



PINETREE MACRO CANOPY

Cross-Assets, Narratives, Opportunities, and the
Year Ahead

October 2026



Index



01

Cross-Assets

What Happened in
September?

Maturity Wall
Dollar – Flight to Safety?

Correlations Breaking

02

Narratives

A Match Made in...

Suppress the Volatility

03

Opportunities

Gold

Brazil

04

Year Ahead

Midterms Next
Month

AI Development
Dynamics &
Infrastructure
Collateralization

05 **Monthly Roundup**

06 **Quote of the Month**

01 / Section

CROSS-ASSETS





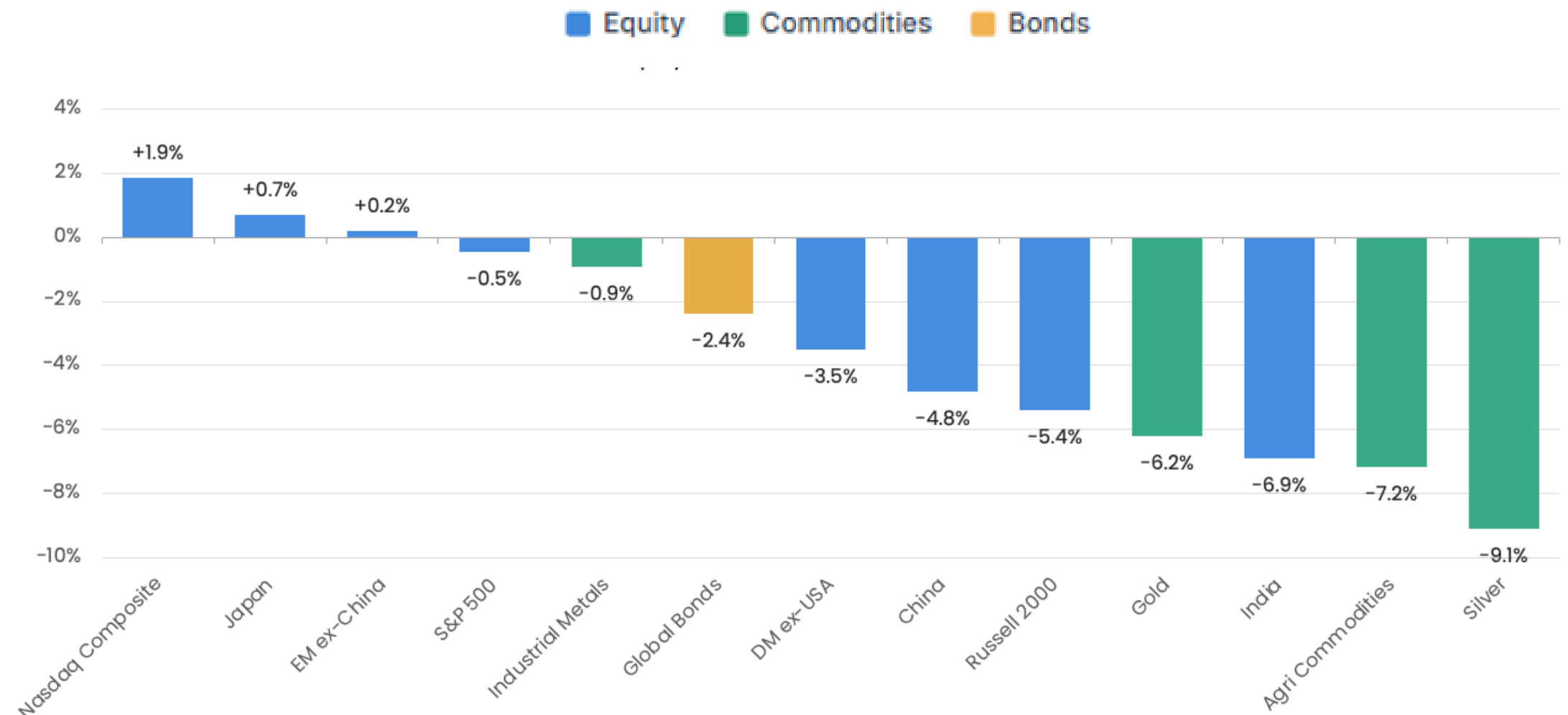
What Happened in September?

Leadership narrowed sharply into mega-cap technology. The Nasdaq Composite rose 1.9%, while the S&P 500 slipped 0.5% and the small-cap Russell 2000 fell 5.4%.

