

## DOMINANT WORLDVIEW

Modern markets are dominated by liquidity transmission, positioning reflexivity and volatility amplification. A signal is incomplete until it is mapped to who must trade, where liquidity is available, and how volatility changes execution capacity. Dealer de-risking, CTA/systematic acceleration and vol-control flows can convert gradual repricing into nonlinear price discovery.

## RECURSIVE MARKET MAP



## REGIME MIGRATION & TRANSMISSION INSTABILITY

	Vol	Liq	Crowd	Reflex
Calm	1	1	2	1
Transition	2	2	3	2
Fragile	4	4	4	4
Stress	4	4	3	4

## STRATEGIC DATA STRIP: FRAGILITY BANDS

Signal	Calm	Transition	Fragile
MOVE percentile	<50	50-80	>80
Depth change	0/-10%	-10/-25%	>-25%
Spread state	Normal	Wider	Elastic
Flow risk	Balanced	Crowded	Forced

## LIQUIDITY INTERPRETATION

Raw levels matter less than regime position: a 20-30% depth decline near a catalyst is more informative than a stable average spread. Regime migration starts when volatility becomes persistent and liquidity no longer absorbs positioning changes at stable price impact.

Sources: Federal Reserve H.15; Bank of Canada Daily Digest; EIA; BLS; Statistics Canada; CFTC COT; CME FedWatch; ICE BofA MOVE Index. For informational purposes only.

## INSTITUTIONAL INTERPRETATION: WHAT DIFFERS

Layer	Professional read-through	Naive failure mode
Fundamentals	Trade through reaction function + transmissi...	Headline extrapolation only
Positioning	Treat crowding as stored potential energy	Confuse consensus with safety
Liquidity	Size around depth / spread elasticity	Ignore market impact
Volatility	Manage convexity and event windows actively	Sell optionality blindly

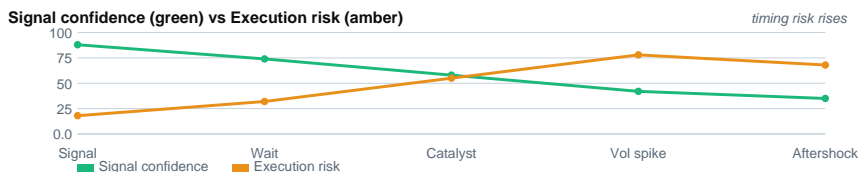
## FAILURE-MODE OVERLAY

Failure pathway	Read-through	Adaptive response
Policy reaction shifts	Duration beta can change sign sharply	Use conditional structures
Liquidity vacuum	Correct view becomes untradeable	Reduce delta; own convexity
Reflexive reversal	Price move forces positioning unwind	Track flow, not just signal

## CROSS-ASSET IMPLICATION

The same macro shock can support one channel and impair another: oil can lift CAD terms-of-trade while simultaneously hardening inflation expectations, rates volatility and USD liquidity premia. Identifying which channel dominates now -- not which narrative sounds cleanest -- is the operative analytical standard.

## FIG -- DECISION UNDER UNCERTAINTY: CONFIDENCE DECAY



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## THE INSTITUTIONAL STANDARD

A view is not institutional until it specifies confidence decay, failure modes, execution path and expression quality. The goal is not to forecast a single path; it is to identify what markets underprice, how shocks propagate recursively, where execution becomes fragile, and which structure survives adverse sequencing.

## EXECUTION-AWARE DECISION TREE



## IMPLEMENTATION NUANCE: PAYOFF, TIMING & LIQUIDITY

Setup	Expression	Reasoning
Rates-vol underpriced	Event gamma / payer...	Convexity if policy repricing ga...
CAD/oil divergence	CAD crosses before ...	Separates commodity from U...
Term-premium risk	Conditional steepene...	Avoids blunt duration if growth ...
Liquidity fragility	Vol-adj. sizing + pass...	Price impact can dominate edge

## INVALIDATION & UNWIND FRAMEWORK

Trigger	Meaning	Action
Correlation breaks	Old hedge no longer works	Cut gross; rebuild expe...
Liquidity disappears	Path risk exceeds thesis ed...	Pause / work passive / b...
Catalyst passes cleanly	Event premium decays after...	Monetise optionality; rea...
Policy reaction changes	Macro beta re-prices directi...	Reset regime assumptio...

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## OPERATING STANDARD

Standard	Evidence demonstrated
Market-native reasoning	Rates, FX, oil, vol, liquidity and positioning linked through execution logic
Automation discipline	Rules, thresholds, alert routing and feedback loop explicitly defined
Execution realism	Spread/depth, event windows, convexity and expression quality addressed

## STRATEGIST CONCLUSION

The goal is not to forecast a single path. It is to identify what the market underprices, how shocks propagate recursively through the liquidity-positioning-volatility feedback loop, where execution becomes fragile, and which structure survives adverse path dependency. A view is not institutional until it specifies confidence decay, failure modes, execution path and expression quality.

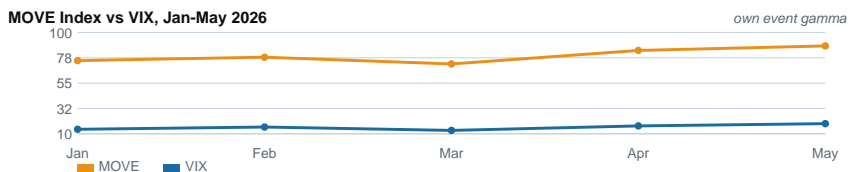
## MICROSTRUCTURE ESCALATION MAP

State	Execution read-through
Gamma pinning	Calm can hide latent break risk under pinned strikes
Stop-loss cascade	Level triggers matter once depth withdraws sharply
Auction tail	Supply concessions can move term premium nonlinearly
Spread elasticity	Order size changes achievable price in fragile regimes

## EXPRESSION QUALITY

The objective is not maximum directional exposure; it is preserving convexity, isolating the intended transmission channel and surviving adverse path dependency. Expression quality -- option vs RV vs delta -- is as important as directional conviction.

## FIG -- MOVE/VIX SIGNAL MONITOR



## TIMING & PATH DEPENDENCY

Confidence decays as path dependency rises. The response is not bigger conviction but better structure and tighter invalidation. Under fragility, passive vs aggressive execution is a risk decision: urgency competes with price impact and queue priority.

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