ABL Digital Global Cross-Asset Weekly

Trend & Correlation Report | week ending 2026-11-20

312 instruments | 4217 weeks history

REGIME: Neutral

EXECUTIVE SUMMARY

The engine says neutral, and for once the components mostly agree: the Markov filter assigns 92.3% posterior weight to Neutral in week 78 of this state, the risk-appetite composite sits at +0.16, and the macro nowcast at +0.15 ("trend growth"). Lean modestly risk-on but with the expression shifted hard away from the US mega-cap complex. The favoured side is non-US and non-tech: India (BankNifty +0.9% this week, +14% on 26-week relative strength, the single best global momentum leader), Switzerland (SMI +0.8%, +13%), Spain (IBEX +11%). The faded side is Asian tech and US concentration — TAIEX -6.2%, KOSPI -3.7%, FANG+ -3.0%, Shenzhen -2.6% — with Nasdaq spec positioning at the 90th percentile of three years, a crowded long into weakening price. Add duration selectively: UST 10Y specs sit at the 8th percentile, a crowded short against a 5.10% nominal yield and a 0.4% recession probability.

Three developments matter. First, the stock-bond correlation has flipped violently: 13-week stocks-vs-10Y-yield at +0.66 versus -0.09 on 52 weeks, a +0.75 shift, which means bonds are no longer hedging equities week to week and the 60/40 diversification assumption is temporarily broken. Second, VIX jumped +2.12 to 21.42 while the term structure stayed in contango at 0.98 — fear without structural stress, so this is a dip to sell vol into, not to buy protection at.
Third, crypto Fear & Greed collapsed to 10 (Extreme Fear) from 29, with DeFi TVL -10.0% in a week — a liquidity unwind at the speculative margin that has not yet infected credit (HY OAS unchanged at 3.23%).

The biggest risk is valuation, not growth: CAPE 40.0 (99th percentile of 156 years) with an excess CAPE yield of -0.36% and an equity risk premium of -1.14% leaves no cushion. The signal that would break this view is HY OAS widening through roughly 3.75-4.00% alongside the VIX/VIX3M ratio pushing above 1.00. That combination would mark the handoff from a vol scare to a regime change, and the Markov Risk-off posterior — currently 6.1% — rising above 25% would confirm it.

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

KEY SIGNALS

Stocks-Bonds DCC corr	**+0.14 (1y ago +0.17)**
PC1 variance share	**16%**
DCC persistence (a+b)	**0.9792**
Weeks in regime	**78**

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EXECUTIVE DASHBOARD

One-glance cross-asset scorecard · week ending 2026-11-20 · 312 instruments, 10-year context

MARKET REGIME
Neutral
~78w in regime

GROWTH × INFLATION
Deflation / Slowdown
g -0.4 / i -0.8

STOCK–BOND CORR
+0.14
vs +0.17 1y ago

RISK CONCENTRATION
16%
PC1 share of variance

EQUITY BREADTH
57%
indices > 40wk MA

VIX TERM
Contango
ratio 0.98

VALUATION **Shiller CAPE 40.0** 99th %ile / 156y Excess CAPE yield -0.36% ERP -1.14%

METRIC vs 10-YEAR HISTORY	Level	Wk Δ	10y percentile
Volatility (VIX)	21.4	+2.12	75th
HY credit spread (OAS)	3.23%	+0.00	73th
IG credit spread (OAS)	0.89%	+0.00	63th
EM corp spread (OAS)	1.69%	+0.00	51th
10Y real yield (TIPS)	2.86%	+0.00	100th
10Y nominal yield	5.10%	+0.00	99th
2Y yield	4.86%	+0.00	95th
10Y–2Y curve	+0.27pp	+0.00	44th
10Y breakeven infl.	2.24%	+0.00	53th
Financial conditions	-0.46	+0.00	65th
Initial jobless claims	200k	+0k	5th
Weekly Econ Index	+3.3%	+0.00	86th
Fed net liquidity	$5.84T	+0.00	53th
US dollar (DXY)	103.5	+0.1%	80th
Gold	$3,868	-0.5%	89th
S&P 500	7466	-1.3%	96th

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.

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CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

risk-off (-1.5)

score +0.16

(+1.5) risk-on



Components (standardised, + = risk-on):



MACRO NOWCAST

Trend growth

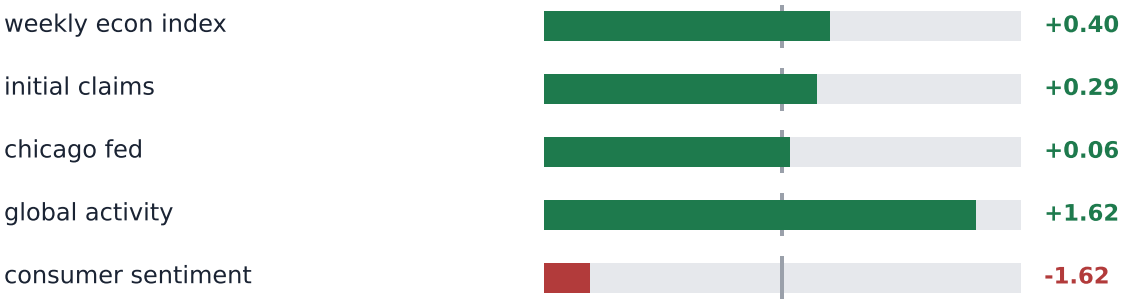
contracting (-1.5)

score +0.15

(+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.

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WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-11-20

TOP GAINERS

Cotton	+3.2%
USDBRL	+2.0%
Cocoa	+1.8%
NZ_NZX50	+0.9%
IN_BankNifty	+0.9%
CH_SMI	+0.8%
IN_Sensex	+0.6%
IN_Nifty50	+0.6%

TOP DECLINERS

TW_TAIEX	-6.2%
Silver	-5.2%
Gasoline	-3.7%
KR_KOSPI	-3.7%
US_FANGplus	-3.0%
Solana	-2.8%
US_Tech	-2.7%
Platinum	-2.7%

KEY LEVELS — week-over-week change

US 10Y yield	5.10	+0.00%	SKEW	nan	+nan
2Y yield	4.86	+0.00%	US dollar (DXY)	103.53	+0.1%
HY credit OAS	3.23	+0.00%	Gold	3867.70	-0.5%
IG credit OAS	0.89	+0.00%	WTI oil	86.71	-2.1%
VIX	21.42	+2.12	Bitcoin	64497.02	-1.2%

MARKET-STATE READINGS — now vs the prior report

Regime	prior: N	->	**Neutral**
Quadrant	prior: Defl	->	**Deflation / Slowdown**
Risk appetite	prior: -0.05	->	**+0.16**
Macro nowcast	prior: +0.11	->	**+0.15**
PC1 share	prior: 16	->	**16%**
Stock-bond DCC	prior: —	->	**+0.14**

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).

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Detailed Cross-Asset Analysis

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

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Three developments matter. First, the stock-bond correlation has flipped violently: 13-week stocks-vs-10Y-yield at +0.66 versus -0.09 on 52 weeks, a +0.75 shift, which means bonds are no longer hedging equities week to week and the 60/40 diversification assumption is temporarily broken. Second, VIX jumped +2.12 to 21.42 while the term structure stayed in contango at 0.98 — fear without structural stress, so this is a dip to sell vol into, not to buy protection at. Third, crypto Fear & Greed collapsed to 10 (Extreme Fear) from 29, with DeFi TVL -10.0% in a week — a liquidity unwind at the speculative margin that has not yet infected credit (HY OAS unchanged at 3.23%).

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Regime, Scorecard & Market State

The Markov-switching model, run on weekly S&P returns with switching mean and variance, is unusually confident: 92.3% Neutral, 1.5% Risk-on, 6.1% Risk-off, and this state has persisted roughly 78 weeks. That persistence matters. A 78-week neutral regime is not a transition; it is the prevailing condition, and it argues against positioning for an imminent trend break in either direction.

The risk-appetite composite at +0.16 corroborates, but the internal dispersion is the real story. Two components are strongly positive: risk_over_haven at +1.61 and low_concentration at +1.42. Three are negative: vix_term at -1.15, spx_trend at -0.71, credit_hy at -0.47. Equity breadth sits marginally positive at +0.29. Read together, the message is that risk assets are still outperforming havens and the market is not dangerously concentrated, but US index trend and the volatility structure have deteriorated. So the composite's neutrality is an average of genuine opposites rather than a market sitting quietly in the middle. For an investor, that argues for owning risk through diversified, broad, non-US exposure (where the positive components live) rather than through US trend-following or index beta (where the negatives are).

Breadth confirms the mixed reading: 57% of 42 global equity indices are above their 40-week moving average and 64% of 11 US sectors. Above half, below strong. Nothing here supports a leveraged directional stance.

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Global Macro, Liquidity & the Growth Nowcast

Central-bank balance sheets are flat to marginally expansionary: Fed net liquidity $5.84T and +0.7% over four weeks, ECB assets -0.4%, BoJ assets unchanged. Fed net liquidity is no longer a headwind, but neither is it the tailwind that drove 2023-24 risk appetite. Note that 52-week net-liquidity-versus-stocks correlation is only +0.11, and the 13-week reading is -0.06. Liquidity is not the marginal driver of equity returns right now, so do not trade off it.

Funding is unambiguously tight but orderly. SOFR at 3.90% sits two basis points above fed funds at 3.88%, and the RRP facility is drained to $0bn. That zero is the important number: the reserve buffer that absorbed drainage through 2023-24 is gone, so any further balance-sheet reduction now comes directly out of bank reserves. That raises the probability of a funding-market accident in future quarters, and it is the mechanism through which a quiet market becomes a disorderly one. Watch SOFR-to-IORB spread widening as the early warning.

Global 10Y yields are strikingly dispersed: US 5.10%, UK 5.24%, Germany 3.47%, Japan 3.05%. A 163bp US-Germany gap and a 205bp US-Japan gap are large and should, mechanically, support the dollar — which is why the fair-value model flagging USDJPY as 4.4% cheap versus the US-Japan yield gap, on an R^2 of 0.86, deserves attention. Japan at 3.05% is the structural oddity: JGB yields that high mark the end of the global duration anchor, and they are the reason Japanese equities (Nikkei -2.5% this week) are struggling despite cheap valuations.

The growth nowcast at +0.15 reads trend growth, and the Weekly Economic Index at +3.3% is actually above the ~2% trend benchmark. Initial claims at 200k sit at the 5th percentile of ten years, continued claims 1.70mn, FRED recession probability 0.4%, Sahm rule 0.00 against a 0.50 trigger, 10Y-3M curve +0.83pp. On every hard-data measure, there is no recession. The dissent is sentiment: consumer_sentiment at -1.62 against global_activity at +1.62. Trust the activity data over the survey — the gap has been persistent and the hard data has been right.

But the growth-inflation quadrant says Deflation/Slowdown: growth composite z -0.42 with a 13-week change of -1.02, inflation composite z -0.78 with a 13-week change of -1.45. Both are decelerating, and inflation faster than growth. That is a disinflationary slowdown, which historically favours duration over commodities and quality over cyclicals.

Rates, Credit & the Stock-Bond Relationship

Levels were unchanged on the week across the entire rates and credit complex — 10Y nominal 5.10%, 2Y 4.86%, curve +0.27pp, 10Y real 2.86%, breakeven 2.24%, HY OAS 3.23%, IG OAS 0.89%, fed funds 3.88%. Credit did not flinch while equities fell 1.27% and VIX rose 2.12 points. That non-confirmation is the most reassuring single fact in the dataset: HY at 3.23% is not a spread consistent with a market pricing economic damage.

The market-implied path is the aggressive outlier. Forwards show 0-3m at 4.32%, 3-12m at 4.76%, 1-2y at 5.07%, implying roughly 3.1 hikes to one year from 3.88%. That is hikes being priced into a disinflationary slowdown with inflation composite z at -0.78 and breakevens at 2.24%. Those two things cannot both be right. If the inflation composite keeps falling, the front end is mispriced and receiving 1-2y forwards is the cleanest expression of the macro nowcast. The crowded-long positioning in UST 2Y (85th percentile) and 5Y (83rd) is the counterargument — that trade is already populated — whereas UST 10Y at the 8th percentile is not. Favour the long end for the macro view.

The stock-bond relationship is the week's structural warning. DCC conditional correlation is only +0.14 (versus +0.17 a year ago) with persistence 0.9792, but the rolling 13-week correlation has spiked to +0.66 from -0.09 over 52 weeks. The slow-moving DCC and the fast-moving rolling window disagree, and the rolling window is picking up something real: yields and equities are moving together, which happens when the market trades a single rate-sensitivity

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factor. The practical consequence is that nominal Treasuries are not currently hedging equity drawdowns. Until that +0.66 decays back toward zero, portfolio hedges need to come from gold, vol or cash rather than duration. Note the 13-week stocks-versus-HY-spread correlation of -0.26 is also well off its -0.63 52-week level, so credit is decoupling too.

Factor Structure & Systemic Risk

PC1 explains just 16% of variance across 196 instruments, with PC2 (Rates, 10Y yield) at 12%, PC3 (US dollar, inverse) at 5% and PC4 (Energy, oil) at 4%. A 16% PC1 is low. No single force — not broad risk appetite — is dominating cross-asset returns, and the near-parity of PC1 and PC2 means rates are almost as important a driver as equity beta. This is a market trading two roughly equal factors, which is precisely why the low_concentration scorecard component reads +1.42.

The multivariate DCC confirms it from the other direction: average pairwise conditional correlation is +0.03 now versus +0.04 a year ago, persistence 0.8322. Diversification is working. At +0.03 average correlation, genuine cross-asset and cross-regional dispersion is available, and the enormous gap between the best and worst equity markets this week — NZX50 +0.9% against TAIEX -6.2%, a 7.1-point spread in five sessions — is that dispersion made visible.

The actionable conclusion: this is a stock-picker's and country-picker's market, not a beta market. Relative-value and long-short expressions should be favoured over directional index risk, and the expected payoff from regional allocation is unusually high. The caveat is that low correlation is exactly the condition that precedes correlation spikes — the metric is mean-reverting and persistence of 0.83 means a shock propagates. If average conditional correlation starts climbing toward +0.15-0.20, the dispersion trade dies quickly and the hedging requirement jumps.

Cross-Asset Correlation & Lead-Lag

The Granger network names Bitcoin, EU_STOXX50, VIX and US_HY_OAS as net information leaders, with JP_Nikkei225, US_SP500, Copper and WTI_Oil as followers. That ordering is instructive and slightly unusual. Bitcoin leading means the speculative-liquidity margin is setting the tone — and with crypto Fear & Greed at 10 and DeFi TVL down 10.0% this week, the leader is transmitting a negative signal into the S&P and Nikkei. European equities leading US equities implies the pricing impulse is originating in European hours, not the US session. And HY OAS as a leader with spreads unchanged at 3.23% is the single best argument that this equity weakness is noise: the market that moves first is not moving.

The correlation shifts are large enough to matter for hedge construction. VIX-versus-stocks has tightened to -0.91 on 13 weeks from -0.75 on 52 — VIX is currently a highly efficient equity hedge. USD-versus-oil has collapsed to -0.63 from +0.23, an -0.85 shift, restoring the traditional inverse relationship and meaning dollar strength is now an oil headwind again. Gold-versus-breakeven has gone to -0.68 from -0.14, a -0.54 shift: gold is no longer trading as an inflation hedge, it is trading as something else — a dollar and real-rate instrument, or a reserve-diversification asset. Copper-versus-stocks has loosened to +0.44 from +0.62, and DAX-versus-SPX to +0.24 from +0.60, which is simply the dispersion story again. BTC-versus-Nasdaq at +0.09 on 13 weeks (from +0.28) says crypto's drawdown is idiosyncratic, not a tech-beta event, which limits the read-across to equities.

Relative Value & Fair Value

Only one cointegrated pair is stretched beyond 1.5σ: the S&P-versus-Nasdaq spread at z -1.77, half-life eight weeks. Given Nasdaq fell 1.93% against the S&P's 1.27% and FANG+ dropped 3.0%,

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this is a long-S&P/short-Nasdaq spread that has already run and is now stretched. The eight-week half-life implies mean reversion over roughly two months, which combined with Nasdaq spec positioning at the 90th percentile makes the convergence trade tactically interesting — but understand the direction: z -1.77 means the spread is stretched such that reversion favours Nasdaq catching back up. Size it as a mean-reversion trade against crowded positioning, not as a directional tech call, and respect that a crowded long unwinding can push the z further before it reverts.

On fair value, trust in proportion to fit. USDJPY cheap -4.4% versus the US-Japan yield gap on R^2 0.86 is the highest-conviction dislocation here — a well-specified model with a genuine economic mechanism, pointing to a higher USDJPY. It conflicts directly with JPY spec positioning at the 86th percentile, a crowded long yen. Those two together — a cheap USDJPY on a strong model and crowded yen longs — describe an asymmetric setup for yen weakness and a potential squeeze.

Gold rich +11.6% on R^2 0.70 (z +0.58) is credible and worth respecting: gold at $3868 is expensive relative to a 2.86% real yield and the dollar. But z +0.58 is not an extreme, and gold spec positioning at the 22nd percentile means the richness is not a crowded-long problem. This is a reason to trim, not to short.

Copper rich +23.3% on R^2 0.44 (z +1.54) is the largest apparent dislocation and the one to discount most heavily. R^2 0.44 means the model explains less than half the variance of copper versus global activity and the dollar — it is leaving the majority unexplained, plausibly the structural supply and electrification demand the specification omits. A 23% rich reading on a weak fit is a flag for caution on adding copper exposure, not a short thesis. Copper spec positioning at the 51st percentile is neutral, giving no corroboration either way.

Volatility & Tail Risk

The volatility complex says scare, not stress. VIX 21.42 against VIX3M 22.0 gives a ratio of 0.98 — contango, calm — though that ratio sits at the 88th percentile of ten years, meaning it is near the edge of flipping. The full curve is upward sloping: 9-day 18, 1-month 21, 3-month 22, 6-month 22. The near-dated 18 against spot 21.4 is notable; the market is pricing the immediate days as calmer than the month. The vol-risk premium at +7.8 is positive, meaning implied vol exceeds realised by a healthy margin, which pays sellers of volatility. Combined with contango, the structural setup favours short-vol and carry strategies rather than buying protection at these levels.

SKEW at 147, the 68th percentile, shows elevated demand for crash hedges — investors are paying up for tail protection even as the term structure stays calm. That is a market that is nervous about the left tail without being nervous about the next month, consistent with CAPE at 40.0 and an equity risk premium of -1.14%.

Cross-asset vol is where the dispersion shows. GVZ at 26 sits at the 90th percentile — gold vol is the most elevated in the complex, which argues against sizing gold as a low-vol haven right now, and it pairs with gold's 26% current drawdown. OVX at 49 (75th percentile) reflects genuine oil uncertainty. MOVE at 99 (48th percentile) is the calm one: bond vol is middling despite a 5.10% 10Y, which is why the rates market is not the stress source.

