ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-10-26

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

REGIME: Risk-on

EXECUTIVE SUMMARY

The Markov model puts an 86.2% posterior on Risk-on, but the composite risk-appetite scorecard reads -0.14 (Neutral), and that gap is the whole story this week. Leadership came from Utilities +3.0%, Real Estate +2.6% and Energy +2.3% while Tech managed +0.1% and Comms fell 5.2%; High-Beta is -8% over three months against Low-Vol +2%, and Momentum -6%. That is a defensive, rate-sensitive, breadth-driven tape rather than an offensive one. Lean constructive but de-risked: favour dividend and duration-proxy defensives, energy, and high-quality value over momentum and high-beta growth; favour the belly of the curve (2Y 4.65%, 5Y 4.78%) over the long end, where 20Y 5.32% and 30Y 5.29% carry term-premium risk; fade credit beta with HY OAS at 3.38 in the 84th percentile of tightness — paid for perfection.

Three things matter this week. Russell 2000 +2.6% with 82% of sectors higher is genuine breadth repair, which argues for broadening exposure beyond mega-cap. Comms -5.2% against a flat index is idiosyncratic mega-cap damage, not systemic — PC1 explains only 33% of cross-asset variance and average pairwise DCC correlation sits at +0.04, so single-name risk is still diversifiable. Michigan inflation expectations at 4.6% with sticky CPI at 2.8% in a Reflation quadrant (i-score 1.0, g-score 0.0) caps how dovish the front end can get.

The biggest risk is that this is late-cycle defensive rotation, not healthy rotation. Watch VIX above 22 with term structure inverting below 1.00 (now 0.91), HY OAS widening through 3.75, 2s10s steepening past 60bp on a long-end move, or claims breaking above 230k from 194k. S&P below 6,600 on a Tech-led break would confirm the bearish read.

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Executive Dashboard

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

REGIME	QUADRANT	VIX	HY OAS
Risk-on	Reflation	18	3.38

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

S&P 500	7,677.5	-0.2%	+0.3%	-0.9%
Nasdaq	26,204.1	-0.9%	-2.4%	-1.4%
Russell 2000	2,798.4	+2.6%	+0.1%	-8.1%
Tech	186.2	+0.1%	-4.9%	-1.4%
Financials	56.0	+1.7%	+4.9%	-3.3%
Energy	69.4	+2.3%	+12.8%	+13.6%
Long Bond	81.6	+2.7%	+4.9%	-0.6%
HY Corp	77.2	+0.5%	+0.0%	-3.0%
IG Corp	104.1	+1.2%	+1.9%	-1.9%
TIPS	106.3	+1.0%	+2.2%	-0.6%
DXY	102.0	+0.0%	+0.6%	+2.0%
Gold	4,030.5	-3.1%	-3.7%	-9.8%
WTI	102.6	-1.0%	+13.5%	+23.2%
Copper	6.5	+0.0%	-0.3%	-0.8%
VIX	17.9	-0.6	+1.5	+3.3
MOVE	104.4	+3.1	-6.1	+32.3

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US CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

score -0.14



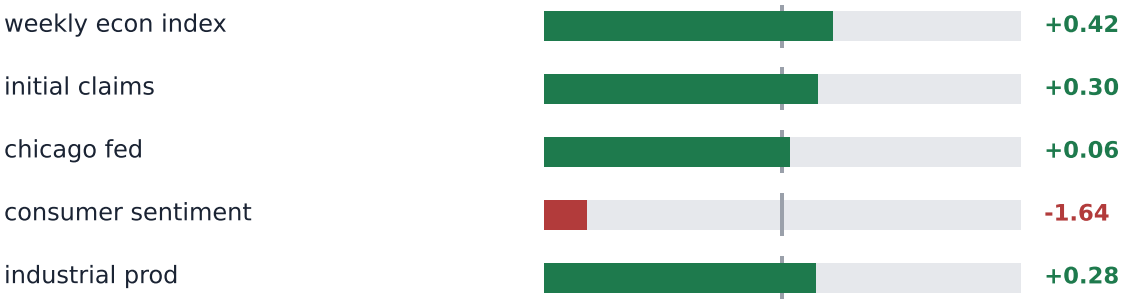


MACRO NOWCAST (growth pulse)

Trend growth

score -0.12





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.

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WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-10-26

TOP GAINERS

Reg Banks	+5.2%
Software	+4.8%
Homebuilders	+4.4%
Oil Svcs	+4.0%
Utilities	+3.0%
Long Bond	+2.7%
Real Estate	+2.6%
Russell 2000	+2.6%

TOP DECLINERS

Gold Miners	-6.1%
Comms	-5.2%
Silver	-4.9%
Gold	-3.1%
Internet	-2.0%
High-Beta	-1.4%
Growth	-1.3%
Semis	-1.2%

KEY LEVELS — week-over-week

S&P 500	7,677.5	-0.2%	WTI	102.6	-1.0%
Nasdaq	26,204.1	-0.9%	DXY	102.0	+0.0%
Russell 2000	2,798.4	+2.6%	Long Bond	81.6	+2.7%
VIX	17.9	-0.6	HY Corp	77.2	+0.5%
Gold	4,030.5	-3.1%	Semis	541.8	-1.2%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	Risk-on
Risk appetite	prior: -0.27	->	-0.14
Macro nowcast	prior: +0.23	->	-0.12
PC1 share	prior: 34	->	33%

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

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US Cross-Market Analysis

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The biggest risk is that this is late-cycle defensive rotation, not healthy rotation. Watch VIX above 22 with term structure inverting below 1.00 (now 0.91), HY OAS widening through 3.75, 2s10s steepening past 60bp on a long-end move, or claims breaking above 230k from 194k. S&P below 6,600 on a Tech-led break would confirm the bearish read.

Regime, Scorecard & Market State

The regime classifier assigns 86.2% to Risk-on and 13.8% to Risk-off, with zero weight on Neutral. Taken alone that is a green light. The problem is that the regime model reads the S&P's own return and volatility path, and the index has gone nowhere: -0.2% on the week, flat on the month, -1% over three months. A quiet drift is indistinguishable from a healthy uptrend to a two-state filter. The composite risk-appetite scorecard, which reads breadth, credit, volatility term structure, concentration and the risk-versus-haven ratio, gives the more honest -0.14 and labels it Neutral.

The scorecard's internals are more informative than its headline. Sector breadth contributes +0.18 and risk-over-haven +0.44, both constructive. Against that, credit_hy drags -0.78, vix_term -0.33 and low_concentration -0.29. In plain terms: participation is broad and investors are still choosing risk assets over havens, but high-yield spreads are so tight they offer no cushion, the volatility curve is flat enough to signal near-term unease, and index leadership remains narrow by composition even as weekly breadth improves. The net is a market with decent internals and poor compensation for risk.

Index dispersion reinforces this. The Dow is +0.7% on the week and +3% on the month while Nasdaq is -0.9% and -2%; Russell 2000 is +2.6% on the week but still -8% over three months. Capital is rotating out of long-duration growth into old-economy and small-cap value, with small caps bouncing off a deep hole rather than leading from strength. The Russell's current drawdown of -9% against its own ES5 of -6.4% says the bounce starts from genuinely washed-out levels.

Sector & Factor Rotation

The weekly sector table is close to a textbook defensive-plus-rates rotation. Utilities +3.0%, Real Estate +2.6%, Health +1.9% and Staples +0.9% are the bond-proxy and non-cyclical complex. Energy +2.3% and Materials +1.1% carry the reflation signature. Financials +1.7% fits both the reflation trade and the Russell's +2.6%, consistent with the Russell 2000~Regional Banks correlation of +0.57 over 252 days. Meanwhile Tech +0.1%, Industrials +0.1% and Discretionary -0.0% were flat, and Comms -5.2% was the single large negative. With 82% of sectors up, this is money moving into the market's unloved corners, not money leaving.

Factors say the same thing with more force because they cover three months rather than one week. High-

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Beta -8% and Momentum -6% are the two worst performers; Low-Vol +2% is the best; Quality -1% and Value 0% sit in between while Growth is -3%. The Growth-Value three-month spread of -2.9 confirms value's relative win. A tape where high-beta and momentum are both down high single digits while low-vol is positive is a de-risking tape, regardless of what the index level says. For positioning, the implication is to express constructive views through quality and value rather than through beta: the market has been paying for cash flow and low volatility and penalising crowded momentum for a full quarter.

The tension worth holding onto is that defensive leadership can mean two different things. If it is rotation inside a healthy market — profits broadening, laggards catching up — it is bullish and the Russell's move is the tell. If it is pre-emptive risk reduction ahead of a growth scare, Utilities and Staples lead because investors want shelter, and the next leg is lower. Breadth at 82% and HY OAS at 3.38 currently favour the first reading, but the Momentum and High-Beta drawdowns are the second reading's fingerprint. Watch whether Energy and Financials hold their gains: a reflation rotation keeps them, a defensive flight does not.

The Yield Curve & Rates

The curve is positively sloped at every tenor out to 20Y: 1M 4.11%, 3M 4.22%, 6M 4.29%, 1Y 4.41%, 2Y 4.65%, 3Y 4.72%, 5Y 4.78%, 7Y 4.86%, 10Y 4.96%, 20Y 5.32%, with 30Y 5.29% a touch below the 20Y. 2s10s at 31bp and 3M10Y at 78bp are both comfortably positive, so the curve is no longer inverted and no longer signalling an imminent recession on its own. But the shape matters more than the sign. A 3M yield of 4.22% against a 2Y of 4.65% means the front end is pricing essentially no near-term easing — if anything a modest tightening bias — and that is what a Reflation quadrant with i-score 1.0 should produce.

The expensive part of the curve is the long end. The 20Y at 5.32% and 30Y at 5.29% sit 36bp and 33bp above the 10Y, and the 20Y trading above the 30Y is a supply and term-premium signature rather than a growth signal. With Michigan inflation expectations at 4.6% and headline CPI at 336.3 against core CPI 338.9, the long end is being asked to absorb both inflation uncertainty and issuance. The 2Y-to-5Y belly, at 4.65% to 4.78%, offers most of the yield with materially less duration exposure. For an investor, that argues for owning the belly and being cautious about extending into 20s and 30s for the extra 30-50bp.

For rates risk itself, MOVE at 104 is unremarkable — neither complacent nor stressed. The rate cycle read is: policy is restrictive in level but not tightening, the curve has normalised, and the binding constraint on further front-end relief is inflation expectations rather than growth. A 30-year mortgage at 7.3% against a Case-Shiller HPI of 337.3 and housing starts of 1,221k shows where that restrictiveness is still biting hardest.

