ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-08-21

167 instruments | 1912 weeks history

REGIME: Neutral

EXECUTIVE SUMMARY

The engine says lean risk-on, but selectively and with the hedges paid for. The Markov model is 93.4% Neutral (65 weeks in state, Risk-off only 1.3%) while the cross-asset scorecard reads +0.83 [Risk-on] on uniformly positive components — HY credit +1.11, VIX term structure +1.14, low concentration +0.86, breadth +0.76. That combination — a stable middle regime with a firm risk composite — argues for staying invested with beta, but taking the incremental risk where it is cheap rather than where it is crowded. Favour Asian equity momentum (TW_TAIEX +36%, KR_KOSPI +27%, JP_Nikkei225 +22%, TH_SET +24% on 26-week relative strength) and the just-inflecting China complex (Shenzhen +2.4%, Shanghai +1.4% this week); fade the crowded US index long (S&P e-mini spec at the 91st percentile), the 99th-percentile dollar long, the 100th-percentile copper long, and long-duration gold at +17.9% above fair value.

Three developments matter most. First, gold +2.23% and silver +2.38% into a fair-value model that already shows gold rich by 17.9% versus real yields and the dollar (z +0.85, R^2 0.67) — a well-fit model, so trim rather than add; GVZ at the 89th percentile means the optionality is expensive too. Second, the Growth × Inflation engine has moved decisively into Reflation: growth z +0.78 (13-week +0.27) while inflation z collapsed to +0.06 (13-week −1.78). That is the single best argument for cyclicals over defensives and for owning duration against the consensus — and the positioning data agrees, with UST 10Y spec at the 12th percentile and the Bond contract at the 8th. Third, the forward curve prices roughly 1.4 hikes to one year (o/n 3.63% → 1–2y 4.33%) into a disinflating inflation composite; that is a hawkish mispricing to lean against at the long end while the front end stays crowded long (2Y 90th, 5Y 84th).

The biggest risk is valuation, not macro: CAPE 42.6 (99th percentile of 156 years), excess CAPE yield −0.04% (0th percentile since 2015), equity risk premium −0.70%. Rich markets do not fall on richness alone — they fall when funding or credit cracks. The confirming signal to watch is HY OAS: hold below ~3.0% and the risk-on tilt stands; a break through 3.20–3.30% alongside a VIX/VIX3M ratio move from 0.79 back above 1.0 would invalidate it and warrant cutting equity …

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

KEY SIGNALS

Stocks-Bonds DCC corr	**-0.04 (1y ago +0.20)**
PC1 variance share	**21%**
DCC persistence (a+b)	**0.9805**
Weeks in regime	**65**

EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-08-21 · 167 instruments, 10-year context

MARKET REGIME	GROWTH × INFLATION	STOCK–BOND CORR
Neutral	**Reflation**	**-0.04**
~65w in regime	g +0.8 / i +0.1	vs +0.20 1y ago

RISK CONCENTRATION	EQUITY BREADTH	VIX TERM
21%	**69%**	**Contango**
PC1 share of variance	indices > 40wk MA	ratio 0.79

VALUATION **Shiller CAPE 42.6** **99th %ile / 156y** Excess CAPE yield -0.04% ERP -0.70%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	14.9	+0.70	35th
HY credit spread (OAS)	2.67%	+0.00	7th
IG credit spread (OAS)	0.80%	+0.00	32th
EM corp spread (OAS)	1.37%	+0.00	1th
10Y real yield (TIPS)	2.39%	+0.00	99th
10Y nominal yield	4.63%	+0.00	98th
2Y yield	4.15%	+0.00	79th
10Y–2Y curve	+0.51pp	+0.00	62th
10Y breakeven infl.	2.27%	+0.00	61th
Financial conditions	-0.55	+0.00	33th
Initial jobless claims	209k	+0k	15th
Weekly Econ Index	+2.7%	+0.00	74th
Fed net liquidity	$5.80T	+0.00	50th
US dollar (DXY)	99.5	-0.1%	60th
Gold	$4,479	+2.3%	96th
S&P 500	7778	-0.1%	100th

Percentile = rank of the current level within its own 10-year weekly history. Red ≥ 90th (historically high), blue ≤ 10th (historically low), amber in the tails, grey
Extremes flag where a market is stretched versus its own norm — the fastest read of what is unusual this week.

CROSS-ASSET SCORECARD

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

RISK APPETITE

Risk-on

score +0.83

risk-off (-1.5) **(+1.5) risk-on**

Components (standardised, + = risk-on):

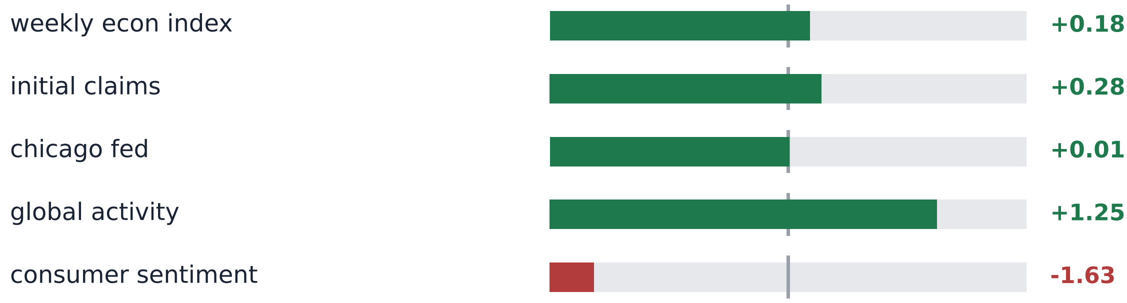
MACRO NOWCAST

Trend growth

score +0.02

contracting (-1.5) **(+1.5) above-trend**

Components (standardised, + = stronger growth):



Each component is a 10-year z-score, sign-aligned so higher = risk-on / stronger growth; the headline score is their average. Transparent by construction — every input is shown.

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-08-21

TOP GAINERS

Corn	+6.2%
Soybean	+3.0%
Cocoa	+2.6%
Aluminum	+2.5%
Platinum	+2.4%
CN_Shenzhen	+2.4%
Silver	+2.4%
Gold	+2.2%

TOP DECLINERS

Gasoline	-8.5%
Coffee	-4.8%
NatGas	-2.3%
US_Staples	-1.5%
US_Communications	-1.4%
IL_TA125	-1.2%
US_RealEstate	-1.0%
NZ_NZX50	-1.0%

KEY LEVELS — week-over-week change

US 10Y yield	4.63	**+0.00%**	SKEW	nan	**+nan**
2Y yield	4.15	**+0.00%**	US dollar (DXY)	99.53	**-0.1%**
HY credit OAS	2.67	**+0.00%**	Gold	4479.30	**+2.3%**
IG credit OAS	0.80	**+0.00%**	WTI oil	82.63	**+0.3%**
VIX	14.95	**+0.70**	Bitcoin	63993.15	**+1.9%**

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	**Neutral**
Quadrant	prior: Gold	->	**Reflation**
Risk appetite	prior: +1.08	->	**+0.83**
Macro nowcast	prior: +0.06	->	**+0.02**
PC1 share	prior: 16	->	**21%**
Stock-bond DCC	prior: —	->	**-0.04**

The fastest orientation: what actually moved and how the headline state has shifted since last week. Movers are weekly log/%% returns; credit-spread and volatility increases are shown as adverse (red).

Detailed Cross-Asset Analysis

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

Executive Summary

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Regime, Scorecard & Market State

The two headline gauges broadly agree, with a nuance worth naming. The Markov-switching model on weekly S&P returns puts 93.4% posterior weight on Neutral, 5.2% on Risk-on and just 1.3% on Risk-off, and has sat in this state for roughly 65 weeks. The scorecard, by contrast, prints +0.83 and labels the tape Risk-on. This is not a contradiction: the Markov model reads the return-generating process (mean and variance of weekly S&P returns) and sees moderate drift with moderate variance, while the scorecard reads conditions — credit, volatility term structure, breadth, concentration. Conditions are better than realised returns. A 0.10% weekly loss in the S&P and 0.18% gain in the Nasdaq is a nothing week for the index, yet HY at 2.67% OAS and a VIX/VIX3M ratio of 0.79 (9th percentile of ten years) are genuinely permissive.

Every scorecard component is positive and none is extreme, which is the healthiest possible configuration: credit_hy +1.11 and vix_term +1.14 lead, low_concentration +0.86 and equity_breadth +0.76 confirm, spx_trend +0.63 and risk_over_haven +0.45 lag mildly. Breadth corroborates: 69% of 42 global indices and 82% of 11 US sectors are above their 40-week moving average. That last number matters — a rally carried by 82% of sectors is not a narrow melt-up, and it is the strongest argument that the 65-week Neutral regime persists rather than resolves violently.

The practical read: this is a market to own at benchmark-or-slightly-above equity weight, with the added risk expressed in laggard geographies rather than in more of what has already worked.

The main caution is that a 65-week regime with only a 1.3% Risk-off posterior is precisely the setup in which the model is slowest to flag a genuine break — smoothed posteriors are backward-looking. Treat the regime as a description of the present, not a forecast.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast is +0.02 — dead-centre trend growth — but the composite hides a real split. Global activity is running hot at z +1.25, weekly economic index +0.18 and initial claims +0.28 are quietly constructive, Chicago Fed is neutral at +0.01, and the whole thing is dragged to zero by consumer sentiment at z −1.63. That divergence is the defining macro fact of the week: hard activity data and the labour market are fine while households feel terrible. For investors the resolution matters more than the level — sentiment that low with claims at 209k (15th percentile of ten years), continued claims at 1.78mn, a Weekly Economic Index of +2.7% (above ~2% trend), a Sahm rule of −0.03 and FRED recession probability of 0.6% says the soft data is the outlier. Historically, when sentiment diverges from claims, claims win. That supports cyclical exposure, not defensive rotation.

Liquidity is the counterweight. Fed net liquidity is $5.80T, flat on the week but −2.1% over four weeks; ECB assets −0.4% over four weeks; the BoJ flat at 0.0%. Global central-bank balance sheets are gently contracting in aggregate. The offsetting comfort is funding: SOFR at 3.62% sits below fed funds at 3.63%, and the RRP facility is at $0bn. A drained RRP with no repo stress is the benign version of quantitative tightening — reserves are absorbing the drain without pressuring overnight rates. The signal to monitor is SOFR printing persistently above fed funds; with RRP at zero there is no buffer left, so the next liquidity squeeze shows up in repo before it shows up in equities. Note too that the correlation of net liquidity to stocks has risen from +0.06 (52w) to +0.21 (13w) — liquidity is becoming more, not less, relevant to the tape.

Global 10Y yields — US 4.63%, UK 4.80%, Germany 2.97%, Japan 2.67% — frame the relative-value map. The US-Germany gap of 166bp and US-Japan gap of 196bp are wide, which is why the dollar has been supported; but with USD spec positioning at the 99th percentile, that carry is fully in the price. The asymmetry in the dollar is now to the downside, and that has knock-on implications: a softer dollar is the single most reliable tailwind for EM equity and for the commodity complex.

Rates, Credit & the Stock-Bond Relationship

Levels were unchanged across the entire curve this week — 10Y nominal 4.63%, 2Y 4.15%, curve +0.51pp, real yield 2.39%, breakevens 2.27%, fed funds 3.63% — so the information is in the structure, not the move. A +0.51pp 2s10s and +0.82pp 10Y-3M mean the curve has fully normalised out of inversion; combined with 0.6% recession probability, the recession trade is off the table for now.

The more interesting tension is between the forward curve and the inflation data. Markets price o/n 3.63% rising to 3.87% (0–3m), 4.00% (3–12m) and 4.33% (1–2y) — roughly 1.4 hikes to one year. Yet the inflation composite has crashed from its prior level to z +0.06, a 13-week change of −1.78, with 10Y breakevens at 2.27%. That is a market priced for a hawkish reaction function against rapidly cooling inflation inputs. Positioning makes the trade cleaner: UST 10Y spec net is at the 12th percentile and the Bond contract at the 8th — crowded shorts, squeeze-higher risk — while the 2Y (90th) and 5Y (84th) are crowded longs. The expression is a curve flattener or an outright long in the 10Y–30Y sector, where both the fundamental and positioning arguments align, rather than the front end where everyone is already positioned.

Credit is unambiguously supportive: HY OAS 2.67%, IG 0.80%, both unchanged, both tight. Junk-bond demand in the Fear & Greed complex is at 99 — a maximal reading that is bullish in the moment and fragile at the margin. Bond volatility MOVE at 71 (15th percentile) says the rates market itself expects nothing to happen; cheap rate optionality is available for anyone wanting to hedge a policy surprise.

The stock-bond relationship has quietly repaired. DCC conditional correlation between stocks and the 10Y yield is −0.04 now versus +0.20 a year ago, with persistence 0.9805; rolling correlations show −0.24 (52w) and −0.17 (13w). Bonds are once again behaving as diversifiers rather than as a second helping of duration risk. For anyone running a balanced book, this is the meaningful structural improvement of the past year — the 60/40 hedge is functioning again, and the very high DCC persistence means it should stay that way absent a genuine inflation shock.

Factor Structure & Systemic Risk

Concentration is low, and that is the quiet good news. PCA across 150 instruments puts PC1 (Risk / equity beta) at just 21% of variance, PC2 (Rates, 10Y yield) at 13%, PC3 (US dollar) at 4% and PC4 (Energy / oil) at 4%. A 21% PC1 share means no single force is dominating cross-asset returns — markets are trading on idiosyncratic and sector-specific drivers rather than a single macro factor. In crisis conditions PC1 typically expands toward 40-60%; at 21% we are nowhere near that. The scorecard's low_concentration component at +0.86 reflects exactly this.

The systemic gauge corroborates emphatically. Average pairwise conditional correlation from the multivariate DCC (N=12) is +0.04, identical to a year ago, with persistence 0.8447. Diversification is not failing — it is working about as well as it ever does. The investment implication is direct and important: this is an environment that rewards security selection, dispersion trades, relative-value positioning and cross-asset diversification, because the payoff to being right on the specific rather than the aggregate is unusually high. It is a poor environment for paying up for broad index hedges, since a low-correlation market does not crash in unison.

The counterpart is that this metric is the best early-warning device in the pack. Because the DCC has 0.84 persistence, moves are gradual but directional — a sustained climb in average pairwise correlation from +0.04 toward +0.20 or above, particularly alongside an expanding PC1 share, would be the first structural evidence that the regime is turning, and would arrive before the Markov posterior shifts.

Cross-Asset Correlation & Lead-Lag

The Granger network identifies net information leaders as Bitcoin, EU_STOXX50, VIX and US_HY_OAS, with followers JP_Nikkei225, US_SP500, Copper and Gold. Two of the four leaders are risk-pricing instruments (VIX, HY OAS), which tells you this week's information flow ran from the cost of risk into the price of assets, not the reverse. That is a well-behaved market: credit and volatility markets set the tone and equities followed. It also means the actionable monitoring list is short — watch HY OAS and the VIX complex, and you have the leading edge of what the S&P and Nikkei do next. Bitcoin's presence as a leader (BTC-Nasdaq correlation +0.50 over 52w, +0.51 over 13w) makes it a useful high-frequency, 24/7 read on global risk appetite rather than an independent asset story.

The correlation matrix carries several actionable shifts. Gold versus breakevens has flipped hard, from −0.21 (52w) to +0.25 (13w), a +0.46 swing — gold is beginning to trade as an inflation-expectations asset again rather than purely as a real-rate instrument (gold vs real yield has softened from −0.47 to −0.36). With the inflation composite collapsing (13-week −1.78), that newly-formed linkage is a headwind for gold, reinforcing the fair-value warning below. Oil versus stocks has become more negative (−0.31 → −0.41): crude is trading as a cost shock, not a growth signal, so oil strength is currently equity-unfriendly. USD versus oil has decayed from +0.37 to +0.13, weakening the dollar-commodity mechanical link.

Stable and reliable: VIX-stocks at −0.79 (13w), stocks-HY spread at −0.81, copper-stocks at +0.64, gold-silver at +0.82/+0.87, DAX-SPX at +0.60. The persistence of the stocks/HY-spread relationship at −0.81 is precisely why HY OAS is the confirming variable named in the summary. The pairwise extremes (Nifty~Sensex +1.00, DXY~EURUSD −0.95, Treasury price~yield pairs at ±0.95-0.99) are structural identities and carry no information beyond confirming the data is clean.

Relative Value & Fair Value

Discipline here means weighting each signal by its fit. Two fair-value models clear the $R^2 \geq 0.4$ threshold, and they differ sharply in reliability.

USDJPY versus the US-Japan yield gap has R^2 0.91 — an exceptionally tight fit — and shows the pair cheap by just −1.6% versus fair (z −0.56). The honest read is that this is a very good model saying there is very little to do: a 1.6% dislocation at z −0.56 is inside the noise band. What it does establish is that USDJPY is trading exactly where the 196bp US-Japan 10Y gap says it should, so anyone with a yen view should express it through a rate-differential view, not through a dislocation trade. If the crowded-long dollar (99th percentile) unwinds while JGB yields hold at 2.67%, this model will re-rate the pair lower in an orderly, predictable way.

Gold versus real yields and the dollar is the actionable dislocation: RICH by +17.9% versus fair, z +0.85, R^2 0.67. A 0.67 R^2 is a genuinely useful fit — not as authoritative as the USDJPY model, but far too strong to dismiss. Gold at $4,479 is materially above what a 2.39% real yield and current dollar level justify, and it added another 2.23% this week. The supporting evidence stacks up: GVZ at the 89th percentile means implied gold vol is elevated (crowded, nervous), gold spec positioning sits at the 60th percentile with open interest up 54% (fast money has arrived), and the newly positive gold-breakeven correlation (+0.25) is a liability into a disinflating inflation composite. The trade is to trim gold length and reduce delta, not to short outright — a 17.9% overvaluation with z only +0.85 says the model's residual distribution is wide, and geopolitical and central-bank demand are exactly the sort of factors this two-variable model omits.

No cointegrated spreads are flagged beyond |z|>1.5, which is consistent with the low-correlation, low-concentration structure — dispersion is high but nothing has stretched to a mean-reversion extreme. The richest relative-value opportunity is therefore not in a spread at all: it is the momentum gap between Asian leaders (TW +36%, KR +27%) and laggards (RU_RTS −30%, ID_JKSE −22%, CN_Internet −18%), which is a dispersion opportunity rather than a convergence one.

Volatility & Tail Risk

The entire volatility complex reads calm, and specifically calm in a way that is cheap to hedge against. The term structure is in clean contango — 9D 11, 1M 15, 3M 19, 6M 21 — with VIX/VIX3M at 0.79, the 9th percentile of ten years. VIX itself is 14.95, up 0.70 on the week, a trivial move. Deep contango means spot fear is far below forward fear, the classic calm configuration; it also means long-volatility positions bleed carry, so hedges should be structured with defined cost (put spreads, calendar structures) rather than outright long vol.

The vol-risk premium is +4.9 and positive: implied exceeds realised by a healthy margin, so volatility sellers are being paid. In a low-correlation, low-concentration market this is a coherent income strategy — but the same low VIX/VIX3M percentile is the reason to size it modestly. Ninth-percentile readings are not timing signals, yet they define which side of the distribution the surprise lives on.

SKEW at 138 (40th percentile) is the reassuring number. Elevated SKEW would say sophisticated money is paying up for crash protection despite the low VIX; at the 40th percentile, it is not.

There is no hidden crash bid. MOVE at 71 (15th percentile) says the same for rates. Against that, the commodity vol surfaces are the outliers: OVX at 51 (81st percentile) and GVZ at 25 (89th percentile). The market is pricing calm in equities and rates, and stress in oil and gold — which is where the genuine two-sided risk sits.

