

US MARKET INTELLIGENCE:  
MORNING BRIEFING

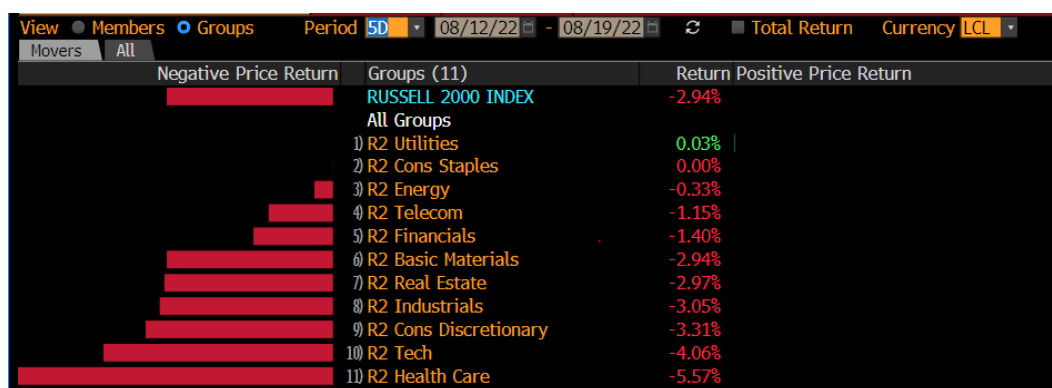
AUGUST 22, 2022



TOP OF THE AGENDA

- **SPX -1.1%, NDX -1.5%, RTY -1.1%.** WTI -172bps at \$89.21, NatGas +222bps to \$9.54, UK NatGas +1933bps to £5.5000, Gold -71bps to \$1,735, Silver -48bps to \$18.96, 10Y @ 2.970%, and VIX @ 23.08.
- **US:** Futs are weaker as investors focus on Jackson Hole; the SPX fell for the first time in 5 weeks and now sits ~15% above its YTD lows. Pre-mkt, MegaCap Tech is under pressure with AAP, AMZN, GOOG/L, META, and TSLA all lower by 1.5% - 2.4%. 10Y yield is unchanged but we may see rates vol increase into Jackson Hole and then Sept's CPI and Fed meetings. USD strength continues and we may see the DXY make a new 52-wk high; commodities are weaker though natgas is higher as Russia shuts Nord Stream for maintenance.
- **APAC:** Markets closed mostly lower with China in the green. China stimulus continues; **Mislav** reiterates his [bullish China](#) call. China is seeing localized lockdowns as COVID cases reach a 3-month high. PBOC reaffirmed its 3% inflation target for FY22. US/Japan officials visiting Taiwan. In Japan, Momentum led and Vol/Growth lagged. In AxJ, Low Vol led and Growth lagged. CSI +0.7%, HSI -0.6%, NKY -0.5%, ASX -1.0%, KOSPI -1.2%.
- **EMEA:** Major markets are weaker with the UK outperforming and Germany the biggest laggard. UK strikes continue; a port strike increases supply chain worries as inflation breaches 10%. ECB's Nagel wants increased rate hikes as German inflation looks to hit 10%. The region is preparing for energy shortages this winter. Momentum is leading, Yield Winners lagging; Growth over Value; Defensives over Cyclical. UKX -0.7%, SX5E -1.6%, SXXP -1.1%, DAX -2.0%.
- **US MACRO DATA:** Chicago Fed Nat Activity Index at 8.30am ET.
- **US EARNINGS:** PANW, ZM

- **US MKT INTEL: Energy Sector: Drilling Down on Top Picks** (full note is [here](#)) – Marko reiterates his call on Energy in yesterday’s note. Here is a note published today that looks at some **single stock ideas** based on fundamental and positioning factors.
- **MARKET INTELLIGENCE** weekly macro calendar is [here](#).
- **DATA ASSETS & ALPHA PODCAST: Is Asia still the bright spot in the global economy?** Hosted by **Eloise Goulder, Krupa Patel, and Junho Jung**. The podcast focus on whether Asia is still the bright spot in the global economy in light of the recent macro & political news flow in China; they assess tactical risk-reward within the region. Podcast is [here](#).
- **JPM X-ASSET & CLIENT SURVEY:** JPM Chief Market Strategist, **Marko Kolanovic** and his team, conduct a weekly survey that takes about 1-min to complete, please access the survey [here](#). A full copy of *The J.P. Morgan View* (Kolanovic, et. al.) is [here](#).
- **JPM RESEARCH MACRO PUBLICATIONS:** A copy of the JP Morgan Economics team’s **Global Data Watch** can be found [here](#) (Kasman, et. al. August 19). A copy of JPM US Economics team’s **US Weekly Prospects** can be found [here](#) (Feroli, et. al. August 19). A copy of the **US Fixed Income Markets Weekly** can be found [here](#) (Roever, et. al. August 19). A copy of the **US Government Bond Strategy Weekly** can be found [here](#) (Barry, et. al. August 19). A copy of **Global Commodities: The Week in Commodities** can be found [here](#) (Kaneva, et. al. August 12).



Source: Both charts sourced from Bloomberg

## MARKET SUMMARY

**EQUITY AND MACRO NARRATIVE:** Last week, the SPX fell 1.2% breaking a string of 4 consecutive positive weeks that added 10.4% to the index. The SPX failed to push through its 200dma (4320) and we may see some consolidation as the market prepares for Powell's remarks at Jackson Hole; however, stronger than expected PMIs on Tuesday may provide some support. **Mike Feroli** and team published their thoughts last week, "We [Feroli and team] expect his remarks will indicate that while some activity indicators have been mixed lately, the labor market remains exceptionally tight and thus inflationary pressures are still building. In so doing we believe he will push back against the idea that a "pivot" to more dovish policy is coming anytime soon. Instead, we expect he will remain steadfast that "ongoing" rate increases are needed to regain price stability (full note is [here](#))."

