

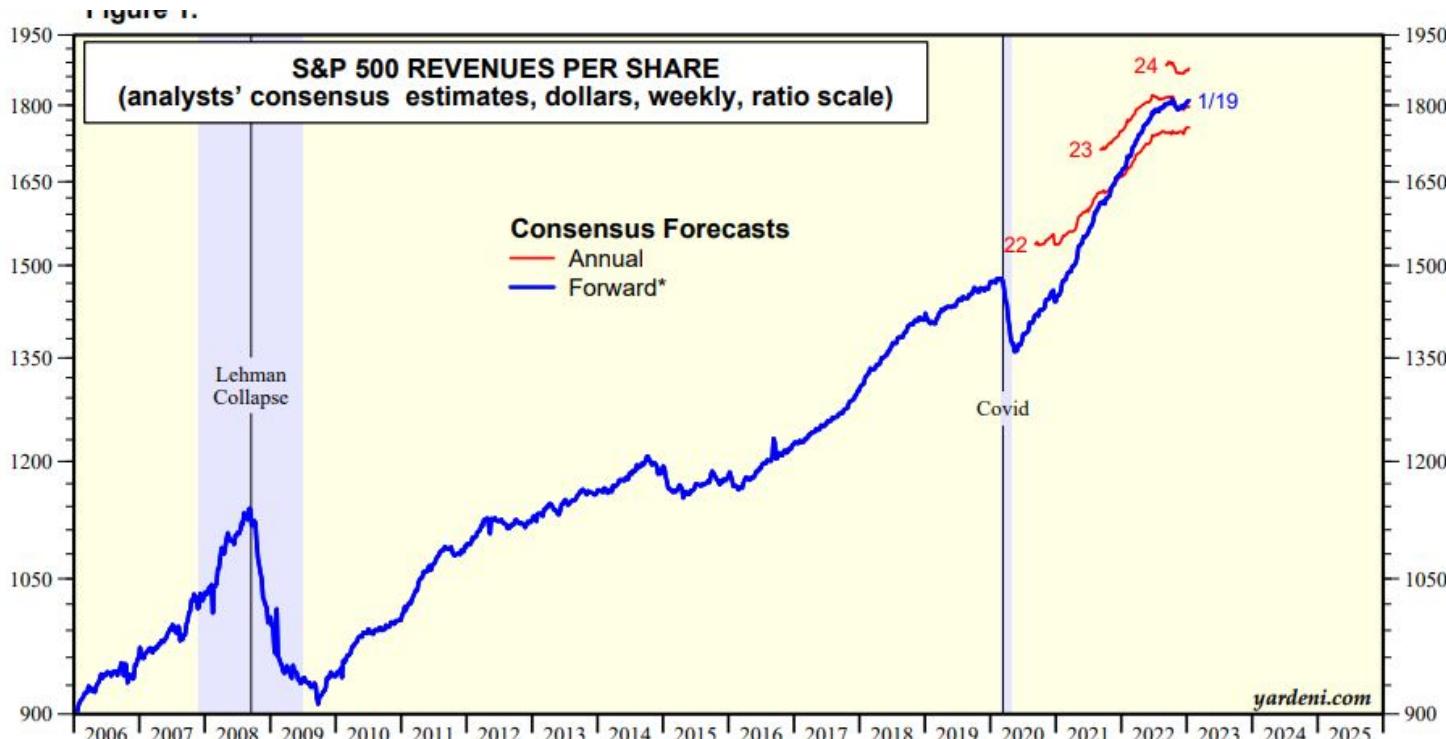


EARLY REPORTING SEASON INDICATIONS AND VALUATION ROUNDUP

Agenda: Earnings tailwinds becoming headwinds

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

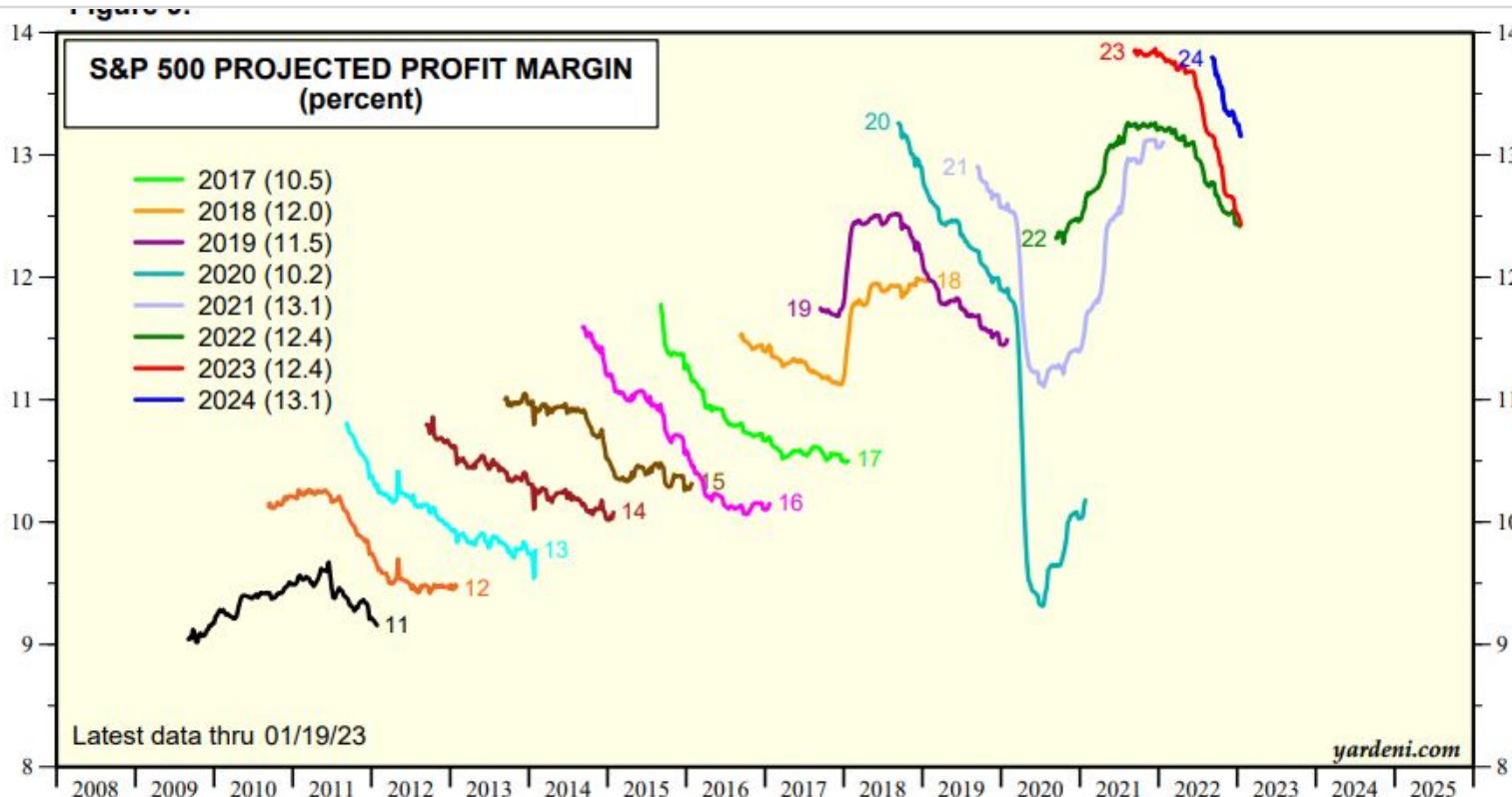
Revenues have flattened, but turning up?



- * Time-weighted average of consensus revenue estimates for current and next year.
- Note: Lehman collapsed 9/15/2008. WHO declared global COVID-19 pandemic on 3/11/2020.
- Note: Shaded areas are recessions according to the National Bureau of Economic Research.
- Source: I/B/E/S data by Refinitiv.

