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≡BLAST

COVID-19 UPDATE: Mind the growing divergence of cases (up) and hospitalizations (down). China V-shaped recovery + US "v-like" + epicenter bonds rally = OW "epicenter". 35 Large-cap Epicenter stocks. 49 SMID-cap Epicenter stocks

THIS MESSAGE IS BEING SENT SOLELY TO CLIENTS OF FS INSIGHT

Stocks sold off sharply last week and based on our multiple conversations with clients last week, two things came up frequently:

- first, the investors are leary of the rise in reported COVID-19 cases because gov't may be forced to "pause'
- second, the investors feel stocks have advanced too far ahead of fundamentals

In our view, we remain very constructive on stocks. We see fundamental catalysts to support "upside surprise" to fundamentals driven by what looks like more and more V-shaped recoveries in the US and elsewhere. And we see strong liquidity support. After all, with $5T in money market funds on the sidelines, a Fed with "unlimited support" and private equity sitting on $2T, any money an investor puts to work today has $10T plus behind it. And the incremental health data was mostly encouraging over the weekend.

The China economic recovery is now turning into a bona fide V-shape. And as pointed out by JPMorgan Chief Economist, Bruce Kasman, it is led by exports.

China's recovery marches on

China continues to recover rapidly with many indicators now pointing toward a genuine V-shaped recovery. Exports have rebounded strongly with shipments of medical care and tech

Source: JPMorgan

The China PMIs, both manufacturing and services certainly show a vigorous recovery. China and US are essentially the only 2 real independent drivers of global demand. Hence, the V-shaped rebound in China is already pointing to a Global "V".
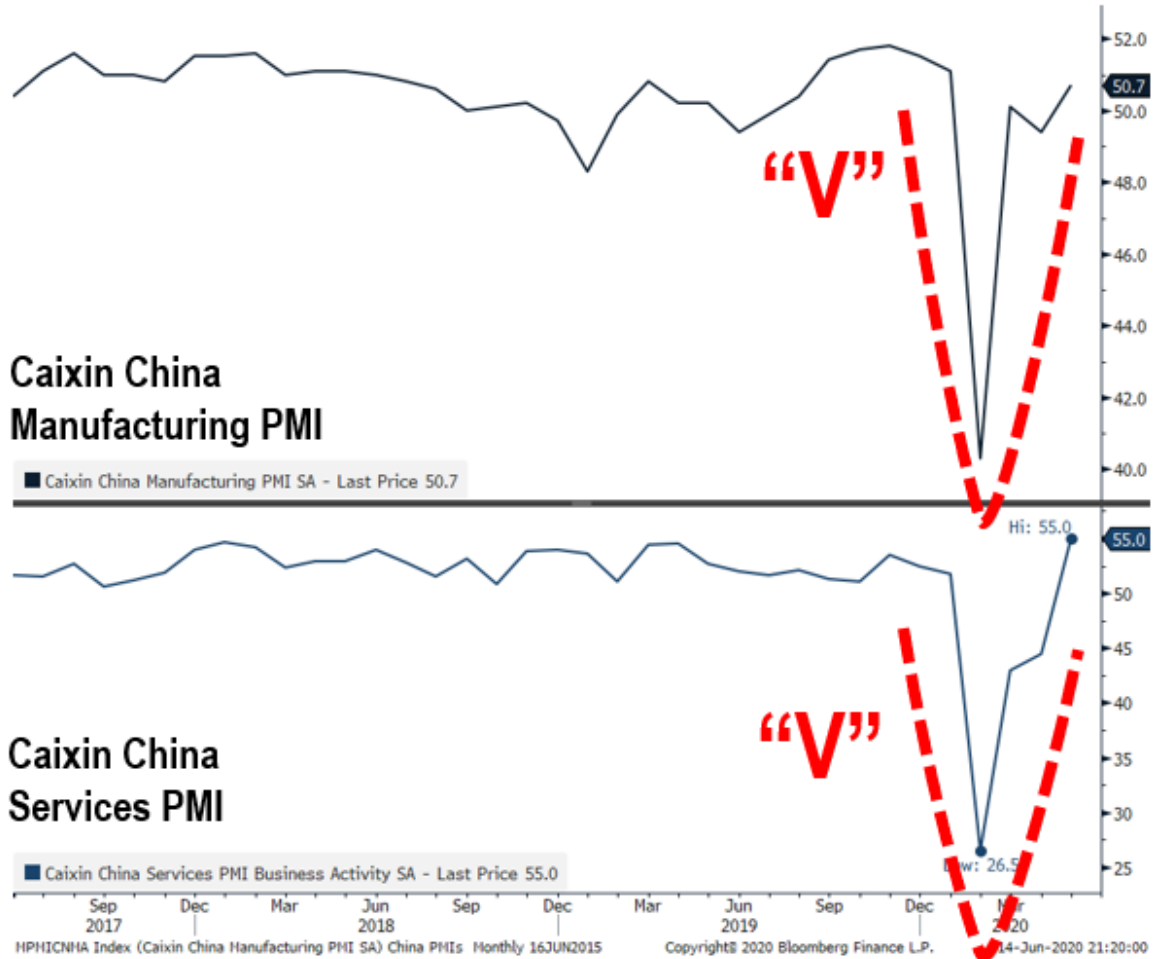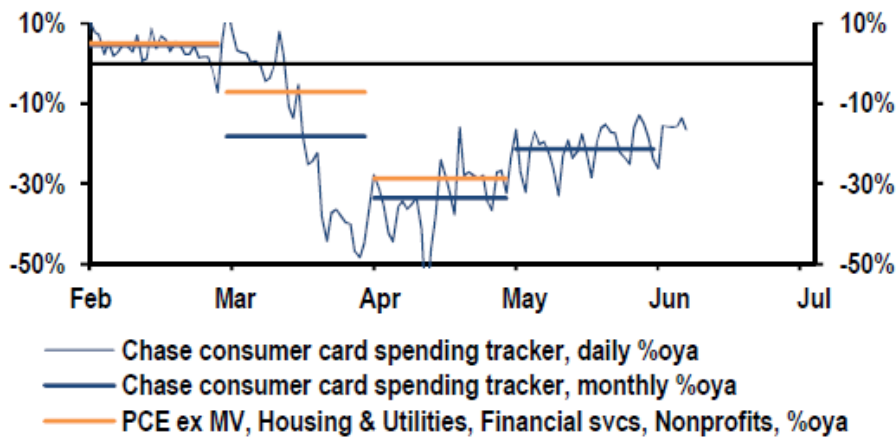
High-frequency US economic data is also showing vigorous consumer recovery and even jobs strength...

The US consumer remains resilient, whether looking at the increasing mobility or consumer spending behavior. For instance, Chase is now disclosing their consumer credit spending tracker (below) and as you can see, consumer spending has recovered 90% of its pre-COVID levels.

- this confirms something that we noted months earlier -- the job losses > income losses, given the low median income of those impacted
- hence, consumer spending is recovering faster than jobs

Figure 1: Chase spending tracker and official consumption data

— Chase consumer card spending tracker, daily %oya
— Chase consumer card spending tracker, monthly %oya
— PCE ex MV, Housing & Utilities, Financial svcs, Nonprofits, %oya

Source: BEA, J.P. Morgan

But our clients recall that in last week's commentary, we noted how Deep Macro's job posting model was showing characteristics of a V-shaped payroll recovery (due to high correlations of postings) and as JPMorgan's alternative data model shows, this V-shaped labor recovery also seems underway.

