

ABL Digital India Cross-Asset Weekly

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

46 instruments across equities, sectors, FX, commodities, rates & REITs | 613 weeks



REGIME: Risk-on

EXECUTIVE SUMMARY

The model calls this a risk-on week (Markov posterior 0.76) but the composite risk-appetite score is only +0.10, and that gap is the whole story: the regime is being carried by cheap volatility (India VIX 11.2, 13th percentile, component +0.79) and tight high-yield credit (+1.03), not by trend or participation. Nifty sits below its 40-week average (trend component -0.27) with only 33% of sectors above their 10-week moving average (breadth -0.67). Lean constructively but defensively. Stay long quality and domestic cash flows, keep Pharma as the momentum leader (+1.2% on the week, +8% over three months, +20% 26-week relative strength), fade Banks, and hold the IT underweight rather than adding to it.

Three developments matter. Crude fell 5.2% on the week to 9,158 on MCX, the single best input India got, and because crude Granger-leads Nifty (1-week lag correlation -0.26, stronger than the contemporaneous -0.20), that relief should show up in the tape over the next fortnight if it holds. It does not undo +40% over three months, which is still the dominant headwind in the external-conditions score of -0.24 (low_oil -1.95). Second, the Banks-versus-Nifty-and-US-rates model has them 5.9% rich at $z +1.40$ on an R^2 of 0.94, the highest-confidence dislocation on the page, with US 10Y at 5.0%. Third, cross-asset conditional correlation has fallen to +0.05 from +0.07, so diversification is still paying even as PC1 explains 81% of equity variance.

The biggest risk is that crude re-accelerates and drags the rupee through 96. Watch USDINR 95.8, crude back above roughly 9,600, and India VIX breaking 15 from 11.2. Breadth recovering above 50% and Nifty reclaiming its 40-week average would confirm the constructive case instead.

Executive Dashboard

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

REGIME Risk-on	NIFTY 1W +0.3%	SECTOR BREADTH 67% up	INDIA VIX 11.2
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KEY CROSS-ASSET READINGS (level | 1w | 1m | 3m)

Nifty 50	23,414.3	+0.3%	-3.1%	-2.7%
Bank	56,470.6	+0.2%	-1.8%	-2.9%
IT	28,830.9	-0.1%	-7.8%	+5.5%
USDINR	95.8	-0.1%	+0.5%	+1.6%
DXY	100.4	+0.2%	+0.7%	-0.9%
US 10Y	5.0	-0.0	+0.2	+0.6
India VIX	11.2	-0.1	+0.6	-1.8
Gold	153,060.0	-0.9%	+0.4%	+6.0%
Crude	9,158.0	-5.2%	+6.5%	+40.4%
Copper	1,412.4	+0.7%	+3.0%	+11.0%
Embassy REIT	441.1	+0.0%	+0.9%	+3.0%

INDIA CROSS-ASSET SCORECARD

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

DOMESTIC RISK APPETITE

Neutral

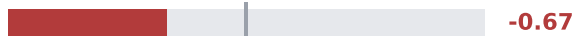
score +0.10

risk-off (-1.5)

(+1.5) risk-on



sector breadth



-0.67

india vix



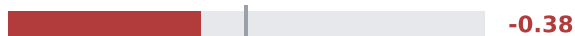
+0.79

credit hy



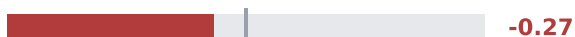
+1.03

low concentration



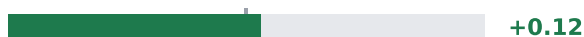
-0.38

nifty trend



-0.27

risk over haven



+0.12

EXTERNAL CONDITIONS (global backdrop)

Neutral backdrop

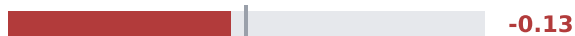
score -0.24

headwind (-1.5)

(+1.5) supportive

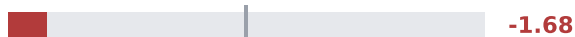


weak dollar



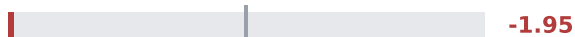
-0.13

low us rates



-1.68

low oil



-1.95

tight credit



+1.03

em momentum



+1.52

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 · 2026-09-25

TOP GAINERS

JPYINR	+2.8%
EM Equity	+2.5%
Nasdaq	+2.1%
S&P 500	+1.4%
Hang Seng	+1.2%
Pharma	+1.2%
China	+1.0%
MSCI India	+0.9%

TOP DECLINERS

Brent	-7.8%
Crude	-5.2%
NatGas	-2.4%
Aluminium	-1.1%
Silver	-1.0%
Gold	-0.9%
GBPINR	-0.4%
Midcap 150	-0.4%

KEY LEVELS — week-over-week

Nifty 50	23,414.3	+0.3%	US 10Y	5.0	-0.0
Bank	56,470.6	+0.2%	US HY OAS	2.7	+0.0
IT	28,830.9	-0.1%	Gold	153,060.0	-0.9%
USDINR	95.8	-0.1%	Crude	9,158.0	-5.2%
India VIX	11.2	-0.1	S&P 500	7,756.7	+1.4%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	Risk-on
Risk appetite	prior: +0.28	->	+0.10
External backdrop	prior: -0.41	->	-0.24
PC1 share	prior: 34	->	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 developments matter. Crude fell 5.2% on the week to 9,158 on MCX, the single best input India got, and because crude Granger-leads Nifty (1-week lag correlation -0.26, stronger than the contemporaneous -0.20), that relief should show up in the tape over the next fortnight if it holds. It does not undo +40% over three months, which is still the dominant headwind in the external-conditions score of -0.24 (low_oil -1.95). Second, the Banks-versus-Nifty-and-US-rates model has them 5.9% rich at z +1.40 on an R^2 of 0.94, the highest-confidence dislocation on the page, with US 10Y at 5.0%. Third, cross-asset conditional correlation has fallen to +0.05 from +0.07, so diversification is still paying even as PC1 explains 81% of equity variance.

The biggest risk is that crude re-accelerates and drags the rupee through 96. Watch USDINR 95.8, crude back above roughly 9,600, and India VIX breaking 15 from 11.2. Breadth recovering above 50% and Nifty reclaiming its 40-week average would confirm the constructive case instead.

Regime, Scorecard & Market State

The Markov-switching model puts 76% posterior weight on risk-on against 21.5% risk-off and 2.5% neutral, a reasonably decisive classification over 613 weeks of history. The rule-based read disagrees on almost every price-based input: Nifty is below its 40-week average, only 33% of sectors are above their 10-week moving average, and the index gained just 0.3% on the week. Reconciling the two is straightforward once you decompose the risk-appetite composite, which nets to +0.10 and is classified neutral. Two components are doing the lifting, both volatility-and-credit rather than equity: India VIX at +0.79 and high-yield credit at +1.03. Three components are negative: sector breadth -0.67, low concentration -0.38, and Nifty trend -0.27. Risk over haven is a negligible +0.12.

What this means is that the regime is quiet, not strong. Volatility suppression and tight credit spreads are keeping the statistical classifier in risk-on territory while the actual equity tape is narrow and below trend. That combination historically rewards carry and quality over beta, and it makes the market vulnerable to a volatility shock precisely because so little is priced. Weekly breadth of 67% of sectors up against only 33% above their 10-week average tells you the bounce is recent and shallow. The macro floor is genuinely supportive: Manufacturing PMI 54.2, Services PMI 57.3, IIP +5.1%, GST collections at Rs 1.95 lakh crore growing 13.9% year on year, and FY27 real GDP projected at 6.6%. The domestic economy is not the problem. Position for a market that grinds rather than trends, and size risk to the breadth reading rather than the regime label.

Global Backdrop & External Conditions

The external-conditions score is -0.24, nominally a neutral backdrop, but the composition is worse than the headline. The two components that transmit most directly into Indian assets are the two worst: low_oil at -1.95 and low_us_rates at -1.68. Crude is up 40% over three months despite this week's 5.2% fall, and the US 10-year sits at 5.0%, unchanged on the week and a full point higher over three months. Offsetting them are tight_credit at +1.03 and em_momentum at +1.52, with weak_dollar marginally negative at -0.13 as DXY holds 100.4 after a 1% three-month decline.

Treat this as a headwind wearing neutral clothing. Credit tightness and EM momentum are the fast-moving, sentiment-sensitive components; they can reverse in a week. Oil and US rates are the slow, structural

India Cross-Asset Analysis (cont.)

channels that determine India's import bill, inflation path and the RBI's room to move. A backdrop that is neutral only because risk sentiment is offsetting real terms-of-trade and discount-rate damage is a fragile one. The practical implication is to avoid interpreting the EM bid as an all-clear for Indian beta, and to keep any leverage contingent on oil staying lower rather than on flows staying friendly.

Sector Rotation & Momentum

Pharma leads on every horizon that matters: +1.2% on the week, +8% over three months, and +20% on 26-week relative strength. Banks are up 0.2% on the week but down 3% over three months, with +8% relative strength that is decaying. IT is the laggard at -0.1% on the week, +5% over three months and -2% relative strength.

The rotation is consistent with the rates picture. Bank versus US 10Y correlation has tightened from -0.44 over 52 weeks to -0.63 over 13 weeks, so with the US 10-year at 5.0% the sector is fighting its dominant macro driver, and it is simultaneously the richest name on the fair-value screen. Pharma is the cleanest expression of the current regime: defensive cash flows, low sensitivity to the dominant risk factor, and the only sector with momentum in all three windows. IT's -0.41 thirteen-week correlation with USDINR runs against the usual exporter logic and is worth flagging rather than trading on. Favour Pharma, stay underweight Banks, and hold rather than add to IT until the trend confirms.

