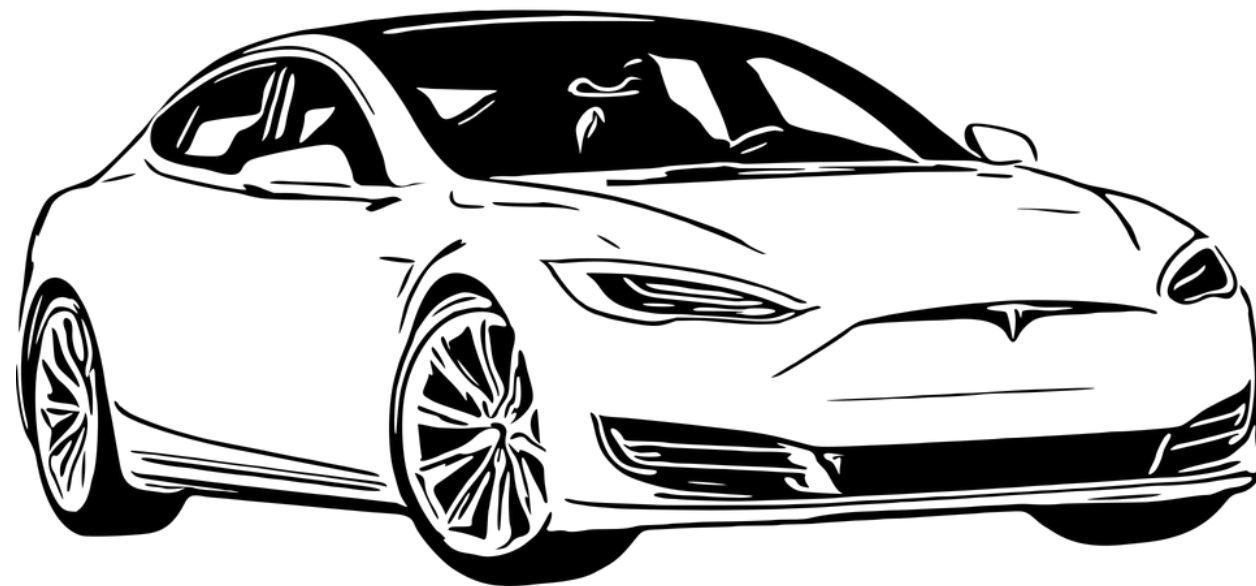




# How To Prepare Your Portfolio For The Year Ahead | **Industrials**

December 2, 2019



## INDUSTRIALS

Jay Van Sciver

David Talbott

## DISCLAIMER

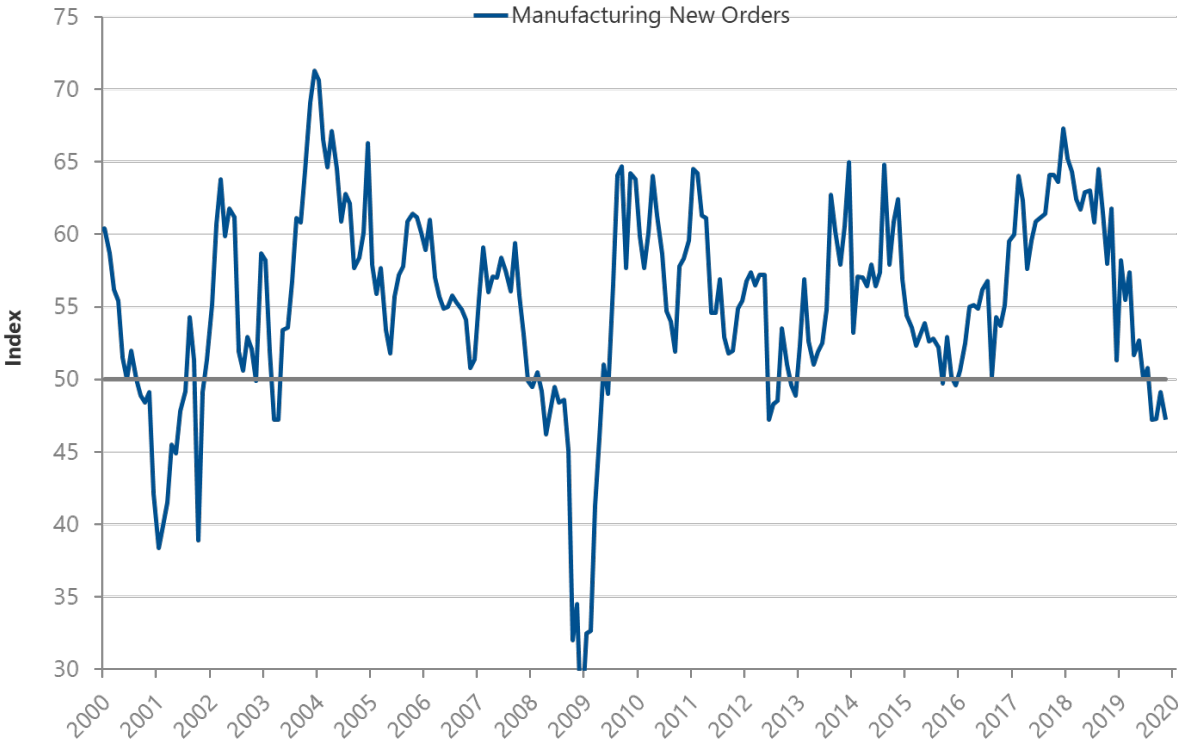
Hedgeye Risk Management, LLC (“Hedgeye”) is a registered investment advisor, registered with the State of Connecticut. Hedgeye is not a broker dealer and does not provide investment advice to individuals. This research does not constitute an offer to sell, or a solicitation of an offer to buy any security or investment vehicle. This research is presented without regard for individual investment preferences or risk parameters; it is general information and does not constitute specific investment advice, nor does it constitute or contain any legal or tax opinions. This presentation is based on information from sources believed to be reliable. Hedgeye is not responsible for errors, inaccuracies or omissions of information. The opinions and conclusions contained in this report are those of the individual expressing those opinions or conclusion and are intended solely for the use of Hedgeye’s clients and subscribers, and the authorized recipients of the