**Feroli** maintains a forecast of a 75bps hike in September and then 25bps hikes in November and December. The market is pricing in a 75bps hike (~80% probability) but we may see Rates vol increase this week as we have seen vol spikes surrounding Fed days and CPI releases. If we see rates vol higher, you may see credit spreads widen, and Equities pressured. While Powell may not deliver new information to the market, investors are focused on whether we see increased hawkishness given the recent loosening of financial conditions, a tight labor market, and elevated inflation. As the market gauges the impact of this tightening cycle, here are some articles that you may find interesting.

- Evictions spiking as assistance, protections disappear ([AP](#))
- Layoffs Are in the Works at Half of Companies, PwC Survey Shows ([BBG Terminal](#))
- These 16 states are issuing additional stimulus checks to qualifying residents ([CNBC](#))
- Look for a large but uneven fall in 2H22 inflation ([JPM Economic Research](#))

What's the near-term setup? Feels choppy with the risk-reward skewed to the downside. This view is driven by (i) seasonality, (ii) vol resurgence, and (iii) positioning.

- **SEASONALITY** – this century, September has been the worst month for performance, averaging a negative 1.16% return. Q4 has been the best performing quarter, averaging +3.73% this century.
- **VOL RESURGENCE** – as mentioned above, this year Rates vol tends to drive both Credit and Equity vol. Some of the largest increases in Rates vol have come from Fed events and

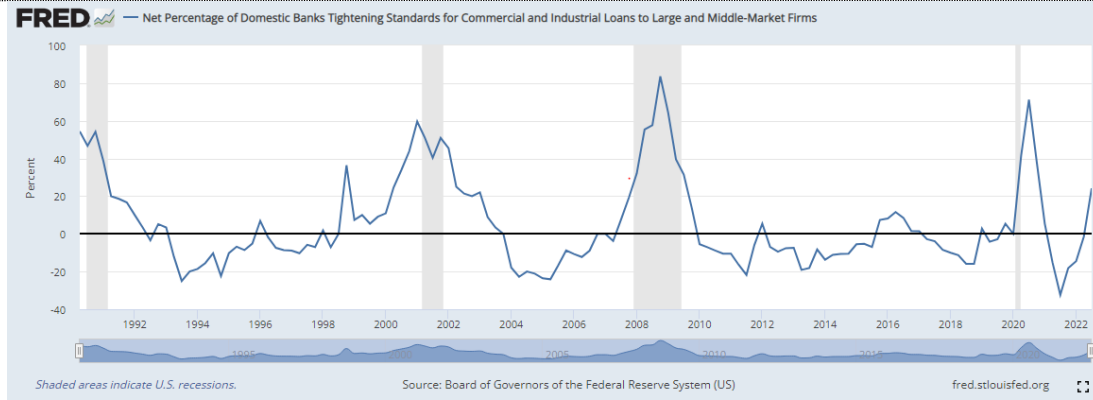
CPI releases. The combination of Jackson Hole, Sept 13 CPI print, and the Sept 21 Fed meeting may drive vol higher over the next few weeks. Also, if the 10Y yield pushes above 3%, that may add additional downside pressure.

- **POSITIONING** – the full excerpt from [Positioning Intel](#) follows after the charts. They note that the extreme short covering appears to have dissipated and overall positioning remains light.
- **WHAT'S THE TRADE?** To the extent possible, a market neutral approach is the preferred method with longs including elements of Secular Growth (including both Tech and Healthcare) and Energy. For hedges, I would consider using a combination of Credit ETFs such as LQD and HYG, in addition to index hedges. Keep an eye on Defensives. While they appear rich fundamentally, you may see investors pile back in as part of a short-term trading view.

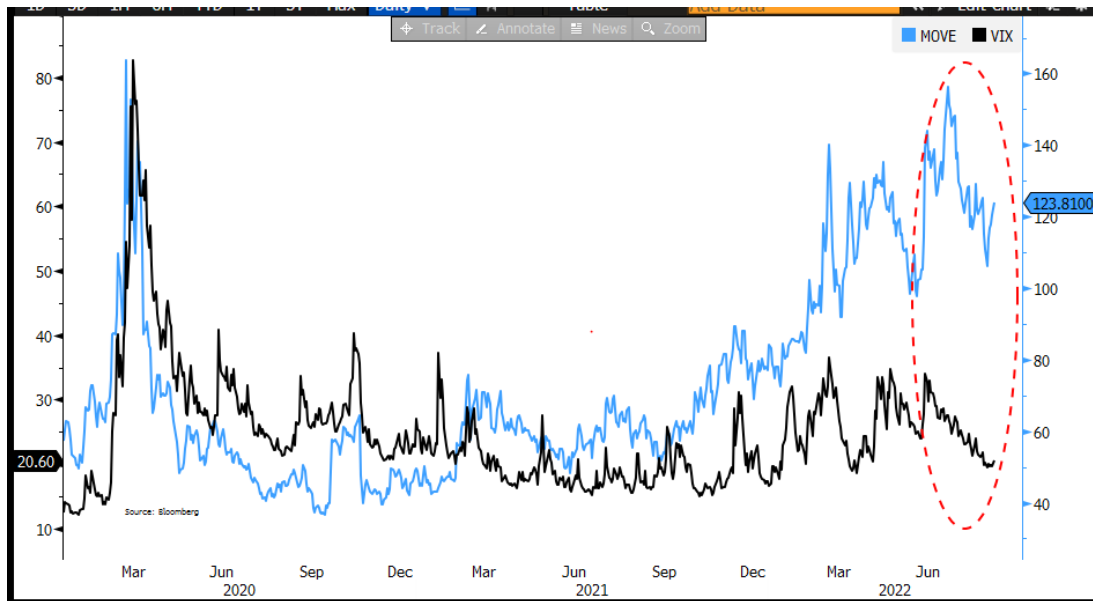
### US FINANCIAL CONDITIONS vs. 30YR FIXED MTGE RATE