China fell 4.8% and India 6.9%. Japan (+0.7%) and EM ex-China (+0.2%) were the only other equity markets in positive territory, while DM ex-USA fell 3.5%.

Precious metals fell sharply. Gold lost 6.2% after two months of gains, and silver was the weakest asset in the universe at -9.1%. Agricultural commodities fell 7.2%, while industrial metals held up best within the complex at -0.9%.

Global bonds fell 2.4% and offered no cushion against the equity and commodity drawdown.



Asset-class returns (spot prices), 31 August to 30 September 2026, sorted by performance.

Maturity Wall



Commercial banks drive money creation through credit expansion, while central banks are tasked with preserving the value of the currency. When low borrowing costs trigger aggressive bank lending, the resulting surge in financing lifts nominal GDP and equity markets in the short term. This credit growth is sustainable only while rates trend lower.

With rates now moving higher, refinancing at elevated yields becomes a steep hurdle, creating a **maturity wall**.

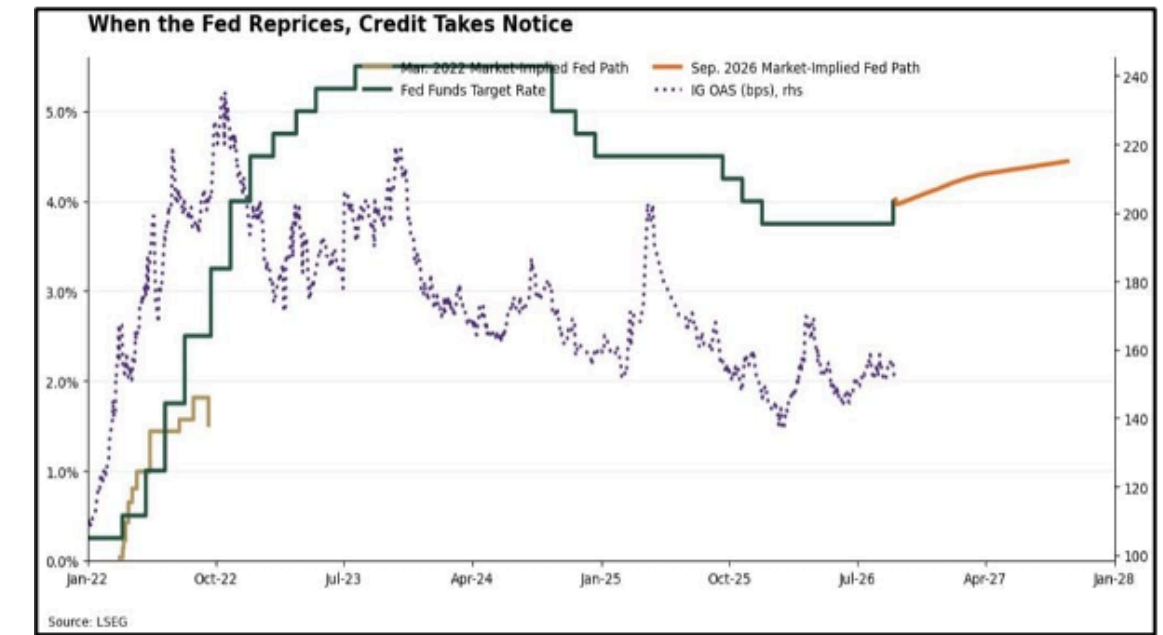
Maturities step up sharply in **2028–29**, much of it originated in **2021**, when rates were near record lows. Software issuers are the most exposed cohort.

Without a return to cheap, abundant liquidity, competition for capital will intensify among corporate refinancers, AI hyperscalers, and sovereign issuers.

