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TRADE LENS

Bringing investing into focus.

MACRO INSIGHT / No.07

Connecting U.S. price data to Korean market repricing

U.S. Inflation Surprises and the Repricing of Korean Equities

Inflation, Interest Rates and Foreign-Investor Flows

RESEARCH VIEW

**The inflation shock is real.
The market response is not one-dimensional.**

**Separate release timing, bond yields and cash/futures flows
to interpret the selloff and the rebound.**

Korean markets through the 16 October regular close; U.S. markets through 15 October. Observation month, release time and market response remain distinct.

Analysis date: 16 October 2026

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Inflation · interest rates · FX · Korean investor flows



01 / RESEARCH VIEW

The selloff and rebound priced different risks

Do not assign one cause to a Korean selloff before PPI and a rebound after it.

TradeLens view | Repricing across several risk channels

Inflation risk increased, yet longer-term yields did not rise consistently. Korean equities should be assessed through inflation, semiconductor earnings expectations and foreign positioning together. One rebound does not establish normalization in required returns, earnings or flows. [\[1\]](#) [\[2\]](#) [\[5\]](#) [\[8\]](#) [\[9\]](#)

01

What changed?

U.S. price data exceeded expectations; Korea sold off on the 15th and rebounded on the 16th. Release timing matters.

02

Why does it matter?

Inflation can affect bond yields, corporate margins and consumption in different directions.

03

Who is exposed?

Import-intensive firms, dollar borrowers, high-expectation growth sectors and leveraged investors face different channels.

04

What would confirm it?

Track core PCE, real spending, earnings, foreign cash/futures flows and FX jointly, rather than relying on one rebound signal.

The decision rule

Separate the **level** of a release, its **surprise** and the market **response**. High inflation can coexist with lower long yields and a partial equity recovery. The question is where risk is being repriced, not whether it has vanished.

Cutoff: information available by 19:28 KST on 16 October 2026. Korea regular-session closes and the prior U.S. close.



02 / EVENT CHRONOLOGY

Korea's 15 October selloff preceded PPI

September is the observation month; October is the release month. Align events in one time zone.

14 OCT · 21:30 KST

U.S. CPI release

08:30 ET. Core CPI rose 0.3% month on month against a Reuters poll of 0.2%. [\[1\]](#) [\[3\]](#)

15 OCT · 05:00 KST

U.S. 14 October equity close

The Nasdaq fell 1.88%; this close was known before Korea opened on the 15th. [\[3\]](#) [\[8\]](#)

15 OCT · 15:30 KST

Korean selloff at the regular close

KOSPI -7.57%, KOSDAQ -7.65%; circuit breakers in both markets. PPI was still six hours away. [\[8\]](#)

15 OCT · 21:30 KST

PPI and retail sales released together

PPI +1.3%; nominal retail sales +0.8%. Both releases entered the U.S. information set together. [\[2\]](#) [\[6\]](#)

16 OCT · 15:30 KST

Korean regular-session rebound

After the U.S. 15 October close, KOSPI gained 2.05% and KOSDAQ 4.46%: a partial recovery. [\[9\]](#)

Minimum condition for a causal claim

The Korean drop followed CPI, not the then-unreleased PPI. Close-to-close moves also incorporate concurrent news and position changes; they do not identify each release's causal contribution.



03 / INFLATION SCORECARD

Separate a surprise from acceleration

Different exclusion measures should not be grouped under an undefined “core” label.

Monthly change, SA	Aug.	Sep.
CPI, all items	0.4%	0.6%
CPI, excluding food and energy	0.3%	0.3%
PPI, final demand	0.5%	1.3%
PPI, excluding foods and energy	0.2%	0.7%
PPI, excluding foods, energy and trade services	0.3%	0.5%

Sources: BLS [1] [2]. August headline PPI was revised from 0.4% to 0.5%. Annual rates: headline/core CPI 3.7%/2.6%; headline PPI 6.3%.

