ABL Digital India Cross-Asset Weekly

Trend, Correlation & Macro Report | week ending 2026-08-14

62 instruments across equities, sectors, FX, commodities, rates & REITs | 607 weeks

REGIME: Risk-on

EXECUTIVE SUMMARY

The model reads **Risk-on** (posterior 0.68) and the risk-appetite scorecard confirms it at **+0.50**, so lean constructively but selectively — this is a rally led by cyclicals and beta, not a broad melt-up. Favour **Auto (+9.3% on the week, +14% 3m)**, **Metal (+6.4%/+3%)** and the high-momentum **Pharma (+19% 26w RS)** and **Realty (+15%)** cohorts; fade the defensive and rate-sensitive laggards — **Pvt Bank (-3.4% wk, -4% RS)**, **FMCG** and **Services**. The tell beneath the surface: Nifty sits *below* its 40-week average even as 83% of sectors clear their 10-week line and VIX prints a sleepy **12.2 (29th pctile)** — a maturing, breadth-driven advance, not early-cycle.

Three things matter this week. First, **crude jumped +1.9%** even as it remains -20% over three months — India's core import-cost swing factor, and the one variable that can break the benign inflation/rates setup. Second, **USDINR at 95.3** is quiet (-1% 3m) and the rupee screens **RICH +2.0% (R^2 0.67)**, removing an FX tailwind. Third, **HY credit (+1.03)** and **risk-over-haven (+1.87)** are doing the heavy lifting on risk appetite, so watch credit for the first crack.

The biggest risk is a crude re-acceleration feeding INR and the **6.76% G-sec**. Confirmation the view is intact: **VIX below ~14, USDINR holding 95–96, crude soft**. It changes if crude runs and INR breaks **96.5+**, or VIX pushes above 16.

Executive Dashboard

India cross-asset state and the week's key readings.

REGIME	NIFTY 1W	SECTOR BREADTH	INDIA VIX
Risk-on	+0.1%	56% up	12.2

KEY CROSS-ASSET READINGS (level | 1w | 1m | 3m)

Nifty 50	24,583.8	+0.1%	+1.0%	+4.0%
Bank	57,686.9	-0.1%	-1.4%	+7.4%
IT	31,631.4	+0.3%	+8.2%	+14.1%
USDINR	95.3	+0.1%	-1.0%	-0.7%
DXY	99.7	+0.1%	-1.1%	+0.4%
US 10Y	4.7	+0.0	+0.1	+0.1
India VIX	12.2	+0.1	-0.9	-6.5
Gold	152,213.0	+0.3%	+4.5%	-4.9%
Crude	7,564.0	+1.9%	-10.1%	-20.1%
Copper	1,376.2	+0.8%	+3.0%	+1.8%
Embassy REIT	441.3	+0.0%	-2.5%	+4.8%

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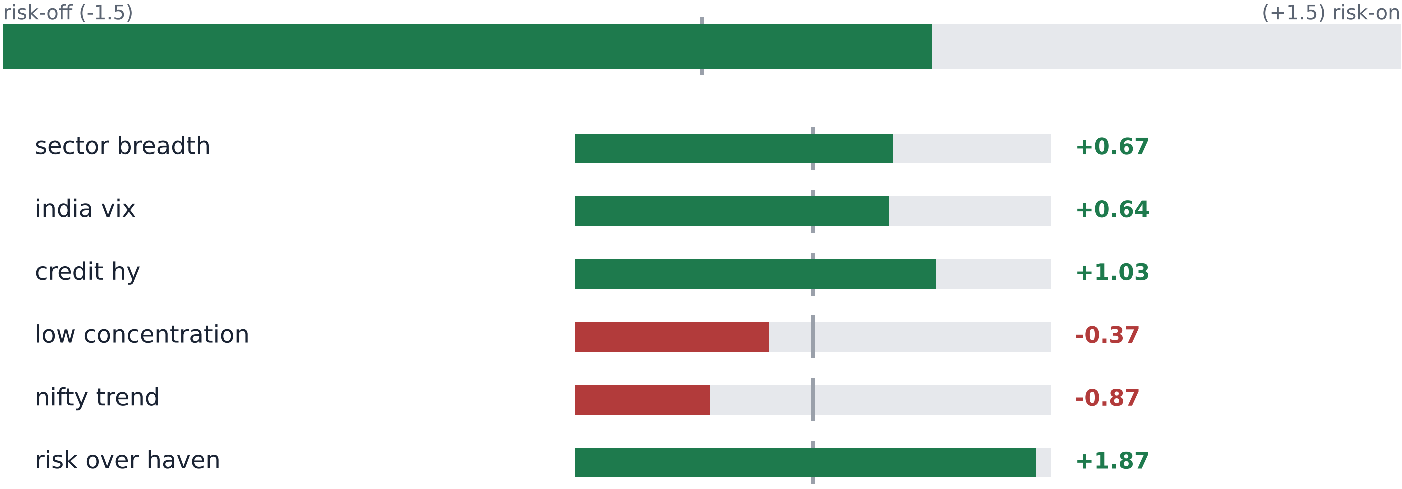
INDIA CROSS-ASSET SCORECARD

Domestic risk appetite and the external (global) backdrop that drives India

DOMESTIC RISK APPETITE

Risk-on

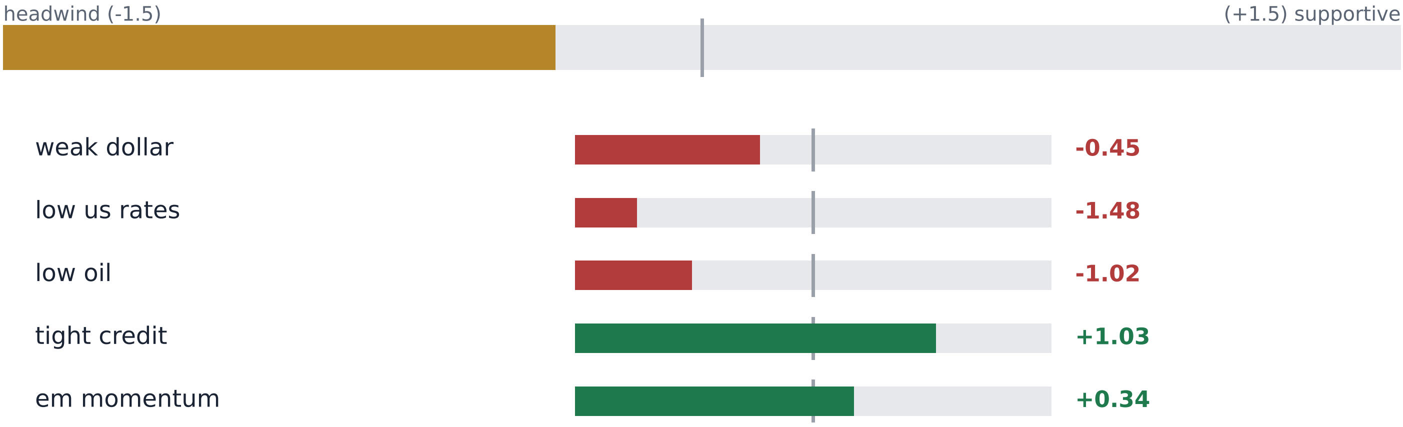
score +0.50



EXTERNAL CONDITIONS (global backdrop)

Neutral backdrop

score -0.31



Each component is a 10-year z-score, sign-aligned so higher = risk-on / more supportive; the headline is their average. External conditions read the dollar, US rates, oil, global credit and EM risk — India's key channels.

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-08-14

TOP GAINERS

Auto	+9.3%
Metal	+6.4%
Consumer Dur	+4.5%
MNC	+4.2%
NatGas	+3.4%
PSU Bank	+3.1%
Media	+2.5%
Midcap 100	+2.3%

TOP DECLINERS

Pvt Bank	-3.4%
Realty	-2.3%
Energy	-1.3%
Fin Services	-1.3%
PSE	-0.9%
Services	-0.4%
Pharma	-0.2%
JPYINR	-0.1%

KEY LEVELS — week-over-week

Nifty 50	24,583.8	+0.1%	US 10Y	4.7	+0.0
Bank	57,686.9	-0.1%	US HY OAS	2.7	+0.0
IT	31,631.4	+0.3%	Gold	152,213.0	+0.3%
USDINR	95.3	+0.1%	Crude	7,564.0	+1.9%
India VIX	12.2	+0.1	S&P 500	7,757.6	+0.0%

MARKET-STATE READINGS — now vs prior report

Regime	prior: N	->	**Risk-on**
Risk appetite	prior: +0.51	->	**+0.50**
External backdrop	prior: -0.28	->	**-0.31**
PC1 share	prior: 33	->	**34%**

The fastest orientation: what actually moved and how the headline state shifted since last week. USDINR/VIX/rate/spread increases are shown as adverse (red).

India Cross-Asset Analysis

Executive Summary

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Three things matter this week. First, **crude jumped +1.9%** even as it remains -20% over three months — India's core import-cost swing factor, and the one variable that can break the benign inflation/rates setup. Second, **USDINR at 95.3** is quiet (-1% 3m) and the rupee screens **RICH +2.0% (R^2 0.67)**, removing an FX tailwind. Third, **HY credit (+1.03)** and **risk-over-haven (+1.87)** are doing the heavy lifting on risk appetite, so watch credit for the first crack.

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Regime, Scorecard & Market State

The Markov filter places us firmly in **Risk-on** — posterior 0.682 versus 0.307 Risk-off and a negligible 0.011 Neutral — and the composite risk-appetite scorecard agrees at **+0.50**. But the two agree for nuanced reasons, and the components deserve scrutiny before you press risk. The scorecard's strongest positive contributors are **risk_over_haven +1.87** (risk assets decisively outperforming havens) and **credit_hy +1.03** (high-yield spreads behaving), supported by **sector_breadth +0.67** and a benign **india_vix +0.64**. Pulling the other way is **nifty_trend -0.87** — the index is *below* its 40-week average — and **low_concentration -0.37**, flagging that leadership is narrower than ideal.

That reconciliation matters: this is a risk-on tape carried by breadth, credit and the absence of fear, *not* by the trend of the benchmark itself. 83% of sectors sit above their 10-week MA and 56% rose on the week, yet Nifty was flat (+0.1%) and structurally below trend. The read for investors is a rotation-led, second-derivative advance rather than an index-momentum blow-off. Respect the risk-on signal, but recognise the negative trend component caps conviction — you want to be long the *movers*, not the *index*, and to keep a hand near the exit given the trend has not yet confirmed.

