J.P.Morgan | Data Assets & Alpha Group

US MARKET INTELLIGENCE:
MACRO WEEK AHEAD

WEEK OF SEPTEMBER 18, 2023

CALENDAR

US CALENDAR

ECONOMICS

- **SEP 18 –** NY Fed Srcvs Business Activity at 8.30am ET. NAHB Housing Market Index at 10am ET. TIC at 4pm ET.
- **SEP 19 – Building Permits and Housing Starts** at 8.30am ET.
- **SEP 20 –** Mortgage Applications at 7am ET. **Fed Rate Decision and Summary of Economic Projection at 2pm ET**. **Powell's Press Conference at 2.30pm ET.**
- **SEP 21 –** Current Account Balance, Initial/Continuing Claims and Philadelphia Fed Business Outlook at 8.30am ET. Existing Home Sales and Leading index at 10am ET.
- **SEP 22 – PMI-Mfg and PMI-Srvcs at 9.45am ET.**

EARNINGS

JPM US Earnings Calendar here

US Analyst Focus List here

- **SEP 18 –** N/A
- **SEP 19 –** AZO
- **SEP 20 –** FDX, GIS
- **SEP 21 –** DRI, DWAC
- **SEP 22 –** N/A

GLOBAL CALENDAR

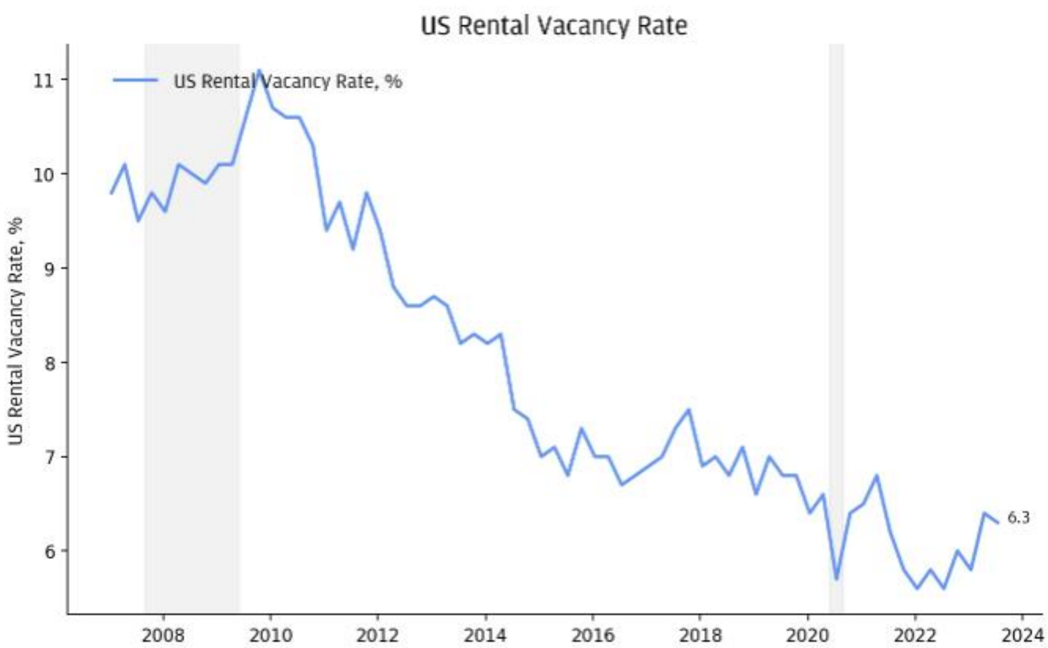
- **SEP 18 –** N/A
- **SEP 19 – (Eurozone) CPI at 5am ET.** (Canada) CPI at 8.30am ET. (Japan) Trade Balance at 7.50pm ET.
- **SEP 20 – (UK) CPI at 2am ET.** (Brazil) BCB at 5.30pm ET.

- **SEP 21 –** (France) INSEE Business Confidence at 2.45am ET. (Sweden) Riksbank Policy Rate at 3.30am ET. (Switzerland) SNB Policy Rate at 3.30am ET. **(UK) BOE Rate Decision at 7am ET.** (Eurozone) Consumer Confidence at 10am ET. **(Japan) CPI at 7.30pm ET.** (Japan) PMI-Mfg at 8.30pm ET. (UK) Gfk Consumer Confidence at 7.01pm ET.
- **SEP 22 –** (UK) Retail Sales at 2am ET. **(Japan) BOJ Rate Decision.**

NEAR TERM CATALYSTS – CPI (Oct 12, Nov 14), ISM-Mfg (Oct 2, Nov 1), ISM-Srvcs (Oct 4, Nov 3), PMI-Mfg (Sep 22, Oct 24), PMI-Srvcs (Sep 22, Oct 24), NFP (Oct 6, Nov 3), PCE (Sep 29, Oct 27), Retail Sales (Oct 17, Nov 15). **FED DATES**: Sep 20, Nov 11. **FED MINUTES**: Oct 11 (for Sep 20 FOMC)