Credit & Financial Conditions

HY OAS at 3.38% sits in the 84th percentile of tightness and IG OAS at 0.91% is similarly rich. Financial conditions corroborate the easy reading: ANFCI at -0.52 and the stress index at -0.63 are both well into accommodative territory. There is no funding stress, no credit event brewing, and no evidence of bank or dealer strain in the data.

That is precisely why credit is the largest single negative in the risk-appetite scorecard at -0.78. Spreads this tight are not a signal of safety; they are a signal that investors are receiving almost nothing for bearing default and liquidity risk. The asymmetry is unattractive: 338bp of high-yield compensation leaves little room to tighten further and considerable room to widen on any growth disappointment. The S&P~HY correlation of +0.68 over 252 days and +0.59 over 63 days confirms that high yield is still trading as an equity substitute, so an investor holding both is doubling the same exposure rather than diversifying it.

The practical conclusion is to take risk in equities, where you are at least compensated with upside convexity, rather than in high-yield credit, where you are short volatility for 338bp. Within credit, the easy financial conditions argue for staying invested but moving up in quality — IG at 91bp is also

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tight, but the loss given stress is far smaller. Watch HY OAS as the single best early-warning gauge: a move through 375bp would mark the first genuine crack in the easy-conditions story that currently underwrites the Risk-on regime call.

Factor Structure & Systemic Risk

PCA across 89 instruments gives PC1 (Risk, proxied by the S&P) 33% of variance, PC2 (Rates, 10Y) 16%, PC3 (Energy, inverse WTI) 6% and PC4 (US dollar) 4%. Within sectors alone, PC1 explains 66%. The cross-asset reading is the more useful one: at 33%, the market is not single-factor. A genuinely one-factor market — the kind seen in acute stress — pushes PC1 toward 60-70% of cross-asset variance, and nothing like that is happening. Rates at 16% as a distinct second factor means duration and equity risk are being priced somewhat independently, which is what makes sector rotation and relative-value trades viable right now.

The multivariate DCC-GARCH systemic gauge agrees. Average pairwise conditional correlation across the 12-asset set is +0.04 now, identical to +0.04 a year ago, with persistence of 0.8845. Diversification is working as well as it was twelve months ago, and the high persistence means this is a slow-moving state variable — it will not flip to a crisis reading in a single session, which makes it a reliable confirmation signal rather than a trigger. If that average correlation starts climbing toward +0.20 or +0.30, it means the diversification that currently makes a multi-asset book sensible is failing, and position sizing needs to come down across the board.

The low_concentration drag of -0.29 in the risk-appetite scorecard is the counterpoint: index-level concentration is still high even though cross-asset correlation is low. Comms -5.2% in a week when 82% of sectors rose is the demonstration — one mega-cap bloc can move the index independently of the market's breadth. That is a reason to prefer equal-weight or broad exposure over cap-weighted beta, and it is why the Nasdaq's -0.9% week sits so far from the Dow's +0.7%.

Cross-Asset Correlation & Lead-Lag

The hedging question has a clear answer this week, and it is better than the unconditional numbers suggest. Static S&P~Long Bond correlation is +0.30 over 252 days and +0.22 over 63 days — positive, meaning bonds and equities have fallen together, which is what a rates-driven selloff produces. But the DCC-GARCH conditional estimate, which weights recent information, reads -0.14 with persistence 0.9882. Treasuries are currently hedging equity risk, modestly, having spent much of the past year failing to. A -0.14 correlation is a weak hedge, not a strong one, so duration is a partial offset rather than a reliable one; the high persistence means the improvement is likely to stick for a while rather than reverse immediately. Cash at 4.11-4.22% on the front end remains the cleanest hedge available.

The dollar is also behaving as a diversifier: S&P~DXY static -0.35/-0.26 and DCC -0.22 with persistence 0.9931. A weaker dollar accompanies stronger equities, so dollar exposure in a global book is a genuine offset. Gold is the complication — S&P~Gold is +0.32 over 252 days and rising to +0.44 over 63 days, so gold has been trading with equities rather than against them, which undercuts its role as a crisis hedge even as Gold~DXY at -0.39/-0.48 confirms it is still primarily a dollar trade. VIX is doing its job: S&P~VIX static -0.82/-0.81 and DCC -0.84 with persistence 0.9772, so index volatility remains the most dependable short-term equity hedge.

Weekly predictive skill in the lead-lag network is modest and should be treated as such. Granger tests identify VIX, Long Bond, US 10Y and Russell 2000 as net leaders, with Gold, DXY, Nasdaq and the S&P as net followers. Read directionally, not mechanically: volatility and rates lead equities, which is the normal ordering in a market where the discount rate is the live variable, and the Russell's leadership position gives this week's +2.6% a little more weight than a pure coincident reading would. But the effect sizes are small, the relationships are unstable out of sample, and no position should be sized on the premise that a Long Bond move this week reliably predicts the S&P next week. Use it to prioritise what to monitor, not to time entries.

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Relative Value & Fair Value

Three fair-value models clear the $R^2 \geq 0.4$ bar, and two of the three flag richness. Semis against the Nasdaq are RICH +9.8% with z +0.88 on an R^2 of 0.96 — a very tight relationship, so the residual is meaningful. The Semis~S&P correlation has already fallen from +0.76 over 252 days to +0.65 over 63 days, which means semis are starting to decouple from the index. A 9.8% premium on a 0.96-fit model is a reason to trim semiconductor overweights or hedge them against the Nasdaq rather than against the S&P. Gold against real yields and the dollar is RICH +13.3% with z +0.65 on an R^2 of 0.70 — a looser fit, so take it with more salt, but a 13.3% residual alongside gold's rising equity beta of +0.44 argues against adding to gold here on hedging grounds.

The Nasdaq itself is the outlier: cheap -1.4% against real yields and the S&P, z -0.59, on an R^2 of 0.99. That is the best-fit model in the set and it says the Nasdaq's -0.9% week and -2% month have taken it slightly below where rates and the broad market justify. The combination is specific and tradeable in relative terms: the index is marginally cheap while its most crowded sub-sector is nearly 10% rich. Owning Nasdaq exposure while underweighting semis within it captures the spread; owning semis as a proxy for the Nasdaq does the opposite.

None of these are large absolute dislocations. A z-score band of -0.59 to +0.88 is within normal range, and the gold residual in particular sits on a model explaining only 70% of variance. These are tilts worth a fraction of a position, not convictions.

Volatility & Tail Risk

VIX at 17.9 is near its long-run average and VIX3M at 19.6 gives a term ratio of 0.91. Upward-sloping, so not in stress — but 0.91 is flatter than a comfortable tape produces, and the vix_term component contributes -0.33 to the risk-appetite scorecard for exactly that reason. The market is pricing near-term realised volatility as closer to three-month expectations than usual, which is how curves look before they invert. VVIX at 100 says the vol-of-vol is elevated enough that VIX itself could move sharply, so options on volatility are not cheap insurance.

SKEW at 152 is the most striking number in the complex. That is a high reading, and it means investors are paying a substantial premium for out-of-the-money puts relative to at-the-money options. Combined with a VIX of 17.9, the message is that the market expects low day-to-day volatility but is actively buying protection against a large downside gap. That combination — low spot vol, expensive tails — is characteristic of a market that is long risk and nervous about it. MOVE at 104 adds that rate volatility is contained, so the feared tail is an equity or credit event rather than a rates event.

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 -2%, -4% and -9% respectively. The S&P has the most room to fall relative to where it sits; the Russell has already exceeded its ES5 and is the most washed out. For an investor, that asymmetry supports this week's rotation logic: the index-level downside is not yet priced in, while small-cap downside largely is. With SKEW at 152, buying index downside protection is expensive, so expressing caution through position sizing and factor tilts is likely more cost-effective than through puts.

Macro Pulse & Recession Risk

Recession indicators are close to uniformly benign. The NY Fed probability is 0.6%, the Sahm rule reads 0.00, 2s10s is +31bp, and initial claims are 194,000 with continued claims at 1,728,000. Unemployment at 4.2% with U6 at 7.6% and participation at 61.8% describes a labour market that is cooling without cracking. Job openings at 7,079k are down from the post-pandemic extremes but not collapsing. Nothing in this set supports a recession call, and an investor positioning for one right now is fighting the data.

The growth-inflation quadrant is Reflation with g-score 0.0 and i-score 1.0: trend growth, rising inflation. The growth evidence is mixed but adequate — Weekly Economic Index +3.3%, Chicago Fed NAI +0.1, industrial production 104.0 with capacity utilisation 76.9%, real GDP 24,408bn. The macro nowcast

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composite at -0.12 (Trend growth) is almost entirely the product of one component: consumer sentiment at -1.64 against positives from the weekly economic index +0.42, initial claims +0.30, industrial production +0.28 and Chicago Fed +0.06. Strip out sentiment and the nowcast is clearly positive. Michigan consumer sentiment at 48.1 is a depression-level print that the hard consumer data does not corroborate — retail sales of $745,021m and a 4.1% saving rate are not consistent with a consumer in retreat. Treat the sentiment drag honestly: it is a real signal of household strain, particularly with Michigan inflation expectations at 4.6%, but it has been a poor predictor of spending for several years and it should not be the basis for de-risking on its own.

The inflation side is the live issue. Sticky CPI at 2.8%, core CPI 338.9, core PCE 130.5, PPI 295.7 and 4.6% expected inflation describe an economy where price pressure has not resolved. That is what justifies the Reflation label and what keeps the front end anchored above 4%. Net liquidity at $5,801bn, up just $9bn over the month, is flat — a 0.15% monthly change is noise, not an impulse. There is no liquidity tailwind supporting asset prices here; whatever the market does from here, it does on fundamentals and positioning rather than on expanding liquidity. Housing is the clearest pressure point: a 7.3% mortgage rate against 1,221k starts and 684k new home sales shows the restrictive policy stance still transmitting.

Key Risks & What to Watch

The central risk to a constructively-tilted but de-risked stance is that this week's rotation is the opening phase of a growth scare rather than a healthy broadening. The evidence for that darker reading is already partly present: High-Beta -8% and Momentum -6% over three months, Utilities and Real Estate leading, a VIX term ratio of 0.91 that is flatter than a calm market produces, and SKEW at 152 showing real money paying up for crash protection. If growth rolls over, HY OAS at 338bp has no cushion, and the 84th-percentile tightness inverts from a comfort to a vulnerability within weeks.

