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1 U.S. Dollar

2 #EarningsSlowing

3 Sectors

U.S. Dollar

1

One of the most obvious reasons (that won't be in today's Old Wall talking points) for the latest chase to lower QQQ highs is that the USD Index is correcting towards the low-end of its Risk Range – there's an inverse SPY correlation of -0.85 to USD right now, don't forget (so today you "raise cash" again, buy USD, and sell Growth, Small Cap, Crypto, again).

2 #EarningsSlowing

Whatever you do, do NOT talk about the rules of #Quad4 Club (when the ROC of REVs and EPS #slow and #BubbleCaps get eviscerated). It's still VERY early (and Q2 is going to me much worse), but 67 of the SP500s company's have reported an aggregate Q1 EPS decline of -7.6% year-over-year – TSLA should #slow in Q2.

3 Sectors

One major reason why our Top 2 US Index Shorts have been QQQ and IWM and not SPY is because SPY has a lot of Sector Styles that we are Long of including REITS (XRE), Healthcare (PINK), Utes (XLU), Defense (ITA), Miners (GDX), etc. vs. the 3 dogs yesterday (Comms, Tech, Discretionary) which were all down on the day pre today's bear market bounces.

HEDGEYE

Internet, Media & Cable/Telecom

2Q22 Themes

April 2022
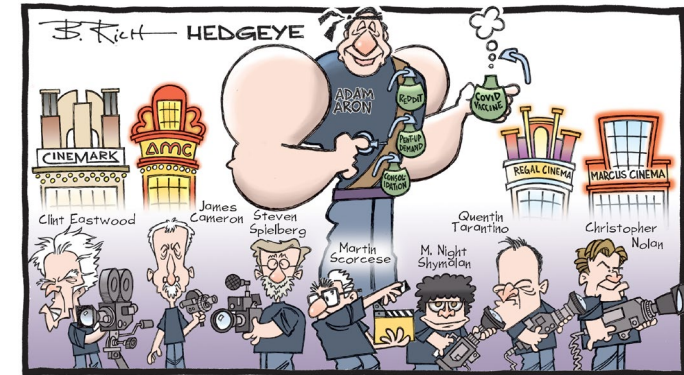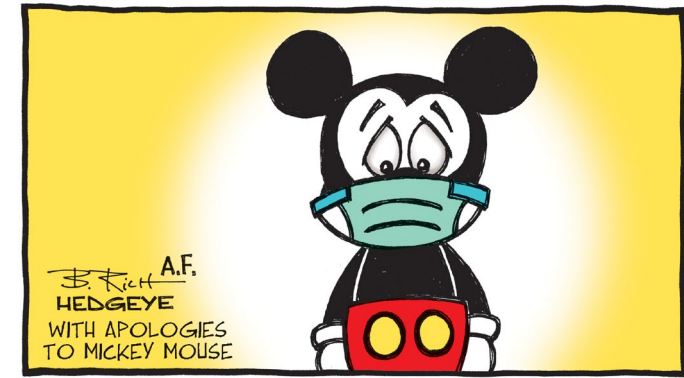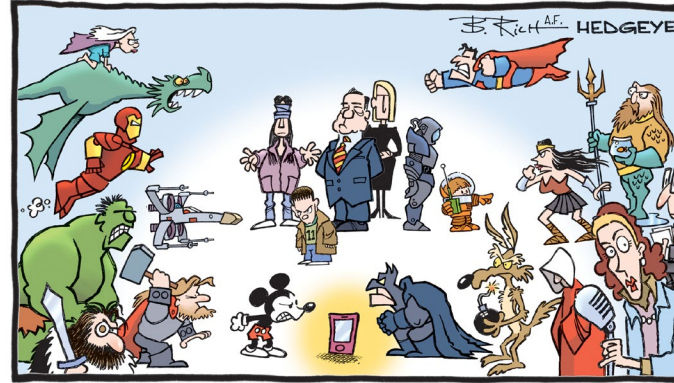
Communications
Internet, Media and Telecom

Andrew Freedman, CFA
Managing Director
@HedgeyeComm

Communications Research Process

Internet, Media and Telecom

Research Process

1. Idea Generation
- o Thematic, macro and policy driven (…will take rifle shots too)
- o Focus on second derivative inflections in trends
- o Relative and absolute performance / Battleground stocks
- o Counter consensus screening models (short interest, ANR, etc.)
- o Primary market research (professional interviews and surveys)

2. Fundamentals
- o Build out three-statement financial models
- o Model top-line growth, market share and end-market
- o Operating leverage, ROIC/Cost of Capital and free cash flow
- o Focus on balance sheet, capital structure and management
- o Consider all relevant valuation metrics (DCF, multiple, factor, etc.)
- o Assess catalyst calendar, understand event path and risk/reward

3. Data Driven
- o Narrative supported by data
- o Identify correlations, update and chart high frequency key drivers
- o Leverage alternative, proprietary and third-party data sces
- o Incorporate machine learning and data science to gain insights

Research Process Goals

Defendable / Accountable

Repeatable

Idea Generation / Alpha

Objective / Intellectually Honest

Leverageable

Data Driven
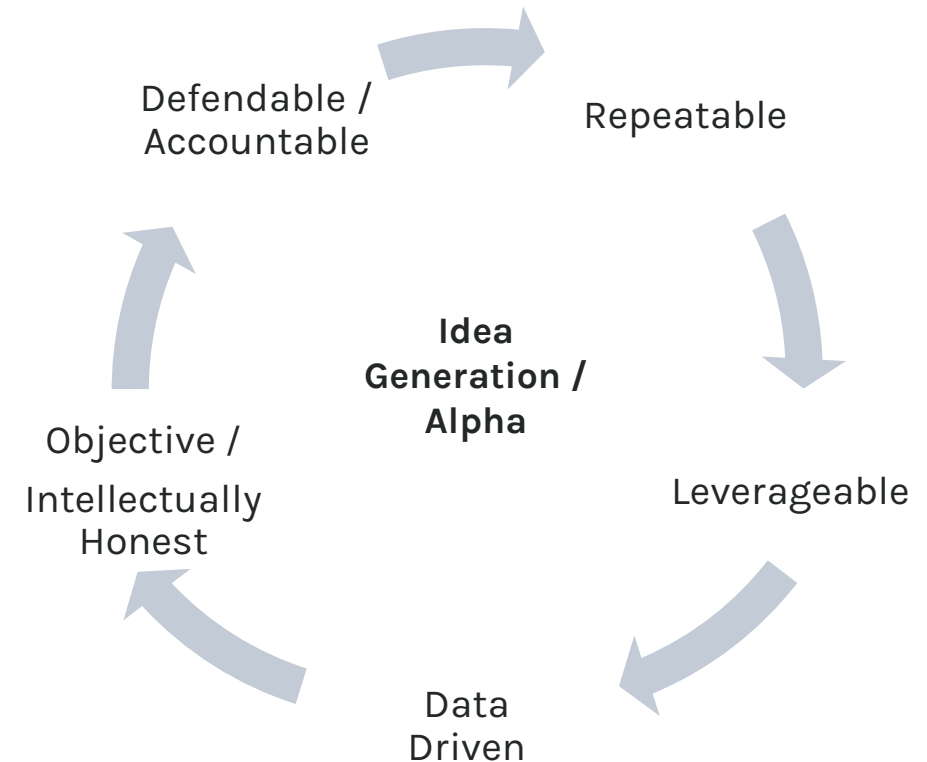
Data and Research Infrastructure

Internet, Media and Telecom

Research
Supported by team of engineers and data scientists…
and a cartoonist!

Third Party Data

Mobile App Data – Mobile app intelligence provider. Download and usage metrics for iOS and Android platforms world-wide.

Variety Insights – Feature development and production pipeline across TV, film and digital. Talent and deal activity.

Consumer Panel – Access to proprietary panel with demographic information for surveys.

FCC Database – Asset level detail for cable, telecom providers and media networks.

Fundamental

Company Models – Monitor key drivers and metrics.

Industry Models – Aggregate company and industry data to track and forecast adoption trends.

Valuation/Sentiment – Track absolute and relative valuation trends. Sentiment monitored by performance, short interest and sell-side rating

Anecdotes – Interviews with industry professionals and published insights.

Policy

TMT Policy - Paul Glenchur serves as Senior Policy Analyst in Hedgeye's Potomac Research Group. Paul is ranked among leading telecommunications policy specialists, combining his legal background with industry experience.

Proprietary Data

Content Database – 400k+ movie titles and 70k+ TV shows world-wide with production company and other key metrics.

Title Tracker – Track content availability and content catalogue of major SVOD/AVOD services in the U.S. and select international markets.

Popularity Ranking – Track content ratings and popularity trends on weekly basis.

BBB Complaint/Review – Time series frequency of complaints by company and star review.

Employee Review - Time series Net Promoter Score (NPS) of company

Job Posting Tracker – Select companies.

Roku Channel Tracker - Tracks the number of channels and popularity.

Live Event Database – Tracks the supply of events on Ticketmaster.com (incl. status of live event… canceled, postponed, rescheduled)

Fundamental Idea Generation

Identifying Gaps in Expectations and Inflections in Growth

Short Here
Peak Optimism

Positive Expectations Gap

Negative Expectations Gap

Long Here
**High Short Interest
Sell-side Negative**

Long Here
**High Short Interest
Sell-side Negative**

Actual Results

Consensus

Actual Results

Consensus
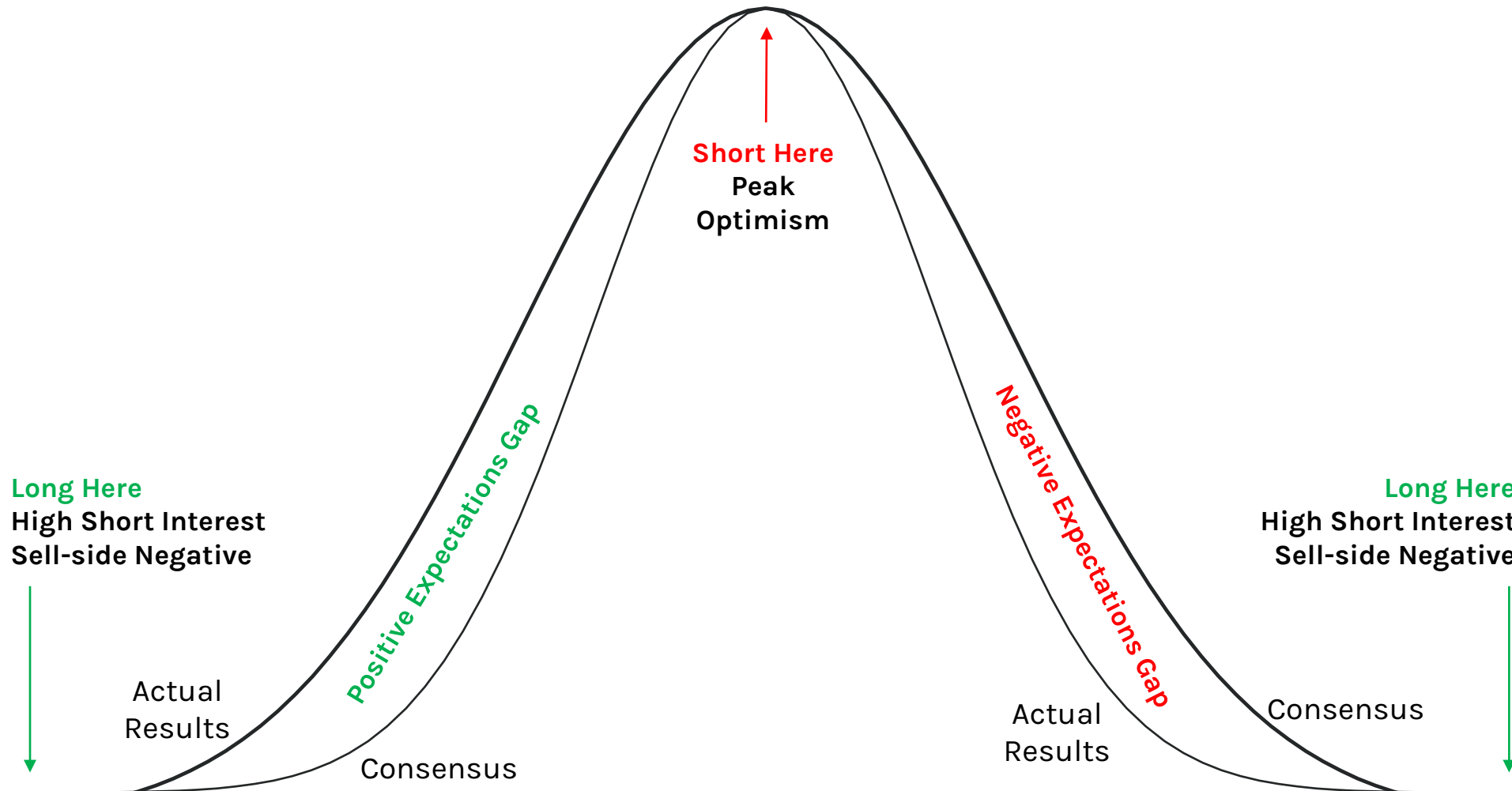
Hunting for Longs:

(1-3 Year Duration)

- Organic growth / adoption
- Activist / turnaround
- Fallen angel growth stocks
- High short-interest / misunderstood long thesis
- Compounders

Hunting for Shorts:

(< 1 Year Duration)

- Frauds and fads
- Balance sheet shorts
- Angels before the fall (hardest to call timing on, but often most rewarding if right)
- Buggy whips
- Melting ice cubes

Process Shortcomings:

- Early is a less bad form of wrong
- Calling quarters is hard (not impossible)
- Correlations break down

Tracking Advertising Demand

Ad Spending by Industry

Retail the largest category, followed by Fin Services and CPG/Consumer (Digital)

U.S. Digital Ad Spending by Industry

■ 2019 ■ 2020 ■ 2021:E

Retail + CPG/Consumer = ~36% of U.S. Digital Advertising Spend
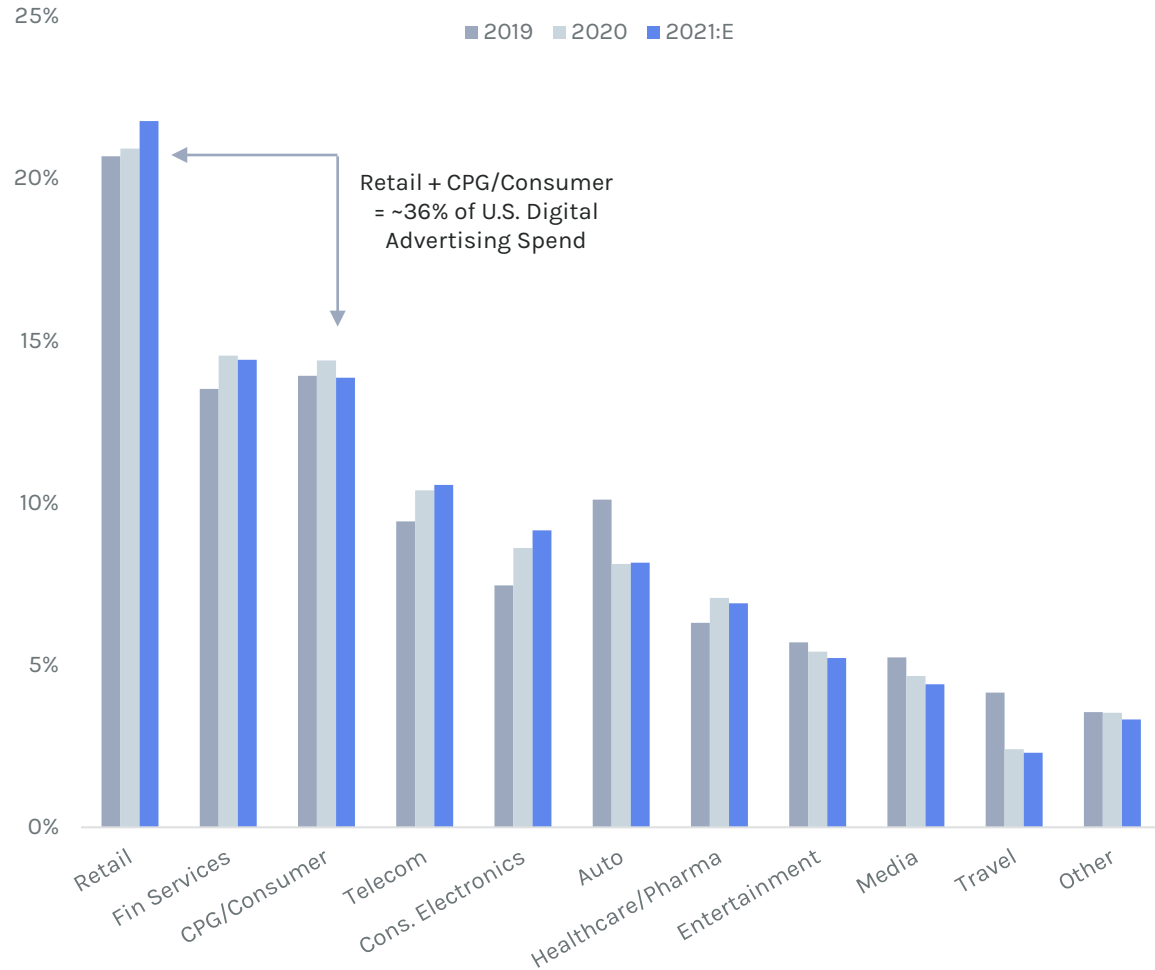
Omnicom Group (OMC) Revenue by Sector

■ 2Q21 ■ 2Q20

Consumer Products + Retail = ~16%
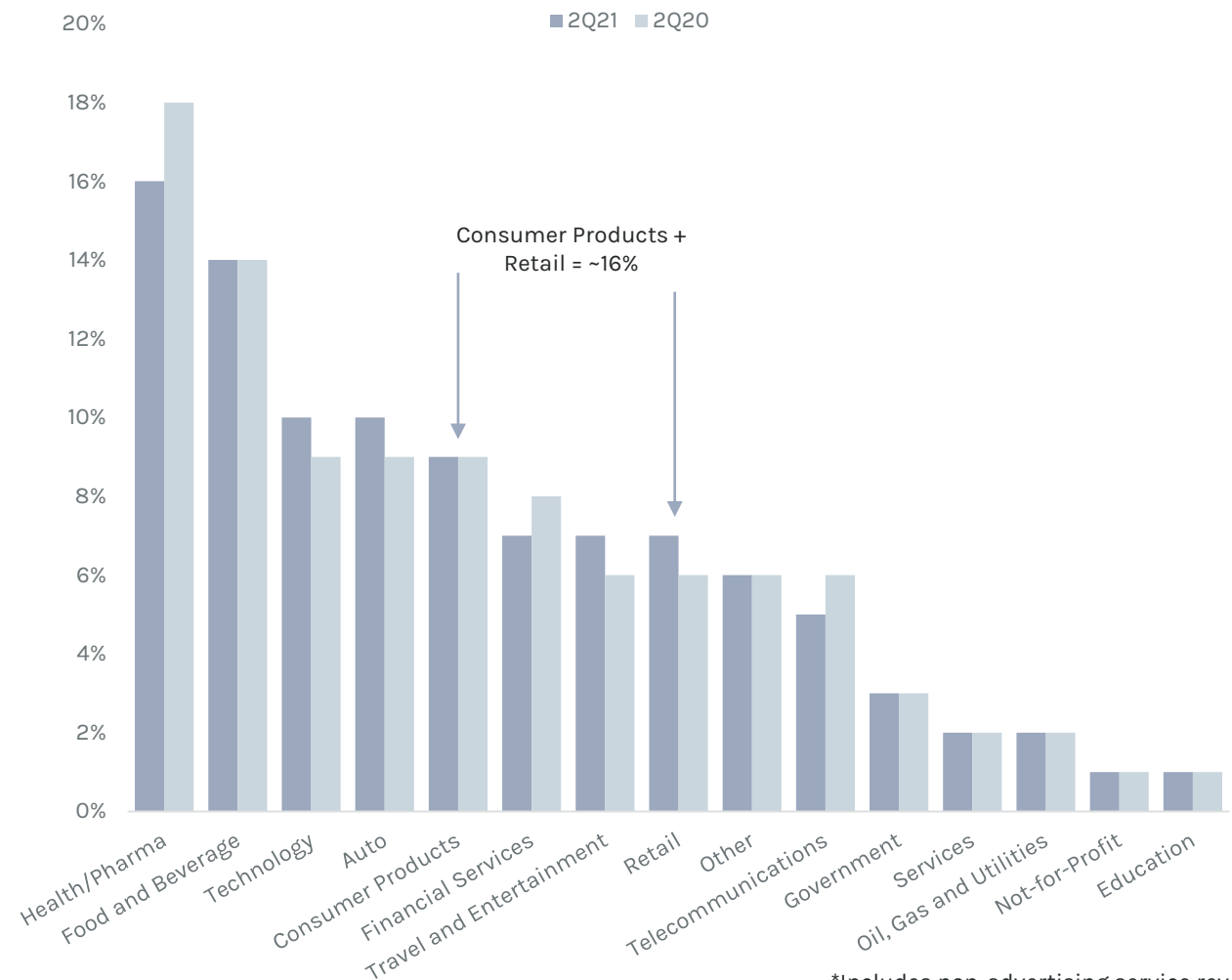
*Includes non-advertising service revenue

