



Saxo Market Call

Slide deck

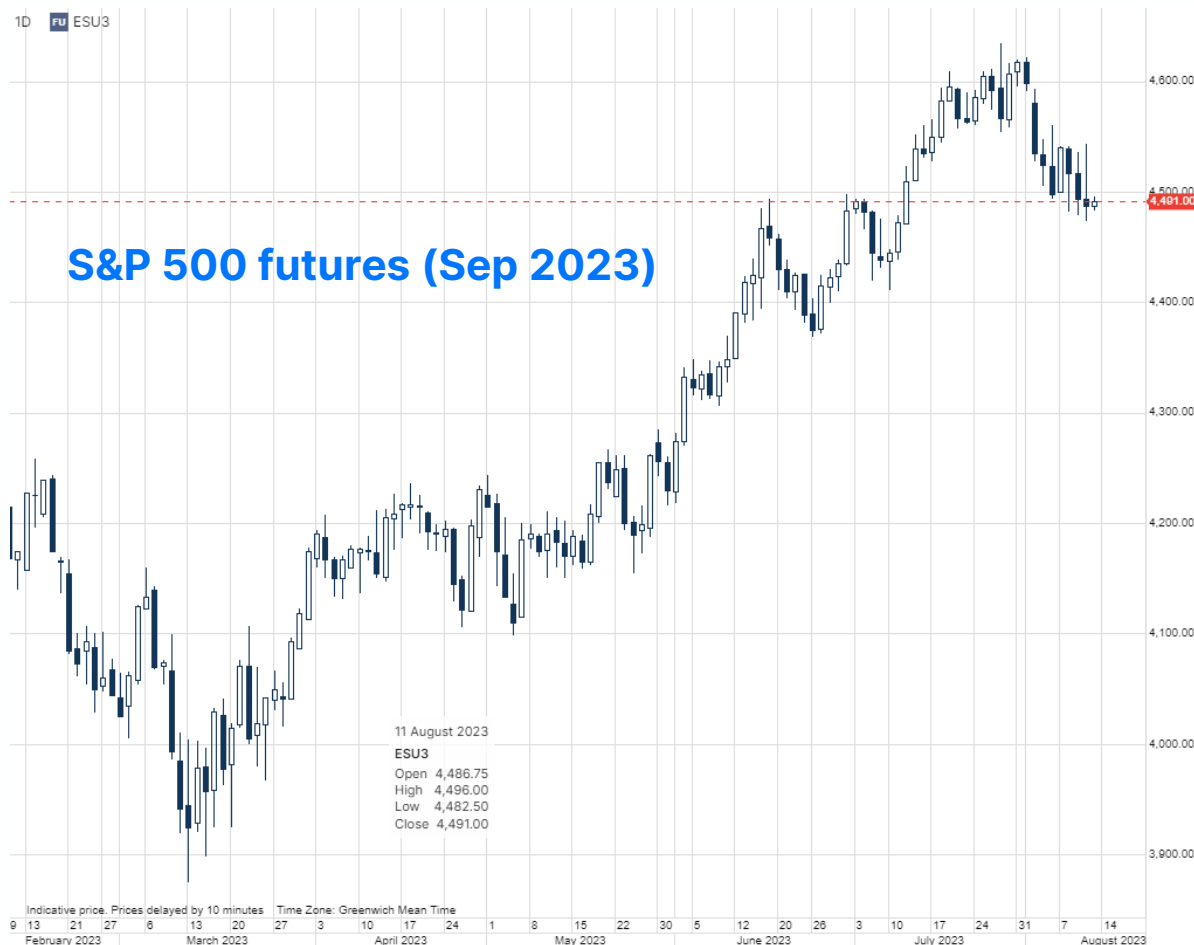
Friday, August 11, 2023

Questions and comments to marketcall@saxobank.com

Disclaimer

The slides here that accompany the podcast will occasionally mention financial instruments that are not tradable for all retail clients, depending on the relevant appropriateness test. Financial instruments mentioned can range from low to high risk, and our thoughts on the market should not be viewed as investment recommendations, but inspiration and information to gain a better understanding of current market dynamics.