The mirror risk runs the other way. With i-score at 1.0, sticky CPI at 2.8% and inflation expectations at 4.6%, an upside inflation surprise forces the long end higher from an already stretched 20Y 5.32% and 30Y 5.29%. That hurts the exact defensives that led this week — Utilities and Real Estate are long duration in equity clothing — and would turn the DCC stock-bond correlation back positive from -0.14, removing the modest Treasury hedge just when it is needed. A third risk is concentration: with low_concentration at -0.29 and Comms down 5.2% in a week that 82% of sectors finished higher, a single mega-cap bloc can drag the index regardless of market breadth.

The specific signals that would confirm or change this view: HY OAS widening through 375bp from 338bp, which would be the first real crack in easy financial conditions. VIX sustained above 22 with the term ratio inverting below 1.00 from 0.91, signalling the market has repriced near-term risk. Initial claims breaking above 230,000 from 194,000, or the Sahm rule rising off 0.00 toward 0.30. The average pairwise DCC correlation climbing from +0.04 toward +0.20, which would say diversification is failing and whole-book risk needs reducing. On the bullish side: Tech and Discretionary joining the rally while Energy and Financials hold their gains would confirm rotation rather than flight, and the Russell 2000 extending beyond this week's +2.6% while breadth stays above 70% would validate broadening. The S&P 500 breaking below 6,600 on Tech-led weakness, or the 2s10s steepening past 60bp on a long-end move rather than a front-end rally, would each argue for cutting equity beta and shortening duration further.

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PART I

Rates, Credit & Macro

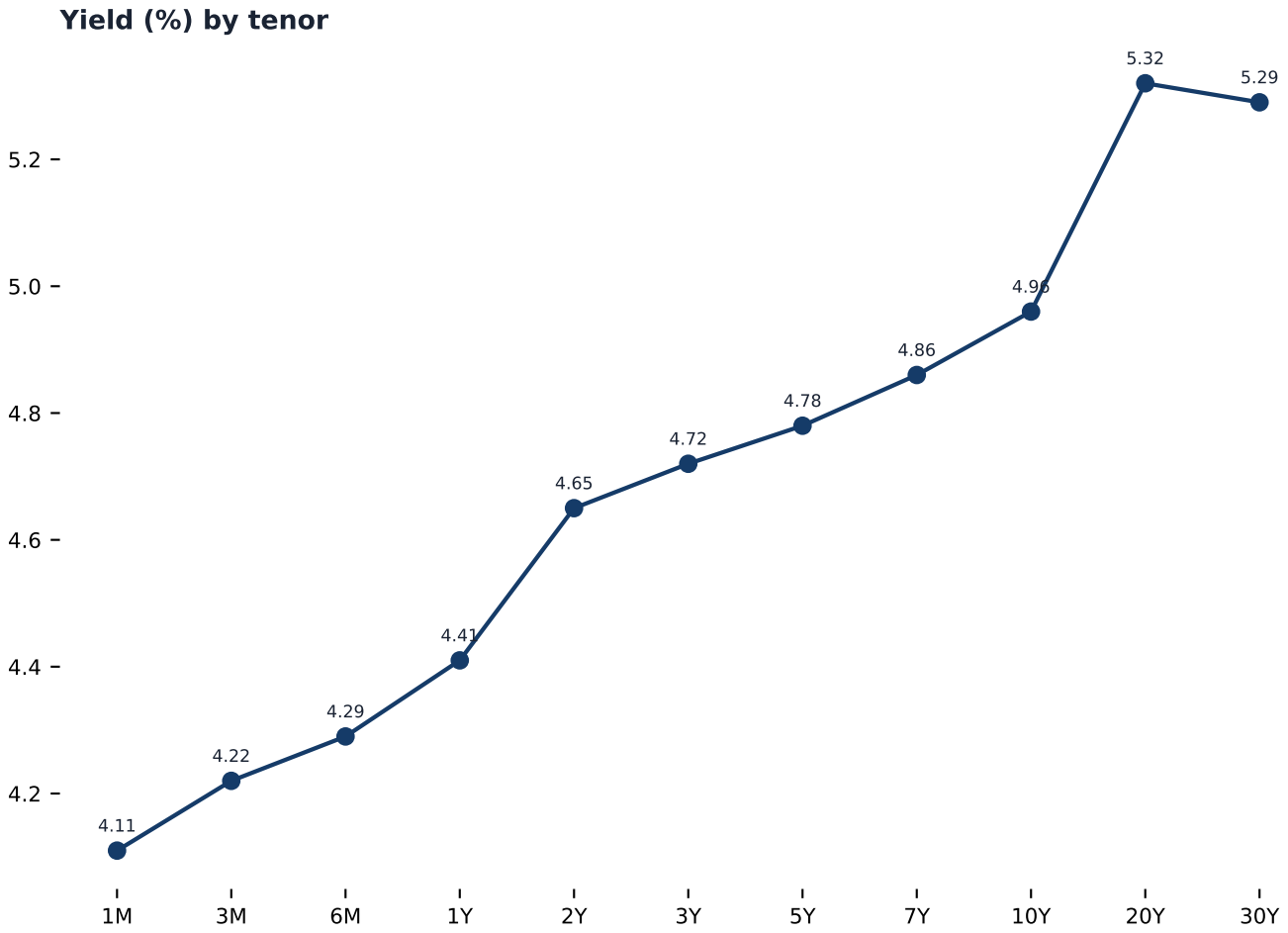
The Treasury curve, credit spreads, the growth-inflation regime and the deep macro dashboard.

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

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The Treasury Yield Curve

Current US Treasury curve. 2s10s +0.31bp, 3M-10Y +0.78bp (positive).



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Credit, Financial Conditions & Volatility

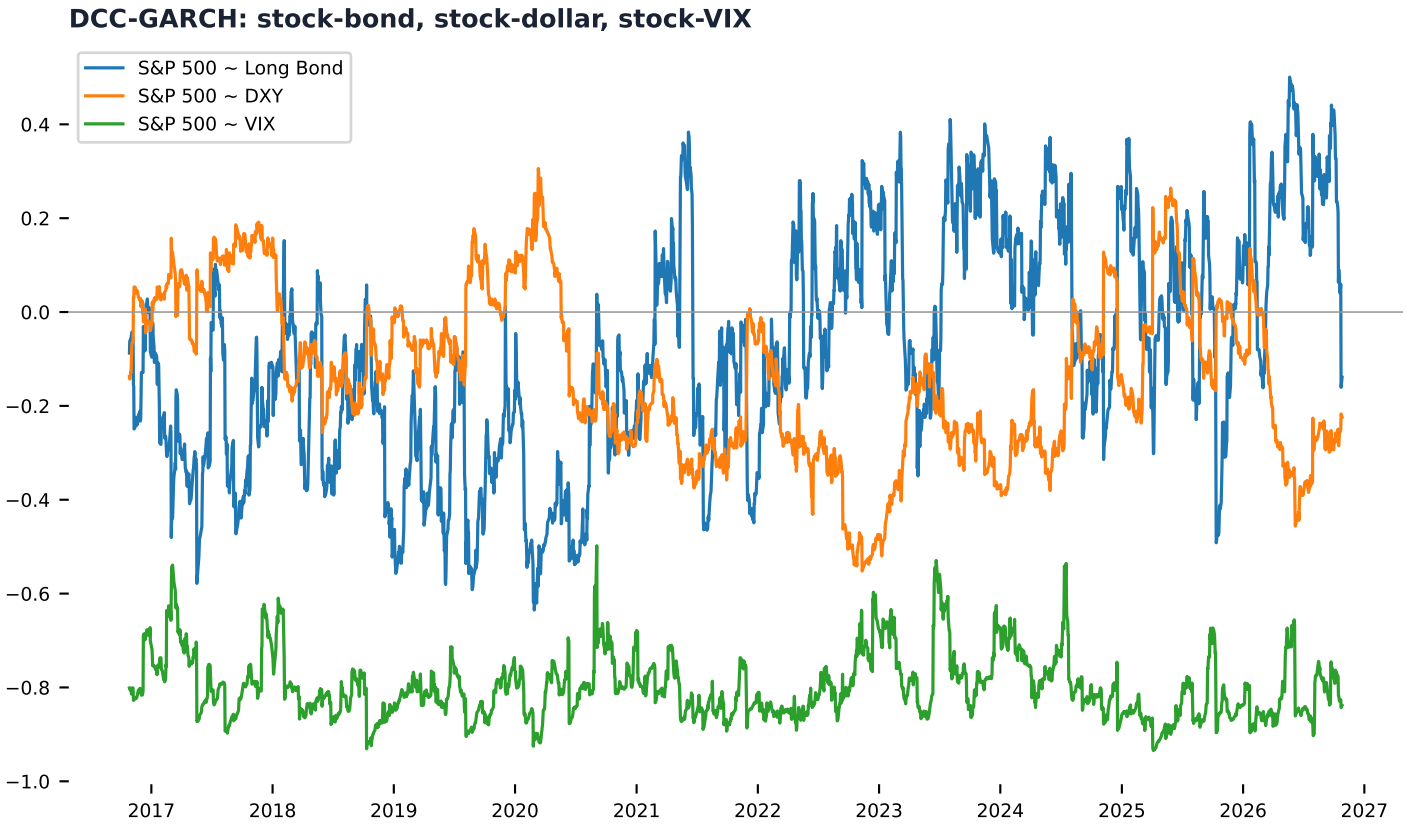
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	**3.38**	84th pctile
IG OAS	**0.91**	
Fin Conditions (ANFCI)	**-0.52**	0 = average; +tight
St. Louis Stress	**-0.63**	
VIX	**17.9**	term VIX/VIX3M 0.91
VIX3M	**19.6**	
VVIX (vol of vol)	**100**	
MOVE (bond vol)	**104**	
SKEW (tail hedging)	**152**	

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Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.86, Risk-off 0.14). Quadrant: Reflation.





