

US Earning Season: What are the street expectations for 2023 Q2?

EQUITY STRATEGY TEAM

1 JULY 2023

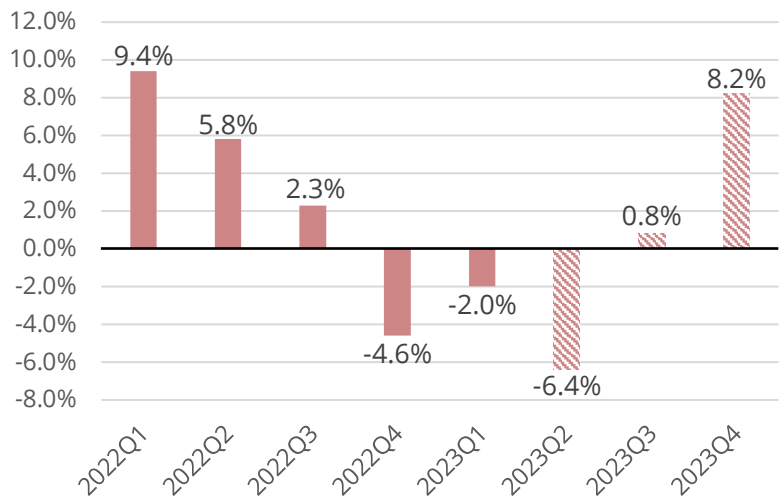
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The summary and impact of a major news event

Quick recap of the past earning seasons

The US S&P 500 index fell nearly 20% throughout 2022, which was dragged down by sticky inflation, aggressive rate hikes and geopolitical tensions. Consequently, corporate earnings gradually declined from 9.4% in 2022 Q1 to -4.6% in 2022 Q4.¹ Earnings remained within the negative territory as the unresolved issues were carried over into 2023, marking what could potentially be the most prolonged earnings recession in US markets, where earnings contracting for at least two consecutive quarters.²

US S&P 500 Earnings Growth (End of Quarter)



Source: FactSet, 09 Jun 2023

Earning forecast for 2023 Q2

Analysts are expecting the negative streak to continue for the S&P 500 earnings growth, with a projected dip of -6.4% for the upcoming Q2 earnings season.¹ The consumer price index appears to be easing.³ While lower inflation is desired by consumers, it is a potential headwind for corporations, as declining prices might impede revenue growth and hurt corporate earnings.⁴

The banking sector will kick off first, and its performance is very much put on the watchlist as markets brace themselves for higher interest rates. Since the 2% inflation target is still some distance away, the Fed signaled that the Fed fund rates may still need to rise by the end of 2023.^{5,6} The yield curve comparing 2-year and 10-year notes stood at negative 100 basis points in Jun 2023.⁶ Historically, out of the 28 instances of an inverted yield curve, 22 times a recession followed.⁶ With recessionary fears, it cast a gloomy shadow on the forecasted earnings growth for 2023 Q2 as a whole.

Looking beyond 2023 Q2 earning season

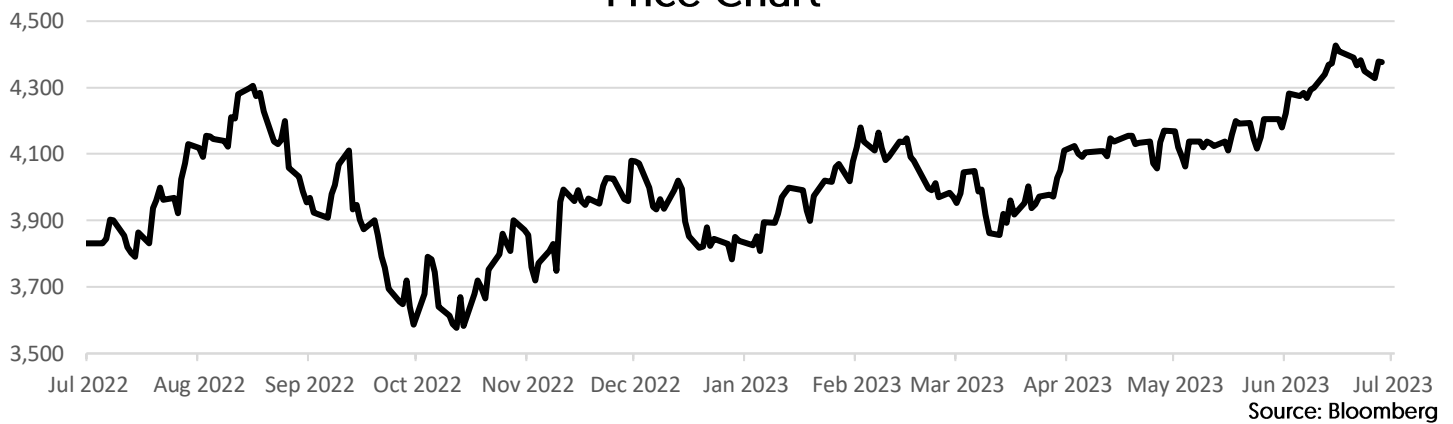
The markets are searching for direction in a sea of choppy economic data, elevated interest rates and predictions of a recession. A potential headwind on the tech sector as the Fed announced higher interest rates by the end of 2023. However, ESG's growing exposure to tech sectors, especially in areas of artificial intelligence, could help corporate earnings reach targeted levels.⁷ The S&P 500 consumer discretionary sector is expected to have the highest year-over-year earnings growth in 2023, while the energy sector is expected to have the biggest year-over-year decline in earnings.¹ Based on figures provided by FactSet, a projected earnings growth would potentially return in the second half of 2023 with an estimation of 0.8% in 2023 Q3 and 8.2% in 2023 Q4.¹



