

Earnings Season: Which angle to look at?

DIGITAL ENGAGEMENT TEAM

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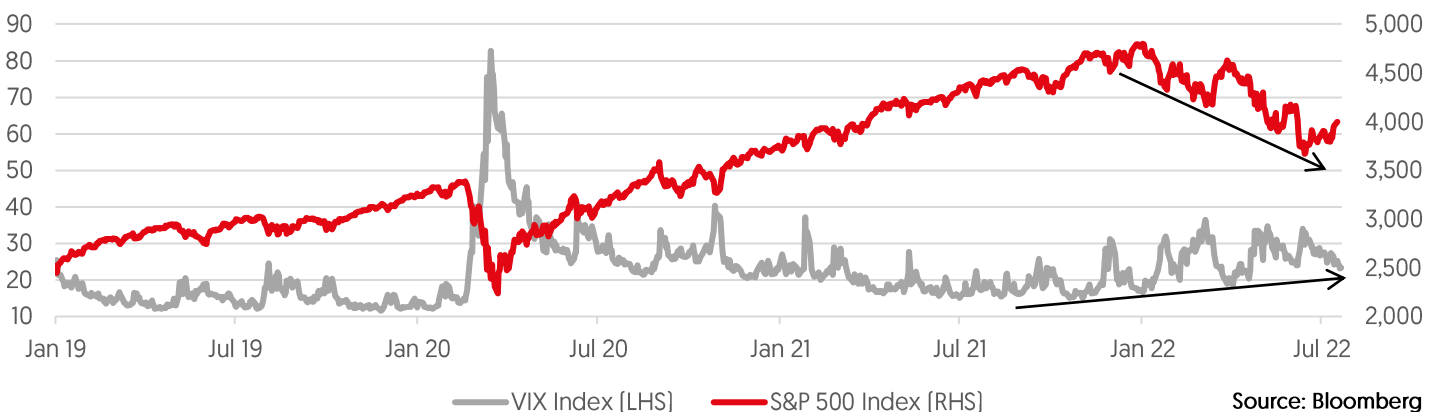
TRADING MATTERS SERIES: NEWS FOCUS

The summary and impact of a major news event

Current Macroeconomic Environment

The prospects of a soft landing for the US and global economy are dwindling by the day.¹ Inflation in June rose more than expected,² and markets are reevaluating the impact of more US interest rate hikes to come. Federal Reserve Chair Jerome Powell himself acknowledged the challenge of a soft landing, admitting that steep interest rate hikes could tip the US economy into recession.³ Conversely in China, the PBOC has stabilized its key lending rates in an attempt to strike a balance between preventing the acceleration of inflation and supporting the economy.⁴

The S&P 500 has trended downwards this year while volatility has picked up



Any black lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame and are for illustration purposes only.

What do the global economists say?

The International Monetary Fund warned it will again cut the forecast for global economic growth as impacts reverberate from the Russia-Ukraine war, pandemic-related shutdowns in China and higher inflation.⁵ Economists have downgraded 2022 US GDP growth forecast to 2.3%⁶ while China will likely slip below the forecasted 4%.⁷ The G20 finance ministers and central bank governors also ended their meeting without reaching a communique, underlining the difficulty in coordinating a global response to surging inflation and recessionary fears.⁸ The overlapping challenges are pushing a growing chorus of executives and policymakers to paint a bleak picture of a global economy heading for a recession.⁹

What do the global equity analysts say?