### Figure 2: COVID-19 jobs tracker based on alternative data

% of baseline

Payroll employment in direct-hit sectors

Alt data tracker
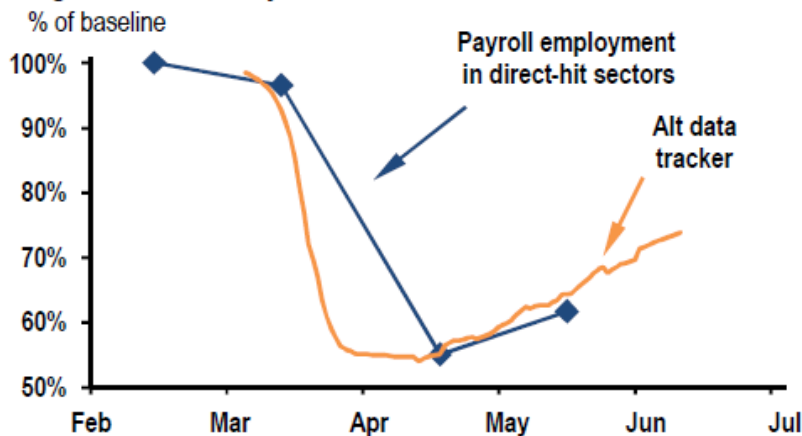
Source: Various sources, J.P. Morgan

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Is "Daily Confirmed Cases" accurately reflecting COVID-19 status in USA? Incremental hospitalization rate is only 7% now vs 28% 10 weeks ago...
Of course, this economic recovery needs to be safely underway, without risk of creating a second wave of cases, hospitalizations and deaths. The media is reporting the rise in cases across the US, and as we have written, it is technically correct -- cases are up, but this seems to be reflecting better detection, rather than a surge in cases requiring hospitalizations. Look below:

- Daily cases are rising in the "yellow" states, re-opened between 5/1 and 5/11.
- Hospitalizations and deaths for those "yellow" states keep falling.
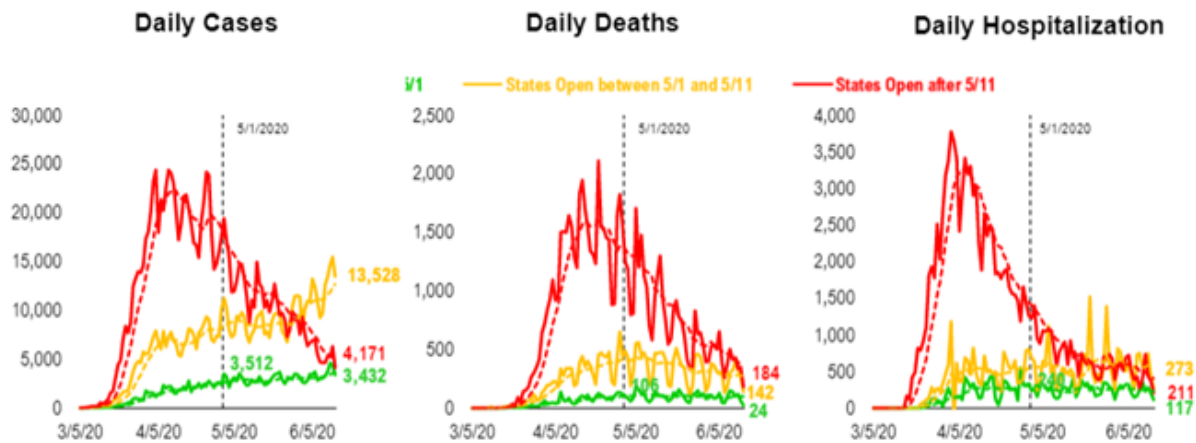
Source: COVID-19 Tracking Project and Fundstrat

POINT #1: Total tests hit >631,000 over the weekend, a new high. Total COVID-19 cases steady at 20,000
Total US cases were steady, mostly, over the weekend, with Sunday night's tally at 20,902. This is about flat with where it was at the end of last week.

- testing reached a new high, surpassing 631,000 on Friday, >537,000 Saturday and was ~485,000.
- so far, there is no signs of a second wave stemming from the nationwide protests.

Thomas J. Lee, CFA
inquiry@fsinsight.com
6/15/2020

Daily Case Increases (by State) (06/14)

% total new cases (state cases/ total US cases)
% total US pop (state population/ total US population)

Sorted
Last 3-day trend growth rates
RI, OR and KS didn't provide update over the weekend...
MO, KY and ID didn't provide update on Sunday...

		6/12/20	6/13/20	6/14/20	
	United States	24,394	25,966	20,902	-5,064
	States:				
1	California	2,702	3,660	3,212	
2	Florida	1,902	2,581	2,016	
3	Texas	2,097	2,331	1,843	
4	North Carolina	1,768	1,427	1,443	
5	Arizona	1,654	1,540	1,233	
6	Alabama	865	891	1,014	
7	Tennessee	786	415	891	
8	Georgia	810	1,018	880	
9	South Carolina	729	785	840	
10	New York	822	916	694	
11	Illinois	732	673	672	
12	Virginia	564	658	637	
13	Arkansas	731	548	406	
14	Maryland	416	692	396	
15	Washington	137	392	367	
16	Indiana	398	397	366	
17	Pennsylvania	686	463	336	
18	Louisiana	523	1,288	336	
19	Utah	325	404	332	
20	Ohio	420	424	300	
21	Minnesota	479	377	299	
22	New Jersey	348	441	276	
23	Wisconsin	320	272	240	
24	Nevada	279	268	227	
25	Iowa	399	380	209	
26	Massachusetts	392	336	208	
27	Michigan	125	180	189	
28	Mississippi	608	257	168	
29	Oklahoma	222	225	158	
30	Colorado	175	195	113	
31	New Mexico	159	95	102	
32	Connecticut	228	305	94	
33	Nebraska	198	120	92	
34	South Dakota	77	91	65	
35	District of Columbia	65	55	58	
36	Maine	54	36	36	
37	Delaware	67	56	35	
38	West Virginia	21	26	30	
39	North Dakota	36	42	22	
40	New Hampshire	42	48	19	
41	Montana	10	15	13	
42	Puerto Rico	40	17	11	
43	Wyoming	18	23	10	
44	Alaska	14	29	7	
45	Hawaii	14	17	5	
46	Vermont	9	6	2	
47	U.S. Virgin Islands	0	0	0	
48	Rhode Island	85	0	0	
49	Oregon	140	0	0	
50	Northern Mariana Islands	0	0	0	
51	Missouri	195	225	0	
52	Kentucky	221	279	0	
53	Kansas	235	0	0	
54	Idaho	51	46	0	
55	Guam	1	1	0	
56	American Samoa	0	0	0	

