



## Phase Of Cycle Baskets: Stay Long Late Cycle (+10% in 2018)

In the tenth year of the recovery, worries about the end of the cycle are understandably widespread. In our view though, while the long duration and measures of slack in the labor and output markets suggest the current cycle is very late, by contrast almost all other indicators suggest mid- or in some cases even early-cycle ( [How Late Is The Cycle? Jul 2018](#) ). At the market level, waiting for the LEI to turn has historically been a good strategy when the end of the cycle is uncertain, balancing the cost of getting out too early if the cycle does not end against the cost of getting out too late ( [After The Great De-rating, Nov 2018](#) ).

### How should one position within stocks during different phases of the economic cycle?

We define four phases of the business cycle: early; mid; late; and end-cycle

We define early cycle as the period of equity market rebound from the recession bottom, continuing until the lagging indicators of economic activity turn up. The mid cycle when economic recovery is robust but there is plenty of slack in the labor market. The late cycle when growth is still robust but the labor market has tightened and unemployment fallen below the natural rate. The end-cycle phase as marked by when the index of leading indicators starts to fall sharply going into recession and continuing until the equity market bottoms.

Across the phases equity market performance varies widely ...

In the previous 3 business cycles (1982-2008) the S&P 500 rose during the early cycle phase by an average of +38% cumulatively (annualized 35%), in the mid-cycle phase by +49% (10%), in the late cycle +49% (17%) and during the end cycle phase fell on average by -35% (-33%).

...as does performance at the stock level

To identify stocks that out- and under-perform in each of these phases, we analysed a large number of factors over the last 3 business cycles, spanning a variety of characteristics capturing growth, valuation, leverage, liquidity, capital spending, profitability, operating leverage, cash flow generation, operational efficiency, payout ratios, momentum, volatility and market betas:

- Early cycle: Dash for trash.** In the early cycle phase coming out of recession, outperformers tend to be very volatile stocks with high beta and leverage, low return on assets, cheap valuation especially on price/

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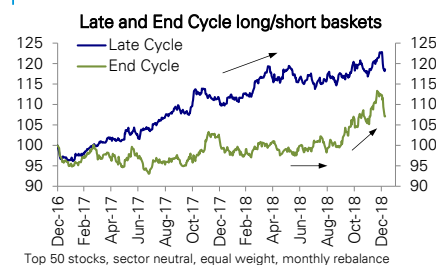
Figure 1: Long/short basket returns across phases

Basket	Phase			
	Early Cycle	Mid Cycle	Late Cycle	End Cycle
Early Cycle baskets	44.5%	-2.1%	-6.8%	-21.8%
Mid Cycle baskets	11.9%	12.4%	10.9%	11.6%
Late Cycle baskets	-18.9%	7.9%	12.4%	4.7%
End Cycle baskets	-19.0%	5.3%	4.7%	39.6%

Annualized returns since 1982

Source: DB US Equity Strategy, Compustat

Figure 2: Late and end cycle baskets since 2017



Source: DB US Equity Strategy, Compustat



book and poor price momentum going into this phase (they sold off the hardest during the end-cycle). That is, characteristics typically associated with highly risky low quality stocks.

- **Mid cycle: Quality growth at cheap valuations.** As the recovery takes hold, the dash for trash abates. Companies that outperform are cheap on earnings as well as cash flow, good at growing and converting earnings into free cash flow.
- **Late cycle: Prudent, quality companies cheap on cash flow.** In the late cycle phase, growth is still strong but cost pressures and risks are rising. As we have highlighted, companies that are cheap on cash flow do very well in this environment but those cheap on other metrics do not ( [What Value Conundrum? Jun 2018](#) ). In addition, with investors starting to worry about a potential end to the cycle, there is a premium for prudence, and companies with low leverage and low debt growth outperform, as do momentum stocks. That is past winners tend to keep winning while the losers keep underperforming.
- **End cycle: Safety, safety, safety.** In the end-cycle phase with growth clearly weakening, the emphasis shifts sharply to safety and quality. Factor performance is a near mirror opposite of the early cycle: companies with low volatility, low beta, high cash flow yields and high return on assets outperform.

#### [We create long and short baskets for each phase](#)

We select factors for each phase based on 4 criteria: a) strong average returns in the target phases; b) consistent performance in the target phases in each of the past 3 cycles; c) low correlation to other factors (<50%); and d) intuitive economic reasons behind performance. We score each stock by taking the average of its sector neutral percentiles on the selected factors. The top 50 names are used to create separate equal-weighted long and short baskets for each phase. The percentile ranks for each stock factor are calculated on a sector neutral basis so within each factor each sector is represented in proportion to its share in the S&P 500. However the average of percentiles across the selected factors is not necessarily sector neutral. A sector in which certain stocks score high on all the different selected factors will end up having a larger representation in the basket compared to a sector in which different groups of stocks come out on top on different factors. The 4 long and 4 short baskets are:

- Late Cycle Long (DBUSLATL) and Short (DBUSLATS);
- End Cycle Long (DBUSENDL) and Short (DBUSENDS);
- Early Cycle Long (DBUSEARL) and Short (DBUSEARS);
- Mid Cycle Long (DBUSMIDL) and Short (DBUSMIDS).

#### [The baskets handily outperform in their respective target phases](#)

Within their target phase all sets of baskets handily outperformed the S&P 500 in prior cycles, i.e., long baskets outperformed and short baskets underperformed and the long/short returns being extremely strong. The increase in returns did not come with an increase in volatility, i.e., Sharpe ratios for the baskets are higher than that for the S&P 500 in the respective phases.



### Strong case for shifting between baskets as the phases of the business cycle evolve

The phase of cycle baskets exhibited clear contrasts in performance across phases. While the difference in returns when transitioning from mid to late cycle are modest those between late to end, from end to early and early to mid-cycle phases are large.

### Late or end cycle baskets?

The phase of cycle baskets have been working as advertised as market perceptions of the cycle have been shifting.

- **Cycle is late but timing of the next recession far from certain: stay long late cycle basket pair up 12% in 2017 and 10% in 2018.** The labor market tightened beyond the natural rate and the cycle entered the late cycle stage in early 2017 in our view. The late cycle basket long/short pair (DBUSLATL/DBUSLATS) rose 12% in 2017 and held up very well in 2018 returning another 10%, with only small and limited pullbacks over this entire period. In our base case that the cycle still has legs we see the late cycle basket continuing to outperform. Moreover, given its focus on high quality, prudent and cheap companies it has historically continued to rise even during end cycle phases (albeit not as much as the end cycle basket itself). Indeed we note that even through the severe market sell-off from October to December, the late cycle baskets rallied. So from a risk reward perspective, with the timing of the next recession far from certain, we prefer being in the late cycle baskets.
- **End cycle basket will shine in a recession but timing is key: flat for 2.5 years but +14% in recent sell off.** The end cycle long/short basket pair (DBUSENDL/DBUSENDS) had essentially been flat for over 2.5 years since Mar 2016. As the market started to price in the end of the cycle starting in October last year, the end cycle pair massively outperformed and was up 14% while the S&P 500 fell to its lows in December. Over the last two weeks as the market has rallied, it has underperformed. If economic growth slows and the market attention shifts back to the end of the cycle, this basket is likely to rally sharply again (+40% in past end cycles), but if growth concerns ease it is likely to underperform, so timing is key.



Figure 3: While the long duration and measures of slack in the labor and output markets suggest the current cycle is very late, by contrast almost all other indicators suggest mid- or in some cases even early-cycle

**Where are we in the cycle?**

Duration	Length of cycle	Late
Slack	Labor market slack	Late
	Output market slack	Late
Cost pressures	Wage Growth	Mid
	Unit labor cost Growth	Mid
Cyclical demand	Resi investment/GDP	Early
	Housing starts	Mid
	Consumer durables/GDP	Early
	Capital spending	Mid
Confidence	Cyclically adj. confidence	Mid
Leverage	Household leverage	Early
	Most levered companies	Mid
Credit	Bond default rates	Mid
	Loan delinquencies	Mid
	Bank lending standards	Mid
Profits	S&P 500 margins	Late
	Earnings rel. to normalized	Mid

Source: DB US Equity Strategy, Haver



Figure 4: At the market level, waiting for the LEI to turn has historically been a good strategy when the end of the cycle is uncertain, balancing the cost of getting out too early if the cycle does not end against the cost of getting out too late

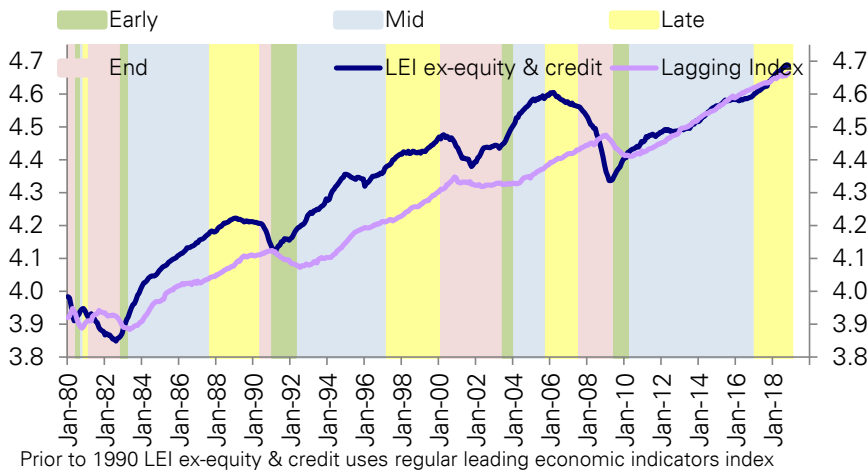
Returns around LEI turning down

Recessions	S&P 500 Peak	S&P 500 Trough	LEI turns down*	3m return leading up to LEI turning down	6m return leading up to LEI turning down	12m return leading up to LEI turn	24m return leading up to LEI turn	S&P 500 peak to LEI turn	LEI turn to S&P 500 bottom	Associated recession decline
Nov-48 - Oct-49	Jun-48	Jun-49								-20.6%
Jul-53 - May-54	Jan-53	Sep-53								-14.8%
Aug-57 - Apr-58	Jul-57	Oct-57								-20.7%
Apr-60 - Feb-61	Aug-59	Oct-60								-13.9%
Dec-69 - Nov-70	Dec-68	Jun-70	Jul-69	-6.5%	-7.2%	-5.6%	1.8%	-11.1%	-20.2%	-36.1%
Nov-73 - Mar-75	Jan-73	Dec-74	May-73	-6.1%	-6.8%	-0.4%	0.0%	-9.5%	-37.4%	-48.2%
Jan-80 - Jul-80	Aug-78	Nov-78	Jun-79	1.6%	5.8%	4.2%	2.5%	-2.1%	NA	-17.1%
Jul-81 - Nov-82	Nov-80	Jul-82	Feb-81	-5.3%	4.0%	11.3%	30.7%	-5.3%	-14.8%	-27.1%
Jul-90 - Mar-91	Oct-89	Oct-90	Jul-90	-14.7%	-9.2%	22.6%	8.6%	10.7%	-2.2%	-19.3%
Mar-01 - Nov-01	Aug-00	Feb-03	Jul-00	0.8%	3.3%	6.7%	27.4%	0.8%	-43.1%	-46.9%
Dec-07 - Jun-09	Oct-07	Mar-09	Nov-07	0.6%	-3.2%	5.4%	18.3%	-5.0%	-48.3%	-56.8%
<b>Average</b>				-4.2%	-1.9%					-29.2%
<b>Median</b>				-5.3%	-3.2%					-20.7%
<b>Average since LEI became available</b>				-6.2%	-2.7%	6.3%	12.7%	-3.1%	-27.7%	-35.9%
<b>Median since LEI became available</b>				-6.1%	-6.8%	5.4%	8.6%	-5.0%	-28.8%	-36.1%