Tail metrics are contained. S&P 500 ES5 of −4.8% with current drawdown of 0% is a market at highs with a modest modelled tail. Gold ES5 −4.7% but with a 14% current drawdown, and Bitcoin ES5 −15.5% against a 48% current drawdown — crypto is already deep in its own bear and carries a tail three times the equity market's. S&P-gold lower-tail dependence of 0.13 is the number that matters for portfolio construction: gold still decouples in equity tails, so it retains genuine haven quality even at a rich price. That argues for holding a strategic gold position while trimming the tactical excess.

Leading Indicators & Forecasts

The lead-lag table must be read with real caution, and the numbers themselves make the case. Several point forecasts are arithmetically absurd — StLouis_Fin_Stress → Initial_Claims projects 209,000 falling to 45,379 (a −163,621% move) with a band spanning −231,716 to 322,473; CA_TSX → Initial_Claims projects a negative claims count of −68,993. Negative jobless claims are impossible. These are linear models extrapolated outside their valid range, and the ±1σ bands — which routinely span the entire plausible outcome space and cross zero — are the models telling you so honestly. The point estimates should be discarded entirely.

What survives is the direction and structure of the information flow, which is genuinely informative. Financial-stress and volatility measures lead labour-market data with correlations of +0.60 to +0.74 and R^2 of 0.36 to 0.54 at two-to-four-week horizons: StLouis_Fin_Stress → Initial_Claims (R^2 0.54), Chicago_Fed_NFCI → Continued_Claims (R^2 0.50), VIX3M → Initial_Claims (R^2 0.42), OVX → Initial_Claims (R^2 0.38). The usable inference is simply that financial conditions today are benign — VIX3M at 18.9, MOVE at 15th percentile, HY at 2.67%, NFCI implying easy conditions — and benign conditions two to four weeks ago imply the labour data will not deteriorate sharply in the next month. That is a directional comfort, not a number.

The two-way link between financial stress and the Chicago Fed National Activity Index (StLouis_Fin_Stress → NAI, corr −0.61, R^2 0.38; IN_IndiaVIX → NAI, corr −0.60) points the same way: low stress now, activity holding. India VIX appearing as a leader of US activity data is a reminder that these are correlations mined across a wide universe and some will be coincidental; treat it as a curiosity rather than a mechanism.

Even the best model here explains 54% of variance at a three-week horizon, and R^2 that high on weekly financial data usually reflects shared trend rather than causal skill. Weekly predictive skill in this framework is modest by construction. Use it to set a prior — conditions are easy, so near-term macro deterioration is unlikely — and never as a basis for sizing a position.

Commodities (Oil, Gas & Metals)

Oil presents the sharpest fundamentals-versus-price disconnect in the note. WTI is $82.63, up 0.3% on the week but down 14.5% over 13 weeks, yet inventories are tight: crude stocks are −1.6% versus the five-year seasonal average (z −1.3), gasoline −5.9%, distillate −11.5%, Cushing at 22.6M bbl. A distillate deficit of 11.5% is a genuine tightness signal, and the 3:2:1 crack at $58.8/bbl confirms refining margins are strong. Production at 13.80M b/d is high, and the Brent-WTI spread of +6.25 is wide, indicating US crude is discounted and export-competitive. CFTC spec net is −6,333 lots at the 27th percentile of three years, and fell a further 8,817 on the week — speculators are near-shorts into tightening physical balances. That combination — bullish inventories, weak positioning, price down 14.5% over a quarter — is a constructive asymmetry, tempered by OVX at the 81st percentile, which means options are pricing the risk and premium is expensive. The complication for equity investors is the oil-stocks correlation at −0.41 (13w): a crude rally would be read by equities as a cost shock, so long-oil is a diversifier against, not a complement to, the equity book.

Natural gas is the mirror image and offers no comfort to contrarians. Henry Hub is $2.67, down 2.3% on the week and 8.1% over 13 weeks, with working-gas storage at 3,153 Bcf, +6.1% above the five-year seasonal norm (z +0.7) and building at +36 Bcf. Spec net sits at the 3rd percentile of three years — the most crowded short in the entire complex. That is a squeeze-higher setup on positioning alone, but the storage glut is a real fundamental headwind. Crowded shorts against a genuine surplus usually stay crowded until weather changes; this is a trade to leave alone absent a specific catalyst.

Metals are bifurcated. Gold at $4,479 and silver at $66.56 both gained over 2%, and the gold/silver ratio at 67.3 sits at the 11th percentile of five years — silver has outperformed dramatically and the ratio offers little further compression. Yet positioning diverges sharply: gold spec net is +217,940 at the 60th percentile with open interest up 54%, while silver is +23,646 at only the 18th percentile with OI up 21%. Silver is the crowded short in a metal that is outperforming — a squeeze-higher risk — and its +0.61 correlation with copper gives it industrial-cycle beta into a Reflation quadrant. Silver screens better than gold on both positioning and fair value. Copper, meanwhile, is the standout crowded long at the 100th percentile with OI up 27%, yet managed only +0.09% this week. Maximum positioning producing no price movement is a classic exhaustion signature; the copper-stocks correlation of +0.64 means a copper unwind would transmit directly into cyclical equities. Reduce copper length.

Crypto

Crypto is in a distinctly different regime from equities, and the divergence is instructive. Total market cap is $2.27T with Bitcoin up 1.85% on the week, but BTC sits 48% below its highs — the deepest drawdown of any asset in the universe — with an ES5 tail of −15.5%, roughly three times the S&P's −4.8%. Crypto Fear & Greed is 31 (Fear), versus 30 a week ago and against equity Fear & Greed at 63 (Greed). Two sentiment gauges, two entirely different markets.

Internals are defensive but not deteriorating. BTC dominance at 56.3% versus ETH at 10.1%, with ETH/BTC at 0.0298, shows capital consolidated into the highest-quality asset — the standard bear-market configuration where altcoins are abandoned first. DeFi TVL of $75B fell 0.5% on the week, while stablecoin supply held flat at $306B. That flat stablecoin figure is the key number: stablecoin supply is the dry powder of the crypto system, and it is neither contracting (no capital flight) nor expanding (no new money arriving). The market is in stasis, not capitulation.

The strategic point for cross-asset investors is the BTC-Nasdaq correlation of +0.50 over 52 weeks and +0.51 over 13 weeks — stable and materially positive. Bitcoin is not a diversifier against equity risk; it is levered equity beta with a much fatter tail. Its role in the Granger network as a net information leader is the more useful function: as a 24/7 instrument, BTC turns before the equity complex, so a decisive break in either direction is an early read on global risk appetite. For allocation purposes, a 48% drawdown with fear sentiment, flat stablecoins and positive equity correlation describes an asset that is cheap relative to its own history but offers no portfolio protection — position it as a high-beta satellite sized for a −15% tail, not as a hedge.

India, China & Russia

The three priority markets tell three separate stories, and the dispersion between them is the point.

India was quietly soft: Nifty50 −0.3%, Sensex −0.4%, BankNifty flat. The Nifty-Sensex correlation of +1.00 confirms there is a single Indian equity factor, so there is no index-selection alpha available — the decision is simply India or not-India. India is absent from both the momentum leaders and laggards, which places it in the middle of the pack after a long run of outperformance: consolidation rather than breakdown. The more interesting Indian export is India VIX, which appears twice in the lead-lag network as a leader of US labour and activity data (corr +0.73 and −0.60). Whether that reflects a genuine global-risk channel or data mining, it makes India VIX worth monitoring as a sentiment instrument beyond its home market.

China was the week's clear winner and the most actionable regional signal. Shenzhen +2.4% and Shanghai +1.4% led all global indices, with Hang Seng +1.3% adding regional confirmation. Critically, this is happening from a low base — CN_Internet is at −18% on 26-week relative strength, among the global laggards, and fell 0.4% this week. Onshore China is inflecting while offshore internet remains broken. That divergence favours mainland A-share exposure over the Hong Kong-listed internet complex for now, and the Reflation macro backdrop (growth z +0.78, inflation z +0.06) is precisely the environment in which Chinese cyclical exposure works. The 99th-percentile dollar long is the additional lever: any dollar unwind is a direct tailwind to Chinese and broader EM equity.

Russia is the outright avoid and the most extreme reading in the momentum table: RU_RTS −30% and RU_MOEX −23% on 26-week relative strength, the two worst performers globally. These are structurally impaired, sanctions-constrained markets with limited investability, and their weakness is not a mean-reversion opportunity in any conventional sense — there is no catalyst in the engine's data that would change that. Note the read-across: Russian equity weakness alongside a 13-week 14.5% decline in WTI is consistent with weaker energy revenues, which reinforces the oil-price story from the supply side.

The broader developed-versus-emerging picture is nuanced. Emerging Asia dominates momentum (TW +36%, KR +27%, TH +24%), developed Europe lagged this week (IBEX −0.8%, SMI −0.7%, CAC −0.7%, against BEL20 +1.9%), and other emerging markets are the worst performers globally (Russia, ID_JKSE −22%, BR_Bovespa −12%). "EM" is not a bloc — Asian EM is the momentum trade, Latin American and other EM the laggards. EM debt is unremarkable: EM-USD −0.1% and EM-local +0.1% on the week, with global bond ETFs uniformly flat to slightly negative (UST20y+ −0.4%, UST7-10y −0.1%, IG −0.2%, HY −0.0%, Intl-exUS −0.1%). Fixed income did nothing anywhere; the entire week's dispersion was in equities and metals.

Positioning, Sentiment & What to Watch

Positioning is the most crowded part of an otherwise well-behaved market, and it defines where the pain would occur. The crowded longs are S&P e-mini (91st percentile), UST 2Y (90th), UST 5Y (84th), USD Index (99th, with open interest up 43%), Copper (100th, OI +27%), and the grain complex (Corn 84th, Wheat 81st, Soybeans 83rd). The crowded shorts are Natural gas (3rd), Nasdaq (1st), EUR (7th), UST Bond (8th), UST 10Y (12th), GBP (15th) and Silver (18th).

Two of these are remarkable. A 99th-percentile dollar long with open interest up 43% is a one-way consensus, and its unwind would simultaneously lift EM equity, commodities and the euro — a single trigger with broad cross-asset consequences. And a Nasdaq spec net at the 1st percentile while the Nasdaq gained 0.18% and sits at +17% on 26-week momentum is a striking contradiction: futures traders are maximally short an index that is grinding higher. That is squeeze fuel, and it argues for owning Nasdaq exposure over broad S&P exposure, where positioning is 90 percentiles more crowded.

Sentiment is elevated but has stopped rising. CNN Fear & Greed is 63 (Greed), essentially flat versus 64.7 a week ago and up sharply from 37.2 a month ago. The internals are revealing: junk_bond_demand at 99 is maximal, safe_haven_demand 72 and momentum 68 are strong, but price_strength at 29 and price_breadth at 59 are weak. Greed is being driven by credit and momentum, not by underlying price participation — the 29 price_strength reading is a divergence worth respecting, and it sits oddly against the healthy 40-week-MA breadth figures, suggesting new-high participation is narrower than trend participation.

Valuation remains the structural overhang that no positioning shift can offset: CAPE 42.6 at the 99th percentile of 156 years, cyclically-adjusted earnings yield 2.35%, excess CAPE yield −0.04% at the 0th percentile since 2015, and an equity risk premium of −0.70%. Investors are being paid less to hold equities than Treasuries. This does not cause a decline, but it means long-run expected returns are muted and any shock hits an unusually thin cushion.

What would confirm the view: HY OAS holding below 3.00%; VIX/VIX3M remaining below 1.0; average MV-DCC pairwise correlation staying near +0.04 and PC1 below 25%; global breadth above 65% of indices over their 40-week MA; the growth composite holding above z +0.50; and Chinese indices extending the Shenzhen/Shanghai gains with Hang Seng confirming.

What would change it: HY OAS breaking above 3.20-3.30% — the single most important level, given the −0.81 stocks/HY-spread correlation and the fact that HY OAS is a Granger leader; VIX/VIX3M crossing above 1.0 into backwardation; average pairwise DCC correlation climbing from +0.04 toward +0.20 with PC1 expanding past 30%, signalling diversification failure; SOFR printing persistently above fed funds at 3.63% with RRP already at $0bn, indicating funding stress with no buffer; initial claims breaking above 240k or the Sahm rule rising from −0.03 toward +0.30; a dollar unwind from the 99th percentile that turns disorderly; or copper breaking down from its 100th-percentile long, which would drag cyclical equities via the +0.64 correlation. Gold falling back toward fair value — roughly $3,800 on the current real-yield and dollar inputs — would validate the fair-value model and confirm the disinflation-plus-growth read; gold extending higher while equities also rise would suggest something the growth data is not yet capturing.

PART I

Global Macro & Liquidity

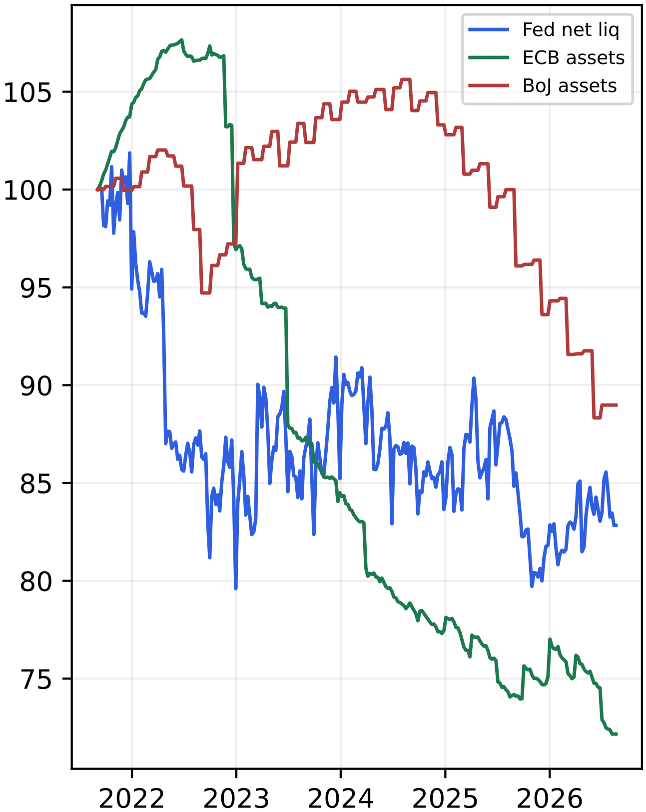
Global central-bank liquidity, the sovereign-yield landscape, funding markets, fiscal supply and the growth pulse.

- Central-bank balance sheets (Fed / ECB / BoJ) & global 10Y yields
- Funding plumbing: SOFR, RRP, the Treasury General Account
- Recession probability, market-implied rate path, growth × inflation regime

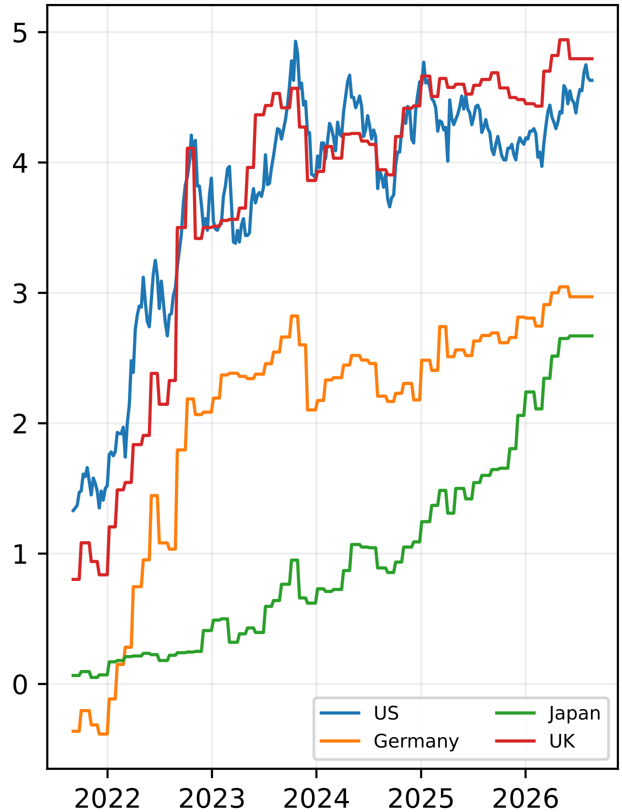
For inquiries, contact admin@abldigitech.com

Global Macro & Liquidity

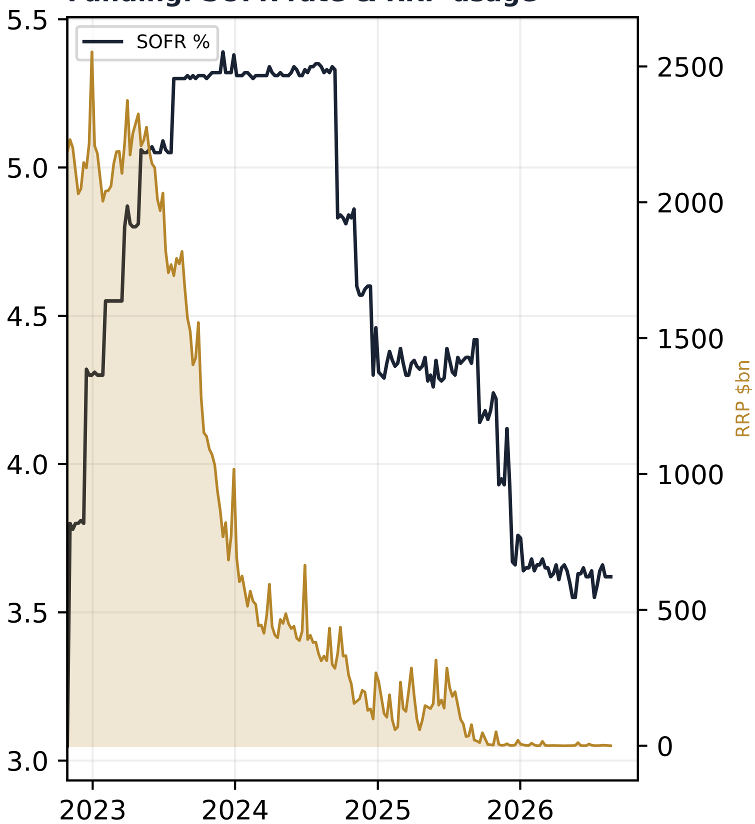
Central-bank liquidity (indexed = 100, 5y)



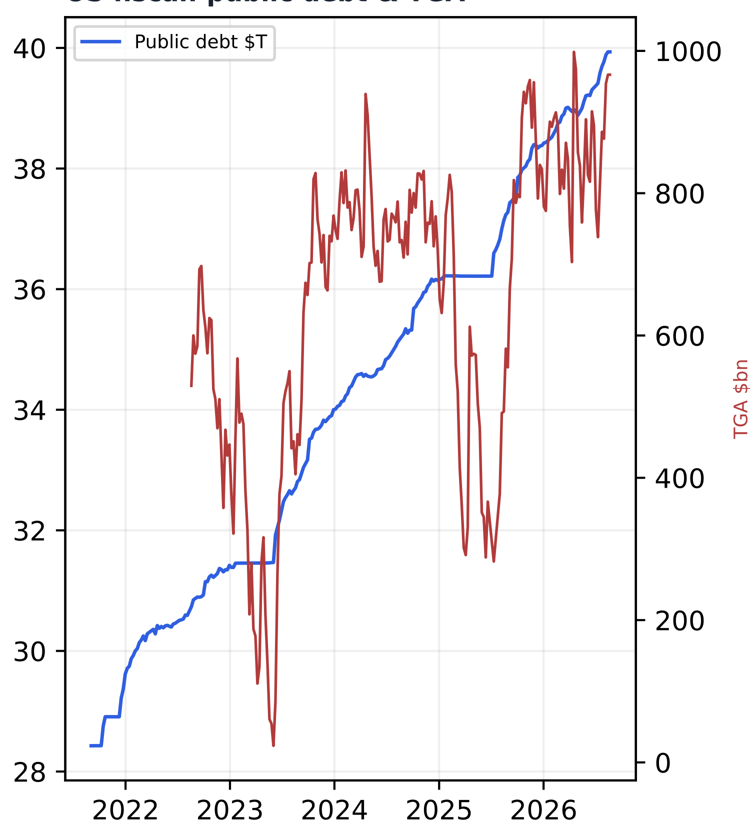
Global 10-year sovereign yields (%)



