FQ

FOLIOQUILL

WEEKLY MARKET INTELLIGENCE

20 July 2026

REGIME: BEAR / RISK-OFF — GLOBAL RISK-OFF

US10Y: 4.57% | BTP-Bund: 76.4bps | VIX: 18.9

FOLIOQUILL COMPOSITE SCORE: 44/100

Equity Momentum	28/100	
Volatility Env.	34/100	(stress)
Macro Support	66/100	(solid)
Credit Env.	86/100	(favorable)
Market Breadth	21/100	

COMPOSITE SCORE HISTORY

29-JUN	01-JUL	02-JUL	06-JUL	13-JUL	20-JUL
44 –	45 ↑+1	53 ↑+8	52 ↓-1	64 ↑+12	44 ↓-20
BEAR	NEUTRAL SEL.	NEUTRAL	NEUTRAL	NEUTRAL SEL.	BEAR

AT A GLANCE

Regime BEAR / RISK-OFF — Global risk-off · Composite Score 44/100 · 31th percentile of the last 26 reports

What changed Composite down 20 points (64→44).

What to watch VIX: 18.9 · US10Y: 4.57% · Spread 10Y-2Y: 0.41%

EQUITY MOMENTUM

INDEX	SIGNAL	1W	1M	3M	Z-SCORE
SP500	NEUTRAL	-1.55%	-0.71%	+5.91%	-0.72
NASDAQ100	BEAR	-4.13%	-4.59%	+8.58%	-1.40
Russell2000	NEUTRAL	-0.66%	+0.67%	+8.92%	-0.46
EuroStoxx50	BEAR	-0.53%	-3.05%	+2.17%	-1.08
FTSE_MIB	NEUTRAL	-0.54%	-0.77%	+4.09%	-0.68

INDICATOR	LEVEL	SIGNAL	CHANGE
VOLATILITY			
VIX	18.90	HIGH	+3.06
Realized volatility 21d (S&P500)	11.64%	LOW	-
VIX3M (term structure)	0.920	CONTANGO	-
RATES & MACRO			
10Y-2Y US Spread	0.41%	FLAT	+0.030%
US10Y	4.57%	-	-
US2Y	4.16%	-	-
BTP-Bund Spread	76.40 bps	LOW	+0.0 bps
CPI YoY (2026-06-01)	3.73%	NEUTRAL−	-
Fed Funds Rate	3.63%	-	-
M2 (2026-05-01)	23052.30	EXPANSIONARY	-
Initial Jobless Claims (2026-07-11)	208000.00	LOW	-
Real rate	-0.10%	NEGATIVE	-
HY OAS	271.00 bps	LOW	+1 bps
IG OAS	78.00 bps	-	-
Fed Net Liquidity	-749475.10 bn $	EXPANSIONARY	+124501.8 bn $
Sahm Rule	0.07	LOW	-
10Y-3M Spread	0.70%	NORMAL	-

EXECUTIVE SUMMARY

The Composite Score collapses from 64/100 to 44/100 (-20 points), marking the shift from SELECTIVE NEUTRAL to BEAR / RISK-OFF with a global connotation. The VIX rises from 15.84 to 18.90 (+3.06), breaking above the P66 threshold (18.87) and entering the HIGH regime at the 66.4th percentile. The deterioration is driven by the NASDAQ100 (Z-score -1.40, -4.13% weekly) and the EuroStoxx50 (Z-score -1.08, -3.05% monthly), both of which shifted to a BEAR signal. All five indices show simultaneously contracting Z-scores, with the 30-day cross-asset average rising to 0.7134. The macro backdrop remains supportive: HY OAS at 271 bps (13.7th percentile), Sahm Rule at 0.07 and the 10Y-3M curve at +0.70% rule out immediate recessionary signals. The real rate remains negative (-0.10%).

MACRO ANALYSIS

The CPI YoY (year-over-year change) as of June 1, 2026 stands at 3.73%, within the NEUTRAL− band (3-4%), close to the BEAR threshold. The distance from the critical 4.00% threshold equals (4.00 - 3.73) = 0.27 percentage points = 27 bps: a narrow margin requiring monitoring of inflationary acceleration. The Fed Funds Rate is at 3.63%.

