ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-08-28

167 instruments | 1913 weeks history

REGIME: Neutral

EXECUTIVE SUMMARY

The engine says stay invested but stop paying for beta. The Markov filter is pinned in **Neutral at 0.955 posterior** (66 weeks running, Risk-off just 1.5%), while the cross-asset risk-appetite composite reads **+0.53 [Risk-on]** — a constructive-but-not-euphoric setup where credit and breadth, not valuation, are doing the work. Lean long global equities with a decisive tilt away from the US mega-cap complex and toward what the momentum and breadth data actually reward: Taiwan (+26% 26w), Thailand (+22%), Singapore (+14%), US small caps (+14%), Iberia and LatAm. Fade crowded USD length, US 2Y/5Y futures and copper. Own gold as a portfolio hedge but not as a fresh entry.

Three developments matter this week. First, **gold +2.26% to $4,730 while the fair-value model puts it 21.4% rich (z +1.00, R^2 0.68)** — that is a well-fitted model saying the haven bid is now momentum, not macro; keep the hedge, harvest into strength, don't add. Second, **the stock/10Y-yield DCC correlation flipped to -0.05 from +0.19 a year ago** — duration is a functioning diversifier again, which argues for rebuilding 7–10y Treasury exposure that has been dead weight since 2022. Third, **the Asia-tech air pocket — KOSPI -3.2%, Shenzhen -2.2%, HangSeng -1.9%** — against Nasdaq spec positioning at the **3rd percentile**: crowded shorts into a weak tape is squeeze fuel, not a reason to capitulate.

The biggest risk is that **CAPE 42.0 (99th percentile) with an equity risk premium of -0.76%** leaves zero cushion if credit cracks. The confirming signal is narrow and observable: **HY OAS through 3.20%** from 2.70%, or the **VIX/VIX3M ratio above 1.00** from 0.85. Either would invalidate the risk-on tilt regardless of what the regime filter says, because the composite's single largest support is the credit_hy z-score of +1.03.

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

KEY SIGNALS

Stocks-Bonds DCC corr	**-0.05 (1y ago +0.19)**
PC1 variance share	**21%**
DCC persistence (a+b)	**0.9806**
Weeks in regime	**66**

EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-08-28 · 167 instruments, 10-year context

MARKET REGIME	GROWTH × INFLATION	STOCK–BOND CORR
Neutral	**Reflation**	**-0.05**
~66w in regime	g +0.5 / i +0.5	vs +0.19 1y ago

RISK CONCENTRATION	EQUITY BREADTH	VIX TERM
21%	**67%**	**Contango**
PC1 share of variance	indices > 40wk MA	ratio 0.85

VALUATION **Shiller CAPE 42.0** **99th %ile / 156y** Excess CAPE yield +0.03% ERP -0.76%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	15.9	+0.77	42th
HY credit spread (OAS)	2.70%	+0.00	11th
IG credit spread (OAS)	0.81%	+0.00	36th
EM corp spread (OAS)	1.39%	+0.00	2th
10Y real yield (TIPS)	2.35%	+0.00	99th
10Y nominal yield	4.69%	+0.00	99th
2Y yield	4.19%	+0.00	81th
10Y–2Y curve	+0.50pp	+0.00	59th
10Y breakeven infl.	2.34%	+0.00	76th
Financial conditions	-0.56	+0.00	30th
Initial jobless claims	206k	+0k	9th
Weekly Econ Index	+2.6%	+0.00	65th
Fed net liquidity	$5.79T	+0.00	50th
US dollar (DXY)	99.0	+0.2%	56th
Gold	$4,730	+2.3%	98th
S&P 500	7656	-0.2%	99th

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

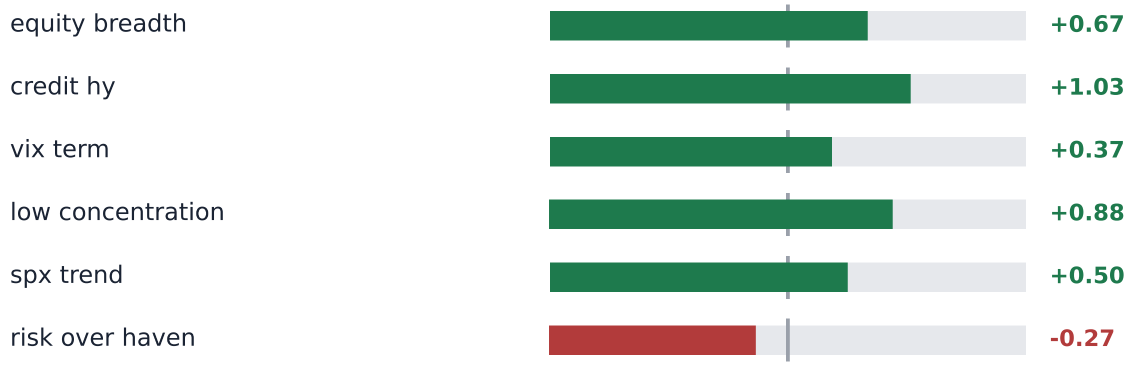
RISK APPETITE

Risk-on

score +0.53

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

Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

score +0.00

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 · 2026-08-28

TOP GAINERS

Corn	+6.8%
Wheat	+3.2%
Bitcoin	+2.7%
Palladium	+2.6%
Ethereum	+2.3%
Gold	+2.3%
NatGas	+2.2%
Solana	+1.8%

TOP DECLINERS

Gasoline	-11.9%
HeatingOil	-6.4%
Coffee	-5.2%
KR_KOSPI	-3.2%
Aluminum	-2.5%
WTI_Oil	-2.3%
CN_Shenzhen	-2.2%
HK_HangSeng	-1.9%

KEY LEVELS — week-over-week change

US 10Y yield	4.69	+0.00%
2Y yield	4.19	+0.00%
HY credit OAS	2.70	+0.00%
IG credit OAS	0.81	+0.00%
VIX	15.90	+0.77
SKEW	nan	+nan
US dollar (DXY)	98.97	+0.2%
Gold	4729.80	+2.3%
WTI oil	85.10	-2.3%
Bitcoin	79882.32	+2.7%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	**Neutral**
Quadrant	prior: Refl	->	**Reflation**
Risk appetite	prior: +0.83	->	**+0.53**
Macro nowcast	prior: +0.02	->	**+0.00**
PC1 share	prior: 21	->	**21%**
Stock-bond DCC	prior: —	->	**-0.05**

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

Detailed Cross-Asset Analysis

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

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Regime, Scorecard & Market State

The regime model and the scorecard disagree in a specific and informative way. The Markov-switching filter, run on weekly S&P returns with switching mean and variance, assigns 95.5% to Neutral, 2.9% to Risk-on and 1.5% to Risk-off, and it has sat there for roughly 66 weeks. That is a filter describing realised return distribution: index-level returns have been unremarkable in both drift and dispersion. This week's tape is a perfect illustration — S&P -0.24%, Nasdaq -0.49%, VIX up 0.77 to 15.90. Nothing to classify.

The scorecard, by contrast, reads +0.53 and labels the state Risk-on, and its components explain why. Credit is the anchor: credit_hy at z +1.03, with HY OAS at 2.70% and IG at 0.81%, both unchanged on the week. low_concentration at +0.88 is the second pillar — leadership is not dangerously narrow. equity_breadth +0.67 corroborates: 67% of 42 global indices and 82% of 11 US sectors sit above their 40-week moving averages. spx_trend +0.50 and vix_term +0.37 round it out. The lone drag is risk_over_haven at -0.27, which is gold's +2.26% doing exactly what a -0.27 z-score describes: havens outperforming risk assets.

Reconcile them this way: the cross-sectional internals (credit, breadth, concentration) are healthier than the time-series index return, which is going nowhere. That is the signature of a rotational market — money is moving between regions and sectors, not into or out of the asset class. The investment implication is that relative-value and regional allocation decisions should carry more weight than the net equity beta decision. Being long the index adds little; being long the right index adds a lot. The gold-driven haven drag is the one crack worth monitoring, and it aligns with the growth-inflation read: the engine places us in the Reflation quadrant — growth composite z +0.54 (13w +0.01), inflation composite z +0.51 but with a 13-week change of -0.97. Inflation impulse is collapsing while growth holds. That is disinflationary reflation, historically the friendliest configuration for duration and for cyclical equities outside energy, and it argues against the gold thesis on fundamentals even as price rises.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast prints +0.00 [Trend growth], and its internals hide real divergence. global_activity is +1.25 — the strongest single input — while consumer_sentiment is -1.62, the weakest. weekly_econ_index +0.12, initial_claims +0.28 and chicago_fed -0.02 sit near zero. The read: the industrial and global-trade side of the economy is genuinely firm while the household is sour. For allocators this favours global cyclicals, industrials and exporters over US domestic consumer discretionary, and it explains why LatAm and European bourses led (Bovespa +0.9%, Merval +0.9%, IBEX +0.6%) while the US drifted.

The hard macro corroborates. Initial claims 206k at the 9th percentile of ten years, continued claims 1.80mn, Weekly Economic Index +2.6% against a ~2% trend, FRED recession probability 0.6% with a twelve-month maximum of 1.2%, Sahm rule at -0.03 versus a 0.50 trigger, and a 10Y-3M curve at +0.86pp. There is no recession signal anywhere in this dataset. Consumer sentiment is a soft series diverging from hard labour data — trade the hard data.

Liquidity is the flat spot. Fed net liquidity $5.79T, unchanged on the week and -0.6% over four weeks; ECB assets -0.2% over 4w; BoJ +0.0%; M2 $23.29T flat. No central bank is adding. Critically, the RRP facility is at $0bn — the shock absorber that cushioned QT since 2022 is fully drained, so any further balance-sheet runoff now comes straight out of bank reserves. SOFR at 3.65% versus fed funds 3.63% shows only a 2bp premium, so funding is calm today, but the buffer is gone. Watch SOFR-effective-fed-funds spreads for the first sign of reserve scarcity; that is the mechanism through which a benign tape turns. Reinforcing the point, the net-liquidity/stocks correlation has risen from +0.05 (52w) to +0.27 (13w) — equities are becoming more liquidity-sensitive precisely as the liquidity cushion empties.

Global 10Y yields — US 4.69%, UK 4.80%, Germany 2.97%, Japan 2.67% — show Japan's ongoing normalisation as the structural story. A 2.67% JGB is a gravitational pull on global duration and a persistent risk to yen-funded carry.

Rates, Credit & the Stock-Bond Relationship

Every rate printed unchanged this week: 10Y nominal 4.69%, 2Y 4.19%, curve +0.50pp, 10Y real 2.35%, breakeven 2.34%, fed funds 3.63%. Beneath the stillness, the forward curve is doing something notable. The market prices 0–3m at 3.87%, 3–12m at 4.03% and 1–2y at 4.39% — roughly 1.4 hikes to one year. The market is pricing tightening, not easing, into a Neutral regime with 0.6% recession probability. That is coherent with the Reflation quadrant but sits awkwardly against a 13-week inflation-composite drop of -0.97. If disinflation is real, the front end is mispriced hawkishly.

Positioning makes this actionable and asymmetric. UST 2Y spec net is at the 99th percentile and 5Y at the 83rd — extreme crowded longs — while UST 10Y sits at the 8th and UST Bond at the 2nd percentile. The crowd is long the front end and short the long end. If disinflation dominates and hikes get repriced out, the pain trade is a bull-flattener that squeezes the long-bond shorts. That is the single cleanest positioning-driven expression in this dataset: own long duration, funded by fading the 2Y consensus.

Credit gives no warning. HY 2.70%, IG 0.81%, both flat, HY ETFs +0.0% and IG +0.3% on the week, and the CNN junk_bond_demand component at 94 — the highest reading in the entire sentiment complex. The stocks-versus-HY-spread correlation has tightened to -0.81 (13w) from -0.74 (52w), meaning credit and equities are moving as one instrument. That is why HY OAS is the correct tripwire: at these correlations, credit will not diverge quietly before equities notice — but it does tend to move first, as the Granger network confirms.

The stock-bond relationship is the week's structural improvement. The DCC conditional correlation is -0.05 today versus +0.19 a year ago, with persistence 0.9806. Rolling correlation confirms: -0.24 on 52 weeks, -0.10 on 13. The 0.98 persistence means this is a slow, sticky state, not noise — which makes it trustworthy for allocation. Bonds hedge equities again. Combined with the crowded-short long end, the case for extending duration is the strongest single-asset case here. UST20y+ +0.8% already led bond returns this week.

Factor Structure & Systemic Risk

PC1 — Risk (equity beta) — explains only 21% of variance across 152 instruments; PC2 (Rates, 10Y yield) 13%; PC3 (US dollar) 4%; PC4 (Energy/oil) 4%. Together the top four capture 42%, leaving well over half of cross-asset variance idiosyncratic. A 21% PC1 share is low. In stress episodes PC1 routinely climbs above 40–50% as one force — broad risk — swamps everything. It is not doing so. Concentration is not high, which is precisely what the scorecard's low_concentration z of +0.88 is measuring.

The multivariate DCC corroborates emphatically: average pairwise conditional correlation is +0.03, versus +0.04 a year ago, with persistence 0.8408. Effectively zero, and marginally lower than a year ago. Diversification is not failing — it is working about as well as it ever does. That single number is the strongest argument in this report for running a genuinely diversified book rather than a concentrated one: the marginal risk-reduction per position added is unusually high right now.

The practical consequence is that this is a stock-picker's and allocator's market, not a beta market. With PC1 at 21% and average conditional correlation at +0.03, dispersion strategies, regional tilts and relative-value trades have far more headroom than directional index exposure. It also means the flat S&P is not a signal about the asset class — it is arithmetic averaging over large offsetting rotations, which is exactly what the leaders (Brazil, Argentina, Spain) versus laggards (Korea, Shenzhen, Hong Kong) table shows. Caveat: DCC persistence of 0.84 is high enough that when correlation does start climbing, it climbs persistently. Rising average conditional correlation is a leading warning worth tracking weekly, even from this benign base.

Cross-Asset Correlation & Lead-Lag

The Granger network names the net information leaders as Bitcoin, EU_STOXX50, VIX and US_HY_OAS, with followers JP_Nikkei225, US_SP500, Gold and Copper. Two of the four leaders are risk-pricing instruments rather than risk assets: VIX and HY OAS lead, meaning the volatility surface and credit spreads are transmitting information into equities, not receiving it. That validates using HY OAS and the VIX term structure as tripwires rather than lagging confirmations. Bitcoin leading is the familiar high-beta liquidity-sensor role — and BTC +2.70% this week is a mildly positive lead-lag signal for risk. European equities leading the Nikkei and S&P puts the marginal price-setting in the European session, so watch STOXX50 for the week's tone.

That the S&P and gold are followers is important: neither is currently a source of independent information. Do not read the S&P's -0.24% as a signal about anything, and do not read gold's +2.26% as macro insight — it is, per the network, a response variable.

The correlation shifts add nuance. Gold versus breakeven inflation has swung from -0.15 (52w) to +0.46 (13w), a +0.60 shift — the largest in the table. Gold has re-coupled with inflation expectations, converting it from a pure real-rate instrument into an inflation hedge. Gold versus 10Y yield has similarly moved from -0.43 to -0.08. Yet gold versus real yield is unchanged at -0.48 on both windows. The composite picture: gold's real-rate anchor holds, but a new inflation-expectations bid has been layered on — which, given the collapsing inflation composite (-0.97 over 13 weeks), is a bid on borrowed time.

USD versus oil has collapsed from +0.35 to -0.01, a -0.36 shift, restoring the conventional inverse-ish relationship and removing an unusual co-movement. BTC versus Nasdaq has softened from +0.35 to +0.22, so crypto is trading marginally more on its own internals. VIX versus stocks at -0.77 and copper versus stocks at +0.65 are both stable and unremarkable — the hedging and cyclical channels are functioning normally. Gold versus silver at +0.87 (13w) is very tight, which matters below.

Relative Value & Fair Value

Only two fair-value models clear the $R^2 \geq 0.4$ quality bar, and they deserve very different treatment.

Gold versus real yield and the dollar: RICH +21.4% vs fair, z +1.00, R^2 0.68. An R^2 of 0.68 is a genuinely explanatory model — two-thirds of gold's variance is captured by real rates and the dollar. A +21.4% deviation with a one-sigma z is a real, well-evidenced dislocation. At $4,730, gold is being bid by something the macro model cannot see: reserve diversification, geopolitical hedging, or momentum. The GVZ at 29 sits at the 95th percentile — gold vol is the most elevated vol in the entire complex, which is what a crowded, momentum-driven move looks like. CFTC gold net +222,189 at the 60th percentile with open interest +55% — not yet crowded by percentile, but a 55% OI surge signals fast money arriving late. The action: keep gold as a tail hedge (its S&P lower-tail dependence of 0.13 confirms genuine haven quality, and ES5 of -4.7% is modest), but trim strength and do not initiate. A one-sigma rich reading on a 0.68-R^2 model is the definition of a fade-the-extension signal.

USDJPY versus the US-Japan yield gap: cheap -2.2%, z -0.76, R^2 0.91. This is the highest-conviction model in the report — R^2 0.91 means the yield differential explains almost everything. The dislocation is small (-2.2%, under one sigma), so the trade is modest, but the direction is well-supported: USDJPY should drift higher on rate differentials. Set against JPY spec positioning at the 46th percentile — genuinely neutral, no squeeze risk either way — this is a clean, low-drama carry expression. The caveat is the 2.67% JGB: if Japanese yields keep rising, the gap narrows and fair value falls to meet spot.

Explicitly discount everything else. No cointegrated spread cleared $|z|>1.5$ with an adequate fit, so there is no stretched pair to mean-revert this week. That absence is itself informative and consistent with a 21% PC1 and +0.03 average conditional correlation: markets are not being dragged out of line by a common factor, so classic pair dislocations are scarce. Do not manufacture RV trades from weak-fit models — with average conditional correlation near zero, an unexplained residual is far more likely to be genuine idiosyncrasy than a mispricing that reverts.

The one valuation dislocation that is unambiguous is US equity versus bonds. Shiller CAPE 42.0 — the 99th percentile of 156 years and the 100th of 20 — implies a cyclically-adjusted earnings yield of 2.38%. The Excess CAPE Yield is +0.03%, the 1st percentile since 2015, and the trailing equity risk premium is -0.76% (EY 3.93% minus 10Y 4.69%). Investors are being paid nothing — literally negative — to own US equities over Treasuries. This is not a timing signal; it is a long-run expected-return signal and a second, independent argument for the duration overweight and the ex-US equity tilt.

Volatility & Tail Risk

The volatility complex is calm with a specific hedging bid underneath. The term structure is in clean contango — 9D 13, 1M 16, 3M 19, 6M 21 — and the VIX/VIX3M ratio is 0.85, at the 42nd percentile of ten years. Spot fear is below forward fear; there is no stress. The vol-risk premium is +2.7 and positive, meaning implied exceeds realised, so systematic vol-selling still carries positive expectancy. But at a 42nd-percentile ratio, the term structure is mid-range, not stretched — the carry is available but unexceptional, and this is not the moment to lever a short-vol book.

