THE LONG LOOK

POSITIONING SIX MONTHS TO TWO YEARS OUT

WEEKLY POSITIONING MEMO

WEEK OF 18 OCTOBER 2026

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DATA AS OF CLOSE, FRI 16 OCT 2026

The commodity trade *split in two*

The Fed hiked on 16 September, exactly as the 8 September edition argued it would. Everything that followed came from that one decision: real yields up, gold and silver down hard, the miners down harder. Meanwhile oil went the other way and broke $100. The single trade I warned about six weeks ago has pulled apart into two halves that now move *against* each other — and the half that broke is where this week's list is concentrated.

S&P 500	S&P/TSX	WTI CRUDE	BRENT	GOLD
7,659	**36,177**	**$101.41**	**$109.86**	**$4,166**
+14.9% y/y	+20.2% y/y	+77.5% y/y	+79.3% y/y	−2.0% y/y
SILVER	**COPPER**	**URANIUM**	**FED FUNDS**	**USD/CAD**
$56.99	**$6.53**	**$90.10**	**4.00%**	**1.4141**
+9.7% y/y	+31.8% y/y	+15.5% y/y	hiked 16 Sep	+2.6% vs 8 Sep

Copper and uranium in USD/lb; changes year-on-year. The correction is recent and the annual figures hide it: gold is down 4.2% and silver 13.3% since 8 September, with silver down 12.6% in the past month alone. Fed funds at the upper bound of the 3.75–4.00% target range. Bank of Canada unchanged at 2.25%. US CPI 3.7% (Sep), Canada CPI 3.0% (Aug).

WHAT CHANGED SINCE 8 SEPTEMBER

The call was right and the list still lost money

The 8 September edition said the Fed was debating a hike rather than a cut, and that energy-led inflation was the reason. On **16 September the FOMC raised 25bp to 3.75–4.00%, unanimously** — its first increase since 2023. September CPI then came in at 3.7% headline, 0.6% month-on-month, with PPI up 1.3% on the month. The macro read was correct.

The portfolio construction was not. The ten names from 8 September are down **5.6% equal-weighted** since 8 September while the S&P 500 was flat and the TSX was flat. The bench — which I explicitly ranked *below* the ten — lost 4.2%, so it beat the list, though by a point and a half rather than by anything to be pleased about. Both lost to doing nothing. The error is specific and worth naming: I put gold and copper miners in the top half and the refiners on the bench. Valero is up 16.2% and Suncor 14.9% since then; Kinross is down 20.8% and Hudbay 18.6%. Three energy names carried the bench while Cameco at −20.1% and MP Materials at −27.5% dragged it.

THE 8 SEP TEN	THE 8 SEP BENCH	S&P 500	BEST / WORST
−5.6%	**−4.2%**	**−0.2%**	**LNG / MP**
Equal-weighted, 8 Sep close to 16 Oct close	All ten priced; 1.4 points ahead of the list	7,673 → 7,659 over the same window	+4.9% against −27.5%, across both lists

Two theses from 8 September have changed materially and I am saying so before I say anything else. **Kinross broke.** I wrote that its margin expansion was "arithmetic rather than hope." On 23 September Kinross cut 2026 and 2027 production guidance to 2–3% below the prior low end on severe winter weather at La Coipa and lower grades and recoveries at Round Mountain Phase S, and lifted 2026 all-in sustaining costs to roughly $1,850–1,900/oz. Costs moved, which is the one thing the thesis assumed would not. It leaves the ten. **The congressional trading ban died.** On 30 September the Senate failed cloture 53–47, short of the sixty needed, with the voter-ID rider the stated obstacle. Input (d) in the method below is now a legacy disclosure regime with a 45-day lag and no reform coming.

What did not change: Canadian crude is still carved out of the tariff package, energy products are explicitly excluded from the Section 338 duties, and Cheniere's contracted model kept doing the work. Those parts of the 8 September call held.

THE SETUP

One decision in September split the trade into two halves that now hedge each other

The chain runs in a straight line, but it needs a longer frame than six weeks, and the 8 September edition did not give it one. Gold's record was roughly $5,590 in late January and it had already surrendered most of a quarter of that by midsummer. September did not begin this de-rating; it extended and confirmed it. What the Fed added was the mechanism: energy inflation forced its hand on 16 September, the hike lifted real yields, and the ten-year has sat between 5.1% and 5.3% since. Higher real yields are the one thing gold reliably cannot absorb. Gold fell more than 6% across September to a seven-week low near $4,150, sits at $4,166 today and is roughly 26% below the January peak; silver is down 12.6% in a month. The mining equities fell further than the metals because they are levered to the margin, not the price.

Oil did the opposite, for reasons that have nothing to do with the Fed. Hormuz is now in its **eighth month of effective closure** — day 231 as of this weekend. Iran named the US-assisted ship-to-ship shuttle out of the Gulf as an explicit target on 12 October; UKMTO logged fifteen attacks between 6 and 14 October alone, and Windward reports that 87% of the 45 attacks attributed to Iran in the third quarter were on tankers. WTI settled at $101.41 and Brent touched $110.

So the two legs of the 8 September trade are now driven by the same variable with opposite signs: energy prices rise, the Fed tightens, precious metals fall. That is an accidental hedge, and it is a better portfolio than I had six weeks ago. It is also why this list does not try to lean harder into oil.

FORCE 01 · MONETARY

A hiking Fed, a stuck Bank of Canada, and a 175bp gap

Fed at 3.75–4.00% after a unanimous September hike; October odds moved from roughly 20% to the 35–40% range after the 14 October CPI print, with December the consensus base case at 75–85%. The BoC sits at 2.25% with falling employment, and meets on 28 October with a Monetary Policy Report — the same day as the FOMC. The widened policy gap is the proximate reason USD/CAD went from 1.378 to 1.414.

