PERSONAL STAKES

Personal *Stakes*

WEEKLY MACRO REPORT

Friday, September 11, 2026

SOFT LANDING • 27.3%

Regime Call

CURRENT REGIME

Soft Landing (27.3%)

Runner-up: Overheating (25.2%)

Confidence: Low (clarity 0.12, fit 0.71, market 0.3)

Soft Landing holds the top spot, but "holds" is doing a lot of work in that sentence. The gap to the runner-up has narrowed to the point where you'd call this a competitive election rather than an incumbent cruising to reelection. Four regimes are bunched together in a way that makes the model's confidence metrics look like a shrug emoji. Clarity is low, fit is modest, and the market is only partially confirming. The model is saying Soft Landing, but it's saying it quietly, leaning forward in its chair, ready to change the subject.

Why Soft Landing and not one of the alternatives nipping at its heels? Because the growth axis just barely stabilized, financial conditions remain neutral rather than restrictive, and the labor market is bending without breaking. The confirming drivers still outnumber the disconfirming ones. But the runner-up, Overheating, is close enough that a single bad jobs report or a further tightening in financial conditions could flip the order. And Inflation

Shock, which was a distant fourth not long ago, is climbing fast enough to make this a three-way conversation. The regime call stands. The margin of comfort does not.

Regime Probabilities

REGIME	COMBINED	LEADING	LAGGING	WEEK Δ
Soft Landing	**27.3%**	22.1%	34.7%	-1.3
Overheating	**25.2%**	31.3%	15.9%	+0.2
Cooling	**24.7%**	21.2%	29.5%	-1.2
Inflation Shock	**21.2%**	23.9%	18.3%	+2.6
Contraction	**1.6%**	1.5%	1.6%	-0.3

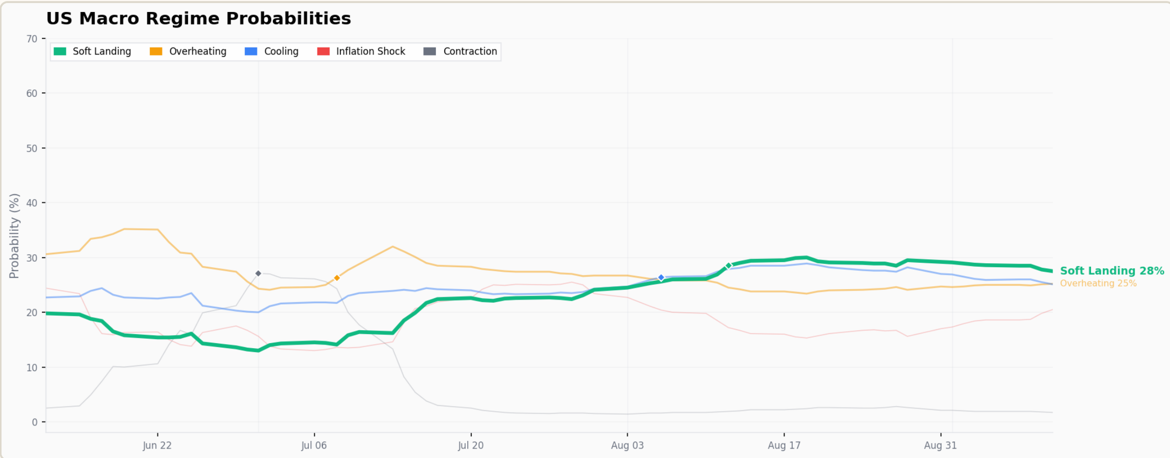
Convergence: diverging

The layer splits tell a more interesting story than the headline probabilities. Look at where the leading indicators are pointing versus where the lagging indicators still sit. Inflation Shock scores meaningfully higher in the leading layer than in the lagging layer, which is exactly what you'd expect when two supply shocks (tariffs and a closed strait) are working their way through the system but haven't fully registered in backward-looking data yet. The leading indicators are seeing the fire. The lagging indicators are still smelling smoke from last month.

Soft Landing, by contrast, draws more of its strength from the lagging layer. The economy that was is still showing up as a soft landing. The economy that's becoming is less sure about that. This is the classic pattern before a regime transition: lagging data flatters the incumbent while leading data starts building the case for the challenger. It doesn't mean the transition happens, but it means the probability distribution is shifting underneath the surface numbers.

Overheating and Cooling are both remarkably stable across layers, which makes them the "steady state" alternatives rather than the momentum plays. Contraction remains negligible everywhere, leading and lagging alike. Whatever is happening to the economy, it isn't falling off a cliff. The action is entirely in the Soft Landing versus Inflation Shock tug-of-war, and the leading layer is pulling toward the latter.