Source: Nucleus Wealth, Yardeni

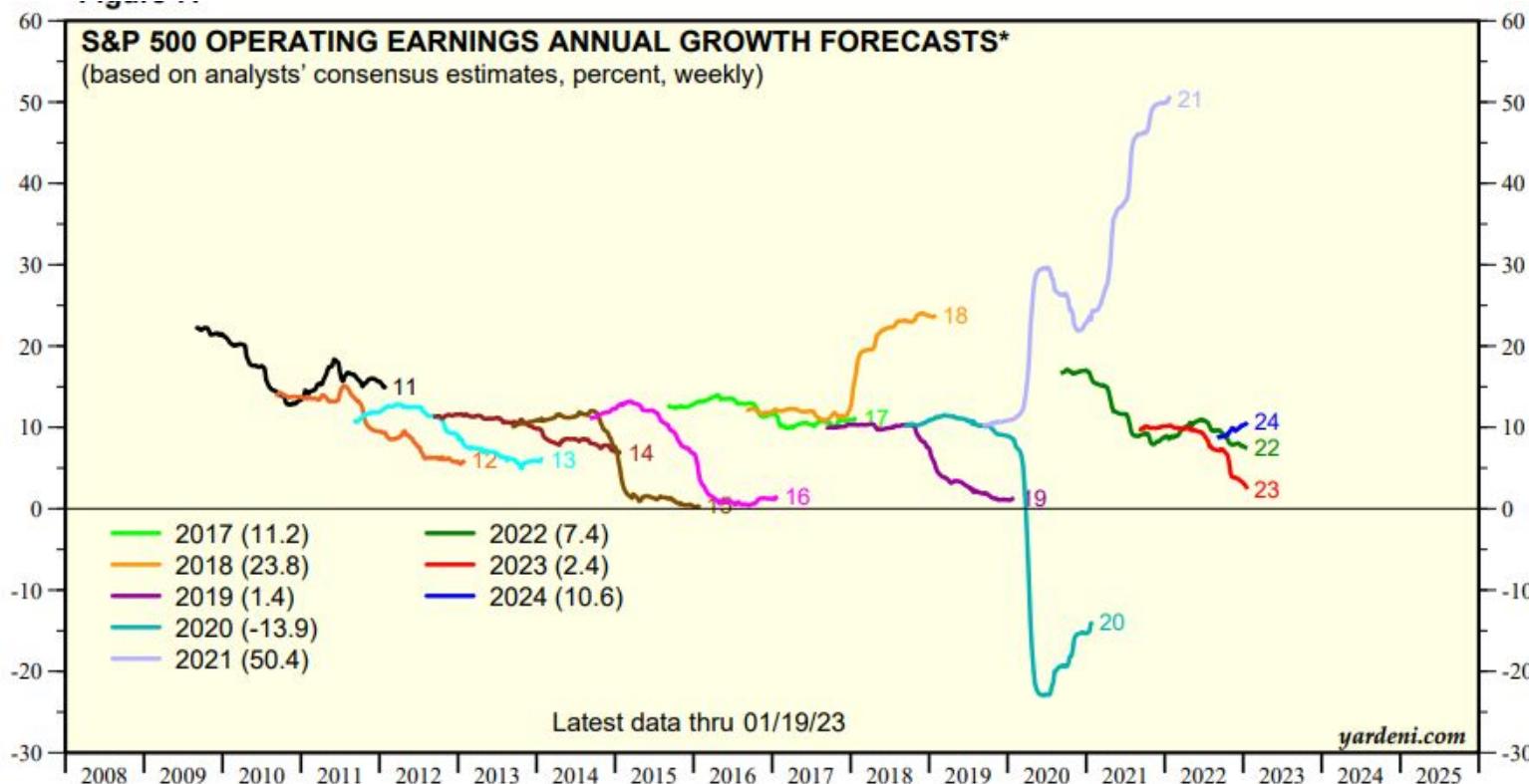
Margins are cratering (from high levels)



Source: I/B/E/S data by Refinitiv.

