

US Earnings Season: What are the street expectations for 2024Q2?

EQUITY STRATEGY TEAM

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TRADING MATTERS SERIES: NEWS FOCUS

*The summary and impact of
a major news event*

Quick recap of the past earning seasons

Throughout 2023, the US S&P 500 index experienced a remarkable increase of over 24%. This impressive growth was primarily driven by several factors such as easing of inflation and a resilient economy.¹ The promising prospect of lower interest rates boosted the overall performance of the market during the final two months of last year.¹ As we entered 2024, the S&P 500 continued its upward trajectory due to tech innovation in artificial intelligence, broadening of the rally from the leaders to the laggards, and the optimism that the US Federal Reserve (Fed) would be able to engineer a soft landing.¹ Hence, the first quarter of earnings season shown that the technology sector remained a top performer, with companies continuing to pour substantial investments into it.²

Earning Forecast for 2024 Q2

The banking sector will kick off first and its performance may offer a bit of reassurance to markets. The Tech sector has been a major contributor to the index growth in recent quarters, and that trend is expected to remain in place in 2024 Q2 as well.² Based on figures provided by FactSet*, the estimated year-over-year earnings growth rate for the S&P 500 stands at 9.0%.² If this estimate holds true, it will signify the highest earnings growth rate reported by the index since Q1 2022.² Additionally, it will mark the fourth consecutive quarter of year-over-year earnings growth for the S&P 500.² While the earnings estimates appear positive overall, some analysts caution that the headline figures conceal significant disparities compared to previous years.² Some sectors are experiencing robust growth, while others continue to face earnings contractions.² Markets statistics reveals that the number of S&P 500 members trading above their 200-day moving average is currently at its lowest level since November 2023, despite reaching another new all-time high.

*Source: FactSet financial data and analytics.

S&P 500 index trading at record high, but decreasing number of members trading above 200-Day moving average



Source: Bloomberg, extracted on 21 Jun 2024

Looking beyond 2024 Q2

Over the near term, the markets expect to continue digesting the prospect of “higher for longer” yields and would not be surprised by some near-term volatility.³ Since the 2% inflation target is within close proximity, the markets are expecting inflation would likely fall further and the Fed would steer cautiously toward potential rate cuts by the end of this year.⁴ This approach is contingent upon confirmation of a decrease in inflation and any indications of concern from the robust labour market.⁴

With the upcoming presidential election just a few months away, it is customary for stock markets to start off slowly before election and gradually improve as certainty grows. One area that could see significant impact, particularly if there is a change in the Oval Office, is companies involved in “green” initiatives.³ This is because a shift in political power could potentially alter regulations and incentives related to the energy transition.³ Therefore, these companies engaged in these businesses may indicate concerns surrounding this potential change.³



