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Macro in one chart

- One of the problems trying to factor macro into an equity manager's investment process, is the subject itself. It can be tricky to follow & fit into one, easy story.
- On the Qi portal the first chart you will see is the "Top 10 Macro Driver Shifts". It shows the 10 biggest shifts in macro factors over the last week in z-score terms.
- For time poor equity PMs it is an effective cheat sheet. Take today's for example.



- The biggest shift last week was a positive move in US GDP growth. In z-score terms, Friday's Payrolls report pushed tracking US growth higher by over one standard deviation. The move wasn't as big, but European & Chinese GDP also enjoyed a decent bounce.
- The next biggest moves came from US & European yield curves. Both experienced a sharp flattening.
- Qi uses the 5s30s curve shape as a proxy for forward growth expectations. Yield curves typically steepen in a reflationary environment, flatten as markets worry about futures levels of growth.
- And there you have today's basic macro story summed up. The US labour market remains hot. But that increases fears of more aggressive Fed rate hikes, & that is pushing the bond market to flatten (invert) the yield curve & price in a 2023 recession.
- And as an aside, note an improvement in Italian Sovereign Confidence also features. Given Moody's downgrade to Italy's rating outlook late on Friday, recent complacency here could be threatened.

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