Factor Structure & Systemic Risk

Concentration within equities is high. PC1 explains 81% of equity and sector variance, with the highest loadings on Nifty 100, 200 and 500, and the lowest on IT, Pharma and Bank. Read plainly, four-fifths of what happens to an Indian equity portfolio is one market-direction bet, and the only genuine diversifiers inside equities are the three named sectors. The broader 38-instrument decomposition is healthier: PC1 risk 34%, PC2 US rates inverse 13%, PC3 global risk inverse 10%, PC4 US rates 6%.

The multivariate DCC gauge supports that. Average pairwise conditional correlation across the eight-asset set is +0.05 now against +0.07 a year ago, with persistence 0.8889. Cross-asset diversification is working, and the high persistence means that state is sticky rather than a one-week artefact. The actionable conclusion is precise: diversify across assets, not within equities. Adding another broad Indian index sleeve buys almost nothing; adding gold, rupee or rate exposure buys real risk reduction at present correlations. The low_concentration component of -0.38 in the risk-appetite scorecard is the same fact seen from the other side.

Cross-Asset Correlation & Lead-Lag

The Granger network identifies Crude, India VIX, US 10Y and Gold as net leaders, with EM Equity, Bank, USDINR and Nifty 50 as followers. India is a price-taker this week; nothing domestic is driving the tape. The lead-lag correlations into Nifty sharpen the point. Crude runs -0.20 contemporaneously and -0.26 at a one-week lag, the only input whose lagged relationship exceeds its same-week one, which is why the 5.2% crude decline carries forward information. India VIX is -0.55 contemporaneous and -0.22 lagged, so it mostly coincides rather than predicts. DXY (-0.31 / -0.02) and USDINR (-0.33 / -0.01) are same-week effects with no follow-through, and US 10Y shows essentially nothing at either horizon (-0.01 / -0.06) despite its structural importance.

The DCC conditional correlations add the persistence dimension. Nifty versus Crude is -0.30 with persistence 0.6091, the stickiest of the three, so oil shocks decay slowly. Nifty versus USDINR is -0.33 at persistence 0.3346 and Nifty versus India VIX is -0.54 at 0.2313, both fast-decaying. Oil is the durable driver; currency and volatility are the noisy ones. Monitor crude first and everything else second.

India Cross-Asset Analysis (cont.)

Relative Value & Fair Value

Only one spread clears the $|z| > 1.5$ threshold. IT against rupee and US tech screens 16.2% cheap at $z = -1.72$, but the model's R^2 is 0.43, which explains under half the variance. Treat that as a watchlist item rather than a position; at that fit, a 16% residual could be model error as easily as opportunity, and IT's -2% relative strength gives no confirmation from price.

The trustworthy signal is Banks against Nifty and US rates: 5.9% rich at $z = +1.40$ on an R^2 of 0.94. That is the only relationship on the page tight enough to act on with conviction, it sits just under the formal threshold, and it is corroborated independently by the -3% three-month return and the -0.63 correlation to a 5.0% US 10-year. Underweight Banks. The rupee model (0.4% cheap, $z = -0.18$, $R^2 = 0.71$) is well-fit and says the currency is at fair value given dollar, oil and US rates, which removes any valuation cushion should oil turn. Nifty itself is 0.8% rich at $z = +0.29$ on $R^2 = 0.56$, and Gold 0.8% rich at $z = +0.04$ on $R^2 = 0.55$; both are noise, not signals.

Currency, Rates & the Oil-INR Channel

USDINR at 95.8 is down 0.1% on the week but up 2% over three months, tracking crude's 40% three-month rise with the lag you would expect from an importer's trade balance. The chain is intact and central. Higher crude widens the current account, pressures the rupee, feeds imported inflation, and eventually constrains the RBI, which is currently at a neutral 5.25% repo with the India 10-year G-sec at 6.76%. The inflation prints have not caught up: CPI at 3.5% with core at 3.7% is an April 2026 reading, comfortably inside target, and it reflects oil before the three-month surge. Expect that comfort to erode if crude holds these levels. Forex reserves ex-gold of \$588 billion give the RBI ample capacity to smooth the rupee, which caps the speed of depreciation but not its direction.

This week's 5.2% crude fall to 9,158 is the first meaningful relief in the chain, and given crude's leading relationship into Nifty and its high DCC persistence, sustained weakness would be the most powerful single tailwind available. The rupee's fair-value reading of 0.4% cheap on an R^2 of 0.71 means there is no valuation buffer: it is priced correctly for current oil and US rates, so any deterioration in either translates directly into depreciation rather than being absorbed by a discount. With the US 10-year at 5.0% the rate differential offers limited support. Hedge rupee exposure on unhedged offshore receivables rather than assuming mean reversion.

Volatility, Tail Risk & What to Watch

India VIX at 11.2 sits in the 13th percentile of five years, down 2 points over three months, with a positive risk premium of +4.6 indicating implied still exceeds realised. Structurally long volatility positions therefore carry negative cost of carry even at these levels. The more interesting figure is India VIX minus US VIX at -3.6: Indian implied volatility is cheaper than American, unusual for a higher-beta market with a live oil and currency exposure. For investors who want downside protection, buying it here is cheap in absolute terms and cheap relative to the US, which is the better of the two arguments. Tail estimates put Nifty expected shortfall at the 5% level at -4.0% weekly against a current drawdown of -11%, and Gold at -6.7% against -8%. Gold's larger tail, alongside a rising Nifty-Gold correlation (+0.16 over 52 weeks, +0.36 over 13), means the hedge is behaving less like a hedge than it has historically.

Weekly predictive skill in these models is modest, so treat the following as conditions to observe rather than outcomes to expect. The constructive case strengthens if crude holds below roughly 9,100 on MCX, sector breadth above the 10-week average recovers from 33% through 50%, Nifty reclaims its 40-week average, and USDINR stabilises below 95.8. The case weakens if crude retraces above roughly 9,600 and gives back this week's decline, USDINR breaks 96 on a sustained basis, the US 10-year pushes above 5.0%, India VIX breaks out of the 11 to 12 range toward 15, or the average cross-asset conditional correlation rises back through +0.07 toward its year-ago level, which would signal diversification failing at the same moment beta is needed least. Banks confirming the fair-value signal by underperforming Nifty from here would validate the underweight; Banks outperforming while US 10Y holds 5.0% would argue the $R^2 = 0.94$

India Cross-Asset Analysis (cont.)

relationship is breaking down and warrant revisiting the position.



PART I

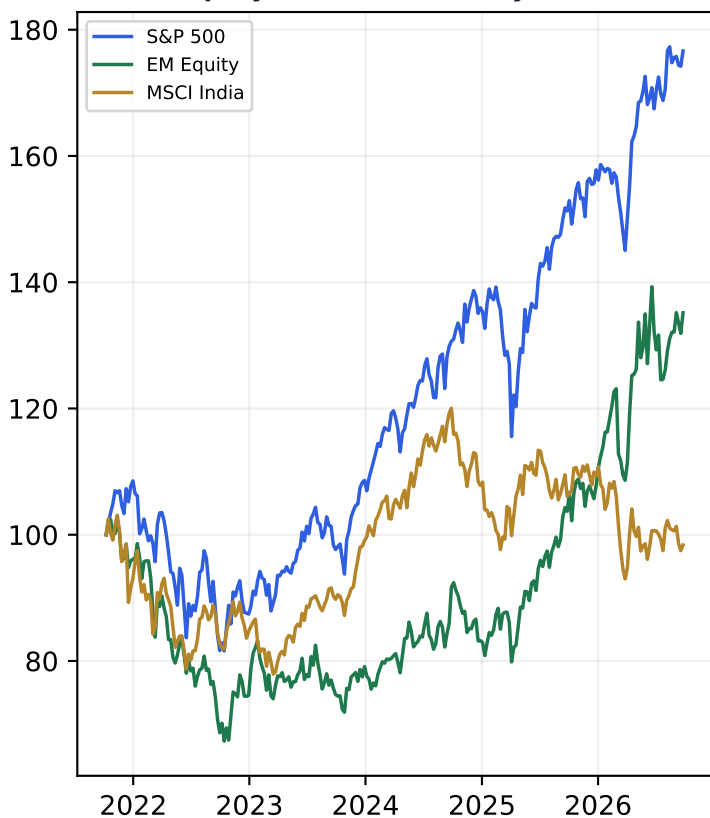
Global Backdrop & Macro

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

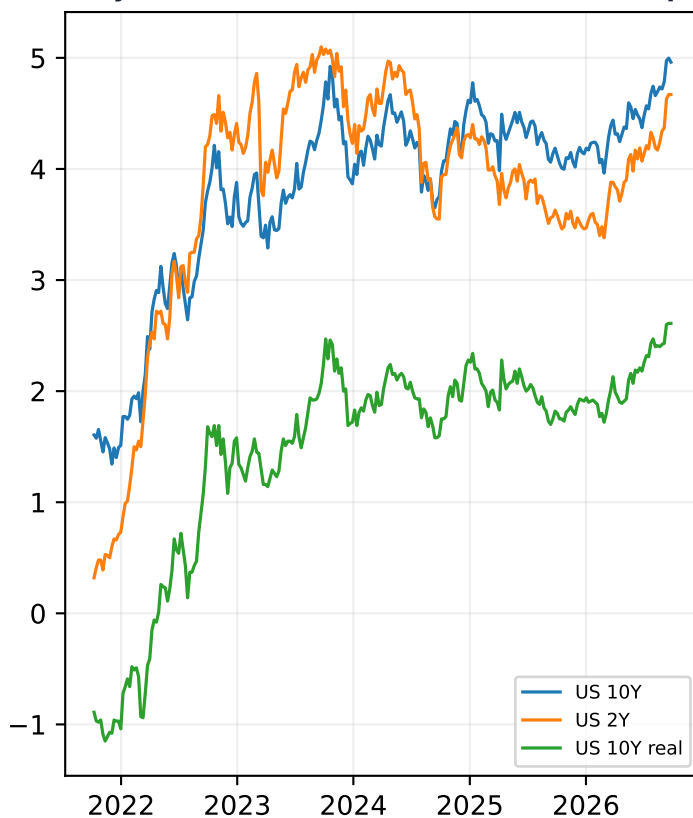
- Global equity, US yields & credit spreads, dollar & Fed balance sheet
- India macro prints (repo/CPI/GST/PMI/IIP) and FII/DII flows