Ad Spending by Industry

CPG + Retail Largest Revenue Category

Publicis Groupe Revenue by Sector

■ Revenue Mix % 1Q22

Consumer Products + Retail = ~20%

WPP Revenue by Sector

■ Revenue Mix % 4Q21

Consumer Products + Retail = ~31%
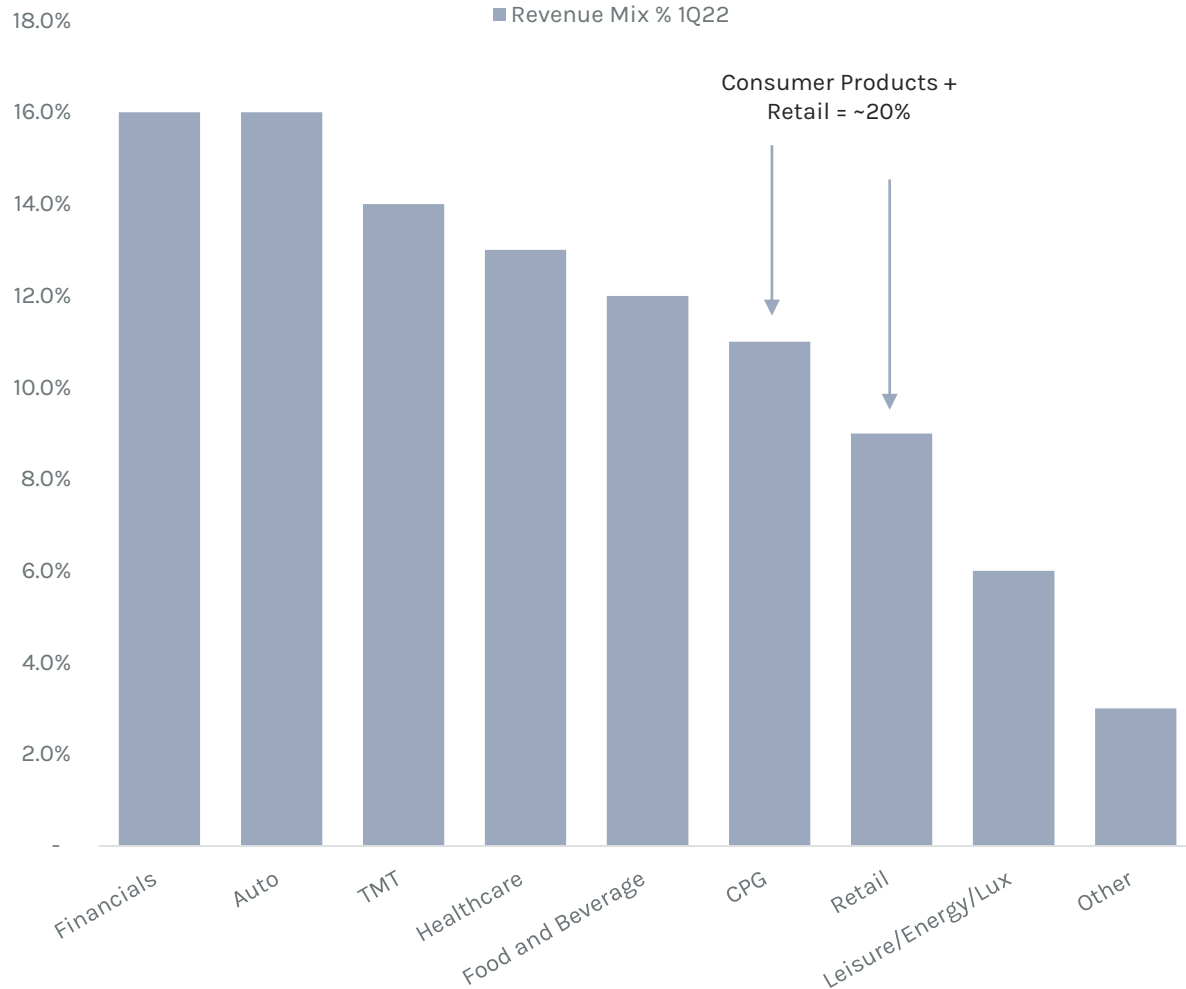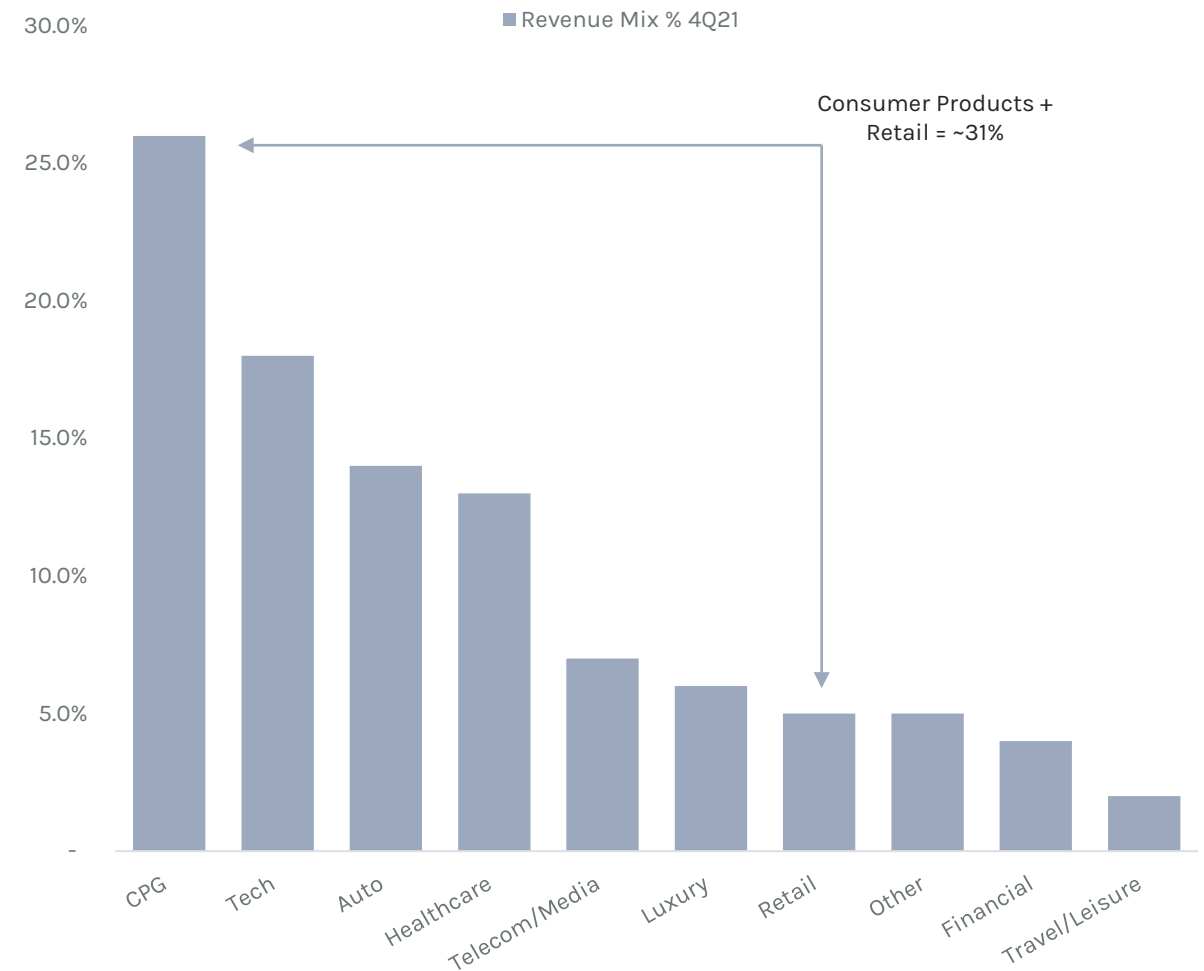
*Includes non-advertising service revenue

U.S. Retail Sales Growth

Significant Slowdown in March 2022...

Legend:
- U.S. Retail Sales - Nonstore Retailers YoY % (SA)
- Non-Store 2-Year CAGR %
- Total Retail Sales excl. Automotive YoY %
- Total Retail ex. Auto 2-year CAGR %

Reopening + Vaccinations accelerated growth to physical retail March – April.

E-Commerce loses share to physical for most of 2021.

E-Commerce/Digital Sales Peak in March… slow through May and bottom in July 2021.

December Slowdown, January/February recovery in E-Comm followed by sharp decline in March 2022.

Early signs E-Commerce taking share back from Physical.

Slow Start to 2022

E-Commerce Sales Negative March 2022

Mastercard Spending Pulse	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	26-Nov	11/26 - 11/28	29-Nov	11/1 - 12/24	Dec-21	Jan-22	Feb-22	Mar-22
Total Retail Sales ex-Auto and Gas	9.2%		26.3%	23.3%	12.2%	11.0%	10.9%	8.1%	5.4%	6.1%	29.8%	14.1%	1.2%	8.5%	6.9%	7.2%	8.7%	8.4%
E-commerce Sales	62.1%	54.7%	56.8%	19.9%	1.1%	8.3%	6.1%	8.1%	11.5%	13.2%	10.6%	4.9%	8.7%	11.0%	13.5%	10.4%	4.4%	-3.3%
In-Store											42.9%	16.5%		8.1%		5.0%	10.0%	11.2%
Apparel	-4.3%	-5.3%	60.6%	90.7%	75.9%	62.9%	80.0%	75.2%	56.0%	47.5%	86.4%	51.2%	58.1%	47.3%	46.3%	37.6%	37.6%	16.0%
Department Stores	1.5%	-15.5%	114.3%	202.7%	212.0%	67.4%	44.8%	28.7%	20.8%	17.7%	47.9%	19.0%		21.2%	19.1%	10.5%	26.3%	14.0%
Furniture/Furnishings	16.6%	8.6%	64.8%	71.8%	22.5%	-5.3%										10.8%		
Electronics/Appliances	0.7%	-4.4%	2.7%				3.2%	12.4%	18.0%	19.3%	20.7%		3.9%	16.2%	16.0%	15.0%	12.2%	3.1%
Grocery	5.9%	12.4%	-20.4%	2.9%	4.8%	1.4%	1.1%	2.2%	3.3%	9.1%					8.3%	11.0%	6.8%	6.8%
Jewlery	3.3%	5.9%	106.1%	255.2%	203.4%	107.6%	82.6%	73.9%	55.3%	40.4%		78.4%		32.0%	31.0%	19.8%	22.4%	11.9%
Hardware	18.8%	18.4%	20.2%				-0.7%											
Lodging				319.1%	254.4%	107.1%												
Luxury (ex. Jewelery)								92.8%	63.8%	52.3%				46.8%	45.3%	55.4%	27.1%	
Restaurants		-13.5%		118.8%	84.7%	5.1%	61.4%	55.1%	44.1%	37.8%				51.9%	36.7%	39.4%	19.1%	

Note: Data not published/available for categories that are blank

Tracking E-Commerce Trends

Anticipating a recovery in the April/May that extends into 3Q22...

Amazon Shopping – WW Mobile App Downloads

- Amazon Shopping - U.S. Mobile App Downloads
- Amazon Shopping - U.S. Mobile App Downloads YoY %

Amazon Prime Day 2019 7/15 – 7/16

(Usually 2nd or 3rd week in July)

Amazon Prime Day 2020 10/13 – 10/14

(Pushed back to October due to COVID)

Amazon Prime Day 2021 6/21 – 6/22

Jan 2022

May 2021

Mar 2022

U.S. E-Commerce Sales YoY %

- U.S. E-Commerce Sales YoY %

March 2021

May 2021

March 2022
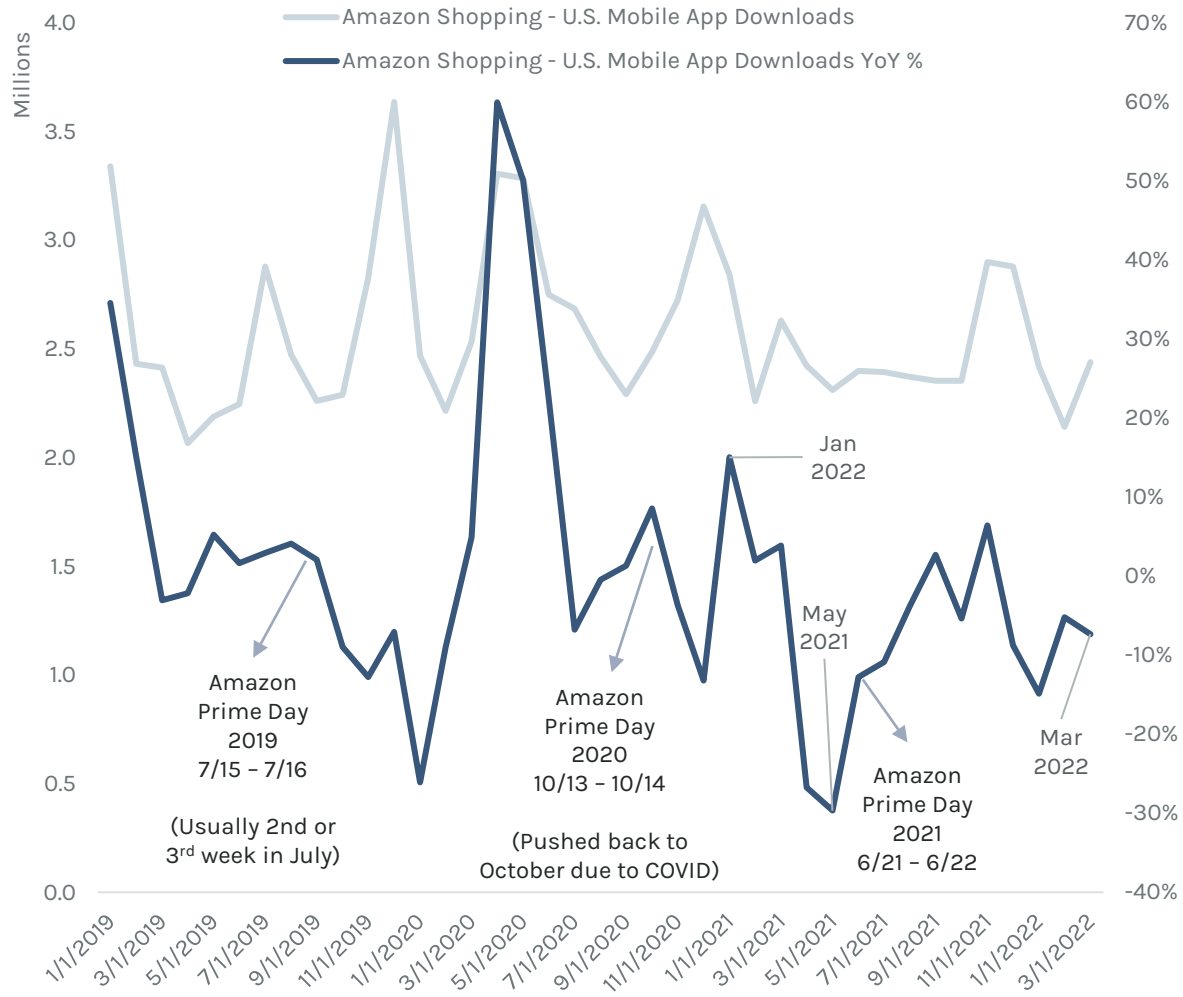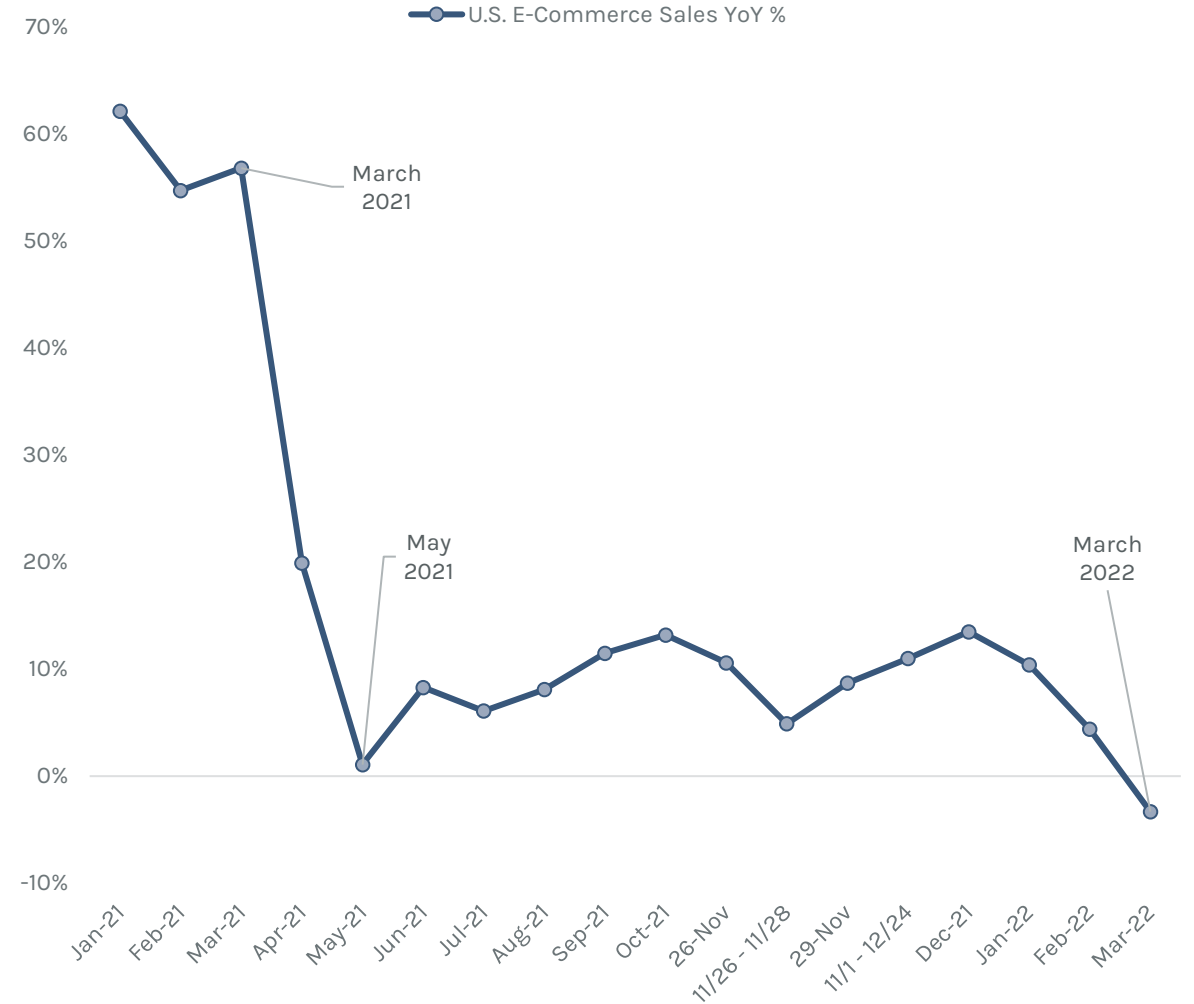
Direct Response Advertising Got Big Boost 1H21

HEDGEYE

Stimulus (on top of Stimulus) was big tailwind to direct response advertising...

Real PCE per Capita as % of 2019

Legend: Durable Goods, Non-Durable Goods, Services

Y-axis: % of 2019 Real PCE per Capita (60% to 140%)
X-axis: Mar-20 through Feb-22

Facebook (FB) Management Commentary

"Turning now to the outlook. We continue to face significant uncertainty as we manage through a number of crosscurrents in 2021. We believe our business has benefited from 2 broad economic trends playing out during the pandemic. **The first is the ongoing shift to online commerce. The second is the shift in consumer demand towards products and away from services. We believe 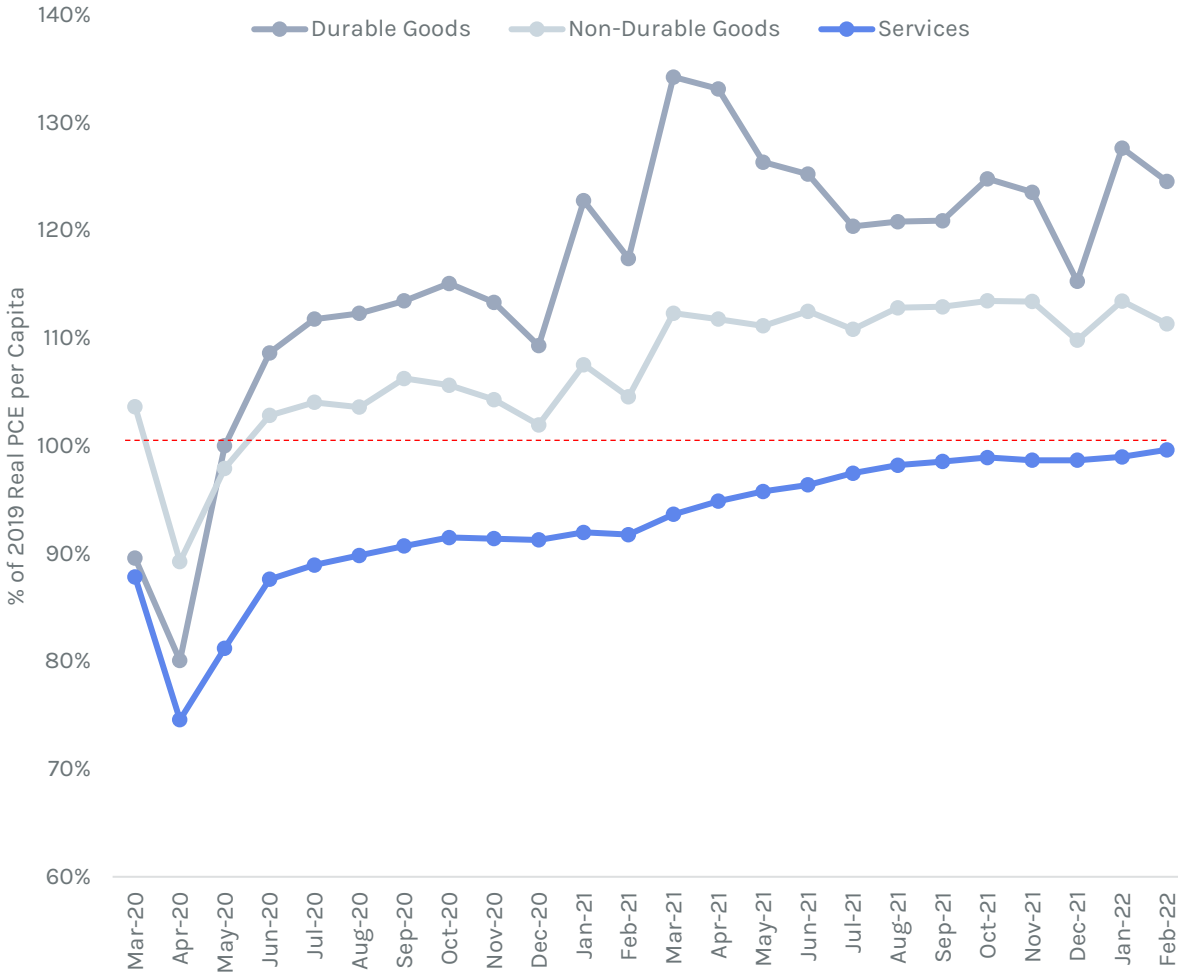these shifts provided a tailwind to our advertising business in the second half of 2020, given our strength in product verticals sold via online commerce and our lower exposure to service verticals like travel.** Looking forward, a moderation or reversal in one or both of these trends could serve as a headwind to our advertising revenue growth.

