ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-09-04

167 instruments | 1914 weeks history

REGIME: Neutral

EXECUTIVE SUMMARY

The engine reads Neutral with a risk-on lean, and that combination — not a clean risk-on signal — should set the posture. The Markov filter puts 94% smoothed probability on Neutral in week 67 of the state, while the cross-asset risk-appetite composite prints +0.69 (Risk-on) on the back of HY credit at +1.25z, low concentration +0.88z and breadth +0.86z. Growth is firm (composite z +0.79, +0.41 over 13 weeks) with inflation neutralised (z -0.04, down 1.31 in 13 weeks) — a textbook Goldilocks quadrant. Lean long risk, but earn the return from breadth and dispersion rather than index beta: favour ex-US and Asian equity momentum (TW_TAIEX +37%, KOSPI +22%, SET +21%, Nikkei +19%), cyclicals over defensives, and credit carry in HY at 2.60% OAS. Fade US small caps (Russell 2000 -2.3% this week), long-duration Treasuries and anything requiring US index multiple expansion.

Three things matter this week. CAPE at 42.2 (99th percentile of 156 years) with an Excess CAPE Yield of +0.03% (1st percentile since 2015) and a -0.74% equity risk premium means US equities carry no valuation cushion — every dollar of return must come from earnings delivery, not re-rating. The forward curve now prices ~1.6 hikes to one year (o/n 3.63% → 1–2y 4.36%), which is why the S&P fell 0.70% and the Russell 2.3% while copper rose 1.72%: the market is repricing the path, not growth. And gold at $4480 sits 18.6% rich to its real-yield-and-dollar fair value on a strong R^2 of 0.68 (z +0.88) with specs at the 73rd percentile — a poor entry point for new hedges.

The biggest risk is that this Goldilocks reading is a positioning artefact. Copper spec longs are at the 100th percentile, UST 2Y at the 100th, USD Index at the 90th; a crowd this uniform unwinds violently. The confirming/refuting signal is HY OAS: hold below 2.75% and the risk-on tilt is validated; a move through 3.00% alongside the VIX/VIX3M ratio crossing 1.00 (now 0.86) says the regime has turned and the equity beta should come down fast.

Full section-by-section analysis follows on the next pages.

KEY SIGNALS

Stocks-Bonds DCC corr	**-0.05 (1y ago +0.19)**
PC1 variance share	**21%**
DCC persistence (a+b)	**0.9805**
Weeks in regime	**67**

EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-09-04 · 167 instruments, 10-year context

MARKET REGIME	GROWTH × INFLATION	STOCK–BOND CORR
Neutral	**Goldilocks**	**-0.05**
~67w in regime	g +0.8 / i -0.0	vs +0.19 1y ago

RISK CONCENTRATION	EQUITY BREADTH	VIX TERM
21%	**71%**	**Contango**
PC1 share of variance	indices > 40wk MA	ratio 0.86

VALUATION **Shiller CAPE 42.2** **99th %ile / 156y** Excess CAPE yield +0.03% ERP -0.74%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	15.2	+0.65	37th
HY credit spread (OAS)	2.60%	+0.00	2th
IG credit spread (OAS)	0.79%	+0.00	23th
EM corp spread (OAS)	1.36%	+0.00	1th
10Y real yield (TIPS)	2.34%	+0.00	98th
10Y nominal yield	4.67%	+0.00	98th
2Y yield	4.20%	+0.00	81th
10Y–2Y curve	+0.39pp	+0.00	51th
10Y breakeven infl.	2.31%	+0.00	67th
Financial conditions	-0.57	+0.00	25th
Initial jobless claims	203k	+0k	6th
Weekly Econ Index	+2.9%	+0.00	80th
Fed net liquidity	$5.78T	+0.00	48th
US dollar (DXY)	99.4	+0.3%	59th
Gold	$4,480	+0.1%	96th
S&P 500	7677	-0.7%	99th

Percentile = rank of the current level within its own 10-year weekly history. Red ≥ 90th (historically high), blue ≤ 10th (historically low), amber in the tails, grey
Extremes flag where a market is stretched versus its own norm — the fastest read of what is unusual this week.

CROSS-ASSET SCORECARD

Two composite gauges distilled from the whole panel — risk appetite and the growth nowcast

RISK APPETITE

Risk-on

score +0.69

risk-off (-1.5) **(+1.5) risk-on**

Components (standardised, + = risk-on):

MACRO NOWCAST

Trend growth

score +0.09

contracting (-1.5) **(+1.5) above-trend**

Components (standardised, + = stronger growth):

Each component is a 10-year z-score, sign-aligned so higher = risk-on / stronger growth; the headline score is their average. Transparent by construction — every input is shown.

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-09-04

TOP GAINERS

Corn	+4.5%
Cotton	+3.8%
Cocoa	+3.4%
WTI_Oil	+2.3%
Copper	+1.7%
US_Energy	+1.5%
Sugar	+1.5%
SG_STI	+1.2%

TOP DECLINERS

Gasoline	-13.1%
Coffee	-9.8%
Palladium	-3.6%
Cardano	-3.5%
Dogecoin	-2.8%
Platinum	-2.7%
HeatingOil	-2.5%
US_Russell2000	-2.3%

KEY LEVELS — week-over-week change

US 10Y yield	4.67	+0.00%
2Y yield	4.20	+0.00%
HY credit OAS	2.60	+0.00%
IG credit OAS	0.79	+0.00%
VIX	15.16	+0.65
SKEW	nan	+nan
US dollar (DXY)	99.45	+0.3%
Gold	4480.50	+0.1%
WTI oil	85.32	+2.3%
Bitcoin	78479.29	+0.8%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	**Neutral**
Quadrant	prior: Refl	->	**Goldilocks**
Risk appetite	prior: +0.53	->	**+0.69**
Macro nowcast	prior: +0.00	->	**+0.09**
PC1 share	prior: 21	->	**21%**
Stock-bond DCC	prior: —	->	**-0.05**

The fastest orientation: what actually moved and how the headline state has shifted since last week. Movers are weekly log/%% returns; credit-spread and volatility increases are shown as adverse (red).

Detailed Cross-Asset Analysis

Section-by-section interpretation of the engine output - for investors

Executive Summary

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Regime, Scorecard & Market State

The Markov-switching model on weekly S&P returns is emphatic about ambiguity: 94.0% smoothed posterior on Neutral, 4.7% Risk-on, 1.4% Risk-off, and roughly 67 weeks of persistence in the state. That length matters. A 67-week Neutral regime is not a transition; it is the market's steady state, and the switching-mean-and-variance specification is telling you that realised weekly returns have been neither trending strongly enough nor volatile enough to justify either tail state.

The risk-appetite composite disagrees, and the direction of the disagreement is informative. At +0.69 it classifies Risk-on, driven by credit (credit_hy +1.25z), low concentration (+0.88z), equity breadth (+0.86z) and S&P trend (+0.76z). The two weak components are precisely the ones that would confirm a genuine regime shift: vix_term at +0.37z is only mildly supportive, and risk_over_haven at +0.05z is effectively flat — investors are buying risk assets without selling their havens. That is the reconciliation. Balance-sheet conditions (credit, breadth, trend) are risk-on; price behaviour (returns, volatility, haven demand) is neutral. The composite is measuring the environment; the Markov model is measuring the tape. Both are right.

CNN Fear & Greed at 50 (neutral, down from 56.1 a week ago, up from 45.2 a month ago) mirrors the split internally: junk-bond demand at 92 and put/call at 69 versus price strength 26, momentum 34 and safe-haven demand 25. Credit investors are aggressive; equity investors are not. The practical read: this is a market to own with normal-to-slightly-above-normal risk, sized for a Neutral regime, with the upgrade to full risk-on contingent on the haven and momentum components turning.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast prints +0.09 — Trend growth — but the composite hides genuine dispersion. Global activity is the standout at +1.25z, consistent with the copper move (+1.72%), the Asian equity leadership and the emerging-market bid (Bovespa +1.2%, Merval +1.0%, STI +1.2%). Against that, consumer sentiment at -1.29z is the weakest component by a wide margin. Weekly Economic Index +2.9% and initial claims 203k (6th percentile of ten years, +0.29z) say the labour market and real-time activity are fine; the consumer says otherwise. Historically that gap resolves toward the hard data, which is why the nowcast lands at trend rather than below — but a sentiment reading this weak is the earliest place a growth downgrade would show up.

Liquidity is the constraint. Fed net liquidity is $5.78T, flat on the week but down 1.0% over four weeks; the ECB is -0.2% and the BoJ flat. No central bank is adding. The RRP facility is at $0bn — the drainage buffer is exhausted, meaning any further balance-sheet runoff now comes directly out of bank reserves rather than out of a passive facility. SOFR at 3.65% against fed funds at 3.63% is a two-basis-point premium: benign today, but with zero RRP cushion, funding pressure would transmit to SOFR quickly and visibly. Watch that spread; a persistent widening past ~10bp is the tell that reserve scarcity has arrived. The 52-week net-liquidity-versus-stocks correlation of +0.05 has risen to +0.24 over 13 weeks (+0.19 shift) — equities have become more liquidity-sensitive precisely as liquidity has stopped growing. M2 at $23.21T is flat.

Global 10Ys — US 4.67%, UK 4.80%, Germany 2.97%, Japan 2.67% — describe a world where the Anglosphere carries the term premium and the euro area and Japan do not. The 170bp US-Germany gap supports the dollar, and the DXY's +0.29% with spec longs at the 90th percentile shows that trade is well-populated.

Rates, Credit & the Stock-Bond Relationship

The rates complex was static this week — 10Y 4.67%, 2Y 4.20%, real 2.34%, breakeven 2.31%, curve +0.39pp, all unchanged — but the flat prints conceal a repriced path. The forward curve now embeds 3.84% at 0–3m, 4.11% at 3–12m and 4.36% at 1–2y against a 3.63% policy rate: roughly 1.6 hikes to one year. With inflation composite z at -0.04 and breakevens at 2.31%, that hawkishness is a growth-and-supply story, not an inflation story. Long duration is unattractive here: UST20y+ fell 1.1%, 7-10y -0.6%, TIPS -0.6%, and the 0.39pp 10Y-2Y curve pays almost nothing for eight years of extra duration risk. Positioning compounds it — UST 2Y specs at the 100th percentile and 5Y at the 85th are crowded long the front end (squeeze-lower risk in price if hikes get priced further), while UST Bond at the 6th percentile is a crowded short that would squeeze higher on any growth scare.

Credit is the cleanest risk-on signal in the entire dataset. HY OAS at 2.60% and IG at 0.79%, both unchanged, with the HY component at +1.25z and junk-bond demand at 92 on the Fear & Greed panel. The stocks-versus-HY-spread correlation has tightened from -0.73 (52w) to -0.82 (13w): credit and equity are moving as one instrument, which means HY OAS is the highest-frequency confirmation signal available for the equity view. US-HY lost only 0.2% this week against US-IG -0.6%, a pure duration outcome — spread risk outperformed rate risk, exactly as the regime implies.

The stock-bond relationship is the structural change. The DCC conditional correlation between stocks and the 10Y yield is -0.05 now versus +0.19 a year ago, with 0.9805 persistence — meaning this shift is slow-moving and reliable rather than noise. A year ago, higher yields meant higher stocks (a growth signal); today they mean nothing, edging negative (a discount-rate signal). The 52w/13w rolling pair confirms it (-0.26 → -0.07). For a balanced portfolio, that is a partial restoration of bonds as a diversifier: near zero, not negative, so Treasuries hedge growth shocks but not rate shocks. Recession risk is negligible — FRED smoothed probability 0.6% (12m max 1.2%), Sahm rule -0.03 against a 0.50 trigger, 10Y-3M at +0.83pp positive.

Factor Structure & Systemic Risk

PCA over 149 instruments gives PC1 (Risk / equity beta) 21% of variance, PC2 (Rates, 10Y yield) 13%, PC3 (US dollar) 4% and PC4 (Energy) 4%. A 21% PC1 share is low. In stressed markets the first component routinely absorbs 40-50% as everything collapses onto a single risk factor; at 21%, with rates a genuinely separate 13% force, this market has real dimensionality. That is what the low_concentration +0.88z component of the scorecard is capturing, and it is the single best argument for the current constructive stance: alpha from selection, region and factor tilts is actually available, because idiosyncratic variance has somewhere to live.

The multivariate DCC confirms it independently. Average pairwise conditional correlation across the 12-asset system is +0.04, identical to a year ago, with 0.8368 persistence. Diversification is not failing — it is working about as well as it has at any point in the past year. The combination of low PC1 concentration and near-zero average cross-asset correlation is the technical justification for running a diversified multi-asset book at close to full risk while the Markov regime stays Neutral: the portfolio's realised volatility for a given gross exposure is structurally lower than it would be in a correlated regime.

The monitoring discipline follows directly. Both figures are the early-warning system. DCC persistence of 0.8368 means correlation shocks decay but do not vanish quickly; a move in average conditional correlation from +0.04 toward +0.20, or PC1 pushing through 30%, would mean the dispersion premium has evaporated and gross exposure should be cut mechanically, regardless of what credit spreads are doing.

Cross-Asset Correlation & Lead-Lag

The Granger network names Bitcoin, EU_STOXX50, VIX and US_HY_OAS as net information leaders, with JP_Nikkei225, US_SP500, Gold and IN_Nifty50 as followers. Two of the four leaders are risk-appetite instruments (VIX, HY OAS) and two are cash markets that trade around the US session (Bitcoin around the clock, STOXX50 ahead of it). The practical implication: US equities and Indian equities are price-takers this week, so watching the S&P for a directional signal is watching the lagging variable. European open and HY spread behaviour are the leading tells, and Bitcoin's continuous trading gives the earliest read on weekend and overnight risk shifts.

Several rolling correlations have moved materially. Gold versus breakeven inflation has swung from -0.11 (52w) to +0.49 (13w), a +0.60 shift, and gold versus real yield from -0.41 to -0.04 (+0.37). Gold has stopped trading as a real-rate instrument and started trading as an inflation-expectations instrument — with breakevens at 2.31% and the inflation composite at -0.04z, that removes a key support for the metal at these levels. Bitcoin versus Nasdaq has collapsed from +0.35 to -0.06 (-0.42): crypto has decoupled from tech beta, which improves its diversification value but also strips away the "levered Nasdaq" thesis. USD versus oil went from +0.35 to -0.08 (-0.43), restoring the conventional inverse relationship at the margin.

What has not changed is the risk architecture: VIX versus stocks -0.70/-0.73, stocks versus HY spread -0.82, copper versus stocks +0.51/+0.63, DAX versus SPX +0.60/+0.65, gold versus silver +0.85. Oil versus stocks at -0.40 (13w) is the notable one — crude is trading as a cost input, not a demand signal, so this week's +2.28% WTI move is a headwind to equities rather than a confirmation of growth.

Relative Value & Fair Value

Only two fair-value models clear the $R^2 \geq 0.4$ bar, and they deserve very different treatment.

Gold versus real yield and the dollar is rich by 18.6% (z +0.88) on an R^2 of 0.68. That is a solid fit — two-thirds of gold's variation explained by real rates and the dollar — and an 18.6% dislocation is large in absolute terms even if the z-score of +0.88 is short of the |1.5| stretch threshold. The honest reading: gold at $4480 is expensive against its macro drivers, but not statistically extreme, and the residual is being sustained by something the model does not contain (central-bank buying, geopolitical hedging). Corroborating evidence argues against chasing: CFTC gold specs at the 73rd percentile with open interest +57%, gold vol GVZ at 25 (88th percentile — options are expensive too), and the correlation shift away from real yields toward breakevens that are going nowhere. Hold existing gold as a portfolio hedge; this is not the entry point for new length. The 0.13 lower-tail dependence with the S&P confirms it still works as a hedge when it matters, which is the reason to hold rather than the reason to add.

USDJPY versus the US-Japan yield gap is cheap by 1.6% (z -0.55) on an R^2 of 0.91. The fit is excellent — the yield gap explains almost all of USDJPY — but the dislocation is trivial. A 1.6% deviation on a 0.91-R^2 model is noise, not opportunity. With JGB 10Y at 2.67% against US 4.67%, the 200bp gap is doing its job and the pair is fairly priced. Yen specs at the 41st percentile are neutral. No trade.

The broader relative-value point is what the model set does not flag. No cointegrated spread exceeds $|z|>1.5$. In a market with PC1 at 21% and average conditional correlation at +0.04, mean-reversion pairs have limited fuel because the common factor that drives spreads apart is weak. This is a market for directional and cross-sectional positioning, not statistical arbitrage.

Volatility & Tail Risk

The volatility complex is calm but not complacent. VIX at 15.16 (+0.65) against VIX3M at 17.7 gives a 0.86 ratio — contango, at the 43rd percentile of ten years, so the curve shape is close to median rather than at a euphoric extreme. The full term structure (9D 11 / 1M 15 / 3M 18 / 6M 20) is cleanly upward-sloping, which means short-dated hedges are cheap in absolute terms and the market prices no near-term event risk. The vol-risk premium at +9.0 is firmly positive: implied exceeds realised by a wide margin, so systematic short-vol carry is being paid well — but that is exactly the strategy that is short the transition, and in a 67-week Neutral regime the temptation to over-harvest it is the standing danger.

SKEW at 150 is the dissenting indicator, at the 79th percentile. Elevated crash-hedging demand alongside a 15 VIX means sophisticated participants are buying tail protection while at-the-money volatility stays cheap. Combined with the safe_haven_demand component at 25 and risk_over_haven at +0.05z, the picture is consistent: investors are hedging the tail rather than reducing the core. That is a defensible structure and one worth replicating — cheap 1M at-the-money vol funding or complementing out-of-the-money protection is better value than de-risking outright.

Cross-asset vol shows where the anxiety actually sits. MOVE at 70 (12th percentile) says the bond market is exceptionally calm — which, with the front end priced for 1.6 hikes and 2Y specs at the 100th percentile, looks like the cheapest tail in the complex. OVX at 46 (68th percentile) and GVZ at 25 (88th percentile) put the elevated implied vol in commodities, not equities.

Tail metrics: S&P expected shortfall at the 5% level is -4.8% with the index only 1% off its highs; Bitcoin ES5 -15.5% against a 36% current drawdown; gold ES5 -4.7% with a 14% drawdown. S&P-gold lower-tail dependence of 0.13 is low, which is the technical statement that gold has retained haven quality — the two do not crash together.

Leading Indicators & Forecasts

The lead-lag table needs to be read with severe discipline, and its own output makes the case. The reported percentage changes are corrupted — "+12958.8%" for a claims move from 203k to 216k, "-143911.8%" for continued claims — a scaling error in the display layer, so the level forecasts, not the percentages, are the usable output. More importantly, every band swamps its point estimate: StLouis_Fin_Stress → Initial_Claims (H=3w, R^2 0.54) forecasts 216k with a ±1σ band of -60.8k to 492.7k. A band spanning negative claims is not a forecast; it is a statement that the model has essentially no weekly conditional precision. Treat these as directional hypotheses, never as predictions.

