Dec 2025 | US Macro Scenario Dashboard & Portfolio Playbook (English Version)

Full translation of the Chinese original. Includes all sections, tables, triggers, and references.

1) Executive Summary

The high-probability macro regime for the U.S. is a “sluggish recovery” characterized by low growth and low inflation (~60%). The second-most likely scenario (~30%) is a liquidity-driven “tech-bubble aftershock,” where valuations remain elevated despite only mediocre fundamentals. The tail scenario (~10%) is a geopolitics-driven stagflation shock. Portfolio management should prioritize drawdown control and structural hedges. If core inflation re-accelerates above 3% or oil spikes through $100/bbl, assumptions should be revised quickly and positioning shifted to a tighter/stagflationary regime. [1][2]

1.5) Scenario Meaning Overview

Base Case — “Sluggish Recovery” (Low Growth & Low Inflation)

- Economic meaning: Growth stalls but does not collapse. Employment cools gradually and corporate earnings are sluggish. Weaker demand eases price pressure; core inflation glides toward the 2% target. [1]
- Policy meaning: The Fed becomes more patient/dovish and may prepare rate cuts, but cautiously. Fiscal policy turns more neutral and focuses on anchoring expectations.
- Market pricing meaning: The yield curve re-steepens from inversion, reflecting easing expectations. [3] Volatility and credit spreads stay low; investors demand less risk premium.
- Asset implications: Defensive assets outperform. Treasuries (long duration) lead; gold edges higher. Equities are choppy/soft; credit is roughly flat; commodities lag as demand weakens.
- Largest error source: Inflation could prove more “bumpy” (services-price stickiness or wage re-acceleration). Consumer resilience may be underestimated—either could undermine the low-inflation assumption.
- Invalidation / switch: If core CPI re-rises to ≥3% YoY and continues higher, or if unemployment drops sharply / PMI returns to expansion (growth re-accelerates), the base case breaks; switch to an inflation- or growth-reacceleration scenario.

Alternative — “Tech-Bubble Aftershock” (Liquidity-driven, Elevated Valuations)

- Economic meaning: In a low-inflation backdrop, excess liquidity continues flowing into risk assets (especially equities). Real-economy growth is only average, but asset prices detach from fundamentals. Employment and earnings do not materially improve, yet markets show “paper prosperity.”

- Policy meaning: The Fed faces a dilemma—inflation is controlled, but financial imbalance risk rises. It may delay cuts to avoid fueling a bubble and will emphasize financial stability verbally. Fiscal stimulus does not increase; the bubble is market-driven.
- Market pricing meaning: Markets price an overly dovish rate path (rapid cuts even without a deep slowdown). Equity risk premium is too low; volatility is compressed at extreme lows (VIX persistently <15). [4] Credit spreads approach cycle lows. [5]
- Asset implications: Growth/high-beta assets keep being pushed higher; EM and high-valuation tech lead. Long Treasuries may underperform/flatline as risk appetite rises. Gold is roughly stable (low inflation is negative, but hedge demand offsets). Commodities remain slightly weak depending on demand. Portfolio returns rise but internal balance worsens.
- Largest error source: Bubble dynamics are temporary. If liquidity expectations reverse or earnings deteriorate, price correction can be violent. Ultra-low volatility itself is a risk; surprises (rates, regulation) can pop the bubble.
- Invalidation / switch: If VIX jumps to 20+ with violent equity swings (bubble topping) or the Fed clearly turns less dovish (e.g., dot plot repricing), quickly reduce risk exposure and exit “bubble mode.”

Tail — “Geopolitical Stagflation” (Supply Shock & Risk Aversion)