Global equities analysts are painting a different picture, looking at the benchmark S&P 500 index and seeing no reason for investors to change strategy.¹⁰ Bank earnings for 2022 2Q have provided a positive start to earnings season despite the misses on the estimates.¹¹ The Volatility Index, also known as fear and greed indicator of stock-investors' sentiment, is holding well below levels seen in past bear markets.¹² Even though fundamentals are trending lower, equity analysts continue to have an unusually high number of buy ratings on stocks in the S&P 500.¹⁰ The divergence is a sign that the stock Wall Street seems to be looking bullish on stocks¹⁰ and is underpricing recession risks.¹³

United States

Below are some of the largest companies based on Market Cap due to report earnings in August 2022 listed in the United States



Berkshire Hathaway Inc - Class A [NVDA US]

- Next earning announcement on **08 Aug 2022** [Bloomberg]
- Robinhood's fractional trading drove a phantom surge in volume of Berkshire Hathaway's hugely expensive Class A stock, according to study [Markets Insider, 21 Jul 2022]
- Buffett's Berkshire buys more Occidental Petroleum, edges closer to 20% stake [Reuters, 19 Jul 2022]
- BYD's Hong Kong shares drop most since Nov 2022 on Buffett stake cut speculation [Reuters, 12 Jul 2022]

Market Cap [USD]	649.14 Billion
Current Price	442,000.00
Analysts' 12M Target Price	525,030.00
Upside/Downside from Analyst Consensus [%]	18.79%
Indicated Yield	N/A



Nvidia Corp [NVDA US]

- Next earning announcement on **24 Aug 2022** [Bloomberg]
- Chip stocks roar back as market darlings after mauling by bears [Bloomberg, 22 Jul 2022]
- US Senate advances more than US\$50 billion bill to boost its semiconductor production [Bloomberg, 20 Jul 2022]
- Global smartphone, PC shipments to decline in 2022 on China slowdown [Reuters, 30 Jun 2022]

Market Cap [USD]	449.60 Billion
Current Price	179.84
Analysts' 12M Target Price	232.83
Upside/Downside from Analyst Consensus [%]	29.46%
Indicated Yield	0.09%



Walmart Inc [WMT US]

- Next earning announcement on **16 Aug 2022** [Bloomberg]
- Walmart issues profit warning as soaring inflation hits customers [Financial Times, 26 Jul 2022]
- Walmart shares plunge as the company issues new guidance for FY2023 [CNBC, 25 Jul 2022]
- Walmart to electrify its delivery fleet with Canoo electric vehicles as part of the U.S. retailer's goal to achieve net-zero emissions by 2040 [Reuters, 12 Jul 2022]

Market Cap [USD]	355.66 Billion
Current Price	129.75
Analysts' 12M Target Price	143.00
Upside/Downside from Analyst Consensus [%]	10.21%
Indicated Yield	1.73%



Eli Lilly and Co [LLY US]

- Next earning announcement on **04 Aug 2022** [Bloomberg]
- Eli Lilly has agreed to work with Erasca in Oncology Clinical Trial [MT Newswires, 18 Jul 2022]
- The company said it will supply additional doses of its COVID-19 antibody drug to the US government in order to meet demand through late Aug 2022 [Reuters, 29 Jun 2022]

Market Cap [USD]	314.31 Billion
Current Price	330.80
Analysts' 12M Target Price	327.73
Upside/Downside from Analyst Consensus [%]	-0.93%
Indicated Yield	1.19%

Hong Kong

Below are some of the largest companies based on Market Cap due to report earnings in August 2022 listed in Hong Kong

Tencent Holdings Ltd [700 HK]

- Next earning announcement on **17 Aug 2022** (Bloomberg)
- Tencent has launched a new e-commerce tool to create online stores on Channels. The company is speeding up efforts to make money from Channels after reporting almost no revenue growth in the first quarter of 2022 (SCMP, 24 Jul 2022)
- Tencent has been forced to take strict measures to curb NFT reselling, and its business group that includes Huanhe was the hardest hit in recent lay-offs (SCMP, 21 Jul 2022)

Market Cap (USD)	393.49 Billion
Current Price	320.80
Analysts' 12M Target Price	456.65
Upside/Downside from Analyst Consensus (%)	42.35%
Indicated Yield	0.50%

China Construction Bank [939 HK]

