

ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-09-28

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



REGIME: Risk-on

EXECUTIVE SUMMARY

The regime model holds an 81% posterior on risk-on, but the composite risk-appetite scorecard sits at just +0.10 — neutral, not constructive — and the divergence is the whole story. Trend is doing all the work (spx_trend +1.03, risk_over_haven +0.20) while participation is failing underneath it (sector_breadth -0.55, low_concentration -0.47, only 18% of sectors up on the week). Lean neutral-to-modestly-long large-cap quality, not high-beta. Favour defensives with actual relative strength — Health +1.2% and Staples +0.2% on the week — and Energy as a reflation hedge; fade Russell 2000 (-2.3% week, -6% over three months, in an 8% drawdown with ES5 at -6.4%), Financials (-2.8%) and Real Estate (-3.2%). Prefer the belly of the curve, 5s-7s at 5.03-5.10%, over 30s at 5.47%.

Three developments matter this week. First, small caps broke down while the S&P lost only 1.0% — the leadership is narrowing, not rotating, which argues against adding cyclical beta here. Second, the curve is barely positive at 2s10s +0.36bp and 3M10Y +0.93bp with the entire complex above 4.5%; duration is a poor hedge and carry favours the short end. Third, DCC-GARCH stock-bond correlation is +0.41 and rising on the 63-day window (+0.46) — Treasuries are not hedging equity risk, so cash and index optionality, not duration, are the defensive instruments.

The biggest risk is that this is distribution rather than consolidation. The confirming signals are HY OAS breaking above roughly 3.40 from 2.93, VIX sustaining above 22 with the 0.89 term structure flattening toward 1.0, and initial claims moving above 230k from 197k. Against that, S&P holding its trend with breadth recovering above 50% would validate re-adding risk.

Executive Dashboard

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

REGIME Risk-on	QUADRANT Reflation	VIX 16	HY OAS 2.93
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KEY READINGS (price | 1w | 1m | 3m)

S&P 500	7,684.9	-1.0%	+0.2%	+1.5%
Nasdaq	26,828.8	-1.1%	+2.3%	+2.1%
Russell 2000	2,809.2	-2.3%	-4.9%	-5.6%
Tech	194.3	-0.3%	+5.8%	+7.0%
Financials	54.3	-2.8%	-5.7%	-3.9%
Energy	62.4	-0.1%	-4.1%	+10.5%
Long Bond	78.3	-4.2%	-4.4%	-7.0%
HY Corp	77.4	-1.6%	-2.1%	-3.0%
IG Corp	102.2	-2.7%	-3.0%	-5.0%
TIPS	104.0	-1.6%	-2.7%	-3.7%
DXY	101.2	+0.8%	+1.7%	+0.7%
Gold	4,153.6	-5.3%	-5.9%	+2.5%
WTI	95.4	-0.4%	+4.8%	+19.8%
Copper	6.6	-1.0%	+1.9%	+5.2%
VIX	16.3	+1.4	+1.1	+0.6
MOVE	96.0	+14.8	+16.3	+27.5

US CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

score +0.10

risk-off (-1.5)

(+1.5) risk-on



MACRO NOWCAST (growth pulse)

Trend growth

score -0.16

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 · 2026-09-28

TOP GAINERS

NatGas	+10.2%
Health	+1.2%
USDCAD	+1.0%
DXY	+0.8%
Commodities	+0.5%
Semis	+0.3%
Staples	+0.2%
USDJPY	+0.0%

TOP DECLINERS

Gasoline	-7.7%
Silver	-6.7%
Gold Miners	-6.5%
Gold	-5.3%
Long Bond	-4.2%
Utilities	-3.8%
Internet	-3.6%
Comms	-3.2%

KEY LEVELS — week-over-week

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Nasdaq	26,828.8	-1.1%	DXY	101.2	+0.8%
Russell 2000	2,809.2	-2.3%	Long Bond	78.3	-4.2%
VIX	16.3	+1.4	HY Corp	77.4	-1.6%
Gold	4,153.6	-5.3%	Semis	597.8	+0.3%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R+	->	Risk-on
Risk appetite	prior: +0.42	->	+0.10
Macro nowcast	prior: -0.07	->	-0.16
PC1 share	prior: 34	->	35%

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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The biggest risk is that this is distribution rather than consolidation. The confirming signals are HY OAS breaking above roughly 3.40 from 2.93, VIX sustaining above 22 with the 0.89 term structure flattening toward 1.0, and initial claims moving above 230k from 197k. Against that, S&P holding its trend with breadth recovering above 50% would validate re-adding risk.

Regime, Scorecard & Market State

The Markov model assigns 81% to risk-on and 19% to risk-off, with zero weight on neutral — a bimodal read that reflects a market still in an uptrend but with the tail probability of a state change no longer negligible. The composite risk-appetite scorecard at +0.10 is the more honest gauge of the present moment, and its internals matter more than its headline. Two components are strongly positive: spx_trend at +1.03, which captures price momentum still intact, and credit_hy at +0.43, reflecting HY OAS at 2.93 sitting in only the 42nd percentile of its history. Two are meaningfully negative: sector_breadth at -0.55 and low_concentration at -0.47. That combination — price up, breadth down, concentration rising — is the classic signature of a late-stage advance where fewer names carry the index.

The week's tape confirms it. The S&P fell 1.0%, Nasdaq 1.1%, Dow 1.1%, but Russell 2000 dropped 2.3%, and only 18% of sectors closed higher. Over three months the dispersion widens: S&P +1%, Nasdaq +2%, Dow -2%, Russell 2000 -6%. The equal-weighted market has been in a downtrend for a quarter while the cap-weighted indices have ground sideways to modestly higher. For an investor, this means index-level performance is not describing the portfolio-level experience, and stock selection is carrying far more of the return variance than the benchmark implies.

The growth-inflation quadrant reads Reflation with a g-score of 0.0 and an i-score of 3.0. That is not a growth-led reflation; it is inflation pressure without accompanying growth acceleration. The macro nowcast at -0.16 corroborates — trend growth, no more. Reflation with zero growth impulse is the quadrant where real assets and pricing-power businesses outperform, and where long-duration multiples face pressure from the discount rate rather than support from earnings.

Sector & Factor Rotation

The one-week sector table is defensive with a reflation kicker. Health Care leads at +1.2%, Staples +0.2%, Energy essentially flat at -0.1%. The laggards are the rate-sensitive and consumer-cyclical complex: Utilities -3.8%, Comms -3.2%, Real Estate -3.2%, Discretionary -2.9%, Financials -2.8%. Tech at -0.3% and Materials at -0.8% sit in the middle.

Read the composition rather than the ranking. Utilities falling 3.8% alongside Real Estate at -3.2% is a

US Cross-Market Analysis (cont.)

rates story, not a risk-appetite story — both are bond proxies and both were repriced by a curve that is now above 5% out to 10 years. Financials at -2.8% with Russell 2000 at -2.3% and the Russell~Regional Banks correlation at $+0.59$ over 252 days is the more concerning pairing: that is the domestic-cyclical, credit-sensitive corner of the market breaking down together. Discretionary at -2.9% against Staples at $+0.2\%$ is a three-point defensive spread in a single week, and with consumer sentiment at 51.7 and the saving rate at 3.0%, the fundamental backdrop supports the move rather than contradicting it.

Factors tell a flatter story and this is important: over three months Momentum 0%, Quality $+1\%$, Value $+1\%$, Growth $+1\%$, Low-Vol $+2\%$, High-Beta $+2\%$. The growth-value spread is 0.2 — effectively nil. There is no factor leadership, which means the sector-level defensiveness is not yet being expressed as a systematic style rotation. Two readings are possible: either the defensive tilt is a one-week risk-reduction that fades, or factors lag sectors and the rotation is early. The high-beta $+2\%$ versus low-vol $+2\%$ tie over three months argues the market has not yet made up its mind. Position for the defensive read given the breadth deterioration, but size it as a tilt rather than a wholesale rotation, because the factor data does not yet confirm.

The Yield Curve & Rates

The curve is high, flat and barely positively sloped: 1Y 4.51%, 2Y 4.87%, 5Y 5.03%, 7Y 5.10%, 10Y 5.18%, 20Y 5.53%, 30Y 5.47%. The 2s10s slope is $+0.36\text{bp}$ and 3M10Y is $+0.93\text{bp}$ — technically un-inverted, practically flat. The 20Y at 5.53% trading above the 30Y at 5.47% is a mild long-end kink that typically reflects supply and convexity demand rather than a macro signal.

Three implications follow. First, with the entire curve between 4.5% and 5.5%, cash and short duration pay you real carry against sticky CPI at 2.7% — the front end is compensating investors properly for the first time in this cycle, and there is no term premium reward for extending. Second, the belly at 5.03–5.10% offers nearly all of the 10Y yield with materially less duration risk; 5s and 7s are the efficient point on the curve. Third, a flat curve with high absolute yields is a policy-restrictive configuration that has not yet inverted, meaning the market is pricing neither imminent cuts nor a growth accident. That is a fragile equilibrium: 2s10s steepening from here would tell you which way it resolved, with bull steepening (2Y falling faster) signalling growth concern and bear steepening (long end rising) signalling inflation persistence.

The 30-year mortgage at 7.0% against housing starts of 1,275k and permits at 1,403k explains why rate-sensitive sectors led the decline. Permits running above starts is normally a forward-looking positive, but at 7% financing the conversion rate from permit to start is where the risk sits.

Credit & Financial Conditions

Credit is the most constructive signal in the briefing and it deserves weight. HY OAS at 2.93 sits in the 42nd percentile — below the historical median, meaning high-yield spreads are tighter than typical, not stressed. IG OAS at 0.81 is similarly benign. The Chicago Fed ANFCI at -0.57 and the stress index at -0.91 both indicate financial conditions that are looser than average, not tightening.

