ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-08-31

69 market instruments + 60+ macro series | Reflation quadrant | 2899 days

REGIME: Risk-on

EXECUTIVE SUMMARY

The regime reads risk-on with an 81.6% posterior and the composite risk-appetite scorecard sits at +0.49, but the internals argue for owning that risk through quality and index-level exposure rather than through beta. Credit is the strongest leg — HY OAS at 260bp sits in the 0th percentile of its own history, scoring +1.25 — while breadth at 18% advancing and a momentum factor down 11% over three months say the rally has narrowed to a handful of names. Lean long large-cap tech and quality, keep Value (+5% 3m) and Low-Vol (+5%) as the ballast they have earned, and fade High-Beta (-6%) and small caps: Russell 2000 fell 1.6% this week and carries the worst tail at ES5 -6.4%. In rates, the belly through 7Y is the better-paid real estate than the 20s and 30s at 5.18-5.19%.

Three things moved this week. Tech rose 3.0% while nine of eleven sectors fell and the S&P managed only +0.3% — that gap is the whole story, and it means index performance is one factor deep. The S&P versus equal-weight spread is stretched to z +1.72 with a seven-week half-life, so the concentration trade is late, not broken; that argues for trimming rather than adding. And Semis screen RICH +13.8% against Nasdaq on a 0.95 R^2 fit — the most crowded expression of the most crowded theme.

The biggest risk is that stock-bond correlation is positive (+0.23 DCC, persistence 0.9889), so Treasuries are not hedging equities; a growth or inflation shock hits both legs at once. Watch HY OAS: a move through 320bp, alongside VIX above 22 and the term structure inverting from 0.85, would confirm the regime has turned. Michigan inflation expectations at 4.2% against sticky CPI of 2.8% is the crack to monitor.

Executive Dashboard

US cross-market state and the week's key readings.

REGIME	QUADRANT	VIX	HY OAS
Risk-on	Reflation	15	2.60

KEY READINGS (price | 1w | 1m | 3m)

S&P 500	7,674.3	+0.3%	-0.6%	+1.6%
Nasdaq	26,292.9	+1.2%	-0.3%	-1.5%
Russell 2000	2,947.6	-1.6%	-2.4%	-0.6%
Tech	185.5	+3.0%	-0.2%	-3.3%
Financials	57.8	-0.8%	-0.4%	+7.8%
Energy	63.3	+0.3%	+10.4%	+13.9%
Long Bond	82.2	-0.4%	-1.0%	-4.1%
HY Corp	79.7	+0.0%	+0.2%	-0.4%
IG Corp	106.1	-0.1%	-0.6%	-2.7%
TIPS	106.8	-0.4%	-0.2%	-2.7%
DXY	99.4	+0.4%	-0.3%	-0.2%
Gold	4,479.7	-3.5%	+5.5%	+3.5%
WTI	85.5	+0.5%	+13.6%	+5.8%
Copper	6.7	+1.2%	-0.4%	+3.0%
VIX	15.1	-0.7	-0.7	-1.1
MOVE	69.9	-4.1	-3.7	+0.5

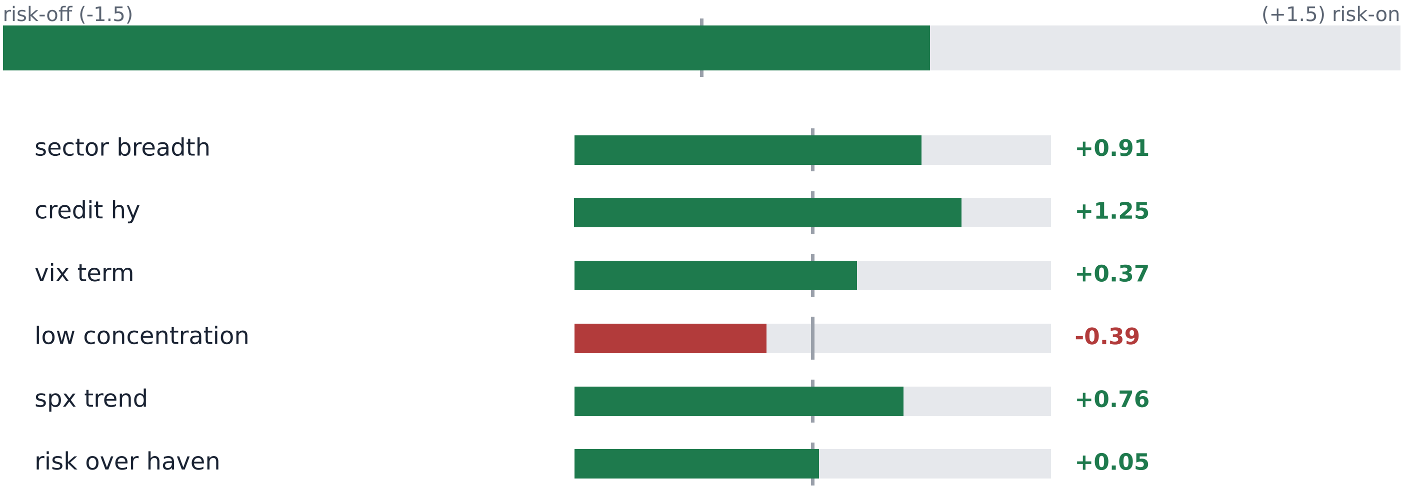
US CROSS-ASSET SCORECARD

Cross-asset risk appetite and the high-frequency growth nowcast

RISK APPETITE

Risk-on

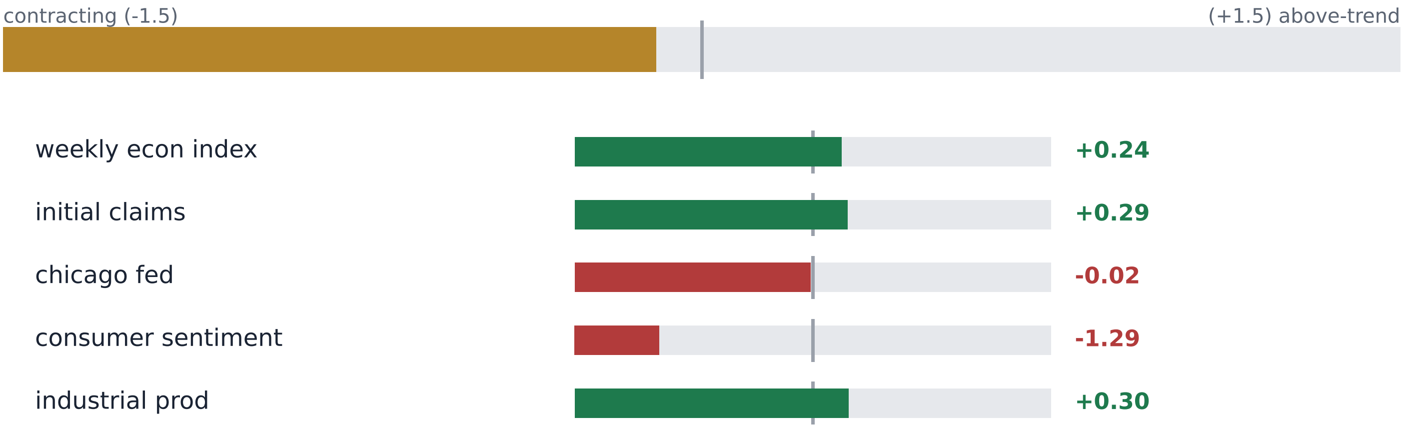
score +0.49



MACRO NOWCAST (growth pulse)

Trend growth

score -0.10



Each component is a 10-year z-score, sign-aligned so higher = risk-on / stronger growth; the headline is their average. The nowcast reads the Weekly Economic Index, jobless claims, Chicago-Fed activity, sentiment and output.

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-08-31

TOP GAINERS

Software	+7.1%
NatGas	+5.0%
Oil Svcs	+3.6%
Tech	+3.0%
Internet	+2.0%
Semis	+1.3%
Nasdaq	+1.2%
Copper	+1.2%

TOP DECLINERS

Gasoline	-6.2%
Gold Miners	-5.5%
Brent	-4.2%
Gold	-3.5%
Real Estate	-3.0%
Staples	-2.7%
Retail	-2.6%
Homebuilders	-2.6%

KEY LEVELS — week-over-week

S&P 500	7,674.3	+0.3%	WTI	85.5	+0.5%
Nasdaq	26,292.9	+1.2%	DXY	99.4	+0.4%
Russell 2000	2,947.6	-1.6%	Long Bond	82.2	-0.4%
VIX	15.1	-0.7	HY Corp	79.7	+0.0%
Gold	4,479.7	-3.5%	Semis	554.1	+1.3%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	**Risk-on**
Risk appetite	prior: +0.43	->	**+0.49**
Macro nowcast	prior: -0.20	->	**-0.10**
PC1 share	prior: 34	->	**34%**

The fastest orientation: what actually moved and how the headline state shifted since last week. VIX/rate/spread increases are shown as adverse (red).

US Cross-Market Analysis

Executive Summary

The regime reads risk-on with an 81.6% posterior and the composite risk-appetite scorecard sits at +0.49, but the internals argue for owning that risk through quality and index-level exposure rather than through beta. Credit is the strongest leg — HY OAS at 260bp sits in the 0th percentile of its own history, scoring +1.25 — while breadth at 18% advancing and a momentum factor down 11% over three months say the rally has narrowed to a handful of names. Lean long large-cap tech and quality, keep Value (+5% 3m) and Low-Vol (+5%) as the ballast they have earned, and fade High-Beta (-6%) and small caps: Russell 2000 fell 1.6% this week and carries the worst tail at ES5 -6.4%. In rates, the belly through 7Y is the better-paid real estate than the 20s and 30s at 5.18-5.19%.

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The biggest risk is that stock-bond correlation is positive (+0.23 DCC, persistence 0.9889), so Treasuries are not hedging equities; a growth or inflation shock hits both legs at once. Watch HY OAS: a move through 320bp, alongside VIX above 22 and the term structure inverting from 0.85, would confirm the regime has turned. Michigan inflation expectations at 4.2% against sticky CPI of 2.8% is the crack to monitor.

Regime, Scorecard & Market State

The Markov model puts 81.6% posterior weight on risk-on and 18.4% on risk-off, with no meaningful mass in neutral — a clean, high-conviction classification rather than a market caught between states. The composite risk-appetite scorecard corroborates it at +0.49, but the component decomposition is where the useful information sits. Credit contributes +1.25, sector breadth +0.91 and the S&P trend +0.76; the VIX term structure adds a modest +0.37 and the risk-over-haven ratio is essentially neutral at +0.05. Working against all of it is concentration at -0.39. That is a market whose risk appetite is real but resting on credit and price trend rather than on participation.

The index tape confirms the narrowness. The S&P is up 0.3% on the week, 2% over three months and down 1% on the month; the Nasdaq is up 1.2% on the week but flat on the month and down 1% over three months; the Dow is off 0.3%; the Russell 2000 is down 1.6% on the week and 1% over three months. Breadth of 18% advancing against a positive index week is the arithmetic signature of cap-weighted concentration doing the lifting. The growth-inflation quadrant reads Reflation, with a growth score of 2.0 against an inflation score of 3.0 — nominal growth is being delivered, but more of it is showing up in prices than in volume. Reflation is historically a decent equity regime and a poor duration regime, which is exactly what the curve and the sector tape are saying.

