ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-09-14

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

REGIME: Risk-on

EXECUTIVE SUMMARY

The regime model puts an 0.882 posterior on Risk-on with 0.118 on Risk-off, but the composite risk-appetite scorecard reads only +0.33 (Neutral) — a market that is structurally in an uptrend yet losing its internal momentum. Lean modestly pro-risk but with the *quality* of the risk changed: fade high-beta and momentum (Momentum -12%, High-Beta -8% over 3m) in favour of Value (+5%) and Low-Vol (+4%), the Growth–Value spread at -7.8% confirming the rotation is real rather than noise. Favour Communications (+2.4% this week) and Energy (+1.5%) over Industrials (-3.1%) and Materials (-3.6%); fade small caps, where Russell 2000 -2.6% on the week and -4% over three months is the cleanest expression of the internal deterioration. In rates, the 2s10s at 33bp and 3M10Y at 89bp are both positively sloped with 10Y at 4.95% and 30Y at 5.37%, arguing for the belly (3Y–7Y, 4.63–4.84%) over the long end.

Three developments matter this week. Breadth collapsed to 18% of sectors advancing while the index fell only 1.2% — the average stock is doing materially worse than the cap-weighted tape, which is a warning about the durability of the trend, not yet about its direction. HY OAS at 2.65% sits at the 3rd percentile, the single strongest scorecard component at +1.11; credit is refusing to confirm the equity wobble, which is why this reads as rotation rather than stress, but it also means there is essentially no cushion left in spreads. Third, SKEW at 154 against a VIX of only 16.8 shows the options market paying up for crash protection while pricing calm in the body of the distribution.

The biggest risk is that the breadth deterioration is early information rather than noise. The confirming signals are specific: HY OAS widening through roughly 3.25–3.50%, the VIX term structure (0.88 now) inverting above 1.0, or initial claims breaking meaningfully above 230k from 206k. Absent those, treat weakness as rotation and stay invested; with them, the neutral scorecard turns and the Risk-off posterior repriced.

Executive Dashboard

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

REGIME	QUADRANT	VIX	HY OAS
Risk-on	Reflation	17	2.65

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

S&P 500	7,629.4	-1.2%	-1.0%	+1.7%
Nasdaq	26,222.2	-1.1%	-0.4%	+0.0%
Russell 2000	2,897.4	-2.6%	-4.5%	-4.2%
Tech	184.7	-1.4%	+0.6%	-3.1%
Financials	57.2	-1.5%	-0.5%	+6.7%
Energy	65.0	+1.5%	+2.3%	+22.5%
Long Bond	81.2	-1.2%	-2.2%	-6.0%
HY Corp	78.6	-0.7%	-1.4%	-1.7%
IG Corp	104.5	-0.9%	-1.9%	-4.1%
TIPS	106.1	-0.8%	-1.3%	-3.0%
DXY	99.5	+0.4%	+0.7%	-1.7%
Gold	4,329.1	-2.3%	-3.6%	+7.6%
WTI	102.9	+12.5%	+19.9%	+48.1%
Copper	6.4	-3.3%	-1.7%	+3.0%
VIX	16.8	+1.5	+1.9	+0.4
MOVE	82.2	+9.1	+10.9	+10.2

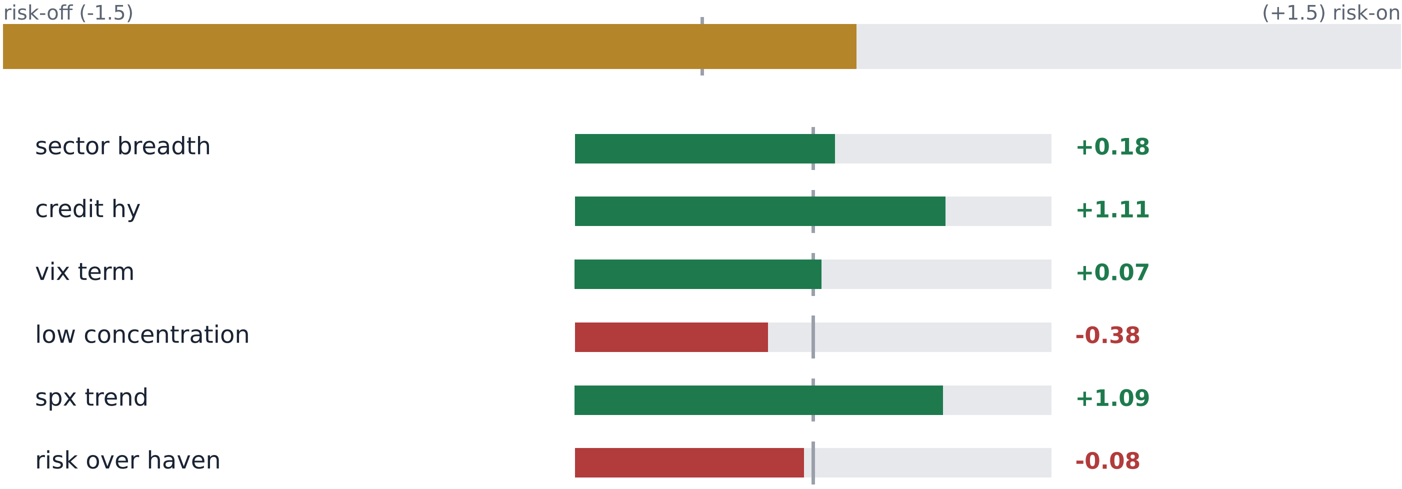
US CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

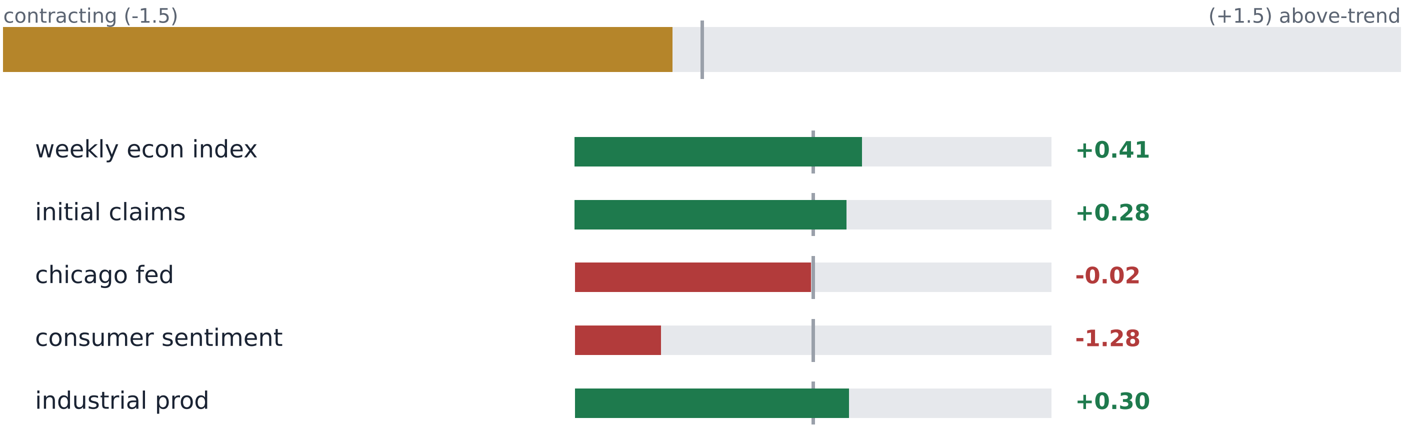
score +0.33



MACRO NOWCAST (growth pulse)

Trend growth

score -0.06



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 · 2026-09-14

TOP GAINERS

WTI	+12.5%
Brent	+11.6%
Commodities	+4.3%
Oil E&P	+2.9%
Comms	+2.4%
Energy	+1.5%
Software	+1.4%
USDCAD	+0.7%

TOP DECLINERS

Gold Miners	-5.3%
Oil Svcs	-5.3%
Homebuilders	-5.1%
Semis	-4.2%
Defense	-3.8%
Materials	-3.6%
Silver	-3.4%
Biotech	-3.3%

KEY LEVELS — week-over-week

S&P 500	7,629.4	-1.2%	WTI	102.9	+12.5%
Nasdaq	26,222.2	-1.1%	DXY	99.5	+0.4%
Russell 2000	2,897.4	-2.6%	Long Bond	81.2	-1.2%
VIX	16.8	+1.5	HY Corp	78.6	-0.7%
Gold	4,329.1	-2.3%	Semis	543.2	-4.2%

MARKET-STATE READINGS — now vs prior report

Regime	prior: N	->	**Risk-on**
Risk appetite	prior: +0.36	->	**+0.33**
Macro nowcast	prior: -0.08	->	**-0.06**
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

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The biggest risk is that the breadth deterioration is early information rather than noise. The confirming signals are specific: HY OAS widening through roughly 3.25–3.50%, the VIX term structure (0.88 now) inverting above 1.0, or initial claims breaking meaningfully above 230k from 206k. Absent those, treat weakness as rotation and stay invested; with them, the neutral scorecard turns and the Risk-off posterior repriced.

Regime, Scorecard & Market State

The Markov filter assigns 88.2% to Risk-on and 11.8% to Risk-off, with zero weight on Neutral — the model sees a clean two-state world and places the market firmly in the constructive one. That is the strongest single argument for staying invested. But the composite risk-appetite scorecard at +0.33 labels the state Neutral, and the gap between those two readings is the story of the week. Decomposing the scorecard shows why: credit contributes +1.11 and the S&P trend +1.09, both strongly positive, while low-concentration scores -0.38 and risk-over-haven -0.08. Sector breadth at +0.18 and the VIX term structure at +0.07 are barely above zero. The bull case rests on exactly two legs — tight spreads and an intact price trend — with nothing else carrying weight.

The index numbers describe a market that has stopped going up without starting to go down. The S&P 500 is -1.2% on the week, -1% over a month and +2% over three months; the Nasdaq -1.1%, flat, and flat; the Dow -1.8%, -2%, and flat. The three-month column is the informative one: outside of the S&P's +2%, nothing has made progress since mid-June. The Russell 2000 at -2.6%, -4% and -4% has been going backwards for a quarter. This is a tape whose leadership has narrowed to the point where the cap-weighted index is masking a broad stall underneath, and the -0.38 concentration penalty in the scorecard is measuring precisely that.