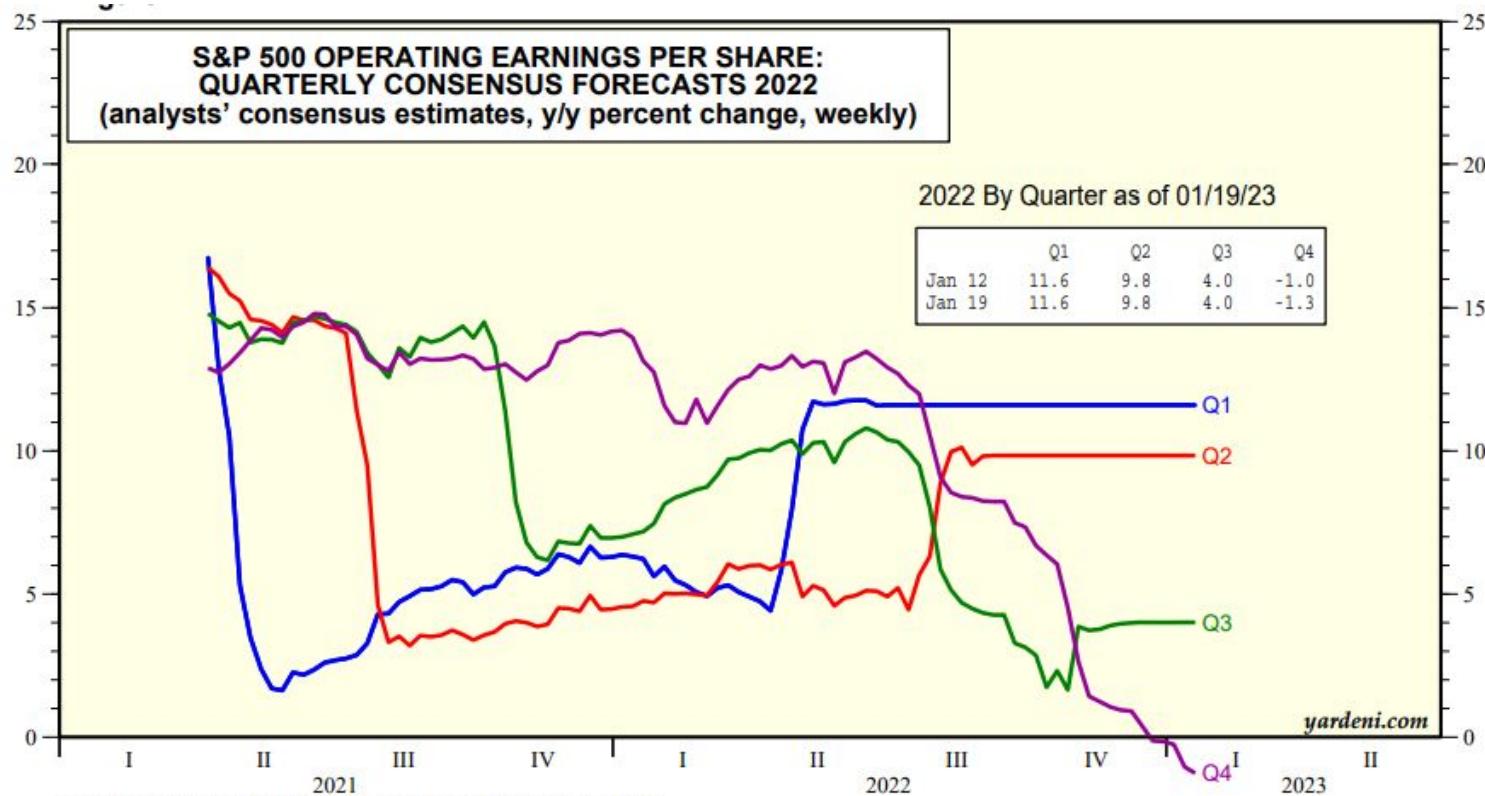
Source: Nucleus Wealth, Yardeni

Earnings are also falling



Source: Nucleus Wealth, Yardeni

Q4 now negative



Note: COVID-19 = WHO declares global pandemic on 3/11/2020.
Source: I/B/E/S data by Refinitiv.