S&P 500 Index

Below are the **index stocks** with **market cap of more than USD 50B** approaching their **earnings release**

Price Chart



Upcoming Earnings Announcement Date

First 30 index stocks with market cap of more than USD 50B, reporting their individual earnings in chronological order

Ticker	Name	Market Cap	Price [USD]	Earnings Announcement Date	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]	Dividend Yield [%]
PGR US	PROGRESSIVE CORP	77.09B	131.69	13/7/2023	144.18	-9.48	0.40
PEP US	PEPSICO INC	253.08B	183.70	13/7/2023	201.40	-9.64	4.53
JPM US	JPMORGAN CHASE & CO	405.00B	138.59	14/7/2023	161.34	-16.41	4.00
WFC US	WELLS FARGO & CO	152.42B	40.62	14/7/2023	49.29	-21.34	1.10
BLK US	BLACKROCK INC	103.28B	685.22	14/7/2023	771.16	-12.54	19.52
UNH US	UNITEDHEALTH GROUP INC	441.73B	474.45	14/7/2023	575.72	-21.34	6.40
C US	CITIGROUP INC	90.00B	46.23	14/7/2023	56.96	-23.22	2.04
PLD US	PROLOGIS INC	111.37B	120.60	18/7/2023	141.13	-17.02	3.16
MS US	MORGAN STANLEY	140.27B	83.99	18/7/2023	96.23	-14.57	2.95
BAC US	BANK OF AMERICA CORP	223.69B	28.07	18/7/2023	36.18	-28.88	0.86
SCHW US	SCHWAB [CHARLES] CORP	101.52B	55.78	18/7/2023	66.33	-18.92	0.84
GS US	GOLDMAN SACHS GROUP	108.86B	313.66	19/7/2023	385.31	-22.84	9.00
IBM US	INTL BUSINESS MACHINES	119.64B	131.76	19/7/2023	137.67	-4.49	6.59
LMT US	LOCKHEED MARTIN CORP	113.88B	449.66	19/7/2023	506.39	-12.62	11.40
NFLX US	NETFLIX INC	191.08B	429.84	20/7/2023	403.78	6.06	0.00
ELV US	ELEVANCE HEALTH INC	103.62B	437.11	19/7/2023	557.91	-27.64	5.12
JNJ US	JOHNSON & JOHNSON	423.49B	162.96	20/7/2023	181.09	-11.12	4.45
PM US	PHILIP MORRIS INTL	149.32B	96.20	20/7/2023	112.18	-16.61	4.90
MMC US	MARSH & MCLENNAN COS	90.76B	183.33	20/7/2023	188.95	-3.06	2.25
ISRG US	INTUITIVE SURGICAL INC	116.68B	332.98	20/7/2023	306.83	7.85	N/A
TSLA US	TESLA INC	812.15B	256.24	20/7/2023	212.02	17.26	N/A
ABT US	ABBOTT LABORATORIES	187.13B	107.61	20/7/2023	122.57	-13.90	1.92
FCX US	FREEMPORT-MCMORAN INC	56.21B	39.22	20/7/2023	46.04	-17.39	0.60
CSX US	CSX CORP	68.29B	33.59	20/7/2023	35.15	-4.65	0.40
HCA US	HCA HEALTHCARE INC	82.42B	299.52	27/7/2023	313.20	-4.57	2.24
SLB US	SCHLUMBERGER LTD	69.26B	48.59	21/7/2023	64.81	-33.38	0.73
AXP US	AMERICAN EXPRESS CO	126.19B	169.78	21/7/2023	183.45	-8.05	2.08
NEE US	NEXTERA ENERGY INC	148.60B	73.44	21/7/2023	92.16	-25.48	1.70
DHR US	DANAHER CORP	173.24B	234.77	25/7/2023	274.42	-16.89	1.00
GM US	GENERAL MOTORS CO	53.09B	38.19	25/7/2023	46.10	-20.71	0.09