Global Backdrop & External Conditions

The external-conditions composite reads **-0.31, a Neutral backdrop** — neither the tailwind nor the headwind version of the world, but tilted slightly unhelpful. The drag comes from **low_us_rates -1.48** (US 10Y stuck high at **4.7%**, 0.0 change on the week and flat over three months) and **low_oil -1.02** (crude, despite its -20% three-month slide, is no longer falling and ticked +1.9% this week). Offsetting these, **tight_credit +1.03** signals global credit conditions are accommodative, with **em_momentum +0.34** modestly positive and **weak_dollar -0.45** a mild negative as DXY holds firm at **99.7**.

For India specifically the message is: don't lean on the global tape to do your work. A 4.7% US 10Y keeps a floor under Indian yields and a lid on rate-sensitive sectors — consistent with **Bank~US 10Y at -0.40/-0.57** (the 13-week correlation has intensified), meaning every back-up in Treasuries pressures financials. The dollar at 99.7 is not weak enough to unleash EM flows (Nifty~DXY -0.37/-0.53, again strengthening at the short horizon). The one genuine positive — easy global credit — is also the most fragile. Net: the world is a *neutral-to-slight-headwind*, so India's outperformance this week is domestically earned, not globally gifted.

Sector Rotation & Momentum

The week's rotation is unambiguously **pro-cyclical and pro-beta**. **Auto led hard (+9.3% on the week, +14% over three months)**, followed by **Metal (+6.4%/+3%)**, **Consumer Durables (+4.5%/+7%)**, **MNC (+4.2%)** and **PSU Bank (+3.1%)**. The losers were the crowded quality-and-financials complex: **Pvt Bank (-3.4%)**, **Energy (-1.3%)**, **Fin Services (-1.3%)** and **Realty (-2.3% on the week despite +13% over three months)**. This is textbook late-cycle rotation — money leaving expensive defensives and private financials, chasing cyclical torque.

On the slower 26-week relative-strength gauge, the durable leaders are **Pharma +19%, Realty +15%, Media +13%, Metal +12% and MNC +11%**, while the persistent laggards are **Services -5%, PSU Bank -4%, Bank -4%, FMCG -4% and Pvt Bank -4%**. The tension worth noting: PSU Bank and Realty appear on *both* the weekly-winner and medium-term-laggard/leader lists respectively, which tells you the weekly move in PSU Bank is a low-quality bounce, while Realty's weekly dip is profit-taking inside a strong trend. For positioning, the cleanest expressions of the regime are Auto and Metal (weekly and cyclical alignment) and Pharma (the strongest medium-term trend that is *not* stretched on the week). Stay underweight the private-bank / FMCG / Services quality block — it is lagging on both horizons.

Factor Structure & Systemic Risk

Concentration is the defining feature of the market's plumbing. In the sector cross-section, **PC1 alone explains 74% of equity/sector variance**, loading most heavily on the broad-cap indices (**Nifty 100, 200, 500**) and least on **IT, Pharma and FMCG** — meaning those three offer what little idiosyncratic diversification exists. In the wider 38-instrument cross-asset PCA, **PC1 (the Nifty risk factor) is 34%**, with **PC2 US rates 13%**, **PC3 global risk (inverse) 10%** and **PC4 US rates 6%**. A single dominant risk factor of this magnitude means that when the market moves, it moves together — stock-picking alpha is being swamped by one beta.

Yet the systemic co-movement gauge offers a reassuring counterpoint: the **MV-DCC average pairwise conditional correlation is +0.13 now, down slightly from +0.15 a year ago**, with very high persistence (0.9285). Correlations are *not* rising, so cross-asset diversification is still doing modest work even as within-equity concentration is high. The nuance for investors: diversify *across assets* (equity/rates/gold/FX), because that channel is functioning, but do not expect much protection from *sector spreading within equities* — PC1 at 74% will drag your sector book in one direction in a drawdown. IT, Pharma and FMCG are your genuine within-equity hedges by construction, which is one more reason to hold a Pharma position through the cyclical trade.

Cross-Asset Correlation & Lead-Lag

The Granger network is clear about who drives the tape: **net leaders are Crude, India VIX, US 10Y and Gold; net followers are USDINR, EM Equity, Bank and — critically — Nifty 50 itself.** India equities are a price-*taker* here, responding to the external risk and commodity complex rather than setting it. That reframes how to read the week: the equity move is downstream of what crude, volatility and US rates do.

The strongest contemporaneous and lagged signal into Nifty is **India VIX (-0.55 contemporaneous, -0.22 at a one-week lag)** — the volatility relationship is both immediate and carries predictive residue, so a VIX turn is your earliest warning. **Crude leads with -0.19 contemporaneous and, notably, a *larger* -0.24 at one-week lag**, meaning this week's crude uptick is a mild negative that may bite equities into next week. **USDINR (-0.34 contemporaneous) and DXY (-0.31)** hit immediately but with essentially no lag (-0.01), so FX shocks are same-week events. The DCC engine corroborates the durability ranking: Nifty~Crude conditional correlation is -0.25 with high **persistence 0.62**, versus Nifty~VIX -0.55 at lower persistence 0.23 — VIX is the sharper but more fleeting driver, crude the stickier one. For an investor, monitor VIX for timing and crude for the underlying regime.

Relative Value & Fair Value

Trust each dislocation in proportion to its fit. The highest-conviction signal is **Banks RICH +4.8% (z +1.17) on a 0.94 R^2 model** versus Nifty and US rates — an excellent fit and a stretched spread, so the private-bank weakness this week is fundamentally corroborated: financials are expensive against their rate-and-market drivers, and the -3.4% Pvt Bank move is valuation reverting, not a dip to buy. The **rupee screens RICH +2.0% (z +0.78, R^2 0.67)** against dollar, oil and US rates — a solid fit — reinforcing that INR's tailwind is spent and a fair-value pull toward a weaker rupee is building, the more so if crude firms.

Two signals deserve *discounting*. **Nifty itself is RICH +3.1% (z +1.15) but only on a 0.54 R^2**, and **IT looks cheap -10.5% (z -1.09) on a weak 0.43 R^2** versus rupee and US tech — the IT dislocation is eye-catching but the model explains under half the variance, so treat the -10.5% as a soft lean toward IT rather than a table-pounding value call, and note IT's own weekly action is flat (+0.3%). **Gold RICH +3.7% carries a trivial z of +0.19** — not stretched, ignore. Net: the cleanest, best-fit trades are *fade rich banks and rich rupee*; the IT-cheap signal is interesting but fit-limited, so size it small.

Currency, Rates & the Oil-INR Channel

This is the crux for a net oil importer. The chain runs crude → INR → CPI → G-sec yields, and right now every link is quiet but loaded. **Crude at 7564 (MCX) rose 1.9% on the week** though it remains -20% over three months — that three-month collapse is precisely why India's macro looks pristine: **CPI is just 3.5% (core 3.7%)**, comfortably inside the RBI's band, giving the MPC room to sit at a **neutral 5.25% repo**. But the week's uptick is the first counter-signal, and because crude leads Nifty more strongly at a one-week lag (-0.24) than contemporaneously, the effect is still ahead of us.

USDINR at 95.3 is becalmed (-1% over three months, +0.1% on the week) but the fair-value model flags it **RICH +2.0%**, so the rupee has little cushion and is a follower in the Granger network — it will transmit any crude/dollar shock rather than absorb it. The **India 10Y G-sec at 6.76%** is explicitly flagged as sensitive to crude and US yields, and with the **US 10Y pinned at 4.7%**, the external anchor for Indian rates is high. The investable implication: the entire benign-macro thesis rests on crude staying soft. Should crude extend its bounce, expect INR toward and through 96, a G-sec back-up above 6.8%, and pressure on rate-sensitive Banks and Realty — the sectors already flagged rich. Forex reserves at USD 571bn give the RBI ammunition to smooth INR, but not to reverse a genuine oil shock.

Volatility, Tail Risk & What to Watch

Volatility is priced for calm, arguably too much so. **India VIX at 12.2 sits in the 26th–29th percentile**, the **India-minus-US VIX spread is -2.9** (Indian vol trading *below* US vol, unusual and complacent), and the **VIX risk premium is negative at -0.5** — implied is running below realized, so options are not richly compensating for risk. That is a market with little fear embedded, which cuts both ways: it supports the risk-on carry but leaves scant buffer if the crude/INR channel fires. Tail metrics are contained but not trivial — **Nifty ES5 -4.0% with a current drawdown of -7%**, **Midcap ES5 -5.4%**, and **Gold ES5 -7.2%** (gold's own drawdown -8%, so it is not the clean hedge it usually is here). Weekly predictive skill is modest throughout; treat every number above as a lean, not a lock.

Signals that **confirm** the constructive view: India VIX holding below ~14, USDINR pinned in 95–96, crude failing to sustain its bounce, sector breadth staying above ~80% over the 10-week line, and HY credit (the +1.03 scorecard pillar) staying firm. Signals that would **change** it: crude extending higher and dragging USDINR through **96.5**, the G-sec pushing above **6.8%**, India VIX breaking **16** (which would flip the sharpest Nifty driver negative), a roll-over in the credit_hy component, or Nifty decisively failing to reclaim its 40-week average — the one structural negative already sitting in the scorecard. Watch crude and VIX first; the rest follows them.

PART I

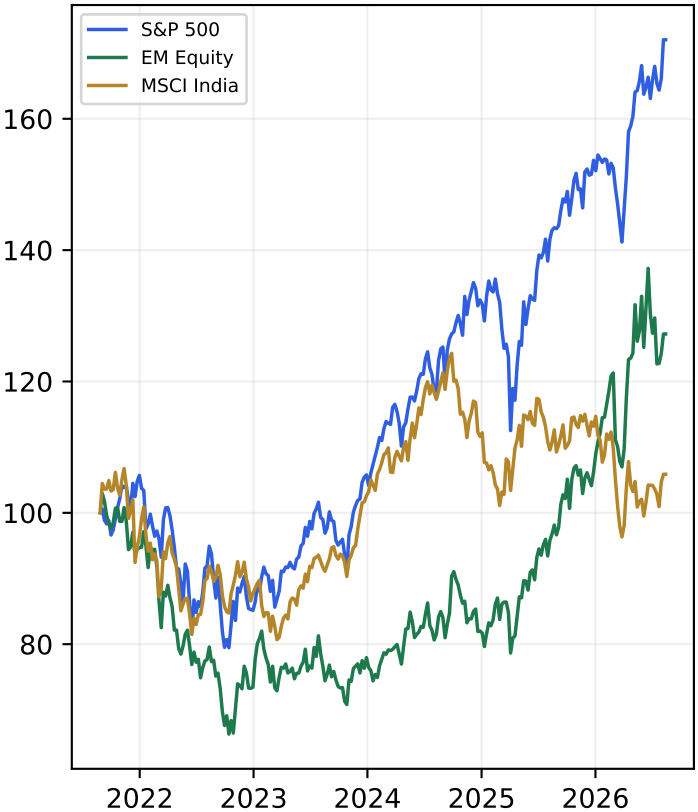
Global Backdrop & Macro

The external forces that drive India — global equity risk, US yields, credit, the dollar and the domestic macro pulse.

