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TOP
3
THINGS

1 INFLATION

2 RATES

3 HOUSING

INFLATION

June CPI casts a condescending look at May's 40Y RoC high and prints a +50bps acceleration to +9.1% Y/Y. Is that the peak? Maybe. Yes, it was supercharged by energy re-acceleration and some idiosyncratic dynamics that will ebb in the coming months and Core CPI decelerated -10bps to +5.9% Y/Y but this morning's print offers little comfort for anyone looking for dovish $USD fodder or respite from hawkish Fed posturing. Real Wage growth remains negative and falling, real consumption capacity continues to decline and the Fed will continue hiking into a Quad 4 slowdown.

2 RATES

The Fed continues to drive a policy divergence with Europe while serve as the pace car for global CBs. New Zealand delivered its 6th consecutive hike and 3rd consecutive 50bps increase last night while the BoK delivered South Korea's first 50bps hike ever. Again, cost of capital is rising, liquidity is slamming into reverse, real purchasing power is falling and we are wittingly tightening into a slowdown, globally. Policy makers do not have your back, yet.

3 HOUSING

This mornings ultra-high frequency mortgage purchase application data saw purchase activity move back to cycle the lows with Purchase Apps falling -3.6W/W (-17.9% Y/Y) and the early July data tracking at the lowest level since mid-2018. We'll be hosting our 3Q22 Housing Themes call today at 12:30 where we'll detail the outlook for 2H.
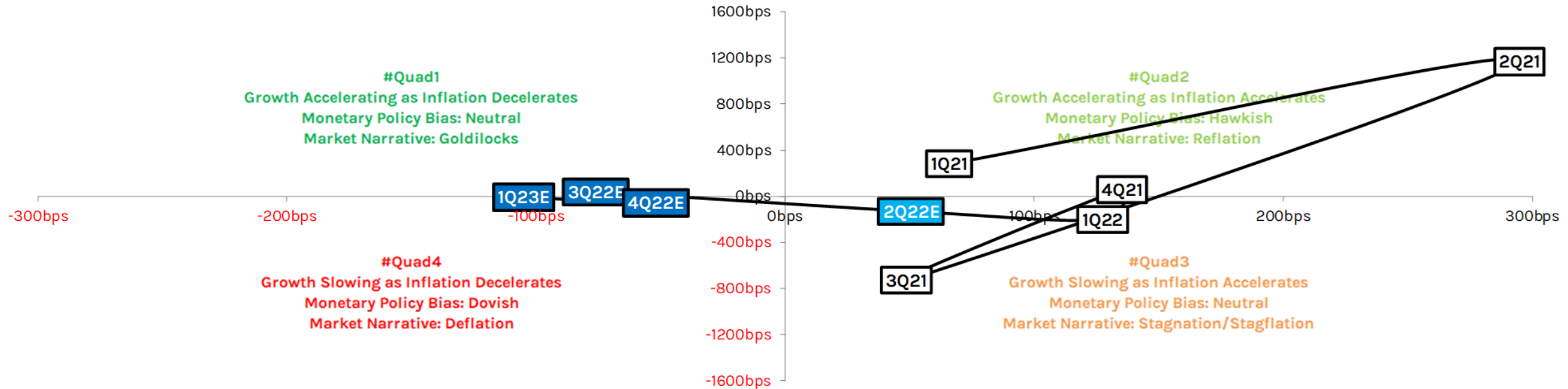
OUR PROCESS

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	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	← Actuals | Estimates →	2Q22E	3Q22E	4Q22E	1Q23E
Real GDP QoQ SAAR	3.20%	2.80%	1.90%	-5.10%	-31.20%	33.80%	4.50%	6.30%	6.70%	2.30%	6.90%	-1.60%	Real GDP QoQ SAAR	1.47%	3.75%	4.54%	-1.88%
Real GDP YoY	2.11%	2.32%	2.57%	0.63%	-9.08%	-2.89%	-2.26%	0.55%	12.23%	4.95%	5.53%	3.53%	Real GDP YoY	2.23%	2.59%	2.02%	1.94%
2yr Comparative Base Effects	2.72%	2.66%	2.52%	2.58%	2.70%	2.69%	2.45%	1.39%	-3.49%	-0.28%	0.15%	0.59%	2yr Comparative Base Effects	1.57%	1.03%	1.64%	2.04%
Headline CPI YoY	1.81%	1.76%	2.03%	2.12%	0.36%	1.22%	1.24%	1.90%	4.85%	5.34%	6.69%	7.96%	Headline CPI YoY	8.47%	7.71%	7.19%	6.14%
2yr Comparative Base Effects	2.31%	2.30%	2.16%	1.93%	2.26%	2.20%	2.12%	1.88%	1.09%	1.49%	1.64%	2.01%	2yr Comparative Base Effects	2.61%	3.28%	3.96%	4.93%

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: 7/11/2022

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

CHART
CALLOUTS

NFIB Small Business Optimism

Recession Dates — NFIB Small Business Confidence

ATH

89.50
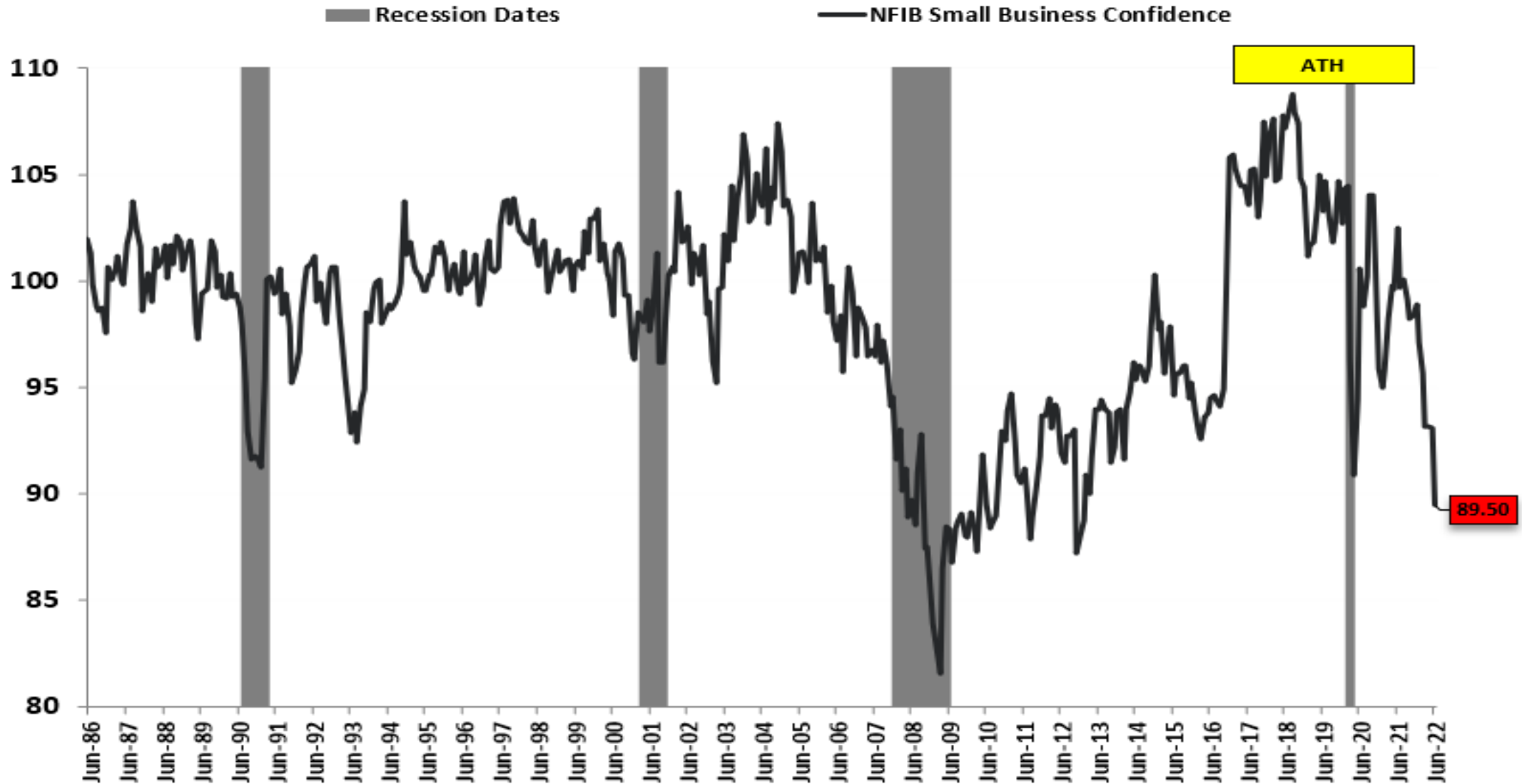
NFIB Small Business Sentiment: Forward Outlook

Legend: Recession Dates | NFIB Small Business Forward Outlook

-61
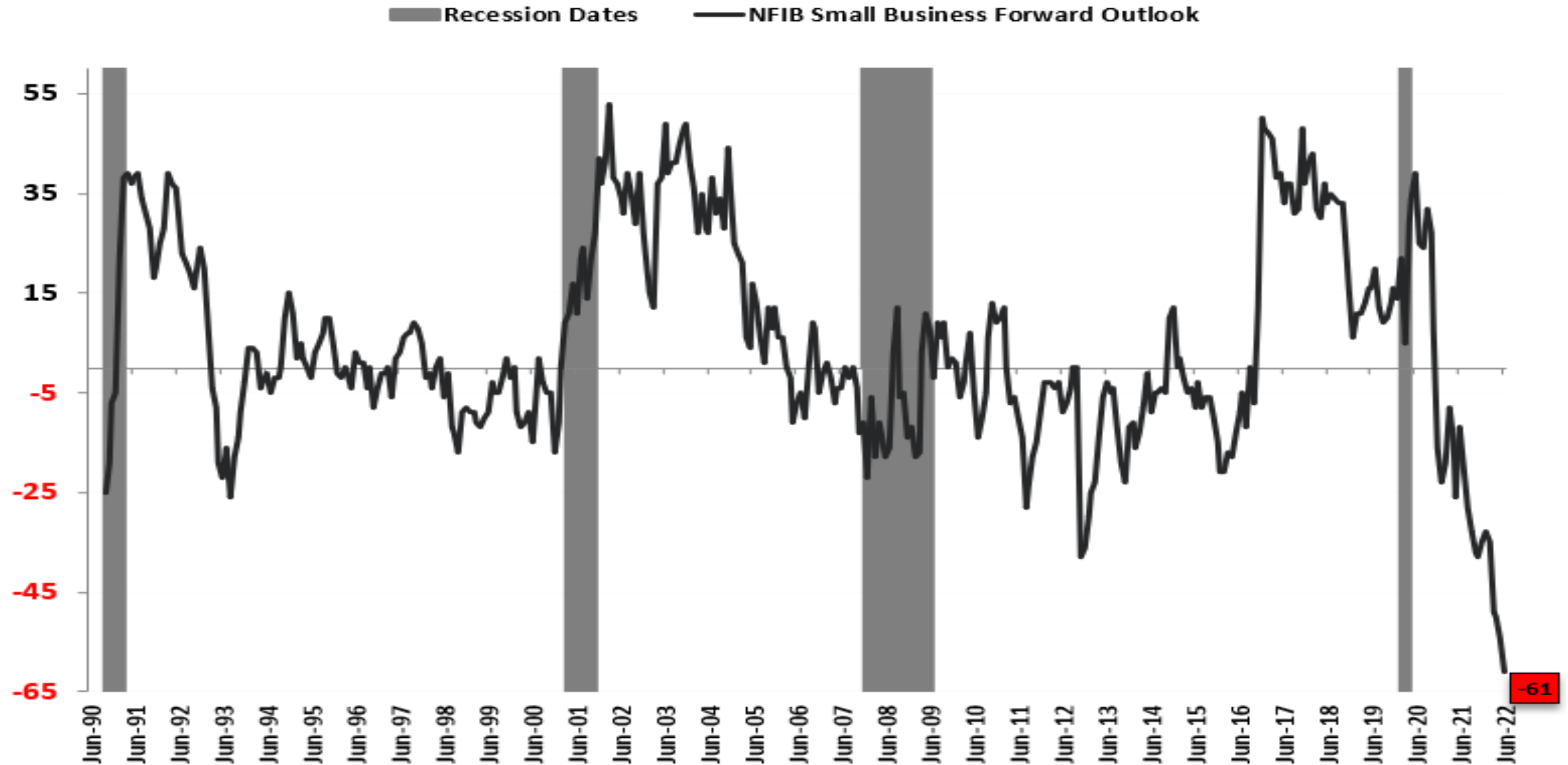
NEIL HOWE

DEMOGRAPHY

3 BIG TOPICS OF THE DAY

1. Second Wave of EU Populism?

2. China: Fertility Decline and Youth Pessimism

3. Post-Pandemic: Lasting Changes + Accelerating Trends

1) SECOND WAVE OF EU POPULISM?

