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GLOBAL SHIPPING FACES A NEW STORM

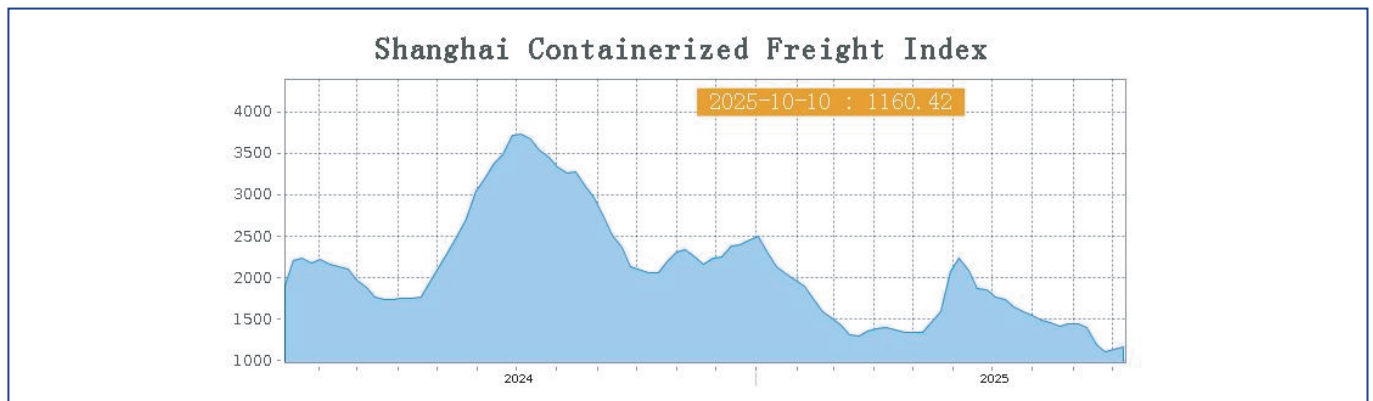


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TIME	CUR.	EVENT	FORECAST	PREVIOUS
MONDAY, OCTOBER 20				
06:00		GDP (YoY) (Q3)	4.7%	5.2%
WEDNESDAY, OCTOBER 22				
10:00		CPI (YoY) (Sep)	4.0%	3.8%
18:30		Crude Oil Inventories	-	3.524M
THURSDAY, OCTOBER 23				
16:30		Initial Jobless Claims	223K	218K
18:00		Existing Home Sales (Sep)	4.06M	4.00M
FRIDAY, OCTOBER 24				
16:30		Core CPI (MoM) (Sep)	0.3%	0.3%
16:30		CPI (YoY) (Sep)	3.1%	2.9%
16:30		CPI (MoM) (Sep)	0.4%	0.4%
17:45		S&P Global Manufacturing PMI (Oct)	51.9	52.0
17:45		S&P Global Services PMI (Oct)	53.5	54.2
18:00		New Home Sales (Sep)	-	800K

GLOBAL SHIPPING FACES A NEW STORM



Global trade tensions have entered a new phase, hitting the shipping sector and raising fears of another supply-chain crisis similar to the pandemic era. President Donald Trump's renewed tariff threats on Chinese goods prompted swift retaliation from Beijing, disrupting maritime routes and driving freight costs higher across key commodities.

The escalation has already begun to ripple through global logistics. Freight prices for metals, energy cargoes, and consumer goods have surged, while port congestion and vessel delays are becoming more frequent.

TRADE RETALIATION HITS SHIPPING NETWORKS

Chinese authorities have tightened export controls on several critical goods, while Washington has imposed new port fees on Chinese and Hong Kong-based carriers. The resulting uncertainty is spilling across Asia:

- **Hanwha Ocean**, one of the world's largest shipbuilders, saw its shares fall nearly 6% on concerns about possible U.S. sanctions.
- **Shipping insurers and freight forwarders** are reviewing risk premiums for East-Asian routes.
- **Major logistics hubs** in South Korea and Singapore reported early signs of capacity strain.

