

MARKETS INTELLIGENCE · PRIVATE

Dollar *turns*, AI *shakes*, inflation decides.

The dollar gave back its annual high of 14 October, the AI trade cracked and the VIX jumped 21.5%. The Fed shows *no urgency*. Next week, four inflation prints — **Canada, UK, New Zealand, Japan** — and Friday's flash PMIs will decide the next move.

USD INDEX

▼ 101.84

XAU/USD

▲ above 4,160

EUR/USD

→ Flat

RISK MODE

Cautious · VIX 19.98

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MARKET CONTEXT

The dollar's annual high did not hold.

A reversal week: a hotter-than-expected US core CPI (+0.34% m/m) pushed the dollar to a new annual high on 14 October — then it gave everything back. The Fed signalled no urgency, AI stocks corrected and volatility woke up.

7,658

S&P 500 · -1.05% last session

19.98

VIX · +21.5%, multi-month high

~4 bp

October Fed hike priced

-30 bp

US 10Y since its October peak

The Dollar Index is on track to end **four consecutive weeks of gains**. Winners of the pullback: the Scandinavian currencies (NOK, SEK) and the NZD, which had been among the weakest during the 9 September – 14 October rally. The AUD is the exception: it fell against the USD and underperformed the NZD, sending AUD/USD back toward **0.6900**.

The driver is twofold. First, **yield spreads are less supportive**: global yields keep easing after September's brutal repricing, and the US 10-year has lost almost 30 bp since its October peak. Second, the **AI correction** threatens the inflows that have carried the dollar: foreign investors bought **\$942bn** of US equities over 12 months, and those flows could reverse if AI sentiment sours.

XAU/USD — Gold rebuilds its uptrend

The macro mix of the week is gold-friendly: falling US yields, a dollar that rolled over from its annual high, and a risk-off tilt in equities. Our channel traded gold actively all week between **4,131 and 4,178** (see last page).

The latest Elliott count from **@EWProBot** (16 Oct) reads the summer decline as a completed correction. On 8H, the buy confirmation sits at **4,160.8** — price was back above it on the 2H chart at the time of the post — with a soft invalidation at **4,073.0** and a hard invalidation at **3,942.7**, the start of wave ((1)).

DOMINANT BIAS

Constructive, as long as 4,073 holds — and above all 3,942. A Fed that stays on hold and yields that keep easing support a non-yielding metal; a hawkish surprise on inflation is the main risk.

SHORT TERM

Supportive while the dollar consolidates below its 14 October high and US yields do not rebound.

LONG TERM

Daily count projects a new impulse (wave ③ of (5)) toward new highs; invalid below 3,942.

FED / FOMC

Hawkish or not? Hike or not?

*Inflation says **hawkish**. The Fed's voice says **no hurry**. The market has picked the voice: the odds of a back-to-back hike at the end-October meeting have collapsed to **about 4 bp** priced.*

HAWKISH = TIGHTER

A central bank that leans toward **raising rates** (or keeping them high) to fight inflation. Usually **positive for the currency**, negative for gold and for growth stocks.

DOVISH = LOOSER

A central bank that leans toward **cutting or pausing** to protect growth. Usually **negative for the currency**, positive for gold and for equities.

What the data says

September CPI and PPI confirm persistent inflation: **core CPI +0.34% m/m for the second month in a row** (goods +0.25%, services +0.37% — the biggest goods increase since January 2025). Economists are raising their core PCE forecasts to **0.3–0.4% m/m**. On paper, that is a hawkish set of numbers.

What the Fed says

Chair **Warsh, Williams** (NY Fed) and **Jefferson** signalled **no urgency** to tighten again. Result: the October hike bet fell to ~4 bp. Politics adds a dovish tilt at the margin: midterms are approaching and the Democrats are favourites (71.6% odds of also retaking the Senate on Polymarket), an outcome the report sees as rather favourable to lower yields and a softer USD.

OUR VERDICT

No hike in October. Hawkish data, dovish tone — the Fed holds. The surprise risk is on the hawkish side: with only ~4 bp priced, any hot inflation print (core PCE at the top of 0.3–0.4%) would force a repricing that the market is *not* positioned for.

