ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-10-23

312 instruments | 4213 weeks history

REGIME: Risk-on

EXECUTIVE SUMMARY

The engine says lean risk-on, but only just, and only selectively. The Markov model puts 52.3% posterior weight on Risk-on against 45.7% Neutral and a negligible 2.0% Risk-off, and it has been in that state for roughly one week — a fragile, one-week-old signal, not a trend. The cross-asset scorecard corroborates the hesitancy at +0.11 (Neutral): the only strong positive is low cross-asset concentration at +1.27z, while credit at -0.55z and the VIX term component at -0.41z drag. The practical tilt: stay long the momentum winners (US_FANGplus +17% 26w, TW_TAIEX +20%, Nasdaq +1.74% on the week), fund it by fading the deep laggards (ID_JKSE -30%, CN_Shenzhen -21%, TR_BIST100 -21%), and do not add broad beta — Shiller CAPE 40.5 sits at the 99th percentile of 156 years with an equity risk premium of -1.14% and an Excess CAPE Yield of -0.31% (1st percentile since 2015). You are being paid nothing to own the index; you are being paid to own the leadership.

Three developments matter this week. First, the 10Y nominal at 5.10% against a 3.88% fed funds rate, with the forward curve pricing ~2.4 hikes to one year (1–2y forward 5.05%) — that is a market pricing policy tightening into a stagflation quadrant (growth z -0.00, 13w change -0.43; inflation z +0.14), which caps duration upside and argues for the belly over the long end. Second, VIX fell 2.52 to 17.47 with the term structure in contango (0.92) and a vol-risk premium of +8.6, yet SKEW is at 169 (99th percentile): the crowd is calm on realised vol while paying extreme prices for crash protection. Sell near-dated vol if you must, but own convexity through puts, not through index shorts. Third, positioning has become dangerously lopsided — Nasdaq-100 specs at the 96th percentile, UST 2Y 96th and UST 5Y 97th, Copper 88th, Soybeans 98th — against crowded shorts in UST 10Y (5th), EUR (1st), GBP (1st), Silver (11th) and NatGas (1st). That asymmetry means the pain trade is a Nasdaq air-pocket plus a short squeeze in the 10Y and the euro.

The single biggest risk is credit. HY OAS at 3.31% is historically tight, the HY-vs-IG cointegrated spread is stretched to -2.25z (half-life 3 weeks), and credit is already the …

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

KEY SIGNALS

Stocks-Bonds DCC corr	**+0.03 (1y ago +0.18)**
PC1 variance share	**17%**
DCC persistence (a+b)	**0.9802**
Weeks in regime	**1**

For research and information only; not investment advice. Verify all data before use.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-10-23 · 312 instruments, 10-year context

MARKET REGIME
Risk-on
~1w in regime

GROWTH × INFLATION
Stagflation
g -0.0 / i +0.1

STOCK–BOND CORR
+0.03
vs +0.18 1y ago

RISK CONCENTRATION
17%
PC1 share of variance

EQUITY BREADTH
51%
indices > 40wk MA

VIX TERM
Contango
ratio 0.92

VALUATION **Shiller CAPE 40.5** 99th %ile / 156y Excess CAPE yield -0.31% ERP -1.14%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	17.5	-2.52	57th
HY credit spread (OAS)	3.31%	+0.00	79th
IG credit spread (OAS)	0.85%	+0.00	53th
EM corp spread (OAS)	1.61%	+0.00	37th
10Y real yield (TIPS)	2.78%	+0.00	99th
10Y nominal yield	5.10%	+0.00	99th
2Y yield	4.77%	+0.00	93th
10Y–2Y curve	+0.35pp	+0.00	49th
10Y breakeven infl.	2.35%	+0.00	78th
Financial conditions	-0.50	+0.00	53th
Initial jobless claims	199k	+0k	3th
Weekly Econ Index	+3.0%	+0.00	83th
Fed net liquidity	$5.87T	+0.00	56th
US dollar (DXY)	101.9	+0.1%	72th
Gold	$4,164	-0.4%	92th
S&P 500	7726	+0.9%	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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

risk-off (-1.5)

score +0.11

(+1.5) risk-on



Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

contracting (-1.5)

score +0.10

(+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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-10-23

TOP GAINERS

Coffee	+3.6%
US_Tech	+2.3%
US_FANGplus	+2.1%
Platinum	+1.8%
KR_KOSPI	+1.7%
US_Nasdaq	+1.7%
US_Discretionary	+1.7%
USDRUB	+1.5%

TOP DECLINERS

Gasoline	-3.8%
ID_JKSE	-3.7%
HeatingOil	-3.7%
WTI_Oil	-3.3%
TR_BIST100	-2.5%
ZA_JSE	-1.8%
US_Utilities	-1.7%
ES_IBEX35	-1.6%

KEY LEVELS — week-over-week change

US 10Y yield	5.10	+0.00%	SKEW	nan	+nan
2Y yield	4.77	+0.00%	US dollar (DXY)	101.93	+0.1%
HY credit OAS	3.31	+0.00%	Gold	4163.70	-0.4%
IG credit OAS	0.85	+0.00%	WTI oil	98.07	-3.3%
VIX	17.47	-2.52	Bitcoin	82009.66	-0.0%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: R+	->	**Risk-on**
Quadrant	prior: Refl	->	**Stagflation**
Risk appetite	prior: +0.33	->	**+0.11**
Macro nowcast	prior: +0.05	->	**+0.10**
PC1 share	prior: 17	->	**17%**
Stock-bond DCC	prior: —	->	**+0.03**

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).

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Detailed Cross-Asset Analysis

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

Executive Summary

The engine says lean risk-on, but only just, and only selectively. The Markov model puts 52.3% posterior weight on Risk-on against 45.7% Neutral and a negligible 2.0% Risk-off, and it has been in that state for roughly one week — a fragile, one-week-old signal, not a trend. The cross-asset scorecard corroborates the hesitancy at +0.11 (Neutral): the only strong positive is low cross-asset concentration at +1.27z, while credit at -0.55z and the VIX term component at -0.41z drag. The practical tilt: stay long the momentum winners (US_FANGplus +17% 26w, TW_TAIEX +20%, Nasdaq +1.74% on the week), fund it by fading the deep laggards (ID_JKSE -30%, CN_Shenzhen -21%, TR_BIST100 -21%), and do not add broad beta — Shiller CAPE 40.5 sits at the 99th percentile of 156 years with an equity risk premium of -1.14% and an Excess CAPE Yield of -0.31% (1st percentile since 2015). You are being paid nothing to own the index; you are being paid to own the leadership.

Three developments matter this week. First, the 10Y nominal at 5.10% against a 3.88% fed funds rate, with the forward curve pricing ~2.4 hikes to one year (1–2y forward 5.05%) — that is a market pricing policy tightening into a stagflation quadrant (growth z -0.00, 13w change -0.43; inflation z +0.14), which caps duration upside and argues for the belly over the long end. Second, VIX fell 2.52 to 17.47 with the term structure in contango (0.92) and a vol-risk premium of +8.6, yet SKEW is at 169 (99th percentile): the crowd is calm on realised vol while paying extreme prices for crash protection. Sell near-dated vol if you must, but own convexity through puts, not through index shorts. Third, positioning has become dangerously lopsided — Nasdaq-100 specs at the 96th percentile, UST 2Y 96th and UST 5Y 97th, Copper 88th, Soybeans 98th — against crowded shorts in UST 10Y (5th), EUR (1st), GBP (1st), Silver (11th) and NatGas (1st). That asymmetry means the pain trade is a Nasdaq air-pocket plus a short squeeze in the 10Y and the euro.

The single biggest risk is credit. HY OAS at 3.31% is historically tight, the HY-vs-IG cointegrated spread is stretched to -2.25z (half-life 3 weeks), and credit is already the weakest scorecard component at -0.55z. The observable trigger: HY OAS widening through roughly 3.80–4.00% while VIX3M/VIX inverts above 1.00. If both fire together, the Markov Risk-on posterior will not hold 0.52, and the correct response is to cut equity beta before the breadth data confirms it, not after.

Regime, Scorecard & Market State

The regime call and the scorecard agree on direction and disagree on conviction, which is the single most important nuance in this week's output. A 0.523 Risk-on posterior with 0.457 on Neutral is barely a majority; the model is one data point from flipping to Neutral, and the fact that Risk-off carries only 0.020 tells you that the distribution of weekly S&P returns has not yet exhibited the variance expansion that defines the stress state. So: no crash is being signalled, but no durable expansion either. One week in regime means you should size positions as if the signal could reverse, because statistically it can.

The composite at +0.11 decomposes into a telling pattern. Equity breadth is a rounding error at +0.05z, consistent with 51% of 43 global indices and 45% of 11 US sectors above their 40-week moving averages — genuinely mixed, a market where half the ship is sailing. The S&P trend contributes only +0.14z and risk-over-haven +0.20z. The composite is therefore being held above zero almost entirely by low_concentration at +1.27z, and that component is a double-edged read: low cross-asset concentration is healthy when it reflects genuine dispersion of return drivers, but here it coexists with PC1 at just 17% and average DCC conditional correlation at +0.03. The market is not behaving as one trade, which is good for stock-pickers and bad for anyone relying

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

on index-level signals to tell them what is happening underneath.

Set against that, CNN Fear & Greed at 28 (fear), down from 46.3 a week ago, is the clearest divergence in the note. Price strength (13), price breadth (14), put_call (18) and safe_haven_demand (21) are all deeply depressed while the index itself rose +0.87% and the Nasdaq +1.74%. Narrow leadership is lifting the cap-weighted indices while the median stock does nothing. That combination — index up, sentiment and breadth down — is characteristically late-cycle rather than early-recovery. Lean long, but through the leaders, and treat equal-weight exposure as the thing to underweight.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast reads +0.10 (Trend growth), and its internals are starkly split: global_activity at +1.34z and the Weekly Economic Index at +0.30z (a 3.0% real-time GDP nowcast against a ~2% trend) pull up, while consumer_sentiment at -1.45z pulls hard down, with initial claims at +0.29z (199k claims, 3rd percentile of 10 years) and the Chicago Fed at exactly 0.00. The labour market is as tight as it has been in a decade and activity is running above trend, yet the consumer's assessment of it is nearly a point and a half below normal. Recession risk is essentially absent on the formal measures — FRED smoothed probability 0.6%, Sahm rule 0.00 against a 0.50 trigger, 10Y-3M at +0.83pp positive. Investors should not be positioning for contraction. They should be positioning for the growth-inflation mix, which the engine labels Stagflation: growth composite z -0.00 with a 13-week change of -0.43 (decelerating) and inflation composite z +0.14. Decelerating growth with sticky inflation is the quadrant in which both duration and equity multiples struggle, and it is why the CAPE-implied -1.14% risk premium is more dangerous than it looks.

Liquidity is neutral-to-marginally-supportive and no longer a tailwind to lean on. Fed net liquidity is $5.87T, flat on the week and +1.8% over four weeks; ECB assets +0.8% over four weeks; BoJ flat at 0.0%. M2 at $23.31T is unchanged weekly. Critically, the RRP facility is at $0bn with SOFR at 3.88%, precisely at fed funds. The RRP buffer is exhausted — there is no longer a cash cushion to absorb reserve drains, which means any future liquidity shock transmits straight into repo. Funding is calm today; it has lost its shock absorber. Note also that net liquidity versus stocks has gone from +0.08 (52w) to -0.19 (13w), a -0.27 shift: liquidity is not what is driving equities right now, so do not use balance-sheet growth as a reason to be long.

The global yield picture frames the developed-emerging divergence. US 10Y 5.10%, UK 5.24%, Germany 3.47%, Japan 3.05%. A UK gilt yielding more than a Treasury and a JGB at 3.05% are both consequential: the latter continues to undermine the yen carry trade's foundations, and the Japanese yen spec position at the 71st percentile shows the market is already partially positioned for that. Emerging markets are visibly bearing the cost of 5%+ developed-market funding rates — ID_JKSE -3.7%, TR_BIST100 -2.5%, ZA_JSE -1.8% this week, and -30%, -21% and -19% (RU_RTS) respectively on 26-week momentum. Underweight high-beta, external-funding-dependent EM; it is not a valuation opportunity while the US 10Y holds above 5%.

Rates, Credit & the Stock-Bond Relationship

The rates complex was mechanically unchanged this week — 10Y 5.10%, 2Y 4.77%, curve +0.35pp, breakeven 2.35%, real yield 2.78%, all +0.00 — so the information is in the levels and the positioning, not the move. A 2.78% real 10Y yield is a genuine competing asset: it is above the CAPE earnings yield of 2.47%, which is exactly what produces the -0.31% Excess CAPE Yield. For a long-horizon allocator, inflation-linked Treasuries at 2.78% real are the more attractive side of the stock-bond trade on this arithmetic, whatever the week's price action says.

The forward curve prices ~2.4 hikes to one year (0–3m 4.28%, 3–12m 4.56%, 1–2y 5.05%). This is

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

where positioning turns actionable: specs are crowded long the front end (2Y 96th percentile, 5Y 97th) and crowded short the 10Y (5th percentile). If the hiking path is realised, the front-end longs are wrong; if growth deceleration (that -0.43 13-week growth change) dominates and hikes get priced out, the 10Y shorts get squeezed. Either resolution hurts a crowd. The cleanest expression is to be long the 10Y against the 5Y — you are taking the uncrowded side of both legs and the carry cost is modest with the curve at only +0.35pp. Bond ETF returns this week (UST20y+ -0.6%, UST7-10y -0.3%, TIPS -0.2%, US-IG -0.4%) show duration bleeding, and MOVE at 103 (55th percentile) says rate vol is unremarkable — so this is a positioning trade, not a volatility trade.

Credit is the vulnerability. HY OAS 3.31% and IG OAS 0.85% are tight in absolute terms, HY beat IG this week (+0.1% vs -0.4%, a duration effect more than a quality signal), and junk_bond_demand at 53 is the healthiest Fear & Greed component. Yet the scorecard scores credit_hy at -0.55z, the weakest input. Tight spreads are not a cushion; they are the thing with the least room to improve and the most room to deteriorate. The stock-HY-spread correlation has weakened from -0.65 (52w) to -0.44 (13w), a +0.21 shift, meaning credit is currently a poorer real-time confirmer of equity direction than usual — which is precisely why a spread widening would be informative rather than coincident.

The stock-bond relationship has decayed to near-zero. DCC conditional correlation between stocks and the 10Y yield is +0.03 now against +0.18 a year ago, with persistence 0.9802; rolling correlation runs -0.21 (52w) and -0.07 (13w). Stocks and yields have decoupled. The investor implication is specific: the "bad news is good news" rate-sensitivity trade is dead for now, equity returns are being driven by earnings and concentration rather than discount rates, and bonds provide neither a strong hedge nor a strong headwind. Do not rely on duration to hedge equity drawdown in this configuration.

Factor Structure & Systemic Risk

PCA over 193 instruments gives PC1 Risk (equity beta) only 17% of variance, PC2 Rates 11%, PC3 US dollar (inverse) 5% and PC4 US dollar 3% — about 36% in the first four. This is a low-concentration factor structure. No single force dominates the cross-section, and that is the honest explanation for why the risk-appetite composite's strongest component is low_concentration at +1.27z. The investment consequence: diversification across asset classes is actually working, idiosyncratic and relative-value risk is being rewarded relative to directional beta, and macro-factor timing has low expected payoff because there is no dominant macro factor to time. Allocate risk budget toward dispersion and pair trades, away from one-way macro bets.

The multivariate DCC corroborates this emphatically. Average pairwise conditional correlation across the 12-asset core is +0.03, identical to +0.03 a year ago, with persistence 0.8385. Diversification is not failing — it is intact and stable. This is the single most reassuring number in the output, and it is what justifies carrying any risk-on tilt at all with CAPE at the 99th percentile: in a genuine systemic event this figure spikes toward 0.5–0.7 as everything becomes one trade. Watch it. A rise in average conditional correlation from +0.03 toward +0.20, combined with PC1 climbing from 17% toward 30%, would be the early mechanical signature of a correlation-one event, and it would typically show up before the credit spread does. The relatively low persistence (0.8385 versus the stock-bond pair's 0.9802) means this gauge can move quickly and should be read weekly, not monthly.

Cross-Asset Correlation & Lead-Lag

The Granger network names net information leaders as Bitcoin, EU_STOXX50, VIX and the US 10Y, with followers JP_Nikkei225, US_SP500, Gold and DXY. Two readings matter. First, the S&P is a follower this week, not a leader — so using US equities as your primary read on risk means you

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

are reading the market late. Watch European equities and the 10Y for the first move. Second, Bitcoin leading while gold and the dollar follow is characteristic of liquidity-sensitive, flow-driven markets setting the tone; crypto is functioning as the high-frequency sentiment sensor, and its current flatness (BTC -0.01% on the week) is consistent with the overall stall.

The correlation shifts are where the real regime information sits. Oil versus stocks has gone to -0.77 on 13 weeks from -0.39 on 52 weeks, a -0.37 shift — oil is now firmly a cost shock to equities rather than a growth signal, which is exactly what the Stagflation quadrant implies and which means a WTI squeeze from that 13th-percentile short base would be an equity-negative event, not an equity-positive one. BTC versus Nasdaq has collapsed from +0.34 to -0.14 (-0.48): crypto has stopped trading as levered tech, so it is no longer a redundant risk-asset holding and its diversification value has genuinely improved. USD versus oil flipped from +0.24 to -0.23 (-0.48), restoring the conventional inverse relationship. Gold versus silver tightened to +0.91 (from +0.82), so there is almost no diversification between the two precious metals — pick one. Copper versus stocks is stable at +0.66 and VIX versus stocks at -0.68, both behaving normally. The DAX-SPX correlation falling from +0.62 to +0.38 is the quantitative fingerprint of the developed-market divergence visible in the laggard list (ES_IBEX35 -1.6%, IT_FTSEMIB -1.6%): European equities are decoupling from the US, and hedged single-region exposure now makes more sense than a blended developed-market basket.

Relative Value & Fair Value

One cointegrated spread is stretched beyond 1.5σ: HY versus IG at z -2.25 with a half-life of 3 weeks. Read literally, high yield is unusually rich relative to investment grade — compensation for stepping down the quality ladder is more than two standard deviations below its equilibrium relationship. The 3-week half-life makes this tradeable rather than theoretical: the mean-reversion expression is long IG, short HY, and it has the considerable merit of also being the correct hedge against the credit risk flagged above. This is the highest-conviction relative-value idea in the output, because its direction aligns with both the stretched statistic and the fundamental vulnerability.

On fair value, discipline about R^2 matters. USDJPY against the US-Japan yield gap is cheap by -5.4% versus fair at z -1.75 with R^2 0.88 — a strong fit, and the signal should be taken seriously: the yield-gap framework says the yen is stronger than rate differentials justify, and with the JGB 10Y at 3.05% and yen specs at the 71st percentile, the model and positioning point the same way. Long USDJPY toward fair value is a legitimate trade on an 88% explanatory model.

Gold at $4,164 is modelled RICH by +11.9% versus fair on real yields and the dollar, but at z +0.59 with R^2 0.70. Two reasons to discount this: the z-score is well inside 1.5σ, so the dislocation is not statistically stretched even if the percentage gap looks large, and a 0.70 R^2 leaves 30% of gold's variance unexplained — a residual that plausibly contains central-bank buying and geopolitical demand, neither of which the model carries. The correct conclusion is to trim gold overweights rather than to short gold, and to note that the realised gold-real-yield correlation (-0.46 on 52 weeks, -0.48 on 13 weeks) is behaving exactly as the model assumes, which at least means the framework is not broken. Also worth flagging: the "most correlated pairs" list is dominated by unit-conversion tautologies (Gold_India_Moz~Gold_India_Tonnes at +1.00, and so on) and the Policy_UK~Policy_India +1.00 pairing — these carry no tradeable information and should not be mistaken for structural relationships.