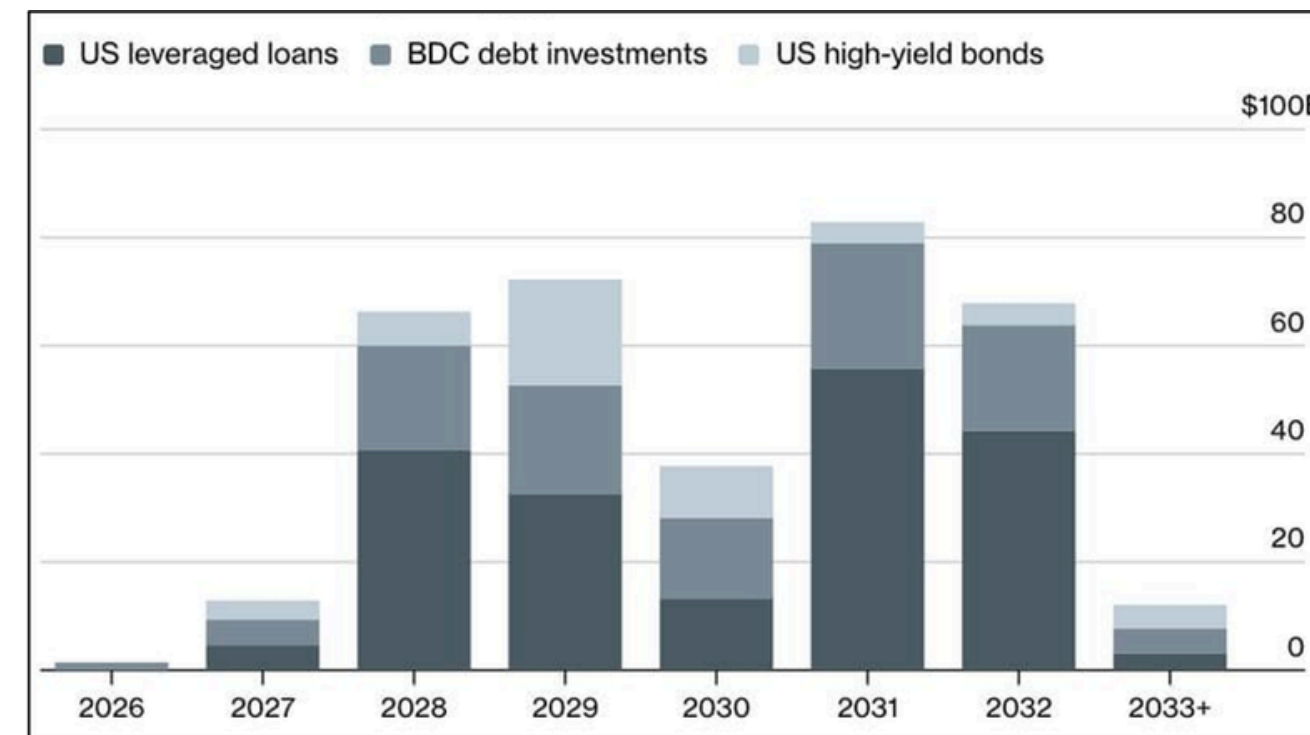
Under these conditions, we see central bank **debt monetization** as the most probable long-term outcome.



Software has the largest share of loans due within three years.



Markets now price further Fed hikes into 2027.



US software debt maturities by year (USD bn). Loans and bonds as of 30 June 2026; BDC investments as of 31 December 2025.



Cross-Assets

Dollar – Flight to Safety?

Pinetree Macro closely tracks structural breakdowns in traditional cross-asset relationships, a theme developed on the next slide.

Despite a strong recovery from its lows, the US Dollar Index (DXY) has decoupled from long-term Treasury yields and continues to lag well behind them.

A historic divergence has opened this decade between the dollar and the S&P 500 adjusted for money supply. Similar episodes in the early 2000s, 2008, and 2016 eventually reverted; a repeat would create major risks and opportunities across asset classes.

Pressure on the DXY continues to build from widening fiscal deficits, mounting federal debt, tariff uncertainty, capital repatriation weighing on foreign demand, and rising risk premiums.