Industry experts warn that continued escalation could create long-term bottlenecks in Asia's supply networks. "If this pattern persists, the structural impact on regional shipping could last well into next year," one analyst said.

MARKETS TURN DEFENSIVE

Financial markets reacted with caution. Asian shipping indices slipped, and energy prices eased as investors reassessed global trade and demand prospects. The sell-off deepened after Trump signaled he may extend tariffs beyond manufactured goods to include shipping software, port services, and logistics infrastructure.

BROADER ECONOMIC IMPLICATIONS

The renewed trade friction underscores a deeper shift in global economic relations. The United States and China appear to be moving away from mutual dependence and toward strategic competition, placing maritime trade at the center of the dispute.

"Shipping is the first line of fire in every trade war, and this one is no different," said one market strategist. The next few months will likely determine whether the sector faces another period of sustained disruption or adapts to a new geopolitical reality.



EURUSD

EUR/USD HOLDS STEADY IN NARROW RANGE

The US dollar recovered from recent lows on Friday as risk appetite improved, with EUR/USD trading near 1.1675, up from 1.1645 and below Friday's peak of 1.1728.

In France, easing political risks offered support, though the recent credit rating downgrade kept pressure on the euro.

Technically, the pair remains range-bound between 1.1640 and 1.1730, awaiting direction from central bank updates and fresh economic data.



XAUUSD

GOLD HOLDS ABOVE KEY SUPPORT, EYES FURTHER UPSIDE

Gold remains in a positive trend, staying above its 8-day simple moving average at \$4,170, which continues to provide near-term support. The metal tested a record high of \$4,389 last week before entering consolidation.

On Friday, gold, silver, and platinum declined sharply as risk appetite improved and Indian demand softened with the start of the Diwali season.

Although a correction in precious metals has been anticipated, support above \$4,000 remains firm, keeping the broader bullish outlook intact.



BRENT OIL

BRENT CRUDE HOLDS NEAR \$60 SUPPORT

Brent crude oil extended losses for a third straight week on Friday before finding modest support around the key \$60 per barrel level. Market sentiment has weakened amid growing oversupply concerns, as crude volumes stored on tankers reached their highest levels since the pandemic.

Renewed US-China trade tensions and slower Chinese growth have further weighed on demand expectations. Meanwhile, speculative net-long positions in Brent fell to a five-month low, reflecting reduced investor confidence in a short-term recovery.

Key Levels

- **Support:** \$60.00
- **Resistance:** \$63.40 / \$65.00



BTCUSD

CRYPTO REBOUNDS AS RISK APPETITE RETURNS

After a turbulent week, Bitcoin rose 2.2% to around \$111,000, tracking a broader recovery in risk assets. Renewed optimism in global markets lifted digital currencies, with traders re-entering higher-risk assets such as BTC and ETH.