Volatility & Tail Risk

The volatility complex is internally contradictory in a way that is itself the signal. The term structure is in contango — 9D 20, 1M 17, 3M 19, 6M 22, with VIX/VIX3M at 0.92, the 70th percentile of ten years — so forward fear exceeds spot fear, the normal calm configuration. The vol-risk premium at +8.6 is positive, meaning implied exceeds realised and vol sellers are being

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

paid. VIX itself fell 2.52 to 17.47. All of that says calm.

Against it, SKEW at 169 sits at the 99th percentile. Investors are paying extraordinary prices for out-of-the-money puts while pricing at-the-money vol as benign. That is not complacency; it is a market that has bought insurance and is therefore willing to stay long. It has a specific consequence: the cost of crash protection is near its historical maximum, so buying tail hedges now is expensive, and the better structure is a put spread or a collar that sells some of that rich skew rather than paying it outright. The elevated 9D (20) above 1M (17) also hints at a near-dated event being priced.

Cross-asset vol is more elevated than equity vol: OVX 51 (80th percentile) and GVZ 23 (80th percentile) against MOVE 103 (55th). Commodity volatility is where the risk is being expressed, which fits a -3.35% WTI week, the 13th-percentile spec short and the +9.8% 13-week move. Size commodity positions smaller than the price trend alone would suggest.

Tail metrics are reassuring on equities and severe on crypto. S&P 500 ES5 is -4.8% with current drawdown just -1%; Bitcoin ES5 -15.5% with a -34% current drawdown; gold ES5 -4.7% with a -21% drawdown. Bitcoin is already deep in a drawdown and carries three times the equity expected shortfall — a 1% notional crypto position carries roughly the tail risk of a 3% equity position, which is how it should be budgeted. S&P-gold lower-tail dependence is 0.11, which is genuinely low: gold still diversifies in the left tail. Given gold is simultaneously modelled rich and 21% off its high, the right action is to hold gold as a tail hedge at a reduced weight rather than as a return position.

Leading Indicators & Forecasts

The lead-lag forecast table deserves blunt treatment: every single entry is a European sovereign yield predicting another European sovereign yield, and every projected change is +0.0% or -0.0%. The IT_10Y_yield→IT_10Y link at R^2 0.88, FR→FR at 0.85, DE→DE at 0.85, DE→NL at 0.80, FR→NL at 0.77, FR→DE and DE→FR at 0.76, and the three routes into ES_10Y at 0.73/0.64/0.64 are all measuring the same thing — that euro-area sovereign curves are tightly co-integrated with each other. The high R^2 values reflect shared level dynamics, not genuine forecasting skill, and the near-identical same-name pairs are close to tautological. The four-week point forecasts (IT 4.36, FR 4.44→4.45, DE 3.47, NL 3.56, ES 3.93→3.92) with bands of roughly ±8–10bp are, in substance, "no change expected, within noise."

The honest conclusion is that this week the model has no directional conviction on European rates, and it has nothing at all to say about equities, credit or commodities — no genuine cross-asset leader-follower forecast cleared the filter. Weekly predictive skill is modest at the best of times; here it is effectively absent outside a single tightly-coupled bond bloc. Do not build a position off this table. Its one legitimate use is the spread structure it confirms: FR 10Y at 4.44% versus DE at 3.47% is a 97bp OAT-Bund gap, and IT at 4.36% now trades below France — an inversion of the traditional periphery-core ordering that is itself worth monitoring as a signal on French fiscal risk. The more reliable forward-looking information this week comes from the Granger network (watch EU_STOXX50, VIX, US_10Y and Bitcoin first) and from the forward rate curve pricing 2.4 hikes, not from these point estimates.

Commodities (Oil, Gas & Metals)

WTI at $98.07 fell 3.35% on the week but is up 9.8% over 13 weeks, and the fundamental picture is tighter than the price action. US crude inventories sit 2.4% below the five-year seasonal average at z -1.6, with an 8,557k bbl weekly draw; gasoline stocks are 3.8% below the five-year norm and distillate 11.1% below. A distillate deficit of that size with the 3:2:1 crack at $55.3/bbl is a genuinely bullish refined-products setup heading into winter demand. Cushing at 26.6M bbl is lean and US production is 13.68M b/d. Against that, CFTC WTI specs are net short

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

-22,903 lots at the 13th percentile of three years. Bullish fundamentals plus crowded shorts plus a tight physical balance is the classic squeeze-higher configuration, and OVX at the 80th percentile says the options market is already alert to it. But note the trap: with oil-versus-stocks correlation at -0.77 over 13 weeks, a successful long-oil trade is an implicit short-equity position. Size accordingly, and recognise an oil spike as the most likely route to breaking the Risk-on regime. The Brent-WTI spread at +10.40 is wide, favouring US crude exposure on the arbitrage.

Natural gas at $3.08 is down 1.1% on the week, up 7.3% over 13 weeks, with working storage at 3,567 Bcf, essentially bang on the five-year seasonal average (-0.1%, z -0.0) after a +67 Bcf injection. The fundamental case is genuinely neutral, which makes the 1st-percentile spec short the whole story. A positioning extreme with no fundamental support beneath it is a coiled spring in both directions; neutral storage means there is no reason for that short to be as large as it is, and the asymmetry favours the upside, but this is a positioning bet, not a fundamentals bet, and it should be labelled as such.

In metals, gold at $4,164 and silver at $57.42 put the ratio at 72.5, the 17th percentile of five years — silver has already done the catching up. With gold-silver correlation at +0.91 on 13 weeks, the pair offers almost no internal diversification, and silver's +0.66 correlation to copper means it is carrying real industrial beta into a decelerating-growth reading. Positioning is split: gold specs at the 51st percentile (neutral, though open interest is up 52%, so engagement is rising fast) against silver at the 11th percentile — a crowded short in a metal that has just outperformed (+0.75% versus gold's -0.42% this week). The squeeze risk in silver is real. Copper at the 88th percentile with open interest up 22% is the opposite problem: a crowded long in the most growth-sensitive metal, held while the growth composite's 13-week change is -0.43. Copper is the most vulnerable commodity long in the complex. In agriculture, soybeans at the 98th percentile, corn at 90th and wheat at 81st are all crowded longs — the entire grain complex is one-sided and vulnerable to a positioning unwind.

Crypto

Total crypto market cap is $2.76T with Bitcoin dominance at 59.7% and ETH at 10.6% (ETH/BTC 0.0292). Bitcoin was flat on the week at -0.01%, but the internals are deteriorating beneath that stillness. Stablecoin supply fell 0.5% to $305B and DeFi TVL dropped 3.0% to $89B — both are dry-powder and engagement measures, and both are shrinking. Crypto Fear & Greed slid from 69 to 59, still Greed but fading fast. High BTC dominance with falling TVL and a contracting stablecoin float is risk-reduction within the asset class, not accumulation: capital is consolidating into the majors and leaving the periphery. Expect altcoin underperformance to continue.

Two structural observations carry the most weight. Bitcoin's -34% current drawdown against an ES5 of -15.5% means it is already in the loss state and still carries the heaviest tail in the universe measured here; it is the single largest per-unit risk contributor in any portfolio that holds it. And the BTC-Nasdaq correlation collapse from +0.34 to -0.14 (a -0.48 shift) is the genuinely new information. Crypto has decoupled from tech. For allocators who held it as a levered Nasdaq proxy, the thesis is broken; for those who wanted an uncorrelated return stream, it has just become more useful — provided the position is sized off the -15.5% expected shortfall rather than off conviction. Crypto also sits at the top of the Granger leader list, so it remains worth watching as a sentiment sensor even if you own none of it: BTC breaking down from here would be an early warning for the broader risk complex, several days ahead of the S&P.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

India, China & Russia

India underperformed across the board: Nifty50 -1.1%, Sensex -1.2%, BankNifty -0.6%. The relative resilience of banks against the broad index is the one constructive detail — financials are not leading the decline, which argues the weakness is valuation and flow-driven rather than credit-driven. India is not in the momentum laggard list, which separates it meaningfully from the genuinely broken EM markets; this reads as consolidation in a market that has not broken trend, against a backdrop where a 5.10% US 10Y makes every EM equity risk premium harder to justify. Accumulate on weakness rather than chase, and watch BankNifty as the tell — if financials start leading the decline, the character of the weakness changes.

China was marginally positive on the week (Shanghai +0.4%, Shenzhen +0.1%, CN_Internet -0.2%) but the 26-week picture is severe: Shenzhen -21% and CN_Internet -16% are both in the laggard list. A flat week after that kind of decline is stabilisation at best. There is no momentum signal to buy here, and copper's 88th-percentile crowded long is implicitly a bet on Chinese demand that Chinese equities are not corroborating — a divergence that favours the equity signal over the commodity positioning.

Russia's RTS at -19% on 26-week momentum is the third-worst in the universe. This is a structurally impaired, largely uninvestable market for most professional mandates; the relevant information content is not as an allocation but as a read on commodity-exporter stress — an index this weak while WTI trades at $98 and is up 9.8% over 13 weeks tells you the weakness is not about the oil price. Separately, gold reserve data for Russia, India, Turkey and others appears in the correlation output only as unit-conversion artefacts, so no reserve-accumulation inference should be drawn from it this week.

The broader developed-versus-emerging verdict is clear. Developed market leadership (US_FANGplus +2.1%, KOSPI +1.7%, Nasdaq +1.7%, and 26-week leaders TW_TAIEX +20%, NL_AEX +12%, SG_STI +10%, CH_SMI +9%) stands against emerging market destruction (ID_JKSE -3.7% weekly and -30% over 26 weeks, TR_BIST100 -2.5% and -21%, ZA_JSE -1.8%). Note that the Asian winners — Taiwan, Korea, Singapore — are the technology and trade-linked economies, not EM beta generally. The divide is not developed versus emerging; it is technology-linked versus commodity-and-funding-dependent. Position along that axis, not the geographic one. EM dollar debt at -0.4% versus EM local at +0.1% this week confirms the funding channel is the pressure point.

Positioning, Sentiment & What to Watch

Positioning is the most actionable dataset in the output, and it is extreme in both directions simultaneously. Crowded longs: Nasdaq-100 at the 96th percentile with open interest up 17%, UST 5Y at 97th, UST 2Y at 96th, soybeans 98th, corn 90th, copper 88th, wheat 81st. Crowded shorts: EUR at the 1st percentile with open interest down 40% in GBP and down 16% in EUR, natural gas 1st, UST 10Y 5th, silver 11th, WTI 13th, Russell 2000 15th. The pattern is coherent: the market is long US tech, long the front end of the curve, long the dollar (73rd percentile, open interest up 25%), long the grain complex, and short everything cyclical and European. The pain trade is therefore a simultaneous Nasdaq correction, a 10Y rally, a euro squeeze and a commodity spike — and because Russell at the 15th percentile sits against Nasdaq at the 96th, a rotation from mega-cap into small-cap would be violently amplified by positioning alone.

Sentiment adds the contrarian counterweight. CNN Fear & Greed at 28 (fear), down from 46.3 a week ago despite a positive index week, with put_call at 18, price_strength at 13 and price_breadth at 14, describes a market where participants are defensive while the cap-weighted index grinds higher. Fear readings in the 20s have historically been closer to buy signals than sell signals — but that is only true when valuation and credit are not simultaneously stretched, and here CAPE is at the 99th percentile with HY OAS at 3.31%. Treat the fear reading as a reason not to chase downside, not as a reason to add leverage.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

The practical stance: maintain a modest risk-on tilt expressed through momentum leaders rather than index beta; own IG over HY as the core relative-value position (z -2.25, 3-week half-life); be long the 10Y against the 5Y to take the uncrowded side of both positioning extremes; hold long USDJPY toward fair value on the 0.88 R^2 model; trim gold to a tail-hedge weight given the +11.9% rich reading but keep it for its 0.11 lower-tail dependence; reduce copper and grain exposure where positioning is crowded; and size commodity and crypto positions off expected shortfall, not off trend.

What would confirm the view: the Markov Risk-on posterior rising above 0.65 while the risk-appetite composite moves above +0.50 on improving credit rather than on concentration alone; breadth climbing from 51% through 60% of global indices above their 40-week averages; HY OAS holding below 3.50%; average DCC conditional correlation staying at or below +0.05; and a rotation showing up as Russell outperformance from its 15th-percentile short base.

What would change it: HY OAS widening through 3.80–4.00%; the VIX3M/VIX ratio inverting above 1.00 from today's 0.92; average pairwise conditional correlation rising from +0.03 toward +0.20 or PC1 variance share climbing from 17% toward 30%, either of which signals diversification beginning to fail; the Markov Risk-off posterior lifting off 0.02 above 0.15; WTI squeezing above roughly $105 from its 13th-percentile short base, which given the -0.77 oil-equity correlation would transmit directly into equity weakness; the growth composite's 13-week change deepening below -0.60; or initial claims breaking above 230k from today's 199k. Also watch SOFR printing above 3.95% with RRP already at zero — with no cash buffer left in the facility, a funding squeeze would arrive without warning. On the equity side, the specific tell is Nasdaq leadership breaking while the S&P holds: with specs at the 96th percentile and the index following rather than leading in the Granger network, a crack in the leaders is the fastest route from a 0.52 Risk-on posterior to a Neutral one.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

PART I

Global Macro & Liquidity

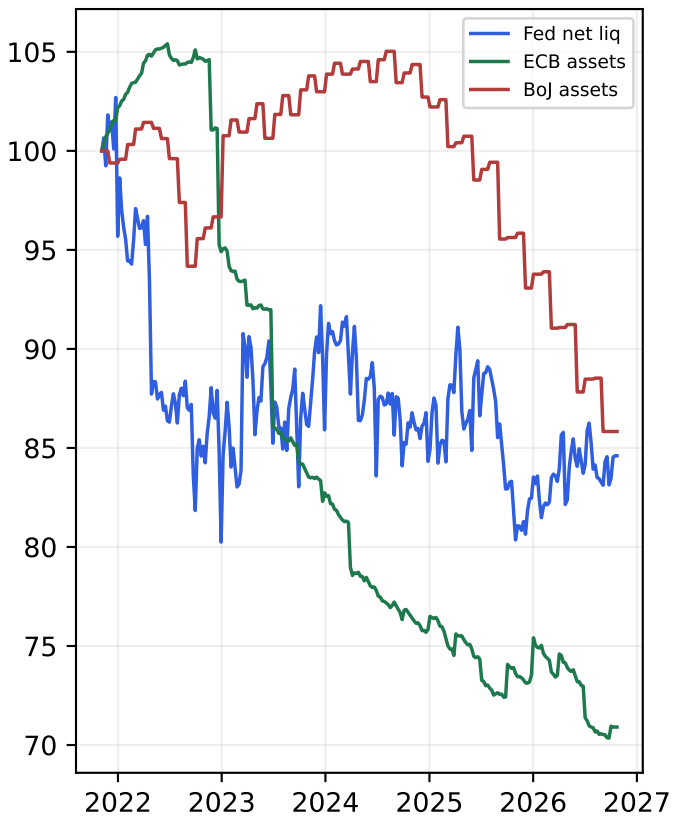
Global central-bank liquidity, the sovereign-yield landscape, funding markets, fiscal supply and the growth pulse.

- 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

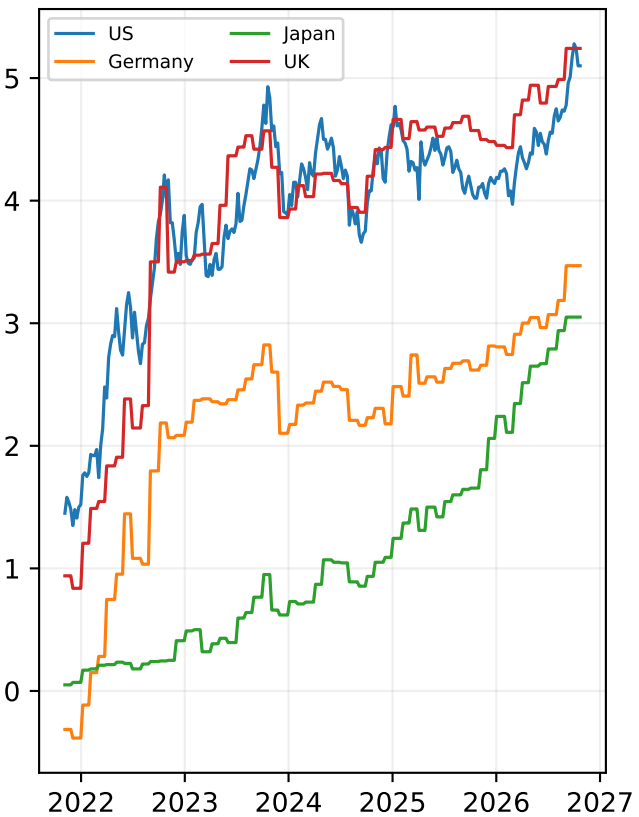
Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Global Macro & Liquidity

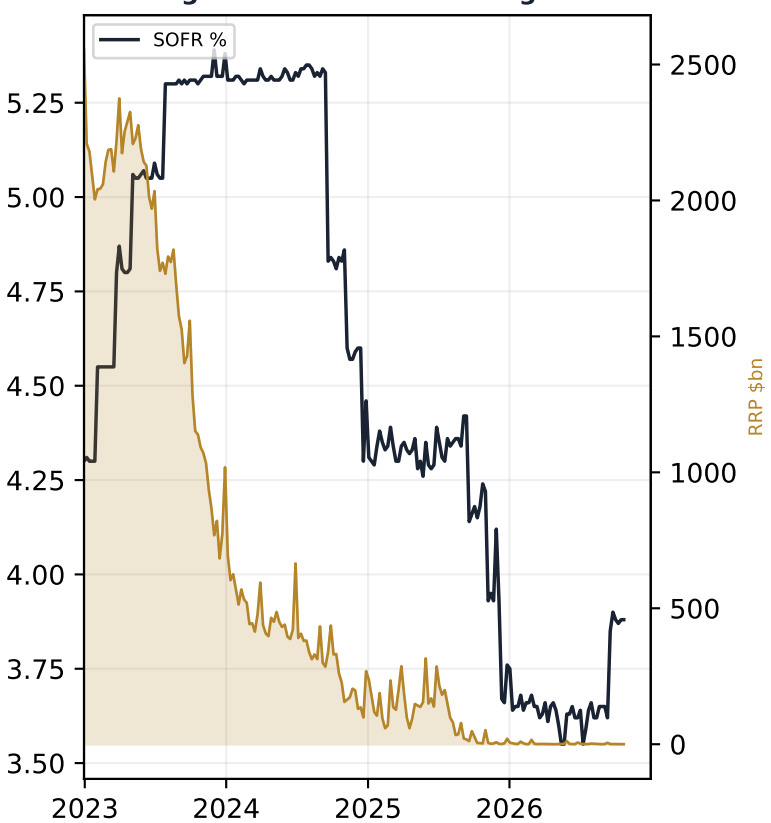
Central-bank liquidity (indexed = 100, 5y)