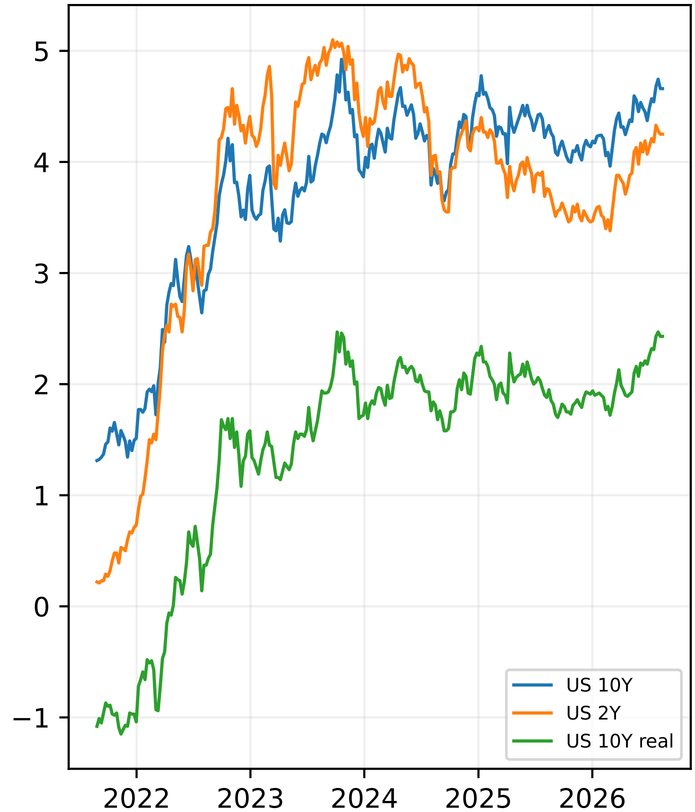
- Global equity, US yields & credit spreads, dollar & Fed balance sheet
- India macro prints (repo/CPI/GST/PMI/IIP) and FII/DII flows

Global Backdrop & Rates

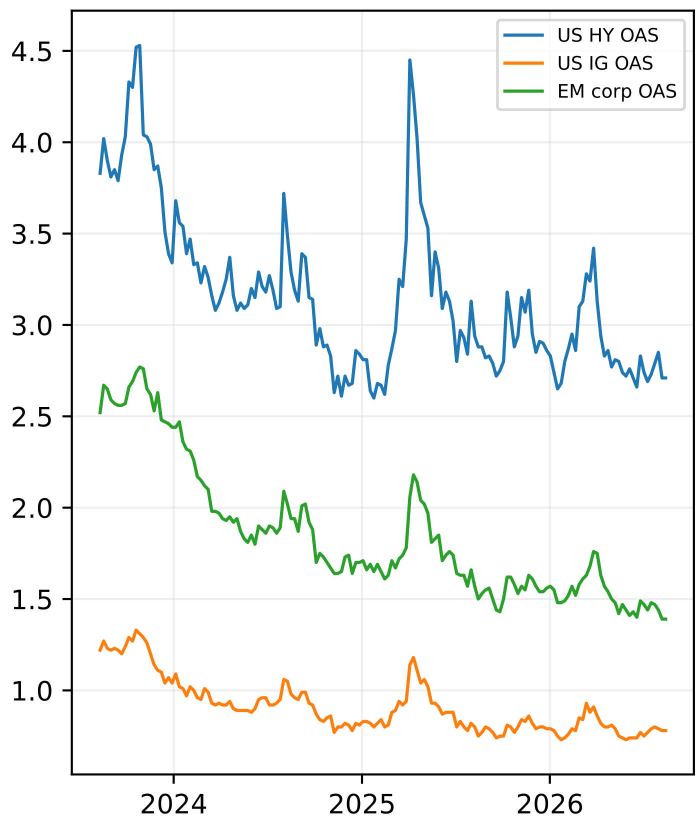
Global equity (indexed=100, 5y)



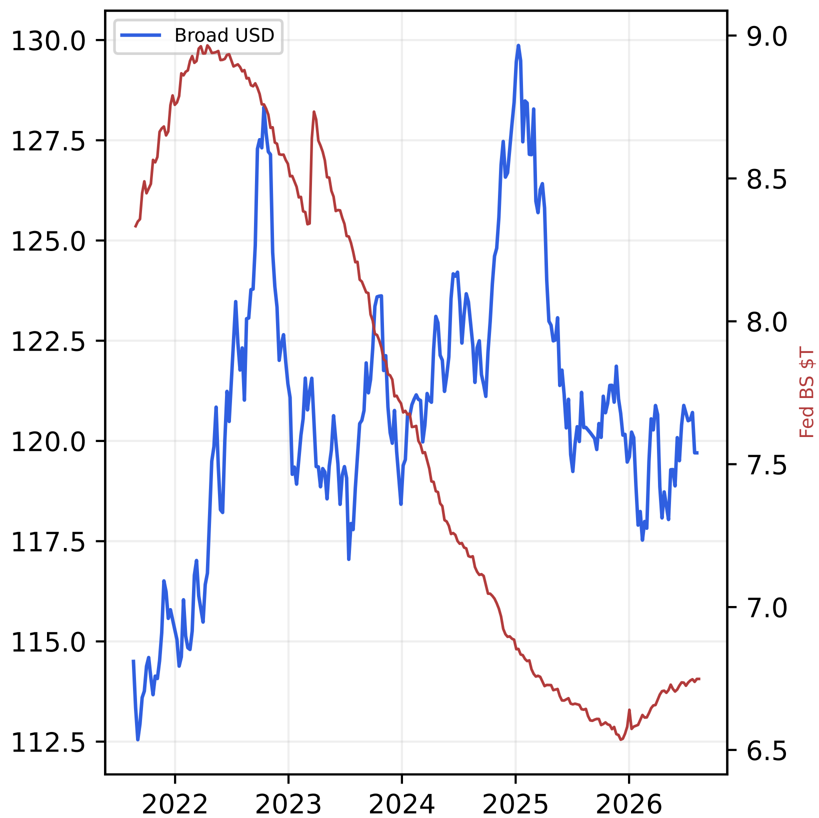
US yields (%) — India's external cost of capital



Credit spreads (%)



US dollar & Fed balance sheet



Macro Pulse

Latest India macro prints (release-based figures are the official print with its as-of date; markets are weekly).

FII/DII latest cash flows: DII net Rs 236 cr, FII net Rs 480 cr

INDICATOR	LATEST	AS OF
RBI Repo Rate	**5.25%**	Jul 2026 (MPC, neutral)
India 10Y G-sec yield	**6.76%**	Jul 2026 (RBI/FBIL; +ve on crude/US-yields)
CPI Inflation YoY	**3.5% (core 3.7%)**	Apr 2026
GST Collections	**Rs 1.95 lakh cr (+13.9% YoY)**	Jun 2026
Mfg PMI	**54.2**	Jun 2026
Services PMI	**57.3**	Jun 2026
IIP YoY	**+5.1%**	May 2026
Real GDP growth	**6.6% (FY27 proj.)**	RBI FY2026-27
Forex Reserves (ex-gold)	**USD 571 bn**	2026-05
Real House Prices (idx)	**161.9**	2026-01 (NHB/BIS)
CPI Index (FRED/OECD)	**157.6**	2025-03

Release-based series (repo/CPI/GST/PMI/IIP/GDP) are entered from official releases in config/macro_prints.yaml and refreshed monthly.

PART II

Cross-Asset Structure

How Indian and global assets move together — factor structure, systemic co-movement, directional lead-lag and relative value.

- PCA factor model & multivariate DCC conditional-correlation
- Correlation heatmap, wavelet coherence, Granger causality & cointegration