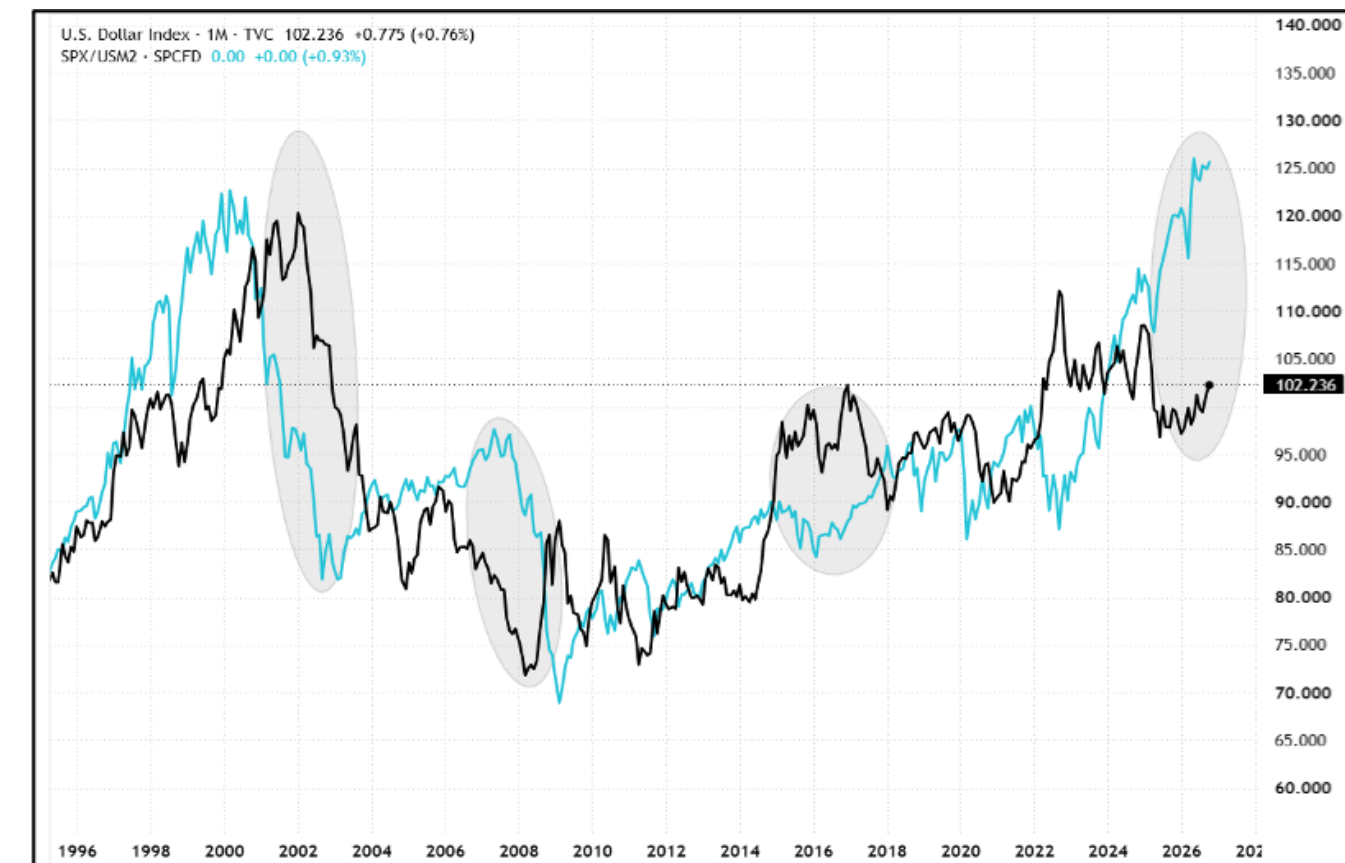
These pressures are forcing global markets to reassess traditional safe-haven assets, and may be creating new ones.

Source: Pinetree Macro, TradingView

US Dollar Index vs US 10-year Treasury yield: the dollar is lagging.



US Dollar Index vs S&P 500 relative to US M2 money supply: a major divergence.





Cross-Assets

Correlations Breaking

Systematic hedge funds suffered their worst run since 2023 in July as crowded momentum trades reversed and rules-based models were caught on the wrong side of a regime change.

As core cross-asset relationships break down, long-standing mental models for navigating market risk are no longer holding.

Disruptions on this scale typically have one of two drivers: short-term liquidity interventions by dominant market participants, or a structural regime shift that permanently changes market behavior.

We believe both forces are at work. Liquidity interventions can quickly force divergences back into line; permanent regime shifts rarely reverse.



US-Japan 10-year yield spread vs USD/JPY: the long-standing relationship has broken down.



Spot gold vs total known gold ETF holdings: a sharp divergence in recent months.

Source: Pinetree Macro, TradingView, Bloomberg (via Ritesh Jain on X)

02 / Section

NARRATIVES





Narratives

A Match Made in...

The multi-trillion-dollar US life insurance industry has no federal prudential regulator; it is supervised state by state.

The life and annuity sector has built up large exposures to illiquid, thinly rated, and opaque private credit. The Bank of England has warned that private-equity-backed insurers tend to hold more illiquid, higher-risk assets.

Losses on these assets would erode policyholder capital, creating solvency, liquidity, and transparency risks.

Offshore reserves ceded by US life insurers reached \$1.3 trillion in 2025, nearly double their 2020 level, with Bermuda accounting for 85%. Fitch, which reported the figures, is monitoring the risk of regulatory arbitrage outside Bermuda.

With the NAIC developing capital changes for offshore reinsurance, Pinetree Macro continues to track these systemic risks closely.