SKEW at 144 (59th percentile) is the tell. With VIX at 15.90 and contango intact, elevated SKEW means investors are calm about ordinary moves but paying up for crash protection. Out-of-the-money puts are relatively expensive; at-the-money vol is cheap. The efficient hedge here is not an outright put but a put spread, or collar financing — sell the expensive tail, buy the cheap body.

Cross-asset vol is sharply dispersed, which is a map of where risk actually sits. MOVE at 73, the 17th percentile — bond vol is exceptionally suppressed, which makes duration extension cheap to implement and options-based rate expressions attractive, but also flags complacency in the asset class most exposed to a hawkish repricing. OVX at 48, the 75th percentile — oil vol is elevated against a falling oil price, the classic signature of a market pricing supply-side event risk. GVZ at 29, the 95th percentile — gold vol is the outlier, corroborating the fair-value read that the gold move is unstable.

Tail metrics are contained for traditional assets and severe for crypto. S&P ES5 of -4.8% with a current drawdown of only -2%; gold ES5 -4.7% with a -10% drawdown; Bitcoin ES5 -15.5% against a -35% current drawdown. Size crypto positions on that -15.5% expected shortfall, not on a volatility-scaled estimate that will understate it. S&P-gold lower-tail dependence at 0.13 is low, confirming gold still decouples when equities break — the hedge works, which is the reason to keep it despite being 21% rich.

Leading Indicators & Forecasts

The lead-lag table needs to be read with heavy discipline. Every relationship with R^2 above 0.36 points into labour-market and financial-conditions series — initial claims, continued claims, the Chicago Fed NAI — not into asset prices. The engine finds no reliable weekly predictor of any tradable market. That is the honest headline, and it is worth stating plainly: there is no forecastable edge in prices at the weekly horizon in this dataset.

The strongest links are StLouis_Fin_Stress → Initial_Claims (H=3w, R^2 0.54) and IN_IndiaVIX → Initial_Claims (H=2w, R^2 0.54), followed by Chicago_Fed_NFCI → Continued_Claims (H=4w, R^2 0.50). The economically meaningful reading is that financial conditions lead labour conditions by two to four weeks — tightening in the St. Louis stress index or the NFCI shows up in claims within a month. Since both stress gauges are currently benign and claims are at the 9th percentile of ten years, the near-term labour outlook is stable. That supports the no-recession, trend-growth base case.

The point forecasts themselves must be discarded. StLouis_Fin_Stress → Initial_Claims projects 171,813 from 206,000 with a band of -105,140 to 448,767 — a confidence interval spanning negative claims. IN_IndiaVIX → Initial_Claims gives 221,312 with a band of -12,405 to 455,028. These bands are so wide as to be uninformative; a range that includes impossible values is a model telling you it does not know. Use the sign and direction of these relationships, never the levels. Even the best fit here explains 54% of variance in a macro series, which is respectable for nowcasting and useless for trading.

One cross-market observation is genuinely useful: India VIX appears twice as a leading indicator (→ Initial_Claims R^2 0.54, → Chicago_Fed_NAI R^2 0.36 with corr -0.60). Indian equity volatility is functioning as an early global risk-sentiment sensor. It is worth adding to the dashboard as a real-time gauge, independent of any India allocation view. Weekly predictive skill across this entire table is modest; treat every number above as a conditional tendency with wide error, not a forecast.

Commodities (Oil, Gas & Metals)

Oil is bearish on fundamentals and vulnerable on positioning — a genuine two-sided setup. WTI at $85.10, -2.3% on the week and -2.6% over 13 weeks, with US crude inventories +0.4% versus the five-year seasonal average (z +0.4) and a +4,405k bbl weekly build. Crude is in seasonal surplus. US production at 13.83M b/d is robust and Cushing at 21.3M bbl. But the product side is genuinely tight: gasoline stocks -5.1% and distillate -12.8% versus their five-year averages, with a 3:2:1 crack of $57.1/bbl — an exceptionally healthy refining margin. Crude is oversupplied; products are not. The trade is in the crack, not the barrel: refiners are the cleaner expression than long crude.

The positioning counterweight is real. CFTC WTI spec net is -17,451 lots at the 19th percentile of three years, and fell a further 11,118 on the week. Specs are net short crude in a market where OVX at the 75th percentile shows options traders paying up for event risk. That combination — crowded short plus elevated implied vol plus tight products — means the downside is well-discounted and the risk is asymmetrically to the upside on any supply disruption. Do not press oil shorts here. The Brent-WTI spread at +7.51 is wide, reflecting ample US inland supply.

Natural gas is the most extreme positioning reading in the entire report. Henry Hub $2.84, +2.2% on the week but -13.8% over 13 weeks, with working gas storage at 3,169 Bcf, +5.6% above the five-year seasonal (z +0.6) and a +16 Bcf build. Fundamentals are bearish — a glut. But spec net is at the 1st percentile of three years. Everyone who wants to be short is short. Fundamentally bearish and positioned to the absolute extreme is a setup where any weather or LNG-demand surprise produces a violent squeeze. Avoid short gas; the risk/reward is inverted.

Metals split neatly. Gold $4,730, silver $69.10, ratio 68.4 at the 12th percentile of five years — silver has already outperformed gold substantially over the cycle, so the historical ratio-mean-reversion trade is spent. Against that, silver spec net is +23,625 at only the 17th percentile — a crowded short in an asset with strong momentum, plus gold/silver 13w correlation at +0.87 and silver-copper correlation at +0.60 giving it industrial beta. Silver has a live squeeze case. Copper +0.67% with spec net at the 99th percentile and open interest +28% is the opposite: maximum crowding. Copper is the most vulnerable commodity long here, and given copper-stocks correlation at +0.65, a copper unwind would transmit directly into cyclical equities. Fade copper length. Agriculture is uniformly crowded long — corn 90th, soybeans 85th, wheat 83rd — with no offsetting signal; avoid.

Crypto

Crypto is bouncing hard from a deep drawdown, and the internals are improving faster than the price. Total market cap $2.71T with BTC +2.70%, but the position is still -35% from its highs with an ES5 of -15.5% — the recovery is early and the tail is fat. BTC dominance at 59.1% versus ETH at 11.2%, with ETH/BTC at 0.0316, shows capital consolidating into bitcoin rather than dispersing down the risk curve. That is characteristic of an early-stage recovery, not a mature altcoin rally, and it argues for concentrating any crypto allocation in BTC.

Two internals stand out. DeFi TVL jumped +25.2% on the week to $94B — an enormous single-week move that signals real capital returning on-chain rather than mere price appreciation. Stablecoin supply at $309B, +0.7%, confirms dry powder is building steadily. Both are genuine flow signals rather than sentiment.

The warning is sentiment velocity. Crypto Fear & Greed leapt from 31 to 73 in a single week — a 42-point move from fear to greed. Sentiment has recovered far faster than price, and that gap is where sharp reversals live. Combined with a -35% drawdown, the asymmetry is that positioning has already turned optimistic while the technical damage is unrepaired.

The macro linkage is loosening: BTC-Nasdaq correlation has fallen from +0.35 (52w) to +0.22

(13w), so crypto is trading more on its own flows and less as a leveraged tech proxy. Yet the Granger network still names Bitcoin a net information leader for equities — BTC's independence from Nasdaq returns does not diminish its value as an early liquidity sensor. Watch it as an indicator regardless of allocation. Practically: BTC over alts, size on the -15.5% expected shortfall, and treat 73 on Fear & Greed as a reason to add cautiously rather than chase.

India, China & Russia

India was quietly resilient in a bad week for Asia. Nifty50 -0.1%, Sensex -0.2%, BankNifty -0.4% — essentially flat while KOSPI fell 3.2%, Shenzhen 2.2% and HangSeng 1.9%. In a week when regional risk was sold, India did not participate in the decline. That non-correlation is the point: with Nifty-Sensex correlation at +1.00, India trades as a single domestic-demand instrument largely insulated from the North Asian semiconductor and property cycles. It is not a momentum leader — it is absent from both the leaders and laggards tables — but for a global allocator it is the diversifying EM exposure, low-beta to the Asia-tech complex. India VIX's appearance as a genuine leading indicator for US claims and the Chicago Fed NAI adds a second reason to watch the market even for investors without an India position.

China is the week's clear casualty and the structural laggard. Shanghai -0.6%, Shenzhen -2.2%, CN_Internet -1.6%, with CN_Internet at -16% on 26-week relative strength, placing it among the global laggards. Shenzhen's underperformance versus Shanghai points to domestic growth and tech names bearing the brunt rather than the state-owned index constituents. The tension: this sits inside a nowcast showing global_activity at +1.25 and firm copper. Global industrial demand is solid, but China's equity market is not participating — that divergence suggests domestic policy and confidence factors dominate, and it means Chinese equity weakness is not currently a reliable signal about global growth. Do not extrapolate the Shenzhen drawdown into a global cyclical warning; the breadth data (67% of global indices above their 40-week MAs) contradicts it directly.

Russia is the outright worst-performing market in the universe. RTS -29% and MOEX -23% on 26-week relative strength are the two weakest readings globally by a wide margin, with Indonesia's JKSE at -21% the only comparable. This is idiosyncratic and structural — sanctions, isolation and a non-investable capital account — not a cyclical signal. For the vast majority of professional investors it is uninvestable in practice; its analytical value is as a reminder that the developed-versus-emerging divide is not a single trade. Taiwan (+26%) and Thailand (+22%) lead the world while Russia and Indonesia sit -20% or worse. "EM" is not an asset class this week; it is a set of unrelated country stories, and the allocation should be expressed at country level, not through a broad EM index.

Positioning, Sentiment & What to Watch

Sentiment is warm and cooling at the margin. The CNN Fear & Greed composite is 56 [greed], down from 58.4 a week ago but well up from 41.3 a month ago. The components are informatively split: junk_bond_demand at 94 is near-euphoric, safe_haven_demand 66 and put_call 57 are moderately greedy, while price_strength at 30 and momentum at 34 are in fear territory, with price_breadth 58 and vix_component 50 neutral. Credit sentiment is exuberant while equity price action is weak — the same tension the scorecard shows. Historically, credit euphoria alongside deteriorating equity momentum is a late-cycle-within-regime configuration: not a sell signal, but a reason to hold the beta you have rather than add to it.

Positioning offers a clean roadmap of where forced flows will come from. The crowded longs — UST 2Y at the 99th percentile, Copper 99th, USD Index 92nd (with open interest +40%), Corn 90th, S&P 500 e-mini 86th, Soybeans 85th, UST 5Y 83rd, Wheat 83rd — carry squeeze-lower risk. The crowded shorts — NatGas 1st, UST Bond 2nd, Nasdaq 3rd, Euro FX 8th, UST 10Y 8th, Silver 17th, GBP 18th, WTI 19th — carry squeeze-higher risk. Two clusters demand attention. First, the USD Index at the

92nd percentile with OI +40%, against EUR at the 8th and GBP at the 18th, is a maximally consensus long dollar; the dollar rose only 0.17% this week despite that crowding, which is weak price action for a crowded trade. Second, the rates barbell — 2Y 99th long versus Bond 2nd short — is the most extreme divergence in the book and, given the improving stock-bond correlation and collapsing inflation composite, is positioned exactly backwards for a disinflationary outcome.

Note also that Nasdaq spec net is at the 3rd percentile while S&P is at the 86th — traders are long the broad index and short tech. Given Nasdaq's +15% 26-week relative strength, that short looks offside and is squeeze fuel into any Asia-tech stabilisation.

Watch these specific, observable triggers. Confirming the constructive view: HY OAS holding below 3.00% (from 2.70%); the percentage of global indices above their 40-week MA rising above 70% from 67%; MV-DCC average conditional correlation staying below +0.10 from +0.03; and CN_Internet or KOSPI stabilising, which would relieve the Asia-tech drag. Invalidating it: HY OAS widening through 3.20% — the primary tripwire, given credit_hy is the composite's largest support and HY is a confirmed Granger leader; the VIX/VIX3M ratio moving above 1.00 from 0.85, flipping the term structure into backwardation; average conditional correlation rising above +0.15, which would signal diversification breaking down and PC1 dominance returning; the Markov Risk-off posterior climbing above 0.15 from 0.015; and SOFR pushing more than 10bp above fed funds from the current 2bp, which with RRP at zero would be the first genuine evidence of reserve scarcity. On the gold trade specifically, a break of GVZ below 25 from 29 would suggest the momentum bid is fading and the fair-value gap starts closing.

PART I

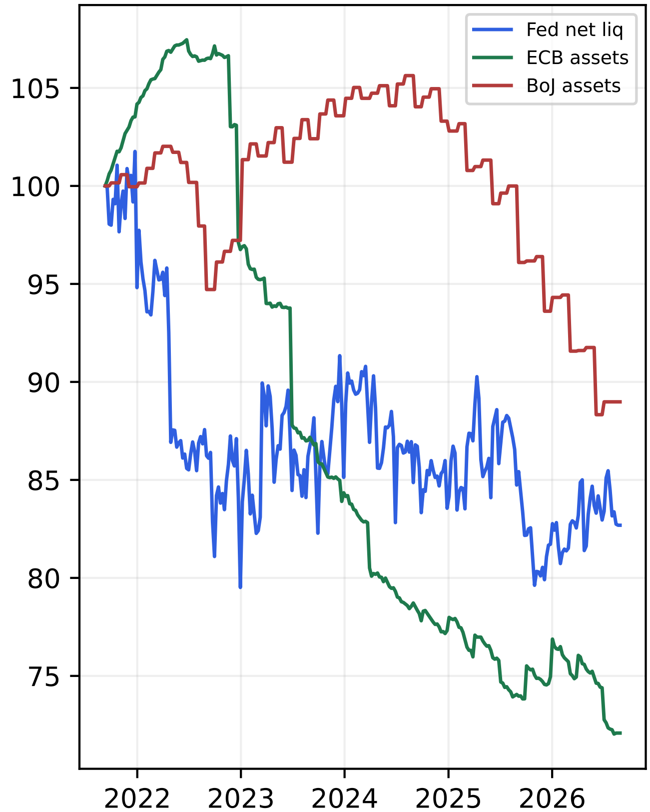
Global Macro & Liquidity

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

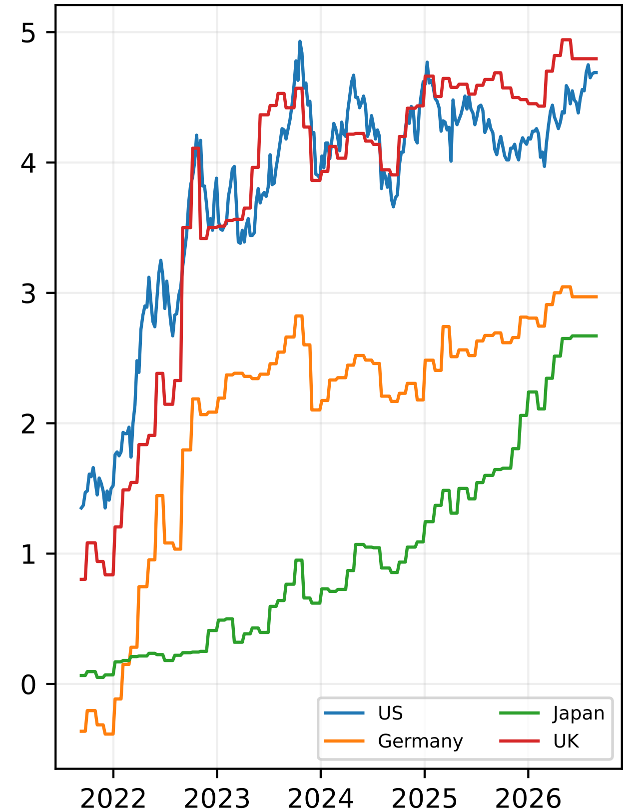
- Central-bank balance sheets (Fed / ECB / BoJ) & global 10Y yields
- Funding plumbing: SOFR, RRP, the Treasury General Account
- Recession probability, market-implied rate path, growth × inflation regime

Global Macro & Liquidity

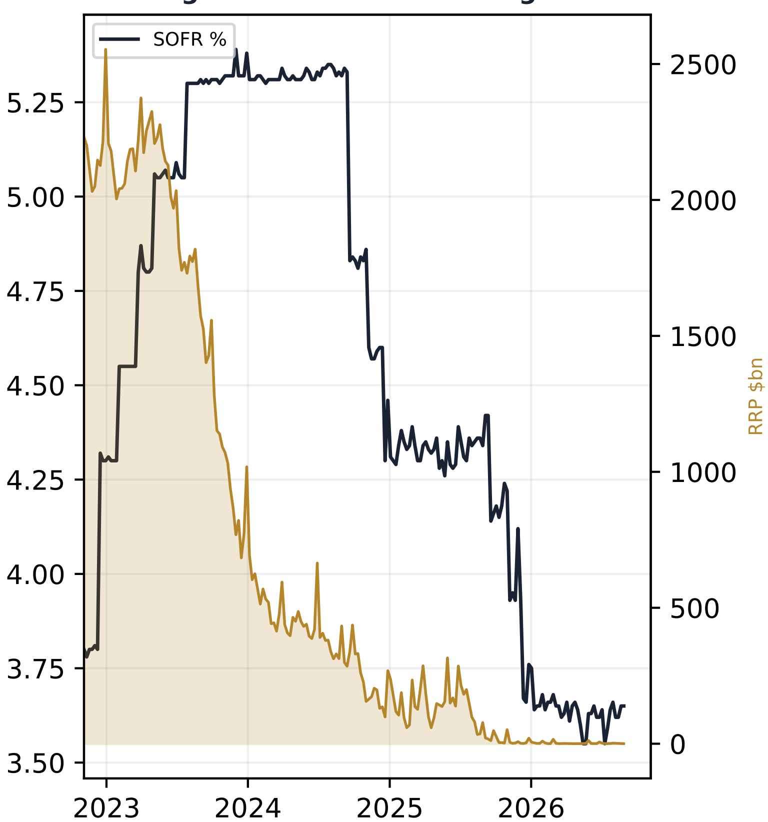
Central-bank liquidity (indexed = 100, 5y)



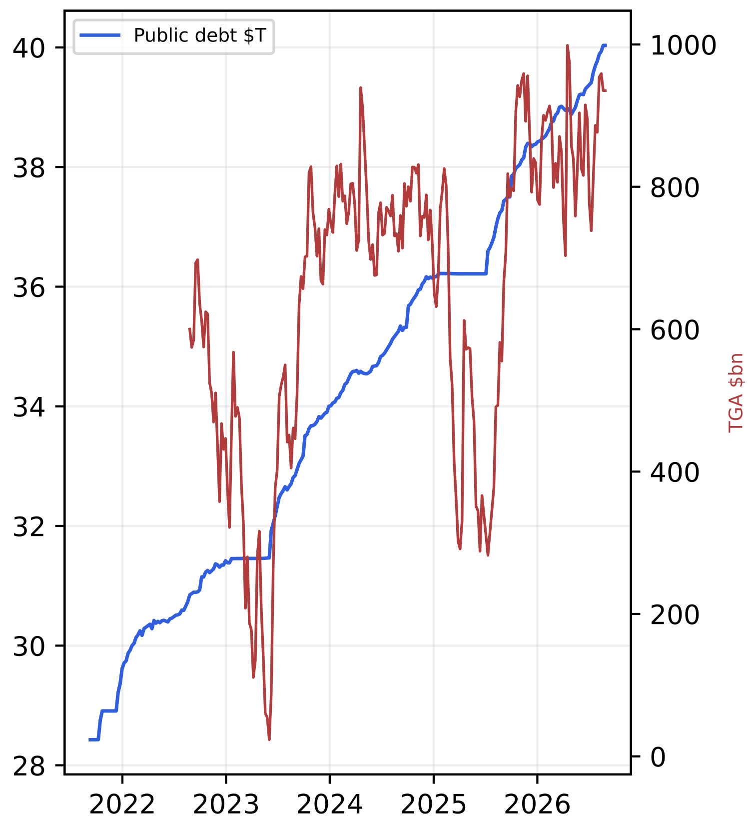
Global 10-year sovereign yields (%)



