

ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-09-21

69 market instruments + 60+ macro series | Reflation quadrant | 2899 days



REGIME: Risk-on

EXECUTIVE SUMMARY

The regime model puts 67% posterior weight on risk-on against 33% risk-off, and the composite risk-appetite scorecard reads +0.42, so the default lean is constructive but not aggressive. The support is narrow and specific: trend (+1.51) and credit (+1.03) carry the score while breadth (-0.18) and concentration (-0.44) drag on it. Lean into large-cap tech and semis, into high-beta and quality, and stay underweight the defensive complex — utilities, staples and energy each fell roughly 2.6-2.8% this week — while treating small caps and equal-weight exposure as funding rather than expression. In rates, favour the front end and 5-7y over the long end with 20s at 5.32% and 30s at 5.29%.

Three developments matter. Tech gained 5.3% and Nasdaq 3.4% while only 27% of sectors rose and the Dow fell 0.8%: the tape is being carried by a handful of names, so index-level strength overstates underlying participation. HY OAS at 2.68% sits in the 7th percentile, which means credit is paying almost nothing for downside protection — take risk in equity, not in spread. And SKEW at 148 against VIX at 15.0 shows cheap at-the-money vol alongside expensive crash protection.

The main risk is a narrow market breaking at the leadership. Semis are 14.6% rich to Nasdaq ($z +1.21$, $R^2 0.95$). Watch VIX through 20 with the term structure inverting from 0.83, HY OAS above 3.25%, and claims above 230k.

Executive Dashboard

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

REGIME Risk-on	QUADRANT Reflation	VIX 15	HY OAS 2.68
-------------------	-----------------------	-----------	----------------

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

S&P 500	7,758.0	+1.8%	+1.1%	+3.7%
Nasdaq	27,080.6	+3.4%	+3.6%	+4.7%
Russell 2000	2,874.6	-0.6%	-4.4%	-2.8%
Tech	194.1	+5.3%	+6.1%	+7.0%
Financials	55.9	-2.0%	-4.1%	+1.7%
Energy	62.7	-2.8%	+0.5%	+12.9%
Long Bond	81.6	+0.8%	-2.0%	-3.3%
HY Corp	78.7	+0.2%	-1.5%	-1.2%
IG Corp	105.0	+0.6%	-1.7%	-2.5%
TIPS	105.6	-0.3%	-1.8%	-2.3%
DXY	100.4	+1.0%	+1.3%	-0.6%
Gold	4,379.0	+0.6%	-5.9%	+7.3%
WTI	92.1	-9.2%	+12.0%	+25.3%
Copper	6.8	+6.8%	+2.5%	+11.6%
VIX	15.0	-2.1	-0.2	-1.9
MOVE	80.6	-3.3	+11.2	+8.2

US CROSS-ASSET SCORECARD

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

RISK APPETITE

Risk-on

score +0.42

risk-off (-1.5)

(+1.5) risk-on



MACRO NOWCAST (growth pulse)

Trend growth

score -0.07

contracting (-1.5)

(+1.5) above-trend



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 · 2026-09-21

TOP GAINERS

Semis	+9.6%
Copper	+6.8%
High-Beta	+5.8%
Tech	+5.3%
Momentum	+5.3%
Silver	+4.4%
Nasdaq-100	+4.4%
Growth	+3.9%

TOP DECLINERS

Brent	-9.3%
WTI	-9.2%
Oil E&P	-4.2%
Gasoline	-4.2%
Transports	-3.7%
Retail	-3.2%
Reg Banks	-2.8%
Energy	-2.8%

KEY LEVELS — week-over-week

S&P 500	7,758.0	+1.8%	WTI	92.1	-9.2%
Nasdaq	27,080.6	+3.4%	DXY	100.4	+1.0%
Russell 2000	2,874.6	-0.6%	Long Bond	81.6	+0.8%
VIX	15.0	-2.1	HY Corp	78.7	+0.2%
Gold	4,379.0	+0.6%	Semis	593.6	+9.6%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	Risk-on
Risk appetite	prior: +0.33	->	+0.42
Macro nowcast	prior: -0.06	->	-0.07
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

The regime model puts 67% posterior weight on risk-on against 33% risk-off, and the composite risk-appetite scorecard reads +0.42, so the default lean is constructive but not aggressive. The support is narrow and specific: trend (+1.51) and credit (+1.03) carry the score while breadth (-0.18) and concentration (-0.44) drag on it. Lean into large-cap tech and semis, into high-beta and quality, and stay underweight the defensive complex — utilities, staples and energy each fell roughly 2.6-2.8% this week — while treating small caps and equal-weight exposure as funding rather than expression. In rates, favour the front end and 5-7y over the long end with 20s at 5.32% and 30s at 5.29%.

Three developments matter. Tech gained 5.3% and Nasdaq 3.4% while only 27% of sectors rose and the Dow fell 0.8%: the tape is being carried by a handful of names, so index-level strength overstates underlying participation. HY OAS at 2.68% sits in the 7th percentile, which means credit is paying almost nothing for downside protection — take risk in equity, not in spread. And SKEW at 148 against VIX at 15.0 shows cheap at-the-money vol alongside expensive crash protection.

The main risk is a narrow market breaking at the leadership. Semis are 14.6% rich to Nasdaq (z +1.21, R^2 0.95). Watch VIX through 20 with the term structure inverting from 0.83, HY OAS above 3.25%, and claims above 230k.

Regime, Scorecard & Market State

The Markov model assigns 67.2% to risk-on and 32.8% to risk-off with no weight on neutral, which is a meaningful but not overwhelming tilt — roughly a two-to-one bet rather than a conviction call. The growth-inflation quadrant places the economy in Reflation with a g-score of 2.0 and an i-score of 3.0, and the asymmetry there matters: inflation is scoring higher than growth, which is the configuration that eventually pressures the Fed to stay restrictive rather than ease into strength. That reading is corroborated by Michigan inflation expectations at 4.2% and a CPI index of 334.1 against core CPI of 337.8, even though sticky CPI at 2.7% argues the underlying trend is better behaved than the survey suggests.

The risk-appetite scorecard at +0.42 is worth decomposing because the aggregate hides a genuine internal split. The two positive contributors are structural and strong: S&P trend at +1.51 and high-yield credit at +1.03, joined by a VIX term structure component of +0.71. Against that, sector breadth at -0.18, concentration at -0.44 and risk-over-haven at -0.13 are all negative. In plain terms, the market is trending and credit is calm, but participation is thin and the rally is concentrated. That is a tradeable configuration, not a durable one. It argues for staying invested in the leadership while resisting the temptation to extrapolate the index return to the average stock.

The index performance table makes the point directly. The S&P is up 1.8% on the week, 1% on the month and 4% on three months, while Nasdaq is up 3.4%, 4% and 5%. Meanwhile the Dow is down 0.8% on the week and 3% on the month, and the Russell 2000 is down 0.6% and 4%. Breadth of 27% up confirms it. A market where the cap-weighted index rises while the Dow and the small-cap index fall on the same week is one where a narrow set of large growth names is doing the work. The macro nowcast at -0.07 sits squarely at trend growth, so this is not a market being lifted by an accelerating economy — it is a market being lifted by a theme.

Sector & Factor Rotation

Tech's 5.3% week against health at 0.8% and industrials flat is a 5-point spread between the leader and the second-best sector, which is unusual and tells you the dispersion is thematic rather than cyclical. If this were a genuine risk-on broadening you would expect discretionary and industrials to participate; instead discretionary fell 0.6% and industrials were flat. The defensives were hit hardest — utilities -2.6%, staples -2.8% — which superficially reads as risk-seeking, but energy also fell 2.8% and financials dropped 2.0%, and those are not defensive. The cleaner read is a rotation out of everything rate-sensitive, yield-proxy and cyclical into a single growth theme. Utilities and real estate at -1.4%

US Cross-Market Analysis (cont.)

both falling alongside a 10Y at 4.94% and 20Y at 5.32% is consistent with long-duration equity proxies being punished by the long end.

Financials at -2.0% deserves attention given the regional bank linkage. The Russell 2000-to-regional-banks correlation has fallen from +0.60 over 252 days to +0.42 over 63 days, and both are underperforming. With 2s10s at 25bp the curve is barely positive, so the net interest margin story that normally supports bank multiples is weak. Underweighting financials here is consistent with the curve signal rather than a separate call.

The factor data is the most important corrective to a simple risk-on reading. Over three months, quality, value and growth are all up 3%, momentum is flat at 0%, low-vol is up 1% and high-beta is up 4%. The growth-value spread is 0.1 — effectively zero. That means the three-month factor picture shows no style leadership at all, and the only factor with a real edge is high beta at 4%. Momentum at zero is the sharpest signal in the set: it says the recent leadership has not persisted over the quarter, which makes this week's 5.3% tech move look more like a reversal or a squeeze than the continuation of an established trend. Positioning should respect the leadership tactically while recognising that the three-month evidence does not support a structural growth-over-value tilt. High-beta's 4% is the honest expression of the risk-on regime; growth-over-value is not.

