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## Executive Take | Macro Regime

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### Executive Take

Macro data remain resilient while sector-level volatility rises. January payrolls printed 130k and unemployment held at 4.3%. CPI eased to 2.4% y/y, reinforcing gradual disinflation.

Equities rotated sharply out of mega-cap tech on AI disruption fears, while defensives and small-cap cyclicals gained. Liquidity conditions stabilized modestly via TGA drawdown and incremental Fed bill activity, but sporadic repo usage and widening credit spreads signal emerging fragility beneath calm index levels.

The system is not breaking. It is rotating under late-cycle positioning stress.

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### Macro Regime

**Growth:** Cooling but resilient. Payroll growth moderate; wages contained.

**Inflation:** Disinflation intact. CPI undershoot supports June cut expectations.

**Policy:** Fed on hold at 3.50–3.75%. Cuts priced mid-year. No urgency from policymakers.

**Regime Assessment:** Late-cycle stabilization. Macro supportive; vulnerability lies in sector concentration and crowded narratives.

## Liquidity | Credit | Positioning

### CE Dashboard

### Liquidity

- TGA: ~\$907B, down from late-January peak. Net reserve injection.
- Fed Balance Sheet: \$6.606T, marginal expansion via bill replacement.
- Repo: Brief \$3B SRF usage spike; not systemic.
- ON RRP: Variable but contained.
- Curve: 2s10s ~+74bps. Front-end pricing cuts, not hikes.

**Liquidity Read:** Stabilizing, not expanding. Sensitive to issuance flows and tax timing.

### Credit

- HY OAS: 2.97%, widening but historically tight.
- BBB OAS: 0.96%, elevated slightly, still compressed.
- Divergence: Rates eased while spreads widened modestly.

**Credit Read:** No stress. Cushion thin.

### Positioning

- **Equity Flows:** Mega-cap tech outflows; defensives and small-cap inflows.
- **Rates Positioning:** June cut still consensus; front-end shorts reduced.
- **Sentiment:** Above neutral; concentration risk elevated.

**Positioning Read:** Complacent leadership unwinding. Rotation underway, not de-risking.

Symbol	Last	Chg	Chg%
▼ LIQUIDITY PULSE			
🇺🇸 WALCL	6.62 T	16.47 B	0.25%
🇺🇸 WDTGAL	910.53 B	2.8 B	0.31%
🇺🇸 RRPONTSYD	377 M	-2.47 B	-86.74%
🇨🇦 WALCL-WDTGAL	5.71 T	2,467,000,000	0.04%
▼ CREDIT PULSE			
🇺🇸 BAMLH0A0H1	2.92	0.08	
🇺🇸 BAMLCOA4CE	0.99	0.01	
🇺🇸 BAMLCOA0CM	0.78	0.01	
📊 MOVE •	70.1041	1.5372	2.24%
📊 HYG/SPX •	0.0118	0.000003	0.02%
▼ POSITIONING PULSE			
🇺🇸 PC •	0.762	-0.269	-26.11%
🇺🇸 VIX •	20.59	-0.22	-1.06%
🇺🇸 US10Y •	4.050	-0.050	-1.22%
🇸🇵 SPX •	6,836.18	3.41	0.05%

• as of 2/14/2026

### US Yields

Name	Ticker	Price	1D Chg
UNITED STATES 🇺🇸			
• United States 1Y	• US1Y	3.429%	-1.7bp
• United States 2Y	• US2Y	3.418%	-4.8bp
• United States 3Y	• US3Y	3.453%	-5.4bp
• United States 5Y	• US5Y	3.611%	-5.5bp
• United States 7Y	• US7Y	3.813%	-5.6bp
• United States 10Y	• US10Y	4.052%	-5.3bp
• United States 20Y	• US20Y	4.639%	-4.0bp
• United States 30Y	• US30Y	4.696%	-4.0bp

