ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-11-06

312 instruments | 4215 weeks history

REGIME: Risk-on

EXECUTIVE SUMMARY

The engine says lean risk-on, but only modestly, and with the exposure deliberately rotated away from where the crowd sits. The Markov filter puts 65.1% posterior weight on Risk-on with just 1.6% on Risk-off and ~13 weeks of persistence, yet the cross-asset scorecard reads +0.16 (Neutral) because its strength is almost entirely borrowed from low concentration (+1.36) and risk-over-haven (+0.91) while credit HY scores -1.00 and the S&P trend -0.32. That mix argues for keeping beta, favouring breadth over the mega-cap complex (S&P equal-weight +8% 26w relative strength, SMI +13%, AEX +12%), adding selectively to the Asian laggards that led this week (CN_Internet +3.7%, KOSPI +2.2%, Nifty +1.7%), and funding it by fading crowded positioning rather than by cutting risk outright.

Three developments matter. WTI fell 6.43% to $97.64 while speculative net positioning sits at the 10th percentile and crude inventories run 3.8% below the five-year seasonal norm (z -2.1) — a crowded short against a tight physical market, so the asymmetry in oil is now higher, not lower. Stocks-versus-10Y-yield correlation flipped to +0.28 on 13 weeks from -0.20 on 52 weeks, a +0.48 shift that removes duration as an equity hedge. And the growth composite fell 1.01z in 13 weeks to -0.21 while inflation rose to +0.20, putting the macro in the stagflation quadrant with ~2.2 hikes priced to one year.

The biggest risk is that the stagflation quadrant resolves through credit rather than equities. Watch HY OAS at 3.44%: a move through roughly 4.00% alongside the 13-week stocks/HY-spread correlation re-tightening from -0.17 back toward -0.65 would mark the regime break. Confirmation of the constructive case needs global breadth above 58% and VIX/VIX3M holding below 0.95.

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

KEY SIGNALS

Stocks-Bonds DCC corr	**+0.05 (1y ago +0.18)**
PC1 variance share	**16%**
DCC persistence (a+b)	**0.9799**
Weeks in regime	**13**

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

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EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-11-06 · 312 instruments, 10-year context

MARKET REGIME
Risk-on
~13w in regime

GROWTH × INFLATION
Stagflation
g -0.2 / i +0.2

STOCK–BOND CORR
+0.05
vs +0.18 1y ago

RISK CONCENTRATION
16%
PC1 share of variance

EQUITY BREADTH
58%
indices > 40wk MA

VIX TERM
Contango
ratio 0.91

VALUATION **Shiller CAPE 40.1** 99th %ile / 156y Excess CAPE yield -0.14% ERP -1.02%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	18.1	-1.29	59th
HY credit spread (OAS)	3.44%	+0.00	87th
IG credit spread (OAS)	0.94%	+0.00	77th
EM corp spread (OAS)	1.81%	+0.00	66th
10Y real yield (TIPS)	2.63%	+0.00	99th
10Y nominal yield	4.98%	+0.00	99th
2Y yield	4.61%	+0.00	90th
10Y–2Y curve	+0.38pp	+0.00	51th
10Y breakeven infl.	2.34%	+0.00	75th
Financial conditions	-0.49	+0.00	59th
Initial jobless claims	194k	+0k	1th
Weekly Econ Index	+3.0%	+0.00	82th
Fed net liquidity	$5.74T	+0.00	45th
US dollar (DXY)	101.7	-0.2%	71th
Gold	$3,962	+1.6%	89th
S&P 500	7654	+1.0%	98th

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.

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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 +0.16

(+1.5) risk-on



Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

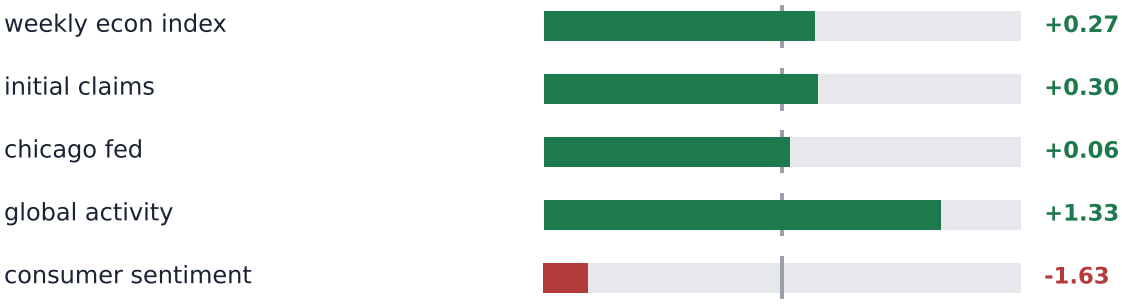
contracting (-1.5)

score +0.07

(+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.

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WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-11-06

TOP GAINERS		TOP DECLINERS	
CN_Internet	+3.7%	Gasoline	-11.5%
Silver	+3.5%	Brent_Oil	-10.2%
US_Discretionary	+3.2%	HeatingOil	-6.7%
KR_KOSPI	+2.2%	WTI_Oil	-6.4%
US_Materials	+2.1%	Aluminum	-3.7%
US_Industrials	+2.0%	US_Energy	-1.8%
TR_BIST100	+1.9%	Sugar	-1.5%
ZA_JSE	+1.8%	SG_STI	-1.4%

KEY LEVELS — week-over-week change

US 10Y yield	4.98	+0.00%	SKEW	nan	+nan
2Y yield	4.61	+0.00%	US dollar (DXY)	101.71	-0.2%
HY credit OAS	3.44	+0.00%	Gold	3962.00	+1.6%
IG credit OAS	0.94	+0.00%	WTI oil	97.64	-6.2%
VIX	18.13	-1.29	Bitcoin	77891.56	-0.5%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: R+	->	**Risk-on**
Quadrant	prior: Stag	->	**Stagflation**
Risk appetite	prior: +0.09	->	**+0.16**
Macro nowcast	prior: +0.09	->	**+0.07**
PC1 share	prior: 17	->	**16%**
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).

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Detailed Cross-Asset Analysis

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

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Regime, Scorecard & Market State

The two headline reads do not fully agree, and the disagreement is the information. The Markov-switching model, estimated on weekly S&P returns with switching mean and variance, assigns 0.651 to Risk-on, 0.333 to Neutral and a negligible 0.016 to Risk-off, with roughly 13 weeks elapsed in the state. Regime persistence of that length is normally a reason to stay with the trend. But the composite risk-appetite score is only +0.16, labelled Neutral, and decomposing it shows why: the two positive contributors are structural rather than behavioural. Low concentration (+1.36) is a statement that no single factor is dominating — true, and confirmed by PC1 at 16% — and risk-over-haven (+0.91) reflects risk assets outperforming defensives. Against that, credit HY sits at -1.00, VIX term at -0.32 and the S&P trend at -0.32. So the regime engine is reading the return distribution as benign while the scorecard is reading the internals as unconvincing.

Price action this week backs the split verdict. The S&P gained 0.97% and the Nasdaq 1.28%, VIX fell 1.29 to 18.13, and gold rose 1.61% with silver up 3.49% — an unusual combination in which both risk and haven assets advanced. Breadth is genuinely mixed: 58% of 43 global equity indices sit above their 40-week moving average and 64% of 11 US sectors do. Sentiment is outright cautious, with CNN Fear & Greed at 32 (fear), up only slightly from 29.8 a week ago and down from 38.2 a month ago, and with safe-haven demand at 5 and momentum at 20 dragging the composite. The practical reading: stay long, but treat this as a regime to harvest rather than to press. The resolution runs through credit and breadth, not through the index level.

Global Macro, Liquidity & the Growth Nowcast

The liquidity backdrop is flat-to-draining. Fed net liquidity stands at $5.74T with no change on the week but -2.1% over four weeks; ECB assets are -0.2% over four weeks and the BoJ is flat at +0.0%. M2 is $23.51T and unchanged weekly. Three central banks neither adding nor aggressively

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withdrawing is a neutral-to-mildly-negative impulse, and the 52-week net-liquidity-to-stocks correlation of +0.13 has turned to -0.13 over 13 weeks — a -0.26 shift saying the liquidity transmission channel is currently not what is driving equities.

Funding is the piece worth watching most closely. SOFR at 3.95% sits 7bp above fed funds at 3.88%, and the RRP facility has drained to $4bn. The RRP has functioned as the shock absorber for reserve drawdowns; with it effectively empty, any further balance-sheet reduction comes directly out of bank reserves, which is precisely the configuration that produces repo pressure. SOFR printing persistently 10bp or more above funds would be the first hard signal.

Global 10Y yields show a wide developed-market dispersion: US 4.98%, UK 5.24%, Germany 3.47%, Japan 3.05%. Japan at 3.05% is the structural story — the carry trade's funding leg has repriced, and the JPY sits at the 86th percentile of speculative net positioning, a crowded long.

The nowcast is the counterweight to the pessimism. It reads +0.07, labelled Trend growth, with global activity a strong +1.33, initial claims +0.30 (claims at 194k are in the 1st percentile of ten years), the Weekly Economic Index +0.27 at +3.0% real-time GDP growth, Chicago Fed +0.06, and consumer sentiment a lone -1.63. Recession risk is negligible: FRED smoothed probability 0.4%, Sahm rule 0.00, the 10Y-3M curve positive at +0.78pp. But the growth-inflation lens disagrees: the growth composite is -0.21 after a 13-week fall of 1.01z while inflation is +0.20 and rising +0.24, placing the economy in the stagflation quadrant. Reconciling these, the hard activity data is fine and the forward-looking cyclical internals — copper/gold, cyclicals versus defensives, HY tightness — are deteriorating. With the forward curve pricing 4.18% at 0-3m, 4.50% at 3-12m and 4.80% at 1-2y, roughly 2.2 hikes to one year, the market is pricing the inflation leg, not the growth leg. That is the asymmetry: a growth disappointment is not in the curve.

Rates, Credit & the Stock-Bond Relationship

Levels were static on the week — 10Y nominal 4.98%, 2Y 4.61%, curve +0.38pp, 10Y real 2.63%, breakeven 2.34%, HY OAS 3.44%, IG OAS 0.94% — all unchanged. Bond ETF returns were mildly negative across the board and remarkably undifferentiated: UST20y+ -0.1%, UST7-10y -0.4%, TIPS -0.2%, US-HY -0.3%, US-IG -0.2%, Intl-exUS -0.1%, EM-USD -0.1%, EM-local -0.1%. No credit stress, no duration rally, no EM dislocation — a week in which fixed income did nothing while equities rose.

The important change is behavioural. The stocks-to-10Y-yield DCC conditional correlation has fallen to +0.05 from +0.18 a year ago, with persistence 0.9799, while the simple rolling correlation went from -0.20 over 52 weeks to +0.28 over 13 weeks, a +0.48 shift. Rising yields are now coincident with falling equities over the recent window. That removes the diversification benefit of holding duration against equity risk and matters for anyone running a conventional balanced portfolio: the hedge has stopped working in the window that counts.

Valuation sharpens the point. Shiller CAPE is 40.1, the 99th percentile of 156 years and the 98th of 20 years, implying a cyclically-adjusted earnings yield of 2.49%. The Excess CAPE Yield is -0.14%, the 1st percentile since 2015, and the equity risk premium on trailing earnings is -1.02% (3.96% earnings yield against a 4.98% nominal 10Y). Equities are priced at a discount to bonds on expected return. That does not time anything — rich markets can stay rich through a Risk-on regime — but it tells you the margin for error is thin, and it argues for the equal-weight and international exposures the momentum data already favours over the richest mega-cap cohort.

Credit deserves emphasis because the scorecard flags it hardest. HY OAS at 3.44% with a -1.00 z-score in the composite means spreads are tight relative to their own history, and the 13-week stocks-to-HY-spread correlation of -0.17 against -0.65 on 52 weeks (+0.48 shift) says credit and

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equity have decoupled. Historically that decoupling resolves by credit catching up, not by equities validating credit.

Factor Structure & Systemic Risk

This is the most reassuring part of the output. PCA over 195 instruments gives PC1 (Risk, equity beta) only 16% of variance, PC2 (Rates, 10Y yield) 11%, PC3 (dollar, inverse) 5% and PC4 (dollar) 3%. A low PC1 share means no single force is dominating cross-asset returns — the opposite of a crisis configuration, where PC1 typically absorbs 40% or more as everything becomes one trade. Combined with rates at 11% as a genuinely separate axis, this says idiosyncratic and relative-value risk is currently being paid, and that security and country selection should work better than directional beta.

The multivariate DCC confirms it. Average pairwise conditional correlation across the 12-asset system is +0.04, barely above the +0.03 of a year ago, with persistence 0.8415. Diversification is not failing — it is working about as well as it ever does. For a multi-asset book, that is a licence to run more positions rather than fewer, and to express views through spreads and pairs rather than through index-level risk. The caveat is mechanical: at persistence 0.84, correlation shocks propagate quickly once they start. The current +0.04 is a snapshot of calm, not a structural guarantee. A move in average conditional correlation toward +0.15 or higher, or PC1 climbing above roughly 25%, would invalidate the diversification premise and require cutting gross exposure, not just net.

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, Copper and Gold as followers. That is a telling ordering. Two of the four leaders are risk-pricing instruments rather than markets — VIX and HY OAS — which means the week's direction is being set by how volatility and credit are priced rather than by equity cash flow news. Bitcoin leading is the high-beta liquidity sentinel; EU_STOXX50 leading reflects the European session setting the tone. The S&P is a follower. Practically, an investor watching for the turn should watch HY OAS and VIX first, and treat S&P moves as confirmation rather than signal.

The correlation shifts are substantial and mostly point in one direction: the old relationships are breaking. USD versus oil went from +0.26 on 52 weeks to -0.62 on 13 weeks, a -0.88 swing. DAX versus SPX collapsed from +0.61 to -0.01, a -0.62 shift, meaning European and US equities are now effectively independent risk sources — an argument for genuine regional diversification rather than a single global beta. BTC versus Nasdaq fell from +0.34 to -0.07 (-0.41), so crypto is no longer a leveraged tech proxy. Oil versus stocks deepened to -0.70 from -0.41, the classic supply-shock signature: oil strength is being read as a tax on growth, not as a demand signal.

Gold's correlation structure has flipped most meaningfully. Gold versus breakeven inflation moved from -0.07 to +0.41 (+0.47) and gold versus real yield from -0.38 to -0.11 (+0.28). Gold is trading as an inflation hedge now, not as a real-rate-discounted asset. That is consistent with the stagflation quadrant and makes the gold position a macro expression rather than a rates trade. What has not changed anchors the rest: VIX versus stocks -0.74, gold versus silver +0.88, copper versus stocks +0.65 unchanged from 52 weeks.

Relative Value & Fair Value

Three well-fit fair-value models are reported, and they deserve very different levels of trust.

USDJPY versus the US-Japan yield gap is the one to act on: cheap by -4.6% against fair value at z -1.45, with R^2 0.87. That is a tight fit, so the residual is informative — the yield gap says

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the yen should be weaker than it is. Set against the 86th-percentile crowded long in JPY futures, the model and the positioning point the same way: the risk in yen is to the downside, and short-yen-versus-dollar is the cleaner expression of the rate-differential view than anything in the rates complex itself.

Gold versus real yields and the dollar is rich by +9.6% at z +0.48, with R^2 0.70. Decent fit, but z +0.48 is not a stretched residual — this is a market that has moved ahead of its drivers without being extended. Combined with gold's correlation migration toward breakevens, the dislocation is better explained as a change in what is driving gold than as a mispricing. Hold, do not chase; gold at $3962 with GVZ at 25 (86th percentile) is an expensive place to add new exposure.

Copper versus global activity and the dollar is rich by +33.8% at z +2.10 — the most extreme residual in the set — but R^2 is only 0.41. Weak fit means the model explains less than half the variation, and a large residual from a weak model is as likely to reflect omitted variables as mispricing. Discount this heavily. Copper's own internals contradict the signal anyway: speculative positioning is a middling 63rd percentile, copper rose 1.58% on the week, and its +0.65 correlation to equities is intact. The honest reading is that copper is expensive relative to a model that does not capture it well, which is not a short recommendation.

Notably, no cointegrated spread with |z| above 1.5 is reported beyond these — consistent with the low PC1 and low average conditional correlation. In a world of 16% PC1 and +0.04 average correlation, relative-value dislocations are small because the common factor is not pushing everything to extremes simultaneously.

Volatility & Tail Risk

The volatility complex is calm at the front and nervous in the tails. VIX at 18.13 against VIX3M at 19.9 gives a ratio of 0.91, contango, at the 67th percentile of the past decade. The full curve is upward-sloping at 9D 19, 1M 18, 3M 20, 6M 22. Contango means spot fear does not exceed forward fear — the structural condition for carry. The vol-risk premium is +10.6, positive, meaning implied exceeds subsequent realised volatility: selling volatility is being paid.

But SKEW at 150, the 77th percentile, says demand for crash protection is elevated even as at-the-money vol is subdued. Investors are not buying insurance against a drift lower; they are buying it against a gap. That combination — low spot vol, positive carry, elevated SKEW — argues for financing downside protection by selling the carry rather than buying outright puts: the near-dated vol is cheap to sell and the far out-of-the-money strikes are where the bid is.

Cross-asset vol is where the real stress sits. OVX at 60 is the 92nd percentile and GVZ at 25 the 86th, while MOVE at 101 is a benign 53rd percentile. Energy and gold volatility are near the top of their ranges while equity and bond volatility are mid-range. That dispersion is the signature of a commodity-driven risk environment, and it supports the oil-tightness thesis: options markets are pricing a wide distribution for crude even as speculative positioning is short.

Tail metrics are contained for equities and brutal elsewhere. S&P expected shortfall at the 5% level is -4.8% with a current drawdown of only -2%. Bitcoin ES5 is -15.5% against a -37% current drawdown — already deep in a tail event. Gold ES5 is -4.7% with a -25% current drawdown, which is striking given gold rose this week; the asset is volatile in both directions. S&P-to-gold lower-tail dependence is 0.11, low, which means gold has retained genuine haven quality in joint left-tail events. That justifies holding gold as portfolio insurance despite the rich fair value and high GVZ, especially now that duration no longer hedges equities.

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Leading Indicators & Forecasts

The lead-lag forecast table requires blunt honesty: every one of the ten reported relationships is a European sovereign yield predicting another European sovereign yield, and every single forecast is a flat line. IT_10Y_yield to IT_10Y at H=4 weeks has R^2 0.88 and forecasts 4.36 to 4.36, band 4.28 to 4.45. DE to NL: 3.56 to 3.56, R^2 0.80. FR to ES: 3.93 to 3.92, R^2 0.73. The high R^2 figures (0.64 to 0.88) measure the co-movement of highly integrated bond markets, not predictive skill about direction. The forecast of no change is the model admitting it has nothing to say.

What is genuinely usable is the band width, which is a volatility estimate rather than a directional call. Bunds are expected within 3.41-3.53 and BTPs within 4.28-4.45 over four weeks — tight ranges that imply European rates volatility stays subdued and that peripheral spreads are not expected to widen materially. Italy at 4.36 against Germany at 3.47 is an 89bp spread with no widening pressure in the forecast, which supports carry in European periphery as a position.

Weekly predictive skill across this engine is modest and should be treated as such. Nothing in this table should be sized as a directional bet. The more useful forward-looking information sits in the positioning and inventory data, which describe asymmetry rather than direction — and asymmetry is tradeable in a way that a flat-line point forecast with a ±7bp band is not.