Two identifiable surprises

Release	Reuters poll	Actual	Surprise
Core CPI, m/m	0.2%	0.3%	+0.1pp
Headline PPI, m/m	0.5%	1.3%	+0.8pp

Poll figures use Reuters [3] [4]. Percent is the change rate; pp is the difference between actual and expected rates. Polls are not mixed.

Interpretation | The concerns differ

Core CPI matched August's pace but still surprised. PPI accelerated in both headline and ex-food/energy terms. Neither “it is all energy, so ignore it” nor “all consumer prices rose 1.3%” follows from these data.

04 / CPI COMPOSITION

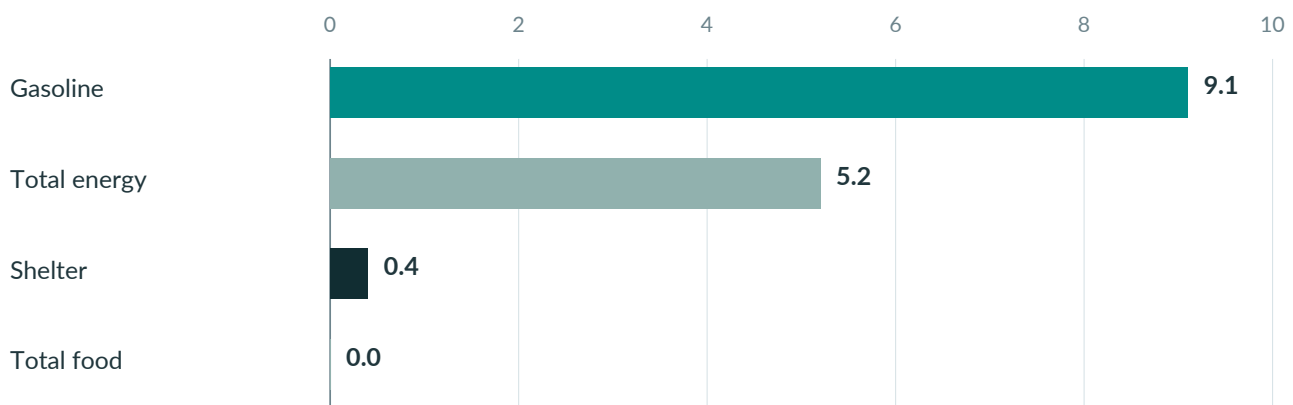
Energy concentration meets persistent shelter inflation

Component growth rates are not contributions and must not be added together.

BLS attributes more than half of the monthly headline rise to gasoline. Shelter also accelerated from August. Energy intensity and persistence outside energy are separate questions. [\[1\]](#)

Selected component price changes

% · Sep. m/m, SA



Gasoline is nested inside energy. This is not an additive contribution decomposition. Food's 0.0% is shown as a label without a bar. [\[1\]](#)

Observation	Condition needed for interpretation
Gasoline surge	A stable price level can still affect annual inflation. Separate the next monthly move from base effects.
Shelter +0.4%	Look for persistence, and do not equate newly signed rents with the CPI shelter index.
Core CPI +0.3%	The upside surprise alone does not establish wage or inflation-expectation feedback.

Implication for Korean equities

Energy-intensive firms first face cost pressure. Exporters face demand, currency and selling-price effects together. The CPI sign alone cannot determine an industry's profit direction.



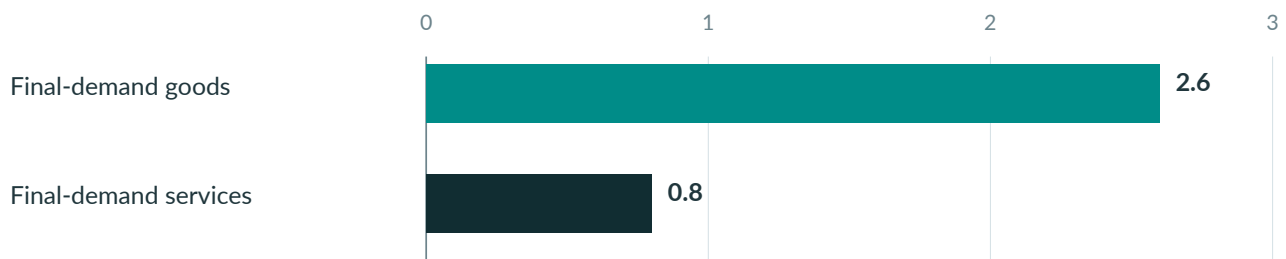
05 / PPI COMPOSITION

Inside the 1.3% PPI rise

Wholesale and retail trade services measure changes in margins, not sales revenue.