The growth–inflation quadrant places the economy in Reflation, with a g-score of 2.0 and an i-score of 3.0. Growth is solid and inflation is firm — inflation scoring higher than growth is the uncomfortable detail. Reflation historically supports equities, cyclicals and real assets while penalising duration, which is consistent with Energy's +1.5% week and with 10Y yields at 4.95%. It is not consistent with owning long bonds for return, and it sets the conditions under which the Fed has limited room to ease into any growth wobble.

Sector & Factor Rotation

Breadth of 18% up is the most important number in the sector data. Only Communications (+2.4%), Energy (+1.5%) and Staples (flat) held ground; everything else fell, with Industrials -3.1% and Materials -3.6% at the bottom alongside Utilities -2.7% and Health -2.1%. The composition of the decline resists a clean risk-off reading. If this were genuine de-risking, defensives would be outperforming — instead Utilities, Staples-adjacent Health and Real Estate (-1.4%) are all in the lower half while Energy, the most cyclical sector in the index, is up. The cyclicals being sold are the industrial-economy ones (Industrials, Materials), which points at growth expectations for the physical economy rather than a broad flight from risk. Communications leading while Tech is -1.4% separates the two halves of what is usually treated as one growth trade.

The factor data confirms a rotation that is well advanced. Over three months Value is +5% and Low-Vol +4% against Momentum -12%, High-Beta -8% and Growth -2%, with Quality flat. A -12% momentum drawdown is a factor crash, not a drift, and it typically means the crowded long side of the market has been unwound. The Growth–Value spread of -7.8% over three months says the leadership that carried the market is now the source of the drag. For positioning, this argues against re-entering last cycle's winners on weakness and in favour of Value and Low-Vol exposure — which, notably, is a defensive-flavoured rotation happening inside a market that credit still says is healthy. Quality at exactly 0% is the tell that this is not yet a flight to safety; in real risk-off episodes Quality leads.

The Yield Curve & Rates

The curve is positively sloped across its entire length: 1M 3.91%, 3M 4.00%, 6M 4.07%, 1Y 4.28%, 2Y 4.56%, 3Y 4.63%, 5Y 4.75%, 7Y 4.84%, 10Y 4.95%, 20Y 5.39%, 30Y 5.37%. The 2s10s at 33bp and 3M10Y at 89bp are both comfortably positive, which removes the classic recession signal — an inverted curve — from the table. A 3M10Y of 89bp in particular is a market telling you it does not expect the front end to be cut aggressively in the near term, consistent with the Reflation quadrant and an i-score of 3.0.

The shape matters more than the level. The 89bp of 3M-to-10Y slope against only 33bp of 2s10s means most of the steepness sits in the very front of the curve, between three months and two years, while the 2Y-to-10Y segment is nearly flat at 39bp across eight years of duration. That is poor compensation for taking duration risk. The 20Y at 5.39% trading *above* the 30Y at 5.37% is an inversion at the extreme long end, a structural artefact of supply and demand for the longest paper rather than a macro signal, but it reinforces that the long end is not where the value is. The belly — 3Y at 4.63% through 7Y at 4.84% — offers most of the yield with materially less convexity risk, and is the sensible place to hold rates exposure.

For equities, a 10Y at 4.95% is a hard discount rate. It is the mechanical reason long-duration growth equities have underperformed Value by 7.8 points over three months, and it will keep pressure on the multiple unless growth surprises to the upside. MOVE at 82 says the rates market itself is calm about this — implied Treasury volatility is low, so the risk is not a disorderly move but a persistent one.

Credit & Financial Conditions

HY OAS at 2.65% sits at the 3rd percentile of its history — credit investors are being paid almost nothing to take default risk. IG OAS at 0.80% tells the same story. The ANFCI at -0.59 and the stress index at -0.79 both indicate financial conditions looser than average, which is a genuine tailwind: cheap and available financing supports refinancing, buybacks and capex, and is the main reason the equity weakness reads as rotation.

The honest reading of a 3rd-percentile spread cuts both ways. Right now it is the strongest confirming signal for the risk-on regime, because credit markets generally see corporate distress before equity markets do, and they are seeing none. It is also an asymmetry: at 2.65% there is essentially no room to tighten further and a great deal of room to widen. Owning high yield here is collecting a small carry against a large convex risk. The S&P~HY correlation of +0.67 over 252 days and +0.58 over 63 days confirms these are the same trade — HY offers no diversification against equity risk, only a worse payoff profile. The practical conclusion is to take credit's signal seriously as confirmation of the current regime while declining to add credit risk at these spreads. Move up in quality within credit, and express risk appetite in equities where the upside is not capped.

The most useful thing about HY OAS now is as a monitoring instrument. Because it sits so low, any meaningful widening is a high-signal event — a move through 3.25–3.50% would be the clearest evidence that the equity breadth deterioration is telling the truth.

Factor Structure & Systemic Risk

PC1 explains 66% of sector variance, and in the broader 87-instrument decomposition PC1 (Risk, proxied by the S&P 500) accounts for 34%, PC2 (Rates, 10Y) 15%, PC3 (Energy, WTI, inverse) 6% and PC4 (US dollar) 5%. A 66% single-factor loading across sectors is high — most of what happens to any given sector is simply the market happening to it, and sector selection delivers less differentiated return than usual. In a market this single-factor, the decision that matters is gross exposure, not which sectors to own. That said, the 34% PC1 reading in the wider instrument set is more moderate, and the fact that Rates commands a separate 15% factor means duration is a genuinely independent risk dimension: a portfolio can be hedged for equity beta and still be wrong on rates.

The systemic co-movement gauge is the reassuring counterweight. Average pairwise conditional correlation from the MV-DCC model across 12 assets is +0.04 now, identical to +0.04 a year ago, with persistence of 0.8937. Cross-asset diversification is functioning normally — there is no sign of the correlation convergence toward 1.0 that characterises stress episodes. High persistence means this state is sticky and will not flip without a shock, but it also means that when it does start to rise, the move will sustain rather than mean-revert quickly. The combination — high intra-equity single-factor loading, normal cross-asset correlation — says diversify across asset classes rather than within equities.

Cross-Asset Correlation & Lead-Lag

The stock–bond relationship is the critical one for portfolio construction, and it is unhelpful. The DCC-GARCH conditional correlation between the S&P 500 and the long bond is +0.33 with persistence of 0.992, while the static estimates are +0.31 over 252 days and +0.40 over 63 days — and the shorter window being higher means the relationship has been strengthening, not weakening. Positive stock–bond correlation means Treasuries are not hedging equity risk; in a selloff driven by rates or inflation, both legs lose together. With persistence at 0.992 this is a structural feature, not a passing phase, and it will not revert on any tactical horizon. The practical implication is that cash, not duration, is the defensive asset here — and at 4.00% on 3M bills, cash is paid to wait.

The S&P–DXY correlation at -0.26 (DCC, persistence 0.9928; -0.34 and -0.30 static) means a rising dollar is a mild equity headwind, and dollar strength is a modest hedge. Gold is the more interesting case: S&P~Gold is +0.30 over 252 days rising to +0.42 over 63 days, so gold has been trading *with* equities rather than against them, diluting its value as a hedge — while Gold~DXY at -0.38 deepening to -0.53 confirms gold is currently trading primarily as a dollar expression. S&P~VIX at -0.82 (DCC, persistence 0.9768) is normal and means VIX-based hedges are behaving as designed. Semis~S&P at +0.76 falling to +0.63 shows semiconductor leadership decoupling from the index, and Russell 2000~Reg Banks at +0.60 easing to +0.45 shows the small-cap/regional-bank complex loosening its link.

The Granger network identifies VIX, the long bond, HY OAS and the US 10Y as net leaders, with gold, DXY, the Russell 2000 and the Nasdaq as followers. Rates and risk pricing lead; equities and currencies follow. That is a coherent structure and it argues for watching the volatility and credit complex as the early-warning layer. Weekly predictive skill from this network is modest — the relationships are statistically detectable but explain a small share of week-to-week variation, and no position should be sized as though the lead-lag map were a trading signal. Treat it as a hierarchy of attention, not a forecast.

Relative Value & Fair Value

Three fair-value models clear the $R^2 \geq 0.4$ bar and two of them flag richness. Semis against the Nasdaq are +11.6% rich at z +0.98 on an R^2 of 0.95 — a tight model with a large residual, which is the configuration where mean reversion is most credible. Semis have run ahead of their own index by more than a standard deviation, and the falling Semis~S&P correlation (+0.76 to +0.63) says this outperformance is increasingly idiosyncratic rather than a market-beta effect. For anyone holding concentrated semiconductor exposure as a proxy for market risk, that proxy has become expensive and less reliable; trimming toward the Nasdaq is the cleaner expression.

Gold against real yields and the dollar is +8.1% rich at z +0.41 on an R^2 of 0.69. The lower R^2 means more of gold's behaviour is unexplained by the model, so the richness signal carries less weight — and the z-score of +0.41 is well inside normal range. The reasonable reading is that gold is somewhat expensive relative to its macro drivers but not stretched, which combined with its positive equity correlation of +0.42 over 63 days argues against adding gold as a portfolio hedge here.

The Nasdaq against real yields and the S&P is -0.5% cheap at z -0.20 on an R^2 of 0.99. At that fit quality the residual is real but trivially small — the Nasdaq is priced almost exactly where rates and the broad market say it should be. There is no valuation argument either way on large-cap tech; it is fairly priced, and the case for or against it rests entirely on the rates path.

Volatility & Tail Risk

VIX at 16.8 against VIX3M at 19.1 gives a term structure ratio of 0.88 — normal contango, which is what a calm market in an uptrend looks like and which the scorecard credits at only +0.07. VVIX at 95 is unremarkable; the volatility of volatility is not signalling stress. MOVE at 82 shows the rates market equally calm. Taken alone, this complex says nothing is wrong.