S&P 500 Index

Below are the **index stocks** with **market cap of more than USD 5B**



Source: Bloomberg, extracted on 19 Jun 2024

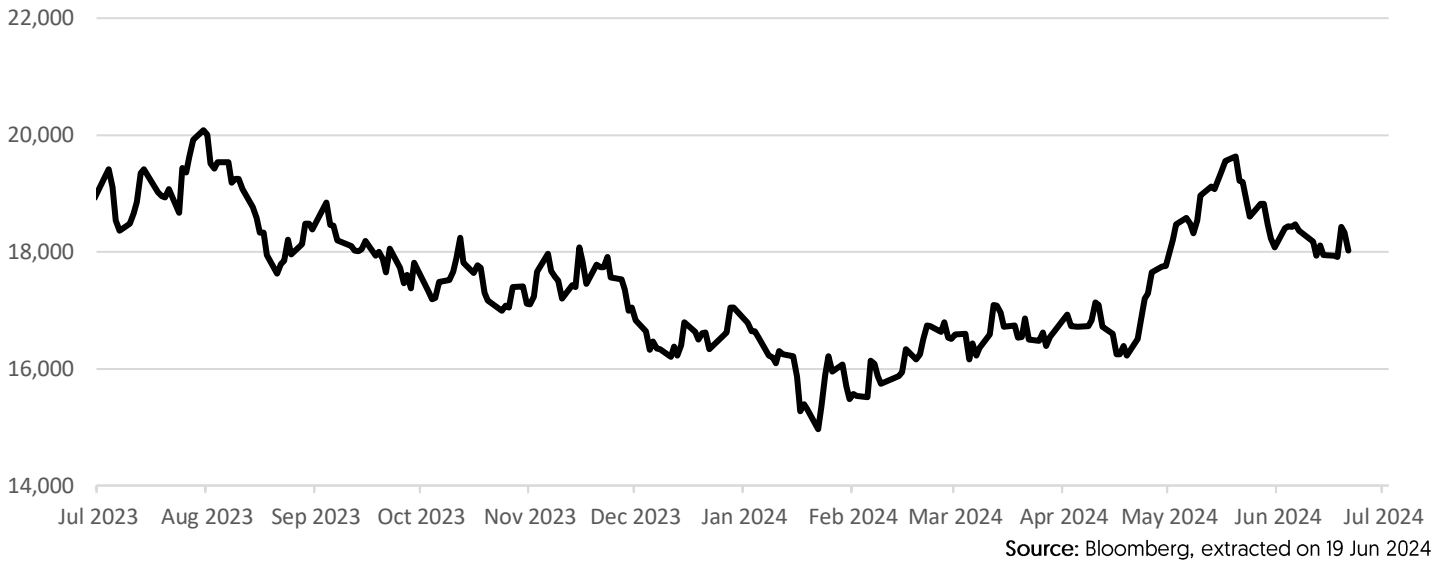
Top 30 index stocks based on Earning Announcement Date

Ticker	Name	Market Cap	Price [USD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [USD]	Potential returns from Analyst Consensus	Dividend Yield
PEP US	PEPSICO INC	229.97B	167.28	11/07/2024	186.42	11.44%	3.24%
JPM US	JPMORGAN CHASE & CO	563.71B	196.30	12/07/2024	211.32	7.65%	2.34%
WFC US	WELLS FARGO & CO	202.55B	58.10	12/07/2024	63.55	9.38%	2.41%
C US	CITIGROUP INC	114.43B	59.99	12/07/2024	68.00	13.35%	3.54%
PGR US	PROGRESSIVE CORP	122.52B	209.19	12/07/2024	228.94	9.44%	0.19%
CTAS US	CINTAS CORP	71.89B	708.51	12/07/2024	692.06	-2.32%	0.76%
GS US	GOLDMAN SACHS GROUP	150.37B	450.18	15/07/2024	456.72	1.45%	2.44%
BLK US	BLACKROCK INC	117.80B	787.60	15/07/2024	910.71	15.63%	2.59%
BAC US	BANK OF AMERICA CORP	308.83B	39.49	16/07/2024	40.54	2.66%	2.43%
PNC US	PNC FINANCIAL SERVICES	60.96B	153.20	16/07/2024	170.43	11.25%	4.05%
UNH US	UNITEDHEALTH GROUP INC	444.17B	482.59	16/07/2024	572.74	18.68%	1.74%
MS US	MORGAN STANLEY	156.28B	96.16	16/07/2024	100.91	4.94%	3.54%
JNJ US	JOHNSON & JOHNSON	357.99B	148.75	17/07/2024	171.20	15.09%	3.34%
USB US	US BANCORP	61.95B	39.70	17/07/2024	47.06	18.55%	4.94%
SCHW US	SCHWAB [CHARLES] CORP	134.08B	73.34	18/07/2024	79.86	8.89%	1.36%
LMT US	LOCKHEED MARTIN CORP	112.20B	467.60	18/07/2024	495.41	5.95%	2.69%
PLD US	PROLOGIS INC	101.29B	109.40	18/07/2024	129.36	18.25%	3.51%
NFLX US	NETFLIX INC	295.65B	686.12	19/07/2024	652.50	-4.90%	N/A
TSLA US	TESLA INC	583.65B	183.01	19/07/2024	181.83	-0.65%	N/A
ABT US	ABBOTT LABORATORIES	183.91B	105.72	19/07/2024	124.83	18.07%	2.08%
AXP US	AMERICAN EXPRESS CO	165.71B	230.38	19/07/2024	237.67	3.16%	1.21%
CSX US	CSX CORP	65.31B	33.41	19/07/2024	38.96	16.61%	1.44%
FCX US	FREEPORT-MCMORAN INC	71.19B	49.56	19/07/2024	56.05	13.09%	1.21%
MMC US	MARSH & MCLENNAN COS	105.64B	214.40	18/07/2024	211.05	-1.56%	1.32%
BX US	BLACKSTONE INC	150.64B	124.12	19/07/2024	125.84	1.39%	2.68%
ISRG US	INTUITIVE SURGICAL INC	153.43B	432.56	18/07/2024	424.25	-1.92%	N/A
ELV US	ELEVANCE HEALTH INC	124.21B	534.42	19/07/2024	603.19	12.87%	1.22%
NXPI US	NXP SEMICONDUCTORS	69.30B	271.03	22/07/2024	285.56	5.36%	1.50%
VZ US	VERIZON COMM	169.38B	40.24	22/07/2024	45.45	12.95%	6.61%
SLB US	SCHLUMBERGER LTD	65.26B	45.66	22/07/2024	66.56	45.76%	2.41%