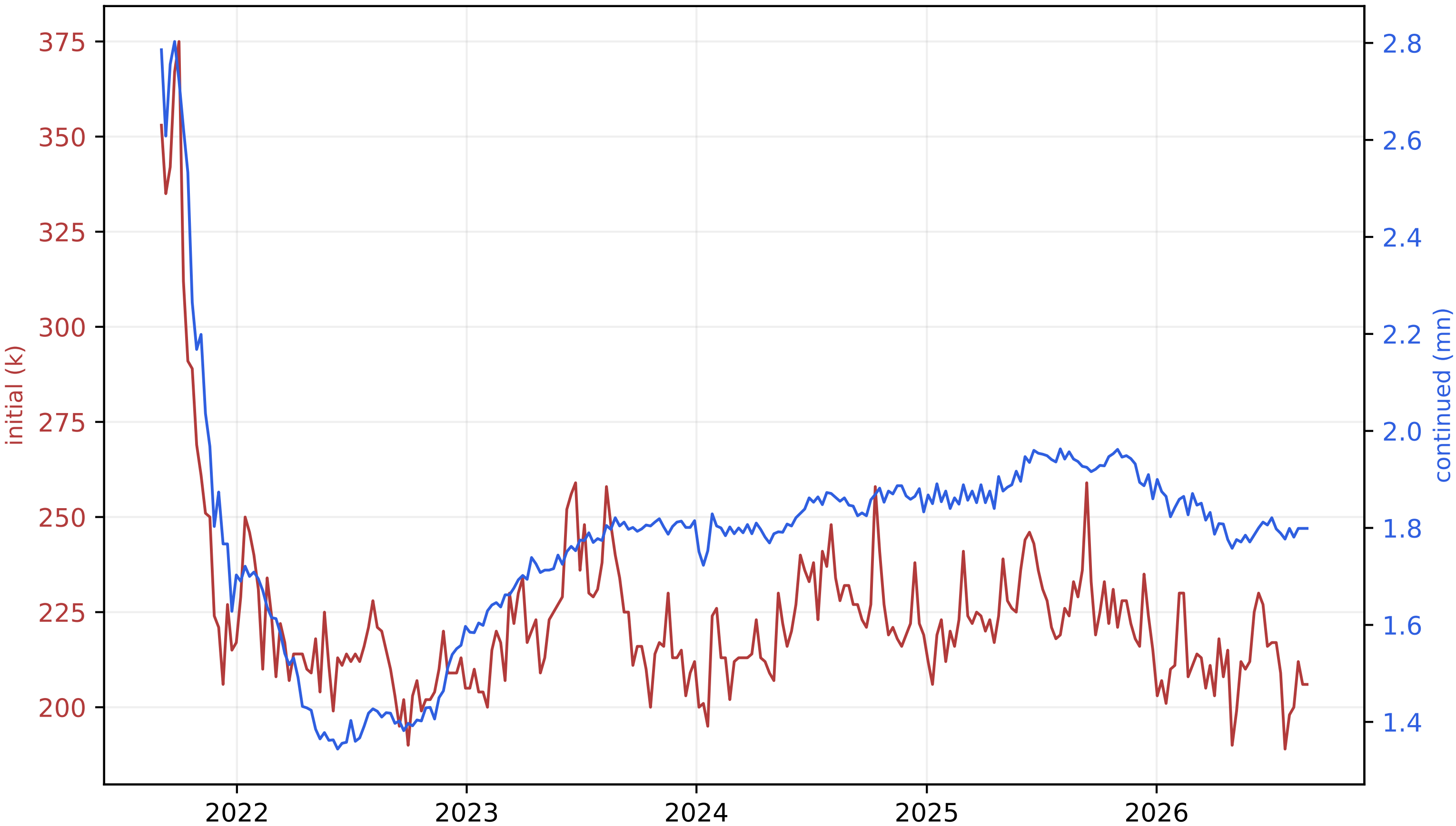
Funding: SOFR rate & RRP usage



US fiscal: public debt & TGA



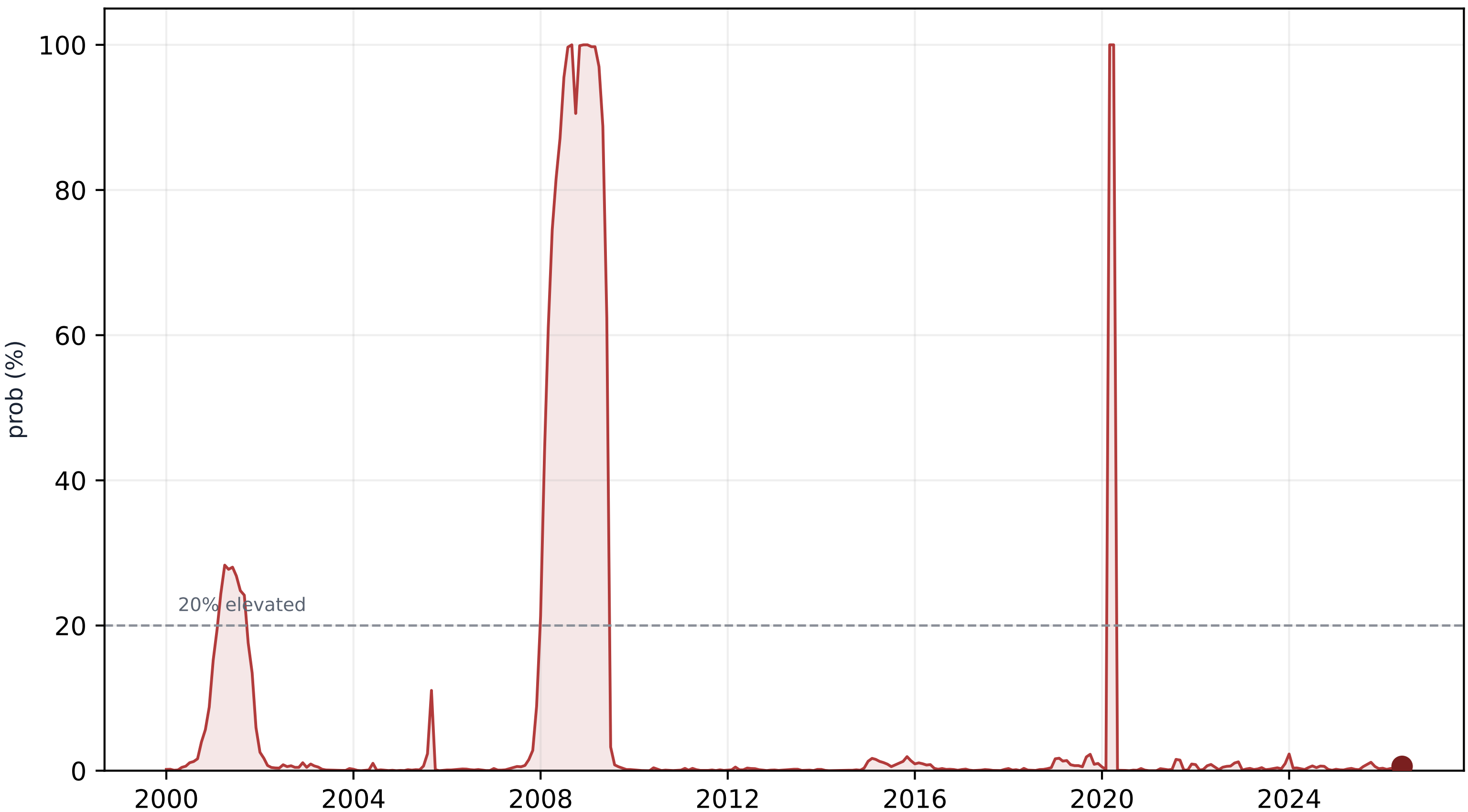
US jobless claims — initial 206k (9th %ile of 10y), continued 1.80mn



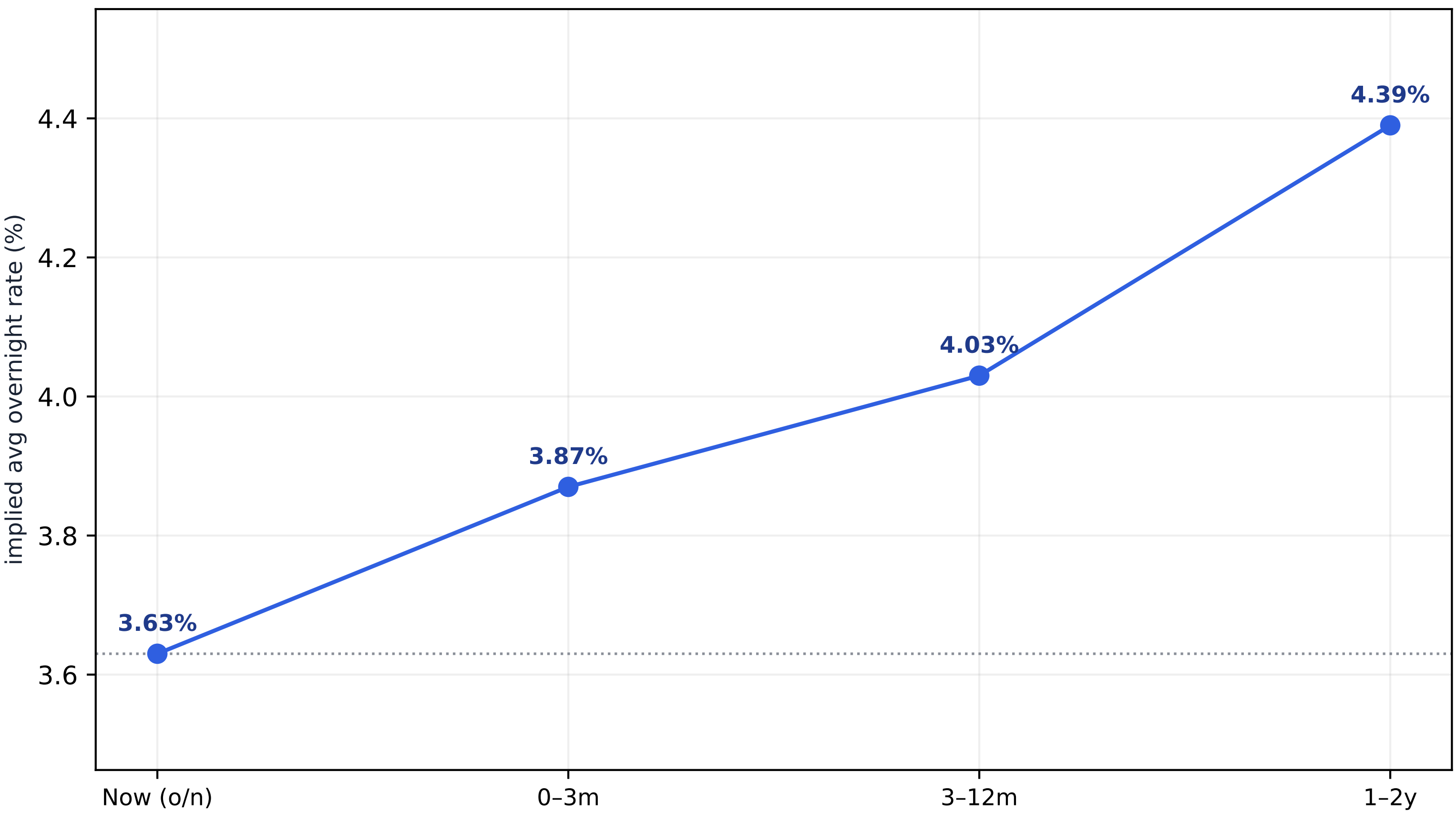
Weekly Economic Index (GDP-growth nowcast): +2.6% (~2% = trend)

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.

US recession probability (FRED smoothed): 0.6% now · 12m max 1.2% · Sahm -0.03

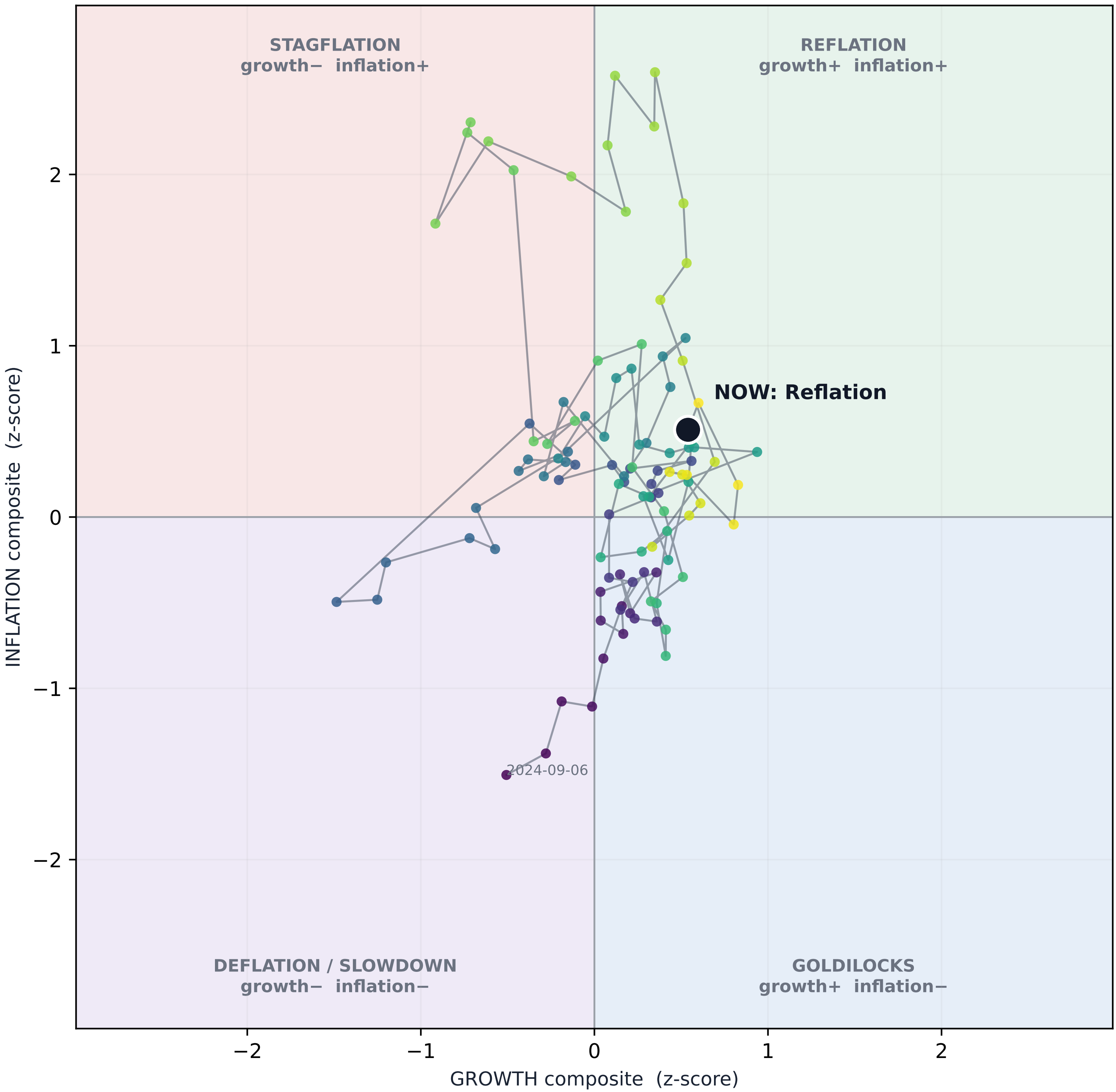


Market-implied policy path (Treasury fwd curve): ~1.4 hikes to 1y



10Y–3M curve +0.86pp (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



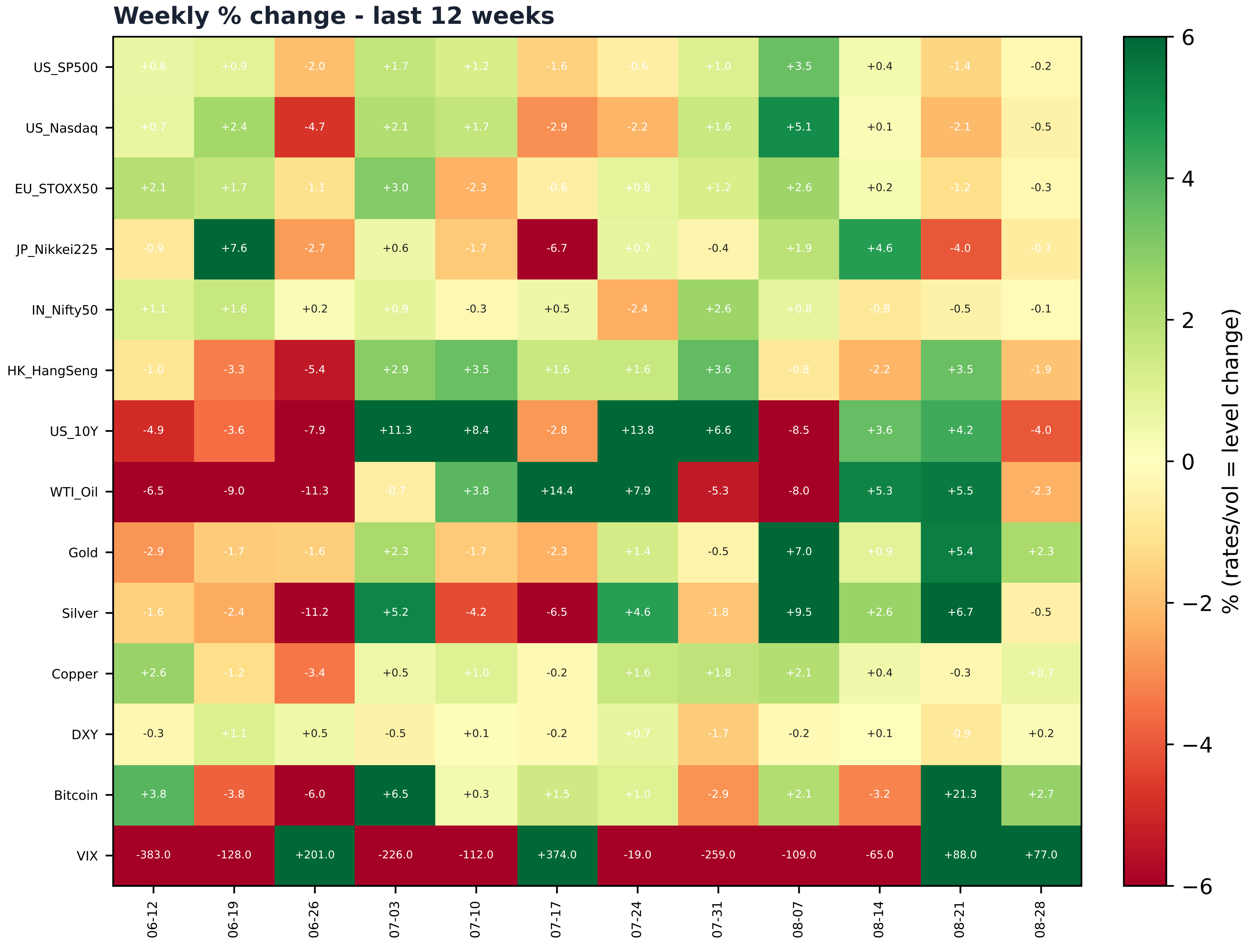
Growth = copper/gold ratio, tight HY spread, S&P momentum, cyclicals/defensives. Inflation = 5y & 10y breakevens, commodity momentum.
Each a mean of 3-year rolling z-scores. Colour of trail points runs old (dark)→recent (yellow); black dot = now.