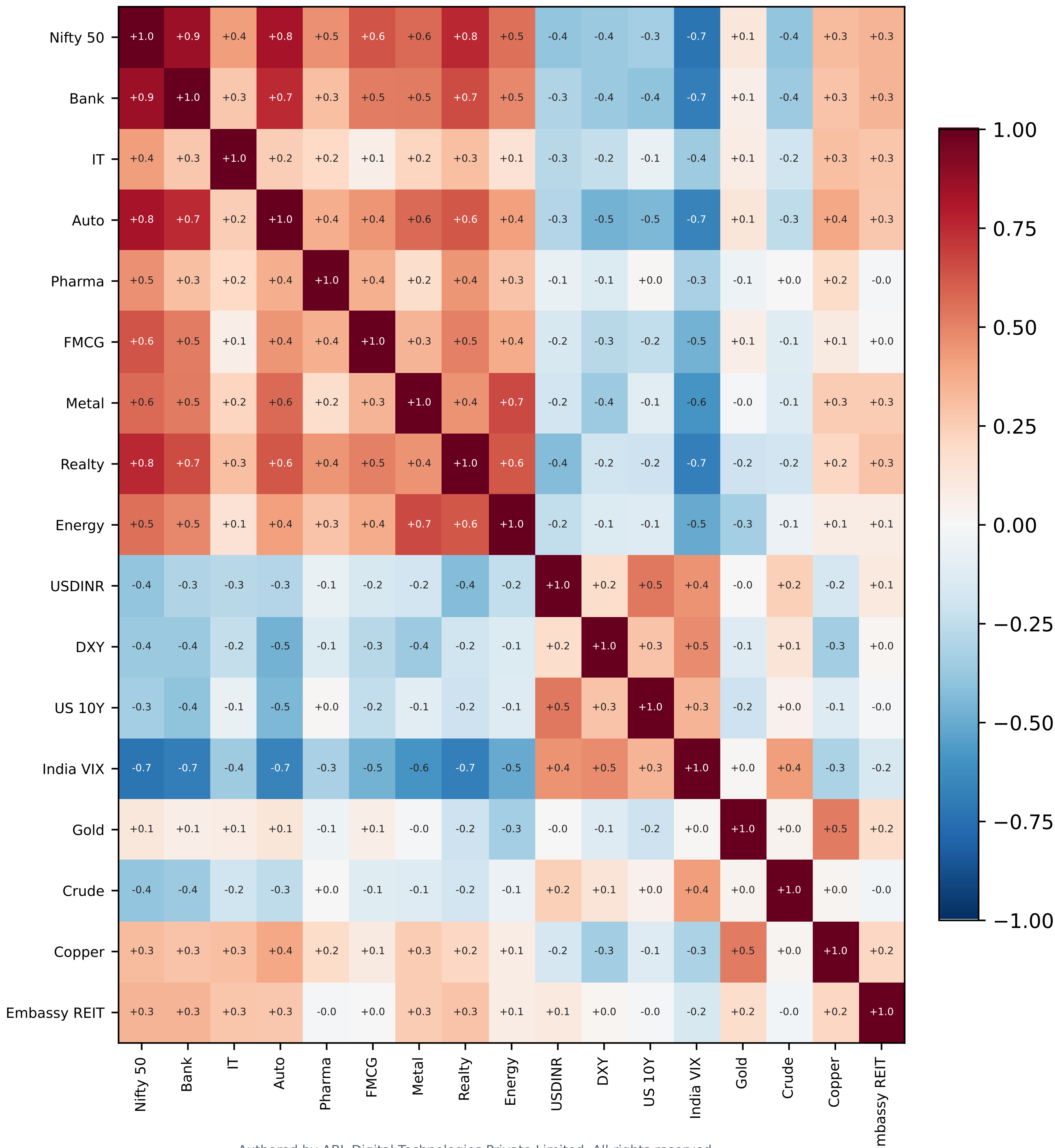
Weekly Returns Heatmap

Price return (%) by instrument over 1w / 1m / 3m. Commodities priced in MCX (INR, Kite).

	1w %	1m %	3m %
Midcap 100	+2.3	+2.7	+6.8
Midcap 50	+0.7	+2.1	+5.9
Midcap 150	+0.5	+2.2	+5.4
Nifty 200	+0.2	+1.7	+4.8
Nifty 500	+0.1	+1.7	+5.4
Nifty Next 50	+0.1	+4.1	+7.9
Nifty 100	+0.1	+1.6	+4.7
Sensex	+0.1	+0.5	+4.4
Nifty 50	+0.1	+1.0	+4.0
Smallcap 250	-0.1	+1.9	+9.7
Auto	+9.3	+9.8	+14.3
Metal	+6.4	+5.0	+3.1
Consumer Dur	+4.5	+3.7	+7.1
MNC	+4.2	+3.1	+6.2
PSU Bank	+3.1	+2.8	+1.9
Media	+2.5	+3.1	+7.1
Commodities Idx	+1.8	+1.2	-2.2
FMCG	+1.3	-1.5	-3.3
Infra	+0.9	-0.1	+0.5
IT	+0.3	+8.2	+14.1
Bank	-0.1	-1.4	+7.4
Pharma	-0.2	+3.3	+7.5
Services	-0.4	+0.8	+3.5
PSE	-0.9	-1.6	-7.3
Fin Services	-1.3	-1.2	+3.5
Energy	-1.3	-1.1	-5.0
Realty	-2.3	+0.8	+13.2
Pvt Bank	-3.4	-2.4	+4.8
EURINR	+0.6	+3.2	-1.1
GBPINR	+0.2	-0.6	+0.6
USDINR	+0.1	-1.0	-0.7
DXY	+0.1	-1.1	+0.4
Broad USD	+0.0	-0.7	+1.4
JPYINR	-0.1	+4.5	-0.6
NatGas	+3.4	-6.8	-9.3
Crude	+1.9	-10.1	-20.1
Brent	+1.2	-4.0	-22.6
Aluminium	+1.2	+2.4	-8.1
Silver	+0.8	+2.8	-14.9
Copper	+0.8	+3.0	+1.8
Zinc	+0.7	+2.3	+5.8
Gold	+0.3	+4.5	-4.9
Embassy REIT	+0.0	-2.5	+4.8
Brookfield REIT	+0.0	+1.5	+7.4
Nexus REIT	+0.0	+0.9	+8.5
Hang Seng	+1.0	+5.6	-0.1
China	+0.7	+5.4	-4.1
USDJPY	+0.6	-2.2	+0.1
S&P 500	+0.0	+4.0	+4.7
Nasdaq	+0.0	+4.6	+1.8
EM Equity	+0.0	+3.7	+0.9
MSCI India	+0.0	+3.0	+4.9
Fed Balance Sheet	+0.0	+0.1	+0.3
EURUSD	-0.0	+1.0	-0.6

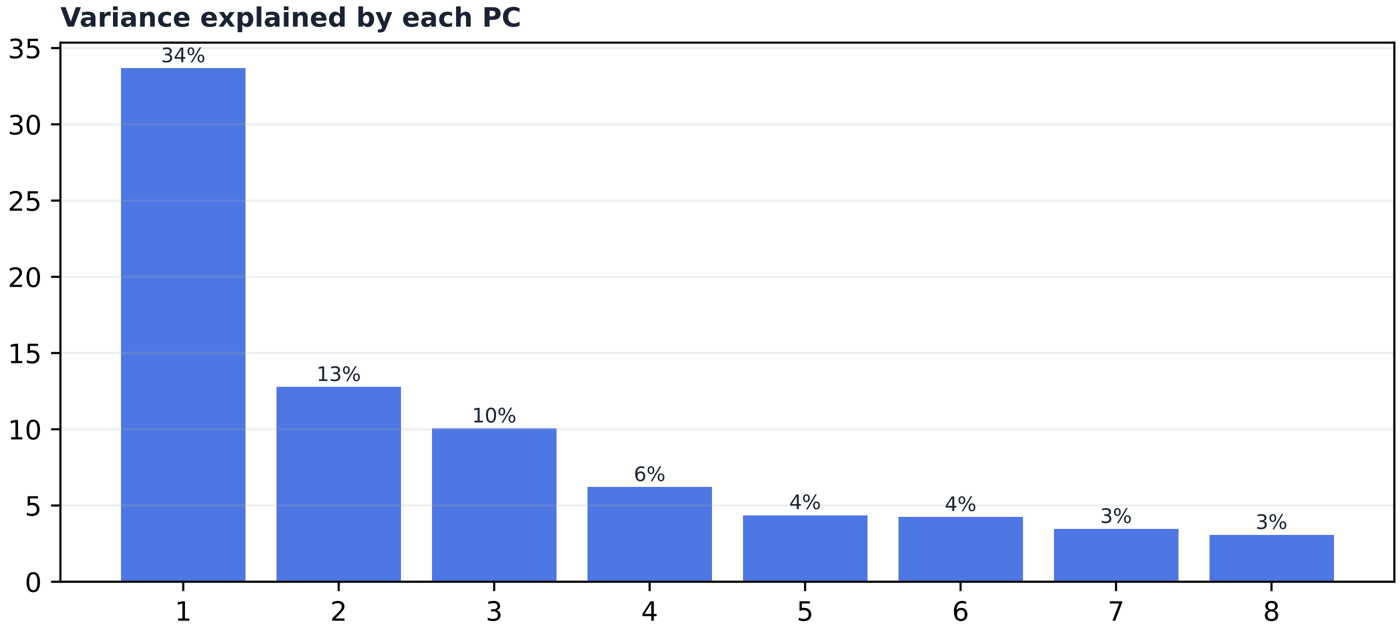
52-Week Cross-Asset Correlation

Correlation of weekly changes (log-returns; diffs for VIX & rates).



CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 38 instruments (156 weeks)



PC1 — Risk (Nifty)

33.7% of variance (cum 34%) · marker corr +0.92

+ Nifty 500 +0.27, Nifty 200 +0.27, Nifty 100 +0.27, Nifty 50 +0.26, MSCI India +0.26
– India VIX -0.17, US VIX -0.14, US HY OAS -0.11, USDINR -0.11, US IG OAS -0.11

PC2 — US rates (10Y) (inverse)

12.8% of variance (cum 46%) · marker corr -0.56

+ EM corp OAS +0.37, US HY OAS +0.33, US IG OAS +0.30, US VIX +0.26, JPYINR +0.19
– US 2Y -0.31, USDJPY -0.26, US 10Y -0.25, Nasdaq -0.25, S&P 500 -0.25

PC3 — Global risk (S&P) (inverse)

10.0% of variance (cum 56%) · marker corr -0.32

+ DXY +0.40, USDJPY +0.25, US HY OAS +0.13, US VIX +0.13, US IG OAS +0.12
– EURUSD -0.38, GBPINR -0.36, EURINR -0.32, EM Equity -0.22, Hang Seng -0.20

PC4 — US rates (10Y)