Source: COVID-19 Tracking Project

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2 states reporting increases
Tennessee   891 vs   415 (1D) +476
Alabama   1,014 vs   891   +123
Total 2 states   +599
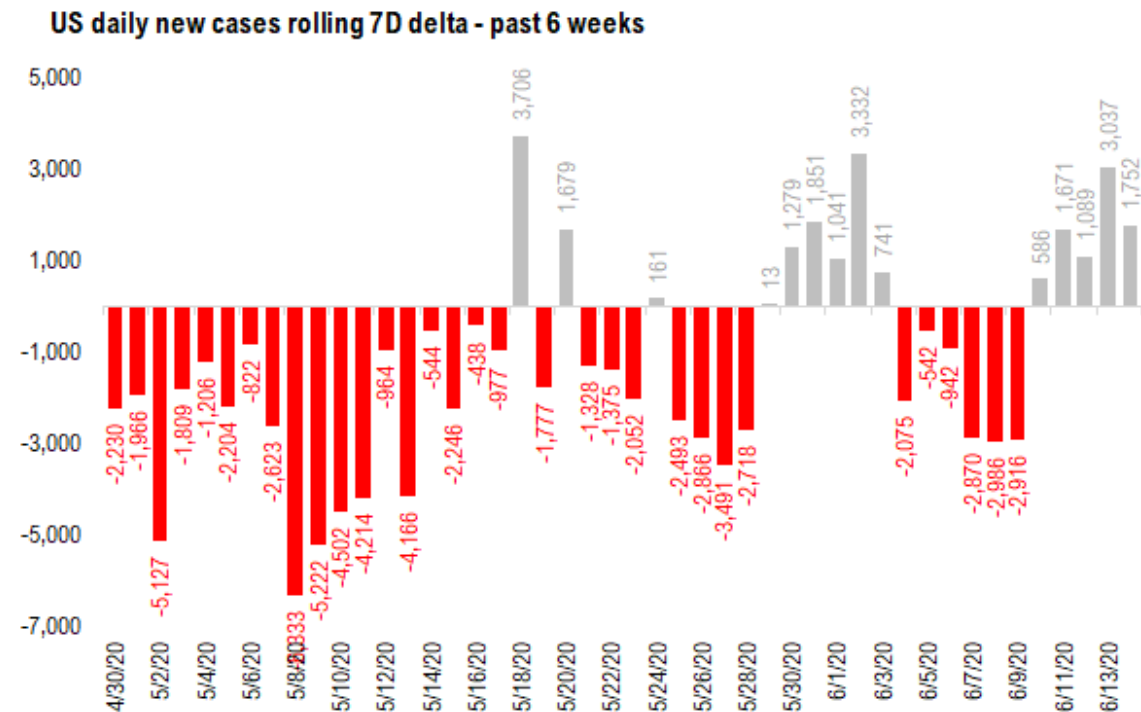
6 states reporting sizable declines
Louisiana   336 vs 1,288 (1D) -952
Florida   2,016 vs 2,581   -565
Texas   1,843 vs 2,331   -488
California   3,212 vs 3,660   -448
Arizona   1,233 vs 1,540   -307
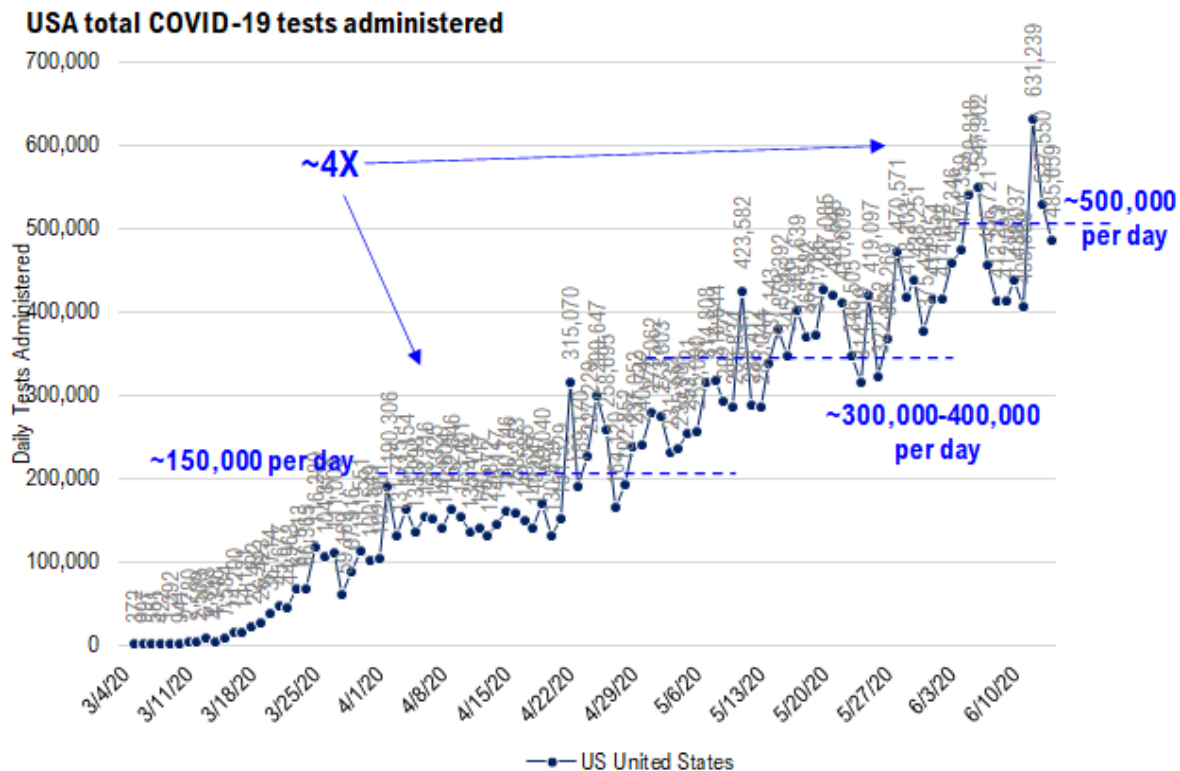Maryland   396 vs 692   -296
Total 6 states   -3,056

We include a 7D change in cases chart below, to normalize for the seasonal variations of the weekdays. And as shown, daily cases are up +1,752 from this Sunday from a week ago. That is an increase.

- Daily cases are higher by 9% vs a week ago
- Tests are up 6.3% from a week ago

So the increase in tests is accounting for most of this increase.

US daily new cases rolling 7D delta - past 6 weeks

Source: COVID-19 Tracking Project

USA total COVID-19 tests administered
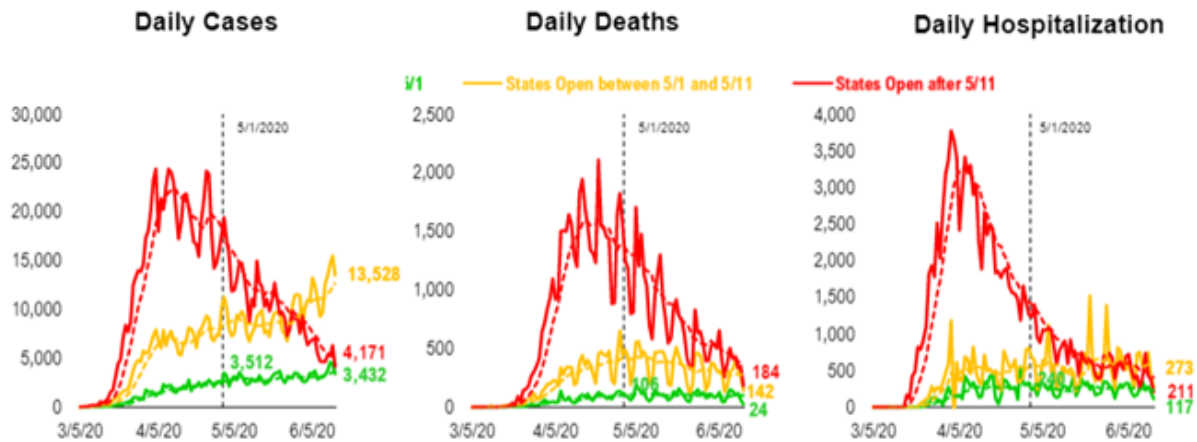

Source: COVID-19 Tracking Project

POINT #2: Cases are diverging from Hospitalizations and from Deaths. Incremental hospitalization rate now 7% vs 28% 10 weeks ago...

Many of our clients have noted that "confirmed cases" is becoming a less ideal measure of COVID-19 spread, because of improved testing. And last week, NY Gov Cuomo even offered that "positivity" rates is a better metric than cases, because of wider testing.

