Quant insight

MacroSpotlight

Higher long-end yields are repricing equity risk — unevenly.

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Higher long-end yields are repricing equity risk — unevenly.

The 30-year Treasury just had a mini tantrum — and equity markets are already repricing.

The US 30yr yield has climbed from ~5.0% in early July to as high as 5.34% — its highest since 2007.

This isn't primarily a Fed story. The pressure is concentrated at the long end: wide fiscal deficits and heavy Treasury supply, inflation and oil risk, rising term premium — and a newer factor, AI-related capex increasingly financed directly in the bond market, competing with sovereigns for capital.

The structural backdrop is hard to ignore.

US federal interest costs now exceed the defence budget. Stabilising debt/GDP requires nominal growth to keep pace with the effective interest rate on the debt — raising the uncomfortable question of how much of that adjustment comes through inflation rather than real growth.

And yield levels that looked like ceilings through the 2010s increasingly look like normal trading territory.

That looks more like a regime shift than noise.

So how is this landing in equities?

Using Quant Insight's MFERM macro factor model, we screened how S&P 500 stocks' sensitivity to a steeper 5s30s curve has shifted since 1 July.

It's broad-based — 59% of S&P 500 market cap is hurt by long-end-led steepening.

But the more useful signal is where that sensitivity sits:

- **Hit hardest:** Semiconductors, Autos, Insurance, Tech Hardware, Banks
- **Relative winners:** Telecom, Energy, Software

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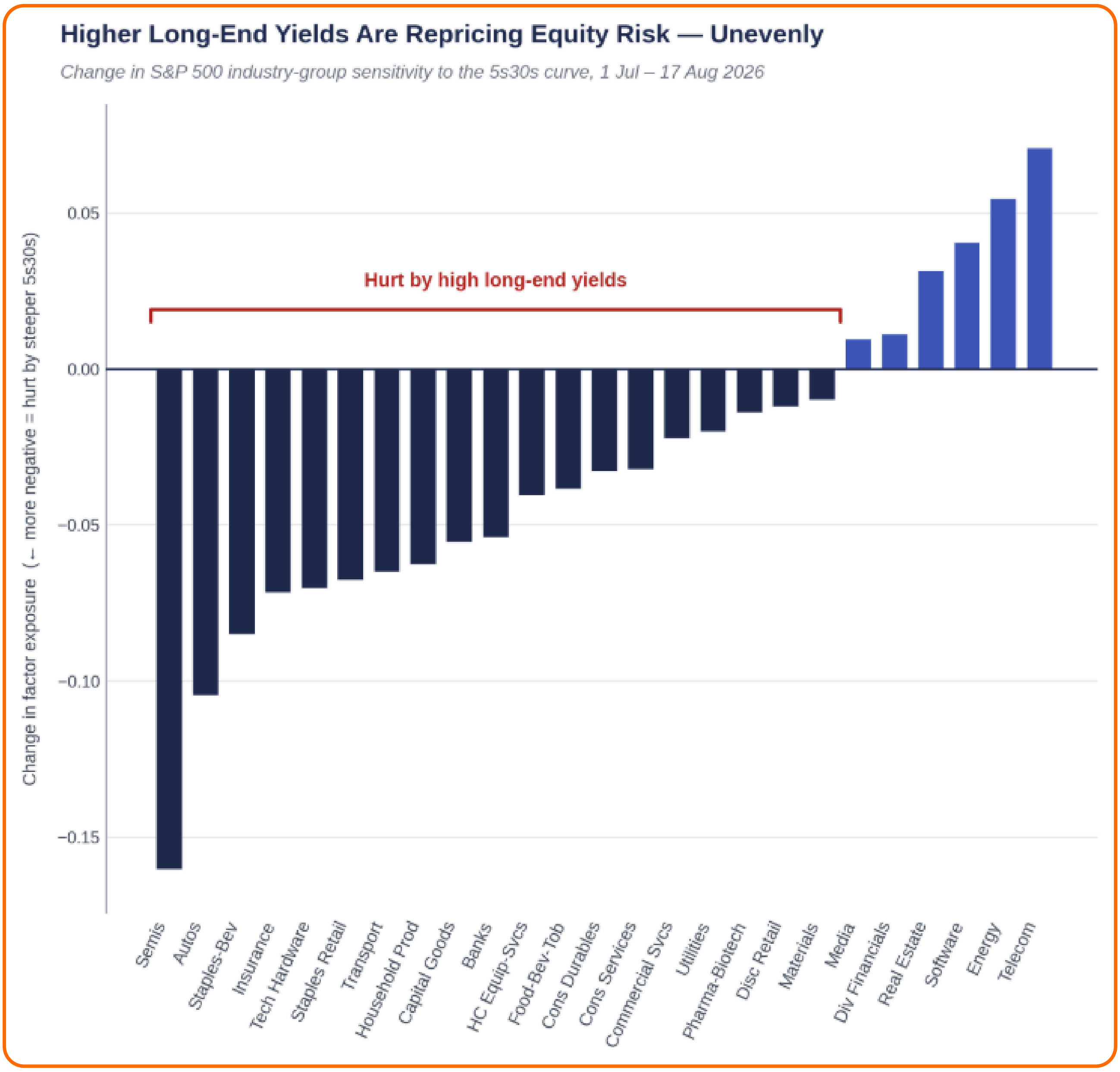

