Quant insight

MacroVantage

1. **When De-escalation meets Recession**

   US Materials have a strong story but look tactically vulnerable to profit-taking versus Staples. One to consider if a relief rally runs into recession fears.

2. **The Walmart Indicator**

   WMT's outperformance of Luxury suggests the US consumer is trading down, not up.

3. **NOKSEK – From Momentum to Mean Reversion**

   Macro momentum has favoured NOKSEK upside, but valuation is flashing near-term exhaustion.

2nd April 2026

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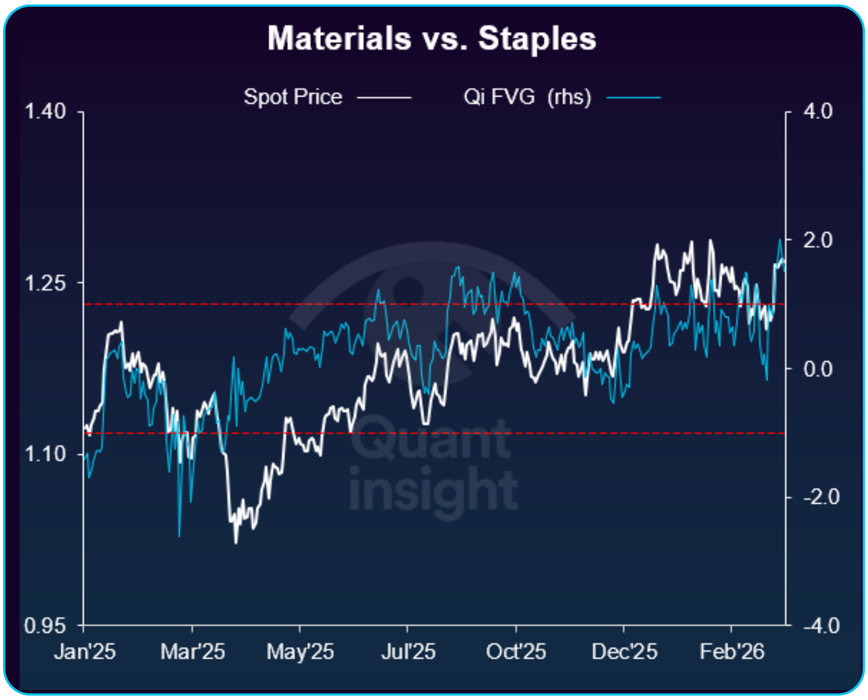
1. When De-escalation meets Recession

This week has seen equities follow the post Liberation Day playbook. But at some point, the risk is this relief rally bumps up against other narratives - high energy/food prices, a Fed "policy error", a recession.

Investors are left trying to navigate the fear of being caught short in any de-escalation rally, versus longer term fundamental concerns for the economy.

At the sector level, Materials are the second-best performing sector in the S&P500 YtD, up 9.3%. The long-term prognosis is positive but, for the tactically minded, the sector could be vulnerable to profit-taking in a de-escalation scenario. Staples have also fared well, but increased recession fears would probably add extra momentum.

Qi shows Materials outperform on higher energy, a stronger Dollar, a hawkish Fed that bear flattens the yield curve. All that has transpired but Materials have overshot & now screen as 1.5 sigma (4.6%) rich to Consumer Staples. That's towards the top end of recent FVG ranges, & recent correlations point to the "right" kind of mean reversion.



2. The Walmart Indicator

The relative value between Walmart & Luxury is a proxy for shifts in the consumer mix.

- When Walmart outperforms, it's usually a sign of pressure. Households are tightening budgets, shifting spending to essentials.
- When luxury leads, it points to confidence. Consumers are willing to stretch for discretionary, aspirational goods.

Qi's model fair value for the WMT / LUXU ratio has risen ~27% since late February, driven by higher oil, rising volatility, a "risk off" vibe and growing rate fears.

