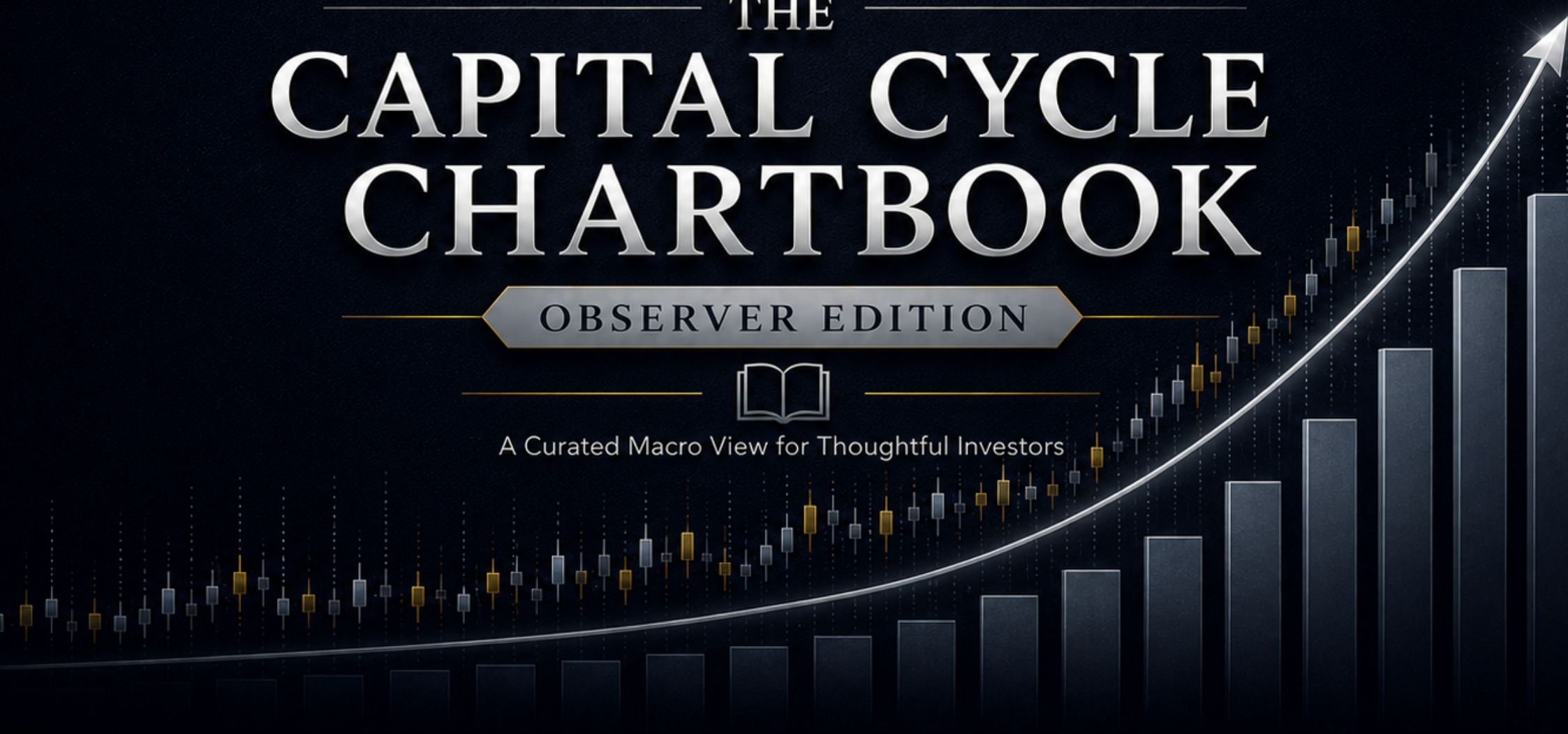
CAPITAL CYCLE
INTELLIGENCE

THE CAPITAL CYCLE CHARTBOOK

OBSERVER EDITION

A Curated Macro View for Thoughtful Investors



Capital Cycle Intelligence

THE CAPITAL CYCLE LETTER CHARTBOOK

OBSERVER EDITION

October 2026 Edition

The Uneven Expansion

Growth Persists, but Capital Is Becoming Increasingly Selective

Current Regime: Mature Expansion

Evidence Before Opinion. Process Before Prediction.