With that framing, the signal content is consistent and worth noting. Every high-R^2 relationship in the table runs from a financial-conditions variable into a labour-market variable: financial stress and VIX3M lead initial claims, Chicago Fed NFCI leads continued claims, India VIX leads both claims and the Chicago Fed activity index. The economic content is that financial conditions lead the real economy by two to four weeks — a well-documented relationship, and the reason the current benign readings (StLouis stress -0.08, MOVE at the 12th percentile, HY at 2.60%) matter more than any single macro print. The directional lean across the table is mildly toward higher claims (216k and 230k from the two stress-based models) against a very low 203k base, but from the 6th percentile of ten years, mean reversion upward is the null hypothesis, not a warning.

The one genuinely useful item is the appearance of India VIX as a leading variable for US claims and the Chicago Fed activity index (R^2 0.54 and 0.36). Whether causal or a proxy for global risk appetite, it argues for monitoring Indian volatility as a global conditions indicator rather than a local one.

Commodities (Oil, Gas & Metals)

Oil's fundamentals and its price are pointing in opposite directions. WTI at $85.32 rose 2.28% this week but is down 5.8% over 13 weeks, and US crude inventories sit 1.6% above the five-year seasonal average at a z-score of +2.2 — a statistically significant surplus, unambiguously bearish, with production at 13.84M b/d and Cushing at 22.4M bbl. The offset is in products: gasoline stocks -6.0% versus the five-year average and distillate -14.4%, with the 3:2:1 crack at $59.9/bbl. That is an exceptionally strong refining margin and a tight product market sitting on top of a loose crude market. The trade the data supports is long the crack or long products, not long crude. Positioning adds a tactical wrinkle: WTI specs are net short 15,142 lots at the 20th percentile of three years — a crowded short with squeeze-higher risk, and the +2,309 weekly change suggests that squeeze may have begun. For equities, remember the -0.40 13-week oil-stocks correlation: rising crude is a margin tax here, not a growth confirmation.

Natural gas is the cleaner bearish case. Henry Hub $2.92 (+1.1% weekly, -9.6% over 13 weeks), storage at 3,184 Bcf and 4.9% above the five-year seasonal (z +0.6), building 15 Bcf. But spec positioning at the 3rd percentile of three years is the most extreme reading in the entire positioning complex. Fundamentally bearish, positioning maximally short — a poor risk-reward for new shorts and a candidate for a violent weather-driven squeeze.

Metals are the crowded trade. Gold $4480 (+0.05%), silver $66.88 (-0.17%), ratio 67.0 at the 12th percentile of five years — silver has massively outperformed and the ratio has little room to compress further. Silver's +0.60 correlation with copper identifies the driver as industrial demand, and copper is the sharpest positioning warning in the dataset: 100th percentile spec net long with open interest +30%. Copper rose 1.72% on genuine global activity (+1.25z), but a 100th-percentile long with the physical story fully known is where the marginal buyer has already bought. Take profits on copper length; prefer expressing the industrial-metals view through equity producers than through the crowded futures position.

Crypto

Total market cap $2.66T with Bitcoin +0.83% on the week, BTC dominance 59.2% and ETH dominance 11.2% (ETH/BTC 0.0315). The dominance split says this is not a broad risk-seeking crypto rally — capital is concentrated in the largest asset, which is the defensive configuration within the asset class. Stablecoin supply at $310B (+0.3%) is a mild positive: dry powder is accumulating rather than exiting. DeFi TVL at $87B (-0.1%) is flat, confirming no leverage build-up.

Two structural readings matter more than the price. First, Bitcoin's correlation with the Nasdaq has fallen from +0.35 (52w) to -0.06 (13w), a -0.42 shift. Crypto is no longer a levered tech proxy — which raises its diversification value in a multi-asset book but removes the AI-and-tech tailwind narrative from the bull case. Second, Bitcoin is a net information leader in the Granger network. That is a monitoring asset: because it trades continuously, it registers global risk-appetite shifts before Monday equity opens, and the network says those shifts propagate to the Nikkei, S&P, gold and Nifty.

The risk side is stark. Bitcoin's 5% expected shortfall is -15.5% against a current drawdown of 36% — over three times the S&P's -4.8% tail, in an asset already deeply underwater. Crypto Fear & Greed at 62 (Greed) but decaying from 73 a week ago shows enthusiasm cooling into that drawdown. Position sizing, not directional conviction, is the operative decision: an asset with a -15.5% weekly tail belongs at a small fraction of the notional an investor would allocate to equity beta.

India, China & Russia

India was flat at the index level and constructive underneath. Nifty50 -0.0%, Sensex +0.0%, but BankNifty +0.9% — one of the week's global leaders. Financials outperforming a flat index is the internal rotation that typically precedes broader participation, and it is consistent with domestic credit conditions rather than global beta driving Indian equities right now. Two caveats from the engine. Nifty50 is a Granger follower, so Indian equities are importing global risk appetite rather than setting it — the local signal to watch is BankNifty's relative strength, not the index. And India VIX appears as a leading indicator for US claims (R^2 0.54) and the Chicago Fed activity index (R^2 0.36), which makes Indian volatility a global conditions gauge worth monitoring regardless of one's India exposure. India does not appear in either the momentum leader or laggard list, placing it mid-pack behind Taiwan, Korea, Thailand and Japan on 26-week relative strength.

China is stabilising without leading. Shanghai +0.7%, Shenzhen -0.2%, and CN_Internet -0.3% on the week with -12% 26-week relative strength placing it among the global laggards. The mainland index outperforming the internet complex says the bid is in old-economy and policy-sensitive names, not in the growth franchises — consistent with the global activity strength (+1.25z) and copper's move, and with continued regulatory and earnings pressure on platforms. Constructive on Chinese cyclical exposure, cautious on Chinese tech.

Russia is the clearest underperformer in the universe: RTS -32% and MOEX -24% on 26-week relative strength, the two weakest readings globally. This is idiosyncratic and structural — sanctions, capital controls, restricted access — not a valuation opportunity accessible to most professional investors, and the divergence from the emerging-market cohort (Bovespa +1.2%, Merval +1.0%, STI +1.2% this week) demonstrates that "emerging markets" is not behaving as a single factor.

The wider developed-versus-emerging picture is nuanced. The strongest 26-week momentum sits in Asian EM and developed Asia (TAIEX +37%, KOSPI +22%, SET +21%, Nikkei +19%, FTSEMIB +19%) while the US lagged this week (S&P -0.70%, Nasdaq -0.89%, Russell -2.3%). But EM debt did not participate: EM-USD -0.4% and EM-local -0.6% against Intl-exUS -0.3%. Equity risk in EM is being rewarded; EM duration and currency risk are not. Express the EM view in equities, hedged or unhedged by preference, but do not reach for it in local-currency bonds while the dollar has 90th-percentile spec support.

Positioning, Sentiment & What to Watch

The positioning complex describes a market that has already made its bets. Crowded longs: UST 2Y at the 100th percentile, copper at the 100th, corn 97th, wheat 97th, soybeans 94th, USD Index 90th (with open interest +39%), UST 5Y 85th. Crowded shorts: natural gas at the 3rd percentile, UST Bond 6th, EUR 13th, WTI 20th. Equity positioning is the striking exception — S&P e-mini at the 58th percentile, Nasdaq-100 at the 38th, Russell 2000 at the 24th with open interest -12%. Nobody is crowded long US equities. That is genuinely supportive: the pain trade in equities is higher, and the Russell's 24th-percentile positioning after a -2.3% week is a contrarian setup rather than a capitulation signal.

The risk is concentrated in the front end of the curve, the dollar and the industrial-agricultural commodity complex, where a 100th-percentile long has no marginal buyer left. Sentiment corroborates: CNN composite 50, but junk-bond demand at 92 versus safe-haven demand at 25, price strength 26 and momentum 34. Credit conviction is extreme; equity conviction is not. When those two diverge this far, credit has historically been the more reliable signal — which is why HY OAS is the anchor of the monitoring list.

What would confirm the constructive view: HY OAS holding below 2.75%; the VIX/VIX3M ratio staying under 1.00; average MV-DCC conditional correlation remaining near +0.04 and PC1 below 25%; breadth holding above 70% of global indices over their 40-week averages (71% now); and CNN's price strength and momentum components recovering from 26 and 34 toward the junk-bond reading — the convergence that would turn the Markov regime toward Risk-on.

What would change it: HY OAS through 3.00%, which given the -0.82 correlation with equities is the single most efficient early warning. VIX/VIX3M crossing 1.00 into backwardation. Average conditional correlation rising toward +0.20 or PC1 above 30% — diversification failing, cut gross. SOFR-fed-funds persistently above 10bp with RRP at zero, signalling reserve scarcity. Initial claims sustaining above 230k, the upper end of what the financial-conditions models imply. And the growth composite (+0.79z) rolling over while inflation (-0.04z) rises — the exit from Goldilocks into stagflation, the quadrant in which every position described here performs poorly at once.

PART I

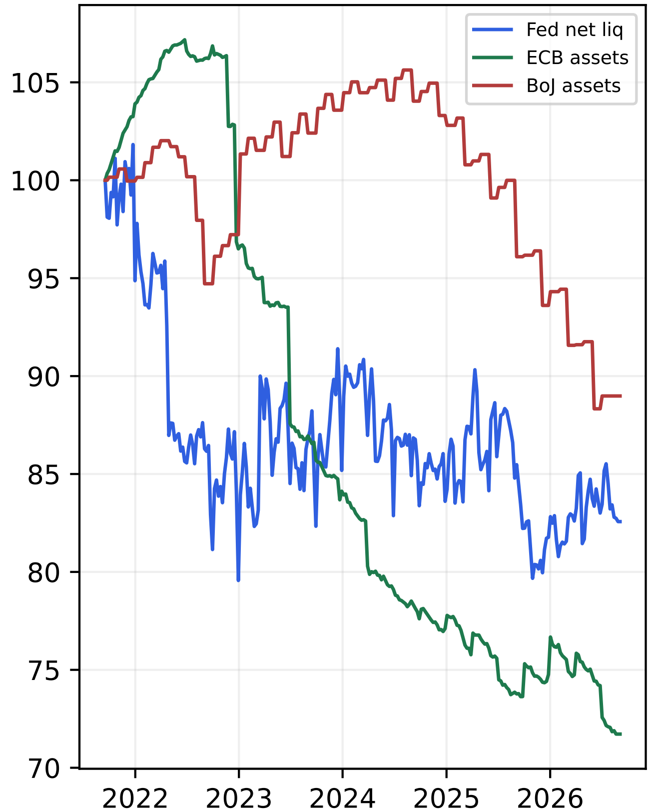
Global Macro & Liquidity

Global central-bank liquidity, the sovereign-yield landscape, funding markets, fiscal supply and the growth pulse.

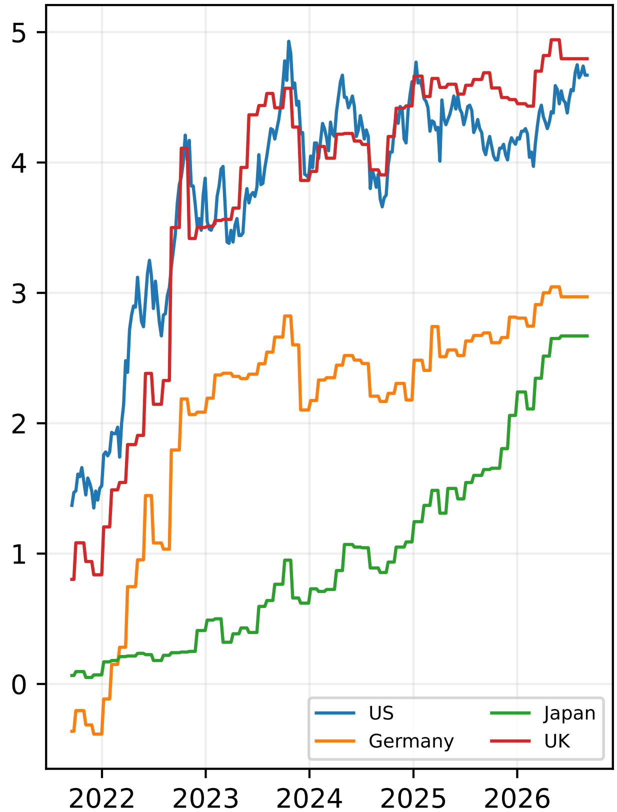
- Central-bank balance sheets (Fed / ECB / BoJ) & global 10Y yields
- Funding plumbing: SOFR, RRP, the Treasury General Account
- Recession probability, market-implied rate path, growth × inflation regime

Global Macro & Liquidity

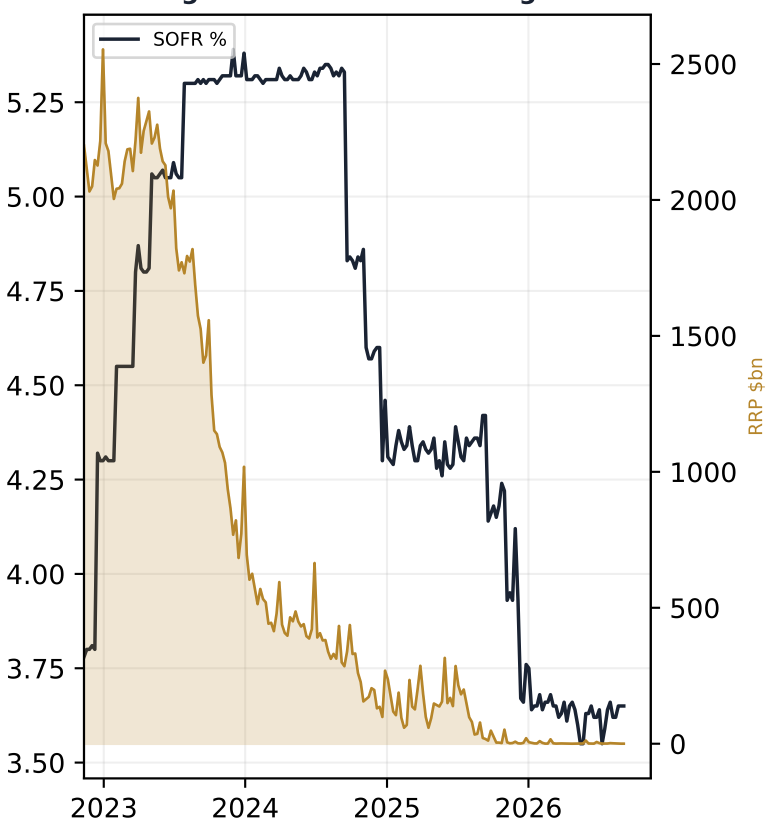
Central-bank liquidity (indexed = 100, 5y)



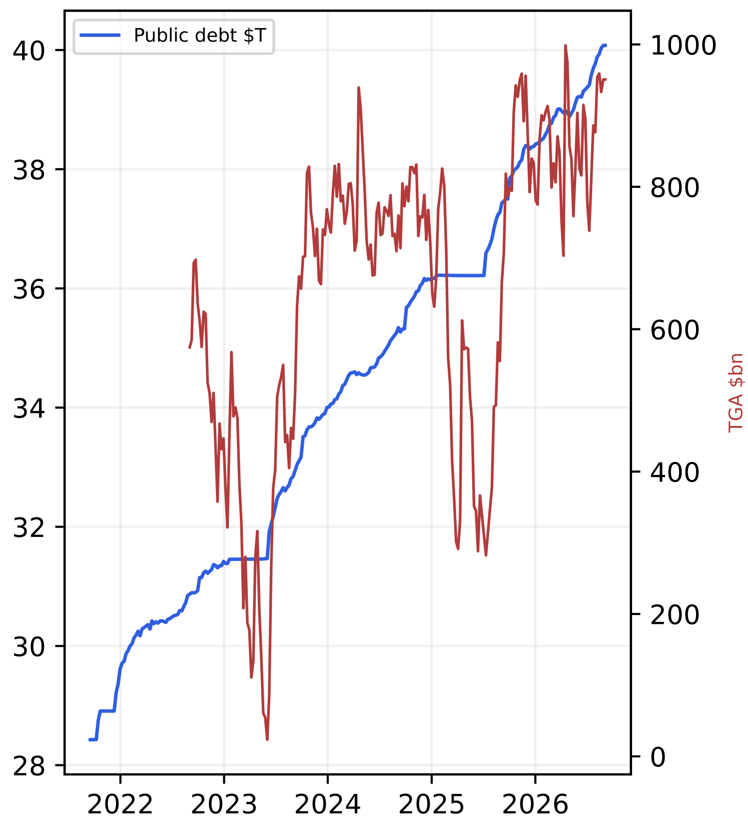
Global 10-year sovereign yields (%)