Tail metrics are contained for equities and extreme for crypto. S&P ES5 at -4.8% against a current drawdown of just -4% means the index is roughly one expected-shortfall event into its decline — not much. Bitcoin ES5 at -15.6% against a -48% current drawdown is the outlier: crypto has already delivered three expected-shortfall events' worth of damage. Gold ES5 -4.8% against -26% drawdown likewise shows a haven that has behaved like a risk asset. The S&P-gold lower-tail dependence of 0.11 is low and that is the good news: gold still provides genuine joint-crash diversification even while it is drawing down, and with the stock-bond correlation at +0.66 on

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13 weeks, that 0.11 makes gold the better equity hedge than Treasuries right now.

Leading Indicators & Forecasts

The lead-lag forecast table is dominated by European sovereign yields predicting each other: IT→IT 10Y at R^2 0.87, DE→DE at 0.85, FR→FR at 0.82, DE→NL at 0.80, descending to DE→ES at 0.64. Every single one forecasts essentially zero change over four weeks — IT 4.68→4.68, DE 3.42→3.42, FR 4.89→4.89, NL 3.54→3.54, ES 4.07→4.06 — with ±1σ bands of roughly 7-10bp. These are high-R^2 models producing a no-change view, which is the honest output: European rates are expected to sit still, and the bands tell you the realistic dispersion is a handful of basis points.

Two cautions. First, high R^2 here partly reflects the strong co-movement of European sovereigns rather than genuine predictive insight; a model that says "French yields predict German yields" is capturing a common EUR rates factor, not independent information, and its apparent skill overstates its usefulness. Second, and more importantly, weekly predictive skill across this engine is modest at best. These are conditional central estimates with meaningful bands, not forecasts. A no-change projection with a 7bp band around German 10Y at 3.42% should be read as "no edge in European duration direction" rather than as a prediction that will be right.

The genuinely useful forecast content sits elsewhere: the Granger ordering (Bitcoin, STOXX50, VIX, HY OAS leading) tells you which markets to watch for the next impulse, and the FR 10Y at 4.89% versus DE at 3.42% — a 147bp spread between two core eurozone sovereigns — is the standing anomaly in the European complex and the thing to monitor for stress.

Commodities (Oil, Gas & Metals)

Oil is the most interesting asymmetry in the book. WTI at $86.71 fell 2.1% on the week and is -0.4% over 13 weeks, so price is going nowhere, while the fundamental data is tight: US crude inventories are 4.3% below the five-year seasonal average at a z-score of -4.5, which is an extreme seasonal deficit, and distillate stocks are 8.2% below the five-year norm. Cushing at 27.4M bbl is low, US production 14.01M b/d, and the 3:2:1 crack at $42.5/bbl is healthy refining economics. Against that, CFTC WTI speculative net is -25,151 lots at the 12th percentile of three years. Bearish positioning into a -4.5 z-score inventory deficit is the setup for a squeeze higher; the weekly +2,044 lot change suggests shorts are already beginning to cover. The complication is the +4,657k bbl weekly build and the USD-oil correlation flipping to -0.63, so a firmer dollar caps it. Net: the risk-reward in oil is skewed upward, and OVX at 49 means options are the sensible expression.

Natural gas at $3.15 fell 2.5% on the week but is +13.6% over 13 weeks, with storage at 3,862 Bcf, +1.4% versus the five-year seasonal (z +0.4) — genuinely neutral fundamentals. Spec positioning at the 1st percentile of three years is the extreme: that is maximum bearish positioning against neutral fundamentals, the most crowded short in the entire positioning complex. Any cold-weather surprise produces a violent move.

Metals split. Gold at $3,868 fell 0.48%; silver at $46.56 fell 5.18%, a brutal week. The gold/silver ratio at 83.1 sits at only the 46th percentile of five years, so despite silver's collapse the ratio is mid-range. Silver spec net at the 4th percentile of three years, with open interest up 18%, is a crowded short — and silver's +0.63 correlation to copper means it needs industrial demand to work, which the Deflation/Slowdown quadrant does not provide. Gold spec net at the 22nd percentile, open interest up 45%, combined with the fair-value model's +11.6% rich reading, says gold is expensive but unowned. Hold it for the 0.11 tail-dependence hedging value, trim the excess, and recognise that at GVZ 26 it is not a quiet position.

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Crypto

Crypto is in a genuine capitulation. Total market cap $2.21T, Bitcoin -1.25% on the week but -48% from its peak, Bitcoin ES5 -15.6%, and Fear & Greed at 10 (Extreme Fear) against 29 a week ago. The internals confirm deleveraging rather than rotation: stablecoin supply $287B, down 1.4% on the week, and DeFi TVL $71B, down 10.0% in a single week. Falling stablecoin supply is capital leaving the ecosystem, not sitting in dry powder, and a 10% TVL decline is forced deleveraging.

BTC dominance at 58.5% against ETH at 10.0%, with ETH/BTC at 0.0282, shows the classic risk-off rotation within crypto — capital consolidating into the largest asset as the long tail is liquidated.

The important cross-asset read is that BTC-versus-Nasdaq 13-week correlation has fallen to +0.09 from +0.28. This is not a tech-beta event bleeding into equities; it is crypto-specific. That limits the contagion risk. But it cuts the other way too: Bitcoin is a net Granger leader in this network, so a crypto that is leading and falling is a genuine negative-impulse source for the S&P and Nikkei over the coming weeks. For an investor, extreme fear at a reading of 10 with a -48% drawdown is historically where contrarian entries have worked, but stablecoin supply needs to stop shrinking first. That is the observable turn signal.

India, China & Russia

India is the standout of the global equity universe and it is not close. BankNifty +0.9% this week and +14% on 26-week relative strength is the top global momentum reading; Nifty50 +0.6%, Sensex +0.6%, with BankNifty and Sensex both in the week's leaders list. India led while TAIEX fell 6.2% and KOSPI 3.7% — that is genuine decoupling from the Asian tech cycle, driven by domestic financials rather than exports. With average cross-asset conditional correlation at +0.03 and PC1 at just 16%, India's outperformance is an allocation decision that actually gets rewarded rather than being drowned in beta. The disinflationary global backdrop helps a net energy importer, and WTI's upside skew is the main threat to the thesis.

China remains the problem. Shanghai -0.9%, Shenzhen -2.6%, CN_Internet -0.6% on the week, and the 26-week momentum laggard table is effectively a China list: Shenzhen -31%, CN_Internet -15%. With the growth composite at z -0.42 and copper flagged 23.3% rich versus global activity, there is no cyclical impulse visible to turn Chinese equities. Shenzhen -2.6% in the same week India rose is the clearest expression of the EM divergence: EM is not one trade, and treating it as one is costing allocators performance. EM-local bonds -0.4% and EM-USD -0.2% on the week, against UST 20y+ at +0.2%, confirms developed duration outperforming EM duration.

Russia's RTS at -15% on 26-week relative strength is in the laggard group alongside Turkey's BIST100 at -14%. Russian gold reserve tonnage remains one of the perfectly correlated reserve series in the dataset, and the broader reserve-diversification signal — the near-perfect inverse of US federal debt to GDP against world gold tonnage — is the structural case for gold's richness that the real-yield fair-value model cannot capture. That is a genuine reason to discount the +11.6% rich reading somewhat.

The developed-versus-emerging conclusion is to be selective within EM rather than directional on it: overweight India, underweight China and Russia, and prefer developed-market duration to EM duration.

Positioning, Sentiment & What to Watch

Sentiment is improving from a low base. CNN Fear & Greed at 35 (fear) is up from 31.5 a week ago and 18.2 a month ago — a 17-point recovery off the monthly low, which is a constructive

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direction. The internals are uneven: momentum at 11 and safe_haven_demand at 15 are deeply depressed, put_call at 21 shows heavy hedging, while junk_bond_demand at 54, vix_component at 50, price_breadth at 50 and price_strength at 45 are all near neutral. Junk-bond demand at 54 and HY OAS unchanged at 3.23% is the same message twice: credit investors are not selling. Momentum at 11 against price_breadth at 50 says the trend has broken but the participation has not, which fits the 57% global and 64% US sector breadth readings.

Positioning offers the clearest trades. Crowded longs at risk of squeezing lower: Nasdaq 90th percentile with open interest up 15% into a -1.93% week, UST 2Y 85th, UST 5Y 83rd, UST Bond 86th and JPY 86th with open interest up 27%. Crowded shorts at risk of squeezing higher: natural gas 1st percentile, EUR 1st, silver 4th, UST 10Y 8th, WTI 12th, GBP 17th. The dollar index at the 78th percentile with open interest up 29% is approaching crowded-long territory, and EUR at the 1st percentile is its mirror — that pairing is the most asymmetric FX setup in the dataset, and it sits uncomfortably with the well-fit USDJPY model pointing to dollar strength against the yen. The resolution is to be long dollar against yen, not against euro.

What would confirm the view: HY OAS holding at or below 3.23% through further equity weakness; the VIX/VIX3M ratio staying under 1.00 and ideally falling from 0.98; the 13-week stocks-versus-10Y-yield correlation decaying from +0.66 back toward zero, restoring duration as a hedge; stablecoin supply stabilising above $287B; and India's BankNifty holding its 26-week leadership. What would change it: HY OAS widening through 3.75-4.00%; the VIX term-structure ratio inverting above 1.00 from its 88th-percentile perch; the Markov Risk-off posterior rising above 25% from 6.1%; MOVE breaking above roughly 120 from 99, signalling the rates market has become the stress source; average MV-DCC conditional correlation rising from +0.03 toward +0.15, which would kill the dispersion trade and force a wholesale shift to outright hedges; global breadth falling below 50% from 57%; and SOFR pushing materially above 3.90% with RRP already at zero, which would mark the funding accident the drained buffer now permits.

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PART I

Global Macro & Liquidity

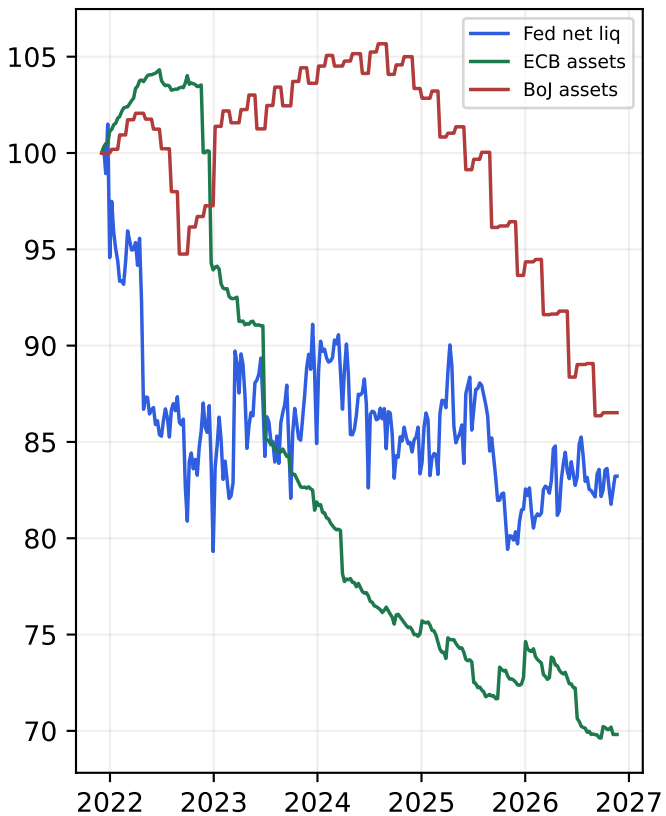
Global central-bank liquidity, the sovereign-yield landscape, funding markets, fiscal supply and the growth pulse.

- 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

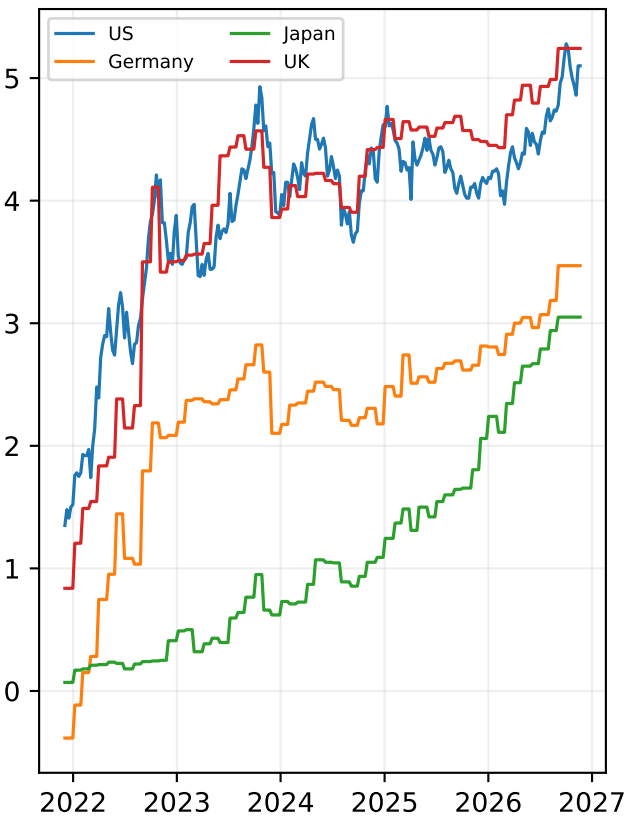
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Global Macro & Liquidity

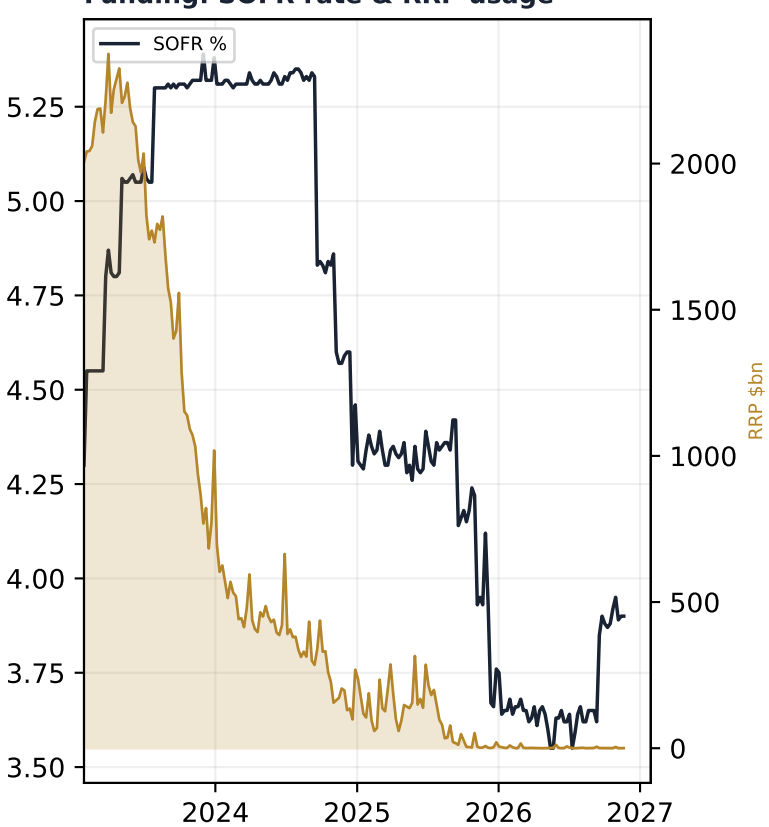
Central-bank liquidity (indexed = 100, 5y)



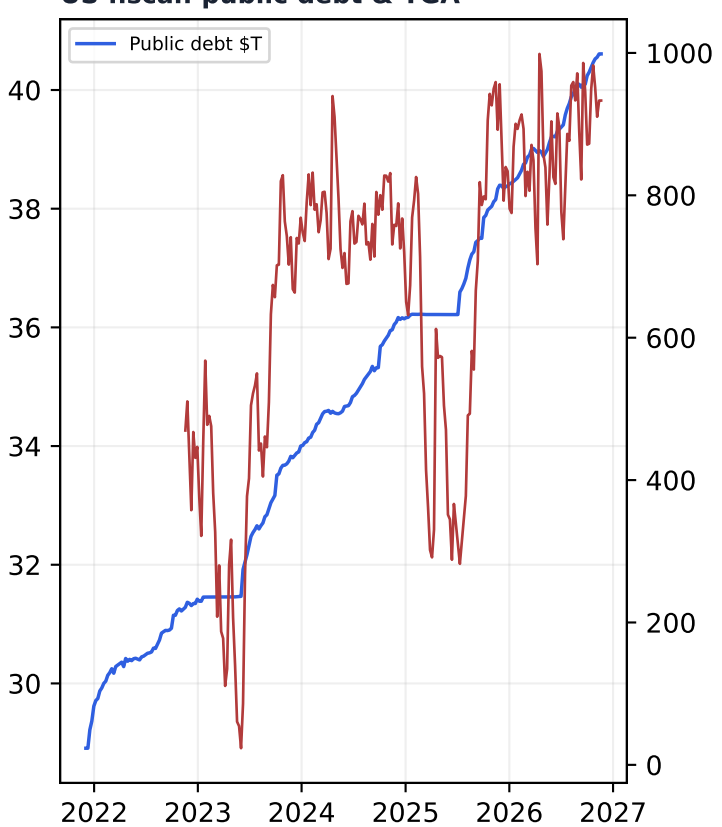
Global 10-year sovereign yields (%)