This matters because credit usually leads equity at turning points. An equity market with deteriorating breadth but stable credit is more likely consolidating than distributing. The S&P~HY Corp correlation of $+0.69$ over 252 days ($+0.60$ over 63 days) confirms these markets are moving together, so a genuine risk-off would show up in spreads before it completed in equities. It has not.

The practical use of this is as a tripwire rather than a reason for complacency. HY OAS at 2.93 in the 42nd percentile has limited room to tighten and considerable room to widen; the asymmetry is unfavourable for adding credit beta here. Carry in high yield is being earned at below-median compensation for the risk. Hold existing credit exposure, do not add, and treat a move in HY OAS through roughly 3.40 — a widening of about 50bp, which would push it toward the 60th percentile — as the signal that the equity breakdown has become a broad-based risk repricing rather than a rotation. Loose financial conditions with ANFCI at -0.57 also mean the Fed has less reason to ease, reinforcing the front-end carry argument.

US Cross-Market Analysis (cont.)

Factor Structure & Systemic Risk

PCA on 88 instruments gives PC1, the risk factor proxied by the S&P, 35% of variance; PC2, rates via the 10Y, 15%; PC3, energy via WTI inversely, 6%; PC4, the dollar, 5%. Combined, the top four explain 61%. A 35% PC1 across a broad cross-asset universe is elevated but not extreme — the market has a dominant risk factor, and diversification across asset classes gives you real but incomplete protection.

The sector-only PCA is the sharper number: PC1 explains 66% of sector variance. Two-thirds of sector return variation is a single common move. Sector allocation is therefore a weak diversifier within equities; owning Health Care instead of Discretionary changes your outcome at the margin, not fundamentally, if the market direction goes against you. The defensive sector tilt described above should be understood as a way to lose less, not as a hedge.

The systemic co-movement gauge cuts against the alarm, however. Average pairwise conditional correlation from the MV-DCC across twelve assets is +0.04 now versus +0.04 a year ago, with persistence at 0.8905. Cross-asset diversification is not failing — it is exactly where it was twelve months ago, and very low in absolute terms. The high persistence means this state is sticky and unlikely to shift abruptly without a shock. The synthesis: within equities, correlation is high and sector diversification is thin; across asset classes, diversification is functioning normally. Build risk reduction at the asset-allocation level, not the sector level.

Cross-Asset Correlation & Lead-Lag

The critical number is the DCC-GARCH stock-bond correlation at +0.41, with persistence of 0.9929 — essentially a permanent state absent a regime break. The 63-day realised correlation of +0.46 is above the 252-day +0.35, meaning the relationship has tightened recently. Treasuries are not hedging equity risk. In a deflation quadrant with an i-score of 3.0, this is what theory predicts: when inflation is the dominant shock, stocks and bonds fall together. An investor holding long Treasuries as an equity hedge is holding a correlated asset, not a hedge, and the 0.9929 persistence says this will not fix itself quickly. The defensive instruments in this configuration are cash at 4.5% on the 1Y, and index put optionality — cheap at a VIX of 16.3.

The dollar relationship is a partial offset: S&P~DXY at -0.28 on the DCC (-0.35 over 252 days, -0.30 over 63 days). Dollar exposure hedges equity weakly but genuinely. Gold is the more interesting case — S&P~Gold is positive at +0.32 rising to +0.39, so gold is trading as a risk asset alongside equities, while Gold~DXY at -0.39 deepening to -0.54 shows it is trading primarily off the dollar. Gold is a dollar hedge, not an equity hedge, in the present configuration.

S&P~VIX at -0.76 on the DCC (persistence 0.9772) is normal and confirms volatility instruments still provide convex protection. Semis~S&P at +0.76 falling to +0.68 shows the semiconductor complex remains the high-beta expression of index risk.

The Granger network places VIX, Long Bond, US 10Y and HY OAS as net leaders, with Gold, DXY, Russell 2000 and Nasdaq as followers. The economically sensible reading is that rates and risk pricing set the tone and equities respond. Be explicit about the limitation: weekly predictive skill from Granger causality is modest. These are statistical lead-lag relationships over a 2,899-day sample, they explain a small fraction of next-week variance, and they break down precisely when they would be most valuable. Use the direction — watch the 10Y and HY OAS for early warning on small caps and Nasdaq — but do not trade the signal mechanically.

Relative Value & Fair Value

Three well-fit models flag richness. Semis versus Nasdaq is +17.0% rich with a z-score of +1.41 on an R^2 of 0.95. That is the standout: a tight model with a large residual and the widest z-score in the set. Semiconductors are priced well above what their historical relationship with the Nasdaq supports, and with the Semis~S&P correlation easing from +0.76 to +0.68, the leadership that justified the premium is loosening. For an investor with concentrated semiconductor exposure, this is the clearest trim candidate

US Cross-Market Analysis (cont.)

in the briefing — either reduce outright or fund Nasdaq exposure by shorting the rich leg.

Nasdaq versus real yield and the S&P is +1.3% rich at $z +0.56$ on an R^2 of 0.99. The fit is near-perfect and the deviation is trivial; Nasdaq is fairly valued conditional on rates and the broad market. The richness in technology is specific to semis, not the sector.

Gold versus real yield and the dollar is +4.8% rich at $z +0.25$ on an R^2 of 0.70. The z -score is small and the fit is the weakest of the three, so the residual carries less information. Gold is modestly above model but within normal variation — no action indicated.

Volatility & Tail Risk

VIX at 16.3 with VIX3M at 18.4 gives a term structure of 0.89 — contango, the normal shape, indicating no near-term stress premium despite the week's decline. VVIX at 92 is unremarkable. MOVE at 96 shows rates volatility contained, which is notable given the flat curve at 5%.

SKEW at 145 is the outlier and it is high. SKEW measures the implied cost of out-of-the-money puts relative to at-the-money; 145 means the options market is paying up meaningfully for crash protection even while headline VIX sits at 16.3. The combination — low spot vol, steep contango, elevated SKEW — describes a market that is calm at the centre and nervous in the tails. Institutional hedging demand is concentrated in the far left tail.

The actionable consequence is that at-the-money volatility is cheap in absolute terms while tail protection is not. An investor wanting to reduce risk here should prefer buying index puts closer to the money, or simply reducing exposure, rather than chasing far-out-of-the-money protection that is already bid. The 0.89 term structure also means short-dated hedges decay against you; size and time them accordingly.

Expected shortfall at the 5% level is -4.8% for the S&P, -5.9% for Nasdaq and -6.4% for Russell 2000. Current drawdowns are -1% , -1% and -8% respectively. The small-cap number is the one to hold in mind: Russell 2000 is already 8% below its high, deeper than a full ES5 tail event, which tells you the small-cap decline is not a normal-distribution wobble — it has already exceeded what the tail model would call a bad week.

Macro Pulse & Recession Risk

Recession indicators are uniformly benign and should be reported as such. The NY Fed probability is 0.8%. The Sahm rule reads -0.07 , well below the 0.50 trigger. Initial claims at 197,000 are historically low, continued claims at 1,719,000 are contained, and 2s10s at +0.36bp is positive rather than inverted. Unemployment at 4.1% with U6 at 7.7% and participation at 61.6% describes a labour market that is normalising, not cracking. Job openings at 7,271k have come down but remain above the pre-pandemic norm. Nothing in this dataset signals recession.

Growth is at trend, not above it. The macro nowcast at -0.16 breaks down as `weekly_econ_index` +0.31 and `initial_claims` +0.30 pulling positive, `industrial_prod` +0.08 and `chicago_fed` 0.00 neutral, and `consumer_sentiment` at -1.47 dragging the whole composite negative. That single component is doing all the damage, and at 51.7 the Michigan reading is at a level historically associated with recessions that are not otherwise evident in the hard data. The reconciliation is the inflation side: Michigan inflation expectations at 4.0% against sticky CPI at 2.7% means households are experiencing price pressure that the aggregate indices understate. Sentiment is registering cost-of-living stress, not an incipient contraction. That said, with the saving rate at 3.0% — thin — and Discretionary underperforming Staples by 3.1 points this week, the consumer is the channel through which soft sentiment could become hard weakness. Watch retail sales, currently \$773.9bn, and continued claims.

Chicago Fed NAI at -0.0 is exactly trend. Capacity utilisation at 76.3% and industrial production at 103.1 are unremarkable. Real GDP of \$24,269.6bn is a Q2 print and stale for tactical purposes.

Net liquidity at \$5,770bn is up just \$1bn over the month — flat. This is worth stating plainly:

US Cross-Market Analysis (cont.)

liquidity is neither expanding to support multiples nor contracting to pressure them. It is not a tailwind, and for a market where the risk-appetite scorecard is being carried entirely by trend, the absence of a liquidity impulse removes one of the supports that has driven previous advances.

Key Risks & What to Watch

The central risk to the constructive-but-cautious view is that narrowing breadth is distribution rather than consolidation. The bull case rests on credit stability — HY OAS at 2.93 in the 42nd percentile, IG at 0.81, ANFCI at -0.57 — and on the S&P trend component at $+1.03$. Both are single points of failure. If credit widens while breadth stays at 18%, the equity market loses the argument that this is rotation.

The second risk is the reflation quadrant itself: i-score 3.0 with g-score 0.0. If inflation firms further with growth at trend, the curve bear-steepens from 2s10s $+0.36\text{bp}$, the 30Y pushes above 5.47%, and the stock-bond correlation at $+0.41$ tightens further — the configuration where a 60/40 portfolio takes losses on both legs simultaneously. There is no duration hedge for this scenario; only cash and reduced equity beta.

The third risk is small-cap contagion. Russell 2000 is in an 8% drawdown with a $+0.59$ correlation to regional banks and Financials down 2.8% this week. Small-cap and regional-bank weakness spreading into broad credit is the transmission channel worth monitoring.