Two producer-price channels

% · Sep. m/m, SA



Goods and services are weighted subaggregates; their simple average or sum is not headline PPI. [\[2\]](#)

Component	m/m	Economic interpretation
Energy goods	10.8%	Over 80% of the goods rise, not 80% of headline PPI.
Trade services	1.4%	Nearly half the service rise; distinct from sales growth or operating-margin percentages.
Transport and warehousing	3.4%	Logistics price pressure; actual contract exposure and pass-through lags differ.
Goods excluding foods and energy	0.3%	Non-energy goods also increased. This is not every firm's input-cost growth rate.

Source: BLS [\[2\]](#). Components belong to different aggregation levels and cannot be added without weights or treated as one common cost shock.

Neither dismiss it nor copy it into CPI

The 0.7% ex-food/energy increase shows pressure beyond one item. But final-demand PPI is not confined to household consumption. Pass-through must be tested using details and demand conditions. [\[2\]](#) [\[13\]](#)

06 / DEMAND & PCE

Strong nominal sales are not the same as strong real demand

Retail sales arrived at the same time as PPI and belong in the same information set.

September, m/m	Actual	Reuters poll	What it measures
Retail and food services	0.8%	0.3%	Seasonally/calendar adjusted nominal sales
Control-group sales	0.1%	0.3%	Excludes autos, gasoline, building materials and food services

Official retail release [6]; poll and control group [7]. The control group is not a real measure either. August headline sales were revised to +1.3%.

Why bonds and equities can read the same releases differently

Headline sales were strong while the control group missed expectations. This is neither broad disinflation nor sufficient proof of overheating in real final demand. Inflation pressure can coexist with Treasury buying when growth concerns rise. That is a possible interpretation, not an identified causal decomposition of bond moves.

Measure	Distinct role
CPI	Prices paid directly by urban consumers, including imports and owners' equivalent rent.
PPI	Prices received by U.S. producers. Imports are excluded; final demand also includes exports and capital investment.
PCE	Prices of purchases by or on behalf of consumers. Detailed CPI/PPI inputs do not imply a direct headline mapping.

Scope differences [13]; CPI/PPI inputs to market-based PCE [11]. The market-based supplement is not the full PCE index.

Next check | PCE on 29 October

The next test combines core PCE, real spending and disposable income. Do not insert the 1.3% headline PPI reading directly into a PCE forecast. [12]



07 / U.S. CROSS-ASSET RESPONSE

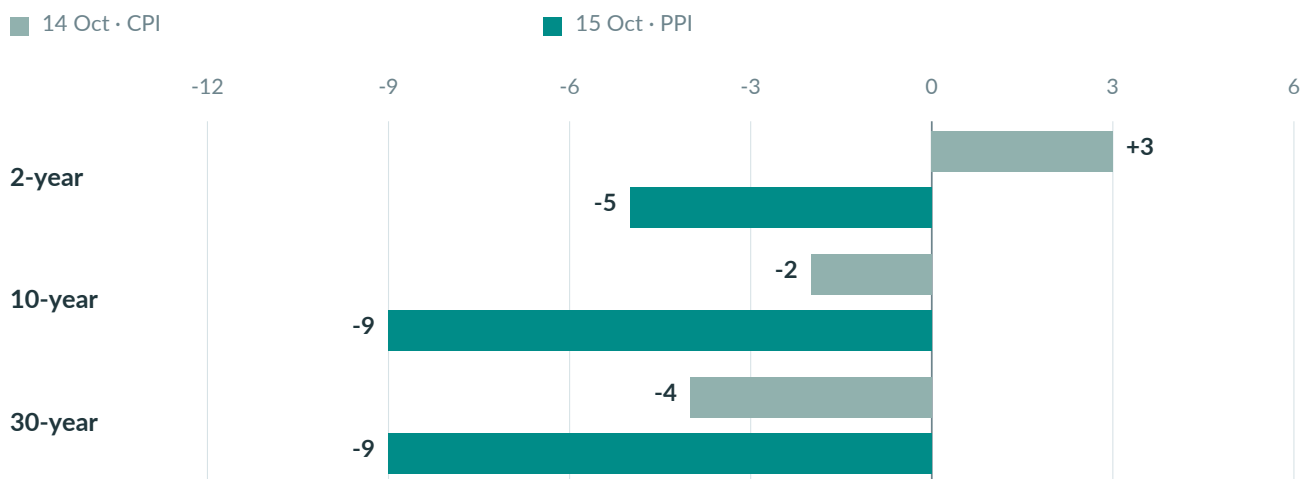
Hot PPI did not prevent lower long-term yields