The Yield Curve & Rates

The curve is positively sloped across its entire length but flat where it matters and steep where it hurts. Bills run 3.97% at 1M to 4.20% at 6M, the 1Y sits at 4.40%, the 2Y at 4.67%, 5Y at 4.78%, 10Y at 4.94%, then the 20Y jumps to 5.32% with the 30Y at 5.29%. Two features stand out. First, 2s10s at 25bp and 3M10Y at 87bp are both positive, which ends the inversion signal and removes the single most reliable recession indicator from the bear case — but 25bp is a thin margin, and the curve has re-steepened primarily from the long end rather than from front-end cuts, which is bear steepening and a different animal from the bull steepening that normally precedes easing. Second, the 20Y at 5.32% trading above the 30Y at 5.29% is a genuine inversion at the very back end. That kink is a term-premium and supply signal more than a growth signal, and it argues against reaching for the longest duration to capture yield.

For positioning, the belly is where the compensation is cleanest. Moving from 2Y at 4.67% to 5Y at 4.78% picks up 11bp for three years of duration, while moving from 10Y to 20Y picks up 38bp for ten more years — attractive on the face of it, but that extra term premium exists because the market is demanding payment for long-end supply and inflation risk, and it can widen further. With the i-score at 3.0 running ahead of the g-score at 2.0, the risk to the long end is that reflation persists. Cash at 3.97-4.20% is not a bad holding in absolute terms, but it now carries meaningful reinvestment risk if the front end follows any eventual easing lower.

The rate cycle read is that the Fed is on hold in restrictive territory with the economy at trend. Nothing in the front end — 3M at 4.12% against 1Y at 4.40% — is pricing imminent cuts; the 1Y above the 3M actually prices the front end higher a year out, which is a mild hiking tilt. A 30-year mortgage at 7.0% against housing starts of 1,275k and permits at 1,394k shows where that restrictiveness is still biting.

Credit & Financial Conditions

HY OAS at 2.68% in the 7th percentile and IG OAS at 0.77% describe a credit market with essentially no risk premium. The ANFCI at -0.58 and the stress index at -0.85 both confirm financial conditions are loose — negative readings mean easier than average. This is the strongest pillar of the risk-on case, and the credit component contributes +1.03 to the scorecard for good reason: credit markets have historically led equity at turning points, and they are showing no distress at all.

The implication for positioning is asymmetric and should be acted on. At the 7th percentile, high yield has almost no room to tighten and considerable room to widen. An investor gets paid 268bp over Treasuries to own credit risk when the 5Y Treasury alone yields 4.78%; the incremental compensation for

US Cross-Market Analysis (cont.)

taking corporate default risk is thin against a risk-free rate that is already generous. The right expression of the risk-on regime is therefore equity beta, not spread carry — take the risk where the payoff is convex rather than where it is capped at the coupon. For investors holding high yield, this is a reasonable level to reduce and move up in quality, accepting the 77bp IG spread or simply owning the 5-7y Treasury.

The S&P-to-HY correlation supports the caution: +0.67 over 252 days and +0.61 over 63 days means credit and equity are largely the same trade at this point. Holding both is not diversification. The loose conditions reading does mean a stress event would have to come from somewhere other than funding — there is no visible pipe blockage right now — but it also means there is no cushion if one appears.

Factor Structure & Systemic Risk

PC1 explains 66% of sector variance, which is a high single-factor loading and says sector selection is currently a weak diversifier: when the market moves, sectors move together. Across the broader 89-instrument set the structure is more balanced — PC1 Risk (S&P 500) at 34%, PC2 Rates (10Y) at 15%, PC3 Energy (inverse WTI) at 6% and PC4 US dollar at 5%, together 60% of variance. The gap between the 66% sector figure and the 34% cross-asset figure is informative: within equities the market is close to one-dimensional, but across assets there is still a genuine second dimension in rates. That means the real diversification available to an equity investor is in duration and currency, not in rotating between sectors.

The systemic co-movement gauge is the notable counterpoint to all the concentration evidence. Average pairwise conditional correlation across the twelve-asset MV-DCC system is +0.04, identical to a year ago, with persistence at 0.8893. At +0.04, assets are effectively uncorrelated in conditional terms — there is no contagion signature, no crowding into a single macro trade across asset classes. This is the metric that would rise first in a genuine systemic event, and it has not moved in twelve months. Combined with an ANFCI of -0.58, the honest conclusion is that current fragility is an equity-market concentration problem, not a cross-asset systemic one. That distinction matters for how to hedge: the threat is a leadership unwind, which index puts and reduced single-name concentration address, not a correlation-one liquidity event, which they do not.

The high persistence figures across the DCC estimates — 0.9925 for stock-bond and 0.9929 for stock-dollar — mean these correlations change slowly. Whatever hedge relationship is in place now will still be roughly in place next month, which makes the current readings usable for portfolio construction rather than noise.

Cross-Asset Correlation & Lead-Lag

The most consequential number in the briefing is the DCC-GARCH stock-bond correlation at +0.36 now, with the static measures at +0.32 over 252 days rising to +0.44 over 63 days. Positive and rising means Treasuries are not hedging equity risk — they are moving with it. In a deflation quadrant this makes sense: both assets are being driven by the same rates-and-inflation factor, so a bad inflation print hits stocks and bonds together. The practical consequence is that a conventional 60/40 is currently carrying more effective equity risk than its nominal weights suggest, and an investor who believes they are hedged by duration is not. Cash at 4% is the cleaner defensive asset right now precisely because it has no duration to be hurt by the same shock.

The dollar offers the better hedge. S&P-to-DXY sits at -0.30 on the DCC and -0.33/-0.29 on the static measures, so the dollar still rises when equities fall. Gold is more ambiguous: +0.31 rising to +0.38 against the S&P means it is trading as a risk asset, not a haven, though its -0.39/-0.53 correlation to the dollar shows the real-rate channel is still functioning. S&P-to-VIX at -0.84 on the DCC is the usual mechanical relationship and confirms index volatility is the reliable hedge instrument.

On lead-lag, the Granger network shows net leaders of VIX, long bond, HY OAS and US 10Y, with followers gold, DXY, Russell 2000 and Nasdaq. Weekly predictive skill in this kind of network is modest — these are statistical associations at short horizons with low R^2 in practice, and they should not be traded

US Cross-Market Analysis (cont.)

mechanically. What is directionally useful is the structure: the rates and volatility complex leads the equity complex, not the other way round. So watch MOVE at 81 and the 10Y at 4.94% as early information on Nasdaq rather than reading equity strength as confirmation. It also says small caps and Nasdaq are followers, which undercuts any argument that this week's tech move is itself leading information.

Relative Value & Fair Value

The cleanest fair-value signal is semis at 14.6% rich to Nasdaq with a z-score of +1.21 on an R^2 of 0.95. The high R^2 matters enormously here: a 95% fit means the historical relationship between semis and Nasdaq is tight and reliable, so a 14.6% deviation is a real dislocation rather than model noise. This is precisely the leadership that drove the week's 5.3% tech move, and the residual model says it has run ahead of the index it normally tracks. For an investor already long the theme, this argues for rotating semiconductor exposure into broader Nasdaq or large-cap tech — keeping the theme, removing the stretched leg. The semis-to-S&P correlation falling from +0.76 to +0.68 over 63 days is a mild confirmation that semis are decoupling upward from the market.

Gold is 12.6% rich against its real-yield and dollar model with a z-score of +0.62 on an R^2 of 0.69. The lower fit means less conviction — 69% explanatory power leaves substantial unexplained variance, and the z of +0.62 is under one standard deviation. This is a reason not to add to gold at these levels rather than a reason to short it, especially given its positive and rising equity correlation, which means it is not currently buying the portfolio protection an allocator would want it for.

Nasdaq itself is only 0.7% rich against real yields and the S&P on an R^2 of 0.99, with a z of +0.28. That near-perfect fit and negligible residual is genuinely reassuring: the index is trading almost exactly where rates and the broad market say it should. The dislocation in this market is not at the index level — it is one layer below, in semis. That is a narrow, addressable problem rather than a valuation warning on tech as a whole.

Volatility & Tail Risk

VIX at 15.0 against VIX3M at 18.1 gives a term structure ratio of 0.83, a firmly upward-sloping curve that signals no near-term stress and contributes +0.71 to the risk-appetite score. VVIX at 86 is low, meaning the vol-of-vol market is not pricing an imminent volatility spike either. MOVE at 81 says the rates market is calm despite a 10Y at 4.94% and a kinked long end. On these three readings alone the market is serene.

SKEW at 148 is the dissent. That is an elevated reading and it says out-of-the-money puts are expensive relative to at-the-money options — someone is paying up for crash protection even while the front VIX sits at 15. The combination of low VIX, low VVIX and high SKEW describes a market that is calm day to day but where the options market assigns a fat left tail. This is not a contradiction; it is the exact signature of a concentrated, thin-breadth rally, and it lines up precisely with the -0.44 concentration and -0.18 breadth components of the scorecard.

The practical trade this sets up is that at-the-money volatility is cheap and tail protection is not. An investor wanting to hedge should prefer index puts closer to the money or simple VIX-referenced exposure over deep out-of-the-money strikes, where the premium already reflects the fear. With the term structure at 0.83, holding protection costs carry as it rolls up the curve, so hedges should be sized and dated deliberately rather than held open-endedly.

Expected shortfall at the 5% level is -4.8% for the S&P, -5.9% for Nasdaq and -6.4% for the Russell 2000. Those are moderate rather than alarming, and current drawdowns are zero for the S&P and Nasdaq. The Russell at -6% drawdown with the worst tail risk of the three is the clearest statement of where the weakness already sits: small caps are both the most exposed and already losing ground, down 4% over a month.