\*turn down in LEI only considered 3 months after the peak to allow for confirmation and reporting lags

Source: DB US Equity Strategy, Haver

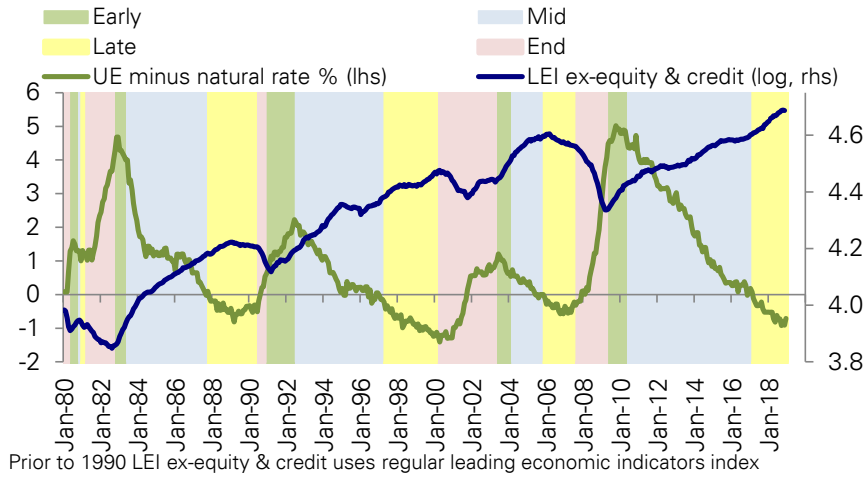
Figure 5: We define 4 phases of the business cycle: early cycle as the period of equity market rebound from the recession bottom, continuing until the lagging indicators of economic activity turn up and the mid cycle when economic recovery is robust but there is plenty of slack in the labor market; ...



Source: DB US Equity Strategy, The Conference Board, Haver

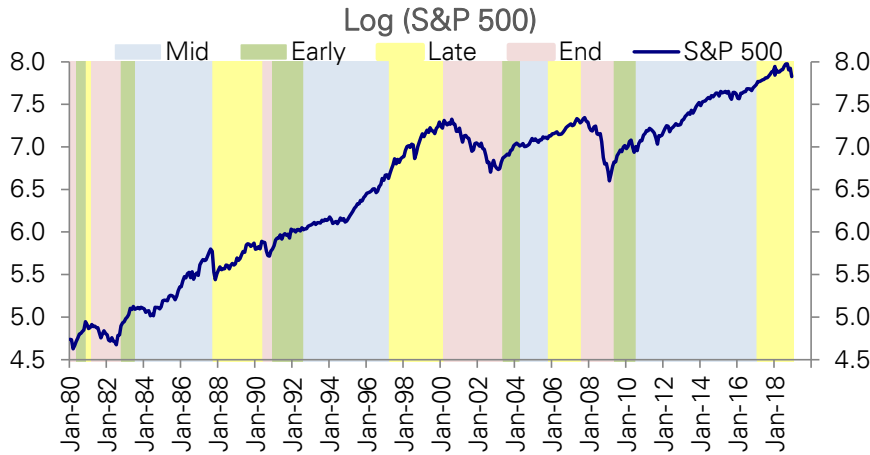


Figure 6: ...the late cycle when growth is still robust but the labor market has tightened and unemployment fallen below the natural rate and the end-cycle phase as marked by when the index of leading indicators starts to fall sharply going into recession and continuing until the equity market bottoms



Source: DB US Equity Strategy, The Conference Board, BLS, CBO, Haver

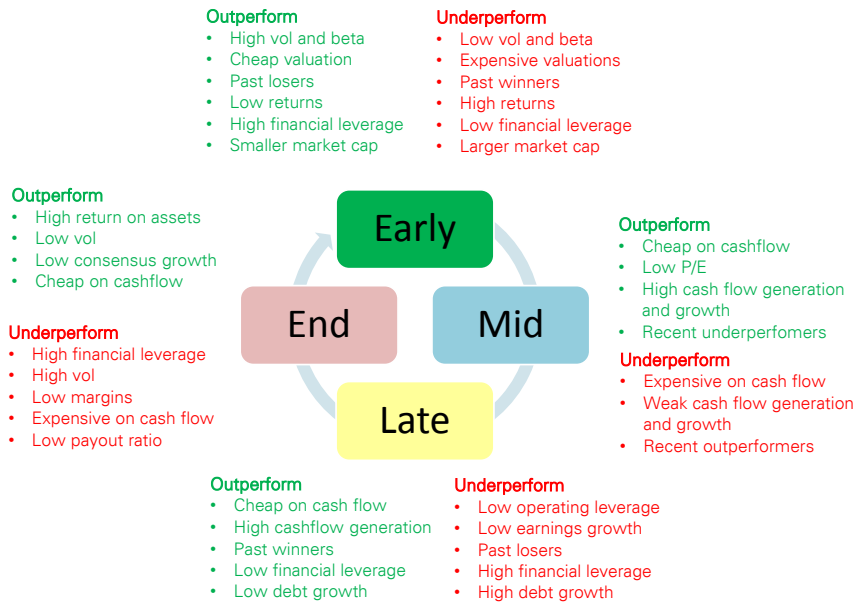
Figure 7: Equity market performance varies widely across the phases



Source: DB US Equity Strategy, Haver



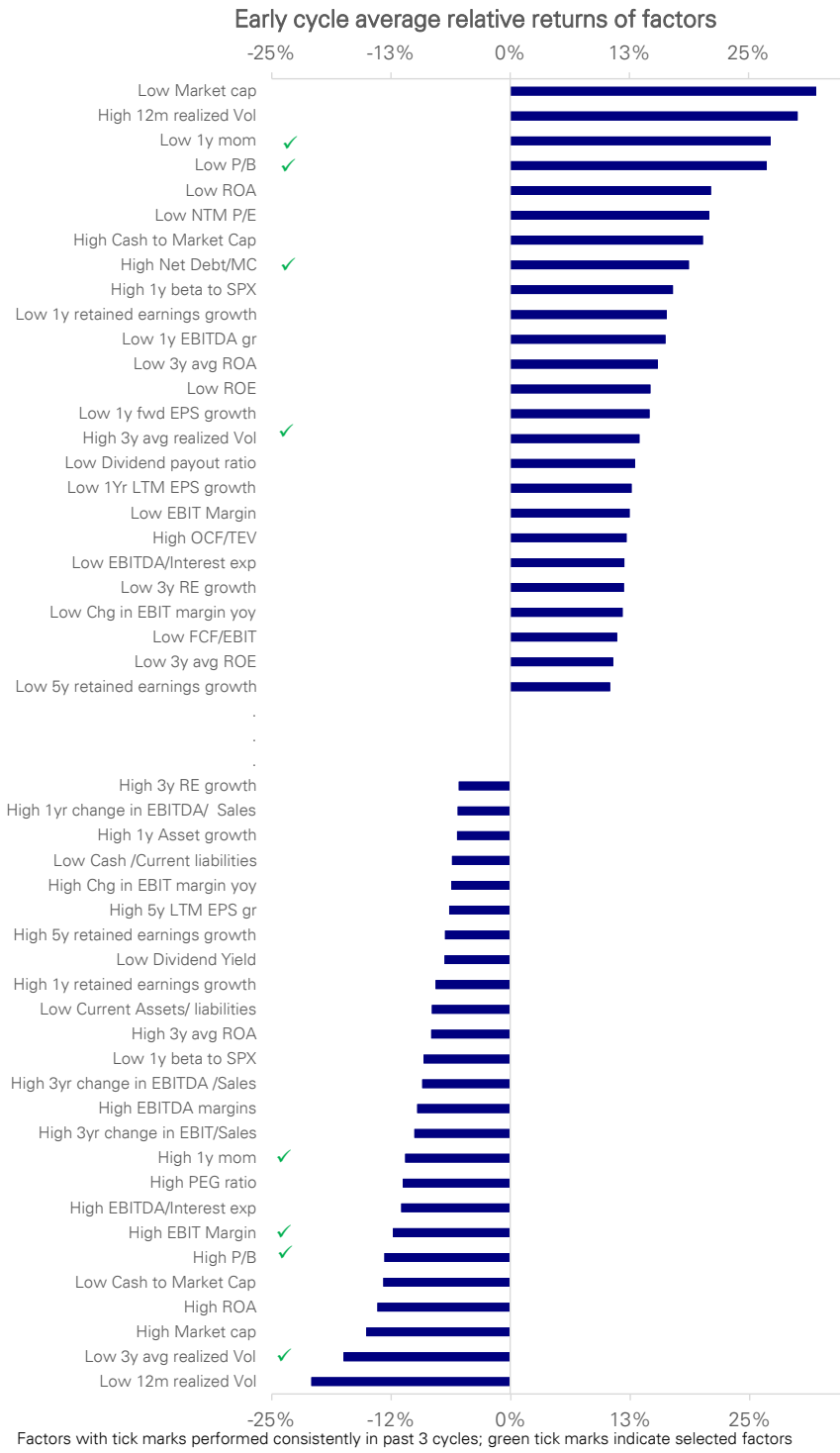
Figure 8: Factor performance also varies widely in each phase of the cycle



