

Settled in Cash

The AI build was priced like a futures contract. A data centre only settles one way: physical delivery of power.

Gold, crude, the October credit scare and the money loop, checked against the record.

SUMMARY

Five findings

0.96%

The S&P 500 closed 15 October less than 1% below the record it set on 6 October. The broad index has barely noticed. [Source: FRED, SP500, Oct 2026]

15.3%

Yield on CoreWeave's 9% notes due 2031 on 15 October, priced at 80.75. Its five-year default insurance passed 1,000 basis points, which Reuters said implies a risk of default within five years of nearly 63%. [Source: Yahoo Finance, 15 Oct 2026; Reuters, 15 Oct 2026]

11×

Dominion Energy has about 54 GW of data-centre capacity under contract against a data-centre billing peak of 4.8 GW. Gold's paper on COMEX runs about 2.7 times registered metal. [Source: Dominion to PJM, 29 Sep 2026; COMEX via GoldSilver.ai, Sep 2026]

\$4,147

Gold on 15 October, 26% below its January record and 3 to 4% lower than a month earlier. On the 15th, as AI credit cracked, Treasury yields fell while gold rose only about 1%. [Source: Fortune, 15 Oct 2026; Trading Economics, Oct 2026]

38%

Share of the S&P 500 in its ten largest stocks. Index funds hold 54% of US long-term mutual fund and ETF assets. The exposure is structural. [Source: 24/7 Wall St, Sep 2026; ICI, Aug 2026 data]

I • THE TAPE

The index has not noticed

The summary that landed on my screen called it a tech crash. It had the inflation print, the bond yields, Korea's market in free fall, and a story about sharks and wave-riders. Some of it was right. The word crash was not.

September's consumer price index, released on the 14th, came in at 3.7% headline and 2.6% core. The headline was a tenth above forecast. Core was the real surprise. [Source: BLS, 14 Oct 2026] The Fed had already raised its target range to 3.75 to 4.00% in September, and its minutes said most officials expect another hike this year. [Source: Federal Reserve, 16 Sep and 7 Oct 2026]

The 10-year Treasury touched about 5.35% intraday on 7 October, the highest since 2002, then rallied roughly 13 basis points on the 15th as money ran for cover. [Source: Forbes, 7 Oct 2026; Trading Economics, 15 Oct 2026]

And the S&P 500 closed the 15th at 7,744, less than 1% off its record. The Nasdaq is 3.2% below its peak. High-yield spreads widened from 2.60 to 3.25 points since late August. That is a twitch. [Source: FRED, Oct 2026]

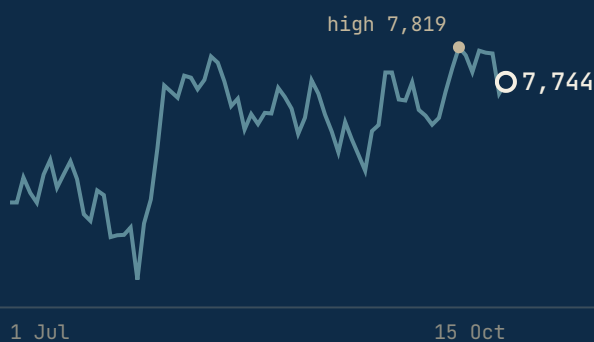
So where is the fire? Closer to the concrete.

FIG. 01

The broad market twitched. It did not break.

Daily closes, 1 July to 15 October 2026. Each panel on its own scale; dot marks the latest close.

S&P 500



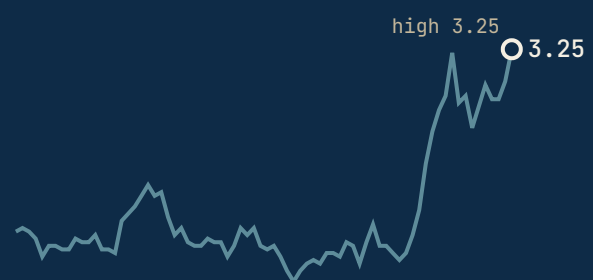
NASDAQ COMPOSITE



10-YEAR TREASURY YIELD



HIGH-YIELD CREDIT SPREAD



Source: Federal Reserve Bank of St. Louis, FRED: SP500, NASDAQCOM, DGS10, BAMLH0A0HYM2. Treasury and spread data through 14 Oct.