Welcome to the Capital Cycle Letter Chartbook

The October Chartbook presents the current macro environment through the Capital Cycle lens.

Charts remain the primary signal; concise commentary provides the educational context needed to interpret them.

Price is the output

Liquidity, Growth and Credit are the inputs

How To Read This Chartbook

We move from the macro regime through liquidity, growth and credit, then into confidence, leadership, rotation and the current capital cycle risk. Each chart isolates one core idea. Together they show where capital is flowing, what is supporting the expansion and where transmission is becoming less reliable.

Capital Cycle Takeaway

The objective is not to predict every turn. It is to recognise when the weight of evidence begins to change.

SECTION 1 - CURRENT MACRO REGIME

Question

What environment are we operating in?

Capital Cycle Scorecard

Factor	Score	Direction
Liquidity	🟢 7.1/ 10	Supportive
Growth	🟢 7.4 / 10	Resilient
Credit	🟢 7.6 / 10	Constructive
Confidence	🟠 7.0 / 10	Improving
Overall Regime	🟢 7.4 / 10	Mature Expansion

Capital Cycle Dashboard

Where are we?

CURRENT REGIME - 🟢 **Mature Expansion**

OVERALL SCORE - **7.4 / 10**

CONFIDENCE - **High**

CAPITAL CYCLE SCORECARD

Liquidity	🟢 **7.1**
Growth	🟢 **7.4**
Credit	🟢 **7.6**
Confidence	🟠 **7.0**

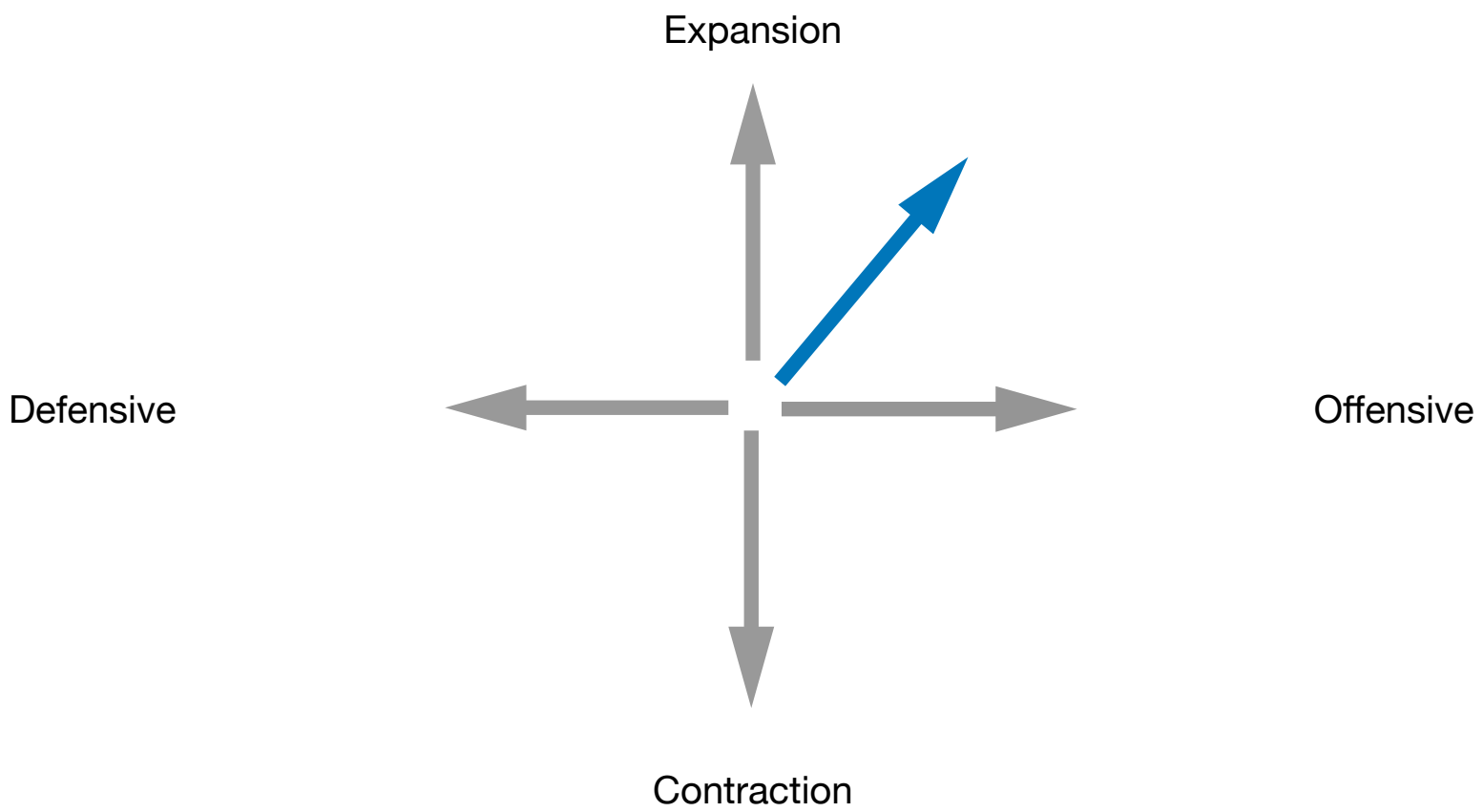
Liquidity remains supportive, growth is expanding and credit markets remain functional.

