

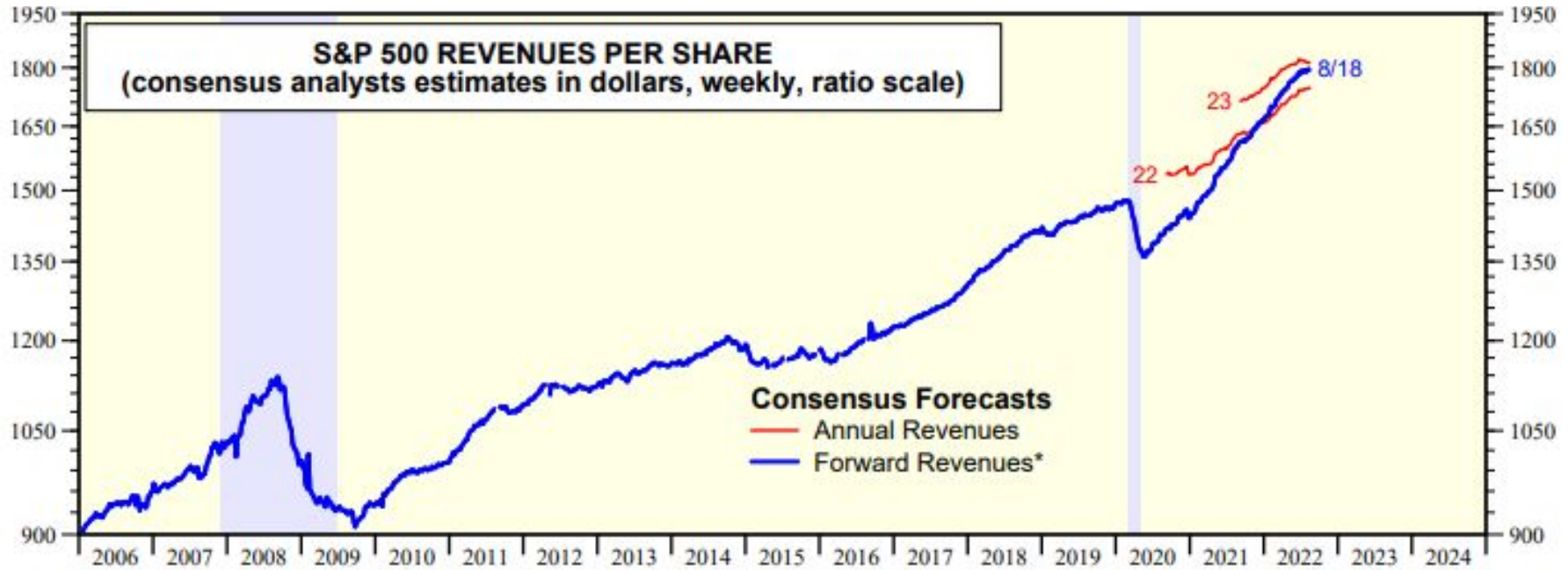


HAS THE EARNINGS TAILWIND TURNED INTO A HEADWIND?

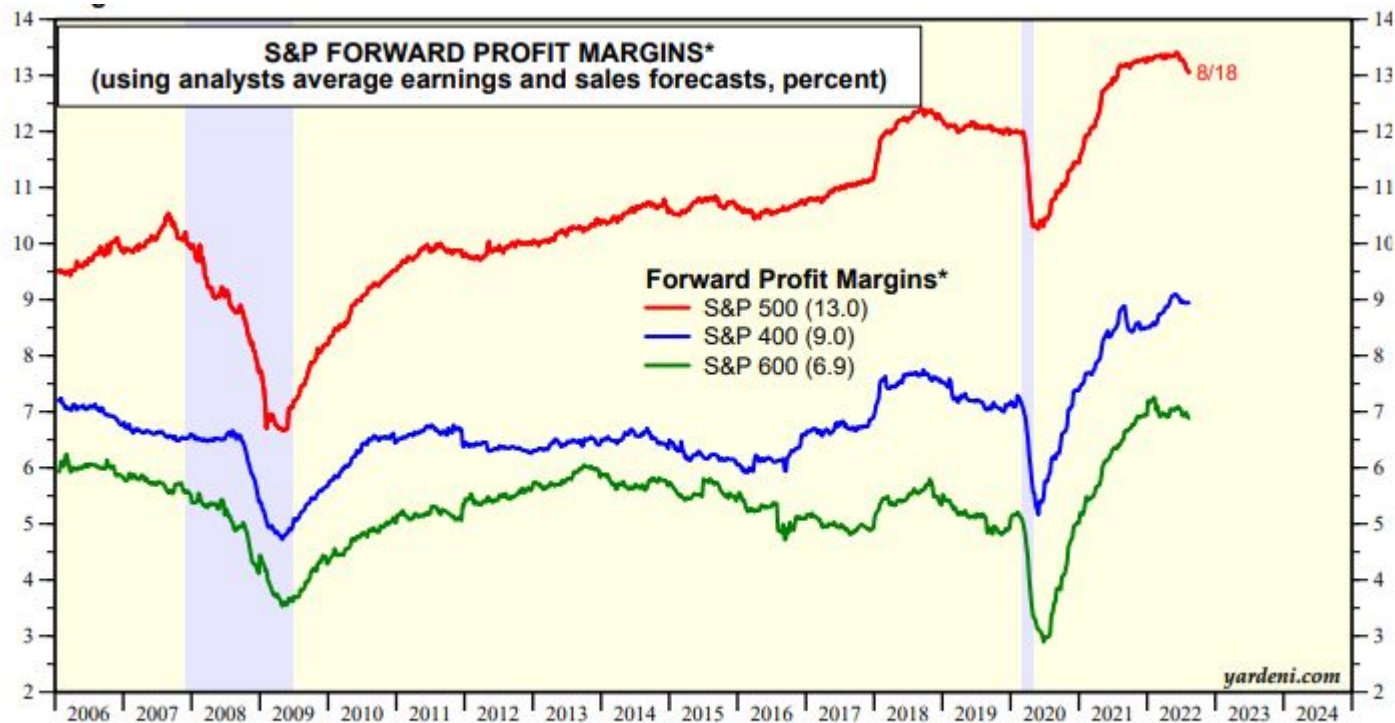
Agenda: Earnings tailwinds becoming headwinds