II • THE FALL

Closer to the concrete

Line up the moves by how close each asset sits to an actual data centre, and the pattern is hard to miss.

[my view]

The S&P 500, a diversified bundle of paper: under 1% from its high. The Nasdaq, heavier in AI: 3.2%. Korea's KOSPI, built on the memory chips that go into AI servers: down 7.57% in a single session on the 15th, with SK hynix off 11% and Samsung 9.5%. [Source: Korea Herald, 15 Oct 2026]

CoreWeave leases the buildings, buys the GPUs and borrows against both. Its shares fell more than 15% on the 14th. Its 9% notes due 2031 traded at 80.75 cents on the dollar the next day, a yield near 15.3%.

[Source: Reuters, 15 Oct 2026; Yahoo Finance, 15 Oct 2026] Oracle, the counterparty to OpenAI's \$300 billion compute contract, saw its five-year default insurance quoted at 288 basis points, up from 260 a week earlier, as default insurance on large technology companies reached records. [Source: Reuters, citing S&P Global Market Intelligence, 15 Oct 2026; WSJ via The Decoder, Sep 2025]

The equity market can keep pricing the promise. The lender has to price the delivery date. *[my view]*

FIG. 02

The closer to the concrete, the harder the fall.

Shares and indexes in percent; the notes in points below their \$100 face value. Two measures, kept on separate rows.

SHARES AND INDEXES • PERCENT DECLINE

S&P 500

below its 6 Oct record, close 15 Oct

-0.96%

Nasdaq Composite

below its 6 Oct high, close 15 Oct

-3.21%

KOSPI

one session, 15 Oct

-7.57%

CoreWeave shares

one session, 14 Oct; fell more than 15%

-15%+

CREDIT • POINTS BELOW PAR (100)

CoreWeave 9% notes

price 80.75 on 15 Oct, yield near 15.3%

-19.25 pts

Source: FRED; Korea Herald; Reuters; Yahoo Finance. October 2026.

Index under 1%. The builder's bonds, 19 points below par.

III • THE MECHANISM

Settled in cash

Every commodity market runs on more paper than metal. A futures contract is a promise to deliver something later. Almost nobody takes delivery. They close the position and settle the difference in cash. That is the design. It works because a delivery mechanism ties the paper to the physical, and anyone can test it. *[my view]*

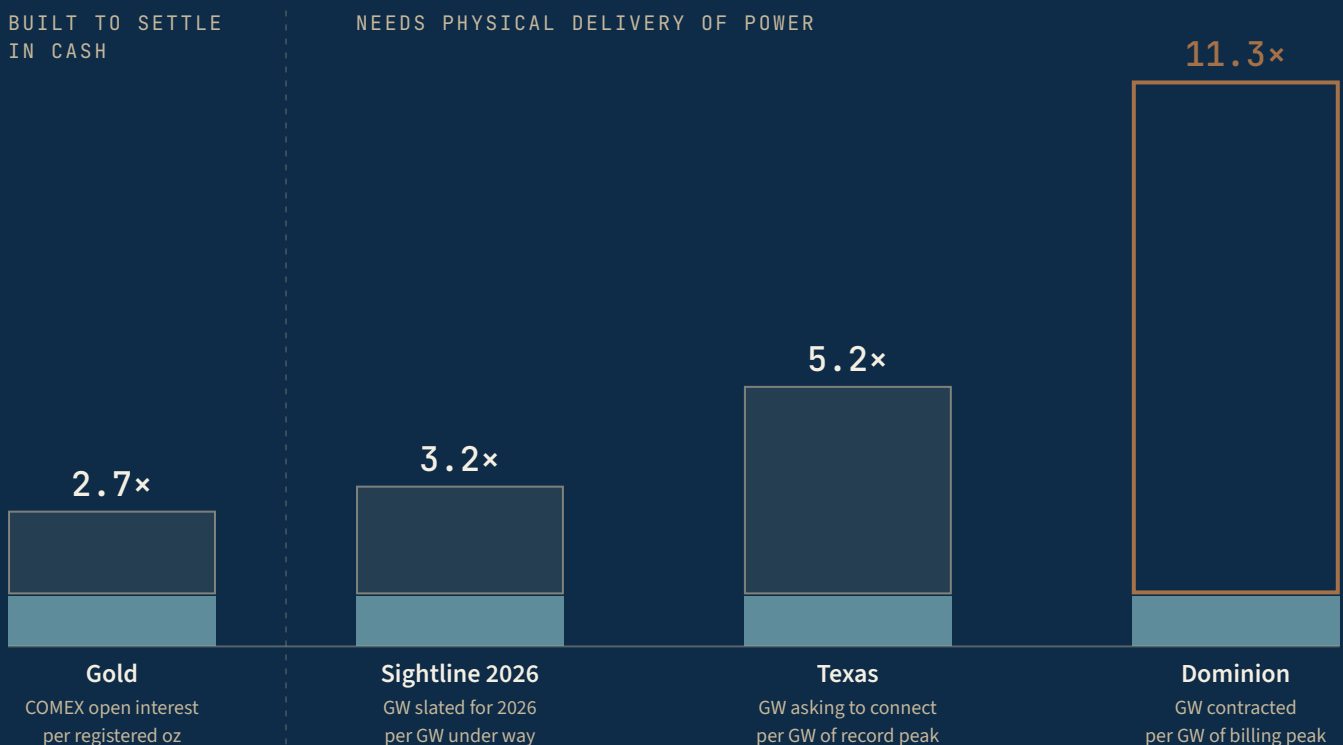
In gold, the test is the vault. COMEX open interest in early September was about 41.5 million ounces against 15.1 million registered for delivery, near 2.7 to one. *[Source: COMEX via GoldSilver.ai, Sep 2026]* The 100 to 300 times figure that circulates online does not survive the exchange's own numbers. Crude's futures trade far more barrels a day than the world burns, but that is turnover, not open claims, so it stays out of the figure. *[Source: CME Group]*

