Two Fed members voted to raise rates. The two-year yield fell 13 basis points anyway.

The Fed held at 3.75% to 4% on Wednesday with two votes for an increase, inflation printed hotter on Thursday, two regional presidents called for more tightening on Friday, and the two-year Treasury yield ended the week at 4.56%, its lowest since early September. The share market explains the bond market: Alphabet fell 13% on Thursday on its spending plans and Intel 29% on Friday on its outlook, and the money that left them went into Treasuries and into the other nine sectors. **The average sector beat the index for a fourth week, by 1.4 points, and nine of eleven sectors rose.** This issue takes the Nigerian bill curve as its lens, after an auction at which the government turned away 96% of the bids.

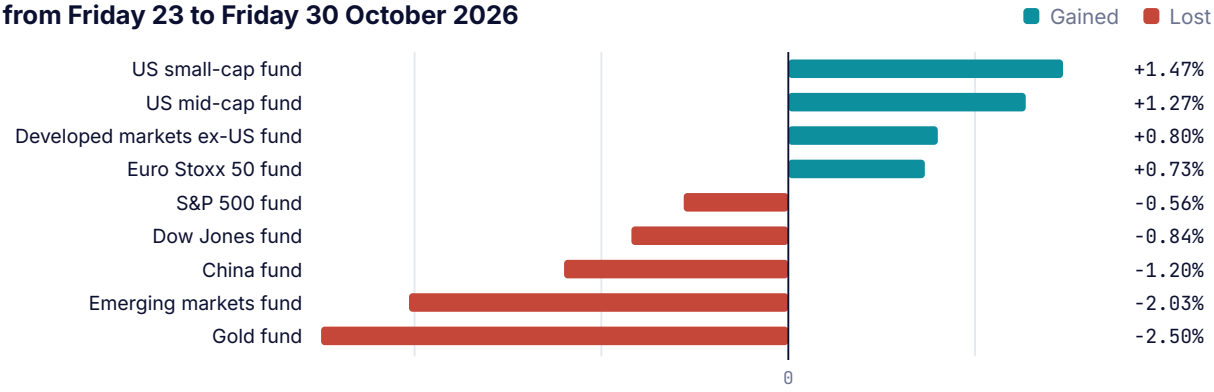
US 2-YEAR YIELD	S&P 500 FUND	NIGERIA 1-YEAR BILL	BRENT CRUDE
4.56%	-0.56%	15.80%	$118
−13bp in a week the Fed leaned towards raising	average sector +0.82%, fourth week ahead	−10bp; ₦38bn allotted of ₦1,836bn bid	December contract at expiry, by press accounts

01 · CROSS-ASSET

Where the week went

For a second week the smallest US companies did best and the largest did worst, and this time the middle joined in. The small-cap fund gained 1.5% and the mid-cap fund 1.3%; the S&P 500 fund lost 0.6% and the Dow fund 0.8%. Abroad the developed-markets fund rose 0.8% and the Euro Stoxx 50 fund 0.7% in dollar terms, while the China fund lost 1.2% and the emerging-markets fund 2.0%. Gold lost 2.5%, a second week of falls, and is down 10% since mid-September. To Thursday, the latest published, the dollar gained 0.4% against the euro, 0.7% against the yen and was flat against sterling. Restating last week to Friday 23 October: the dollar lost 0.3% against sterling and 0.7% against the yen and gained 0.4% against the euro.

Moves from Friday 23 to Friday 30 October 2026



Funds are State Street exchange-traded funds, measured by the change in net asset value. Fund values are struck at the US close and in dollars, so the international funds include currency moves and differ from local index returns. Every bar covers the same five trading days, Friday to Friday. Crude is left out because its latest official figures cover a different period. Source: State Street Global Advisors.

Crude's official figures run to Tuesday 27 October. West Texas averaged $107 in the week to 23 October, 7% above the week before, and the first two days of last week were a little lower at $105 and $103. By press accounts the December Brent contract expired on Friday at $117.64, up about 1% on the week and 15% on the month, after mines struck tankers on routes around the Strait of Hormuz and attacks on Saudi facilities continued; West Texas settled at $104.12. Oil has now risen for four weeks running.