Funding: SOFR rate & RRP usage

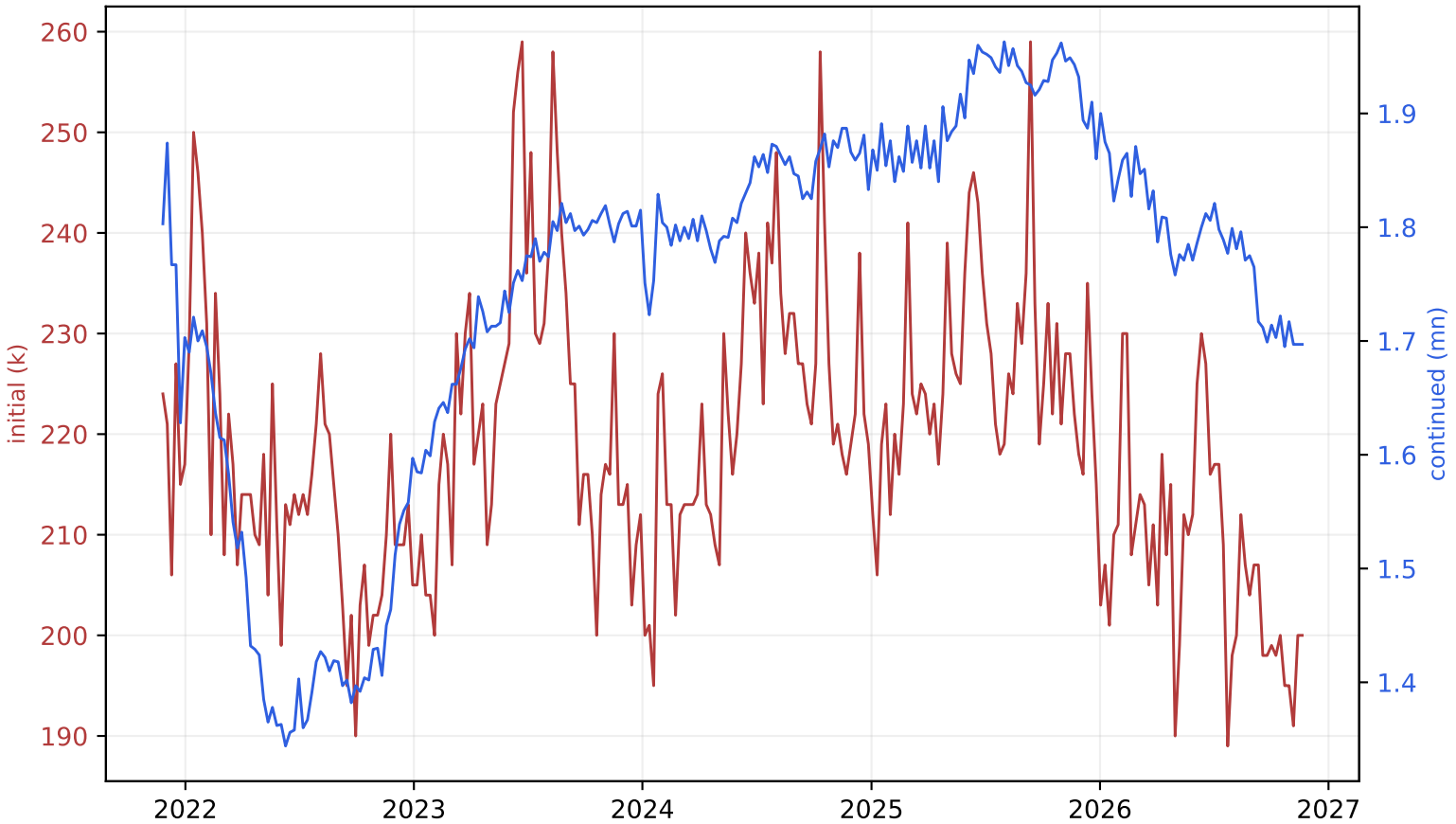


US fiscal: public debt & TGA



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US jobless claims — initial 200k (5th %ile of 10y), continued 1.70mn

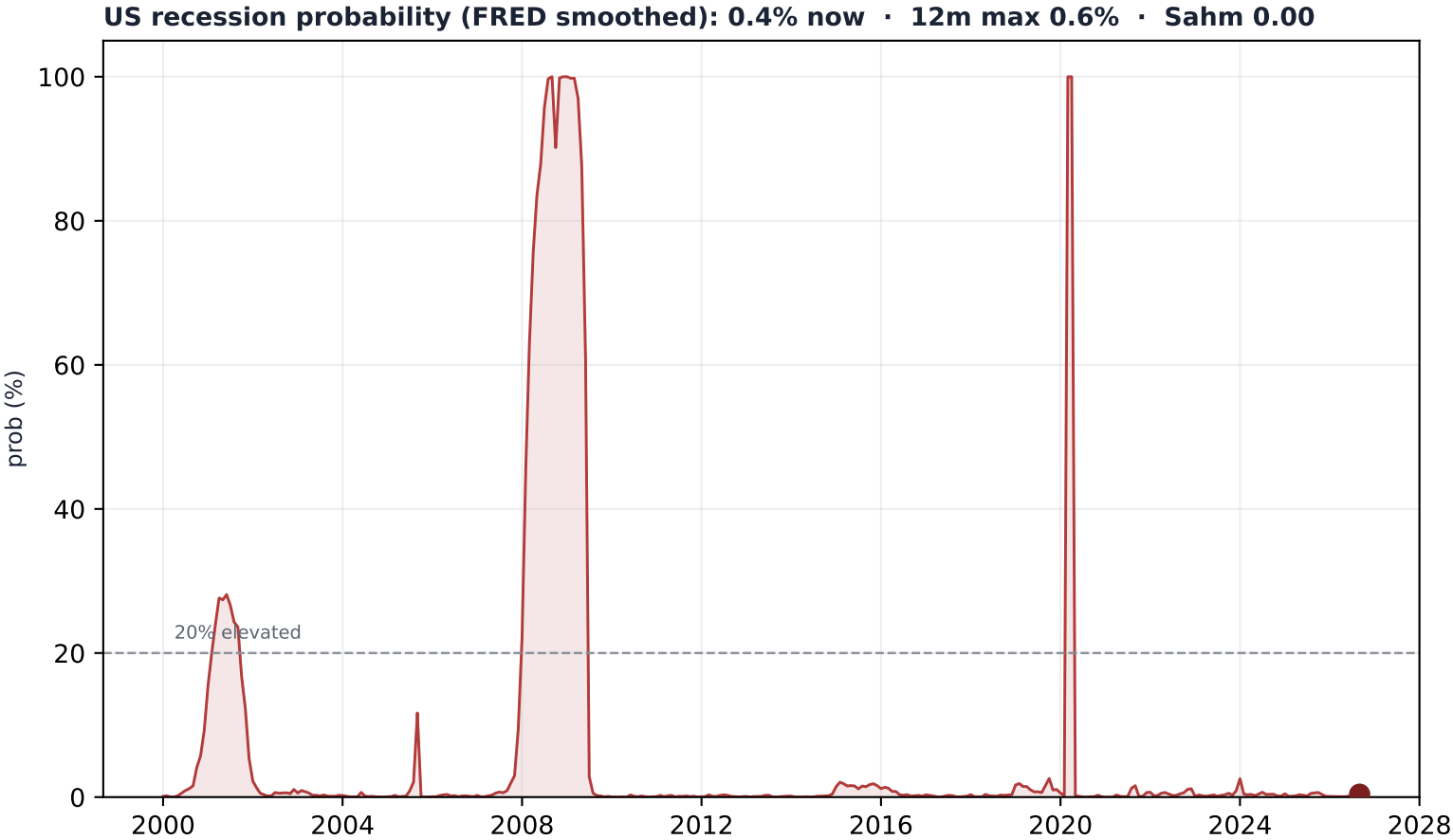


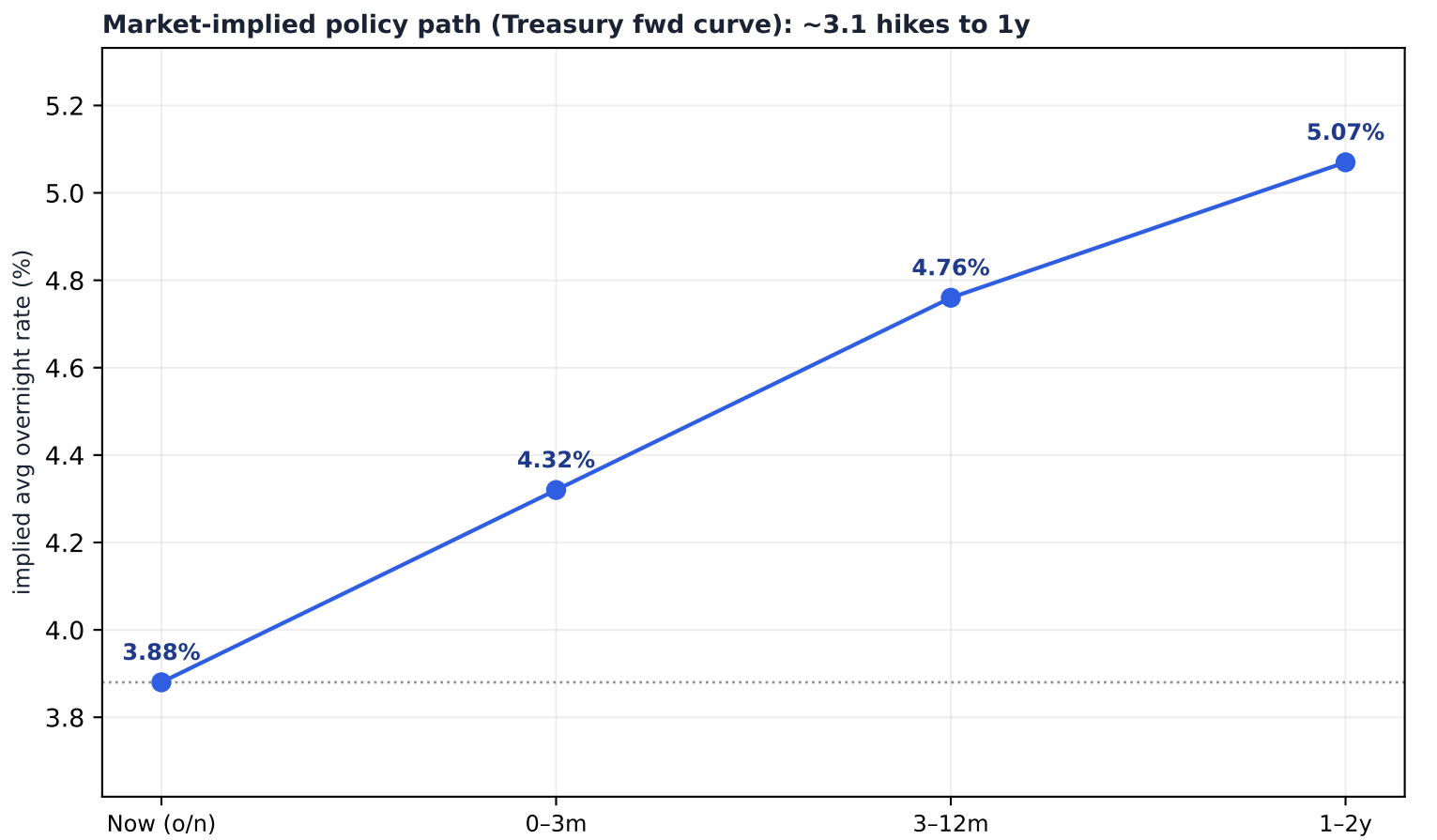
Weekly Economic Index (GDP-growth nowcast): +3.3% (~2% = trend)



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.

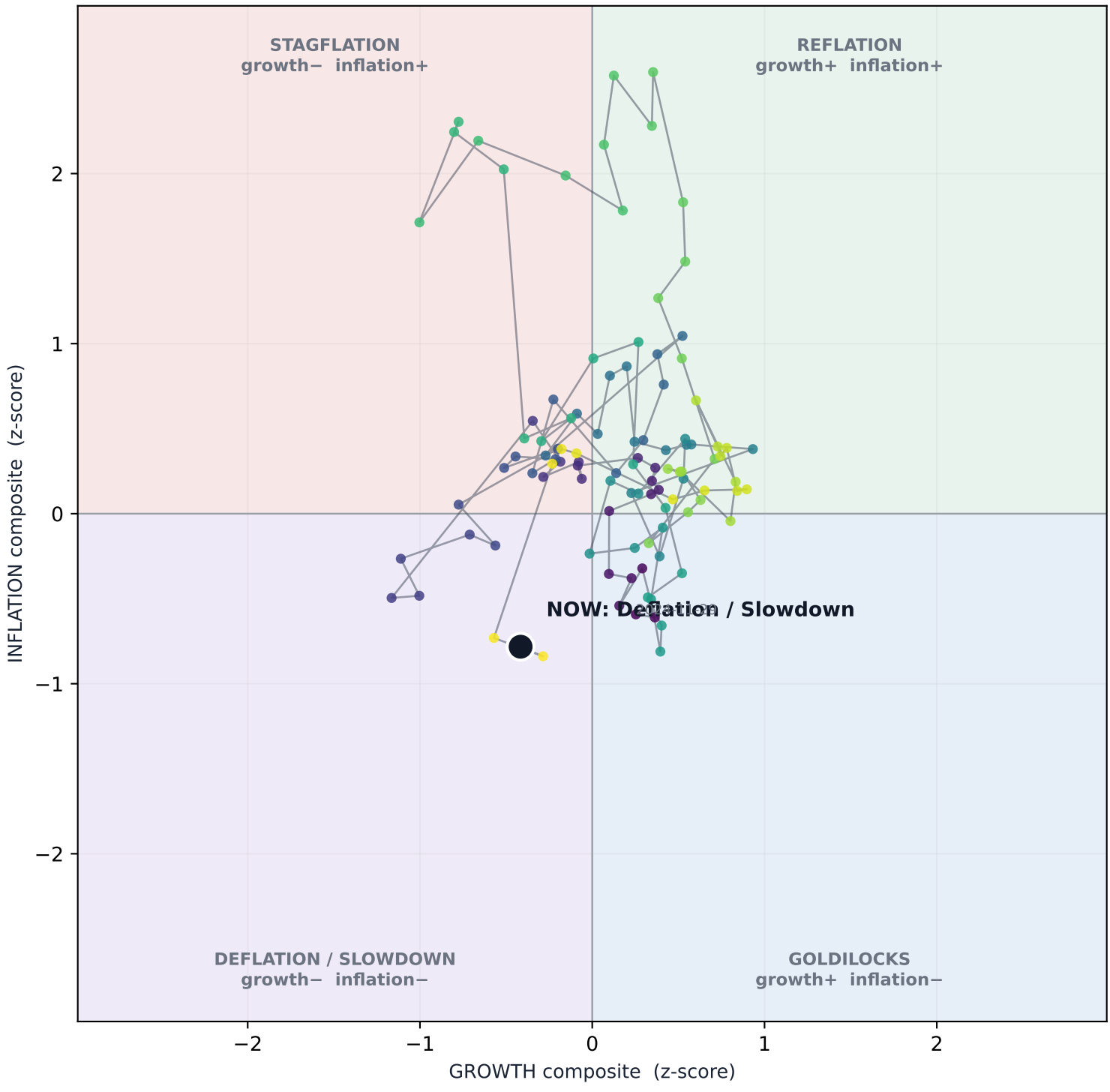
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10Y–3M curve +0.83pp (positive). Forward short rates implied by the current 3M/1Y/2Y Treasury curve; the dotted line is today's fed funds. A downward path prices policy easing. Cut/hike count is an approximation to the 1-year point (ignores term premium), a directional read of what is priced.

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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.