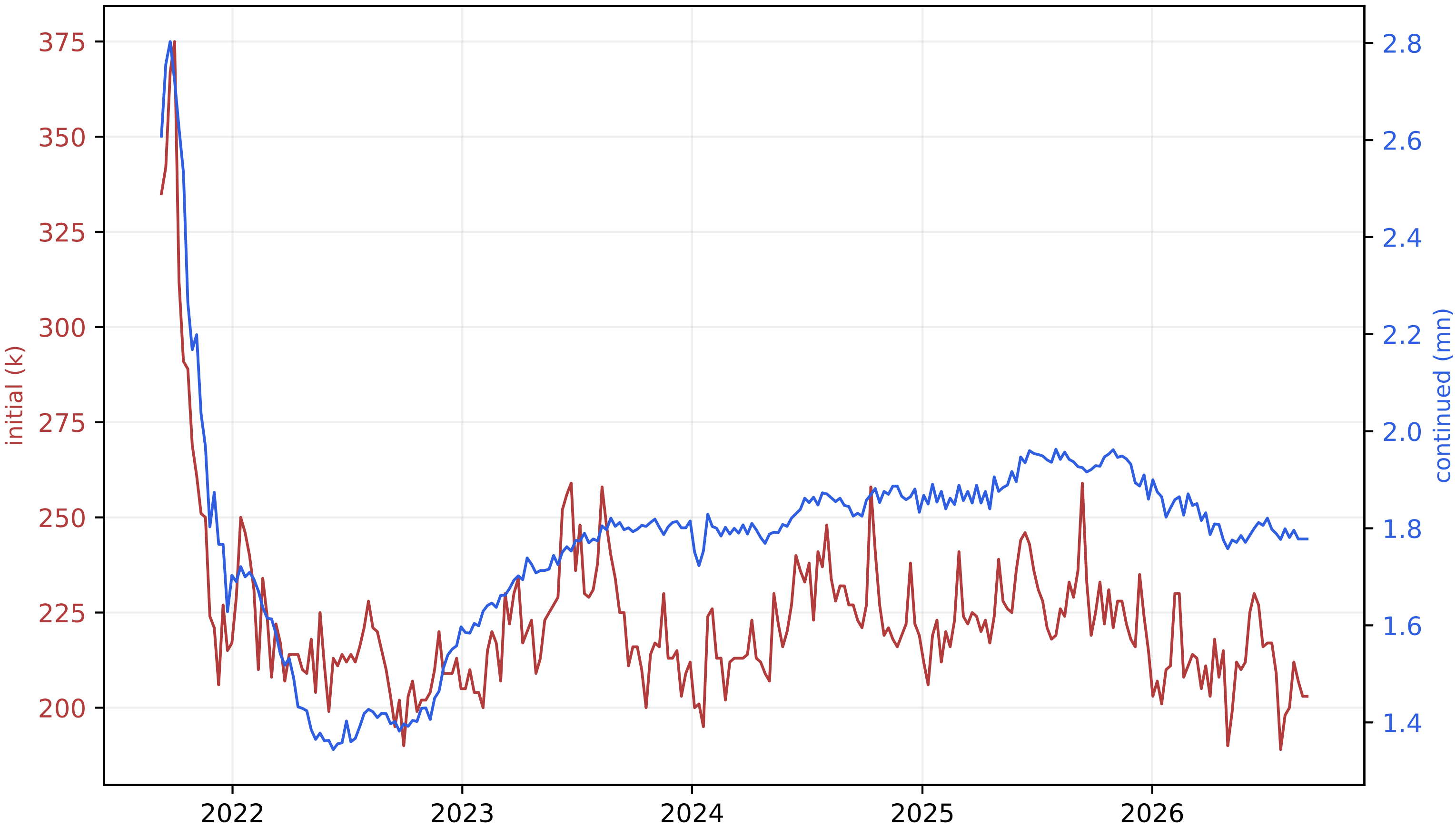
Funding: SOFR rate & RRP usage



US fiscal: public debt & TGA

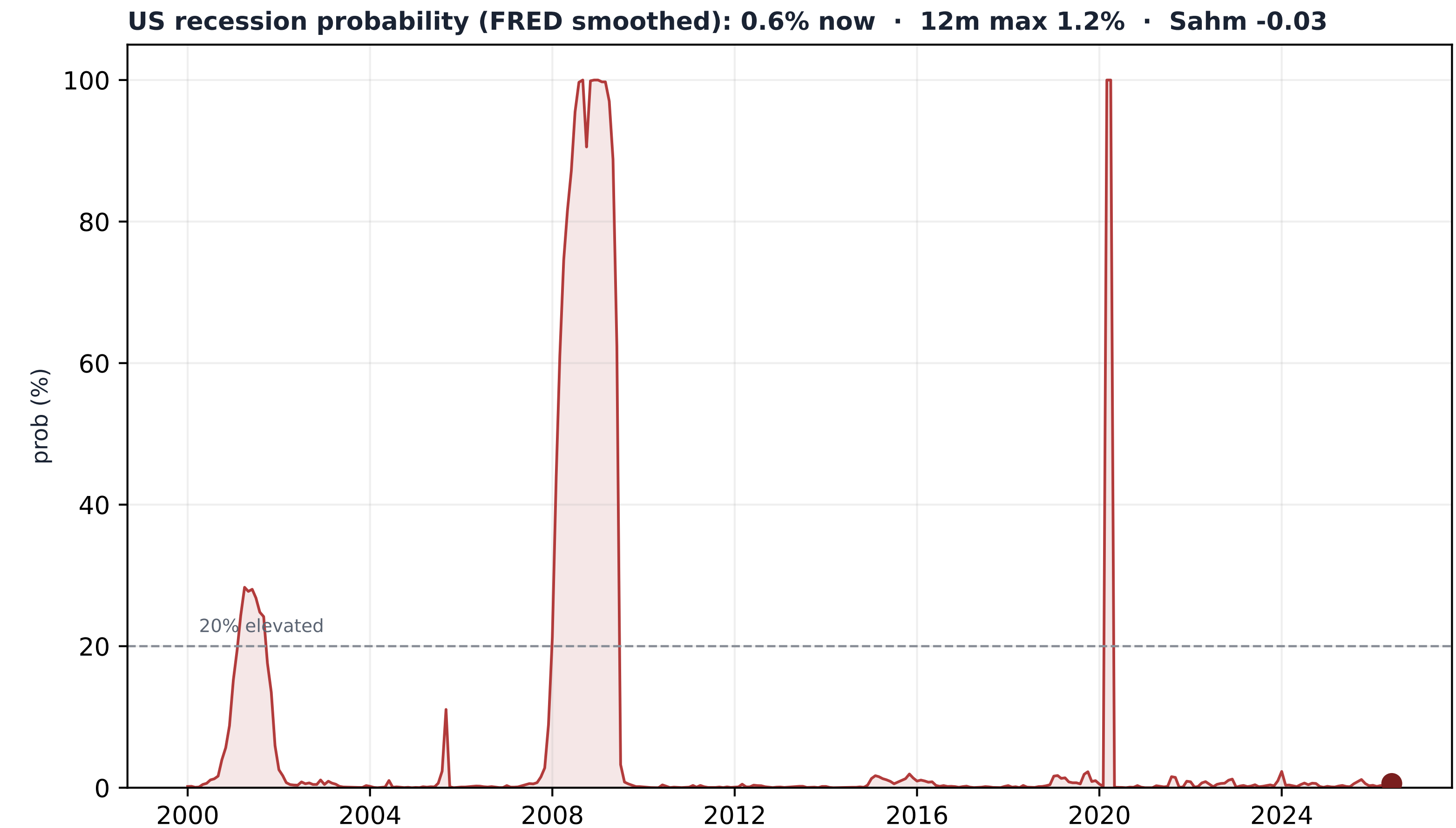


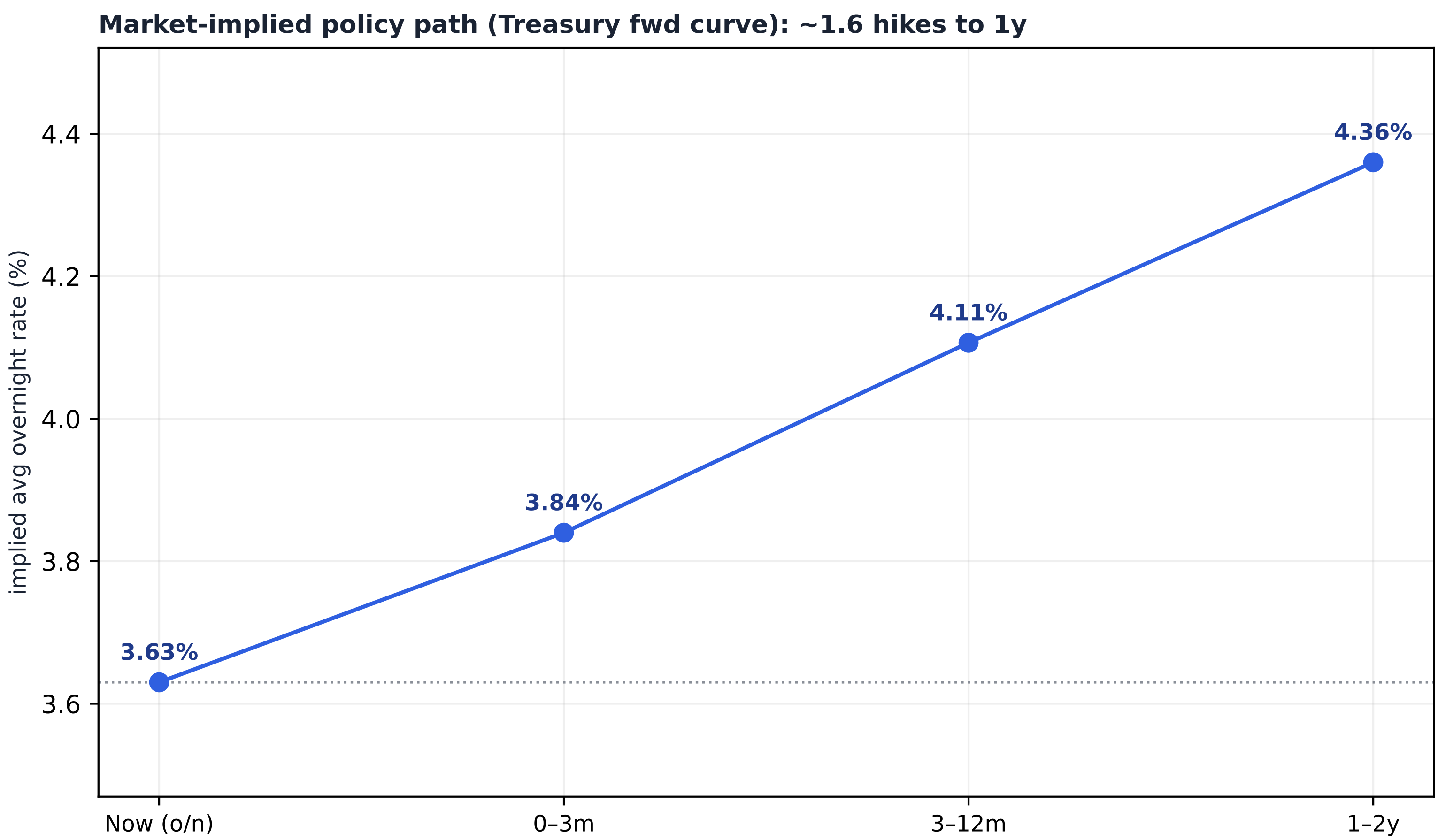
US jobless claims — initial 203k (6th %ile of 10y), continued 1.78mn



Weekly Economic Index (GDP-growth nowcast): +2.9% (~2% = trend)

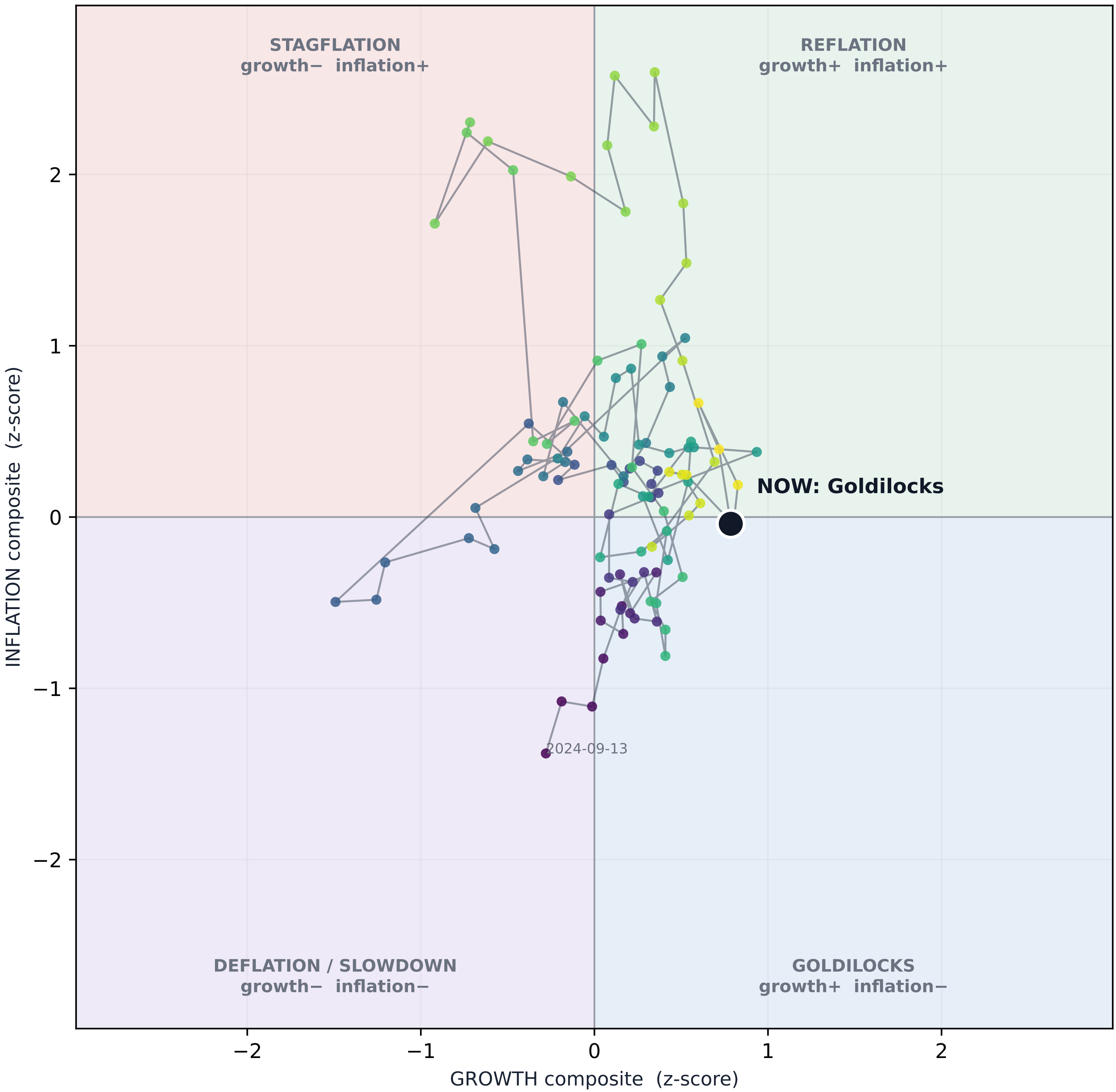
Initial claims — the timeliest US labour-market read; a sustained rise above ~260k historically flags rising recession risk. The Weekly Economic Index (Lewi
ten daily/weekly series into a real-time growth signal scaled to y/y GDP growth.





10Y–3M curve +0.83pp (positive). Forward short rates implied by the current 3M/1Y/2Y Treasury curve; the dotted line is today's fed funds. A downward path prices policy easing. Cut/hike count is an approximation to the 1-year point (ignores term premium), a directional read of what is priced.

Growth × Inflation regime quadrant — 2-year rotation trail



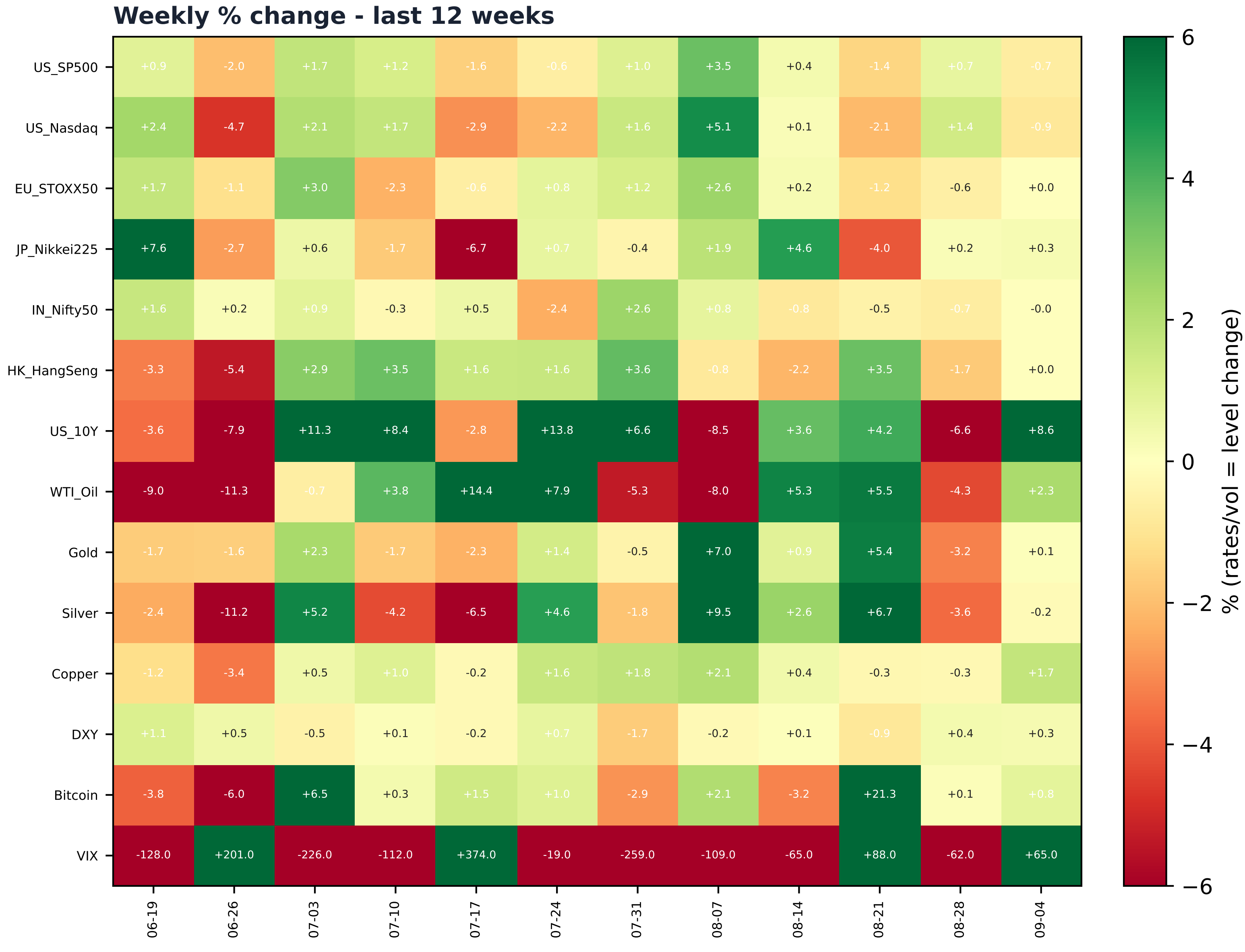
Growth = copper/gold ratio, tight HY spread, S&P momentum, cyclicals/defensives. Inflation = 5y & 10y breakevens, commodity momentum.
Each a mean of 3-year rolling z-scores. Colour of trail points runs old (dark)→recent (yellow); black dot = now.

