MacroQuant Monthly

MacroQuant Model Update: Back From The Brink

In this Issue

Executive Summary

Top Takeaway: MacroQuant is neutral-to-slightly positive on stocks on a tactical 1-to-3 month horizon but sees downside risks over a longer-term horizon. Its favorite equity sectors are communication services and IT. Regionally, it prefers EM and US equities. The model is bullish on duration. It remains bearish on the US dollar. It is upbeat on gold and copper but is slightly negative on oil.

- Going into October, MacroQuant recommends a neutral allocation to stocks.
- Within US equity sectors, the model favors communication services and IT. It is neutral on financials, consumer discretionary, and materials, and has a negative bias towards real estate, industrials, health care, utilities, consumer staples, and energy.
- Across equity regions, the model is overweight EM and the US. It is neutral on Japan and recommends underweighting Australia, Canada, the euro area, and the UK.
- The model is positive on Treasury duration over both a tactical and longer-term horizon.
- Currency Cruncher remains bearish on the US dollar.
- The model is positive on gold and copper, while neutral on oil.

MacroQuant Tactical (1-To-3 Month) Recommendations

Asset Allocation	-		0		+
Equities			■		
Fixed Income			■	□	
Cash	■		□		
US Equity Sectors*	**-**		**0**		**+**
Communication Services				■	
Consumer Discretionary		□	■		
Consumer Staples	■				
Energy	■		□		
Financials			■		
Health Care	□	■			
Industrials		■			
Information Technology				■	
Materials			■	□	
Real Estate		■	□		
Utilities	■	□			
Global Equity Regions**	**-**		**0**		**+**
US			□	■	
Euro Area	■	□			
UK	■				
Canada		■		□	
Australia		■			
Japan		□	■		
EM				■	
Currencies And Commodities	**-**		**0**		**+**
DXY	■	□			
WTI Oil			■		
Copper				■	
Gold				□	■

LEGEND:
■ – CURRENT
□ – PREVIOUS
1 (MOST LEFT) – STRONG SELL
2 – SELL
3 – NEUTRAL
4 – BUY
5 (MOST RIGHT) – STRONG BUY
* RELATIVE TO S&P 500 BENCHMARK SECTOR WEIGHTS.
** RELATIVE TO MARKET-CAPITALIZATION WEIGHTED AGGREGATE OF THE US, EURO AREA, UK, CANADA, AUSTRALIA, JAPAN, AND EM.

1. Overview

Our MacroQuant model looked like it was set to turn maximally defensive on equities earlier this year as the trade war went into high gear. However, recent data signaling stronger US growth, easing monetary and financial conditions, and supportive sentiment, have all shifted the equity score back to neutral (**Chart 1**).

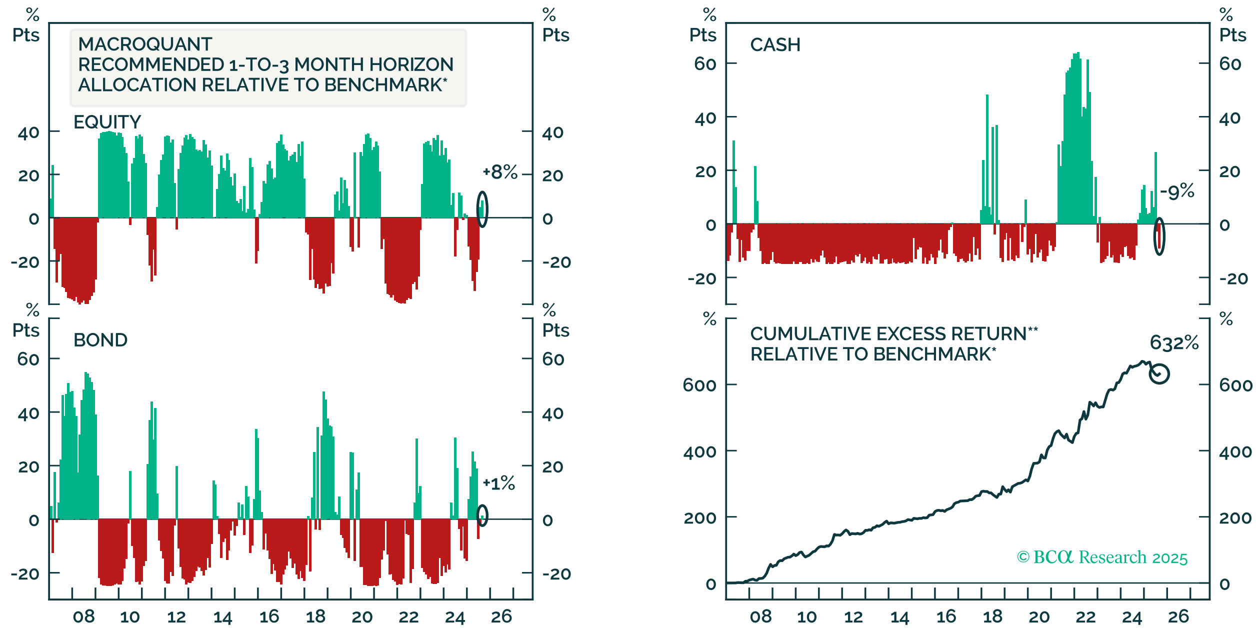
To be sure, risks remain. The model's US inflation component is flashing negative for stocks. Valuations are also quite stretched, which is causing the model to flag below-average equity returns over a multi-year horizon (**Chart 2**).

On the fixed-income front, the model has warmed up to US bond duration, mainly due to a more favorable mix of technical factors.

The model remains steadfast in its dislike of the US dollar and sees continued upside for gold prices.

CHART 1

MacroQuant Is Tactically Neutral On Equities



* BENCHMARK ALLOCATION IS BASED ON A 60% EQUITY, 25% BOND, AND 15% CASH PORTFOLIO.
** INDEXED TO JANUARY 2007 = 0%.
NOTE: THE AVERAGE EQUITY, BOND, AND CASH ALLOCATIONS IN THE BACKTEST ARE 60.2%, 25.2%, AND 14.7%, RESPECTIVELY.
NEUTRAL REFERS TO ALLOCATIONS BETWEEN -8% AND +8% FOR EQUITY, -3.3% AND +3.3% FOR BOND, AND -2% AND +2% FOR CASH.
SOURCE: MACROQUANT MULTIVERSE EDITION (ASSET ALLOCATION).

CHART 2
The Model Remains Cautious On Equities Over The Long Term

SOURCE: MACROQUANT MULTIVERSE EDITION (STOCK COACH).

2. Model Components

A. US Equities: Neutral on Equities

Chart 3 shows the various components of MacroQuant's monthly US equity model, Stock Coach. The equity score stands at the 60th percentile, just a whisker away from being overweight, which is consistent with slightly above-average returns over the next 1-to-3 months.

Looking at the individual components, the economic activity component has been positive on the US economy. While some labor market indicators – such as average weekly hours worked in the manufacturing sector, construction employment, and the JOLTS hiring rate – hint at potential downside risks, services PMIs and broader measures of economic growth, including economic surprise indices, consensus GDP growth forecasts, and our Beige Book Monitor point to stronger economic growth.