- **Chaos in France's divided parliament**
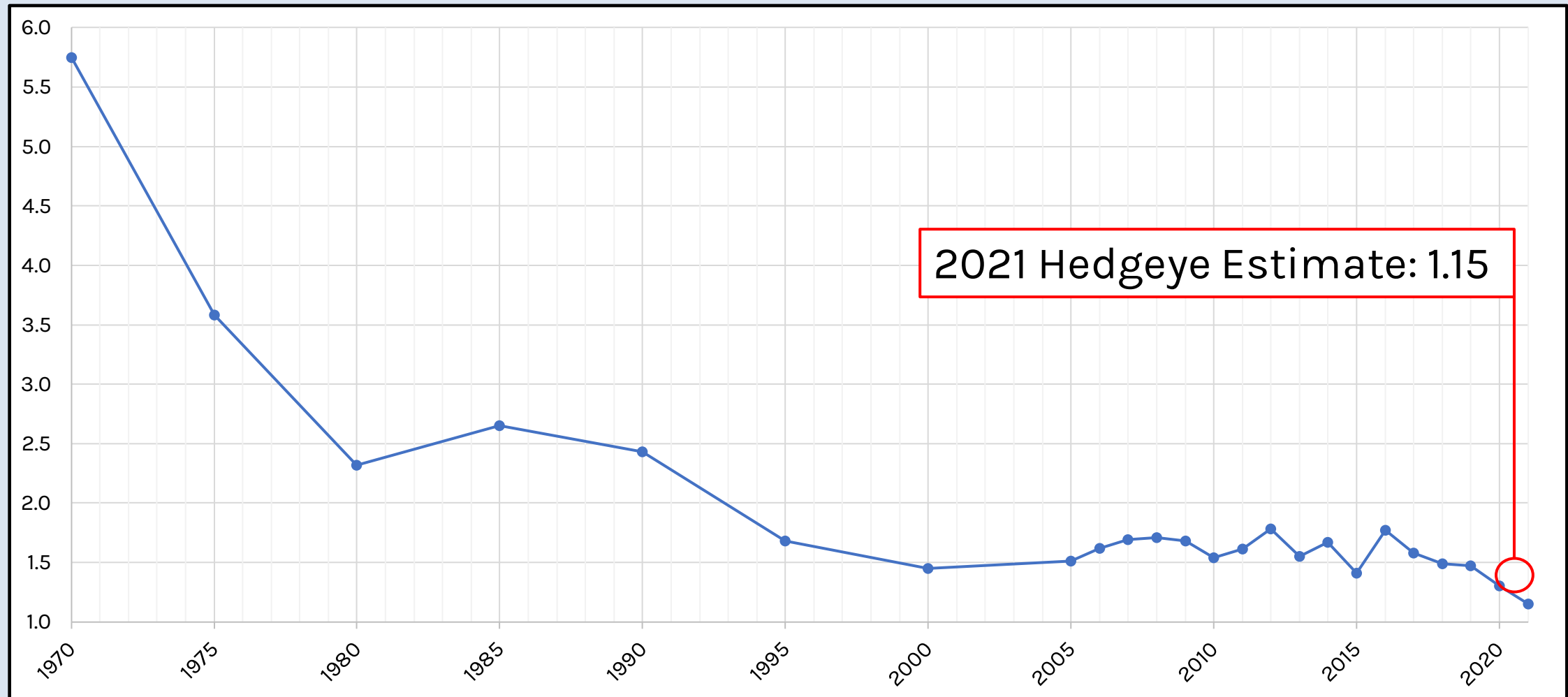 - After losing his majority in the National Assembly last month thanks to gains on the far-right and far-left, President Macron faces legislative gridlock. His best chance of getting anything passed lies in teaming up with the center-right Les Républicains—who are only willing to work with him on a case-by-case basis.

- **The far-right continues its rise in Italy**
  - Far-right Brothers of Italy has risen in the polls to become the most popular party in Italy. Together with The League, Forward Italy, and Italexit, electoral support for the right stands at 49%. If BOI's momentum continues, leader Giorgia Meloni could become PM in 2023.

- **Mainstream parties shifting right**
  - Several far-right parties that saw success pre-pandemic have since fractured over differences on issues such as Covid-19 and the war in Ukraine (examples: Germany's AfD, Denmark's DPP). But even as their electoral support has waned, they have succeeded in pushing mainstream parties further to the right, especially on immigration. See: the UK, Denmark, Sweden, Spain.

2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

China Total Fertility Rate, 1970-2021

2021 Hedgeye Estimate: 1.15

2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

China Annual Births in Millions, 1951-2021

2021: 10.62M Births, -12% YoY

Founding Wave

Cultural Revolution Wave

Deng Wave

Xi Wave?
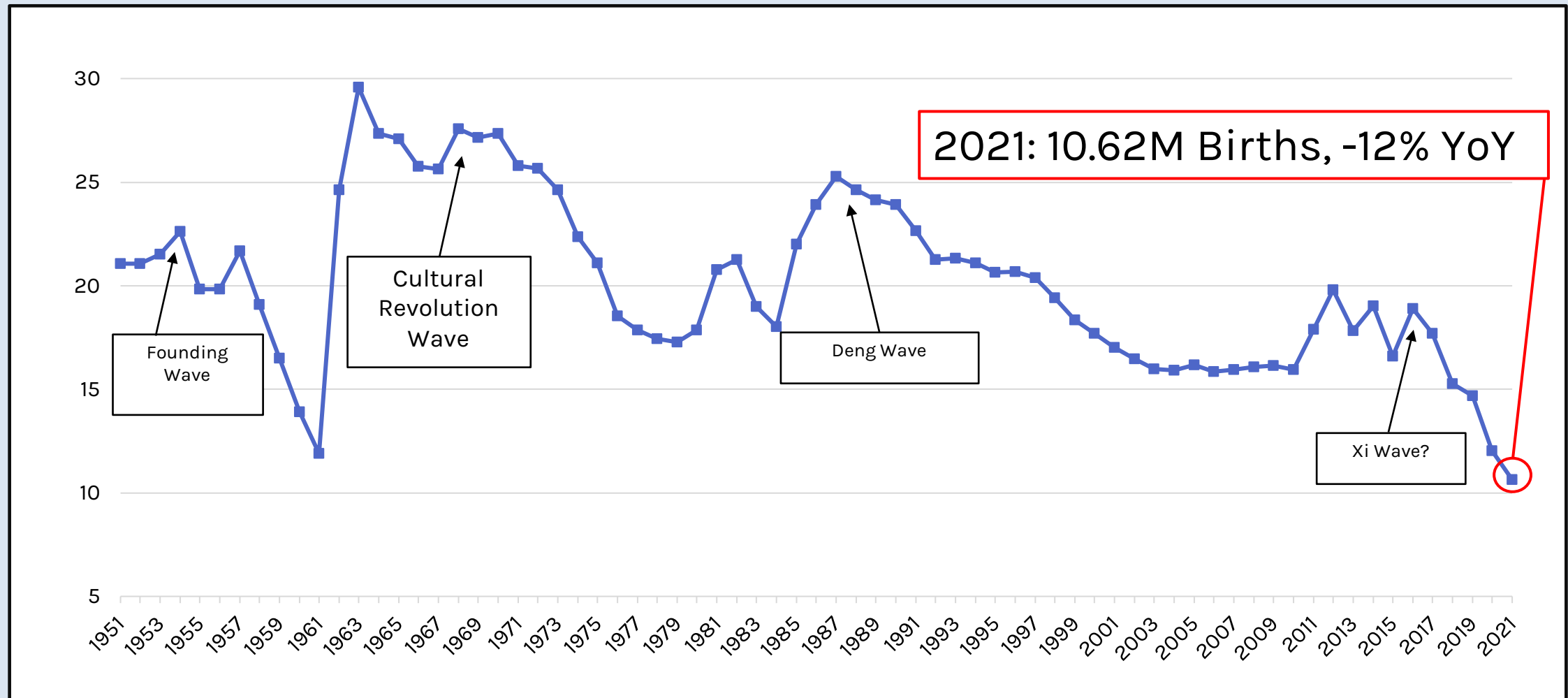
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

China: Births, Deaths, and Natural Increase in Millions, 1949-2021
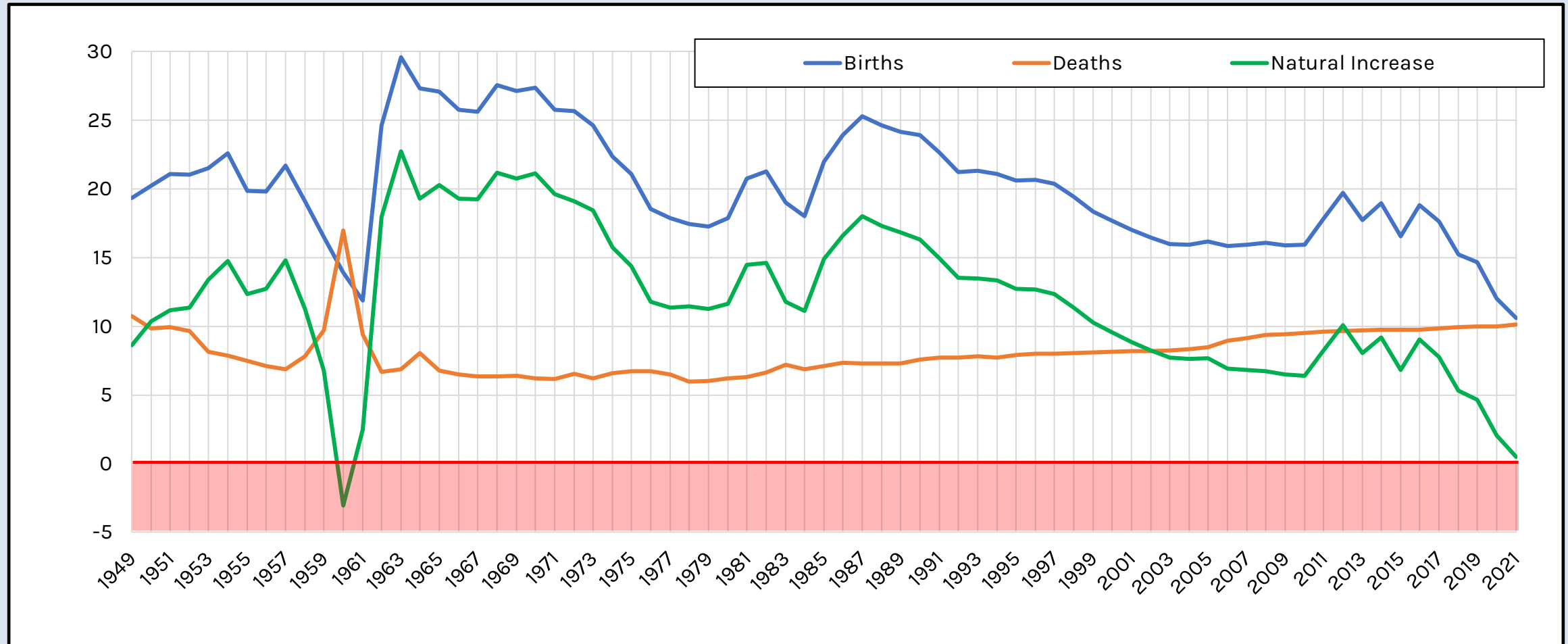
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

China Population Pyramid: 2020 and 2030
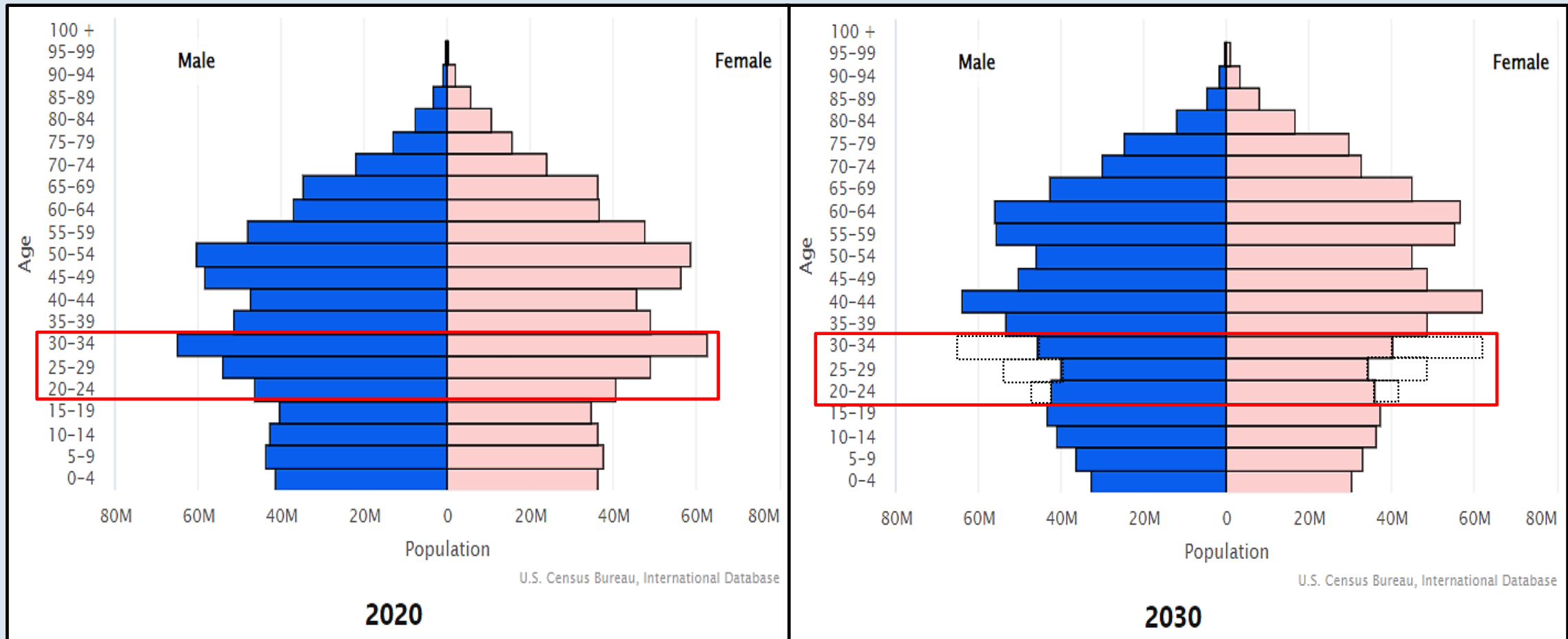
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