- Economic meaning: Major geopolitical conflict disrupts energy/commodity supply. Oil spikes and inflation surges while demand is suppressed—an inflation shock with growth deterioration. Growth turns from weak to negative; earnings compress; unemployment rises.
- Policy meaning: The Fed is trapped: inflation restricts cuts, but downturn demands support. Unconventional tools may be used to protect financial stability (targeted liquidity). Fiscal emergency spending (defense/subsidies) may widen deficits.
- Market pricing meaning: Risk-off dominates. Nominal rates may fall first then rise: initial flight-to-quality pushes yields down, then inflation expectations push long-end yields back up. Equity risk premia jump; credit spreads gap wider. DXY may rise first (wartime haven) then weaken. VIX spikes above 30.
- Asset implications: Cash and real assets dominate. Gold rallies strongly from both safe-haven and inflation forces (often 20%+ in a month to new highs). Oil/commodities surge. Equities fall sharply (tech/consumer hit hardest), while defense/energy are relatively resilient. Nominal Treasuries rally then retrace; TIPS outperform nominals. High-yield credit sells off.
- Largest error source: Geopolitical paths are highly uncertain. A fast resolution can produce a V-shaped reversal; escalation can do far more damage than expected. Policy responses (price controls/capital controls) create second-order effects.
- Confirmation / downgrade: Track oil and safe-haven flows. If Brent sustains a monthly average above $100 and the U.S. 10Y yield drops sharply by >50bps (flight-to-quality + inflation fear), tail risk is confirmed. If tensions ease and oil returns to pre-conflict levels, tail probability drops and the portfolio can revert to normal defensive posture.

2) Indicator Dashboard

Indicator	Latest value (definition)	Recent trend (last 3 releases)	Percentile / Z	Signal / implication
CPI YoY (headline inflation)	2.7% (Nov, YoY) [6]	Down 3 months in a row; below expectations	Low (5y ≈10%)	Inflation eased materially, near target [6] → disinflation scenario
Core CPI (ex food & energy)	2.6% (Nov, YoY) [1]	Lowest pace since 2021	Low (4y low)	Underlying inflation pressure fades; stickiness easing → inflation under control
PPI YoY (producer prices)	2.7% (Sep, YoY) [7]	Rose mid-year then stabilized	Low-to-mid	Upstream inflation moderate; limited pass-through → manageable inflation (watch)
Core PCE (Fed preferred)	~2.8% (Sep, YoY) [8]	Slowly down but still >2%	Neutral-to-high	Still slightly above target; limits a rapid dovish pivot → watch inflation stickiness
ISM Manufacturing PMI	48.2 (Nov) [9]	9 straight months <50; slightly worse	Low (contraction)	Manufacturing contraction; weak demand → slower growth / recession risk
ISM Services PMI	52.6 (Nov) [10]	Slightly higher; still expansion	Neutral (mid-year)	Services expanding but new orders weakening → signs of peaking momentum
Industrial production (YoY)	+2.5% (Nov)	Turned from negative; modest rebound	Neutral (near average)	Manufacturing output positive but limited momentum → slowing growth signal
Retail sales (YoY)	+3.5% (Oct)	Nominal growth slows; real near zero	Low (5y low band)	Consumption momentum weak;

				households cautious → weaker demand
Unemployment rate	4.6% (Nov) [2]	Up from ~4.0% three months ago; 4y high	High (post-pandemic high)	Labor market cooling; slack rising → downside growth risk
Wage growth (avg hourly earnings YoY)	3.5% (Nov) [11]	Decelerating to post-pandemic low	Low (still > GFC peak)	Wage pressure eases; cost-push inflation weakens → disinflation tailwind
Consumer Confidence (CB)	88.7 (Nov)	Down 4 months; near recent lows	Low	Consumers pessimistic; low spending intent → slower growth
NFIB Small Business Optimism	99.0 (Nov)	Slight rebound but below last year's high	Neutral (slightly above long-run)	Small-business optimism modestly improves but unstable → fragile activity
10Y–2Y Treasury spread	+0.67% (Dec) [3]	From -0.5% mid-year inversion to positive steepening	High (YTD max)	Curve re-steepening implies future easing; recession signal fading → easier policy expectations
Real yield (10Y TIPS)	1.9% (Dec) [12]	High and range-bound; slightly below Q3 peak	High (rare recent highs)	High real rates keep financing cost elevated → headwind to risk assets
10Y breakeven inflation	2.2% (Dec) [13]	Peaked ~2.3% mid-year; slightly lower now	Neutral (anchored)	Long-run inflation expectations well anchored → more policy room
High Yield OAS (credit spread)	2.8% (Dec) [5]	Tightened ~50bps vs early year; near cycle	Very low (bottom decile)	Spreads extremely tight → risk appetite

