

ABL Digital Global Cross-Asset Weekly



Trend & Correlation Report | week ending 2026-10-09

312 instruments | 4211 weeks history

REGIME: Neutral

EXECUTIVE SUMMARY

The engine puts the market in a Neutral regime (smoothed posterior 0.72, with 0.275 on Risk-on and effectively zero — 0.006 — on Risk-off), while the cross-asset risk-appetite composite reads +0.42, or Risk-on. That gap is the week's central message: internals support risk, but the return-generating process has not yet re-accelerated. Lean long risk with carry rather than beta. Favour Asian and Latin American equity (TW_TAIEX +40% 26w, KR_KOSPI +30%, Nikkei +23%, Bovespa +8.0% on the week), silver over gold, and copper-linked cyclicals. Fade crowded US large-cap tech (Nasdaq spec positioning 98th percentile) and the long end of the Treasury curve. Russia (RTS -21%) and Indonesia (-18%) remain avoid-lists.

Three developments matter. First, WTI at \$90.55 is +26.8% over 13 weeks while its correlation to stocks has collapsed to -0.79 (13w) from -0.36 (52w) — energy is now a tax on equities, not a growth confirmation. Second, the 10Y at 5.24% against a 2.42% cyclically-adjusted earnings yield gives an equity risk premium of -1.28% and an Excess CAPE Yield of -0.46%, the 0th percentile since 2015: duration risk sits in equities, not bonds. Third, the forward curve prices ~2.2 hikes to one year (1–2y forward 5.12%).

The biggest risk is a hawkish repricing that breaks the -0.05 stocks/yield correlation back positive. Watch the 10Y above 5.40% and the VIX/VIX3M ratio crossing 1.00 from 0.86; either would force de-risking.

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

KEY SIGNALS

Stocks-Bonds DCC corr	-0.05 (1y ago +0.16)
PC1 variance share	18%
DCC persistence (a+b)	0.9805
Weeks in regime	6

For research and information only; not investment advice. Verify all data before use.

EXECUTIVE DASHBOARD

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

MARKET REGIME

Neutral

~6w in regime

GROWTH × INFLATION

Reflation

g +0.6 / i +0.3

STOCK-BOND CORR

-0.05

vs +0.16 1y ago

RISK CONCENTRATION

18%

PC1 share of variance

EQUITY BREADTH

53%

indices > 40wk MA

VIX TERM

Contango

ratio 0.86

VALUATION

Shiller CAPE 41.4 99th %ile / 156y

Excess CAPE yield -0.46%

ERP -1.28%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	15.6	+0.27	40th
HY credit spread (OAS)	3.10%	+0.00	56th
IG credit spread (OAS)	0.85%	+0.00	51th
EM corp spread (OAS)	1.58%	+0.00	34th
10Y real yield (TIPS)	2.88%	+0.00	100th
10Y nominal yield	5.24%	+0.00	100th
2Y yield	4.78%	+0.00	94th
10Y-2Y curve	+0.45pp	+0.00	55th
10Y breakeven infl.	2.36%	+0.00	80th
Financial conditions	-0.55	+0.00	35th
Initial jobless claims	197k	+0k	2th
Weekly Econ Index	+2.9%	+0.00	81th
Fed net liquidity	\$5.79T	+0.00	49th
US dollar (DXY)	102.2	+0.3%	73th
Gold	\$4,166	+0.1%	92th
S&P 500	7762	+0.5%	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 +0.42

(+1.5) risk-on



Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

contracting (-1.5)

score +0.06

(+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 · 2026-10-09

TOP GAINERS

BR_Bovespa	+8.0%
Cotton	+6.9%
Sugar	+3.9%
Cocoa	+3.7%
AR_Merval	+3.1%
Platinum	+2.8%
CN_Internet	+2.5%
TW_TAIEX	+2.5%

TOP DECLINERS

USDBRL	-4.8%
Solana	-1.7%
XRP	-1.6%
Bitcoin	-1.3%
Dogecoin	-1.3%
Gasoline	-1.1%
BNB	-1.0%
Ethereum	-0.9%

KEY LEVELS — week-over-week change

US 10Y yield	5.24	+0.00%	SKEW	nan	+nan
2Y yield	4.78	+0.00%	US dollar (DXY)	102.19	+0.3%
HY credit OAS	3.10	+0.00%	Gold	4165.70	+0.1%
IG credit OAS	0.85	+0.00%	WTI oil	90.55	-0.6%
VIX	15.58	+0.27	Bitcoin	85332.88	-1.3%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	Neutral
Quadrant	prior: Refl	->	Reflation
Risk appetite	prior: +0.54	->	+0.42
Macro nowcast	prior: +0.07	->	+0.06
PC1 share	prior: 17	->	18%
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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Three developments matter. First, WTI at \$90.55 is +26.8% over 13 weeks while its correlation to stocks has collapsed to -0.79 (13w) from -0.36 (52w) — energy is now a tax on equities, not a growth confirmation. Second, the 10Y at 5.24% against a 2.42% cyclically-adjusted earnings yield gives an equity risk premium of -1.28% and an Excess CAPE Yield of -0.46%, the 0th percentile since 2015: duration risk sits in equities, not bonds. Third, the forward curve prices ~2.2 hikes to one year (1-2y forward 5.12%).

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Regime, Scorecard & Market State

The Markov-switching model, estimated on weekly S&P returns with both mean and variance switching, has sat in Neutral for roughly six weeks with a 0.72 smoothed posterior. The residual mass is asymmetric and that asymmetry is the information: 27.5% on Risk-on versus 0.6% on Risk-off. The model is not undecided between good and bad outcomes — it has effectively ruled out the bad one and is debating whether the good one is underway.

The scorecard at +0.42 says Risk-on, so the two disagree in label but not in substance. Decomposing the composite shows why. The strongest component by a wide margin is low_concentration at +1.25, with spx_trend at +0.75 — the rest are near zero (equity_breadth +0.14, credit_hy +0.02, vix_term +0.27, risk_over_haven +0.12). So the Risk-on reading is built on two legs: the trend is up, and risk is not concentrated in a single factor. It is not built on breadth, credit or haven rotation, none of which are confirming. That is a structurally thinner Risk-on than the headline suggests, and it reconciles cleanly with the Markov model's refusal to leave Neutral.

Breadth corroborates the caution. 53% of 43 global equity indices sit above their 40-week moving average, but only 36% of 11 US sectors do. The global advance is broader than the American one; US leadership is narrow. Growth-inflation sits in the Reflation quadrant, growth z +0.59 (13w change -0.02, flat) and inflation z +0.25 (13w +0.17, rising). Reflation with a stalling growth impulse and a rising inflation impulse is the least comfortable version of that quadrant — it is the configuration that justifies the hikes the forward curve is pricing.

Global Macro, Liquidity & the Growth Nowcast

The macro nowcast reads +0.06, labelled Trend growth, and its internals are violently split. Global_activity is +1.22 and consumer_sentiment is -1.46, with weekly_econ_index +0.26, initial_claims +0.30 and chicago_fed flat. The composite's near-zero reading is arithmetic cancellation, not consensus. Hard data and global activity are solid; the household mood is not. For positioning, trust the hard data over sentiment — the Weekly Economic Index at +2.9% is

above its ~2% trend marker, initial claims of 197k sit at the 2nd percentile of ten years, continued claims are 1.70mn, FRED's smoothed recession probability is 0.6% and the Sahm rule is 0.00 against a 0.50 trigger. There is no labour-market crack here. The consumer-sentiment drag is most plausibly the \$90 oil showing up in the survey, which argues for underweighting consumer discretionary rather than reducing cyclical exposure wholesale.

Liquidity is quietly tightening. Fed net liquidity is \$5.79T, flat on the week but -1.0% over four weeks; ECB assets -0.2% over four weeks; BoJ flat. No central bank is adding. The reverse repo facility is drained to \$2bn — the shock absorber that cushioned the last two years of balance-sheet runoff is gone, so any further drain now comes straight out of bank reserves. SOFR at 3.88% is exactly at fed funds, so funding is not stressed today; the point is that the system has lost its buffer, and the first signs of trouble would show as SOFR printing persistently above 3.88%. Note the correlation shift: net liquidity versus stocks has gone from +0.04 (52w) to -0.27 (13w). The liquidity tailwind has flipped.

Global 10Y yields show real divergence: US 5.24%, UK 4.99%, Germany 3.18%, Japan 2.94%. A 206bp US-Germany gap with M2 at \$23.31T and flat is the dominant cross-asset force. It supports the dollar (DXY +0.25%), caps the long end globally, and is the direct source of the negative equity risk premium.

Rates, Credit & the Stock-Bond Relationship

Every rates and credit level printed a zero weekly change — 10Y 5.24%, 2Y 4.78%, curve +0.45pp, real yield 2.88%, breakeven 2.36%, HY OAS 3.10%, IG OAS 0.85%, fed funds 3.88%. Treat this as a stale-data or holiday artefact rather than genuine quiescence; bond ETFs moved (UST20y+ -0.8%, UST7-10y -0.3%), which is the more honest read of the week and says the long end sold off.

The levels still matter. A 2.88% real yield with a 2.36% breakeven is a restrictive policy stance, and the 10Y-2Y at +0.45pp alongside 10Y-3M at +1.09pp means the curve has normalised — no recession signal from term structure. Credit is the cleanest risk-positive datapoint in the pack: HY OAS at 3.10% and IG at 0.85% are not spreads that coexist with an imminent downturn, and junk_bond_demand in the Fear & Greed internals is 94. Credit investors are not hedging. Yet the stocks-versus-HY-spread correlation has weakened sharply from -0.65 (52w) to -0.28 (13w), a +0.37 shift — equities have stopped taking their cue from credit, which usually means equity is running ahead of the fundamental signal rather than credit catching up.

The stock-bond relationship is where the regime change is clearest. DCC conditional correlation between stocks and the 10Y yield is -0.05 now versus +0.16 a year ago, with persistence 0.9805 — that near-unity persistence means the shift is durable, not noise. Rolling correlations agree (-0.28 at 52w, -0.31 at 13w). Bonds have returned to being a diversifier for equity: rising yields now hurt stocks. With spec positioning at the 100th percentile in UST 2Y and 99th in UST 5Y but only the 17th in 10Y and 6th in UST Bond, the market is crowded long the front end and crowded short the long end. The asymmetry is a curve steepener — and if that long-end short squeezes higher, the negative stock-bond correlation makes it a relief rally for equities too.

Factor Structure & Systemic Risk

PC1 — Risk, read as equity beta — explains only 18% of variance across 197 instruments, with PC2 Rates at 11% and two dollar factors at 4% each. That is unusually low concentration. In stressed markets PC1 routinely absorbs 40-60%; at 18% no single force is driving everything, which is why low_concentration contributes +1.25 to the risk-appetite composite and is its largest single input. The investable consequence is concrete: stock selection, country selection and relative-value trades should work now, because idiosyncratic variance is genuinely available. This is not a beta market.

The multivariate DCC confirms it. Average pairwise conditional correlation across the 12-asset

system is +0.03, versus +0.04 a year ago, with persistence 0.8366. Essentially zero and slightly falling. Diversification is working — the opposite of the crisis signature where average correlation spikes toward +0.5 and every hedge fails simultaneously. Hold diversified risk and size positions off genuine cross-asset independence rather than assuming hidden common exposure.

Two caveats. First, the correlation matrix contains obvious structural tautologies — Gold_World_Moz with Gold_World_Tonnes at +1.00 is a unit conversion, and the Policy_UK/Policy_India/US_FedDebt_PctGDP cluster at ± 1.00 reflects slow-moving annual series, not a tradable relationship. Discount those entirely. The US_30Y versus US_Tsy_20Y+ correlation of -0.98 is real and mechanical: yield up, price down. Second, low concentration is the state that precedes a concentration event, not a guarantee against one. The level is favourable; the direction is what to monitor.

Cross-Asset Correlation & Lead-Lag

The Granger network names Bitcoin, EU_STOXX50, VIX and US_10Y as net information leaders, with JP_Nikkei225, US_SP500, Gold and WTI_Oil as followers. Two of those leaders are notable. Bitcoin leading means crypto is functioning as the system's highest-beta liquidity sensor — and Bitcoin fell 1.34% this week while total crypto market cap sits at \$2.91T. A falling leader against a rising S&P is a caution flag for the next one to two weeks. The US 10Y leading confirms that rates are the exogenous driver; the S&P is a follower, so watch the bond market for the equity signal, not the reverse. Europe's STOXX50 leading while the CAC40 was the week's worst major (-0.9%) reinforces that the European signal is currently negative.

The correlation shifts are more informative than the levels. BTC versus Nasdaq has swung from +0.34 (52w) to -0.24 (13w), a -0.58 collapse — crypto has decoupled from equity tech, so it no longer works as a Nasdaq proxy and no longer hedges it either. Oil versus stocks at -0.79 (13w) from -0.36 (52w) is the week's most important number: with WTI at \$90.55 and up 26.8% over 13 weeks, oil has become a cost shock. USD versus oil flipping from +0.27 to -0.15 says the same thing from the currency side — this is supply-driven, not demand-driven, pricing.

Gold and silver are tightly fused at +0.92 (13w), so they are one position, not two. Copper versus stocks at +0.48 (13w), down from +0.65, with copper +2.42% on the week, suggests the metal is being bid on something other than broad equity risk — plausibly supply. DAX versus SPX at +0.72 leaves no diversification in developed-market equity pairs. VIX versus stocks at -0.64 means volatility hedges still function.

Relative Value & Fair Value

Only two fair-value models clear the $R^2 \geq 0.4$ bar, and they deserve very different treatment. USDJPY against the US-Japan yield gap is cheap by 7.0% versus fair, z -2.31, on an R^2 of 0.89. That is the strongest signal in the entire pack: a two-standard-deviation dislocation in a model explaining 89% of variance. With the US 10Y at 5.24% against Japan's 2.94%, the yield gap argues for a weaker yen than spot delivers. Yet CFTC yen positioning is at the 74th percentile long — speculators are positioned against the model. The resolution matters: either the yen gives way and the model's z -score closes, or something is holding it up that the yield gap does not capture, most obviously intervention risk or policy-normalisation expectations at the BoJ. Size this as the highest-conviction relative-value expression available, but respect the positioning.

Gold at \$4166 is rich by 10.5% versus its real-yield-and-dollar fair value, R^2 0.70. Note the discipline here: 10.5% rich sounds large, but the z -score is only +0.52, meaning the residual is well within its normal dispersion. A moderately-well-fit model showing a half-sigma deviation is not a short signal. It argues against adding to gold, not against holding it, and the 52-week gold-to-real-yield correlation of -0.48 means a further rise in real yields from 2.88% is the mechanism that would close the gap.

No cointegrated spread is reported beyond $|z| > 1.5$ other than the USDJPY residual, which is itself the stretched case. Within metals, the gold/silver ratio at 67.8 sits at the 13th percentile of five years — silver has already done the catching up, so the mean-reversion trade is spent. Silver's +2.47% week, its +0.64 correlation to copper, and spec positioning at just the 7th percentile make it the better long on positioning grounds despite the ratio being extended.

Volatility & Tail Risk

The volatility complex reads calm with specific, priced exceptions. The term structure is in orderly contango — 9D 12, 1M 16, 3M 18, 6M 20 — and VIX/VIX3M at 0.86 sits at the 48th percentile of ten years, exactly mid-range. Spot fear does not exceed forward fear, which is the configuration that supports holding risk. The vol-risk premium is +11.4, positive, meaning implied vol exceeds realised: selling volatility is being paid. With VIX at 15.58 (+0.27), overwriting equity exposure is attractive, but the width of that premium also warns that realised vol has been suppressed and has room to converge upward.

The exceptions are where the hedging demand actually is. SKEW at 145, 63rd percentile, shows elevated demand for deep out-of-the-money crash protection — the market is calm at-the-money and paying up for tails. Cross-asset vol confirms the location of the risk: MOVE 113 (71st percentile), OVX 50 (78th percentile), GVZ 24 (83rd percentile). Bonds, oil and gold all carry higher percentile vol than equities. Equity vol is the cheapest thing in the complex, which makes long S&P puts or put spreads the efficient hedge against the oil and rates risk sitting elsewhere.

Tail metrics put the S&P's 5% expected shortfall at -4.8% with zero current drawdown — no cushion absorbed, full exposure to the next shock. Bitcoin's ES5 is -15.5% against a 31% drawdown already in place, which is why BTC leading the Granger network to the downside is worth taking seriously. Gold's ES5 is -4.7% against a 21% drawdown. The S&P-gold lower-tail dependence of 0.11 is the key hedging number: in the left tail, gold and equities are nearly independent, so gold remains a functioning haven — and 0.11 is a far better tail property than the headline rich valuation suggests.