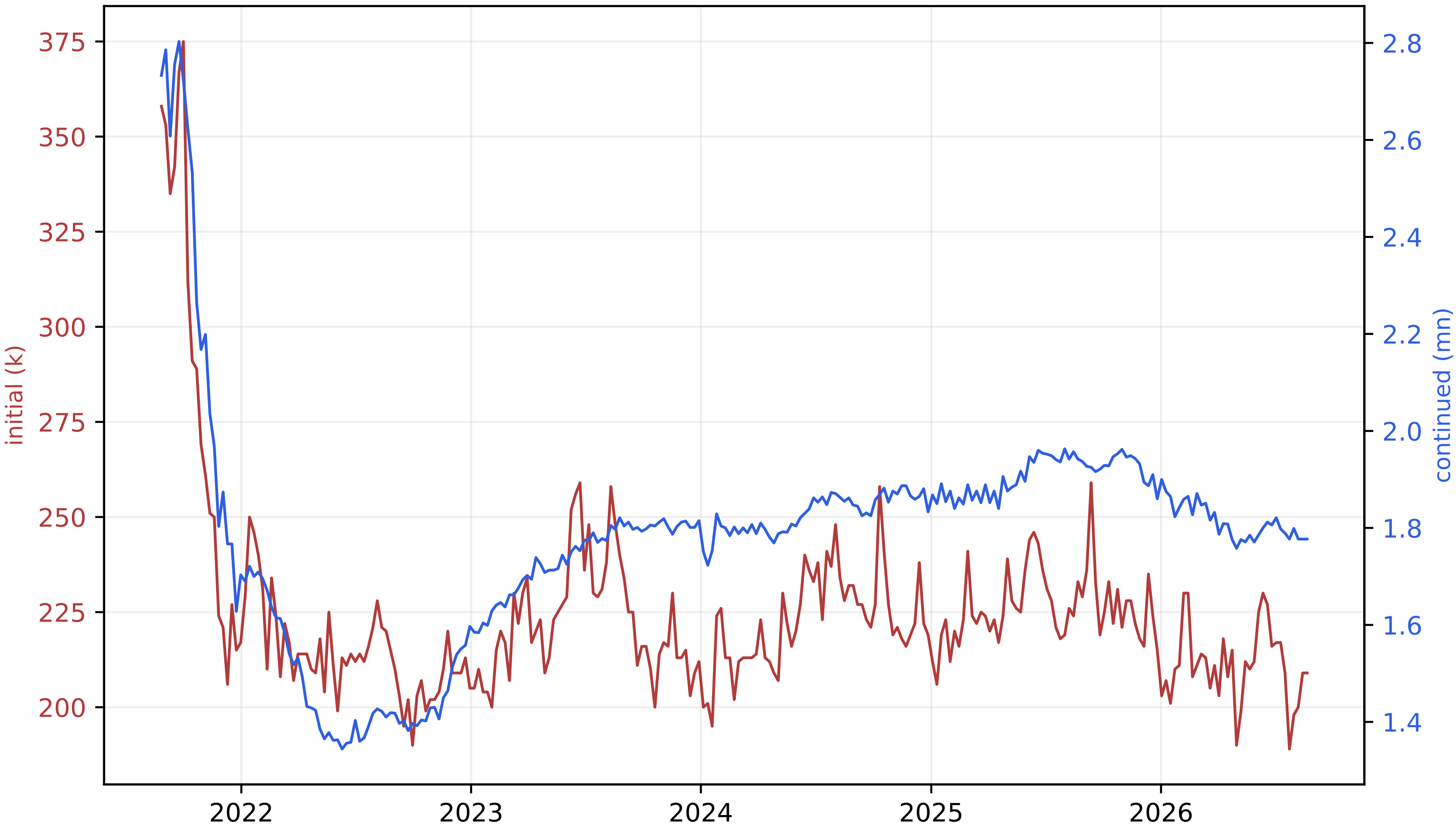
Funding: SOFR rate & RRP usage



US fiscal: public debt & TGA

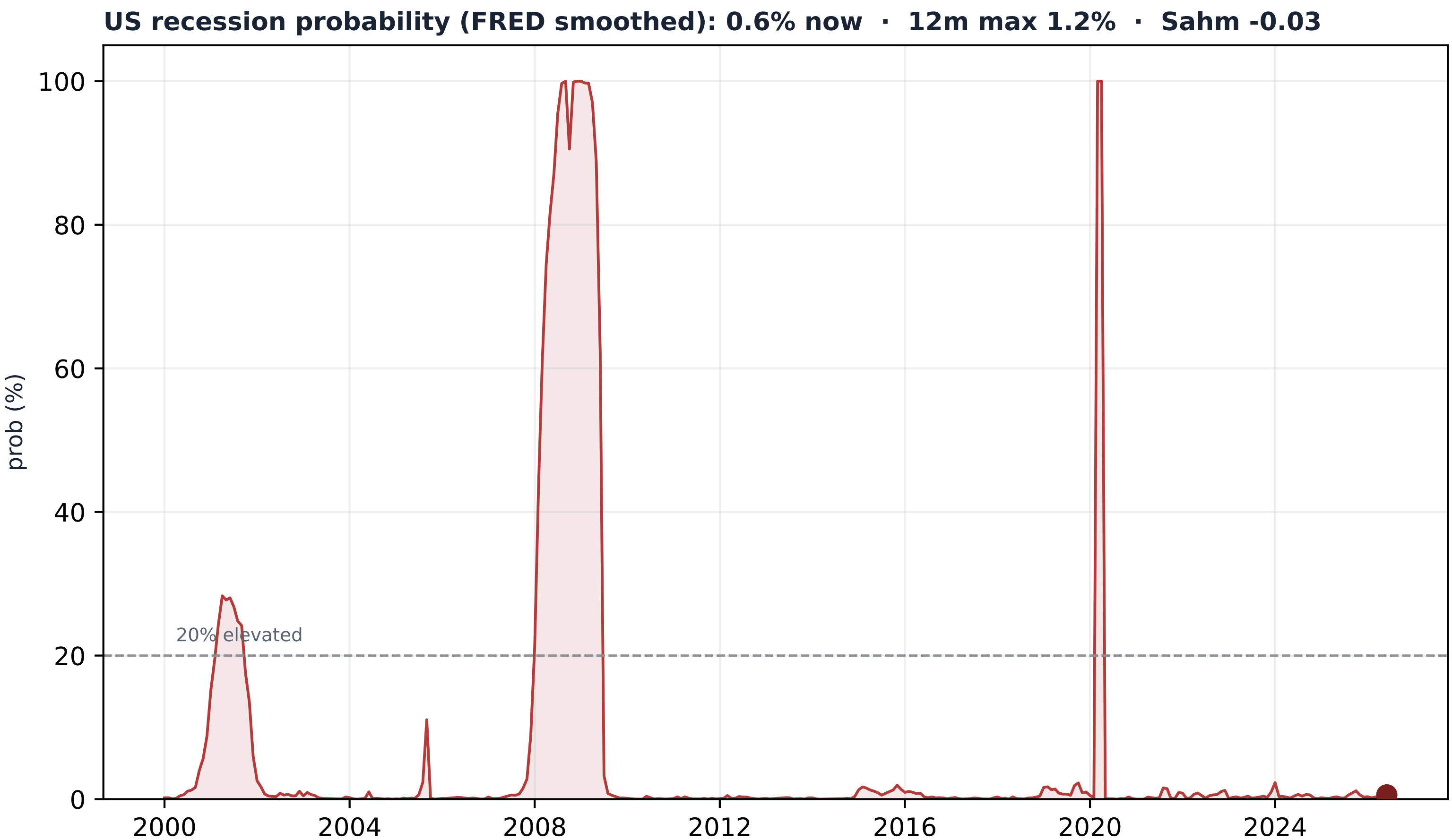


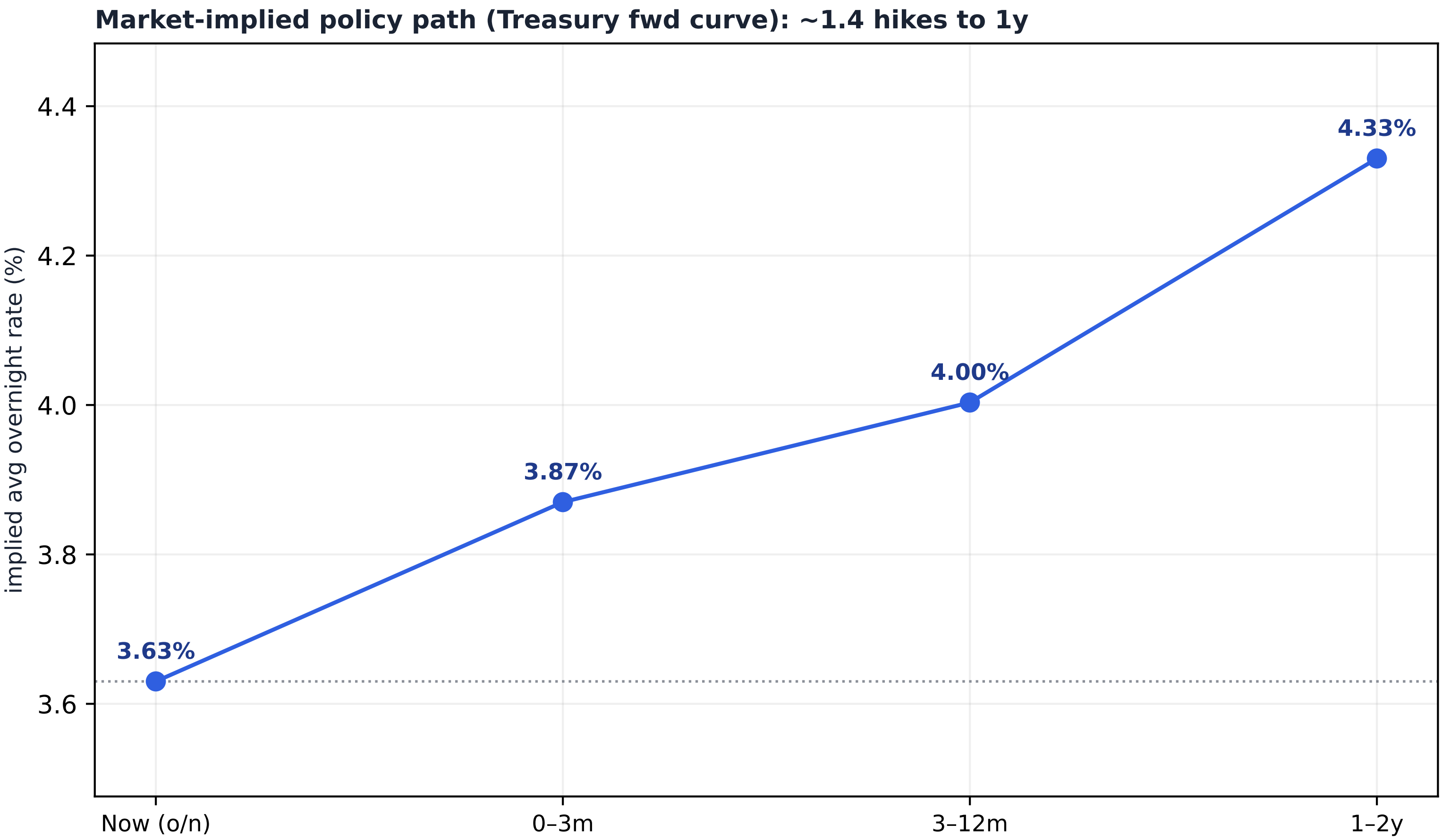
US jobless claims — initial 209k (15th %ile of 10y), continued 1.78mn



Weekly Economic Index (GDP-growth nowcast): +2.7% (~2% = trend)

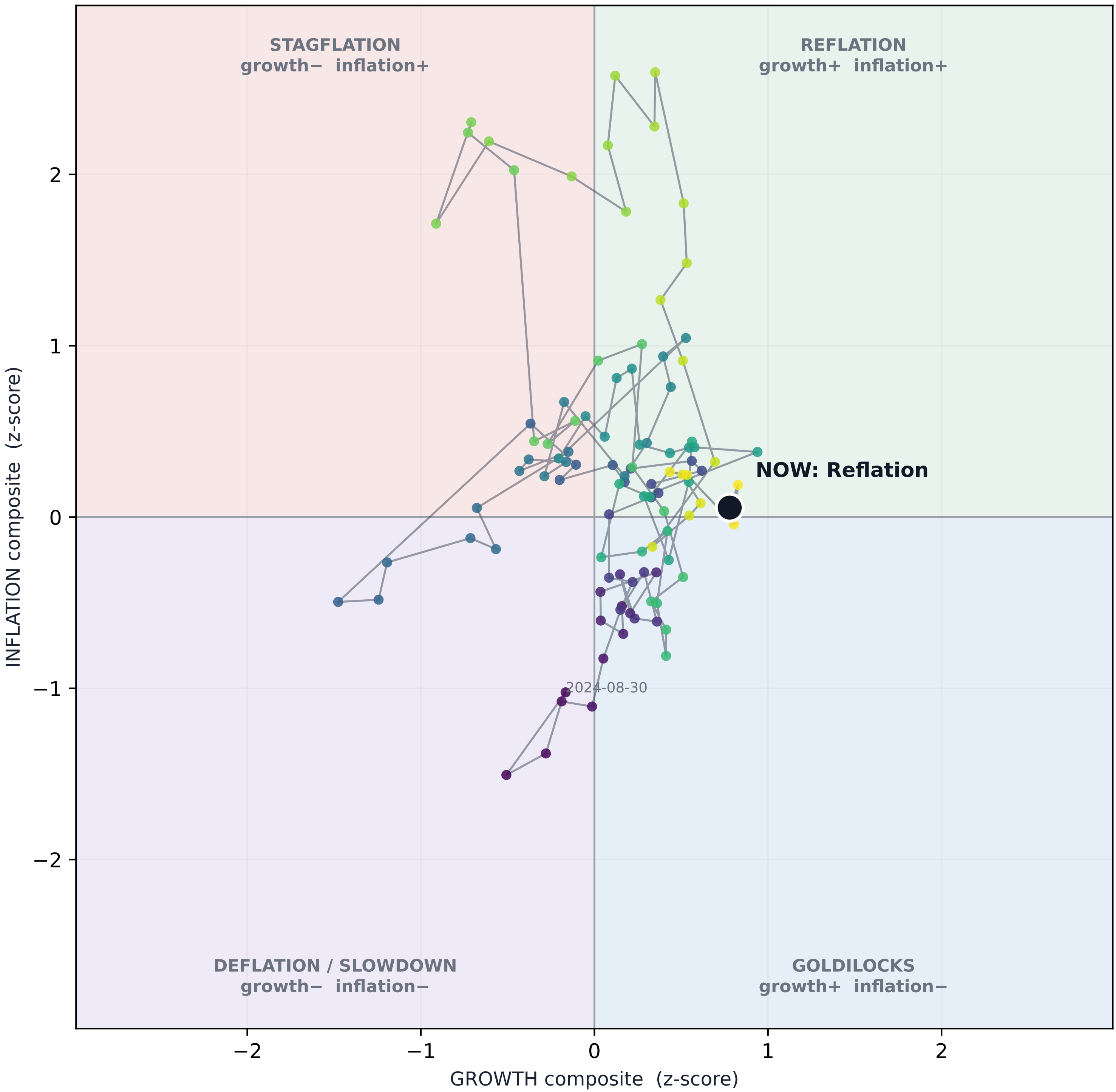
Initial claims — the timeliest US labour-market read; a sustained rise above ~260k historically flags rising recession risk. The Weekly Economic Index (Lewi
ten daily/weekly series into a real-time growth signal scaled to y/y GDP growth.





10Y–3M curve +0.82pp (positive). Forward short rates implied by the current 3M/1Y/2Y Treasury curve; the dotted line is today's fed funds. A downward path prices policy easing. Cut/hike count is an approximation to the 1-year point (ignores term premium), a directional read of what is priced.

Growth × Inflation regime quadrant — 2-year rotation trail



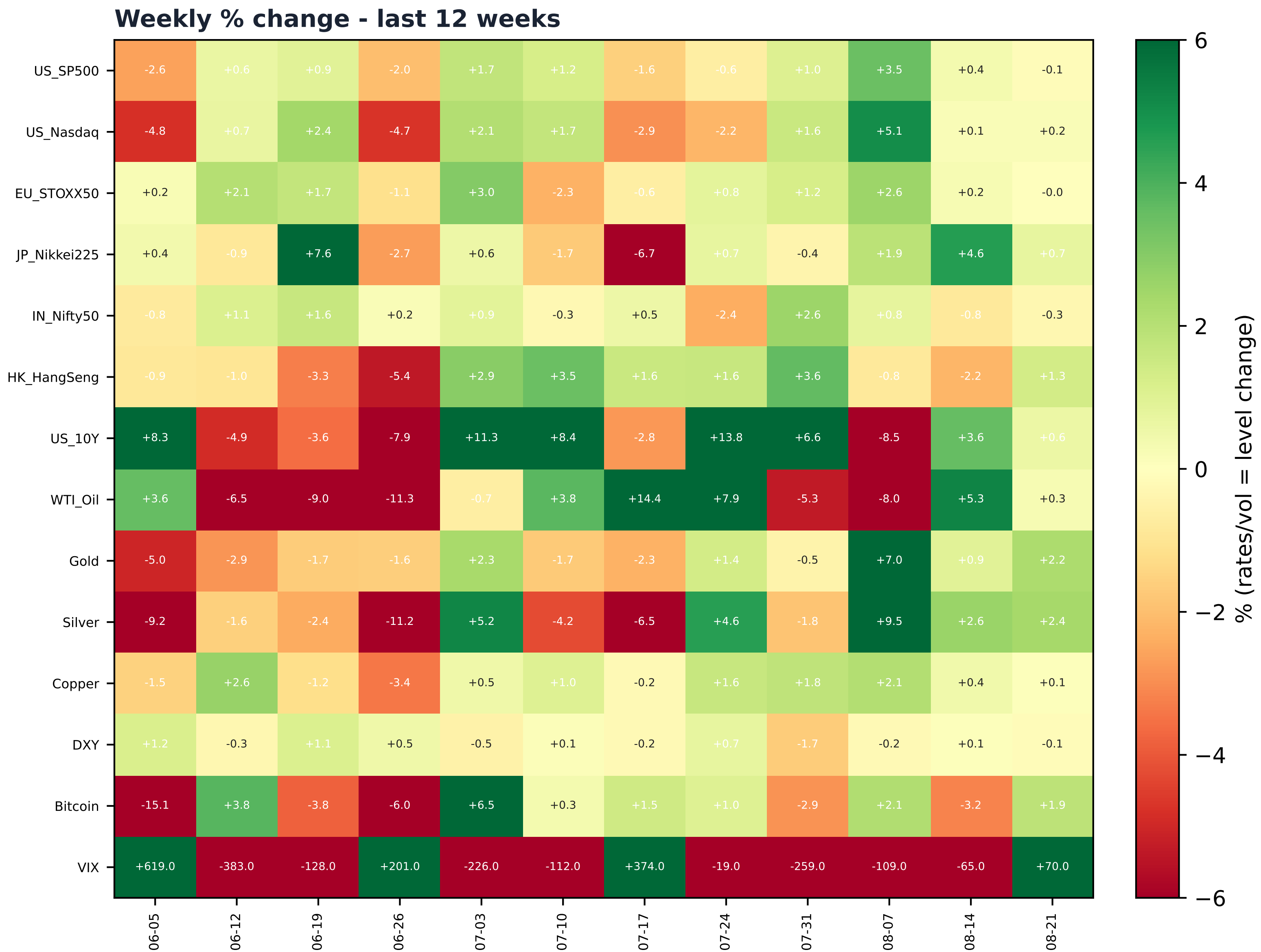
Growth = copper/gold ratio, tight HY spread, S&P momentum, cyclicals/defensives. Inflation = 5y & 10y breakevens, commodity momentum.
Each a mean of 3-year rolling z-scores. Colour of trail points runs old (dark)→recent (yellow); black dot = now.