- But we think even "positivity' is less than ideal, unless COVID-19 severity ratios remain constant.
- that is, if the rate of hospitalizations tracks the rate of growth of cases.
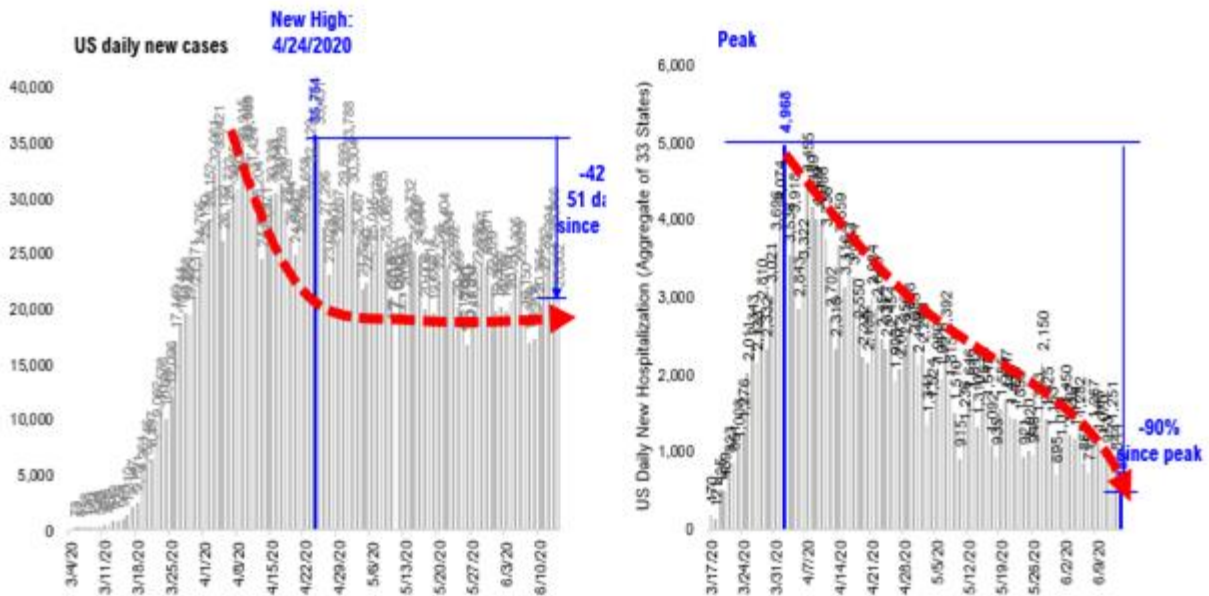
But the summary charts below show this is not the case:

- cases are flat
- deaths are falling
- hospitalizations are falling.

Source: COVID-19 Tracking Project and Fundstrat

US cases down 42% from peak while hospitalizations down 90% from the peak. So, hospitalizations have improved at 2X the rate of cases. This is seen across most of the states (see the PDF).


Source: COVID-19 Tracking Project

Incremental hospitalizations per incremental case is falling to 7% (of cases) vs 28% 10 weeks ago

We calculated the ratio of incremental hospitalizations vs new cases and the nationwide figure is down to 7%. And as you can see, this figure has been falling.

- Is COVID-19 becoming less severe/deadly? Thus, the fall in hospitalizations?
- Or is this due to better testing?

Time will tell.
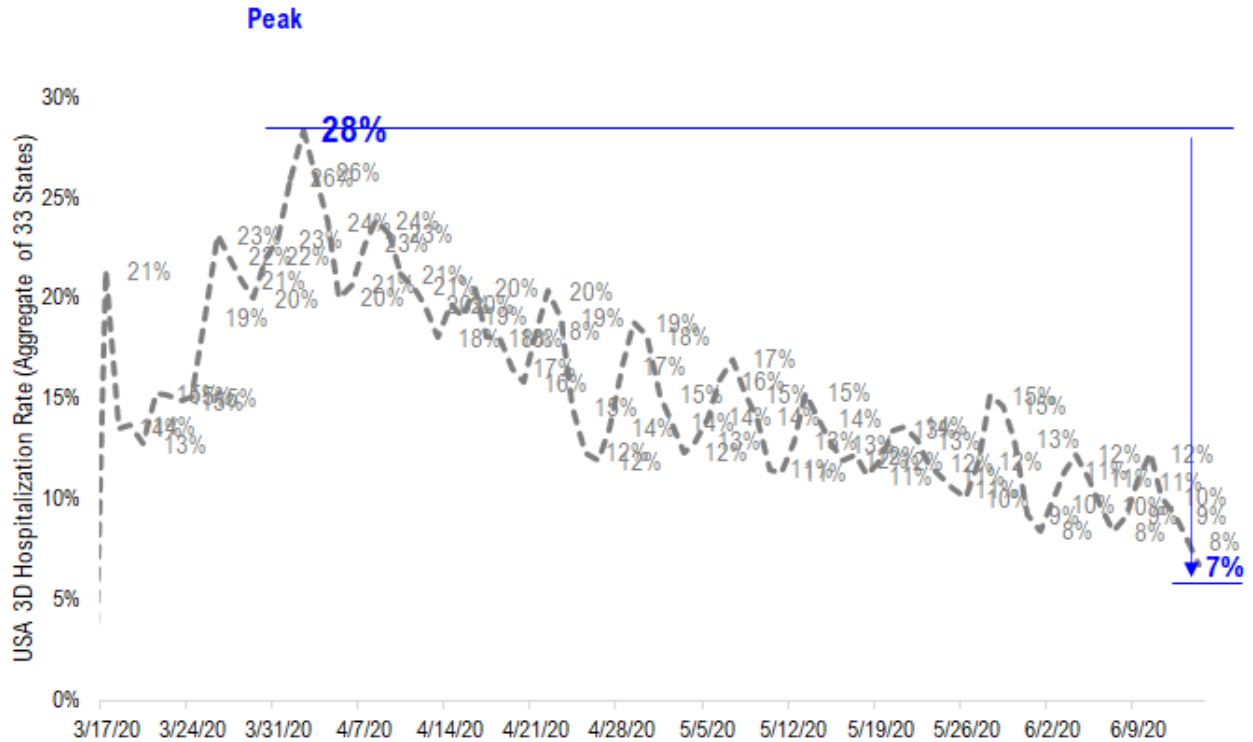
Even Florida Governor Rick DeSantis has commented on this divergence...
Brian Rauscher, our Global Head of Portfolio Strategy, passed along comments from FL Gov Rick DeSantis over the weekend, essentially affirming what we have been seeing. That cases are up, due to better detection, but hospitalizations and associated healthcare burden is not rising.

Gov Ron DeSantis said that even though there are more cases, fewer people are going to the hospital, including in Miami-Dade. Asked Thursday if the state's reopening plans could be rolled back because of the numbers, the governor pointed to the increase of testing and blamed it for the majority of the jump.

"As you're testing more you're going to find more cases and most of the cases are subclinical cases," DeSantis said. "And we expected that from the beginning. We're doing 30,000-plus tests a day in terms of results on average...As people have been getting back to work, I think employers have told folks you should get tested, so we're starting to see at our test sites a much younger demographic. So you do see 98% test negative but you do see some cases...usually no clinical consequence."

Source: FL Gov Rick DeSantis

We plotted cases and hospitalizations below. And as is clear, there is no longer any linkage. Cases are soaring and hospitalizations are trending down.

- Gov DeSantis notes the recent surge in Florida stems from an outbreak at a farm in upper Florida.
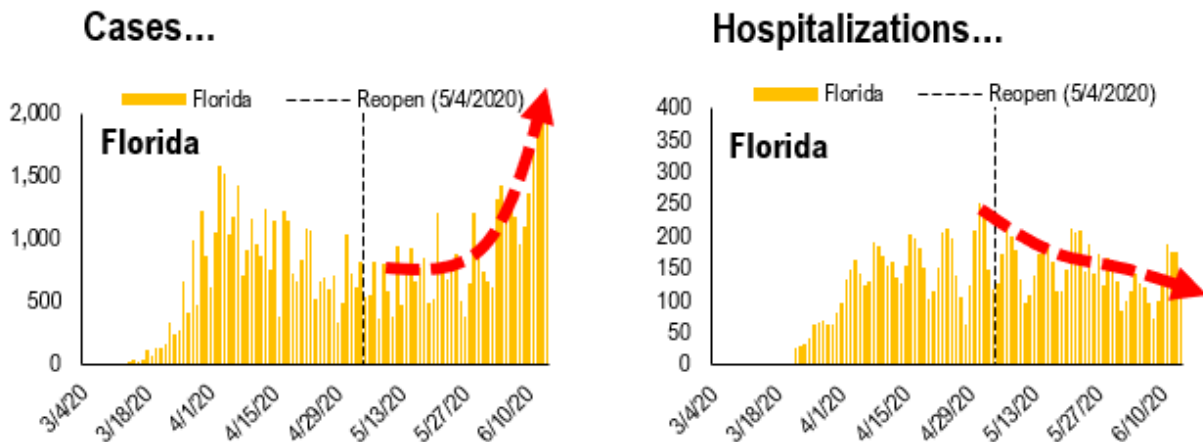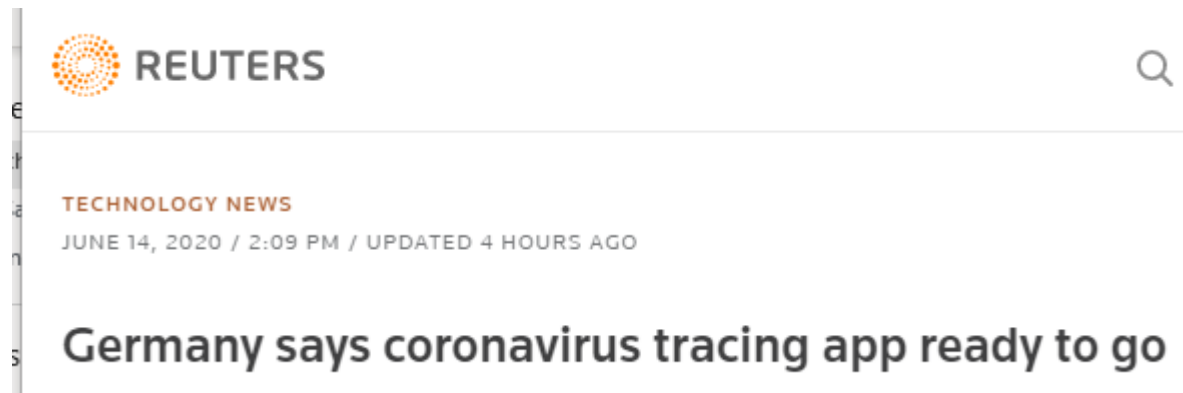

