Alpha Insights

Global Market Analysis | Sector Rotation Models | Actionable Stock Ideas

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Executive Summary

❑ **U.S. Equity Markets (Page 3)**

The S&P 500 made a modest new high on the 1st of May, then plunged to close the month down 7%, well below the range of the prior month. This outside-down monthly reversal is a significant bearish development, and negates last month's skeptical upgrade of the large-caps. Price action in the already weak small-cap S&P 600 fared even worse as momentum collapsed, leaving its 12-month ROC at a 10-year low. Despite trade tensions with China, and last week's surprise tariff announcement on Mexican goods, investor sentiment remains optimistic toward stocks, with the VIX holding well-below the December peak. Yet, bond market investor's appear far less sanguine, allowing the yield curve to invert by 21 bps at month-end. We've downgraded our opinion on large-cap equities back to neutral and now assign our "bear case" scenario a 70% probability.

❑ **Sector Rotation (Page 15)**

Our monthly RS-Momentum analysis of the eleven S&P 500 equally-weighted sectors ranks Communications, Staples, and Financials as leadership, with questionable improvement from Energy. Technology, Discretionary, Industrials and Real Estate have been weakening, while Utilities, Health Care, and Materials lag.

❑ **Portfolio Positioning (Page 28)**

We detail our list of long and short alpha candidates by sector for the month of June. We examine last month's portfolio attribution and results in our May performance report card (page 40).

❑ **Foreign Equity Markets (Page 41)**

We examine and detail our opinions on 15 developed and emerging foreign equity markets including Canada, UK, Australia, Germany, France, Italy, Spain, Switzerland, Netherlands, Japan, China, India, Brazil, Russia, and Frontier Markets.

❑ **Macro Perspectives (Page 59)**

We examine and detail our opinions on commodities, gold, WTI crude oil, MLPs, Bitcoin, the US Dollar index, the EUR/USD and JPY/USD crosses, and the 10-year US Treasury yield.

❑ **Appendix (Page 69)**

Methodology; Analyst Bio; Disclaimer.

Source: Hedgeye.com

U.S. Equity Markets

❑ Large-Cap

❑ Mid-Cap

❑ Small-Cap

❑ Style Box & Factor Leadership

❑ Breadth, Sentiment, Economic Cycle, & Yield Curve

Two Potential Paths for the S&P 500

Imminently Bullish Scenario:

Impulsive Wave (5) Already in Progress

Probability = 30%

Imminently Bearish Scenario:

Corrective Wave (4) Expanding Triangle

Probability = 70%

U.S. Large Cap S&P 500 Index

Neutral (+9.78% YTD)

Observations:

- ❑ **Price** made a modest new high on the 1st of May, but then collapsed to the downside to close just off the low for the month, and well below the range of the prior month. This outside-down monthly reversal bar is a significant bearish data point.

- ❑ **Momentum** remains slightly positive, but has reversed sharply lower after testing its descending trend line, establishing a triple negative divergence.

- ❑ **Relative strength** of large-cap stocks have now definitively overtaken their small and mid-cap peers, inflecting above the upper boundary of an 8-year trading range, suggesting a new risk-off bias.

- ❑ **Key Resistance = 2873**

- ❑ **Key Support = 2532**

Conclusions:

- ❑ **Downgrading to Neutral.** Decrease large-cap equity exposure to benchmark weight. A breach of key support would confirm that a new bear market is in progress. A monthly close back above key resistance, while unlikely, would move our opinion to Bullish.

- ❑ **Target = 2212**

Source: StockCharts.com

U.S. Mid Cap S&P 400 Index
Neutral (+8.87% YTD)

Observations:

- [ ] **Price** failed to make new high in April, creating a negative divergence between mid and large-cap stocks, thus adding suspicion to the bull case for large caps. The subsequent collapse in May confirms that suspicion with the lowest monthly close since December – a bearish data point, to be sure!

- [ ] **Momentum** halted its advance and reversed sharply back below the zero line. Its downtrend persists and a negative divergence remains in place.

- [ ] **Relative strength** of mid-cap stocks made a new 9-year low in May, confirming the downtrend in place since late 2017.

- [ ] **Key Resistance = 2002**

- [ ] **Key Support = 1770**

Conclusions:

- [ ] **Maintaining Neutral view.** Hold mid-cap equity allocation at benchmark weight. A breach of key support would confirm that a new bear market is in progress. A monthly close above key resistance, while unlikely, would move our opinion to Bullish.

- [ ] **Target = 1487**

Source: StockCharts.com

U.S. Small Cap
S&P 600 Index
Bearish (+5.18% YTD)

Observations:

- **Price** action since last August remains consistent with the early stages of a developing bear market. The failure by price to make a new high in April created a negative divergence between small and large-cap stocks. Subsequently, prices collapsed in May on record volume, posting the lowest monthly close since December – a very bearish data point.

- **Momentum** has resumed its decline, plunging below the zero line to make a new 9-year low in May. A large degree negative divergence remains in place.

- **Relative strength** of small-cap stocks made a new high last August, but has since collapsed, breaching a 10-year uptrend, while confirming a new downtrend.

- **Key Resistance = 994**

- **Key Support = 879**

Conclusions:

- **Maintaining Bearish view.** The bull market advance in small-caps off the 2009 low appears to have reached its terminal point. A monthly close above key resistance, while unlikely, would negate this view and result in the upgrade of our opinion to Neutral.

- **Target = 643**

$SML S&P 600 Small Cap Index INDX   © StockCharts.com
31-May-2019   Open 976.62 High 991.44 Low 885.70 Close 888.72 Volume 8.9B Chg -86.34 (-8.85%)▼
— ROC(12) -11.79%

Momentum

S&P 600 Small Cap Index (Monthly) 888.72
Volume 8,860,274,688
S&P 600 - Monthly
0.0%: 1105.05
888.72
38.2%: 752.19
50.0%: 643.19
61.8%: 534.18
8860274
100.0%: 181.32

— S&P 600 Small Cap Index/S&P Composite 1500 Index 1.41
1.41
Relative Strength

Source: StockCharts.com

MSCI Factor Leadership

RS-Momentum Rank	May Return	TTM Return
1. Momentum (MTUM)	- 2.2%	+ 3.3%
2. Low Volatility (USMV)	- 1.6%	+ 14.7%
3. High Quality (QUAL)	- 6.6%	+ 4.3%
4. High Beta (SPHB)	- 11.7%	- 9.9%
5. High Liquidity (VFLQ)	- 5.9%	- 1.9%
6. Env/Soc/Gov (SUSA)	- 7.1%	+ 3.0%
7. Small Market Cap (SIZE)	- 6.9%	+ 4.1%
8. High Dividend (HDV)	- 6.2%	+ 9.4%
9. Low Valuation (VLUE)	- 9.6%	- 8.8%
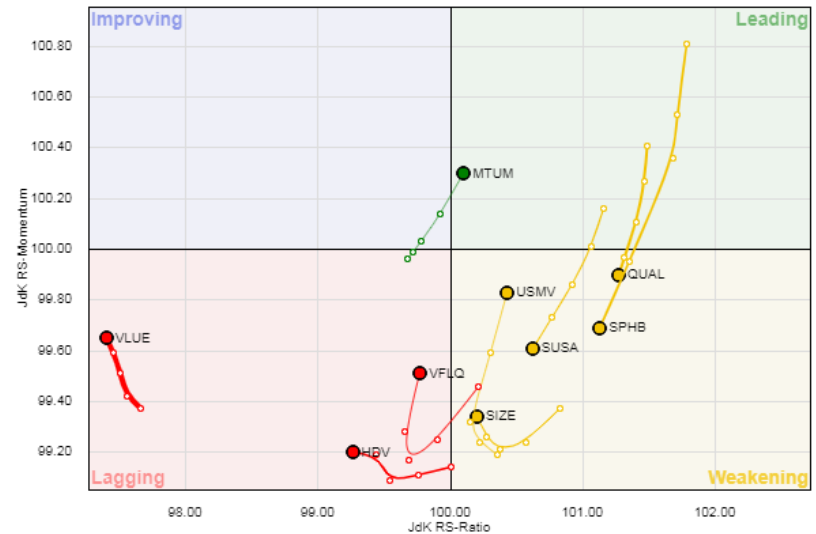
Source: StockCharts.com

Russell Style Box Leadership

RS-Momentum Rank	May Return	TTM Return
1. Large-Cap Growth (RLG)	- 6.5%	+ 4.0%
2. Mid-Cap Growth (RDG)	- 5.9%	+ 5.9%
3. Large-Cap Value (RLV)	- 6.7%	- 1.2%
4. Mid-Cap Value (RMV)	- 6.6%	- 4.4%
5. Small-Cap Growth (RUO)	- 7.5%	- 7.5%
6. Small-Cap Value (RUJ)	- 8.4%	- 13.2%
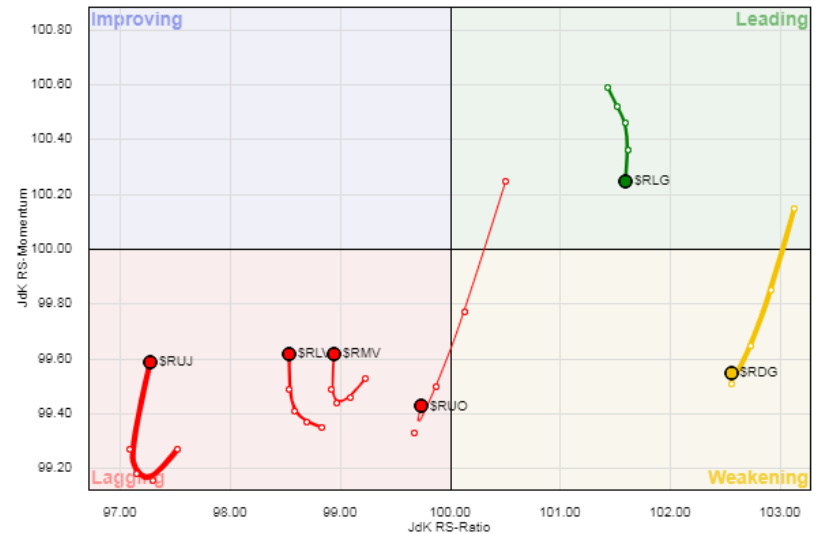
Source: StockCharts.com