US CPI report was mostly a non-event; focus on commodities



Source: Saxo

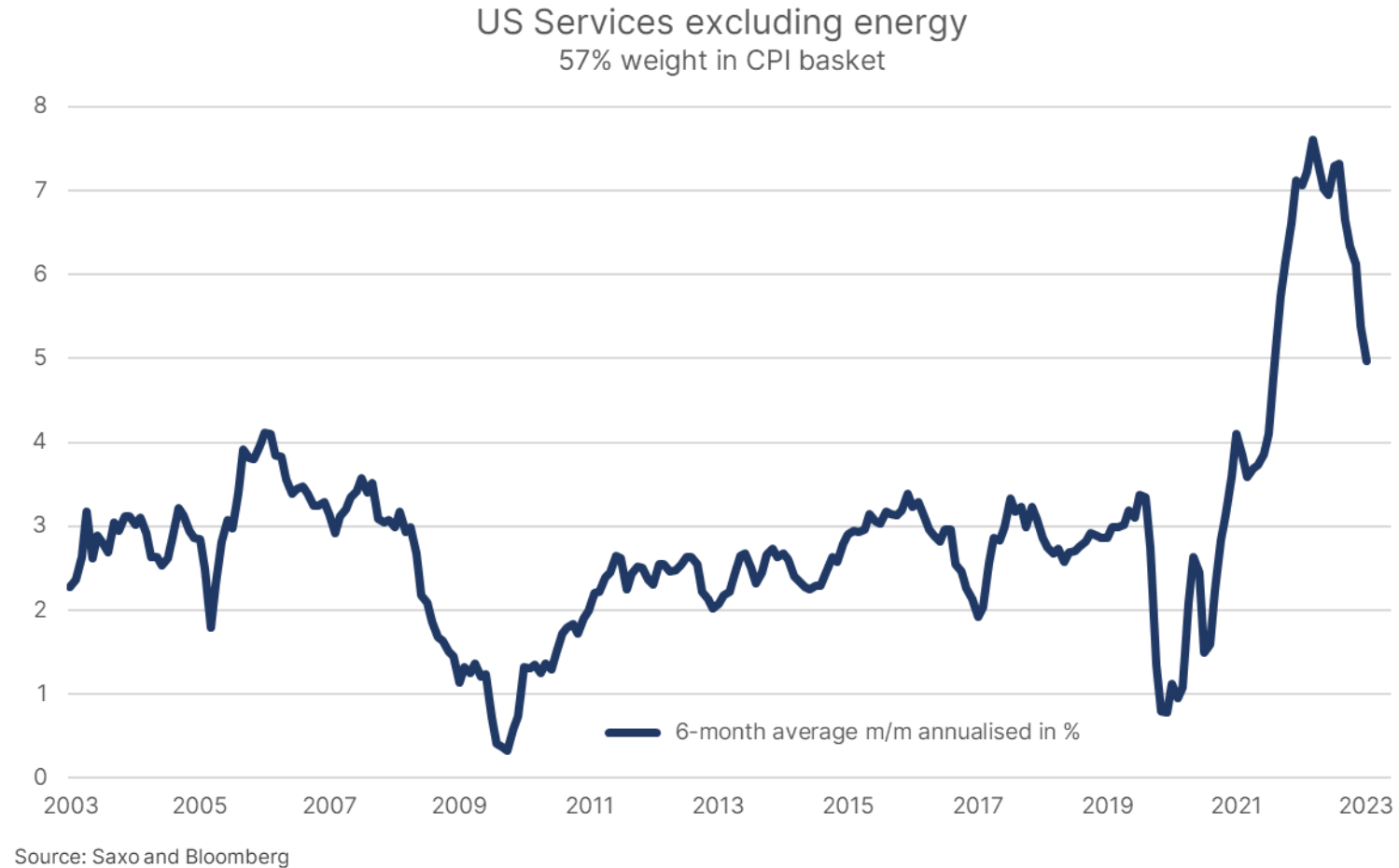
Saxo equity themes performance overview

Sorted on one-day return (updated as of 10 Aug 2023)