## Cross Asset Pulse | Theme of the Week

### CROSS - ASSET PULSE

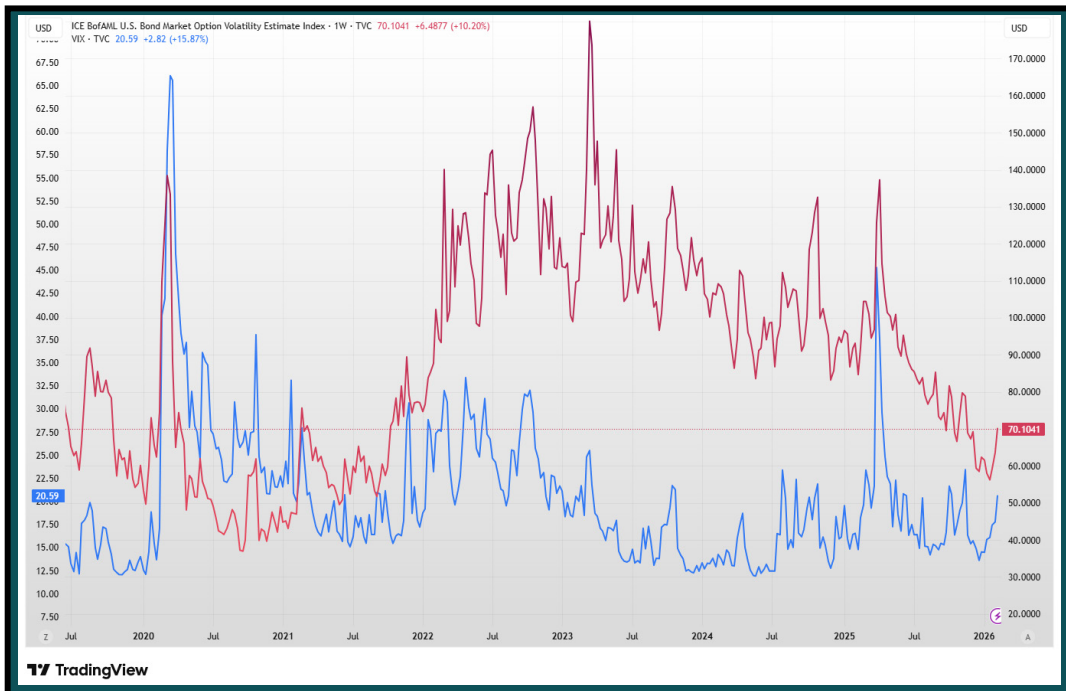
Equities	Index flat-to-down; breadth improving under surface.
Rates	10Y near 4.20%; duration bid intact.
FX	USD stable; no global stress signal.
Commodities	Gold and silver rebound after forced liquidation.
Volatility	Suppressed and complacent. Term structure remains benign.

## Theme of the Week

### Volatility Divergence: Bond Market Alert, Equity Market Calm

Bond volatility remains elevated near 70 while equity volatility sits near 20. This divergence suggests stress is concentrated in rates, not yet acknowledged by equities. Historically, sustained MOVE elevation without VIX confirmation resolves through equity volatility rising rather than bond volatility collapsing. If MOVE remains elevated, equity calm is unlikely to persist.

Chart:  
MOVE vs VIX



## Tactical View | Contrarian Decoder | Final Signal

### TACTICAL VIEW

<b>Rates</b>	Maintain duration exposure as growth slows.
<b>Credit</b>	Stay defensive. Favor higher-quality IG; hedge HY risk.
<b>Equities</b>	Reduce exposure to high-beta tech and metals on rallies. Favor equal-weight and quality balance sheets.
<b>Commodities</b>	Maintain gold exposure as a policy and liquidity hedge.
<b>FX</b>	USD supported vs JPY; selective EUR strength possible.
<b>Liquidity</b>	Preserve cash optionality. Avoid leverage.

## Contrarian Decoder

<b>Consensus</b>	AI disruption signals broader equity risk.
<b>Reality</b>	Macro stable; liquidity stabilizing; spreads only modestly wider.
<b>Risk</b>	If MOVE remains elevated and credit spreads accelerate wider, equity complacency reprices quickly.
<b>CE TAKE</b>	Rotation is not recession. But if credit confirms volatility in rates, the repricing will be nonlinear.

## Final Signal

Liquidity stabilizing.  
Credit tight but drifting wider.  
Positioning rotating out of crowded leadership.

System State: **Stable, with internal divergence.**

Remain selective. Avoid concentration. Watch credit for confirmation.

## CE Risk Matrix

### BUBBLE RISK MATRIX

Asset / Segment	Valuation Risk	Liquidity Risk	Positioning Risk	CE Read
US Mega-Cap Tech / AI	High	Rising	Crowded	Late-cycle leadership vulnerable to rates volatility and narrative shifts.
US High Yield Credit	High	High	Crowded	Spreads tight with minimal cushion if growth or liquidity deteriorates.
US Investment Grade Credit	Elevated	Medium	Crowded	Carry intact but downside asymmetric if spreads widen.
US Small-Cap (Quality/Value)	Moderate	Medium	Improving	Relative opportunity versus concentrated mega-cap exposure.
Long-Duration Treasuries	Low	Low	Crowded	Defensive hedge, but sensitive to policy disappointment
Japan Equities	Moderate	Medium	Neutral	Relative valuation support versus US concentration risk.
Emerging Markets	Moderate	Medium	Selective	Broad value opportunity but sensitive to USD strength.
Gold	Moderate	Low	Balanced	Structural hedge against policy and liquidity missteps
Commodities ex-Energy	Moderate	Medium	Light	Selective upside tied to supply, not growth
Oil / Energy	Low	Medium	Neutral	Not a bubble, but growth-sensitive
Crypto	Very High	High	Fragile	Liquidity-dependent, tail-risk asset
Volatility (MOVE vs VIX)	Elevated	Rising	Complacent (equities)	Bond volatility elevated while equity vol subdued. Divergence risk building.

Sources: Fidelity economic outlook, Seeking Alpha asset allocation commentary, credit and spread data from LSEG FTSE Russell and market sentiment indices

### CE Summary Take

#### Highest risk concentrations:

- US mega-cap concentration
- Compressed credit spreads
- Equity complacency vs bond volatility

#### Relative value zones:

- Equal-weight and quality small caps
- Japan and selective EM
- Gold as hedge

#### Portfolio implication:

Reduce concentration. Preserve liquidity. Avoid leverage. Favor balance sheets over narratives.

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