- Global Earnings overview
- Australia vs World
- Sectors
- Stocks
- Implications for markets

Revenues have flattened

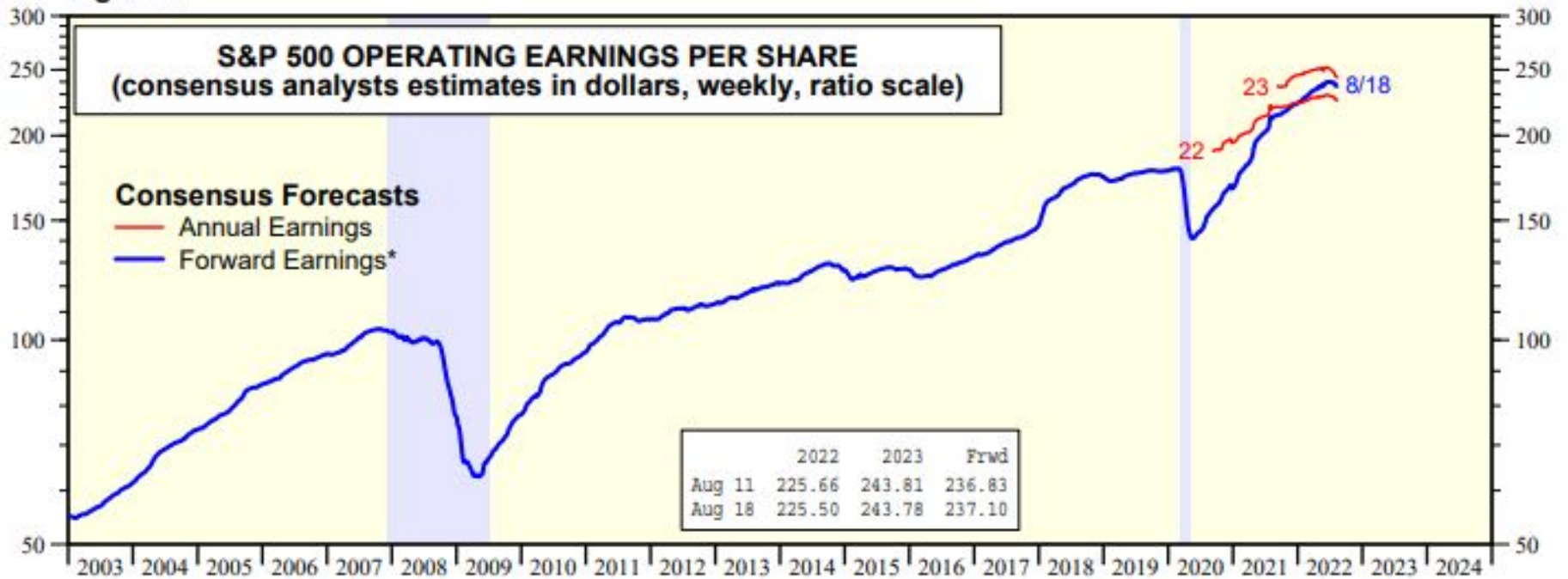


Margins are declining

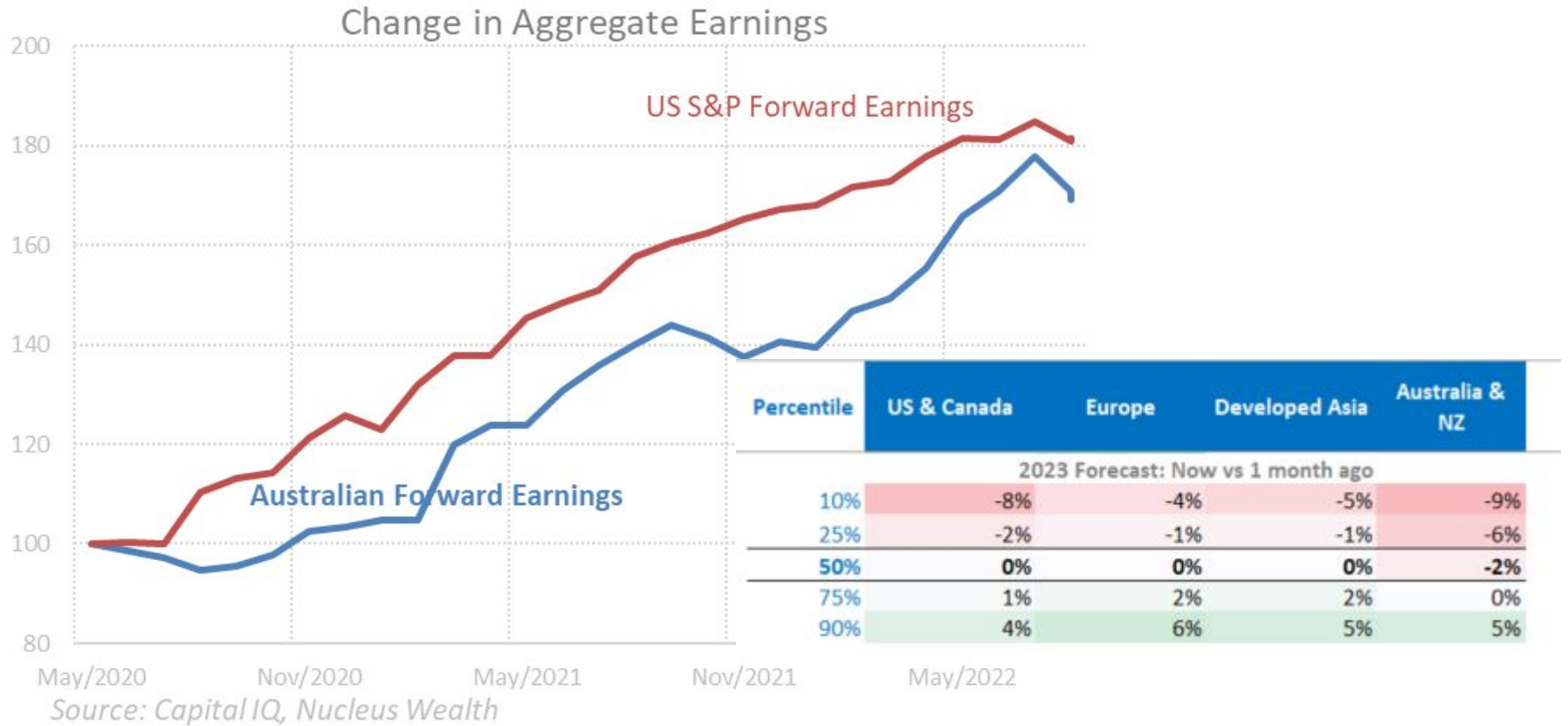


* Time-weighted average of the consensus estimates for current and next year using forward earnings divided by forward revenues.
Note: Shaded areas are recessions according to the National Bureau of Economic Research.
Source: I/B/E/S data by Refinitiv and Standard & Poor's.