Survey of 20,000 Chinese Youth, Ages 18-30

Do You Want to Have Children?
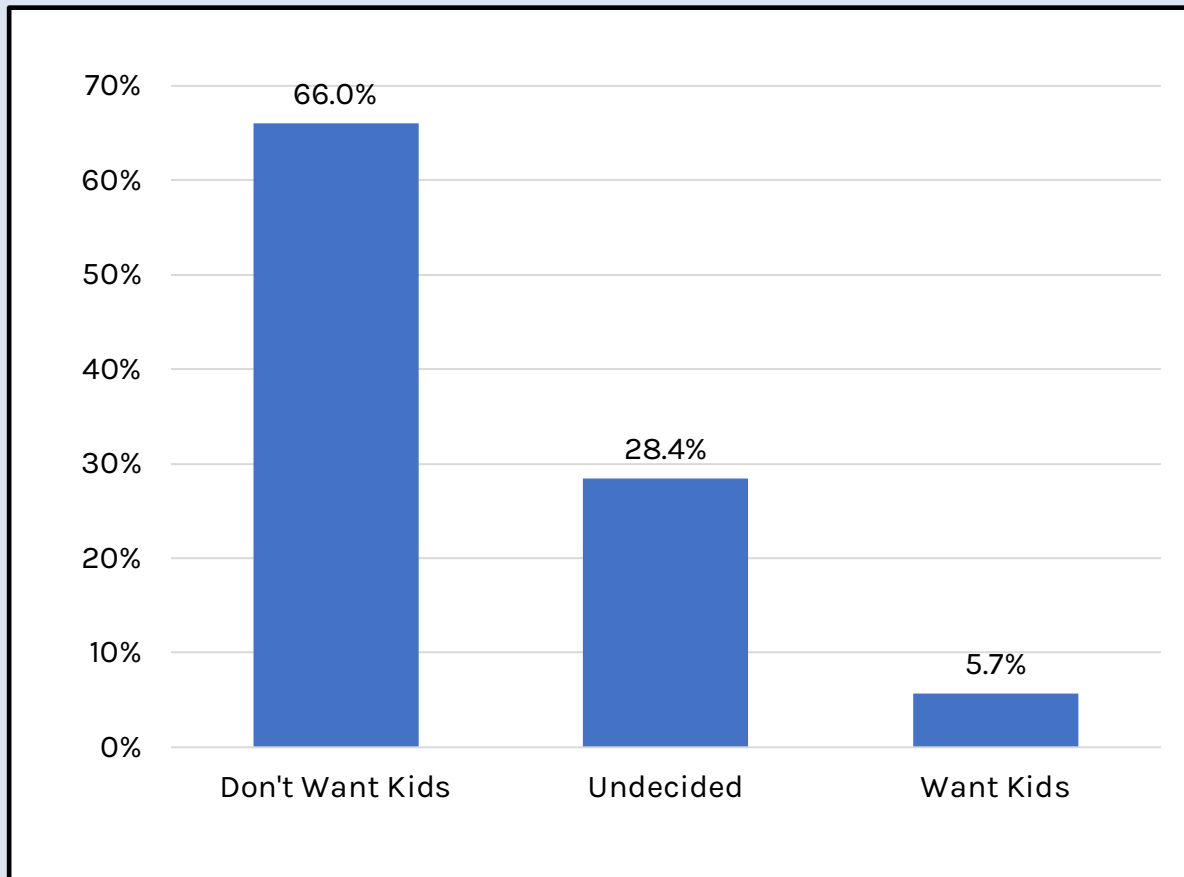
To What Degree Do You Want Children?
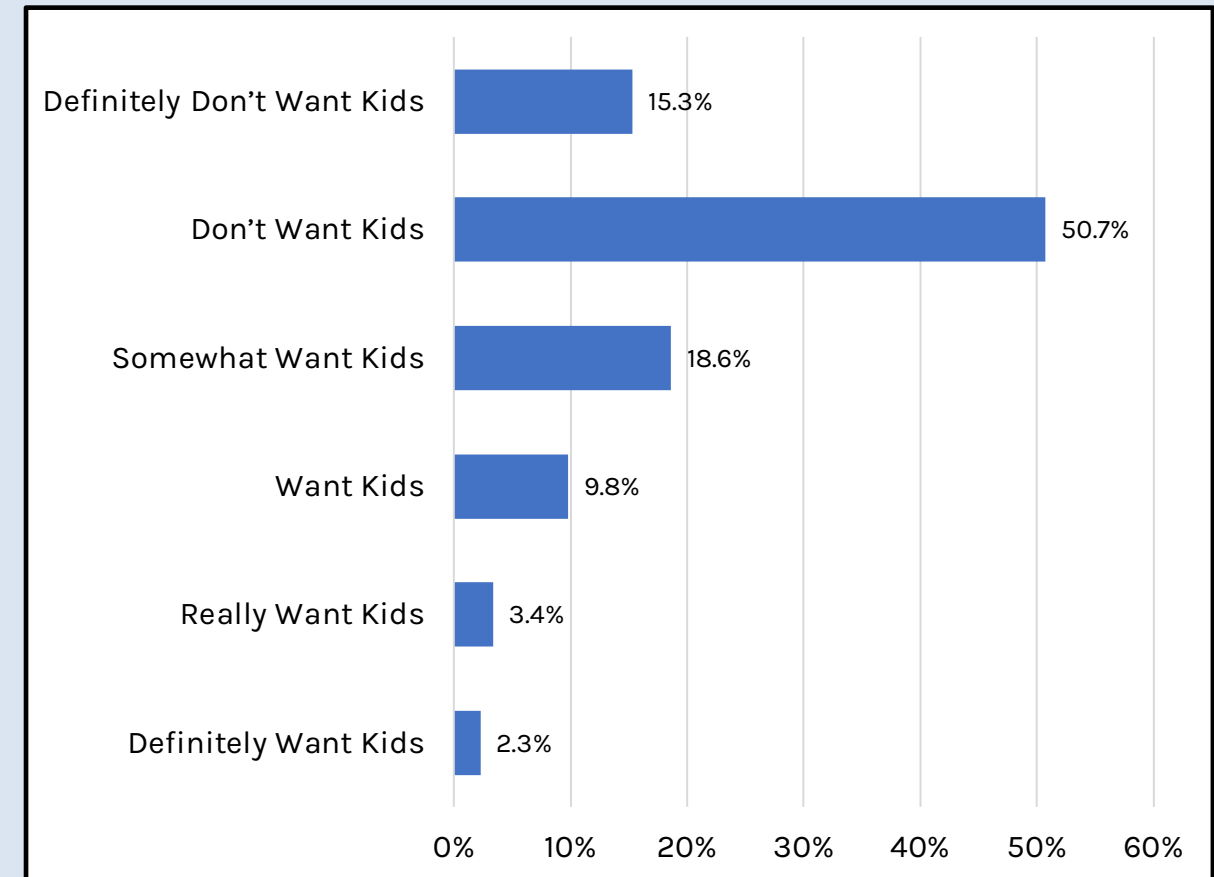
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

Survey of 20,000 Chinese Youth, Ages 18-30

Do You Want to Have Children? By Relationship Status
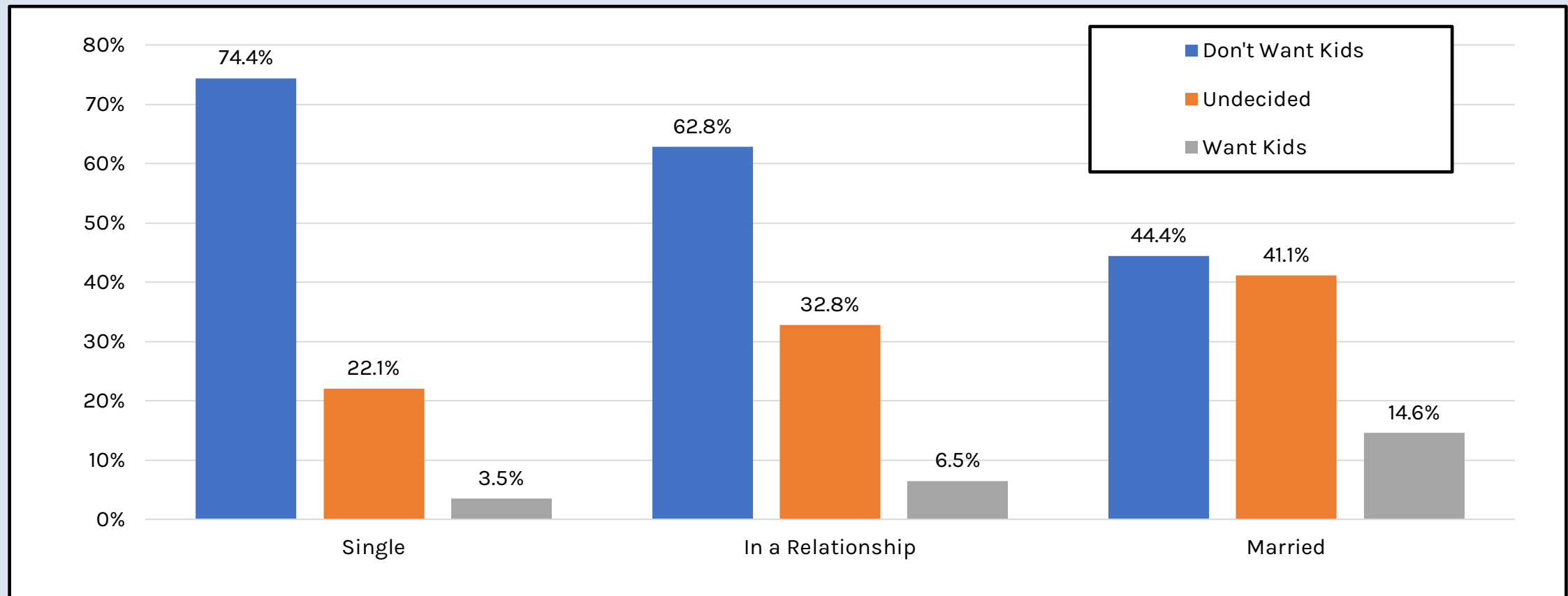
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

Survey of 20,000 Chinese Youth, Ages 18-30

Why Don't You Want to Have Children?

Category	Percentage
Worried About My Kids' Future	73.2%
Not Enough Money	71.8%
Won't Be Able to Have Time to Myself	68.6%
Worried I Won't Be a Good Parent	66.0%
Believe it Will Damage a Woman's Health	64.1%
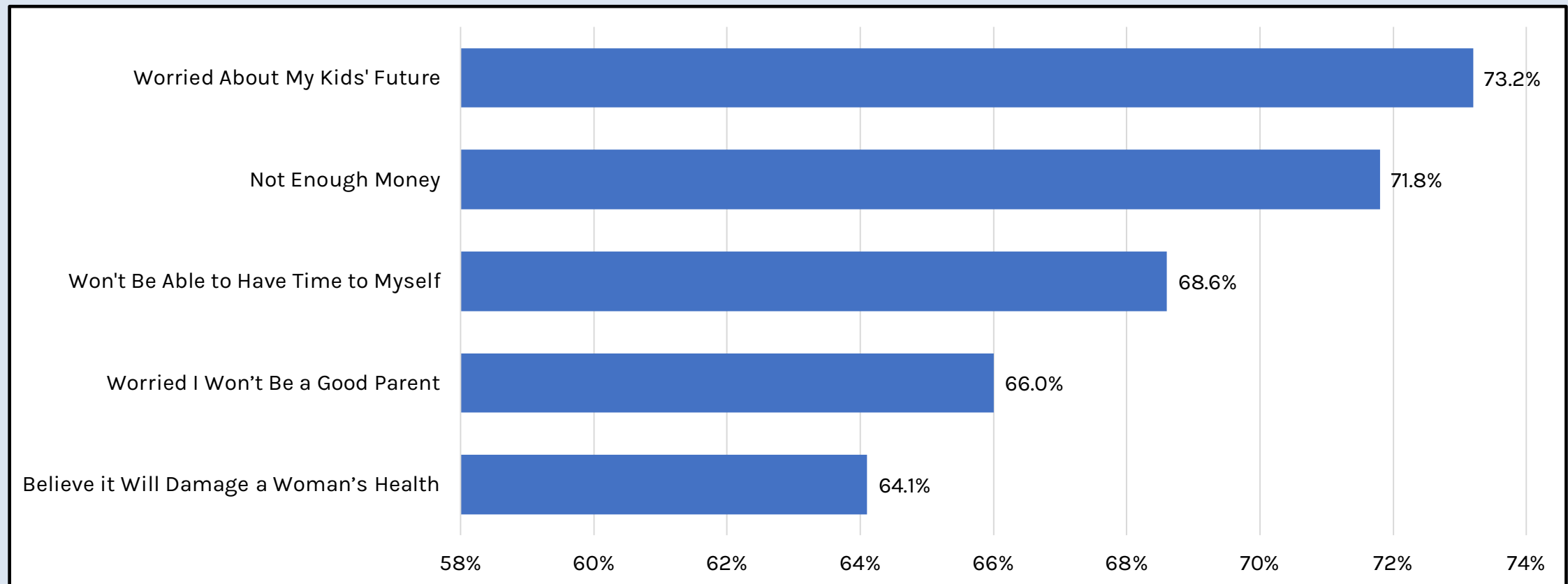
2) CHINA: FERTILITY DECLINE AND YOUTH PESSIMISM

- **2021: tâng píng - "lying flat" movement**
  - A rallying cry for young people who see no chances for upward mobility. Lying flat means not getting married, not having children, not holding a steady job, not owning property, and consuming as little as possible.

- **2022: rùn xué - "run philosophy"**
  - A new movement among urban professionals, which preaches leaving China for better prospects elsewhere.

- **"Not bringing children to this country, to this land, will be the most charitable deed I could manage."**
  - Posted on Weibo in May 2022. It has since been censored.