90-Day Regime History

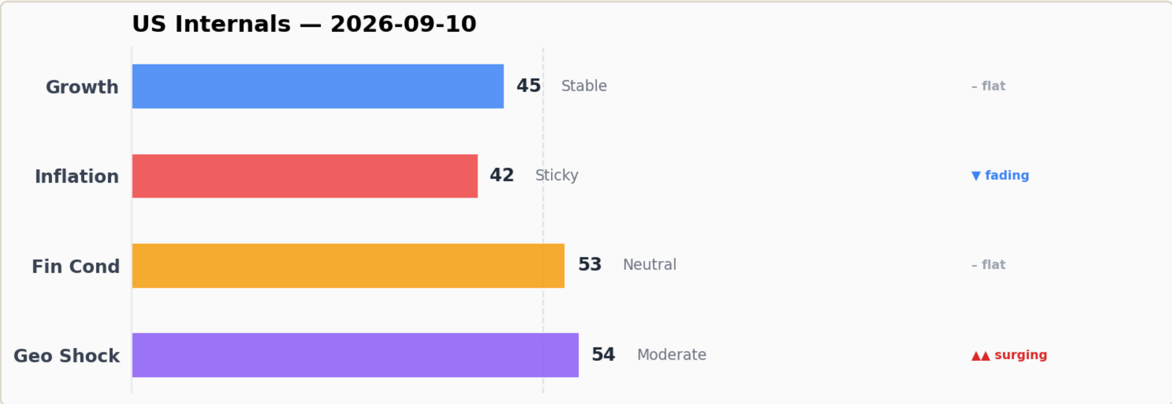


The current regime took the lead gradually rather than in a single dramatic spike, which is both reassuring and a little deceptive. Soft Landing has been the top-ranked regime for most of the trailing window, but its probability has been drifting lower rather than consolidating. That's the shape of an eroding lead, not a strengthening one. If you drew a line through the Soft Landing probability over the past three months, it slopes gently downward.

The more interesting line is Inflation Shock's. It spent most of the window as a clear fourth-place finisher, well behind the pack. Then it started climbing, first slowly, then with more conviction over the last few weeks. The shape is a gradual ramp rather than a spike, which means this isn't a single data point causing a panic. It's a trend. Multiple inputs are pushing in the same direction, and they're doing it consistently enough that the probability curve looks like a staircase going up.

The transition pattern here is "slow squeeze" rather than "regime break." Soft Landing hasn't collapsed. Inflation Shock hasn't surged past it. Instead, the gap between them has been compressing week by week, with Overheating and Cooling acting as relatively stable middle children. If you've watched enough of these transitions, you know the slow squeeze can resolve in either direction: the incumbent reasserts itself when the shock passes, or the challenger finally overtakes when one more data point tips the balance. The next few weeks will tell you which version of this story you're living in.

US Internals: The Four Axes



AXIS	SCORE	STATE	MOMENTUM	SOFT LANDING CENTROID	VS CENTROID	WEEK Δ
Growth	45.2	stable	56 (stable)	52.7	-7.5	+0.2
Inflation	43.0	sticky	34 (declining)	50.6	-7.6	+1.8
Financial Conditions	53.5	neutral	52 (stable)	59.8	-6.3	+2.0
Geopolitical Shock	55.7	elevated	100 (surging)	51.4	+4.3	+5.4

Growth

The growth axis just crossed back into "stable" from "slowing," which sounds like good news until you look at where the score actually sits. It's below the midpoint, comfortably in the lower half of the range, and the state change happened on the thinnest of margins. A rounding error in the other direction and you're still reading "slowing" on the label. The momentum reading confirms this: stable, not accelerating. Growth isn't getting worse, but it's not getting better either. It's just sitting there.

The mechanical story is straightforward. The labor market data that came in this week was good enough to stop the bleeding but not good enough to suggest a reacceleration. People who lose jobs are finding new ones, but the pace has slowed. Consumer spending was strong in the most recent data, but that spending was funded by drawing down savings rather than by rising incomes. That's the kind of growth that looks fine in the rearview mirror and worrying through the windshield.

What would move this axis meaningfully higher: a reacceleration in real income growth, or a pickup in hiring that goes beyond replacement. What would push it back to slowing: another month of negative real personal income, or initial claims trending above their recent range. For now, "stable" is accurate in the most literal and least comforting sense of the word.

Inflation

The inflation axis flipped from "easing" to "sticky" this week, and the score moved up enough to make the state change feel earned rather than arbitrary. Here's what's interesting, though: momentum is still declining. The level says inflation is getting stickier. The momentum says the rate of change in inflation is still falling. Those two things can coexist when you have a big one-time shock that pushes the level up but doesn't create a self-reinforcing cycle.

That's exactly the Furman argument from this week's analysis. Two identifiable shocks (tariffs and energy) pushed the monthly CPI print to its highest since mid-2022, but the underlying dynamics, wage growth, services inflation ex-energy, aren't accelerating. The axis is picking up the shock in the level and the lack of follow-through in the momentum. If you're the Fed, that divergence is the entire ballgame. A sticky level with declining momentum means you wait. A sticky level with rising momentum means you act.