FORCE 02 · LOGISTICS

The reserve response is mostly recycled barrels, and oil went up anyway

On 2 October the G7 agreed to release the unreleased remainder — about 100m barrels — of the roughly 400m-barrel IEA action already pledged in March, scheduled at around 830 kb/d over four months. Members accelerated the diesel portion on 7 and 15 October, and on 16 October the DOE offered 17m barrels from the SPR as an exchange, drawn from the same commitment. WTI still broke $100. Very little of it is new supply, and the market has priced it that way.

FORCE 03 · LEGISLATION

Record defence awards against an unfunded appropriation

$20.7B of AMRAAM to Raytheon from the Pentagon (25 Sep); down the supply chain, $14.7B of PAC-3 seekers from Lockheed to Boeing (5 Oct) and GMLRS motors at record volume. Yet FY2027 defence appropriations never reached the House floor, government runs on a CR to 11 December, and the House is in recess until after the 3 November midterms. Reuters called the AMRAAM award provisional for exactly that reason.

FORCE 04 · TRADE

Escalation, not negotiation — with energy still exempt

Outright US import *bans* on specified Canadian dairy, packaged alcohol and large motorcycles took effect 29 September. Canada's surtaxes on C$27.6B of US goods landed 8 September, with steel and aluminium doubled to 50%. No formal talks since August. The next USMCA joint review is 1 July 2027. Energy products remain explicitly excluded from the Section 338 duties.

HOW THIS LIST IS BUILT

The method, unchanged

1 · Universe. Every company listed on the major US and Canadian exchanges. No sector is off limits.

2 · Screens applied first. Minimum US$1B market capitalisation; public at least three years, so no IPOs; at least five covering analysts; and a promotion screen that removes any name whose recent move traces to marketing rather than an earnings or contract event.

3 · Five inputs. Monetary policy and rates; commodities and geopolitics; new and pending legislation in Canada and the US; disclosed political trading flow; and published sell-side consensus, ratings and target changes.

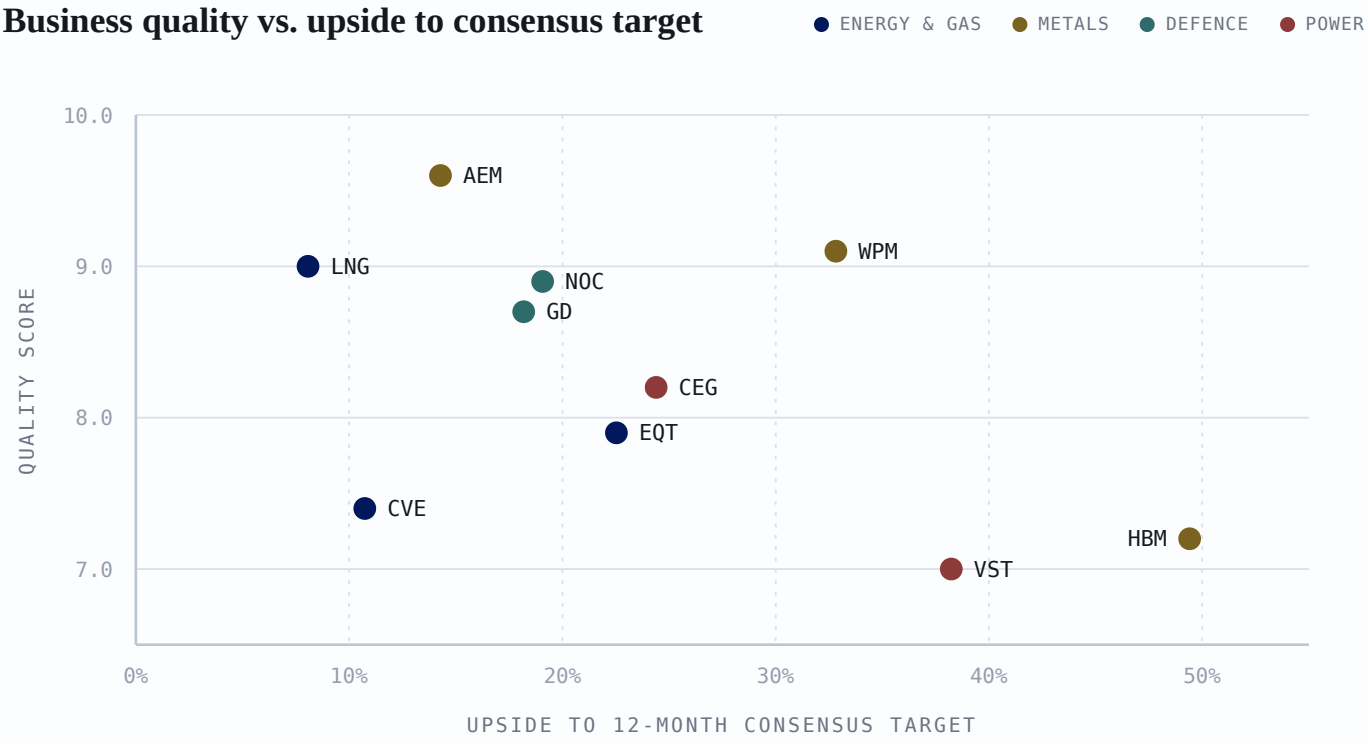
4 · Two scores per name. Business solidity, a 1–10 in-house score on balance sheet, asset or reserve life, jurisdiction, free cash conversion and management record. And potential return, the upside to published 12-month analyst consensus.

5 · Ranked solidity first, return second, over a six-to-twenty-four-month horizon. Every name gets a thesis and an explicit line on what would break it.

The ordering this week is a strict solidity sort, which is what the method says and which I applied more loosely on 8 September. Read it this way: the top of the list is where you put money you cannot afford to be wrong about. The bottom is where the return is.

RANKING FRAMEWORK

Solidity against return, plotted



Quality is my own 1–10 score on balance sheet, reserve or asset life, jurisdiction, free cash conversion and management record. Upside is to the published 12-month consensus target at the 16 October close. Names toward the upper right offer the better trade-off; names on the left are held for durability, not headline return.

