

# Main messages and changes

Postive vs negative summary and data points from table below by month

	2021					2022														
Good news?	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct		
Y	18	10	7	6	7	9	5	7	5	2	8	2	3	11	6	8	1	0		
N	11	7	12	15	9	6	8	12	11	11	19	18	18	15	24	13	23	7		
Ratio	1.6	1.4	0.6	0.4	0.8	1.5	0.6	0.6	0.5	0.2	0.4	0.1	0.2	0.7	0.3	0.6	0.0	0.0		

	Forecasts						Momentum		
	Real GDP growth			CPI			Price	Macro	EPS
	2022	3M, bp		2022	3M, bp				
World	2.9	↓	-25	7.2	↑	50	×	×	✓
USA	1.6	↓	-80	8.0	↑	40	×	×	✓
Canada	3.3	↓	-50	7.0	↑	60	×	×	✓
Eurozone	3.0	↑	30	8.2	↑	70	×	×	✓
Germany	1.5	↓	-10	8.3	↑	75	×	×	✓
UK	3.5		0	9.0	↑	60	×	×	✓
China	3.3	↓	-80	2.2		0	×	✓	×
Japan	1.6	↓	-5	2.2	↑	20	✓	✓	✓
Australia	3.9	↓	-10	6.4	↑	55	×	×	✓

## Publication

### Update

### Momentum mon.

Date	Main	Flash	EPS	Price	Main messages and/or important changes	Good news* ?
10 Oct		✓			Global economy worsens by 0.4 sd and remains in 5th percentile based on Sentix.	N
10 Oct		✓			Nine from 11 sectors have negative earnings momentum after Real Estate turned negative.	N
10 Oct		✓			S&P 500 to fall by 65% from here if earnings history rhymes with Great Recession.	N
10 Oct		✓			Energy regime is 1.9 years old and Opec is not a charity.	
10 Oct		✓			Trivia: Nasdaq had a "bad day" on Friday. It had more bad days this year than during the 1980s.	
10 Oct			✓		The London Metal Exchange is thinking about banning metals from Russia.	
06 Oct		✓			Risk indicators remain elevated, still at "peak storm" in bonds.	N
06 Oct		✓			Trivia: SPX to fall 12% based on "job openings model".	N
03 Oct		✓			"Everything" (sentiment indicators, GDP forecasts, earnings estimates) remains worsening.	N
03 Oct		✓			The current storm/bear market is a 7 on the Beaufort wind scale with the zenith unknown.	
03 Oct		✓			Storms are like a box of chocolates, as Forrest Gump's mum could have said.	
03 Oct		✓			Trivia: If only the BoE could print energy...	
03 Oct			✓		Earnings momentum in Taiwan and World Industrials turned negative.	N
03 Oct				✓	Real earnings yield in Brazil is 9.1% before winning the World Cup later this year.	
29 Sep		✓			The situation in Europe remains clear, i.e., worsening with macro outliers on the wrong side.	N
29 Sep		✓			Taiwan, a proxy for IT and geo-risk, remains worsening. China consumer sentiment is not recovering.	N
29 Sep		✓			Metals could become to the 2020s what oil was for the 1970s.	
29 Sep		✓			Trivia: September is ending.	
26 Sep		✓			There's a BBQ at the end of the road, as the chicken finally comes home to roost.	N
26 Sep		✓			Germany falls by 4 standard deviation to lowest macro percentile since 1991.	N
26 Sep		✓			Trivia: seasonality in equities moves from "horrid" in September to "difficult" in October.	
26 Sep		✓		✓	"Felt correlation" is 1.0. Latam stands out positively.	
23 Sep	✓				Ratio of words "improving" vs "worsening" is 3:23 in this report, i.e., negative trends outweigh.	N
23 Sep	✓				Only in Brazil, India, and Indonesia are GDP forecasts rising.	N

Source: IR&M. \*Good news from an economic point of view and/or from the perspective of the investor who is long equities, bonds, commodities, etc.

# The world in a nutshell

The ratio of positive vs negative changes was 4:14, i.e., a negative bias.

Emma too is now at 0% positive. All possible fields in Emma are red. Earnings momentum in World and Japan Real Estate turned negative.

(Trivia: For no reason other than to add some interest, we colorised the countries in light pink where GDP forecasts for Q1 23 exceed those for Q4 22.)

Percentage positive (PP)						
Week	35	36	37	38	39	40
PP	25.1	26.2	26.5	26.5	23.9	22.8
Change	0.9	1.1	0.3	0.0	-2.6	-1.1

	Momentum			Earnings and price momentum both positive (green) or both negative (red)											Miscellaneous			PP
	Price	Macro	EPS	Cons. Discr.	Mater.	Indus.	Financ.	Real Estate	IT	Energy	Comm. Serv.	Util.	Staples	Health Care	PMI > 50	Feds Easing	EPSe -3M	
	Higher ← Speed of change → Lower			Higher ←														
World	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	13
Eurozone	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	18
Emerging Markets	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	0
USA	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	24
Canada	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	29
Brazil	Red	Red	Green	Red	Red	Red	Red	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	31
Mexico	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	15
Germany	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	19
UK	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	24
France	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	18
Italy	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	21
Spain	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	21
Netherlands	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	27
Switzerland	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	20
Sweden	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	15
China	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	24
Hong Kong	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	6
Japan	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	71
India	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	53
South Korea	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	0
Russia	Red	Red	n.a.	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	n.a.	17
Australia	Red	Red	Green	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	41
Taiwan	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	0
Percentage positive	9	13	74	14	0	32	13	0	5	56	9	16	30	12	35	14	48	

Source: IR&M. Notes: Table was sorted by region, then GDP. Price and earnings momentum based on MSCI equity indices and IR&M methodology. Macro (economic) momentum is based on 4-week change of 12-month forward GDP consensus forecasts. "EPSe -3M" stands for three-month change of consensus 12-month forward earnings estimates. A white field means data is not available. PP: Percentage of fields positive.

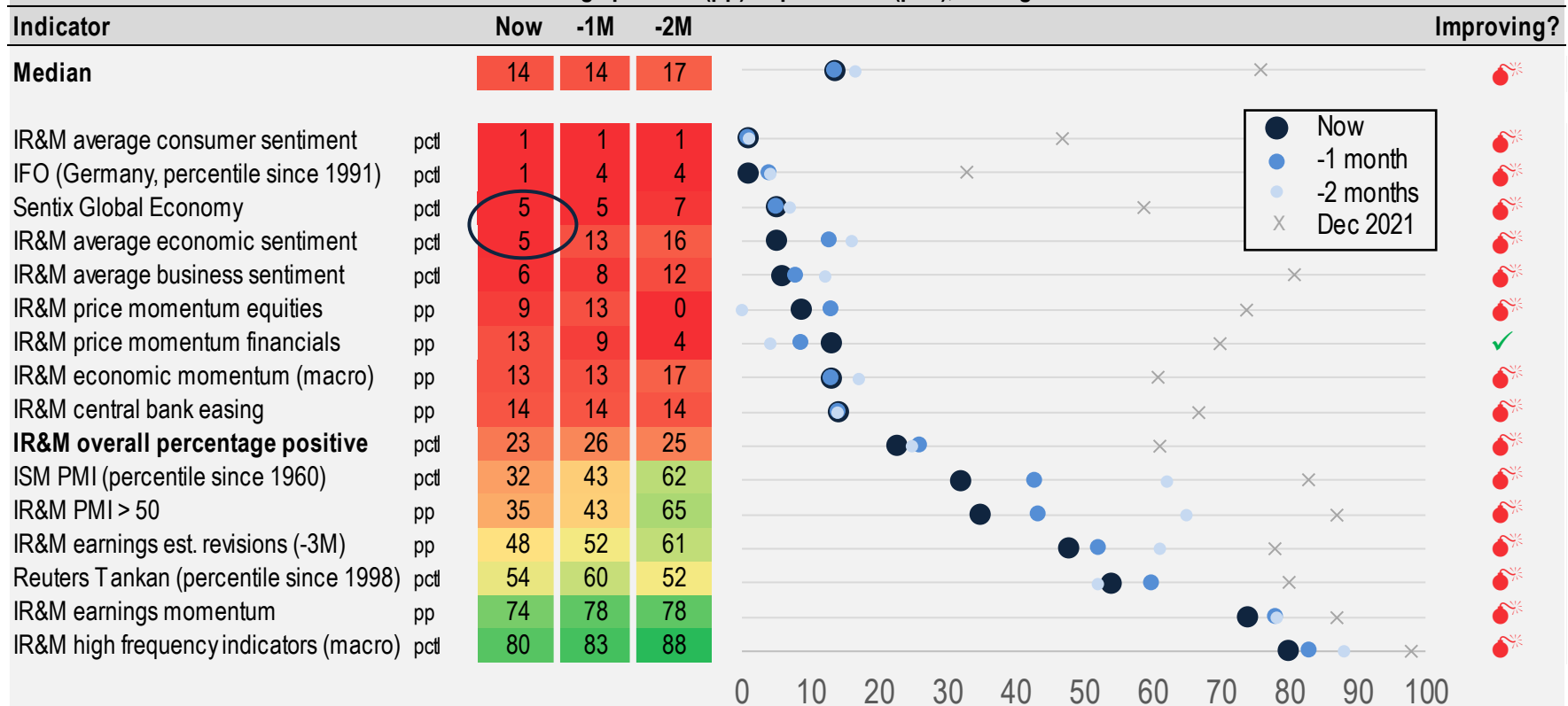
# Summary and trends: **worsening**

Exhibit shows current percentage positive or percentile of an economic indicator and changes over one and two months. Table was sorted by worst first.

Some remarks/observations:

- Global economy remains in 5<sup>th</sup> percentile (since 2003) based on Sentix. Average economic sentiment is in 5<sup>th</sup> percentile (since 2006) too. It is important to note that only one indicator from the selection includes the 1970s, the US ISM PMI that is in the 32<sup>nd</sup> percentile since 1960. The key take-away is the "worsening" not the potential level it will fall to, which is unknown and unknowable. The "worsening" we can measure.

Percentage positive (pp) or percentile (pctl), 100="good"



Source: IR&M. Notes: Improving?: Now > one and two months ago. Concept courtesy: Goldman Sachs Investment Research.