For positioning, the honest read is that the regime supports staying invested but does not support adding beta. The scorecard's weakest components — concentration and the haven ratio — are precisely the ones that deteriorate first when a narrow tape breaks.

Sector & Factor Rotation

The weekly sector table is close to a pure single-name story. Technology gained 3.0%, Energy edged up 0.3%, and every other sector fell: Communications -0.5%, Financials -0.8%, Discretionary -1.2%, Materials -1.4%, Industrials -2.1%, Utilities -2.2%, Health -2.4%, Staples -2.7%, Real Estate -3.0%. The usual cyclical-versus-defensive read does not work here, because both fell. Industrials and Materials down roughly 2% is not a risk-on cyclical bid, and Staples and Utilities down 2-3% is not a defensive rotation either. What happened is a rotation into one sector and out of everything else, which is a different and less comfortable signal than broad risk appetite.

The three-month factor picture sharpens it. Momentum is down 11% and High-Beta down 6%, while Value is up 5%, Low-Vol up 5% and Quality up 1%; Growth is down 2%. The Growth-Value spread at -7.1% over three months says value has beaten growth over the quarter even as tech leads this week. Read together, the quarter has been a de-risking rotation — momentum unwinding, beta punished, low-vol and value rewarded — with this week's tech move sitting on top of it as a narrow, potentially reflexive bid rather than the resumption of a growth cycle.

The implication for positioning is specific. A momentum drawdown of 11% alongside Low-Vol and Value at +5% is the profile of a market that has already paid for crowding once. Favour quality large-cap with earnings support, keep Value and Low-Vol exposure, treat the tech bid as something to hold rather than chase, and avoid re-levering into High-Beta and small caps where the three-month evidence has been consistently negative.

The Yield Curve & Rates

The curve is fully positive and steepening at the long end. The front runs 3.81% at 1M and 3.84% at 3M, rising through 3.94% at 6M, 4.04% at 1Y, 4.20% at 2Y, 4.30% at 3Y, 4.38% at 5Y, 4.52% at 7Y and 4.67% at 10Y, before jumping to 5.18% at 20Y and 5.19% at 30Y. The 2s10s stands at 47bp on those levels and the 3M10Y at 83bp. Both are positive and both have normalised out of inversion, which historically marks the post-inversion phase of the cycle rather than the inversion itself.

Two features matter. First, the front end near 3.8-3.9% against 10s at 4.67% says the market is priced for policy that is restrictive but drifting lower, with the curve carrying a genuine term premium again rather than an inversion penalty. Second, and more important, is the 20s-30s cliff: 51bp between the 10Y and the 20Y, then almost nothing from 20s to 30s. That shape is a term-premium and supply story, not a growth-expectations story, and it means the long end is being repriced for issuance and inflation persistence rather than for a recovery.

The practical conclusion is to take duration in the belly. The 5Y at 4.38% and the 7Y at 4.52% capture most of the available yield with materially less convexity risk than the 20s and 30s at 5.18-5.19%, where the curve is flat and offers no additional compensation for the extra decade of duration. A steepener expressed as long belly against short long-end is the cleaner expression of the Reflation quadrant, which historically punishes the far end. The 30y mortgage at 6.7% is the transmission channel to watch — housing starts at 1,239k and new home sales at 607k show the long end is already doing real economic work.

Credit & Financial Conditions

Credit is the strongest bullish signal in the entire briefing and also the one demanding the most caution. HY OAS at 260bp sits in the 0th percentile of its history — not merely tight, but as tight as this series has been. IG OAS at 79bp tells the same story. The Chicago Fed ANFCI at -0.58 and the stress index at -0.81 confirm that financial conditions are loose on an adjusted basis, meaning credit is not just tight relative to fundamentals but easy relative to where policy would imply.

What this means for an investor cuts both ways. On the constructive side, credit is the most reliable early-warning system in markets, and at 260bp it is issuing no warning at all. Corporate borrowers face open funding markets, refinancing risk is low, and the S&P's +0.69 correlation to HY corporate credit means the equity market has a supportive backdrop as long as this holds. That is why credit_hy scores +1.25 in the risk-appetite composite — it is the single largest positive contributor.

On the cautionary side, a 0th-percentile spread is an asymmetric payoff. There is essentially no room for further compression and considerable room for widening, so long credit here is collecting a thin coupon against a fat left tail. The practical stance is to hold credit exposure for carry but move up in quality within it, avoid adding to HY at these levels, and treat the spread itself as the primary risk sensor rather than as a return source. Given the 0.69 stock-HY correlation, a credit widening would not be a diversifying event for an equity book — it would arrive at the same time as the equity drawdown.

Factor Structure & Systemic Risk

Two PCA readings frame the market's dimensionality. Across sectors, PC1 explains 66% of variance — two-thirds of all sector movement is one common factor. Across the broader 87-instrument universe, PC1 (Risk, proxied by the S&P) accounts for 34%, PC2 (Rates, the 10Y) 15%, PC3 (Energy, inverse WTI) 6% and PC4 (the dollar) 5%. A 34% first eigenvalue with a 66% sector-level PC1 describes a market where a single risk factor dominates the equity complex, with rates as a genuinely distinct but secondary driver.

The investor consequence is that most cross-sector diversification inside an equity book is illusory. At a 66% sector PC1, holding eleven sectors is closer to holding one factor with tracking noise than to holding eleven independent bets. Rate exposure at PC2 15% is the one dimension offering real orthogonality within the equity structure — which is why the rotation between Value/Low-Vol and Momentum has been the meaningful axis this quarter rather than sector selection.

The systemic co-movement gauge offers genuine reassurance. Average pairwise conditional correlation from the multivariate DCC across twelve assets is +0.04, identical to a year ago, with persistence of 0.895. Cross-asset diversification is not failing at the aggregate level — this is a normal, uncrowded co-movement environment, not the correlation-to-one condition that precedes systemic events. The high persistence of 0.895 means this state is sticky and would take time to break down, which gives some warning. The tension worth naming: intra-equity concentration is extreme while cross-asset co-movement is benign. Diversification is available, but it must come from outside the equity complex, not from within it.

Cross-Asset Correlation & Lead-Lag

The single most important correlation in the briefing is stock-bond. The 252-day S&P-Long Bond correlation is +0.24, the 63-day is +0.27, and the DCC-GARCH conditional estimate is +0.23 with persistence of 0.9889. All three agree, and the near-unity persistence means this is a structural state rather than a passing anomaly. Treasuries are not hedging equities. Long duration currently adds to equity drawdown risk rather than offsetting it, so a conventional balanced allocation carries more correlated risk than its labels suggest. The functional hedge here is cash and short bills at 3.81-3.94% — genuinely uncorrelated, paying a real yield, and immune to the term-premium repricing at the long end.

The dollar offers a modest offset. S&P-DXY at -0.28/-0.26 and the DCC at -0.23 (persistence 0.9923) mean the dollar rises when equities fall, providing a weak but real hedge for a dollar-based investor holding foreign assets. Gold is more complicated: S&P-Gold at +0.27/+0.19 means gold has been trading with equities, not against them, so it is not currently functioning as an equity hedge. Its -0.36/-0.47 correlation to DXY says it remains primarily a dollar-and-real-yield instrument. S&P-VIX at -0.82/-0.79 with a DCC of -0.79 confirms volatility remains the only reliably convex equity hedge. Within equities, Semis-S&P at +0.78 (63d +0.69) and Russell-Regional Banks at +0.61 falling to +0.39 on 63 days shows small-cap and bank correlation loosening — the small-cap complex is decoupling downward on its own idiosyncratic problems.

On lead-lag, the Granger network shows net leaders in VIX, the Long Bond, HY OAS and the US 10Y, with Gold, DXY, Nasdaq and the Russell 2000 as net followers. The structure is intuitive — volatility and rates lead risk assets — and the practical read is that the rates and credit complex is where information arrives first, so an equity investor should be watching HY OAS and the 10Y for the turn rather than watching equity price action. Weekly predictive skill in this network is modest. These relationships are statistically detectable and directionally useful for sequencing attention, but they are not a trading signal, the R^2 on any single weekly relationship is low, and Granger causality establishes temporal precedence rather than a mechanism. Use it to decide what to monitor, not what to trade.

Relative Value & Fair Value

One cointegrated spread is stretched beyond 1.5σ: the S&P versus equal-weight spread at z +1.72 with a seven-week half-life. This is the quantitative statement of the breadth problem — cap-weighted has outrun equal-weighted by nearly two standard deviations of their historical relationship. The seven-week half-life matters as much as the z-score: it says the spread is mean-reverting on a tradeable horizon, so the concentration trade is more likely to be unwound over the coming quarter than to persist indefinitely. For an investor, this argues for rebalancing from cap-weighted toward equal-weighted exposure rather than for an outright short of the index. Cointegration establishes a long-run relationship; it does not time the reversion, and the spread can extend further before it converges.

The fair-value residual models add three specific readings. Semis screen RICH by 13.8% against Nasdaq at z +1.13 on an R^2 of 0.95 — the tightest fit in the set, which makes the residual credible rather than a model artefact. Given Semis-S&P correlation of +0.78, this is a concentrated, expensive position sitting at the centre of the market's dominant factor. Trimming semis is the highest-conviction valuation call available. Gold screens RICH by 18.3% against real yields and the dollar at z +0.87, but on an R^2 of 0.68 — a materially looser fit, so a meaningful share of that richness may reflect drivers outside the model, most plausibly central-bank and reserve demand. Treat it as a reason not to add rather than a reason to sell.

The Nasdaq itself is cheap by 1.4% against real yields and the S&P at z -0.56 on an R^2 of 0.99. That residual is small and well within noise, and its practical meaning is that the Nasdaq is fairly valued relative to rates and the broad market. The expensiveness is not in large-cap tech as an asset class — it is one layer down, in semis specifically, and in the cap-weighted-over-equal-weighted structure.

Volatility & Tail Risk

VIX at 15.1 against VIX3M at 17.7 gives a term structure ratio of 0.85 — comfortably in contango, meaning the market is pricing near-term calm with more uncertainty further out. That is the normal, risk-on configuration, and it contributes +0.37 to the risk-appetite composite. VVIX at 89 is unremarkable, indicating no unusual demand for volatility-of-volatility. MOVE at 70 is genuinely low, telling us that despite the long-end term-premium story, rate volatility is subdued and the bond market is not pricing a policy or inflation shock.

SKEW at 144 is the exception and deserves attention. Elevated SKEW means out-of-the-money puts are expensive relative to at-the-money, so the options market is pricing meaningful probability of a large downside move even while spot volatility sits at 15.1. The combination — low VIX, low MOVE, high SKEW — describes a market that is calm day to day but where sophisticated participants are paying up for crash protection. That divergence is worth respecting rather than dismissing.

The tail metrics quantify the exposure. Expected shortfall at the 5% level is -4.8% for the S&P, -5.9% for the Nasdaq and -6.4% for the Russell 2000, against current drawdowns of just 1%, 3% and 4% respectively. The ordering is the message: small caps carry roughly a third more tail risk than large caps and are already deepest in drawdown, which is a poor combination. Practically, VIX at 15.1 with a contango term structure makes protection historically inexpensive in absolute terms, and given that stock-bond correlation of +0.23 has removed the traditional bond hedge, buying index protection is a more sensible use of the hedging budget than adding duration. The high SKEW does mean deep out-of-the-money puts are the expensive part of the surface — closer-to-money protection or spread structures are the better-value expression.