PART II

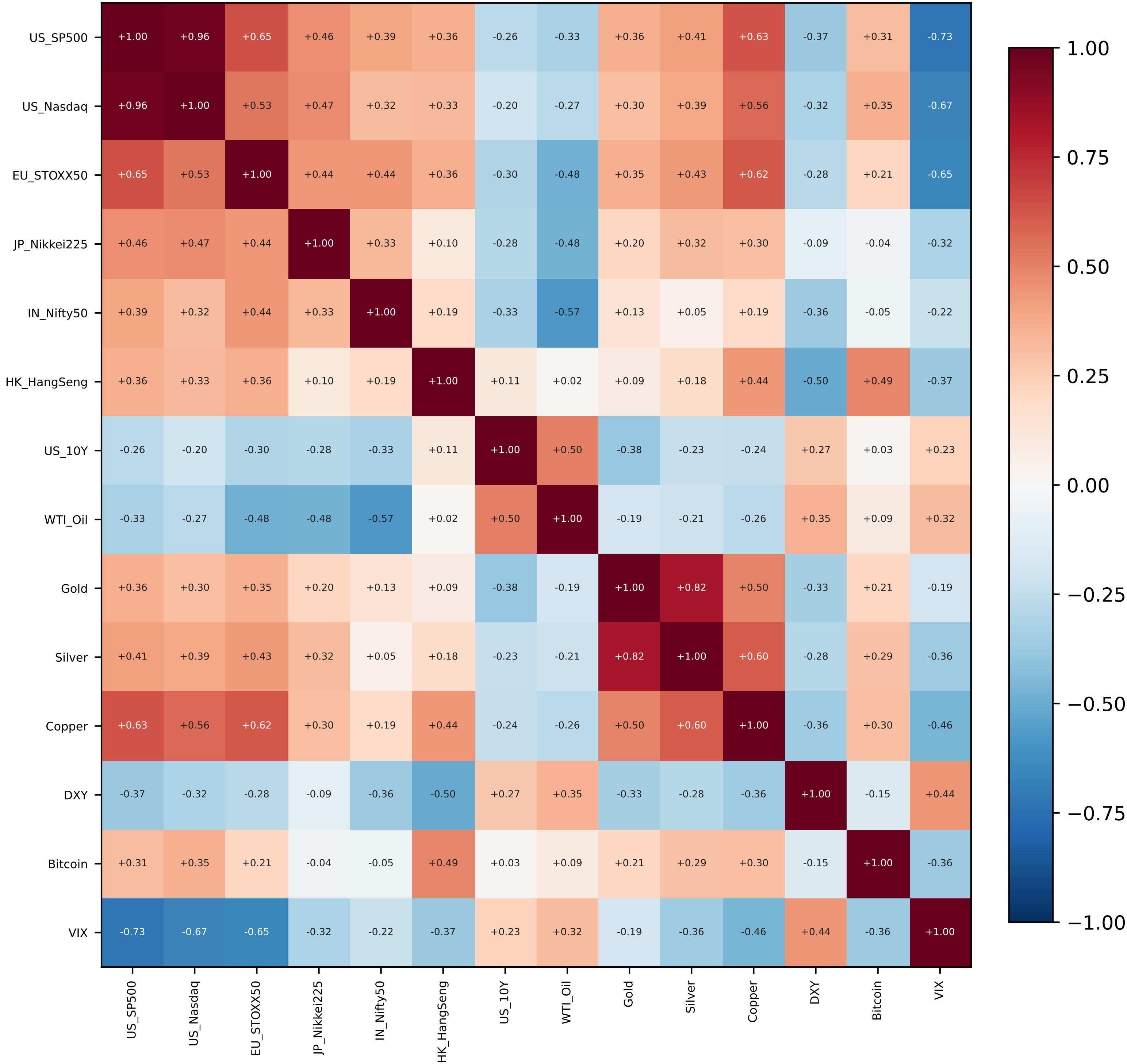
Cross-Asset Structure

How the markets are moving together — the factor structure, systemic co-movement, directional lead-lag and relative value.

- PCA factor model & multivariate DCC conditional-correlation
- Correlation network, multi-horizon & wavelet coherence
- Granger-causality lead-lag network and cointegration / relative value

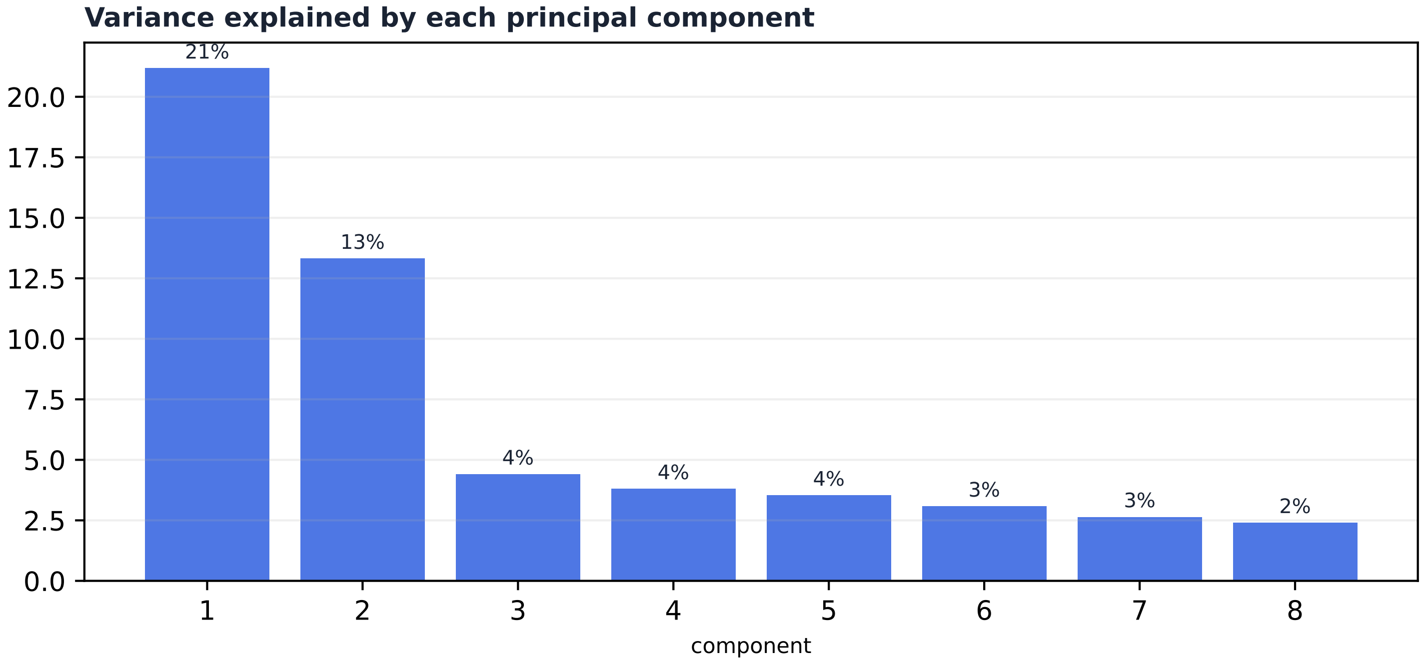

Weekly % change - last 12 weeks
US_SP500 +0.9 -2.0 +1.7 +1.2 -1.6 -0.6 +1.0 +3.5 +0.4 -1.4 +0.7 -0.7
US_Nasdaq +2.4 -4.7 +2.1 +1.7 -2.9 -2.2 +1.6 +5.1 +0.1 -2.1 +1.4 -0.9
EU_STOXX50 +1.7 -1.1 +3.0 -2.3 -0.6 +0.8 +1.2 +2.6 +0.2 -1.2 -0.6 +0.0
JP_Nikkei225 +7.6 -2.7 +0.6 -1.7 -6.7 +0.7 -0.4 +1.9 +4.6 -4.0 +0.2 +0.3
IN_Nifty50 +1.6 +0.2 +0.9 -0.3 +0.5 -2.4 +2.6 +0.8 -0.8 -0.5 -0.7 -0.0
HK_HangSeng -3.3 -5.4 +2.9 +3.5 +1.6 +1.6 +3.6 -0.8 -2.2 +3.5 -1.7 +0.0
US_10Y -3.6 -7.9 +11.3 +8.4 -2.8 +13.8 +6.6 -8.5 +3.6 +4.2 -6.6 +8.6
WTI_Oil -9.0 -11.3 -0.7 +3.8 +14.4 +7.9 -5.3 -8.0 +5.3 +5.5 -4.3 +2.3
Gold -1.7 -1.6 +2.3 -1.7 -2.3 +1.4 -0.5 +7.0 +0.9 +5.4 -3.2 +0.1
Silver -2.4 -11.2 +5.2 -4.2 -6.5 +4.6 -1.8 +9.5 +2.6 +6.7 -3.6 -0.2
Copper -1.2 -3.4 +0.5 +1.0 -0.2 +1.6 +1.8 +2.1 +0.4 -0.3 -0.3 +1.7
DXY +1.1 +0.5 -0.5 +0.1 -0.2 +0.7 -1.7 -0.2 +0.1 -0.9 +0.4 +0.3
Bitcoin -3.8 -6.0 +6.5 +0.3 +1.5 +1.0 -2.9 +2.1 -3.2 +21.3 +0.1 +0.8
VIX -128.0 +201.0 -226.0 -112.0 +374.0 -19.0 -259.0 -109.0 -65.0 +88.0 -62.0 +65.0
06-19 06-26 07-03 07-10 07-17 07-24 07-31 08-07 08-14 08-21 08-28 09-04
% (rates/vol = level change)
6 4 2 0 −2 −4 −6

52-week correlation of weekly moves



CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 149 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

21.2% of variance (cum 21%) · marker corr +0.73

+ EM_USD_Bonds +0.16, US_HighYield +0.15, US_Russell2000 +0.14, CA_TSX +0.14, US_InvGrade +0.13
– US_HY_eff_yield -0.16, VXN -0.12, US_10Y_real_yield -0.12, VIX -0.12, EA_AllBond_10Y -0.11

PC2 — Rates (10Y yield)

13.3% of variance (cum 34%) · marker corr +0.77

+ US_5Y +0.17, US_5Y_yield_cm +0.17, US_10Y +0.17, US_10Y_yield +0.17, US_2Y_yield +0.17
– US_Tsy_7_10Y -0.17, EM_corp_OAS -0.17, US_Tsy_20Y+ -0.16, US_Aggregate -0.15, US_HY_OAS -0.14

PC3 — US dollar

4.4% of variance (cum 39%) · marker corr +0.64

+ DXY +0.25, Dogecoin +0.19, Cardano +0.18, XRP +0.16, Ethereum +0.16
– EURUSD -0.26, GBPUSD -0.17, EM_Local_Bonds -0.16, Platinum -0.15, Intl_Treasury -0.15

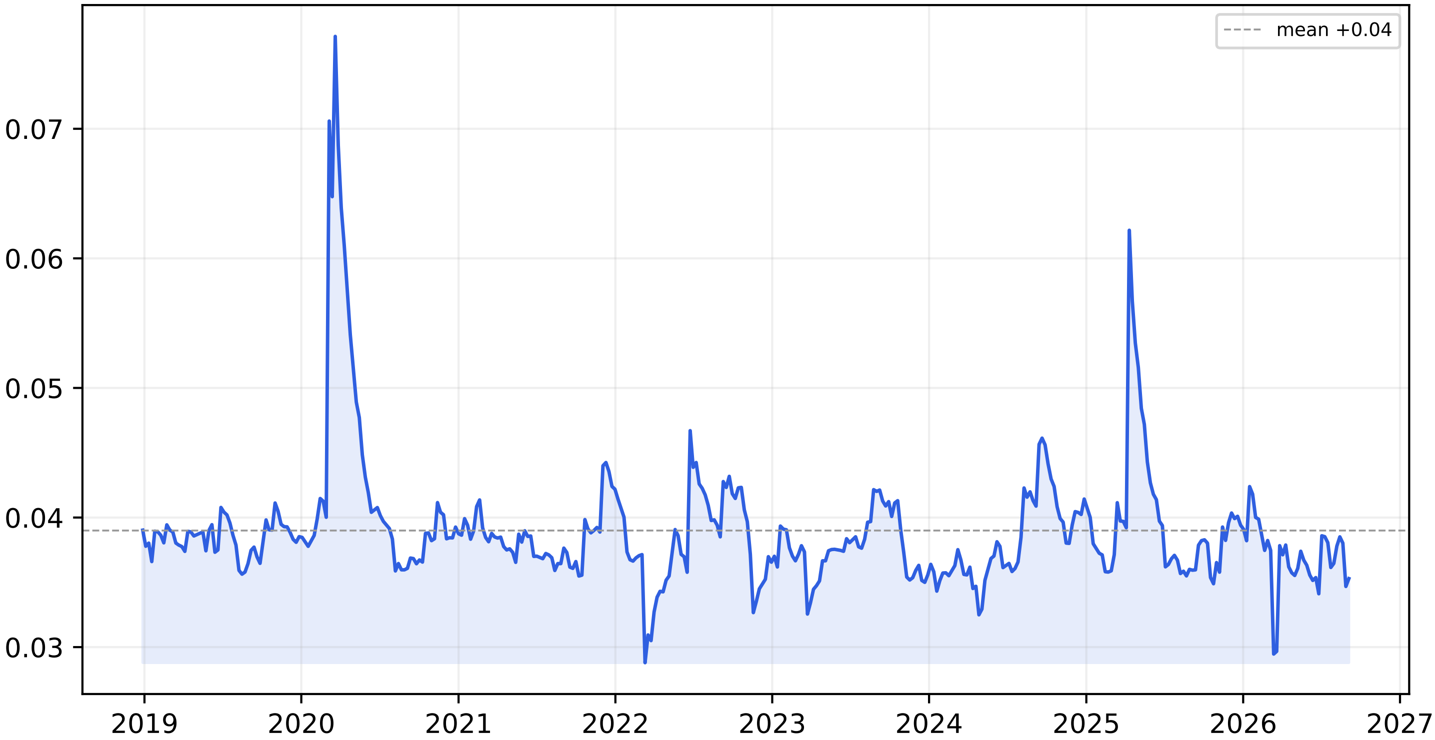
PC4 — Energy (oil)

3.8% of variance (cum 43%) · marker corr +0.52

+ HeatingOil +0.23, Brent_Oil +0.23, WTI_Oil +0.22, Gasoline +0.22, IN_IndiaVIX +0.17
– DXY -0.15, IN_Sensex -0.14, IN_BankNifty -0.14, IN_Nifty50 -0.14, US_Real_M2 -0.13

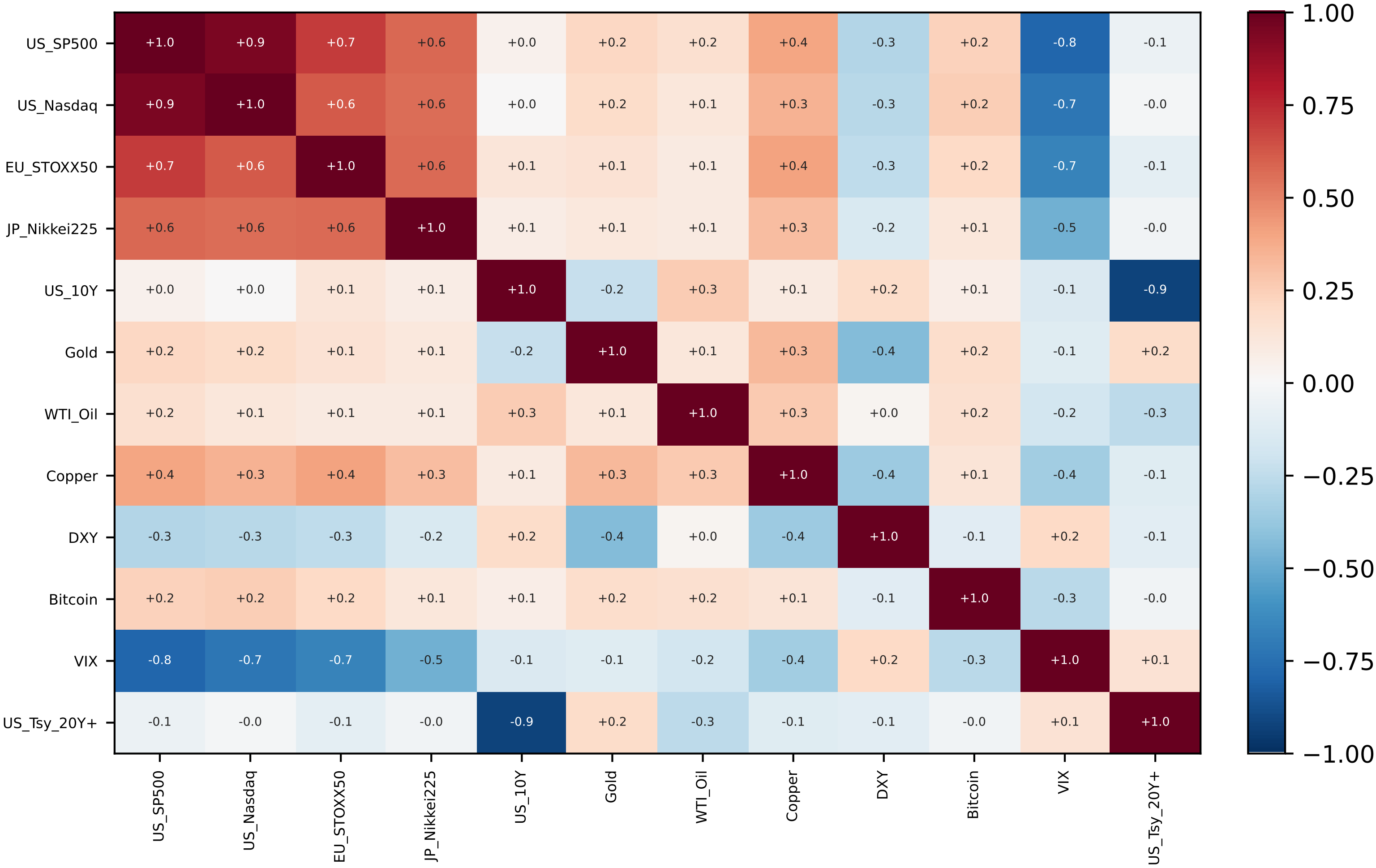
Principal components are the uncorrelated factors that explain the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin. Each factor is named by its strongest correlation with a marker instrument.