Leading Indicators & Forecasts

Every one of the ten lead-lag relationships that survived tautology-filtering is a European sovereign-yield pair: IT_10Y $\rightarrow$ IT_10Y (R^2 0.89), DE_10Y $\rightarrow$ NL_10Y (R^2 0.79), FR_10Y $\rightarrow$ ES_10Y (R^2 0.73), and so on. The R^2 values are high, but the forecast content is near-nil — every four-week projection is flat to two decimal places. Italy 3.99 $\rightarrow$ 3.99, France 4.00 $\rightarrow$ 4.00, Germany 3.19 $\rightarrow$ 3.19, Spain 3.63 $\rightarrow$ 3.63, Netherlands 3.29 $\rightarrow$ 3.28. The $\pm 1\sigma$ bands are 13-21bp wide. What these models are capturing is that European sovereign yields co-move almost perfectly with each other, which is a statement about cointegration, not about prediction. A 0.89 R^2 on a flat forecast tells you the system is internally consistent, not where it is going.

The honest read: weekly predictive skill here is modest and should be treated as such. The usable information is structural rather than directional. The France-Germany spread at 81bp (4.00 versus 3.19) and the Italy-Germany spread at 80bp (3.99 versus 3.19) are the live relationships — France now trades essentially on top of Italy, which is a meaningful repricing of French fiscal risk and argues against adding OAT exposure. Spain at 3.63 sits 44bp inside both. The absence of any non-European lead-lag relationship clearing the fit threshold is itself the finding: equity, commodity and FX markets are not currently forecastable at weekly horizon by this engine, and no position should be sized as though they were. Use the bands, not the point estimates, and treat the European yield block as a single risk factor.

Commodities (Oil, Gas & Metals)

Oil is the week's dominant macro variable despite a flat tape. WTI at \$90.55 slipped 0.62% on the week but is up 26.8% over 13 weeks, and the Brent-WTI spread at +11.18 is unusually wide — a logistics and US-grade-specific signal, not global tightness. The inventory picture is genuinely split: US crude stocks are +1.9% versus the five-year seasonal average with a z of +1.5 and a +922k bbl weekly build, which is bearish crude, while gasoline is -7.2% and distillate -13.0% against the same benchmark. The crack at \$64.7/bbl is where the tightness actually lives. With production at 13.96M b/d and Cushing at 24.3M bbl, the structural read is that refined products, not crude, are short — favour refiner exposure over crude length. CFTC spec positioning at the 32nd percentile (net -5,740 lots, -0.8% of OI, +808 on the week) means the 27% rally happened with speculators absent, which is bullish positioning asymmetry: there is no crowded long to unwind. OVX at the 78th percentile prices that risk honestly.

Natural gas at \$3.06 (+0.8% week, +4.1% 13w) has storage at 3,415 Bcf, +0.8% versus seasonal with z +0.2 — genuinely neutral. But spec positioning is at the 1st percentile of three years and open interest is -13%. A 1st-percentile short against neutral fundamentals is the single most asymmetric squeeze setup in the positioning complex; it needs a catalyst, but the downside is already in the price.

Metals: gold \$4166, silver \$61.47, ratio 67.8 at the 13th percentile. Gold spec positioning is 56th percentile with open interest +54%, so new money is arriving at a rich valuation — GVZ at the 83rd percentile is the market pricing that fragility. Silver at the 7th percentile with OI +21% is the cleaner long, with its +0.64 copper correlation giving industrial as well as monetary exposure. Copper at the 99th percentile spec long, +28% OI, after a +2.42% week, is the crowded trade in the complex and the one most exposed to a squeeze lower. Agriculture is uniformly crowded long — corn 97th, soybeans 98th, wheat 85th — which is a cluster of positioning risk worth avoiding on the long side.

Crypto

Total market cap of \$2.91T with Bitcoin down 1.34% and BTC dominance at 58.6% describes a market where capital is consolidating into the majors rather than rotating out to risk. ETH dominance of 11.3% and ETH/BTC at 0.0317 confirm that altcoins are not participating — in prior cycles, falling BTC dominance accompanied risk-seeking; rising dominance into weakness is defensive behaviour inside the asset class.

Two internals are constructive. Stablecoin supply at \$312B is up 0.2% on the week, and DeFi TVL at \$97B is up 1.2%. Dry powder is not leaving the system and on-chain activity is expanding even as price falls, which argues this is a price consolidation rather than a capital exodus. Crypto Fear & Greed at 70 (Greed, down from 74) is the discordant note: still greedy sentiment against a 31% drawdown and an ES5 of -15.5% is a poor risk-reward combination. Sentiment has room to deteriorate before it becomes a contrarian buy.

The decisive datapoint is the correlation break. BTC versus Nasdaq at -0.24 over 13 weeks against +0.34 over 52 weeks is a -0.58 shift. Crypto has decoupled from equity technology, which removes the two reasons most multi-asset investors held it: it is no longer a leveraged Nasdaq expression, and it is not a hedge. Combined with Bitcoin's position as a net Granger leader, the practical implication is that BTC is now most useful as an early-warning indicator for system-wide liquidity rather than as a portfolio holding. A BTC decoupled from equities and leading the network while falling is a signal to watch, not a dip to buy aggressively.

India, China & Russia

India delivered a steady, unspectacular week — Nifty50 +0.6%, Sensex +0.7%, BankNifty +0.5%. The uniformity across the index, the broad-market measure and the banking complex indicates index-level flows rather than sector rotation, and the fact that banks matched rather than led means the rate backdrop is not the driver. India is neither in the global momentum leadership (absent from the 26-week leaders) nor the laggards, which is the appropriate read: a market compounding without a catalyst. In a world where PC1 explains only 18% of variance, that low-beta steadiness has genuine portfolio value. The Policy_UK/Policy_India +1.00 correlation in the matrix should be disregarded entirely — it is an artefact of slow-moving annual policy series, not an economic linkage, and inferring anything about Indian policy from UK policy on that basis would be a mistake.

China is the sharpest divergence in the dataset. CN_Internet rose 2.5% this week, among the global leaders, yet sits at -15% on 26-week relative strength, among the global laggards. That combination — strong week, weak trend — is either an early inflection or a bounce inside a downtrend, and nothing else in the pack resolves which. The absence of confirming Chinese breadth or credit data means this should be treated as a tactical move, not a trend change. Size accordingly.

Russia is unambiguously the worst place in the universe: RU_RTS -21% and RU_MOEX -17% on 26-week relative strength, both in the global laggard group, with no offsetting positive signal anywhere in the data. Alongside Indonesia (JKSE -18%) and Turkey (BIST100 -12%), this is the emerging-market wreckage.

The broader developed-versus-emerging picture resists a single label. Emerging Asia is leading outright — TAIEX +40%, KOSPI +30% on 26-week momentum, with TAIEX +2.5% this week — and Latin America is ripping, Bovespa +8.0% and Merval +3.1%. But Russia, Indonesia and Turkey are collapsing. The right framing is not developed versus emerging, it is Asia-plus-LatAm versus Russia-Turkey-Indonesia, with developed Europe (CAC40 -0.9%, BEL20 -0.3%, OMX30 -0.1%) the quiet underperformer. EM debt confirms the nuance: EM-local returned +0.4% against EM-USD flat, so local-currency EM is outperforming hard-currency even with DXY up 0.25% — a genuine EM-risk-appetite signal rather than a dollar artefact. Among global bonds, Intl-exUS at -0.2% and UST20y+ at -0.8% say the long end is the problem everywhere.

Positioning, Sentiment & What to Watch

The positioning complex is the most actionable table in the pack because it maps precisely where a squeeze would originate. Crowded longs: Nasdaq 98th percentile with OI +19%, UST 2Y 100th, UST 5Y 99th, copper 99th with OI +28%, corn 97th, soybeans 98th, wheat 85th. Crowded shorts: natural gas 1st, GBP 3rd, Russell 4th, UST Bond 6th, EUR 6th, silver 7th, UST 10Y 17th. The Nasdaq reading matters most — the market's 26-week momentum leadership (FANGplus +29%, Nasdaq +20%) is also its most crowded long, which means the leadership itself is the fragility. Reduce beta there and express continued upside through less-crowded Asian equity. The front-end rates crowding at the 100th and 99th percentiles against 6th-percentile longs in the Bond contract is a steepener with positioning on both sides.

Sentiment is the clearest divergence in the note. CNN Fear & Greed is 43 — fear — up from 34.4 a week ago but below 45.2 a month ago, and its internals are nearly incoherent: junk_bond_demand 94 and safe_haven_demand 70 against price_strength 1 and price_breadth 1. Credit investors are euphoric while the equity tape's internal strength is at the floor. Fear at 43 against a market making highs is a mild contrarian positive, but price_strength and price_breadth at 1 are the honest warning that the advance is being carried by very few names — consistent with the 36% of US sectors above their 40-week average.

Valuation is the standing constraint on everything above. CAPE 41.4 is the 99th percentile of 156 years and the 100th of 20, the Excess CAPE Yield is -0.46% at the 0th percentile since 2015, and the equity risk premium is -1.28%. This does not time anything, but it means long-run expected equity returns are muted and the margin for error on a rates shock is nil.

What would confirm the view: the VIX/VIX3M ratio holding below 0.90; US sectors above their 40-week moving average rising from 36% past 50%, with price_breadth lifting off 1; HY OAS holding under 3.25%; USDJPY closing its -2.31 z-score dislocation; and CN_Internet following its +2.5% week with a second, on improving breadth.

What would change it: the 10Y above 5.40%, or the DCC stocks-yield correlation turning positive from -0.05 — both would make rising yields a direct equity problem again and would mark the end of bonds as a diversifier. A VIX/VIX3M cross above 1.00 would signal spot fear exceeding forward fear and warrants immediate de-risking. Average MV-DCC conditional correlation rising from +0.03 toward +0.20, or PC1's variance share climbing from 18% toward 30%, would mean diversification is failing and position sizes built on independence are too large. WTI above \$100 would turn the -0.79 oil-equity correlation into an outright earnings shock. And a drained RRP at \$2bn means any SOFR print persistently above 3.88% is a genuine funding signal with no buffer left to absorb it.



PART I

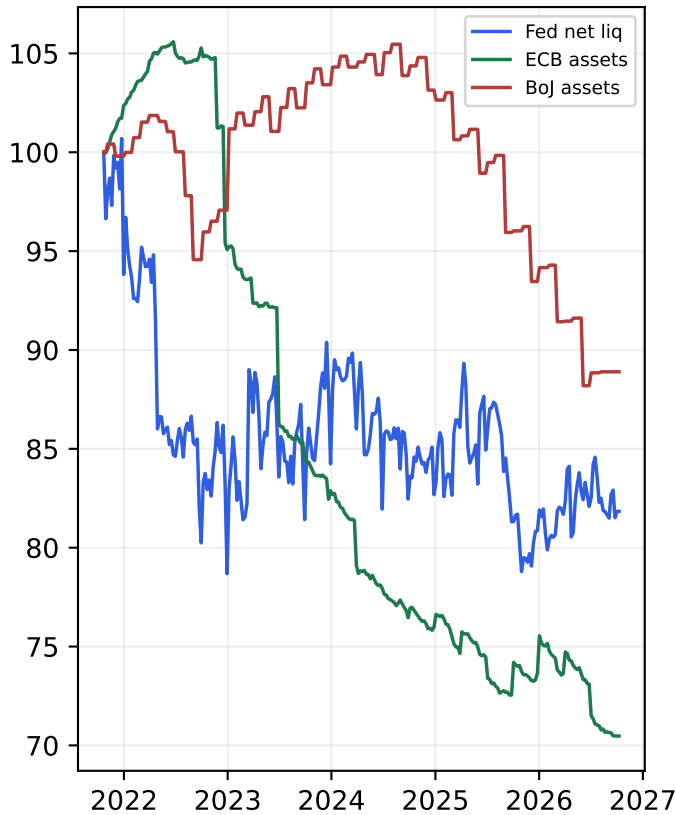
Global Macro & Liquidity

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

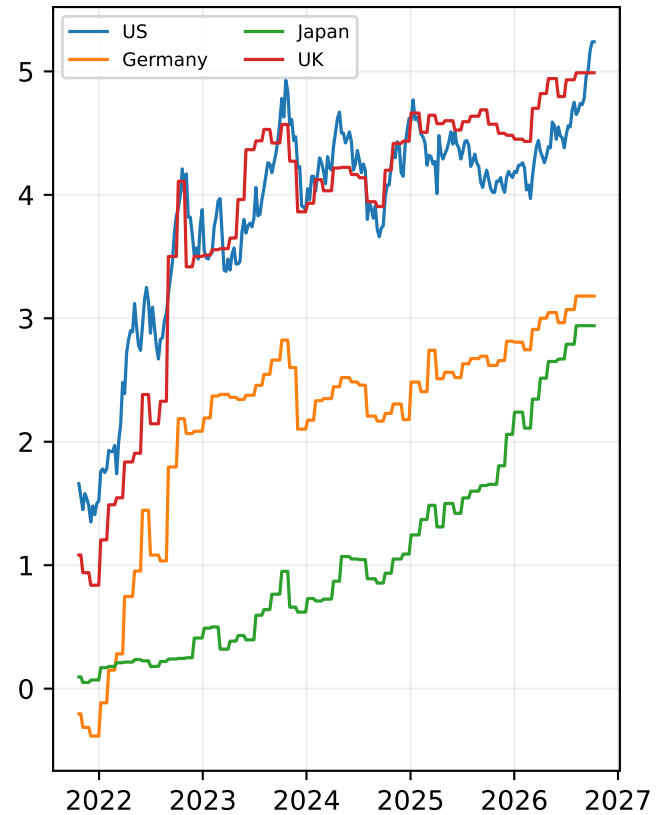
- Central-bank balance sheets (Fed / ECB / BoJ) & global 10Y yields
- Funding plumbing: SOFR, RRP, the Treasury General Account
- Recession probability, market-implied rate path, growth × inflation regime

Global Macro & Liquidity

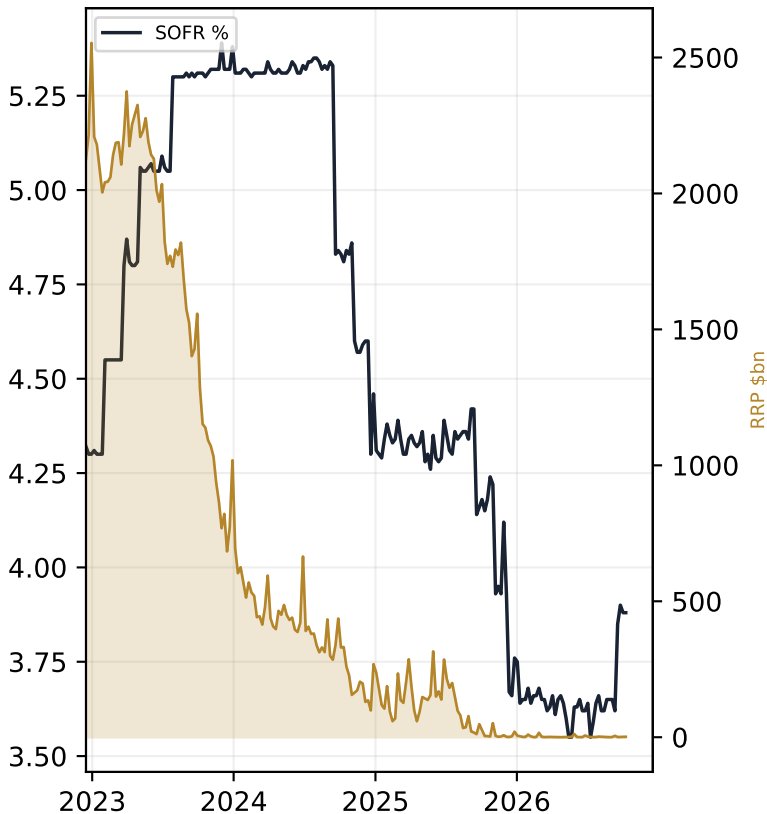
Central-bank liquidity (indexed = 100, 5y)



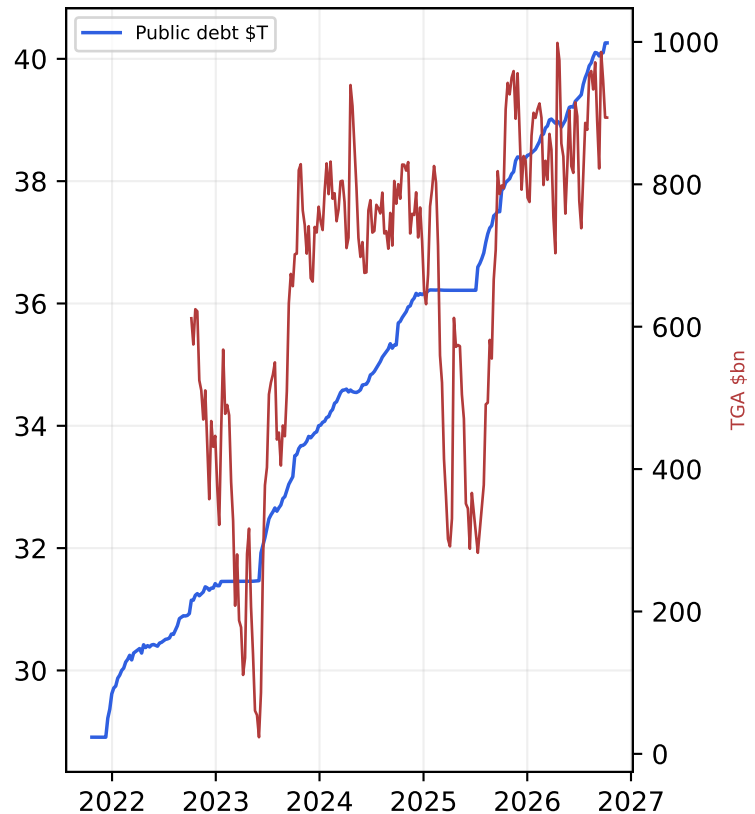
Global 10-year sovereign yields (%)