ASSET	BASE CASE: FED ON HOLD, NO URGENCY	RISK: HAWKISH REPRICING
USD	Loses its rate-spread tailwind; consolidation below the 14 Oct high. Leveraged funds have cut USD shorts for 3 weeks — positioning is long.	Hike odds rebuild, dollar retests its annual high.
Gold	Falling yields (10Y -30 bp) support the metal.	Real yields rebound, gold back toward 4,073.
Nasdaq	Lower yields help valuations, but the AI correction is the real driver.	Higher yields on top of AI doubts: double pressure on tech.

No FOMC decision this week; the US calendar is light (housing, then flash PMIs and Michigan on Friday). Fed pricing will move on speeches and on global inflation spill-overs.

EQUITIES & FX CORE

US Indices — The AI trade cracks

After a record in early October, the **Bloomberg AI index lost about 6%**, with a sharper drop in semiconductors and the "neoclouds" (CoreWeave: yield on its debt above 15%). Overcapacity fears and the financing needs of AI infrastructure weigh: some data-centre bonds now trade **below par**. The IMF lists an AI correction among the **three main risks to financial stability**.

Result: S&P 500 **-1.05%** on the last session to **7,658**, and the VIX at **19.98 (+21.5%)**, a multi-month high. For the Nasdaq, the question of the week is simple: does the AI correction spread, or stay contained in semis and neoclouds?

SHORT TERM

Fragile: tech remains the epicentre of the stress; VIX near 20 is the thermometer to watch.

LONG TERM

If AI doubts persist, the \$942bn of foreign equity inflows could reverse — negative for both US stocks and the USD.

FX — Active book of the week

USD

Reversal after annual high · -0.32%

XAU

Constructive · above 4,160 confirmation

EUR/USD

Flat · waiting for catalysts · +0.01%

GBP/USD

BoE hike in sight · +0.22%

CAD

Best G10 of the week · +0.51%

AUD

Worst G10 of the week · -1.13%

► USD — REVERSAL AFTER THE ANNUAL HIGH HAWKISH (MODERATE)

Currency Strength -0.32% on the week. The USD hit its annual high on 14 October and gave it all back: spreads are less supportive and the AI correction weighs on inflows. On the report's own USD index, a **4th clear rejection below the 7.21 resistance**. To watch: core PCE, the midterms, and a possible unwinding of the very long dollar positioning.

► EUR — STABLE, WAITING FOR CATALYSTS NEUTRAL

Currency Strength +0.01%: the euro marked time. No new ECB signal; Lane (Mon) and Lagarde (Wed) speak, German ZEW on Tuesday (exp. 30.2 vs 34.7), consumer confidence Thursday (exp. -17), flash PMIs Friday (eurozone manufacturing exp. 52.7, services 52.6). MUFG keeps its short EUR/JPY idea. The EUR index sits in a falling wedge (185.68), pointing to a possible rebound toward the 196 resistance.

NASDAQ · WHAT TO WATCH

VIX around 20, semis and neoclouds, AI-linked credit (data-centre bonds below par). Friday: US flash PMI (manuf. exp. 55.5, services 58.0) and Michigan inflation expectations (prev. 4.7%).

USD · WHAT TO WATCH

Light US calendar: housing Tuesday, jobless claims Thursday, flash PMI and Michigan Friday. The dollar will trade mostly on **other countries' inflation** and on AI-driven risk sentiment.

CROSS-CURRENCY DEEP DIVE

► GBP — CPI, JOBS AND BAILEY ON WEDNESDAY HAWKISH (IMMINENT)

The BoE is expected to **hike in November (3.75% → 4.00%)** — Bailey's comments suggest the window to stay on hold is closing. UK inflation had mostly undershot since the start of the US-Iran conflict, letting the BoE wait, and the labour market is soft. Tuesday: earnings (exp. 3.8% vs 3.9%), unemployment 4.9%. Wednesday: CPI (exp. 3.4% vs 3.1%, core 2.8% vs 2.6%), then Bailey — his words after the data will be decisive. Currency Strength +0.22%.