Source: DB US Equity Strategy



Figure 9: Average performance of factors in the early phase of the last 3 cycles

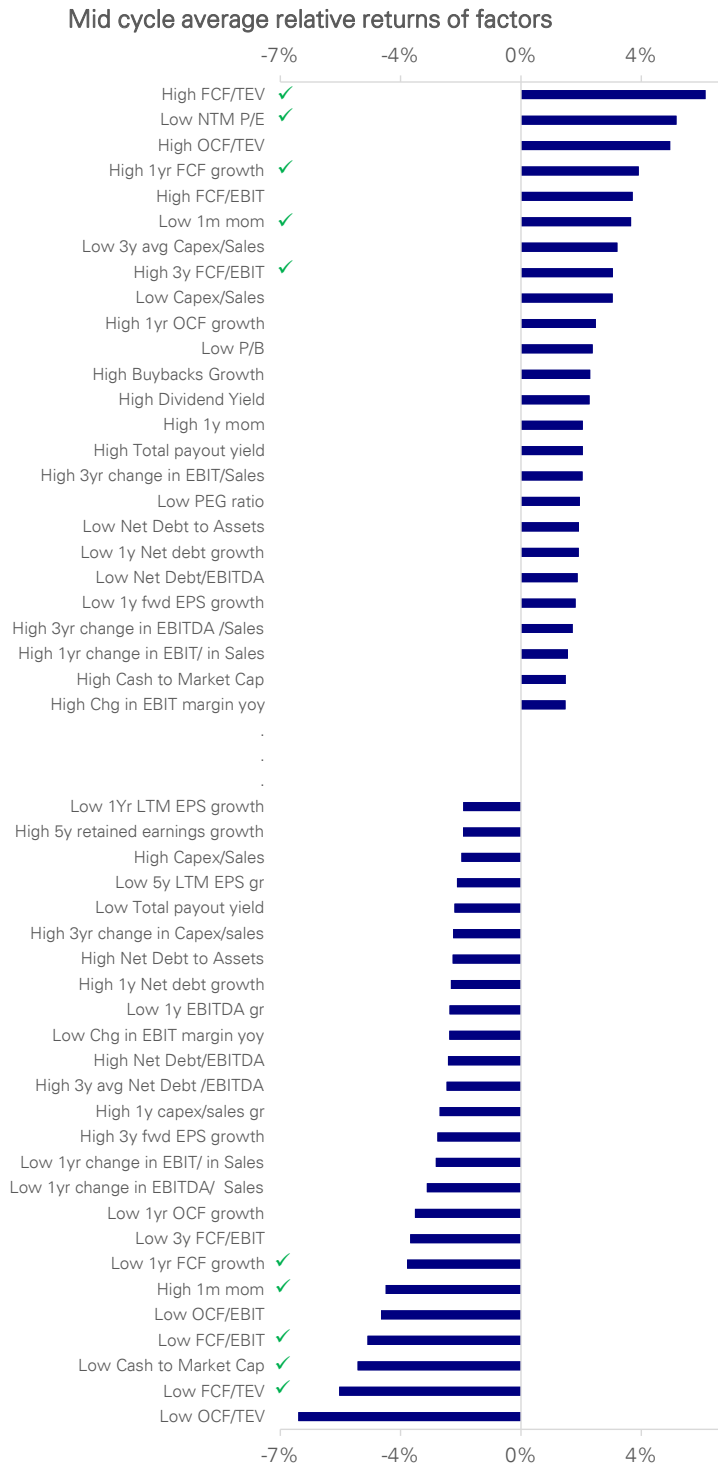


Source: DB US Equity Strategy, Compustat





Figure 10: Average performance of factors in the mid phase of the last 3 cycles

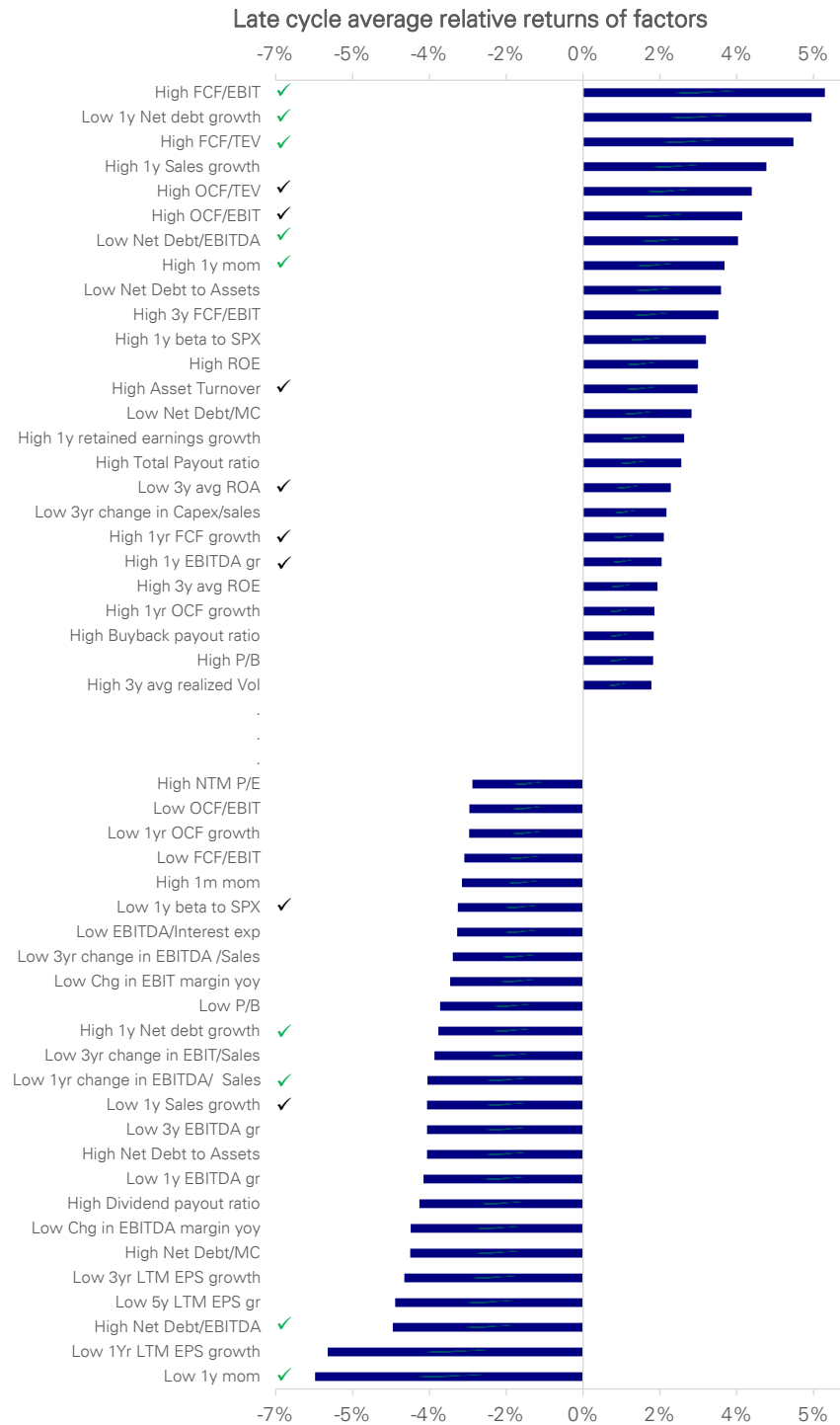


Factors with tick marks performed consistently in past 3 cycles; green tick marks indicate selected factors

Source: DB US Equity Strategy, Compustat



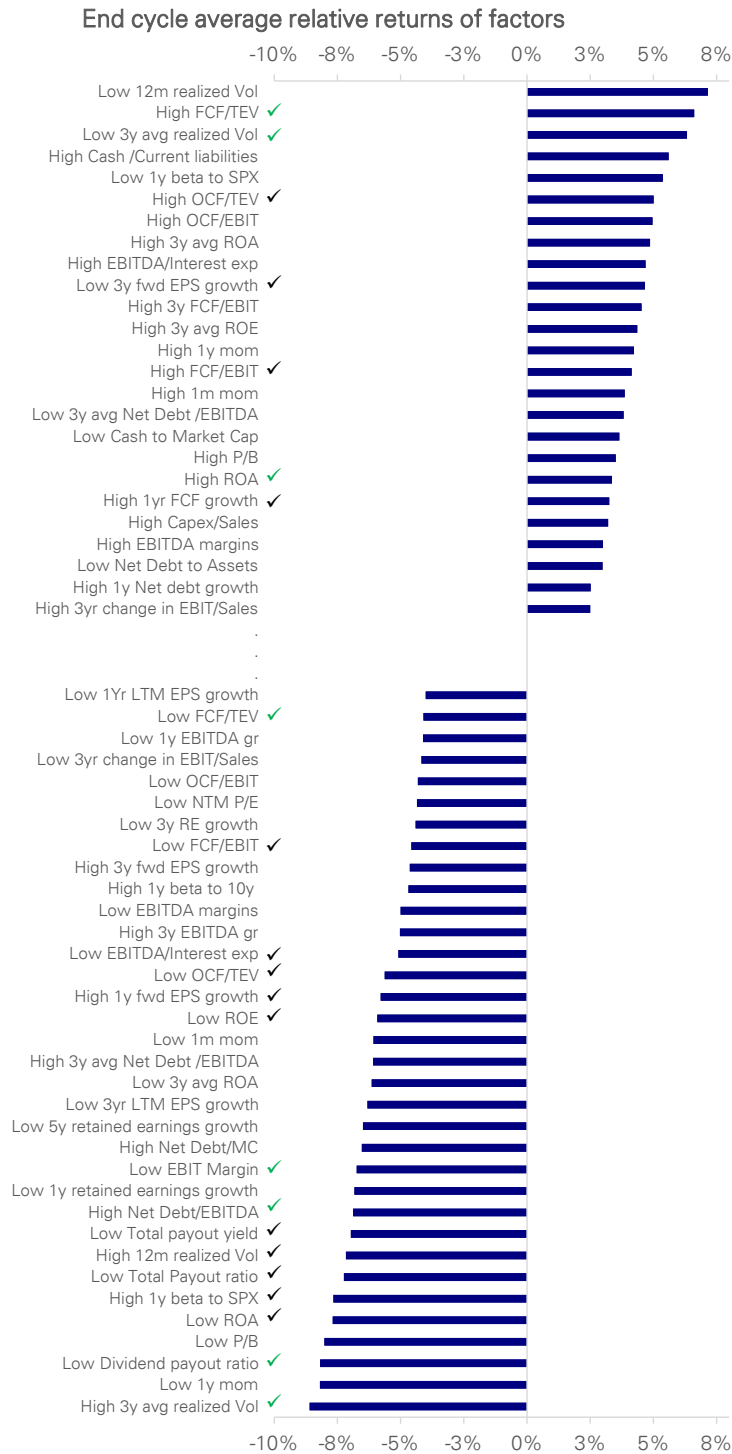
Figure 11: Average performance of factors in the late phase of the last 3 cycles