At the same time, in the first half of 2021, we will be lapping a period of growth that was negatively impacted by reduced advertising demand during the early stages of the pandemic. As a result, we expect year-over-year growth rates in total revenue to remain stable or modestly accelerate sequentially in the first and second quarters of 2021. In the second half of the year, we will lap periods of increasingly strong growth, which will significantly pressure year-over-year growth rates."

- January 28th, 2021 4Q20 Earnings Call

"The strength that we have seen this quarter is really broad based across all of our product verticals and online commerce, obviously, specifically. And we've talked about the macroeconomic factors that are driving that and the strength in product verticals in online commerce across the economy that are reflected on our platform."

- April 28th, 2021 1Q21 Post Earnings Follow Up Call

Stimulus Used In The Last 7 Days

We started comparing against the stimulus impact last week...

Used In The Last 7 Days to Meet Spending Needs

- Unemployment insurance (UI) benefit payments
- Stimulus (economic impact) payment
- Child Tax Credit Payment

Used In The Last 7 Days To Meet Spending Needs

- Child Tax Credit Payment
- Stimulus (economic impact) payment
- Unemployment insurance (UI) benefit payments

Data Source: U.S. Census

18
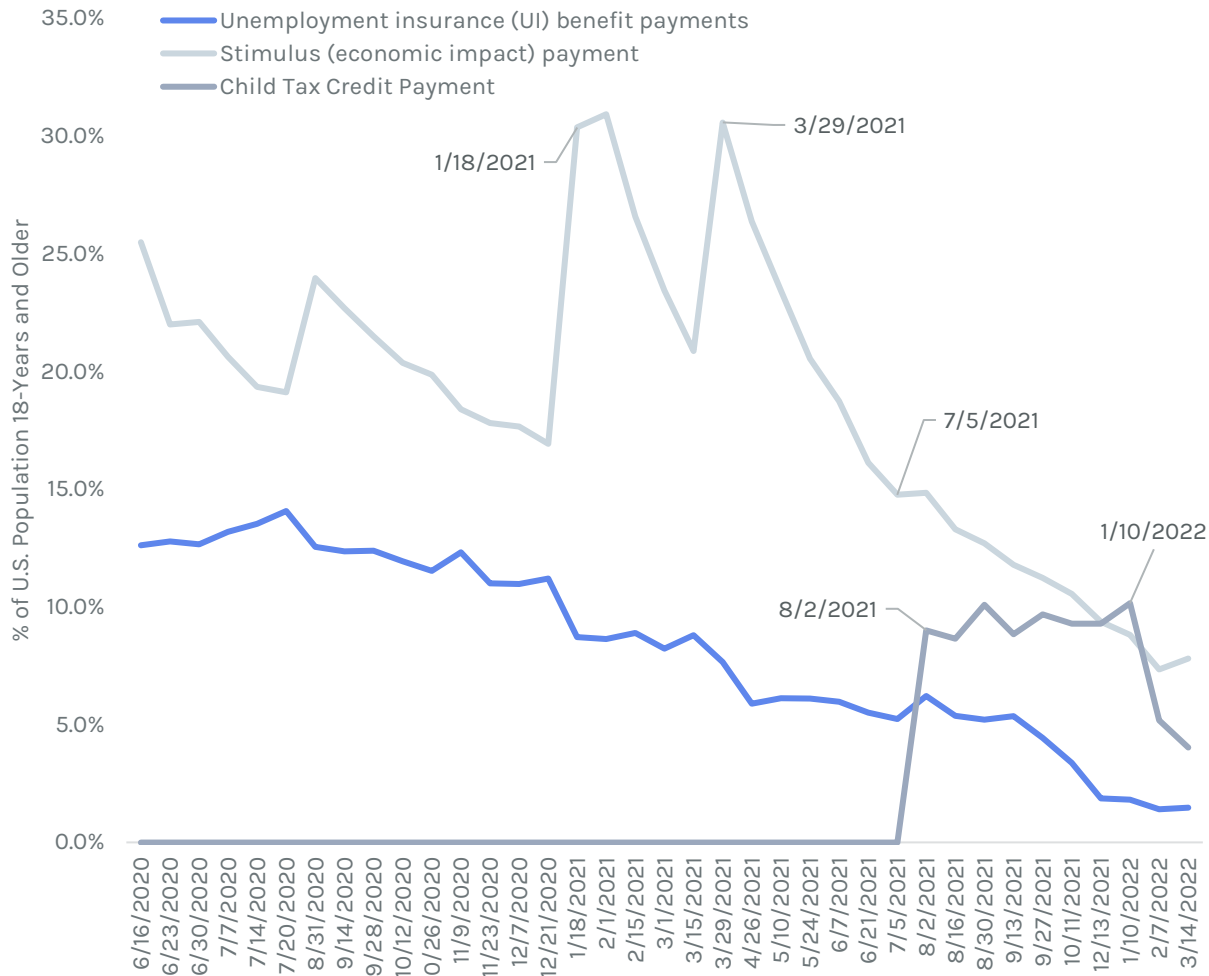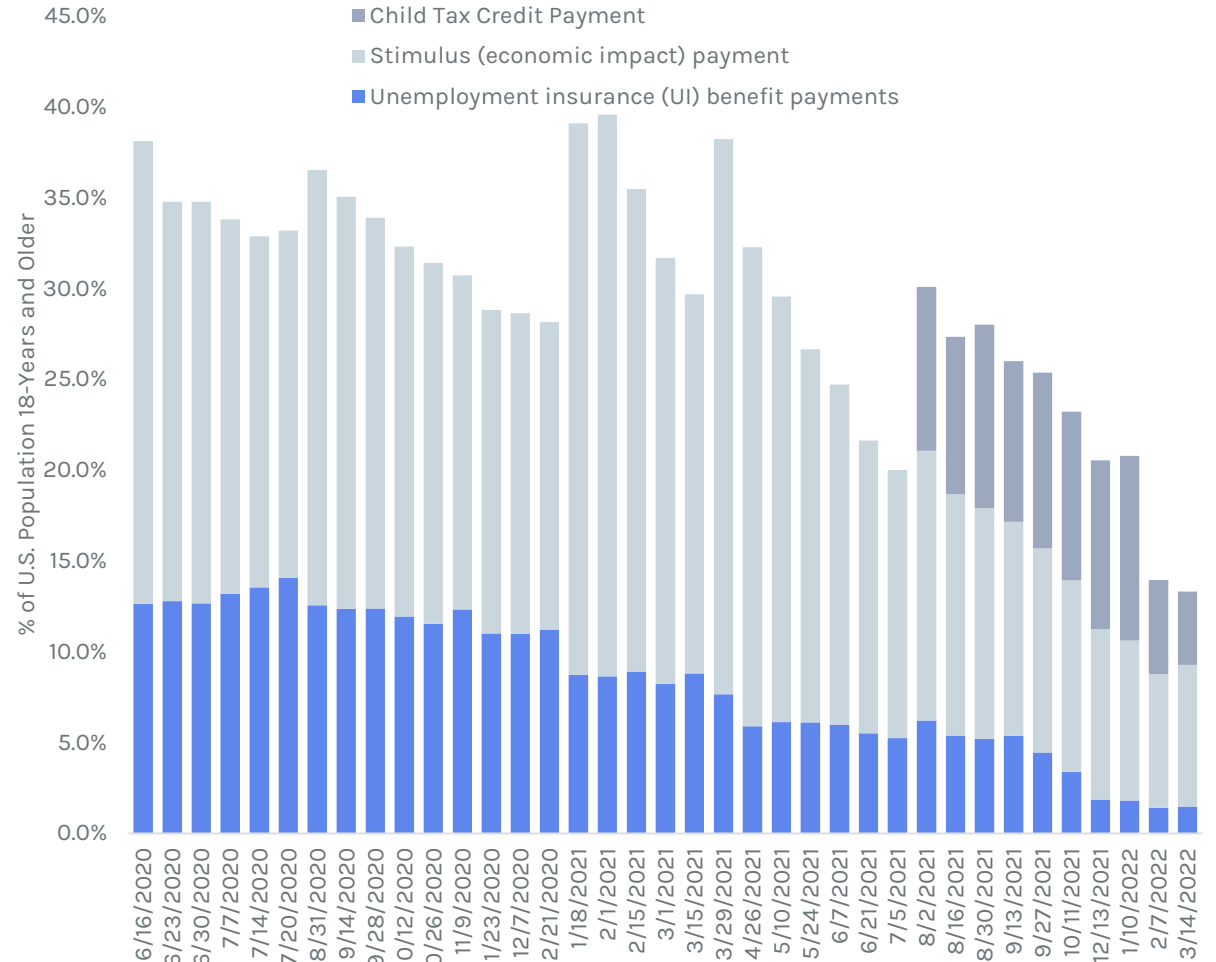
Stimulus Payments Status and Use

Round 2 and 3 stimulus payments shifted to discretionary purchases away from staples

Legend: Food, Utilities and Household Supplies — Rent, Mortage, Vehicle Payments, Credit Cards — TV/Furniture/appliance, clothing/apparel and rec goods
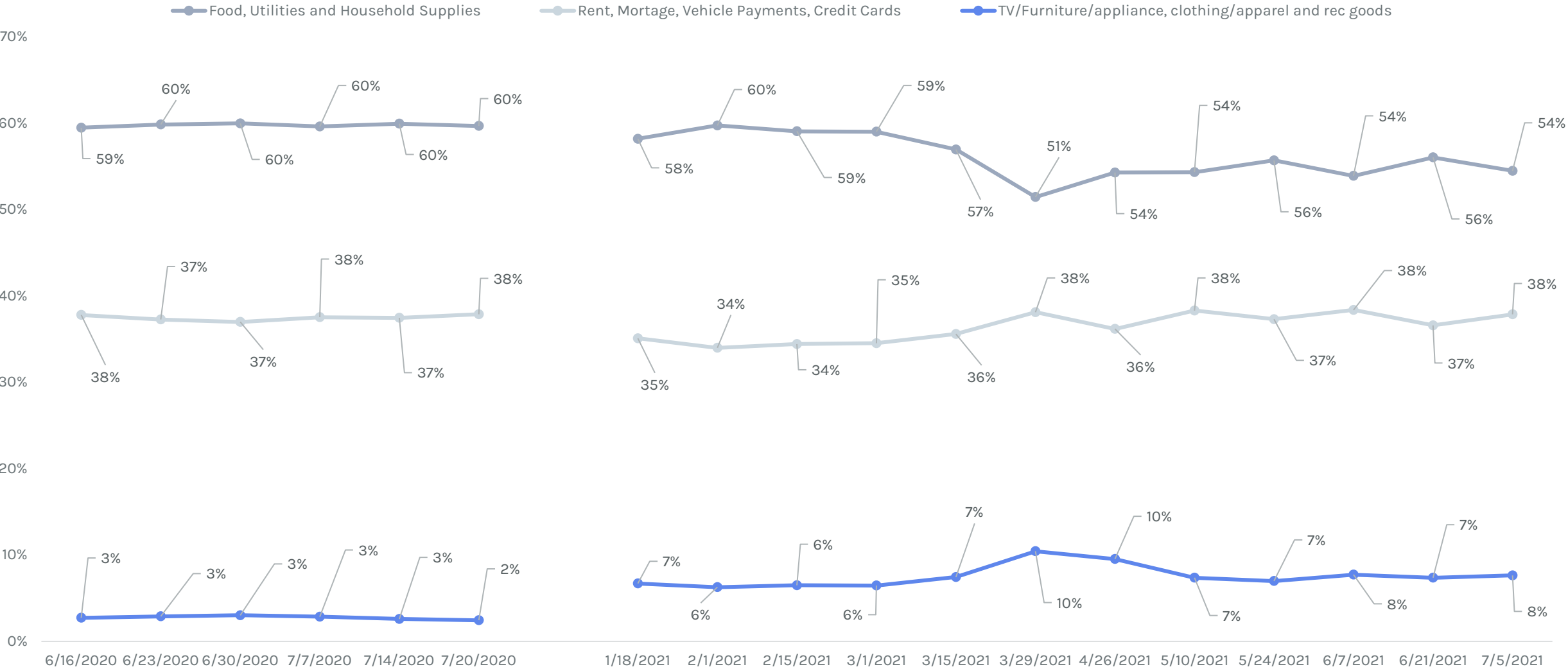
Stimulus Payments Status and Use

Household items took the largest step up March/April...

Household that RECEIVED a stimulus payment in the last 7 days

Legend:
- Food (groceries, eating out, take out)
- Utilities and telecommunications (natural gas, electricity, cable, internet, cellphone)
- Household supplies or personal care products
- Rent
- Mortgage (scheduled or monthly)
- Vehicle payments (scheduled or monthly)

Household that RECEIVED a stimulus payment in the last 7 days

Legend:
- Clothing (clothing, accessories, shoes)
- Payng down credit card, student loans, or other debts
- Household items (TV, electronics, furniture, appliances)
- Recreational goods (sports and fitness equipment, bicycles, toys, games)

U.S Retail Sales Seasonality

Lockdowns/WFH + Stimulus + Reopening + Vaccination Rates = Volatile Consumption Patterns

Non-store Retail Sales (NSA) QoQ %

■ 2021 ■ Pre-COVID Average

Year	Q1	Q2	Q3	Q4
2016		2.5%	0.4%	27.3%
2017	-15.2%	3.0%	0.1%	29.1%
2018	-15.2%	2.3%	0.1%	25.0%
2019	-14.7%	6.1%	1.3%	23.4%
2020	-17.2%	21.1%	2.0%	20.0%
2021	-13.6%	5.9%	-2.2%	24.1%
2022	-14.1%			
Average	-15.0%	3.5%	0.5%	26.2%

*Pre-COVID Average

26.2%
24.1%
5.9%
3.5%
0.5%
-2.2%
-13.6%
-15.0%

Non-store retail mix looked very similar to 2019 with the exception of Q3.

Q3 Non-Store Retail Sales Was Negative QoQ; Giving up share gains into reopening during the summer and stimulus hangover.

Retail Sales ex-Non-store/Auto (NSA) QoQ %

■ 2021 ■ Pre-COVID Average

1H21 was seasonally strong despite weaker January/February pre-vaccination; Likely reflects positive impact from stimulus and deferred spending.

Q3 Store Retail Sales Was Positive QoQ; Taking share from digital into reopening during the summer.

17.1%
10.3%
6.2%
5.7%
1.1%
-0.8%
-4.5%
-11.1%

Year	Q1	Q2	Q3	Q4
2016		9.3%	-0.9%	6.1%
2017	-10.7%	10.0%	-0.8%	7.1%
2018	-10.6%	10.4%	-0.7%	4.7%
2019	-11.9%	11.7%	-0.8%	4.7%
2020	-11.8%	-5.1%	13.2%	4.4%
2021	-4.5%	17.1%	1.1%	6.2%
2022	-9.4%			
Average	-11.1%	10.3%	-0.8%	5.7%

*Pre-COVID Average

Advertising Agency Field Notes #1

1H January 2022 – Performance Marketer (Growth Segment / $500k - $10M Monthly Spend)

Macro Trends

- "Never seen anything like it in terms of what was happening last year and 2020."

- "[In 2021] stimulus was more broad versus 2020, but occurred the same time with tax season in both years. There was an unbelievable amount of money running into campaigns Q4 2020 running into April 2021. The kind of daily revenue numbers you would see – it was Black Friday happening in the middle of the year."

- "As you would expect, we are seeing revenue figures down 10-20% versus January last year. Our clients expected to be down, but we are comparing how we are trending versus pre-COVID 2020 and 2019."

- "I had one furniture retail client who had an unbelievable 2020 and in 2021 had supply issues that result in really long 12-week wait times. They were down [revenue] 30-40% per month versus 2020, but still up 20% from 2019. I think for the year [2022] ad spend will be up slightly compare because we are still seeing more search volume and even comparing against huge numbers – even if we are getting lower returns they are still positive and a good margin."

- "Societal events really impact search volume and behavior. When COVID waves hit and you are stuck inside people keep buying and search for stuff. When the George Floyd protests happened, people seem to stop buying – they decide maybe I should care about more important things right now. The capitol riots wasn't as significant because it was so short, fewer people searching because they are watching."

Advertising Spend

- 1Q21 +30-40% YoY, forecasting 1Q22 +8% YoY and flat for 2Q22 before going back up Q3/Q4; 4Q21 finished up 20-30% **<- Pre-COVID standards for growth advertiser 30-40%**

- "Most of my clients are off to better year than I forecasted – even clients that are not in an industry that wouldn't expect a January bump are seeing higher than expected traffic – Google search the primary driver."

- "Furniture client held back so much and it is taking time to get supply chain issues resolved, but when it does hopefully really opens up the flood gates. They are optimistic that inventory availability and shipping times normalize by February/March. Recovery in spend will be more gradual."

- "Pre-Black Friday November sales were up as high as 40% compared to last November – people were definitely shopping earlier. Black Friday and Cyber Monday were pretty slow and quiet, but still up YoY. A lot of our clients had issues with big box retailers eating up all the [advertising] inventory – especially in the Google(verse)."

- "We saw a lot more competition from Amazon this year in search – Walmart, Target and big box retail was back as well in 2021 and spending more than they were previously. You are going to pay more for click to get the same outcome."

- "Facebook/Instagram becoming more expensive and lower ROAS – a little more muted growth but no one was caught off guard. I don't think anything is going to change really [for Q1] – not expecting folks to put their foot on the gas and go ahead trying out more alternative channels."

Advertising Agency Field Notes #1

1H April 2022 – Performance Marketer (Growth Segment / $500k - $10M Monthly Spend)

Advertising Spend – <u>4/4/2022</u>

- 1Q21 +30-40% YoY, forecasting 1Q22 +8% YoY and flat for 2Q22 before going back up Q3/Q4; 4Q21 finished up 20-30% **<- Pre-COVID standards for growth advertiser 30-40%**

- "January and February both came in better than expected up 20-25% YoY. Still a lot of growth across the board, working with clients that are trying to grow revenue 20% a year while maintaining efficiency."

- "Things went sideways with Russia/Ukraine end of February – it didn't really trickle down into the ad world until a few weeks later. At that point, the most likely thing impacting things is gas prices. Everyone is saying inflation, but I think it is gas prices that triggered a drop off in conversion rate and general sense of panic across the DTC/E-Commerce world."

- "March was a lot slower than January and February – starting to comp against the COVID March's – April 2020 is when the E-Comm world took off around the time tax returns hit and stimulus went off the same day – and ever since then we saw record breaking ad spend. And now we are comparing against the April of 2-years ago. <u>Q1 still came in a little better than expected at +13% YoY despite March being slow.</u>"

- "Conversion rates started dropping off around 3/6 and finished down 10-20% compared to February. Search has been less impacted, but still came in below expectations – competition is higher and cost per click is significantly higher across the board by 20-30%."

- "March we saw a big slowdown with some clients flat and others down 10-15% - this also happens around weak quarters, a lot of teams will get a call from above that they are slashing budgets. A lot of it has to do with weaker margins – CFO putting together a report saying we have to slow this down."

- "Right now, predicting spend to be flat QoQ (usually up QoQ) and up 5% YoY - we expect revenue to be down YoY. Because ATT rollout was end of April, it didn't reach saturation until end of June – we still have difficult comparisons."

- "Pessimistic scenario where trends don't improve from here for the rest of the year and taking into account typical seasonality, Q3 is probably up 5% YoY and Q4 up 10-15%."