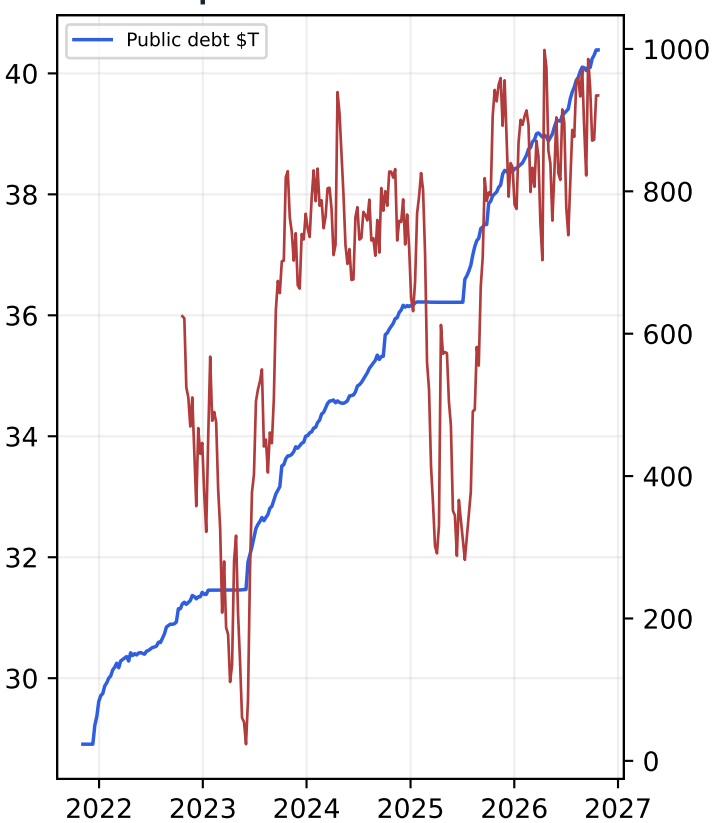
Global 10-year sovereign yields (%)



Funding: SOFR rate & RRP usage

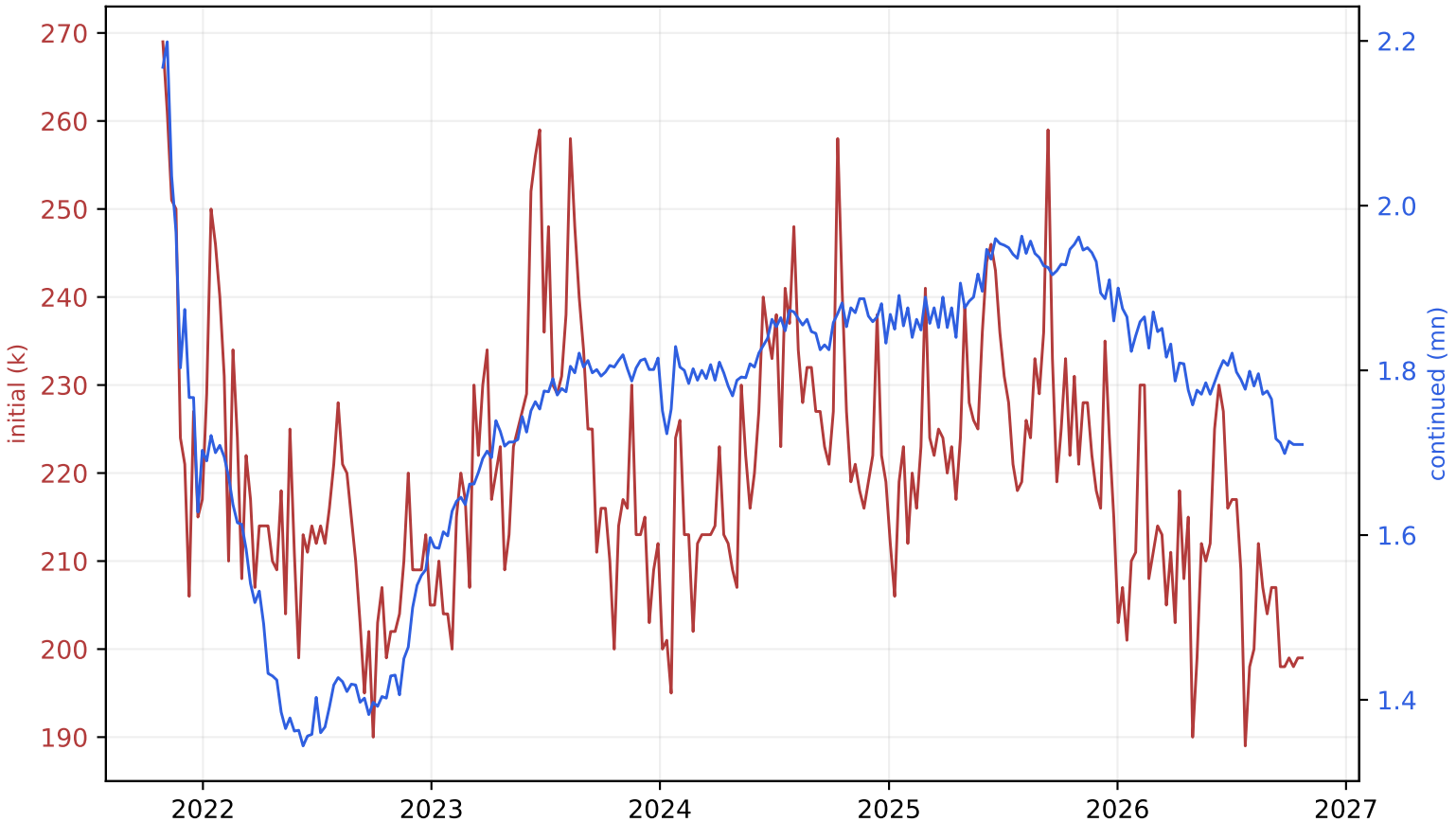


US fiscal: public debt & TGA

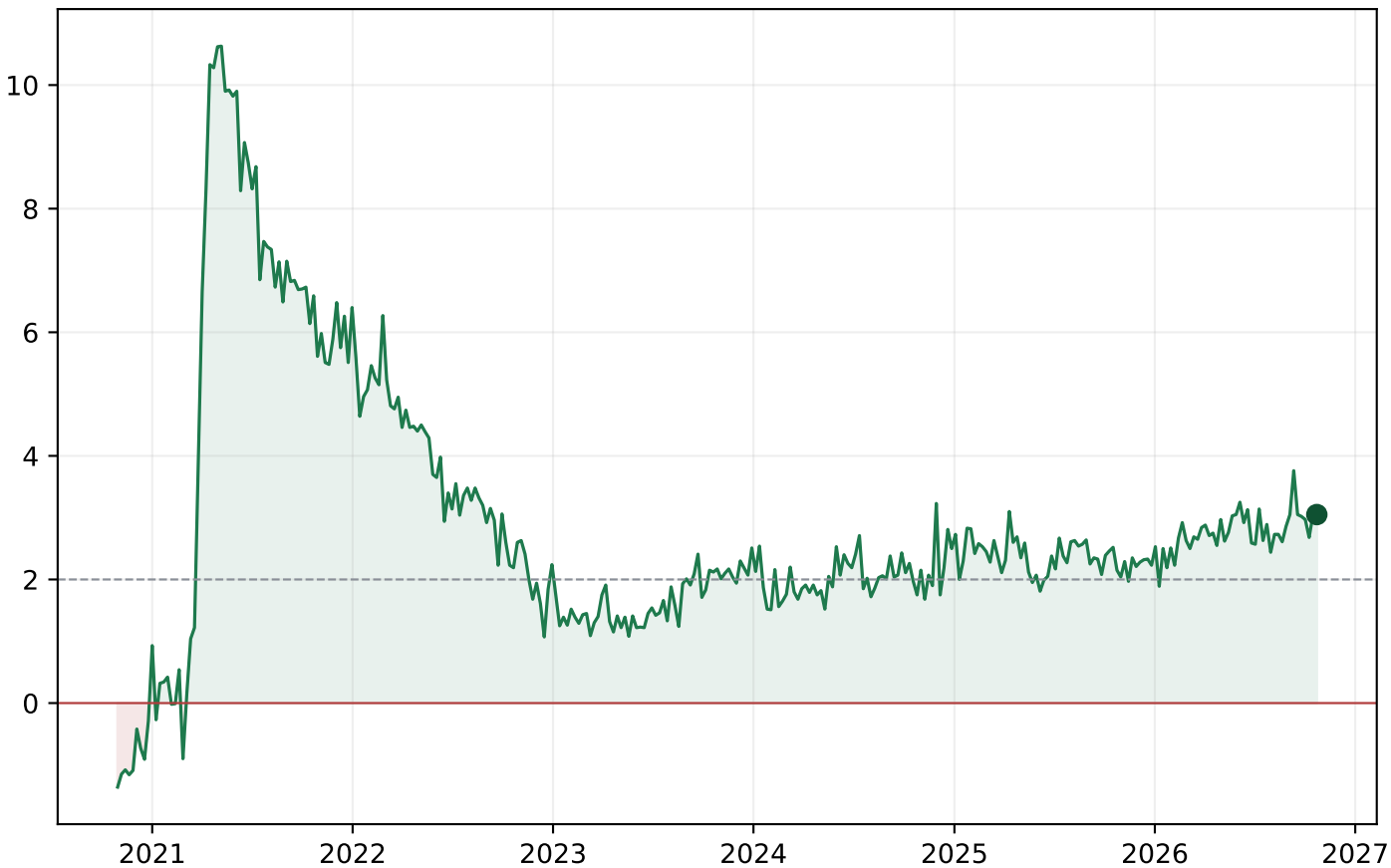


Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

US jobless claims — initial 199k (3th %ile of 10y), continued 1.71mn

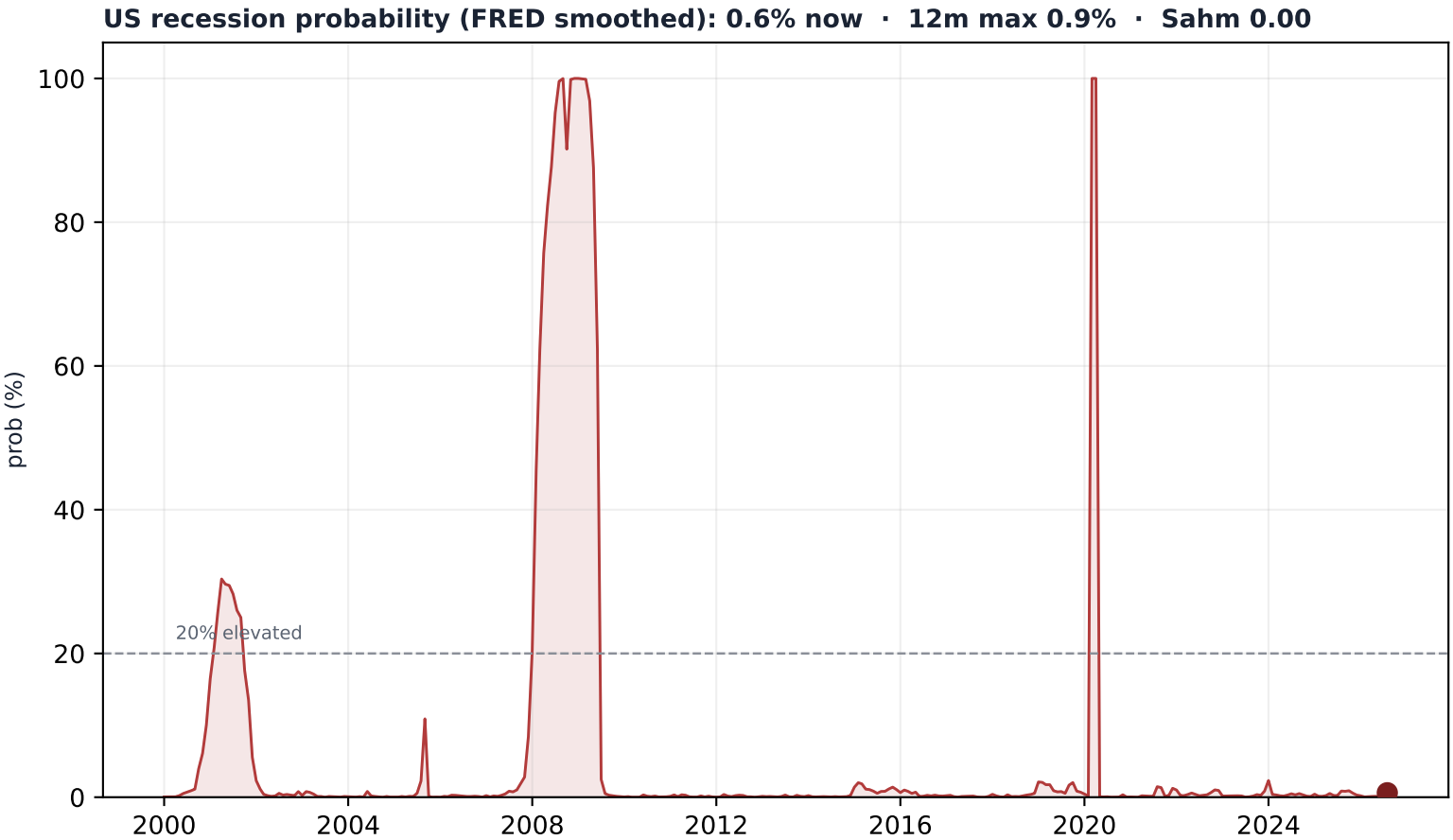


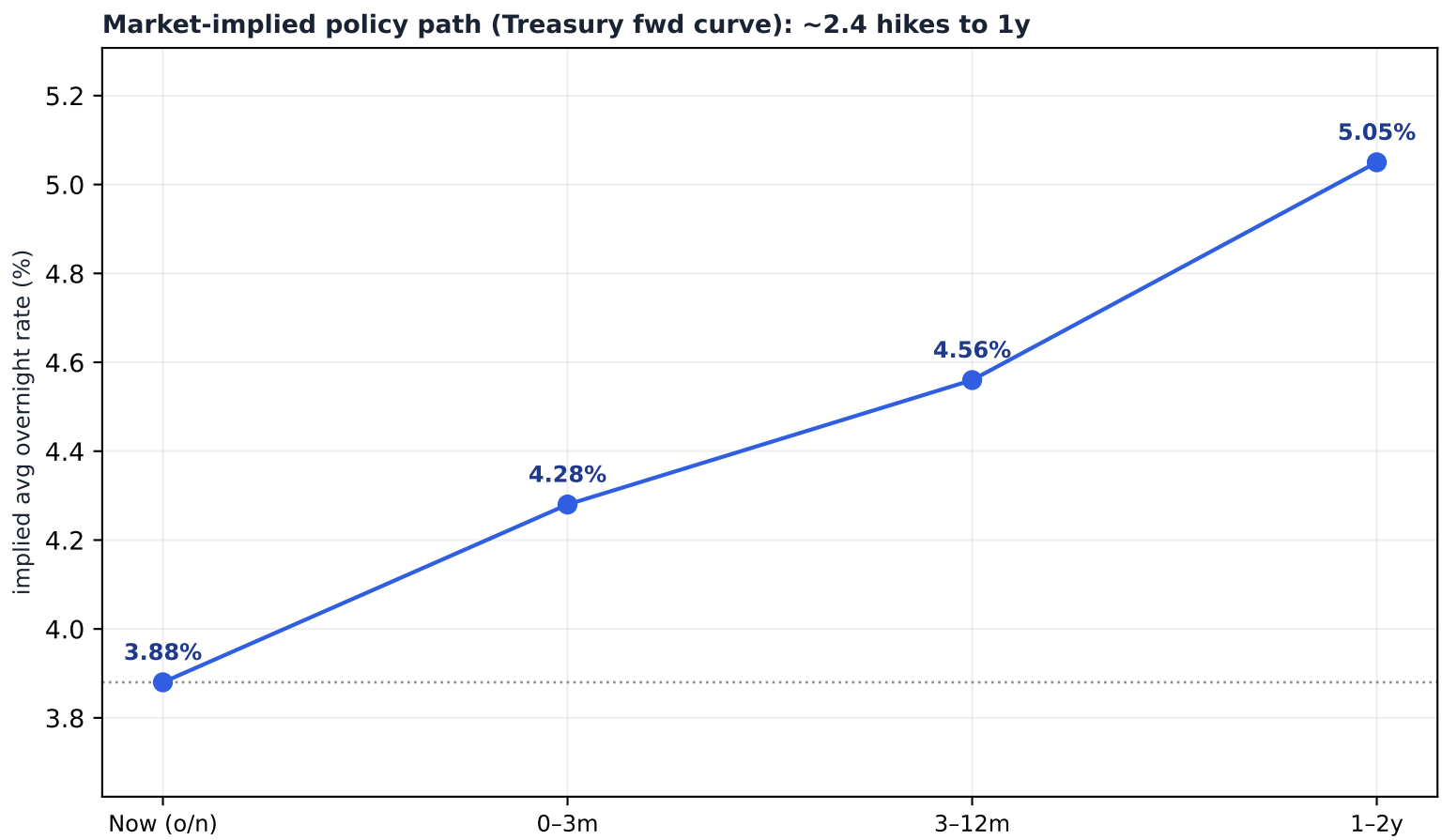
Weekly Economic Index (GDP-growth nowcast): +3.0% (~2% = trend)



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.

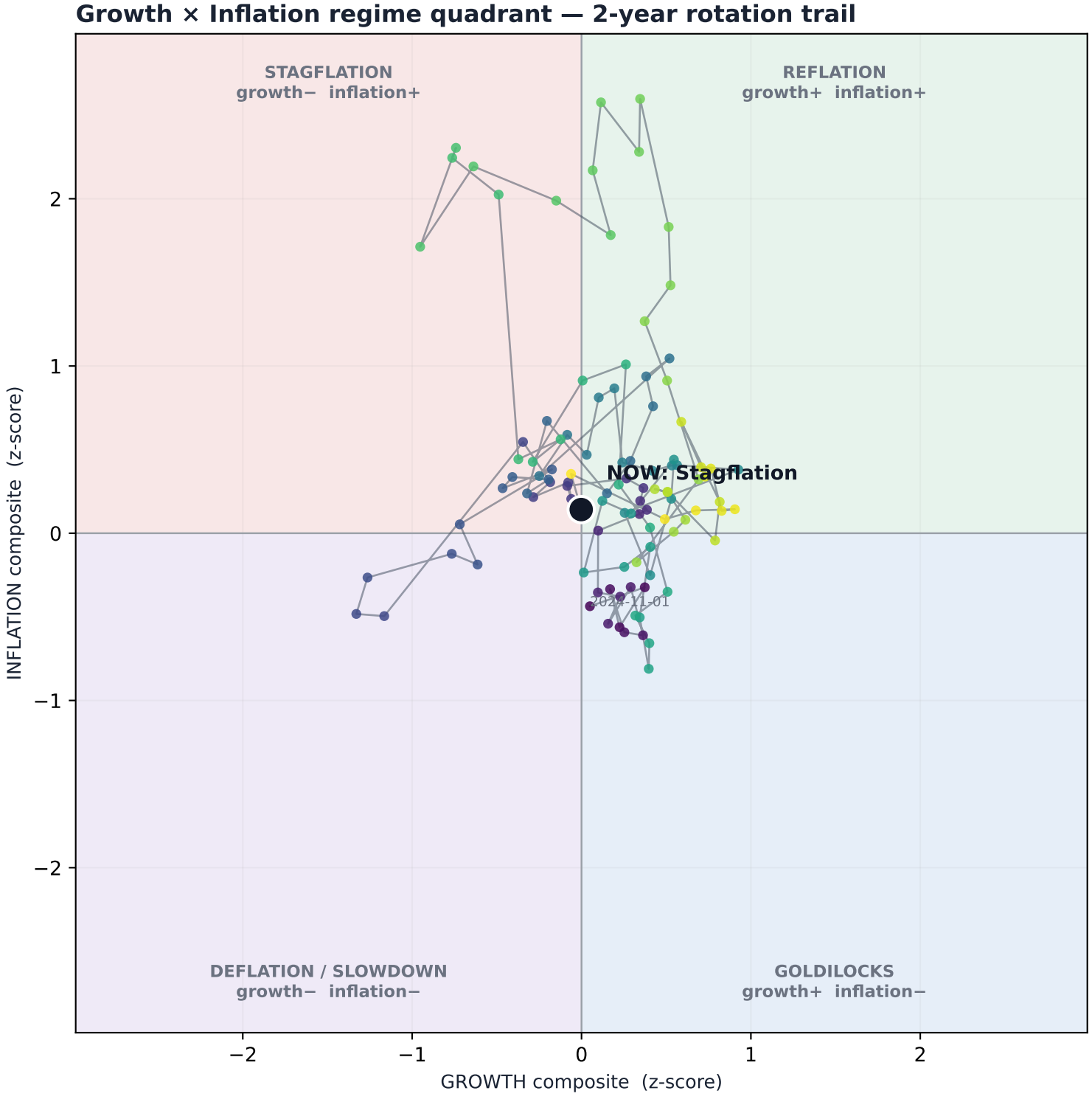
Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com