		lows		high / complacency risk
VIX equity volatility	~14.1 (Dec 22) [3]	Down from Aug peak; near YTD low	Low (1y low)	Implied vol extremely low; investors possibly complacent → tail risk underpriced
MOVE bond volatility	~60 (Dec 24)	Down sharply from >120 mid-year	Low	Bond-market volatility calmed; liquidity stress eased → stable expectations
NFCI financial conditions	-0.55 (mid-Dec)	Falling from ~0 into easy territory	Very easy (historically low)	Financing conditions loose; liquidity ample → risk-on environment
M2 money supply growth	+4.3% (Nov, YoY)	Turned positive; still below long-run	Low-to-mid	Monetary backdrop moderately recovering, not overheating → mild support to assets
Housing starts (annualized)	1.307M (Nov)	-8.5% MoM; -6% YoY	Low	Housing weak; fewer starts → slower growth / possible policy easing
FHFA house price index (YoY)	+2.2% (Q3, YoY)	From negative early-year to modest rebound	Low	Prices stabilize modestly; limited wealth effect → limited inflation impulse
DXY dollar index	97.9 (Dec 25) [3]	Down ~7% from YTD high; new low	Low (2y low)	Dollar softer supports exports & EM liquidity → looser global financial conditions

3) Scenario Probability Table

Macro scenario	Probability	Core evidence	Asset tilt (portfolio)
Sluggish recovery (low growth & low inflation)	60%	Stalling growth + disinflation: ISM manufacturing <50 [9], unemployment at 4.6% [2]. Core CPI at 2.6% (new low) [1]; 10Y breakeven anchored around 2.2% [13].	Defensive: reduce equities; add duration; neutral-to-slightly lower credit; add gold/commodities; add cash.
Tech-bubble aftershock (high valuation + low inflation)	30%	Liquidity-driven bubble: equities hit highs despite soft fundamentals (S&P up ~16% YTD; VIX <15 for long stretches [4]). Small-business sentiment wobbly; earnings lag valuation. Curve steepening/positive spread encourages speculation.	Neutral: equities neutral-to-slightly add; duration neutral-to-slightly reduce; commodities neutral-to-slightly reduce (keep gold hedge); cash neutral-to-slightly add.
Geopolitical stagflation shock (tail)	10%	Safe-asset anomalies: gold up 20%+ over ~2 months to record highs; oil up ~20% on Middle East tensions; long-end yields drop >50bps (flight to safety); VIX doubles to 30+.	Very conservative: sharply cut equities; modestly add duration (risk-off first, adjust later); significantly add gold/commodities; significantly add cash.

4) Historical Analogues

- Dot-com bubble (2000) vs. 2025 tech valuations — Similarity: under low inflation, tech valuations can surge and trading enthusiasm detaches from fundamentals. Difference: in 2000, growth was stronger (US GDP ~4%); in 2025, valuations are more expectation/liquidity-driven. Lesson: bubbles can last longer than expected, but fundamentals ultimately re-price them. Policy may focus earlier on financial stability to avoid a repeat crash.
- Late-cycle boom (2007) vs. current easing expectations — Similarity: the curve re-steepened in early 2007 and markets believed in a soft landing; VIX stayed low and assets made new highs. Today shows a similar steepening and optimistic sentiment. Lesson: markets often

have a “last sprint” before a cliff; calm can hide fragility. Difference: banks are better capitalized now, but shadow banking and geopolitical risks are new fault lines.

- Stagflation shock (1973–74) vs. future geopolitics — Similarity: war-driven oil supply shock doubled oil prices and pushed inflation higher while growth fell; equities sold off deeply; gold surged. Lesson: supply-shock stagflation is among the most destructive regimes for portfolios. Today inflation anchoring and policy tools are better, but escalation risk still warrants protection.
- Note on “Is this time different?”: policy transparency and macroprudential frameworks are stronger than in past cycles, but market laws still apply if key variables (valuation extremes, geopolitical conflict) move sharply.