The horizontal axis has reversed its bias since 8 September

Six weeks ago I warned that sell-side targets lagged a rising commodity tape, so published upside understated the case. That is still true in energy — Valero, Marathon, Suncor and Canadian Natural all now trade *above* consensus, which is a statement about analyst decks rather than about value. But in defence the bias has flipped: targets are being cut faster than prices are falling. TD Cowen took L3Harris from $370 to $280 on 9 October; RBC cut General Dynamics from $410 to $360; Goldman has Lockheed at $486, **below** where the stock trades. Where energy upside is a floor on optimism, defence upside is a melting number. Both axes deserve less trust than usual, in opposite directions.

THE TEN

Ranked by solidity first, return second

Every name is profitable, established and index-liquid. No IPOs, no shells, no story stocks. Three names are new this week and are marked as such; where a prior entry has been demoted or removed, the bench and the notes above say why.

01 Agnico Eagle Mines NYSE: AEM · TSX: AEM

GOLD | CANADA | 12–24 MONTHS

PRICE	$189.53
MKT CAP	$95.97B
FWD P/E	16.55
YIELD	0.95%
CONSENSUS	Buy · 22
TARGET	$216.54 · +14.3%
QUALITY	9.6

The 8 September edition ranked Agnico sixth and said to own it for durability rather than a re-rating, because the upside to consensus was only 6%. The correction has fixed that complaint. The stock is down 6.1% while gold fell and Kinross fell 21%, and the gap to consensus has widened from 6% to 14.3%. You are now paid something to hold the best balance sheet in the sector.

Nothing about the business changed in the interval — no guidance cut, no operational release, one small Alaskan asset disposal to Vizsla Copper on 8 September. Assets remain in Canada, Finland and Australia: no expropriation risk, no permitting theatre, no sulphuric-acid or weather story of the kind that took Kinross out of this list. At 16.6× forward for that consistency, in a sector where the cheap names keep producing cost surprises, the premium is the point.

WATCH If the Fed hikes again in December, real yields go higher and gold equities go lower regardless of asset quality. Agnico falls less than the sector — it does not fall zero. Q3 lands 28 October.

02 Wheaton Precious Metals NYSE: WPM · TSX: WPM NEW

PRECIOUS STREAMING | CANADA | 12–24 MONTHS

PRICE	$134.18
MKT CAP	$60.91B
FWD P/E	24.12
OFF 52W HIGH	−19%
CONSENSUS	Str. Buy · 16
TARGET	$178.21 · +32.8%
QUALITY	9.1

On the bench on 8 September at 29.7× forward with the note that it was "priced for it." It has since fallen 13.5% to 24.1× while the upside to consensus went from 13% to 32.8%, and it is the only Strong Buy in the precious complex at sixteen analysts. The price moved; the business did not.

The structural argument is the one the last six weeks have been making for me. Streaming buys metal at a fixed contractual cost, so it carries none of the exposure that just broke Kinross: no diesel, no labour inflation, no sulphuric acid, no grade reconciliation, no sustaining capex, and no single mine whose winter weather can reset guidance. In a correction driven by rates rather than demand, the right vehicle is the one whose margin is contractual. Wheaton converts a higher share of revenue to free cash flow than any operating miner on this board, and does it across a diversified counterparty book rather than a concentrated asset base.

WATCH The stream is still a leveraged claim on the metal price. If gold and silver keep de-rating on real yields, Wheaton falls with them — it just does not add a cost problem on top. The 24× multiple also means it has further to compress than a 13× miner does.

03 Cheniere Energy NYSE: LNG

LNG EXPORT | UNITED STATES | 12–24 MONTHS

PRICE	$289.43
MKT CAP	$59.78B
FWD P/E	15.93
YIELD	0.77%
CONSENSUS	Str. Buy · 22
TARGET	$313.00 · +8.1%
QUALITY	9.0

The one 8 September thesis that worked on both the price and the news: up 4.9%, the best performer across either of the 8 September lists, with a 22-year, 0.8 mtpa sale-and-purchase agreement signed with Petrobras on 29 September. One correction worth making, since several aggregators have it wrong: the raise to $7.90–8.40B of 2026 adjusted EBITDA came with Q2 results on **6 August**, not in October. It is not an October item, and guidance has not moved since 8 September. Twenty-two years is the relevant number. That is a contract written by a counterparty who has looked at the Hormuz tanker data and decided that US Gulf Coast molecules on a fixed liquefaction fee are worth paying for.

This is the purest expression of the freight insight above. When 15% of the world VLCC fleet is sitting idle off Oman and war-risk cover has repriced by some multiple of itself, the scarce asset is not the hydrocarbon — it is delivery. Cheniere sells delivery from a jurisdiction nobody is attacking. The honest caveat is that the market knows: at $289 the stock is within 4% of its 52-week high and consensus offers only 8.1%, the thinnest on this list.

WATCH Rate sensitivity. This is a capital-intensive, levered infrastructure business and the Fed is tightening, not easing. A December hike raises the refinancing arithmetic on every tranche it rolls. Q3 on 29 October.

04 Northrop Grumman NYSE: NOC NEW

DEFENCE | UNITED STATES | 12–24 MONTHS

PRICE	$519.86
MKT CAP	$73.85B
FWD P/E	17.80
BETA (5Y)	−0.11
CONSENSUS	Buy · 26
TARGET	$619.08 · +19.1%
QUALITY	8.9

The sector is down 19% from its early-August high and the SPDR aerospace and defence ETF has just run its longest losing streak since launching in 2011. Bernstein's framing is the useful one: the group went from a 15% premium to the S&P in February to a 12% discount now. Northrop is down 14.6% over twelve months and sits 33% below its 52-week high at $519.86, against a $619 consensus from twenty-six analysts.