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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

PART II

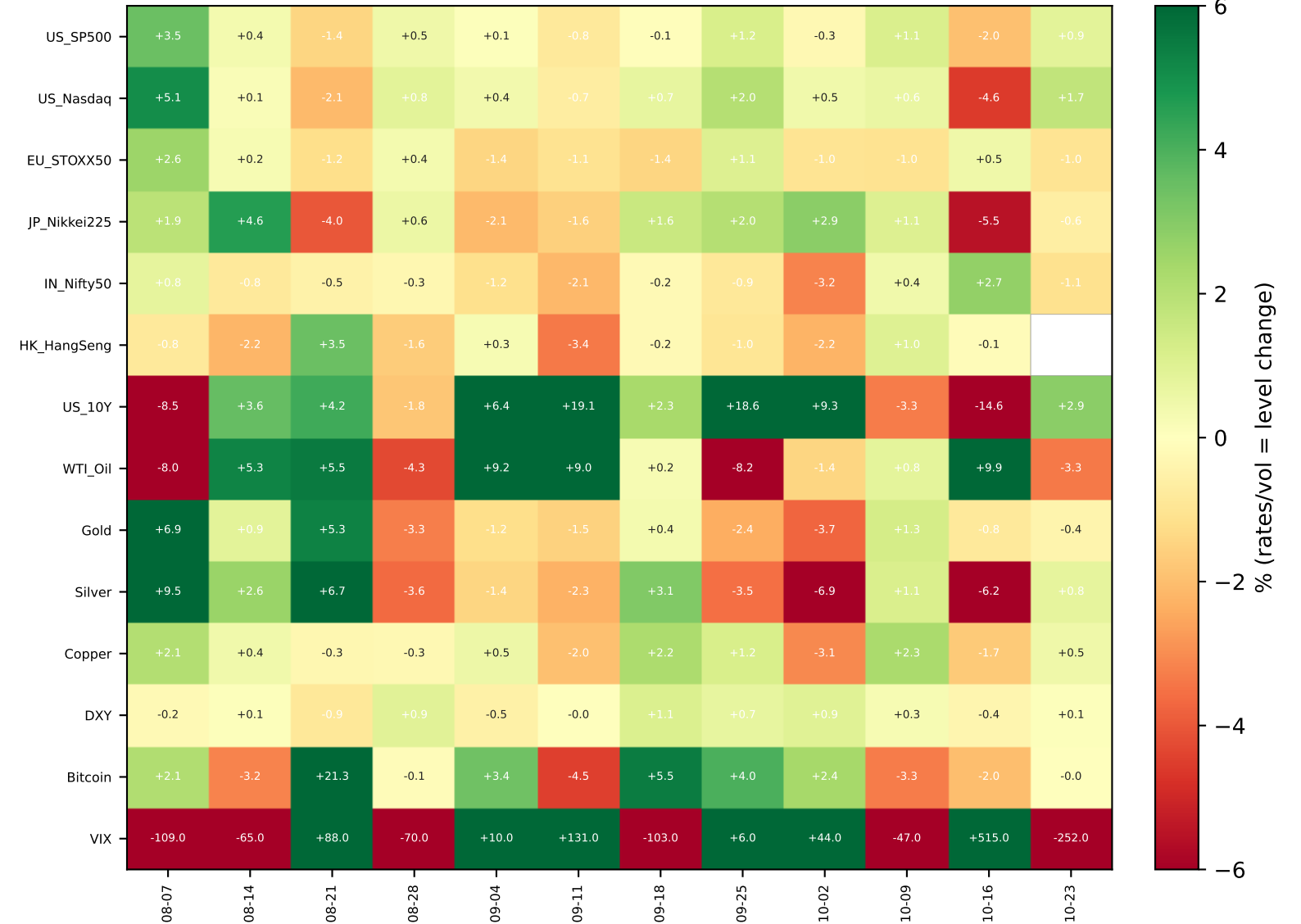
Cross-Asset Structure

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

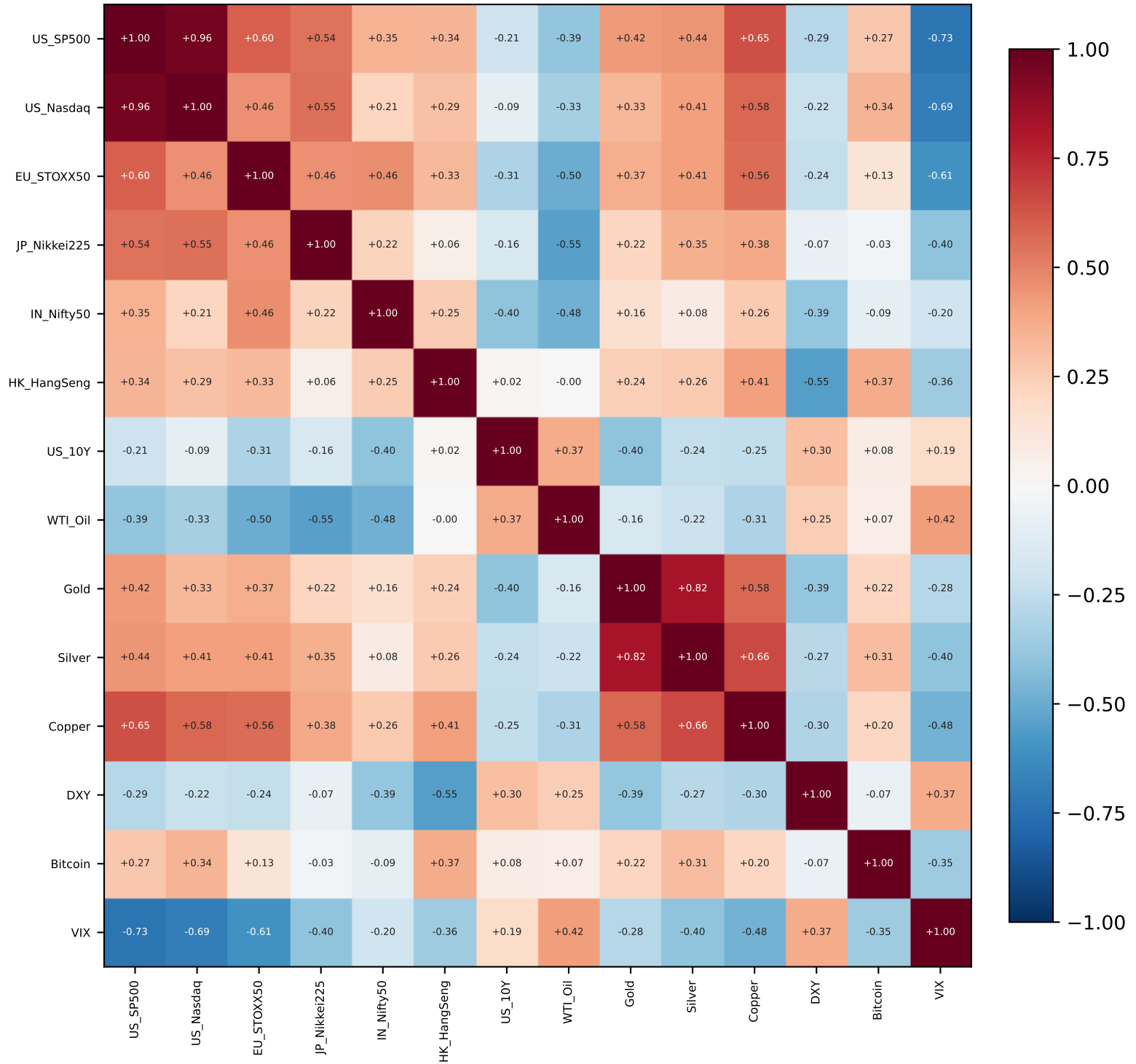
Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Weekly % change - last 12 weeks



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@ablDigitech.com

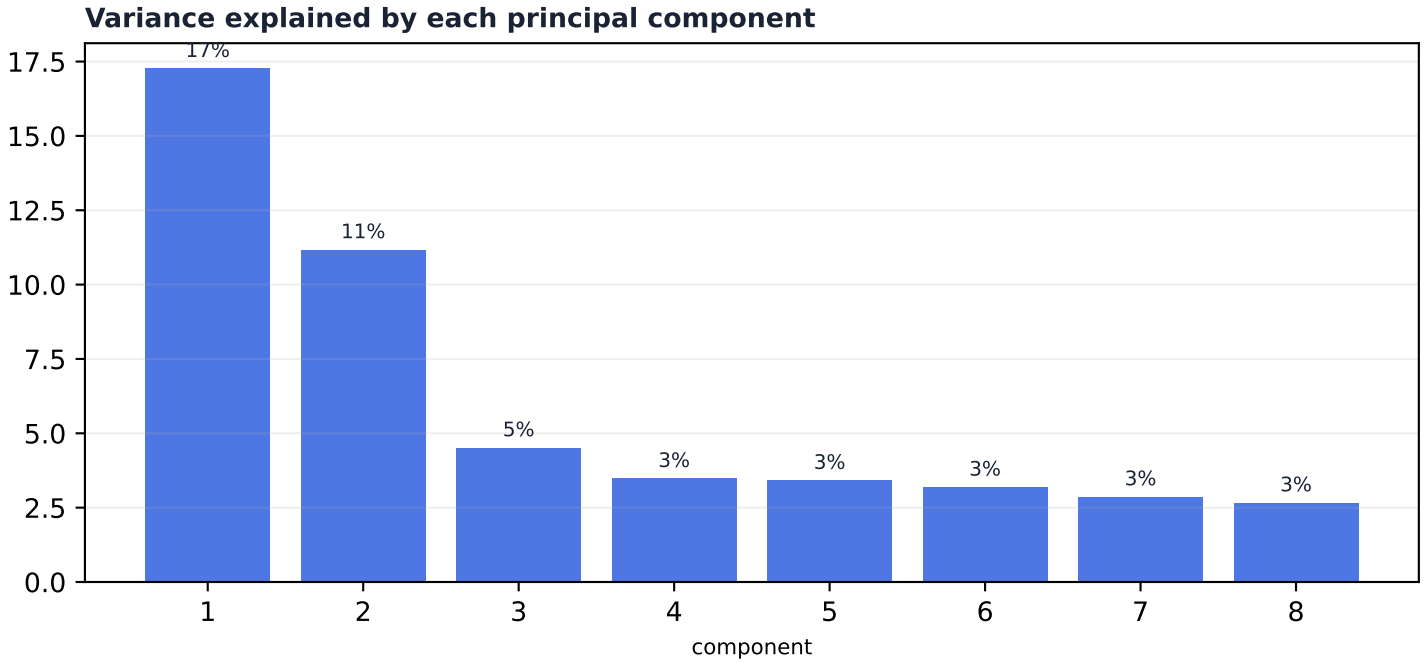
52-week correlation of weekly moves



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 193 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

17.3% of variance (cum 17%) · marker corr +0.75

+ US_HighYield +0.15, EM_USD_Bonds +0.15, US_SP500_EqualWeight +0.15, CA_TSX +0.14, US_Russell2000 +0.14

– US_HY_eff_yield -0.15, VIX3M -0.12, VIX -0.12, MOVE -0.11, US_10Y_real_yield -0.11

PC2 — Rates (10Y yield)

11.2% of variance (cum 28%) · marker corr +0.80

+ US_5Y +0.17, US_10Y +0.17, US_10Y_yield +0.17, US_5Y_yield_cm +0.17, US_2Y_yield +0.17

– US_Tsy_7_10Y -0.17, US_Tsy_20Y+ -0.16, EM_corp_OAS -0.15, US_Aggregate -0.15, US_HY_OAS -0.13

PC3 — US dollar (inverse)

4.5% of variance (cum 33%) · marker corr -0.17

+ GR_10Y +0.31, PT_10Y +0.31, ES_10Y +0.31, FR_10Y +0.31, NL_10Y +0.30

– UMich_Sentiment -0.18, Policy_Turkey -0.16, CPI_Argentina -0.10, Policy_Russia -0.09, US_FedDebt_PctGDP -0.08

PC4 — US dollar

3.5% of variance (cum 36%) · marker corr +0.66

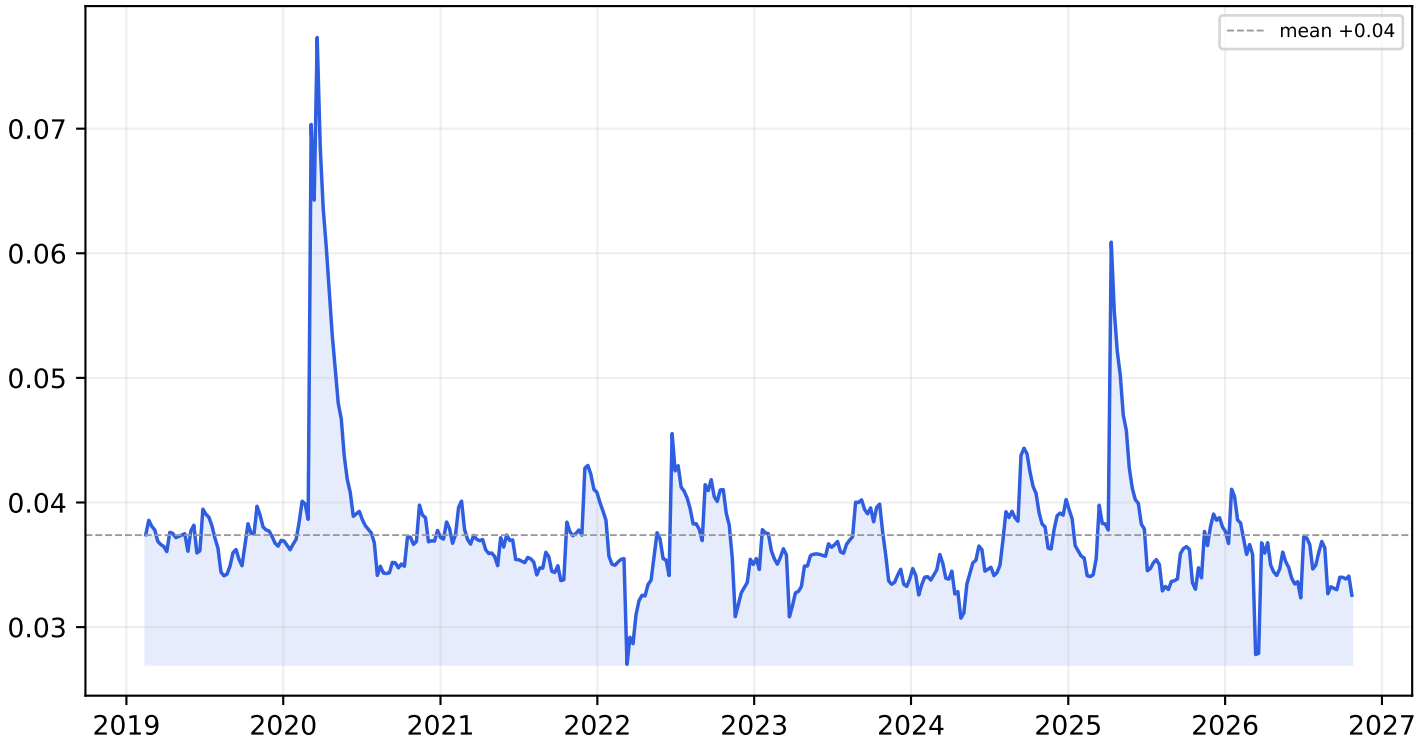
+ DXY +0.25, Dogecoin +0.18, Cardano +0.18, XRP +0.16, Bitcoin +0.15

– EURUSD -0.26, EM_Local_Bonds -0.19, GBPUSD -0.19, Gold -0.19, AUDUSD -0.19

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.

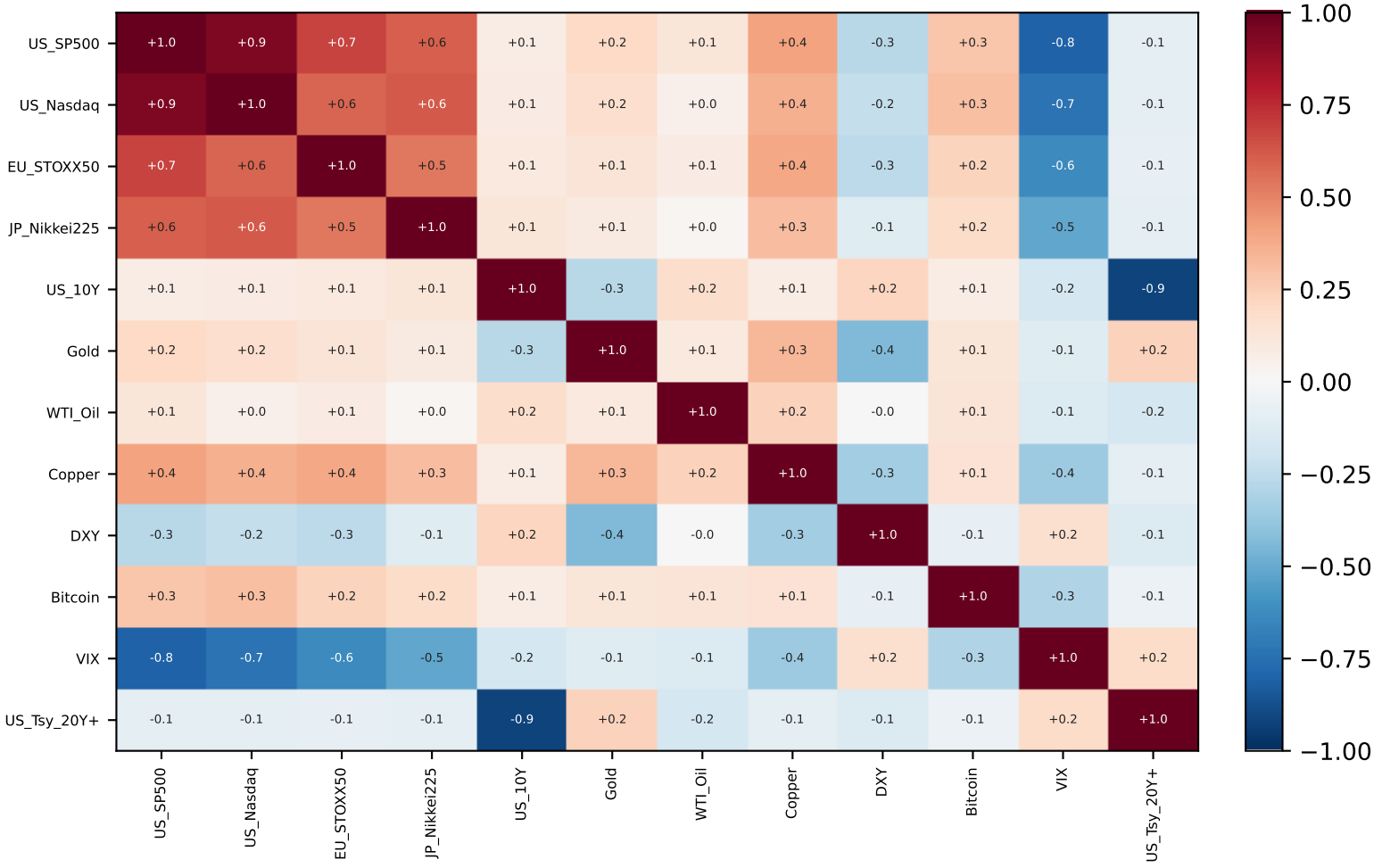
Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Average pairwise conditional correlation (multivariate DCC-GARCH)