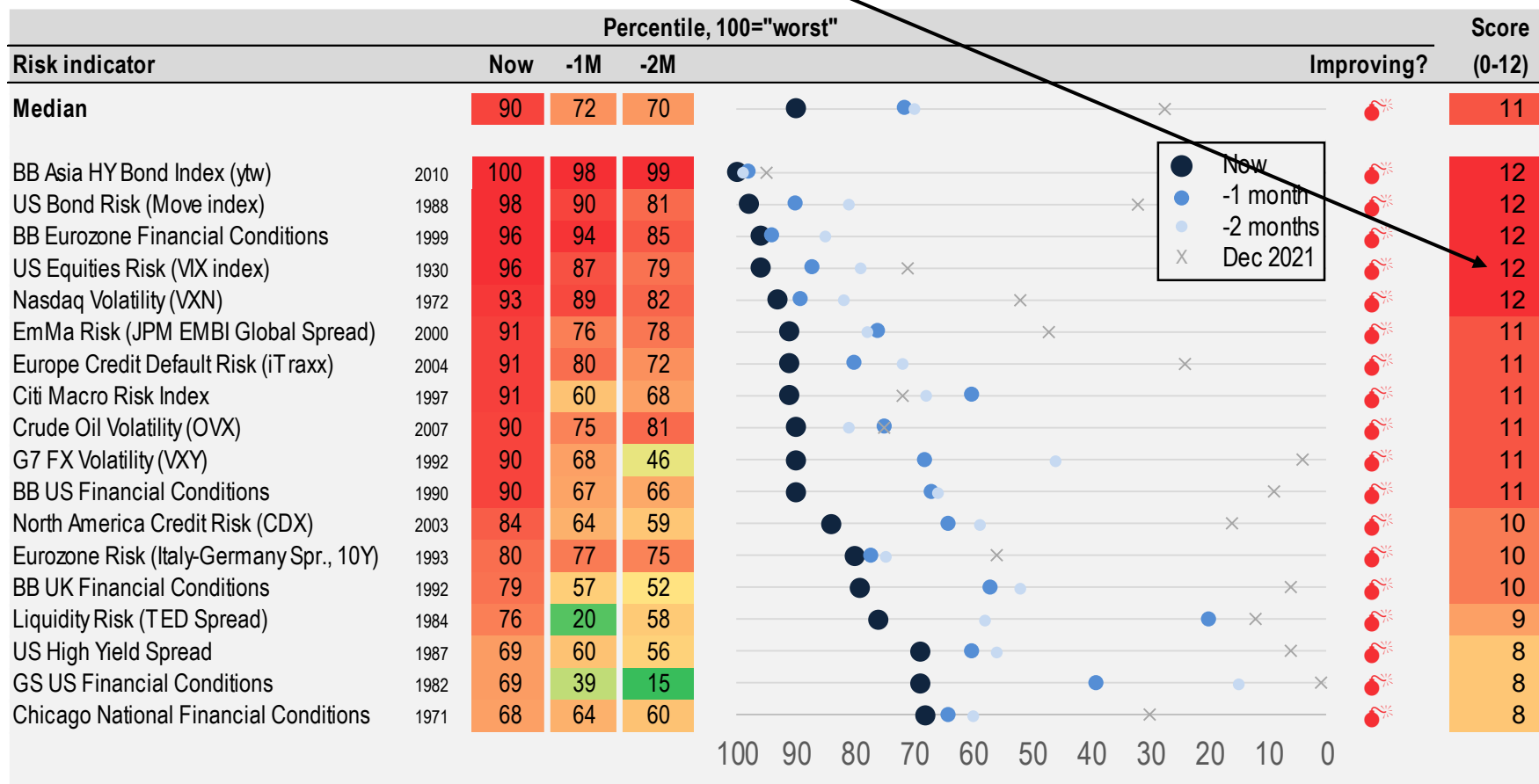
# Change in risk: **worsening**

Exhibit shows current percentile of a risk indicator and changes. Table was sorted by worst first.

Some observations/remarks:

- ("VIX" is now shown since 1930 and Nasdaq VIX (VXN) since 1972.) VIX at 33% is a 12 on Beaufort.
- Bonds have been in a hurricane on the Beaufort scale for longer. We know it's a 12 but we don't know when calmer seas awaits us. We do know that calmer seas await us. That we know.

Score	Description
0	Calm
2	Light Breeze
4	Moderate Breeze
6	Strong Breeze
8	Gale
10	Storm
12	Hurricane



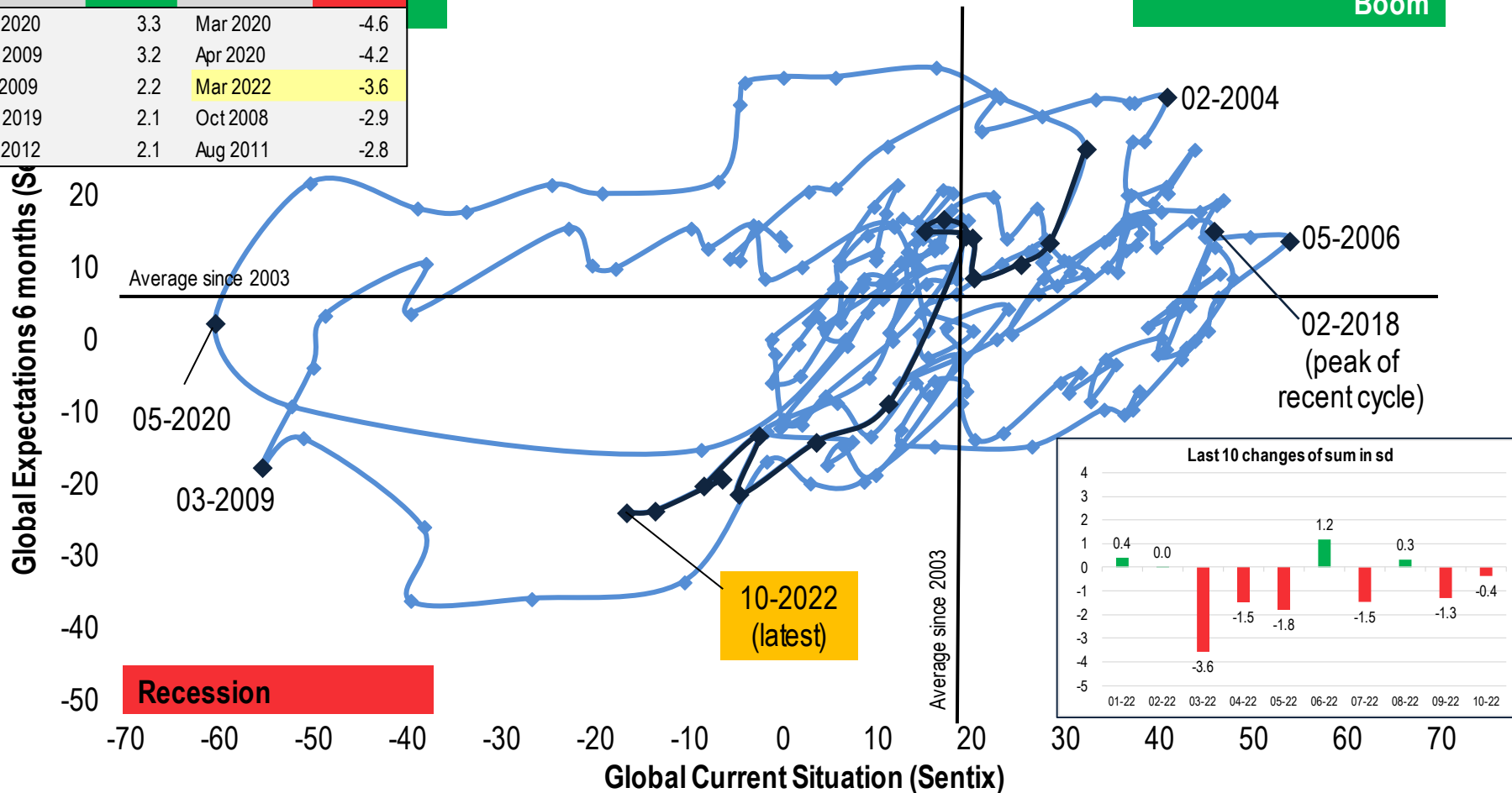
Source: IR&M. Notes: Percentile since year shown. VIX 1930-1989 and VXN 1972-2001 based on IR&M Garch model. Improving: Now > one and two months ago. Score: 13-tier score analogous to Beaufort wind scale. Concept courtesy: Goldman Sachs Investment Research.

# Global economy: war regime

Movement towards lower left hand corner remains intact with October report being a 0.4 sd fall.

MSCI World (Jan 2003 -)		
Global Expectations Index	Return, pa*	Tenure, %
rising (24M average)	6.3%	82
falling (24M average)	2.0%	18
above 0	11.3%	71
below 0	-2.5%	29
No 2 sd fall(s) within last 4M	9.4%	83
2 sd fall(s) within last 4M	-5.8%	17

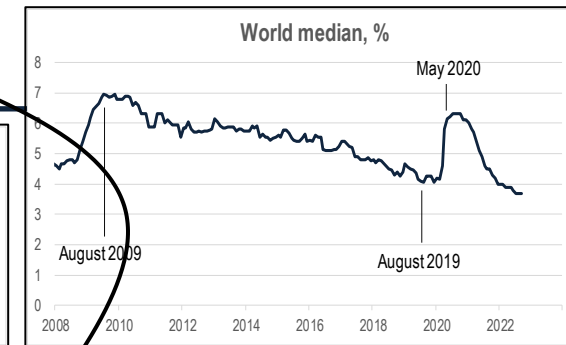
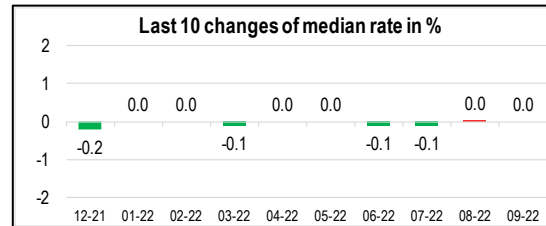
Largest changes in sd since 2003			
Date	Rise	Date	Fall
Jun 2020	3.3	Mar 2020	-4.6
Aug 2009	3.2	Apr 2020	-4.2
Apr 2009	2.2	Mar 2022	-3.6
Nov 2019	2.1	Oct 2008	-2.9
Jan 2012	2.1	Aug 2011	-2.8



Source: IR&M, Bloomberg, Sentix. Notes: Based on Sentix Economic Indices Global Aggregate (Current Situation and Expectations). Full "path" since 2003 is shown. \*Annualised average monthly return in subsequent month. "sd" stands for standard deviation.

# Unemployment rate: falling

The global median remains falling or is stable with forecasts for higher unemployment, as per last column.