Confidence is positive but increasingly selective.

Macro Compass

How should capital be positioned?

↗ Expansion with a selective offensive bias.



The Macro Compass continues pointing toward Expansion despite increasing geopolitical, inflation and monetary-policy crosswinds. The broader direction of the Capital Cycle remains constructive, although sustaining that Expansion is becoming increasingly demanding.

Macro Regime Guide

Why does this regime behave this way?

Regime	Liquidity	Growth	Credit	Confidence
Expansion	🟢	🟢	🟢	🟢
Mature Expansion	🟢	🟢	🟢	🟠
Slowdown	🟠	🟠	🟠	🟠
Contraction	🔴	🔴	🔴	🔴
Recovery	🟢	🟠	🟠	🟠

Capital Cycle Takeaway

The regime has not changed, but its character has. We remain in a Mature Expansion supported by Liquidity, Growth and Credit. However, transmission is becoming increasingly uneven, reinforcing the importance of selectivity and disciplined capital allocation.

SECTION 2 - LIQUIDITY

Question:

Is there enough liquidity to continue supporting the Capital Cycle?

Capital Cycle Scorecard

Factor	Score	Direction
Global Liquidity	🟢 8.7 / 10	Expanding
US Net Liquidity	🟠 6.8 / 10	Supportive but slower
Liquidity Impulse	🟠 7.1 / 10	Recovering
Stablecoin Liquidity	🔴 5.0 / 10	Contracting
Liquidity Outlook	🟠 7.1 / 10	Supportive, uneven

Liquidity State: Supportive • Transmission Watchful

Direction: ↗ Supportive, with uneven transmission

GLOBAL LIQUIDITY — THE PRIMARY DRIVER



CCI Chart Interpretation: Global Liquidity remains broadly constructive, providing an important foundation for the Mature Expansion. However, an elevated liquidity level does not guarantee that capital will reach every economy, borrower or financial asset equally. The distinction between liquidity availability and its transmission remains central to October's assessment.

SECTION 3 - GROWTH

Question

Is liquidity continuing to translate into economic activity?

