LIBELLA

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FORTNIGHTLY INSIGHTS

Cross-Asset Review

WEDNESDAY 11 NOVEMBER 2026 · LONDON 12:00

FOR PROFESSIONAL INVESTORS ONLY

FICC AND CROSS-ASSET / FORTNIGHTLY REVIEW

A December hike lifts the front end and flattens the curve, while credit stays fragile

Stronger-than-expected October CPI lifted the 2-year Treasury yield 17bp to 4.73% and the 10-year 10bp to 4.98%, flattening 2s10s to 25bp, the 2nd percentile of its one-year range. A December hike is fully priced. 10y breakevens fell 10bp on the week to 2.20%, pointing to policy repricing rather than higher inflation compensation. Credit weakness is concentrated in lower-rated issuers: CCC spreads +426bp this year against +31bp for BB. MOVE 92.4, VIX 19.5.

Libella Insights • 5-minute read • Full report: 4 pages • Prices as of 07:10 London, 11 Nov (US and Europe: 10 Nov close)

FICC IN NUMBERS

4.73%	25bp	2.20%	92.4	102.3
US 2-year yield, +17bp on the day	2s10s spread, near its one-year low; −9bp on the week	10y breakeven, −10bp on the week	MOVE (Treasury implied vol), 84th pct of the year	DXY, +0.8% on the week; 99th pct of the year

IN BRIEF

Front end reprices. Core CPI rose 0.3% m/m against 0.2% expected; SOFR futures fully price a 25bp December hike, with a small chance of 50bp.

Treasury vol stays high. MOVE 92.4 sits at the 84th percentile of its year; the VIX curve is in contango (VIX ÷ VIX3M 0.94).

Lower-rated credit lags. CCC spreads 13.11%, +426bp this year, against +31bp for BB; AAA spreads are near a three-year wide alongside heavy AI bond issuance.

Bond ETFs draw inflows. Last week TLT took +$671m, HYG +$602m and LQD +$329m, while AGG lost $924m.

Macro view. Cautious on short-dated Treasuries and the weakest credit; in equities, the broader market over AI leaders (page 2).

CROSS-ASSET VOLATILITY AND FLOWS

Rates vol. MOVE 92.4, −7.5 on the week despite a 6.5-point jump after CPI. TLT 30-day implied vol 11.9, from 13.6 a week earlier.

Credit vol. HYG 30-day implied vol 6.2, up from 5.3; 10-delta puts trade 3.3 vol points over at-the-money.

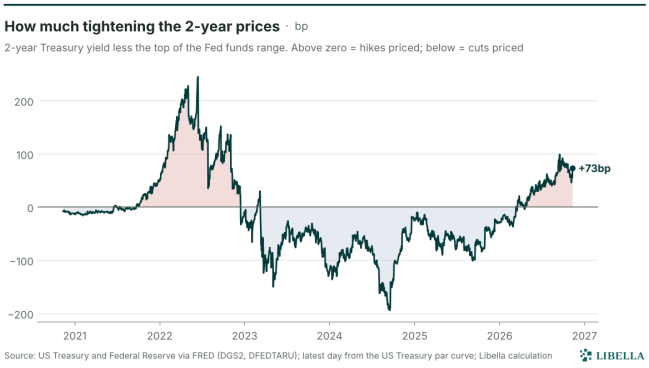
Oil and gold. USO oil implied vol 49.4, down from 57.8 a week earlier, with 10-delta calls at 57.3 against 50.6 for puts: demand for upside exposure. GLD 22.6, little changed.

ETF flows. Last week TLT +$671m, HYG +$602m, LQD +$329m, AGG −$924m. The 3x semiconductor ETF (SOXL) took +$1.6bn.

Options flow. Cboe equity put/call ratio 0.77, against 0.61 on average since 19 Oct; total 0.95, index 1.02. Equity hedging demand picked up after CPI.

Positioning. This week's CFTC report is delayed to 16 Nov by the Veterans Day holiday. In the latest report, leveraged funds' net euro short of 78,559 contracts is the largest in three years.

KEY CHART



Read: 2-year Treasury yield less the top of the Fed funds range. +73bp after CPI: markets price further hikes. The gap peaked at +99bp on 16 Sep, the widest since November 2022.