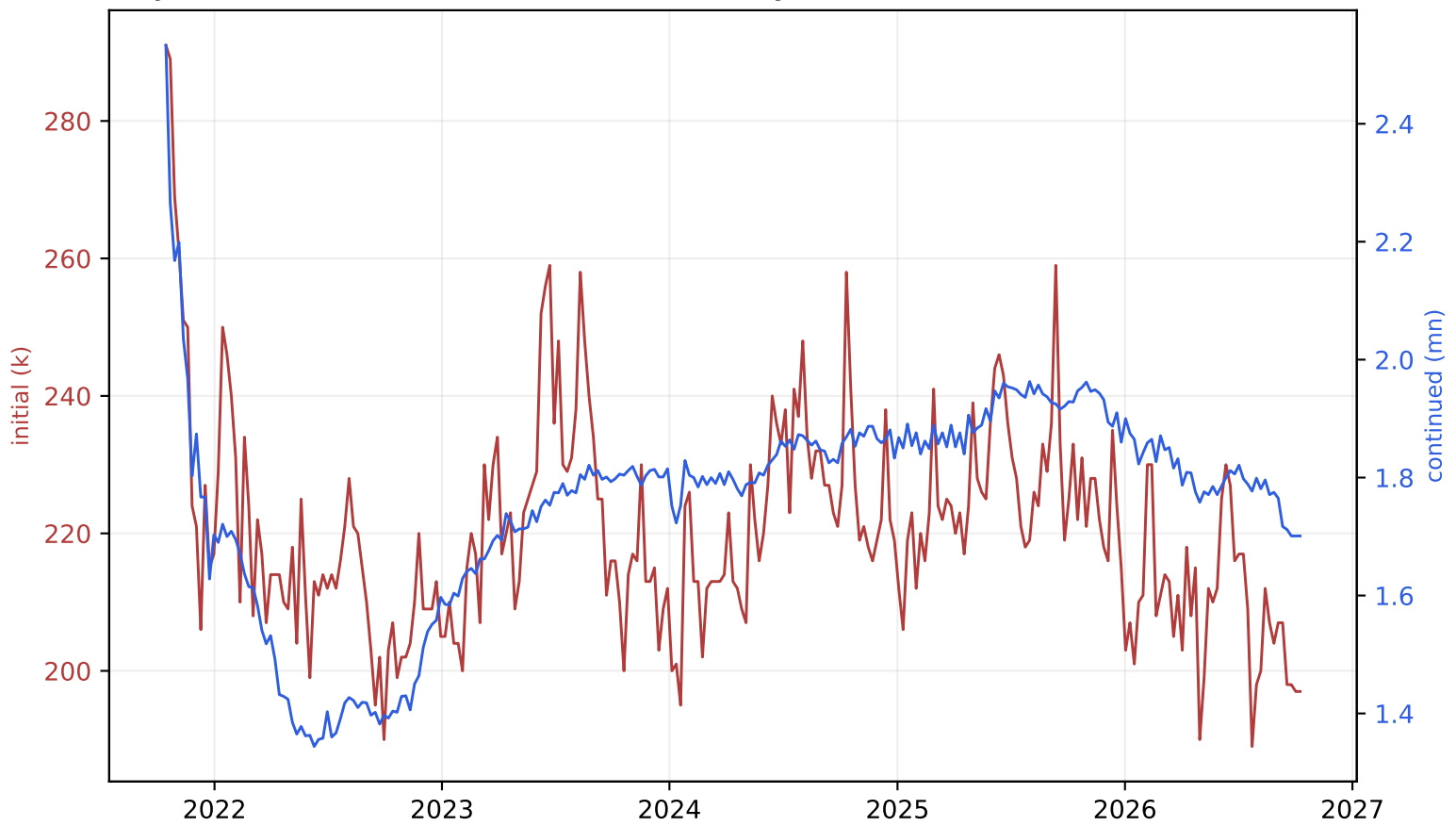
Funding: SOFR rate & RRP usage



US fiscal: public debt & TGA



US jobless claims — initial 197k (2th %ile of 10y), continued 1.70mn



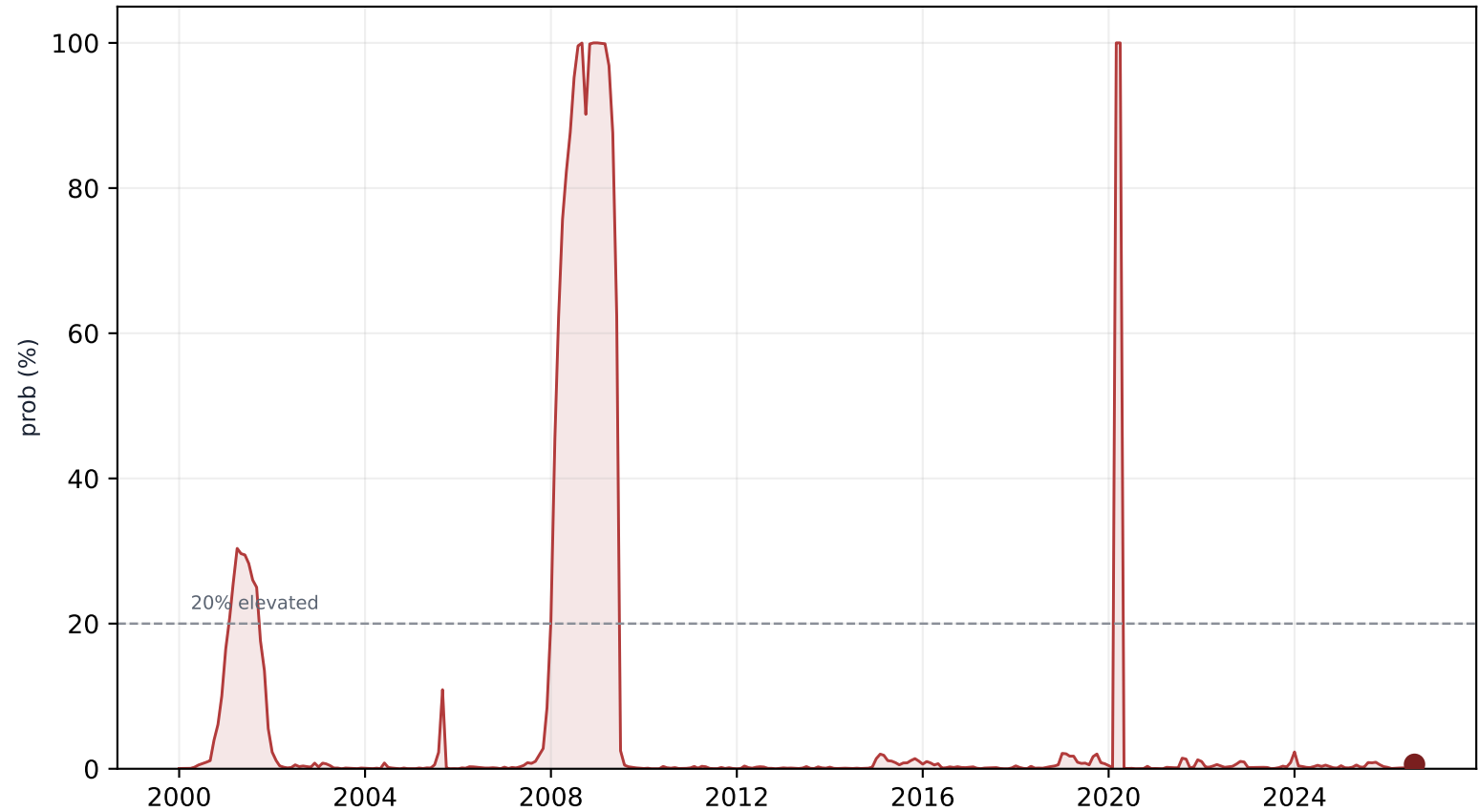
Weekly Economic Index (GDP-growth nowcast): +2.9% (~2% = trend)



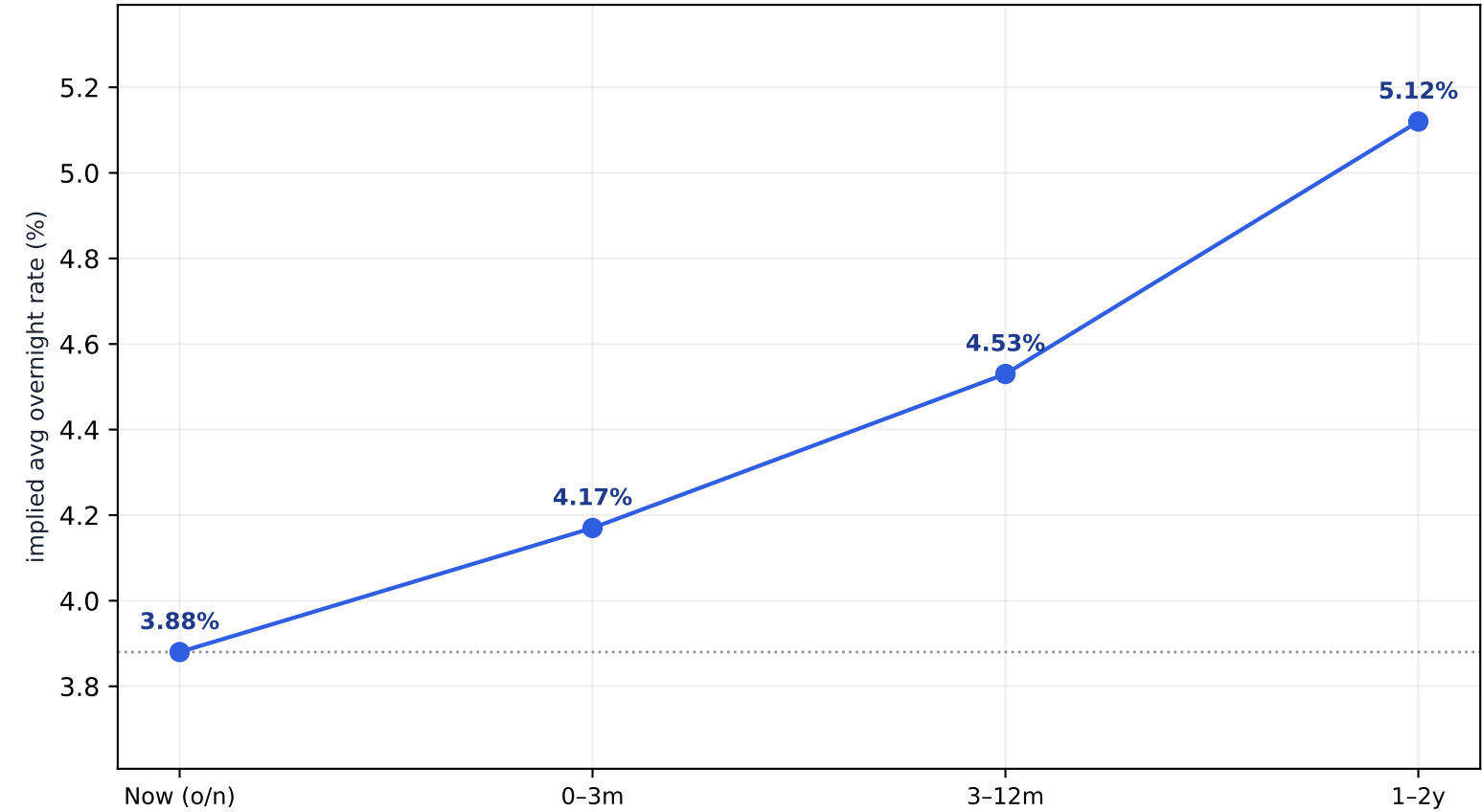
Initial claims — the timeliest US labour-market read; a sustained rise above ~260k historically flags rising recession risk. The Weekly Economic Index (Lewi
ten daily/weekly series into a real-time growth signal scaled to y/y GDP growth.

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US recession probability (FRED smoothed): 0.6% now · 12m max 0.9% · Sahm 0.00

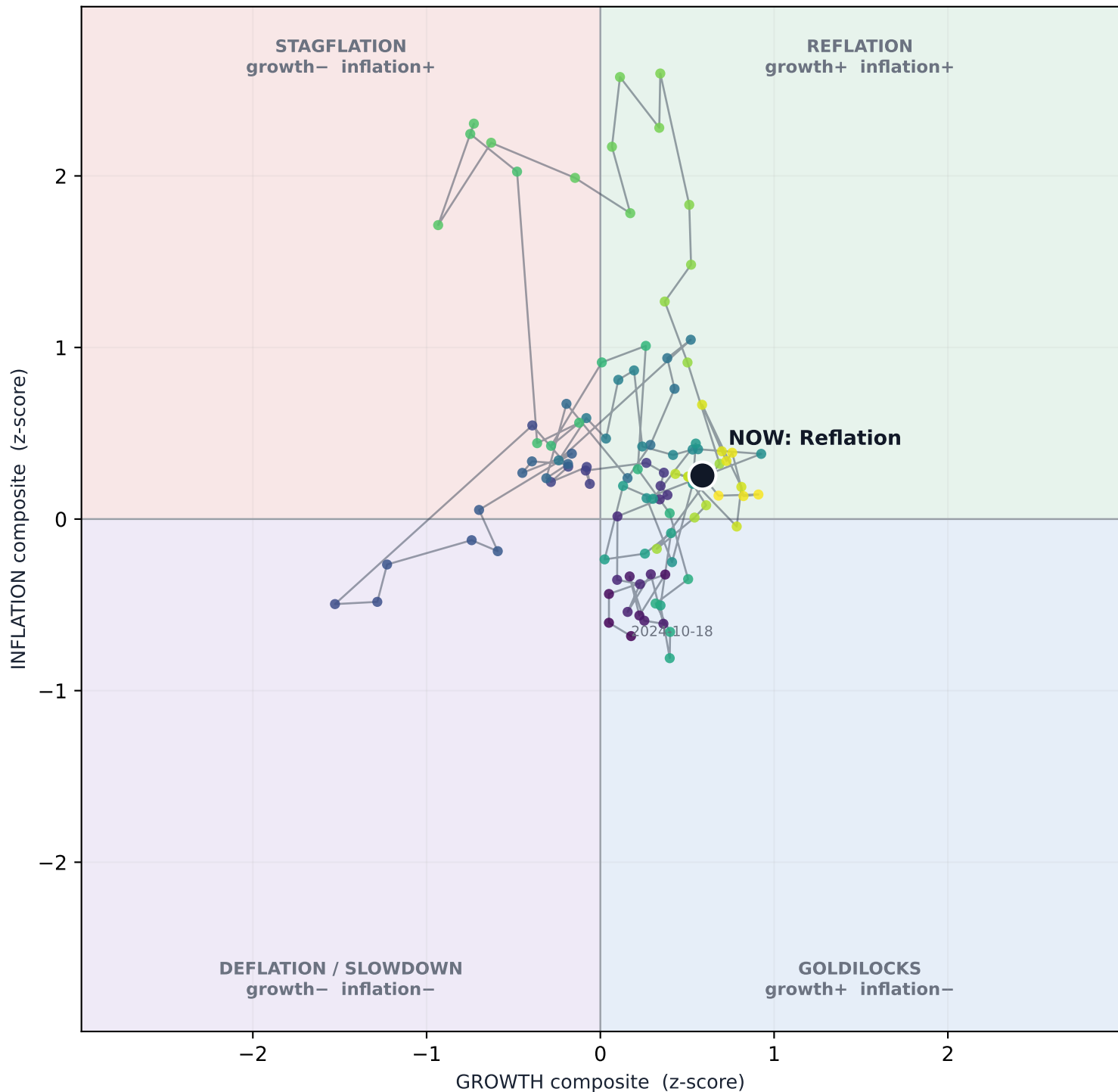


Market-implied policy path (Treasury fwd curve): ~2.2 hikes to 1y



10Y-3M curve +1.09pp (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.