Global Backdrop & Rates

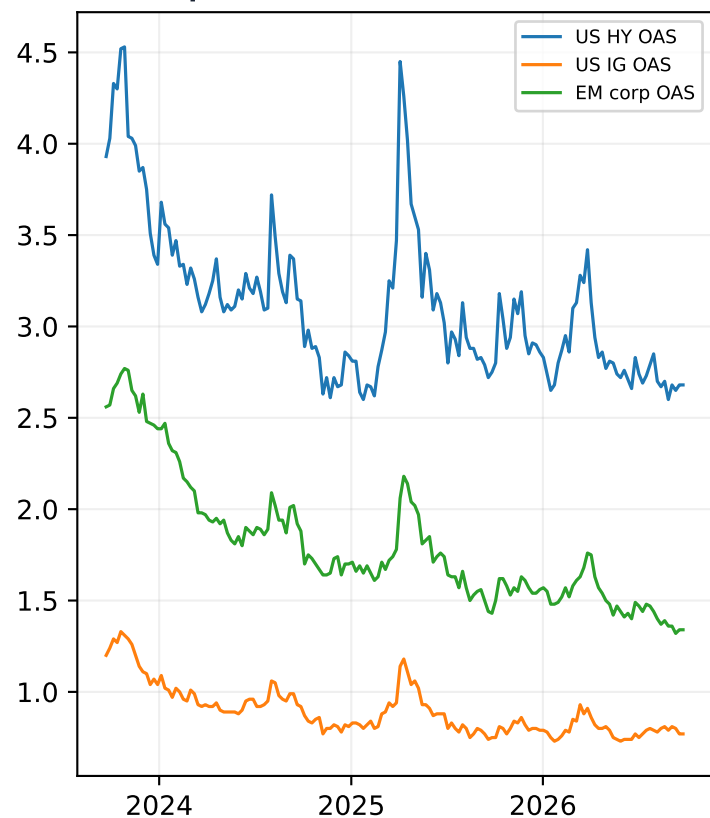
Global equity (indexed=100, 5y)



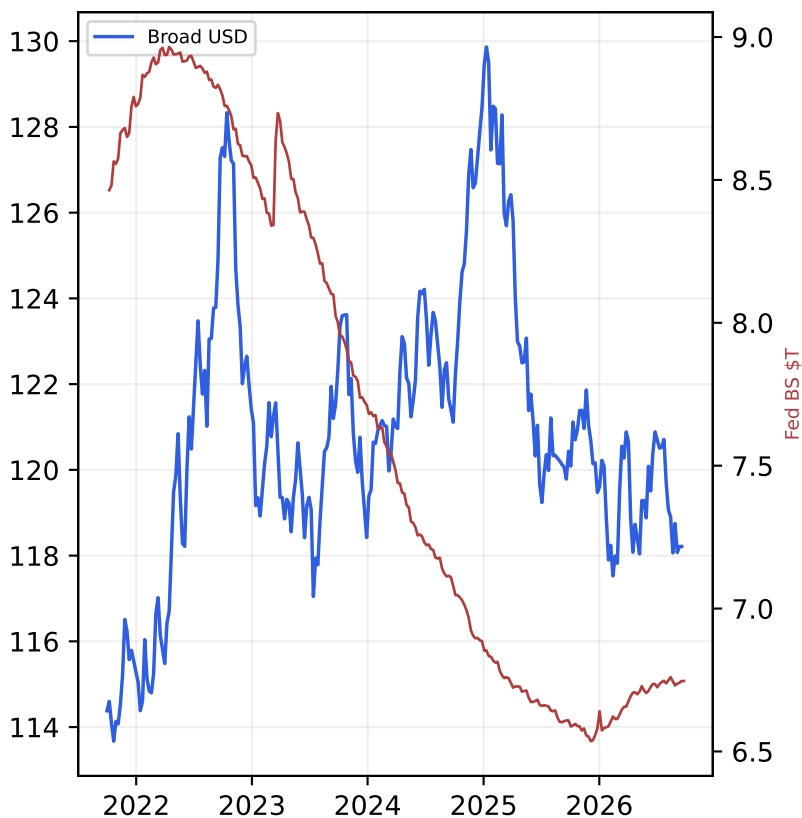
US yields (%) — India's external cost of capital



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 2,797 cr, FII net Rs -576 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 588 bn	2026-07
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

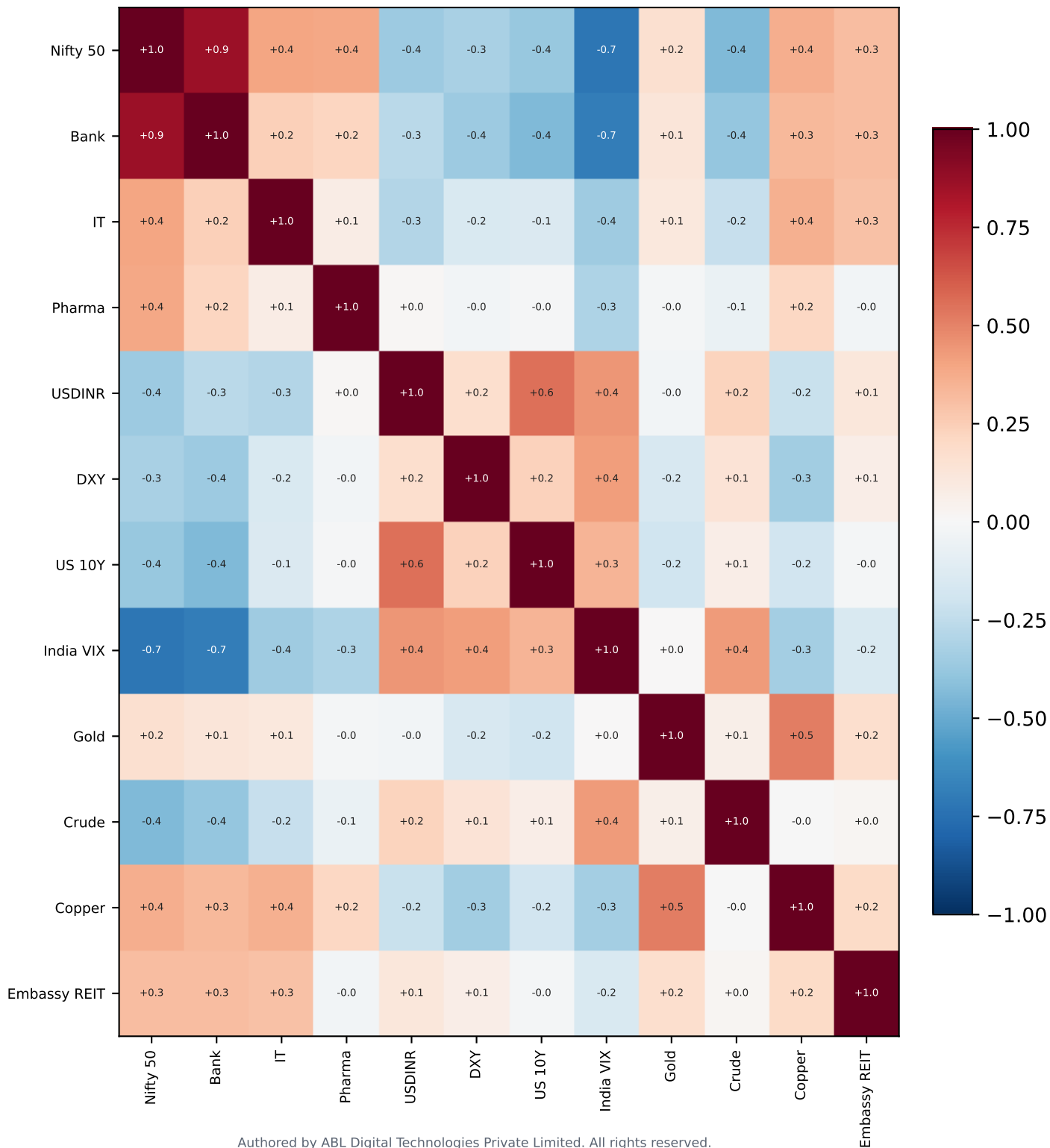
Weekly Returns Heatmap

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

Sensex	+0.8	-3.1	-2.9
Nifty 50	+0.3	-3.1	-2.7
Nifty 100	+0.3	-3.1	-2.2
Nifty 200	+0.1	-3.1	-1.7
Nifty 500	+0.1	-2.8	-1.1
Nifty Next 50	+0.1	-2.8	-0.2
Midcap 50	-0.0	-2.9	+1.7
Smallcap 250	-0.0	-1.2	+3.2
Midcap 150	-0.4	-2.9	+0.3
Pharma	+1.2	+0.1	+8.2
Bank	+0.2	-1.8	-2.9
IT	-0.1	-7.8	+5.5
JPYINR	+2.8	+4.7	+4.2
DXY	+0.2	+0.7	-0.9
Broad USD	+0.0	+0.1	-1.8
USDINR	-0.1	+0.5	+1.6
EURINR	-0.4	+2.0	+2.4
GBPINR	-0.4	-0.9	+2.8
Copper	+0.7	+3.0	+11.0
Zinc	+0.6	+5.3	+20.5
Gold	-0.9	+0.4	+6.0
Silver	-1.0	+4.0	+4.8
Aluminium	-1.1	+0.5	+6.1
NatGas	-2.4	-2.2	-11.1
Crude	-5.2	+6.5	+40.4
Brent	-7.8	+7.3	+33.1
Embassy REIT	+0.0	+0.9	+3.0
Brookfield REIT	+0.0	-1.0	+4.9
Nexus REIT	+0.0	-0.4	+3.0
EM Equity	+2.5	+2.3	+2.2
Nasdaq	+2.1	+2.5	+7.0
S&P 500	+1.4	+0.6	+5.5
Hang Seng	+1.2	-2.1	+10.5
China	+1.0	-0.1	-1.9
MSCI India	+0.9	-2.2	-2.2
USDJPY	+0.4	-1.6	-2.6
Fed Balance Sheet	+0.0	+0.2	+0.2
EURUSD	-0.1	-1.0	+0.7
	1w %	1m %	3m %