► JPY — CPI FRIDAY, BOJ PAUSE EXPECTED HAWKISH (GRADUAL)

Policy rate at 1.25% after the September hike; a pause is expected this month and a new 25 bp hike in December (Wells Fargo). Friday's national core CPI (exp. 2.1% vs 1.7%) should not change that. Trade balance Wednesday (exp. -0.21T vs -0.84T). Currency Strength +0.02%.

► CHF — SAFE HAVEN IN THE VOLATILITY DOVISH (SNB AT 0%)

Rate at 0% and no energy-driven inflation pressure: the SNB remains one of the most accommodative G10 central banks, yet the franc rose with risk aversion (AI correction, VIX at 20). Summary of the SNB policy discussions on Thursday. Currency Strength +0.24%.

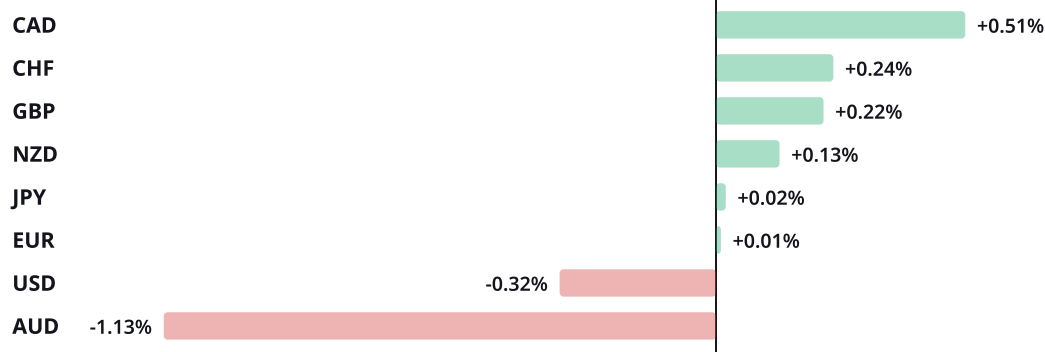
► CAD / AUD / NZD — THREE PATHS

CAD, best currency of the week (+0.51%): the BoC flagged upside inflation risks (a hike expected by year-end), but October looks less likely after two weak jobs reports. CPI Monday (m/m exp. 0.2% vs -0.1%), retail sales Friday, BoC decision on 28 October. **AUD**, worst of the G10 (-1.13%) despite the highest G10 rate (4.60%); RBA's Kent (Mon) and Hauser (Wed) speak. **NZD** (+0.13%) benefits from the dollar's retreat; after two straight hikes (rate 2.75%) the RBNZ calls October "wide open" — Q3 CPI on Thursday is the catalyst.

FX SUMMARY

The dollar's retreat is **selective**: CAD, CHF and GBP lead, NZD follows, EUR and JPY are flat, and the AUD is the clear loser despite the highest rate in the G10. This week, each currency trades on **its own inflation print** — Canada Monday, UK Wednesday, New Zealand Thursday, Japan Friday.

G10 CURRENCY STRENGTH · WEEK OF 12-16 OCTOBER



Source: Rapport Macro Weekly (Currency Strength), 12-16 Oct 2026.

DOLLAR SEASONALITY

The dollar's best months are behind it.

According to Seasonax, over the last ten years the Dollar Index tends to rise in September and October, then fall in November and December. This year followed the script to the letter — so far.

DOLLAR INDEX · AVERAGE RETURN BY MONTH (%) · 2016-2026



Source: Seasonax, 10-year average (2016-2026). Past seasonality does not guarantee future moves.

SEPTEMBER - OCTOBER

The two strongest months of the year: **+0.87%** and **+0.98%** on average. In 2026 the index rose from **98.77** (9 Sep close) to **102.58** (12 Oct close), about **+3.9%**.

NOVEMBER - DECEMBER

The two weakest: **-0.45%** and **-0.85%**. From 1 December to 1 January, the Dollar Index fell **34 times in 50 years** (68%), as US companies move cash abroad at year-end.

DOLLAR INDEX · DAILY CLOSES · 9 SEP → 16 OCT 2026



Closes: 98.77 (9 Sep) → 102.58 (12 Oct) · 102.55 (14 Oct) → 101.84 (16 Oct). Source: Yahoo Finance.