Source: DB US Equity Strategy, Compustat



Figure 12: Average performance of factors in the end phase of the last 3 cycles



Factors with tick marks performed consistently in past 3 cycles; green tick marks indicate selected factors

Source: DB US Equity Strategy, Compustat



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## Factors used for forming baskets

### Early cycle: The dash for trash

#### Long

- High net debt/market cap
- High 3y vol
- Low P/B
- Low 1y momentum

#### Short

- Low 3y vol
- High P/B
- High 1y momentum
- High EBIT margins

### Mid Cycle: Quality growth at cheap valuations

#### Long

- High FCF/TEV
- Low NTM P/E
- High 1y FCF growth
- High 3y FCF/EBIT
- Low 1 month momentum

#### Short

- Low FCF/TEV
- Low FCF growth
- Low FCF/EBIT
- High 1 month momentum
- Low cash/market cap

### Late Cycle: Prudent, quality companies cheap on cash flow

#### Long

- High FCF/TEV
- High FCF/EBIT
- High 1y momentum



- Low Net debt/EBITDA
- Low Debt growth

#### Short

- Low 1y momentum
- High Net debt/EBITDA
- High Debt growth
- Low change in EBITDA/sales

End Cycle. Safer high quality companies

#### Long

- Low 3y vol
- High FCF/TEV
- High ROA

#### Short

- High 3y vol
- Low FCF/TEV
- High Net debt/EBITDA
- Low div payout ratio

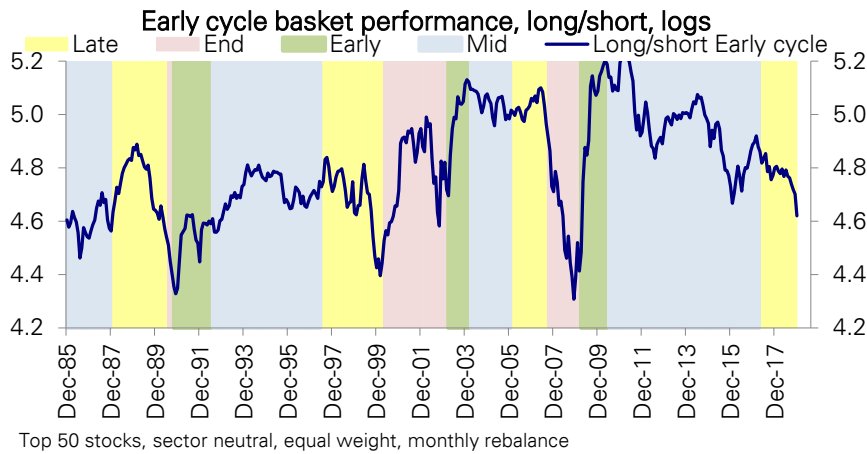


Figure 13: Long short basket annualized returns across phases

Basket	Phase			
	Early Cycle	Mid Cycle	Late Cycle	End Cycle
Early Cycle baskets	44.5%	-2.1%	-6.8%	-21.8%
Mid Cycle baskets	11.9%	12.4%	10.9%	11.6%
Late Cycle baskets	-18.9%	7.9%	12.4%	4.7%
End Cycle baskets	-19.0%	5.3%	4.7%	39.6%

Annualized returns since 1982  
 Source: DB US Equity Strategy, Compustat

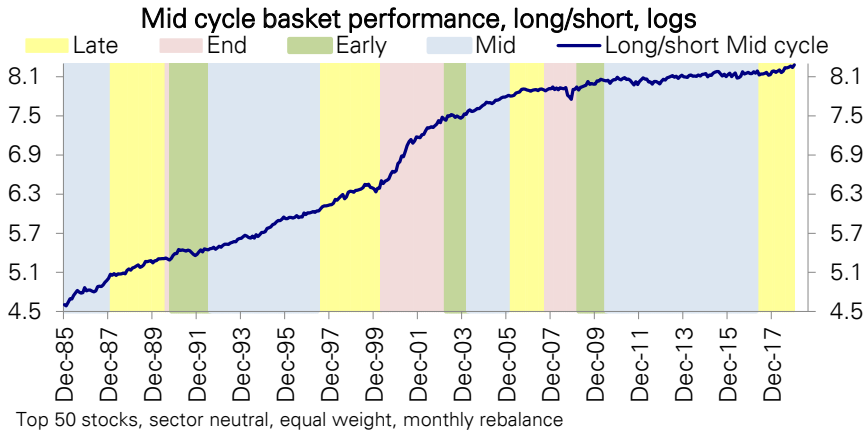
Figure 14: The early cycle basket outperforms massively in the early phase but struggles in the other phases



Source: DB US Equity Strategy, Compustat

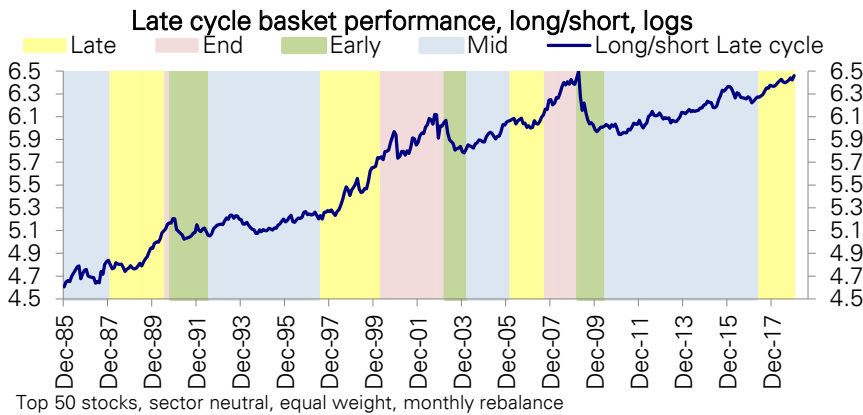


Figure 15: The mid-cycle basket does well during the mid-cycle phase as expected but also has fairly consistent performance over time



Source: DB US Equity Strategy, Compustat

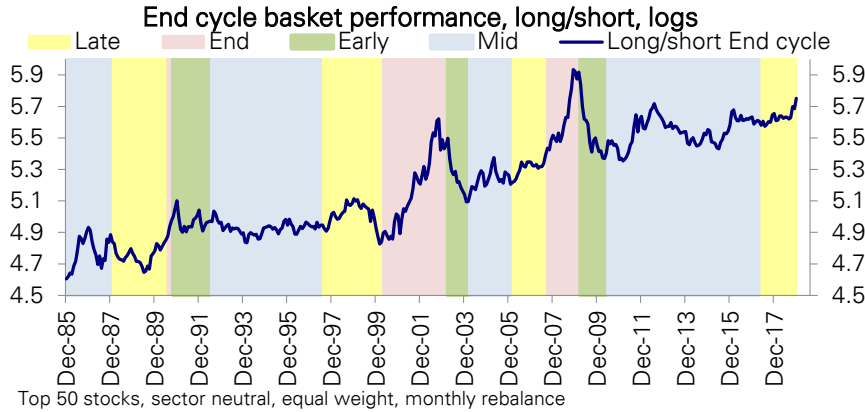
Figure 16: The late cycle basket outperforms the most during late phases but holds up very well in the end cycle as well



Source: DB US Equity Strategy, Compustat



Figure 17: The end cycle basket outperforms massively during recessions but is flat to down outside



Source: DB US Equity Strategy, Compustat

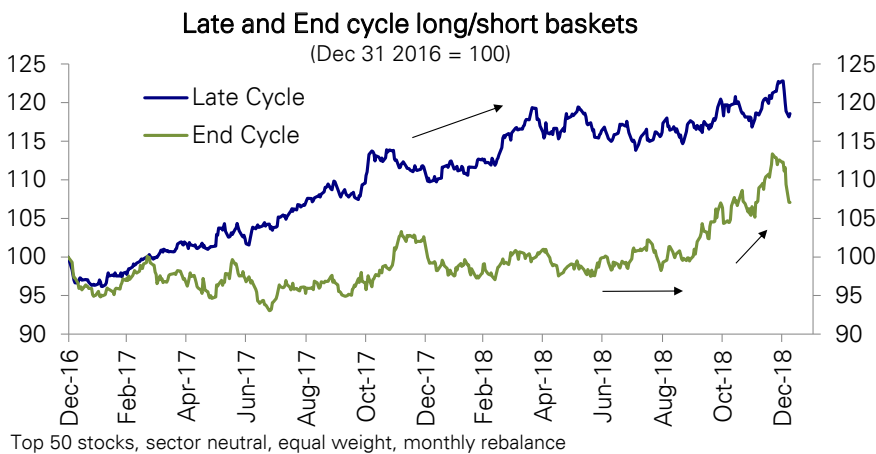
Figure 18: Summary of basket performance in various phases

Baskets in relevant phases	Long basket			Short basket			S&P 500		
	Ann. return	Std Dev	Sharpe ratio	Ann. return	Std Dev	Sharpe ratio	Ann. return	Std Dev	Sharpe ratio
Early cycle	74.0%	28%	2.7	23.7%	12%	2.3	43.6%	17%	2.6
Mid cycle	21.0%	17%	1.3	7.3%	15%	0.5	13.2%	15%	0.9
Late cycle	17.7%	13%	1.0	3.3%	16%	0.0	12.2%	13%	0.6
End cycle	-20.8%	17%	-1.5	-44.3%	26%	-2.8	-33.4%	20%	-2.3

Note: Averages since 1982. Sharpe ratio is calculated against 3m treasury bill

Source: DB US Equity Strategy, Compustat, US Treasury, Haver

Figure 19: Late cycle basket outperforms steadily in this phase of the cycle while timing is key for the end cycle basket