Feel free to contact your Trading Representatives for any other earnings announcement dates



Hang Seng Index

Below are the **index stocks** with **market cap of more than HKD 50B** approaching their **earnings release**

Price Chart



Upcoming Earnings Announcement Date

First 30 index stocks with market cap of more than HKD 50B, reporting their individual earnings in chronological order

Ticker	Name	Market Cap	Price [HKD]	Earnings Announcement Date	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]	Dividend Yield [%]
1928 HK	SANDS CHINA LTD	224.19B	27.70	03/7/2023	35.48	-28.10	N/A
1876 HK	BUDWEISER BREWING CO	275.46B	20.80	27/7/2023	27.90	-34.14	0.04
101 HK	HANG LUNG PROPERTIES	55.52B	12.34	28/7/2023	17.31	-40.28	0.78
2628 HK	CHINA LIFE INSURANCE	889.09B	13.14	31/7/2023	18.29	-39.19	0.49
5 HK	HSBC HOLDINGS PLC	1206.13B	60.85	01/8/2023	75.39	-23.90	0.32
968 HK	XINYI SOLAR HOLDINGS LTD	79.86B	8.97	01/8/2023	11.04	-23.08	0.30
11 HK	HANG SENG BANK LTD	212.98B	111.40	01/8/2023	117.33	-5.33	4.10
6 HK	POWER ASSETS HOLDINGS	88.44B	41.50	03/8/2023	47.25	-13.86	2.82
1038 HK	CK INFRASTRUCTURE	104.94B	41.65	03/8/2023	45.87	-10.12	2.50
1997 HK	WHARF REAL ESTATE	120.69B	39.75	04/8/2023	49.16	-23.68	1.31
9988 HK	ALIBABA GROUP HOLDING	1744.39B	84.35	04/8/2023	136.53	-61.86	N/A
1113 HK	CK ASSET HOLDINGS LTD	156.82B	43.65	04/8/2023	55.51	-27.18	2.28
1 HK	CK HUTCHISON HOLDINGS	186.52B	48.70	04/8/2023	65.07	-33.62	2.93
2 HK	CLP HOLDINGS LTD	154.62B	61.20	07/8/2023	65.12	-6.40	3.10
762 HK	CHINA UNICOM HK LTD	149.93B	4.90	08/8/2023	8.16	-66.54	0.27
992 HK	LENOVO GROUP LTD	101.15B	8.34	09/8/2023	8.87	-6.38	0.06
669 HK	TECHTRONIC INDUSTRIES	161.46B	88.00	10/8/2023	105.56	-19.95	0.24
941 HK	CHINA MOBILE LTD-H	1391.13B	63.50	11/8/2023	83.89	-32.10	3.86
66 HK	MTR CORP	226.69B	36.55	11/8/2023	39.50	-8.07	1.31
2331 HK	LI NING CO LTD	116.38B	44.15	11/8/2023	74.39	-68.49	0.46
981 HK	SEMICON MANUFAC	232.48B	20.60	11/8/2023	20.81	-1.03	N/A
2899 HK	ZIJIN MINING GROUP CO	327.58B	11.82	14/8/2023	16.12	-36.36	0.20
9961 HK	TRIP.COM GROUP LTD	177.30B	274.40	14/8/2023	375.17	-36.72	N/A
1211 HK	BYD CO LTD-H	787.49B	252.20	14/8/2023	345.61	-37.04	1.14
386 HK	CHINA PETRO & CHEM	762.69B	4.53	14/8/2023	5.68	-25.46	0.36
1093 HK	CSPC PHARMACEUTICAL	81.06B	6.81	14/8/2023	10.64	-56.31	0.21
857 HK	PETROCHINA CO LTD-H	1437.92B	5.54	14/8/2023	6.21	-12.03	0.42
27 HK	GALAXY ENTERTAINMENT	225.45B	51.60	14/8/2023	63.22	-22.52	N/A
3988 HK	BANK OF CHINA LTD	1146.81B	3.16	14/8/2023	3.93	-24.25	0.23
1177 HK	SINO BIOPHARMACEUTICAL	64.33B	3.42	14/8/2023	6.20	-81.33	0.16

