ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-08-07

69 market instruments + 60+ macro series | Reflation quadrant | 2900 days

REGIME: Risk-on

EXECUTIVE SUMMARY

Lean risk-on, but selectively. The Markov model puts a 91.7% posterior on Risk-on and the composite risk-appetite scorecard reads +0.53, led by sector breadth (+1.27), tight high-yield credit (+0.95) and a positive S&P trend (+0.54). The backdrop is a Reflation quadrant (growth-score 2.0, inflation-score 1.0), which argues for owning cyclicals and equity beta over long-duration Treasuries and defensives — favor Tech, Materials and Industrials, fade Utilities, Staples and Energy, and prefer short bills to the long end as your ballast.

Three developments matter this week. First, Tech ripped +6.9% and Nasdaq +4.7% on 64% breadth — participation is real, not a narrow melt-up, supporting the risk-on tilt. Second, HY OAS sits at 275bp (14th percentile) with the ANFCI at -0.54: credit is priced for near-perfection, giving upside little cushion and making spreads the first thing to widen if sentiment turns. Third, the DCC stock-bond correlation is +0.32 — Treasuries are NOT hedging equities right now, so cash, not duration, is your defensive line.

The biggest risk is a reflation-to-stress flip. Watch HY OAS breaking above ~325bp, VIX reclaiming 20, and the S&P losing its 1-week gains; SKEW at 135 already signals demand for crash protection beneath the calm.

Executive Dashboard

US cross-market state and the week's key readings.

REGIME	QUADRANT	VIX	HY OAS
Risk-on	Reflation	15	2.75

KEY READINGS (price | 1w | 1m | 3m)

S&P 500	7,735.0	+3.3%	+2.5%	+3.5%
Nasdaq	26,573.6	+4.7%	+1.8%	+0.9%
Russell 2000	3,001.6	+2.4%	+1.2%	+4.6%
Tech	187.4	+6.9%	+2.1%	+3.9%
Financials	57.6	+1.1%	+2.5%	+10.9%
Energy	57.4	-3.6%	+0.8%	-3.5%
Long Bond	82.8	+0.7%	-1.5%	-2.2%
HY Corp	79.6	+0.2%	-0.1%	-0.4%
IG Corp	106.7	+0.4%	-0.5%	-1.6%
TIPS	107.1	-0.5%	-0.8%	-3.0%
DXY	99.5	-0.3%	-1.4%	+0.2%
Gold	4,415.3	+9.0%	+8.7%	-2.3%
WTI	77.0	-9.0%	-2.9%	-20.3%
Copper	6.6	+3.1%	+4.8%	+4.6%
VIX	15.3	-0.7	-1.2	-1.4
MOVE	70.9	+2.4	+3.8	+0.2

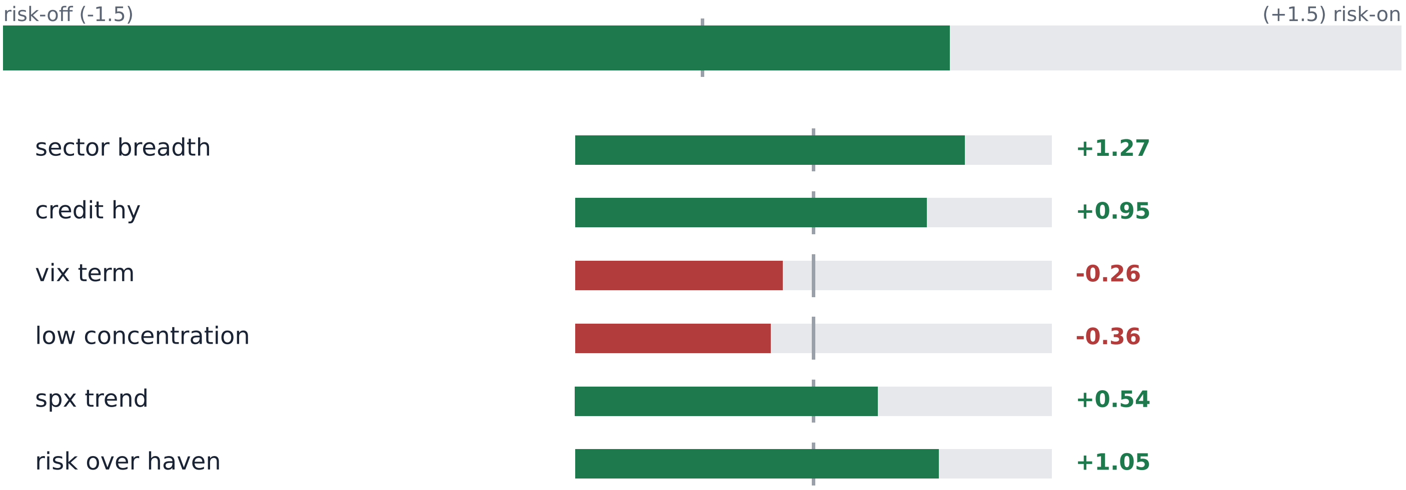
US CROSS-ASSET SCORECARD

Cross-asset risk appetite and the high-frequency growth nowcast

RISK APPETITE

Risk-on

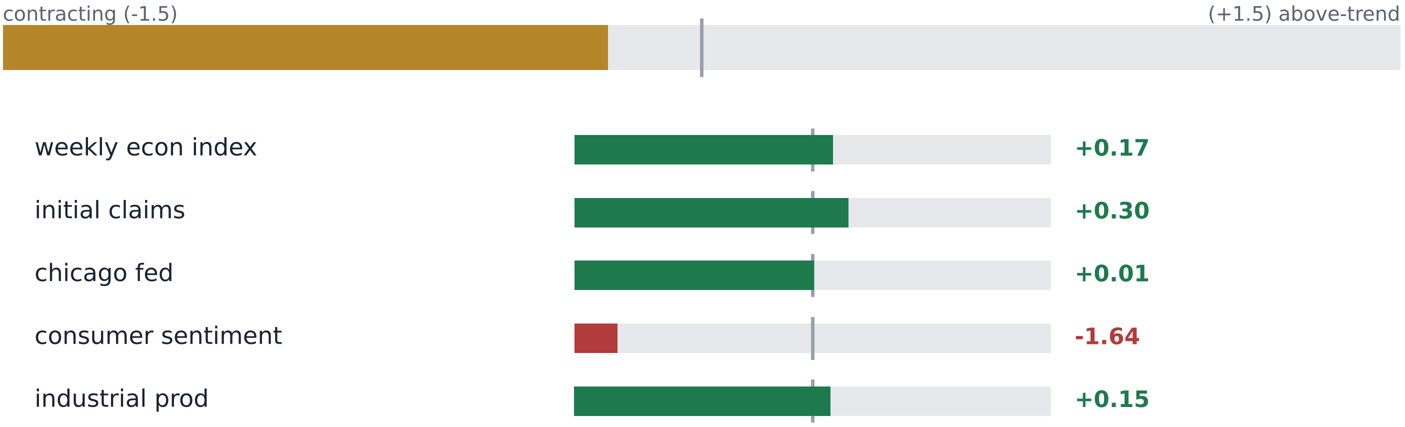
score +0.53



MACRO NOWCAST (growth pulse)

Trend growth

score -0.20



Each component is a 10-year z-score, sign-aligned so higher = risk-on / stronger growth; the headline is their average. The nowcast reads the Weekly Economic Index, jobless claims, Chicago-Fed activity, sentiment and output.

WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-08-07

TOP GAINERS

Gold Miners	+21.2%
Silver	+11.7%
Gold	+9.0%
Software	+8.0%
Semis	+7.6%
Tech	+6.9%
Homebuilders	+6.5%
Biotech	+6.4%

TOP DECLINERS

Gasoline	-15.9%
WTI	-9.0%
Brent	-9.0%
Oil E&P	-7.0%
Energy	-3.6%
Utilities	-2.7%
NatGas	-2.3%
Commodities	-1.8%

KEY LEVELS — week-over-week

S&P 500	7,735.0	+3.3%	WTI	77.0	-9.0%
Nasdaq	26,573.6	+4.7%	DXY	99.5	-0.3%
Russell 2000	3,001.6	+2.4%	Long Bond	82.8	+0.7%
VIX	15.3	-0.7	HY Corp	79.6	+0.2%
Gold	4,415.3	+9.0%	Semis	581.7	+7.6%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	**Risk-on**
Risk appetite	prior: +0.72	->	**+0.53**
Macro nowcast	prior: -0.22	->	**-0.20**
PC1 share	prior: 34	->	**34%**

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

US Cross-Market Analysis

Executive Summary

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Regime, Scorecard & Market State

The regime is unambiguously risk-on: 91.7% posterior, 8.3% risk-off, zero neutral. The risk-appetite scorecard at +0.53 corroborates it, and every major index is green across 1w/1m/3m — S&P +3.3/3/3, Nasdaq +4.7/2/1, Dow +2.8/3/7, Russell +2.4/1/5. The macro nowcast, however, is the dissenting voice at -0.20 ("trend growth"), dragged almost entirely by consumer sentiment (-1.64) even as weekly economic activity (+0.17) and low claims (+0.30) hold up. The read: markets are pricing a reflationary expansion while the consumer's mood lags badly — a gap worth respecting but not yet acting on, since the hard data (breadth, credit, claims) still leads sentiment. Position for continuation, not reversal, but size for the fact that the crowd is already leaning the same way.