How to use it: seasonality is a **tailwind**, **not a signal**. It fits the current picture (Fed on hold, US yields easing, first weekly drop after four weeks of gains) — but a hawkish inflation surprise can override the calendar:

WEEK AHEAD · 19-23 OCTOBER

Four inflations, one decisive week.

Forward-looking rule: *markets already price what is expected. The consensus is in the price; what moves it is the gap between the actual number and the consensus — the surprise. So for each release, read three things: consensus, previous, and what a miss on either side would do.*

MONDAY

19 Oct · China growth, Canada CPI

- ▶ CNY Q3 GDP y/y — exp. **4.4%** vs 4.3%; industrial production 5.4%, retail sales 0.5%, unemployment 5.3%
- ▶ CAD CPI m/m — exp. **0.2%** vs -0.1%; median 2.0%, trimmed 1.9%; common y/y 2.6% · BoC Business Outlook Survey
- ▶ NZD trade balance -775M exp. vs -1,349M · AUD RBA's Kent speaks · EUR ECB's Lane speaks
- ▶ USD NAHB housing index — exp. 31 vs 32

IMPACT USD/CAD on Canadian CPI (a firm print revives December BoC bets) · AUD, NZD and risk sentiment on China GDP.

TUESDAY

20 Oct · UK jobs, German ZEW

- ▶ GBP average earnings 3m/y — exp. **3.8%** vs 3.9%; claimant count 19.4K; unemployment 4.9% · 10-year gilt auction
- ▶ EUR German ZEW — exp. **30.2** vs 34.7; eurozone ZEW 23.6; German PPI m/m 1.5%
- ▶ CNY loan prime rates 3.00% (1Y) / 3.50% (5Y) · NZD GDT auction
- ▶ USD building permits 1.39M, housing starts 1.30M, pending home sales -0.4%

IMPACT GBP on wages ahead of Wednesday's CPI · EUR on ZEW · US housing: low impact on the dollar.

WEDNESDAY

21 Oct · UK CPI + Bailey — the key event

- ▶ GBP CPI y/y — exp. **3.4%** vs 3.1%; core **2.8%** vs 2.6%; PPI input 1.3%, output 0.7%; RPI 3.9%
- ▶ GBP BoE Governor **Bailey** speaks after the data · MPC member Greene speaks
- ▶ JPY trade balance — exp. -0.21T vs -0.84T · AUD RBA's Hauser · EUR Lagarde, Buba's Nagel
- ▶ USD crude oil inventories

IMPACT GBP/USD is the main mover: the data plus Bailey decide whether a November hike (3.75% → 4.00%) is locked in.

THURSDAY

22 Oct · New Zealand CPI

- ▶ NZD Q3 CPI q/q — exp. **0.8%** vs 1.5% (previous y/y 4.1%)
- ▶ CHF summary of SNB monetary policy discussions · GBP CBI industrial orders -20 exp.
- ▶ EUR consumer confidence -17 exp. · CAD IPPI 0.7%, RMPI 0.1%, NHPI -0.1%
- ▶ USD jobless claims — exp. 200K vs 199K; CB leading index -0.2%

IMPACT NZD first: the CPI weighs directly on a "wide open" RBNZ decision · CHF on the SNB tone.

WEEK AHEAD · CONTINUED

FRIDAY

23 Oct · Japan CPI + flash PMIs

- ▶ **JPY** national core CPI y/y — exp. **2.1%** vs 1.7%; flash manufacturing PMI 54.5
- ▶ **Flash PMIs** — eurozone manuf. 52.7 / services 52.6 · Germany 53.5 / 52.6 · France 50.6 / 50.8 · UK 51.8 / 51.8 · Australia (prev. 49.6 / 51.9)
- ▶ **USD** flash PMI — manuf. **55.5** vs 55.9, services **58.0** vs 58.8; UoM sentiment 46.3, inflation expectations (prev. 4.7%)
- ▶ **GBP** retail sales -0.2% vs 0.5%, GfK -14 · **CAD** retail sales 1.3% vs -0.7%

IMPACT Broad day: **EUR, GBP, USD** on the PMIs (activity after the energy shock) · **JPY** on CPI · **Nasdaq** and **gold** on US PMI and inflation expectations.

