DeAsset
MANAGEMENT

RESEARCH REPORT

The Tightening Returns

After the Hawkish Hold: What the 28 October Decision Repriced, and What December Now Asks — as of 1 November 2026

November 2026

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Inside this report

This issue was first drafted before the Federal Open Market Committee met on 27–28 October 2026. It is published in revised form, as of 1 November 2026, after the decision — so the pre-decision scenario map is not left as a forecast but judged against what actually happened: a hold at 3.75–4.00%, two dissents for a hike, hot inflation data the next morning, and a week of crypto fund flows that four good days could not save.

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About DeAsset Management. DeAsset Management is a decentralized asset management firm providing global investors with access to real, diverse and sustainable value across digital and tokenized markets. This report is published for informational purposes. See the disclaimer at the end of this document.

01 · EXECUTIVE SUMMARY

The hold that tightened

As of 1 November 2026 — after the FOMC decision of 28 October 2026. The Federal Reserve did not move its policy rate this week. It tightened anyway. On 28 October the FOMC kept the federal funds target range at **3.75–4.00%** by a **10–2 vote**, and both dissents — Governor Lisa D. Cook and Cleveland Fed President Beth M. Hammack — were for a **25-basis-point hike**, not a cut. A pause with both dissents pointing up is not a step toward easier money; it is the tightening, continued by other means.

Report 11 asked who earns on the float in a 5% world. Report 10 described a door opening while prices bled. This issue asks the prior question: **who sets the price of money now — the committee, or the market around it?** In decision week the answer was split. The committee held the front end; the long end rose on its own on decision day (the 10-year touched 5.05% intraday) before safe-haven buying pulled it back to 4.93% by Friday; and crypto fund flows voted with their feet — four days of Bitcoin ETF inflows, +$440.8 million, erased in a single Friday by a $643.2 million outflow.

3.75–4.00%
Federal funds target — held 28 Oct 2026, after September's 25bp hike

10–2
FOMC vote — both dissents (Cook, Hammack) preferred a 25bp hike

69.8%
Market price of a December hike — CME FedWatch, 1 Nov 2026 (a price, not a forecast)

Our view: the outcome matched the hawkish-hold scenario in the pre-decision map — hold in October, December left open, pressure upward. What the map did not promise, and this revision does not claim, is a December outcome. Futures put a December hike near 85% on decision night and near 70% by the weekend. That swing — not the hold itself — is the week's real information: the path is tightening, but it is being repriced day by day, and fund flows are repricing faster than the committee is moving.

Decision and vote: Federal Reserve, FOMC statement, 28 Oct 2026 (cross-checked across multiple reports of the statement). December pricing: CME FedWatch as of 1 Nov 2026, via GrowBeansProut's FedWatch tracker; decision-night and Friday readings from weekly market reviews citing CME FedWatch, 29–31 Oct 2026 — market prices, not DeAsset forecasts. ETF flows: Farside Investors tables, week of 26–30 Oct 2026, as reported 31 Oct–1 Nov 2026. Yields: weekly market reviews, closes of 30 Oct 2026. All figures as of 1 Nov 2026 unless stated.

02

The Hawkish Hold

Start with what the committee actually did, because the week's commentary repeatedly blurred it. **[Fact]** The target range did not change: 3.75–4.00%, where September's unanimous 25-basis-point hike had put it. The implementation settings did not change either — interest on reserve balances stayed at 3.90%, the overnight reverse repo rate at 3.75%, the primary credit rate at 4.00%, all effective 29 October. What changed was the **composition of the disagreement**.

In September the hike was 12–0. In October the hold was 10–2, and the two votes against — Cook and Hammack — were cast because both preferred to raise the range by a further quarter point at this meeting. **[Fact]** The statement described economic activity as strong and inflation as elevated, and offered no commitment about December. Chair Kevin Warsh, at his fourth meeting as chair, gave no steer on the next decision and framed the pause as a wait for information in an information-rich period.