Real rate = Fed Funds Rate (3.63%) - CPI YoY (3.73%) = -0.10%. The negative value indicates a still-accommodative policy in real terms, despite the nominal level of rates. The M2 aggregate at 23052.30 (May 1, 2026) is classified as EXPANSIONARY. Initial Jobless Claims at 208,000 units (July 11, 2026) remain at a LOW signal, consistent with a solid labor market.

On the credit front, High Yield spreads (HY OAS) at 271 bps sit at the 13.7th historical percentile, a LOW signal, with a weekly change of only +1 bps: the absence of widening in credit spreads contrasts with the equity risk-off and indicates that stress is for now confined to the equity segment. The IG OAS is at 78 bps. Fed Net Liquidity is classified as EXPANSIONARY, with expansion of +124501.8 bn $ over the last 4 weeks. On recession risk, the Sahm Rule at 0.07 is well below the historical recession threshold (0.50), a LOW signal, while the 10Y-3M spread at +0.70% is classified as NORMAL: no leading signal of cyclical contraction.

QUANTITATIVE SIGNALS

EQUITY MOMENTUM

INDEX	1W	1M	3M	Z-SCORE	SIGNAL
SP500	-1.55%	-0.71%	+5.91%	-0.72	NEUTRAL
NASDAQ100	-4.13%	-4.59%	+8.58%	-1.40	BEAR
Russell2000	-0.66%	+0.67%	+8.92%	-0.46	NEUTRAL
EuroStoxx50	-0.53%	-3.05%	+2.17%	-1.08	BEAR
FTSE_MIB	-0.54%	-0.77%	+4.09%	-0.68	NEUTRAL

Momentum is deteriorating across the board. The NASDAQ100 is the epicenter of the weakness: Z-score -1.40 (from -0.00 last week, -1.40 change), -4.13% weekly and -6.74% from the 52-week high, while still maintaining a +8.57% buffer over the 200-day moving average. The EuroStoxx50 confirms the BEAR signal with Z-score -1.08 and -3.05% monthly, near the 50-day moving average (-0.04%). The three NEUTRAL indices (SP500 -0.72, Russell2000 -0.46, FTSE_MIB -0.68) show still-positive 3-month horizons (+5.91%, +8.92%, +4.09%), evidence that the correction is recent and has not yet eroded the intermediate trend.

On the technical side, the SP500 is only -2.00% from the 52-week high and -0.10% from the 50-day moving average, with +6.73% over the 200-day moving average: a still-constructive structure despite the pullback. The 30-day cross-asset average correlation is 0.7134, which is 0.0134 points from the 0.70 threshold, while the 90-day window is higher at 0.7972. The most correlated pair over

30 days is SP500-NASDAQ100 (0.9193), the least correlated NASDAQ100-FTSE_MIB (0.4480). The rise in average correlation is typical of risk-off regimes, in which dispersion across assets narrows.

The VIX regime is HIGH: at 18.90 it exceeds the P66 threshold (18.87), placing it at the 66.4th historical percentile. The technical change over 5 sessions is +1.74. The VIX (18.90) is above the 21-day realized volatility (11.64%): the options market is pricing a future risk premium above historically observed volatility. In a low-realized-volatility regime, this gap indicates that option-based hedges are relatively expensive compared with actual market moves, but remain inexpensive in absolute terms relative to stress regimes (VIX > P66).

MARKET REGIME

The regime is classified as BEAR / RISK-OFF with a global connotation, consistent with the Composite Score at 44/100. The rationale is quantitative: two new BEAR signals (NASDAQ100, EuroStoxx50), contracting Z-scores across all five indices and a VIX in the HIGH regime. The VIX at 18.90, having exceeded the P66 threshold (18.87), has just entered the HIGH regime and is no longer classifiable in the MEDIUM range; the jump from 15.84 to 18.90 (+3.06) is the main driver of the regime change.

The VIX/VIX3M term structure equals 0.920 (VIX3M 20.54), a CONTANGO signal: the volatility curve remains positively sloped, indicating a market relatively relaxed on the short term and the absence of acute immediate stress, an element that tempers the risk-off reading. The US yield curve is FLAT with the 10Y-2Y spread at +0.41% (+0.030% weekly, US10Y 4.57%, US2Y 4.16%). The BTP-Bund spread at 76.40 bps is classified as LOW, unchanged (+0.0 bps) on the week: no tension on peripheral sovereign risk.

The Composite Score shows marked deterioration: after the recovery to 64/100 on July 13, the contraction to 44/100 brings the indicator back to the lows of the recent range (36 on June 25, 44 on June 29). The main driver is the simultaneous collapse of equity momentum and the expansion of the VIX, while the macro and credit backdrop remains stable.