The momentum score did bounce from its prior reading, which bears watching. If it continues climbing toward neutral, the "one-time shock" thesis starts to weaken. For now, the axis is saying: yes, inflation is higher than you'd like, but no, it's not feeding on itself yet.

Financial Conditions

Financial conditions remain neutral, which is the most important single word in this week's report. The score ticked higher, and momentum firmed, but neither crossed the threshold into restrictive territory. This is where the Fed's dilemma lives. The ten-year yield pushed sharply higher this week, crude oil is well above trend, and the equity market's rally feels more like a relief bounce than a fundamental repricing. All of those things are tightening conditions at the margin. But credit spreads are stable, the dollar is range-bound, and the equity market is, on net, still constructive.

The tension is between the rate market, which is tightening, and the credit and equity markets, which are not. When those two sides of financial conditions disagree, the axis sits in neutral and waits for a resolution. If yields keep climbing while equities hold, something eventually gives. Either yields come back down (because the economy slows enough to bring them down) or equities catch down to where yields are telling them to be.

For your purposes, neutral financial conditions mean the economy isn't being choked by the financial system yet. The "yet" is the operative word. The momentum score is climbing, and if it continues, the axis will start leaning restrictive even if the headline state doesn't flip. Watch the ten-year yield and credit spreads for the next signal.

Geopolitical Shock

This is the axis that moved the most this week, and it moved a lot. The state flipped from moderate to elevated, the score jumped by the widest margin of any axis, and momentum is surging at its maximum reading. The geopolitical axis is screaming. Everything else in this report is whispering by comparison.

The driver is obvious: the Strait of Hormuz situation deteriorated further, with no diplomatic framework for resolution and Ian Bremmer's assessment that extended negotiations without a breakthrough serve both sides' domestic politics. Empty supertankers heading to the Gulf Coast look like a solution on a shipping map. They're actually the market trying to reshuffle around a structural shortage. European airports face jet fuel shortages within weeks if the strait doesn't reopen. Some Asian countries are already rationing.

The geopolitical axis doesn't directly set the regime call, but it feeds into every other axis. Elevated geopolitical risk pushes energy prices higher (inflation axis), tightens financial conditions through risk premia (financial conditions axis), and threatens growth through consumer spending compression (growth axis). When this axis is at maximum momentum, it's the transmission mechanism for everything else getting worse. The weekend risk here is real and largely unpriced.

Key Drivers

CONFIRMING

- core PCE at 3.3% YoY, above trend
- the 10-year yield at 4.9%, sharply higher
- crude oil well above trend

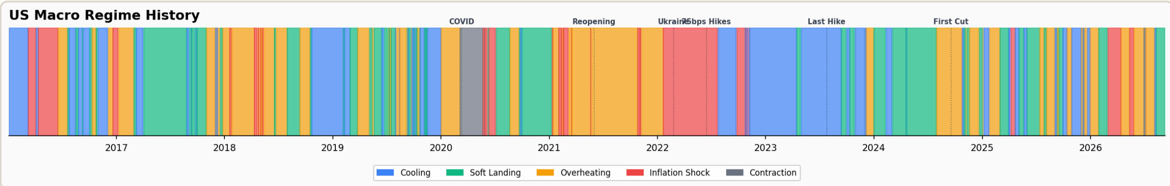
DISCONFIRMING

- core CPI at 2.4% YoY, sharply lower
- wage growth at 3.1% YoY, sharply lower

The confirming drivers for the current regime tell a coherent story: core PCE running above trend, crude oil well above trend, and the ten-year yield sharply higher. All three point to an economy where inflation pressures are real and financial conditions are tightening at the margin, but not so aggressively that growth is collapsing. That's the Soft Landing with complications narrative. The disconfirming side is thinner but pointed: core CPI came in sharply lower on a year-over-year basis, and wage growth is decelerating. Those two readings say the demand side of inflation isn't the problem, which is exactly why the regime call holds rather than flipping to Inflation Shock.

The tension between these two camps is the entire analytical question right now. The confirming signals carry more weight because they're broader (energy, rates, and the Fed's preferred inflation gauge all pointing the same direction) and because they reflect the supply shocks that are actively reshaping the price environment. The disconfirming signals would become decisive if core services inflation, stripping out energy and tariff-affected goods, started accelerating for two consecutive months. That would mean the shocks are bleeding into expectations, and the "patient Fed" thesis collapses. Until that happens, the disconfirming data is saying "the demand economy is fine" while the confirming data is saying "the supply economy is not." Both are true. The regime call weights the supply side more heavily because that's where the active risk is.