The de-rating is an appropriations problem, not an order problem. The Pentagon awarded $20.7B of AMRAAM in the last month, and prime-to-supplier flow followed it — $14.7B of PAC-3 seekers from Lockheed to Boeing, GMLRS motors at record volume — while FY2027 defence appropriations never reached the House floor and the government runs on a continuing resolution to 11 December. That is a timing mismatch with a known resolution date. Northrop is the cleanest way to own it: B-21 and Sentinel are generational programmes, it holds a share of the Patriot and THAAD component frameworks, and the stock's five-year beta is *negative* — it is the only genuine index diversifier on this list.

WATCH If 11 December produces a second continuing resolution rather than an appropriation, the discount persists into 2027. And if the 3 November midterms flip the House, the market will price closer scrutiny of the topline before any analyst changes a number.

05 General Dynamics NYSE: GD

DEFENCE | UNITED STATES | 12–24 MONTHS

PRICE	$344.23
MKT CAP	$92.99B
FWD P/E	19.64
YIELD	1.85%
CONSENSUS	Buy · 24
TARGET	$406.78 · +18.2%
QUALITY	8.8

Held from 8 September, down 3.5%, and demoted one place for a specific reason: Gulfstream. RBC cut Q3 deliveries to 38 from 41 and the full year to 160 from 162 on 15 October, moving to Sector Perform at $360; TD Cowen went to $380 and Citi to $374. The private-aviation leg that I described six weeks ago as "a genuine private-cycle earner on top of the government base" is the part that is softening, and the published $406.78 consensus has not finished absorbing it.

The government base is unaffected and is why the name stays. $76.6B of Navy submarine backlog, three further Virginia-class awards in September, a $194M SLCM-N fire-control modification, and a separate Canadian angle worth noting for a Canadian holder: Ottawa's roughly C$2B, 190-vehicle order sits with GD Land Systems, and the Carney government tabled legislation on 6 October to convert the Defence Investment Agency into a Crown corporation while the Parliamentary Budget Officer puts the NATO commitment at C$163.6B of cash by 2035.

WATCH Treat the 18.2% upside as overstated by perhaps a third until the Gulfstream cuts are fully reflected. Q3 on 30 October is the number that settles it.

06 Constellation Energy NASDAQ: CEG NEW

POWER & NUCLEAR | UNITED STATES | 12–24 MONTHS

PRICE	$271.37
MKT CAP	$96.15B
FWD P/E	21.95
1-YR CHANGE	−32.8%
CONSENSUS	Buy · 24
TARGET	$337.57 · +24.4%
QUALITY	8.2

Promoted from the bench, where the 8 September edition said Vistra was the cheaper way in. That was right on valuation and wrong on news flow. On 6 October Constellation signed what is comfortably the largest single development on this list: a Google agreement bringing **890MW of new nuclear capacity** to the PJM grid through uprates at eleven reactors across six sites, under a 20-year power purchase agreement, plus a separate fifteen-year supply agreement covering 2,700MW of existing generation. Constellation is committing over $4.3B of new investment against it. A 20-year Amazon power purchase agreement at Calvert Cliffs had been announced the week before, on 30 September.

Meanwhile the stock is down 32.8% over twelve months and 34% below its high. That combination — the largest nuclear fleet in the United States signing two-decade contracts with the two best credits in computing, while the equity trades as though the AI capex cycle is ending — is the clearest sentiment-versus-contract gap on the board. An uprate is also the lowest-risk megawatt in power: no new site, no new licence, no construction schedule to slip.

WATCH At 21.95× forward this is the most expensive name in the ten, and the first uprate is not expected until 2028 — at the far edge of the window. If the data-centre build genuinely decelerates, a 20-year PPA protects the volume but not the multiple.

07 EQT Corporation NYSE: EQT

NATURAL GAS | UNITED STATES | 12–24 MONTHS

PRICE	$54.30
MKT CAP	$33.97B
P/E · FWD	12.59 · 18.01
52W RANGE	$47.94–68.24
CONSENSUS	Buy · 27
TARGET	$66.52 · +22.5%
QUALITY	7.9

Held, down 1.5%, and still the laggard trade: while WTI ran another 7.6% and Brent touched $110, the largest natural gas producer in the United States went nowhere and sits at $54.30 against a $68.24 high. Twenty-seven analysts, the widest coverage on this list, average $66.52. LNG Canada reached final investment decision on Phase 2 on 29 September and US export capacity keeps arriving through 2027; the demand curve has not changed.

One thing has, and it deserves more prominence than a footnote. **EQT's forward P/E of 18.0 is now above its trailing 12.6** — the only name in the ten where consensus implies earnings go *down* rather than up. Hedge roll-off is the likely explanation, and the company's own preliminary disclosure on 13 October showed a $100M derivative gain for the quarter with $70M of net cash settlements. Mizuho trimmed its target from $72 to $68 on 15 October while keeping Outperform. I am keeping the position, at a lower quality score than 8 September implied, because the asset base is genuinely best-in-class and the integrated midstream from the Equitrans deal is a real structural advantage. But the earnings bridge is now something to verify rather than assume.

WATCH Gas is weather-levered and has a persistent tendency to disappoint. A mild winter breaks the near-term case whatever the structural story. Q3 on 27 October, and that forward multiple is the first thing to interrogate.

08 Cenovus Energy NYSE: CVE · TSX: CVE

INTEGRATED OIL | CANADA | 6–18 MONTHS

PRICE	$32.94
MKT CAP	$60.85B
FWD P/E	9.68
YIELD	1.84%
CONSENSUS	Buy · 16
TARGET	$36.48 · +10.7%
QUALITY	7.4

Last issue's number one, demoted seven places. The reason is not the oil price — it is that the oil price went up 7.6% and the stock went *down* 0.3%, which is the market telling you something I should have heard sooner. Two things explain it. On 5 October Cenovus agreed to buy Athabasca Oil for C$12.00 a share, a C$5.7B enterprise value, its second oil sands acquisition in under a year; shares fell 3.6% on the day and net debt goes from roughly C$3B to about C$5B against a stated C$4B target. And the Western Canadian Select differential has reportedly widened to 2023 levels on soaring global freight, which would take the netback out of exactly the barrels that were supposed to benefit.