- "Optimistic scenario where people start figuring out Facebook – that is happening with my most mature clients – gas prices come down and sentiment improves, Q3 is probably up 10-15% YoY with more growth coming from Facebook as we are comping against the really scary Q3 last year – then it only gets better for Q4 I would go 20-25% YoY leaning more heavily into social."

Advertising Spend – <u>4/14/2022</u>

- "Right now, predicting spend to be flat QoQ (usually up QoQ) and up 5% YoY - we expect revenue to be down YoY. Because ATT rollout was end of April, it didn't reach saturation until end of June – we still have difficult comparisons."

- "We are about half way through April, and things are definitely looking up relative to March. Definitely more bullish relative to March."

- "There is a big difference between the sophisticated Tand mature advertisers, and those that have fallen behind. The former are leaning in and increasing budgets and getting much better results. I just had two clients increase their budgets by 25% - and so those are more than making up for the smaller advertisers that are still holding out."

- "Increase in budget is going mostly to Google, but also going to Facebook/Instagram. The increase is across all channels as they shift to a focus on total marketing efficiency vs individual platform efficiency. Spending more on Facebook to drive more efficient down stream traffic to search that has better conversion rates."

- "That furniture client their average ticket was way up in the lats two weeks – if they usually do $1,000 it is now $1,500 or $1,600. A lot bigger than we usually see, and they only raised price by 5-10%. I expected their conversion rates would drop with price increase but they are not – first time YTD they are beating out their revenue past their price increase."

- "Conversion rates have started to go back up, but will probably stay lower because we are spending more to drive views and traffic on Facebook than we are conversions. We are optimizing for different outcome."

- "Expecting spend to be up 10-15% QoQ, which is consistent with pre-COVID seasonality. We spent a bit more last year because of stimulus, but also started to slow down through June because of ATT. Only way it is flat now is if something unexpected happens."

- "On track to be up 8% Q2 YoY – I know we always get a little boost with tax returns, an increase in velocity – where it is obvious in higher ticket items. But cautiously optimistic we could be back to our usual growth and spend targets by the end of the year."

Advertising Agency Field Notes #2

Immediate to Advertising Spend Upon Invasion... Video back by 3/15 and Social 100% by 3/31

Q: Just curious, if anything worth calling out / top of mind on your end re trends? Obviously a lot of noise around Facebook efficiency last couple of months. Share loss to TikTok. And then of course concerns over consumer strength and what is going on in Europe

A: So I am actually not seeing a loss on FB to TikTok, FB remains constant. That was until Ukraine scenario, and we saw a dramatic pull back, especially in social and video, which is going to definitely stunt Q1 growth.

Q: When you say, "dramatic" – is it on par with COVID or similar to the capital riots?

A: So I've been getting this question a lot, and the best way I can describe it, is this: Advertisers and brands learned from their mistakes on brand safety/correlation from the capital riots, put an emergency plan together, and waited until another scenario of magnitude hit, to deploy it. Which involved total or partial advertising black out digitally (sans search). Ukraine was that scenario. The invasion hit on 2/24, but depending on the advertiser, most action was taken between 2/25 and 2/28.

In Social:

A) Spend dropped and has remained depressed post-invasion, isn't yet getting better or/worse

B) Spend dropped has slowly began to recover, but we are not back to pre-invasion levels **This one. 75% of my brands went completely off in social, but 100% saw a reduction in spend. All are back online, but in aggregate, we're only 85% of way back to preinvasion level. We expect to be back to 100% by end of the month.**

C) Spend dropped and has gotten worse, we continue to trend lower

D) Spend dropped and has recovered back to pre-invasion and on track to continue to grow from here (consistent with pre-invasion budget plan)

In Video:

A) Spend dropped and has remained depressed post-invasion, isn't yet getting better or/worse

B) Spend dropped has slowly began to recover, but we are not back to pre-invasion levels

C) Spend dropped and has gotten worse, we continue to trend lower

D) Spend dropped and has recovered back to pre-invasion and on track to continue to grow from here (consistent with pre-invasion budget plan) **This one. 90% of my brands went completely off in video, but 100% saw a reduction in spend. We hit pre-invasion spend levels around 3/15**

Field Notes – Advertising Forum

Small Business – Clothing

4/12/2022

6 weeks of sales hell as Facebook turns from profitable to losing money over night.

I've been running an online store for a couple of years and I've been getting really great results using Facebook for a long time now but on the 26th of February it all stopped. For some reason overnight I went from having great profits to lost days after 6 weeks of trying different things. Ill have one or two days of mild profits and then losses again. Trying heaps of different creatives. Different campaign strategies going broad blah blah blah. It really feels like something else is up here. Anyone got a recommendation or experience the same thing??

Response 1:

When did this happen? Mine started happen on 1st March .. I have restructured my campaigns and restart in April …so far result is better than Mar. I guess FB changed Algo in Mar to catch up the data missing issue due to iOS update . Previous strategy no longer works … The laser targeting from conversion campaign is no longer behave like old day before . Probably need to use classic way to make to traffic and retarget.

Response (Original Poster):

I've also tried lots of different broad targets and restarting campaigns in April. I do feel like there was an algo change in march, but how long can we keep blaming iOS updates for continuing decreasing in performances? It's over 6 months ago that those iOS updates came in and it doesn't explain how between February and march was so terrible.

Response 2:

It's the spring season !

Happens every year like clockwork

Response (Original Poster):

Why? Because people spend more time out side? I expect price fluctuations but I seriously mean fell off a cliff into unprofitable. Didn't happen last year.

Response 2A:

Last year there was still a pandemic going on. I have been in ecom for almost 10 years, every year in march sales die down, with a massive comeback in August

Take a break and enjoy the weather

Response 3:

18th Feb for me, March gradually worse, April…. Absolute shit show :(

Response 4:

Happened to me too.

Had a good going for most of January and Feb. However March was shit.
I did start a new campaign type and test a few other stuff out.

So it looks a bit stable now, compared to March. That's the thing bro, FB is a semi-stabile platform. It can be your bred and butter one day and the other can be your financial demise.

Field Notes – Etsy Sellers Forum

Small Business

4/14/2022

Horrible sales these past months?

Anyone experiencing little to no sale nowadays or just me? I started my Etsy shop since September of 2021 and it was doing well until March of 2022. No sale! Just crickets and tumbleweeds. Anyone experiencing something like this?

Response 1:

You are not the only one.

Response 2:

There are always seasonal ups and downs, but this year has been extreme for me. I've been selling for ~5 years now, and typically have had about 30-50 sales per month. But for reasons I can't explain, I'm down 64% this year, and have yet to even make a sale this month. War, inflation, tax season, and generalized anxiety are never good for business, so who knows.

I'm just using this time to get some maintenance on my equipment and work on new product designs. Hopefully things will bounce back at some point.

Response 3:

Down 50% here too. Most of our items are usually bought for gifts and people are definitely cutting back right now. We're putting the extra time into new items and gardening because this economy is looking tough.

Response 4:

Look at your stats and see if your search visits dropped. Mine dropped by 50% over the past months. Etsy changed something. Half of my bestsellers just stopped showing up in search. It wasn't gradual (which you'd expect) it was very drastic.

There are days when i barely show in search, and those days have lower sales and elss favorites and days when everything is back to normal with normal sales and Favorites. My stats show that etsy has been playing with visibility since february and it's so annoying.

Response 5:

Agreed. My etsy searches dropped by 67% which is painful to say the least. I always hesitate to jump to conclusions, but the falloff was quite stark for me as well. I suspect either the world lost interest in my wares, or etsy is fiddling with things for their benefit.
Response 2A:

Response 6:

My sales have always fallen off the cliff around this time - but I sell interior decor and collectibles. I will actually notice correlations between unseasonably warm weather during spring and a lack of sales. This week in particular is bad because of taxes, too. Lot of people owe taxes this year who may have had refunds before.

Response 7:

You are not alone. Our fairly active shop has not had a sale since early March. The people in this thread trying to get the mods to stop theses types of posts are just heartless. If it happens to their shop and they become despondent and worried they will post about it as well. It's very much therapeutic to hear you are not alone. If they don't like a certain type of post then.....DON'T READ IT! How hard is that? Geesh! Get rid of it so I don't have to see it....incredibly selfish.

Retail Earnings Anecdotes

Notable slowdown in home goods (disproportionately benefited from stimulus)

Restoration Hardware (RH) CEO	Traeger (COOK) CFO	Bed Bath & Beyond (BBBY)

Restoration Hardware (RH) CEO

"Well, the softness is -- and the newness is all implied in our guidance. And as we've said, we believe it's prudent to take a conservative view at this time based on kind of the disruption. But we saw our business soften since the beginning of the conflict, and the market volatility followed. And I think you've got to kind of also consider the fact that you've got -- it's clear now to everyone that inflation isn't going back to 2%, even though Janet Yellen, not too many weeks ago when it was 4% or 5%, said it was going to 2%. And 2 weeks later, it went to 7.5%. And now it's at 7.9%. And we've got Jerome Powell saying that they waited too long. And now we're going to have 2 years of interest rate increase -- rising interest rates.

So you've got a lot of news and a lot of noise out there, compounded by a war, an invasion. And I think the invasion of Ukraine by Russia just became a -- kind of a reckoning point, if you will, where people had to stop and pay attention to everything. And we saw our business slow about 10 to 12 points, and it's been relatively consistent during that period.

When it returns to normal? Not sure. How aggressive is the Fed going to be? Not sure. There are things we know, and I don't mean to be a pessimist, but history would tell us 4 to 5 times the Fed raises interest rates over a sustained period, we have a recession. And I don't need to tell you guys that math. That is just the fact."

- 3/29/2022

Traeger (COOK) CFO

"Looking at current trends, we have seen a deceleration in sell-through at retail over the last several weeks coinciding with these growing pressures on the consumer and are assuming a continuation of these trends in our 2022 revenue guidance. These dynamics will disproportionately impact first quarter revenue growth, which is our strongest growth quarter last year. We expect that quarterly revenue seasonality after the first quarter in 2022 will look similar to 2019, with lower seasonality in Q2 versus 2019 and higher seasonality in Q4."

While we typically do not give quarterly projections, we are providing first quarter guidance as we are 11 weeks into the quarter. We're expecting first quarter revenues to be between $208 million and $212 million, implying a decline of between 10% and 12%, with grill revenues expected to decline in the low to mid-20% range, offset by materially higher accessories revenue driven by MEATER.

And largely, the sell-through trends were tracking in line with our forecasted expectations until about 3 weeks ago, in which case we were surprised to see a fairly substantial deviation from our sell-through forecast.

And in conjunction with that, we actually believe that over the last 3 weeks, these trends coincide with some of the macro factors that are probably placing additional pressure on consumers."

- 3/23/2022

Bed Bath & Beyond (BBBY)

"Due to the volatility and macro uncertainty of the current operating environment, we're providing qualitative parameters related to where we currently are in the first quarter and the fiscal year. This has been informed by both current trends as well as broad operating expectations for the full year.

At this point in the first quarter, we continue to see challenging sales and traffic trends in our business due to lack of inventory availability as well as a change in market patterns. Additionally, we're seeing an emerging uncertainty related to consumer sentiment based on market and retail indicators that show a distinctive slowdown in consumer demand.

Quarter-to-date, comp sales are running negatively in approximately a 20% range. We anticipate many of the operating dynamics we experienced in the fourth quarter, both industry-wide and internal, to continue in the first quarter. As such, adjusted gross margin will reflect inflation headwinds that will not be fully offset by pricing in the near term."

- 4/13/2022

Advertising Agency Spend/Revenue Trends

Spend catching up with revenue trends; 1Q22 negative off very difficult 1Q21 w/search flat

Advertising Spend and Revenue by Month

Legend: Facebook Spend, Google Spend, Revenue

Y-axis: Average Daily Growth by Month YoY %

Annotation: Search started taking share away from in March 2021 social due to omnichannel retail exposure and iOS14.5/ATT.

Consistent with retail sales growth rates shown on previous slide.

X-axis: Jan-21, Feb-21, Mar-21, Apr-21, May-21, Jun-21, Jul-21, Aug-21, Sep-21, Oct-21, Nov-21, Dec-21, Jan-22, Feb-22, Mar-22
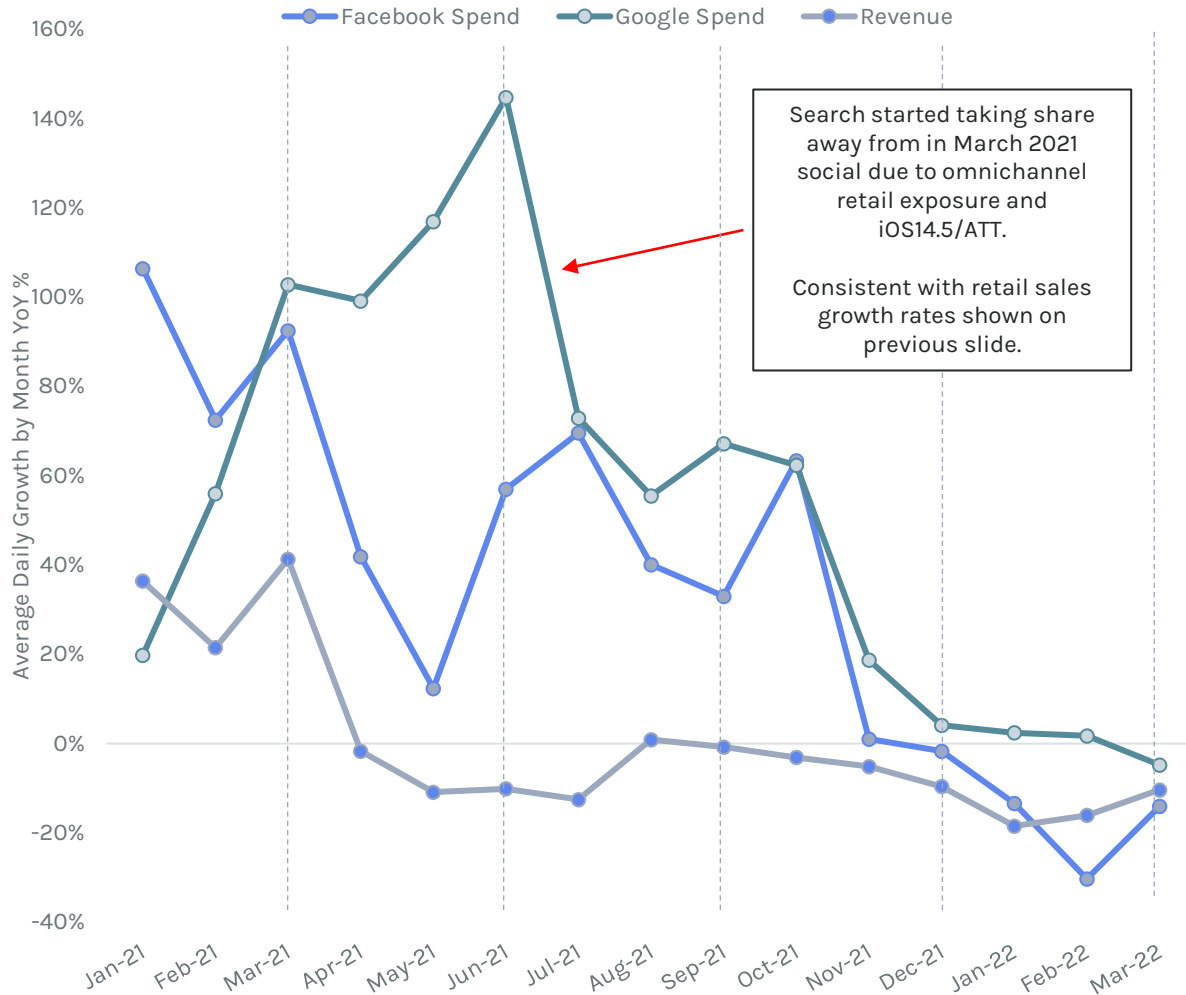
Advertising Spend and Revenue by Quarter

Legend: Facebook Spend, Google Spend, Revenue

Y-axis: Average Daily Growth by Quarter YoY %

	Facebook Spend	Google Spend	Revenue
1Q21	92%	56%	33%
2Q21	37%	120%	-8%
3Q21	48%	65%	-4%
4Q21	21%	28%	-6%
1Q22	-19%	0%	-15%
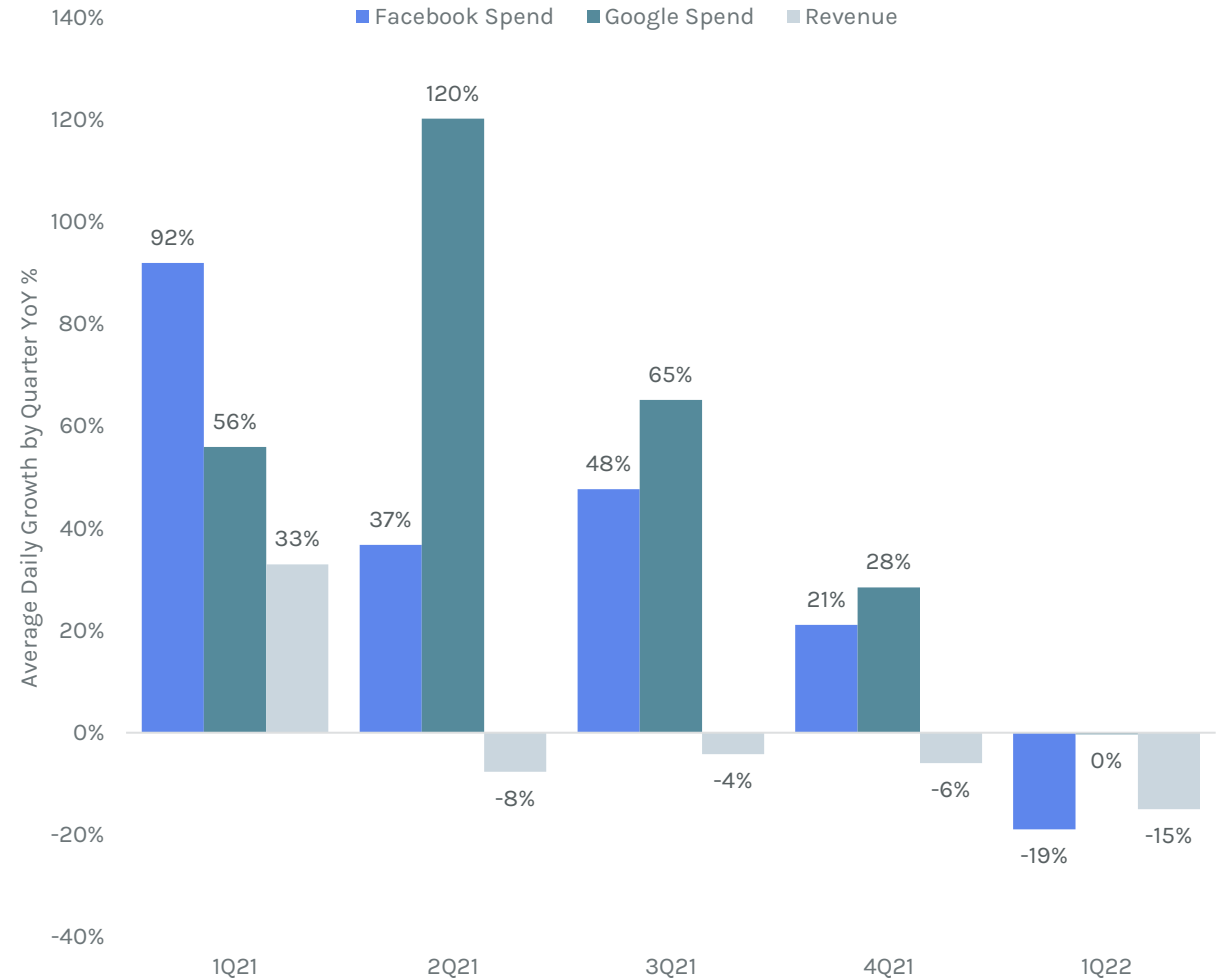
Publicis Groupe Organic Revenue Growth

Healthy growth in 1Q22, but expecting decelerating growth through year-end...