Macro Pulse & Recession Risk

The recession indicators are close to uniformly benign. The NY Fed recession probability is 0.6% — effectively nil. The Sahm rule reads -0.03, meaning unemployment's three-month average is essentially flat against its twelve-month low with no labour-market deterioration signal. The 2s10s is positive at 47bp, having normalised out of inversion. Initial claims at 203,000 are historically low, and continued claims at 1,778,000 confirm that people losing jobs are finding new ones. Unemployment at 4.1%, U6 at

7.9% and job openings at 7,359k describe a labour market that is cooling from extreme tightness but is nowhere near breaking.

The macro nowcast composite reads -0.10, classified as trend growth, and its components explain the nuance. Initial claims contribute +0.29, industrial production +0.30 and the weekly economic index +0.24; the Chicago Fed NAI is roughly flat at -0.02. The entire drag comes from consumer sentiment at -1.29, with the Michigan reading at 55.2 — a depression-level print in a data series that has spent years disconnected from actual consumer behaviour. Retail sales at $763.6bn keep growing, so the sentiment weakness has not translated into spending. But the saving rate at 3.0% is the vulnerability: consumption is being sustained with a thin buffer, which makes it more fragile to an income shock than the headline spending data suggests.

Inflation is the genuine friction, consistent with the Reflation quadrant's i-score of 3.0. Sticky CPI at 2.8% is above target and, by construction, slow to move. Michigan inflation expectations at 4.2% sit well above realised inflation — a 140bp gap that constrains how quickly policy can ease and helps explain the 20Y and 30Y at 5.18-5.19%. Capacity utilization at 76.3% is below the level associated with inflationary pressure, which argues the inflation is not demand-driven capacity strain.

Net liquidity at $5,780bn has fallen $60bn over the month — roughly 1%, modest in isolation but the wrong direction for a market that has been trading on multiple expansion rather than earnings breadth. Honestly stated, a single month's drain is noise; a sustained trend at this pace would matter, particularly for a tape as concentrated as this one. The overall macro conclusion: no recession signal, above-target inflation, a consumer with a thin cushion, and a policy path that inflation expectations are constraining.

Key Risks & What to Watch

The central risk is that the market's diversification is worse than it appears. Stock-bond correlation at +0.23 (DCC persistence 0.9889) means an inflation or growth shock hits equities and Treasuries together, and the 66% sector PC1 means it hits every sector together. In that scenario, a conventional balanced portfolio does not behave as designed, and there is no equity-internal hiding place. The second risk is valuation-structural: HY OAS at 0th percentile and the S&P-equal-weight spread at z +1.72 are both maximally extended, and both revert in the same direction under stress. The third is the inflation-expectations gap — Michigan at 4.2% against sticky CPI at 2.8% — which limits policy flexibility precisely when a narrow, expensive market would most need it.

Specific levels would confirm or refute this view. On the bearish side: HY OAS widening through 320bp would be the earliest and most reliable confirmation, and given credit's +1.25 scorecard contribution it would flip the composite toward neutral on its own. VIX sustained above 22 with the term structure inverting below 1.0 from its current 0.85 would confirm the volatility regime has changed. Initial claims sustained above 250,000, or a Sahm reading turning positive from -0.03, would break the labour-market floor under this cycle. A 2s10s move above roughly 100bp driven by the long end selling off, alongside MOVE rising from 70 through 100, would signal a term-premium shock rather than a growth recovery. A break of the S&P below its three-month base, given ES5 of -4.8% against a current 1% drawdown, would mean the tail is being realised rather than merely priced.

On the constructive side: sector breadth recovering above 50% from 18%, the Momentum factor stabilising after its 11% three-month decline, and the S&P-equal-weight z-score compressing from +1.72 toward 0.5 would together confirm the rally is broadening, and would justify adding beta and re-engaging small caps. Semis converging from RICH +13.8% toward fair value without a Nasdaq drawdown would be the healthy version of the same rotation. And the systemic co-movement gauge is the master switch: if average pairwise conditional correlation rises materially from +0.04, cross-asset diversification is failing and every position in the book is more correlated than its risk model assumes. Watch that alongside HY OAS — those two together will tell you the regime has turned before equity prices do.

PART I

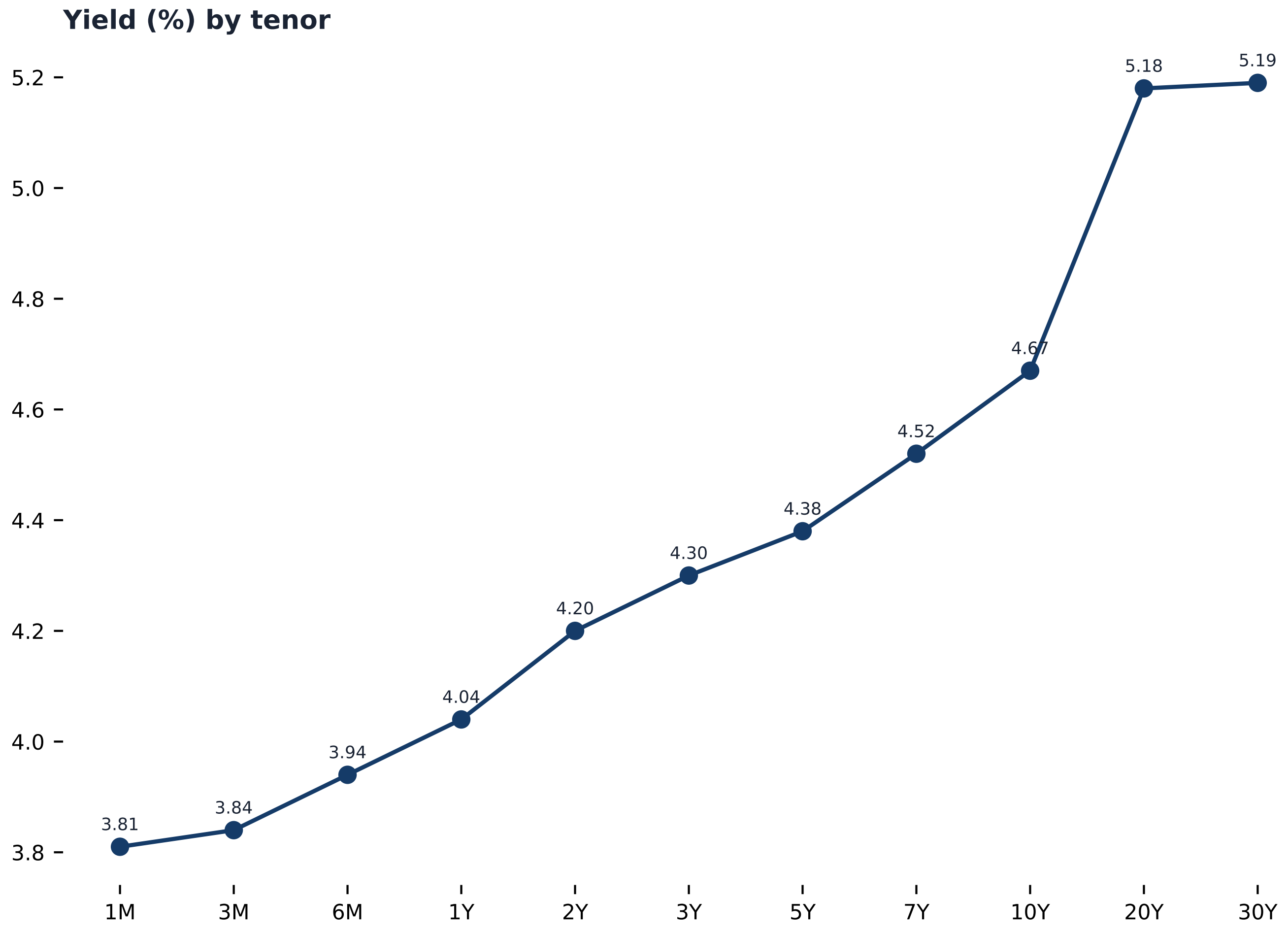
Rates, Credit & Macro

The Treasury curve, credit spreads, the growth-inflation regime and the deep macro dashboard.

- Yield curve, credit & vol, regime & liquidity
- Labor, inflation, growth/consumer/housing, money/policy, recession

The Treasury Yield Curve

Current US Treasury curve. 2s10s +0.39bp, 3M-10Y +0.83bp (positive).



Credit, Financial Conditions & Volatility

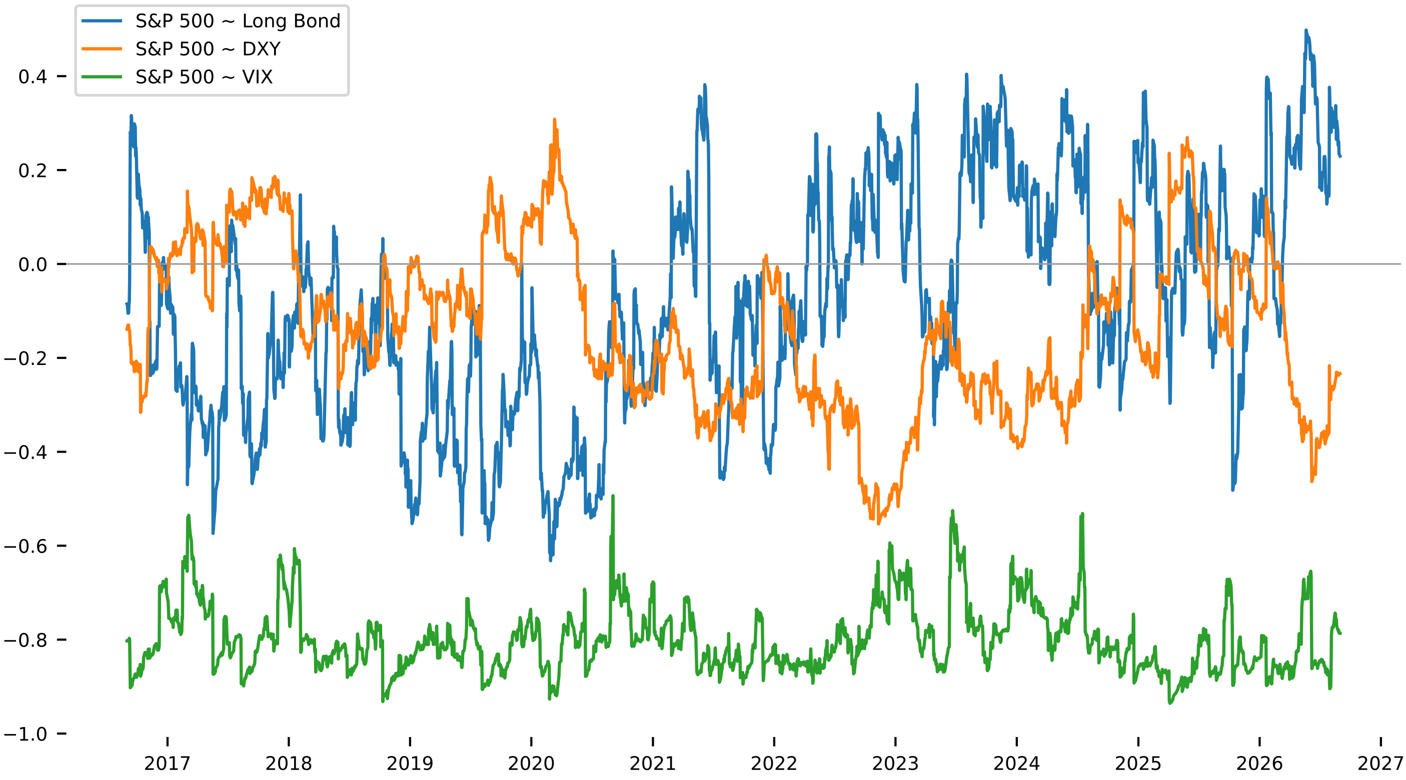
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	**2.60**	0th pctile
IG OAS	**0.79**	
Fin Conditions (ANFCI)	**-0.58**	0 = average; +tight
St. Louis Stress	**-0.81**	
VIX	**15.1**	term VIX/VIX3M 0.85
VIX3M	**17.7**	
VVIX (vol of vol)	**89**	
MOVE (bond vol)	**70**	
SKEW (tail hedging)	**144**	

