



MacroSpotlight

Top of Mind for S&P 500 Since the Iran Shock —
Who Wins When It Fades?

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We ran the correlation of Quant Insight’s SPY macro factor exposures to SPY’s return since Feb 27th. The results tell a clear story of what is top of mind for US risky assets.

1. Rate vol is the #1 signal

Higher CB QT Expectations (1y5y swaption vol) has a -92% correlation to SPY returns. The market isn’t just worried about rate levels — it’s worried about rate uncertainty. This is the dominant headwind.

2. No sustained rally without lower real yields

Higher real rates at -75% correlation.

3. The Growth anchors: Higher GDP Nowcast & steeper curve

Growth signals (GDP Nowcast +89%, 5s30s curve +86%) tell you what the market wants to see.

So who wins if the Iran shock dissipates?





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We built a composite “Iran Dissipation Score” across SPY constituents using six MFERM factor exposures: Economic Growth + Forward Growth Expectations – Real Rates – CB QT Expectations – Energy – Risk Aversion.

Higher score = Bigger beneficiary of growth tailwinds and an improvement in financial conditions.

- Top sectors: Tech Hardware, Semiconductors, Banks, Autos, Consumer Durables
- Bottom sectors: Energy, Telecoms, Insurance

- Top stocks: Super Micro Computer, EchoStar, SanDisk, Lululemon, Ciena
- Bottom stocks: APA Corp, CF Industries, Diamondback, EOG, ConocoPhillips

Bottom-line: Long Tech/Semis/Banks vs Short Energy/Telecoms is the factor-implied relative value positioning for an Iran de-escalation scenario.



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