Commodities (Oil, Gas & Metals)

Oil is the most compelling setup in the note. WTI at $97.64 fell 6.43% on the week but is still up 24.9% over 13 weeks, and the Brent-WTI spread is +8.56. The physical market is tight: US crude inventories are 3.8% below the five-year seasonal average at z -2.1, with a 1,892k bbl weekly draw; gasoline stocks are -1.9% versus the five-year norm and distillate -9.8%, a genuine deficit in the middle of the barrel. Cushing holds 27.0M bbl, US production is 13.99M b/d and the 3:2:1 crack is $47.7/bbl, a healthy refining margin signalling strong product demand. Against that, CFTC speculative net is -27,195 lots, the 10th percentile of three years and -3.5% of open interest, having fallen another 3,200 on the week.

A tight physical market with crowded speculative shorts and OVX at the 92nd percentile is an asymmetric setup. The 6.43% decline came against, not with, the inventory data. The risk in oil is a short squeeze higher, and the -0.70 oil-to-stocks 13-week correlation means such a squeeze would be an equity headwind — making a modest long-crude position a useful hedge against the equity book rather than an addition to its risk.

Natural gas is the quieter version of the same pattern. Henry Hub at $2.91 is up 0.3% on the week and 9.2% over 13 weeks, storage at 3,724 Bcf is bang on the five-year seasonal norm (z -0.0) after an +80 Bcf injection, and speculative net is the 1st percentile of three years. An extreme short against neutral fundamentals is a weather-dependent lottery ticket rather than a thesis, but position it as upside-skewed, not as a short.

Metals: gold $3962, silver $50.84, ratio 77.9 at the 25th percentile of five years — silver has already outperformed, and the ratio being low says that trade has run. Silver gained 3.49% this week against gold's 1.61%, and silver's +0.67 correlation to copper confirms its industrial beta is active. The anomaly is positioning: gold speculative net at +186,451 is only the 26th percentile of three years despite open interest +47%, and silver net at +19,703 is the 4th percentile with OI +17%. Precious metals have rallied hard with speculators barely participating. That is unusual and constructive — the marginal buyer has been central banks and physical demand, not leveraged specs, which makes the rally less vulnerable to a positioning unwind than the price level suggests. Stay long gold as the stagflation and tail hedge; silver's squeeze risk at the 4th percentile is the higher-beta version of the same trade.

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Crypto

Crypto is in its own drawdown, disconnected from equities. Total market cap is $2.63T, Bitcoin fell 0.46% on the week, BTC dominance is 59.3% and ETH dominance 10.6% with ETH/BTC at 0.0294 — altcoins are not participating and ETH is underperforming within a weak complex. The internals are deteriorating: stablecoin supply fell 1.5% to $298B and DeFi TVL fell 3.9% to $83B, both direct measures of capital leaving the system rather than rotating within it. Crypto Fear & Greed collapsed to 37 (Fear) from 50 a week ago.

Two numbers frame the risk. Bitcoin's current drawdown is -37% with an ES5 of -15.5% — the deepest drawdown and widest tail in the universe. And the BTC-to-Nasdaq correlation has fallen from +0.34 on 52 weeks to -0.07 on 13 weeks, a -0.41 shift. Crypto has stopped being a leveraged risk-asset proxy, which means a continued equity rally will not necessarily rescue it and crypto weakness is not currently a reliable warning for equities.

The complication is that the Granger network names Bitcoin a net information leader into the Nikkei, S&P, copper and gold. Even with a decayed contemporaneous correlation, Bitcoin is moving first. The reconciliation is that Bitcoin leads on liquidity impulses while trading on its own idiosyncratic flows — so its direction is not an equity signal, but a sharp acceleration in its decline alongside a further stablecoin contraction would be an early liquidity warning worth respecting.

India, China & Russia

The week's equity leadership was emphatically emerging-market Asian, and it ran directly against 26-week momentum. Leaders were CN_Internet +3.7%, KR_KOSPI +2.2%, TR_BIST100 +1.9%, ZA_JSE +1.8% and IN_Nifty50 +1.7%. Laggards were developed-market Asia-Pacific: SG_STI -1.4%, NZ_NZX50 -0.7%, TW_TAIEX -0.6%, AU_ASX200 -0.6%, JP_Nikkei225 -0.3%. Meanwhile the 26-week momentum laggards are CN_Shenzhen -29%, TR_BIST100 -27%, ID_JKSE -27%, KR_KOSPI -22% and CN_Internet -20%, while leaders are CH_SMI +13%, NL_AEX +12%, US_SP500_EqualWeight +8%, TW_TAIEX +8% and SG_STI +8%. This week was a sharp mean-reversion bounce in the most-hated EM Asian markets, not a momentum continuation. Three of the five weekly leaders are among the five worst six-month performers.

That matters for how to play it. A one-week bounce in a -29% six-month performer is a positioning unwind until proven otherwise. The constructive case requires follow-through: Chinese and Korean leadership sustained over several weeks, with global breadth improving above the current 58%.

India is the cleanest of the three. Nifty50 +1.7%, Sensex +1.6% and BankNifty +0.6% — a broad advance with banks lagging, which tempers it, since Indian financials typically lead genuine domestic risk-taking. India is not among the momentum laggards, so unlike China and Korea this is participation in an existing uptrend rather than a bounce off distress. With EM-local bond ETFs at -0.1% for the week, there is no currency or local-rates stress to offset the equity gain. India remains the preferred structural EM equity exposure.

China is the harder call. Shanghai +1.1%, Shenzhen +1.6% and CN_Internet +3.7% — internet-led, which is where the pain has been deepest (-20% 26-week, with Shenzhen -29%). The data gives no fundamental catalyst, and a +33.8% rich copper reading against global activity argues that the China-linked cyclical complex has already discounted a recovery that the hard data does not yet support. Treat Chinese equity strength as tactical.

On Russia, the engine surfaces nothing tradeable: Russian gold reserves appear only in the correlation matrix as the mechanical Moz-to-Tonnes pair at +1.00, which is a unit-conversion artefact rather than a signal. There is no Russian equity, bond or currency data in the output. What the commodity complex does say indirectly is that the oil tightness evident in the inventory and crack data — and the 92nd-percentile OVX — is consistent with constrained supply

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from sanctioned producers, which is the channel through which Russia is expressed in this note. Any explicit Russia view would require data the engine is not providing, and I will not infer one from gold-reserve unit conversions.

Positioning, Sentiment & What to Watch

Positioning is the richest source of actionable asymmetry in the output, and it contradicts the sentiment reading in a way that favours risk. CNN Fear & Greed is 32 (fear), with safe-haven demand at 5 and momentum at 20, while the market makes highs — sentiment is not the constraint. The constraint is where leverage sits.

The crowded longs are Nasdaq-100 at the 95th percentile with open interest +18%, UST 5Y at the 98th, UST 2Y at the 84th (OI -22%), JPY at the 86th (OI +27%) and soybeans at the 82nd. Nasdaq at the 95th percentile with rising open interest alongside a 1.28% weekly gain and a CAPE of 40.1 is the single most vulnerable position in the complex — squeeze-lower risk is concentrated precisely in the index that has carried the market. That argues for rotating equity exposure from Nasdaq toward equal-weight and international, which also aligns with the momentum data. The UST 5Y at the 98th percentile means the belly is where a rates disappointment hurts most, and with 2.2 hikes priced to one year, a hawkish surprise has a crowded long to run over.

The crowded shorts are WTI at the 10th, silver at the 4th, UST 10Y at the 6th, EUR at the 1st, GBP at the 8th and natural gas at the 1st. The combination of a 1st-percentile EUR short with the DAX-SPX correlation collapsing to -0.01 is notable: European assets are both unloved and uncorrelated, which is the definition of a good diversifier. A 6th-percentile short in UST 10Y against an 98th-percentile long in the 5Y describes a market positioned for curve flattening that has already been paid — the 10Y-2Y at +0.38pp has little room to flatten further, and the squeeze risk is a bull-flattening rally in the long end.

The signals that would confirm the constructive view: global breadth above 58% of indices over their 40-week average, extending toward 70%; HY OAS holding at or inside 3.44% with the 13-week stocks-to-HY-spread correlation staying loose; VIX/VIX3M remaining below 0.95; the Markov Risk-off posterior staying under 5%; and PC1 holding near 16% with average conditional correlation under 0.08.

The signals that would change it: HY OAS through 4.00%, or IG through 1.10%, with the stocks-to-HY correlation re-tightening toward -0.65 — this is the primary trigger, given credit's -1.00 scorecard z-score and its role as a Granger leader. SOFR sustained more than 10bp above fed funds at 3.88% with RRP already at $4bn would signal reserve scarcity. The growth composite falling below -0.50 from -0.21 while inflation holds above +0.20 would confirm stagflation rather than a soft patch. VIX/VIX3M above 1.00 flipping to backwardation, or average conditional correlation moving above +0.15, would mean the diversification premise has broken and gross exposure must come down. And WTI reclaiming $105 on a short squeeze, with the oil-to-stocks correlation at -0.70, would transmit directly into an equity derating — which is exactly why a modest long in the most crowded short in the energy complex is the most efficient hedge available this week.

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PART I

Global Macro & Liquidity

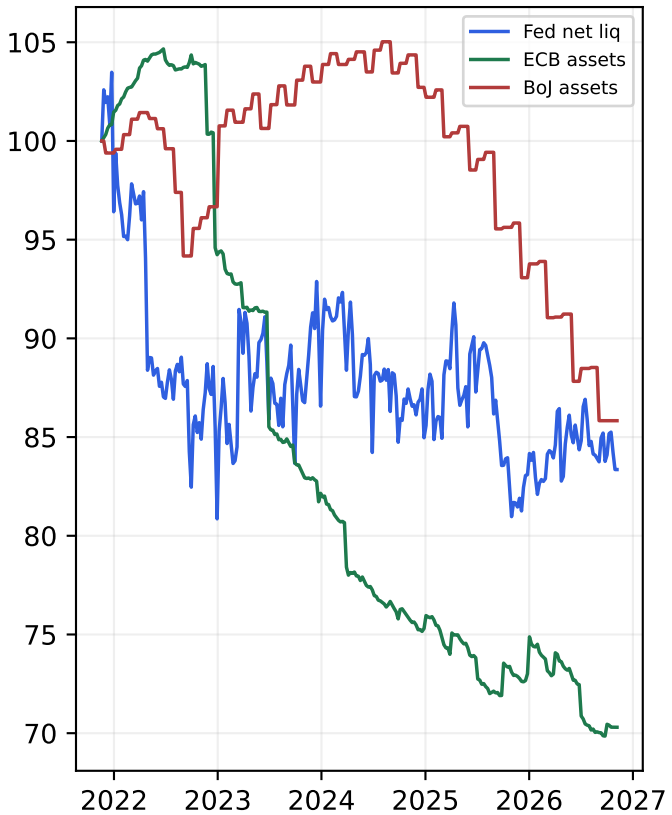
Global central-bank liquidity, the sovereign-yield landscape, funding markets, fiscal supply and the growth pulse.

- 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

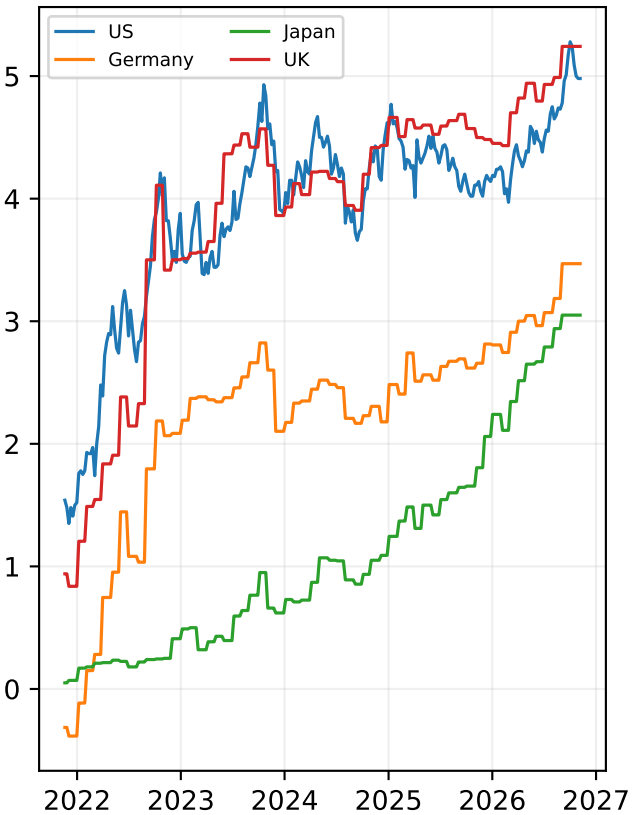
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Global Macro & Liquidity

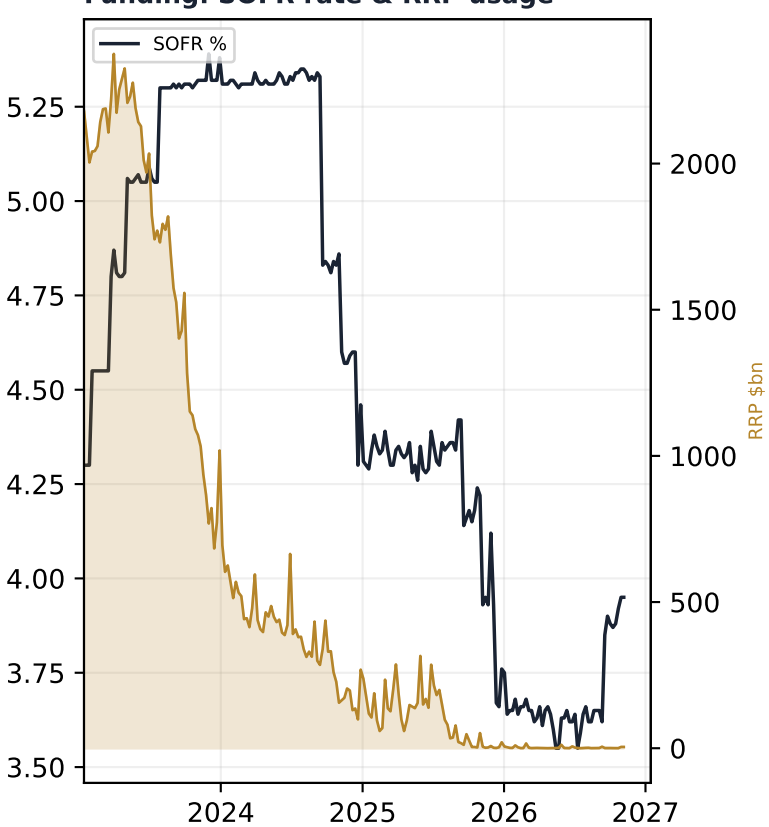
Central-bank liquidity (indexed = 100, 5y)



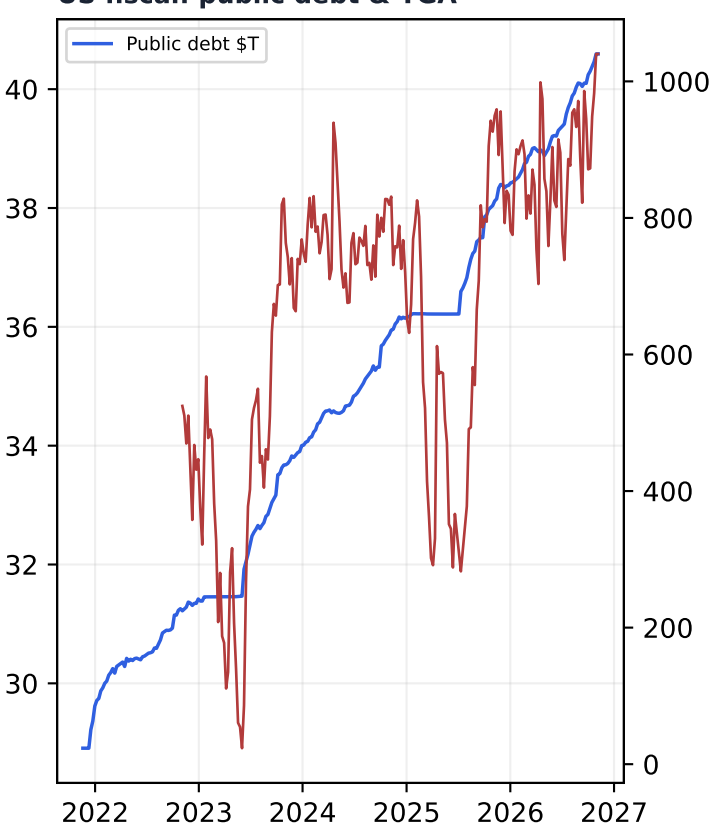
Global 10-year sovereign yields (%)