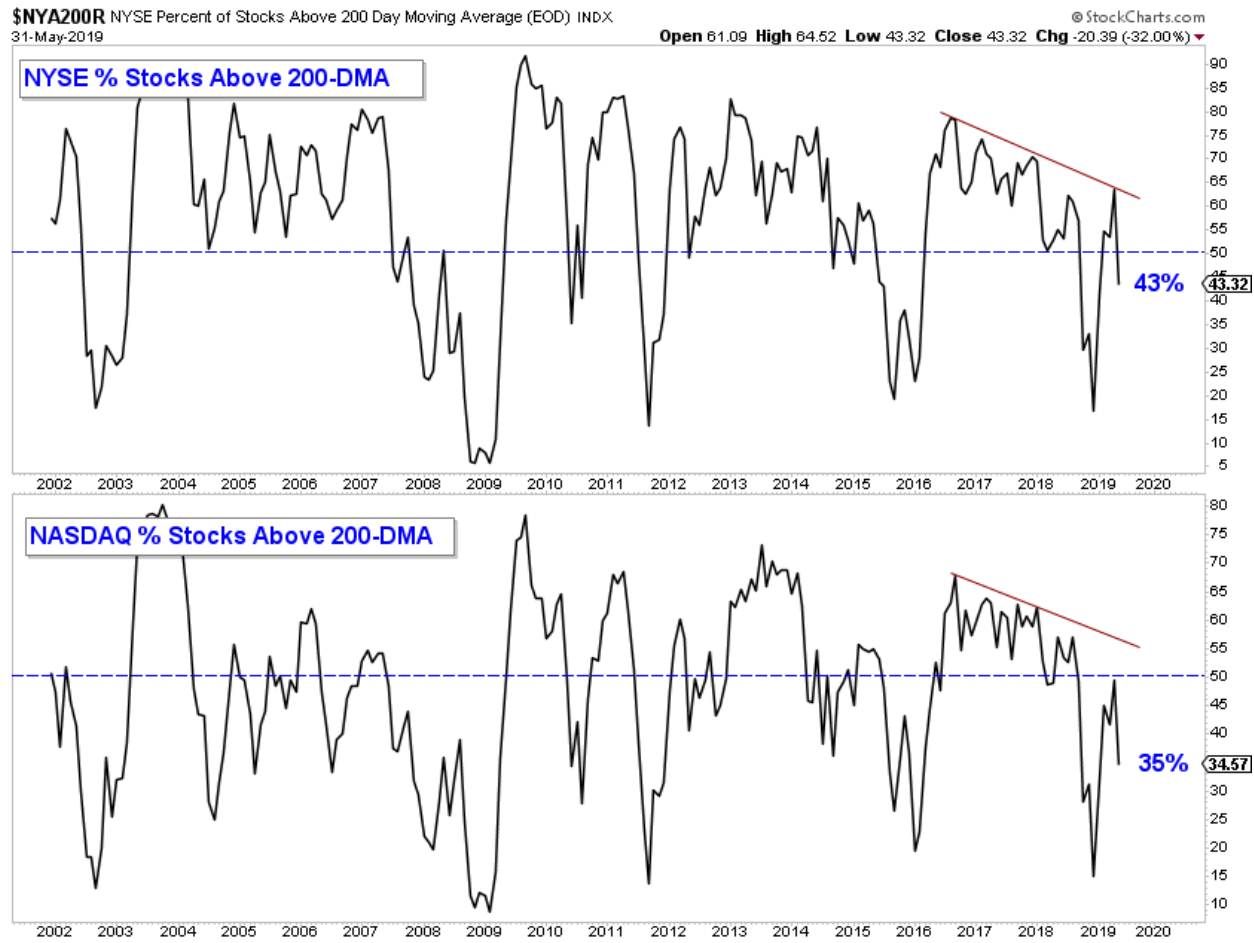# Russell Style Box...continued

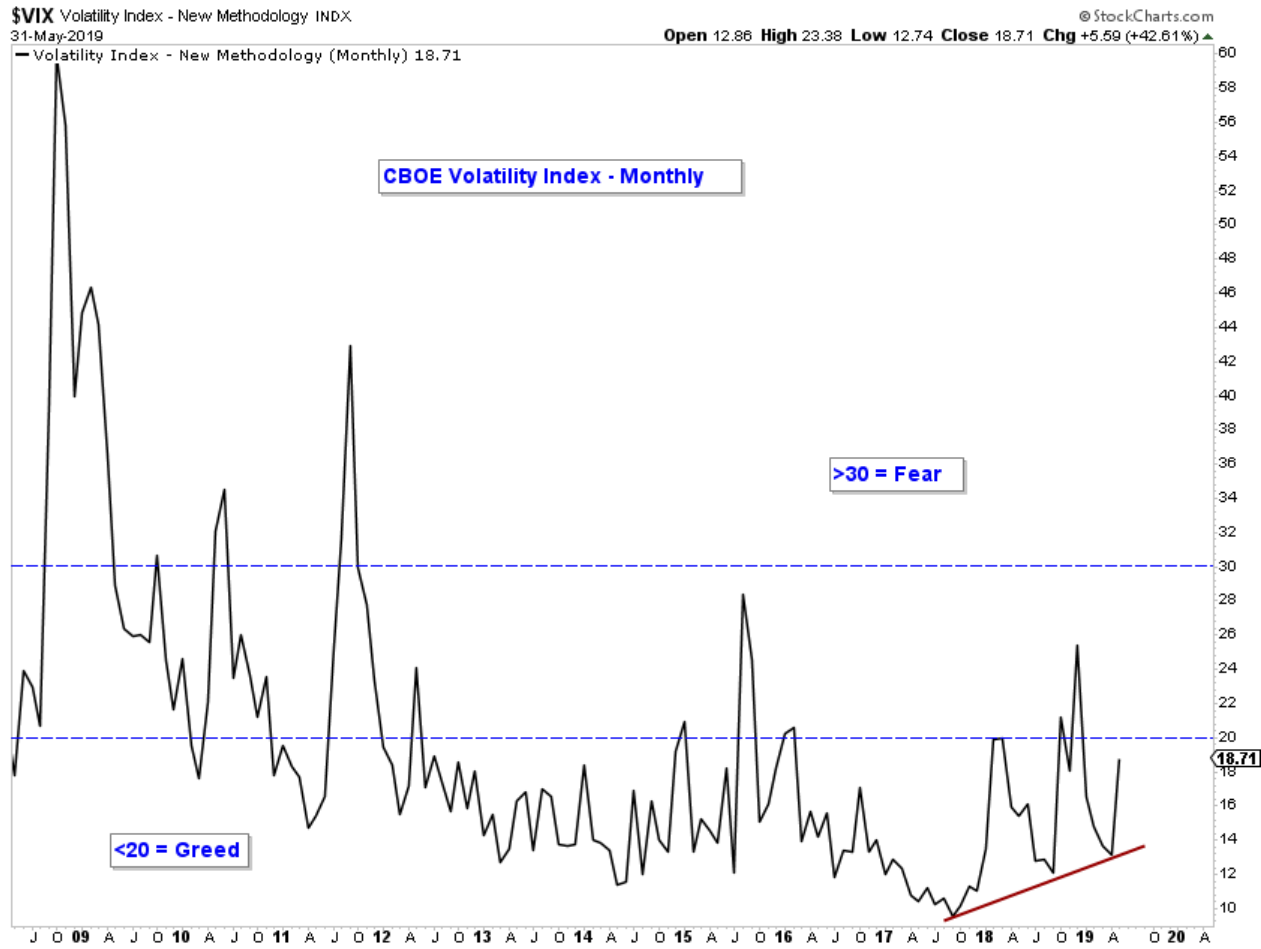**Growth is Dominant**

Large-Cap is Dominant
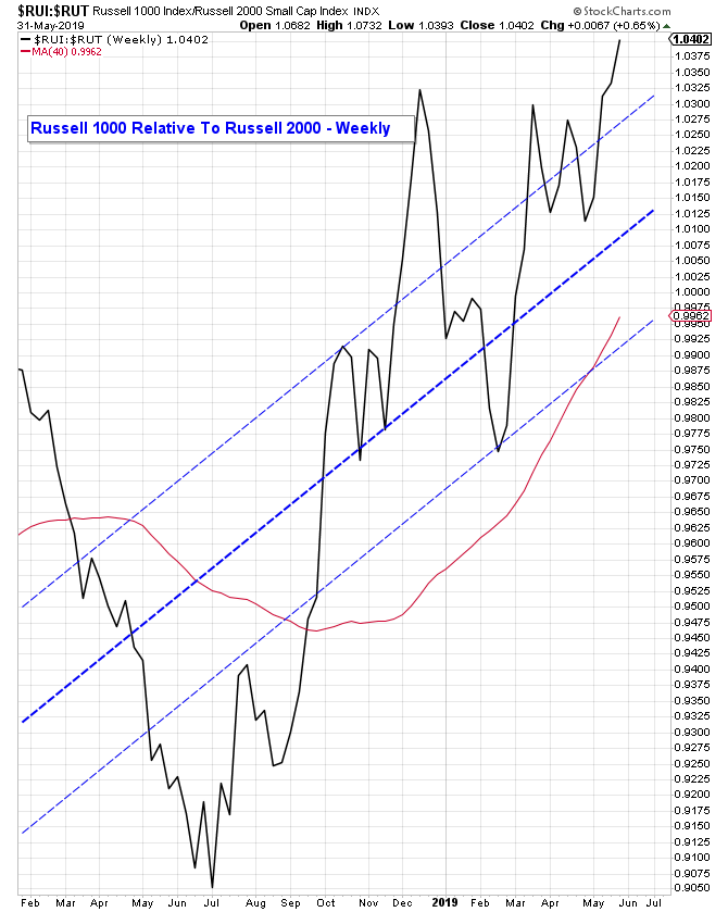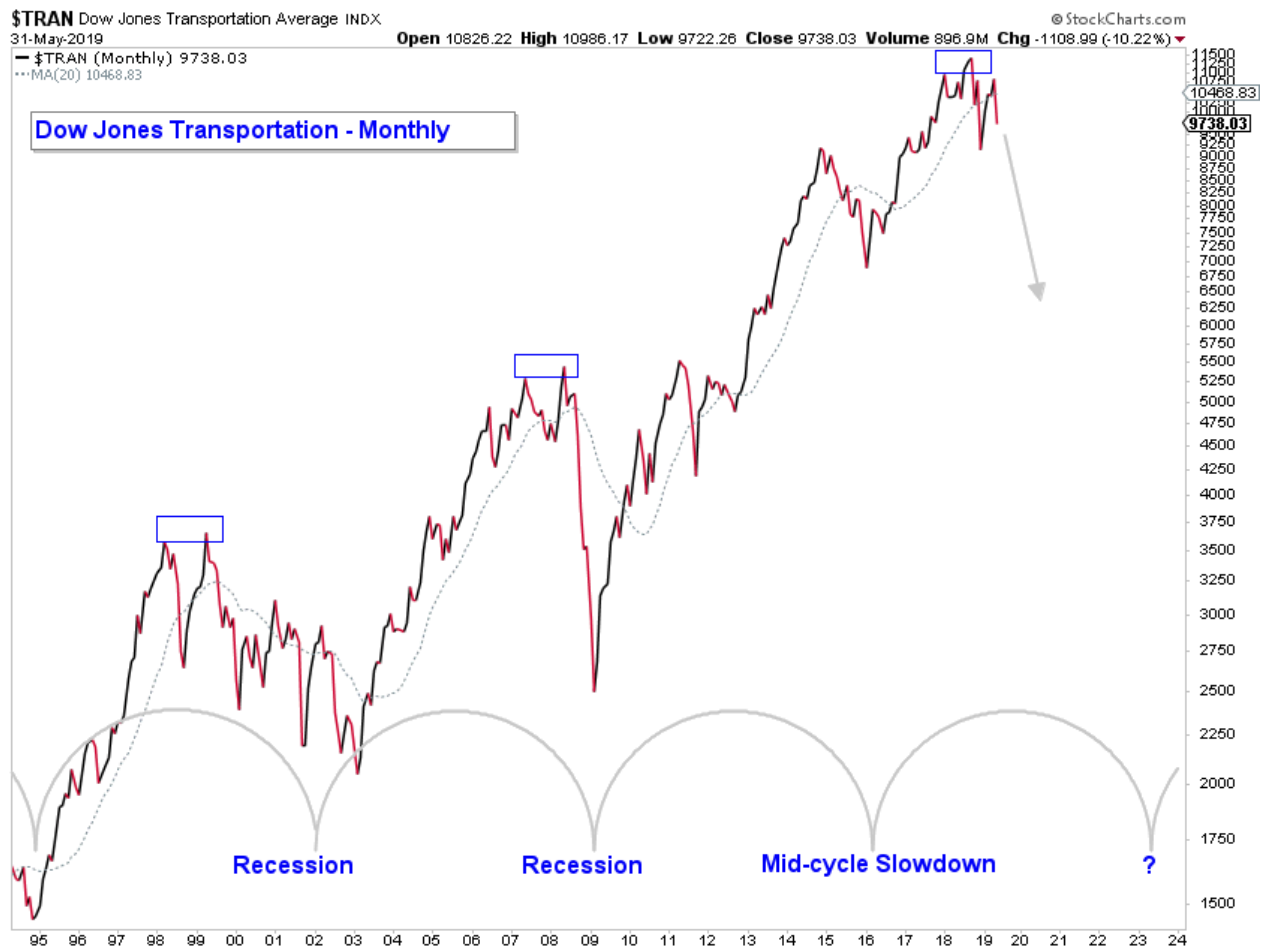
Market Breadth = Weakening

Source: StockCharts.com

Investor Sentiment = Optimistic
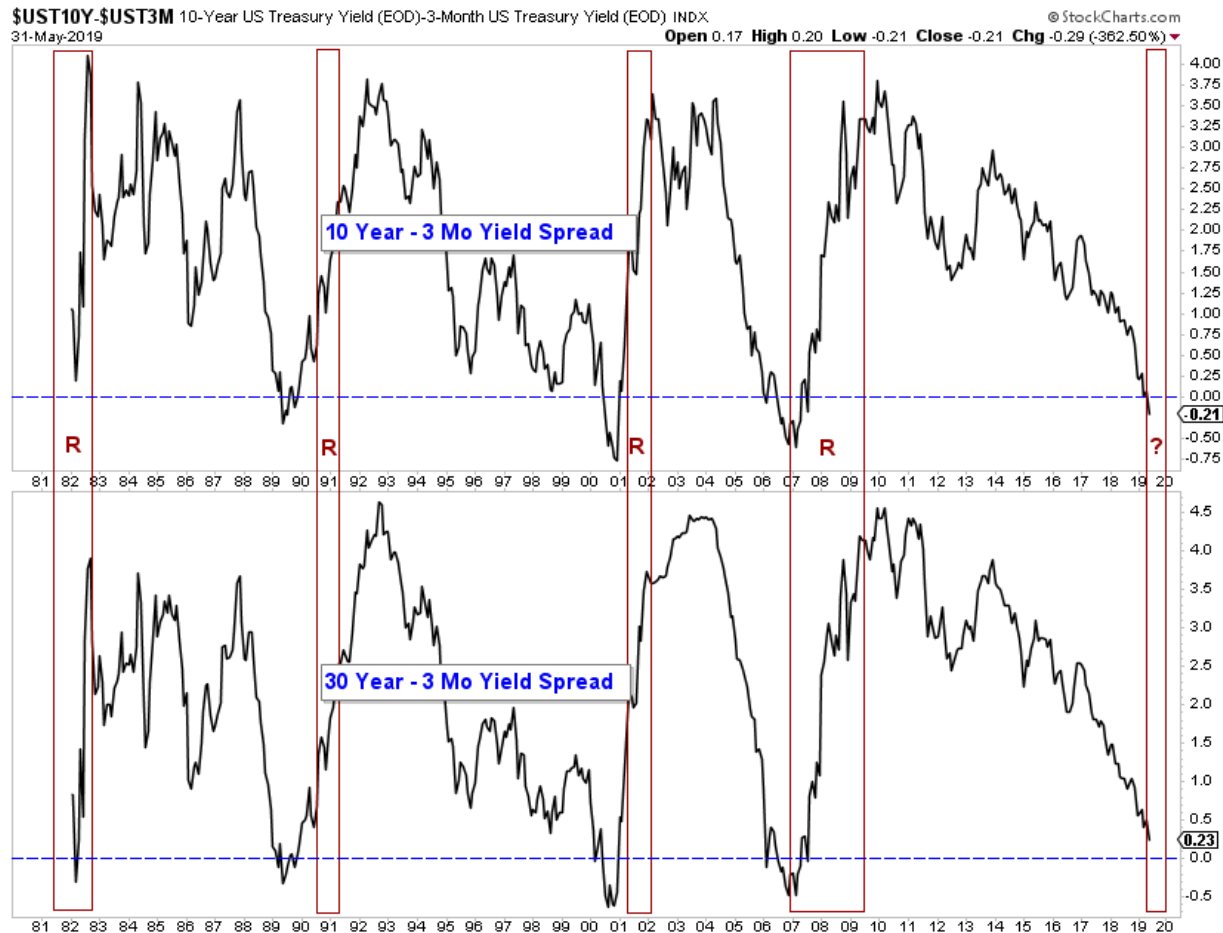

Source: StockCharts.com

Economic Cycle = Peaking

Source: StockCharts.com

Yield Curve = Inverted/Recession Risk

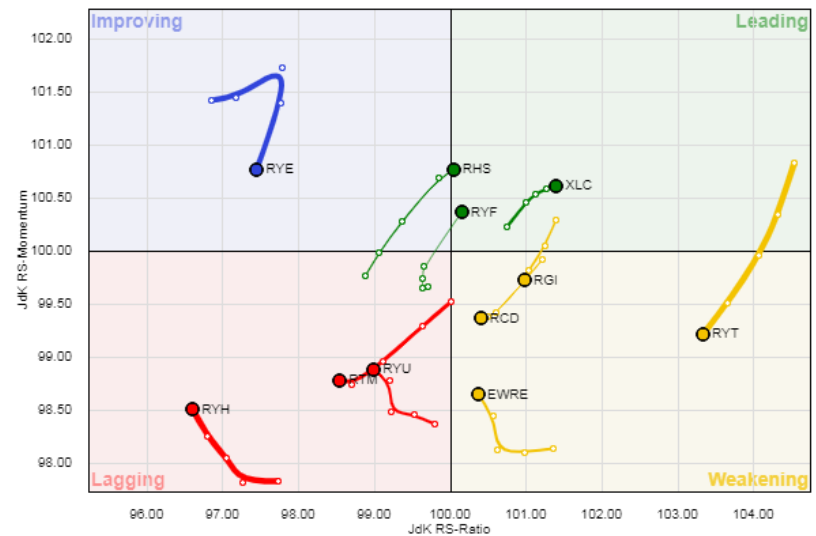Source: StockCharts.com

Source: Hedgeye.com

SECTOR ROTATION

❑ S&P 500 Sector Leadership

    ❑ Sector RS-Momentum Rank

    ❑ Sector Technical Analysis

S&P Equal-Weight Sector Leadership

RS-Momentum Rank	May Return	TTM Return
1. Communications (EWCO)	- 5.2%	+ 1.6%
2. Staples (RHS)	- 4.7%	+ 10.2%
3. Financials (RYF)	- 6.3%	- 3.3%
4. Real Estate (EWRE)	- 0.1%	+ 15.6%
5. Industrials (RGI)	- 7.8%	+ 0.1%
6. Discretionary (RCD)	- 9.8%	- 1.8%
7. Technology (RYT)	- 10.2%	+ 2.9%
8. Energy (RYE)	- 13.9%	- 26.8%
9. Utilities (RYU)	- 1.1%	+ 18.5%
10. Healthcare (RYH)	- 3.4%	+ 4.3%
11. Materials (RTM)	- 9.1%	- 7.5%

S&P 500 Sector RS-Momentum Chart

Source: StockCharts.com

S&P 500 Cap-Weight Communications Sector
Leading (+14.28% YTD)

Observations:

- ❑ **Price** rallied to make a new monthly high in April only to give back the entire month's gain in May, closing just above key support.

- ❑ **Momentum** remains slightly positive, but has halted its advance after testing a descending trend line off the 2018 highs. A negative divergence remains in place.

- ❑ **Relative strength** vs. the average S&P stock broke its downtrend, and is now reversing higher.

- ❑ **Key Resistance = $52**

- ❑ **Key Support = $47**

Conclusions:

- ❑ Communications advanced one position to the **#1 rank** in our sector RS-Momentum work this month.

- ❑ **Maintain Overweight.** While price holds above $47, the odds still favor the bull case. DIS and TWTR lead, while NFLX and GOOGL lag.