Libella View, consensus and the cross-asset scorecard

LIBELLA VIEW

Policy repricing, not an inflation scare. The inflation data moved short-dated yields, not long-term inflation expectations: markets now price a December Fed hike, and some risk of a larger move. We stay cautious on short-dated Treasuries and the lowest-rated corporate bonds, where the strain is building. In equities we keep the Outlook's rotation call, favouring the broader market over AI leaders. Positioning is the lightest in three years; in past cases like this, stocks were usually higher three months later, but often fell further first.

WHAT WOULD CHANGE OUR VIEW

We would turn more positive on bonds if the next inflation report (mid-December) cools, and more defensive on equities if short-term volatility rises above longer-term volatility or high-yield spreads keep widening.

View: built from the 9 Nov Macro & Vol update and the 5 Nov Monthly Outlook. The AI basket call in the 11 Nov Morning Markets is unchanged.

FIGURES IN FOCUS

+73bp
Spread of the 2-year Treasury yield over the Fed funds upper bound (4.00%): the market prices further hikes.

+426bp
CCC spread change this year (to 13.11%), against +31bp for BB.

2.6
Vol points by which S&P 500 20-day realised volatility (22.1%) exceeds the VIX (19.5).

Where consensus sits

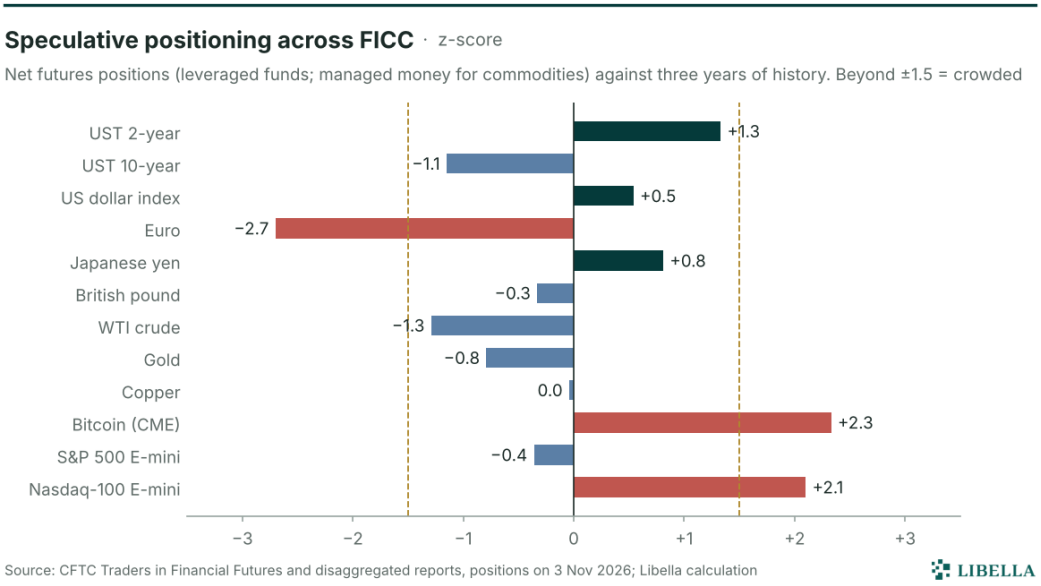
Goldman Sachs Asset Management's latest Market Monitor expects post-midterm clarity to support US equities over the next year, sees up to $1.5tn of AI-related investment-grade financing over three years, and is selective on that credit because supply is running ahead of demand. We agree on credit supply, which fits the widening in AAA spreads, but prefer the broader market to semiconductor leadership: the SOX is −20.5% on the month.

LIBELLA CROSS-ASSET SCORECARD · ONE TO THREE MONTHS

ASSET	STANCE	LEVEL V 1Y	POSITIONING Z	WHY
US duration	NEUTRAL	89th pct	−1.1	December hike priced; breakevens −10bp on the week.
US front end	UNDERWEIGHT	91st pct	+1.3	Most exposed if January follows December; 2s10s at the 2nd pct.
High-yield credit	UNDERWEIGHT	97th pct	–	CCC +426bp this year v BB +31bp; the underweight is CCC-led.
US dollar	NEUTRAL	99th pct	+0.5	Fed repricing supports it near term; DXY is near its one-year high.
EUR/USD	NEUTRAL	2nd pct	−2.7	Leveraged funds' euro short raises squeeze risk if US data soften.
Oil	NEUTRAL	54th pct	−1.3	USO implied vol near 49%; call skew shows demand for upside.
Gold	NEUTRAL	10th pct	−0.8	10y real yield near 2.8% weighs; gold at the 10th pct of its year.
US equities	NEUTRAL	68th pct	−0.4	Equal-weight S&P 500 over Nasdaq 100 concentration.