content. In reaching its own opinions and conclusions, Hedgeye and its employees have relied upon research conducted by Hedgeye’s employees, which is based upon sources considered credible and reliable within the industry. Neither Hedgeye, nor its employees nor any individual expressing opinions, conclusions or data are responsible for the validity or authenticity of the information upon which it has relied.

## TERMS OF USE

This report is protected by United States and foreign copyright laws and is intended solely for the use of its authorized recipient. Access must be provided directly by Hedgeye. There is a fee associated with access to this report and the information and materials presented during the event. **Redistribution or republication of this report and its contents are strictly prohibited.** By joining this call or possessing these materials, you agree to these Terms. For more detail please refer to the appropriate sections of the Hedgeye Services Agreement and the Terms of Service at [https://www.hedgeye.com/terms\\_of\\_service](https://www.hedgeye.com/terms_of_service).

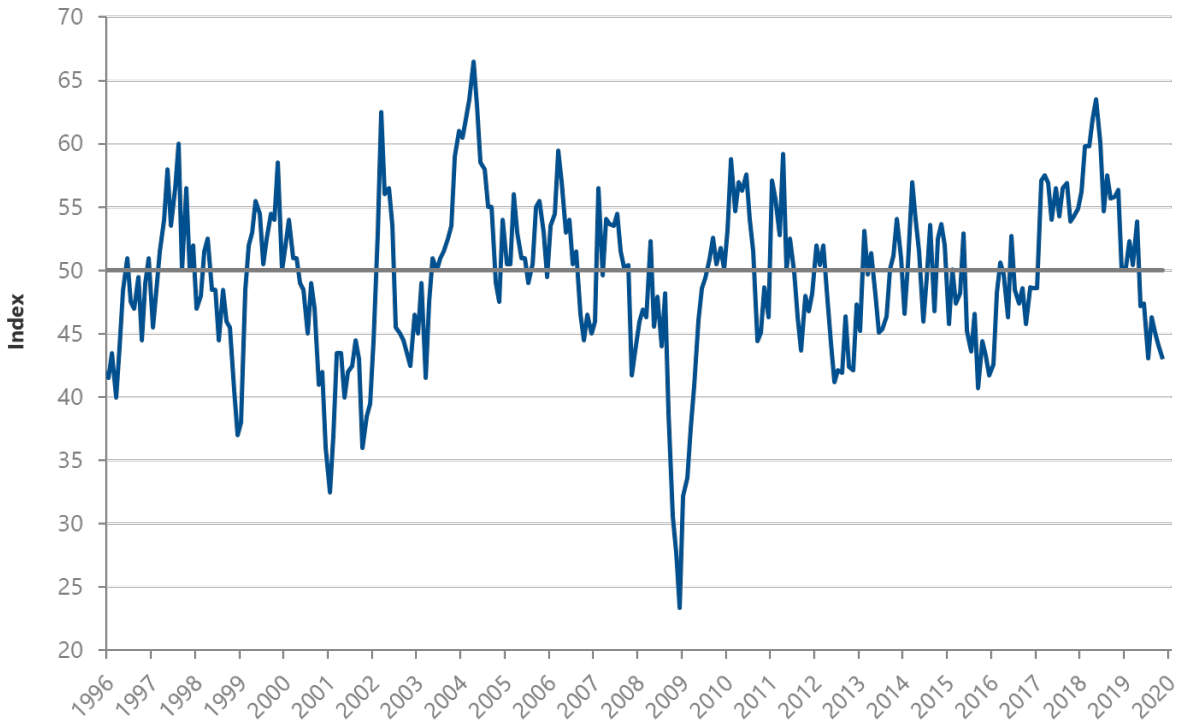
# ISM Stabilization Not So Stable, Backlog Down: Hangover?