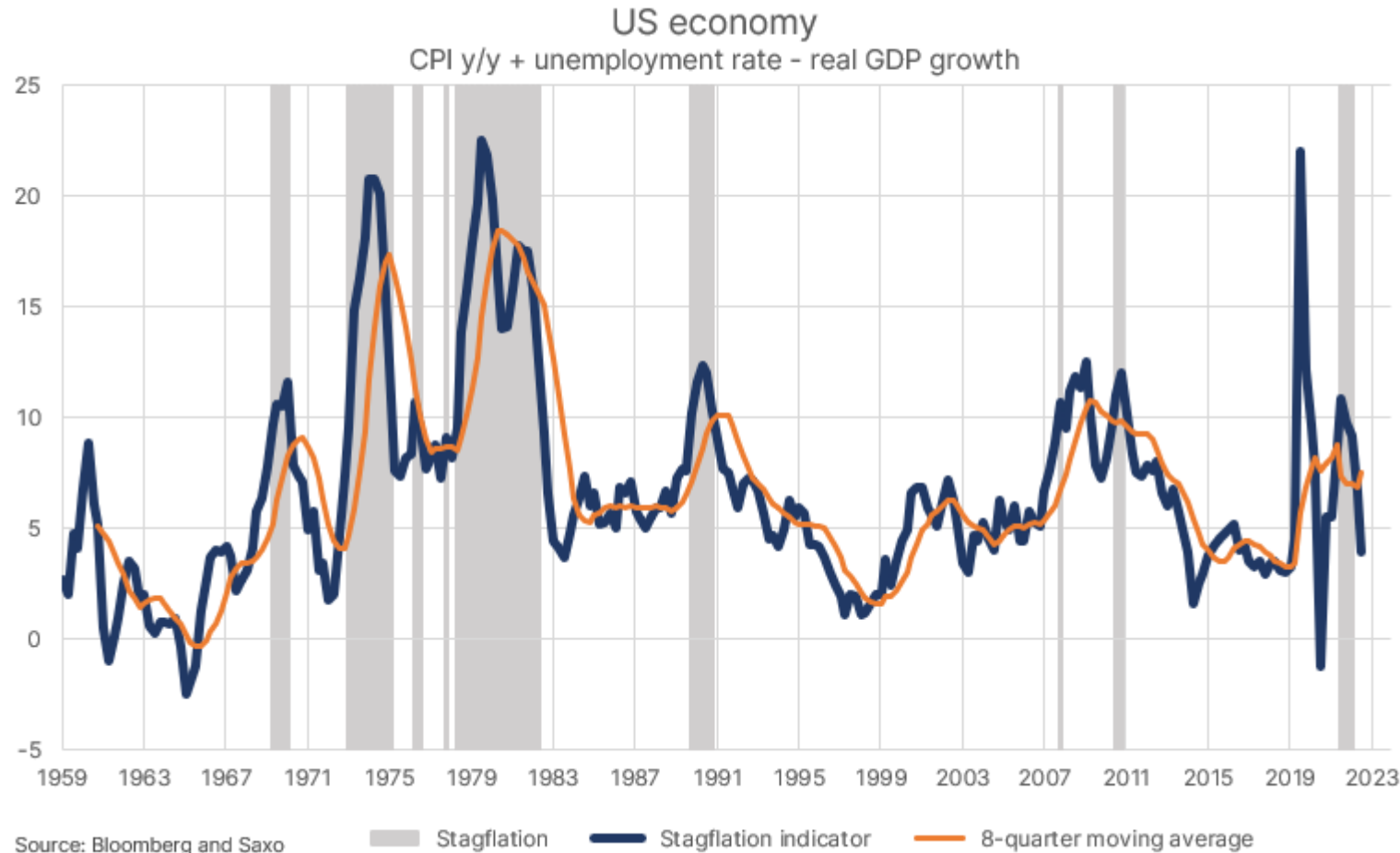
Theme	1D	1W	MTD	YTD	1Y	5Y
Luxury	4.9	4.0	-0.5	25.6	26.1	46.4
E-commerce	1.4	-1.1	-5.2	23.0	-0.4	20.7
Cyber security	1.0	-2.4	-5.0	22.1	-2.8	105.2
Travel	0.9	3.0	-1.6	32.5	27.9	8.3
Gaming	0.8	-3.4	-7.4	20.1	11.7	77.5
Mega Caps	0.7	-0.1	-2.1	30.2	19.0	137.8
Transportation infrastructure	0.6	0.1	-2.5	3.0	0.0	26.5
Construction	0.5	0.0	-1.8	23.2	26.0	87.8
China consumer & technology	0.4	-1.2	-2.5	7.0	10.1	96.8
MSCI World (USD)	0.3	-0.1	-2.5	15.9	8.3	51.6
Nuclear power	0.2	2.0	0.0	7.6	9.1	121.3
Logistics	0.2	-0.6	-2.5	17.8	10.5	132.1
Commodities	0.1	1.3	-1.1	8.8	16.9	103.8
New biotech	0.0	-3.3	-8.1	-0.9	-30.5	79.2
MSCI EM (USD)	0.0	-0.7	-3.6	7.4	4.0	7.3
Semiconductors	0.0	-2.2	-6.2	37.0	18.8	197.5
Payments	0.0	-2.6	-6.6	13.5	-10.6	34.1
Renewable energy	-0.2	-0.3	-4.5	-12.7	-23.6	216.7
Defence	-0.4	1.9	0.8	23.0	27.5	86.2
Bubble stocks	-0.8	-7.2	-13.3	26.3	-12.1	127.1
Energy storage	-1.1	-3.2	-8.4	-1.7	-32.8	368.8
Green transformation	-4.0	-7.4	-10.7	16.3	-33.6	174.0