Surprise map — what moves the price

RELEASE	CONSENSUS / PREV.	HOTTER / STRONGER THAN EXPECTED	SOFTER / WEAKER THAN EXPECTED
CA CPI m/m · Mon	0.2% / -0.1%	CAD ▲ — December BoC bets revive	CAD ▼ — hike pushed further out
CN GDP y/y · Mon	4.4% / 4.3%	AUD, NZD ▲ — risk-on	AUD ▼ extends its slide
DE ZEW · Tue	30.2 / 34.7	EUR ▲ modestly	EUR ▼ — confirms the waiting mode
UK CPI y/y · Wed	3.4% / 3.1%	GBP ▲ — November hike locked in	GBP ▼ — BoE can wait again
NZ CPI q/q · Thu	0.8% / 1.5%	NZD ▲ — October hike in play	NZD ▼ — RBNZ pause
JP core CPI · Fri	2.1% / 1.7%	JPY ▲ — December hike firmer	JPY ▼ — BoJ in no hurry
US flash PMI · Fri	55.5 / 55.9 (manuf.)	USD ▲, gold ▼ — Fed hike odds rebuild	USD ▼, gold ▲ — Fed stays on hold

WATCH-LIST OF THE WEEK

UK CPI (Wed) 3.4% exp., core 2.8%, then Bailey — key for a November BoE hike · **Canada CPI (Mon)** and **New Zealand CPI (Thu)** test the BoC and the RBNZ · **Flash PMIs (Fri)** read activity after the energy shock · **Japan CPI (Fri)** core 2.1% exp., BoJ pause expected · **AI / VIX**: can the AI correction spread and reverse flows into the USD? · **China (Mon)** Q3 GDP 4.4% exp.

Consensus figures as compiled in the Rapport Macro Weekly on 17 October 2026 — check a live calendar before each release. Arrows describe the usual first reaction, not a forecast.

TECHNICAL ANALYSIS · ELLIOTT WAVES

Market structure — Gold & EUR/USD.

Counts sent by @EWProBot (Elliott Wave Pro) on 16 October 2026 — charts reproduced as received.

XAU/USD

BULLISH

1D · 8H · ICE



Reading: Correction (4) completed as a W-X-Y; waves ① and ② of the next leg are in place and the daily projection targets wave ③ of (5) toward new highs. On 8H: buy confirmation 4,160.8, soft invalidation 4,073.0, hard invalidation 3,942.7. "A global uptrend scenario is possible as long as wave (2) remains above the start of wave (1) — \$3,942."

EUR/USD

BULLISH (MAIN)

1D · 3D · FXCM



Reading: Main count: wave (2) completed as a W-X-Y-X-Z correction with a bounce off the 50% retracement; next, an impulse in the direction of the previous trend (wave (3)). The analyst waits for a first impulse up, then a pullback, to go long next week. Alternative (3D): "the only possible bearish scenario" — a deeper decline toward the lower channel line.