I am keeping it, at a quality score cut from 8 to 7.4, because the asset and the structural carve-out are intact: Canadian crude is still explicitly excluded from the Section 338 tariffs, the refining leg captures margins that remain historically wide, and Athabasca adds 45 MBOE/d of thermal production adjacent to Christina Lake with roughly C$85M of annual synergies. At 9.7× forward it is the cheapest multiple in the ten. But a balance sheet above its own target going into a tightening cycle is a downgrade, and I would rather say so than quietly leave it at number one.

WATCH The WCS differential, which I have flagged from a single source I could not fully verify — confirm it before adding. And a Hormuz de-escalation hits the crude price and the crack spread together; this remains double-levered in both directions.

09 Hudbay Minerals NYSE: HBM · TSX: HBM

COPPER & GOLD | CANADA | 12–24 MONTHS

PRICE	$23.62
MKT CAP	$10.47B
FWD P/E	13.21
OFF 52W HIGH	−27%
CONSENSUS	Str. Buy · 23
TARGET	$35.28 · +49.4%
QUALITY	7.2

The largest gap on the board at 49.4% to a $35.28 consensus from twenty-three analysts at Strong Buy, and the only name here where I can point to the equity falling 18.6% while the underlying facts improved. Copper is down just 2.4% since 8 September and still up 31.8% on the year. On 28 September Hudbay raised the Snow Lake life-of-mine gold forecast roughly 60% to 2.8Moz and extended reserve life two years to 2043, with 2026–2030 output up 37%; Goldman lifted its target to C$41 from C$37 the following day.

So the drawdown is sector beta, not company news. That is the setup worth owning: a mid-cap with a real balance sheet, Canadian and Peruvian copper plus a materially larger gold stream than the market was carrying, caught in a precious-metals de-rating that has nothing to do with its own reserves. It also quietly hedges the list's internal split — copper is an industrial and grid story driven by supply constraints, not a rates story.

WATCH Nominal 0.09% yield, Peruvian jurisdiction exposure, and a stock that was still up 42% over twelve months before this drawdown — this is not an undiscovered name. A Chinese demand disappointment is the fastest route to copper giving back a dollar. Q3 is late, on 12 November.

10 Vistra NYSE: VST

POWER | UNITED STATES | 12–24 MONTHS

PRICE	$152.02
MKT CAP	$51.02B
FWD P/E	14.99
1-YR CHANGE	−27.9%
CONSENSUS	Str. Buy · 22
TARGET	$210.10 · +38.2%
QUALITY	7.0

Flat since 8 September — $151.72 then, $152.02 now — which in a six-week stretch that took 5.6% off the rest of the list counts as doing its job. The thesis is unchanged: dispatchable and nuclear generation in ERCOT and PJM, 38.2% to a $210.10 consensus across twenty-two analysts at Strong Buy, at 15.0× forward. Constellation's Google deal is the external validation that the demand curve behind this asset base is contractual rather than hoped-for.

Two developments in the interval. Vistra priced $1.5B of junior subordinated notes on 10 September at 7.00% and 7.25%, due 2057, partly to fund redemption of its perpetual preferreds — and on 15 October announced the Series A redemption. That is sensible balance-sheet work, but a 7%+ coupon is what a levered merchant generator pays in a hiking cycle, and it is the reason this name ranks tenth on solidity while ranking second on return.

WATCH The highest-beta position in the ten. Merchant power is genuinely cyclical, the leverage is real and now more expensive, and Q3 does not land until 6 November. Size it accordingly — this is the name where position sizing matters more than the entry price.

BENCH

Ten more that made the screen but not the cut

These passed the quality filter and would be in the ten at a different price or on different news. Four are excluded only because they now trade *above* consensus — which, given that analysts have not marked their decks to $101 crude, is a statement about stale targets rather than about value.

