



MacroSpotlight

Same framework. Different factor. Opposite risk signal.

28th May 2026



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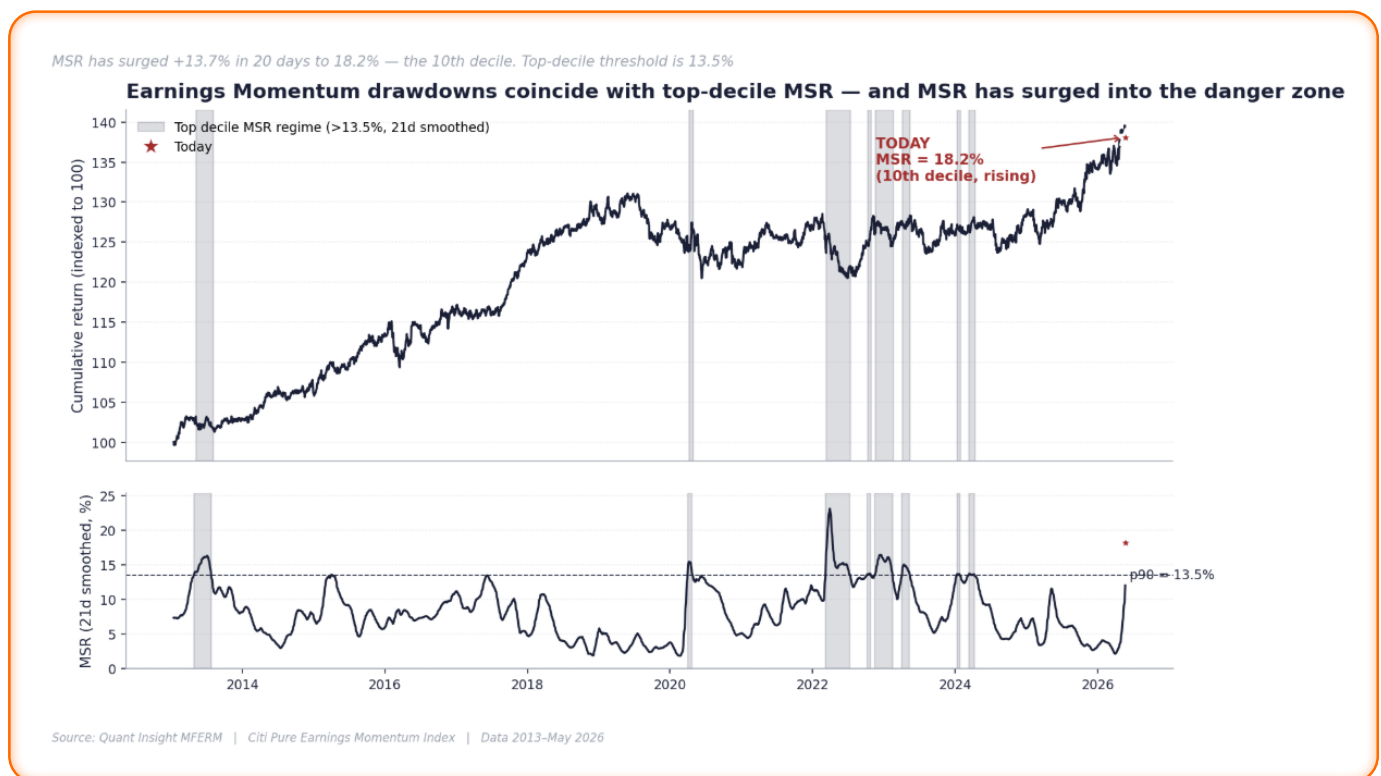
Two weeks ago, Qi flagged drawdown risk in Momentum via MSR.

Today the same framework is flagging a different factor — Earnings Momentum — but for the opposite reason.

MSR measures how much of a factor's return variance is being explained by macro. But different factor archetypes are vulnerable in different MSR regimes.

For Price Momentum, low MSR is the fragility zone. Macro influence fades, idiosyncratic price action dominates, crowding builds in the winners — and the next macro shock can unwind the trade.

For Earnings Momentum, the risk is the other way around.





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This factor needs the market to reward bottom-up fundamentals and earnings revisions. When MSR is high, macro is dominating returns and drowning out the revisions signal.

That is where we are now.

Over the past 20 days, Earnings Momentum MSR has surged from below 5% to 18.2% — the 10th decile.

The framework has not flipped. It is working as designed: identifying fragility across different factors through different macro regimes.

The chart shows Earnings Momentum performance vs MSR. Shaded bands mark top-decile MSR regimes — historically a danger zone for the factor.

Today's reading has just entered that zone.



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