Specific signals that would confirm the cautious tilt and argue for further risk reduction: HY OAS breaking above 3.40; VIX sustaining above 22 with the term structure flattening from 0.89 toward or above 1.0, which signals genuine stress rather than a pullback; initial claims moving above 230,000 for two consecutive weeks from the current 197,000; 2s10s inverting back below zero from $+0.36\text{bp}$; sector breadth failing to recover above 40% within two weeks; Russell 2000 extending its drawdown past 12%; and Semis closing their $+17\%$ richness through price rather than through Nasdaq catching up.

Signals that would argue for re-adding risk: breadth recovering above 50% with Financials and Discretionary participating; HY OAS holding below 3.00 through any further equity weakness; the growth-value spread breaking out of its 0.2 stalemate with cyclicals leading; consumer sentiment recovering from 51.7 alongside a retail sales print above \$780bn; and net liquidity turning up meaningfully from \$5,770bn. The Semis-versus-Nasdaq residual at $z +1.41$ is the single cleanest observable — if it compresses via semis underperformance while the index holds, this is rotation; if it compresses via both falling, it is not.



PART I

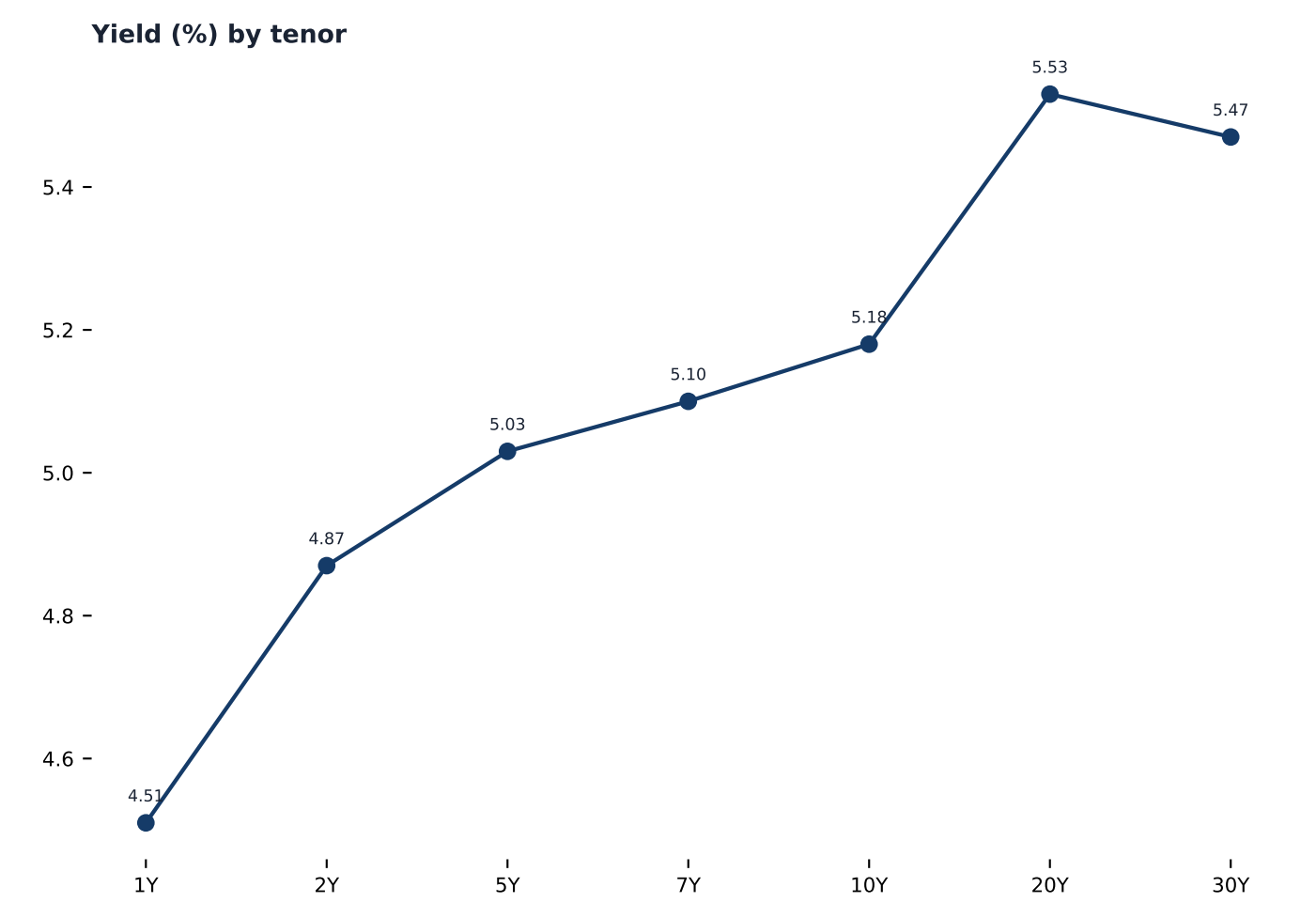
Rates, Credit & Macro

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 +0.36bp, 3M-10Y +0.93bp (positive).



Credit, Financial Conditions & Volatility

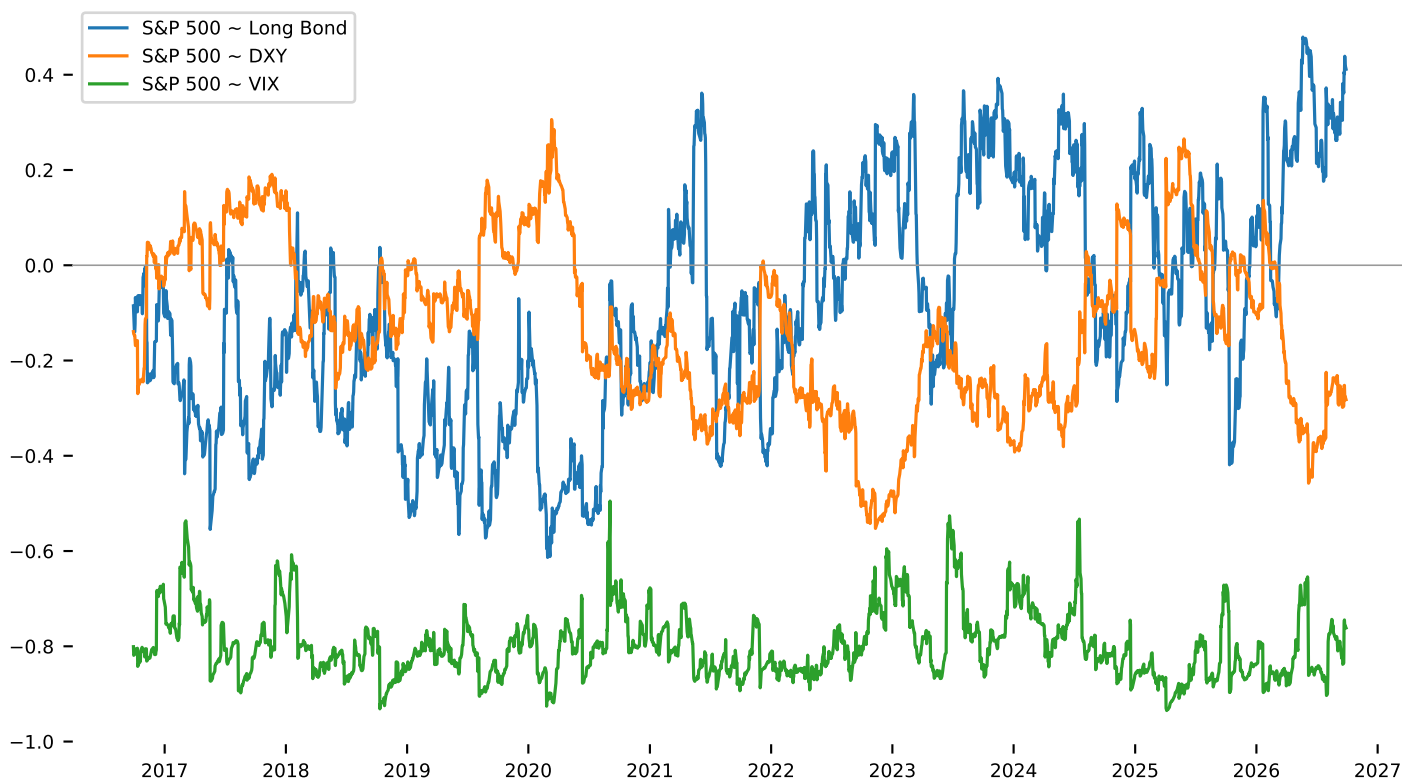
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	2.93	42th pctile
IG OAS	0.81	
Fin Conditions (ANFCI)	-0.57	0 = average; +tight
St. Louis Stress	-0.91	
VIX	16.3	term VIX/VIX3M 0.89
VIX3M	18.4	
VVIX (vol of vol)	92	
MOVE (bond vol)	96	
SKEW (tail hedging)	145	