Average pairwise conditional correlation (multivariate DCC-GARCH)



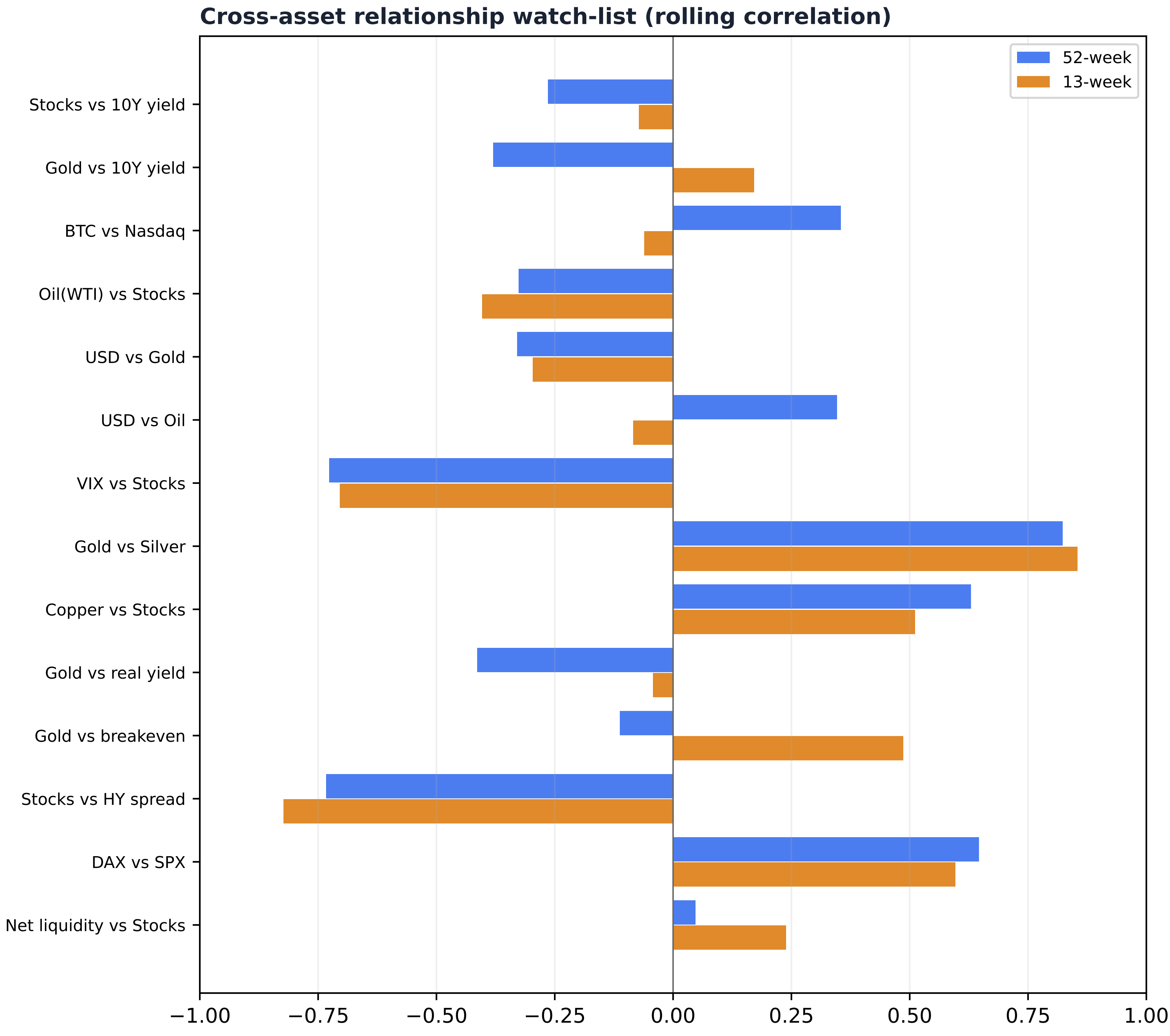
N=12 assets · persistence 0.8368 · rising = diversification failing in real time · now +0.04

Latest conditional-correlation matrix

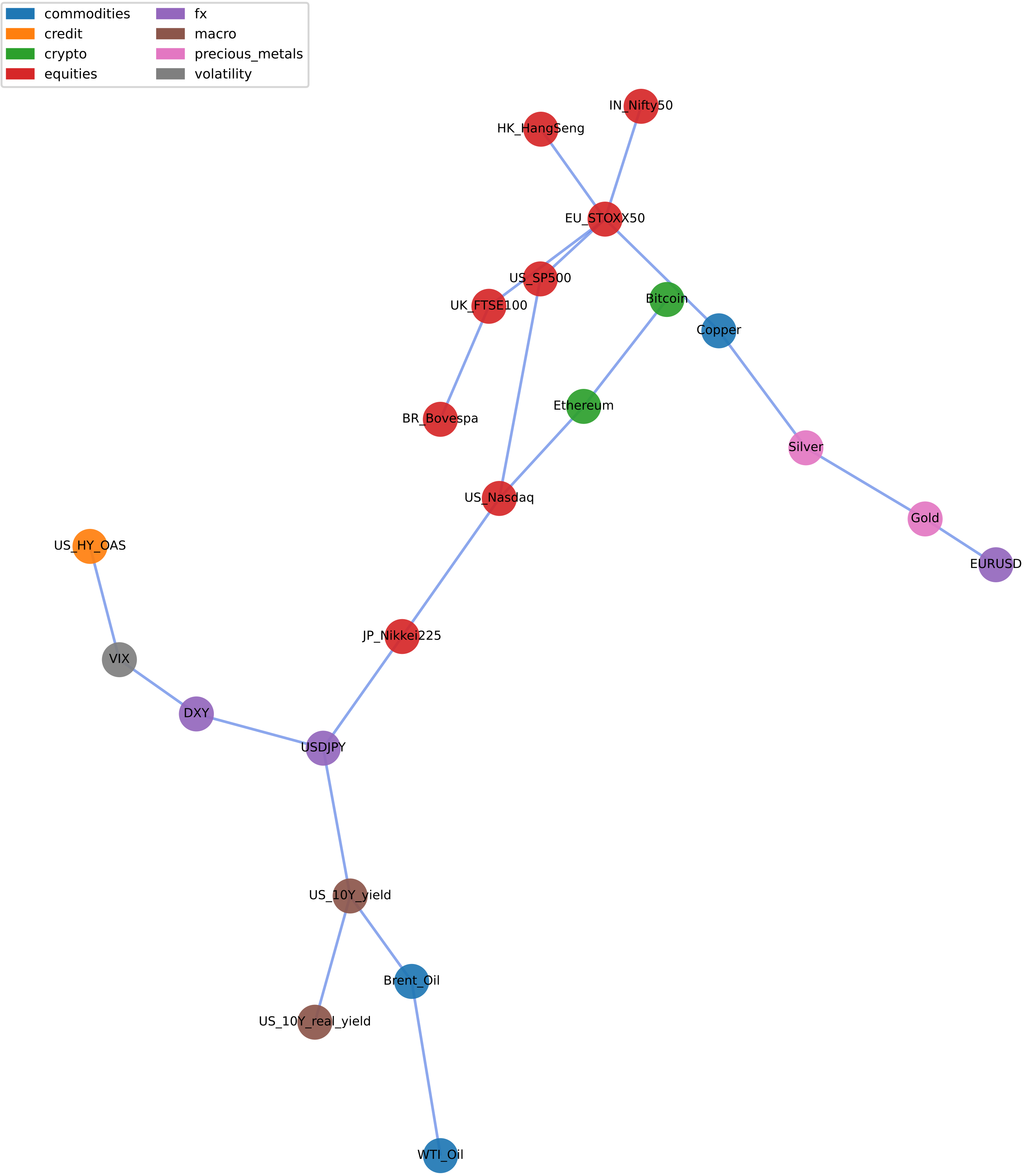


DCC-GARCH conditional correlation: S&P 500 vs US 10Y yield

S&P 500 (log) with Markov-switching regime shading

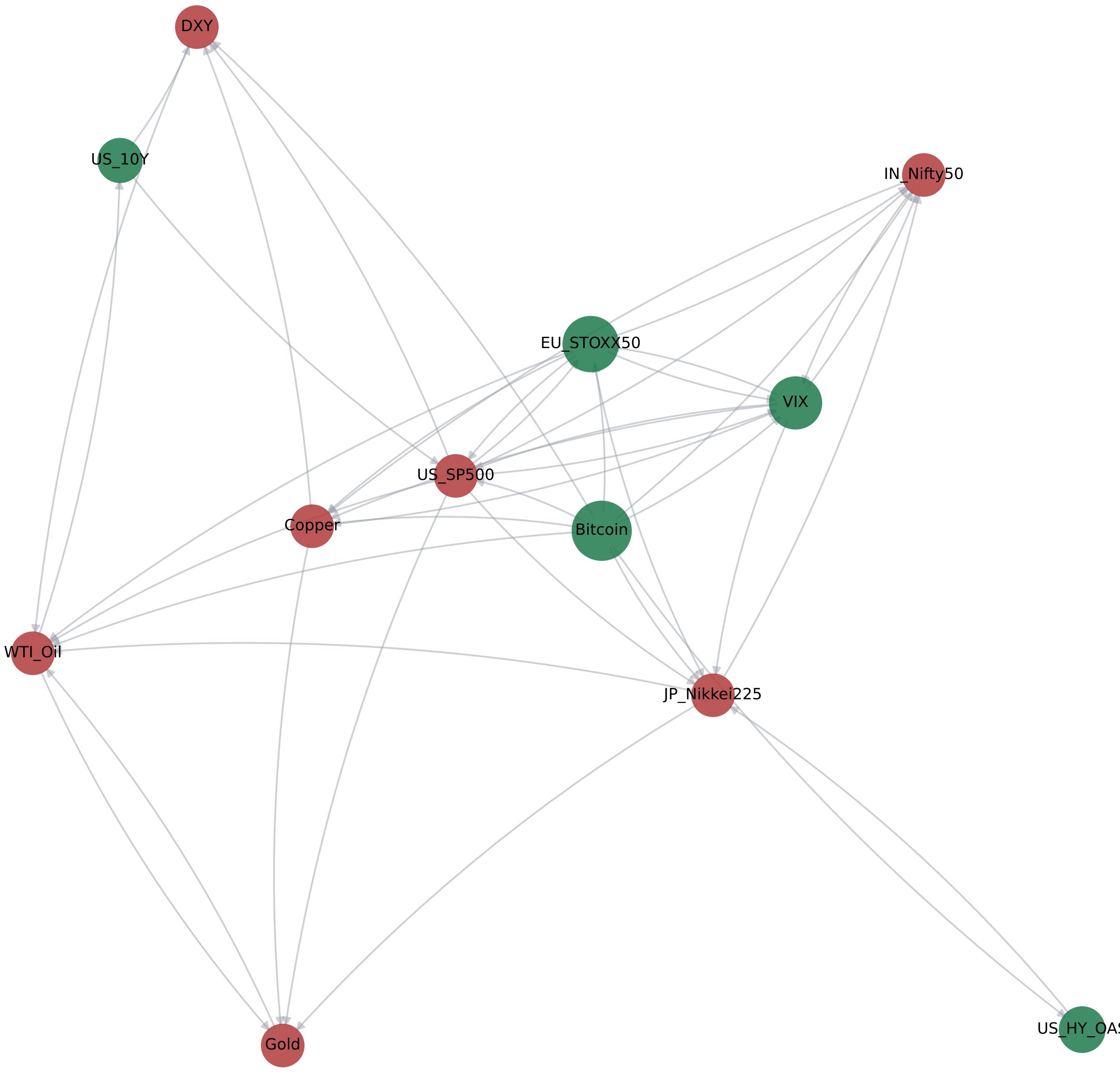

Cross-asset relationship watch-list (rolling correlation)
52-week
13-week
Stocks vs 10Y yield
Gold vs 10Y yield
BTC vs Nasdaq
Oil(WTI) vs Stocks
USD vs Gold
USD vs Oil
VIX vs Stocks
Gold vs Silver
Copper vs Stocks
Gold vs real yield
Gold vs breakeven
Stocks vs HY spread
DAX vs SPX
Net liquidity vs Stocks
−1.00
−0.75
−0.50
−0.25
0.00
0.25
0.50
0.75
1.00

Cross-asset correlation network - minimum spanning tree (3y)



blue edge = positive link, red = negative; proximity = co-movement

Directional lead-lag — Granger causality network

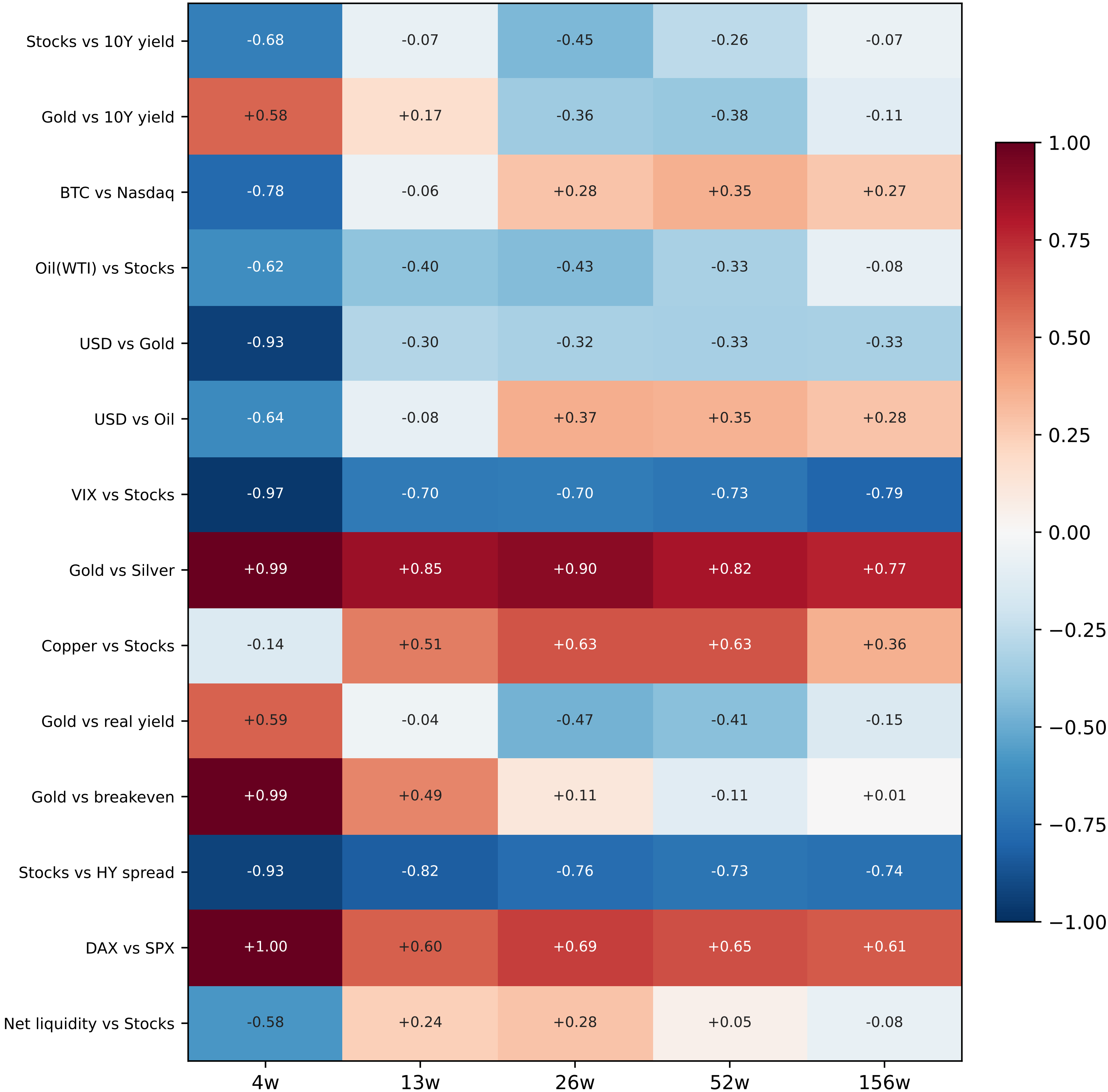


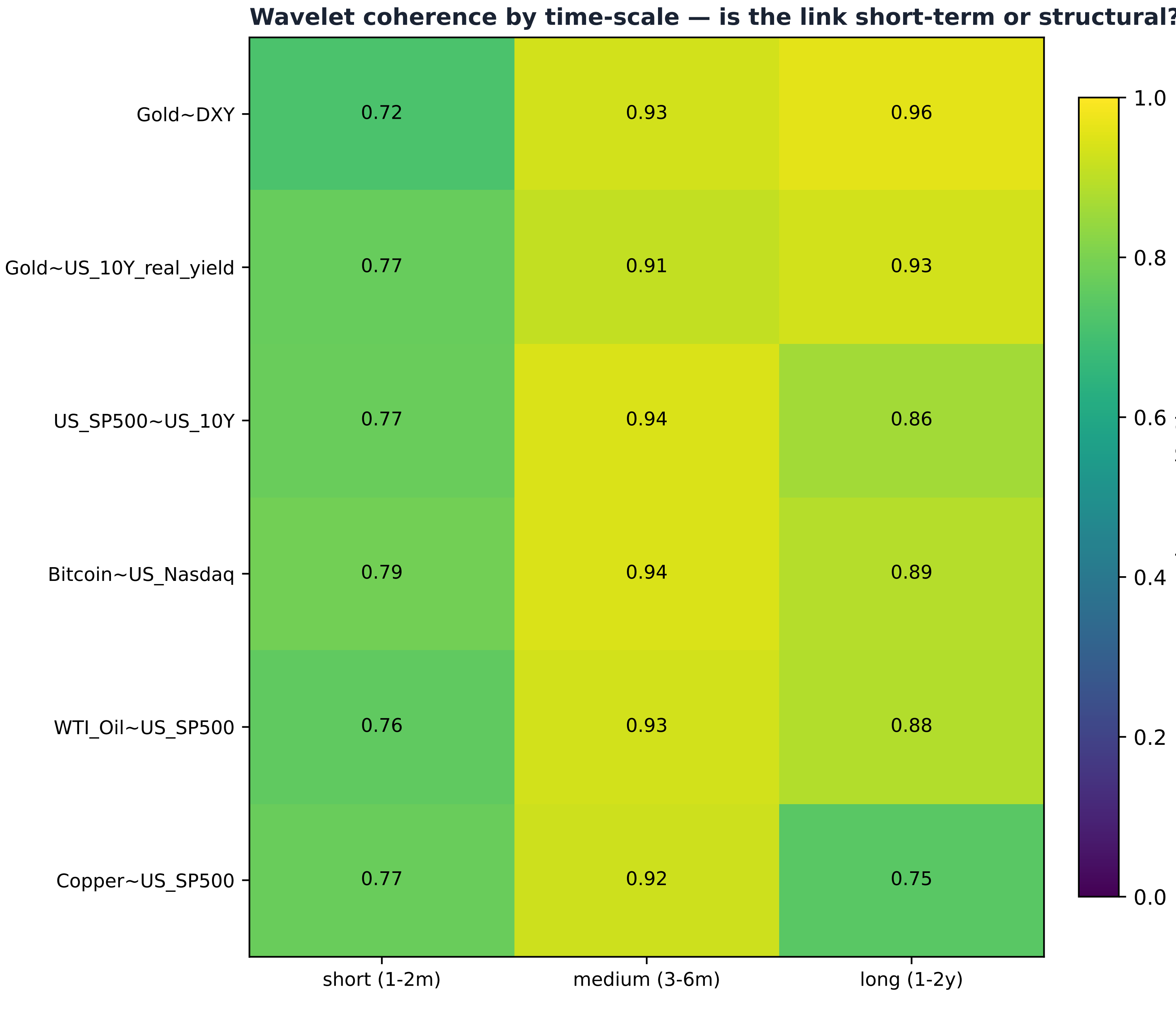
arrow = X Granger-causes Y ($p<0.05$); green/large = net information EXPORTER (leader), red = importer (follower)

LEADERS: Bitcoin +0.08, EU_STOXX50 +0.06, VIX +0.05, US_HY_OAS +0.01, US_10Y +0.01

FOLLOWERS: JP_Nikkei225 -0.08, US_SP500 -0.04, Gold -0.02, IN_Nifty50 -0.02, Copper -0.02

Correlation by horizon - is the relationship structural or short-term?





Coherence rising left→right = the relationship lives at longer (cycle) horizons more than week-to-week.