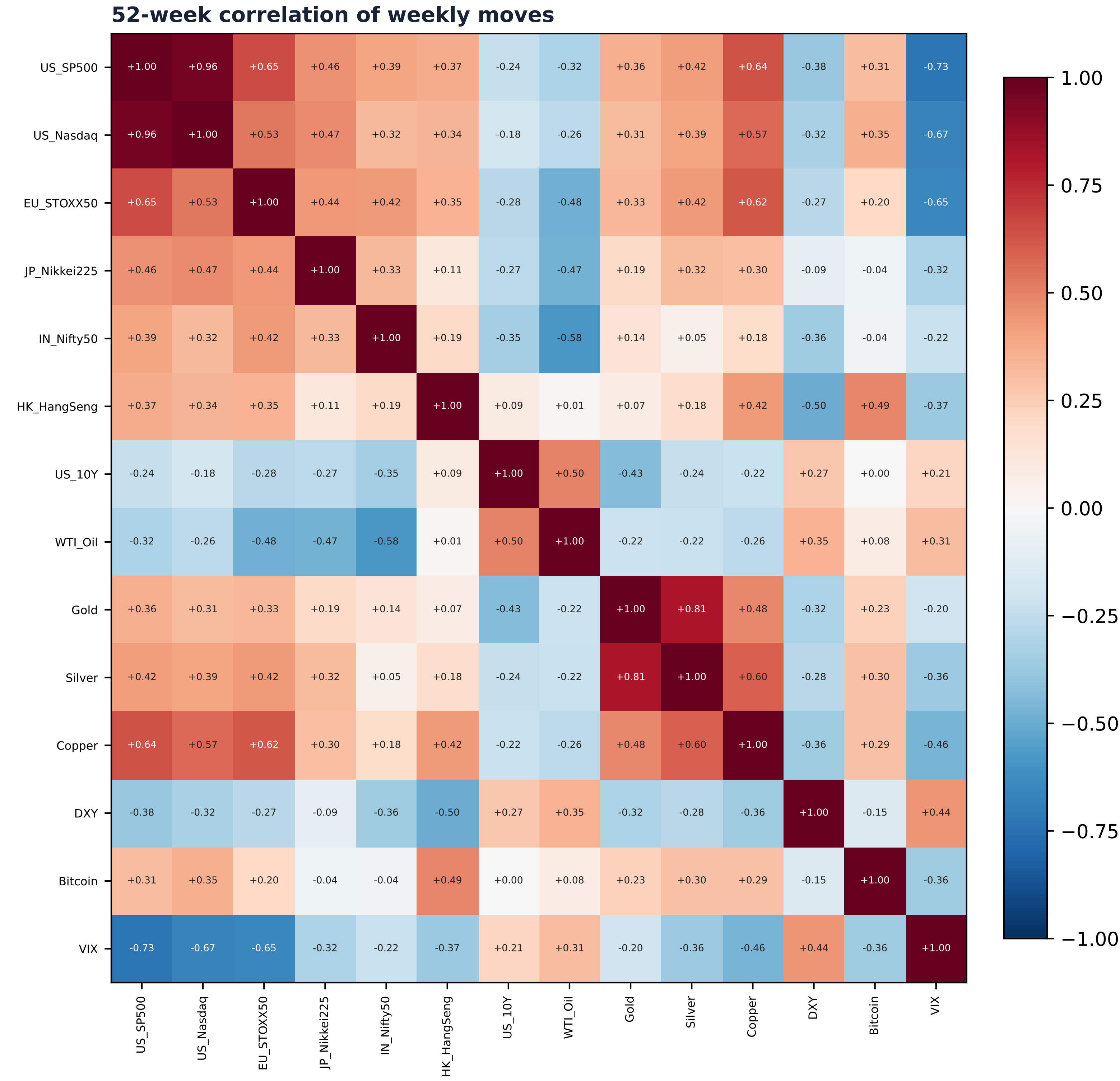
PART II

Cross-Asset Structure

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

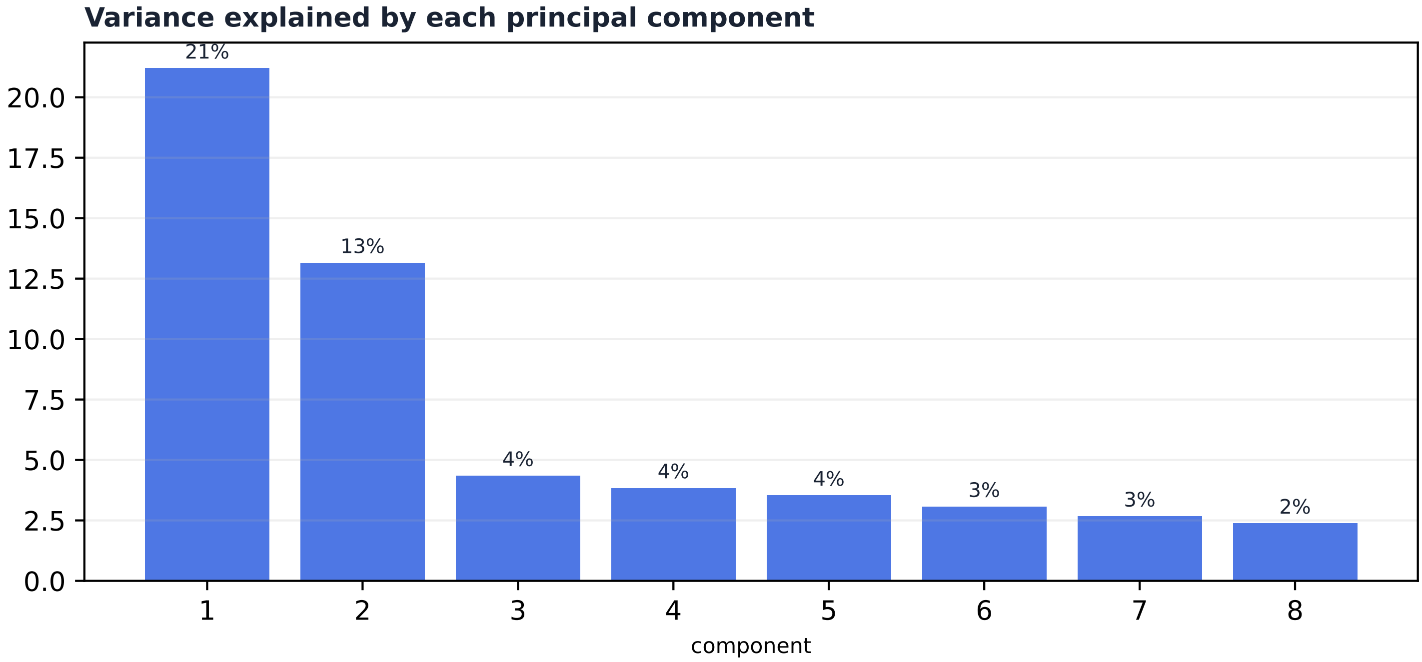
- PCA factor model & multivariate DCC conditional-correlation
- Correlation network, multi-horizon & wavelet coherence
- Granger-causality lead-lag network and cointegration / relative value


Weekly % change - last 12 weeks
US_SP500 +0.6 +0.9 -2.0 +1.7 +1.2 -1.6 -0.6 +1.0 +3.5 +0.4 -1.4 -0.2
US_Nasdaq +0.7 +2.4 -4.7 +2.1 +1.7 -2.9 -2.2 +1.6 +5.1 +0.1 -2.1 -0.5
EU_STOXX50 +2.1 +1.7 -1.1 +3.0 -2.3 -0.6 +0.8 +1.2 +2.6 +0.2 -1.2 -0.3
JP_Nikkei225 -0.9 +7.6 -2.7 +0.6 -1.7 -6.7 +0.7 -0.4 +1.9 +4.6 -4.0 -0.7
IN_Nifty50 +1.1 +1.6 +0.2 +0.9 -0.3 +0.5 -2.4 +2.6 +0.8 -0.8 -0.5 -0.1
HK_HangSeng -1.0 -3.3 -5.4 +2.9 +3.5 +1.6 +1.6 +3.6 -0.8 -2.2 +3.5 -1.9
US_10Y -4.9 -3.6 -7.9 +11.3 +8.4 -2.8 +13.8 +6.6 -8.5 +3.6 +4.2 -4.0
WTI_Oil -6.5 -9.0 -11.3 -0.7 +3.8 +14.4 +7.9 -5.3 -8.0 +5.3 +5.5 -2.3
Gold -2.9 -1.7 -1.6 +2.3 -1.7 -2.3 +1.4 -0.5 +7.0 +0.9 +5.4 +2.3
Silver -1.6 -2.4 -11.2 +5.2 -4.2 -6.5 +4.6 -1.8 +9.5 +2.6 +6.7 -0.5
Copper +2.6 -1.2 -3.4 +0.5 +1.0 -0.2 +1.6 +1.8 +2.1 +0.4 -0.3 +0.7
DXY -0.3 +1.1 +0.5 -0.5 +0.1 -0.2 +0.7 -1.7 -0.2 +0.1 -0.9 +0.2
Bitcoin +3.8 -3.8 -6.0 +6.5 +0.3 +1.5 +1.0 -2.9 +2.1 -3.2 +21.3 +2.7
VIX -383.0 -128.0 +201.0 -226.0 -112.0 +374.0 -19.0 -259.0 -109.0 -65.0 +88.0 +77.0
06-12 06-19 06-26 07-03 07-10 07-17 07-24 07-31 08-07 08-14 08-21 08-28
6 4 2 0 −2 −4 −6
% (rates/vol = level change)


52-week correlation of weekly moves
US_SP500
US_Nasdaq
EU_STOXX50
JP_Nikkei225
IN_Nifty50
HK_HangSeng
US_10Y
WTI_Oil
Gold
Silver
Copper
DXY
Bitcoin
VIX

CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 152 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

21.2% 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)

13.2% of variance (cum 34%) · marker corr +0.78

+ US_5Y +0.18, US_5Y_yield_cm +0.18, 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

4.3% of variance (cum 39%) · marker corr +0.66

+ DXY +0.26, Dogecoin +0.19, Cardano +0.17, XRP +0.16, Ethereum +0.15
– EURUSD -0.27, GBPUSD -0.18, EM_Local_Bonds -0.17, Platinum -0.16, AUDUSD -0.16

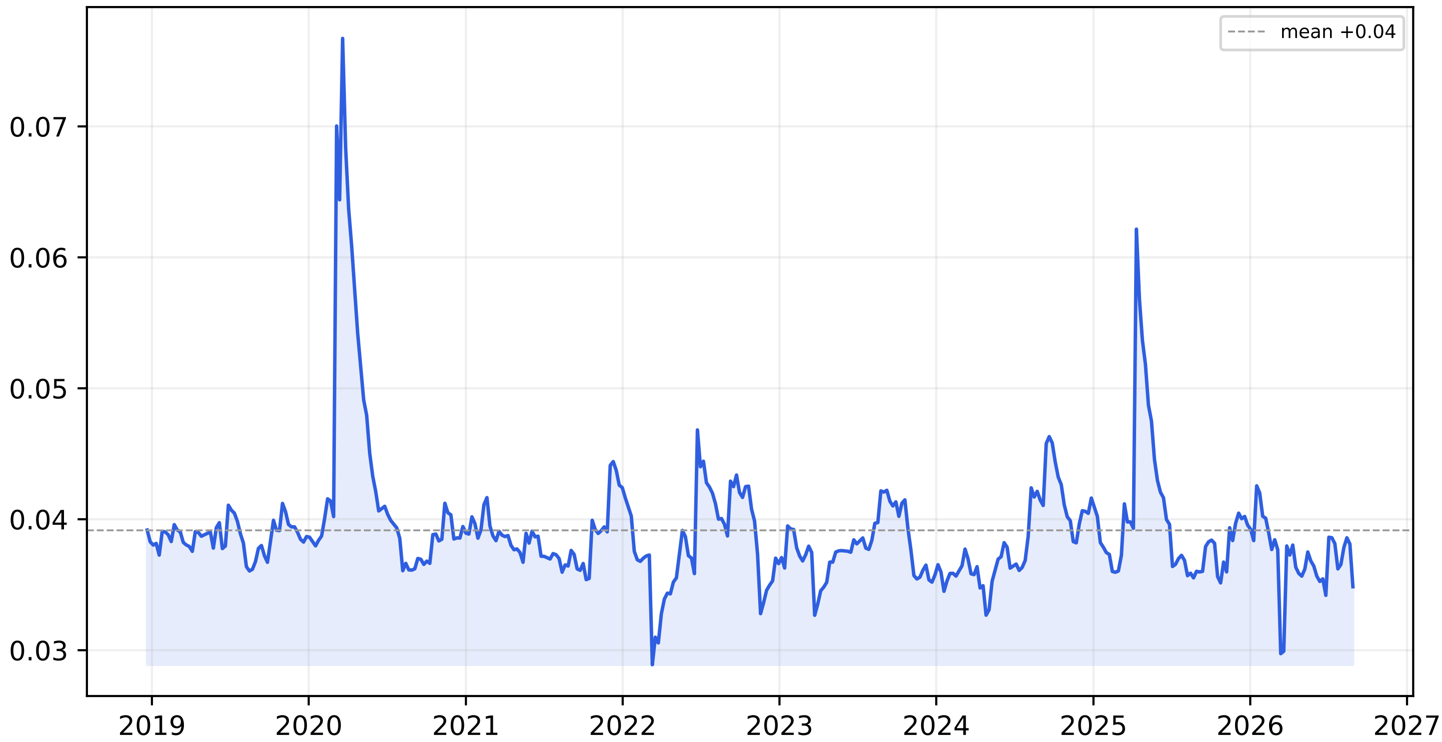
PC4 — Energy (oil)

3.8% of variance (cum 43%) · marker corr +0.50

+ Brent_Oil +0.22, HeatingOil +0.21, WTI_Oil +0.21, Gasoline +0.20, IN_IndiaVIX +0.18
– IN_Sensex -0.15, IN_Nifty50 -0.15, US_Real_M2 -0.15, DXY -0.15, IN_BankNifty -0.14

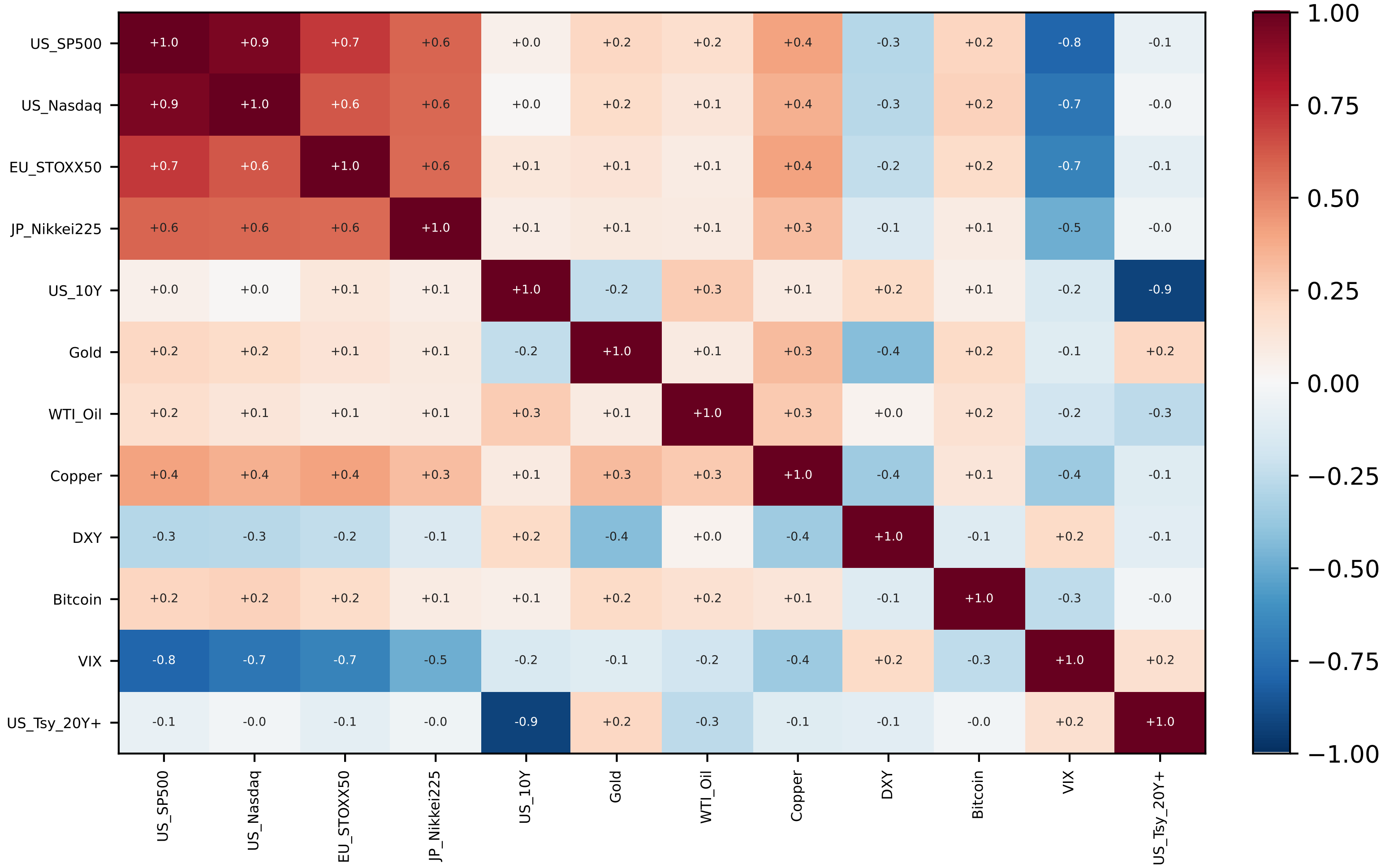
Principal components are the uncorrelated factors that explain the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin. Each factor is named by its strongest correlation with a marker instrument.