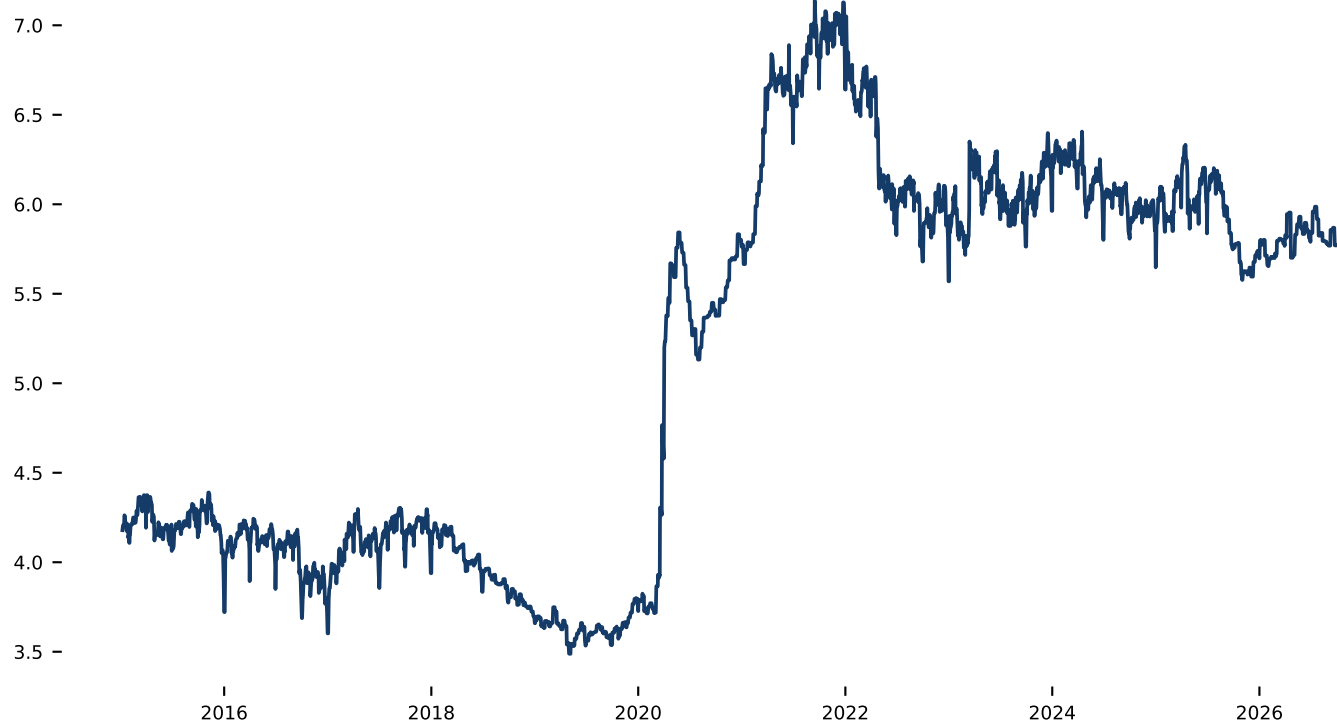
Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.81, Risk-off 0.19). 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)	197,000.00	-1,000.00	2026-09
Continued claims	1,719,000.00	+2,000.00	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 %	4.00	-0.20	2026-08
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 %	3.03	+0.01	2026-09
Durable goods (\$m)	338,604.00	-58.00	2026-08
Retail sales (\$m)	773,947.00	+9,485.00	2026-08
Saving rate %	3.00	+0.40	2026-07
Consumer sentiment	51.70	-3.50	2026-08
Housing starts (k)	1,275.00	-34.00	2026-08
Building permits (k)	1,403.00	-30.00	2026-08
New home sales (k)	684.00	+41.00	2026-08
Case-Shiller HPI	336.66	+1.23	2026-06
30y mortgage %	7.03	+0.08	2026-09

Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	3.88	+0.00	2026-09
SOFR	3.90	+0.02	2026-09
M2 (\$bn)	23,305.50	+37.70	2026-08
C&I loans (\$bn)	2,945.05	+45.58	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	+0.36 bp	inverted = warning
Initial jobless claims	197,000	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 +0.80	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

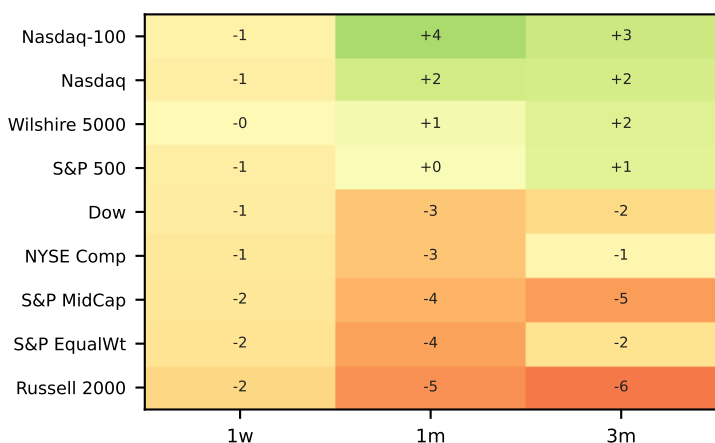
How US assets move together — factor structure, systemic co-movement, directional lead-lag and relative value.