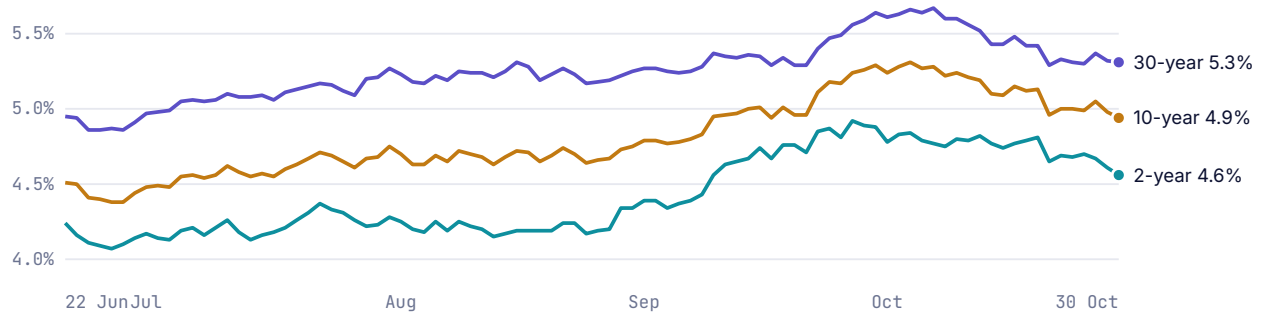
02 · THE WEEK'S STRUCTURAL QUESTION

Why did short yields fall in a week the Fed leaned towards raising?

Three things happened in sequence. On Wednesday the Fed held its range at 3.75% to 4% by ten votes to two, with Lisa Cook and Beth Hammack voting for a quarter-point increase, and said inflation remains elevated; the ten-year yield rose six basis points that afternoon. On Thursday GDP came in at 3.4% annualised and September PCE inflation rose to 3.6%; the two-year fell six basis points. On Friday two regional Fed presidents said more tightening was needed, and the two-year fell another five.

The bond market was not reacting to the Fed. It was reacting to the share market. Alphabet reported revenue up 25% and cloud revenue doubled, with quarterly capital spending of $51 billion, free cash flow of minus $9 billion and a promise that 2027 spending would rise significantly; its shares fell 13% on Thursday, by press accounts the worst day in its history. Microsoft, with revenue up 19%, positive cash flow and lower spending, rose 4%. On Friday Intel guided below expectations and fell 29%, and the chip-makers around it fell by 4% to more than 10%. The S&P 500 fund lost 1.8% on the day, its worst since June, and the technology fund 4.9%.

US Treasury yields since late June



The two-year closed the week at 4.56%, its lowest since early September, in a week when the Fed held and two members voted to raise. The ten-year closed at 4.94%. Source: US Department of the Treasury.

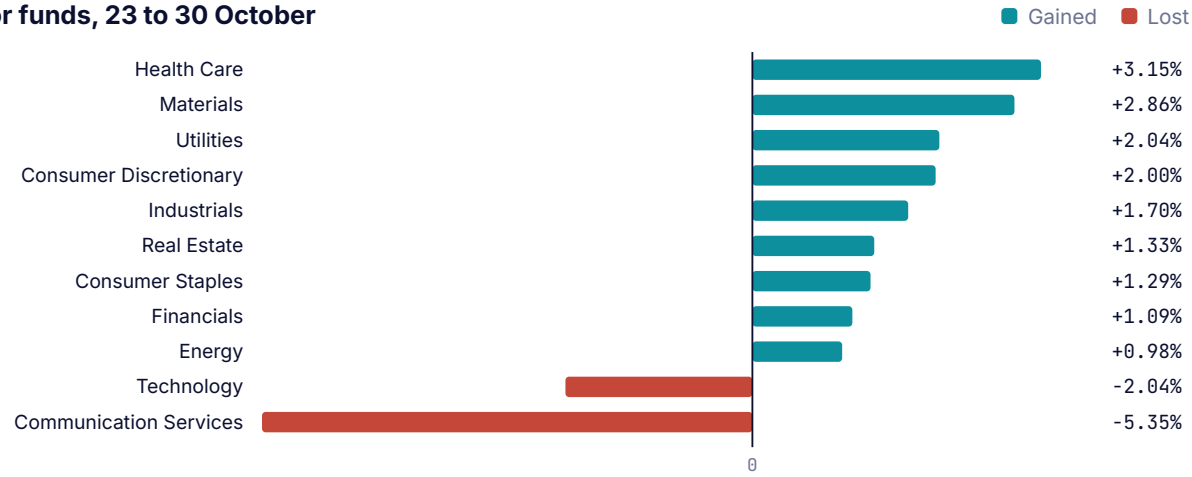
The ten-year yield split into its two parts, change in basis points