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PART II

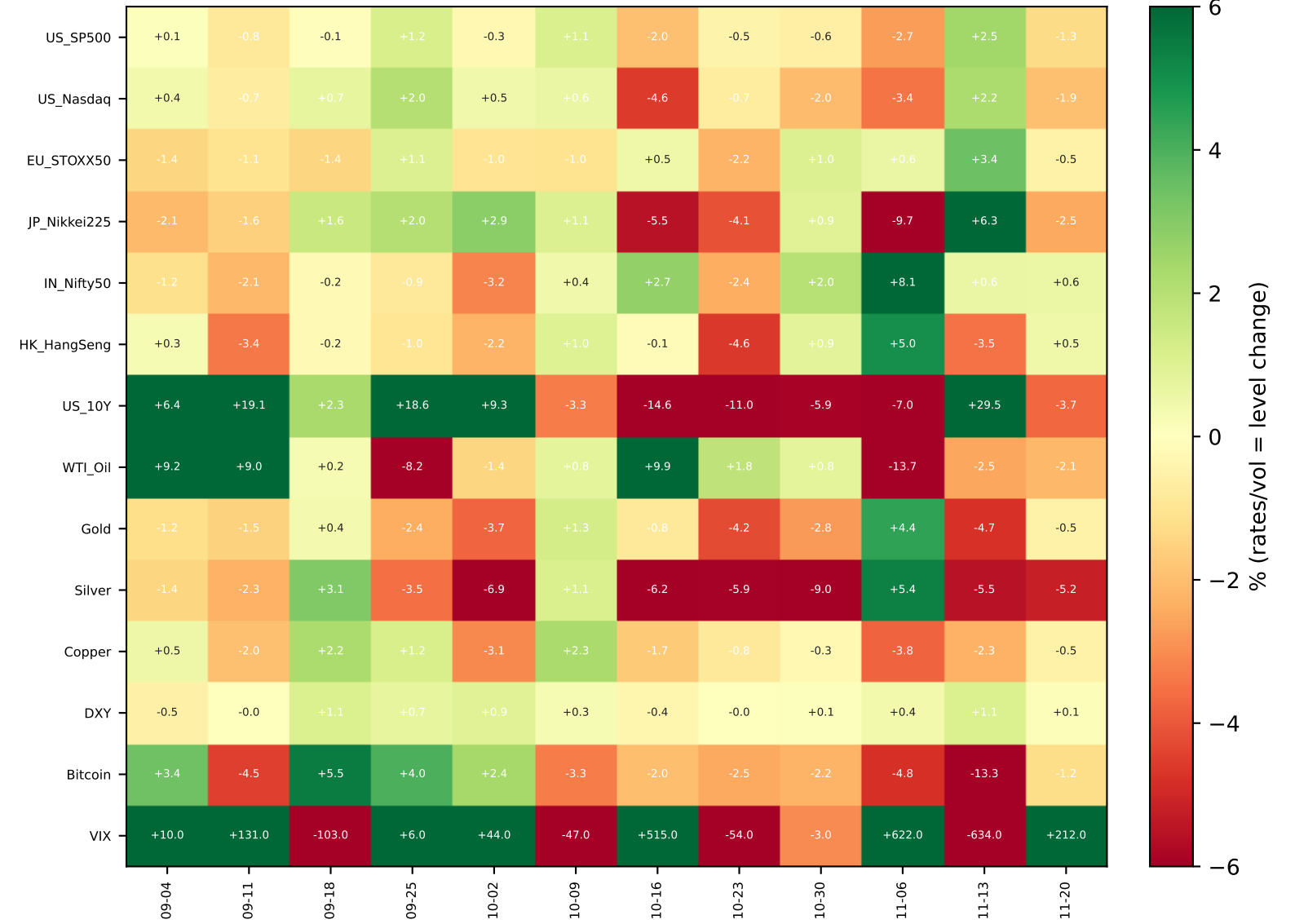
Cross-Asset Structure

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

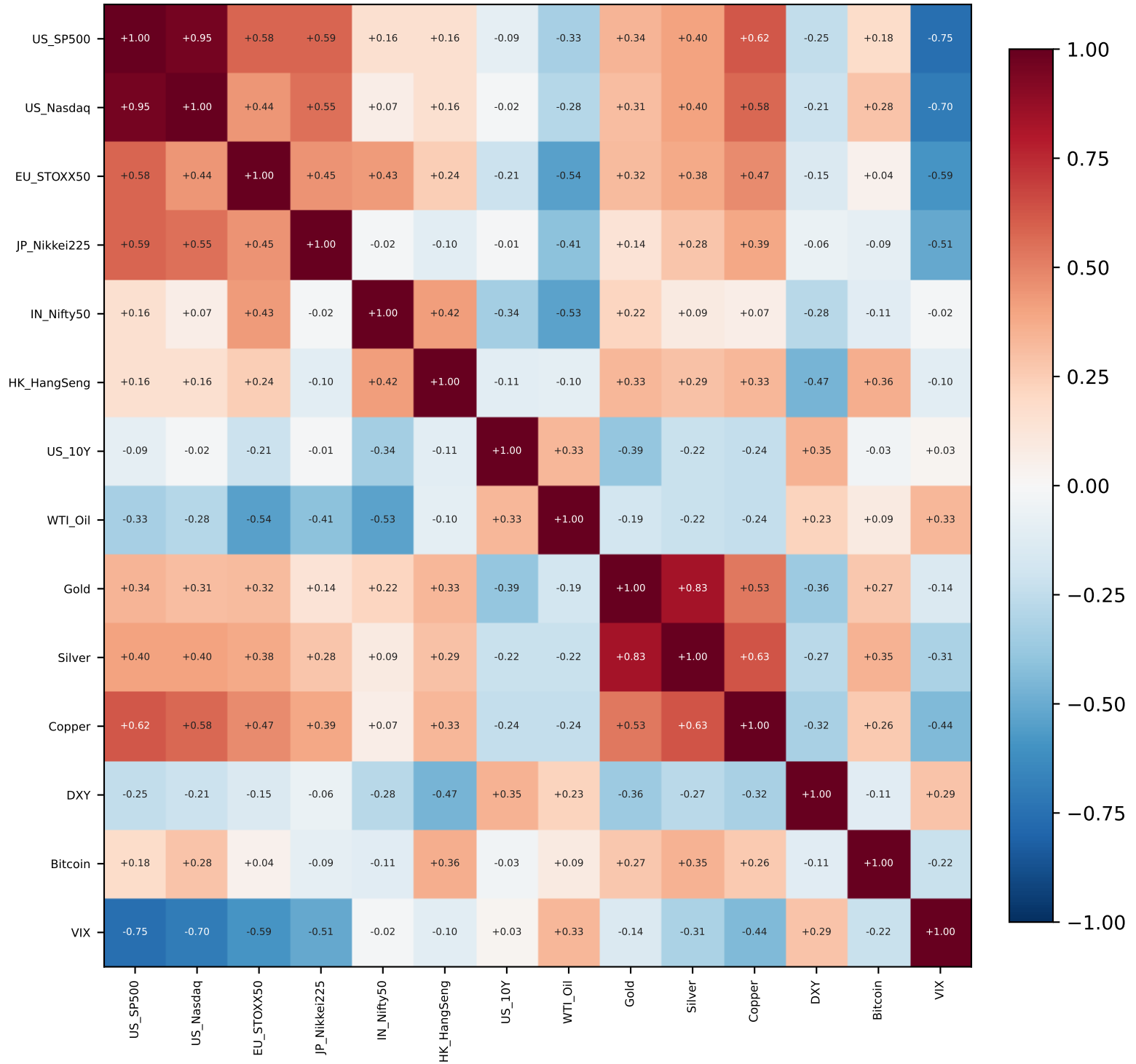
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Weekly % change - last 12 weeks



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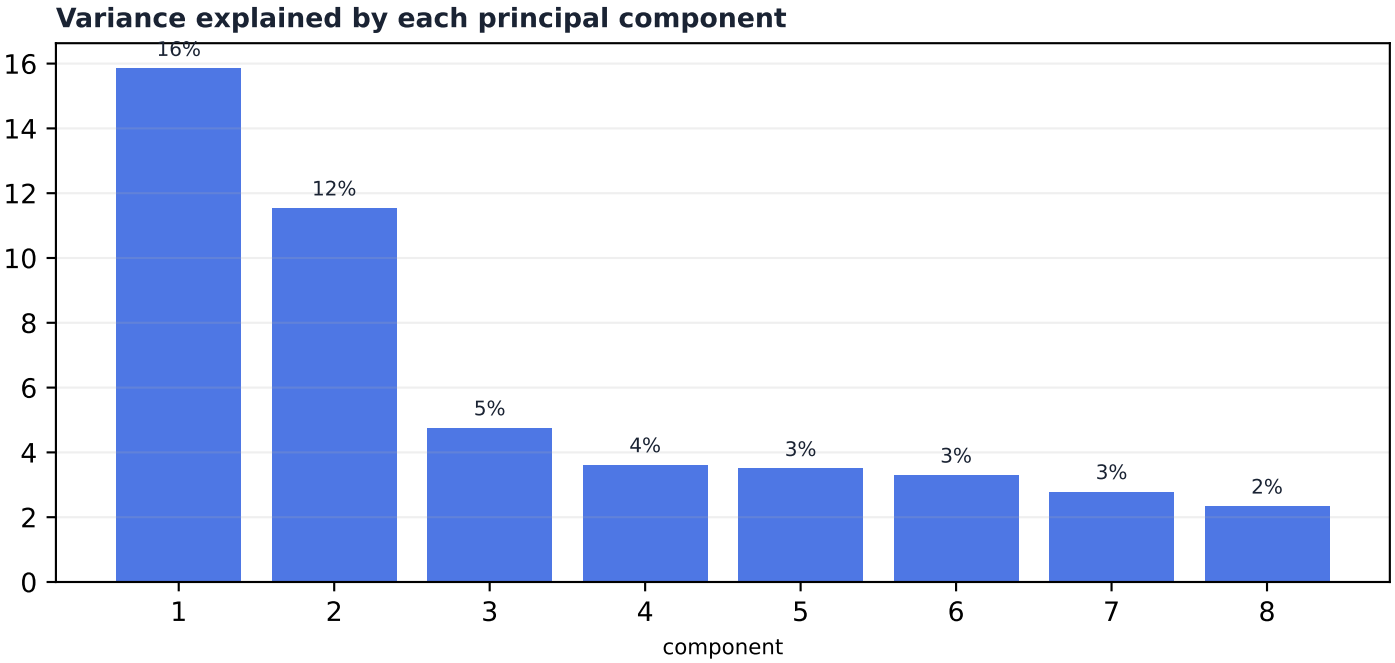
52-week correlation of weekly moves



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CROSS-ASSET FACTOR STRUCTURE (PCA)

What independent forces drive the 196 instruments — 156 weeks, standardised



PC1 — Risk (equity beta)

15.8% of variance (cum 16%) · marker corr +0.77

+ US_SP500_EqualWeight +0.15, US_HighYield +0.15, EM_USD_Bonds +0.15, CA_TSX +0.14, US_Russell2000 +0.14

– US_HY_eff_yield -0.15, VIX3M -0.14, VIX -0.13, VXN -0.13, MOVE -0.12

PC2 — Rates (10Y yield)

11.5% of variance (cum 27%) · marker corr +0.88

+ US_5Y +0.19, US_10Y +0.19, US_10Y_yield +0.18, US_5Y_yield_cm +0.18, US_2Y_yield +0.18

– US_Tsy_7_10Y -0.18, US_Tsy_20Y+ -0.17, US_Aggregate -0.17, EM_corp_OAS -0.15, US_InvGrade -0.14

PC3 — US dollar (inverse)

4.7% of variance (cum 32%) · marker corr -0.16

+ GR_10Y +0.30, ES_10Y +0.30, IT_10Y +0.30, PT_10Y +0.30, NL_10Y +0.29

– UMich_Sentiment -0.18, Policy_Turkey -0.17, Policy_Russia -0.10, CPI_Argentina -0.09, US_FedDebt_PctGDP -0.09

PC4 — Energy (oil)

3.6% of variance (cum 36%) · marker corr +0.53

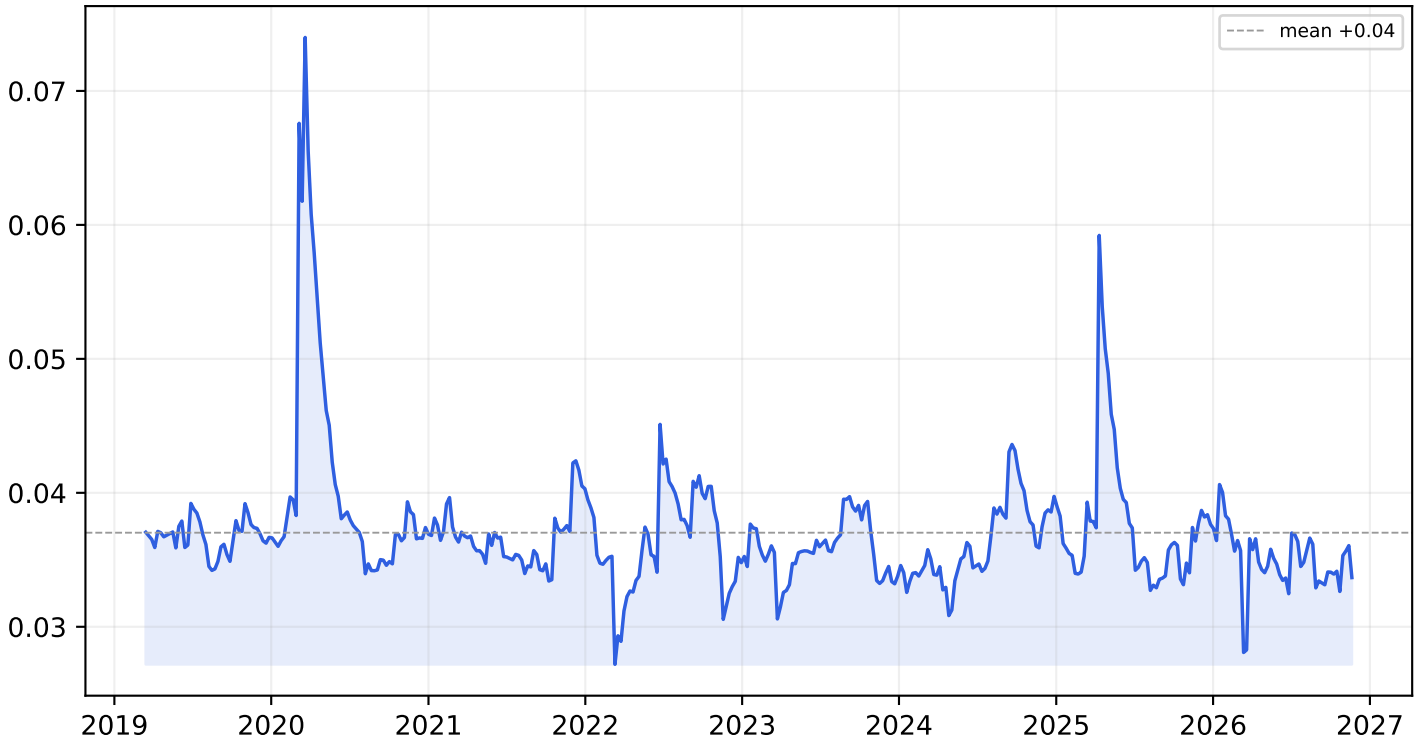
+ Brent_Oil +0.22, Gasoline +0.21, HeatingOil +0.20, WTI_Oil +0.20, Dogecoin +0.18

– US_Real_M2 -0.19, US_5Y_real_yield -0.15, IN_BankNifty -0.12, FR_CAC40 -0.12, ES_IBEX35 -0.12

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.

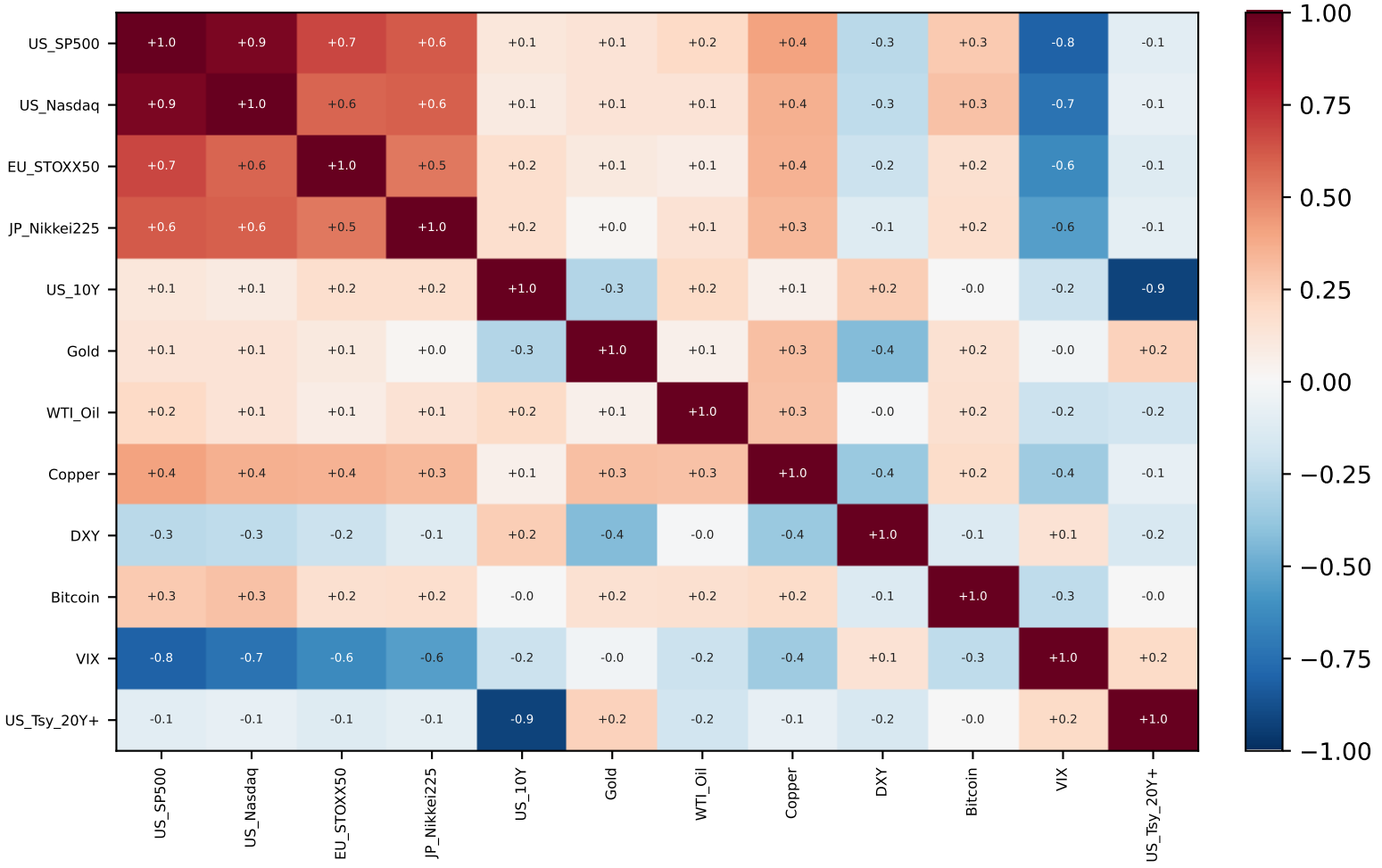
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Average pairwise conditional correlation (multivariate DCC-GARCH)



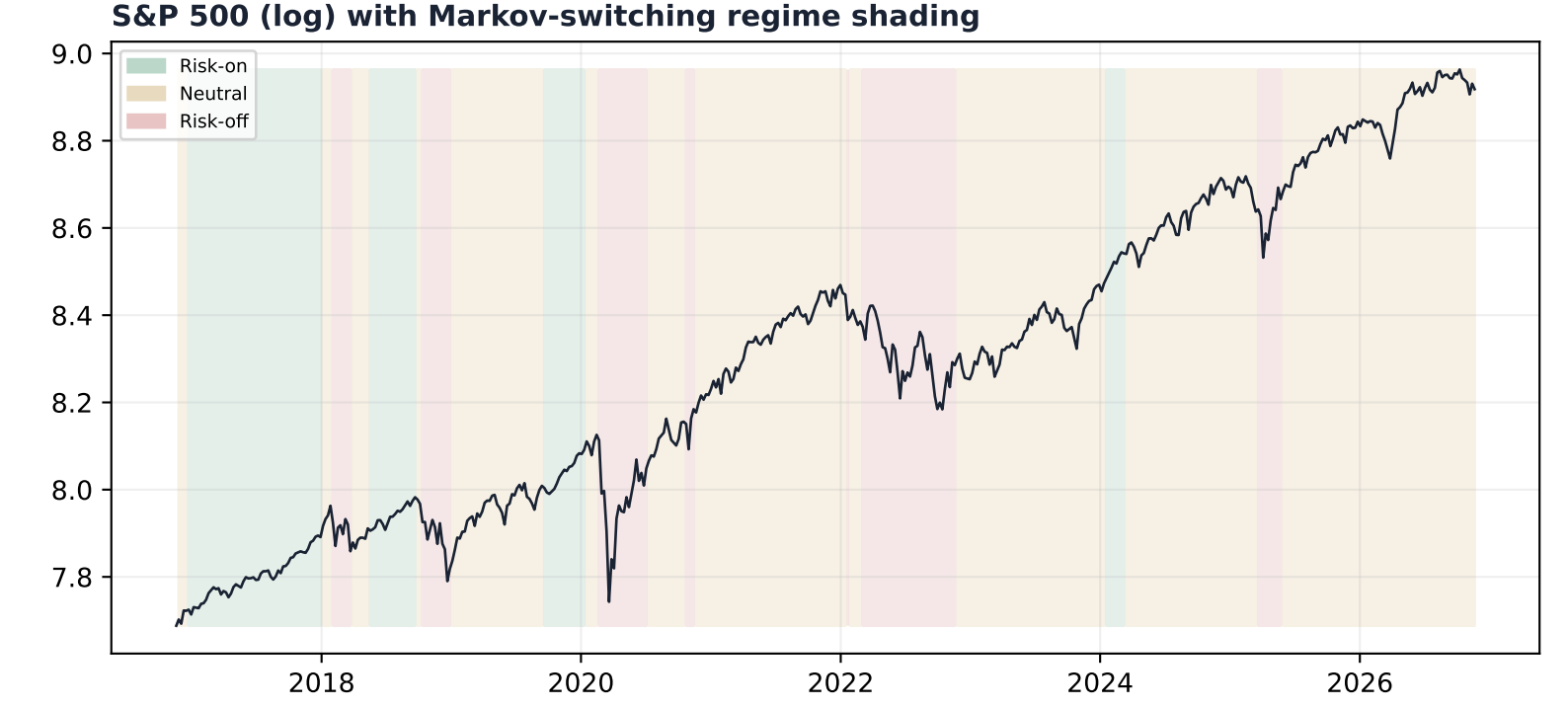
N=12 assets · persistence 0.8322 · rising = diversification failing in real time · now +0.03