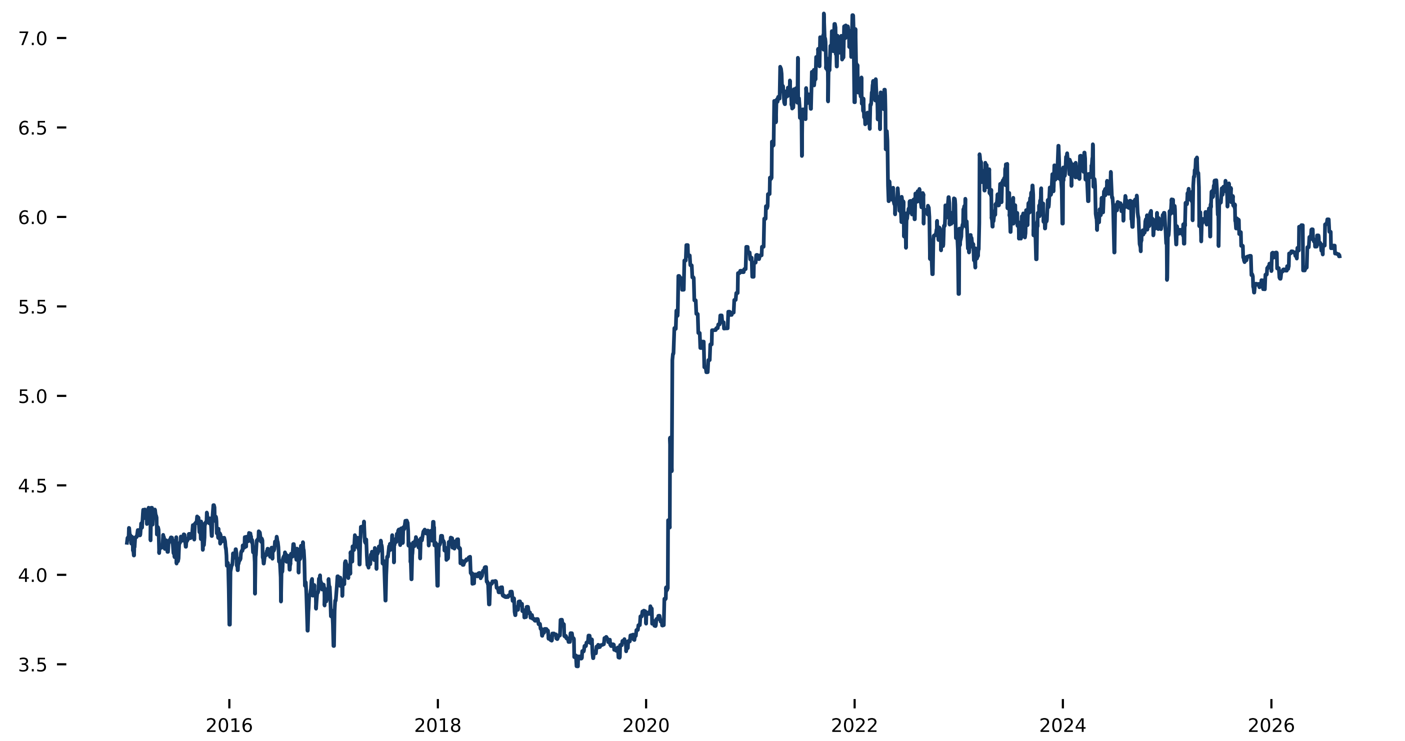
Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.82, Risk-off 0.18). Quadrant: Reflation.

DCC-GARCH: stock-bond, stock-dollar, stock-VIX



Fed net liquidity ($ trillion) — WALCL - TGA - RRP



Macro Pulse: Labor

The US labor market - payrolls, unemployment, openings and weekly claims.

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	**158,858.00**	-23.00	2026-07
Unemployment %	**4.10**	-0.10	2026-07
U6 underemployment %	**7.90**	+0.00	2026-07
Participation %	**61.40**	-0.10	2026-07
Job openings (k)	**7,359.00**	-178.00	2026-06
Avg hourly earnings $	**37.62**	+0.02	2026-07
Initial claims (wk)	**203,000.00**	-4,000.00	2026-08
Continued claims	**1,778,000.00**	-18,000.00	2026-08

Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	**332.81**	+0.25	2026-07
Core CPI index	**336.79**	+0.72	2026-07
PCE index	**131.66**	+0.20	2026-07
Core PCE index	**130.66**	+0.32	2026-07
PPI index	**284.06**	-2.22	2026-07
Michigan inflation exp %	**4.20**	-0.40	2026-07
Sticky CPI %	**2.76**	-0.08	2026-07

Macro Pulse: Growth, Consumer & Housing

Activity, the consumer, and the housing cycle.

INDICATOR	LATEST	CHANGE	AS OF
Real GDP (bn)	**24,269.61**	+89.19	2026-04
Industrial production	**102.99**	+0.21	2026-07
Capacity utilization %	**76.29**	+0.08	2026-07
Chicago Fed NAI	**-0.08**	-0.14	2026-07
Weekly Econ Index %	**2.85**	+0.26	2026-08
Durable goods ($m)	**339,250.00**	+3,597.00	2026-07
Retail sales ($m)	**763,602.00**	-4,470.00	2026-07
Saving rate %	**3.00**	+0.40	2026-07
Consumer sentiment	**55.20**	+5.70	2026-07
Housing starts (k)	**1,239.00**	-176.00	2026-07
Building permits (k)	**1,433.00**	+59.00	2026-07
New home sales (k)	**607.00**	-71.00	2026-07
Case-Shiller HPI	**336.66**	+1.23	2026-06
30y mortgage %	**6.66**	+0.01	2026-08

Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	**3.63**	+0.00	2026-08
SOFR	**3.65**	+0.01	2026-08
M2 ($bn)	**23,207.70**	+164.40	2026-08
Bank reserves	**3,051.50**	+32.70	2026-07
C&I loans ($bn)	**2,899.33**	-5.81	2026-07
Consumer credit ($bn)	**5,166,907.71**	+14,172.65	2026-06

Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	**0.6%**	12m-ahead, curve-based
Sahm rule (real-time)	**-0.03**	>0.50 triggers
2s10s curve	**+0.39 bp**	inverted = warning
Initial jobless claims	**203,000**	weekly labor pulse

PCA: PC1 explains 66% of sector variance (market-factor concentration).

LEAD-LAG INTO S&P 500 (weekly; skill is modest)

VIX	contemp -0.79	1d-lag +0.14
HY Corp	contemp +0.77	1d-lag -0.08
Semis	contemp +0.81	1d-lag -0.07
Long Bond	contemp -0.14	1d-lag +0.06
DXY	contemp -0.13	1d-lag -0.02

PART II

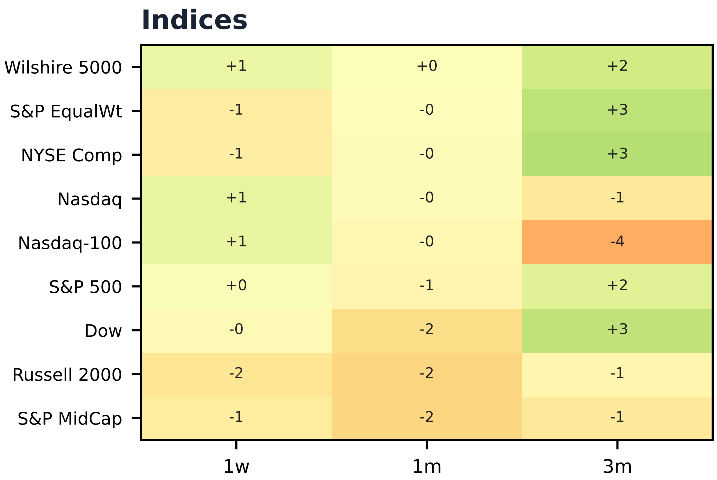
Cross-Market Structure

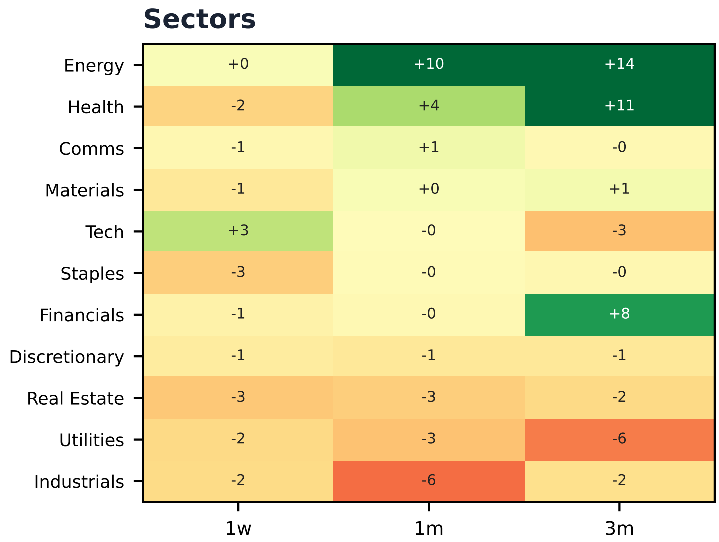
How US assets move together — factor structure, systemic co-movement, directional lead-lag and relative value.

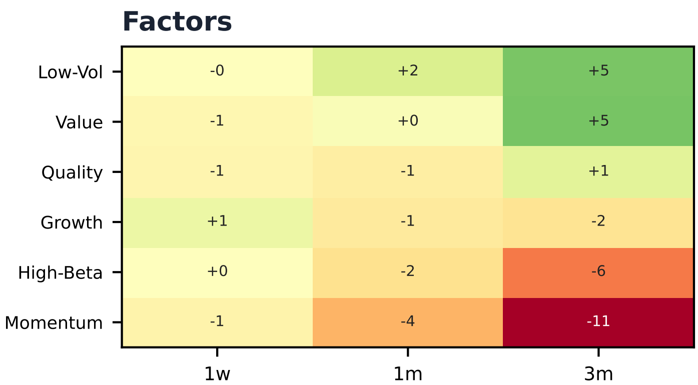
- PCA factor model & multivariate DCC conditional-correlation
- Correlation, wavelet coherence, Granger causality & cointegration

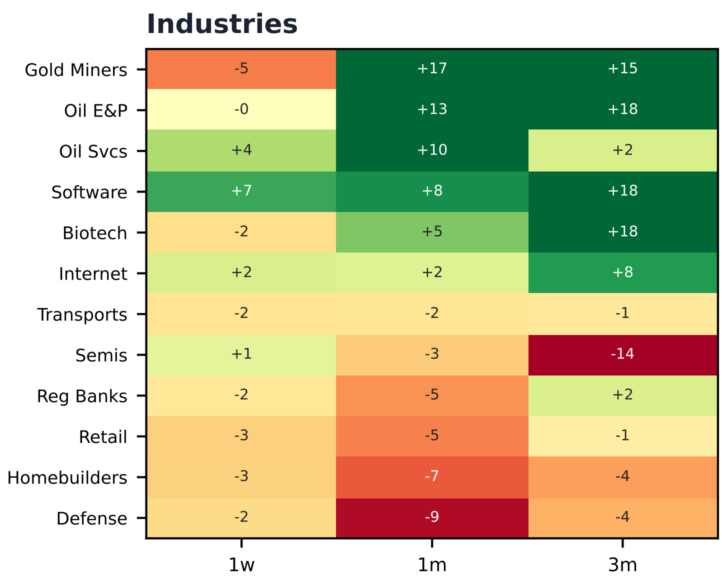
Returns Heatmap

Price return (%) over 1 week / 1 month / 3 months.