US Cross-Market Analysis (cont.)

Macro Pulse & Recession Risk

The recession indicators are close to uniformly benign and should be reported as such. NY Fed recession probability is 0.8%, effectively zero. The Sahm rule reads -0.07, well below the 0.50 trigger, meaning unemployment is not rising off its lows in the pattern that historically marks a recession start. 2s10s at 25bp is positive, removing the inversion signal. Initial claims at 196,000 with continued claims at 1.73 million are outright strong — sub-200k claims is a tight labour market, not a deteriorating one. Unemployment at 4.1% with U6 at 7.7% and payrolls at 159.08 million confirm it.

The macro nowcast at -0.07 sits at trend growth, and its components explain why it is not higher despite the strong labour data. The weekly economic index (+0.32), initial claims (+0.30) and industrial production (+0.32) all contribute positively, Chicago Fed NAI is neutral at 0.00, and the entire drag comes from consumer sentiment at -1.28. Michigan sentiment of 55.2 is a depressed reading, and with the saving rate at 3.0% and retail sales at \$773.9bn the consumer is spending without much buffer. That is the vulnerability in an otherwise solid picture: a labour-market wobble would meet a consumer with almost no savings cushion, which is why the claims print is the single macro number worth watching weekly.

On the inflation side, the i-score of 3.0 and Michigan expectations at 4.2% argue against imminent easing, though sticky CPI at 2.7% is a more encouraging read on underlying trend. Capacity utilisation at 76.3% and industrial production at 103.1 show no overheating in the goods sector. Job openings at 7.27 million against 1.73 million continued claims is still a tight ratio.

Net liquidity at \$5,869bn is up \$89bn on the month, a supportive but modest tailwind — roughly 1.5% growth, enough to not be a headwind and not enough to be the explanation for a 3.4% Nasdaq week. It should be read as permissive background conditions, not as fuel.

Key Risks & What to Watch

The central risk is straightforward and follows from everything above: this is a narrow market with a stretched leader, priced for calm, in an economy where inflation is scoring higher than growth. Breadth at 27%, a concentration component of -0.44, PC1 at 66% of sector variance and semis 14.6% rich on a 0.95 R^2 all describe the same vulnerability from different angles. If the leadership breaks, sector diversification will not help because the sectors move as one, and duration will not help because the stock-bond correlation is +0.36 and rising. Momentum at 0% over three months already says the persistence of leadership is weaker than a single 5.3% week suggests.

The second risk is the reflation quadrant itself. With the i-score at 3.0 against a g-score of 2.0, an upside inflation surprise would push the long end higher from a 20Y already at 5.32%, and with a positive stock-bond correlation that hits equities and bonds together. Michigan expectations at 4.2% are the fragile input; if they harden, the long end reprices and the yield-proxy sectors that already fell this week fall further.

The third is credit complacency. HY OAS at the 7th percentile offers no cushion, and with the S&P-HY correlation at +0.61 over 63 days, credit and equity are one position.

Concretely, the view holds while VIX stays below 20 with the term structure above roughly 0.90, HY OAS below 3.25%, claims below 230,000 and 2s10s positive. It changes if VIX moves through 20 and the 0.83 term ratio inverts toward 1.0, if HY OAS widens through 3.25% toward the 20th percentile, if 2s10s re-inverts from 25bp, if initial claims break above 230,000 for two consecutive weeks, or if the Sahm reading moves from -0.07 toward 0.30. On the constructive side, the view strengthens if breadth rises from 27% above 50% for a sustained stretch while the S&P holds its trend, or if the semis premium mean-reverts from +14.6% without the Nasdaq breaking — that would be a rotation rather than a top. Watch MOVE at 81 and the 10Y at 4.94% first: the lead-lag network puts rates and volatility ahead of equities, and while weekly predictive skill there is modest, the ordering is the right place to look for early warning.



PART I

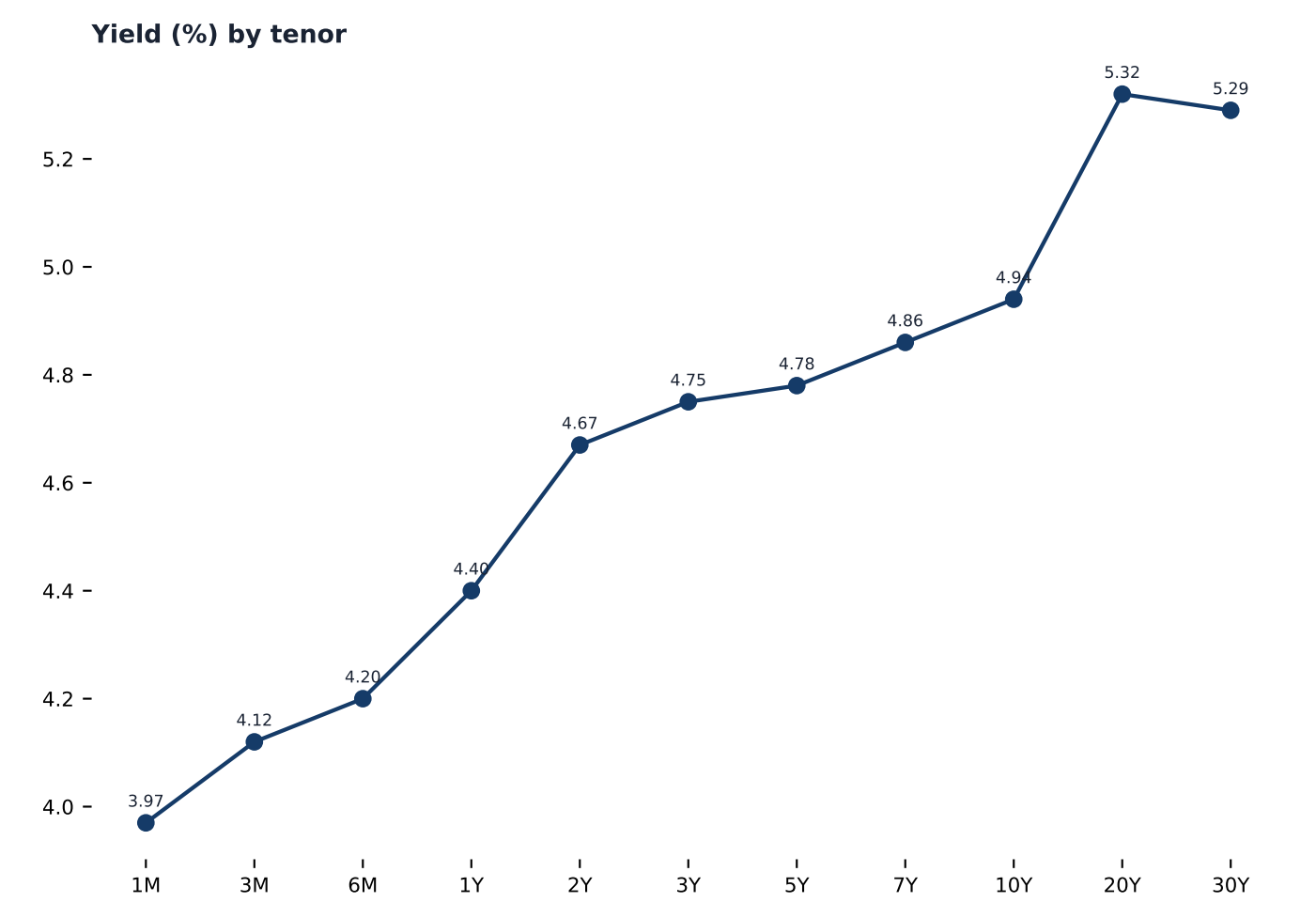
Rates, Credit & Macro

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 +0.25bp, 3M-10Y +0.87bp (positive).