Source: DB US Equity Strategy, Compustat





Figure 20: Late cycle long basket (DBUSLATL)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
TRIP	TRIPADVISOR INC	Communication Services	Interactive Media & Services	Hold	57.17	7,870
TWTR	TWITTER INC	Communication Services	Interactive Media & Services	Hold	31.80	24,208
OMC	OMNICOM GROUP	Communication Services	Media		75.00	16,808
HRB	BLOCK H & R INC	Consumer Discretionary	Diversified Consumer Services		25.45	5,231
CMG	CHIPOTLE MEXICAN GRILL INC	Consumer Discretionary	Hotels, Restaurants & Leisure		497.37	13,820
SBUX	STARBUCKS CORP	Consumer Discretionary	Hotels, Restaurants & Leisure		63.62	78,927
GRMN	GARMIN LTD	Consumer Discretionary	Household Durables		64.78	12,231
BKNG	BOOKING HOLDINGS INC	Consumer Discretionary	Internet & Direct Marketing Retail	Hold	1686.92	78,155
EXPE	EXPEDIA GROUP INC	Consumer Discretionary	Internet & Direct Marketing Retail	Buy	116.97	17,425
KSS	KOHL'S CORP	Consumer Discretionary	Multiline Retail	Hold	69.18	11,424
M	MACY'S INC	Consumer Discretionary	Multiline Retail	Hold	30.83	9,479
JWN	NORDSTROM INC	Consumer Discretionary	Multiline Retail	Buy	49.02	8,202
AAP	ADVANCE AUTO PARTS INC	Consumer Discretionary	Specialty Retail	Buy	160.02	11,664
ROST	ROSS STORES INC	Consumer Discretionary	Specialty Retail	Buy	91.54	33,924
ULTA	ULTA BEAUTY INC	Consumer Discretionary	Specialty Retail	Hold	276.00	16,370
RL	RALPH LAUREN CORP	Consumer Discretionary	Textiles, Apparel & Luxury Goods	Buy	108.33	8,716
COST	COSTCO WHOLESALE CORP	Consumer Staples	Food & Staples Retailing	Hold	208.55	91,864
CHD	CHURCH & DWIGHT INC	Consumer Staples	Household Products	Sell	65.72	16,182
EL	LAUDER (ESTEE) COS INC -CL A	Consumer Staples	Personal Products	Buy	132.73	48,161
CVX	CHEVRON CORP	Energy	Oil, Gas & Consumable Fuels		111.77	213,567
COP	CONOCOPHILLIPS	Energy	Oil, Gas & Consumable Fuels		64.32	74,048
HFC	HOLLYFRONTIER CORP	Energy	Oil, Gas & Consumable Fuels		51.82	8,979
BAC	BANK OF AMERICA CORP	Financials	Banks	Hold	25.51	250,360
STT	STATE STREET CORP	Financials	Capital Markets	Buy	65.27	24,772
BHF	BRIGHTHOUSE FINANL INC	Financials	Insurance	Buy	32.74	3,883
MET	METLIFE INC	Financials	Insurance	Hold	42.77	42,207
PGR	PROGRESSIVE CORP-OHIO	Financials	Insurance	Hold	60.73	35,418
VRTX	VERTEX PHARMACEUTICALS INC	Health Care	Biotechnology		178.19	45,538
CNC	CENTENE CORP	Health Care	Health Care Providers & Services		116.08	23,934
NKTR	NEKTAR THERAPEUTICS	Health Care	Pharmaceuticals		40.68	7,041
BA	BOEING CO	Industrials	Aerospace & Defense		340.53	193,382
CHRW	C H ROBINSON WORLDWIDE INC	Industrials	Air Freight & Logistics	Hold	83.76	11,517
EXPD	EXPEDITORS INTL WASH INC	Industrials	Air Freight & Logistics	Hold	67.86	11,712
LUV	SOUTHWEST AIRLINES	Industrials	Airlines	Buy	47.54	26,732
ROL	ROLLINS INC	Industrials	Commercial Services & Supplies		37.26	12,196
AME	AMETEK INC	Industrials	Electrical Equipment		68.94	16,002
SNA	SNAP-ON INC	Industrials	Machinery		154.65	8,611
RHI	ROBERT HALF INTL INC	Industrials	Professional Services		57.34	6,965
GWWW	GRAINGER (W W) INC	Industrials	Trading Companies & Distributors		278.98	15,712
FFIV	F5 NETWORKS INC	Information Technology	Communications Equipment	Sell	164.82	9,993
PYPL	PAYPAL HOLDINGS INC	Information Technology	IT Services	Buy	88.70	104,521
FTNT	FORTINET INC	Information Technology	Software	Hold	71.55	12,190
INTU	INTUIT INC	Information Technology	Software	Buy	203.29	52,761
HCP	HCP INC	Real Estate	Equity Real Estate Investment Trusts (REITs)		28.61	13,725
HST	HOST HOTELS & RESORTS INC	Real Estate	Equity Real Estate Investment Trusts (REITs)	Buy	17.40	12,912
EXC	EXELON CORP	Utilities	Electric Utilities	Buy	45.39	43,893
NEE	NEXTERA ENERGY INC	Utilities	Electric Utilities	Hold	173.54	82,943
AES	AES CORP	Utilities	Independent Power and Renewable Electricity Producers		15.05	9,968
NRG	NRG ENERGY INC	Utilities	Independent Power and Renewable Electricity Producers	Buy	40.00	11,597
CNP	CENTERPOINT ENERGY INC	Utilities	Multi-Utilities	Buy	29.34	14,705

Source: DB US Equity Strategy, Compustat



Figure 21: Late cycle short basket (DBUSLATS)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
CBS	CBS CORP	Communication Services	Media	Buy	48.37	18,101
DISH	DISH NETWORK CORP	Communication Services	Media	Buy	28.68	13,413
NWSA	NEWS CORP	Communication Services	Media		12.16	7,112
F	FORD MOTOR CO	Consumer Discretionary	Automobiles	Buy	8.37	33,296
LKQ	LKQ CORP	Consumer Discretionary	Distributors		24.82	7,898
MAR	MARRIOTT INTL INC	Consumer Discretionary	Hotels, Restaurants & Leisure	Hold	109.76	37,442
MGM	MGM RESORTS INTERNATIONAL	Consumer Discretionary	Hotels, Restaurants & Leisure	Hold	27.21	14,345
LEN	LENNAR CORP	Consumer Discretionary	Household Durables	Buy	42.89	14,166
NWL	NEWELL BRANDS INC	Consumer Discretionary	Household Durables	Hold	19.70	9,196
WHR	WHIRLPOOL CORP	Consumer Discretionary	Household Durables		118.72	7,575
MAT	MATTEL INC	Consumer Discretionary	Leisure Products		11.74	4,052
LB	L BRANDS INC	Consumer Discretionary	Specialty Retail	Buy	28.20	7,759
HBI	HANESBRANDS INC	Consumer Discretionary	Textiles, Apparel & Luxury Goods	Buy	13.75	4,960
CPB	CAMPBELL SOUP CO	Consumer Staples	Food Products	Hold	33.59	10,112
CAG	CONAGRA BRANDS INC	Consumer Staples	Food Products	Buy	21.44	10,412
GIS	GENERAL MILLS INC	Consumer Staples	Food Products	Hold	40.60	24,228
KHC	KRAFT HEINZ CO	Consumer Staples	Food Products	Buy	45.37	55,326
SLB	SCHLUMBERGER LTD	Energy	Energy Equipment & Services		40.67	56,320
WMB	WILLIAMS COS INC	Energy	Oil, Gas & Consumable Fuels		24.87	30,106
RF	REGIONS FINANCIAL CORP	Financials	Banks	Hold	14.54	15,032
WFC	WELLS FARGO & CO	Financials	Banks	Buy	47.54	223,782
IVZ	INVESCO LTD	Financials	Capital Markets	Buy	17.28	7,108
SYF	SYNCHRONY FINANCIAL	Financials	Consumer Finance		25.42	18,270
UNM	UNUM GROUP	Financials	Insurance	Hold	31.61	6,915
XRAY	DENTSPLY SIRONA INC	Health Care	Health Care Equipment & Supplies		39.44	8,777
ZBH	ZIMMER BIOMET HOLDINGS INC	Health Care	Health Care Equipment & Supplies	Hold	101.57	20,718
ABC	AMERISOURCEBERGEN CORP	Health Care	Health Care Providers & Services		75.55	16,012
DVA	DAVITA INC	Health Care	Health Care Providers & Services	Buy	54.06	8,973
MCK	MCKESSON CORP	Health Care	Health Care Providers & Services		117.71	22,998
MYL	MYLAN NV	Health Care	Pharmaceuticals	Buy	29.87	15,402
PRGO	PERRIGO CO PLC	Health Care	Pharmaceuticals		44.92	6,103
GD	GENERAL DYNAMICS CORP	Industrials	Aerospace & Defense		158.66	46,987
NOC	NORTHROP GRUMMAN CORP	Industrials	Aerospace & Defense		250.96	43,572
AAL	AMERICAN AIRLINES GROUP INC	Industrials	Airlines	Buy	32.42	14,932
FBHS	FORTUNE BRANDS HOME & SECUR	Industrials	Building Products		40.94	5,789
GE	GENERAL ELECTRIC CO	Industrials	Industrial Conglomerates	Hold	8.56	74,456
SWK	STANLEY BLACK & DECKER INC	Industrials	Machinery	Buy	128.07	19,346
EFX	EQUIFAX INC	Industrials	Professional Services	Buy	94.39	11,381
NLSN	NIELSEN HOLDINGS PLC	Industrials	Professional Services	Hold	25.41	9,020
GLW	CORNING INC	Information Technology	Electronic Equipment, Instruments & Components	Buy	29.48	23,596
TSS	TOTAL SYSTEM SERVICES INC	Information Technology	IT Services	Hold	82.36	15,026
WU	WESTERN UNION CO	Information Technology	IT Services	Hold	17.07	7,559
AMAT	APPLIED MATERIALS INC	Information Technology	Semiconductors & Semiconductor Equipment	Hold	32.91	31,548
MCHP	MICROCHIP TECHNOLOGY INC	Information Technology	Semiconductors & Semiconductor Equipment		72.96	17,256
QCOM	QUALCOMM INC	Information Technology	Semiconductors & Semiconductor Equipment	Hold	55.95	67,820
XRX	XEROX CORP	Information Technology	Technology Hardware, Storage & Peripherals		21.58	5,142
VMC	VULCAN MATERIALS CO	Materials	Construction Materials	Buy	103.14	13,619
SEE	SEALED AIR CORP	Materials	Containers & Packaging		36.05	5,657
MAC	MACERICH CO	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	46.51	6,560
VNO	VORNADO REALTY TRUST	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	64.02	12,182