Funding: SOFR rate & RRP usage

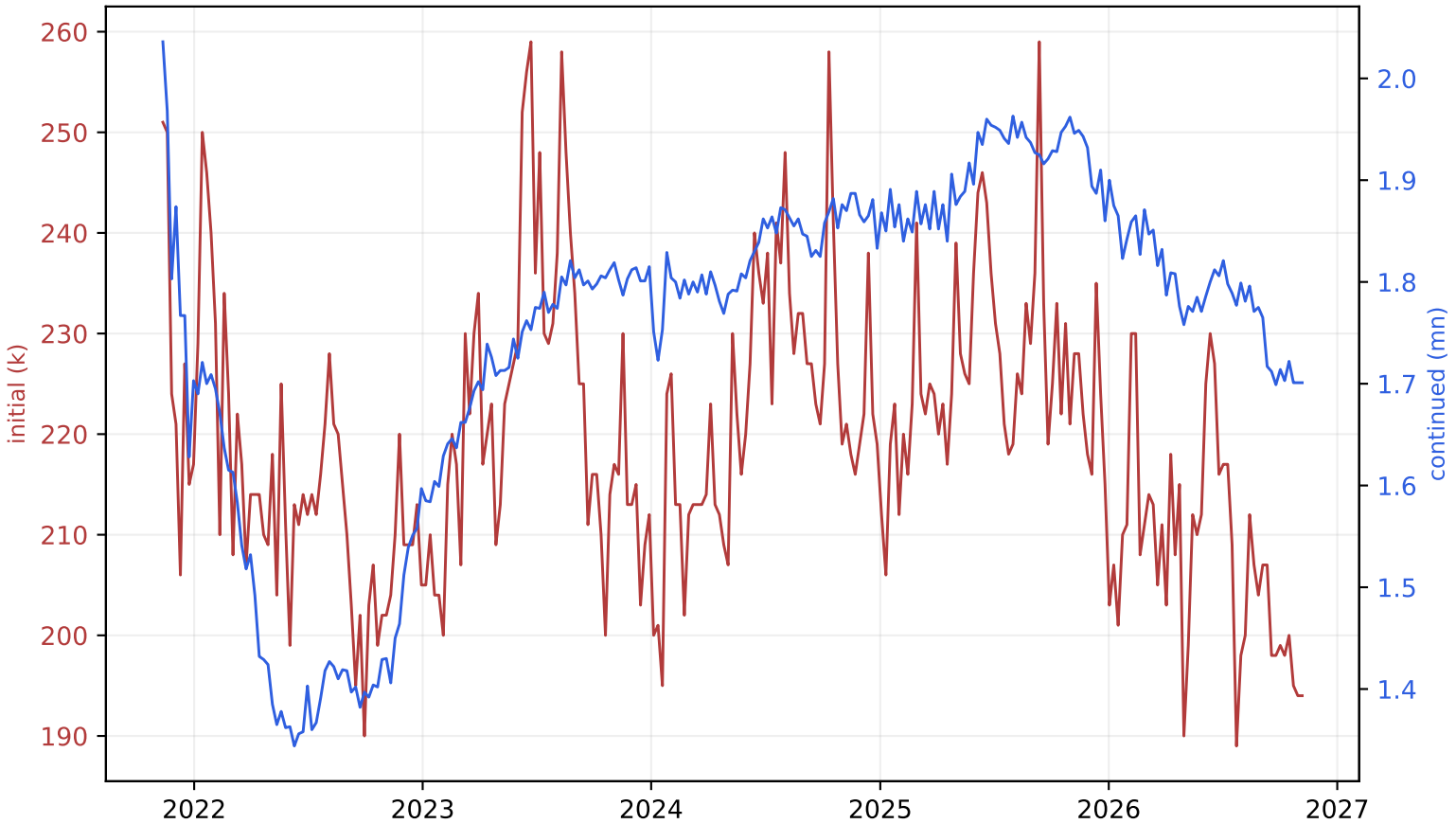


US fiscal: public debt & TGA

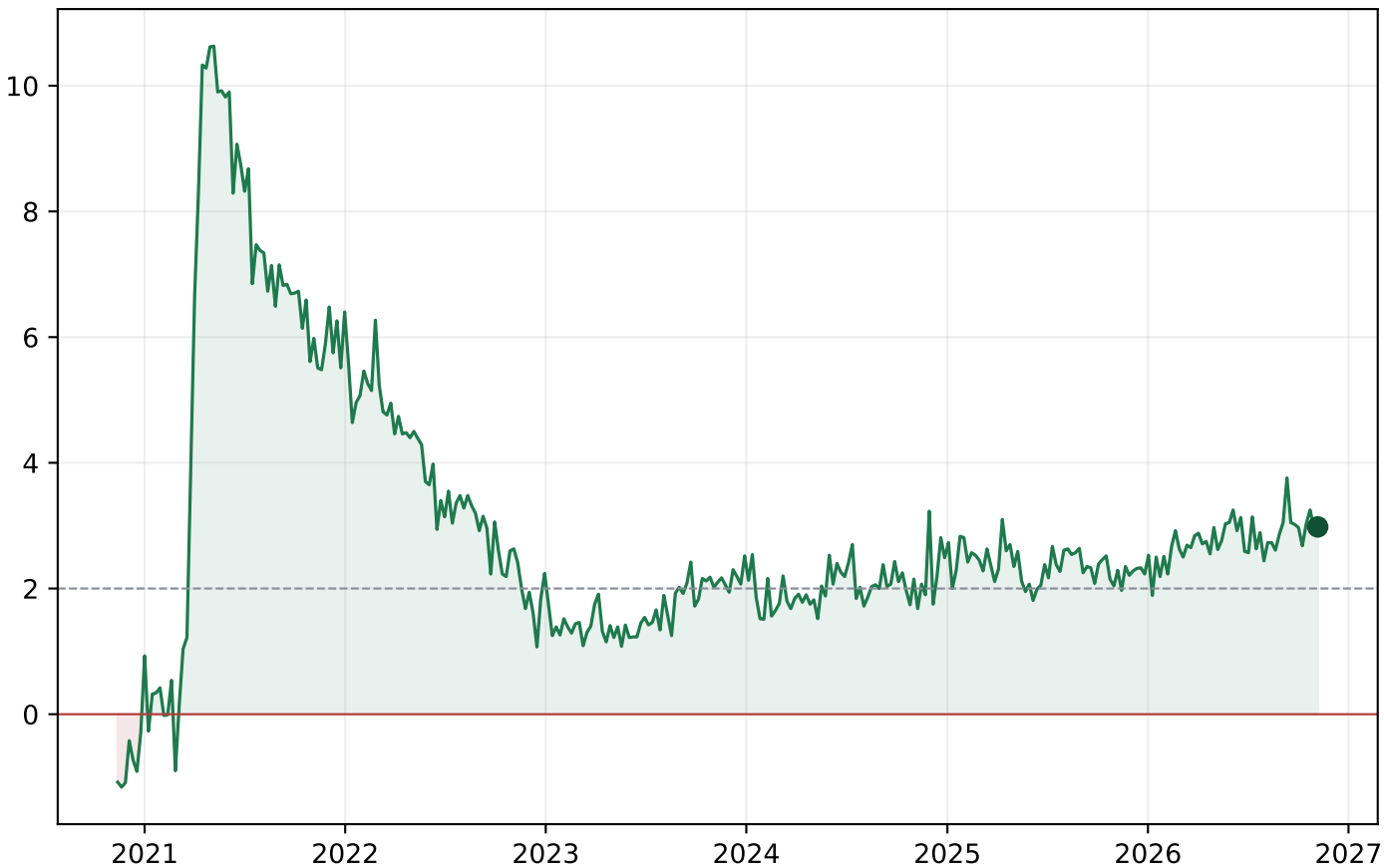


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US jobless claims — initial 194k (1th %ile of 10y), continued 1.70mn

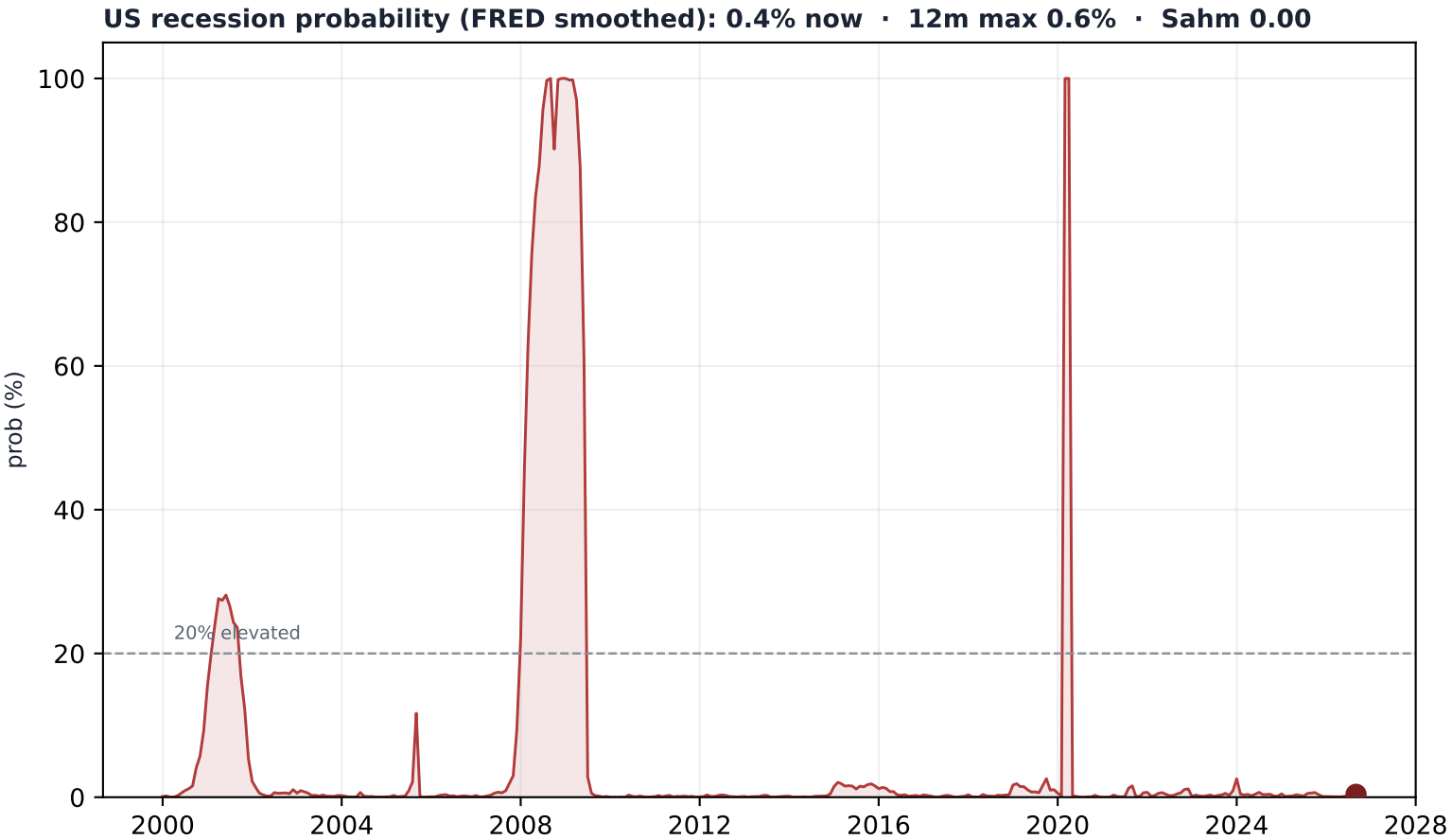


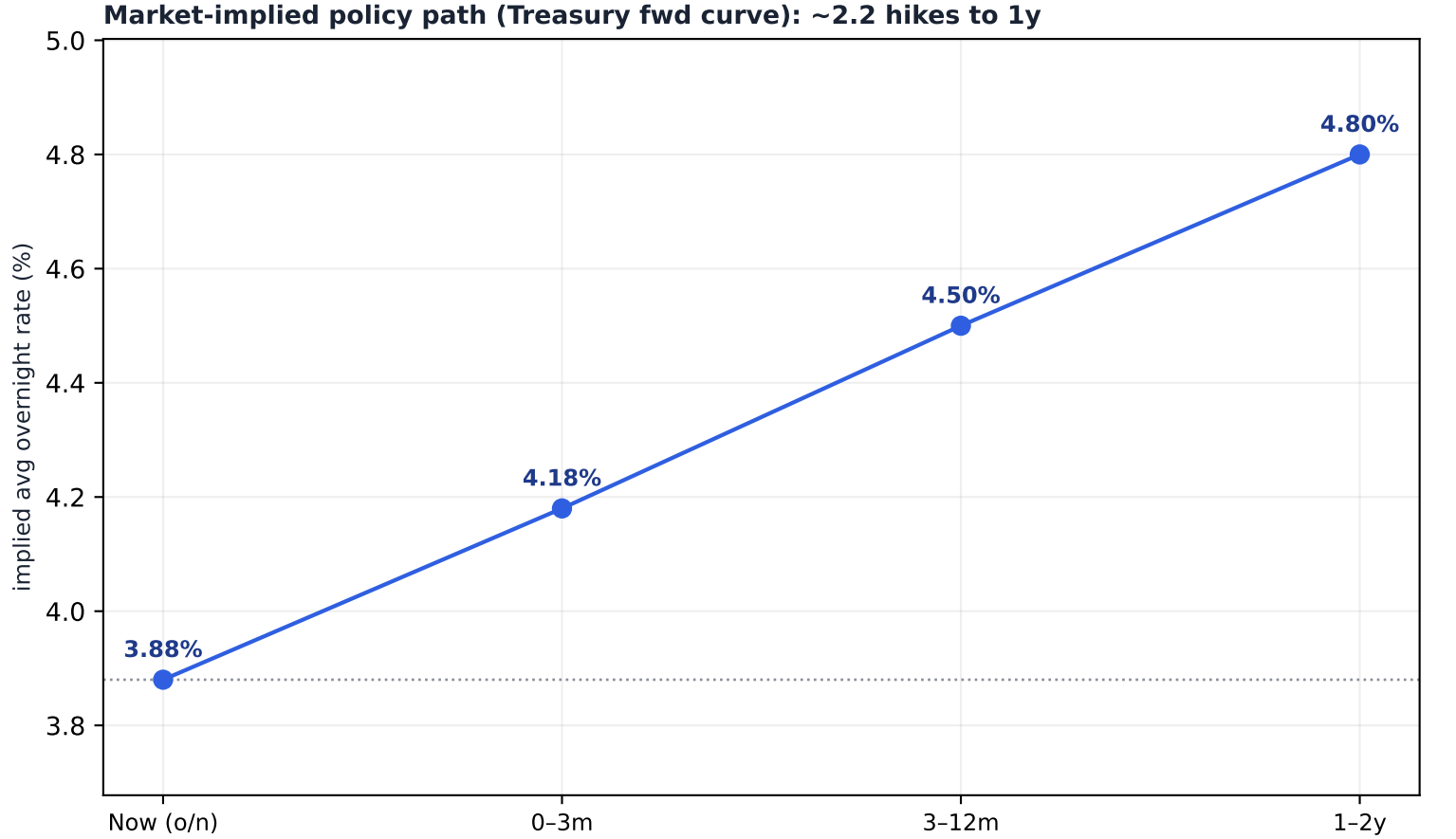
Weekly Economic Index (GDP-growth nowcast): +3.0% (~2% = trend)



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.

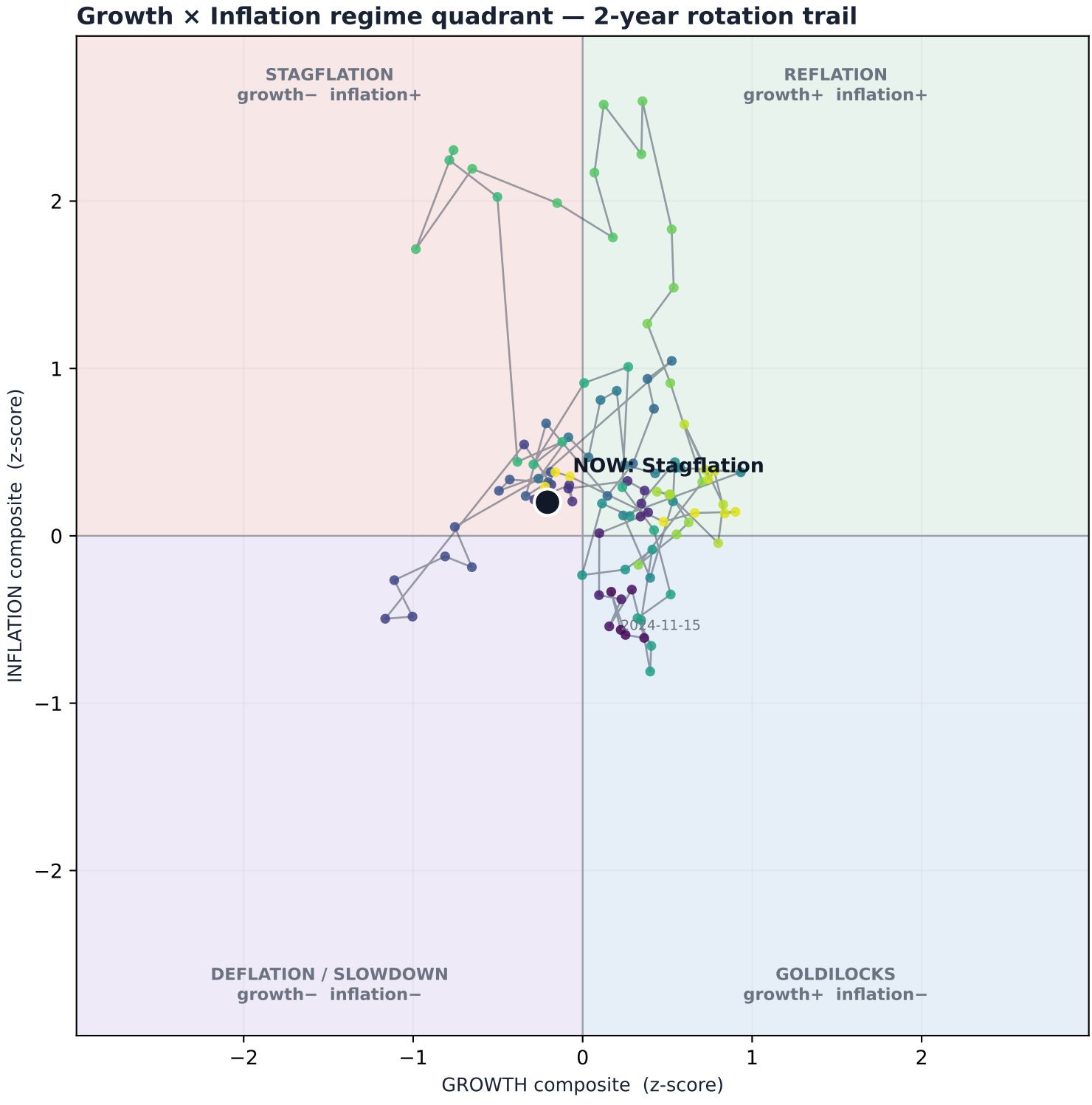
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10Y–3M curve +0.78pp (positive). Forward short rates implied by the current 3M/1Y/2Y Treasury curve; the dotted line is today's fed funds. A downward path prices policy easing. Cut/hike count is an approximation to the 1-year point (ignores term premium), a directional read of what is priced.

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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.