TICKER	COMPANY	PRICE	FWD P/E	UPSIDE	WHY IT IS ON THE BENCH
VLO	Valero Energy	$444.71	6.96	−8.6%	Up 16.2% since 8 September and I had it on the bench — the single costliest ranking error of the last six weeks. 7.0× forward on the widest crack spreads in years, and Washington is now using Defense Production Act authority to expand refining capacity, with a White House official calling Delek's Tyler plant "one of many." Excluded purely on the consensus screen.
MPC	Marathon Petroleum	$478.07	6.34	−7.5%	The lowest forward multiple in the entire screened universe at 6.34×, up 160% over twelve months, 1.5% off its high. Same argument and same exclusion as Valero. If one target revision cycle catches up to spot, both of these re-enter at the top of the energy allocation.
CCJ	Cameco	$81.52	54.19	+56.4%	Largest upside in the universe, and the news is extraordinary — a US–Korea framework for six AP1000s and two APR1400s worth $120B, Poland ordering long-lead components, and NRC renewal of the AP1000 design certification to 2066. Yet the stock fell 20% since 8 September. At 54× forward with a 0.21% yield the valuation is the whole reason it stays here.
LHX	L3Harris	$248.51	19.62	+27.4%	The governance overhang I flagged on 8 September resolved before it — Sam Mehta took over on 17 August. Order flow is excellent: $4.7B of PAC-3 propulsion, $250M of GMLRS motors at record volume, VAMPIRE deliveries. But TD Cowen cut from $370 to $280 and RBC to $265, and 29 October is Mehta's first quarter as CEO. One quarter of evidence away from the ten.
PAAS	Pan American Silver	$44.21	12.22	+37.4%	Down 13.3%, still 37% to target, and the 16 September reserve statement replaced over 100% of silver mined. Demoted from the ten only because Wheaton gives cleaner exposure to the same correction without Peru, Mexico, Chile and Brazil operating risk — and because measured gold resources fell from 9,894koz to 7,499koz on divestments. Thinnest coverage on the board at eight analysts.
KGC	Kinross Gold	$24.02	9.32	+29.9%	**Demoted from number two.** The 23 September guidance cut broke the 8 September thesis on the cost side: La Coipa weather, Round Mountain Phase S grades and recoveries, AISC to $1,850–1,900/oz. Capital return was raised to 50% of free cash flow and RBC still carries $39, so it is not uninvestable — but two consecutive operating disappointments is a pattern, and 28 October has to clear it.
LMT	Lockheed Martin	$552.09	17.79	+12.1%	Up 3.0% since 8 September while the aerospace and defence sector fell 19%, which is precisely the problem: the discount that justified it is gone. Vertical Research upgraded to Buy at $600 on 14 October, but Bernstein cut to $564 and Goldman to $486 — *below* the current price. Northrop offers the same exposure with a wider, less contested gap.
SU	Suncor Energy	$78.05	9.87	−10.0%	Up 14.9% since 8 September, at a 52-week high, monthly buybacks raised from C$500M to C$750M in October, and C$1.2B plus contingent consideration coming in from the Ithaca offshore sale. Everything worked. Above consensus, and the CEO transition still lands April 2027.
CNQ	Canadian Natural Res.	$53.80	13.03	−9.3%	Best long-life reserve base in Canada, 3.30% yield, and trading at $53.80 against a 52-week high of $53.90 — effectively at the high with no company news in six weeks. Above consensus on stale targets, and carries the same unverified WCS differential risk as Cenovus.
FCX	Freeport-McMoRan	$69.54	17.67	+13.7%	The copper bellwether, down 9.2% since 8 September and now back below consensus, which it was not last time. Still 17.7× forward against Hudbay's 13.2× for comparable exposure, and Grasberg concentrates the jurisdiction risk in one asset. Hudbay remains the better expression.

POLITICAL FLOW

The reform died, and the signal degraded exactly as expected

The 8 September edition said to plan for this input to degrade. It has, twice over. **On 30 September the Senate failed to invoke cloture on H.R. 7008 by 53–47**, seven votes short. The stated obstacle was the federal voter-ID rider the House attached; the substantive objection from the other side was that the bill was too weak — no coverage of the President, Vice President or Cabinet, no divestiture requirement, and existing holdings retained. Senator Hawley, a Republican sponsor of a competing bill, called it "not nearly as robust" as he would like. Nothing is scheduled.

The disclosed flow itself has also thinned. AltIndex shows **277 trades worth roughly $5.0M over the last thirty days, 38% buys to 62% sells** — against 357 trades worth $5.3M at 45/55 six weeks ago. Fewer trades, less money, and a more decisive tilt toward selling. By trade count the sectors are industrial products, retail, medical devices, semiconductors and oil and gas; the largest disclosed buys by value were ON Semiconductor, NXP and PepsiCo, all small. Ro Khanna remains the volume outlier and distorts every aggregate he appears in.

A methodological note worth recording: CapitolTrades did not return usable current data from this environment this week, serving a stale 2025 cache. AltIndex's thirty-day aggregate and its per-member totals also fail to reconcile, which means they use different lookbacks. I am reporting the direction — fewer trades, more selling, no reform — and nothing finer than that. This input is now the weakest of the five and I will say so each week until that changes.

OTHER FACTORS

Seven things worth weighing that were not in the brief

01

The reserve release is thinner than the headline, and the binding constraint is freight

Read the headlines carefully, because the arithmetic is softer than it sounds. The "100 million barrels" the G7 agreed on 2 October is the *unreleased remainder* of the roughly 400m-barrel IEA action pledged back in March, around three-quarters of which had already been delivered. It is scheduled at about 830 kb/d across four months, not tipped into the market. The 7 and 15 October "accelerations" speed up volume already committed. And the DOE's 17m barrels, offered on 16 October, is an exchange — a loan against future return — drawn from the same US commitment, on terms that attracted only about half a million barrels of take-up when tried in June. The widely repeated reading — that a hundred-million-barrel release failed to cap the price — overstates what has actually reached the water. The policy response is simply thinner than it reads.

The more durable point is that inventory was never the binding constraint. VLCC day rates on the Middle East Gulf–Far East route reached roughly $1.3M, about forty-three times the early-January level of $30,000. Clarksons put 15% of the world VLCC fleet sitting idle off Oman in late September, against 10% at the start of July. Freight has gone from about 3% of Gulf crude's delivered cost in January to roughly 27% now. War-risk cover has repriced hard, though by how much depends on whose assessment you take — published estimates run from about four times pre-crisis to thirty — and five P&I clubs withdrew Gulf war-risk cover in March before buy-back arrangements partially restored it.

The investable conclusion survives the correction, and is the clearest structural read in this memo. You cannot release freight capacity from a strategic reserve, and you cannot build a VLCC inside this window. The premium accrues to anyone who moves hydrocarbons without crossing a contested strait — North American pipeline-connected producers, Gulf Coast refiners, and US LNG exporters. That is why Cheniere sits at number three despite the thinnest upside on the list.

02

But the same freight cost may be working against the Canadian producers, not for them

The intuitive version of factor 01 is that Canadian crude reaching US Gulf refineries by pipeline enjoys a large structural advantage over a waterborne Gulf barrel landing at the same dock. Directionally that has to be true, though I will not put a number on it: the widely quoted $33/bbl figure is Poten's Middle East Gulf–to–Far East voyage economics and does not measure the route into the US Gulf. The advantage is real; its size is not something I can source. And it accrues to whoever captures it — reporting from early October says the Western Canadian Select differential has widened to 2023 levels precisely *because* global freight costs soared, taking the Asian export netback via Trans Mountain with it. If that holds, the refiner captures the spread and the producer pays for it.