Source: Bloomberg and Saxo

US services core inflation remains around 5% annualised



Equity returns during stagflation are lower



Quarterly returns on US equities

Sectors	Stagflation	No stagflation
Health care	3.1	3.1
Consumer staples	1.0	1.9
Utilities	0.6	2.4
Energy	-1.6	3.2
S&P 500	-1.9	3.2
Consumer discretionary	-2.4	3.6
Materials	-3.6	3.1
Communication services	-5.0	2.6
Industrials	-5.2	2.8
Real estate	-5.3	3.3
Financials	-6.0	2.2
Information technology	-7.2	3.7

Source: Bloomberg and saxo

* Our figures are based on quarterly data since Q4 1989

** Past returns are not a good indicator of future returns

Why is gold struggling?



Cost of funding (contango): Spot vs Aug 2024: 5.8%



Source: Bloomberg

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Grain market looks to WASDE for direction



Source: Saxo

2023/24 U.S. Production (Million bushels)

	Avg. Trade estimates	USDA July	Avg trade v Prior %
Corn	15,153	15,320	-1.1%
Soybeans	4,252	4,300	-1.1%
All Wheat	1,741	1,739	0.1%
HRW	579	577	0.3%
SRW	425	407	4.4%
Cotton	15.78	16.50	-4.4%

Source: USDA, Bloomberg, Reuters, Saxo

2023/24 U.S. Yield (Bushels per acre)

	Avg. Trade estimates	USDA July	Avg trade v Prior %
Corn	175.60	177.50	-1.1%
Soybeans	51.35	52.00	-1.3%

Source: USDA, Bloomberg, Reuters, Saxo

2023/24 U.S. Ending Stocks (Million bushels)

	Avg. Trade estimates	USDA July	Avg trade v Prior %
Corn	2,167.5	2,262	-4.2%
Soybeans	264.9	300	-11.7%
Wheat	598.1	592	1.0%
Cotton	3.40	3.80	-10.5%

Source: USDA, Bloomberg, Reuters, Saxo

Stocks to watch today...

- **Capri** – Tapestry has agreed to acquire competitor Capri (Michael Kors) pushing shares 56% higher.
- **Alibaba** – strong Q2 results with a significant beat on revenue growth highlighting improving trends among the Chinese consumer.