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

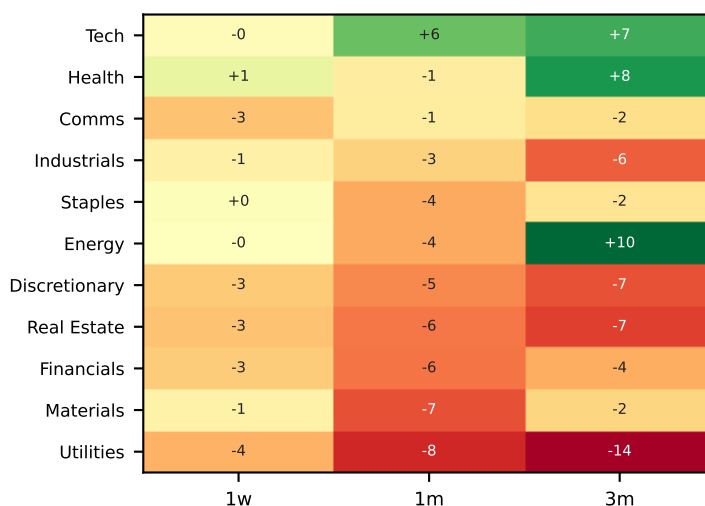
Returns Heatmap

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

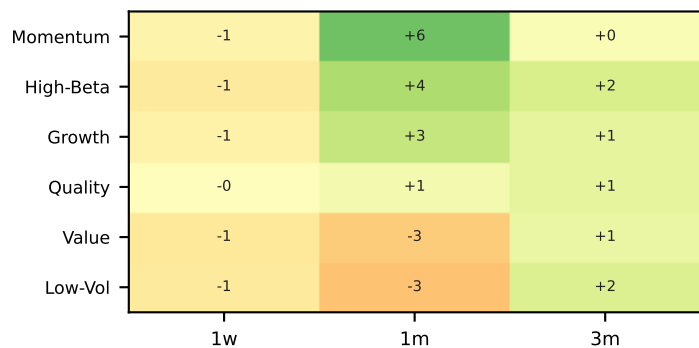
Indices



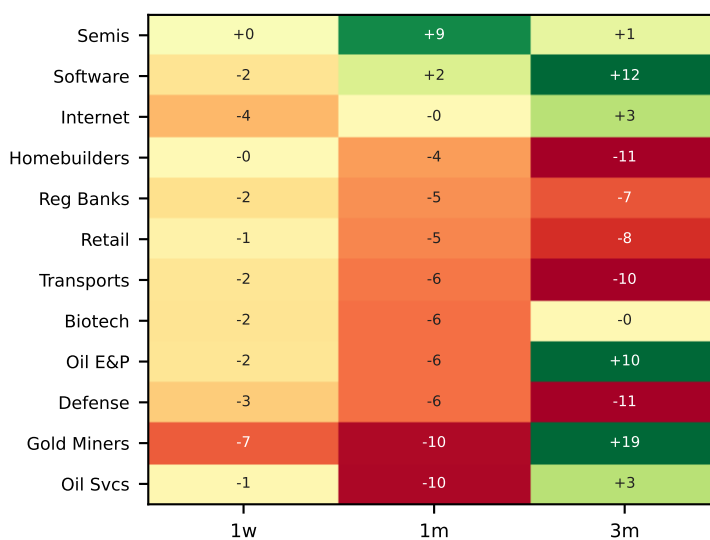
Sectors



Factors

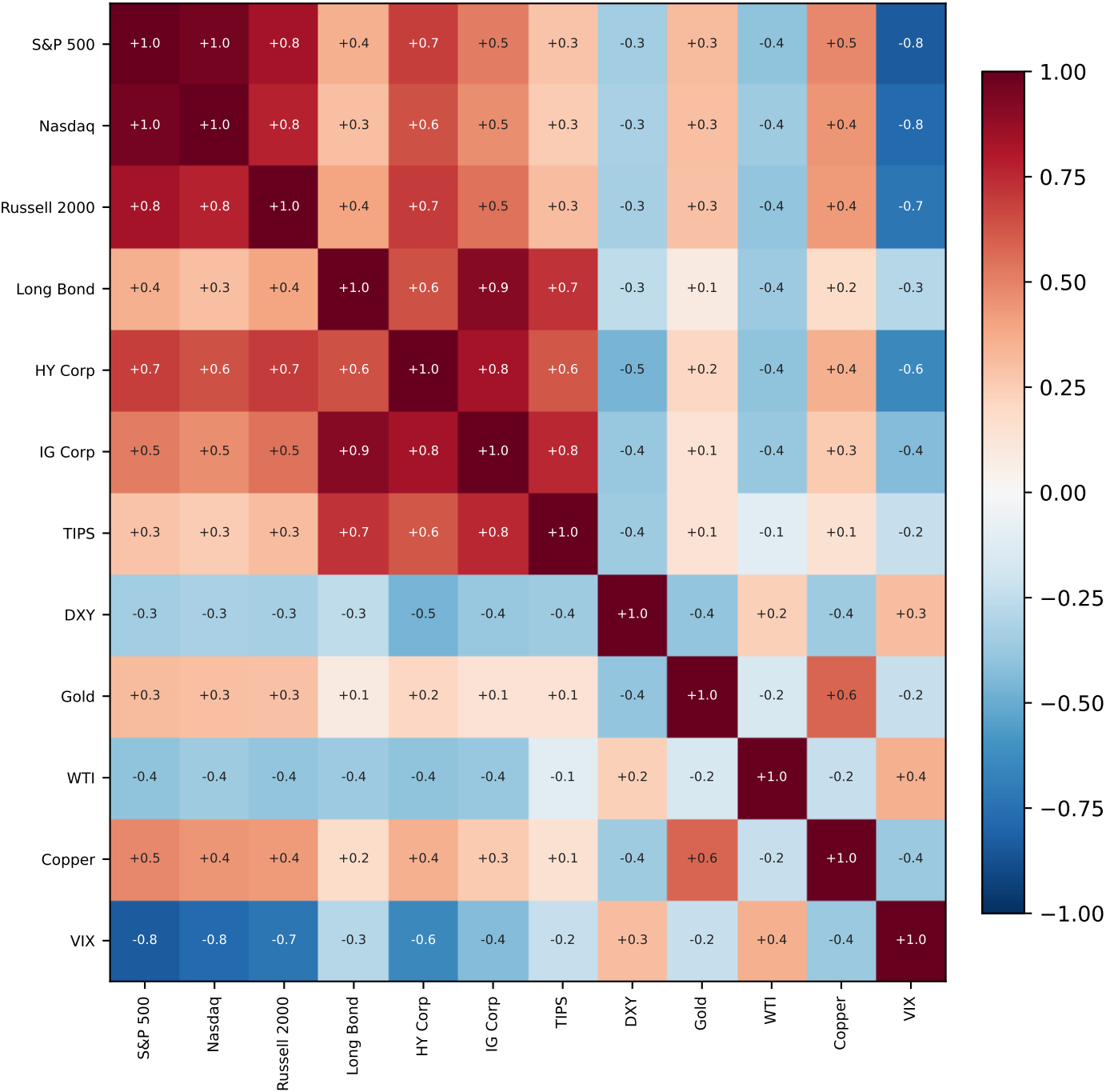


Industries



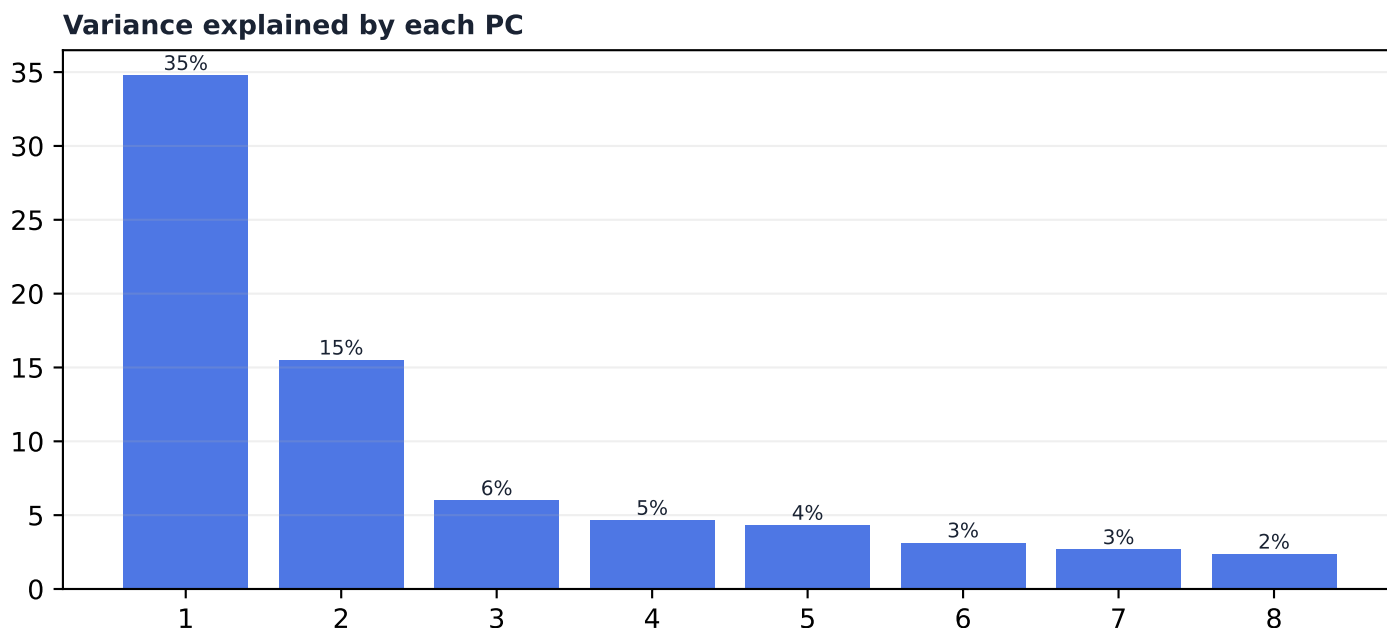
Cross-Asset Correlation (252d, daily)

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



CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 88 instruments (156 weeks)



PC1 — Risk (S&P 500)

34.7% of variance (cum 35%) · marker corr +0.92

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

PC2 — Rates (10Y)

15.5% of variance (cum 50%) · marker corr +0.92

+ 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 -0.24, Long Bond -0.23, MBS -0.23, IG Corp -0.21

PC3 — Energy (WTI) (inverse)

6.0% of variance (cum 56%) · marker corr -0.69

+ Tech +0.13, Growth +0.13, Nasdaq-100 +0.13, Nasdaq +0.13, Internet +0.12
- Energy -0.34, Oil E&P -0.33, Brent -0.30, WTI -0.30, Commodities -0.28

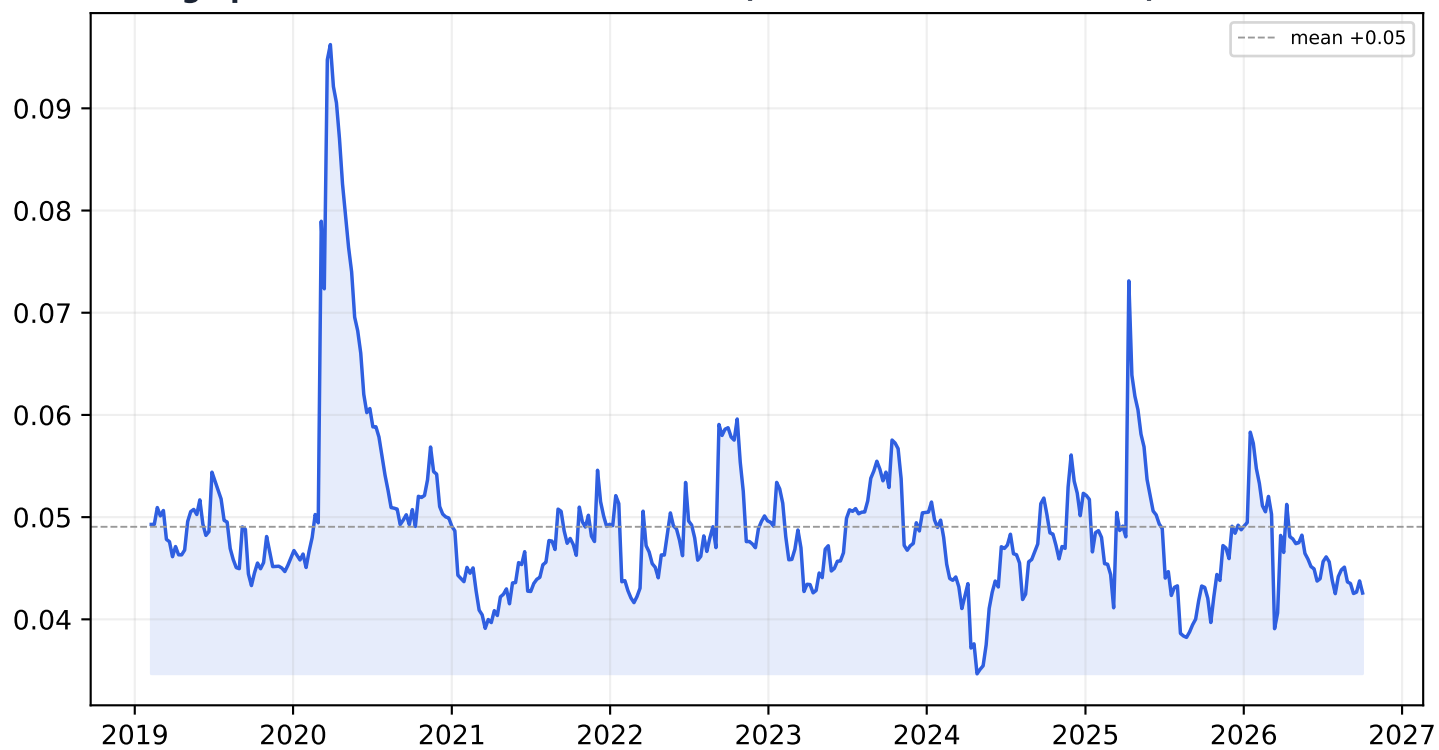
PC4 — US dollar

4.6% of variance (cum 61%) · marker corr +0.61

+ DXY +0.30, USDJPY +0.20, USDCAD +0.19, SKEW +0.17, Software +0.14
- EURUSD -0.29, Gold Miners -0.24, Staples -0.21, GBPUSD -0.20, Gold -0.20