PART II

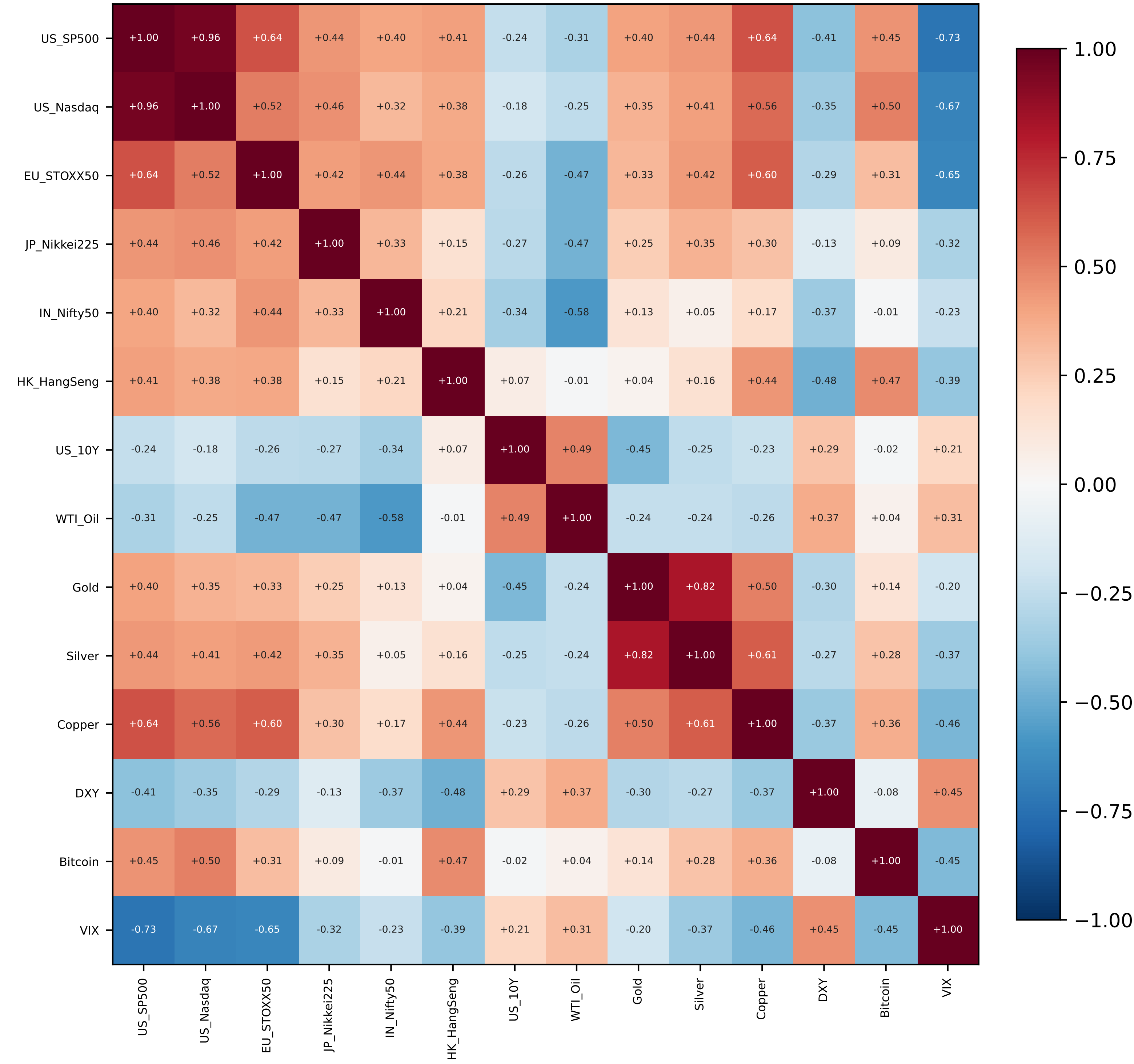
Cross-Asset Structure

How the markets are moving together — the factor structure, systemic co-movement, directional lead-lag and relative value.

- PCA factor model & multivariate DCC conditional-correlation
- Correlation network, multi-horizon & wavelet coherence
- Granger-causality lead-lag network and cointegration / relative value


Weekly % change - last 12 weeks
US_SP500
US_Nasdaq
EU_STOXX50
JP_Nikkei225
IN_Nifty50
HK_HangSeng
US_10Y
WTI_Oil
Gold
Silver
Copper
DXY
Bitcoin
VIX
06-05
06-12
06-19
06-26
07-03
07-10
07-17
07-24
07-31
08-07
08-14
08-21
% (rates/vol = level change)

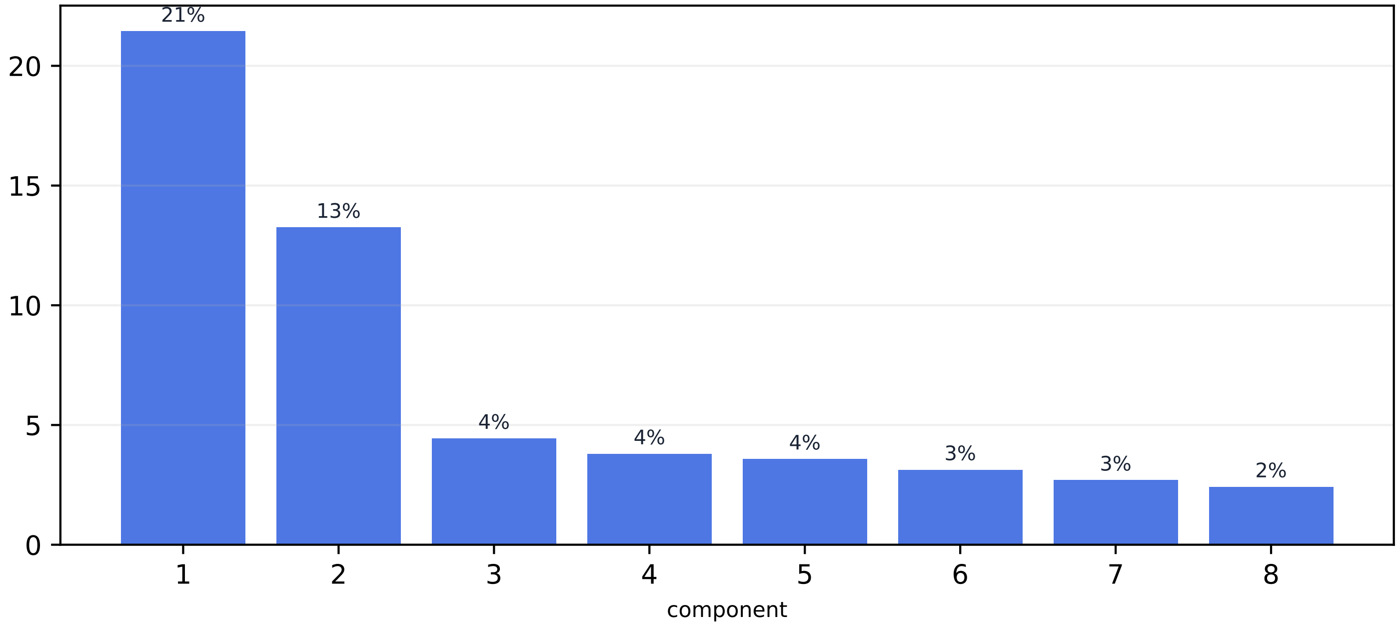
52-week correlation of weekly moves



CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 150 instruments — 156 weeks, standardised

Variance explained by each principal component



PC1 — Risk (equity beta)

21.4% of variance (cum 21%) · marker corr +0.74

+ EM_USD_Bonds +0.15, US_HighYield +0.15, US_Russell2000 +0.14, CA_TSX +0.14, SE_OMX30 +0.13
– US_HY_eff_yield -0.15, VXN -0.12, VIX -0.12, US_10Y_real_yield -0.11, EA_AllBond_10Y -0.10

PC2 — Rates (10Y yield)

13.3% of variance (cum 35%) · marker corr +0.77

+ US_5Y +0.18, US_5Y_yield_cm +0.17, US_10Y +0.17, US_10Y_yield +0.17, US_2Y_yield +0.17
– US_Tsy_7_10Y -0.17, EM_corp_OAS -0.17, US_Tsy_20Y+ -0.16, US_Aggregate -0.15, US_HY_OAS -0.14

PC3 — US dollar

4.4% of variance (cum 39%) · marker corr +0.67

+ DXY +0.26, Dogecoin +0.19, Cardano +0.17, XRP +0.17, Ethereum +0.16
– EURUSD -0.27, GBPUSD -0.18, EM_Local_Bonds -0.17, Platinum -0.17, Gold -0.17

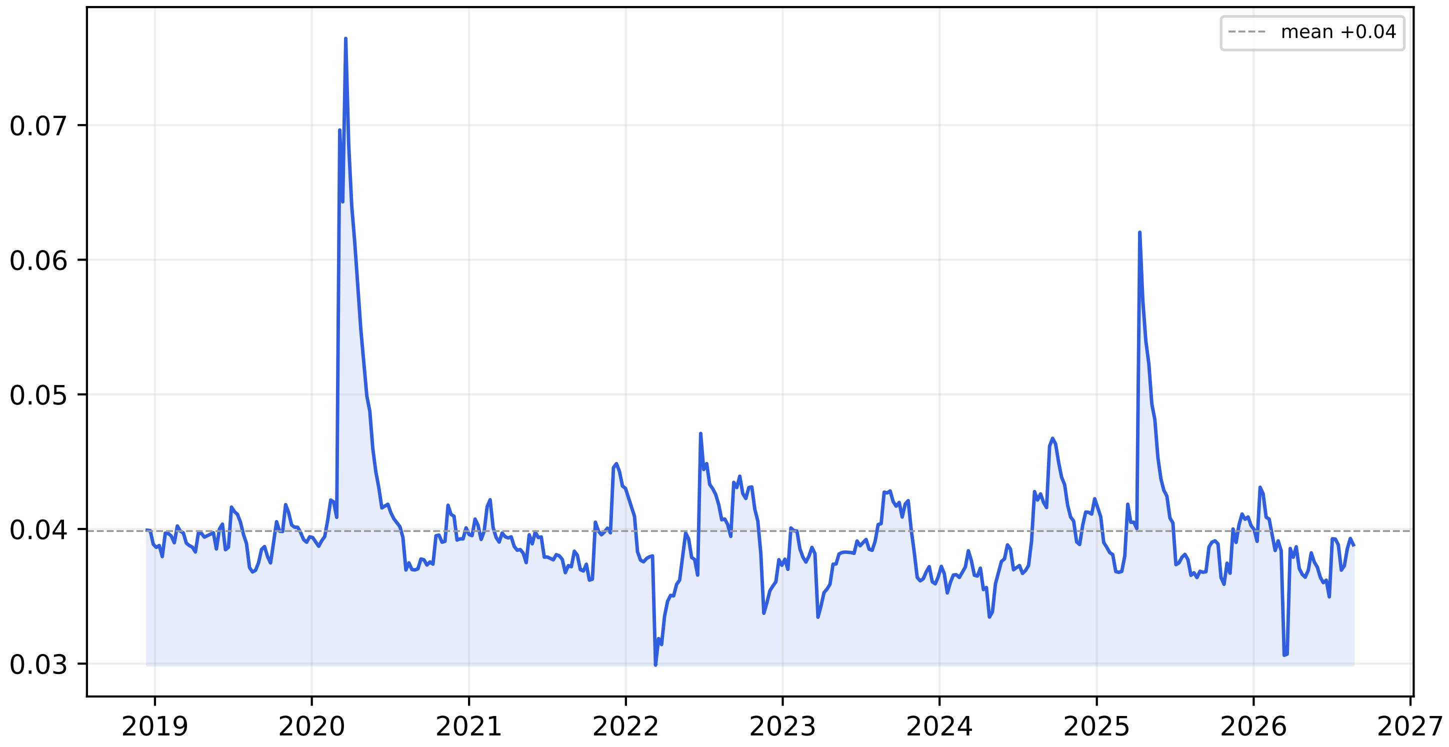
PC4 — Energy (oil)

3.8% of variance (cum 43%) · marker corr +0.61

+ Brent_Oil +0.26, HeatingOil +0.26, WTI_Oil +0.25, Gasoline +0.24, IN_IndiaVIX +0.18
– IN_Sensex -0.15, IN_BankNifty -0.15, IN_Nifty50 -0.15, IN_NiftyMidcap -0.14, US_Real_M2 -0.13

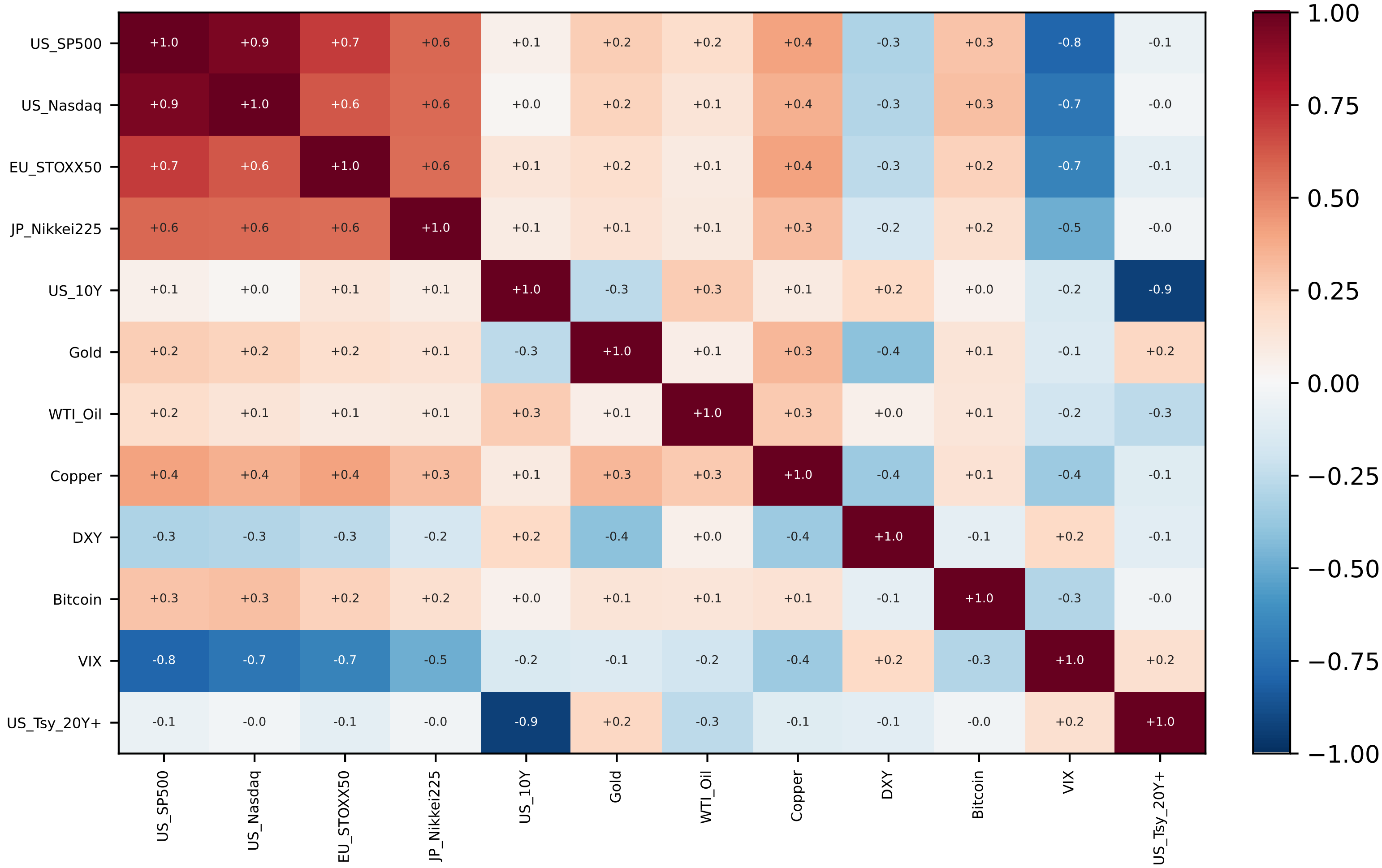
Principal components are the uncorrelated factors that explain the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin. Each factor is named by its strongest correlation with a marker instrument.