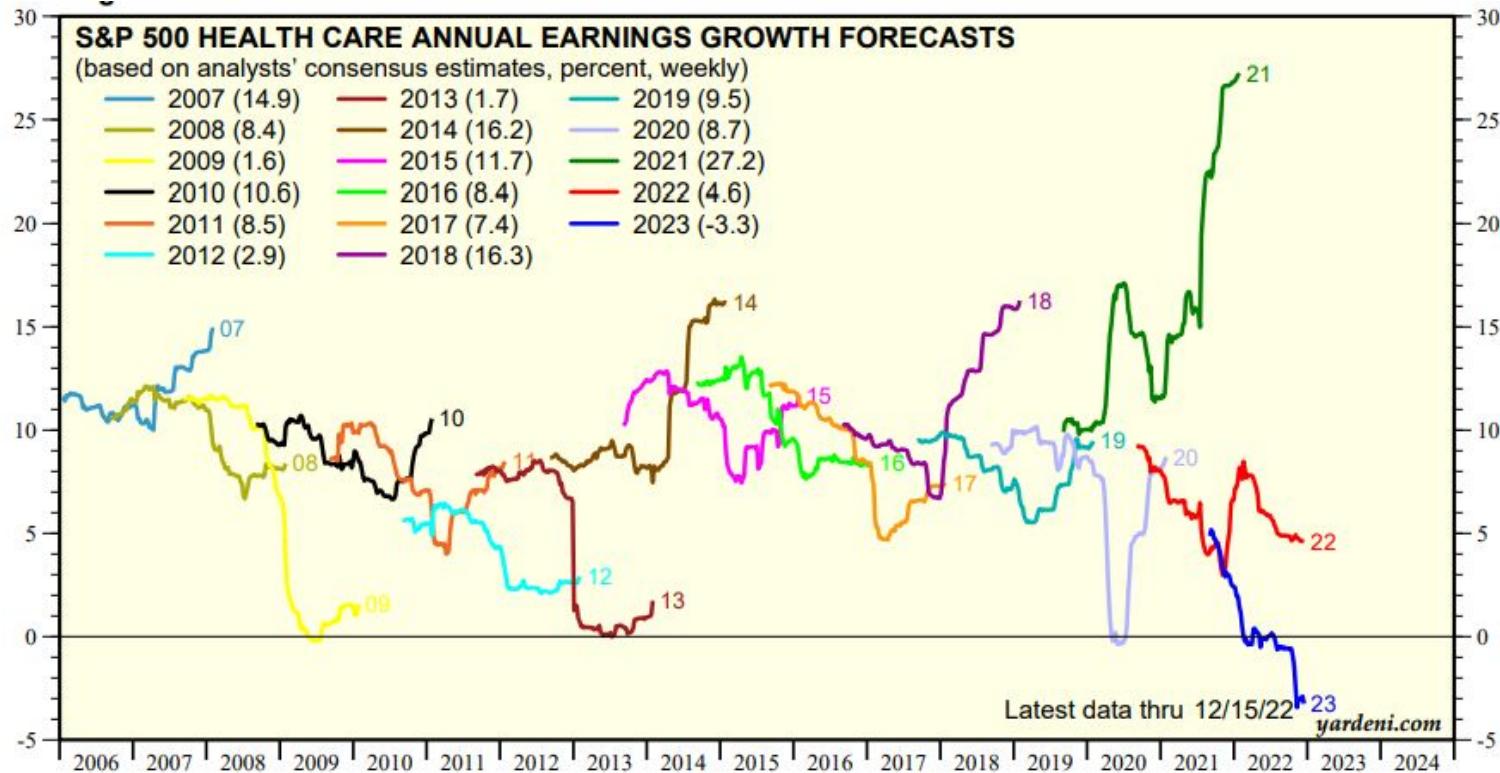
Source: Nucleus Wealth, Yardeni

Sector downgrades coming now...

%tile	Energy	Materials	Cons. Discret.	Cons. Staples	Health Care	Industrial	IT	Financials	Real Estate	Comm. Services	Utilities
Next Twelve Month Forecast: Now vs 1 month ago											
10%	-8%	-10%	-16%	-2%	-3%	-4%	-14%	-8%	-6%	-12%	0%
25%	1%	-4%	-1%	-1%	-1%	-2%	-4%	-4%	-1%	-5%	2%
50%	4%	0%	1%	0%	2%	0%	0%	0%	0%	-3%	4%
75%	7%	9%	2%	3%	3%	3%	5%	4%	1%	-1%	5%
90%	8%	12%	2%	16%	4%	9%	9%	7%	4%	7%	7%
2023 Forecast: Now vs 3 months ago											
10%	-18%	-10%	-35%	-6%	-7%	-10%	-18%	-14%	-12%	-15%	0%
25%	-5%	-9%	-11%	-4%	-4%	-4%	-9%	-6%	-1%	-10%	0%
50%	0%	-3%	0%	-1%	-2%	-2%	-2%	-3%	0%	-6%	0%
75%	5%	1%	2%	3%	0%	2%	0%	2%	1%	-4%	0%
90%	17%	14%	4%	13%	1%	8%	2%	6%	3%	1%	0%
2024 Forecast: Now vs 3 months ago											
10%	-3%	-7%	-18%	-5%	-5%	-11%	-15%	-9%	-10%	-9%	0%
25%	-2%	-6%	-10%	-2%	-4%	-4%	-5%	-4%	-4%	-7%	0%
50%	3%	-3%	0%	0%	-2%	-1%	-1%	0%	-1%	-4%	0%
75%	7%	0%	2%	2%	0%	1%	0%	2%	1%	-2%	0%
90%	19%	8%	8%	8%	0%	4%	2%	5%	5%	3%	0%