Source: DB US Equity Strategy, Compustat



Figure 22: End cycle long basket (DBUSENDL)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
VZ	VERIZON COMMUNICATIONS INC	Communication Services	Diversified Telecommunication Services	Buy	57.78	238,738
DIS	DISNEY (WALT) CO	Communication Services	Entertainment	NA	111.42	165,868
CMCSA	COMCAST CORP	Communication Services	Media	Buy	35.72	162,508
SBUX	STARBUCKS CORP	Consumer Discretionary	Hotels, Restaurants & Leisure		63.62	78,927
GRMN	GARMIN LTD	Consumer Discretionary	Household Durables		64.78	12,231
PHM	PULTEGROUP INC	Consumer Discretionary	Household Durables	Hold	28.34	7,960
BKNG	BOOKING HOLDINGS INC	Consumer Discretionary	Internet & Direct Marketing Retail	Hold	1686.92	78,155
AZO	AUTOZONE INC	Consumer Discretionary	Specialty Retail	Buy	811.37	20,451
HD	HOME DEPOT INC	Consumer Discretionary	Specialty Retail	Buy	177.89	200,932
LOW	LOWE'S COMPANIES INC	Consumer Discretionary	Specialty Retail	Buy	97.63	78,393
ROST	ROSS STORES INC	Consumer Discretionary	Specialty Retail	Buy	91.54	33,924
TJX	TJX COMPANIES INC	Consumer Discretionary	Specialty Retail	Buy	47.31	58,548
CL	COLGATE-PALMOLIVE CO	Consumer Staples	Household Products	Hold	60.55	52,516
KMB	KIMBERLY-CLARK CORP	Consumer Staples	Household Products	Sell	114.95	39,807
MO	ALTRIA GROUP INC	Consumer Staples	Tobacco	Buy	49.06	92,186
PM	PHILIP MORRIS INTERNATIONAL	Consumer Staples	Tobacco	Buy	67.87	105,505
CVX	CHEVRON CORP	Energy	Oil, Gas & Consumable Fuels		111.77	213,567
COP	CONOCOPHILLIPS	Energy	Oil, Gas & Consumable Fuels		64.32	74,048
EOG	EOG RESOURCES INC	Energy	Oil, Gas & Consumable Fuels		95.52	55,392
XOM	EXXON MOBIL CORP	Energy	Oil, Gas & Consumable Fuels	Hold	72.04	305,004
MPC	MARATHON PETROLEUM CORP	Energy	Oil, Gas & Consumable Fuels		62.87	43,434
OXY	OCCIDENTAL PETROLEUM CORP	Energy	Oil, Gas & Consumable Fuels	Buy	64.99	49,069
PSX	PHILLIPS 66	Energy	Oil, Gas & Consumable Fuels		91.39	42,142
VLO	VALERO ENERGY CORP	Energy	Oil, Gas & Consumable Fuels		77.36	32,824
AFL	AFLAC INC	Financials	Insurance		45.30	34,486
ALL	ALLSTATE CORP	Financials	Insurance	Hold	82.53	28,427
L	LOEWS CORP	Financials	Insurance	Hold	45.85	14,406
PGR	PROGRESSIVE CORP-OHIO	Financials	Insurance	Hold	60.73	35,418
TMK	TORCHMARK CORP	Financials	Insurance		78.86	8,796
LH	LABORATORY CP OF AMER HLDGS	Health Care	Health Care Providers & Services	Hold	128.36	12,952
DGX	QUEST DIAGNOSTICS INC	Health Care	Health Care Providers & Services	Hold	84.23	11,461
PFE	PFIZER INC	Health Care	Pharmaceuticals		43.43	251,046
CHRW	C H ROBINSON WORLDWIDE INC	Industrials	Air Freight & Logistics	Hold	83.76	11,517
EXPD	EXPEDITORS INTL WASH INC	Industrials	Air Freight & Logistics	Hold	67.86	11,712
ITW	ILLINOIS TOOL WORKS	Industrials	Machinery	Sell	130.01	43,137
SNA	SNAP-ON INC	Industrials	Machinery		154.65	8,611
ACN	ACCENTURE PLC	Information Technology	IT Services	Buy	145.14	92,519
TXN	TEXAS INSTRUMENTS INC	Information Technology	Semiconductors & Semiconductor Equipment	Hold	94.38	90,656
AAPL	APPLE INC	Information Technology	Technology Hardware, Storage & Peripherals		150.75	715,369
CE	CELANESE CORP	Materials	Chemicals	Buy	93.61	12,521
LYB	LYONDELLBASELL INDUSTRIES NV	Materials	Chemicals	Buy	88.61	33,996
AIV	APARTMENT INVST & MGMT CO	Real Estate	Equity Real Estate Investment Trusts (REITs)		44.08	6,861
AVB	AVALONBAY COMMUNITIES INC	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	174.26	24,087
PSA	PUBLIC STORAGE	Real Estate	Equity Real Estate Investment Trusts (REITs)		199.57	34,798
SPG	SIMON PROPERTY GROUP INC	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	173.18	53,565
NEE	NEXTERA ENERGY INC	Utilities	Electric Utilities	Hold	173.54	82,943
CNP	CENTERPOINT ENERGY INC	Utilities	Multi-Utilities	Buy	29.34	14,705
D	DOMINION ENERGY INC	Utilities	Multi-Utilities	Hold	72.34	54,391
DTE	DTE ENERGY CO	Utilities	Multi-Utilities	Hold	110.59	20,119
WEC	WEC ENERGY GROUP INC	Utilities	Multi-Utilities	Hold	68.65	21,661

Source: DB US Equity Strategy, Compustat



Figure 23: End cycle short basket (DBUSENDS)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
NFLX	NETFLIX INC	Communication Services	Entertainment	Hold	320.27	139,665
TRIP	TRIPADVISOR INC	Communication Services	Interactive Media & Services	Hold	57.17	7,870
CHTR	CHARTER COMMUNICATIONS INC	Communication Services	Media	Buy	300.71	68,838
MGM	MGM RESORTS INTERNATIONAL	Consumer Discretionary	Hotels, Restaurants & Leisure	Hold	27.21	14,345
NWL	NEWELL BRANDS INC	Consumer Discretionary	Household Durables	Hold	19.70	9,196
WHR	WHIRLPOOL CORP	Consumer Discretionary	Household Durables		118.72	7,575
AMZN	AMAZON.COM INC	Consumer Discretionary	Internet & Direct Marketing Retail	Buy	1656.58	810,016
MAT	MATTEL INC	Consumer Discretionary	Leisure Products		11.74	4,052
KMX	CARMAX INC	Consumer Discretionary	Specialty Retail		64.91	11,040
PVH	PVH CORP	Consumer Discretionary	Textiles, Apparel & Luxury Goods	Buy	101.35	7,676
UAA	UNDER ARMOUR INC	Consumer Discretionary	Textiles, Apparel & Luxury Goods	Hold	18.87	8,461
KR	KROGER CO	Consumer Staples	Food & Staples Retailing	Sell	28.46	22,704
ADM	ARCHER-DANIELS-MIDLAND CO	Consumer Staples	Food Products		42.70	23,939
CAG	CONAGRA BRANDS INC	Consumer Staples	Food Products	Buy	21.44	10,412
COTY	COTY INC	Consumer Staples	Personal Products	Hold	7.52	5,648
DVN	DEVON ENERGY CORP	Energy	Oil, Gas & Consumable Fuels		25.55	11,963
HES	HESS CORP	Energy	Oil, Gas & Consumable Fuels		48.48	14,362
NBL	NOBLE ENERGY INC	Energy	Oil, Gas & Consumable Fuels		21.32	10,229
MS	MORGAN STANLEY	Financials	Capital Markets	Buy	41.45	71,301
AIG	AMERICAN INTERNATIONAL GROUP	Financials	Insurance	Buy	40.57	35,890
INCY	INCYTE CORP	Health Care	Biotechnology		74.90	15,939
DVA	DAVITA INC	Health Care	Health Care Providers & Services	Buy	54.06	8,973
WCG	WELLCARE HEALTH PLANS INC	Health Care	Health Care Providers & Services		238.96	11,946
IQV	IQVIA HOLDINGS INC	Health Care	Life Sciences Tools & Services	Buy	119.63	23,692
MYL	MYLAN NV	Health Care	Pharmaceuticals	Buy	29.87	15,402
ARNC	ARCONIC INC	Industrials	Aerospace & Defense		19.47	9,409
FDX	FEDEX CORP	Industrials	Air Freight & Logistics	Buy	167.02	43,600
AAL	AMERICAN AIRLINES GROUP INC	Industrials	Airlines	Buy	32.42	14,932
PWR	QUANTA SERVICES INC	Industrials	Construction & Engineering	Buy	31.77	4,655
GE	GENERAL ELECTRIC CO	Industrials	Industrial Conglomerates	Hold	8.56	74,456
DE	DEERE & CO	Industrials	Machinery	Hold	156.92	49,990
FLS	FLOWSERVE CORP	Industrials	Machinery		40.00	5,234
URI	UNITED RENTALS INC	Industrials	Trading Companies & Distributors	Hold	116.26	9,429
GLW	CORNING INC	Information Technology	Electronic Equipment, Instruments & Components	Buy	29.48	23,596
KEYS	KEYSIGHT TECHNOLOGIES INC	Information Technology	Electronic Equipment, Instruments & Components	Buy	65.65	12,319
IT	GARTNER INC	Information Technology	IT Services		128.46	11,676
GPN	GLOBAL PAYMENTS INC	Information Technology	IT Services	Buy	107.67	17,035
AMD	ADVANCED MICRO DEVICES	Information Technology	Semiconductors & Semiconductor Equipment	Hold	20.75	20,738
QCOM	QUALCOMM INC	Information Technology	Semiconductors & Semiconductor Equipment	Hold	55.95	67,820
ADSK	AUTODESK INC	Information Technology	Software	Buy	133.87	29,319
CRM	SALESFORCE.COM INC	Information Technology	Software	Buy	145.72	111,476
SYMC	SYMANTEC CORP	Information Technology	Software	Hold	19.58	12,509
HPE	HEWLETT PACKARD ENTERPRISE	Information Technology	Technology Hardware, Storage & Peripherals		13.80	19,302
MOS	MOSAIC CO	Materials	Chemicals		31.36	12,088
MLM	MARTIN MARIETTA MATERIALS	Materials	Construction Materials	Buy	178.48	11,193
SEE	SEALED AIR CORP	Materials	Containers & Packaging		36.05	5,657
SBAC	SBA COMMUNICATIONS CORP	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	167.26	18,954
FE	FIRSTENERGY CORP	Utilities	Electric Utilities	Buy	38.18	19,527
NI	NISOURCE INC	Utilities	Multi-Utilities		26.16	9,731
SRE	SEMPRA ENERGY	Utilities	Multi-Utilities		113.53	31,069