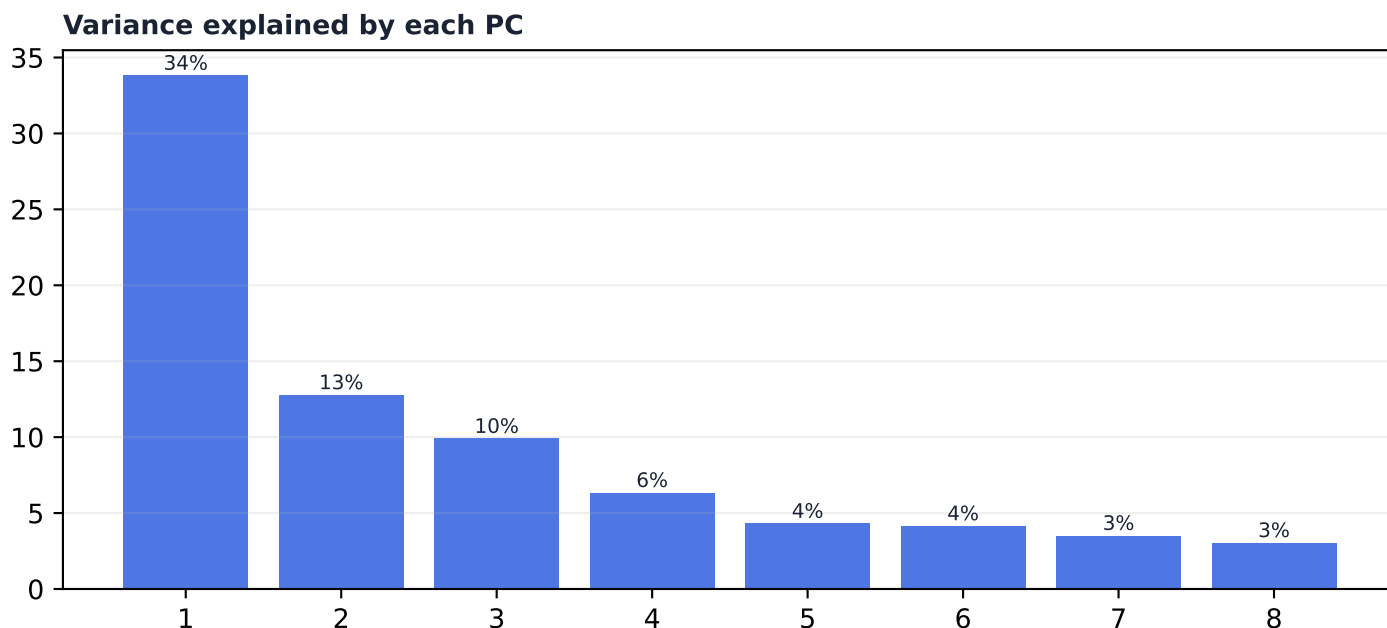
52-Week Cross-Asset Correlation

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)

33.8% of variance (cum 34%) · marker corr +0.93

+ Nifty 200 +0.27, Nifty 500 +0.27, Nifty 100 +0.27, Nifty 50 +0.26, MSCI India +0.26
- India VIX -0.17, US VIX -0.13, USDINR -0.11, US HY OAS -0.11, US IG OAS -0.11

PC2 — US rates (10Y) (inverse)

12.8% of variance (cum 47%) · marker corr -0.56

+ EM corp OAS +0.37, US HY OAS +0.33, US IG OAS +0.30, US VIX +0.27, JPYINR +0.18
- US 2Y -0.31, Nasdaq -0.26, USDJPY -0.26, US 10Y -0.26, S&P 500 -0.25

PC3 — Global risk (S&P) (inverse)

9.9% of variance (cum 56%) · marker corr -0.29

+ DXY +0.41, USDJPY +0.25, US HY OAS +0.12, US VIX +0.12, US IG OAS +0.11
- EURUSD -0.39, GBPINR -0.36, EURINR -0.34, EM Equity -0.22, JPYINR -0.22

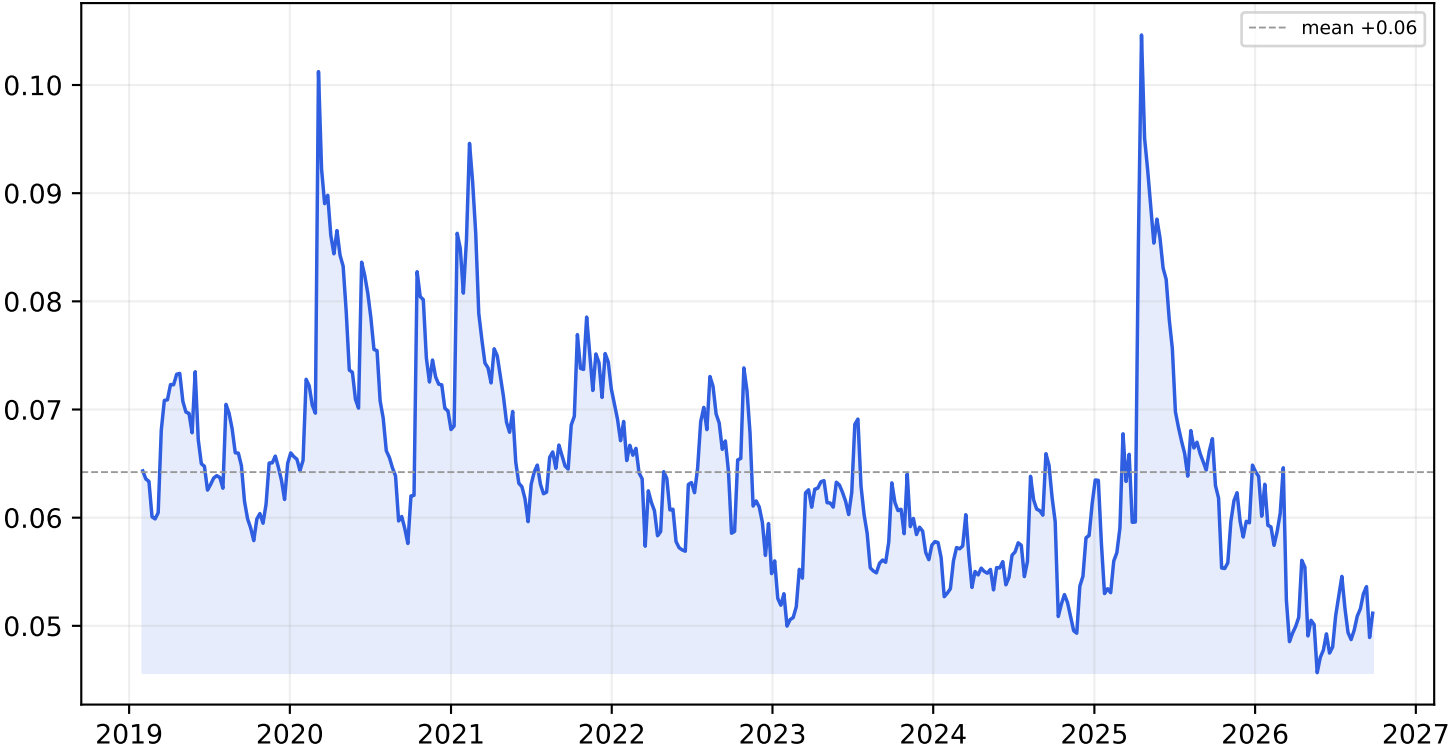
PC4 — US rates (10Y)

6.3% of variance (cum 63%) · marker corr +0.65

+ US 10Y real +0.43, US 10Y +0.42, US 2Y +0.33, EURINR +0.32, USDINR +0.25
- S&P 500 -0.17, China -0.16, Nasdaq -0.14, EM Equity -0.14, DXY -0.12

