Quant insight

Macro Vantage

1. **KWEB looking interesting again, especially vs. FDN**

   KWEB ~1.6σ cheap vs FDN. Macro turning supportive. Mean reversion risk high.

2. **USDJPY: Intervention Can Slow It. Not Stop It.**

   Overshoots, intervention, repeat. The USDJPY playbook remains unchanged: macro points to a weaker Yen but it is not the main driver.

3. **TU: Cheap Enough to Matter Again**

   Deep discount, macro relevance, strong spot/FVG correlation. At 1.2σ cheap, 2y Note futures offer good risk-reward for those who believe Warsh can deliver a rate cut.

7th May 2026

MacroVantage

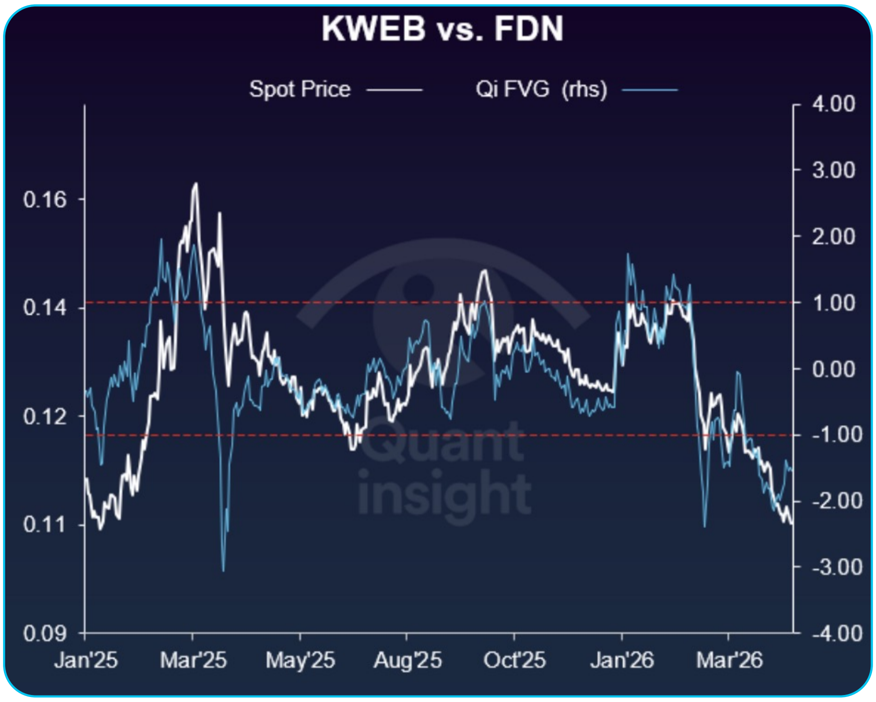
1. KWEB looking interesting again, especially vs. FDN

US tech has had all the attention lately. But the relative value signal is saying there may now be more upside asymmetry in China tech versus the US internet mega caps (FDN).

On Qi's valuation model, KWEB screens cheap versus FDN. The relative value pair is currently 1.6 sigma below model fair value, which puts it at an extended discount. More importantly, the chart below shows a strong relationship between the spot RV price and Qi's Fair Value Gap i.e. a mean-reversion opportunity.

With Middle East risk now showing signs of de-escalation, the macro backdrop could move in the right direction: lower oil, softer inflation expectations, tighter credit spreads and potentially a weaker dollar. That is exactly the driver mix Qi identifies as supportive for KWEB vs FDN.

The point is not that China tech is suddenly risk-free. But when valuation is stretched, the model signal is clean, and the macro impulse is turning supportive, the risk/reward starts to look more interesting.



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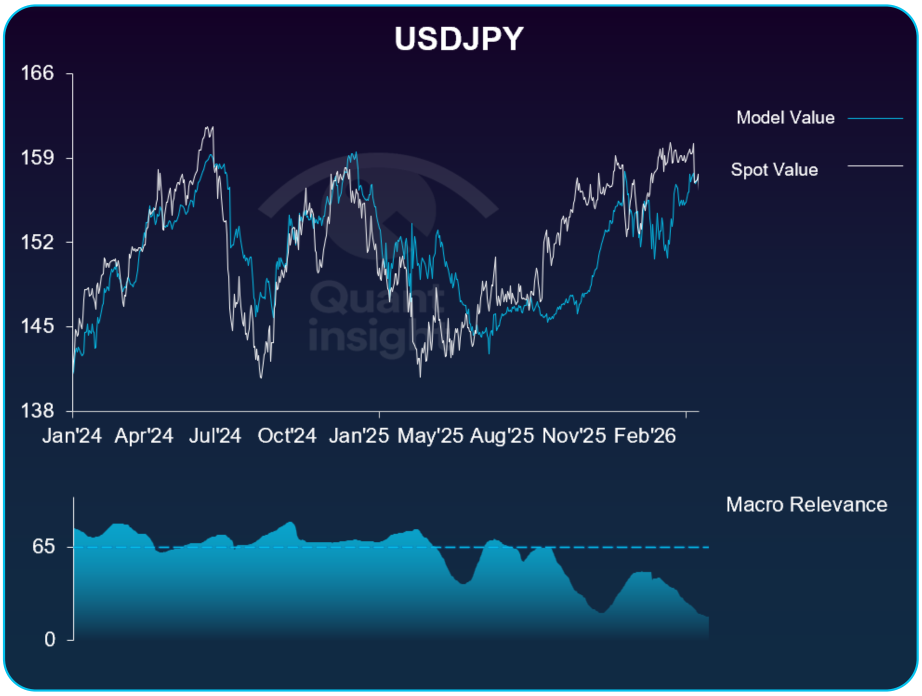
2. USDJPY: Intervention Can Slow It. Not Stop It.

