Quant insight

MacroVantage

1. Rich insurance

POWA offers margin stability & defensive qualities but, at almost 2σ rich to macro fair value, insurance looks expensive.

2. A cheap hedge against a pre-emptive Fed

The bearish forces driving 30y UST yields are well established. And maybe starting to look fully priced? Time to consider a hedge if the Warsh Fed surprise with an early rate hike?

3. Copper over Gold

Gold's August outperformance has created a divergence pattern on Qi. Both commodities have strong bull narratives, but copper now has a cleaner tactical entry point.

13th August 2026

MacroVantage

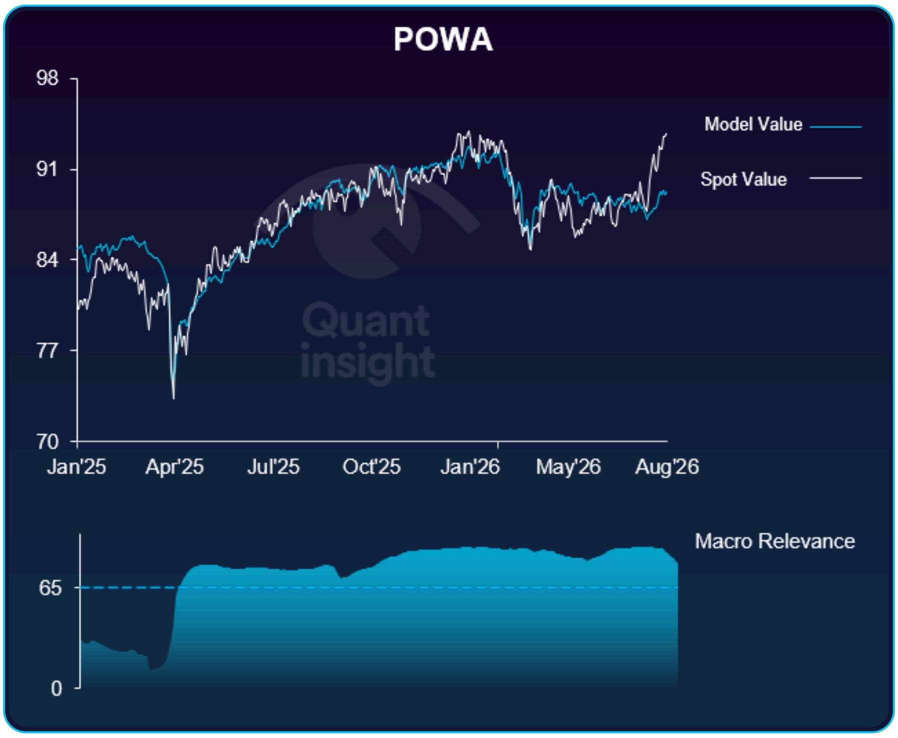
1. Rich insurance

Invesco's Pricing Power ETF POWA provides exposure to stable, high-quality cash-flow businesses. The kind of companies that provide margin stability.

As such it's a proxy quality play investors may choose as a hedge in a sticky inflation, rates higher-for-longer type world. But one to avoid if you believe in the bullish scenario of strong earnings propelling markets to new highs.

Macro is intuitively important for such a strategy - Qi model confidence sits at 80%.

And, right now, macro momentum is flat lining with Qi model value treading water in an 88-89 range for over 3 months.



The ETF itself has rallied hard in the last month & now sits almost 2 sigma (4.6%) rich to macro conditions.

Such an extended FVG is rare suggesting, from a macro perspective, valuation is stretched.

And, over the last year, strong correlation suggests risk-reward favours the gap closing by the market catching down.

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2. A cheap hedge against a pre-emptive Fed

Macro momentum continues to point higher US Treasury yields driven primarily by inflation & rate volatility. At the margin, however, there's a split opening up at opposite ends of the yield curve.

On Qi 2y yields are around 20bp too low in yield terms. 30y yields, however, have run further & faster than macro conditions warrant - they sit around 10bp above macro fair value.