Now apply the same test to AI. In Texas, about 474 GW of large loads were seeking to connect as of June, to a grid whose record peak was 91 GW. Dominion has about 54 GW of data-centre capacity contracted against a data-centre billing peak of 4.8 GW. Sightline counts 16 GW slated for 2026 and about 5 under construction. *[Source: ERCOT, Jul 2026; Dominion to PJM, Sep 2026; Sightline, Mar 2026]*

FIG. 03

How far the claims run ahead of delivery

Solid block: one unit delivered. Stack above: claims on it. Each ratio measures a different stage, so read them as rough magnitudes.



Source: COMEX via GoldSilver.ai; Sightline Climate; ERCOT; Dominion Energy to PJM. 2026.

Gold's paper can settle in cash. A data centre cannot.

IV • THE ANCHOR

One ounce, four prices

The summary then went to gold, and here the arithmetic holds.

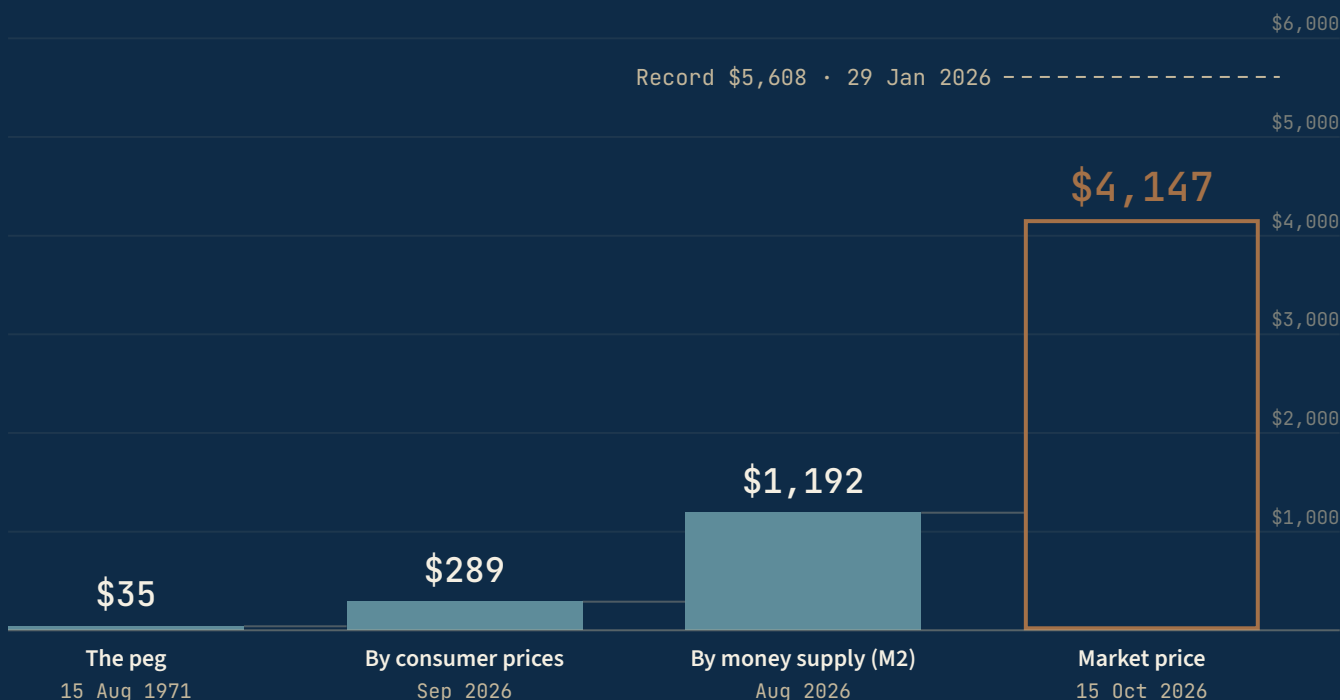
On 15 August 1971 a dollar was worth one thirty-fifth of a troy ounce, about 0.889 grams. Carried forward by consumer prices, that \$35 becomes \$289. [Source: BLS CPI-U via FRED, Sep 2026] Carried forward by the money supply, which grew 34.05 times from \$685.5 billion to \$23.34 trillion, it becomes \$1,192. [Source: Federal Reserve M2 via FRED, Aug 2026] Gold traded at \$4,147 on the 15th. A dollar now buys 0.0075 grams. [Source: Fortune, 15 Oct 2026]