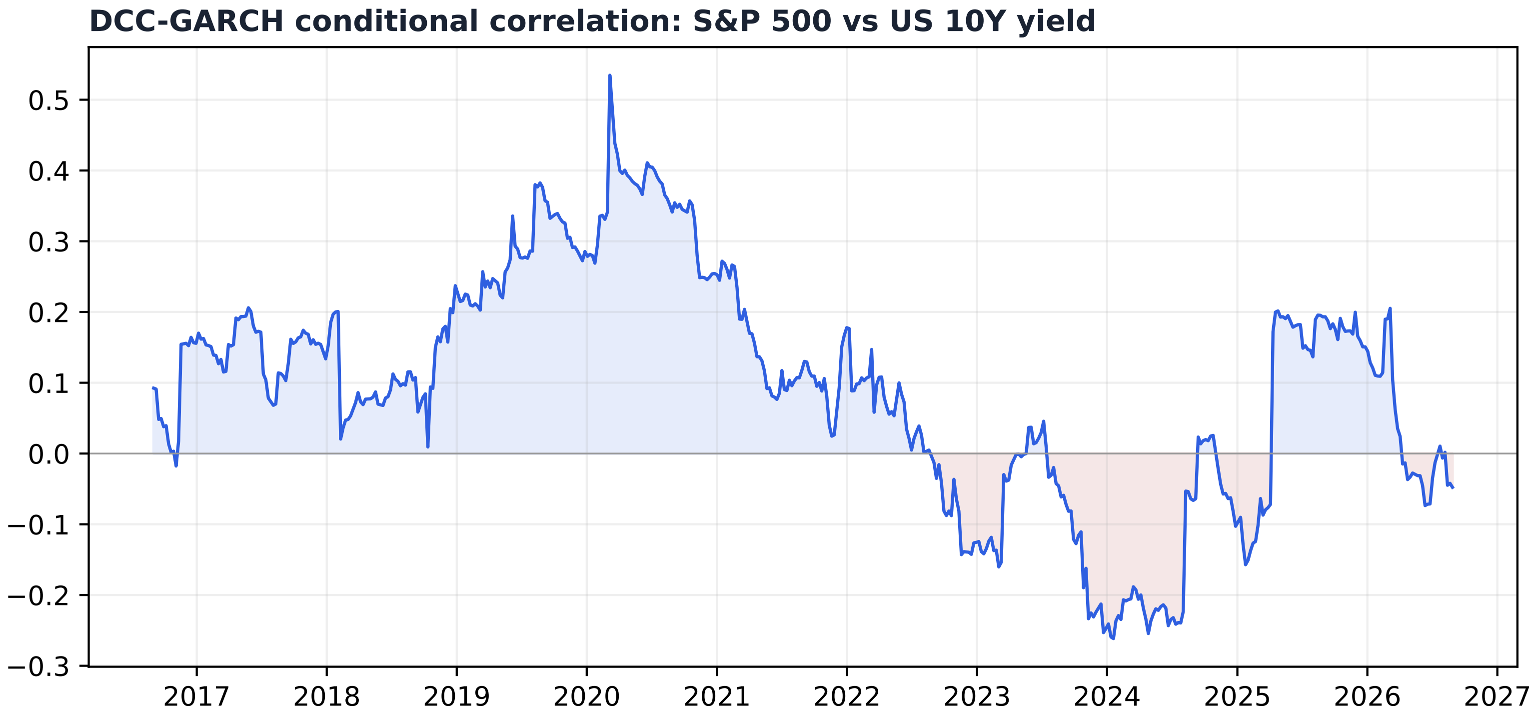
Average pairwise conditional correlation (multivariate DCC-GARCH)

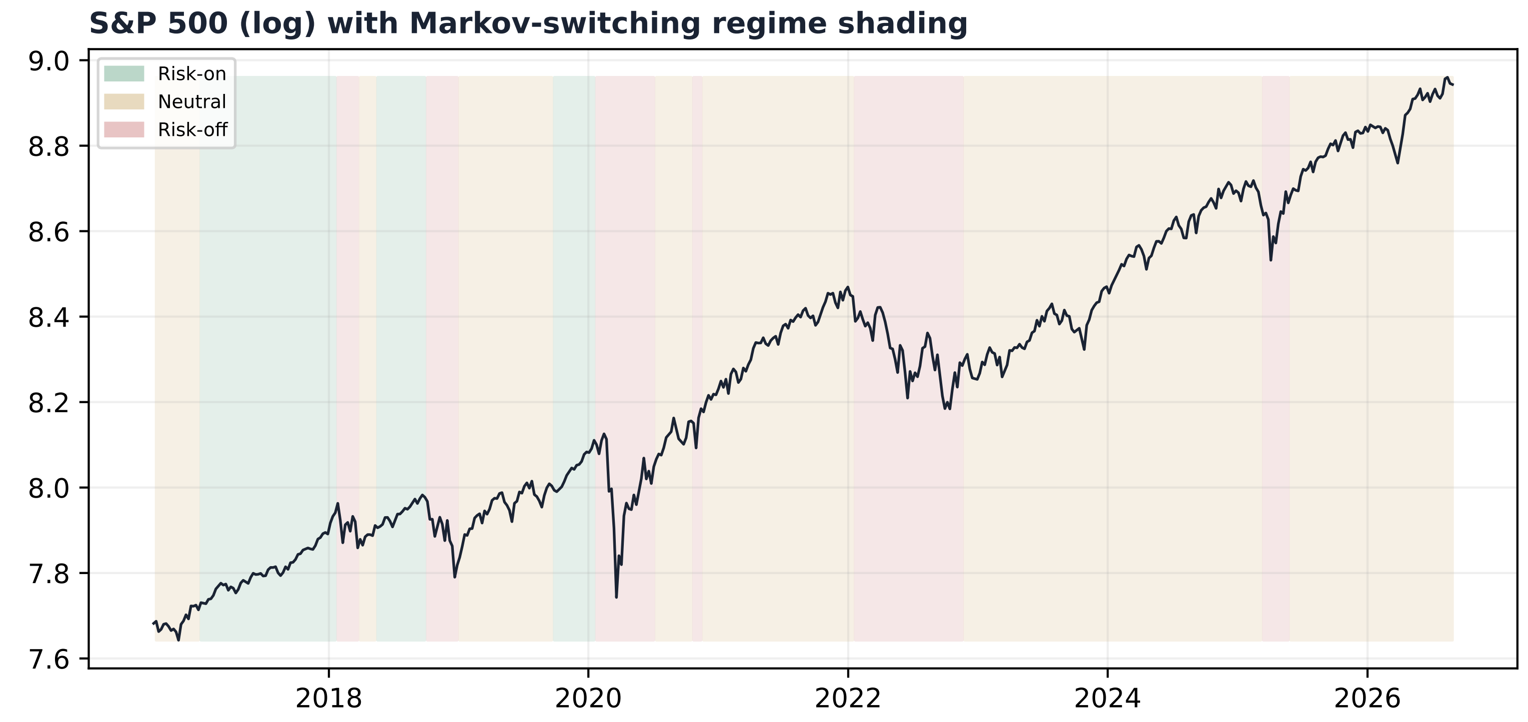


N=12 assets · persistence 0.8408 · rising = diversification failing in real time · now +0.03

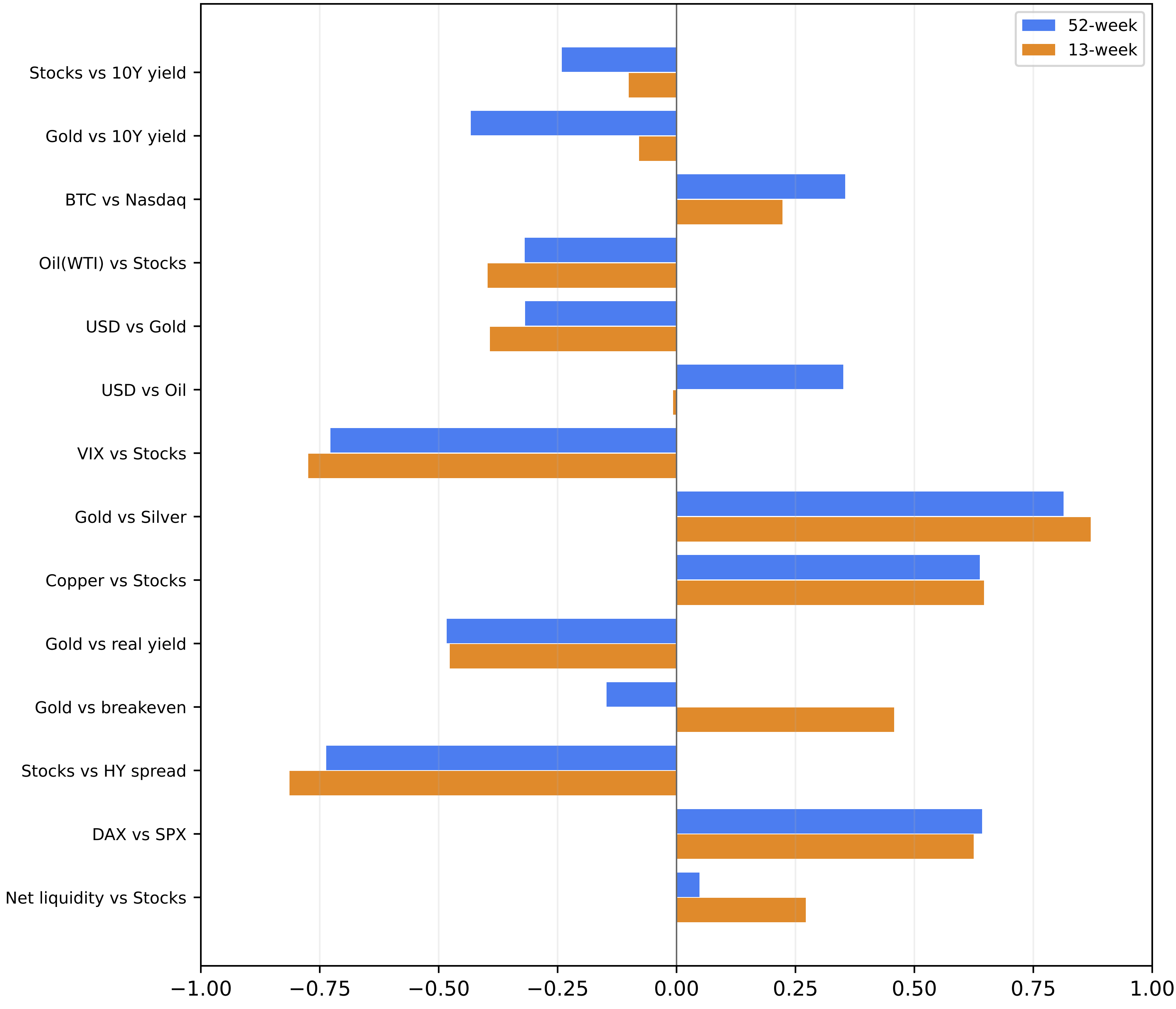
Latest conditional-correlation matrix



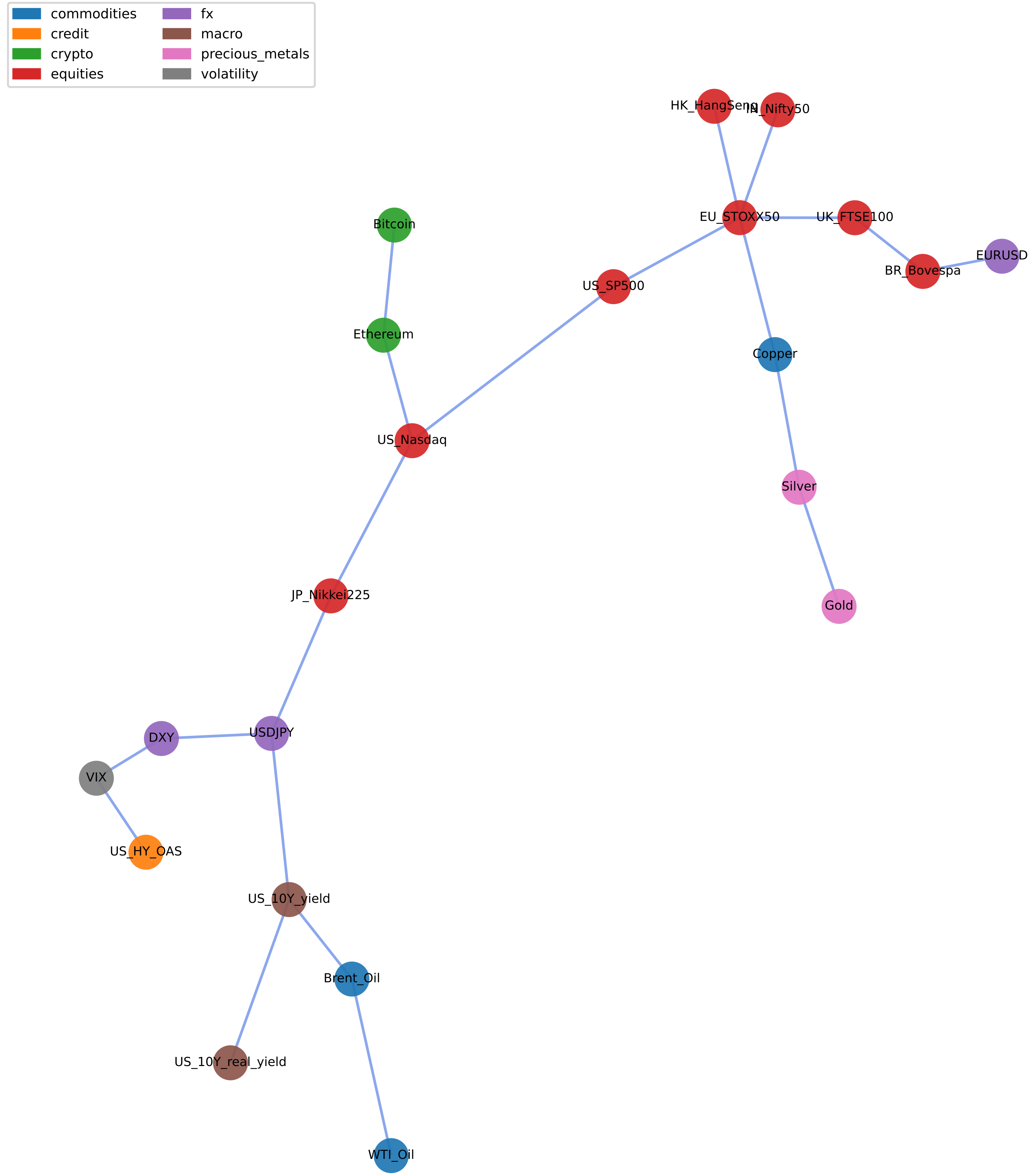

DCC-GARCH conditional correlation: S&P 500 vs US 10Y yield
0.5
0.4
0.3
0.2
0.1
0.0
−0.1
−0.2
−0.3
2017
2018
2019
2020
2021
2022
2023
2024
2025
2026
2027


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)

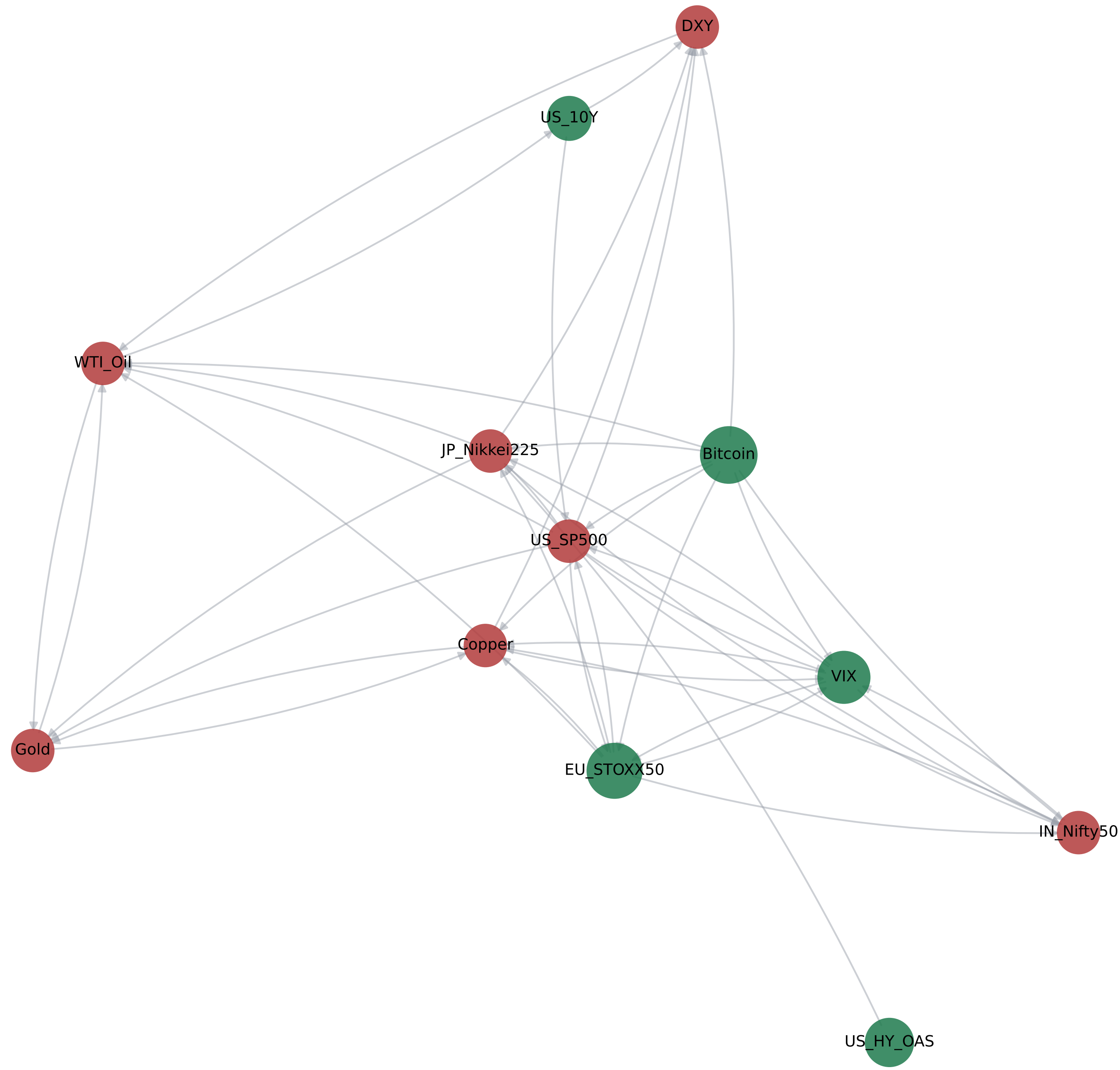


Cross-asset correlation network - minimum spanning tree (3y)