SKEW at 154 says something different. That is an elevated reading, and the combination of low VIX with high SKEW means investors are paying up for out-of-the-money put protection while simultaneously pricing low volatility in the body of the distribution. The market is not worried about ordinary drawdowns; it is worried about a discontinuous one. This is exactly the profile you would expect given HY OAS at the 3rd percentile — positioning that is comfortable with the central case and aware that the tail has no cushion. For an investor, the tactical implication is that hedging is cheap in the places SKEW does not price: with VIX at 16.8 and the term structure in contango, near-the-money and calendar-based protection is inexpensive relative to the far-out-of-the-money puts everyone is already buying.

The tail metrics are contained. Expected shortfall at the 5% level is -4.8% for the S&P 500 against a current drawdown of -2%, -5.9% for the Nasdaq against -3%, and -6.4% for the Russell 2000 against -6%. The Russell is the exception worth noting: its current drawdown of -6% has already reached its modelled 5% expected shortfall of -6.4%. Small caps are not in a normal pullback — they are already trading at the severity the tail model reserves for bad weeks, which is consistent with the -4% three-month return and the loosening link to regional banks. The S&P and Nasdaq, by contrast, have consumed less than half their tail budget.

Macro Pulse & Recession Risk

The recession indicators are close to uniformly benign. The NY Fed probability is 0.8%, the Sahm rule sits at -0.07 (well below the 0.50 trigger and negative, meaning unemployment is below its recent trough-relative threshold), 2s10s is positive at 33bp, and initial claims at 206,000 are low by any historical standard. Continued claims at 1,774,000 confirm that people losing jobs are finding new ones. Unemployment at 4.1% with U6 at 7.7% and participation at 61.6% describes a labour market that is tight but not overheating. There is no recession signal in this data, and positioning for one would be fighting the evidence.

The macro nowcast at -0.06 labels this Trend growth, and its composition is more interesting than its level. The Weekly Economic Index contributes +0.41, initial claims +0.28, industrial production +0.30

and the Chicago Fed NAI -0.02 — four components that are neutral-to-positive. The entire negative pull comes from consumer sentiment at -1.28, with the Michigan index at 55.2. That is a recessionary sentiment reading attached to a non-recessionary economy, and the 3.0% saving rate alongside retail sales of $763.6bn says households are still spending — they are just unhappy about it. Michigan inflation expectations at 4.2% explain the unhappiness and are the number to watch, because a consumer who expects 4.2% inflation constrains how much the Fed can ease.

On inflation, sticky CPI at 2.7% is the encouraging datapoint — the persistent component is near target even as the i-score reads 3.0. Growth is adequate: real GDP $24,269.6bn, industrial production at 103.0, capacity utilization 76.3%, the Weekly Economic Index at 3.3%, durable goods $339.4bn. Housing is the soft spot, with starts at 1,239k below permits at 1,433k and the 30-year mortgage at 6.8% — builders are permitting more than they are breaking ground, which is a forward-looking negative for construction employment and part of why Industrials fell 3.1% this week. Net liquidity at $5,852bn and rising $60bn over the month remains supportive, though a single month's change is a weak signal and should not be leaned on.

Key Risks & What to Watch

The central risk is that the scorecard's dependence on two components — credit at +1.11 and price trend at +1.09 — makes the constructive view fragile in a specific way. Both could fail at once, because tight spreads and a rising index are not independent observations; they are two readings of the same underlying complacency. With HY OAS at the 3rd percentile there is no buffer, and with breadth at 18% the price trend is being carried by a narrowing group of names. A shock that widens spreads would remove both legs simultaneously, and the +0.33 composite would drop to clearly negative without any new information arriving.

The second risk is the stock–bond correlation at +0.33 with 0.992 persistence. Investors who believe they are hedged by duration are not. In a rates-driven or inflation-driven selloff — precisely the kind the Reflation quadrant and a 3.0 i-score make most likely — a 60/40 portfolio loses on both sides. The third is the Russell 2000 already sitting at its -6.4% expected shortfall, which means small caps have no modelled cushion left and would lead any broadening of the decline.

The signals that would confirm the deterioration: HY OAS widening through 3.25–3.50% from 2.65%, which would be the highest-conviction evidence available and would flip the largest scorecard component; the VIX term structure moving from 0.88 to above 1.0, marking inversion and near-term stress; VIX sustained above 22 with SKEW staying elevated; initial claims above 230,000 for two or more consecutive weeks from 206,000; and the 2s10s steepening sharply from 33bp on front-end rallies, which historically marks the transition from a flat curve to a cutting cycle and has often preceded rather than followed recessions. A weekly S&P decline that takes the drawdown past -4.8% would consume the full modelled tail and argue the distribution has shifted.

The signals that would confirm the constructive view: breadth recovering above 50% of sectors advancing, which would reframe this week as rotation completed; Quality turning positive from its current 0% while Momentum stabilises from -12%, indicating the factor unwind has run its course; the Russell 2000 recovering from -6% drawdown and re-coupling with regional banks above the current +0.45; consumer sentiment rising from 55.2 with Michigan inflation expectations falling from 4.2%; and HY OAS simply holding at or below 2.75% through further equity weakness, which would continue to say that credit sees no problem. Watch the leaders first — VIX, the long bond, HY OAS and the 10Y — since the Granger network places them ahead of equities and currencies, while remembering that the weekly predictive skill in that ordering is modest and should inform attention rather than sizing.

PART I

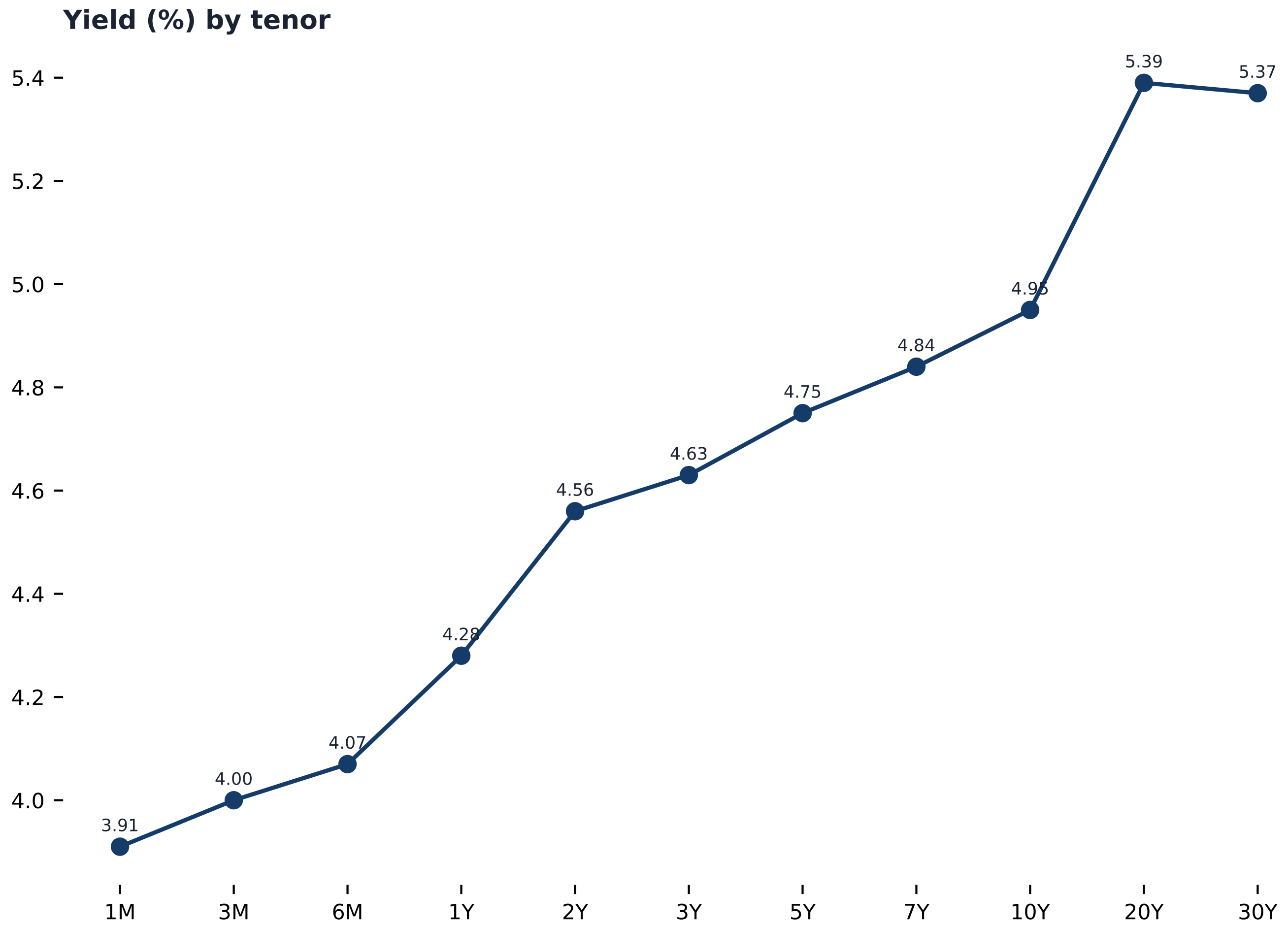
Rates, Credit & Macro

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 +0.33bp, 3M-10Y +0.89bp (positive).