Sector & Factor Rotation

The weekly tape is textbook risk-on cyclical leadership: Tech +6.9%, Materials +3.9%, Industrials +2.9%, Discretionary +2.7% — all economically sensitive — while the bond-proxy defensives lag hard: Utilities -2.7%, Staples -0.5%, and Energy -3.6% on soft crude. That rotation into cyclicals and out of defensives is itself a risk-appetite confirmation. The factor picture is more nuanced across the 3-month window: Value +9 and Quality +5 have led while Growth is flat (0) and the Growth-Value spread sits at -8.9 — value has been the medium-term winner. But this week's Tech surge is a growth/high-beta (+4) impulse layered on top. The honest read is a value-led base with a fresh growth kicker; don't over-rotate to pure growth on one week, but the momentum (+2) and high-beta bid says the marginal buyer is reaching for risk.

The Yield Curve & Rates

The curve has normalized and re-steepened: 2s10s at +44bp and 3M10Y at +79bp are both positively sloped, removing the recession flag that an inversion would raise. The front end (1M 3.77%, 3M 3.89%) sits below the belly and long end (10Y 4.63%, 30Y 5.17%), consistent with a market that sees policy easing slowly against sticky-ish inflation. Note the long-end kink: 20Y at 5.18% actually exceeds the 30Y at 5.17%, and the 10s30s slope is a steep ~54bp — a term-premium/supply story more than a growth-fear story. For investors this is a reflationary curve: it supports cyclical equity leadership and warns against reaching for duration, since the long end carries the most price risk if growth and inflation surprise higher.

Credit & Financial Conditions

Credit is the strongest single pillar of the risk-on case — and its biggest complacency risk. HY OAS at 275bp sits in just the 14th percentile of its history, IG at 78bp is similarly rich, and the ANFCI at -0.54 (stress -0.51) confirms financial conditions are loose. Spreads this tight mean credit markets see essentially no default or liquidity stress on the horizon, which underwrites equity risk appetite. The flip side: at the 14th percentile there is very little cushion. Spreads can stay tight for a long time, but the asymmetry is unfavorable — the next 50bp of move is far more likely to be wider than tighter. HY OAS is therefore your cleanest early-warning gauge; watch it, not the VIX, for the first crack.

Factor Structure & Systemic Risk

PCA says this is a fairly single-factor market: PC1 explains 66% of sector variance, and in the 85-instrument cross-asset decomposition PC1 (Risk, proxied by S&P) is 34%, with Rates (16%), Energy (6%) and the Dollar (5%) trailing. A dominant first factor means diversification within equities buys you less than usual — when risk moves, sectors move together. That said, the broader systemic co-movement gauge (MV-DCC average pairwise correlation) is only +0.05, barely above +0.04 a year ago, so cross-asset diversification hasn't yet failed. The takeaway: intra-equity hedges are weak, but genuine cross-asset diversifiers still function — for now. A rising systemic correlation would be the signal that diversification is breaking down.

Cross-Asset Correlation & Lead-Lag

The most important cross-asset fact is the stock-bond correlation: DCC now +0.32 (63d realized +0.33), meaning Treasuries and equities are moving together, not opposite. In a reflation regime bonds are NOT a reliable equity hedge — cash and T-bills are your defensive ballast instead. The S&P-VIX correlation is a deeply negative -0.77, and S&P-DXY -0.26 (a weaker dollar accompanying risk-on). Semis-S&P at +0.79 shows the rally's engine is highly systematic. On lead-lag, the Granger network flags VIX, Long Bond, HY OAS and the 10Y as net leaders, with Gold, the Dollar, Russell 2000 and Nasdaq as followers — intuitive, since vol and credit tend to move first. Crucially, weekly predictive skill here is MODEST: treat this as a hierarchy of what to watch first, not a tradeable timing signal.

Relative Value & Fair Value

Two cointegrated spreads are stretched: S&P vs Dow at z +1.65 and S&P vs Equal-Weight at z +1.64, both with ~7-week half-lives. That says cap-weighted, mega-cap-heavy S&P has run ahead of both the Dow and the average stock — a mean-reversion setup that favors equal-weight and broad exposure over the top-heavy index over the coming ~7 weeks. On fair-value residuals, Semis screen RICH +18.6% versus Nasdaq (z +1.46, R^2 0.94) — a well-fit model saying the semis leadership is extended and vulnerable to a pullback. Gold is also RICH +15.7% versus real yields and the dollar (R^2 0.67). Nasdaq itself is essentially fair (cheap -1.3%, R^2 0.99). Net: the rally's leadership (semis) is the most stretched piece; broaden exposure rather than chase it.

Volatility & Tail Risk

The vol complex is calm on the surface but hedged underneath. VIX at 15.3 with VIX3M at 20.5 gives a term ratio of 0.74 — a healthy contango consistent with no near-term stress. MOVE at 71 says rates vol is subdued too. But SKEW at 135 is elevated: investors are paying up for out-of-the-money crash protection even as spot vol sits low — a sign of latent tail concern beneath the calm. VVIX at 89 is middling. Tail metrics are moderate: 5% expected shortfall is -4.8% for the S&P, -5.9% for Nasdaq and -6.4% for Russell, with drawdowns essentially at zero (at highs). The configuration — low VIX, contango, high SKEW — is classic late-stage risk-on: cheap to hedge, and the elevated SKEW makes owning some downside protection sensible while it's affordable.

Macro Pulse & Recession Risk

Recession risk is low by every hard gauge: NY Fed 12-month probability 0.6%, Sahm rule 0.07 (nowhere near the 0.50 trigger), a positively-sloped curve, and initial claims at just 199k with continued claims 1.80m. The labor market is solid — 4.1% unemployment, U6 7.9%, openings 7.36m. The blemishes are real but not recessionary: consumer sentiment at 49.5 is depressed, the saving rate is a thin 2.7%, and Michigan inflation expectations at 4.6% sit uncomfortably high against sticky CPI of 2.8%. Net liquidity at $5,840bn has drained -147bn over the past month — a genuine headwind to watch, as liquidity withdrawal tends to bite risk assets with a lag. The macro verdict matches the reflation quadrant: growth is holding, inflation isn't fully tamed, and the main soft spot is the consumer's mood, not the consumer's spending.

Key Risks & What to Watch

The core risk is a reflation-to-stress transition that the tape isn't priced for. Credit is the pressure point: at 275bp (14th percentile) HY OAS has almost no cushion, so a break above ~325bp would be the first hard signal that the risk-on regime is cracking — watch it before you watch equities. Second, the positive stock-bond correlation (+0.32) means a rates-led shock would hit stocks and bonds together, with no duration hedge; a MOVE index jump back toward 90+ or the 10Y breaking above ~4.85% would flag that. Third, leadership is narrow and stretched — semis RICH +18.6%, S&P vs equal-weight z +1.64 — so a semis reversal could drag the cap-weighted index while the average stock holds. Concretely, confirm the constructive view if HY OAS stays sub-300bp, VIX holds below 18 in contango, breadth stays above ~60%, and claims stay under ~230k. Change the view if VIX reclaims 20, SKEW-implied hedging turns into actual spot downside, the S&P gives back its weekly gain, or the Sahm rule ticks toward 0.30 on a claims deterioration.