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

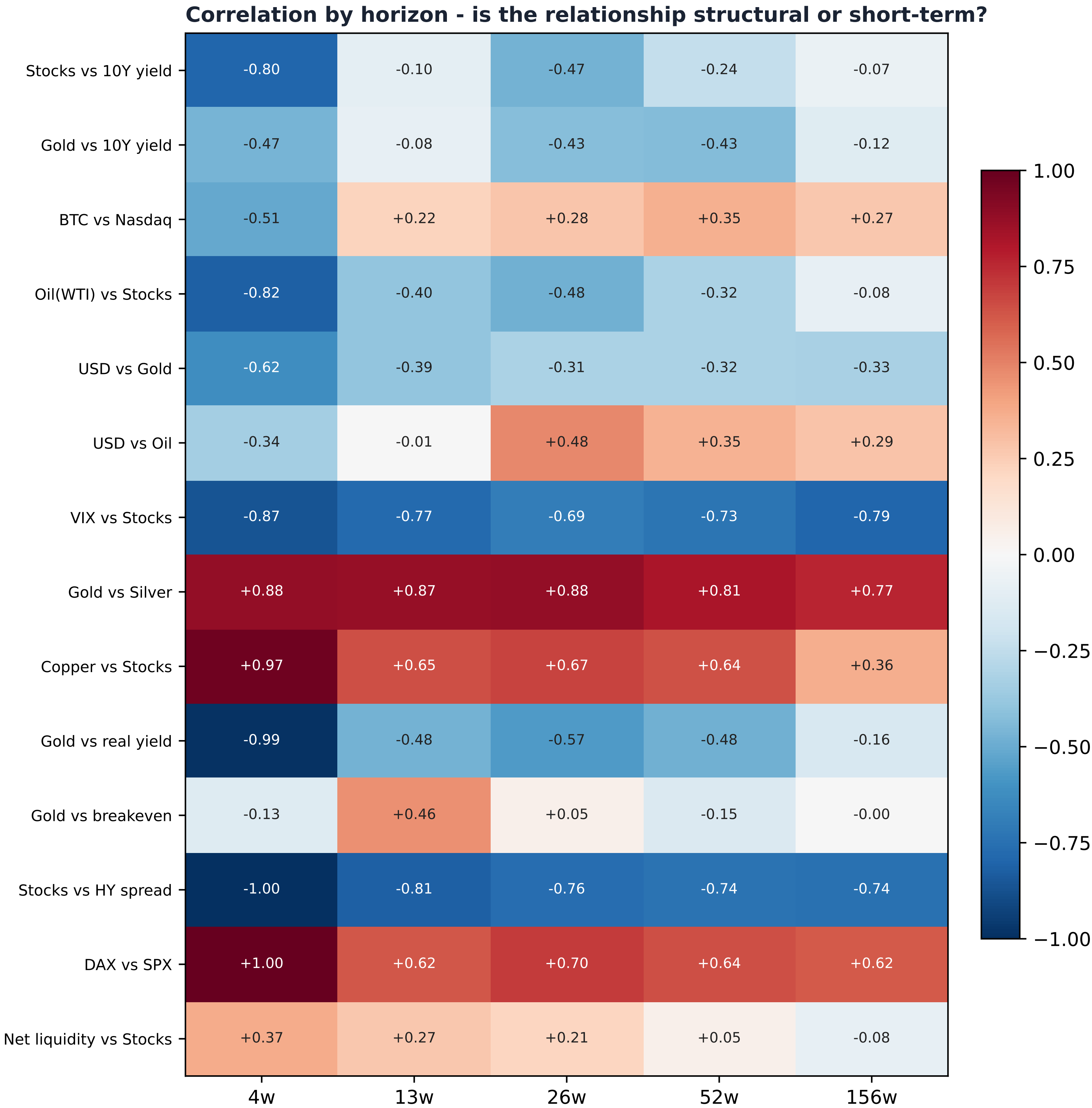
Directional lead-lag — Granger causality network



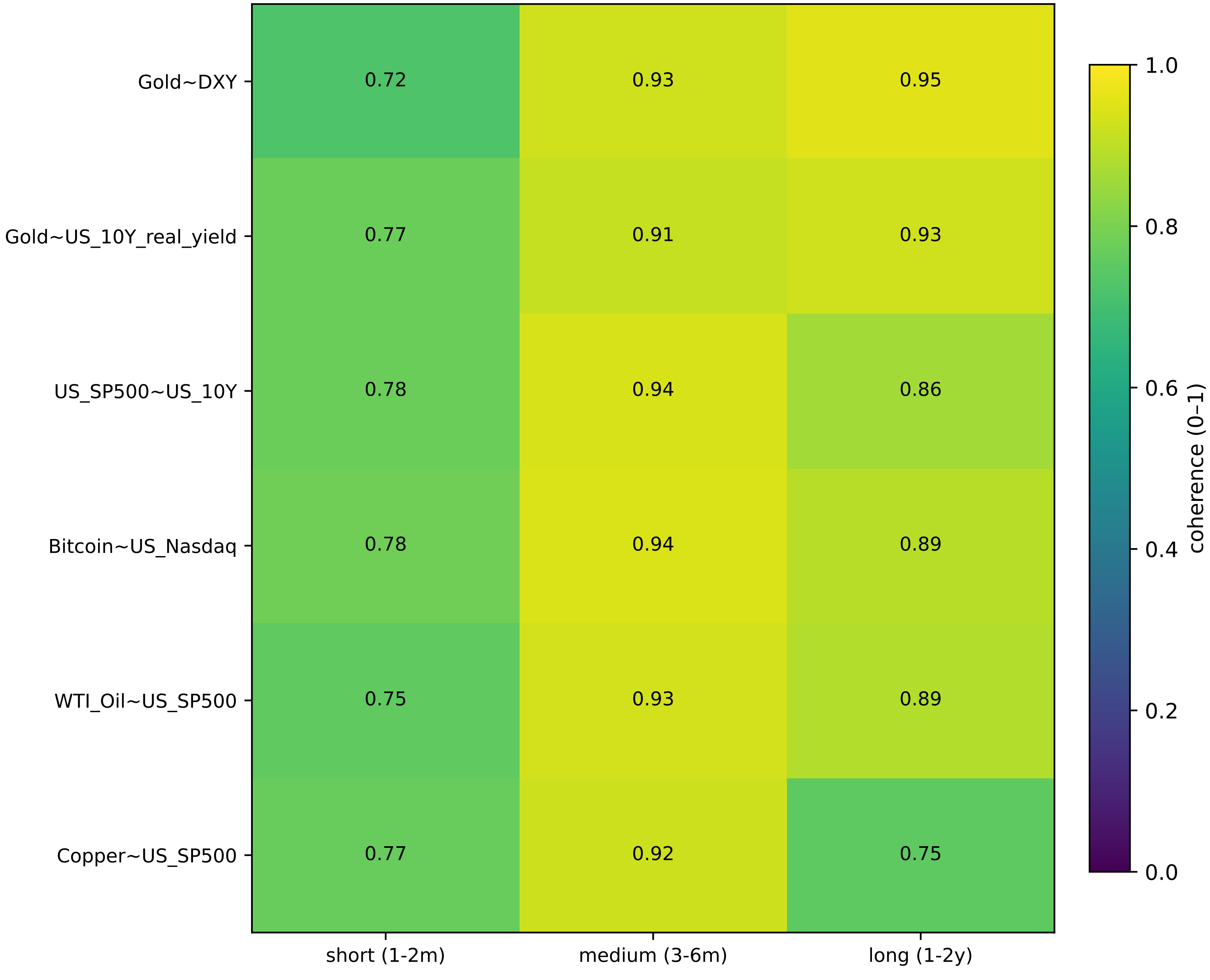
arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

LEADERS: Bitcoin +0.07, EU_STOXX50 +0.06, VIX +0.05, US_HY_OAS +0.03, US_10Y +0.01

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


Correlation by horizon - is the relationship structural or short-term?
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
4w
13w
26w
52w
156w
-0.80 -0.10 -0.47 -0.24 -0.07
-0.47 -0.08 -0.43 -0.43 -0.12
-0.51 +0.22 +0.28 +0.35 +0.27
-0.82 -0.40 -0.48 -0.32 -0.08
-0.62 -0.39 -0.31 -0.32 -0.33
-0.34 -0.01 +0.48 +0.35 +0.29
-0.87 -0.77 -0.69 -0.73 -0.79
+0.88 +0.87 +0.88 +0.81 +0.77
+0.97 +0.65 +0.67 +0.64 +0.36
-0.99 -0.48 -0.57 -0.48 -0.16
-0.13 +0.46 +0.05 -0.15 -0.00
-1.00 -0.81 -0.76 -0.74 -0.74
+1.00 +0.62 +0.70 +0.64 +0.62
+0.37 +0.27 +0.21 +0.05 -0.08
1.00
0.75
0.50
0.25
0.00
−0.25
−0.50
−0.75
−1.00

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



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	0.971	0.56	204w	+1.97
WTI vs Brent	no	0.269	0.97	1w	+1.72
HY vs IG spread	yes	0.000	0.31	2w	+1.01
Gold vs Platinum	no	0.292	0.69	16w	+0.70
S&P vs Nasdaq	yes	0.021	1.23	12w	-0.65
BTC vs ETH	no	0.138	0.46	16w	-0.61
Gold vs Silver	no	0.217	1.18	13w	+0.44
Copper vs Gold	no	0.085	1.77	10w	-0.40
EURUSD vs GBPUSD	no	0.150	0.94	8w	+0.34
US10Y vs Germany10Y	no	0.079	1.00	5w	-0.08
VIX vs VIX3M	yes	0.030	0.84	2w	+0.02
Stocks vs LongBonds	no	0.213	-0.46	22w	+0.00

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

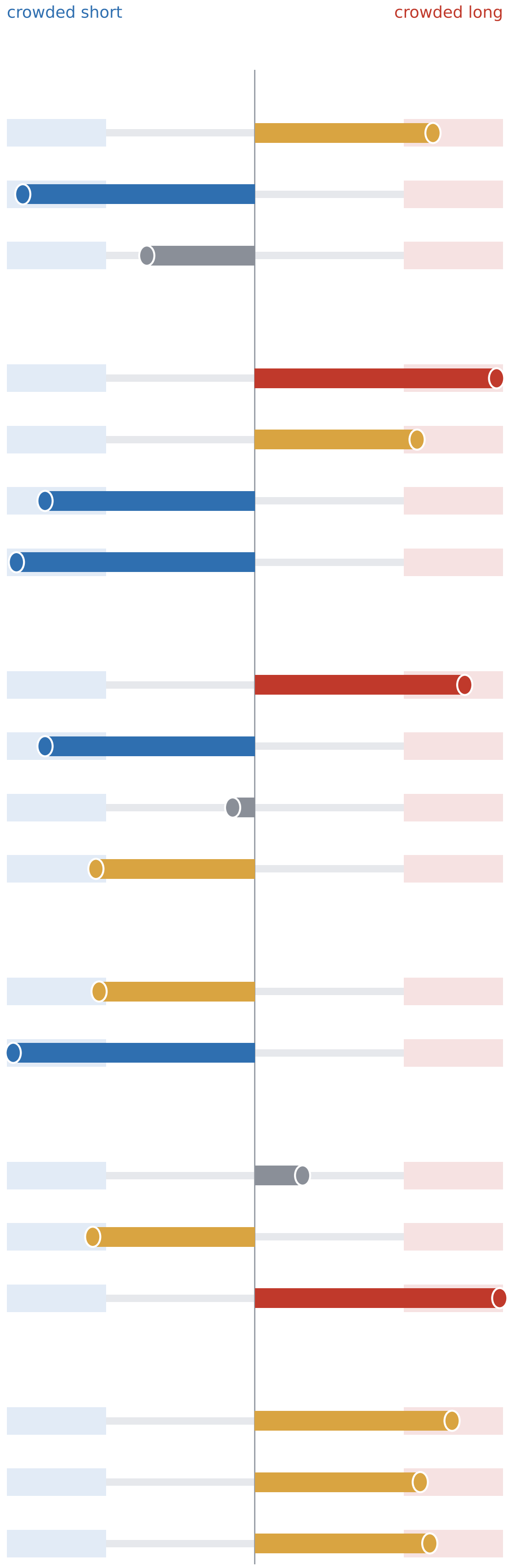
Positioning, Flows & Sentiment

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

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

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%	86
Nasdaq-100	-10	-3%	3
Russell 2000	-42	-10%	28
RATES			
UST 2Y	-927	-21%	99
UST 5Y	-1274	-19%	83
UST 10Y	-947	-17%	8
UST Bond	-219	-12%	2
FX			
US Dollar Index	+19	+40%	92
Euro FX	-59	-7%	8
Japanese Yen	-53	-14%	46
British Pound	-55	-19%	18
ENERGY			
WTI crude	-17	-2%	19
Natural gas	-204	-12%	1
METALS			
Gold	+222	+55%	60
Silver	+24	+20%	17
Copper	+80	+28%	99
AGRICULTURE			
Corn	+302	+17%	90
Wheat (SRW)	-19	-4%	83
Soybeans	+191	+19%	85

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

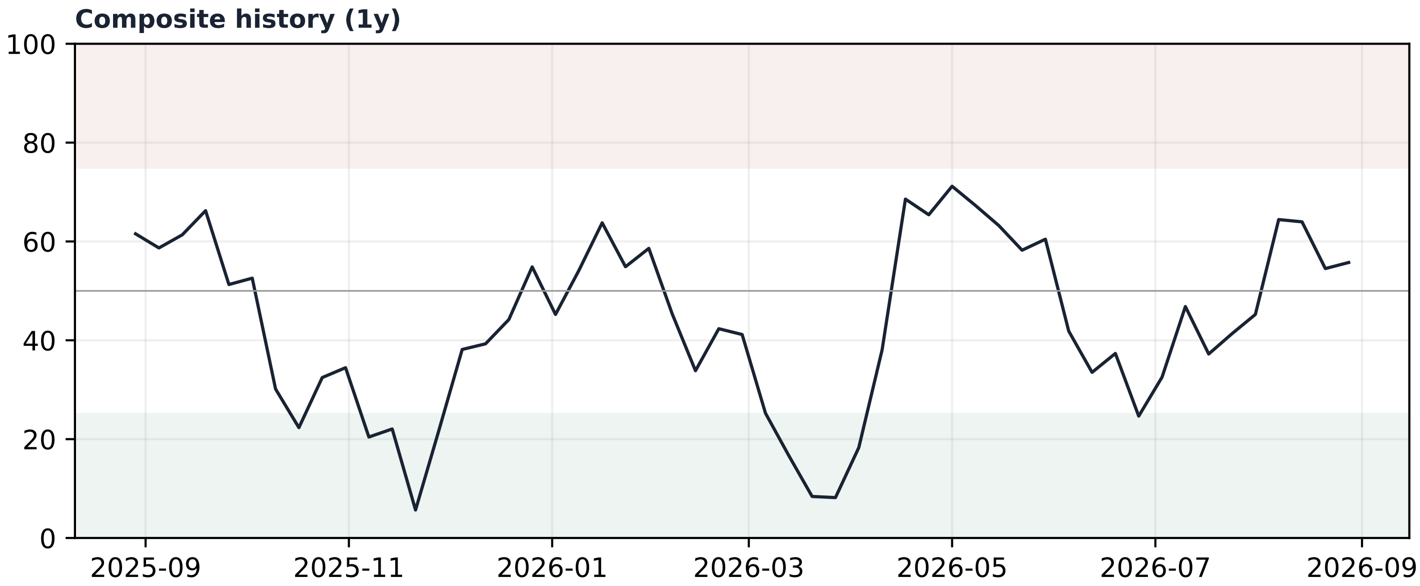
MARKET SENTIMENT

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

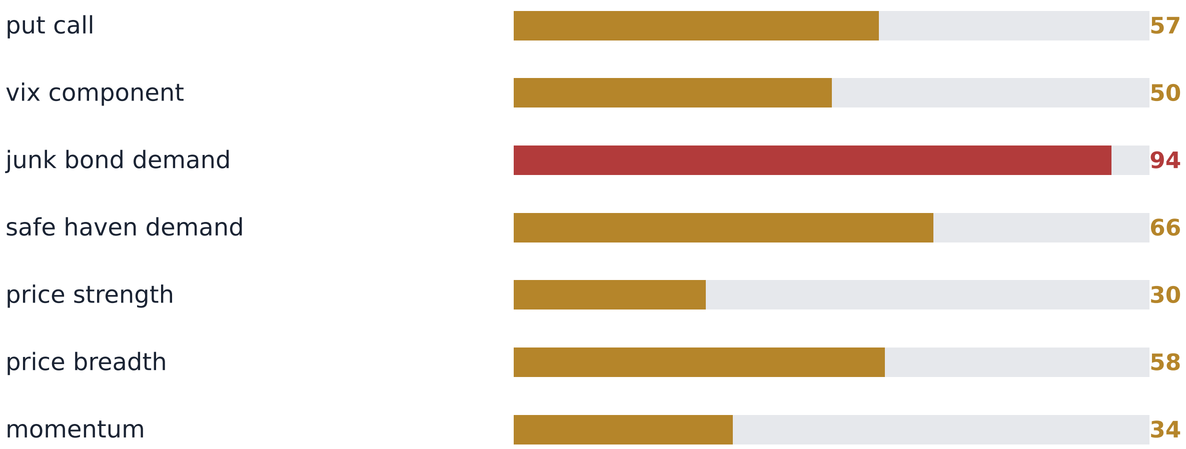
56 **GREED**

0 = extreme fear · 100 = extreme greed

58	**41**	**56**
1 week ago	1 month ago	1 year ago



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

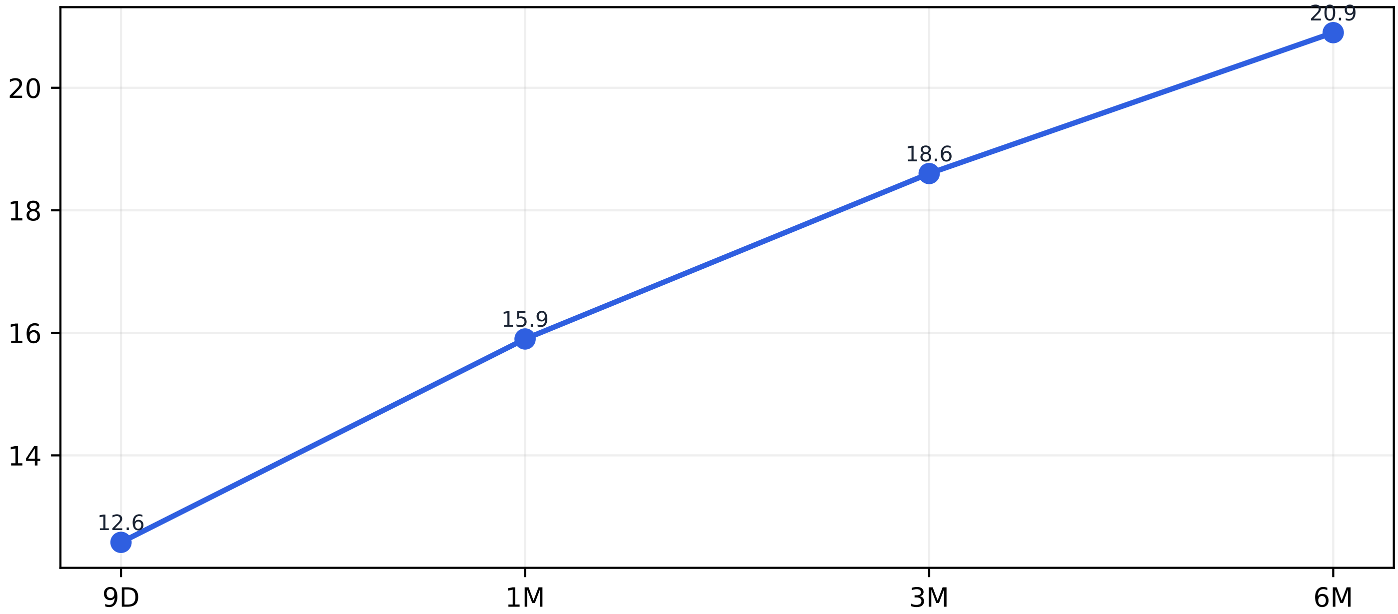
The volatility complex — term structure, the risk premium and tail pricing.