Earnings are also falling



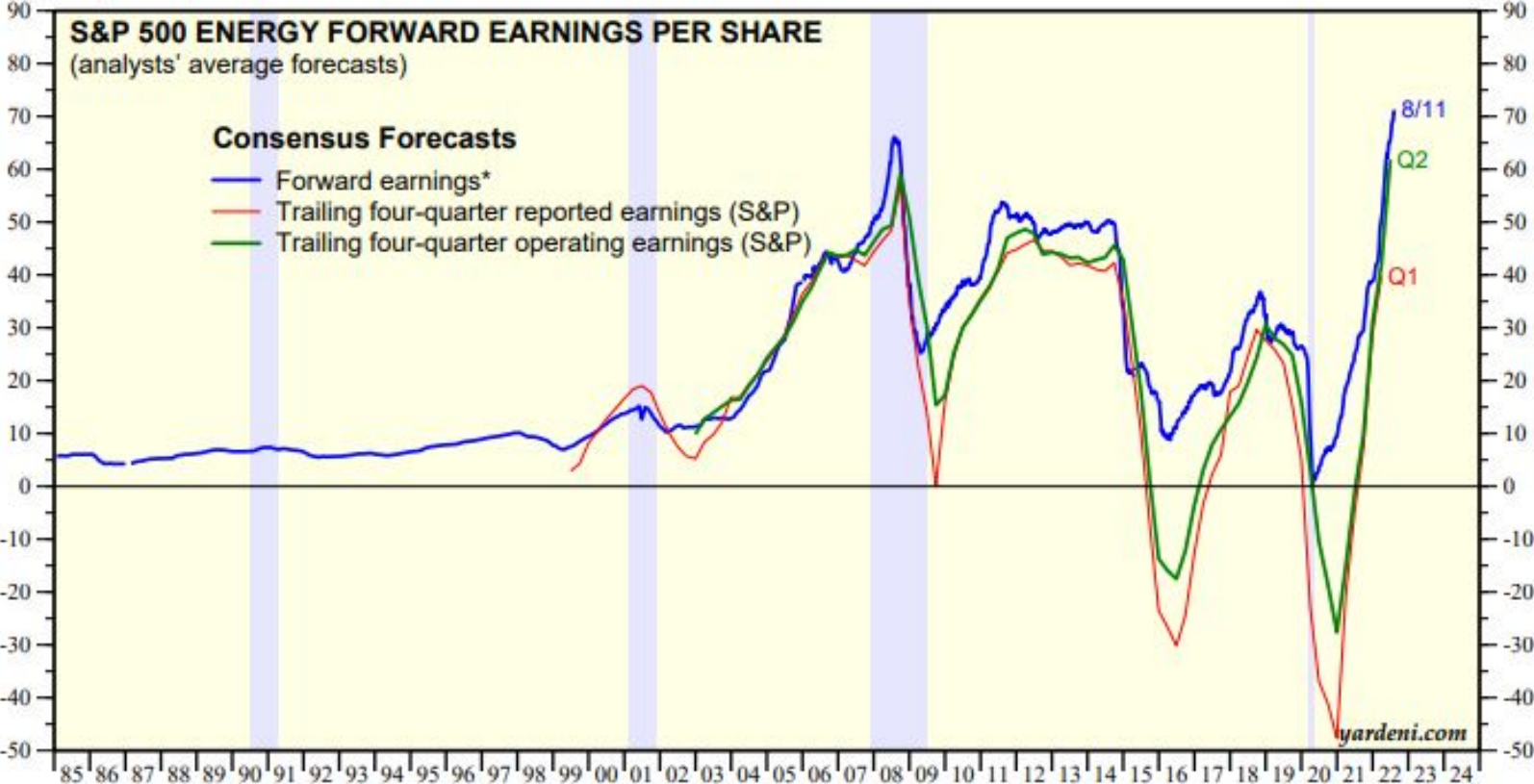
Australian Earnings



Sector Downgrades still sporadic

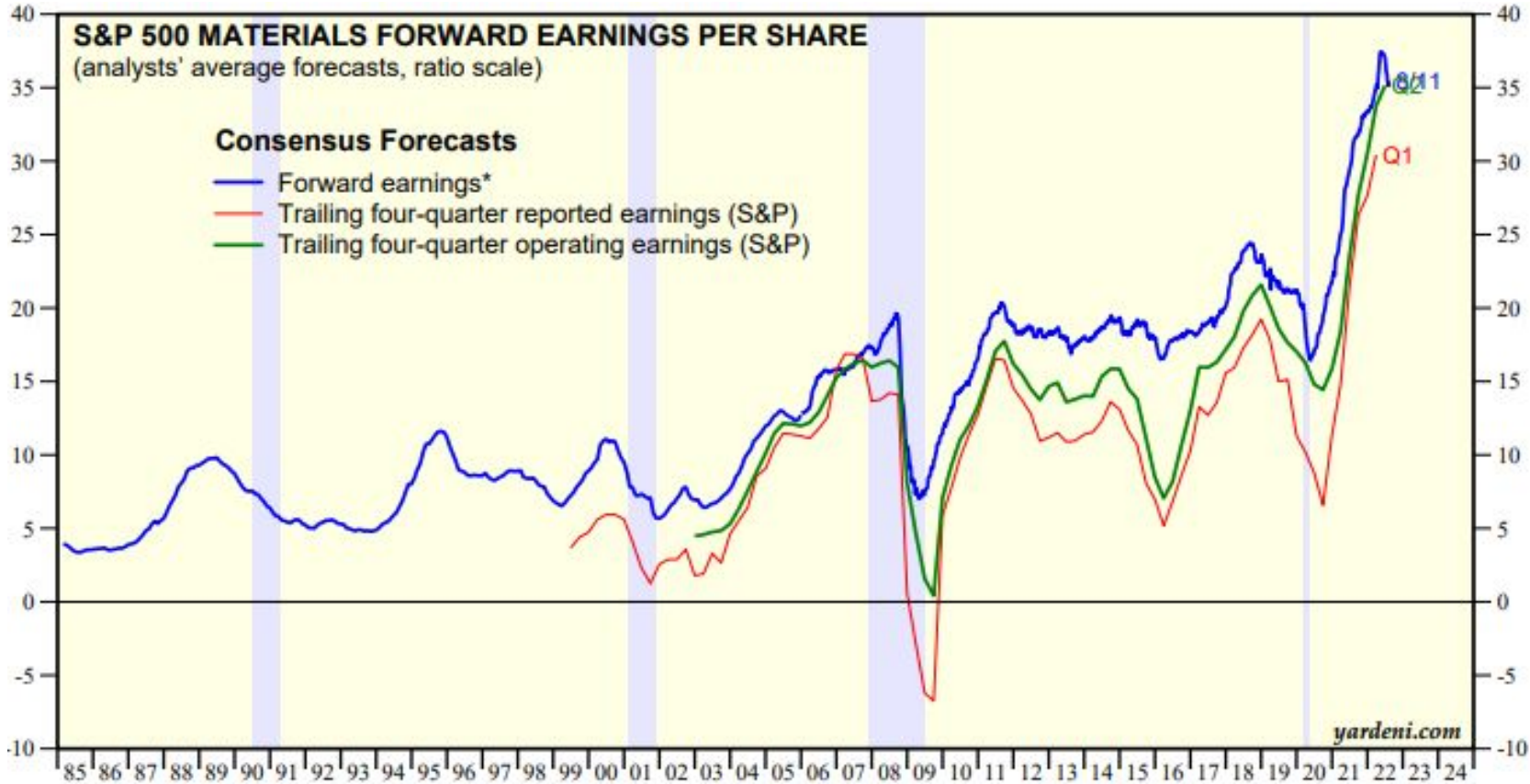
%tile	Energy	Materials	Cons. Discret.	Cons. Staples	Health Care	Industrial	IT	Financials	Real Estate	Comm. Services	Utilities
2022 Forecast: Now vs 1 month ago											
10%	-2%	-8%	-8%	-1%	-8%	-3%	-2%	-6%	-8%	-9%	-1%
25%	-1%	-1%	-1%	0%	-3%	0%	0%	-1%	-1%	-2%	0%
50%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
75%	6%	1%	1%	1%	1%	1%	2%	2%	4%	0%	0%
90%	16%	5%	5%	5%	3%	4%	5%	7%	14%	8%	2%
2023 Forecast: Now vs 1 month ago											
10%	-3%	-8%	-9%	-2%	-8%	-5%	-6%	-5%	-4%	-8%	-12%
25%	0%	-5%	-3%	-1%	-3%	-1%	-2%	-1%	-1%	-3%	0%
50%	1%	-1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
75%	7%	0%	1%	2%	1%	1%	2%	1%	2%	0%	0%
90%	10%	5%	5%	5%	3%	3%	5%	4%	6%	3%	7%