PERIOD	TEN-YEAR YIELD	REAL YIELD	EXPECTED INFLATION
Fed day, Wednesday 28 October	+6	+3	+3
Week to 30 October	-6	-6	0
Month to 30 October	-35	-33	-2
Since 22 June	+43	+32	+11

The real yield is the yield on ten-year inflation-protected Treasuries. Expected inflation is the ten-year breakeven rate, the gap between the two. Source: US Department of the Treasury and Federal Reserve Bank of St. Louis via FRED. Calculations by OHC Trade Room.

So the two-year fell for the same reason the ten-year fell a week earlier: money leaving the companies being repriced on their spending and going to the safest thing available. At 4.56% the two-year still sits well above the top of the Fed's range, which is to say it still prices increases; what it priced less of by Friday was increases beyond December, because a Fed facing a falling share market has less room than one facing a rising one. Expected inflation did not move at all on the week, 2.34% on Friday against 2.34% a week earlier, hot PCE print and all. The curve steepened seven basis points from the short end. That is the bottom-right box of the 18 September grid, yields falling with the short end falling faster, the one box of the four this review had not visited since the grid was drawn. The grid's label for it, that the market expects cuts because something has gone wrong, overstates a single week in which the two-year still prices increases; what fits is fewer of them.

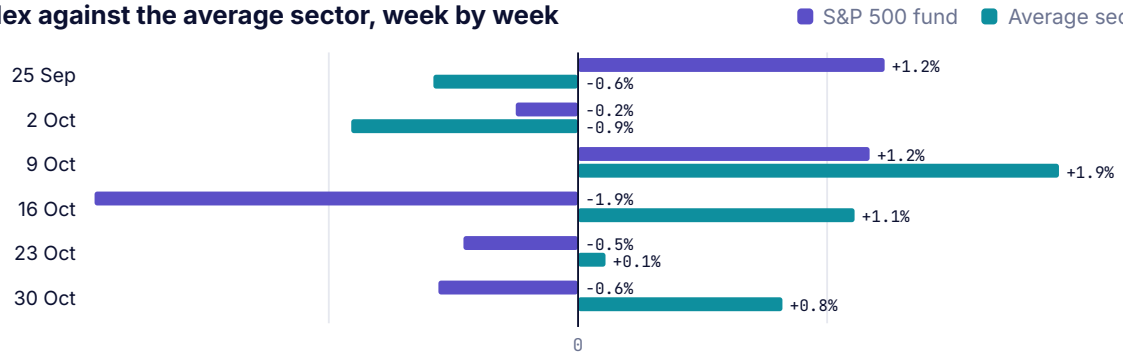
US sector funds, 23 to 30 October



9 of eleven sectors rose. Communication services fell more than 5% after Alphabet's results and technology 2%, almost all of it on Friday. Change in net asset value of the Select Sector SPDR funds, Friday to Friday. Source: State Street Global Advisors.

Beneath the index the week was broad and good. 9 of eleven sectors rose, led by health care at 3.2% and materials at 2.9%, and the average sector fund gained 0.8% against the index's 0.6% fall. Communication services, which holds Alphabet and Meta, lost 5.4%; technology lost 2.0%, almost all of it on Friday. On Thursday, the day the open question from last issue was set for, nine sectors rose and the average gained 0.9% while the index fell 0.3%. On Friday the fall broadened, but not far: six sectors still rose on a day the index lost 1.8%, and the average lost 0.4%.

The index against the average sector, week by week



Weekly change in net asset value of the S&P 500 fund and of the simple average of the eleven Select Sector SPDR funds, Friday to Friday. The average has now beaten the index four weeks running. Over the six weeks shown the index is down 0.8% and the average up 2.5%. Source: State Street Global Advisors. Calculations by OHC Trade Room.