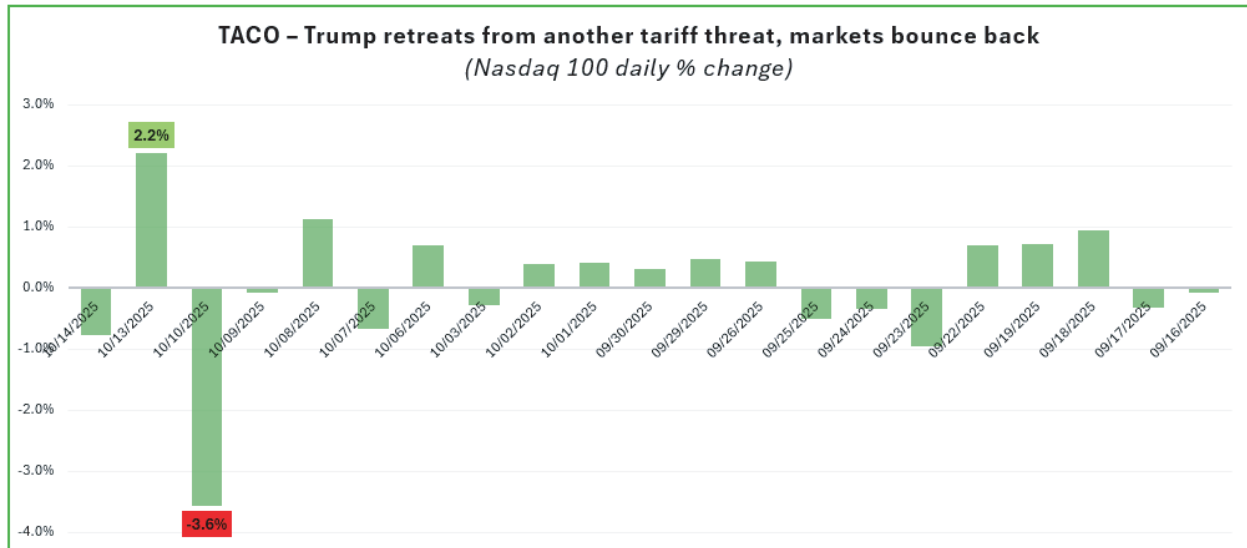
Although sentiment has strengthened, strong resistance remains near \$114,000, and a sustained break above this level could pave the way toward \$118,000. On the downside, \$108,000 continues to serve as key support.

Key Levels

- **Support:** \$108,000
- **Resistance:** \$114,000 → \$118,000



TACO ALPHA: WHEN POLITICS DRIVES MARKET PSYCHOLOGY



A new market term is gaining attention in 2025: TACO, short for “Trump Always Chickens Out.” Traders use the phrase to describe a recurring pattern where President Donald Trump’s aggressive trade threats initially trigger panic, only for markets to rebound once he adopts a softer stance. The “TACO effect” has evolved into a trading approach that links political behavior with investor psychology.

The most recent example followed Trump’s warning of new tariffs on Chinese exports, which led Beijing to announce symbolic countermeasures. By Monday, the White House had taken a more conciliatory tone, citing “progress in communication.” Markets reacted immediately, with the Nasdaq and S&P 500 rising about 10% as investors once again anticipated Trump’s tendency to retreat after strong rhetoric.

TRADING ON POLITICAL PATTERNS

Market strategists note that this behavior is now shaping short-term investment strategies. The “TACO trades,” which involve buying equities, particularly tech stocks, after Trump’s most confrontational remarks, have consistently outperformed this year.

Analysts call it “Pavlovian investing,” where traders react instinctively to political signals rather than data.

- **TACO trades take advantage of volatility spikes from political headlines.**
- **Quant funds and day traders exploit rebounds following Trump’s policy reversals.**
- **Institutional investors increasingly track political timing alongside economic data.**

MARKETS DRIVEN BY MOOD

This phenomenon also highlights a structural shift: global markets are becoming more influenced by political figures than by fundamentals. As Trump uses trade policy to shape sentiment, the boundary between economic management and political theater grows thinner. Volatility now depends as much on Washington’s tone as on inflation data or earnings results. For traders, understanding political psychology has become crucial for managing risk.

A NEW KIND OF ALPHA

The "TACO Alpha" illustrates how today's markets reward flexibility over foresight. Whether Trump's actions are calculated or impulsive, investors have learned to profit from the pattern itself. In an environment where political developments move prices faster than fundamentals, sentiment has become the most valuable source of alpha, and the "TACO effect" shows no signs of fading.



SILVER'S DUAL NATURE BETWEEN DEMAND AND RISK



The silver market is among the most volatile in global finance, where speculation, leverage, and physical supply intersect. Unlike gold, silver's dual role as both a precious and industrial metal makes it more susceptible to sharp price swings driven by speculative trading and margin pressure.