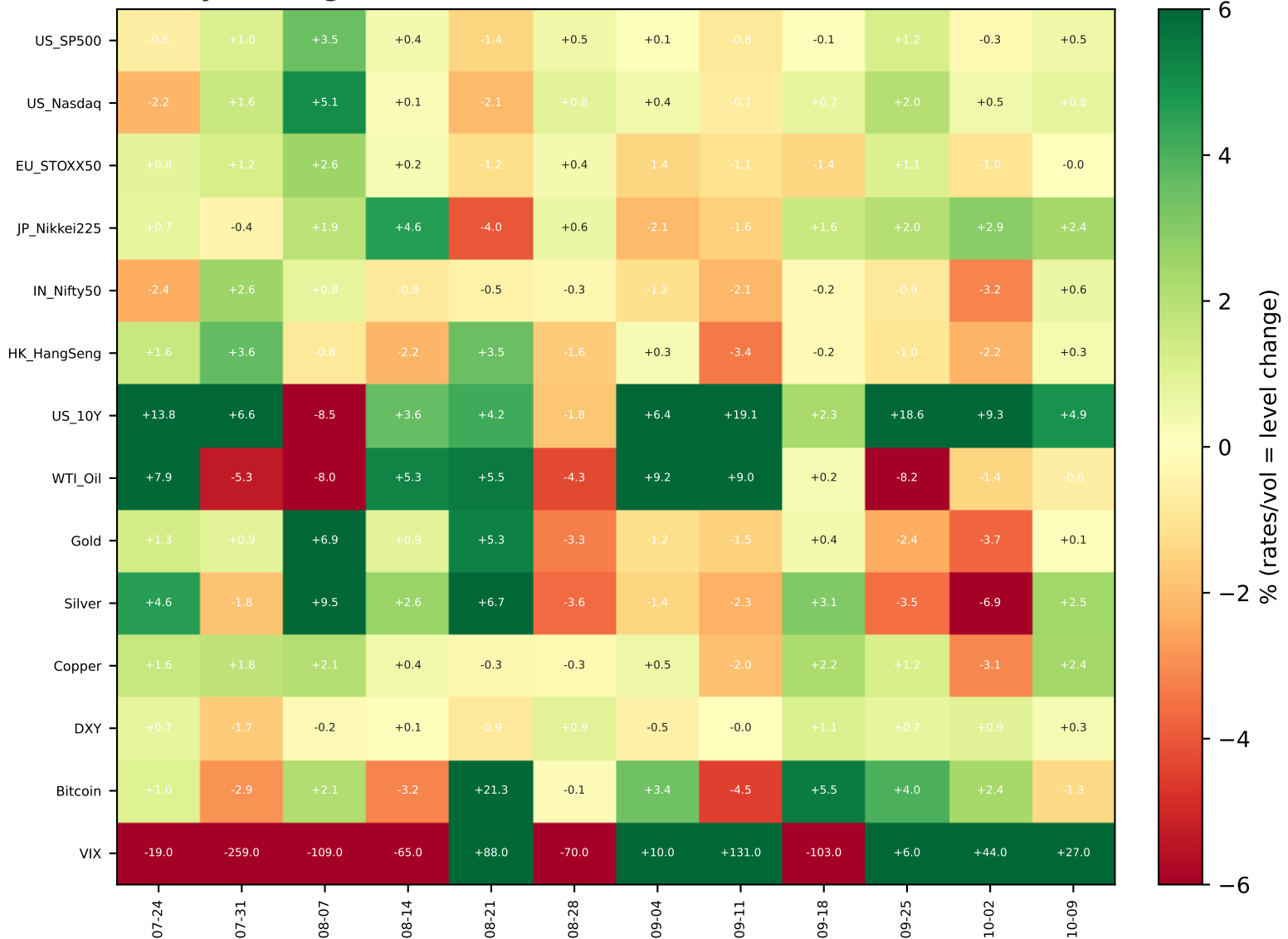
PART II

Cross-Asset Structure

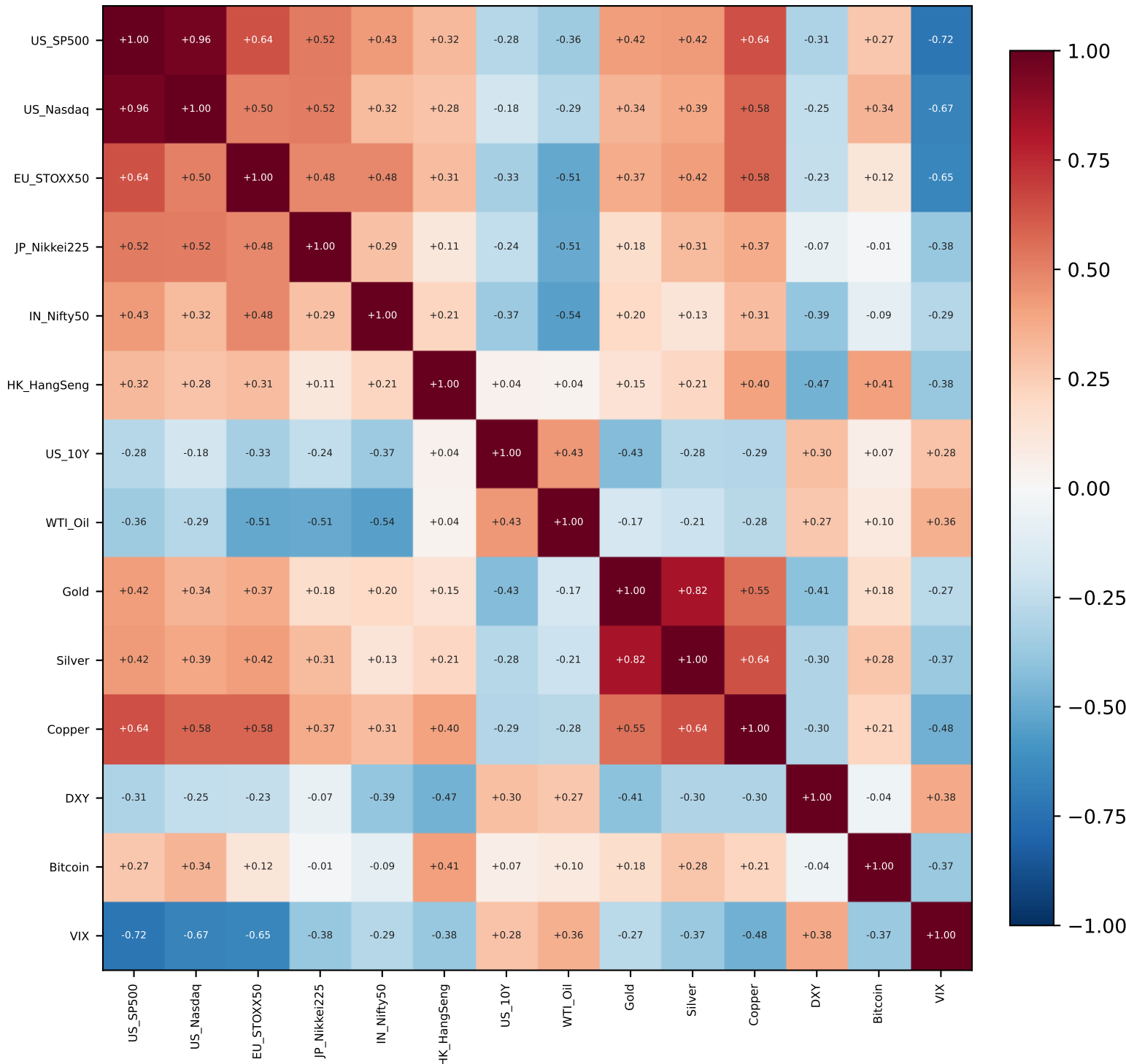
How the markets are moving together — the factor structure, systemic co-movement, directional lead-lag and relative value.

- 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

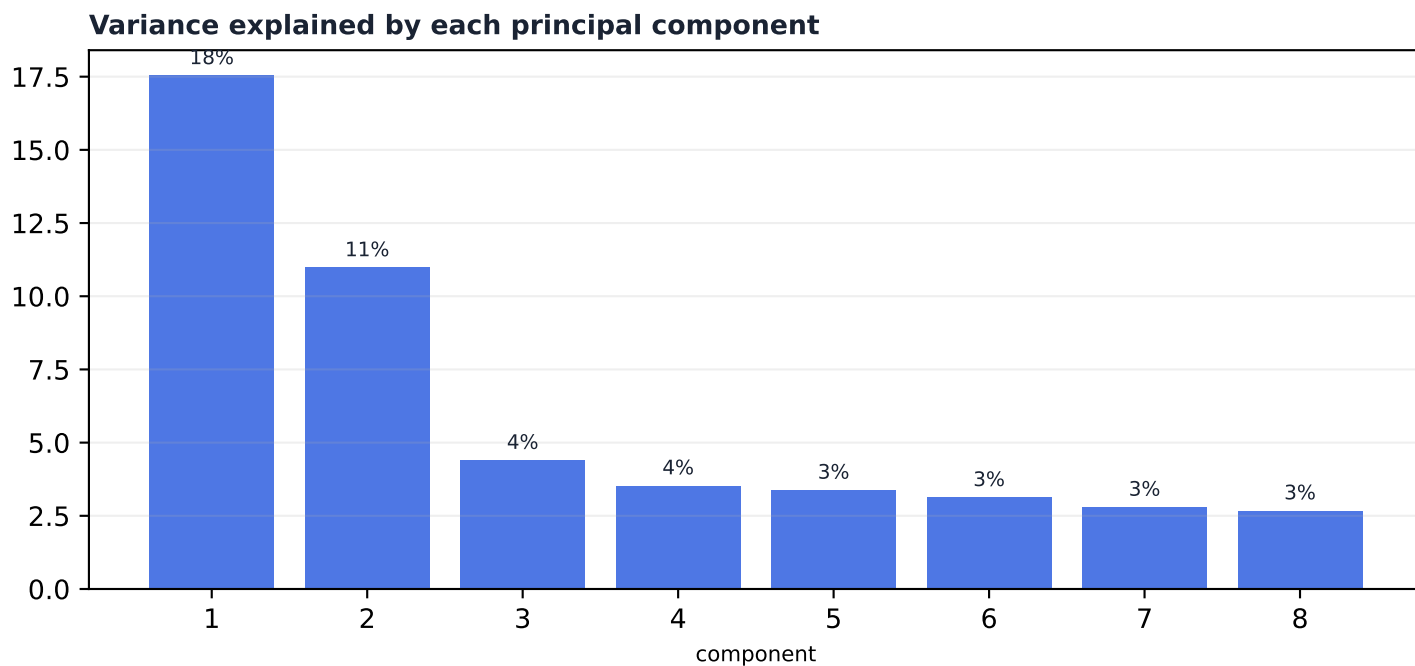


52-week correlation of weekly moves



CROSS-ASSET FACTOR STRUCTURE (PCA)

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



PC1 — Risk (equity beta)

17.5% of variance (cum 18%) · marker corr +0.77

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

PC2 — Rates (10Y yield)

11.0% of variance (cum 28%) · marker corr +0.81

+ US_5Y +0.18, US_5Y_yield_cm +0.17, US_10Y +0.17, US_10Y_yield +0.17, US_2Y_yield +0.17
- US_Tsy_7_10Y -0.17, US_Tsy_20Y+ -0.16, US_Aggregate -0.15, EM_corp_OAS -0.15, US_Tsy_1_3Y -0.13

PC3 — US dollar

4.4% of variance (cum 33%) · marker corr +0.22

+ UMich_Sentiment +0.19, Policy_Turkey +0.18, CPI_Argentina +0.13, Policy_Russia +0.09, Brazil_USDBRL +0.08
- GR_10Y -0.30, FR_10Y -0.30, PT_10Y -0.30, ES_10Y -0.30, NL_10Y -0.30

PC4 — US dollar

3.5% of variance (cum 36%) · marker corr +0.51

+ DXY +0.19, US_GDP_Bn +0.18, Policy_Brazil +0.14, UK_10Y_yield +0.12, SOFR_volume +0.12
- Policy_EuroArea -0.22, Policy_Mexico -0.22, Policy_US -0.20, EURUSD -0.18, Policy_Canada -0.16

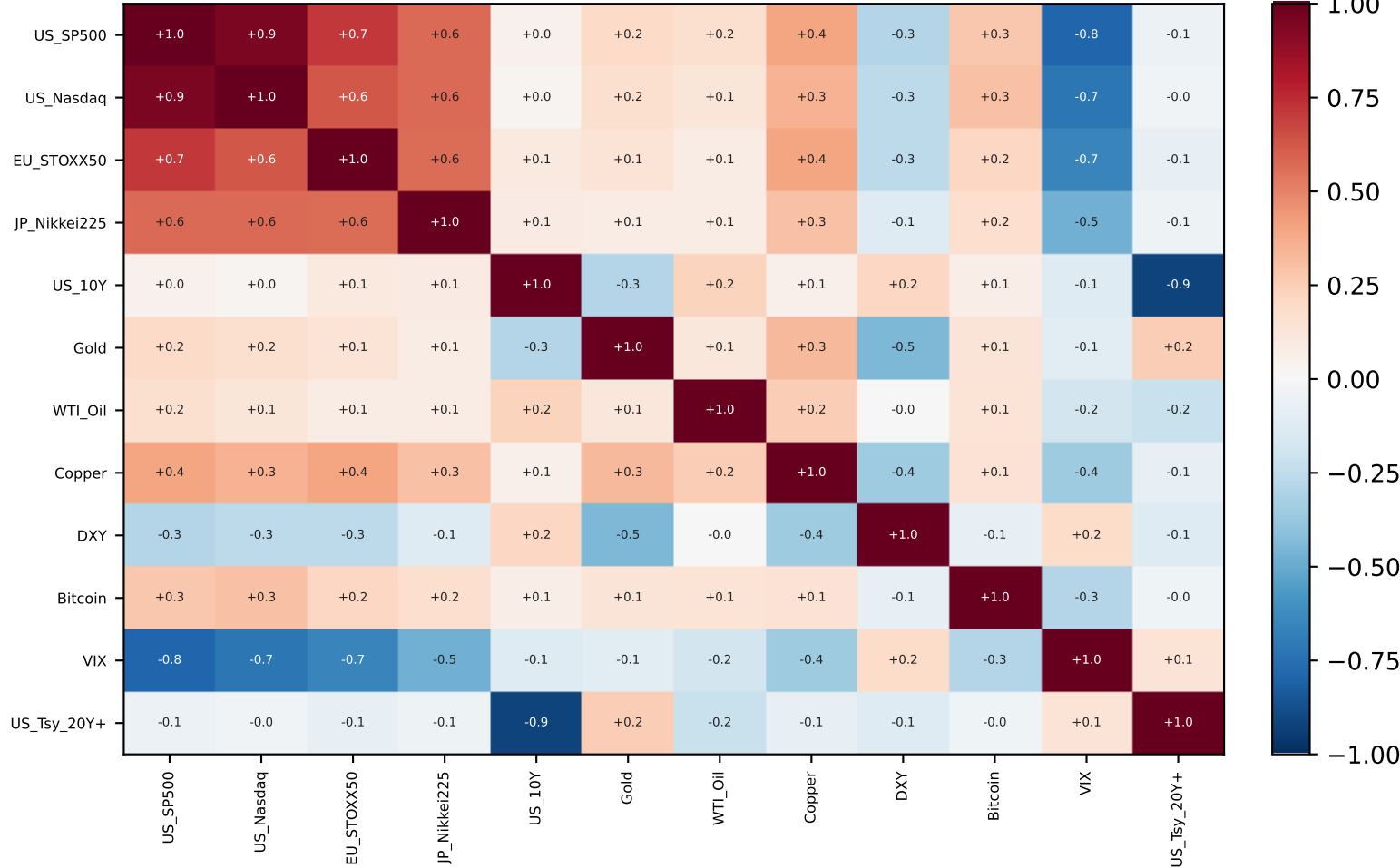
Principal components are the uncorrelated factors that explain the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin. Each factor is named by its strongest correlation with a marker instrument.