Publicis Groupe Organic Revenue Growth

Legend:
- North America organic revenue growth, %
- Europe organic revenue growth, %
- Asia Pacific organic revenue growth, %
- Latin America organic revenue growth, %
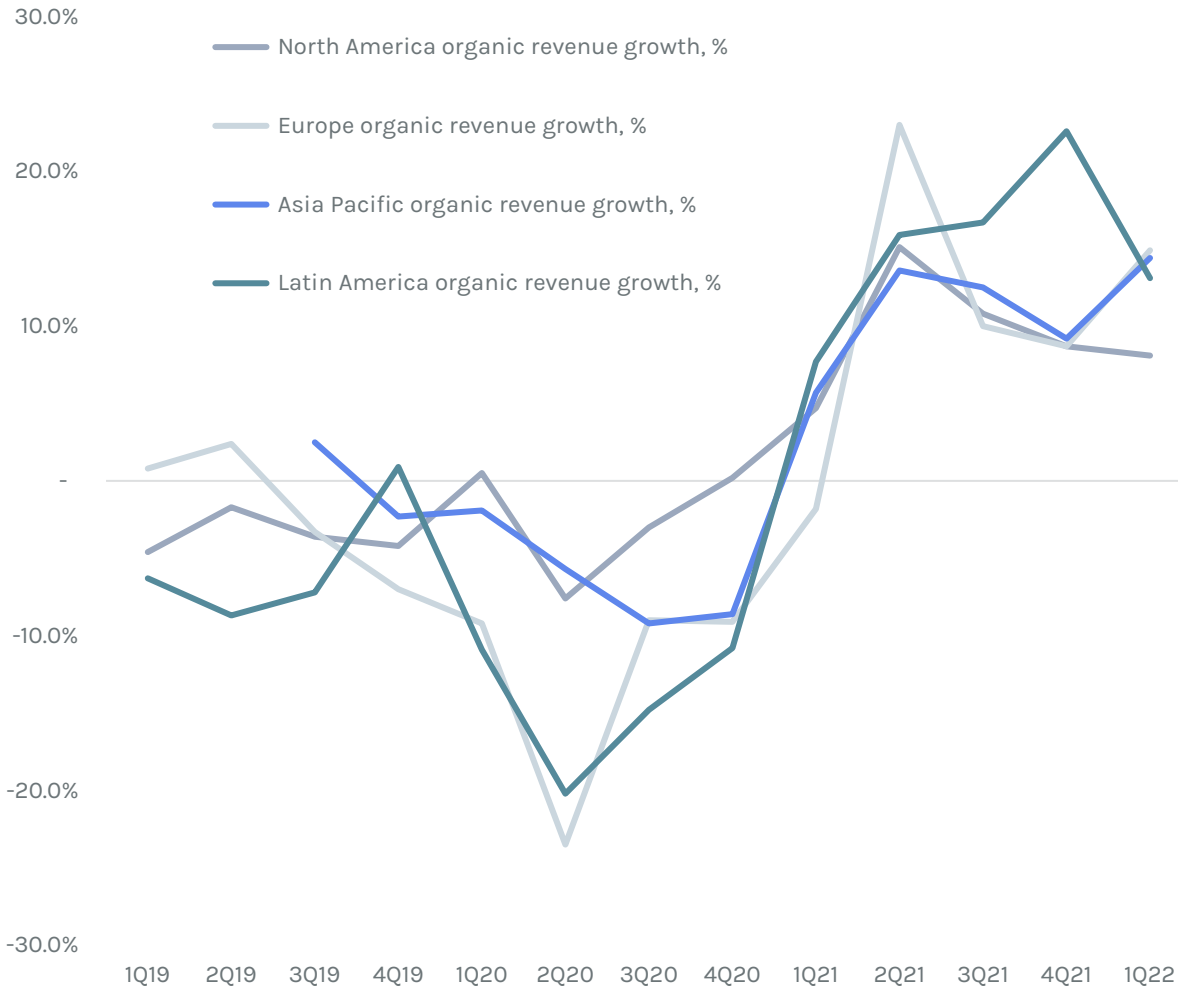
Publicis Groupe 1Q22 Earnings Call

"So far, we have not seen, as I say, any evidence of our brands cutting back spend in response to inflation. Now I think it's important not to be naive. If inflation end up to be significantly impacting our client profitability, we should -- and it's why we need to stay cautious on what could happen.

We should, on one side, paradoxically, see our revenue increase, which has happened in the past with inflation because you might have some clients that decide to pass an increase of their price to consumer. And we need to invest more to make sure that they can justify the premium. Another, that we'll decide to take the cost for them, though reducing, of course, their cost, and we might be impacted."

"What I can tell you again on 2022, and hopefully, we've been clear is that there are a lot of things we don't know, the length of the conflict, and of course, the consequence of the global economy, the magnitude of the impact on the supply share shortage and the inflation that can come from that. But we have discussed about that also. And of course, any major resurgence on COVID-19. So again, sorry for saying that. But we have tried to give you all the factor that we have put in place in order to secure the number that we are giving you.

We feel very confident in our ability to deliver an organic growth that is going to be at the upper end of the 4% to 5%, with, again, visibility on Q2, which is something that matters when you know that we are coming from a plus 17%, and we feel very confident about the plus 5%. And it is something that we did not discuss in your questions so far, making sure that we continue to deliver industry high financial ratios."

- 4/14/2022

Facebook/Instagram U.S. CPMs (Daily)

Rebound off the invasion lows into quarter-end followed by a decline into April...

Sharp deceleration following quarter-end as budgets get determined following weaker March and lower consumer demand.

Russia/Ukraine Invasion

Recovery

Anticipate a strong recovery 2H April into quarter-end.

Issues in early April 2022 related to Facebook turning on campaigns without notice.

Legend: 2019 2020 2021 2022

Data Source: Advertising Agency
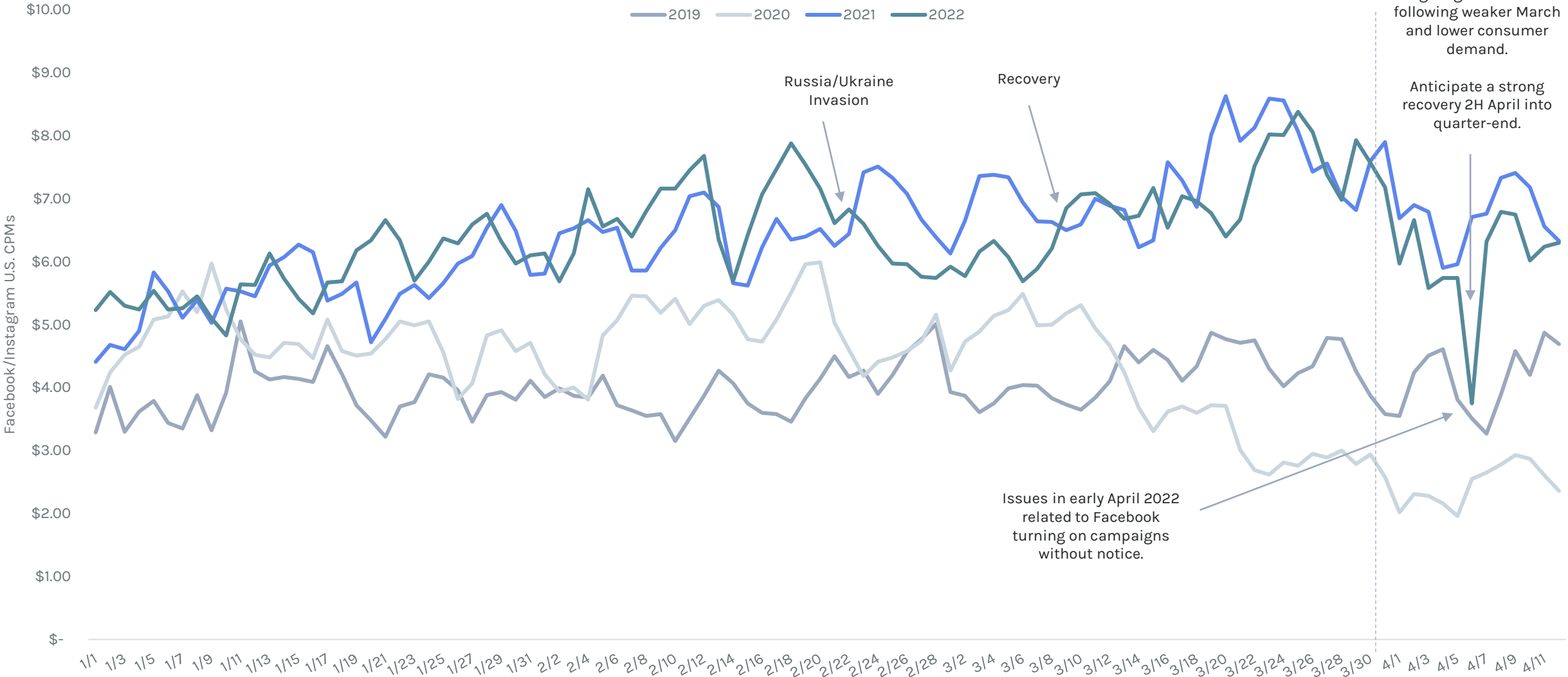
Advertising Agency Spend/Revenue Trends

2Q22 off to a better start for Facebook than Google...

Legend: Facebook Spend — Google Spend — Revenue

Recovery in revenue and spend from early January

President's Day

Quarter-end Budget Flush

First 15-days of 2Q22 starting off better for Facebook and worse for Google Relative to First 15-days of 1Q22.

Super Bowl LVI

Russia/Ukraine Invasion

Data is based on aggregated anonymized agency data in U.S. E-Commerce representing over $500M in media spend for VC-backed startups and Fortune 100 Companies. Clients collectively represent over $5B in E-Commerce revenue. Average client size has the following daily metrics: 100k sessions, 1.9k transactions, $350k revenue.

Y-axis: Daily YoY % (60%, 40%, 20%, 0%, -20%, -40%, -60%, -80%)

X-axis dates: 1/1/2022 through 4/15/2022

Facebook/Instagram U.S. CPMs (Daily)

Slowdown in U.S. CPMs Post-Russia/Ukraine Invasion (more difficult comparison 2H 1Q22)

Legend: 2020, 2021, 2022

Average +5.4% YoY
Pre-Russia/Ukraine

Average -6.2% YoY
Post-Russia/Ukraine

Average -10.6% YoY
2Q22

Campaigns were turned off immediately following the invasion over brand-safety concerns and were turned back on by the middle of March.

Y-axis: Facebook/Instagram Daily CPMs YoY %

Data Source: Advertising Agency
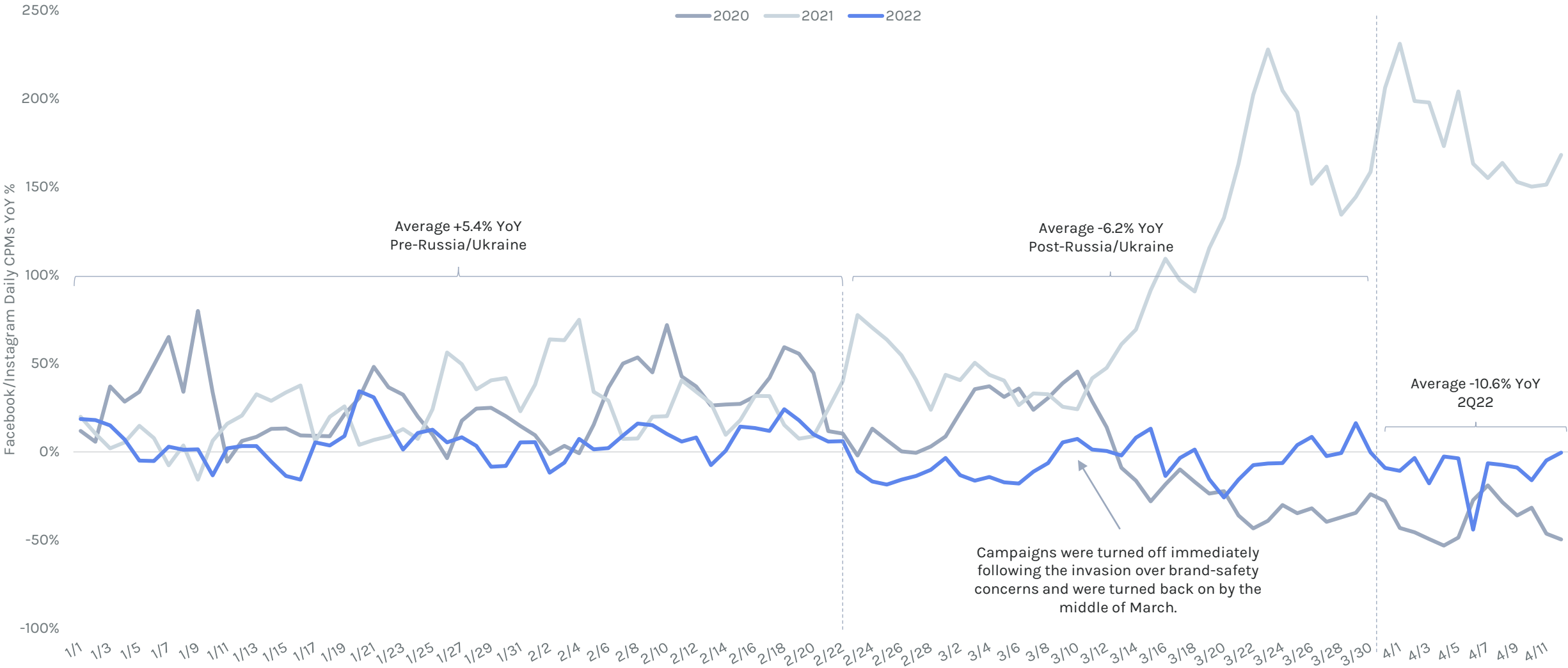
Facebook/Instagram Global CPMs (Daily)

Weaker CPMs March 2022 compared to January/February; Stronger start to April

HEDGEYE

Legend: 2019 | 2020 | 2021 | 2022

Russia/Ukraine Invasion

Issues in early April 2022 related to Facebook turning on campaigns without notice.

Facebook/Instagram Global CPMs
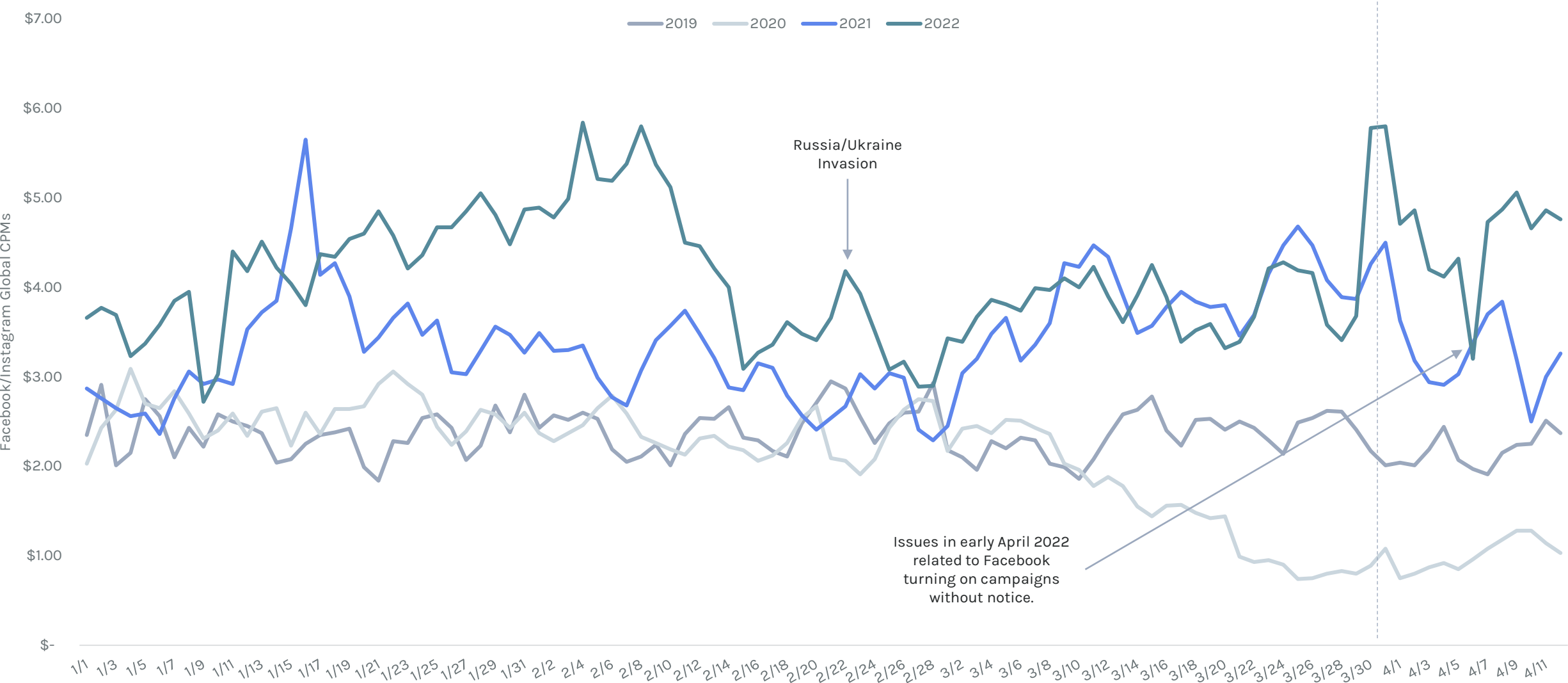
Social Media Market Share

QoQ Change

Legend: Snapchat, Pinterest, Facebook, Twitter

FB Picked Up ~140bps of share after giving up market share coming out of the pandemic

1Q20: Facebook 0.7%, Snapchat 0.0%, Pinterest -0.3%, Twitter -0.3%

2Q20: Facebook 0.9%, Snapchat -0.1%, Pinterest -0.1%, Twitter -0.8%

3Q20: Twitter 0.6%, Pinterest 0.5%, Snapchat 0.6%, Facebook -1.8%

4Q20: Twitter 0.4%, Pinterest 0.4%, Snapchat 0.1%, Facebook -0.9%

1Q21: Facebook 1.4%, Snapchat -0.3%, Pinterest -0.6%, Twitter -0.6%

2Q21: Twitter 0.1%, Pinterest 0.2%, Snapchat 0.4%, Facebook -0.7%

3Q21: Facebook 0.5%, Snapchat -0.1%, Pinterest -0.2%, Twitter -0.2%

4Q21: Twitter 0.7%, Pinterest 0.6%, Snapchat 0.6%, Facebook -1.8%

Netflix (NFLX)

Netflix Worldwide Mobile App Downloads

Mobile app downloads -0.2% 1Q22; January -1.5% YoY -> February +2.3% YoY -> March -0.9% YoY

Legend: 2018 — 2019 — 2020 — 2021 — 2022

Q1 **Q2** **Q3** **Q4**

2022 Finished -15% Relative to 2019

COVID

Starting to pickup as we hit easier comparisons

April pacing +2.8% YoY

Stranger Things July 2019

Squid Game & Netflix Global Fan Event

Money Heist

India Streamfest

Y-axis: NFLX: WW Mobile App Downloads (millions)

X-axis: Days in Year
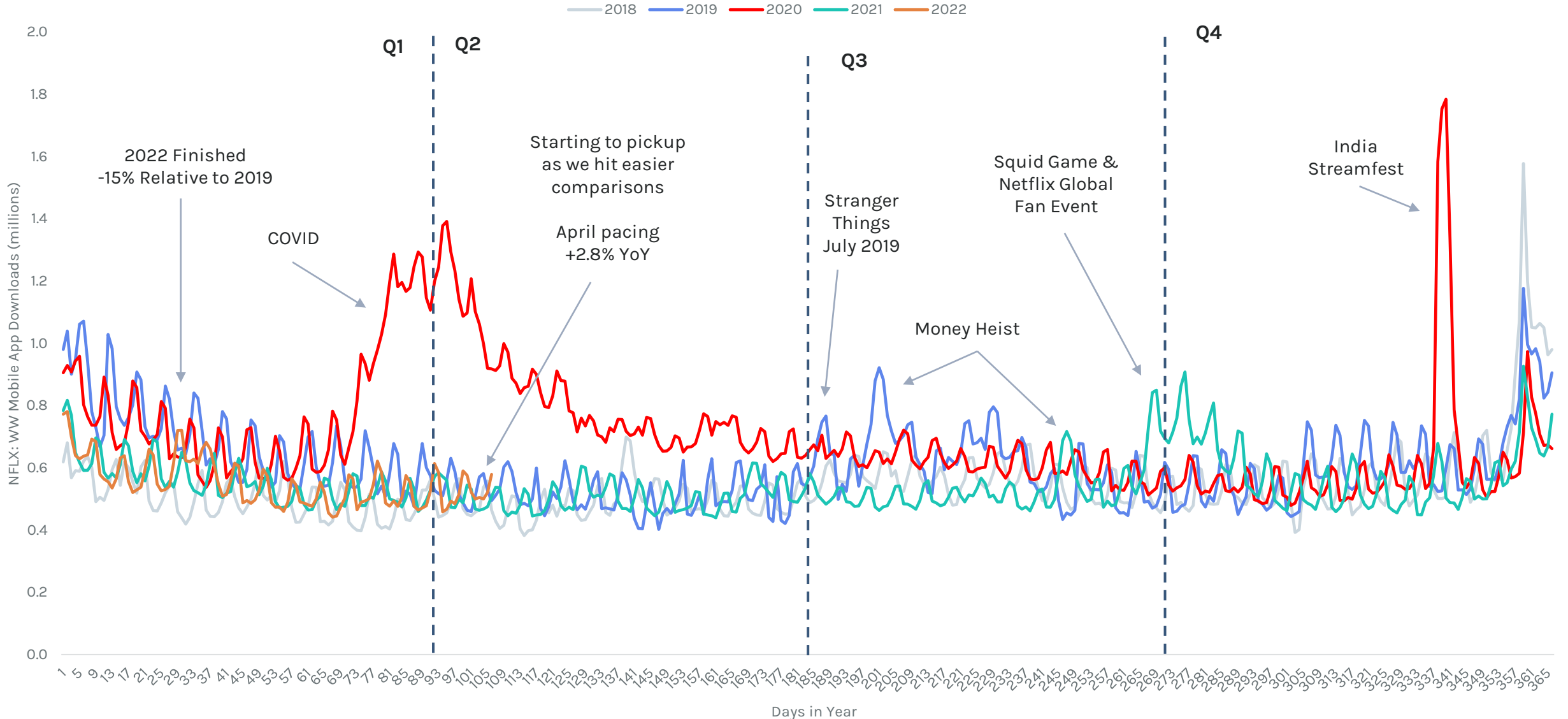
Netflix Worldwide ex-India Mobile App Downloads