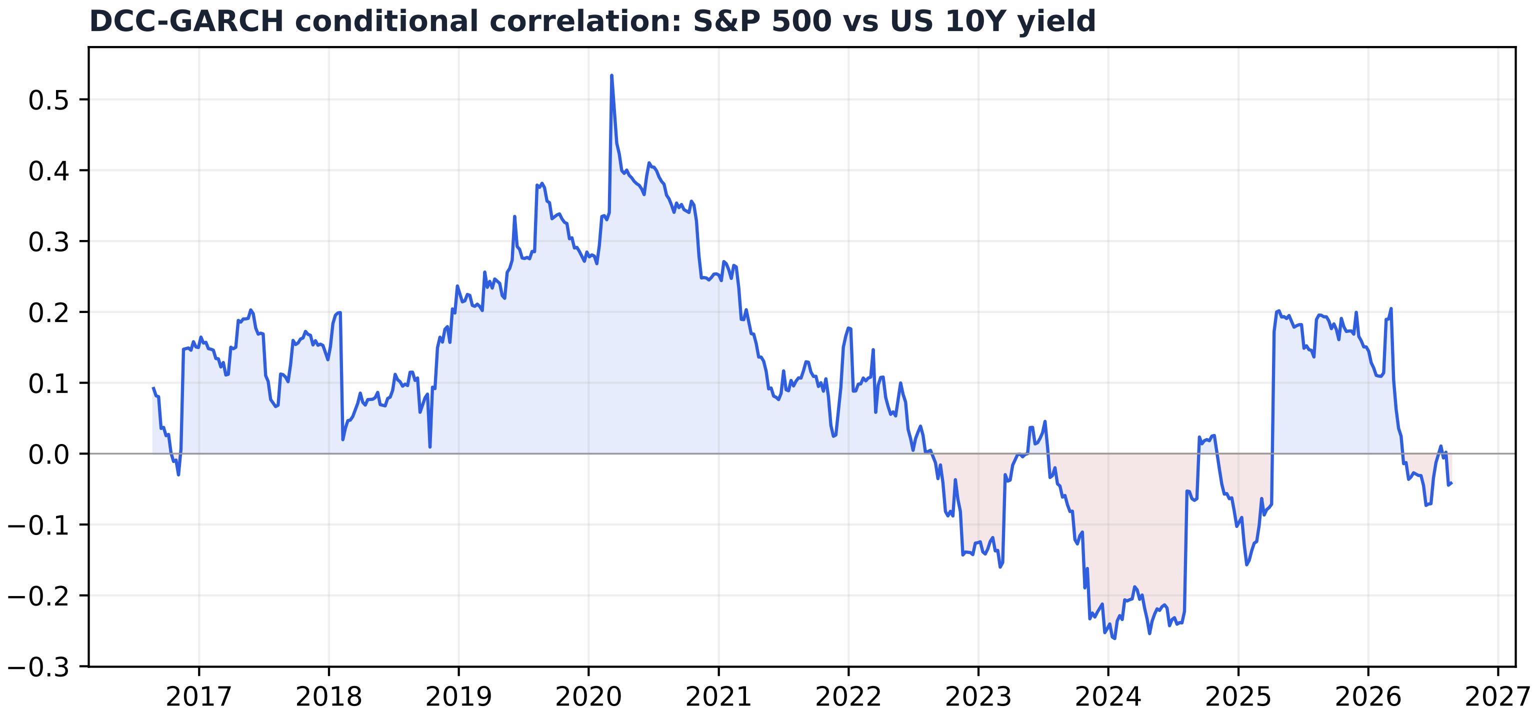
Average pairwise conditional correlation (multivariate DCC-GARCH)

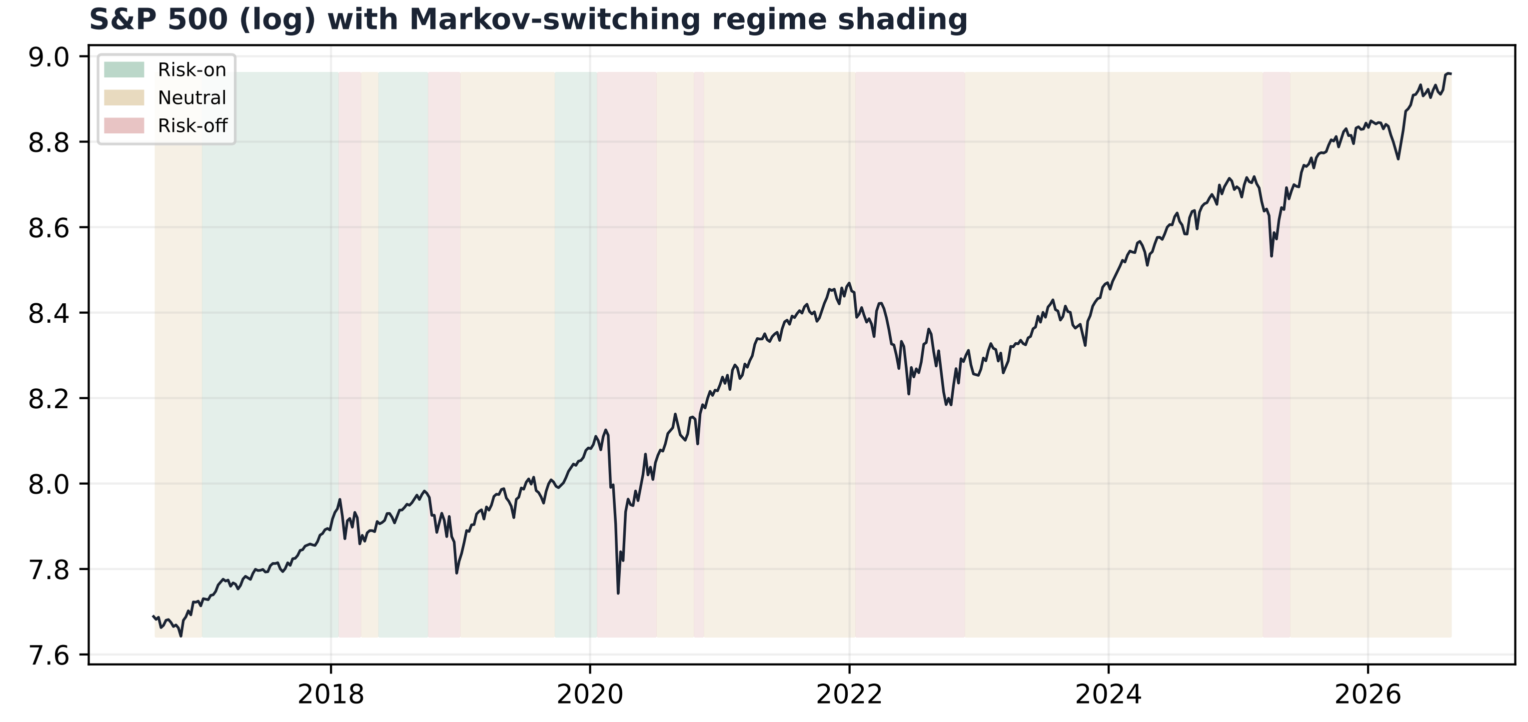


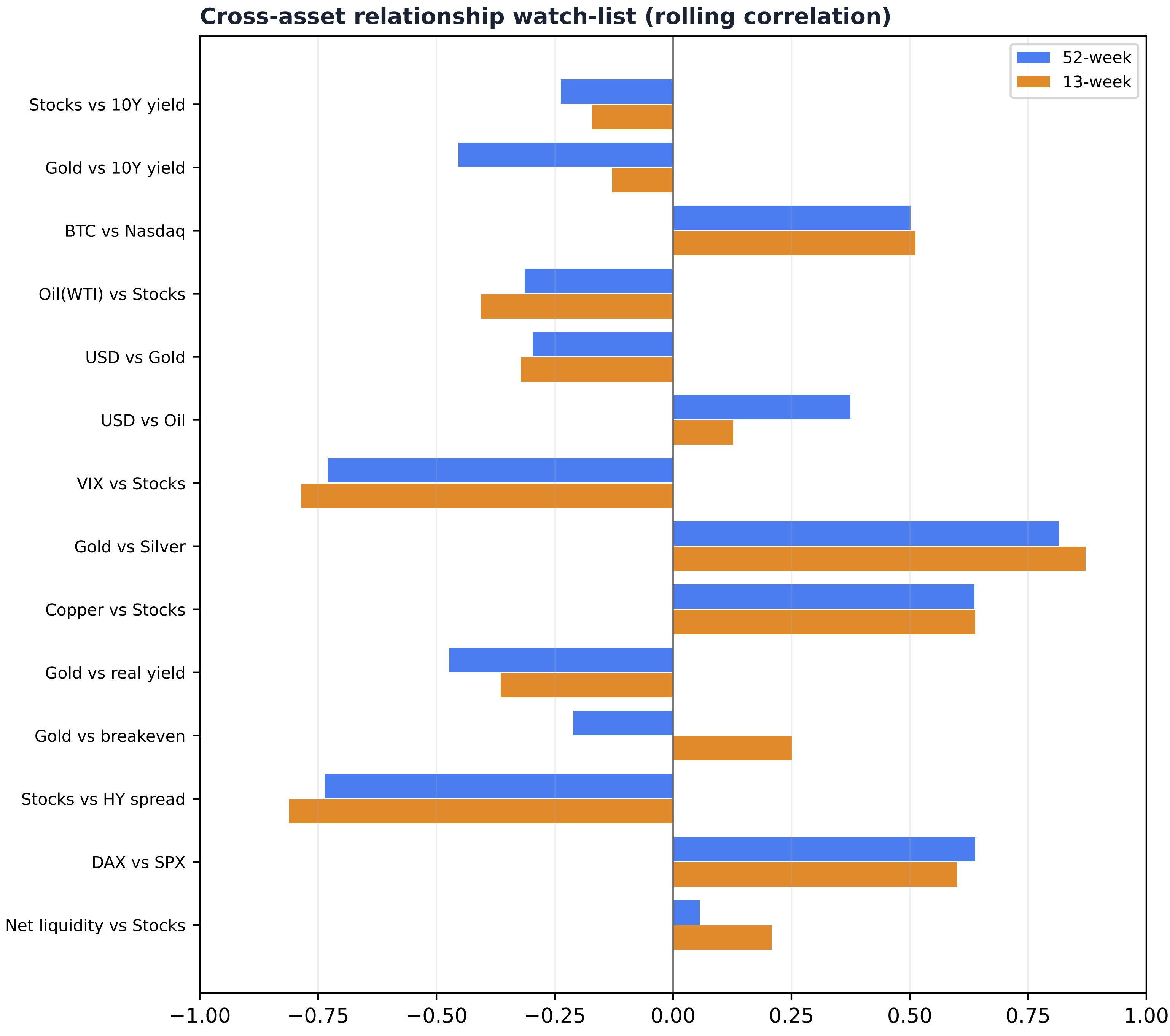
N=12 assets · persistence 0.8447 · rising = diversification failing in real time · now +0.04

Latest conditional-correlation matrix

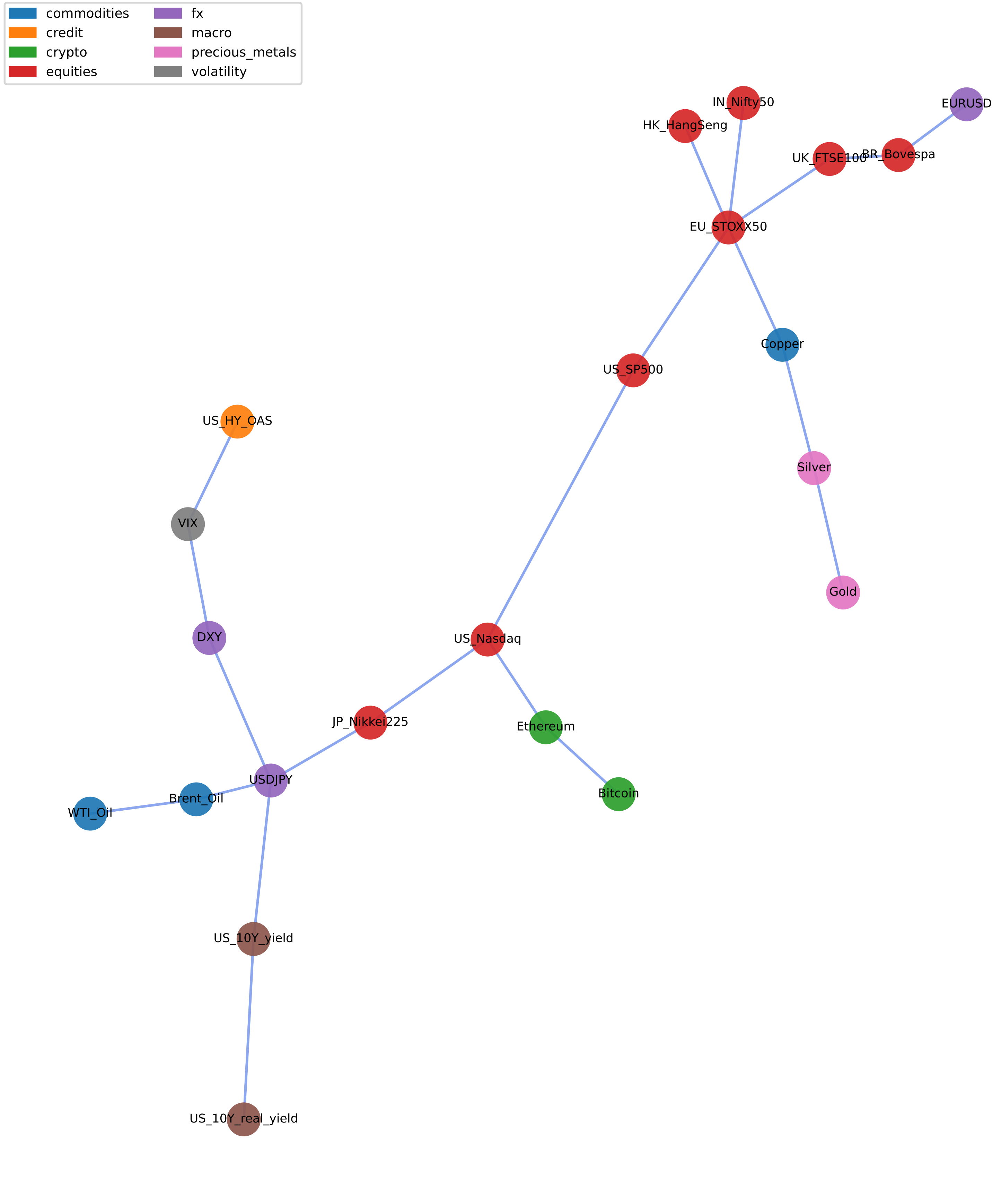



DCC-GARCH conditional correlation: S&P 500 vs US 10Y yield
0.5
0.4
0.3
0.2
0.1
0.0
−0.1
−0.2
−0.3
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027


S&P 500 (log) with Markov-switching regime shading
Risk-on
Neutral
Risk-off
9.0
8.8
8.6
8.4
8.2
8.0
7.8
7.6
2018
2020
2022
2024
2026

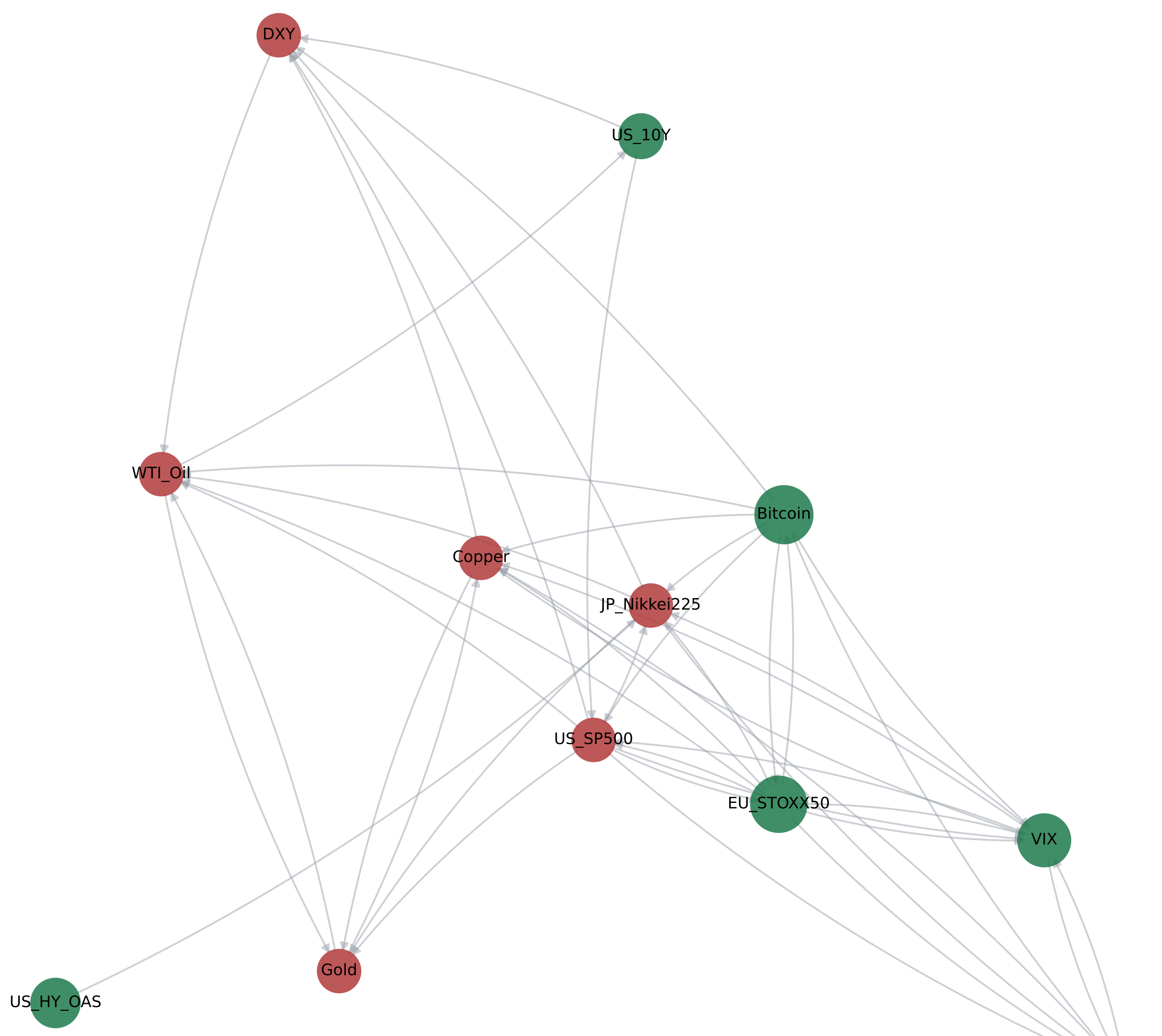

Cross-asset relationship watch-list (rolling correlation)
52-week
13-week
Stocks vs 10Y yield
Gold vs 10Y yield
BTC vs Nasdaq
Oil(WTI) vs Stocks
USD vs Gold
USD vs Oil
VIX vs Stocks
Gold vs Silver
Copper vs Stocks
Gold vs real yield
Gold vs breakeven
Stocks vs HY spread
DAX vs SPX
Net liquidity vs Stocks
−1.00
−0.75
−0.50
−0.25
0.00
0.25
0.50
0.75
1.00

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



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

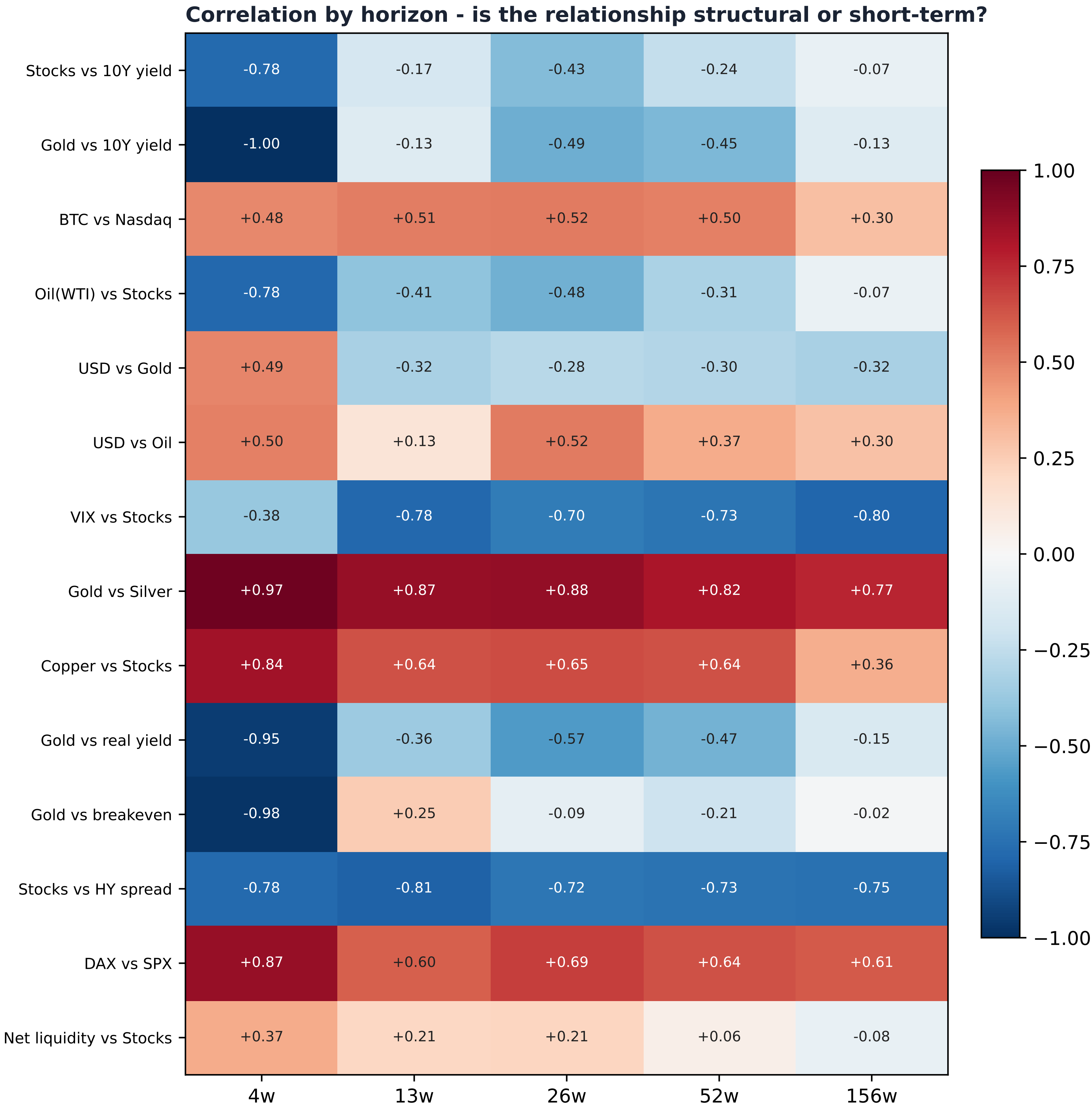
Directional lead-lag — Granger causality network

