ABL Digital US Cross-Market Weekly

Exhaustive US Cross-Market Report | week ending 2026-11-16

69 market instruments + 60+ macro series | Goldilocks quadrant | 2898 days

REGIME: Risk-on

EXECUTIVE SUMMARY

The regime signal is risk-on but barely — a 0.588 posterior against 0.412 risk-off, with the composite risk-appetite scorecard at -0.04, functionally neutral. That combination argues for carrying equity exposure at or slightly below benchmark rather than pressing it, and for taking the risk you do hold in higher-quality, lower-beta form. The internals support that tilt: Momentum -12% and High-Beta -11% over three months against Low-Vol +2% and Value +1%, with the Growth-Value spread at -9.7%. Favoured this week are Energy (+3.6%), Staples (+2.0%) and Financials (+0.8%); faded are Tech (-2.6%), Materials (-2.0%) and Discretionary (-1.7%). On the curve, the belly and front end at 4.86-5.02% are the better carry than the 20Y at 5.48%, where term premium is still being rebuilt.

Three developments matter. First, the VIX term structure at 0.97 is inverted — the single worst scorecard component at -1.03 — meaning near-term hedges are priced above three-month protection, so buy duration in vol rather than spot. Second, Nasdaq -2.0% on the week against a fair-value model that reads it 3.4% cheap (R^2 0.99, z -1.57) makes the tech drawdown a valuation opportunity, not yet a trend break. Third, the DCC-GARCH stock-bond conditional correlation at -0.05 confirms Treasuries are hedging equities again, which lowers the cost of holding duration against risk.

The biggest risk is that this is distribution, not consolidation. The confirming signals: HY OAS above 3.60 from 3.23, VIX decisively through 25, or 2s10s flattening back toward zero from 0.27bp.

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Executive Dashboard

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

REGIME	QUADRANT	VIX	HY OAS
Risk-on	Goldilocks	21	3.23

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

S&P 500	7,481.1	-0.9%	-2.3%	-3.0%
Nasdaq	24,739.8	-2.0%	-5.4%	-6.3%
Russell 2000	2,763.0	-2.7%	+1.5%	-7.0%
Tech	166.4	-2.6%	-9.3%	-10.4%
Financials	58.5	+0.8%	+5.3%	+0.6%
Energy	64.2	+3.6%	-6.0%	+2.3%
Long Bond	79.4	-3.1%	-0.8%	-4.1%
HY Corp	76.8	-0.9%	-0.0%	-3.6%
IG Corp	102.9	-1.7%	-0.5%	-3.2%
TIPS	104.7	-1.3%	-0.8%	-2.1%
DXY	103.6	+1.9%	+1.7%	+3.9%
Gold	3,864.4	-6.1%	-7.6%	-14.7%
WTI	86.8	-0.1%	-14.4%	+4.1%
Copper	6.1	-4.3%	-7.3%	-7.7%
VIX	21.0	+1.1	+1.0	+6.6
MOVE	99.2	+13.2	-1.9	+28.2

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US CROSS-ASSET SCORECARD

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

RISK APPETITE

Neutral

score -0.04



sector breadth	+0.55
credit hy	-0.47
vix term	-1.03
low concentration	-0.24
spx trend	-0.68
risk over haven	+1.64

MACRO NOWCAST (growth pulse)

Trend growth

score -0.12



weekly econ index	+0.40
initial claims	+0.29
chicago fed	+0.06
consumer sentiment	-1.62
industrial prod	+0.28

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.

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WHAT CHANGED THIS WEEK

Week-over-week moves and how the market-state readings shifted · 2026-11-16

TOP GAINERS

Oil E&P	+4.4%
Energy	+3.6%
Oil Svcs	+2.2%
Staples	+2.0%
DXY	+1.9%
USDCAD	+1.3%
Brent	+1.2%
Low-Vol	+0.9%

TOP DECLINERS

Gold Miners	-12.4%
Silver	-11.2%
Gold	-6.1%
Biotech	-5.3%
Gasoline	-4.4%
Copper	-4.3%
High-Beta	-4.2%
Semis	-4.2%

KEY LEVELS — week-over-week

S&P 500	7,481.1	-0.9%	WTI	86.8	-0.1%
Nasdaq	24,739.8	-2.0%	DXY	103.6	+1.9%
Russell 2000	2,763.0	-2.7%	Long Bond	79.4	-3.1%
VIX	21.0	+1.1	HY Corp	76.8	-0.9%
Gold	3,864.4	-6.1%	Semis	467.0	-4.2%

MARKET-STATE READINGS — now vs prior report

Regime	prior: R-	->	**Risk-on**
Risk appetite	prior: -0.29	->	**-0.04**
Macro nowcast	prior: -0.10	->	**-0.12**
PC1 share	prior: 33	->	**32%**

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

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US Cross-Market Analysis

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Regime, Scorecard & Market State

The Markov filter puts 58.8% weight on risk-on and 41.2% on risk-off, with zero weight on neutral — a bimodal read that says the model sees the market as being in one of two states, not drifting between them. That matters more than the headline tilt: when neutral carries no probability, regime shifts tend to be fast rather than gradual, and the 41.2% risk-off weight is high enough that a single bad week of prints could flip the dominant state. An investor should treat the current risk-on reading as provisional.

The composite risk-appetite scorecard at -0.04 is neutral, and its components tell you why the headline is uninformative on its own. Two readings are strongly positive: risk_over_haven at +1.64 and sector_breadth at +0.55. Three are negative: vix_term at -1.03, spx_trend at -0.68, credit_hy at -0.47, with low_concentration at -0.24. So risk assets are still outperforming havens and the breadth is adequate at 55% of sectors up, but the trend, the volatility term structure and credit are all leaning the other way. This is a market where the cross-sectional evidence is better than the time-series evidence — stocks are beating bonds and gold, but the index itself is going down.

Index levels confirm the drag. The S&P is -0.9% on the week, -2% on the month and -3% over three months; Nasdaq is -2.0/-5/-6; the Russell -2.7/+2/-7. The Dow's -0.7/0/-3 is the mildest, which is itself informative — the most value- and cyclical-weighted of the majors is holding best. The Russell's +2% month against -7% over three months shows a bounce inside a downtrend rather than a recovery. The growth-inflation quadrant reads Goldilocks, with a g-score of 0.0 and an i-score of -1.0. Read that honestly: the Goldilocks label is being carried entirely by disinflation, not growth. Growth is at trend, not above it. That is a supportive backdrop for duration and for quality, and a thinner one for the high-beta cyclical trade that needs growth to accelerate.

Sector & Factor Rotation

The weekly sector tape is a clean defensive-plus-energy rotation. Energy +3.6% leads by a wide margin, then Staples +2.0%, Financials +0.8%, Utilities +0.8% and Health +0.7%. Comms is flat. The losers are the growth-cyclical complex: Tech -2.6%, Materials -2.0%, Discretionary -1.7%, Industrials -1.0%, Real Estate -0.6%. Breadth at 55% up means this is not indiscriminate selling — slightly more sectors rose than fell, and the index still declined, which tells you the decline is concentrated in the largest-weight sectors. Tech falling 2.6% while 55% of sectors rise is arithmetically most of the story behind the S&P's -0.9%.

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The three-month factor data says the same thing with more force and more history behind it. Momentum is -12% and High-Beta -11%, while Low-Vol is +2%, Value +1% and Quality -1%. Growth is -8%. The Growth-Value spread of -9.7% over three months is a substantial rotation, not noise. A momentum unwind of that size usually means the crowded side of the market is being de-risked, and the fact that Low-Vol is one of only two positive factors confirms that what is being bought is defensiveness rather than any particular growth story.

The signal for an investor is that risk appetite, read through rotation rather than through the index, is genuinely defensive. Energy's +3.6% is the one offensive-looking exception, and it is a sector that can rally on supply conditions independent of the growth cycle, so it should not be read as a cyclical upturn. The combination to lean into is quality and low-volatility exposure with value tilt, funded out of momentum and high-beta. The combination to be careful with is adding to Tech on weakness, which the fair-value work supports on valuation but which the rotation data says is still the funding source for the market's current preferences.

The Yield Curve & Rates

The curve is positively sloped across its whole length and sits at a high absolute level: 1M 4.12%, 3M 4.32%, 6M 4.42%, 1Y 4.65%, 2Y 4.86%, 3Y 4.90%, 5Y 4.95%, 7Y 5.02%, 10Y 5.10%, 20Y 5.48%, 30Y 5.43%. The 2s10s at 0.27bp and the 3M10Y at 0.83bp are both comfortably positive. That is a normalised curve, not a recession curve, and it marks a clear change from an inversion regime — the cycle signal here is mid-to-late expansion with the front end still restrictive in absolute terms rather than imminent contraction.

Two features of the shape deserve attention. First, the segment from 2Y to 7Y is almost flat — 4.86% to 5.02% is 16bp across five years of maturity extension. There is very little compensation for taking duration risk inside seven years, which argues for sitting at the short end of that range and collecting the 4.86% at 2Y rather than reaching out. Second, the 20Y at 5.48% trades above the 30Y at 5.43%, an inverted long end. That 5bp kink is a supply and liquidity artefact more than a macro signal, but it does identify the 20Y as the cheapest point on the curve for an investor who wants the yield and can tolerate the duration.

The level matters as much as the slope. A 10Y at 5.10% with the i-score at -1.0 and Sticky CPI at 3.1% means real yields are meaningfully positive, which is why duration is now functioning as a hedge rather than as a correlated risk. The front end at 4.12-4.42% also means cash is paying well, and that is the honest alternative to reaching for risk: an investor who wants to express the neutral regime reading can do so by holding more of the 3M to 1Y range at 4.32-4.65% rather than by constructing a complicated equity hedge. The constraint on the whole structure is the 30-year mortgage at 7.1%, which is restrictive for housing and will keep the rate-sensitive parts of the economy soft while the curve stays here.

Credit & Financial Conditions

HY OAS at 3.23 sits at the 75th percentile of its own history, and that percentile is the number to focus on rather than the level. A 323bp spread is not distressed by any absolute standard, but being at the 75th percentile means credit is pricing more risk than it has three-quarters of the time, and the credit_hy scorecard component at -0.47 reflects exactly that. IG OAS at 0.89 is the counterweight — 89bp in investment grade is a tight, unstressed level, and the gap between the two says the concern is concentrated in lower-quality issuers rather than in corporate credit generally. For an investor, that argues for IG over HY within credit, and for taking the view that this is idiosyncratic quality differentiation rather than a systemic funding problem.