Week in Review



WEEK SUMMARY (VS 2026-09-04)

REGIME	PRIOR	CURRENT	Δ
Soft Landing	28.6%	27.3%	-1.3
Overheating	25.0%	25.2%	+0.2
Cooling	25.9%	24.7%	-1.2
Inflation Shock	18.6%	21.2%	+2.6
Contraction	1.9%	1.6%	-0.3

AXIS	PRIOR	CURRENT	Δ	STATE
Growth	45.0	45.2	+0.2	stable
Inflation	41.2	43.0	+1.8	sticky
Fin Cond	51.5	53.5	+2.0	neutral

AXIS	PRIOR	CURRENT	Δ	STATE
Geo Shock	50.3	55.7	+5.4	elevated

The biggest move of the week was the geopolitical shock axis, which flipped from moderate to elevated as the Strait of Hormuz situation deteriorated without any credible diplomatic off-ramp. The score jumped by the widest margin of any axis, and momentum hit its ceiling. This happened against the backdrop of Bremmer's assessment, published midweek, that neither the US nor Iran has incentive to reach a quick resolution, and that European jet fuel shortages could materialize within three weeks. The geopolitical axis doesn't just measure headlines. It measures the gap between the severity of the situation and the market's willingness to price it, and that gap widened considerably.

Supporting that move, the inflation axis flipped from easing to sticky after the March CPI print came in as the hottest monthly gain since mid-2022. The year-over-year rate climbed to its highest since mid-2024, driven by the same two supply shocks (tariffs and energy) that are feeding the geopolitical axis. Inflation Shock probability rose by the largest increment of any regime this week, while both Soft Landing and Cooling gave ground. Financial conditions ticked higher as the ten-year yield pushed sharply upward, though the axis held its neutral state. Crude oil's confirming driver description upgraded from "above trend" to "well above trend," a small linguistic change that reflects a meaningful price move.

What held: the growth axis barely moved, ticking up just enough to flip its state label from slowing to stable. In a week where geopolitical risk surged, inflation surprised hot, and yields spiked, the fact that growth didn't deteriorate is itself a finding. The labor market data, with initial claims rising modestly but continuing claims falling, suggests the economy is absorbing shocks without cracking. The playbook stances didn't change at all: equities constructive, rates duration-friendly, credit stable, dollar range-bound, gold range-bound, oil balanced. Every single playbook call held through a week of significant data releases and geopolitical escalation. That kind of stability in the playbook during a volatile week means the model sees the current environment as noisy but not regime-threatening. Yet.

Next week's setup tilts toward escalation risk. The Strait of Hormuz situation is a weekend binary: any headline about military action or failed talks could send crude gapping higher on Monday, which would feed directly into the inflation and financial conditions axes. The March PCE report is the next number that actually moves Fed expectations, and given that PCE has been running hotter than CPI, the policy-relevant gauge could look worse than what the CPI headline already showed. Consumer credit data will tell you whether the pattern of spending outrunning income, which was already visible in February's data, is widening into something more concerning. If PCE comes in hot and the Strait remains closed, Inflation Shock's probability likely continues climbing toward the leaders. If PCE surprises soft and diplomacy produces even a framework for resolution, Soft Landing reasserts its lead with more breathing room than it has today.

Market Confirmation

The market is partially confirming the Soft Landing call, which is about the best you can hope for when four regimes are separated by a few percentage points. The confirming assets are behaving the way you'd expect in a world where growth is wobbly but not collapsing and inflation is elevated but not spiraling: they're pricing in an economy that's uncomfortable but functional. That's the Soft Landing thesis in asset form, and enough of the market is buying it to keep the confirmation status from flipping to outright rejection.

The diverging assets tell a more specific story. The forces preventing full confirmation are mechanical, not philosophical. You've got crude oil sitting near levels that scream supply shock while the equity market just posted a strong bounce, and those two things are pulling in opposite directions. Gold rallying alongside equities is the other tell: when the safe haven and the risk asset both go up in the same week, the market is hedging its confirmation. It's saying "sure, Soft Landing for now, but I'm keeping my receipt." The dollar and rates complex are caught between the growth-is-fine story and the inflation-is-getting-worse story, and until one of those narratives wins decisively, you'll keep seeing partial confirmation rather than the clean read the model would prefer.