Sector Comps



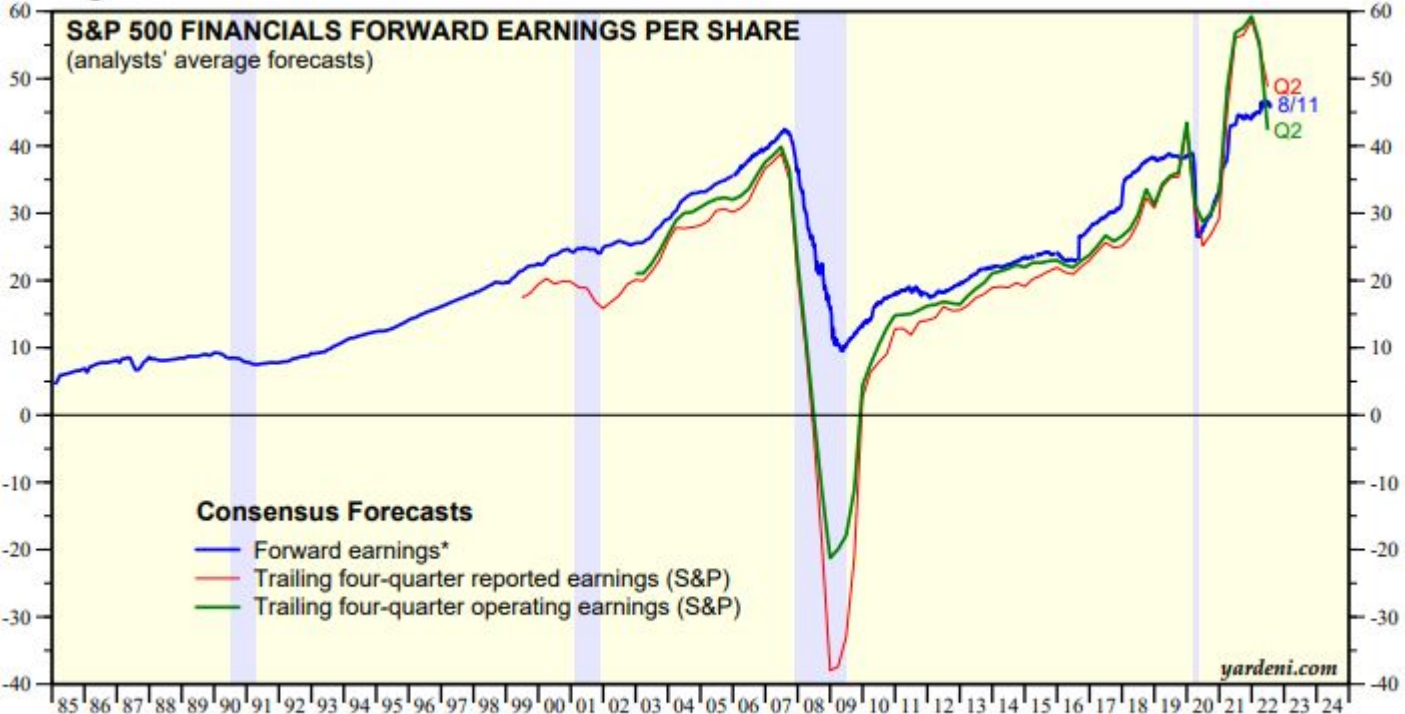
Source: Nucleus Wealth, Yardeni

Sector Comps



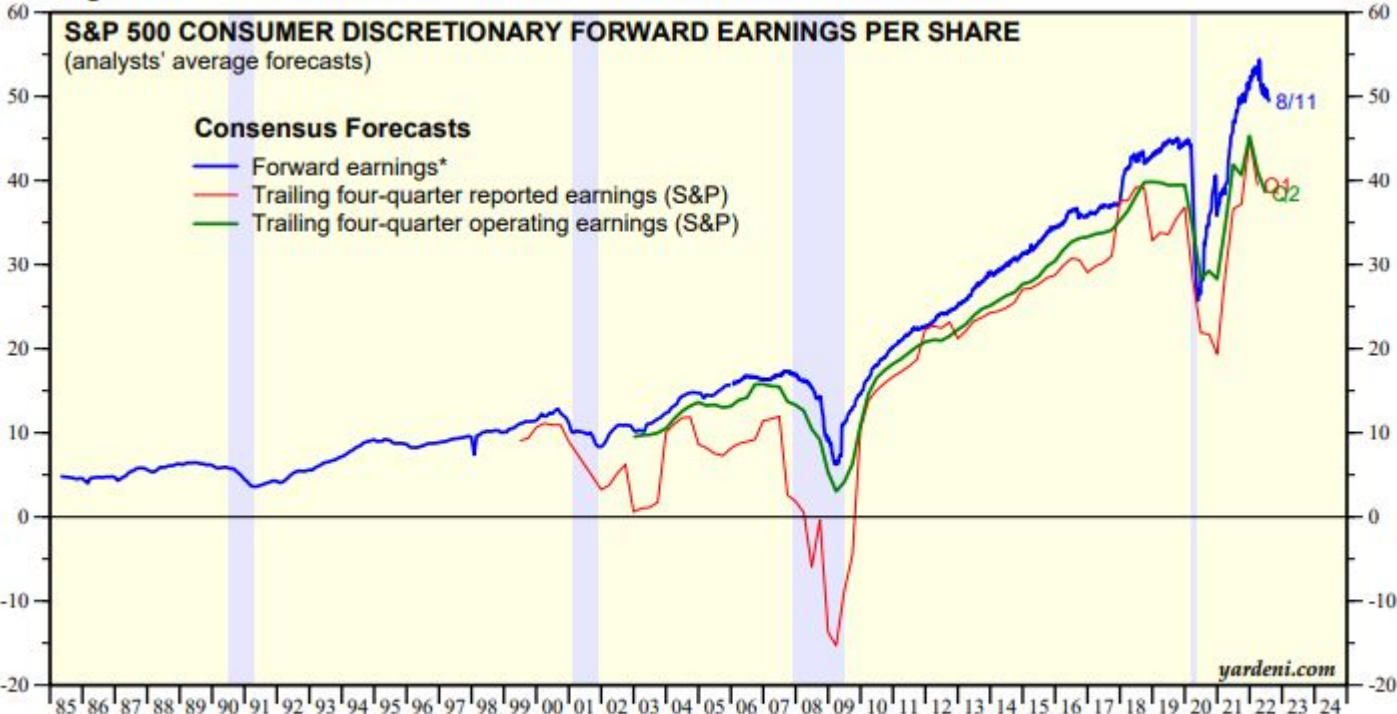
Source: Nucleus Wealth, Yardeni

Sector Comps



Note: Shaded areas are recessions according to the National Bureau of Economic Research.
* Time-weighted average of consensus estimates for current year and next year. Monthly through December 2005, then weekly.
Source: Haver Analytics and I/B/E/S data by Refinitiv.