T1 · The 2026 tightening path, as decided so far

Meeting	Decision	Vote	Dissents
16 Sep 2026	**Hike +25bp** to 3.75–4.00%	12–0	None
28 Oct 2026	**Hold** at 3.75–4.00%	10–2	Cook, Hammack — both for a hike
8–9 Dec 2026	Not yet decided (SEP due)	—	Market price of a hike: 69.8% (1 Nov)

Federal Reserve FOMC statements, 16 Sep and 28 Oct 2026; Fed meeting calendar (December meeting with Summary of Economic Projections). December pricing: CME FedWatch, 1 Nov 2026 — a market price, not a forecast.

[Opinion] A hold flanked by two hike dissents carries a different message from a hold flanked by cut dissents, and markets heard it correctly on the day: this was a hawkish hold. The committee's own September projections had already pointed to a 4.00–4.25% range by the end of 2026 — one more hike than has so far been delivered. The October vote did not close that gap; it deferred it to December, in public, with two members on record saying the deferral itself was a mistake.

One structural note, reported this week and worth flagging without embellishment: the Fed also signalled a plan to reduce the number of rate-setting meetings in coming years, from eight a year toward six by 2028. Fewer meetings would mean fewer, larger repricing events — each decision carrying more weight, and each gap between decisions leaving more room for the long end to move on its own. Decision week showed exactly that dynamic in miniature.

September projections: FOMC Summary of Economic Projections, Sep 2026 (end-2026 median 4.00–4.25%), as reported 28–29 Oct 2026. Meeting-frequency plan: reported remarks of Chair Warsh, 28 Oct 2026 — as announced, detail not yet published by the Fed at the time of

03

The Scorecard: The Pre-Decision Map, Judged

The original draft of this report, prepared as of 25 October, refused to forecast the decision and instead published three scenarios, each with a condition that would discard it. Publishing the revision after the decision creates an obligation most pre-event research avoids: **score the map**.

T2 · Pre-decision scenarios (25 Oct) vs the outcome (28 Oct)

Scenario	What it required	Verdict
① December hike path strengthens	An October hike, or guidance all but promising December	**Not met.** No hike; no commitment on December
② Hold + hawkish guidance	Hold in October, tightening pressure explicit, December open	**Met.** Hold 10–2, both dissents for a hike, no dovish steer
③ Dovish message	Hold with language opening the door to cuts	**Discarded.** No cut dissent; inflation called elevated

Scenarios: DeAsset pre-decision framework, 25 Oct 2026 (internal draft basis for this issue). Outcome: Federal Reserve, FOMC statement, 28 Oct 2026.

Scenario ② is the match, and it is worth being precise about *why* it is not scenario ①. The difference between "the hiking path strengthened" and "a hawkish hold" is the difference between a committee that has decided and a committee that is arguing. Two dissents are evidence of the argument, not of the decision. Futures markets initially blurred that distinction — the December hike price jumped to roughly 84–85% on decision night — and then corrected it within two sessions, to roughly 70–71% by Friday's close and 69.8% on 1 November. **[Opinion]** The correction is the more informative move: the market's first read was the headline vote; its second read was the absence of any commitment behind it.

"A pause with both dissents pointing up is the tightening, continued by other means — but it is not yet the next hike."

What would change the reading from here is data, not rhetoric — which is why the releases of the following morning matter more than the press conference did. They are the subject of the next section.

December pricing path: CME FedWatch readings as reported 28 Oct (~84–85% post-decision), 30 Oct (~70.7% at Friday close) and 1 Nov 2026 (69.8%). Ranges reflect differing snapshots within those days; all are market prices, not forecasts.

04

The Morning After: PCE and GDP

The pre-decision draft listed the September PCE release and the third-quarter GDP print as items to check *after* the decision, not as material for the decision itself. Both arrived together on 29 October, the morning after the vote — and both pointed the same way the dissenters had pointed.