		Unemployment rate					Change pctpnts	QNTL (1-5)	Forecast			
High	Low	Oct 2010 to May 2022							2023	Lower?		
			Jun	Jul	Aug	Sep						
6.6	3.7		3.9	3.8	3.7	3.7	Median	0.0	1	4.2	🔴	
14.7	3.5		3.6	3.6	3.5	3.7	United States	-0.2	1	4.2	🔴	
13.4	4.9		5.1	4.9	4.9	5.4	Canada	-0.2	1	5.6	🔴	
14.7	4.6		11.2	9.9	9.9	9.9	Brazil	-0.9	3	9.8	🔴	
			3.4	3.3	3.2	3.3	Mexico	0.1	1	3.7	🔴	
<div>It's almost comical: both non-farm payrolls and unemployment rate at 3.5% were better than expected and the stock market fell by 3%. Central bank largesse is to the stock market what glue is to environmental activist: a necessity.</div>			6.7	6.7	6.6	6.6	n.a.	Eurozone	0.0	1	7.1	🔴
			5.0	5.3	5.4	5.5	5.5	Germany	0.0	2	5.6	🔴
			7.3	7.6	n.a.	n.a.	n.a.	France	0.2	1	7.6	✅
			8.0	8.0	7.9	7.8	n.a.	Italy	-0.1	1	8.5	🔴
			13.3	12.7	n.a.	n.a.	n.a.	Spain	-0.6	1	13.1	🔴
			3.2	3.5	3.4	3.7	n.a.	Netherlands	0.3	1	4.1	🔴
6.5	3.6		3.8	3.8	3.6	n.a.	n.a.	United Kingdom	-0.2	1	4.4	🔴
3.7	1.9		2.1	2.0	2.0	2.0	1.9	Switzerland	-0.1	1	2.3	🔴
10.3	5.9		8.5	8.6	6.4	6.6	n.a.	Sweden	0.2	1	7.7	🔴
10.6	1.6		1.6	1.6	1.7	1.6	1.6	Norway	0.0	1	3.0	🔴
5.0	2.1		2.8	2.7	2.5	2.6	n.a.	Japan	0.1	1	2.5	✅
7.8	3.8		3.9	3.9	3.9	3.8	n.a.	Russia	-0.1	1	5.4	🔴
7.5	3.4		3.9	3.5	3.4	3.5	n.a.	Australia	0.1	1	3.8	🔴
6.7	3.2		3.4	3.2	n.a.	n.a.	n.a.	New Zealand	-0.2	1	3.8	🔴
7.2	2.8		5.1	4.7	4.3	4.1	n.a.	Hong Kong	-0.2	4	3.6	✅
5.4	2.5		2.8	2.9	2.9	2.5	n.a.	South Korea	-0.4	1	3.5	🔴
5.0	3.7		3.7	3.7	3.7	3.7	n.a.	Taiwan	0.0	1	3.6	✅

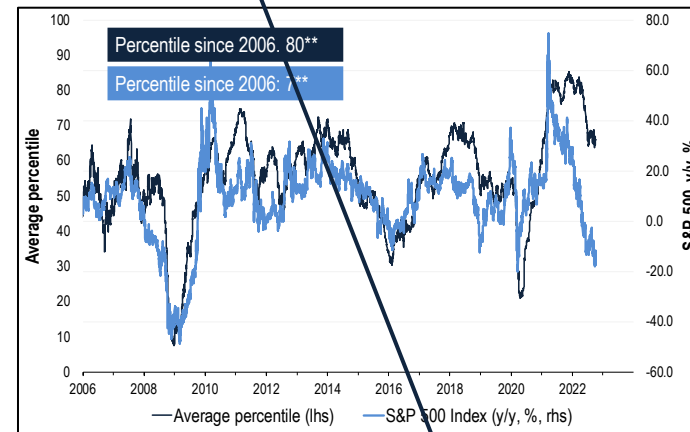
It's almost comical: both non-farm payrolls and unemployment rate at 3.5% were better than expected and the stock market fell by 3%. Central bank largesse is to the stock market what glue is to environmental activist: a necessity.

Source: IR&M, Bloomberg. QNTL: Quintile of latest unemployment rate for period shown.



# High frequency indicators: **stable**

The 15 indicators: 1. Surprise index measures macro surprises. Quite often surprises turn prior to coincident indicators. 2. US Yield curve is considered the best indicator for the next recession when it inverts. The curve steepens in an expansion. 3. The US Federal Reserve Bank of NY Economic Index (WEI) is a weekly index of ten indicators of real economic activity, scaled to align with the four-quarter GDP growth rate. It represents the common component of series covering consumer behavior, the labor market, and production. 4. S&P/LSTA Leveraged Loan Total Return Index, a proxy for risk taking. 5. US jobless claims is probably the highest frequency data point for the US economy. 6-7. Relative performance of Consumer Discretionary vs Consumer Staples and Transport vs Utilities. During an upswing, the former should outperform. Going into recession it should be the other way around. 8. CRB RIND is a commodities index. It contains raw industrial commodities that are perceived to be used early in the cycle. 9. Copper, the commodity, is called "Dr. Copper" by commodities traders and trend-followers. The idea is that if the economy is expanding, copper should be doing well. 10-11. Demand for oil and steel also increases during an expansion. 12. The Baltic Dry Index measures the demand for shipping capacity versus the supply of dry bulk carriers and is perceived as a leading indicator. 13. Container ship index is a proxy for economic activity. 14. Inflation expectations normally rise during an expansion. 15. Credit conditions improve during an expansion.



2006-			June		July		Aug					Sep				Oct				Economic proxy	Trend	Chg, sd.	Pctl	
High	Low	Median	W24	W25	W26	W27	W28	W29	W30	W31	W32	W33	W34	W35	W36	W37	W38	W39	W40	Last		(-8W)	(-4W)	(2006-)
85	8	56	71	70	68	68	65	67	69	68	69	68	68	65	67	67	64	66	66	66	Average percentile*	↓	-0.2	80
271	-145	2.3	-65	-72	-76	-57	-51	-64	-62	-25	-25	-16	-24	-27	-14	2.3	11	18	5	5	US Surprise Index	↑	0.1	52
291	-52	124	5	7	5	-2	-20	-22	-24	-40	-41	-26	-36	-20	-25	-42	-52	-45	-43	-43	US Yield curve (10-2Y)	↓	-0.1	1
10.7	-9	2	2.6	3.1	2.9	3.3	2.8	3.1	3.3	3.0	3.3	3.1	2.9	2.6	2.9	2.7	1.9	2.8	2.1	2.1	Economic Index (WEI)	↓	-0.2	56
3338	1202	2442	3204	3196	3161	3162	3174	3225	3231	3258	3297	3293	3287	3274	3280	3273	3244	3208	3236	3237	Leveraged loan (S&P/LSTA)	↓	-0.8	94
6137	166	321	231	233	231	236	244	261	237	248	252	245	237	228	218	208	209	190	219	219	US Jobless claims	↓	0.0	92
<div>Consumer Discretionary vs Staples and very cyclical DJ Transport vs Utilities are proxies for the business cycle and should be correlated. However, over four weeks the Utilities got a lot more punished for being rate-sensitive than cyclical, got punished for being cyclical. Move, a proxy for bond risk, is in the 98% percentile, i.e., extraordinarily high.</div>																					Cons. Discr. vs. Staples	↓	-1.1	85
																					DJ Transport vs. Utilities	↑	2.5	80
																					Raw commodities (RIND)	↓	-1.2	87
																					Copper	↓	-0.5	68
																					Crude Oil (Brent)	↓	0.9	74
																					Steel production (AISI)	↓	-0.3	51
																					Baltic Dry Index	↑	0.6	60
																					Container Ship Idx. (ConTex)	↓	-4.5	91
																					Breakeven inflation (5Y)	↓	-0.6	82
																					Credit conditions (Chic Fed)	↑	0.4	19

Consumer Discretionary vs Staples and very cyclical DJ Transport vs Utilities are proxies for the business cycle and should be correlated. However, over four weeks the Utilities got a lot more punished for being rate-sensitive than cyclical got punished for being cyclical. Move, a proxy for bond risk, is in the 98th percentile, i.e., extraordinarily high.

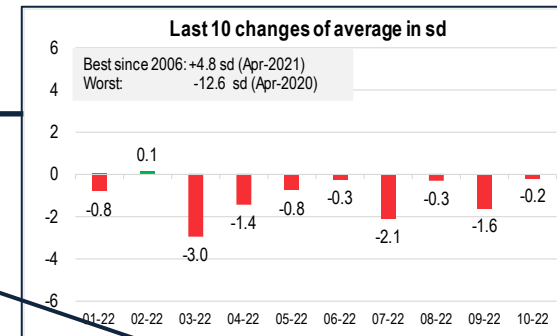
Source: IR&M, Bloomberg. Table shows 15 variables that are of higher frequency and supposedly have predictive power for the US (and/or global) economic cycle. "W" stands for ISO calendar week number. Trend is based on current 4W average vs. prior 4W average. 4-week change is measured in standard deviation (sd).

\*We calculate the percentile for each variable (not shown) and then take an average to show the "average percentile". \*\*Percentile of average percentile (as average percentile does not range between 1 and 100).

# Economic sentiment: falling

Table shows a selection of leading economic indicators. The average is measured as average percentile of the underlying indicators. A 2.7-point move of the average represents one standard deviation (sd). The commentary in the table refers to changes since table was last shown.

The average rose from 1st percentile in April 2020 to reach the 100th percentile during June 2021. It fell gradually to the 78th percentile in mid-February, now stands at 5<sup>th</sup>.



Oct 2009 to Jul 2022	Aug	Sep	Oct	△	SD		PCTL
	46.4	42.0	41.5	↓		Average	5
	-1.0	n.a.	n.a.	↓		US: Conf. Board	23
	-6.0	-10.8	-12.6	↓		US: Sentix	19
	-25.2	-31.8	-38.3	↓		● Eurozone: Sentix	3
	-42.0	-58.9	n.a.	↓		● Eurozone: ZEW	26
	-47.6	80.5	n.a.	↓		● Germany: ZEW	13
	97.0	92.2	n.a.	↓		● Germany: EC	11
	100.0	96.8	n.a.	↓		● France: EC	42
	99.7	96.0	n.a.	↓		● Italy: EC	33
	97.7	96.7	n.a.	↓		● Spain: EC	41
	94.3	90.6	n.a.	↓		● Netherlands: EC	17
	91.4	83.1	n.a.	↓		● Sweden: EC	7
	88.1	84.8	n.a.	↓		● Finland: EC	7
	7.0	5.0	n.a.	↓		UK: Lloyds	27
	93.5	93.8	n.a.	↑		Switzerland: KOF	27
	94.3	94.3	n.a.			Turkey: TSI	21
	9.8	n.a.	n.a.	↑		China: Li Ke Qiang Ind.	57
	13	10	n.a.	↓		Japan: Reuters Tankan	50
	100.9	n.a.	n.a.	↑		● Japan: ESRI	68
	97.7	n.a.	n.a.	↓		Australia: Westpac	39
	1.9	n.a.	n.a.	↓		South Korea: KNSO	10
	0.9	n.a.	n.a.	↓		Taiwan: NDC	22
	n.a.	n.a.	n.a.	↑		South Africa: SARB	41

A 0.3 sd fall.

A 1.2 sd fall.

A 1.6 sd rise, better than expected, consistent with rising PMI, inconsistent with falling Tankan survey, and a positive outlier within all the current macro doom.

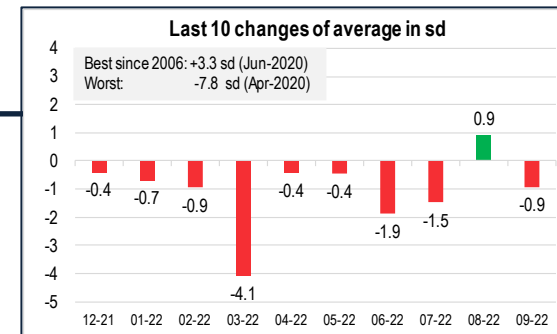
Source: IR&M, Bloomberg. Notes: The average is equal weighted and is calculated from percentiles. △=Direction of latest change. SD=Latest change that exceeds one standard deviation is marked with a green or red dot. PCTL=Percentile since January 2006.



# Consumer sentiment: falling

Table shows a selection of indicators for consumer sentiment. The average is measured as average percentile of the indicators. A 2.9-point move of the average represents one standard deviation (sd). The commentary in the table refer to changes since last shown.