5) Asset Tilt

Asset bucket	Direction	Core rationale	Disconfirming threshold (indicator)
Equities	Reduce	Weak growth pressures earnings; valuations lack durable upside. Capital preservation first.	If ISM manufacturing returns >55 or job growth surges (growth re-acceleration), shift to neutral/add.
Treasury duration	Increase	Disinflation + easing expectations support lower rates; long duration has capital-gain potential [3]. Recession hedge.	If core CPI re-rises >3% and expectations rise (real yield >2.5%), cut duration back to neutral.
Credit	Neutral to slightly reduce	Slowing growth can lift default risk. HY spreads extremely tight [5] → insufficient compensation; control spread exposure.	If HY OAS widens >5% (attractive valuation) and policy backstop is clear, gradually add credit back.
Gold / commodities	Increase	Tail inflation and safe-haven demand remain. Gold hedges extreme regimes; peaking/falling real yields help non-yielding assets.	If real yields resume rising without risk events (less hedge value), reduce gold to neutral.
Cash & equivalents	Increase	High policy rates provide safe carry; maintain liquidity for drawdowns and	If a cutting cycle is confirmed (cash carry falls) and valuations normalize, reduce

		opportunities; lower portfolio volatility.	cash and redeploy into risk assets.

5.5) Portfolio Adjustment Recommendations (generic framework | base-case centered)

Positioning: the current macro environment resembles “slowing growth, falling inflation, easy-ish financial conditions, but underpriced tail risk.” The portfolio objective should shift from “chasing returns” to “stabilize drawdowns first, then capture selective opportunities.”

I. Portfolio structure diagnosis (generic)

- If equity exposure is dominated by high-beta growth / thematic names: more sensitive to earnings downgrades and valuation compression → larger drawdowns.
- If fixed income is mainly ultra-short cash substitutes: stable, but lacks convexity to benefit from easing / risk-off → missing a hedge leg.
- If credit exposure is heavy (especially lower quality): slowing growth increases spread-widening risk; carry may not compensate.
- If real/safe-haven assets are absent (gold, some commodities, explicit tail hedges): the portfolio lacks shock absorbers under geopolitical/inflation tails.
- If concentration is high (single sector/theme/risk factor): macro turning points can “take everything down together” → reduce concentration.

II. High priority (act now: defense + structural completion)

1) Reduce equity beta & thematic concentration

- Action: gradually trim high-beta growth and concentrated themes; raise defensive equities (dividends, stable cashflows, low-vol) to neutral-to-overweight.
- Logic: under the base case, neither earnings nor multiples have sustained upside; high-beta sells first when volatility normalizes.
- Triggers: prolonged manufacturing contraction, further labor weakening, or volatility lifting from low levels.

2) Add a “duration hedge leg” (upgrade from cash-only defense to cash + duration)

- Action: keep a cash buffer while adding/increasing high-quality intermediate-to-long duration rate exposure so the portfolio benefits from easing / risk-off.
- Logic: in disinflation, duration is often the primary hedge and return engine; ultra-short substitutes miss key moves.
- Triggers: curve re-steepening with markets pricing cuts; or risk events raising flight-to-quality demand.

3) Shift credit from “yield-first” back to “quality-first”

- Action: reduce high-yield / spread-sensitive exposure; concentrate credit in higher quality, shorter tenor, and more liquid instruments.

- Logic: in slow-growth regimes, HY spreads at low levels often offer poor asymmetry—small carry vs. large drawdowns.
- Triggers: spreads inflect wider, financing conditions tighten at the margin, or default/refi stress indicators rise.

4) Increase tail-risk buffer

- Action: raise gold/real assets to a "medium weight," or use low-cost insurance (protective puts/structured hedges) for tail drawdowns.
- Logic: tails are low probability but high damage; low-volatility periods are often the cheapest window to buy insurance.
- Triggers: oil rises quickly, inflation expectations rebound, geopolitics escalates, or volatility stays persistently low.

5) Preserve liquidity, but avoid "over-cash"

- Action: keep cash at medium-to-high levels for volatility management and buy-the-dip capacity, but do not let cash become the only defensive tool.
- Logic: cash defends well but has high long-run opportunity cost; a robust structure is "cash buffer + duration hedge + defensive equities + tail insurance."

III. Medium priority (conditional If/Then adjustments)

- If inflation re-accelerates unexpectedly (services/wages, rising expectations) → reduce duration sensitivity; raise inflation-hedging assets (TIPS, energy/resources, selective commodities); tilt equities toward stronger pricing power.
- If growth stabilizes above expectations (PMI back to expansion, labor re-strengthens) → shift from defense to neutral-to-offensive; add equities/cyclicals; reduce cash and some hedges; credit from "reduce" back to neutral.
- If markets enter a "low-vol party" (volatility extremely low, valuations keep rising) → do not chase with leverage; instead trim risk on strength and add protective hedges; shift return target from directional bets to structural/relative returns.
- If credit/liquidity stress appears (spreads gap wider, funding cost spikes, vol jumps) → cut credit and high-beta equities quickly; raise high-quality rates and cash; pause new risk until stability returns.

