MacroSpotlight

Can Equities & Rates Still Rise Together?

10th December 2025

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Can Equities & Rates Still Rise Together?
Qi's Macro Risk Model Says — Not Right Now.

Since mid-April, the S&P 500 has rallied — but under the surface, the macro sensitivities have shifted meaningfully:

- Positive Sensitivity to 10yr yields is falling.

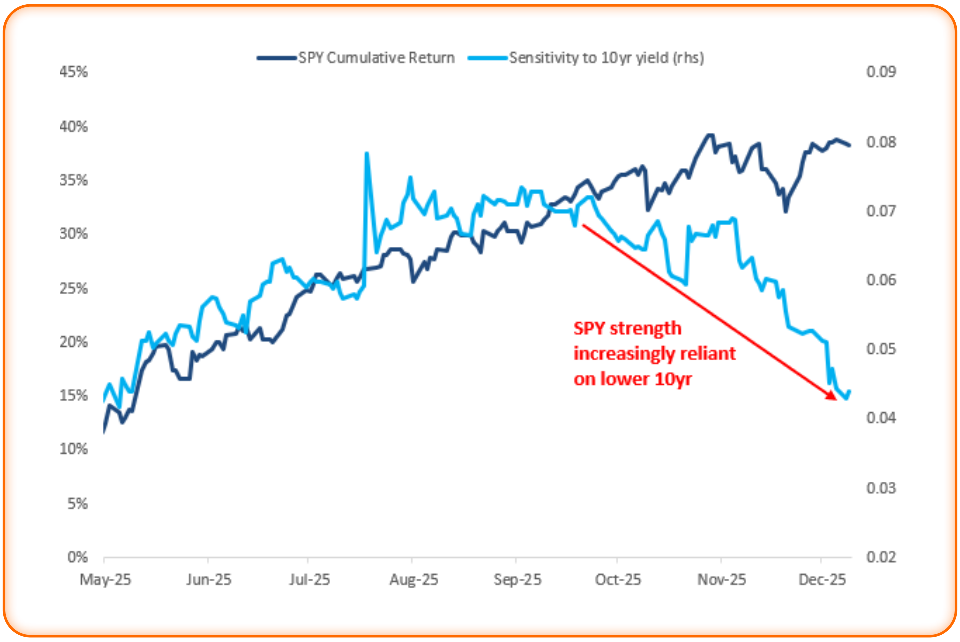
Earlier in the year, rising yields were seen as a sign of growth / reflation. Now, that sensitivity has been fading. See the chart below.

- Positive Sensitivity to USD is falling.

The equity market is also showing reduced tolerance for a stronger dollar, consistent with concerns on FCIs.

- High Yield credit spreads matter again.

Negative sensitivity to wider HY spreads is rising at YTD highs — this makes for a more fragile risk backdrop if any cracks appear.



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While equities have pushed higher, it's happening despite, not because of, the above – whether that is animal spirits around bullish YE outlooks or reflation expectations for Q1.

Meanwhile, the S&P 500 12m forward P/E has held near 22.5x since the summer — suggesting that rates and credit are still capping multiple expansion.

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