Source: COVID-19 Tracking Project

POINT #3: Germany set to launch contact tracing app, following Italy last week.   In US, each state to decide and only 4 of 50 support Exposures Notification API in iOS and Android

According to a story by Reuters, Germany's Health Minister, Jens Spahn, said Germany's smartphone app to trace Coronavirus is set to launch this week. According to the media story, the most recent gating factor was ensuring Bluetooth would work at correct distances. Based on what we can gather, the following countries, outside of Asia, have deployed a smartphone-based app:

- Italy called 'Immuni'
- France has 'StopCovid'
- Norway 'Smittestropp' (stop infection)
- Australia 'Covidsafe'
- India 'Aarogya Setu'

REUTERS

TECHNOLOGY NEWS

JUNE 14, 2020 / 2:09 PM / UPDATED 4 HOURS AGO

Germany says coronavirus tracing app ready to go

FILE PHOTO: German Health Minister Jens Spahn gives a statement ahead of a session at the lower house of German parliament, Bundestag, in Berlin, Germany, May 7, 2020, as the spread of the coronavirus disease (COVID-19) continues. REUTERS/Annegret Hilse

BERLIN (Reuters) - Germany's smartphone app to trace coronavirus infections is ready to be launched this week, Health Minister Jens Spahn said on Sunday.

After delays to ensure the bluetooth technology would work at the correct distance, the government says the app will be a vital tool to help avoid a second wave of infections.

"It's coming this week," Spahn told ARD television, but he declined to confirm German media reports that the app would be launched on Tuesday.

https://www.reuters.com/article/us-health-coronavirus-germany-app/germany-says-coronavirus-tracing-app-ready-to-go-idUSKBN23L0P5

Europe contract tracing apps specific to each nation, but given opening borders, not clear how they ensure interoperability across apps...

Borders across Europe are opening and as a consequence, the movement of workers, tourists, officials, students will start to take place. But ideally, contact tracing would be useful across apps and across borders. It is not clear if this is the case, but it is unlikely. After all, I have not heard this being touted as a feature.

Below is a screenshot of the smartphone app used by Italy. I am not sure how Apple calculates these rankings (is it in the context of where the app is to be used or where I did the search) but it is #1 in Medical.
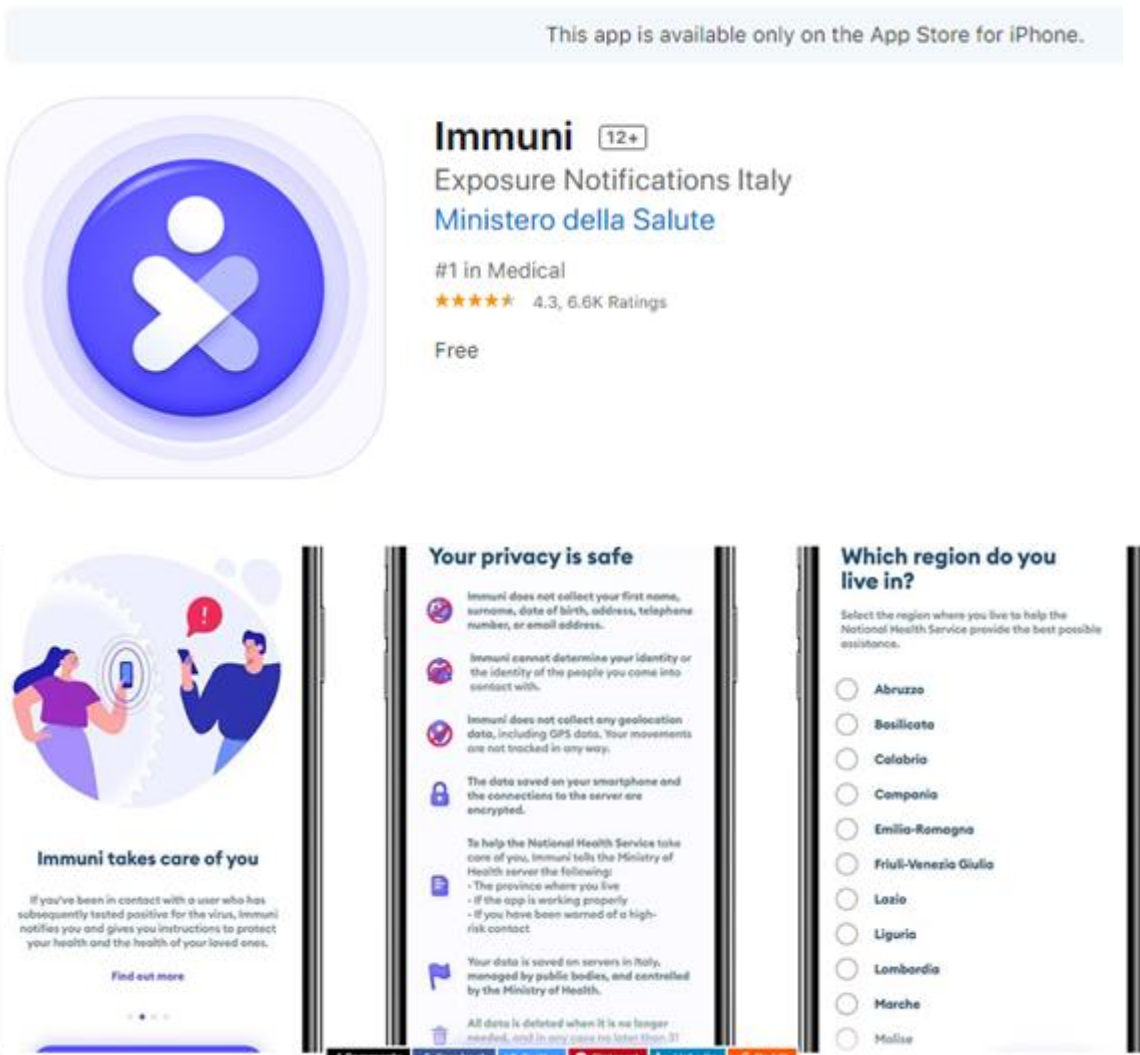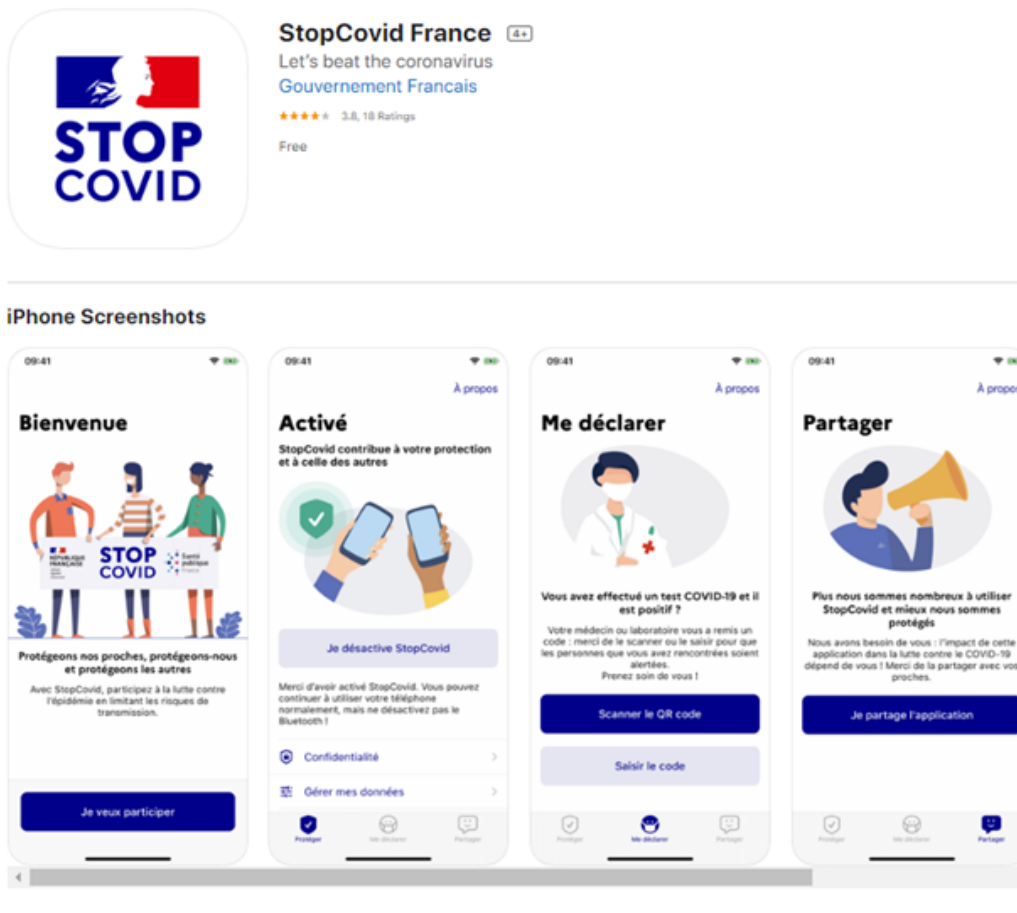