3) LASTING CHANGES + ACCELERATING TRENDS

1. **Declining Senior LFP**

2. **Rise of Remote Work**

3. **Rise of the Multigenerational Household**

4. **Decline of Cities**

5. **Blue Zone Moving to Red Zone**

EARLY RETIREMENTS
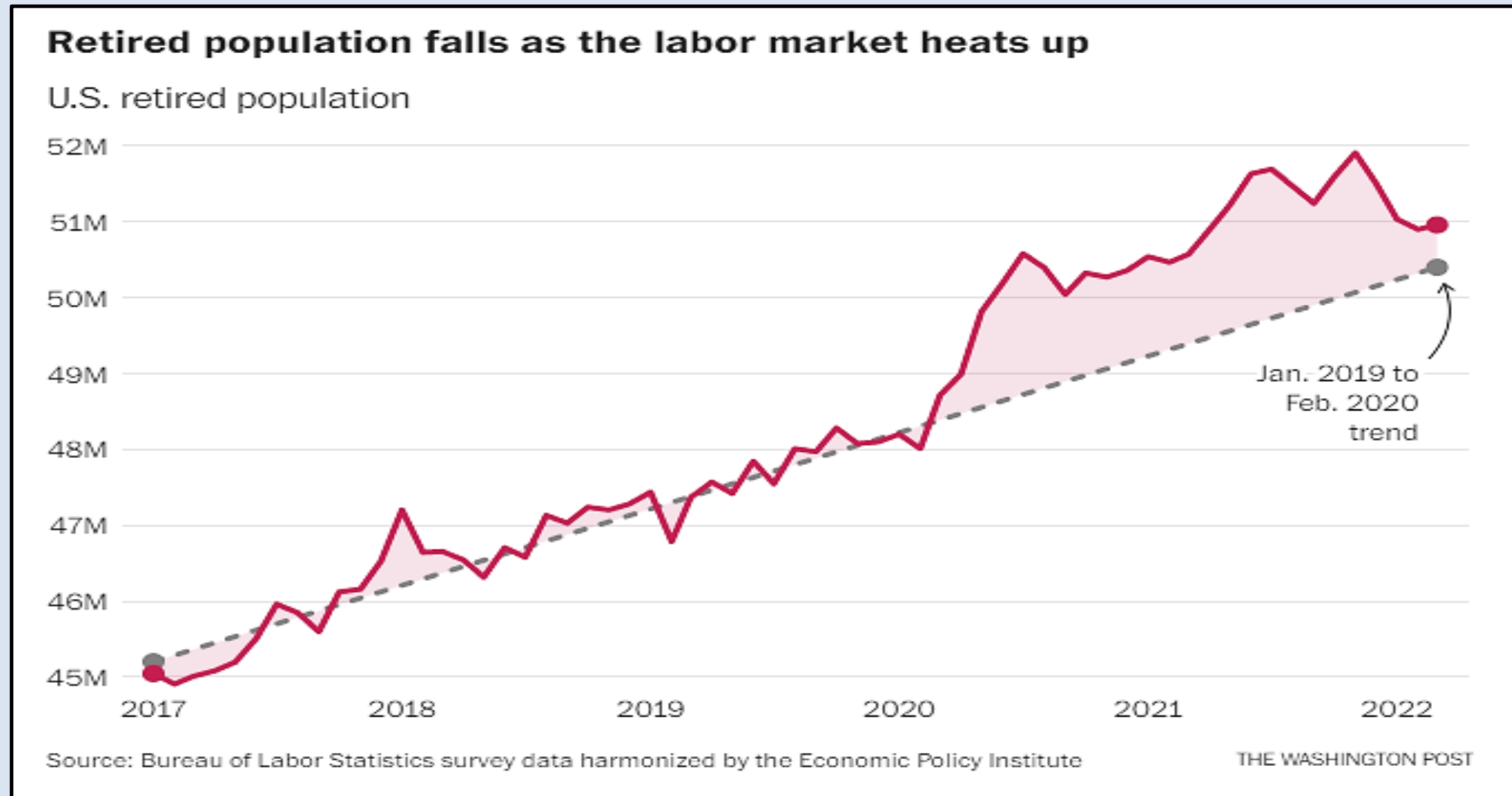
Retired population falls as the labor market heats up

U.S. retired population

Jan. 2019 to Feb. 2020 trend

Source: Bureau of Labor Statistics survey data harmonized by the Economic Policy Institute

THE WASHINGTON POST

LFP RATE: 55+

FRED — Labor Force Participation Rate - 55 Yrs. & over

Feb. 2020: 40.3
June 2022: 38.6

Civilian Pop 55+: 99M
Delta: -1.7 PP = -1.7M Workers

Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

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RISE OF REMOTE WORK

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MULTIGENERATIONAL LIVING

Young adults most likely age group to live in a multigenerational household

% of population in multigenerational households

Share of young adults living with parents rises to levels not seen since the Great Depression era

% of 18- to 29-year-olds in U.S. living with a parent
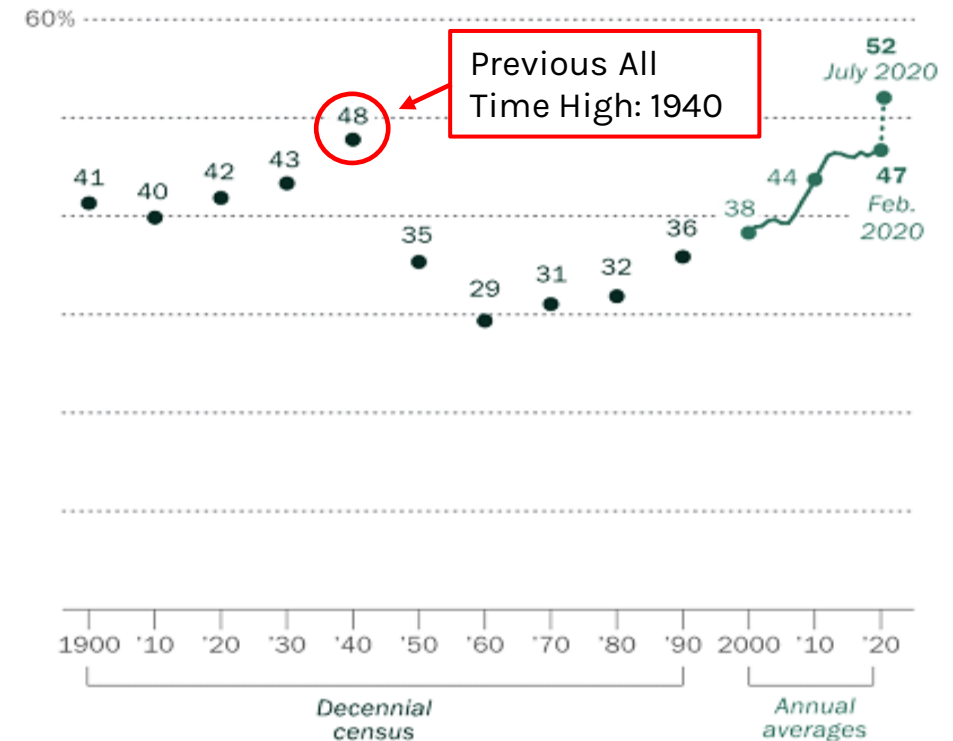
Previous All Time High: 1940

MULTIGENERATIONAL LIVING

U.S. population in multigenerational households quadrupled since 1971

Number and % of people who live in multigenerational households in U.S.
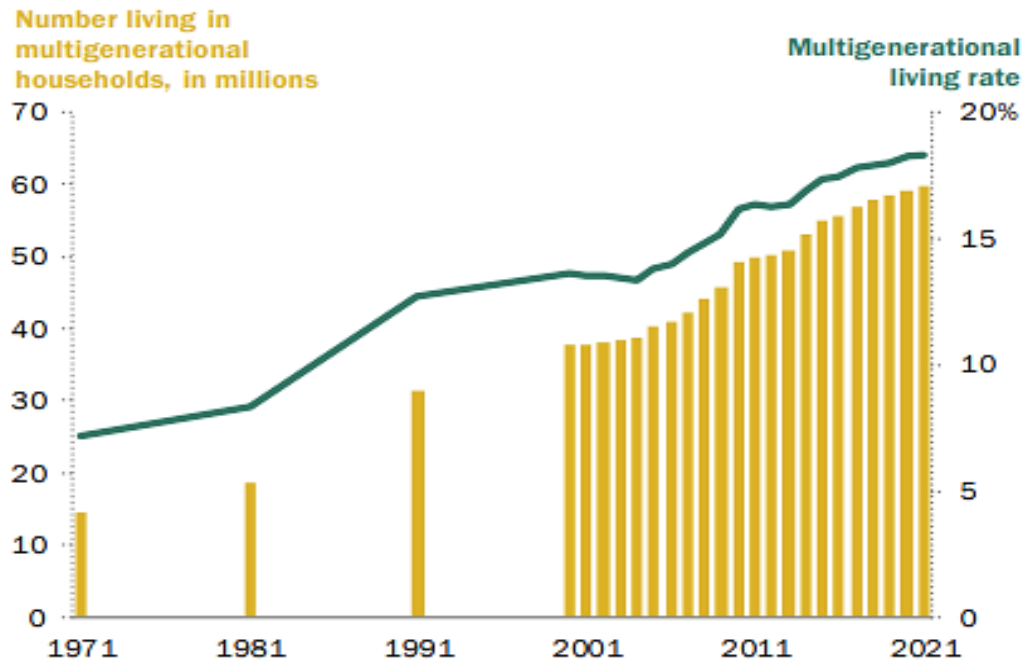
Note: Multigenerational households include at least two generations of adults mainly 25 and older or grandparents and grandchildren younger than 25.
Source: Pew Research Center analysis of Current Population Survey Annual Social and Economic Supplement (ASEC) data files for 1971, 1981, 1991, and 2000-2021 (IPUMS).
"Financial Issues Top the List of Reasons U.S. Adults Live in Multigenerational Homes"

PEW RESEARCH CENTER

Adults with upper incomes are more likely than those with middle and lower incomes to say living in a multigenerational household has been positive

Among adults in multigenerational households, % saying living with adult family members has been mostly ...

	Very/Somewhat negative	Very/Somewhat positive	Neither negative nor positive
All in multigen. households	17	56	26
Lower income	21	50	28
Middle income	15	59	26
Upper income	9	71	20
Adult living with a parent	20	52	27
Parent living with adult child	15	60	24
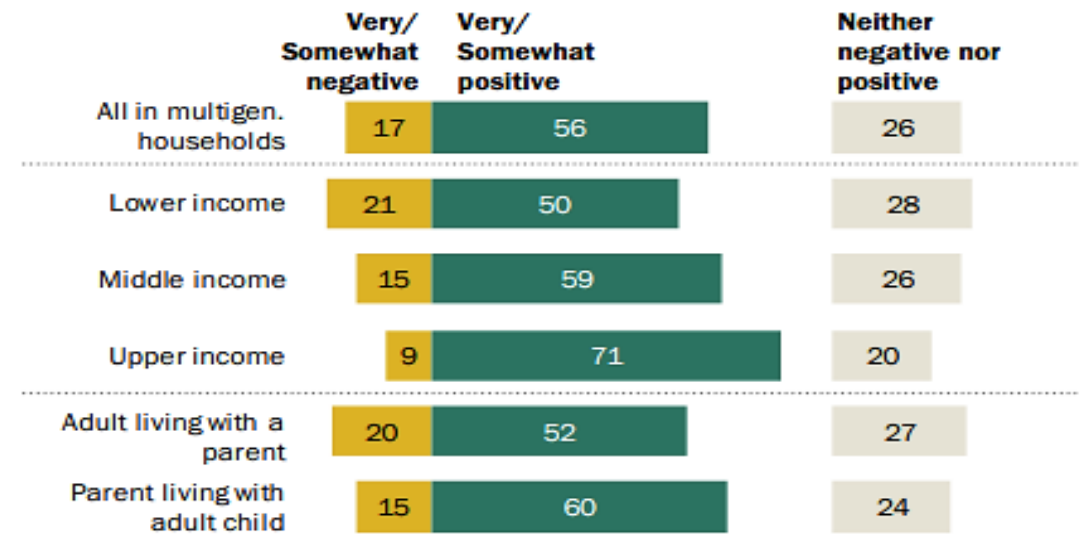
Note: Based on adults ages 25 and older who live with a parent or grandparent or who live with an adult child or grandchild age 25 or older. Share of respondents who didn't offer an answer not shown. Figures may not add to 100% due to rounding. Family income tiers are based on adjusted 2020 earnings.
Source: Survey of U.S. adults conducted Oct. 18-24, 2021.
"Financial Issues Top the List of Reasons U.S. Adults Live in Multigenerational Homes"
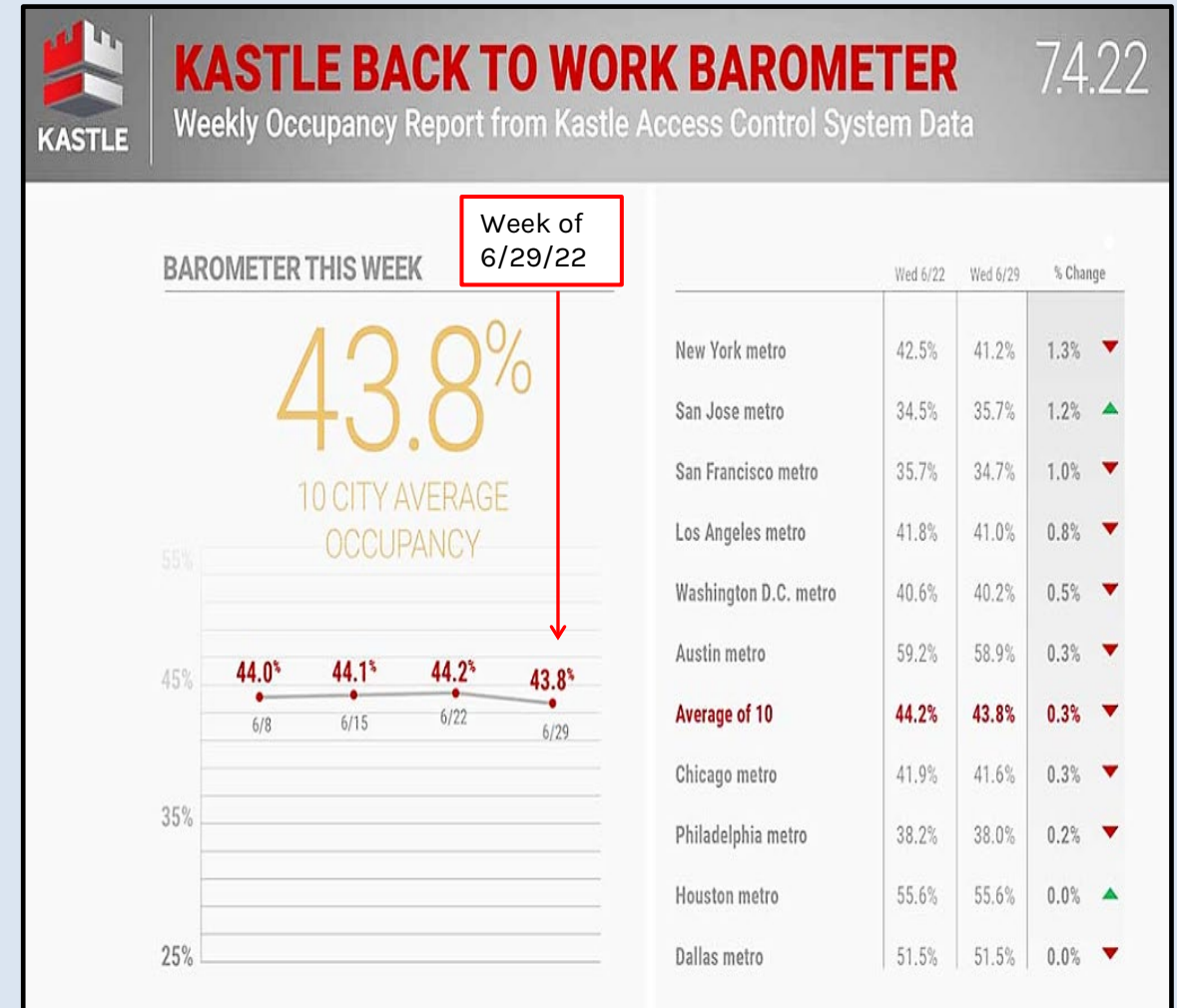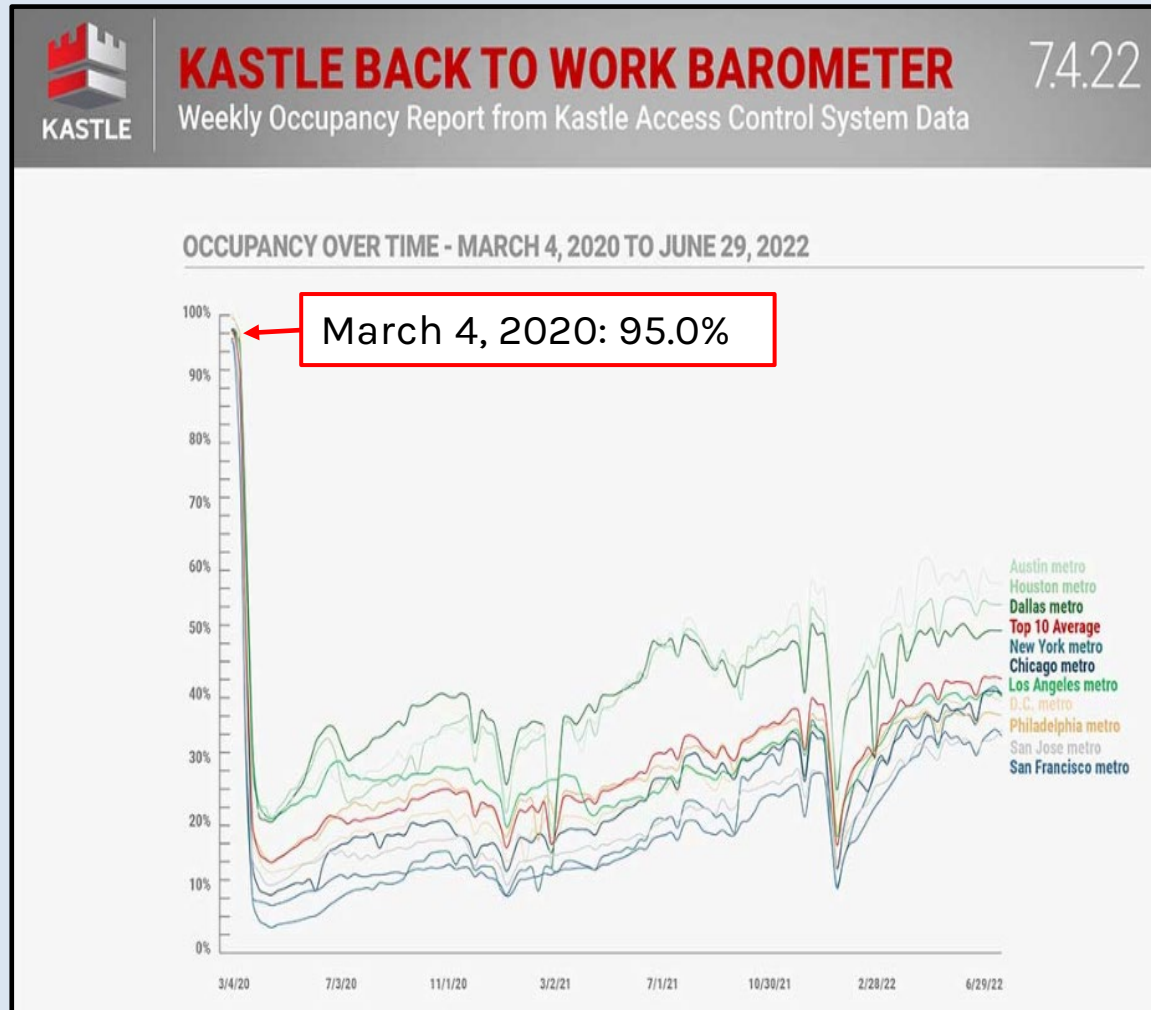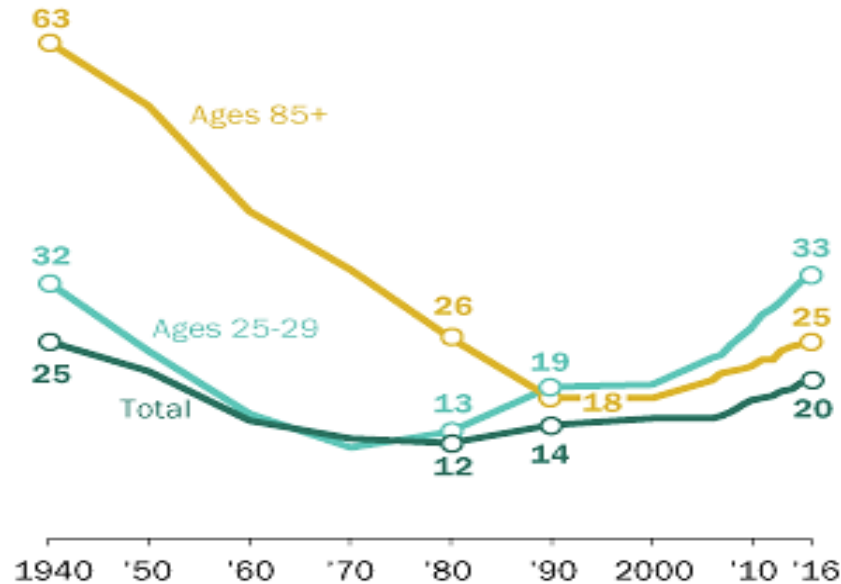
PEW RESEARCH CENTER