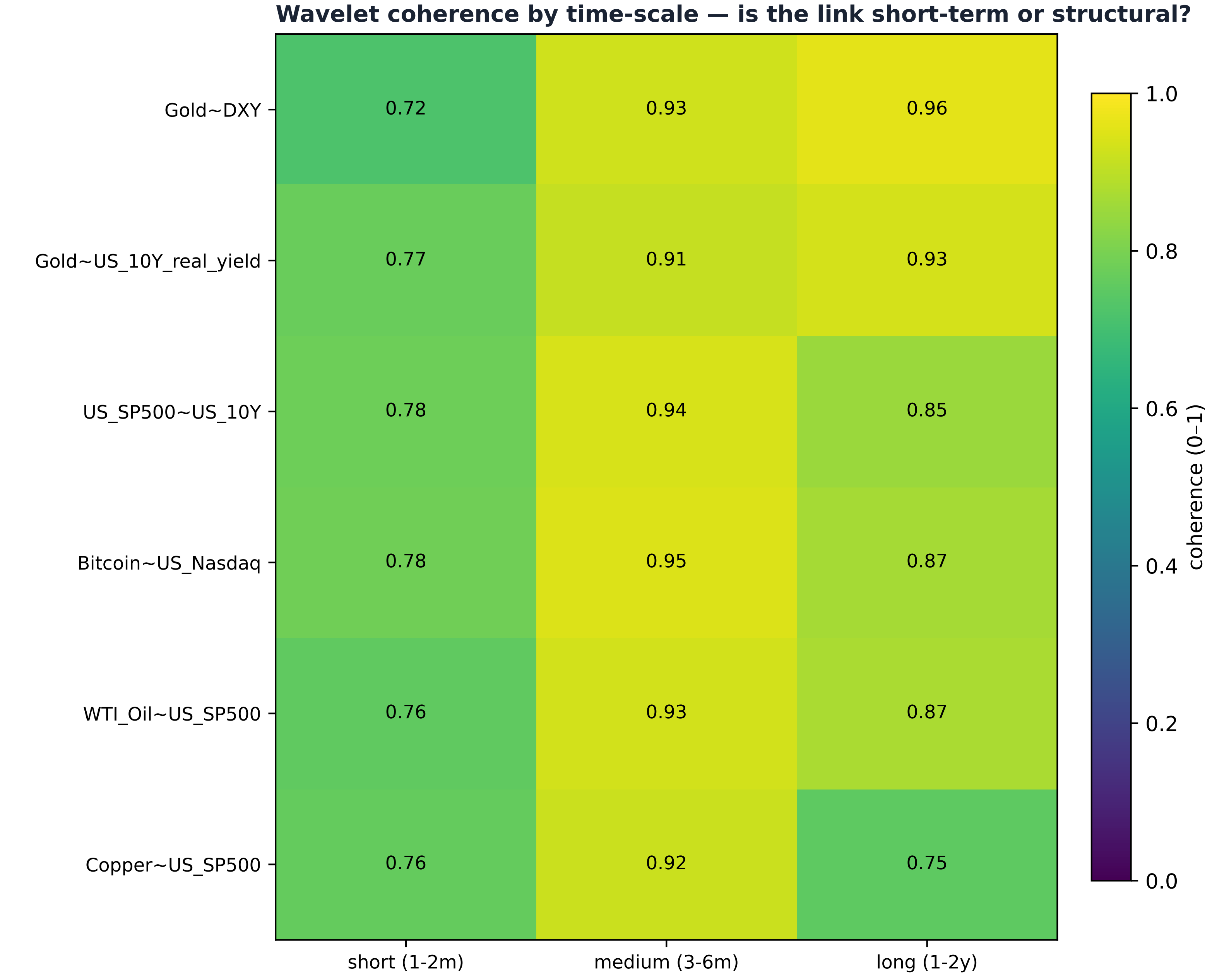


arrow = X Granger-causes Y ($p<0.05$); green/large = net information EXPORTER (leader), red = importer (follower)

LEADERS: Bitcoin +0.07, EU_STOXX50 +0.06, VIX +0.04, US_HY_OAS +0.03, US_10Y +0.01

FOLLOWERS: JP_Nikkei225 -0.07, US_SP500 -0.04, Copper -0.02, Gold -0.02, IN_Nifty50 -0.02


Correlation by horizon - is the relationship structural or short-term?
Stocks vs 10Y yield
-0.78
-0.17
-0.43
-0.24
-0.07
Gold vs 10Y yield
-1.00
-0.13
-0.49
-0.45
-0.13
BTC vs Nasdaq
+0.48
+0.51
+0.52
+0.50
+0.30
Oil(WTI) vs Stocks
-0.78
-0.41
-0.48
-0.31
-0.07
USD vs Gold
+0.49
-0.32
-0.28
-0.30
-0.32
USD vs Oil
+0.50
+0.13
+0.52
+0.37
+0.30
VIX vs Stocks
-0.38
-0.78
-0.70
-0.73
-0.80
Gold vs Silver
+0.97
+0.87
+0.88
+0.82
+0.77
Copper vs Stocks
+0.84
+0.64
+0.65
+0.64
+0.36
Gold vs real yield
-0.95
-0.36
-0.57
-0.47
-0.15
Gold vs breakeven
-0.98
+0.25
-0.09
-0.21
-0.02
Stocks vs HY spread
-0.78
-0.81
-0.72
-0.73
-0.75
DAX vs SPX
+0.87
+0.60
+0.69
+0.64
+0.61
Net liquidity vs Stocks
+0.37
+0.21
+0.21
+0.06
-0.08
4w
13w
26w
52w
156w
1.00
0.75
0.50
0.25
0.00
−0.25
−0.50
−0.75
−1.00



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

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting spreads and how stretched each is right now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
US10Y vs Japan10Y	no	0.976	0.55	277w	+2.06
BTC vs ETH	no	0.186	0.46	16w	-1.33
WTI vs Brent	no	0.075	0.97	1w	+1.10
HY vs IG spread	yes	0.000	0.32	2w	+1.02
VIX vs VIX3M	yes	0.032	0.84	2w	+0.96
Gold vs Silver	no	0.223	1.18	14w	+0.70
Copper vs Gold	no	0.123	1.77	11w	-0.68
Gold vs Platinum	no	0.333	0.69	15w	+0.51
S&P vs Nasdaq	yes	0.016	1.23	12w	-0.41
EURUSD vs GBPUSD	no	0.151	0.95	8w	+0.37
US10Y vs Germany10Y	no	0.080	1.00	5w	+0.13
Stocks vs LongBonds	no	0.214	-0.47	23w	-0.04

A low p-value means the spread is statistically mean-reverting (cointegrated). Half-life = weeks to close half a dislocation. |spread z| > 2 (red) flags a historically wide gap — the actionable rich/cheap signal. Pairs shown NOT cointegrated: the long-run link has broken, so the z is informational only.

PART III

Positioning, Flows & Sentiment

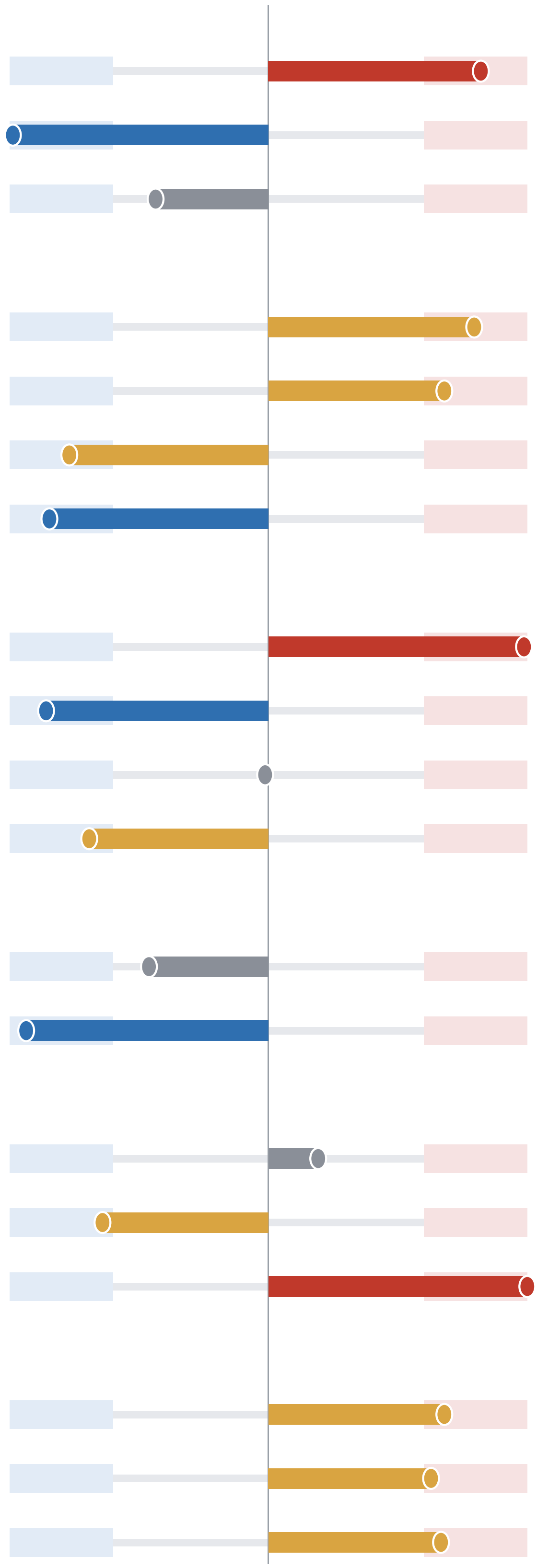
Where the crowd is leaning — futures positioning and market sentiment.

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

For inquiries, contact admin@abldigitech.com

POSITIONING — CFTC speculative net

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



	net (k)	%OI	3y %ile
EQUITY INDICES			
S&P 500 (e-mini)	+11	+1%	**91**
Nasdaq-100	-39	-14%	**1**
Russell 2000	-42	-10%	**28**
RATES			
UST 2Y	-1021	-23%	**90**
UST 5Y	-1241	-19%	**84**
UST 10Y	-915	-17%	**12**
UST Bond	-180	-10%	**8**
FX			
US Dollar Index	+21	+43%	**99**
Euro FX	-60	-7%	**7**
Japanese Yen	-42	-11%	**49**
British Pound	-56	-22%	**15**
ENERGY			
WTI crude	-6	-1%	**27**
Natural gas	-197	-12%	**3**
METALS			
Gold	+218	+54%	**60**
Silver	+24	+21%	**18**
Copper	+80	+27%	**100**
AGRICULTURE			
Corn	+245	+15%	**84**
Wheat (SRW)	-25	-5%	**81**
Soybeans	+160	+16%	**83**

Net = long − short non-commercial contracts (thousands). %OI = net as share of open interest. Percentile = rank of current net within its 3-year weekly range.
Shaded red ≥ 80th (crowded long → vulnerable to a wash-out), blue ≤ 20th (crowded short → squeeze-higher risk). Dot = current; bar measured from the 50th

MARKET SENTIMENT

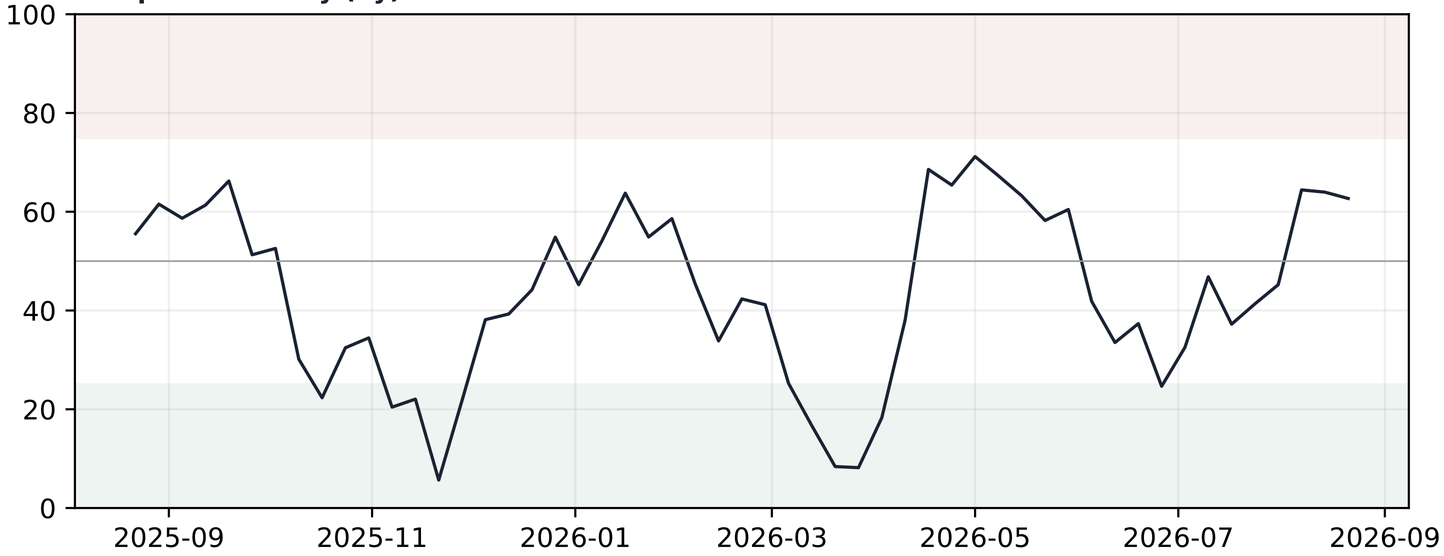
CNN Fear & Greed composite and its components — a contrarian gauge

63 **GREED**

0 = extreme fear · 100 = extreme greed

65	37	64
1 week ago	1 month ago	1 year ago

Composite history (1y)



COMPONENTS (0–100)

Fear & Greed is a contrarian gauge: extreme fear (<25) has historically marked bounce points, extreme greed (>75) complacency. The put/call, junk-bond-demand and safe-haven-demand components each read risk appetite directly.

PART IV

Volatility

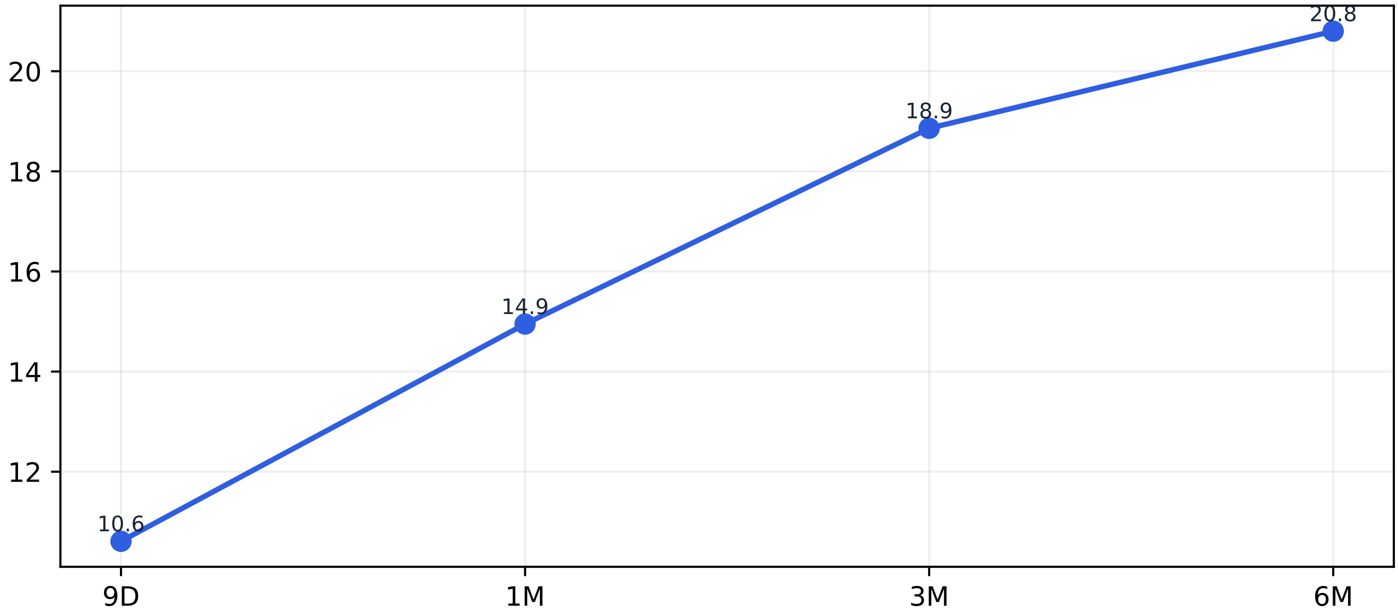
The volatility complex — term structure, the risk premium and tail pricing.

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

VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+4.9 pts

VIX 14.9 − realised 10.0

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

138

40th %ile of 5y — normal

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

Bond vol (MOVE)	71	15th
Oil vol (OVX)	51	81th
Gold vol (GVZ)	25	89th
Vol-of-vol (VVIX)	94	46th

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

PART V

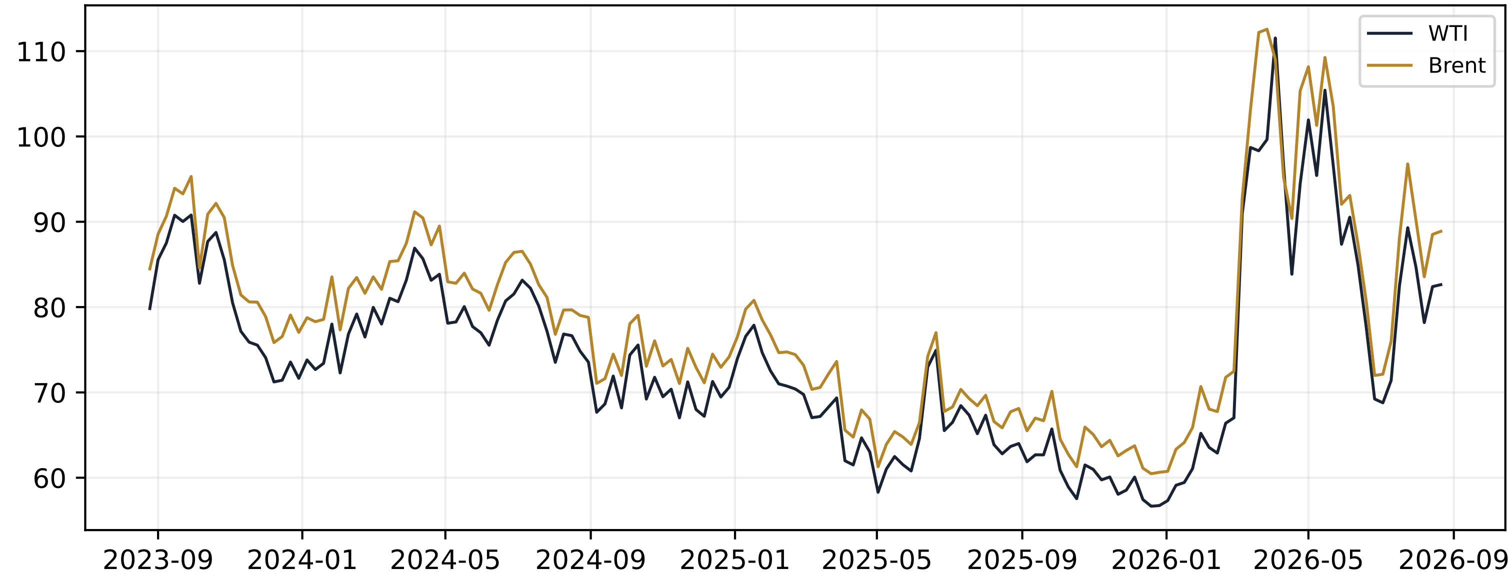
Asset Deep-Dives

Instrument-level detail across the major asset classes.