ISM REPORTS ON BUSINESS NEW ORDERS



SOURCE: ISM, HEDGEYE ESTIMATES

ISM REPORTS ON BUSINESS BACKLOG

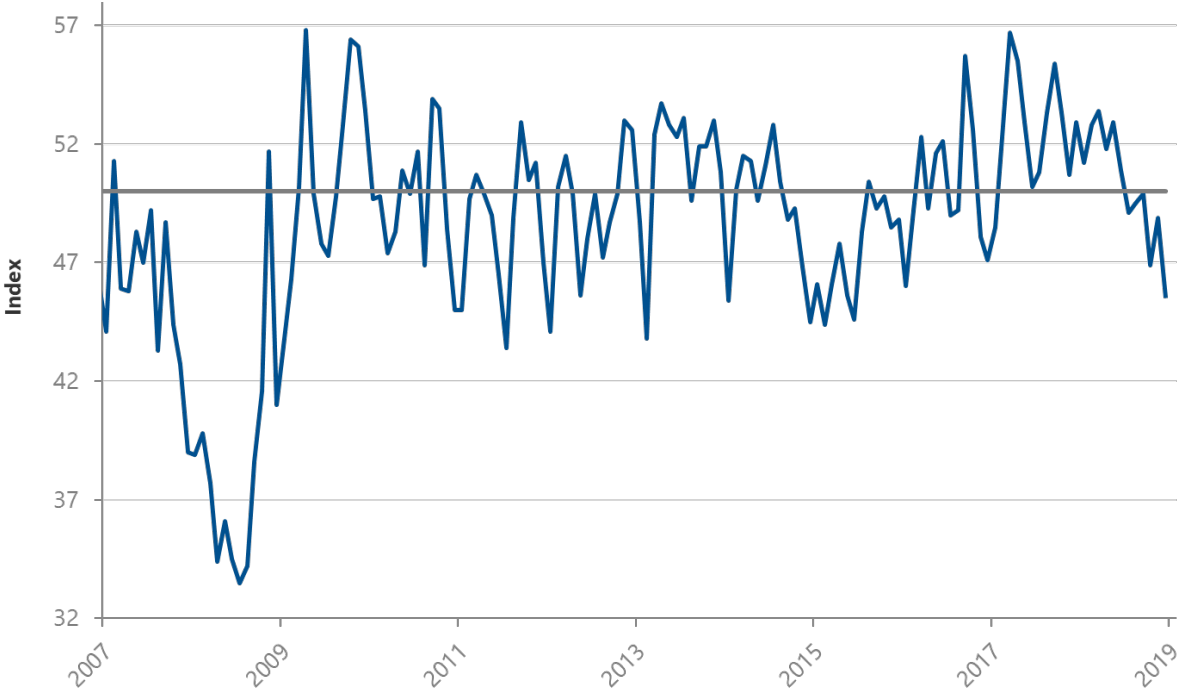


SOURCE: ISM, HEDGEYE ESTIMATES