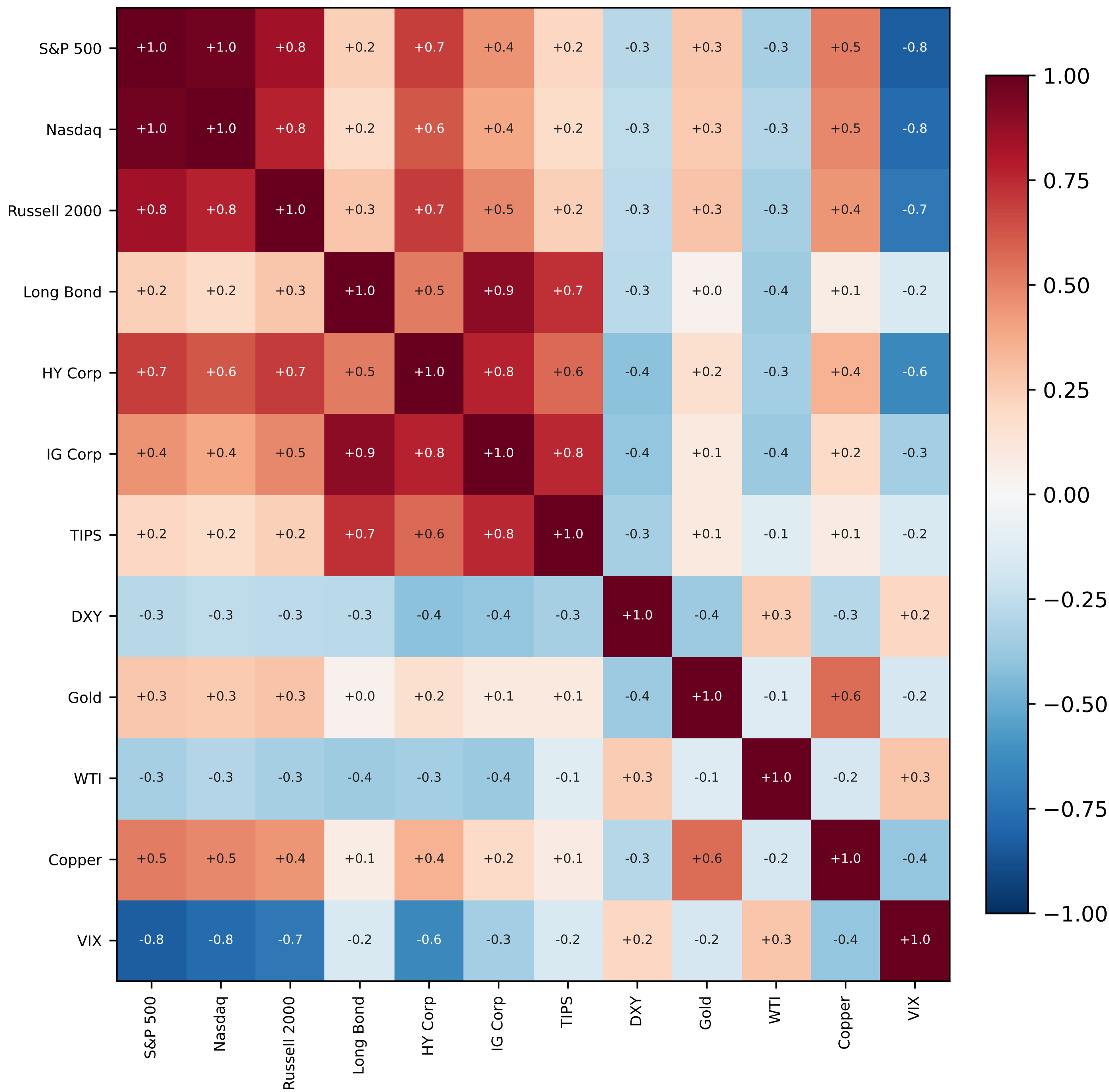






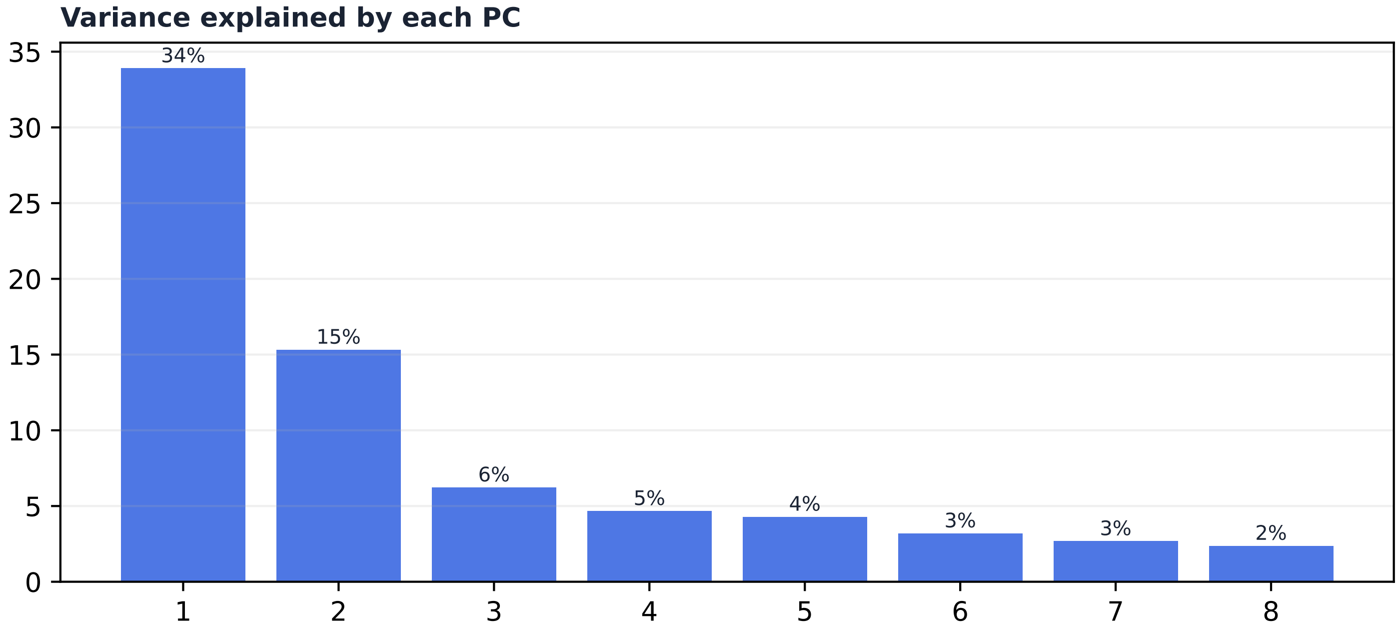
Cross-Asset Correlation (252d, daily)

S&P/Nasdaq/Russell vs bonds, credit, dollar, gold, oil, copper, VIX.



CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 87 instruments (156 weeks)



PC1 — Risk (S&P 500)

33.9% of variance (cum 34%) · marker corr +0.92

+ S&P EqualWt +0.18, Wilshire 5000 +0.17, NYSE Comp +0.17, Value +0.17, S&P MidCap +0.17
– VIX -0.15, HY OAS -0.14, CCC OAS -0.12, VVIX -0.12, MOVE -0.12

PC2 — Rates (10Y)

15.3% of variance (cum 49%) · marker corr +0.91

+ US 10Y +0.25, US 5Y +0.25, US 2Y +0.23, US 30Y +0.23, 10Y real +0.21
– 7-10y Tsy -0.25, Agg Bond -0.24, Long Bond -0.23, MBS -0.23, IG Corp -0.21

PC3 — Energy (WTI) (inverse)

6.2% of variance (cum 55%) · marker corr -0.72

+ Tech +0.13, Growth +0.13, Nasdaq +0.13, Nasdaq-100 +0.12, 10Y real +0.11
– Energy -0.32, Brent -0.32, Oil E&P -0.32, WTI -0.31, Commodities -0.29

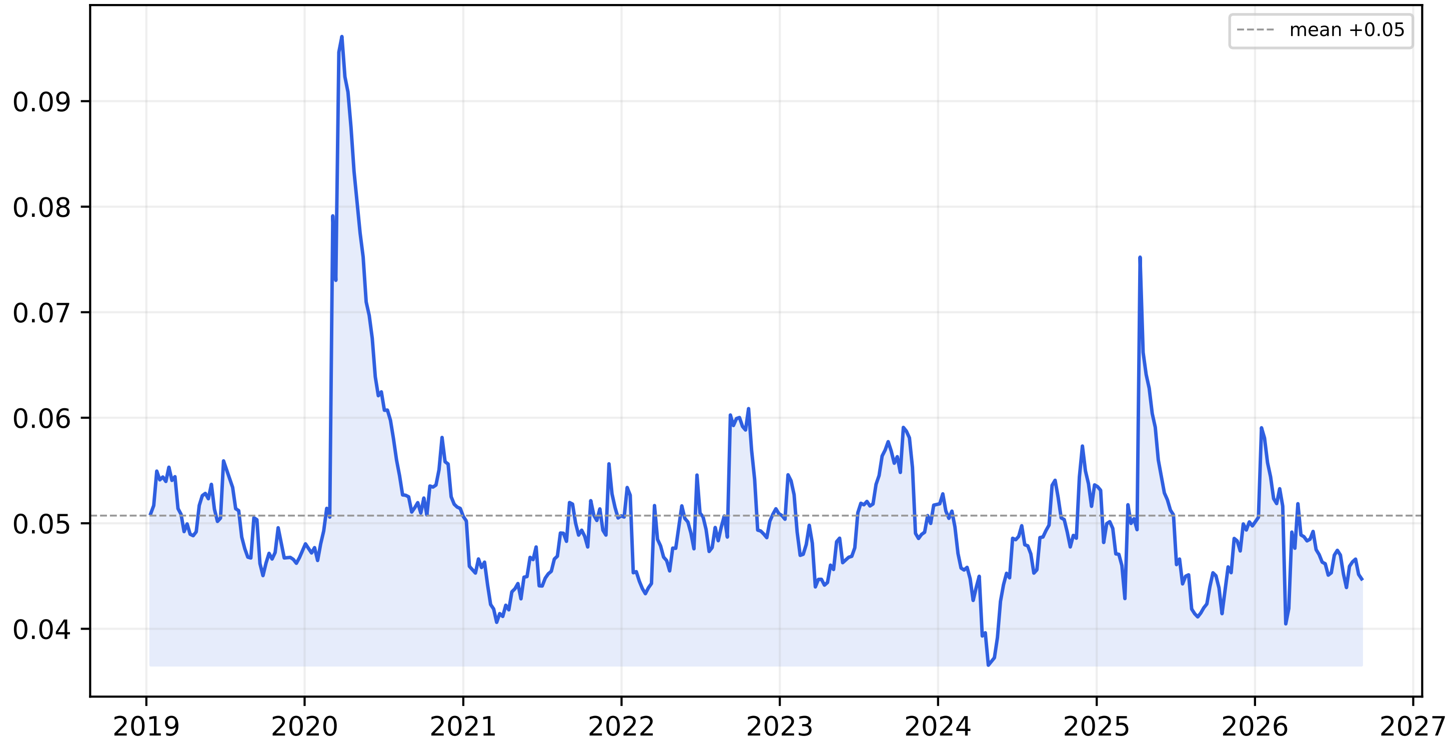
PC4 — US dollar

4.7% of variance (cum 60%) · marker corr +0.57

+ DXY +0.28, USDJPY +0.20, USDCAD +0.17, SKEW +0.16, Software +0.15
– EURUSD -0.27, Gold Miners -0.24, Gold -0.22, Staples -0.21, Materials -0.20