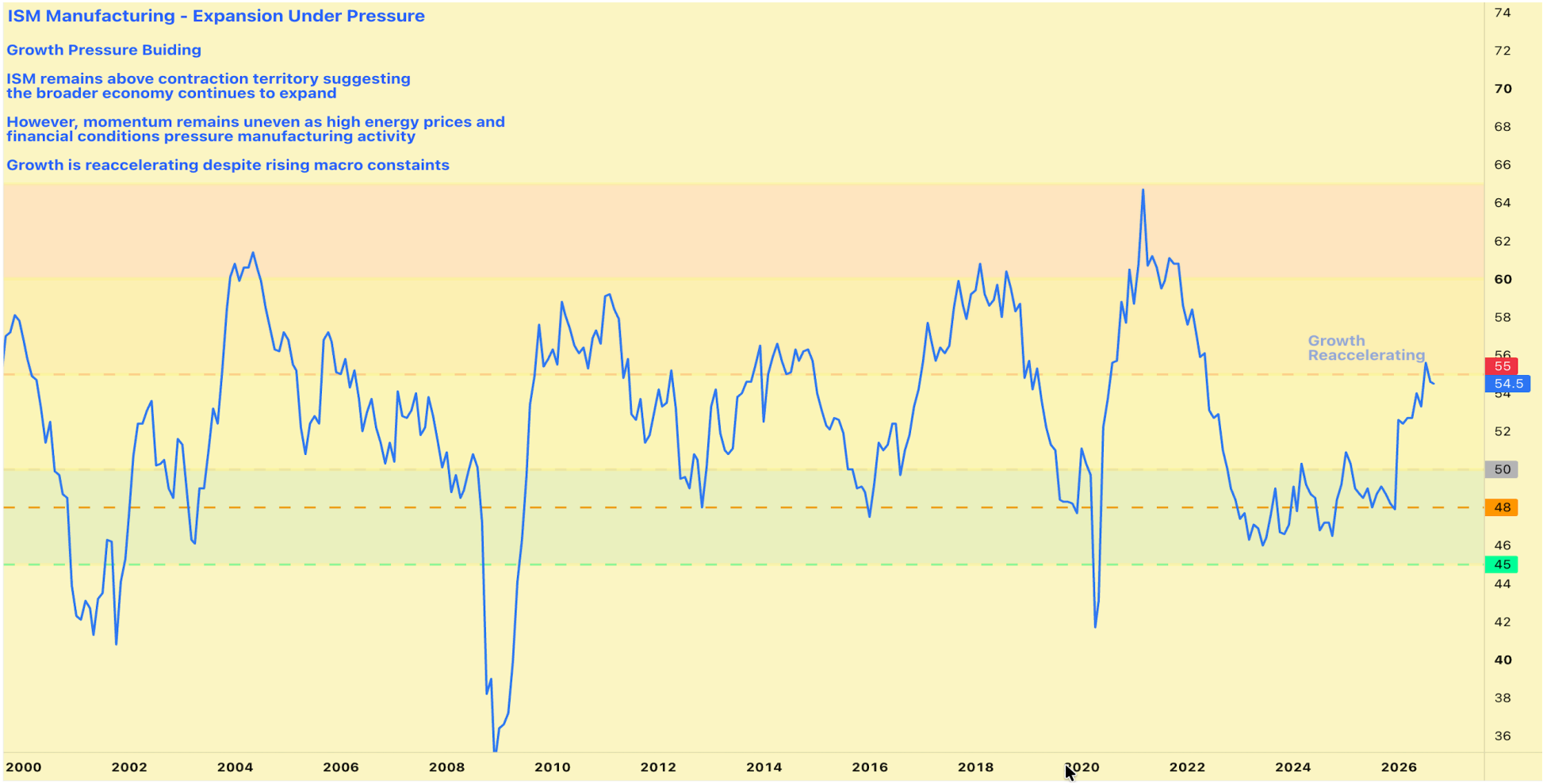
Capital Cycle Scorecard

Factor	Score	Direction
Manufacturing	🟢 8.0 / 10	Reaccelerating
Services	🟢 7.7 / 10	Strong
Employment	🟠 6.4 / 10	Moderating
Input Costs	🔴 5.2 / 10	Elevated
Growth Outlook	🟢 7.4 / 10	Expansion

Growth State: 🟢 Expansionary

Direction: → Stabilising

ISM MANUFACTURING



CCI Chart Interpretation: US manufacturing activity remains above the expansionary threshold of 50, supporting the assessment that economic Growth remains constructive. However, recent moderation suggests stabilising momentum rather than renewed acceleration. Sustained readings above 50 would reinforce the Expansion, while persistent deterioration would raise questions about its durability.

SECTION 4 - CREDIT

Question

Is the financial system continuing to support economic growth?