# Inventories & Employment Also Down, Industrial Contraction

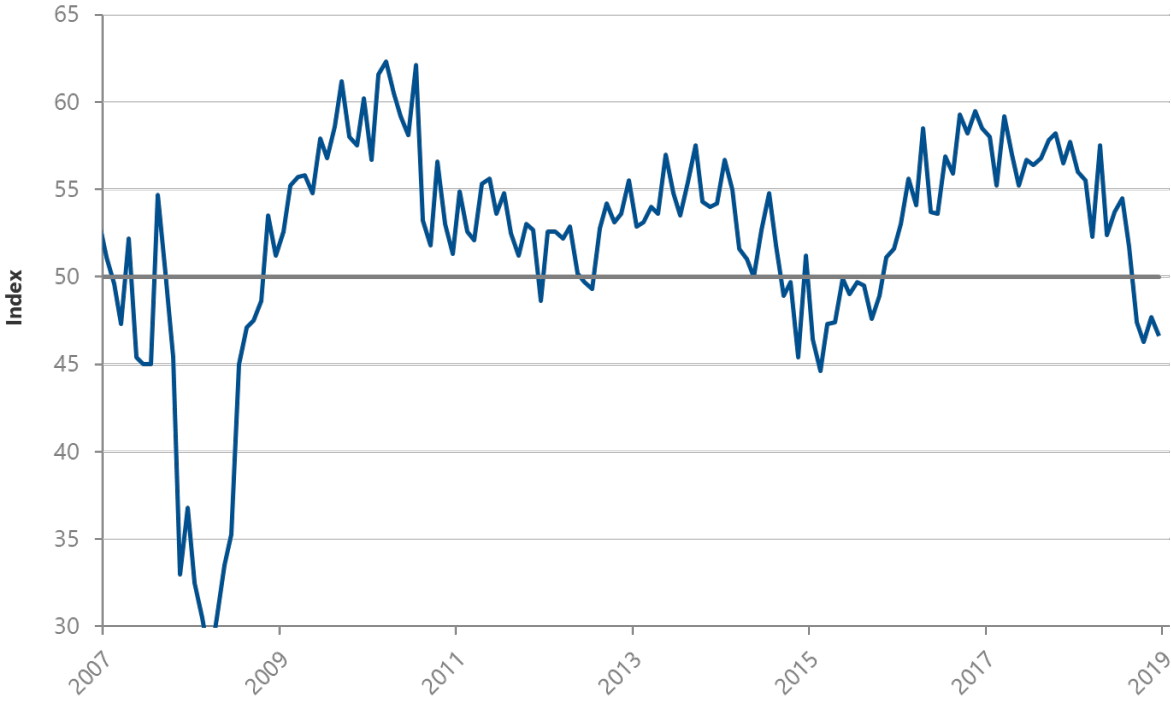
ISM REPORTS ON BUSINESS

— ISM Manufacturing Inventories



SOURCE: ISM, HEDGEYE ESTIMATES

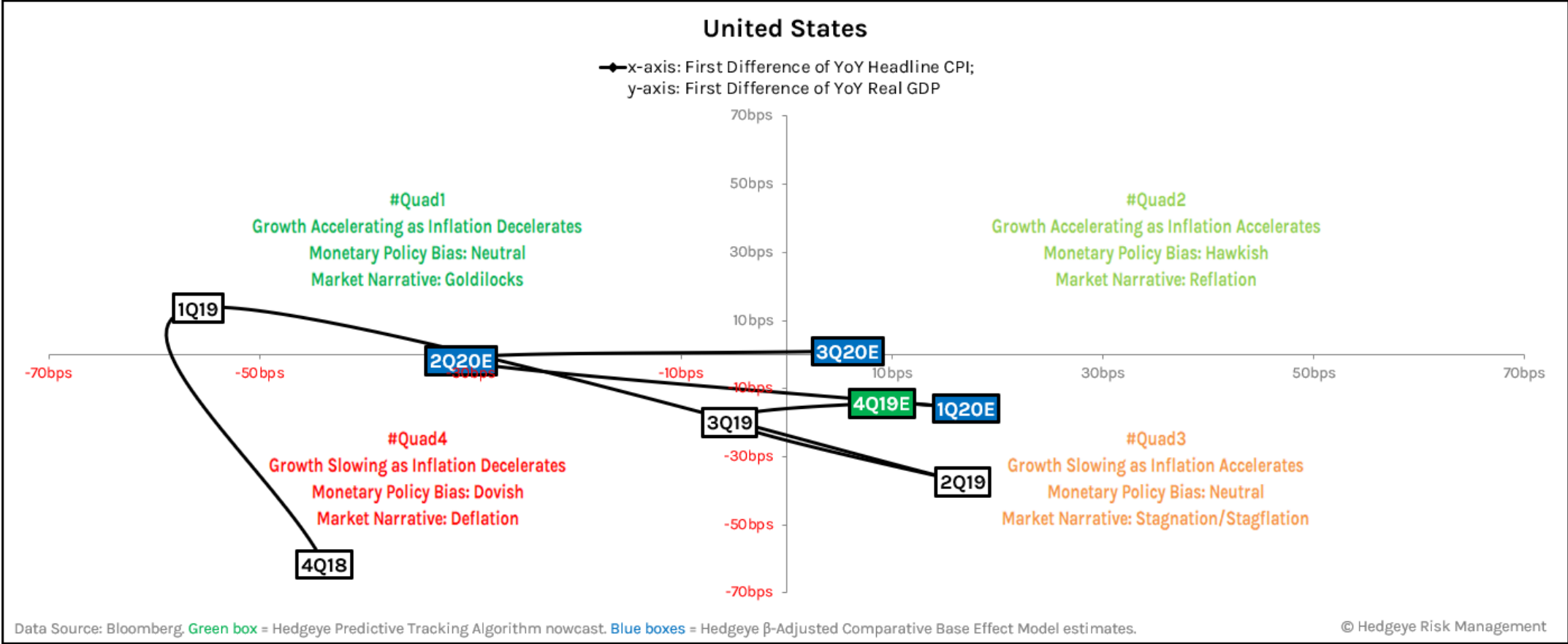