Credit, Financial Conditions & Volatility

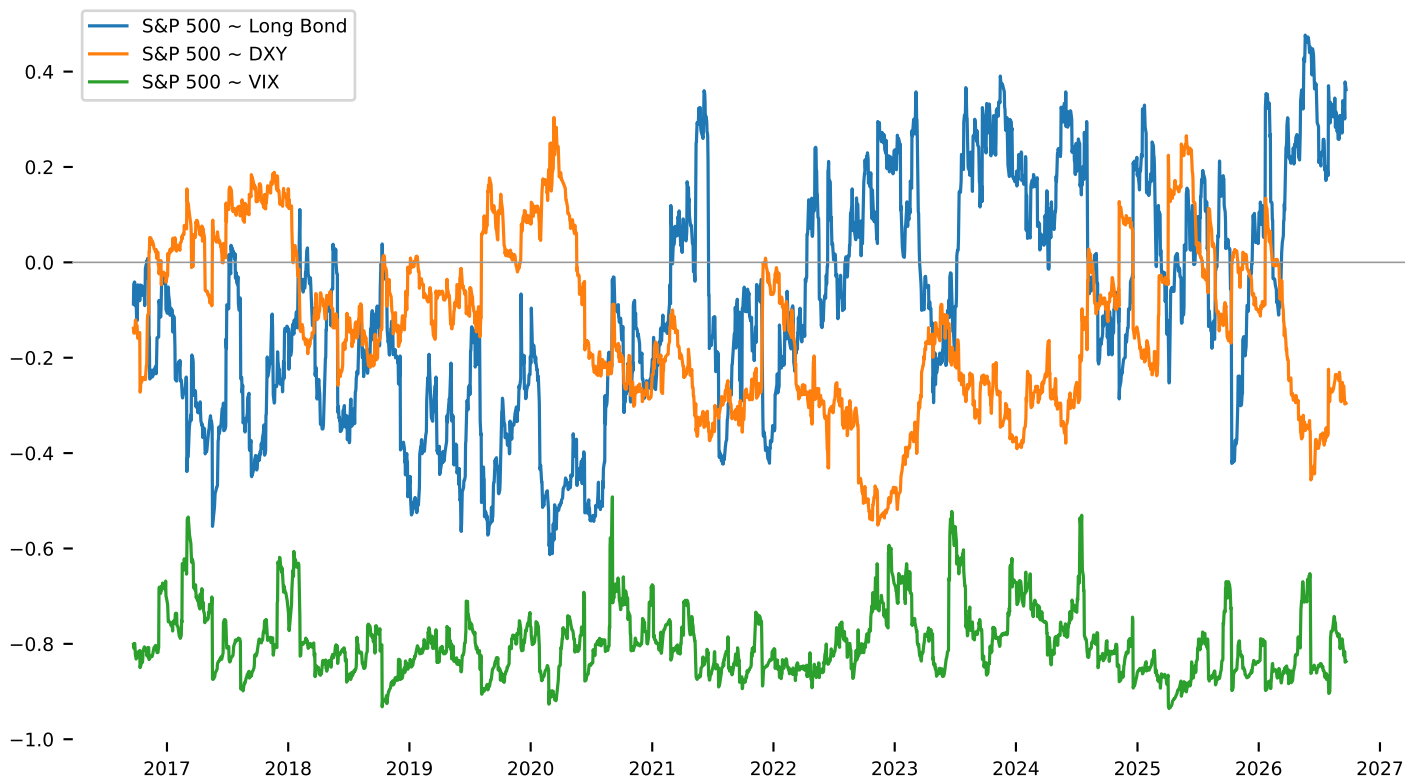
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	2.68	7th pctile
IG OAS	0.77	
Fin Conditions (ANFCI)	-0.58	0 = average; +tight
St. Louis Stress	-0.85	
VIX	15.0	term VIX/VIX3M 0.83
VIX3M	18.1	
VVIX (vol of vol)	86	
MOVE (bond vol)	81	
SKEW (tail hedging)	148	

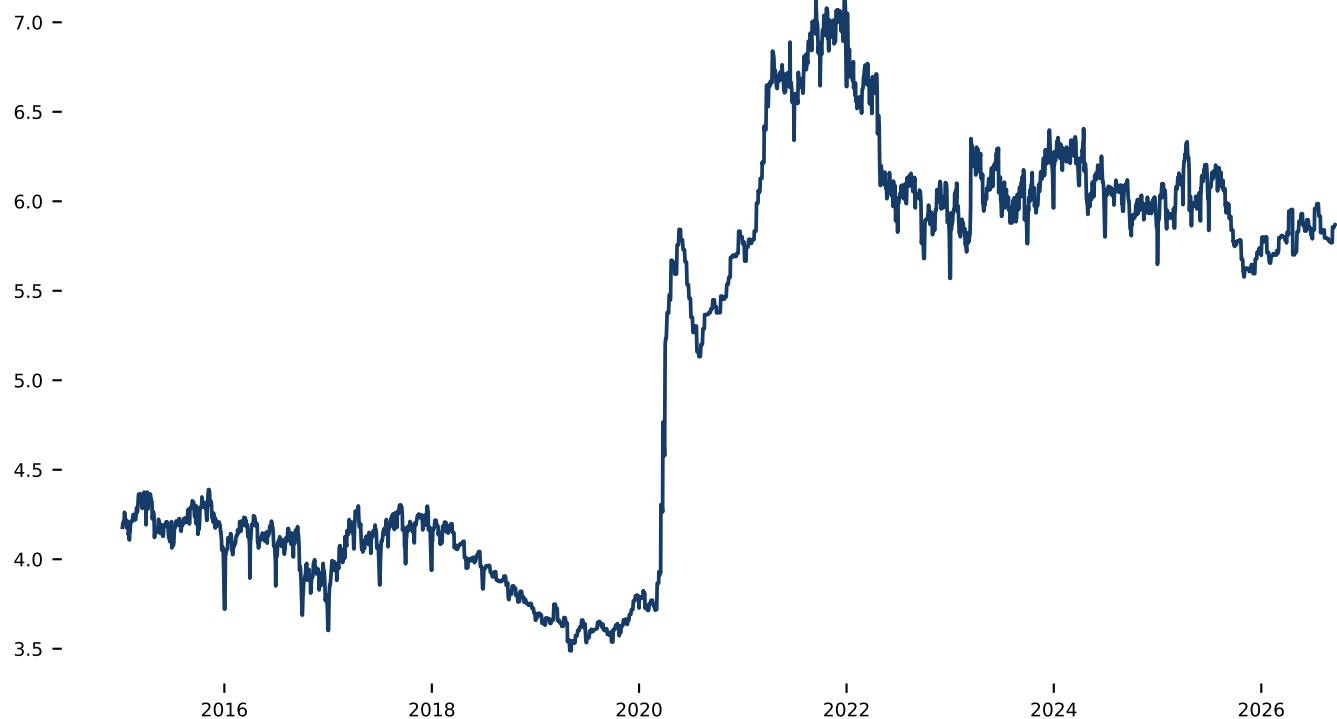
Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.67, Risk-off 0.33). Quadrant: Reflation.

DCC-GARCH: stock-bond, stock-dollar, stock-VIX



Fed net liquidity (\$ trillion) — WALCL - TGA - RRP



Macro Pulse: Labor

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

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	159,075.00	+162.00	2026-08
Unemployment %	4.10	+0.00	2026-08
U6 underemployment %	7.70	-0.20	2026-08
Participation %	61.60	+0.20	2026-08
Job openings (k)	7,271.00	+89.00	2026-07
Avg hourly earnings \$	37.75	+0.10	2026-08
Initial claims (wk)	196,000.00	-10,000.00	2026-09
Continued claims	1,730,000.00	-39,000.00	2026-09

Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	334.13	+1.32	2026-08
Core CPI index	337.76	+0.98	2026-08
PCE index	131.66	+0.20	2026-07
Core PCE index	130.66	+0.32	2026-07
PPI index	287.93	+2.75	2026-08
Michigan inflation exp %	4.20	-0.40	2026-07
Sticky CPI %	2.74	-0.02	2026-08

Macro Pulse: Growth, Consumer & Housing

Activity, the consumer, and the housing cycle.

INDICATOR	LATEST	CHANGE	AS OF
Real GDP (bn)	24,269.61	+89.19	2026-04
Industrial production	103.07	+0.02	2026-08
Capacity utilization %	76.27	-0.05	2026-08
Chicago Fed NAI	-0.04	-0.12	2026-08
Weekly Econ Index %	3.07	-0.66	2026-09
Durable goods (\$m)	339,392.00	+3,613.00	2026-07
Retail sales (\$m)	773,947.00	+9,485.00	2026-08
Saving rate %	3.00	+0.40	2026-07
Consumer sentiment	55.20	+5.70	2026-07
Housing starts (k)	1,275.00	-34.00	2026-08
Building permits (k)	1,394.00	-39.00	2026-08
New home sales (k)	607.00	-71.00	2026-07
Case-Shiller HPI	336.66	+1.23	2026-06
30y mortgage %	6.95	+0.19	2026-09

Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	3.88	+0.25	2026-09
SOFR	3.85	+0.00	2026-09
M2 (\$bn)	23,207.70	+164.40	2026-08
Bank reserves	3,051.50	+32.70	2026-07
C&I loans (\$bn)	2,945.08	+45.57	2026-08
Consumer credit (\$bn)	5,186,204.07	+18,062.36	2026-07

Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	0.8%	12m-ahead, curve-based
Sahm rule (real-time)	-0.07	>0.50 triggers
2s10s curve	+0.25 bp	inverted = warning
Initial jobless claims	196,000	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 +0.76	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 -0.01