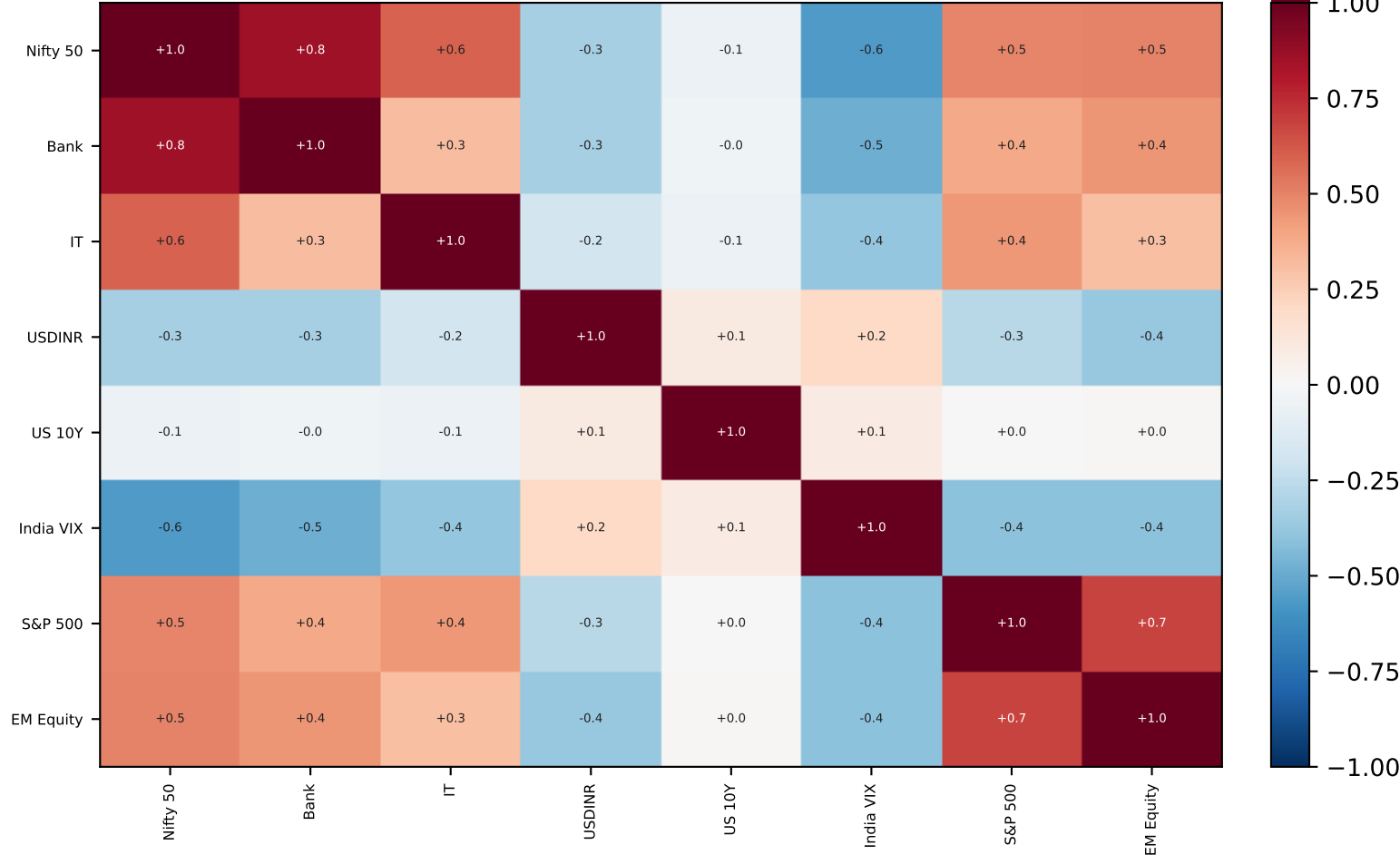
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)



N=8 · persistence 0.8889 · now +0.05 · rising = diversification failing in real time

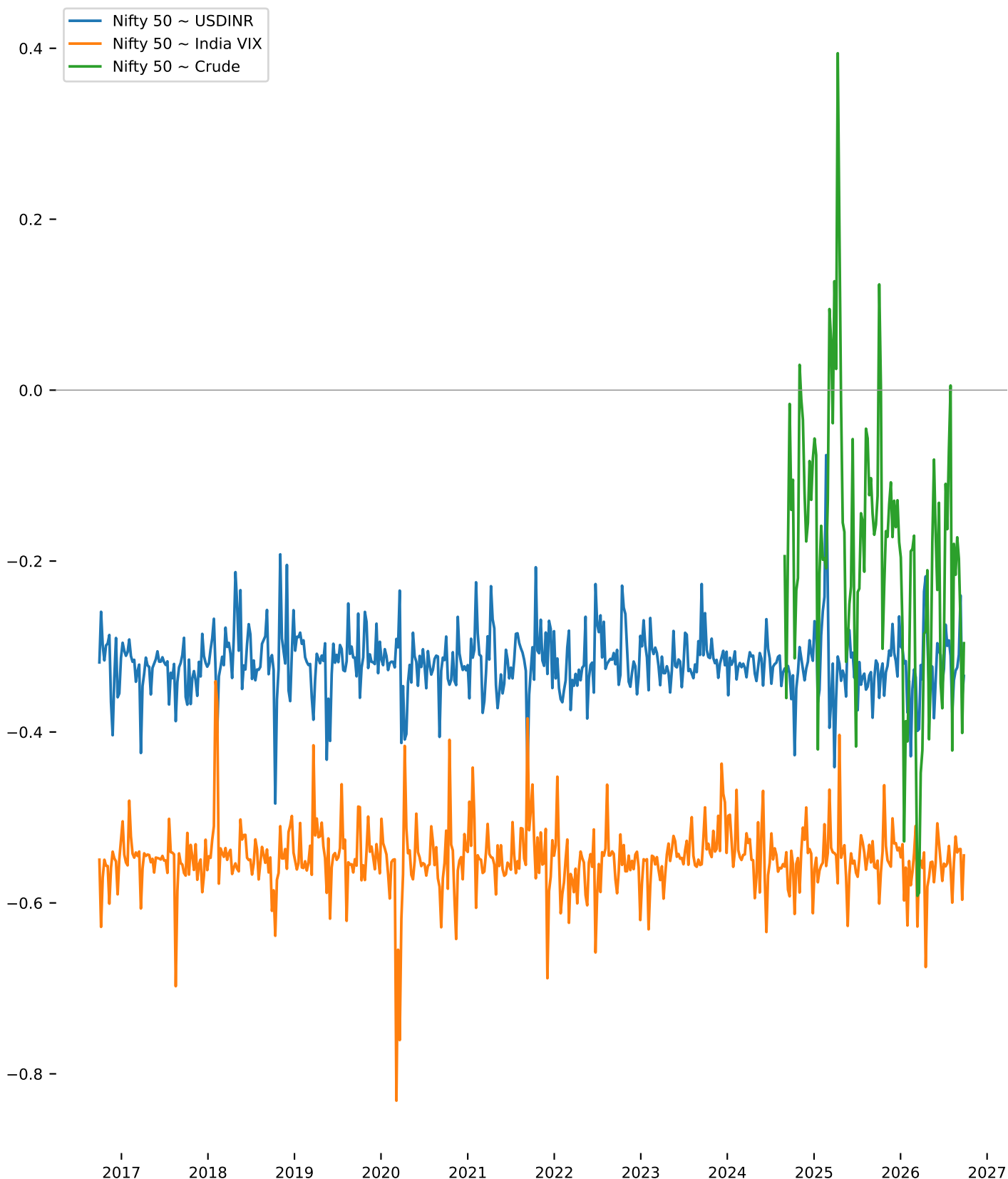
Latest conditional-correlation matrix



Regime & Conditional Correlations

Markov-switching regime: Risk-on (Markov-switching). Smoothed posterior: Risk-on 0.76, Risk-off 0.21, Neutral 0.03

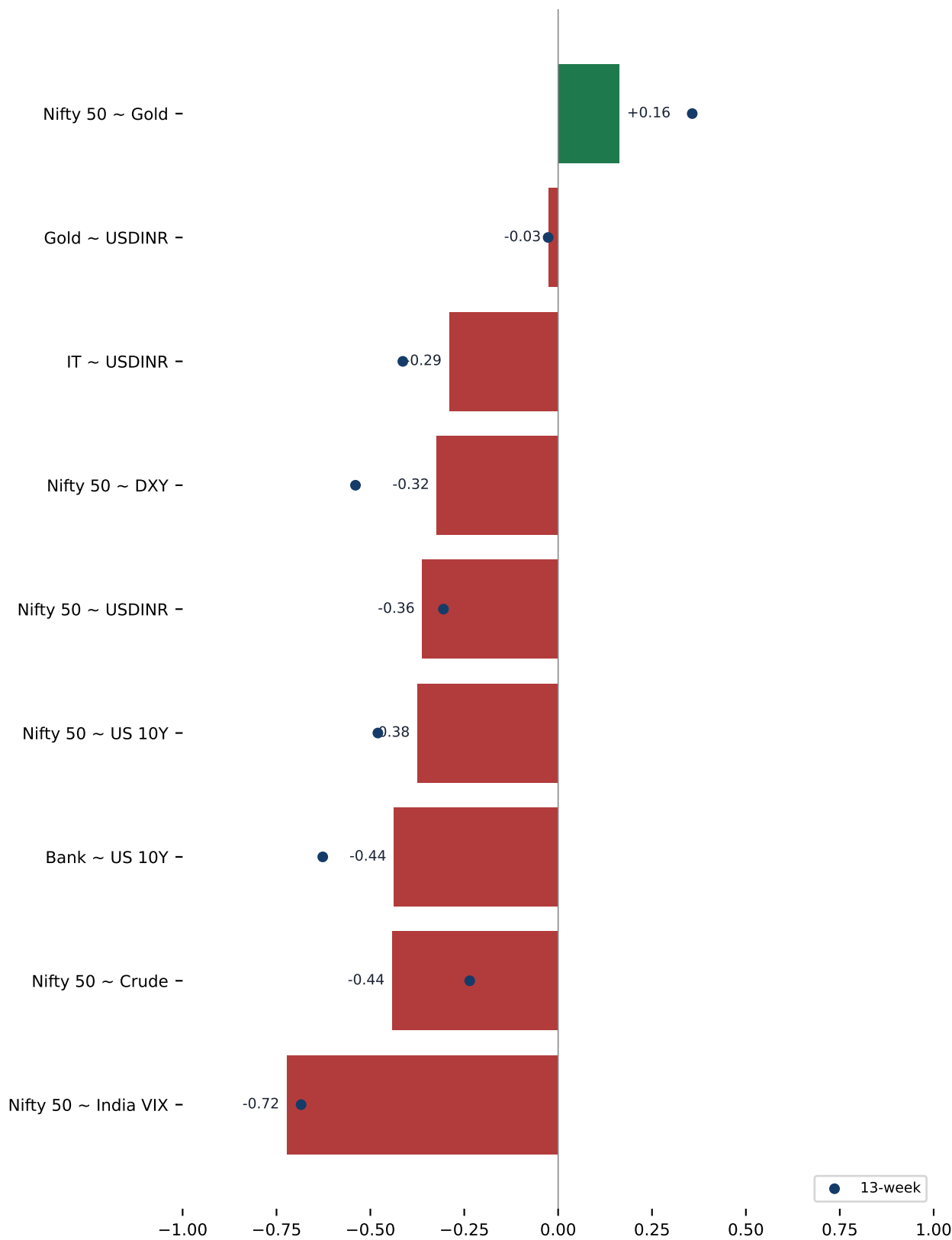
DCC-GARCH conditional correlation (time-varying)



