Quant insight

MacroVantage

1. **US equities resemble Wile E. Coyote**

   US equities are ignoring tighter financial conditions. S&P 500 and NASDAQ are now ~1σ rich to macro.

   Credit is cracking, credit-sensitive equities aren't

   HY spreads have widened ~50bp, yet credit-sensitive equities are trading +1.4σ rich to macro, leaving downside if credit stress persists.

3. **Crude Oil's Currency Playbook**

   Qi sensitivity analysis suggests USDTWD as the biggest $-EM beneficiary of higher oil prices. USDBRL is the cross for energy bears to investigate.

12th March 2026

MacroVantage

1. US equities resemble Wile E. Coyote

US equities are ignoring tighter financial conditions. S&P 500 and NASDAQ are now ~1σ rich to macro.

Both the S&P500 and NASDAQ are around 1 sigma rich. Since the conflict in Iran began, Qi's macro-warranted model value has fallen 5.5% for the former, nearly 7% for the latter.

The big driver pushing Qi model value lower is the move wider in credit spreads & the rise in interest rate volatility. Equities are lagging this tightening of financial conditions.

This bearish divergence shifts the risk-reward in US equities to the downside. Other forces (chart support?) may help explain equities relative resilience. But note macro explains 90% and 87% of the S&P500 and the NASDAQ respectively.

MacroVantage

2. Credit is cracking, credit-sensitive equities aren't

HY spreads have widened ~50bp, yet credit-sensitive equities are trading +1.4σ rich to macro, leaving downside if credit stress persists.

Over the past two months, CDX HY spreads have widened ~50bps. Yet a basket of low-rated, weak balance sheet companies has barely reacted – trading flat vs the S&P 500 over the same period.

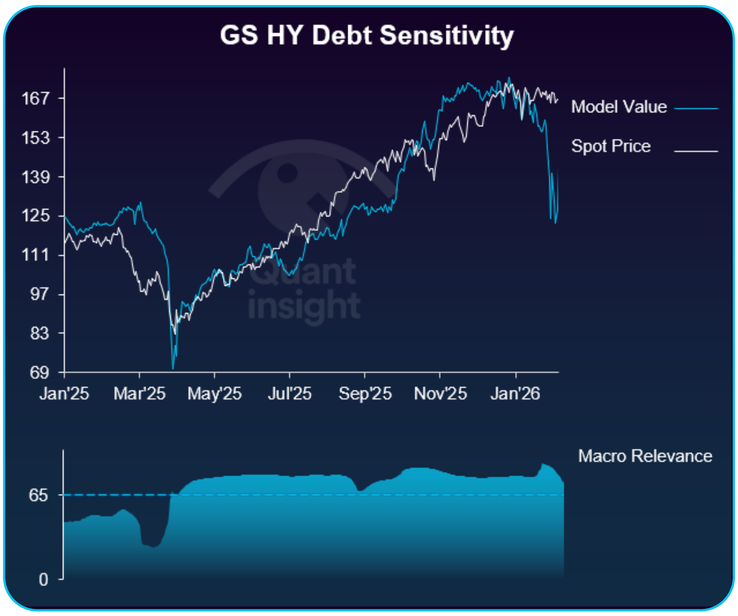
That's unusual. HY-sensitive equities normally react quickly when credit stress emerges.

Qi's model highlights the disconnect. The GS HY Debt Sensitivity basket is trading +1.4σ above Qi fair value, pushing toward the top of its 5-year range.

The model has strong explanatory power, with HY credit spreads and broader risk aversion the dominant drivers.

Right now, equities are ignoring the signal from credit.

Either HY spreads retrace tighter, or these credit-sensitive equities have some catching down to do.

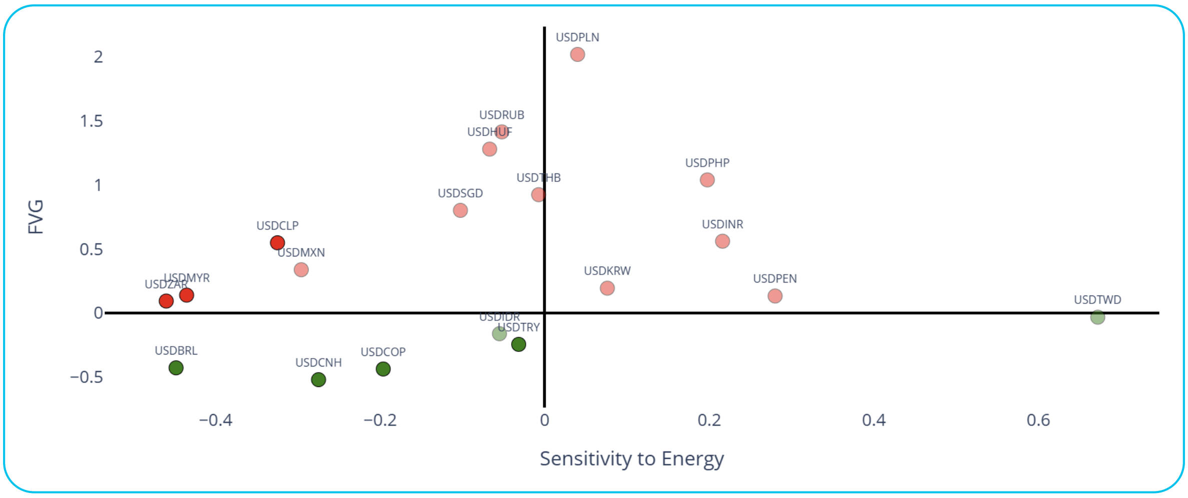


3. Crude Oil's Currency Playbook

Qi sensitivity analysis suggests USDTWD as the biggest $-EM beneficiary of higher oil prices. USDBRL is the cross for energy bears to investigate.

Looking at Dollar-EM pairs, any currency investor should know:

- USDTWD is the biggest beneficiary of higher WTI right now & close to fair value
- the other crosses that benefit from higher energy are less sensitive & screen as modestly rich to macro fair value already
- Energy bears should investigating USDBRL. Energy is the model's biggest negative driver so lower WTI would be consistent with USDBRL upside & spot slightly sits modestly cheap to macro.



These charts show Qi's Fair Value Gap on the y-axis, versus sensitivity to Energy (WTI) on the x-axis. A green (red) dot means a negative (positive) Fair Value Gap, i.e. spot is cheap (rich) to aggregate macro conditions. If a model is in regime (>65%) the dot is bold; a greyed out dot means R-Squared is < 65%.

An one-stop, instant ready reckoner of macro's importance, energy's significance as an individual driver, whether each cross is rich or cheap in macro terms.

Disclaimer

+44 2037519400
info@quant-insight.com
www.quant-insight.com

Quant Insight Limited
Dawson House, 5 Jewry Street
London, EC3N 2EX