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Macro Pulse: Labor

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

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	**159,044.00**	+29.00	2026-09
Unemployment %	**4.20**	+0.10	2026-09
U6 underemployment %	**7.60**	-0.10	2026-09
Participation %	**61.80**	+0.20	2026-09
Job openings (k)	**7,079.00**	-256.00	2026-08
Avg hourly earnings $	**37.81**	+0.05	2026-09
Initial claims (wk)	**194,000.00**	-6,000.00	2026-10
Continued claims	**1,728,000.00**	+25,000.00	2026-10

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Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	**336.30**	+2.17	2026-09
Core CPI index	**338.90**	+1.13	2026-09
PCE index	**131.58**	+0.41	2026-08
Core PCE index	**130.46**	+0.32	2026-08
PPI index	**295.71**	+7.97	2026-09
Michigan inflation exp %	**4.60**	+0.60	2026-09
Sticky CPI %	**2.82**	+0.07	2026-09

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Macro Pulse: Growth, Consumer & Housing

Activity, the consumer, and the housing cycle.

INDICATOR	LATEST	CHANGE	AS OF
Real GDP (bn)	**24,408.01**	+133.63	2026-04
Industrial production	**103.95**	+0.68	2026-09
Capacity utilization %	**76.85**	+0.43	2026-09
Chicago Fed NAI	**0.07**	+0.15	2026-09
Weekly Econ Index %	**3.33**	+0.31	2026-10
Durable goods ($m)	**338,458.00**	-242.00	2026-08
Retail sales ($m)	**745,021.00**	+5,699.00	2026-09
Saving rate %	**4.10**	-0.50	2026-08
Consumer sentiment	**48.10**	-3.60	2026-09
Housing starts (k)	**1,221.00**	-67.00	2026-09
Building permits (k)	**1,400.00**	-3.00	2026-09
New home sales (k)	**684.00**	+41.00	2026-08
Case-Shiller HPI	**337.31**	+0.40	2026-07
30y mortgage %	**7.32**	-0.08	2026-10

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Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	**3.88**	+0.00	2026-10
SOFR	**3.92**	+0.02	2026-10
M2 ($bn)	**23,305.50**	+37.70	2026-08
Bank reserves	**2,936.00**	-115.50	2026-08
C&I loans ($bn)	**2,959.06**	+24.62	2026-09
Consumer credit ($bn)	**5,196,778.44**	+8,280.61	2026-08

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Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	**0.6%**	12m-ahead, curve-based
Sahm rule (real-time)	**+0.00**	>0.50 triggers
2s10s curve	**+0.31 bp**	inverted = warning
Initial jobless claims	**194,000**	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 +0.80	1d-lag -0.07
Long Bond	contemp -0.14	1d-lag +0.05
DXY	contemp -0.13	1d-lag -0.01

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PART II

Cross-Market Structure

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

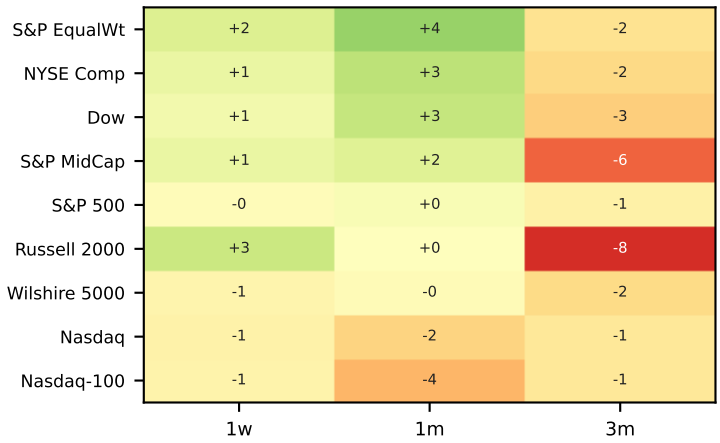
- PCA factor model & multivariate DCC conditional-correlation
- Correlation, wavelet coherence, Granger causality & cointegration

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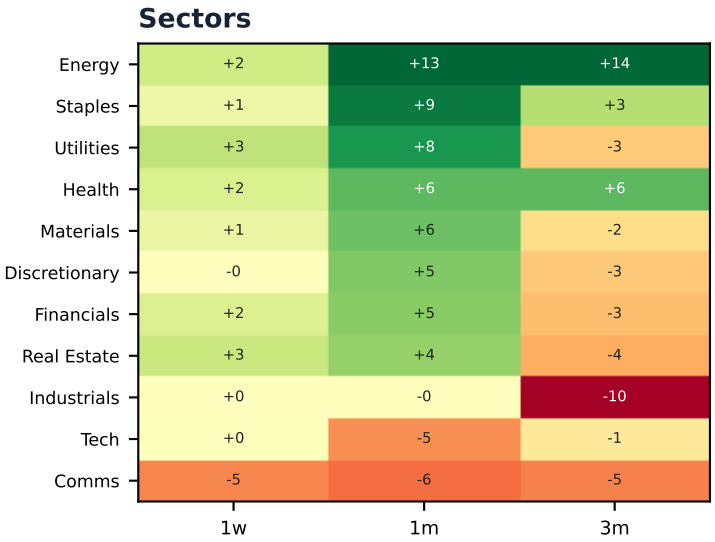
Returns Heatmap

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

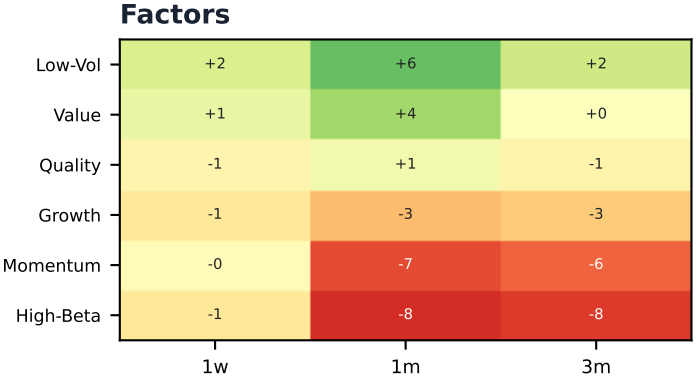
Indices



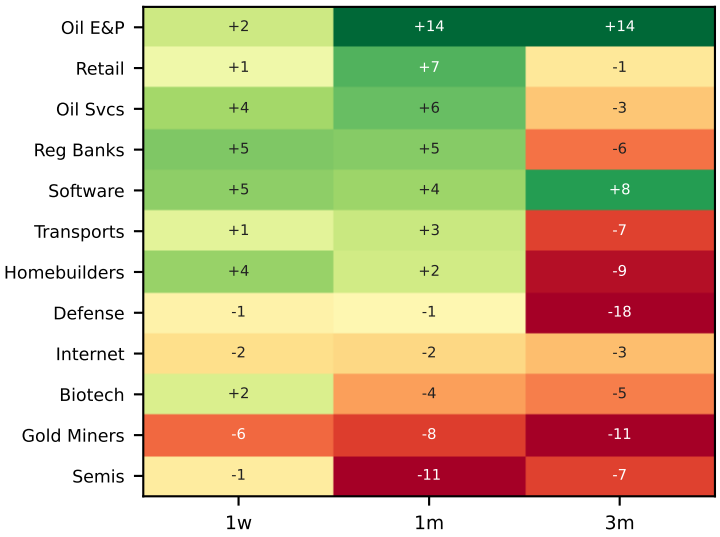
Sectors



Factors



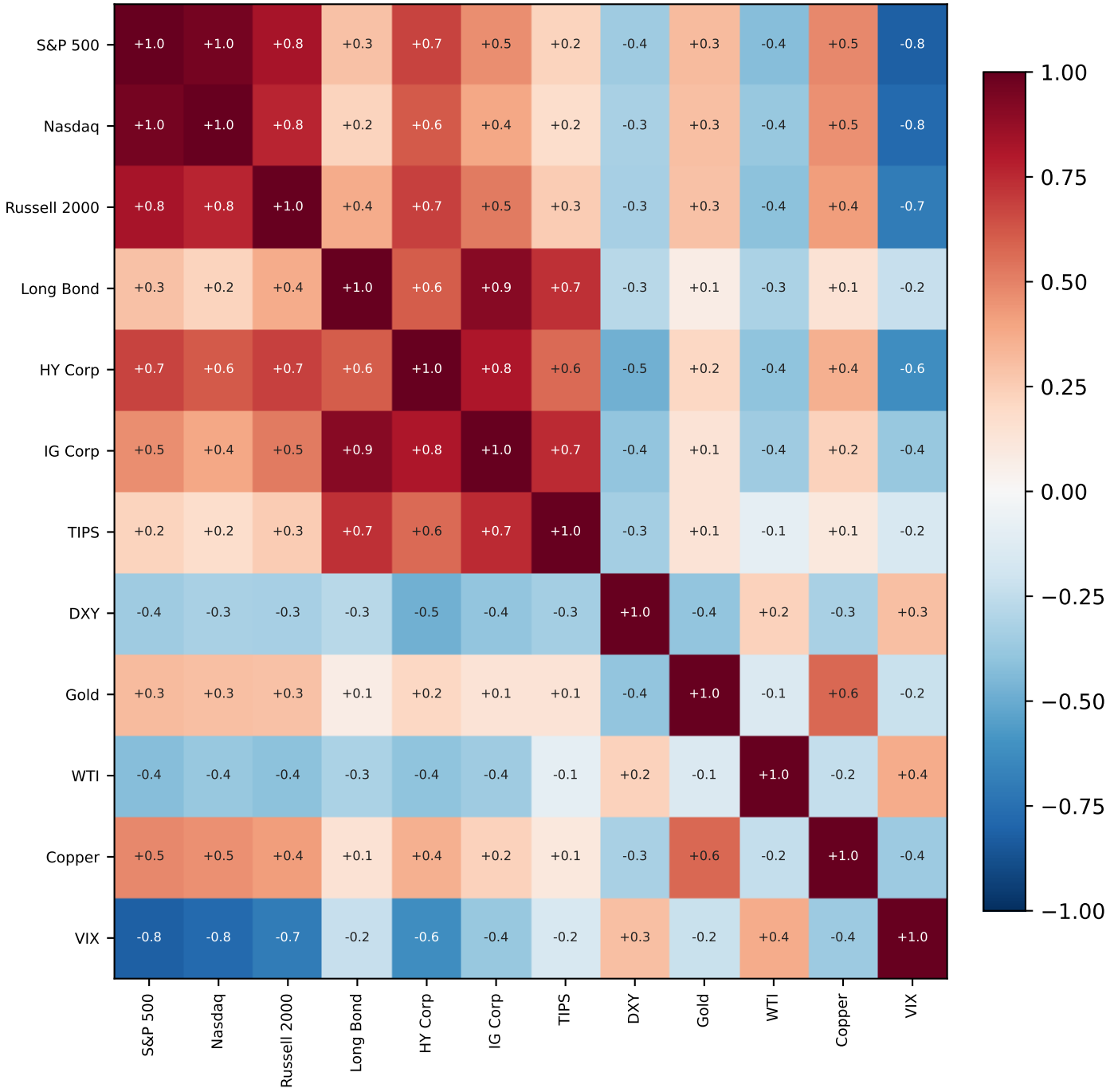
Industries



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Cross-Asset Correlation (252d, daily)