Aggregate conditions corroborate the benign read. The ANFCI at -0.48 and the financial stress index at -0.49 are both negative, meaning conditions are looser than average and stress is below average. There is no evidence here of the funding tightness that precedes genuine credit events. Net liquidity at $5,844bn, up $43bn over the month, is a modest tailwind — not a surge, but not the draining that would pressure risk assets.

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The tension worth holding in mind is between the aggregate and the component. Financial conditions indices are slow and broad; HY OAS is fast and marginal. A 75th-percentile HY spread with a -0.48 ANFCI is the normal early configuration — credit markets starting to discriminate while the aggregate measures still read easy. It is not yet a stress signal, and the S&P-HY correlation falling from +0.68 on 252 days to +0.57 on 63 days actually says equity and credit have been moving slightly more independently recently. But HY OAS is the single cleanest tripwire in this briefing, and a move from 3.23 toward 3.60 or above would change the credit read from "discriminating" to "tightening" and should reduce equity risk alongside it.

Factor Structure & Systemic Risk

Two PCA readings are given and they are measuring different things. Across the eleven sectors, PC1 explains 66% of variance — sector returns are substantially driven by one common factor, so sector selection within equities buys less diversification than the weekly dispersion from Energy +3.6% to Tech -2.6% might suggest. Across the broader 89-instrument set, PC1 Risk (proxied by the S&P) explains 32%, PC2 Rates (10Y) 16%, PC3 Energy inverse 6% and PC4 Energy 5%. A 32% PC1 across a diverse cross-asset universe is meaningfully single-factor: nearly a third of everything that moved is explained by one risk direction, and the 16% on rates means the second-largest driver is the curve. The practical implication is that an investor with equity, credit and cyclical commodity exposure is holding fewer independent bets than the position count implies, and that genuine diversification has to come from the PC2 rates axis or from outside this factor set.

The systemic co-movement gauge cuts against that worry in a useful way. The average pairwise conditional correlation from the multivariate DCC across twelve assets is +0.04 now, against +0.05 a year ago. That is very low in absolute terms and essentially unchanged year over year. Diversification across the broad asset set is working, not failing. Persistence at 0.8778 means the measure is sticky but not locked — correlation shocks decay over roughly a two-to-three-week half-life at weekly frequency, so this is a measure that can move if conditions change, and it has not.

Reconciling the two: the market is single-factor within risk assets and well-diversified across asset classes. Sector rotation and factor tilts inside equities will not protect a portfolio from a risk-off move, because a 66% sector PC1 means they all go down together. What will protect it is the cross-asset axis — duration, and the low +0.04 average pairwise correlation that says the non-equity holdings are genuinely doing their own thing. That is a specific instruction: express defensiveness through asset allocation, not through sector selection.

Cross-Asset Correlation & Lead-Lag

The most consequential number in this section is the DCC-GARCH stock-bond conditional correlation at -0.05. Treasuries are hedging equity risk again. The static correlations show the transition clearly: S&P to Long Bond is +0.25 over 252 days but +0.09 over 63 days, and the conditional estimate is now slightly negative. Nasdaq to Long Bond has gone further, from +0.18 over the year to -0.03 over the quarter. The persistence of 0.9883 on the stock-bond pair is very high, which means this relationship moves slowly and the current reading is likely to hold rather than whip back. The investment implication is direct: a Treasury allocation is doing hedging work it was not doing a year ago, and at a 10Y of 5.10% you are paid to hold it. That is the cleanest way to carry equity exposure through a neutral regime.

The dollar relationship is less helpful than it looks. S&P to DXY is -0.32 over 252 days, -0.17 over 63 days, with the conditional estimate at -0.15 and persistence 0.9926. The negative sign means the dollar rises when equities fall, so long-dollar exposure is a partial equity hedge — but a -0.15 conditional correlation is weak, and the weakening from -0.32 means the hedge has been getting less reliable, not more. Do not size dollar length as if it were a dependable offset. Gold, meanwhile, is positively correlated with the S&P at +0.30 over 252 days and +0.35 over 63 days — it is behaving as a risk asset, not a haven, and its -0.40/-0.38 correlation to DXY says it is trading primarily off the dollar and real rates rather than off equity stress. Gold is not the hedge here.

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Within equities, the correlations are tight and rising: Semis to S&P +0.78 going to +0.81, Russell 2000 to Regional Banks +0.58 going to +0.61. Semis offer no diversification from the index, and small-cap exposure is substantially a bet on regional bank health. The S&P-VIX correlation at -0.85 over 252 days, -0.92 over 63 days and -0.91 on the conditional estimate confirms that VIX instruments track the index inversely with high fidelity — useful for hedge construction, with the caveat that the inverted term structure makes the entry point expensive.

On lead-lag, the Granger network has VIX, Long Bond, US 10Y and Semis as net leaders, with Gold, S&P, DXY and Nasdaq as net followers. The structural read is coherent: volatility and rates lead, equities and the dollar follow, and semis lead the broader tech complex. Watching MOVE, the 10Y and the semiconductor tape for an early signal on equity direction is a reasonable use of this. But the predictive skill at weekly frequency is modest, and should be treated that way. Granger causality establishes statistical precedence in sample, not reliable out-of-sample forecasting power, and weekly data gives few observations relative to the number of pairwise relationships being tested. Use the network to decide where to look first, not to size a position.

Relative Value & Fair Value

One cointegrated pair is stretched beyond 1.5σ: the S&P versus Nasdaq spread at z -1.73, with a half-life of eight weeks. The negative z means the Nasdaq is cheap relative to the S&P on the cointegrating relationship, and the eight-week half-life means mean reversion, if it comes, is a one-to-two-month trade rather than a multi-quarter hold. That is the implementable relative-value expression in this briefing: long Nasdaq against short S&P, sized for an eight-week horizon, with the acknowledgement that cointegration spreads can widen further before they converge and that a z of -1.73 is stretched but not extreme.

The fair-value residual models reinforce the same direction from a different angle. Nasdaq against real yields and the S&P reads 3.4% cheap at z -1.57 on an R^2 of 0.99 — that R^2 is high enough that the residual is a meaningful signal rather than model noise, and a 3.4% discount on a 99% fit is a real dislocation. Semis against the Nasdaq reads 4.9% rich at z +0.46 on an R^2 of 0.96. The pairing is the useful part: tech is cheap, but the semiconductor part of tech is not. An investor expressing the cheap-Nasdaq view should do it through the broad index rather than through semis, where you would be paying a 4.9% premium for the same exposure plus a +0.81 correlation to the S&P.

Gold against real yields and the dollar is 11.7% rich on an R^2 of 0.70. Treat that with appropriate caution — a 0.70 R^2 leaves 30% of the variance unexplained, and a z of only +0.58 says the residual is not statistically unusual by its own history even though the percentage gap is large. The reading is consistent with gold's +0.35 correlation to the S&P: it has been trading as a momentum asset and has run ahead of what real rates and the dollar justify. For an investor holding gold as a hedge, the message is that you are paying a premium for an asset that is not currently behaving like a hedge. That is the position to trim if something has to be funded.

Volatility & Tail Risk

VIX at 21.0 against VIX3M at 21.7 gives a term ratio of 0.97 — inverted, and the most negative component of the risk-appetite scorecard at -1.03. An inverted term structure means the market is paying up for near-dated protection relative to three-month, which is the signature of acute rather than chronic concern. The practical consequence for anyone hedging is specific: spot vol is the expensive leg. Buy protection in the three-month tenor at 21.7 rather than the front month at 21.0, because you are buying more time for a similar price, and the roll works in your favour if the structure normalises.

VVIX at 105 says the volatility of volatility is elevated but not panicked, so vol-of-vol is not currently making option structures prohibitively expensive. MOVE at 99 is the notable one — rate volatility near the century mark alongside a 10Y of 5.10% means the bond market is not calm, and since the lead-lag network puts Long Bond and the 10Y among the net leaders, that unsettled rates market is the place where an equity move would most likely originate. SKEW at 147 is high. That tells you the options market is pricing a fat left tail — demand for out-of-the-money puts is strong relative to at-

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the-money. A 21 VIX with a 147 SKEW is a market that is not worried about ordinary volatility but is paying for crash protection, and the combination of that with an inverted term structure is the clearest sign in this briefing that professional money is hedging.

The tail metrics quantify what that hedging is for. Expected shortfall at the 5% level is -4.8% for the S&P against a current drawdown of -4%, -5.9% for the Nasdaq against -10% drawdown, and -6.4% for the Russell 2000 against -10%. The S&P's current drawdown of -4% is already approximately its own ES5, so the index has absorbed a move of roughly the size the tail model expects in a bad week. The Nasdaq and Russell are both -10% from their highs against ES5 figures of -5.9% and -6.4%, meaning those drawdowns are already larger than a single tail event — they are cumulative. For position sizing, the Russell's -6.4% ES5 is the widest, and taken with its -2.7% week and +0.61 correlation to regional banks, small caps carry the most downside per unit of exposure here.

Macro Pulse & Recession Risk

The recession indicators are uniformly benign and should be reported that way. The NY Fed recession probability is 0.4%, the Sahm rule is at 0.00, 2s10s is positively sloped at 0.27bp, and initial claims are 200,000. There is no recession signal in any of the four. The Sahm rule at exactly zero means the three-month average unemployment rate is not above its twelve-month low by any margin, and claims at 200k are low in absolute terms — continued claims at 1,697,000 are consistent with that. Labour market: unemployment 4.1%, U6 at 7.9%, participation 61.9%, job openings 7,523k, average hourly earnings $38.0. That is a labour market that is cooling at the margin rather than cracking. Participation at 61.9% is the soft spot, and the 3.8-point gap between U6 and headline unemployment is normal.

The macro nowcast at -0.12 reads trend growth, and the component breakdown is where the useful information is. Four of five components are positive: weekly_econ_index +0.40, initial_claims +0.29, industrial_prod +0.28, chicago_fed +0.06. One is deeply negative: consumer_sentiment at -1.62. That single reading is what drags the composite below zero, and it reflects the Michigan consumer sentiment print of 48.1 — a level that in historical terms is consistent with recession, sitting alongside hard data that is not. The honest read is that the activity data is fine and the consumer's assessment of it is not. With the saving rate at 3.8% and retail sales at $745,021m, spending is holding up despite the sentiment reading, so the sentiment number has not yet translated into behaviour. It is a risk to the forward path, not a description of the present.