Source: DB US Equity Strategy, Compustat



Figure 24: Early cycle long basket (DBUSEARL)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
CTL	CENTURYLINK INC	Communication Services	Diversified Telecommunication Services	Hold	16.72	18,069
VIAB	VIACOM INC	Communication Services	Entertainment	Hold	28.71	11,566
DISH	DISH NETWORK CORP	Communication Services	Media	Buy	28.68	13,413
GT	GOODYEAR TIRE & RUBBER CO	Consumer Discretionary	Auto Components	Hold	21.06	4,907
MGM	MGM RESORTS INTERNATIONAL	Consumer Discretionary	Hotels, Restaurants & Leisure	Hold	27.21	14,345
NWL	NEWELL BRANDS INC	Consumer Discretionary	Household Durables	Hold	19.70	9,196
TAP	MOLSON COORS BREWING CO	Consumer Staples	Beverages	Buy	61.17	13,201
CAG	CONAGRA BRANDS INC	Consumer Staples	Food Products	Buy	21.44	10,412
KHC	KRAFT HEINZ CO	Consumer Staples	Food Products	Buy	45.37	55,326
TSN	TYSON FOODS INC -CL A	Consumer Staples	Food Products		57.55	20,640
COTY	COTY INC	Consumer Staples	Personal Products	Hold	7.52	5,648
APA	APACHE CORP	Energy	Oil, Gas & Consumable Fuels		29.36	11,143
DVN	DEVON ENERGY CORP	Energy	Oil, Gas & Consumable Fuels		25.55	11,963
NBL	NOBLE ENERGY INC	Energy	Oil, Gas & Consumable Fuels		21.32	10,229
C	CITIGROUP INC	Financials	Banks	Buy	55.46	135,441
CFG	CITIZENS FINANCIAL GROUP INC	Financials	Banks	Buy	32.01	14,978
KEY	KEYCORP	Financials	Banks	Buy	15.73	16,273
RF	REGIONS FINANCIAL CORP	Financials	Banks	Hold	14.54	15,032
GS	GOLDMAN SACHS GROUP INC	Financials	Capital Markets	Buy	175.37	65,233
IVZ	INVESCO LTD	Financials	Capital Markets	Buy	17.28	7,108
MS	MORGAN STANLEY	Financials	Capital Markets	Buy	41.45	71,301
COF	CAPITAL ONE FINANCIAL CORP	Financials	Consumer Finance		80.02	37,902
SYF	SYNCHRONY FINANCIAL	Financials	Consumer Finance		25.42	18,270
JEF	JEFFERIES FINANCIAL GRP INC	Financials	Diversified Financial Services		18.46	5,964
UNM	UNUM GROUP	Financials	Insurance	Hold	31.61	6,915
CAH	CARDINAL HEALTH INC	Health Care	Health Care Providers & Services		46.50	13,854
DVA	DAVITA INC	Health Care	Health Care Providers & Services	Buy	54.06	8,973
MCK	MCKESSON CORP	Health Care	Health Care Providers & Services		117.71	22,998
AGN	ALLERGAN PLC	Health Care	Pharmaceuticals		145.60	49,109
MYL	MYLAN NV	Health Care	Pharmaceuticals	Buy	29.87	15,402
PRGO	PERRIGO CO PLC	Health Care	Pharmaceuticals		44.92	6,103
ARNC	ARCONIC INC	Industrials	Aerospace & Defense		19.47	9,409
JCI	JOHNSON CONTROLS INTL PLC	Industrials	Building Products		31.94	29,514
PWR	QUANTA SERVICES INC	Industrials	Construction & Engineering	Buy	31.77	4,655
GE	GENERAL ELECTRIC CO	Industrials	Industrial Conglomerates	Hold	8.56	74,456
NLSN	NIELSEN HOLDINGS PLC	Industrials	Professional Services	Hold	25.41	9,020
URI	UNITED RENTALS INC	Industrials	Trading Companies & Distributors	Hold	116.26	9,429
ADS	ALLIANCE DATA SYSTEMS CORP	Information Technology	IT Services	Buy	164.50	8,961
DXC	DXC TECHNOLOGY COMPANY	Information Technology	IT Services	Hold	59.16	16,572
SYMC	SYMANTEC CORP	Information Technology	Software	Hold	19.58	12,509
HPE	HEWLETT PACKARD ENTERPRISE	Information Technology	Technology Hardware, Storage & Peripherals		13.80	19,302
WDC	WESTERN DIGITAL CORP	Information Technology	Technology Hardware, Storage & Peripherals	Buy	38.11	11,030
XRX	XEROX CORP	Information Technology	Technology Hardware, Storage & Peripherals		21.58	5,142
WRK	WESTROCK CO	Materials	Containers & Packaging	Buy	39.84	10,187
FCX	FREEMPORT-MCMORAN INC	Materials	Metals & Mining	Hold	11.20	16,229
KIM	KIMCO REALTY CORP	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	15.66	6,599
MAC	MACERICH CO	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	46.51	6,560
SLG	SL GREEN REALTY CORP	Real Estate	Equity Real Estate Investment Trusts (REITs)	Buy	85.00	7,248
EIX	EDISON INTERNATIONAL	Utilities	Electric Utilities	Hold	57.66	18,786
PCG	PG&E CORP	Utilities	Electric Utilities	Buy	17.56	9,108

Source: DB US Equity Strategy, Compustat



Figure 25: Early cycle short basket (DBUSEARS)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
VZ	VERIZON COMMUNICATIONS INC	Communication Services	Diversified Telecommunication Services	Buy	57.78	238,738
SBUX	STARBUCKS CORP	Consumer Discretionary	Hotels, Restaurants & Leisure		63.62	78,927
BKNG	BOOKING HOLDINGS INC	Consumer Discretionary	Internet & Direct Marketing Retail	Hold	1686.92	78,155
HD	HOME DEPOT INC	Consumer Discretionary	Specialty Retail	Buy	177.89	200,932
ORLY	O'REILLY AUTOMOTIVE INC	Consumer Discretionary	Specialty Retail	Hold	336.07	26,921
ROST	ROSS STORES INC	Consumer Discretionary	Specialty Retail	Buy	91.54	33,924
TJX	TJX COMPANIES INC	Consumer Discretionary	Specialty Retail	Buy	47.31	58,548
NKE	NIKE INC	Consumer Discretionary	Textiles, Apparel & Luxury Goods	Buy	76.73	122,236
KO	COCA-COLA CO	Consumer Staples	Beverages	Buy	47.48	202,099
MKC	MCCORMICK & CO INC	Consumer Staples	Food Products	Sell	140.30	18,473
CHD	CHURCH & DWIGHT INC	Consumer Staples	Household Products	Sell	65.72	16,182
CLX	CLOROX CO/DE	Consumer Staples	Household Products	Sell	151.14	19,293
COP	CONOCOPHILLIPS	Energy	Oil, Gas & Consumable Fuels		64.32	74,048
OXY	OCCIDENTAL PETROLEUM CORP	Energy	Oil, Gas & Consumable Fuels	Buy	64.99	49,069
OKE	ONEOK INC	Energy	Oil, Gas & Consumable Fuels		58.87	24,217
CME	CME GROUP INC	Financials	Capital Markets	Buy	182.66	65,352
ICE	INTERCONTINENTAL EXCHANGE	Financials	Capital Markets	Buy	72.15	41,095
MCO	MOODY'S CORP	Financials	Capital Markets		145.90	27,954
MSCI	MSCI INC	Financials	Capital Markets		150.34	13,235
NDAQ	NASDAQ INC	Financials	Capital Markets	Buy	79.58	13,048
SPGI	S&P GLOBAL INC	Financials	Capital Markets		175.23	43,965
AON	AON PLC	Financials	Insurance	Hold	144.92	34,903
MMC	MARSH & MCLENNAN COS	Financials	Insurance	Hold	80.82	40,710
ISRG	INTUITIVE SURGICAL INC	Health Care	Health Care Equipment & Supplies		482.99	55,157
LLY	LILLY (ELI) & CO	Health Care	Pharmaceuticals		116.34	123,241
MRK	MERCK & CO	Health Care	Pharmaceuticals		75.99	197,603
PFE	PFIZER INC	Health Care	Pharmaceuticals		43.43	251,046
ZTS	ZOETIS INC	Health Care	Pharmaceuticals		86.54	41,578
ALLE	ALLEGION PLC	Industrials	Building Products		81.44	7,741
CPRT	COPART INC	Industrials	Commercial Services & Supplies		49.63	11,614
ROL	ROLLINS INC	Industrials	Commercial Services & Supplies		37.26	12,196
WM	WASTE MANAGEMENT INC	Industrials	Commercial Services & Supplies		92.34	39,369
MMM	3M CO	Industrials	Industrial Conglomerates	Hold	191.68	111,613
VRSK	VERISK ANALYTICS INC	Industrials	Professional Services	Hold	111.07	18,284
FISV	FISERV INC	Information Technology	IT Services	Hold	73.55	29,308
MA	MASTERCARD INC	Information Technology	IT Services	Buy	192.28	198,612
PAYX	PAYCHEX INC	Information Technology	IT Services	Hold	66.35	23,826
V	VISA INC	Information Technology	IT Services	Buy	136.80	301,696
ADBE	ADOBE INC	Information Technology	Software		232.68	113,579
INTU	INTUIT INC	Information Technology	Software	Buy	203.29	52,761
MSFT	MICROSOFT CORP	Information Technology	Software	Buy	102.80	789,248
APD	AIR PRODUCTS & CHEMICALS INC	Materials	Chemicals	Buy	158.09	34,709
ECL	ECOLAB INC	Materials	Chemicals	Hold	148.89	43,010
LIN	LINDE PLC	Materials	Chemicals	Buy	158.15	87,149
AMT	AMERICAN TOWER CORP	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	161.09	70,958
ESS	ESSEX PROPERTY TRUST	Real Estate	Equity Real Estate Investment Trusts (REITs)		245.27	16,204
EXR	EXTRA SPACE STORAGE INC	Real Estate	Equity Real Estate Investment Trusts (REITs)		89.09	11,271
PSA	PUBLIC STORAGE	Real Estate	Equity Real Estate Investment Trusts (REITs)		199.57	34,798
SPG	SIMON PROPERTY GROUP INC	Real Estate	Equity Real Estate Investment Trusts (REITs)	Hold	173.18	53,565
NEE	NEXTERA ENERGY INC	Utilities	Electric Utilities	Hold	173.54	82,943