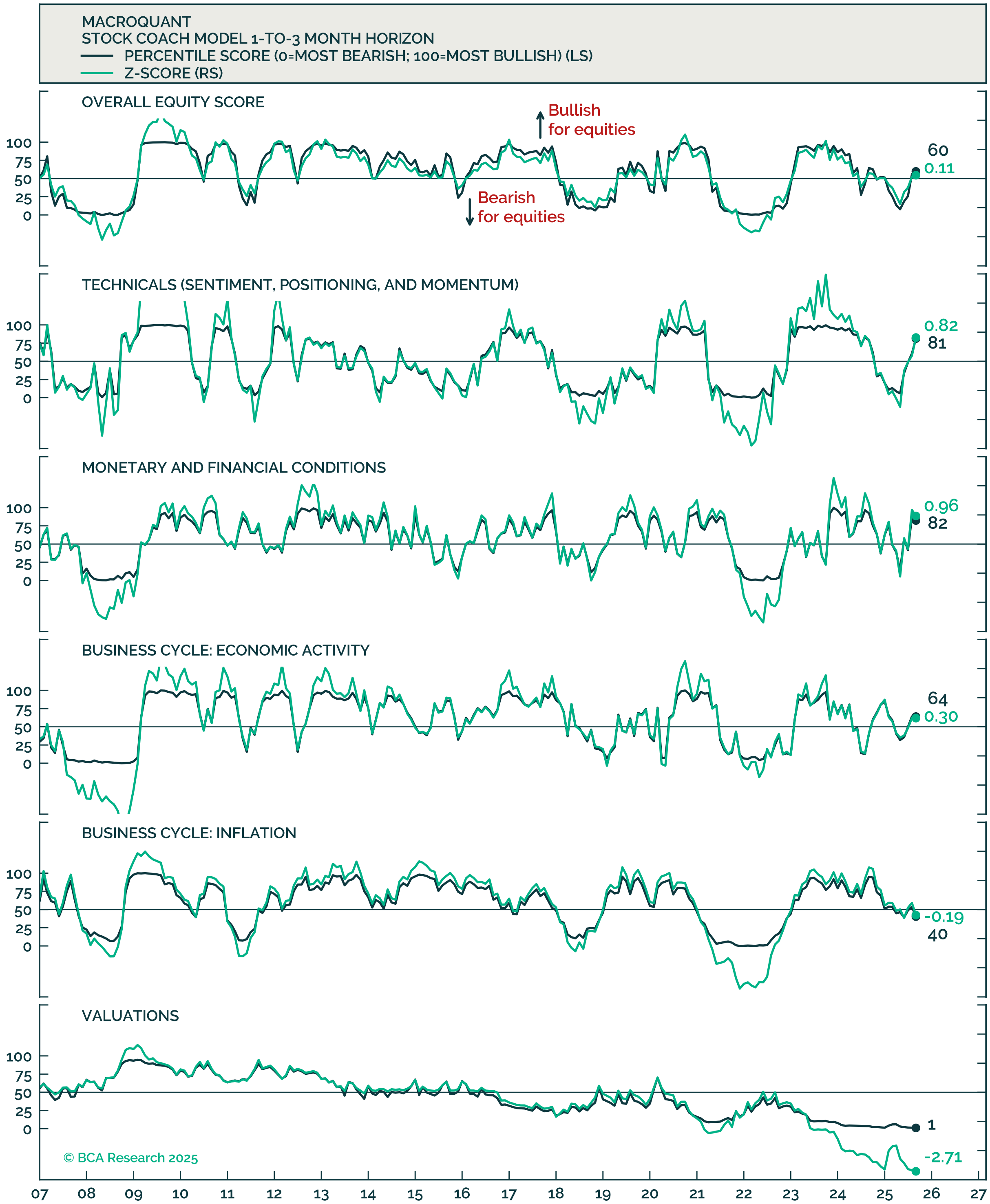
The inflation component, however, has fallen to the 40th percentile. Manufacturing PMIs indicate that the gap between input costs and output prices is widening against a backdrop of rising core CPI inflation. This dynamic suggests that inflation could increasingly weigh on equities.

The sentiment score has improved meaningfully, rising to the 81st percentile. This shift has also been reflected in MacroQuant's daily model, indicating that sentiment is supportive of equities (**Chart 4**). The daily model, however, is cautioning that the sentiment score is already elevated, and higher readings could signal frothy conditions.

The monetary and financial conditions component remains constructive on stocks. As was the case in August, falling corporate bond yields and narrowing high-yield spreads point to easing monetary and financial conditions. Valuations, on the other hand, are still a headwind. The model estimates that the S&P 500 is trading 2.7 standard deviations above its long-term fair value. Equities have only been this richly valued 1% of the time since 1962. Consequently, the model adopts a more pessimistic outlook over longer time horizons (**Chart 5**).