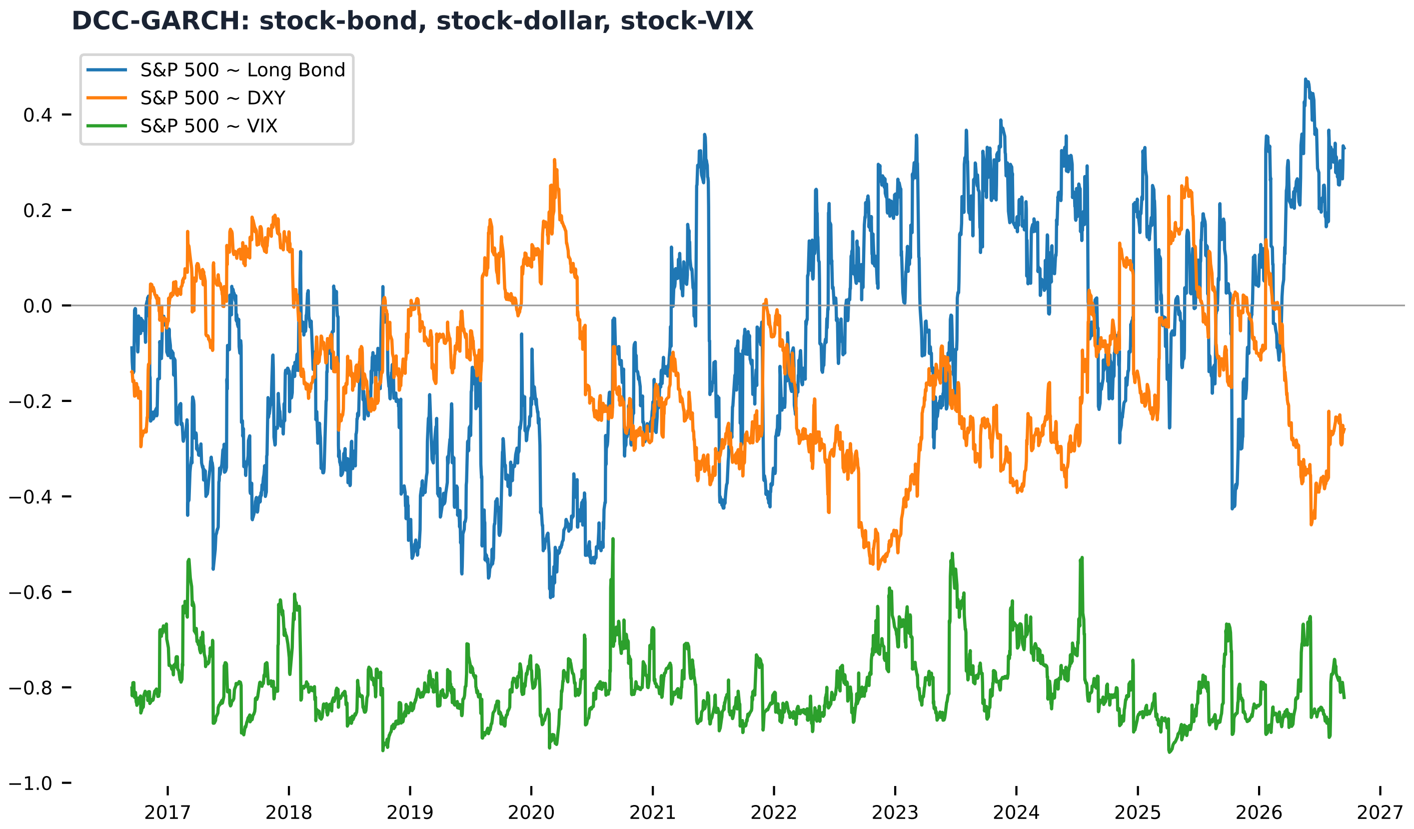
Credit, Financial Conditions & Volatility

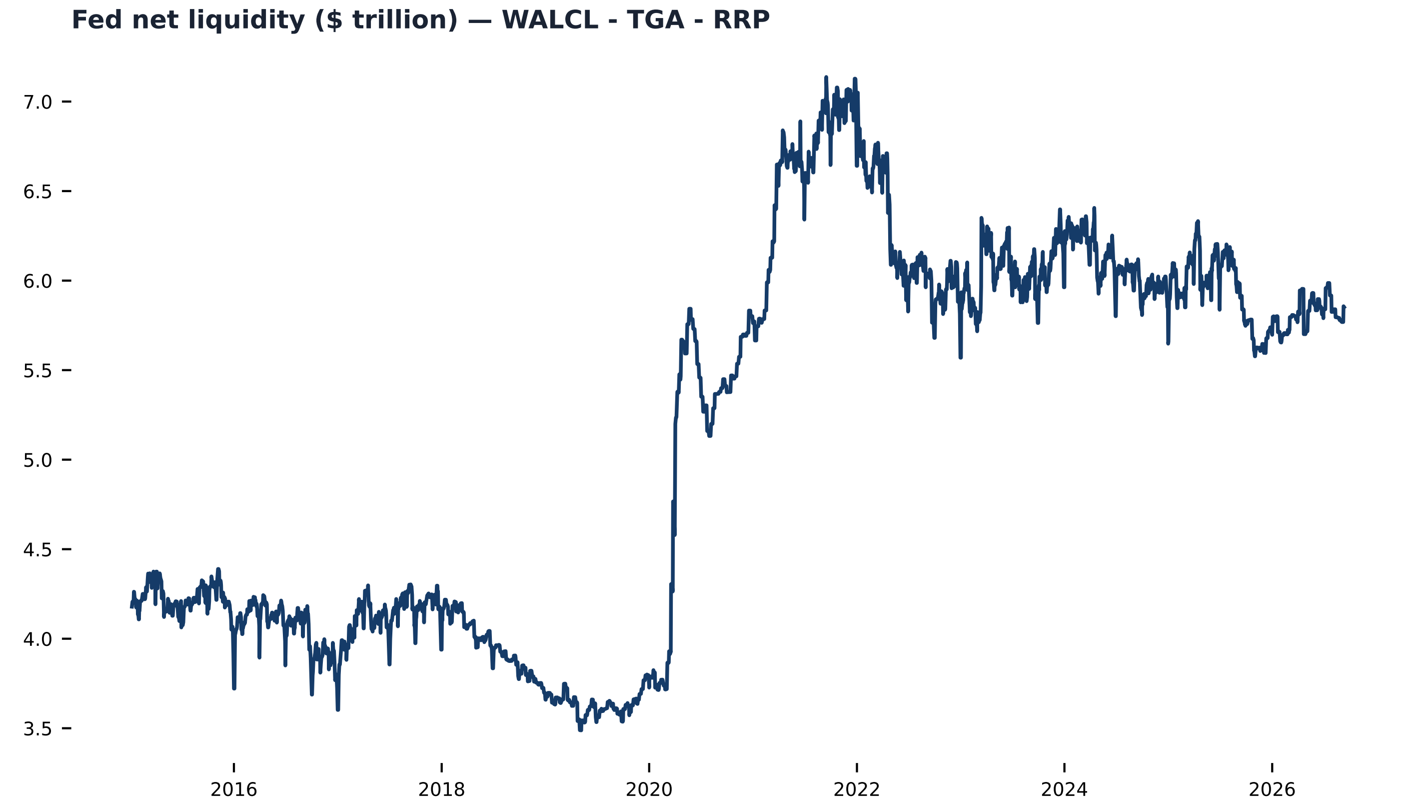
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	**2.65**	3th pctile
IG OAS	**0.80**	
Fin Conditions (ANFCI)	**-0.59**	0 = average; +tight
St. Louis Stress	**-0.79**	
VIX	**16.8**	term VIX/VIX3M 0.88
VIX3M	**19.1**	
VVIX (vol of vol)	**95**	
MOVE (bond vol)	**82**	
SKEW (tail hedging)	**154**	

Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.88, Risk-off 0.12). Quadrant: Reflation.





Macro Pulse: Labor

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

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	**159,075.00**	+162.00	2026-08
Unemployment %	**4.10**	+0.00	2026-08
U6 underemployment %	**7.70**	-0.20	2026-08
Participation %	**61.60**	+0.20	2026-08
Job openings (k)	**7,271.00**	+89.00	2026-07
Avg hourly earnings $	**37.75**	+0.10	2026-08
Initial claims (wk)	**206,000.00**	-1,000.00	2026-09
Continued claims	**1,774,000.00**	-1,000.00	2026-08

Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	**334.13**	+1.32	2026-08
Core CPI index	**337.76**	+0.98	2026-08
PCE index	**131.66**	+0.20	2026-07
Core PCE index	**130.66**	+0.32	2026-07
PPI index	**287.93**	+2.75	2026-08
Michigan inflation exp %	**4.20**	-0.40	2026-07
Sticky CPI %	**2.74**	-0.02	2026-08

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 %	**3.27**	+0.25	2026-09
Durable goods ($m)	**339,392.00**	+3,613.00	2026-07
Retail sales ($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 %	**6.76**	+0.05	2026-09

Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	**3.63**	+0.00	2026-09
SOFR	**3.62**	+0.00	2026-09
M2 ($bn)	**23,207.70**	+164.40	2026-08
Bank reserves	**3,051.50**	+32.70	2026-07
C&I loans ($bn)	**2,945.00**	+45.50	2026-08
Consumer credit ($bn)	**5,186,204.07**	+18,062.36	2026-07

Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	**0.8%**	12m-ahead, curve-based
Sahm rule (real-time)	**-0.07**	>0.50 triggers
2s10s curve	**+0.33 bp**	inverted = warning
Initial jobless claims	**206,000**	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 +0.76	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

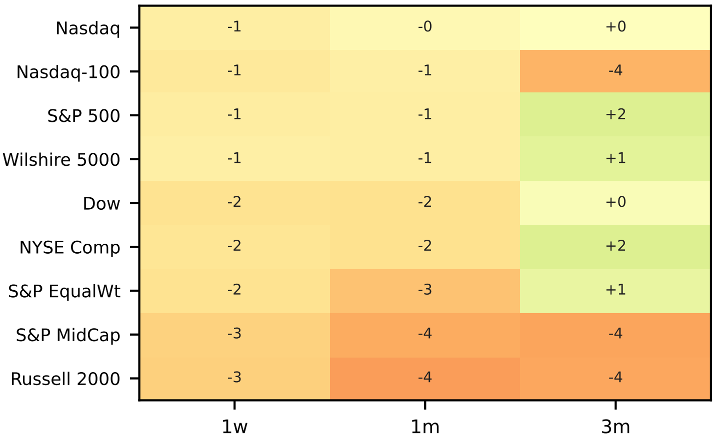
How US assets move together — factor structure, systemic co-movement, directional lead-lag and relative value.