The market is moving in the same direction but is lagging. Walmart screens as almost 7% cheap relative to Luxury on our metrics.

This isn't a trading signal per se. For one model confidence is "only" 50%. Two, this is less about outright valuation levels; more about the direction of travel.

And right now, the macro is moving in WMT's favour – that's consistent with a more cautious consumer regime starting to take shape.

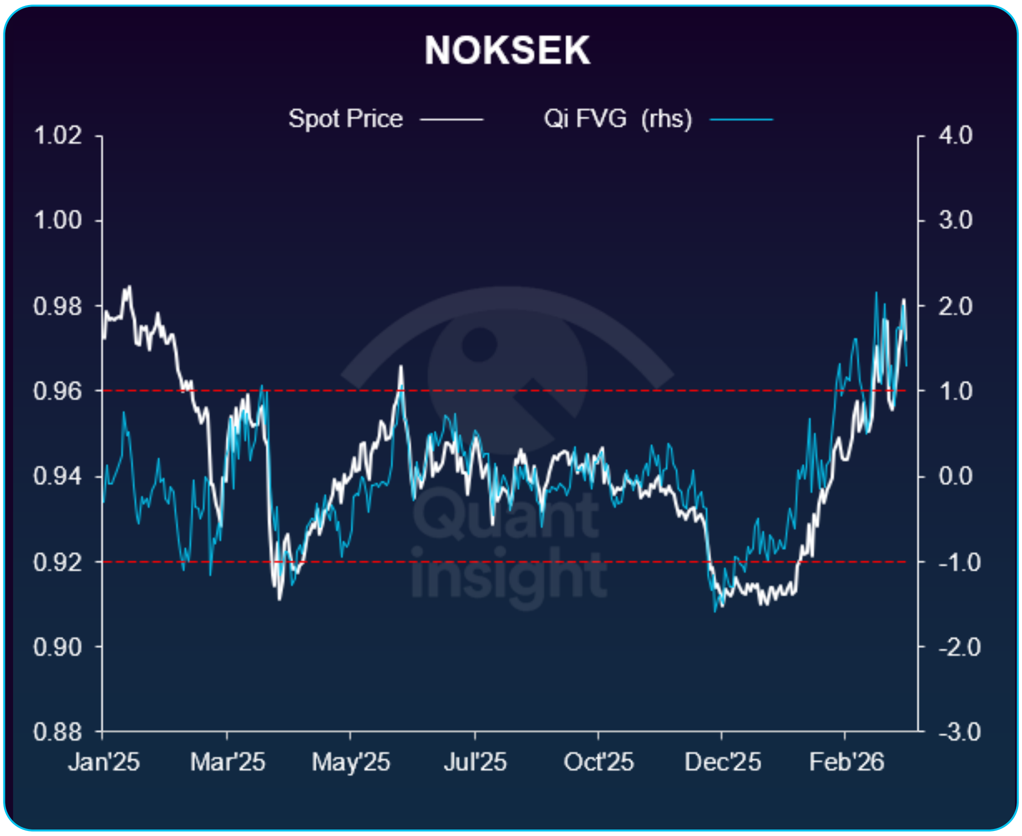
3. NOKSEK – From Momentum to Mean Reversion

Norway is an oil exporter, Sweden a net importer. The Norges Bank has sounded more hawkish of late emphasising upside inflation risks; the market is pricing an extended holding pattern from the Riksbank.

Net-net, NOKSEK upside has been a popular way to play the recent fall-out from war in Iran.

Qi model value agrees to the extent its risen nearly 2% since the conflict began. Higher oil, wider interest rate differentials, increased risk aversion have been the key factors pushing macro momentum higher. But the market has rallied further & faster.

The Fair Value Gap now sits at +1.3 std dev (2%) which is towards the top end of recent ranges. The FVG also displays high correlation with spot NOKSEK suggesting recent mean reversion has come from the market re-pricing to meet macro fundamentals.



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