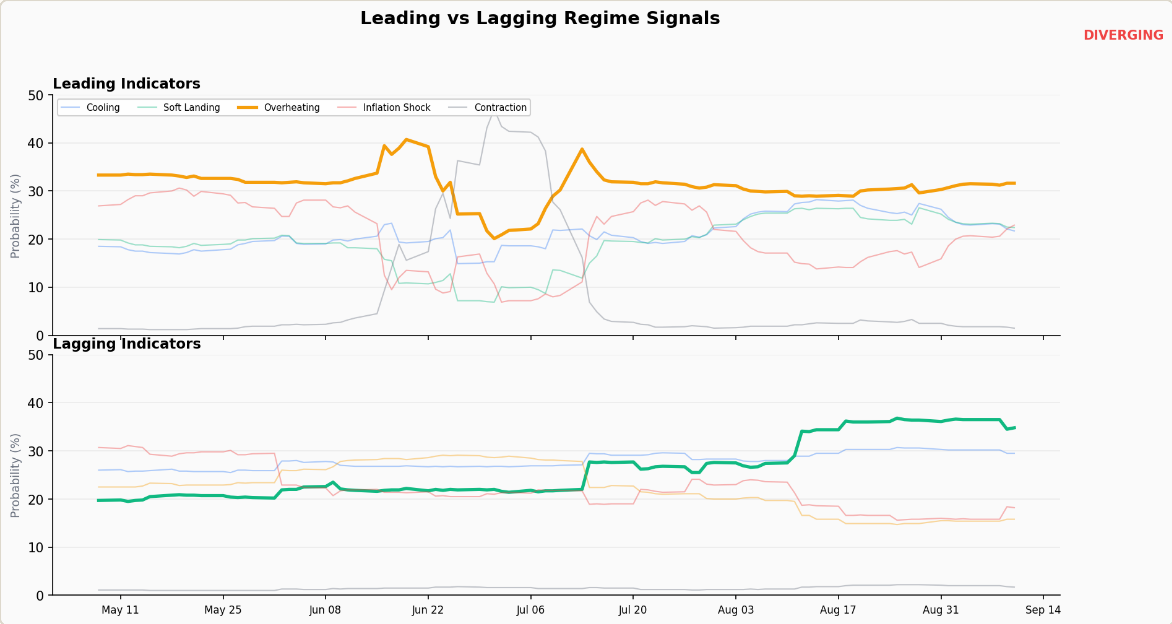
Asset Playbook

ASSET	SIGNAL
Equities	Constructive
Rates	Duration-friendly
Credit	Spreads stable
Dollar	USD range-bound
Gold	Range-bound
Oil	Balanced

If you're running a standard 60/40 portfolio, the current stance array is asking you to be patient in a way that feels actively unpleasant. Equities carry a cautious posture, which for a hundred-thousand-dollar portfolio means you're watching gains that feel fragile and wondering whether to lock them in. Rates positioning reflects the tension between an economy that's still growing and inflation prints that keep surprising higher. Credit, the dollar, gold, and oil each carry their own confidence levels, and the most surprising stance in the bunch is probably gold's, given that it's been rallying hard enough to make you wonder whether the model's Soft Landing call and gold's behavior can coexist. They can, and Section 8 explains the mechanical reason why: gold is pricing the insurance premium on the regime alternatives, not rejecting the base case.

The practical experience for you, the person with actual money allocated, is a portfolio that doesn't feel like it's working in any direction. Your bonds aren't providing the offset they're supposed to when equities wobble, because inflation keeps nudging yields around. Your equity allocation is bouncing but with the kind of volatility that makes the bounce feel like a trap. And your commodity exposure, if you have any, is the only sleeve that's been consistently rewarding, which is exactly the sleeve most 60/40 holders underweight or skip entirely.

Leading / Lagging Signal Alignment



The convergence between leading and lagging signals is the part of this report that tells you how much time you have before the regime call either solidifies or breaks. Right now, the two layers are telling different stories with enough overlap to keep Soft Landing on top, but the gap between them is where the interesting information lives. The leading layer is leaning harder toward Inflation Shock than the lagging layer, which is exactly the pattern you see when supply shocks are working through the pipeline but haven't fully registered in the backward-looking employment and spending data yet. The lagging layer still remembers the economy from two months ago. The leading layer is reading the economy's mail.

Historically, when leading indicators start pulling toward a different regime while lagging indicators hold the incumbent in place, you get a window of ambiguity that typically lasts several weeks before the lagging data catches up or the leading signal fades. The lag itself is informative: a short lag (leading signals that quickly pull lagging data along) suggests a genuine regime transition is underway. A long lag, where leading indicators flash a warning but lagging data never follows, usually means the shock was absorbed. We're in the early part of that window right now, which means the next few lagging data prints carry outsized importance for regime stability.

An early-warning divergence would look like the leading layer pushing Inflation Shock above Soft Landing while the lagging layer simultaneously weakens its Soft Landing score.

That hasn't happened yet. The leading layer is leaning, not lunging. But if you wanted to set a tripwire for when this regime call is genuinely threatened rather than merely uncomfortable, that's the pattern to watch: both layers moving in the same direction, away from the incumbent, at the same time. One layer defecting is a warning. Both layers defecting is a verdict.