PART II

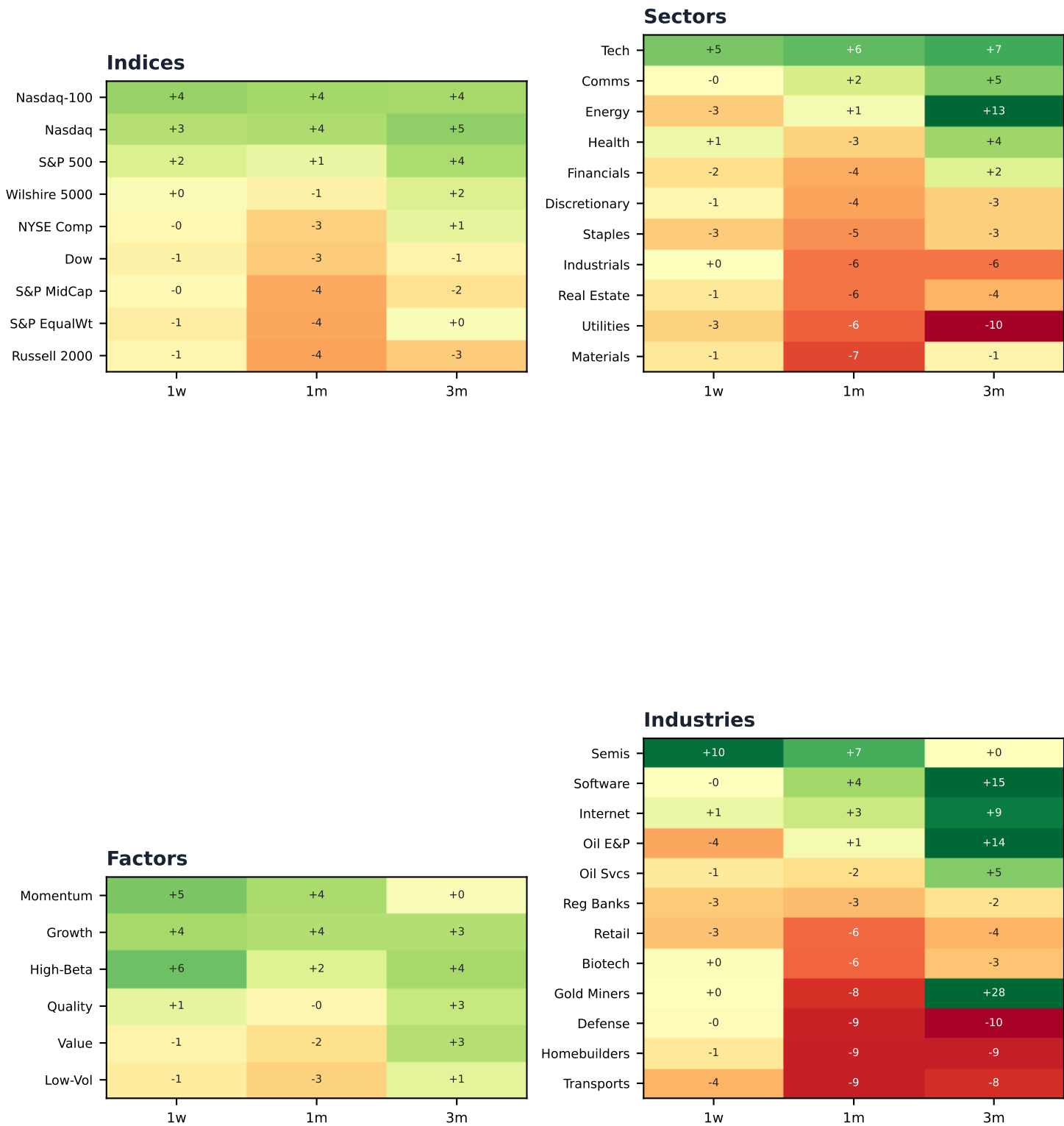
Cross-Market Structure

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

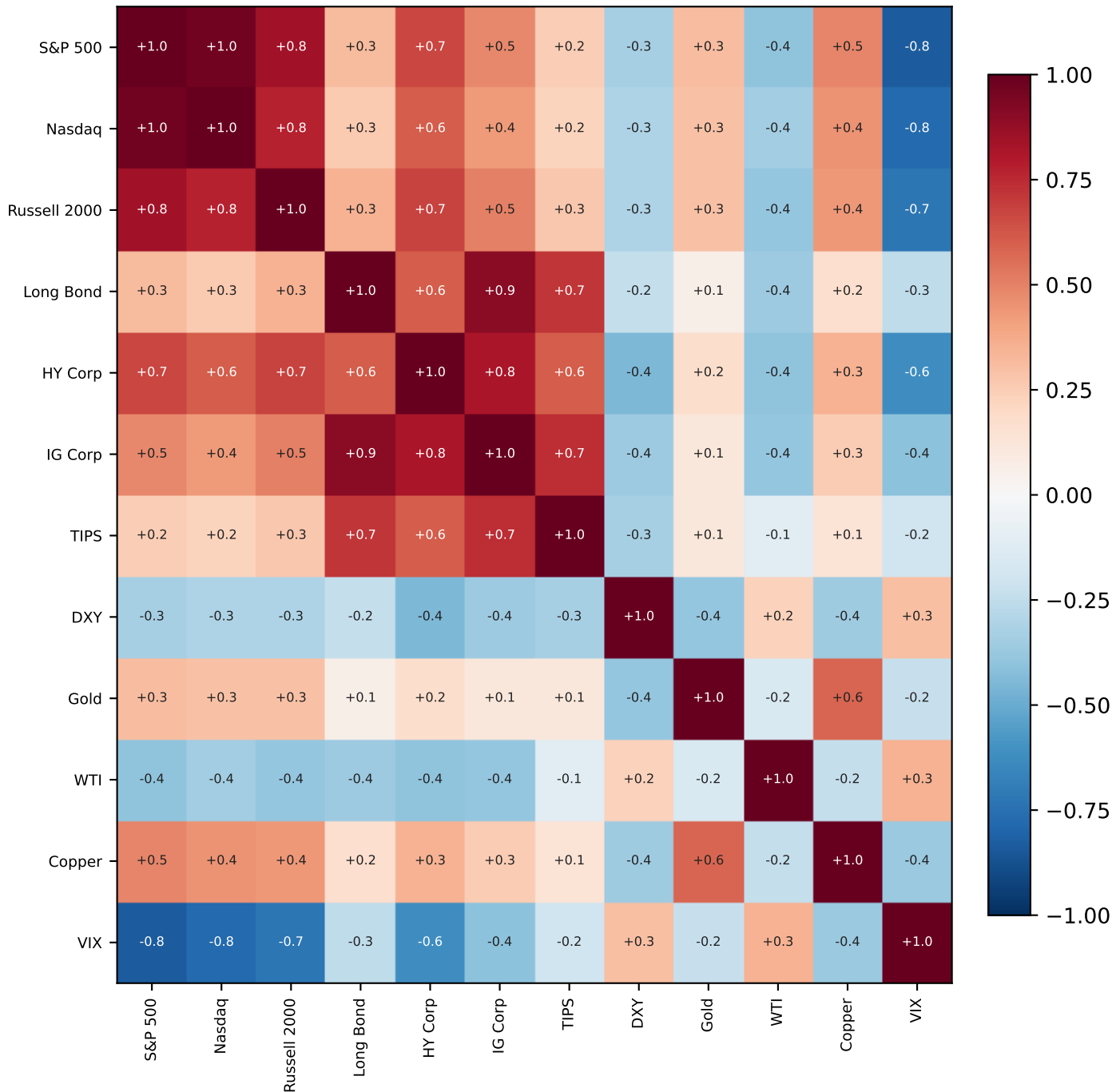
Returns Heatmap

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



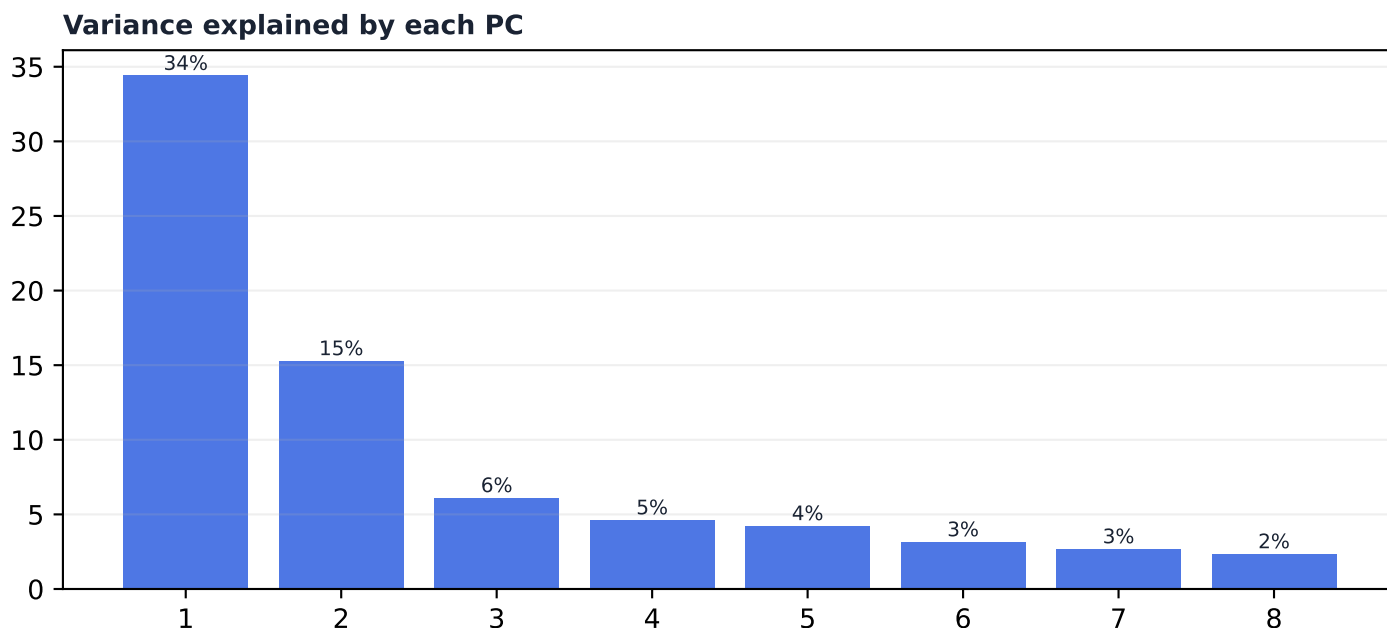
Cross-Asset Correlation (252d, daily)