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PART II

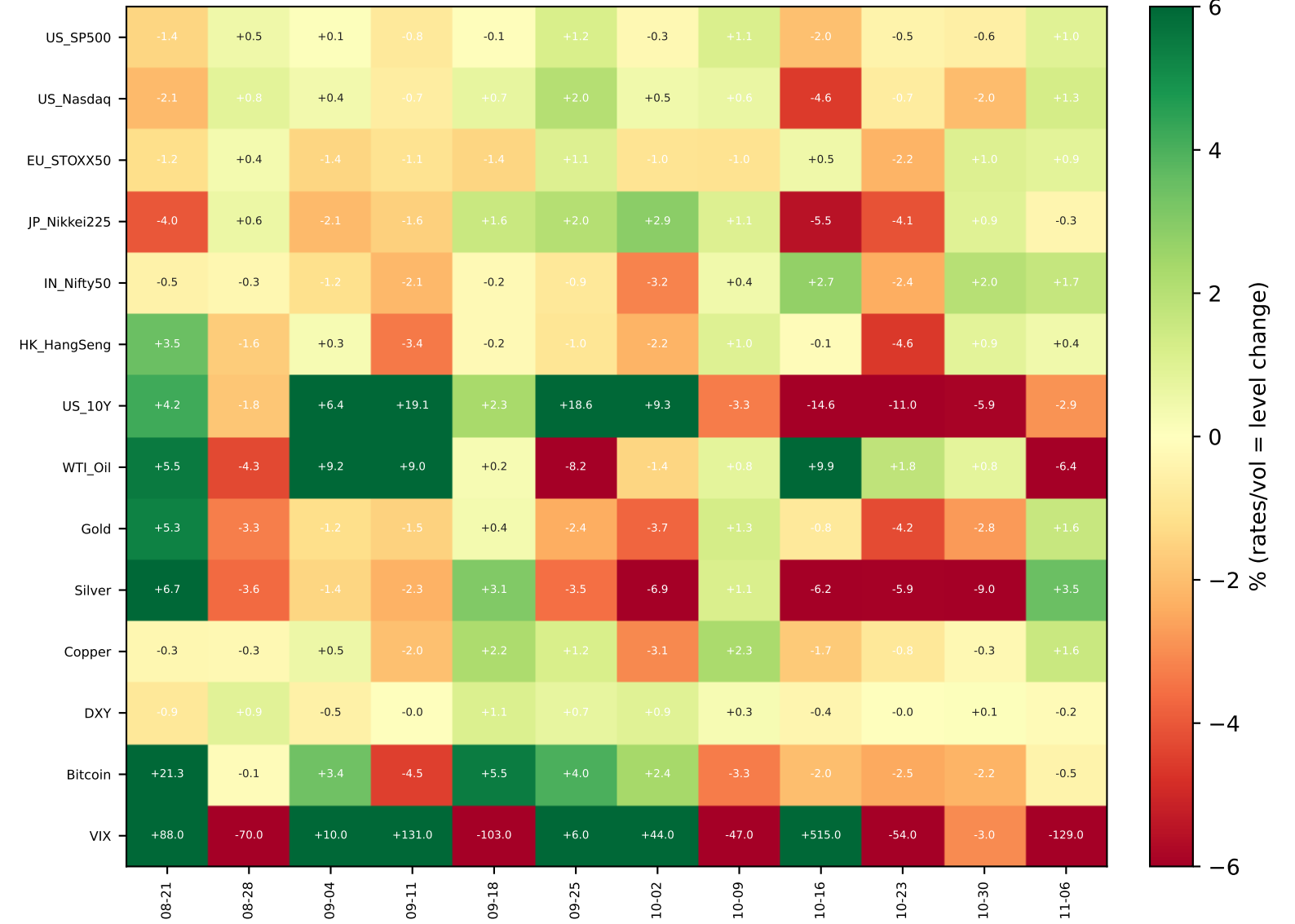
Cross-Asset Structure

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

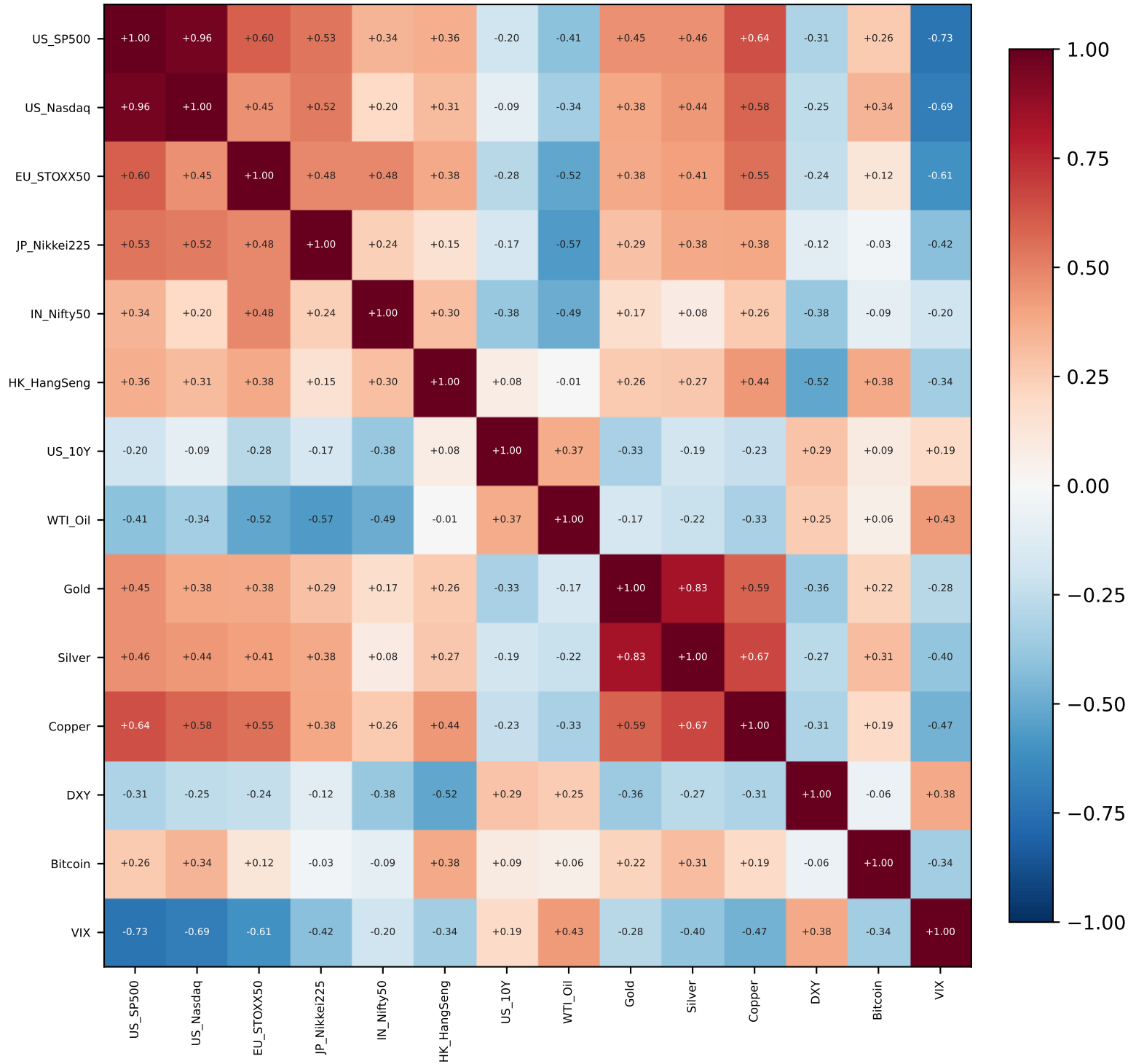
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Weekly % change - last 12 weeks



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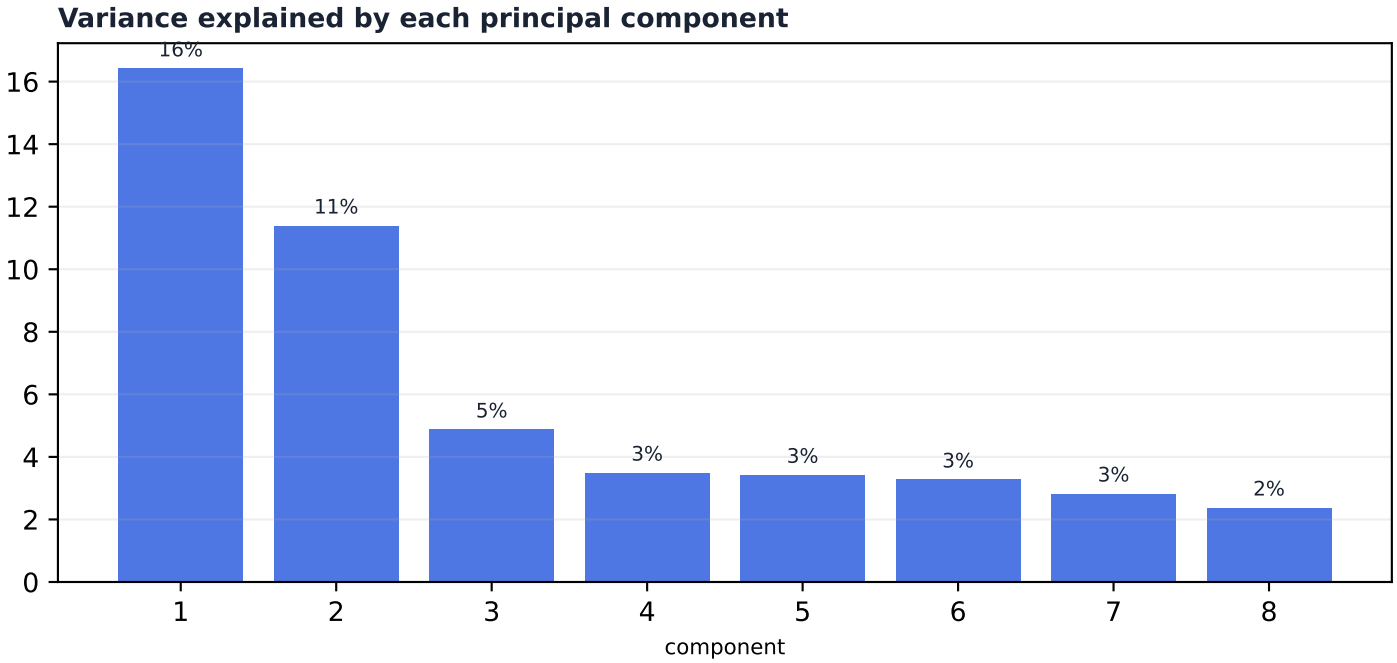
52-week correlation of weekly moves



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CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 195 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

16.4% of variance (cum 16%) · marker corr +0.77

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

– US_HY_eff_yield -0.15, VIX3M -0.13, VXN -0.13, VIX -0.13, MOVE -0.12

PC2 — Rates (10Y yield)

11.4% of variance (cum 28%) · marker corr +0.86

+ US_5Y +0.18, US_10Y +0.18, US_10Y_yield +0.18, US_5Y_yield_cm +0.18, US_2Y_yield +0.17

– US_Tsy_7_10Y -0.18, US_Tsy_20Y+ -0.17, US_Aggregate -0.16, EM_corp_OAS -0.15, US_InvGrade -0.14

PC3 — US dollar (inverse)

4.9% of variance (cum 33%) · marker corr -0.14

+ GR_10Y +0.30, IT_10Y +0.30, ES_10Y +0.30, FR_10Y +0.30, PT_10Y +0.30

– UMich_Sentiment -0.17, Policy_Turkey -0.17, Policy_Russia -0.10, CPI_Argentina -0.09, US_FedDebt_PctGDP -0.09

PC4 — US dollar

3.5% of variance (cum 36%) · marker corr +0.62

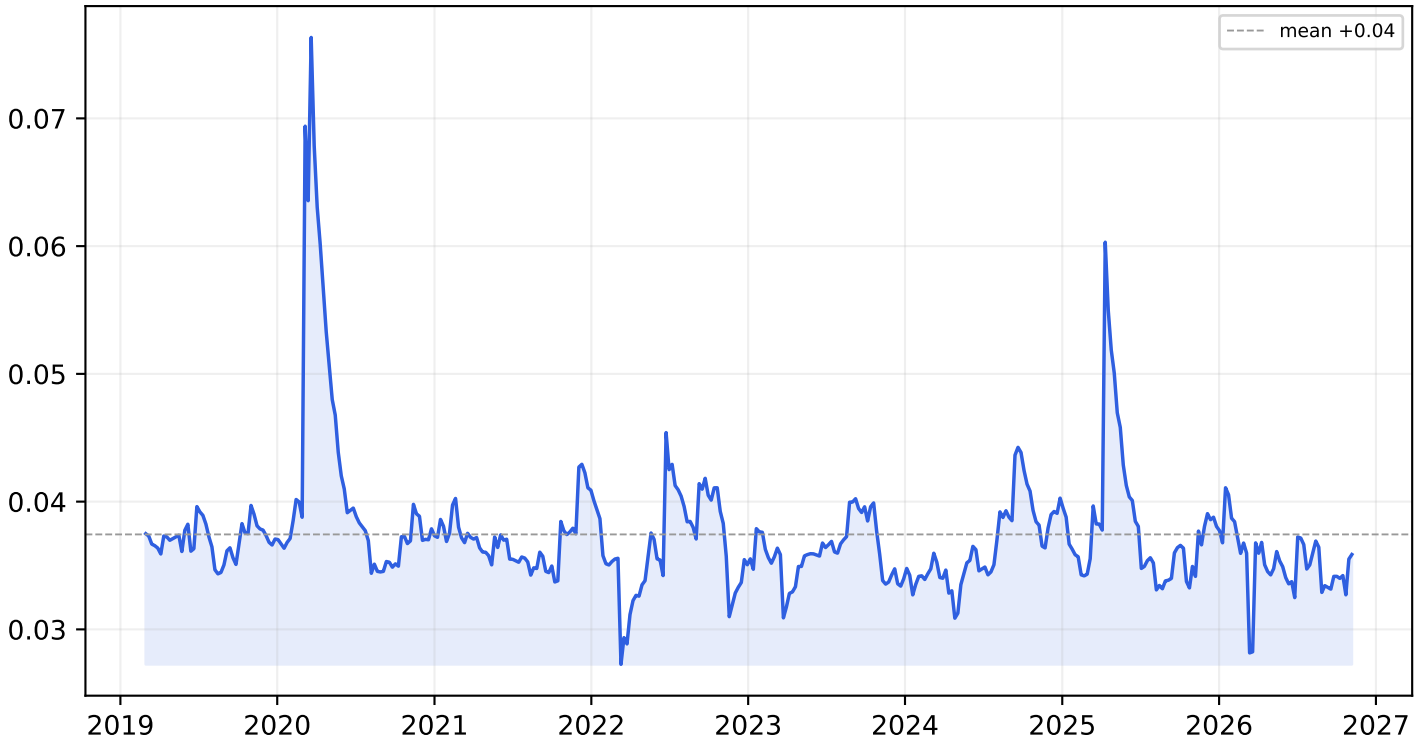
+ DXY +0.24, Dogecoin +0.19, Cardano +0.16, XRP +0.16, Bitcoin +0.16

– EURUSD -0.25, EM_Local_Bonds -0.18, GBPUSD -0.17, Gold -0.17, Platinum -0.17

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.

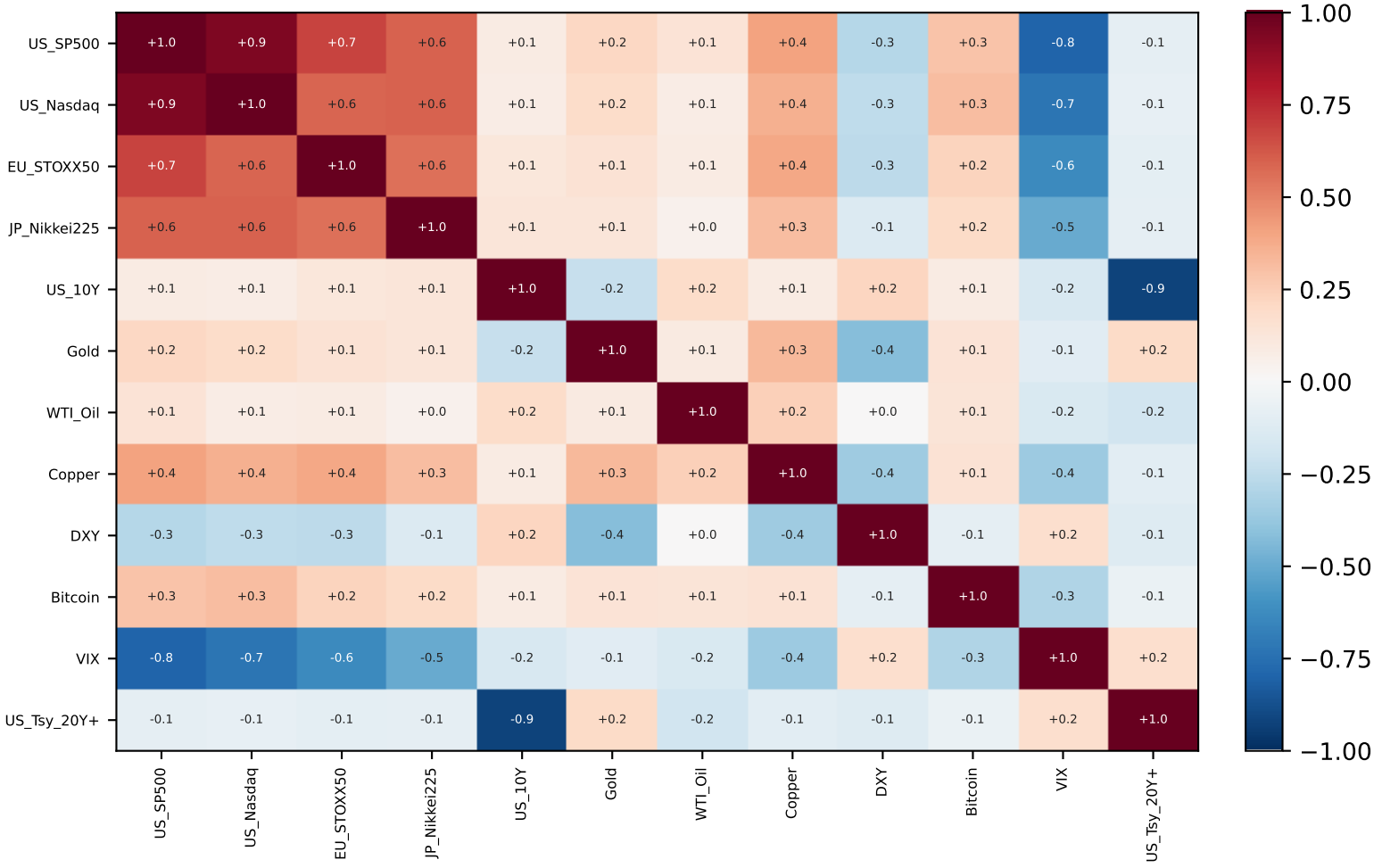
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Average pairwise conditional correlation (multivariate DCC-GARCH)



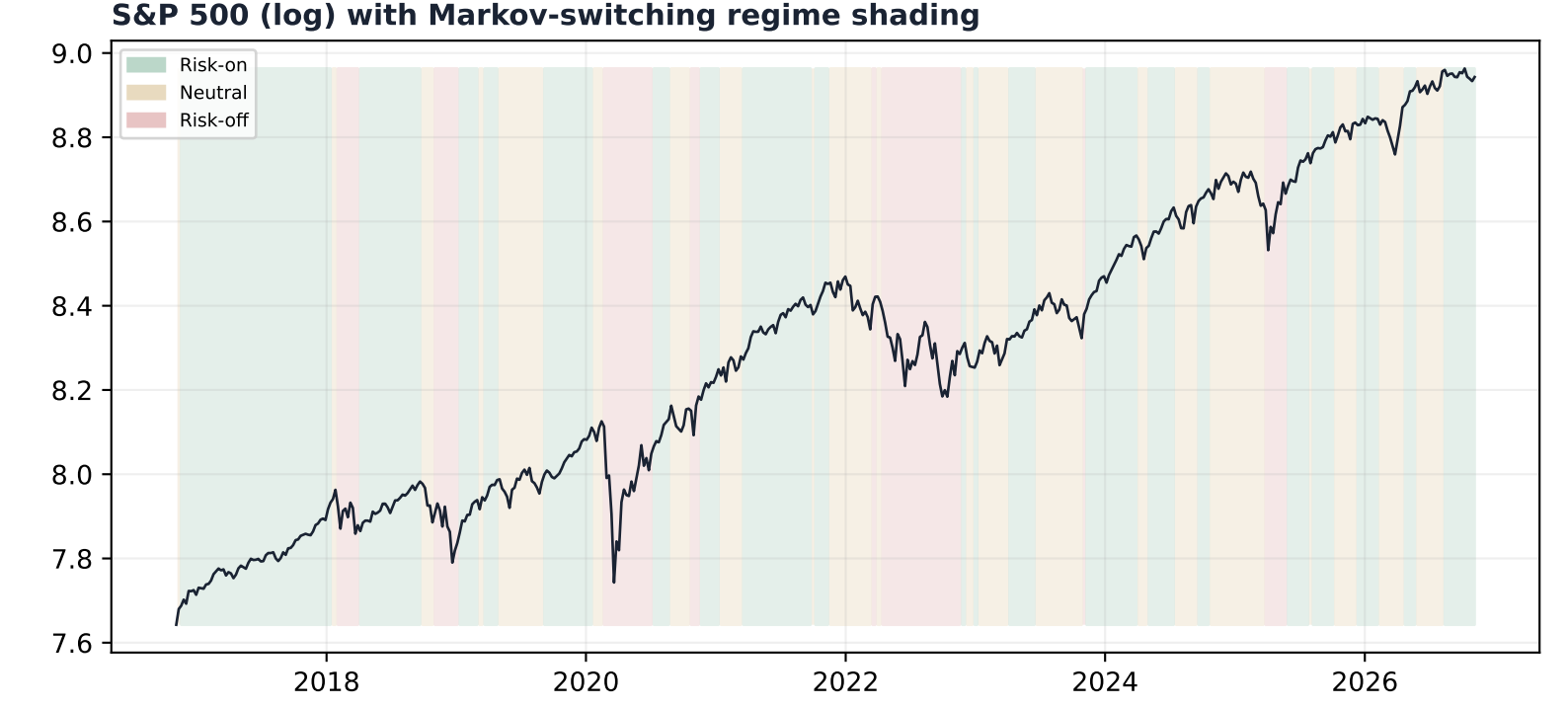
N=12 assets · persistence 0.8415 · rising = diversification failing in real time · now +0.04