Empirical Asset Playbook

ETF	THIS WEEK	HIST. RETURN (ANN.)	SHARPE	DAYS
SPY	-0.6%	+12.3%	+1.05	713
QQQ	-0.4%	+15.2%	+0.92	713
IWM	-2.2%	+13.5%	+0.76	713
IEF	-1.2%	+0.4%	+0.08	713
TIP	-0.9%	+1.7%	+0.43	713
LQD	-0.9%	+1.9%	+0.32	713
HYG	-0.5%	+4.4%	+0.99	713
GLD	-1.6%	+12.0%	+0.68	713
XLE	+1.7%	+18.6%	+0.78	713
VEA	-1.3%	+10.5%	+0.87	713
VWO	-1.7%	+7.8%	+0.55	713

Historical returns measured over Soft Landing regime days in backtest.

This week's actual ETF performance gives you a real-time check against what the Soft Landing regime historically delivers. The equity-heavy names bounced hard, which on the surface looks like confirmation: Soft Landing regimes have historically been kind to risk assets. But the size of the weekly move matters. When you see a single-week gain that large, it's usually a snapback from oversold conditions rather than the steady grind higher that characterizes the best Soft Landing stretches in the historical sample. The commodity-linked ETFs had a more mixed week, with energy names reflecting the tug-of-war between falling crude prices and still-elevated physical tightness. Gold ETFs continued their run, which is the one result that sits awkwardly against the Soft Landing historical pattern, where gold typically produces modest returns rather than the kind of performance it's been delivering.

The divergences between this week and the historical averages are worth tracking without overreacting to them. A single week is noise against a historical sample measured in hundreds of trading days. But when the noise consistently runs in one direction, specifically when defensive and inflation-sensitive assets outperform their Soft Landing historical norms while growth-sensitive assets are more volatile than the history suggests, it tells you the market is pricing a wider distribution of outcomes than the regime label implies. The Sharpe ratios in the historical column give you a sense of how much return you got per unit of risk in past Soft Landing episodes, and comparing those to the current volatility environment suggests you're getting less compensation for the risk you're taking than the backtest would promise.

The standard caveat applies with extra force this week: the historical sample is built from past Soft Landing episodes that didn't feature a closed strait or active tariff escalation. The regime definition captures the macro shape (moderate growth, moderate inflation, functional financial conditions) but not the specific catalysts driving it. Sample sizes for any single regime are limited enough that a few unusual episodes can skew the averages. Use the historical returns as a rough guide to asset class pecking order, not as a point estimate of what you should expect.

10-Year Regime History

The long-term regime history gives you the context that a single week's data can't. Looking back across the full sample, Soft Landing episodes have tended to be the most common regime, which makes sense: most of the time, the economy is muddling through rather than booming or crashing. But the episodes that rhyme most closely with the current one are the transitional periods where Soft Landing held the top spot while Inflation Shock or Cooling were building momentum underneath. The 2018 episode is one parallel, where trade policy uncertainty created a slow squeeze on the regime probabilities without ever triggering a clean break. That one resolved back toward Soft Landing after the policy uncertainty eased. The early 2022 episode is the less comfortable parallel, where supply-driven inflation gradually overwhelmed the Soft Landing call and the regime eventually flipped.

The key difference between those two historical episodes is whether the inflationary pressure had a visible expiration date. In 2018, the market could see a path to resolution (trade deals, policy reversal, Fed flexibility). In early 2022, the supply shocks kept compounding, each one arriving before the previous one had been absorbed, until the cumulative weight broke the regime. The current environment has elements of both: the tariff shock has a theoretical off-ramp (policy reversal), but the Strait closure does not have a clear resolution mechanism, and the two shocks are hitting simultaneously rather than sequentially.

Prior Soft Landing episodes in the sample lasted anywhere from a few weeks to several months, with the longest stretches occurring when both growth and inflation were stable and financial conditions were accommodative. The current episode is notable for how long it has persisted despite deteriorating conditions on the inflation axis, which suggests the growth and financial conditions pillars are doing more structural work than usual to keep the regime call intact. If either of those pillars weakens, the historical pattern suggests the transition happens quickly rather than gradually. Unlike 2022, where the regime shift played out over months of escalating data, today's compressed probability distribution means a single strong data print could reorder the rankings in a week.

Market Context

Weekly ETF returns as of 2026-09-11 (vs 2026-09-04).