Sector Comps

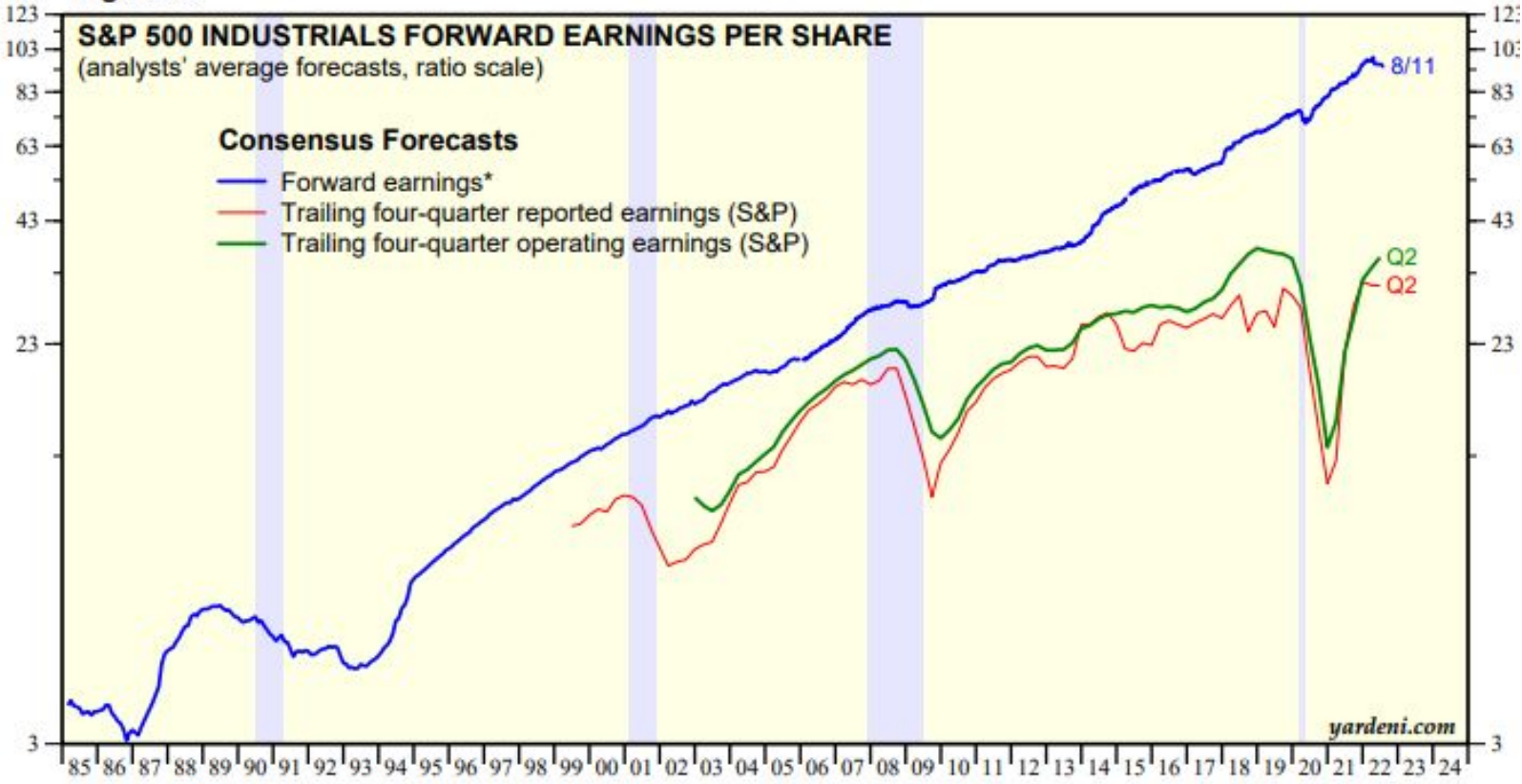


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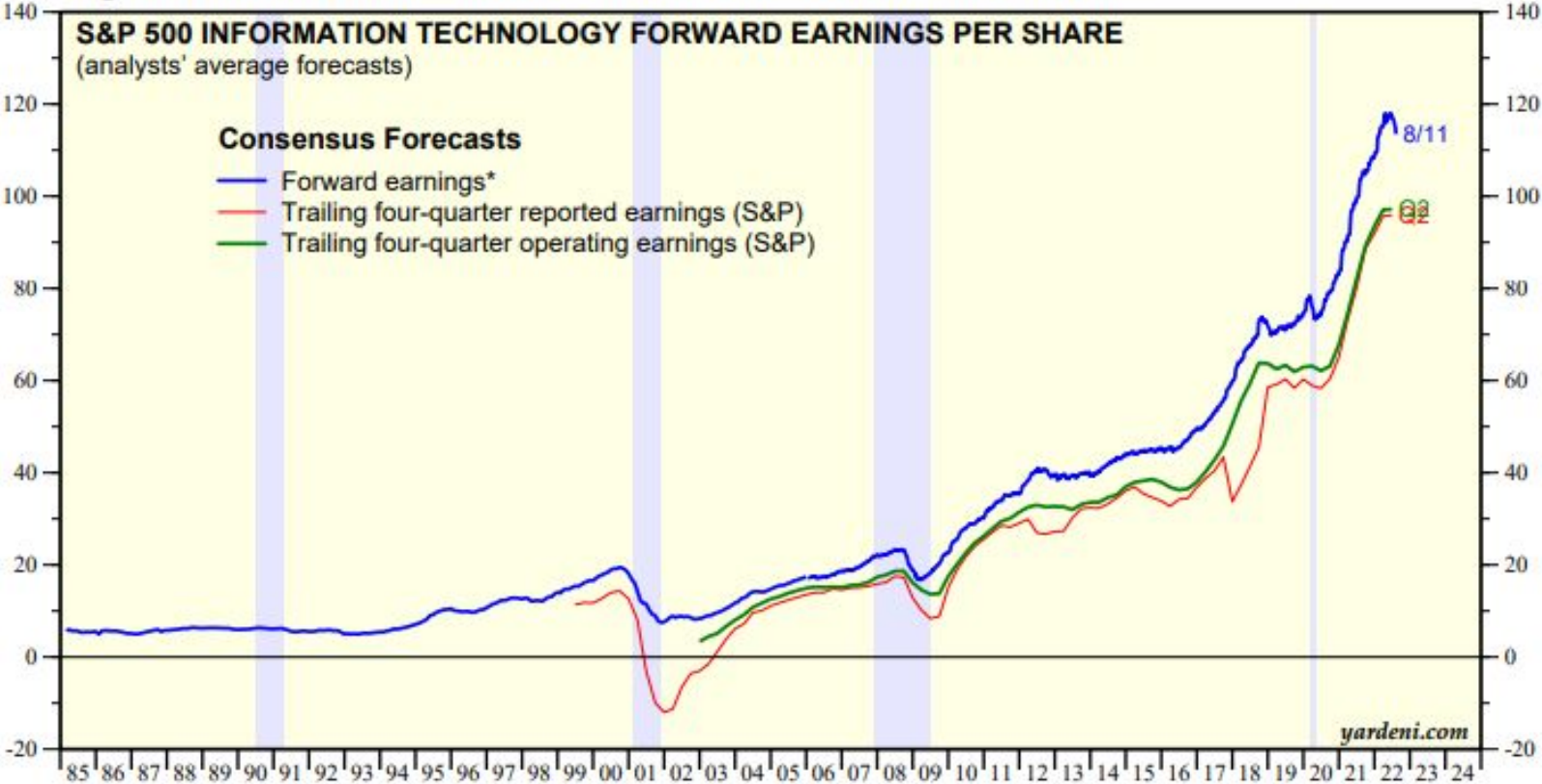
Source: Haver Analytics and I/B/E/S data by Refinitiv.