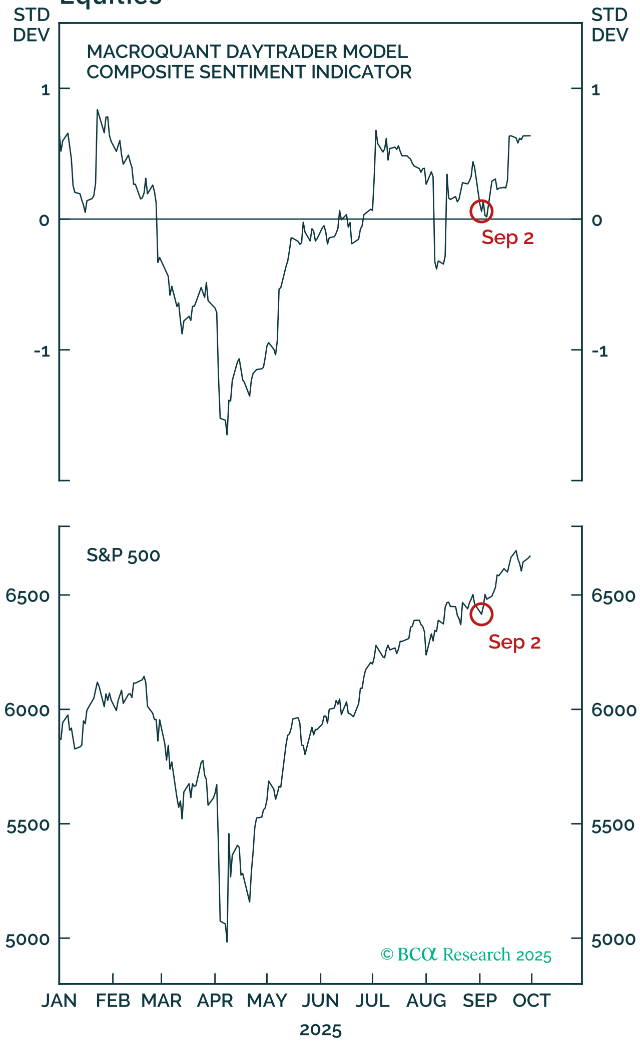
CHART 3

The Components Of Stock Coach



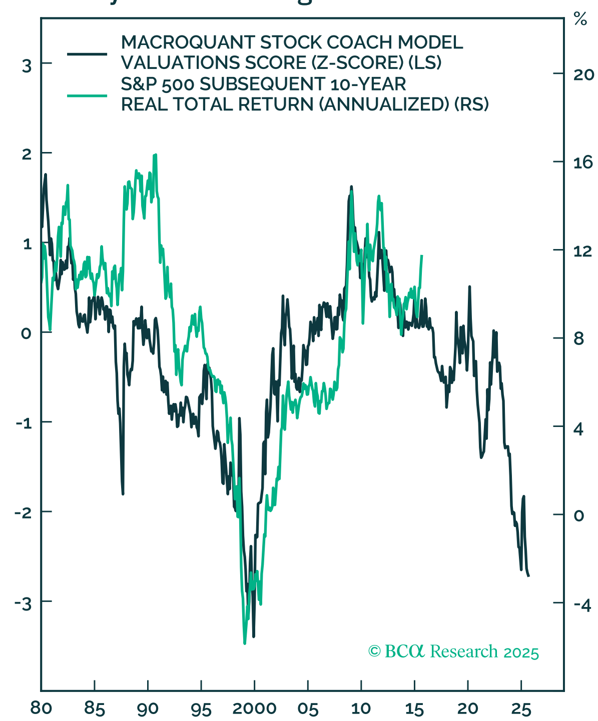
SOURCE: MACROQUANT MULTIVERSE EDITION (STOCK COACH).

CHART 4
Sentiment Has Been Supportive Of Equities



SOURCE: MACROQUANT MULTIVERSE EDITION (DAYTRADER).

CHART 5
Valuations Suggest Stocks Will Fare Poorly Over The Long Term



SOURCE: MACROQUANT MULTIVERSE EDITION (STOCK COACH).

Financials secured third place, supported by easing monetary and financial conditions, though this was only enough to warrant a neutral stance. Sector Selector is also neutral on consumer discretionary and materials.

The model is underweight real estate, industrials, and health care. It has a more pronounced negative bias towards utilities, consumer staples, and energy, reflecting weaker earnings growth and unfavorable technicals.

B. US Sectors: Favor Communication Services and IT

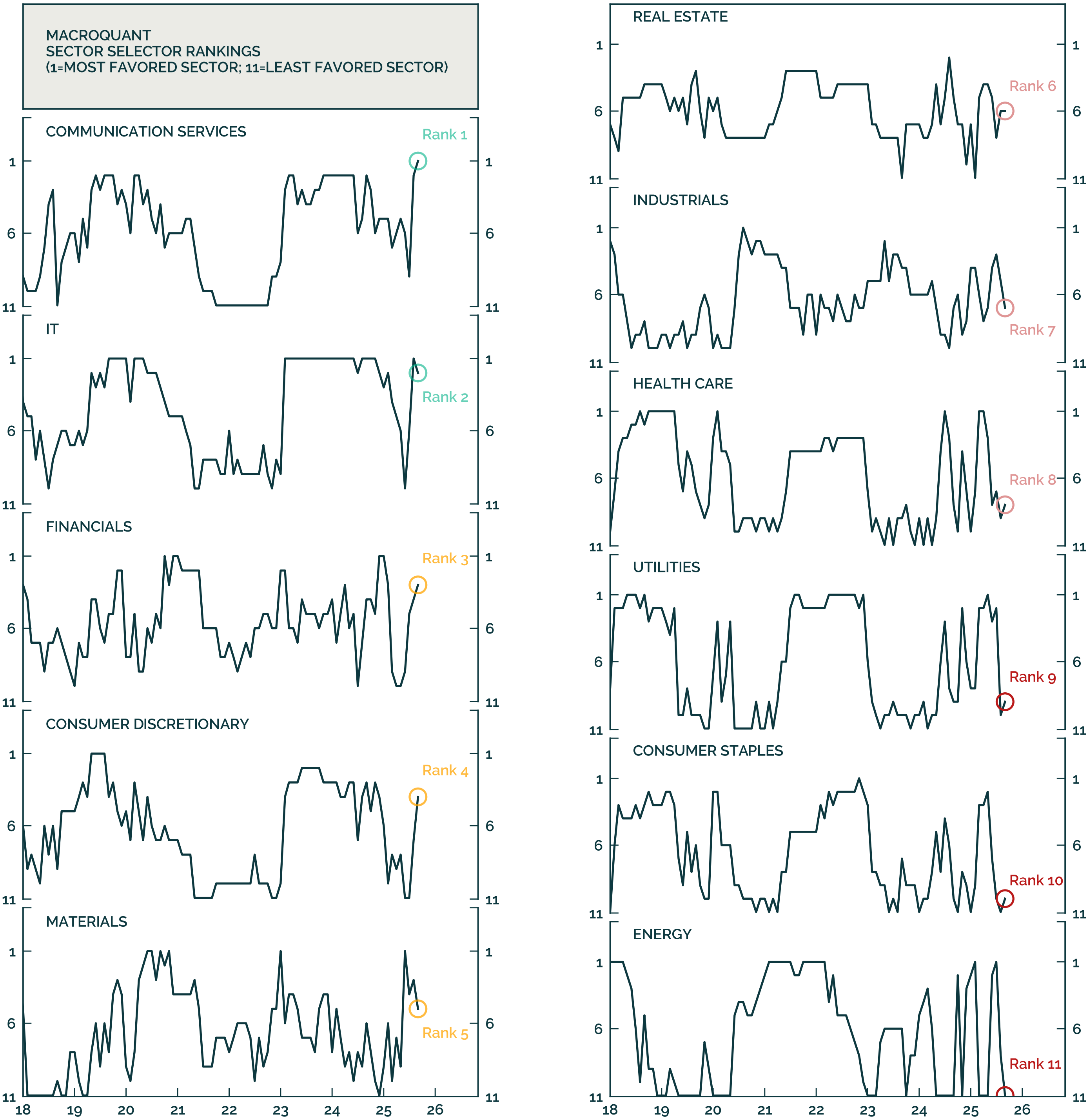
MacroQuant's US equity sector model, Sector Selector, recommends overweighting communication services and IT (**Chart 6**). Strong earnings and sales growth, solid ETF inflows, and relative price momentum helped these sectors reach the podium.

C. Equity Regions: Overweight EM and the US

MacroQuant's regional equity model, Region Rumble, recommends EM and the US. It is neutral on Japan and underweight Australia, Canada, the euro area, and the UK (**Chart 7**).