Hang Seng Index

Below are the **index stocks** with **market cap of more than HKD 5B**



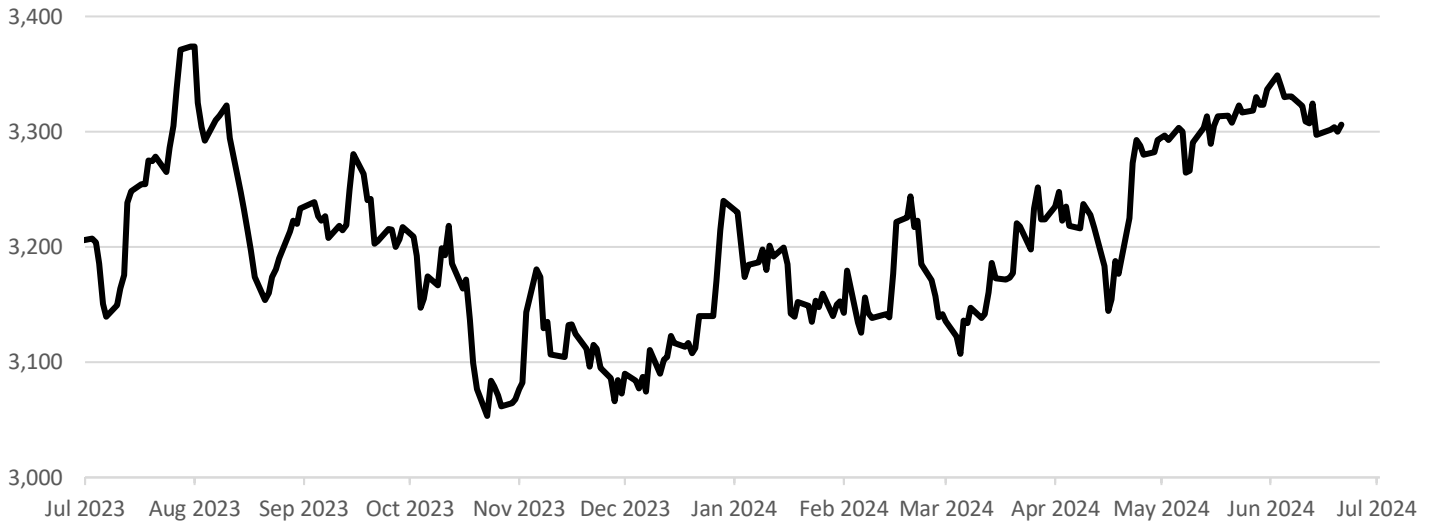
Top 30 index stocks based on Earning Announcement Date