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

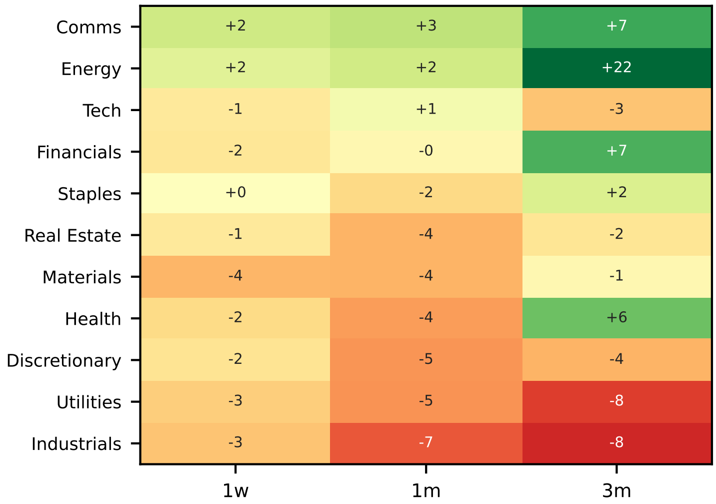
Returns Heatmap

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

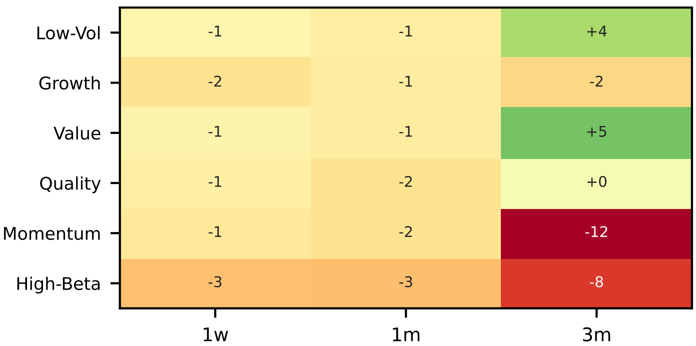
Indices



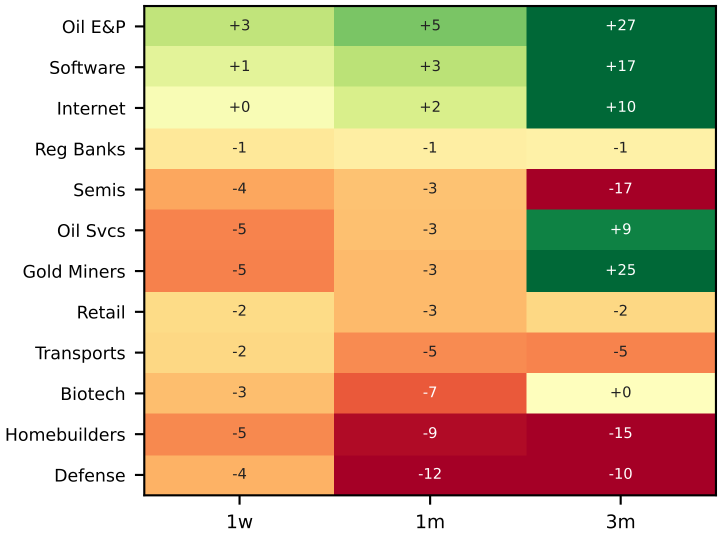
Sectors



Factors

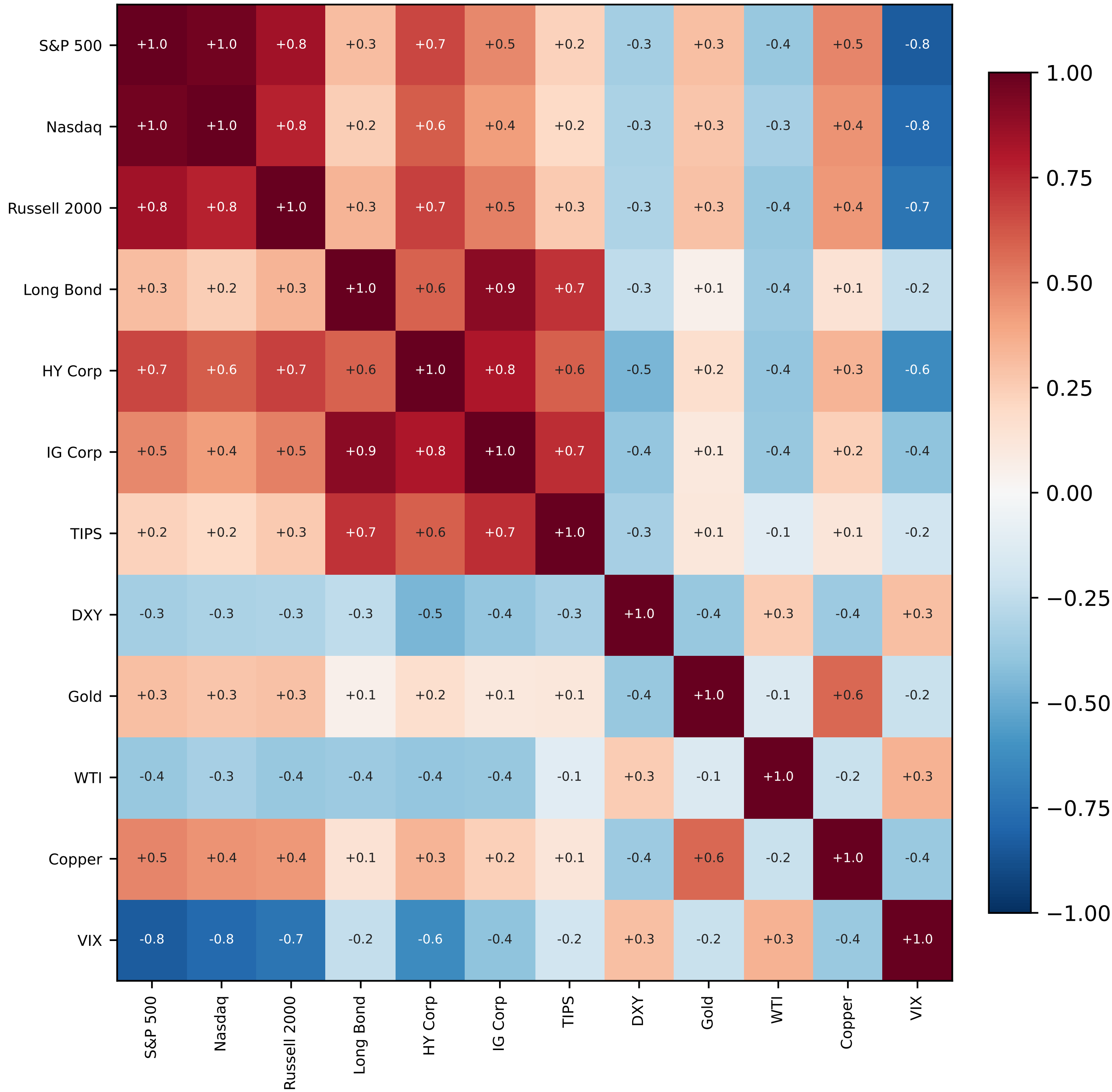


Industries



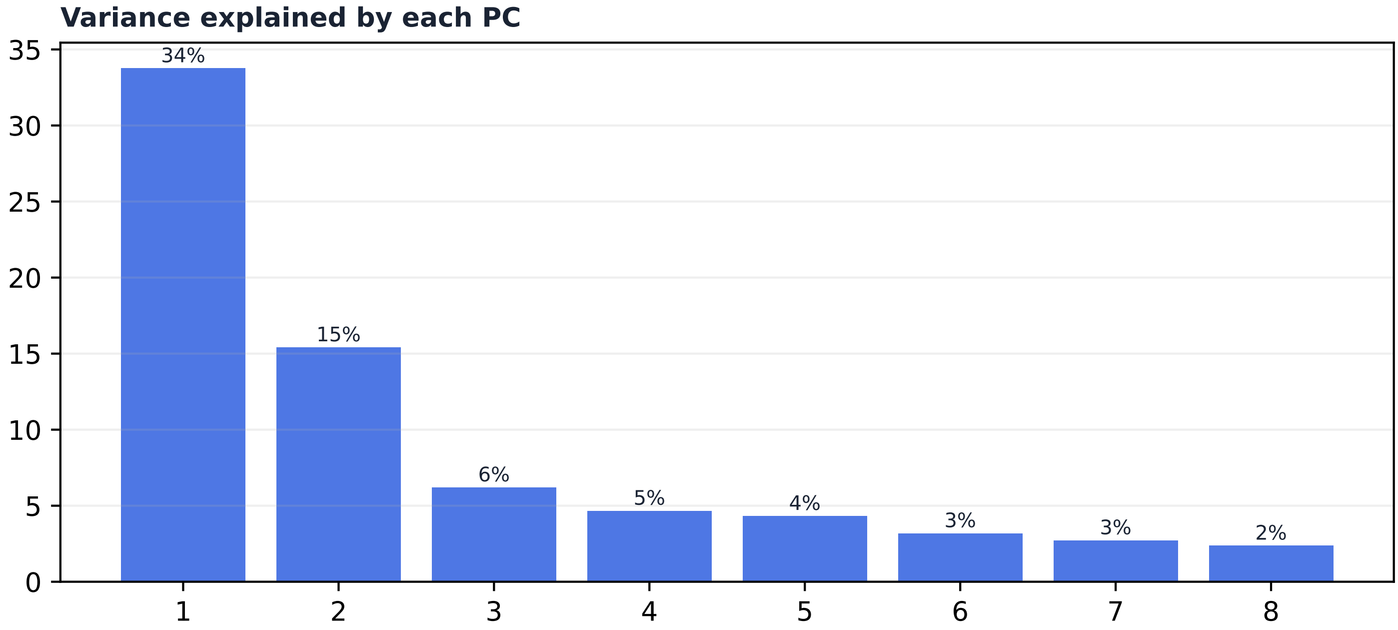
Cross-Asset Correlation (252d, daily)

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)

33.8% 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 -0.13, VVIX -0.12, MOVE -0.12

PC2 — Rates (10Y)

15.4% 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 -0.23, Long Bond -0.23, MBS -0.23, IG Corp -0.20

PC3 — Energy (WTI) (inverse)

6.2% of variance (cum 55%) · marker corr -0.71

+ Growth +0.13, Tech +0.13, Nasdaq +0.13, Nasdaq-100 +0.13, Internet +0.11
– Energy -0.33, Oil E&P -0.32, Brent -0.32, WTI -0.30, Commodities -0.29

