



## Even Taiwan?

- When Taiwan, with an exemplary record of managing Covid & home to best-in-class chip makers, suffers a huge equity rout, it is clear there is something else going on. The answer it seems is deleveraging with margin calls accelerating the equity sell-off.
- From a Qi perspective, **macro fair value for the [TAIEX future](#) is rolling over, but the speed of the down trade in spot has opened up a **-0.8 sigma (8.7%) Fair Value Gap**.**



- This is a comparatively rare event. Since 2009 there have only ever been 17 occasions when TAIEX's FVG has hit -0.8 sigma when in a macro regime. That signal has produced a **64.7% hit rate & +1.26% average return**.
- Clearly caution is warranted during periods of short, sharp position unwinds. Qi models add some further health warnings. Increased risk aversion - notably VIX, EM VIX & Chinese sovereign CDS - are driving macro fair value lower.
- Moreover, macro explanatory power is rolling over – down 10% in the last 2 weeks. Still, bulls can employ the Qi framework to help calibrate any potential dip buying opportunity.

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