Mobile app downloads -3.4% 1Q22; January -7.0% YoY -> February -0.1% YoY -> March -1.6% YoY
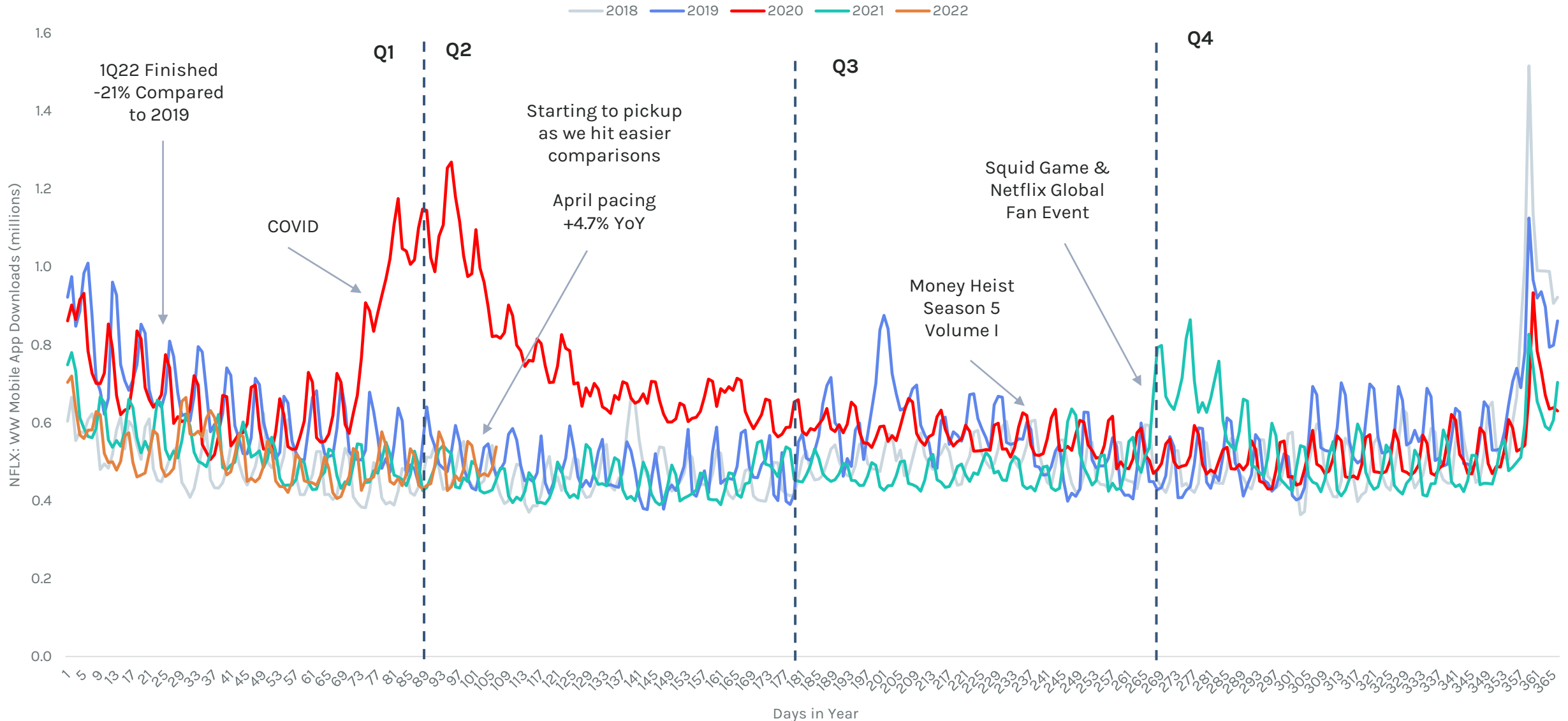
Netflix Worldwide Mobile App Downloads

Quarter-to-date 4/1 – 4/16 Trending +2.8% YoY

April is actually pacing to be flat-to-up relative to March, which is seasonally unusual.

But given larger than normal decline Q1/Q4 and slow start to 2022 in January it makes sense.

Legend: 2017, 2018, 2019, 2020, 2021, 2022
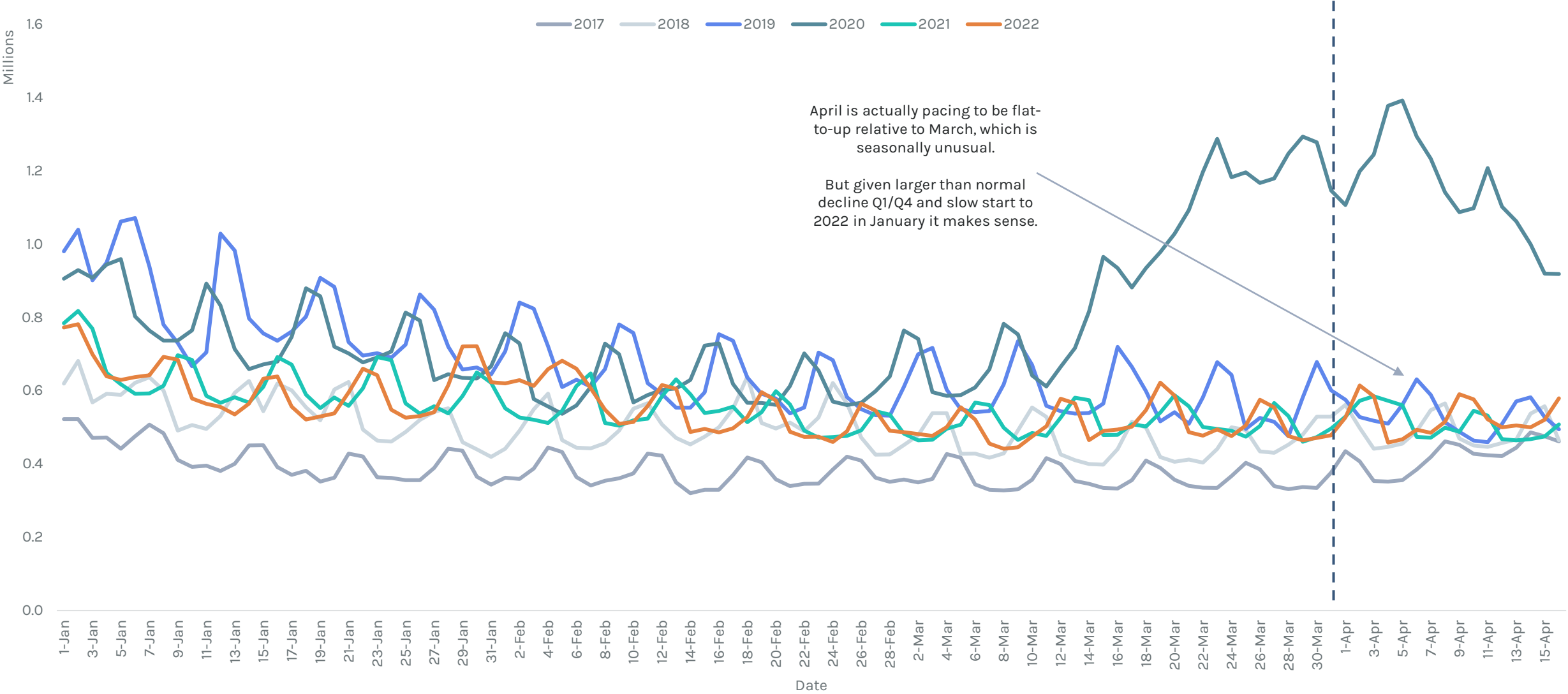
Netflix Regional Rolling 7-Day Growth Rates

Developed Europe Improving Relative to January; Latin America Growth Rebounding while Asia Slows

North America + Developed Europe
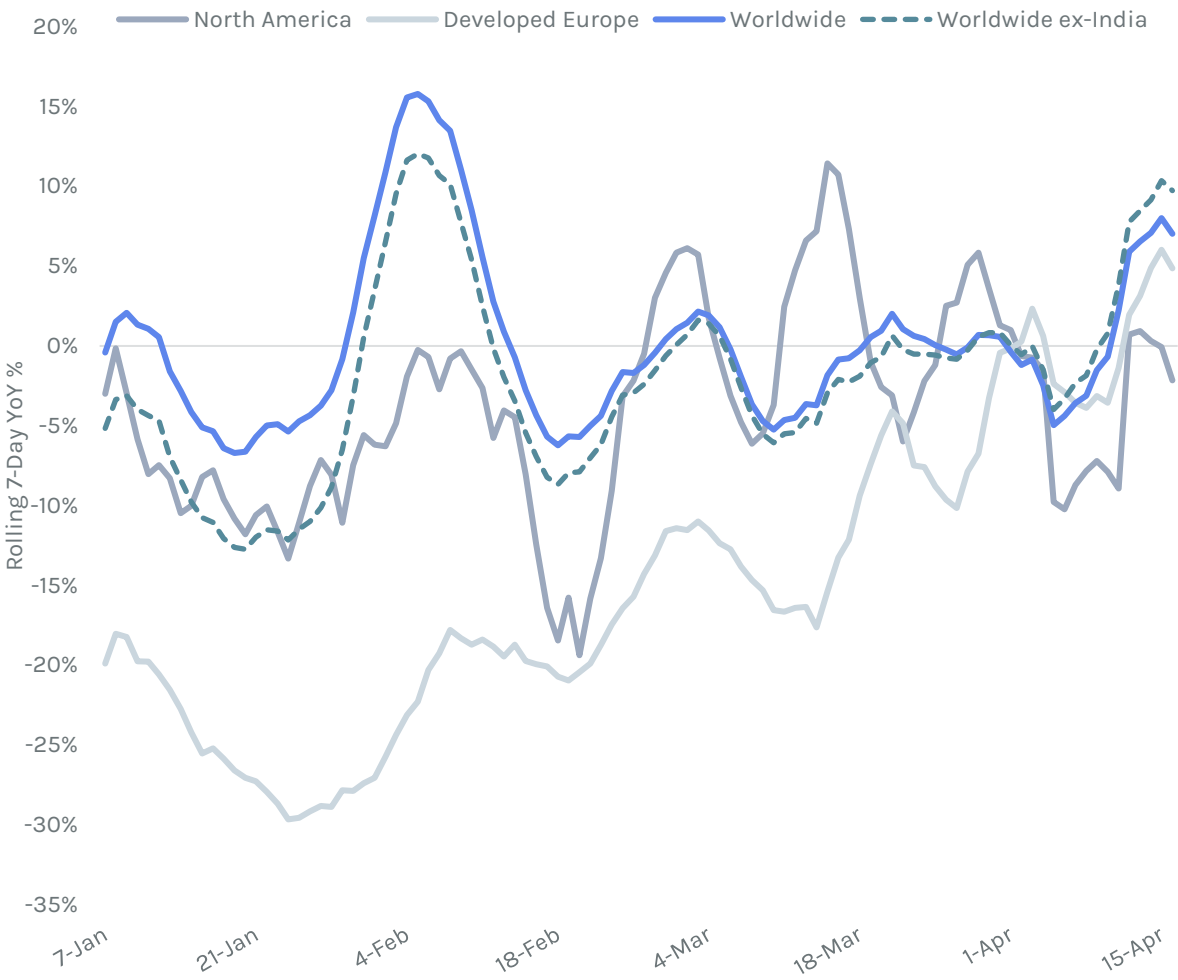
Latin America + Asia
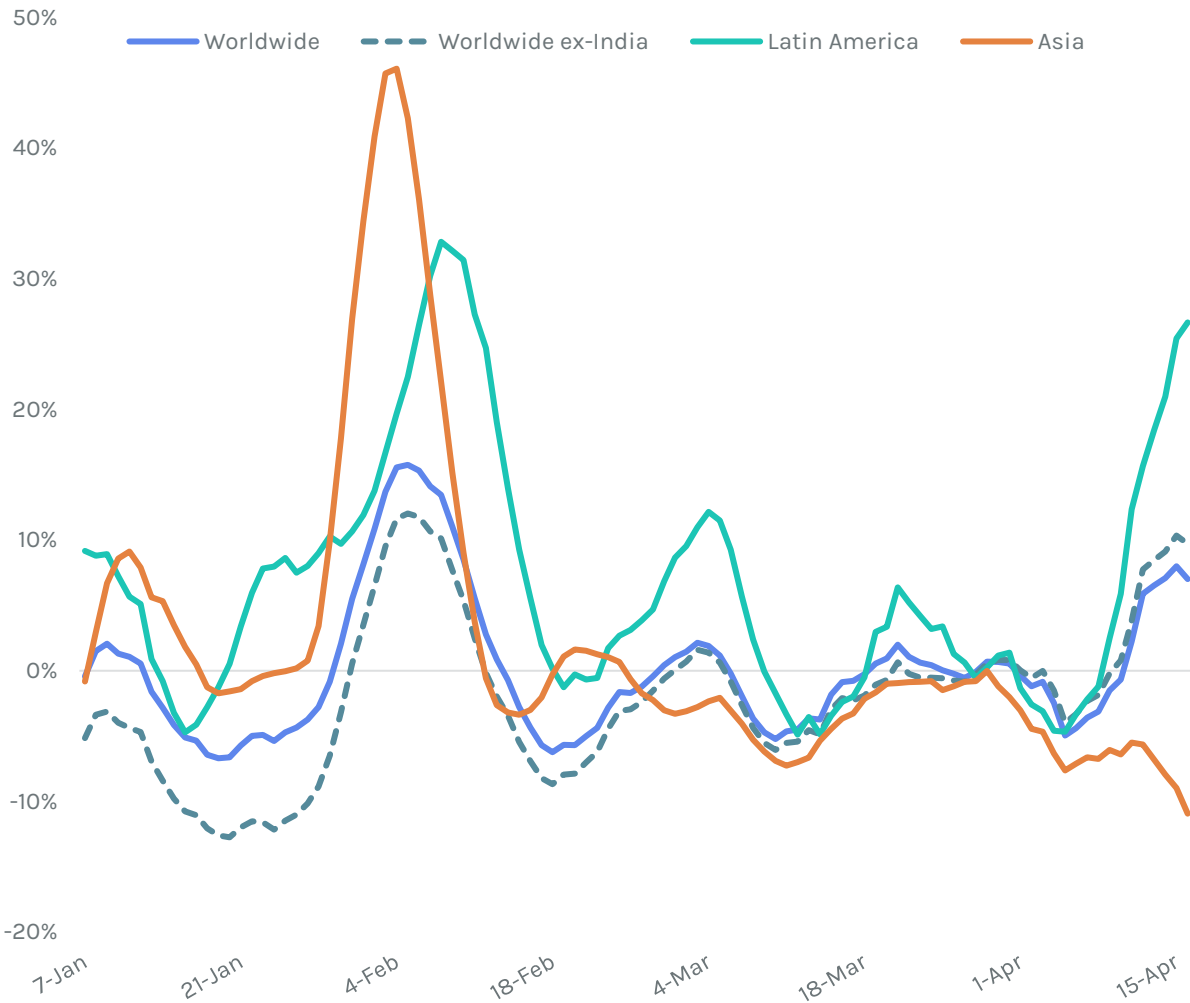
U.S. Netflix Adoption by Plan Type

Adoption Rate Steady QoQ with uptick in basic plan adoption and decline standard/premium

U.S. Netflix Paid and Household Adoption
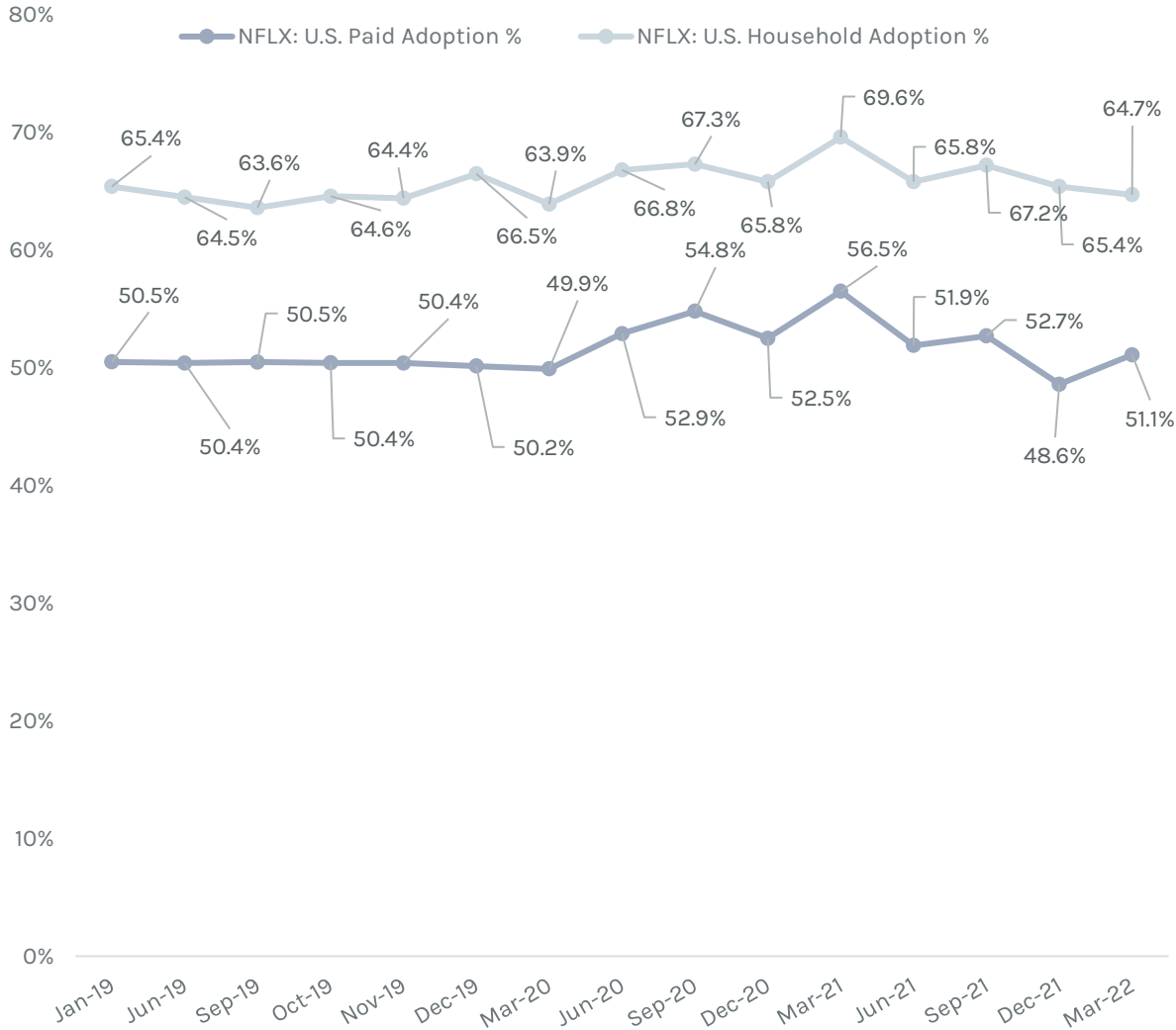
U.S. Netflix Plan Type Mix

MACRO GRIND

China

$SSEC Shanghai Stock Exchange Composite Index (EOD) SSE
20-Apr-2022   **Open** 3189.89 **High** 3191.83 **Low** 3142.05 **Close** 3151.05 **Chg** -42.98 (-1.35%) ▼

@ StockCharts.com

— $SSEC (Daily) 3151.05
Volume undef
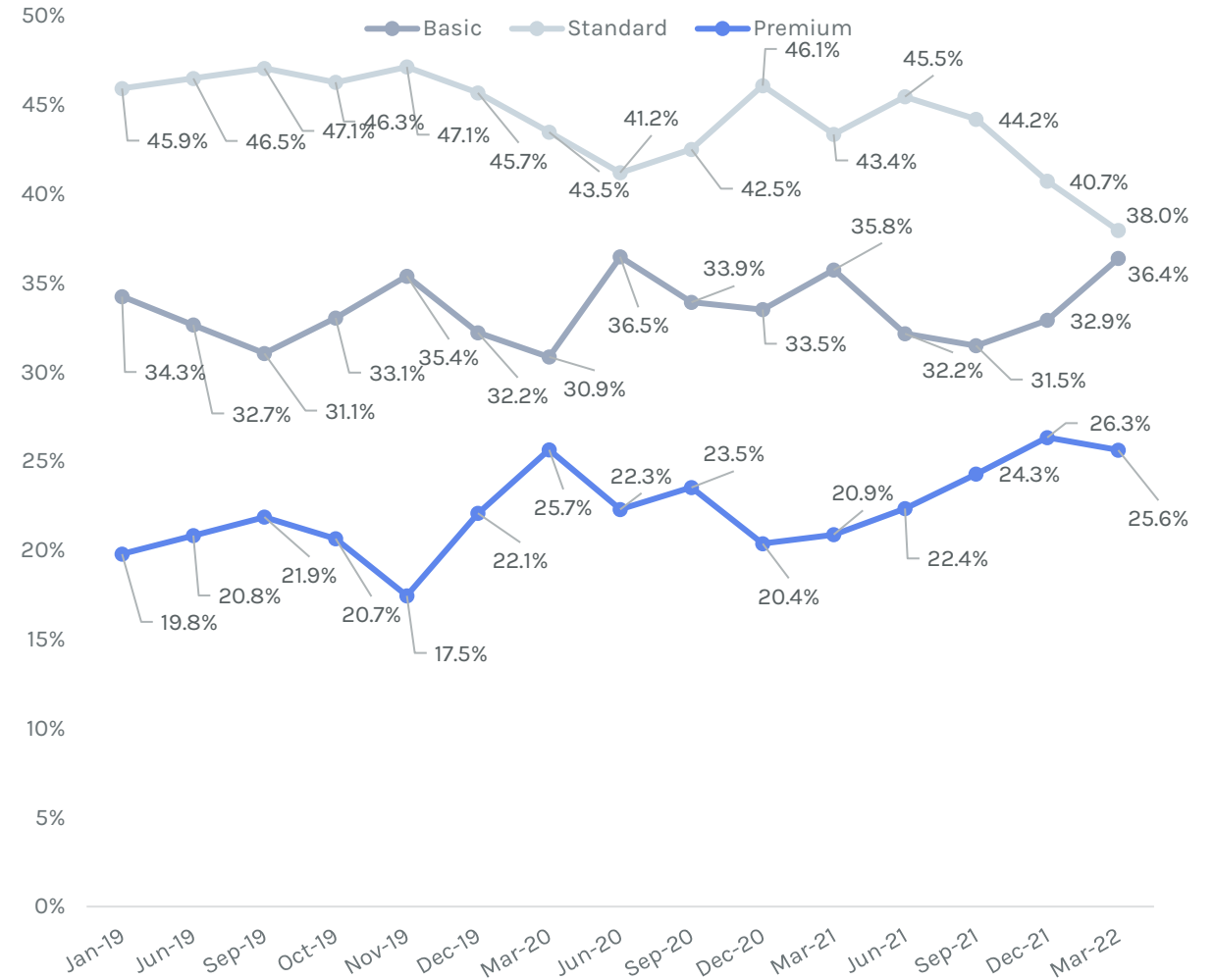
Market's Expected Number of Rate Hikes by Dec 2022

Implied Rate Hikes

Since The Last Rate Hike, the Market Expects **+3.11** More Hikes.