Use one daily Treasury par-curve series, not mixed intraday bond quotations.

U.S. date	2-year	10-year	30-year
13 October	4.79%	5.21%	5.56%
14 October · CPI	4.82%	5.19%	5.52%
15 October · PPI	4.77%	5.10%	5.43%

Daily yield changes on release dates

bp



Source: U.S. Treasury [5]; TradeLens calculations. 1bp=0.01pp. Each date is compared with the prior observation; daily data do not isolate the immediate release effect.

U.S. index · daily return	14 October	15 October
Dow / S&P 500 / Nasdaq	-0.09 / -1.11 / -1.88%	+1.08 / +0.33 / +0.08%

Equity closes: [3] [8] [9]. The U.S. rebound on the 15th belongs to Korea's information set on the 16th.

Separate observation from interpretation

Yields fell, but these data do not isolate growth concerns, safe-haven demand or positioning. The decline alone does not establish that inflation risk has eased.



08 / KOREAN EQUITY REPRICING

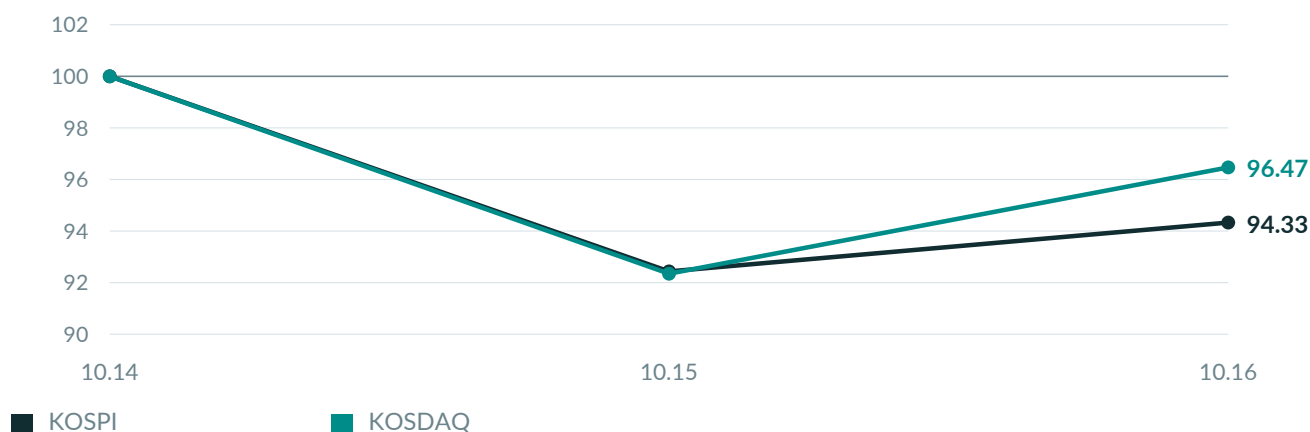
The rebound did not reverse the selloff

Daily returns use different bases; add points or compound returns, not percentages.