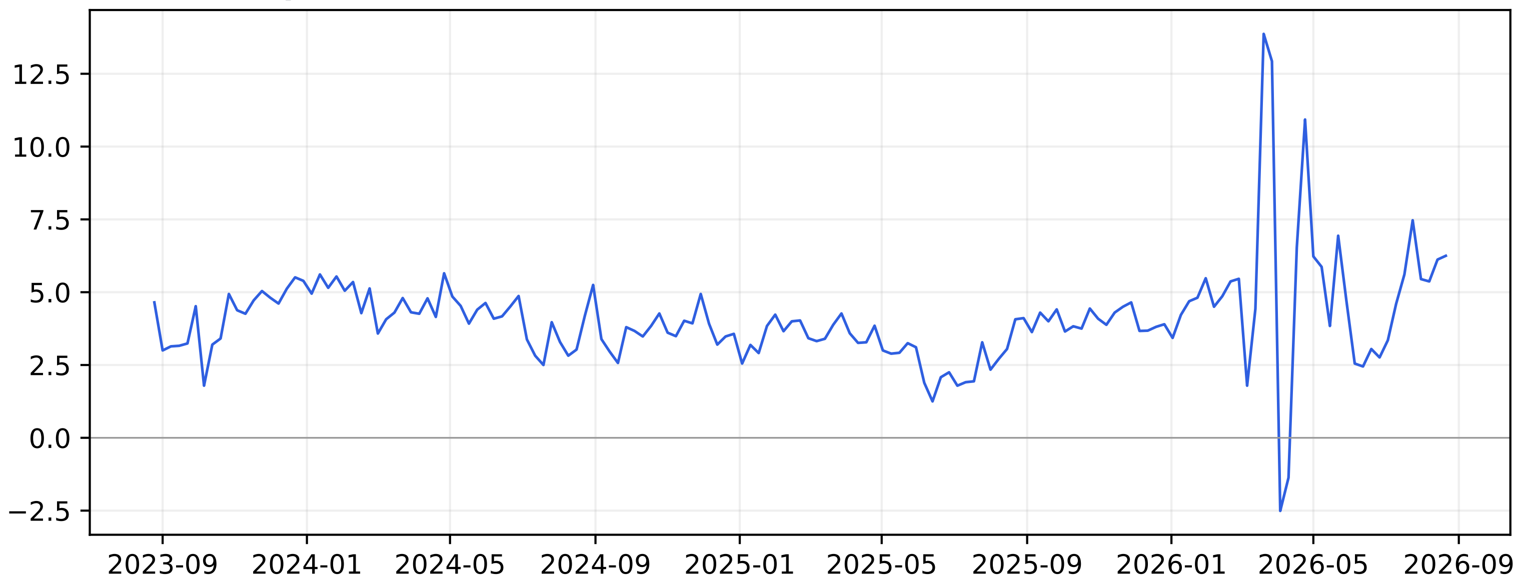
- Oil, natural gas, precious metals and crypto special modules
- Momentum & trend battery; factor-beta risk attribution; equity valuation

For inquiries, contact admin@abldigitech.com

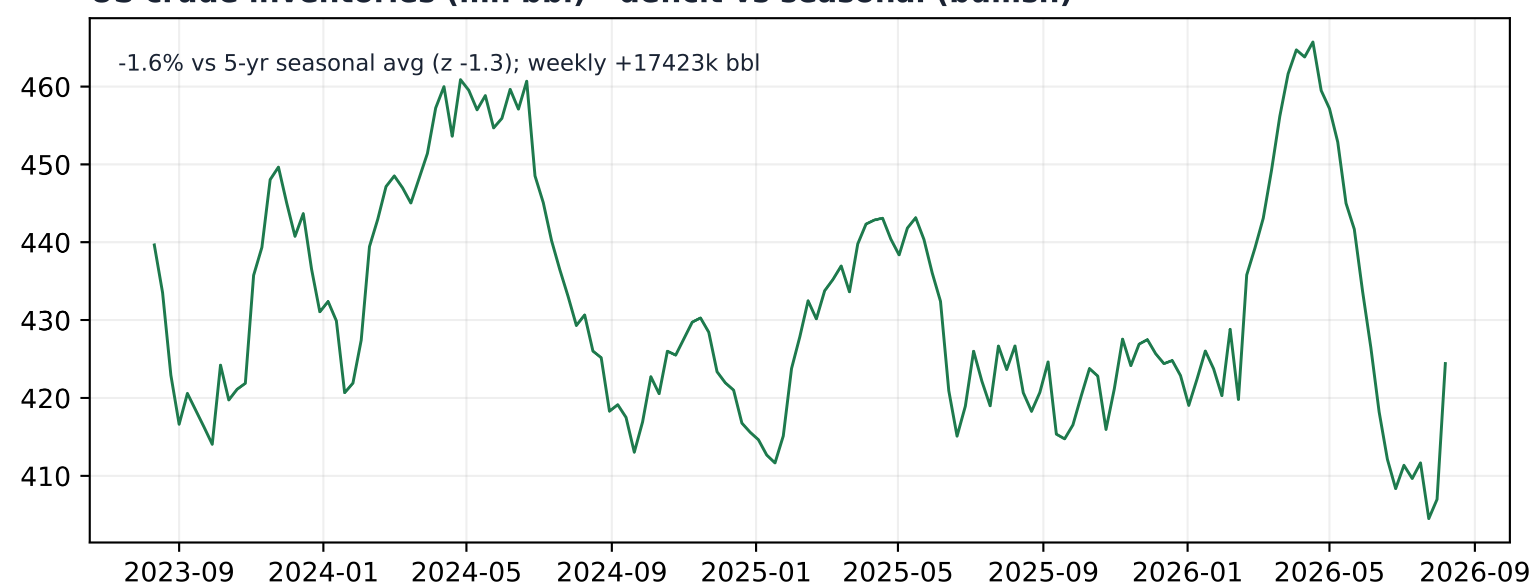
OIL special - WTI $82.63 (wk +0.3%, 13w -14.5%)



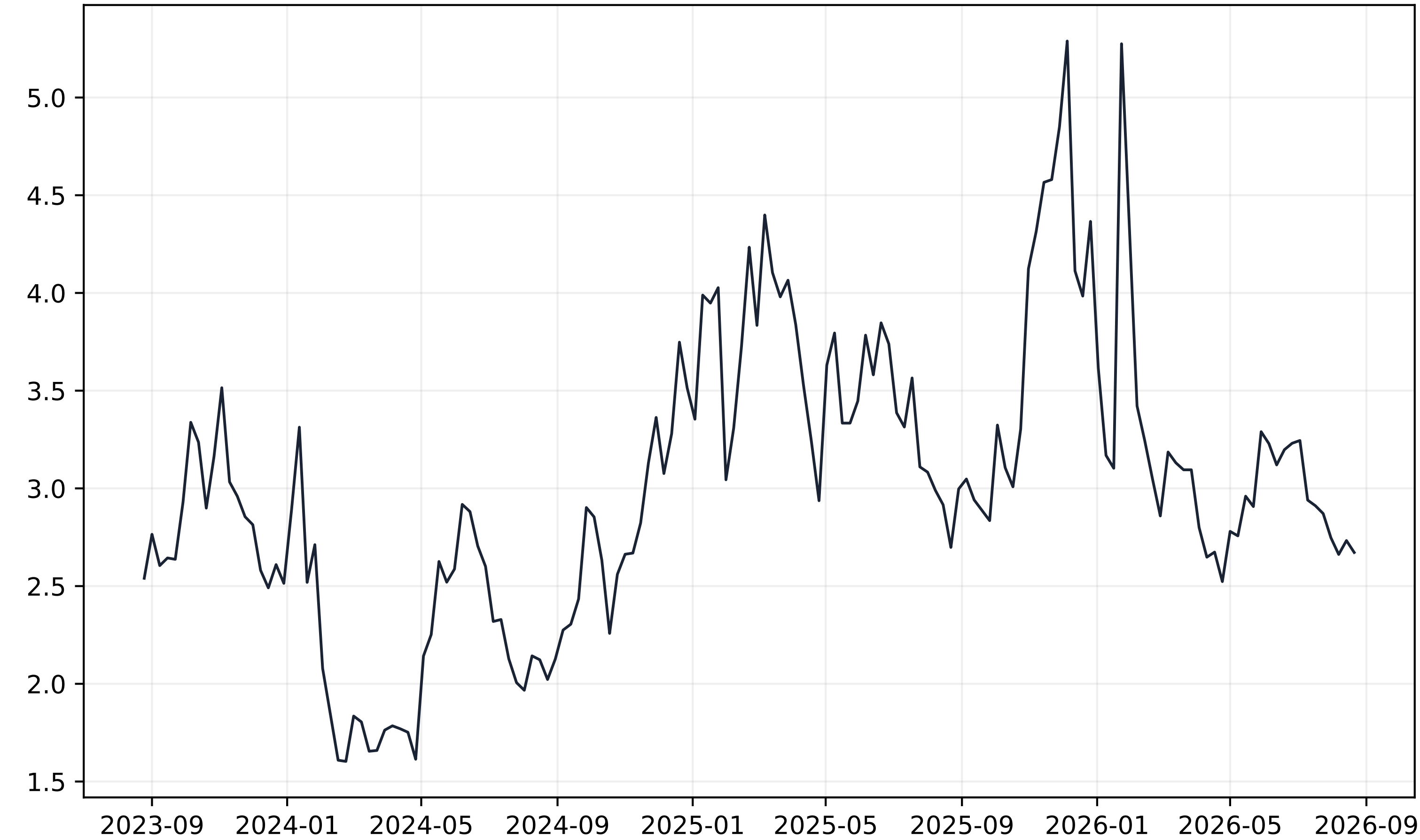
Brent-WTI spread (now +6.25)



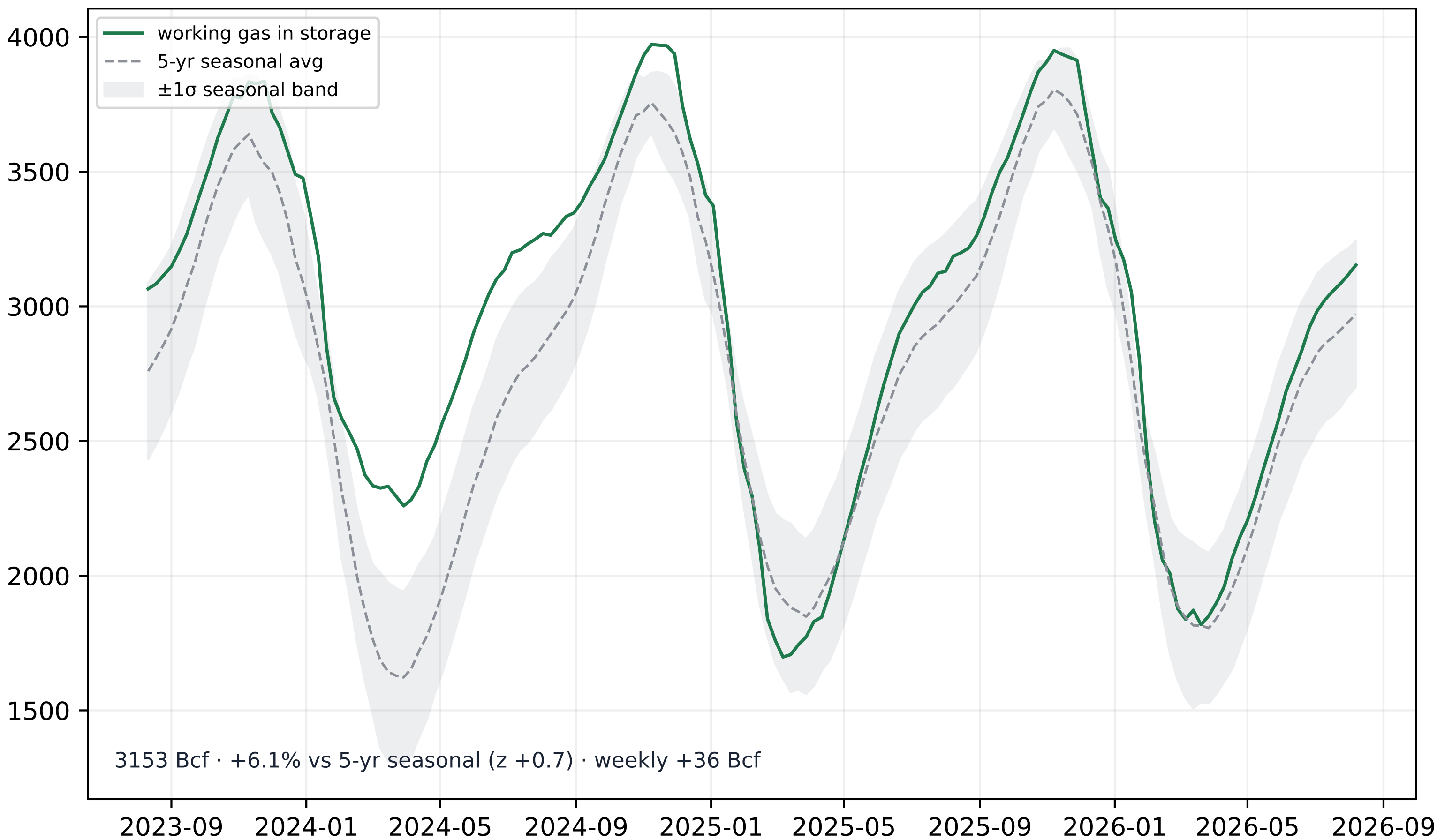
US crude inventories (mn bbl) - deficit vs seasonal (bullish)



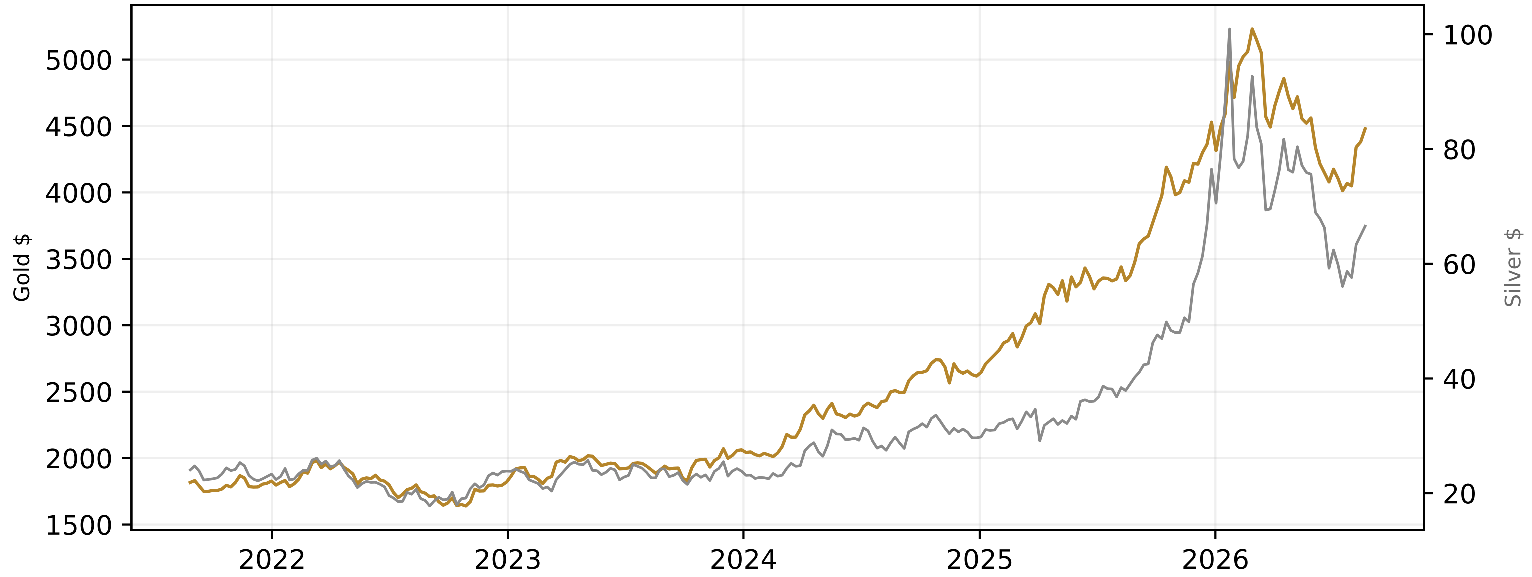
Natural gas (Henry Hub, $/MMBtu) — $2.67 (wk -2.3%, 13w -8.1%)



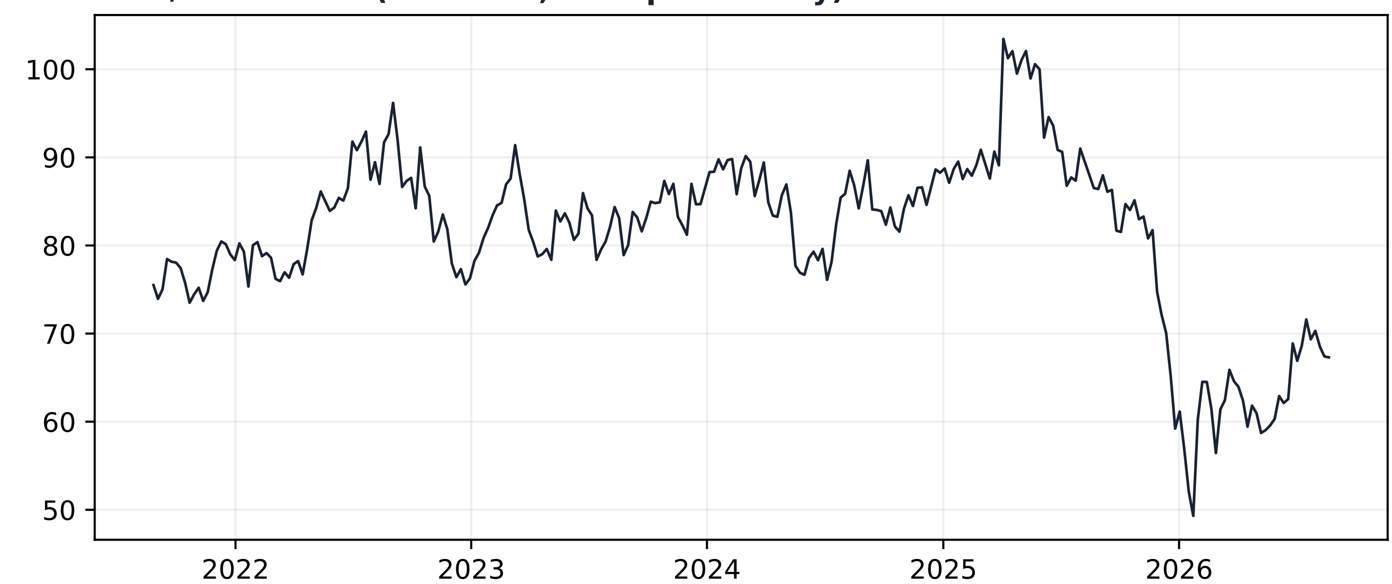
US working-gas storage (Bcf) — bearish (glut vs seasonal)