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



CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 89 instruments (156 weeks)



PC1 — Risk (S&P 500)

34.4% of variance (cum 34%) · marker corr +0.92

+ S&P EqualWt +0.17, Wilshire 5000 +0.17, NYSE Comp +0.17, Value +0.17, S&P 500 +0.17
- VIX3M -0.15, VIX -0.15, VIX9D -0.14, HY OAS -0.14, CCC OAS -0.12

PC2 — Rates (10Y)

15.3% of variance (cum 50%) · marker corr +0.92

+ US 10Y +0.25, US 5Y +0.25, US 2Y +0.24, US 30Y +0.23, 10Y real +0.21
- 7-10y Tsy -0.25, Agg Bond -0.24, Long Bond -0.23, MBS -0.23, IG Corp -0.21

PC3 — Energy (WTI) (inverse)

6.1% of variance (cum 56%) · marker corr -0.70

+ Growth +0.13, Tech +0.13, Nasdaq-100 +0.13, Nasdaq +0.13, Internet +0.12
- Energy -0.33, Oil E&P -0.33, Brent -0.31, WTI -0.30, Commodities -0.28

PC4 — US dollar

4.6% of variance (cum 60%) · marker corr +0.60

+ DXY +0.30, USDJPY +0.20, USDCAD +0.18, SKEW +0.16, Software +0.15
- EURUSD -0.28, Gold Miners -0.25, Gold -0.21, Staples -0.20, Materials -0.20

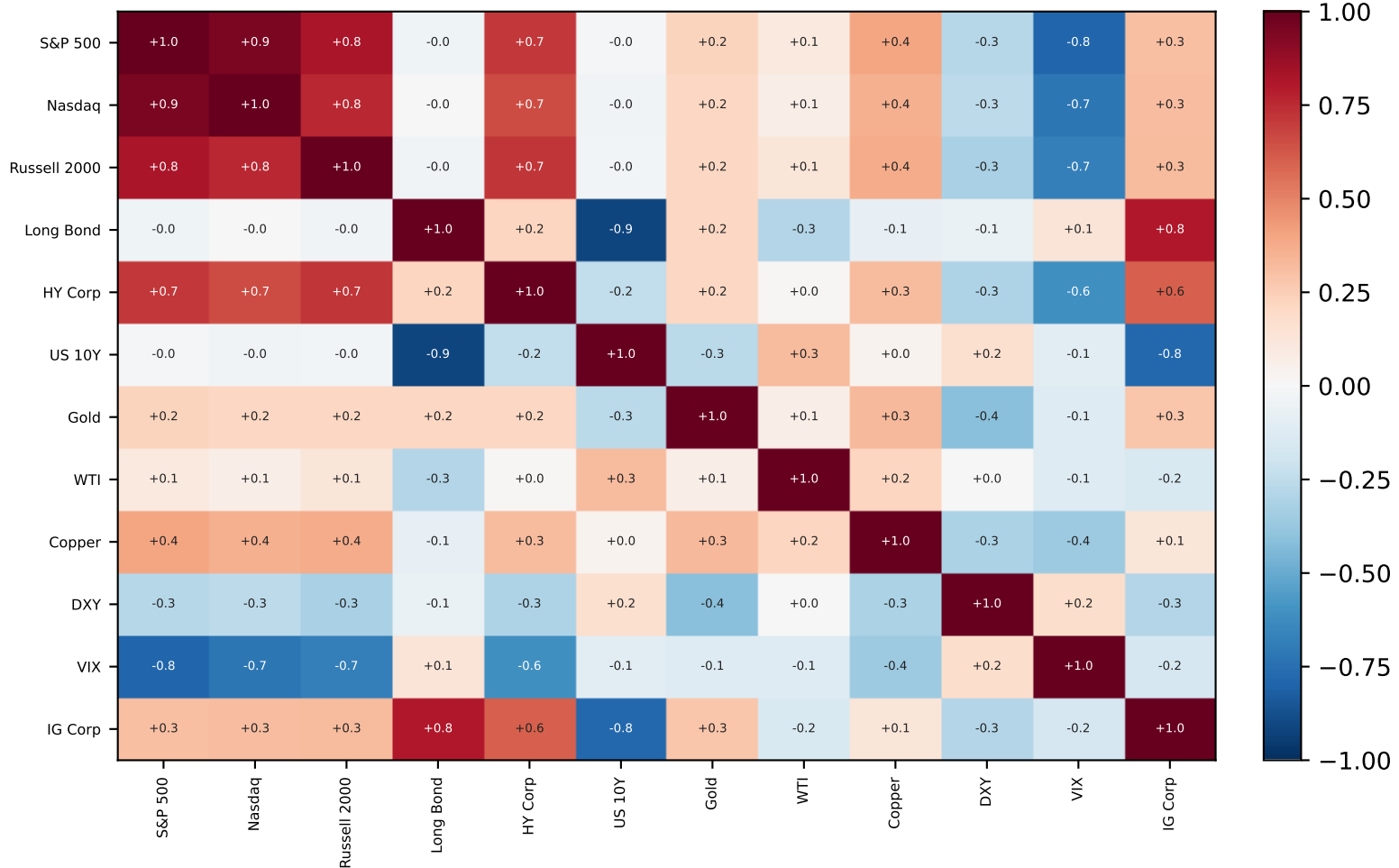
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