Regular close	14 Oct	15 Oct	16 Oct
KOSPI	6,008.81	5,554.22	5,668.05
KOSDAQ	823.88	760.82	794.78

Rebased cumulative path

14 Oct close=100 · axis 90-102



Sources [8] [9]; TradeLens calculations. The 14 October close is reconstructed from the next close and point decline. The line chart is rebased to 100 with a displayed 90-102 vertical range.

Recovery calculation	KOSPI	KOSDAQ
Cumulative return, 14-16 Oct	-5.67%	-3.53%
Share of 15 Oct point loss recovered on 16 Oct	25.0%	53.9%

Example: KOSPI cumulative= $(5,668.05/6,008.81-1)\times 100$; point recovery= $113.83/454.59\times 100$. These are not rebound probabilities or return forecasts.

Meaning | Price recovery is not risk normalization

A rebound shows some easing of selling pressure. It does not demonstrate simultaneous recovery in earnings, required returns and liquidity. Evaluate the remaining loss and sector differences on consistent bases.



09 / FOREIGN FLOWS & FX

Foreign cash buying coexisted with futures selling

Do not treat all foreign investors as one decision-maker or add cash and futures flows mechanically.

Foreign net purchases	15 October	16 October
KOSPI cash · KRW tn	-3.6340	+0.3430
KOSPI 200 futures · KRW tn	+0.3280	-1.1391
KOSDAQ cash · KRW 100m	+2,177	-903

Sources [8] [9]. Reported futures net purchase value is not cash inflow or a matched risk exposure. Investor-level positions, hedging motives and delta adjustments are unavailable in these figures.

A stronger won does not establish broad foreign risk-taking

USD/KRW at 15:30	14 Oct	15 Oct	16 Oct
KRW per USD	1,338.3	1,344.6	1,331.4

A lower USD/KRW rate means a stronger won. The 14 October value is derived from the next close and change. Night-session closes are not mixed in. [8] [9]

On the 16th, foreigners were net buyers of KOSPI cash shares but net sellers of KOSPI 200 futures and KOSDAQ cash shares. “Foreign buying resumed” therefore requires a specified market. FX also reflects trade, bonds and hedging, so it is not a one-to-one counterpart to equity purchases.

What the rebound has not established

Aggregate net purchases do not establish hedge removal, long-term capital return or renewed semiconductor conviction. Test persistence in cash demand together with futures positions, FX and company earnings expectations.



10 / KOREAN TRANSMISSION CHANNELS

Separate required returns, earnings and positioning

One U.S. inflation reading cannot explain every Korean industry's return.

Channel	Exposure in Korea	What to verify
Required return	Equity risk premiums can change capital costs even when Treasury yields fall.	Long yields, credit spreads and earnings expectations
Operating profit	Margins depend on cost pass-through and foreign final demand.	Volume, pricing, mix and realized pass-through
FX and balance sheet	A stronger won can ease import costs while reducing translated dollar revenue.	Net FX exposure, hedges and debt maturities
Positioning and liquidity	Deleveraging and index/futures activity can amplify short-term moves.	Turnover, cash/futures flows and leverage

This is a TradeLens transmission framework, not an estimate that each firm experienced the same shock.

The semiconductor rebound was uneven

16 October regular close	Price	Daily move
Samsung Electronics	KRW 215,500	+2.62%
SK hynix	KRW 1,272,000	+0.79%

Source [9]. A share-price response is not a reported earnings result or a new order and is not used to project returns.

Assessment | The link from macro to company results

In earnings releases, distinguish the completed quarter from future sales and investment plans. Strong past results can coexist with weaker forward earnings expectations when customer funding or final demand deteriorates.



11 / REQUIRED-RETURN LAB

Treasury yields and equity discount rates can diverge

Illustrative assumptions: separate the risk-free rate, risk premium and cash flow.