### NET %AGE OF BANKS TIGHTENING LENDING STANDARDS TO LARGE/MID-SIZED FIRMS



### MOVE vs. VIX



### MOVE vs. JPM IG SPREAD INDEX [JULIS]



### MOVE vs. JPM HY INDEX [JPDEHYI]



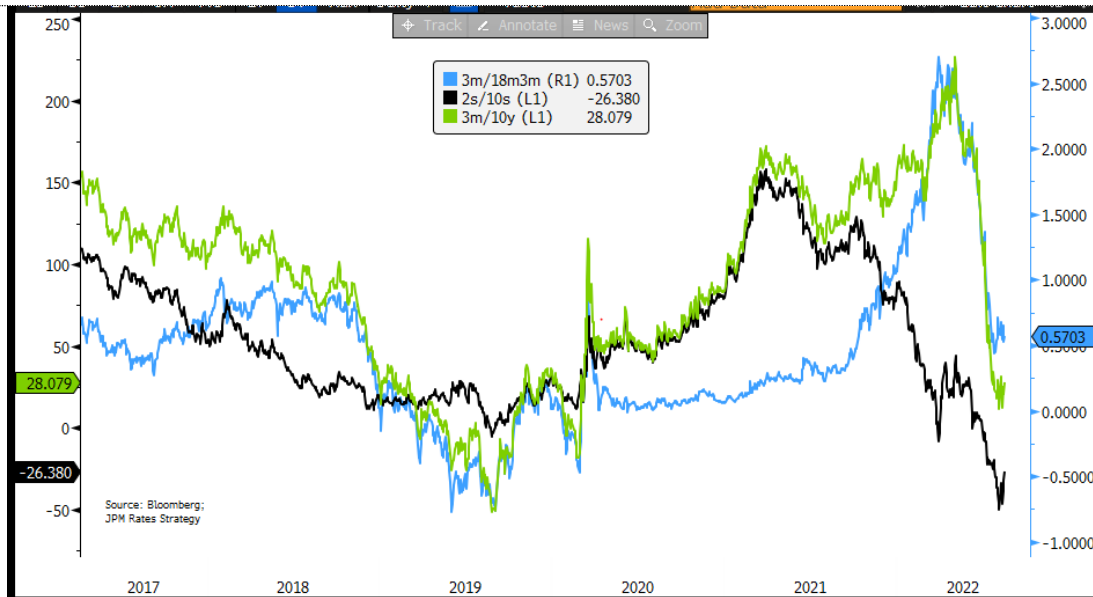
### SPX vs. 10Y YIELD [INVERTED]



### JPM CYCLICALS / DEFENSIVES INDEX vs. 2Y / 10Y SPREAD



### 3M / 18M3M vs. 2Y / 10Y vs. 3M / 10Y



## POSITIONING INTELLIGENCE

### Weekly Wrap | As the "cover band" stops playing, will HFs sell as rates rise?

**Summary:** There's only so much extreme covering in a short time that is likely to persist and it seems we're getting a taste of choppiness that we've suggested is possible. **Even prior to the Friday sell-off, it was clear that flows were shifting...** in N. America, after 15 consecutive days of short covering, Monday we saw nearly paired off short flows, followed by small short additions over the past 3 days (averaging 0.2z per day). On a 1wk basis, this lack of covering means that net flows in N. America went from +2z last week to 0z (i.e. paired off) this week, prior to Friday.

In last week's note (*Tactical Takes, Aug 11*), we suggested that with **positioning momentum turning positive**, it's usually been followed by positive market returns over the next 10-60 days, but the near term is sometimes choppy, in particular when positioning is increasing from more extreme lows like it has been recently (most similar to early 2016 and 2019). Furthermore, global / N. Am. net flows had gotten more positive in recent weeks due to the covering with the global 4wk net flows up to a +1.3 level and N. Am. 4wk net flows up to +1.7z.

**So with US 10yr rates rising again, will we see HF selling pick back up?** While possible (and we did see HFs sell Growth/Tech this week), it's not very clear as the relationship between HF net flows and changes in rates tends to vary over time. Perhaps the most relevant comparison to this year is 2H18 as US 10yr rates hovered near 3%. During this period we saw the relationship between HF net flows in N. Am. and US 10yr rates turn quite negative (i.e. HFs sold when rates were rising



and vice versa), but the relationship turned positive in early 2019. Earlier this year we saw a negative relationship, but it's less clear most recently.

Additionally, **while positioning isn't plumbing the extreme lows we saw in mid-June, post the short covering, it still remains relatively light.** Global Equity L/S net leverage is only at the 14<sup>th</sup> %-tile since 2017 as of Thursday and our aggregate TPM positioning level metric suggests overall positioning is still -0.5z below average or about the 25<sup>th</sup> %-tile (vs. mid-June low of -1.4z).

