

ABL Digital Global Cross-Asset Weekly



Trend & Correlation Report | week ending 2026-09-25

312 instruments | 4209 weeks history

REGIME: Risk-on

EXECUTIVE SUMMARY

The engine says lean risk-on, but selectively and with hedges paid for out of a shrinking margin of safety. The Markov filter puts 62.6% posterior weight on Risk-on (Risk-off just 1.5%) in week 70 of the state, and the cross-asset scorecard agrees at +0.82, carried by S&P trend (+1.51), low concentration (+1.28) and tight high-yield (+1.03). Goldilocks is the quadrant: growth composite z +1.04 and rising (+0.71 over 13 weeks) against inflation z -0.01. That argues for staying long equity beta, favouring the momentum complex — Nasdaq/FANG+ (+44% 26-week RS), TAIEX +44%, KOSPI and Nikkei — and funding it by fading Russia (RTS -22%), Indonesia and China Internet (-10%).

Three developments matter this week. WTI fell 8.96% to \$91.70 while copper rose 2.16% and stocks gained 1.40%; the oil-equity 13-week correlation at -0.78 means crude is now a consumer-relief trade, not a growth signal, and the drop is a tailwind for margins and disinflation, not a demand warning. Bitcoin's +5.71% came with BTC-Nasdaq 13-week correlation at -0.18, down from +0.36: crypto has decoupled and is diversifying rather than doubling equity risk. And the forward curve prices ~2.1 hikes to one year (1-2y forward 4.94% against 3.88% funds), which is the live threat to a 40.9 CAPE.

The biggest risk is valuation meeting a hawkish repricing. Excess CAPE yield is -0.17%, the 0th percentile since 2015, and the equity risk premium is -0.98%. The confirming signal would be the VIX/VIX3M ratio moving above 1.0 from 0.83 and HY OAS widening through roughly 3.20% from 2.68%; until both move, dips are buyable.

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

KEY SIGNALS

Stocks-Bonds DCC corr	-0.09 (1y ago +0.19)
PC1 variance share	17%
DCC persistence (a+b)	0.9806
Weeks in regime	70

EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-09-25 · 312 instruments, 10-year context

MARKET REGIME Risk-on ~70w in regime	GROWTH × INFLATION Goldilocks g +1.0 / i -0.0	STOCK-BOND CORR -0.09 vs +0.19 1y ago
RISK CONCENTRATION 17% PC1 share of variance	EQUITY BREADTH 63% indices > 40wk MA	VIX TERM Contango ratio 0.83

VALUATION	Shiller CAPE 40.9 99th %ile / 156y	Excess CAPE yield -0.17%	ERP -0.98%
-----------	------------------------------------	--------------------------	------------

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	15.0	+0.20	36th
HY credit spread (OAS)	2.68%	+0.00	11th
IG credit spread (OAS)	0.77%	+0.00	15th
EM corp spread (OAS)	1.34%	+0.00	2th
10Y real yield (TIPS)	2.61%	+0.00	100th
10Y nominal yield	4.94%	+0.00	100th
2Y yield	4.67%	+0.00	92th
10Y-2Y curve	+0.25pp	+0.00	41th
10Y breakeven infl.	2.33%	+0.00	72th
Financial conditions	-0.56	+0.00	27th
Initial jobless claims	196k	+0k	2th
Weekly Econ Index	+3.1%	+0.00	84th
Fed net liquidity	\$5.87T	+0.00	55th
US dollar (DXY)	100.4	+0.2%	65th
Gold	\$4,380	-1.0%	94th
S&P 500	7759	+1.4%	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

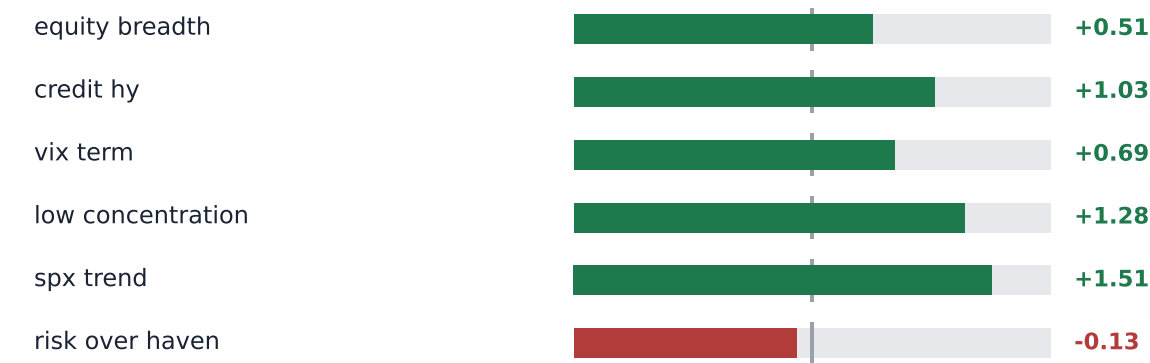
risk-off (-1.5)

score +0.82

(+1.5) risk-on



Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

contracting (-1.5)

score +0.12

(+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 · 2026-09-25

TOP GAINERS

Dogecoin	+11.9%
Cotton	+7.6%
Cardano	+6.5%
XRP	+6.1%
Sugar	+5.7%
Bitcoin	+5.7%
Solana	+5.6%
Ethereum	+4.0%

TOP DECLINERS

Gasoline	-10.7%
WTI_Oil	-9.0%
Brent_Oil	-8.4%
HeatingOil	-8.4%
Coffee	-6.7%
NatGas	-2.6%
US_Energy	-2.5%
Gold	-1.0%

KEY LEVELS — week-over-week change

US 10Y yield	4.94	+0.00%	SKEW	nan	+nan
2Y yield	4.67	+0.00%	US dollar (DXY)	100.40	+0.2%
HY credit OAS	2.68	+0.00%	Gold	4380.10	-1.0%
IG credit OAS	0.77	+0.00%	WTI oil	91.70	-8.6%
VIX	15.01	+0.20	Bitcoin	85907.06	+5.9%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	Risk-on
Quadrant	prior: Refl	->	Goldilocks
Risk appetite	prior: +0.63	->	+0.82
Macro nowcast	prior: +0.12	->	+0.12
PC1 share	prior: 17	->	17%
Stock-bond DCC	prior: —	->	-0.09

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

The engine says lean risk-on, but selectively and with hedges paid for out of a shrinking margin of safety. The Markov filter puts 62.6% posterior weight on Risk-on (Risk-off just 1.5%) in week 70 of the state, and the cross-asset scorecard agrees at +0.82, carried by S&P trend (+1.51), low concentration (+1.28) and tight high-yield (+1.03). Goldilocks is the quadrant: growth composite z +1.04 and rising (+0.71 over 13 weeks) against inflation z -0.01. That argues for staying long equity beta, favouring the momentum complex — Nasdaq/FANG+ (+44% 26-week RS), TAIEX +44%, KOSPI and Nikkei — and funding it by fading Russia (RTS -22%), Indonesia and China Internet (-10%).

Three developments matter this week. WTI fell 8.96% to \$91.70 while copper rose 2.16% and stocks gained 1.40%: the oil-equity 13-week correlation at -0.78 means crude is now a consumer-relief trade, not a growth signal, and the drop is a tailwind for margins and disinflation, not a demand warning. Bitcoin's +5.71% came with BTC-Nasdaq 13-week correlation at -0.18, down from +0.36: crypto has decoupled and is diversifying rather than doubling equity risk. And the forward curve prices ~2.1 hikes to one year (1-2y forward 4.94% against 3.88% funds), which is the live threat to a 40.9 CAPE.

The biggest risk is valuation meeting a hawkish repricing. Excess CAPE yield is -0.17%, the 0th percentile since 2015, and the equity risk premium is -0.98%. The confirming signal would be the VIX/VIX3M ratio moving above 1.0 from 0.83 and HY OAS widening through roughly 3.20% from 2.68%; until both move, dips are buyable.

Regime, Scorecard & Market State

The two independent measures of state agree, which is itself information. The Markov-switching model on weekly S&P returns — switching in both mean and variance — assigns 62.6% smoothed probability to Risk-on, 35.9% to Neutral and a negligible 1.5% to Risk-off, and the regime has now persisted roughly 70 weeks. The composite risk-appetite scorecard prints +0.82, also Risk-on, and the components do not disagree with each other in any material way: equity breadth +0.51, HY credit +1.03, VIX term structure +0.69, low concentration +1.28, S&P trend +1.51. The only negative is risk-over-haven at -0.13, and that is a trivially small dissent explained by gold's strength rather than equity weakness.

The one genuine divergence in the whole package is sentiment against price. CNN Fear & Greed sits at 34 — fear — versus 31 a week ago and 54.7 a month ago, with price strength at 3 and breadth at 0 while the index itself made a 1.40% weekly gain and 63% of 43 global indices hold above their 40-week moving average. Those internals components are measuring new-high/new-low counts that have deteriorated even as the cap-weighted index advanced. Read it as narrowing leadership inside an intact uptrend rather than as a regime signal. The practical implication is to stay long the index but stop assuming the average stock participates; equal-weight and small-cap exposure is the part of the book that is not being rewarded here, consistent with Russell 2000 specs at the 6th percentile.

Market state, then: a mature risk-on regime with strong trend, tight credit, calm implied vol, and a sentiment gauge that has stopped confirming. Mature does not mean over, but it does mean the regime carries less asymmetry than it did at week 10.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast reads +0.12, trend growth, which is a more sober number than the Goldilocks label suggests and the honest reconciliation is that the growth composite (+1.04) is built from

market-priced inputs — copper/gold, tight HY, S&P momentum, cyclicals over defensives — while the nowcast is built from activity data. Its components split hard: global activity +1.23 and jobless claims +0.30 and the Weekly Economic Index +0.32 against consumer sentiment at -1.28. Claims at 196k sit at the 2nd percentile of ten years, continued claims 1.73mn, WEI +3.1% against a ~2% trend. The labour market is not cracking; the consumer says it feels bad anyway. For positioning, trust the hard data — the Sahm rule at -0.07 against a 0.50 trigger and FRED recession probability at 0.8% leave no recession trade to put on — but do not extrapolate consumer-facing discretionary earnings from an aggregate that healthy.

Liquidity is flat-to-mildly supportive and, importantly, not the driver. Fed net liquidity \$5.87T, unchanged on the week but +1.5% over four weeks; M2 \$23.21T flat; ECB assets -0.1% over four weeks; BoJ flat. The 52-week correlation of net liquidity to stocks is +0.05, effectively zero, so the familiar liquidity-drives-everything framing has no support in this dataset — do not size positions off balance-sheet prints.

Funding is clean. SOFR at 3.85% sits marginally below the 3.88% funds rate, and the RRP facility is down to \$1bn — effectively drained. That matters: the shock absorber that let reserves fall without pressuring repo is gone, so the next episode of reserve scarcity shows up directly in SOFR. A sustained SOFR print above funds, say 3.95%+ for several days, would be the early warning; it is not there yet.

Global 10Y yields show the developed-market spread that should shape duration allocation: US 4.94%, UK 4.99%, Germany 3.18%, Japan 2.94%. The 176bp US-Germany gap and 200bp US-Japan gap argue the US carry advantage is intact, which is exactly what makes the USDJPY fair-value dislocation below interesting.

Rates, Credit & the Stock-Bond Relationship

Nothing moved. The 10Y at 4.94%, 2Y at 4.67%, curve at +25bp, breakeven 2.33%, real yield 2.61%, HY OAS 2.68%, IG OAS 0.77% — all unchanged on the week. A flat rates tape alongside a 1.40% equity gain and a 9% oil decline is a market that has not yet made up its mind about what the energy move means for inflation.

The forward curve is the live issue. It prices o/n 3.88%, 0–3m 4.12%, 3–12m 4.49% and 1–2y 4.94% — roughly 2.1 hikes to one year. Against that, UST 2Y and 5Y speculative positioning sit at the 100th percentile of three years, both with open interest down 19% and 16%. A 100th-percentile long into a curve pricing hikes is a crowded bet that the hiking path does not happen, and crowded longs into a hawkish surprise unwind violently. The front end is where the accident lives, not the long end — UST Bond specs at the 4th percentile are a crowded short, which means a growth scare or flight-to-quality bid squeezes long duration higher. That asymmetry favours the long end over the belly for any duration you carry.

Credit gives no warning. HY at 268bp and IG at 77bp with HY credit scoring +1.03 in the composite, and the week's bond ETF returns are uniformly positive and unremarkable: UST20y+ +0.6%, UST7-10y +0.3%, TIPS +0.3%, US-HY +0.2%, US-IG +0.3%, Intl-exUS +0.4%, EM-USD +0.4%, EM-local +0.4%. EM debt keeping pace with US credit while EM equities lag is worth noting — the divergence is in equity risk premia, not in EM solvency perceptions.

The stock-bond relationship has flipped back to the diversifying sign. DCC conditional correlation between stocks and the 10Y yield is -0.09 now versus +0.19 a year ago, with persistence 0.9806; the 52-week rolling correlation is -0.28 and the 13-week -0.36. Stocks now rally when yields fall. That restores the classic hedge property of Treasuries in an equity drawdown — a 60/40 book is meaningfully better protected than it was twelve months ago — but it also means equities are trading as a duration asset, so the hike path priced in the forwards is the direct threat to the multiple.

Factor Structure & Systemic Risk

Concentration is low, and this is the most under-appreciated positive in the package. PCA over 197 instruments puts PC1 (Risk, equity beta) at just 17% of variance, PC2 (Rates, the 10Y) at 11%, and PC3 and PC4 (dollar, both signs) at 4% each — about 36% in four factors, leaving the majority of variance idiosyncratic. The scorecard's largest positive component is precisely this: `low_concentration` +1.28. When PC1 runs at 40%+ everything is one trade and hedging is nearly impossible; at 17%, security and country selection actually pay, and a diversified book behaves like a diversified book.

The multivariate DCC confirms it independently: average pairwise conditional correlation across the 12-asset system is +0.03, versus +0.04 a year ago, with persistence 0.8388. Diversification is not failing — it is working about as well as it ever does. Two practical consequences. First, this is the environment to express views through relative-value and dispersion rather than through index beta, because cross-sectional differences are not being swamped by a common factor. Second, the DCC persistence of 0.84 means correlation regimes are sticky but not permanent; the number to watch is average conditional correlation rising toward +0.20, which historically arrives a step ahead of the correlated drawdown and would invalidate the dispersion stance.

Cross-Asset Correlation & Lead-Lag

The Granger network names Bitcoin, EU_STOXX50, VIX and US_HY_OAS as net information leaders, with the Nikkei, the S&P, gold and copper as followers. That ordering is unusual and instructive: crypto and European equities are moving first, and the US large-cap index is a lagger. For a weekly process, it argues for taking the Sunday-night crypto tape and the European open as genuine information about how the US week resolves, and for treating HY OAS as the credible early risk signal — a widening in HY leads, it does not confirm after the fact.

The correlation shifts carry most of the actionable content. Oil versus stocks has collapsed to -0.78 on 13 weeks from -0.34 on 52 weeks, a -0.44 shift: crude is priced as a cost input, so this week's 8.96% decline reads as an equity-positive disinflationary impulse. BTC versus Nasdaq went from +0.36 to -0.18, a -0.54 shift — the single largest move in the table — and bitcoin's +5.71% on a week the Nasdaq gained 2.00% is therefore additive diversification rather than levered tech beta. Gold versus the 10Y yield softened from -0.42 to -0.18 while gold versus breakevens moved from -0.11 to +0.23; gold has stopped trading as a pure real-rate instrument and started trading as an inflation hedge, which changes what it hedges in your book. VIX versus stocks holds at -0.68 and stocks versus HY spread at -0.67 — the core risk relationships are intact, so nothing is structurally broken. Gold versus silver at +0.91 on 13 weeks means the two metals are one position, not two.

Relative Value & Fair Value

Only two fair-value models clear the $R^2 \geq 0.4$ bar, and they deserve very different weight. USDJPY against the US-Japan yield gap is cheap 5.3% versus fair at z -1.78 on an R^2 of 0.90 — a strong-fit model, a nearly two-sigma dislocation, and a fundamental driver (the 200bp US-Japan 10Y gap) that is intact. That is the cleanest setup in the note. The complication is positioning: yen specs sit at the 88th percentile with open interest up 22%, a crowded long yen. A crowded long in the currency the model says should weaken is the kind of configuration that resolves sharply once it turns, which cuts both ways — it is the reason the dislocation exists and the reason the snapback could be violent.

Gold against real yields and the dollar is rich 12.6% versus fair, but at z +0.62 on an R^2 of 0.69. Take that seriously as a fit but lightly as a signal: 0.62 sigma is not a stretch, and the

correlation evidence above says the model's own drivers are losing grip on gold — gold-versus-real-yield correlation has decayed from -0.48 to -0.36, and the breakeven correlation has gone positive. A model whose explanatory variables are weakening should have its residuals discounted, not traded aggressively. The conclusion is not to short \$4380 gold; it is to stop adding and to recognise that the 12.6% premium is the market paying for something the model does not contain.

No cointegrated spread in the package exceeds the $|z| > 1.5$ threshold on a well-fit basis apart from USDJPY. The top correlation pairs are largely mechanical — gold tonnes against gold ounces at +1.00, DXY against EURUSD at -0.96, 20Y+ Treasuries against the 20Y yield at -0.98 — identities rather than tradeable relationships, and they should not be mistaken for signals.