6.2% of variance (cum 63%) · marker corr +0.64

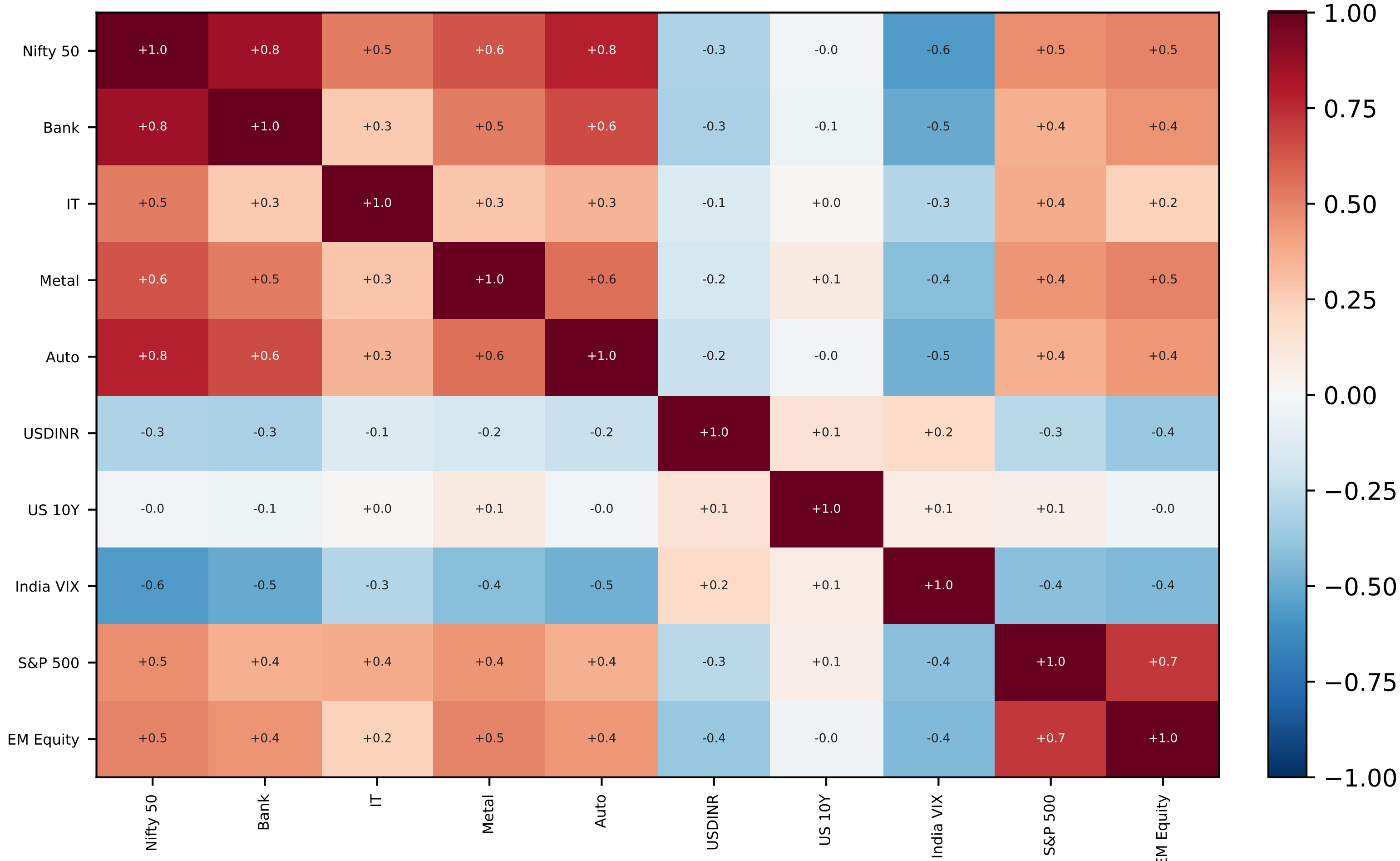
+ US 10Y real +0.43, US 10Y +0.42, EURINR +0.35, US 2Y +0.32, USDINR +0.26
– S&P 500 -0.16, DXY -0.14, Nasdaq -0.14, China -0.13, EM Equity -0.13

Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

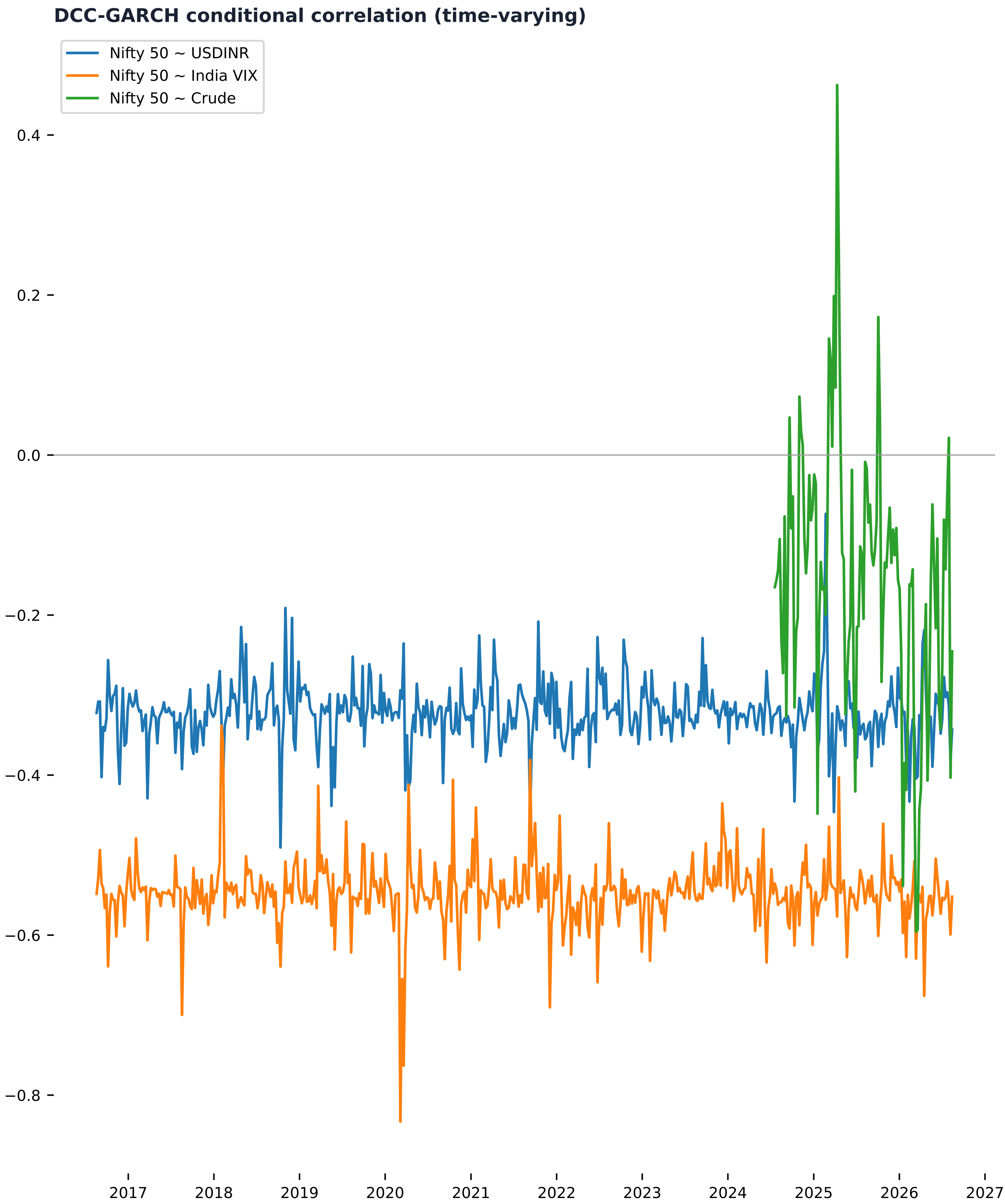
N=10 · persistence 0.9285 · now +0.13 · rising = diversification failing in real time

Latest conditional-correlation matrix



Regime & Conditional Correlations

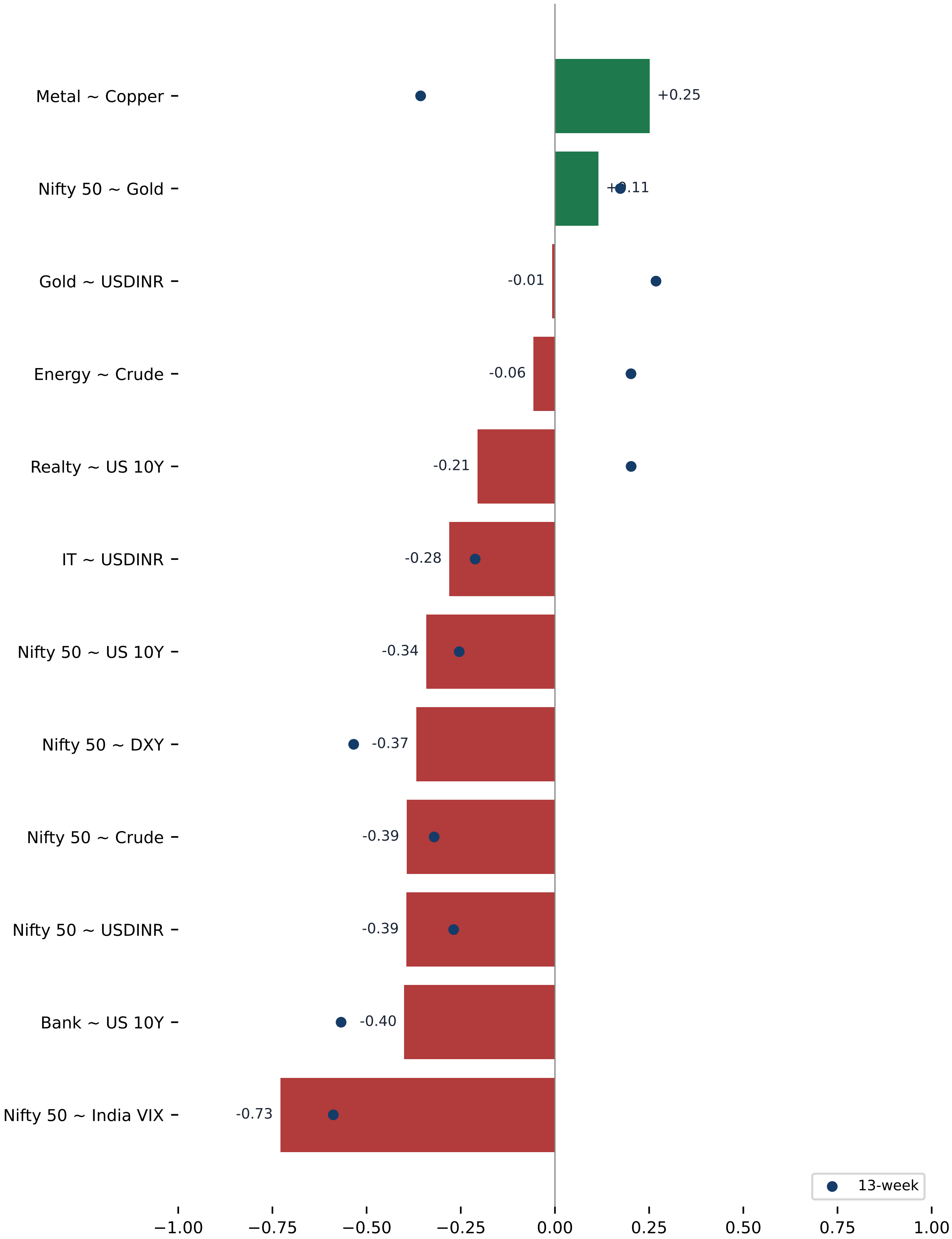
Markov-switching regime: Risk-on (Markov-switching). Smoothed posterior: Risk-on 0.68, Risk-off 0.31, Neutral 0.01