REGIME IMPLICATIONS — NOT PERSONALIZED

The following implications describe historical characteristics of market regimes and do not constitute personalized recommendations within the meaning of the MiFID II Directive and of D.Lgs. 58/1998.

Equity: In BEAR / RISK-OFF regimes, historically the highest-beta and most negative Z-score segments are penalized, such as the NASDAQ100 (-1.40) and the EuroStoxx50 (-1.08). Segments with less compressed Z-scores, such as Russell2000 (-0.46), historically show more contained relative drawdowns.

Fixed Income: In FLAT curve contexts with the 10Y-2Y spread at +0.41%, historically the intermediate-duration component offers limited carry and high sensitivity to rate revisions, with US2Y at 4.16%.

Volatility: With the VIX at the 66.4th historical percentile, the cost of put options is historically in the upper band of the range of the last 2 years.

Diversification: The NASDAQ100-FTSE_MIB axis (correlation 0.4480) historically represents the most effective combination for reducing portfolio covariance in the current regime.

CHANGES VS LAST WEEK

INDICATOR	LAST WEEK	THIS WEEK	CHANGE
Composite Score	64/100	44/100	**↓ -20**
Regime	NEUTRAL SEL.	BEAR	**≠ Changed**
VIX	15.8	18.9	**↑ +3.1**
10Y-2Y Spread	0.38%	0.41%	**↑ +0.030%**
Market Breadth	51/100	21/100	**↓ -30**
Macro Support	63/100	66/100	**↑ +3**
Credit Environment	88/100	86/100	**↓ -2**

Z-SCORE MOMENTUM — CHANGES

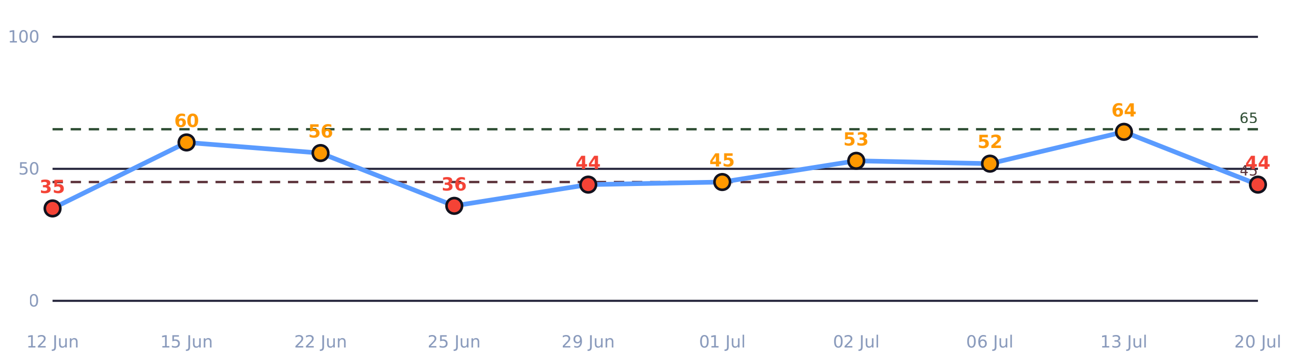
INDEX	LAST	TODAY	Δ	SIGNAL
SP500	0.25	-0.72	**↓ -0.97**	NEUTRAL
NASDAQ100	-0.00	-1.40	**↓ -1.40**	BEAR
Russell2000	0.24	-0.46	**↓ -0.70**	NEUTRAL
EuroStoxx50	-0.17	-1.08	**↓ -0.91**	BEAR
FTSE_MIB	-0.05	-0.68	**↓ -0.63**	NEUTRAL

New BEAR signals: NASDAQ100, EuroStoxx50

WHY THE COMPOSITE CHANGED

- Volatility Env. down from 77 to 34/100 (-43 points; contributing -8.6 pts to the Composite).
- Equity Momentum down from 51 to 28/100 (-23 points; contributing -6.9 pts to the Composite).
- VIX up from 15.8 to 18.9.