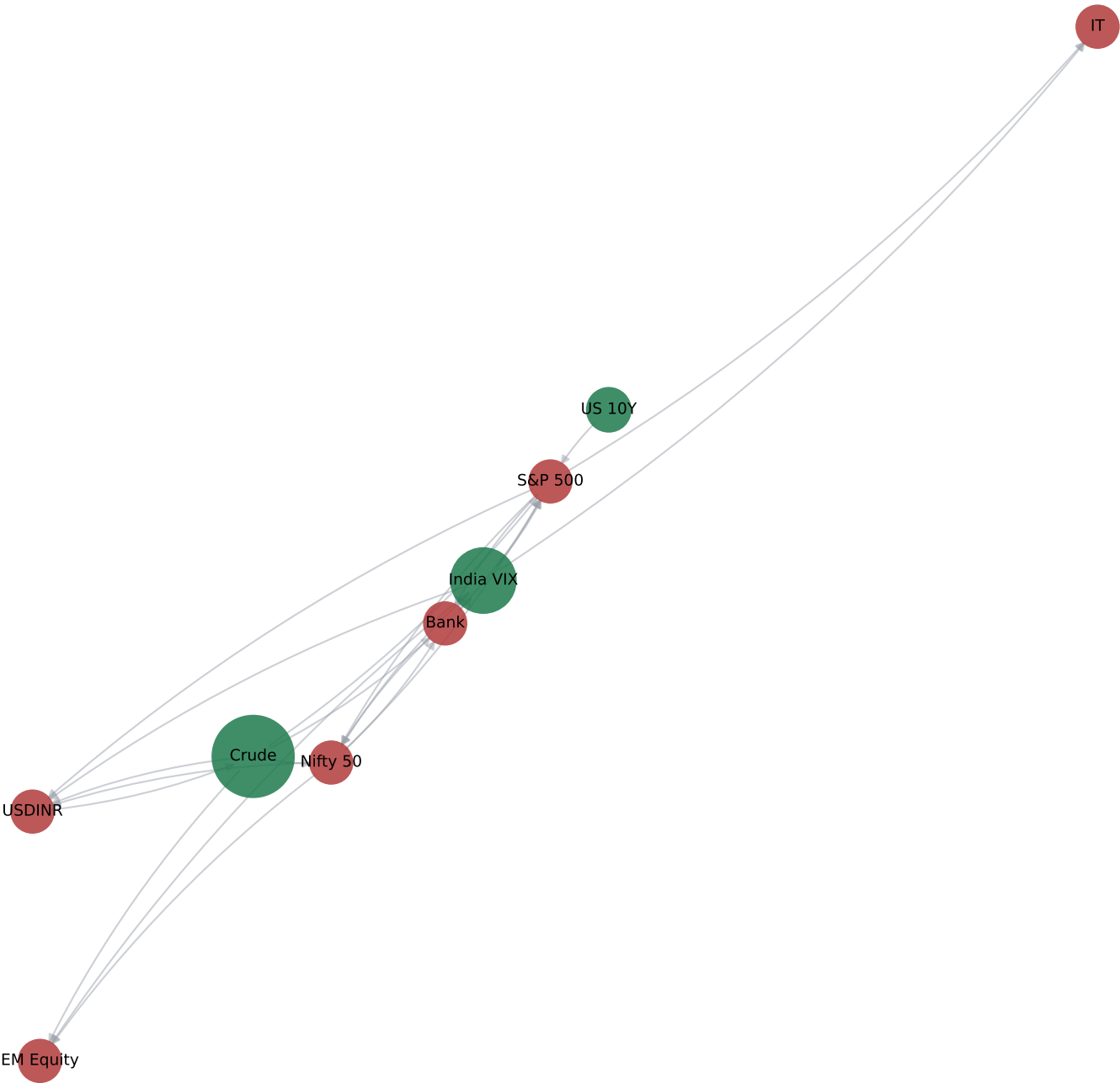
Now: Nifty 50 ~ USDINR -0.33 (persist 0.3346), Nifty 50 ~ India VIX -0.54 (persist 0.2313), Nifty 50 ~ Crude -0.30 (persist 0.6091)

Cross-Asset Relationship Watch-List

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



Directional lead-lag — Granger causality network

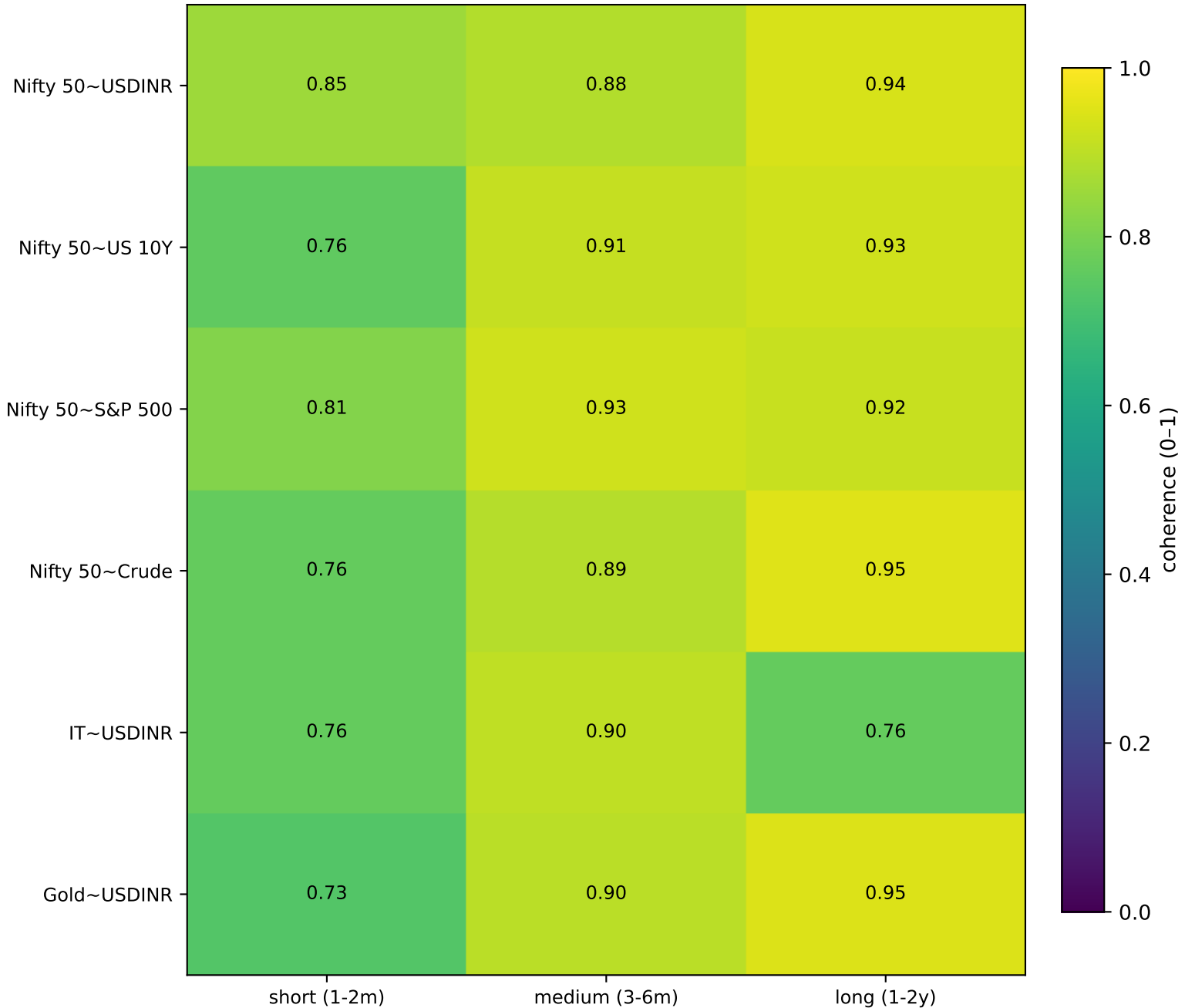


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader)