The 1980 "Silver Thursday" crash illustrates the dangers of excessive leverage. The Hunt brothers' attempt to corner the market drove prices near \$50 per ounce before collapsing below \$11 within days.

- **Rising margin requirements forced leveraged traders to liquidate positions.**
- **The sell-off flooded the market, triggering widespread margin calls.**
- **The episode showed how speculation can overwhelm real demand and liquidity.**

It stands as a lasting warning about the fragility of markets fueled by borrowed capital rather than physical fundamentals.

MODERN SILVER DYNAMICS

Today's silver market, though better regulated, still faces similar forces. Futures and exchange-traded products allow leveraged exposure, amplifying speculative flows. During inflation or geopolitical shocks, this can cause sharp gaps between paper contracts and physical supply.

When speculative demand outpaces available metal:

- **Premiums climb,**
- **Liquidity tightens,**
- **Volatility accelerates.**

Such conditions resemble past squeezes, where minor supply strains quickly turned into price surges.

Despite its volatility, silver remains attractive. Its smaller market size compared to gold allows speculation to drive outsized price moves, appealing to both short-term traders and long-term investors.

For investors, silver serves as:

- **An inflation hedge during monetary uncertainty.**
- **A speculative asset responsive to leverage and sentiment.**

LESSONS FROM THE PAST

History shows that when speculation exceeds fundamentals, corrections are swift and severe. Successful investors understand how leverage, margin, and supply interact. Silver can shine in bullish cycles, but its strength fades quickly when speculation replaces substance.

TRUMP AND PUTIN TO MEET AGAIN FOR UKRAINE CEASEFIRE



US President Donald Trump said he plans to meet Russian President Vladimir Putin “within two weeks or so,” signaling renewed efforts to end the devastating war in Ukraine. The announcement, delivered at the White House, sparked cautious optimism across global capitals as diplomats and investors alike weighed the possibility of a breakthrough in one of the world’s most protracted conflicts.

“Alaska set the stage, and we’ll be successful, save a lot of lives,” Trump said, referring to the pair’s previous encounter that revived backchannel communications between Washington and Moscow.

DIPLOMATIC PUSH INTENSIFIES

Preparations for the summit are already in motion. Secretary of State Marco Rubio will lead a US delegation in preliminary talks next week, underscoring Washington’s intent to engage directly with Moscow on security and humanitarian fronts.

Officials familiar with the discussions said the upcoming meeting will likely cover:

- A **ceasefire framework** aimed at halting large-scale hostilities.
- **Humanitarian corridors** to enable civilian evacuations and aid delivery.
- A **phased withdrawal** of troops from contested regions.

Though the agenda remains fluid, expectations are building that both sides could use the meeting to signal de-escalation and explore a path toward longer-term peace arrangements.

MARKETS AND ALLIES REACT

Financial markets and energy traders are monitoring the diplomatic maneuver closely. Any sign of progress could ease geopolitical risk premiums that have supported elevated oil and gas prices since the war began. European leaders welcomed the initiative but voiced reservations over its durability, citing previous ceasefire attempts that collapsed amid renewed fighting. For them, trust remains the key missing ingredient in any lasting settlement.

HIGH STAKES AHEAD

The Trump administration’s strategy, combining negotiation with a show of firmness, faces an important test in the coming weeks. A successful outcome could mark a decisive shift in the two-year conflict and recalibrate the balance of power in Eastern Europe. Failure, however, would emphasize the ingrained mistrust between Washington and Moscow and further complicate global efforts to stabilize the region.

Market Roundup

THE AI MEGA DEALS

The race for AI dominance intensified as a consortium comprising Microsoft, Nvidia's AI Infrastructure Partners (AIP), MGX, and BlackRock's GIP agreed to acquire Aligned Data Centers for \$40 billion. In parallel, Nscale signed a deal with Microsoft to deploy 200,000 Nvidia GB300 GPUs across the U.S. and Europe, with an IPO slated for late 2026. These moves highlight the scale and speed at which infrastructure and capital are converging around artificial intelligence.