Latest conditional-correlation matrix

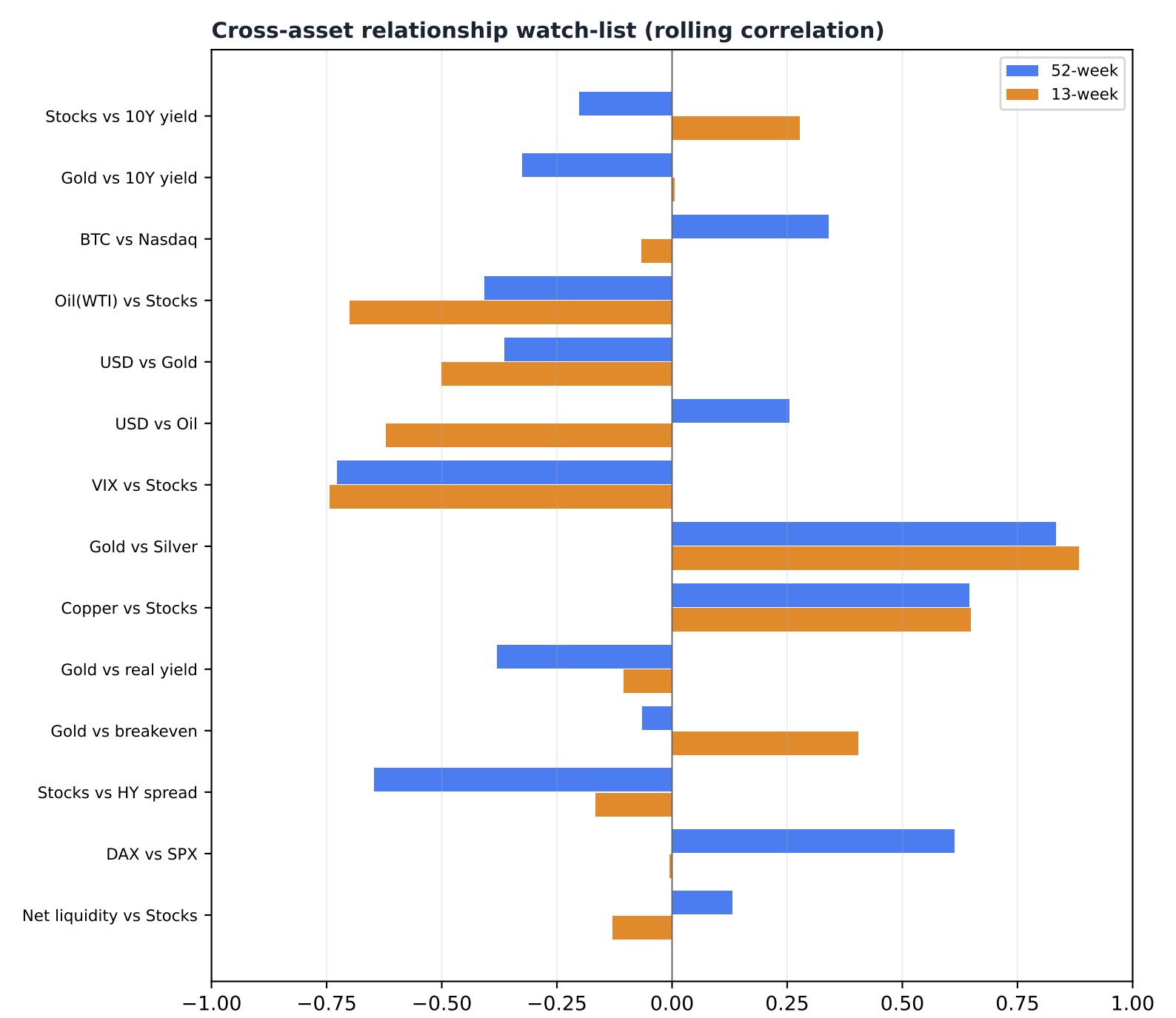


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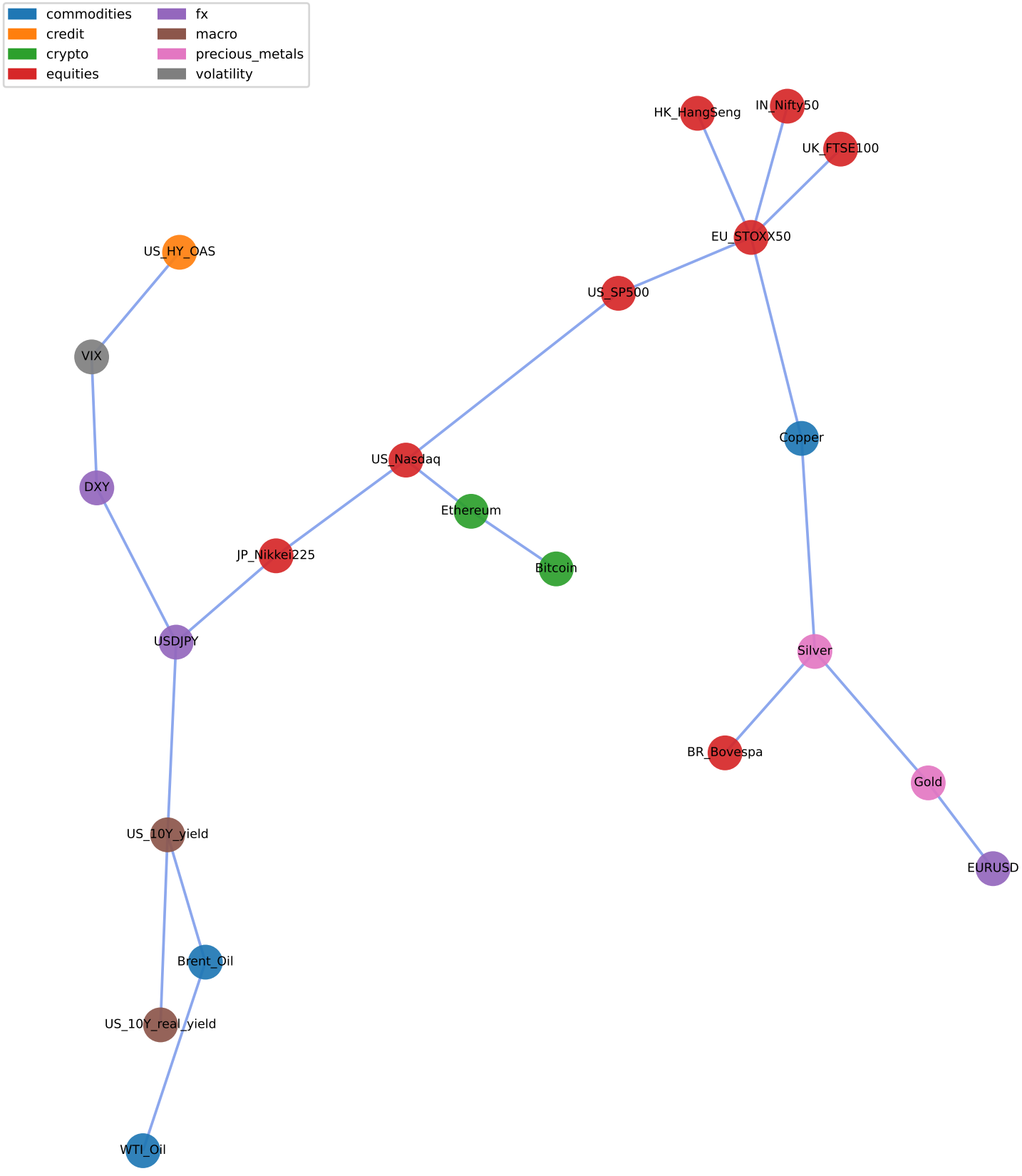


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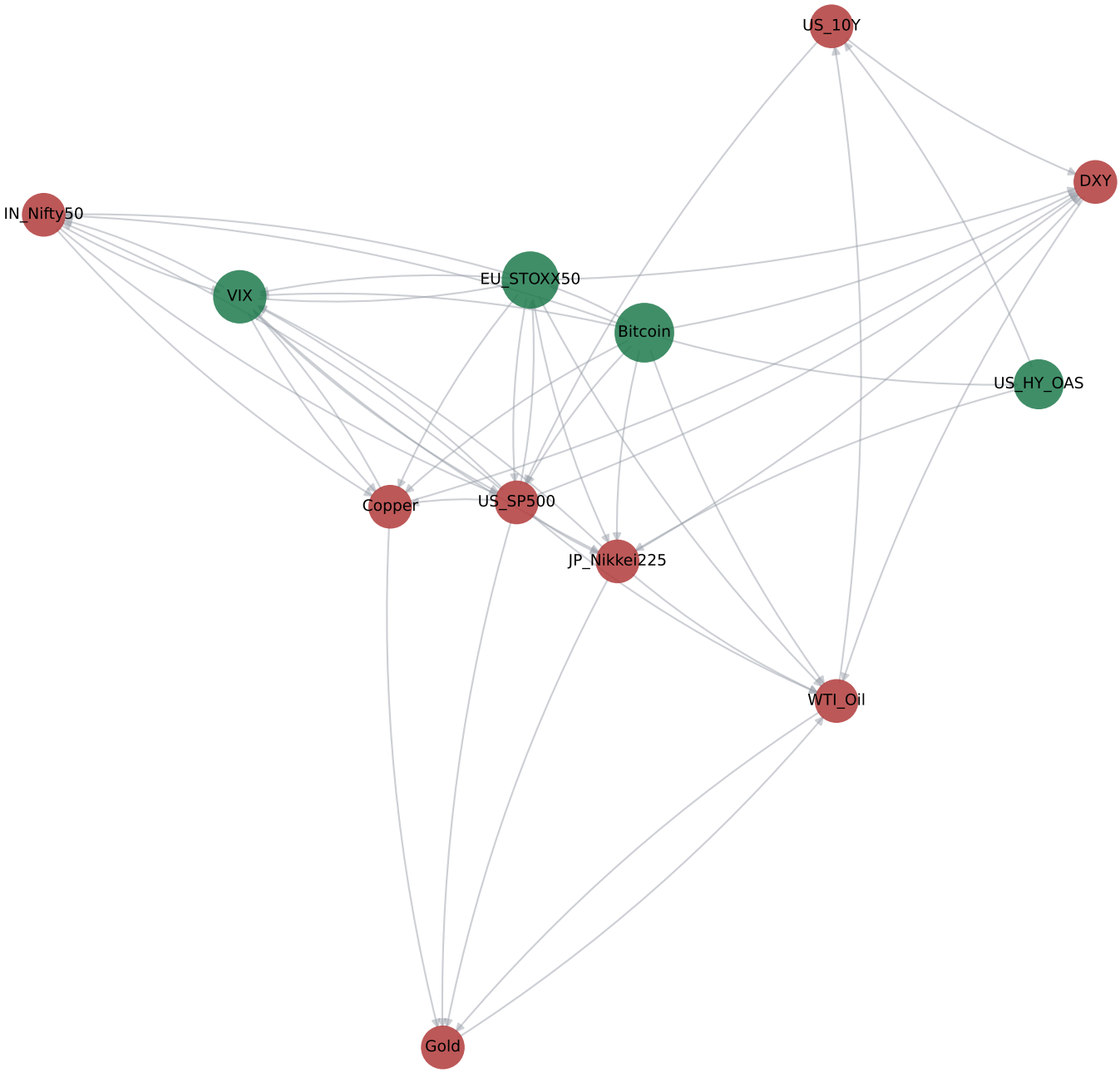
Cross-asset correlation network - minimum spanning tree (3y)



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

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Directional lead-lag — Granger causality network

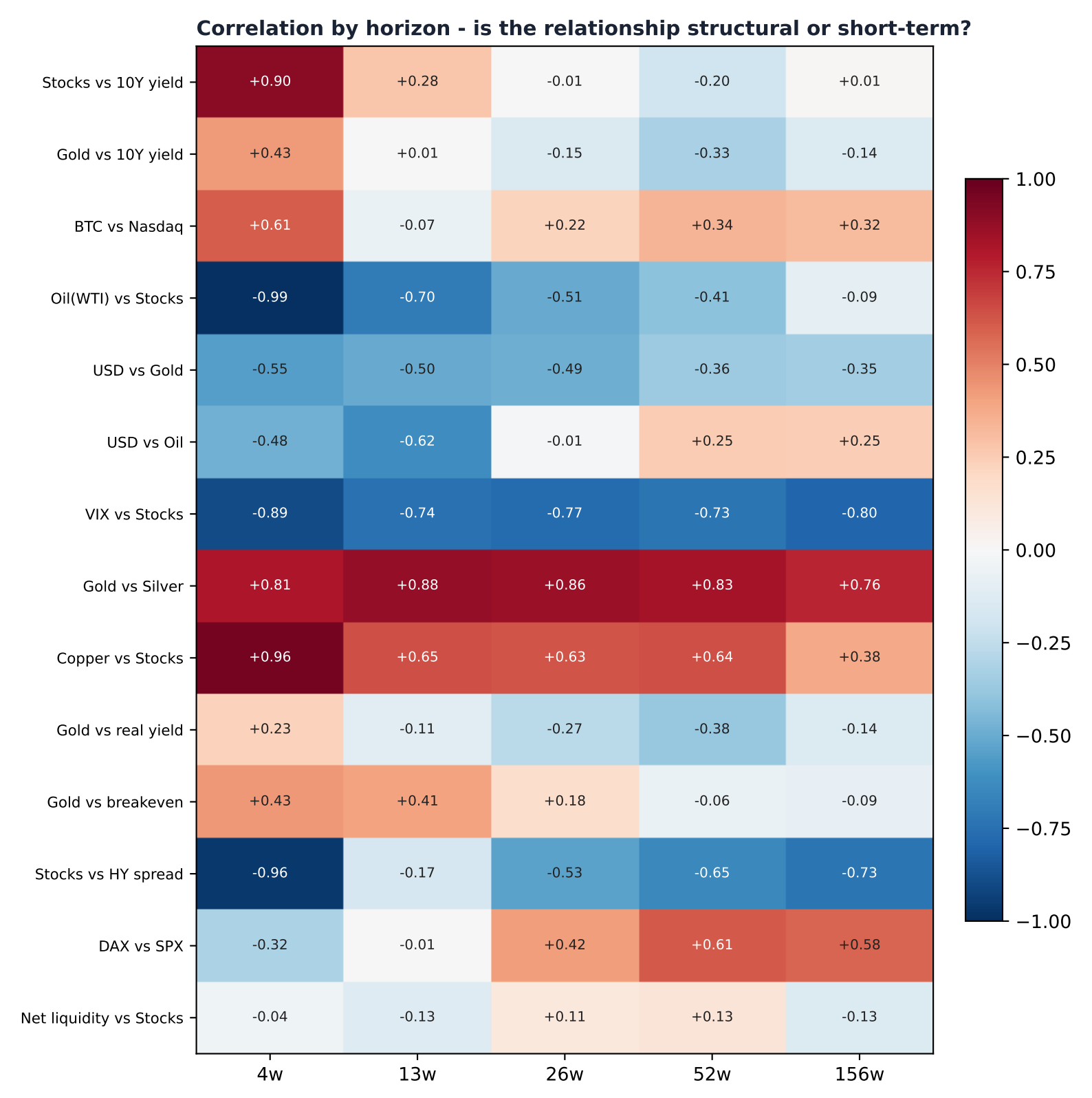


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

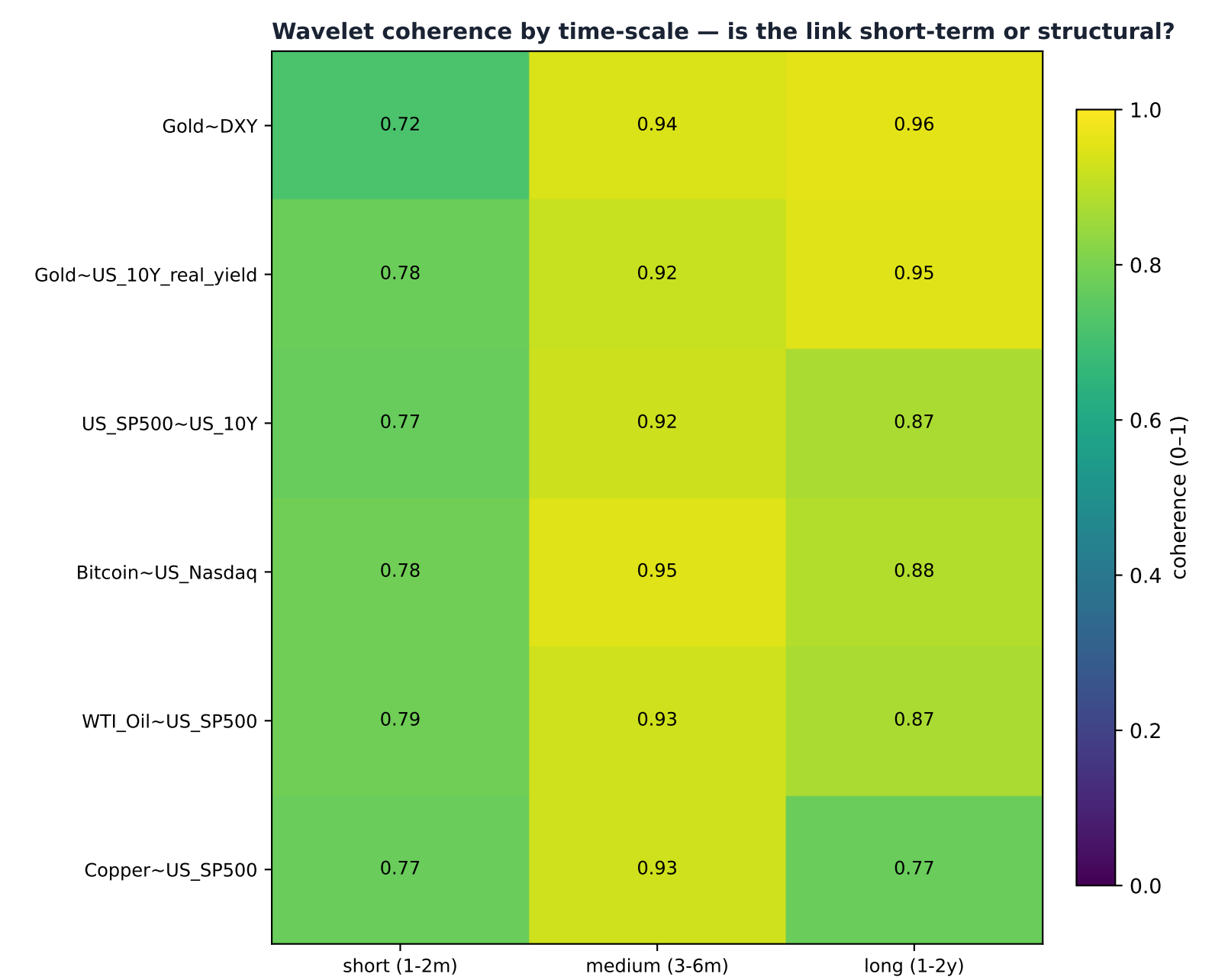
LEADERS: Bitcoin +0.08, EU_STOXX50 +0.07, VIX +0.05, US_HY_OAS +0.03, US_10Y -0.01

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

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

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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	0.935	0.72	89w	+1.82
EURUSD vs GBPUSD	no	0.213	0.94	8w	+1.58
WTI vs Brent	no	0.278	0.98	1w	+1.49
Copper vs Gold	no	0.138	1.68	11w	-1.22
S&P vs Nasdaq	yes	0.006	1.24	7w	-1.21
HY vs IG spread	yes	0.000	0.29	2w	-1.01
BTC vs ETH	no	0.080	0.44	13w	-0.89
US10Y vs Germany10Y	no	0.272	1.00	5w	+0.63
Gold vs Silver	no	0.180	1.20	13w	-0.45
Gold vs Platinum	no	0.324	0.71	15w	-0.44
VIX vs VIX3M	yes	0.022	0.85	2w	-0.41
Stocks vs LongBonds	yes	0.034	-0.43	15w	-0.09

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.