Source: Saxo

Earnings Watch

Friday: Constellation Software, Wilmar International

Next week's earnings releases:

Monday: CSL, PetroChina, **Meituan**, **Xiaomi**, COSCO Shipping, KE Holdings, Trip.com



















Tuesday: Suncor Energy, Alcon, **Home Depot**, Agilent Technologies, **NU Holdings**, **Sea Ltd**

Wednesday: Carlsberg, **Tencent**, JD Health, JD Logistics, **Cisco**, TJX, **JD.com**, Target

Thursday: Telstra, Coloplast, CNOOC, **Adyen**, Nibe Industrier, Geberit, **Walmart**, Applied Materials, Ross Stores

Friday: Kingspan, **Deere**, **Palo Alto Networks**, Estee Lauder, XPeng

Xiaomi quarterly financials

In Millions of CNY	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2 Est	2023 Q3 Est	2023 Q4 Est
3 Months Ending	06/30/2022	09/30/2022	12/31/2022	03/31/2023	06/30/2023	09/30/2023	12/31/2023
 Market Capitalization	290,537.5	164,935.2	241,173.5	265,057.0			
 - Cash & Equivalents	74,897.7	66,463.5	67,777.0	71,242.6			
 + Preferred & Other	263.1	276.5	264.6	272.6			
 + Total Debt	35,529.4	25,761.7	26,056.1	22,464.2			
 Enterprise Value	251,432.3	124,509.9	199,717.2	216,551.3			
 Revenue, Adj	70,170.9	70,474.3	66,047.4	59,477.1	66,010.6	72,539.8	76,257.5
 Growth %, YoY	-20.1	-9.7	-22.8	-18.9	-5.9	2.9	15.5
 Gross Profit, Adj	11,768.0	11,721.9	11,377.5	11,591.6	13,289.9	13,261.7	13,587.6
 Margin %	16.8	16.6	17.2	19.5	20.1	18.3	17.8
 EBITDA, Adj	2,719.6	2,225.9	511.8	3,505.1	3,745.4	2,752.0	2,487.4
 Margin %	3.9	3.2	0.8	5.9	5.7	3.8	3.3
 Net Income, Adj	819.6	822.2	-617.8	1,426.4	4,082.4	2,812.9	2,301.9
 Margin %	1.2	1.2	-0.9	2.4	6.2	3.9	3.0
 EPS, Adj	0.03	0.03	-0.03	0.06	0.15	0.12	0.09
 Growth %, YoY	-63.2	-67.5	-	-40.0	348.1	250.1	
 Cash from Operations	1,649.2	-1,470.5	5,021.1	1,218.8			
 Capital Expenditures	-1,395.9	-1,702.9	-2,700.8	-1,556.4	-1,544.5	-1,484.0	-1,476.5
 Free Cash Flow	253.3	-3,173.4	2,320.3	-337.6			

Source: Bloomberg

Macro – calendar highlights (all times GMT)

Today's Calendar Highlights

1230 – US Continuing Claims
0800 – IEA's Monthly Oil Market Report
1230 – US July PPI
1400 – U. of Michigan Sentiment
1600 – USDA's Agricultural Supply and Demand est. (WASDE)
1930 – CFTC's Weekly Commitment of Traders Report

Upcoming Calendar Highlights

TUE: Japan 2Q GDP, Japan June Industrial Production, UK Jul Job Report, Ger Jun ZEW Survey, US Jul Retail Sales, Can Jul CPI, US Aug Empire Manufacturing. **WED:** UK Jul CPI & PPI, Eurozone 2Q GDP, US Jul Building Permits & Housing Starts, US Jul Industrial Production, US Jul Capacity Utilization, FOMC Jul 26 Minutes, **THUR:** US Jobless Claims, US Philadelphia Fed Outlook, **FRI:** Japan Jul CPI, UK Jul Retail Sales, Eurozone Jul CPI

Longer Term Highlights

August 24-26 Fed Jackson Hole Symposium “Structural Shifts in the Global Economy”.

Appendix: S&P 500 5-year chart



Appendix: Where do you find the equity theme baskets?

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Overview Hot Topics Quarterly Outlook Forex **Stocks** Commodities Bonds ETFs Crypto Education Trade Signals News Market Analysis Calendar Equities

US 30 Wall Street

34,581.20 USD

D -0.07% M 1.52% Y 35.75%

US Tech 100 NAS

13,674.79 USD

D -0.02% M -2.10% Y 42.48%

US 500

4,206.67 USD

D -0.05% M -0.11% Y 37.68%

Germany 30

15,591.67 EUR

D -0.03% M 2.62% Y 30.62%

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Saxo's Equity Baskets [See All](#)

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Financial Trading

Crypto and Blockchain