FOLLOWING UP · OPEN ITEMS FROM PAST ISSUES

Breadth, 23 October. Two readings, rotation and the start of a decline, with an invalidator for each. Neither was met: the average beat the index a fourth week, by 1.4 points, with small caps leading, which is rotation's shape; technology and communication services fell again, so decline is not ruled out. Friday, when the index fell 1.8% and six sectors still rose, is the most useful day for the question so far, and it sits with rotation. The example stays open. **Microsoft and Alphabet, 28 October:** would the average rise the next day while the two fell? It did: nine sectors up, average +0.9%, index −0.3%, communication services −1.8%. **Gold:** section 03; one more week. **Mega-IPO test:** Anthropic's pricing is now reported for mid-November, after Tuesday's elections; the register carries the measurement plan. OHC took no position in anything named.

03 · MACRO BACKDROP

Bonds abroad, gold, and the data

Bond markets abroad did not follow this time. Germany's ten-year rose two basis points on the week to 3.38%, Japan's rose four to 2.88% to Thursday, and the UK's fell one to 5.31% to Wednesday. Last week's global rally in bonds has become a US one, which fits a week in which the selling was in US technology companies specifically.

Gold fell 2.5% in a week when the ten-year real yield fell six basis points and the dollar rose a little: the second week of the sequence this review set out to watch, and it did not resolve it. Equities did not steady and real yields did not hold, so neither branch of the test ran. Gold fell most on the day equities fell most, 2.8% on Friday, which is the shape of selling to raise cash; it also fell on Wednesday and Thursday when the index was little changed, which is not. Both readings survive. One more week, and if there is still no separation the question is closed as unanswerable on this data.

The economic data pointed the same way as a week ago: growth strong, inflation re-accelerating. GDP grew 3.4% annualised in the third quarter, from 2.2%. September PCE inflation was 3.6%, up from 3.4%, and core 3.1%; the quarterly figures were lower, 2.1% and 2.5%, because July and August were soft. Jobless claims were 194,000, unchanged. The employment cost index rose 0.8% in the quarter. By press accounts futures put the chance of a December increase at about three in four. The data argue for tightening, the Fed's dissenters argue for tightening, and the bond market, watching the share market, priced less of it.

04 · NIGERIA

Rates at home

Wednesday's Treasury bill auction was the first since the September inflation figure of 14.63%, and the Debt Management Office used it: ₦800 billion offered, ₦1.9 trillion bid, ₦71 billion allotted, 9% of the offer and 4% of the bids. The one-year bill cleared at 15.80%, down ten basis points from 15.90% a fortnight earlier; the 91-day fell ten to 15.40%, its first change since 23 September; the 182-day fell one to 15.79%. The next auction falls on 11 November on the fortnightly pattern, and October inflation is due around the middle of the month.

Last issue asked whether the DMO would let the one-year clear lower now that the real return had widened. It did, by less than the inflation fall allowed, so the real return on the one-year bill, 15.80% against 14.63% inflation, narrowed only slightly to about 1.2 points from 1.3. With the US one-year at 4.36%, the nominal gap to the dollar is about 11.4 points, unchanged on the fortnight. Section 05 reads the whole auction, not just the one-year.