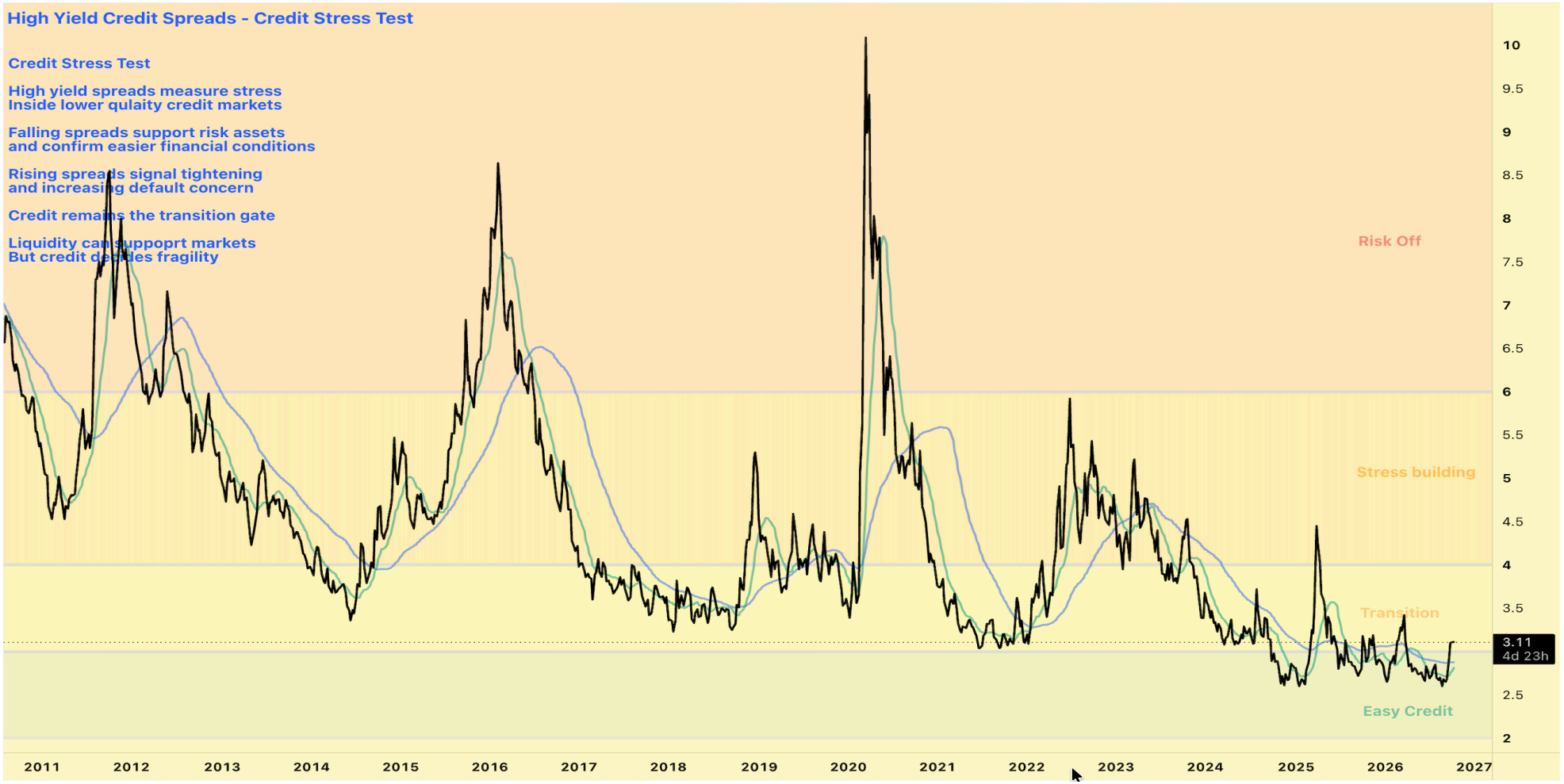
Capital Cycle Scorecard

Factor	Score	Direction
Investment Grade	🟢 8.2 / 10	Healthy
High Yield	🟢 8.0 / 10	Contained
Bank Credit	🟢 7.4 / 10	Expanding
Lending Standards	🟠 6.6 / 10	Selective
Credit Outlook	🟢 7.6 / 10	Constructive

Credit State: 🟢 Constructive

Direction: ↘ Moderating— Emerging Pressure

HIGH YIELD CREDIT SPREADS



Credit spreads remain an important measure of investor confidence in borrowers' ability to meet their obligations. October's assessment remains constructive, although emerging refinancing pressures warrant attention. Sustained and broadening spread widening would provide stronger evidence that financial stress is spreading beyond individual borrowers.

US 10 Year Government Bonds



The US 10-year Treasury yield remains an important benchmark for borrowing costs throughout the economy. Rising yields can increase financing pressure, but their significance depends on whether they reflect stronger Growth expectations, inflation uncertainty or increasing risk premiums.

US 30 Year Government Bonds



The US 30-year Treasury yield provides insight into long-term financing conditions and investor expectations. Persistent increases can place additional pressure on governments, businesses and interest-sensitive sectors. CCI is watching whether elevated yields begin transmitting into broader Credit stress. Long-term yields remain important indicators of the price of capital. Higher yields warrant attention, but their causes and consequences must be examined before drawing conclusions about systemic financial stress.