- ❑ **Target= $52**

Source: StockCharts.com

S&P 500 Equal-Weight Staples Sector
Leading (+11.05% YTD)

Observations:

- ❑ **Price** rallied to a new all-time high in April only to give back the entire month's gain in May, posting an outside-down month to boot – a bearish data point.

- ❑ **Momentum** remains steadfastly positive after penetrating the upper boundary of its descending trend channel. A successful challenge of the 2018 high would negate a prior negative divergence.

- ❑ **Relative strength** vs. the average S&P stock had collapsed since 2016, but appears to have bottomed in mid-2018 and is now striving to reverse higher.

- ❑ **Key Resistance = $130**

- ❑ **Key Support = $123**

Conclusions:

- ❑ Consumer Staples jumped four positions to the **#2 rank** in our sector RS-Momentum work this month.

- ❑ **Maintain Overweight.** Despite mixed price action, improving momentum and RS gives us reason to favor this sector. HSY is a clear leader, while PM and MO stand out as laggards.

- ❑ Target = N/A

RHS Invesco S&P 500 Equal Weight Consumer Staples ETF NYSE @ StockCharts.com
31-May-2019 **Open** 135.06 **High** 136.02 **Low** 128.23 **Close** 128.58 **Volume** 649.2K **Chg** -6.37 (-4.72%) ▼

Source: StockCharts.com

S&P 500 Equal-Weight Financials Sector
Leading (+13.54% YTD)

Observations:

- ❑ **Price** reversed its April gain closing just above its low for the month of May, but held key support and avoided posting an outside-down month.

- ❑ **Momentum** halted its advance and reversed below the zero line. Its downtrend persists and a clear negative divergence remains in place.

- ❑ **Relative strength** vs. the average S&P stock broke down spectacularly in 1Q18, plunging to test trend line support ascending off the 2012/16 lows, and continues with its attempt at a bullish reversal.

- ❑ **Key Resistance = $44**

- ❑ **Key Support = $41**

Conclusions:

- ❑ Financials jumped another four positions to the **#3 rank** in our RS-Momentum work this month.

- ❑ **Increase to Overweight.** Despite mixed price action and a downtick in momentum, improving RS gives us reason to favor this sector. Exchanges are showing signs of leadership, while custody banks are lagging.

- ❑ Target = N/A

Source: StockCharts.com

S&P 500 Cap-Weight
Real Estate Sector
Weakening (+15.73% YTD)

Observations:

☐ **Price** was essentially flat with the all-time monthly closing high achieved in March, and held well-above key support throughout the month.

☐ **Momentum** has flatten out, but remains resolutely positive after reversing sharply above a multi-year descending trend line in January.

☐ **Relative strength** vs. the average S&P stock had been in decline since 2Q16, but has since bottomed in early 2018 and is now staging a bullish upside reversal.

☐ **Key Resistance = $37**

☐ **Key Support = $33**

Conclusions:

☐ Real Estate recovered four positions to the **#4 rank** in our sector RS-Momentum work for the month.

☐ **Maintain Market Weight.** Solid price action and improved momentum and RS continue to support a favorable technical view on this sector. Cellular Tower REITs remain leaders.

☐ **Target = $38**

Source: StockCharts.com

S&P 500 Equal-Weight Industrial Sector
Weakening (+12.88% YTD)

Observations:

- **Price** rallied to a new monthly closing high in April, but erased the past two month's gains in May, breaching key support and closing well below the March low and the February monthly close.

- **Momentum** held above the zero line, but its downtrend persists, and a negative divergence remains in place.

- **Relative strength** vs. the average S&P stock has penetrated year-long descending trend line off the 2018 highs, but is struggling to reverse higher.

- **Key Resistance = $121**

- **Key Support = $110**

Conclusions:

- Industrials slipped one position to the **#5 rank** in our RS-Momentum work this month.

- **Decrease to Market Weight.** The monthly close back below $121 moves our technical view to neutral on this sector. CPRT made the leader board for the 2nd consecutive month.

- Target = N/A

Source: StockCharts.com

S&P 500 Equal-Weight Discretionary Sector
Weakening (+8.60% YTD)

Observations:

- ☐ **Price** erased its February, March and April gains, breaching key support, and posting a near 10% reversal to end the month of May.

- ☐ **Momentum** has halted its advance and slipped back below the zero line, establishing a new negative divergence in the process. A shelf of resistance has been in place since 2014 and remains formidable.

- ☐ **Relative strength** vs. the average S&P stock had been in decline since mid-2015, and has been struggling to reverse higher with little progress.

- ☐ **Key Resistance = $104**

- ☐ **Key Support = $88**

Conclusions:

- ☐ Discretionary fell three positions to the **#6 rank** in our sector RS-Momentum work this month.

- ☐ **Decrease to Market Weight.** The monthly close back below $104 moves our technical view to neutral on this sector. Discount retailer DG stands out as a leader, while high-end merchant JWN lags badly.

- ☐ Target = N/A

Source: StockCharts.com

S&P 500 Equal-Weight Technology Sector
Weakening (+15.62% YTD)

Observations:

- ☐ **Price** erased its March and April gains, breaching key support, and posting a stunning 10% reversal, to end the month of May on it low. This after maintaining the #1 rank in our RS-Momentum work for three months running.

- ☐ **Momentum** remains positive for now, but has reversed sharply lower after testing a descending trend line off the 2018 highs, thus establishing a new triple negative divergence.

- ☐ **Relative strength** vs. the average S&P is stock testing support after posting a new recovery high in April.

- ☐ **Key Resistance = $170**

- ☐ **Key Support = $154**

Conclusions:

- ☐ Technology collapsed six positions to the **#7 rank** in our sector RS-Momentum work for the consecutive month.

- ☐ **Decrease to Market Weight.** The monthly close back below $170 moves our technical view to neutral on this sector. Fintech dominates the leader board.

- ☐ Target = N/A

Source: StockCharts.com

S&P 500 Equal-Weight Energy Sector
Improving (+3.94% YTD)

Observations:

- ❑ **Price** remains in a broad, lateral consolidation of the symmetrical triangle variety. The near 14% sell-off in May breached key support, and erased most of the past four month's gains, but has yet to test the ascending lower boundary, now key support at $42.

- ❑ **Momentum** breached trend last year and bottomed in December. It turned down again in April after ticking up for three consecutive months prior, but remains squarely negative.

- ❑ **Relative strength** vs. the average S&P stock has been under pressure since 2011 and posted a fresh 10-year monthly low it made in May.

- ❑ **Key Resistance = $47**

- ❑ **Key Support = $42**

Conclusions:

- ❑ Energy slipped three positions to the **#8 rank** in our sector RS-Momentum work this month.

- ❑ **Maintain Market Weight.** The monthly close below $47 supports our neutral technical view on this sector. Recent M&A activity suggests valuation may have reached a level that is attractive to strategic buyers.

- ❑ Target = N/A

Source: StockCharts.com

S&P 500 Equal-Weight Utilities Sector
Lagging (+9.12% YTD)

Observations:

❑ **Price** posted a new all-time high in May, yet traded outside the prior months range, closing above key support, but below the monthly closing high achieved in April on the lowest volume of the year.

❑ **Momentum** held flat in May, and remains resolutely positive, having penetrated a multi-year descending trend line, and negating a prior negative divergence.

❑ **Relative strength** vs. the average S&P stock broke out above a 2-year descending trend line in mid-2018, and is re-attempting a bullish reversal after consolidating is initial advance.

❑ **Key Resistance = $99**

❑ **Key Support = $94**

Conclusions:

❑ Utilities advanced one position to the **#9 rank** in our sector RS-Momentum work this month.

❑ **Maintain Underweight.** Tepid price action and flat momentum continue to support a neutral technical view on this sector. AWK is leading, while NRG is lagging.
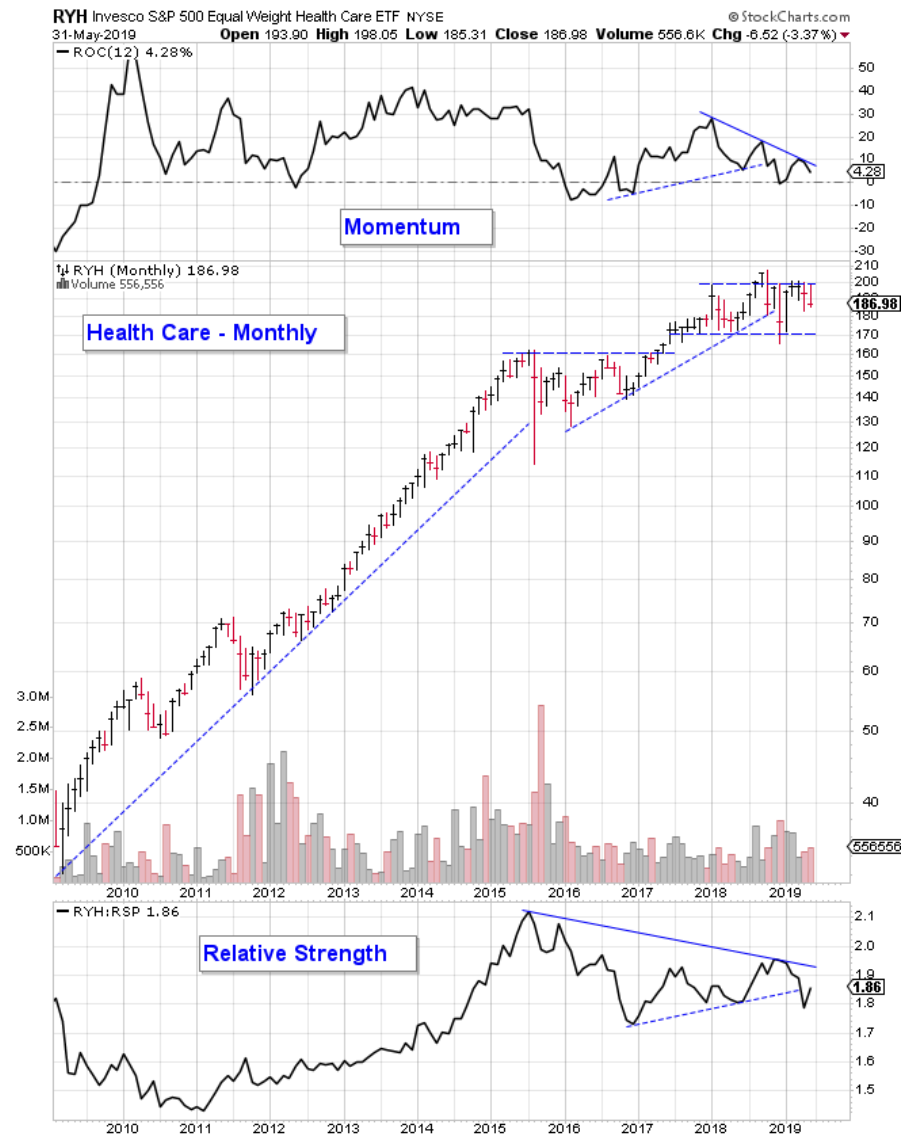
❑ **Target = $99**

Source: StockCharts.com
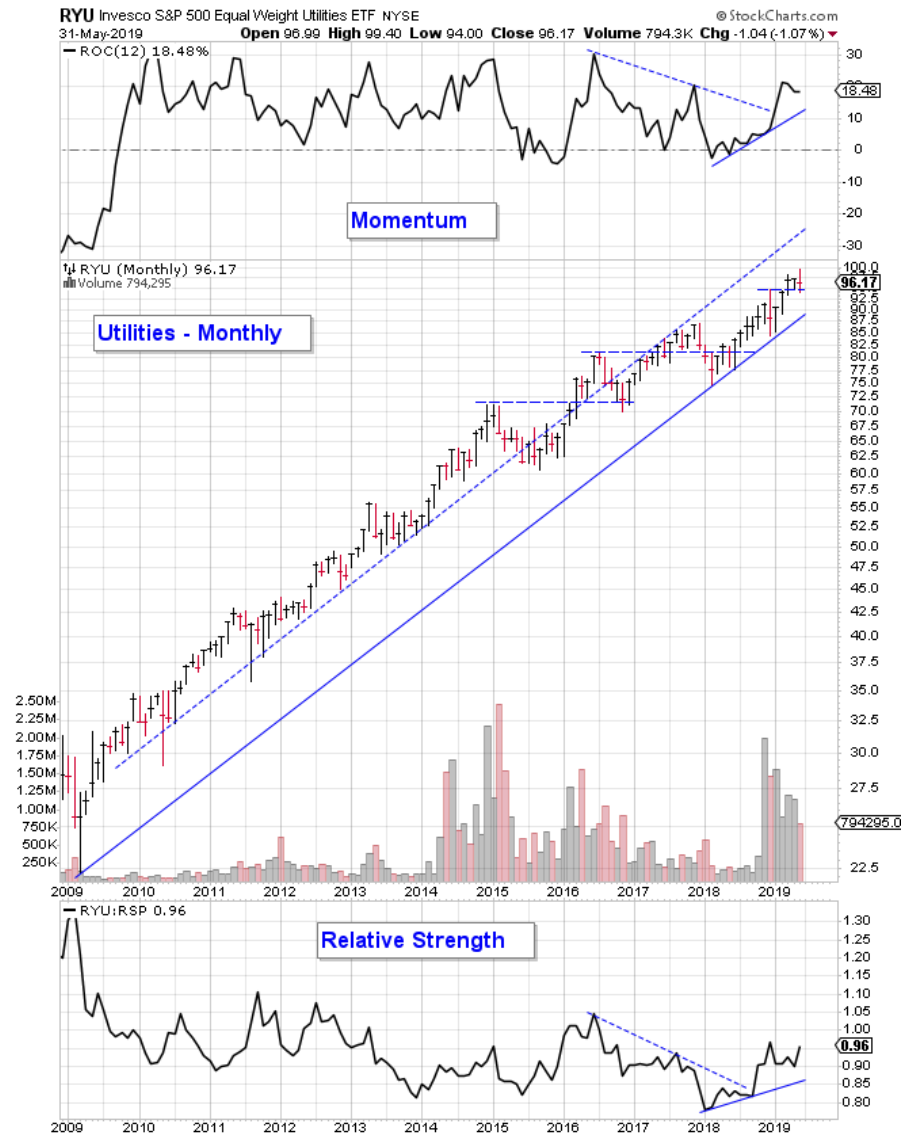
S&P 500 Equal-Weight Health Care Sector
Lagging (+5.46% YTD)

Observations:

- ❑ **Price** stopped short of key resistance once again, then reversed its February-April gains entirely, closing just above its low for the month of May, but held key support and avoided posting an outside-down month.

- ❑ **Momentum** remains positive, following a failed challenge of a descending trend line off the 2018 highs, but a negative divergence remains in place.

- ❑ **Relative strength** vs. the average S&P stock peaked in December and has since reversed lower to breach an two-year ascending trend line.

- ❑ **Key Resistance $198**

- ❑ **Key Supports = $171**

Conclusions:

- ❑ Health Care moved up one position to the **#10 rank** in our sector RS-Momentum work this month.

- ❑ **Maintain Underweight.** Four failed challenges of key resistance, with monthly closes at $197 or below, supports our bearish technical view on this sector. Med Tech is leading, while Biotech lags.

- ❑ Target = N/A

Source: StockCharts.com

S&P 500 Equal-Weight Materials Sector
LAGGING (+4.49% YTD)

Observations:

- ❑ **Price** stopped short of key resistance in April, then erased its February-April gains in May, breaching key support in the process, and closing near the low for the month.

