



# MacroVantage

## 1. XLF: Running Ahead of Macro Support

*XLF sits 1.1 $\sigma$  rich, off yesterday's near five-year extreme, and still ahead of macro.*

## 2. Sterling looks stretched

*GBPNZD is the richest G7 Sterling cross on Qi, with macro flat but spot continuing to rally.*

## 3. Tech's Quiet Re-Rating

*Price stalled after June's scare. The Qi model value did not.*

9th July 2026

## 1. XLF: Running Ahead of Macro Support

XLF now sits  $1.1\sigma$  (+3.35%) above Qi model value. That is down from yesterday's  $1.6\sigma$ , but the sector remains rich versus macro.

The narrative is still supportive: resilient growth, busier capital markets, stronger bank earnings and rotation into cyclicals as markets lean toward a no-cut regime. But the rally only really works if this is the benign version of higher rates: firm growth, stable funding and no credit stress.



Qi's model is more demanding. Further upside needs tighter credit spreads, lower rate vol and softer energy. That is where the confirmation is still missing. XLF is near fresh one-year highs, but credit spreads and rate vol are not at fresh lows. Renewed US/Iran tensions also keep energy - and therefore inflation risk, live.

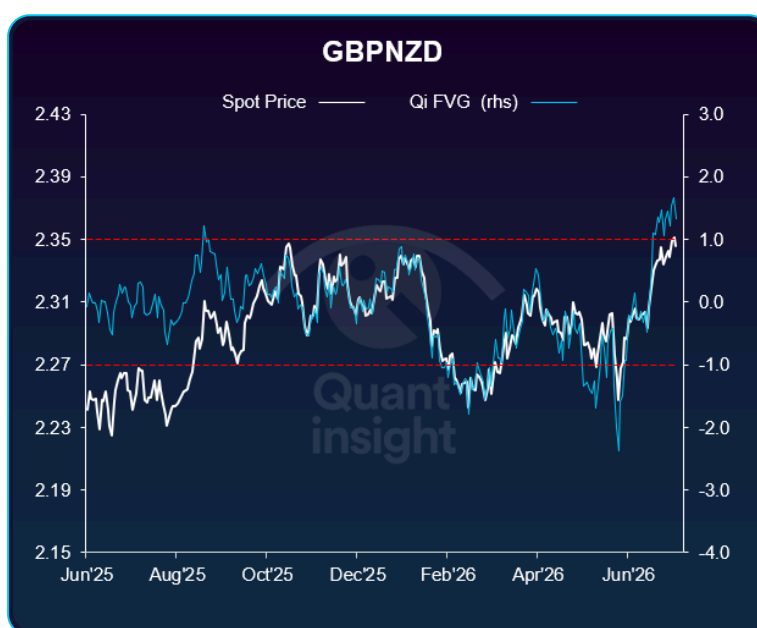
The valuation gap has narrowed, but not closed. History suggests gaps like this either need fresh macro confirmation or mean-revert, with price usually the side that adjusts.

Bottom line: the earnings story remains constructive, but macro support is lagging. At  $+1.1\sigma$  (+3.35%) rich, XLF still needs credit, rate vol and energy to cooperate. Without that, upside looks harder to sustain.

## 2. Sterling looks stretched

The latest rally means in Trade Weighted Terms, Sterling is at its strongest levels in over a year.

For many, political risks are only growing with uncertainty around the policies of a likely Burnham government plus Farage's by-election.



On Qi, GBP screens as rich on every G7 across except versus AUD. For the bears GBPNZD looks the most interesting. Of the crosses in a macro regime, its got the biggest positive Fair Value Gap sitting at  $+1.3 \sigma$  (+1.4%).

The gap has opened up because its only spot that's rallied. Qi model value has been flat-lining for months. On Jan 1st macro fair value was 2.31; today its 2.3125.

So macro is neutral, valuations are rich & politics are messy. Add in high correlation suggesting the mean reversion has occurred via the market re-pricing to Qi & this looks a decent risk-reward opportunity for UK bears.

### 3. Tech's Quiet Re-Rating

June's rate scare and fresh nerves over AI capital spending knocked the tech complex off its highs, and price has traded sideways since. Qi's model has not followed it down. Fair value has kept climbing through the turbulence, leaving XLK at  $-1.11\sigma$  ( $-10.6\%$ ) cheap with model confidence at 68%. Macro is firmly in control of the tape.

What looks like a puzzle is one backdrop read two ways. The firmer inflation pricing that hit rate-sensitive tech in June is, in Qi's model, a support for fair value, and credit has stayed benign throughout. The market read that mix as a threat to the multiple; the model reads it as a tailwind. Price fell, fair value rose, and the gap is the distance between those two readings.

Historically, gaps of this size have closed toward fair value close to 88% of the time.

Q2 earnings are the next test. On the model, the risk-reward leans constructively higher.





## Disclaimer

This document is being sent only to investment professionals (as that term is defined in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("FPO")) or to persons to whom it would otherwise be lawful to distribute it. Accordingly, persons who do not have professional experience in matters relating to investments should not rely on this document. The information contained herein is for general guidance and information only and is subject to amendment or correction.

This document is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This document is provided for information purposes only, is intended for your use only, and does not constitute an invitation or offer to subscribe for or purchase any securities, any product or any service and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document does not constitute any recommendation regarding any securities, futures, derivatives or other investment products. The information contained herein is provided for informational and discussion purposes only and is not and may not be

relied on in any manner as accounting, legal, tax, investment, regulatory or other advice. Information and opinions presented in this document have been obtained or derived from sources believed to be reliable, but Quant Insight Limited (QI) makes no representation as to their accuracy or completeness or reliability and expressly disclaims any liability, including incidental or consequential damages arising from errors in this publication. No reliance may be placed for any purpose on the information and opinions contained in this document. No representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or opinions contained in this document by any of QI, its employees or affiliates and no liability is accepted by such persons for the accuracy or completeness of any such information or opinions.

Any data provided in this document indicating past performance is not a reliable indicator of future returns/performance. Nothing contained herein shall be relied upon as a promise or representation whether as to past or future performance. This presentation is strictly confidential and may not be reproduced or redistributed in whole or in part nor may its contents be disclosed to any other person under any circumstances without the express permission of Quant Insight Limited.