Growth and inflation are consistent with the Goldilocks quadrant, with the caveat already noted. Real GDP $24,611.1bn, industrial production 104.0, capacity utilisation 76.9%, Chicago Fed NAI 0.1, Weekly Economic Index 3.3%, durable goods $345,672m. The Chicago Fed at 0.1 and the g-score at 0.0 both say trend, not acceleration. On inflation, Sticky CPI at 3.1% is the one to watch — above target, and the component of inflation that moves slowest. Michigan inflation expectations at 4.6% are considerably higher than realised inflation, which is a familiar gap in survey data but worth noting given it comes from the same survey producing the 48.1 sentiment reading. Housing is the visible restrictive channel: starts 1,221k, permits 1,398k, new home sales 676k, Case-Shiller 336.7, and a 30-year mortgage at 7.1%. Permits above starts is mildly constructive for the pipeline, but a 7.1% mortgage rate keeps housing from contributing much.

Net liquidity at $5,844bn and up $43bn over the month is a mild positive. Stated honestly, that is a 0.7% monthly increase on a very large base — supportive at the margin, not a driver, and not enough liquidity impulse to offset a genuine deterioration in growth or credit if one arrives.

Key Risks & What to Watch

The central risk to the constructive-but-cautious view is that the 41.2% risk-off posterior is the correct one and the current tape is distribution rather than consolidation. The evidence for that case already exists in the briefing: the S&P is -3% over three months, Momentum is -12%, the VIX term structure is inverted, SKEW is 147, and HY OAS is at its 75th percentile. If those resolve downward together, the 66% sector PC1 means equity diversification will not help and only the cross-asset axis will.

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US Cross-Market Analysis (cont.)

The second risk is the consumer. Sentiment at 48.1 driving a -1.62 nowcast component against four positive components is a divergence that resolves one way or the other. If the consumer stops spending to match how they feel, the retail sales and saving-rate data turn quickly, and the Goldilocks quadrant — already carried entirely by the -1.0 i-score with a g-score of 0.0 — loses its growth leg.

The third is rates. MOVE at 99 with the 10Y at 5.10% and the Long Bond and 10Y as net Granger leaders means a disorderly move in rates is the most likely origin of an equity repricing, in either direction. A break higher in long yields would pressure the duration hedge that currently works at a -0.05 stock-bond correlation, and that correlation's 0.9883 persistence means it would take sustained pressure to break — but if it broke, both legs of a balanced portfolio would be impaired at once.

Specific levels. Confirming deterioration: HY OAS through 3.60, VIX sustained above 25 with the term ratio staying below 1.00, 2s10s flattening back under 0.10bp from 0.27bp, initial claims breaking above 240,000 on a four-week basis, or the Sahm rule turning positive from 0.00. Confirming improvement: VIX term structure back above 1.00, HY OAS back toward 3.00, Momentum and High-Beta turning positive against Low-Vol over a trailing month, breadth sustaining above 60% from 55%, and the S&P recovering its three-month loss. For the relative-value trade specifically, the Nasdaq-versus-S&P spread converging from z -1.73 toward zero inside the eight-week half-life confirms the signal; the spread widening through -2.5σ says the cointegrating relationship is breaking down and the trade should be cut rather than added to. On the DCC estimates, watch for the stock-bond conditional correlation turning positive and the average pairwise correlation rising from +0.04 toward the +0.15 to +0.20 range — that combination would mean diversification is failing at the same moment the hedge stops working, and it is the configuration that would most justify cutting gross exposure rather than rotating within it.

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PART I

Rates, Credit & Macro

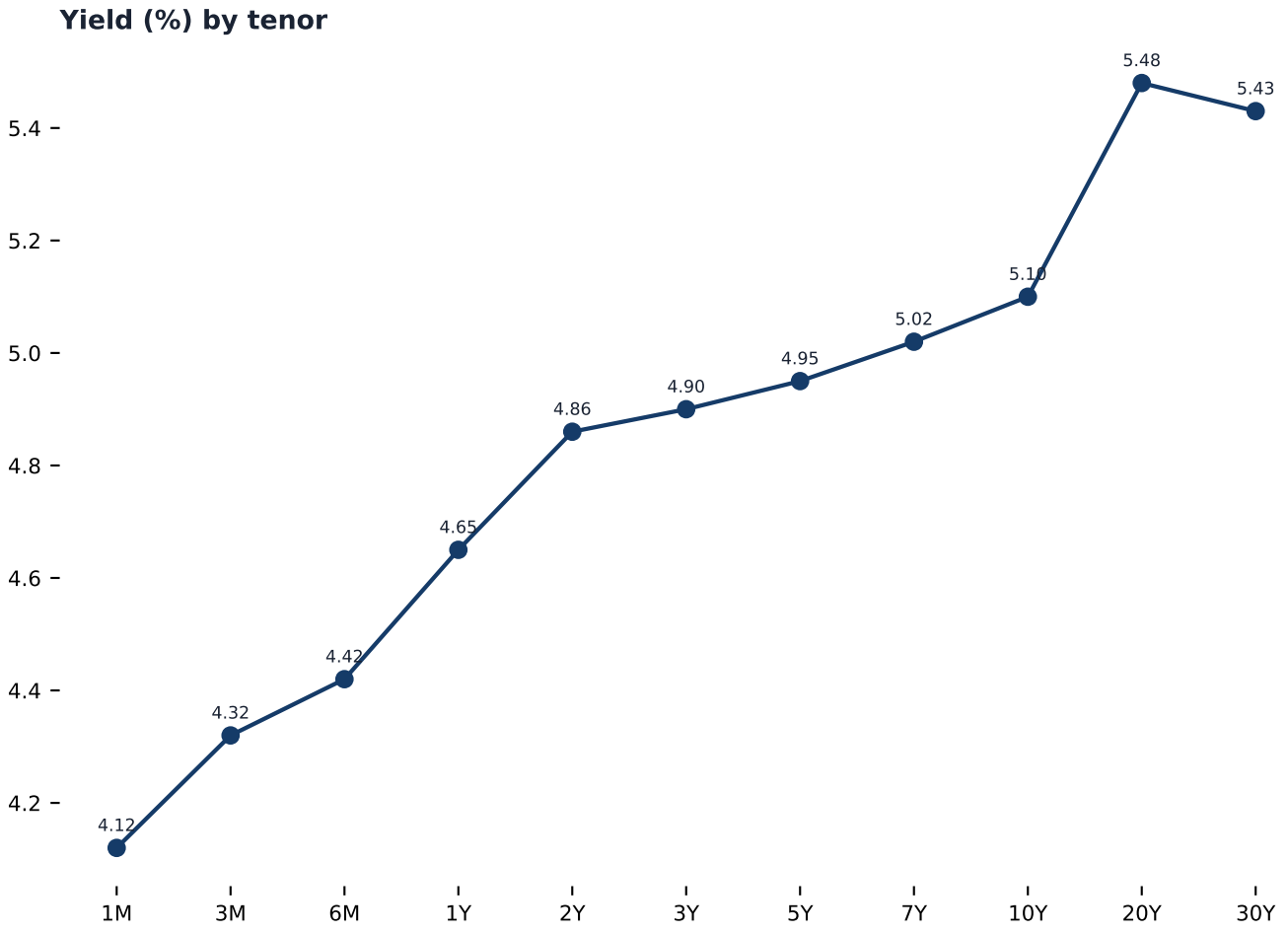
The Treasury curve, credit spreads, the growth-inflation regime and the deep macro dashboard.

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

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The Treasury Yield Curve

Current US Treasury curve. 2s10s +0.27bp, 3M-10Y +0.83bp (positive).



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Credit, Financial Conditions & Volatility

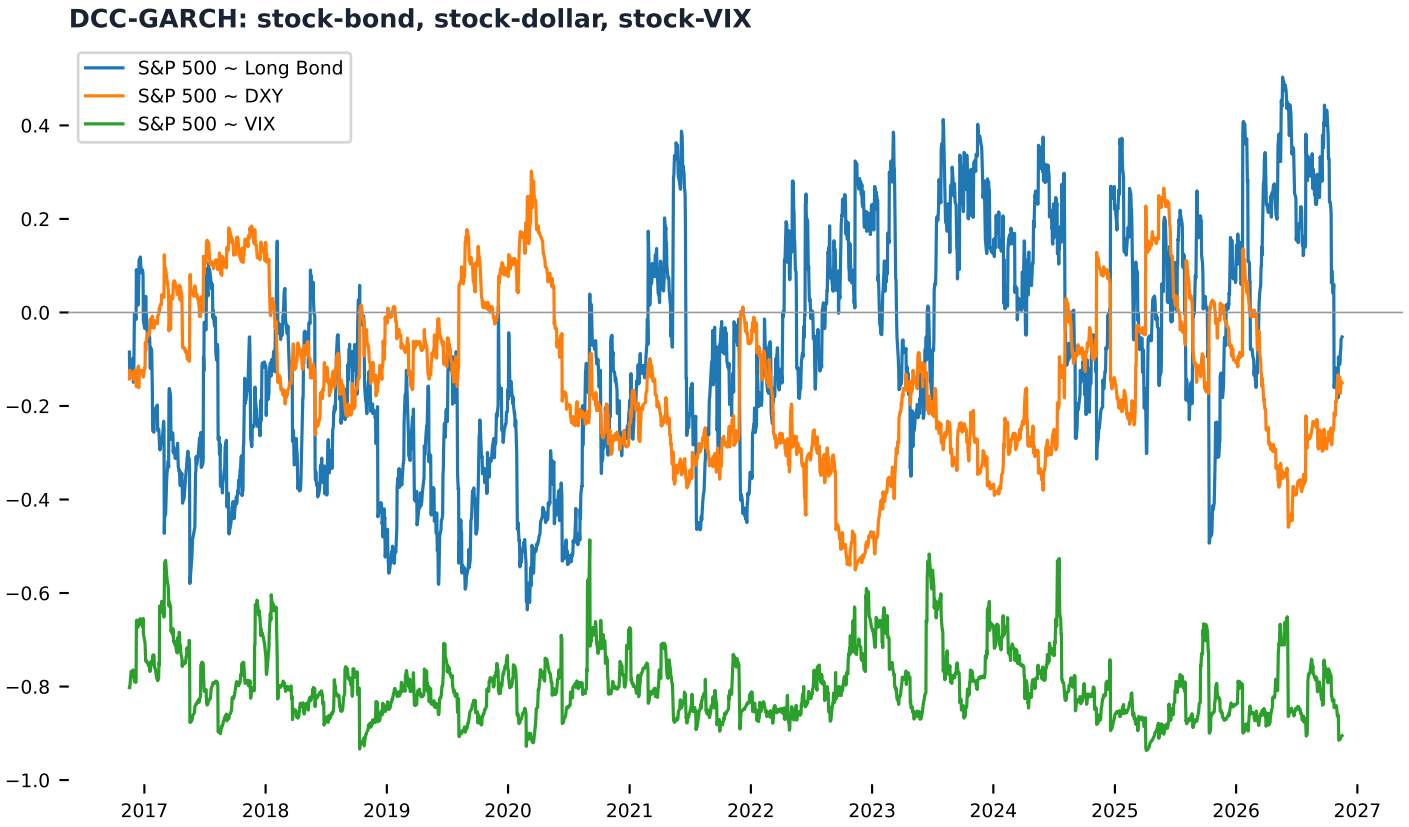
Credit spreads and the volatility complex - the market's stress gauges.