SECTION 5 - LEADERSHIP

Question

Where is investor conviction becoming most concentrated?

Capital Cycle Scorecard

Factor	Score	Direction
Technology Leadership	🟢 9.0 / 10	Strong
AI Leadership	🟢 9.0 / 10	Dominant
Defensive Leadership	🟠 7.2 / 10	Improving
Breadth	🟠 6.3 / 10	Narrow
Leadership Outlook	🟢 8.0 / 10	Concentrated

Leadership State: 🟢 Strong

Direction: → Persistent, but Concentrated

NASDAQ LEADERSHIP



The Nasdaq continues demonstrating a constructive longer-term trend, reinforcing the persistence of Technology leadership. Recent price fluctuations have not established a decisive breakdown in that trend. Nevertheless, continued strength in the index must be distinguished from evidence that participation is spreading beyond its established leaders.

SECTION 6 - CAPITAL ROTATION

Question

Is investor conviction beginning to evolve?

Capital Cycle Scorecard

Factor	Score	Direction
Rotation Strength	🟢 7.4 / 10	Orderly
Leadership Persistence	🟢 8.4 / 10	Strong
Defensive Rotation	🟠 7.0 / 10	Increasing
Risk Rotation	🟠 6.1 / 10	Selective
Rotation Outlook	🟠 7.1 / 10	Constructive

Capital Rotation State: 🟠 Orderly & Selective

Direction: → Existing Leadership Favoured; Broadening Unconfirmed

GOLD VERSUS S&P 500



The October comparison shows both Gold and the S&P 500 maintaining substantial gains over the longer-term observation period. However, their recent paths have diverged, with Gold experiencing a more pronounced retreat while equities have remained comparatively resilient. This reinforces the importance of distinguishing sustained investor preference from shorter-term adjustments in relative performance.

DXY



Dollar strength can create additional pressure on international funding conditions. Its significance depends on whether that pressure spreads into Credit and economic activity.

🐤 Canary Watch - October 2026

Several Canaries Are Becoming More Vocal

Canary	Status	Current Signal
Global Liquidity	🟢 Stable	Liquidity remains broadly supportive of Expansion, although dollar strength and elevated financing costs warrant monitoring.
Credit Stress	🟠 Watchful	Credit conditions remain functional, but deterioration is emerging beneath the headline, particularly among weaker borrowers.
Financial Stress	🟢 Stable	No confirmed evidence of widespread funding-market dysfunction or disorderly financial-system deleveraging.
Long Bond	🟠 Watchful	Elevated sovereign yields and persistent duration pressure are transmitting into borrowing costs, credit conditions and selected currency markets.
Yen Carry Trade	🟠 Watchful	Increased leveraged short-yen positioning raises vulnerability to sudden currency reversals, although renewed forced liquidation remains unconfirmed.
Oil & Energy	🟠 Watchful	Energy-related inflation and financing pressures continue to constrain policy flexibility and weigh on vulnerable importing economies.
Reserve Diversification	🟠 Emerging Watch	Sovereign reserve behaviour and demand for alternative stores of value remain important longer-term developments requiring continued observation.

The CCI Canaries are designed to detect changes in conditions **before those changes become obvious in the broader Capital Cycle**.

October's assessment confirms that the Mature Expansion remains intact, although underlying conditions are becoming increasingly uneven. Liquidity remains supportive, while emerging Credit pressures and elevated long-term borrowing costs warrant closer attention.

Liquidity remains constructive, and there is no confirmed evidence of systemic financial disorder. However, persistent pressure in long-term borrowing costs, emerging deterioration in Credit Stress and increasing sensitivity across currency markets suggest that financial conditions deserve closer attention.

The distinction remains important: **evidence of pressure is not necessarily evidence of instability, and instability is not necessarily evidence of a systemic event.**

The Long Bond Canary remains Watchful within the seven-Canary dashboard. The broader Global Duration & Credit investigation carries an Elevated Watch designation because it examines the interaction between sovereign yields, refinancing conditions, currencies and Credit transmission. This does not constitute a declaration of systemic Credit stress.

SECTION 7 - WHERE ARE WE NOW?

Question

Where does the weight of evidence place us within the Capital Cycle?