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PART III

Positioning, Flows & Sentiment

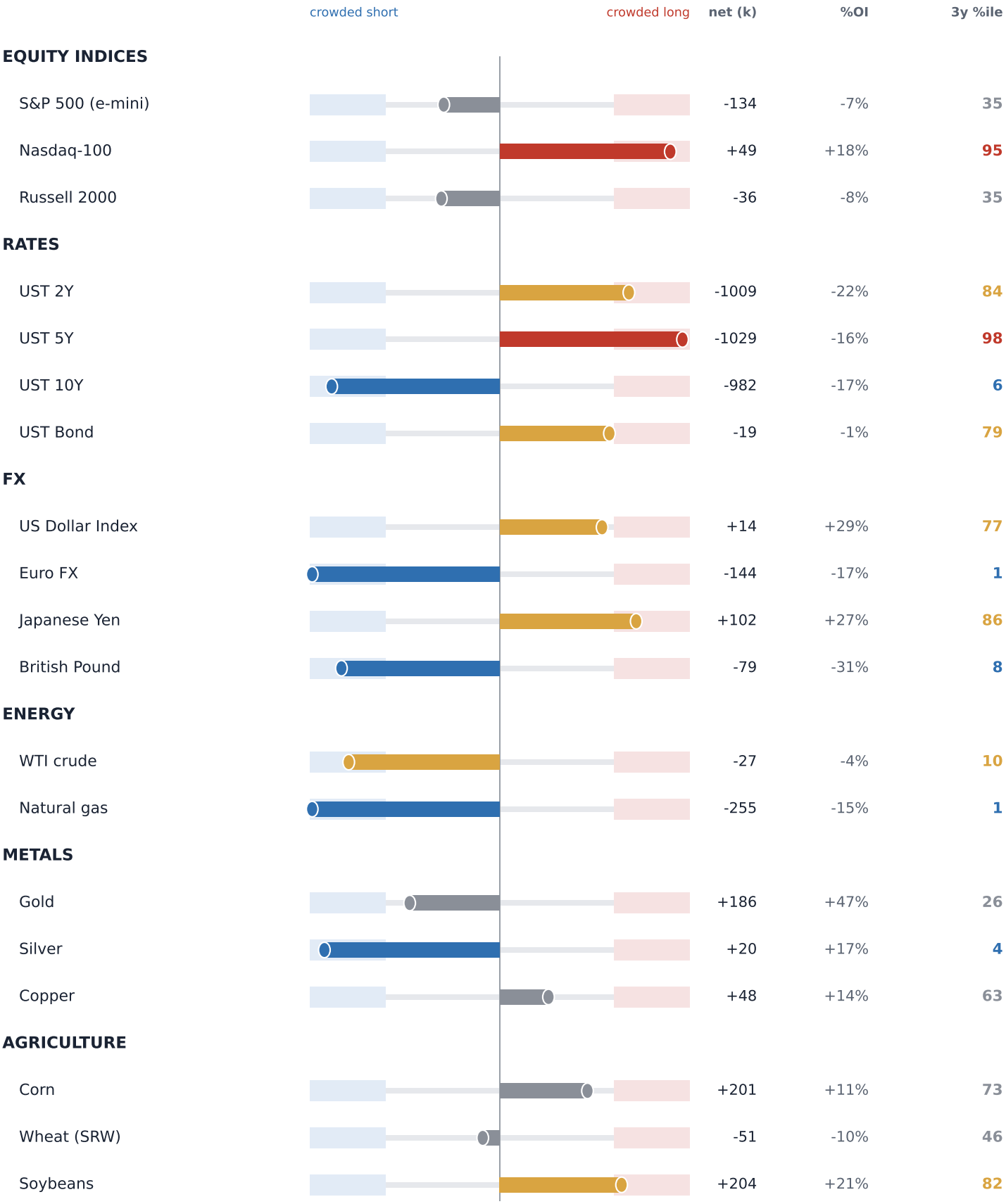
Where the crowd is leaning — futures positioning and market sentiment.

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

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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

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MARKET SENTIMENT

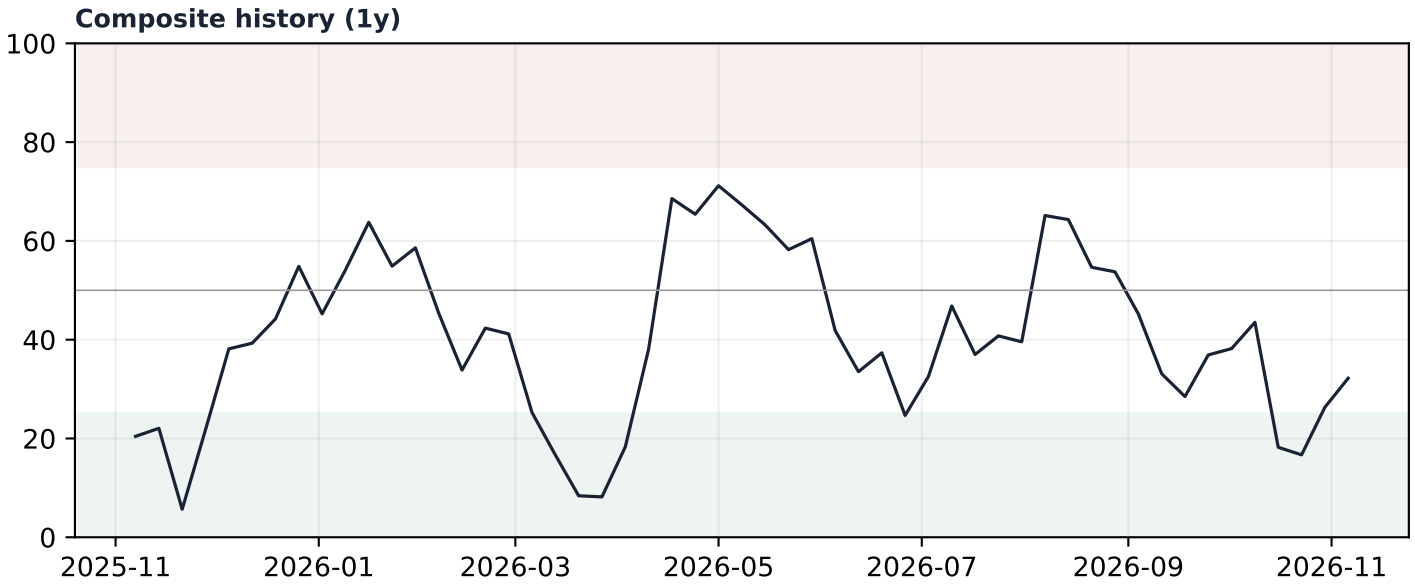
CNN Fear & Greed composite and its components — a contrarian gauge

32

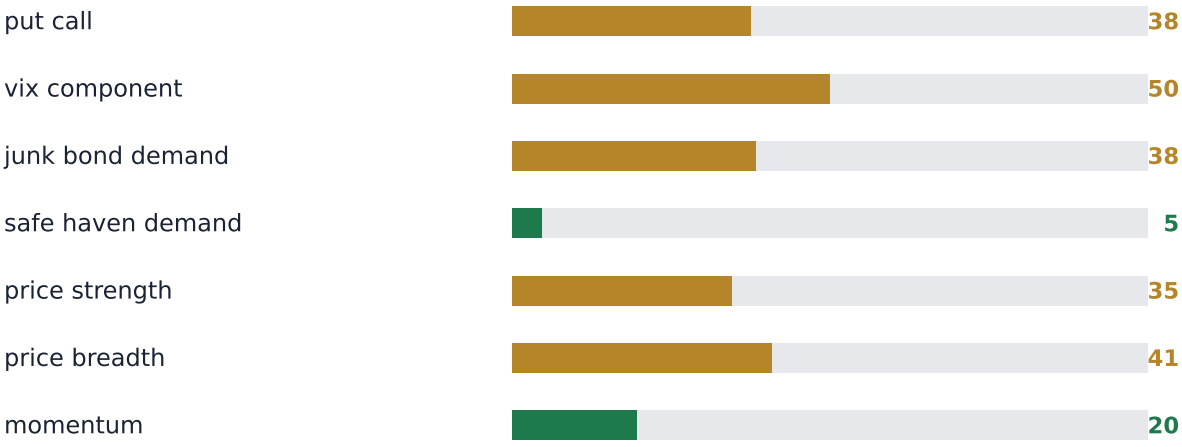
FEAR

0 = extreme fear · 100 = extreme greed

1 week ago	1 month ago	1 year ago
30	38	34



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.

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PART IV

Volatility

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

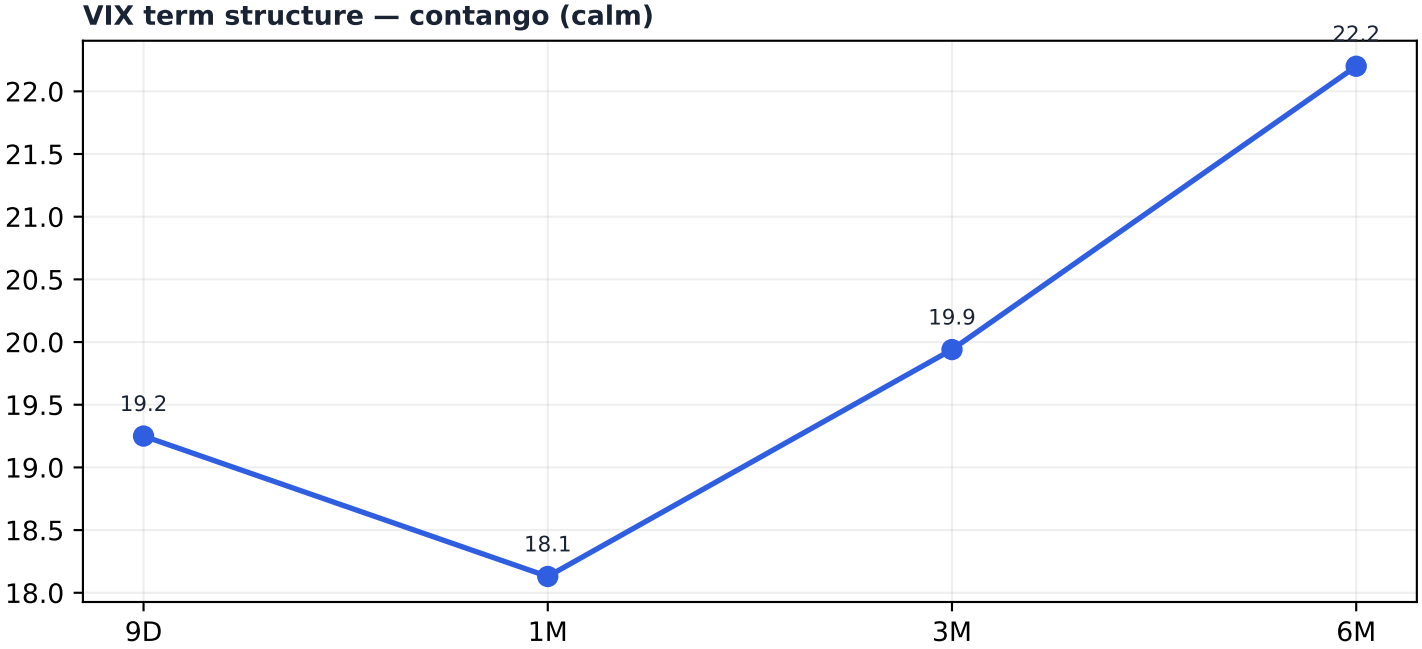
- VIX term structure (9D → 6M) and the volatility risk premium
- CBOE SKEW tail-risk index and cross-asset volatility (MOVE / OVX / GVZ)

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VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+10.6 pts

VIX 18.1 − realised 7.5

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

150

77th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	101	53th
Oil vol (OVX)	60	92th
Gold vol (GVZ)	25	86th
Vol-of-vol (VVIX)	101	66th

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.

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PART V

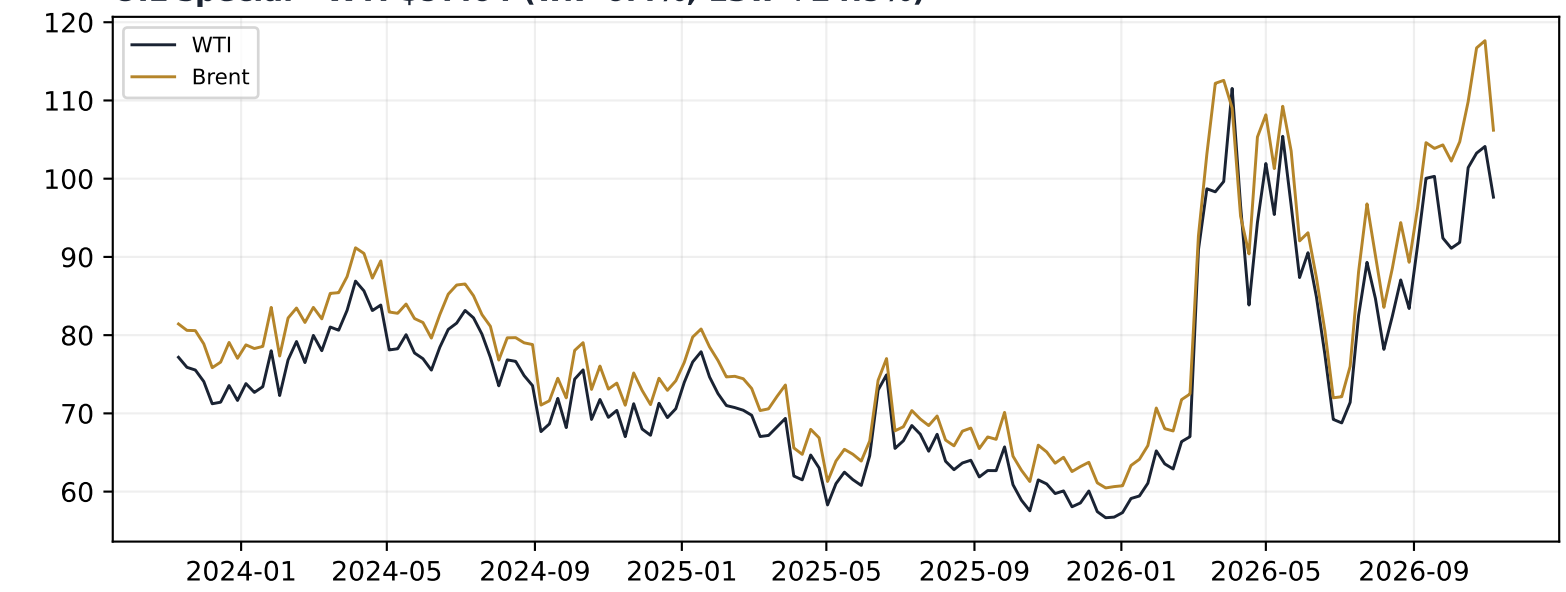
Asset Deep-Dives

Instrument-level detail across the major asset classes.

