LEPUS
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THE MONTH IN BRIEF

The Fed held at 3.75–4.00% on 28 October, 10–2, with Cook and Hammack dissenting for a hike; September CPI printed 3.7% y/y on a 20% energy surge and payrolls slowed to +29k, leaving futures pricing a 71% chance of a December hike. Radiant World widened: a Jefferies-managed fund alleges falsified documents on 50-plus receivables with face value near $900m. Transpacific spot rates slipped as US–China tariff cuts took shape, and Coface reported corporate defaults at a record high.

TRADE POLICY & FREIGHT

- The 23–25 Sep Trump–Xi summit cut tariffs to MFN levels on $30bn of goods and extended the truce to 10 Jan 2027; 178 Section 301 exclusions lapse 10 Nov. Washington re-scoped its 50% Canada tariffs on 30 Oct (22 lines out, 100 in).
- Drewry WCI Shanghai–LA $7,514 (29 Oct, −4% since 24 Sep) and Shanghai–NY $9,631 (−7%); six Transpacific blank sailings and NRF's −11% November import forecast point lower. WTO lifted 2026 goods-trade growth to 3.9% from 1.9%.

TRADE FINANCE

- Radiant World: KPMG became interim judicial managers (24 Sep); Jefferies' Point Bonita fund alleges documents falsified 'on an industrial scale' across 50-plus receivables with face value near $900m, says it is owed over $610m and holds a $499m freezing order.
- Mizuho and IFC signed a $1bn Asia-Pacific supply-chain-finance risk-sharing facility (29 Sep; IFC takes up to $500m); Africa Finance Corporation and Munich Re launched a $1bn unfunded program for 38 banks in 11 countries (27 Oct). UKEF lifted Ukraine cover to £6.5bn (28 Oct).

CREDIT EVENTS

- Pool retailer Leslie's filed prearranged Chapter 11 on 30 Sep with $90m new-money and $225m ABL DIPs, cutting ~$685m (90%) of funded debt and closing 76 stores; Getty Images' 21 Oct prepack cancels equity and leaves unsecured creditors unimpaired.
- Mercer International announced (2 Nov) a prepack converting ~$1.1bn of $1.3bn notes to equity, trade claims paid in full. Epiq counted 648 commercial Chapter 11s in September (−16% y/y); Allianz Trade sees global insolvencies +5% in 2026, +1% in 2027.

CREDIT INSURANCE

- Coface's nine-month results (2 Nov): net loss ratio 37.7% (−1.9 pts), combined ratio 72.4%; amounts provisioned rose 10.8% on 'the return of large claims in Q3', and CEO Xavier Durand said corporate defaults 'remained at a record high'.
- Marsh McLennan booked $144m of Greensill charges in Q3 ($569m year-to-date, 15 Oct); IAG settled the last BCC Trade Credit claim, White Oak's ~$170m plus interest (28 Oct). Atradius (15 Oct) sees US insolvencies +9% in 2026, −3% in 2027.

RATINGS

- Sovereign: Moody's affirmed France at Aa3/negative (24 Oct) but Fitch moved its A+ outlook to negative (30 Oct) on weaker growth and political fragmentation; Moody's cut Senegal to Ca from Caa2 (29 Oct) ahead of a Common Framework restructuring.
- Corporate: no large-cap agency downgrades to high yield found; restructurings dominated, with Leslie's, Getty Images and Mercer in court processes and Coface flagging record defaults. Moody's next reviews South Africa (Ba2, positive) on 27 Nov.

LOOKING AHEAD

Three things frame November. First, the rate path: with CPI at 3.7% and Chair Warsh declining forward guidance, futures price a 71% chance of a hike to 4.00–4.25% on 9 December and a terminal rate near 4.45% in late 2027; floating-rate carry stays high and refinancing bars rise. Second, receivables verification: the Radiant World affidavits shift the question from whether invoices existed to how funders checked them; we expect tighter obligor confirmation and insurer wording across receivables programs. Third, freight: blank sailings and an expected 11% November import drop point Transpacific rates lower; 178 Section 301 exclusions lapse 10 November.

FED TARGET RANGE
3.75–4.00%
unchanged since 16 Sep

NEXT FOMC · 9 DEC
71% hike
29% hold · 0% cut

3M T-BILL
4.03%
30 Oct · money-market yield

3M A2/P2 CP
4.36%
30 Oct · observed, MMY

3M TERM SOFR
4.05%
30 Oct · −3 bp since 30 Sep

A2/P2 3M LESS SOFR
+31 bp
30 Oct · +4 bp since 30 Sep

MARKET-IMPLIED POLICY PATH



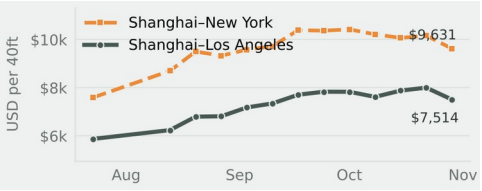
CME FedWatch rate by meeting, 30 Oct vs 30 Sep 2026; dotted line is the current target-range midpoint. Source: CME Group; Lepus calculations.

TERM SOFR CURVE



CME Term SOFR, 30 Oct vs 30 Sep 2026; O/N is NY Fed SOFR, prior day. Source: CME Group, NY Fed.

CHINA – US CONTAINER SPOT RATES



Drewry WCI, weekly, 23 Jul–29 Oct 2026 (two late-July/August prints not on file). Source: Drewry.

DATES TO WATCH

6 Nov	October payrolls (BLS)
10 Nov	October CPI (BLS)
10 Nov	Sec. 301 exclusions expire
18 Nov	APEC leaders, Shenzhen
9 Dec	FOMC decision

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Sources: CME Group, NY Fed, Federal Reserve, BLS, WTO, Drewry, Trade Finance Global, Reuters, Bloomberg, Coface, Allianz Trade, Atradius, Marsh, Moody's, Fitch, Epiq, company releases, court filings and press reports.

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