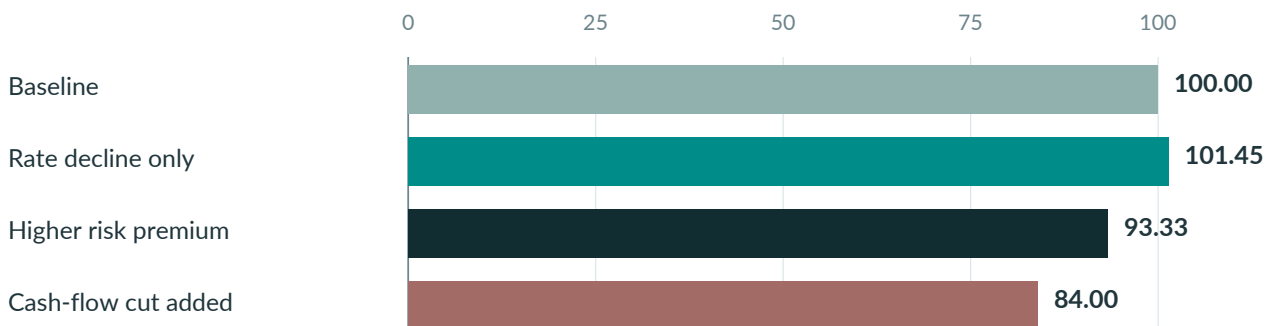
Model | Present value of a growing perpetuity

Next-period cash flow $F_1=7$, required return $k=10\%$ and perpetual growth $g=3\%$ give $V=F_1/(k-g)=100$. For illustration, k is simplified to a risk-free rate plus an equity risk premium. This is not a fair-value or target-price model for a real company.

Assumed scenario	k	F ₁	Value index
Baseline	10.0%	7.0	100.00
Risk-free rate falls 10bp only	9.9%	7.0	101.45
Same rate move + risk premium rises 60bp	10.5%	7.0	93.33
Same changes + cash flow falls 10%	10.5%	6.3	84.00

Look at the full required return

Baseline=100 · illustrative



TradeLens illustration. g remains 3% and F_1 uses one currency unit. The 60bp and 10% assumptions are not observations or a decomposition of the KOSPI selloff.

What the calculation changes

A Treasury yield decline is one cushion. Weaker cash-flow expectations and higher required risk compensation can move equity capital costs and present value in the opposite direction.

12 / CONDITIONAL SCENARIOS

The base case requires both inflation vigilance and demand verification

Conditional interpretations, not assigned probabilities or index targets.

Path	Evidence that must align	Interpretation for Korea
A. Broader inflation	Persistent core/services pressure with resilient spending and employment	Discount-rate and cost pressure persist; pricing power and balance sheets differentiate firms.
B. Cost shock + weaker demand	Price pressure coincides with slowing real spending	Lower long yields may not offset weaker corporate earnings.
C. Energy stabilizes, earnings hold	Cost inflation eases while sales and cash generation hold up	Joint improvement in capital costs and margins is possible; confirmation needs multiple measures.
D. Position-led rebound	Equities recover while flows, credit and earnings signals diverge	Position adjustment remains an alternative to full risk normalization.

What the evidence supports—and what remains open

Upside price risk and greater volatility in Korean risk assets are observed. Lower U.S. long yields on the 15th and Korea's rebound on the 16th do not support a story in which steadily rising rates alone drove the equity decline. The evidence has not yet established whether broader inflation or weaker demand will dominate. [\[1\]](#) [\[2\]](#) [\[5\]](#) [\[9\]](#)

Evidence that would change the assessment

Stable core PCE and real demand together with improving earnings and cash/futures flows would weaken the risk-repricing case. If demand and cash flow deteriorate even as inflation eases, falling rates alone are not a sufficient stability signal.



13 / OUTLOOK & MONITORING

The next test is alignment across prices, earnings and flows

Keep released data separate from the information still to come.

Date / information	Key question	What not to conflate
27–28 Oct FOMC [14]	How are inflation/growth risks and the policy path assessed?	September minutes are not the Fed's response to October CPI/PPI [10].
29 Oct income/spending and PCE [12]	Do core prices, real spending and income align?	Nominal retail sales are not total real consumption.
Corporate results	What changes in sales, margins, CAPEX and cash collection?	Separate reported performance from management guidance.
Daily Korean market data	Does foreign cash buying persist alongside futures and FX?	One day of net buying does not establish a long-term inflow.