9.13

7.02

6.48

5.37

4.22

4.82

1.79

Powell Presser

January CPI, Jobless Claims, and Bullard Calls For 100bps Rate Hike

Rate Hike of 25 BPS
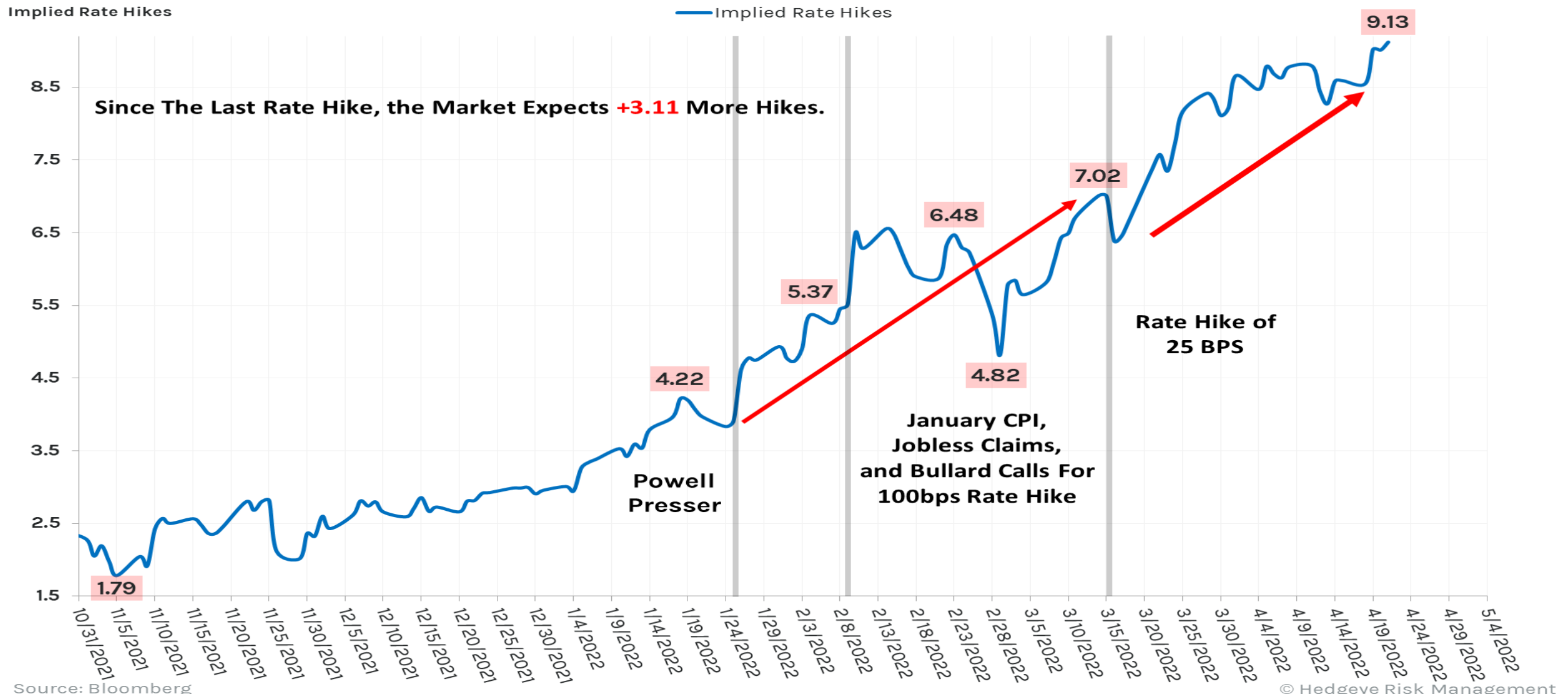
Source: Bloomberg

© Hedgeye Risk Management

S&P 500 Earnings & Sales Growth

S&P 500 INDEX

Surprise	Growth

Sector (BICS)	Reported	Sales Growth		Earnings Growth	
11) All Securities	67 / 499		7.01%		-7.55%
12) > Materials	0 / 28				
13) > Industrials	8 / 69		21.86%		N.M.
14) > Consumer Staples	7 / 35		-3.18%		6.54%
15) > Energy	3 / 23		-0.24%		-26.76%
16) > Technology	10 / 79		4.08%		9.91%
17) > Consumer Discretionary	7 / 57		42.93%		250.16%
18) > Communications	2 / 25		6.52%		-5.33%
19) > Financials	24 / 61		-3.28%		-27.31%
20) > Health Care	4 / 64		13.54%		8.16%
21) > Utilities	0 / 28				
22) > Real Estate	2 / 30		12.44%		32.88%

Historical Analysis

- All Securities : Sales   7.0113
- All Securities : Earnings   -7.5541

Historical Trend

Price Reaction

1 Day Price Change (%)

Aggregate Earnings Growth (%)

Growth (%)
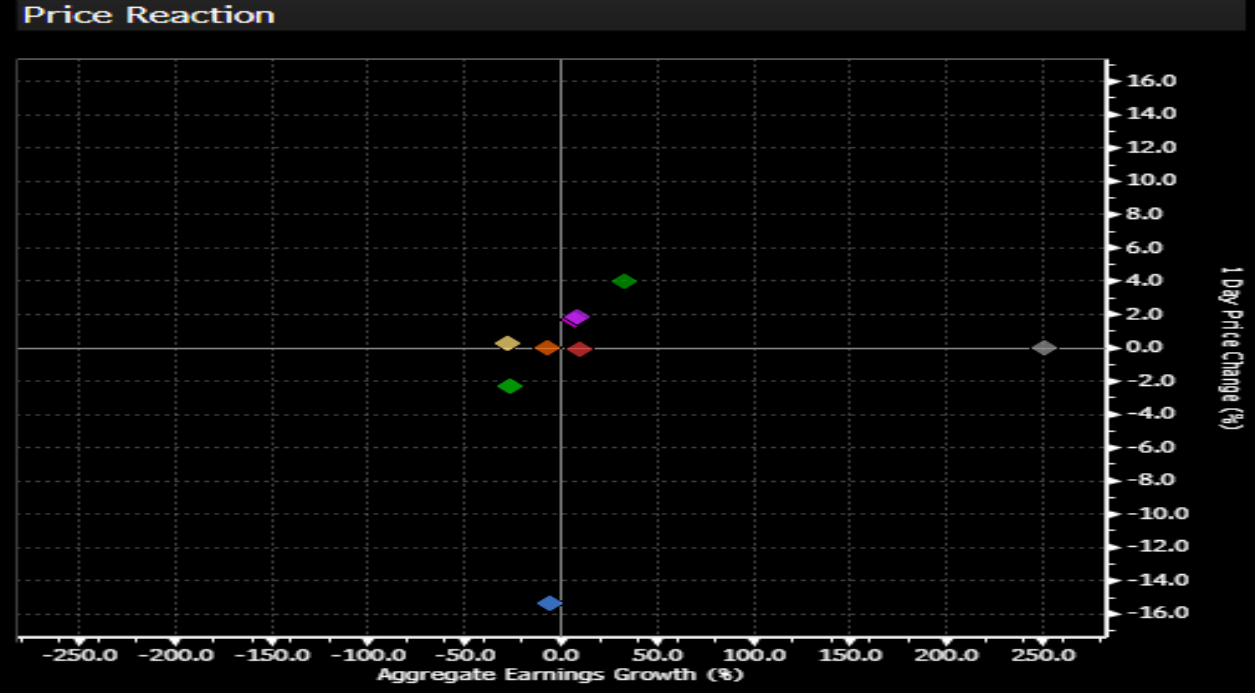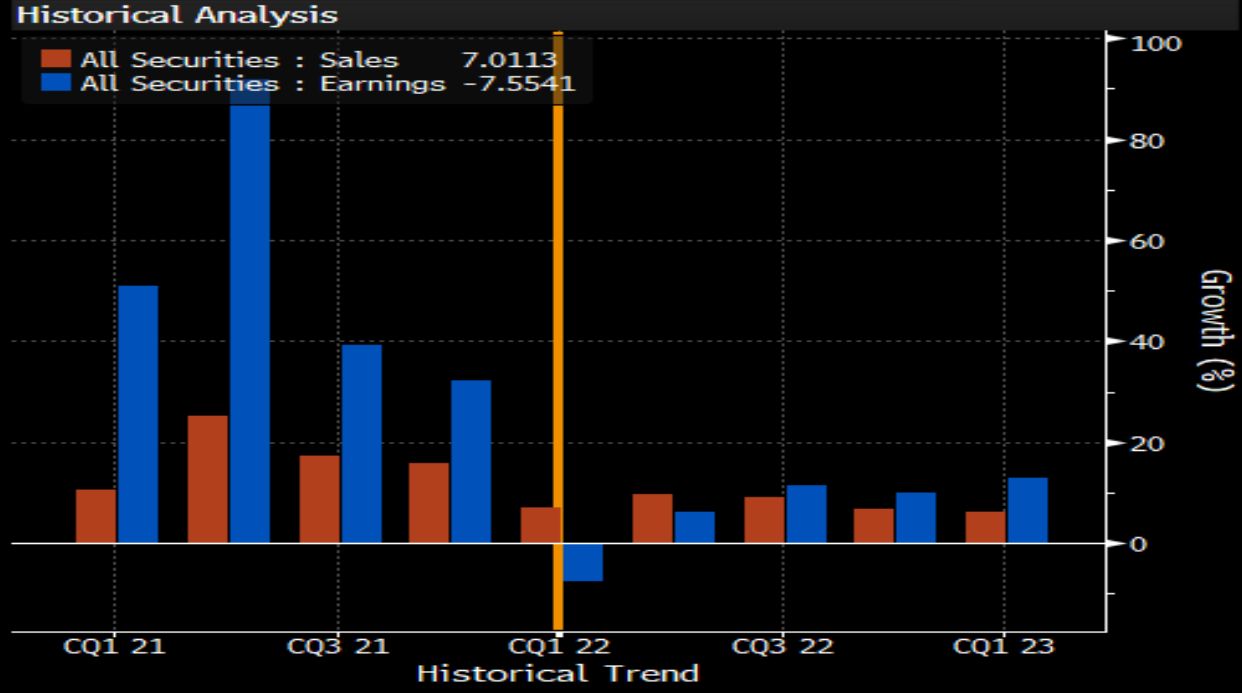
What Are The Quads?

Our GIP Model is a quantitatively oriented, regime-based framework that helps investors proactively prepare for volatility phase transitions within and across asset classes by triangulating the three factors that matter most to Macro Risk Management – i.e. GROWTH, INFLATION, and POLICY.

United States	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	← Actuals | Estimates →	1Q22 E/A	2Q22E	3Q22E	4Q22E
Real GDP QoQ SAAR	2.40%	3.20%	2.80%	1.90%	-5.10%	-31.20%	33.80%	4.50%	6.30%	6.70%	2.30%	6.90%	Real GDP QoQ SAAR	0.50%	2.65%	4.01%	4.27%
Real GDP YoY	2.15%	2.11%	2.32%	2.57%	0.63%	-9.08%	-2.89%	-2.26%	0.55%	12.23%	4.95%	5.53%	Real GDP YoY	4.09%	3.09%	3.53%	2.89%
2yr Comparative Base Effects	2.45%	2.72%	2.66%	2.52%	2.58%	2.70%	2.69%	2.45%	1.39%	-3.49%	-0.28%	0.15%	2yr Comparative Base Effects	0.59%	1.57%	1.03%	1.64%
Headline CPI YoY	1.64%	1.81%	1.76%	2.03%	2.12%	0.36%	1.22%	1.24%	1.90%	4.85%	5.34%	6.69%	Headline CPI YoY	7.96%	7.61%	6.82%	5.74%
2yr Comparative Base Effects	2.38%	2.31%	2.30%	2.16%	1.93%	2.26%	2.20%	2.12%	1.88%	1.09%	1.49%	1.64%	2yr Comparative Base Effects	2.01%	2.61%	3.28%	3.96%

United States

x-axis: First Difference of YoY Headline CPI;
y-axis: First Difference of YoY Real GDP

#Quad1
Growth Accelerating as Inflation Decelerates
Monetary Policy Bias: Neutral
Market Narrative: Goldilocks

#Quad2
Growth Accelerating as Inflation Accelerates
Monetary Policy Bias: Hawkish
Market Narrative: Reflation

#Quad4
Growth Slowing as Inflation Decelerates
Monetary Policy Bias: Dovish
Market Narrative: Deflation

#Quad3
Growth Slowing as Inflation Accelerates
Monetary Policy Bias: Neutral
Market Narrative: Stagnation/Stagflation

Data Source: Bloomberg. Light Blue box = Hedgeye Nowcast Model estimate. Dark Blue boxes = Hedgeye Comparative Base Effects Model estimates.

© Hedgeye Risk Management

Updated: 4/18/2022

Highest/Lowest Expected Values By Quad Regime

Quad 1: Goldilocks

Best Asset Classes:

Equities, Credit, Commodities, FX

Worst Asset Classes:

Fixed Income, USD

Best Equity Sectors:

Tech, Consumer Discretionary, Materials, Industrials, Telecom

Worst Equity Sectors:

Utilities, REITS, Consumer Staples, Financials, Energy

Best Equity Style Factors:

High Beta, Momentum, Leverage, Secular Growth, Mid Caps

Worst Equity Style Factors:

Low Beta, Defensives, Value, Dividend Yield, Small Caps

Best Fixed Income Sectors:

BDCs, Convertibles, HY Credit, EM $ Debt, Leveraged Loans

Worst Fixed Income Sectors:

TIPS, Short Duration Treasurys, MBS, Treasury Belly, Long Bond

Quad 2: Reflation

Best Asset Classes:

Commodities, Equities, Credit, FX

Worst Asset Classes:

Fixed Income, USD

Best Equity Sectors:

Tech, Consumer Discretionary, Industrials, Energy, Financials

Worst Equity Sectors:

Telecom, Utilities, REITS, Consumer Staples, Health Care

Best Equity Style Factors:

Secular Growth, High Beta, Small Caps, Cyclical Growth, Momentum

Worst Equity Style Factors:

Low Beta, Dividend Yield, Value, Defensives, Size

Best Fixed Income Sectors:

Convertibles, BDCs, Preferreds, Leveraged Loans, HY Credit

Worst Fixed Income Sectors:

Long Bond, Treasury Belly, Munis, MBS, IG Credit

Quad 3: Stagflation

Best Asset Classes:

Gold, Commodities, Fixed Income

Worst Asset Classes:

Credit

Best Equity Sectors:

Utilities, Tech, Energy, Industrials, Consumer Discretionary

Worst Equity Sectors:

Financials, REITS, Materials, Telecom, Consumer Staples

Best Equity Style Factors:

Secular Growth, Momentum, Mid Caps, Low Beta, Quality

Worst Equity Style Factors:

Small Caps, Dividend Yield, Value, Defensives, Size

Best Fixed Income Sectors:

Munis, EM $ Debt, Long Bond, TIPS, Treasury Belly

Worst Fixed Income Sectors:

BDCs, Preferreds, Convertibles, Leveraged Loans, HY Credit

Quad 4: Deflation

Best Asset Classes:

Fixed Income, Gold, USD

Worst Asset Classes:

Commodities, Equities, Credit, FX

Best Equity Sectors:

Consumer Staples, Utilities, REITS, Health Care, Telecom

Worst Equity Sectors:

Energy, Tech, Industrials, Financials, Materials

Best Equity Style Factors:

Low Beta, Dividend Yield, Quality, Defensives, Value

Worst Equity Style Factors:

High Beta, Momentum, Leverage, Secular Growth, Cyclical Growth

Best Fixed Income Sectors:

Long Bond, Treasury Belly, IG Credit, Munis, MBS

Worst Fixed Income Sectors:

Preferreds, EM Local Currency, BDCs, Leveraged Loans, TIPS

Sector Performance

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	QTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$181.76	-1.29%	-1.75%	-1.75%	-11.09%
Financial Select Sector	XLF	$37.88	0.69%	-1.15%	-1.15%	-3.00%
Health Care Select Sector	XLV	$140.28	1.34%	2.40%	2.40%	-0.43%
Technology Select Sector	XLK	$149.74	-0.09%	-5.78%	-5.78%	-13.88%
Consumer Staples Select Sector	XLP	$80.57	1.50%	6.17%	6.17%	4.49%
Industrial Select Sector	XLI	$101.95	0.54%	-1.00%	-1.00%	-3.65%
Materials Select Sector	XLB	$90.55	0.63%	2.72%	2.72%	-0.07%
The Energy Select Sector	XLE	$80.67	0.39%	5.53%	5.53%	45.35%
Utilities Select Sector	XLU	$76.79	0.81%	3.13%	3.13%	7.28%
Real Estate Select Sector	XLRE	$50.60	1.89%	4.72%	4.72%	-2.34%
Communications Services Sector	XLC	$64.65	-4.34%	-6.00%	-6.00%	-16.77%
S&P 500	SPX	4,459.45	-0.06%	-1.57%	-1.57%	-6.44%

Sector Relative Performance

	Ticker	Price	1-Day % Chg	MTD % Chg	QTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$181.76	-1.23%	-0.19%	-0.19%	-4.66%
Financial Select Sector	XLF	$37.88	0.75%	0.42%	0.42%	3.44%
Health Care Select Sector	XLV	$140.28	1.41%	3.97%	3.97%	6.00%
Technology Select Sector	XLK	$149.74	-0.03%	-4.22%	-4.22%	-7.44%
Consumer Staples Select Sector	XLP	$80.57	1.56%	7.73%	7.73%	10.92%
Industrial Select Sector	XLI	$101.95	0.60%	0.57%	0.57%	2.79%
Materials Select Sector	XLB	$90.55	0.70%	4.29%	4.29%	6.37%
The Energy Select Sector	XLE	$80.67	0.45%	7.10%	7.10%	51.79%
Utilities Select Sector	XLU	$76.79	0.88%	4.70%	4.70%	13.71%
Real Estate Select Sector	XLRE	$50.60	1.95%	6.28%	6.28%	4.10%
Communications Services Sector	XLC	$64.65	-4.27%	-4.44%	-4.44%	-10.34%

Market Share Volume & Total Value Traded

INDEX/SECURITY	VOLUME:	4/20 vs.		
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	-4%	-14%	-18%	-45%
Total Exchange Volume**	3%	-5%	-14%	0%

*Total Market Volume = Total US exchange volume plus OTC and OTCBB trading volume for all security types. Calculated by Bloomberg.