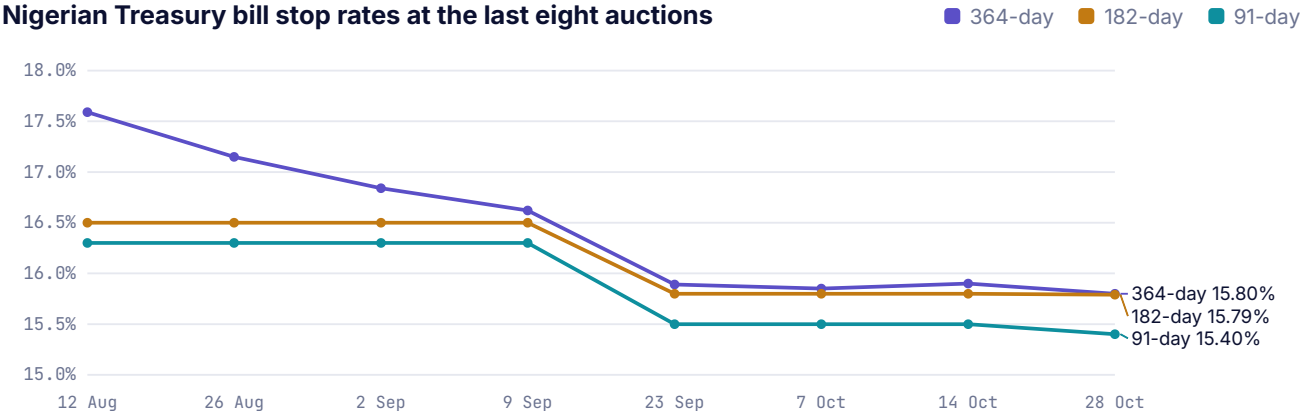
05 · THE ANALYTICAL LENS

The Nigerian bill curve: what the three tenors say together

The lens

A Treasury bill auction gives three numbers for three maturities, and most reports print the one-year and stop. The three together say more. The 91-day rate is where policy and the banking system's liquidity meet; the one-year is where investors say what they expect policy to be over the next twelve months. When the one-year sits well above the 91-day, investors expect rates to stay high or rise and want paying to lock up money. When it sits level with it, they expect cuts and will take a lower rate now to hold the yield for longer. The demand at each tenor says the same thing a second way: money crowds into the maturity it expects to look best in hindsight.

Nigerian Treasury bill stop rates at the last eight auctions



Stop rate by tenor at each primary auction since 12 August. The one-year has fallen 1.79 points; the 91-day and 182-day fell once, on 23 September, and the 91-day moved again only on 28 October. Source: Central Bank of Nigeria.

The screen

In August the curve was steep: the one-year cleared at 17.59% against 16.30% for the 91-day, a gap of 1.3 points. Since then the one-year has fallen at every auction but one, 1.79 points in all, while the 91-day has fallen 0.90 and the 182-day 0.71. The one-year now sits 0.40 points above the 91-day and a single basis point above the 182-day. A curve that goes from steep to nearly flat is a market that has stopped expecting rates to rise and started expecting them to fall.

The 28 October auction, by tenor

TENOR	OFFERED	BIDS	ALLOTTED	STOP RATE
91-day	₦100bn	₦52bn	₦22bn	15.40%
182-day	₦100bn	₦20bn	₦10bn	15.79%
364-day	₦600bn	₦1,836bn	₦38bn	15.80%
Total	₦800bn	₦1,908bn	₦71bn	

Bids at the one-year were three times the amount offered at that tenor, and 2% of them were filled. Source: Central Bank of Nigeria. Rounded by OHC Trade Room.

The demand says it louder. Of ₦1.9 trillion bid on Wednesday, 96% was for the one-year; the 91-day drew half what was offered and the 182-day a fifth. Investors want the longest paper available at today's rate, which is how a market behaves when it expects next year's rates to be lower. The DMO allotted ₦38 billion of the ₦600 billion it offered at the one-year rather than pay the rate that would have filled it. Both sides are acting as if rates are heading down: investors by reaching for duration, the issuer by refusing to lock in today's rate on more than it must.

ONE WORKED EXAMPLE

Reading an auction where 96% of the bids were turned away

What the data shows

The one-year bill cleared at 15.80%, ten basis points lower, on bids of three times the amount offered and an allotment of 6% of the offer. The gap between the one-year and the 182-day is one basis point;

between the one-year and the 91-day, 40. Headline inflation is 14.63%, so the one-year pays about 1.2 points over the latest inflation print.

What it might mean

Two readings. The first is that the market is right and rates are heading lower: inflation has been falling, to 14.63% at the latest print, the real return on bills has turned positive, and a flat bill curve with demand crowded at the one-year is the market locking in a rate it does not expect to see again. The second is that the flat curve is manufactured by supply rather than expectations: the DMO is allotting a fraction of the bids to push the stop rate down, and the rate investors would actually accept in size is higher than the one printed, as the 2% fill at that tenor suggests. On the second reading the curve says what the issuer wants, not what the market thinks.

What the condition generally supports

Reading the stop rate alongside the allotment. A rate that clears with most bids filled is a market price; a rate that clears with 2% of bids filled is closer to a posted price. The two deserve different weights, and the second reading above rests entirely on that distinction.