Narratives

Suppress the Volatility

On 16 September the FOMC raised rates by 25bp to 3.75 – 4.00%, its first hike since 2023, after three officials had already favored a hike in July. Our August edition asked whether Chair Warsh could afford higher rates; the risks we flagged then, from the basis trade to the dollar, are now in play.

Treasury has expanded buybacks of longer-dated debt to steady the market, and Secretary Bessent has said yields would have been higher without them. Hedge funds, meanwhile, have been paring basis-trade exposure as the selloff extends.

In our view, inflation pressures remain largely supply-driven. Further hikes are therefore less about cooling domestic demand and more about defending the dollar, a dynamic that hands considerable leverage over US financial conditions to foreign holders of US debt.

Elevated energy prices, particularly diesel, are adding to inflation pressure ahead of the November midterms.



 Reuters

Hedge funds sour on basis trade as Treasury selloff continues

The Treasury basis trade – in which hedge funds borrow overnight to profit on the narrow price difference between Treasury securities and...



Hedge funds pare basis-trade exposure (Reuters, 24 September 2026).

03 / Section

OPPORTUNITIES





Opportunities

Gold

Pinetree Macro has held a core allocation to gold since inception just over four years ago. Today we observe a marked disconnect between gold, Treasury yields, and the dollar. Since 2 January, 2-year and 10-year yields have risen by 132bp and 112bp, 10-year real yields by 98bp, and the DXY by 4%, yet gold futures are down only about 5%.

As these dynamics evolved, we actively reassessed the position. Having entered the year with gold as our single largest holding, we trimmed it significantly, leaving it outside our top five holdings for much of 2026.

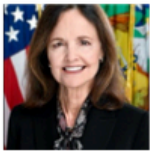
Broader shifts in the global monetary regime are now reinforcing our original thesis. The weakening of gold’s historical inverse relationship with US real rates suggests that price-insensitive buyers continue to absorb supply regardless of yield pressure.

Source: Pinetree Macro, US Treasury, The New York Times, CNBC, Yahoo Finance

Event	Date	2Y Yield	10Y Yield	30Y Yield	2Y–30Y Spread	DXY Index	Gold Futures	10Y Real Yield
Start of the year	2 Jan 2026	3.47	4.19	4.86	–1.39	98.42	4,330	1.94
Warsh’s third FOMC meeting	16 Sep 2026	4.74	5.01	5.35	–0.61	100.31	4,388	2.68
Latest	7 Oct 2026	4.79	5.31	5.69	–0.90	102.33	4,122	2.92
Change since 2 Jan		+132bp	+112bp	+83bp	+49bp	+4.0%	–4.8%	+98bp

Gold vs yields and the dollar in 2026. Latest row intraday 7 October; yields and spread in %.

New Treasury Counselors



Judy Shelton

Recent additions at the US Treasury point toward a structural shift in macroeconomic policy.

Judy Shelton, a prominent advocate of sound money, has joined as Counselor to the Secretary. She has long proposed Treasury bonds redeemable in dollars or gold at the holder’s option. If adopted, such instruments could compress the risk premium demanded by bond vigilantes while providing a lasting tailwind for gold.

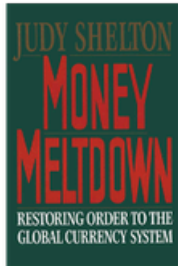
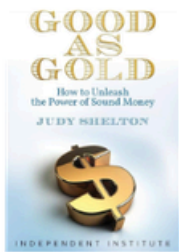


David Zervos

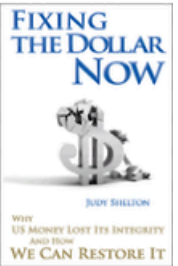
David Zervos, formerly chief market strategist at Jefferies, joined on 28 September as Counselor in the Office of the Secretary, reinforcing the transition to fiscal dominance.

Zervos has backed Treasury’s expanded buybacks of long-dated debt, arguing that the firepower to counter rising yields sits with the Treasury Department. We expect gold to benefit in a fiscal-dominance regime, in which central banks cede influence to sovereign balance sheets.

Books by Judy Shelton



Money Meltdown



Markets have yet to price the significance of these appointments at the world’s largest debt issuer.

The Fed still matters, but the Treasury’s policy levers will be just as critical in navigating what we call the “**Brave New World.**”





Opportunities

Brazil

Pinetree Macro has held an active position in Brazil for some time. Brazil operates with relatively high inflation and high nominal GDP growth, a regime we believe is becoming the global “new normal” rather than an isolated anomaly.

