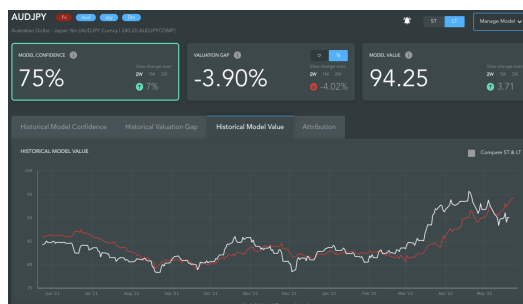


23.05.2022

Signs of relief?

- The bad news keeps coming. The single most important chart on Qi continues to point to deteriorating macro conditions: macro-warranted model value for the S&P500, NASDAQ (indeed most major DM equity indices) continues to point lower.
- But it is when the news flow is so uniformly one-way, that it pays to be on guard for any contrarian signs. Two barometers of the global business cycle are showing interesting patterns on Qi.
- The importance of cyclical industries like autos & semiconductors means the Korean economy is often regarded as a lead indicator for the global economic cycle. It is worth noting therefore that the [KOSPI](#) is in a strong macro regime (76% model confidence) & back at model fair value for only the third time in 4 months.
- The valuation gap has closed because model value has risen. It is not yet definitive but there are signs macro conditions have troughed & are potentially turning higher.



- In a similar vein it is worth noting [AUDJPY](#), another barometer for the global business cycle & risk appetite. It's back in a macro regime & Qi model value is accelerating higher.
- Mainstream financial media is focused on demand destruction & recessionary risks ahead; & that narrative explains AUDJPY's recent retracement of the early 2022 rally. A -0.8 sigma (-3.9%) FVG suggests spot is now lagging an improvement in macro conditions.
- Given how bearish market sentiment is currently, any signs we're not heading for an imminent recession could be sufficient to prompt a relief rally in risky assets. Monitor these models closely. Look Up™.

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