Latest conditional-correlation matrix

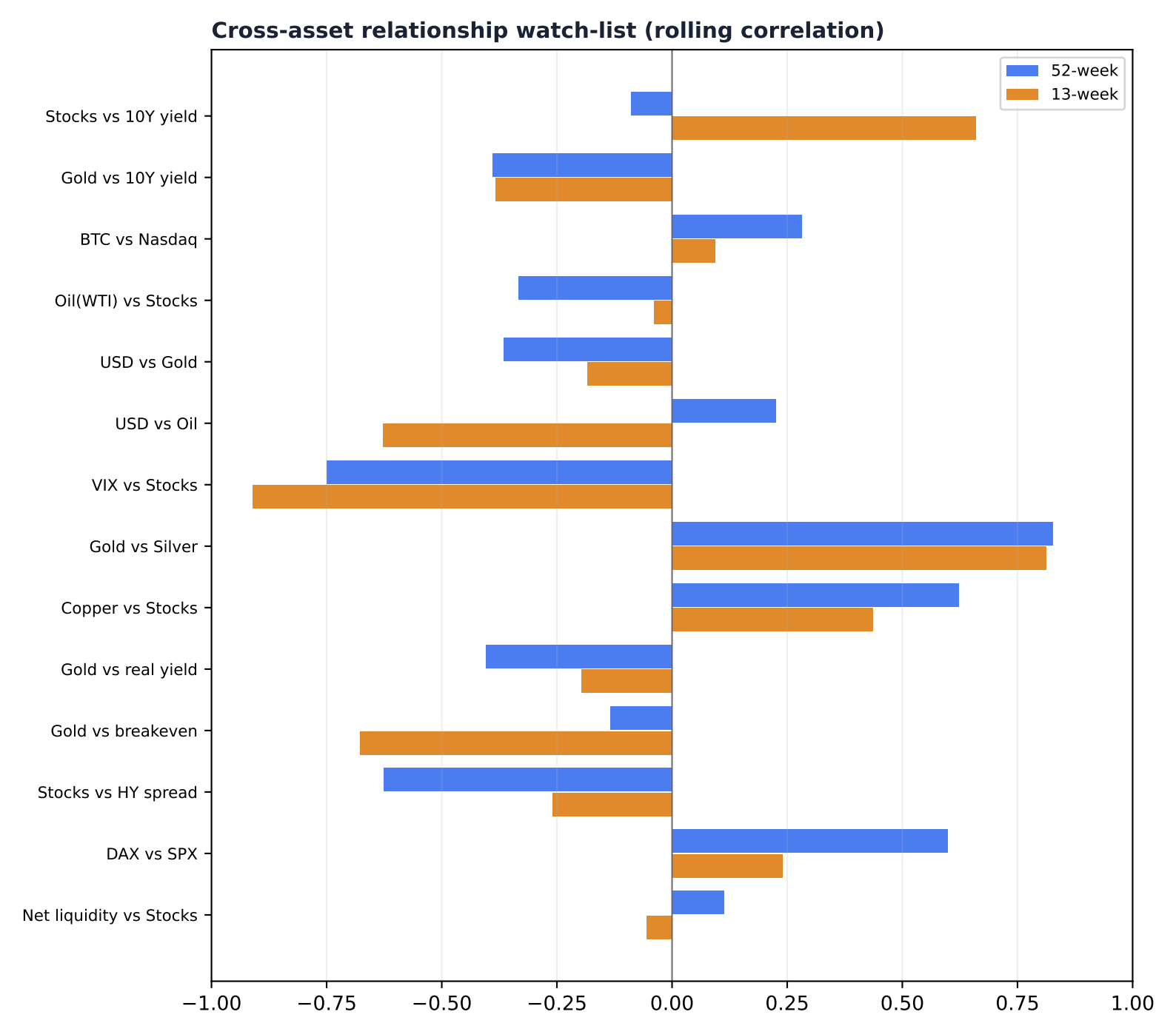


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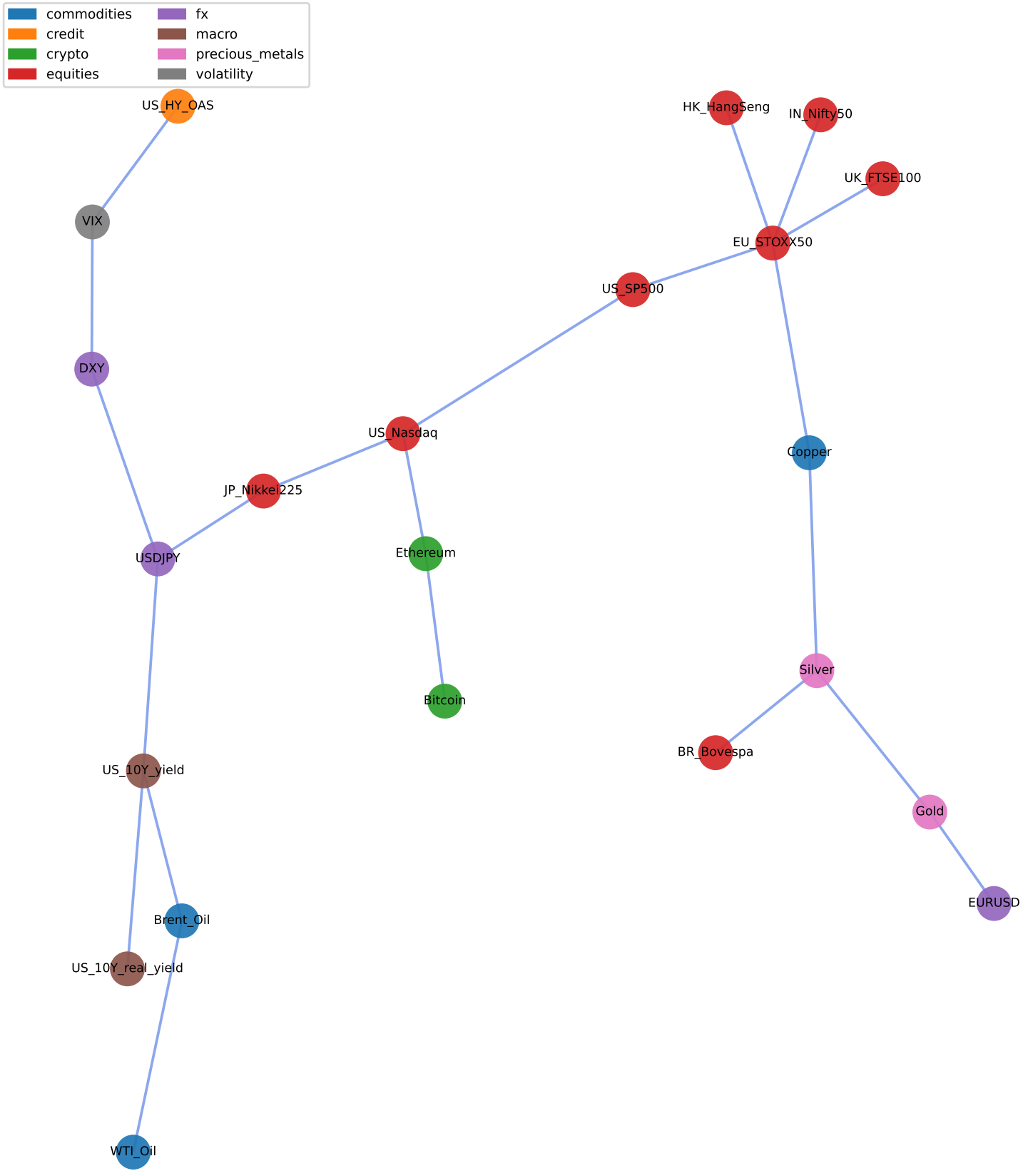


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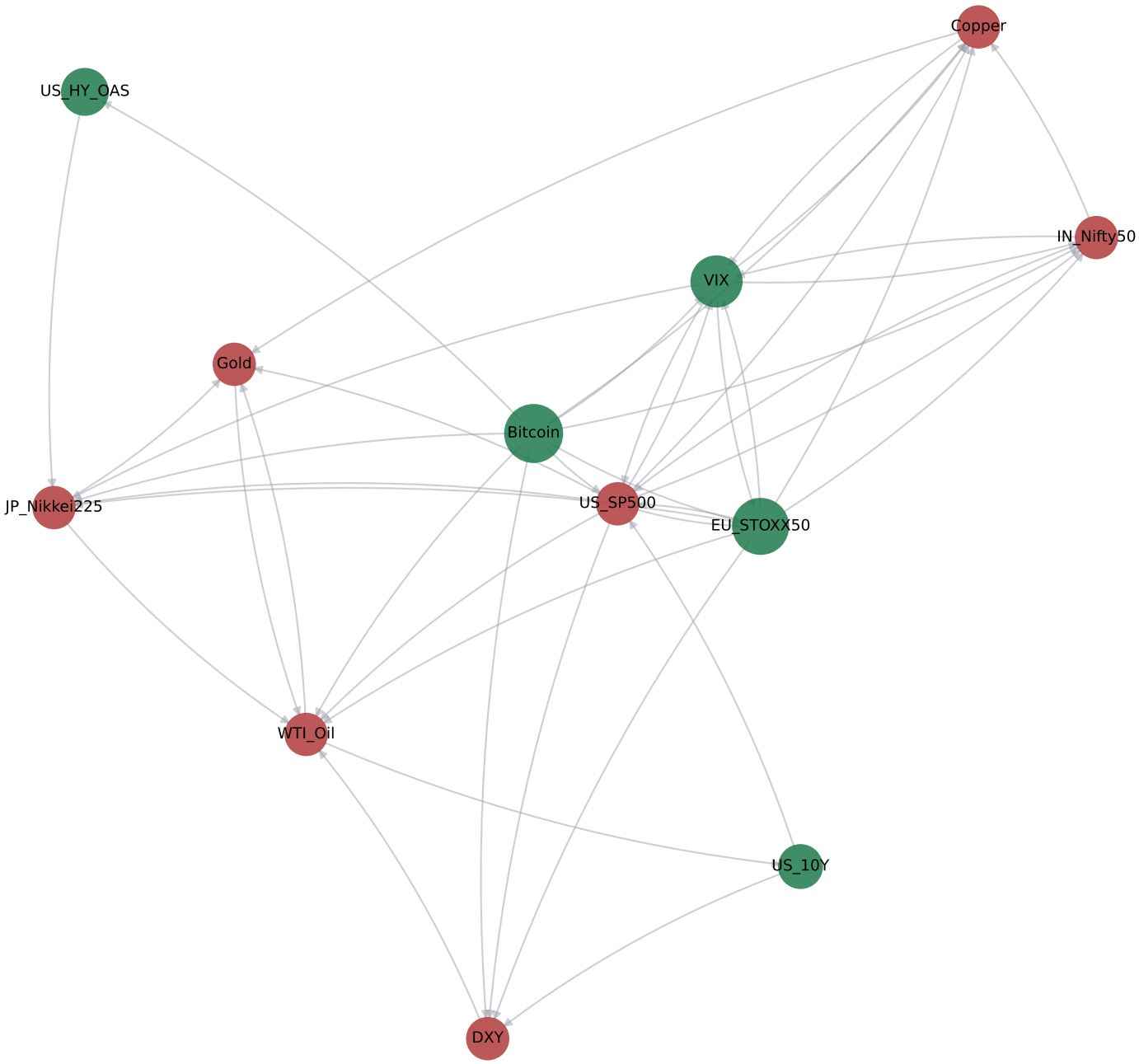
Cross-asset correlation network - minimum spanning tree (3y)



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

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Directional lead-lag — Granger causality network

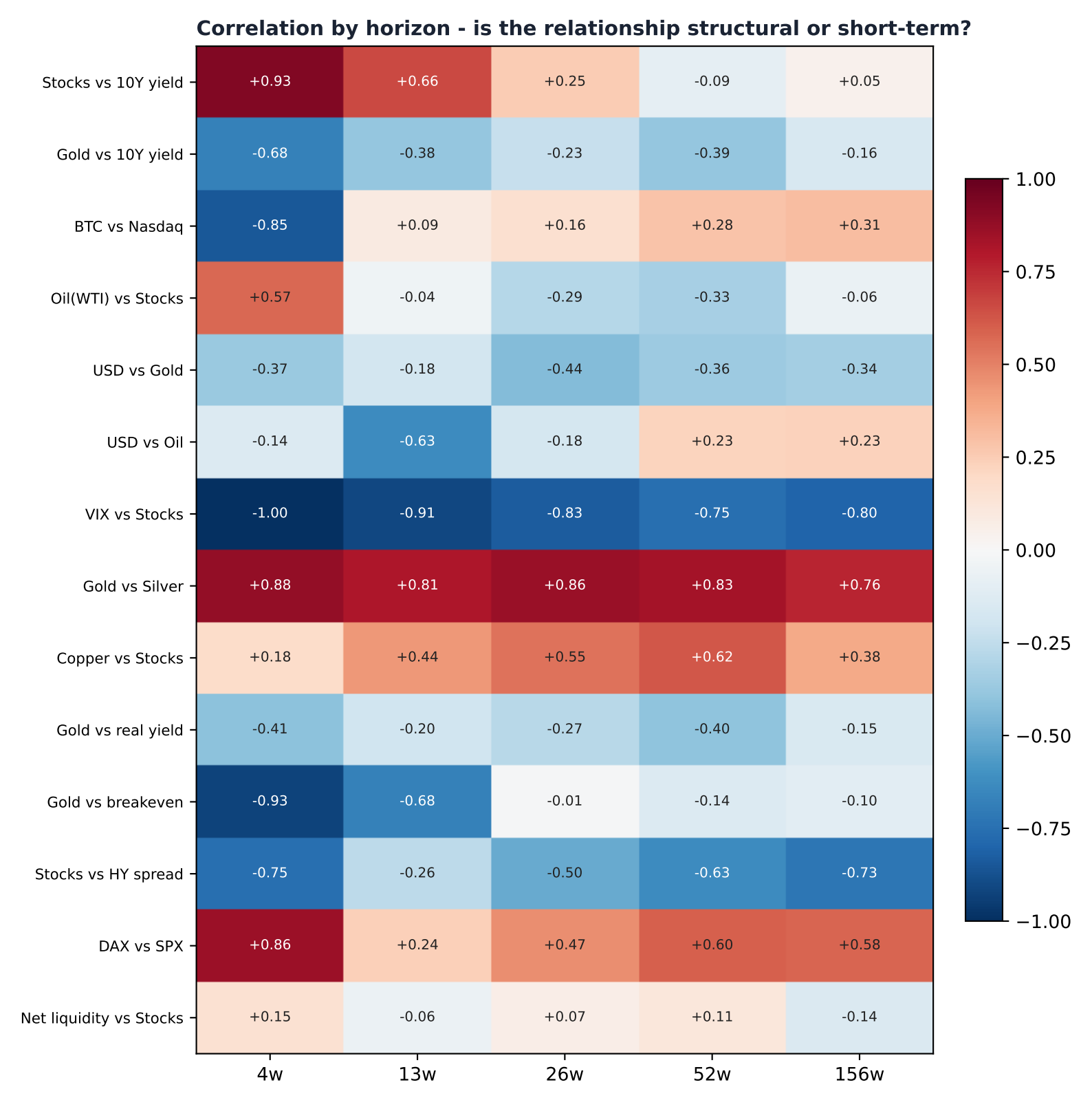


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader), red = importer (follower)

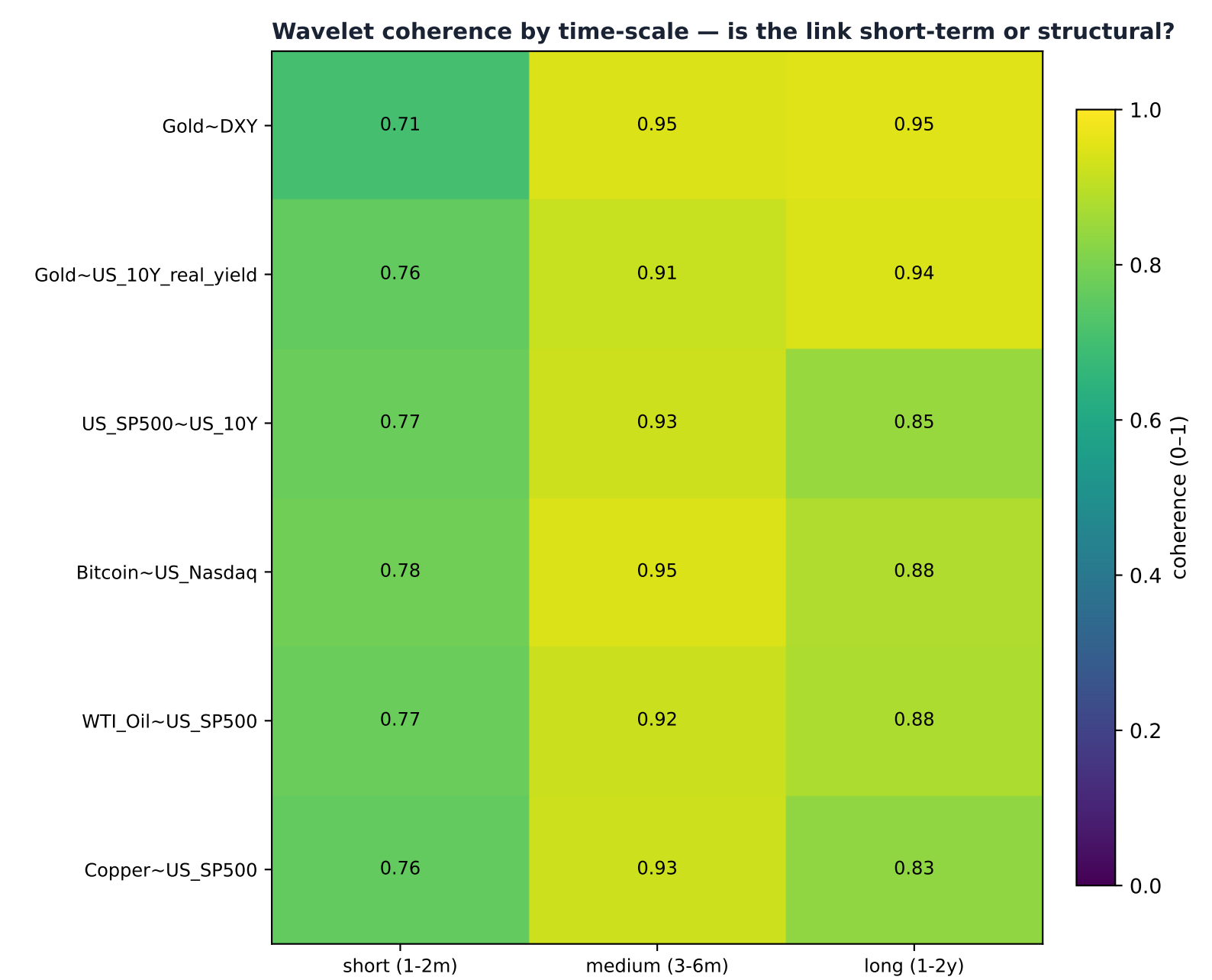
LEADERS: Bitcoin +0.08, EU_STOXX50 +0.07, VIX +0.04, US_HY_OAS +0.02, US_10Y +0.01

FOLLOWERS: JP_Nikkei225 -0.08, US_SP500 -0.04, Copper -0.03, WTI_Oil -0.02, Gold -0.02

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

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STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting spreads and how stretched each is right now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
S&P vs Nasdaq	yes	0.004	1.24	8w	-1.77
US10Y vs Japan10Y	no	0.864	0.75	58w	+1.61
EURUSD vs GBPUSD	no	0.257	0.94	9w	+1.53
BTC vs ETH	no	0.153	0.44	12w	-1.51
VIX vs VIX3M	yes	0.008	0.84	2w	-1.10
Gold vs Silver	no	0.245	1.20	13w	-0.99
WTI vs Brent	no	0.192	0.98	1w	+0.91
HY vs IG spread	yes	0.001	0.28	3w	-0.70
Copper vs Gold	no	0.106	1.67	11w	-0.58
Stocks vs LongBonds	yes	0.009	-0.43	13w	-0.44
Gold vs Platinum	no	0.299	0.72	15w	-0.34
US10Y vs Germany10Y	no	0.251	1.00	5w	+0.20

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.