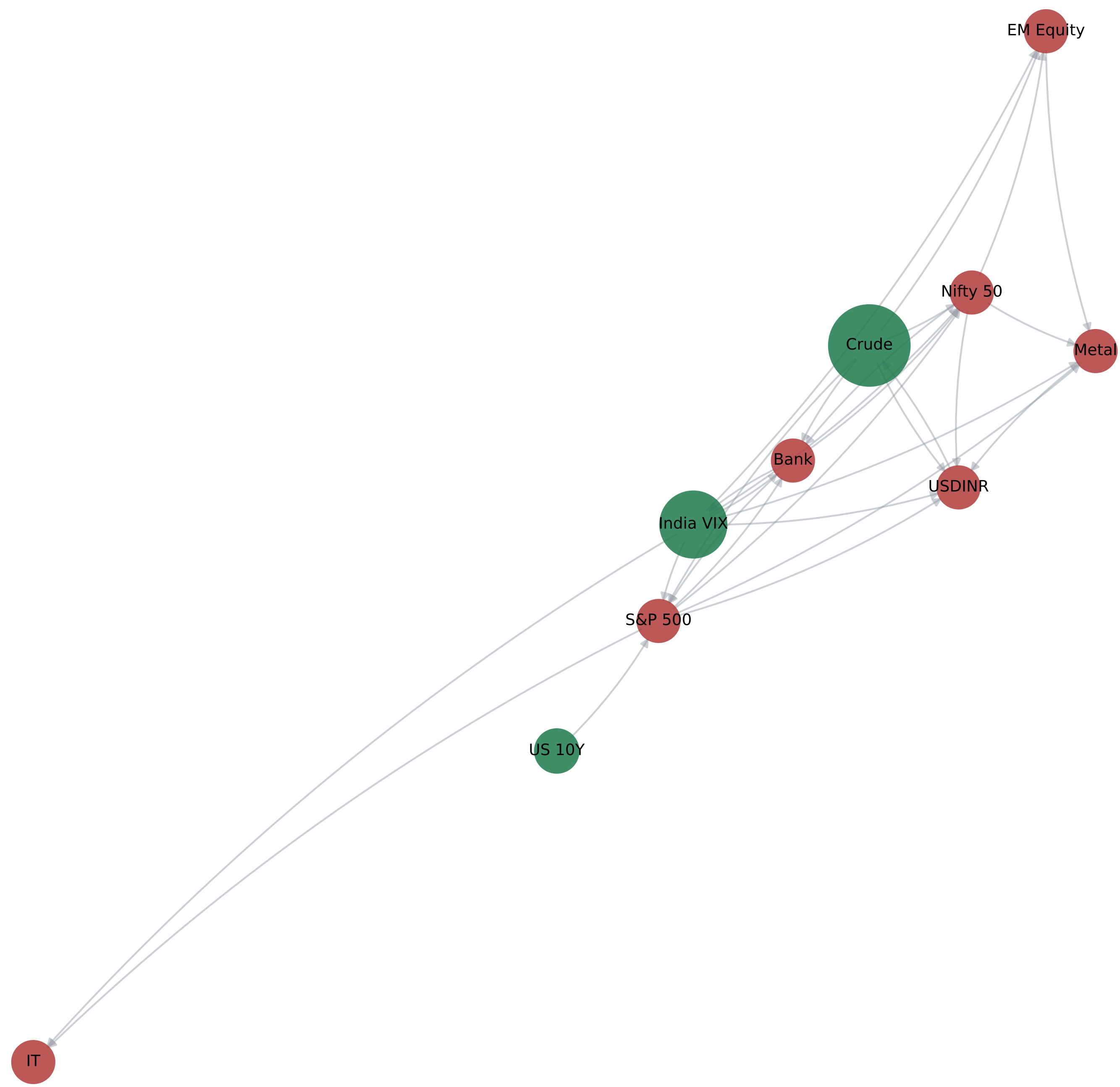
Now: Nifty 50 ~ USDINR -0.34 (persist 0.3308), Nifty 50 ~ India VIX -0.55 (persist 0.2306), Nifty 50 ~ Crude -0.25 (persist 0.6204)

Cross-Asset Relationship Watch-List

India-specific pairs: 52-week correlation of weekly changes (dot = last 13 weeks).



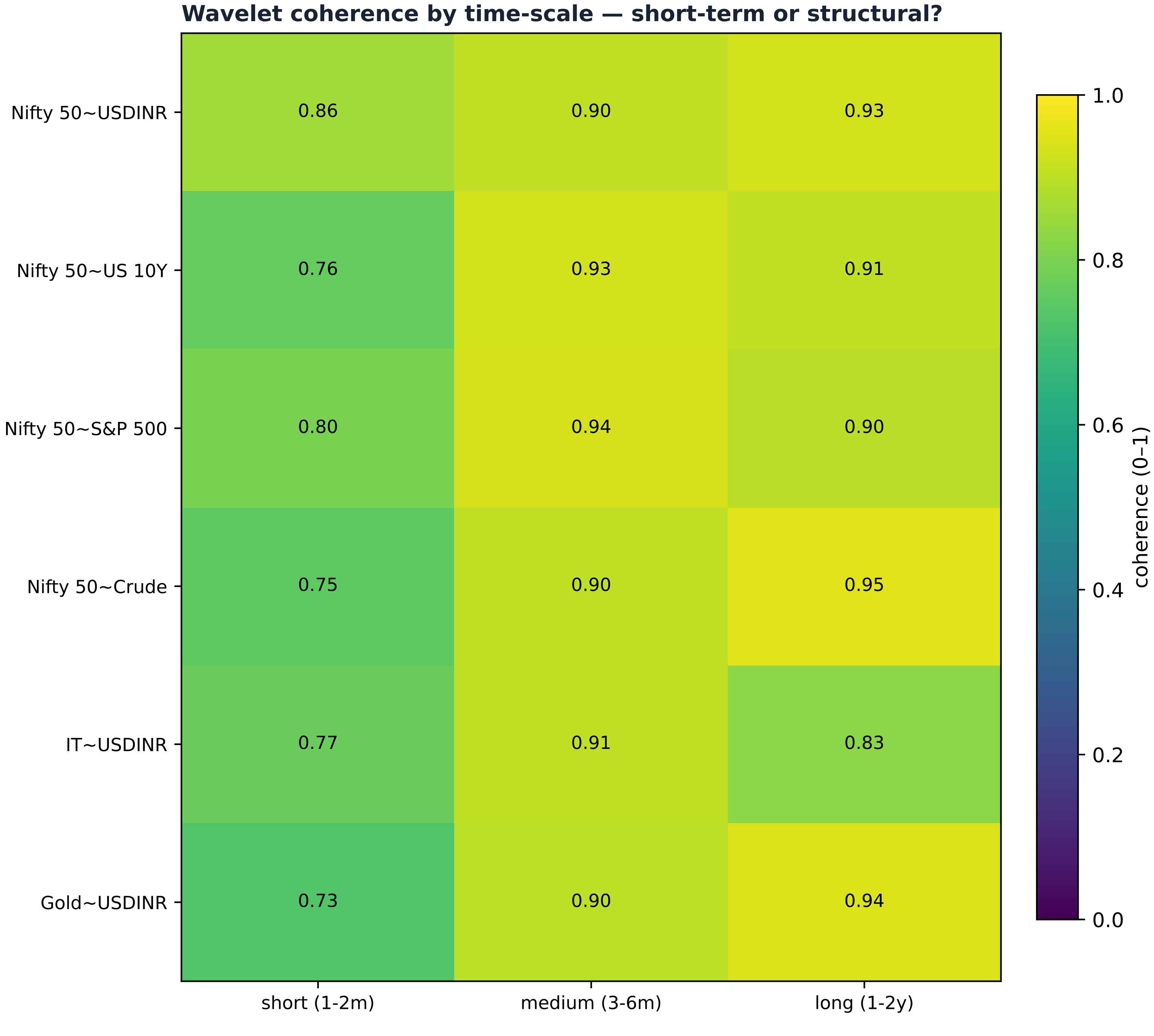
Directional lead-lag — Granger causality network



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

LEADERS: Crude +0.23, India VIX +0.13, US 10Y +0.01, Gold +0.00, IT -0.01

FOLLOWERS: USDINR -0.09, EM Equity -0.09, Bank -0.08, Nifty 50 -0.05, S&P 500 -0.03


Wavelet coherence by time-scale — short-term or structural?
Nifty 50~USDINR
Nifty 50~US 10Y
Nifty 50~S&P 500
Nifty 50~Crude
IT~USDINR
Gold~USDINR
short (1-2m)
medium (3-6m)
long (1-2y)
0.86
0.90
0.93
0.76
0.93
0.91
0.80
0.94
0.90
0.75
0.90
0.95
0.77
0.91
0.83
0.73
0.90
0.94
coherence (0–1)
0.0
0.2
0.4
0.6
0.8
1.0

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting India spreads and how stretched each is now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
Nifty vs Sensex	no	0.807	0.92	27w	-2.46
Nifty vs S&P 500	no	0.873	1.18	26w	+2.41
Largecap vs Midcap	no	0.090	1.85	8w	+2.15
Nifty vs Nifty500	no	0.389	1.24	11w	+2.14
IT vs USDINR	no	0.975	-0.01	227w	+2.06
Nifty vs EM Equity	no	0.885	0.51	63w	+2.06
USDINR vs DXY	no	0.306	0.05	20w	-0.70
WTI vs Brent	yes	0.000	0.83	1w	-0.65
Pvt vs PSU Bank	no	0.054	2.78	10w	+0.47
Midcap vs Smallcap	no	0.445	0.93	17w	-0.31
Gold vs Silver	no	0.497	1.53	10w	-0.24
Bank vs Fin Services	no	0.442	1.01	25w	-0.09

Low p-value = the spread is statistically mean-reverting. Half-life = weeks to close half a dislocation. |z|>2 (red) flags a historically wide gap. Pairs shown NOT cointegrated: the long-run link has broken — the z is informational only.