That would explain the actual price action better than any thesis I wrote six weeks ago: Valero up 16.2% and Marathon trading at 6.3× forward, while Cenovus went nowhere on a 7.6% oil move. I have flagged it as unverified because the single source I found returned a server error and I could only read the headline. **Confirm the WCS differential before you add to any oil sands position.** It is the one unresolved question that would change the ordering of this list.

03

Defence is a dated catalyst, which is rarer than it sounds

Most theses in this memo resolve on a vague "when the market notices." Defence does not. The government runs on a continuing resolution that expires **11 December 2026**, thirty-eight days after the midterms. FY2027 defence appropriations were reported out of House Appropriations at a $1.072tn topline on 24 June and never reached the floor; the Senate has done no comparable work. Holland & Knight rate full regular order unlikely, a second continuing resolution realistic, and partial shutdown risk live.

Meanwhile the awards keep landing: $20.7B of AMRAAM from the Pentagon, $14.7B of PAC-3 seekers passed from Lockheed down to Boeing, record GMLRS volumes — with the AMRAAM award explicitly provisional because Congress has not funded the full amount. So you have a sector trading at a 12% discount to the index, having been at a 15% premium in February, holding contracts it has not been paid for, with a known decision date. Two things could go wrong — a second CR, or a midterm result that puts the topline in play — and both are visible in advance. That is a better risk structure than most of what is on this list.

04

The list is now internally hedged, which it was not six weeks ago

The 8 September warning was that seven of ten names were one macro trade in four costumes. The September hike broke that. Energy inflation now forces tightening, tightening lifts real yields, and real yields push precious metals down — so the oil-levered and the gold-levered halves of this list respond to the same shock with opposite signs. Cheniere, EQT and Cenovus on one side; Agnico, Wheaton and Hudbay on the other; with Northrop, General Dynamics, Constellation and Vistra on contracted cash flows that care about neither.

I did not engineer that and I will not claim credit for it. But it is worth naming, because it changes the sizing advice. Last issue I told you to stage entries because one headline could hit most of the list at once. That is now less true: a Hormuz de-escalation would take energy down *and* precious metals up, since the inflation pressure on the Fed would ease immediately. The correlated tail risk has moved from a geopolitical headline to a monetary one — a December hike hits almost everything here except the defence names.

05

The currency moved more than most of the alpha, and it moved in your favour by accident

USD/CAD went from 1.3781 to 1.4141 since 8 September — the pair up 2.6% in six weeks, driven by a policy gap that widened from 150bp to 175bp when the Fed hiked and the Bank of Canada stayed put. On an unhedged US position that is 2.6% of return you earned by holding the currency, more than the entire equity move on most of these names.

It cuts the other way on new money. Buying US-listed names today costs 2.6% more in Canadian dollars than it did on 8 September, and the asymmetry from here is unattractive: if the Fed holds on 28 October, as roughly half the market expects, the gap stops widening and the loonie has room to retrace. Four of the ten are dual-listed and can be bought on the TSX in Canadian dollars — **AEM, WPM, CVE and HBM** — with PAAS on the bench the same way. Do that deliberately rather than by accident. For the US-only names — Cheniere, Northrop, General Dynamics, Constellation, EQT and Vistra — you are taking an unhedged currency view whether you intend to or not.

06

Account location, and why it matters more this week than last

US dividends held in a TFSA suffer the 15% US withholding tax with no foreign tax credit recovery; held in an RRSP under the treaty they generally do not. The argument is unchanged but the composition is not: this list has shifted toward US-listed names with meaningful yields. Northrop at 1.90% and General Dynamics at 1.85% are the two highest US-dollar yields in the ten, and both are structurally RRSP positions. Cheniere, Constellation, EQT and Vistra belong there too.

The four Canadian dual listings — Agnico, Wheaton, Cenovus and Hudbay — are the ones that can sit in a TFSA without the leakage, and conveniently they are also the lower-yield, higher-torque end of the list. Confirm specifics with your accountant; this is a structural point, not a filing position.

07

The promotion pattern has changed credentials again — it is now the federal government

The 8 September edition described sub-$10M Asia-domiciled IPOs on the Nasdaq Capital Market promoted through WhatsApp groups, using the exchange listing as the credential. That scheme persists, but a more dangerous variant has emerged this autumn and it is worth your attention specifically because it will look legitimate to a sophisticated reader.

Washington is now taking direct equity in critical-minerals and strategic companies: $450M into Elmet Group for tungsten on 14 September, $35.6M into Trilogy Metals for roughly 17.5% economic ownership on 11 September, $65M into Hertha Metals, a $1.5B loan with warrants into Wolfspeed on 7 October, on the template set by the MP Materials deal. VaultCo, the public-private strategic minerals reserve, is preparing up to $1B of loans against a $10B EXIM facility with Glencore and Mercuria each pledging $500M. These are real programmes with real money. The problem is the halo: every junior explorer with a tungsten or gallium showing can now issue a release about "engagement with federal offtake programmes" and watch a thinly traded stock double on no contract at all. **The screening rules do not change — $1B minimum capitalisation, three years public, five covering analysts — but the thing being faked has been upgraded from an exchange listing to an implied federal partnership.** Treat any announcement of government interest that is not a signed, dollar-denominated agreement as marketing.

RISK REGISTER

What breaks this memo

HIGHEST PROBABILITY

A December hike, after an October hold

Around 35–40% of the market now prices a 25bp move on 28 October, up from about 20% before the 14 October CPI, and December is the base case at 75–85%. A second hike takes real yields higher and hits Agnico, Wheaton, Hudbay, Constellation, Vistra and Cheniere simultaneously. Only the two defence names are genuinely insulated.