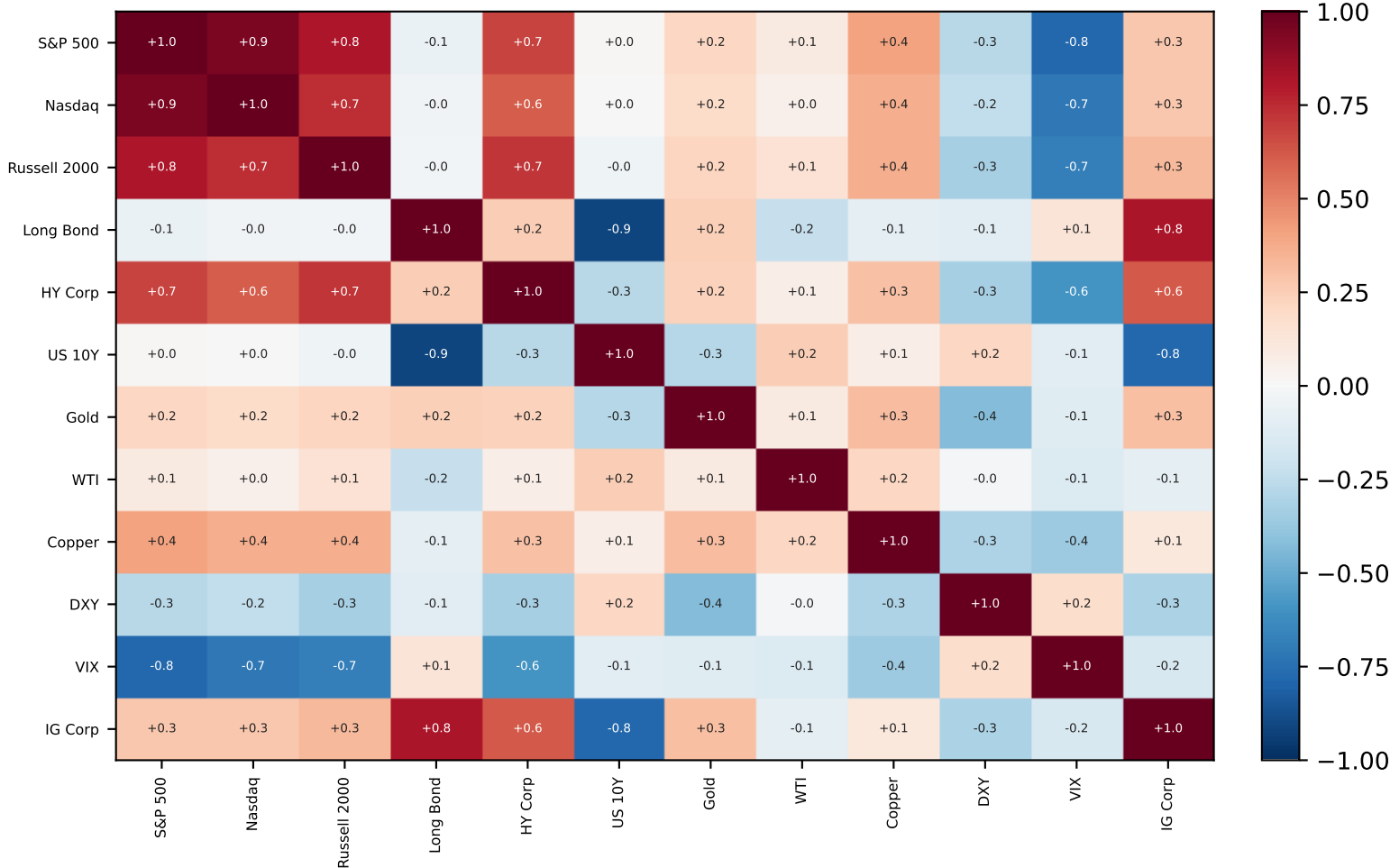
Principal components are the uncorrelated factors explaining the most joint variance. A high PC1 share means one force (usually broad risk) dominates — diversification is thin.

Average pairwise conditional correlation (multivariate DCC-GARCH)

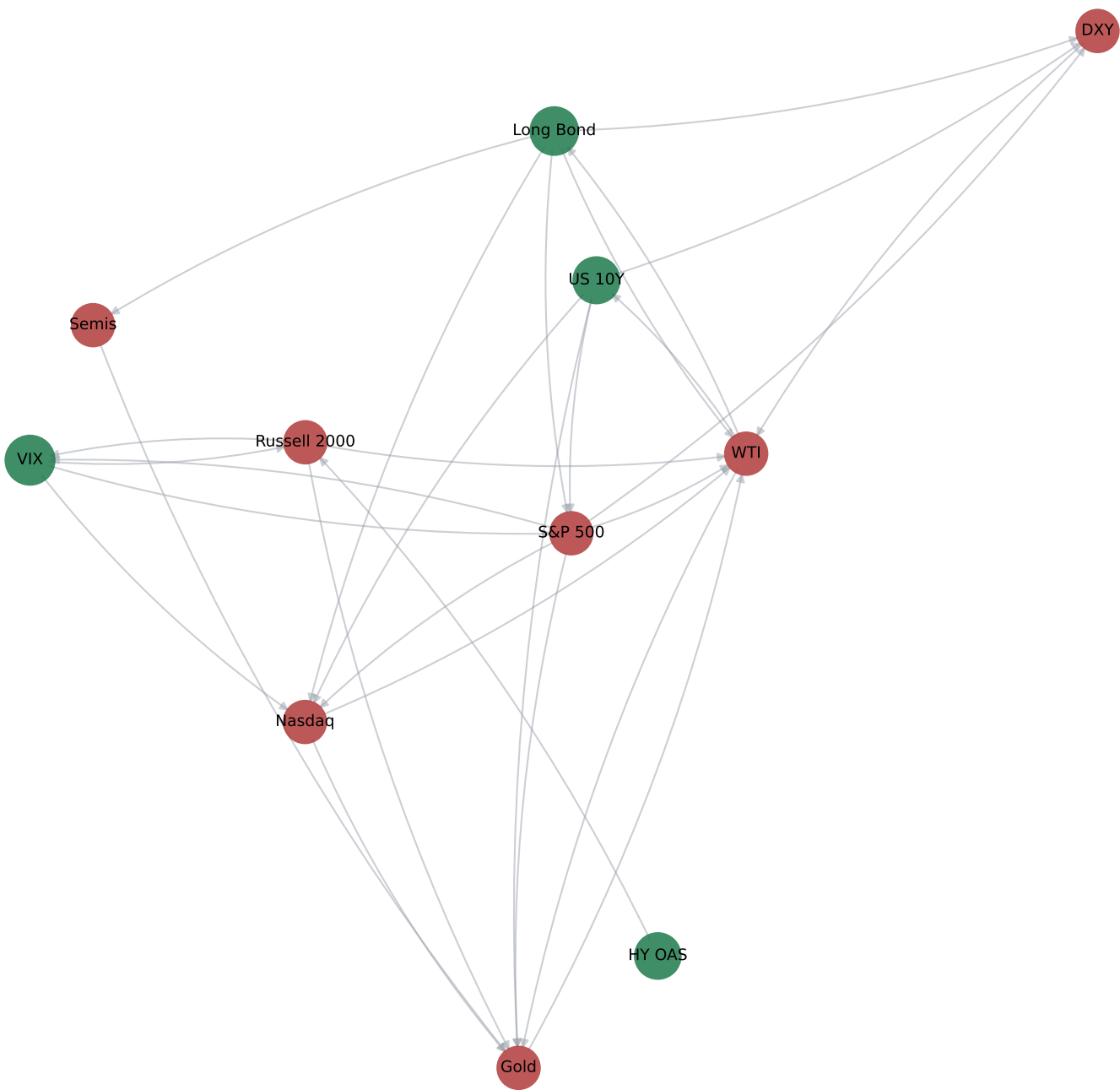


N=12 · persistence 0.8905 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



Directional lead-lag — Granger causality network

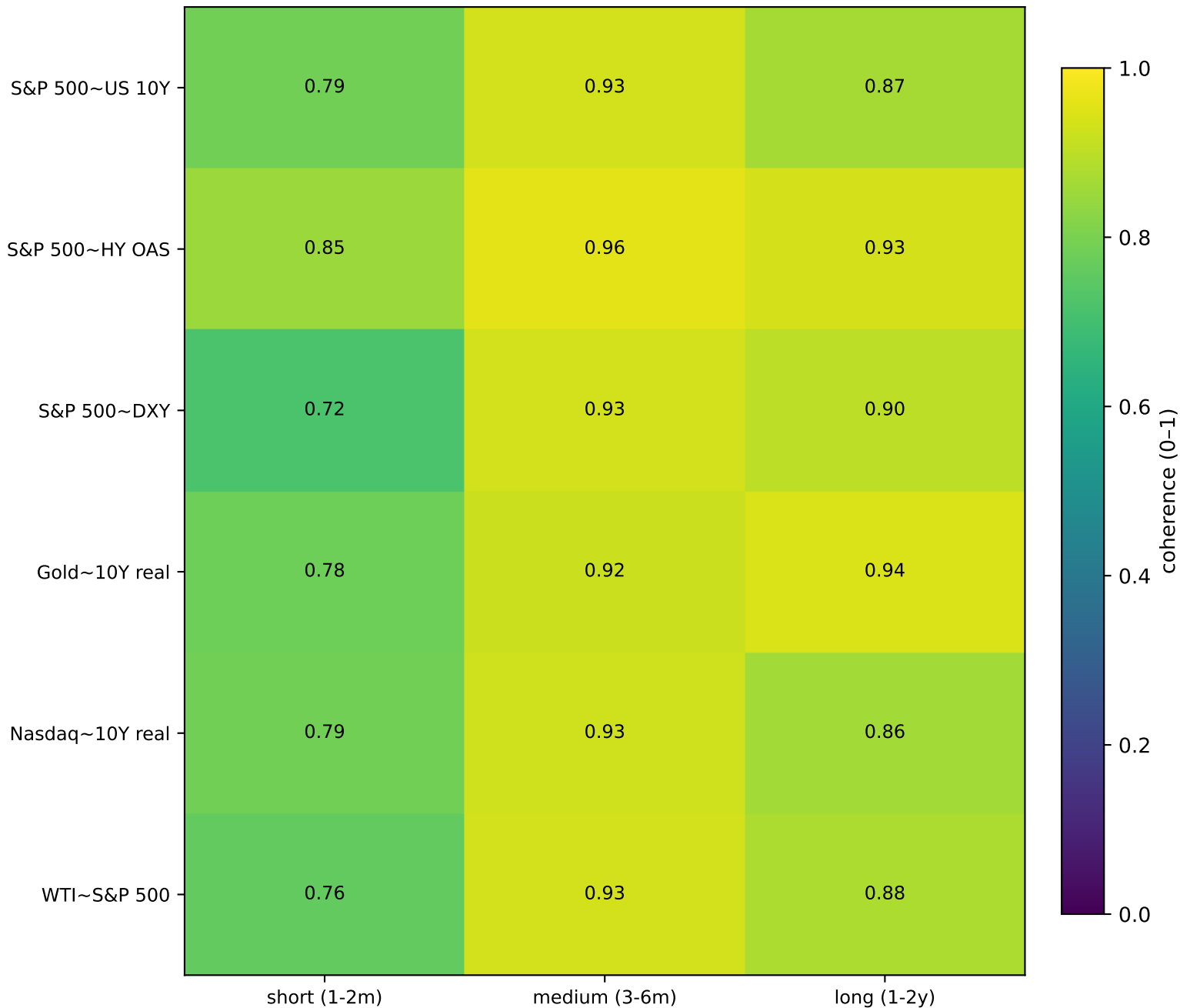


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader)