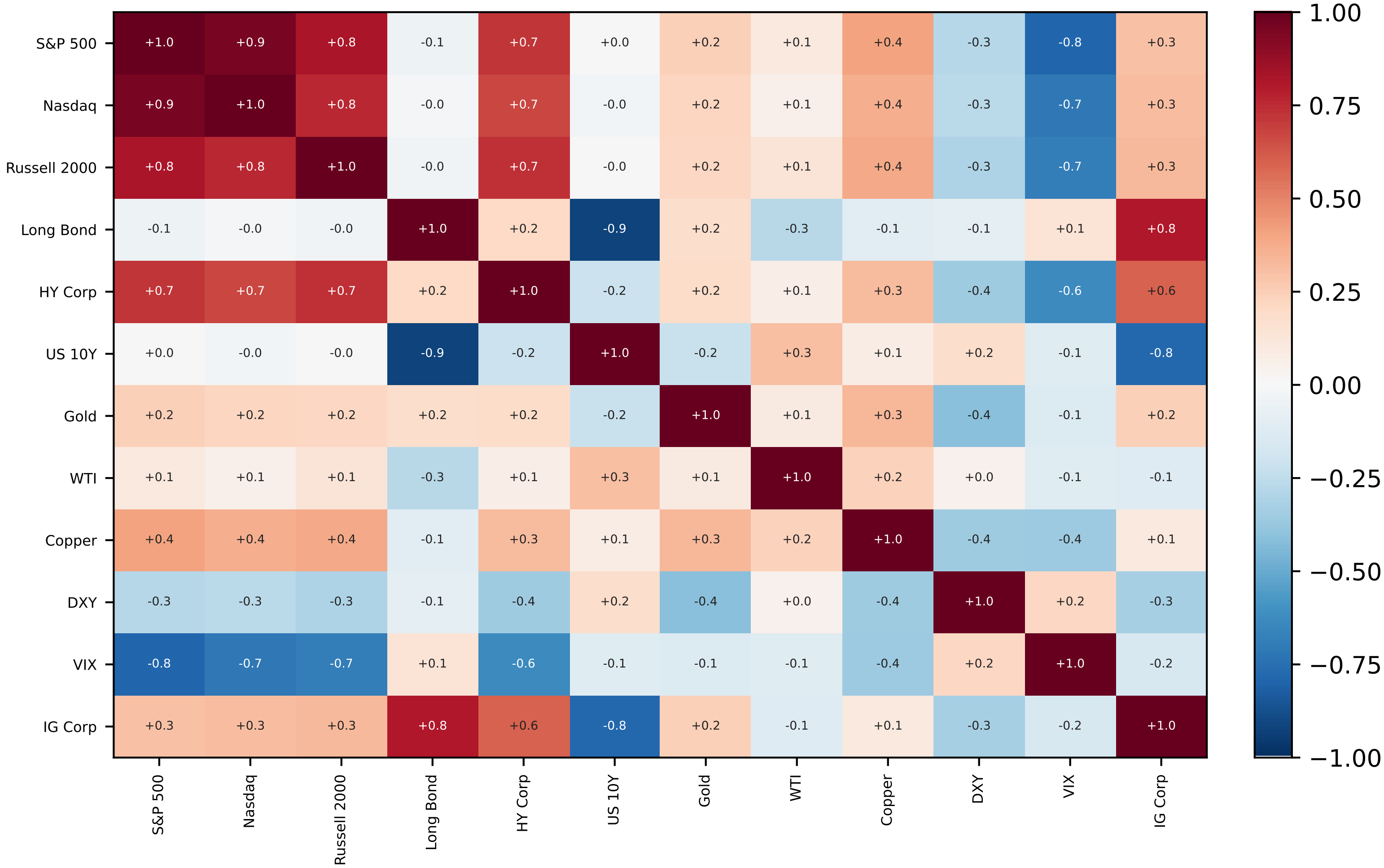
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

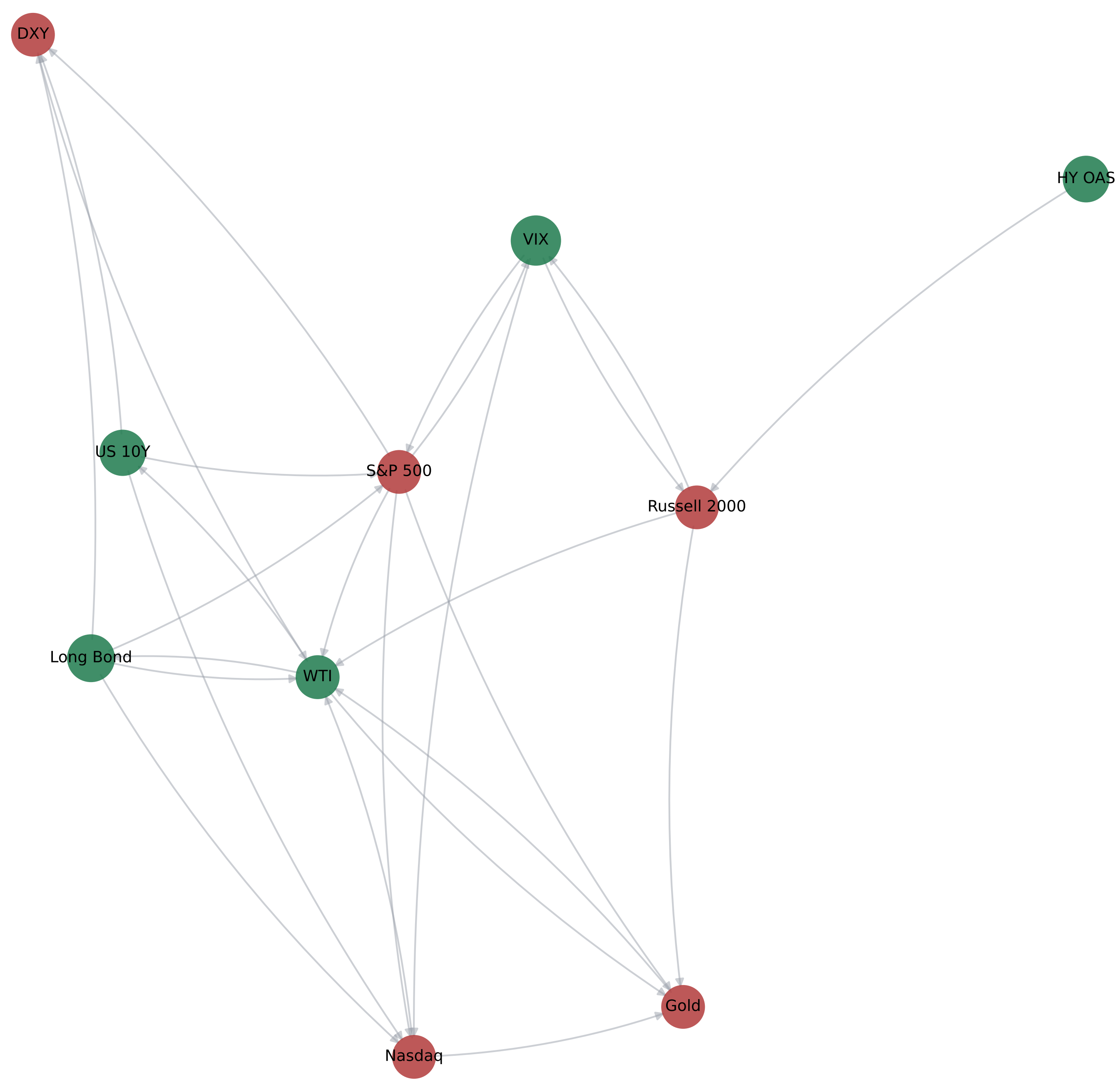


N=12 · persistence 0.895 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



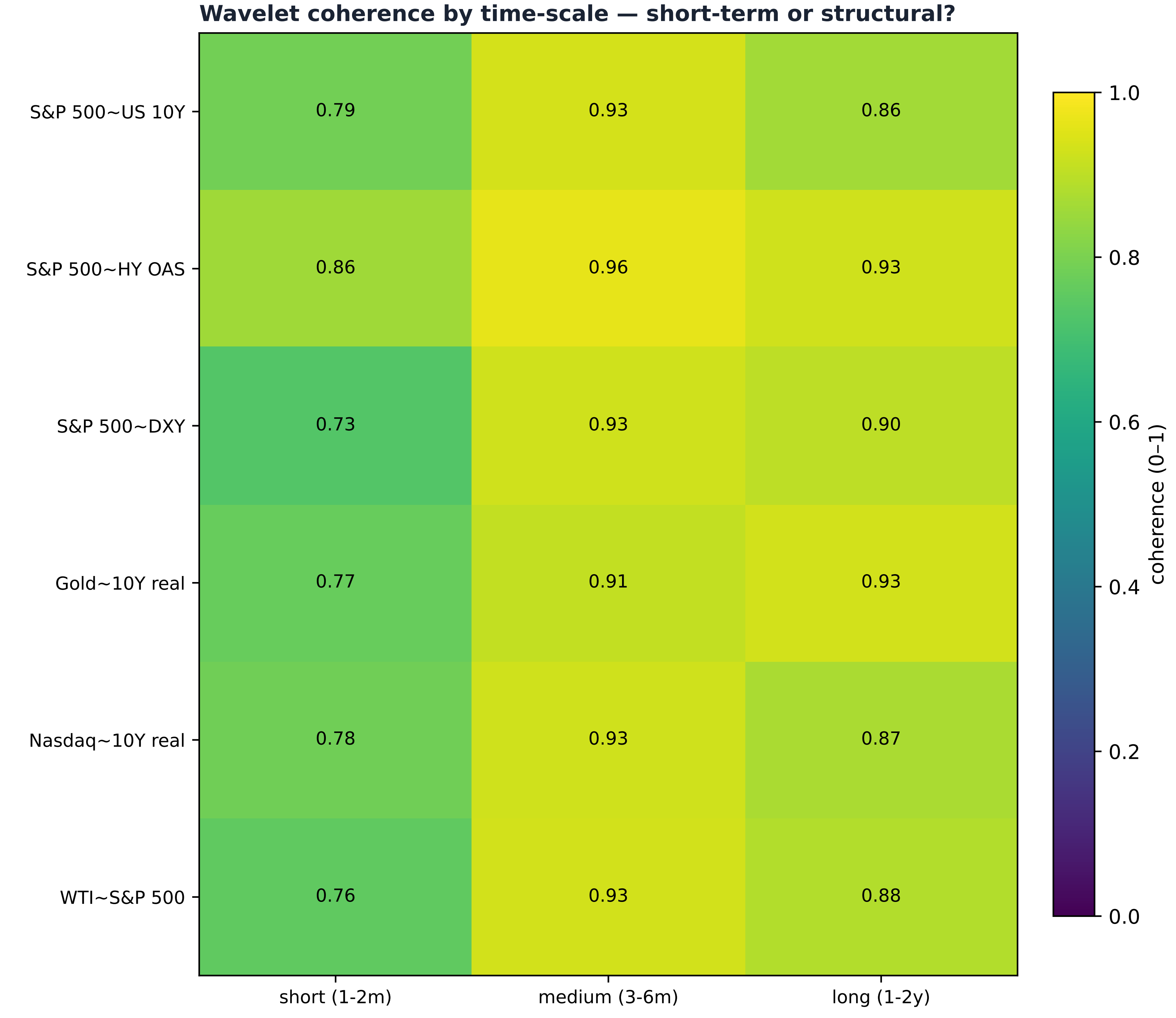
Directional lead-lag — Granger causality network