- ❑ **Momentum** halted its advance and reversed back below the zero line following a failed challenge of the descending trend line off the 2017 highs. A clear negative divergence remains in place.

- ❑ **Relative strength** vs. the average S&P stock peaked in late 2017 after a 2-year advance, breached support, and has been trending lower ever since.

- ❑ **Key Resistance = $101**

- ❑ **Key Support = $85**

Conclusions:

- ❑ Materials slipped two positions to the **#11 rank** in our sector RS-Momentum work this month.

- ❑ **Maintain Underweight**. The failure to clear key resistance, and subsequent breach of key support confirms our bearish technical view on this sector. VMC and MLM made the leader board for the 2nd consecutive month, while ALB continues to lag badly.

- ❑ Target = N/A

Source: StockCharts.com

Source: Hedgeye.com

Portfolio Positioning

❑ Leaders and Laggards List
  ❑ Long/Short Alpha Candidates by Sector – June
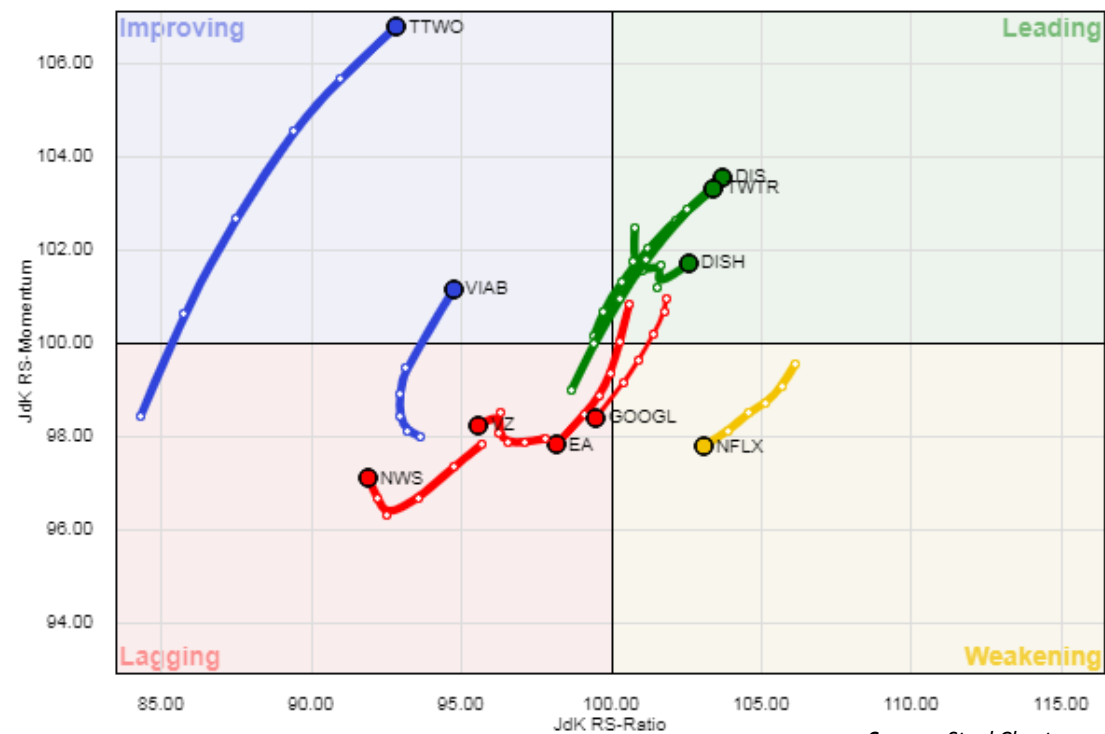 ❑ Long/Short Performance Report Card – May

S&P 500 Communications Alpha Drivers

Long RS-Momentum Leaders

1. Walt Disney (DIS)
2. Twitter (TWTR)
3. Dish Network (DISH)
4. Take-Two Interactive (TTWO)
5. Viacom (VIAB)

Short RS-Momentum Laggards

1. News Corp (NWS)
2. Verizon (VZ)
3. Electronic Arts (EA)
4. Alphabet (GOOGL)
5. Netflix (NFLX)
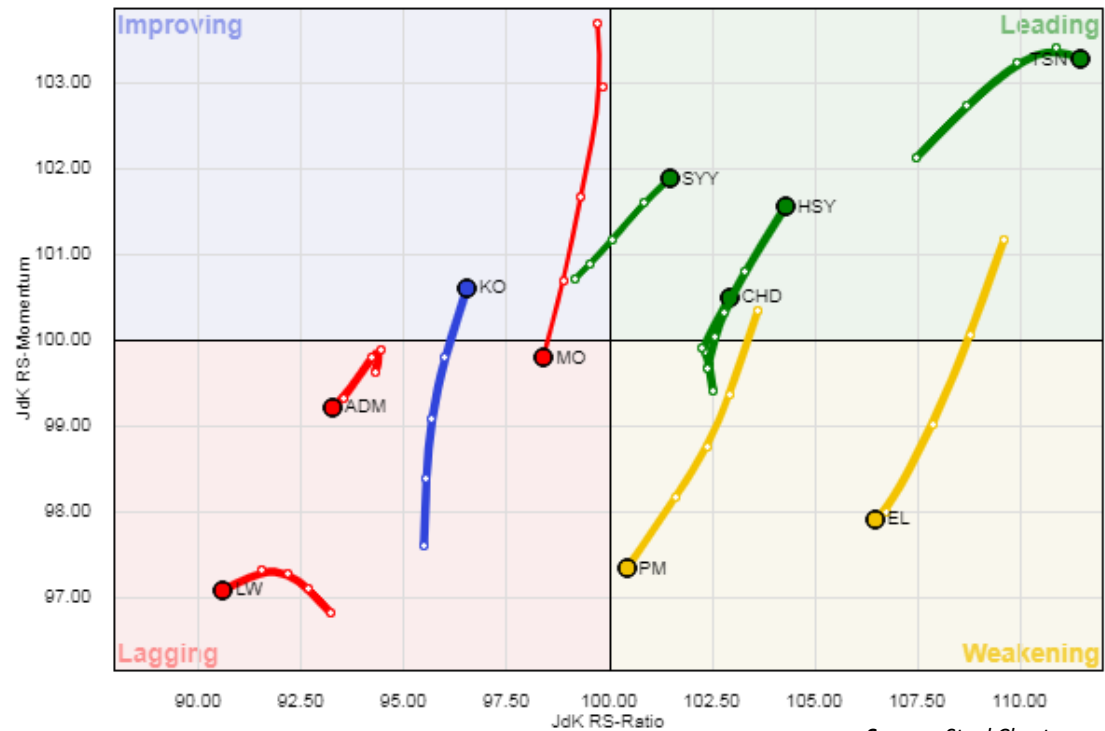

Source: StockCharts.com

S&P 500 Staples Alpha Drivers

Long RS-Momentum Leaders
1. Tyson Foods (TSN)
2. Hershey Foods (HSY)
3. Church & Dwight (CHD)
4. Sysco (SYY)
5. Coca Cola (KO)

Short RS-Momentum Laggards
1. Lamb Weston (LW)
2. Archer Daniels (ADM)
3. Altria Group (MO)
4. Philip Morris (PM)
5. Estee Lauder (EL)
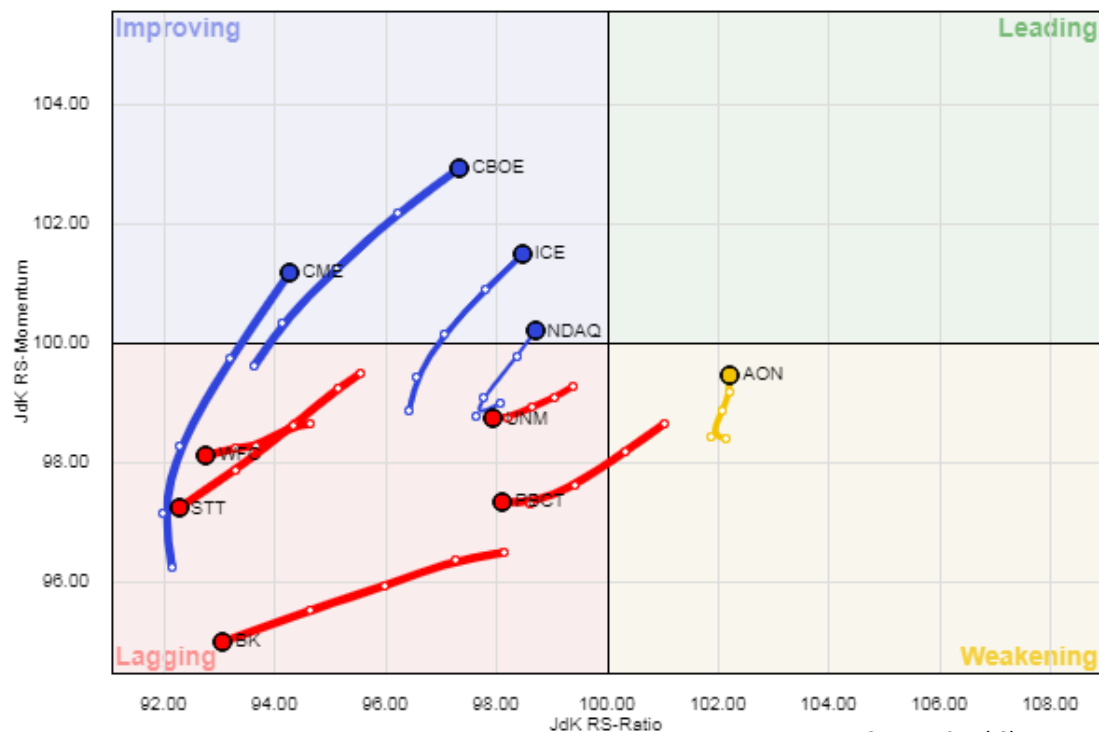

Source: StockCharts.com

S&P 500 Financials Alpha Drivers

Long RS-Momentum Leaders
1. Aon Corp (AON)
2. Intercontinental Exchange (ICE)
3. Nasdaq OMX Group (NDAQ)
4. CBOE Global Markets (CBOE)
5. CME Group (CME)

Short RS-Momentum Laggards
1. Bank of New York (BK)
2. State Street (STT)
3. Wells Fargo (WFC)
4. Peoples Bank (PBCT)
5. Unum Group (UNM)

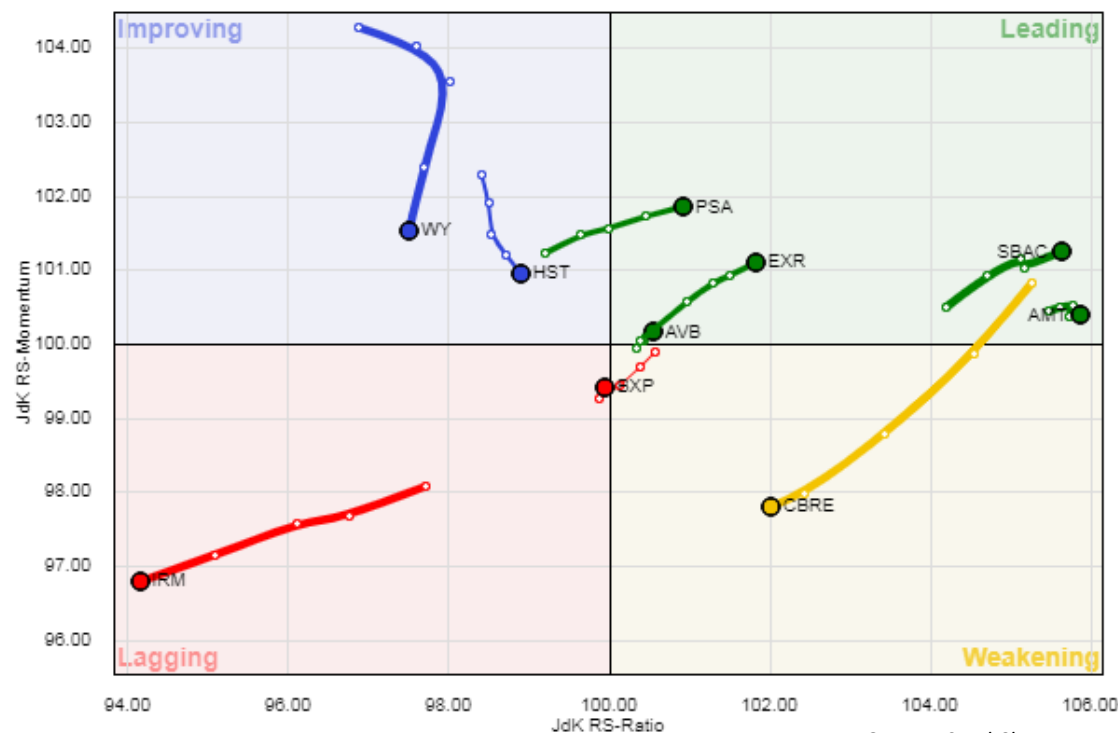*Source:* StockCharts.com

S&P 500 Real Estate Alpha Drivers

Long RS-Momentum Leaders
1. American Tower (AMT)
2. SBA Communications (SBAC)
3. Extra Space Storage (EXR)
4. Public Storage (PSA)
5. Avalon Bay Realty (AVB)

Short RS-Momentum Laggards
1. Iron Mountain (IRM)
2. Boston Properties (BXP)
3. CBRE Group (CBRE)
4. Weyerhaeuser (WY)
5. Host Hotels & Resorts (HST)
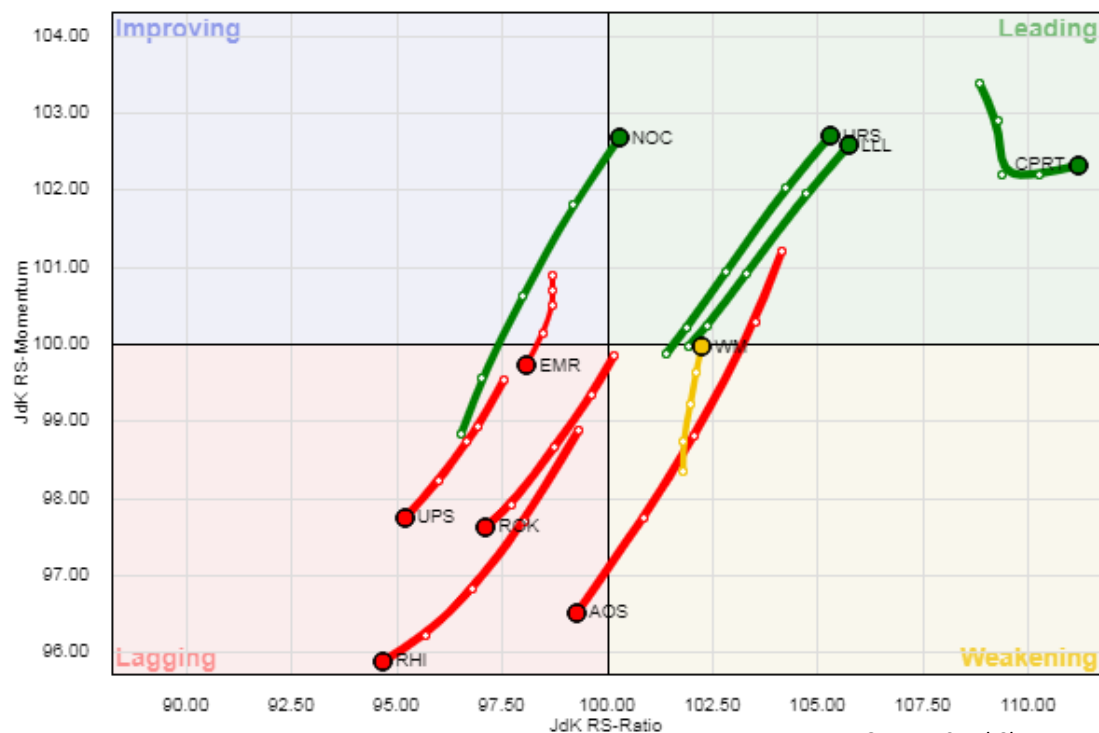