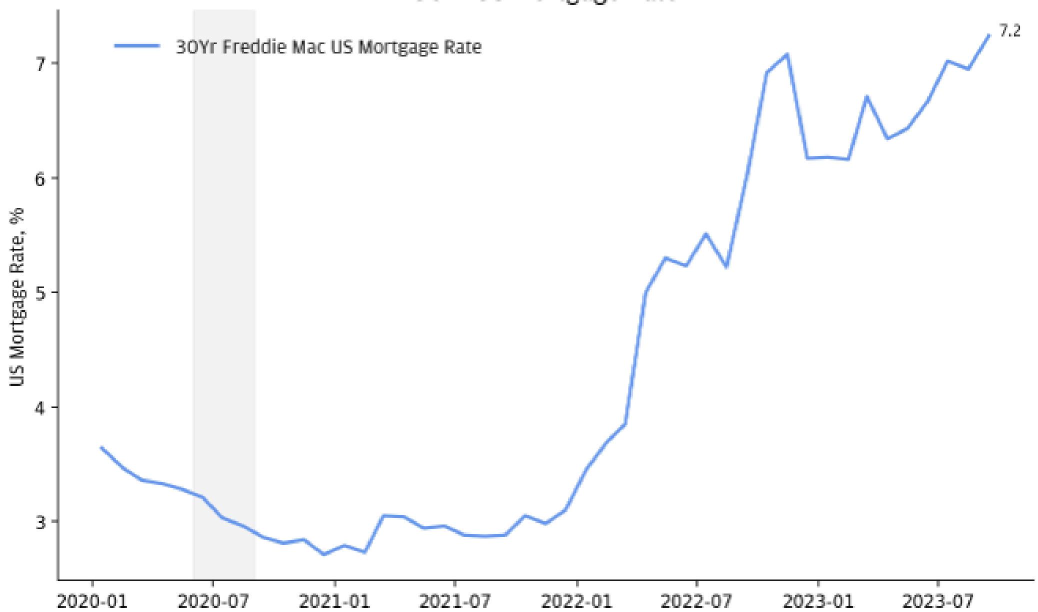
THEMATIC CHARTS OF THE WEEK

STATE OF US HOUSING



Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023

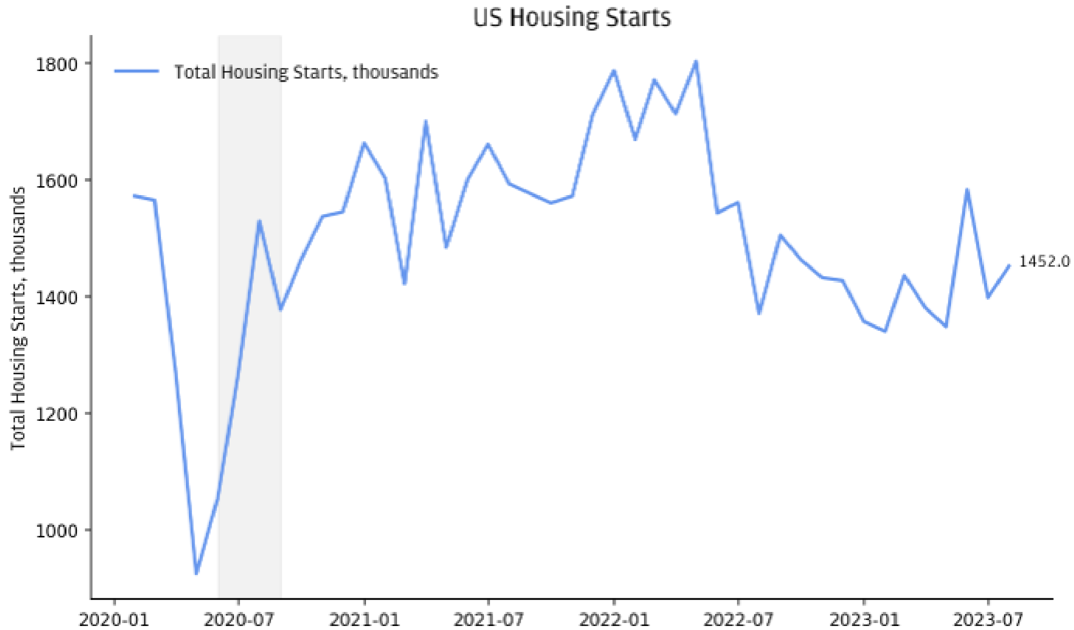
30Yr US Mortgage Rate



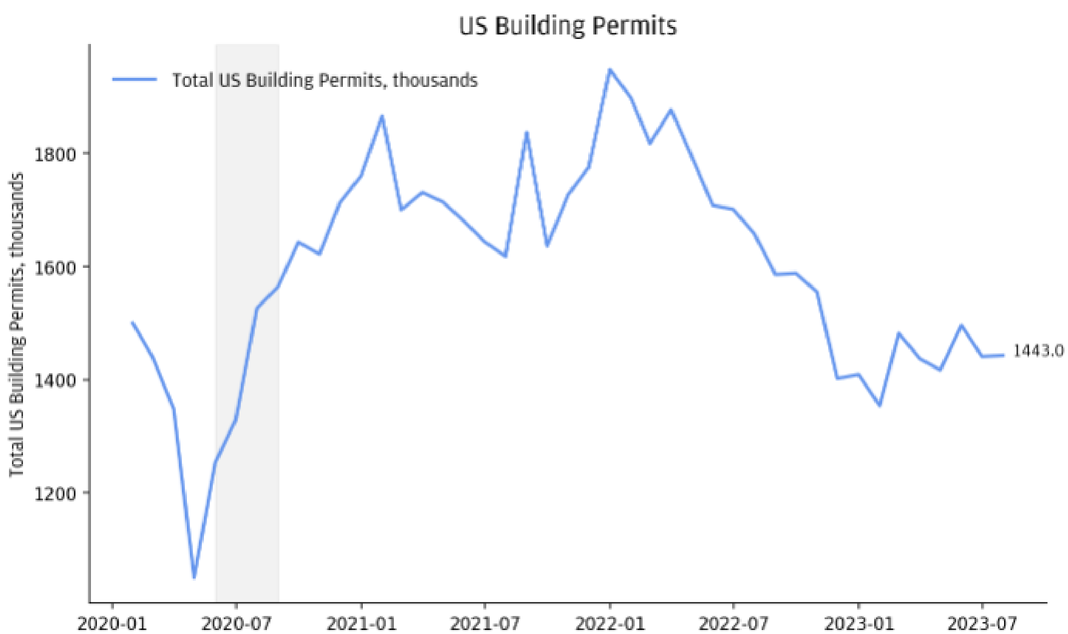
Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023

Existing Home Sales Below now at pandemic low

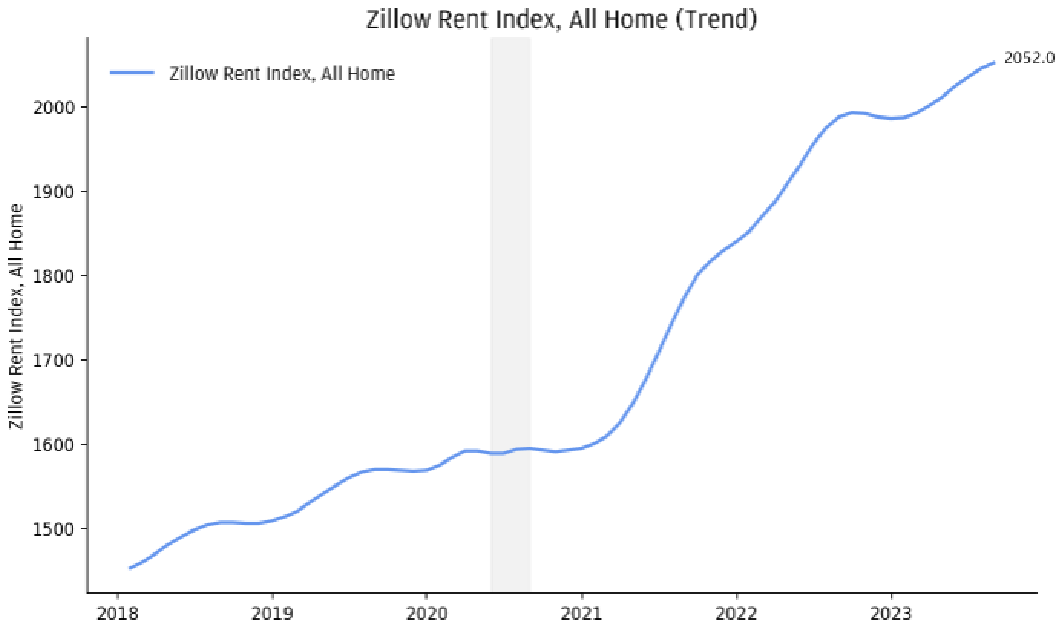
Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023



Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023



Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023



Source: Bloomberg, JPM US Market Intelligence, data as of September 15, 2023

HIGHLIGHTS FROM THE DATA ASSETS & ALPHA GROUP

JPM CROSS-ASSET TRADING - *THEME: PLAYING AN INFLATION RESURGENCE; our full note is here*

The Sep 13 CPI print showed a pickup in inflation driven by energy prices; WTI moved from $67.92 on May 31 to $83.63 on Aug 31, +23.1%. Can we see further commodity inflation near-term? Christyan Malek and Marko Kolanovic see a 3.3mm bpd supply/demand deficit in 23Q4, implying further price appreciation (full note is here). When considering Ags, Tracey Allen tells us that the dissolution of the Black Sea Grain Initiative, export restrictions, and weather combine to make upside risk more likely than downside risk (full note is here). In metals, the potential for China to use fiscal stimulus which would likely boost prices given China is ~50% of global demand for base metals. Finally, commodities positioning has increased to its highest level since June 2022 (full note is here). While not the base case for US Mkt Intel, the following considers how to play a scenario where commodity prices drive inflation above 4%, inducing Fed action.

MONETIZATION MENU

- **COMMODITIES** – With a scenario like the one above, investors may consider taking profits in crude despite the bullish tilt, while maintaining a bearish natgas view. In metals, consider +precious / - base metals, specifically longs/calls/call spreads in platinum and shorts/puts/put spreads in copper and iron order. In Ags, bullish cotton is the desk's favorite trade. **In equity space, the above can also be expressed by taking bearish positionings in USO, UNG for Energy. For precious metals, there is not a clean way to play platinum and DBA is the likely best avenue to express a view in Ags.**

- **CREDIT** – As Treasury yields rise and bond vol increase, look for spreads to widen. Given how many companies have already refinanced and the elevated bond vol, you may see issuance dry up. That said, in 2022, we saw HY outperform on the move lower. **Consider LQD puts and put spreads.**
- **EQUITIES** – While a November hike would not, in isolation, be a negative for stocks the likely spike to bond yields, bond vol, and overall heightened uncertainty would be a negative. Further, this would likely launch a stagflationary narrative. **Consider +Defensives vs. -Cyclicals, potentially via puts on our Delta One basket, JPPCYDE Index. Alternatively, investors may consider longs in HC via XLV as well as shorts/puts/put spreads on the Tech sector, including XLK and ARKK.**
- **FX** – Given the growth differential and the presumed resumption of the Fed's hiking cycle would continue to keep the USD bid but CAD, NOK as well as Latam FX likely rally. In equity space, investors may consider that Cyclicals have the highest, negative correlation to USD strength. **Consider shorts/puts/put spreads in XLB, XLF, and XLI.**
- **RATES** – With a September "hawkish pause" priced in, the Oct 12 CPI print will be critical to understanding the Fed's reaction function, but a spike to WTI to/through $100/bbl likely gets the Fed to act with Headline CPI printing above 4%. Investors may consider buying 5s30s flatteners, being paid Nov FOMC, or buy either 1y1y gamma or 1m10y gamma. In equity space, investors may **consider shorts/puts/put spreads in IEI**.

CHARTS OF THE WEEK

WTI vs. US CPI, YoY

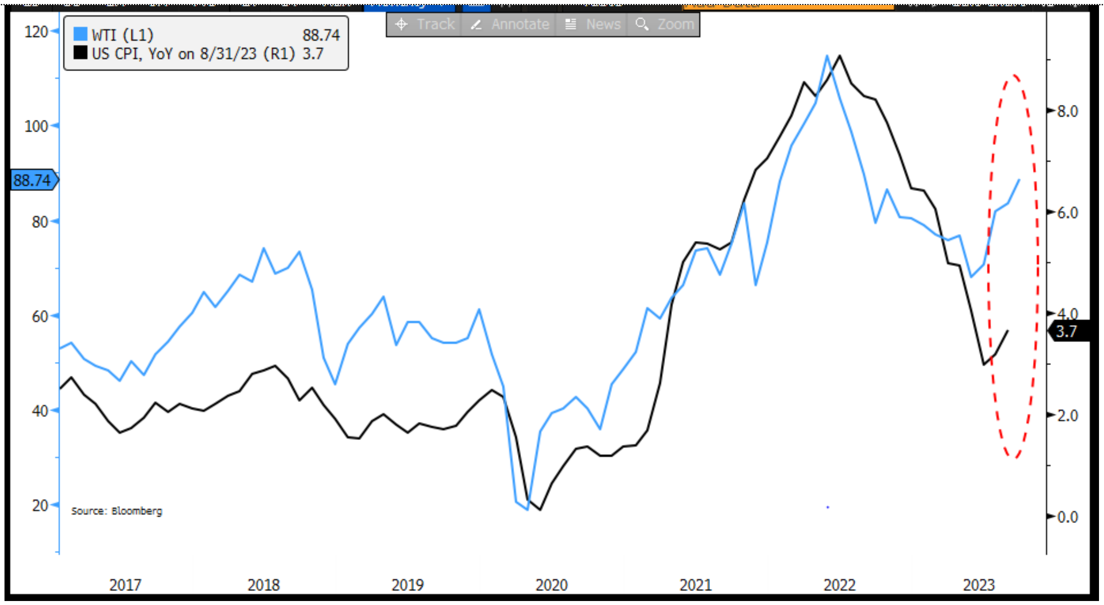
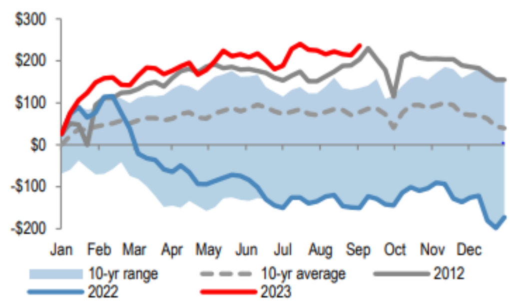