COMPOSITE SCORE TREND — LAST 10 REPORTS



TECHNICAL LEVELS — PERCENT DISTANCES

INDEX	VS 52W MAX	VS 50D MA	VS 200D MA
S&P 500	-2.0%	-0.1%	+6.7%
NASDAQ 100	-6.7%	-3.2%	+8.6%
Russell 2000	-2.1%	+1.3%	+11.6%
EuroStoxx 50	-3.3%	-0.0%	+3.7%
FTSE MIB	-1.4%	+1.3%	+8.6%

Percent distance of the latest price from the 52-week high and from the 50- and 200-day moving averages (MA). Indices not covered by the data providers use proxy ETFs.

FACTOR ROTATION & INTERNAL BREADTH

PAIR	1M	3M
Value vs Growth	+5.31pp	+8.50pp
Momentum vs Market	-6.41pp	+5.61pp
Min-Vol vs Market	+1.66pp	-3.59pp
Equal-weight vs Cap-weight	+1.50pp	+0.41pp

Internal breadth (RSP vs SPY): +1.50pp (1M) — **BROAD**

Relative return in percentage points between factor ETFs and benchmark (IWD/IWF, MTUM/SPY, USMV/SPY, RSP/SPY). Positive = the first ETF of the pair outperforms.

WEEKLY OUTLOOK

- VIX at 18.90, above the P66 threshold (18.87): a return below that level would signal normalization, while a further rise toward the consolidated HIGH regime would confirm the risk-off. The term structure in CONTANGO (0.920) should be monitored for any transition into BACKWARDATION.
- NASDAQ100 with Z-score -1.40 and -6.74% from the 52-week high: the 200-day moving average (+8.57% buffer) is the key technical level. A break would erode the intermediate trend and extend the BEAR signal to the other indices.
- CPI YoY at 3.73%, 27.3 basis points (equal to 0.273 percentage points) from the BEAR threshold of 4.00%: an acceleration beyond 4.00% would shift the signal into BEAR territory and reduce the Fed's room for maneuver, with the real rate currently at -0.10%.
- HY OAS at 271 bps (13.7th percentile), change +1 bps: the resilience of credit spreads contrasts with the equity risk-off. A widening beyond current levels would confirm the extension of stress to the credit segment.

SIGNAL TRACK RECORD — LAST 10 REPORTS

DATE	REGIME	CS	VIX	SP5	NDX	RUT	EU	MIB	S&P 500 →
12 Jun 26	NEUTRAL	35	A	N	N	R	N	N	+0.3%
15 Jun 26	NEUTRAL SEL.	60	L	N	N	N	N	N	-1.3%
22 Jun 26	NEUTRAL SEL.	56	M	N	N	N	N	N	-0.2%
25 Jun 26	NEUTRAL	36	M	N	N	N	N	N	+1.4%
29 Jun 26	BEAR	44	M	R	N	N	N	N	+0.2%
01 Jul 26	NEUTRAL SEL.	45	M	N	N	N	N	N	-0.3%
02 Jul 26	NEUTRAL	53	M	R	R	N	N	N	-0.3%
06 Jul 26	NEUTRAL	52	M	R	R	N	N	N	-1.1%
13 Jul 26	NEUTRAL SEL.	64	L	N	N	N	N	N	-0.8%
20 Jul 26	BEAR	44	A	N	R	N	R	N	—

CS = Composite Score | B = BULL | R = BEAR | N = NEUTRAL | — = missing data | VIX: L = LOW, M = MEDIUM, A = HIGH

S&P 500 → = change in the S&P 500 index from each report date to the latest available close: public, verifiable market data, not portfolio performance.

HISTORICAL REGIME BACKTEST

REGIME	N WEEKS	1W	4W	12W
BULL SEL.	198	**+0.3%** (60% pos.)	**+1.5%** (67% pos.)	**+3.7%** (81% pos.)
NEUTRAL SEL.	63	**+0.4%** (60% pos.)	**+1.8%** (64% pos.)	**+3.4%** (71% pos.)
NEUTRAL	50	**+0.7%** (62% pos.)	**+1.6%** (71% pos.)	**+3.1%** (73% pos.)
BEAR	199	**+0.5%** (55% pos.)	**+1.9%** (69% pos.)	**+4.9%** (77% pos.)

Simplified method (not the full V13 Composite Score): 58.3% Equity Momentum + 41.7% Volatility Environment on a single index (S&P 500), 2016-09-30–2026-07-03 sample, 510 weeks. Forward S&P 500 return by regime — median, mean and share of positive weeks: descriptive sample statistics, not a guaranteed probability or an indication of future returns.