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PART III

Positioning, Flows & Sentiment

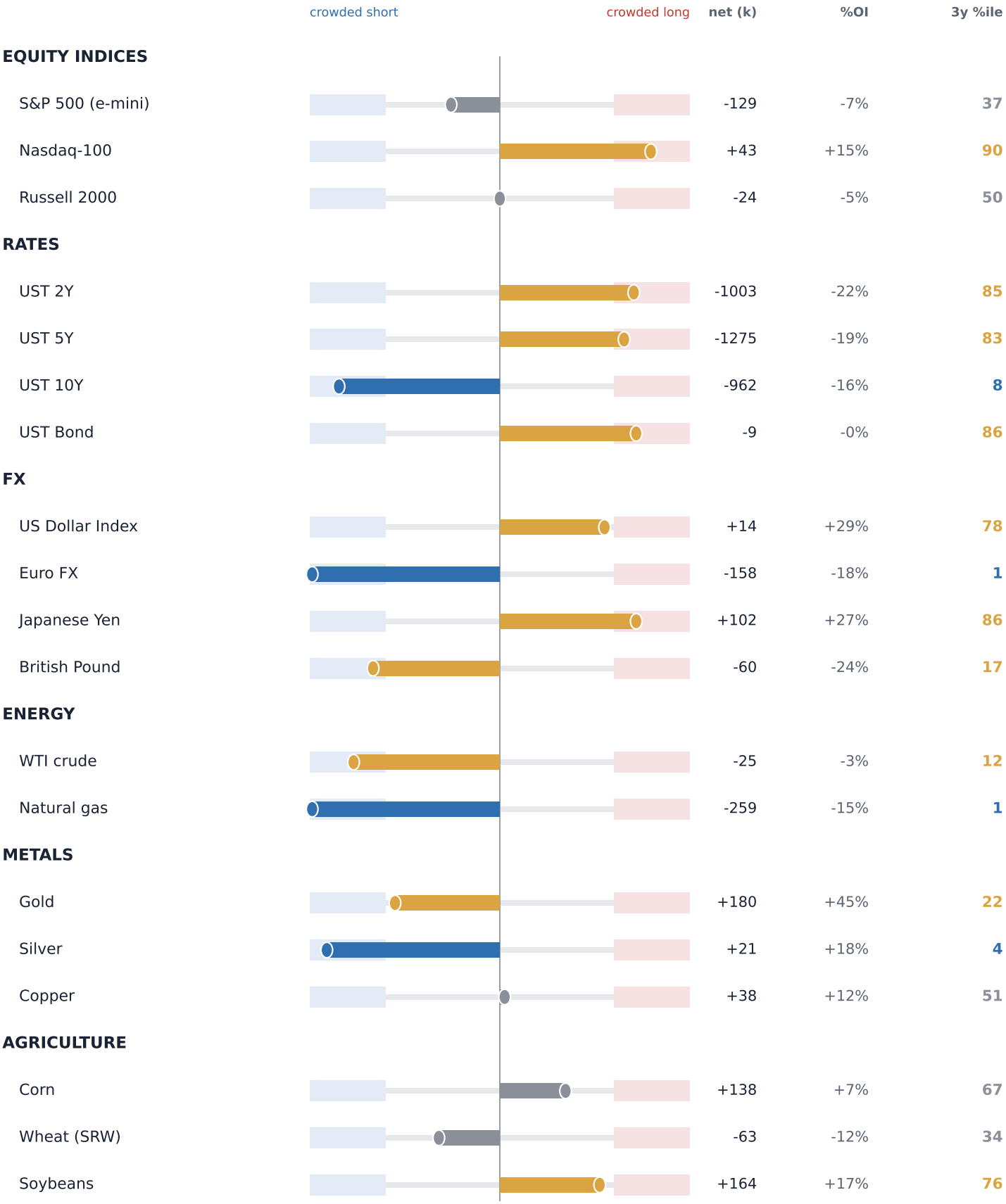
Where the crowd is leaning — futures positioning and market sentiment.

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

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POSITIONING — CFTC speculative net

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



	net (k)	%OI	3y %ile
EQUITY INDICES			
S&P 500 (e-mini)	-129	-7%	37
Nasdaq-100	+43	+15%	90
Russell 2000	-24	-5%	50
RATES			
UST 2Y	-1003	-22%	85
UST 5Y	-1275	-19%	83
UST 10Y	-962	-16%	8
UST Bond	-9	-0%	86
FX			
US Dollar Index	+14	+29%	78
Euro FX	-158	-18%	1
Japanese Yen	+102	+27%	86
British Pound	-60	-24%	17
ENERGY			
WTI crude	-25	-3%	12
Natural gas	-259	-15%	1
METALS			
Gold	+180	+45%	22
Silver	+21	+18%	4
Copper	+38	+12%	51
AGRICULTURE			
Corn	+138	+7%	67
Wheat (SRW)	-63	-12%	34
Soybeans	+164	+17%	76

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

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MARKET SENTIMENT

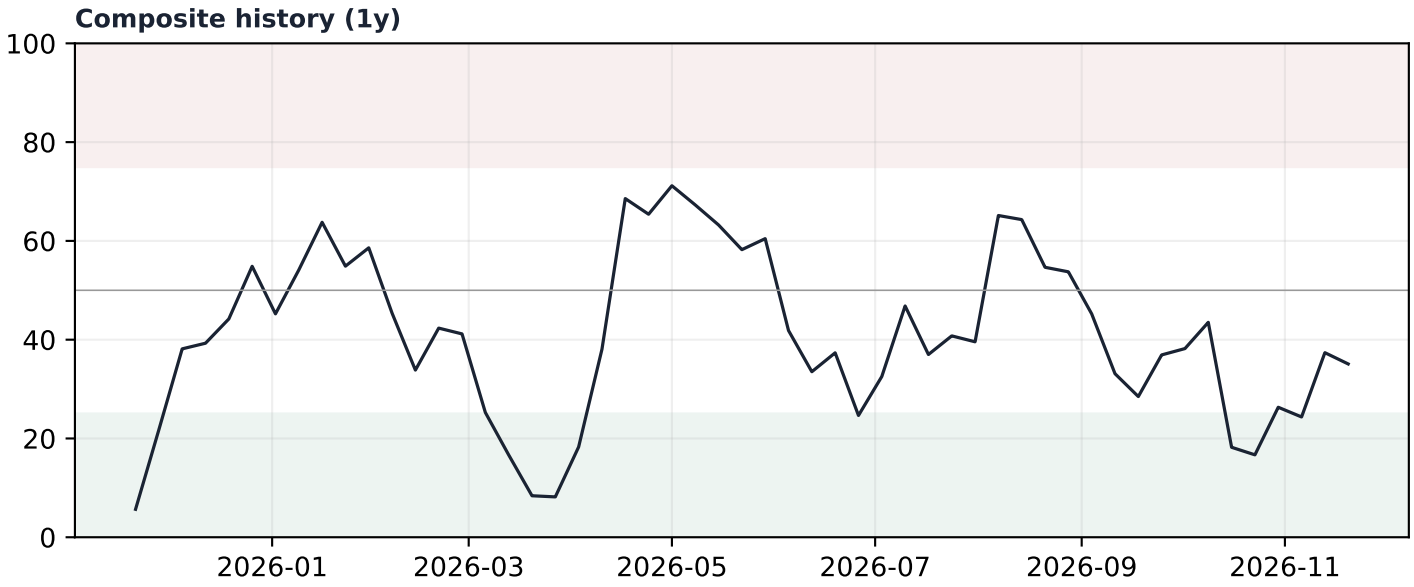
CNN Fear & Greed composite and its components — a contrarian gauge

35

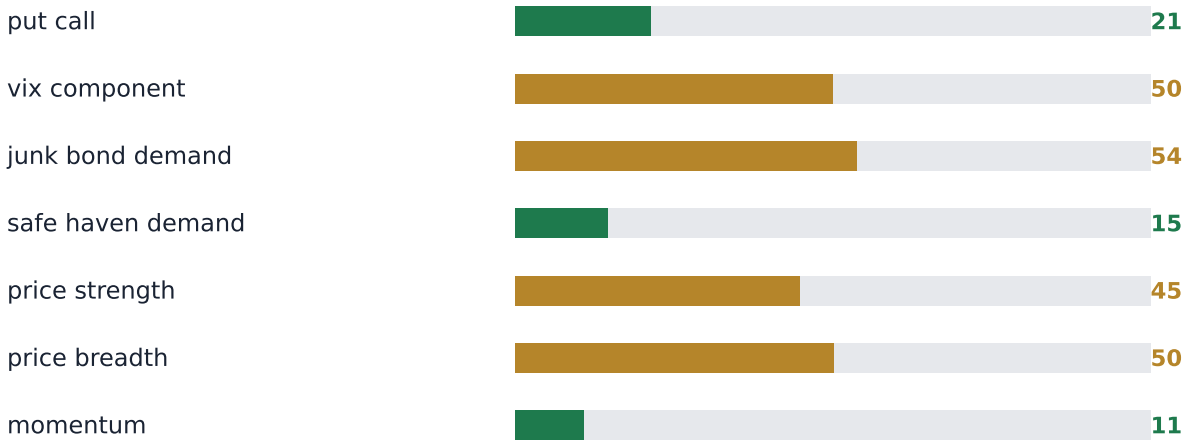
FEAR

0 = extreme fear · 100 = extreme greed

32	18	22
1 week ago	1 month ago	1 year ago



COMPONENTS (0–100)



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

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PART IV

Volatility

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

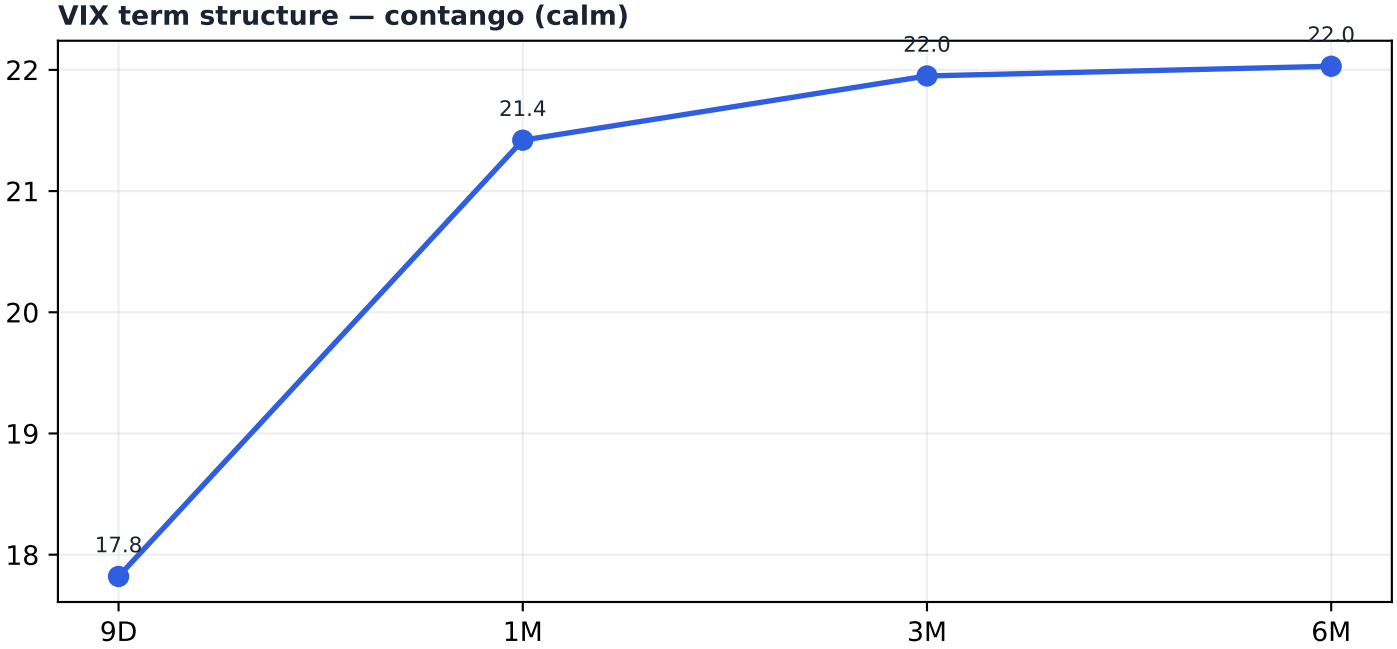
- VIX term structure (9D → 6M) and the volatility risk premium
- CBOE SKEW tail-risk index and cross-asset volatility (MOVE / OVX / GVZ)

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VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+7.8 pts

VIX 21.4 − realised 13.7

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

147

68th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	99	48th
Oil vol (OVX)	49	75th
Gold vol (GVZ)	26	90th
Vol-of-vol (VVIX)	106	74th

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.

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PART V

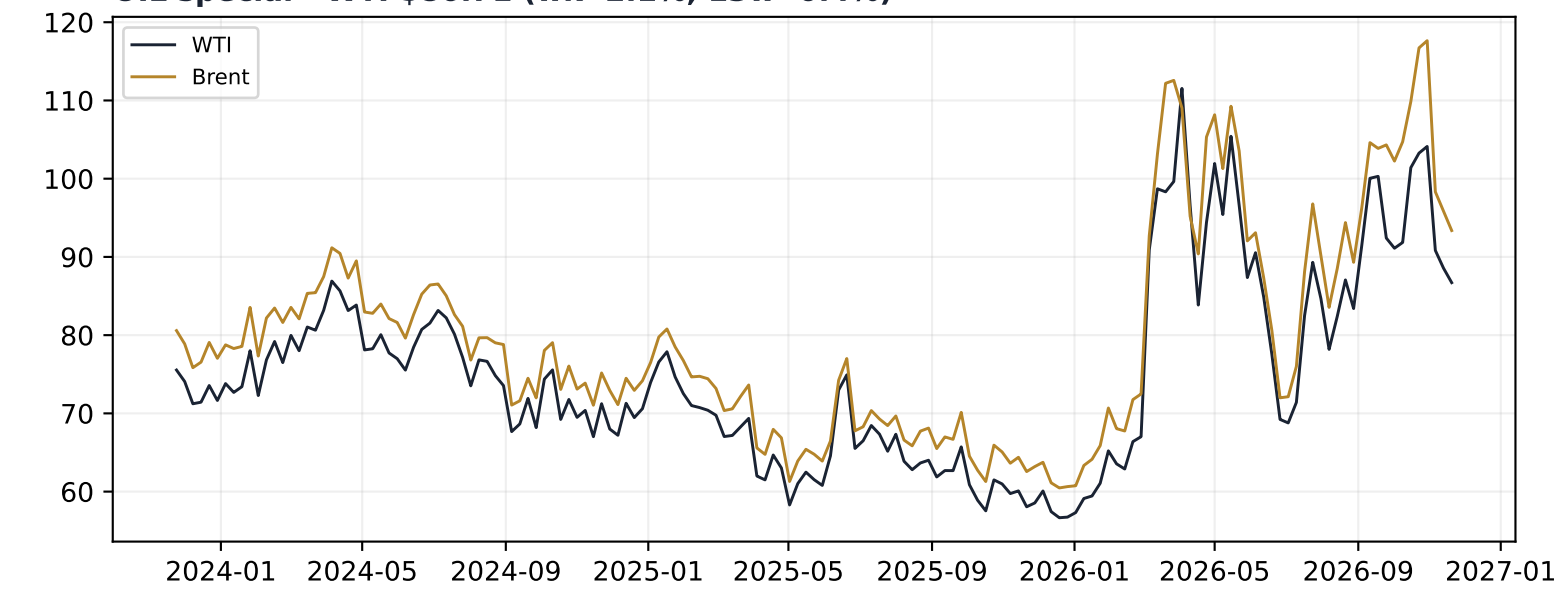
Asset Deep-Dives

Instrument-level detail across the major asset classes.