This average rose to the 86th percentile in early August 2021, it's high, fell to the 38th percentile by mid-February 2022, then fell to 1<sup>st</sup> percentile, briefly "ticked up" to 2<sup>nd</sup> percentile and now is back to worst.



Oct 2009 to Jul 2022	Aug	Sep	Oct	△	SD	PCTL
	24.4	20.6	n.a.	↓	Average	1
	58.2	58.6	n.a.	↑	US: UoMichigan	6
	103.6	108.0	n.a.	↑	US: Conf Board	71
	83.6	89.0	n.a.	↑	Brazil: FGV	40
	40.9	41.0	n.a.	↑	Mexico: INEGI	68
	25.0	-28.8	n.a.	↓	Eurozone: EC	1
	-30.9	-36.8	-42.5	↓	Germany: GfK	1
	82	79	n.a.	↓	France: INSEE	1
	98.3	94.8	n.a.	↓	Italy: ISTAT	19
	-31.7	-32.9	n.a.	↓	Spain: EC	9
	-54	-59	n.a.	↓	Netherlands: CBS	1
	-25.1	-32.1	n.a.	↓	Denmark: DNB	1
	53.4	42.1	n.a.	↓	Ireland: IIB	2
	-54.2	-51.2	n.a.	↑	Greece: EC	44
	-44	-49	n.a.	↓	UK: GfK	1
	-42.0	-42.0	n.a.	↓	Switzerland: SECO (quart.)	1
	57.8	49.7	n.a.	↓	Sweden: NIER	1
	87.0	n.a.	n.a.	↓	China: NBSC	2
	32.5	30.8	n.a.	↓	Japan: ESRI	9
	81.2	84.5	n.a.	↑	Australia: Westpac	4
	88.8	91.4	n.a.	↑	South Korea: BoK	9
	124.7	117.2	n.a.	↓	Indonesia: BPS	73
	85.4	85.4	n.a.	↓	New Zealand: ANZ	4

Small rise or noise.

A 1.5 sd fall.

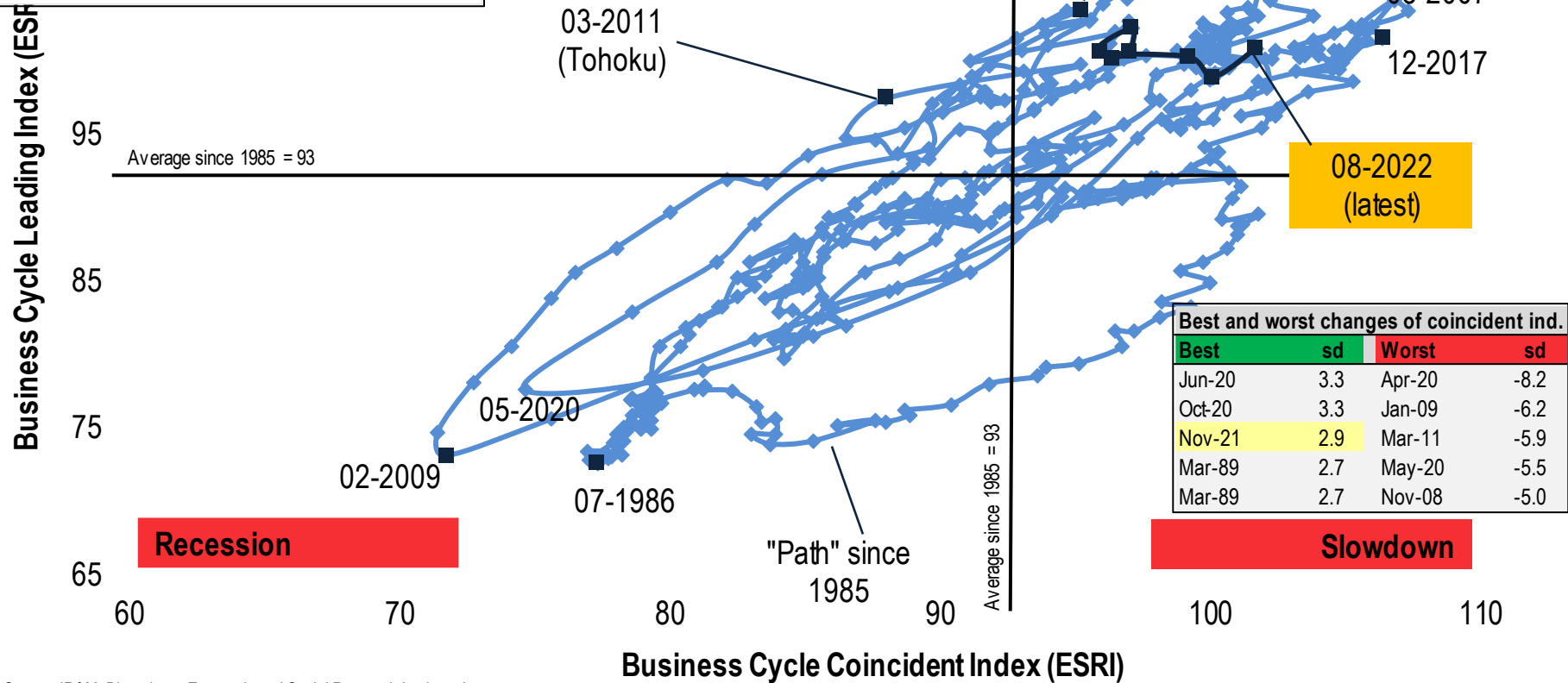
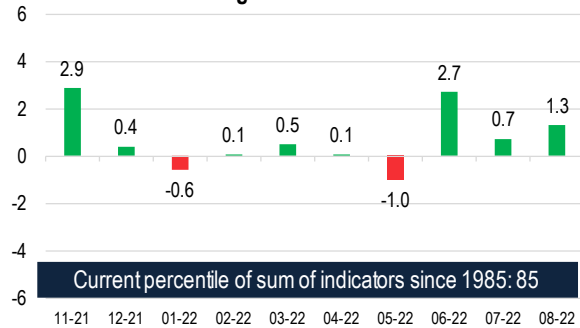
Source: IR&M, Bloomberg. Notes: The average is equal weighted (ex China) and is calculated from percentiles. △=Direction of latest change. SD=Latest change that exceeds one standard deviation is marked with a green or red dot. PCTL=Percentile since January 2006.

# Japan: improving

Topix (Jan 1985-)		
Coincident Index	Return, pa*	Tenure, %
No 2 sd fall(s) within last 4M	3.9%	86
2 sd fall(s) within last 4M	0.8%	14

*This very slow survey (August data was just published) remains improving, i.e., moving towards the upper right hand corner with the outliers remaining on the positive side.*

Last 10 changes of coincident index in sd



Best and worst changes of coincident ind.			
Best	sd	Worst	sd
Jun-20	3.3	Apr-20	-8.2
Oct-20	3.3	Jan-09	-6.2
Nov-21	2.9	Mar-11	-5.9
Mar-89	2.7	May-20	-5.5
Mar-89	2.7	Nov-08	-5.0

Source: IR&M, Bloomberg, Economic and Social Research Institute Japan.

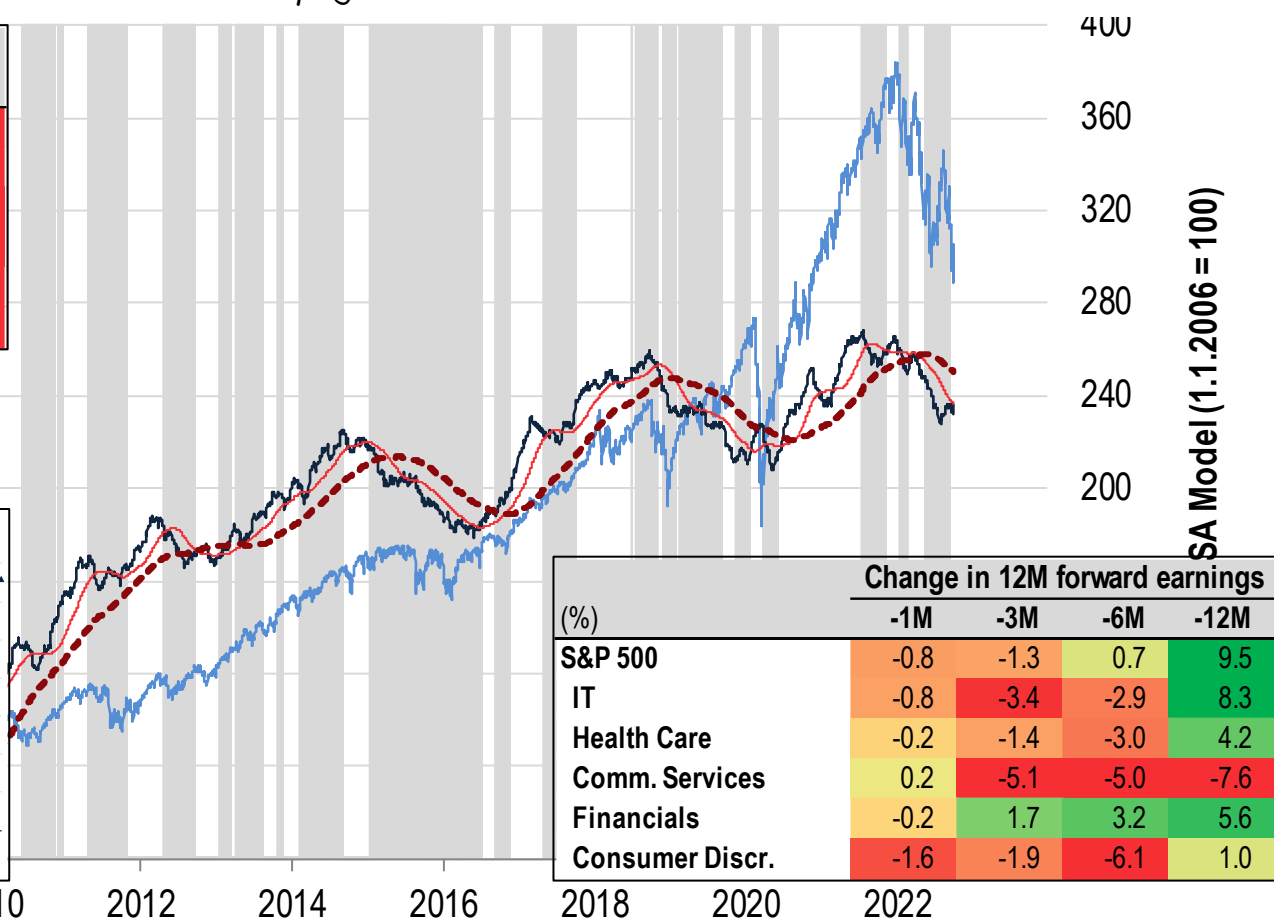
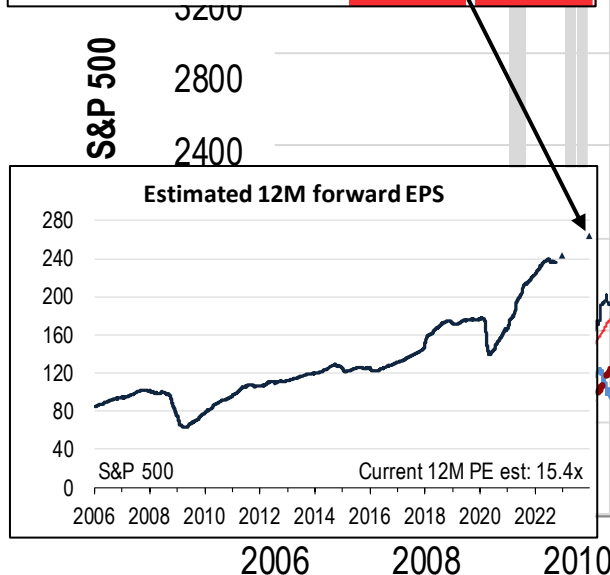
Notes: Path since January 1985 is shown. "sd" stands for standard deviation. \*Average return three months after reporting, i.e., August returns for May figure.