METHODOLOGY

Data sources: FRED Federal Reserve — primary source for CPI YoY, Fed Funds Rate, M2, Initial Jobless Claims, US Treasury yields, Bund and BTP, ICE BofA credit spreads (HY/IG OAS), Fed balance sheet/RRP/TGA, the Sahm Rule and the 10Y-3M spread; Twelve Data — primary source for equity prices and factor ETFs; CBOE — primary source for VIX3M; Yahoo Finance and Alpha Vantage — emergency fallback for equity, VIX and VIX3M when primary providers are unavailable. Update: weekly, on data through the latest available market close. All equity returns are price return (dividends excluded).

Folioquill Composite Score = 30% Equity Momentum + 20% Volatility Environment + 20% Macro Support + 15% Credit Environment + 15% Market Breadth. Without available credit data, the system falls back to the historical weights (35/25/25/15, no Credit component).

Market Breadth: average of the directional scores of the monitored indices — BULL = 100, BEAR = 0, NEUTRAL = 50 + 25 × Z-score (Z capped at ±1).

Credit Environment: 100 − the 2-year historical percentile of the High Yield OAS spread (ICE BofA). Compressed spreads (low percentile) = favorable environment (high score, LOW signal); wide spreads = credit stress (HIGH signal).

Regime: derived from the Composite Score — BULL ≥ 70 (with Breadth ≥ 60) · SELECTIVE BULL ≥ 65 · SELECTIVE NEUTRAL ≥ 55 · NEUTRAL ≥ 45 · BEAR / RISK-OFF < 45. A HIGH VIX regime downgrades one notch below 60; Breadth < 40 adds the FRAGILE qualifier.

Momentum Z-score: (1M_return − 12M_mean) / σ_12M. Thresholds: Z > 1.0 = BULL, Z < −1.0 = BEAR, intermediate range = NEUTRAL.

VIX regime: percentiles over a rolling 504-day window (2 years). LOW = < P33, MEDIUM = P33–P66, HIGH = > P66.

VIX/VIX3M term structure: ratio between VIX (30 days) and VIX3M (3 months). CONTANGO (ratio < 0.97) = relaxed market; FLAT = rising attention; BACKWARDATION (ratio > 1.00) = acute near-term stress.

Realized volatility: S&P 500 daily log returns × √252, 21-day window.

US curve: NORMAL = spread > 0.50%; FLAT = 0–0.50%; INVERTED = < 0%. Same taxonomy for the 10Y-3M spread (recession risk section).

CPI YoY: < 2% = BULL, 2–3% = NEUTRAL, 3–4% = NEUTRAL− (BEAR threshold near), > 4% = BEAR.

Net Fed liquidity: Fed balance sheet (WALCL) − reverse repo (RRP) − Treasury General Account (TGA). Signal based on the 4-week change: > +$50bn = EXPANSIONARY, < −$50bn = CONTRACTIONARY, otherwise STABLE.

Recession risk: the Sahm Rule (3-month moving average of the unemployment rate minus its minimum over the prior 12 months; historical recession threshold = 0.50) and the 10Y-3M spread, both indicators tracked by the St. Louis Fed and the NY Fed. These are not forecasts: they flag conditions historically associated with recessionary phases.

Factor rotation & internal breadth: 1M/3M relative return between factor ETFs (IWD/IWF, MTUM/SPY, USMV/SPY, RSP/SPY). Internal breadth (RSP vs SPY, equal-weight vs cap-weight) measures the breadth of the rally: BROAD = wide participation, THIN = a rally led by mega-caps.

Historical regime backtest: see the dedicated methodology note in the HISTORICAL REGIME BACKTEST section — it uses a simplified method, not the full V13 Composite Score.

Macro calendar: FOMC and CPI dates are indicative (public calendar published at the start of the year) and may be officially revised; Non-Farm Payrolls and jobless claims follow the standard recurring schedule.

Technical levels: percent distance of the latest price from the 52-week high and from the 50- and 200-day moving averages. Russell 2000, EuroStoxx 50 and FTSE MIB use proxy ETFs (IWM, FEZ, EWI).

Signal verification: the “S&P 500 →” column in the track record shows the change in the S&P 500 index from each report date to the latest available close, recomputed at every publication. It is public, verifiable market data; it does not represent portfolio performance or an investment result.

Data dates: The report uses the latest available market day for equity, VIX and rates. Monthly or weekly macroeconomic series are reported as of the latest official release available.