From a more **thematic** standpoint, some things we saw this week include:

- **Growth/Tech sold:** US Growth (JP1GRO) and FANG (JP1BFANG) saw longs sold. US Semis (JP1BSEM) have also been sold. In EMEA, net selling continues in SX8P
- **Energy most sold in N. Am.:** Energy is most sold in past week and month (-2z net flows). In contrast, EMEA Energy net flows were slightly positive this week in a shift from prior selling...as a reminder SXEP net positioning is near 4yr lows
- **US Consumer stocks bought:** Retail (JP1RTL) saw further covering, while Travel & Leisure (JP1TRL) saw longs added, and Restaurants (JP1RST) saw further buying. Net positioning remains quite low across these groups
- **Europe saw it's sell trend continue:** Longs continue to be sold with Materials, Banks, and Tech most sold
- **China buying returning:** Local China stocks have been bought in 7 of the past 10 days and are the most bought region at +1.2z

### **THE RETURN OF M&A?**

North American M&A activities have been muted for most of this year amid market uncertainties. However, starting this August, we saw an unexpected surge in deals with \$63 billion of transactions already announced, highest YTD (data as of 08/12/2022, source: Bloomberg). **Will we see the return of M&A activities later this year?**

- My colleague **Zara Patel**, from Special Situations, shared the following thoughts around August M&A (***Please let us know if you want adding to her distribution list covering M&A, pre-event, spins and SPACs:***)
  - The first half of August was particularly busy for NA M&A with 14 announced deals (\$30B total target market cap) vs 6 announced deals in July (\$10B total target market cap). **This contrasts the weak M&A outlook heading into Q3 due to rising funding costs and macro uncertainty.** Interestingly, **the majority of August's M&A involved corporate bidders** such as AMZN, PFE and TD, despite the large amount of dry powder sitting in PE funds. The universe of attractive takeover candidates will have grown in the first half of the

year as market valuations came off. Following the recent market rally since June, bidders may have feared if they didn't take action soon, they may miss out on buying targets at depressed valuations. Or these companies may be looking to diversify into new business areas ahead of a looming recession.

- By sector, pharma remains busy with announced deals including CCXI/AMGN and GBT/PFE and recent speculation on SGEN/MRK and SGFY/CVS. DeSPAC M&A has also picked up (EVOP, IS, RMO) where the DeSPAC companies technically trade weak due to a low free float and lock-ups. On the negative side, we've seen a number of companies recently end strategic reviews or reject takeover proposals (HCG, HEAR, RGEN, RPID, TRQ).
- Should target companies be increasingly reluctant to sell, arguing offer terms based on short term VWAPs don't reflect their fair valuation, **we could see more hostile takeovers or activists pressuring companies to sell themselves.** On that note, worth listening to this [podcast](#) "What's The Deal? | Unpacking 2022 Shareholder Activism Trends including market volatility, M&A deals and defense preparedness. Another M&A headwind also remains the stricter US anti-trust regime, which WSJ reported continues to cause companies to delay merger plans ([link](#)).
- **Potential M&A targets and break-ups:** The below list is based on publicly sourced company announcements, activist and shareholder letters and press reports from the past six months.

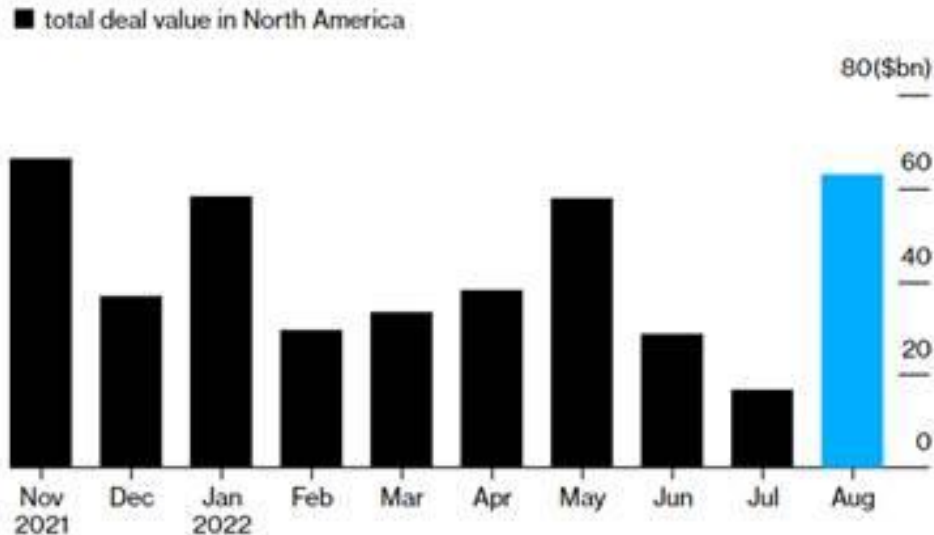
Possible M&A Targets and Break-Ups	
Companies with ongoing strategic reviews (review of company or segment)	ACI, ADMA, ANGN, ARGO, CIR, ES, GFF, HI, IMAC, JBT, LGF/A, LOV, NCR, RPID, RXT, SPB, SU, SWX, VRSK, WBA, WDC, WHR, UIHC
M&A proposals (active and rejected)	ATCO, BALLY, CLR, CMLS, CRNT/AVNW, FUN, HGC CN, PGRE, R, RAD, TRQ, ZYME
Shareholder/activist pressure	ATTO, BIG, DIS, EVBG, HTLF, IAA, LAZY, PTON, WEN
Press reports	AKAM, AGS, AXL, BBBY, BBLN, BTRS, CHGG, CNSL, CYXT, GPS, EA, ENV, FTCH/YNAP IM, GTPY, HOLI, IMAB, MAT, MMSI, MNRL, MNTK, MRCY, MRVI, MX, NCR, NEWR, NTNX, OXY, RGEN, SGEN/MRK, SGFY, SPLK, SPTN, STZ/MNST, TALK, TBPH, TWOU, WFG, WOW
Ended strategic reviews/ ruling out break-ups	F, HAS, HEAR, KSS, LXP, M, THS