CHART 6

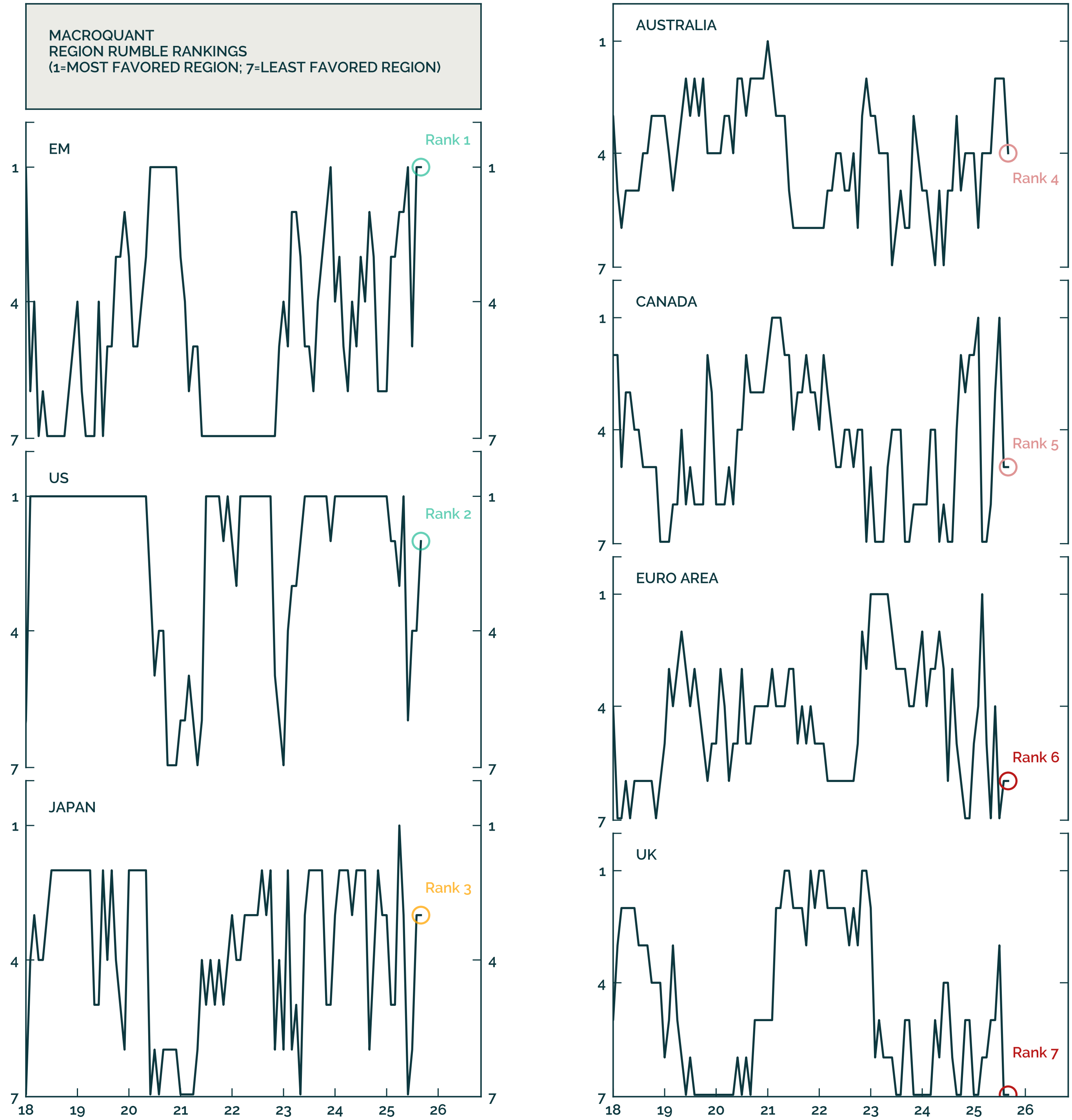
Sector Selector: AI Rules!



SOURCE: MACROQUANT MULTIVERSE EDITION (SECTOR SELECTOR).

CHART 7

Region Rumble: Favor EM And The US



SOURCE: MACROQUANT MULTIVERSE EDITION (REGION RUMBLE).

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The model's bearish outlook on the US dollar, the anticipation of rising copper prices, and a favorable sector mix combined with relative price momentum boosted EM to the top of the leaderboard.

Both the US and Japan benefited from stronger-than-expected economic data. Robust earnings and sales growth, relative price momentum, and a favorable sector mix lifted the US to second place.

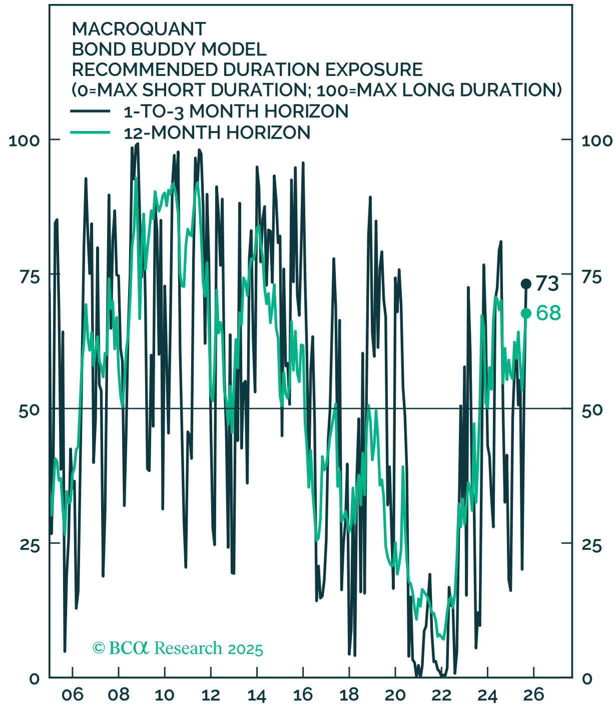
The model has a negative outlook on Australia and Canada, with a more pronounced bearish bias towards the euro area and the UK. Weaker earnings and sales growth, combined with the model's tilt towards communication services and IT, have acted as headwinds for these regions.

D. US Treasuries: Positive on Duration Over Both a Tactical and Longer-Term Horizon

MacroQuant's Bond Buddy model is decisively positive on duration, projecting the 30-year Treasury return to be at the 73rd percentile of the expected return distribution over a 1-to-3 month horizon (**Chart 8**).

On the technical side, Treasury bullish sentiment reported by Marketvane has risen over the past month, while bond net speculative positioning is increasing from depressed levels. As reported in the Summary of Economic Projections (SEP), FOMC participants now believe that the upside risks to unemployment and downside risks to growth have both increased relative to the previous SEP, supporting a long duration stance.

