WEEKLY REVIEW / U.S. EQUITIES

Long yields ease as equity internals weaken

Reference exposure is 15% as semiconductor losses deepen

Regime risk · provisional	Reference risk exposure	SMH · 20 sessions
64.7	15%	−23.1%

Taiyang Feng (Sunny)

2026-11-08

Equities through 2026-11-06 · ACM through 2026-11-03

What remains persists.

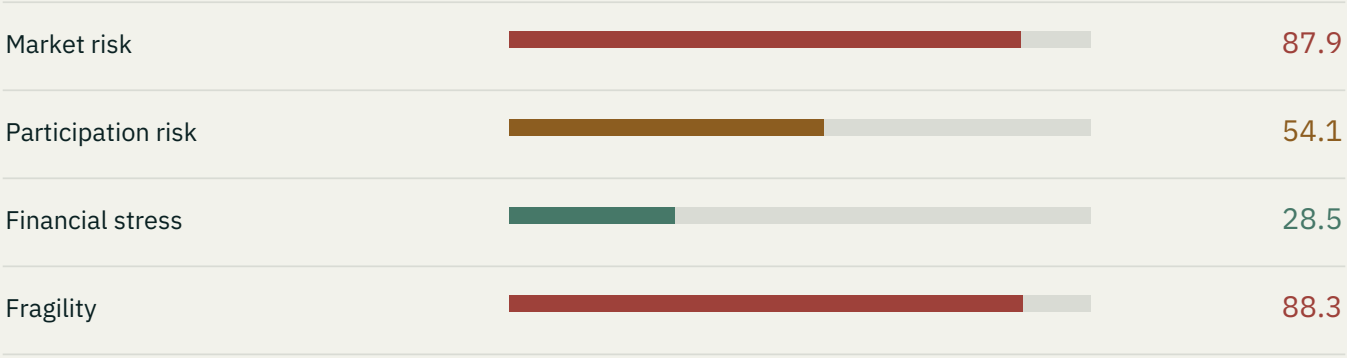
01 / MARKET REGIME

Equity internals remain under stress

The U.S. composite regime risk score was 64.7 on November 6, in the Caution range. Market risk and fragility were both in Stress at 87.9 and 88.3. Participation risk was 54.1 (Caution), while financial stress remained Constructive at 28.5.

The research dashboard's composite breadth reading was just 44.2%, the average of two October month-end breadth measures. The public November 6 daily nowcast put the share of stocks above their 200-day moving average at about 43.1%. At September month-end, long-short factor crowding was at L3 and beta-adjusted long-only crowding at L4. On November 6, the HML valuation measure in the bubble factor layer was near its 94th historical percentile, indicating unusually cheap valuations for the value leg relative to the growth leg. Livermore S2 entered Watch at 74.6, flagging the risk of upside exhaustion.

The Chicago Fed's NFCI and ANFCI stood at −0.459 and −0.435 on October 30, a spread of −0.024. Both indices remained below zero and had risen over four weeks. Together with the financial stress reading, these measures point to pressure concentrated within equities and offer limited evidence of broad financial tightening.



02 / SEMICONDUCTORS / AI HARDWARE

Hardware weakens below the score floor

The semiconductor and AI hardware score remained at its floor of zero on November 6, but the raw reading fell from −12.7 in the prior edition to −34.2. SMH lost 23.1% over 20 sessions and trailed QQQ by about 10.4 percentage points. The raw score and relative return show deterioration below the displayed floor.

About 4% of the 28 monitored stocks traded above their 20-day moving average. The share above the 50-day average was also about 4%. Demand momentum and supply-chain confirmation both scored zero. Over the same 20 sessions, NXPI gained 9.1%, while MRVL, INTC and TER fell 48.7%, 46.2% and 45.8%, respectively. Strength in individual names has yet to spread through the sector.

Hardware score / raw score	0 / −34.2
SMH over 20 sessions	−23.1%
Above 20-day / 50-day moving average	4% / 4%
Demand momentum / supply-chain confirmation	0 / 0

03 / TREASURY YIELDS

A lower term premium leads the yield decline

On November 3, the New York Fed’s published ACM model put the fitted 10-year Treasury yield at 4.922%. The expected short-rate component was 4.244% and the term premium was 0.677%. The displayed levels are rounded.

From October 2 to November 3, the fitted yield fell 33.22 basis points. The term premium contributed −23.91 basis points, about 72% of the decline, while expected short rates contributed −9.31 basis points. The easing in long-rate valuation pressure mainly reflects a decline in the compensation investors required to hold longer-dated Treasuries.

10-year ACM · 2026-10-02 to 2026-11-03

Expected short rates	−9.31 bp
Term premium	−23.91 bp
Net fitted yield change	−33.22 bp

04 / POSITIONING & DATA

Keep exposure low pending two signs of repair

The November 6 weekly risk signal indicates 15% reference exposure, effective November 9. The signal uses some lagged inputs. Lower long yields offer some valuation relief. The research stance keeps risk exposure low.

Before raising exposure, look for sustained gains in broad-market participation and stabilization in semiconductors relative to QQQ, backed by stronger demand momentum and supply-chain confirmation.

This week’s composite uses revised HML data coverage gates and estimation rules. It retains a proxy for UMD and uses the latest eligible data for other inputs. The provisional 64.7 reading cannot be compared directly with scores from earlier model versions. The 15% figure is a model reference. Actual holdings are tracked separately.

WEEKLY RISK MODEL

15%

Effective 2026-11-09

Sources and disclosure

1. Frozen observations for this edition
2. RI U.S. market dashboard
3. Chicago Fed financial conditions indices
4. New York Fed ACM term premia

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