People will argue about that gap for decades. Here is the part the summary left out.

FIG. 04

A dollar has lost ground to gold on every measure

Price of one troy ounce in US dollars under each assumption. Dashed line: the January 2026 record.



Source: Office of the Historian; FRED CPIAUCNS, M2SL; Fortune; Trading Economics. Calculations by NPSI.

Over the month of the October scare, gold went down.

It sits 26% below January's \$5,608 and 3 to 4% below its level a month earlier, although it rose about 1% on the 15th. [Source: Trading Economics, Oct 2026; Fortune, 15 Oct 2026] When AI credit cracked, the larger move was into the 10-year Treasury. The flight to quality was mainly a flight to the government's paper.

[my view]

V • THE PLUMBING

The loop is public

The plumbing the summary described is mostly real and mostly published. It needs no conspiracy. *[my view]*

Federal debt stood at \$40.33 trillion on 14 October, \$32.48 trillion of it held by the public. Of \$31.83 trillion in marketable securities, notes are 51%, bills 22% and bonds 17%. *[Source: Treasury, Debt to the Penny and MSPD, Sep and Oct 2026]*

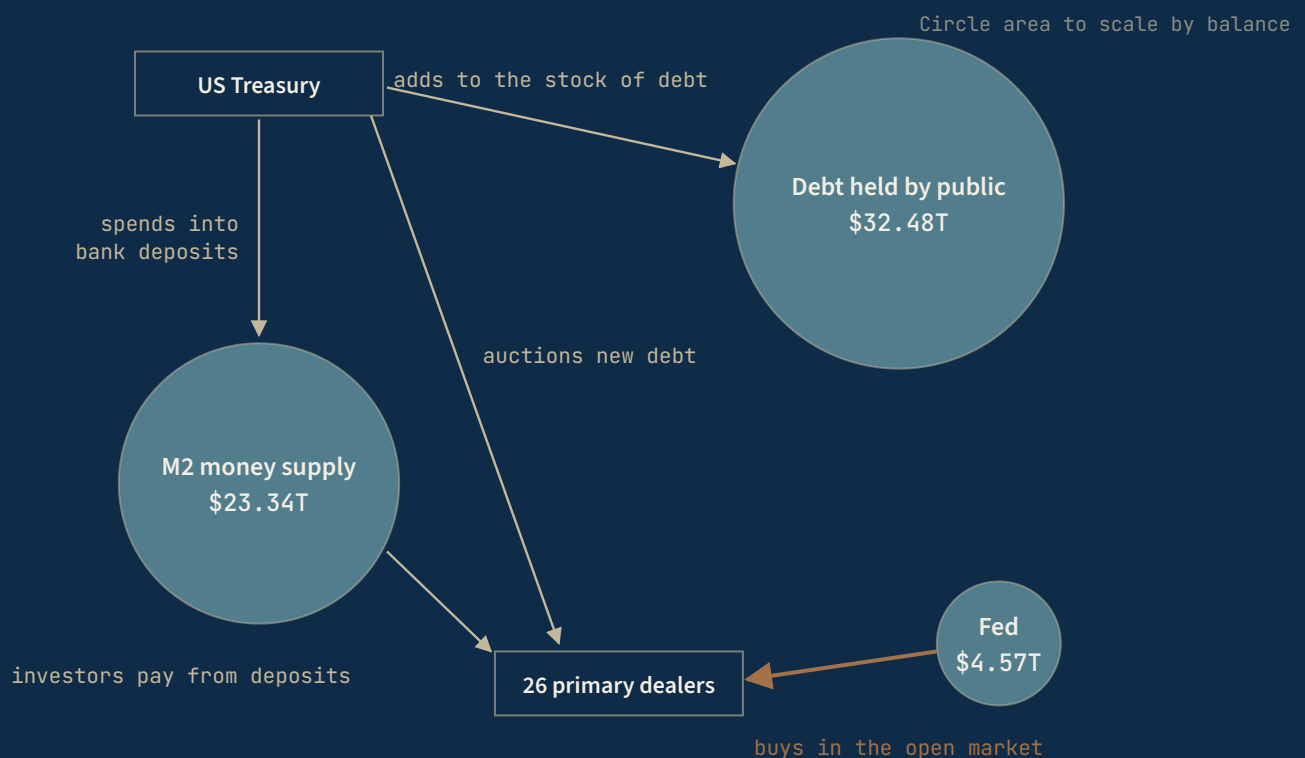
The Fed holds \$4.57 trillion of Treasuries. It stopped shrinking its balance sheet on 1 December 2025 and began buying bills again on 12 December, about \$40 billion a month at first, slower from April. It calls them reserve management purchases. *[Source: Federal Reserve H.4.1, 14 Oct 2026; New York Fed, Mar 2026]* The Treasury buys back older securities, up to \$38 billion for market liquidity and \$25 billion for cash management in the August to October round. *[Source: US Treasury, 2026]*