Volatility & Tail Risk

The volatility complex is calm on the surface and paying for protection underneath. VIX 15.01 (+0.20) against VIX3M 18.1 gives a ratio of 0.83, contango, at the 26th percentile of ten years, and the full curve is orderly: 9D 12, 1M 15, 3M 18, 6M 20. No stress. The vol-risk premium at +9.3 is solidly positive, meaning implied exceeds subsequent realised — the systematic short-vol carry is being paid, and in a regime scoring +0.82 on risk appetite with contango this steep, selling upside volatility or running covered positions is the regime-consistent income trade.

The dissent is SKEW at 148, the 73rd percentile. Elevated crash-hedging demand alongside a 15 VIX means the market is comfortable with normal-sized moves and specifically worried about a large one. Practically, that makes put spreads better value than outright puts — the far-out-of-the-money strike you would buy is where the demand and the premium already sit.

Cross-asset vol splits by asset in a way that should shape where you take risk. MOVE at 81 is the 25th percentile: the bond market is placid, which is what allows the equity multiple to hold and which is also what makes it vulnerable, because a 100th-percentile front-end long is being carried against historically cheap rate vol. OVX at 51 (82nd percentile) and GVZ at 24 (83rd percentile) say commodities are where the realised turbulence is — consistent with WTI down 9% in a week — so express commodity views with defined risk.

Tail metrics are ordinary for the regime. S&P ES5 at -4.8% with no current drawdown, gold ES5 -4.7% on a 17% drawdown, bitcoin ES5 -15.5% against a 30% drawdown — crypto's +5.71% is a bounce within a deep hole, and position sizing should reflect a 15.5% expected shortfall, not a 5% one. S&P-to-gold lower-tail dependence at 0.11 is genuinely low, confirming gold still works as a haven when it matters most; that is the empirical case for holding it despite the fair-value richness.

Leading Indicators & Forecasts

The lead-lag forecast table is, this week, a demonstration of why weekly predictive skill must be treated as modest. Every one of the ten relationships is a European sovereign yield predicting another European sovereign yield — Italy to Italy, France to Germany, Germany to Netherlands and Spain — with R^2 between 0.64 and 0.89, and every single four-week forecast projects essentially zero change: IT 3.99 to 3.99, FR 4.00 to 4.00, DE 3.19 to 3.19, NL 3.29 to 3.29, ES 3.63 to 3.63. High R^2 here reflects the fact that euro-area yields are one factor with country spreads on top, not that the model has found something. The forecasts are flat because the leaders were flat; this is persistence, not foresight, and the ± 1 -sigma bands of roughly 7bp either side are the honest content.

What the table does support is a statement about the euro sovereign complex: no directional pressure is being transmitted right now, and Italy-Germany at 81bp and France-Germany at 82bp are stable. The model gives no basis to trade the periphery either way, and saying so is the correct use of it.

Treat the more useful forecasting information as coming from the Granger network instead: Bitcoin, STOXX50, VIX and HY OAS leading the Nikkei, S&P, gold and copper. That is a statement about sequencing within the week, with modest skill, and should inform when you act rather than what you conclude.

Commodities (Oil, Gas & Metals)

WTI at \$91.70 fell 8.96% on the week and is still up 32.5% over 13 weeks — this is a violent correction inside a strong uptrend, not a trend break. The fundamentals are mixed in an informative way: crude inventories sit 1.0% above the five-year seasonal average at $z +0.7$, a bearish surplus, and the weekly draw of 640k bbl does not offset it; but gasoline is 5.1% below the five-year average and distillate 12.5% below, with the 3:2:1 crack at \$62.2/bbl. Crude is oversupplied, products are tight, refining margins are exceptional. US production at 13.94M b/d and Cushing at 21.5M bbl complete a picture where the downside in crude is capped by product tightness. Speculative positioning reinforces it: WTI net short -17,845 lots at the 20th percentile of three years, covering by 6,939 lots this week — a crowded short with squeeze-higher risk. With OVX at the 82nd percentile, the way to express that is defined-risk upside rather than outright length.

Natural gas at \$2.84 fell 2.6% and is down 12.2% over 13 weeks, with storage at 3,298 Bcf, +2.5% versus the five-year seasonal at $z +0.4$ — neutral. Speculative net positioning is at the 1st percentile of three years, the most extreme crowded short in the entire positioning complex. Neutral fundamentals plus maximum bearish positioning is an asymmetry: the downside is the carry, the upside is a squeeze on any weather or LNG headline.

Gold at \$4,380 fell 1.02% and silver at \$66.44 was roughly flat, leaving the gold/silver ratio at 65.9 — the 10th percentile of five years. Silver has done the work, and the silver-copper 52-week correlation of +0.60 explains why: silver's industrial beta is being paid in a Goldilocks growth regime, reinforced by copper +2.16% this week. That ratio at the 10th percentile means the easy leg of silver outperformance is behind it; from here the risk-reward favours gold within the metals pair, notwithstanding gold's 12.6% fair-value premium. Positioning is not the constraint — gold specs at the 62nd percentile with open interest up 56%, silver at the 28th — but copper at the 94th percentile with OI up 26% is crowded, and a crowded long copper is the vulnerable leg if the growth pulse fades.

The agricultural complex deserves a flag even though it is not the core of the note: corn, wheat and soybeans all sit at the 99th percentile of three-year speculative length. That is as crowded as positioning gets, and it is an unhedged tail in any broad commodity index exposure.

Crypto

Bitcoin's +5.71% takes total crypto market cap to \$2.92T with BTC dominance at 58.9% and ETH at 11.5%, ETH/BTC at 0.0320. The internals are constructive: DeFi TVL jumped 9.8% to \$96B while stablecoin supply was flat at \$310B. Rising TVL without rising stablecoin supply is existing capital being redeployed into on-chain risk rather than new money arriving — a genuine improvement in risk appetite within the asset class, but one that lacks fresh fuel. Crypto Fear & Greed at 70 (Greed) against 57 a week ago confirms the sentiment swing, and notably runs opposite to equity sentiment at 34 (fear).

Two things make crypto more interesting than the price move alone. First, the decorrelation: BTC-Nasdaq 13-week correlation at -0.18 versus +0.36 on 52 weeks. For a multi-asset book, bitcoin is currently adding diversification instead of levering tech exposure, which changes the sizing calculus in its favour. Second, the Granger network ranks Bitcoin as a net information leader ahead of the S&P and the Nikkei — crypto trades through the weekend and is functioning as the first mover in the weekly risk cycle, so it is worth monitoring as a leading indicator even

for investors who hold none.

The caution is the tail. Bitcoin's ES5 is -15.5% with a current drawdown of -30%. This is a bounce inside a deep hole, and ETH dominance at 11.5% against BTC's 58.9% says the rally is not broad. Size to the expected shortfall.

India, China & Russia

India was quietly positive and quietly unremarkable: Nifty50 +0.3%, BankNifty +0.2%, Sensex +0.8%, with NiftyMidcap flat at -0.0%. That large-cap-over-midcap split mirrors the US breadth pattern and says the same thing — the index is being carried by its biggest constituents. India did not appear in either the weekly leaders or the 26-week momentum leaders, which for a market that has been a consensus overweight is itself the signal: India is now a source of funds in relative-momentum frameworks rather than a destination. Nothing here is broken; it is simply not where the marginal return is this quarter, and a neutral weight is defensible where an overweight was.

China outperformed India this week — Shanghai +1.0%, Shenzhen +0.7%, CN_Internet +1.3% — and the internet complex bounce is worth watching precisely because CN_Internet sits at -10% on 26-week relative strength, one of the five global momentum laggards. A one-week bounce in a six-month laggard is not a trend change; the level that would matter is the internet complex reclaiming positive 26-week relative strength. Until then this is a mean-reversion trade, not an allocation.

Russia is the clear global laggard on every horizon: MOEX -0.9% and RTS -0.8% this week, and -19% and -22% respectively on 26-week relative strength — the two worst in a 43-index universe. The RTS/MOEX gap of roughly 300bp over 26 weeks is a rouble effect layered on an already weak equity market. Combined with WTI down 9%, the fiscal and terms-of-trade arithmetic is deteriorating, and the relative-strength evidence gives no basis for catching this.

The wider developed-versus-emerging picture is a split within EM rather than a uniform EM discount. North Asian technology exporters lead everything — TAIEX +44% and KOSPI +29% on 26 weeks, KOSPI +1.6% this week — sitting in the same trade as Nasdaq +29% and FANG+ +44%. Commodity and domestic-demand EM lags: Indonesia -10%, Mexico -5%, Argentina's Merval -0.8% this week. The right expression is not "EM" as a bloc but the semiconductor and AI supply chain wherever it is listed, funded from commodity-exporting and domestically-driven EM. That EM bonds returned +0.4% in both hard and local currency while EM equities lagged confirms the issue is equity risk premium and growth expectations, not credit.

Positioning, Sentiment & What to Watch

The positioning complex contains more actionable information than the price tape. Crowded longs facing squeeze-lower risk: UST 2Y and 5Y at the 100th percentile, corn, wheat and soybeans at 99, copper at 94, JPY at 88, Nasdaq at 84. Crowded shorts facing squeeze-higher risk: natural gas at 1, UST Bond at 4, Russell 2000 at 6, GBP at 13, EUR at 15, WTI at 20. Nasdaq at the 84th percentile with open interest up 10% is the uncomfortable one — the leadership trade this note otherwise endorses is also the one the market is most positioned for, which does not invalidate it but does argue against adding into strength and in favour of collaring the exposure while VIX term structure contango makes that cheap.

The two most asymmetric setups are the mirror image of the consensus: long the Russell against the Nasdaq as a positioning-squeeze trade with the 6th-versus-84th-percentile spread as the rationale, and defined-risk upside in WTI and natural gas where shorts are at the 20th and 1st percentiles against tight product inventories and neutral gas storage.

Sentiment gives the tactical bid. CNN Fear & Greed at 34 with price strength at 3 and breadth at

0, against a market making gains and a Markov regime at 62.6% Risk-on, is the classic contrarian configuration — fear in the survey while the trend holds. Crypto Fear & Greed at 70 on the other side confirms this is a rotation of enthusiasm, not a withdrawal of it.

Watch these specifically. The VIX/VIX3M ratio moving above 1.0 from 0.83 would flip the term structure to backwardation and end the short-vol carry. HY OAS widening through roughly 3.20% from 2.68% would remove the strongest pillar of the risk-appetite composite and, given HY's status as a Granger leader, would lead rather than confirm the equity move. Average MV-DCC conditional correlation rising from +0.03 toward +0.20, or PC1 rising from 17% toward 30%, would mean diversification is failing and the dispersion stance must be abandoned for index-level hedging. SOFR printing above 3.95% for several sessions with RRP already at \$1bn would signal reserve scarcity with no buffer left. And the growth composite falling back through $z +0.5$ from +1.04, or consumer sentiment at -1.28 dragging the WEI below 2%, would move the regime from Goldilocks to something that cannot support a 40.9 CAPE with a -0.98% equity risk premium. On the other side, HY holding under 2.80%, breadth improving through 70% of global indices above their 40-week average, and copper holding its gain would confirm the risk-on tilt and justify adding to the cyclical and North Asian technology exposure rather than trimming it.



PART I

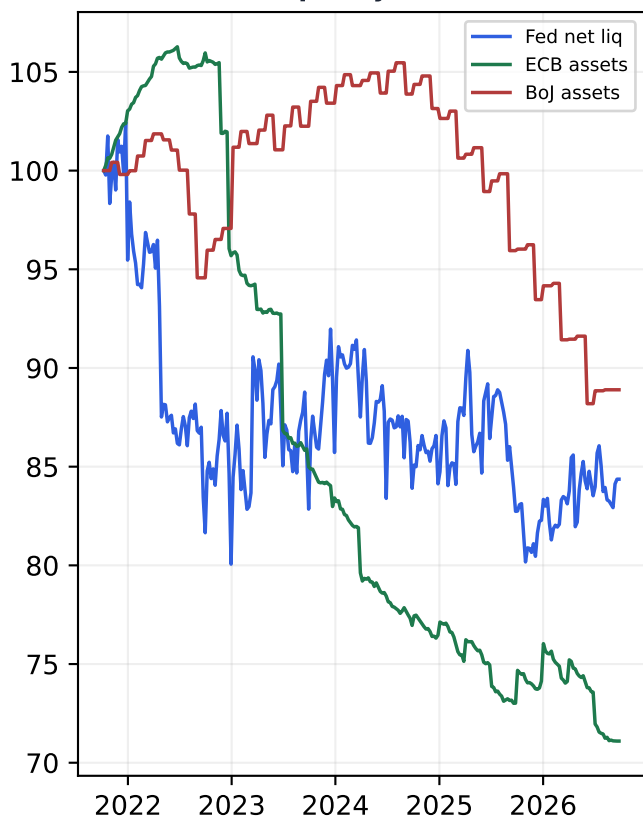
Global Macro & Liquidity

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

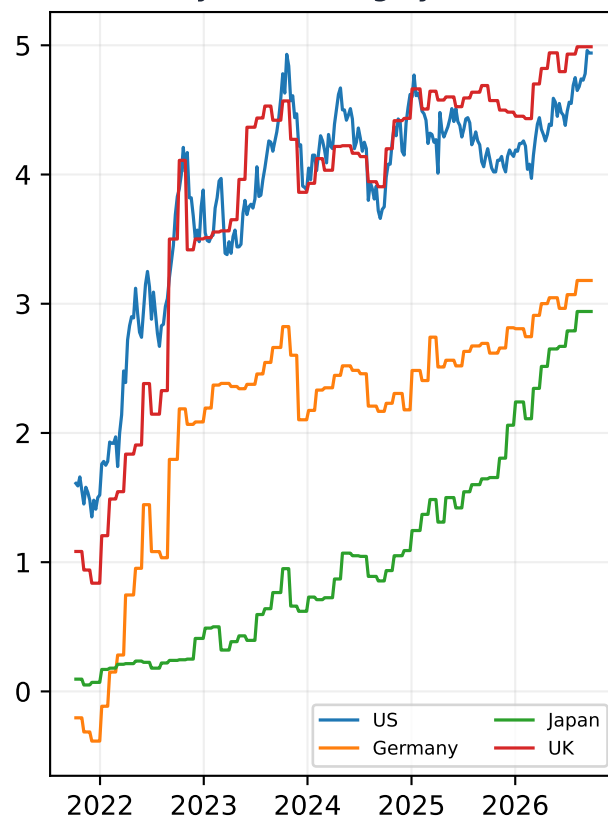
- Central-bank balance sheets (Fed / ECB / BoJ) & global 10Y yields
- Funding plumbing: SOFR, RRP, the Treasury General Account
- Recession probability, market-implied rate path, growth × inflation regime

Global Macro & Liquidity

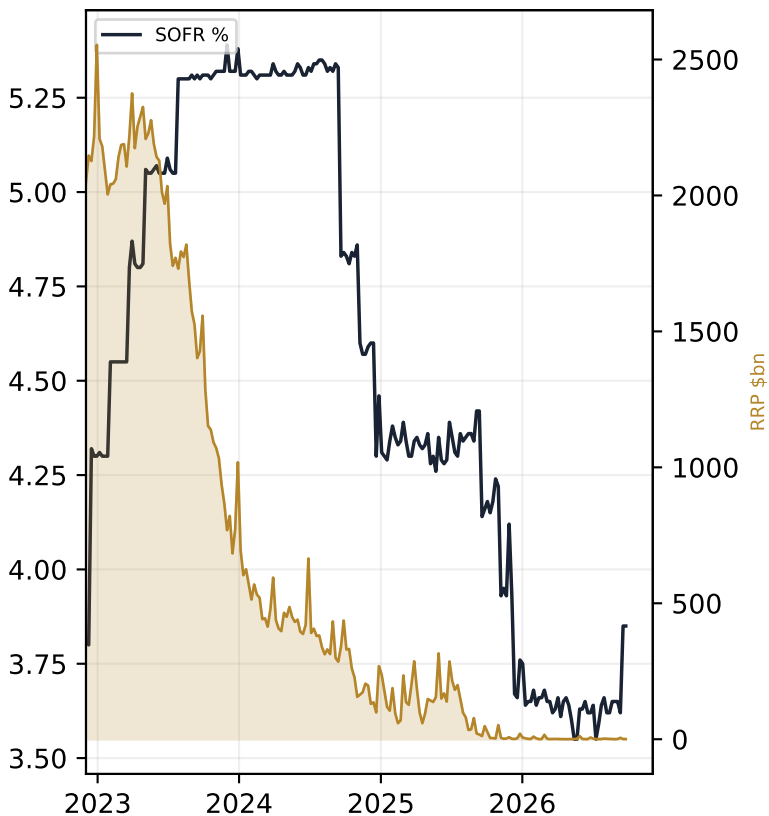
Central-bank liquidity (indexed = 100, 5y)