HY OAS	**3.23**	75th pctile
IG OAS	**0.89**	
Fin Conditions (ANFCI)	**-0.48**	0 = average; +tight
St. Louis Stress	**-0.49**	
VIX	**21.0**	term VIX/VIX3M 0.97
VIX3M	**21.7**	
VVIX (vol of vol)	**105**	
MOVE (bond vol)	**99**	
SKEW (tail hedging)	**147**	

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Regime, Growth-Inflation & Liquidity

Markov regime: Risk-on (posterior Neutral 0.00, Risk-on 0.59, Risk-off 0.41). Quadrant: Goldilocks.





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Macro Pulse: Labor

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

INDICATOR	LATEST	CHANGE	AS OF
Nonfarm payrolls (k)	**159,293.00**	+165.00	2026-10
Unemployment %	**4.10**	-0.10	2026-10
U6 underemployment %	**7.90**	+0.30	2026-10
Participation %	**61.90**	+0.10	2026-10
Job openings (k)	**7,523.00**	+333.00	2026-09
Avg hourly earnings $	**38.00**	+0.14	2026-10
Initial claims (wk)	**200,000.00**	+9,000.00	2026-11
Continued claims	**1,697,000.00**	-20,000.00	2026-10

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Macro Pulse: Inflation

CPI, PCE, PPI and inflation expectations.

INDICATOR	LATEST	CHANGE	AS OF
CPI index	**337.48**	+1.18	2026-10
Core CPI index	**339.90**	+1.00	2026-10
PCE index	**132.26**	+0.65	2026-09
Core PCE index	**130.90**	+0.41	2026-09
PPI index	**293.92**	-0.55	2026-10
Michigan inflation exp %	**4.60**	+0.60	2026-09
Sticky CPI %	**3.09**	+0.28	2026-10

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Macro Pulse: Growth, Consumer & Housing

Activity, the consumer, and the housing cycle.

INDICATOR	LATEST	CHANGE	AS OF
Real GDP (bn)	**24,611.08**	+203.07	2026-07
Industrial production	**103.95**	+0.68	2026-09
Capacity utilization %	**76.85**	+0.43	2026-09
Chicago Fed NAI	**0.07**	+0.15	2026-09
Weekly Econ Index %	**3.29**	-0.19	2026-11
Durable goods ($m)	**345,672.00**	+6,487.00	2026-09
Retail sales ($m)	**745,021.00**	+5,699.00	2026-09
Saving rate %	**3.80**	-0.20	2026-09
Consumer sentiment	**48.10**	-3.60	2026-09
Housing starts (k)	**1,221.00**	-67.00	2026-09
Building permits (k)	**1,398.00**	-5.00	2026-09
New home sales (k)	**676.00**	-4.00	2026-09
Case-Shiller HPI	**336.74**	-0.52	2026-08
30y mortgage %	**7.11**	-0.07	2026-11

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Money, Liquidity & Policy

Fed policy rate, M2, reserves and credit aggregates.

INDICATOR	LATEST	CHANGE	AS OF
Fed funds	**3.88**	+0.00	2026-11
SOFR	**3.90**	+0.00	2026-11
M2 ($bn)	**23,508.00**	+214.00	2026-10
Bank reserves	**2,966.80**	+30.80	2026-09
C&I loans ($bn)	**2,992.91**	+33.87	2026-10
Consumer credit ($bn)	**5,224,415.99**	+27,838.63	2026-09

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Recession Dashboard

The signals that historically lead a US downturn.

NY Fed recession probability	**0.4%**	12m-ahead, curve-based
Sahm rule (real-time)	**+0.00**	>0.50 triggers
2s10s curve	**+0.27 bp**	inverted = warning
Initial jobless claims	**200,000**	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 +0.05
DXY	contemp -0.14	1d-lag -0.01

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PART II

Cross-Market Structure

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

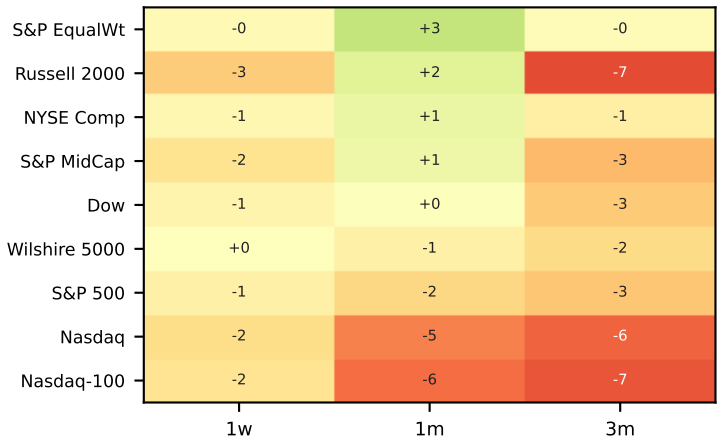
- PCA factor model & multivariate DCC conditional-correlation
- Correlation, wavelet coherence, Granger causality & cointegration

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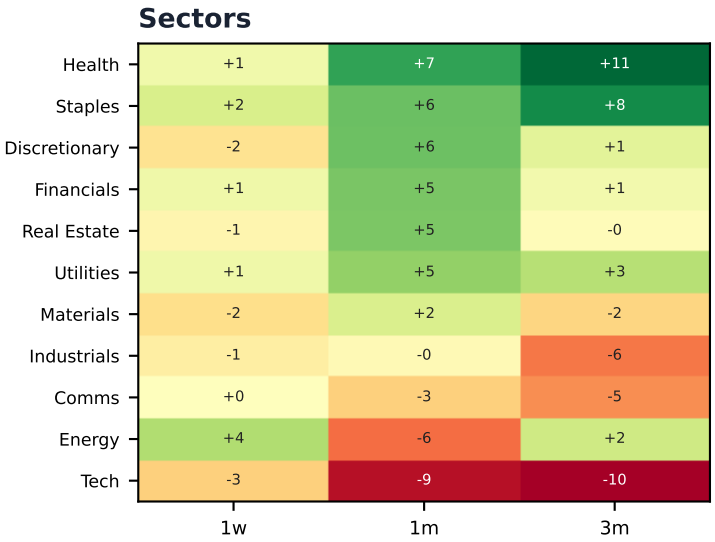
Returns Heatmap