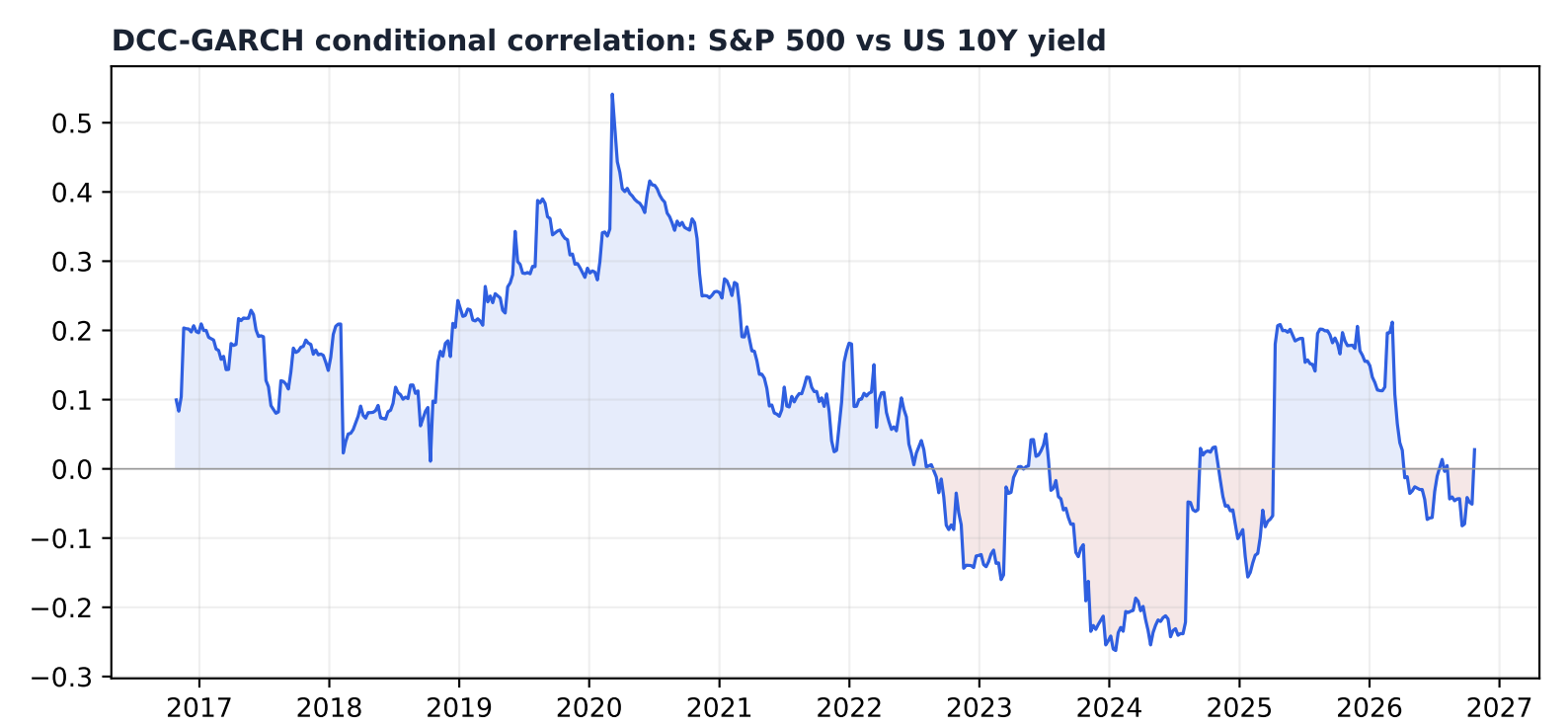


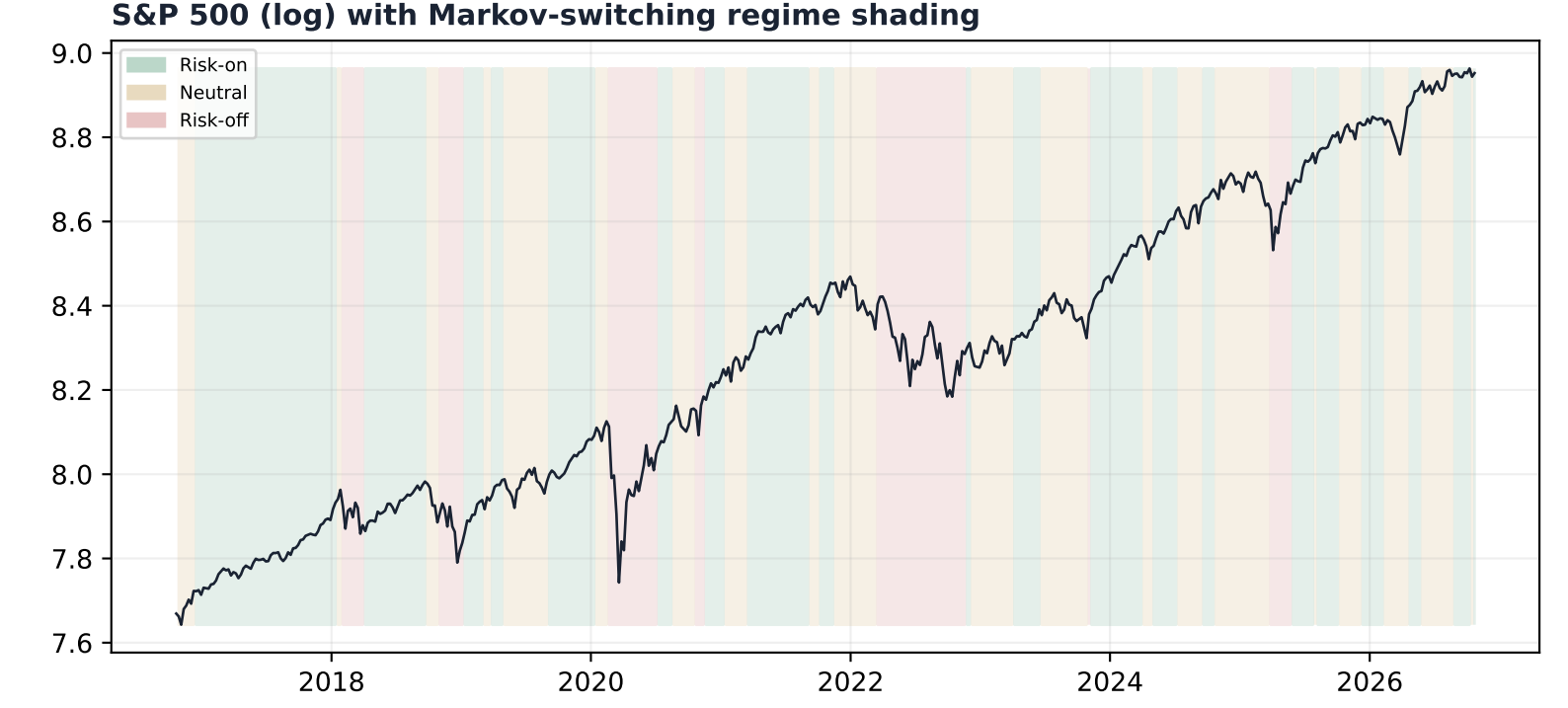
N=12 assets · persistence 0.8385 · rising = diversification failing in real time · now +0.03

Latest conditional-correlation matrix

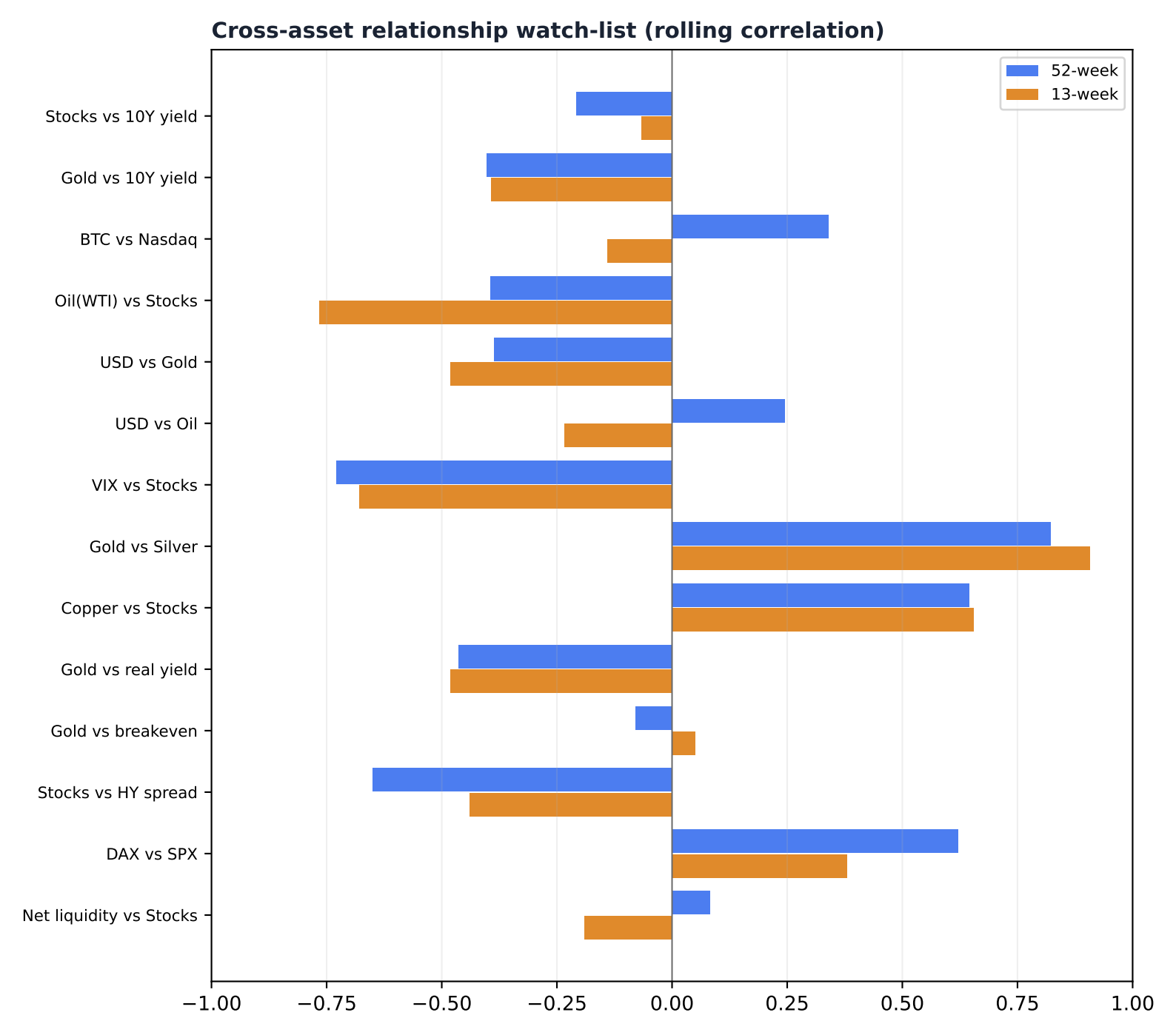


Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



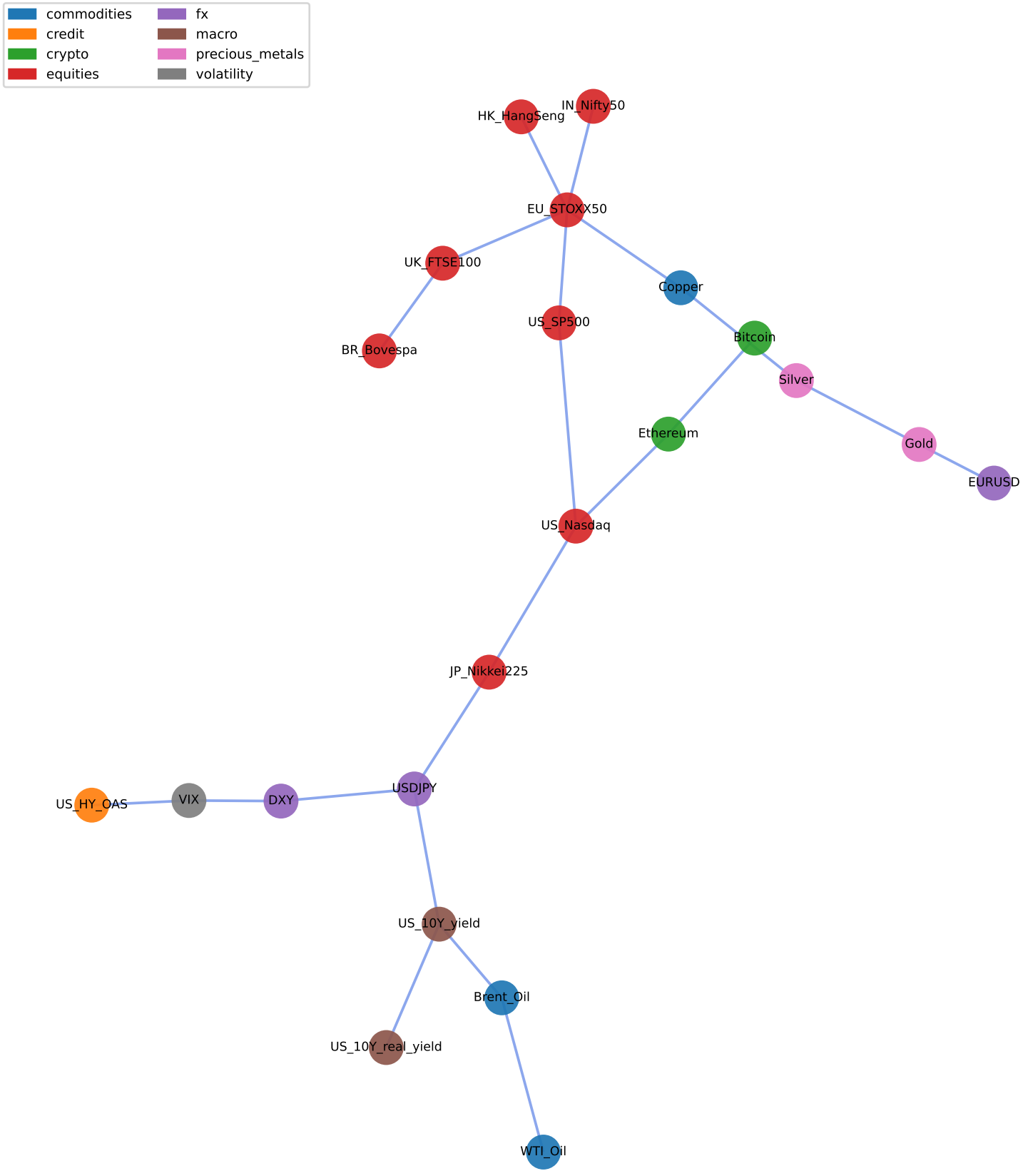


Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

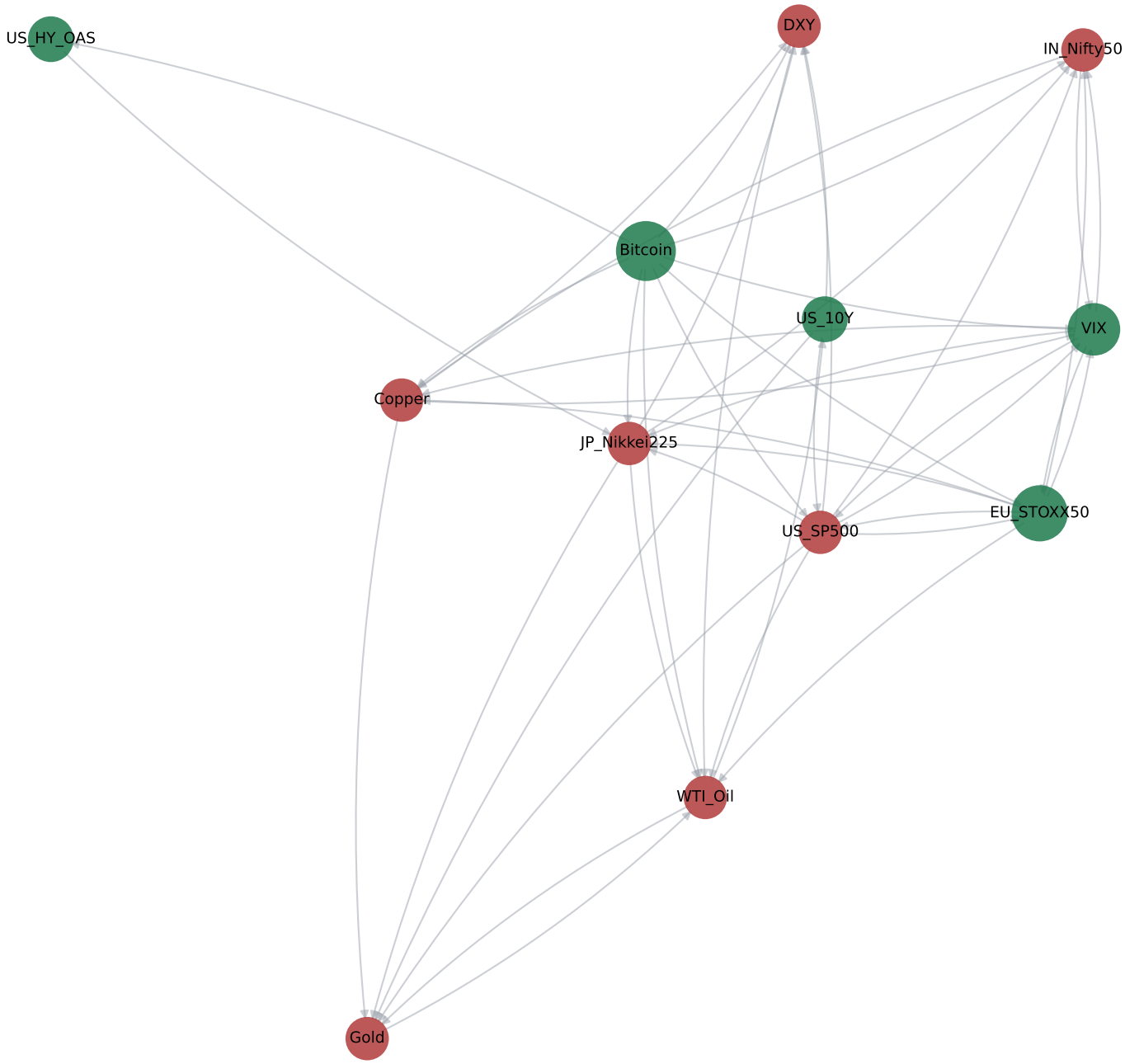
Cross-asset correlation network - minimum spanning tree (3y)



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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Directional lead-lag — Granger causality network