HIGHEST IMPACT

Hormuz reopens

Trump rejected Iran's Qatari-mediated seven-day reopening proposal on 26 September and correspondents now describe that version as dead, with Tehran floating different terms since. The channel is open, though, and a deal in any form would collapse $1.3M tanker rates, compress refining margins, take the risk premium out of crude and relieve the Fed in the same week. Energy de-rates — but precious metals would rally, which is new.

UNDERPRICED

The WCS differential stays wide

If the early-October reporting is right and Canadian heavy is being discounted because global freight has closed the Asian arbitrage, the oil sands producers are structurally worse positioned than the headline WTI print suggests, and the refiners are structurally better. This single unverified fact would move Cenovus out of the ten and Valero into it.

STRUCTURAL

Consensus targets are stale in both directions at once

Energy targets lag a rising spot price, so the published downside on Valero, Marathon, Suncor and Canadian Natural is not a sell signal. Defence targets are being cut faster than prices fall, so the published upside on General Dynamics and Lockheed is a melting number. Weight the quality axis more heavily than usual this week.

Standing exclusions

- No IPOs or companies public under three years, per your brief.
- No pre-revenue or story-stage mining and biotech, however good the geology or the data.
- No name whose recent move is traceable to promotional flow rather than an earnings or contract event — including, as of this issue, announcements of unsigned federal "engagement."
- No sub-$1B market capitalisation and no fewer than five covering analysts, regardless of thesis quality.
- MP Materials excluded again — down 27% since 8 September to $40.17 on a 107× forward multiple with no earnings. The rare-earth thesis may be right and the instrument is still speculative.
- Tankers excluded again despite $1.3M day rates. Those rates exist because insurers withdrew war-risk cover; they mean-revert violently the moment cover returns. A trade with a stop, not a six-to-twenty-four-month position.

CALENDAR

What moves the list over the next six weeks

MON 19 OCT	**Canada September CPI.** Expected to hold at 3.0% for a third month with energy pushing up and the Bank of Canada's core measures slowing. The input that decides whether the 28 October hold is comfortable.
THU 22 OCT	**Lockheed Martin** and **Valero** Q3 — the first real test of the defence de-rating and of whether refining margins are holding.
FRI 23 OCT	Chair **Warsh** speaks at the IMF. He has named October and December as the decision points and declined to prejudge either.
TUE 27 OCT	**EQT** Q3 after close. The forward multiple above the trailing multiple is the question to put to management.
WED 28 OCT	**FOMC decision and the Bank of Canada decision with Monetary Policy Report, on the same day.** Also **Agnico Eagle** and **Kinross** Q3 after close. The single most consequential date in this calendar.
THU 29 OCT	**Cheniere** and **L3Harris** Q3 — the latter is Sam Mehta's first quarter as chief executive.
FRI 30 OCT	**General Dynamics** Q3 call. Gulfstream deliveries are the number that matters.
TUE 3 NOV	**US midterm elections.** A House flip puts the defence topline into the market's pricing before any analyst changes a number.
THU 5–FRI 6 NOV	**Pan American Silver, Canadian Natural, MP Materials** and **Vistra** Q3. **Constellation** follows on 9 Nov and **Hudbay** on 12 Nov.
1 & 29 NOV	**OPEC+ sub-group meets 1 November** on December quotas, with the full ministerial and JMMC on **29 November** to set 2027 policy.
FRI 11 DEC	**Continuing resolution expires.** Appropriation, second CR, or partial lapse — the dated catalyst behind the defence positions.
UNDATED	Canada's **Budget 2026**, expected November with no date announced; Cenovus/Athabasca closing, targeted December; and any movement on Iran's seven-day Hormuz proposal.

Standing note. This is research and information gathering, not investment advice, and I am not a licensed adviser. Every price, multiple, rating and target above is as published at the close of Friday 16 October 2026 and will be stale within days. Consensus targets are the sell side's opinion, not a forecast I endorse. Quality scores are my own judgment. Items I could not verify to a primary source are flagged as such in the text — the Western Canadian Select differential in particular — and where a figure is disputed between sources, such as the war-risk insurance multiple, I have given the range rather than pick one. Two corrections are carried in the text rather than buried: Cheniere's guidance raise is dated 6 August, not October, and the G7 reserve release is largely a pre-committed schedule rather than new supply. Do your own work on anything here before committing capital, and speak to your own advisers about tax and account structure.

Sources · Trading Economics: crude, gold, silver, copper, uranium, S&P 500, TSX, USD/CAD, Fed funds, US CPI · Bank of Canada, 2026 announcement schedule · Newsquawk, week ahead 19–23 Oct · Continuum Economics, Canada CPI preview · Al Jazeera, Hormuz shuttle targeting · Al Jazeera, G7 reserve release · US News, IEA accelerated release · Gulf News, VLCC day rates · Straits.live, Hormuz closure tracker · EnergyNow, Brent near $110 · World Oil, OPEC+ November quotas · Rigzone, DPA refinery expansion · GHY, Section 338 tariffs and energy exclusion · Canada Gazette, United States Surtax Order · SBA Advocacy, USMCA 2027 joint review · Major Projects Office · BOE Report, LNG Canada Phase 2 FID · Defense News, AMRAAM award · Defense News, PAC-3 seekers · Holland & Knight, year-end appropriations · Benzinga, defence sector drawdown · Spokesman-Review, defence rout · 24/7 Wall St, Senate cloture vote · AltIndex, congressional trades · CongressStock · Kinross, 23 Sep operational update · Cenovus, Athabasca acquisition · Constellation, Google 890MW agreement · Cheniere, Petrobras SPA · Mining.com, Hudbay Snow Lake · Pan American Silver, reserves statement · World Nuclear News, US–Korea AP1000 framework · Vistra, junior subordinated notes · Investing.com, RBC on Gulfstream · US Government Equity Stakes Tracker · IndexBox, Project Vault loans · BOE Report, WCS differential (headline only — unverified) · company data from stockanalysis.com, prices at the 16 October 2026 close