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MN METHODOLOGY

Concise Public Overview

DOCUMENT SCOPE

This document describes the methodological framework that runs across all 13 Excel files in the Macro Navigation suite.

The detailed methodology, available on request, walks through each file's construction. 13 file-specific methodology documents, provided with license, cover exact sources, data transformation formulas, and country-by-country specifics.

WHAT THE SUITE CONTAINS

The 13-file suite holds over 30 macroeconomic indicators covering up to 41 sovereign economies (depending on data availability; see country coverage matrix), with several decades of history for each; in some cases data spans all the way back to the 1950s.

The purpose of our work is the extraction of meaningful, actionable, cross-country comparable investment-relevant signals from raw public macroeconomic data.

To achieve that, we're running each macroeconomic indicator through several standardized measures, across different time windows, momentum deltas, and a cross-sectional ranking against peers, as well as creating the global aggregated measures such as Diffusion Indices. All explained in the Pipeline section bellow.

The 30+ macroeconomic indicators in the suite therefore produce over 120 standardized cross-country comparable output series.

THE PIPELINE

Raw data enters as country-level series and exits as cross-country comparable signals. Where what a variable measures differs across countries, the input is rebuilt per country to a uniform definition before any calculation runs.

The Money Supply file is where this rebuild goes deepest. The aggregate is reconstructed country by country from primary central bank releases to one uniform definition, stripping foreign currency deposits, repurchase agreements,

and government balances where each is bundled into the local headline and material enough to distort a signal. Doing that ensures a reading in one country measures the same thing as a reading in another.

Each file constructs its derived indicators from the prepared inputs. Two files (Fiscal & External Accounts and Economic Freedom) present their indicators at face value without statistical standardization, because the informational content lies in the absolute levels rather than deviations from a rolling baseline. All other files pass their outputs through the standardization pipeline below.

Z-SCORE STANDARDIZATION. Each cyclical indicator is expressed as a rolling Z-Score; the number of standard deviations the current reading sits from its trailing mean. This places each reading in the context of that country's own history, so a direction that looks bullish in raw terms can register as below-normal if the country typically runs higher. It also strips structural differences between countries, producing a dimensionless series directly comparable across borders.

Two variants are used. In-sample construction (the current observation included in its own reference distribution) is applied to bounded mean-reverting series where the current observation belongs to the distribution. Out-of-sample construction (the current observation excluded) is applied to trending series or series that undergo extended phase shifts, because including an extreme reading in its own reference window would inflate the standard deviation and suppress the signal at the moments the deviation is largest.

The rolling windows are calibrated per variable based on whether the series is stationary, trending, or subject to prolonged structural phases. Some variables use dual windows to separate tactical signal (fast detection of shifts) from structural signal (confirmation against a longer baseline). Quarterly variables use shorter observation counts to maintain the same calendar coverage as monthly variables.

CROSS-SECTIONAL RANKING. Applied to time-series Z-Scores. Ranking standardized deviations measures which countries are experiencing unusual conditions relative to peers in comparable circumstances.

GLOBAL AGGREGATES. Ten of the thirteen files produce a GDP-weighted global aggregate, each country's signal weighted by its share of nominal GDP in USD, with the denominator auto-normalizing to the reporting subset at each

point in time. The Money Supply file instead converts each country's local-currency aggregate to USD and sums them into a single global pool, because money supply is a stock variable measured in absolute units; the pool runs through the same Z-Score and impulse framework as the country-level signals.

The Policy Rates & Bond Yields file additionally delivers a Central Bank Policy Impulse, a GDP-weighted cumulative measure of global monetary policy stance.

GLOBAL DIFFUSION INDICES. Global Diffusion Indices are dual-metric breadth constructions. Level breadth measures how many countries sit above their own historical baseline; momentum breadth measures how many are accelerating.

Eight of the thirteen files carry it. In seven it is a Global Diffusion Index measuring country-level breadth across the macro panel. The Policy Rates & Bond Yields file instead carries a Central Bank Policy Diffusion Index, measuring how many independent central banks are participating in monetary easing.

Diffusion Index is omitted from the two structural files that apply no standardization, from the relative-pricing FX and equity-valuation series, and from Eurodollar Credit where the panel is too narrow for a meaningful global breadth read.

COLOR FORMATTING

Signals where higher and lower readings carry universal directional meaning are colored, and signals where interpretation depends on context are not.

Most signals use a green/red scale. CPI uses blue/red to distinguish cooling from heating. Bounds are calibrated so only statistically extreme readings register strong color, allowing minimal cognitive load while scanning the tables.

CROSS-FILE LINKAGES

The 13 files were designed as one system. Shared inputs ensure the same country is measured the same way across files, making cross-file decomposition possible. Where one file's output feeds another as a raw input, the receiving file imports it directly rather than re-sourcing independently. Few examples follow:

GDP weights from GDP file feed every weighted aggregate across the suite.

CPI deflates real money supply growth in Money Supply file and real rates and yields in Policy Rates & Bond Yields file.

The 10-year sovereign yield from Policy Rates & Bond Yields file is the risk-free rate input to the equity yield gap in Equity Valuations file.

End-of-month spot FX rates from Exchange Rates file convert national money supply aggregates to USD in Money Supply, making the global money pool calculation possible.

Nominal GDP in USD from GDP file converts Net International Investment Position to percent of GDP in Fiscal & External Accounts file.

DATA GOVERNANCE

All raw data comes from national central banks, statistical authorities, international institutions (BIS, IMF, OECD), exchanges, or private-sector data providers.

Raw and auxiliary input sheets contain hardcoded values; everything downstream is formula-driven, recalculating automatically when new data is entered, so the suite can be maintained by hand. Every output traces back to its raw inputs, so users can verify all the mathematics running in the background.

As the suite is built in Excel, users are free to modify, restructure, or repurpose the models as they see fit.

COVERAGE VERSUS SIMPLICITY

No matter how many indicators are added to the suite, there is always a next logical variable to add, so the tradeoff between coverage and simplicity is always present.

The suite is kept lean by including only what passes one test: does this variable matter to every globally aware investor, regardless of strategy? So the decision about what to leave out is as deliberate as the decision about what to include.

Nothing is final here. Candidates are continuously elevated against the same test, and user feedback will play an important role in deciding what to modify.