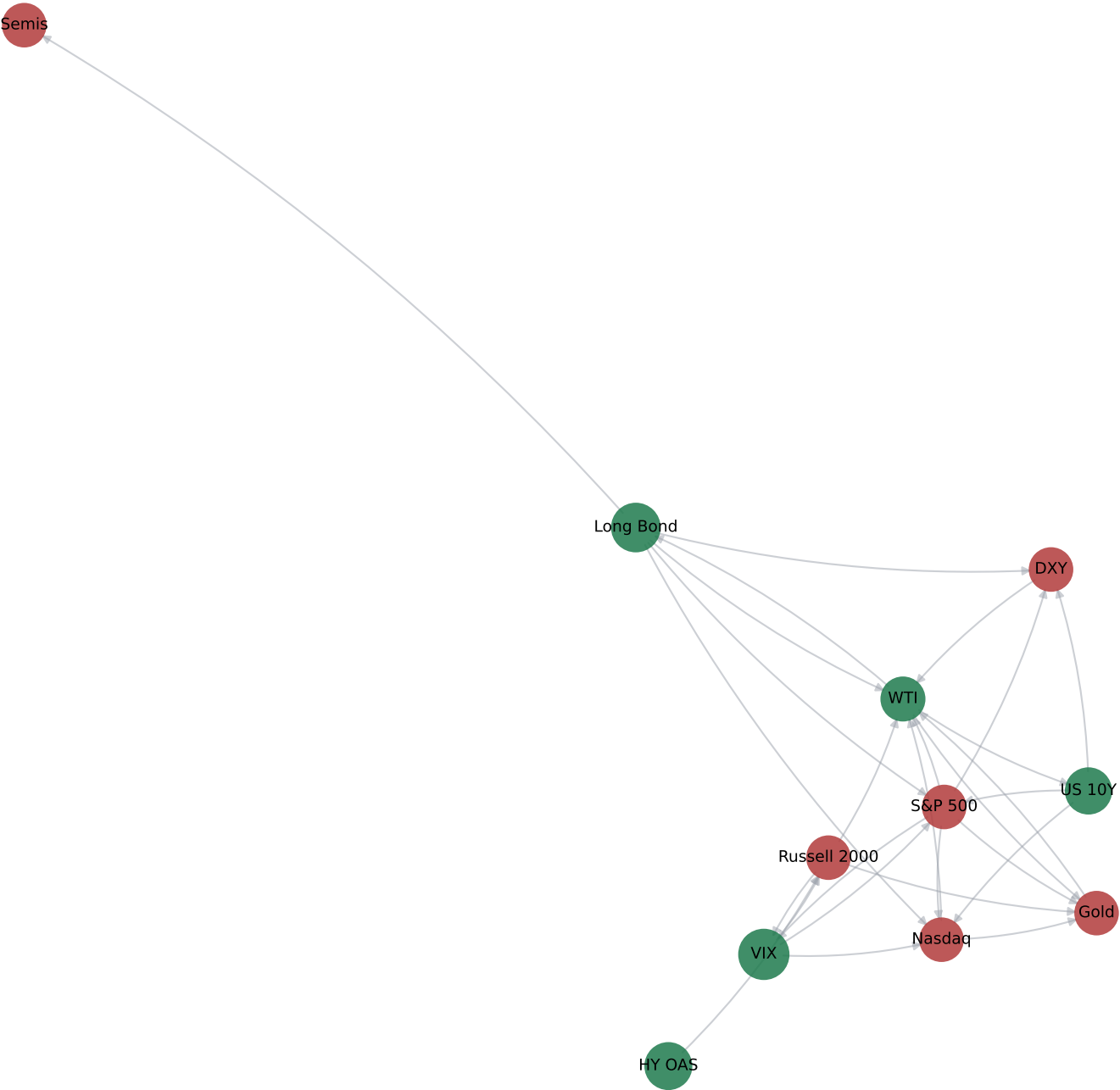


N=12 · persistence 0.8893 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



Directional lead-lag — Granger causality network

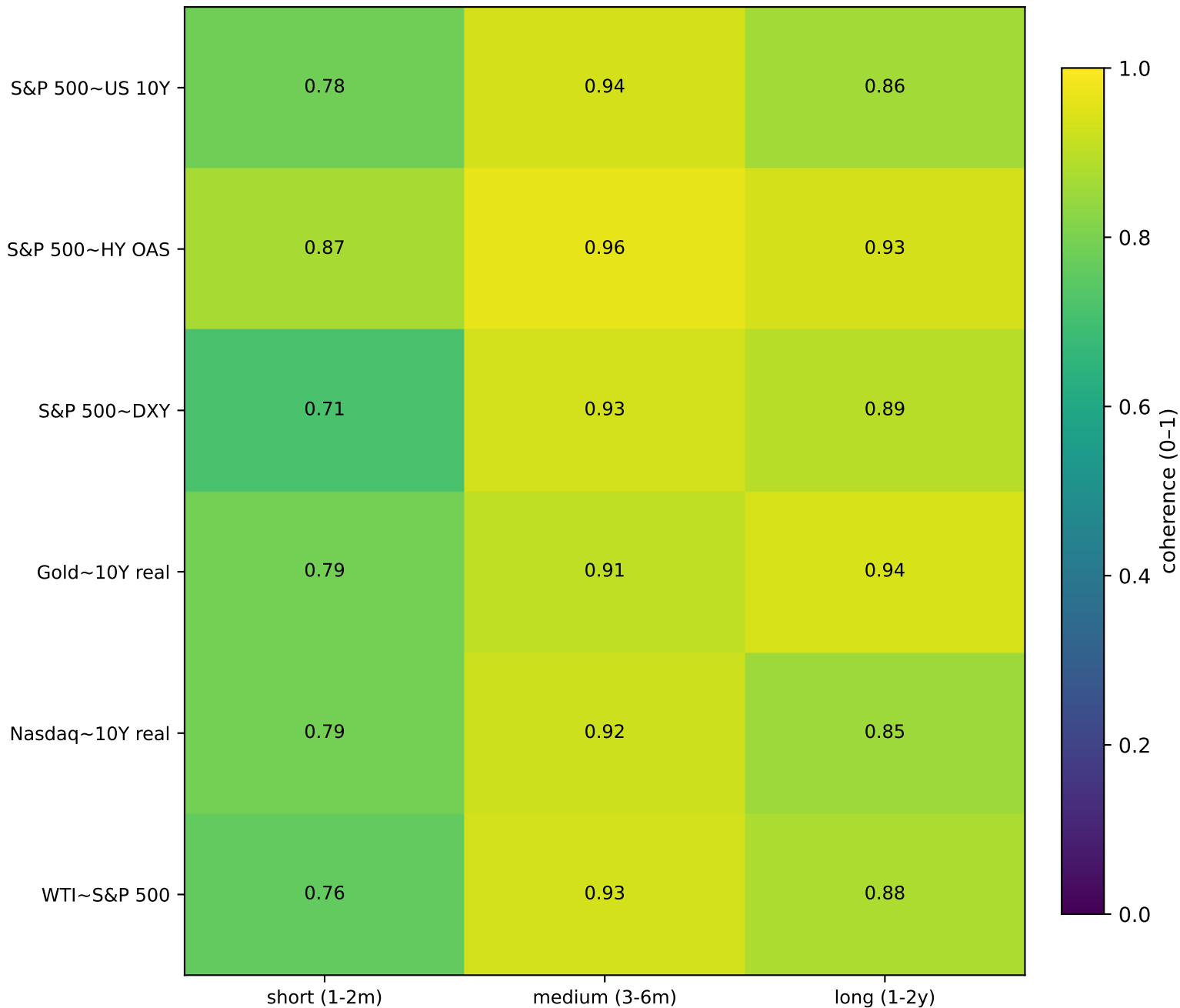


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader)

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

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

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



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	0.864	0.54	30w	+2.36
2Y vs 10Y	no	0.933	0.69	39w	+1.25
Gold vs Silver	no	0.263	1.19	14w	+0.91
Semis vs Nasdaq	no	0.160	0.51	17w	-0.78
Large vs Small (R2K)	no	0.095	0.65	12w	+0.67
S&P vs Dow	yes	0.004	0.73	7w	-0.48
WTI vs Brent	no	0.191	0.97	1w	-0.36
VIX vs VIX3M	yes	0.036	0.84	2w	+0.31
S&P vs Equal-Weight	yes	0.024	0.61	7w	+0.21
HY vs IG credit	yes	0.000	0.30	2w	+0.19
Long vs Short Tsy	no	0.316	0.06	21w	-0.19
S&P vs Nasdaq	yes	0.007	1.24	11w	+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

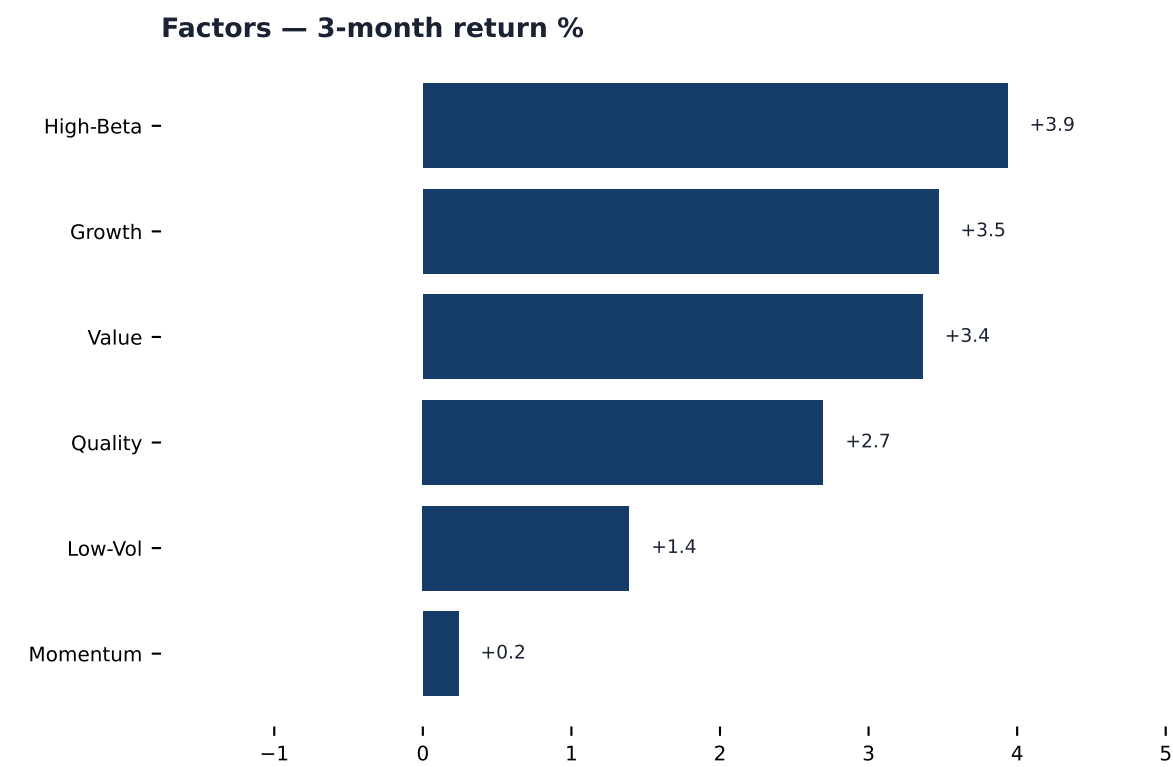
Rotation, Momentum & Fair Value

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 27% up. Growth-Value 3m +0.1%.



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%	+22%	+17%	+1.00	+7%	-0%
Nasdaq	+7%	+29%	+20%	+1.00	+10%	0%
Russell 2000	-5%	+17%	+18%	+0.00	+3%	-6%
Tech	+7%	+49%	+39%	+1.00	+18%	0%
Financials	+4%	+17%	+4%	+0.50	+4%	-4%
Energy	+17%	+0%	+36%	+1.00	+11%	-4%
Health	+5%	+18%	+25%	+0.50	+8%	-3%
Semis	-3%	+59%	+84%	+0.50	+19%	-10%
Reg Banks	-4%	+14%	+12%	+0.00	+2%	-8%
Gold Miners	+22%	+10%	+26%	+0.50	+3%	-19%
Gold	+7%	-3%	+15%	+0.00	-4%	-17%
WTI	+33%	-8%	+40%	+0.50	+11%	-17%