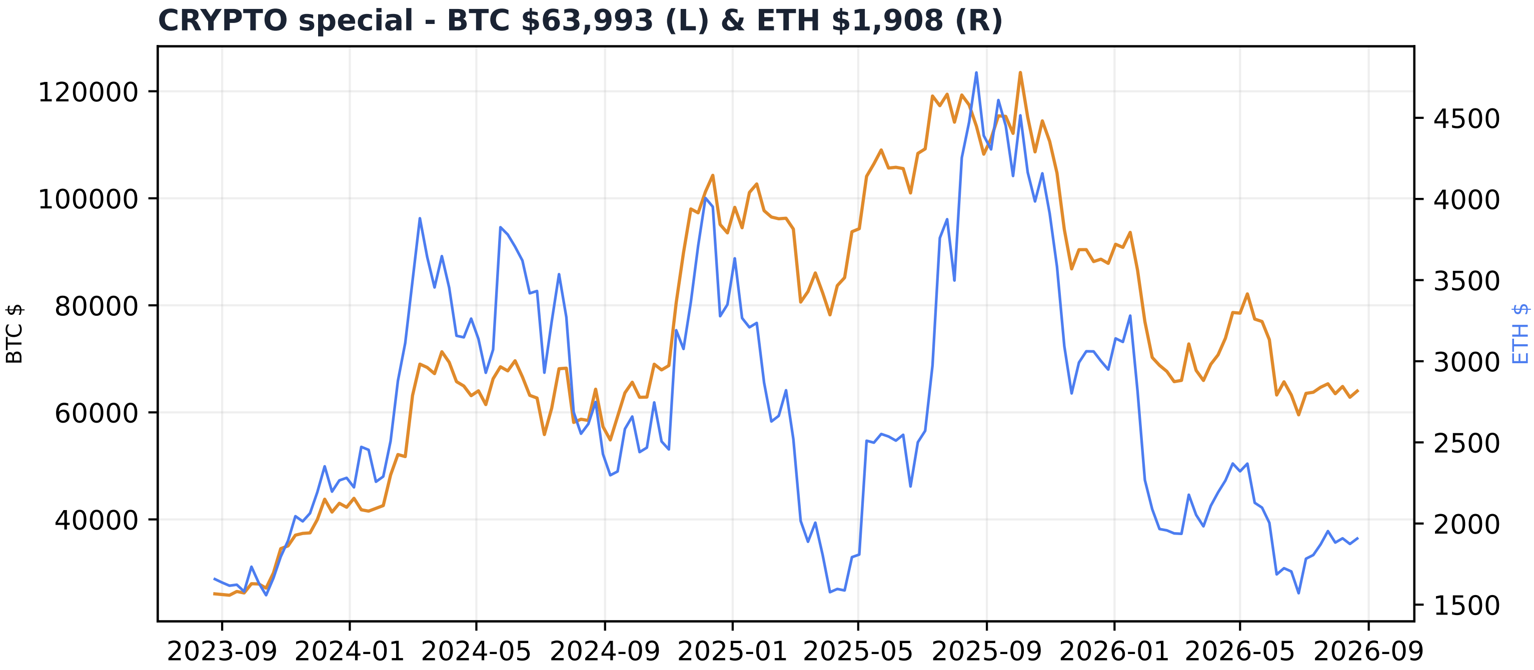
GOLD/SILVER special - Gold $4479 (L) & Silver $66.56 (R)

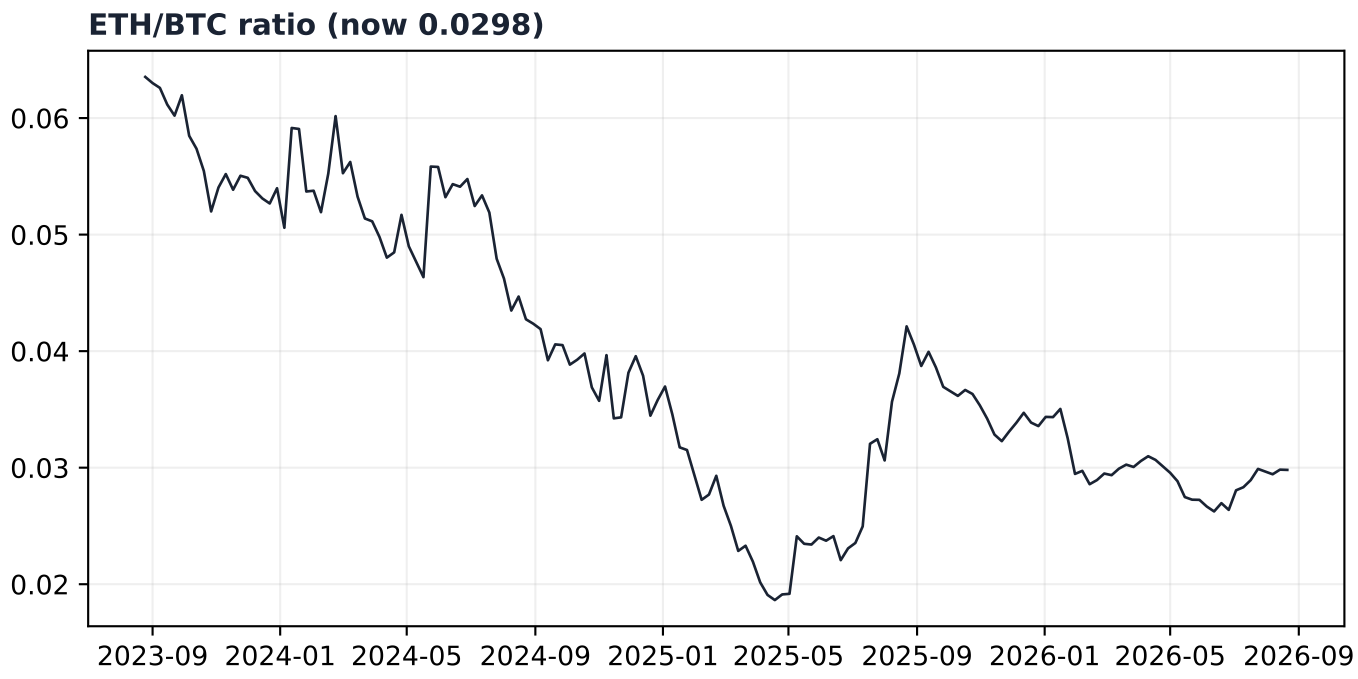


Gold/Silver ratio (now 67.3, 11th pctile of 5y)



Gold vs 10Y real yield (inverted) - 52w corr -0.47





MARKET STRUCTURE (current)

Total mcap $2.27T   BTC dominance 56.3%   ETH dominance 10.1%

Stablecoin supply $306B (+0.0% wk)   DeFi TVL $75B (-0.5% wk)

Crypto Fear & Greed: 31 (Fear), a week ago 30

MOMENTUM & TREND

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

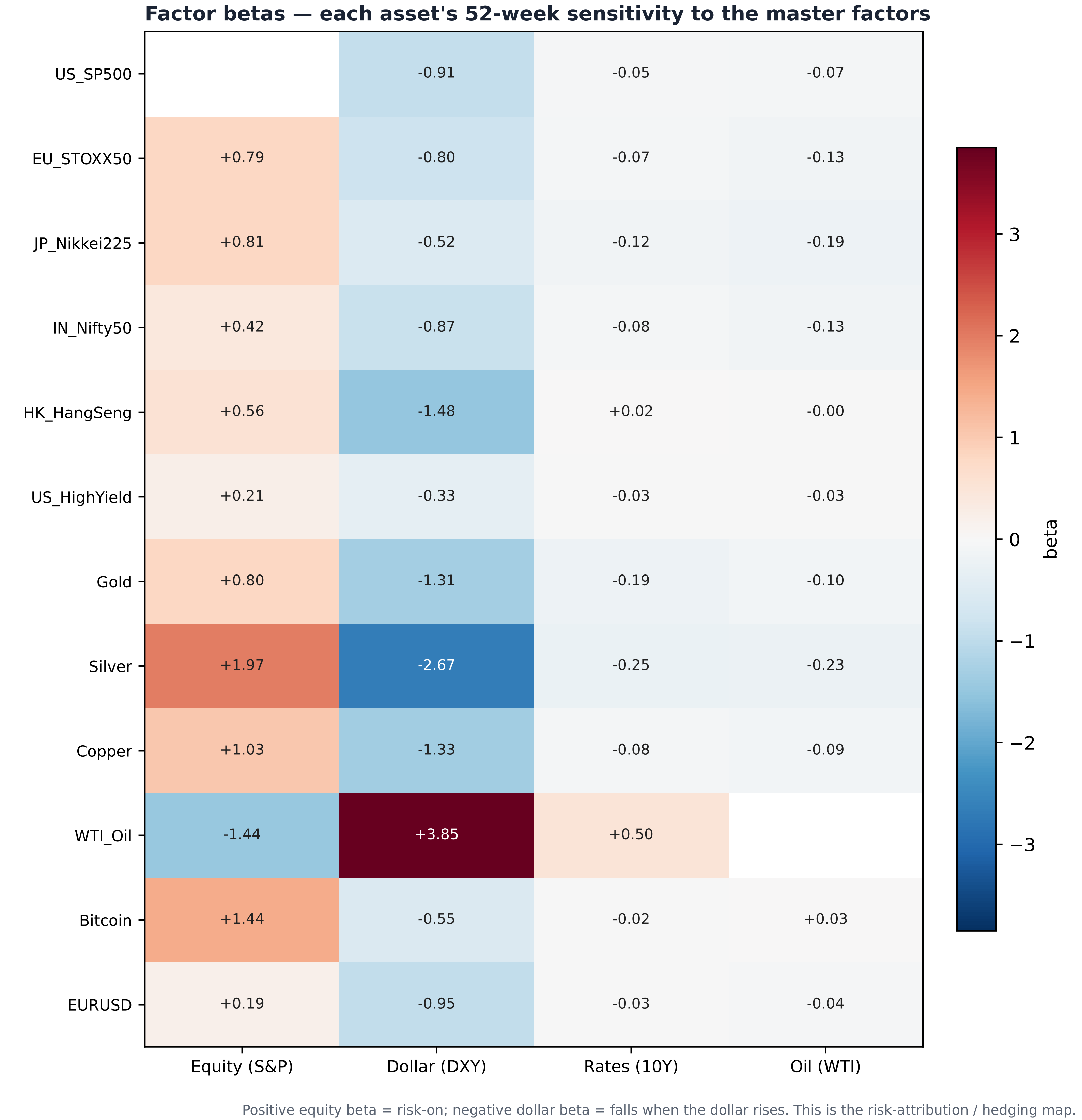
Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	+4%	+13%	+20%	**+1.00**	+9%	-0%
US_Nasdaq	+2%	+17%	+25%	**+1.00**	+10%	-1%
EU_STOXX50	+9%	+7%	+19%	**+1.00**	+9%	-0%
JP_Nikkei225	+9%	+22%	+62%	**+1.00**	+17%	-3%
IN_Nifty50	+2%	-5%	-2%	**+0.00**	-1%	-8%
HK_HangSeng	-1%	-4%	+0%	**+0.00**	-1%	-7%
Gold	-1%	-11%	+33%	**+0.00**	-1%	-14%
Silver	-12%	-19%	+71%	**+0.00**	-7%	-34%
WTI_Oil	-14%	+24%	+30%	**+0.00**	+6%	-26%
Copper	+4%	+13%	+49%	**+1.00**	+11%	0%
DXY	+0%	+2%	+2%	**+0.50**	+0%	-2%
Bitcoin	-17%	-5%	-44%	**-1.00**	-14%	-48%

Global equity 26-week relative strength:

LEADERS: TW_TAIEX +36%, KR_KOSPI +27%, TH_SET +24%, JP_Nikkei225 +22%, US_Nasdaq +17%, IT_FTSEMIB +15%

LAGGARDS: RU_RTS -30%, RU_MOEX -23%, ID_JKSE -22%, CN_Internet -18%, BR_Bovespa -12%, MX_IPC -10%

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


Factor betas — each asset's 52-week sensitivity to the master factors
US_SP500
EU_STOXX50
JP_Nikkei225
IN_Nifty50
HK_HangSeng
US_HighYield
Gold
Silver
Copper
WTI_Oil
Bitcoin
EURUSD
Equity (S&P)
Dollar (DXY)
Rates (10Y)
Oil (WTI)
-0.91 -0.05 -0.07
+0.79 -0.80 -0.07 -0.13
+0.81 -0.52 -0.12 -0.19
+0.42 -0.87 -0.08 -0.13
+0.56 -1.48 +0.02 -0.00
+0.21 -0.33 -0.03 -0.03
+0.80 -1.31 -0.19 -0.10
+1.97 -2.67 -0.25 -0.23
+1.03 -1.33 -0.08 -0.09
-1.44 +3.85 +0.50
+1.44 -0.55 -0.02 +0.03
+0.19 -0.95 -0.03 -0.04
beta
3
2
1
0
−1
−2
−3
Positive equity beta = risk-on; negative dollar beta = falls when the dollar rises. This is the risk-attribution / hedging map.

S&P 500 Shiller CAPE — 42.6, 99th percentile of 156 years

Excess CAPE Yield (1/CAPE − 10Y real) — -0.04%, 0th pctile since 2015

Cyclically-adjusted earnings yield 1/CAPE = 2.35% · trailing earnings yield 3.93% · 10Y nominal 4.63% · 10Y real 2.39% · equity risk premium
A low/negative Excess CAPE Yield signals equities are richly priced versus real bonds and historically implies muted long-run forward returns — a valua

PART VI

Forecasting & Signals

Forward-looking reads — lead-lag forecasts and fair-value dislocations.

- Tautology-filtered lead-lag forecasts with honest R^2 and bands
- Fair-value residual models: what is rich or cheap vs its drivers

For inquiries, contact admin@abldigitech.com

Leading Indicators & Forecasts

Genuine lead-lag pairs (near-identical instruments excluded) + a level forecast H weeks out from the leader's current move. Weekly predictive skill is modest - read R2 and the band; treat as a probabilistic tilt, not a point call.

LEADER	-> LAGGER	H	corr	R2	forecast: cur -> pred [band]
StLouis_Fin_Stress	Initial_Claims	3w	+0.74	0.54	209000.00 -> 45378.53 [-231716.22,322473.27]
IN_IndiaVIX	Initial_Claims	2w	+0.73	0.54	209000.00 -> 150797.02 [-82961.61,384555.65]
Chicago_Fed_NFCI	Continued_Claims	4w	+0.71	0.50	1777000.00 -> 1697106.09 [762786.87,2631425.31]
Initial_Claims	Continued_Claims	3w	+0.67	0.44	1777000.00 -> 1793912.36 [1008490.76,2579333.96]
VIX3M	Initial_Claims	3w	+0.65	0.42	209000.00 -> 235054.49 [-102061.15,572170.12]
OilVol_OVX	Initial_Claims	2w	+0.61	0.38	209000.00 -> 113099.57 [-158648.40,384847.55]
StLouis_Fin_Stress	Chicago_Fed_NAI	3w	-0.61	0.38	-0.02 -> 0.65 [-0.94,2.25]
CA_TSX	Initial_Claims	3w	-0.61	0.37	209000.00 -> -68992.93 [-418427.46,280441.59]
Continued_Claims	Chicago_Fed_NAI	3w	+0.61	0.37	-0.02 -> -0.04 [-1.65,1.57]
IN_IndiaVIX	Chicago_Fed_NAI	3w	-0.60	0.36	-0.02 -> 0.10 [-1.63,1.84]
CBOE_VIX6M	Initial_Claims	3w	+0.60	0.36	209000.00 -> 76061.54 [-250777.49,402900.56]
IN_IndiaVIX	Continued_Claims	4w	+0.59	0.35	1777000.00 -> 1342467.75 [193368.25,2491567.25]
VIX	Initial_Claims	4w	+0.59	0.35	209000.00 -> 33864.83 [-375921.79,443651.45]
US_3M_yield	SOFR_rate	3w	+0.59	0.35	3.62 -> 3.65 [3.49,3.82]

Method: OLS of the lagger's forward H-week return on the leader's trailing H-week return over ~10y of weekly data; forecast applies the leader's latest value; band = +/-1 residual sigma. Direct or inverse correlation both qualify.

FAIR VALUE — RICH / CHEAP vs DRIVERS

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

Copper vs global activity & dollar

RICH z +2.51

actual 6.61 · model-fair 4.69 · gap +40.8% · R^2 0.30

S&P 500 vs liquidity & rates

RICH z +1.71

actual 7778.17 · model-fair 5696.89 · gap +36.5% · R^2 0.25

HY spread vs equity vol

cheap z -1.01

actual 2.67 · model-fair 3.10 · gap -0.4 · R^2 0.07

Gold vs real yield & dollar

RICH z +0.85

actual 4479.30 · model-fair 3798.41 · gap +17.9% · R^2 0.67

USDJPY vs US-Japan yield gap

cheap z -0.56

actual 159.33 · model-fair 161.96 · gap -1.6% · R^2 0.91

The model-fair value is what the drivers justify; the gap is how far actual sits from it. $|z| > 1.5$ flags a stretched dislocation. Trust the signal in proportion to R^2 — a low R^2 model (shown) is a weak anchor, stated honestly.

PART VII

Risk & History

Downside risk and the multi-month trend of the headline readings.

- Tail risk: VaR / expected shortfall, drawdowns, tail dependence
- Historical trend of the key metrics across recent reports

For inquiries, contact admin@abldigitech.com

TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
US_SP500	-3.2%	-4.8%	11%	-25%	-0%	-0.2	+1.3
US_Nasdaq	-4.5%	-5.9%	13%	-36%	-1%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-0%	-0.8	+2.5
IN_Nifty50	-2.8%	-4.0%	9%	-17%	-8%	-0.3	+0.5
Gold	-3.5%	-4.7%	11%	-23%	-14%	-0.1	+1.5
WTI_Oil	-9.2%	-12.0%	26%	-53%	-32%	+0.6	+3.7
Copper	-4.8%	-9.2%	23%	-34%	0%	-1.5	+10.3
Bitcoin	-11.5%	-15.5%	35%	-75%	-48%	-0.2	+1.6
US_HighYield	-1.6%	-2.3%	5%	-19%	-9%	+0.2	+2.9
EURUSD	-1.5%	-2.1%	4%	-18%	-2%	+0.5	+2.3

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

EU_STOXX50 0.43 Bitcoin 0.25 Gold 0.13 Copper 0.28 US_HighYield 0.47

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

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

	03-13	03-20	03-27	04-03	04-10	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-19	06-26	07-03	07-10	07-17	07-24	07-31	08-07	08-14	08-21
Regime	N	N	N	N	N	N	N	N	N	N	R+	R+	N	N	N	N	N	R+	R+	N	N	N	N	N
Risk appetite																						+0.83	+1.08	+0.83
Macro nowcast																						+0.04	+0.06	+0.02
Quadrant	Stag	Stag	Stag	Stag	Stag	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Refl	Refl	Stag	Stag	Stag	Gold	Gold	Refl
VIX	27	27	31	24	19	17	19	17	17	18	17	15	22	18	16	18	16	15	16	18	18	16	15	15
SKEW																						133	133	138
Breadth %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC1 share																						22	16	21
Stk-Bond corr	+0.11	+0.07	+0.05	+0.03	-0.00	-0.01	-0.03	-0.02	-0.02	-0.02	-0.03	-0.03	-0.05	-0.08	-0.08	-0.07	-0.03	-0.01	-0.01	+0.00	+0.01	+0.00	+0.00	-0.04

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