Final view | Hot inflation and lower long yields can coexist

The episode is better read as simultaneous repricing of inflation, growth, earnings and positions than as a one-way inflation-to-equity event. For Korea, required returns must be assessed alongside semiconductor earnings expectations and cash/futures flows.

Four answers to retain

Question	Answer
What happened?	U.S. inflation surprises, a Korean selloff and a partial rebound occurred in a defined sequence.
Why does it matter?	Incorrect causal timing leads to misreading falling yields and rebounds.
Who is affected?	Exposure differs with pricing power, net FX risk, earnings durability and leverage.
How is it tested?	Ask whether PCE, real demand, earnings, cash/futures flows and FX support the same conclusion.



14 / SOURCE REGISTER

Connect the key claims to original sources

Select a teal citation, source title or the right-aligned “Open source” to open the original.

01. BLS Consumer Price Index — September 2026	Open source
2026.10.14 · September CPI; text and Table A; monthly SA / annual NSA	
02. BLS Producer Price Indexes — September 2026	Open source
2026.10.15 · September PPI; final demand, exclusion measures, goods and services	
03. Reuters Dollar gains, Wall Street stocks fall after hot inflation data	Open source
2026.10.14 · Core CPI poll expectation and U.S. equities; news report	
04. Reuters / Investing.com U.S. producer prices post largest increase in 4-1/2 years	Open source
2026.10.15 · Reuters PPI poll and August revision; syndicated report	
05. U.S. Treasury Daily Treasury Par Yield Curve Rates	Open source
2026.10.13–15 · Daily par-curve yields at matched 2-, 10- and 30-year maturities	
06. U.S. Census Bureau Advance Monthly Sales for Retail and Food Services	Open source
2026.10.15 · September nominal retail sales; seasonally/calendar adjusted, not deflated	
07. Reuters U.S. retail sales beat expectations in September	Open source
2026.10.15 · Retail-sales poll and control-group growth; news report	
08. Yonhap News Agency Korea market close — 15 October	Open source
2026.10.15 · Closing indices, circuit breakers, foreign flows and 15:30 FX	
09. Yonhap News Agency Korea market close — 16 October	Open source
2026.10.16 · Korea rebound, cash/futures flows, FX and prior U.S. close	
10. Federal Reserve Minutes of the FOMC — September 15–16, 2026	Open source
2026.10.07 · September decision and inflation discussion; precedes October releases	
11. BEA Market-based PCE price index — FAQ	Open source
As of 16 Oct 2026 · Detailed CPI/PPI inputs to the market-based PCE measure	
12. BEA Personal Income and Outlays — August 2026	Open source
2026.09.30 · Next September PCE release and the income/spending framework	
13. BLS How Does the PPI Differ from the CPI?	Open source
2023.03.10 · Buyer/seller prices and differences in imports, housing and health care	
14. Federal Reserve Calendar — October 2026	Open source
October 2026 · 27–28 October FOMC; statement at 14:00 ET on 28 October	

Scope: official sources establish data and definitions; news supplies survey expectations and market closes. Each inline number and register entry links to the same underlying URL.

Methodology, disclaimer and use

Distinguish observed facts, earlier institutional views, TradeLens analysis and illustrative calculations.

Item	Basis
Cutoff	Information by 19:28 KST, 16 Oct 2026. Korean equities/FX at 15:30 on the 16th; U.S. equities/Treasuries through the 15th. No U.S. 16 Oct session.
Inflation and polls	September observations released in October. Monthly SA and annual NSA rates are distinct. Reuters polls and then-available revisions are used.
Yields and flows	Matched daily Treasury par yields. Futures trade value is not added to equity cash flow.
Calculations	Page 9 return/recovery measures use closes and point moves. Page 12's perpetuity is illustrative, not a stock or index valuation target.
Interpretation	Daily moves include concurrent news and positioning. No causal share of the selloff or investor-level intent is statistically identified.

SA=seasonally adjusted; NSA=not seasonally adjusted; 1bp=0.01pp. Calculations precede display rounding. No buy/sell calls, trading timing, fair or target prices, or individualized investment advice are provided.

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