?

Toward 🟢 Stable: sustained retreat in global long yields, stabilising Credit Stress, narrowing spreads, improving Asian FX breadth and continued orderly funding conditions.

Toward 🔴 Elevated Risk: renewed disorderly increases in sovereign yields accompanied by accelerating credit deterioration, broad Asian FX weakness, funding/liquidity stress and forced equity or risk-asset deleveraging.

For the Yen Carry Trade specifically, escalation would additionally require evidence that yen positioning and Japanese rate dynamics are producing renewed carry liquidation rather than merely reflecting the broader global rates environment.

CCI VERDICT

🐤 Yen Carry Trade — 🟡 WATCHFUL

🐤 Global Duration & Credit Stress — 🟡 WATCHFUL

The September Engine Stack remains consistent with **Expansion rather than systemic stress**. But deteriorating Credit Stress now independently corroborates enough of the external duration signal to justify closer formal monitoring.

The Canaries are singing. The engines are listening. Neither is yet telling us to leave the mine.

CAPITAL INTELLIGENCE SYSTEM

Question

Who is currently leading the market?

Executive Answer

No asset has earned clean leadership. Gold’s four-week leadership run ended, while Bitcoin has not yet established the persistence required to replace it.

Current State

BTC-Gold Chop | Transition | Neutral direction | Regime unconfirmed

What Changed

Gold leadership persistence reset to zero after four consecutive Gold Leading observations. Trend persistence advanced to 7, but the leadership signal itself became less certain.

Current Signal

BTC up persistence 0 | BTC down persistence 0 | Gold leadership persistence 0 | BTC/Gold moving-average structure not yet confirmed

What We're Watching

- Whether BTC/Gold strength persists beyond a short rebound.
- Whether Gold re-establishes leadership with renewed persistence.
- The BTC/Gold 20-week average relative to the 50-week average.
- USD impulse and Gold performance measured in dollar terms.

CCI Interpretation

The system is recording rotational uncertainty, not a new winner. Gold lost confirmation as its relative and dollar-adjusted evidence weakened, while Bitcoin has not accumulated a qualifying leadership run. This is a hand-off to observe, not anticipate.

ENGINE VERDICT

The market has moved from confirmed Gold leadership into BTC-Gold Chop. No asset currently holds sufficient evidence to command rotation.

MACRO REGIME ENGINE

Question

What macro environment are we operating in?

Executive Answer

Expansion remains intact and macro pressure is favourable. The level of support is strong, but its direction is no longer improving uniformly.

Current State

Expansion | MSI 70 out of 100 | Tailwinds Dominant | Trend Flat / Stabilising | Regime confidence 27%

What Changed

The headline MSI improved to 70, but the aggregate trend shifted to Flat / Stabilising. Liquidity and manufacturing remain constructive, while Credit Stress has begun to deteriorate.

Current Signal

Positive contribution 70% | Negative contribution 0% | Credit Stress still positive in level, deteriorating in direction

Manufacturing Interpretation

Manufacturing remains expansionary. The month-end evidence supports continued output and demand without signalling an acceleration broad enough to override softer internal trends. The message is continued fuel, not unlimited risk capacity.

What We're Watching

- Whether manufacturing breadth and new orders remain expansionary.
- Liquidity and the Treasury liquidity impulse.
- Whether Credit Stress deterioration persists or broadens.
- Whether regime confidence improves from 27%.

CCI Interpretation

Macro conditions permit risk; they do not select the asset or determine the allocation. The headline remains strong, but flat internal direction and deteriorating Credit Stress make confirmation elsewhere in the stack more important.

ENGINE VERDICT

Expansion remains the correct regime. Tailwinds are dominant, but the quality of support is less forceful than the headline score alone suggests.

PROBABILITY ENGINE

Question

How likely is the current regime to continue?

Executive Answer

Expansion remains decisively more probable than Distribution or Contraction, with low transition risk and a stable probability structure.

Current State

Expansion | Stable | Healthy confidence spread | Regime alert OK

What Changed

Expansion eased from 69.90% to 67.66%, while Distribution rose from 22.36% to 25.14%. Contraction declined to 7.20%, arguing against an imminent defensive regime change.