Source: StockCharts.com

S&P 500 Industrials Alpha Drivers

Long RS-Momentum Leaders
1. Copart (CPRT)
2. L3 Technologies (LLL)
3. Harris (HRS)
4. Northrop Grumman (NOC)
5. Waste Management (WM)

Short RS-Momentum Laggards
1. Robert Half (RHI)
2. United Parcel Service (UPS)
3. Rockwell Automation (ROK)
4. AO Smith (AOS)
5. Emerson Electric (EMR)

Source: StockCharts.com

S&P 500 Discretionary Alpha Drivers

Long RS-Momentum Leaders
1. Carmax (KMX)
2. Target (TGT)
3. Yum! Brands (YUM)
4. Dollar General (DG)
5. McDonalds (MCD)

Short RS-Momentum Laggards
1. Nordstrom (JWN)
2. Mattel (MAT)
3. Foot Locker (FL)
4. Leggett & Platt (LEG)
5. Whirlpool (WHR)
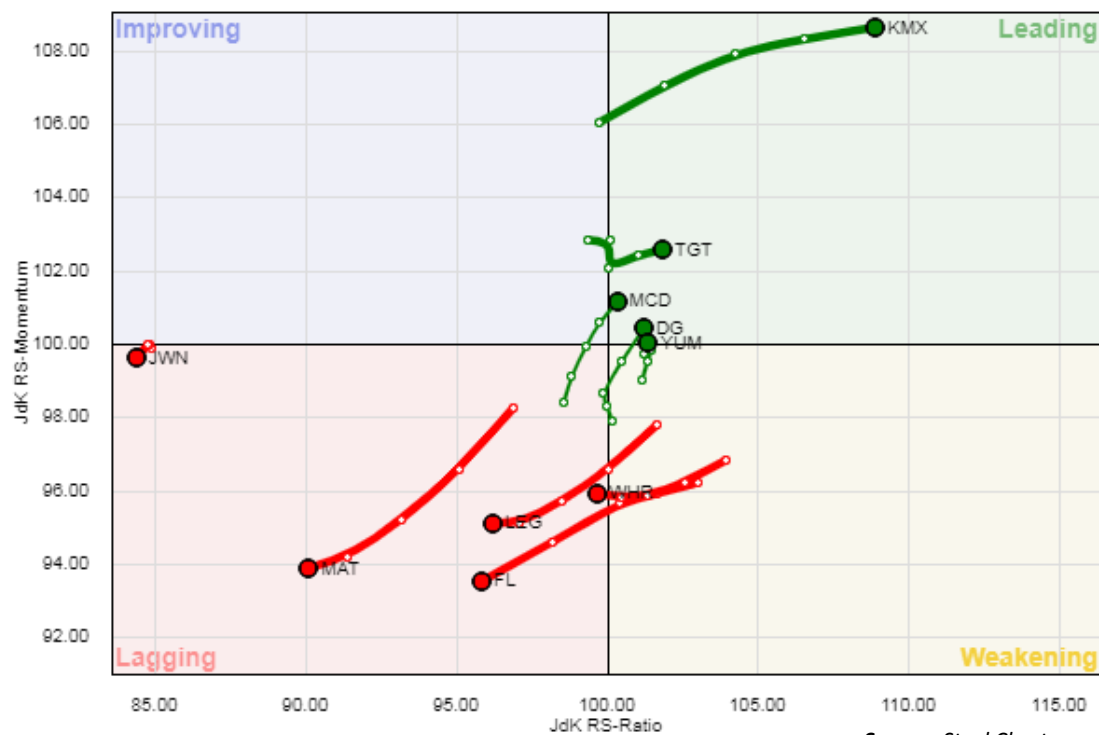
Source: StockCharts.com

S&P 500 technology Alpha Drivers

Long RS-Momentum Leaders
1. Global Payments (GPN)
2. Total System Services (TSS)
3. Broadridge Financial (BR)
4. Motorola Solutions (MSI)
5. Western Union (WU)

Short RS-Momentum Laggards
1. DXC Technology (DXC)
2. Symantec (SYMC)
3. Seagate Technology (STX)
4. Fortinet (FTNT)
5. Keysight Technologies (KEYS)
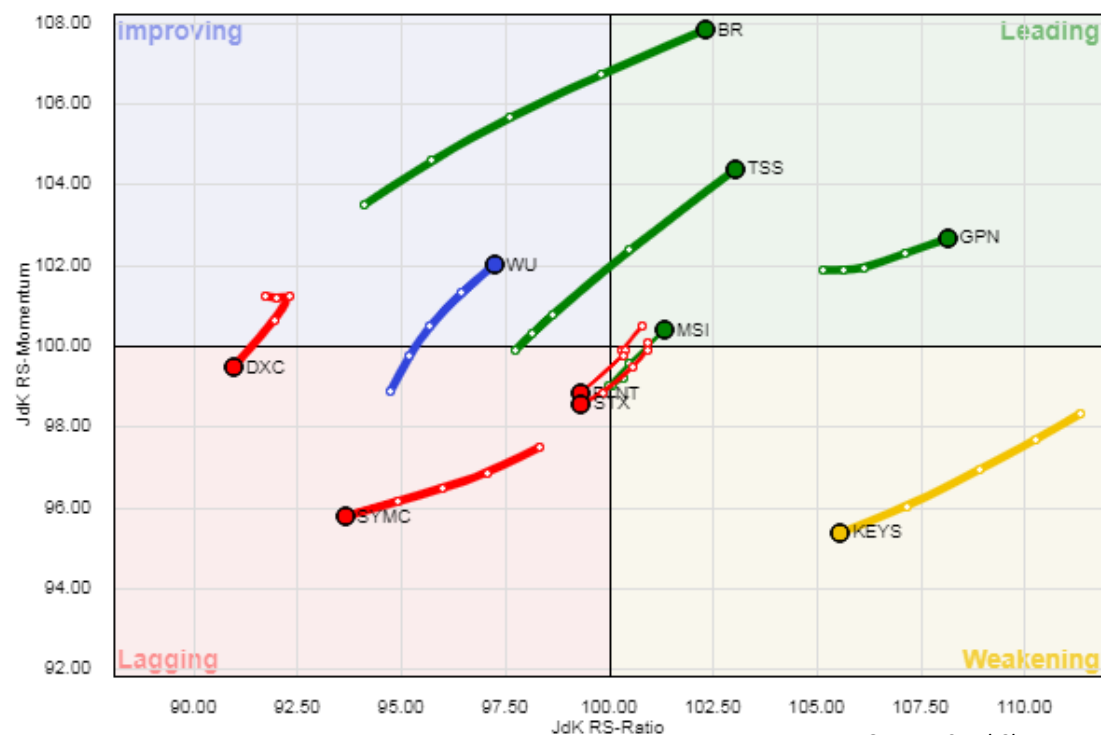
Source: StockCharts.com

S&P 500 Energy Alpha Drivers

Long RS-Momentum Leaders
1. Diamondback Energy (FANG)
2. Kinder Morgan (KMI)
3. Oneok (OKE)
4. Cabot Oil & Gas (COG)
5. Chevron (CVX)

Short RS-Momentum Laggards
1. Occidental Petroleum (OXY)
2. Marathon Petroleum (MPC)
3. Haliburton (HAL)
4. Schlumberger (SLB)
5. Marathon Oil (MRO)
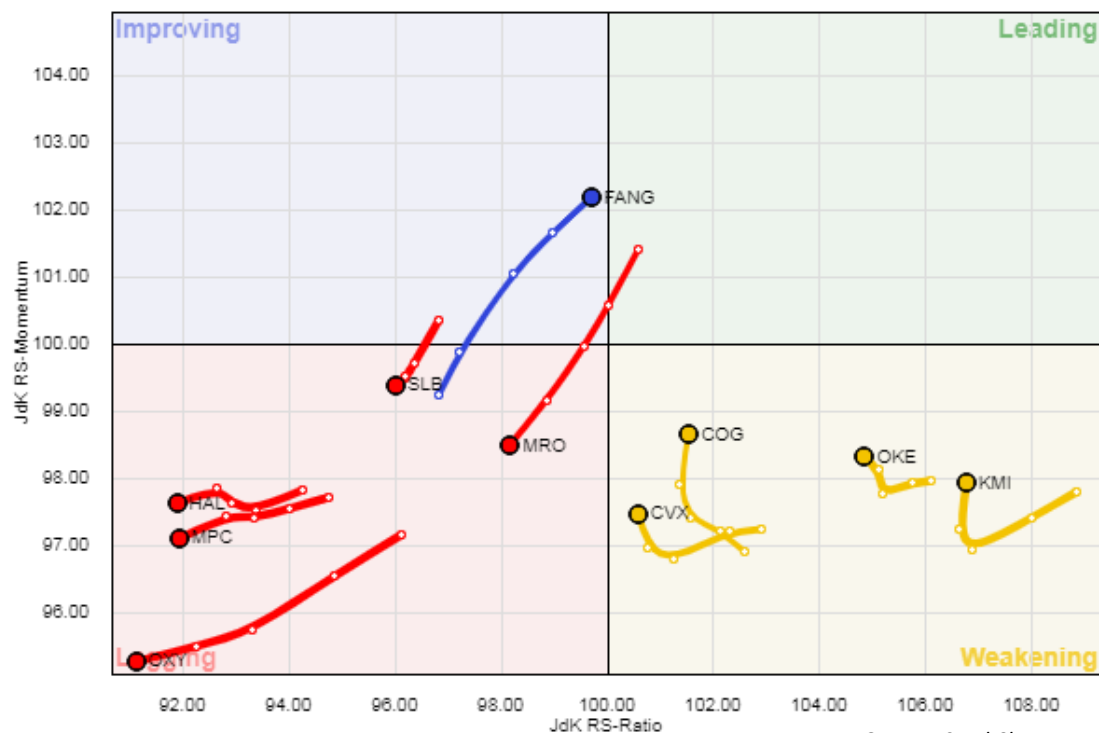
Source: StockCharts.com

S&P 500 Utilities Alpha Drivers

Long RS-Momentum Leaders
1. American Waterworks (AWK)
2. Sempra Energy (SRE)
3. Southern (SO)
4. NextEra Energy (NEE)
5. Eversource (ES)

Short RS-Momentum Laggards
1. NRG Energy (NRG)
2. Duke Energy (DUK)
3. PPL Corp. (PPL)
4. CenterPoint Energy (CNP)
5. AES Corp. (AES)
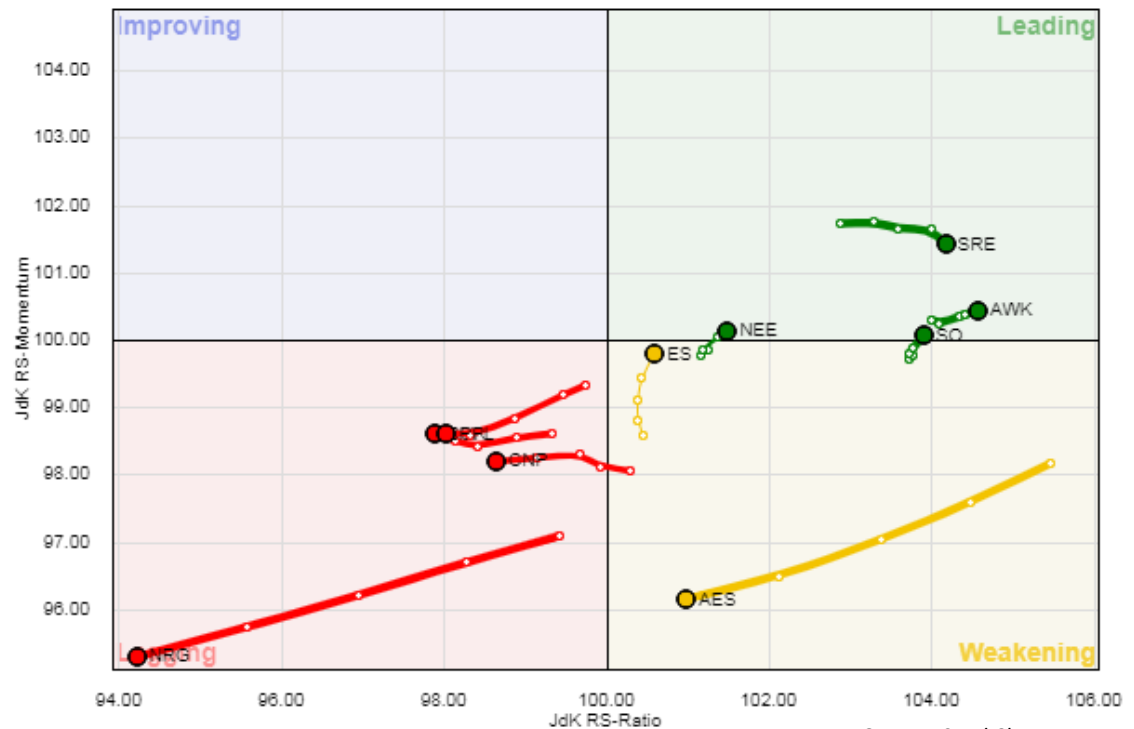
Source: StockCharts.com

S&P 500 Health Care Alpha Drivers

Long RS-Momentum Leaders
1. Cerner (CERN)
2. Wellcare Health (WCG)
3. Henry Schein (HSIC)
4. Resmed (RMD)
5. Medtronic (MDT)

Short RS-Momentum Laggards
1. Mylan (MYL)
2. Regeneron Pharma (REGN)
3. Intuitive Surgical (ISRG)
4. Alexion Pharmaceuticals (ALXN)
5. Allegan (AGN)
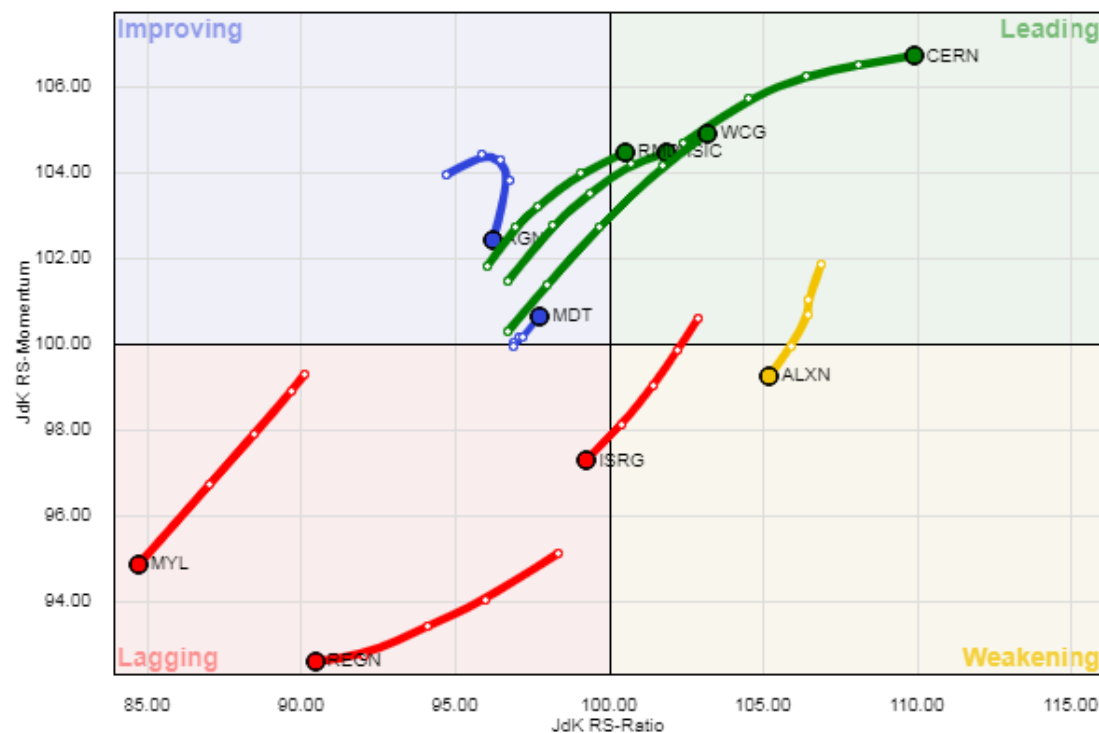
Source: StockCharts.com