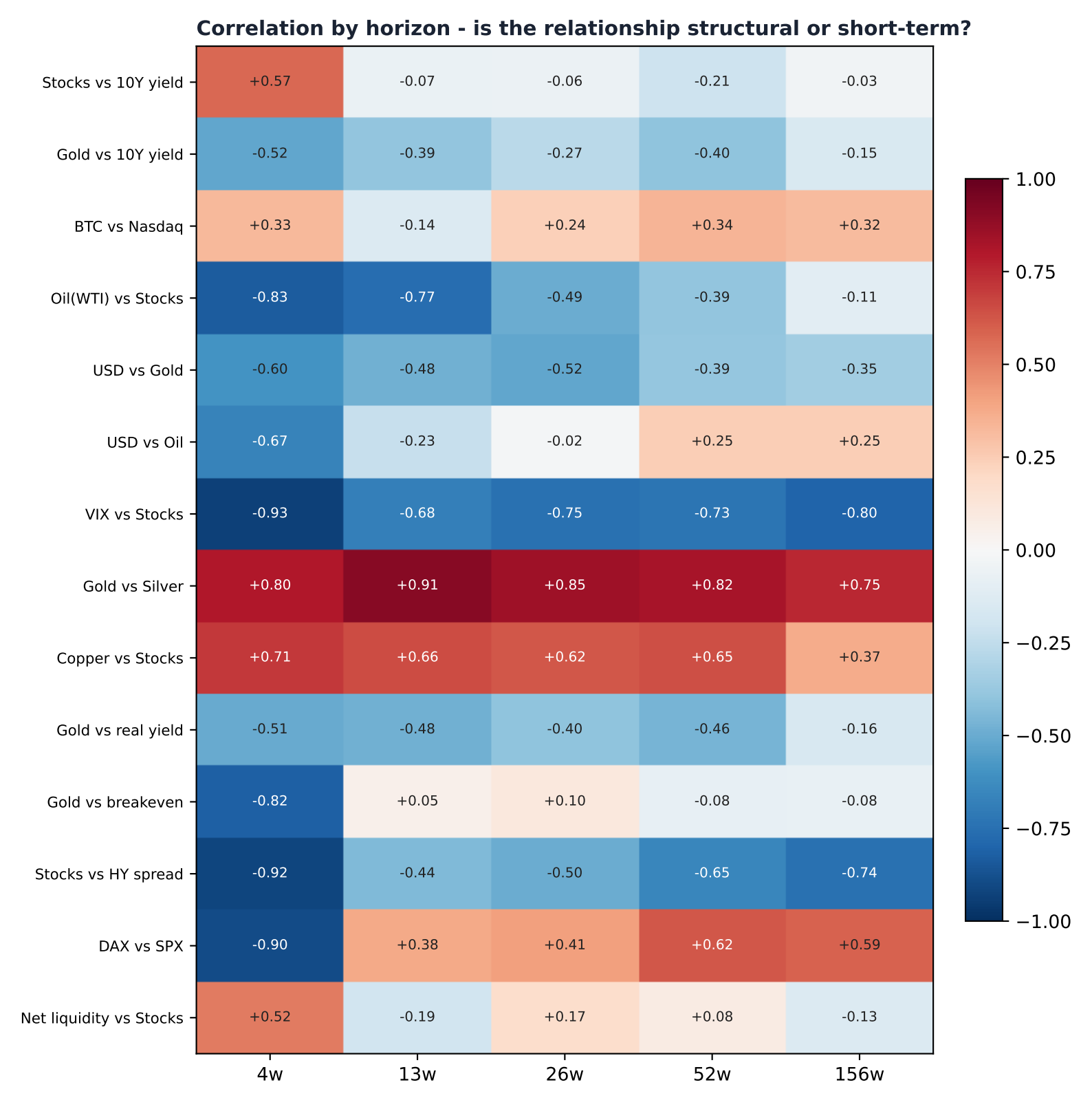


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

LEADERS: Bitcoin +0.08, EU_STOXX50 +0.06, VIX +0.04, US_10Y +0.01, US_HY_OAS +0.01

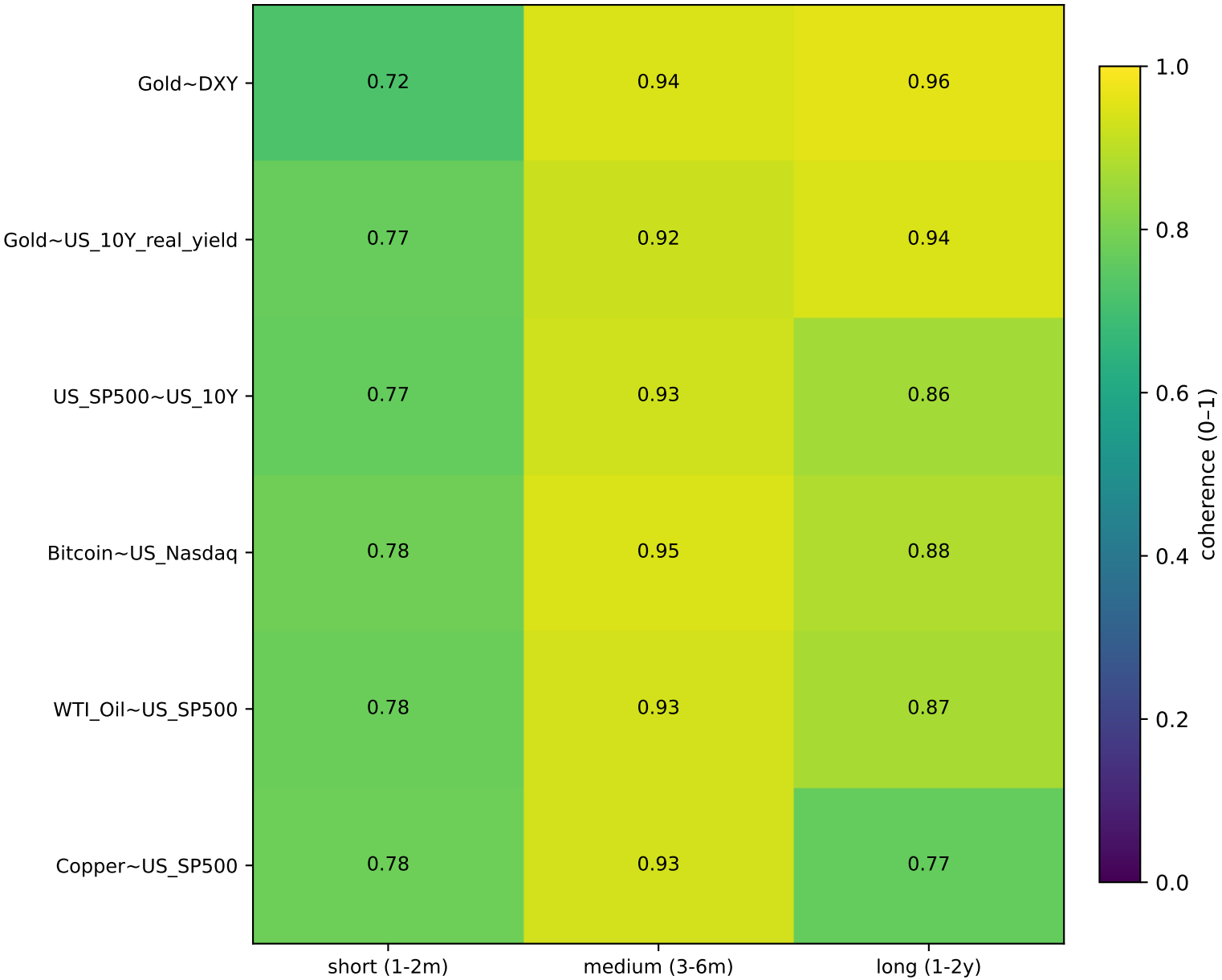
FOLLOWERS: JP_Nikkei225 -0.07, US_SP500 -0.04, Gold -0.03, DXY -0.02, IN_Nifty50 -0.02

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

Wavelet coherence by time-scale — is the link short-term or structural?



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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting spreads and how stretched each is right now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
WTI vs Brent	no	0.349	0.97	1w	+2.42
HY vs IG spread	yes	0.002	0.29	3w	-2.25
US10Y vs Japan10Y	no	0.937	0.69	93w	+1.78
EURUSD vs GBPUSD	no	0.181	0.94	8w	+1.08
Copper vs Gold	no	0.125	1.70	11w	-0.97
BTC vs ETH	no	0.188	0.45	13w	-0.81
VIX vs VIX3M	yes	0.042	0.84	2w	-0.71
S&P vs Nasdaq	yes	0.001	1.24	8w	-0.42
Stocks vs LongBonds	yes	0.049	-0.44	16w	-0.29
Gold vs Platinum	no	0.339	0.71	15w	+0.24
US10Y vs Germany10Y	no	0.266	1.00	5w	+0.20
Gold vs Silver	no	0.188	1.20	13w	+0.12

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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

PART III

Positioning, Flows & Sentiment

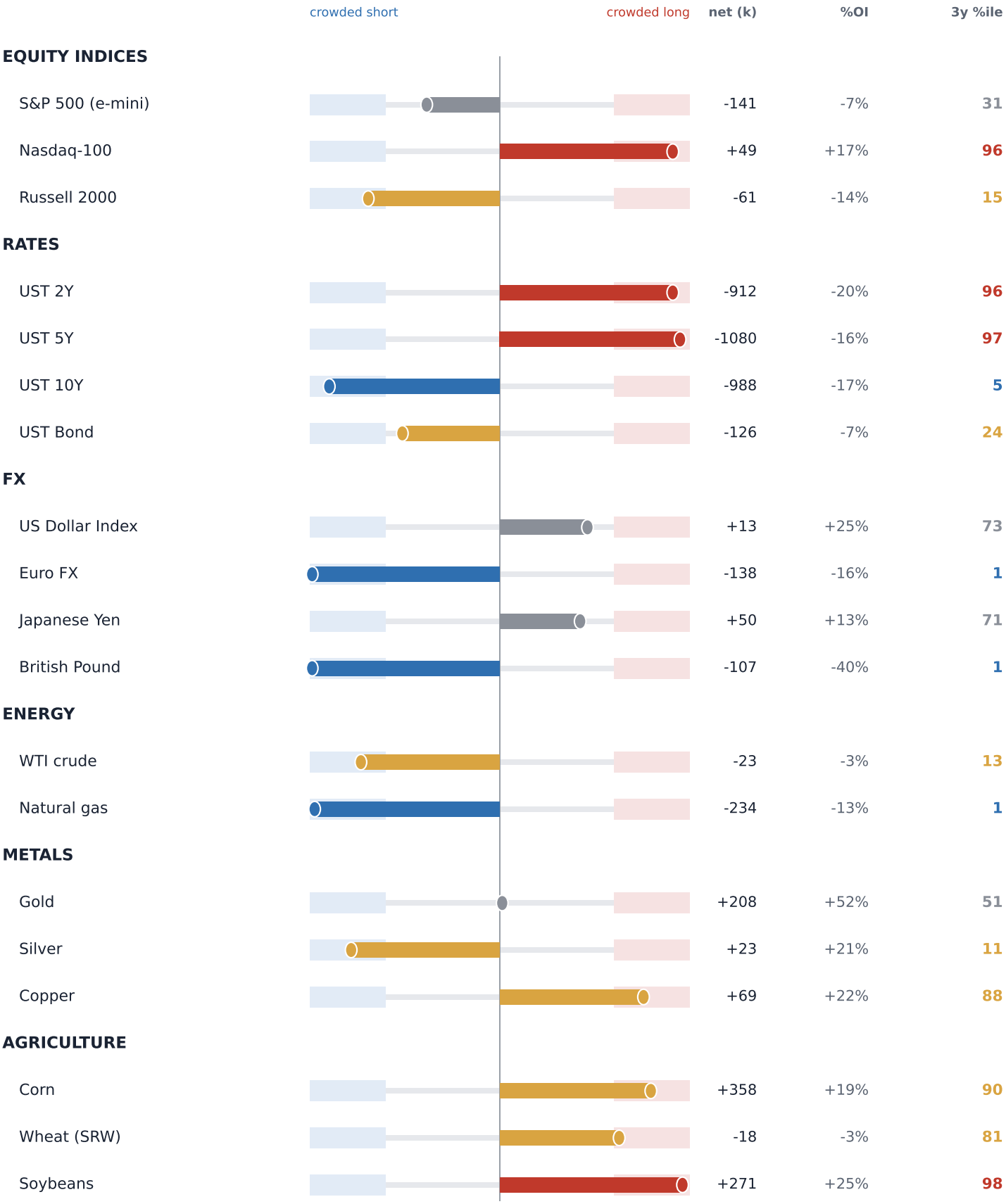
Where the crowd is leaning — futures positioning and market sentiment.

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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

POSITIONING — CFTC speculative net

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



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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

MARKET SENTIMENT

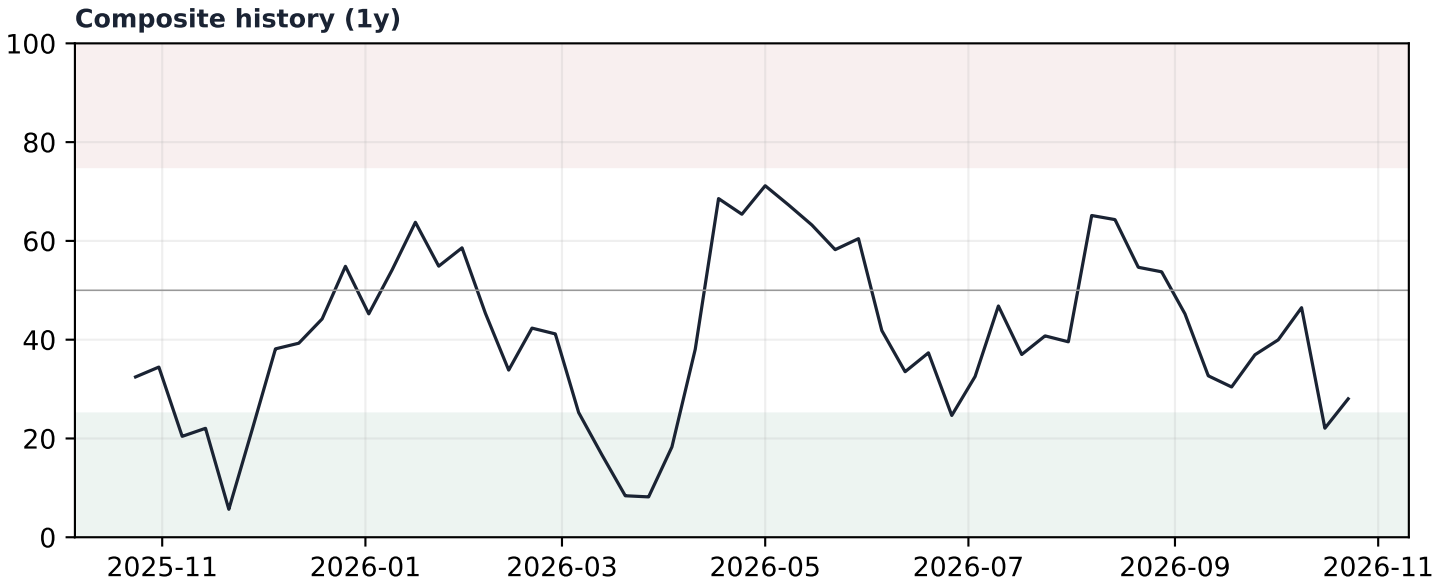
CNN Fear & Greed composite and its components — a contrarian gauge

28

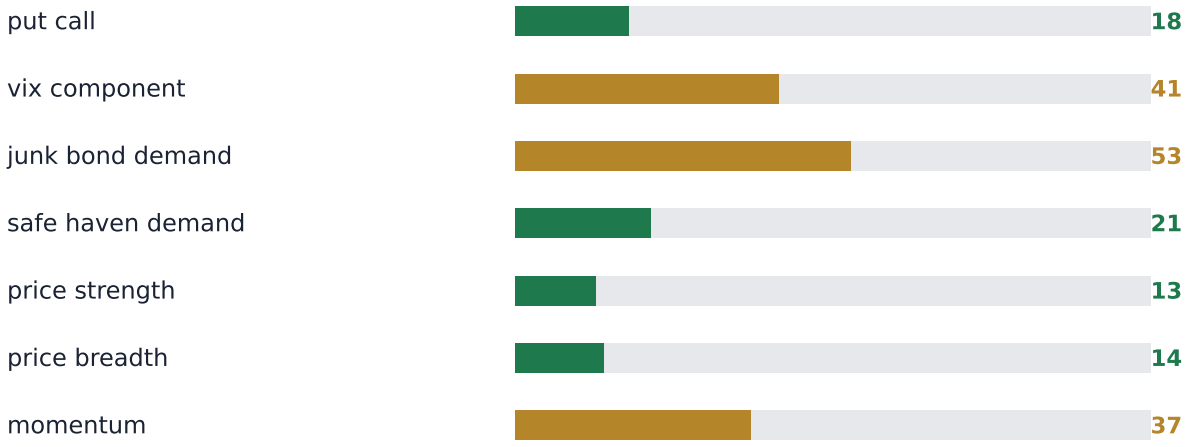
FEAR

0 = extreme fear · 100 = extreme greed

46	30	22
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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

PART IV

Volatility

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

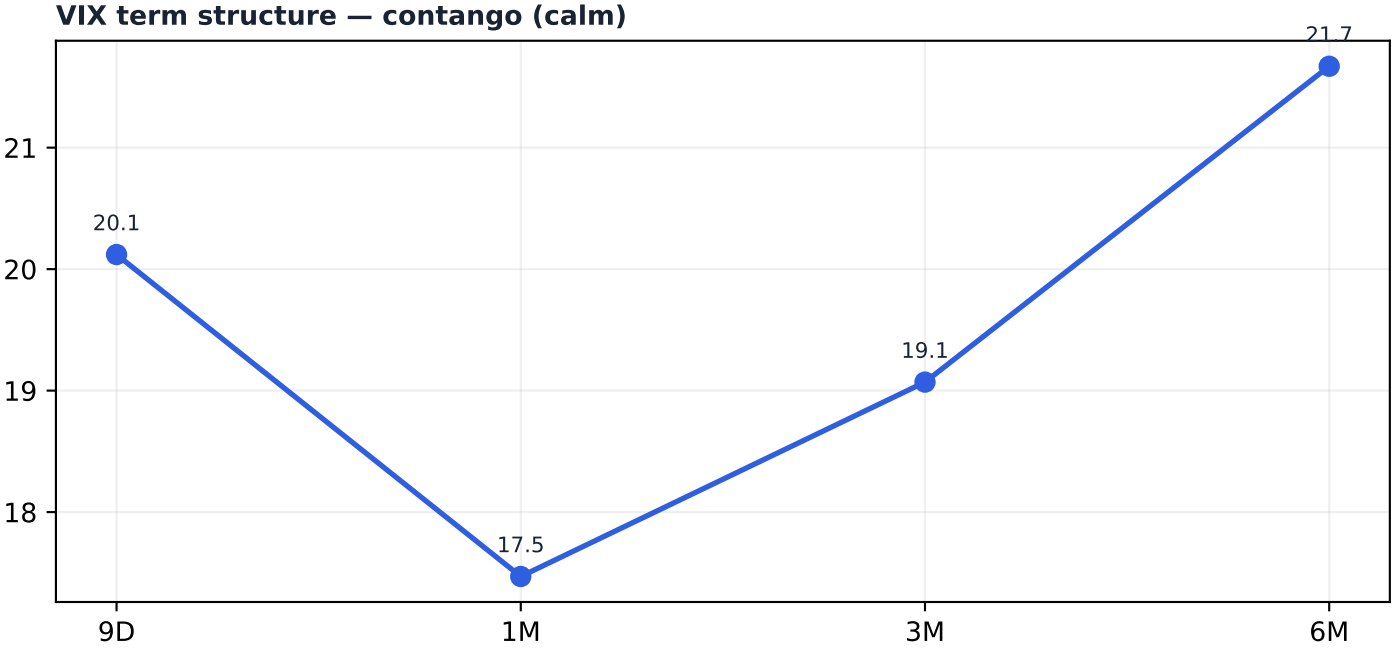
- VIX term structure (9D → 6M) and the volatility risk premium
- CBOE SKEW tail-risk index and cross-asset volatility (MOVE / OVX / GVZ)

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+8.6 pts

VIX 17.5 − realised 8.8

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

169

99th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	103	55th
Oil vol (OVX)	51	80th
Gold vol (GVZ)	23	80th
Vol-of-vol (VVIX)	100	65th

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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

PART V

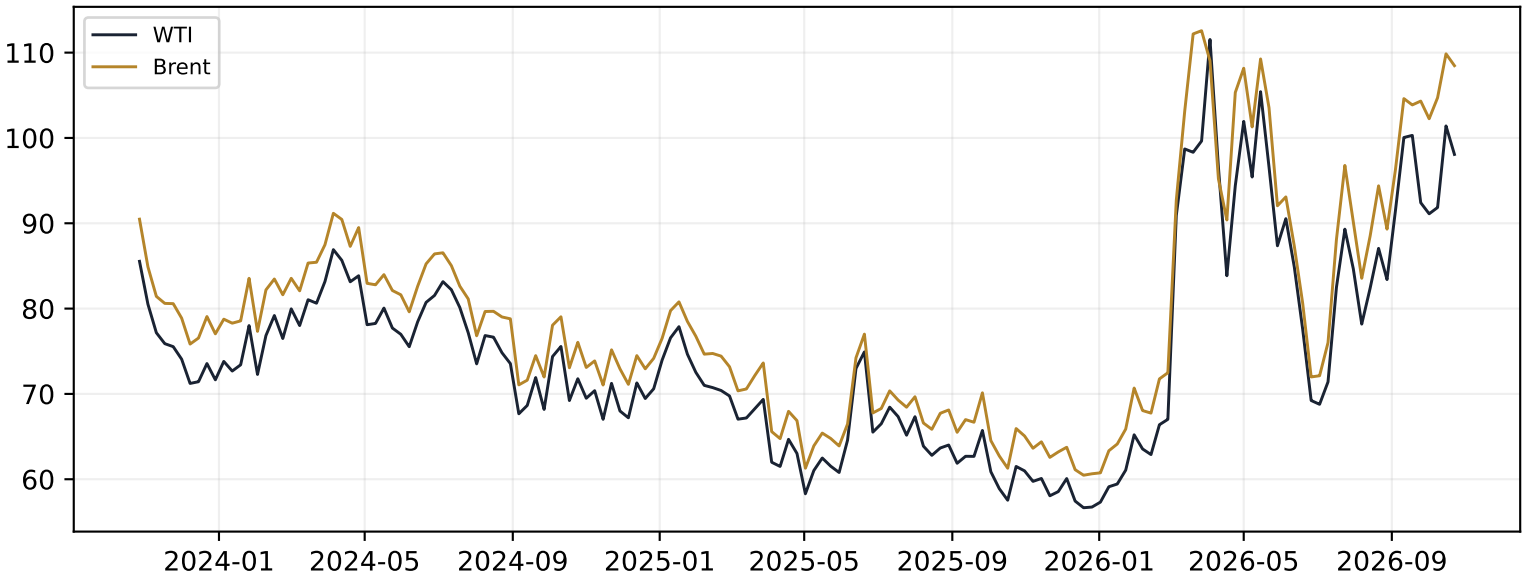
Asset Deep-Dives

Instrument-level detail across the major asset classes.