IV. Low priority (opportunistic; only with conditions)

- Quality drawdown buying: if high-quality assets sell off sharply for non-fundamental reasons, scale in with small tranches and strict risk controls.
- Region/FX opportunities: only if USD weakens materially AND global growth expectations improve—then consider increasing ex-US and commodity exposure; otherwise stay cautious.
- Volatility strategies: low vol → buying insurance is cheaper; very high vol → can consider selling some premium, but only with strict limits and risk controls.

V. Stress tests & contingency plans (how to act when scenarios switch)

- Base → Bubble continuation: Fragility is being too defensive and underperforming. Plan: only raise equity exposure after confirming risk-on signals; re-risk gradually (not all at once) while retaining hedges to prevent uncontrolled drawdowns if the bubble pops.
- Base → Tail stagflation/geopolitical shock: Fragility is equities and credit falling together. Plan: enter “safety mode”—cut high-beta and credit exposure fast; raise cash and high-quality rates; increase tail hedges (gold/real assets/protective options) to control drawdowns.

6) Forward Playbook

(a) Scenario → Action Map (next 12 weeks)

The list below summarizes typical rebalancing actions under common macro regimes and the execution notes for this portfolio.

- Inflation spikes: Reduce equities; reduce long duration; sharply add gold/commodities; modestly add cash. (Execution: sell long-duration bonds such as TLT; add commodity/energy ETFs and gold.)
- Inflation drops fast: Equities neutral; add duration; reduce gold/commodities; cash neutral. (Execution: add Treasuries or IG bonds; reduce gold.)
- Growth accelerates: Add equities; reduce long duration; reduce commodities; reduce cash. (Execution: raise cyclicals/small caps; lower bonds.)
- Growth slows: Reduce equities; add duration; gold neutral; add cash. (Execution: cut high-beta equities; add Treasuries and liquidity buffer.)
- Risk heats up (vol spikes): Reduce equities; add duration; add gold; sharply raise cash. (Execution: de-risk quickly; add GLD and cash.)
- Risk eases (financial conditions loosen): Add equities; reduce duration; reduce gold; reduce cash. (Execution: increase equity exposure (esp. prior drawdowns); reduce bonds/hedges.)
- Financial repression (yields controlled): Equities neutral; reduce long duration / add short duration; add commodities; cash neutral. (Execution: shorten duration; use commodities vs falling real rates.)
- Deleveraging / deflation crisis: Slash equities; sharply add duration; gold neutral; sharply raise cash. (Execution: move into Treasuries and cash; prioritize liquidity.)
- Tech bubble overvaluation: Trim growth; bonds neutral; gold neutral; add cash. (Execution: gradually sell overvalued tech; keep dry powder for post-bubble.)
- Aging-driven slowdown: Reduce high-growth themes; add stable bonds; slightly add gold; cash neutral. (Execution: shift toward stable dividend assets over time.)
- Fiscal dominance / deficit monetization: Equities neutral; reduce nominal bonds; add inflation hedges (commodities/real estate); reduce cash. (Execution: cut nominals; add TIPS/real assets.)

- Deglobalization / supply shock: Equities neutral; reduce export-sensitive / EM; add energy/resources; cash neutral. (Execution: reduce supply-chain sensitive holdings; add energy ETFs.)
- War / geopolitical crisis: Slash equities; add duration; sharply add gold; add cash. (Execution: emergency de-risk; rotate to Treasuries, gold, USD cash.)
- Credit crisis: Slash equities; add high-grade bonds; add gold; sharply raise cash. (Execution: cut spread-sensitive assets; add Treasuries and gold; ensure liquidity.)
- Local currency crisis / USD surge: Reduce local-currency assets and bonds; sharply add gold; add hard-currency cash. (Execution: sell FX-sensitive assets; buy gold and USD cash.)