S&P 500 Materials Alpha Drivers

Long RS-Momentum Leaders
1. Vulcan Materials (VMC)
2. Ball Corp (BLL)
3. Martin Marietta (MLM)
4. Ecolab (ECL)
5. Sherwin Williams (SHW)

Short RS-Momentum Laggards
1. Albemarle (ALB)
2. DowDuPont (DWDP)
3. Nucor (NUE)
4. Eastman Chemical (EMN)
5. Freeport-McMoRan (FCX)

Source: StockCharts.com

MAY PERFORMANCE REPORT CARD

Long the Leaders / Short the Laggards

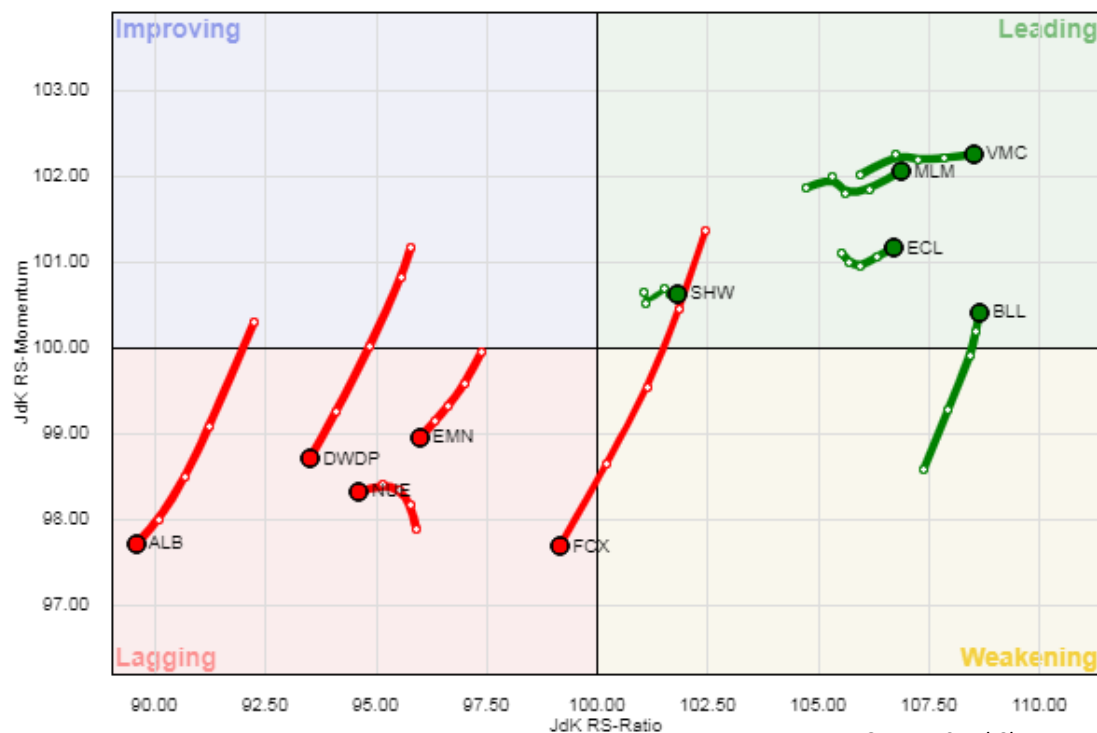| EW Sector		May		EW Sector		May				May	
Technology		-10.15%		Energy		-13.88%		Equal-Weight			
	L/S Spread	8.28%			L/S Spread	12.05%		S&P 500 EW Index		-7.12%	
								Long Leaders		-2.59%	
Discretionary		-9.82%		Real Estate		-0.06%		Short Laggards		-9.50%	
	L/S Spread	7.95%			L/S Spread	1.94%		Long Alpha		4.53%	
								Short Alpha		2.38%	
Materials		-9.10%		Utilities		-1.07%		Long/Short Spread		6.91%	
	L/S Spread	8.47%			L/S Spread	6.34%					
								Sector Neutral			
Industrials		-7.81%		Health Care		-3.37%		S&P 500 Index		-6.58%	
	L/S Spread	7.23%			L/S Spread	4.69%		Long Leaders		-2.56%	
								Short Laggards		-9.42%	
Financials		-6.30%		Staples		-4.72%		Long Alpha		4.02%	
	L/S Spread	4.92%			L/S Spread	8.44%		Short Alpha		2.84%	
								Long/Short Spread		6.86%	
Communications		-5.18%									
	L/S Spread	5.63%									

Hypothetical Return	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Since Inception
Equal-Weight L/S	1.10%	0.70%	2.15%	0.00%	4.22%	-0.43%	1.93%	3.23%	1.27%	6.91%	22.95%
Sector Neutral L/S	2.11%	2.06%	2.52%	-0.03%	4.73%	-1.16%	2.23%	3.83%	0.82%	6.86%	26.43%
S&P 500 Index	3.03%	0.43%	-6.94%	1.79%	-9.18%	7.87%	2.97%	1.79%	3.93%	-6.58%	-1.97%

*Note: Performance data is hypothetical and for illustration purposes only. All long and short positions assume an 8% hard stop-loss provision.

Source: Bloomberg and JWH Investment Partners

Source: Hedgeye.com

Foreign Equity Markets

❑ Developed

   ❑ Canada, Australia, UK, Germany, Switzerland, France, Netherlands, Italy, Spain, and Japan

❑ Emerging

    ❑ China, India, Brazil, Russia, and the Frontier 100

MSCI Foreign Market Leadership

RS-Momentum Rank	May Return	TTM Return
1. Switzerland (EWL)	- 0.7%	+ 10.8%
2. India (INDY)	+ 2.4%	+ 10.7%
3. Russia (RSX)	+ 0.5%	+ 7.8%
4. Australia (EWA)	+ 0.1%	+ 2.3%
5. Brazil (EWZ)	+ 0.6%	+ 20.7%
6. Frontier 100 (FM)	+ 1.3%	- 1.3%
7. Canada (EWC)	- 4.3%	- 2.6%
8. Netherlands (EWN)	- 6.6%	- 3.4%
9. Spain (EWP)	- 6.1%	- 4.6%
10. France (EWQ)	- 6.1%	- 6.6%
11. United Kingdom (EWU)	- 6.1%	- 8.0%
12. Germany (EWG)	- 6.5%	- 12.9%
13. Japan (EWJ)	- 4.9%	- 10.4%
14. Italy (EWI)	- 8.3%	- 10.8%
15. China (FXI)	- 9.3%	- 11.4%

MSCI Country RS-Momentum Chart
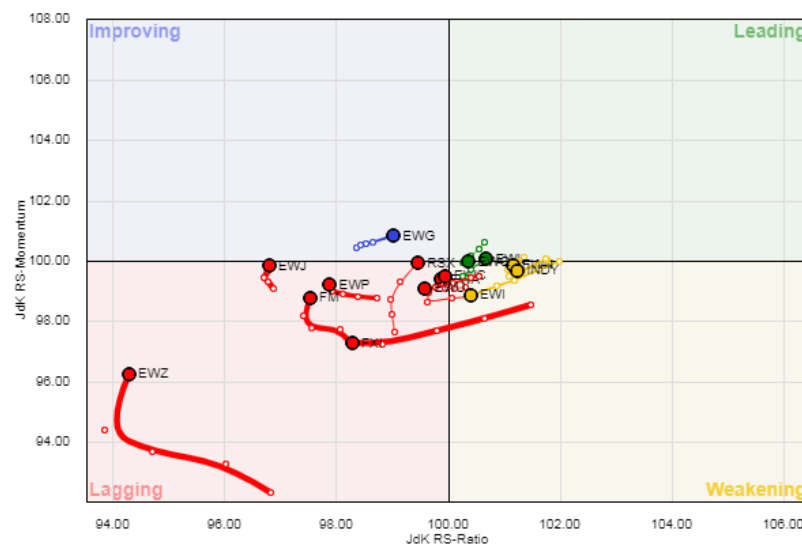
Source: StockCharts.com

Foreign Market Leadership...Continued

Emerging Mkts Lagging Developed Mkts

Foreign Mkts Lagging Domestic Mkts

Developed Markets
Australia
Neutral (+13.25% YTD)

Observations:

- ☐ **Price** posted its highest monthly close since August 2018, fully recovering its Q4 decline, and appears poised to challenge key resistance at $23.

- ☐ **Momentum** is now positive, penetrating a two-year descending trend line, and is now attempting a bullish reversal.

- ☐ **Relative strength** vs. developed markets is accelerating higher after penetrating a multi-year descending trend line.

- ☐ **Key Resistance = $23**

- ☐ **Key Support = $20**

Conclusions:

- ☐ **Maintaining Neutral view.** Five consecutive months of improving price action and accelerating momentum supports a constructive technical view on this country. A new monthly closing high would lead us to upgrade our rating to Bullish.

- ☐ Target: N/A

Source: StockCharts.com
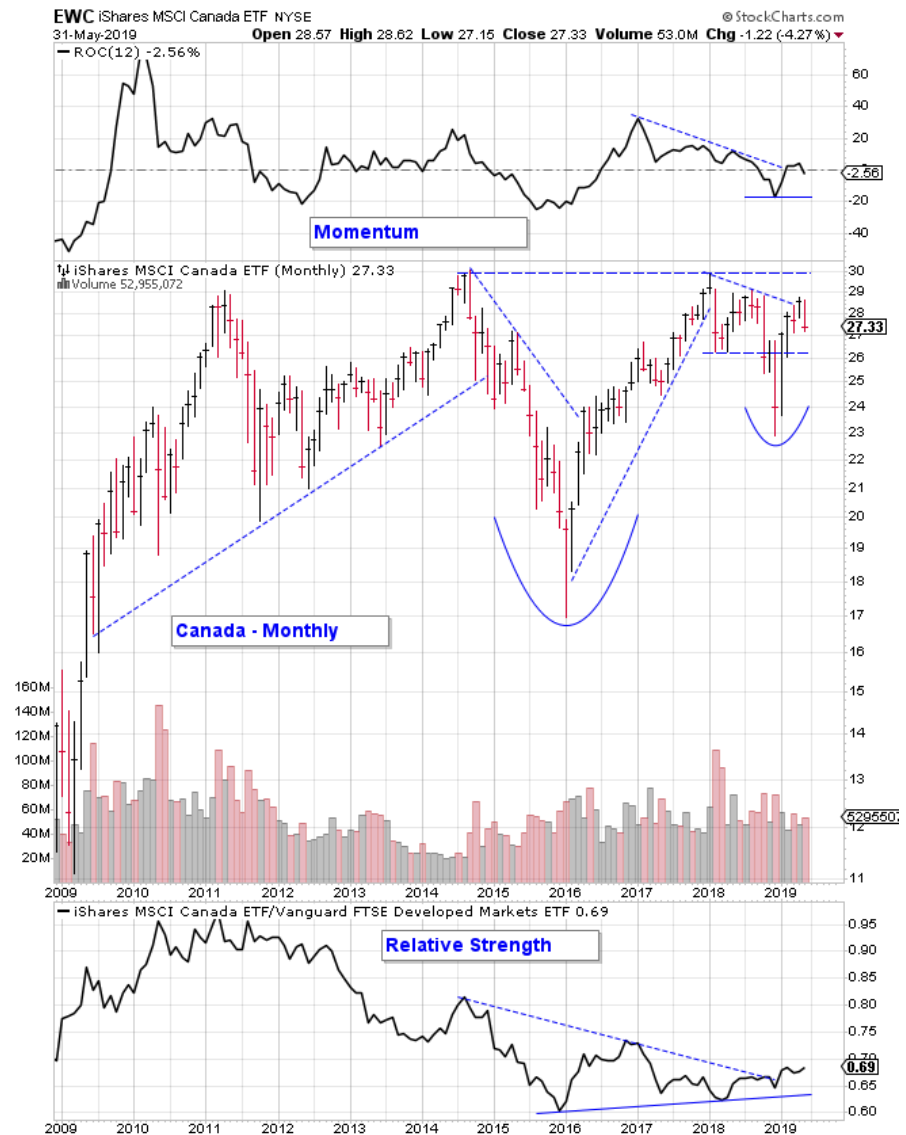
Developed Markets
Canada
Neutral (+14.07% YTD)

Observations:

- ❑ **Price** rallied to make a new recovery high in April only to give back the entire month's gain in May, but held well above key support.

- ❑ **Momentum** halted its advance and has turned negative just one month after penetrating a two-year descending trend line.

- ❑ **Relative strength** vs. developed markets is turning up again following a brief pause, after penetrating a multi-year descending trend line.

- ❑ **Key Resistance = $30**

- ❑ **Key Support = $26**

Conclusions:

- ❑ **Maintaining Neutral view.** Mixed price action and deteriorating momentum, coupled with improved RS supports a neutral technical view. A new monthly closing high would lead us to upgrade our rating to Bullish; If instead a breach of key support, then a downgrade to Bearish.

- ❑ Target: N/A

EWC iShares MSCI Canada ETF NYSE
31-May-2019 **Open** 28.57 **High** 28.62 **Low** 27.15 **Close** 27.33 **Volume** 53.0M **Chg** -1.22 (-4.27%) ▼
— ROC(12) -2.56%

Momentum

iShares MSCI Canada ETF (Monthly) 27.33
Volume 52,955,072

Canada - Monthly

iShares MSCI Canada ETF/Vanguard FTSE Developed Markets ETF 0.69

Relative Strength

Source: StockCharts.com

Developed Markets
United Kingdom
Bearish (+7.97% YTD)

Observations:

- ❑ **Price** failed at trend resistance and reversed sharply lower, erasing nearly the entire February-April gain, but holding well-above key support.

- ❑ **Momentum** remains negative and has rolled over, after halting its advance just short of the zero line.

- ❑ **Relative strength** vs. developed markets halted its decline last January and has reversed above a multi-year descending trend line, but with little progress.

- ❑ **Key Resistance = $35**

- ❑ **Key Support = $29**

Conclusions:

- ❑ **Maintaining Bearish view.** The failure to clear its primary downtrend line and key resistance confirms our Bearish technical view on this country. The continued overhang of Brexit may require significantly more time to heal the damage.

- ❑ **Target: $29**

Source: StockCharts.com

Developed Markets
Germany
Neutral (+6.19% YTD)

Observations:

- ❑ **Price** rallied to close above key resistance in April, while penetrating a descending trend line off the 2018 highs, but posted a bearish outside-down bar in May, negating the progress of the prior month.

