



30.05.2022

## AUDJPY

- AUDJPY is 4.0% cheap versus Qi's macro-warranted model value.
- A bullish signal was flashed on RETINA™ early last week (ref 89.97) & the Aussie Dollar has gained around 1.7% since trade inception.
- But model value continues to move higher. The red line in the chart below shows where [AUDJPY](#) fair value is given prevailing macro conditions. It has risen ~5% over May, driven by improving risk appetite, metal prices & their impact on Aussie inflation expectations.



- The result is that, even with spot moving higher, **the market remains cheap versus Qi model value.**
- Those key drivers – healthy risk appetite, rising metal prices / Australian inflation – are highly intuitive given this cross is often viewed as a barometer for the global business cycle.
- Most financial commentary is focusing on downside risks & a likely recession. A scenario that is not consistent with AUDJPY upside.
- Qi model confidence is strong & the signal remains valid while macro fair value continues to appreciate. Economic bears will almost certainly pass on this one. But, for those looking for last week's rally in risky assets to continue, or those thinking recession talk is overdone, AUDJPY looks an interesting play.

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