CHART 8
Bond Buddy Is Positive On Duration On Both A Tactical And 12-Month Horizon

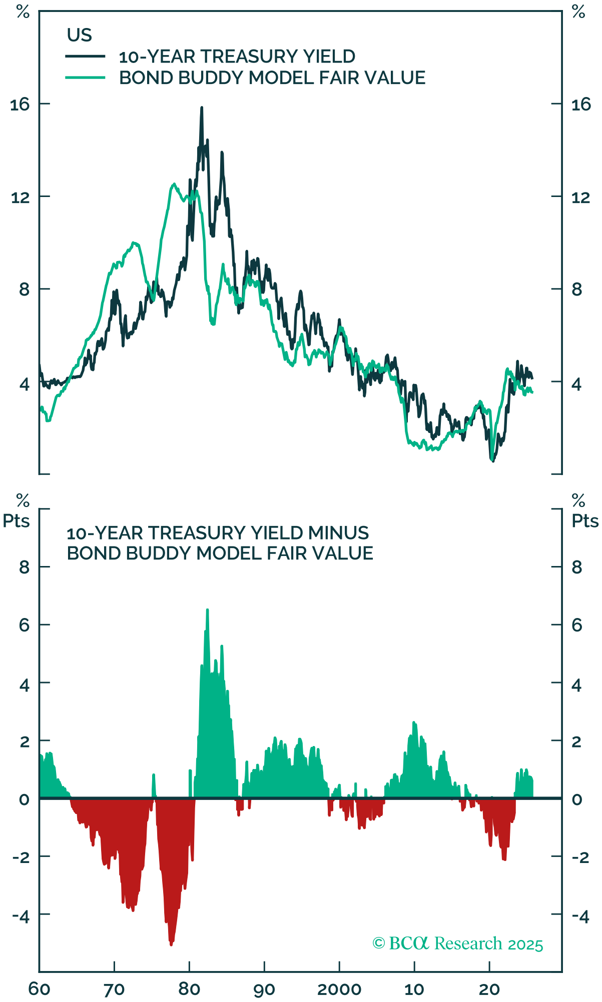


SOURCE: MACROQUANT MULTIVERSE EDITION (BOND BUDDY).

On the cyclical front, the Bloomberg US Labor Market Surprise Index is at depressed levels, signaling weakness in the labor market. This is echoed by the employment components of the regional Fed surveys. Indicators related to inflation also suggest upside for bonds: The prices paid components of both the ISM and S&P Global PMIs have moved lower, albeit from elevated levels, while the 30-Year TIPS breakeven has declined over the past month.

CHART 9

Bonds Yields Are Above Fair Value

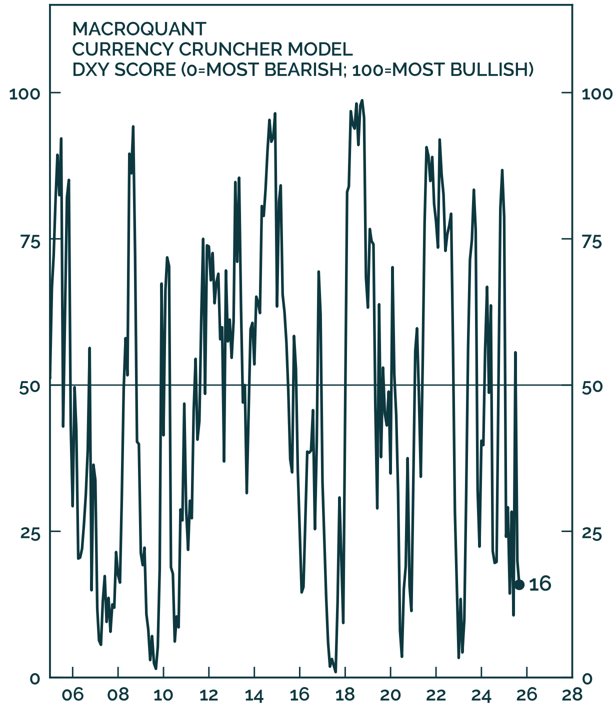


SOURCE: MACROQUANT MULTIVERSE EDITION (BOND BUDDY).

The bond model's 12-month outlook places more emphasis on longer-term assessments of fair value and less weight on the technical and cyclical factors listed above. Accounting for factors such as trend GDP growth and demographics, the model pegs the long-term fair value for the 10-year Treasury yield at 3.54% (**Chart 9**). Accordingly, Bond Buddy is also bullish on duration over a 12-month horizon, with a score that stands at the 68th percentile of the expected return distribution.

CHART 10

Currency Cruncher Is Bearish On The Dollar



SOURCE: MACROQUANT MULTIVERSE EDITION (CURRENCY CRUNCHER).

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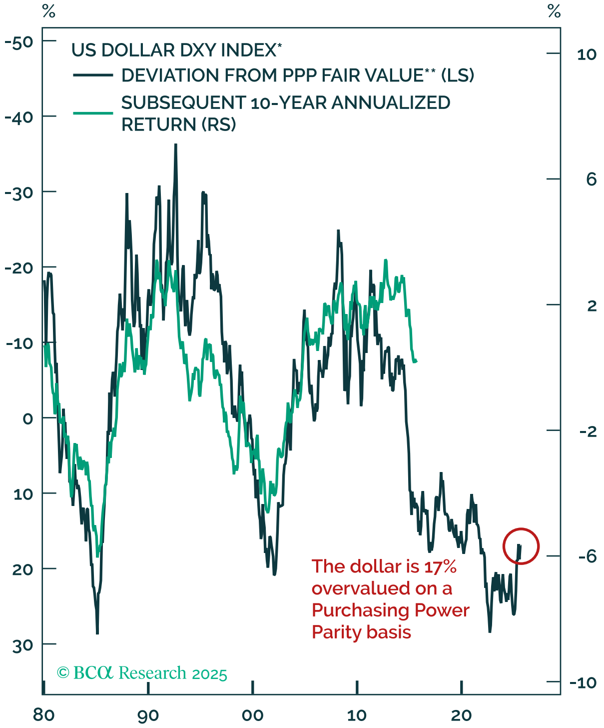
Moving outside of the US, the model prefers France, the UK, and Italy over Japan, Canada, and Switzerland in a currency-hedged DM government bond portfolio.

E. Currencies: Extremely Bearish on the US Dollar

Going into October, Currency Cruncher's score for the DXY sits at the 16th percentile of the expected return distribution, suggesting poor returns ahead (**Chart 10**).