Ticker	Name	Market Cap	Price [HKD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [HKD]	Potential returns from Analyst Consensus	Dividend Yield
1928 HK	SANDS CHINA LTD	139.37B	17.22	22/07/2024	27.82	61.54%	N/A
868 HK	XINYI GLASS HOLDINGS	35.91B	8.50	31/07/2024	10.33	21.49%	7.41%
968 HK	XINYI SOLAR HOLDINGS	35.82B	4.02	31/07/2024	6.30	56.78%	5.60%
2359 HK	WUXI APPTec CO LTD-H	120.40B	29.80	31/07/2024	52.56	76.39%	3.58%
5 HK	HSBC HOLDINGS PLC	1.26T	67.50	31/07/2024	77.28	14.49%	7.06%
101 HK	HANG LUNG PROPERTIES	30.96B	6.57	31/07/2024	10.93	66.34%	11.87%
11 HK	HANG SENG BANK LTD	193.03B	101.80	01/08/2024	104.04	2.20%	6.48%
6 HK	POWER ASSETS HOLDINGS	88.12B	41.35	02/08/2024	49.66	20.10%	6.82%
1038 HK	CK INFRASTRUCTURE	107.71B	42.75	02/08/2024	53.07	24.13%	5.99%
1113 HK	CK ASSET HOLDINGS LTD	102.34B	29.15	05/08/2024	38.33	31.48%	7.03%
1 HK	CK HUTCHISON HOLDINGS	139.22B	36.35	05/08/2024	60.00	65.06%	6.96%
1876 HK	BUDWEISER BREWING	116.67B	8.81	05/08/2024	15.50	75.91%	4.69%
2 HK	CLP HOLDINGS LTD	159.55B	63.15	05/08/2024	69.86	10.62%	4.91%
669 HK	TECHTRONIC INDUSTRIES	165.80B	90.45	06/08/2024	117.98	30.44%	2.13%
1997 HK	WHARF REAL ESTATE INV	61.64B	20.30	07/08/2024	30.11	48.34%	6.31%
2015 HK	LI AUTO INC-CLASS A	147.06B	69.30	08/08/2024	130.09	87.72%	N/A
9988 HK	ALIBABA GROUP HOLDING	1.38T	71.20	09/08/2024	101.64	42.76%	1.37%
762 HK	CHINA UNICOM HK	202.56B	6.62	09/08/2024	7.45	12.49%	5.48%
1211 HK	BYD CO LTD-H	743.89B	234.60	12/08/2024	288.80	23.10%	1.42%
981 HK	SEMI MANUFACTURING	209.17B	17.96	12/08/2024	17.70	-1.44%	N/A
2331 HK	LI NING CO LTD	44.35B	17.16	12/08/2024	25.60	49.19%	2.33%
66 HK	MTR CORP	151.08B	24.30	12/08/2024	27.25	12.14%	5.39%
941 HK	CHINA MOBILE LTD	1.61T	73.60	12/08/2024	85.06	15.57%	6.56%
2628 HK	CHINA LIFE INSURANCE	775.76B	11.14	14/08/2024	14.51	30.23%	4.15%
2318 HK	PING AN INSURANCE	748.37B	36.00	14/08/2024	55.01	52.80%	7.27%
2899 HK	ZIJIN MINING GROUP CO	476.10B	16.34	14/08/2024	20.60	26.10%	1.65%
939 HK	CHINA CONSTRUCTION BANK	1.45T	5.73	14/08/2024	6.61	15.31%	7.50%
700 HK	TENCENT HOLDINGS LTD	3.53T	375.00	14/08/2024	472.14	25.90%	0.91%
1088 HK	CHINA SHENHUA ENERGY	914.87B	39.25	14/08/2024	37.25	-5.10%	6.19%
3988 HK	BANK OF CHINA LTD-H	1.33T	3.77	14/08/2024	4.07	8.02%	6.74%