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Straits Times Index

Below are the **index stocks** with **market cap of more than SGD 1B** approaching their **earnings release**

Price Chart



Upcoming Earnings Announcement Date

First 29 index stocks with market cap of more than USD 1B, reporting their individual earnings in chronological order

Ticker	Name	Market Cap	Price [SGD]	Earnings Announcement Date	Analysts Consensus 12M Target Price	Upside from Analyst Consensus [%]	Dividend Yield [%]
SATS SP	SATS LTD	3.87B	2.60	21/7/2023	3.12	-19.90	N/A
MLT SP	MAPLETREE LOG TRUST	8.11B	1.64	21/7/2023	1.83	-11.83	0.09
MINT SP	MAPLETREE IND TRUST	6.32B	2.23	26/7/2023	2.54	-14.08	0.14
UOB SP	UNITED OVERSEAS BANK	46.43B	27.72	27/7/2023	31.56	-13.85	1.20
CICT SP	CAPITALAND INTEGR COMM	12.70B	1.91	27/7/2023	2.27	-19.02	0.11
SIA SP	SINGAPORE AIRLINES LTD	22.28B	7.50	27/7/2023	6.58	12.27	0.38
KEP SP	KEPPEL CORP LTD	11.75B	6.67	27/7/2023	7.56	-13.41	0.33
DFI SP	DFI RETAIL GROUP	3.78B	2.79	28/7/2023	3.58	-28.20	0.03
HKL SP	HONGKONG LAND	8.79B	3.97	28/7/2023	4.52	-13.85	0.22
JM SP	JARDINE MATHESON HLDGS	14.99B	51.72	28/7/2023	65.00	-25.68	2.15
JCNC SP	JARDINE CYCLE & CARRIAGE	13.36B	33.81	28/7/2023	35.70	-5.59	0.90
CLAR SP	CAPITALAND ASCENDAS REIT	11.94B	2.72	31/7/2023	3.15	-15.74	0.16
DBS SP	DBS GROUP HOLDINGS LTD	81.29B	31.52	03/8/2023	36.33	-15.25	1.50
WIL SP	WILMAR INTERNATIONAL	24.03B	3.85	04/8/2023	5.05	-31.26	0.17
OCBC SP	OVERSEA-CHINESE BANKING	55.06B	12.25	04/8/2023	14.00	-14.30	0.68
VMS SP	VENTURE CORP LTD	4.33B	14.89	04/8/2023	18.09	-21.48	0.75
SCI SP	SEBACORP INDUSTRIES LTD	9.89B	5.54	04/8/2023	5.62	-1.38	0.08
EMI SP	EMPERADOR INC	8.18B	0.52	10/8/2023	0.48	8.59	N/A
CIT SP	CITY DEVELOPMENTS LTD	6.16B	6.79	10/8/2023	8.43	-24.17	0.08
CLI SP	CAPITALAND INVESTMENT	16.90B	3.30	11/8/2023	4.22	-27.82	0.12
GENS SP	GENTING SINGAPORE LTD	11.29B	0.94	11/8/2023	1.15	-22.99	0.02
THBEV SP	THAI BEVERAGE PCL	14.32B	0.57	11/8/2023	0.79	-39.33	0.60
STE SP	SINGAPORE TECH ENGINEER	11.35B	3.64	11/8/2023	3.98	-9.27	0.16
UOL SP	UOL GROUP LTD	5.47B	6.47	12/8/2023	7.81	-20.76	0.15
SGX SP	SINGAPORE EXCHANGE LTD	10.20B	9.55	17/8/2023	9.85	-3.19	0.32
MPACT SP	MAPLETREE PAN ASIA COM	8.55B	1.63	28/10/2023	1.92	-17.74	0.10
FLT SP	FRASERS LOG & COMM	4.65B	1.25	02/11/2023	1.44	-15.47	0.08
ST SP	SINGAPORE TELECOM	41.61B	2.52	09/11/2023	3.10	-23.12	0.10
STM SP	SEATRIUM LTD	8.60B	0.13	27/2/2024	0.15	-20.04	N/A

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