After stabilization in the DXY over the past month, some of our momentum- and positioning-based technical indicators have turned constructive on the dollar. However, Bond Buddy's increasingly optimistic outlook on duration is signaling lower Treasury

CHART 11
Poor Returns For The Dollar Are Likely Over A Structural Horizon

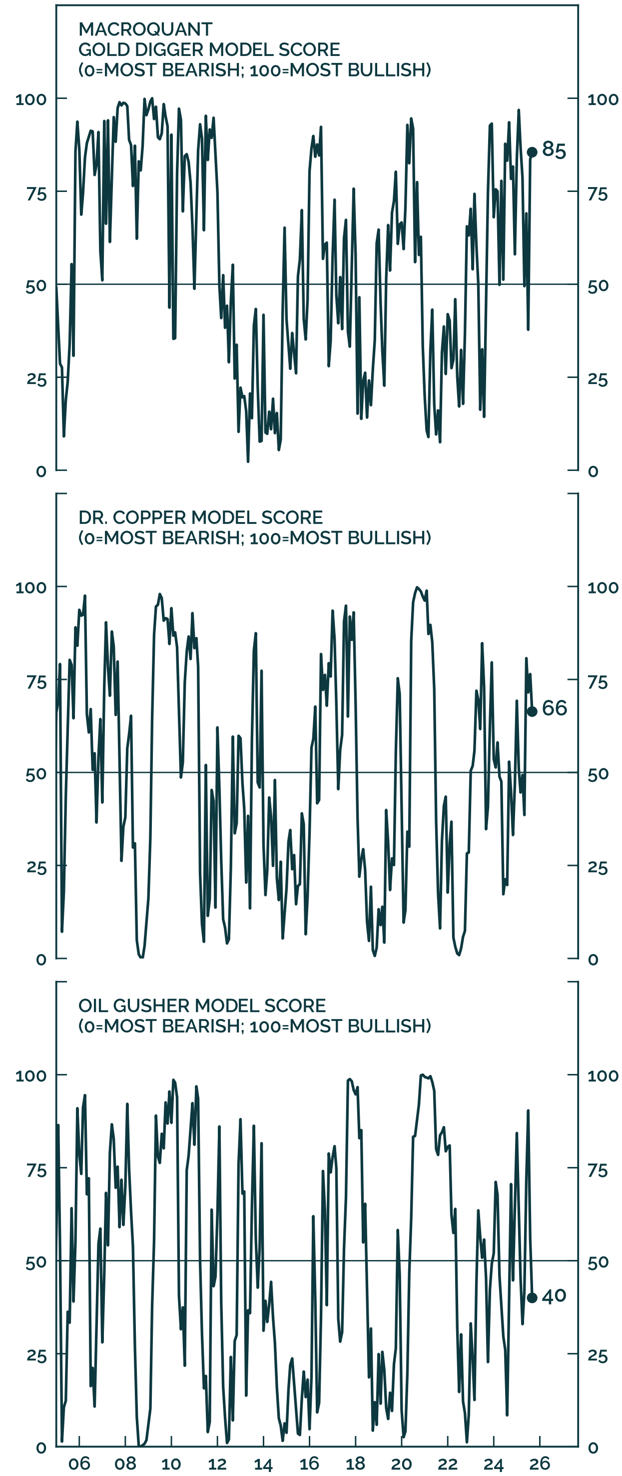


* SOURCE: ICE FUTURES US.
** BCA PURCHASING POWER PARITY MODEL BASED ON ADJUSTED CPI. PLEASE REFER TO THE FOREIGN EXCHANGE STRATEGY JANUARY 20, 2023 SPECIAL REPORT TITLED "CURRENCY VALUATION AND LONG-TERM RETURNS: PART 1," FOR FURTHER DETAILS.

yields ahead. The spread between the US and euro area Current Activity Indicator – a measure of economic growth published by Goldman Sachs – has also been narrowing. These data, on the margin, have increased the appeal of non-US assets and thus have contributed to a decline in the overall dollar score over the past month.

Valuations also provide a compelling reason to be bearish on the greenback. Based on its Purchasing Power Parity fair value, the US dollar trades 17% above its fair value (**Chart 11**). This will remain a long-term headwind for the currency.

CHART 12
MacroQuant Is Very Bullish On Gold, Modestly Bullish On Copper, And Slightly Downbeat On Oil



SOURCE: MACROQUANT MULTIVERSE EDITION (GOLD DIGGER, DR. COPPER, AND OIL GUSHER).

Due to its bearishness on the dollar, the model currently sees the USD depreciating against all major DM currencies. It sees the most downside for the USD/SEK and USD/CHF.

F. Commodities: MacroQuant is Extremely Bullish on Gold, Modestly Bullish on Copper, and Slightly Negative on Oil

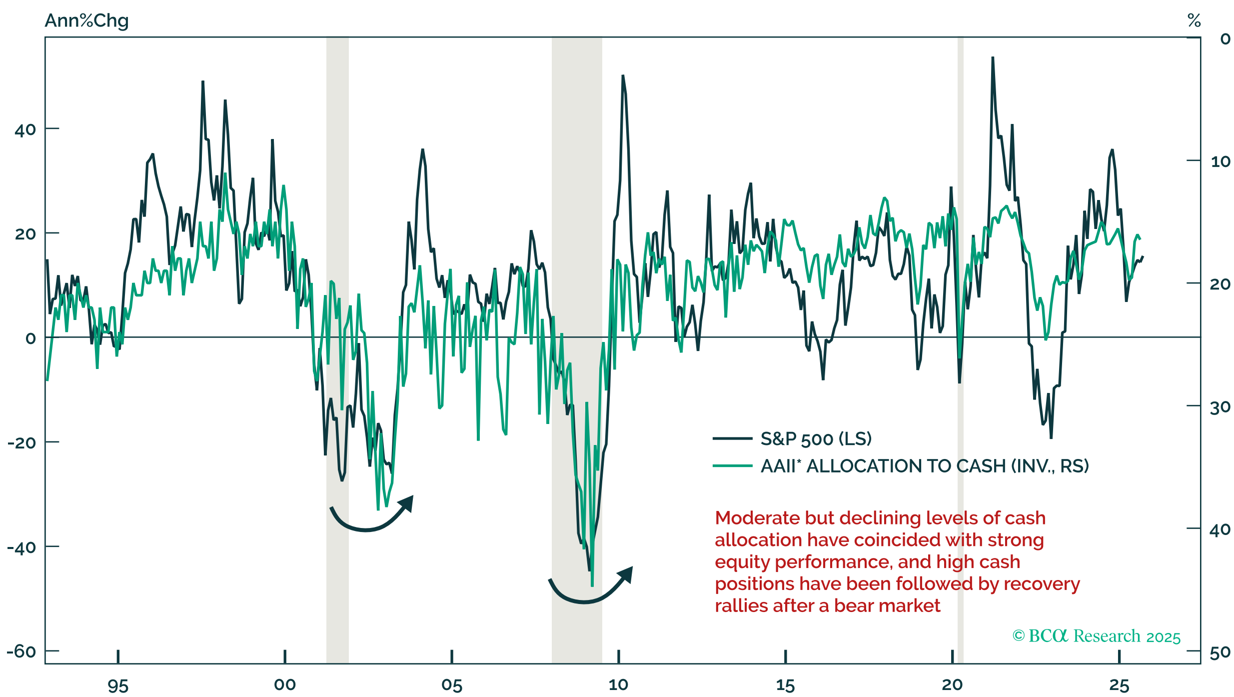
All of our commodity modules have outperformed their benchmarks since the official launch of MacroQuant in January 2024, based on published recommendations. Currently, the model is recommending a strong overweight to gold, a modest overweight to copper, and a slight underweight to oil (**Chart 12**).

The gold score was already elevated coming into this month. A decrease in real yields and rapidly increasing US government debt further boosted the model's outlook on the yellow metal.