Source: Apple App Store

Norway's 'Smittestropp' app is #9 in the Lifestyle store. So, this one does not fall into Medical. Again, I have no idea why.

Source: Apple App Store

The developer for the French app is 'Gouvernement Francais' and this one gets '4 stars'.

Source: Apple App Store

In the US, each state is developing its own application for contact tracing... and 4 of 50 have confirmed participation in a standard 'Exposure Notification API'
The development of contact tracing in the US is taking place at the state level, based on guidelines developed by each state's health agency. And several articles show that states are taking their own approach, with many deciding that a 'smartphone app' based tracing is not in their development plans. Instead, just human contact tracers:

- per Business Insider (June 10th article).

In a Business Insider survey of state health agencies in all 50 states and Washington, DC, very few said they intended to use the technology proposed by Apple and Google, and many said they weren't planning an app at all. Some states said they planned to rely only on human contact tracers.

https://www.businessinsider.com/apple-google-coronavirus-contact-tracing-tech-states-dont-plan-using-2020-6

9to5mac conducted its own survey to see which states will participate in Apple's Exposure Notification API. And based on their survey results, only 4 states plan to participate.

Which U.S. states are using Apple's Exposure Notification API?

States	Status
Alabama	Will Participate
Alaska	No Response
Arizona	Not Participating*
Arkansas	No Response
California	Not Participating*
Colorado	Not Participating*
Connecticut	No Response
Delaware*	Not Participating*
Florida	No Response
Georgia	No Response
Hawaii	No Response
Idaho	No Response
Illinois	No Response
Indiana	No Response
Iowa	No Response
Kansas	No Response
Kentucky	No Response
Louisiana	No Response
Maine	Not Participating*
Maryland	Not Participating*
Massachusetts	No Response
Michigan	Not Participating*
Minnesota	No Response
Mississippi	No Response
Missouri	Not Participating*
Montana	No Response
Nebraska	No Response
Nevada	No Response
New Hampshire	No Response
New Jersey	No Response
New Mexico	No Response
New York	No Response
North Carolina	No Response
North Dakota	Will Participate
Ohio	Not Participating*
Oklahoma	No Response
Oregon	No Response
Pennsylvania	Not Participating*
Rhode Island	No Response
South Carolina	Will Participate
South Dakota	Not Participating*
Tennessee	Not Participating*
Texas	Not Participating*
Utah	No Response
Vermont	No Response
Virginia	Will Participate
Washington	Not Participating*
West Virginia	Not Participating*
Wisconsin	Not Participating*
Wyoming	Not Participating*

4 of 50 States Participating

https://9to5mac.com/2020/06/05/covid-19-exposure-notification-api-states/

We previously wrote about the app developed and now used by North and South Dakota have started using a GPS-based app called Care 19. And it turns out Utah is using an app called Healthy Together that uses both Bluetooth and GPS location data. But it seems like there is little interest in states building apps around the jointly developed Google/Apple Exposure notification API.

The initial spread of COVID-19 from NYC to LAX via continental flights underscores need for better national contact tracing...
If we ever need a reminder of why contact tracing needs to be interoperable between states, it is lessons from the early days of COVID-19. The Los Angeles Times published an article today, highlighting how an infected retired Manhattan surgeon was one of the first persons to bring COVID-19 to California. And despite requiring medical attention within a day of arrival, none of the other 200 passengers on that flight was notified or subsequently contacted.

Los Angeles Times

LOG IN

CALIFORNIA

Airline passengers brought COVID-19 into LAX in March — and no one warned the public

American Airlines only recently learned about a COVID case aboard a March flight after being contacted by The Times. (Dreamstime / TNS)

By HARRIET RYAN, KIERA FELDMAN

JUNE 14, 2020 | 5 AM

It was one of two long-haul flights into LAX in March identified by The Times in which public health officials failed to alert passengers and crew who had flown with a person who later tested COVID-positive. In the other, a March 8 flight from Seoul, the stricken passenger reported running a fever days before boarding the aircraft and went into cardiac arrest the morning after she landed, becoming the first confirmed COVID-19 death in L.A. County.

https://www.latimes.com/california/story/2020-06-14/travelers-flew-into-lax-with-coronavirus-passengers-were-not-warned

Regional smartphone apps (state level) would be unlikely to be downloaded by an out of state worker, visitor, tourist, etc. and thus, never be aware of contact tracing. And this is even less likely if a state chooses to use actual contact tracers.

- How would one contact all the people who stopped at the same location?

As long as interstate and international mobility is taking place, the obvious issue is contact tracing needs to encompass that footprint...
I don't have any simple answers, but in the post-COVID-19 world, it seems that state-level contact tracing will not be effective for cities seeing significant interstate and international visitors. I guess one way to deal with this is requiring the downloading of an app at the arrival to an airport or state border. But even that seems unwieldy.

- No simple answers.