Sources: company PR, public press reports, shareholder letters

- Our **Delta One** team created the thematic basket **JPRAMNA1** for tracking purposes, which consists of names of possible M&A targets and break-ups based on company announcements, activists, shareholder letters & press reports in the past 6M (liquidity cap weighted: Top Weight of 7.5% ). **If you are interested or want to be put on their distro, please contact [D1\\_NA@jpmorgan.com](mailto:D1_NA@jpmorgan.com)**

## Deal Revival

August so far has seen the best monthly M&A performance since 2021



Source: Bloomberg data for first 12 days of each month

**DELTA-ONE: Inflation Nation? Mo Monthly - August 2022 - to be put on their distro, please contact [D1\\_NA@jpmorgan.com](mailto:D1_NA@jpmorgan.com)**

- June's rally was clearly extended by July's softer CPI print. Since then, we observed a shift in Momentum.
- Previewing tonight's rebal, we noticed a: Decrease in inflation winner sectors such as Energy, Financials and Materials. Increase in inflation losers and defensives, specifically in Consumer Discretionary, Healthcare and Utilities.
- Note the factor changes in 12m and 6m Mo below. While there is a decrease in Growth for the longer-dated Momentum, Manish Sinha points out that 6 month could be more indicative of what's to come.
- 6m Mo is biased to: More towards Growth and High Beta; Less in Value

**Exposure using MSCI USE4 model**

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Momentum 12 Month			
JPPQMO	Pre	Post	Change
Growth	(0.08)	(0.31)	(0.23)
Beta	(2.40)	(2.38)	0.02
Earnings Yield	1.31	0.89	(0.42)
Book to Price	(0.11)	(0.20)	(0.09)

Momentum 6 Month			
JPP6MO	Pre	Post	Change
Growth	(0.03)	0.19	0.22
Beta	(2.53)	(1.25)	1.28
Earnings Yield	0.69	0.09	(0.60)
Book to Price	(0.34)	(0.55)	(0.21)

Source: MSCI Barra

- As the VIX continues to settle, Momentum has started to reverse.
- We also note Growth and High Beta's relative underperformance over Value.
- Many expect the next CPI prints and Economic data to lead the future direction of Growth vs Fed hawkishness.
- What we can say is that Momentum, Growth, Beta and Value exposure remains a source of Volatility until a more definite FED path emerges.
- Our Team would be happy to discuss liquid, efficient solutions to mitigate such Vol.



Source: Bloomberg

**IN DATA**

	LEVEL	PERCENT RETURN		
		1D	5D	YTD
SPX	4,228.48	-1.3%	-1.2%	-11.3%
NDX	13,242.90	-1.9%	-2.4%	-18.9%
R2K	1,957.35	-2.2%	-2.9%	-12.8%
S&P 400 (MID CAP)	2,578.06	-1.6%	-1.4%	-9.3%
S&P 600 (SML CAP)	1,268.17	-1.8%	-1.5%	-9.5%
R2K - GROWTH	1,218.24	-2.3%	-3.1%	-18.3%
R2K - VALUE	2,304.39	-2.0%	-2.8%	-7.5%
R1K - GROWTH	2,530.48	-1.6%	-1.7%	-17.7%
R1K - VALUE	1,555.14	-1.1%	-1.2%	-6.1%
RUSS MIDCAP	2,909.65	-1.6%	-2.2%	-12.4%

	LEVEL	PERCENT RETURN		
		1D	5D	YTD
SPX	4,228.48	-1.3%	-1.2%	-11.3%
COMM SRVCS	196.85	-1.8%	-3.3%	-26.4%
CONS DISC	1,317.26	-2.1%	-1.6%	-18.2%
CONS STPLS	798.74	-0.3%	1.9%	-0.7%
ENERGY	603.60	0.0%	1.0%	42.8%
FINANCIALS	580.07	-2.0%	-1.7%	-10.8%
HEALTHCARE	1,547.34	0.3%	-0.6%	-5.9%
INDUSTRIALS	834.36	-1.3%	-1.0%	-6.8%
MATERIALS	497.42	-1.8%	-2.5%	-12.7%
REAL ESTATE	279.45	-1.0%	-1.9%	-13.9%
TECH	2,589.56	-1.8%	-1.7%	-15.2%
UTILITIES	393.39	-0.1%	1.2%	8.2%

Source: Bloomberg.

Data as of

8/21/2022

#### SELECTED REOPENING STOCKS

	PRICE	%1D	%5D	%1M	%3M	%6M	%YTD
CCL	\$ 9.87	-5.55%	-7.93%	0.20%	-24.83%	-55.48%	-50.94%
RCL	\$ 39.65	-5.17%	-6.42%	10.91%	-28.44%	-52.62%	-48.44%
NCLH	\$ 13.18	-4.56%	-6.92%	5.61%	-13.86%	-37.83%	-36.45%
MAR	\$ 161.38	-2.22%	-1.64%	6.87%	3.96%	-7.74%	-2.34%
HLT	\$ 135.48	-2.37%	-1.43%	11.08%	3.99%	-9.93%	-13.15%
H	\$ 91.66	-4.00%	-0.92%	14.23%	13.65%	-9.25%	-4.42%
AAL	\$ 14.17	-4.51%	-7.08%	0.64%	-12.85%	-20.71%	-21.10%
DAL	\$ 33.25	-3.60%	-3.62%	4.04%	-13.95%	-22.39%	-14.92%
UAL	\$ 37.50	-3.99%	-4.68%	0.16%	-13.89%	-20.94%	-14.34%
LUV	\$ 37.88	-2.82%	-4.00%	-7.36%	-11.18%	-17.62%	-11.58%
CZR	\$ 46.71	-4.98%	-9.07%	5.97%	-6.79%	-41.08%	-50.06%
WYNN	\$ 63.67	-2.81%	-7.38%	-0.02%	0.95%	-31.65%	-25.13%
PENN	\$ 34.34	-3.86%	-8.91%	-0.89%	8.02%	-27.35%	-33.77%
MGM	\$ 34.73	-2.50%	-2.44%	10.46%	1.05%	-20.27%	-22.62%
LVS	\$ 37.63	-0.24%	-2.69%	-4.78%	12.46%	-20.14%	-0.03%
BYD	\$ 55.85	-2.68%	-3.26%	0.32%	1.53%	-18.36%	-14.82%

Source: Bloomberg

data as of 8/21/2022

## SECTOR & THEMES

For Information on the following Bloomberg Component from our JP Morgan Delta-One team and our other custom baskets, please contact [D1\\_NA@jpmorgan.com](mailto:D1_NA@jpmorgan.com).