PART III

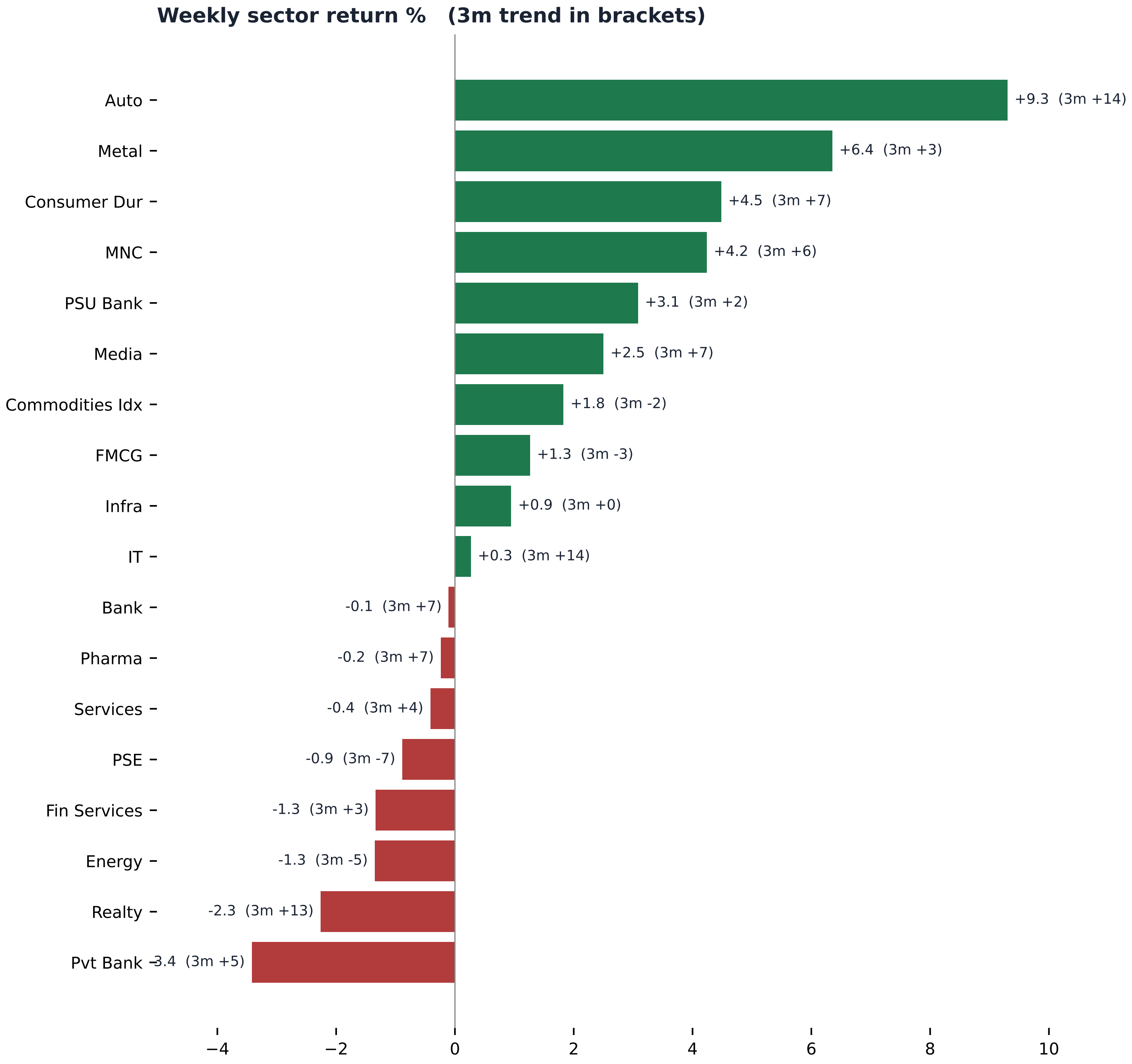
Sectors, Momentum & Fair Value

Where the money is rotating and what is rich or cheap versus its drivers.

- Sector rotation, momentum & trend battery, factor-beta attribution
- Fair-value residual models (rich/cheap vs economic drivers)

Sector Rotation

NSE sectoral indices, weekly return. Breadth: 56% of sectors up this week; 83% above their 10-week average.



MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
Nifty 50	+4%	-3%	-0%	**+0.00**	-0%	-7%
Midcap 100	+7%	+9%	+13%	**+1.00**	+7%	0%
Smallcap 250	+10%	+15%	+10%	**+1.00**	+11%	-0%
Bank	+7%	-4%	+4%	**+0.00**	+1%	-6%
IT	+14%	-3%	-9%	**+0.00**	-2%	-19%
Auto	+14%	+11%	+27%	**+1.00**	+10%	0%
Pharma	+7%	+19%	+20%	**+1.00**	+13%	-0%
FMCG	-3%	-4%	-12%	**-1.00**	-3%	-13%
Metal	+3%	+12%	+45%	**+1.00**	+11%	-2%
Realty	+13%	+15%	+0%	**+1.00**	+9%	-5%
Energy	-5%	+10%	+11%	**+0.00**	+4%	-5%
Gold	-5%	-2%	+53%	**+0.00**	+3%	-8%

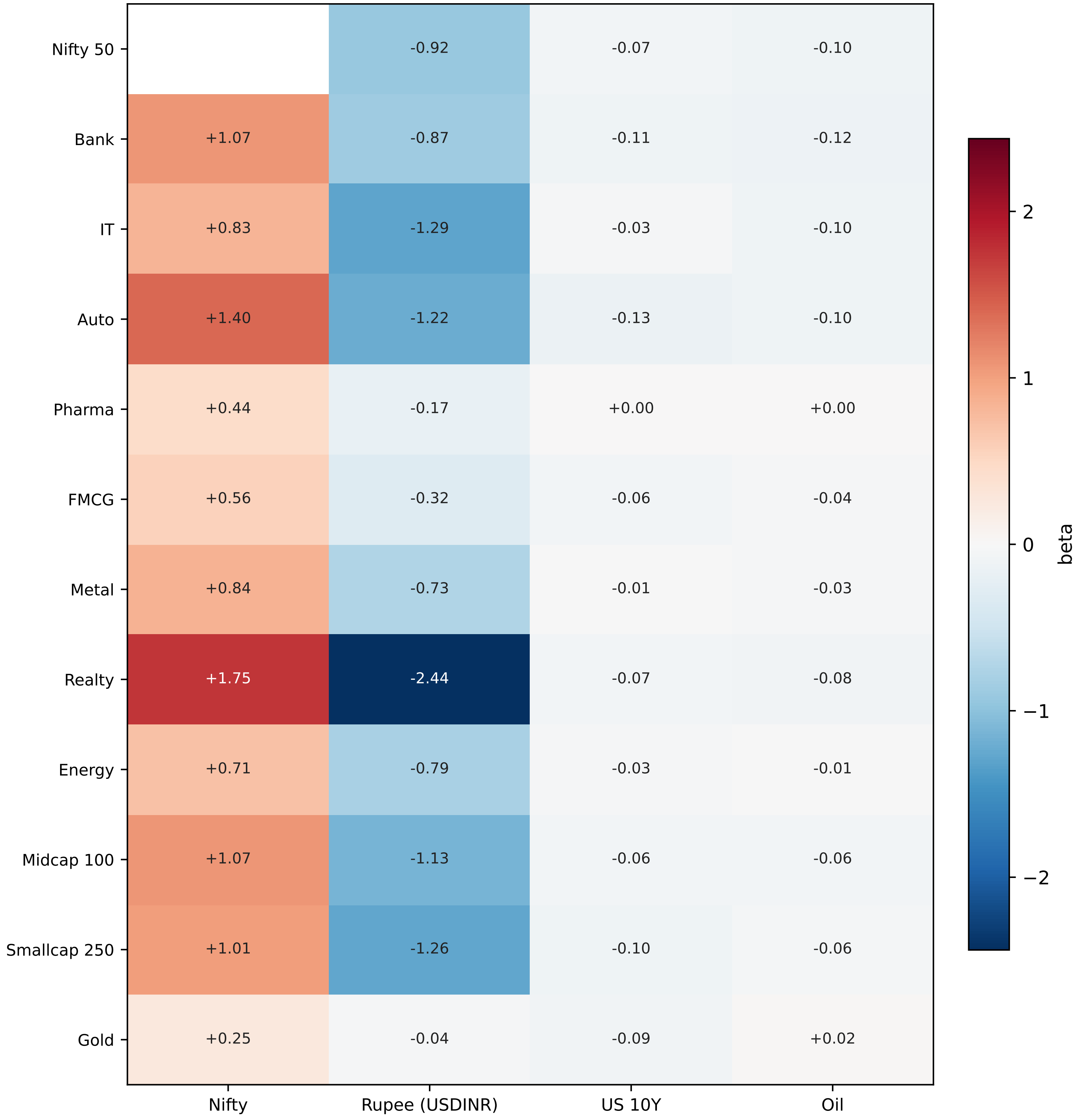
Sector 26-week relative strength:

LEADERS: Pharma +19%, Realty +15%, Media +13%, Metal +12%, MNC +11%, Auto +11%

LAGGARDS: Services -5%, PSU Bank -4%, Bank -4%, FMCG -4%, Pvt Bank -4%, IT -3%

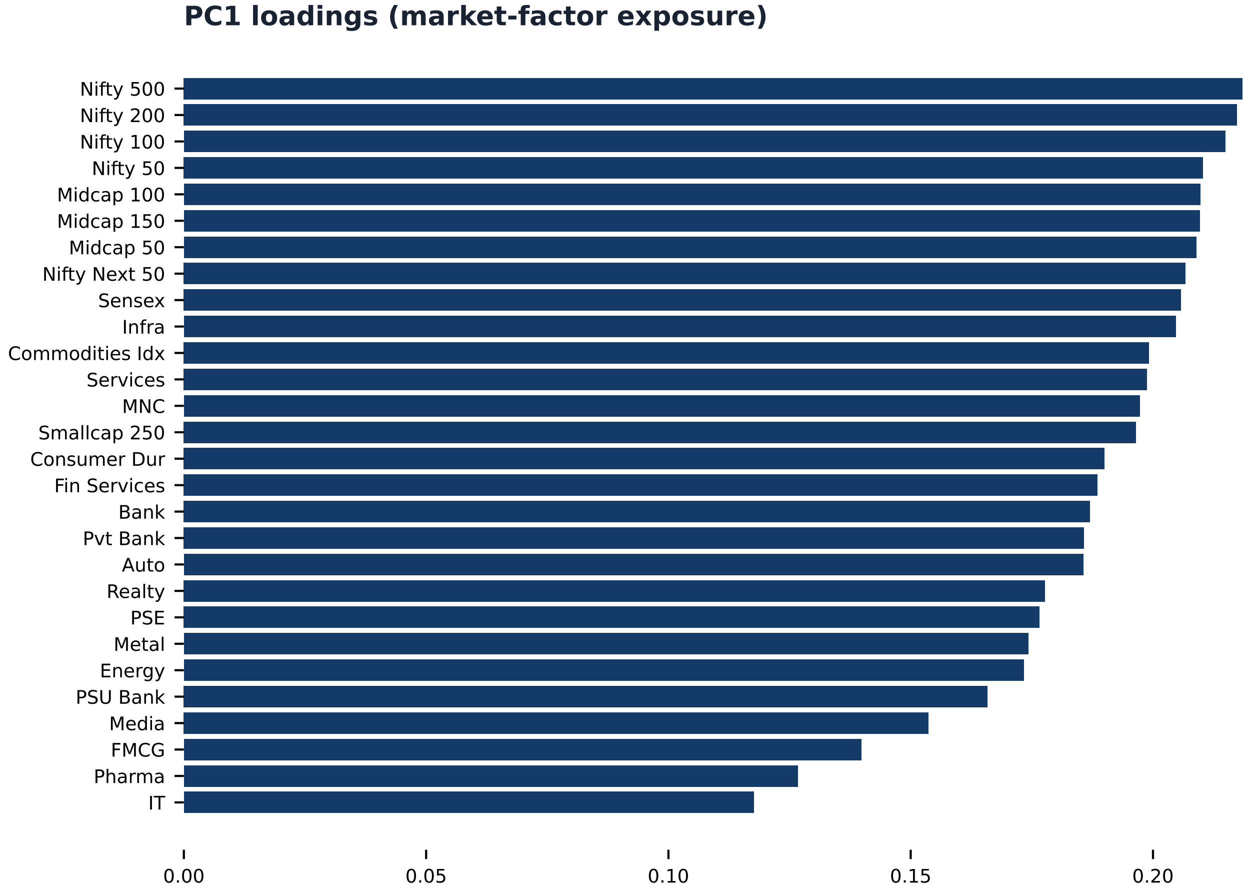
Score = mean sign of the 4/13/26/52-week returns (+1 = uptrend across all horizons). 'Golden' vs 'death' = 10w vs 40w MA cross.

Factor betas — 52-week sensitivity to the master factors



Risk Concentration & Lead-Lag

PCA on equity + sector weekly moves: PC1 explains 74% of variance (PC2 6%). Higher PC1 = more single-factor.



LEAD-LAG INTO NIFTY 50 (weekly; honest — skill is modest)

Leader	Contemp. corr	1-week-lag corr
Crude	-0.19	-0.24
India VIX	-0.55	-0.22
US 10Y	-0.00	-0.06
USDINR	-0.34	-0.01
DXY	-0.31	-0.01

FAIR VALUE — RICH / CHEAP vs DRIVERS

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

Banks vs Nifty & US rates

RICH z +1.17

actual 57686.95 · model-fair 55055.73 · gap +4.8% · R^2 0.94

Nifty vs global rates, dollar & oil

RICH z +1.15

actual 24583.80 · model-fair 23841.21 · gap +3.1% · R^2 0.54

IT vs rupee & US tech

cheap z -1.09

actual 31631.45 · model-fair 35342.32 · gap -10.5% · R^2 0.43

Rupee vs dollar, oil & US rates

RICH z +0.78

actual 95.29 · model-fair 93.45 · gap +2.0% · R^2 0.67

Gold vs US real yield & dollar

RICH z +0.19

actual 152213.00 · model-fair 146758.27 · gap +3.7% · R^2 0.54

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 in proportion to R^2 — a low-R^2 model is a weak anchor, stated honestly.

PART IV

Volatility & Risk

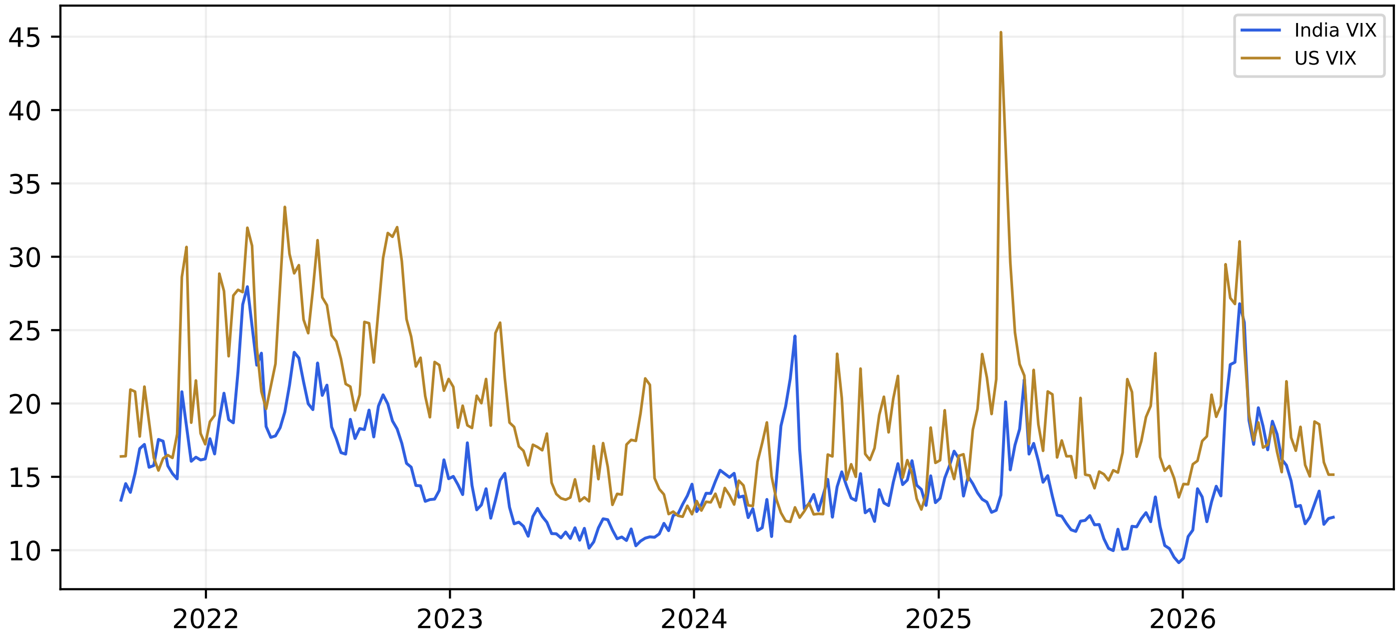
The volatility complex and downside risk.

- India VIX in context, the volatility risk premium, India-vs-US fear
- Tail risk: VaR / expected shortfall, drawdowns, tail dependence

VOLATILITY

India VIX in context, the volatility risk premium, and India-vs-US fear

India VIX vs US VIX (5y)



VOL RISK PREMIUM (India)

-0.5 pts

India VIX 12.2 − realised 12.7

negative (realised > implied, stress)

FEAR CONTEXT

India VIX 26th %ile of 5y

India−US VIX -2.9

India calmer than US (global-led risk)

A positive vol-risk premium (implied > realised) is the usual carry cushion; negative flags realised stress. India VIX above US VIX = a domestic risk premium; below = globally-led risk.

TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
Nifty 50	-2.8%	-4.0%	9%	-17%	-7%	-0.3	+0.5
Midcap 100	-4.4%	-5.4%	12%	-21%	0%	-0.4	+0.7
Smallcap 250	-4.8%	-6.6%	15%	-25%	-1%	-0.6	+1.3
Bank	-3.9%	-5.0%	11%	-19%	-6%	-0.1	+0.9
IT	-6.3%	-7.8%	17%	-41%	-31%	-0.6	+0.7
Metal	-5.6%	-7.9%	17%	-32%	-2%	-0.4	+1.0
Realty	-6.3%	-8.5%	18%	-41%	-21%	+0.2	+1.5
Gold	-4.8%	-7.2%	17%	-15%	-8%	-0.7	+1.6
Crude	-9.0%	-13.8%	30%	-36%	-25%	-0.1	+1.2
USDINR	-1.0%	-1.4%	3%	-3%	-1%	-0.1	+1.6

Lower-tail dependence WITH the Nifty (P both crash together):

Midcap 100 0.67   Bank 0.66   IT 0.38   Gold 0.09   USDINR 0.04

VaR5 = the typical bad-week loss (5% quantile); ES5 = the average loss BEYOND it. Lower-tail dependence near 1 = crashes together; near 0 = a genuine diversifier when it matters.

Historical Trend - Key Metrics

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

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

	03-06	03-13	03-20	03-27	04-03	04-10	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-19	06-26	07-03	07-10	07-17	07-24	07-31	08-07	08-14
Regime	N	R-	N	R-	N	R-	R+	R-	R+	R+	R-	R+	N	R-	R+	R+	R-	R+	R-	R-	N	R+	N	R+
Risk appetite																							+0.51	+0.50
External backdrop																							-0.28	-0.31
Nifty 1w %	-2.9	-5.3	-0.2	-1.3	-0.5	+5.9	+1.3	-1.9	+0.4	+0.7	-2.2	+0.3	-0.7	-0.8	+1.1	+1.7	+0.2	+0.9	-0.3	+0.0	-0.4	+1.0	+1.0	+0.1
Breadth %	8	0	50	17	42	100	92	33	75	92	17	50	67	25	67	92	42	75	50	50	58	58	72	56
PC1 share																							33	34
India VIX	20	23	23	27	26	19	17	20	18	17	19	18	16	16	15	13	13	12	12	13	13	13	12	12
USDINR 1w %	+1.0	+0.7	+1.4	+0.9	-2.1	+0.3	-0.5	+1.8	+0.7	-0.5	+1.6	-0.3	-0.7	-0.1	+0.2	-0.8	-0.0	+1.3	-0.2	+0.4	+0.2	-0.7	-0.2	+0.1
Bank 1w %	-4.5	-7.0	-0.6	-2.2	-1.4	+8.5	+1.2	-0.8	-2.2	+0.8	-2.9	+0.6	+0.3	+0.5	+4.3	+1.5	+0.9	-0.4	+0.2	+0.1	-1.0	+0.7	+1.4	-0.1

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