

## HIGHLIGHTS OF THIS ISSUE

In this issue, we briefly update our themes. We then proceed to expand on our **Price is Right** inflation theme with a focus on '**Reflation Riddle.**'

- November is weighed down with event risk unlike any this year. Important policy meetings, elections and budget votes strain the best of forecasters. The US monetary policy decision will likely dominate and the ride this month will be bumpy; however, we think recent market trends will eventually prevail.
- In **Paying the Piper**, we note that the US mid-term elections over the near-term will likely be positive for the market and negative for fiscal finances. Similarly, in **Pigs vs. Bacon**, unnecessary, but ultimately justified electoral noise, will cost fiscally. Viewed cynically, we believe it offers a market opportunity.
- In **Passing the Buck**, the US financial sector saddled by regulatory risks will likely continue to outperform.
- In **Gem of GEMs**, Russian growth and inflation limit the upside in Russian assets, but regional infrastructure demand in Emerging Markets in **Earth, Wind & Fire** increasingly affects overall trends in global M&A activity.
- In our spotlight piece, we argue that current economic and policy undercurrents as well as perceived market dynamics will likely lead to higher US yields over the coming months.

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