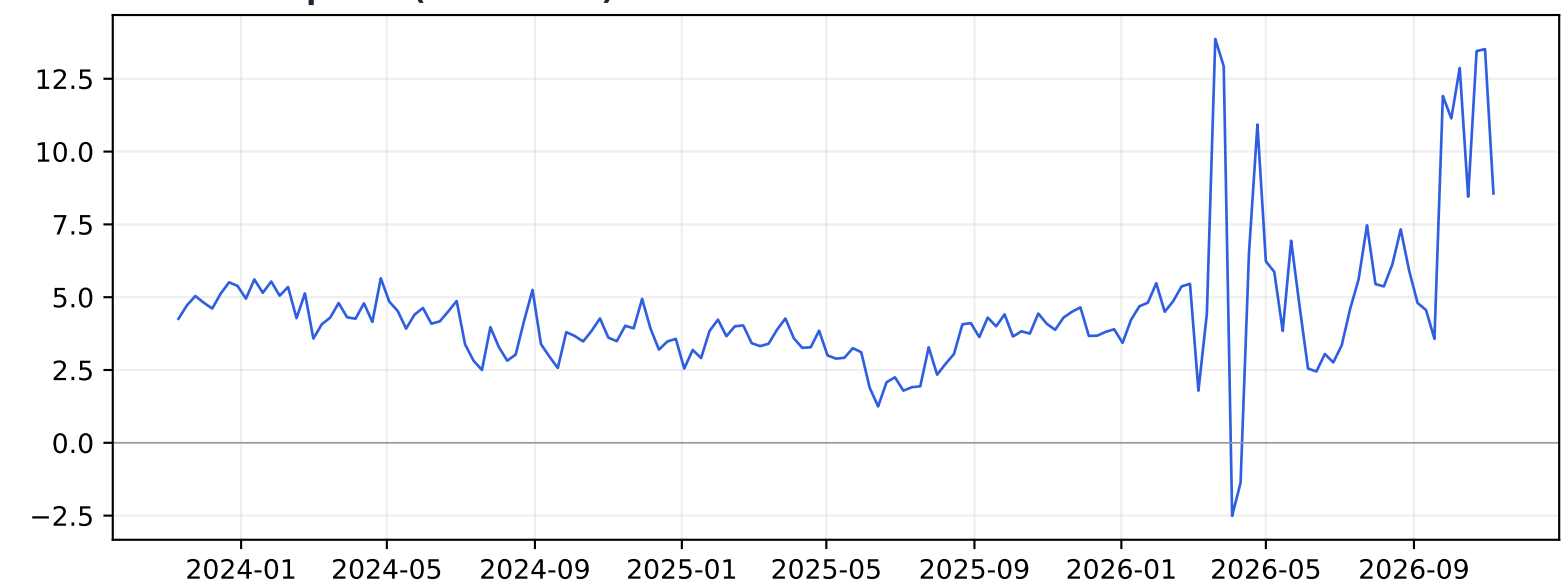
- Oil, natural gas, precious metals and crypto special modules
- Momentum & trend battery; factor-beta risk attribution; equity valuation

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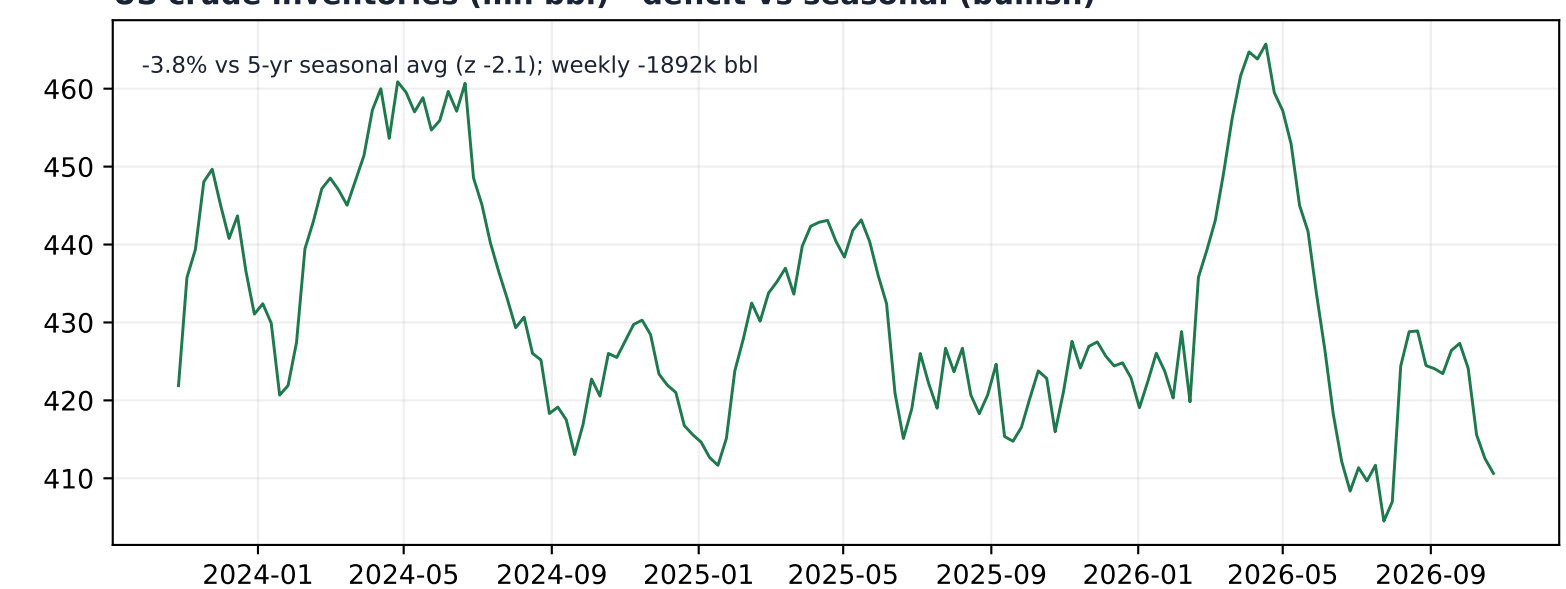
OIL special - WTI $97.64 (wk -6.4%, 13w +24.9%)



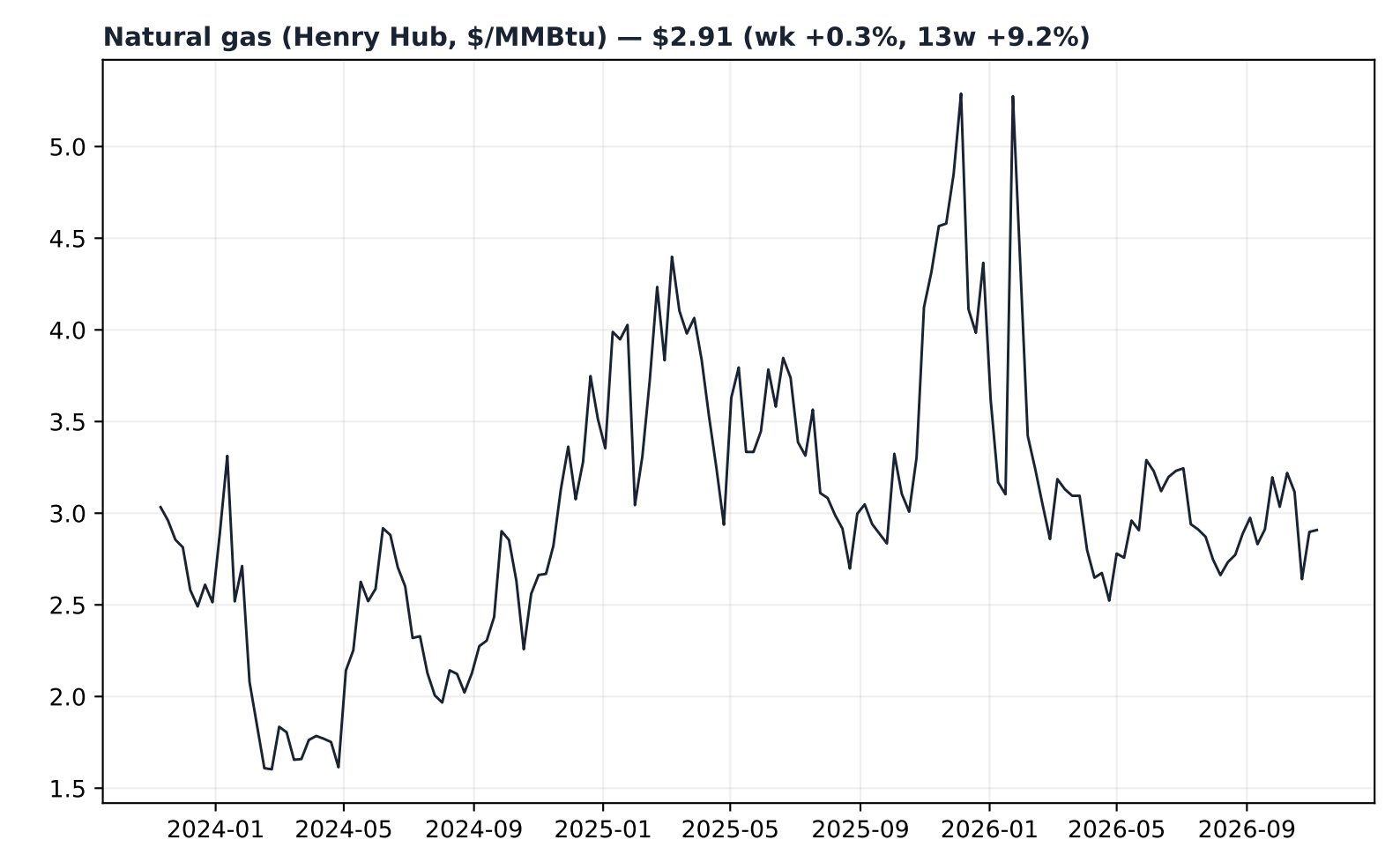
Brent-WTI spread (now +8.56)

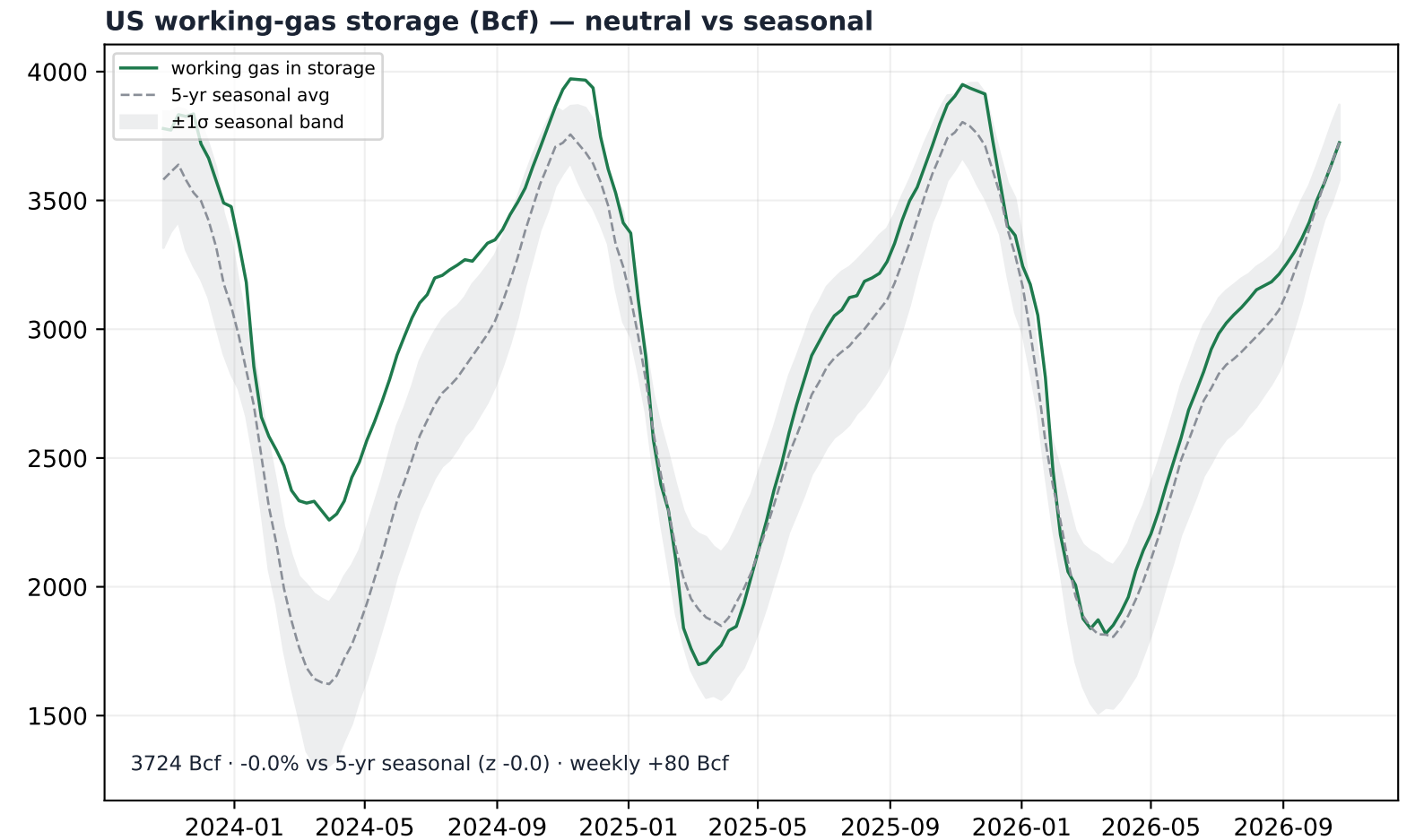


US crude inventories (mn bbl) - deficit vs seasonal (bullish)

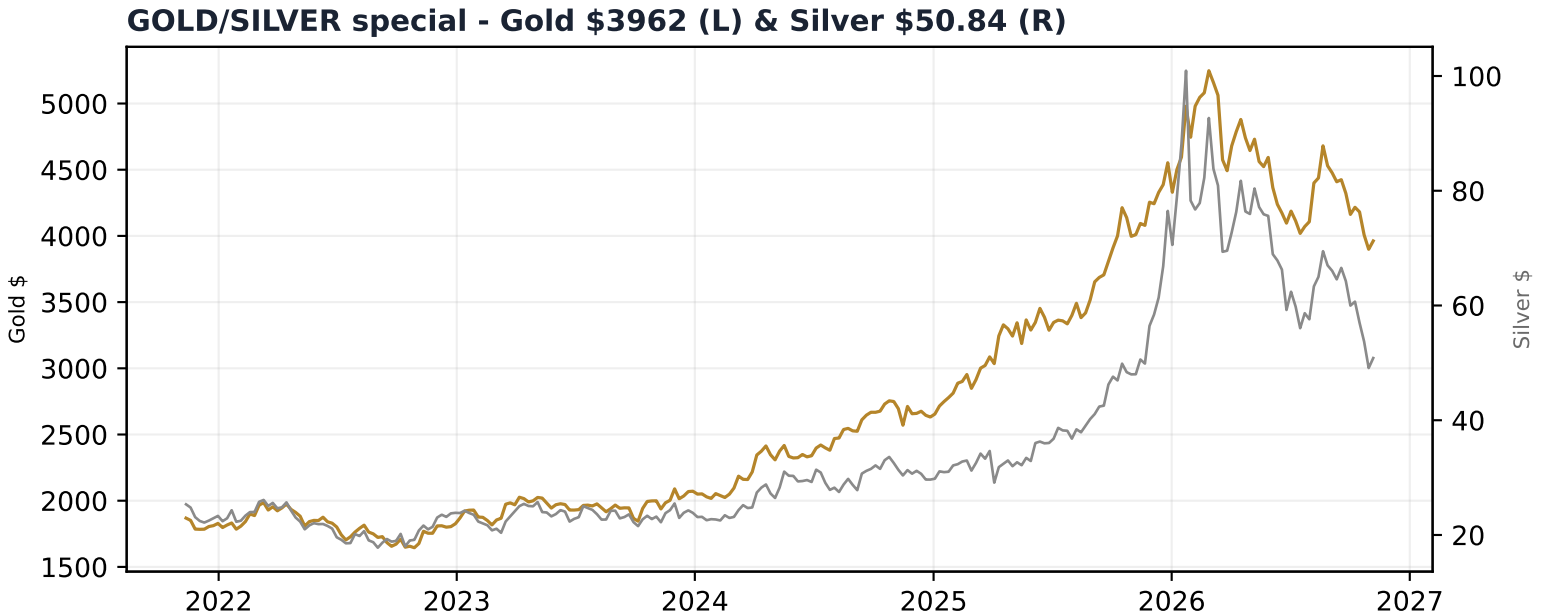


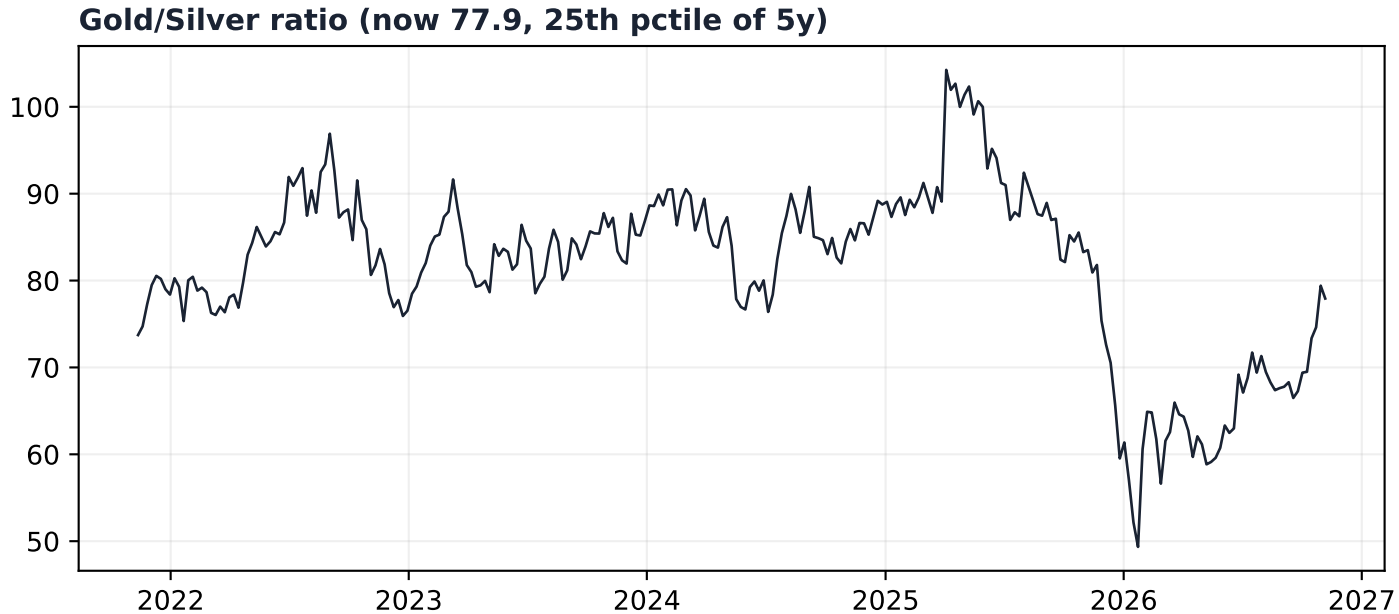
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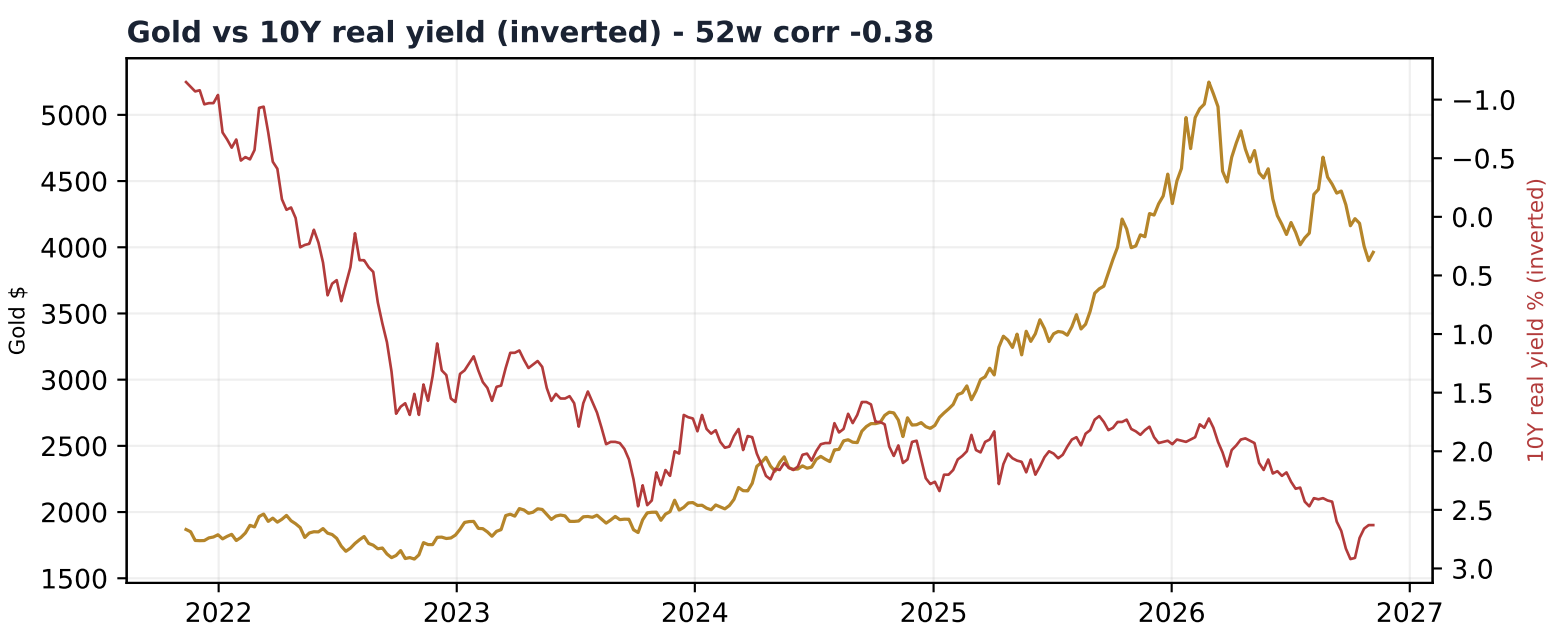