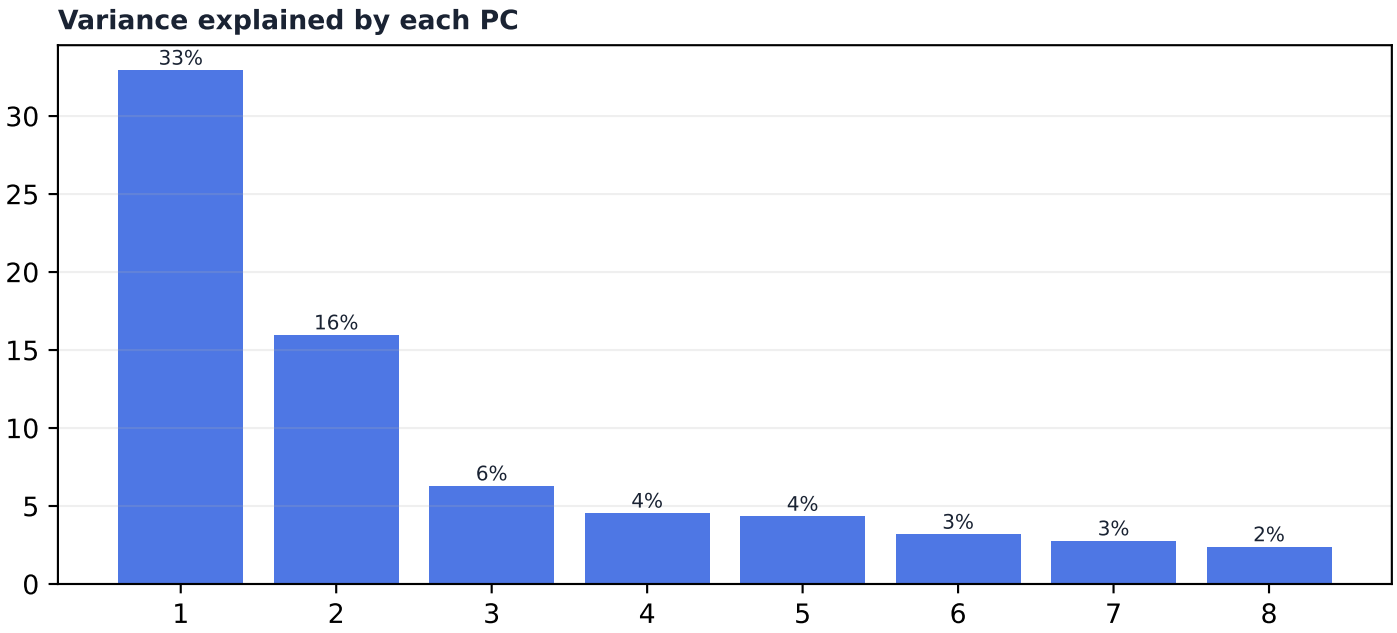
S&P/Nasdaq/Russell vs bonds, credit, dollar, gold, oil, copper, VIX.



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CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 89 instruments (156 weeks)



PC1 — Risk (S&P 500)

32.9% of variance (cum 33%) · marker corr +0.92

+ Wilshire 5000 +0.17, S&P EqualWt +0.17, NYSE Comp +0.17, S&P 500 +0.17, Value +0.17

– VIX3M -0.16, VIX -0.15, VIX9D -0.15, HY OAS -0.14, VVIX -0.13

PC2 — Rates (10Y)

15.9% of variance (cum 49%) · marker corr +0.94

+ US 10Y +0.25, US 5Y +0.25, US 30Y +0.23, US 2Y +0.23, 10Y real +0.22

– 7-10y Tsy -0.25, Agg Bond -0.24, Long Bond -0.24, MBS -0.23, IG Corp -0.21

PC3 — Energy (WTI) (inverse)

6.2% of variance (cum 55%) · marker corr -0.66

+ Tech +0.16, Nasdaq-100 +0.15, Growth +0.15, Nasdaq +0.15, Semis +0.13

– Energy -0.34, Oil E&P -0.33, Brent -0.28, WTI -0.28, Oil Svcs -0.27

PC4 — US dollar

4.5% of variance (cum 60%) · marker corr +0.52

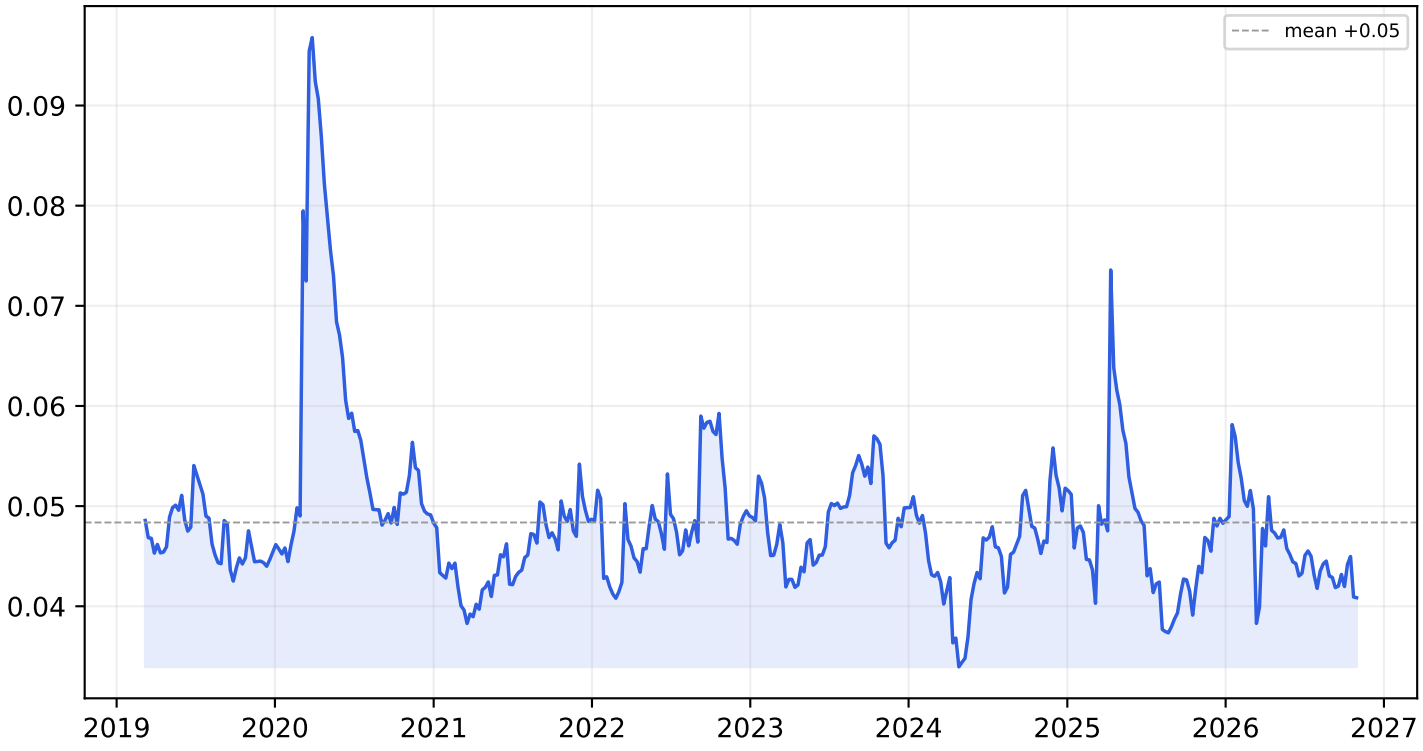
+ DXY +0.26, Gasoline +0.20, Brent +0.18, WTI +0.18, SKEW +0.17

– EURUSD -0.25, Gold Miners -0.22, Staples -0.20, Materials -0.20, Health -0.19

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.

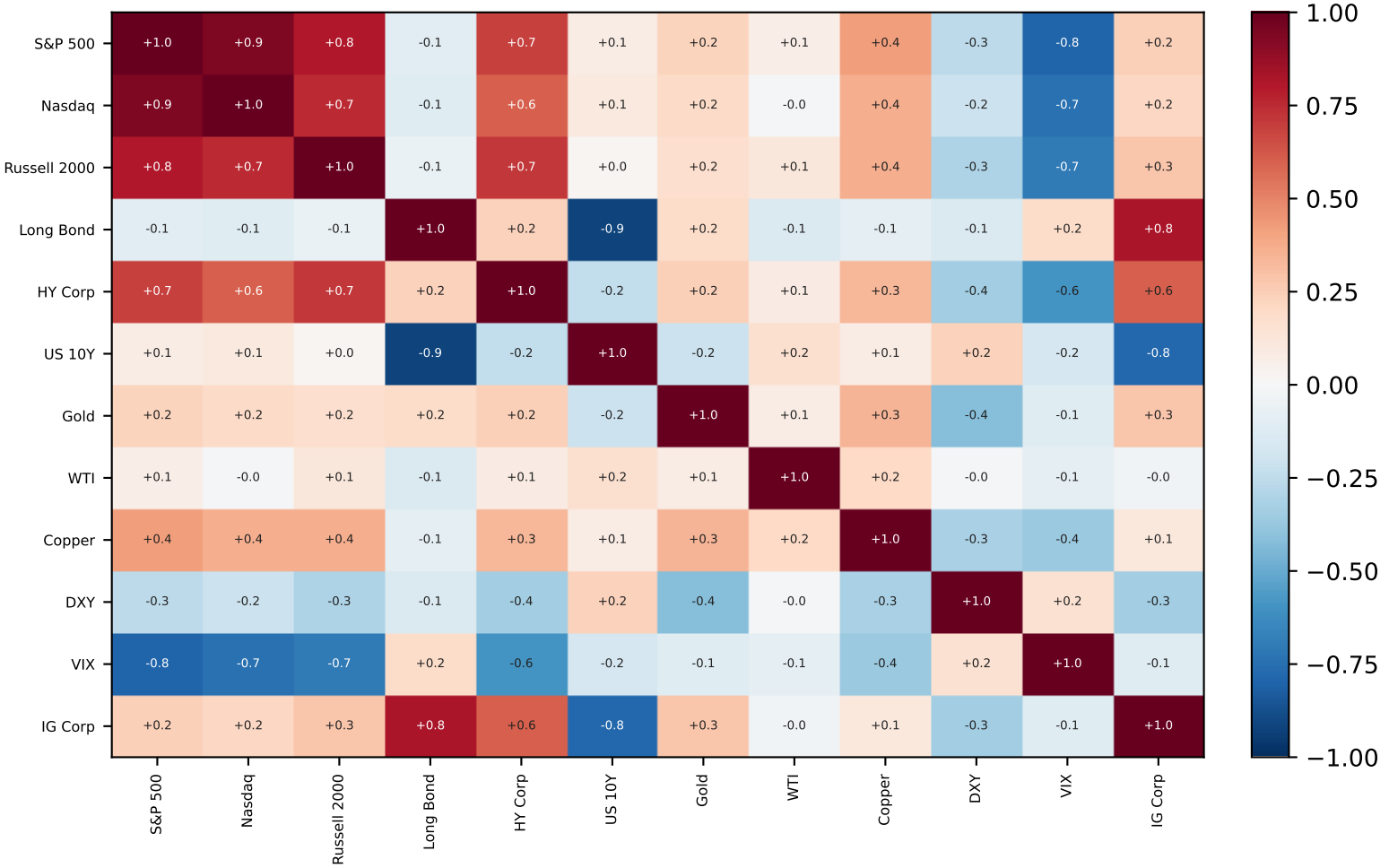
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Average pairwise conditional correlation (multivariate DCC-GARCH)