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

LEADERS: VIX +0.03, Long Bond +0.02, HY OAS +0.01, US 10Y +0.01, WTI +0.00

FOLLOWERS: Gold -0.03, DXY -0.02, Nasdaq -0.01, Russell 2000 -0.01, S&P 500 -0.00


Wavelet coherence by time-scale — short-term or structural?
S&P 500~US 10Y
S&P 500~HY OAS
S&P 500~DXY
Gold~10Y real
Nasdaq~10Y real
WTI~S&P 500
0.79
0.93
0.86
0.86
0.96
0.93
0.73
0.93
0.90
0.77
0.91
0.93
0.78
0.93
0.87
0.76
0.93
0.88
short (1-2m)
medium (3-6m)
long (1-2y)
coherence (0–1)
0.0
0.2
0.4
0.6
0.8
1.0

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting US spreads and how stretched each is now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
Growth vs Value	**no**	0.948	0.53	38w	**+3.15**
S&P vs Equal-Weight	**yes**	0.047	0.60	7w	**+1.72**
2Y vs 10Y	**no**	0.939	0.68	41w	**+1.42**
HY vs IG credit	**yes**	0.000	0.31	2w	**+1.23**
Large vs Small (R2K)	**no**	0.162	0.64	13w	**+1.20**
S&P vs Dow	**yes**	0.007	0.73	7w	**+1.17**
WTI vs Brent	**no**	0.123	0.97	1w	**-0.88**
Gold vs Silver	**no**	0.272	1.19	14w	**+0.73**
Semis vs Nasdaq	**no**	0.230	0.51	18w	**-0.69**
Long vs Short Tsy	**no**	0.502	0.06	25w	**+0.54**
S&P vs Nasdaq	**yes**	0.029	1.24	11w	**-0.46**
VIX vs VIX3M	**yes**	0.033	0.84	2w	**-0.19**

Low p-value = the spread is statistically mean-reverting. Half-life = weeks to close half a dislocation. |z|>2 (red) flags a historically wide gap. Pairs shown NOT cointegrated: the long-run link has broken — the z is informational only.

PART III

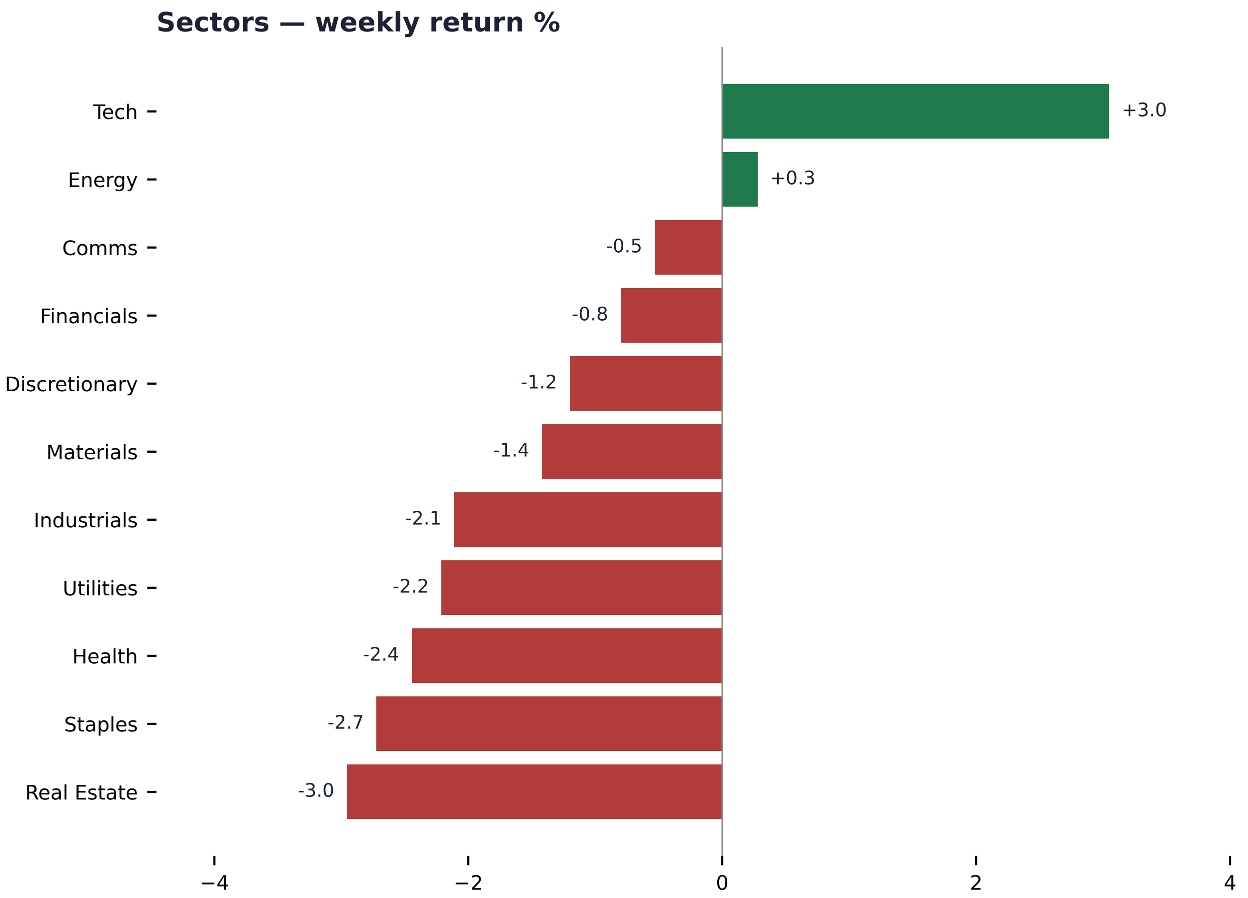
Rotation, Momentum & Fair Value

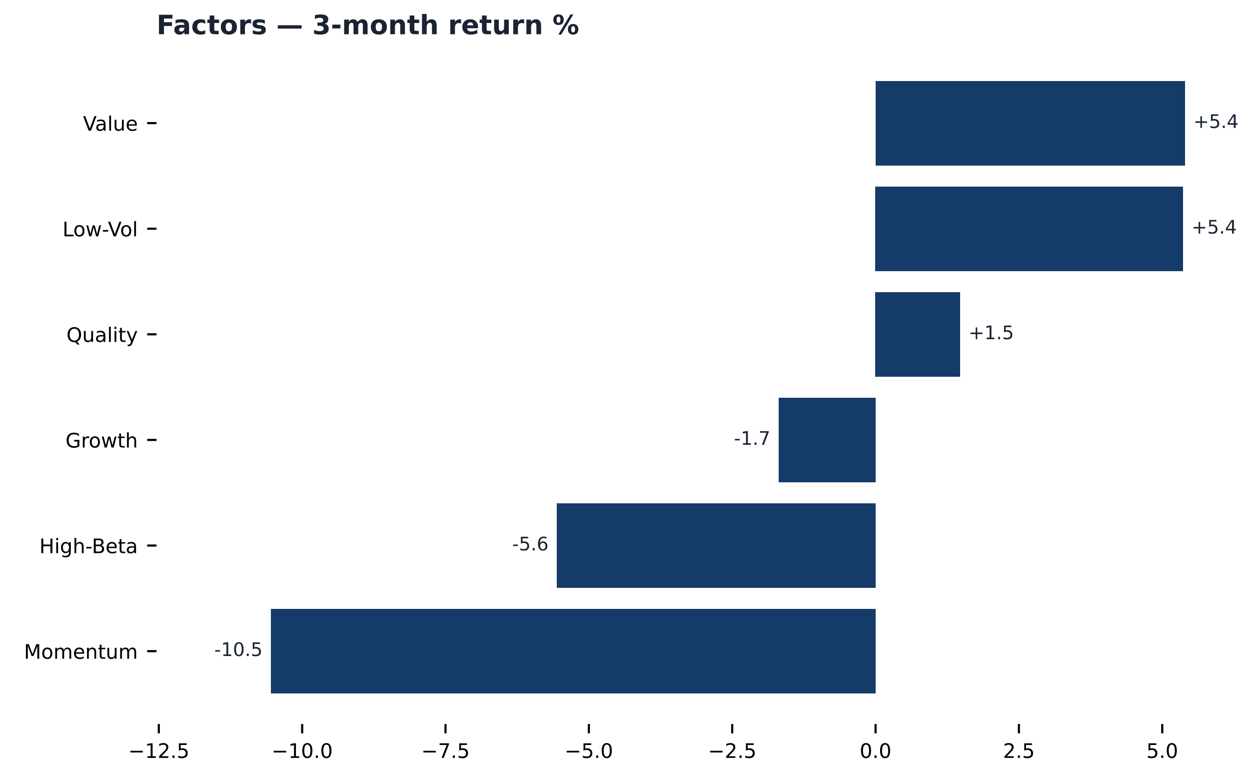
Sector/factor rotation, trend and what is rich or cheap versus its drivers.

- Sector & factor rotation, momentum & trend battery, factor-beta attribution
- Fair-value residual models (rich/cheap vs economic drivers)

Sector & Factor Rotation

Weekly sector return; factor 3m return. Sector breadth 18% up. Growth-Value 3m -7.1%.





