MacroVantage.

1. Time For a Dollar Pause
2. Short Squeeze Stretched?
3. Risk-reward Shifts Back to a Steeper US Yield Curve

16th October 2025

1. Time For a Dollar Pause

Qi's snapshot of global FX shows the Dollar as rich versus a wide range of both DM & EM currencies.

Qi US Dollar fx Fair Value Table

Green: Base currency undervalued against Quote currency
Red: Base Currency overvalued against Quote currency

	Spot Price	Model Value	FVG	R2
USD G10 fx				
USDJPY	151.13	146.24	1.32	55
EURUSD	1.16	1.18	-0.41	87
USDCAD	1.40	1.39	0.70	92
AUDUSD	0.65	0.66	-0.74	81
NZDUSD	0.57	0.58	-0.58	89
GBPUSD	1.34	1.36	-0.38	74
USDSEK	9.48	9.22	0.47	90
USDNOK	10.09	9.90	0.41	86
USDCHF	0.80	0.78	0.48	75
USD EM fx				
USDMXN	18.46	18.35	0.14	93
USDCLP	959.63	959.41	0.01	64
USDZAR	17.34	17.58	-0.46	62
USDBRL	5.45	5.46	-0.04	82
USDRUB	78.64	80.98	-0.35	81
USDPLN	3.65	3.67	-0.15	84
USDTRY	41.83	42.21	-0.19	54
USDHUF	335.50	344.19	-0.43	89
USDCNH	7.13	7.16	-0.49	63
USDTWD	30.63	29.33	0.90	56
USDKRW	1420.60	1398.57	0.64	79
USDSGD	1.30	1.28	0.43	73
USDINR	87.81	88.50	-0.62	70
USDIDR	16581.90	16508.63	0.38	42
USDMYR	4.23	4.19	0.34	65
USDTHB	32.55	32.03	0.68	61
USDPHP	58.17	57.19	1.11	72

Fair Valuation Gap (FVG) in Standard Deviation: -0.75, -0.25, 0.25, 0.75, 1.25

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But there are some interesting nuances:

- The Dollar is consistently rich versus its G7 peers with USDJPY the standout. Interesting in the context of a fractured Parliament which could curb Takaichi's easy-policy plans, challenging the weak-Yen consensus

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- $-Asia is the main EM mover; $-LatAm typically sits near fair value.

- What commodity super cycle? Given the bull narrative around real resources, why aren't AUD, Kiwi, CAD doing better?

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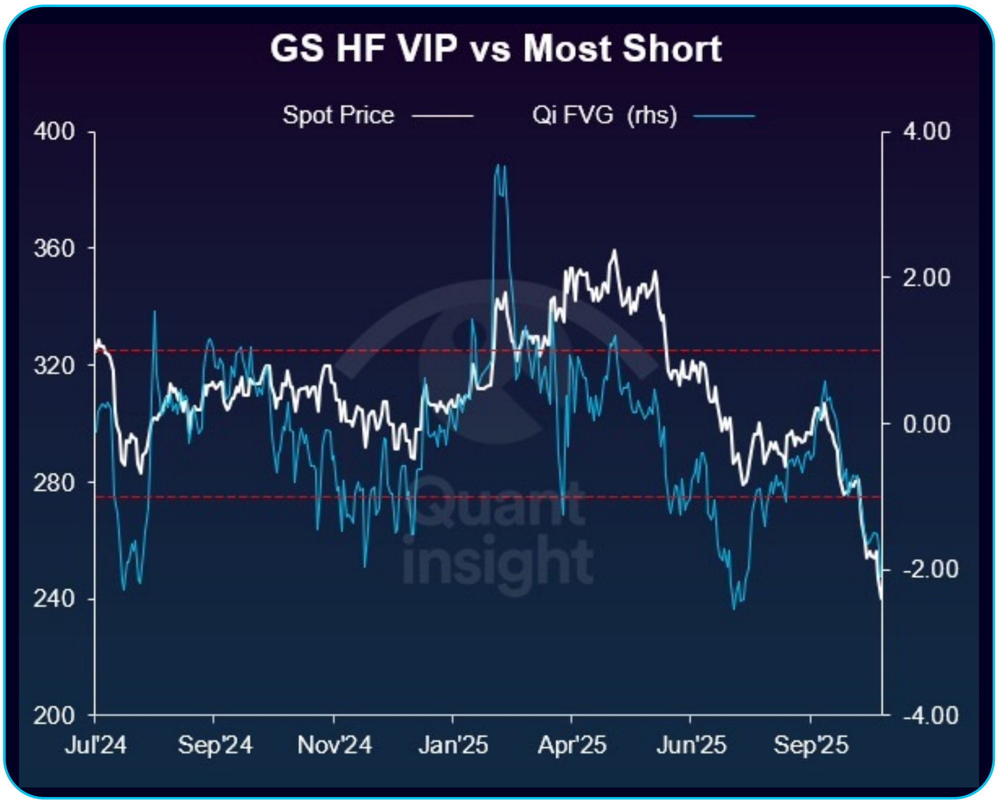
2. Short Squeeze Stretched?