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting spreads and how stretched each is right now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
US10Y vs Japan10Y	no	0.969	0.58	187w	**+1.96**
HY vs IG spread	yes	0.000	0.31	2w	**+1.23**
WTI vs Brent	no	0.274	0.97	1w	**-0.89**
Copper vs Gold	no	0.118	1.76	11w	**-0.77**
Gold vs Silver	no	0.265	1.19	14w	**+0.72**
BTC vs ETH	no	0.132	0.46	16w	**-0.66**
Gold vs Platinum	no	0.258	0.70	16w	**+0.51**
S&P vs Nasdaq	yes	0.029	1.24	11w	**-0.46**
EURUSD vs GBPUSD	no	0.152	0.94	8w	**+0.22**
VIX vs VIX3M	yes	0.030	0.84	2w	**-0.20**
Stocks vs LongBonds	no	0.189	-0.46	22w	**-0.04**
US10Y vs Germany10Y	no	0.082	1.00	5w	**-0.01**

A low p-value means the spread is statistically mean-reverting (cointegrated). Half-life = weeks to close half a dislocation. |spread z| > 2 (red) flags a historically wide gap — the actionable rich/cheap signal. Pairs shown NOT cointegrated: the long-run link has broken, so the z is informational only.

PART III

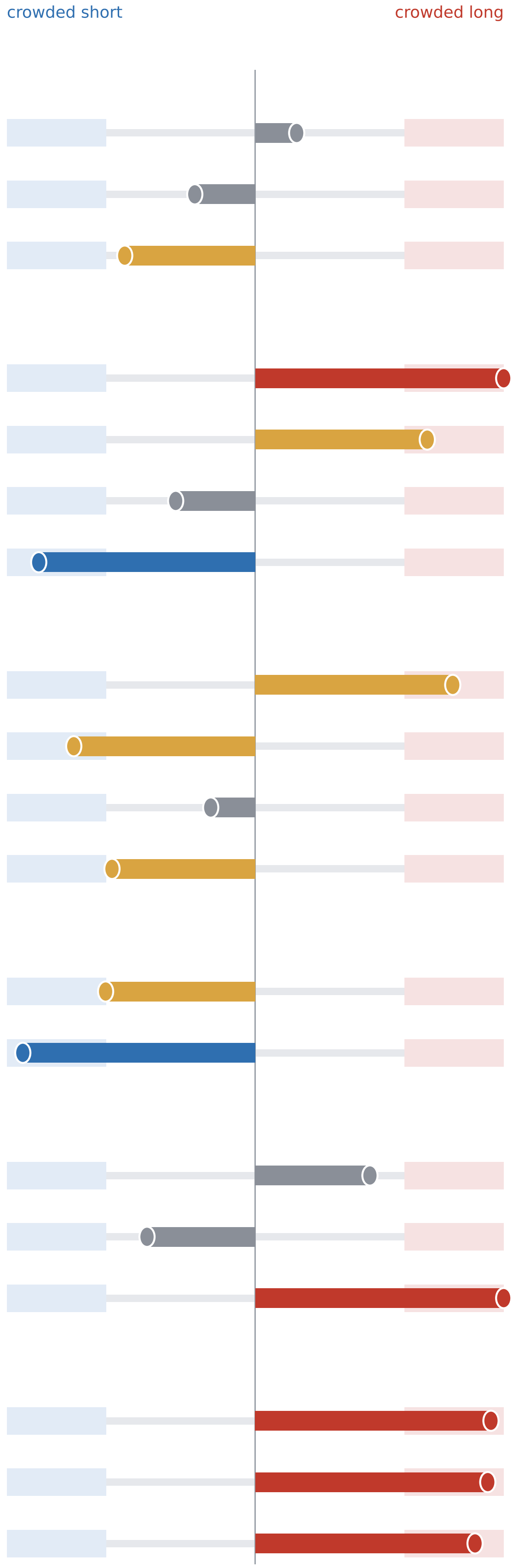
Positioning, Flows & Sentiment

Where the crowd is leaning — futures positioning and market sentiment.

- CFTC speculative positioning complex (crowded longs / shorts)
- CNN Fear & Greed composite and its components

POSITIONING — CFTC speculative net

Large-spec (non-commercial) net futures position vs its own 3-year range. Crowded extremes flag squeeze risk.



	net (k)	%OI	3y %ile
EQUITY INDICES			
S&P 500 (e-mini)	-68	-3%	58
Nasdaq-100	+10	+3%	38
Russell 2000	-52	-12%	24
RATES			
UST 2Y	-861	-18%	100
UST 5Y	-1259	-18%	85
UST 10Y	-839	-14%	34
UST Bond	-187	-9%	6
FX			
US Dollar Index	+19	+39%	90
Euro FX	-36	-4%	13
Japanese Yen	-63	-16%	41
British Pound	-45	-14%	21
ENERGY			
WTI crude	-15	-2%	20
Natural gas	-198	-11%	3
METALS			
Gold	+243	+57%	73
Silver	+25	+22%	28
Copper	+85	+30%	100
AGRICULTURE			
Corn	+441	+26%	97
Wheat (SRW)	-7	-2%	97
Soybeans	+221	+23%	94

Net = long − short non-commercial contracts (thousands). %OI = net as share of open interest. Percentile = rank of current net within its 3-year weekly range.
Shaded red ≥ 80th (crowded long → vulnerable to a wash-out), blue ≤ 20th (crowded short → squeeze-higher risk). Dot = current; bar measured from the 50th

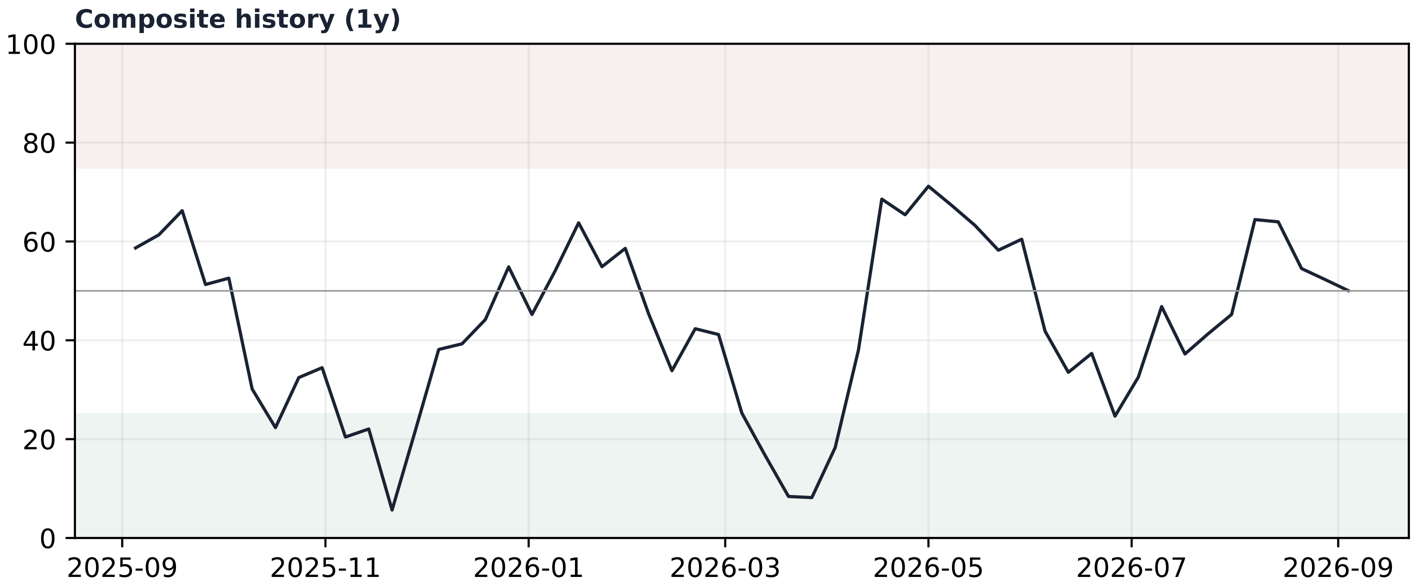
MARKET SENTIMENT

CNN Fear & Greed composite and its components — a contrarian gauge

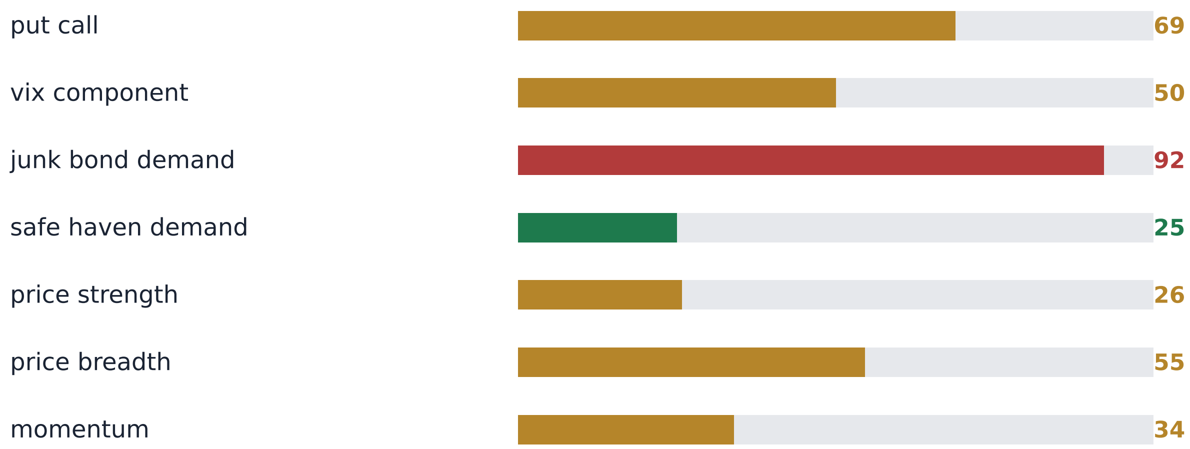
50 **NEUTRAL**

0 = extreme fear · 100 = extreme greed

56	45	62
1 week ago	1 month ago	1 year ago



COMPONENTS (0–100)



Fear & Greed is a contrarian gauge: extreme fear (<25) has historically marked bounce points, extreme greed (>75) complacency. The put/call, junk-bond-demand and safe-haven-demand components each read risk appetite directly.

PART IV

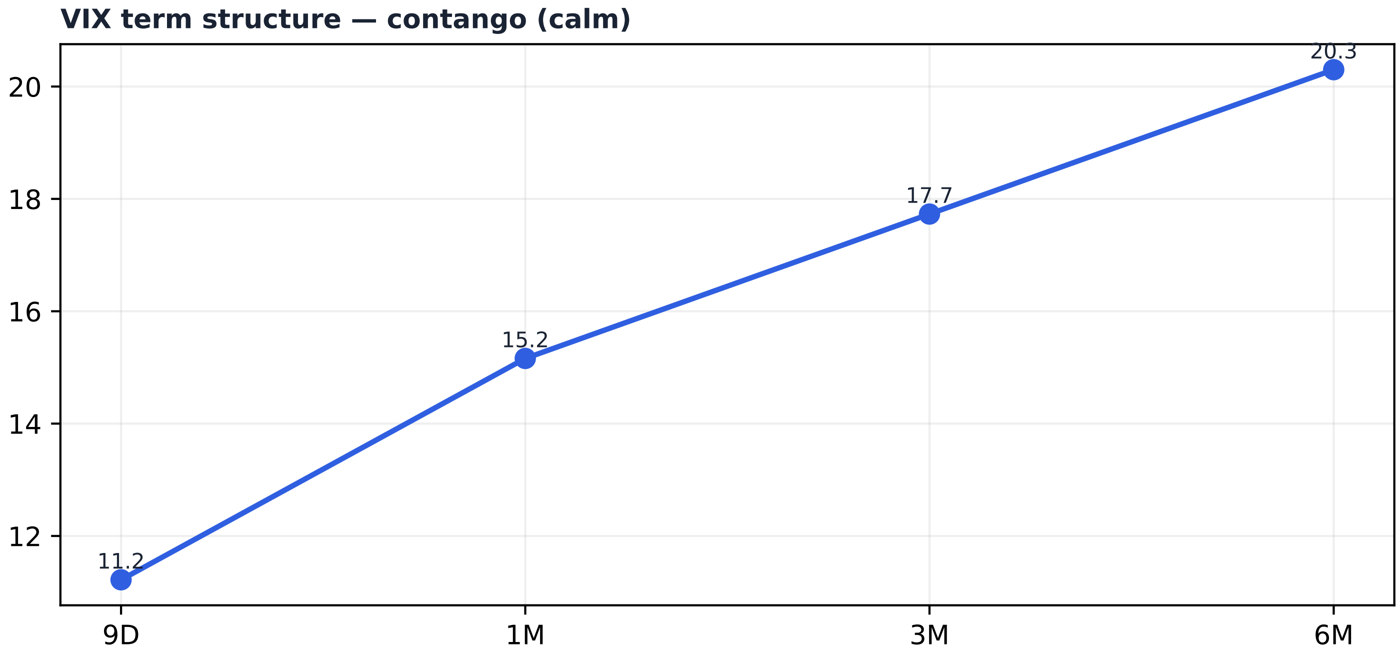
Volatility

The volatility complex — term structure, the risk premium and tail pricing.

- VIX term structure (9D → 6M) and the volatility risk premium
- CBOE SKEW tail-risk index and cross-asset volatility (MOVE / OVX / GVZ)

VOLATILITY COMPLEX

Term structure, the vol-risk premium, tail skew and cross-asset volatility



VOL RISK PREMIUM

+9.0 pts

VIX 15.2 − realised 6.2

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

150

79th %ile of 5y — elevated crash-hedging demand

CROSS-ASSET VOLATILITY (level, 5-year percentile)

Bond vol (MOVE)	70	12th
Oil vol (OVX)	46	68th
Gold vol (GVZ)	25	88th
Vol-of-vol (VVIX)	89	33th

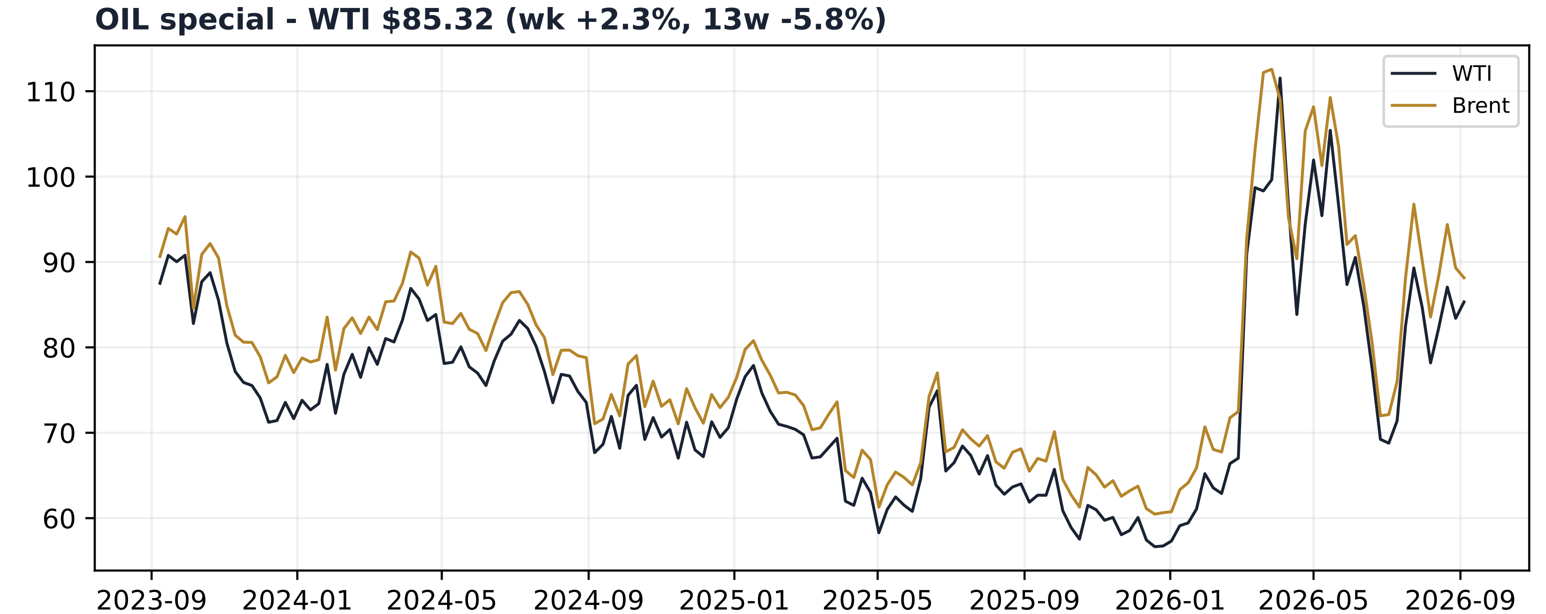
A positive vol-risk premium (implied > realised) is the usual carry cushion; a negative one flags realised stress. Backwardation in the term structure (near > far) signals acute fear. SKEW is the cost of crash protection.