While copper's price action this past month was distorted by the Grasberg mine incident, our momentum indicators for the red metal were positive prior to the recent rally and remained unchanged afterward. Thus, we consider this month's signal to be reliable. The copper score edged down over the prior month, on the back of rising inventories. The probability of a recession according to Bloomberg also perked up slightly.

The oil score sits at exactly 40.0, straddling the line between underweight and neutral. Weakening manufacturing PMIs have caused the score to decline over the previous month.

CHART 13
Investor Cash Positions: A Gauge Of Market Sentiment



* AMERICAN ASSOCIATION OF INDIVIDUAL INVESTORS.

TABLE 1
The Relationship Between Cash Allocations And Forward Stock Returns

	AVERAGE SUBSEQUENT 1-MONTH REAL S&P 500 TOTAL RETURN BASED ON PRIOR MONTH'S MACROQUANT SIGNAL (PERCENT, NON-ANNUALIZED)		
	BULLISH	BEARISH	NET DIFFERENCE
AAII ASSET ALLOCATION: CASH HOLDINGS EXCESSIVELY HIGH OR TRENDING DOWN BUT NOT EXCESSIVELY LOW	1.23	0.18	1.05

SOURCE: MACROQUANT MULTIVERSE EDITION (STOCK COACH).

3. Indicator of the Month: AAII Asset Allocation Survey

The AAII Asset Allocation Survey tracks how individual investors divide their portfolios among stocks, bonds, and cash. The MacroQuant model uses the percentage allocated to cash as a gauge of sentiment. The trading rule generates a bullish equity signal in two scenarios: 1) when cash allocations are trending lower but have not yet reached excessively low levels; and 2) when cash allocations are very high. The first condition acts as a momentum signal, flagging increasing risk appetite as investors rotate cash towards risk assets. The second condition functions as a contrarian signal, indicating an increase in the odds of a rebound when investors hold excessive cash balances.

Historically, moderate but declining levels of cash allocation have coincided with strong equity performance, and high cash positions have been followed by recovery rallies after bear markets (**Chart 13**). Our backtested results highlight this: When the AAII cash allocation rule is bullish, the average subsequent 1-month real return for the S&P 500 is 1.23%, compared to just 0.18% when it is bearish (**Table 1**). The indicator has been bullish since this past June.

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Appendix

APPENDIX TABLE 1
Backtested Returns For MacroQuant Multiverse Edition

	AVERAGE SUBSEQUENT 1-MONTH RETURN BASED ON CURRENT MONTH'S MACROQUANT SIGNAL (PERCENT, NON-ANNUALIZED)			
	SELL	NEUTRAL	BUY	NET DIFFERENCE (BUY MINUS SELL)
STOCK COACH: S&P 500 REAL TOTAL RETURN SINCE 1962	-1.07	0.78	2.14	3.21
SECTOR SELECTOR*: S&P 500 SECTOR TOTAL RETURN SINCE 1995	0.05	...	1.68	1.63
REGION RUMBLE*: REGIONAL** EQUITY TOTAL RETURN SINCE 1995	0.35	...	1.18	0.83
BOND BUDDY: 30-YEAR TREASURY TOTAL RETURN SINCE 1960	-0.47	0.28	1.81	2.28
CURRENCY CRUNCHER: CARRY-ADJUSTED DXY RETURN SINCE 1981	-0.99	0.11	1.18	2.17
GOLD DIGGER: S&P GSCI GOLD TOTAL RETURN SINCE 1978	-0.73	0.42	2.27	3.00
OIL GUSHER: S&P GSCI OIL TOTAL RETURN SINCE 1983	-2.69	1.21	3.78	6.47
DR. COPPER: S&P GSCI COPPER TOTAL RETURN SINCE 1988	-1.06	1.34	2.72	3.78

* SELL DEFINED AS BOTTOM THREE RANKED SECTORS AND REGIONS, AND BUY DEFINED AS TOP THREE RANKED SECTORS AND REGIONS FOR SECTOR SELECTOR AND REGION RUMBLE, RESPECTIVELY.
** GLOBAL PORTFOLIO DEFINED AS US, EURO AREA, UK, CANADA, AUSTRALIA, JAPAN, AND EM.
SOURCE: MACROQUANT MULTIVERSE EDITION.

APPENDIX TABLE 2
Model Portfolios Based On MacroQuant: US Asset Allocation

MODEL PORTFOLIO: US ASSET ALLOCATION*			
HIGH TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
STOCKS	67.9	60.0	+7.9
BONDS	26.3	25.0	+1.3
CASH	5.8	15.0	-9.2
MEDIUM TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
STOCKS	65.2	60.0	+5.2
BONDS	25.9	25.0	+0.9
CASH	8.9	15.0	-6.1
LOW TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
STOCKS	62.6	60.0	+2.6
BONDS	25.4	25.0	+0.4
CASH	11.9	15.0	-3.1

* CASH IS REPRESENTED BY SHORT-TERM BILLS (ETF:BIL). BONDS ARE REPRESENTED BY LONGER-TERM BONDS (ETF:TLT). STOCKS ARE REPRESENTED BY THE S&P 500 (ETF: SPY).

APPENDIX TABLE 3

Model Portfolios Based On MacroQuant: US Equity Sectors

MODEL PORTFOLIO: US EQUITY SECTORS*			
HIGH TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
COMMUNICATION SERVICES	14.3	10.2	+4.1
CONSUMER DISCRETIONARY	10.8	10.6	+0.2
CONSUMER STAPLES	1.2	4.9	-3.7
ENERGY	0.4	2.9	-2.6
FINANCIALS	15.6	13.7	+2.0
HEALTH CARE	4.4	8.7	-4.3
INDUSTRIALS	5.2	8.3	-3.0
IT	44.0	34.6	+9.4
MATERIALS	1.6	1.8	-0.2
REAL ESTATE	1.5	1.9	-0.5
UTILITIES	0.9	2.4	-1.5
MEDIUM TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
COMMUNICATION SERVICES	12.9	10.2	+2.7
CONSUMER DISCRETIONARY	10.8	10.6	+0.1
CONSUMER STAPLES	2.5	4.9	-2.4
ENERGY	1.2	2.9	-1.7
FINANCIALS	15.0	13.7	+1.3
HEALTH CARE	5.8	8.7	-2.8
INDUSTRIALS	6.2	8.3	-2.0
IT	40.9	34.6	+6.3
MATERIALS	1.6	1.8	-0.1
REAL ESTATE	1.6	1.9	-0.3
UTILITIES	1.4	2.4	-1.0
LOW TURNOVER	RECOMMENDED ALLOCATION (%)	BENCHMARK ALLOCATION (%)	OVERWEIGHT/UNDERWEIGHT (PPT)
COMMUNICATION SERVICES	11.6	10.2	+1.4
CONSUMER DISCRETIONARY	10.7	10.6	+0.1
CONSUMER STAPLES	3.7	4.9	-1.2
ENERGY	2.1	2.9	-0.9
FINANCIALS	14.3	13.7	+0.7
HEALTH CARE	7.3	8.7	-1.4
INDUSTRIALS	7.3	8.3	-1.0
IT	37.8	34.6	+3.1
MATERIALS	1.7	1.8	-0.1
REAL ESTATE	1.8	1.9	-0.2
UTILITIES	1.9	2.4	-0.5

* SECTORS ARE REPRESENTED BY THE FOLLOWING ETFS: COMMUNICATION SERVICES (XLC), CONSUMER DISCRETIONARY (XLY), CONSUMER STAPLES (XLP), ENERGY (XLE), FINANCIALS (XLF), HEALTH CARE (XLV), INDUSTRIALS (XLI), IT (XLK), MATERIALS (XLB), REAL ESTATE (XLRE), AND UTILITIES (XLU).