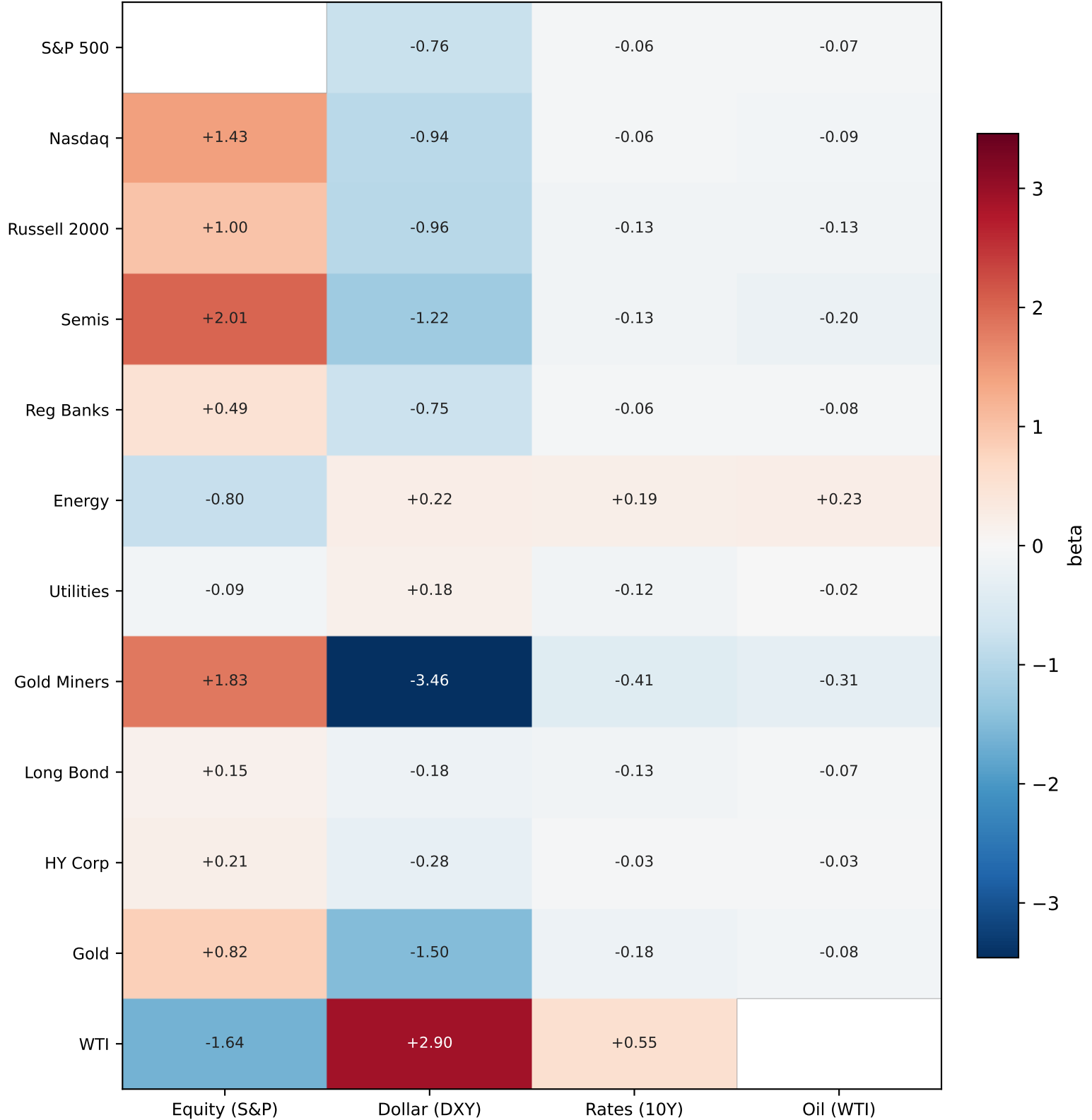
Sector 26-week relative strength:

LEADERS: Tech +49%, Health +18%, Financials +17%, Comms +7%, Industrials +7%, Real Estate +6%

LAGGARDS: Utilities -11%, Energy +0%, Staples +0%, Materials +2%, Discretionary +6%, Real Estate +6%

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 +1.39

actual 7757.98 · model-fair 6000.85 · gap +29.3% · R^2 0.27



Semis vs Nasdaq

RICH z +1.21

actual 593.59 · model-fair 518.16 · gap +14.6% · R^2 0.95



HY spread vs equity vol

cheap z -0.92

actual 2.68 · model-fair 3.05 · gap -0.4 · R^2 0.11



Gold vs real yield & dollar

RICH z +0.62

actual 4379.00 · model-fair 3887.74 · gap +12.6% · R^2 0.69



Nasdaq vs real yield & S&P

RICH z +0.28

actual 27080.59 · model-fair 26902.67 · gap +0.7% · 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

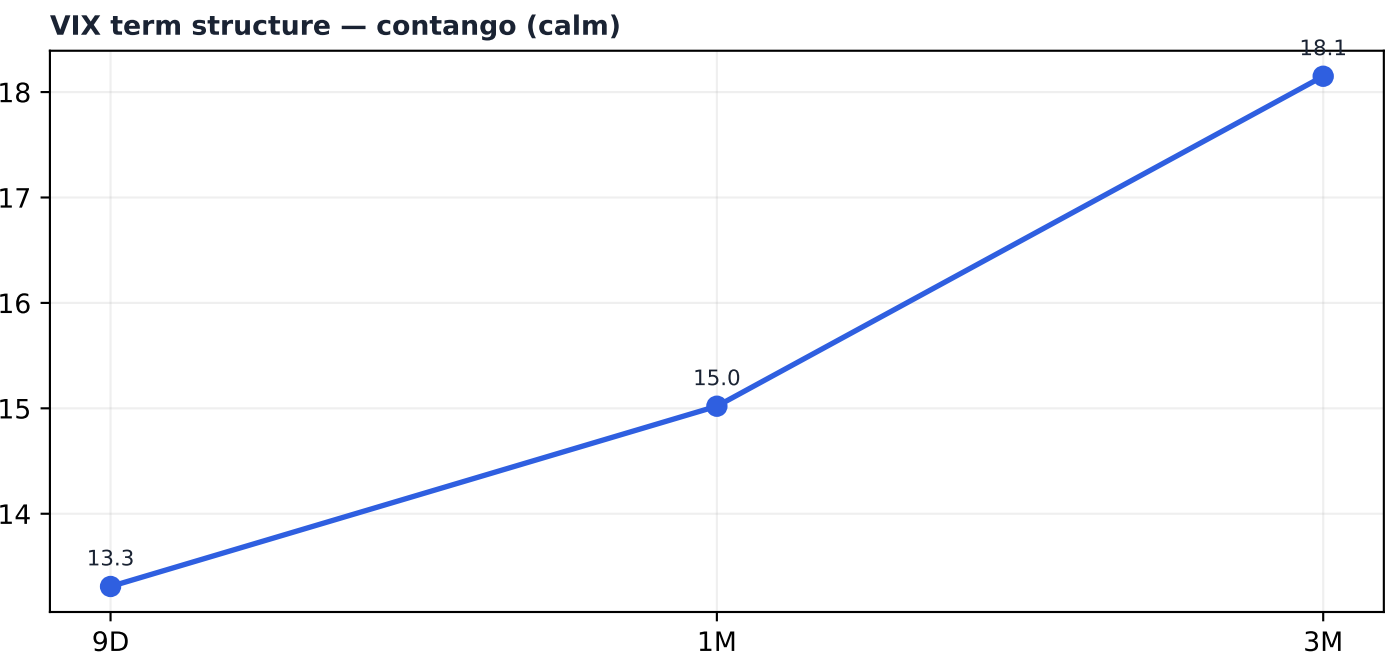
Volatility & Risk

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



VOL RISK PREMIUM

+9.3 pts

VIX 15.0 — realised 5.7
positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

148

72th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	81	25th
Oil vol (OVX)	51	82th
Vol-of-vol (VVIX)	86	23th

A positive vol-risk premium (implied > realised) is the usual carry cushion; a negative one flags realised stress. Backwardation (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	+1.4
Nasdaq	-4.5%	-5.9%	13%	-36%	0%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	14%	-33%	-6%	-0.2	+0.5
Semis	-7.3%	-10.0%	22%	-45%	-10%	-0.2	+0.6
Reg Banks	-6.3%	-9.7%	21%	-54%	-9%	-0.6	+2.3
Energy	-5.5%	-8.6%	21%	-23%	-4%	-0.7	+3.5
HY Corp	-1.6%	-2.3%	5%	-18%	-10%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-48%	-47%	-0.1	+0.4
Gold	-3.6%	-4.7%	11%	-23%	-17%	-0.1	+1.4
WTI	-9.7%	-11.9%	26%	-53%	-24%	+0.6	+3.4

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

Nasdaq 0.77 Russell 2000 0.60 HY Corp 0.49 Long Bond 0.15 Gold 0.11

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

	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	08-10	08-17	08-24	08-31	09-07	09-14	09-21
Regime	R+	R-	R+	R+	R-	R+	R+	R+	R+	R+	N	N	N	N	N	R+	R+	N	R+	R+	R+	N	R+	R+
Risk appetite																+0.72	+0.53	+0.53	+0.70	+0.43	+0.49	+0.36	+0.33	+0.42
Macro nowcast																-0.22	-0.20	-0.20	-0.20	-0.20	-0.10	-0.08	-0.06	-0.07
Quadrant	Refl	Refl	Refl	Refl	Refl	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl
Breadth %	64	36	82	45	55	82	45	55	64	45	55	55	36	73	45	73	64	64	55	73	18	64	18	27
PC1 share																34	34	33	34	34	34	34	34	34
VIX	17	18	17	15	22	18	16	18	16	15	15	17	18	18	16	16	15	15	15	16	15	15	17	15
HY OAS	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	2.7	2.7	2.7	2.6	2.6	2.6	2.7
2s10s bp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0
Rec Prob %	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
S&P 1w %	+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	+2.1	+0.2	-1.0	+0.3	+0.4	-1.2	+1.8

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