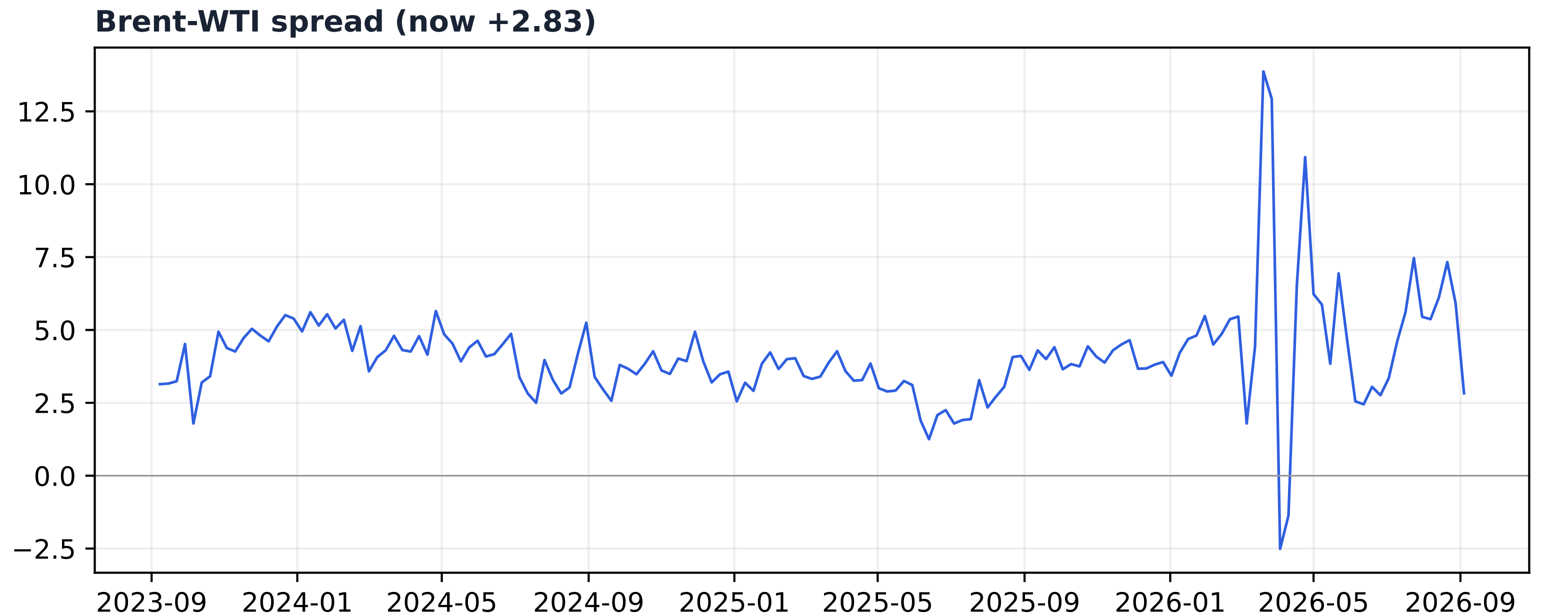
PART V

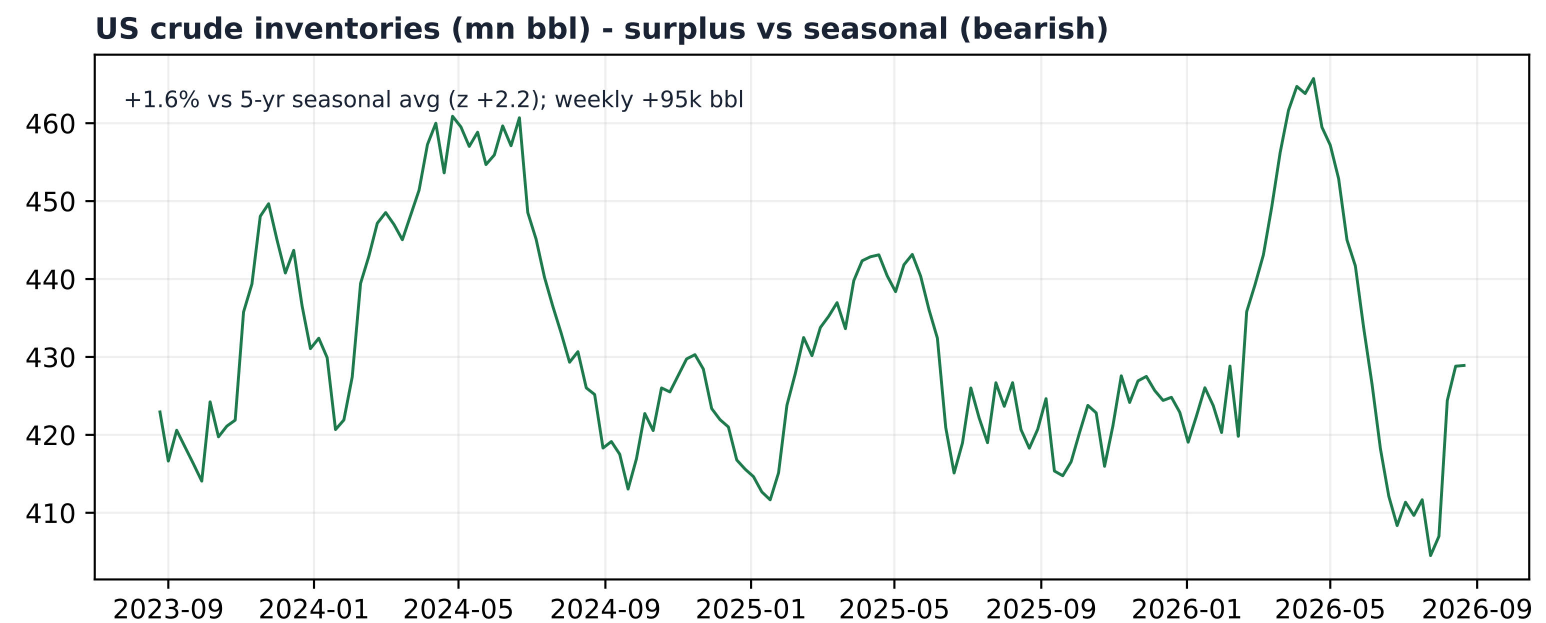
Asset Deep-Dives

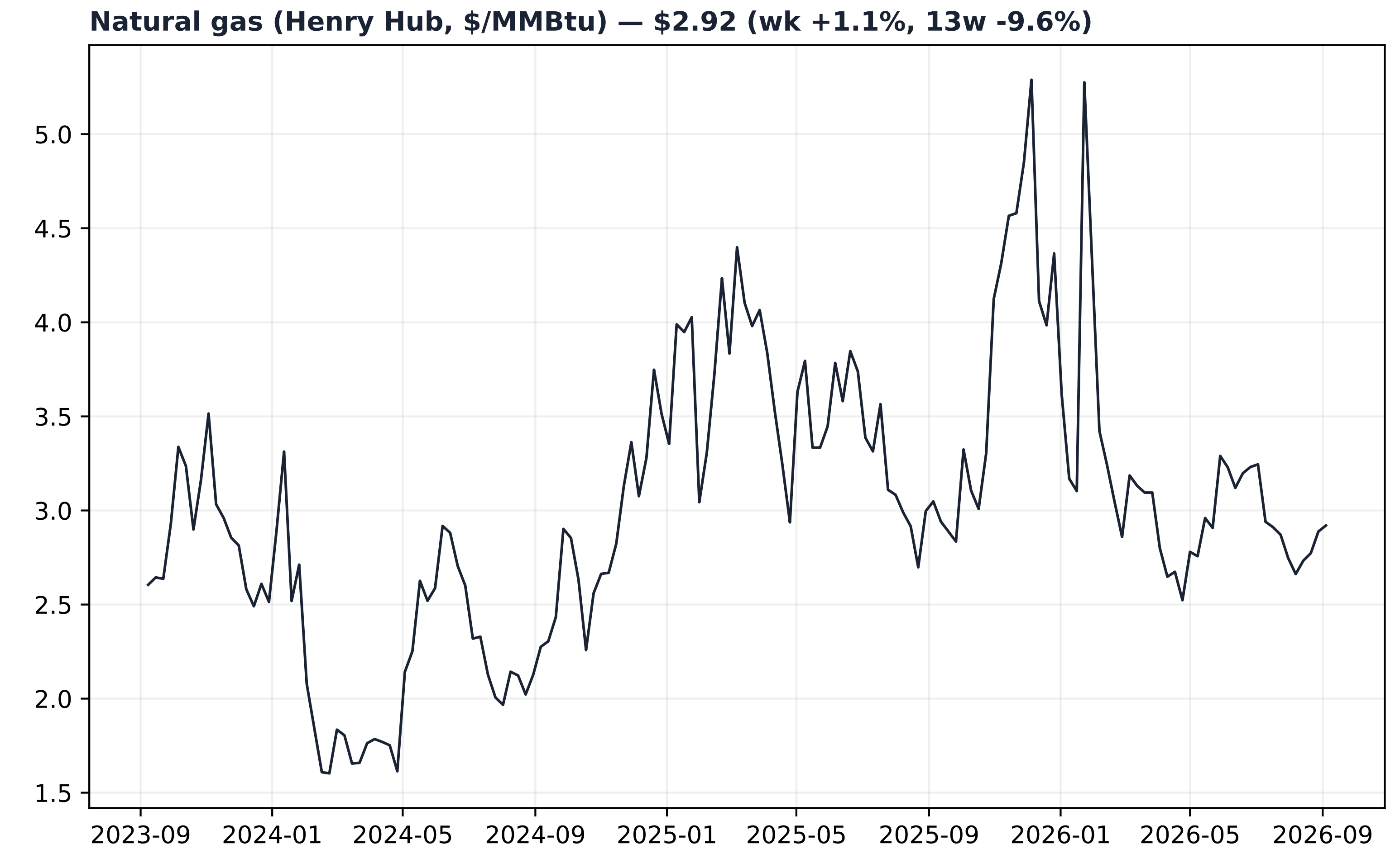
Instrument-level detail across the major asset classes.

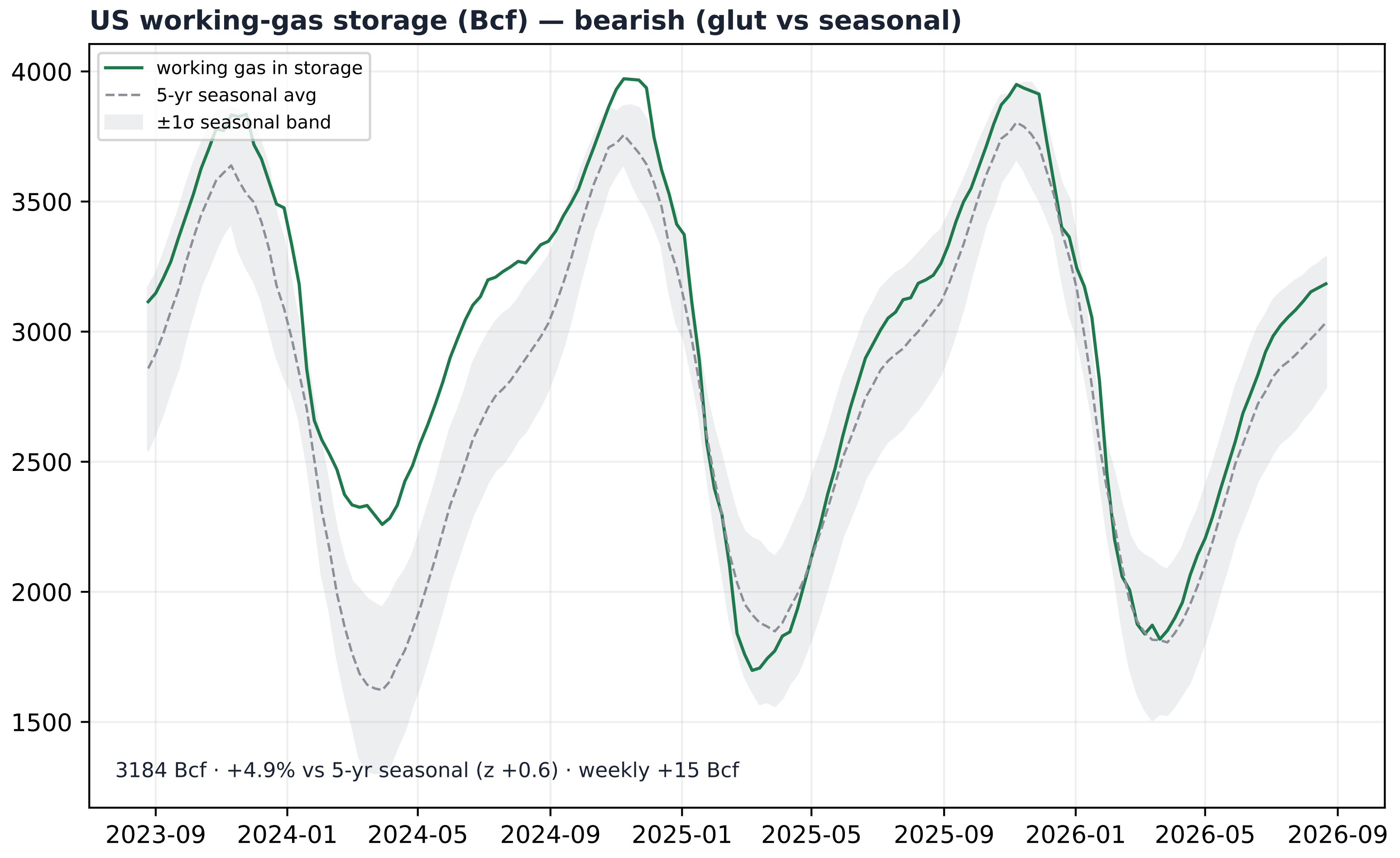
- Oil, natural gas, precious metals and crypto special modules
- Momentum & trend battery; factor-beta risk attribution; equity valuation


OIL special - WTI $85.32 (wk +2.3%, 13w -5.8%)
WTI
Brent
110
100
90
80
70
60
2023-09
2024-01
2024-05
2024-09
2025-01
2025-05
2025-09
2026-01
2026-05
2026-09

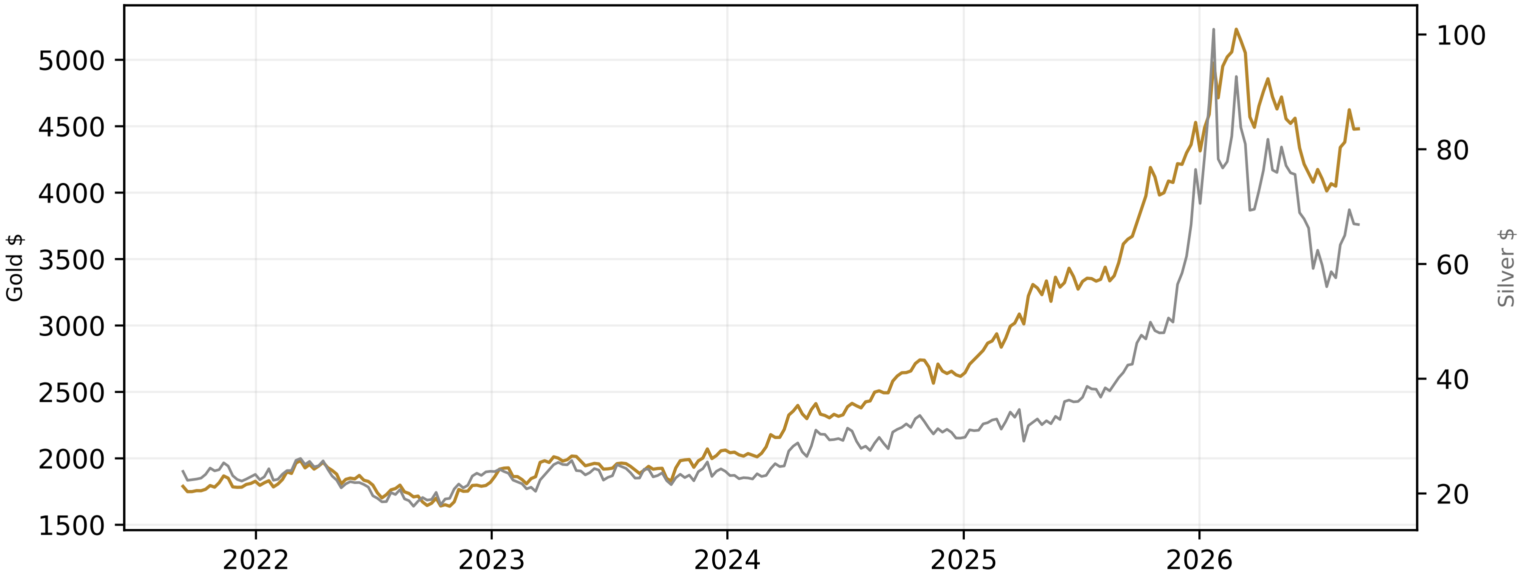

Brent-WTI spread (now +2.83)
12.5
10.0
7.5
5.0
2.5
0.0
−2.5
2023-09
2024-01
2024-05
2024-09
2025-01
2025-05
2025-09
2026-01
2026-05
2026-09


US crude inventories (mn bbl) - surplus vs seasonal (bearish)
+1.6% vs 5-yr seasonal avg (z +2.2); weekly +95k bbl
460
450
440
430
420
410
2023-09
2024-01
2024-05
2024-09
2025-01
2025-05
2025-09
2026-01
2026-05
2026-09

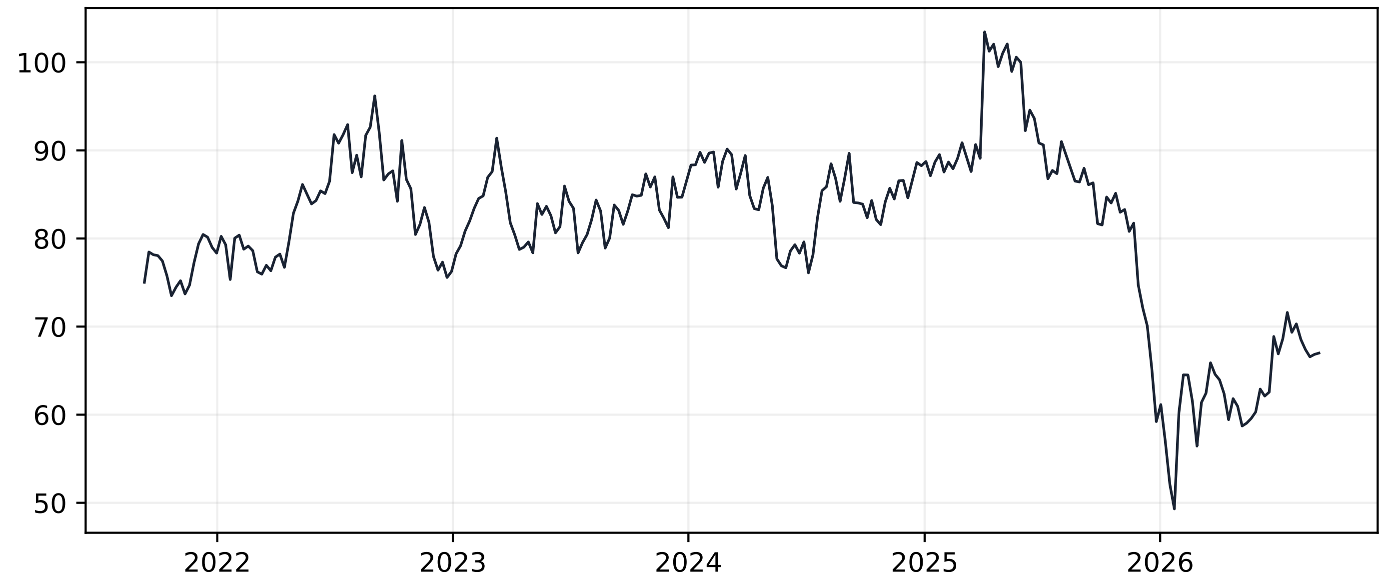

Natural gas (Henry Hub, $/MMBtu) — $2.92 (wk +1.1%, 13w -9.6%)
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
2023-09
2024-01
2024-05
2024-09
2025-01
2025-05
2025-09
2026-01
2026-05
2026-09


US working-gas storage (Bcf) — bearish (glut vs seasonal)
working gas in storage
5-yr seasonal avg
±1σ seasonal band
4000
3500
3000
2500
2000
1500
3184 Bcf · +4.9% vs 5-yr seasonal (z +0.6) · weekly +15 Bcf
2023-09
2024-01
2024-05
2024-09
2025-01
2025-05
2025-09
2026-01
2026-05
2026-09

GOLD/SILVER special - Gold $4480 (L) & Silver $66.88 (R)