The 4 October first round set up a 25 October runoff between President Lula and Flávio Bolsonaro, keeping near-term asset prices highly sensitive to politics. The outcome could also reshape Brazil’s relations with the US and China.

Beyond politics, Brazil’s core strength is its vast, highly commercialized natural-resource base. As Western economies reshore and rebuild their industrial capacity, Brazil is well placed to benefit from this shift in capital.



iShares MSCI Brazil ETF (EWZ), monthly, USD.

 NPR

Brazil’s election could shift its ties with the U.S. and China

Brazil is a global supplier of oil, soybeans and critical minerals. Americas Quarterly editor in chief Brian Winter explains how Brazil's...

The runoff could mark a major shift in Brazil’s foreign policy.

Source: Pinetree Macro, TradingView, NPR

04 / Section

YEAR AHEAD





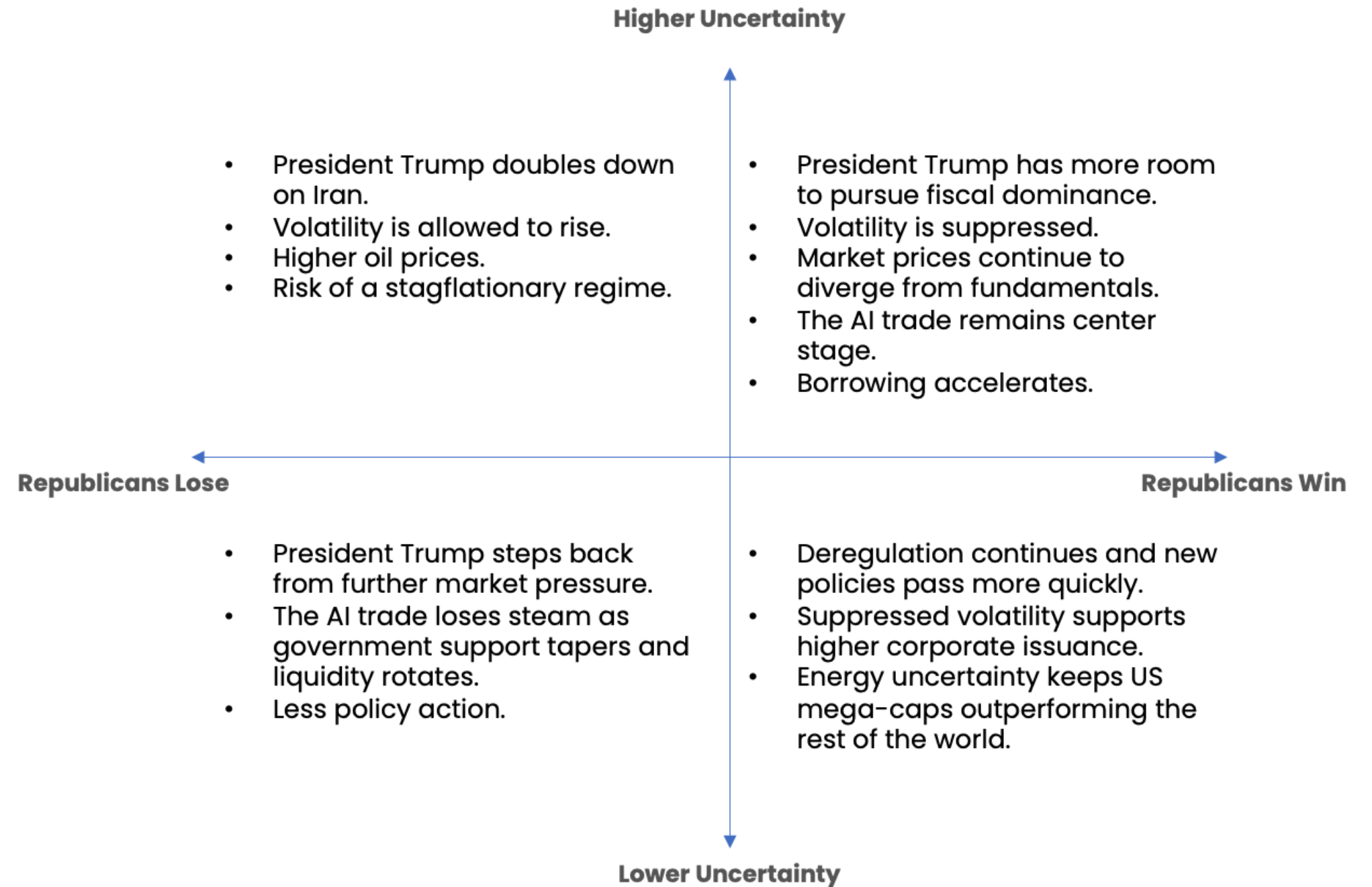
Year Ahead

Midterms Next Month

The midterm results will shape the policy regime markets face through the end of the decade, and how we position the portfolio.