LEADERS: VIX +0.03, Long Bond +0.02, US 10Y +0.02, HY OAS +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	0.810	0.54	28w	+2.12
2Y vs 10Y	no	0.947	0.69	44w	+1.48
Semis vs Nasdaq	no	0.122	0.51	17w	-0.99
Gold vs Silver	no	0.233	1.19	14w	+0.77
HY vs IG credit	yes	0.000	0.30	2w	-0.64
S&P vs Dow	yes	0.003	0.73	7w	-0.62
VIX vs VIX3M	yes	0.032	0.84	2w	-0.46
Large vs Small (R2K)	no	0.075	0.65	11w	+0.40
Long vs Short Tsy	no	0.364	0.06	22w	-0.23
S&P vs Equal-Weight	yes	0.021	0.61	7w	-0.22
S&P vs Nasdaq	yes	0.003	1.24	10w	+0.14
WTI vs Brent	no	0.103	0.97	1w	-0.00

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

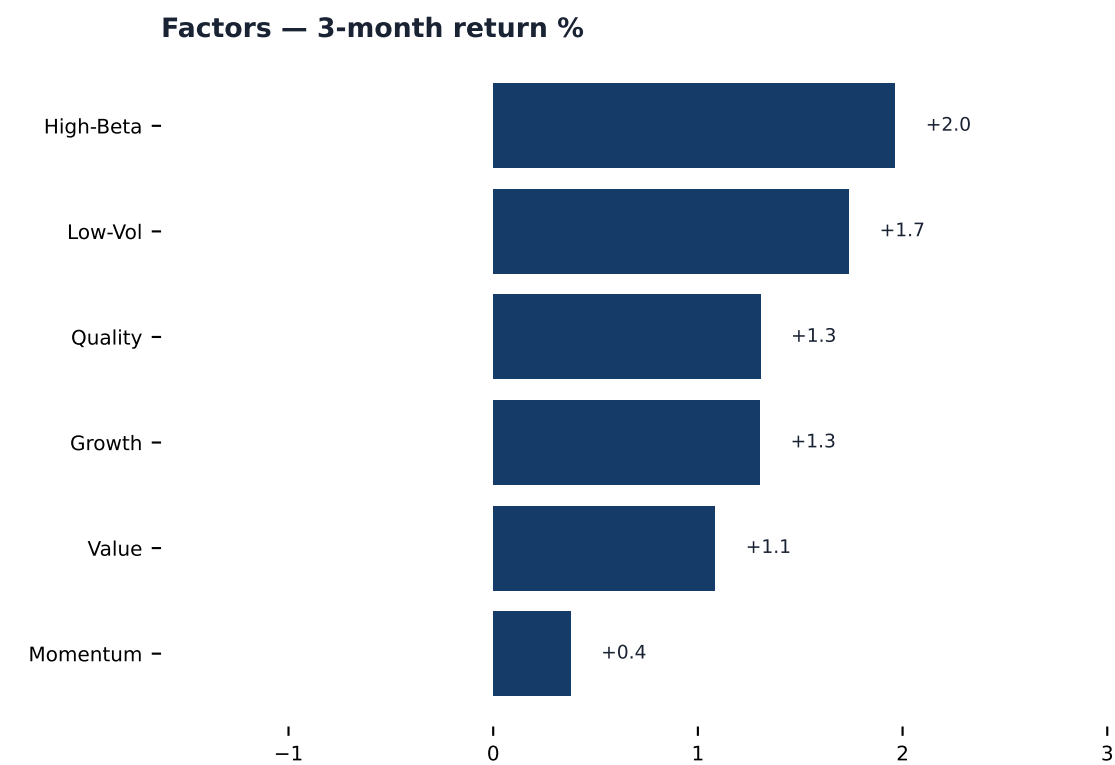
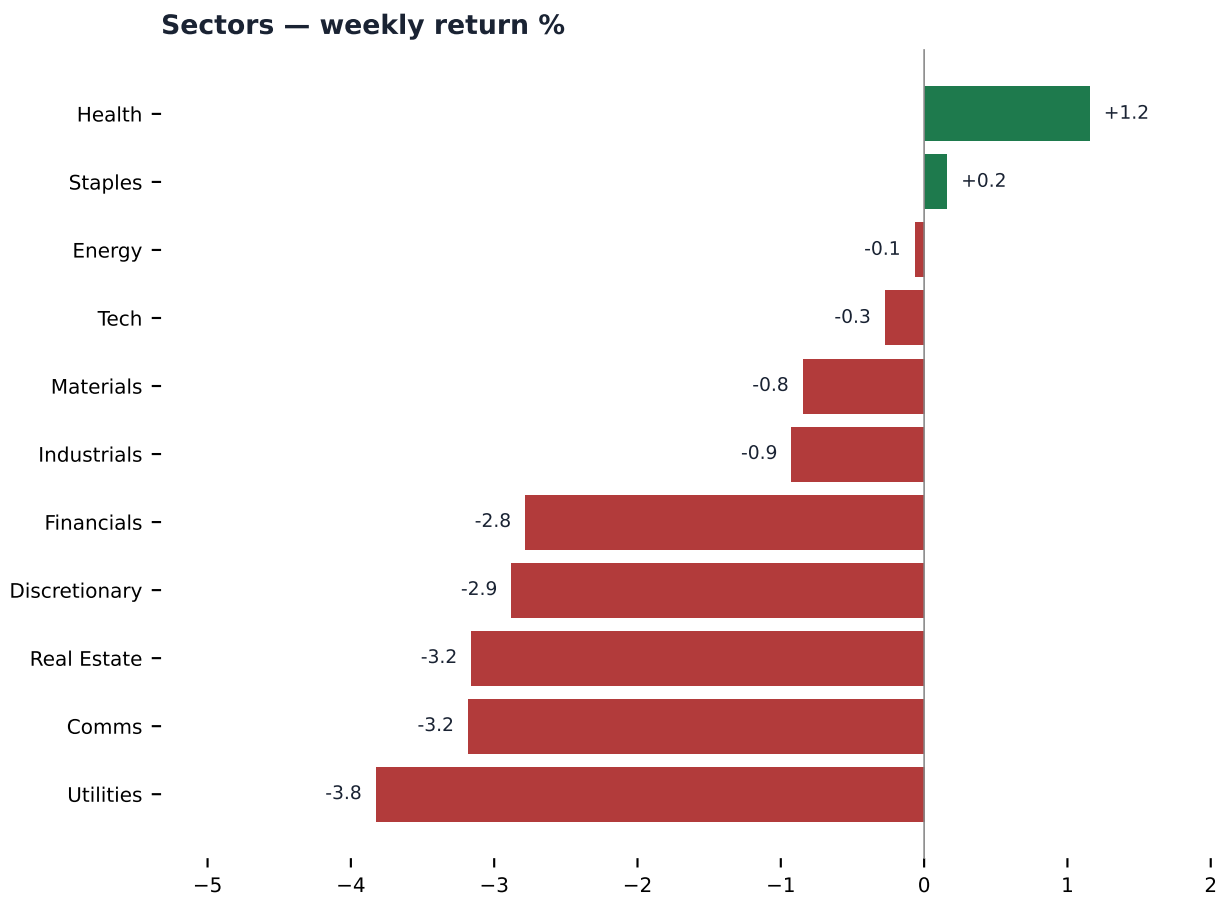
Rotation, Momentum & Fair Value

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 18% up. Growth-Value 3m +0.2%.