Ticker	%1D ↓	Pct Chg on Day (Z- Score)	%5D	%1M	%YTD
Equities (3)					
Macro (4)					
US Macro/Thematic (45)					
▶ Defensives (r)	+0.04%	0.04	+0.66%	+6.07%	+0.1%
▶ Momentum Long - 6m (i)	-0.05%	-0.03	+1.26%	+9.95%	-13.0%
▶ Low Vol - 6m (i)	-0.11%	-0.10	+0.65%	+5.97%	-5.9%
▶ Bond Proxy	-0.46%	-0.35	-0.44%	+7.99%	-3.4%
▶ Covid19 Outperformers (r)	-0.54%	-0.43	-0.52%	+2.64%	-11.0%
▶ Momentum Long - 12m (i)	-0.90%	-0.43	+0.25%	+10.97%	-13.3%
▶ Biden Tax - Domestic (r)	-0.94%	-0.59	-1.02%	+7.39%	-8.3%
▶ High Leverage (r)	-1.03%	-0.59	-1.72%	+6.98%	-9.9%
▶ Popular Retail HLDs	-1.11%	-0.58	-1.95%	+5.75%	-17.0%
▶ Buyback	-1.23%	-0.75	-0.81%	+5.73%	-8.4%
▶ Inflation Outperformers (r)	-1.23%	-0.54	-0.96%	+11.29%	+7.8%
▶ ESGQ	-1.34%	-0.83	-1.30%	+7.52%	-11.5%
▶ Inflation Underperformers (r)	-1.36%	-1.00	-0.93%	+5.32%	-8.0%
▶ Low Leverage (r)	-1.38%	-0.72	-0.57%	+8.81%	-12.7%
▶ Barra Value Long (i)	-1.57%	-0.81	-3.12%	+5.41%	-7.4%
▶ Infrastructure	-1.69%	-0.87	-2.08%	+9.78%	-10.1%
▶ Rising Bond Yield Winners	-1.72%	-0.94	-1.17%	+9.76%	-3.7%
▶ EU Exposure	-1.83%	-1.06	-2.33%	+4.87%	-20.6%
▶ Biden Tax - Foreign (r)	-1.97%	-1.00	-2.45%	+4.55%	-19.0%
▶ HY Debt Sensitivity	-1.97%	-0.94	-2.39%	+6.79%	-6.9%
▶ Domestic Exposure (r)	-1.98%	-1.23	-1.70%	+8.54%	-10.4%
▶ MAGA	-2.06%	-0.83	-2.41%	+10.77%	-13.2%
▶ Consumer Recovery (r)	-2.11%	-0.93	-1.62%	+6.56%	-18.5%
▶ China Exposure	-2.19%	-0.91	-3.47%	+4.09%	-20.7%
▶ WFH Tech Winners	-2.24%	-0.94	-3.47%	+3.89%	-23.9%
▶ International Exposure (r)	-2.31%	-1.08	-3.21%	+7.02%	-15.9%
▶ US Importers (r)	-2.39%	-1.19	-1.10%	+7.52%	-14.7%
▶ Covid19 Underperformers (r)	-2.42%	-1.01	-2.76%	+6.10%	-19.5%
▶ Emerging Mkt Exposure	-2.42%	-1.09	-3.46%	+4.28%	-18.5%
▶ COVID Vaccine Tactical Shorts (i)	-2.64%	-1.14	-3.26%	+0.32%	-34.2%
▶ Barra Value Short (i)	-2.94%	-1.04	-5.08%	+10.23%	-28.0%
▶ Barra Growth (i)	-3.04%	-1.11	-5.37%	+8.66%	-25.7%
▶ US Housing (i)	-3.89%	-1.75	-3.11%	+5.01%	-24.4%
▶ Renewable Energy	-4.08%	-1.22	-5.87%	+21.80%	+6.8%
▶ Recent IPOs	-4.12%	-1.22	-6.98%	+7.84%	-31.4%
▶ Barra Residual Vol (i)	-4.39%	-1.14	-9.02%	+11.27%	-31.4%
▶ Retail Sentiment	-4.46%	-1.53	-3.17%	+12.87%	-24.5%
▶ Cyclical (r)	-4.48%	-1.38	-6.91%	+9.78%	-23.4%
▶ Highly Shorted Expensive Names	-4.89%	-1.18	-10.34%	+8.71%	-41.7%
▶ High Short Interest	-4.96%	-1.41	-8.97%	+8.69%	-34.2%
▶ Momentum Short - 6m (i)	-5.19%	-1.12	-10.09%	+6.84%	-34.8%
▶ High Beta	-5.77%	-1.24	-10.36%	+10.86%	-30.9%
▶ SPACs	-5.79%	-1.53	-11.05%	+8.62%	-38.9%
▶ Momentum Short - 12m (i)	-5.83%	-1.32	-11.51%	+6.48%	-33.0%
▶ Crypto Exposure	-10.29%	-1.64	-18.65%	+4.69%	-50.6%
US Pairs (13)					
Momentum L/S (6m)	+5.15%	1.23	+12.00%	+0.64%	+4.8%
Momentum L/S (12m)	+4.96%	1.42	+12.82%	+2.09%	+9.9%
Barra Value L/S	+1.38%	0.98	+2.03%	-4.69%	+21.7%
SPY v IWM	+0.88%	1.34	+1.76%	-1.52%	+0.8%
Domestic v International	+0.33%	0.33	+1.51%	+1.17%	+3.1%
Inflation L/S	+0.15%	0.09	-0.07%	+5.69%	+17.2%
Software v Semis	-0.28%	-0.13	-4.00%	+2.47%	-17.3%
Barra Growth L/S	-0.64%	-0.80	-2.22%	-1.22%	-11.2%
New Tech v Old Tech	-1.15%	-0.53	-5.20%	+1.69%	-25.0%