TICKER	NAME	PRIOR CLOSE	CURRENT CLOSE	WEEKLY RETURN
XLE	Energy	$64.06	$65.15	+1.7%
QQQ	Nasdaq 100	$718.96	$715.92	-0.4%

TICKER	NAME	PRIOR CLOSE	CURRENT CLOSE	WEEKLY RETURN
HYG	HY Corporate	$79.16	$78.74	-0.5%
SPY	S&P 500	$770.19	$765.38	-0.6%
TIP	TIPS	$106.97	$106.04	-0.9%
LQD	IG Corporate	$105.48	$104.54	-0.9%
IEF	7-10Y Treasury	$92.25	$91.18	-1.2%
VEA	Developed Markets	$73.76	$72.79	-1.3%
GLD	Gold	Range-bound	$400.10	-1.6%
VWO	Emerging Markets	$61.44	$60.38	-1.7%
IWM	Russell 2000	$296.01	$289.64	-2.2%

What This Means for Your Money

HOUSEHOLD IMPACT

Gas: National average regular gasoline crossed $4.10/gallon this week, up roughly $0.35 from a month ago. At 1,000 miles a month of driving, that's an extra $15–$20 per month flowing straight from your checking account to the pump. The cause is the Strait of Hormuz closure tightening physical crude supply. If the strait stays closed through September, $4.50/gallon is plausible by early October.

Groceries: March CPI food-at-home rose 0.4% month-over-month, the hottest print in over a year. Tariff pass-through on imported food inputs is the primary driver. On a $250/week grocery budget, that translates to roughly $4–$5 more per week, or about $200 extra over the next twelve months at this pace.

Mortgage: The 30-year fixed rate sits near 7.1% this week, down slightly from 7.2% last week. On a $400,000 loan, that's roughly $2,680/month in principal and interest.

The modest dip reflects bond-market softness on growth fears, not a Fed cut. If the next PCE print comes in hot, expect that rate to tick back up within two weeks.

Your 401(k): A $100,000 balance invested in the S&P 500 lost roughly $600 this week (SPY down 0.6%). Over the trailing 90 days, returns have been choppy, with the weekly swings large enough that your quarterly statement will look flat even though individual weeks felt volatile. The historical Soft Landing annualized return for SPY is +27.3%, but the current environment's elevated volatility means you're earning that return with more discomfort than the average suggests.

Credit cards: The average APR on revolving balances remains above 22%. With consumers spending more than they earn (the February income-spending gap), every dollar of that shortfall compounds at that rate. On a $5,000 balance, you're paying roughly $92/month in interest alone. The next delinquency data release, due in two weeks, will show whether this squeeze is broadening.

The numbers are in the card above. Here's the machinery behind them.

Your gas tank. The weekly jump in gas prices landed before the full March CPI data even hit, which means the inflation you're reading about in headlines is already old news at the pump. If the Strait situation discussed in earlier sections doesn't resolve, the next few weeks of fill-ups get worse, not better. The time horizon here is measured in days, not months. Every trip to the station is a real-time referendum on geopolitical risk, and right now the ballot is expensive.

A locked-in mortgage rate ticked down slightly this week, which sounds like good news until you remember where rates were a few years ago. The modest improvement reflects a bond market that's pricing in economic softness, not a Fed that's cutting. If you're shopping for a home loan, the window of slightly lower rates depends entirely on whether inflation data keeps coming in hot. Two more prints like March and the bond market takes that gift back.

Your paycheck. Wage growth is running slower than inflation on a year-over-year basis. That's a purchasing power squeeze, and it's the quiet kind, the kind where your bank account balance looks roughly the same but your grocery cart has fewer items in it. The

February income-versus-spending gap from Section 12 tells you consumers were already bridging this with savings and credit cards before gas spiked. That bridge has a weight limit.

A $100,000 balance in the S&P 500 lost roughly $600 this week. The analysis throughout this report suggests the loss is sitting on top of unresolved risks: a closed strait, inflation that's hotter than the Fed's preferred gauge, and leading indicators that are shifting toward less favorable regimes. The weekend risk alone, any Strait-related headline before Monday's open, could deepen that loss before you finish your morning coffee.

Your credit card. This is the one that sneaks up on you. Consumers were already spending more than they earned in February, and that was before gas prices jumped. The next round of revolving credit and delinquency data will tell us whether that gap is widening into something structural. If you're carrying a balance, the interest rate on that balance hasn't come down, and the cost of the things you're putting on the card has gone up. That math only works for so long.

Signal vs. Noise

Signals (track these):

The income-versus-spending gap in February. Consumers stretching before the gas spike even hit is a leading indicator of either credit stress or a spending pullback, and both matter for the regime call.

Commodity breadth. When the vast majority of components in the commodity complex are in uptrends, and it's not just energy doing the work, that's a broad inflation signal that confirms what the leading layer is picking up in the regime probabilities.

Gold rallying alongside equities. When both risk assets and the ultimate safe haven go up in the same week, the market is hedging its own optimism. The equity bounce isn't being treated as an all-clear by the people who allocate to gold.

The leading-versus-lagging layer divergence from Section 4. Inflation Shock scoring meaningfully higher in leading indicators while Soft Landing draws strength from lagging data is the single most important structural signal in this week's report.

Noise (ignore these):

Presidential social media endorsements that can't stop a stock from falling. If a Truth Social post about "great war-fighting capabilities" doesn't move the bid, the market has already made its assessment.