Source: DB US Equity Strategy, Compustat



Figure 26: Mid cycle long basket (DBUSMIDL)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
CTL	CENTURYLINK INC	Communication Services	Diversified Telecommunication Services	Hold	16.72	18,069
DISCA	DISCOVERY INC	Communication Services	Media	Buy	27.24	14,260
DISH	DISH NETWORK CORP	Communication Services	Media	Buy	28.68	13,413
F	FORD MOTOR CO	Consumer Discretionary	Automobiles	Buy	8.37	33,296
HOG	HARLEY-DAVIDSON INC	Consumer Discretionary	Automobiles		36.43	5,932
M	MACY'S INC	Consumer Discretionary	Multiline Retail	Hold	30.83	9,479
JWN	NORDSTROM INC	Consumer Discretionary	Multiline Retail	Buy	49.02	8,202
CPRI	CAPRI HOLDINGS LTD	Consumer Discretionary	Textiles, Apparel & Luxury Goods		40.92	6,246
TAP	MOLSON COORS BREWING CO	Consumer Staples	Beverages	Buy	61.17	13,201
WBA	WALGREENS BOOTS ALLIANCE INC	Consumer Staples	Food & Staples Retailing		71.37	67,334
PM	PHILIP MORRIS INTERNATIONAL	Consumer Staples	Tobacco	Buy	67.87	105,505
HFC	HOLLYFRONTIER CORP	Energy	Oil, Gas & Consumable Fuels		51.82	8,979
AMP	AMERIPRISE FINANCIAL INC	Financials	Capital Markets		111.94	15,600
STT	STATE STREET CORP	Financials	Capital Markets	Buy	65.27	24,772
COF	CAPITAL ONE FINANCIAL CORP	Financials	Consumer Finance		80.02	37,902
DFS	DISCOVER FINANCIAL SVCS	Financials	Consumer Finance		61.50	20,662
SYF	SYNCHRONY FINANCIAL	Financials	Consumer Finance		25.42	18,270
BHF	BRIGHTHOUSE FINANL INC	Financials	Insurance	Buy	32.74	3,883
PRU	PRUDENTIAL FINANCIAL INC	Financials	Insurance	Hold	85.50	35,312
UNM	UNUM GROUP	Financials	Insurance	Hold	31.61	6,915
ABC	AMERISOURCEBERGEN CORP	Health Care	Health Care Providers & Services		75.55	16,012
CAH	CARDINAL HEALTH INC	Health Care	Health Care Providers & Services		46.50	13,854
CI	CIGNA CORP	Health Care	Health Care Providers & Services		189.93	72,321
MCK	MCKESSON CORP	Health Care	Health Care Providers & Services		117.71	22,998
AGN	ALLERGAN PLC	Health Care	Pharmaceuticals		145.60	49,109
MYL	MYLAN NV	Health Care	Pharmaceuticals	Buy	29.87	15,402
DAL	DELTA AIR LINES INC	Industrials	Airlines	Buy	47.47	32,546
LUV	SOUTHWEST AIRLINES	Industrials	Airlines	Buy	47.54	26,732
UAL	UNITED CONTINENTAL HLDGS INC	Industrials	Airlines	Hold	82.38	22,446
ROK	ROCKWELL AUTOMATION	Industrials	Electrical Equipment	Hold	153.36	18,508
CMI	CUMMINS INC	Industrials	Machinery		137.20	22,029
ADS	ALLIANCE DATA SYSTEMS CORP	Information Technology	IT Services	Buy	164.50	8,961
DXC	DXC TECHNOLOGY COMPANY	Information Technology	IT Services	Hold	59.16	16,572
IBM	INTL BUSINESS MACHINES CORP	Information Technology	IT Services		119.83	108,901
MU	MICRON TECHNOLOGY INC	Information Technology	Semiconductors & Semiconductor Equipment	Hold	33.74	37,824
QRVO	QORVO INC	Information Technology	Semiconductors & Semiconductor Equipment		59.37	7,416
NTAP	NETAPP INC	Information Technology	Technology Hardware, Storage & Peripherals		58.67	14,778
STX	SEAGATE TECHNOLOGY PLC	Information Technology	Technology Hardware, Storage & Peripherals	Hold	39.14	11,202
WDC	WESTERN DIGITAL CORP	Information Technology	Technology Hardware, Storage & Peripherals	Buy	38.11	11,030
XRX	XEROX CORP	Information Technology	Technology Hardware, Storage & Peripherals		21.58	5,142
CE	CELANESE CORP	Materials	Chemicals	Buy	93.61	12,521
LYB	LYONDELLBASELL INDUSTRIES NV	Materials	Chemicals	Buy	88.61	33,996
MOS	MOSAIC CO	Materials	Chemicals		31.36	12,088
IP	INTL PAPER CO	Materials	Containers & Packaging	Hold	43.36	17,562
FCX	FREEPORT-MCMORAN INC	Materials	Metals & Mining	Hold	11.20	16,229
NUE	NUCOR CORP	Materials	Metals & Mining	Buy	55.26	17,348
HST	HOST HOTELS & RESORTS INC	Real Estate	Equity Real Estate Investment Trusts (REITs)	Buy	17.40	12,912
AES	AES CORP	Utilities	Independent Power and Renewable Electricity Producers		15.05	9,968
NRG	NRG ENERGY INC	Utilities	Independent Power and Renewable Electricity Producers	Buy	40.00	11,597
CNP	CENTERPOINT ENERGY INC	Utilities	Multi-Utilities	Buy	29.34	14,705

Source: DB US Equity Strategy, Compustat



Figure 27: Mid cycle short basket (DBUSMIDS)

Ticker	Company Name	Sector	Industry	DB Rating	Price	Market Cap (\$m)
NFLX	NETFLIX INC	Communication Services	Entertainment	Hold	320.27	139,665
TTWO	TAKE-TWO INTERACTIVE SFTWR	Communication Services	Entertainment		107.92	12,289
CBS	CBS CORP	Communication Services	Media	Buy	48.37	18,101
CHTR	CHARTER COMMUNICATIONS INC	Communication Services	Media	Buy	300.71	68,838
MAR	MARRIOTT INTL INC	Consumer Discretionary	Hotels, Restaurants & Leisure	Hold	109.76	37,442
RCL	ROYAL CARIBBEAN CRUISES LTD	Consumer Discretionary	Hotels, Restaurants & Leisure	Buy	103.93	21,721
YUM	YUM BRANDS INC	Consumer Discretionary	Hotels, Restaurants & Leisure		91.18	28,476
MHK	MOHAWK INDUSTRIES INC	Consumer Discretionary	Household Durables		123.06	9,131
ORLY	O'REILLY AUTOMOTIVE INC	Consumer Discretionary	Specialty Retail	Hold	336.07	26,921
BF.B	BROWN FORMAN CORP	Consumer Staples	Beverages		46.99	22,412
K	KELLOGG CO	Consumer Staples	Food Products	Hold	57.89	20,089
OKE	ONEOK INC	Energy	Oil, Gas & Consumable Fuels		58.87	24,217
WMB	WILLIAMS COS INC	Energy	Oil, Gas & Consumable Fuels		24.87	30,106
BLK	BLACKROCK INC	Financials	Capital Markets	Buy	397.91	62,755
BRK.B	BERKSHIRE HATHAWAY	Financials	Diversified Financial Services		196.31	483,372
AON	AON PLC	Financials	Insurance	Hold	144.92	34,903
RE	EVEREST RE GROUP LTD	Financials	Insurance	Buy	213.40	8,674
MMC	MARSH & MCLENNAN COS	Financials	Insurance	Hold	80.82	40,710
XRAY	DENTSPLY SIRONA INC	Health Care	Health Care Equipment & Supplies		39.44	8,777
IDXX	IDEXX LABS INC	Health Care	Health Care Equipment & Supplies		189.29	16,323
RMD	RESMED INC	Health Care	Health Care Equipment & Supplies	Buy	113.51	16,175
WCG	WELLCARE HEALTH PLANS INC	Health Care	Health Care Providers & Services		238.96	11,946
PKI	PERKINELMER INC	Health Care	Life Sciences Tools & Services	Hold	78.77	8,762
HII	HUNTINGTON INGALLS IND INC	Industrials	Aerospace & Defense		194.67	8,362
LMT	LOCKHEED MARTIN CORP	Industrials	Aerospace & Defense		269.87	76,758
CPRT	COPART INC	Industrials	Commercial Services & Supplies		49.63	11,614
WM	WASTE MANAGEMENT INC	Industrials	Commercial Services & Supplies		92.34	39,369
CAT	CATERPILLAR INC	Industrials	Machinery	Buy	129.77	76,578
DE	DEERE & CO	Industrials	Machinery	Hold	156.92	49,990
SWK	STANLEY BLACK & DECKER INC	Industrials	Machinery	Buy	128.07	19,346
JBHT	HUNT (JB) TRANSPRT SVCS INC	Industrials	Road & Rail	Buy	95.88	10,468
KSU	KANSAS CITY SOUTHERN	Industrials	Road & Rail	Buy	99.72	10,141
URI	UNITED RENTALS INC	Industrials	Trading Companies & Distributors	Hold	116.26	9,429
APH	AMPHENOL CORP	Information Technology	Electronic Equipment, Instruments & Components		79.14	23,847
GLW	CORNING INC	Information Technology	Electronic Equipment, Instruments & Components	Buy	29.48	23,596
TEL	TE CONNECTIVITY LTD	Information Technology	Electronic Equipment, Instruments & Components		75.55	25,916
FISV	FISERV INC	Information Technology	IT Services	Hold	73.55	29,308
FLT	FLEETCOR TECHNOLOGIES INC	Information Technology	IT Services	Buy	187.45	16,622
VRSN	VERISIGN INC	Information Technology	IT Services		156.92	18,970
SNPS	SYNOPSIS INC	Information Technology	Software		86.10	12,873
DWDP	DOWDUPONT INC	Materials	Chemicals	Buy	55.39	127,078
FMC	FMC CORP	Materials	Chemicals		79.10	10,651
AVY	AVERY DENNISON CORP	Materials	Containers & Packaging		91.81	7,961
SEE	SEALED AIR CORP	Materials	Containers & Packaging		36.05	5,657
CCI	CROWN CASTLE INTL CORP	Real Estate	Equity Real Estate Investment Trusts (REITs)	Buy	107.54	44,613
EQIX	EQUINIX INC	Real Estate	Equity Real Estate Investment Trusts (REITs)		361.86	29,090
EIX	EDISON INTERNATIONAL	Utilities	Electric Utilities	Hold	57.66	18,786
ES	EVERSOURCE ENERGY	Utilities	Electric Utilities	Hold	65.10	20,629
FE	FIRSTENERGY CORP	Utilities	Electric Utilities	Buy	38.18	19,527
NI	NISOURCE INC	Utilities	Multi-Utilities		26.16	9,731

Source: DB US Equity Strategy, Compustat





# Appendix 1

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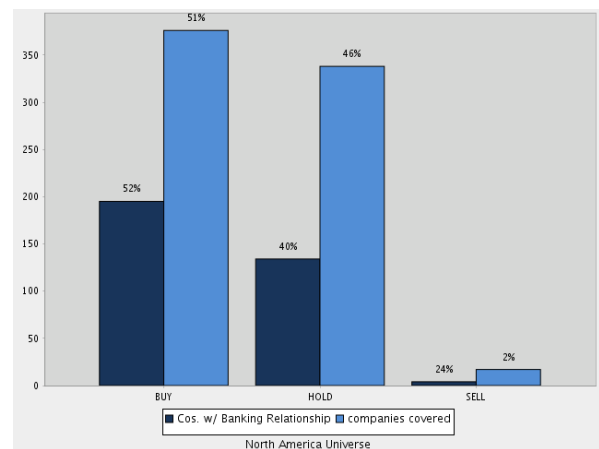
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