

WEEKLY BRIEFING

Week of November 16, 2025

Executive Take & Macro Regime

Executive Take

Liquidity contracted again this week and this time, the shift is confirmed. Momentum turned negative, macro conditions rolled over, and price is stalling near highs. Credit hasn't cracked, but it's no longer improving. Positioning remains crowded in megacap growth.

The environment has moved from supported to *fragile*.

Bottom line:

*Upside is now hard to earn, and downside is beginning to matter again.
Not a crash setup — a rotation setup.*

Macro Regime

The regime shifted this week.

Growth remains soft:

- PMIs weakening
- Industrial production fading
- Consumer fatigue growing

Inflation cooling slowly:

- Not enough for a policy pivot
- Not enough to ease financial conditions

Policy neutral but restrictive:

- No cuts
- No easing
- No new liquidity support

New element this week:

Liquidity deterioration is accelerating.
Momentum turned negative.
Macro barometer rolled down into mid-range.

Regime Call:

Late-cycle → weaker liquidity → rising fragility.

Markets still price perfection.
Macro is shifting underneath.

Liquidity Check & Cross Asset Pulse

Liquidity Check

Our Liquidity Model shows:

- Liquidity contracting
- Momentum = negative
- First week in new contracting regime
- Liquidity + SPX overlay breaking lower
- Macro barometer rolling over

Interpretation:

Liquidity no longer supports the rally.
Upside becomes thin.
Any shock gets magnified.

This is when markets look fine until they don't.

Liquidity stance: **Negative** / **Deteriorating**

• Tactical View

Equities

Favor:

- Quality
- Industrials
- Financials
- Staples
- Value

Reduce:

- Megacap Tech
- AI-overcrowded names
- High-beta growth

Avoid:

- Unprofitable small caps
- Illiquid cyclical-trades
- Duration-heavy growth

Fixed Income

Favor:

- IG credit
- Short-duration
- High-quality carry

Avoid:

- High yield — spreads too tight for the regime

Commodities

Favor:

- Energy
- Broad commodities
- Gold on dips (hedge value)

Dollar strength limits upside now but late-cycle fundamentals support accumulation.

FX

- Dollar strength in the near-term
- Reversal risk grows if yields peak
- Stay selective with EM

• Cross-Asset Pulse

Asset Class	Comment
S&P 500	Stalling near highs; leadership extremely narrow.
10 - Yr UST Yield	Drifted higher; real rates remain restrictive.
IG Credit OAS	Slight deterioration; tight relative to macro risk.
HY OAS	Widening modestly; still complacent for a late-cycle regime.
DXY	Strong tone; pressure on EM and commodities.
Gold	Pullback; momentum softened as USD firmed.
WTI Oil	Weaker on demand worries; typical late-cycle pattern.
BTC	High-beta sentiment rolling over with liquidity deterioration.

Flows & Positioning | Theme of the Week | Trades

Flows & Positioning

Flows:

- U.S. large-cap inflows slowing
- EM flows stabilizing
- HY credit flows fading
- IG credit steady
- Money-market flows rising again

Positioning:

- Overweight: Tech, AI, megacap growth
- Underweight: Value, Energy, EM ex-Asia
- Hedge funds trimmed tech exposure at the margins
- CTAs plateaued — no fresh buying
- Retail still bullish, not euphoric

Interpretation:

Crowding + deteriorating liquidity = fragile leadership.

Rotation risk rising.
Chasing megacaps becomes dangerous.

Theme of the Week - "The Fragile Plateau"

Price is holding.

The engine underneath is weakening.
This is what a fragile plateau looks like.

The divergence is widening:

- Macro weakening
- Liquidity contracting
- Positioning crowded
- Credit softening
- Price flat

Historically, this setup leads to:

- Leadership rotation
- Choppy trading
- Spread widening
- Defensive outperformance

Not a collapse — a shift.

Contrarian Decoder — "Why Markets Look Fine When Conditions Are Not"

Markets don't weaken when conditions deteriorate.
They weaken when conditions deteriorate long enough."

What we have now:

- First confirmed week of negative liquidity momentum
- Macro barometer rolling down
- Credit no longer improving
- Positioning elevated
- Growth softening

This is the beginning of the environment where surface calm disguises structural fragility.

Translation for Advisors:

"The market is stable because positioning is sticky not because the environment is healthy."

Final Signal

Liquidity contracted.
Momentum flipped negative.
Macro conditions weakened.
Leadership is narrow.
Positioning is crowded.

Credit is softening.
Price is stalling.

This is not a crash setup.
This is a rotation setup.

Favor: Quality, value, energy, non-US.
Fade: Crowded tech, tight credit, high-beta growth.
Watch: Liquidity trend, HY spreads, USD, earnings revisions.