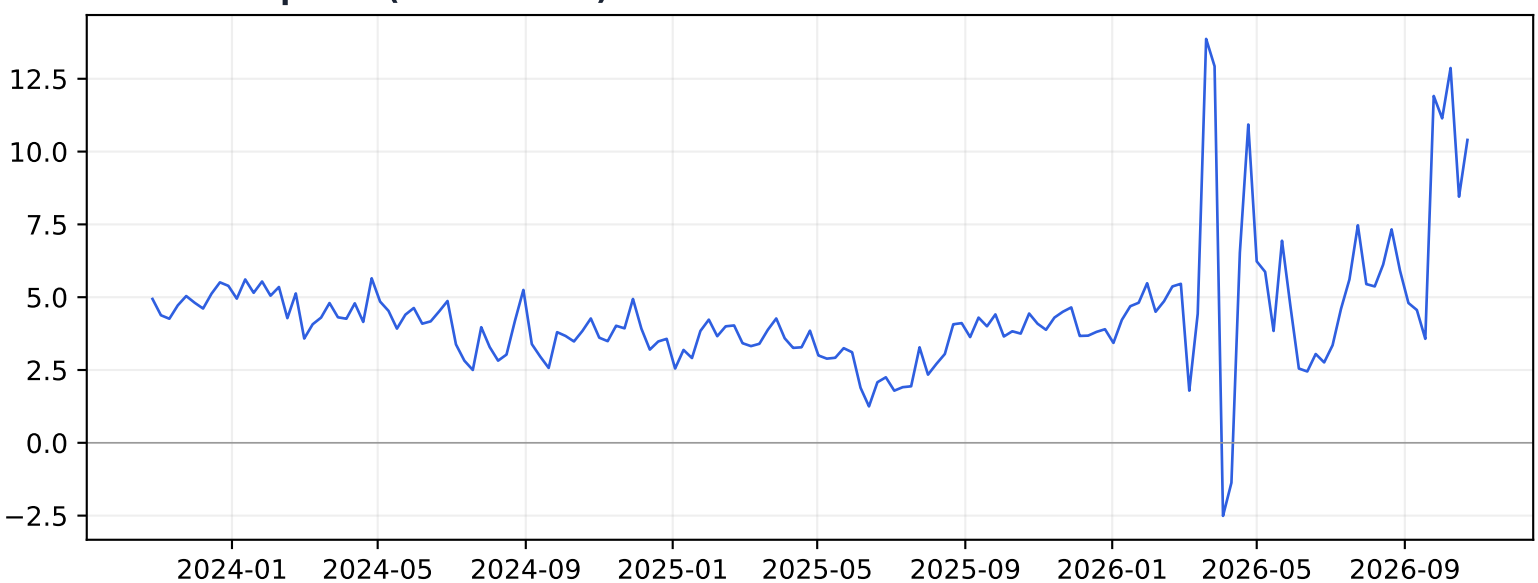
- Oil, natural gas, precious metals and crypto special modules
- Momentum & trend battery; factor-beta risk attribution; equity valuation

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

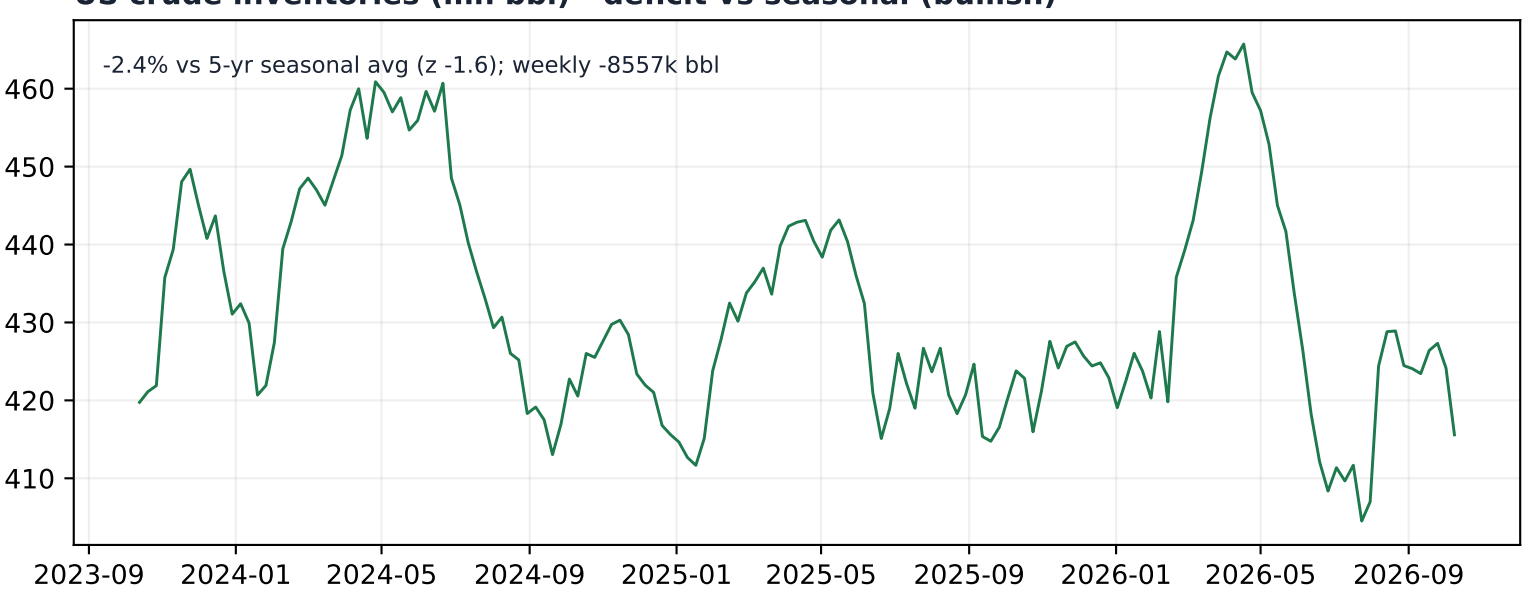
OIL special - WTI $98.07 (wk -3.3%, 13w +9.8%)



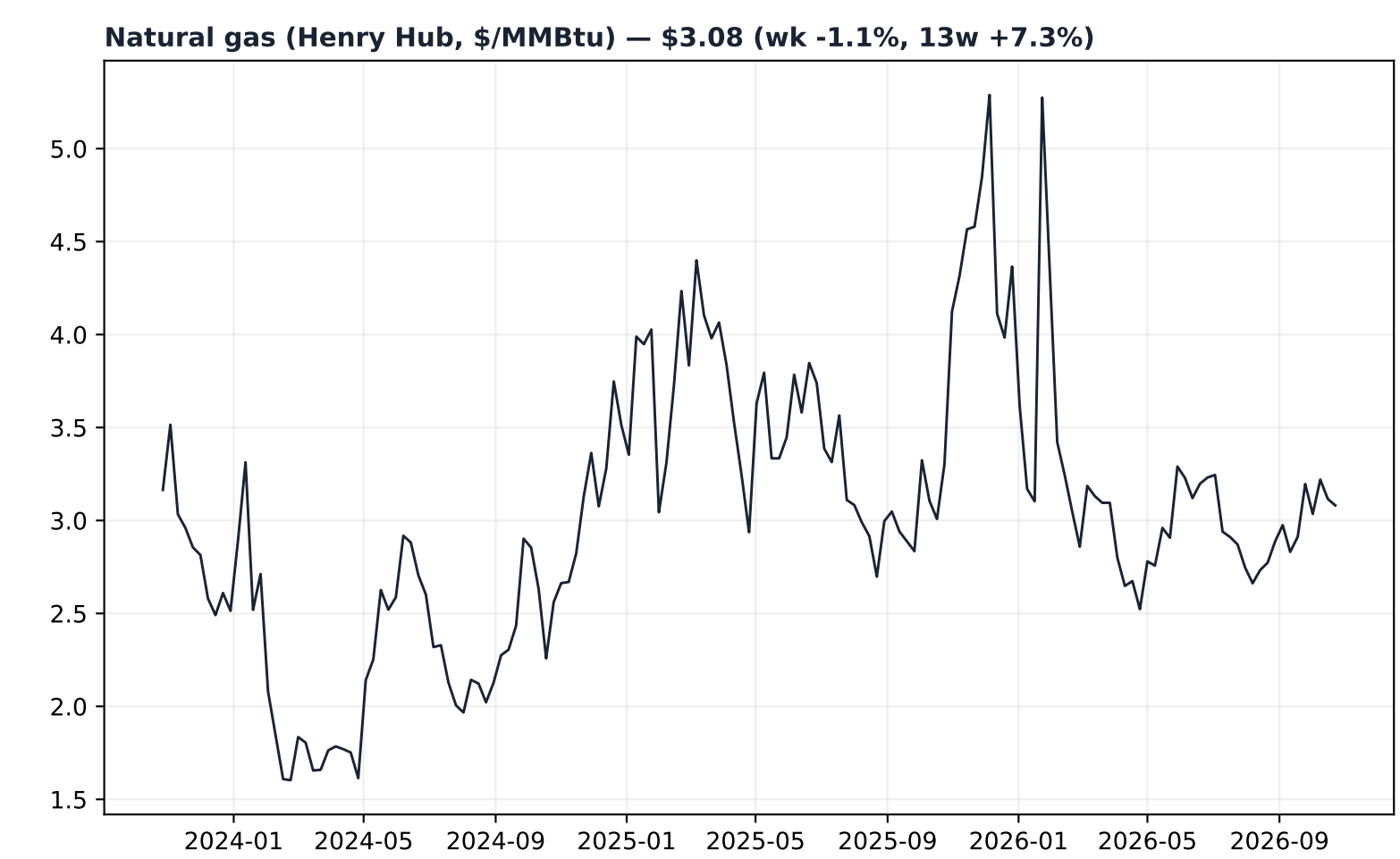
Brent-WTI spread (now +10.40)

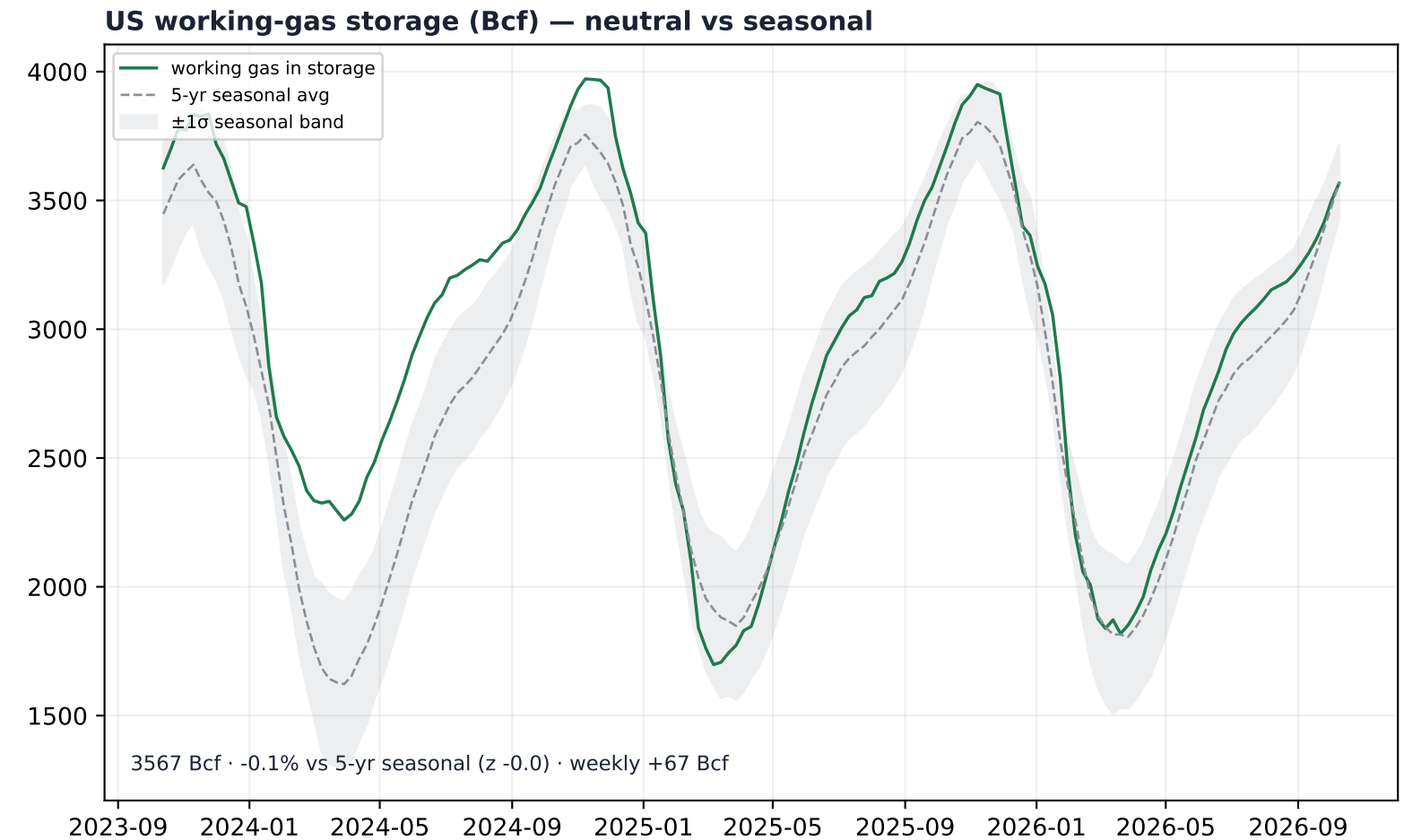


US crude inventories (mn bbl) - deficit vs seasonal (bullish)



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



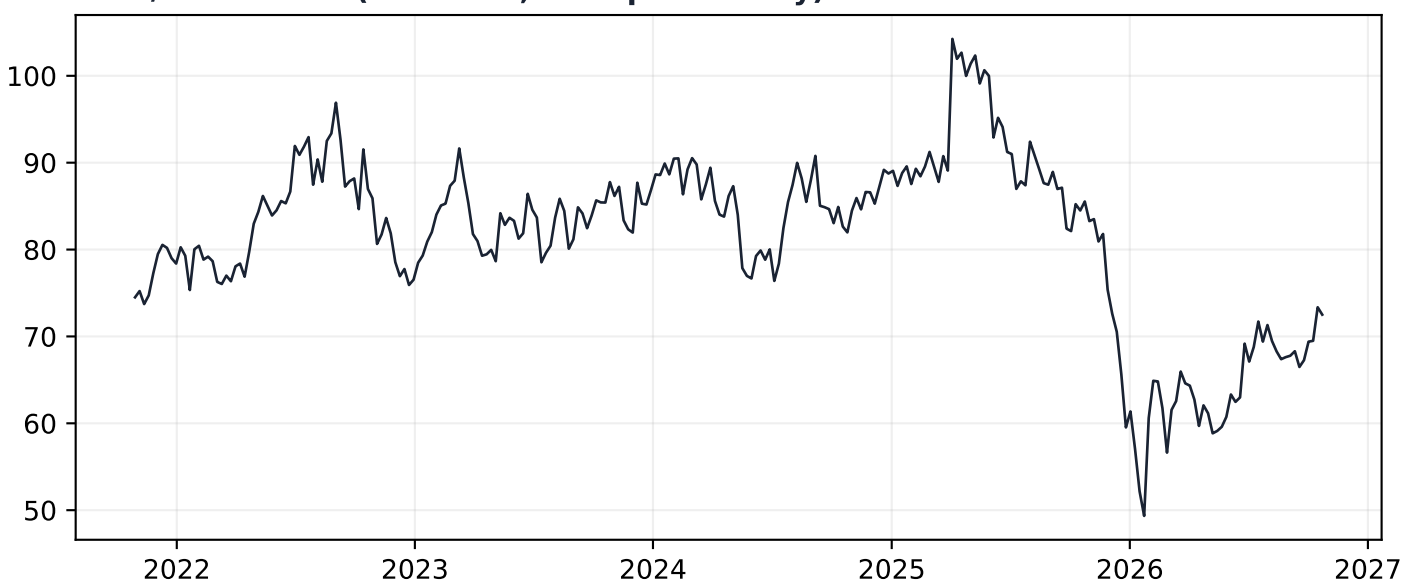


Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

GOLD/SILVER special - Gold $4164 (L) & Silver $57.42 (R)