Stance: Libella's view over one to three months against a balanced multi-asset portfolio. Level v 1Y: percentile of the latest level in its one-year range (spreads: high = wide). Positioning z: CFTC futures positions against three years (leveraged funds; managed money for commodities), latest CFTC report (next due 16 Nov, delayed by Veterans Day). Beyond ±1.5 = crowded.

WHO IS POSITIONED WHERE



Market watch

Rates. 2-year 4.73% (+17bp on the day), 10-year 4.98% (+10bp); 2s10s 25bp, −9bp on the week and −46bp this year. 10y10y forward 5.70%.

Credit. HY 3.34% and IG 0.91%, +53bp and +12bp this year. CCC 13.11% (+426bp), BB 2.00% (+31bp). AAA 0.46%, near a three-year wide, alongside more than $110bn of AI-related bonds announced in the past fortnight (GSAM).

FX. Dollar index 102.3, +0.8% on the week, 99th pct of the year. EUR/USD 1.116, 2nd pct; USD/JPY 158.80.

Commodities. Brent $92.26, −10.7% on the month; Gulf shipping attacks and truce talks keep it volatile. Gold $4,068, −2.9% on the month; copper −5.6%.

Equities. S&P 500 −0.6% on the week, equal weight +0.7%, SOX −5.7%, Kospi −5.4%; Euro Stoxx 50 +3.0%.

SNAPSHOT	11 NOV	31 OCT	30 SEP	31 DEC 25
Rates				
US 2-year	4.73%	4.56%	4.88%	3.47%
US 10-year	4.98%	4.94%	5.29%	4.18%
10-year minus 2-year	25bp	38bp	41bp	71bp
US 10-year real (TIPS)	2.66%	2.60%	2.93%	1.93%
Spreads				
US high yield (OAS)	3.34%	3.44%	3.12%	2.81%
Currencies				
Dollar index (DXY)	102.5	101.9	101.5	98.3
USD/JPY	159.16	157.80	157.40	156.41
Commodities				
Gold, $/oz	4,051	3,899	4,187	4,341
Copper, $/lb	6.29	6.46	6.56	5.63
Volatility				
VIX	18.5	19.4	16.3	14.9
MOVE (Treasury)	92.4	100.2	110.5	64.0

RETURNS (%)	1W	1M	YTD
Equities			
S&P 500	−0.6	−3.7	+9.9
S&P 500 equal weight	+0.7	+3.7	+15.3
Nasdaq 100	−1.6	−10.2	+9.9
PHLX Semiconductor	−5.7	−20.5	+41.2
Euro Stoxx 50	+3.0	+2.5	+9.2
FTSE 100	+1.1	+1.9	+8.3
Nikkei 225	−1.5	−11.3	+21.7
Kospi	−5.4	−15.8	+27.6
Currencies			
Dollar index	+0.8	−0.2	+4.1
EUR/USD	−0.4	−0.4	−5.0
USD/JPY	+0.2	+0.4	+1.5
Commodities and crypto			
Brent (front month)	−2.6	–	+53.1
Gold	−0.1	−2.9	−6.3
Copper	−1.2	−5.5	+12.4
Bitcoin	−8.5	−10.0	−15.9

Snapshot: Libella series at the last close on or before each date. Brent's one-month return is left out because it spans the 30 Oct contract roll. Returns in local currency, price only.

THE NEXT TWO WEEKS, AND THE CENTRAL BANK DATES THAT MATTER

DATE	EVENT	WHY IT MATTERS
Thu 12 Nov	UK Q3 GDP; Cisco and Applied Materials results	First UK growth read since the Bank Rate rise; networking and chip-equipment demand.
Fri 13 Nov	US producer prices (October); euro-area Q3 GDP	Follows the hot CPI; growth read with the ECB on hold.
Tue 17 Nov	US retail sales (October); Nvidia results (after the close)	Consumer test with a December rise priced; options imply about ±10.3% for Nvidia through 18 Nov.
Mon 16 Nov	CFTC positioning (10 Nov data)	Delayed by Veterans Day; first read on positioning after the CPI repricing.
Wed 18 Nov	FOMC minutes (28 October meeting)	Detail on the two dissents for another rise.
Wed 25 Nov	US PCE inflation (October)	The Fed's preferred gauge, before December.
Wed 9 Dec	FOMC decision	A rise is fully priced; the statement and dots set January.
Thu 17 Dec	ECB decision	Whether the ECB follows the Fed and the BoE.
Fri 18 Dec	BoJ decision	One member already favours 1.5%.