PART I

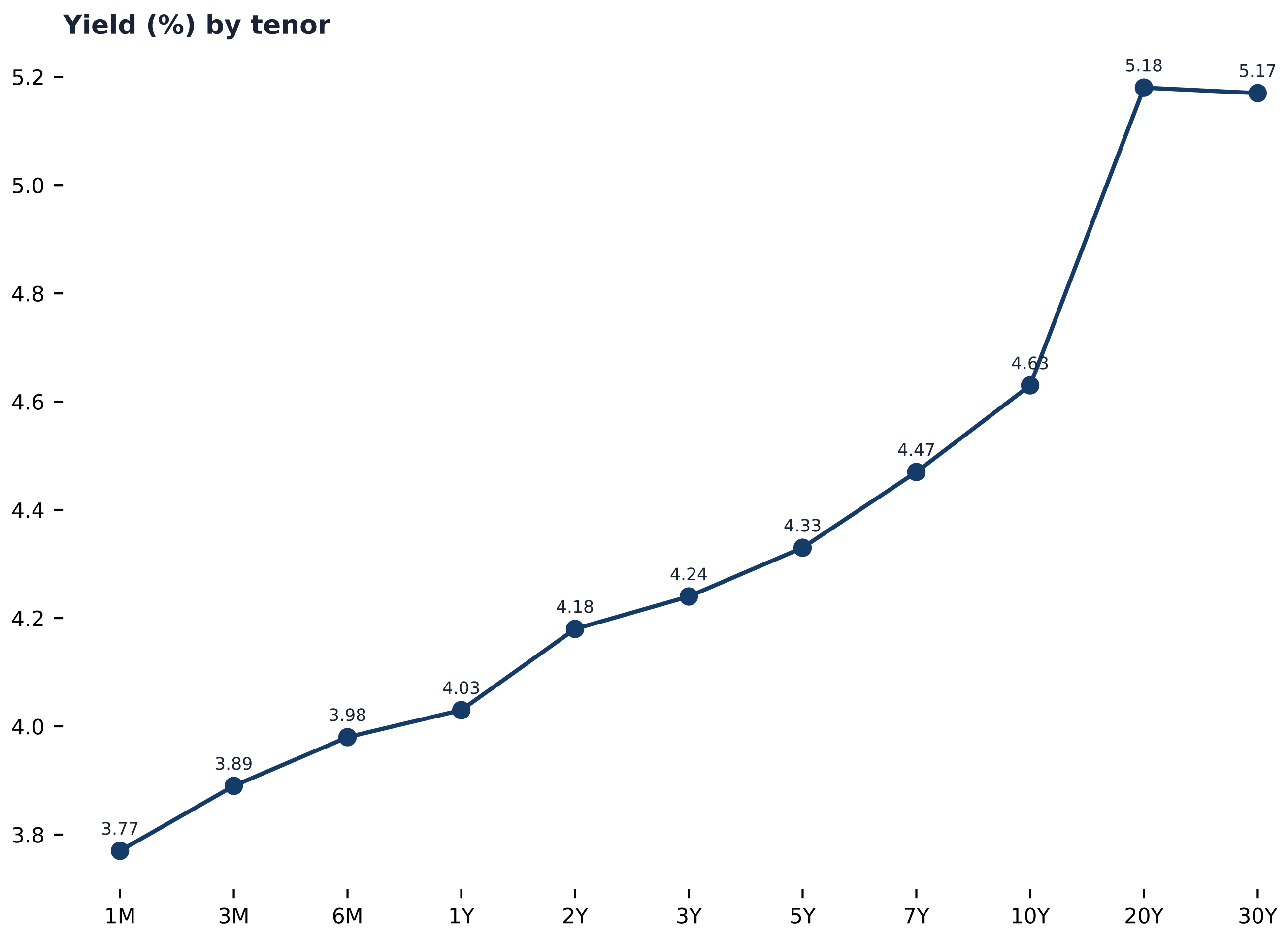
Rates, Credit & Macro

The Treasury curve, credit spreads, the growth-inflation regime and the deep macro dashboard.

- Yield curve, credit & vol, regime & liquidity
- Labor, inflation, growth/consumer/housing, money/policy, recession

The Treasury Yield Curve

Current US Treasury curve. 2s10s +0.44bp, 3M-10Y +0.79bp (positive).



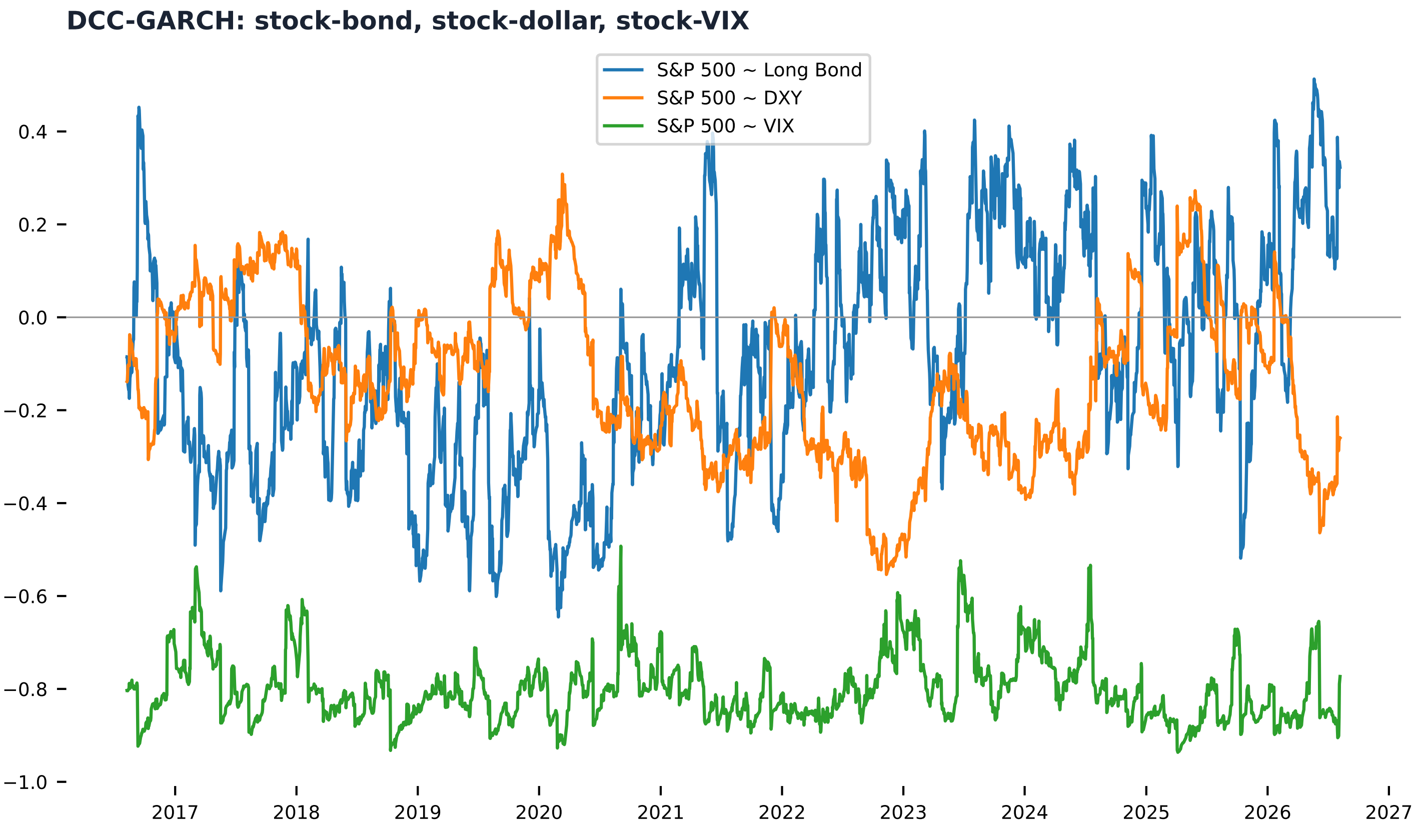
Credit, Financial Conditions & Volatility

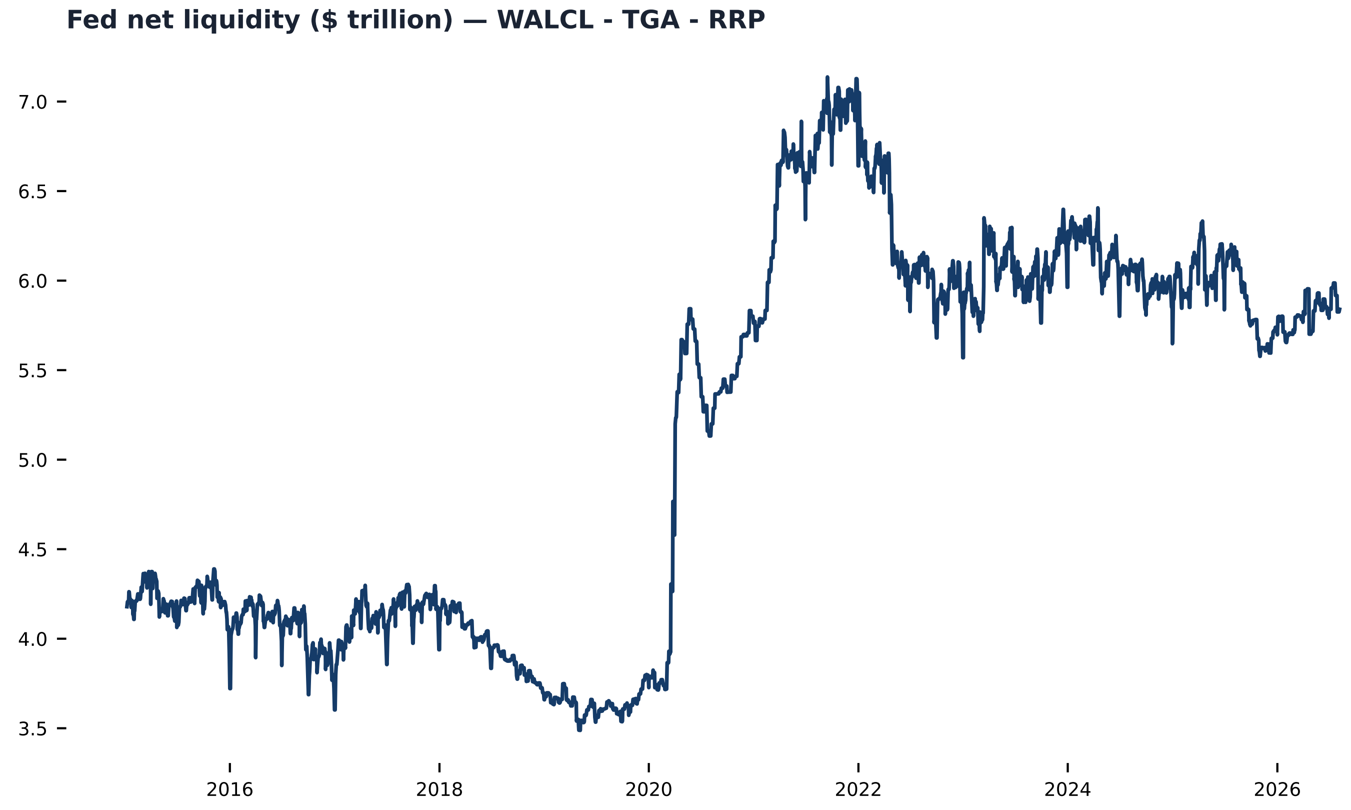
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	**2.75**	14th pctile
IG OAS	**0.78**	
Fin Conditions (ANFCI)	**-0.54**	0 = average; +tight
St. Louis Stress	**-0.51**	
VIX	**15.3**	term VIX/VIX3M 0.74
VIX3M	**20.5**	
VVIX (vol of vol)	**89**	
MOVE (bond vol)	**71**	
SKEW (tail hedging)	**135**	

Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.92, Risk-off 0.08). Quadrant: Reflation.