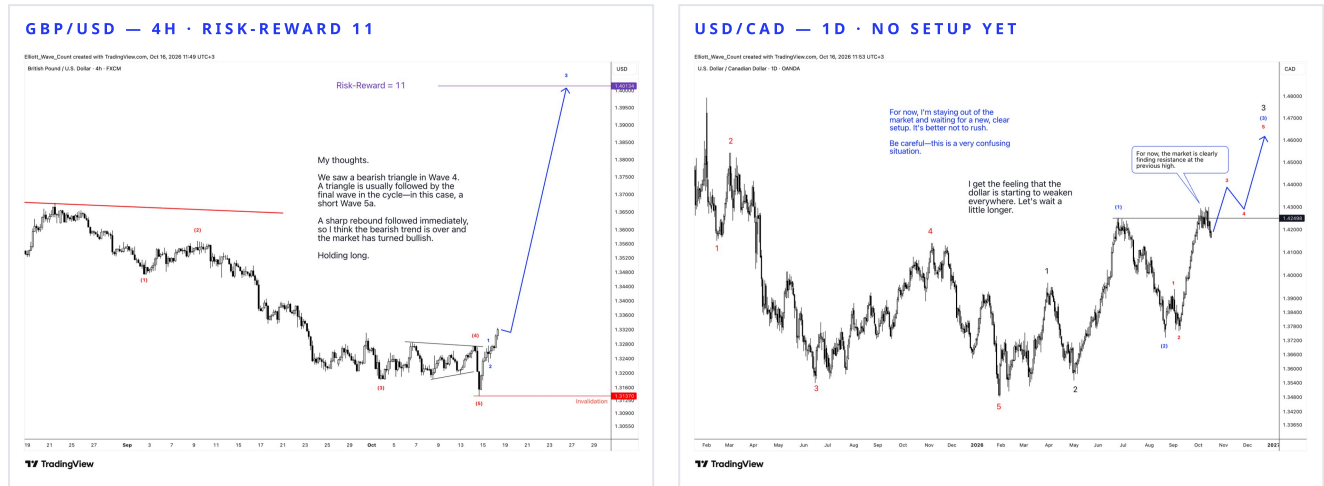
TECHNICAL ANALYSIS · ELLIOTT WAVES

Market structure — GBP/USD, USD/CAD & USD/CHF.

GBP/USD · USD/CAD

LONG · WAIT

4H FXCM · 1D OANDA



Reading: GBP/USD: bearish triangle in wave (4), short final wave (5) and a sharp rebound — "the bearish trend is over"; holding long, invalidation 1.31370, target 1.40134. USD/CAD: resistance at the previous high (1.42498); the analyst stays out — "the dollar is starting to weaken everywhere", a confusing situation, no rush.

USD/CHF

BEARISH

2D · 4H · FXCM



Reading: A five-wave rising wedge from the early-2026 low completes wave ① near 0.84; a wave ② pullback is expected. On 4H: sell confirmation 0.82783 (price already below it), invalidation 0.83950, projection toward the lower channel line around 0.81. Consistent with a firm CHF in risk-off.

TECHNICAL ANALYSIS · ELLIOTT WAVES

Market structure — AUD/USD & USD/JPY.

AUD/USD

BULLISH

1D · 8H · OANDA



Reading: Wave 4 seen as an A-B-C-D-E triangle that ended near 0.69 — exactly where the macro report left AUD/USD after the worst week in the G10. Buy confirmation 0.70132, soft invalidation 0.68945, hard invalidation 0.68655; target above 0.8000 (option 1 on 3D also points to a wave 3 above 0.80).

USD/JPY

BULLISH

1D · 8H · OANDA



Reading: Upward impulse, then an A-B-C correction that is likely over; wave 1 topped at 159.024. Wave 2 is expected to retrace toward 156.684 / 155.962 / 155.239 (38.2 / 50 / 61.8%) before wave 3 up. Invalidation 152.877. Friday's Japan CPI is the fundamental test.

CONCLUSION & SCENARIOS

The dollar blinked. Inflation gets the last word.

The picture for the week: a **dollar off its annual high**, a **Fed on hold** despite firm core inflation, an **AI correction** that lifted the VIX near 20, and a **seasonal calendar** that turns against the USD in November–December. Gold and the commodity and high-beta currencies are the natural beneficiaries — if the inflation prints cooperate.

The key risk is a **hawkish surprise**: with only ~4 bp of October hike priced, a hot print would hit gold and the Nasdaq and lift the dollar back toward its high.

↑ **HAWKISH SURPRISE**

Stronger USD, pressure on gold toward 4,073. Higher yields, more stress on tech and the AI trade. GBP/NZD/CAD rise only on their own hot CPI.

↓ **DOVISH SURPRISE**

Weaker USD, gold extends above 4,160. Lower yields, relief for the Nasdaq. EUR/USD and GBP/USD follow the EWProBot bullish counts.

« Don't guess. Read the price — and trade the surprise. »



Educational content, not investment advice. Results as announced on the AXONE-CAPITAL PRIVATE channel, in pips (gold: 1 point = 10 pips); past performance does not guarantee future results. Sources: Rapport Macro Weekly (12–16 Oct 2026), Seasonax, Yahoo Finance, Elliott Wave Pro (@EWProBot) charts of 16 Oct 2026.