The law bars the Fed from buying new debt from the Treasury; it buys in the open market from the 26 primary dealers, and at auctions only rolls over its own maturing holdings. *[Source: Federal Reserve Act s.14; New York Fed, Jan 2026]* One figure in the summary has no source: a trillion of new debt every 51 days. The \$38 trillion mark took 71 days in 2025; the last two trillions took 147 and 154. *[Source: Joint Economic Committee, Oct 2025; Treasury, Debt to the Penny]*

FIG. 05

Where the dollars go round

Stocks to scale by area: debt held by the public, M2, and Fed Treasury holdings. Bronze: purchases by the Fed.



Source: US Treasury; Federal Reserve H.4.1; FRED M2SL; New York Fed. 14 Oct 2026, M2 Aug 2026.

VI • THE EXPOSURE

Who is holding it

The summary's sharks who already sold and left the door closed make a good story. Nobody in that thread showed who sold what, and I cannot either. What I can show is the structure.

The ten largest companies are about 38% of the S&P 500. Index funds hold about 54% of US long-term mutual fund and ETF assets, and about 65% of domestic equity fund assets. [Source: 24/7 Wall St, Sep 2026; ICI, Aug 2026 data] An index fund does not decide to own the AI build. It owns whatever is big, and right now what is big is the AI build. [my view]

A pension in Saskatoon or a 401(k) in Ohio is long the tie-in queue in Texas, whether its owner has heard of ERCOT or not. [my view]

The bill arrives through the cash-flow statement. Bank of America projects the largest hyperscalers' combined free cash flow moving from about \$180 billion in 2025 to about minus \$64 billion this year and minus \$186 billion in 2028. In its second-quarter results, Alphabet reported negative free cash flow, its first negative quarter since its 2004 listing. [Source: Bank of America via Investing.com, Aug 2026; Alphabet Q2 2026]

An index fund does not choose the AI build. It inherits it.