Figure 1: Cumulative global commodity market inflows remain record strong through 2023 YTD at $236 billion

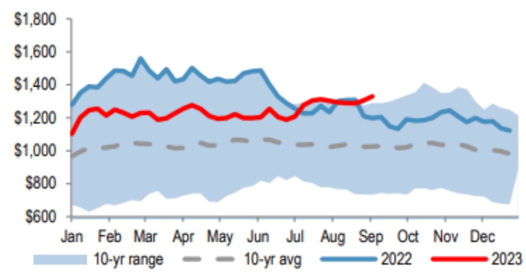
Cumulative flows across all commodity markets (US$ billion)



Source: Exchanges, CFTC, J.P. Morgan Commodities Research

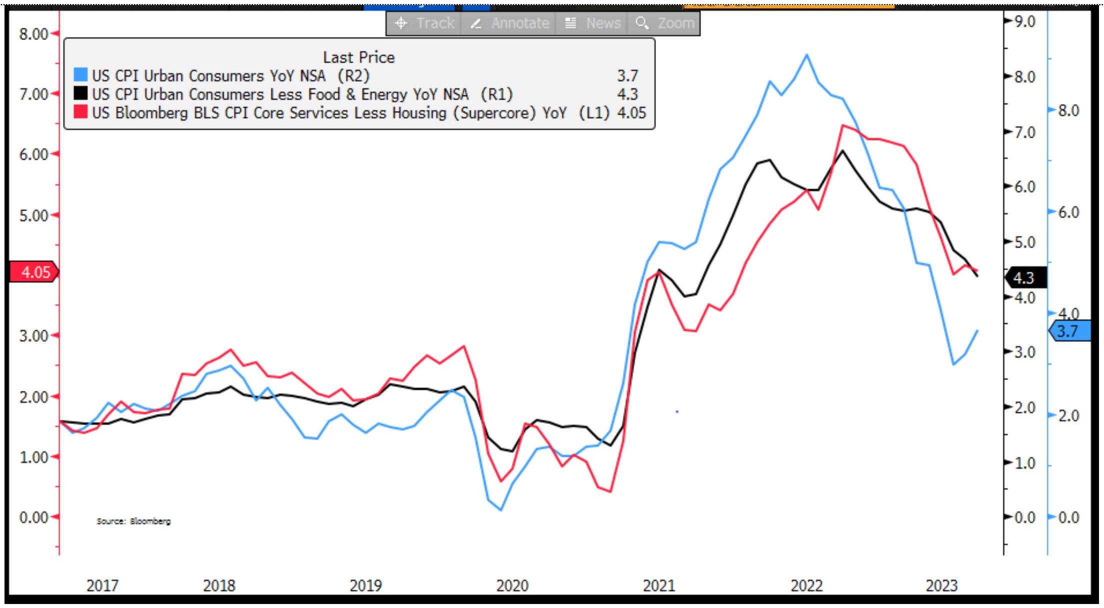
Figure 2: The estimated value of global commodity market open interest increased by 2% WOW to its highest level in over a year

Total estimated value commodity market open interest (US $ billion)



Source: Exchanges, CFTC, J.P. Morgan Commodities Research

US CPI vs. US CORE CPI vs. US SUPERCORE SERVICES CPI



INTERNATIONAL MKT INTEL: LATEST THOUGHTS ON JAPAN POST UEDA'S HAWKISH INTERVIEW – full note is here

On September 9, BoJ's governor Ueda gave a strongly hawkish interview to a media outlet. The key aspect of the interview was that the central bank was looking at a possible end to it's NIRP policy with the governor saying *"'...there are various options' including lifting the negative interest rate policy once the central bank is confident that Japan has achieved sustainable price increases accompanied by rising wages.",* and *"...the central bank's lifting of its negative interest rate policy will become an option if wages and prices rise"*. While no timing was mentioned with certainty, **Ueda did allude to the possibility of this happening by year-end.** With respects to the BoJ's signature YCC policy too, there were some comments made around a potential abandonment with Ueda saying "'*there was a risk that the Bank of Japan would be forced to abandon YCC in an unintended way when the economic and price outlook turned upward'".*

While Ueda's hawkish comments have driven some volatility in major Japanese asset classes including the TOPIX, the yen and shorter dated JGB yields, **it is still unclear how exactly the BoJ will pivot its ultra loose monetary policy.** Our Japanese macro colleagues' **view on the interview is that it leaves more questions than answers.** There are 4 for instance:

1) If a NIRP exit is within this year, when will the BoJ exit YCC? Ueda suggested that if the BoJ's macro conditions are met, then the central bank can exit from NIRP within the year. However, the market appears to expect a YCC exit, followed by a NIRP exit when it comes to the normalization sequence. In other words, working backwards, if the BoJ is going to exit NIRP at the December Monetary Policy Meeting (MPM), then it has to exit YCC at the September/October MPM, assuming that we are correct on the sequence. It is possible that the BoJ is confident that even after a NIRP exit, the 10Y yield stays below 1%, and hence, may be considering a NIRP exit while the current YCC framework is in place.

2) What is the BoJ's reference level for a potential intervention now? Following an interview of Deputy Governor Uchida on July 7 and the press conference after the July MPM, there was a reference to FX in the interview. The BoJ's reaction function to FX appears to have clearly changed as JPY depreciated after the June MPM, and is now past the levels which last September prompted an intervention.

3) Is there political support for a NIRP exit? There appears to be some political support for a YCC exit, but it seemed that there was some way to go before gaining support for a NIRP exit. However, this interview indicated that lifting NIRP is not a major problem.

4) What will be the policy option for the BoJ under a stagflation scenario? Another open ended question which the interview didn't address, as with price pressures clearly on the rise and a number of global economies, notably Europe and China seeing growth slowdowns, it may well be that Japan is looking at a stagflationary outcome for its economy over the next 12 months. How would the BoJ react if this were to happen?