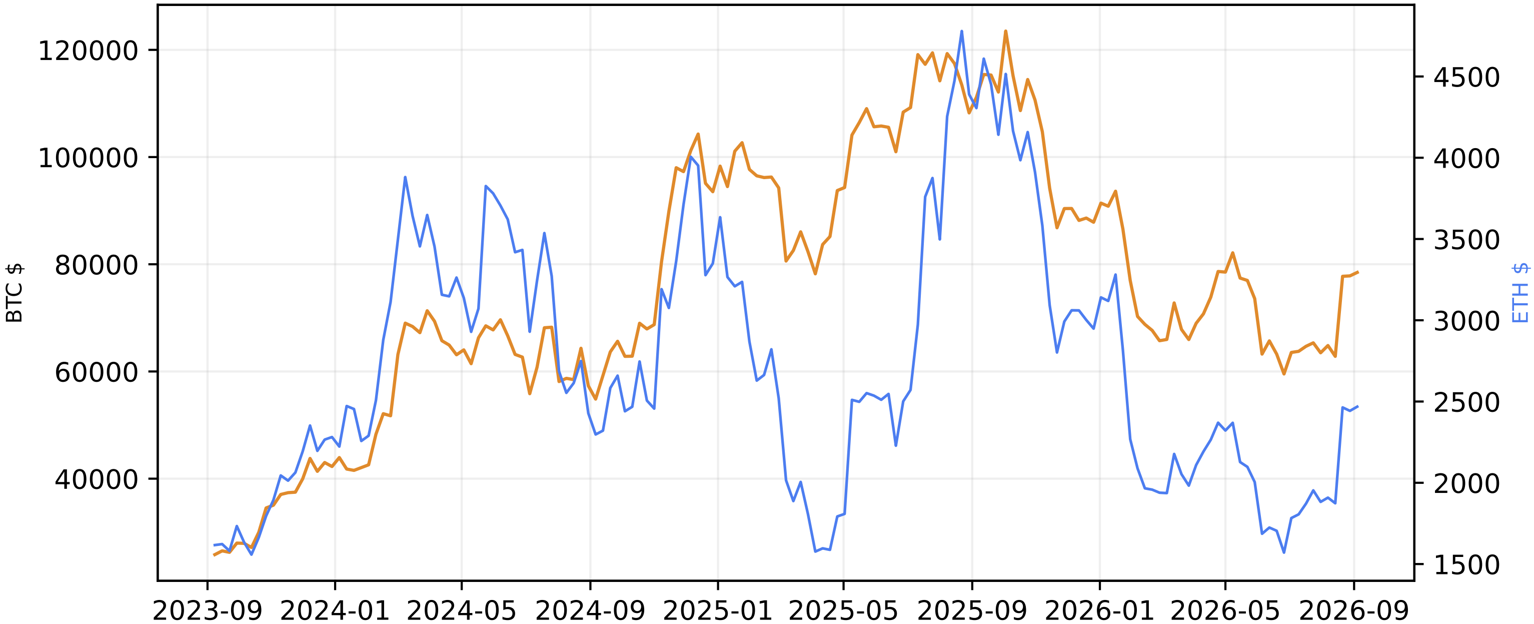


Gold/Silver ratio (now 67.0, 12th pctile of 5y)

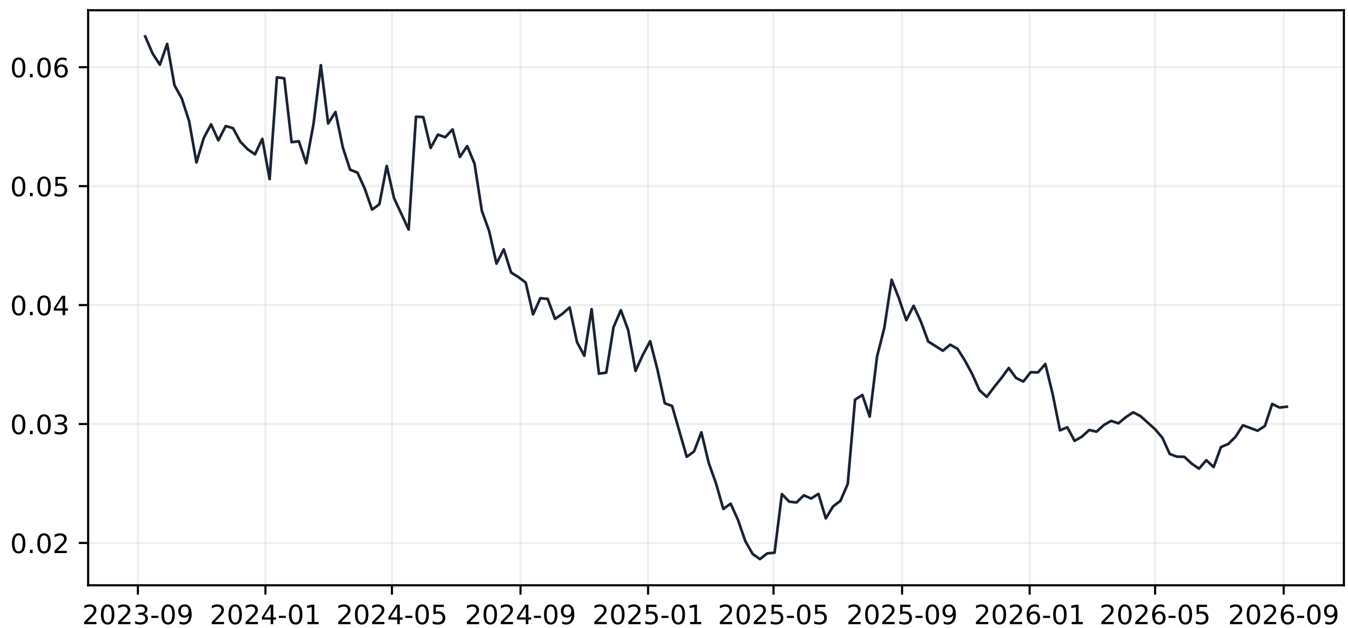


Gold vs 10Y real yield (inverted) - 52w corr -0.41

CRYPTO special - BTC $78,479 (L) & ETH $2,468 (R)



ETH/BTC ratio (now 0.0315)



MARKET STRUCTURE (current)

Total mcap $2.66T   BTC dominance 59.2%   ETH dominance 11.2%

Stablecoin supply $310B (+0.3% wk)   DeFi TVL $87B (-0.1% wk)

Crypto Fear & Greed: 62 (Greed), a week ago 73

MOMENTUM & TREND

Time-series momentum, trend state and distance below the 52-week high

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	+4%	+14%	+18%	**+0.50**	+7%	-1%
US_Nasdaq	+2%	+18%	+21%	**+0.50**	+8%	-2%
EU_STOXX50	+6%	+12%	+21%	**+0.50**	+7%	-2%
JP_Nikkei225	-0%	+19%	+54%	**+0.50**	+11%	-7%
IN_Nifty50	+3%	-2%	-3%	**-0.50**	-2%	-9%
HK_HangSeng	+2%	-1%	+1%	**+0.00**	-0%	-7%
Gold	+3%	-13%	+24%	**+0.50**	-1%	-14%
Silver	-3%	-20%	+63%	**+0.00**	-8%	-34%
WTI_Oil	-6%	-6%	+38%	**+0.00**	+7%	-24%
Copper	+7%	+16%	+49%	**+1.00**	+11%	0%
DXY	-1%	+0%	+2%	**+0.00**	+0%	-2%
Bitcoin	+24%	+19%	-29%	**+0.50**	+6%	-36%

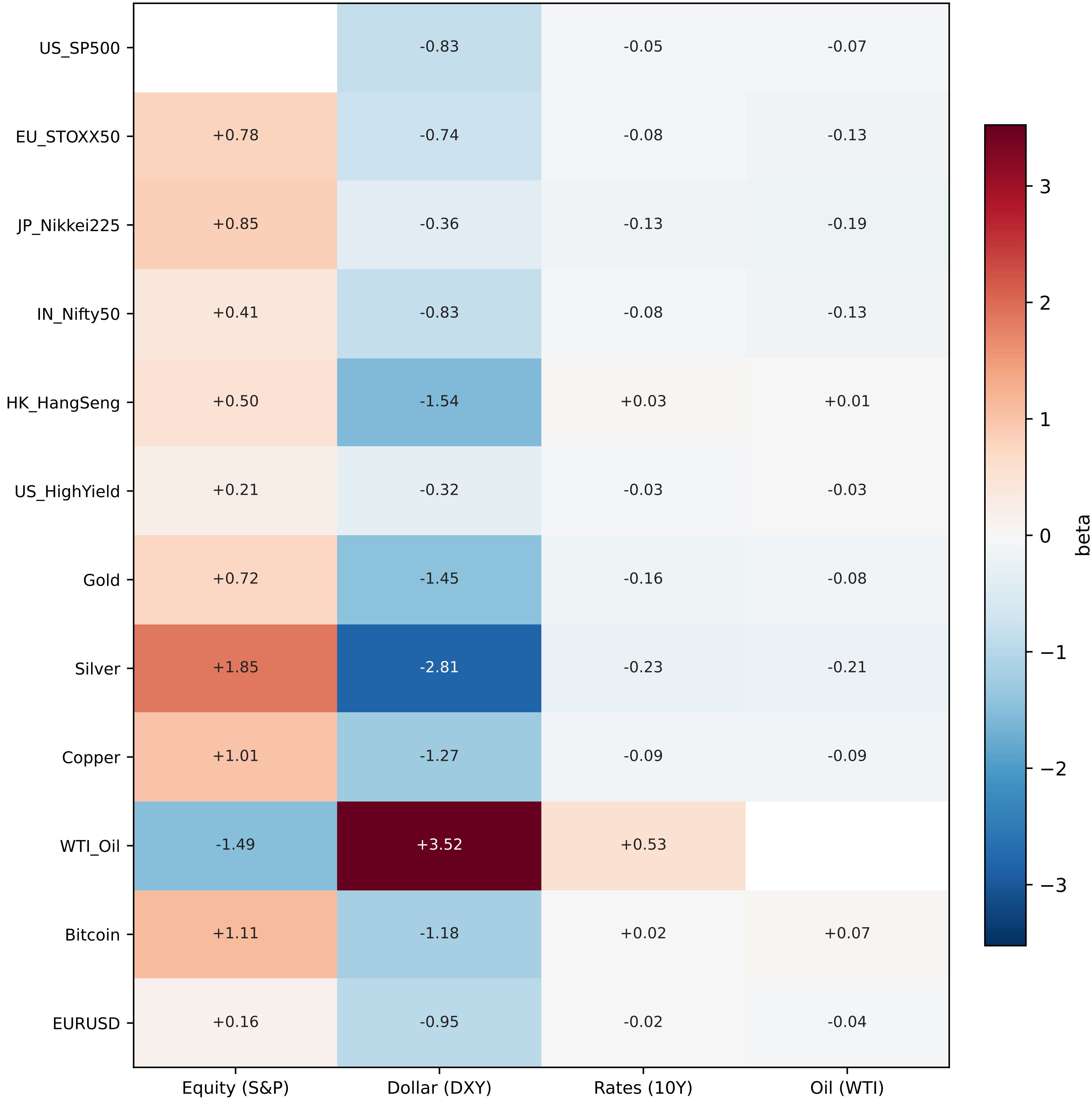
Global equity 26-week relative strength:

LEADERS: TW_TAIEX +37%, KR_KOSPI +22%, TH_SET +21%, IT_FTSEMIB +19%, JP_Nikkei225 +19%, SG_STI +19%

LAGGARDS: RU_RTS -32%, RU_MOEX -24%, ID_JKSE -14%, CN_Internet -12%, IL_TA125 -6%, CN_Shanghai -3%

Score = mean sign of the 4/13/26/52-week returns (+1 = uptrend across all horizons). 'Golden' (10w>40w MA) vs 'death' cross is the weekly analogue of the 50/200-day signal.

Factor betas — each asset's 52-week sensitivity to the master factors



Positive equity beta = risk-on; negative dollar beta = falls when the dollar rises. This is the risk-attribution / hedging map.

S&P 500 Shiller CAPE — 42.2, 99th percentile of 156 years

Excess CAPE Yield (1/CAPE − 10Y real) — +0.03%, 1th pctile since 2015

Cyclically-adjusted earnings yield 1/CAPE = 2.37% · trailing earnings yield 3.93% · 10Y nominal 4.67% · 10Y real 2.34% · equity risk premium
A low/negative Excess CAPE Yield signals equities are richly priced versus real bonds and historically implies muted long-run forward returns — a valua

PART VI

Forecasting & Signals

Forward-looking reads — lead-lag forecasts and fair-value dislocations.

- Tautology-filtered lead-lag forecasts with honest R^2 and bands
- Fair-value residual models: what is rich or cheap vs its drivers

Leading Indicators & Forecasts

Genuine lead-lag pairs (near-identical instruments excluded) + a level forecast H weeks out from the leader's current move. Weekly predictive skill is modest - read R2 and the band; treat as a probabilistic tilt, not a point call.

LEADER	-> LAGGER	H	corr	R2	forecast: cur -> pred [band]
StLouis_Fin_Stress	Initial_Claims	3w	+0.74	0.54	203000.00 -> 215958.81 [-60799.96,492717.58]
IN_IndiaVIX	Initial_Claims	2w	+0.73	0.54	203000.00 -> 202608.16 [-31124.52,436340.84]
Chicago_Fed_NFCI	Continued_Claims	4w	+0.71	0.50	1778000.00 -> 1634088.18 [702968.45,2565207.90]
Initial_Claims	Continued_Claims	3w	+0.67	0.44	1778000.00 -> 1760708.63 [976584.73,2544832.52]
VIX3M	Initial_Claims	3w	+0.65	0.42	203000.00 -> 229837.80 [-107699.35,567374.96]
OilVol_OVX	Initial_Claims	2w	+0.61	0.38	203000.00 -> 136366.30 [-135581.06,408313.67]
StLouis_Fin_Stress	Chicago_Fed_NAI	3w	-0.61	0.38	-0.08 -> -0.13 [-1.73,1.46]
CA_TSX	Initial_Claims	3w	-0.61	0.37	203000.00 -> 346034.25 [-3557.41,695625.92]
Continued_Claims	Chicago_Fed_NAI	3w	+0.61	0.37	-0.08 -> -0.10 [-1.70,1.51]
IN_IndiaVIX	Chicago_Fed_NAI	3w	-0.60	0.36	-0.08 -> -0.05 [-1.79,1.69]
CBOE_VIX6M	Initial_Claims	3w	+0.60	0.36	203000.00 -> 143910.33 [-182455.22,470275.89]
IN_IndiaVIX	Continued_Claims	4w	+0.59	0.35	1778000.00 -> 1621309.62 [472209.95,2770409.29]
VIX	Initial_Claims	4w	+0.59	0.35	203000.00 -> 214056.87 [-195625.40,623739.14]
US_3M_yield	SOFR_rate	3w	+0.59	0.35	3.65 -> 3.64 [3.47,3.80]

Method: OLS of the lagger's forward H-week return on the leader's trailing H-week return over ~10y of weekly data; forecast applies the leader's latest value; band = +/-1 residual sigma. Direct or inverse correlation both qualify.

FAIR VALUE — RICH / CHEAP vs DRIVERS

Each asset regressed on its economic drivers; the residual is the rich/cheap signal

Copper vs global activity & dollar **RICH z +2.46**

actual 6.68 · model-fair 4.76 · gap +40.2% · R^2 0.32

S&P 500 vs liquidity & rates **RICH z +1.56**

actual 7677.21 · model-fair 5766.70 · gap +33.1% · R^2 0.26

HY spread vs equity vol **cheap z -1.17**

actual 2.60 · model-fair 3.08 · gap -0.5 · R^2 0.08

Gold vs real yield & dollar **RICH z +0.88**

actual 4480.50 · model-fair 3779.29 · gap +18.6% · R^2 0.68

USDJPY vs US-Japan yield gap **cheap z -0.55**

actual 159.74 · model-fair 162.36 · gap -1.6% · R^2 0.91

The model-fair value is what the drivers justify; the gap is how far actual sits from it. $|z| > 1.5$ flags a stretched dislocation. Trust the signal in proportion to R^2 — a low R^2 model (shown) is a weak anchor, stated honestly.

PART VII

Risk & History

Downside risk and the multi-month trend of the headline readings.

- Tail risk: VaR / expected shortfall, drawdowns, tail dependence
- Historical trend of the key metrics across recent reports

TAIL RISK

Downside: 5% VaR / expected shortfall, drawdowns and fat-tailedness (5-year weekly)

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
US_SP500	-3.2%	-4.8%	11%	-25%	-1%	-0.2	+1.3
US_Nasdaq	-4.5%	-5.9%	13%	-36%	-2%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-2%	-0.8	+2.5
IN_Nifty50	-2.8%	-4.0%	9%	-17%	-9%	-0.3	+0.5
Gold	-3.5%	-4.7%	11%	-23%	-14%	-0.1	+1.5
WTI_Oil	-9.2%	-12.0%	26%	-53%	-29%	+0.6	+3.6
Copper	-4.8%	-9.2%	23%	-34%	0%	-1.5	+10.3
Bitcoin	-11.4%	-15.5%	35%	-75%	-36%	-0.1	+1.8
US_HighYield	-1.6%	-2.3%	5%	-19%	-9%	+0.2	+2.9
EURUSD	-1.5%	-2.1%	4%	-17%	-2%	+0.5	+2.3

Lower-tail dependence WITH the S&P 500 (P both crash together):

EU_STOXX50 0.43 Bitcoin 0.25 Gold 0.13 Copper 0.28 US_HighYield 0.47

VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together (no shelter); near 0 = a genuine diversifier when it matters most.

Historical Trend - Key Metrics

Key readings from every weekly report, most recent on the right. Cells are colour-coded green (favourable / risk-on), amber (neutral) and red (adverse / risk-off) so the multi-month trend is readable at a glance.

R+ risk-on / favourable　N neutral　R- risk-off / adverse

	03-27	04-03	04-10	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-19	06-26	07-03	07-10	07-17	07-24	07-31	08-07	08-14	08-21	08-28	09-04
Regime	N	N	N	N	N	N	N	N	R+	R+	N	N	N	N	N	R+	R+	N	N	N	N	N	N	N
Risk appetite																				+0.83	+1.08	+0.83	+0.53	+0.69
Macro nowcast																				+0.04	+0.06	+0.02	+0.00	+0.09
Quadrant	Stag	Stag	Stag	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Refl	Refl	Stag	Stag	Stag	Gold	Gold	Refl	Refl	Gold
VIX	31	24	19	17	19	17	17	18	17	15	22	18	16	18	16	15	16	18	18	16	15	15	16	15
SKEW																				133	133	138	144	150
Breadth %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC1 share																				22	16	21	21	21
Stk-Bond corr	+0.05	+0.03	-0.00	-0.01	-0.03	-0.02	-0.02	-0.02	-0.03	-0.03	-0.05	-0.08	-0.08	-0.07	-0.03	-0.01	-0.01	+0.00	+0.01	+0.00	+0.00	-0.04	-0.05	-0.05

Each column is one weekly report - read left (older) to right (latest) for the trend over the past months.