DATE: October 30th, 2026
TITLE: **Cash, Crude and the Calendar**

TRANSCRIPT:

Host: Eric, last week you told us to follow the credit market and ask who gets paid for AI. This week the giants reported, the Fed met, and oil climbed again. What tied it all together?

Eric: One word: cost. The cost of money, the cost of energy, and the cost of building the future.

All three went up this week, or at least refused to come down. And markets started asking a harder question of everyone, from central banks to the biggest companies in the world: what are you getting for what you spend?

Host: Let's start with the Fed. It held rates, so why does it feel hawkish?

Eric: Because the pause isn't a pivot.

The Fed kept rates at 3.75 to 4%, but the two dissenters both wanted a hike, and the committee upgraded its view of growth to "strong". Markets still see roughly an 80% chance of a rise in December.

The data backs that up. The economy grew at 3.4% annualised in the third quarter, but core inflation on the Fed's preferred measure is 3.1%. And the saving rate has dropped to a four-year low of 3.8%. The consumer is spending savings, not income, just as fuel gets more expensive.

The 10-year Treasury yield is sitting right around 5%. That is the line the market keeps testing.

Host: And the tech results? That was the big story of the week.

Eric: It was, and it marked a turning point. The market stopped rewarding spending and started demanding returns.

Alphabet is the clearest example. Its cloud revenue more than doubled, which sounds wonderful. But it spent over 51 billion dollars on capital investment in a single quarter, free cash flow turned negative, and the shares fell more than 12%.

Microsoft showed the other side. It beat expectations, with its cloud business accelerating, and it was rewarded. Amazon grew its cloud arm by almost 40%, yet the shares still slipped after hours, because it plans to spend around 220 billion dollars this year.

So demand for computing power isn't the question. The question is whether the companies building it earn a decent return. Meanwhile, the suppliers turning that demand into cash, like the memory makers in Korea, where SK Hynix's operating profit rose more than sevenfold, are telling a very different story.

Host: How did the rest of the world look?

Eric: Tighter, and more divided.

The ECB held at 2.5%, but admitted it discussed a hike. It's boxed in, because energy is pushing inflation up and growth down at the same time, and rate rises can't reopen shipping lanes. The Bank of Japan is expected to hold today, with inflation in Tokyo still well above target.

In the UK, the Budget avoided a shock, but the fiscal cushion shrank and growth next year was cut to 1%.

Emerging markets were a reminder that politics matters. Brazil's market fell almost 14% in a day after a surprise election result. And in China, BYD showed the cost of exporting growth: overseas sales more than doubled, but profits missed forecasts and inventories have risen by about 60% this year.

Host: Which brings us to oil. Gary's note this morning was simply titled "It's all about Oil".

Eric: And I think he's right. The most important date in the diary right now is not a central bank meeting. It's 3 November.

There are reports that Washington is preparing to resume strikes on Iran after the US midterms, possibly on energy infrastructure. Tehran has warned that it would retaliate against infrastructure across the region, and it has done exactly that before this year.

Brent is around 116 dollars and heading for a gain of nearly 14% this month. That prices disrupted shipping. It doesn't price damage to Gulf energy, power and water facilities. And the real pinch is diesel, where US stocks are about 10% below normal. Diesel moves freight, factories and farms, so it feeds inflation well beyond the petrol pump.

Host: So what's the takeaway for investors this week?

Eric: Respect the calendar, and respect cash.

The next couple of weeks carry real event risk, with the midterms, the Gulf and a Fed that is leaning towards tightening. That's a time to check that no single region or theme dominates a portfolio, to keep some liquidity on hand, and to make sure energy exposure is there as a hedge rather than trimmed away on a hopeful headline.

On equities, the message from the results is clear. Look for businesses that turn profit into cash, not just revenue into headlines. In bonds, quality and shorter maturities are still doing their job.

Credit markets are warning, but they aren't shouting yet. That gives investors time to prepare calmly, rather than react in a hurry. And in a week like this, calm is an advantage.

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