Having said the above, what is now very clear is that the BoJ is moving away from the dovish tone it has held through rising inflationary pressures this year. While our economists still expect the removal of YCC to not happen before early next year, and no change to NIRP, **Ueda's hawkish comments are likely to drive a material pick up in expectations of a potential policy change announcement into the central bank's September 22nd meeting. This combined with the fact that a potential yen intervention looking increasingly likely as the currency continues to weaken past levels that last September prompted a stabilisation from authorities, something that various officials have continued to express concerns over too, means that Japanese equities could come under some pressure in the coming weeks.** The TOPIX for instance hit fresh 33Y highs a week ago, sending it's 14D RSI back to the overbought levels it hadn't hit since mid June. CTA positioning on Japanese equities based our *Structuring* team's data too is fairly elevated here, in the 86th percentile of its last 20 year history. We note though, tactical pressures aside, as we'd reiterated multiple times in our pieces this year (see here for our latest piece), **we remain long term bulls on Japanese equities given the structural transformation the economy is undergoing as it moves away from it's decades of deflation to a more normal inflationary cycle, a regime shift which is only just driving a sharp uptick in domestic consumption and also corporate investment.**

The one area within Japan's stock market that may be adding exposure to, especially in the run up to the BoJ's September 22nd meeting is Banks. While the sector's relative performance looks stretched on a 5-6 year view, it actually still looks fairly depressed on a 35 year horizon. Given the regime shift in terms of inflation/monetary policy Japan appears to be undergoing at the moment, looking at this sector's upside potential on a much longer term horizon than the last 5 years makes more sense to us. Based on our *Positioning Intelligence* team's data, hedge funds have remained bullish on the sector too with Banks being the most bought in Japan over the past week, and with foreign investors in particular the sector remains one of the most loved YTD.

What is now very clear is that the BoJ is moving away from the dovish tone it has held through rising inflationary pressures this year. While our economists still expect the removal of YCC to not happen before early next year, and no change to NIRP, Ueda's hawkish comments are likely to drive a material pick up in expectations of a potential policy change announcement into the central bank's September 22nd meeting. This combined with the fact that a potential yen intervention looking increasingly likely as the currency continues to weaken past levels that last September prompted a stabilisation from authorities, something that various officials have continued to express concerns over too, means that Japanese equities could come under some pressure in the coming weeks.

POSITIONING INTELLIGENCE - ***Weekly Wrap*** **| Chop Continues - Short Adds in N. Am. Getting Elevated**

SUMMARY: After bouncing last week, positioning has once again flipped more negative this week—**our aggregate TPM's (Tactical Positioning Monitor) 1wk change went from +1.3z on Aug 31 to -0.7z as of Sep 7.** However, the driver of the recent decline is different than it was in early Aug with more of the negative impulse coming from HFs adding single-name shorts than adding broader hedges via futures, options, and ETFs. In particular, **the 1wk HF net selling in N. America hit a -2z level on Thurs, one of the most negative levels over the past year.**

Taking a slightly longer view of the recent trends, we've now seen a **nearly 2z level of short additions over the past 4 weeks…the highest since mid-March.** The rise in shorting has been accompanied by HF shorts continuing to work globally, a key reason why HF performance (-0.5% MTD) has held up better than global equities again this month.

While it's not clear there's a lot of upside for markets in the near-term, positioning and flows don't suggest there's necessarily reasons to be bearish either, given: 1) the recent selling / shorting by HFs, 2) overall reductions in positioning (e.g., TPM, CTA exposure, and HF net lev all lower), and 3) the fact that longer-term positive positioning / flow trends seem intact for now.

Outside the US, HF flows were mixed over the past week with **some selling in EMEA (-0.6z) vs. buying in Japan (+0.9z)**. Buying of HK stocks that we saw at the end of Aug slowed to neutral this past week, while China local flows remain neutral (i.e., selling has stopped, but we haven't seen HFs chase during the recent bounce).

Key additional highlights from this week *(data as of Sep 7)***:**

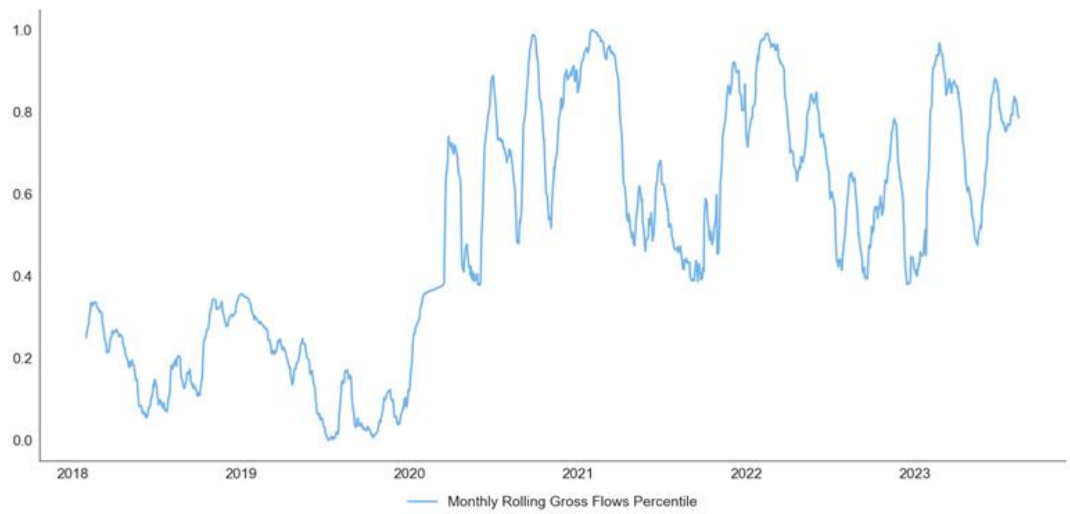
1. **US Flows…1wk TPM flips negative as HF sell, but ETF and Retail flows neutral:** Retail and ETF flows were basically paired off on the week and Retail flows in single-stocks have been getting less negative.
2. **HF Performance / Alpha…Shorts continue to drive alpha**: HF shorts are down 1.8% globally vs. MSCI AC World down 1.2% MTD through Sep 7. Net performance for HFs appears to be flat to down slightly MTD.
3. **HF Global Sector Flows…lots of focus on Consumer / Cyclical themes (flows more negative in N. Am. and EMEA vs. positive in APAC):**
    a. In the **US**, consumer-related industries were most sold this past week. Utilities was also sold and is one of the most sold in the past 20d. Financials, TMT, and HC were all fairly neutral.
    b. In **EMEA**, Utilities and Real Estate were most sold this past week among GICS sectors, but a number of Cyclical themes saw a second consecutive week of selling. Luxury positioning remains high. Banks were in focus as they sold off (we saw 1z net selling of SX7E stocks), though positioning is still neutral / positive in SX7E. In contrast, Energy (SXEP) continues to rebound, but positioning remains light *(for more details around the positive EU Energy vs. negative Banks view, see here for analysis from our colleagues in International Market Intel)*
    c. In **AxJ**, net buying was greatest in Cyclical sectors like Industrials (1.5z) and Energy (>1z). Defensives & Tech were net sold
    d. In **Japan**, Banks were most bought, followed by Cyclicals like Cap Goods (>2.5z) and Energy (2z).