Average pairwise conditional correlation (multivariate DCC-GARCH)



N=12 assets · persistence 0.8366 · rising = diversification failing in real time · now +0.03

Latest conditional-correlation matrix



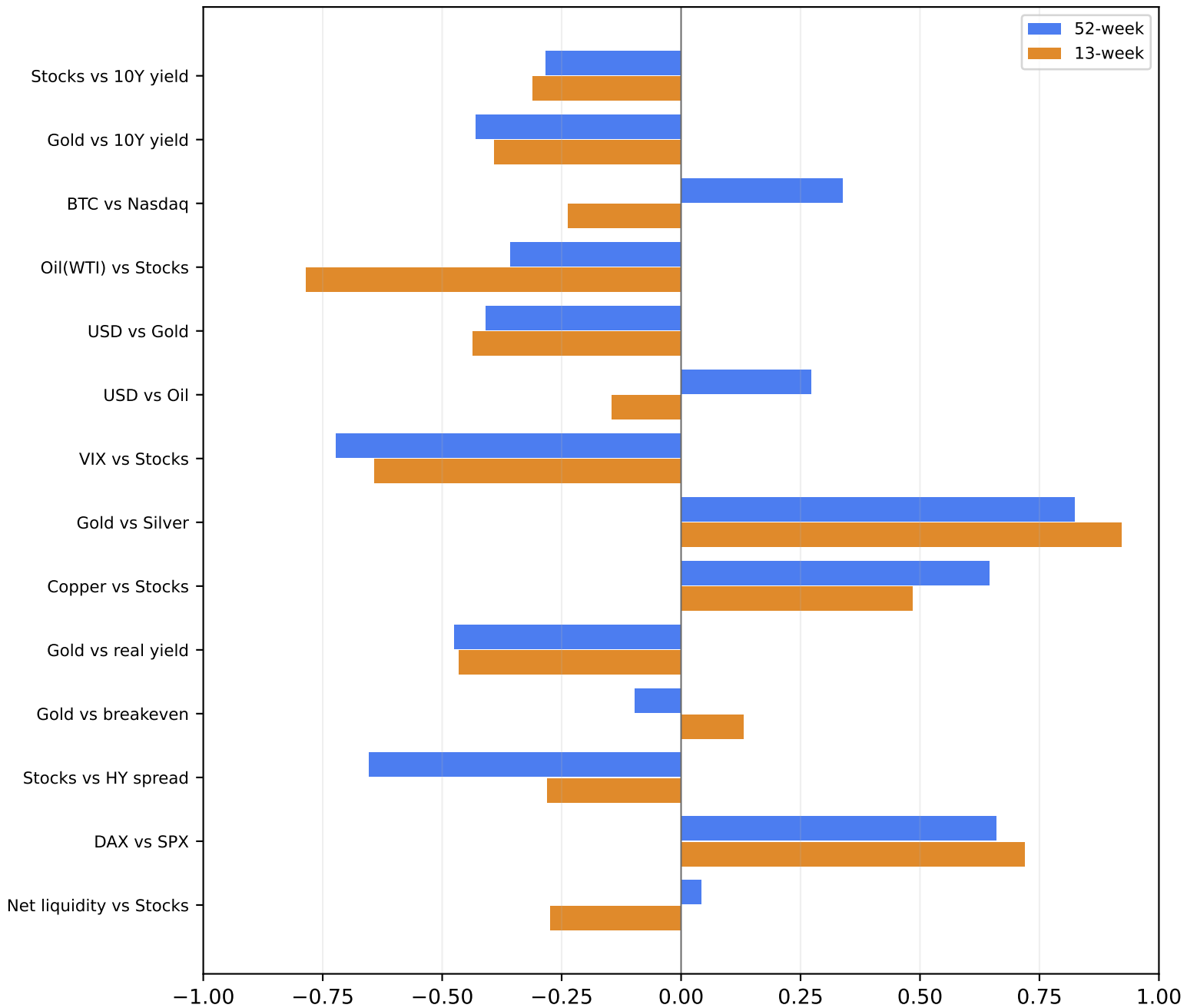
DCC-GARCH conditional correlation: S&P 500 vs US 10Y yield



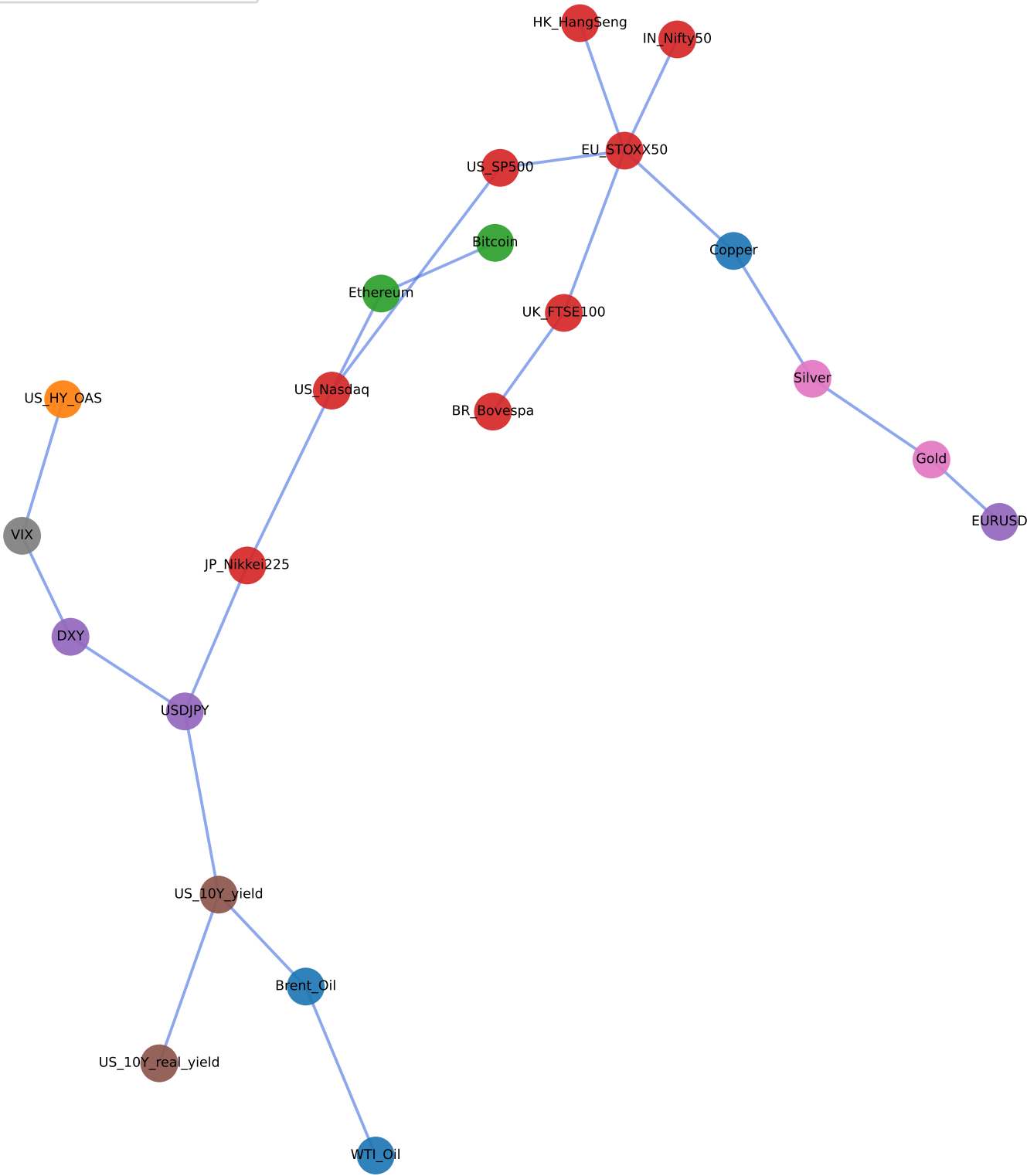
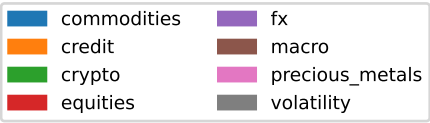
S&P 500 (log) with Markov-switching regime shading



Cross-asset relationship watch-list (rolling correlation)

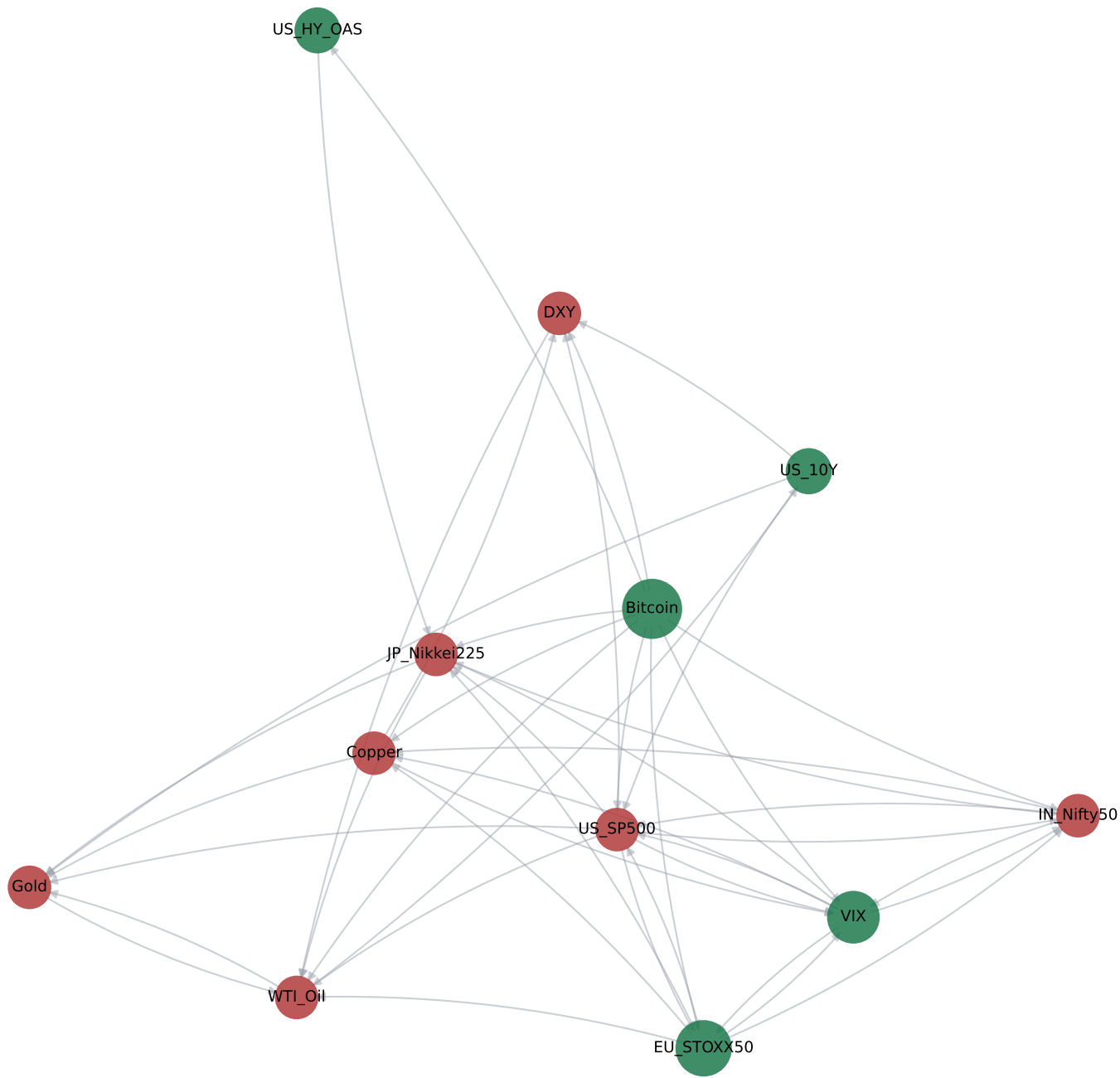


Cross-asset correlation network - minimum spanning tree (3y)



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

Directional lead-lag — Granger causality network

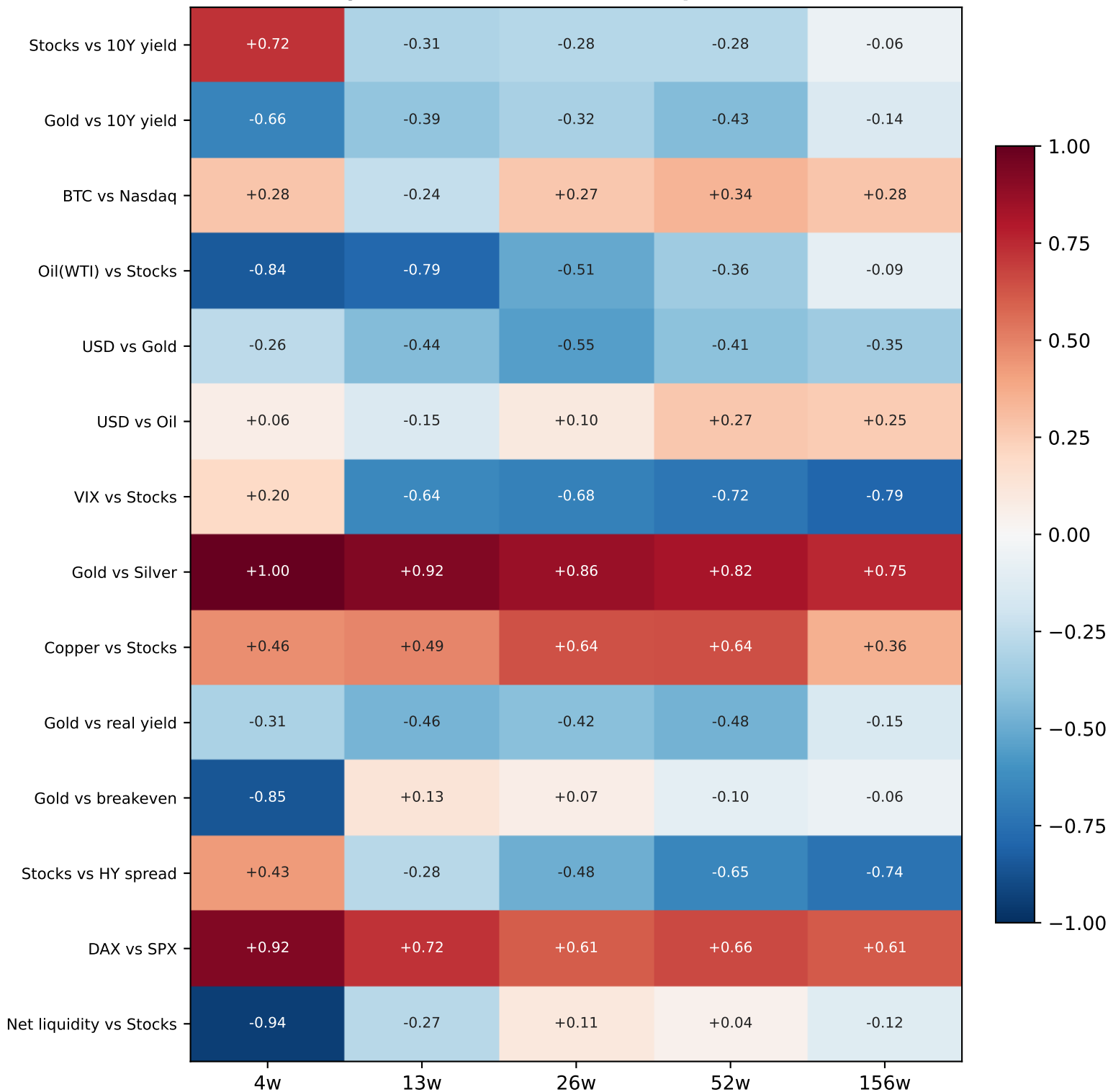


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

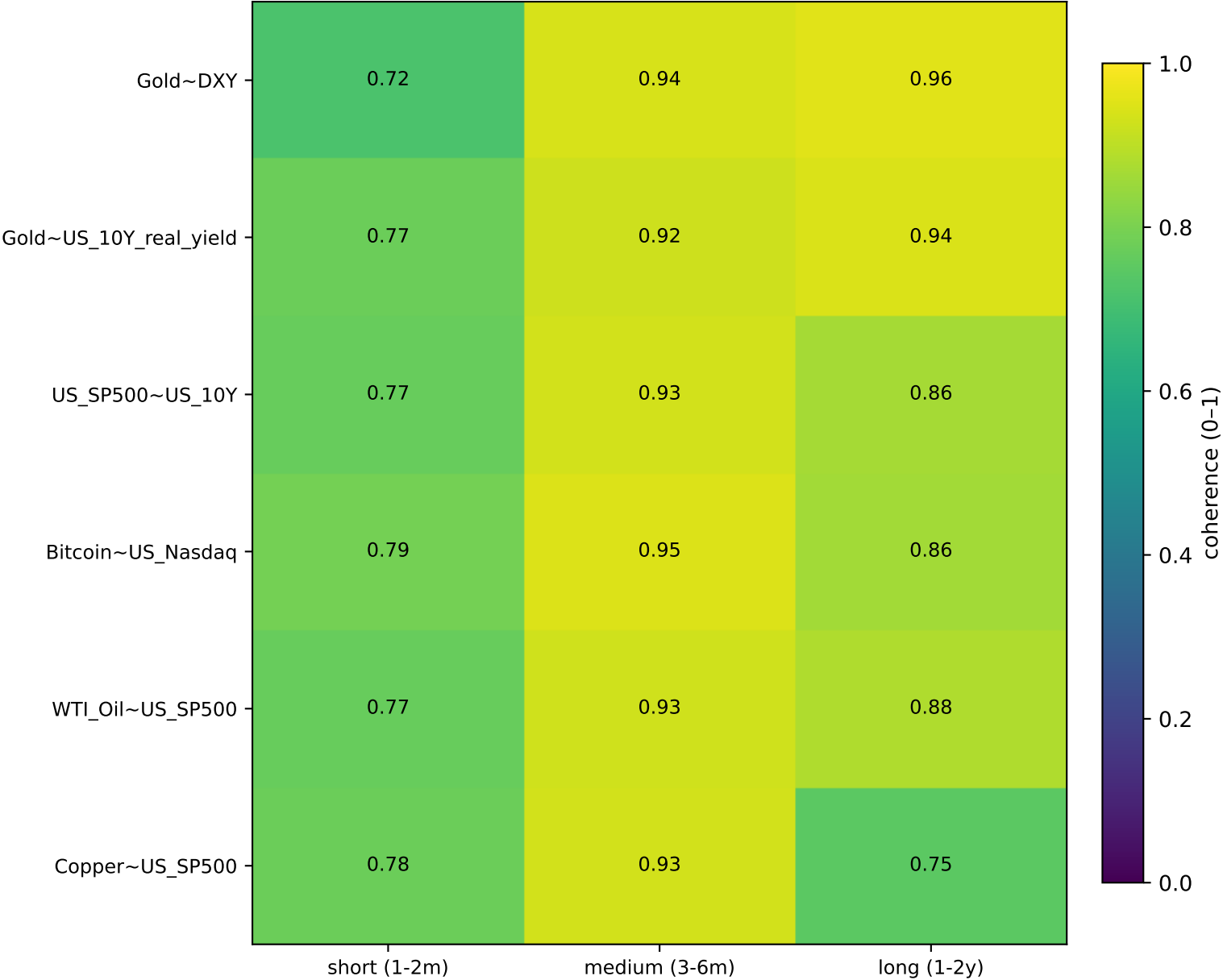
LEADERS: Bitcoin +0.08, EU_STOXX50 +0.06, VIX +0.04, US_10Y +0.01, US_HY_OAS +0.01