Macro Pulse: Labor

The US labor market - payrolls, unemployment, openings and weekly claims.

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	**158,858.00**	-23.00	2026-07
Unemployment %	**4.10**	-0.10	2026-07
U6 underemployment %	**7.90**	+0.00	2026-07
Participation %	**61.40**	-0.10	2026-07
Job openings (k)	**7,359.00**	-178.00	2026-06
Avg hourly earnings $	**37.62**	+0.02	2026-07
Initial claims (wk)	**199,000.00**	+1,000.00	2026-08
Continued claims	**1,801,000.00**	+24,000.00	2026-07

Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	**332.57**	-1.41	2026-06
Core CPI index	**336.06**	-0.06	2026-06
PCE index	**131.39**	-0.14	2026-06
Core PCE index	**130.27**	+0.17	2026-06
PPI index	**286.83**	-3.66	2026-06
Michigan inflation exp %	**4.60**	-0.20	2026-06
Sticky CPI %	**2.84**	-0.27	2026-06

Macro Pulse: Growth, Consumer & Housing

Activity, the consumer, and the housing cycle.

INDICATOR	LATEST	CHANGE	AS OF
Real GDP (bn)	**24,270.60**	+90.18	2026-04
Industrial production	**102.64**	+0.08	2026-06
Capacity utilization %	**76.09**	-0.01	2026-06
Chicago Fed NAI	**-0.02**	+0.17	2026-06
Weekly Econ Index %	**2.68**	+0.26	2026-08
Durable goods ($m)	**335,418.00**	+1,576.00	2026-06
Retail sales ($m)	**768,553.00**	+1,677.00	2026-06
Saving rate %	**2.70**	-0.10	2026-06
Consumer sentiment	**49.50**	+4.70	2026-06
Housing starts (k)	**1,427.00**	+228.00	2026-06
Building permits (k)	**1,374.00**	-36.00	2026-06
New home sales (k)	**628.00**	+10.00	2026-06
Case-Shiller HPI	**335.10**	+2.12	2026-05
30y mortgage %	**6.69**	+0.03	2026-08

Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	**3.63**	+0.00	2026-08
SOFR	**3.65**	+0.01	2026-08
M2 ($bn)	**23,290.10**	+174.30	2026-07
Bank reserves	**3,018.80**	-60.00	2026-06
C&I loans ($bn)	**2,894.22**	+8.82	2026-06
Consumer credit ($bn)	**5,154,538.86**	-182.45	2026-05

Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	**0.6%**	12m-ahead, curve-based
Sahm rule (real-time)	**+0.07**	>0.50 triggers
2s10s curve	**+0.44 bp**	inverted = warning
Initial jobless claims	**199,000**	weekly labor pulse

PCA: PC1 explains 66% of sector variance (market-factor concentration).

LEAD-LAG INTO S&P 500 (weekly; skill is modest)

VIX	contemp -0.79	1d-lag +0.14
HY Corp	contemp +0.77	1d-lag -0.08
Semis	contemp +0.81	1d-lag -0.07
Long Bond	contemp -0.14	1d-lag +0.06
DXY	contemp -0.13	1d-lag -0.02

PART II

Cross-Market Structure

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

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

Returns Heatmap

Price return (%) over 1 week / 1 month / 3 months.

Indices

	1w	1m	3m
Dow	+3	+3	+7
NYSE Comp	+2	+3	+5
S&P EqualWt	+2	+3	+6
S&P 500	+3	+3	+3
Nasdaq	+5	+2	+1
S&P MidCap	+2	+2	+4
Russell 2000	+2	+1	+5
Wilshire 5000	-1	+1	+1
Nasdaq-100	+5	+0	+0

Sectors

	1w	1m	3m
Materials	+4	+3	+4
Health	+1	+3	+9
Discretionary	+3	+3	+0
Industrials	+3	+3	+8
Financials	+1	+3	+11
Tech	+7	+2	+4
Staples	-1	+1	-0
Real Estate	-0	+1	+1
Energy	-4	+1	-3
Comms	+2	-1	-4
Utilities	-3	-6	-5

Factors

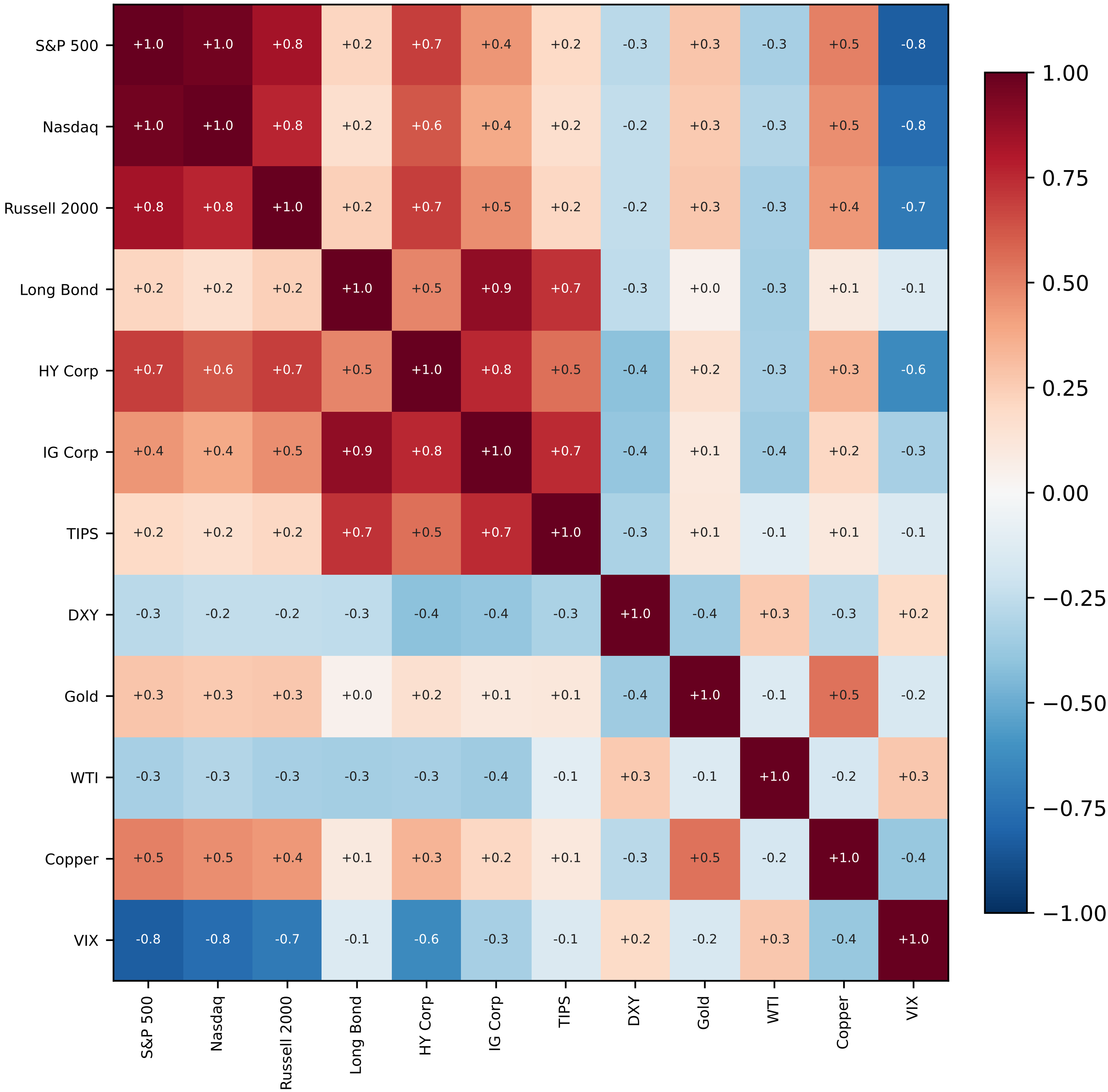
	1w	1m	3m
Value	+2	+4	+9
Low-Vol	+2	+3	+3
Quality	+3	+3	+5
Growth	+5	+1	-0
High-Beta	+5	-0	+4
Momentum	+3	-3	+2

Industries

	1w	1m	3m
Gold Miners	+21	+20	+6
Software	+8	+9	+9
Defense	+4	+6	+11
Internet	+6	+5	+6
Retail	+0	+3	+9
Homebuilders	+7	+2	+10
Reg Banks	-0	+1	+10
Oil Svcs	+2	+1	-12
Biotech	+6	+1	+19
Oil E&P	-7	-0	-4
Transports	+2	-1	+6
Semis	+8	-3	+1