Model Name	ST/LT	Confidence(%)	Val Gap	Val Gap (σ)
UST 2Y Note	LT	85%	-20.7...	-0.72
UST 5Y Note	LT	82%	-11.6...	-0.46
UST 10Y Note	LT	79%	-0.04...	-0.00
UST 30Y Bond	LT	68%	10.3...	0.73

The arguments for bear steepening are well established but potentially also largely priced.

Qi has both the 2s10s & 5s30s curves as around 1 sigma too steep; and the snapshot above suggest in outright terms the twist in the yield curve is starting to move towards extended territory.

It's counter-intuitive for many. Deficit/inflation pressures remain & the consensus fear is a Warsh-led Fed sits behind the curve. But maybe the contrarian opportunity here is for bears to consider shifting their focus from 30yrs to 2yrs?

Qi suggests we're approaching efficient levels for anyone wanting a cheap way to express an early, pre-emptive Fed rate hike.

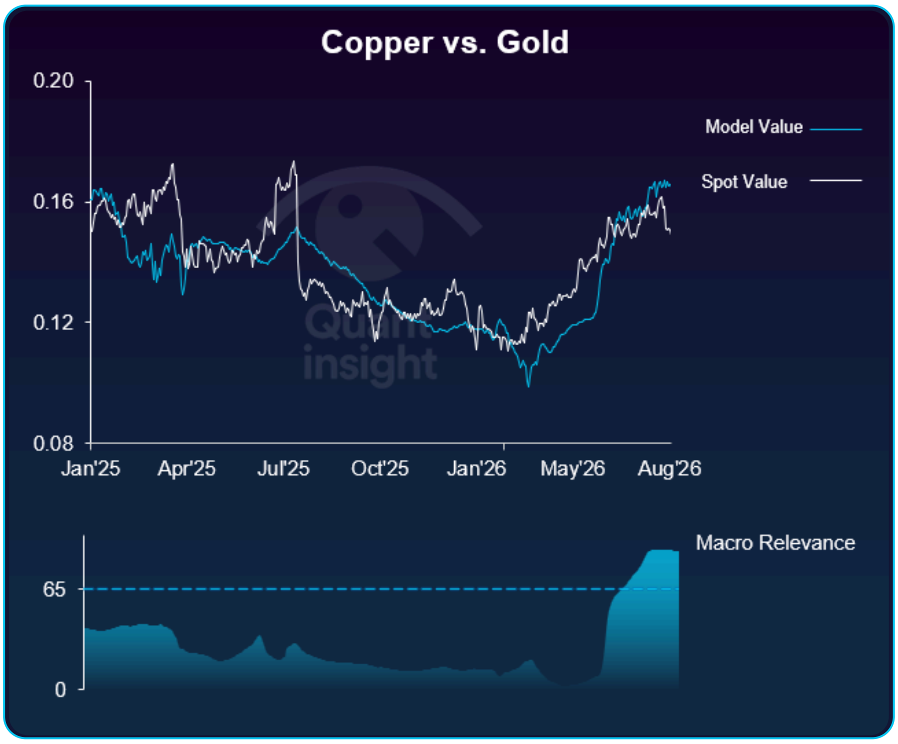
3. Copper over Gold

Both copper & gold have powerful long-term narratives that point to further upside.

But they will perform in different stages of the business cycle & market risk appetite which means there will be tactical opportunities to tweak allocations.

And, right now, macro conditions suggest copper is the more efficient play.

Qi's model of the RV between copper & gold futures is back in macro regime for the first time in over a year. The model suggests higher real yields & a stronger Dollar have become the key driver of the pair, benefitting copper over gold.



But August has seen a reversal of the stronger Dollar & back-up in real yields allowing gold to outperform.

Qi suggests the market has moved too far, too quickly thereby creating a -1.1 sigma (10.8%) Fair Value Gap.

This is not a bearish call on gold in outright terms. It is a suggestion that, at these levels, copper offers the more attractive entry level.

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+44 2037519400
info@quant-insight.com
www.quant-insight.com

Quant Insight Limited
Dawson House, 5 Jewry Street
London, EC3N 2EX