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

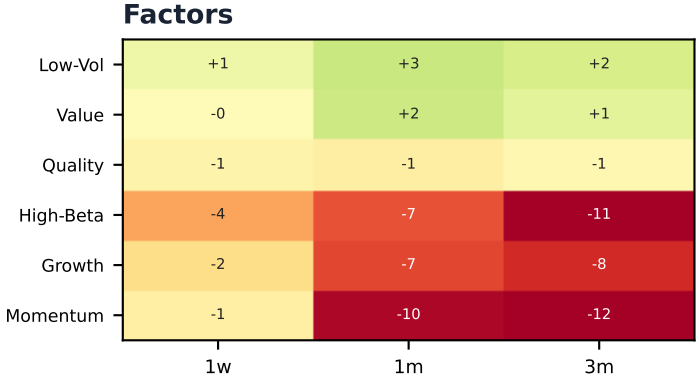
Indices



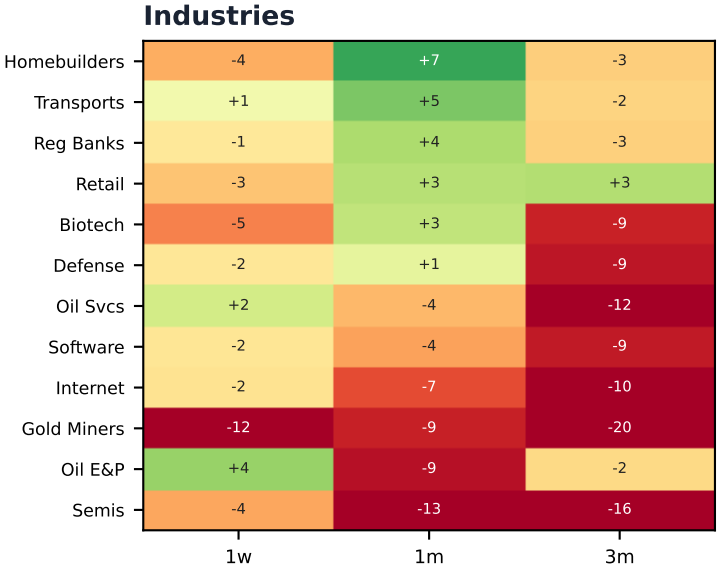
Sectors



Factors



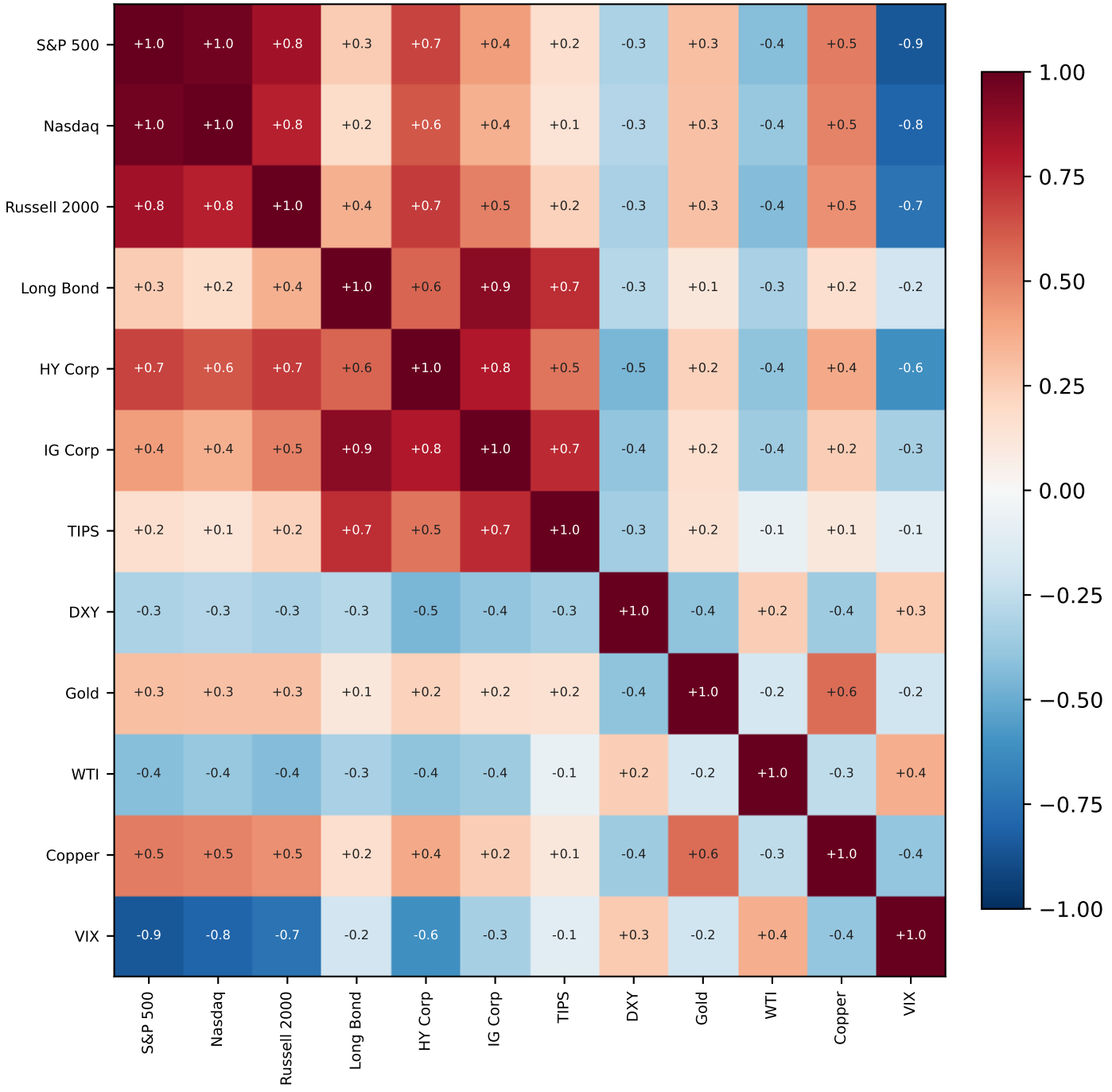
Industries



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Cross-Asset Correlation (252d, daily)

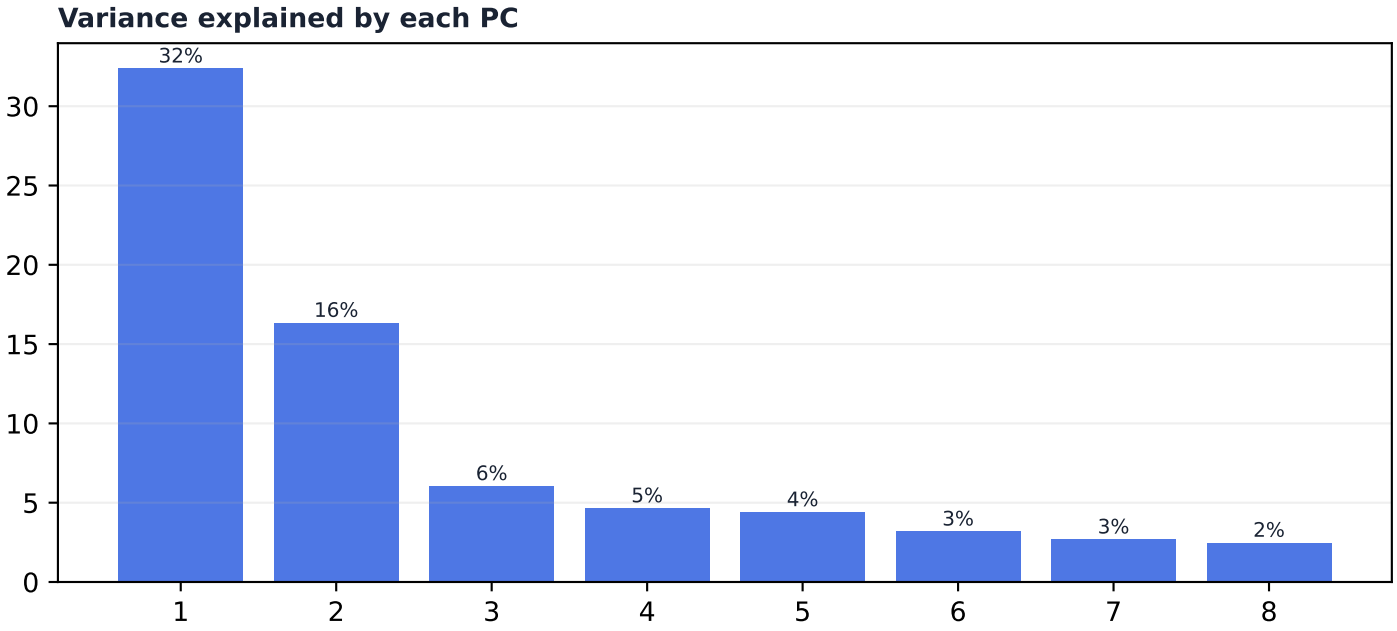
S&P/Nasdaq/Russell vs bonds, credit, dollar, gold, oil, copper, VIX.



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CROSS-ASSET FACTOR STRUCTURE (PCA)

Independent forces driving the 89 instruments (156 weeks)



PC1 — Risk (S&P 500)

32.4% of variance (cum 32%) · marker corr +0.93

+ Wilshire 5000 +0.18, S&P EqualWt +0.18, NYSE Comp +0.17, S&P 500 +0.17, Quality +0.17
– VIX3M -0.16, VIX -0.15, VIX9D -0.15, HY OAS -0.15, VVIX -0.13

PC2 — Rates (10Y)

16.3% of variance (cum 49%) · marker corr +0.95

+ US 10Y +0.25, US 5Y +0.25, US 2Y +0.23, US 30Y +0.23, 10Y real +0.22
– 7-10y Tsy -0.25, Agg Bond -0.24, MBS -0.24, Long Bond -0.24, IG Corp -0.22

PC3 — Energy (WTI) (inverse)

6.0% of variance (cum 55%) · marker corr -0.69

+ Nasdaq +0.13, Nasdaq-100 +0.13, Growth +0.13, Tech +0.13, Internet +0.13
– Energy -0.34, Oil E&P -0.33, Brent -0.30, WTI -0.30, Oil Svcs -0.27

PC4 — Energy (WTI)

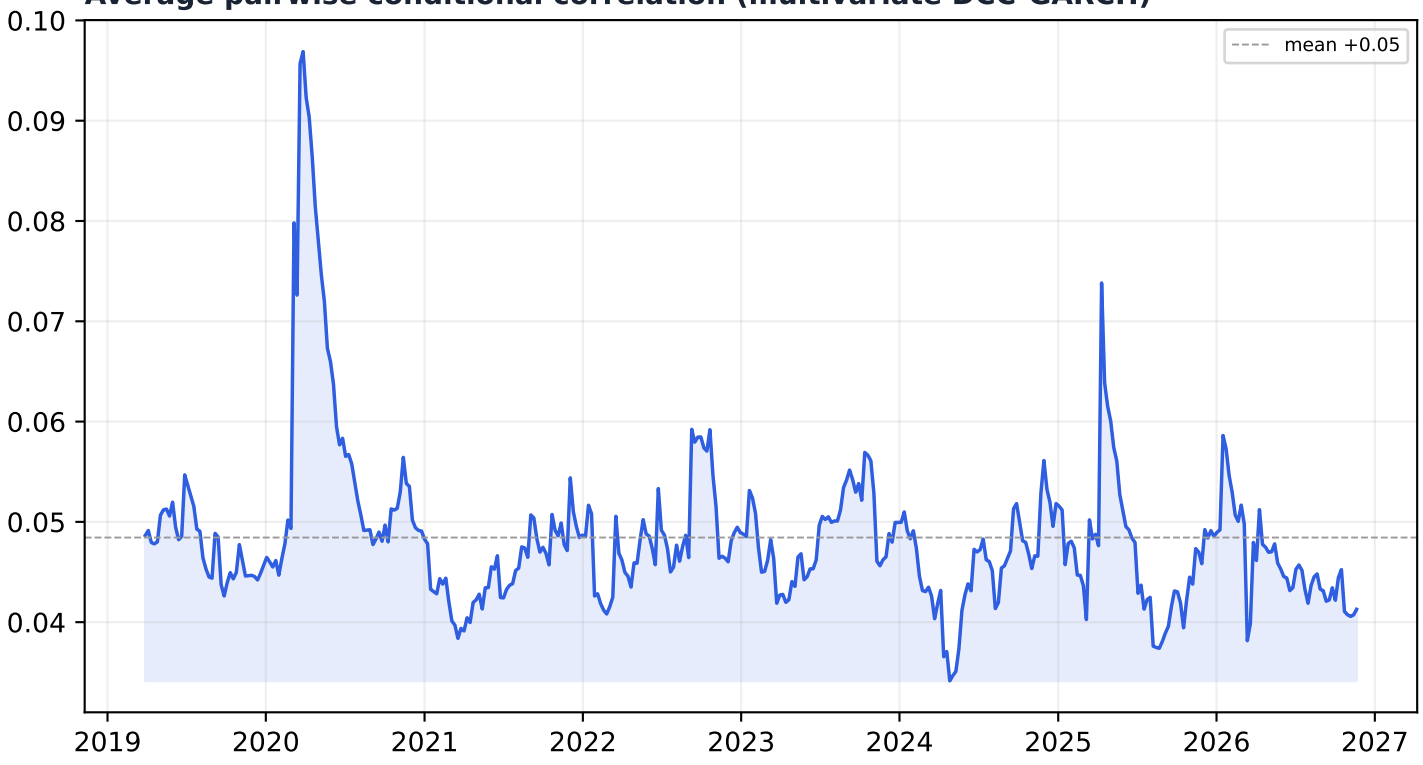
4.6% of variance (cum 59%) · marker corr +0.43

+ Commodities +0.26, Gasoline +0.23, Brent +0.22, WTI +0.21, Software +0.19
– Staples -0.21, Health -0.19, Materials -0.16, Homebuilders -0.16, Reg Banks -0.15

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.