# US economy: worsening

Economic momentum remains negative with macro surprises having turned positive in mid-September. The earnings revisions table in the lower right is now mostly negative. Earnings for the S&P 500 are expected to grow from current \$236 to \$264, i.e., rise by 12% until the end of 2023. See next page.

S&P 500 (Jan 2006 - )		
IR&M US Model is:	Return, pa*	Tenure, %
rising (100-day average)	15.6%	56
falling (100-day average)	-0.7%	44
rising (300-day average)	14.0%	63
falling (300-day average)	-0.9%	37

Week:	Momentum		Current drawd.
	EPS	Price	
S&P 500	103	-31	-24.1
Nasdaq 100	-7	-33	-33.4
Dow Industrial	102	-32	-20.4
Dow Transport	101	-26	-26.8
Russell 2000	-6	-39	-30.3
Wilshire 5000	n.a.	-34	-25.6



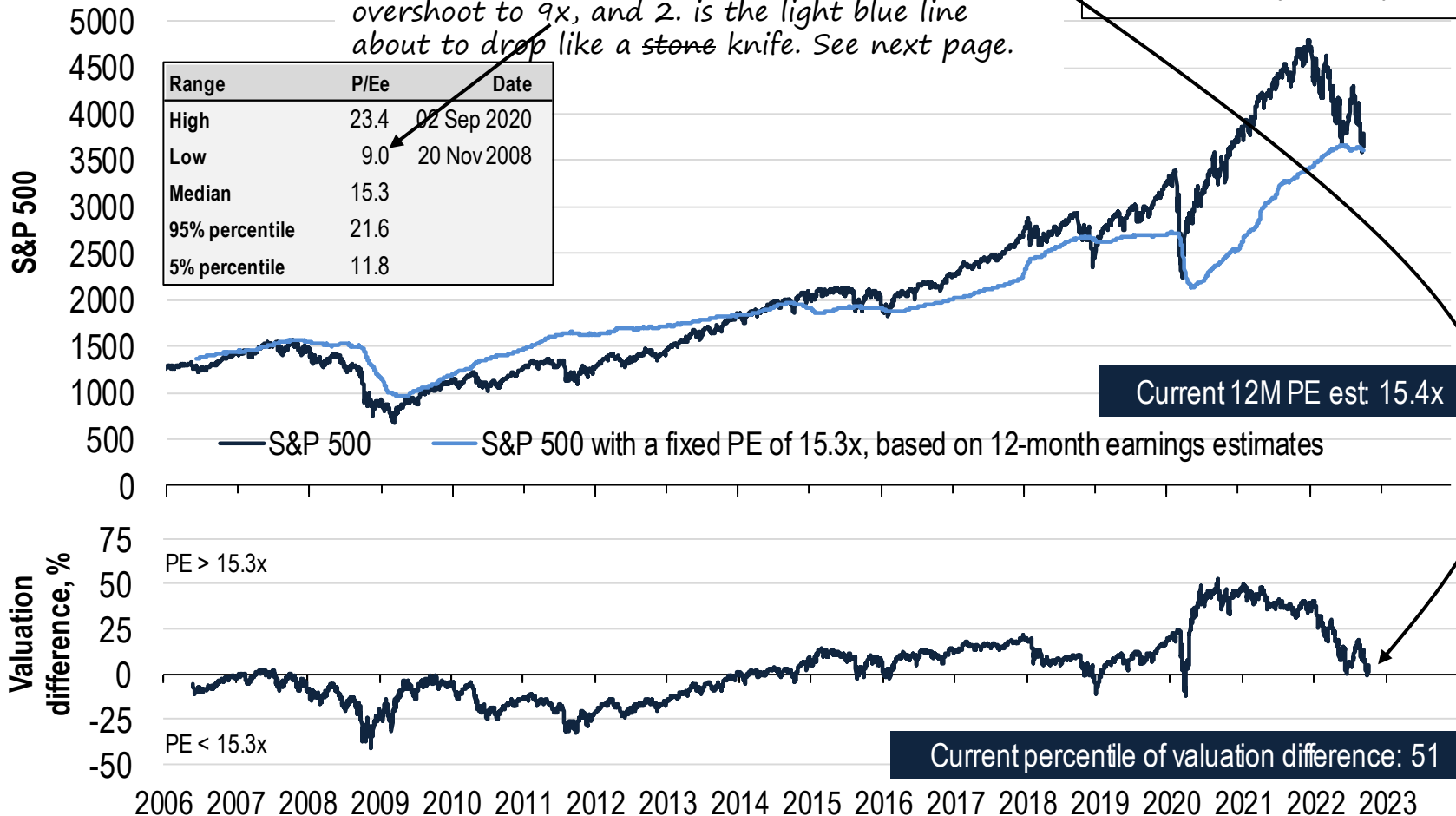
■ Negative surprises in US (Citi) — SPX (lhs) — IR&M USA Model (rhs) — 100-day MAV --- 300-day

Source: IR&M, Bloomberg. Notes: Earnings are based on consensus estimates. Sector indices are GICS Level 1 from S&P. Momentum is measured in weeks since signal. \*Average annualised weekly returns of subsequent week.

# S&P 500 valuation: 51<sup>st</sup> pctl

Chart shows the S&P 500 Index (SPX) and a hypothetical SPX trading at a fixed PE ratio of 15x based on 12-month forward earnings estimates.

Valuations have now reverted to its mean, as overvaluations are expected to do over time. Earnings upward revisions are gone, as per insert. The next questions are: 1. will valuations overshoot to 9x, and 2. is the light blue line about to drop like a stone knife. See next page.

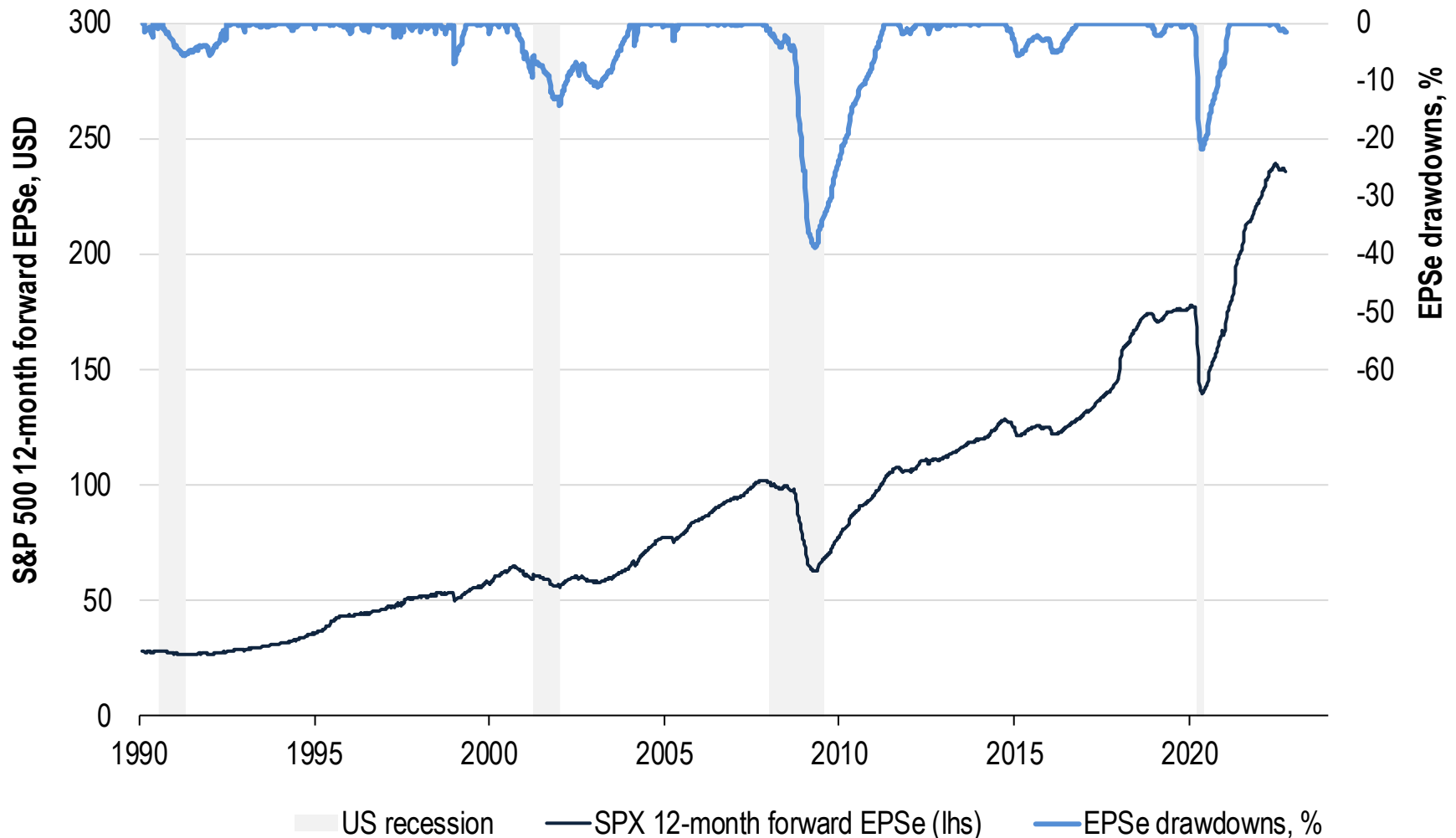


Source: IR&M, Bloomberg. Notes: Based on 12-month consensus earnings estimates.

# S&P 500 earnings estimates: **falling**

Chart shows 12-month forward earnings estimates for the S&P 500 Index (SPX) and drawdowns of this measure.

Earnings estimates are only falling mildly so far, which is weird, given that GDP forecasts have been revised lower throughout the whole year. If earnings fall by 40% like in the Great Recession and PE remains at 15.4x, SPX falls, well, by 40% from here (3,639). If, in addition, PE falls to 9x, SPX falls to 1,274 ( $\$236 \times (1 - 0.4) \times 9$ ), i.e., -65% from here.



Source: IR&M, Bloomberg. Notes: Based on 12-month consensus earnings estimates.

# Tech vs Energy regime update

Last table compares current "Energy regime" with the 2000 to 2008 Energy regime and two "Tech regimes" for a selection of investments.