Volatility, credit and positioning

Treasury implied volatility stays high

MOVE closed at 92.4, −7.5 on the week despite the CPI jump; VIX 19.5. S&P 500 20-day realised volatility is 22.1%, 2.6 vol points above the VIX.

IMPLIED AND REALISED VOLATILITY	LATEST	1W CHANGE	LEVEL V 1Y
VIX	19.5	−1.4	77th pct
VIX3M	20.6	−0.6	67th pct
VIX ÷ VIX3M	0.94	−0.04	82nd pct
VXN (Nasdaq 100)	28.6	−2.0	87th pct
MOVE (Treasuries)	92.4	−7.5	84th pct
S&P 500 realised, 20-day	22.1	+10.8	100th pct

WHAT VOLATILITY IS SAYING

Realised v implied. 20-day realised 22.1% v VIX 19.5; recent swings exceed one-month pricing, though the windows differ.

Term structure. VIX ÷ VIX3M 0.94: the VIX curve is in contango, with no inversion.

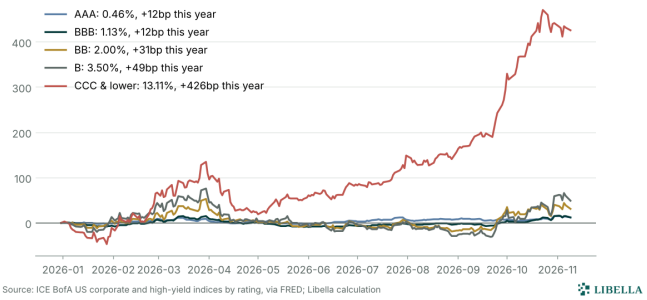
Rates v equity vol. MOVE ÷ VIX 4.7, near its average since 2002.

Skew

SPY one-month 25-delta risk reversal (call minus put implied vol) −5.7 vol points, from −6.1 a week earlier; QQQ −7.4. Puts still carry a premium, slightly smaller than a week ago.

Credit spreads by rating: change this year · bp since 31 Dec 2025

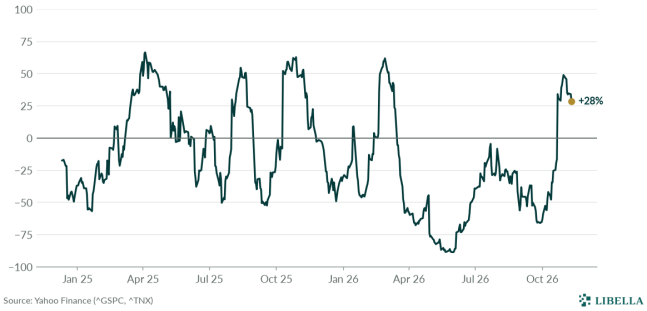
ICE BofA US option-adjusted spreads. Top-rated bonds have widened from their tights; the weakest junk bonds by far the most



Source: ICE BofA US corporate and high-yield indices by rating, via FRED; Libella calculation

Stocks and yields: correlation · %

21-session correlation, daily S&P 500 changes v 10-year yield changes; above zero = stocks fall as yields fall



Source: Yahoo Finance (^GSPC, ^TNX)

Notes. Prices as of 07:10 London on 11 Nov: US and Europe at the 10 Nov close; Asia, FX and commodities at 07:10. Weekly data at their latest release: ICE BofA credit spreads (FRED, 9 Nov), ETF flows (week to 9 Nov), CFTC positions (3 Nov; the 10 Nov report is delayed to 16 Nov by the Veterans Day holiday). Yields: US Treasury par series. ETF flows: change in shares outstanding × close; ETF implied vol: 30-day at-the-money; CFTC z-scores against three years; 10y10y: simple forward from FRED 10- and 20-year yields — all Libella calculations. AAA widening and AI bond supply: timing consistent, cause not proven. Scorecard stances are Libella judgement.

Sources: Libella data; US Treasury; FRED (ICE BofA); Cboe (VIX, put/call ratios); CFTC (3 Nov report; the 10 Nov report is delayed to 16 Nov by the Veterans Day holiday); Reuters (Fed pricing, 10 Nov); Goldman Sachs Asset Management, Market Monitor (6 Nov); BLS; Federal Reserve, ECB, Bank of England and Bank of Japan.

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