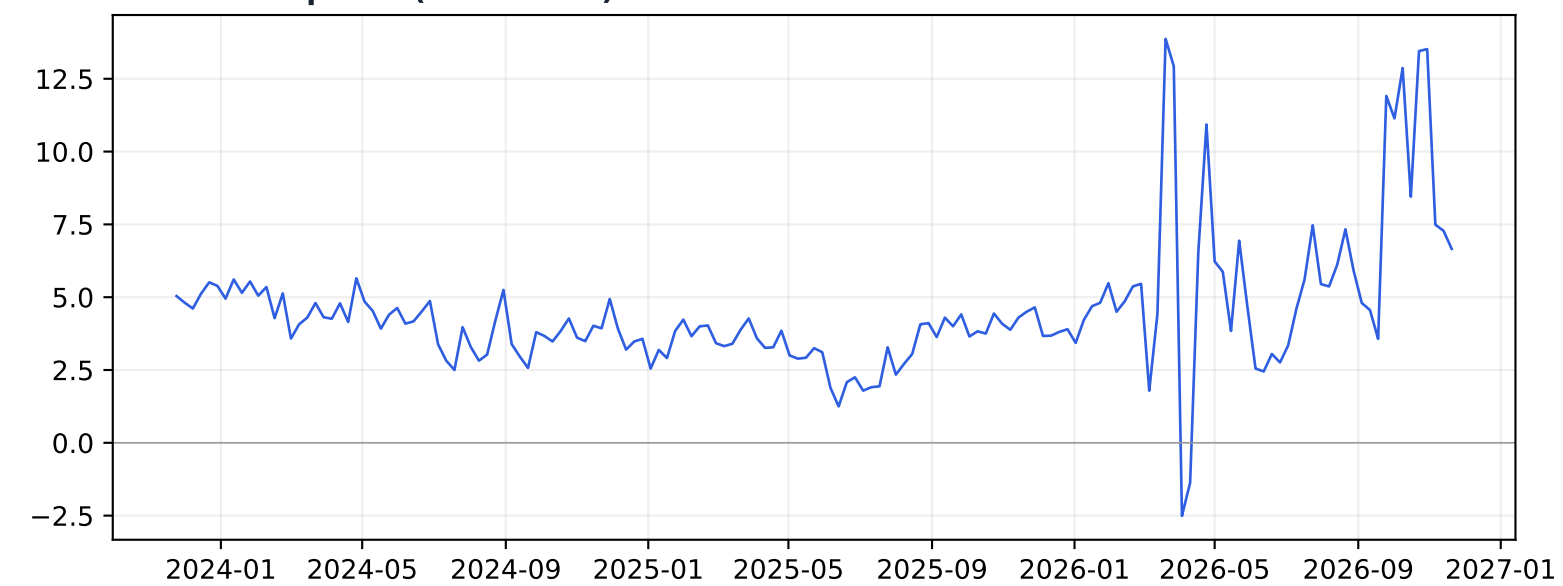
- Oil, natural gas, precious metals and crypto special modules
- Momentum & trend battery; factor-beta risk attribution; equity valuation

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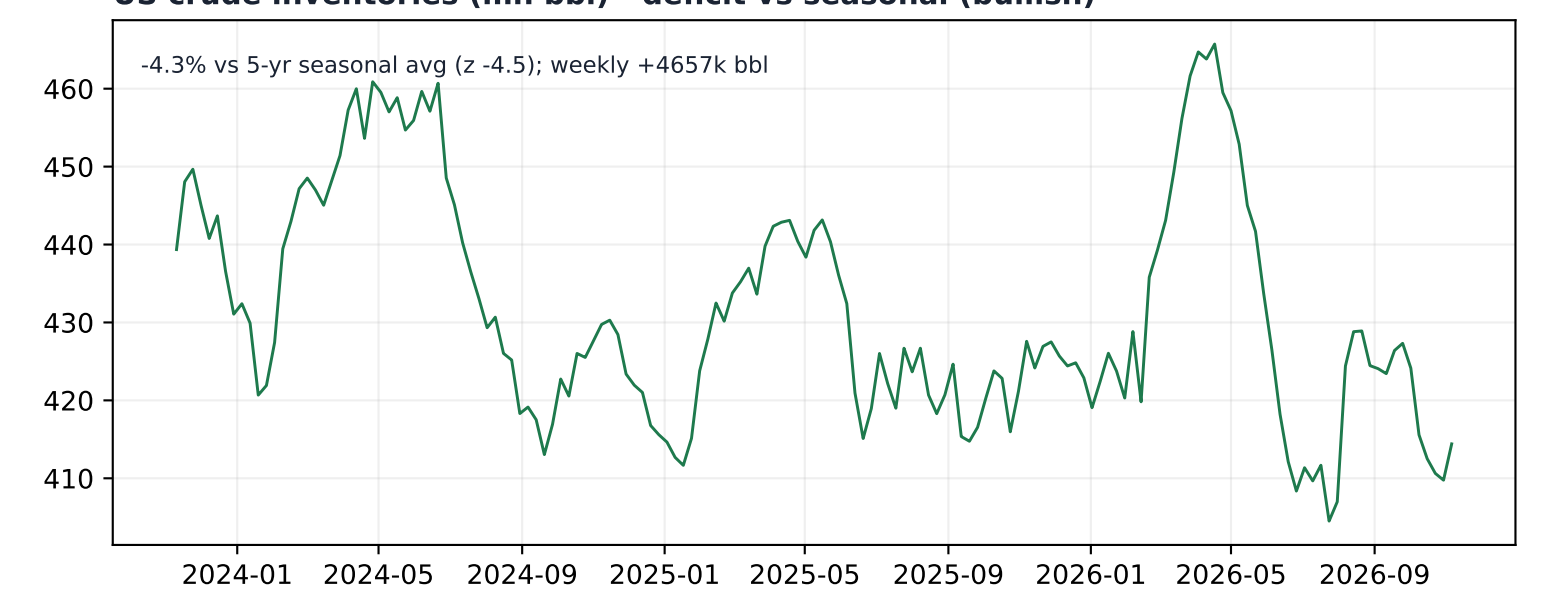
OIL special - WTI $86.71 (wk -2.1%, 13w -0.4%)



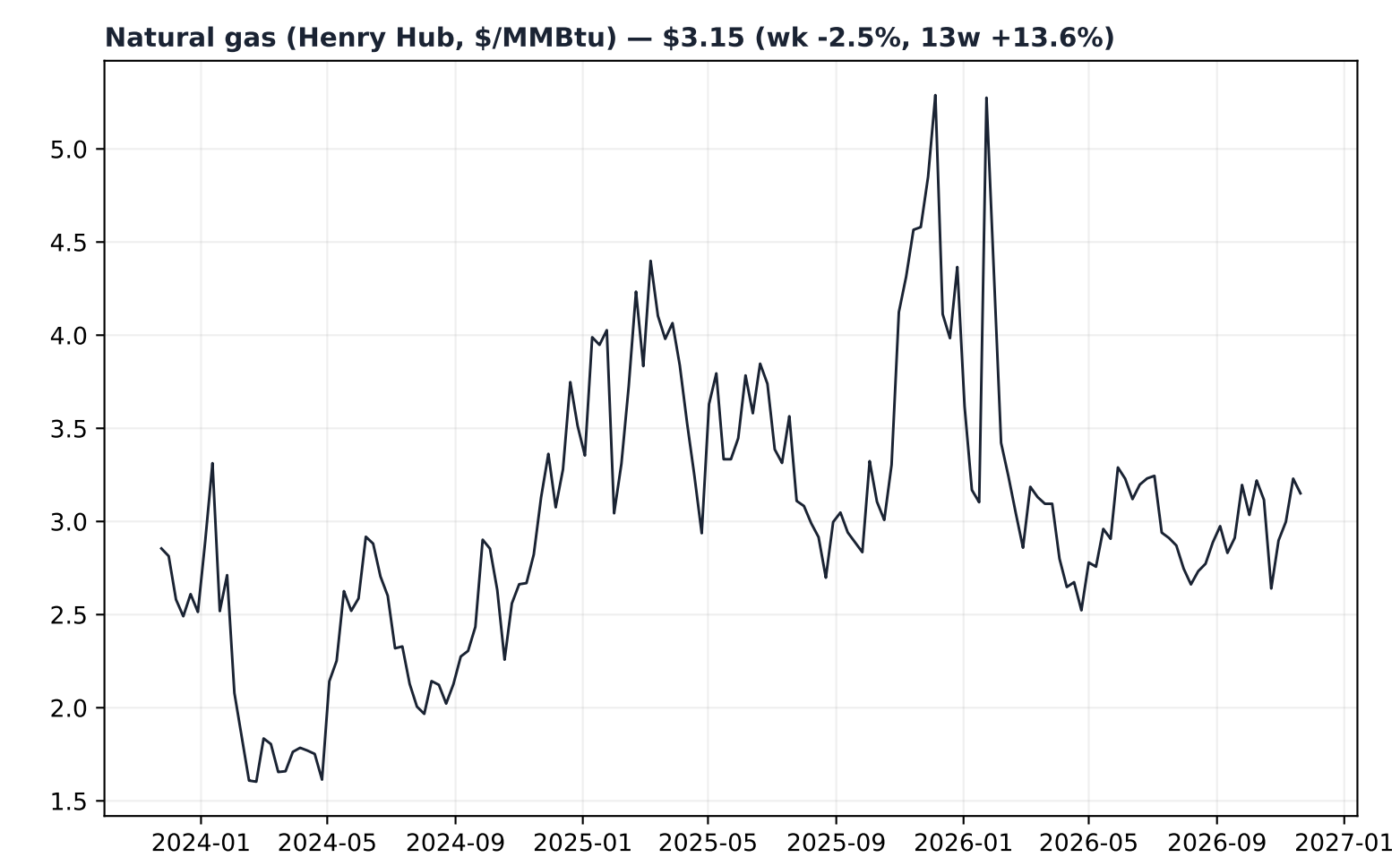
Brent-WTI spread (now +6.66)

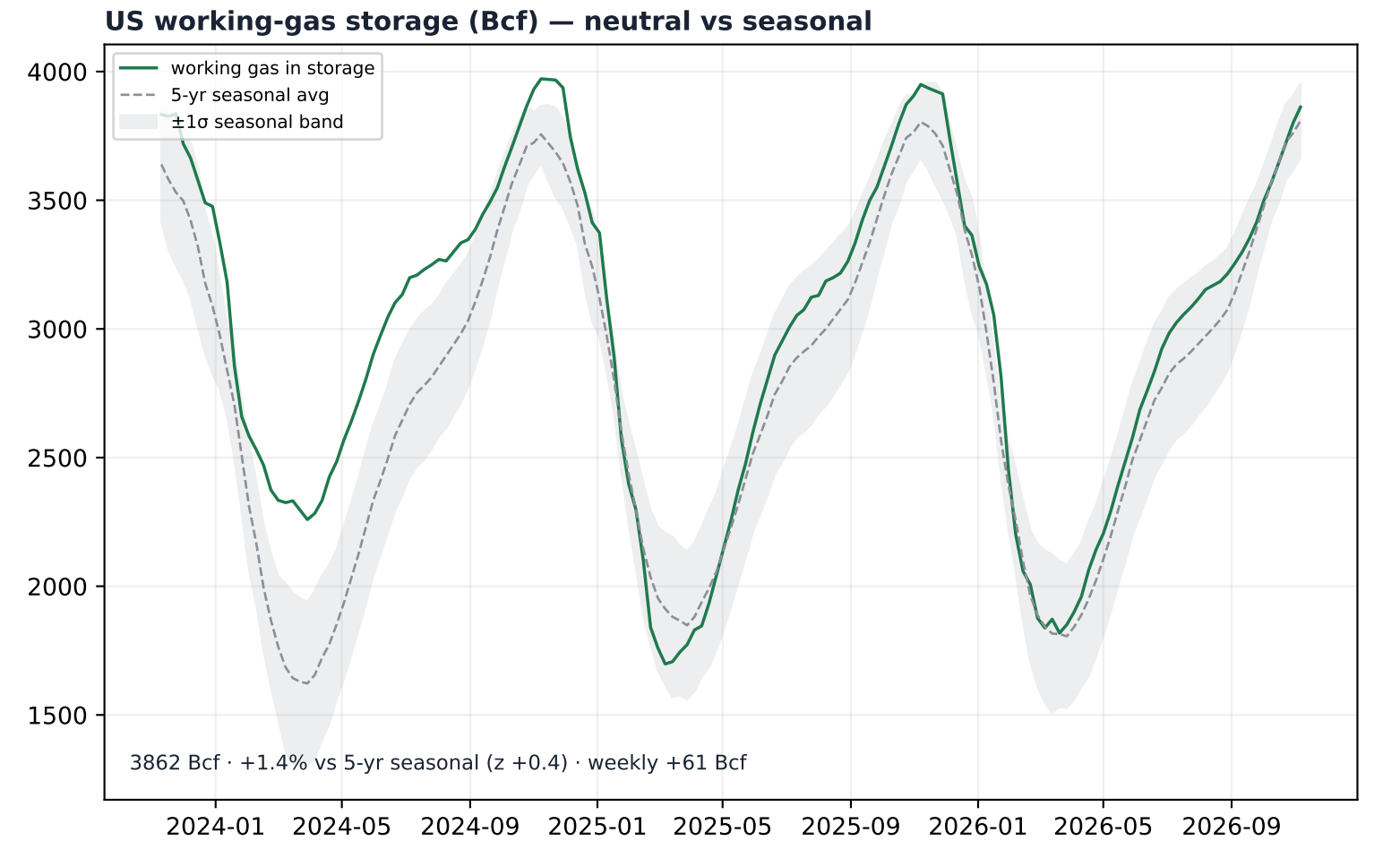


US crude inventories (mn bbl) - deficit vs seasonal (bullish)

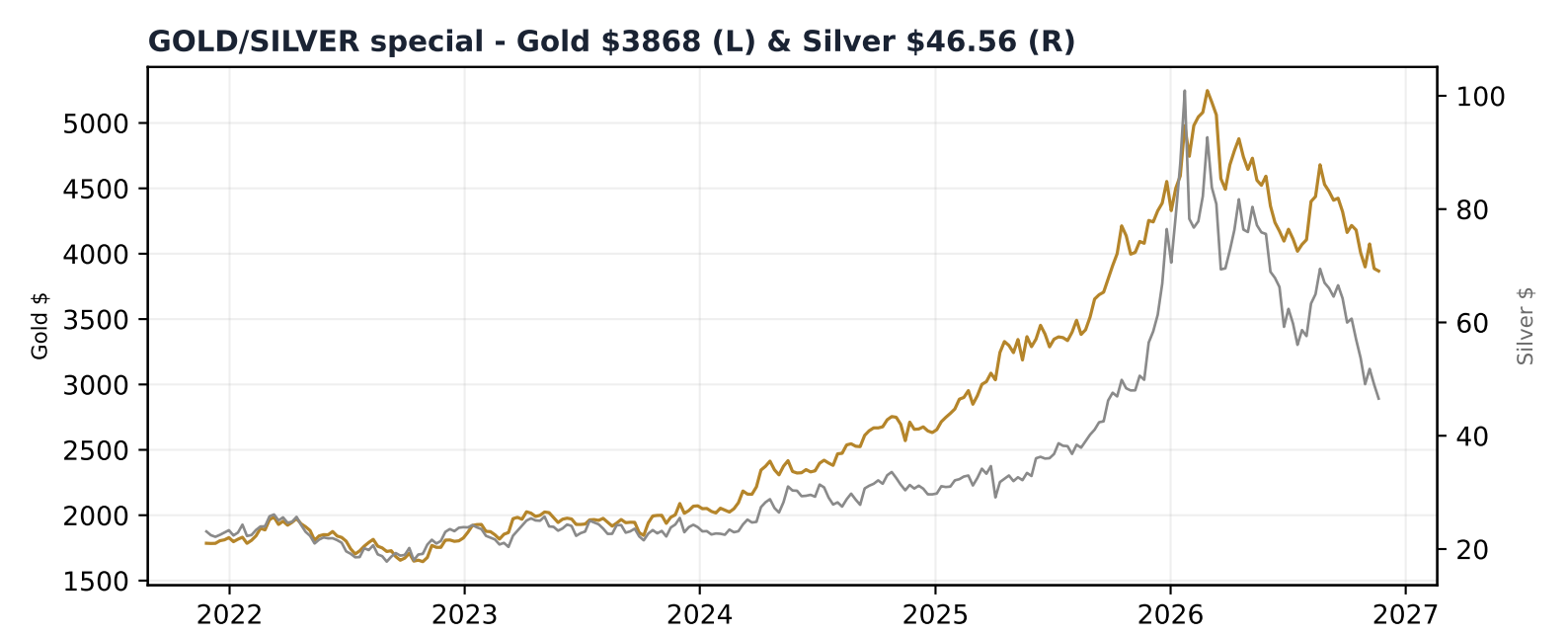


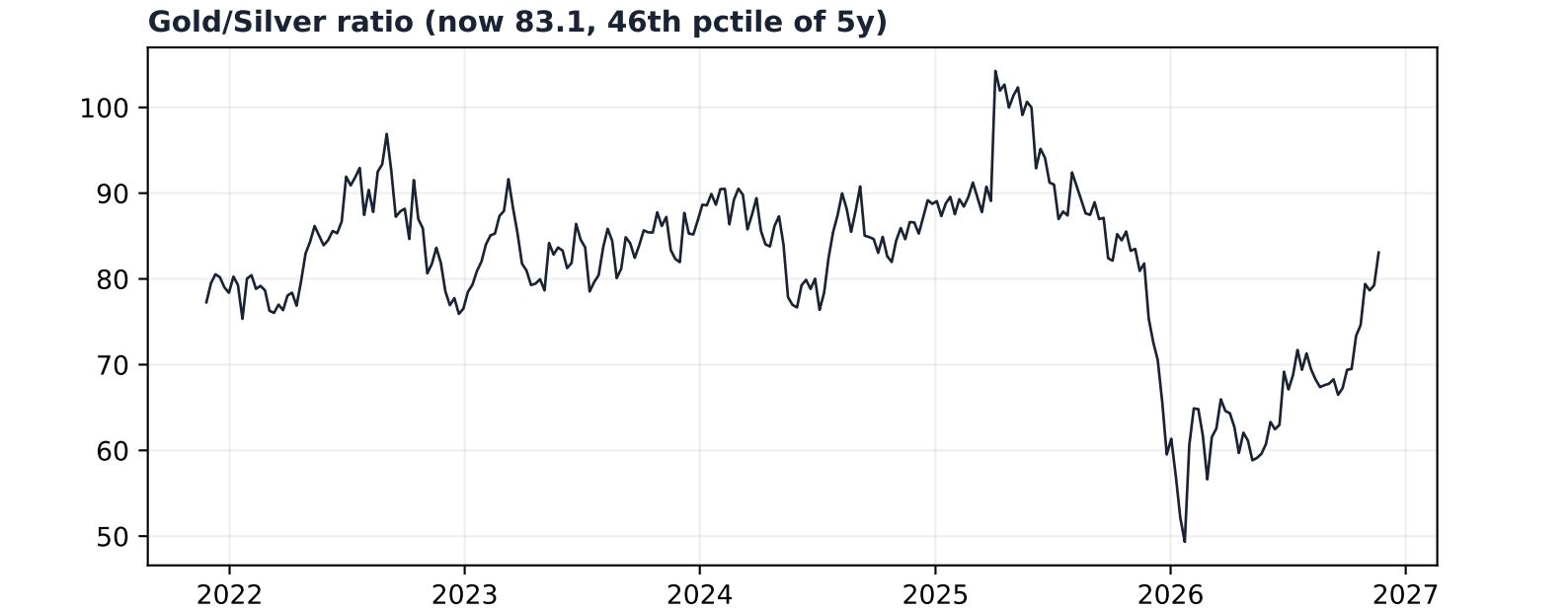
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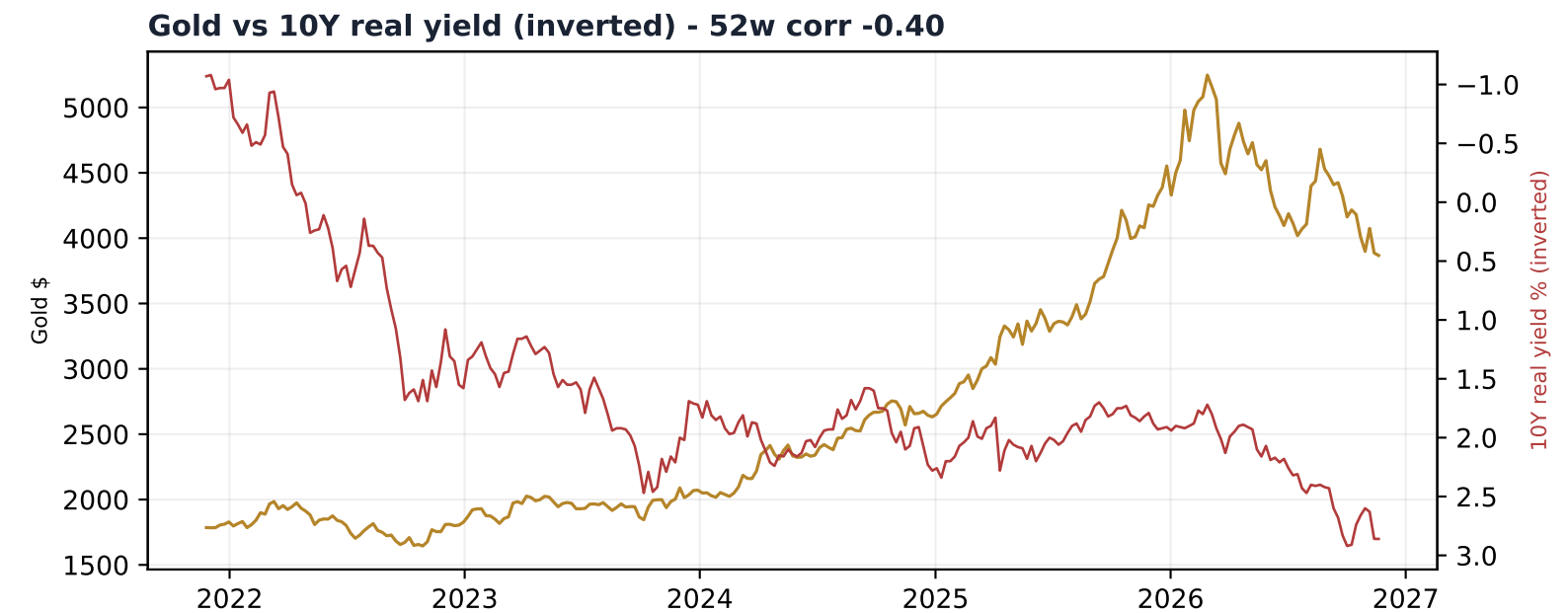




