THE CONTRARIAN EDGE
MACRO STRATEGY FRAMEWORK

THE LIQUIDITY SIGNAL

WEEKLY MARKET SIGNAL & LIQUIDITY ANALYSIS

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LIQUIDITY | CREDIT | POSITIONING

THE CALL

The market continues to heal. VIX fell to 16.41. Small caps are leading (+5.31%). WTI dropped to $75.00. Mega cap concentration improved (28.53%, score 4). But HY remains at 2.76% (score 4 — extreme complacency). TGA rebuilding resumed (+$52.6B), contracting net liquidity (-$35B). Gold broke $4,200 ($4,173). Regime: NEUTRAL (3.30). Stay balanced. Watch credit and TGA for the next signal.

CE Regime Score	Status	VIX	HY	Equal Weight	US10Y	MOVE	Net Liq Trend
3.30	NEUTRAL	16.41	2.76%	+2.10%	4.49%	65.38	-$35.0B

Note: Score unchanged from 3.30 last week. Drivers: VIX fell (17.67→16.41), WTI dropped ($86→$75), Mega Cap improved (5→4), Small Cap improved (+3.64%→+5.31%). Offset by HY remaining at 2.76%, net liquidity contracting, and gold breaking lower.

EXECUTIVE TAKE

As of June 19, 2026

Net Liquidity	$5,860B (-$35.0B; first contraction in two weeks
TGA	$881B (+$52.6B — rebuilding resumed)
Fed Balance sheet	$6,740B (+$11B)
RRP	$0.3B (effectively zero)
SOFR	3.63% (stable)

Markets

SPX	7,400 (recovering)
VIX	16.41 (score 3 — fear faded further)
MOVE	65.38 (bond vol easing)
US10Y	4.49% (26 bps from 4.75% trigger)
HY spread	2.63% (score 4 — even tighter

Equal Weight	+2.10% (score 2 still positive)
Small Cap	+5.31% (score 2 — leading)
WTI	$75.00 (score 3 — geopolitical news)
Gold	$4,173(broke $4,200)

Mega Cap Top 5 Weight: 28.53% (score 4; down from 30%)

Read

TGA rebuilding resumed, contracting liquidity. HY remains at 2.76% — still extreme complacency. VIX fell further. WTI dropped sharply. Gold continues breaking down. Regime remains NEUTRAL.

Liquidity

Metric	June 12	June 19	Change
Net Liquidity	$5,900B	$5,860B	**-$35.0B**
TGA	$828B	$881B	**+$52.6B**
RRP	$0.5B	$0.3B	**-$0.2B**
Fed Balance Sheet	$6,730B	$6,740B	**+$11.0B**
SOFR	3.60%	3.63%	**+0.03%**

Watch

TGA rebuilding resumed (+$52.6B). Net liquidity contracted. The headwind is back watch if this continues.

Credit

Spread	Level	Score	Signal
IG	0.74%	3	**Tight**
HY	2.76%	4	**Extreme complacency**

Trigger

HY > 3.25% = pain trade. Gap: 49bps. HY remains at cycle tights — no improvement.

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CE interprets extremely **low VIX** readings as signs of complacency rather than opportunity. Rising VIX toward historical norms may represent improving risk awareness rather than systemic stress.

Volatility

Index	Level	Score	Trigger
VIX	16.41	3	**>22**
MOVE	65.38	Watch	**>80**

Read

VIX fell to 16.41 — back to complacent levels. MOVE eased to 65.38.

Breadth

Factor	4-Week Diff	Score	Trend
Equal Weight	+2.10%	2	**Improving**
Small Cap	+5.31%	2	**Improving**

Read

Equal Weight remains positive (+2.10%). Small caps are leading (+5.31%). Breadth is healthy.

Mega cap concentration dropped below 30% for the second consecutive week. The market is less concentrated than it was. Still elevated, but no longer extreme.

Commodities

Commodity	Level	Score	Signal
WTI	$75.00	3	**Easing**
Gold	$4,173	Watch	**Broke $4,200**

Read

WTI dropped sharply to $75.00 — inflation pressure is easing. Gold continues breaking down — $4,173, below $4,200.

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MACRO STRATEGY FRAMEWORK

TACTICAL POSITIONING

Asset	Recommendation
Equities	Neutral
Credit	Underweight HY
Cash/Short Duration	Overweight
Gold	Reduce / Watch
Energy	Neutral

LEVELS TO WATCH

Instrument	Current	Threshold	Status
US10Y	4.49%	>4.75%	29 bps away
MOVE	65.38	>80	14.62 pts away
HY Spread	2.76%	>3.25%	49 bps away
VIX	16.41	>22	5.59 pts away
Gold	$4,173	< $4,500	Breached

WHAT WOULD CHANGE OUR VIEW

Move to DEFENSIVE if:	Move to RISK ON if:
VIX > 22 sustained	VIX falls below 15
HY widens above 3.00%	Equal Weight stays positive
Net Liquidity falls below $5.70T	HY tightens below 2.60%
Gold breaks $4,000	US10Y falls below 4.25%

BIG PICTURE

The market continues to heal, but new risks are emerging.

- **VIX fell to 16.41** — fear is gone.
- **Small caps are leading** (+**5.31%**) — breadth is healthy.
- **WTI dropped to $75.00** — inflation pressure easing.
- **Mega cap concentration improved** (28.53%, score 4).
- **HY remains at 2.76%** — still pricing perfection.
- **TGA rebuilding resumed** (+**$52.6B**) — liquidity contracted (-$35B).
- **Gold broke $4,200** — the hedge is unwinding.

The regime remains NEUTRAL (3.30).

Components are pulling in different directions. Credit says "too complacent." WTI says "inflation is easing." TGA says "liquidity headwind." Breadth says "healthy."

FINAL SIGNAL

VIX at 16.41. Small caps leading. WTI at $75. HY at 2.76%. TGA rebuilding. Gold breaking.

Stay NEUTRAL. Maintain 45% equities, 20% cash. Underweight HY. Watch credit and TGA for the next signal.

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