[Fact] Headline PCE inflation rose **3.6% year on year** in September, up from 3.4% in August, with a 0.5% monthly increase led by energy. Core PCE — the measure the Fed watches most closely — rose **3.1% year on year**, up from 3.0%, with a 0.3% monthly gain. September was, by one widely used count, the 67th consecutive month of inflation above the Fed's 2% target. In the same release window, the advance estimate put third-quarter real GDP growth at **3.4% annualised**, above the roughly 3.2% consensus and up from 2.2% in the second quarter, with consumer spending up 0.5% in September.

3.6%
Headline PCE, YoY, Sep 2026 (Aug: 3.4%)

3.1%
Core PCE, YoY, Sep 2026 (Aug: 3.0%) — target: 2%

3.4%
Q3 real GDP, advance estimate, annualised (Q2: 2.2%)

[Opinion] Strong growth plus re-accelerating inflation is the combination that removes the committee's easiest argument for patience — that the economy needs support. It does not compel a December hike; the committee will see October data, including the employment report due 6 November, before it meets. But it validates the direction of the two dissents, and it is consistent with what followed in public: within days, Dallas Fed President Lorie Logan called for at least two more quarter-point hikes, and St. Louis Fed President Alberto Musalem argued further firming would be needed soon. Skipping October, in Logan's phrase, does not change the destination.

One nuance the headline figures conceal: on a quarterly-average basis, the PCE price index in Q3 rose at a 2.1% annual rate (core 2.5%), much slower than Q2. The year-on-year and quarterly readings are not in conflict — they measure different windows — but anyone quoting only one of them is choosing a story. **[Fact]** Both are in the same BEA release; this report prints both.

U.S. Bureau of Economic Analysis: Personal Income and Outlays, Sep 2026, and GDP (Advance Estimate), Q3 2026 — both released 29 Oct 2026. Post-decision official remarks: Logan and Musalem speeches, reported 31 Oct–1 Nov 2026. Employment report for October due 6 Nov 2026 (consensus at the time of writing: +55k).

05

The Long End Did the Tightening

If the committee held and the data argued for more, the bond market split the difference — twice. On decision day, the curve bear-steepened: the 2-year yield eased from 4.70% to 4.67% while the 10-year rose from 4.99% to **5.05%** and the 30-year from 5.30% to 5.37%. **[Fact]** For one session, financial conditions tightened with no help from the policy rate at all — the long end doing the committee's work, and taking its own fee in volatility.

Then the week turned. A steep sell-off in artificial-intelligence and technology shares, widening corporate credit spreads, and the Binance incident that shook crypto markets late in the week drove safe-haven flows into Treasuries. By Friday's close the 10-year had fallen back to **4.93%** (−7bp on the week, its second straight week below 5.00%), the 2-year to **4.59–4.60%** (−9 to −10bp), and the 30-year was little changed near 5.31%. The dollar index ended the week flat at **101.96**.

US Treasury yields and the dollar — week ending 30 Oct 2026 (close)



Weekly closes, 30 Oct 2026: 10Y 4.93% (−7bp WoW), 2Y 4.59% (−10bp), 30Y 5.31–5.32% (flat), DXY 101.96 (flat) — weekly market reviews citing Treasury market data, 31 Oct 2026. Decision-day intraday moves: market reporting of 28 Oct 2026. Bar widths are proportional to yield level and are illustrative of the curve's shape, not of returns.

[Opinion] Read the two moves together and the week's lesson is about *where* tightening now lives. The policy rate is a committee decision, published eight — soon perhaps six — times a year. The long end is a continuous vote, and this week it voted hawkish on Wednesday and risk-averse on Friday, for reasons that had little to do with the Fed. For digital assets, whose marginal buyer is funded in dollars and hedged in Treasuries, that continuous vote matters more than the calendar one — a point the fund-flow data makes concretely in the next section.

SOFR printed 3.95% on 27 October, above the 3.90% paid on reserve balances, as the Treasury's cash balance rose and reserves dipped — a small, technical reminder that even inside the target range, money markets are tighter than the headline range suggests. We flag it as a watch item, not a conclusion: one print is not a funding stress event.

SOFR: Federal Reserve Bank of New York via FRED, 27 Oct 2026, as reported 29 Oct 2026. Tech/AI sell-off and credit-spread widening: weekly market reviews, 30–31 Oct 2026.