3) LASTING CHANGES + ACCELERATING TRENDS

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4. Decline of Cities

5. Blue Zone Moving to Red Zone

DEATH OF THE CITIES

Preference for cities has declined, while a growing share now favors suburbs

% expressing a preference for each community type

	Urban	Suburban	Rural
2021	19	46	35
2018	23	42	36

Note: Figures are based on respondents in each type of community who say they would not want to move as well as those who say they would move if they could and would want to move to/stay in each community type. Figures may not add to 100% due to rounding. Source: Survey of U.S. adults conducted Oct. 18-24, 2021. "Americans Are Less Likely Than Before COVID-19 To Want To Live in Cities, More Likely To Prefer Suburbs"

PEW RESEARCH CENTER

The Outflow from Large Metros

With a spike in deaths due to the pandemic, and big drops in births and immigration, the movement of people from place to place is the key driver of population change. In 2021, this meant big losses for many large cities.

Estimated population change from 2020 to 2021

Overall population change   Population change from movers

Large Metros
Smaller Metros
Adjacent to Metro
Small town/Rural
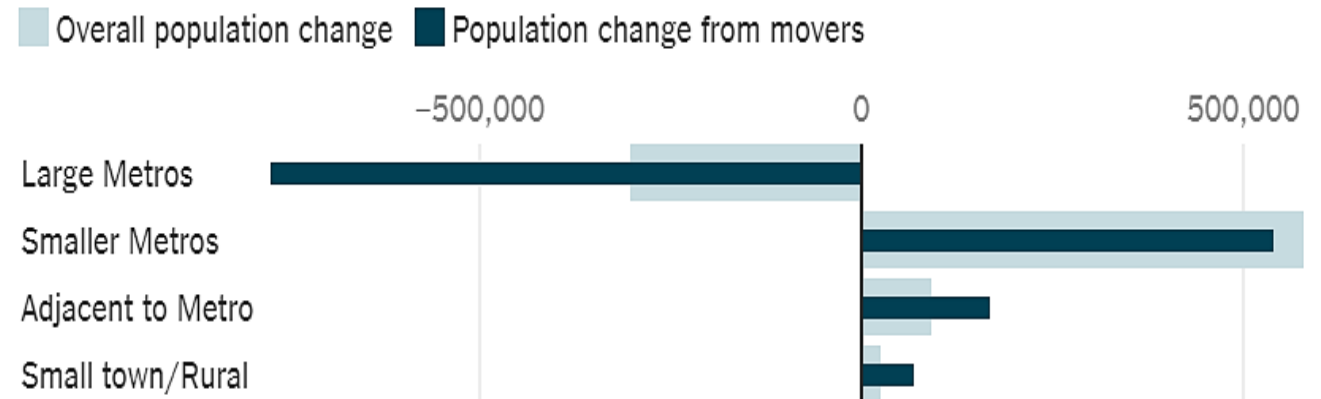
Source: U.S. Census Bureau • By The New York Times

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METRO WINNERS AND LOSERS

Absolute Change: Top Ten Metro Gainers and Losers, July 2020 to July 2021

TOP TEN METRO GAINERS		
Metro Area	2021 Pop.	Numeric Growth
1. Dallas, TX	7.8M	+97K
2. Phoenix, AZ	5.0M	+78K
3. Houston, TX	7.1M	+69K
4. Austin, TX	2.4M	+53K
5. Riverside, CA	4.7M	+48K
6. Atlanta, GA	6.1M	+43K
7. Tampa, FL	3.2M	+36K
8. San Antonio, TX	2.6M	+35K
9. Charlotte, NC-SC	2.7M	+31K
10. Fort Worth, TX	2.5M	+28K

TOP TEN METRO LOSERS		
Metro Area	2021 Pop.	Numeric Decline
1. New York, NY	19.8M	-328K
2. Los Angeles, CA	13.0M	-176K
3. San Francisco, CA	4.6M	-116K
4. Chicago, IL	9.5M	-91K
5. San Jose, CA	2.0M	-43K
6. Boston, MA	4.9M	-37K
7. Miami, FL	6.1M	-35K
8. Washington, DC	6.3M	-29K
9. Detroit, MI	4.4M	-21K
10. Pittsburgh, PA	2.4M	-14K

METRO WINNERS AND LOSERS

Percentage Change: Top Ten Metro Gainers and Losers, July 2020 to July 2021

TOP TEN METRO GAINERS		
Metro Area	2021 Pop.	% Growth
1. St. George, UT	191K	+5.1%
2. Coeur d'Alene. ID	180K	+4.1%
3. Myrtle Beach, NC	492K	+3.7%
4. Punta Gorda, FL	188K	+3.7%
5. The Villages, FL	131K	+3.6%
6. Boise City, ID	770K	+3.3%
7. Lakeland, FL	729K	+3.3%
8. Provo, UT	675K	+3.3%
9. Cape Coral, FL	765K	+3.0%
10. Logan, UT-ID	148K	+2.9%

TOP TEN METRO LOSERS		
Metro Area	2021 Pop.	% Decline
1. Lake Charles, LA	210K	-5.26%
2. Odessa, TX	161K	-2.64%
3. San Francisco, CA	4.6M	-2.46%
4. San Jose, CA	2.0M	-2.15
5. New York, NY	19.8M	-1.63%
6. Los Angeles, CA	13.0M	-1.34%
7. Midland, TX	173K	-1.31%
8. Urban Honolulu, HI	1.0M	-1.22%
9. Decatur, IL	102K	-1.17%
10. Enid, OK	62K	-1.12%

INBOUND + OUTBOUND STATES BY PARTY, 2022

America on the Move

Since the pandemic began, many red states—those that lean Republican—have seen more people move in than Democratic-leaning blue ones.

Net in-migration

-200K   -100   0   100   200

BLUE STATES

RED STATES

R.I.
Conn.
N.J.
Del.
Md.
D.C.
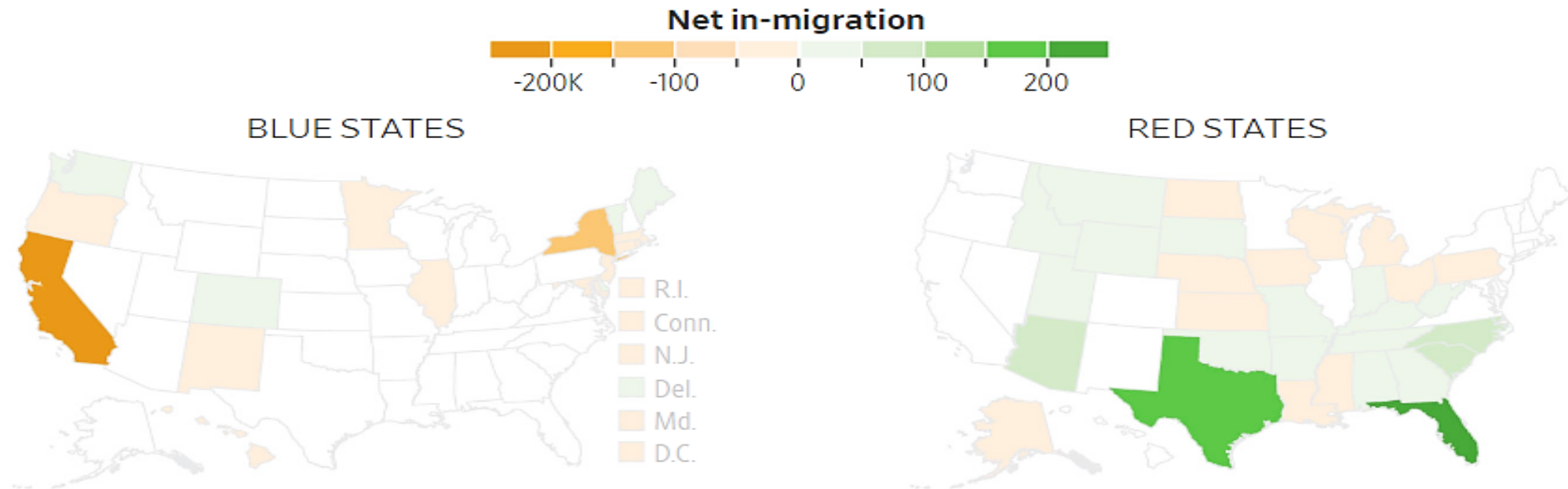
Note: Data for the 12 months through May 2022. Nevada and New Hampshire are "even" states according to the Cook Partisan Voting Index.
Source: Equifax, Moody's Analytics

TOP 10 INBOUND + OUTBOUND STATES, 2021

Top Inbound	Top Outbound
1. Florida	1. California
2. Texas	2. New York
3. Arizona	3. Illinois
4. North Carolina	4. Massachusetts
5. South Carolina	5. New Jersey
6. Tennessee	6. Louisiana
7. Georgia	7. Maryland
8. Idaho	8. Hawaii
9. Utah	9. Minnesota
10. Nevada	10. Michigan

SOURCE: US Census Bureau, Population Division (March 2022)

WHICH STATES ARE RECOVERING THE FASTEST?

Pandemic Recovery

The economic recovery of states since March 2020 has been uneven. Index of state progress, based on 13 metrics including economic output, employment, retail sales and new-home listings.