ISM MANUFACTURING EMPLOYMENT SUBINDEX



SOURCE: ISM, HEDGEYE ESTIMATES

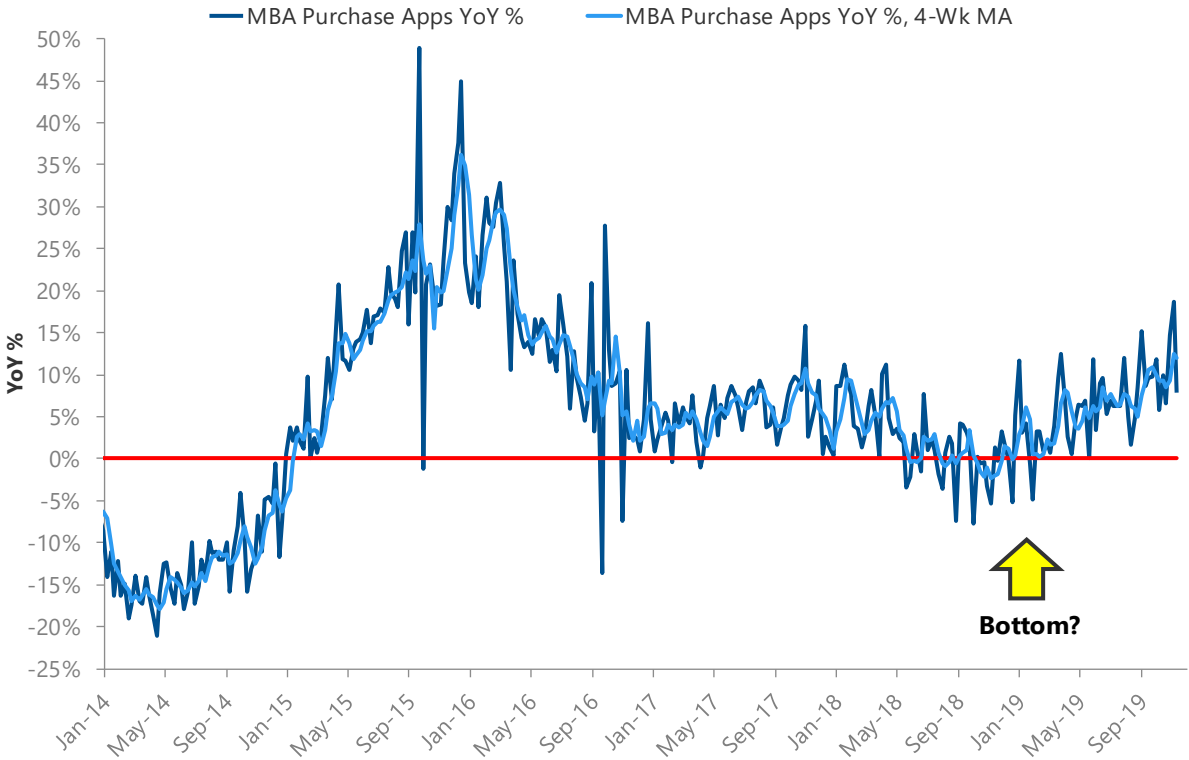
# Consistent With Macro Framework: Fleet Growth + Replacement