The most popular HF longs relative to the most popular shorts is down 20% YTD. Since the April liberation day lows, this L/S pair has fallen ~30%.

The culprit is the huge short squeeze – which has rallied 106% since the April low.

The short leg sensitivity to risk aversion and rate vol is close to extremes, highlighting vulnerability to any narrative shock. Especially, if the most popular shorts are deemed those stocks with the weakest fundamentals.

Qi's model shows the L/S pair at -2.1 sigma, approaching 5yr lows.



This is a rare event, reaching this level of FVG only 5 times since 2009: in Aug'13, Aug'16, Jan'21, Jul'24 and Jul'25. On all 5 occasions, VIP outperformed over the next 1 month.

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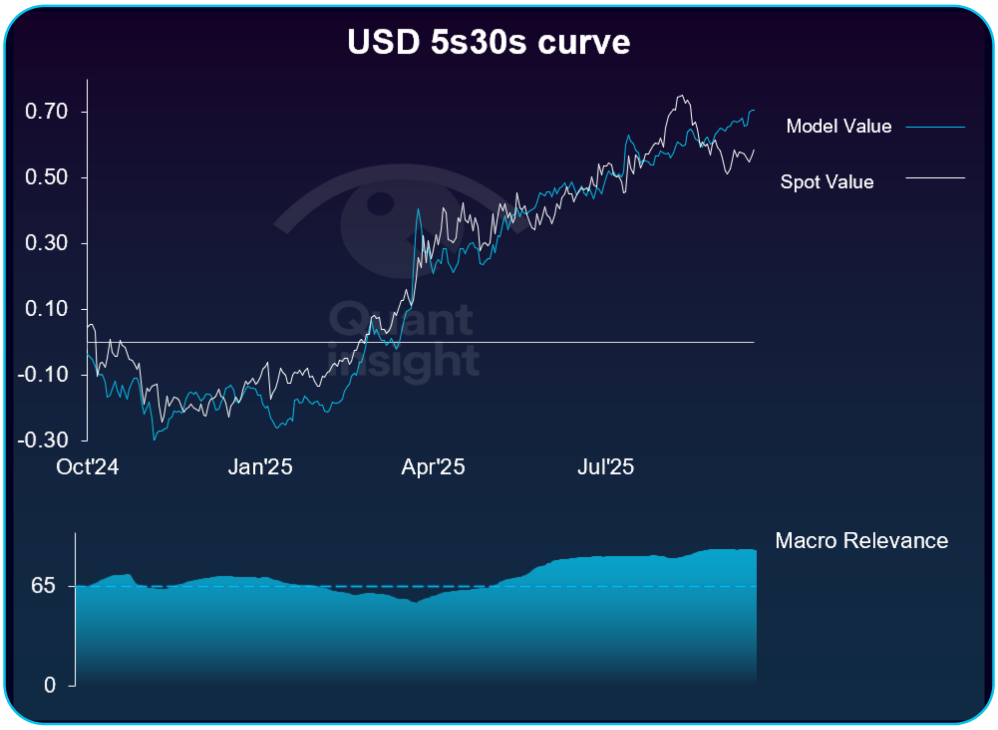
3. Risk-reward Shifts Back to a Steeper US Yield Curve

Arguably the biggest difference between April and October's tariff shock is the reaction of the US interest rate market. Then, a "yippy" bond market forced a Trump U-turn; today, yields are near 2025 lows.

On Qi, UST yields screen as too low but model confidence is low. The bigger standout is the yield curve. 5s30s is in regime (89% model confidence) and macro fundamentals still point to a steeper yield curve. That means the latest flattening leaves the curve 0.5 sigma (12bp) too flat.



Bond bulls can pin it on rate cuts; bond bears on deficit/inflation concerns. Neither like the negative carry but, from a macro perspective, we have potentially interesting entry levels.

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