- 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

+2.7 pts

VIX 15.9 − realised 13.2

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

144

59th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	73	17th
Oil vol (OVX)	48	75th
Gold vol (GVZ)	29	95th
Vol-of-vol (VVIX)	89	31th

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.

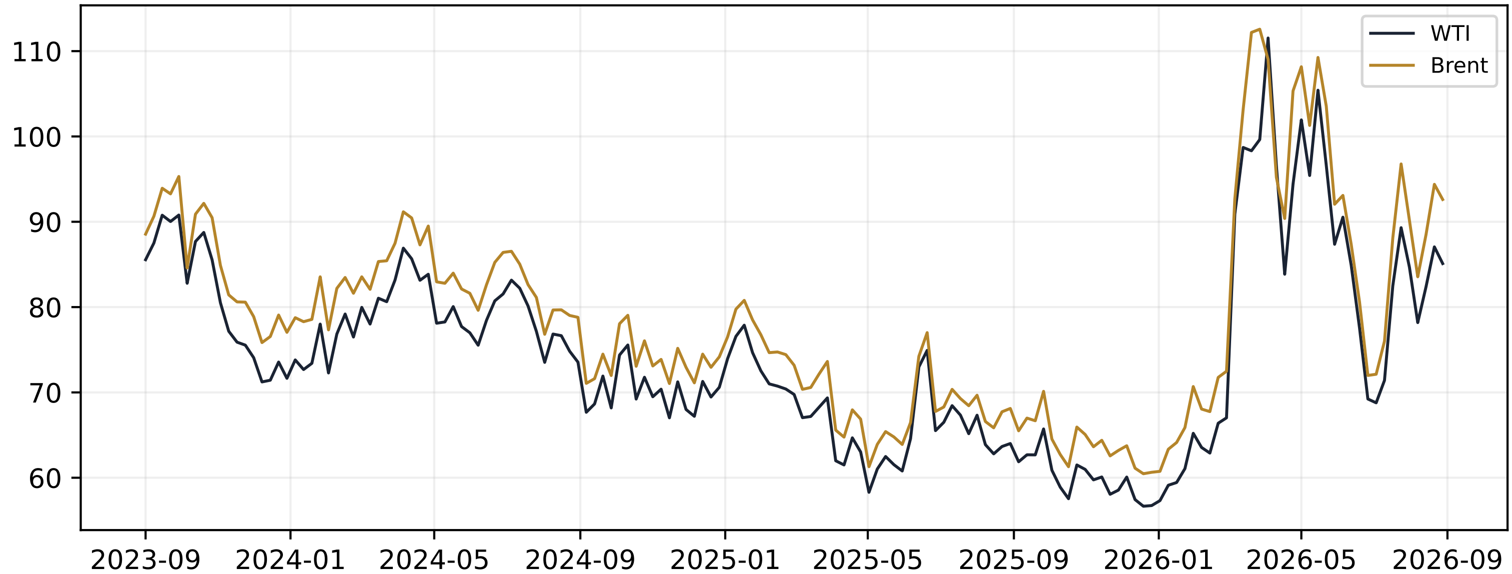
PART V

Asset Deep-Dives

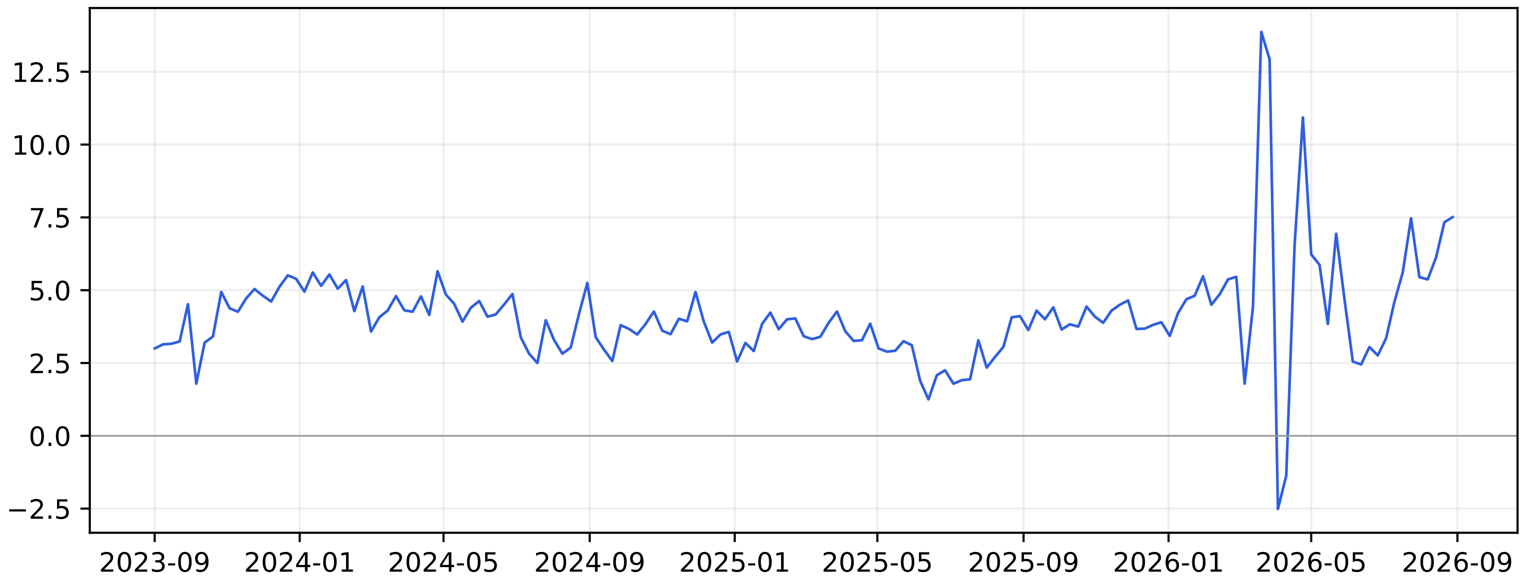
Instrument-level detail across the major asset classes.

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

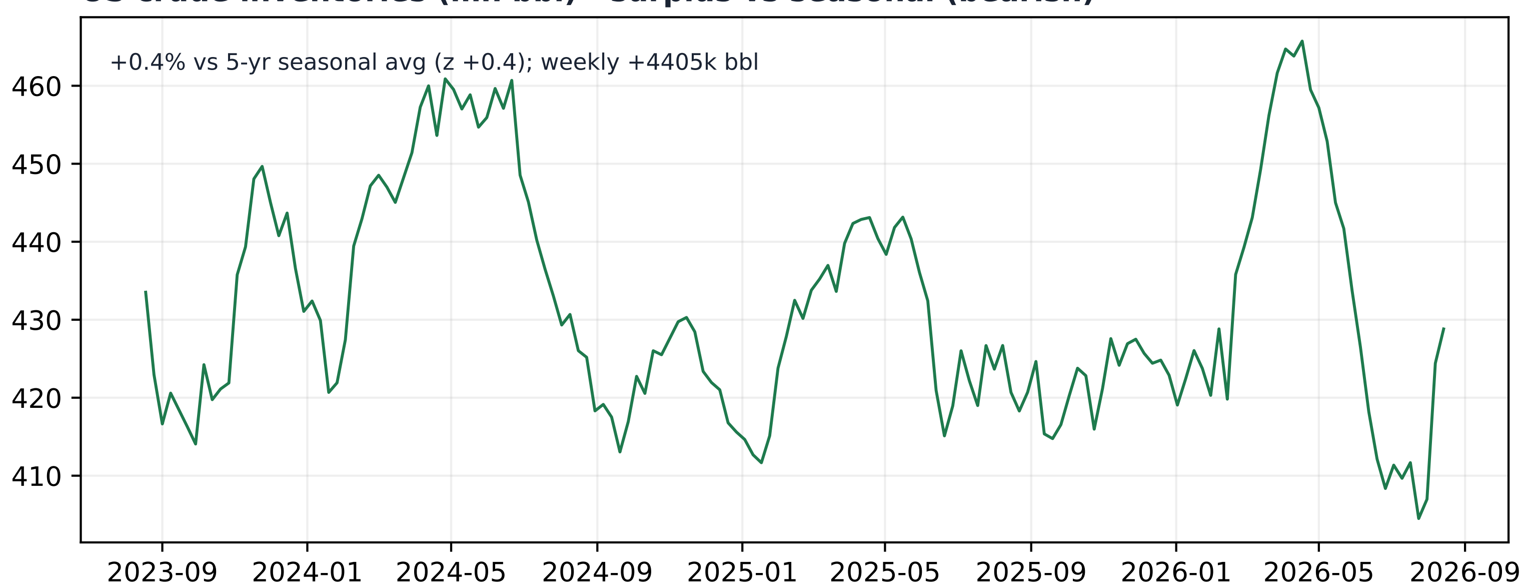
OIL special - WTI $85.10 (wk -2.3%, 13w -2.6%)



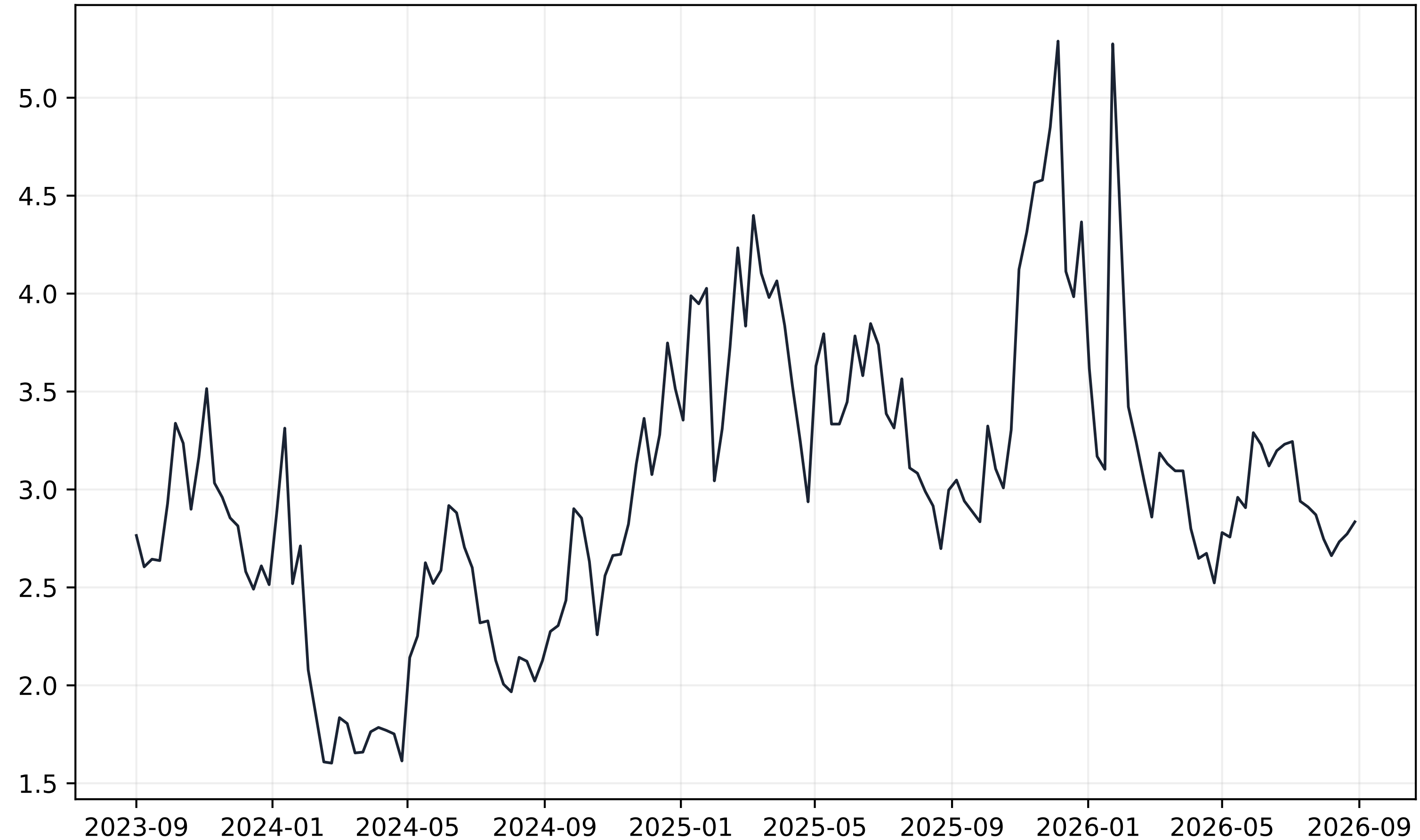
Brent-WTI spread (now +7.51)



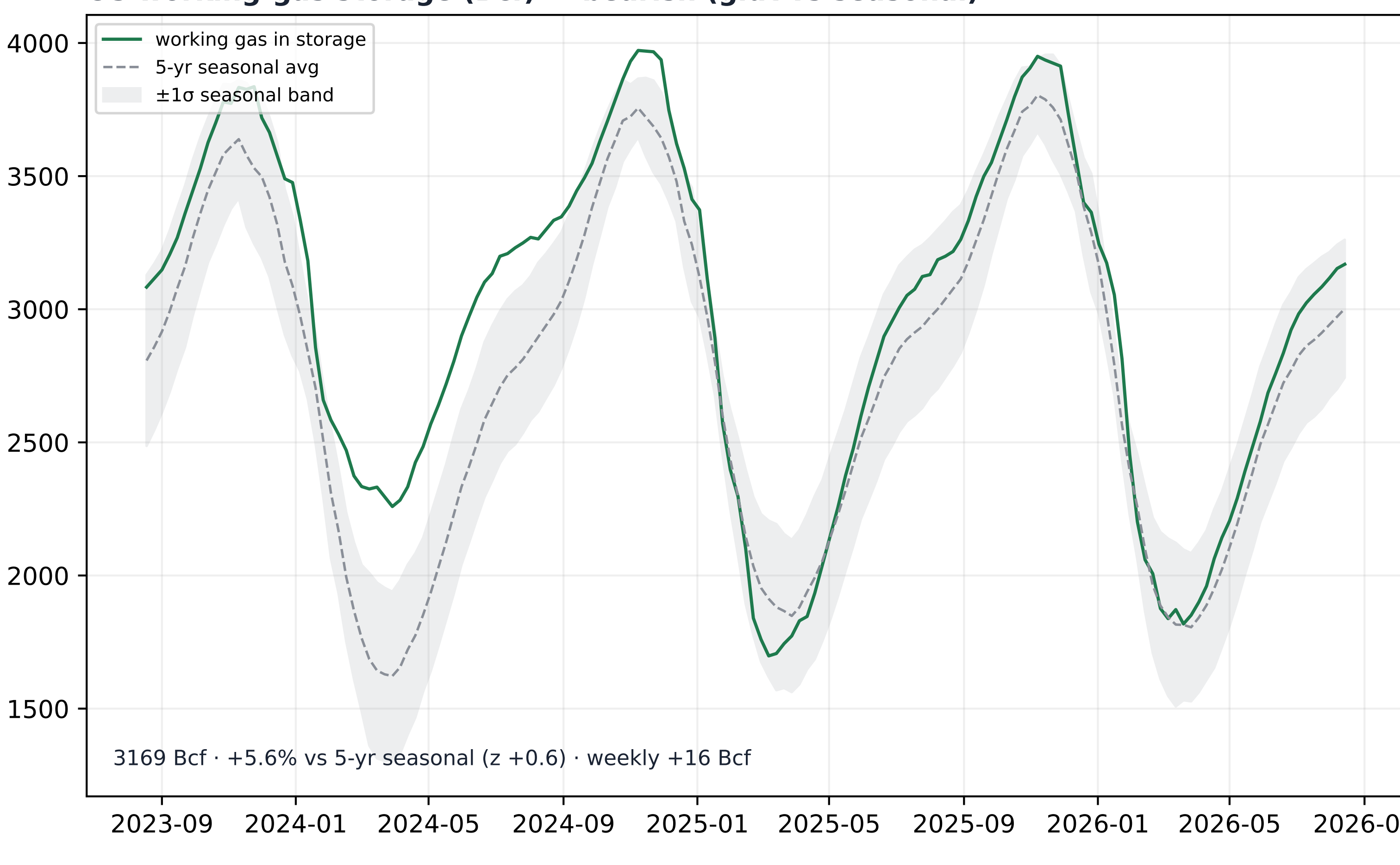
US crude inventories (mn bbl) - surplus vs seasonal (bearish)



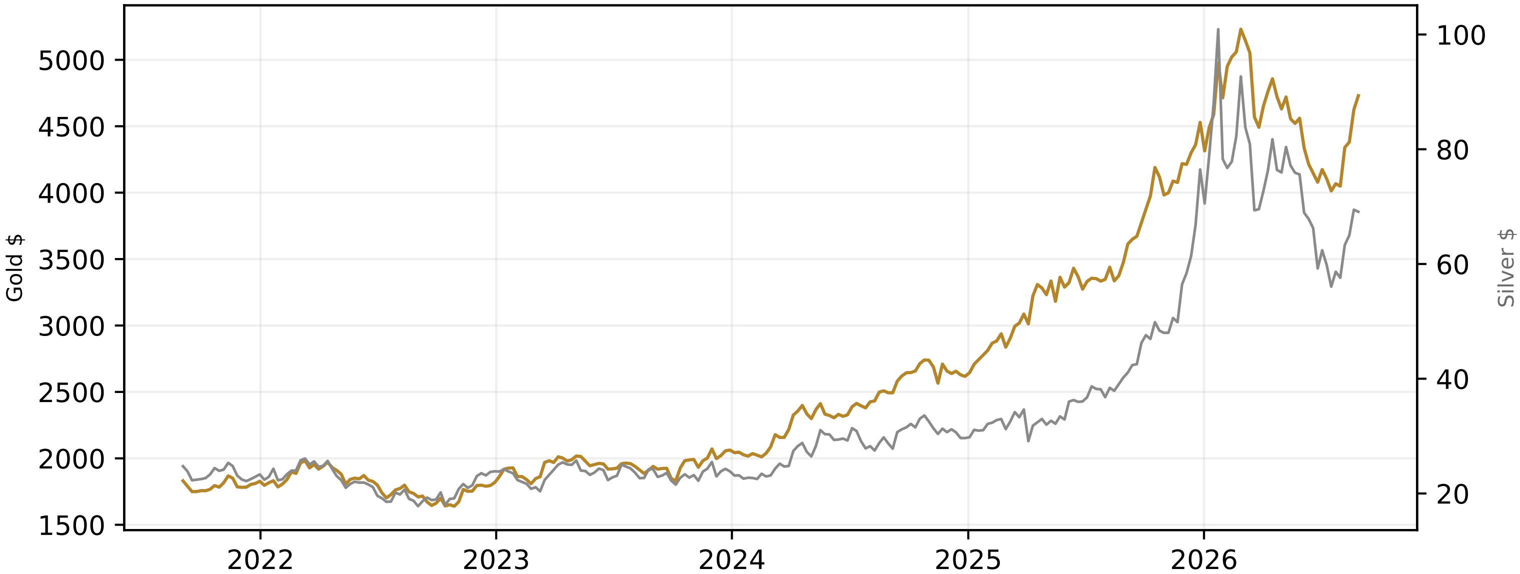
Natural gas (Henry Hub, $/MMBtu) — $2.84 (wk +2.2%, 13w -13.8%)