FOLLOWERS: JP_Nikkei225 -0.07, US_SP500 -0.04, Gold -0.03, WTI_Oil -0.02, DXY -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
WTI vs Brent	no	0.361	0.97	1w	+3.16
US10Y vs Japan10Y	no	0.934	0.65	93w	+1.56
US10Y vs Germany10Y	no	0.103	0.99	5w	-1.27
Copper vs Gold	no	0.094	1.71	11w	-1.11
HY vs IG spread	yes	0.000	0.30	2w	-0.89
Gold vs Silver	no	0.197	1.20	13w	+0.74
EURUSD vs GBPUSD	no	0.135	0.94	8w	+0.71
Gold vs Platinum	no	0.298	0.71	15w	+0.59
Stocks vs LongBonds	no	0.180	-0.44	20w	-0.56
S&P vs Nasdaq	yes	0.002	1.24	10w	+0.44
BTC vs ETH	no	0.095	0.45	14w	-0.41
VIX vs VIX3M	yes	0.026	0.84	2w	-0.18

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

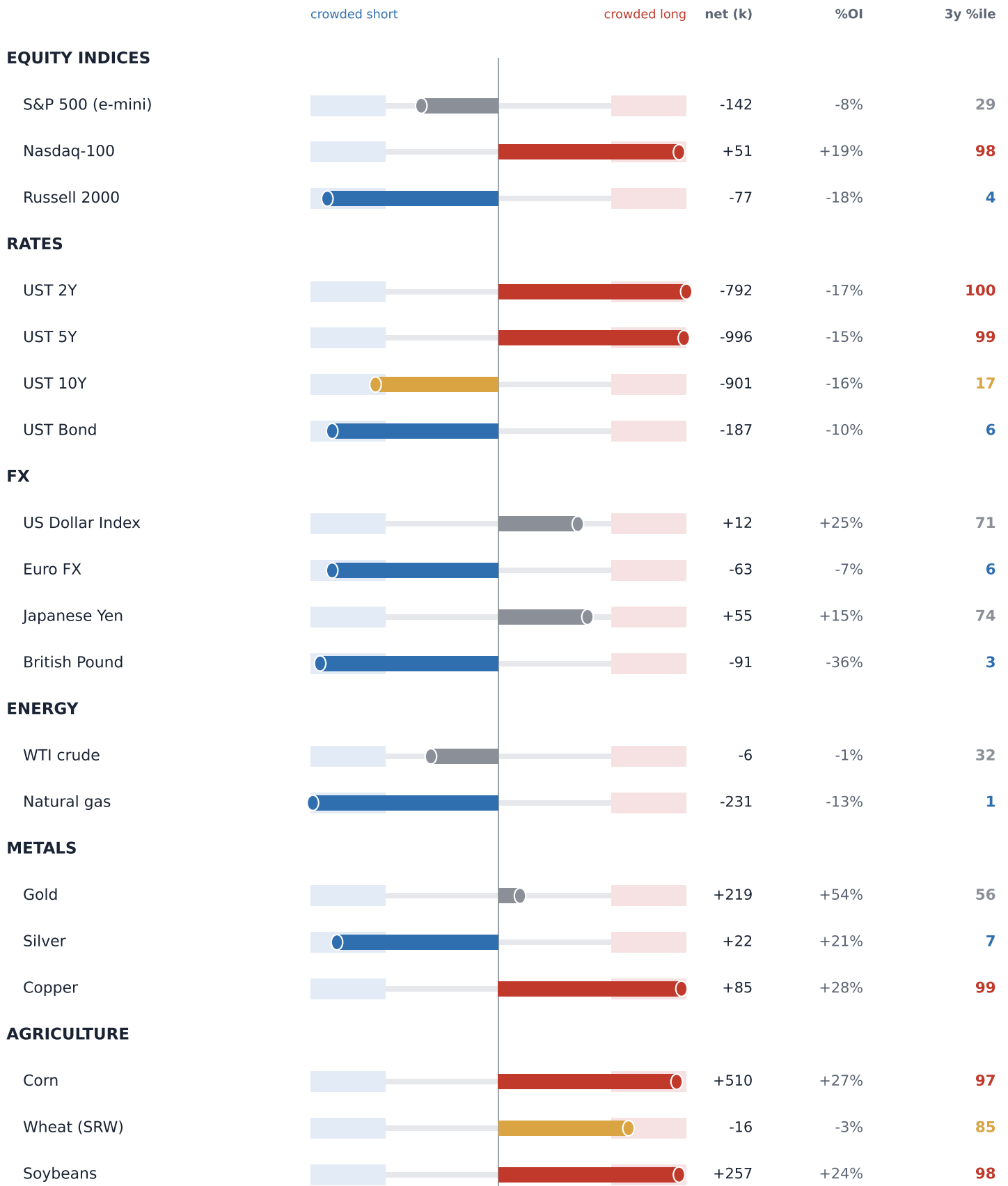
Positioning, Flows & Sentiment

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

43

FEAR

0 = extreme fear · 100 = extreme greed

34

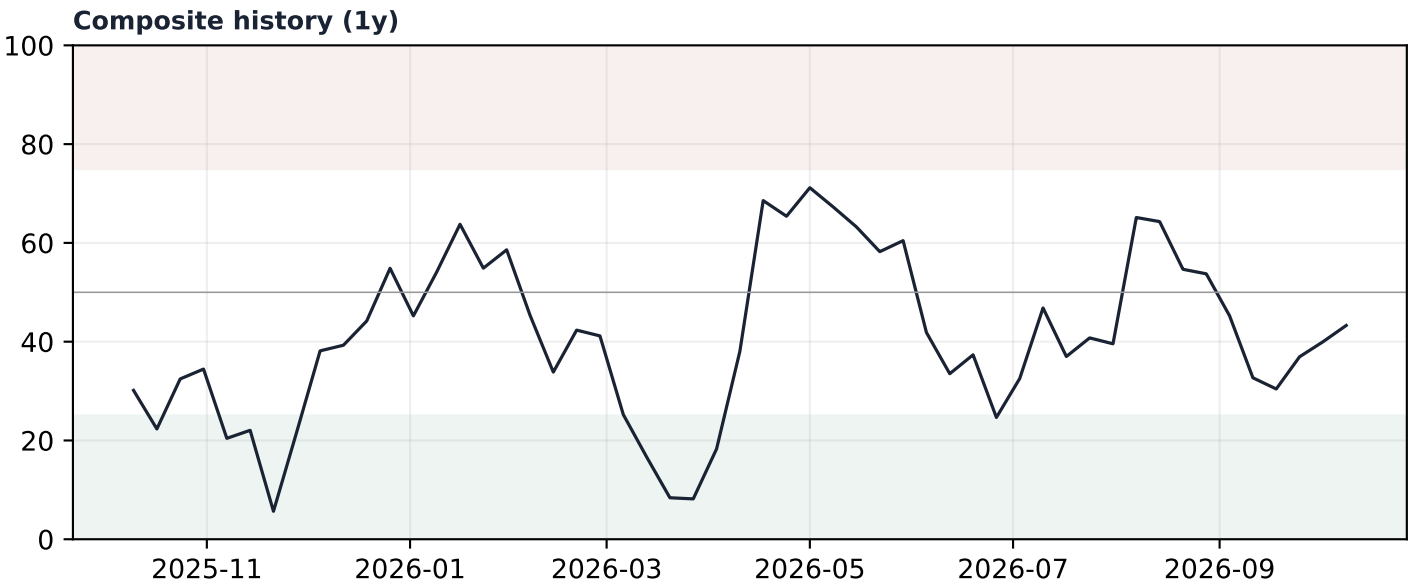
1 week ago

45

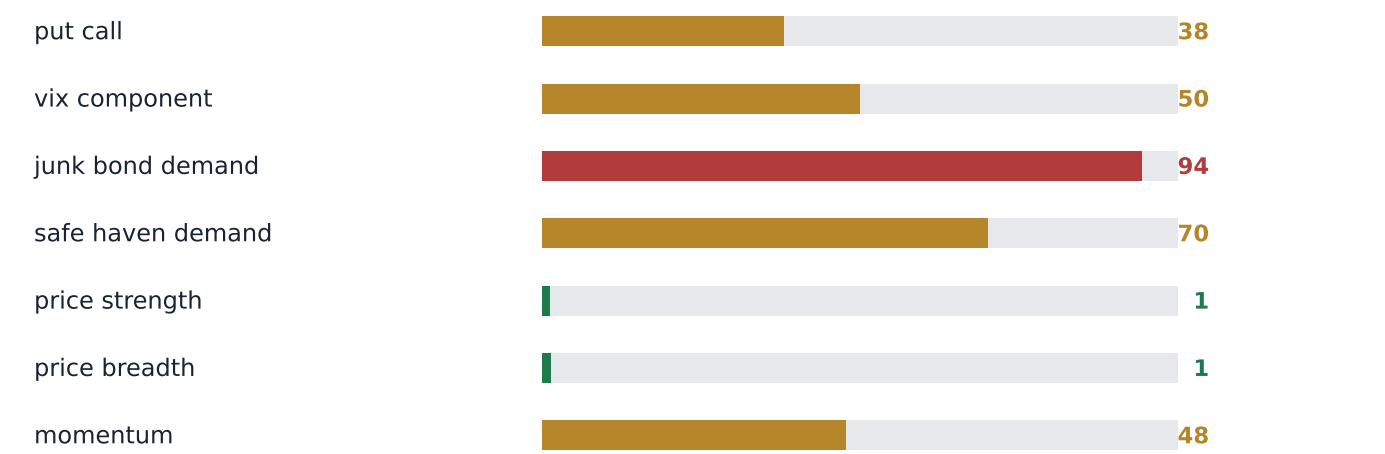
1 month ago

53

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

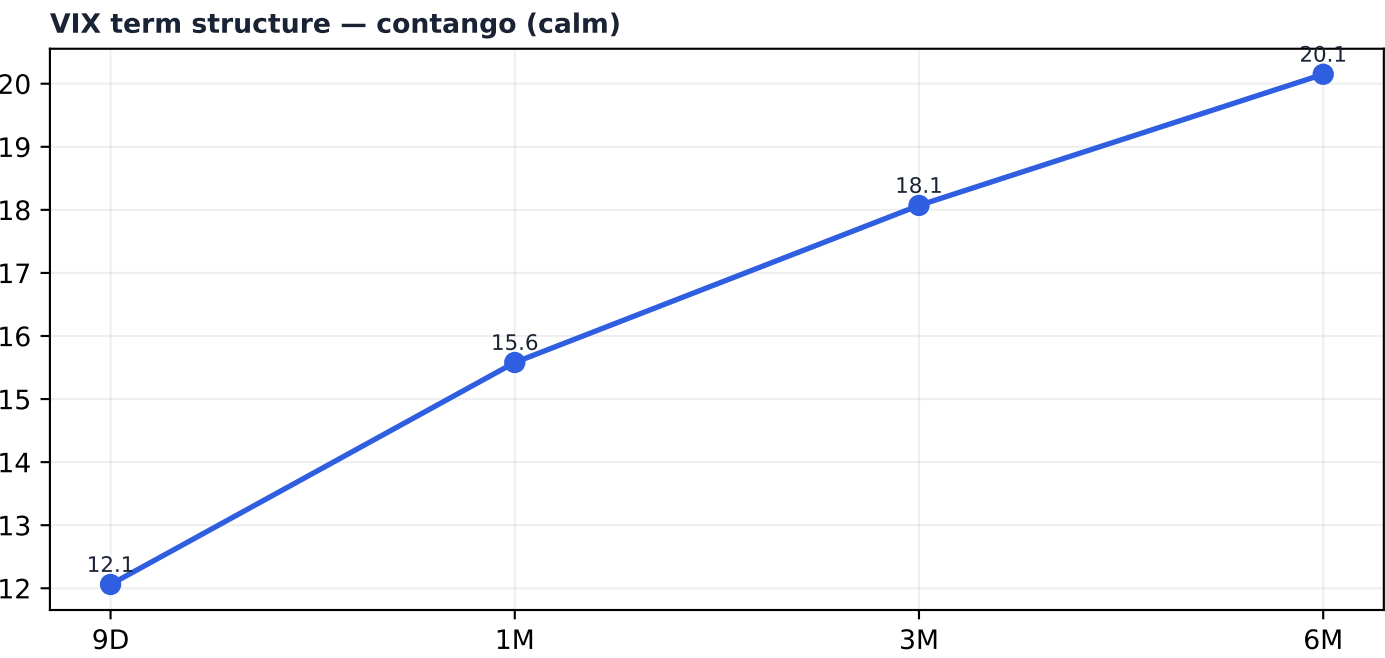
Volatility

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

+11.4 pts

VIX 15.6 — realised 4.2
positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

145

63th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	113	71th
Oil vol (OVX)	50	78th
Gold vol (GVZ)	24	83th
Vol-of-vol (VVIX)	86	23th

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.