The standout is Semis vs Software.

They sit in the same "Tech" bucket in most sector frameworks — yet their macro sensitivities have moved in opposite directions.

The IGV/SOXX ratio has also been tracking the 30yr yield — a useful market-price cross-check on what the factor model is flagging.

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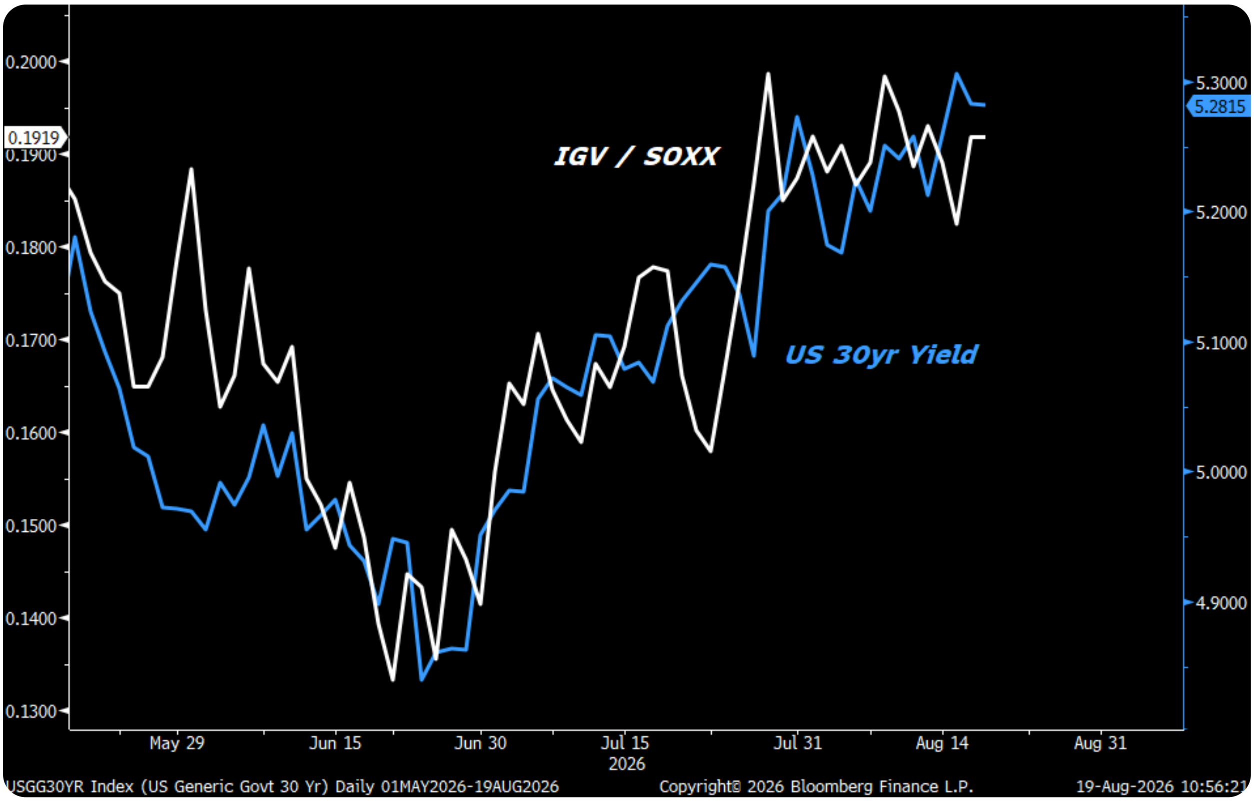

Source: Bloomberg (USGG30YR Index, IGV, SOXX)

The takeaway: sector labels hide macro risk.

When rates move, not every stock — or even every sub-sector — responds the same way.

Qi shows which stocks are actually carrying the curve exposure — and where the hedge sits.

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