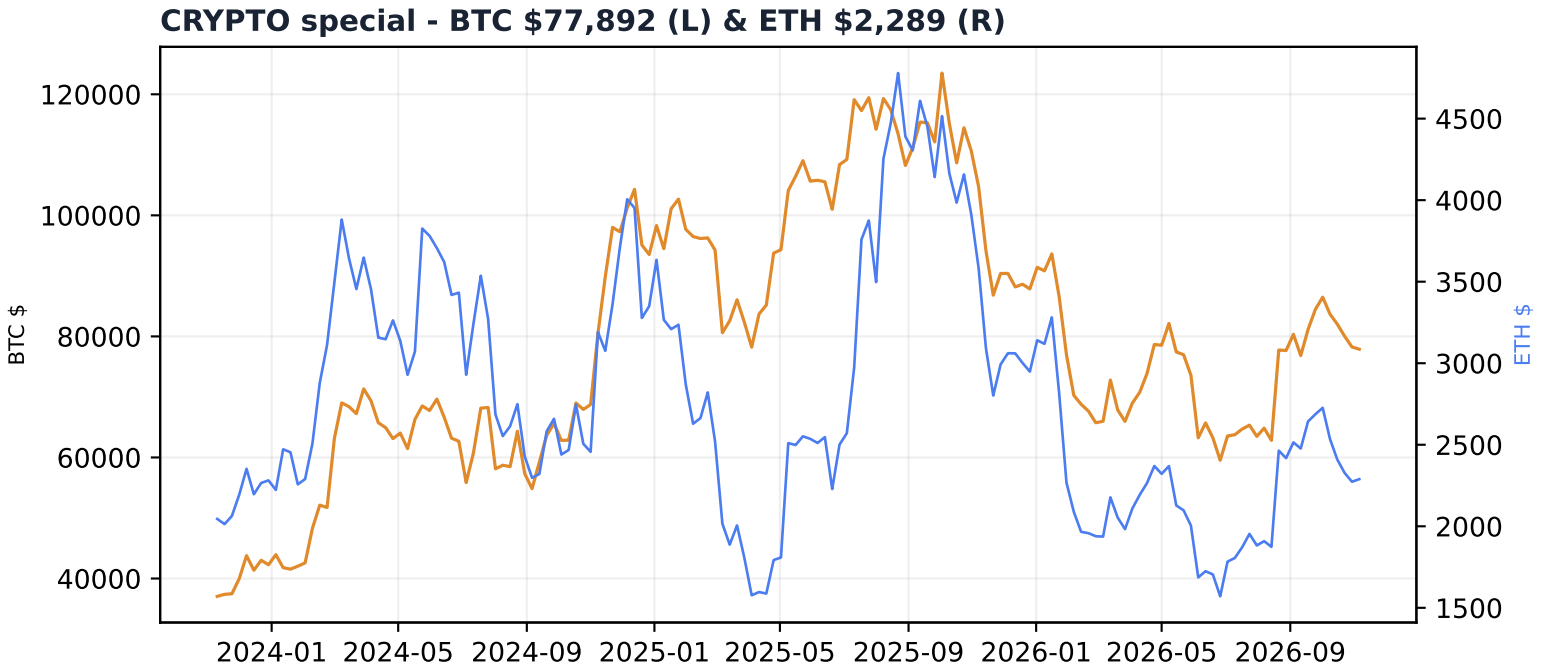
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MARKET STRUCTURE (current)

Total mcap $2.63T BTC dominance 59.3% ETH dominance 10.6%

Stablecoin supply $298B (-1.5% wk) DeFi TVL $83B (-3.9% wk)

Crypto Fear & Greed: 37 (Fear), a week ago 50

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MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	-1%	+3%	+14%	**+0.00**	+4%	-2%
US_Nasdaq	-3%	-2%	+12%	**-0.50**	+3%	-6%
EU_STOXX50	-5%	+5%	+11%	**+0.50**	+1%	-5%
JP_Nikkei225	-4%	+1%	+25%	**+0.00**	+1%	-11%
IN_Nifty50	-5%	-3%	-8%	**-0.50**	-2%	-11%
HK_HangSeng	-9%	-11%	-11%	**-1.00**	-7%	-15%
Gold	-10%	-16%	-1%	**-1.00**	-12%	-25%
Silver	-20%	-37%	+6%	**-0.50**	-26%	-50%
WTI_Oil	+25%	+2%	+63%	**+1.00**	+10%	-12%
Copper	-0%	+5%	+33%	**+0.00**	+5%	-2%
DXY	+2%	+4%	+2%	**+0.50**	+2%	-0%
Bitcoin	+20%	-5%	-26%	**-0.50**	+8%	-17%

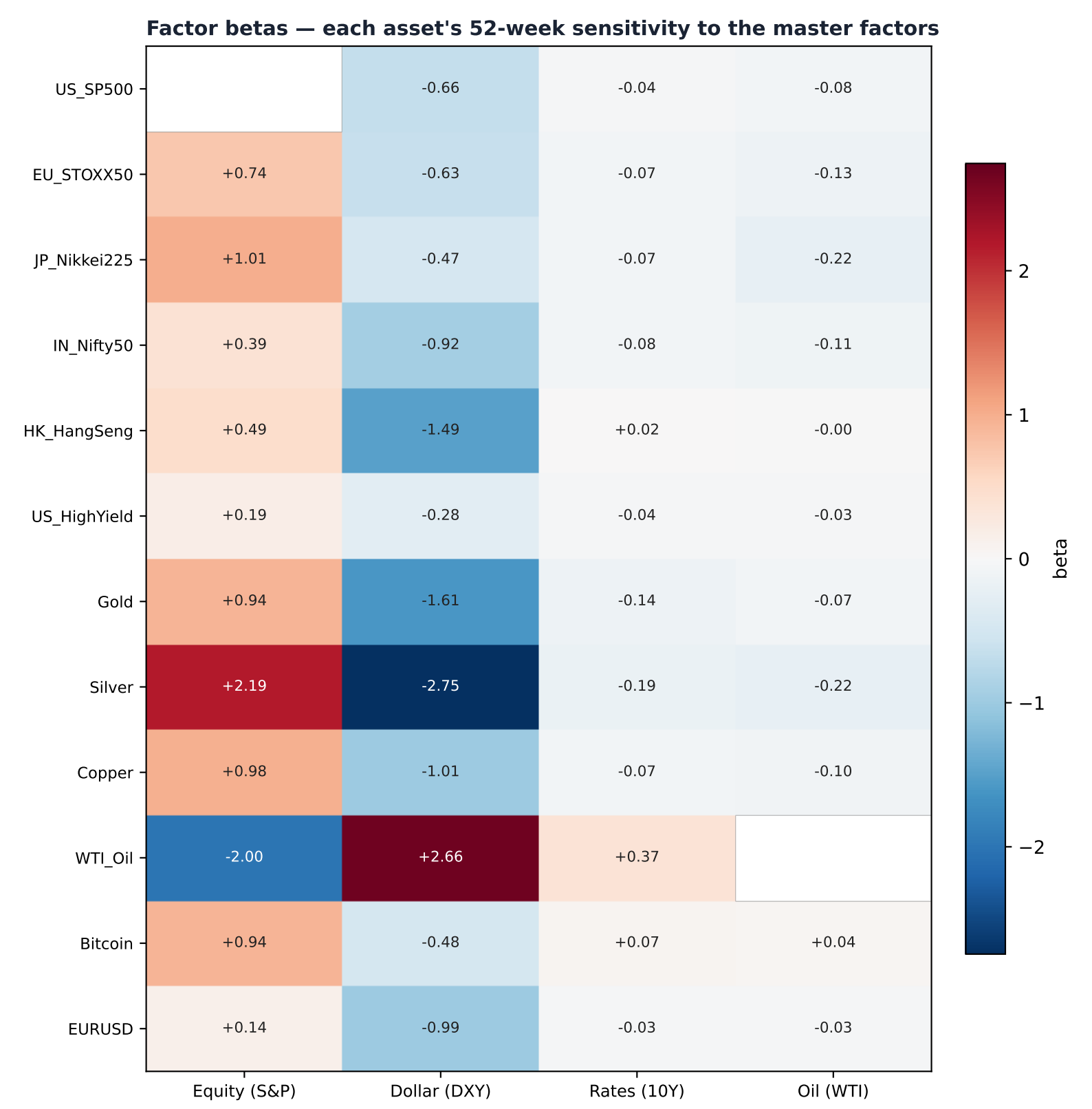
Global equity 26-week relative strength:

LEADERS: CH_SMI +13%, NL_AEX +12%, US_SP500_EqualWeight +8%, TW_TAIEX +8%, SG_STI +8%, BE_BEL20 +8%

LAGGARDS: CN_Shenzhen -29%, TR_BIST100 -27%, ID_JKSE -27%, KR_KOSPI -22%, CN_Internet -20%, CN_Shanghai -13%

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.

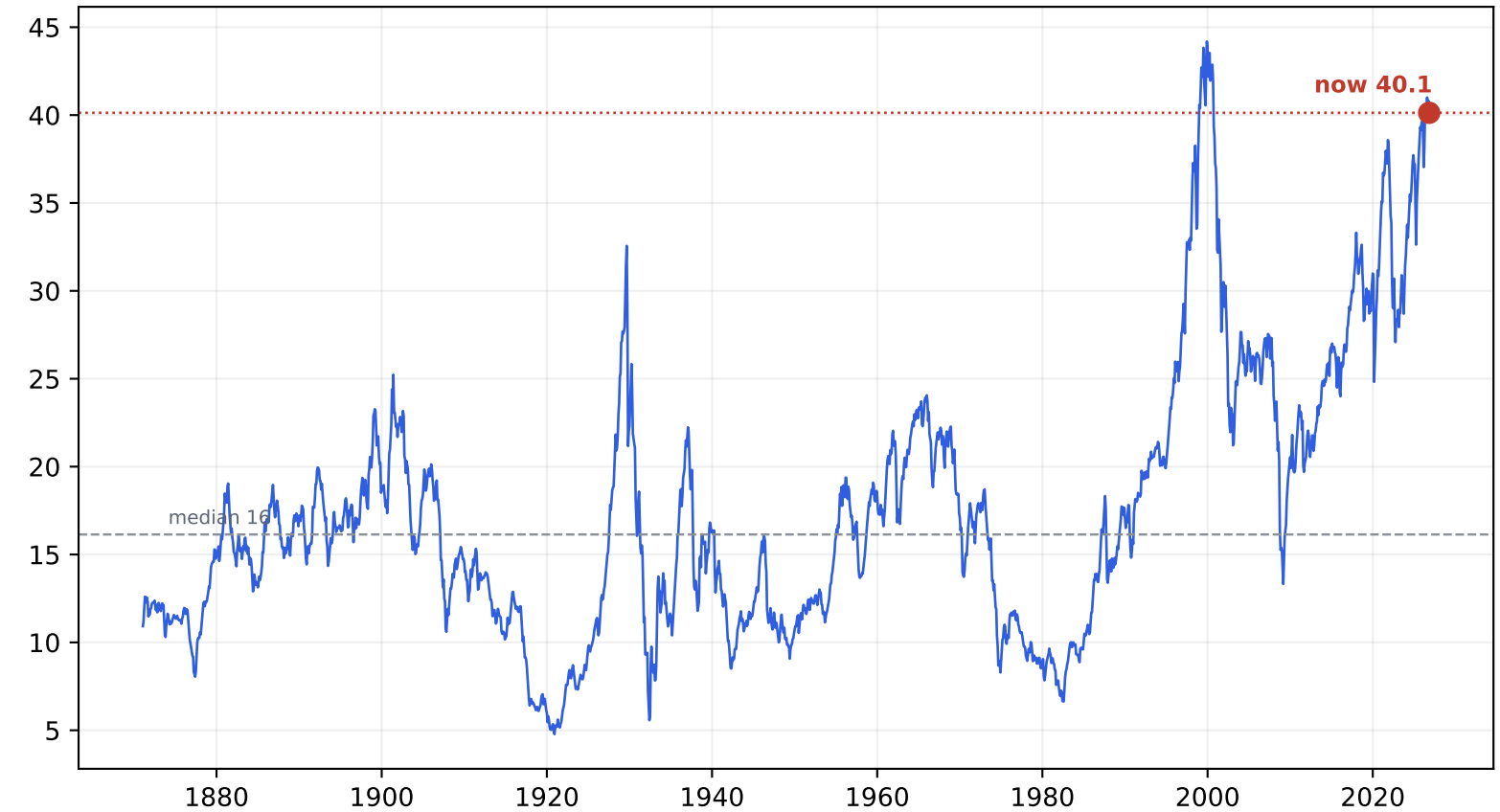
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Positive equity beta = risk-on; negative dollar beta = falls when the dollar rises. This is the risk-attribution / hedging map.

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S&P 500 Shiller CAPE — 40.1, 99th percentile of 156 years



Excess CAPE Yield (1/CAPE − 10Y real) — -0.14%, 1th pctile since 2015



Cyclically-adjusted earnings yield 1/CAPE = 2.49% · trailing earnings yield 3.96% · 10Y nominal 4.98% · 10Y real 2.63% · 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

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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

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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 -> 2.19 [2.04,2.34]
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	0.07 -> -0.03 [-1.57,1.51]
EA_AAA_10Y	NL_10Y	4w	+0.75	0.56	3.56 -> 3.47 [3.37,3.58]

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.

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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 +2.10

actual 6.56 · model-fair 4.90 · gap +33.8% · R² 0.41



USDJPY vs US-Japan yield gap

cheap z -1.45

actual 157.87 · model-fair 165.43 · gap -4.6% · R² 0.87



S&P 500 vs liquidity & rates

RICH z +1.11

actual 7654.31 · model-fair 6239.87 · gap +22.7% · R² 0.32



HY spread vs equity vol

RICH z +1.00

actual 3.44 · model-fair 3.10 · gap +0.3 · R² 0.11



Gold vs real yield & dollar

RICH z +0.48

actual 3962.00 · model-fair 3616.05 · gap +9.6% · R² 0.70



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 R² — a low R² model (shown) is a weak anchor, stated honestly.

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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

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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%	-2%	-0.2	+1.4
US_Nasdaq	-4.6%	-5.9%	13%	-36%	-6%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-5%	-0.8	+2.5
IN_Nifty50	-2.9%	-4.0%	9%	-16%	-11%	-0.3	+0.4
Gold	-3.6%	-4.7%	11%	-26%	-25%	-0.1	+1.2
WTI_Oil	-9.2%	-12.0%	26%	-53%	-19%	+0.6	+3.3
Copper	-4.8%	-9.2%	23%	-34%	-2%	-1.7	+11.2
Bitcoin	-11.4%	-15.5%	34%	-72%	-37%	-0.1	+2.0
US_HighYield	-1.6%	-2.3%	5%	-18%	-11%	+0.2	+2.8
EURUSD	-1.5%	-2.1%	4%	-15%	-6%	+0.5	+2.3

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

EU_STOXX50 0.43 Bitcoin 0.25 Gold 0.11 Copper 0.30 US_HighYield 0.49

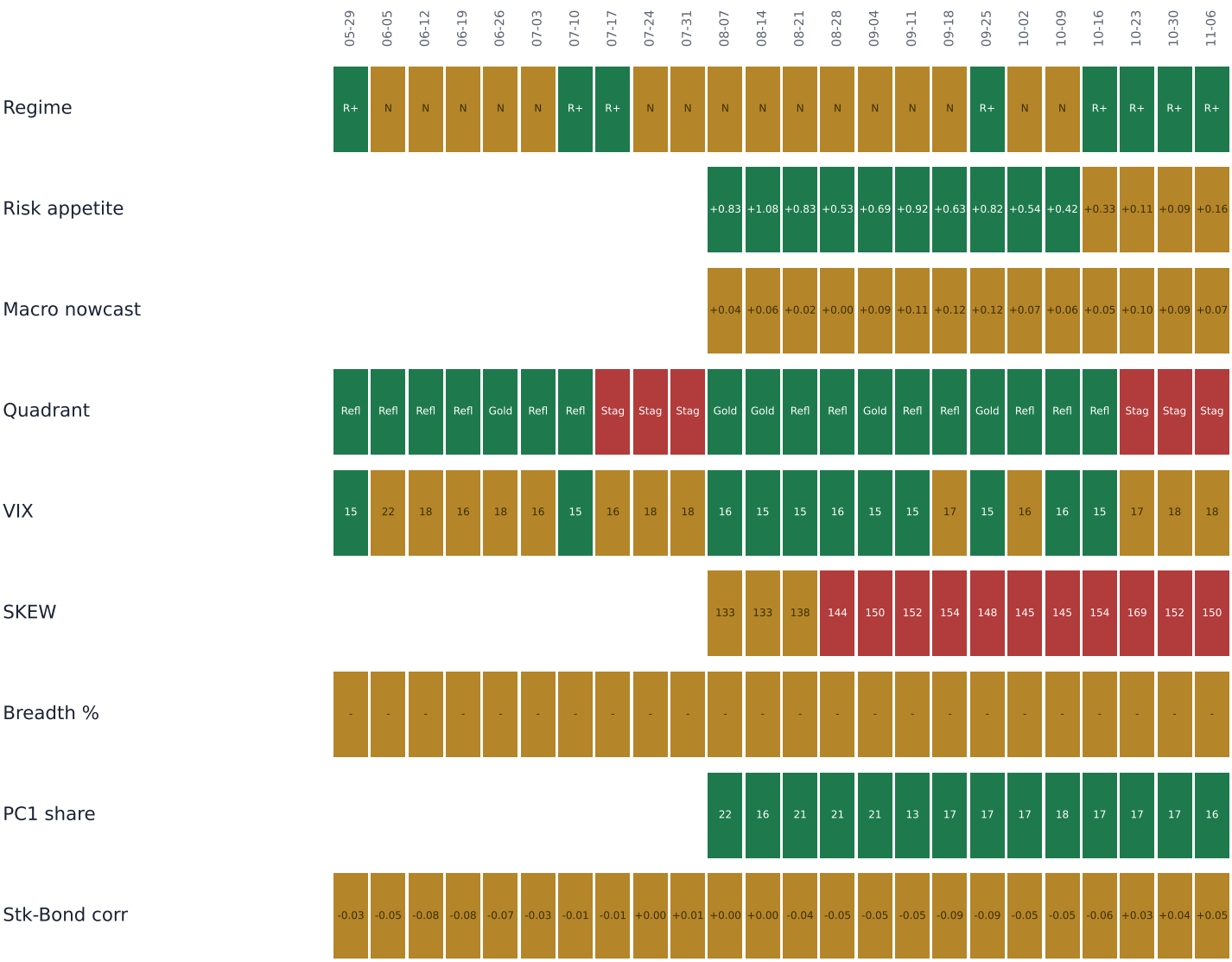
VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together (no shelter); near 0 = a genuine diversifier when it matters most.

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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.

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