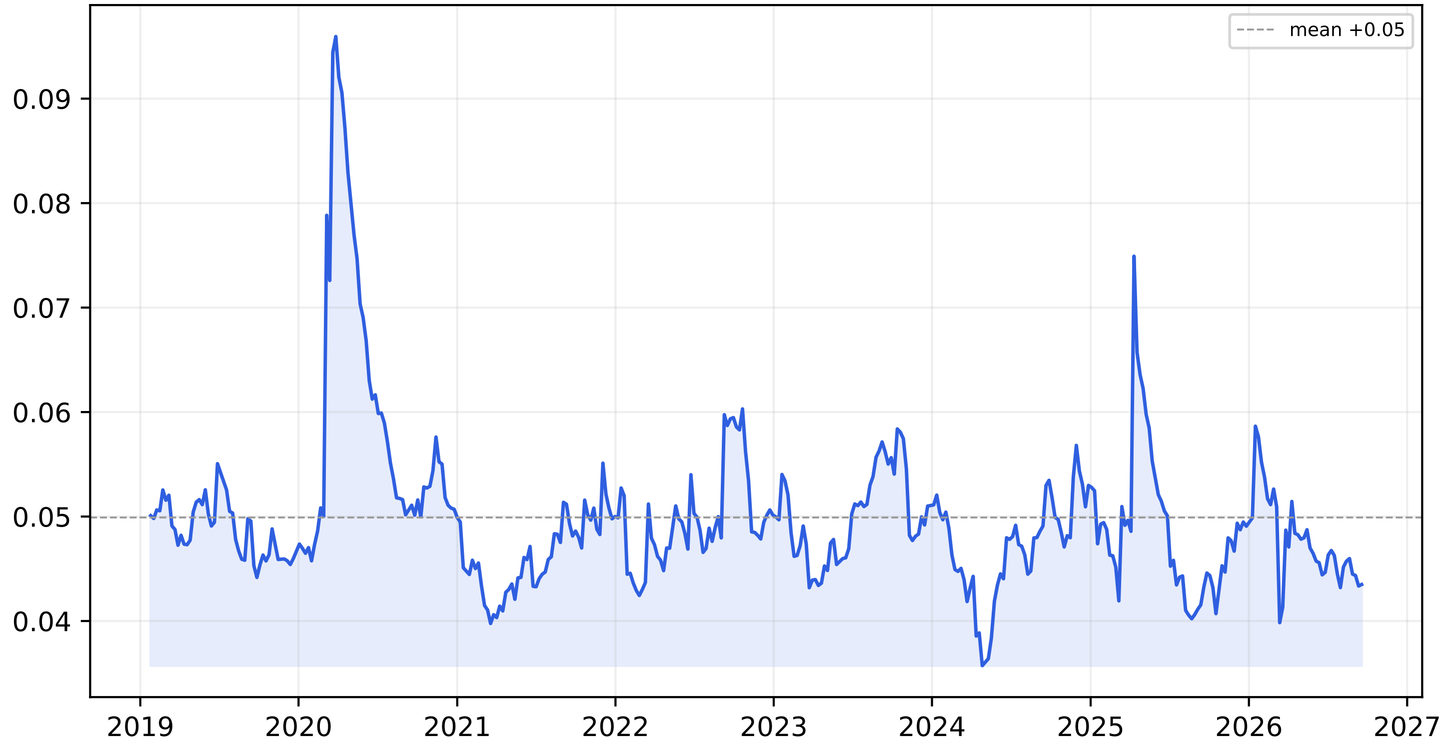
PC4 — US dollar

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

+ DXY +0.29, USDJPY +0.19, SKEW +0.17, USDCAD +0.17, Software +0.15
– EURUSD -0.27, Gold Miners -0.25, Gold -0.22, Staples -0.21, Materials -0.20

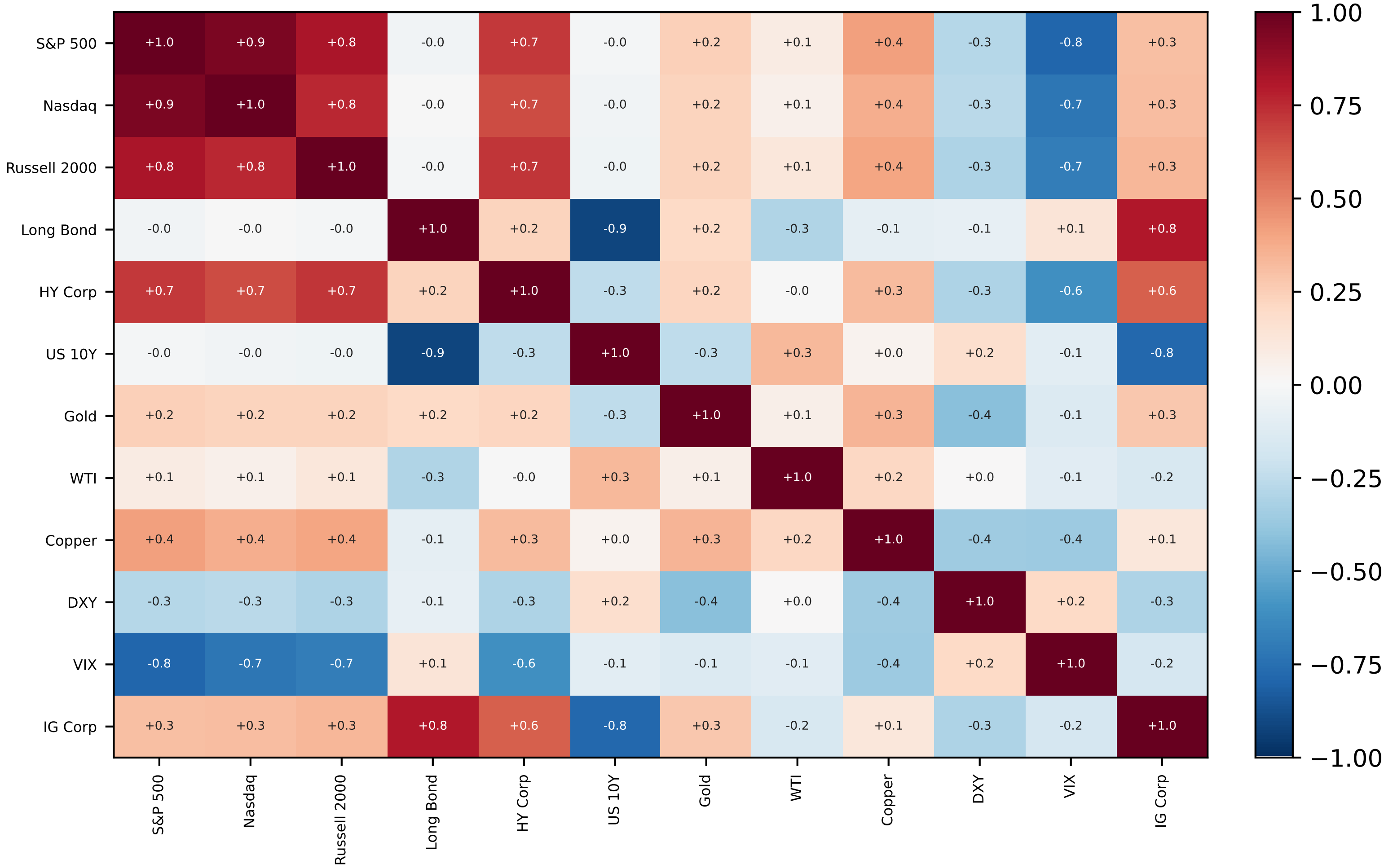
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