Reading the whole curve rather than the one-year. The 91-day fell ten basis points on Wednesday, its first move in three auctions, which is the short end beginning to move, and it moved on half the demand of the offer. That is a smaller, cleaner signal than the one-year's, because nobody was crowding into it.

What would be rejected, and why

Treating 15.80% as the one-year rate available in size: on Wednesday it was available for ₦38 billion. Treating the flat curve as the market's forecast without checking who set it: the allotment shows the issuer's hand on the scale. Reading the one-year's fall as a cut in policy: it is a bill auction, not a policy decision, and the 91-day, nearest to policy, has moved half as much as the one-year over the three months.

What it costs

If the first reading is right, waiting for the next auction to confirm it means missing the rate; the one-year has already fallen 1.8 points in three months. If the second is right, reaching for the one-year at a posted rate means accepting less than the market would have paid, and the secondary market will show it. Either way the cost of the reading is the next ten basis points, which is the honest size of it.

What would invalidate the reading

For the first: the 11 November auction clearing higher at the one-year, or allotting the full offer at 15.80% with no fall in rate, which would mean the demand was for the rate and not for the duration. For the second: the allotment ratio rising towards normal while the stop rate keeps falling, which would mean investors accept the lower rate in size and it is a market price after all. October inflation, due mid-November, settles the real-return arithmetic under both.

Nothing here is a view on whether any reader should buy Nigerian Treasury bills or at what rate. It is the reasoning a desk would walk through at an auction result. Rates are stop rates at the primary auction and differ from secondary-market yields.

06 · THE WEEK AHEAD

What is scheduled, and why it matters

MON 2 NOV	**ISM manufacturing survey for October,** and Apple's results after the close. Apple spends least on AI of the largest companies; the market will say whether that is now a virtue.
TUE 3 NOV	**US midterm elections.** Press reports have tied both the Anthropic listing and possible action on Iran to the days after the vote.

WED 4 NOV	**ISM services survey.** Its prices-paid gauge is the survey reading the breakeven has ignored all autumn.
THU 5 NOV	**Jobless claims.** At 194,000 they are unchanged on the week and near their lowest in decades.
FRI 6 NOV	**October payrolls.** The first hard labour-market reading since the Fed's split vote; a strong print tests whether the two-year can stay at 4.56%.

Nigeria's next Treasury bill auction is on 11 November and October inflation is due around the middle of the month. Dates are taken from official release calendars and public earnings calendars, and can change.

07 · THE READ

In one paragraph

The Fed leaned towards raising rates and the bond market priced fewer rises, because the share market was selling the companies that carry the index and buying everything else. Four weeks in, that has a shape: the two sectors that spend most on the AI build-out are sold, the nine that do not are bought, and Treasuries take what is left. Friday widened the selling to the chip-makers without touching most of the market, the strongest evidence yet for rotation and none against decline. In Nigeria the bill curve has gone flat and the issuer is rationing supply, two parties saying rates are heading down, with the caveat the worked example sets out. The thing to follow is Friday's payrolls against the two-year: a strong print that takes it back above 4.70% means the bond market is reading the data again; a two-year still near 4.56% means it is still reading the share market.

OHC Trade Room · Weekly Market Review · Week ending 30 October 2026

Position disclosure. No position was held in any security, fund or commodity named in this review at the time of writing.

Sources. US Treasury yields, including inflation-protected yields: US Department of the Treasury. Breakeven inflation, historical yields and crude oil spot prices: Federal Reserve Bank of St. Louis (FRED), with crude from the US Energy Information Administration, which releases its daily prices weekly, so crude figures run to the latest date published. Fed decision and statement: Federal Reserve Board. GDP and PCE inflation: Bureau of Economic Analysis. Jobless claims: US Department of Labor. Employment cost index: Bureau of Labor Statistics. Company results: company announcements. Oil futures settlements, rate-futures pricing, the Anthropic listing and market commentary: public news reports. German yields: Deutsche Bundesbank. UK yields and sterling exchange rates: Bank of England, with dollar cross rates calculated by OHC Trade Room. Japanese yields: Ministry of Finance, Japan. Nigerian Treasury bill auctions, including bids and allotments: Central Bank of Nigeria. Nigerian inflation: National Bureau of Statistics. US equity, sector, international and gold fund returns: change in net asset value as published by State Street Global Advisors, with calculations by OHC Trade Room.

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