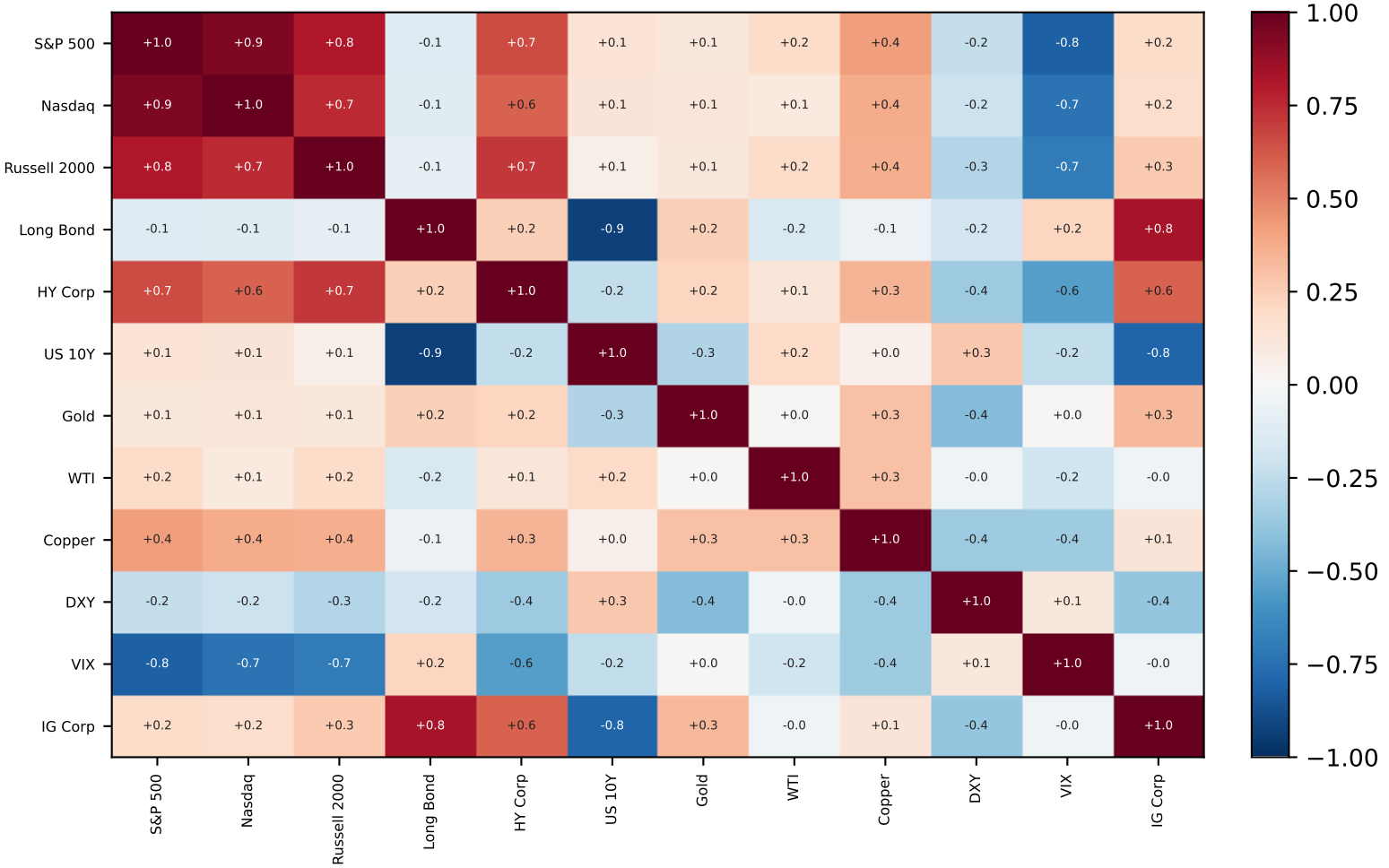
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Average pairwise conditional correlation (multivariate DCC-GARCH)



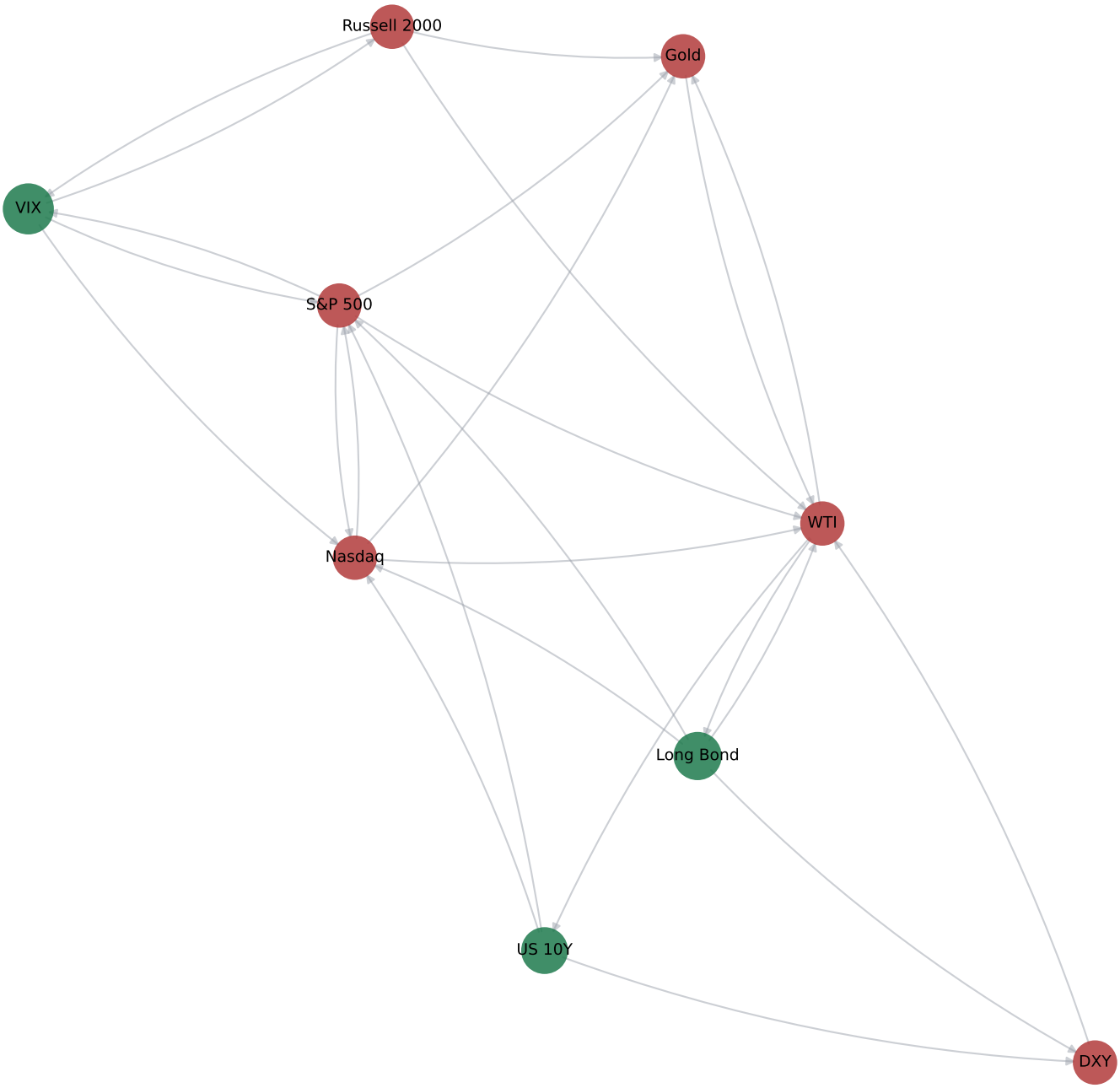
N=12 · persistence 0.8778 · now +0.04 · rising = diversification failing in real time

Latest conditional-correlation matrix



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Directional lead-lag — Granger causality network

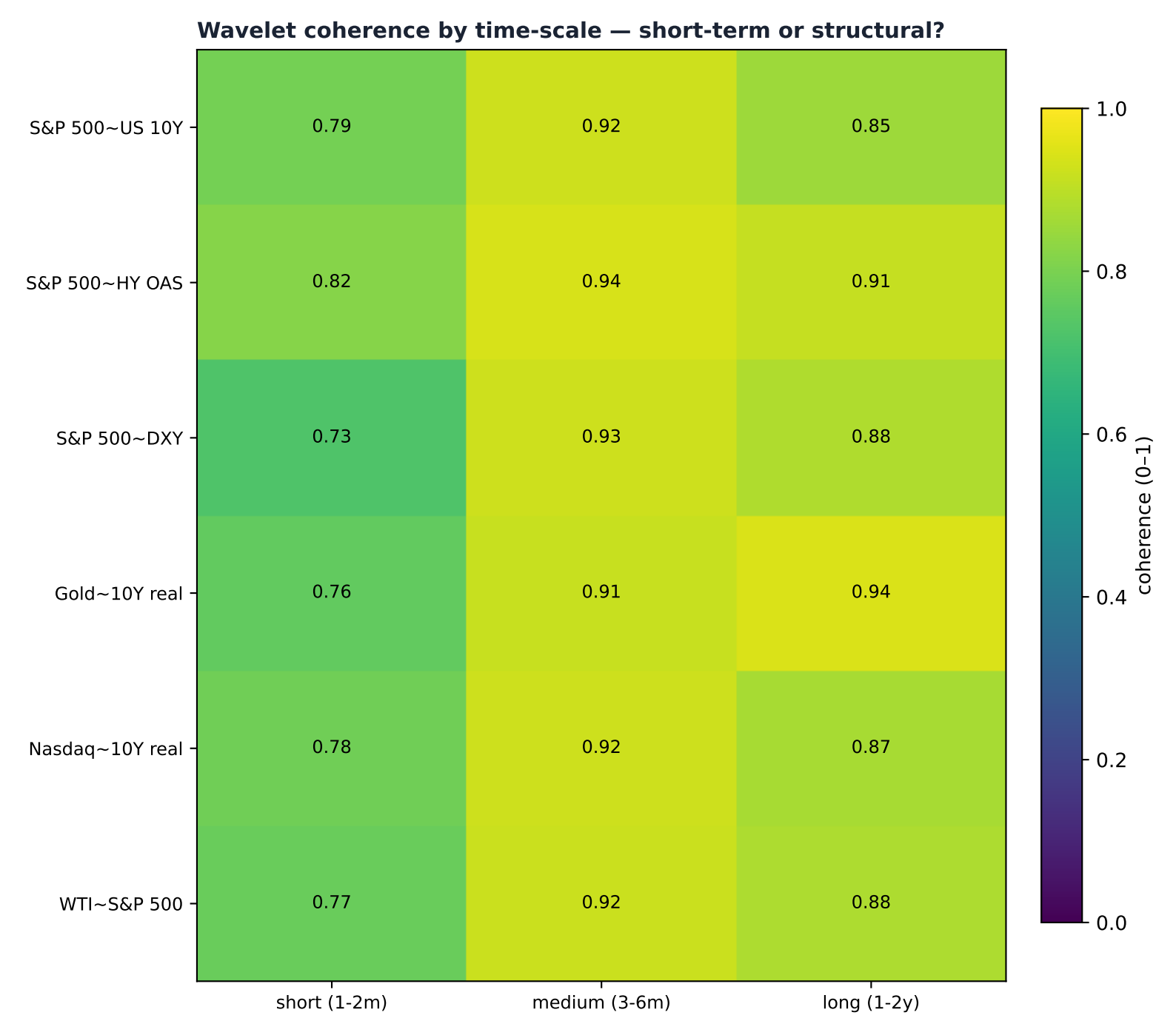


arrow = X Granger-causes Y (p<0.05); green/large = net information EXPORTER (leader)