We see four broad outcomes, each with different implications across asset classes.

Pinetree Macro's investment universe allows us to position for each of them.



Source: Pinetree Macro



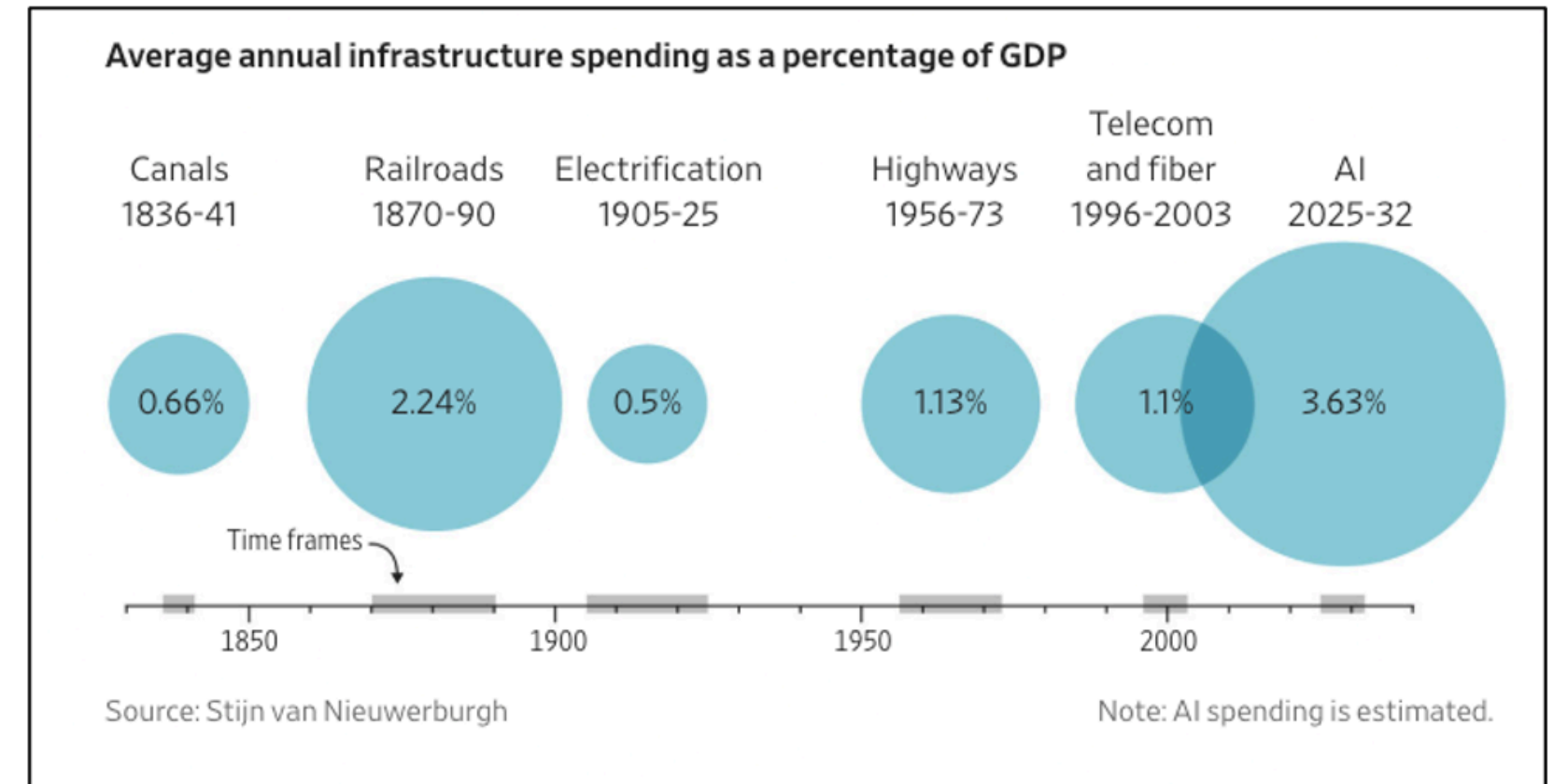
AI Development Dynamics & Infrastructure Collateralization

A policy divide is emerging in AI. Several industry leaders have called for a coordinated slowdown in frontier development, while President Trump is accelerating efforts to stay ahead of China, launching a federal “Super Intelligence Force” led by Director of National Intelligence Jay Clayton on 4 October.