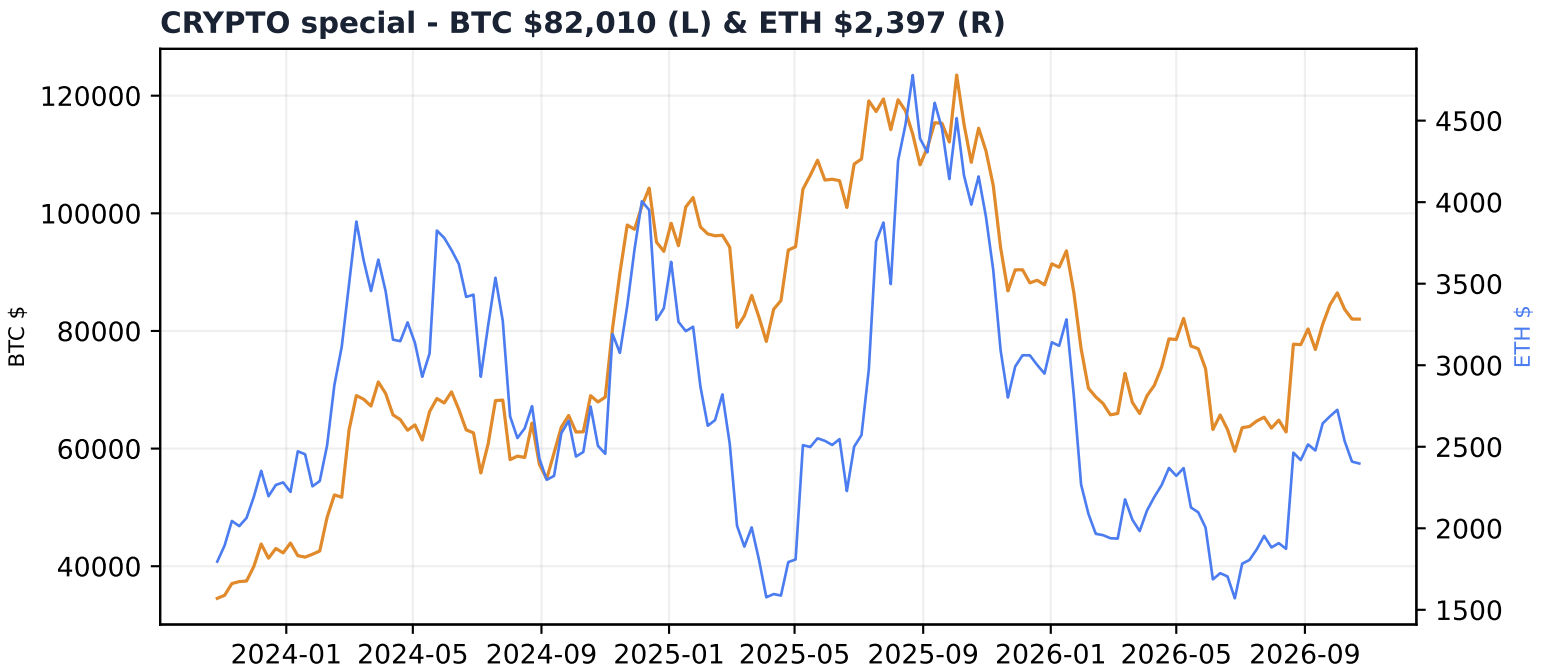
Gold/Silver ratio (now 72.5, 17th pctile of 5y)



Gold vs 10Y real yield (inverted) - 52w corr -0.46



Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com





MARKET STRUCTURE (current)

Total mcap $2.76T BTC dominance 59.7% ETH dominance 10.6%

Stablecoin supply $305B (-0.5% wk) DeFi TVL $89B (-3.0% wk)

Crypto Fear & Greed: 59 (Greed), a week ago 69

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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%	+8%	+14%	**+0.50**	+6%	-1%
US_Nasdaq	+7%	+7%	+15%	**+0.50**	+6%	-3%
EU_STOXX50	-2%	+4%	+8%	**+0.00**	+1%	-6%
JP_Nikkei225	+0%	+9%	+32%	**+0.50**	+4%	-9%
IN_Nifty50	-4%	-4%	-11%	**-1.00**	-4%	-13%
HK_HangSeng	-2%	-8%	-4%	**-1.00**	-5%	-12%
Gold	+2%	-12%	+1%	**+0.00**	-8%	-21%
Silver	-2%	-25%	+19%	**-0.50**	-19%	-43%
WTI_Oil	+10%	+4%	+59%	**+1.00**	+13%	-12%
Copper	+4%	+9%	+29%	**+0.50**	+6%	-2%
DXY	+0%	+3%	+3%	**+1.00**	+2%	-0%
Bitcoin	+26%	+4%	-28%	**+0.00**	+13%	-26%

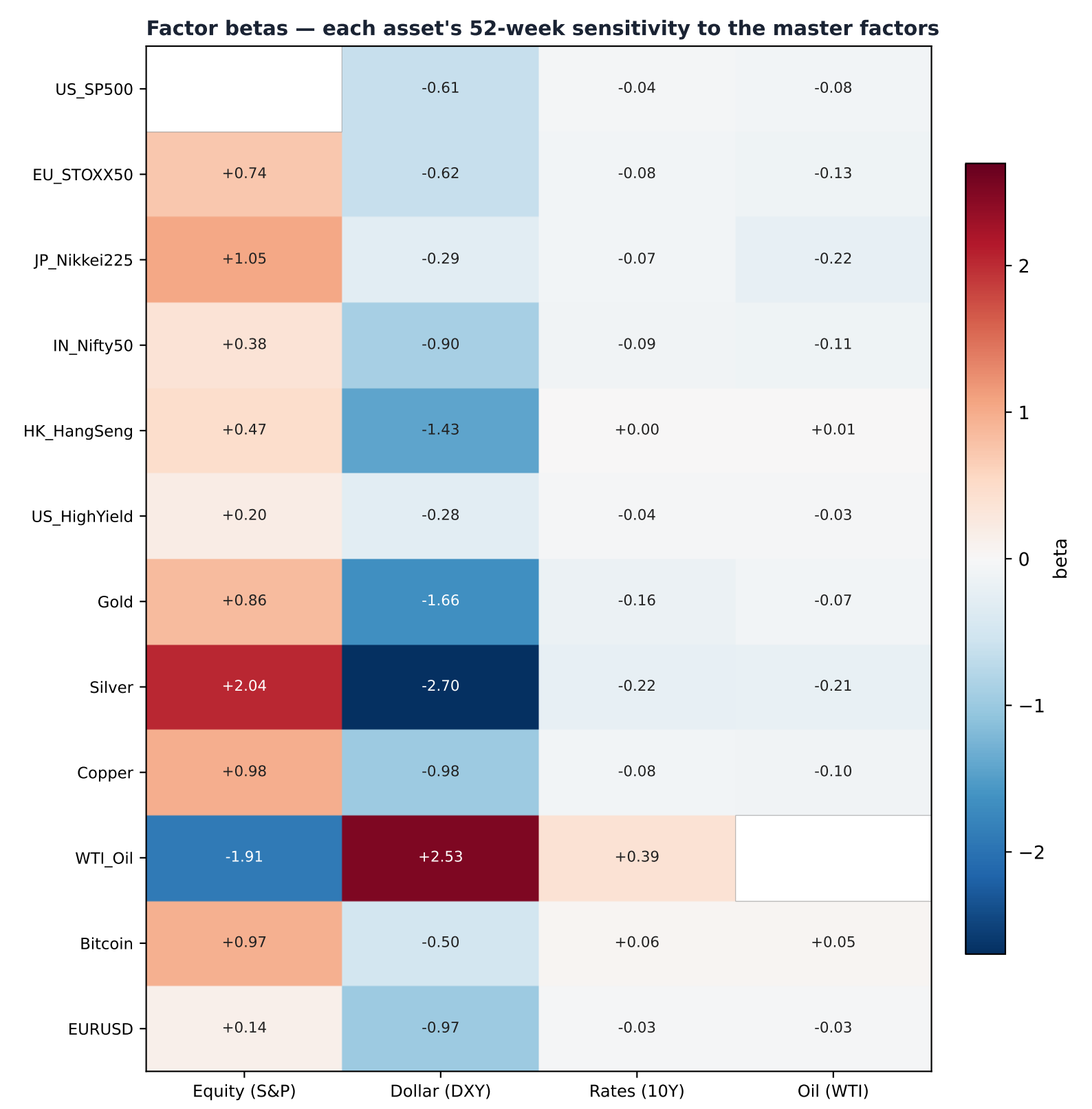
Global equity 26-week relative strength:

LEADERS: TW_TAIEX +20%, US_FANGplus +17%, NL_AEX +12%, SG_STI +10%, CH_SMI +9%, JP_Nikkei225 +9%

LAGGARDS: ID_JKSE -30%, CN_Shenzhen -21%, TR_BIST100 -21%, RU_RTS -19%, CN_Internet -16%, KR_KOSPI -11%

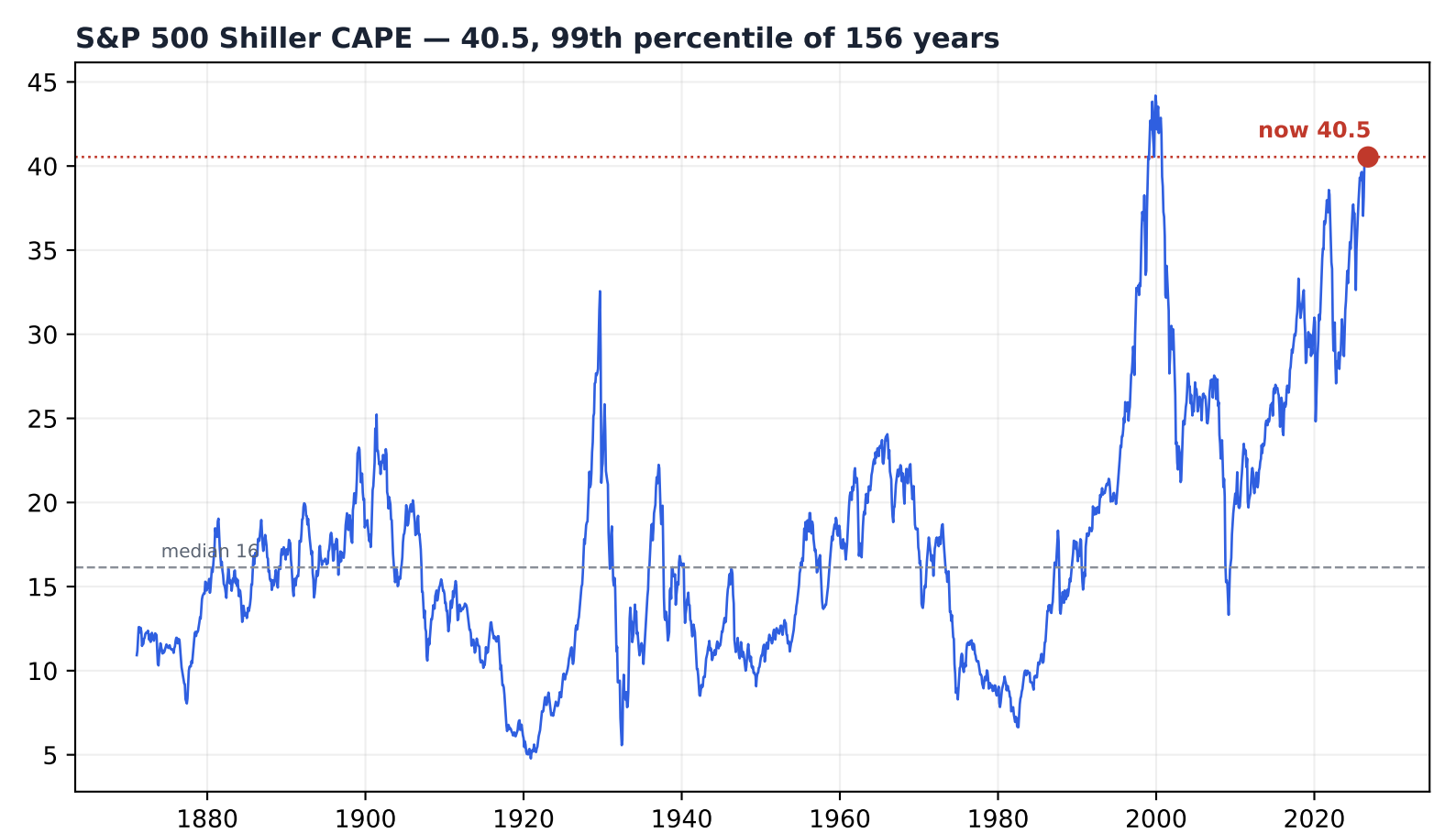
Score = mean sign of the 4/13/26/52-week returns (+1 = uptrend across all horizons). 'Golden' (10w>40w MA) vs 'death' cross is the weekly analogue of the 50/200-day signal.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com



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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com





Cyclically-adjusted earnings yield 1/CAPE = 2.47% · trailing earnings yield 3.96% · 10Y nominal 5.10% · 10Y real 2.78% · 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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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]
IT_10Y_yield	IT_10Y	4w	+0.94	0.88	4.36 -> 4.36 [4.28,4.45]
FR_10Y_yield	FR_10Y	4w	+0.92	0.85	4.44 -> 4.44 [4.38,4.51]
DE_10Y_yield	DE_10Y	4w	+0.92	0.85	3.47 -> 3.47 [3.41,3.53]
DE_10Y_yield	NL_10Y	4w	+0.89	0.80	3.56 -> 3.56 [3.49,3.64]
FR_10Y_yield	NL_10Y	4w	+0.88	0.77	3.56 -> 3.56 [3.48,3.64]
FR_10Y_yield	DE_10Y	4w	+0.87	0.76	3.47 -> 3.47 [3.40,3.55]
DE_10Y_yield	FR_10Y	4w	+0.87	0.76	4.44 -> 4.45 [4.36,4.53]
FR_10Y_yield	ES_10Y	4w	+0.85	0.73	3.93 -> 3.92 [3.83,4.01]
DE_10Y_yield	ES_10Y	4w	+0.80	0.64	3.93 -> 3.92 [3.82,4.03]
IT_10Y_yield	ES_10Y	4w	+0.80	0.64	3.93 -> 3.93 [3.83,4.04]
US_13W	Policy_Canada	4w	+0.75	0.57	2.25 -> 2.25 [2.10,2.39]
UK_10Y_yield	DE_10Y	4w	+0.75	0.57	3.47 -> 3.48 [3.38,3.58]
US_FedDebt_PctGDP	Chicago_Fed_NAI	4w	+0.75	0.56	-0.04 -> -0.15 [-1.68,1.39]
EA_AAA_10Y	NL_10Y	4w	+0.75	0.56	3.56 -> 3.46 [3.35,3.56]

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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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 +2.23

actual 6.56 · model-fair 4.82 · gap +36.1% · R^2 0.40



USDJPY vs US-Japan yield gap

cheap z -1.75

actual 158.46 · model-fair 167.58 · gap -5.4% · R^2 0.88



S&P 500 vs liquidity & rates

RICH z +1.16

actual 7726.10 · model-fair 6232.58 · gap +24.0% · R^2 0.30



Gold vs real yield & dollar

RICH z +0.59

actual 4163.70 · model-fair 3719.51 · gap +11.9% · R^2 0.70



HY spread vs equity vol

RICH z +0.57

actual 3.31 · model-fair 3.10 · gap +0.2 · R^2 0.12



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.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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	+1.4
US_Nasdaq	-4.6%	-5.9%	13%	-36%	-3%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-6%	-0.8	+2.5
IN_Nifty50	-2.9%	-4.0%	9%	-16%	-13%	-0.3	+0.5
Gold	-3.6%	-4.7%	11%	-23%	-21%	-0.1	+1.2
WTI_Oil	-9.2%	-12.0%	25%	-53%	-19%	+0.6	+3.3
Copper	-4.8%	-9.2%	23%	-34%	-2%	-1.7	+11.2
Bitcoin	-11.4%	-15.5%	34%	-75%	-34%	-0.1	+2.0
US_HighYield	-1.6%	-2.3%	5%	-18%	-12%	+0.2	+2.8
EURUSD	-1.5%	-2.1%	4%	-16%	-6%	+0.5	+2.2

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

EU_STOXX50 0.43 Bitcoin 0.25 Gold 0.11 Copper 0.30 US_HighYield 0.47

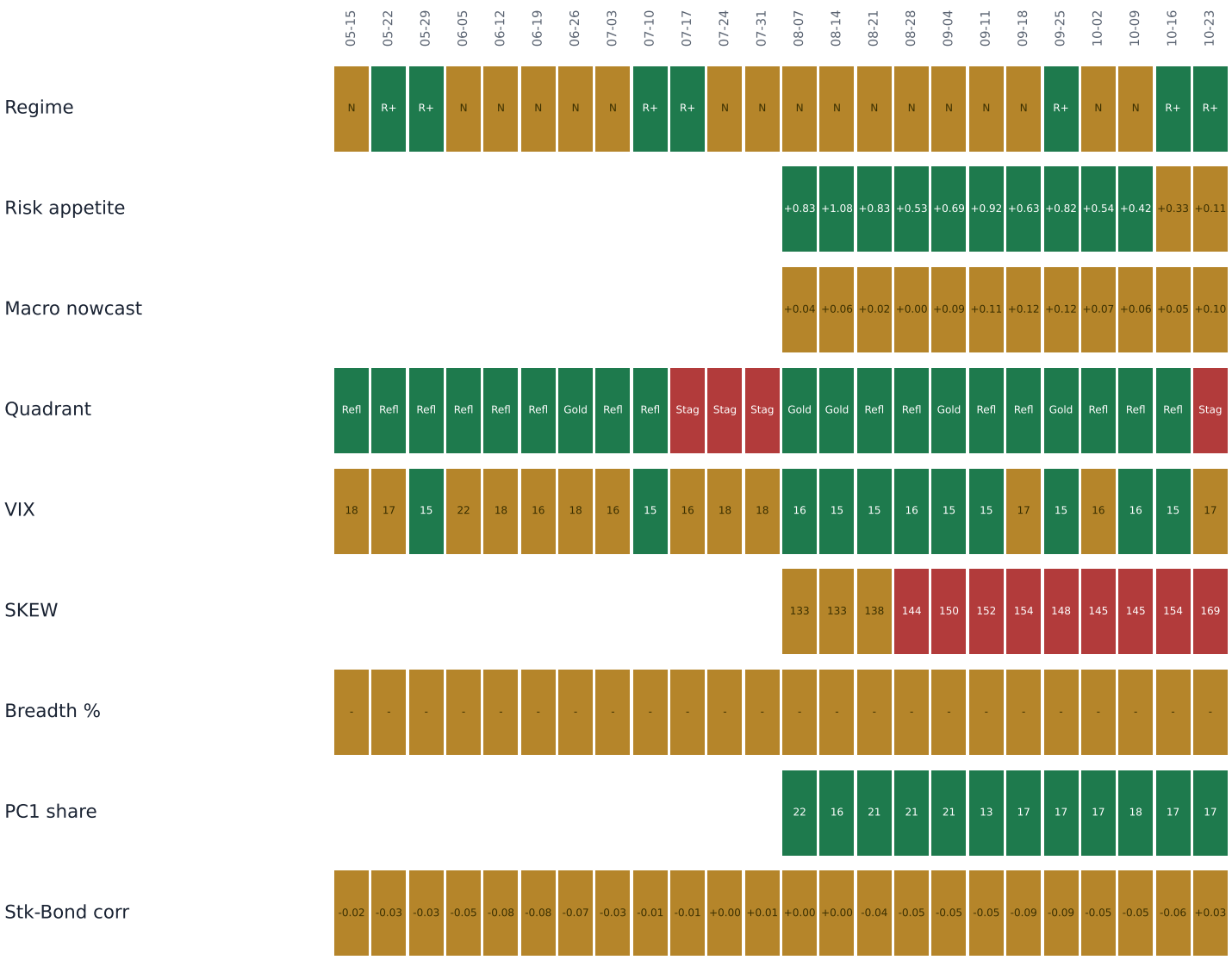
VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together (no shelter); near 0 = a genuine diversifier when it matters most.

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com

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



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

Authored by ABL Digital Technologies Private Limited. All rights reserved.
For inquiries, contact admin@abldigitech.com