Some observations/remarks:

- We're now 1.9 years into the current energy regime.
- US Treasuries and Gold remain the outliers, i.e., investments that should do well but aren't. But then, the regime is still young.
- Banks "should" be at the bottom of the list but aren't.
- Copper should be at the top of the list but isn't. Yet.

Tech regime	
Jan 1990 to Mar 2000	
(%)	(10.3Y)
IT	1317
Biotechnology	682
Health Care	350
Financials	330
S&P 500	324
Cons. Discretionary	304
Europe (STX 600)	264
Industrials	259
Banks	238
Comm. Services	218
Consumer Staples	175
Russell 2000 Value	162
MSCI World	152
Energy	136
US Treasuries (BB)	113
Materials	79
Utilities	46
Oil	22
Metals & Mining	6
Commodities (BB)	6
Copper	-24
Gold	-31
Topix	-41
Real Estate	
Global Clean Energy	

Energy regime	
Mar 2000 to Jun 2008	
	(8.3Y)
Oil	465
Copper	384
Gold	233
Metals & Mining	204
Energy	201
Commodities (BB)	137
Russell 2000 Value	90
Materials	87
US Treasuries (BB)	63
Consumer Staples	60
Utilities	36
Biotechnology	26
Industrials	12
Health Care	9
MSCI World	-2
S&P 500	-15
Financials	-17
Cons. Discretionary	-22
Topix	-23
Europe (STX 600)	-27
Banks	-35
Comm. Services	-57
IT	-61
Real Estate	
Global Clean Energy	

Tech regime	
Jun 2008 to Oct 2020	
	(12.3Y)
IT	447
Cons. Discretionary	424
Biotechnology	299
Health Care	234
S&P 500	155
Consumer Staples	133
Industrials	112
Gold	103
MSCI World	64
Russell 2000 Value	63
US Treasuries (BB)	58
Real Estate	56
Utilities	53
Materials	52
Financials	46
Comm. Services	44
Banks	42
Topix	20
Europe (STX 600)	18
Copper	-22
Metals & Mining	-49
Global Clean Energy	-61
Energy	-67
Commodities (BB)	-69
Oil	-73

Energy regime	
Oct 2020 to now	
	(1.9Y)
Energy	190
Oil	161
Commodities (BB)	63
Financials	30
Russell 2000 Value	29
Banks	24
Metals & Mining	22
Topix	21
Health Care	21
Biotechnology	17
Europe (STX 600)	14
Industrials	12
Copper	12
S&P 500	11
Materials	10
IT	8
Consumer Staples	8
MSCI World	5
Real Estate	2
Utilities	2
Global Clean Energy	-5
Cons. Discretionary	-5
Gold	-10
US Treasuries (BB)	-15
Comm. Services	-16

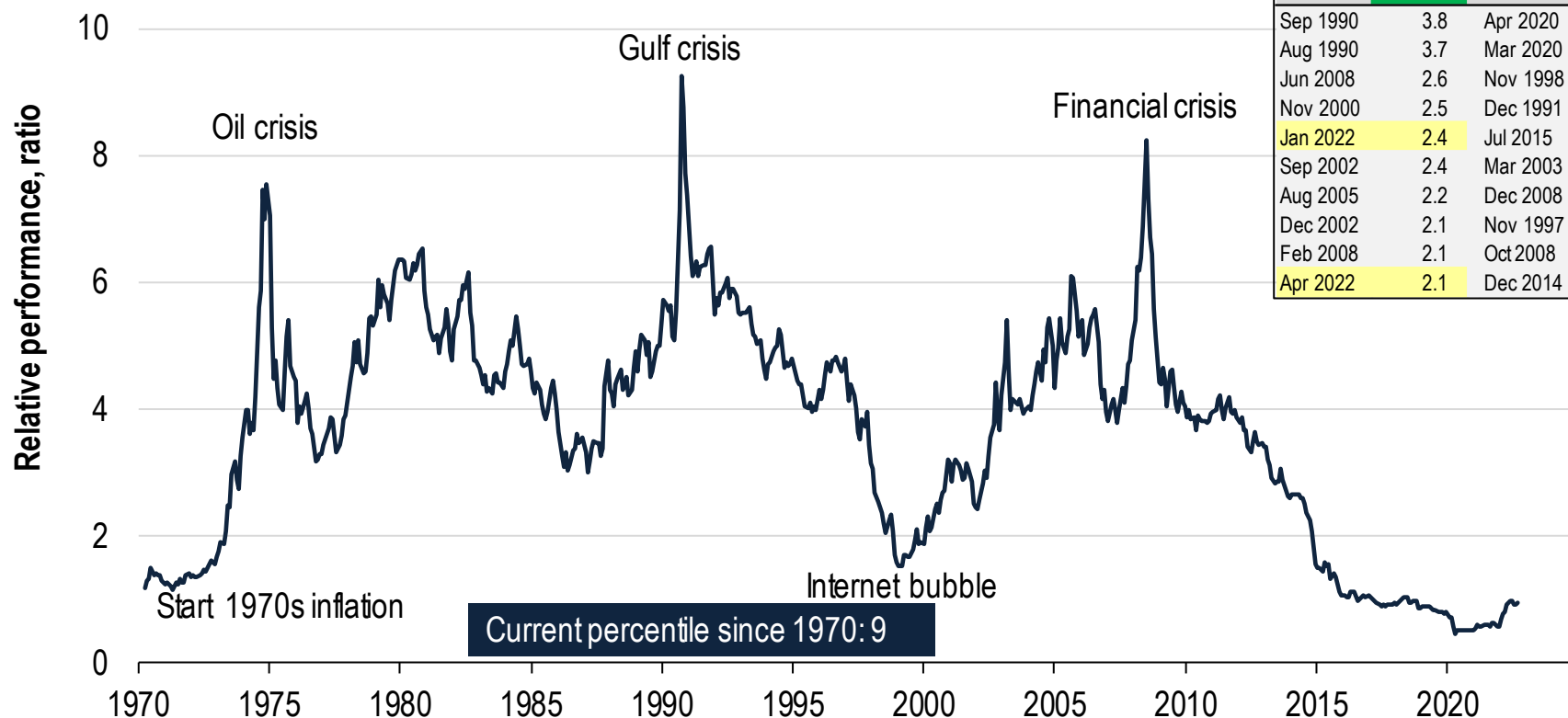
Source: IR&M, Bloomberg (BB). Notes: Dates were selected based on IT vs Energy relative performance. Sector and industry indices from S&P that start in 1990. Real Estate and Global Clean Energy since Jun 2008. "y" stands for years. STOXX Europe 600 and Topix in local currency.



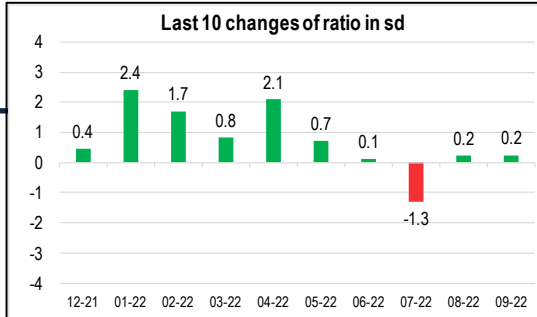
# Commodities vs equities

Graph shows a ratio between a proxy for commodities and a proxy for equities.

This ratio, showing the extreme underperformance of commodities relative to US equities, was at an all-time low in 2020, moved to the 2<sup>nd</sup> percentile in summer 2021, to 3<sup>rd</sup> in November, the 4<sup>th</sup> percentile in January, and 11<sup>th</sup> when last shown in June of this year, and now is in 9<sup>th</sup> percentile. These upswings typically last 3-10 years. Outliers remain on the upside of commodities relative performance



— Commodities (S&P GSCI TR) vs US Equities (S&P 500 TR Index)



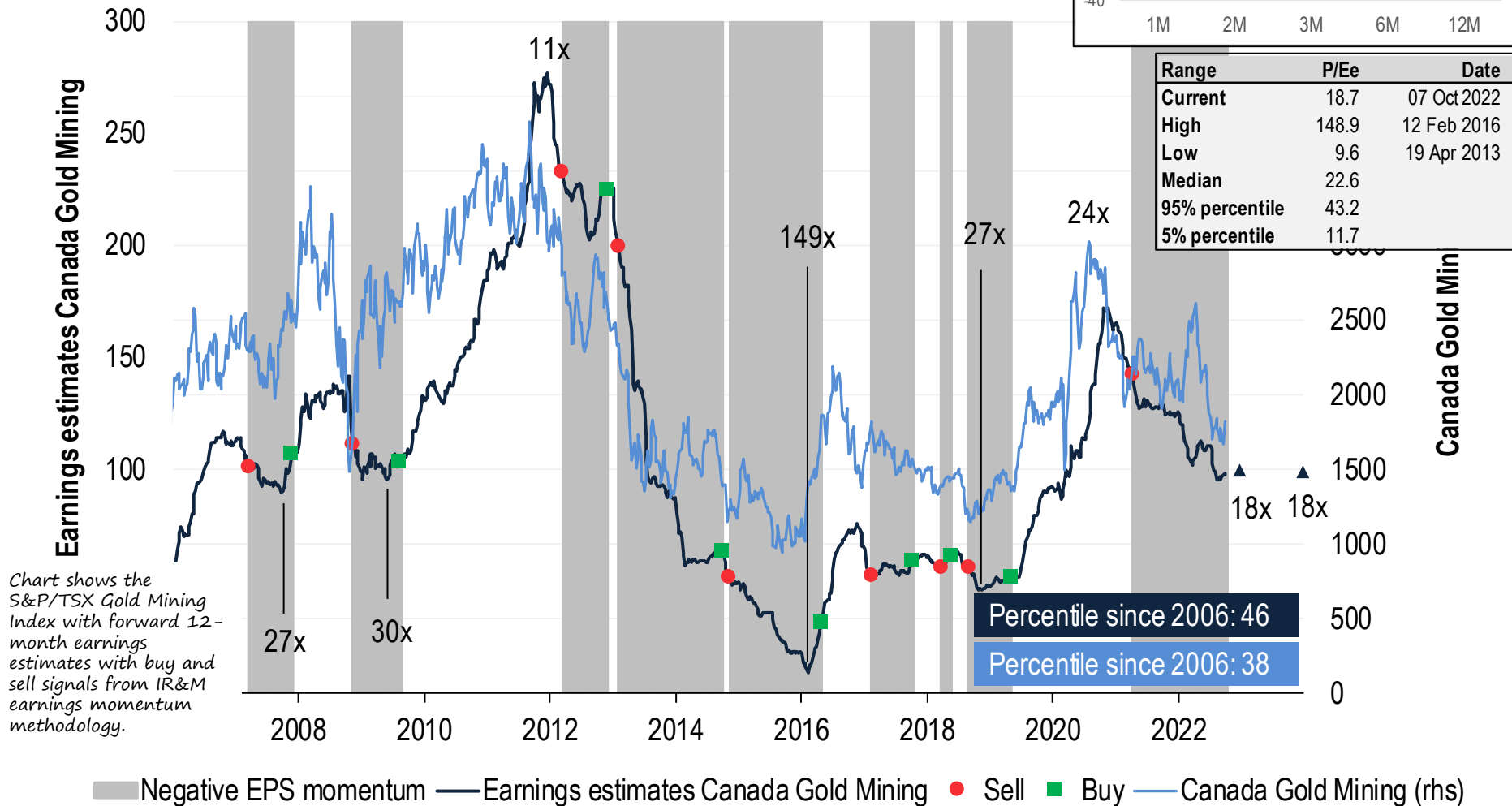
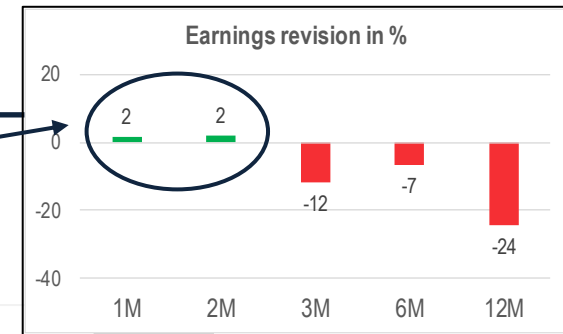
## Largest changes in sd since 1990