- ❑ **Momentum** remains deeply negative and has halted its recovery and appears poised to roll over.

- ❑ **Relative strength** vs. developed markets collapsed in 2018 and made a new low in Q1. This reversal attempt failed precisely at trend line resistance.

- ❑ **Key Resistance = $29**

- ❑ **Key Support = $25**

Conclusions:

- ❑ **Maintaining Neutral view.** A lack of follow through on last month's improved price action and accelerating momentum supports our neutral technical view on this country. A new monthly closing high would lead us to upgrade our rating to Bullish; If instead a breach of support, then a downgrade to Bearish.

- ❑ Target: N/A

Source: StockCharts.com
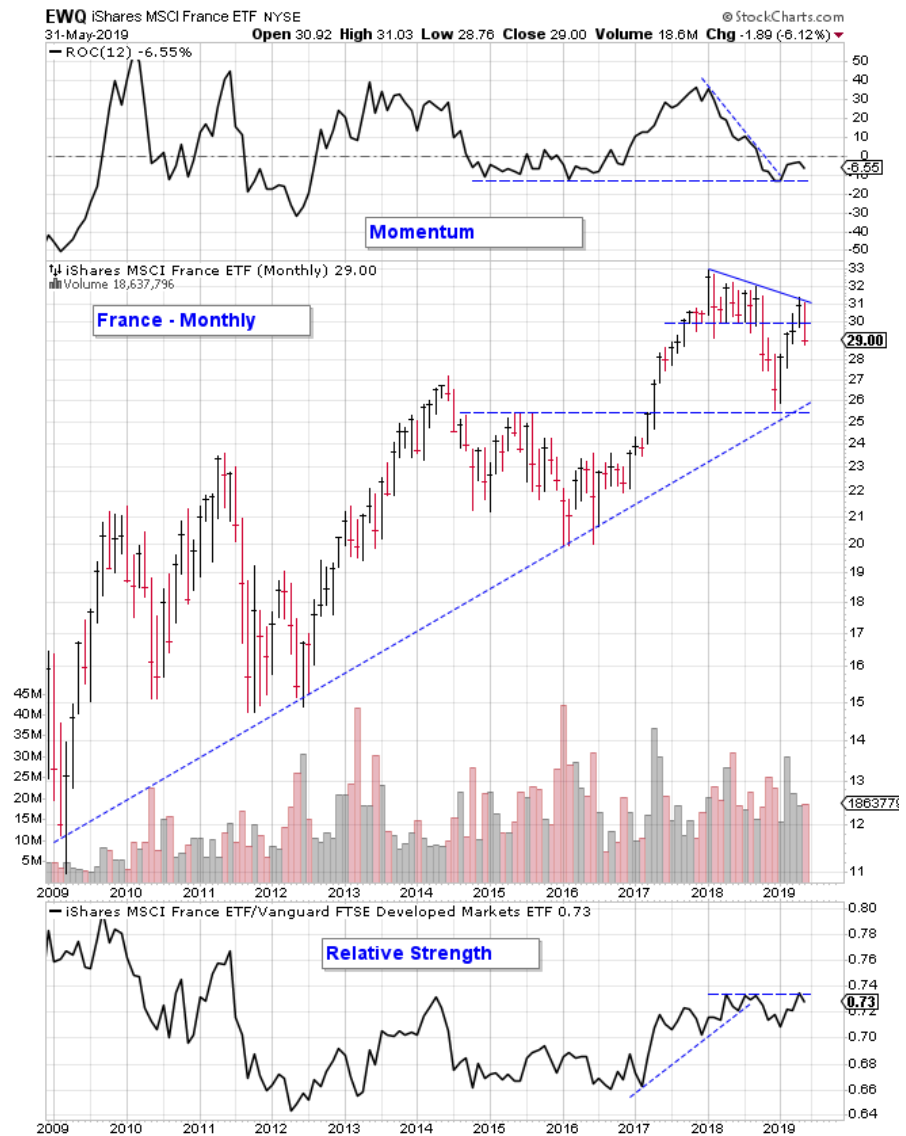
Developed Markets
France
Neutral (+16.48% YTD)

Observations:

- ❑ **Price** failed at trend resistance and reversed sharply lower, erasing the entire March-April gain, and breaching key support in the process.

- ❑ **Momentum** halted its decline at a well-developed support level, but is struggling to reverse trend and remains negative.

- ❑ **Relative strength** vs. developed markets triple topped in 2018, then violated an ascending trend line off the 2017 low. While it has since halted its decline, the latest challenge of resistance has failed thus far.

- ❑ **Key Resistance = $30**

- ❑ **Key Support = $26**

Conclusions:

- ❑ **Maintaining Neutral view.** A lack of follow through on last month's improved price action and accelerating momentum supports our neutral technical view on this country. A new monthly closing high would lead us to upgrade our rating to Bullish; If instead a breach of support, then a downgrade to Bearish.

- ❑ Target: N/A

Source: StockCharts.com

Developed Markets
Italy
Neutral (+7.15% YTD)

Observations:

- ❑ **Price** rallied to make a new recovery high in April, only to give back its February-April gains entirely in May, but held well above key support.

- ❑ **Momentum** has halted its decline and is attempting to reverse trend, but remains deeply negative.

- ❑ **Relative strength** vs. developed markets remains range bound in a multi-year consolidation pattern.

- ❑ **Key Resistance = $30**

- ❑ **Key Support = $23**

Conclusions:

- ❑ **Maintaining Neutral view.** The long-term trend appears to have the characteristics of a lateral consolidation pattern of the "Symmetrical Triangle" variety. If this proves accurate, then a bullish inflection above the 2018 high would portend significant upside potential.

- ❑ Target: N/A

Source: StockCharts.com

Developed Markets
Spain
Neutral (+4.92% YTD)

Observations:

- ❑ **Price** rallied to a new all-time high in April only to give back the February-April gains entirely in May, posting an outside-down month.

- ❑ **Momentum** has halted its decline and is attempting to reverse trend, but remains negative.

- ❑ **Relative strength** vs. developed markets bottomed in 2018 at a well-established support level, and has been struggling to challenge resistance at a five-year descending trend line.

- ❑ **Key Resistance = $31**

- ❑ **Key Support = $26**

Conclusions:

- ❑ **Maintaining Neutral view.** The long-term trend appears to have the characteristics of a lateral consolidation pattern of the "Symmetrical Triangle" variety. If this proves accurate, then a bullish inflection above the 2018 high would portend significant upside potential.

- ❑ Target: N/A

Source: StockCharts.com

Developed Markets Switzerland
Bullish (+14.09% YTD)

Observations:

- ☐ **Price** remains poised challenge key resistance after posting its highest monthly close since January 2018 last month. The improved and consistent price action could lead to further gains ahead in June.

- ☐ **Momentum** is positive and is staging a powerful bullish reversal after penetrating a descending trend line in January.

- ☐ **Relative strength** vs. developed markets bottomed in 2018 and has reversed sharply higher to post a new all-time high in May.

- ☐ **Key Resistance = $37**

- ☐ **Key Support = $30**

Conclusions:

- ☐ **Maintaining Bullish view.** The monthly close above $35 portends a potential major bullish reversal may be under way. A monthly close below key support would lead us to downgrade our opinion to Neutral.

- ☐ **Target: $40**

Source: StockCharts.com

Developed Markets
Netherlands
Bullish (+12.74% YTD)

Observations:

- ❏ **Price** rallied to make a new recovery high in April only to give back the entire month's gain in May, breaching key support in the process, and posting an outside-down month.

- ❏ **Momentum** has turned down after a failed challenge of the zero line and remains negative.

- ❏ **Relative strength** vs. developed markets have ticked down after staging successful a bullish reversal to make a new all-time high in April.

- ❏ **Key Resistance = $30**

- ❏ **Key Support = $25**

Conclusions:

- ❏ **Maintaining Bullish view.** A lack of follow through on last month's exceptional price action and accelerating momentum could prove to be more than a minor set-back, but our Bullish technical view is supported by the unbroken long-term uptrend on this country. A breach of this support would lead us to downgrade our opinion to Bearish.

- ❏ **Target: $35**

Source: StockCharts.com

Developed Markets
Japan
Bearish (+4.00% YTD)

Observations:

- **Price** failed at key resistance and reversed sharply lower, erasing the entire February-April gain, and posted a bearish outside-down month in the process.

- **Momentum** has resumed its decline, and remains deeply negative as its downtrend persists.

- **Relative strength** vs. developed markets has been range bound since late 2015 and appears poised to test the lower boundary of the range for a third time.

- **Key Resistance = $56**

- **Key Support = $49**

Conclusions:

- **Maintaining Bearish view.** With price action and momentum still showing little evidence of improvement, our Bearish technical view appears warranted. A monthly close above $56 would lead us to upgrade our rating to Neutral.

- **Target: $40**

Source: StockCharts.com
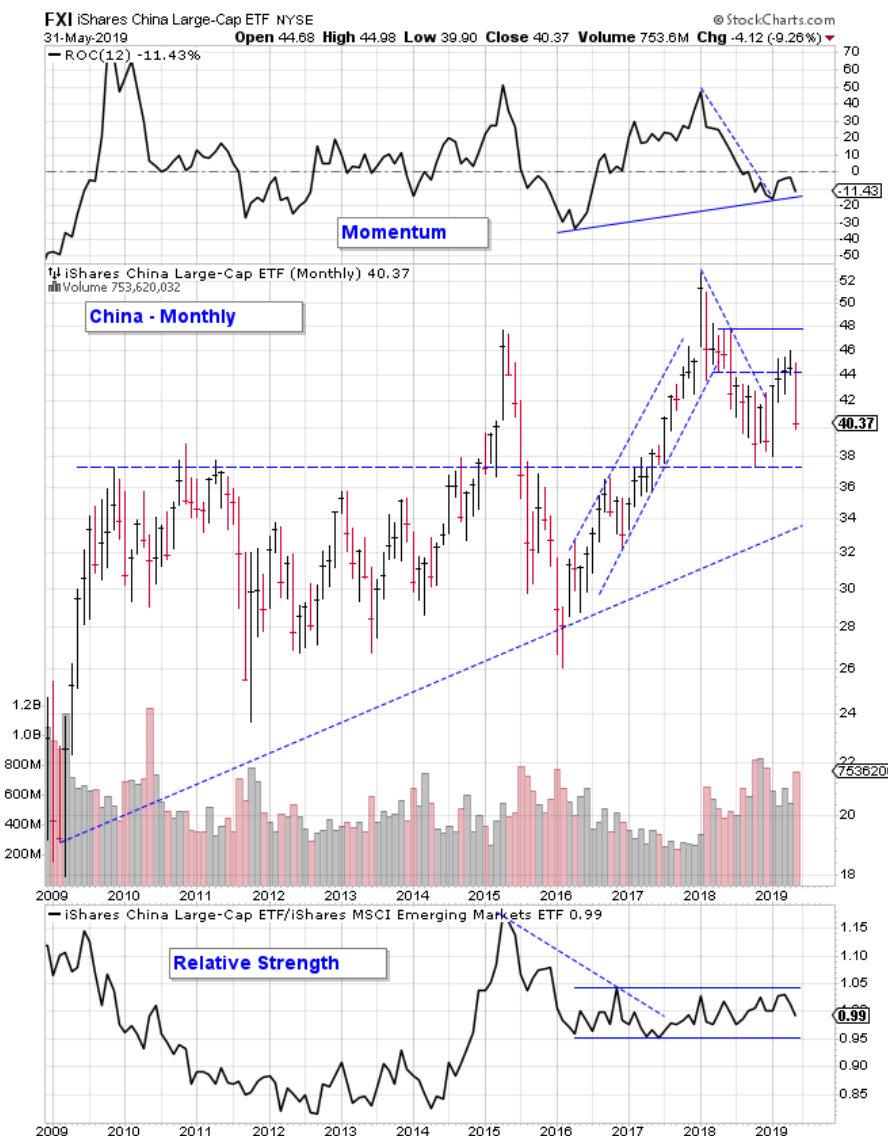
Emerging Markets
China
Neutral (+3.30% YTD)

Observations:

- [ ] **Price** collapsed 9% in May, erasing most of its 2019 gain, and breached key support in process.

- [ ] **Momentum** has halted its nascent advance and remains negative. It appears poised to challenge trend line support next.

- [ ] **Relative strength** vs. emerging markets has been range bound since late 2016 and is turning down from the upper boundary of the range for at least the third time. Another sign of weakness.

- [ ] **Key Resistance = $44**

- [ ] **Key Support = $37**

Conclusions:

- [ ] **Maintaining Neutral view.** The monthly close back below key support confirms our neutral technical view on this emerging country. A monthly close above $44 would lead us to upgrade our rating to Bullish. A monthly close below $37 would lead us to downgrade our rating to Bearish.

- [ ] Target: N/A

Source: StockCharts.com
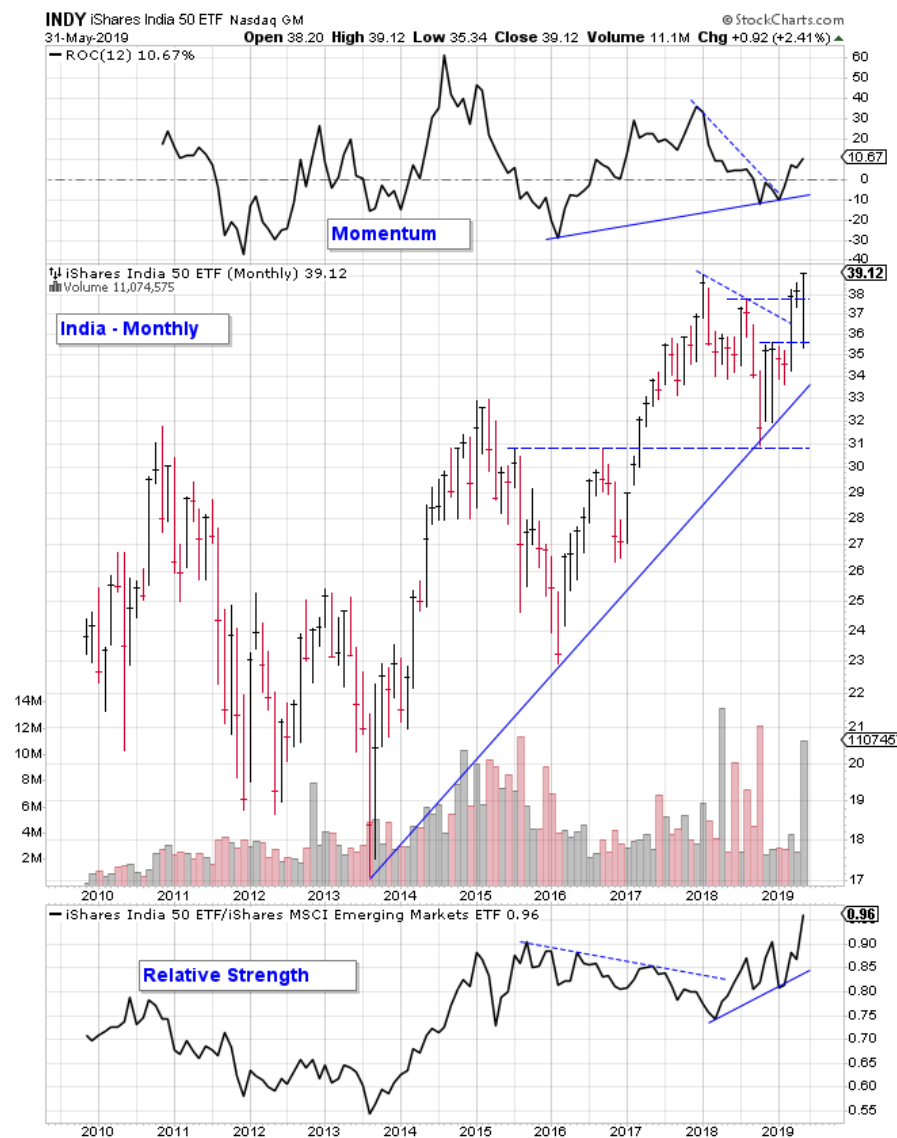
Emerging Markets
India
Bullish (10.76% YTD)

Observations:

- **Price** posted a very bullish outside-up month, and made a new all-time monthly closing high in May.