Below is a screenshot of the api developed by Apple and Google, called the Exposure Notification API. This is not the only approach and Massachusetts Institute of Technology's Lincoln Laboratory is developing a system using Bluetooth signals as well.
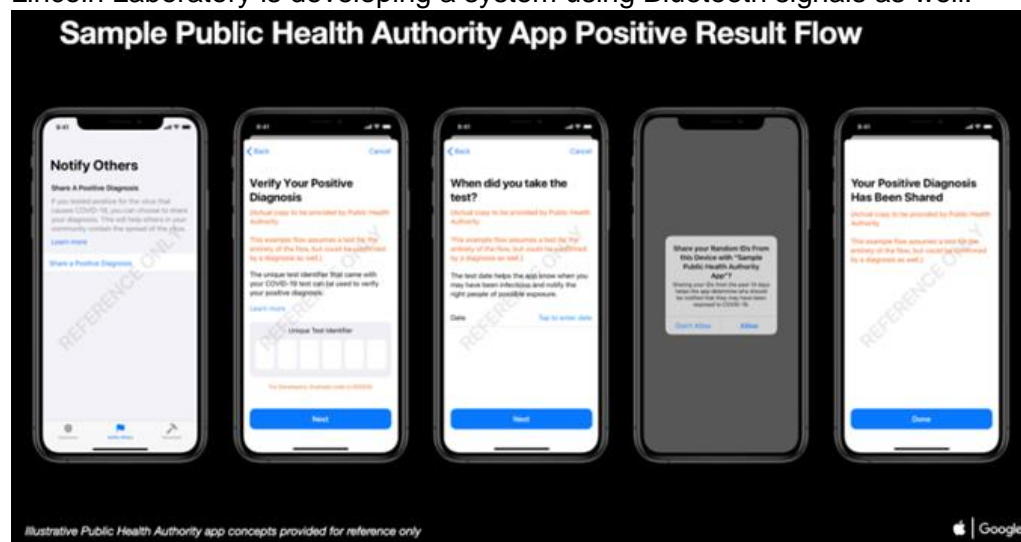
And below is the official guidance from the CDC for contact tracing. Again, the CDC is leaving this for the states to decide. This is a state level decision, but it is surprising that the governors of each of the states has not jointly supported the creation of a single app to contact trace.

Preliminary Criteria for the Evaluation of Digital Contact Tracing Tools for COVID-19

COVID-19 Contact Tracing for Health Departments
Version 1.2

Introduction

The following preliminary[1] criteria define minimum and preferred characteristics of digital contact tracing tools to help health departments overcome one or more obstacles in the COVID-19 contact tracing workflow[2]. They are based on preliminary research and targeted discussions with contact tracing and informatics experts across county, state, and federal government; national public health associations; academic consortia; and nongovernmental organizations.

The table below lists minimum and preferred criteria for two categories of contact tracing technology: those for case management[3], and those for proximity tracing[4]. Minimum and preferred criteria of the tools' technical and general attributes are described in Table 2.

= case management   = proximity tracing

Table 1. Minimum and Preferred Capabilities of Digital Contact Tracing Tools

Contact Tracing Task	Criteria	
	Minimum	**Preferred**
Patient Identification / Follow-up	• Enables public health authorities (PHAs)[5] to import existing data (e.g., from PHA information systems)	• Can be configured for real-time synchronization of data from PHA information systems
	• Enables confidential collection of data (via PHA manual input) facilitating the connection of laboratory-confirmed patient with services needed to support a 14-day self-isolation process (e.g., safe housing, food)	• Enables patients to report their validated testing status, relevant demographic data, data facilitating the connection with supportive services, and the best means of communication
Contact Elicitation / Identification	• Enables PHAs to manually record data on contacts of patients	• Enables patients to self-report contacts • Can seamlessly import proximity data from patient once consent is received
Contact Notification	• Enables manual and automated notifications[6] to known contacts in the following order of priority: recorded voice message, email, and SMS • Messaging can be tailored to the likelihood of exposure, include links to health information resources, and provide next steps (e.g., testing, self-isolation)	• Enables automated notification to community contacts who opt in to being notified, based on history of proximity to patient (i.e., within 6 feet for 30 minutes or more) while also preserving anonymity of patients[7]
Contact Follow-up	• Enables PHA to initiate direct, manual follow-up with known contacts and collect longitudinal data and data facilitating the connection of contacts with services needed to support a 14-day self-isolation process • Enables seamless restart of logic model / workflow upon confirmation of case status among any known contact	• Enables automated dispatch of reminders to known contacts and community contacts for 14 days with directions to call PHA or electronically self-report symptoms and other information facilitating the connection with supportive services • Self-reported data are used for automated prediction of case classification and provide immediate notification to contacts and PHA when infection is likely

Updated on May 17, 2020

Table 2. Minimum and Preferred Attributes of Digital Contact Tracing Tools

Attribute	Minimum	Preferred
Technical		
Platform Support	• Can be easily used within web browser on mobile and desktop environments	• Provides cross-platform functionality (Android, and iOS, with reasonable backwards compatibility for older Android and iOS versions)
	• Supports offline data entry and caching	• Supports offline data entry and caching across platforms
Data Interoperability	• Supports manual data import from PHA information systems • Supports manual data export in common formats	• Use programmatic means of secure data transfer [a] between information systems within and between jurisdictions
Trustworthiness	• Uses open architectures and open standards	• Is open source
Users	• User access for PHAs	• User access by patients and their contacts
Availability	• Ready to use and rapidly deployable	• Already being used successfully by jurisdictions
Customizability	• Requires vendor to perform all customizations for PHAs	• Allows PHAs to perform some of their own customizations (e.g., adding new data elements, implementing data validation rules)
Privacy	• Transparently informs users of which data is collected, how it is used, and how long it will be retained • Implements measures to prevent introduction of false data • Requires consent of both index patient and contact before using of personally-identifying information (PII) • Encrypts data in transit and at rest • Provides individuals access to their own data and ability to revoke consent at any time	• Provides individuals the ability to delete their own data
	• Provides publicly available independent security and privacy assessment that address issues of trustworthiness, security, and privacy	
	• Authorized data access only for PHAs and must be limited to need-to-know basis	
General		
Technical Support	Developer / vendor provides comprehensive technical support for PHAs	
Vendor Experience	The developer / vendor has experience working in public health settings	
Localization	Self-reporting features are available in patient's and contact's language of choice	

2

https://www.cdc.gov/coronavirus/2019-ncov/downloads/php/prelim-eval-criteria-digital-contact-tracing.pdf

STRATEGY: China "V-shaped" + evidence of US "V-shape" + credit favoring "epicenter" bonds = OW Epicenter stocks

Being OW stocks is not a consensus position, when we consider the high levels of money market cash, the weak sentiment by AAII investors, by the CFTC positioning data and even based upon our multiple conversations over the past week. Even those who are constructive on an economic recovery believe that stocks seem expensive.

But given the paucity of investors who are outright OW stocks, if we take a step back and think about investor equity perceptions (too risky) vs investor equity positioning (cash sidelines), the ability to surprise on the "upside" remains more powerful.

In other words, we are buyers of this dip. The risk/reward still remains attractive and we see stocks in the hands of buyers.

Credit is favoring "epicenter" bonds...hmmm, sounds like should be good for stocks.
We highlight commentary from JPMorgan's weekly "The View" and as their strategists note, credit is favoring epicenter bonds -- those hit the hardest are still rallying the most.

- and interestingly, they expect this to continue.
- if the credit of epicenter stocks rally, this is supportive of the equities.

Credit

Heading into 1Q earnings and absent guidance, our strategists thought a focus on cash-burn and liquidity would see a transition to a new phase in the crisis with more differentiation between the 'Haves' and 'Have Nots'. If anything, it's been more the reverse and a market of 'Haves' and 'Have Mores'. Notably, those credits perceived to be most-impacted by the slowdown have been those that have rallied the most against the backdrop of easing restrictions and The Great Re-opening.

How long could this last? The short answer is potentially a while. The analogy the team is drawing here is that the shutdown has left the global economy a bit like a coiled spring. This is to say that our economists think it will take a few months' data before one can separate the V-shaped recovery story – which it feels like risk markets have embraced – from the "incomplete recovery" story, which is our base macro case. That analysts have likely 'kitchen sinked' their models in shutdown-affected sectors like Gaming & Leisure means that any 'less-bad' news should be 'good' news. This might also mean that there is more scope for fundamental disappointment in less-affected sectors. (See *Crisis Watch XIII* by Dulake et al from Jun 11th).