- Next earning announcement on **15 Aug 2022** (Bloomberg)
- Some of China's largest banks are offering a lower interest rate on long-term deposits compared with short-term as a dearth of quality lending opportunities points to a sustained slowdown in the engine of global economic growth (Financial Times, 25 Jul 2022)
- China's digital yuan gets fresh push from Beijing, but consumers see little incentive to use e-CNY (SCMP, 20 Jul 2022)

Market Cap (USD)	161.42 Billion
Current Price	5.01
Analysts' 12M Target Price	7.73
Upside/Downside from Analyst Consensus (%)	54.31%
Indicated Yield	8.51%

Meituan [3690 HK]

- Next earning announcement on **15 Aug 2022** (Bloomberg)
- Food delivery giant Meituan hires Kuaishou's former global chief Tony Qiu (Bloomberg, 14 Jul 2022)

Market Cap (USD)	148.19 Billion
Current Price	188.00
Analysts' 12M Target Price	242.96
Upside/Downside from Analyst Consensus (%)	29.23%
Indicated Yield	N/A

Agricultural Bank of China [1288 HK]

- Next earning announcement on **15 Aug 2022** (Bloomberg)
- China deploys bad-loans expert to clean up Henan's festering banking and property mess (SCMP, 21 Jul 2022)
- Chinese commercial banks' profit to Grow 8% in 2022 Q3 (MT Newswires, 06 Jul 2022)
- AgBank issues US\$9 billion of renminbi bonds for tier-2 capital boost (MT Newswires, 23 Jun 2022)

Market Cap (USD)	145.03 Billion
Current Price	2.60
Analysts' 12M Target Price	3.73
Upside/Downside from Analyst Consensus (%)	43.50%
Indicated Yield	9.32%

Singapore

Below are some of the largest companies based on Market Cap due to report earnings in August 2022 listed in Singapore

DBS Group Holdings LTD (DBS SP)

- Next earning announcement on **04 Aug 2022** (Bloomberg)
- DBS Bank filed for the listing of HK\$610 million worth of 3.47% bonds due in 2024 on the Singapore bourse (MT Newswire, 25 Jul 2022)
- DBS opens Singapore's first net zero building by a bank, marking new milestone in nation's Green Plan 2030 Completion of DBS Newton Green moves bank closer to achieving operational net zero by end-2022 (MT Newswire, 19 Jul 2022)

Market Cap (USD)	59.35 Billion
Current Price	31.82
Analysts' 12M Target Price	38.47
Upside/Downside from Analyst Consensus (%)	20.90%
Indicated Yield	4.34%

Wilmar International Ltd (WIL SP)

- Next earning announcement on **04 Aug 2022** (Bloomberg)
- There were 22 primary-listed stocks including Wilmar International conducting share buybacks over the 5 sessions ended 30 Jun 2022, with a total consideration of S\$27.3 million (BusinessTimes, 03 Jul 2022)

Market Cap (USD)	18.41 Billion
Current Price	4.05
Analysts' 12M Target Price	5.71
Upside/Downside from Analyst Consensus (%)	40.91%
Indicated Yield	3.83%

Capitaland Investment Ltd (CLI SP)

- Next earning announcement on **11 Aug 2022** (Bloomberg)
- Capitaland Investment's wholly-owned lodging subsidiary, The Ascott, will take over Oakwood Worldwide, a global serviced apartment provider based in Los Angeles, California, from Mapletree Investments (MT Newswires, 04 Jul 2022)

Market Cap (USD)	14.55 Billion
Current Price	3.92
Analysts' 12M Target Price	4.30
Upside/Downside from Analyst Consensus (%)	9.72%
Indicated Yield	3.06%

Singapore Tech Engineering (STE SP)

- Next earning announcement on **12 Aug 2022** (Bloomberg)
- Aviation sector faces hiring headache as mechanics shortage looms (Reuters, 15 Jul 2022)

Market Cap (USD)	9.12 Billion
Current Price	4.04
Analysts' 12M Target Price	4.53
Upside/Downside from Analyst Consensus (%)	12.13%
Indicated Yield	3.47%

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