Back to normal index, selected states

Florida · South Carolina · North Carolina · Arizona · Texas

New Jersey · Massachusetts · California · Illinois · New York
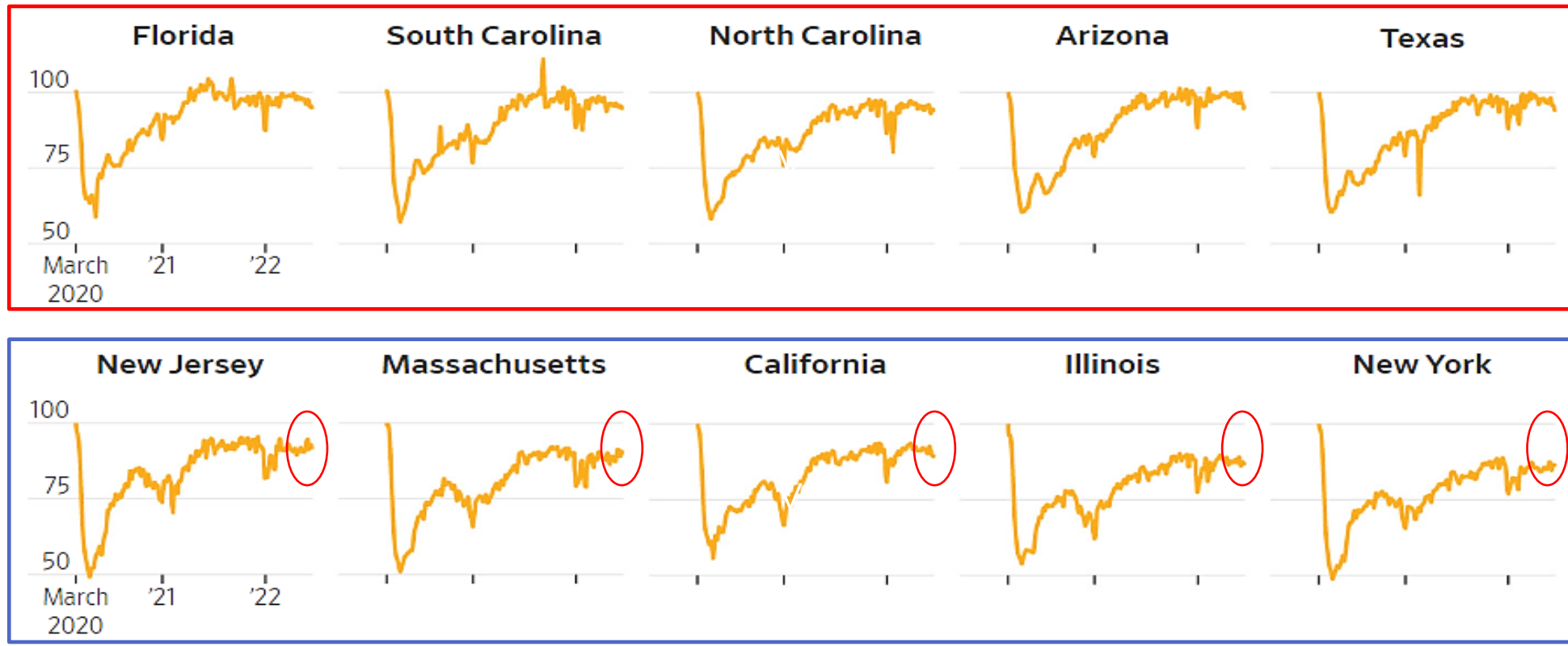
TOP 10 INBOUND VS. OUTBOUND STATES, 2021

Top 10 Inbound and Outbound States, 2021

	Avg. Inbound	Avg. Outbound
State/Local Tax Burden as % of Income, 2021	7.7%	9.9%
Top State Individual Income Tax Rate, 2021	3.8%	8.0%
Median Home Price, 2021	$343,519	$423,548
Electricity Cost (Cents per Kilowatt-hour), 2021	9.6	15.7
Top State Corporate Tax Rate, 2021	4.1%	8.3%
Unemployment Rate, 2021	7.4%	9.1%
Annual Employment Growth through Nov. 2021	4.0%	2.5%
Right to Work?	Yes 10 out of 10	Yes 2 out of 10

SOURCE: AEI, "Migration 2021 Table," (Dec. 2021)

MACRO GRIND

Sector Performance

SECTOR	Ticker	Price	1-Day % Chg	MTD % Chg	QTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$141.50	-0.60%	2.92%	2.92%	-30.79%
Financial Select Sector	XLF	$31.62	-0.63%	0.54%	0.54%	-19.03%
Health Care Select Sector	XLV	$128.75	-1.27%	0.40%	0.40%	-8.62%
Technology Select Sector	XLK	$129.25	-1.37%	1.68%	1.68%	-25.66%
Consumer Staples Select Sector	XLP	$72.59	-0.29%	0.57%	0.57%	-5.86%
Industrial Select Sector	XLI	$87.05	-0.31%	-0.33%	-0.33%	-17.73%
Materials Select Sector	XLB	$72.68	-0.19%	-1.25%	-1.25%	-19.79%
The Energy Select Sector	XLE	$68.90	-1.95%	-3.65%	-3.65%	24.14%
Utilities Select Sector	XLU	$69.92	-0.48%	-0.30%	-0.30%	-2.32%
Real Estate Select Sector	XLRE	$40.97	-0.63%	0.27%	0.27%	-20.92%
Communications Services Sector	XLC	$54.96	-0.05%	1.27%	1.27%	-29.25%
S&P 500	SPX	3,818.80	-0.92%	0.88%	0.88%	-19.88%

Sector Relative Performance

	Ticker	Price	1-Day % Chg	MTD % Chg	QTD % Chg	YTD % Chg
Consumer Discretionary	XLY	$141.50	0.32%	2.04%	2.04%	-10.91%
Financial Select Sector	XLF	$31.62	0.30%	-0.34%	-0.34%	0.85%
Health Care Select Sector	XLV	$128.75	-0.35%	-0.49%	-0.49%	11.26%
Technology Select Sector	XLK	$129.25	-0.44%	0.79%	0.79%	-5.79%
Consumer Staples Select Sector	XLP	$72.59	0.64%	-0.31%	-0.31%	14.02%
Industrial Select Sector	XLI	$87.05	0.62%	-1.21%	-1.21%	2.15%
Materials Select Sector	XLB	$72.68	0.73%	-2.13%	-2.13%	0.09%
The Energy Select Sector	XLE	$68.90	-1.03%	-4.53%	-4.53%	44.02%
Utilities Select Sector	XLU	$69.92	0.44%	-1.18%	-1.18%	17.56%
Real Estate Select Sector	XLRE	$40.97	0.29%	-0.61%	-0.61%	-1.05%
Communications Services Sector	XLC	$54.96	0.87%	0.39%	0.39%	-9.37%

Market Share Volume & Total Value Traded

INDEX/SECURITY	VOLUME:	7/12	vs.	
	Prior Day	1M Ave	3M ave	1Y Ave
Total Market Volume*	10%	12%	23%	-8%
Total Exchange Volume**	5%	-22%	-20%	-13%

*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)

Style Factor Performance

	FACTOR	1D % Chg	1W % Chg	1M % Chg	3M % Chg	6M % Chg	YTD % Chg
Debt	High Debt/EV	0.7%	-0.1%	-0.7%	-15.0%	-14.0%	-10.4%
Debt	Low Debt/EV	-1.6%	-0.4%	3.2%	-13.7%	-19.7%	-25.3%
SI	High Short Interest	0.3%	-0.5%	0.2%	-16.7%	-20.0%	-20.5%
SI	Low Short Interest	-0.8%	-0.5%	1.5%	-11.6%	-12.7%	-12.9%
BETA	High Beta	-0.4%	-0.5%	0.7%	-19.6%	-28.4%	-31.1%
BETA	Low Beta	-0.5%	-0.1%	1.5%	-8.2%	-2.9%	-2.2%
YIELD	High Yield	-0.1%	-0.1%	-1.0%	-12.4%	-14.1%	-10.7%
YIELD	Low Yield	-0.5%	-1.0%	2.5%	-17.5%	-22.0%	-25.9%
MKT CAP	MCAP Bottom 25%	0.2%	-0.6%	0.0%	-15.9%	-21.0%	-21.0%
MKT CAP	MCAP Top 25%	-0.8%	-0.4%	1.9%	-12.1%	-14.4%	-15.0%
Sales	Top 25% Sales Growth	-0.7%	-0.9%	1.6%	-17.6%	-23.5%	-25.7%
Sales	Bottom 25% Sales Growth	-0.2%	0.0%	-1.0%	-11.1%	-10.0%	-7.6%
EPS	Top 25% EPS Growth	-0.5%	-0.8%	0.5%	-17.2%	-22.2%	-22.8%
EPS	Bottom 25% EPS Growth	0.0%	0.0%	-1.3%	-13.7%	-13.7%	-11.6%

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	Low	vs. 3Y Ave	vs. 5Y Ave
3M T-Bill	2.10%	-4.9	26.4	57	136	-6	210	157	103
2Y T-Note	3.05%	-0.6	4.1	-31	69	-41	289	220	165
5Y T-Note	3.01%	-0.7	3.1	-47	36	-61	241	187	135
10Y T-Note	2.96%	-0.7	3.3	-40	26	-54	184	147	101
30Y T-Note	3.16%	-0.7	3.7	-19	34	-33	149	113	75
2Y-10Y Spread, Bps	-8.37	-0.3	-1.0	-8.9	-43	-138	0	-72	-64
IG SPREAD (AAABBB)	2.11%	0.0	-2.0	18	50	-4	107	68	66
HIGH YIELD	8.56%	0.0	-26.0	13	210	-33	488	309	279
5Y BREAKEVEN	2.51%	-0.6	1.2	-55	-85	-125	12	43	52

Key $USD Correlations

*Days = Trading Days

METRIC	15D	30D	90D	120D	180D	52-Wk Rolling 30D Correlation			
						High	Low	% Time Pos	% Time Neg
SPX	0.32	-0.55	-0.86	-0.84	-0.89	0.69	-0.95	20%	80%
BRENT Oil	-0.70	-0.74	0.18	0.56	0.74	0.91	-0.85	40%	60%
CRB Index	-0.82	-0.81	-0.62	0.56	0.58	0.96	-0.81	50%	50%
GOLD	-0.97	-0.91	-0.90	-0.46	0.02	0.89	-0.93	27%	73%

Market's Expected Number of Rate Hikes by Dec 2022

Implied Rate Hikes

Since The Last Rate Hike, the Market Expects -1.32 Less Hikes.

Values shown on chart: 11.62, 10.21, 9.76, 7.02, 6.48, 5.37, 4.82, 4.22, 1.79, 7.23, 7.30, 6.75

Powell Presser

Bullard Calls For 100bps Rate Hike

Rate Hike of 25 BPS

Rate Hike of 50 BPS

Rate Hike of 75 BPS
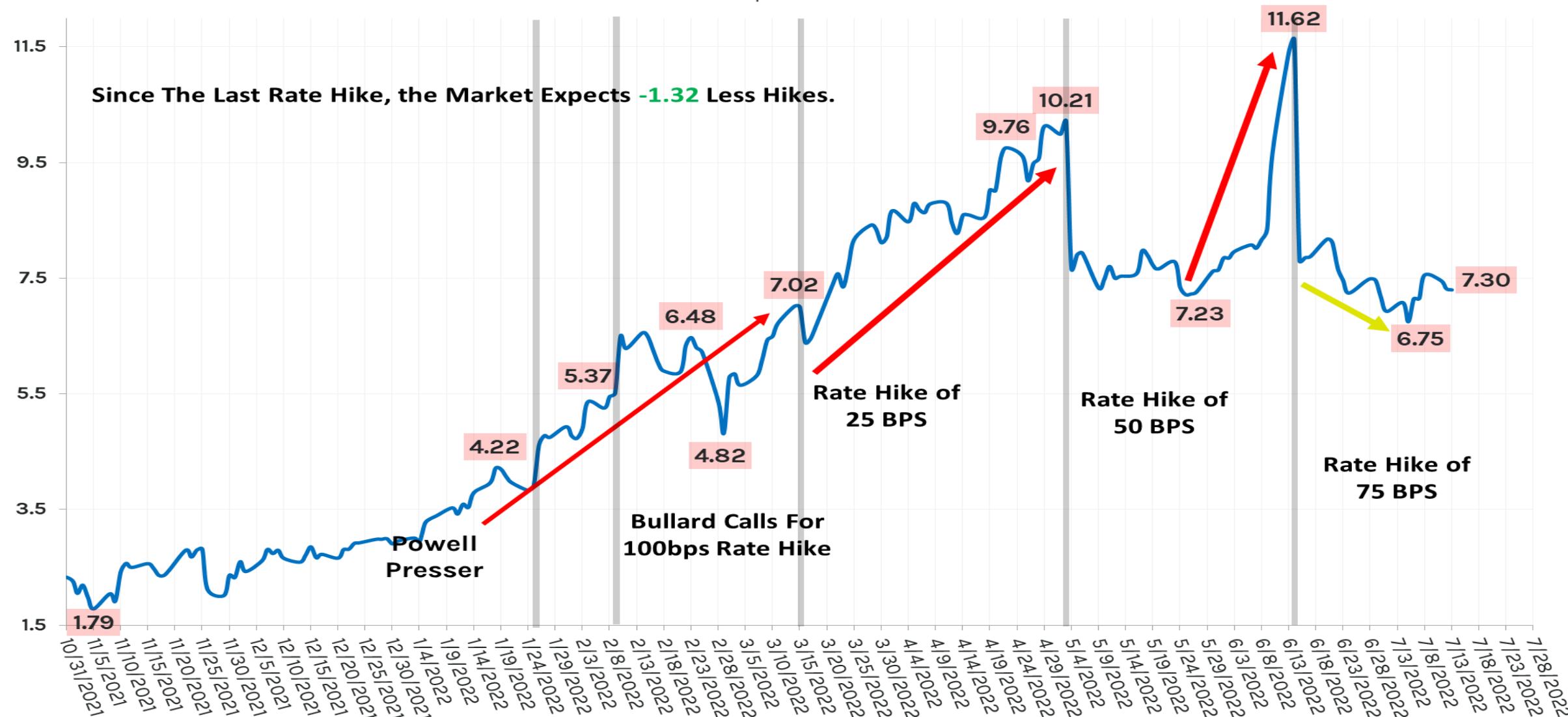
S&P 500 Sales & Earnings Growth