Date	Rise	Date	Fall
Sep 1990	3.8	Apr 2020	-3.3
Aug 1990	3.7	Mar 2020	-3.2
Jun 2008	2.6	Nov 1998	-2.8
Nov 2000	2.5	Dec 1991	-2.6
Jan 2022	2.4	Jul 2015	-2.5
Sep 2002	2.4	Mar 2003	-2.4
Aug 2005	2.2	Dec 2008	-2.2
Dec 2002	2.1	Nov 1997	-2.2
Feb 2008	2.1	Oct 2008	-2.1
Apr 2022	2.1	Dec 2014	-2.1

Source: IR&M, Bloomberg. Based on monthly data. "sd" stands for standard deviation. Concept courtesy main chart: Dr. Torsten Dennen.

# Canada gold mining earnings

Analysts stopped revising earnings downwards, as per insert, something that has endured for more than a year.



Source: IR&M, Bloomberg. Notes: Based on 12-month forward consensus earnings estimates.

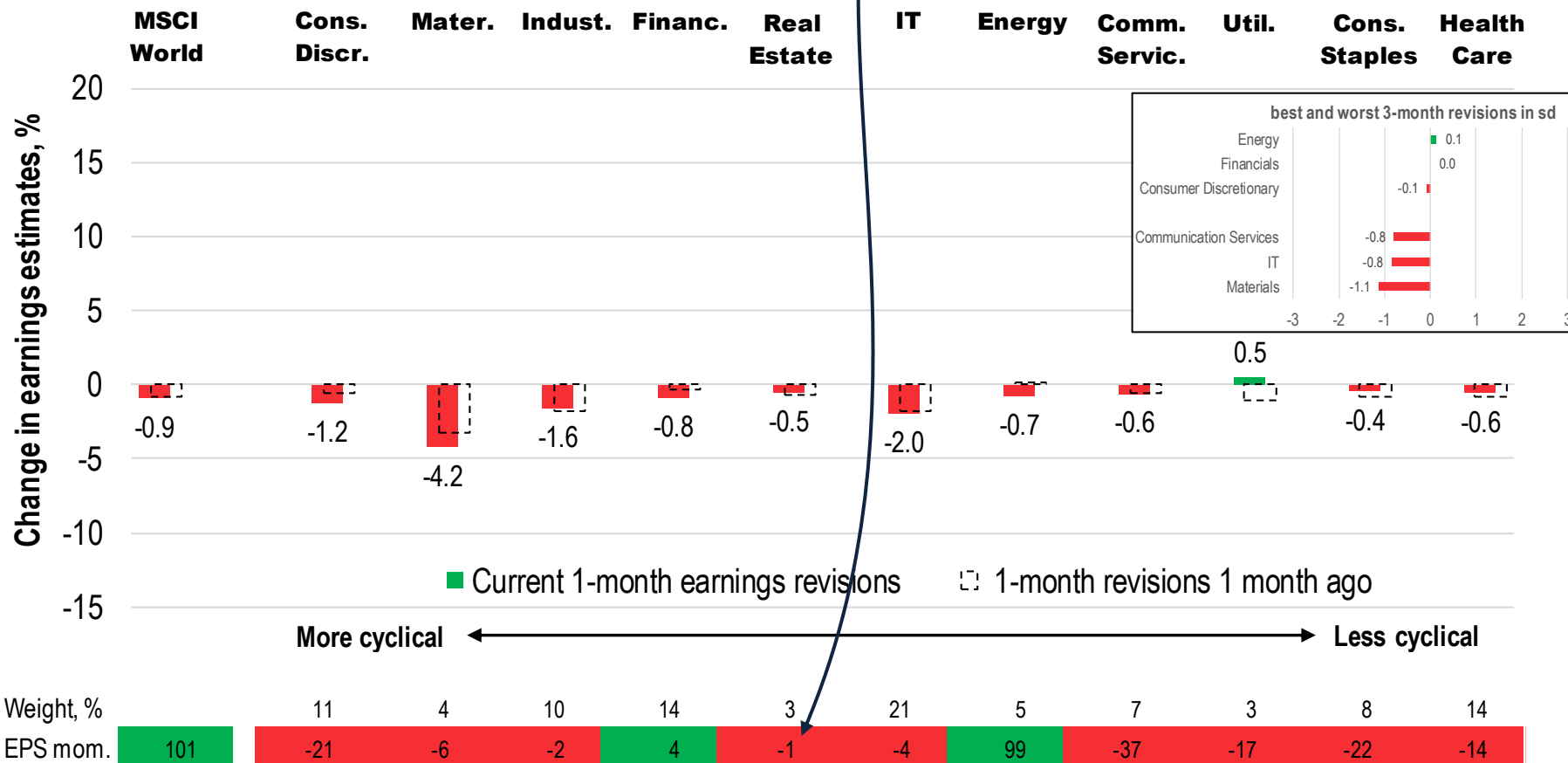
# Earnings revisions by sector

Chart shows 1-month revisions of 12-month forward earnings estimates for all World GICS Level 1 sectors.

Earnings revisions remain mostly negative but they also remain very mild. Earnings momentum in Real Estate is the latest to turn negative. Nine from 11 (GICS Level 1) sectors are now negative.

YTD USD returns, %	
Energy	32
Health Care	-16
Utilities	-18
Cons. Staples	-18
Financials	-23
Materials	-25
MSCI World	-25
Industrials	-26
Cons. Discr.	-32
Real Estate	-32
IT	-33
Comm. Serv.	-37

## One-month revisions



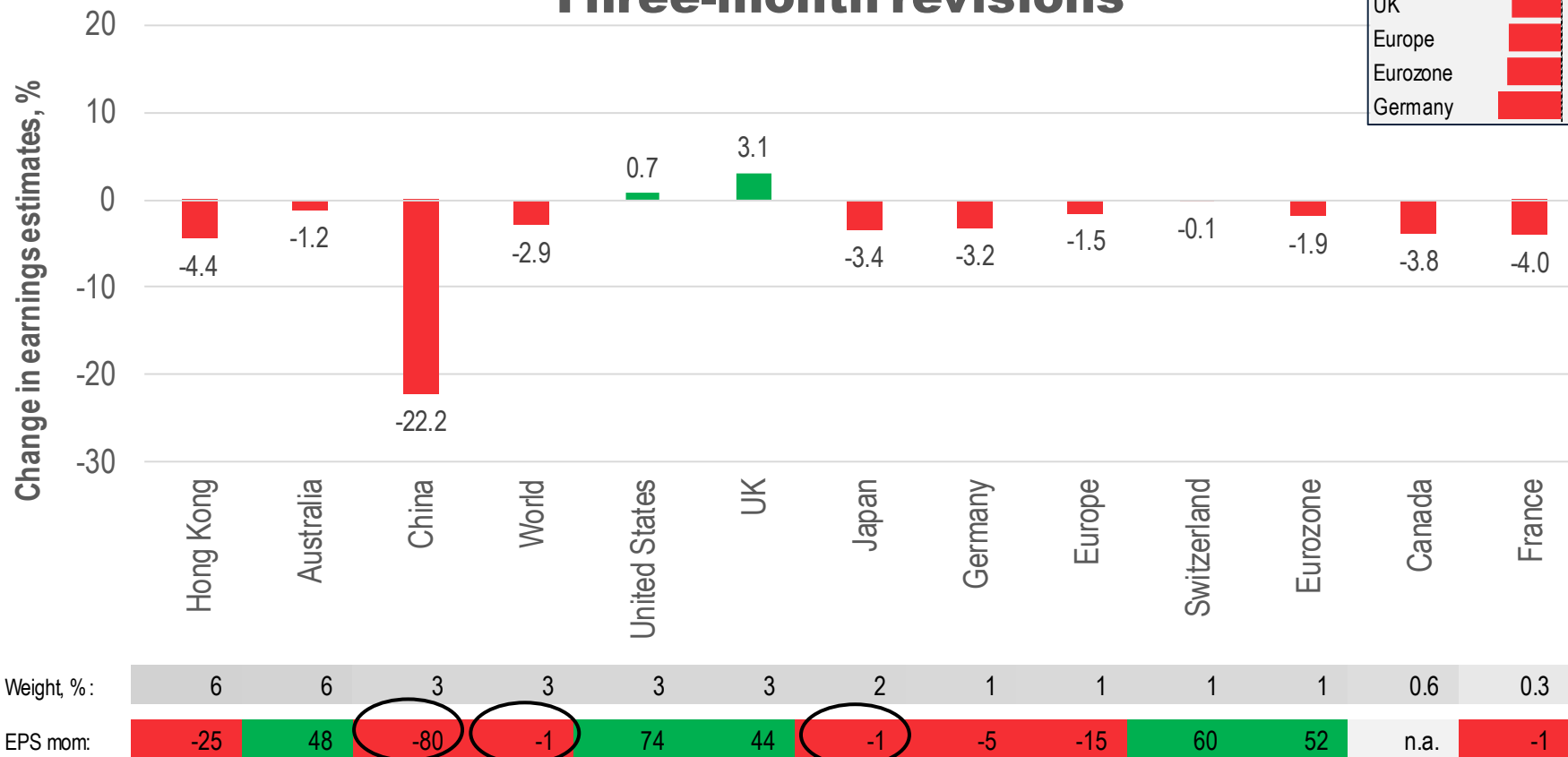
Source: IR&M, Bloomberg, MSCI. Notes: Based on consensus earnings estimates. Momentum is measured in weeks since signal. Index weight is an approximation.

# Real Estate earnings: **worsening**

Chart shows 3-month revisions of 12-month forward earnings estimates for a selection of Real Estate indices. Indices were sorted by index weight in a country index, large weight on the left. IR&M earnings momentum is also shown.

Earnings revisions in Real Estate remain negative. Earnings momentum in China Real Estate turned negative 80 weeks ago while in World and Japan it turned negative last Friday.