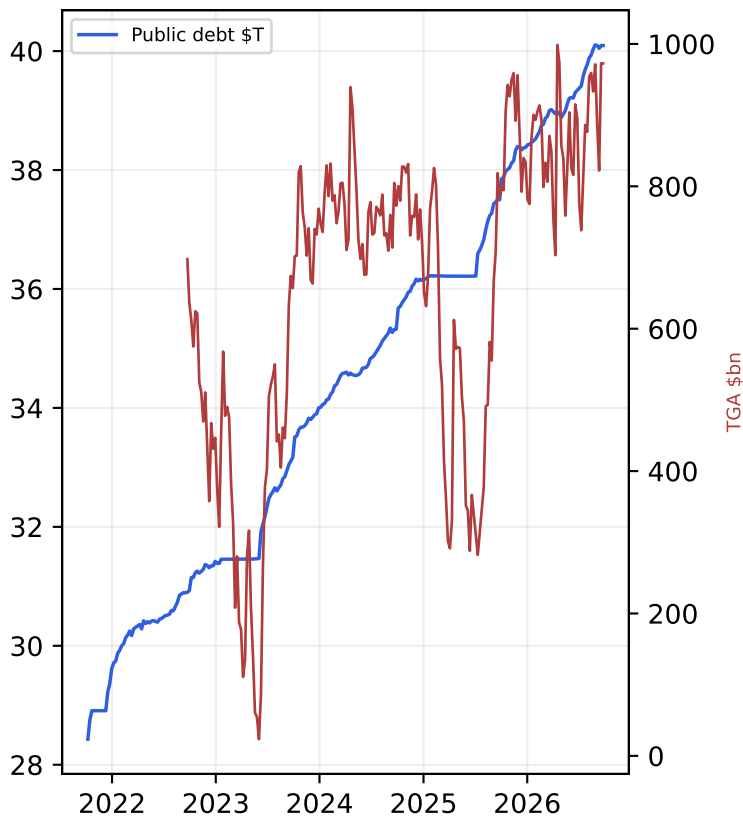
Global 10-year sovereign yields (%)



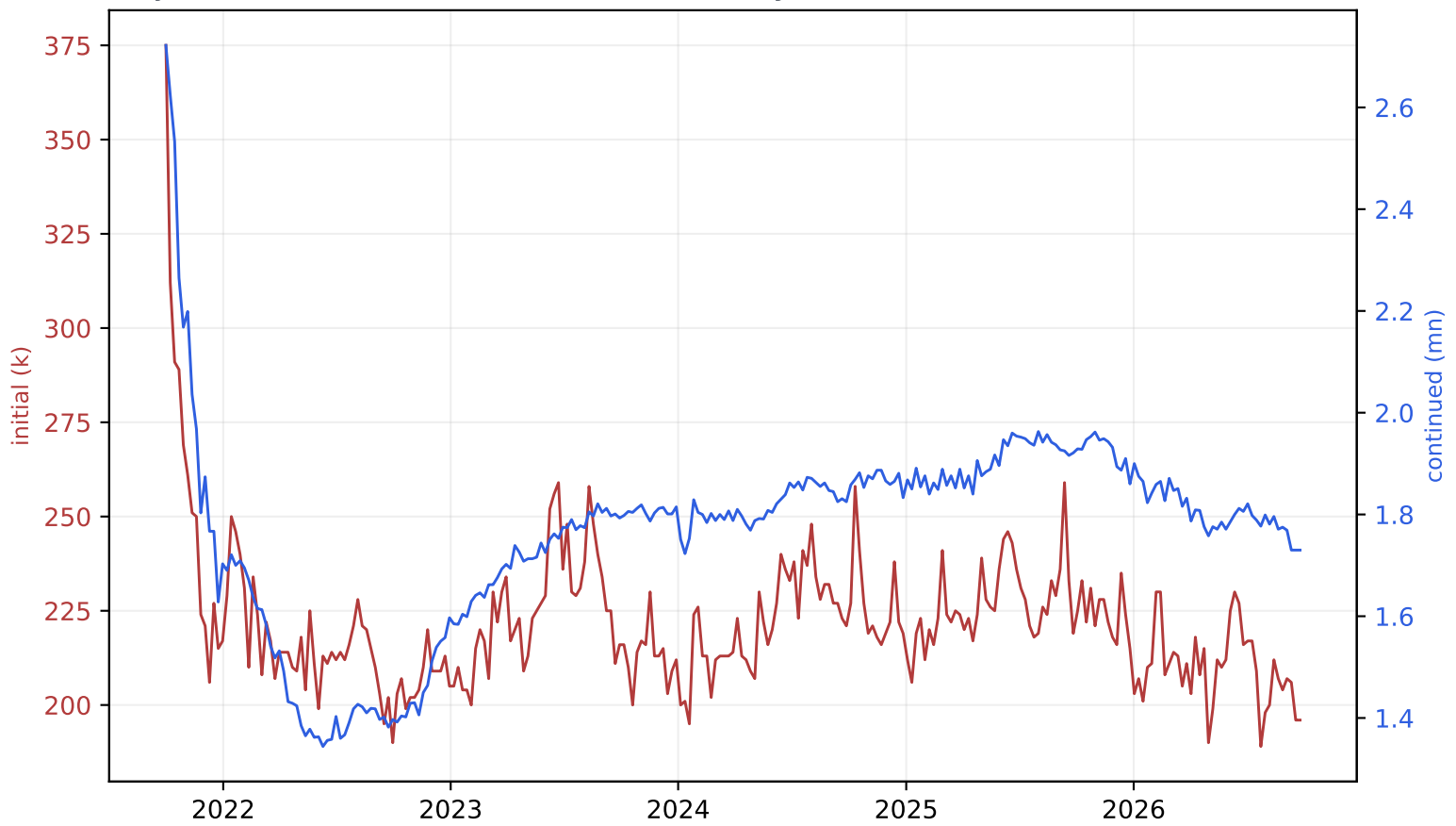
Funding: SOFR rate & RRP usage



US fiscal: public debt & TGA



US jobless claims — initial 196k (2th %ile of 10y), continued 1.73mn

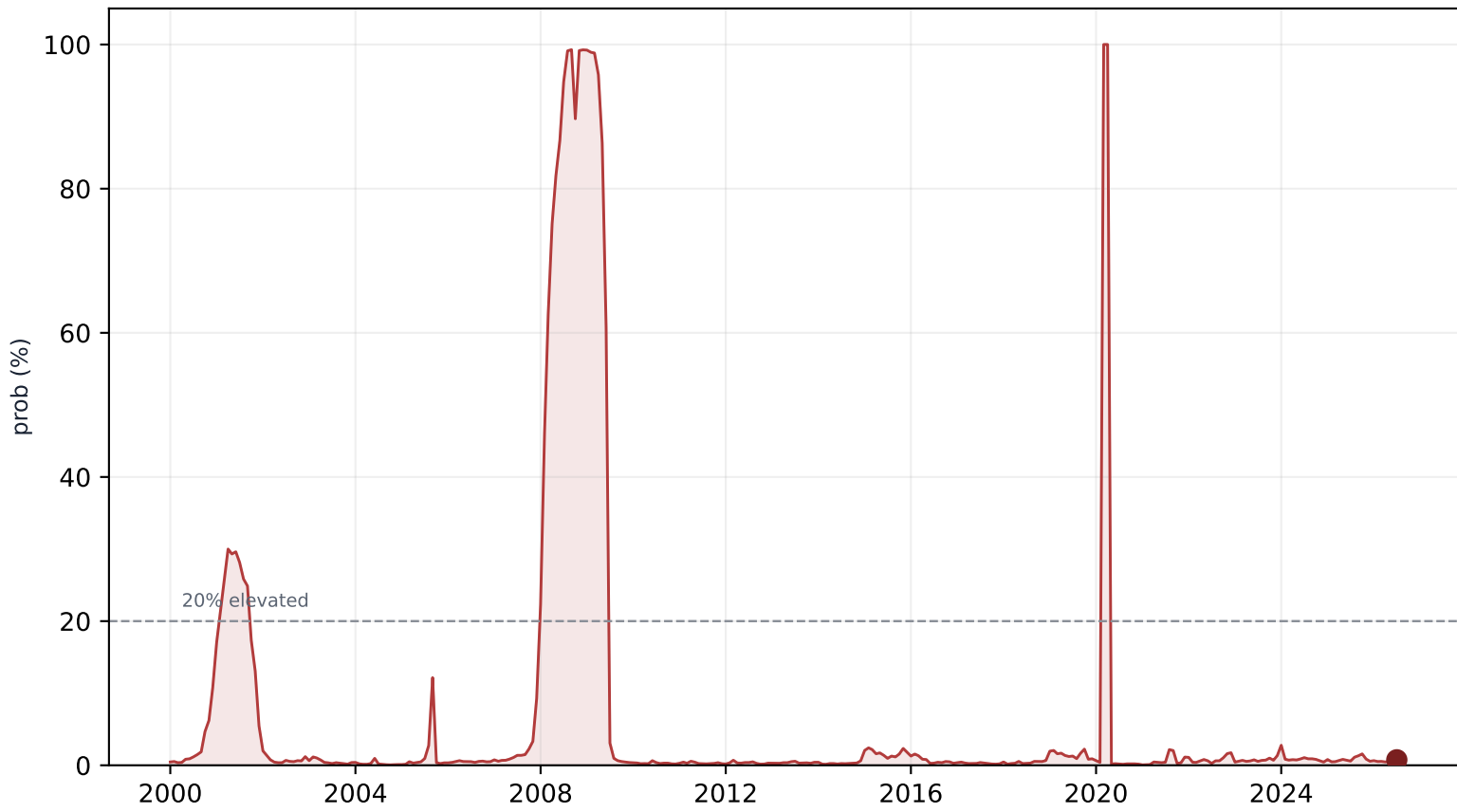


Weekly Economic Index (GDP-growth nowcast): +3.1% (~2% = trend)

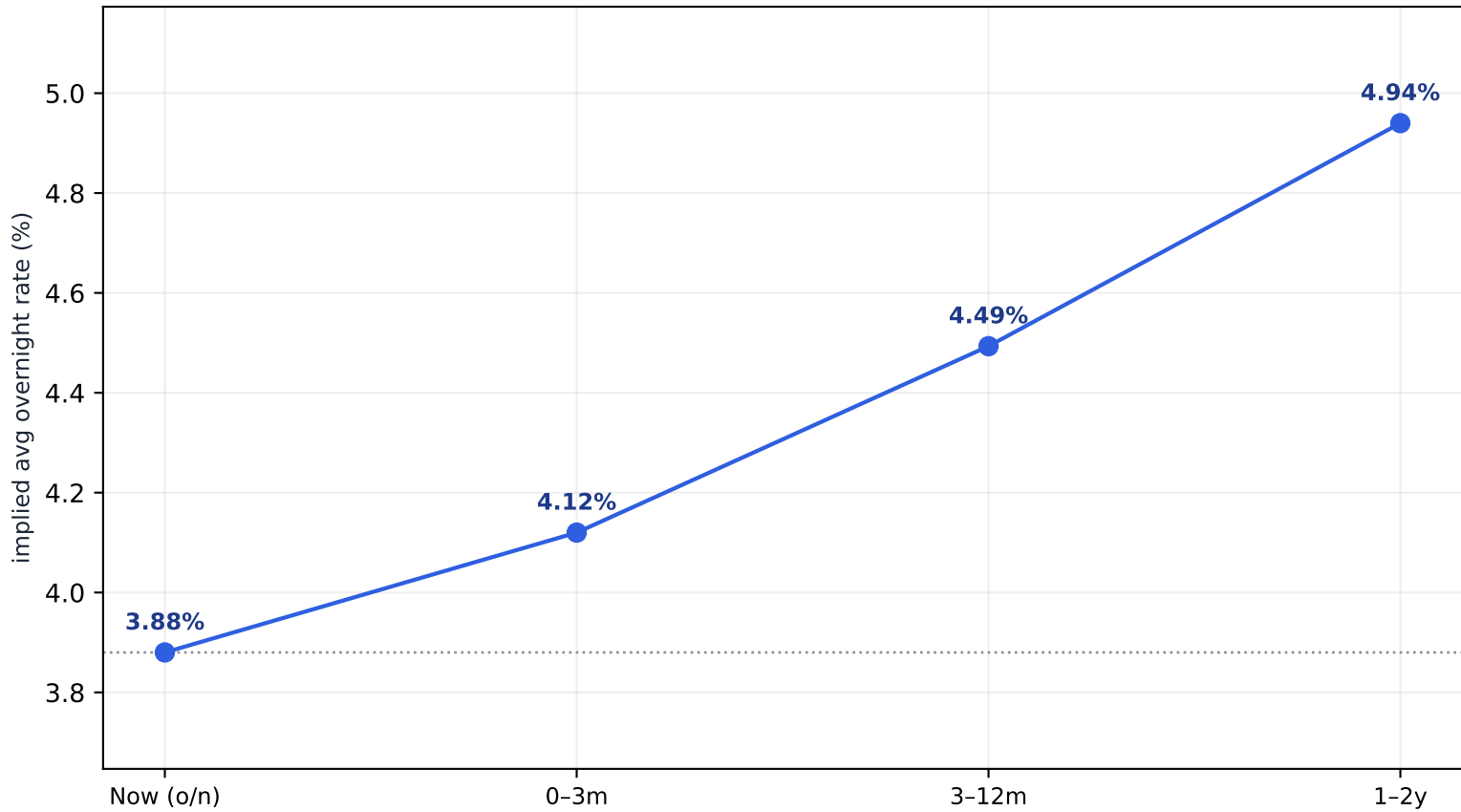


Initial claims — the timeliest US labour-market read; a sustained rise above ~260k historically flags rising recession risk. The Weekly Economic Index (Lewi

US recession probability (FRED smoothed): 0.8% now · 12m max 1.6% · Sahm -0.07

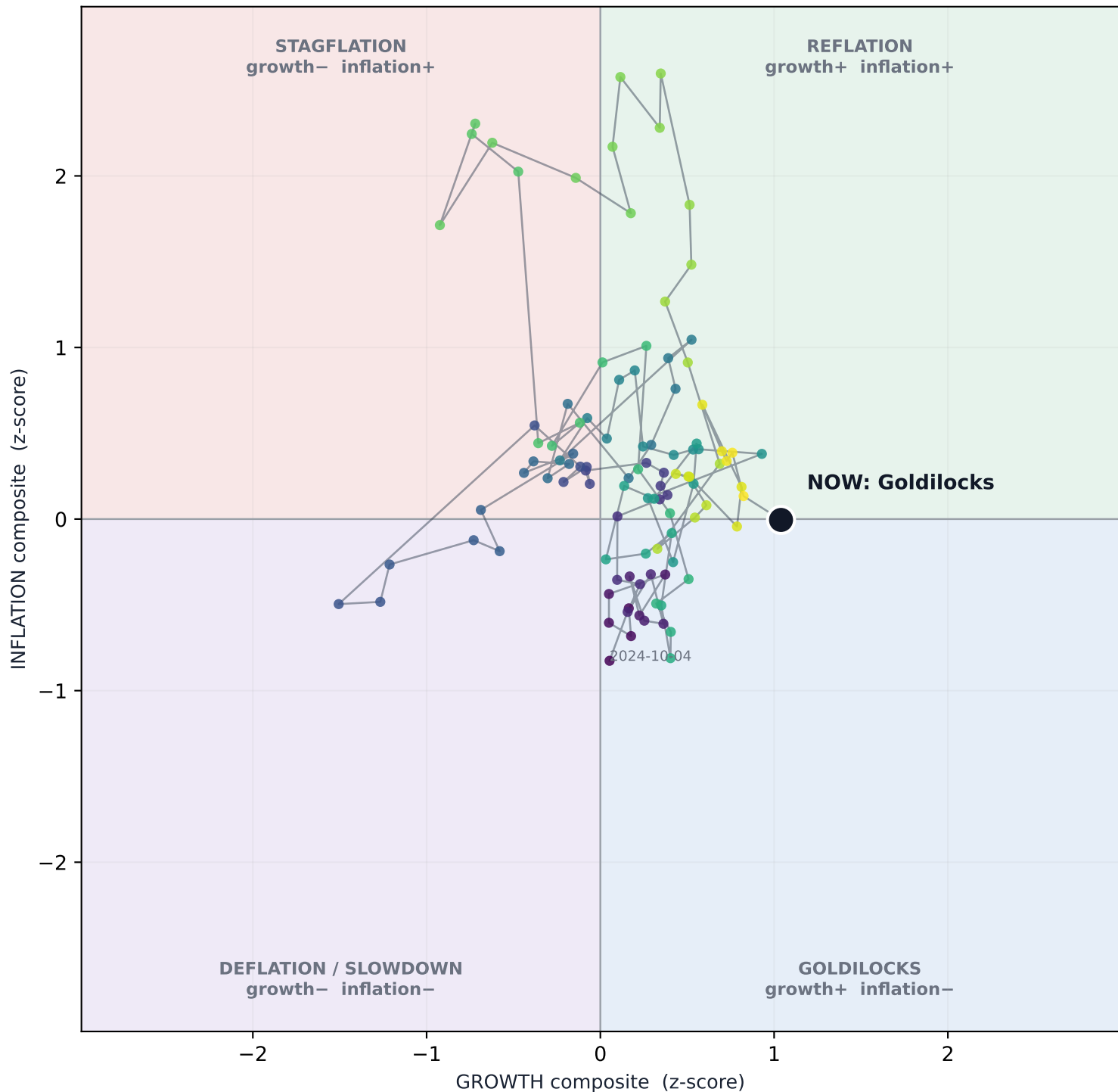


Market-implied policy path (Treasury fwd curve): ~2.1 hikes to 1y



10Y-3M curve +0.87pp (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.