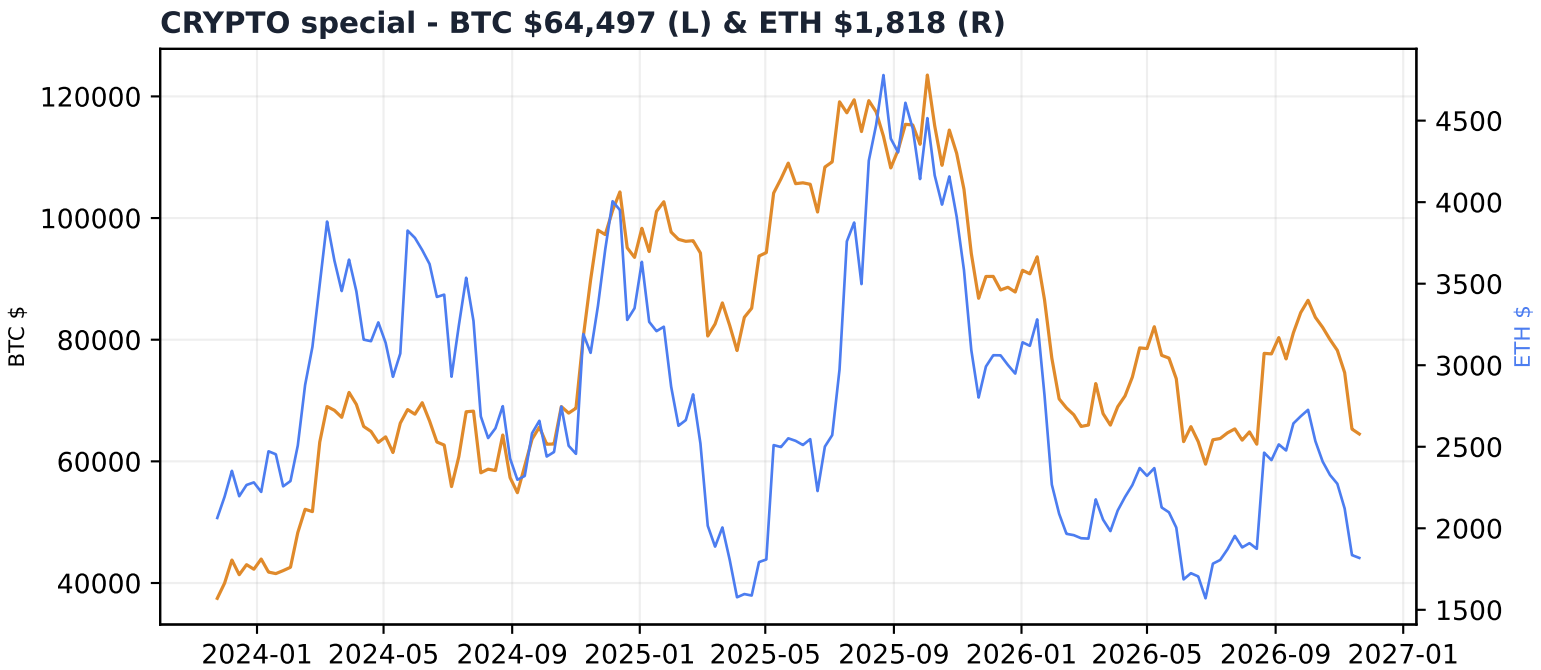
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MARKET STRUCTURE (current)

Total mcap $2.21T BTC dominance 58.5% ETH dominance 10.0%

Stablecoin supply $287B (-1.4% wk) DeFi TVL $71B (-10.0% wk)

Crypto Fear & Greed: 10 (Extreme Fear), a week ago 29

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MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs 40wMA	<52wHi
US_SP500	-3%	-0%	+13%	**-0.50**	+1%	-4%
US_Nasdaq	-6%	-6%	+11%	**-0.50**	-2%	-10%
EU_STOXX50	-2%	+6%	+15%	**+0.50**	+4%	-3%
JP_Nikkei225	-10%	-6%	+23%	**-0.50**	-5%	-16%
IN_Nifty50	+4%	+7%	-3%	**+0.50**	+6%	-4%
HK_HangSeng	-9%	-7%	-6%	**-0.50**	-5%	-13%
Gold	-17%	-14%	-5%	**-1.00**	-13%	-26%
Silver	-33%	-39%	-7%	**-1.00**	-31%	-54%
WTI_Oil	-0%	-10%	+49%	**-0.50**	-3%	-22%
Copper	-8%	-5%	+21%	**-0.50**	-3%	-10%
DXY	+5%	+4%	+3%	**+1.00**	+3%	0%
Bitcoin	-17%	-16%	-26%	**-1.00**	-10%	-31%

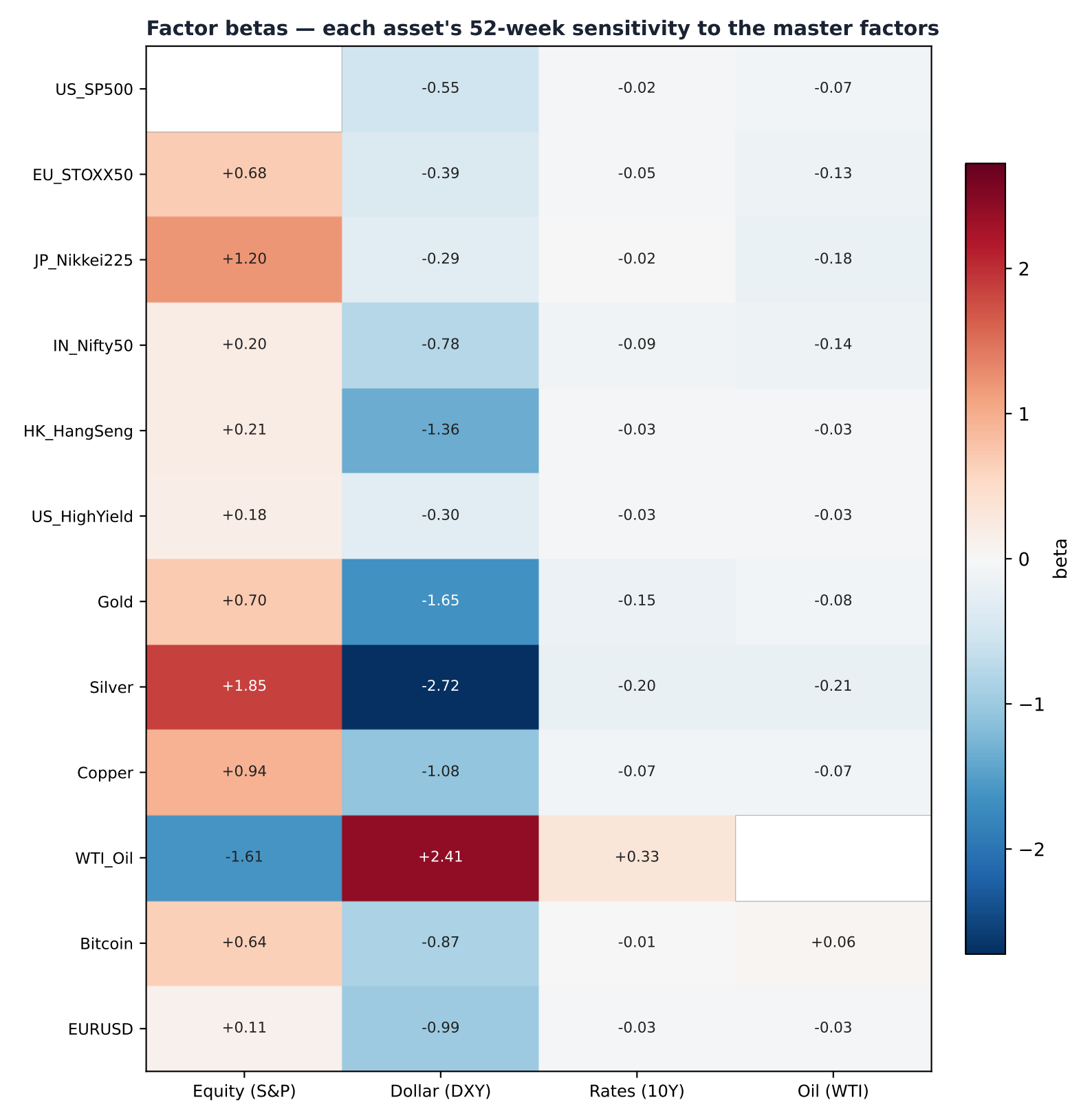
Global equity 26-week relative strength:

LEADERS: IN_BankNifty +14%, CH_SMI +13%, ES_IBEX35 +11%, NZ_NZX50 +10%, BE_BEL20 +9%, IN_Sensex +9%

LAGGARDS: KR_KOSPI -35%, CN_Shenzhen -31%, CN_Internet -15%, RU_RTS -15%, TR_BIST100 -14%, ID_JKSE -14%

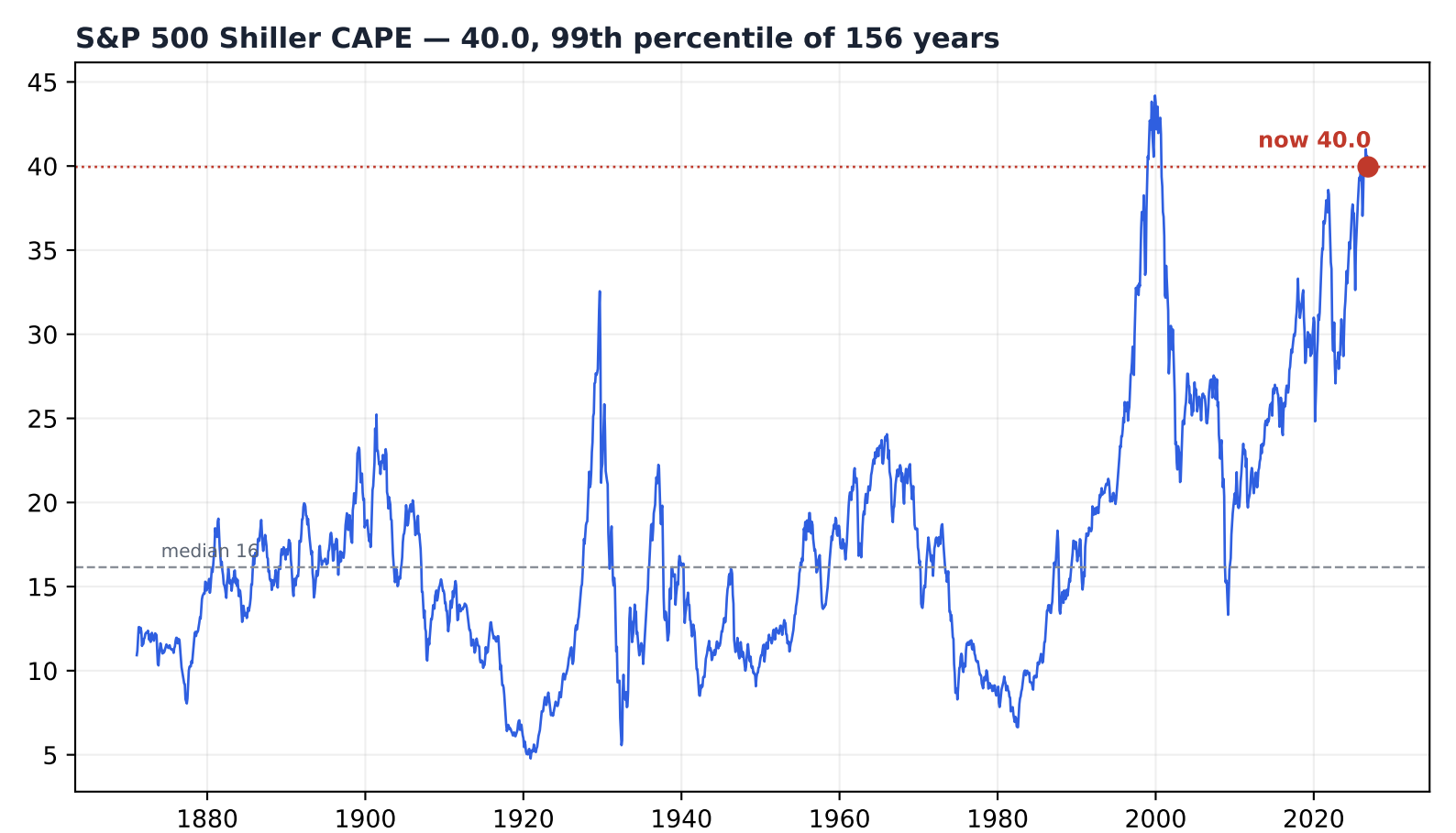
Score = mean sign of the 4/13/26/52-week returns (+1 = uptrend across all horizons). 'Golden' (10w>40w MA) vs 'death' cross is the weekly analogue of the 50/200-day signal.

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Positive equity beta = risk-on; negative dollar beta = falls when the dollar rises. This is the risk-attribution / hedging map.

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Cyclically-adjusted earnings yield 1/CAPE = 2.50% · trailing earnings yield 3.96% · 10Y nominal 5.10% · 10Y real 2.86% · equity risk premium
A low/negative Excess CAPE Yield signals equities are richly priced versus real bonds and historically implies muted long-run forward returns — a valua

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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

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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	+0.93	0.87	4.68 -> 4.68 [4.60,4.77]
DE_10Y_yield	DE_10Y	4w	+0.92	0.85	3.42 -> 3.42 [3.36,3.48]
FR_10Y_yield	FR_10Y	4w	+0.91	0.82	4.89 -> 4.89 [4.82,4.96]
DE_10Y_yield	NL_10Y	4w	+0.89	0.80	3.54 -> 3.54 [3.46,3.61]
FR_10Y_yield	NL_10Y	4w	+0.88	0.77	3.54 -> 3.53 [3.46,3.61]
FR_10Y_yield	DE_10Y	4w	+0.87	0.76	3.42 -> 3.42 [3.34,3.49]
DE_10Y_yield	FR_10Y	4w	+0.86	0.74	4.89 -> 4.90 [4.81,4.98]
FR_10Y_yield	ES_10Y	4w	+0.85	0.73	4.07 -> 4.06 [3.97,4.15]
DE_10Y_yield	ES_10Y	4w	+0.80	0.64	4.07 -> 4.06 [3.96,4.17]
IT_10Y_yield	ES_10Y	4w	+0.80	0.64	4.07 -> 4.07 [3.97,4.18]
UK_10Y_yield	DE_10Y	4w	+0.75	0.57	3.42 -> 3.42 [3.32,3.52]
US_13W	Policy_Canada	4w	+0.75	0.56	2.50 -> 2.58 [2.43,2.72]
US_FedDebt_PctGDP	Chicago_Fed_NAI	4w	+0.75	0.56	0.07 -> -0.03 [-1.56,1.51]
EA_AAA_10Y	NL_10Y	4w	+0.75	0.56	3.54 -> 3.56 [3.46,3.67]

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.

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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 +1.54

actual 6.05 · model-fair 4.90 · gap +23.3% · R^2 0.44



USDJPY vs US-Japan yield gap

cheap z -1.39

actual 159.54 · model-fair 166.87 · gap -4.4% · R^2 0.86



S&P 500 vs liquidity & rates

RICH z +0.87

actual 7465.90 · model-fair 6372.59 · gap +17.2% · R^2 0.33



Gold vs real yield & dollar

RICH z +0.58

actual 3867.70 · model-fair 3464.29 · gap +11.6% · R^2 0.70



HY spread vs equity vol

RICH z +0.14

actual 3.23 · model-fair 3.19 · gap +0.0 · R^2 0.15



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.

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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

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TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
US_SP500	-3.2%	-4.8%	11%	-25%	-4%	-0.2	+1.3
US_Nasdaq	-4.6%	-5.9%	13%	-34%	-10%	-0.1	+0.3
EU_STOXX50	-3.8%	-5.5%	12%	-23%	-3%	-0.8	+2.6
IN_Nifty50	-2.8%	-3.9%	9%	-16%	-4%	-0.0	+1.3
Gold	-3.6%	-4.8%	11%	-26%	-26%	-0.1	+1.1
WTI_Oil	-9.2%	-12.2%	26%	-53%	-28%	+0.6	+3.3
Copper	-4.8%	-9.2%	23%	-34%	-10%	-1.6	+11.1
Bitcoin	-11.5%	-15.6%	34%	-68%	-48%	-0.1	+1.9
US_HighYield	-1.6%	-2.3%	5%	-18%	-12%	+0.2	+2.9
EURUSD	-1.5%	-2.1%	4%	-15%	-7%	+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 0.47

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.

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Historical Trend - Key Metrics

Key readings from every weekly report, most recent on the right. Cells are colour-coded green (favourable / risk-on), amber (neutral) and red (adverse / risk-off) so the multi-month trend is readable at a glance.

R+ risk-on / favourable N neutral R- risk-off / adverse



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

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