MacroVantage

1. **FX Disconnect – AUDCHF at Extremes**

   The cross at a rare ~3σ rich level

2. **Taiwan Crowded Trade**

   EWT trades near 5-year valuation extremes

3. **Oil Shock Trade Overextended**

   Geopolitical risk pushes XOP to extreme macro overvaluation

5th March 2026

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1.FX Disconnect – AUDCHF at Extremes

The cross at a rare ~3σ rich level

Equities were priced for another Venezuela, not a 4–5 week protracted conflict. Hence risk-off.

The bond market is pricing Iran as a stagflation shock rather than recession or flight-to-quality. Real yields are higher.

FX is less coherent. A firmer Dollar fits, especially given crowded shorts, but on Qi the broad Dollar ETF (UUP) is now ~1.5σ rich. With only 60% model confidence, positioning and momentum may dominate near term.

More striking: AUDCHF has pushed to ~3σ rich. That's only the second time in our database (back to 2009).

FX appears to be siding with bonds: commodity shock first & foremost. But Qi model value has slipped below 0.53 as higher VIX and wider credit spreads weigh. The Aussie has ignored deteriorating risk appetite so far. If equities drag the narrative back to outright risk aversion, AUDCHF looks exposed up here.

2. Taiwan Crowded Trade

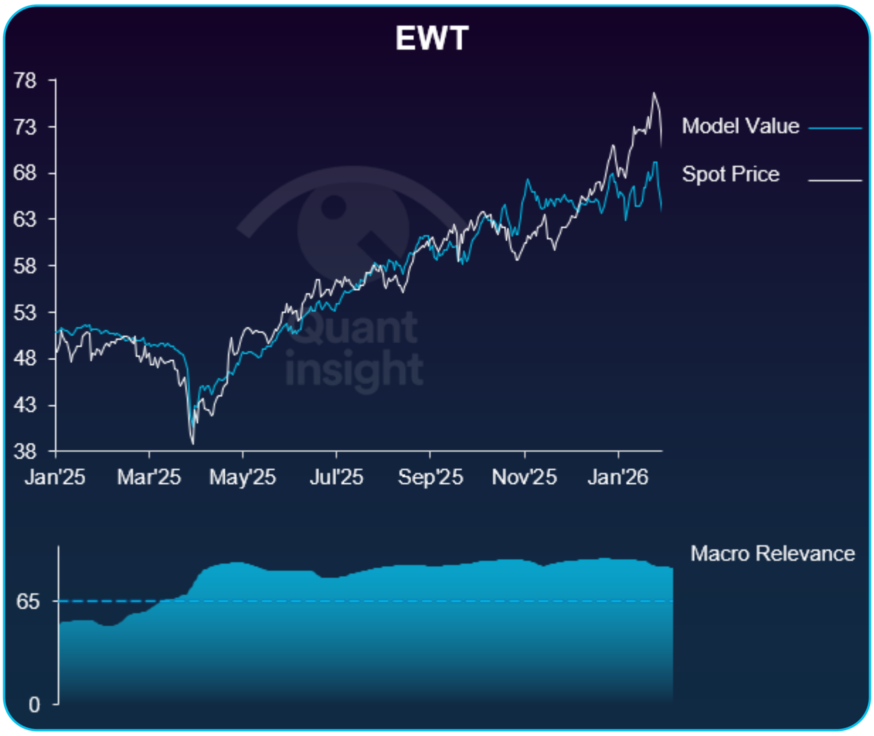
EWT trades near 5-year valuation extremes

EWT is one of the most crowded high-beta RoW trades. Dimon called inflation the "skunk at the party" — if crude lifts breakevens and real yields, long-duration equities feel it. That's the transmission risk.

Qi's model leans on low rate vol, low equity vol and a weak dollar. A reversal there pressures fair value. Semis may have a structural AI bid, but cyclically they're still driven by liquidity and the global growth impulse.

EWT is ~24% TSMC and ~66% tech — effectively leveraged AI beta with added FX and geopolitical risk.

At ~1.2σ rich to Qi fair value (near 5yr highs) and with model confidence elevated for a year, this hasn't been noise. Spot is starting to roll toward a falling model value.



3. Oil Shock Trade Overextended

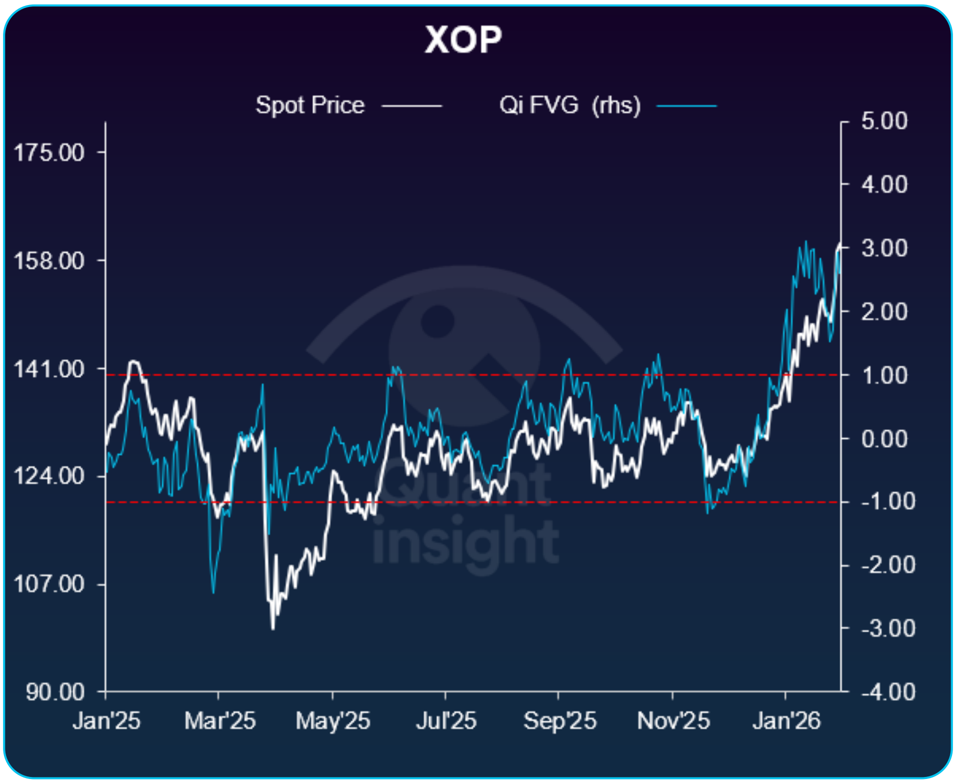
Geopolitical risk pushes XOP to extreme macro overvaluation

XOP was already trading rich to Qi model value before Iran – rotation into late-cycle value laggards, good dividend yields and a desire for real asset exposure.

With the additional geopolitical risk premium from the Strait of Hormuz risk, fuel has been added to the existing move.

XOP now trades at +2.6 sigma above Qi model value. To put that in context, this is the highest FVG since 2009. In other words, asymmetry risk is rising. Spot and FVG have tracked well i.e. signal validity is high if it wasn't for the Iran escalation.

So be mindful, the sector has shifted from hedge to consensus given this cited valuation.



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