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Catch up

- On Qi's Short Term models, the valuation gap for US equities has now closed.
- On Mar 14th, [SPY](#) was 1.3 sigma (5%) cheap to macro fair value, [QQQ](#) was 1.5 sigma (11%) below model. **Last week's rally saw the market catch up to model.**
- The chart below shows Qi's Fair Value Gap for QQQ but the SPY chart is identical. The blue line (the Short Term FVG) shows how the recent rally has restored current market levels to ones consistent with the macro environment.
- The FVGs on Qi's Long Term models (the red line) have bounced significantly, but continue to show US equities as cheap. SPY remains 0.7 sigma (2.3%) below model, QQQ is 0.9 sigma (4.7%) below.



- As a rule, we prefer the LT models & always default to them. However, in tactical markets it is worth keeping an eye on ST patterns.
- In this instance the ST models suggest a fair amount of travelling has already taken place. The next critical step for us would be to look at what LT model value is doing, i.e. whether macro conditions are improving or deteriorating over the stable 12month look-back period.
- For both the S&P500 and NASDAQ, macro-warranted model value continues to point higher.

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