06

Fund Flows: Four Days In, One Day Out

Crypto's own vote in decision week was the clearest of all — and the least comfortable. US spot Bitcoin ETFs took in money for four consecutive sessions, then gave back more than all of it on Friday.

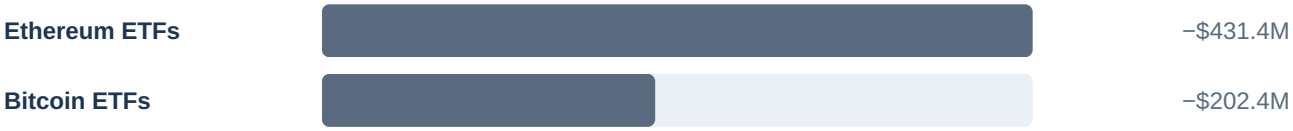
T3 · US spot ETF net flows, 26–30 Oct 2026 (US$ millions)

Session	Bitcoin ETFs	Ethereum ETFs
Mon 26 Oct	+110.3	−88.6
Tue 27 Oct	+176.0	−60.2
Wed 28 Oct (decision)	+137.3	−21.4
Thu 29 Oct	+17.2	−105.5
Fri 30 Oct	**−643.2**	**−155.7**
Week total	**−202.4**	**−431.4**

Farside Investors daily tables, 26–30 Oct 2026, as reported 31 Oct–1 Nov 2026. Weekly totals are DeAsset sums of the five daily figures above — one source, summed, not mixed.

Friday's Bitcoin outflow — $643.2 million, led by IBIT (−$233.7M), FBTC (−$201.0M) and ARKB (−$129.5M) — was the largest single-day exit since June, and it turned both the week and the month negative: Bitcoin ETFs ended October about $515.9 million in net outflow, Ethereum ETFs about $1.61 billion. Ethereum printed five consecutive negative sessions, doubling the prior week's $220.7 million outflow.

Weekly net flows, 26–30 Oct 2026 (US$ millions, outflow = bar)



Farside Investors, as above. Prior week (19–23 Oct): Ethereum outflows $220.7M.

[Opinion — with the limit stated] The flow tables record creations and redemptions, not motives. What can be said on the evidence is timing: inflows slowed the day after the decision (+$17.2M Thursday, from +$137.3M), PCE and GDP landed hot that morning, and the week's largest exit followed within one session, amplified by the Binance incident and the tech sell-off. That is consistent with macro-sensitive positioning, not proof of it. What is not interpretation: crypto's marginal institutional flow now behaves like a rates trade — it arrives when the path looks contained, and leaves in size when it reopens upward.

07

The Global Echo and the December Question

Washington was not alone in holding, and not alone in holding hawkishly. On 30 October the Bank of Japan kept its policy rate at **1.25%** by an **8–1 vote** — the dissent, from Hajime Takata, for a hike to 1.50% — judged underlying inflation broadly consistent with its 2% target for the first time since that target was adopted in 2013, raised its fiscal-2027 core inflation forecast from 2.4% to 2.6%, and voted unanimously to more than double annual ETF sales, to ¥860 billion at book value from January 2027. The ECB and the Reserve Bank of New Zealand also held in the same week. **[Fact]** The pattern across the week's central banks is uniform: rates unchanged, direction unchanged — up.

That synchronisation is the environment in which the December question now sits. The pieces, without a verdict:

- **The committee's own map:** September projections implied one more hike by year-end (4.00–4.25%). October delivered none of it — yet.
- **The market's price:** a December hike at 69.8% (CME FedWatch, 1 Nov), down from ~84–85% on decision night — a majority price, weakening, not a certainty.
- **The data due before 8 December:** the October employment report (6 Nov), the next PCE release (25 Nov), and the FOMC minutes (18 Nov).
- **The voices since:** at least two more hikes (Logan), further firming needed soon (Musalem) — public argument, on the record, within days of the hold.