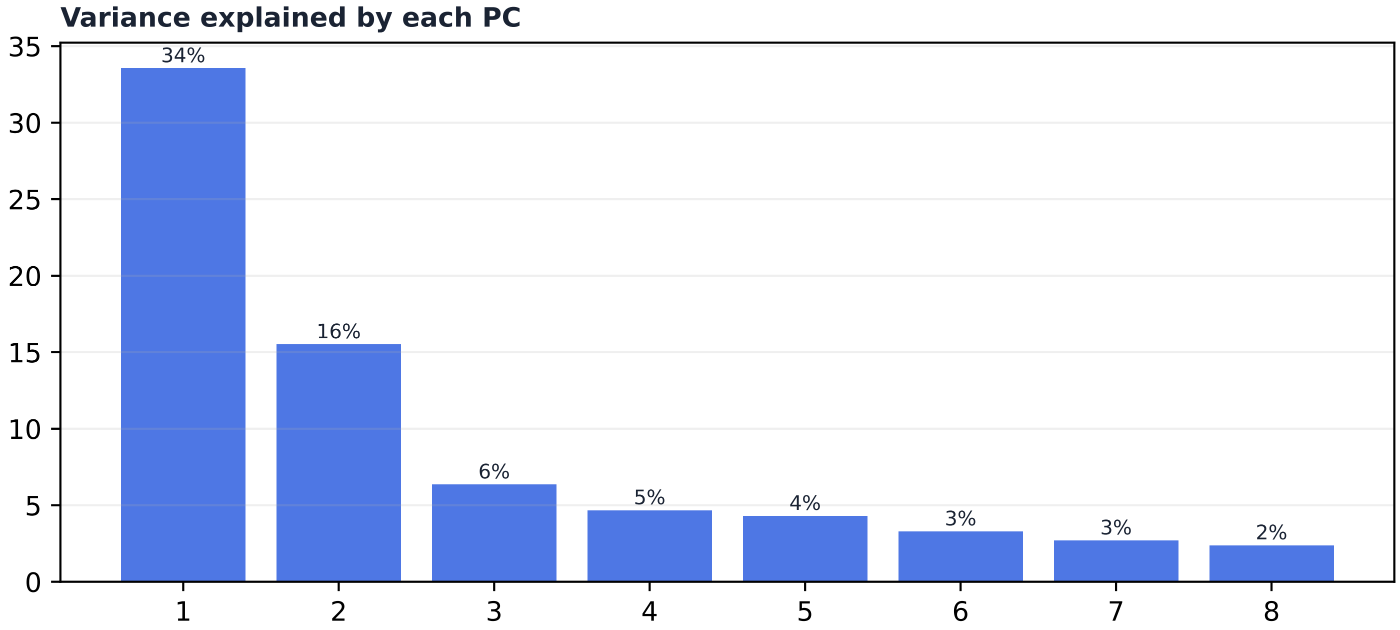
Cross-Asset Correlation (252d, daily)

S&P/Nasdaq/Russell vs bonds, credit, dollar, gold, oil, copper, VIX.



CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 85 instruments (156 weeks)



PC1 — Risk (S&P 500)

33.6% of variance (cum 34%) · marker corr +0.91

+ S&P EqualWt +0.18, NYSE Comp +0.18, Value +0.17, S&P MidCap +0.17, S&P 500 +0.17
– VIX -0.15, HY OAS -0.14, CCC OAS -0.12, VVIX -0.12, BBB OAS -0.12

PC2 — Rates (10Y)

15.5% of variance (cum 49%) · marker corr +0.90

+ US 10Y +0.25, US 5Y +0.25, US 2Y +0.23, US 30Y +0.23, 10Y real +0.21
– 7-10y Tsy -0.25, Agg Bond -0.23, Long Bond -0.23, MBS -0.23, IG Corp -0.20

PC3 — Energy (WTI) (inverse)

6.4% of variance (cum 55%) · marker corr -0.72

+ Tech +0.13, Growth +0.12, Nasdaq-100 +0.12, Nasdaq +0.12, 10Y real +0.12
– Brent -0.32, Energy -0.32, Oil E&P -0.31, WTI -0.31, Commodities -0.29

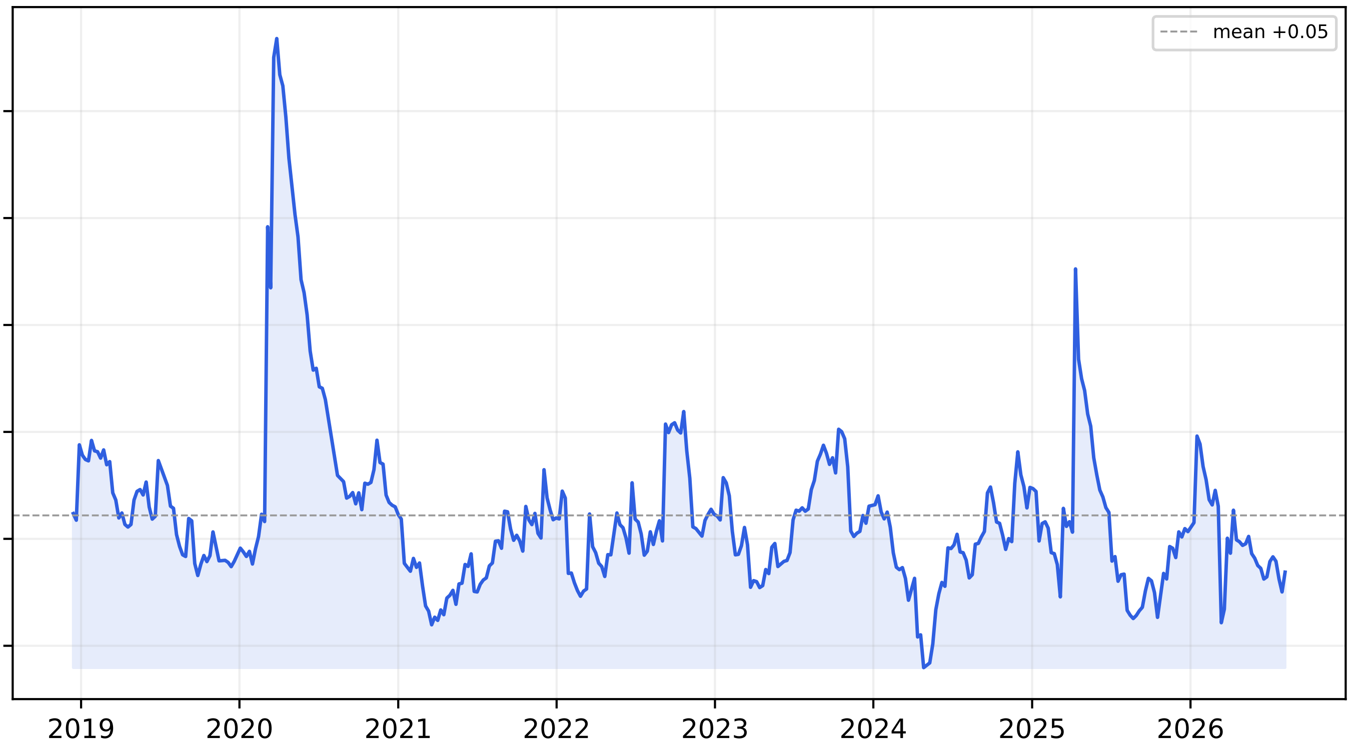
PC4 — US dollar

4.7% of variance (cum 60%) · marker corr +0.48

+ DXY +0.24, Software +0.19, Tech +0.17, USDJPY +0.17, SKEW +0.17
– EURUSD -0.23, Staples -0.22, Gold Miners -0.21, Materials -0.21, Health -0.20

