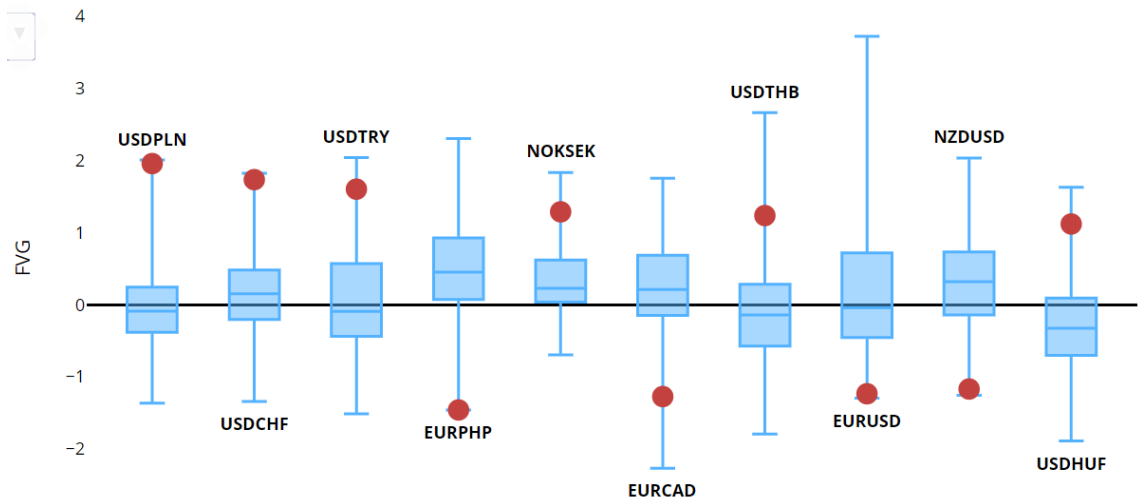




## The US Dollar

- The chart below shows the top 10 Fair Value Gaps across all DM & EM currency models in the Qi universe.
- Seven of them include the US Dollar. All seven crosses show the Dollar as rich versus macro model value. Four of those seven show the FVG at a 1 year extreme.



After applying an RSq constraint of 65%, Qi identified the assets above to have the largest valuation gaps. The red dot shows the current valuation gap of each asset (LT models). The blue box plots show the max, min, median and 1st and 3rd quartiles for the valuation gaps of each asset over the last year.

- **The picture is consistent across both developed & emerging currency pairs. And across the risk appetite spectrum.**
- The [Kiwi](#) is  $1.2\sigma$  (4.8%) cheap versus the US Dollar on Qi models. The FVG for [USDCHF](#) is  $1.7\sigma$  (3.2%). Both are 1 year extremes. The Dollar is rich to both the safe haven Swiss Franc & the Kiwi which is widely seen as an indicator of 'risk on'.
- Macro valuations are starting to look stretched. What is critical now is a confirming signal from momentum. Look up for Qi Retina.

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