APPENDIX TABLE 4

Model Portfolios Based On MacroQuant: Global Equity Regions

MODEL PORTFOLIO: GLOBAL EQUITY REGIONS*			
HIGH TURNOVER	**RECOMMENDED ALLOCATION (%)**	**BENCHMARK ALLOCATION (%)**	**OVERWEIGHT/UNDERWEIGHT (PPT)**
US	74.5	67.7	+6.8
EURO AREA	3.0	8.1	-5.1
UK	0.6	3.3	-2.7
CANADA	1.7	3.1	-1.4
AUSTRALIA	1.1	1.5	-0.4
JAPAN	4.6	5.0	-0.4
EM	14.4	11.2	+3.2
MEDIUM TURNOVER	**RECOMMENDED ALLOCATION (%)**	**BENCHMARK ALLOCATION (%)**	**OVERWEIGHT/UNDERWEIGHT (PPT)**
US	72.3	67.7	+4.5
EURO AREA	4.7	8.1	-3.4
UK	1.5	3.3	-1.8
CANADA	2.2	3.1	-0.9
AUSTRALIA	1.3	1.5	-0.3
JAPAN	4.8	5.0	-0.3
EM	13.4	11.2	+2.1
LOW TURNOVER	**RECOMMENDED ALLOCATION (%)**	**BENCHMARK ALLOCATION (%)**	**OVERWEIGHT/UNDERWEIGHT (PPT)**
US	70.0	67.7	+2.3
EURO AREA	6.4	8.1	-1.7
UK	2.4	3.3	-0.9
CANADA	2.6	3.1	-0.5
AUSTRALIA	1.4	1.5	-0.1
JAPAN	4.9	5.0	-0.1
EM	12.3	11.2	+1.1

* REGIONS ARE REPRESENTED BY THE FOLLOWING ETFS: US (SPY), EURO AREA (EZU), UK (EWU), CANADA (EWC), AUSTRALIA (EWA), JAPAN (EWJ), AND EM (EEM).

GIS Views, Trades, And Recent Reports

GIS Views	GIS Trades	GIS Key Reports

GIS Home Page	GIS Recent Reports

Global Investment Strategy PowerScores

MacroQuant PowerScores	Z-Score			Net Return		
Asset Allocation (Absolute Return)	**Daily**	**Weekly**	**Monthly**	**Daily**	**Weekly**	**Monthly**
Equities (SPY)	-0.24	-0.02	0.11	0.29%	0.28%	0.14%
Bonds (TLT)	0.25	0.59	0.67	0.41%	0.26%	0.25%
Cash (BIL)	0.16	0.16	0.16	0.02%	0.02%	0.02%
US Equity Sectors (Relative To S&P 500)	**Daily**	**Weekly**	**Monthly**	**Daily**	**Weekly**	**Monthly**
Communication Services (XLC)	-0.32	0.22	0.54	-0.02%	0.34%	0.13%
Consumer Discretionary (XLY)	0.15	0.03	-0.04	0.02%	0.09%	0.07%
Consumer Staples (XLP)	0.85	-0.39	-1.13	0.17%	0.11%	0.10%
Energy (XLE)	0.10	-0.90	-1.50	0.03%	0.20%	0.16%
Financials (XLF)	0.46	0.18	0.00	0.14%	0.28%	0.14%
Health Care (XLV)	0.14	-0.50	-0.89	0.02%	0.08%	0.06%
Industrials (XLI)	0.30	0.01	-0.16	0.06%	0.09%	0.06%
Information Technology (XLK)	-0.42	0.14	0.47	0.13%	0.10%	0.04%
Materials (XLB)	0.82	0.28	-0.04	0.21%	0.14%	0.10%
Real Estate (XLRE)	0.49	0.12	-0.10	0.11%	0.18%	0.08%
Utilities (XLU)	-0.23	-0.72	-1.01	0.10%	0.12%	0.09%
Global Equity Regions (Relative To Global)	**Daily**	**Weekly**	**Monthly**	**Daily**	**Weekly**	**Monthly**
US (SPY)	0.15	0.19	0.22	0.13%	0.12%	0.06%
Euro Area (EZU)	-0.45	-0.90	-1.16	0.05%	0.13%	0.08%
UK (EWU)	-0.35	-1.12	-1.59	0.12%	0.10%	0.05%
Canada (EWC)	-0.47	-0.61	-0.69	0.04%	0.08%	0.07%
Australia (EWA)	0.29	-0.11	-0.36	0.12%	0.12%	0.07%
Japan (EWJ)	0.09	-0.04	-0.12	-0.09%	0.17%	0.17%
EM (EEM)	-0.44	0.01	0.28	0.10%	0.16%	0.11%
Currencies And Commodities (Absolute Return)	**Daily**	**Weekly**	**Monthly**	**Daily**	**Weekly**	**Monthly**
DXY (UUP)	-0.79	-0.89	-0.99	0.12%	0.11%	0.11%
Oil (USO)	-0.15	-0.25	-0.35	0.44%	0.46%	0.46%
Copper (CPER)	0.22	0.32	0.42	0.38%	0.31%	0.21%
Gold (GLD)	0.50	0.81	1.12	0.25%	0.22%	0.20%

MACROQUANT POWERSCORES CAPTURE THE MODEL'S VIEW ON DIFFERENT ASSETS OVER VARIOUS TIME HORIZONS. POSITIVE SCORES IMPLY A HIGHER-THAN-AVERAGE PROSPECTIVE RETURN, WHEREAS NEGATIVE SCORES IMPLY A LOWER-THAN-AVERAGE RETURN. THE DAILY SCORES ARE FAST MOVING AND THUS OPTIMIZED FOR HOLDING HORIZONS OF UP TO 15 DAYS; WEEKLY SCORES ARE SLOWER MOVING AND THUS APPROPRIATE FOR HOLDING HORIZONS OF UP TO 13 WEEKS; MONTHLY SCORES TYPICALLY EXHIBIT LITTLE CHANGE ON A DAY-TO-DAY BASIS AND HENCE ARE BETTER SUITED FOR HORIZONS OF UP TO 12 MONTHS. THE "NET RETURN" IS THE DIFFERENCE IN THE AVERAGE SUBSEQUENT ONE-DAY RETURN BETWEEN A BULLISH SIGNAL (POWERSCORE ABOVE 0.5) AND A BEARISH SIGNAL (POWERSCORE BELOW -0.5).

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