United States	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	← Actuals   Estimates →	4Q19E	1Q20E	2Q20E	3Q20E
Real GDP QoQ SAAR	2.00%	2.30%	2.20%	3.20%	3.50%	2.50%	3.50%	2.90%	1.10%	3.10%	2.00%	2.10%	Real GDP QoQ SAAR	0.52%	2.44%	1.93%	2.15%
Real GDP YoY	2.03%	2.10%	2.16%	2.42%	2.80%	2.86%	3.20%	3.13%	2.52%	2.65%	2.28%	2.08%	Real GDP YoY	1.94%	1.78%	1.76%	1.77%
2Y Comparative Base Effects	2.39%	2.80%	2.35%	2.00%	1.97%	1.86%	1.75%	1.99%	2.41%	2.48%	2.68%	2.77%	2Y Comparative Base Effects	2.66%	2.76%	2.74%	2.61%
Headline CPI YoY	1.80%	2.54%	1.90%	1.97%	2.12%	2.21%	2.71%	2.64%	2.20%	1.64%	1.81%	1.76%	Headline CPI YoY	1.85%	2.02%	1.71%	1.77%
2Y Comparative Base Effects	0.86%	0.51%	0.50%	0.61%	1.13%	1.81%	1.48%	1.54%	1.96%	2.38%	2.31%	2.30%	2Y Comparative Base Effects	2.16%	1.93%	2.26%	2.20%

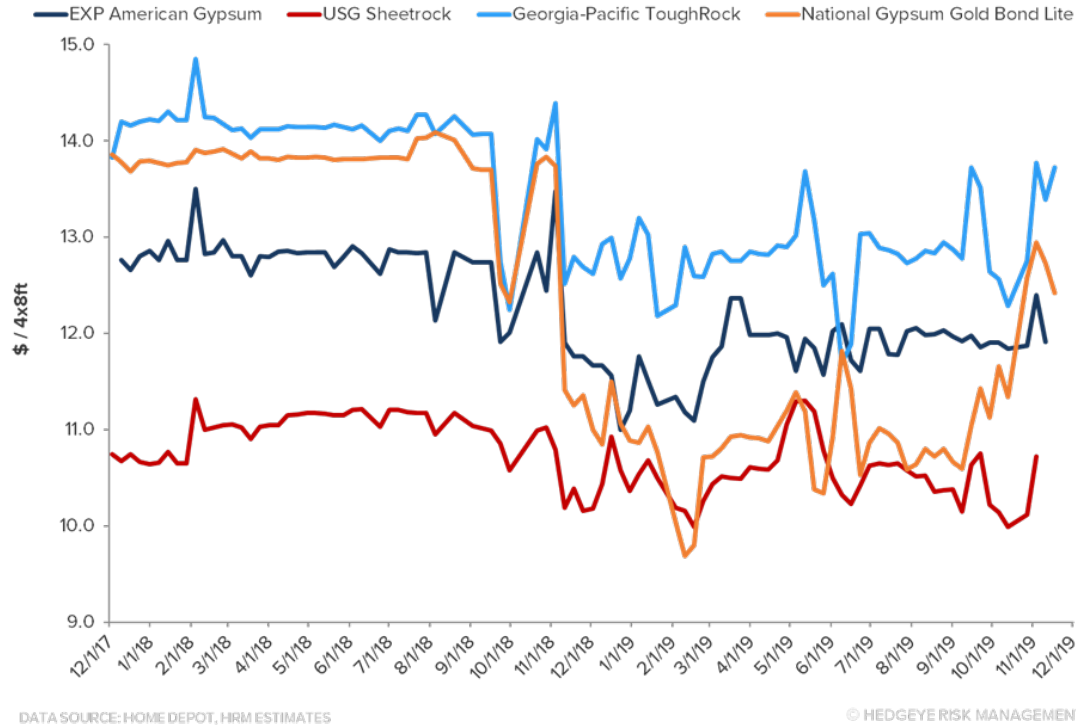


# Residential Construction Looking Stronger

MBA MORTGAGE PURCHASE APPLICATIONS YOY %



U.S. 1/2IN 4X8FT STANDARD GYPSUM BOARD AVERAGE SELLING PRICE



# Tesla Facing Endless Competitive Entry, Weaker Backdrop