Capital Cycle Scorecard

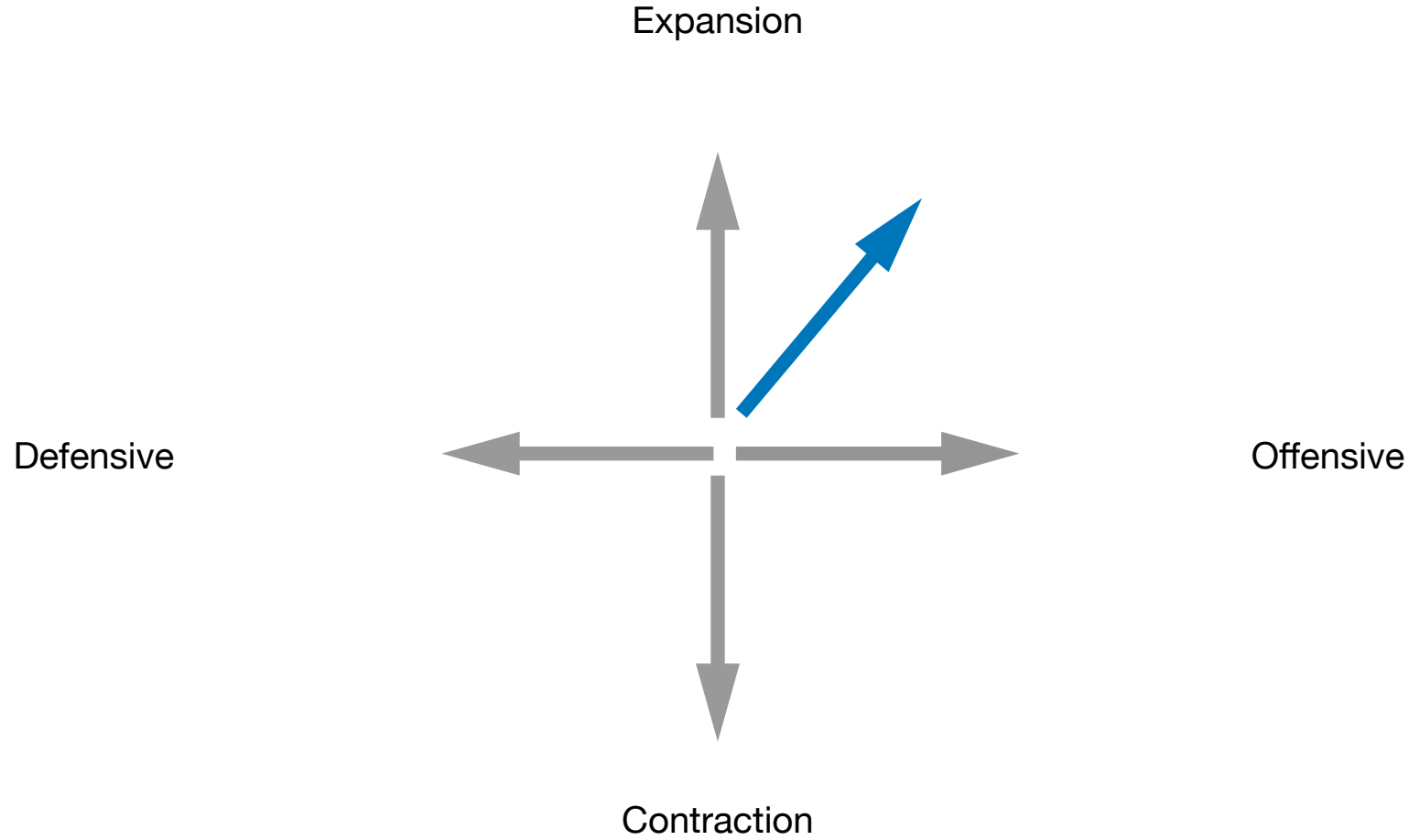
Current Capital Cycle Assessment

Regime: Mature Expansion
Confidence: High
Persistence Confidence: Moderate
Risk: Increasing but Controlled
Stance: Participate with Discipline

The Macro Compass

How should capital be positioned?

↗ **Expansion with a selective offensive bias.**



Where are we in the Capital Cycle?

Expansion

|

⭐ **Mature Expansion**

|

Slowdown

|

Contraction

|

Recovery

|

Expansion

⭐ Current Position

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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