U.S. POLICY & ECONOMIC SIGNALS

The Federal Reserve's Beige Book indicated that overall U.S. economic activity has barely changed since the previous survey. Out of twelve districts, three reported slight growth, five were stable, and four experienced mild declines. Consumer spending softened, particularly among lower-income households, while employment remained steady but with weaker labor demand. Adding to the domestic uncertainty, a San Francisco federal judge temporarily blocked mass federal layoffs, citing humanitarian grounds, further complicating Washington's already tense policy landscape under a prolonged government shutdown.



GEOPOLITICAL & MARKET MOOD

The United Kingdom imposed its toughest sanctions yet on Russia, targeting 90 energy-linked entities, including Rosneft and Lukoil, and 44 tankers connected to Chinese import networks. These sanctions are expected to ripple through global energy markets, adding further complexity to trade flows. Meanwhile, overall market sentiment remains divided, optimism over AI-led expansion clashes with concerns about global demand and trade risks. Volatility is expected to persist, with analysts warning that 2026's potential "black swan" may arise from the bond market rather than equities.



Market Roundup

GOLD OUTLOOK

Gold's long-term trajectory continues to strengthen as major banks raise their forecasts. Societe Generale increased its 2026 year-end gold target to \$5,000 per ounce, citing robust ETF inflows and ongoing central bank accumulation. Analysts Michael Haigh and Ben Hoff noted that demand has already surpassed earlier expectations, reinforcing the bullish outlook. Similarly, ANZ projects gold to reach \$4,000 by the end of 2025, peaking at \$4,600 by mid-2026, while silver could climb toward \$57.50 per ounce, signaling sustained momentum in the precious metals market.



GLOBAL ECONOMIC STRAIN

Escalating global tariffs could wipe out \$1.4 trillion from global GDP by 2027, posing a significant drag on international growth. The U.S. economy is seen as relatively resilient, but China's growth forecast has been cut to 4.4% for 2026 from an earlier 5.6%, while India is also expected to face mounting trade-related pressures. Such dynamics underscore the fragility of global trade recovery with policy frictions and shifting alliances.



AI INVESTMENTS & EXPANSIONS

In one of the largest tech announcements of the year, Alphabet's Google unveiled a \$15 billion AI data center investment in India's Andhra Pradesh, marking its biggest AI infrastructure project outside the United States. The site will start with 1 GW of capacity, expanding to 6 GW by 2029, as part of Google's broader strategy to cement its presence in the rapidly growing South Asian digital ecosystem.



The Week Ahead

Markets will track U.S.–China trade updates and the ongoing corporate earnings season, with Tesla, P&G, GE, Coca-Cola, Netflix, IBM, AT&T, Verizon, and Intel reporting. The prolonged U.S. government shutdown may delay data, but CPI, flash PMIs, and home sales are still due. China's Q3 GDP, Eurozone and UK PMIs, and several Asian central bank meetings will also dominate attention.

AMERICAS

U.S. CPI is expected to rise to 3.1% in September, while core inflation stays flat. Investors will monitor flash PMIs, home sales, and major earnings. In Canada, inflation and retail sales are in focus, with similar releases due from Brazil and Mexico.

EUROPE

Flash PMIs for the Eurozone, Germany, and the UK are expected to show weaker manufacturing and services activity. The UK also releases inflation and retail data ahead of the November budget. Turkey's central bank is likely to cut rates by 100 bps.

ASIA-PACIFIC

China's GDP likely slowed to 4.8% YoY in Q3, with weaker retail and industrial growth highlighting trade and property pressures. Japan reports trade and inflation data, while India and Australia publish PMIs. Indonesia and South Korea will set rates, with Indonesia expected to cut 25 bps.





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