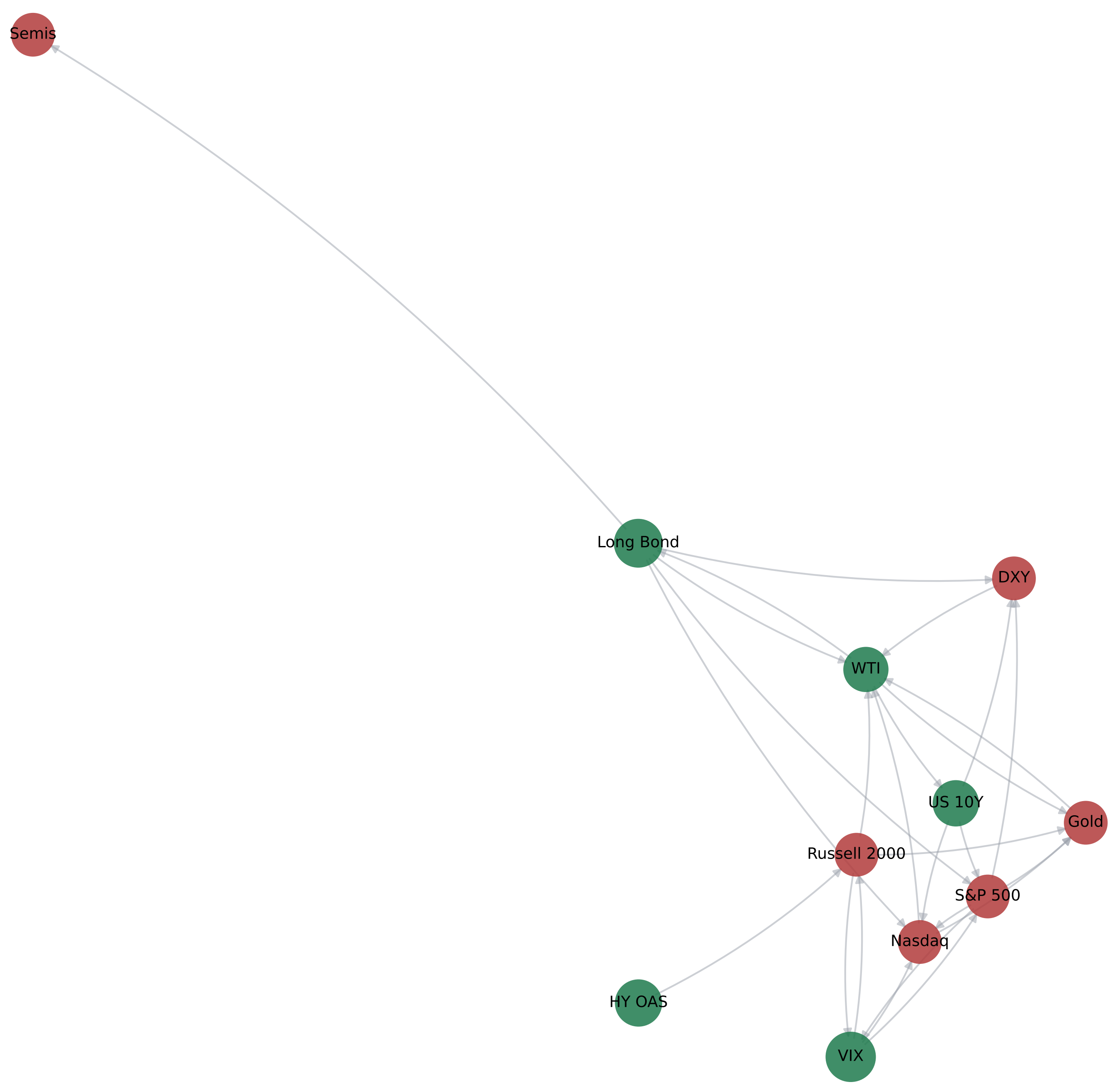


N=12 · persistence 0.8937 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



Directional lead-lag — Granger causality network

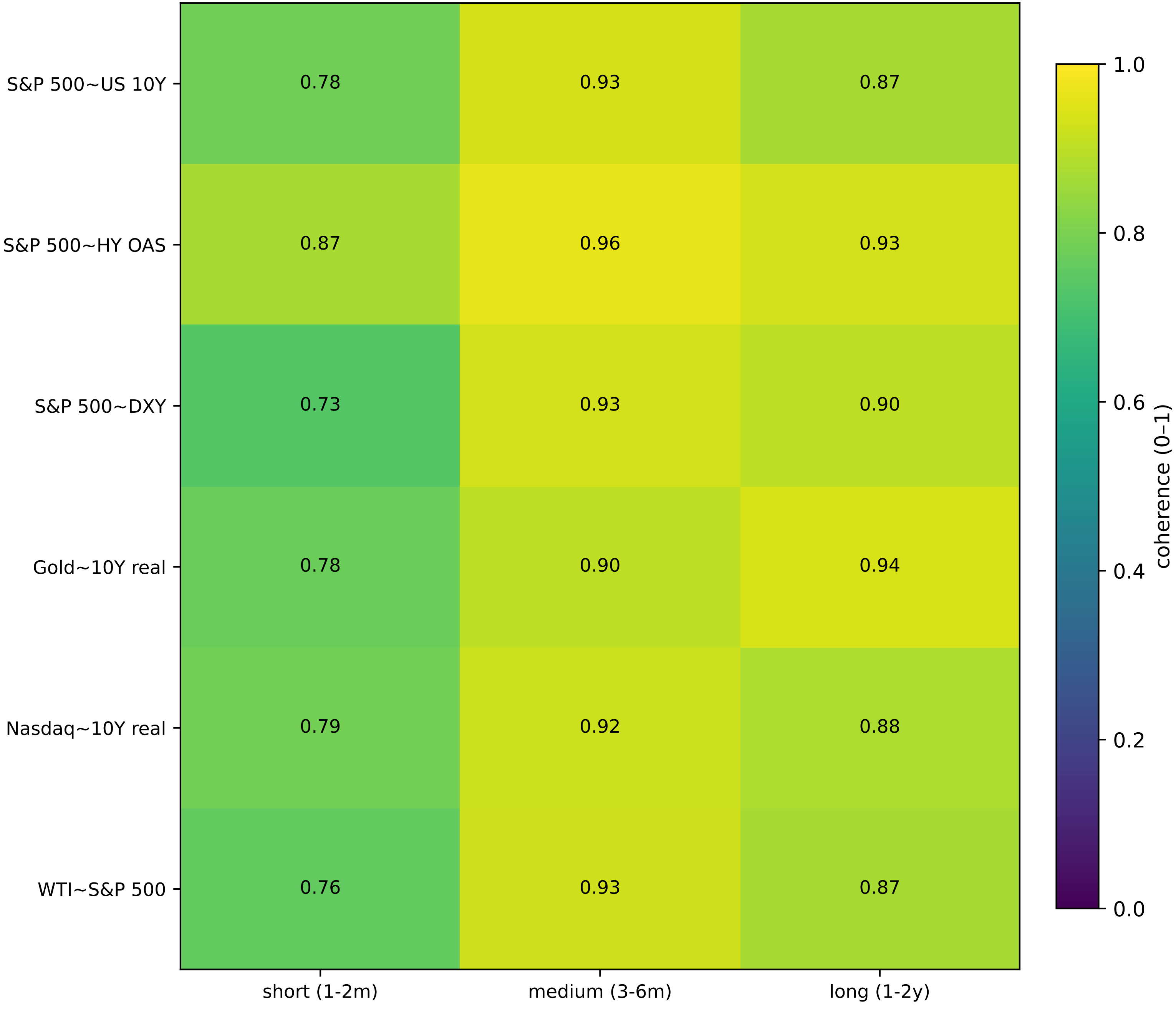


arrow = X Granger-causes Y ($p<0.05$); green/large = net information EXPORTER (leader)

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

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

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



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	0.936	0.53	40w	+2.96
2Y vs 10Y	no	0.945	0.68	42w	+1.47
HY vs IG credit	yes	0.000	0.30	2w	+1.09
S&P vs Equal-Weight	yes	0.032	0.61	7w	+1.04
Large vs Small (R2K)	no	0.100	0.64	12w	+0.97
Gold vs Silver	no	0.261	1.19	14w	+0.64
S&P vs Dow	yes	0.005	0.73	7w	+0.62
Semis vs Nasdaq	no	0.269	0.51	17w	-0.56
S&P vs Nasdaq	yes	0.028	1.24	10w	-0.33
VIX vs VIX3M	yes	0.033	0.84	2w	-0.18
WTI vs Brent	no	0.221	0.97	1w	-0.04
Long vs Short Tsy	no	0.343	0.06	22w	-0.02

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

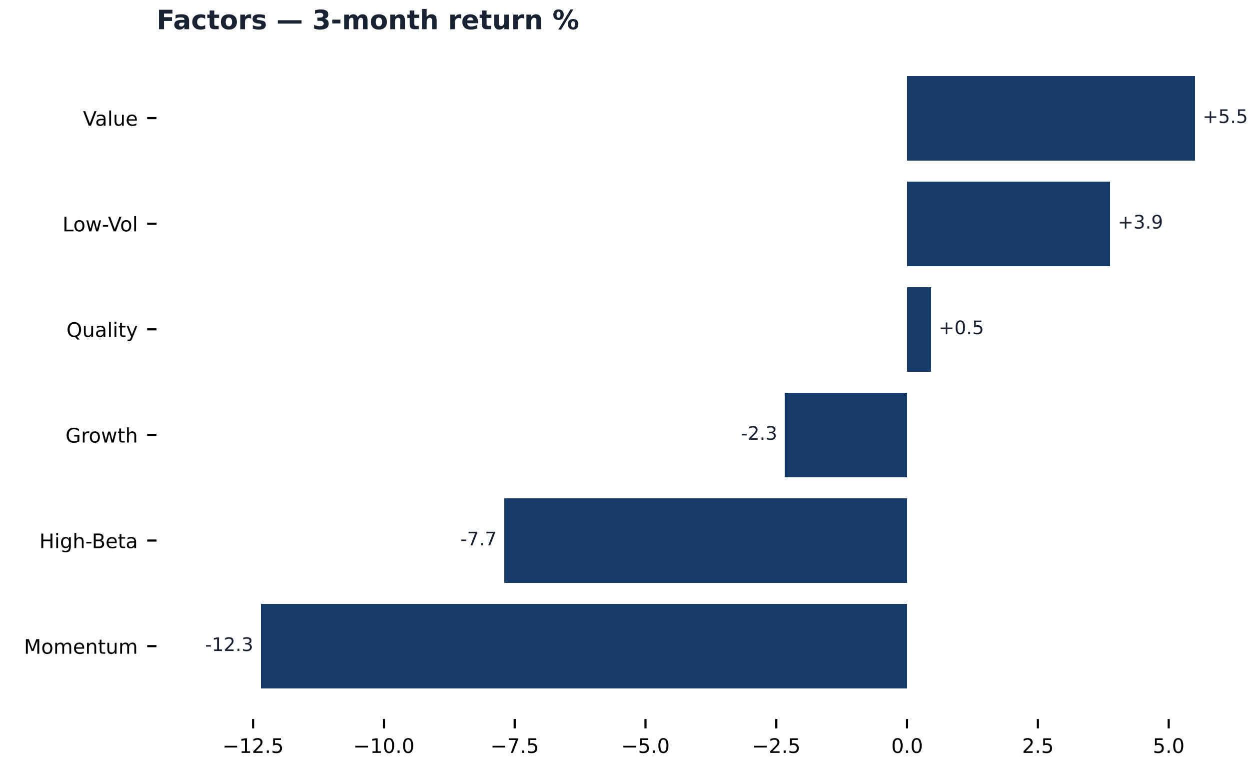
Rotation, Momentum & Fair Value

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 -7.8%.



