MacroVantage

1. Healthcare: Defensive Premium Overdone?

A standout summer has left Healthcare rich to Qi fair value. Much of the defensiveness already looks priced.

2. Utilities: Bond Sell-Off Casualty

XLU sits at its widest discount to Qi fair value in three years. Spot has fallen further than the macro justifies.

3. Communications: The Leader Looks Stretched

The tape's leader now screens rich as Qi fair value rolls over. Price has run ahead of the macro backdrop.

23rd September 2026

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1. Healthcare: Defensive Premium Overdone?

In contrast to Utilities, Healthcare has been one of the standout sectors over the summer. The S&P 500 Healthcare sector gained ~13% in the last three months, versus essentially flat performance for the market ex-Healthcare.

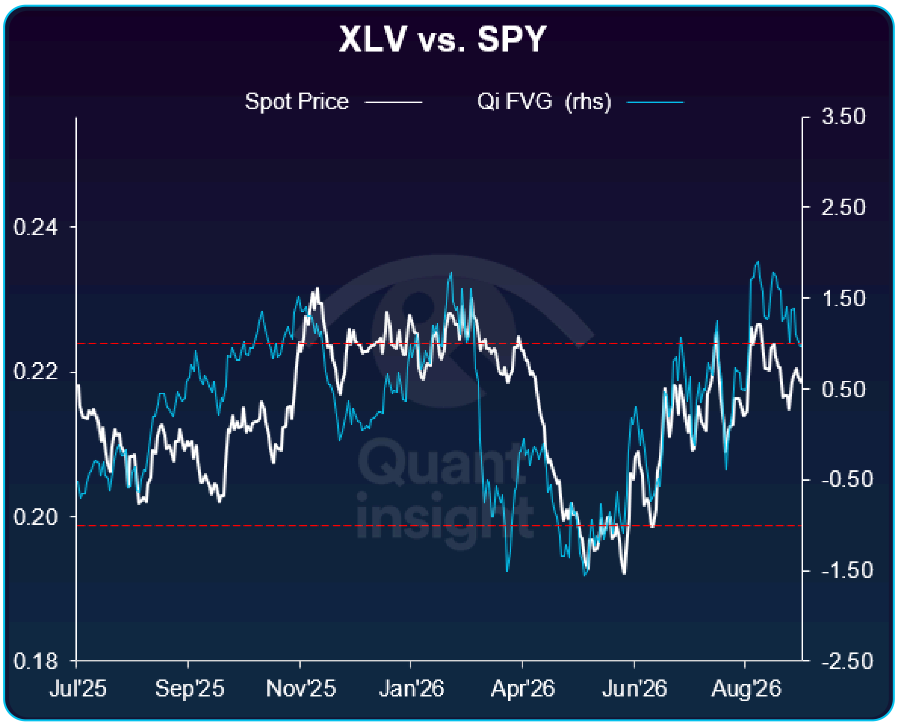
Our work suggests that move has been dominated more by stock-specific than macro forces: Healthcare remains among the sectors with relatively low sensitivity to oil and rates.

But the relative move is now looking stretched.

XLV/SPY stands around 1σ (5%) above Qi model value, close to the upper end of the last five years.

Qi's model says relative Healthcare performance would benefit from lower inflation expectations, so an easing in the oil-driven inflation shock would still be supportive.

The catch: much of that defensiveness already looks priced. The current FVG suggests Healthcare has outperformed further than the macro backdrop alone would justify, leaving the sector increasingly vulnerable to relative mean reversion.



2. Utilities: Bond Sell-Off Casualty

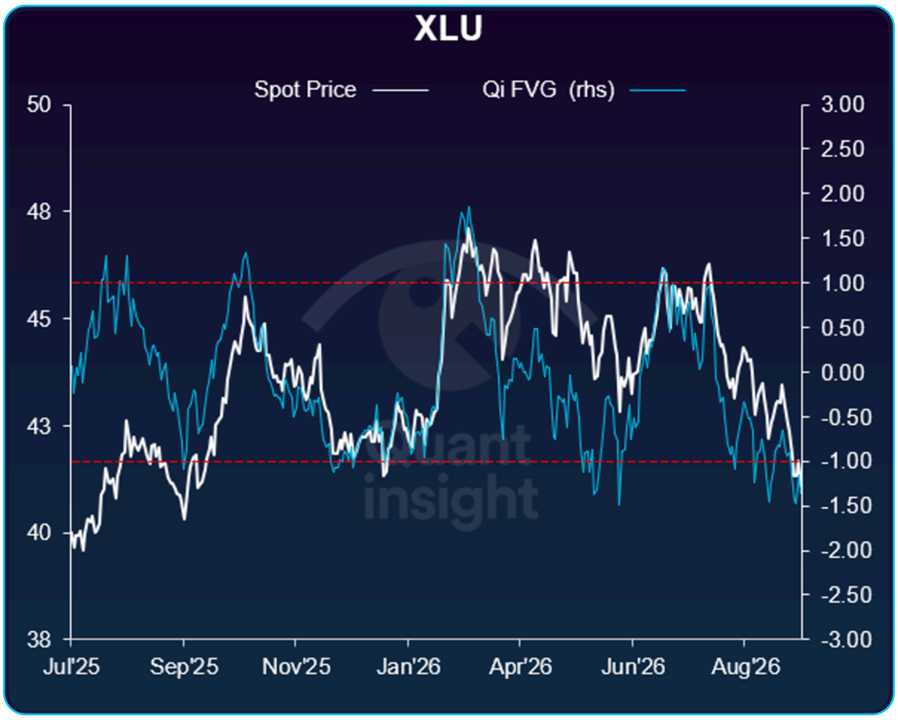
No surprise Utilities have been caught in the crossfire of the fixed-income sell-off. XLU is down around 8% over the last three months and is sitting at a one-year low.

With the US 10yr yield around 5% and XLU's dividend yield below 3%, the relative income appeal has been squeezed hard.

That shows up clearly in Qi's model. The biggest upside drivers for XLU are lower real yields and lower inflation expectations.

And right now, that rate story is tied closely to oil. The recent supply shock has pushed oil, inflation expectations and Treasury yields in the same direction, meaning the duration of the oil disruption matters enormously for where rates go next.

But here's the interesting part. Through Qi's lens, XLU is now 1.4σ (~5%) below model value, close to its largest valuation gap in three years. In other words, spot has fallen further than the deterioration in its macro fundamentals would justify.



3. Communications: The Leader Looks Stretched

Communication Services has led the tape, and Monday underscored why: Meta jumped more than 11% on an analyst upgrade and building momentum behind its new AI agent ahead of this week's Connect event. The mega-cap AI names have done the heavy lifting.

But through Qi's lens, the sector now looks stretched. XLC sits around +1.78σ (4.88%) rich, near the top of its 12-month range. Tellingly, the gap has opened from both ends: over the past month spot pushed higher even as Qi model value drifted lower, weighed by softening growth expectations.

Model confidence has eased to 77%. Still comfortably macro-dominant, but the grip is loosening just as the premium stretches.

The takeaway is measured rather than a call to fade. Price has pushed beyond what the macro backdrop justifies, and with Qi model value still drifting lower, the risk-reward is tilting against chasing the move.

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