## WEEKLY ECONOMIC DATA / EARNINGS

### US CALENDAR

#### ECONOMICS

- **AUG 22** – Chicago Fed Nat Activity Index at 8.30am ET.
- **AUG 23** – **S&P Mfg. PMI** (51.9 survey; 52.2 prior) and Srvcs PMI at 9.45am ET. Richmond Fed Mfg. Index and **New Home Sales** (575k survey; 590k prior) at 10am ET.
- **AUG 24** – Mortgage Applications at 7am ET. **Durable Goods Orders** and Cap Goods at 8.30am ET. Pending Home Sales at 10am ET.
- **AUG 25** – **Initial Jobless Claims** (254k survey; 250k prior) and 2Q GDP and PCE (Revision) at 8.30am ET. **Jackson Hole Economic Symposium: Aug 25-27**
- **AUG 26** – Wholesale Inventories and **Personal Income** at 8.30am ET. Univ. of Mich. Consumer Sentiment (Revision) at 10am ET.

#### EARNINGS

*JPM US Earnings Calendar [here](#)*

*US Analyst Focus List [here](#)*

- **AUG 22** – PANW, ZM
- **AUG 23** – BBIG, DKS, INTU, JWN, M
- **AUG 24** – ADSK, CRM, IIVI, NVSDA, SNOW, SPLK, WOOF, WSM
- **AUG 25** – AFRM, BURL, COTY, **DELL, DG, DLTR**, ESTC, GPD, MRVL, PTON, ULTA, VMW, VSCO, WDAY
- **AUG 26** – N/A

### GLOBAL CALENDAR

- **AUG 22** – (Japan) PMI at 8.30pm ET.
- **AUG 23** – (Eurozone) **S&P Mfg. PMI/Services PMI** at 4am ET and Consumer Confidence at 10am ET.
- **AUG 24** – (Russia) Industrial Output at 12am ET. (South Korea) BoK Monetary Policy Meeting.
- **AUG 25** – (France) INSEE Business Confidence at 2.45am ET. (Germany) GDP final at 2am ET and IFO Business Survey at 4am ET.
- **AUG 26** – **(Germany) GfK consumer Confidence** at 2am ET. (France) Consumer Confidence at 2.45am ET. (Italy) Business and Consumer Confidence at 4am ET.



**NEAR TERM CATALYSTS** – CPI (Sep 13, Oct 13), ISM-Mfg (Sep 1, Oct 3), ISM-Srvcs (Sep 1, Oct 3), NFP (Sep 2, Oct 7), PCE (Aug 26, Sep 30, Oct 28), PMI-Mfg (Aug 23, Sep 23, Oct 24), PMI-Srvcs (Aug 23, Sep 23, Oct 24), Retail Sales (Sep 15, Oct 14). 2022Q2 Earnings Season kicks off the week of July 11. Fed (Sept 21, Jackson Hole Economic Symposium: Aug 25-27).

## NEWS LINKS

- The stock market shrugged at Biden's tax on stock buybacks. Will it regret that? ([CNBC](#))
- Wages are now the hottest inflation signal. Here's what that means for the Federal Reserve and the markets ([CNBC](#))
- Gas prices are down, but Biden's problem at the pump isn't going away ([CNBC](#))
- Warren Buffett gets permission to buy up to half of Occidental Petroleum, boosting the shares ([CNBC](#))
- Workers at UK's biggest container port Felixstowe due to begin 8-day strike ([RTRS](#))
- Britain's borrowing rises as PM contenders promise more help ([RTRS](#))
- China set to lower lending benchmarks to revive wobbly economy ([RTRS](#))
- More Stocks Are Taking Part in Bounceback Rally ([WSJ](#))
- Warren Buffett Not Expected to Bid for Control of Occidental Following Approval for Bigger Stake ([WSJ](#))
- Droughts Hurt World's Largest Economies ([WSJ](#))
- Pandemic Bolsters China's Position as the World's Manufacturer ([WSJ](#))
- Chinese imports of Russian oil and coal continue upward trend in July ([SCMP](#))
- Changing of the guard? China's military may get a new leadership line-up ([SCMP](#))
- China heatwave: Sichuan warns of 'particularly severe' power shortages as heatwave and drought continue ([SCMP](#))

## SELECT JPM RESEARCH – Market Intelligence is not a product of research

### **MACRO / QUANT / STRATEGY / DERIVATIVES / ECONOMICS**

- The J.P. Morgan View: A mild recession is already priced in – Marko Kolanovic, et al. July 27, 2022 ([here](#))
- Earnings and Option Volatility Monitor – Bram Kaplan, et al. July 29, 2022 ([here](#))

