Quant insight

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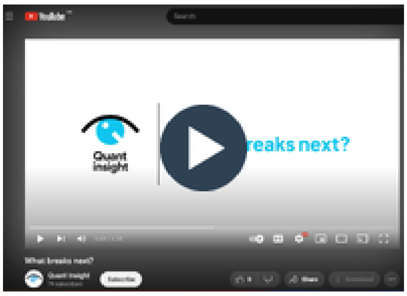
What breaks next?

The back-up in bond yields is reaching that point where global investors are wondering what breaks next?

History has taught us that moves like these often end with some kind of financial accident.

A short video showcasing how Qi can give multi-asset investors a ready reckoner; a quick way to identify which pockets of the market are potentially most at risk.



The spike in bond yields in Q1 culminated with the mini banking crisis and SVB / Signature / Credit Suisse hitting the headlines. That leaves investors nervously watching for where the next pocket of stress will emerge.

- for many, Commercial Real Estate - USRT or single names like Boston Properties - is the obvious weak link in the chain.
- if CRE goes, how does leave that banks' balance sheets? Are US - KRE, KBE - or European banks - SX7E Future - more exposed?
- what about private equity BIZD - is that a hidden corner of potential deleveraging?
- everyone is aware how locking in low rates has, to a fair degree, insulated the credit market but what about corners of the credit market like leveraged loans BKLN?

What breaks next? Equity

Save List to Dashboard

Model Name	ST/LT	Asset Class	Confidence(%)	Val Gap	Val Gap (σ)	Bucket 1	Bucket 2	Bucket 3
EMB	LT	ETFs	80%	-2.42%	-1.58	Corporate Credit	CB QT Expectations	Risk Aversion
USRT	LT	ETFs	61%	-5.86%	-1.47	Corporate Credit	CB QT Expectations	Inflation
BXP	LT	Equity	77%	-12.2...	-0.88	Inflation	Corporate Credit	Energy
USDJPY	LT	FX	86%	-3.52%	-0.87	Rate Diff.	Energy	Risk Aversion
KRE	LT	ETFs	33%	-17.1...	-0.87	USD Liquidity	Corporate Credit	Economic Growth
KBE	LT	ETFs	41%	-11.3...	-0.84	USD Liquidity	Corporate Credit	Economic Growth
EEM	LT	ETFs	81%	-2.22%	-0.76	Corporate Credit	CB QT Expectations	Risk Aversion
DEI	LT	Equity	75%	-7.29%	-0.60	Inflation	Corporate Credit	Energy
VNO	LT	Equity	80%	-9.29%	-0.50	Inflation	Corporate Credit	Energy
ARE	LT	Equity	50%	-8.12%	-0.48	USD Liquidity	Corporate Credit	Real Rates
LEMB	LT	ETFs	91%	-1.08%	-0.44	CB QT Expectat...	Risk Aversion	Corporate Credit
SLG	LT	Equity	81%	-7.46%	-0.40	Inflation	Corporate Credit	Energy
TLT	LT	ETFs	84%	0.10%	0.02	Inflation	CB QT Expectations	Risk Aversion
SX7E Future	LT	Equity	85%	0.12%	0.03	USD Liquidity	Corporate Credit	Real Rates
BIZD	LT	ETFs	84%	0.17%	0.03	Corporate Credit	Inflation	CB QT Expectations
XHB	LT	ETFs	83%	2.98%	0.31	CB QT Expectat...	Corporate Credit	Inflation
BKLN	LT	ETFs	86%	1.45%	0.65	Corporate Credit	CB QT Expectations	Inflation

The 2 minute video below shows how a Watchlist can be created with your curated list of assets that you deem the best proxies for financial stress.

And how that list provides a quick and easy way to eyeball where:

1. macro conditions are important
2. which assets are already pricing in bad news
3. which assets are potentially complacent and therefore vulnerable?

Speak to your Qi sales contact to get the "*What breaks next?*" Watchlist and/or learn how to customise your own.

Watch the video

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