DATA INTELLIGENCE

*Please find the daily US retail sentiment and retail flows (linear) data alongside the Retail Risk of a Squeeze screen (**data as of COB 7 September**). Do contact us if you would like to discuss the data further. **JPM Global Data Intelligence team** (contact us **here)**, in collaboration with **Peng Cheng**, QDS Research*

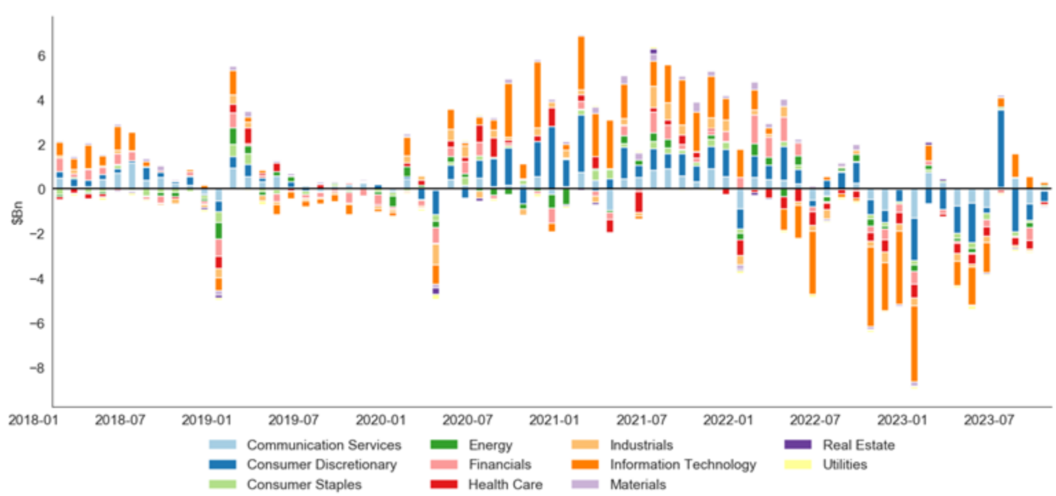
Retail Flows (Linear Only)

Gross Flows in 79th percentile since Jan 2018 (monthly rolling data)



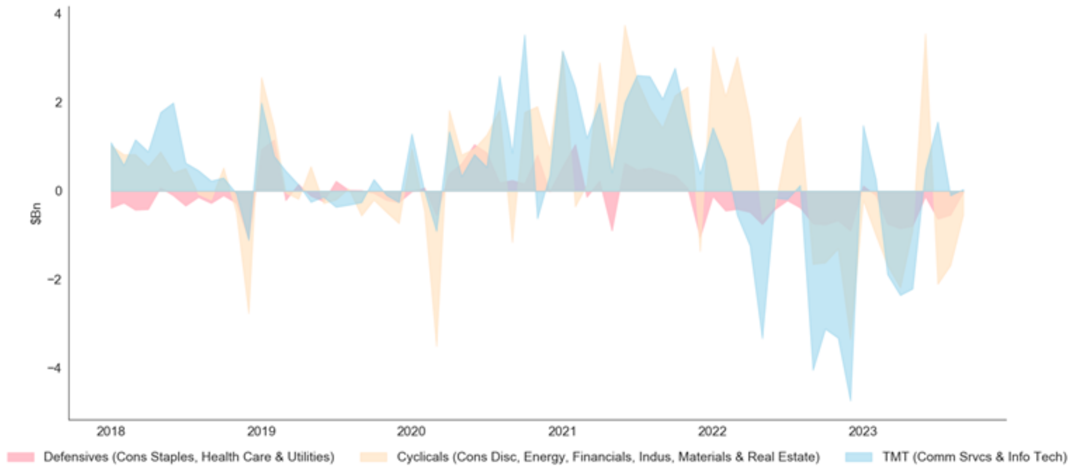
Source: JP Morgan Data Intelligence in collaboration with Peng Cheng, QDS Research. Based on research retail predicted trades data set.

Thematic net flows split as follows... (single stocks only - no ETFs)



Source: JP Morgan Data Intelligence in collaboration with Peng Cheng, QDS Research. Based on research retail predicted trades data set.

... with further sector flows below (single stocks only - no ETFs)



Source: JP Morgan Data Intelligence in collaboration with Peng Cheng, QDS Research. Based on research retail predicted trades data set.

Performance

Popular retail baskets – price performance

Basket/Index	Ticker	1 Week	1 Month	3 Months	YTD
Most Shorted	JPTASHTE	-3.5%	-8.6%	-4.4%	21.8%
Popular Retail Longs	JP1BRPOP	-0.4%	-0.6%	2.4%	14.8%
US Social Sentiment Leaders	BUZZ	-0.3%	-0.2%	-0.5%	33.5%
S&P 500	SPX	0.1%	0.2%	2.7%	17.7%

ASSET CLASS VIEWS FROM RESEARCH & STRATEGY / RESEARCH LINKS

MACRO & CROSS-ASSET VIEWS

Summer rally masks longer-term risks: Strategic Research Summer Reading List, Joyce Chang and Strategic Research

The end of the Fed hiking cycle and receding risks of imminent recession have supported financial markets, but the path ahead is difficult to gauge. Our views on the structural shifts, regime change and longer-term risks in motion remain unchanged. We provide our summer reading list, highlighting reports on food insecurity, receding recession risks, rising real yields, ongoing geopolitical risks and resurgence of industrial policy, and progress on the common framework and momentum for multilateral development reform.

Flows & Liquidity: Tech risks, Nikolaos Panigirtzoglou

Beyond the recent rise in the 10y real UST yield that represents a fundamental headwind for tech stocks, we find additional flow and position headwinds. The flow rotation away from market cap to equally weighted S&P 500 poses downside risks for tech stocks. A decline in the short interest of the QQQ ETF also appears to have propagated large tech stocks from March till mid-August. In contrast, the flow impulse into AI ETFs appears to have been rising sharply in recent weeks. A final headwind is "momentum decay", i.e., the mechanical decline in momentum signals in the absence of any further capital gains in tech stocks.