**Tape A+B+C volume = total US exchange volume

*** Total Traded Value for Russell 3000 (total mkt proxy)

Source: Bloomberg, Hedgeye

Style Factor Performance

STYLE FACTOR PERFORMANCE*

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	4.0%	5.4%	8.6%	6.0%	7.6%
	Low Debt/EV	-0.2%	1.0%	-2.8%	-1.9%	-9.2%	-14.4%
SI	High Short Interest	0.3%	3.6%	2.4%	5.9%	-1.0%	-0.8%
	Low Short Interest	1.1%	2.3%	2.4%	3.2%	1.6%	-2.5%
BETA	High Beta	-0.1%	3.7%	-0.9%	-0.5%	-9.0%	-9.6%
	Low Beta	1.0%	1.7%	6.1%	9.0%	12.0%	5.8%
YIELD	High Yield	1.1%	2.9%	4.2%	5.8%	7.8%	5.3%
	Low Yield	-0.5%	2.4%	-0.8%	1.0%	-9.7%	-10.4%
MKT CAP	MCAP Bottom 25%	0.8%	3.2%	1.0%	1.1%	-4.5%	-5.5%
	MCAP Top 25%	0.1%	1.5%	0.7%	2.7%	1.6%	-2.5%
Sales	Top 25% Sales Growth	-0.6%	2.5%	-0.9%	-0.8%	-9.0%	-10.2%
	Bottom 25% Sales Growth	0.9%	3.0%	5.4%	11.8%	13.4%	10.3%
EPS	Top 25% EPS Growth	-0.4%	2.2%	-0.1%	0.3%	-8.3%	-8.4%
	Bottom 25% EPS Growth	0.7%	2.9%	4.4%	10.7%	11.0%	8.6%

Mean Performance of Top Quartile vs. Bottom Quartile, S&P500 Companies

RATES & SPREADS

	Price	1D Bps Chg	5D Bps Chg	1M Bps Chg	3M Bps Chg	vs. 52-Wk, Bps High	vs. 52-Wk, Bps Low	vs. 3Y Ave	vs. 5Y Ave
3M T-Bill	0.77%	-3.6	2.3	35	61	-7	78	16	-28
2Y T-Note	2.60%	2.1	14.3	48	160	-3	246	180	126
5Y T-Note	2.89%	3.0	10.4	57	133	-6	229	182	129
10Y T-Note	2.87%	3.3	3.8	58	111	-11	174	143	95
30Y T-Note	2.91%	3.6	-0.7	39	84	-12	124	91	51
2Y-10Y Spread, Bps	26.84	1.2	-10.5	9.4	-49	-126	34	-37	-32
IG SPREAD (AAABBB)	1.65%	0.0	5.0	4	36	-11	61	25	22
HIGH YIELD	6.57%	0.0	7.0	43	174	-2	304	122	89
5Y BREAKEVEN	3.48%	0.0	3.5	-16	71	-28	117	150	154

Key $USD Correlations

Key $USD Correlations*	*Days = Trading Days				52-Wk Rolling 30D Correlation			
METRIC	**15D**	**30D**	**90D**	**120D**	**180D**	High	Low	% Time Pos	% Time Neg
SPX	-0.85	-0.12	-0.43	-0.52	-0.11	0.70	-0.90	36%	64%
BRENT Oil	0.09	-0.25	0.72	0.70	0.76	0.91	-0.85	44%	56%
CRB Index	0.76	0.74	0.87	0.70	0.89	0.96	-0.72	53%	47%
GOLD	0.67	0.31	0.82	0.77	0.79	0.89	-0.98	29%	71%

CFTC
Non-Commercial
Net Long
Positioning
(Updated weekly)

CFTC NON-COMMERCIAL NET LONG POSITIONING

	METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	3Y Max	3Y Min	Z-Score 1Y	Z-Score 3Y
EQUITIES	SPX (Index + E-mini)	81,352	98,311	118,474	120,707	67,484	248,601	(333,489)	0.17X	0.72X
	VIX	(81,353)	2,270	(52,650)	(59,475)	(65,869)	(18,377)	(218,362)	-0.83X	0.29X
	Russell 2000 (mini)	(43,096)	14,905	(33,406)	(30,500)	(38,856)	58,474	(88,708)	-0.25X	-0.82X
	Dow Jones (mini)	(22,899)	(5,233)	(13,408)	(7,501)	(6,479)	51,359	(28,732)	-2.30X	-1.27X
	Nasdaq (mini)	14,768	20,278	12,135	15,007	5,403	47,085	(133,005)	0.68X	0.19X
	Nikkei Index	(1,925)	(4,249)	(3,610)	(2,914)	(3,705)	4,738	(16,298)	0.61X	0.67X
RATES	10Y UST	(295,274)	23,447	(298,857)	(248,394)	(55,216)	238,882	(434,970)	-1.15X	-1.16X
	2Y UST	(89,207)	(17,183)	(49,977)	(26,282)	(62,660)	86,786	(402,529)	-0.31X	0.71X
	5Y UST	(256,727)	(819)	(248,134)	(285,204)	(191,826)	148,962	(448,910)	-0.50X	-0.68X
	UST Bonds	14,938	3,125	(6,968)	(19,974)	(58,317)	49,853	(241,003)	1.55X	1.61X
	30D Fed Funds	34,150	22,105	(20,792)	(49,374)	(108,653)	488,558	(320,917)	1.52X	-0.13X
	Eurodollar	(1,031,985)	(26,206)	(1,035,640)	(854,778)	(509,540)	2,134,274	(1,267,228)	-1.14X	-1.67X
CURRENCIES	$USD	29,620	(2,200)	33,222	34,386	23,501	43,033	(15,000)	0.45X	0.87X
	JPY	(115,658)	(4,891)	(78,081)	(82,873)	(71,110)	52,239	(117,217)	-2.09X	-1.96X
	EUR	33,879	7,309	36,778	13,230	34,808	212,535	(123,765)	-0.02X	-0.04X
	GBP	(52,511)	(10,093)	(18,667)	(22,958)	(7,008)	40,671	(107,406)	-1.76X	-1.20X
	AUD	(28,118)	7,125	(70,575)	(75,151)	(56,520)	15,665	(94,816)	0.88X	0.27X
	CAD	11,728	4,269	9,012	2,307	9,110	53,332	(48,860)	0.13X	0.50X
	MXN	15,040	14,087	8,204	(12,831)	(15,625)	170,379	(64,080)	1.37X	-0.34X
	NZD	(345)	1,224	(6,555)	(1,244)	1,632	17,126	(42,544)	-0.25X	0.30X
	CHF	(14,473)	(1,033)	(11,303)	(12,608)	(6,023)	17,848	(40,715)	-0.94X	-0.89X
COMMODITIES	CRUDE OIL	370,151	(6,149)	414,575	429,307	470,091	594,465	370,151	-1.61X	-1.92X
	GOLD	144,664	21,993	127,620	115,296	101,874	292,066	(22,328)	1.37X	-0.03X
	COPPER	24,271	(12,751)	25,553	22,159	23,883	80,564	(60,135)	0.03X	0.29X
	Natural Gas	(136,587)	(730)	(131,987)	(135,268)	(123,809)	71,340	(262,534)	-0.47X	-0.48X
	RBOB Gasoline	41,371	(1,550)	54,341	53,738	50,459	129,000	29,497	-0.99X	-1.15X
	ULSD Heating Oil	(8,114)	749	2,089	8,652	17,261	40,330	(27,674)	-1.78X	-0.92X
	Silver	46,348	1,262	38,469	35,453	35,084	80,646	(26,016)	0.92X	0.38X
	Platinum	6,743	(4,839)	16,342	13,698	14,282	69,306	(1,557)	-0.94X	-1.09X
	Corn	465,225	7,599	441,575	418,173	386,711	557,581	(270,560)	1.18X	1.08X
	Soybeans	186,048	6,012	187,604	132,126	122,017	270,935	(148,817)	1.07X	0.93X
	Wheat	29,211	2,608	6,567	5,264	11,673	60,302	(69,231)	1.08X	0.59X
	Live Cattle	68,084	3,866	78,048	79,589	80,981	183,134	20,158	-0.78X	-0.17X
	Lean Hogs	59,478	(3,617)	72,367	66,171	77,681	101,947	18,160	-1.24X	-0.01X
	Sugar	256,674	59,552	134,508	163,750	216,107	316,046	(205,161)	0.61X	0.88X
	Cotton	90,549	(841)	94,607	99,155	93,121	127,919	(37,827)	-0.15X	0.87X
	Coffee	44,375	6,141	53,837	57,483	55,399	72,005	(67,489)	-1.17X	0.56X
	Cocoa	36,283	3,700	28,570	13,691	15,497	81,269	(21,644)	1.39X	0.50X
	Orange Juice	5,482	362	4,256	2,292	2,182	5,482	(7,986)	1.46X	1.61X

Cross Asset Class Volatility

The Macro Show
April 21, 2022

Chicago Board Options Exchange Volatility Index - Last Price 19.97

ICE BofA MOVE Index - Last Price 125.12

J.P. Morgan Global FX Volatility Index - Last Price 9.19

Bloomberg US Corporate High Yield Average OAS - Last Price on 4/20/22 3.47

US Corp BBB/Baa - Treasury 10 Year Spread - Last Price on 4/20/22 1.6474
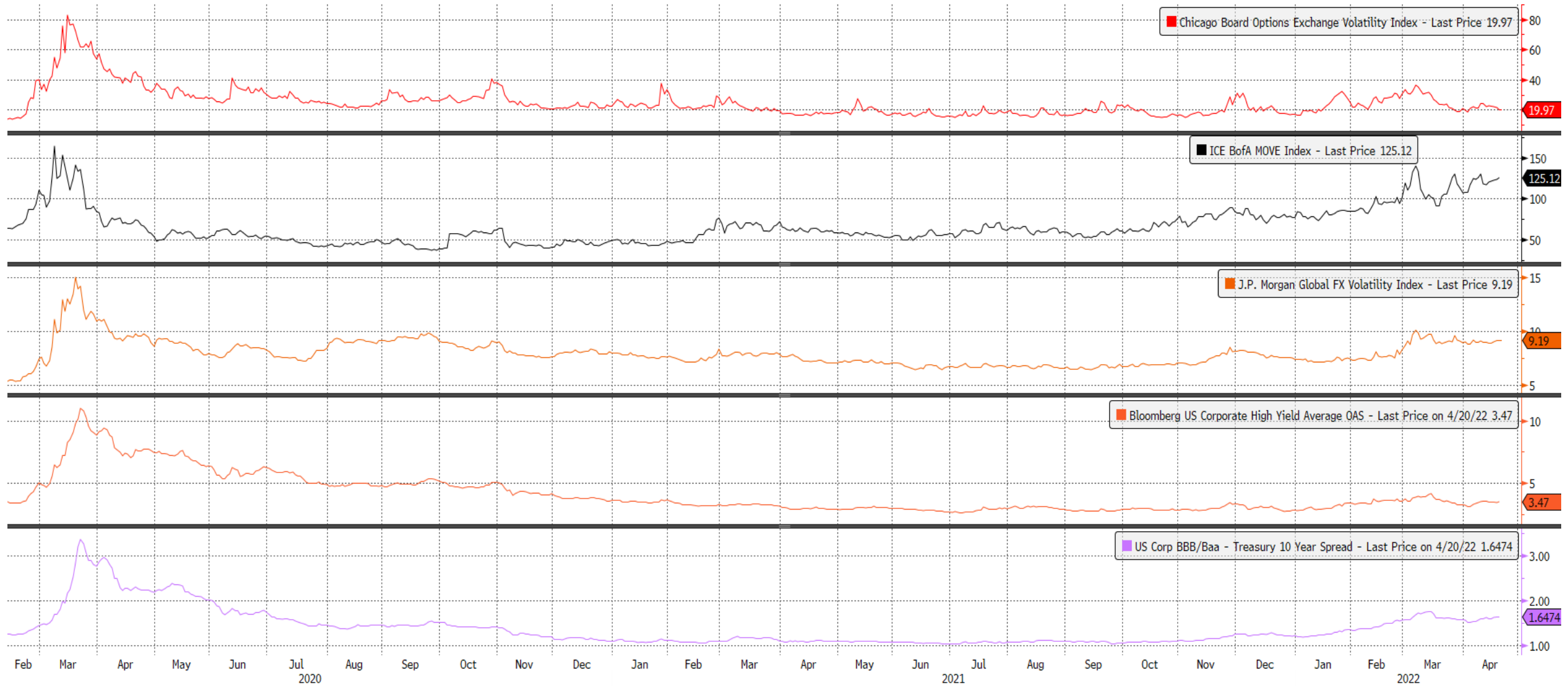
VIX Index (Chicago Board Options Exchange Volatility Index) Vol_Spread Daily 12FEB2020-21APR2022

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21-Apr-2022 04:22:47

Implied & Realized Volatility

TIME WINDOW SETTING: VOLATILITY—30D PUT—IMP—VOL—30D	TICKER	TOTAL RETURN PERFORMANCE YTD %	IVOL PREMIUM/DISCOUNT IVOL PREM % IVOL / RVOL CURRENT	Yesterday	1W Ago	1M Ago	TTM Z-Score	3Yr Z-Score	REALIZED VOLATILITY TRENDS RVOL CURRENT	MM %	PERCENTILE 10YR	IMPLIED VOLATILITY TRENDS IVOL CURRENT	MM %	PERCENTILE 10YR
US EQUITIES														
Energy Sector SPDR ETF	XLE US EQUITY	46.69%	5%	3%	-7%	10%	-0.3	0.1	30.4	-6%	81%	31.8	-10%	82%
Utilities Sector SPDR ETF	XLU US EQUITY	7.99%	41%	99%	30%	33%	0.2	0.5	12.1	-36%	34%	17.1	-32%	77%
Consumer Staples Sector SPDR ETF	XLP US EQUITY	4.96%	49%	97%	28%	27%	-0.1	0.0	13.0	-32%	70%	19.3	-21%	89%
Materials Sector SPDR ETF	XLB US EQUITY	0.31%	23%	29%	18%	-2%	-0.5	0.0	14.2	-47%	34%	17.3	-33%	54%
Health Care Sector SPDR ETF	XLV US EQUITY	-0.12%	10%	-28%	-9%	-23%	-0.7	-0.3	17.0	-16%	75%	18.7	21%	83%
Real Estate Sector SPDR ETF	XLRE US EQUITY	-1.77%	-2%	3%	7%	-6%	-0.6	-0.2	18.2	-16%	69%	17.9	-12%	66%
Financials Sector SPDR ETF	XLF US EQUITY	-2.62%	10%	3%	-2%	44%	-0.2	-0.1	18.3	-39%	65%	20.1	-54%	73%
Industrials Sector SPDR ETF	XLI US EQUITY	-3.33%	45%	60%	6%	-9%	0.5	0.7	13.7	-37%	44%	19.8	0%	75%
SPDR S&P 500 ETF Trust	SPY US EQUITY	-6.08%	0%	2%	-14%	-23%	-0.5	-0.4	18.3	-26%	82%	18.3	-4%	84%
I-Shares Russell 2000 ETF	IWM US EQUITY	-8.87%	2%	-2%	-8%	-15%	-0.4	-0.4	23.6	-19%	83%	24.0	-4%	81%
Consumer Discretionary Sector SPDR ETF	XLY US EQUITY	-10.96%	-9%	-13%	-10%	-21%	-0.8	-0.8	30.4	-17%	96%	27.6	-4%	94%
Technology Sector SPDR ETF	XLK US EQUITY	-13.72%	-7%	-23%	-20%	-27%	-0.7	-0.6	29.1	-19%	90%	27.2	4%	89%
Power Shares QQQ Trust ETF	QQQ US EQUITY	-14.13%	-13%	-11%	-21%	-33%	-1.0	-0.9	29.7	-16%	91%	25.7	8%	88%
Communication Services SPDR ETF	XLC US EQUITY	-16.56%	-7%	-8%	-17%	-19%	-0.7	-0.7	27.4	-3%	84%	25.4	10%	74%
INTERNATIONAL EQUITIES														
Euro Stoxx 50 Index	SX5E INDEX	-7.83%	-33%	-26%	-31%	-37%	-1.2	-1.3	31.3	-23%	93%	20.9	-18%	77%
I-Shares MSCI Emerging Markets ETF	EEM US EQUITY	-10.75%	-35%	-37%	-57%	-24%	-1.3	-1.4	31.4	-10%	96%	20.3	-23%	63%
I-Shares MSCI Japan ETF	EWJ US EQUITY	-13.01%	-8%	-12%	-22%	-10%	-0.6	-0.6	19.8	-13%	79%	18.2	-11%	71%
I-Shares China Large-Cap ETF	FXI US EQUITY	-17.63%	-57%	-57%	-56%	-40%	-2.3	-2.4	75.7	6%	100%	32.3	-24%	95%
CURRENCIES														
PowerShares US Dollar Index ETF	UUP US EQUITY	4.60%	53%	44%	36%	38%	0.5	0.6	6.0	-14%	43%	9.1	-5%	86%
Currency Shares British Pound ETF	FXB US EQUITY	-3.51%	16%	16%	21%	9%	0.8	0.3	6.3	-14%	21%	7.3	-9%	33%
Currency Shares Euro Trust ETF	FXE US EQUITY	-4.90%	1%	-10%	-15%	-11%	0.2	-0.2	8.1	-15%	68%	8.1	-4%	64%
Currency Shares Japanese Yen ETF	FXY US EQUITY	-9.96%	19%	32%	19%	52%	0.0	0.1	9.6	51%	75%	11.4	19%	83%
COMMODITIES														
United States Natural Gas Fund ETF	UNG US EQUITY	92.15%	51%	62%	57%	4%	0.4	0.8	53.7	4%	79%	81.2	52%	96%
United States Oil Fund ETF	USO US EQUITY	42.09%	-22%	-33%	-36%	4%	-1.1	-1.1	60.2	-6%	95%	46.7	-30%	88%
Teucrium Corn ETF	CORN US EQUITY	38.72%	34%	36%	33%	28%	0.4	0.1	25.1	-29%	83%	33.7	-25%	93%
SPDR Gold Shares ETF	GLD US EQUITY	6.87%	16%	-1%	-14%	-4%	0.4	0.4	13.9	-30%	57%	16.1	-16%	69%
iPath Cocoa Subindex ETN	NIB US EQUITY	-1.15%	14%	18%	10%	34%	1.2	0.2	24.6	-8%	38%	28.1	-21%	62%
iPath Coffee Subindex ETN	JO US EQUITY	-2.87%	36%	39%	22%	21%	1.0	1.0	30.6	-9%	51%	41.6	2%	85%
FIXED INCOME														
I-Shares IBOXX HY Corporate Bond ETF	HYG US EQUITY	-6.67%	-18%	-13%	-22%	-4%	-1.2	-1.1	12.0	14%	94%	9.8	-3%	85%
I-Shares 7-10 Year Treasury Bond ETF	IEF US EQUITY	-9.94%	11%	20%	7%	-17%	-0.4	-0.4	9.3	-10%	97%	10.3	20%	95%
I-Shares IBOXX IG Corporate Bond ETF	LQD US EQUITY	-12.87%	-13%	-1%	-9%	-8%	-1.9	-0.8	12.9	5%	98%	11.2	-1%	97%
I-Shares J.P. Morgan USD EM Bond ETF	EMB US EQUITY	-12.91%	-14%	-8%	-12%	-12%	-1.2	-1.0	12.8	-17%	93%	11.0	-19%	86%
I-Shares 20+ Year Treasury Bond ETF	TLT US EQUITY	-17.56%	14%	28%	12%	-14%	0.6	0.5	19.8	-5%	97%	22.5	26%	99%
MEGA-CAP														
Apple	AAPL US EQUITY	-5.70%	4%	-7%	-8%	-21%	-0.4	-0.2	29.9	-6%	71%	31.0	24%	77%
Amazon	AMZN US EQUITY	-7.63%	3%	0%	-9%	-33%	-0.1	-0.3	39.1	-9%	79%	40.2	39%	86%
Alphabet	GOOGL US EQUITY	-11.61%	20%	2%	-6%	-28%	0.4	0.4	30.3	-17%	78%	36.3	38%	94%
Microsoft	MSFT US EQUITY	-14.68%	8%	-4%	-9%	-31%	-0.1	0.0	30.8	-17%	79%	33.2	31%	93%
Facebook	FB US EQUITY	-40.41%	28%	17%	7%	-31%	1.0	0.8	47.2	-11%	83%	60.3	66%	97%
Tesla	TSLA US EQUITY	-7.53%	3%	-9%	-6%	-14%	-0.4	-0.2	61.5	-3%	75%	63.4	16%	79%

Data Source: CBOE, CME, Bloomberg

COMING SOON ON
HEDGEYE TV

APRIL 22ND | 12:30PM ET

CONSUMABLES PRO

Consumables analyst Howard Penney hosts a
Restaurants/Staples Q&A session

APRIL 25TH | 10:00AM ET

RETAIL PRO

The Retail team hosts a 'fireside chat' with a Restaurants
industry guest

APRIL 25TH | 12:30PM ET

CHINA PRO

China analyst Felix Wang hosts a Q&A session

APRIL 26TH | 10:00AM ET

REITS PRO

Q&A Session with REITs analyst Rob Simone for subscribers

APRIL 26TH | 2:00PM ET

CONSUMABLES PRO

Consumables analyst Howard Penney hosts a
Restaurants/Staples Idea Hunt

APRIL 29TH | 10:00AM ET

RETAIL PRO

Retail Analyst Brian McGough hosts a Q&A session

IN CASE YOU MISSED IT
HEDGEYE TV

APRIL 20TH

HEALTH POLICY UNPLUGGED

A special 'Black Book' presentation for subscribers hosted by Emily Evans

APRIL 19TH

MACRO PRO

Macro Policy analyst JT Taylor hosts Col. Jeff McCausland for the latest on the Ukraine/Russia war

APRIL 14TH

CONSUMABLES PRO

Consumables analyst Howard Penney hosts a 'fireside chat' with a Cannabis industry guest

APRIL 14TH

CHINA PRO

A special bonus 'Black Book' presentation for subscribers hosted by Felix Wang

APRIL 11-13TH

HEDGEYE INVESTING SUMMIT

Hedgeye CEO Keith McCullough hosts our 8th semi-annual Investing Summit with a slate of amazing guests

APRIL 7TH

RETAIL PRO

A special 'Black Book' presentation for subscribers hosted by Brian McGough