MOMENTUM & TREND

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

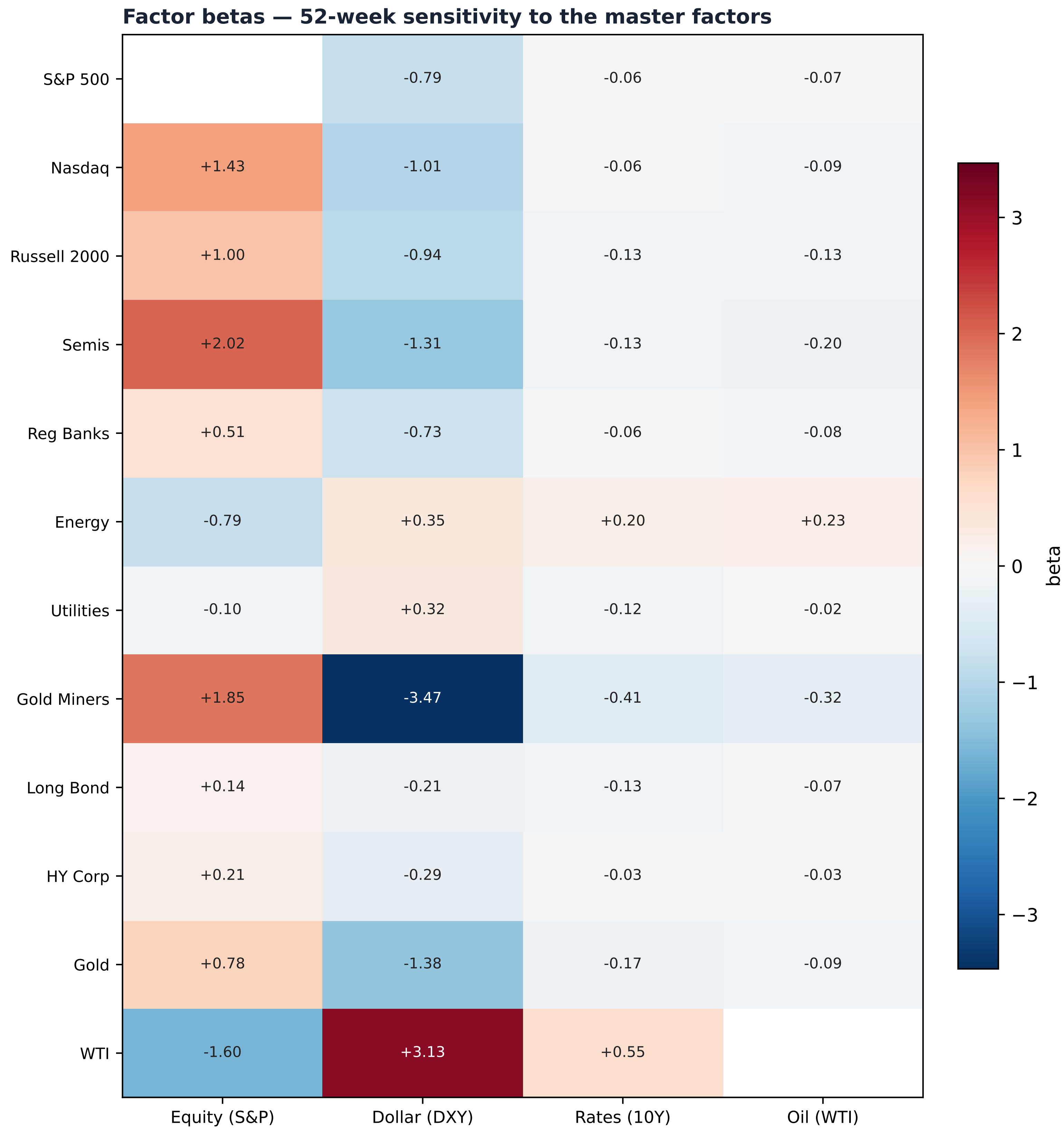
Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
S&P 500	+2%	+17%	+14%	**+0.50**	+6%	-2%
Nasdaq	-1%	+21%	+16%	**+0.50**	+7%	-3%
Russell 2000	-3%	+19%	+18%	**+0.00**	+4%	-6%
Tech	-4%	+37%	+32%	**+0.50**	+13%	-4%
Financials	+7%	+17%	+5%	**+0.50**	+7%	-2%
Energy	+21%	+10%	+47%	**+1.00**	+16%	-0%
Health	+12%	+15%	+22%	**+0.50**	+7%	-4%
Semis	-18%	+41%	+72%	**+0.00**	+10%	-18%
Reg Banks	+3%	+18%	+14%	**+0.50**	+5%	-5%
Gold Miners	+14%	+17%	+30%	**+0.50**	+3%	-19%
Gold	+2%	-5%	+18%	**+0.00**	-5%	-17%
WTI	+34%	+5%	+64%	**+1.00**	+26%	-8%

Sector 26-week relative strength:

LEADERS: Tech +37%, Financials +17%, Health +15%, Energy +10%, Materials +8%, Real Estate +7%

LAGGARDS: Utilities -6%, Comms +2%, Staples +4%, Discretionary +5%, Industrials +5%, Real Estate +7%

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)
-0.79 -0.06 -0.07
+1.43 -1.01 -0.06 -0.09
+1.00 -0.94 -0.13 -0.13
+2.02 -1.31 -0.13 -0.20
+0.51 -0.73 -0.06 -0.08
-0.79 +0.35 +0.20 +0.23
-0.10 +0.32 -0.12 -0.02
+1.85 -3.47 -0.41 -0.32
+0.14 -0.21 -0.13 -0.07
+0.21 -0.29 -0.03 -0.03
+0.78 -1.38 -0.17 -0.09
-1.60 +3.13 +0.55
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 +1.32

actual 7629.44 · model-fair 5986.72 · gap +27.4% · R^2 0.27

HY spread vs equity vol

cheap z -1.13

actual 2.65 · model-fair 3.11 · gap -0.5 · R^2 0.10

Semis vs Nasdaq

RICH z +0.98

actual 543.19 · model-fair 486.71 · gap +11.6% · R^2 0.95

Gold vs real yield & dollar

RICH z +0.41

actual 4329.10 · model-fair 4004.24 · gap +8.1% · R^2 0.69

Nasdaq vs real yield & S&P

cheap z -0.20

actual 26222.19 · model-fair 26348.86 · gap -0.5% · 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

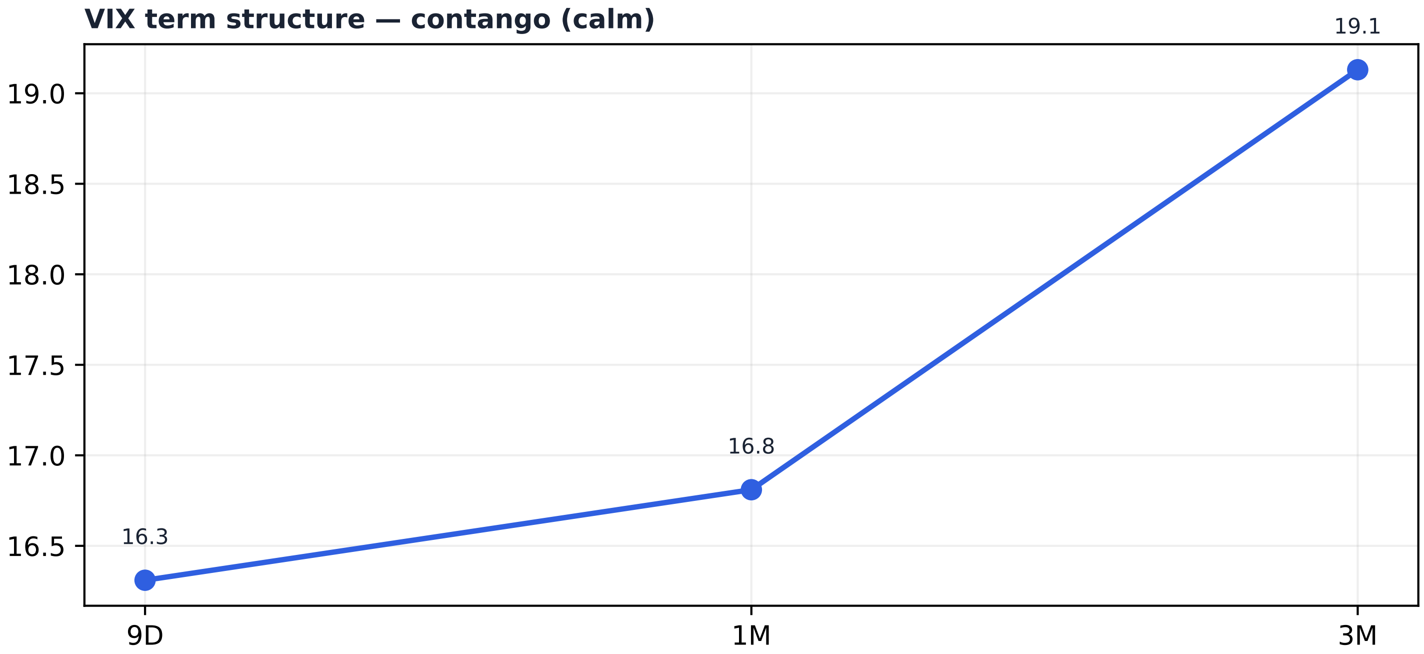
Volatility & Risk

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



VOL RISK PREMIUM

+13.3 pts

VIX 16.8 − realised 3.5

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

154

89th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	82	27th
Oil vol (OVX)	61	92th
Vol-of-vol (VVIX)	95	49th

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%	-2%	-0.2	+1.3
Nasdaq	-4.5%	-5.9%	13%	-36%	-3%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	14%	-33%	-6%	-0.2	+0.5
Semis	-7.3%	-10.0%	22%	-45%	-18%	-0.2	+0.5
Reg Banks	-6.3%	-9.7%	22%	-54%	-6%	-0.6	+2.2
Energy	-5.5%	-8.6%	21%	-23%	-0%	-0.7	+3.5
HY Corp	-1.6%	-2.3%	5%	-18%	-10%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-48%	-47%	-0.1	+0.4
Gold	-3.5%	-4.7%	11%	-23%	-17%	-0.1	+1.5
WTI	-9.7%	-11.9%	26%	-53%	-15%	+0.6	+3.4

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

Nasdaq 0.77 Russell 2000 0.60 HY Corp 0.49 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

	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	09-07	09-14
Regime	R+	R+	R-	R+	R+	R-	R+	R+	R+	R+	R+	N	N	N	N	N	R+	R+	N	R+	R+	R+	N	R+
Risk appetite																	+0.72	+0.53	+0.53	+0.70	+0.43	+0.49	+0.36	+0.33
Macro nowcast																	-0.22	-0.20	-0.20	-0.20	-0.20	-0.10	-0.08	-0.06
Quadrant	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Refl	Refl	Refl	Refl	Refl
Breadth %	82	64	36	82	45	55	82	45	55	64	45	55	55	36	73	45	73	64	64	55	73	18	64	18
PC1 share																	34	34	33	34	34	34	34	34
VIX	17	17	18	17	15	22	18	16	18	16	15	15	17	18	18	16	16	15	15	15	16	15	15	17
HY OAS	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	2.6	2.6
2s10s bp	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Rec Prob %	1	1	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 %	+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	+0.4	-1.2

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