Quant insight

Macro Spotlight

"Sell America". Sector by Sector.

26th August 2026

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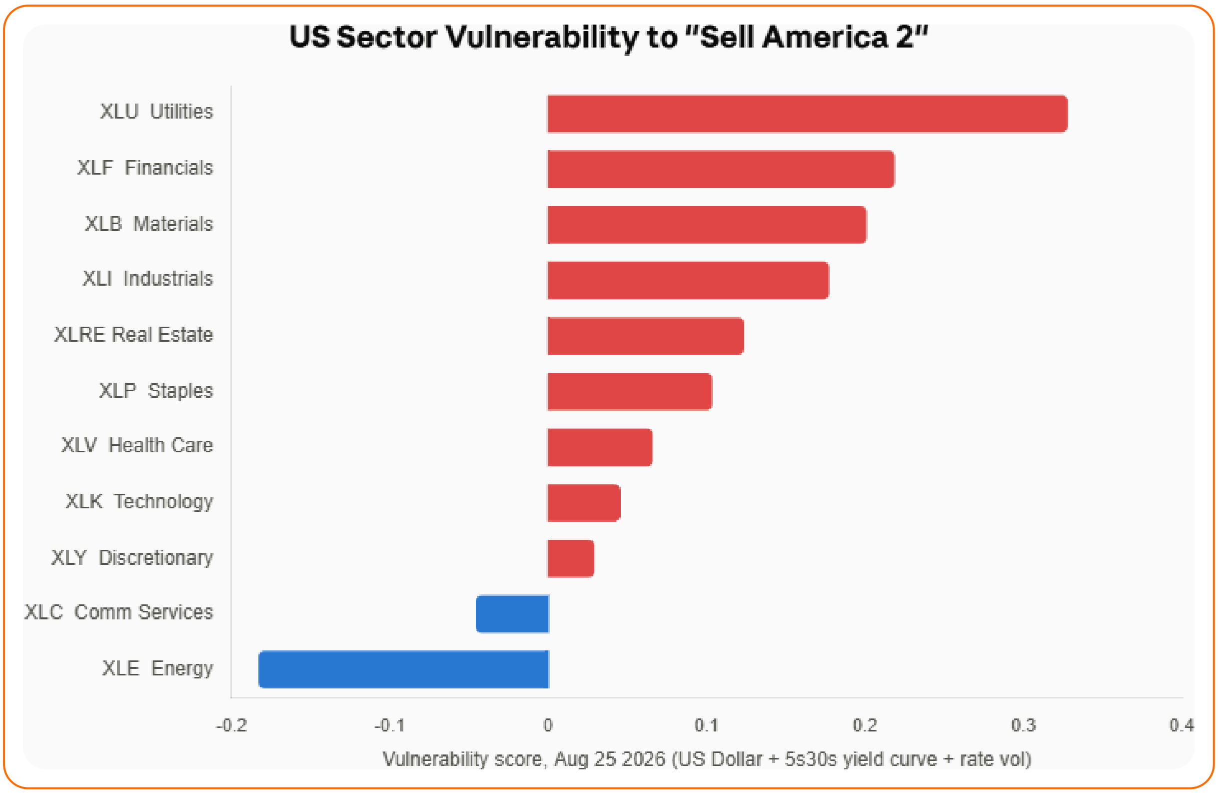
A weaker Dollar. A steeper long end. Rising rate vol. Three symptoms of the same disease — the 'sell America' trade.

The question every equity investor should be asking: which parts of my book are actually exposed?

Using MFERM, we scored all 11 GICS sectors on three factors at once. US Dollar, the 5s30s curve, rate volatility.



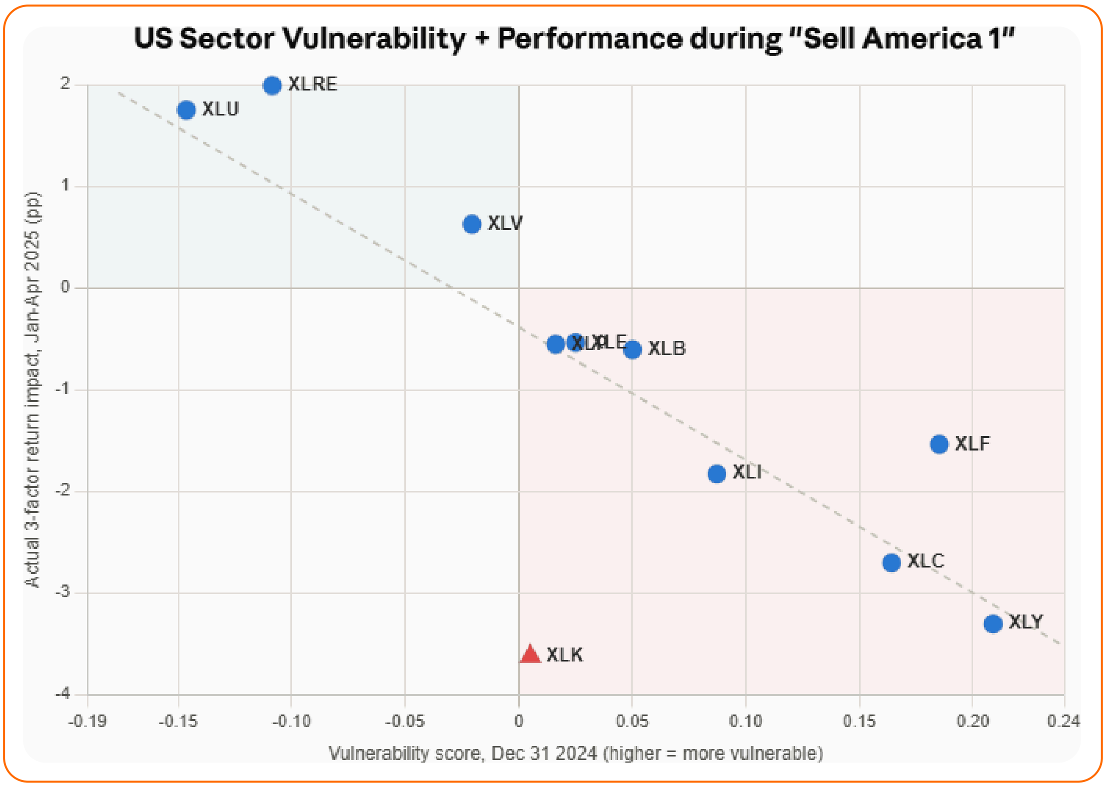
Utilities and Financials are most exposed. Both lose if the Dollar weakens and rate vol spikes together.

Energy is the cleanest hedge. Every leg of this trade works in its favour.

Materials and Industrials, the "obvious" inflation trade, are more exposed than most would guess.

Remember, we've seen this movie before.

Rewind to December 2024, run the exact same three-factor exposures, then check what actually happened in Q1 2025, the last real 'sell America' scare.



The result: a –0.70 rank correlation between vulnerability going in and actual returns coming out.

The sectors that screened most exposed got hit hardest. The sectors that screened safest held up best. Utilities and Real Estate, both flagged as protected, were the two best-performing sectors in the index.

One miss: Tech which screened as neutral but got hit hardest. That wasn't the Dollar or the curve, that was DeepSeek, a single stock-specific shock no macro factor was built to catch.

Nine sectors out of eleven called correctly, ahead of time, using nothing but Qi factor exposures.

That's not a back test dressed up to look clever. That's the same score, live, today.

Financial repression isn't theoretical. Know what's exposed before the tantrum hits, not after.

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