Source: Nucleus Wealth, Capital IQ

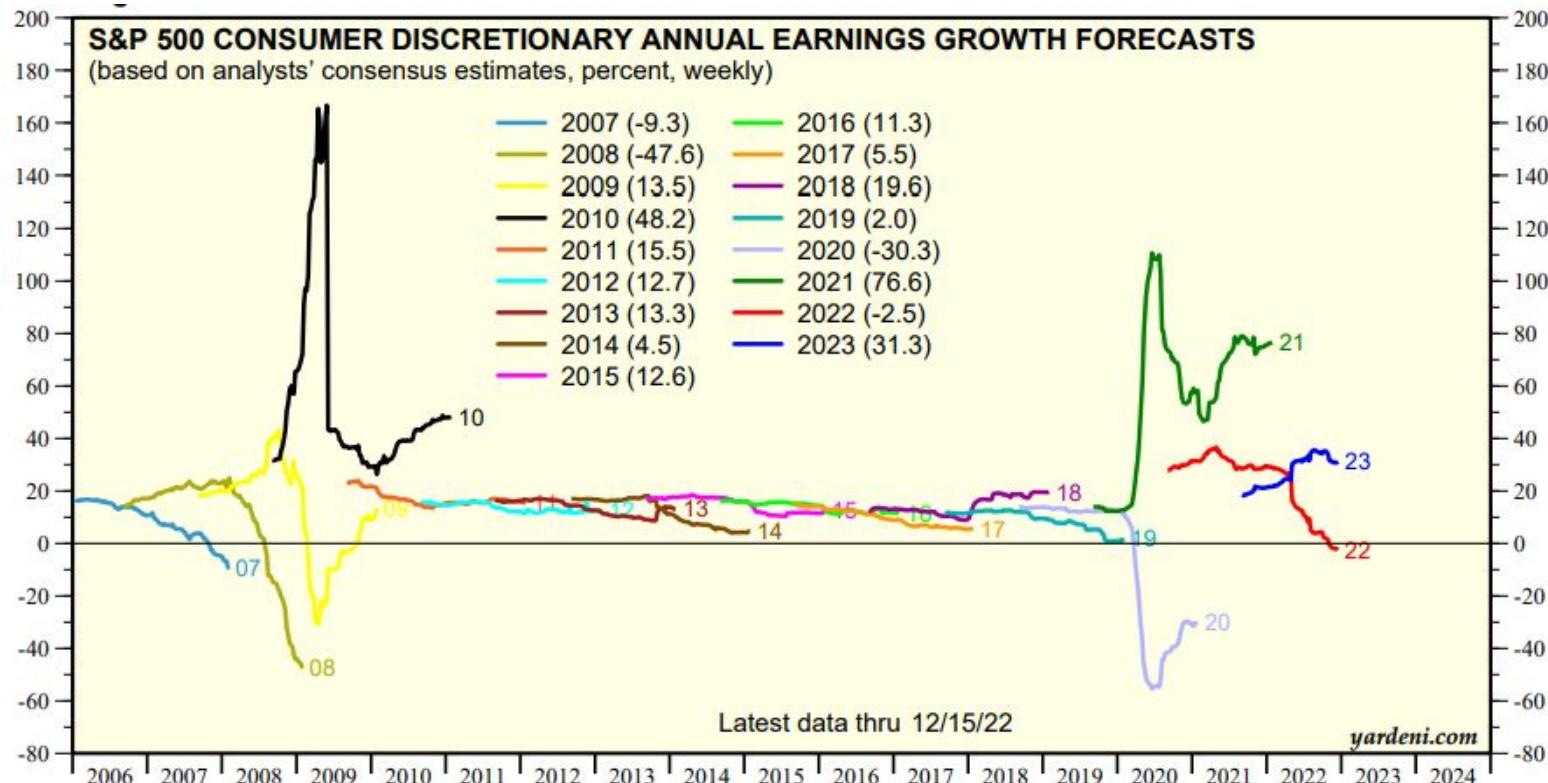
Sector Comps



Source: I/B/E/S data by Refinitiv.