Current Signal

Expansion 67.66% | Distribution 25.14% | Contraction 7.20% | Confidence spread 47.54% | Three-month drift +0.38% | Composite risk 4 out of 100

What We're Watching

- Whether Distribution continues absorbing probability from Expansion.
- Persistence of the healthy confidence spread.
- Any sustained rise in Contraction probability.
- Consistency between stable probabilities and deteriorating Credit Stress.

CCI Interpretation

September introduced modest softening, not a regime break. Expansion still dominates by a wide margin, positive drift persists and transition risk remains very low. Distribution deserves monitoring; Contraction remains a background risk.

ENGINE VERDICT

Expansion remains the most likely macro path at 67.66%. The regime is stable, though no longer strengthening at the margin.

BTC LOG REGRESSION CHANNEL

Question

Is Bitcoin currently cheap, fairly valued or expensive?

Executive Answer

Bitcoin remains below long-term fair value and is now strengthening rather than merely cheap and weak.

Current State

Cheap / Below fair value | Strengthening momentum | Between negative one standard deviation and fair value

What Changed

Bitcoin advanced materially and weekly RSI strengthened to 63.36. The discount to fair value narrowed, improving market structure while preserving attractive valuation.

Current Signal

Bitcoin US$86,644 | Fair value US$97,992 | 11.58% below fair value | Negative-one-standard-deviation US$61,400 | RSI 63.36

What We're Watching

- Progress toward fair value near US$97,992.
- Momentum remaining constructive without becoming overheated.
- Bitcoin relative strength versus Gold.
- Capital Intelligence and Masterplay confirmation.

CCI Interpretation

The valuation case is no longer dependent on weakness producing a deeper discount. Bitcoin is appreciating while still below fair value. That improves the quality of the opportunity, but valuation remains context and cannot grant portfolio permission by itself.

ENGINE VERDICT

Bitcoin is cheap and strengthening. It becomes actionable only if leadership and execution gates confirm.

CONVICTION ENGINE

Question

Given all available evidence, how confident should we be?

Executive Answer

The evidence is strongly constructive, but incomplete breadth and structural confirmation keep the final posture capped.

Current State

Extreme Risk-On raw signal | Selective Risk-On capped | 25% controlled | Weak confidence | Transitional gate

What Changed

The raw score rose to 21 out of 25. Liquidity and macro evidence are strongly supportive, valuation and rotation are favourable, but momentum and internal breadth remain mixed.

Current Signal

Raw score 21 out of 25 | Final posture Selective Risk-On | Portfolio intensity 25% controlled | Confidence Weak

What We're Watching

- Broader participation across risk assets.
- Market structure confirming the macro signal.
- BTC/Gold leadership resolving with persistence.
- Whether the path from evidence to permission is becoming excessively slow.

CCI Interpretation

There is high confidence that the underlying evidence is constructive, but low confidence in aggressive positioning. Bitcoin and selected risk assets have already advanced while the structural gate remains Transitional. The validation question is whether the framework is protecting capital appropriately or delaying participation after the evidence has improved.

ENGINE VERDICT

Remain selectively constructive, but do not confuse a powerful raw score with complete confirmation.

MASTERPLAY ENGINE

Question

What is the framework allowing us to do?

Executive Answer

Masterplay remains highly restrictive. It recognises Expansion and improving opportunity but withholds risk deployment because leadership confirmation is false.

Current State

Gold designated dominant | Leadership confirmation false | Defensive posture | Cash preferred

What Changed

Opportunity improved while permission did not. Bitcoin appreciated and its valuation momentum strengthened, yet no BTC/Gold rotation state became active and the alternative-asset pathway remained disabled.

Current Signal

Bitcoin blocked | Gold opportunity not allocated | Alternatives disabled | Rotation inactive | Stand Down — Hold Cash

What We're Watching

- A confirmed and persistent leadership state.
- Reconciliation between Capital Intelligence and the Gold/Cash engine.
- Bitcoin relative strength becoming actionable.
- Evidence that the confirmation architecture is transmitting macro support in time.

CCI Interpretation

Masterplay distinguishes opportunity from permission. Its current mechanical destination is cash, even though the Portfolio Manager retains its previously authorised Gold-and-cash targets. That tension is deliberate: Masterplay supplies current execution permission; the Portfolio Manager remains the final authority over the live portfolio until targets formally change.

ENGINE VERDICT

Stand down and hold cash within Masterplay. Do not infer a live portfolio liquidation: any target change must be issued through the Portfolio Manager.