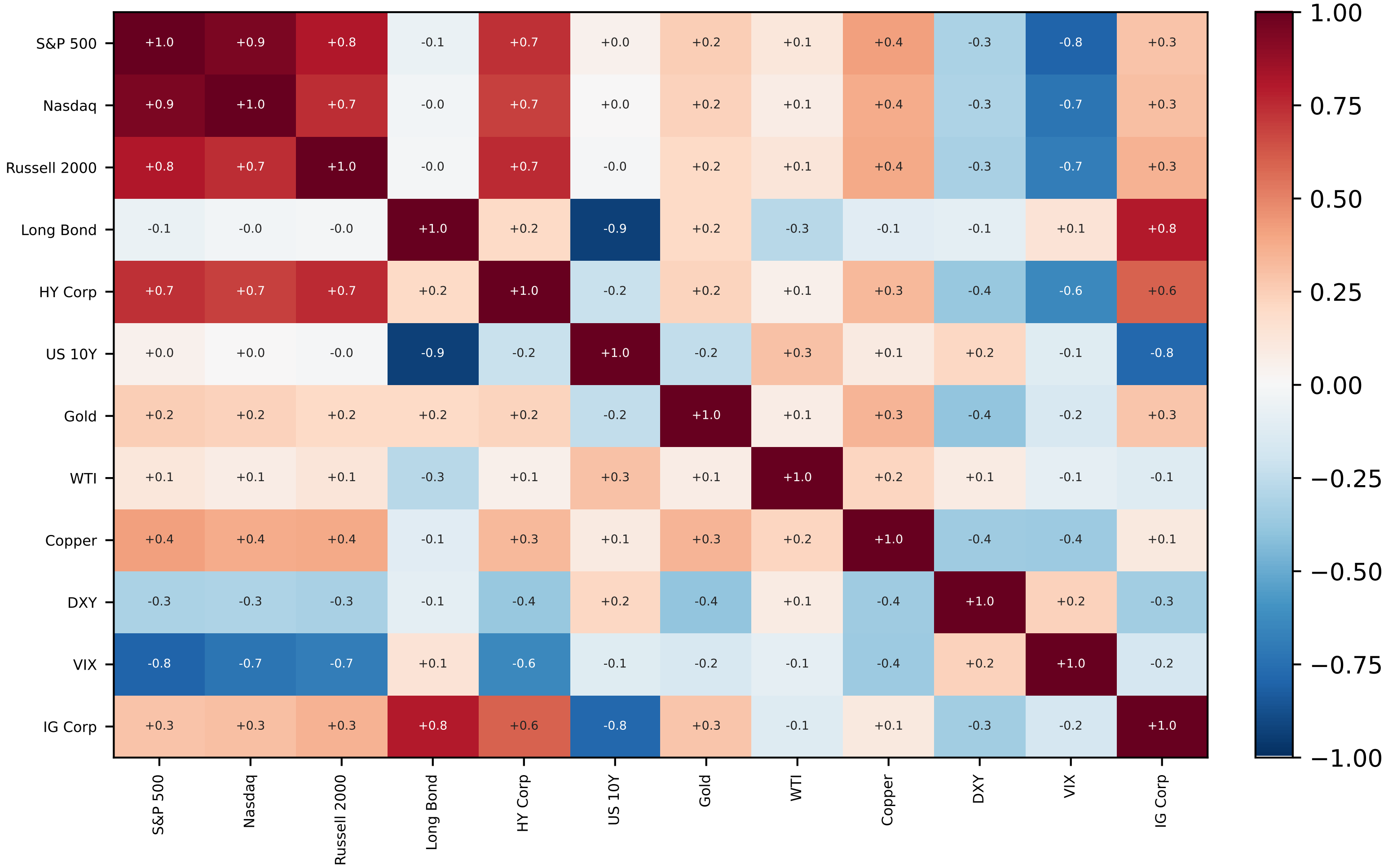
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

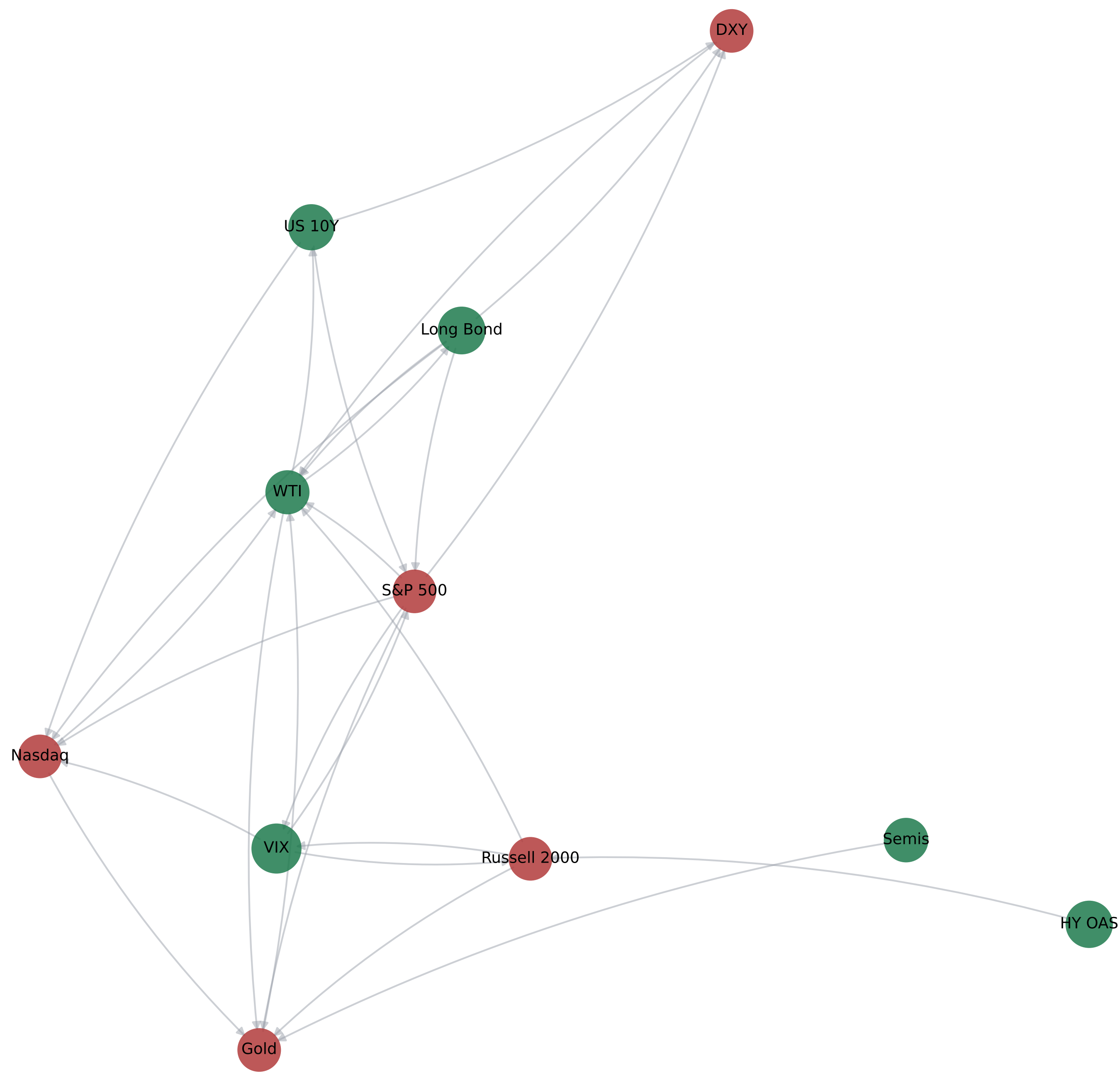


N=12 · persistence 0.9078 · now +0.05 · rising = diversification failing in real time

Latest conditional-correlation matrix



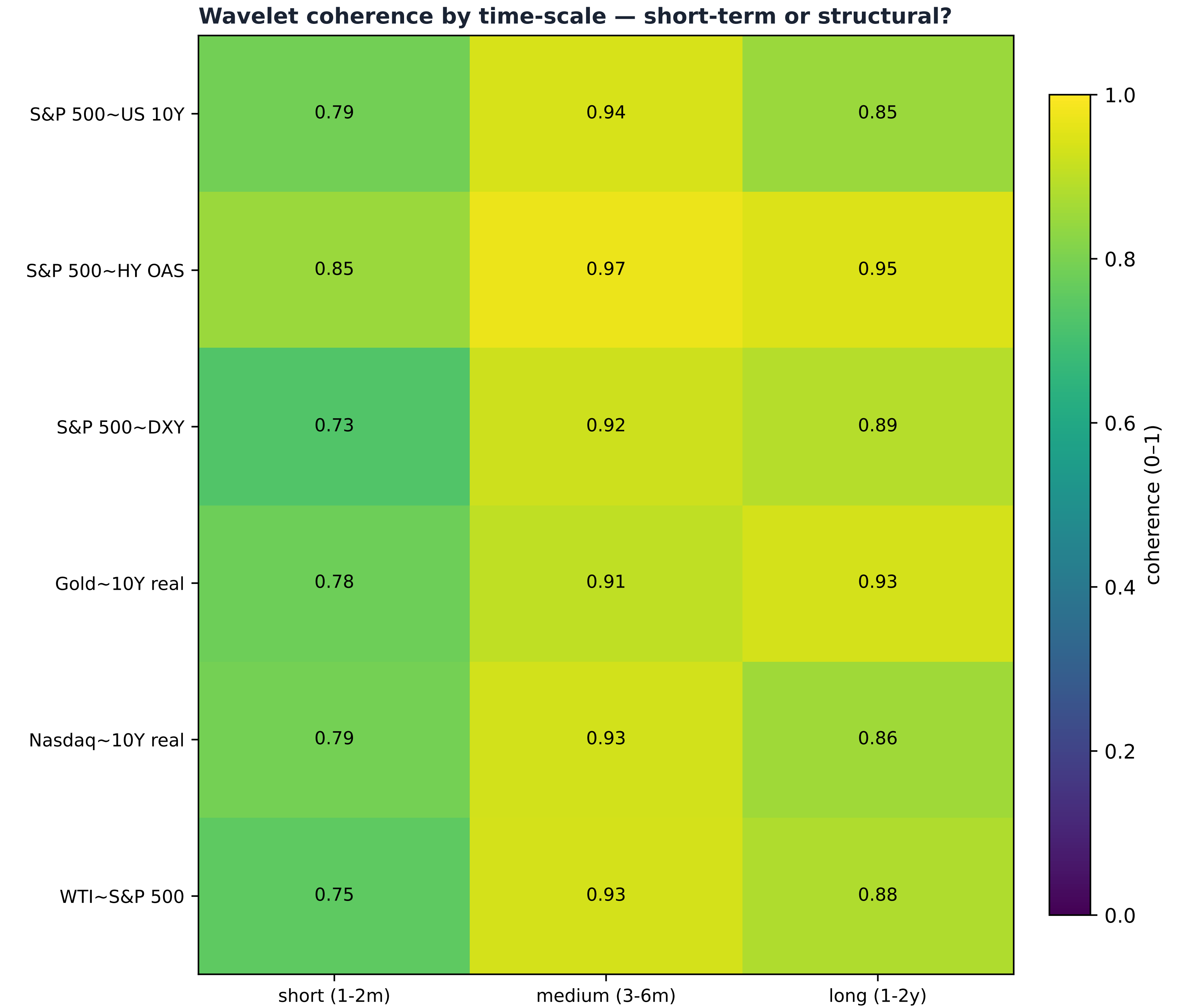
Directional lead-lag — Granger causality network