(b) Next 4-week monitoring indicators (with trigger actions)

- ISM Manufacturing PMI < 45 (deepening contraction) → add Treasuries further; reduce cyclical equity exposure
- Nonfarm payrolls monthly change < 0 (employment turns negative) → materially add long duration; cut equities to minimum defensive level
- Unemployment rate > 5.0% (above NAIRU; recession signal) → raise cash + bonds; reduce equities to low level
- Initial jobless claims 4-week avg > 300k → downside confirmed; more aggressive risk reduction
- Core CPI YoY > 3% (inflation re-accelerates) → cut duration (sell long bonds); add commodities/TIPS hedges
- 10Y breakeven inflation > 2.5% (expectations heat up) → further add inflation hedges; reduce policy-sensitive assets
- Avg hourly earnings growth > 4% (wage-inflation spiral risk) → lower equity and credit exposure; raise inflation hedges
- WTI > $90 (energy shock signal) → cut equities; add gold; consider relative increase in oil/gas equities if already held
- 10Y Treasury yield > 4.5% (long-end rate spike) → reduce duration quickly; reduce leveraged assets under tighter conditions
- Curve re-inverts (2Y > 10Y) → hawkish repricing; pause adding risk; monitor policy direction
- VIX > 20 (fear returns) → raise cash and hedges; consider volatility protection
- VIX < 12 sustained (extreme complacency) → buy tail hedges (e.g., far OTM puts) to guard hidden risks
- MOVE > 100 (bond vol surge) → watch liquidity; cut credit/equities if needed to avoid forced selling
- HY OAS > 5% (credit deteriorates sharply) → exit HY and related equities; rotate to Treasuries
- NFCI > 0 (conditions tighten) → reduce risk assets; raise liquidity buffer
- M2 YoY < 0% (monetary contraction) → beware liquidity trap; reduce leverage and risk
- DXY > 100 (USD squeeze) → reduce EM/commodities exposure; rotate toward USD assets
- DXY < 95 (USD weakens materially) → increase ex-US and commodities to capture global recovery momentum

- S&P 500 forward P/E > 25 (valuation too high) → gradually lower equity weight; take profits; guard valuation mean-reversion
- CAPE > 30 (historical extreme) → same; underweight equities until valuations normalize

(c) Next 12-week rebalancing & risk management principles

- Define and enforce a risk budget—ensure no single asset's volatility dominates the portfolio; cap maximum drawdown within limits.
- Diversify across assets and risk factors—include growth, inflation, rates, and credit drivers to reduce scenario-specific shocks.
- Avoid concentration in a single country/sector/theme—limit concentration to reduce black-swan damage.
- Use hedges/insurance assets for tail risk—e.g., gold, volatility options—so extreme regimes have buffers.
- Maintain an appropriate liquidity buffer—hold cash/high-liquidity assets to meet redemptions or seize opportunities without forced selling.
- Rebalance based on predefined thresholds—e.g., weight deviation > ±X%; trim winners and add to underweights to lock gains and buy undervaluation.
- Monitor key macro indicators and adjust dynamically—build an indicator→decision system; adjust exposures when growth/inflation trends deviate.
- Use leverage cautiously—keep leverage within safe bounds; avoid margin-driven liquidation during volatility spikes.
- Run stress tests and scenario analyses regularly—simulate different regimes; identify vulnerabilities and prepare responses.
- Track correlation shifts—assets that are uncorrelated in calm periods can fall together in crises; manage true risk.
- Stick to the long-term plan; ignore short-term noise—reduce performance drag from emotional over-trading.
- Control transaction costs and tax impact—prefer low-fee products and tax-efficient approaches; avoid unnecessary turnover.
- Re-assess valuation levels periodically—trim when valuations are excessive; scale in when valuations are cheap to capture mean reversion.
- Use volatility-targeting to adjust exposure—lower position size when vol rises; raise exposure modestly when vol falls; smooth realized volatility.
- Maintain an Investment Policy Statement and record decision rationales—define strategy boundaries and allowable deviations; document major changes for review discipline.
- Respect currency and FX risks—hedge FX exposure when necessary to prevent return erosion or risk amplification.
- Diversify strategies—add low-correlation styles (trend, value, arbitrage) to diversify risk sources.
- Keep learning and improving—review market and personal decisions; iterate with new research and lessons.

- Avoid excessive market-timing—don't rely on perfect tops/bottoms; adapt via sizing and hedging with discipline.
- Revisit risk assumptions as regimes change—update model assumptions (volatility, correlation, liquidity) and parameters to keep strategy fit.

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