S&P 500 INDEX

Sector (BICS)	Reported	Sales Growth	Earnings Growth
11) All Securities	17 / 498	9.13%	11.01%
12) > Materials	0 / 28		
13) > Industrials	1 / 69	8.11%	32.07%
14) > Consumer Staples	5 / 35	0.42%	0.20%
15) > Energy	0 / 23		
16) > Technology	6 / 78	14.75%	8.80%
17) > Consumer Discretionary	5 / 55	21.20%	55.28%
18) > Communications	0 / 25		
19) > Financials	0 / 61		
20) > Health Care	0 / 64		
21) > Utilities	0 / 29		
22) > Real Estate	0 / 31		

Historical Analysis

All Securities : Sales 9.1256
All Securities : Earnings 11.0063

Price Reaction

CFTC Non-Commercial Net Long Positioning (Updated weekly)

CFTC NON-COMMERCIAL NET LONG POSITIONING

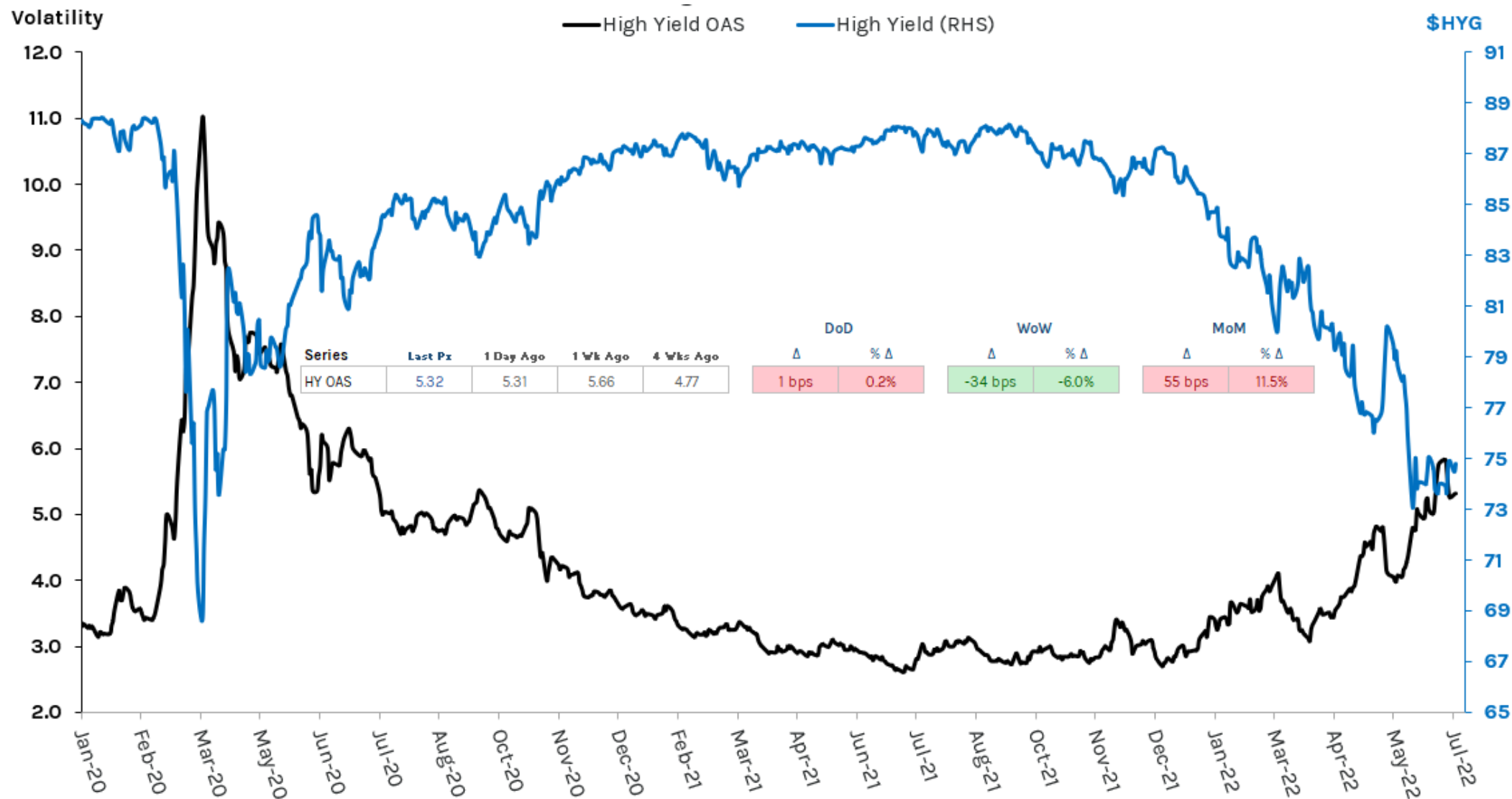|	METRIC	Latest	W/W Chg	3M Ave	6M Ave	1Y Ave	3Y Max	3Y Min	Z-Score 1Y	Z-Score 3Y
EQUITIES	SPX (Index + E-mini)	(165,573)	(38,022)	22,678	71,005	72,394	248,601	(333,489)	-2.76X	-1.70X
	VIX	(45,501)	4,068	(57,181)	(53,830)	(61,448)	(18,377)	(218,362)	0.89X	1.01X
	Russell 2000 (mini)	(120,386)	(13,837)	(75,458)	(52,975)	(49,089)	58,474	(120,386)	-2.73X	-2.65X
	Dow Jones (mini)	(23,074)	2,005	(22,374)	(17,115)	(9,885)	51,359	(28,732)	-1.37X	-1.11X
	Nasdaq (mini)	28,193	3,823	18,017	15,339	11,436	47,085	(133,005)	1.33X	0.74X
	Nikkei Index	(1,745)	(130)	(1,444)	(2,046)	(3,376)	4,738	(10,590)	0.54X	0.60X
RATES	10Y UST	(116,531)	35,464	(174,792)	(236,675)	(119,530)	238,882	(421,101)	0.02X	-0.28X
	2Y UST	(86,898)	16,573	(115,041)	(77,119)	(48,832)	86,786	(402,529)	-0.57X	0.73X
	5Y UST	(255,142)	(79,695)	(217,225)	(234,942)	(216,415)	148,962	(448,910)	-0.33X	-0.60X
	UST Bonds	(21,171)	16,393	2,758	(5,313)	(34,763)	49,853	(241,003)	0.30X	0.97X
	30D Fed Funds	96,186	(24,396)	54,497	12,941	(38,870)	488,558	(320,917)	1.79X	0.11X
	Eurodollar	(1,384,690)	(239,341)	(1,009,800)	(1,015,823)	(733,092)	2,134,274	(1,384,690)	-1.85X	-1.83X
CURRENCIES	$USD	39,202	(3,989)	37,323	35,589	31,777	44,971	(15,000)	0.96X	1.32X
	JPY	(56,475)	(1,650)	(90,375)	(83,242)	(79,298)	52,239	(117,217)	1.07X	-0.61X
	EUR	(24,277)	(10,688)	11,927	23,204	15,478	212,535	(123,765)	-1.49X	-0.83X
	GBP	(61,002)	(5,422)	(68,212)	(42,453)	(28,868)	40,671	(107,406)	-1.10X	-1.28X
	AUD	(48,309)	(6,302)	(40,660)	(58,178)	(64,114)	15,665	(94,816)	0.72X	-0.44X
	CAD	823	(5,861)	2,787	5,174	964	53,332	(35,940)	-0.01X	-0.08X
	MXN	(14,236)	(465)	10,415	8,560	(10,629)	170,379	(64,080)	-0.13X	-0.70X
	NZD	(7,056)	(1,745)	(9,269)	(8,229)	(2,008)	17,126	(42,544)	-0.54X	-0.20X
	CHF	(9,579)	(1,386)	(13,514)	(12,226)	(9,724)	17,848	(22,197)	0.02X	-0.74X
COMMODITIES	CRUDE OIL	332,926	(19,797)	366,472	392,635	427,023	594,465	332,926	-1.77X	-2.16X
	GOLD	26,806	(19,831)	75,017	99,134	95,903	292,066	26,806	-2.01X	-1.72X
	COPPER	(30,614)	(1,313)	(11,358)	6,778	13,912	80,564	(60,135)	-2.38X	-1.21X
	Natural Gas	(132,326)	(1,429)	(121,533)	(126,279)	(132,852)	71,340	(262,534)	0.04X	-0.43X
	RBOB Gasoline	27,945	(4,252)	34,369	45,071	45,558	129,000	27,945	-1.62X	-1.56X
	ULSD Heating Oil	6,369	(986)	(675)	1,718	13,164	40,330	(27,674)	-0.43X	-0.05X
	Silver	3,282	(6,575)	20,625	28,798	28,458	80,646	3,282	-1.99X	-2.44X
	Platinum	(3,551)	(1,884)	1,879	9,107	9,319	69,306	(3,551)	-1.72X	-1.64X
	Corn	216,946	(79,573)	393,464	414,785	381,398	557,581	(257,102)	-2.42X	-0.03X
	Soybeans	101,405	(19,780)	159,345	171,631	121,870	270,935	(80,176)	-0.36X	-0.06X
	Wheat	5,719	(3,532)	23,575	13,417	12,066	60,302	(44,942)	-0.39X	-0.63X
	Live Cattle	33,944	(7,849)	53,265	66,087	73,652	119,550	20,158	-1.86X	-1.36X
	Lean Hogs	27,405	(1,852)	30,537	51,386	63,627	101,947	15,120	-1.49X	-1.16X
	Sugar	57,984	(47,348)	188,050	155,531	195,779	316,046	(205,161)	-2.13X	-0.62X
	Cotton	50,339	(7,389)	74,150	84,719	93,988	127,919	(37,827)	-2.72X	-0.13X
	Coffee	41,241	1,729	38,508	46,819	51,776	72,005	(52,986)	-0.90X	0.36X
	Cocoa	(19,933)	(14,907)	8,168	17,241	12,862	81,269	(21,644)	-1.97X	-1.84X
	Orange Juice	5,107	(174)	5,288	4,695	3,387	5,781	(7,560)	0.84X	1.31X

VOLATILITY

Implied & Realized Volatility

TIME WINDOW SETTING: VOLATILITY_30D PUT_IMP_VOL_30D	TICKER	TOTAL RETURN PERFORMANCE YTD %	IVOL PREMIUM/DISCOUNT IVOL PREM % IVOL / RVOL	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		CURRENT												
Energy Sector SPDR ETF	XLE US EQUITY	26.62%	3%	17%	14%	-12%	-0.2	0.0	45.2	14%	95%	46.7	33%	97%
Utilities Sector SPDR ETF	XLU US EQUITY	-0.90%	-36%	-19%	-6%	21%	-1.8	-1.3	26.9	46%	97%	17.3	-22%	75%
Consumer Staples Sector SPDR ETF	XLP US EQUITY	-4.74%	55%	0%	38%	18%	0.2	0.1	17.3	-36%	88%	26.7	-16%	95%
Health Care Sector SPDR ETF	XLV US EQUITY	-7.95%	-7%	-7%	-11%	-1%	-1.0	-0.8	21.9	3%	89%	20.3	-4%	87%
Industrials Sector SPDR ETF	XLI US EQUITY	-17.10%	9%	0%	-16%	-9%	-0.5	-0.3	24.3	-11%	91%	26.5	7%	91%
Financials Sector SPDR ETF	XLF US EQUITY	-18.29%	16%	66%	3%	-24%	0.0	0.1	24.8	-16%	86%	28.8	29%	92%
Materials Sector SPDR ETF	XLB US EQUITY	-18.94%	17%	0%	5%	-5%	-0.4	-0.1	27.5	-10%	92%	32.3	11%	95%
SPDR S&P 500 ETF Trust	SPY US EQUITY	-19.23%	-7%	-13%	-13%	-14%	-0.5	-0.6	26.8	-12%	94%	24.9	-5%	94%
Real Estate Sector SPDR ETF	XLRE US EQUITY	-19.84%	-5%	-12%	-10%	-14%	-0.6	-0.4	26.8	-10%	90%	25.3	-1%	86%
I-Shares Russell 2000 ETF	IWM US EQUITY	-22.56%	-2%	-9%	-7%	-12%	-0.5	-0.5	31.1	-11%	94%	30.5	-1%	92%
Technology Sector SPDR ETF	XLK US EQUITY	-25.34%	-3%	4%	-6%	-17%	-0.4	-0.4	33.4	-17%	93%	32.5	-2%	94%
Power Shares QQQ Trust ETF	QQQ US EQUITY	-27.83%	-5%	-13%	-12%	-21%	-0.5	-0.5	34.2	-16%	94%	32.6	2%	95%
Communication Services SPDR ETF	XLC US EQUITY	-28.90%	-4%	-8%	-10%	-14%	-0.3	-0.5	33.0	-4%	89%	31.7	7%	91%
Consumer Discretionary Sector SPDR ETF	XLY US EQUITY	-30.52%	0%	-3%	-11%	-22%	-0.2	-0.4	38.6	-18%	97%	38.7	6%	98%
INTERNATIONAL EQUITIES														
I-Shares China Large-Cap ETF	FXI US EQUITY	-12.19%	-8%	-9%	-8%	-11%	0.0	-0.2	38.0	-8%	94%	35.0	-6%	95%
Euro Stoxx 50 Index	SX5E INDEX	-17.47%	5%	5%	14%	0%	0.1	0.1	24.9	0%	86%	26.3	5%	92%
I-Shares MSCI Emerging Markets ETF	EEM US EQUITY	-19.74%	0%	-1%	2%	-12%	-0.4	-0.3	25.4	-5%	85%	25.5	8%	89%
I-Shares MSCI Japan ETF	EWJ US EQUITY	-20.06%	20%	19%	24%	3%	0.8	0.5	18.5	-12%	72%	22.2	3%	91%
CURRENCIES														
PowerShares US Dollar Index ETF	UUP US EQUITY	12.72%	44%	43%	27%	12%	0.2	0.4	9.5	5%	91%	13.7	34%	99%
Currency Shares British Pound ETF	FXB US EQUITY	-12.20%	-4%	-5%	-8%	-17%	-0.5	-0.4	13.0	5%	97%	12.5	22%	95%
Currency Shares Euro Trust ETF	FXE US EQUITY	-12.27%	24%	23%	6%	-14%	1.5	1.3	9.9	-6%	85%	12.3	36%	96%
Currency Shares Japanese Yen ETF	FXY US EQUITY	-16.05%	-3%	0%	7%	23%	-0.7	-0.5	12.6	25%	89%	12.3	-1%	86%
COMMODITIES														
United States Natural Gas Fund ETF	UNG US EQUITY	69.82%	-9%	-16%	-22%	6%	-0.6	-0.6	100.1	22%	99%	91.2	5%	98%
United States Oil Fund ETF	USO US EQUITY	33.94%	4%	9%	15%	1%	-0.3	-0.2	48.7	26%	89%	50.8	30%	92%
Teucrium Corn ETF	CORN US EQUITY	9.84%	4%	6%	14%	41%	-1.3	-1.0	39.2	68%	98%	40.6	23%	97%
SPDR Gold Shares ETF	GLD US EQUITY	-5.93%	17%	16%	24%	3%	0.3	0.4	15.2	5%	68%	17.7	19%	81%
iPath Coffee Subindex ETN	JO US EQUITY	-8.60%	46%	45%	51%	18%	1.2	1.2	37.2	-9%	78%	54.4	13%	98%
iPath Cocoa Subindex ETN	NIB US EQUITY	-12.56%	24%	52%	108%	50%	0.4	0.4	23.8	-8%	36%	29.6	-24%	67%
FIXED INCOME														
I-Shares 7-10 Year Treasury Bond ETF	IEF US EQUITY	-10.22%	0%	-3%	6%	6%	-0.7	-0.5	12.4	28%	99%	12.4	21%	97%
I-Shares IBOXX HY Corporate Bond ETF	HYG US EQUITY	-12.02%	-7%	-9%	-10%	13%	-0.7	-0.8	16.6	22%	97%	15.4	1%	97%
I-Shares IBOXX IG Corporate Bond ETF	LQD US EQUITY	-15.25%	5%	4%	-4%	6%	-0.1	-0.1	12.3	9%	96%	13.0	9%	98%
I-Shares J.P. Morgan USD EM Bond ETF	EMB US EQUITY	-21.49%	-5%	-12%	-3%	14%	-0.8	-0.7	17.7	28%	97%	16.7	6%	97%
I-Shares 20+ Year Treasury Bond ETF	TLT US EQUITY	-21.56%	0%	-2%	6%	-1%	-0.1	-0.1	22.1	7%	98%	22.1	8%	98%
MEGA-CAP														
Apple	AAPL US EQUITY	-17.63%	4%	-5%	-4%	-23%	-0.1	-0.1	35.9	-24%	85%	37.5	3%	91%
Microsoft	MSFT US EQUITY	-24.23%	7%	3%	3%	-11%	0.1	0.0	34.5	-8%	85%	36.9	11%	96%
Alphabet	GOOGL US EQUITY	-21.28%	6%	2%	4%	-11%	0.0	0.0	41.3	1%	94%	43.7	21%	99%
Amazon	AMZN US EQUITY	-34.49%	0%	-2%	-1%	-24%	0.1	-0.3	51.7	-9%	93%	51.8	20%	98%
Facebook	META US EQUITY	-51.46%	18%	16%	9%	-22%	0.8	0.5	57.3	-5%	88%	67.5	43%	99%
Tesla	TSLA US EQUITY	-33.84%	2%	-2%	-3%	-15%	-0.2	-0.1	69.9	-17%	83%	71.1	-1%	86%