With US GDP growth and equity indices so dependent on the AI trade, markets are searching for next-generation narratives to absorb rotating liquidity. Even if frontier labs pause training, adjacent themes stand to benefit from the infrastructure already built or under construction.

Lenders are increasingly financing the buildout against the hardware itself, with GPU-backed loans now moving into asset-backed securities. This widens the funding base for AI capex, but ties credit quality to fast-depreciating collateral.

Source: Pinetree Macro, Brookings Institution (Van Nieuwerburgh), The Wall Street Journal, Bloomberg



Average annual US infrastructure spending as a share of GDP; the AI figure (2025–32) is a projection.

B Bloomberg.com

GPU Financing Filters Into ABS With Stonebriar, Wingspire Deals

The growing demand for capital to fund artificial intelligence investment is filtering into a little-watched corner of the asset-backed...

GPU-backed financing moves into asset-backed securities.

Monthly Roundup



Recent Appearances and Publications

Ritesh Jain on Global Macro Regime Shift | Second Quarterly Webinar

The Hamiltonian Turn

Fiscal Dominance Explained: Why Rising US Debt Could Reshape Gold, Bonds & Equity Markets

Two Years of Return in Two Months

Four Years of Pinetree Macro: Thank You!

Clickable Tabs

06 / Section

QUOTE OF THE MONTH





//

“To understand markets, you must first understand people; and to understand people, you must first understand history.”

– Russell Napier



REACH OUT TO US AT

pinetreemacro.com

info@pinetreemacro.com

archit@pinetreemacro.com

jai@pinetreemacro.com

varanya@pinetreemacro.com

FOLLOW US AT

[Linktree](#)



Disclaimer

Pinetree Macro Private Limited (“Pinetree”): This document is published by Pinetree Macro Private Limited for general information purposes only. It is not directed at, and is not intended for distribution to or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to law or regulation, or which would subject Pinetree to any registration requirement within such jurisdiction or country.

Nothing in this document constitutes a solicitation or offer by Pinetree, its directors, or its employees to buy or sell any securities, futures, options, or other financial instruments, nor does it constitute investment advice or a recommendation to adopt any investment strategy. It does not take account of the objectives, financial situation, or needs of any particular person. Readers should seek independent professional advice before acting on any information contained here.

We do not represent that the information provided in this document is accurate or complete. Pinetree makes every effort to use reliable and comprehensive information, but makes no representations or warranties, express or implied, and assumes no liability for the accuracy, completeness, or usefulness of any information contained in this document. All investments are subject to market risk. In no event will Pinetree or its directors and employees be liable for any damages, including without limitation direct, indirect, special, incidental, or consequential damages, losses, or expenses arising out of or in connection with this document, or in connection with any failure of performance, error, omission, interruption, defect, delay in operation or transmission, computer virus, or system failure.

Charts, headlines, and other third-party materials reproduced in this document remain the property of their respective owners and are included for illustration and commentary only. Sources are cited on each page.

Data and dates: Unless otherwise stated, market data, prices, and other facts in this document are as of 7 October 2026. Monthly performance figures are based on spot prices and cover 31 August to 30 September 2026. Opinions, projections, and estimates reflect our views as of 7 October 2026 and are subject to change without prior notice.

Edition coverage: This edition reviews market developments in September 2026. Canopy did not publish an edition covering August 2026.

Anantam International SPC Fund (the “Fund”) and Dovetail Investment Management (the “Manager”): This document does not constitute an offer to sell, nor a solicitation of an offer to buy, interests in the Fund, and is not intended to create any rights or obligations.

The Manager accepts no liability if this document is used for a purpose other than that for which it is intended, nor to any third party in respect of this document. While all reasonable care has been taken in preparing it, no responsibility or liability is accepted for errors of fact or for any opinion expressed herein.

Neither the Fund nor any of its officers, directors, personnel, or employees shall be held liable or responsible for any loss or damage of any nature, including but not limited to direct, indirect, incidental, punitive, special, exemplary, and consequential loss, as well as loss of profit or revenue, arising in any way from or in connection with the use of this document.

Past performance is not indicative of future results. The Fund provides no assurance as to the reliability of this information, and you should not rely on it when making an investment decision.