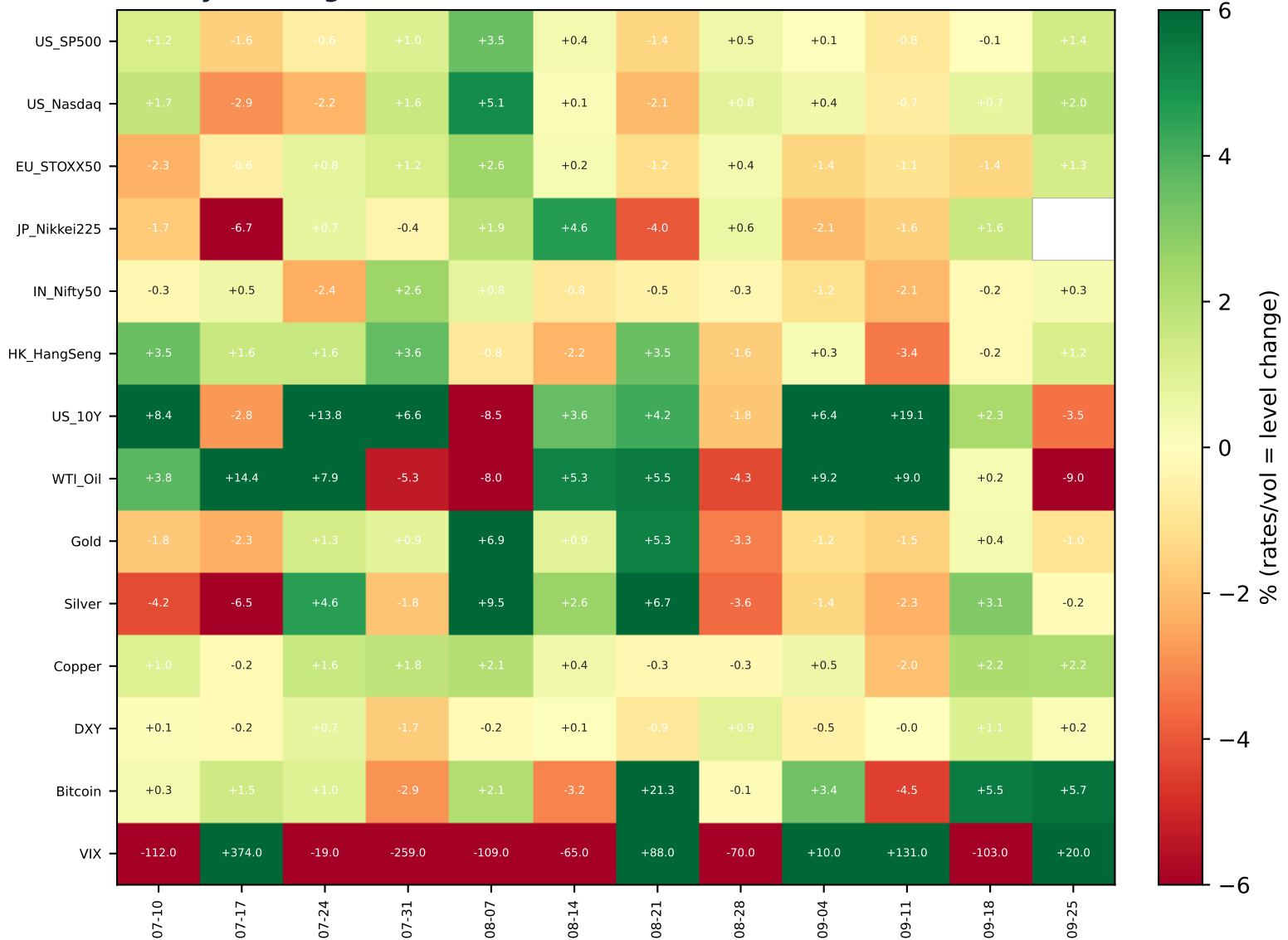
PART II

Cross-Asset Structure

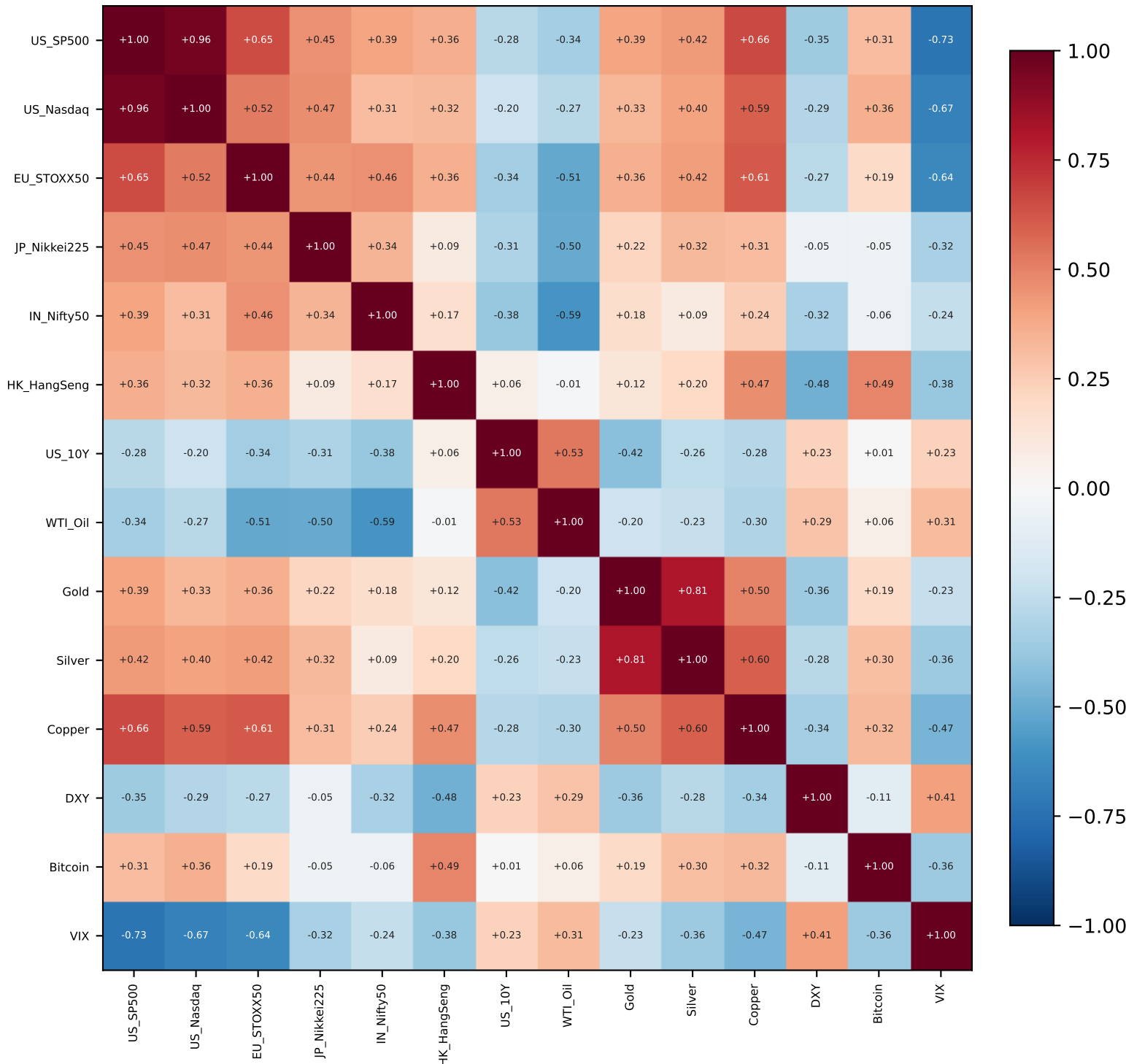
How the markets are moving together — the factor structure, systemic co-movement, directional lead-lag and relative value.

- 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

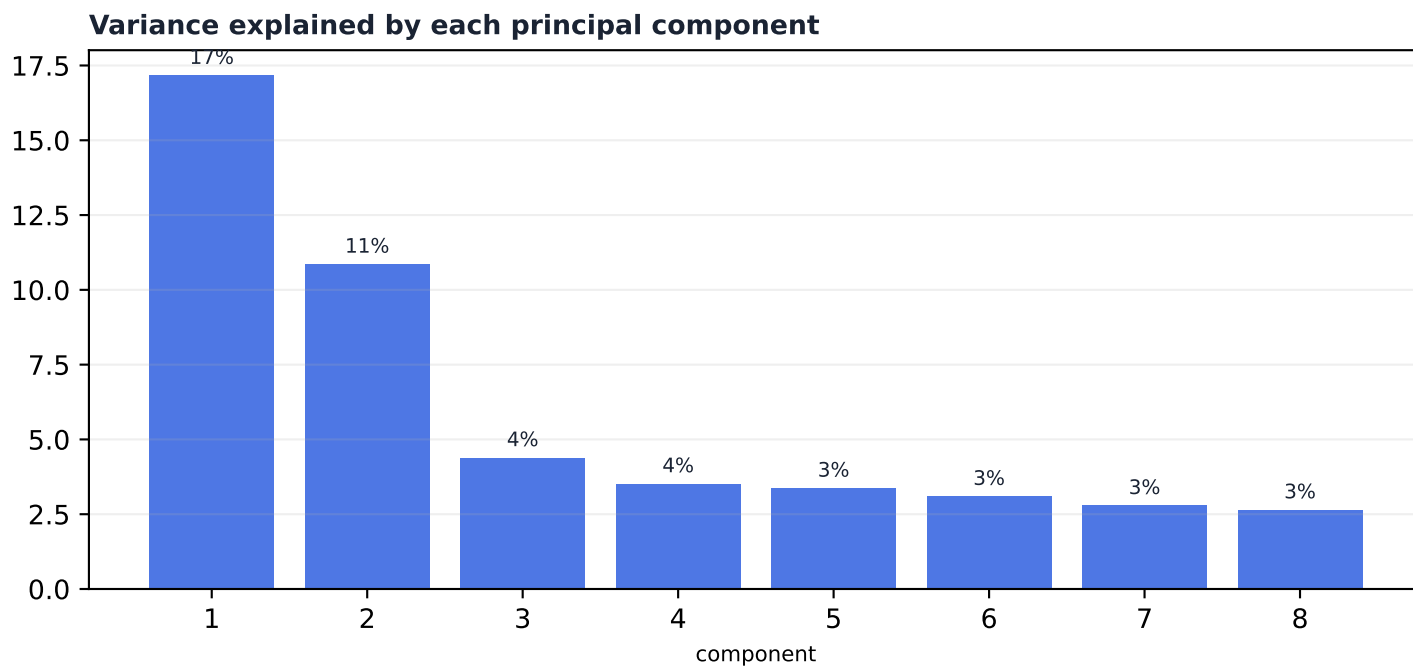


52-week correlation of weekly moves



CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 197 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

17.2% of variance (cum 17%) · marker corr +0.76

+ US_HighYield +0.15, EM_USD_Bonds +0.15, US_SP500_EqualWeight +0.15, US_Russell2000 +0.14, CA_TSX +0.14
- US_HY_eff_yield -0.15, VIX3M -0.13, VXN -0.12, VIX -0.12, US_HY_OAS -0.11

PC2 — Rates (10Y yield)

10.8% of variance (cum 28%) · marker corr +0.80

+ US_5Y +0.17, 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, US_Tsy_20Y+ -0.16, EM_corp_OAS -0.16, US_Aggregate -0.15, US_HY_OAS -0.13

PC3 — US dollar (inverse)

4.4% of variance (cum 32%) · marker corr -0.28

+ GR_10Y +0.31, FR_10Y +0.30, ES_10Y +0.30, PT_10Y +0.30, NL_10Y +0.30
- UMich_Sentiment -0.20, Policy_Turkey -0.11, US_Energy -0.11, DXY -0.10, CPI_Argentina -0.09

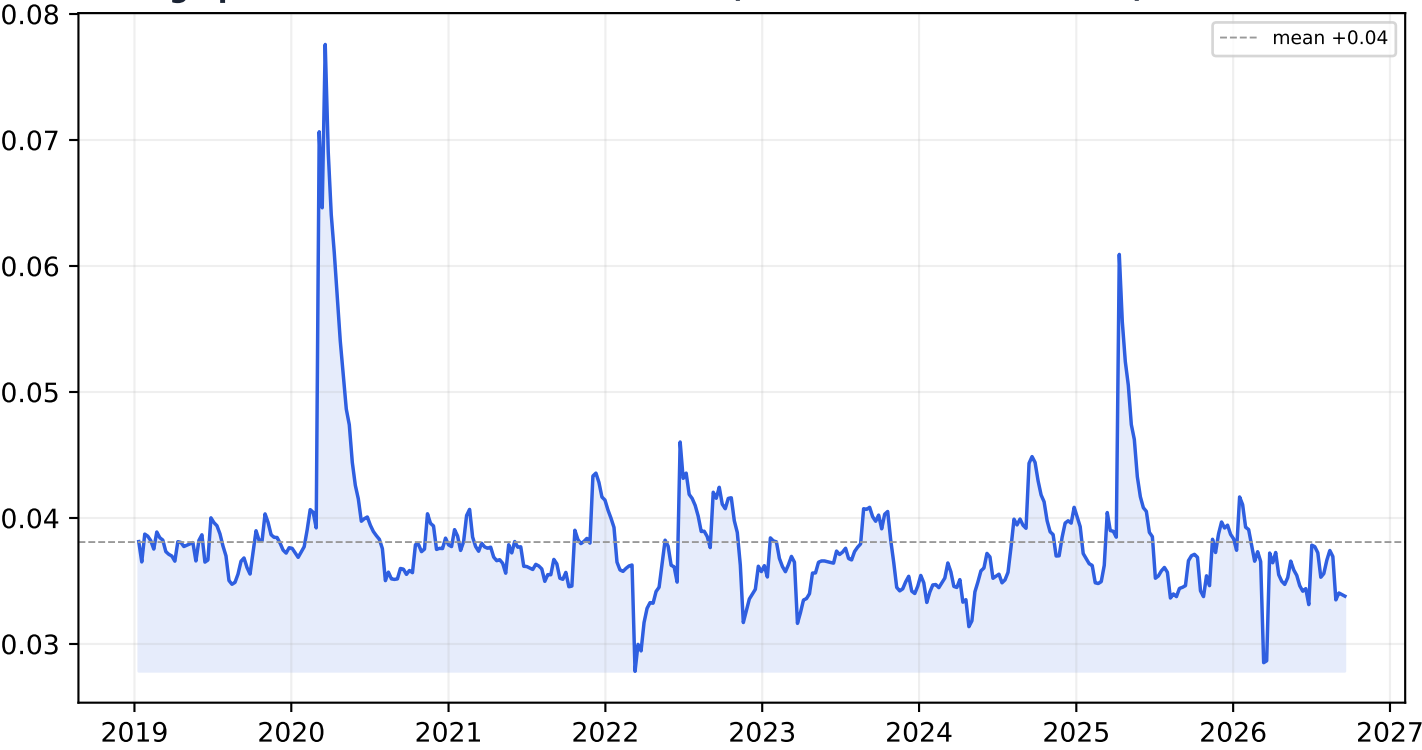
PC4 — US dollar

3.5% of variance (cum 36%) · marker corr +0.53

+ DXY +0.20, US_GDP_Bn +0.16, Policy_Brazil +0.15, USDJPY +0.12, SOFR_volume +0.12
- Policy_Mexico -0.21, Policy_EuroArea -0.20, Policy_US -0.19, EURUSD -0.19, AUDUSD -0.16

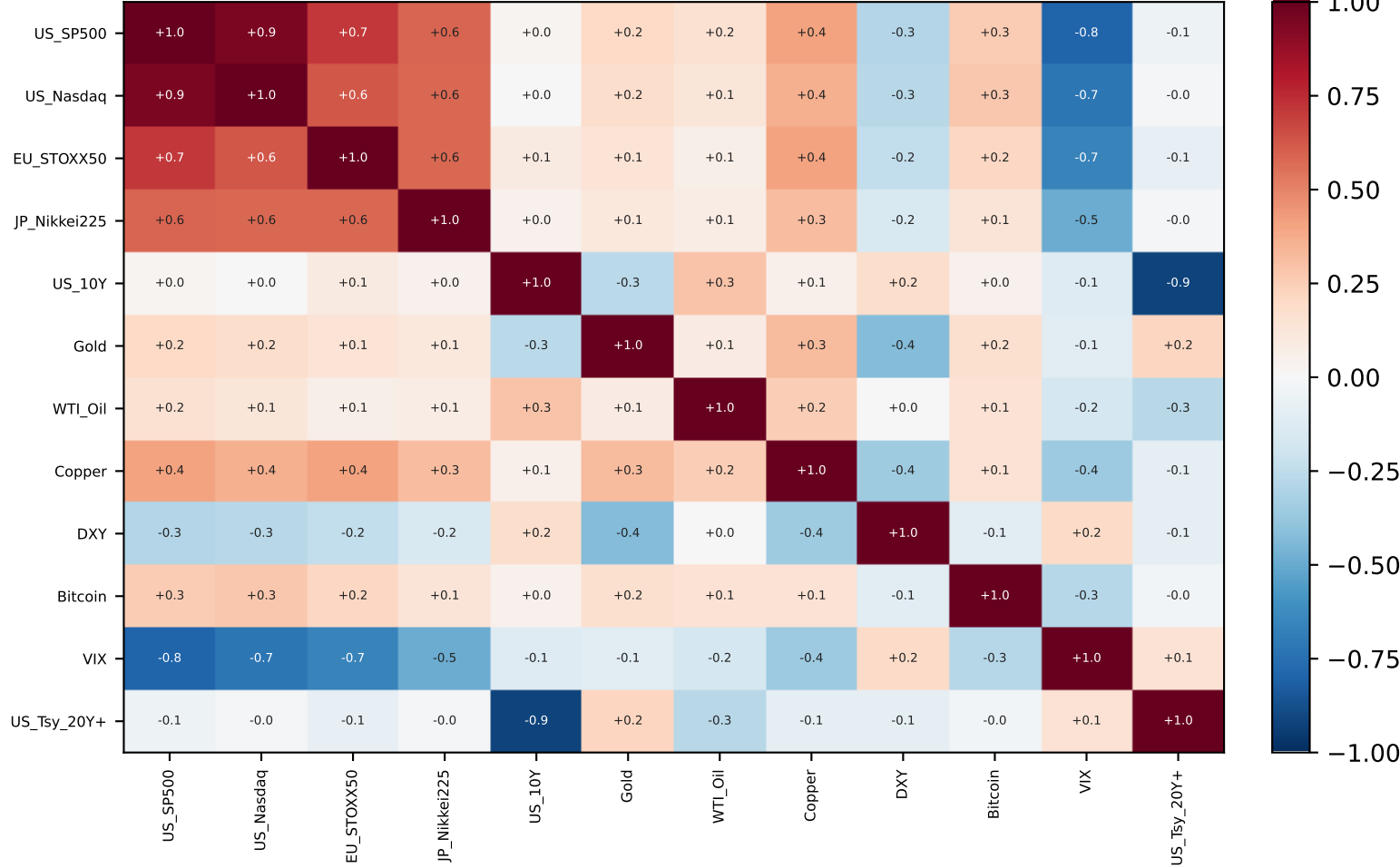
Principal components are the uncorrelated factors that explain the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin. Each factor is named by its strongest correlation with a marker instrument.