USDJPY has pulled back to Qi fair value (~157), but that move is tactical catch-down, not a shift in signal. Qi model value is still climbing, and approaching prior highs near 159.

The tension is clear. Macro momentum is rising, pointing to further Yen weakness. Macro relevance is low; since October the regime has been dominated by intervention/geopolitics.

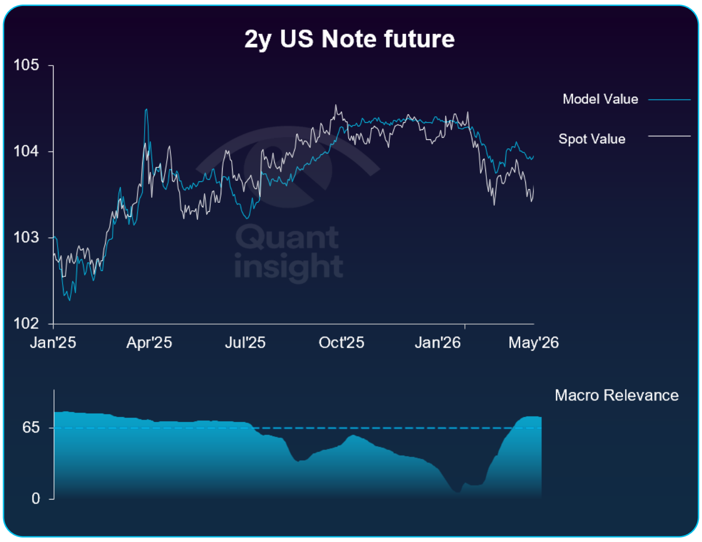
Net-net, low model confidence but rising model value suggests the playbook remains the same:

- the market will keep testing the authorities pain threshold, & overshoots will occur
- intervention can dominate near term & whipsaw markets back lower
- but fundamentals continue to point to a weaker Yen.

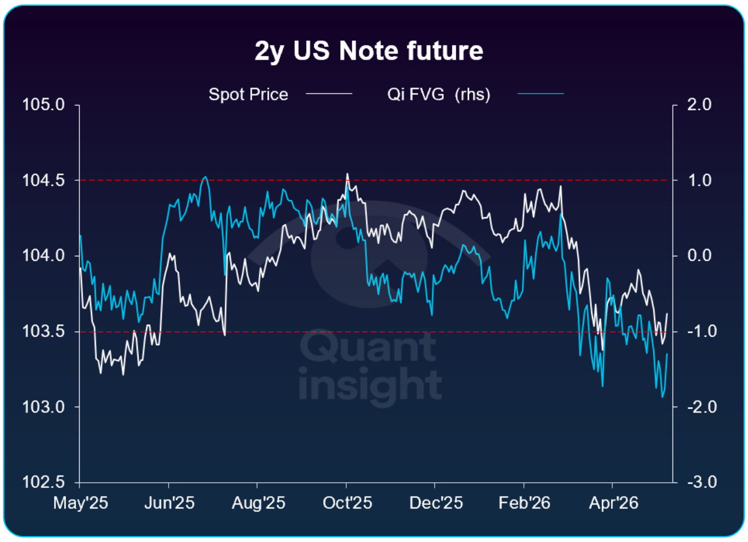


3. TU: Cheap Enough to Matter Again

2y US Note futures moved back into a regime at the start of April & is the only US bond future with model confidence over our 65% threshold. Higher oil / inflation expectations drove March's de-rating but more recently model value has stabilised at the lows.



The ongoing sell-off has taken TU 1.2σ cheap to macro fair value. Not only is the FVG extended by recent historical standards but strong correlation with spot price suggests decent risk-reward that the mean reversion occurs via TU catching up with Qi. A nice entry level for those thinking Chair Warsh may yet persuade his new colleagues to vote for a rate cut.



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