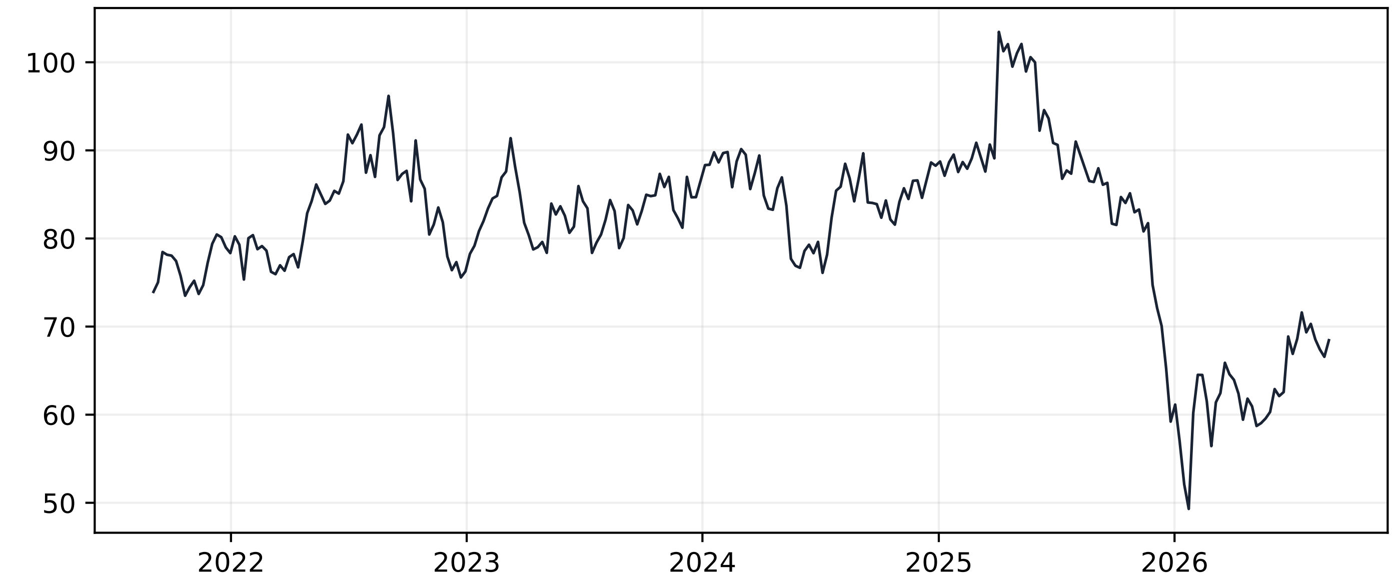
US working-gas storage (Bcf) — bearish (glut vs seasonal)



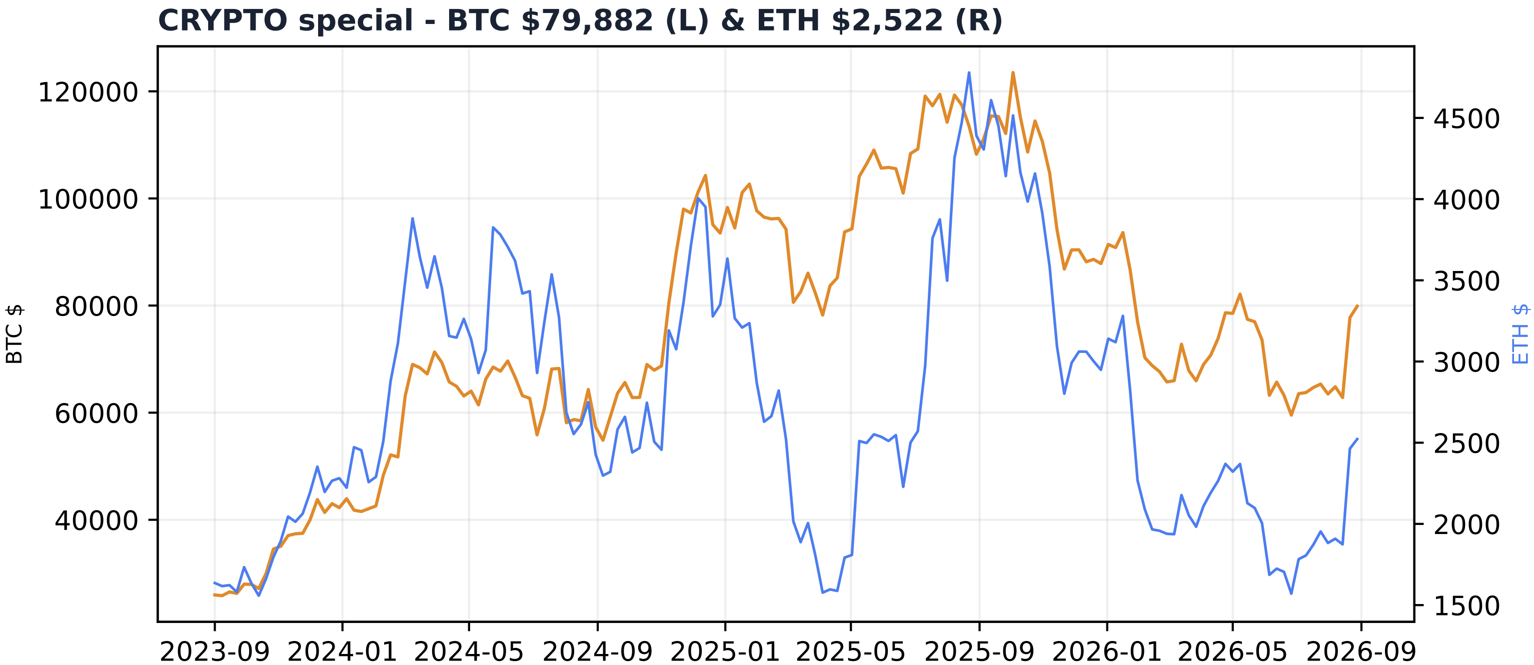
GOLD/SILVER special - Gold $4730 (L) & Silver $69.10 (R)

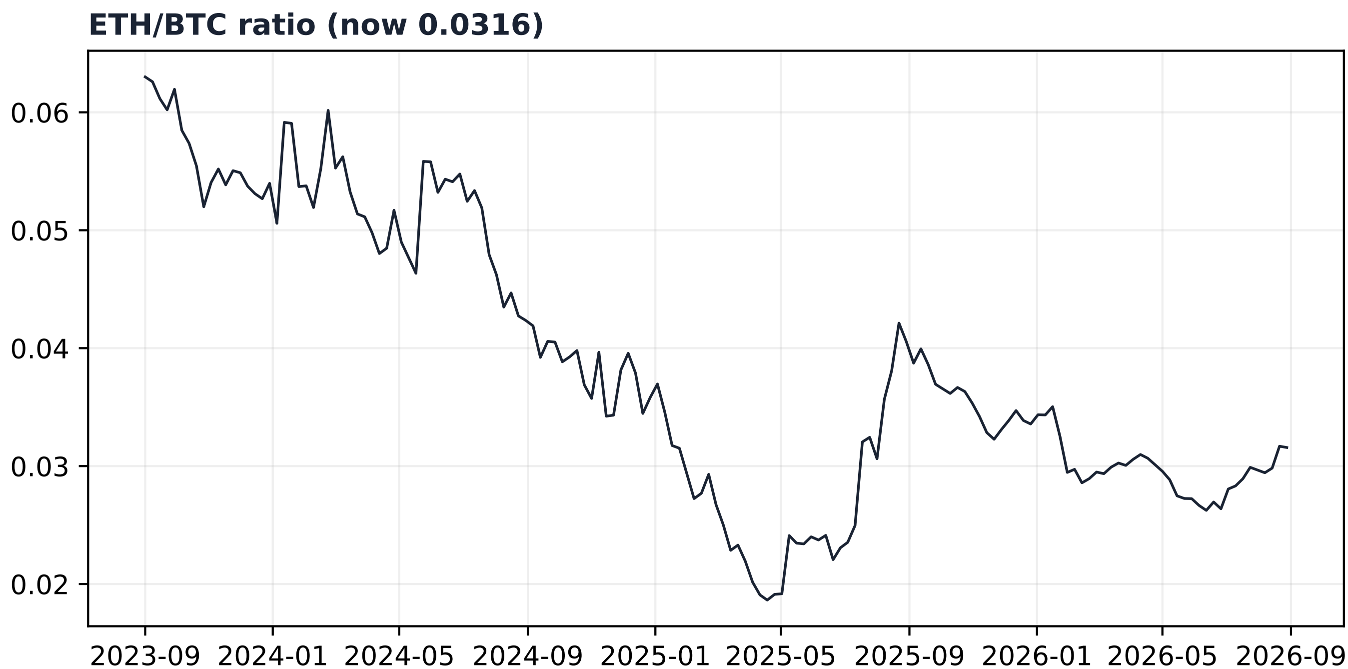


Gold/Silver ratio (now 68.4, 12th pctile of 5y)



Gold vs 10Y real yield (inverted) - 52w corr -0.48





MARKET STRUCTURE (current)

Total mcap $2.71T BTC dominance 59.1% ETH dominance 11.2%

Stablecoin supply $309B (+0.7% wk) DeFi TVL $94B (+25.2% wk)

Crypto Fear & Greed: 73 (Greed), a week ago 31

MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	+1%	+11%	+19%	**+1.00**	+7%	-2%
US_Nasdaq	-3%	+15%	+21%	**+0.50**	+7%	-3%
EU_STOXX50	+7%	+5%	+20%	**+1.00**	+7%	-1%
JP_Nikkei225	-1%	+11%	+53%	**+0.50**	+11%	-8%
IN_Nifty50	+3%	-4%	-1%	**-0.50**	-1%	-8%
HK_HangSeng	+1%	-4%	+2%	**+0.00**	-0%	-7%
Gold	+4%	-10%	+36%	**+0.50**	+4%	-10%
Silver	-9%	-25%	+72%	**+0.00**	-4%	-32%
WTI_Oil	-3%	+27%	+33%	**+0.50**	+8%	-24%
Copper	+4%	+10%	+47%	**+1.00**	+11%	0%
DXY	+0%	+1%	+1%	**+0.50**	-0%	-2%
Bitcoin	+9%	+22%	-26%	**+0.50**	+8%	-35%

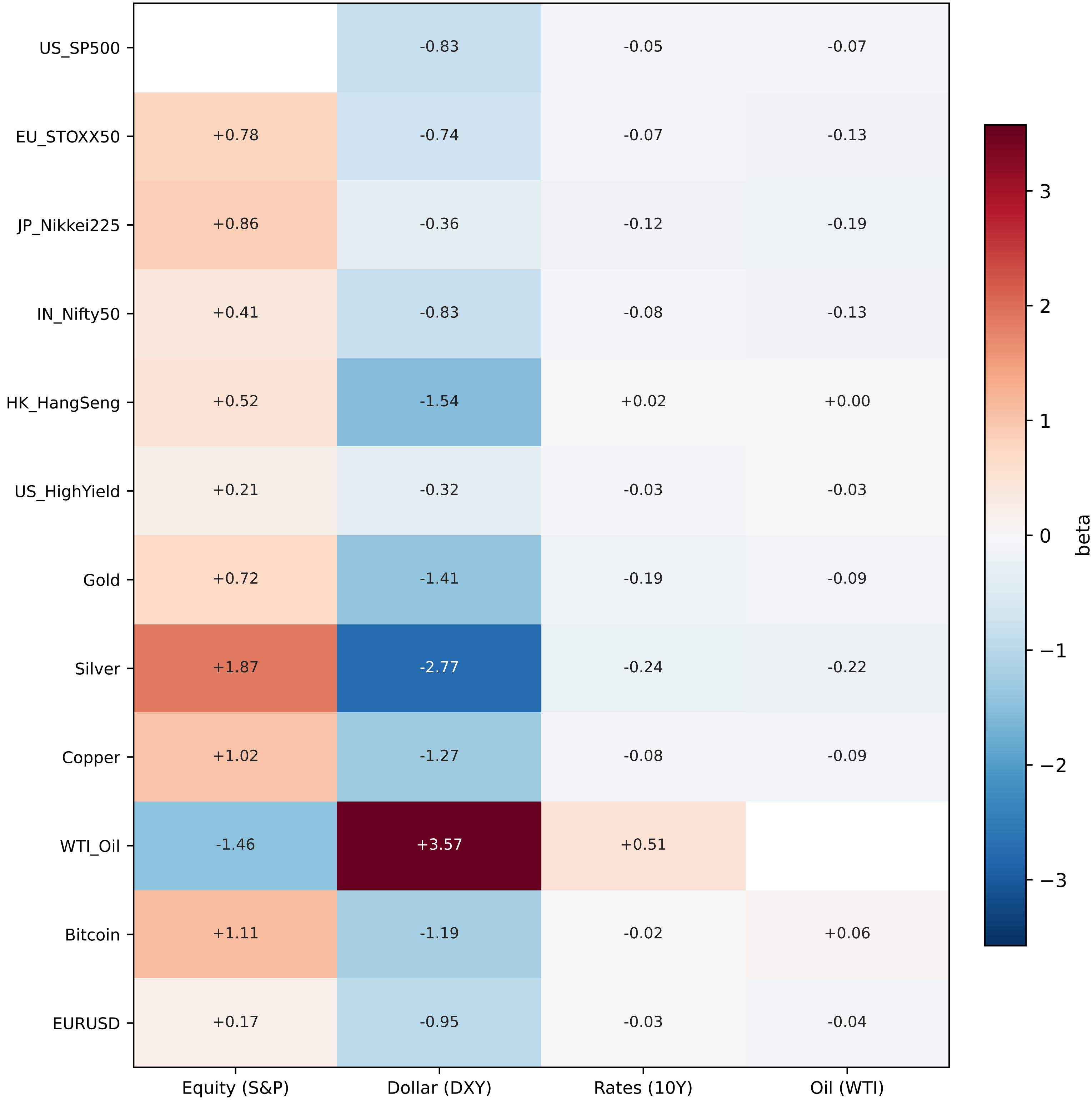
Global equity 26-week relative strength:

LEADERS: TW_TAIEX +26%, TH_SET +22%, US_Nasdaq +15%, US_Russell2000 +14%, SG_STI +14%, JP_Nikkei225 +11%

LAGGARDS: RU_RTS -29%, RU_MOEX -23%, ID_JKSE -21%, CN_Internet -16%, ZA_JSE -9%, BR_Bovespa -9%

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



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 — 42.0, 99th percentile of 156 years

Excess CAPE Yield (1/CAPE − 10Y real) — +0.03%, 1th pctile since 2015

Cyclically-adjusted earnings yield 1/CAPE = 2.38% · trailing earnings yield 3.93% · 10Y nominal 4.69% · 10Y real 2.35% · 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	206000.00 -> 171813.38 [-105140.00,448766.77]
IN_IndiaVIX	Initial_Claims	2w	+0.73	0.54	206000.00 -> 221311.61 [-12405.25,455028.47]
Chicago_Fed_NFCI	Continued_Claims	4w	+0.71	0.50	1799000.00 -> 1668983.34 [735461.05,2602505.64]
Initial_Claims	Continued_Claims	3w	+0.67	0.44	1799000.00 -> 1807506.72 [1022732.48,2592280.96]
VIX3M	Initial_Claims	3w	+0.65	0.42	206000.00 -> 232600.83 [-104647.60,569849.27]
OilVol_OVX	Initial_Claims	2w	+0.61	0.38	206000.00 -> 181924.04 [-90003.24,453851.33]
StLouis_Fin_Stress	Chicago_Fed_NAI	3w	-0.61	0.38	-0.08 -> 0.06 [-1.53,1.66]
CA_TSX	Initial_Claims	3w	-0.61	0.37	206000.00 -> 185992.93 [-163510.03,535495.89]
Continued_Claims	Chicago_Fed_NAI	3w	+0.61	0.37	-0.08 -> -0.05 [-1.66,1.55]
IN_IndiaVIX	Chicago_Fed_NAI	3w	-0.60	0.36	-0.08 -> 0.10 [-1.64,1.84]
CBOE_VIX6M	Initial_Claims	3w	+0.60	0.36	206000.00 -> 169268.83 [-157329.37,495867.03]
IN_IndiaVIX	Continued_Claims	4w	+0.59	0.35	1799000.00 -> 1760092.51 [610997.81,2909187.21]
VIX	Initial_Claims	4w	+0.59	0.35	206000.00 -> 200452.33 [-209244.77,610149.44]
US_3M_yield	SOFR_rate	3w	+0.59	0.35	3.65 -> 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 +2.39

actual 6.62 · model-fair 4.78 · gap +38.6% · R^2 0.31

S&P 500 vs liquidity & rates

RICH z +1.56

actual 7655.60 · model-fair 5755.51 · gap +33.0% · R^2 0.25

Gold vs real yield & dollar

RICH z +1.00

actual 4729.80 · model-fair 3895.55 · gap +21.4% · R^2 0.68

HY spread vs equity vol

cheap z -0.99

actual 2.70 · model-fair 3.11 · gap -0.4 · R^2 0.08

USDJPY vs US-Japan yield gap

cheap z -0.76

actual 159.10 · model-fair 162.70 · gap -2.2% · 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

TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
US_SP500	-3.2%	-4.8%	11%	-25%	-2%	-0.2	+1.3
US_Nasdaq	-4.5%	-5.9%	13%	-36%	-3%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-1%	-0.8	+2.5
IN_Nifty50	-2.8%	-4.0%	9%	-17%	-8%	-0.3	+0.5
Gold	-3.5%	-4.7%	11%	-23%	-10%	-0.1	+1.5
WTI_Oil	-9.2%	-12.0%	26%	-53%	-29%	+0.6	+3.7
Copper	-4.8%	-9.2%	23%	-34%	0%	-1.5	+10.3
Bitcoin	-11.5%	-15.5%	35%	-75%	-35%	-0.1	+1.7
US_HighYield	-1.6%	-2.3%	5%	-19%	-10%	+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

	03-20	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	08-28
Regime	N	N	N	N	N	N	N	N	N	R+	R+	N	N	N	N	N	R+	R+	N	N	N	N	N	N
Risk appetite																					+0.83	+1.08	+0.83	+0.53
Macro nowcast																					+0.04	+0.06	+0.02	+0.00
Quadrant	Stag	Stag	Stag	Stag	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Refl	Refl	Stag	Stag	Stag	Gold	Gold	Refl	Refl
VIX	27	31	24	19	17	19	17	17	18	17	15	22	18	16	18	16	15	16	18	18	16	15	15	16
SKEW																					133	133	138	144
Breadth %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC1 share																					22	16	21	21
Stk-Bond corr	+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	-0.05

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