Average pairwise conditional correlation (multivariate DCC-GARCH)



N=12 assets · persistence 0.8388 · rising = diversification failing in real time · now +0.03

Latest conditional-correlation matrix



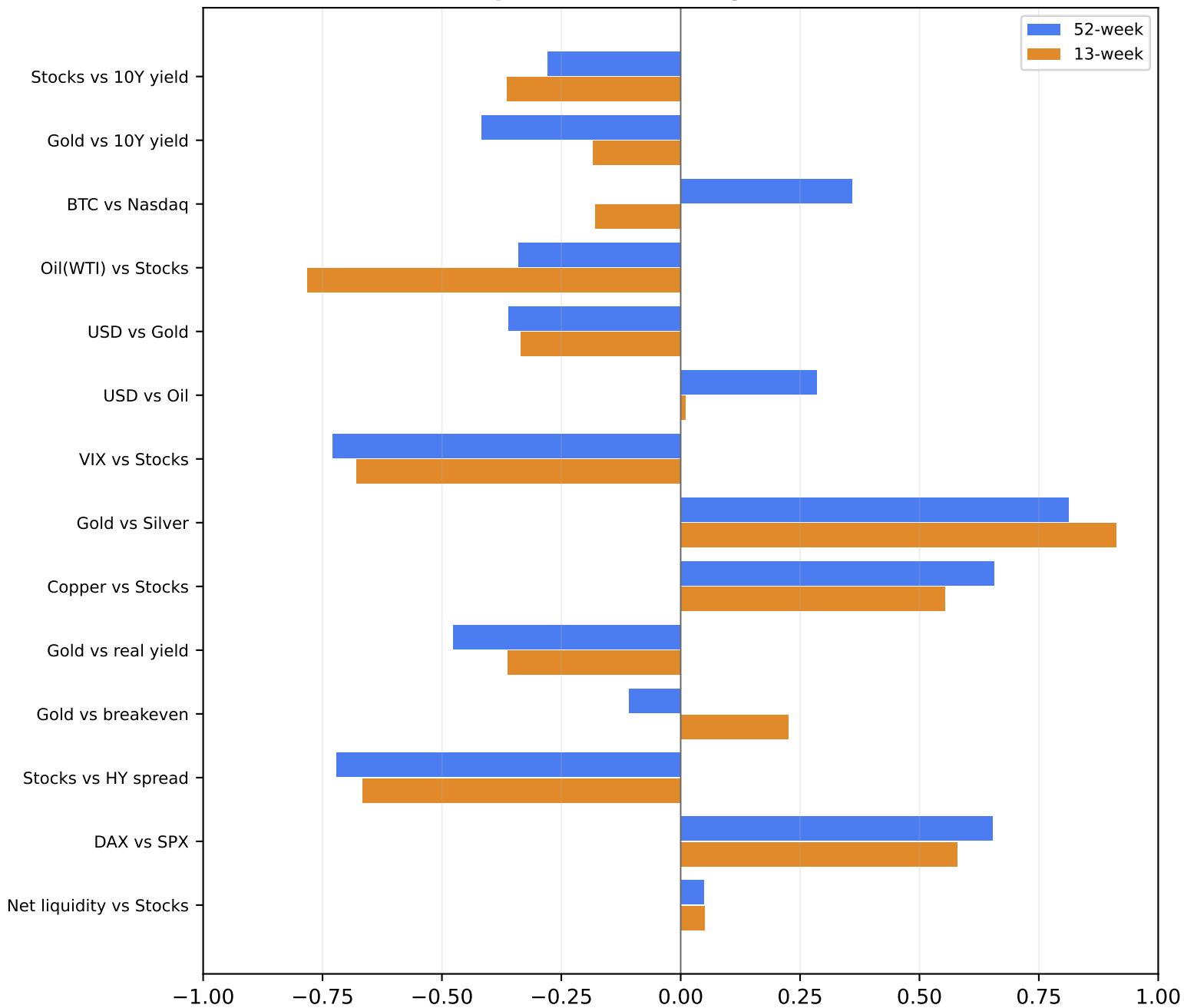
DCC-GARCH conditional correlation: S&P 500 vs US 10Y yield



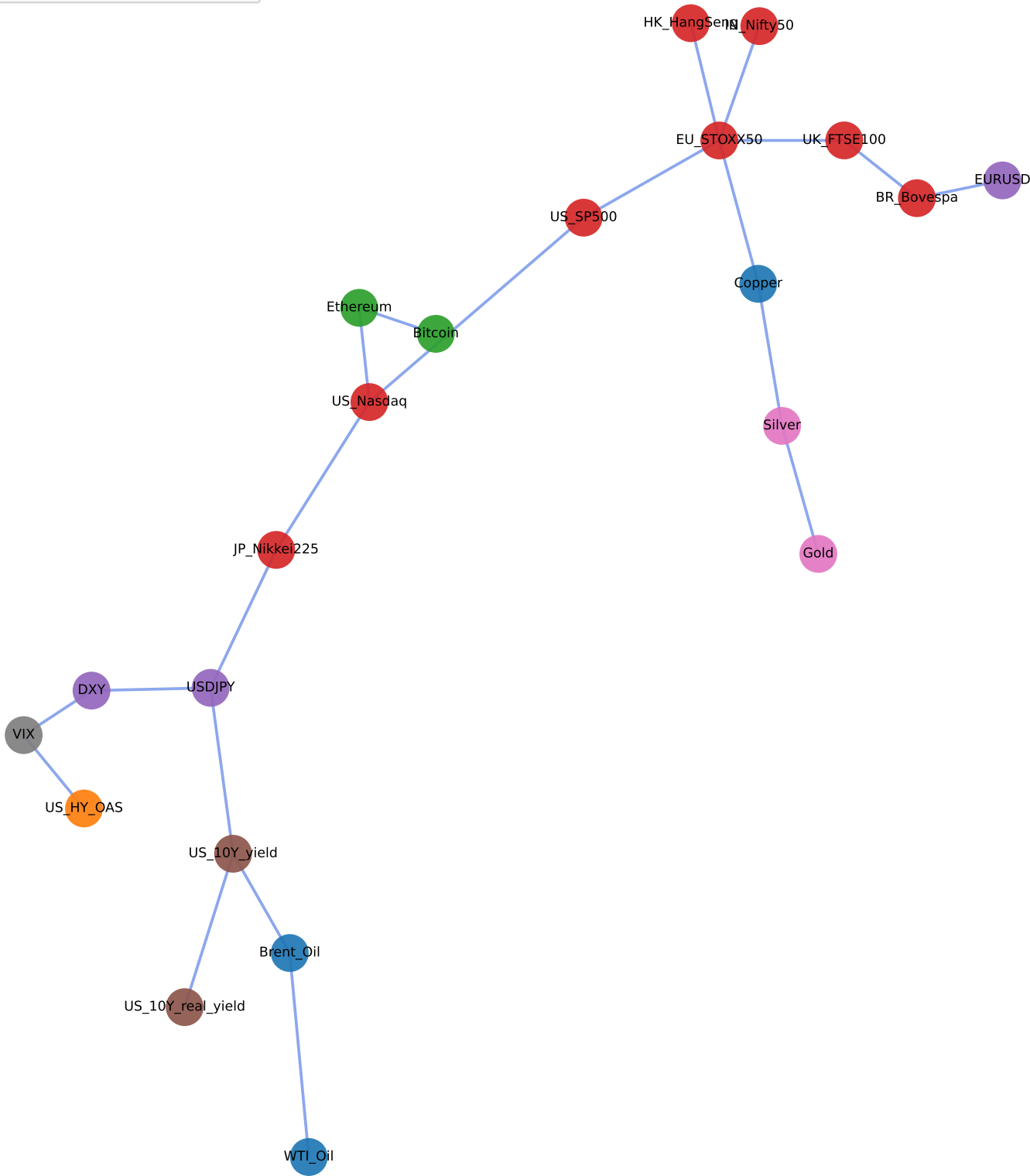
S&P 500 (log) with Markov-switching regime shading



Cross-asset relationship watch-list (rolling correlation)

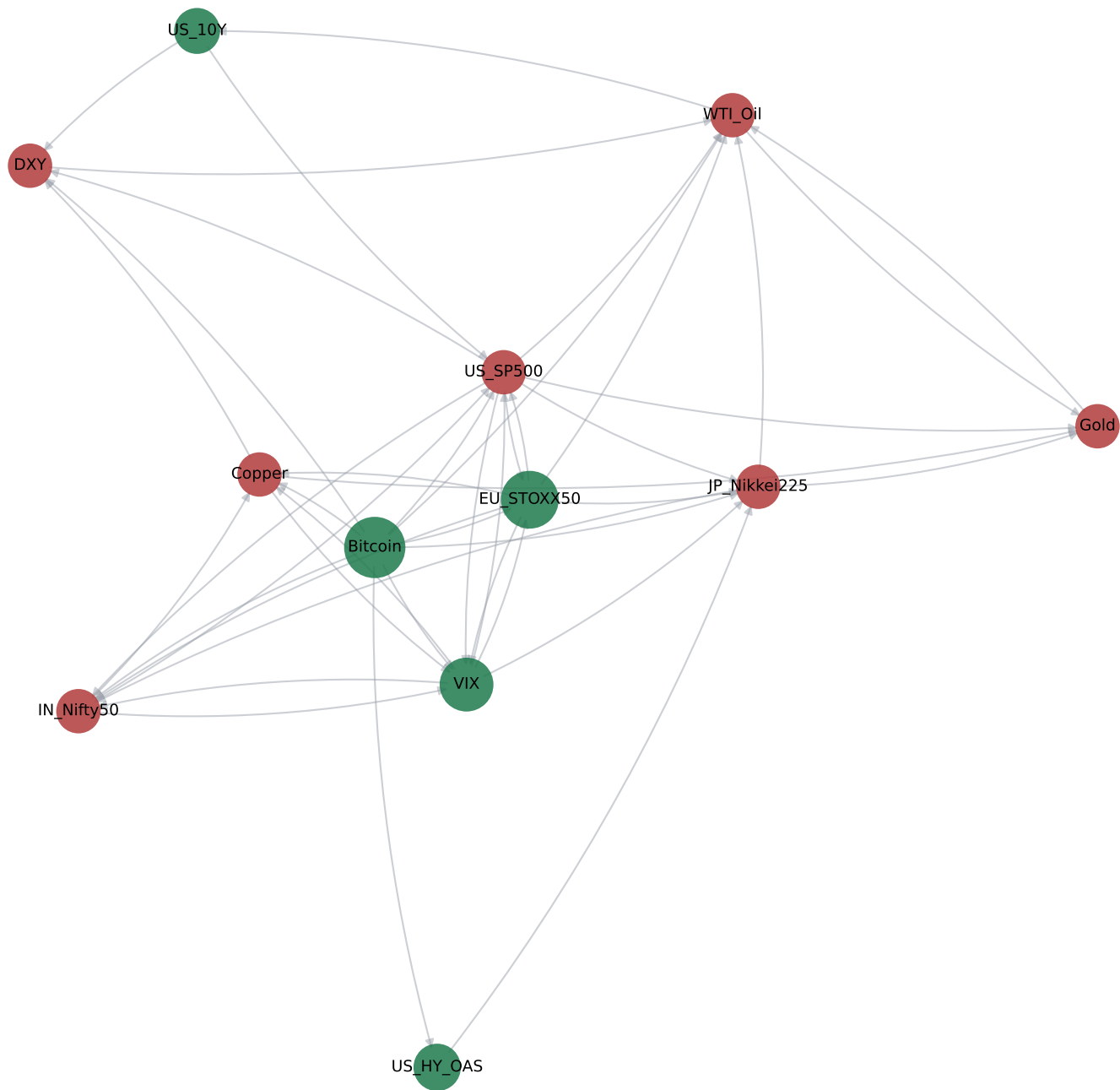


Cross-asset correlation network - minimum spanning tree (3y)



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

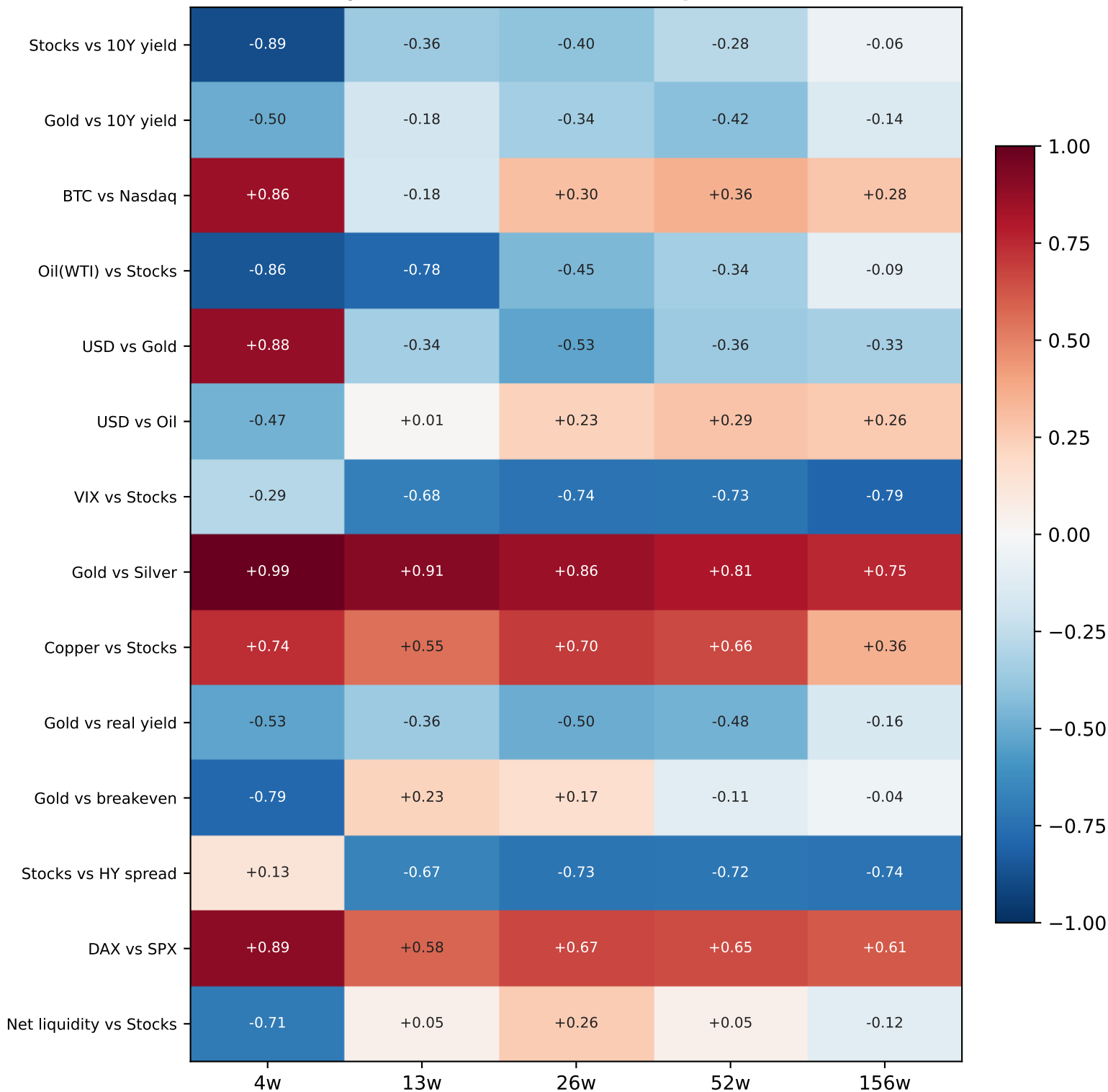
Directional lead-lag — Granger causality network