MOMENTUM & TREND

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

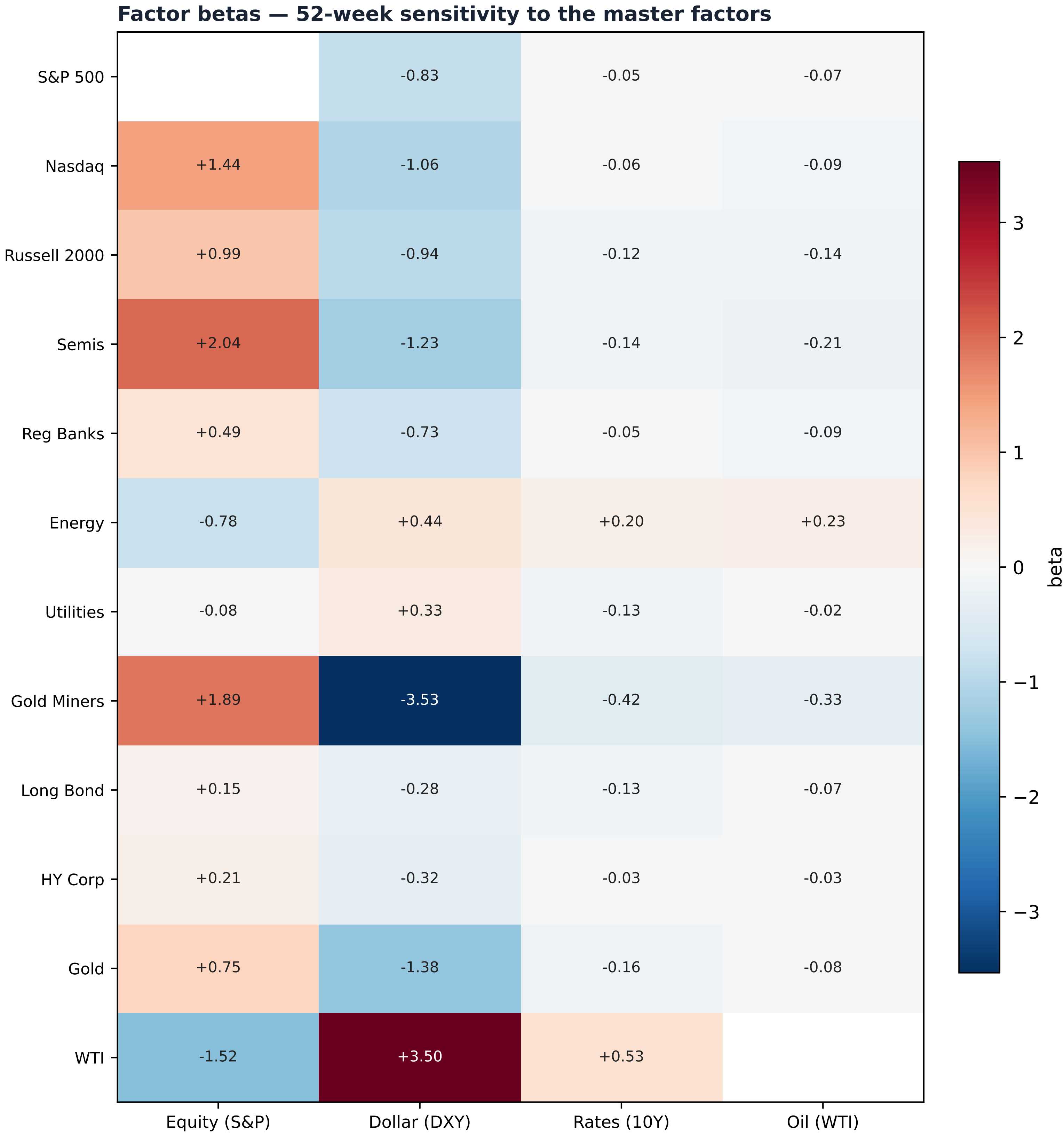
Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
S&P 500	+4%	+14%	+18%	**+0.50**	+7%	-1%
Nasdaq	+2%	+17%	+21%	**+0.50**	+8%	-3%
Russell 2000	+4%	+17%	+23%	**+0.50**	+7%	-4%
Tech	+3%	+35%	+41%	**+0.50**	+15%	-3%
Financials	+10%	+14%	+9%	**+1.00**	+8%	-1%
Energy	+10%	+12%	+45%	**+1.00**	+15%	-1%
Health	+11%	+12%	+24%	**+1.00**	+10%	-2%
Semis	-3%	+46%	+89%	**+0.00**	+15%	-16%
Reg Banks	+5%	+13%	+12%	**+0.50**	+5%	-6%
Gold Miners	+24%	-3%	+48%	**+0.50**	+8%	-16%
Gold	+3%	-13%	+24%	**+0.50**	-1%	-14%
WTI	-6%	-6%	+38%	**+0.00**	+7%	-23%

Sector 26-week relative strength:

LEADERS: Tech +35%, Financials +14%, Energy +12%, Health +12%, Materials +6%, Industrials +3%

LAGGARDS: Utilities -10%, Comms -5%, Staples -1%, Discretionary +2%, Real Estate +3%, Industrials +3%

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


Factor betas — 52-week sensitivity to the master factors
S&P 500
Nasdaq
Russell 2000
Semis
Reg Banks
Energy
Utilities
Gold Miners
Long Bond
HY Corp
Gold
WTI
Equity (S&P)
Dollar (DXY)
Rates (10Y)
Oil (WTI)
-0.83 -0.05 -0.07
+1.44 -1.06 -0.06 -0.09
+0.99 -0.94 -0.12 -0.14
+2.04 -1.23 -0.14 -0.21
+0.49 -0.73 -0.05 -0.09
-0.78 +0.44 +0.20 +0.23
-0.08 +0.33 -0.13 -0.02
+1.89 -3.53 -0.42 -0.33
+0.15 -0.28 -0.13 -0.07
+0.21 -0.32 -0.03 -0.03
+0.75 -1.38 -0.16 -0.08
-1.52 +3.50 +0.53
beta
3
2
1
0
−1
−2
−3

FAIR VALUE — RICH / CHEAP vs DRIVERS

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

S&P vs liquidity & rates

RICH z +1.56

actual 7674.26 · model-fair 5766.68 · gap +33.1% · R^2 0.26

HY spread vs equity vol

cheap z -1.16

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

Semis vs Nasdaq

RICH z +1.13

actual 554.11 · model-fair 486.82 · gap +13.8% · R^2 0.95

Gold vs real yield & dollar

RICH z +0.87

actual 4479.70 · model-fair 3786.79 · gap +18.3% · R^2 0.68

Nasdaq vs real yield & S&P

cheap z -0.56

actual 26292.94 · model-fair 26657.62 · gap -1.4% · R^2 0.99

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 in proportion to R^2 — a low-R^2 model is a weak anchor, stated honestly.

PART IV

Volatility & Risk

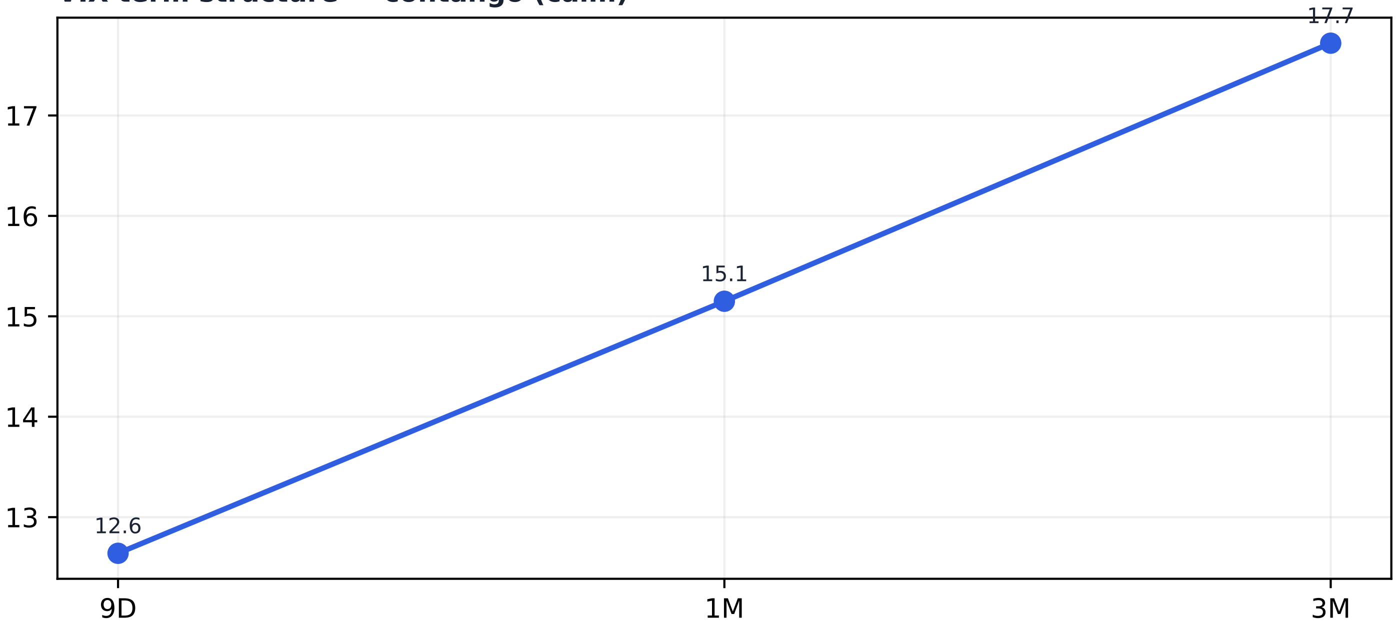
The volatility complex and downside risk.

- VIX term structure, vol-risk premium, SKEW and cross-asset vol
- Tail risk: VaR / expected shortfall, drawdowns, tail dependence

VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+8.9 pts

VIX 15.1 − realised 6.2

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

144

61th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	70	12th
Oil vol (OVX)	46	68th
Vol-of-vol (VVIX)	89	32th

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

TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
S&P 500	-3.2%	-4.8%	11%	-25%	-1%	-0.2	+1.3
Nasdaq	-4.5%	-5.9%	13%	-36%	-3%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	14%	-33%	-4%	-0.2	+0.5
Semis	-7.3%	-10.0%	22%	-45%	-16%	-0.2	+0.5
Reg Banks	-6.3%	-9.7%	22%	-54%	-7%	-0.6	+2.2
Energy	-5.5%	-8.6%	21%	-23%	-1%	-0.7	+3.4
HY Corp	-1.6%	-2.3%	5%	-19%	-9%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-47%	-47%	-0.1	+0.4
Gold	-3.5%	-4.7%	11%	-23%	-14%	-0.1	+1.5
WTI	-9.7%	-11.9%	26%	-53%	-29%	+0.6	+3.6

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

Nasdaq 0.75   Russell 2000 0.60   HY Corp 0.47   Long Bond 0.15   Gold 0.11

VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together; near 0 = a genuine diversifier when it matters.

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

	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-18	06-26	07-02	07-10	07-12	07-13	07-20	07-27	08-03	08-06	08-07	08-10	08-17	08-24	08-31
Regime	R+	R+	R+	R+	R-	R+	R+	R-	R+	R+	R+	R+	R+	N	N	N	N	N	R+	R+	N	R+	R+	R+
Risk appetite																			+0.72	+0.53	+0.53	+0.70	+0.43	+0.49
Macro nowcast																			-0.22	-0.20	-0.20	-0.20	-0.20	-0.10
Quadrant	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Refl	Refl	Refl
Breadth %	73	45	82	64	36	82	45	55	82	45	55	64	45	55	55	36	73	45	73	64	64	55	73	18
PC1 share																			34	34	33	34	34	34
VIX	17	19	17	17	18	17	15	22	18	16	18	16	15	15	17	18	18	16	16	15	15	15	16	15
HY OAS	2.8	2.9	2.8	2.8	2.8	2.7	2.7	2.8	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.7	2.8	2.7	2.7	2.7	2.6
2s10s bp	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0
Rec Prob %	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
S&P 1w %	+4.5	+0.5	+0.9	+2.3	+0.1	+0.9	+1.4	-2.6	+0.6	+0.9	-2.0	+1.8	+1.2	+0.5	+0.5	-0.8	-0.4	+1.0	+3.3	+3.3	+2.1	+0.2	-1.0	+0.3

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