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

LEADERS: VIX +0.03, Long Bond +0.02, HY OAS +0.02, US 10Y +0.01, Semis +0.00

FOLLOWERS: Gold -0.03, DXY -0.02, Russell 2000 -0.01, Nasdaq -0.01, S&P 500 -0.00


Wavelet coherence by time-scale — short-term or structural?
S&P 500~US 10Y
S&P 500~HY OAS
S&P 500~DXY
Gold~10Y real
Nasdaq~10Y real
WTI~S&P 500
0.79
0.94
0.85
0.85
0.97
0.95
0.73
0.92
0.89
0.78
0.91
0.93
0.79
0.93
0.86
0.75
0.93
0.88
short (1-2m)
medium (3-6m)
long (1-2y)
coherence (0–1)
0.0
0.2
0.4
0.6
0.8
1.0

STATISTICAL RELATIVE VALUE (cointegration)

Mean-reverting US spreads and how stretched each is now

Pair	Coint?	p-val	Hedge	Half-life	Spread z
Growth vs Value	**no**	0.919	0.51	32w	**+3.37**
S&P vs Dow	**yes**	0.006	0.73	7w	**+1.65**
S&P vs Equal-Weight	**yes**	0.030	0.60	7w	**+1.64**
Large vs Small (R2K)	**no**	0.295	0.61	15w	**+1.50**
2Y vs 10Y	**no**	0.932	0.68	39w	**+1.40**
Semis vs Nasdaq	**no**	0.327	0.51	19w	**-0.95**
Gold vs Silver	**no**	0.256	1.17	14w	**+0.58**
Long vs Short Tsy	**no**	0.624	0.07	28w	**+0.57**
WTI vs Brent	**no**	0.097	0.97	1w	**+0.49**
S&P vs Nasdaq	**yes**	0.019	1.23	15w	**-0.43**
VIX vs VIX3M	**yes**	0.030	0.84	2w	**-0.26**
HY vs IG credit	**yes**	0.000	0.32	2w	**+0.06**

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

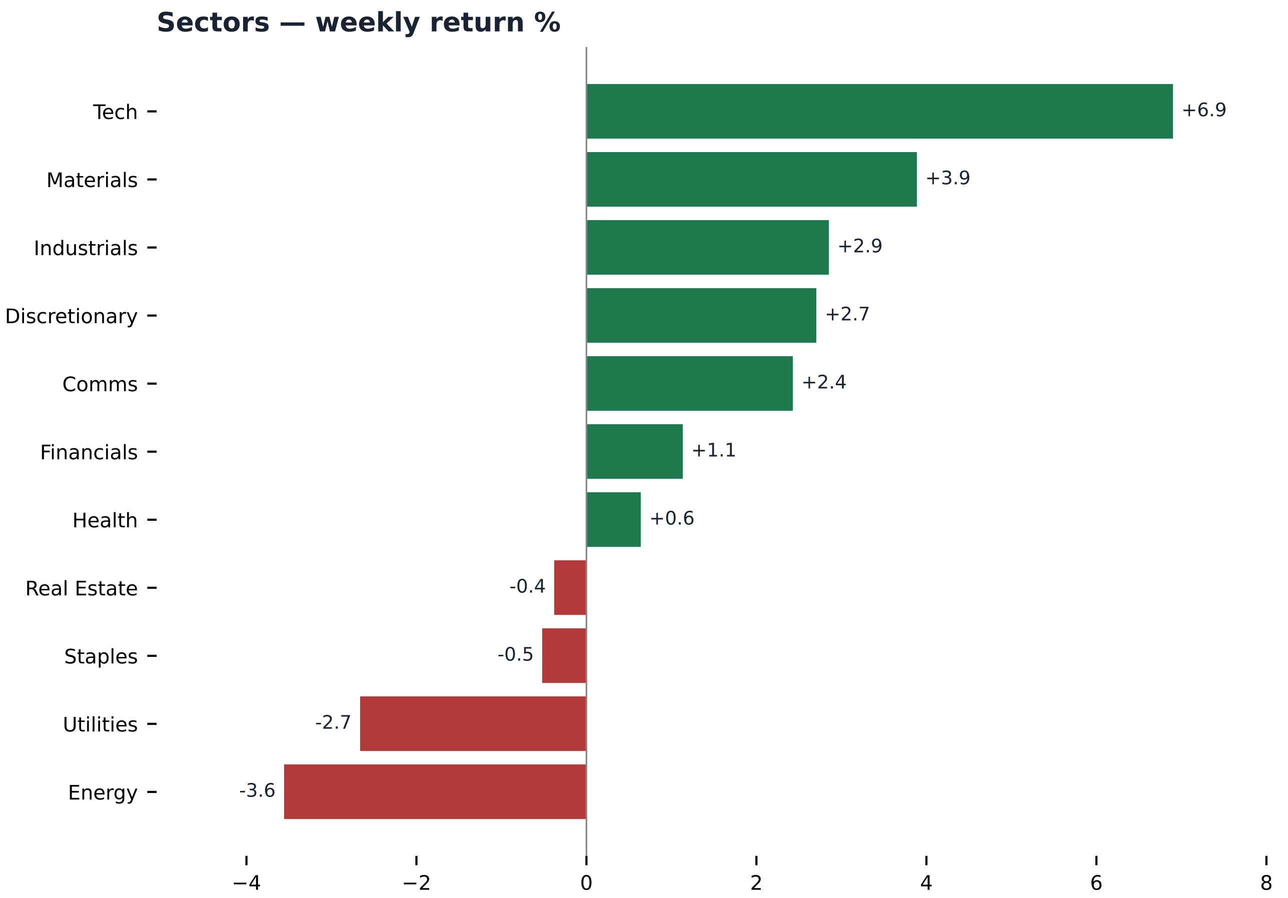
Rotation, Momentum & Fair Value

Sector/factor rotation, trend and what is rich or cheap versus its drivers.

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

Sector & Factor Rotation

Weekly sector return; factor 3m return. Sector breadth 64% up. Growth-Value 3m -8.9%.



MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
S&P 500	+5%	+12%	+21%	**+1.00**	+10%	0%
Nasdaq	+1%	+15%	+24%	**+1.00**	+10%	-1%
Russell 2000	+5%	+12%	+35%	**+1.00**	+11%	-0%
Tech	+7%	+33%	+41%	**+1.00**	+20%	-2%
Financials	+12%	+6%	+11%	**+1.00**	+9%	0%
Energy	+3%	+8%	+35%	**+1.00**	+7%	-8%
Health	+14%	+4%	+26%	**+1.00**	+7%	-0%
Semis	+3%	+45%	+98%	**+0.50**	+26%	-12%
Reg Banks	+9%	+3%	+28%	**+1.00**	+11%	-1%
Gold Miners	-5%	-8%	+55%	**+0.00**	+2%	-22%
Gold	-6%	-11%	+28%	**+0.00**	-2%	-16%
WTI	-19%	+21%	+21%	**+0.50**	-0%	-31%