Source: Nucleus Wealth, Yardeni

Sector Comps



Source: I/B/E/S data by Refinitiv.

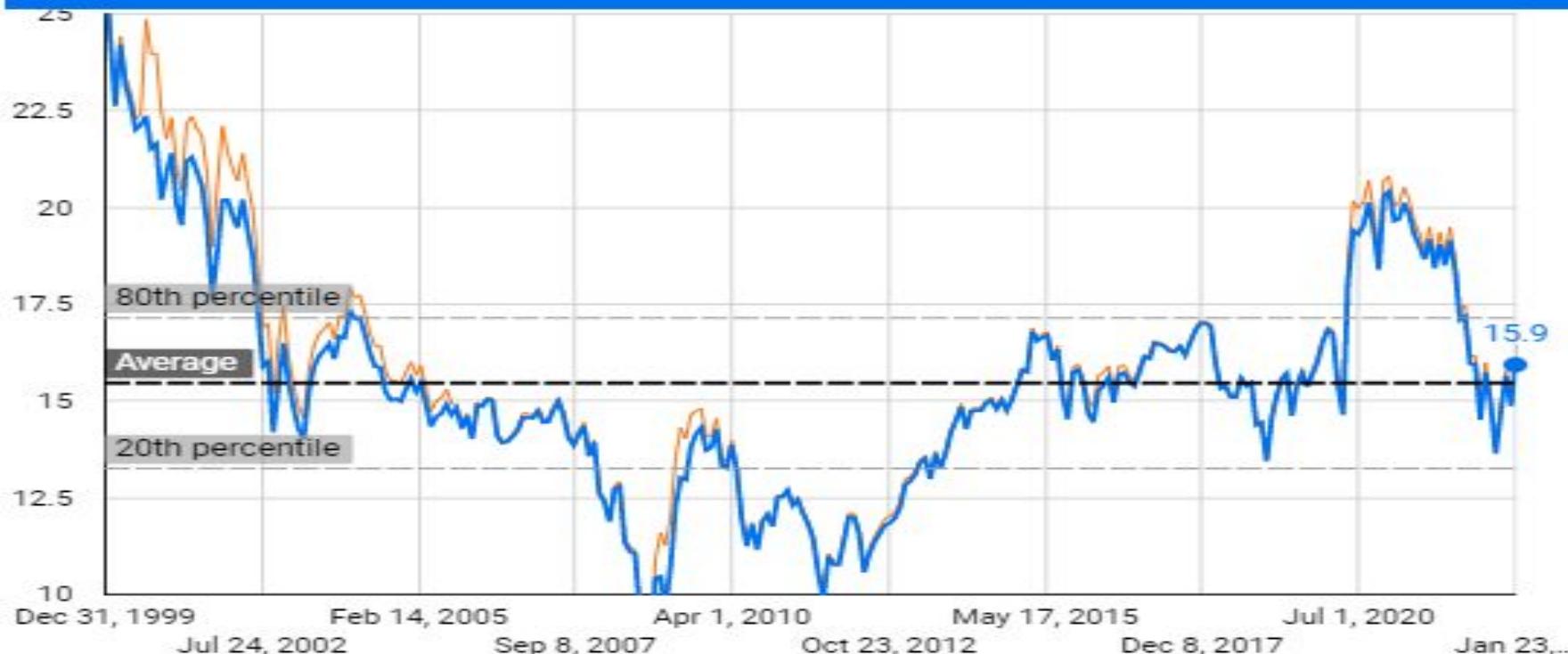
Source: Nucleus Wealth, Yardeni

Stocks

- Intel
- Microsoft
- 3M
- Northrop Gruman
- Boeing
- Netflix
- CF Richmont, LVMH
- USD, Labour Costs,