LEADERS: Crude +0.24, India VIX +0.12, US 10Y +0.01, Gold +0.00, IT -0.01

FOLLOWERS: EM Equity -0.09, Bank -0.08, USDINR -0.08, Nifty 50 -0.06, S&P 500 -0.05

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



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 Nifty500	no	0.727	1.25	16w	+2.99
Nifty vs S&P 500	no	0.961	1.23	47w	+2.74
Nifty vs Sensex	no	0.838	0.91	34w	-2.54
Nifty vs EM Equity	no	0.963	0.59	136w	+2.40
IT vs USDINR	no	0.979	-0.02	339w	+2.01
WTI vs Brent	yes	0.000	0.80	1w	-0.97
USDINR vs DXY	no	0.226	-0.04	17w	-0.30
Gold vs Silver	no	0.476	1.56	9w	-0.11

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

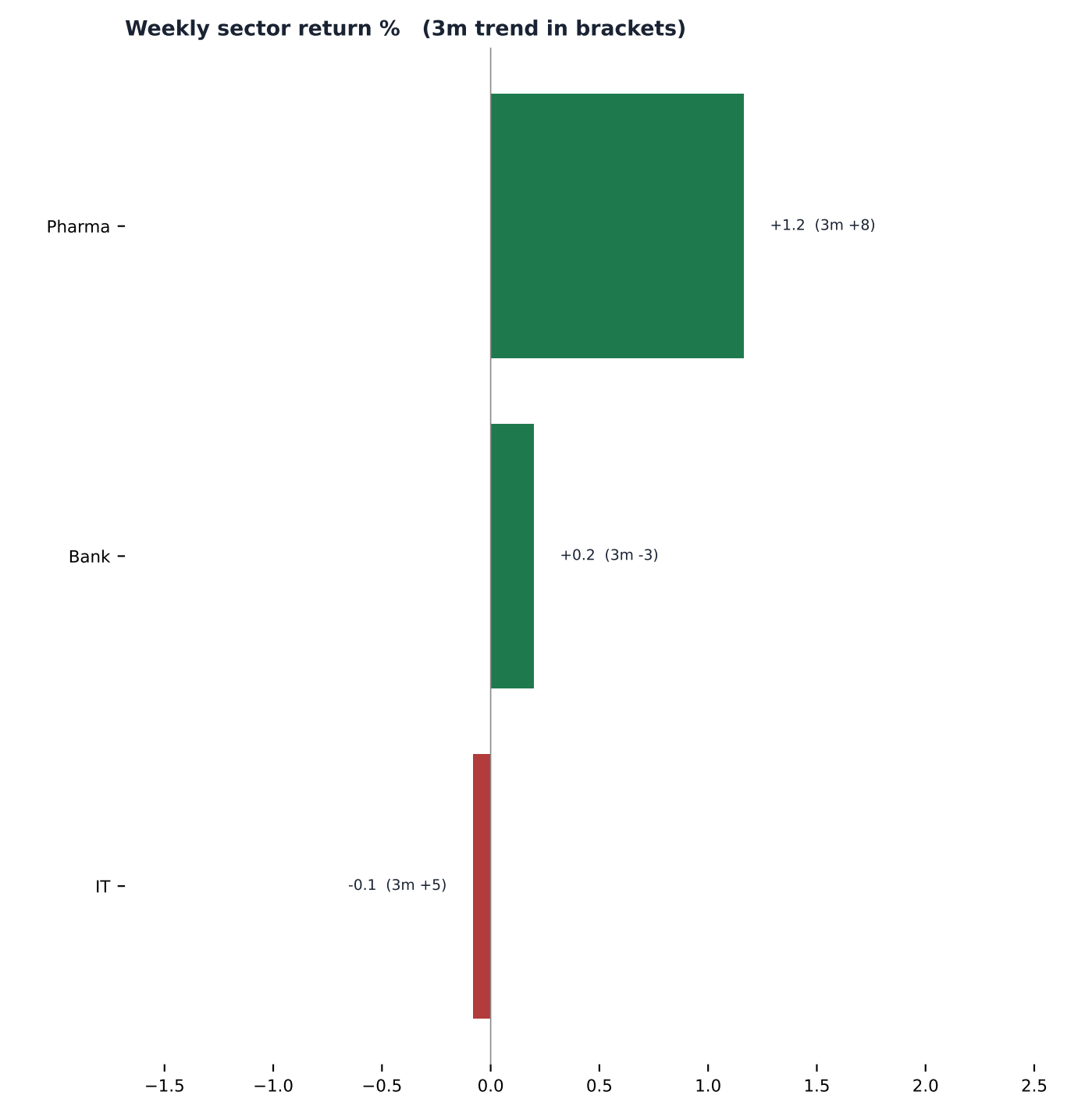
Sectors, Momentum & Fair Value

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: 67% of sectors up this week; 33% 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	-3%	+3%	-5%	-0.50	-4%	-11%
Smallcap 250	+3%	+25%	+10%	+0.50	+8%	-1%
Bank	-3%	+8%	+4%	+0.00	-1%	-8%
IT	+5%	-2%	-14%	-0.50	-7%	-26%
Pharma	+8%	+20%	+26%	+1.00	+12%	0%
Gold	+6%	+2%	+31%	+1.00	+1%	-8%

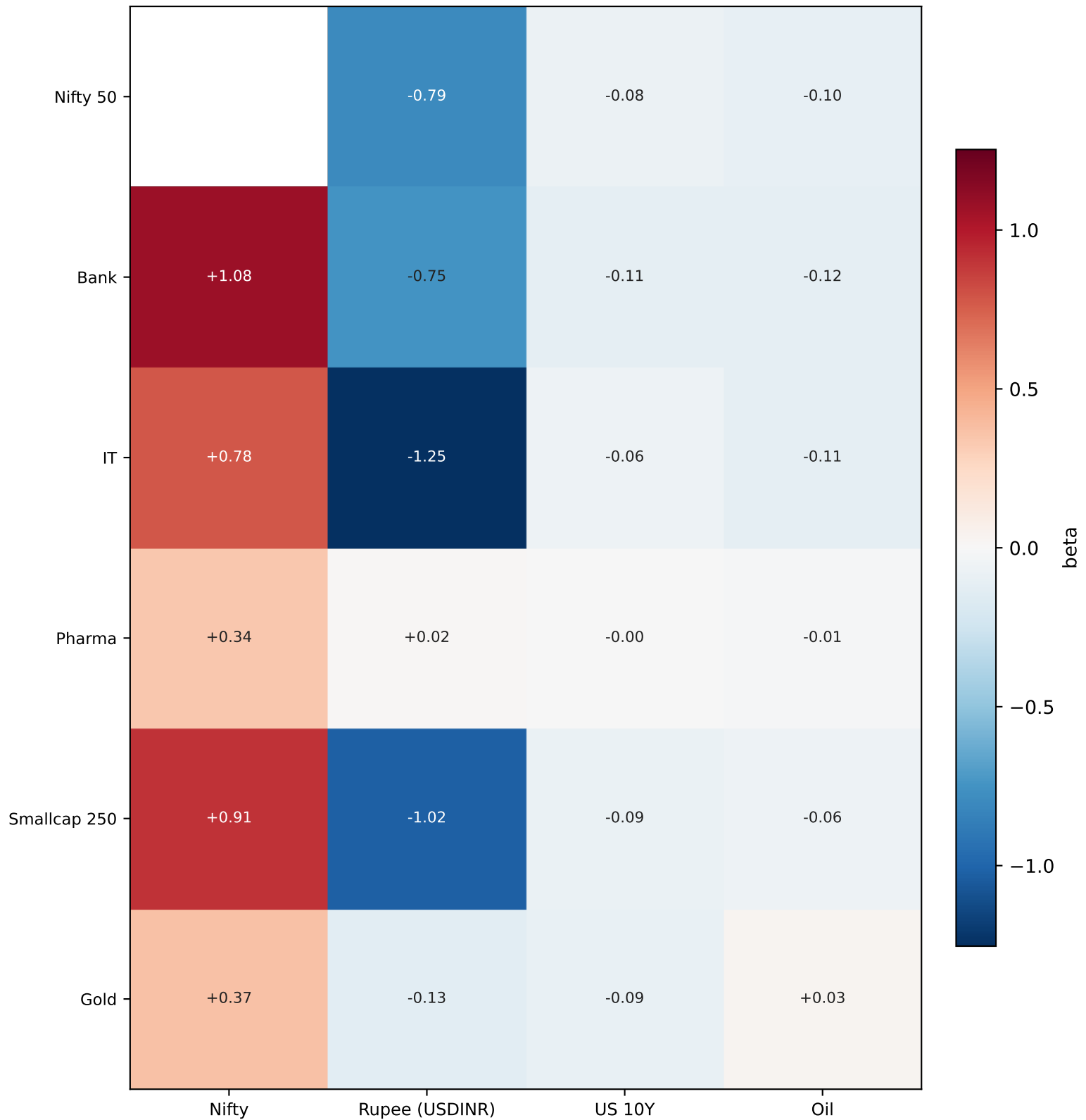
Sector 26-week relative strength:

LEADERS: Pharma +20%, Bank +8%, IT -2%

LAGGARDS: IT -2%, Bank +8%, Pharma +20%

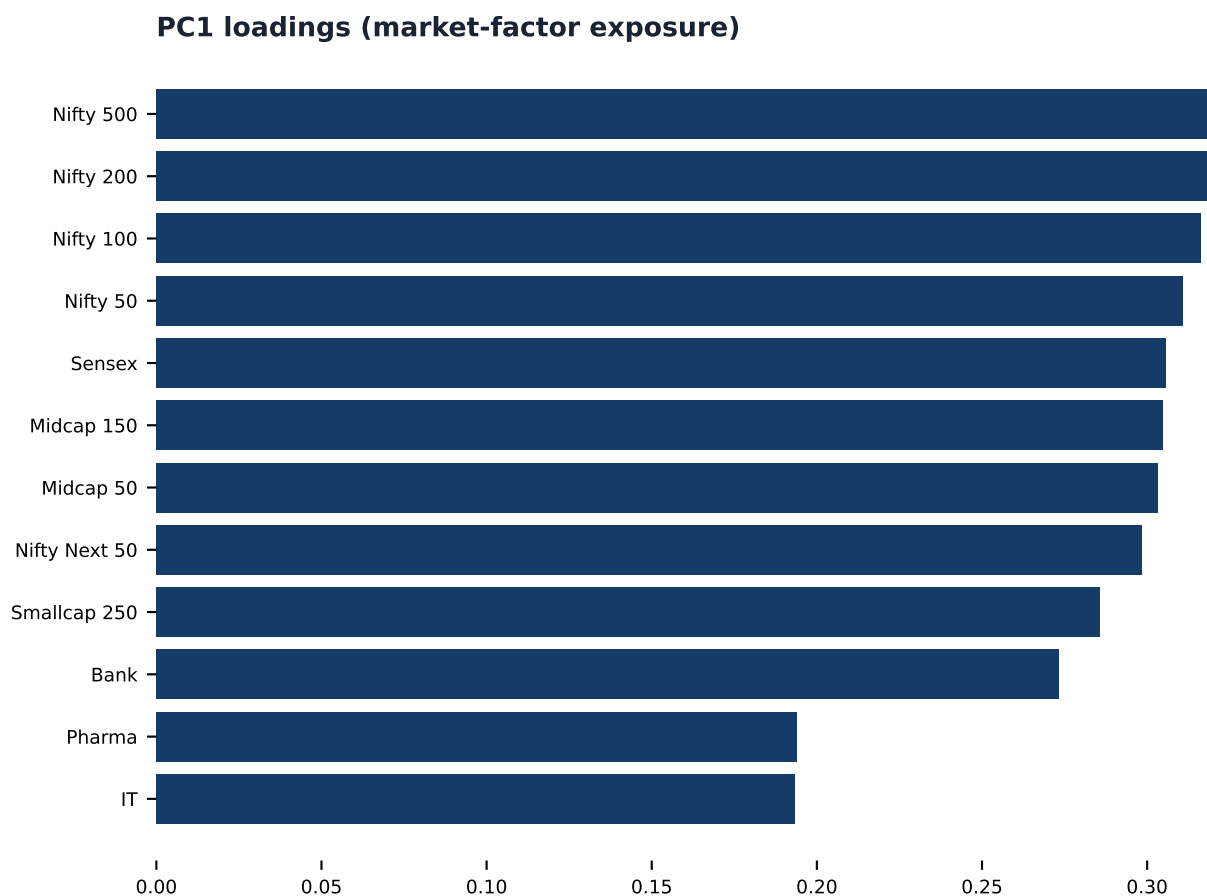
Score = mean sign of the 4/13/26/52-week returns (+1 = uptrend across all horizons). 'Golden' vs 'death' = 10w vs 40w MA cross.

Factor betas — 52-week sensitivity to the master factors



Risk Concentration & Lead-Lag

PCA on equity + sector weekly moves: PC1 explains 81% of variance (PC2 7%). Higher PC1 = more single-factor.



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

Leader	Contemp. corr	1-week-lag corr
Crude	-0.20	-0.26
India VIX	-0.55	-0.22
US 10Y	-0.01	-0.06
DXY	-0.31	-0.02
USDINR	-0.33	-0.01

FAIR VALUE — RICH / CHEAP vs DRIVERS

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

IT vs rupee & US tech

cheap z -1.72

actual 28830.90 · model-fair 34386.75 · gap -16.2% · R^2 0.43



Banks vs Nifty & US rates

RICH z +1.40

actual 56470.65 · model-fair 53330.18 · gap +5.9% · R^2 0.94



Nifty vs global rates, dollar & oil

RICH z +0.29

actual 23414.30 · model-fair 23234.64 · gap +0.8% · R^2 0.56



Rupee vs dollar, oil & US rates

cheap z -0.18

actual 95.81 · model-fair 96.23 · gap -0.4% · R^2 0.71



Gold vs US real yield & dollar

RICH z +0.04

actual 153060.00 · model-fair 151857.23 · gap +0.8% · R^2 0.55



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

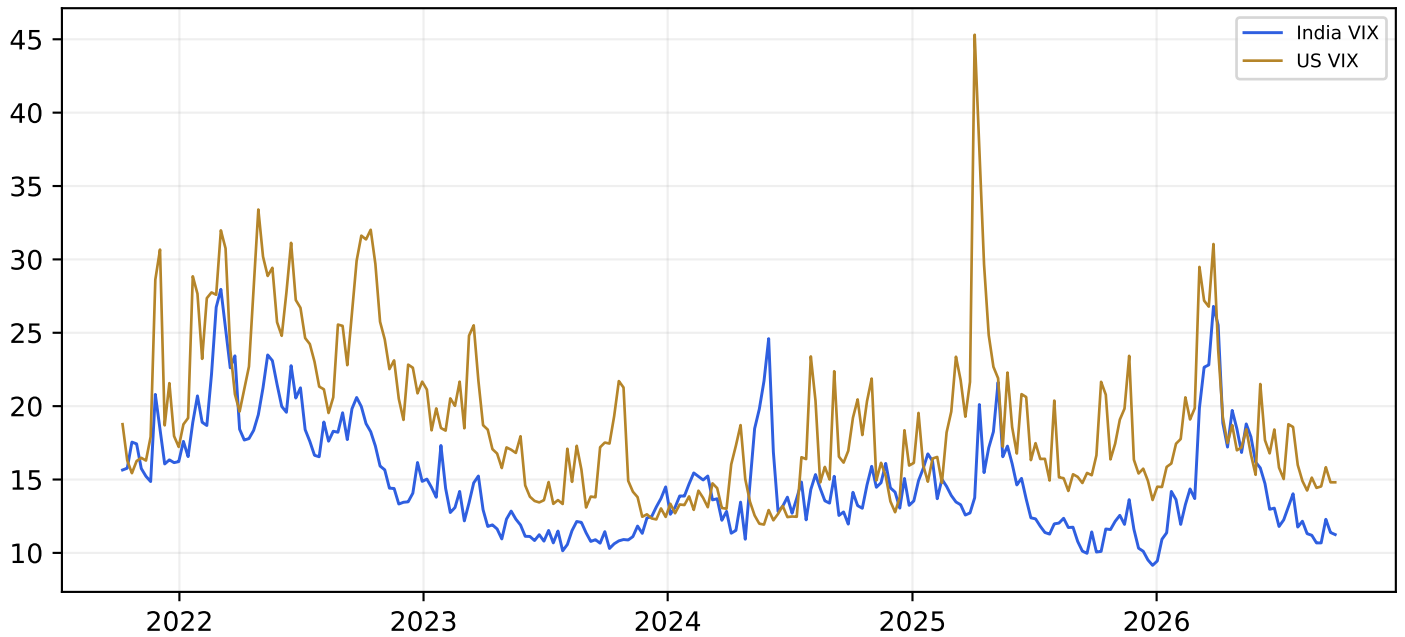
The volatility complex and downside risk.

- 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)

+4.6 pts

India VIX 11.2 – realised 6.6
positive (implied > realised, carry cushion)

FEAR CONTEXT

India VIX 13th %ile of 5y

India–US VIX -3.6

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%	-11%	-0.3	+0.5
Smallcap 250	-4.8%	-6.6%	15%	-25%	-1%	-0.5	+1.4
Bank	-3.9%	-5.0%	11%	-19%	-8%	-0.1	+0.9
IT	-6.0%	-7.7%	17%	-41%	-37%	-0.6	+0.7
Gold	-4.5%	-6.7%	16%	-15%	-8%	-0.5	+1.6
Crude	-9.0%	-13.8%	30%	-36%	-10%	-0.1	+0.9
USDINR	-1.0%	-1.3%	3%	-3%	-1%	-0.1	+1.5

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

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.

	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-19	06-26	07-03	07-10	07-17	07-24	07-31	08-07	08-14	08-21	08-28	09-04	09-11	09-18	09-25
Regime	R+	R-	R+	R+	R-	R+	N	R-	R+	R+	R-	R+	R-	R-	N	R+	N	R+	R+	R+	R+	R+	R+	R+
Risk appetite																	+0.51	+0.50	+0.40	+0.23	+0.39	+0.39	+0.28	+0.10
External backdrop																	-0.28	-0.31	-0.31	-0.39	-0.16	-0.24	-0.41	-0.24
Nifty 1w %	+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	-0.3	-0.1	-0.0	-0.5	+0.0	+0.3
Breadth %	92	33	75	92	17	50	67	25	67	92	42	75	50	50	58	58	72	56	50	44	50	22	0	67
PC1 share																	33	34	34	34	34	34	34	34
India VIX	17	20	18	17	19	18	16	16	15	13	13	12	12	13	13	13	12	12	11	12	11	11	12	11
USDINR 1w %	-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	+0.2	+0.0	-0.3	+0.0	-0.0	-0.1
Bank 1w %	+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	+0.0	-0.4	+0.9	-0.5	+0.0	+0.2

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