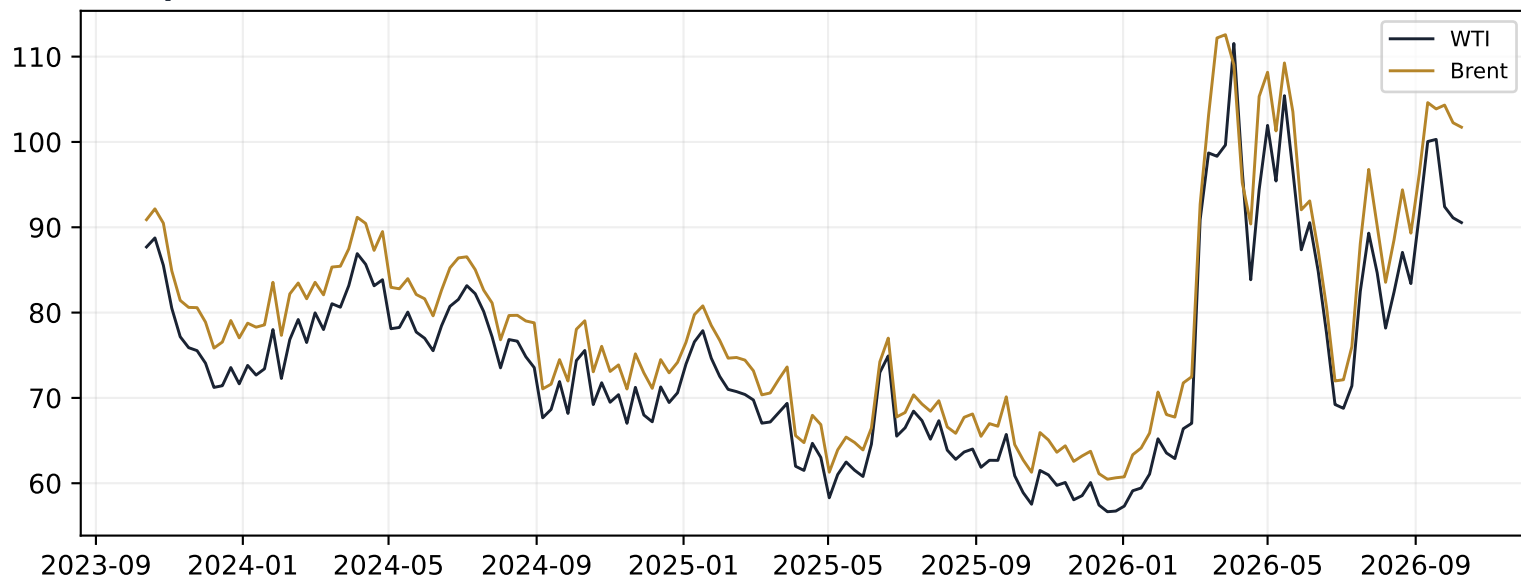
PART V

Asset Deep-Dives

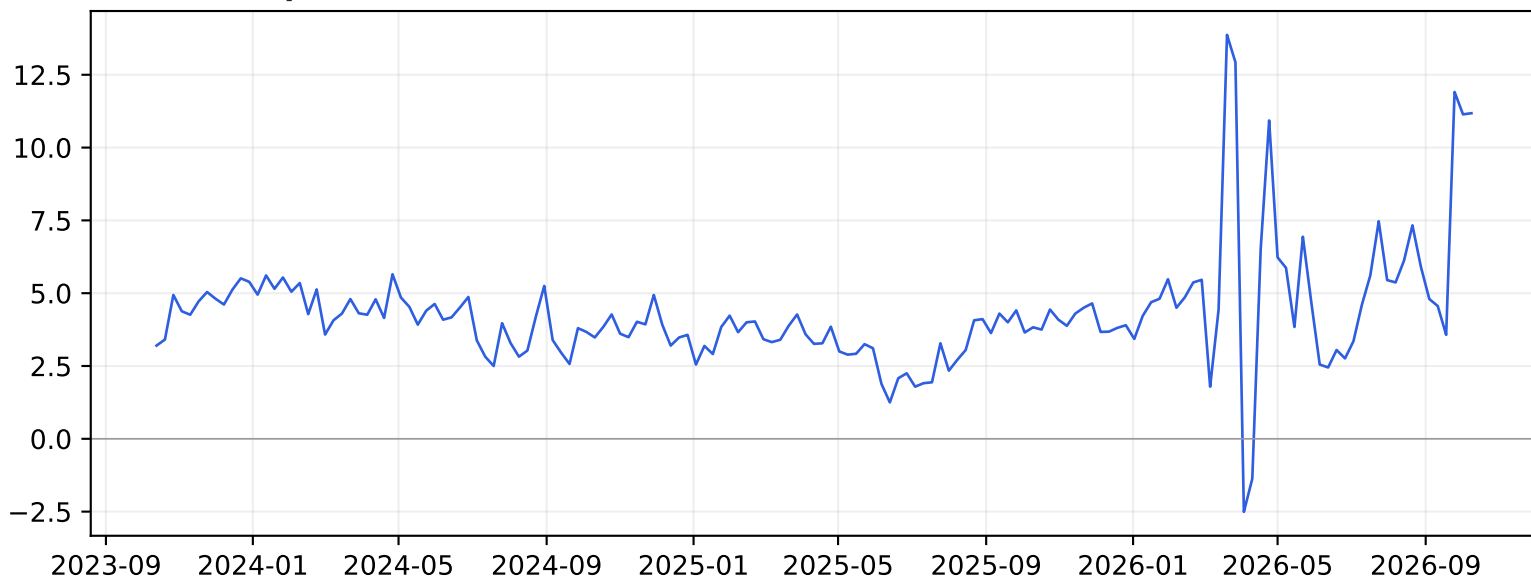
Instrument-level detail across the major asset classes.

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

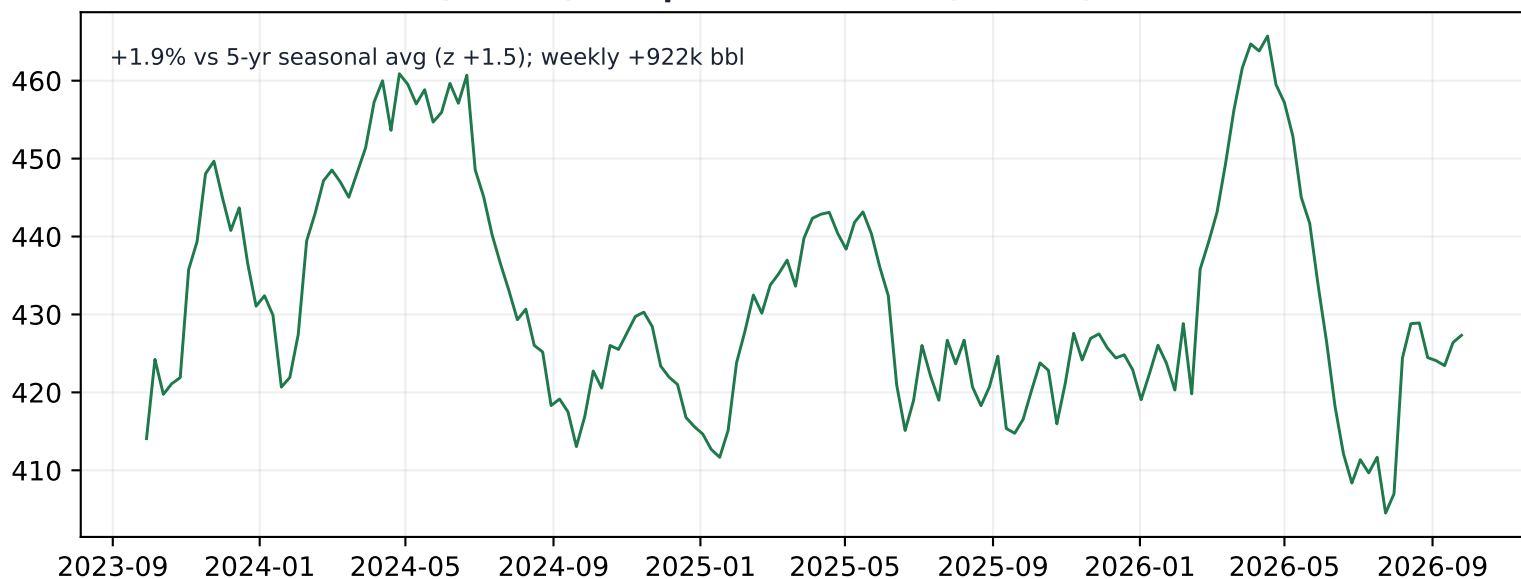
OIL special - WTI \$90.55 (wk -0.6%, 13w +26.8%)



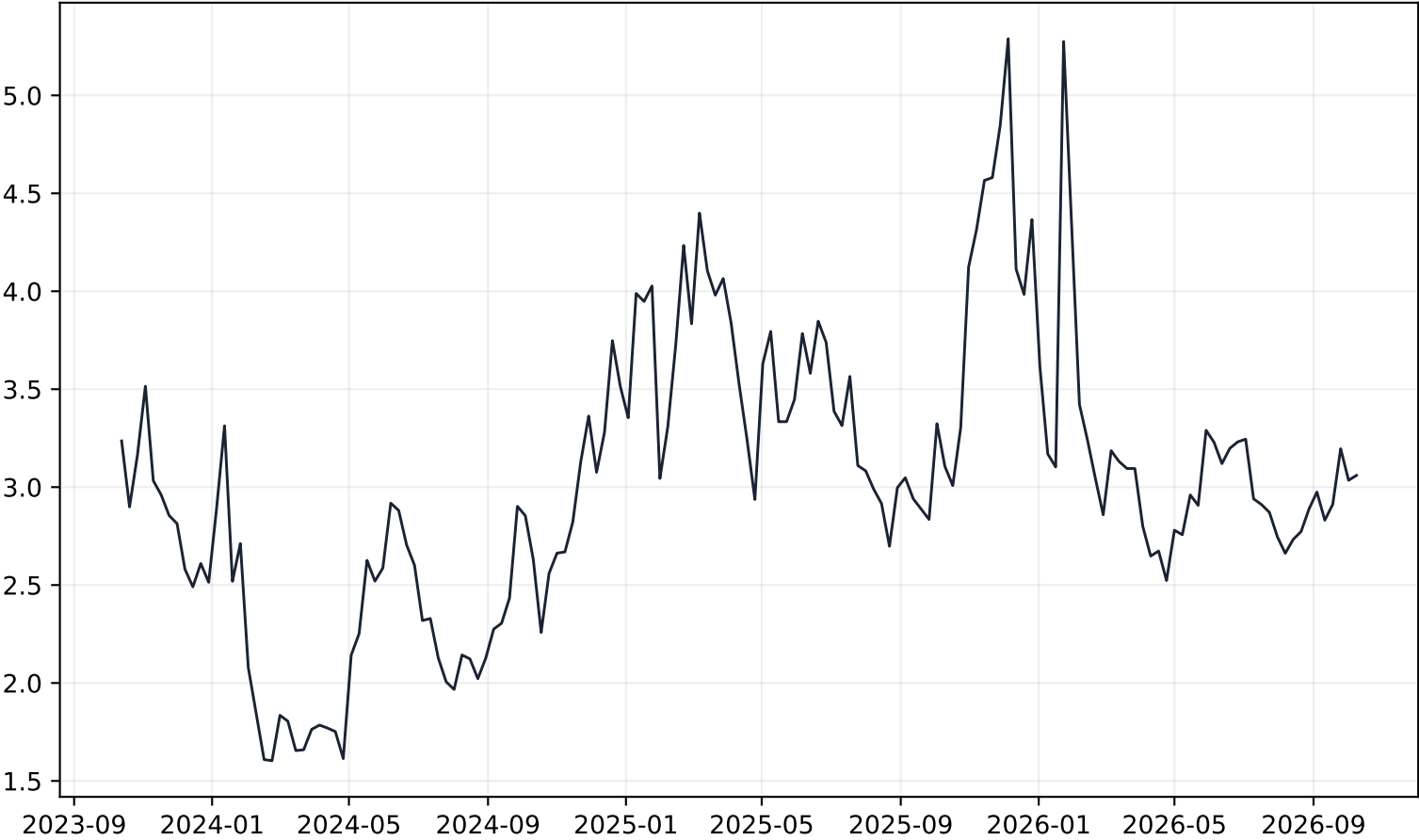
Brent-WTI spread (now +11.18)



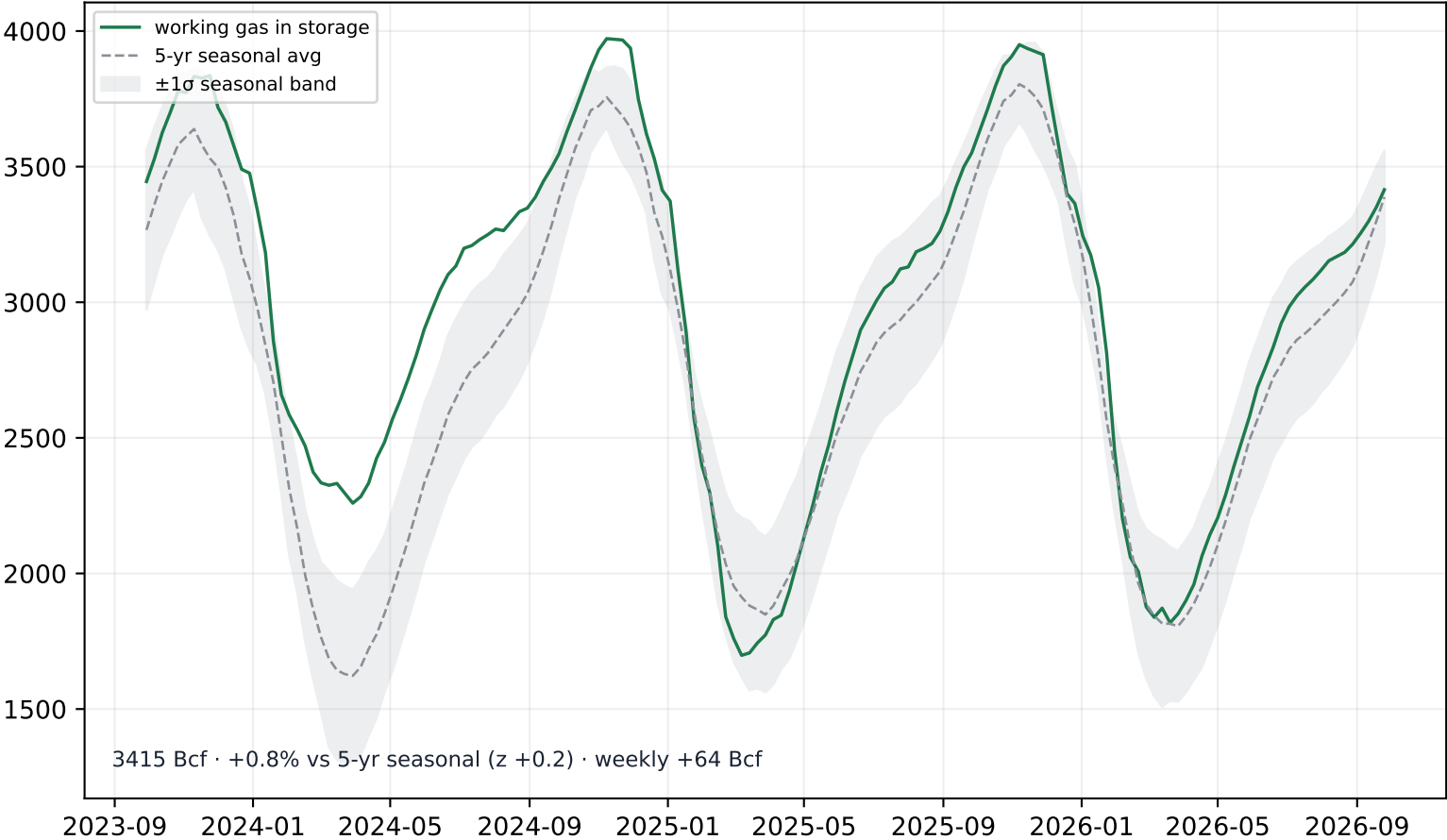
US crude inventories (mn bbl) - surplus vs seasonal (bearish)



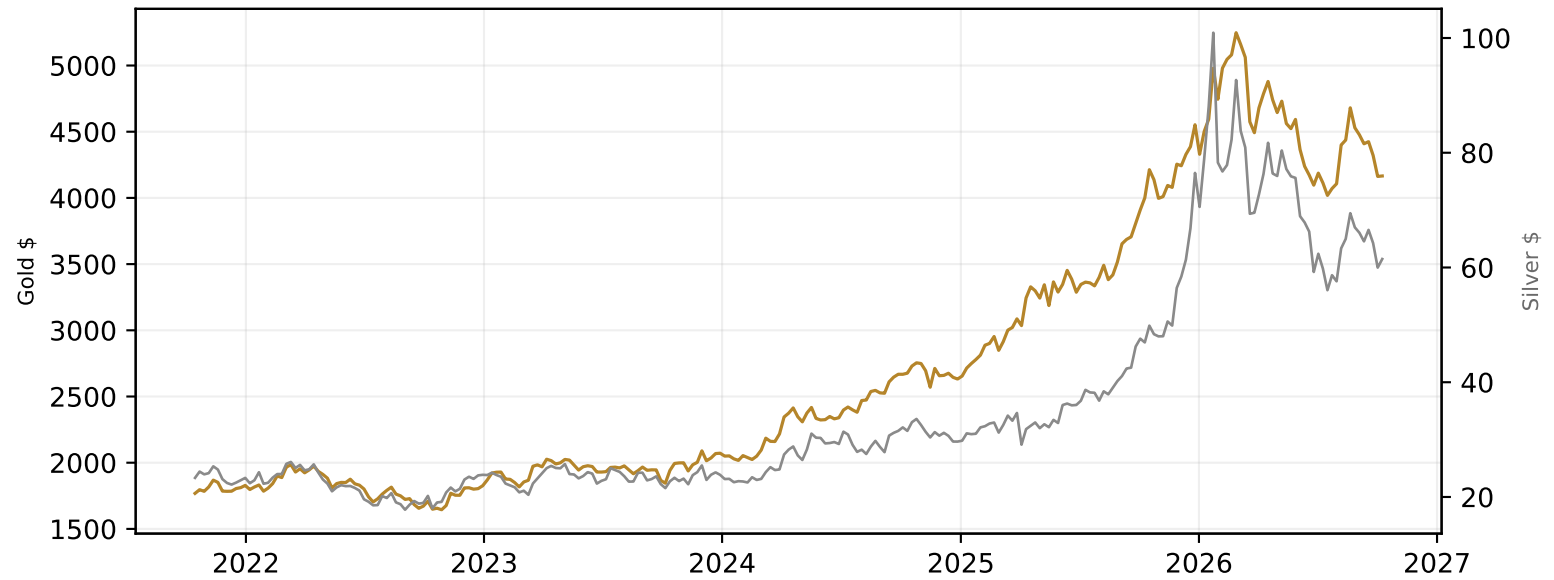
Natural gas (Henry Hub, \$/MMBtu) — \$3.06 (wk +0.8%, 13w +4.1%)