Valuations

Global 12m Forward Price to Earnings Ratio



Source: Nucleus Wealth, S&P Capital IQ

Valuations

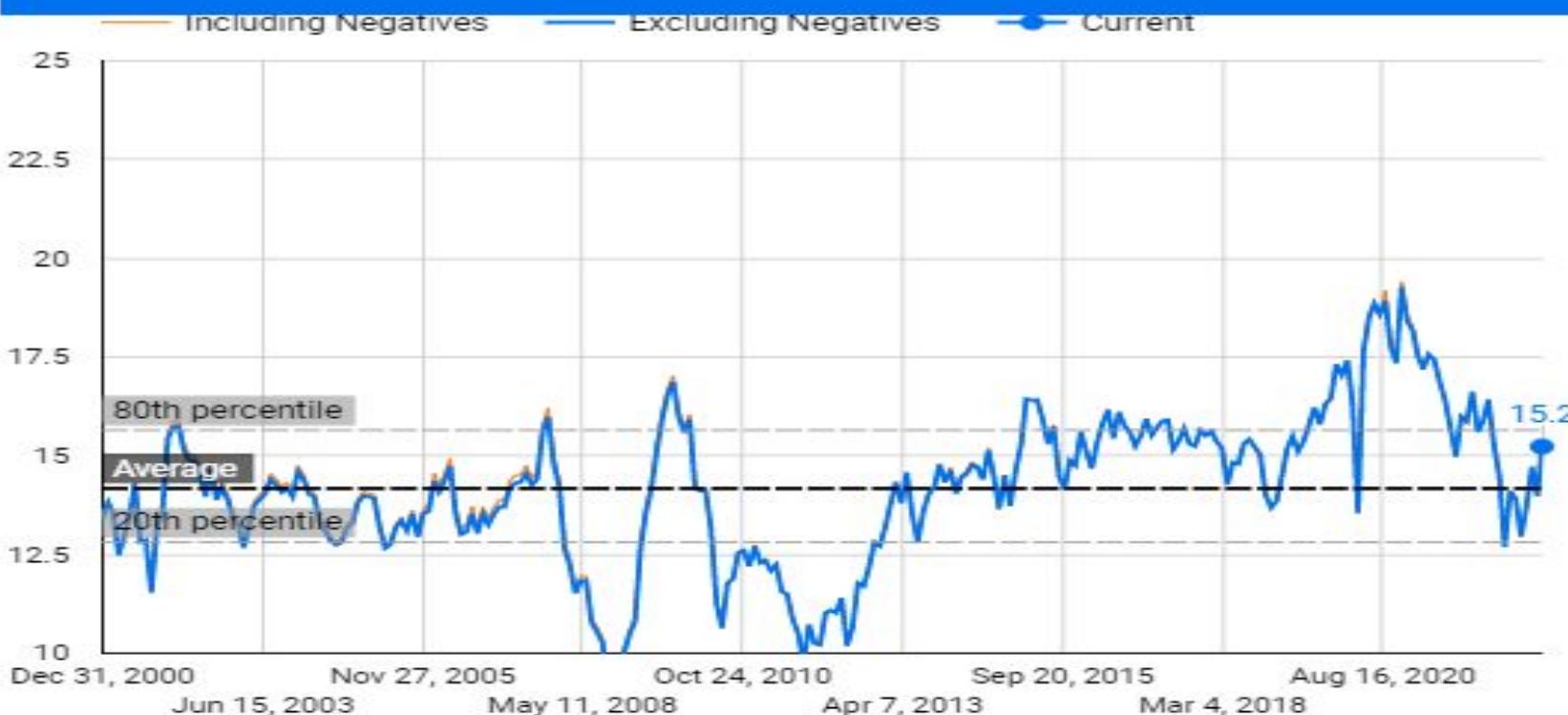
Global 12m Forward P/E ex Banks, Mining, Energy, Insurance



Source: Nucleus Wealth, S&P Capital IQ

Valuations

Australia 12m Forward Price to Earnings Ratio



Source: Nucleus Wealth, S&P Capital IQ

Valuations

Australia ex Banks, Mining, Energy, Insurance



Source: Nucleus Wealth, S&P Capital IQ

Australian Relative Valuations



Source: Nucleus Wealth, S&P Capital IQ

Source: Nucleus Wealth, S&P Capital IQ

Australian Relative Valuations



Source: Nucleus Wealth, S&P Capital IQ

Source: Nucleus Wealth, S&P Capital IQ

Australian Relative Valuations



Source: Nucleus Wealth, S&P Capital IQ

Source: Nucleus Wealth, S&P Capital IQ

Australian Relative Valuations



Source: Nucleus Wealth, S&P Capital IQ

Source: Nucleus Wealth, S&P Capital IQ

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

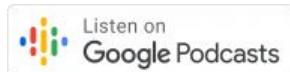
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