- 2022 Mid-Year Outlook: J.P. Morgan Global Research – Marko Kolanovic, et al. June 23, 2022 ([here](#))
- Equity Strategy: Growth - Policy tradeoff is turning, as inflation forwards stall; Growth style is bouncing vs Value – Mislav Matejka, et al. July 24, 2022 ([here](#))
- Equity Index Technical Update: Fed messaging helps propel equities within the still positive short-term technical setup – Jason Hunter, et al. July 28, 2022 ([here](#))
- Global Data Watch – Bruce Kasman, et al. July 30, 2022 ([here](#))
- US Weekly Prospects – Michael Feroli, et al. July 29, 2022 ([here](#))
- China Equity Weekly Radar: Read across from the Politburo 2H outlook – Wendy Liu, et al. July 29, 2022 ([here](#))
- Retail Radar – Peng Cheng, et al. July 27, 2022 ([here](#))

#### **FIXED-INCOME**

- US Fixed Income Markets Weekly ([here](#))
- Global Fixed Income Markets Weekly ([here](#))
- US Government Bond Strategy Weekly ([here](#))
- Credit Market Outlook & Strategy: The 3rd rally this year is underway ([here](#))
- Credit Strategy Weekly Update - High Yield and Leveraged Loan Research ([here](#))
- 2H22 Municipal Market Outlook ([here](#))
- Securitized Products Weekly ([here](#))

#### **FX/COMMODITIES**

- FX Mid-Year Outlook: Ten things to know about currencies in 2H ([here](#))
- FX Markets Weekly ([here](#))
- Mid-Year Commodities Outlook: Illiquid fragility ([here](#))
- Global Commodities Price Forecasts ([here](#))
- Global Commodities: The Week in Commodities ([here](#))
- Commodity Market Positioning & Flows ([here](#))
- Weekly Gold Monitor ([here](#))
- Metals Weekly ([here](#))

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**Loise Goulder** | Head of Data Assets & Alpha Group | +44-203-493-0748 | [eloise.goulder@jpmorgan.com](mailto:eloise.goulder@jpmorgan.com)

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**Andrew Tyler** | Head of US Market Intelligence | +1-212-622-8067 | [andrew.m.tyler@jpmorgan.com](mailto:andrew.m.tyler@jpmorgan.com)

**Krupa Patel** | Head of International Market Intelligence | +44-203-493-1704 | [krupa.patel@jpmorgan.com](mailto:krupa.patel@jpmorgan.com)

**Junho Jung** | International Market Intelligence | +44-207-742-6849 | [junho.jung@jpmorgan.com](mailto:junho.jung@jpmorgan.com)

**Ellen Wang** | US Market Intelligence | +1-212-270-0533 | [ellen.z.wang@jpmorgan.com](mailto:ellen.z.wang@jpmorgan.com)



## Data Intelligence

Proprietary data and signals from our industry-leading Markets business, including equity signals, retail sentiment and volatility marks





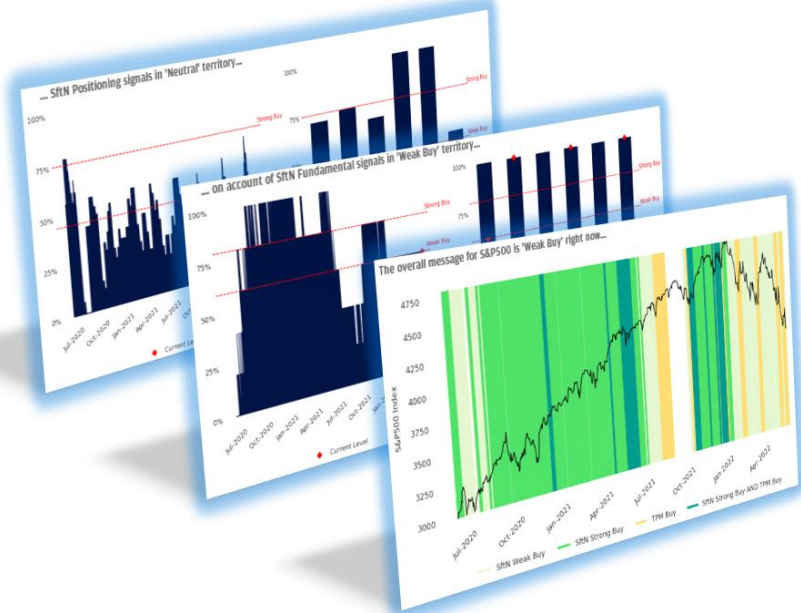
## Our data toolkit

By leveraging proprietary data and signals from our industry-leading Markets business, we utilize a combination of tools to inform our insights and trade ideas including equity market timing indicators, positioning, flows and sentiment. **These toolkits are available to our institutional clients via written content, automated daily emails, FTP and API from the J.P. Morgan DataQuery platform.**

More details on our flagship datasets **Signal from the Noise**, **Tactical Positioning Monitor**, **Through the Retail Lens** and **Strategic Index Fundamental Toolkit** are shown below. Contact us [here](#) if you would like access to the datasets or to learn more.

### Signal from the Noise

**Signal from the Noise** reflects market timing signals for the US equity market (S&P 500) based on fundamental and (externally derived) positioning data. For the framework to be bullish on the S&P500, either the Positioning or Fundamental signals need to be flashing 'Strong Buy' (and likewise for a low conviction bullish view). The 'Strong Buy' strategy demonstrated an 8.6% annual return and 1.7x Sharpe ratio (69% per trade hit ratio) from 2010 to 2021.



### Tactical Positioning Monitor

**Tactical Positioning Monitor (TPM)** reflects the level of broader positioning data. For the framework to be bullish on the S&P500, short-term positioning data points either need to be very light (-1.5z), or rising (+1.5z) but with markets below peaks. The strategy demonstrated an 8.9% annual return and 1.0x Sharpe ratio (69% per trade hit ratio) from 2015 to 2021.



### Through the Retail Lens





## QUEST (Quantitatively Selected Theme)

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