Straits Times Index

Below are the **index stocks** with **market cap of more than SGD 1B**



Source: Bloomberg, extracted on 19 Jun 2024

Top 30 index stocks based on Earning Announcement Date

Ticker	Name	Market Cap	Price [SGD]	Earning Announcement Date	Analysts' Consensus 12M Target Price [SGD]	Potential returns from Analyst Consensus	Dividend Yield
MINT SP	MAPLETREE INDUSTRIAL TR	6.07B	2.14	26/07/2024	2.51	17.21%	5.81%
STM SP	SEATRIUM LTD	5.11B	1.50	26/07/2024	2.79	85.82%	N/A
CLAR SP	CAPLAND ASCENDAS REIT	11.12B	2.53	31/07/2024	3.10	22.33%	5.88%
SIA SP	SINGAPORE AIRLINES LTD	20.16B	6.78	31/07/2024	6.89	1.60%	7.08%
DFI SP	DFI RETAIL GROUP	2.54B	1.88	01/08/2024	2.59	37.77%	4.26%
HKL SP	HONGKONG LAND HLDS	7.04B	3.19	01/08/2024	3.74	17.33%	6.90%
JM SP	JARDINE MATHESON HLDGS	10.72B	36.89	01/08/2024	49.25	33.51%	6.10%
UOB SP	UNITED OVERSEAS BANK	51.09B	30.52	01/08/2024	33.67	10.32%	5.57%
KEP SP	KEPPEL LTD	11.83B	6.55	01/08/2024	8.43	28.70%	5.19%
JCNC SP	JARDINE C&C LTD	11.22B	28.38	01/08/2024	26.92	-5.13%	5.63%
CICT SP	CAPITALAND INTE COMM	13.07B	1.94	01/08/2024	2.19	12.85%	5.46%
OCBC SP	OVERSEA-CHINESE BANKING	63.87B	14.21	02/08/2024	15.28	7.54%	5.77%
VMS SP	VENTURE CORP LTD	4.11B	14.16	02/08/2024	14.88	5.09%	5.30%
SCI SP	SEMBCORP INDUSTRIES LTD	8.93B	5.01	02/08/2024	7.11	41.84%	2.59%
CLI SP	CAPITALAND INVESTMENT	13.28B	2.65	08/08/2024	3.67	38.49%	4.53%
DBS SP	DBS GROUP HOLDINGS	100.85B	35.46	08/08/2024	38.29	7.98%	5.37%
CIT SP	CITY DEVELOPMENTS LTD	4.78B	5.35	08/08/2024	7.03	31.50%	1.50%
GENS SP	GENTING SINGAPORE LTD	10.50B	0.87	08/08/2024	1.17	34.55%	4.02%
STE SP	SINGAPORE TECH ENGINEERING	12.63B	4.05	08/08/2024	4.53	11.96%	3.95%
WIL SP	WILMAR INTERNATIONAL	19.35B	3.10	08/08/2024	3.74	20.52%	5.48%
UOL SP	UOL GROUP LTD	4.42B	5.23	10/08/2024	7.44	42.26%	2.87%
SATS SP	SATS LTD	4.28B	2.87	12/08/2024	3.18	10.98%	0.52%
YZJSGD SP	YANGZIJANG SHIPBUILDING	9.72B	2.46	14/08/2024	2.49	1.08%	2.64%
SGX SP	SINGAPORE EXCHANGE	10.19B	9.54	16/08/2024	10.15	6.41%	3.56%
MLT SP	MAPLETREE LOGISTICS TR	6.55B	1.31	24/10/2024	1.61	23.17%	6.18%
FCT SP	FRASERS CENTREPOINT TR	3.86B	2.13	25/10/2024	2.45	14.83%	5.73%
MPACT SP	MAPLETREE PAN ASIA COM TR	6.41B	1.22	25/10/2024	1.52	24.34%	7.51%
FLT SP	FRASERS LOG & COMME	3.61B	0.96	06/11/2024	1.26	31.38%	8.08%
ST SP	SINGAPORE TELECO	43.76B	2.65	08/11/2024	3.11	17.40%	4.94%
THBEV SP	THAI BEVERAGE PCL	11.68B	0.47	22/11/2024	0.65	38.92%	4.85%

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