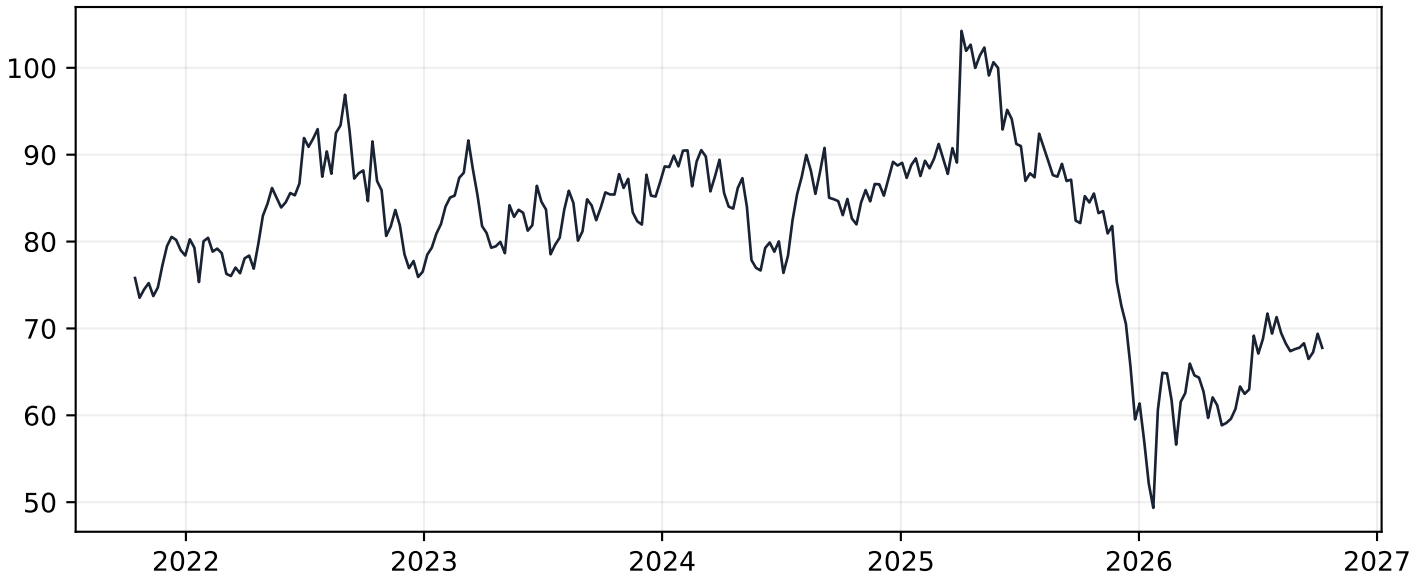
US working-gas storage (Bcf) — neutral vs seasonal



GOLD/SILVER special - Gold \$4166 (L) & Silver \$61.47 (R)



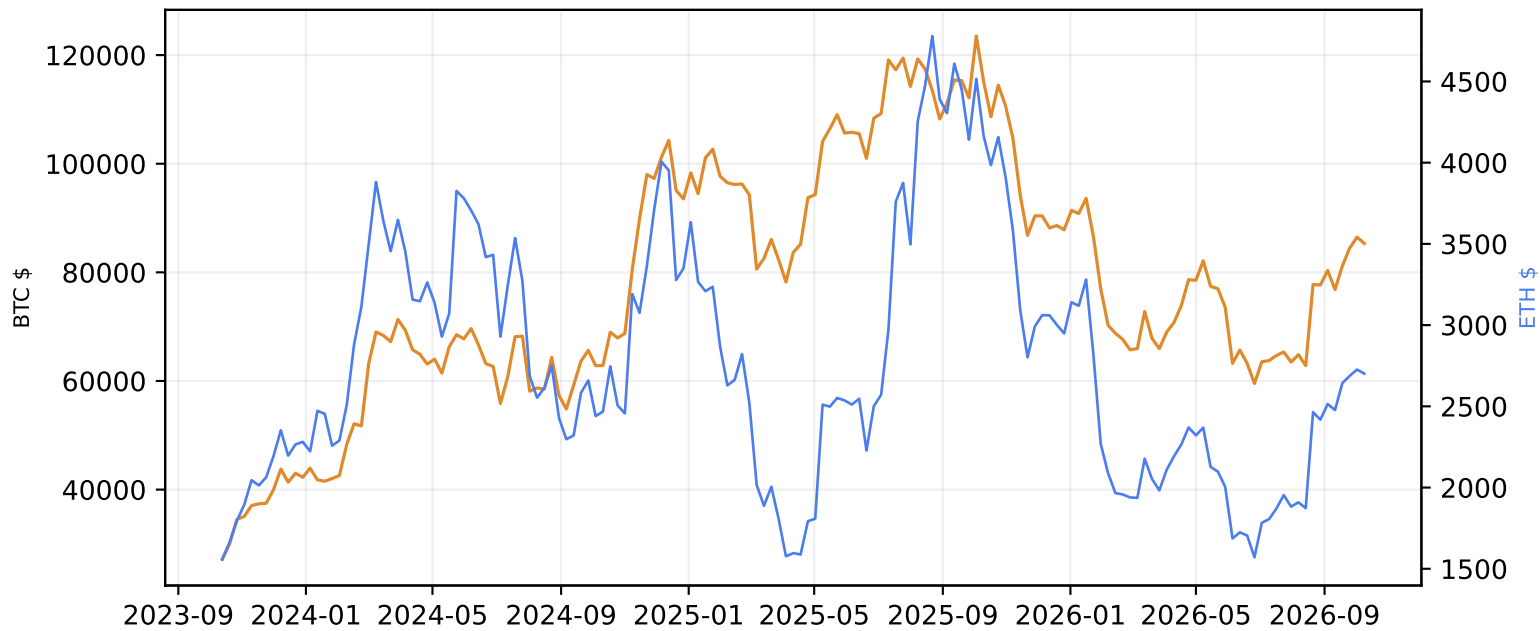
Gold/Silver ratio (now 67.8, 13th pctile of 5y)



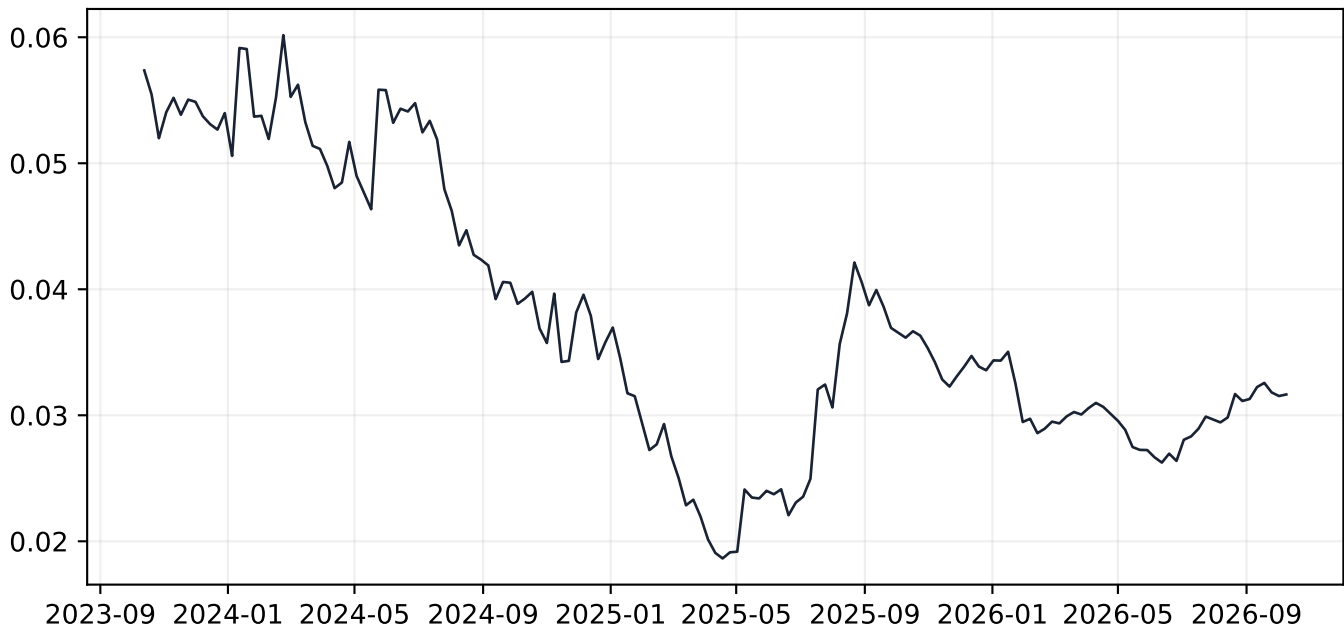
Gold vs 10Y real yield (inverted) - 52w corr -0.48



CRYPTO special - BTC \$85,333 (L) & ETH \$2,701 (R)



ETH/BTC ratio (now 0.0317)



MARKET STRUCTURE (current)

Total mcap \$2.91T BTC dominance 58.6% ETH dominance 11.3%

Stablecoin supply \$312B (+0.2% wk) DeFi TVL \$97B (+1.2% wk)

Crypto Fear & Greed: 70 (Greed), a week ago 74

MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	+2%	+14%	+18%	+1.00	+7%	-0%
US_Nasdaq	+4%	+20%	+23%	+1.00	+10%	0%
EU_STOXX50	-1%	+5%	+13%	+0.00	+2%	-5%
JP_Nikkei225	+2%	+23%	+45%	+1.00	+13%	-2%
IN_Nifty50	-7%	-6%	-11%	-1.00	-6%	-14%
HK_HangSeng	-1%	-7%	-9%	-1.00	-5%	-12%
Gold	+1%	-13%	+4%	+0.00	-8%	-21%
Silver	+3%	-19%	+31%	+0.00	-14%	-39%
WTI_Oil	+27%	-6%	+54%	+0.00	+7%	-19%
Copper	+7%	+13%	+37%	+1.00	+8%	-1%
DXY	+1%	+4%	+3%	+1.00	+3%	0%
Bitcoin	+34%	+21%	-26%	+0.50	+17%	-25%

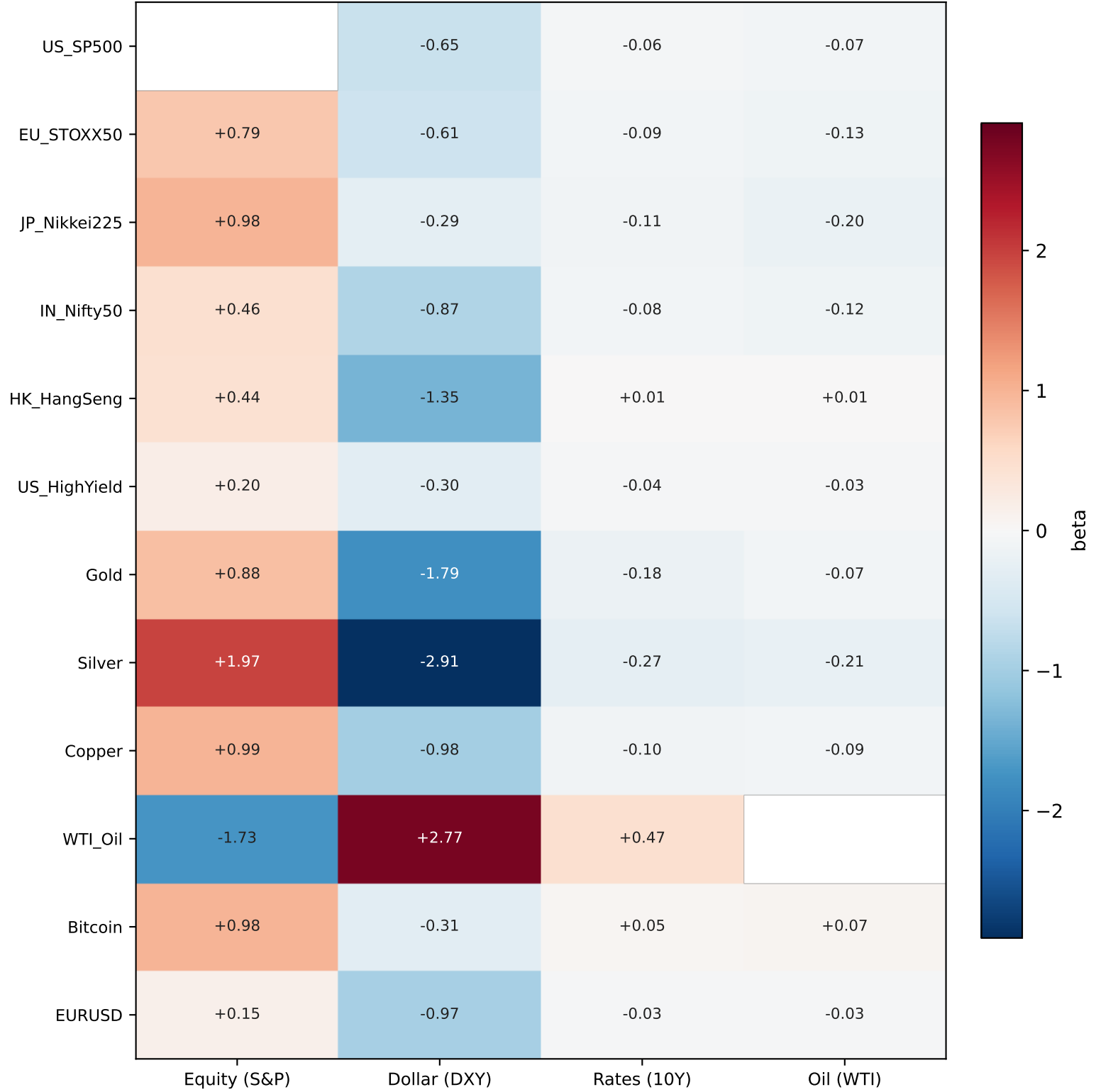
Global equity 26-week relative strength:

LEADERS: TW_TAIEX +40%, KR_KOSPI +30%, US_FANGplus +29%, JP_Nikkei225 +23%, US_Nasdaq +20%, US_Wilshire5000 +16%

LAGGARDS: RU_RTS -21%, ID_JKSE -18%, RU_MOEX -17%, CN_Internet -15%, TR_BIST100 -12%, ZA_JSE -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 — 41.4, 99th percentile of 156 years



Excess CAPE Yield ($1/\text{CAPE} - 10\text{Y real}$) — -0.46%, 0th pctile since 2015



Cyclically-adjusted earnings yield $1/\text{CAPE} = 2.42\%$ · trailing earnings yield 3.96% · 10Y nominal 5.24% · 10Y real 2.88% · 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 ->	2.32 [2.17,2.46]
US_FedDebt_PctGDP	Chicago_Fed_NAI	4w	+0.75	0.56	-0.04 ->	-0.15 [-1.68,1.39]
UK_10Y_yield	DE_10Y	4w	+0.75	0.56	3.19 ->	3.19 [3.09,3.29]
EA_AAA_10Y	NL_10Y	4w	+0.74	0.55	3.29 ->	3.25 [3.14,3.35]

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 +2.56

actual 6.65 · model-fair 4.66 · gap +42.8% · R^2 0.37



USDJPY vs US-Japan yield gap

cheap z -2.31

actual 158.03 · model-fair 169.89 · gap -7.0% · R^2 0.89



S&P 500 vs liquidity & rates

RICH z +1.13

actual 7761.86 · model-fair 6305.06 · gap +23.1% · R^2 0.28



Gold vs real yield & dollar

RICH z +0.52

actual 4165.70 · model-fair 3768.28 · gap +10.5% · R^2 0.70



HY spread vs equity vol

RICH z +0.11

actual 3.10 · model-fair 3.06 · gap +0.0 · R^2 0.11



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%	-5%	-0.8	+2.6
IN_Nifty50	-2.9%	-4.0%	9%	-16%	-14%	-0.3	+0.5
Gold	-3.6%	-4.7%	11%	-23%	-21%	-0.1	+1.2
WTI_Oil	-9.2%	-12.0%	26%	-53%	-25%	+0.6	+3.5
Copper	-4.8%	-9.2%	23%	-34%	-1%	-1.6	+10.9
Bitcoin	-11.4%	-15.5%	34%	-75%	-31%	-0.1	+2.0
US_HighYield	-1.6%	-2.3%	5%	-18%	-12%	+0.2	+2.8
EURUSD	-1.5%	-2.1%	4%	-17%	-6%	+0.5	+2.2

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 0.47

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

	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	10-02	10-09
Regime	N	N	N	R+	R+	N	N	N	N	N	R+	R+	N	N	N	N	N	N	N	N	N	R+	N	N
Risk appetite															+0.83	+1.08	+0.83	+0.53	+0.69	+0.92	+0.63	+0.82	+0.54	+0.42
Macro nowcast															+0.04	+0.06	+0.02	+0.00	+0.09	+0.11	+0.12	+0.12	+0.07	+0.06
Quadrant	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Refl	Refl	Stag	Stag	Stag	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Gold	Refl	Refl
VIX	17	17	18	17	15	22	18	16	18	16	15	16	18	18	16	15	15	16	15	15	17	15	16	16
SKEW															133	133	138	144	150	152	154	148	145	145
Breadth %	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PC1 share															22	16	21	21	21	13	17	17	17	18
Stk-Bond corr	-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	-0.05	-0.05

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