Source: JPMorgan

Epicenter stocks still attractive risk/reward. 35 Large-cap ideas and 49 SMID-cap ideas...
Bottom line, we think this period of equity weakness will be short-lived. The driver to shift this weakness:

- economic momentum strengthening in the US
- US COVID-19 cases, while up, is not leading to a surge in hospitalizations, hence, less risk to pare back
- China recovery V-shaped
- epicenter credits rallying strongest

Figure: Epicenter Stock Ideas
Per Fundstrat

Ticker	Company name	Sub-industry name	Current Price	Market Cap ($mm)	DQM Quintile 1	Brian Rauscher	Robert Sluymer
Still in the "early barbell recovery"							
TJX	Tjx Cos Inc/The	Apparel Retail	52.01	62,302		OW	OW
GM	General Motors Co	Automobile Manufacturers	27.58	39,469	OW	OW	
BKNG	Booking Holdings Inc	Internet & Direct Marketing Re	1,603.22	65,621	OW	OW	
CCL	Carnival Corp	Hotels, Resorts & Cruise Lines	19.48	14,157		OW	OW
WYNN	Wynn Resorts Ltd	Casinos & Gaming	91.27	9,845		OW	OW
CVX	Chevron Corp	Integrated Oil & Gas	91.39	170,630	OW	OW	OW
XOM	Exxon Mobil Corp	Integrated Oil & Gas	46.55	196,802	OW	OW	
FITB	Fifth Third Bancorp	Regional Banks	20.62	14,680	OW	OW	OW
CFG	Citizens Financial Group Inc	Regional Banks	25.33	10,806	OW	OW	
MS	Morgan Stanley	Investment Banking & Brokerage	45.89	72,307		OW	OW
RE	Everest Re Group Ltd	Reinsurance	212.12	8,482	OW	OW	
CMI	Cummins Inc	Construction Machinery & Heavy	164.35	24,246	OW	OW	OW
NOC	Northrop Grumman Corp	Aerospace & Defense	319.58	53,274	OW	OW	
GD	General Dynamics Corp	Aerospace & Defense	150.43	43,152	OW	OW	
SNA	Snap-On Inc	Industrial Machinery	133.06	7,232	OW	OW	
FLS	Flowserve Corp	Industrial Machinery	27.57	3,588	OW	OW	
PCAR	Paccar Inc	Construction Machinery & Heavy	72.95	25,221		OW	OW
Mid-stage in the "barbell recovery"							
ROST	Ross Stores Inc	Apparel Retail	91.48	32,560		OW	OW
ULTA	Ulta Beauty Inc	Specialty Stores	226.66	12,764		OW	OW
EOG	Eog Resources Inc	Oil & Gas Exploration & Produc	51.63	30,051	OW	OW	
SIVB	Svb Financial Group	Regional Banks	206.96	10,661		OW	OW
STT	State Street Corp	Asset Management & Custody Ban	62.28	21,920	OW		OW
JCI	Johnson Controls International	Building Products	$34.39	$25,578	OW	OW	OW
DOV	Dover Corp	Industrial Machinery	96.33	13,866	OW	OW	OW
AOS	A O Smith Corp	Building Products	46.87	7,553		OW	OW
ETN	Eaton Corp Plc	Electrical Components & Equipm	85.77	34,308		OW	OW
CSX	Csx Corp	Railroads	69.23	52,993		OW	OW
PNR	Pentair Plc	Industrial Machinery	37.08	6,145	OW	OW	
UNP	Union Pacific Corp	Railroads	164.97	111,940		OW	OW
JBHT	Jb Hunt Transport Services Inc	Trucking	114.43	12,068		OW	OW
CAT	Caterpillar Inc	Construction Machinery & Heavy	121.89	65,972	OW	OW	
DE	Deere & Co	Agricultural & Farm Machinery	153.18	47,924		OW	OW
DAL	Delta Air Lines Inc	Airlines	29.67	18,923		OW	OW
PH	Parker-Hannifin Corp	Industrial Machinery	177.33	22,737		OW	OW
EMR	Emerson Electric Co	Electrical Components & Equipm	61.17	36,548	OW	OW	

Figure: 49 SMID cap "Epicenter" Stock Ideas
Per Fundstrat

Ticker	Company name	Current Price	Mkt Cap ($mm)	DQM Quintile1	Brian Rauscher	Robert Sluymer
Airline						
CPA	Copa Holdings Sa	52.01	2,199	OW		OW
SKYW	Skywest Inc	32.95	1,652		OW	
Apparel Retail						
GES	Guess? Inc	9.20	622	OW	OW	OW
ZUMZ	Zumiez Inc	25.65	652	OW	OW	OW
Automobile						
WGO	Winnebago Industries Inc	63.05	2,125	OW	OW	OW
LAD	Lithia Motors Inc	125.72	2,862	OW	OW	OW
Casinos						
AGS	Playags Inc	4.67	172	OW	OW	
BYD	Boyd Gaming Corp	20.36	2,265	OW		
CNTY	Century Casinos Inc	5.08	150		OW	
CZR	Caesars Entertainment Corp	11.31	7,733			OW
ERI	Eldorado Resorts Inc	34.68	2,699		OW	OW
MCRI	Monarch Casino & Resort Inc	35.98	654			OW
PENN	Penn National Gaming Inc	28.65	3,895		OW	OW
RRR	Red Rock Resorts Inc	13.01	1,526		OW	
SGMS	Scientific Games Corp	13.96	1,319	OW	OW	
TRWH	Twin River Worldwide Holdin	21.64	659		OW	
Consumer Electronics						
SONO	Sonos Inc	12.20	1,329	OW	OW	OW
UEIC	Universal Electronics Inc	43.48	605	OW	OW	OW
Homebuilding						
IBP	Installed Building Products In	66.15	1,971	OW	OW	OW
KBH	Kb Home	31.17	2,819	OW	OW	OW
RH	Rh	230.72	4,451	OW	OW	OW
ROCK	Gibraltar Industries Inc	43.39	1,406	OW	OW	OW
Logistics & Trucking						
ECHO	Echo Global Logistics Inc	20.34	541	OW	OW	OW
WERN	Werner Enterprises Inc	39.43	2,724	OW	OW	OW

Hotels + Cruise Lines

CHH	Choice Hotels International I	80.88	4,477			OW
H	Hyatt Hotels Corp	54.90	5,549			OW
LIND	Lindblad Expeditions Holding	8.40	419		OW	
VAC	Marriott Vacations Worldwide	85.48	3,509	OW		
WYND	Wyndham Destinations Inc	32.12	2,735	OW		

Leisure

PLNT	Planet Fitness Inc	65.35	5,650			OW
SEAS	Seaworld Entertainment Inc	16.86	1,319	OW	OW	
VSTO	Vista Outdoor Inc	10.76	624	OW	OW	OW

Restaurants

BJRI	Bj'S Restaurants Inc	21.68	483		OW	OW
CAKE	Cheesecake Factory Inc/The	23.00	1,046		OW	OW
CBRL	Cracker Barrel Old Country S	109.81	2,602	OW	OW	
CHUY	Chuy'S Holdings Inc	15.04	296	OW	OW	
NDLS	Noodles & Co	5.54	245		OW	OW
PBPB	Potbelly Corp	2.55	61		OW	
PLAY	Dave & Buster'S Entertainme	15.61	741		OW	
RRGB	Red Robin Gourmet Burgers	11.76	152		OW	
RUTH	Ruth'S Hospitality Group Inc	9.02	308		OW	

Others

REGI	Renewable Energy Group In	26.95	1,052	OW	OW	OW
SYBT	Stock Yards Bancorp Inc	33.85	767	OW	OW	OW
ASTE	Astec Industries Inc	42.27	955	OW	OW	OW
MTW	Manitowoc Co Inc/The	10.42	360	OW	OW	OW
CECE	Ceco Environmental Corp	5.95	211	OW	OW	OW
BE	Bloom Energy Corp	8.77	1,098	OW	OW	OW
HLIO	Helios Technologies Inc	34.22	1,098	OW	OW	OW
EXPO	Exponent Inc	70.84	3,652	OW	OW	OW

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