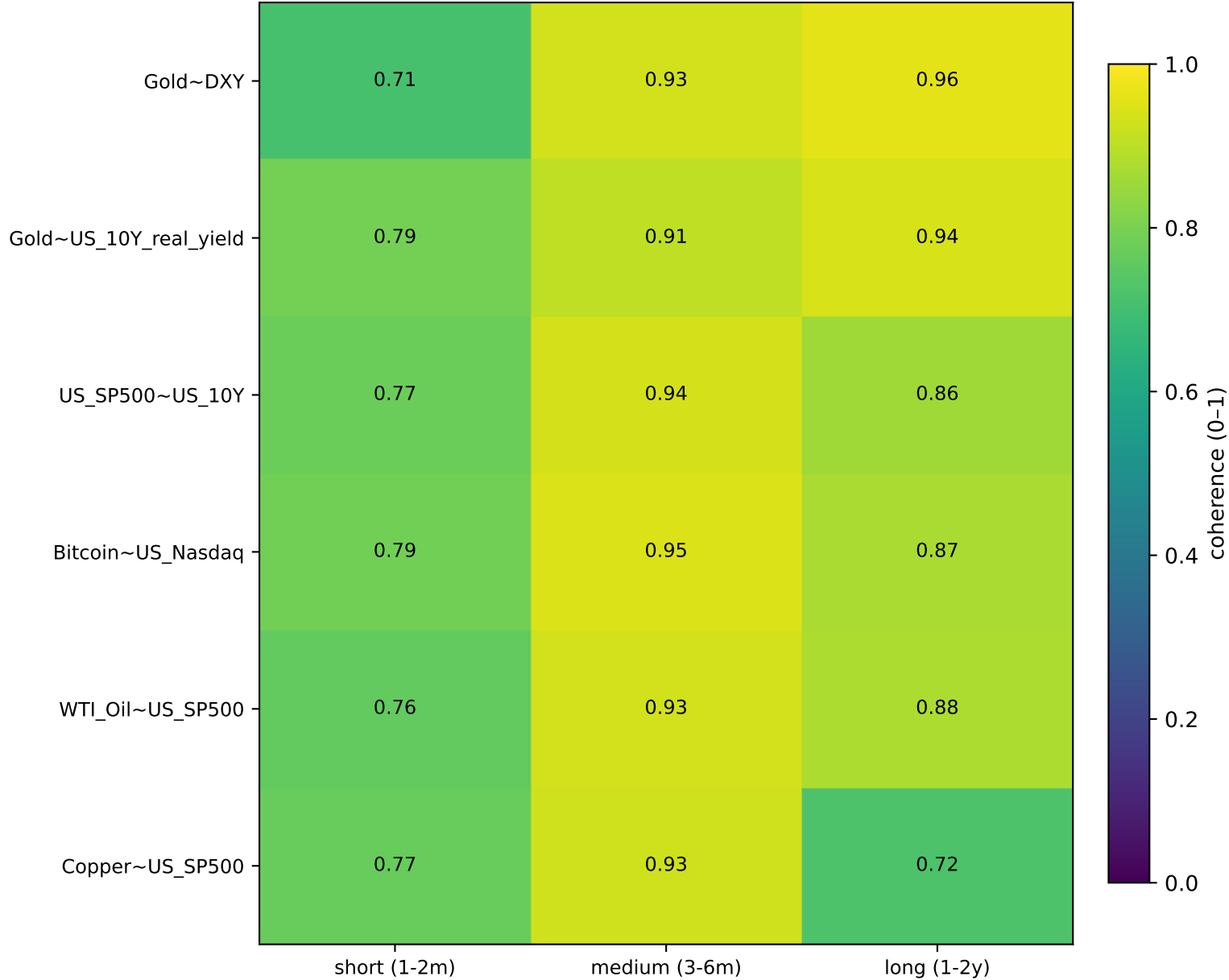
arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

LEADERS: Bitcoin +0.08, EU_STOXX50 +0.06, VIX +0.04, US_HY_OAS +0.01, US_10Y +0.01
FOLLOWERS: JP_Nikkei225 -0.08, US_SP500 -0.04, Gold -0.02, Copper -0.02, IN_Nifty50 -0.02

Correlation by horizon - is the relationship structural or short-term?



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	0.967	0.62	168w	+1.94
Copper vs Gold	no	0.121	1.73	11w	-0.99
Gold vs Silver	no	0.259	1.19	14w	+0.92
Gold vs Platinum	no	0.291	0.70	15w	+0.64
BTC vs ETH	yes	0.050	0.46	16w	-0.37
WTI vs Brent	no	0.190	0.97	1w	-0.35
VIX vs VIX3M	yes	0.036	0.84	2w	+0.27
US10Y vs Germany10Y	no	0.077	1.00	5w	-0.25
HY vs IG spread	yes	0.000	0.30	2w	+0.19
EURUSD vs GBPUSD	no	0.130	0.94	8w	+0.15
Stocks vs LongBonds	no	0.279	-0.45	23w	-0.06
S&P vs Nasdaq	yes	0.007	1.24	11w	+0.03

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

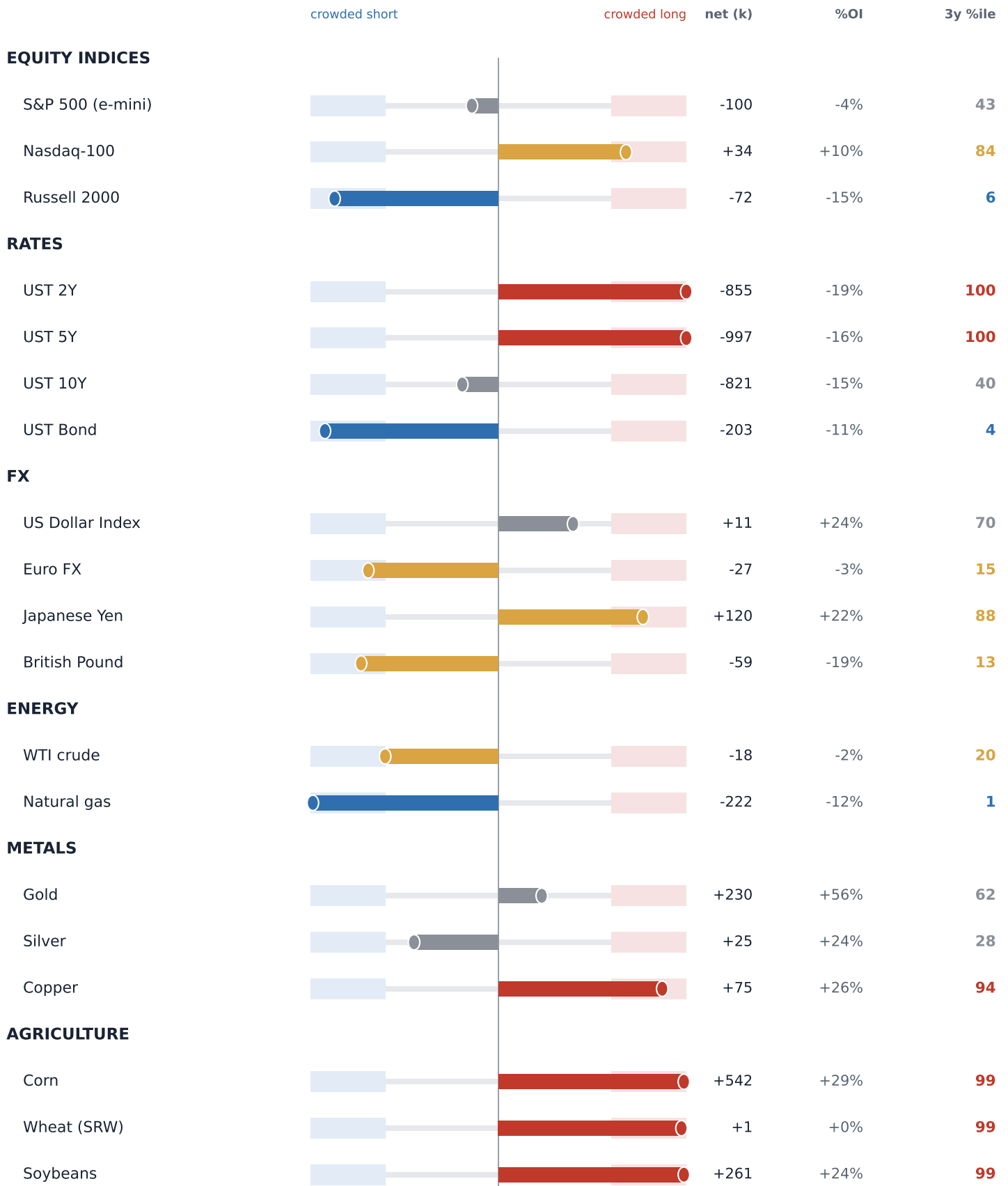
Positioning, Flows & Sentiment

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 = 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 $\geq$ 80th (crowded long $\rightarrow$ vulnerable to a wash-out), blue $\leq$ 20th (crowded short $\rightarrow$ squeeze-higher risk). Dot = current; bar measured from the 50th

MARKET SENTIMENT

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

34

FEAR

0 = extreme fear · 100 = extreme greed

31

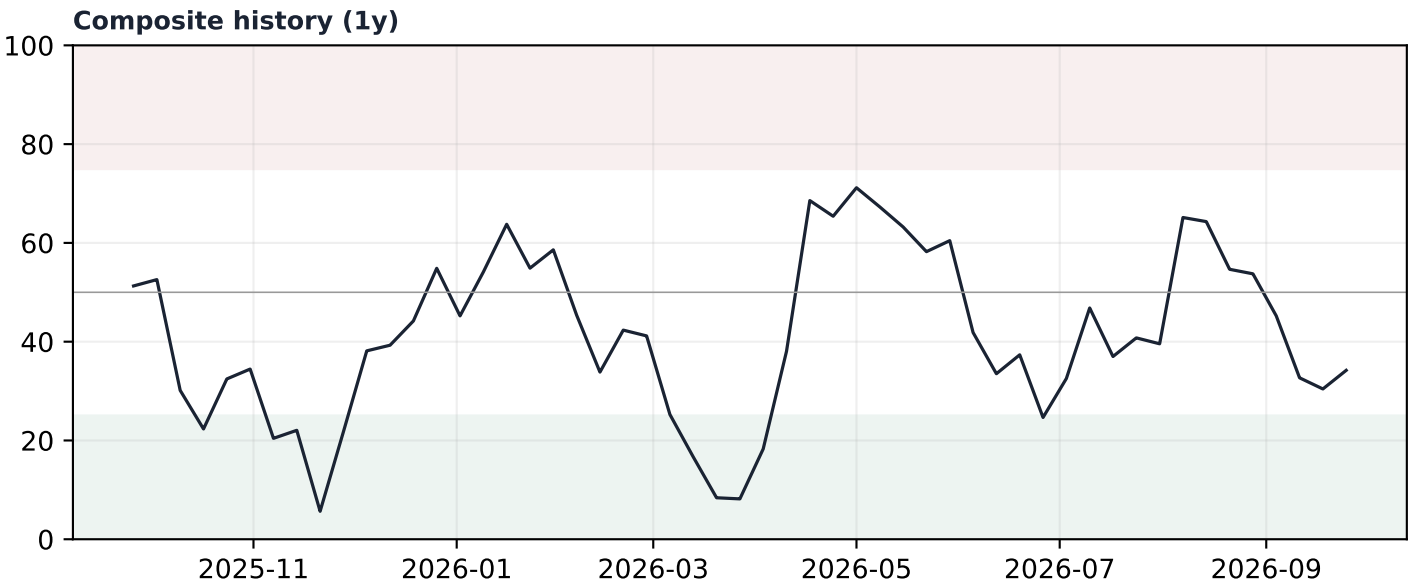
1 week ago

55

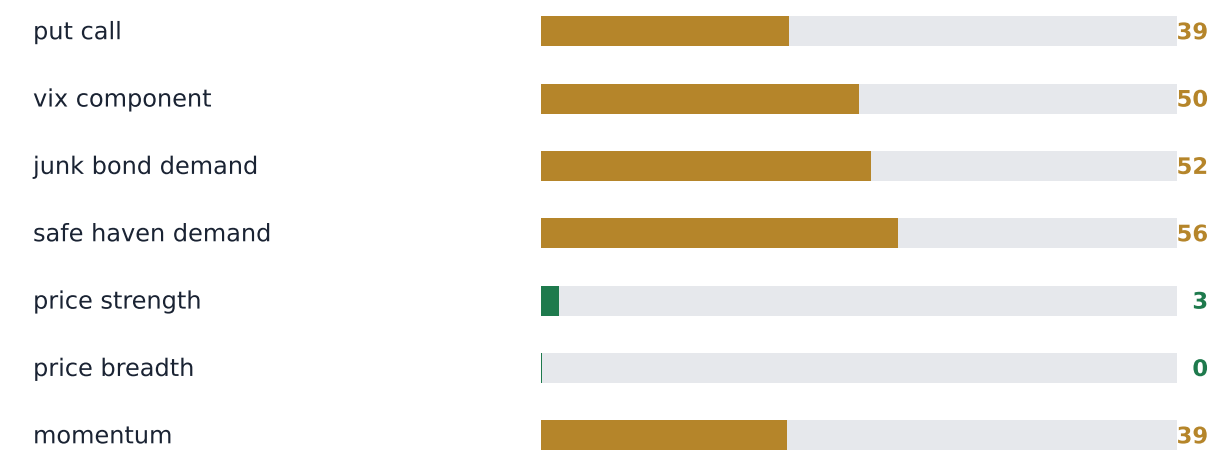
1 month ago

66

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

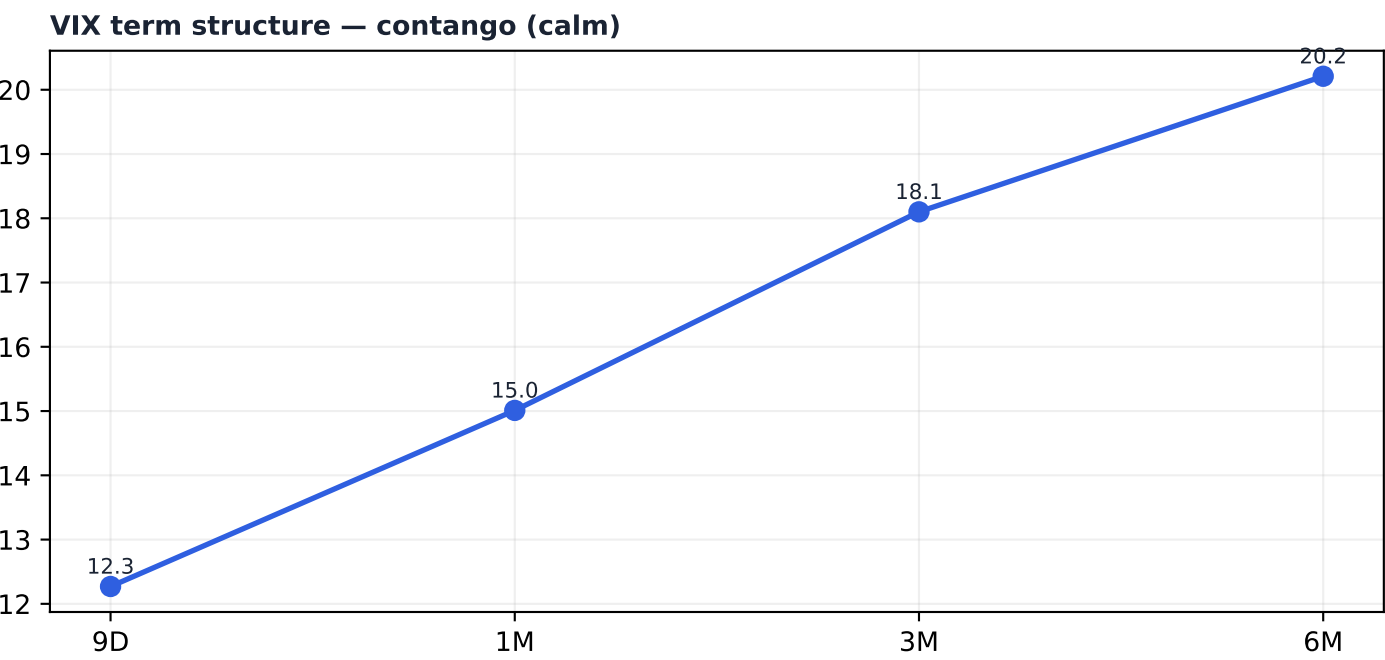
Volatility

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



VOL RISK PREMIUM

+9.3 pts

VIX 15.0 — realised 5.7
positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

148

73th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	81	25th
Oil vol (OVX)	51	82th
Gold vol (GVZ)	24	83th
Vol-of-vol (VVIX)	86	22th

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.