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

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

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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	0.983	0.56	135w	+3.42
S&P vs Equal-Weight	no	0.064	0.61	8w	+2.24
S&P vs Nasdaq	yes	0.004	1.24	8w	-1.73
2Y vs 10Y	no	0.941	0.71	42w	+1.19
WTI vs Brent	no	0.196	0.98	1w	+1.01
VIX vs VIX3M	yes	0.007	0.84	2w	-0.98
Gold vs Silver	no	0.247	1.20	13w	-0.95
S&P vs Dow	yes	0.002	0.73	7w	+0.95
HY vs IG credit	yes	0.001	0.28	3w	-0.70
Large vs Small (R2K)	no	0.097	0.67	11w	+0.43
Long vs Short Tsy	no	0.321	0.05	20w	-0.28
Semis vs Nasdaq	no	0.186	0.52	16w	-0.18

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.

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PART III

Rotation, Momentum & Fair Value

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

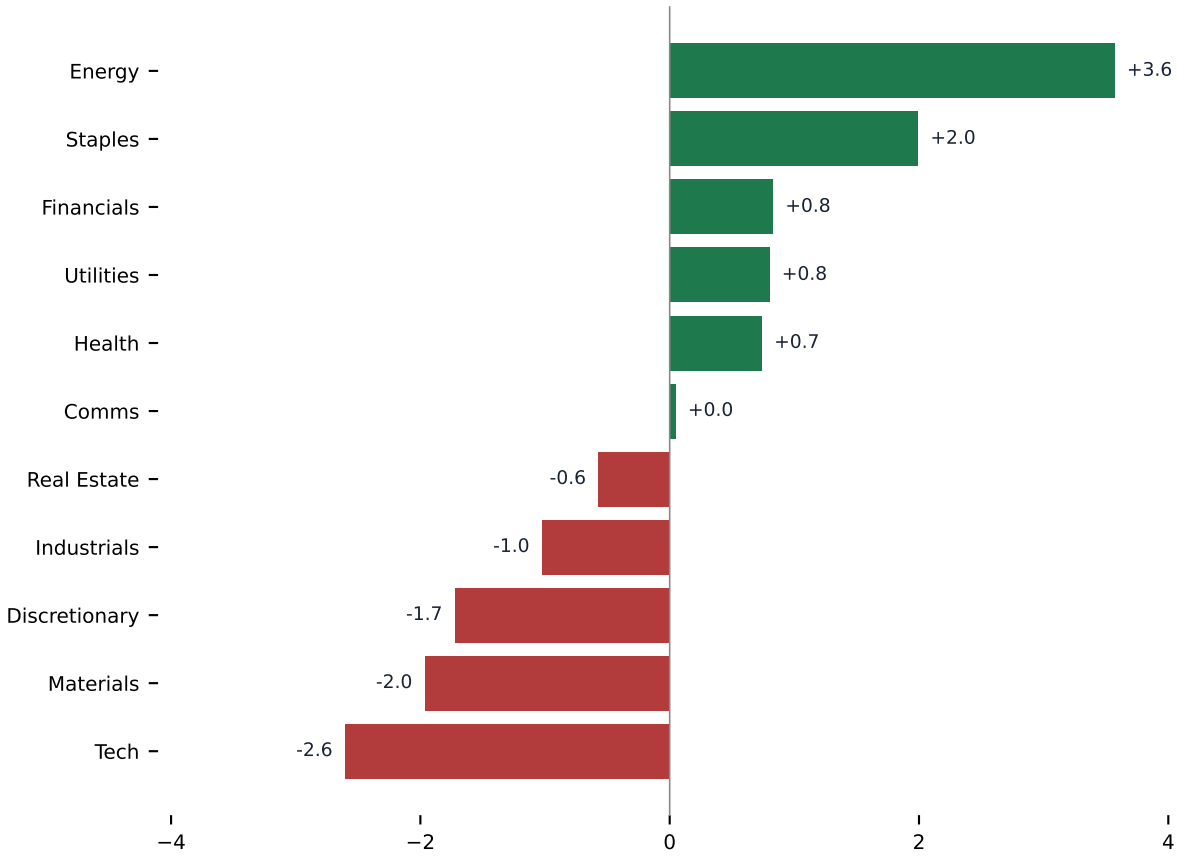
- Sector & factor rotation, momentum & trend battery, factor-beta attribution
- Fair-value residual models (rich/cheap vs economic drivers)

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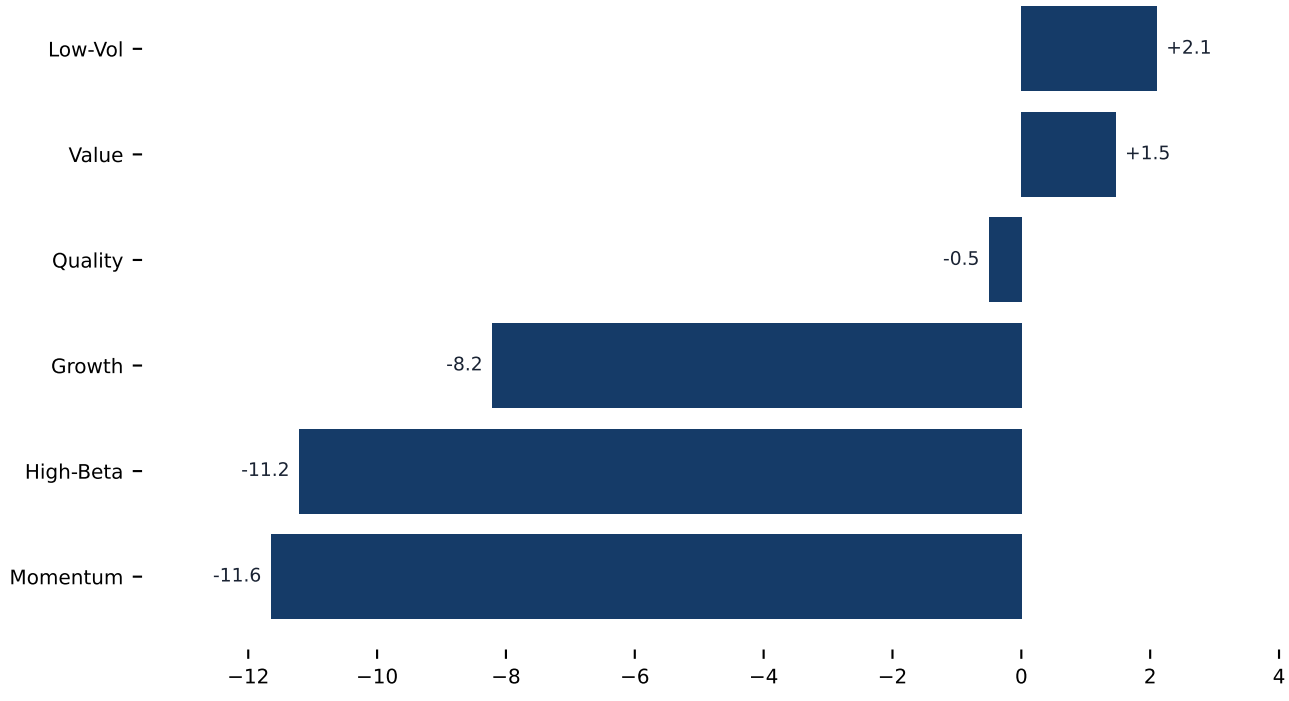
Sector & Factor Rotation

Weekly sector return; factor 3m return. Sector breadth 55% up. Growth-Value 3m -9.7%.