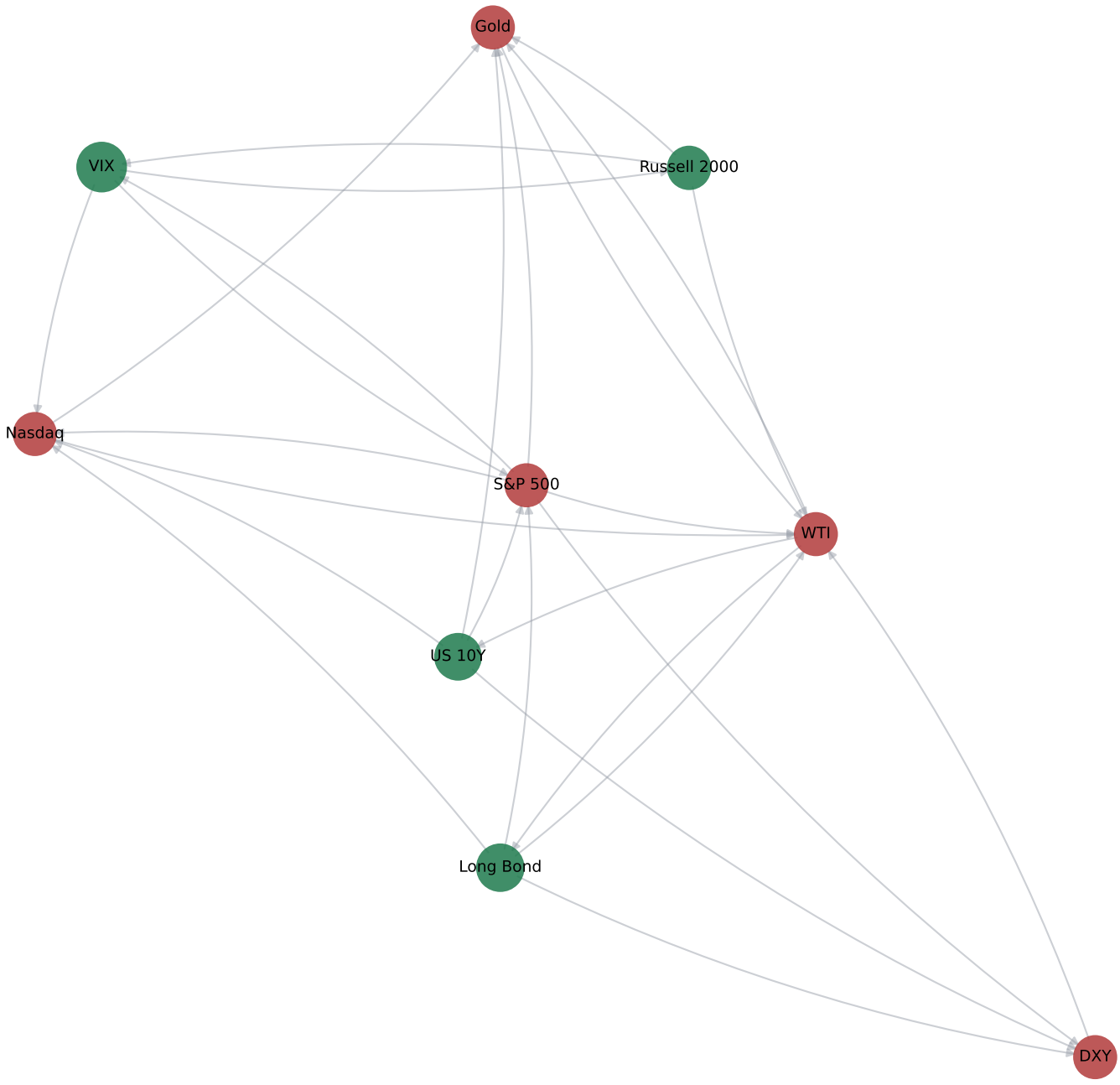
N=12 · persistence 0.8845 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



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Directional lead-lag — Granger causality network

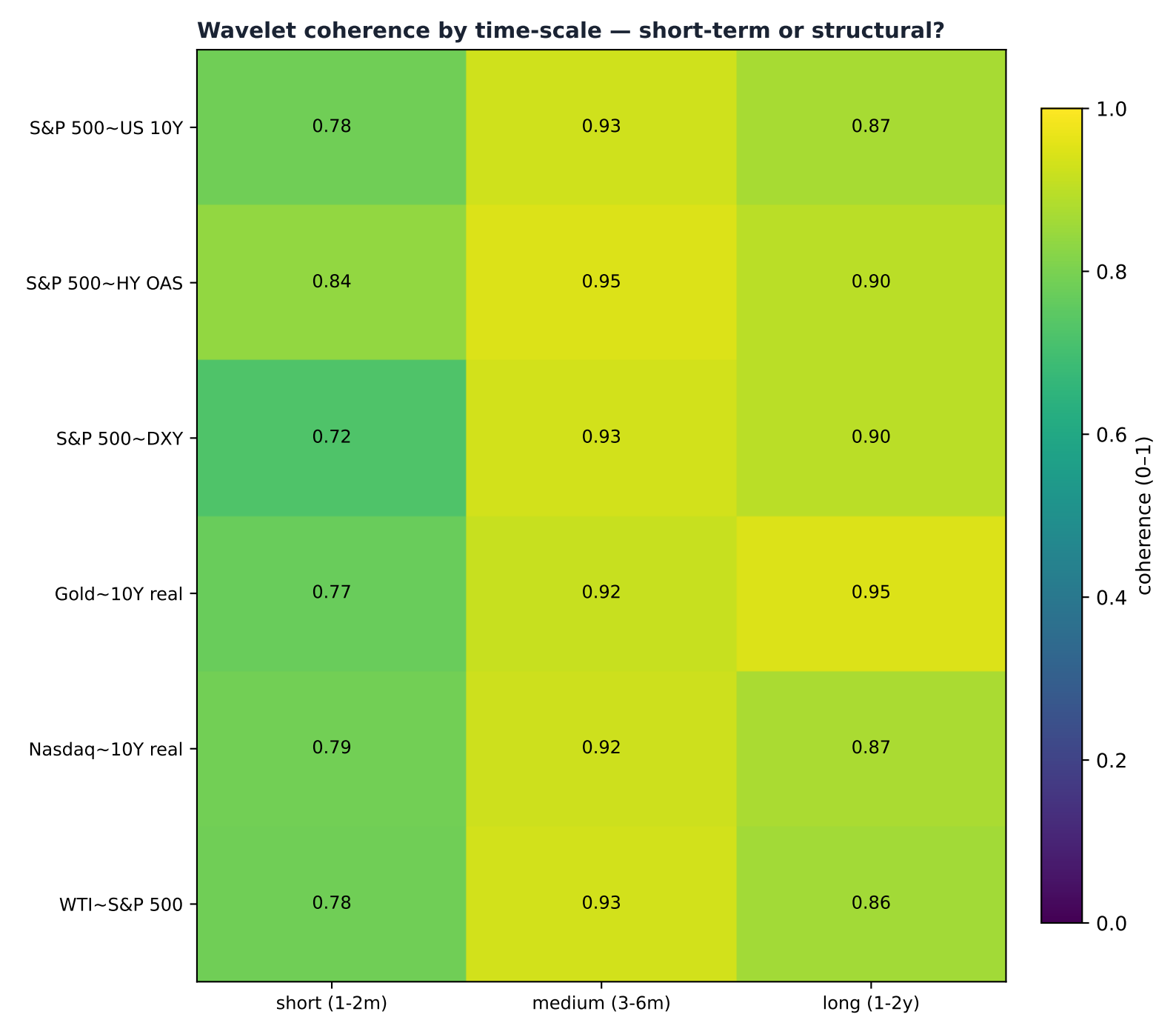


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader)

LEADERS: VIX +0.03, Long Bond +0.02, US 10Y +0.02, Russell 2000 +0.00, Semis +0.00

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

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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	0.932	0.55	43w	+2.79
WTI vs Brent	no	0.316	0.98	1w	+1.66
HY vs IG credit	yes	0.001	0.29	3w	-1.32
2Y vs 10Y	no	0.938	0.70	42w	+1.25
S&P vs Equal-Weight	yes	0.022	0.61	7w	+1.24
S&P vs Nasdaq	yes	0.002	1.24	8w	-0.70
Semis vs Nasdaq	no	0.192	0.52	15w	-0.52
VIX vs VIX3M	yes	0.038	0.85	2w	-0.49
Large vs Small (R2K)	yes	0.015	0.66	9w	+0.36
S&P vs Dow	yes	0.002	0.73	7w	+0.28
Gold vs Silver	no	0.175	1.20	13w	-0.06
Long vs Short Tsy	no	0.328	0.05	21w	-0.04

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.