Bond Volatility (MOVE Index)

Series	Last Px	1 Day Ago	1 Wk Ago	4 Wks Ago	DoD Δ	DoD % Δ	WoW Δ	WoW % Δ	MoM Δ	MoM % Δ
MOVE	148.11	147.72	151.14	144.09	39 bps	0.3%	-303 bps	-2.0%	402 bps	2.8%

High Yield Market Volatility

Volatility | High Yield OAS | High Yield (RHS) | **$HYG**

Series	Last Px	1 Day Ago	1 Wk Ago	4 Wks Ago	DoD Δ	DoD % Δ	WoW Δ	WoW % Δ	MoM Δ	MoM % Δ
HY OAS	5.32	5.31	5.66	4.77	1 bps	0.2%	-34 bps	-6.0%	55 bps	11.5%

U.S. Equity Volatility

Volatility — VIX

Series	Last Px	1 Day Ago	1 Wk Ago	4 Wks Ago	DoD Δ	DoD % Δ	WoW Δ	WoW % Δ	MoM Δ	MoM % Δ
VIX	27.29	26.17	26.73	32.69	112 bps	4.3%	56 bps	2.1%	-540 bps	-16.5%
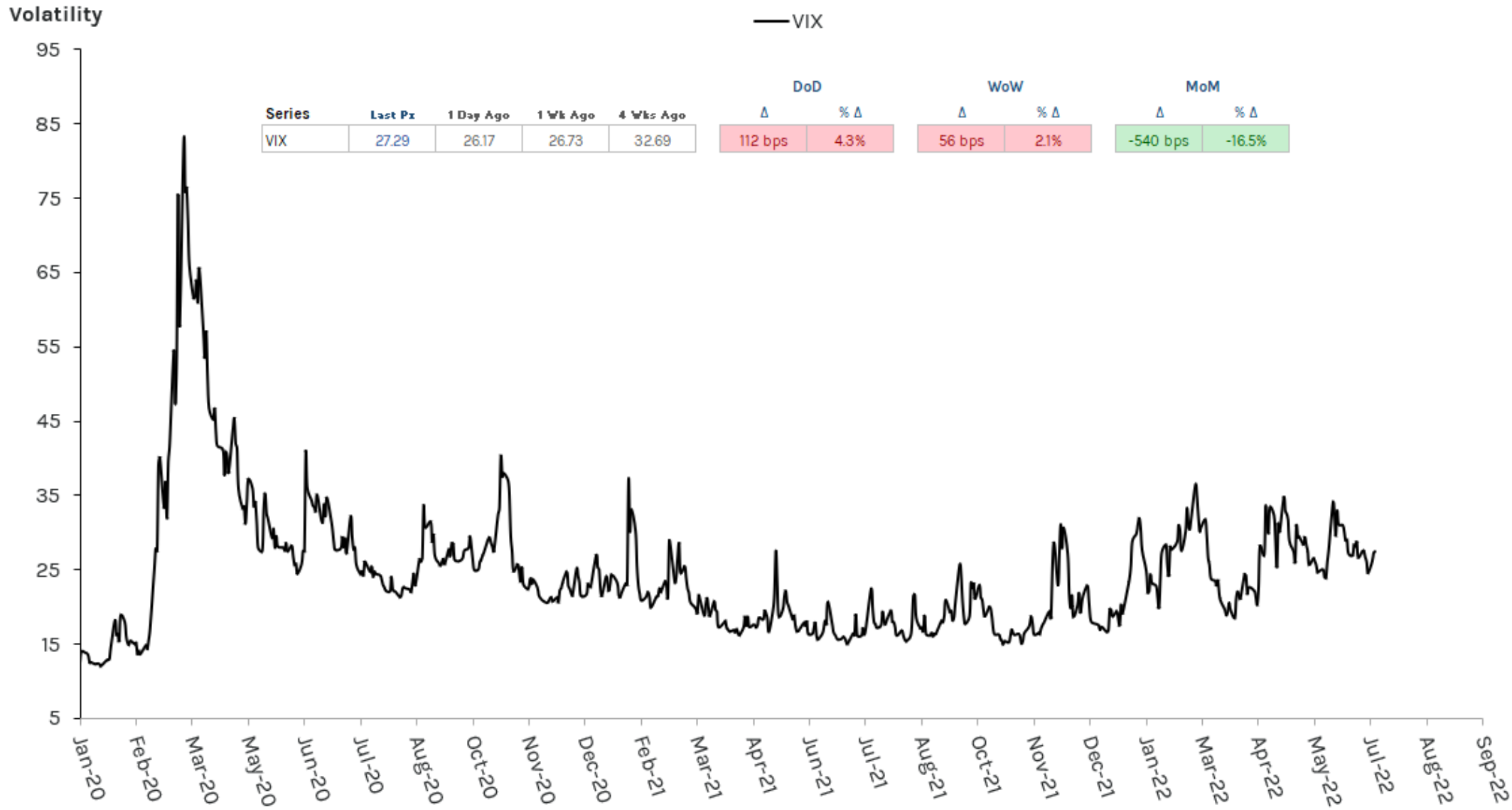
Global Currency Volatility

Volatility

— J.P. Morgan Global FX Volatility

Series	Last Px	1 Day Ago	1 Wk Ago	4 Wks Ago	DoD Δ	DoD % Δ	WoW Δ	WoW % Δ	MoM Δ	MoM % Δ
MOVE	11.63	11.45	11.67	11.85	18 bps	1.6%	-4 bps	-0.3%	-22 bps	-1.9%
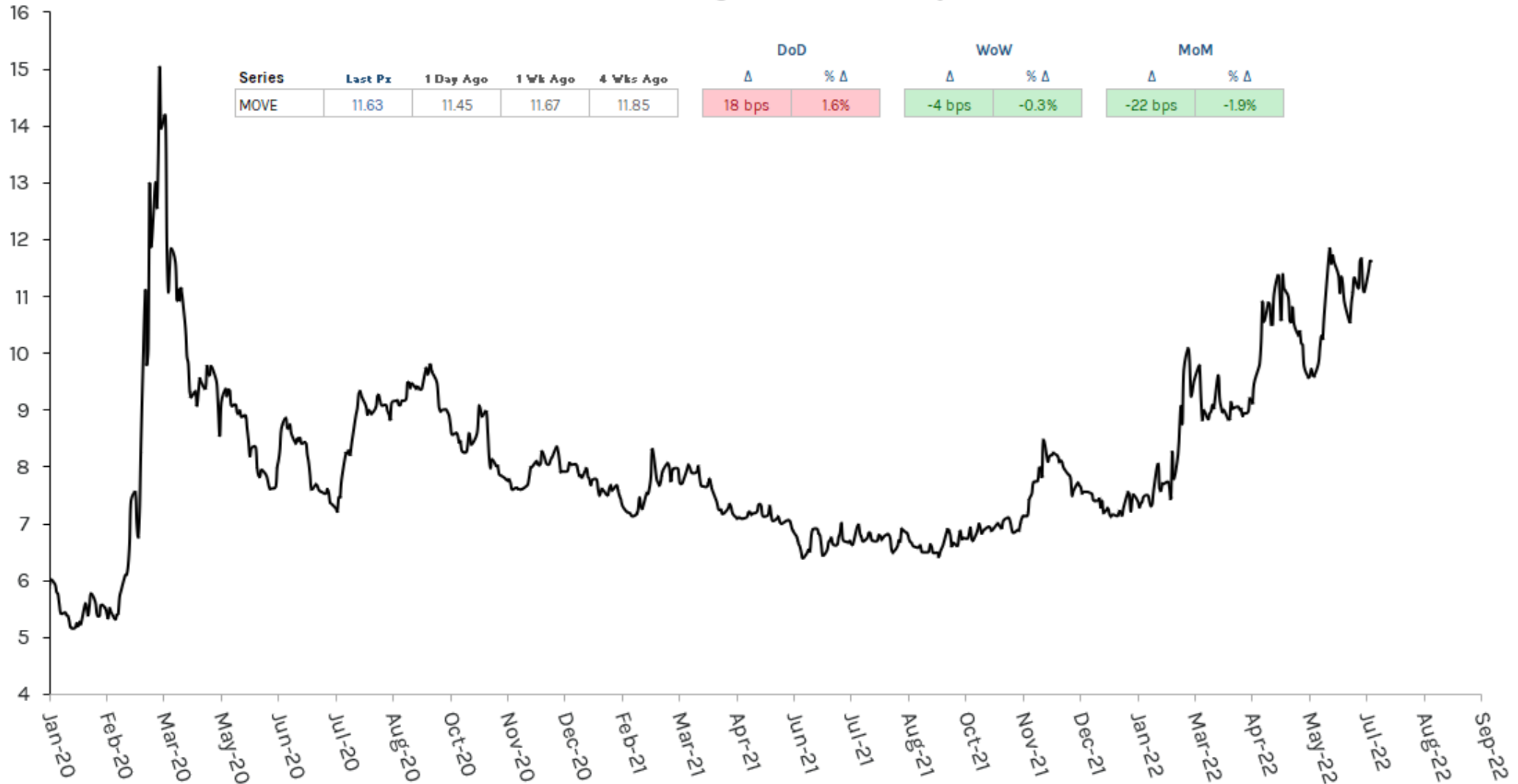
10YR BBB Corporate Spread

Series	Last Px	1 Day Ago	1 Wk Ago	4 Wks Ago	DoD Δ	DoD % Δ	WoW Δ	WoW % Δ	MoM Δ	MoM % Δ
10yr Spread	2.11	2.10	2.13	1.93	1 bps	0.5%	-2 bps	-0.9%	18 bps	9.3%

HEDGEYE
EVENTS

COMING SOON ON
HEDGEYE TV

JULY 14TH | 12:30PM ET

CHINA PRO

A special 'Black Book' presentation hosted by China analyst Felix Wang

JULY 20TH | 2:00PM ET

CONSUMABLES PRO

A special Consumer Staples 'Black Book' presentation hosted by Consumables analyst Daniel Biolsi

JULY 21ST | 12:30PM ET

CHINA PRO

A special 'Black Book' presentation hosted by China analyst Felix Wang

JULY 18TH | 10:00AM ET

CONSUMABLES PRO

Q&A session hosted by Consumables analyst Howard Penney on Cannabis stocks for subscribers

JULY 21ST | 10:00AM ET

CONSUMABLES PRO

Q&A session hosted by Consumables analyst Howard Penney on Restaurant stocks for subscribers

JULY 26TH | 12:30PM ET

TECHNOLOGY PRO

Q&A session hosted by Technology analyst Ami Joseph for subscribers

IN CASE YOU MISSED IT
HEDGEYE TV

JULY 12TH

TECHNOLOGY PRO

Technology analyst Ami Joseph presents the 3Q22 themes for his sector

JULY 12TH

INDUSTRIALS PRO

Industrials analyst Jay Van Sciver presents the 3Q22 themes for his sector

JULY 11TH

HEALTHCARE PRO

Q&A session hosted by Healthcare analyst Tom Tobin for subscribers

JULY 8TH

RETAIL PRO

Q&A session hosted by Retail analyst Brian McGough for subscribers

JULY 7TH

GLL PRO

Idea Hunt and Q&A session hosted by GLL analyst Todd Jordan for subscribers

JULY 6TH

BITCOIN TREND TRACKER

Hedgeye analyst Rob Simone hosts a Bitcoin industry guest for a 'fireside chat'