Sectors — weekly return %



Factors — 3-month return %



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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%	+0%	+13%	**+0.00**	+2%	-4%
Nasdaq	-6%	-6%	+11%	**-0.50**	-2%	-10%
Russell 2000	-8%	-4%	+17%	**-0.50**	-2%	-10%
Tech	-9%	-8%	+22%	**-0.50**	-3%	-17%
Financials	+2%	+13%	+13%	**+1.00**	+8%	-0%
Energy	+1%	+8%	+43%	**+0.50**	+7%	-8%
Health	+9%	+27%	+23%	**+1.00**	+18%	0%
Semis	-17%	-19%	+43%	**-0.50**	-12%	-29%
Reg Banks	-3%	+4%	+17%	**+0.00**	+2%	-7%
Gold Miners	-22%	-6%	+9%	**-0.50**	-10%	-31%
Gold	-17%	-15%	-5%	**-1.00**	-13%	-26%
WTI	-0%	-10%	+50%	**-0.50**	-3%	-22%

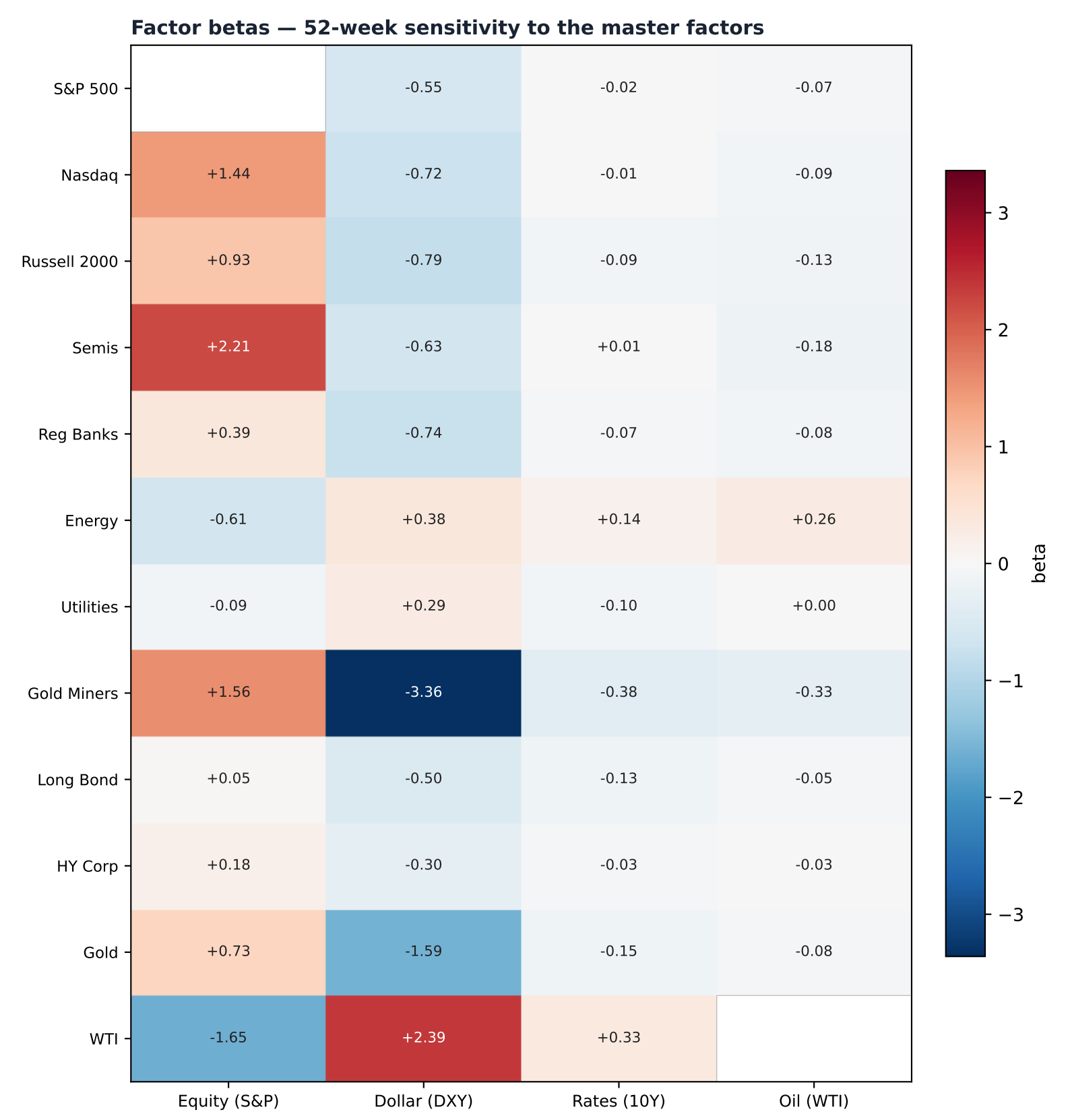
Sector 26-week relative strength:

LEADERS: Health +27%, Financials +13%, Staples +9%, Energy +8%, Materials +3%, Discretionary -0%

LAGGARDS: Tech -8%, Comms -7%, Industrials -3%, Utilities -3%, Real Estate -0%, Discretionary -0%

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

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FAIR VALUE — RICH / CHEAP vs DRIVERS

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

Nasdaq vs real yield & S&P

cheap z -1.57

actual 24739.81 · model-fair 25614.98 · gap -3.4% · R² 0.99



S&P vs liquidity & rates

RICH z +0.88

actual 7481.13 · model-fair 6372.76 · gap +17.4% · R² 0.33



Gold vs real yield & dollar

RICH z +0.58

actual 3864.40 · model-fair 3460.63 · gap +11.7% · R² 0.70



Semis vs Nasdaq

RICH z +0.46

actual 466.99 · model-fair 445.24 · gap +4.9% · R² 0.96



HY spread vs equity vol

RICH z +0.18

actual 3.23 · model-fair 3.17 · gap +0.1 · R² 0.15



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 R² — a low-R² model is a weak anchor, stated honestly.

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PART IV

Volatility & Risk

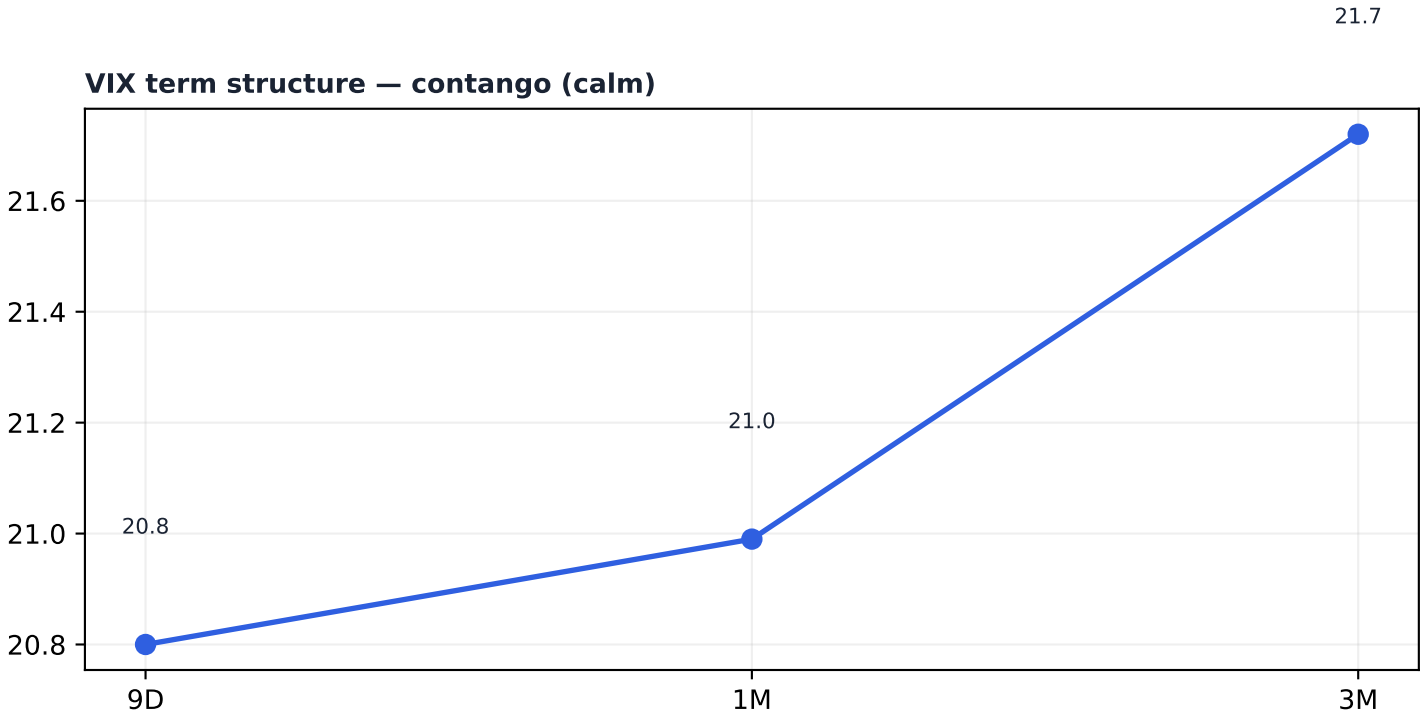
The volatility complex and downside risk.

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

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VOLATILITY COMPLEX

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



VOL RISK PREMIUM

+7.5 pts

VIX 21.0 − realised 13.5

positive (implied > realised, carry cushion)

CBOE SKEW (tail risk)

147

69th %ile of 5y — elevated crash-hedging demand

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

Bond vol (MOVE)	99	48th
Oil vol (OVX)	49	75th
Vol-of-vol (VVIX)	105	73th

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.

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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%	-4%	-0.2	+1.3
Nasdaq	-4.6%	-5.9%	13%	-34%	-10%	-0.1	+0.3
Russell 2000	-4.3%	-6.4%	13%	-27%	-10%	-0.2	+0.6
Semis	-7.7%	-10.6%	23%	-44%	-29%	-0.3	+0.5
Reg Banks	-6.3%	-9.7%	21%	-54%	-8%	-0.6	+2.3
Energy	-5.9%	-9.1%	22%	-23%	-8%	-0.8	+3.4
HY Corp	-1.6%	-2.3%	5%	-18%	-12%	+0.2	+2.9
Long Bond	-3.6%	-4.7%	10%	-50%	-49%	-0.1	+0.4
Gold	-3.6%	-4.8%	11%	-26%	-26%	-0.1	+1.1
WTI	-9.7%	-12.1%	26%	-53%	-28%	+0.6	+3.3

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

Nasdaq 0.77 Russell 2000 0.60 HY Corp 0.47 Long Bond 0.17 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.

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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

	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	10-05	10-12	10-19	10-26	11-02	11-09	11-16
Regime	R+	R+	N	N	N	N	N	R+	R+	N	R+	R+	R+	N	R+	R+	R+	R+	R+	R+	R+	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	+0.03	-0.04	-0.27	-0.14	-0.10	-0.29	-0.04
Macro nowcast								-0.22	-0.20	-0.20	-0.20	-0.20	-0.10	-0.08	-0.06	-0.07	-0.16	-0.17	-0.18	+0.23	-0.12	-0.14	-0.10	-0.12
Quadrant	Gold	Gold	Gold	Gold	Gold	Refl	Refl	Gold	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Refl	Stag	Refl	Refl	Refl	Gold
Breadth %	64	45	55	55	36	73	45	73	64	64	55	73	18	64	18	27	18	55	73	55	82	73	45	55
PC1 share								34	34	33	34	34	34	34	34	34	35	34	34	34	33	33	33	32
VIX	16	15	15	17	18	18	16	16	15	15	15	16	15	15	17	15	16	16	15	18	18	18	21	21
HY OAS	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	3.1	3.1	3.3	3.4	3.4	3.4	3.2
2s10s bp	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	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	0	0	0
S&P 1w %	+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	+1.0	+0.5	-1.4	-0.2	-0.6	-0.1	-0.9

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

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