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PART III

Rotation, Momentum & Fair Value

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

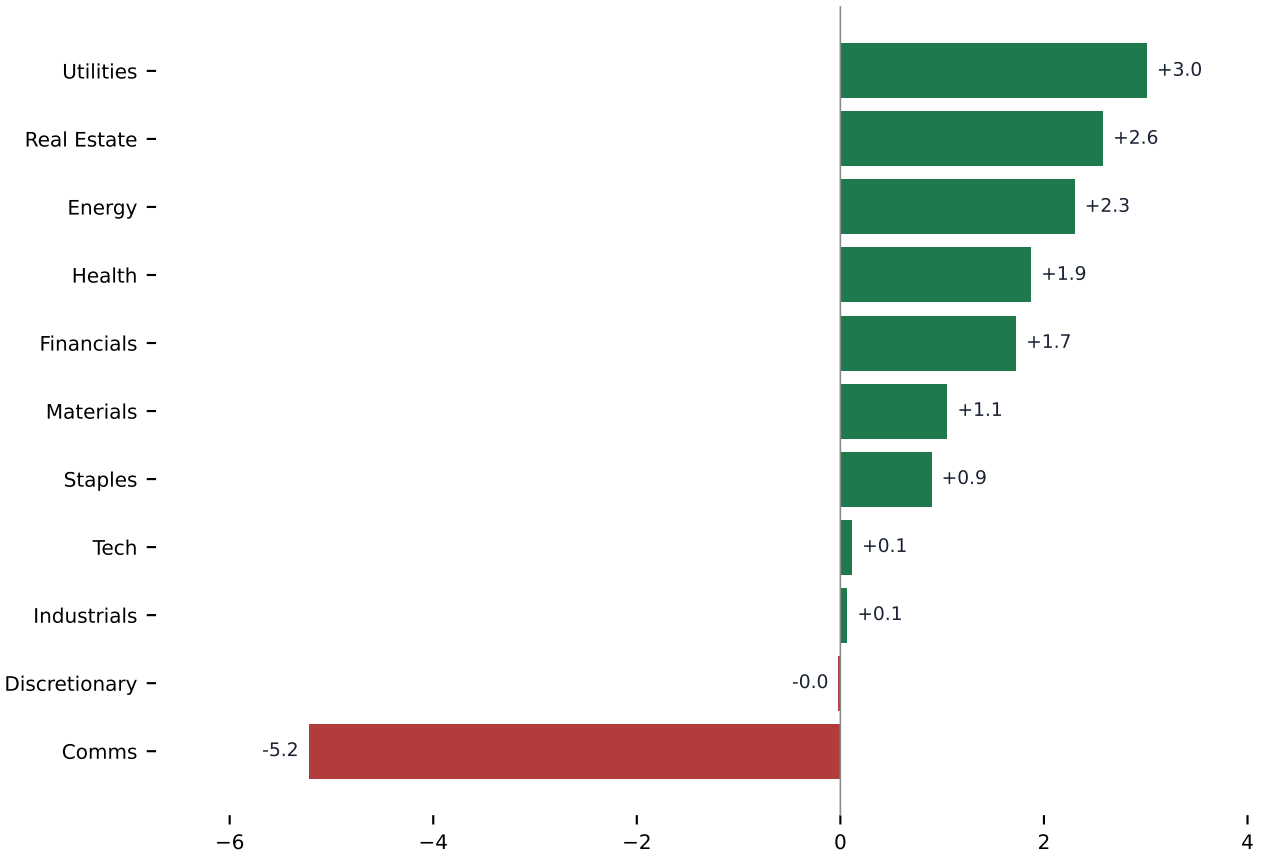
- Sector & factor rotation, momentum & trend battery, factor-beta attribution
- Fair-value residual models (rich/cheap vs economic drivers)

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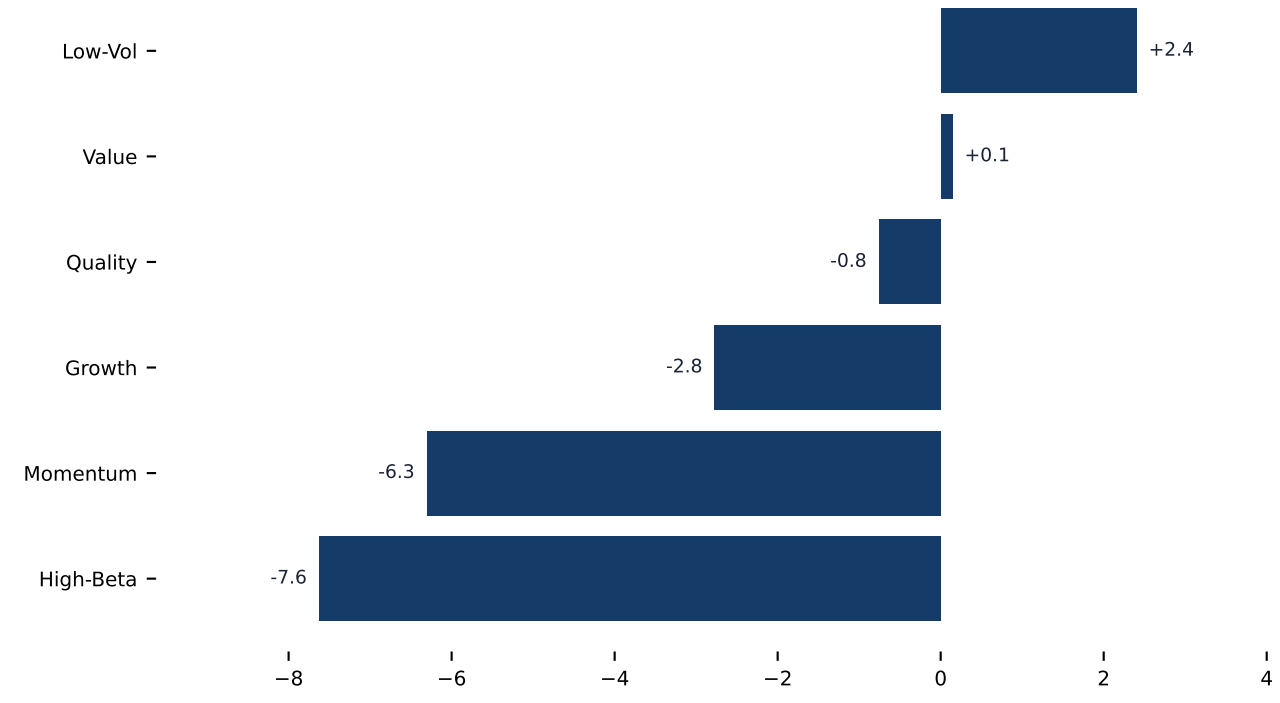
Sector & Factor Rotation

Weekly sector return; factor 3m return. Sector breadth 82% up. Growth-Value 3m -2.9%.

Sectors — weekly return %



Factors — 3-month return %



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MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
S&P 500	+3%	+6%	+12%	**+0.50**	+5%	-2%
Nasdaq	+3%	+4%	+10%	**+0.50**	+4%	-4%
Russell 2000	-5%	-1%	+13%	**-0.50**	-0%	-9%
Tech	+6%	+15%	+24%	**+0.50**	+9%	-7%
Financials	-2%	+8%	+7%	**+0.50**	+4%	-4%
Energy	+16%	+18%	+57%	**+1.00**	+17%	0%
Health	+10%	+23%	+24%	**+1.00**	+13%	-0%
Semis	+0%	+6%	+49%	**+0.50**	+4%	-18%
Reg Banks	-4%	+4%	+21%	**+0.50**	+2%	-6%
Gold Miners	+10%	-7%	+13%	**+0.00**	-10%	-30%
Gold	-2%	-13%	+1%	**-0.50**	-11%	-23%
WTI	+21%	+1%	+68%	**+1.00**	+17%	-8%

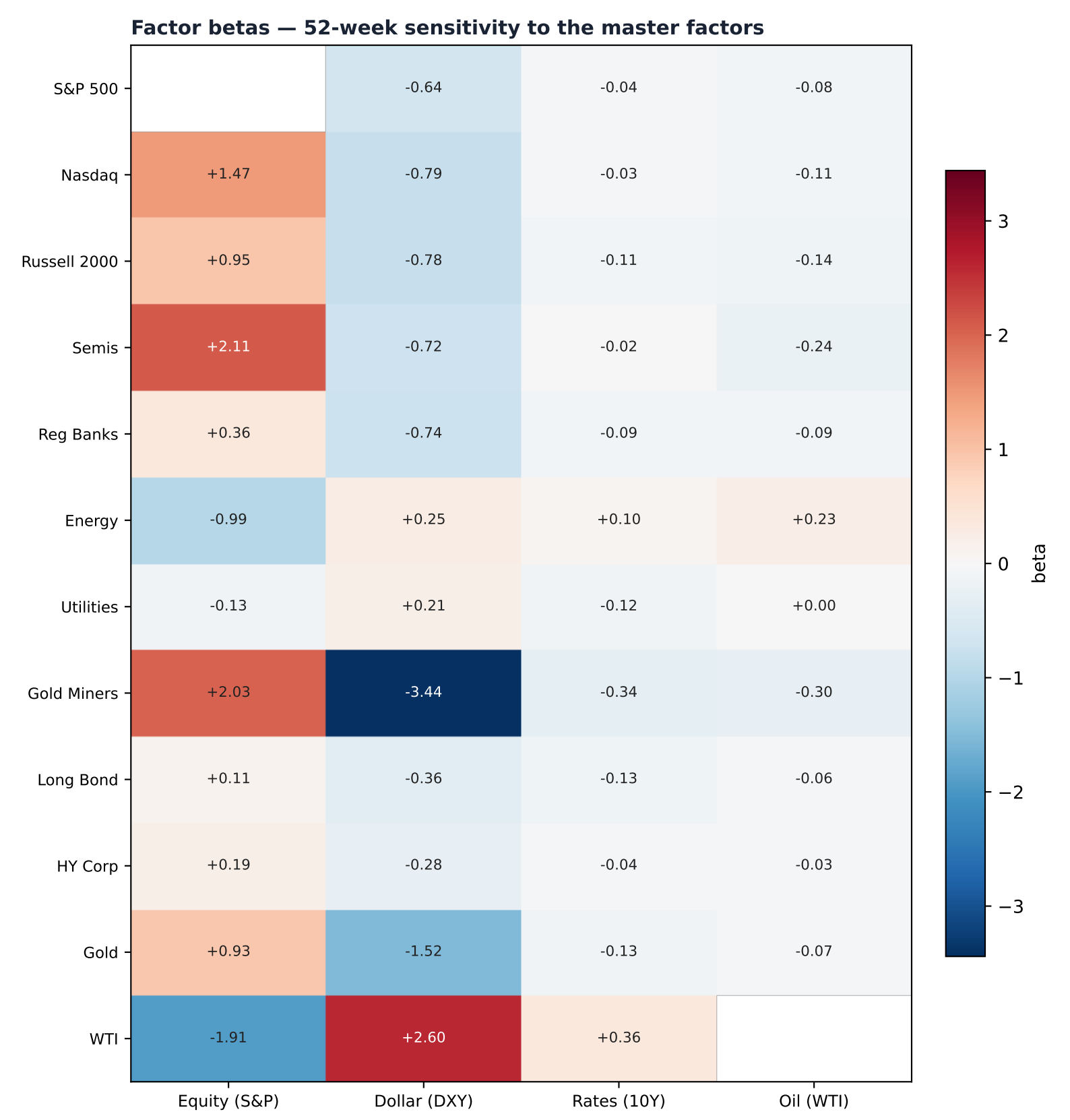
Sector 26-week relative strength:

LEADERS: Health +23%, Energy +18%, Tech +15%, Financials +8%, Staples +5%, Materials +0%

LAGGARDS: Comms -11%, Utilities -8%, Industrials -4%, Real Estate -4%, Discretionary -4%, Materials +0%

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

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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 +1.19

actual 7677.50 · model-fair 6167.11 · gap +24.5% · R² 0.31



Semis vs Nasdaq

RICH z +0.88

actual 541.77 · model-fair 493.47 · gap +9.8% · R² 0.96



HY spread vs equity vol

RICH z +0.78

actual 3.38 · model-fair 3.10 · gap +0.3 · R² 0.12



Gold vs real yield & dollar

RICH z +0.65

actual 4030.50 · model-fair 3557.48 · gap +13.3% · R² 0.70



Nasdaq vs real yield & S&P

cheap z -0.59

actual 26204.12 · model-fair 26563.84 · gap -1.4% · R² 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 R² — a low-R² model is a weak anchor, stated honestly.

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PART IV

Volatility & Risk

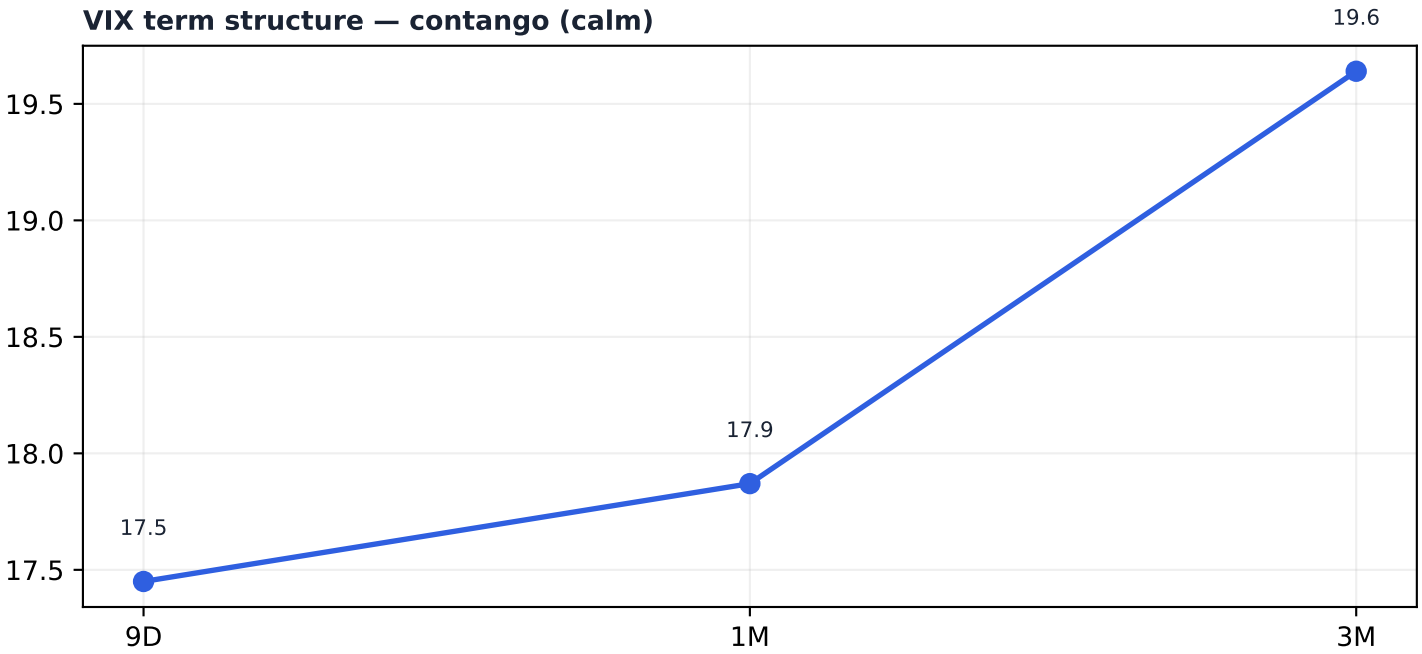
The volatility complex and downside risk.

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

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VOLATILITY COMPLEX

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



VOL RISK PREMIUM

+9.2 pts

VIX 17.9 − realised 8.7

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

152

84th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	104	56th
Oil vol (OVX)	60	92th
Vol-of-vol (VVIX)	100	65th

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

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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
S&P 500	-3.2%	-4.8%	11%	-25%	-2%	-0.2	+1.4
Nasdaq	-4.6%	-5.9%	13%	-36%	-4%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	13%	-32%	-9%	-0.2	+0.5
Semis	-7.6%	-10.2%	22%	-45%	-18%	-0.3	+0.5
Reg Banks	-6.3%	-9.7%	21%	-54%	-7%	-0.6	+2.3
Energy	-5.5%	-8.6%	21%	-23%	0%	-0.7	+3.5
HY Corp	-1.6%	-2.3%	5%	-18%	-11%	+0.2	+2.8
Long Bond	-3.6%	-4.7%	10%	-50%	-47%	-0.1	+0.4
Gold	-3.6%	-4.7%	11%	-24%	-23%	-0.1	+1.2
WTI	-9.7%	-11.9%	26%	-53%	-15%	+0.6	+3.3

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 0.17 Gold 0.11

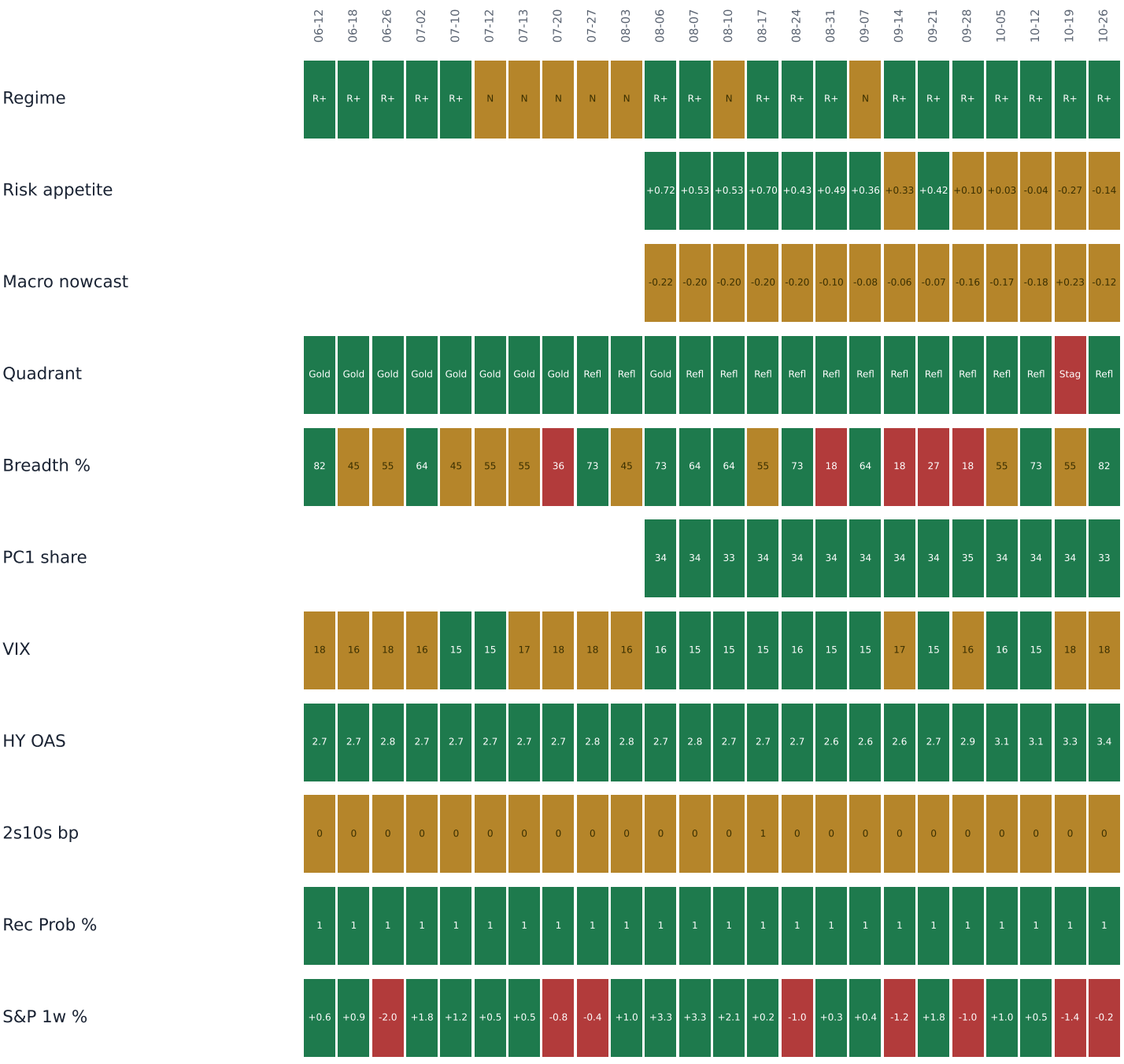
VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together; near 0 = a genuine diversifier when it matters.

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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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