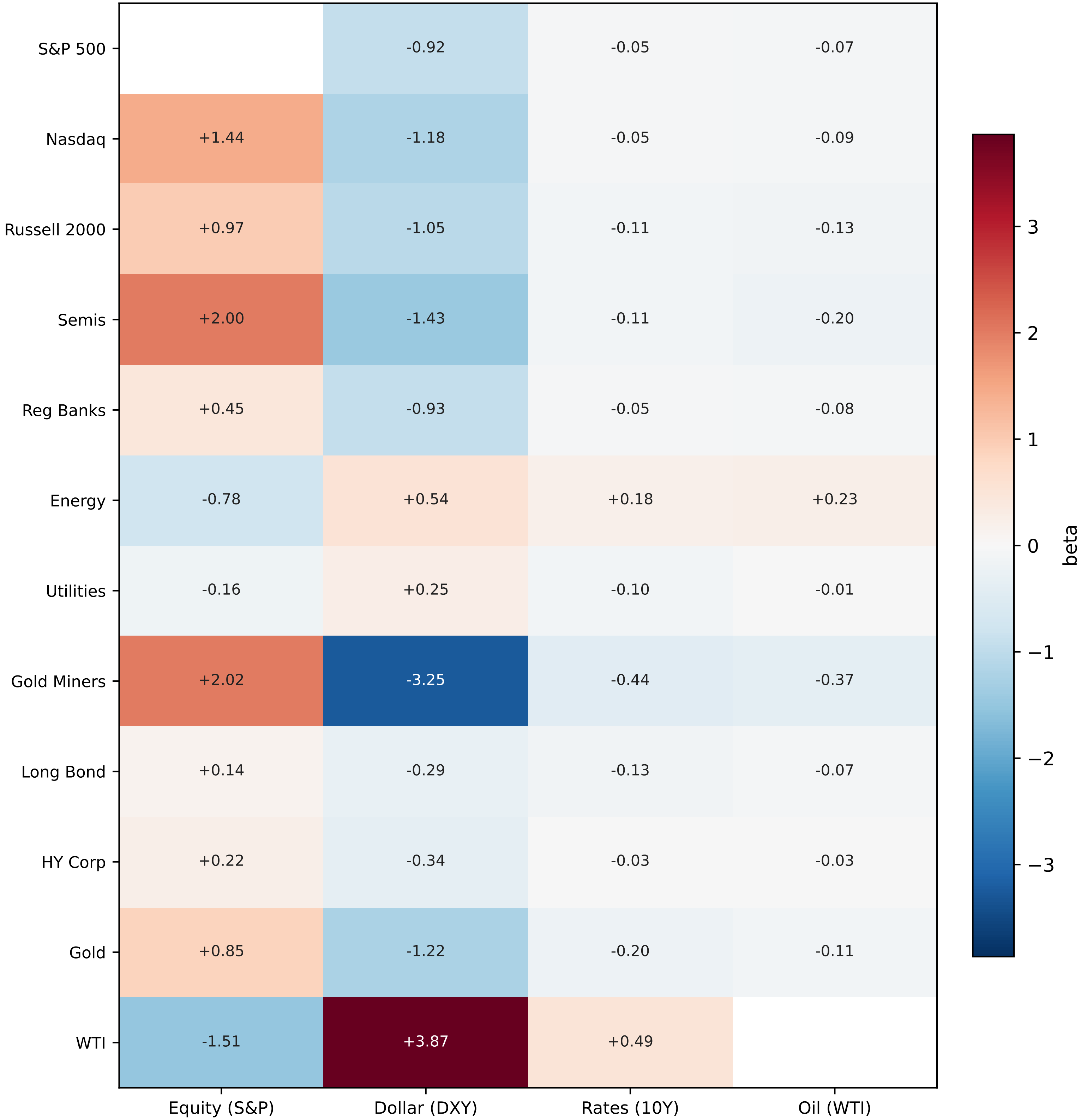
Sector 26-week relative strength:

LEADERS: Tech +33%, Energy +8%, Real Estate +7%, Industrials +7%, Financials +6%, Health +4%

LAGGARDS: Comms -4%, Staples -4%, Utilities -0%, Discretionary +1%, Materials +2%, Health +4%

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



FAIR VALUE — RICH / CHEAP vs DRIVERS

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

S&P vs liquidity & rates

RICH z +1.74

actual 7735.01 · model-fair 5651.82 · gap +36.9% · R^2 0.24

Semis vs Nasdaq

RICH z +1.46

actual 581.70 · model-fair 490.40 · gap +18.6% · R^2 0.94

HY spread vs equity vol

cheap z -0.87

actual 2.75 · model-fair 3.12 · gap -0.4 · R^2 0.07

Gold vs real yield & dollar

RICH z +0.75

actual 4415.30 · model-fair 3814.61 · gap +15.7% · R^2 0.67

Nasdaq vs real yield & S&P

cheap z -0.50

actual 26573.57 · model-fair 26909.94 · gap -1.3% · R^2 0.99

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

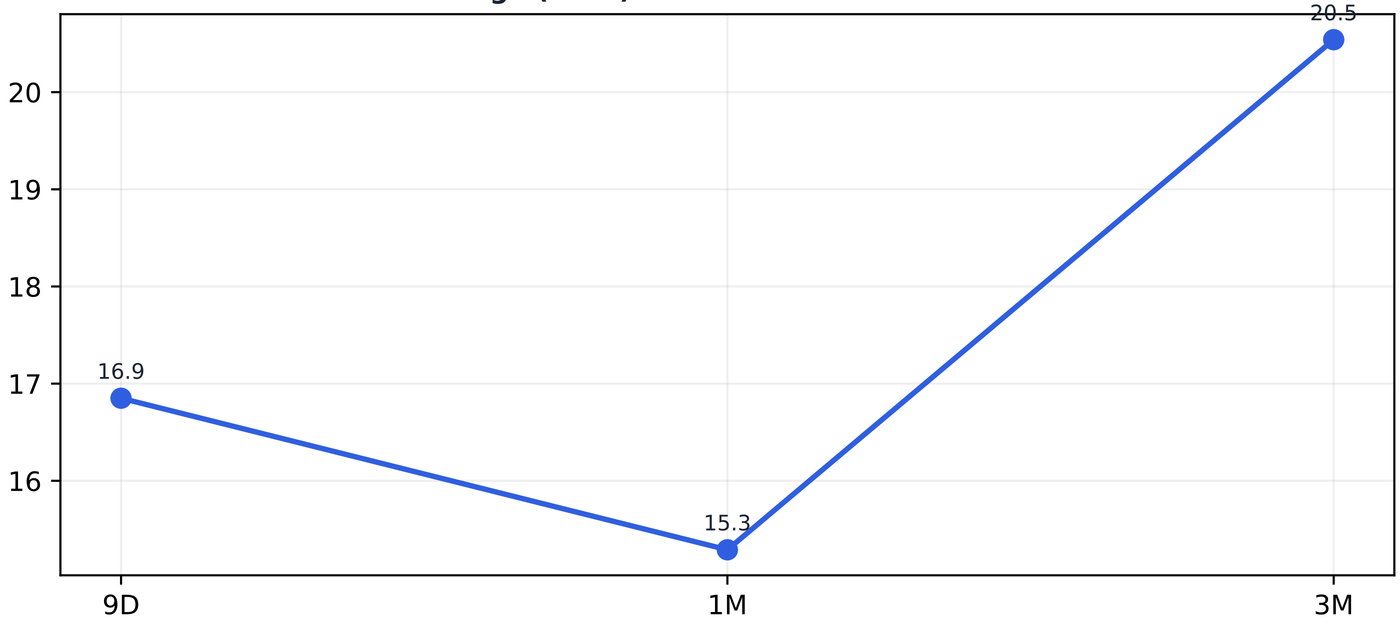
The volatility complex and downside risk.

- VIX term structure, vol-risk premium, SKEW and cross-asset vol
- Tail risk: VaR / expected shortfall, drawdowns, tail dependence

VOLATILITY COMPLEX

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

VIX term structure — contango (calm)



VOL RISK PREMIUM

+2.2 pts

VIX 15.3 − realised 13.1

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

135

30th %ile of 5y — normal

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

Bond vol (MOVE)	71	15th
Oil vol (OVX)	57	90th
Vol-of-vol (VVIX)	89	30th

A positive vol-risk premium (implied > realised) is the usual carry cushion; a negative one flags realised stress. Backwardation (near > far) signals acute fear. SKEW is the cost of crash protection.

TAIL RISK

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

Instrument	VaR5	ES5	DnVol	MaxDD	CurDD	Skew	Kurt
S&P 500	-3.2%	-4.8%	11%	-25%	0%	-0.2	+1.3
Nasdaq	-4.5%	-5.9%	13%	-36%	-1%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	14%	-33%	-0%	-0.2	+0.5
Semis	-7.3%	-10.0%	22%	-45%	-12%	-0.2	+0.6
Reg Banks	-6.3%	-9.7%	21%	-54%	-3%	-0.6	+2.2
Energy	-5.9%	-8.7%	21%	-23%	-8%	-0.7	+3.3
HY Corp	-1.6%	-2.3%	5%	-19%	-10%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-47%	-46%	-0.1	+0.4
Gold	-3.5%	-4.7%	11%	-23%	-16%	-0.1	+1.8
WTI	-9.7%	-11.9%	26%	-53%	-36%	+0.6	+3.5

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

Nasdaq 0.75   Russell 2000 0.60   HY Corp 0.47   Long Bond 0.15   Gold 0.13

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

	03-20	03-27	04-02	04-10	04-17	04-24	05-01	05-08	05-15	05-22	05-29	06-05	06-12	06-18	06-26	07-02	07-10	07-12	07-13	07-20	07-27	08-03	08-06	08-07
Regime	R-	R-	R+	R+	R+	R+	R+	R+	R-	R+	R+	R-	R+	R+	R+	R+	R+	N	N	N	N	N	R+	R+
Risk appetite																							+0.72	+0.53
Macro nowcast																							-0.22	-0.20
Quadrant	Stag	Stag	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl
Breadth %	18	36	91	91	73	45	82	64	36	82	45	55	82	45	55	64	45	55	55	36	73	45	73	64
PC1 share																							34	34
VIX	27	31	24	19	17	19	17	17	18	17	15	22	18	16	18	16	15	15	17	18	18	16	16	15
HY OAS	3.2	3.4	3.1	2.9	2.8	2.9	2.8	2.8	2.8	2.7	2.7	2.8	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.7	2.8
2s10s bp	1	1	1	0	1	1	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rec Prob %	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
S&P 1w %	-1.9	-2.1	+3.4	+3.6	+4.5	+0.5	+0.9	+2.3	+0.1	+0.9	+1.4	-2.6	+0.6	+0.9	-2.0	+1.8	+1.2	+0.5	+0.5	-0.8	-0.4	+1.0	+3.3	+3.3

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