US Equity Strategy: Fundamentals Disconnected from Multiple Expansion, Consumer Health Eroding, Corporate Sentiment Insights Using AI/NLP, Dubravko Lakos-Bujas

Our AI/NLP-based Sentiment Indicators point to corporate sentiment that remains challenged, suggesting downside risk to optimistic consensus earnings estimates. Aggregate corporate sentiment remains challenged largely due to restrictive monetary policy with ongoing management concern around high cost of capital and tight credit conditions. Our estimate of excess savings for US households when adjusting for inflation is now fully exhausted from a 2021 high of $2.1trn, with risk of widening imbalance if outlays accelerate. On a more positive note, elevated levels of household liquidity across cash and cash-like assets have added resiliency to the US consumer.

GLOBAL ECONOMICS AND THE RECOVERY FROM COVID-19

Profit resilience and the fate of the global expansion, Joseph Lupton

We argue the nuances of the profit cycle will prove important for tracking the fate of the expansion, with the latest developments pointing to more resilience but also flagging the risks of building pressures. Overall profit growth has also been supported by stronger global real GDP growth which is running roughly a percentage point faster than our forecasts at the start of the year and boosting revenue gains. The better news on 1H23 profits reinforce our bias against a near-term recession and towards one that starts sometime in 2024. As with the "Boil the frog" narrative, a benign "Goldilocks" soft-landing scenario can be viewed through the lens of the profit cycle.

The future's uncertain and the end is always near, Michael Feroli

The July FOMC minutes noted that decisions at upcoming meetings will depend on the "totality of the incoming information." Further ahead, policy will have to balance the risk of "insufficient overtightening" against the risk of "inadvertent overtightening." Rounding out the policy discussion, the minutes ratified Powell's comments that rate cuts could be consistent with ongoing reductions in the size of the Fed's balance sheet. The staff now sees the financial stability risks in three of the four key gauges it watches as "notable," whereas in their last assessment from the beginning of the year, three of those four metrics were seen as having only "moderate" risks.

Welcome to the Machine: NLP extended to all DM central banks, Joseph Lupton

The J.P. Morgan suite of central bank NLP indexes (HDS and topic mind-shares) is being expanded to include the rest of set of developed market (DM) central banks. Specifically, we introduce NLP coverage for the RBA, BoC, Riksbank, Norges Bank, and SNB. The addition of five new central banks to the NLP suite makes a total of nine banks now under coverage, bringing us closer to our goal of extending coverage to include all 28 banks in the J.P. Morgan universe by 4Q23. Our NLP products covering the major EM central banks should be out before the end of 3Q23.

China: PBOC cut policy rates, earlier than expected, Haibin Zhu

The PBoC's policy rate cut was not surprising, but the timing is earlier than expected as our baseline was looking for a 10bp policy rate cut in 4Q. We expect other pro-growth measures will be introduced soon, following the guideline from the Politburo meeting. We expect a 25bp RRR cut in the current quarter, providing liquidity support for the economy, and also supporting the issuance of special local government bonds in August-September.

China housing: Double-dip is the new baseline: Real estate FAI contraction to stay deeper and longer; financial risks are mounting, Tingting Ge

We think the urgency for housing policy relaxation is rising. Other than macro and financial drags, a double-dip in the housing market, especially after the housing policy shift last November that aimed to increase funding support for developers, may also shake the market confidence in the ability of policy to effectively to control risk and stabilize growth. The slow pace of policy moves and absence of concrete action in the past few weeks (after the Politburo meeting) are puzzling, and have been gradually eroding market patience.

GLOBAL MARKET IMPLICATIONS

US Treasury Market Daily: Is dollar strength driving weakness in Treasuries?, Jay Barry

With bond yields up for six consecutive days and 30-year Treasury yields reaching their highest levels since the spring of 2011, we consider whether USD strength might be driving this move, via foreign official selling. Any official selling of Treasuries is likely concentrated in the front-end, as more than 40% of foreign official holdings of Treasuries are inside of the 3-year sector and less than 5% are longer than 20-years. Hence, the move in the long-end does not appear to be driven by official shedding of Treasuries. Instead, we think position technicals might have contributed to the recent move.

European Natural Gas: Amid LNG supply concerns, the EU has already accessed alternative storage, Shikha Chaturvedi

While the European natural gas market narrative has shifted of late as a result of the mounting Australian LNG supply concerns, if those current fears were to not come to fruition, the need for Ukrainian storage will come back to the fore. We caution that increased flows into Ukraine's storage will be predicated on the availability of commercial or government-backed insurance, still difficult to come by. However, we would view any additional EU natural gas stored in Ukraine as supportive for the near term TTF price and a bearish driver for winter prices.

Asia Credit Perspectives: The final nail; raising default rate forecast to 10%, Soo Chong Lim
We see Country Garden's default as the final nail for the China HY property sector. This event would add US$9.9bn to the Asia default tally, bringing the YTD total default amount to US$17bn and default rate to 6.4%. This may not be the end, as other smaller surviving names feel the reverberations of this event. We still see another US$10bn of HY bonds at risk for remainder of the year, which could push the full-year default amount even higher to US$27bn (10% default rate).

Generative AI & Large Language Model Technologies: DeepFin Investor Workshop summary with NVIDIA, Ayub Hanif, PhD
Generative AI and Large Language Models are a transformative topic, reshaping industries and paving the way for groundbreaking advancements in the world of artificial intelligence. We explore how these cutting-edge technologies are revolutionizing various sectors, driving productivity, and have the potential to fuel economic progress. Many equity investors have recently embraced the Generative AI theme by pushing up Technology shares in the Nasdaq 100 by close to 50% since Q4 2022.

SECTOR-LEVEL VIEWS
E&P Learnings from Earnings: 10 Key Themes from 2Q23 Prints: Signs of a Shale Comeback; Upgrade PXD, SM, and GPOR; Downgrade CHK, Arun Jayaram and Zach Parham
We retain our longer-term concerns on shale inventory depth, but see a better 6-12 month risk/reward in a number of U.S. shale levered stocks given better FCF/cash return yields amid the higher commodity price environment and improving capital efficiency. We upgrade PXD, GPOR, and SM to OW from N and downgrade CHK to N from OW.