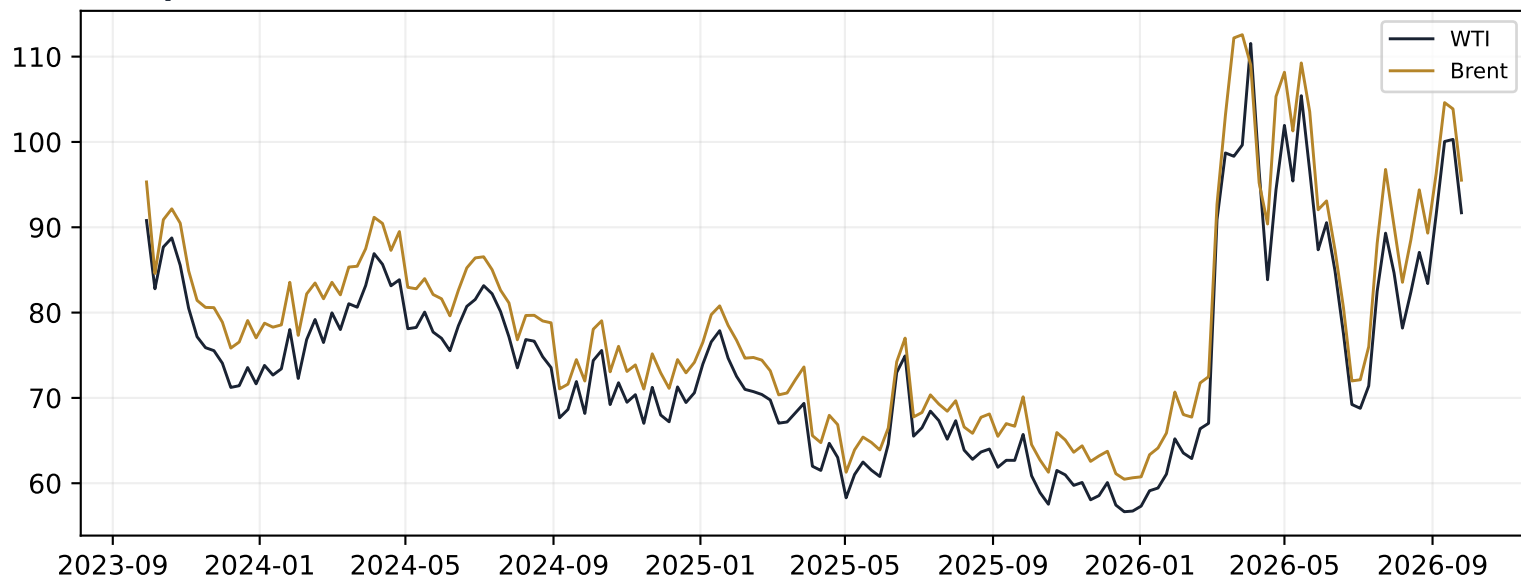
PART V

Asset Deep-Dives

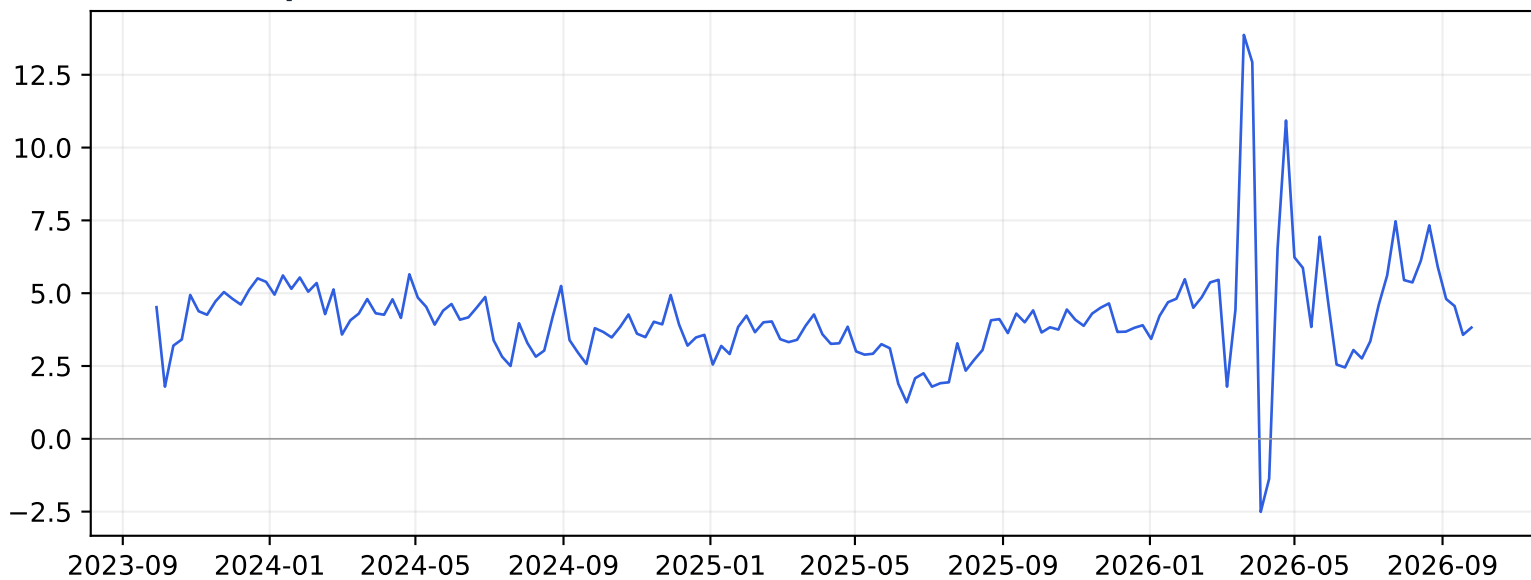
Instrument-level detail across the major asset classes.

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

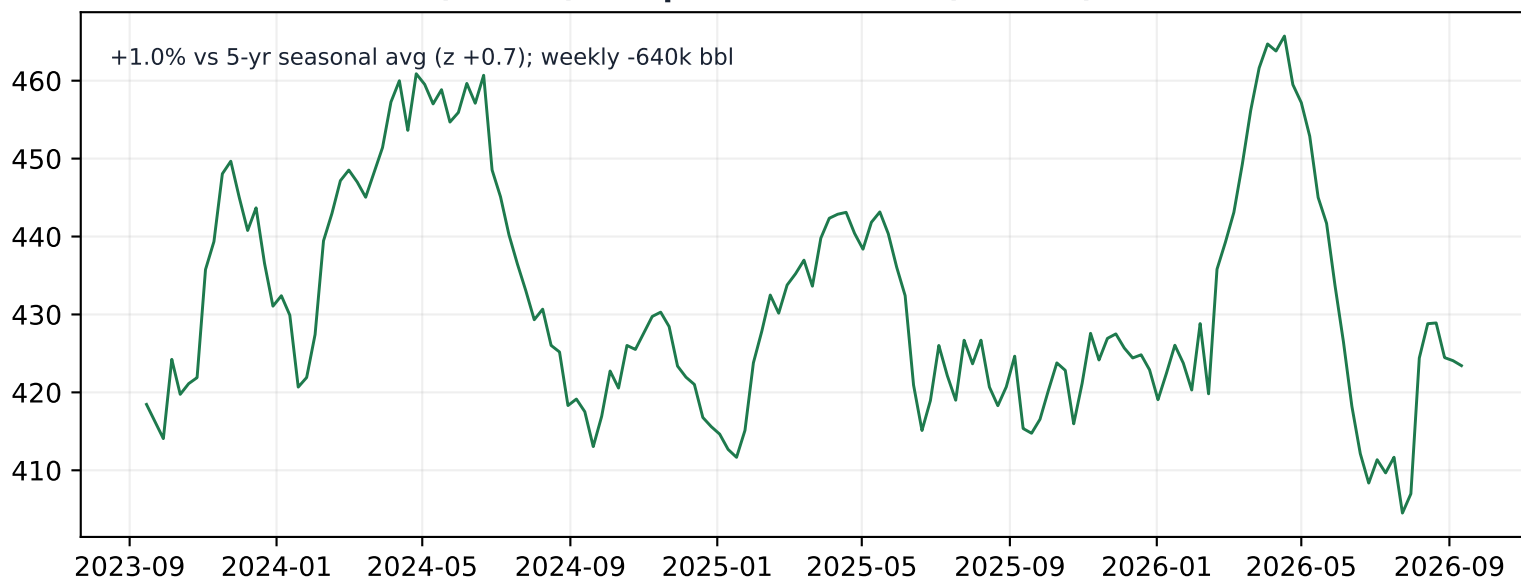
OIL special - WTI \$91.70 (wk -9.0%, 13w +32.5%)



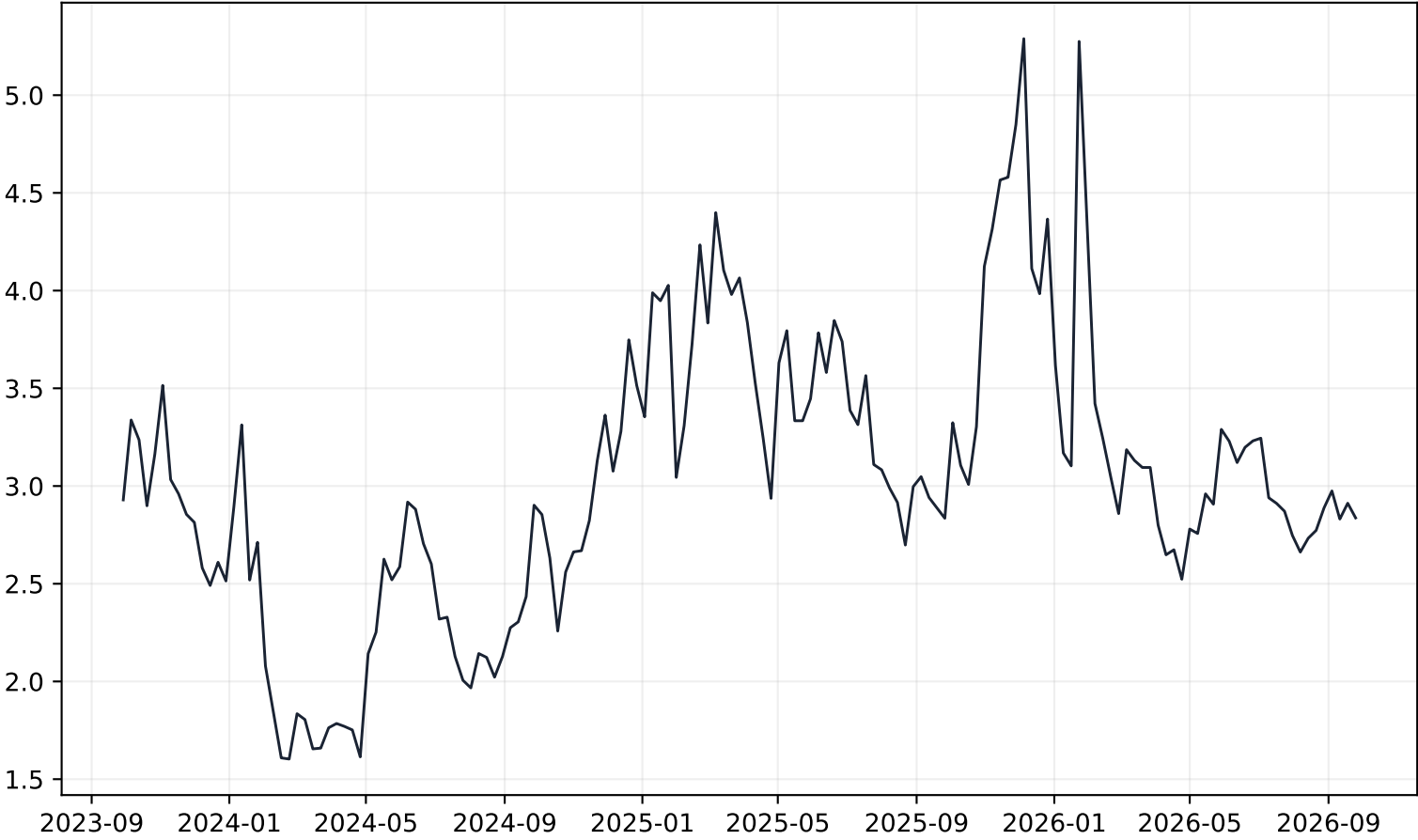
Brent-WTI spread (now +3.82)



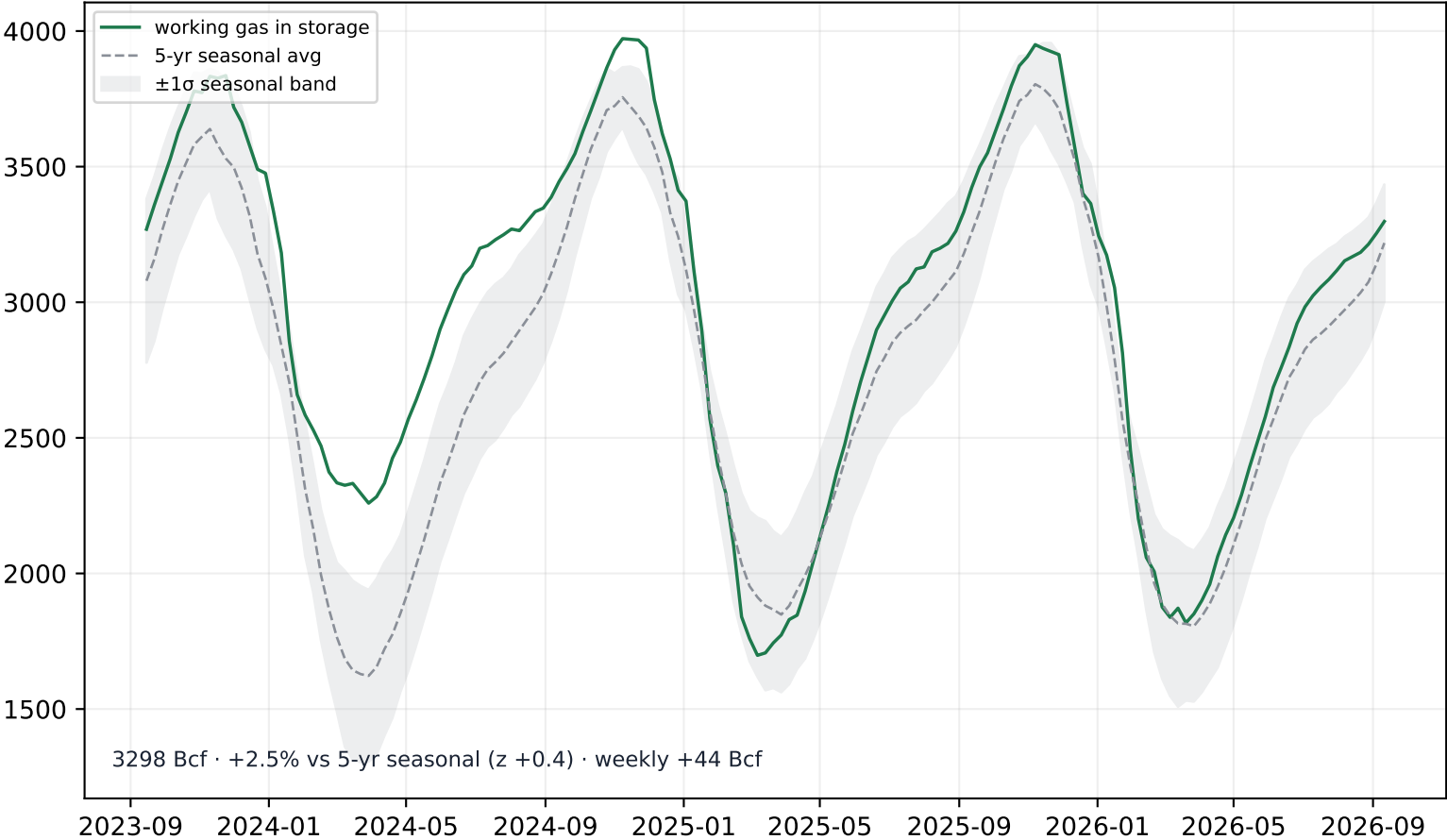
US crude inventories (mn bbl) - surplus vs seasonal (bearish)



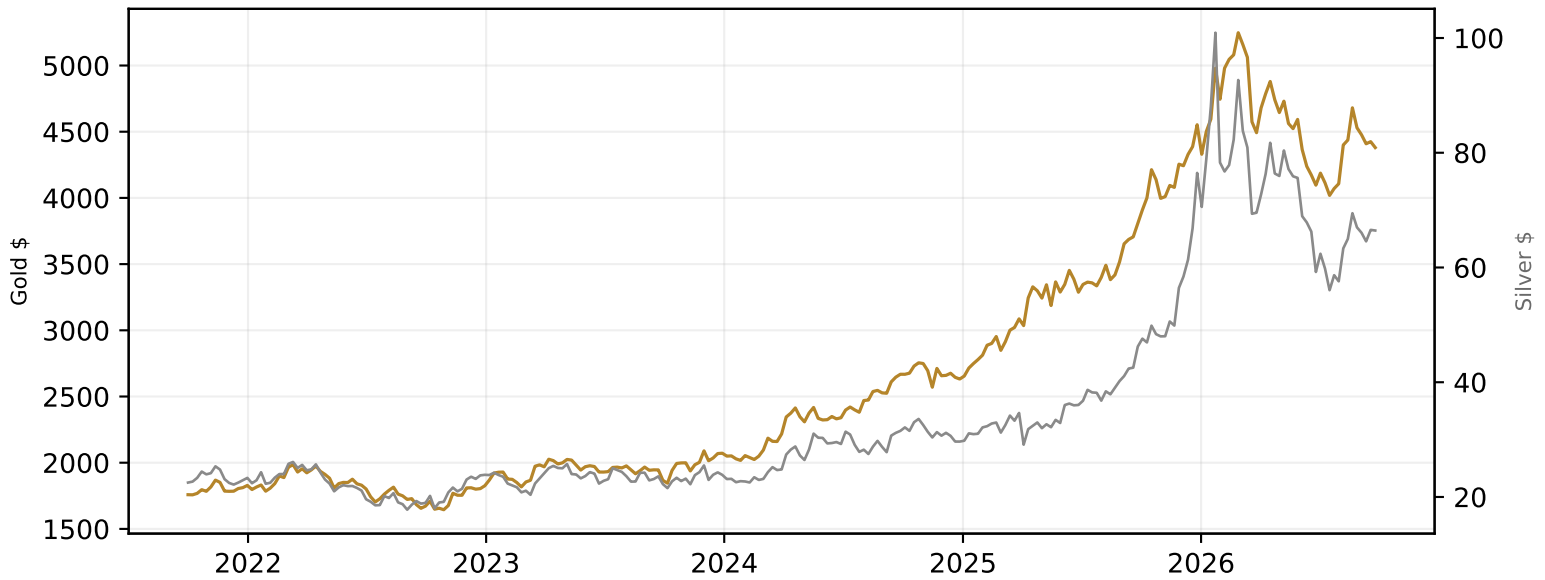
Natural gas (Henry Hub, \$/MMBtu) — \$2.84 (wk -2.6%, 13w -12.2%)