POSITIONING IMPLICATIONS

What the integrated evidence permits across the active asset set.

Bitcoin

Current read: below fair value, strengthening and the leading prospective opportunity, but not yet the confirmed leader. Permitted stance: prepare and monitor; do not initiate a portfolio position without formal permission.

Alternative Assets

Current read: the engine remains disabled. Permitted stance: no exposure. Strong performance in selected assets does not substitute for an active eligibility and execution pathway.

Gold

Current read: existing portfolio leader, but fresh Capital Intelligence confirmation has been lost. Permitted stance: retain the authorised strategic holding while the Portfolio Manager remains on Hold; do not add on the basis of prior leadership alone.

Cash

Current read: strategic reserve and the preferred destination of the current Masterplay signal. Permitted stance: preserve optionality while leadership resolves and Credit Stress is monitored.

PRACTICAL IMPLICATION
No discretionary rebalance. Maintain the authorised portfolio, intensify validation and be prepared for a formal hand-off if Bitcoin earns leadership confirmation.

Where the Engines Agree

Expansion remains the dominant macro regime, liquidity is supportive, Bitcoin valuation is attractive, alternative assets lack permission and the current evidence does not authorise an immediate portfolio change.

Where the Engines Conflict

The Probability and Conviction engines are constructive, while Capital Intelligence has lost clean leadership and Masterplay is defensive. The Portfolio Manager still holds a Gold-led allocation under existing targets. This is a timing and transmission conflict, not a reason to override the framework informally.

PORTFOLIO MANAGER

Question

What do I own, what should I own, and do I need to do anything?

Executive Answer

The portfolio is almost perfectly aligned with its existing strategic instructions. Performance is under pressure, but no mechanical rebalance is required.

Fastest Horse

Gold

Regime

Expansion

Rotation Status

Hold

Action Required

None under current rules

Current Position

Gold 83.58% | Cash 16.42% | Bitcoin 0% | Alternatives 0%

Target Position

Gold 85% | Cash 15% | Bitcoin 0% | Alternatives 0%

Portfolio Health

Operationally sound | Performance under pressure | Alignment intact

Portfolio Value and P&L

Portfolio value US$272,467.28 | Gold value US$227,723.62 | Cash US$44,743.66 | Total P&L -8.66%

What We're Watching

- Gold remaining within its approved allocation range.
- Whether leadership formally transfers from Gold to Bitcoin.
- Any Portfolio Manager target change following upstream confirmation.
- Gold concentration, mark-to-market pressure and Credit Stress.

PORTFOLIO VERDICT

HOLD — NO PORTFOLIO REBALANCE. The portfolio owns what the existing strategy instructed it to own; the strategic opportunity-capture question requires further validation upstream.

CCI HOUSE VIEW

CCI Interpretation

September's evidence is constructive but uncomfortable. Macro Expansion is intact, probability risk is low and Bitcoin is strengthening below fair value. Yet the market no longer offers confirmed Gold leadership, Bitcoin has not earned replacement status, and execution permission remains restrictive.

The live portfolio is not mis-implemented. Its 83.58% Gold and 16.42% Cash positioning sits close to the authorised 85% / 15% target and requires no mechanical trade. The more important issue is whether a supportive Expansion environment is being transmitted through confirmation gates quickly enough to capture the next durable leadership phase.

Greatest Opportunity

Bitcoin is the leading prospective opportunity because it combines improving momentum with an 11.58% discount to long-term fair value. The opportunity becomes investable only if relative leadership and execution permission confirm.

Greatest Risk

The immediate risk is a costly confirmation lag: remaining concentrated in a weakening prior leader while the next leader advances. The macro risk is that deteriorating Credit Stress begins to validate long-rate pressure and turns a stable Expansion into a more fragile Distribution path.

What Needs to Change

- BTC/Gold leadership resolves and persists.
- Credit Stress stabilises or improves.
- Market breadth confirms the strong raw conviction signal.
- Masterplay converts improving evidence into explicit permission.
- The Portfolio Manager formally updates targets if the hand-off is validated.

CHAIRMAN'S VERDICT

HOLD — BUT WATCH THE HAND-OFF. Preserve the existing portfolio under current rules, intensify leadership and credit validation, and allow only formal confirmation to authorise the next rotation.

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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