Alcon: Consistent growth and over-delivery and likely to be rewarded with a higher multiple. Upgrade to OW, David Adlington
Concerns on Implantables growth are likely to be short-lived, in our view. We see scope for further upgrades (possibly as early as Q3) as well as multiple expansion. c30% EPS growth this year and continued momentum into FY24 is likely to drive the market to reassess the multiple vs other quality growth names in the sector, i.e. to >30x PER.

Asia Tech Strategy: The Gen AI trade has more room to run, Gokul Hariharan

We believe upcoming earnings from NVDA, MRVL and Broadcom are likely to be strong positive catalysts to support the continuation of the AI Tech trade in Asia. We also believe inference applications from Microsoft (such as Microsoft Copilot) are likely to roll out from late 2023, which should increase the market's confidence in the sustainability of AI demand beyond training.

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Eloise Goulder | **Head of Data Assets & Alpha Group** | +44-203-493-0748 | eloise.goulder@jpmorgan.com

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Market Intelligence

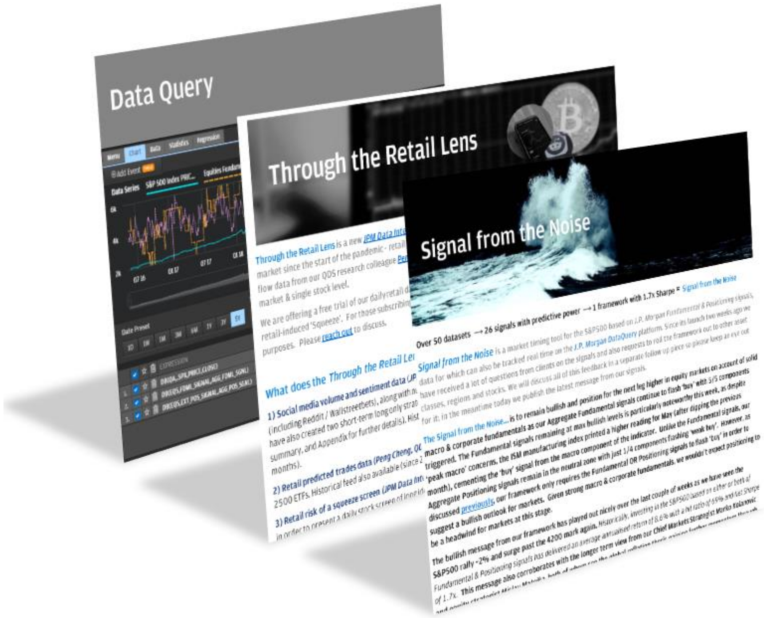
High frequency data-driven market insights and trade ideas leveraging macro, fundamental and political inputs

Andrew Tyler | Head of US Market Intelligence | +1-212-622-8067 | andrew.m.tyler@jpmorgan.com
Krupa Patel | Head of International Market Intelligence | +44-203-493-1704 | krupa.patel@jpmorgan.com
Junho Jung | International Market Intelligence | +44-207-742-6849 | junho.jung@jpmorgan.com
Ellen Wang | US Market Intelligence | +1-212-270-0533 | 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

Marius Vaiciulis | Head of Data Intelligence | +44-207-742-0541 | marius.vaiciulis@jpmorgan.com
Krupa Patel | Data Intelligence | +44-203-493-1704 | krupa.patel@jpmorgan.com
Edwina Lowe | Data Intelligence | +44-203-774-3138 | edwina.lowe@jpmorgan.com
Preet Malde | Data Intelligence | +44-207-134-8901 | preet.malde@jpmorgan.com



Positioning Intelligence

Proprietary positioning and flows-based data and analysis, leveraging the J. P. Morgan Prime book, Retail investor and ETF flows. Data sets including positioning, flows, crowding, leverage, performance and alpha, and grouped by sector, industry, factor and strategy

John Schlegel | Head of Positioning Intelligence | +1-212-622-6512 | john.j.schlegel@jpmchase.com
Jigar Vakharia | Positioning Intelligence | +44-207-134-0275 | jigar.r.vakharia@jpmorgan.com
Daniel Landau | Positioning Intelligence | +44-203-493-1092 | daniel.landau@jpmorgan.com

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 and audio content, automated daily emails and via API feed from the J.P. Morgan DataQuery application & Fusion platform.***

More details on our flagship datasets ***Signal from the Noise****,* ***Tactical Positioning Monitor****,* ***Through the Retail Lens, Strategic Index Fundamental Toolkit (SIFT)*** *and* ***Quantitatively Selected Themes (QUEST)*** *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

Through the Retail Lens focuses on US retail trading activity and social media sentiment. The product combines proprietary and high frequency retail flow data from our *QDS Research* colleague *Peng Cheng*, with sentiment analysis of retail social media activity, at a market, sector, thematic basket and single stock level.

Bull / Bear Buzz

Bull / Bear Buzz *data set shows market sentiment across web & social media sources, leveraging an extensive pre-defined 'bag of words' for market sentiment, and aggregated using big data techniques.*

Strategic Indices: Fundamental Toolkit (SIFT)

SIFT (Strategic Indices: Fundamental Toolkit) is a proprietary toolkit of 21,000 aggregate global equity indices with an extensive cross section of 46 different metrics including risk, valuation, debt, profitability, and investment, across each index from the 1960s – created by our colleagues in the *J.P. Morgan Equities Structuring team.* With its comprehensive metrics and long history, the database can be used for a variety of investment analyses for the market, sectors & factors.

QUEST (Quantitatively Selected Theme)

QUEST (Quantitatively Selected Themes) is a proprietary NLP-based JPM toolbox used for identifying & screening for topical and structural investment themes in the market – created by our colleagues in the *J.P. Morgan Equities Structuring team*, in partnership with the *J.P. Morgan Chief Markets Strategist Marko Kolanovic and team*. The database is comprehensive and customizable, and allows clients to screen for themes at a granular level across a wide universe of stocks.

Access all of this and more through J.P. Morgan's *Dataquery* application and *Fusion* platform.

Dataquery application allows investors to develop, back-test and validate new investment ideas with 500+ datasets, integrated analysis tools, and advanced analysis & visualization. The application offers an extensive data history, broad asset coverage and integrated analysis and visualization tools.

Fusion delivers end-to-end data management and reporting solutions, enabling investors to leverage the power of clean, interoperable data to maximise operational efficiencies. The platform allows clients to seamlessly integrate and combine data from multiple sources into a single data model that delivers the benefits of scale and reduced costs, along with the ability to more easily unlock timely analysis and insights.