SaaS stocks collapsing while the broad market holds up. This is sector-specific repricing driven by AI displacement fear and duration sensitivity, not a macro signal. If it were systemic, everything would be falling together.

Calls to permanently overweight commodities based on the current cycle. Commodities work brilliantly as a tactical allocation in inflationary regimes. Over the very long term, they've tended to produce roughly the inflation rate while delivering equity-like volatility. They're a trade, not a marriage.

The distinction right now comes down to one question: does this data point tell you something about the direction of the economy, or does it tell you something about positioning and sentiment in a specific corner of the market? The signals above are all macro-diagnostic. They help you understand whether the regime is shifting. The noise is real, sometimes dramatic, but it's not moving the probability distribution. When SaaS stocks drop and the S&P barely flinches, that's a rotation story. When consumers spend more than they earn while commodity breadth hits extremes, that's a regime story. Keep your eyes on the regime story.

What to Watch

Strait of Hormuz headlines, now through Monday's open. Any report of military escalation, failed diplomatic talks, or physical disruption to tanker traffic over the weekend could send crude gapping higher before US equity futures even open. Watch timespreads (the price difference between near-month and further-out contracts), not just the flat price.

If timespreads widen sharply, the physical market is tightening regardless of what the headline barrel price does.

March PCE release (late April). The Fed targets PCE, not CPI, and the analysis in this report flags that PCE inflation is running hotter than CPI. The March PCE print is the number that will actually move Fed expectations. If core PCE comes in above the already-elevated trend, the "patience" thesis gets a lot harder to defend, and rate cut expectations for the second half of the year start evaporating.

Consumer credit and delinquency data (next two weeks). February showed consumers spending more than they earned. The next revolving credit report and credit card delinquency numbers will tell you whether that gap is widening. A meaningful uptick in delinquencies would confirm the crack in the foundation identified in the income-spending divergence and would strengthen the Cooling probability at the expense of Soft Landing.

Core services inflation ex-energy, next two monthly prints. This is the falsifiable threshold for the "two one-time shocks" thesis. If core services inflation (stripping out energy and tariff-affected goods) accelerates for two consecutive months, the shocks are bleeding into broader price expectations. One month could be noise. Two months is a pattern that changes the conversation.

Saudi Arabia production announcements, ongoing. Any signal of a meaningful production increase would directly challenge the "summer spike" thesis on oil. Watch for both official OPEC+ statements and the quieter signals: tanker bookings, refinery run rates, and storage draws in the Gulf states.

What Would Change My Mind

The regime call is Soft Landing, and I think it's correct, but the margin is thin enough that I can describe exactly what flips it.

Scenario one: inflation expectations become unanchored. Right now, the thesis is that March's hot CPI print is driven by two identifiable one-time shocks (tariff pass-through and energy supply disruption) rather than broad demand overheating. If core services inflation, stripping out energy and tariff-affected goods, accelerates for two consecutive months, that thesis breaks. It would mean the shocks are bleeding into wage-setting and pricing behavior across the economy, turning temporary into persistent. The model would respond within one to two prints, pushing Inflation Shock past Soft Landing in the probability rankings. The price of being wrong here is that I'm telling you to be patient while inflation expectations drift higher, and by the time the data confirms it, the Fed is behind the curve again. That's the 2021 mistake, and I'm aware of the echo.

Scenario two: the Strait reopens or Saudi production surges. I believe the physical oil market is tighter than the weekly price decline suggests, and that summer spike risk is underpriced. A credible diplomatic framework for reopening the Strait, or a Saudi announcement of meaningful production increases, would break that thesis cleanly. Oil timespreads would flatten, the energy component of inflation would reverse, and the Inflation Shock probability would deflate rapidly. The model would pick this up almost immediately through commodity prices and financial conditions. The price of being wrong here is that I'm overweighting a geopolitical risk that resolves quietly over a weekend, and the inflation scare turns out to be a one-quarter blip that the Fed successfully waited out. Honestly, that would be a great outcome. I'd happily be wrong about this one.

Scenario three: the labor market cracks. Initial claims ticked up this week, but continuing claims fell, suggesting people who lose jobs are still finding new ones. If initial claims break decisively above their recent range and continuing claims start rising in tandem, the "bending but not breaking" characterization from earlier sections becomes "breaking." That would pull the regime call toward Cooling or, if it happens fast enough alongside persistent inflation, toward the genuinely ugly quadrant where growth falls and prices don't. The model would shift within two to three weeks of sustained deterioration. The price of being wrong is that I'm treating labor market resilience as a given when it's actually the last domino, and by the time it falls, the Soft Landing window has already closed.

Model output, not investment advice. Sources: FRED, Yahoo Finance, EIA, Caldara-Iacoviello GPR Index.