[Opinion] The honest summary of the December question is that it is genuinely open, and that this openness — not the level of the rate — is what repriced everything else this week. A committee that had clearly finished would have let the long end fall and the flows stabilise. A committee that had clearly committed to December would have done the same, in the other direction. A committee arguing in public, against 3.6% inflation and 3.4% growth, gives every other market a reason to keep repricing — and they did.

> **NEXT IN THIS SERIES**
>
> Report 13 will take up the question this issue sets aside: tokenized stocks and the rights gap — what an on-chain share actually transfers to its holder, and what it does not. A topic note, not a publication commitment.

Bank of Japan: Statement on Monetary Policy and Outlook Report, 30 Oct 2026 (rate 1.25%, vote 8–1, FY2027 core CPI forecast 2.6%, ETF sales ¥860B/yr from Jan 2027) — as reported 30 Oct–1 Nov 2026. ECB and RBNZ holds: weekly central-bank reporting, 30 Oct 2026. December calendar: Federal Reserve and BEA release schedules.

08 · KEY RISKS

What could break this thesis

- **December could simply not happen.** The market price of a hike fell ~15 points in two sessions after the decision. One soft employment or PCE print could unwind it entirely — and with it, this report's "tightening continues" framing. The thesis is a read of direction and pressure, not a dated prediction, and it should be discarded if the data turn.
- **The long end can tighten too far.** The 10-year touched 5.05% on decision day and the 30-year 5.37%. Sustained yields at or above those levels tighten conditions faster than the committee intends, raising the risk of a disorderly risk-asset repricing of the kind Friday's ETF outflows only sampled.
- **Flow fragility is now structural.** A single session erased four days of Bitcoin inflows, and Ethereum funds have not printed an inflow week under this rate path. If ETF flows have become a pure rates trade, crypto drawdowns will increasingly be scheduled by the FOMC calendar rather than by anything in crypto itself.
- **Event risk compounds macro risk.** The week's largest outflow day coincided with the Binance incident and a technology sell-off. Macro tightening raises the cost of absorbing idiosyncratic shocks; the same incident in an easing cycle would likely have cost less.
- **Synchronised tightening is a global condition.** The BOJ is raising toward 2% on its own timetable while selling ETFs faster; the Fed is debating one more hike. A policy error in either capital now propagates through the same dollar funding markets crypto depends on.
- **Data and source limits.** ETF figures are Farside's tables as reported by multiple outlets, summed by DeAsset where a weekly total is printed; CME probabilities are snapshots that move intraday, and the readings cited here come from dated secondary snapshots of the FedWatch tool, not a live terminal. Yields are weekly closes from market reviews. Directions are firm; intraday decimals should be treated as approximate.

Risk framing: DeAsset opinion. Figures as cited in preceding sections.

09 · CONCLUSION

The rate did not move. Everything else did.

The October meeting will be filed as a non-event in the rate tables: 3.75–4.00%, unchanged. That filing is wrong in every way that matters to an allocator. The vote split 10–2 toward *more* tightening. The data the next morning — 3.6% inflation, 3.1% core, 3.4% growth — argued the dissenters' case for them. The long end pushed to 5.05% on its own before safe-haven flows pulled it back. And crypto's institutional bid, four days in the making, left in one.

DeAsset's position: the tightening has returned, but it has changed address — from the policy rate, set on a calendar, to the long end, the futures curve and the flow tables, which reprice continuously. The December meeting (8–9 December, with fresh projections) is the next calendar test, currently priced at 69.8% for a hike — a market price this report records and does not endorse as a forecast. Between now and then, the prints that matter are the ones this week proved can move the price: employment on 6 November, PCE on 25 November, and the daily ETF tables that now vote on the rate path before the committee does.

Report 10's door is still open; Report 11's float still earns its ~5% for someone else. What Report 12 adds is the term structure of the moment: the ceiling over digital assets is no longer a number the Fed announces. It is a number the market re-derives, every session, from a committee that has stopped agreeing with itself in only one direction — up.

All figures as cited in preceding sections. Opinion paragraphs are DeAsset's own; facts carry their sources above. As of 1 November 2026.

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