FIG. 06

Owned by default

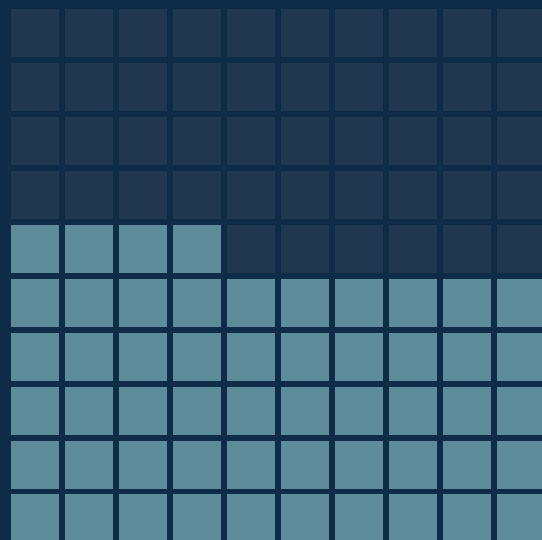
Each grid is 100 squares.

38% of the S&P 500 sits in its 10 largest stocks



Sep 2026 • 24/7 Wall St

54% of US long-term fund assets are passive



Aug 2026 • ICI

Source: 24/7 Wall St (top 10 weight, Sep 2026; single secondary source, flagged); ICI (index share of long-term mutual fund and ETF assets, August 2026 data).

VII • VERIFICATION

Checked against the record

Every claim in the summary that started this briefing, with what the record shows. Open items stay open.

CLAIM	VERDICT	THE RECORD
CPI "unexpectedly jumped" to 3.7%	Partly	3.7% headline against 3.6% forecast. Core at 2.6% against 2.5% was the beat.
10-year above 5.3%, a multi-decade high	Confirmed	About 5.34 to 5.36% intraday on 1 and 7 Oct, highest since 2002. Closing peak 5.31% on 5 Oct.
A tech crash	Not supported	S&P 500 under 1% from its record on 15 Oct. Nasdaq down 3.2%.
KOSPI fell over 7%	Confirmed	Down 7.57% on 15 Oct.
CoreWeave yields near 15%	Confirmed	About 15.3% on its 9% notes due 2031; 2032 notes near 78 cents, yielding just over 16%.
Paper gold is 100 to 300 times physical	Not supported	COMEX open interest about 2.7 times registered metal.
Gold is the price of panic	Not this month	26% below its January record; 3 to 4% below its mid-September level, though up about 1% on 15 Oct.
\$1 trillion of new debt every 51 days	No source	71 days to \$38 trillion in 2025; faster only in 2020 and early 2022. The last two trillions took 147 and 154 days.
Fed owns about \$5 trillion of Treasuries	Partly	\$4.57 trillion on 14 Oct 2026.
24 primary dealers	Wrong	26, after MUFG was added in January 2026.
LBNL: 649 TWh by 2030	Confirmed	From the 2025 Update reference case, 11.8% of US power.
Sightline: 12 GW, 11 GW stalled	Wrong	16 GW slated for 2026; about 5 under construction, 11 announced.
Top tech near 30% of the S&P 500	Understated	Top ten stocks about 38%.
Treasury buybacks are manipulation	Opinion	Stated purposes: market liquidity and cash management.
The sharks already exited	Unverifiable	No positioning data was cited.

VIII • NEXT

What I am watching

Late October	The Fed's next decision. After the core beat, a further hike is in play.
Late October	Hyperscaler third-quarter results: capital spending against free cash flow.
10 and 27 Nov	China's suspensions of its October 2025 export controls, and of its gallium and germanium ban, expire.
10 Dec	ERCOT's Batch Zero eligibility report to Texas regulators, covering about 194 GW of large loads provisionally in its first study batch. New data-centre energizations are paused until it is complete.
Daily	CoreWeave's bond prices and default-swap spreads, the most direct market price on the build's financing.

Here is what I take from the fortnight. *[my view]*

The paper market for AI has not broken. The index sits near its high. What broke is the part that has to deliver: the leveraged builder, the memory-chip exporter, the landlord's credit. The bond market priced the delivery date before the stock market did.

Gold's paper settles in cash. So does crude's. The AI trade was priced the same way, as if the promise could be closed out for the difference. It cannot. Somebody has to plug it in, and the chain of what that takes is long.

Physical delivery is the only settlement AI accepts.

J.J. • Victoria, British Columbia

IX • SOURCES AND VERIFICATION

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Single-source items are marked in the text: the gold spot price, COMEX inventories, the oil volume estimate, the hyperscaler cash-flow projection and the top-ten weight. Market data run to 15 October 2026; Treasury and spread series to the 14th. "[my view]" marks the author's analysis, kept in its own sentence. Nothing here is investment advice.