Sector Comps



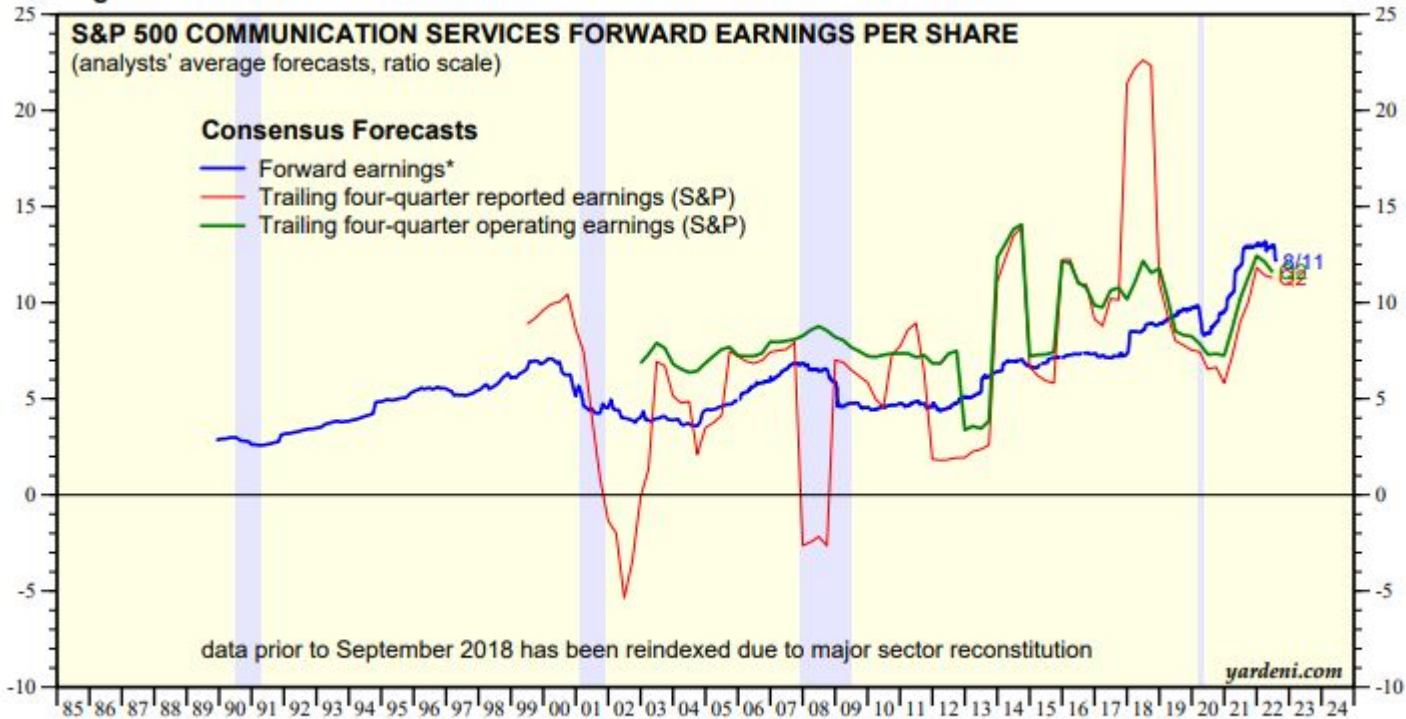
Source: Nucleus Wealth, Yardeni

Sector Comps



Source: Nucleus Wealth, Yardeni

Sector Comps

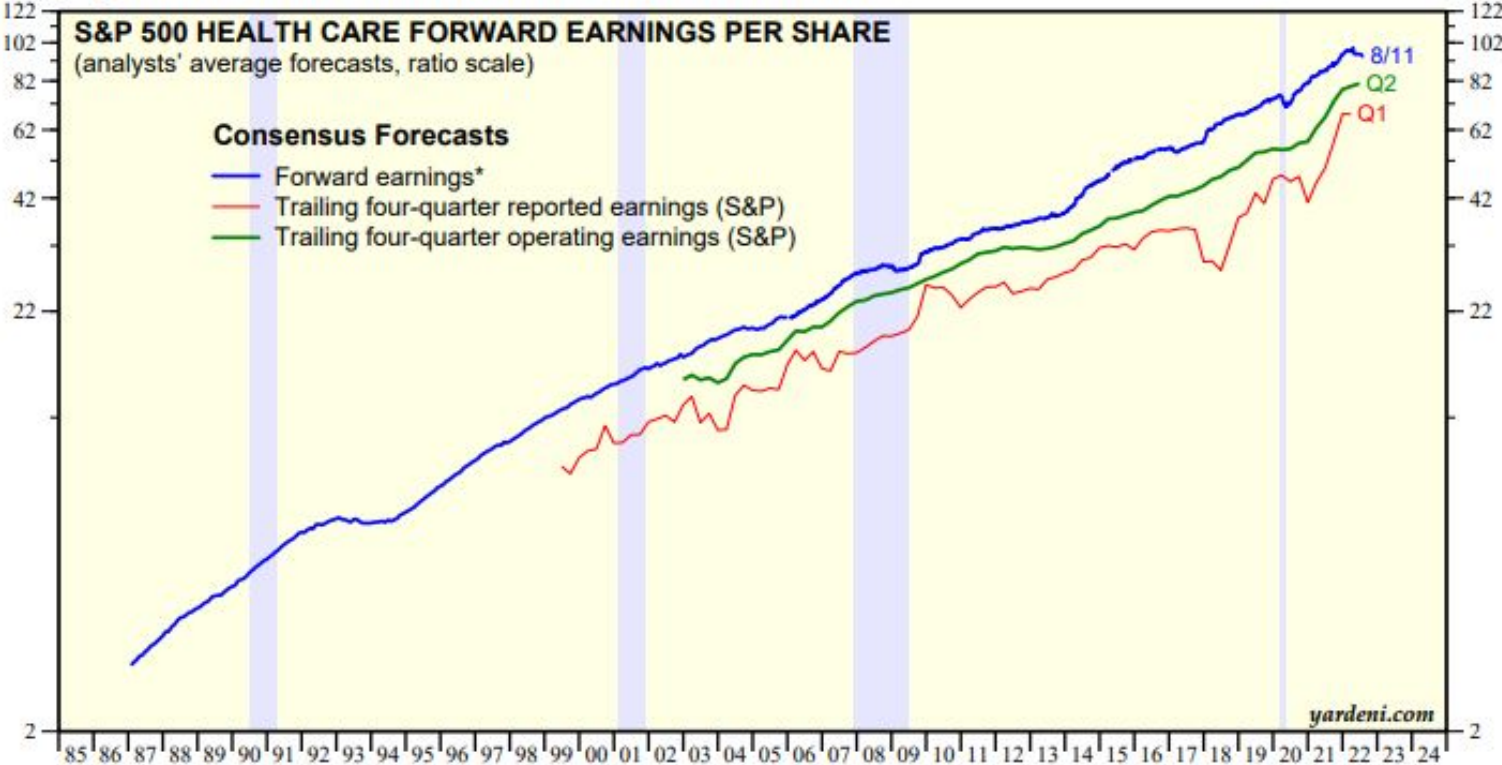


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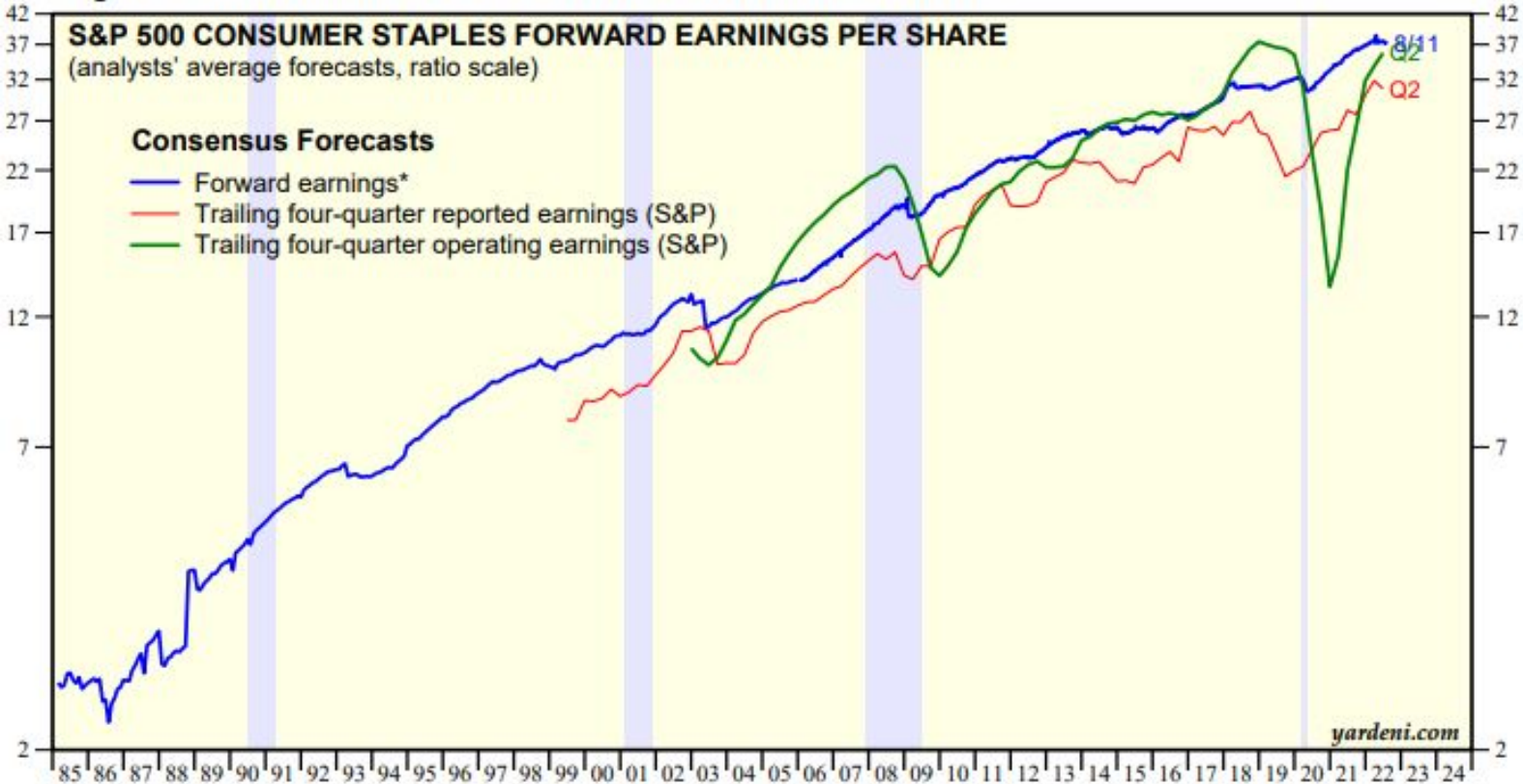
Source: Haver Analytics and I/B/E/S data by Refinitiv.

Sector Comps



Source: Nucleus Wealth, Yardeni

Sector Comps



Source: Nucleus Wealth, Yardeni

Viewer question of the week:

Have earnings turned down or is this just a pause?

Drop your answers in the comments

Agenda: Implications for markets

- Inverted yield curve signalling recession
- Stocks expensive given declining earnings prospects
- Inflation has lowered level of Fed “put” and needs a commodities bust
- DXY bull market to make it worse. AUD to continue falling
- Eventual capitulation of stocks

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