MOMENTUM & TREND

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

Instrument	13w	26w	52w	Score	vs40wMA	<52wHi
S&P 500	+3%	+17%	+14%	+0.50	+6%	-1%
Nasdaq	+4%	+23%	+18%	+1.00	+8%	-1%
Russell 2000	-6%	+11%	+13%	+0.00	+1%	-8%
Tech	+8%	+43%	+36%	+1.00	+17%	-1%
Financials	-2%	+10%	+1%	+0.00	+1%	-7%
Energy	+17%	+5%	+40%	+0.50	+9%	-4%
Health	+4%	+16%	+18%	+0.50	+9%	-2%
Semis	+1%	+52%	+78%	+1.00	+18%	-9%
Reg Banks	-6%	+7%	+11%	+0.00	-0%	-9%
Gold Miners	+13%	-7%	+15%	+0.00	-3%	-24%
Gold	+1%	-11%	+6%	+0.00	-9%	-21%
WTI	+39%	-14%	+57%	+0.50	+14%	-14%

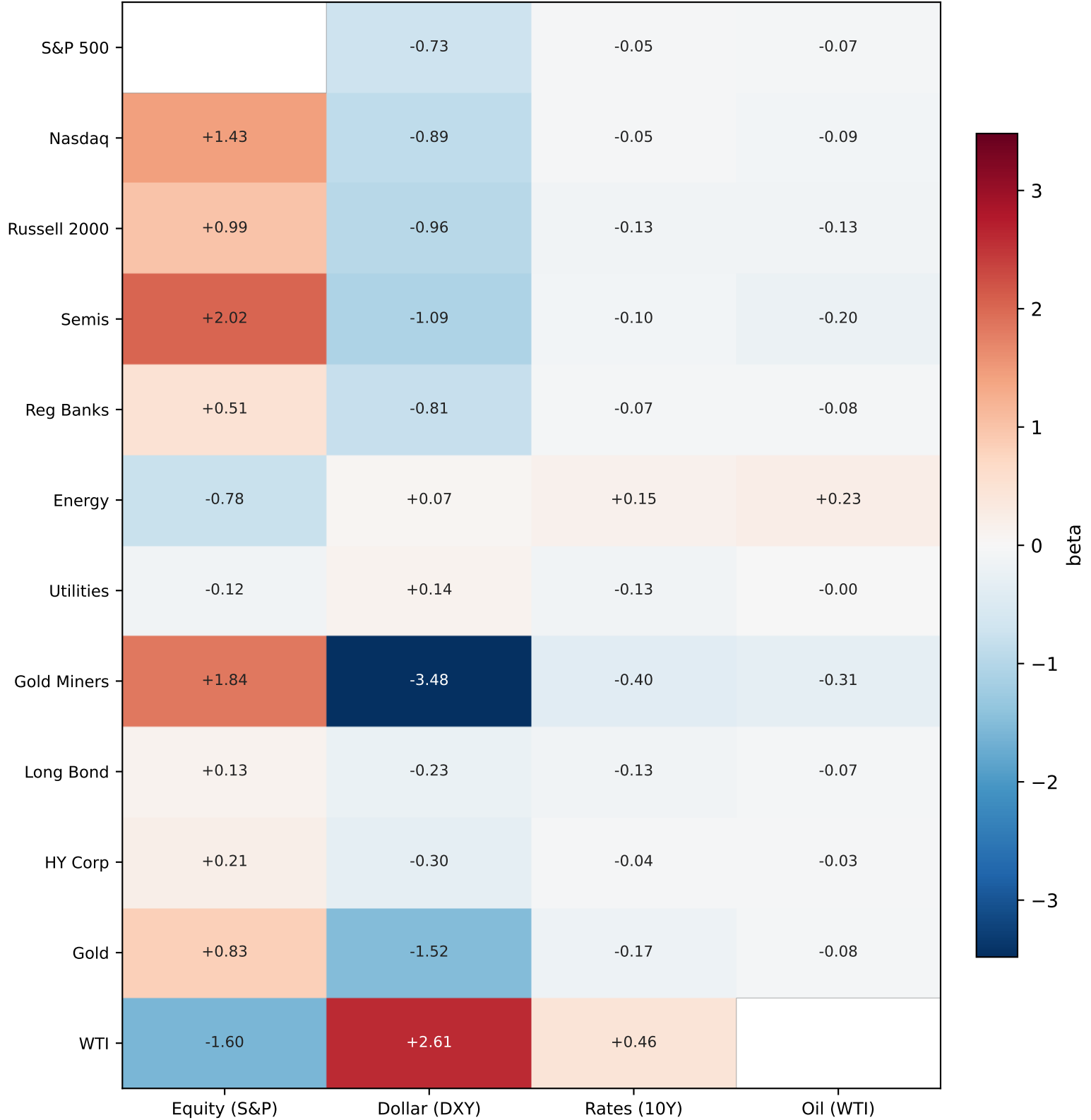
Sector 26-week relative strength:

LEADERS: Tech +43%, Health +16%, Financials +10%, Energy +5%, Industrials +3%, Discretionary +1%

LAGGARDS: Utilities -16%, Materials -2%, Real Estate -1%, Comms -1%, Staples +0%, Discretionary +1%

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

Semis vs Nasdaq

RICH z +1.41

actual 597.77 · model-fair 510.89 · gap +17.0% · R^2 0.95



S&P vs liquidity & rates

RICH z +1.14

actual 7684.92 · model-fair 6230.92 · gap +23.3% · R^2 0.28



Nasdaq vs real yield & S&P

RICH z +0.56

actual 26828.81 · model-fair 26476.78 · gap +1.3% · R^2 0.99



HY spread vs equity vol

cheap z -0.39

actual 2.93 · model-fair 3.08 · gap -0.2 · R^2 0.11



Gold vs real yield & dollar

RICH z +0.25

actual 4153.60 · model-fair 3962.91 · gap +4.8% · R^2 0.70



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

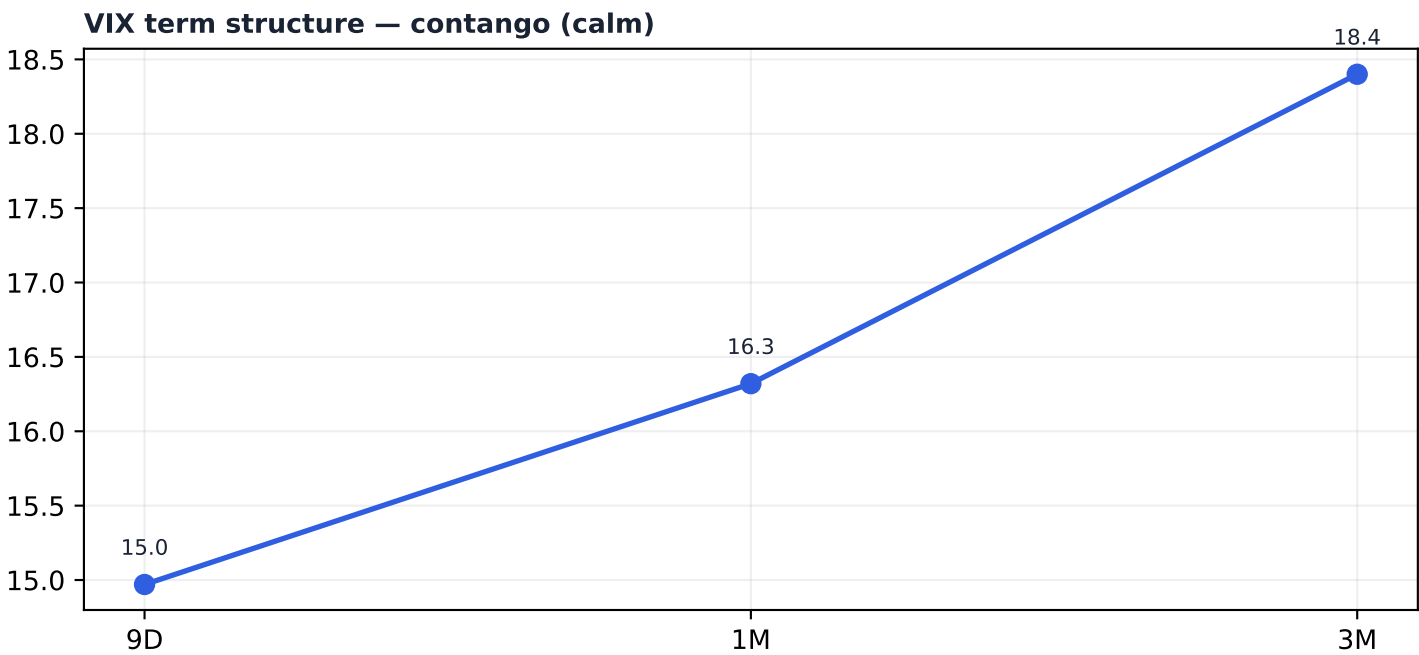
Volatility & Risk

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

+10.5 pts

VIX 16.3 — realised 5.9
positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

145

63th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	96		45th
Oil vol (OVX)	55		87th
Vol-of-vol (VVIX)	92		44th

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%	-1%	-0.2	+1.4
Nasdaq	-4.5%	-5.9%	13%	-36%	-1%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	13%	-33%	-8%	-0.2	+0.5
Semis	-7.3%	-10.0%	22%	-45%	-9%	-0.2	+0.6
Reg Banks	-6.3%	-9.7%	21%	-54%	-10%	-0.6	+2.3
Energy	-5.5%	-8.6%	21%	-23%	-4%	-0.7	+3.5
HY Corp	-1.6%	-2.3%	5%	-18%	-11%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-49%	-49%	-0.1	+0.4
Gold	-3.6%	-4.7%	11%	-23%	-21%	-0.1	+1.3
WTI	-9.7%	-11.9%	26%	-53%	-21%	+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

	05-15	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	09-28
Regime	R-	R+	R+	R-	R+	R+	R+	R+	R+	N	N	N	N	N	R+	R+	N	R+	R+	R+	N	R+	R+	R+
Risk appetite															+0.72	+0.53	+0.53	+0.70	+0.43	+0.49	+0.36	+0.33	+0.42	+0.10
Macro nowcast															-0.22	-0.20	-0.20	-0.20	-0.20	-0.10	-0.08	-0.06	-0.07	-0.16
Quadrant	Refl	Refl	Refl	Refl	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl
Breadth %	36	82	45	55	82	45	55	64	45	55	55	36	73	45	73	64	64	55	73	18	64	18	27	18
PC1 share															34	34	33	34	34	34	34	34	34	35
VIX	18	17	15	22	18	16	18	16	15	15	17	18	18	16	16	15	15	15	16	15	15	17	15	16
HY OAS	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	2.9
2s10s bp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	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 %	+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	-1.0

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