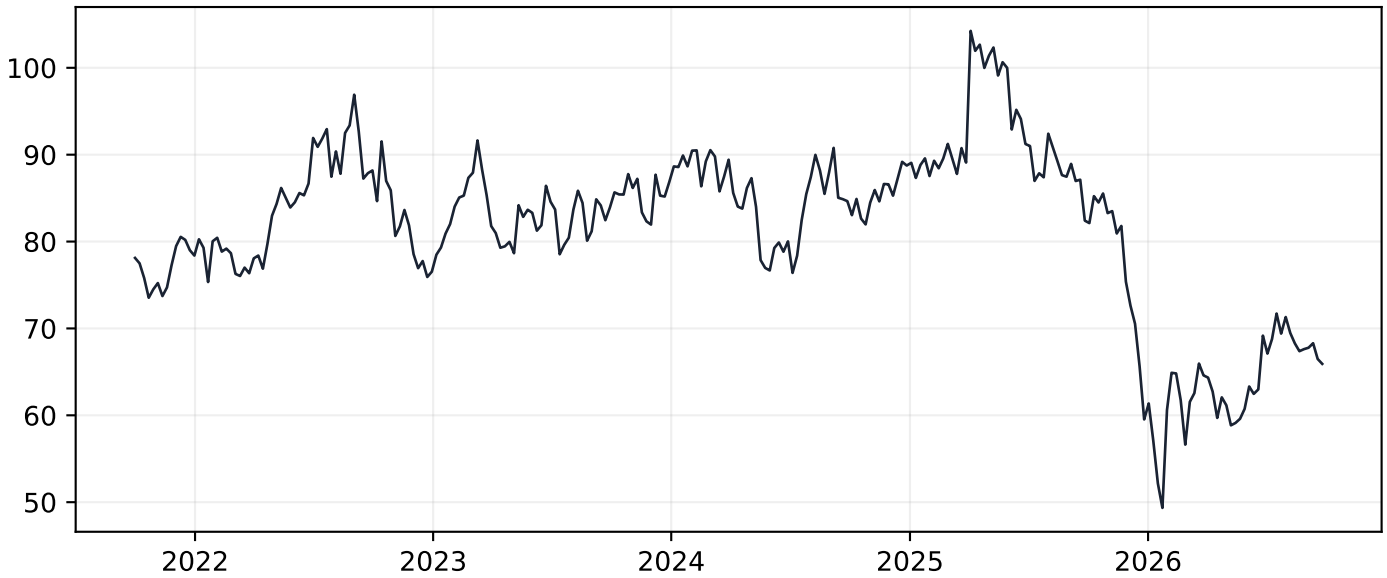
US working-gas storage (Bcf) — neutral vs seasonal



GOLD/SILVER special - Gold \$4380 (L) & Silver \$66.44 (R)



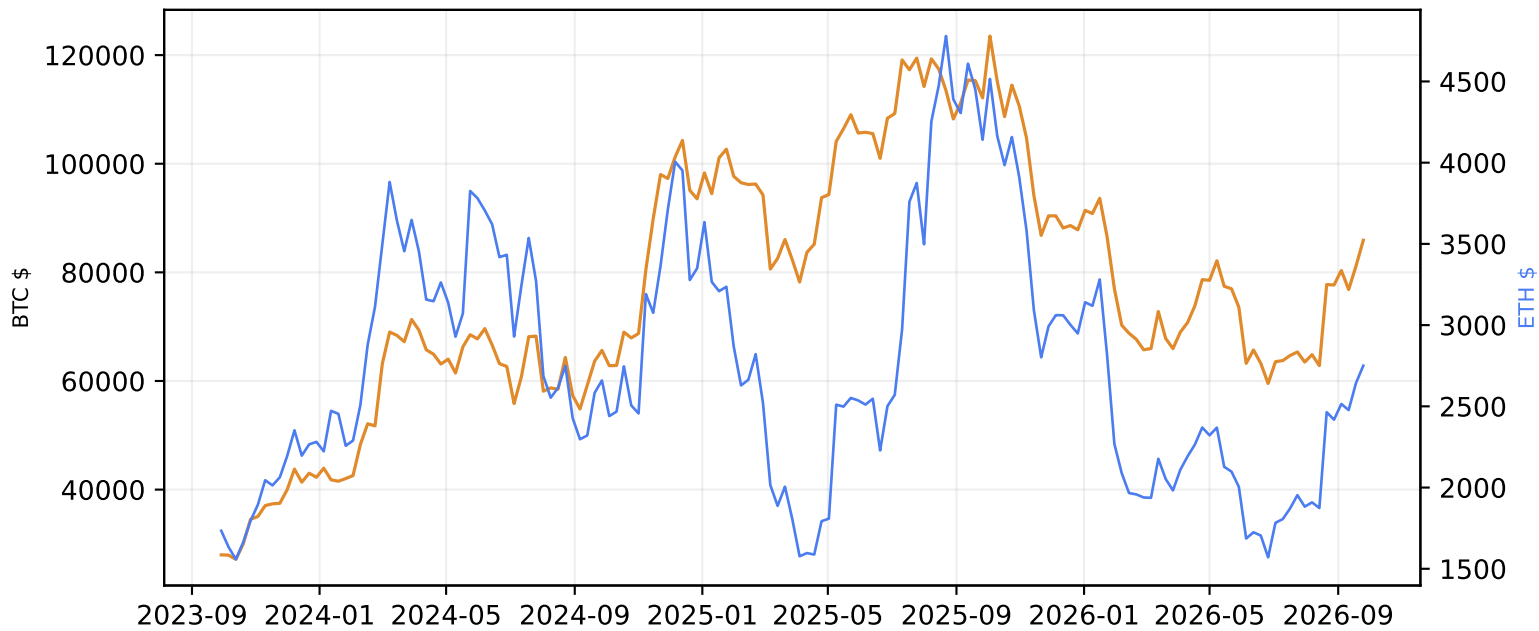
Gold/Silver ratio (now 65.9, 10th pctile of 5y)



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



CRYPTO special - BTC \$85,907 (L) & ETH \$2,750 (R)



ETH/BTC ratio (now 0.0320)



MARKET STRUCTURE (current)

Total mcap \$2.92T BTC dominance 58.9% ETH dominance 11.5%

Stablecoin supply \$310B (+0.0% wk) DeFi TVL \$96B (+9.8% wk)

Crypto Fear & Greed: 70 (Greed), a week ago 57

MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	+6%	+22%	+17%	+1.00	+7%	-0%
US_Nasdaq	+7%	+29%	+20%	+1.00	+10%	0%
EU_STOXX50	+2%	+15%	+15%	+0.50	+4%	-3%
JP_Nikkei225	-9%	+22%	+44%	+0.00	+8%	-9%
IN_Nifty50	-3%	+3%	-5%	-0.50	-4%	-11%
HK_HangSeng	+10%	+0%	-4%	+0.00	-2%	-9%
Gold	+7%	-3%	+15%	+0.00	-4%	-17%
Silver	+12%	-4%	+44%	+0.00	-8%	-34%
WTI_Oil	+32%	-8%	+40%	+0.50	+11%	-18%
Copper	+10%	+24%	+43%	+1.00	+11%	0%
DXY	-1%	+0%	+2%	+0.50	+1%	-1%
Bitcoin	+44%	+30%	-23%	+0.50	+17%	-30%

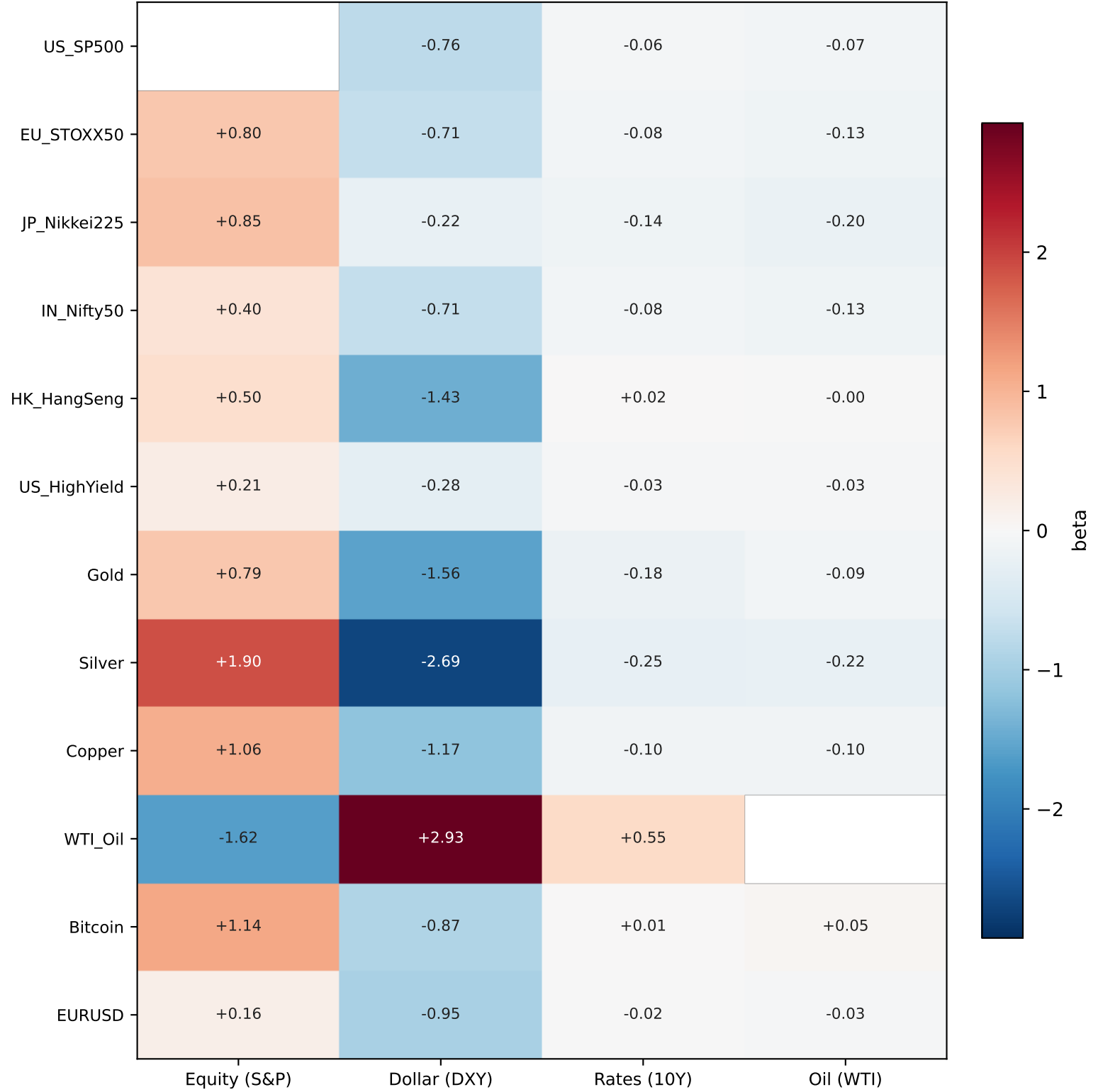
Global equity 26-week relative strength:

LEADERS: TW_TAIEX +44%, US_FANGplus +44%, US_Nasdaq +29%, KR_KOSPI +29%, JP_Nikkei225 +22%, US_SP500 +22%

LAGGARDS: RU_RTS -22%, RU_MOEX -19%, ID_JKSE -10%, CN_Internet -10%, MX_IPC -5%, MY_KLCI -3%

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 — 40.9, 99th percentile of 156 years



Excess CAPE Yield ($1/\text{CAPE} - 10\text{Y real}$) — -0.17%, 0th pctile since 2015



Cyclically-adjusted earnings yield $1/\text{CAPE} = 2.44\%$ · trailing earnings yield 3.96% · 10Y nominal 4.94% · 10Y real 2.61% · 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 valuation warning



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

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]	
IT_10Y_yield	IT_10Y	4w	+0.94	0.89	3.99 ->	3.99 [3.91,4.06]
FR_10Y_yield	FR_10Y	4w	+0.92	0.85	4.00 ->	4.00 [3.94,4.07]
DE_10Y_yield	DE_10Y	4w	+0.92	0.84	3.19 ->	3.19 [3.13,3.25]
DE_10Y_yield	NL_10Y	4w	+0.89	0.79	3.29 ->	3.29 [3.21,3.36]
FR_10Y_yield	NL_10Y	4w	+0.88	0.77	3.29 ->	3.28 [3.21,3.36]
FR_10Y_yield	DE_10Y	4w	+0.87	0.76	3.19 ->	3.19 [3.11,3.26]
DE_10Y_yield	FR_10Y	4w	+0.87	0.76	4.00 ->	4.00 [3.92,4.08]
FR_10Y_yield	ES_10Y	4w	+0.85	0.73	3.63 ->	3.62 [3.53,3.72]
IT_10Y_yield	ES_10Y	4w	+0.81	0.65	3.63 ->	3.63 [3.53,3.74]
DE_10Y_yield	ES_10Y	4w	+0.80	0.64	3.63 ->	3.63 [3.52,3.73]
US_13W	Policy_Canada	4w	+0.76	0.57	2.25 ->	2.46 [2.31,2.60]
US_FedDebt_PctGDP	Chicago_Fed_NAI	4w	+0.75	0.56	-0.04 ->	-0.15 [-1.69,1.39]
UK_10Y_yield	DE_10Y	4w	+0.75	0.56	3.19 ->	3.19 [3.09,3.29]
EA_AAA_10Y	NL_10Y	4w	+0.75	0.56	3.29 ->	3.44 [3.34,3.55]

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 +2.53

actual 6.76 · model-fair 4.77 · gap +41.8% · R^2 0.35



USDJPY vs US-Japan yield gap

cheap z -1.78

actual 157.43 · model-fair 166.22 · gap -5.3% · R^2 0.90



S&P 500 vs liquidity & rates

RICH z +1.39

actual 7758.57 · model-fair 6000.85 · gap +29.3% · R^2 0.27



HY spread vs equity vol

cheap z -0.92

actual 2.68 · model-fair 3.05 · gap -0.4 · R^2 0.11



Gold vs real yield & dollar

RICH z +0.62

actual 4380.10 · model-fair 3890.77 · gap +12.6% · R^2 0.69



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%	-0%	-0.2	+1.4
US_Nasdaq	-4.5%	-5.9%	13%	-36%	0%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.7%	13%	-24%	-3%	-0.8	+2.6
IN_Nifty50	-2.8%	-4.0%	9%	-17%	-11%	-0.3	+0.5
Gold	-3.5%	-4.7%	11%	-23%	-17%	-0.1	+1.3
WTI_Oil	-9.2%	-12.0%	26%	-53%	-24%	+0.6	+3.4
Copper	-4.8%	-9.2%	23%	-34%	0%	-1.5	+10.5
Bitcoin	-11.4%	-15.5%	35%	-75%	-30%	-0.1	+1.8
US_HighYield	-1.6%	-2.3%	5%	-18%	-10%	+0.2	+2.9
EURUSD	-1.5%	-2.1%	4%	-17%	-3%	+0.5	+2.3

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

EU_STOXX50 0.43 Bitcoin 0.25 Gold 0.11 Copper 0.30 US_HighYield 0.49

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.

	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	09-04	09-11	09-18	09-25
Regime	N	N	N	N	N	R+	R+	N	N	N	N	N	R+	R+	N	N	N	N	N	N	N	N	N	R+
Risk appetite																	+0.83	+1.08	+0.83	+0.53	+0.69	+0.92	+0.63	+0.82
Macro nowcast																	+0.04	+0.06	+0.02	+0.00	+0.09	+0.11	+0.12	+0.12
Quadrant	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Refl	Refl	Stag	Stag	Stag	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Gold
VIX	17	19	17	17	18	17	15	22	18	16	18	16	15	16	18	18	16	15	15	16	15	15	17	15
SKEW																	133	133	138	144	150	152	154	148
Breadth %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC1 share																	22	16	21	21	21	13	17	17
Stk-Bond corr	-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	-0.05	-0.05	-0.09	-0.09

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