- **Momentum** remains resolutely positive, and is accelerating its bullish reversal, but a multi-year negative divergence remains in place.

- **Relative strength** vs. emerging markets posted a new all-time record high in May.

- **Key Resistance = $43**

- **Key Support = $38**

Conclusions:

- **Maintaining Bullish view.** The new monthly closing high portends a major bullish reversal may be under way. A monthly close below key support would lead us to downgrade our opinion to Neutral.

- **New Target: $47**

Source: StockCharts.com

Emerging Markets
Brazil
Bullish (+9.03% YTD)

Observations:

- **Price** posted a bullish hammer in May. It has recovered over 90% of its 2018 decline, and appears to be near completing a potential multi-year base formation of the inverted "Head & Shoulders" variety. A monthly close above $49 will confirm that a new primary uptrend has been established.

- **Momentum** turned positive in April and has been staging a clear bullish reversal since .

- **Relative strength** vs. emerging markets double bottomed mid-year 2018 and has turned decidedly up after penetrating a descending trend line. A bullish reversal remains in progress.

- **Key Resistance = $46/49**

- **Key Support = $30**

Conclusions:

- **Maintaining Bullish view.** A monthly close above $46 would portend that a major bullish reversal is underway. A monthly close below key support would lead us to downgrade our opinion to Neutral.

- **Target: $62**

Source: StockCharts.com

Emerging Markets
Russia
Bullish (+15.41% YTD)

Observations:

☐ **Price** has recovered more than 50% of its 2018 decline, and appears to be near completion of a multi-year base formation of the "Head & Shoulders" variety. A monthly close above $23 will confirm that a new primary uptrend has been established.

☐ **Momentum** turned positive in April and appears to be staging a bullish reversal after penetrating a descending trend line off the 2017 high.

☐ **Relative strength** vs. emerging markets triple bottomed over the past 18 months and is now accelerating higher after it successfully challenged, and penetrated a trend line off the 2017 high.

☐ **Key Resistance = $23**

☐ **Key Support = $18**

Conclusions:

☐ **Upgrading to Bullish.**

☐ **Increase exposure.** A monthly close above $23 would portend a potential major bullish reversal is underway. A monthly close below key support would lead us to downgrade our opinion to Bearish.

☐ **Target: $28**

Source: StockCharts.com

Emerging Markets Frontier 100
Neutral (+9.79% YTD)

Observations:

- **Price** has recovered just 1/3 of its 2018 decline, after closing below key support in June, and simultaneously violating a two-year trend line ascending off the 2016 lows. The five consecutive monthly closes above prior key resistance more than confirms the January breakout.

- **Momentum** has halted its decline and is now staging a bullish reversal, but remains negative.

- **Relative strength** vs. emerging markets has resolved to the upside after making a new six-year low in April.

- **Key Resistance = $31**

- **Key Support = $28**

Conclusions:

- **Maintaining Neutral view.** The fifth consecutive monthly close in the $28/29 range and recovery of prior key resistance confirms our neutral technical view on the frontier markets. A monthly close above key resistance would lead us to upgrade our opinion to Bullish.

- Target: N/A

Source: StockCharts.com

Source: Hedgeye.com

Macro Perspectives

❑ Commodities: CRB Index, Gold Bullion, WTI Crude Oil, Bitcoin Index

❑ Infrastructure: MLP Index

❑ Currencies: U.S. Dollar Index, EUR/USD, JPY/USD

❑ Rates: 10-Year Treasury Yield

Commodity
Reuters/Jeffries CRB Index
Bullish (+3.28% YTD)

Observations:

- ❑ **Price** appears to have bottomed in three waves (A-B-C) as of late-2015, followed by three small-degree impulsive advances, each bifurcated by a three-wave partial correction. The most recent decline allows for a 1-2-(i)-(ii)-i-ii wave count. The alternative could be 1 up, followed by w-x-y (a corrective flat). Both are bullish set-ups.

- ❑ **Momentum** went deeply negative after violating a multi-year ascending trend line in mid-2018, and appears to be turning down again after halting its initial decline at trend resistance.

- ❑ **Relative strength** vs. the S&P 500 index has been in decline since mid-2011, but in recent months has begun to flatten out.

- ❑ **Key Resistance = 207**

- ❑ **Key Support = 166**

Conclusions:

- ❑ **Maintaining Bullish view.** Our opinion is based upon improved price action and an impending 3rd wave advance. While somewhat speculative, the positive risk skew (4:1) makes this trade appear attractive.

- ❑ **Target = 240**

Source: StockCharts.com

Commodity
Gold Bullion
Bullish (+2.33% YTD)

Observations:

☐ **Price** is in the process of consolidating it gains after posting an encouraging reversal above initial resistance in December, and penetrating a minor downtrend line off the early 2018 high. But the established range bound by last year's high and low remains in place and will continue to hold the key to gold's longer-term prospects**.**

☐ **Momentum** broke its uptrend and turned down, but is now attempting recover after penetrating the zero line in May.

☐ **Relative strength** vs. the other 16 commodities that make up the CRB index is consolidating after an explosive upside move that made a new 3-year high.

☐ **Key Resistance = $1371**

☐ **Key Support = $1167**

Conclusions:

☐ **Maintaining Bullish view.** Improved price action, accelerating momentum, and renewed leadership among its CRB peers make this barbarous relic a triple threat. A breakout above key resistance could at last propel the gold meaningfully higher.

☐ **Target = $1430**

Source: StockCharts.com

Commodity
NYSE Bitcoin Index
Bullish (+121.36% YTD) ⬆

Observations:

- ☐ **Price** closed above key resistance in May after penetrating its downtrend line last month. Its near vertical ascent suggests that this advance is real.

- ☐ **Momentum** turned positive for the first time in a year, after emerging from a long basing process.

- ☐ **Relative Strength:** By comparison, the 17 most widely traded commodities, illustrated by the CRB index, have all significantly underperformed Bitcoin since December. The crypto-king has been staging a classic bullish reversal in RS since early January.

- ☐ **Key Resistance = 9500**

- ☐ **Key Support = 6500**

Conclusions:

- ☐ **Upgrading to Bullish.**

- ☐ **Increase exposure.** The successful challenge of key resistance allows for additional upside potential near-term, especially given the sharp momentum and RS acceleration evident since December.

- ☐ **Target: 9500**

Source: StockCharts.com

COMMODITY
WTI CRUDE OIL
BULLISH (+17.82% YTD)

Observations:

❑ **Price** reversed sharply lower, retracing more than 50% of it recovery off the its Q4 low and breaching key support. February's monthly close back above $55 re-activated the bull case. April's monthly close above $62 built upon those bullish credentials. While it could be a normal correction, May's plunge now raises questions about the sustainability of the advance.

❑ **Momentum** has turned down again following an attempt to reverse trend, and remains negative.

❑ **Relative strength** vs. the other 16 commodities that make up the CRB index turned down sharply and breached a multi-year uptrend, but has arrested its decline and is attempting to stabilize.

❑ **Key Resistance = $67**

❑ **Key Support = $50**

Conclusions:

❑ **Maintaining Bullish view.** Our opinion assumes a minimum 78.6% retracement of the Q4 decline, and is based upon, a dovish Fed policy tilt, and a slightly bearish US dollar tilt.

❑ **New Target = $81**

Source: StockCharts.com

Infrastructure
Alerian MLP Index
Neutral (+9.46% YTD)

Observations:

☐ **Price** has stalled after recovering over 50% of its 2018 decline, and remains in a downtrend. The weak rally back above the 1Q18 lows suggests a period of stabilization at best.

☐ **Momentum** has turned negative again, after attempting to bullish reversal, having penetrated the descending trend line off the 2017 peak.

☐ **Relative strength** vs. the S&P 500 index made a new 10-year low after consolidating lost ground, following the steep decline since 2014.

☐ **Key Resistance = 294**

☐ **Key Support = $200**

Conclusions:

☐ MLPs had experienced an increased correlation to WTI crude in recent months, but that appears to be abating.

☐ **Maintaining Neutral view.** Notwithstanding the potential for continued price volatility within the recent consolidation range, we find the high dividend yield to be an attractive feature of the asset class.

☐ Target = N/A

Source: StockCharts.com

Currency
US Dollar Index
Neutral (+2.02% YTD)

Observations:

❑ **Price** made a new recovery high in May on the heels of April's strength, after successfully defending key support in January. This wedge shaped price action is characteristic of trend termination. We suspect that there is change afoot.

❑ **Momentum** has remained positive after penetrating a descending trend line off the 2015 high, but has halted its advance, and appears poised to challenge the zero line.

❑ **Key Resistance = 99**

❑ **Key Support = 95**

Conclusions:

❑ **Maintaining Neutral view.** The lack of significant forward progress coupled with the narrowing, but deep overlapping monthly range increases the probability that the current advance is nearing a point of termination. It should be followed by a test of the ascending trend line. That said, the potential for a challenge of key resistance cannot yet be ruled out. Hence, we'll remain on the sidelines for now to see which way it breaks.

❑ Target = N/A

Source: StockCharts.com

Currency
Euro/US Dollar
Neutral (-2.56% YTD)

Observations:

❑ **Price** made a new correction low in May, retracing a Fibonacci 61.8% of the 2017/18 advance. The form of the decline off the 2018 high appears corrective when compared to the advance.

❑ **Momentum** remains negative after breaching an ascending trend line off the 2015 low, and taking out support at the 2017 low, but has halted its decline and is attempting a bullish reversal.

❑ **Key Resistance = 1.145**

❑ **Key Support = 1.09**

Conclusions:

❑ **Maintaining Neutral view.** Our Neutral rating reflects the inconsistency of the latest price and momentum data points. This potential divergence, coupled with the form and retracement characteristics of the price action over the past two years suggests that an attempt to move higher may be developing. That said, the potential for a test of key support cannot be ruled out. Hence we'll watch from the sidelines to see which way it breaks.

❑ Target = N/A

Source: StockCharts.com

Currency
Yen/US Dollar
Bullish (+1.14% YTD)

Observations:

☐ **Price** remains within a well-defined trading range bound by converging trend lines from above and below that are characteristic of a lateral consolidation of the "Symmetrical Triangle" variety. If this is wave B of a larger degree three wave (A-B-C) correction, then wave C should advance to the 61.8% retracement of the 2012/15 decline (1-2-3-4-5).

☐ **Momentum** pulled back to trend line support after a failed breakout attempt and remains negative, but appears poised to challenge chart resistance at the 2018 low. A successful reversal of the downtrend in force off the 2015 high would support the bull case.

☐ **Key Resistance = 0.95**

☐ **Key Support = 0.87**

Conclusions:

☐ **Maintaining Bullish view.** Generally, we would take a neutral stand and wait to see which way price breaks, but triangle patterns are fairly predictable. They tend to resolve in the direction of the prior trend. If our analysis of waves A and B is correct, then wave C should soon make a new recovery high.

☐ **Target = 1.12**

Source: StockCharts.com

Interest Rates
10-Year US Treasury
Neutral (-54 bps YTD)

Observations:

- ❑ **Yield** plunged with dramatic effect in May, inverting the yield curve (10yr.-3mo.), on heightened fears over trade policy and a weak global economic growth outlook.

- ❑ **Momentum** remains deeply negative after collapsing in the fourth quarter of last year. A clear negative divergence remains in place.

- ❑ **Fed** watchers now speculate when the Fed might begin cutting rates next. President Trump has taken to Twitter in expressing his disapproval of Fed policy, most recently calling for an immediate 1% rate cut. Using the economy as a weapon, he is now attempting to make it clear that he will not capitulate on his trade or immigration policy stance.

- ❑ **Key Resistance = 2.61%**

- ❑ **Key Support = 2.03%**

Conclusions:

- ❑ **Maintaining Neutral view.** With the 2-year/10-year Treasury ratio nearing a level that has previously marked the top for 10-year yields, it is difficult to become too bearish on bonds long-term, however, near-term bullish sentiment may be overdone.

- ❑ Target = N/A

Source: StockCharts.com

Source: Hedgeye.com

Appendix

❑ Methodology

❑ Analyst Bio

❑ Disclaimer

Methodology

❑ The analysis contained herein utilizes data visualization techniques related to historical monthly and weekly price and volume statistics for publicly traded securities and popular indexes.

❑ The analysis employs an evidence-based approach to identify change and to evaluate the sustainability of long-term price trends for a variety of broad markets, their sub-sectors, and the constituents that comprise their indexes.

❑ Emphasis has been placed on the use of equal-weight index data to conduct this analysis where ever possible in order to reduce the influence of more heavily weighted large-cap issues and their ability to skew the results of a given study.

❑ Relative strength (RS) measures the performance of one or more variables vs. a benchmark. Of all the factors that have ever been tested, RS has consistently demonstrated the greatest efficacy in terms of its predictive value. Our analysis considers both the RS factor and its 2nd derivative, the momentum of the RS factor over a specified time period.

❑ Observations are objective, based upon the body of knowledge that comprises the subject of technical analysis as defined by the CMT Association, but conclusions are subjective and are based upon the judgement and experience of this analyst.

❑ Ratings reflect this analyst's opinion: Bullish / Bearish / Neutral correspond to Overweight / Underweight / Market Weight. A Bullish rating indicates that the data support further improvement. A Bearish rating indicates that the data support further deterioration. A Neutral rating indicates that the data is currently inconclusive.

❑ The use of plain language where possible has been given preference over industry jargon in order to simplify the explanation and interpretation of this analysis. A glossary of terms specific to the discipline of technical analysis can be found at: https://stockcharts.com/school/doku.php?id=chart_school:glossary_a

❑ Some readers may be unfamiliar with the use of **Relative Rotation Graphs.** A detailed discussion of this subject can be found at: https://stockcharts.com/school/doku.php?id=chart_school:chart_analysis:rrg_charts

Analyst Bio

❑ Jeffrey W. Huge, CMT has 29 years of investment industry experience across global equity and debt capital markets. He is Managing Partner and Chief Investment Officer at JWH Investment Partners, a private family office and independent research firm.

❑ Prior to launching JWH Investment Partners, Huge worked at The Leuthold Group and Leuthold Management, where he co-managed a global macro hedge fund along-side respected contrarian-value investor Steve Leuthold.

❑ Previously, he held senior level positions in institutional sales, trading, and portfolio management at several investment banks including Oppenheimer, Citigroup, and Merrill Lynch, where he specialized in equity markets, technical analysis, and global macro strategy.

❑ Huge earned his MBA in Finance from the University of St. Thomas, and holds a Bachelor's degree in Economics from the University of Minnesota. He completed advanced training in portfolio management under the instruction of Emanuel Derman at Columbia University's Center for Financial Engineering.

❑ Huge is a CMT Charterholder and has been a member of the CMT Association since 2005.

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