## Three-month revisions



YTD USD returns, %	
Best Real Estate Index	
Japan	3
Hong Kong	-12
Switzerland	-13
Australia	-28
France	-28
Worst	
China	-34
UK	-44
Europe	-46
Eurozone	-48
Germany	-57

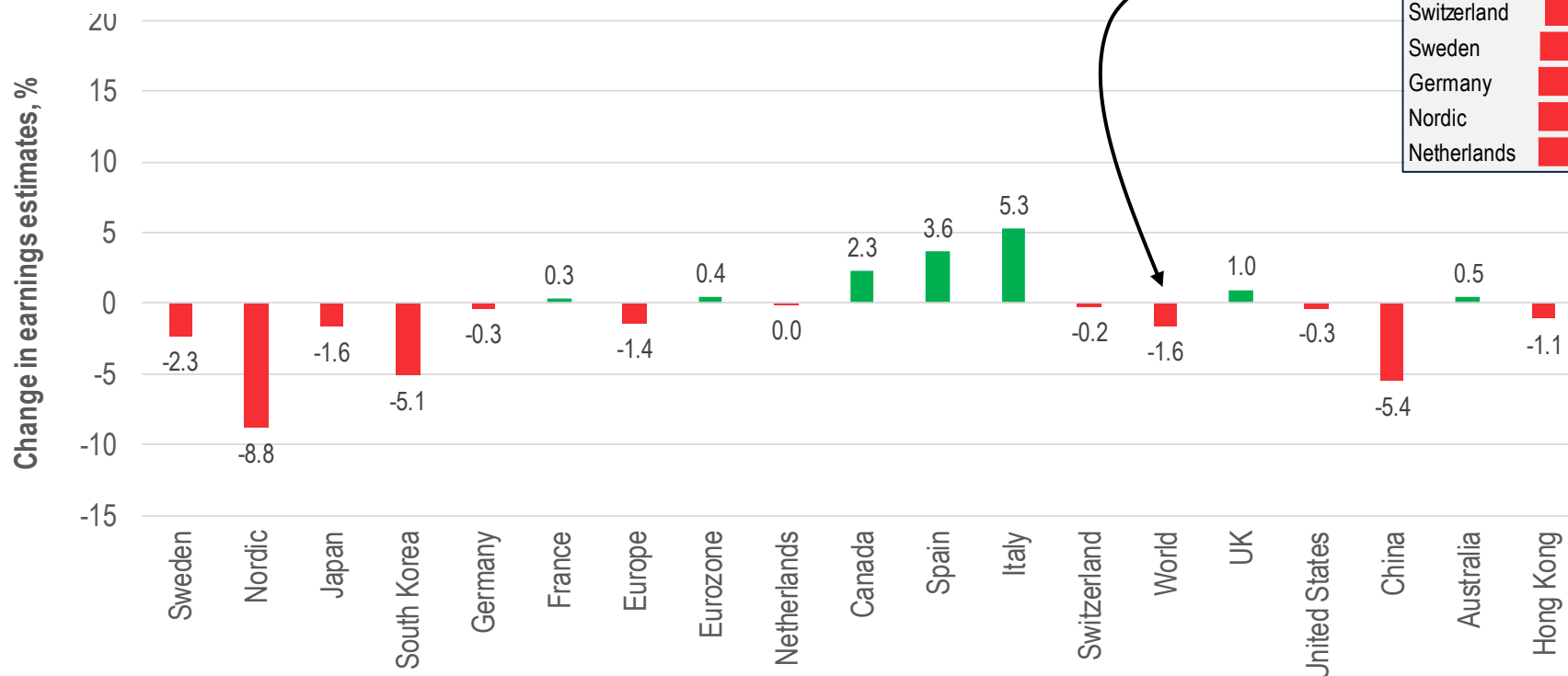
Source: IR&M, Bloomberg. Notes: Based on 12-month forward consensus earnings estimates. All sector indices from MSCI. Index weights are approximations based on a country index (not necessarily from MSCI). EPS momentum is based on IR&M methodology and measured in weeks since signal.

# Industrials earnings: **worsening**

Chart shows 1-month revisions of 12-month forward earnings estimates for a selection of Industrials indices. Indices were sorted by index weight in a country index, large weight first. IR&M earnings momentum measure is also shown.

Earnings revisions remain worsening. Note (lowest row) that one index turned negative every week over the past four weeks. The order of change is probably quite random. The key aspect is the "worsening".

## One-month revisions



YTD USD returns, %	
Best Industrials Index	
Canada	-13
Italy	-16
Australia	-18
United States	-20
World	-26
Worst	
Switzerland	-39
Sweden	-44
Germany	-45
Nordic	-45
Netherlands	-46

Weight, %:

32	24	23	19	19	17	14	13	13	13	12	12	11	10	10	8	6	6	4
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EPS mom:

103	-1	89	72	101	95	98	96	62	9	11	97	20	-2	92	101	-3	35	-4
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Source: IR&M, Bloomberg. Notes: Based on 12-month forward consensus earnings estimates. All sector indices from MSCI. Index weights are approximations based on a country index (not necessarily from MSCI). EPS momentum is based on IR&M methodology and measured in weeks since signal

# Best and worst indices

Tables show 20 best and worst investments based on the [IR&M Score](#)\* from an universe of 302 indices, split into 81 country indices, 206 country sector indices, 45 style indices, and 15 country industries (banks and mining mainly).

Some observations/remarks:

- It remains "not the time" for Real Estate. An optimist could argue that we know the next move of our score at 0 with certainty: up.
- Gold mining gained four notches on our score.

Best and worst changes of IR&M Score since 05 Sep 2022					
Best changes			Worst changes		
Index	Chg.	To:	Index	Chg.	To:
Consumer Discretionary (Hong Kong)	5	9	Real Estate (France)	-5	0
Communication Services (Japan)	4	5	Industrials (Sweden)	-4	2
S&P/TSX Composite Gold Industry	4	4	Consumer Discretionary (France)	-4	3
Communication Services (India)	3	6	Consumer Discretionary (Europe)	-3	3
Health Care (India)	3	5	Consumer Discretionary (Taiwan)	-3	2
Metals & Mining (Canada)	3	3	Real Estate (Europe)	-3	0
MSCI Finland	3	6	Real Estate (Sweden)	-3	0
Health Care (Italy)	3	5	Information Technology (Hong Kong)	-3	0
Industrials (Germany)	3	5	Consumer Discretionary (Italy)	-3	4
Health Care (Brazil)	2	5	Financials (France)	-3	4

Best investments based on IR&M Score										
Index	IR&M Score	Index								
		Price mom.		\$ ret., %		EPS revisions				EPS mom.
		mt	lt	QTD	YTD	1M	2M	3M	6M	
MSCI Turkey	9	✓	✓	12.5	26.9	✓	✓	✓	✓	✓
Energy (Australia)	9	✓	✓	8.8	18.0	✓	✓	✓	✓	✓
Energy (UK)	9	✓	✓	5.4	17.8	✓	✓	✓	✓	✓
Consumer Discretionary (Hong Kong)	9	✓	✓	6.7	13.3	✓	✓	✓	✓	✓
Energy (Europe)	9	✓	✓	6.5	9.3	✓	✓	✓	✓	✓
Energy (France)	9	✓	✓	8.6	1.0	✓	✓	✓	✓	✓
Energy (USA)	8	✓	✓	13.5	48.7		✓	✓	✓	✓
Energy (Netherlands)	8	✓	✓	2.7	16.1	✓	✓	✓	✓	
Industrials (Brazil)	8	✓	✓	7.9	16.1		✓	✓	✓	✓
Industrials (India)	8	✓	✓	-1.0	6.4	✓	✓	✓	✓	✓
Consumer Staples (Hong Kong)	8		✓	4.3	4.6	✓	✓	✓	✓	✓
MSCI Indonesia	8	✓	✓	-2.3	2.7	✓	✓	✓	✓	✓
Health Care (Japan)	8	✓	✓	3.8	-18.4	✓	✓	✓	✓	✓
Information Technology (Brazil)	7	✓		10.3	16.4		✓	✓	✓	✓
UK Large Cap Value	7		✓	2.3	9.7	✓	✓	✓	✓	
Japan Large Cap Value	7		✓	3.5	4.4	✓	✓	✓	✓	
MSCI Saudi Arabia	7			1.9	2.4	✓	✓	✓	✓	✓
Energy (Japan)	7		✓	7.4	0.3		✓	✓	✓	✓
Consumer Discretionary (India)	7	✓	✓	-0.2	-0.4	✓	✓	✓	✓	✓
Consumer Staples (India)	7	✓	✓	-3.4	-3.0	✓	✓	✓	✓	✓

Worst investments based on IR&M Score										
Index	IR&M Score	Index								
		Price mom.		\$ ret., %		EPS revisions				EPS mom.
		mt	lt	QTD	YTD	1M	2M	3M	6M	
Communication Services (Hong Kong)	0			-0.2	-13.0					
Consumer Staples (World)	0			-0.7	-17.8					
Hang Seng	0			0.0	-26.9					
Energy (Taiwan)	0			-3.2	-27.1					
Real Estate (France)	0			-0.5	-28.5					
HSCEI	0			-0.6	-29.1					
Materials (France)	0			0.0	-30.6					
Utilities (Hong Kong)	0			-0.5	-30.6					
Real Estate (World)	0			-2.7	-32.4					
Utilities (China)	0			0.0	-34.7					
Health Care (South Korea)	0			-1.7	-36.8					
Information Technology (Hong Kong)	0			-1.5	-40.5					
MDAX	0			-0.2	-45.0					
Real Estate (Europe)	0			-3.8	-45.5					
Europe Small Cap Growth	0			-1.3	-47.1					
Consumer Discretionary (Sweden)	0			-0.5	-50.3					
Real Estate (Sweden)	0			-10.9	-56.0					
Real Estate (Germany)	0			-6.1	-56.6					
Health Care (Netherlands)	0			-3.4	-59.4					
Communication Services (South Korea)	0			-9.9	-62.1					

Source: IR&M, Bloomberg. Most sector indices are from MSCI. \* Maximal 9 points for: Positive medium-term and long-term price momentum (1 point each), positive qtd and ytd return (1 point each), positive earnings momentum (1 point), and positive earnings revisions over 1, 2, 3, and 6 months (1 point each). See glossaries of momentum ad-on publications for methodologies. Returns are in USD.



# Best and worst ETFs

Tables show 20 best and worst investments based on the IR&M Score\* from an universe of 107 US-based USD ETFs, split into 45 countries, 18 US sectors/industries, and 44 themes.

Some observations/remarks:

- XOP is back to 9 points. XLE back to 8.
- Marijuana is driven by government decree, not earnings upward revisions. Recall that in clean energy the earnings upward revisions came after the Joe Manchin reversal in July.
- Mining had a good start to the quarter. A rise in our scale would need to follow if the recent rise has any substance.

Best and worst ETF quarter-to-date returns, %					
Best qtd performance			Worst qtd performance		
ETF	(%)	Scr.	ETF	(%)	Scr.
MSOS (US Marijuana Companies)	32.4	2	VNM (MSCI Vietnam)	-6.7	3
XOP (S&P Oil & Gas Exploration and P	14.3	9	XLRE (S&P 500 Real Estate)	-4.1	3
XLE (S&P 500 Energy)	13.6	8	TAN (MAC Global Solar Energy)	-3.5	6
TUR (MSCI Turkey)	11.6	9	ICLN (S&P Global Clean Energy)	-3.5	6
IXC (S&P Global 1200 Energy)	11.5	7	HYDR (Solactive Hydrogen)	-2.8	1
MJ (Prime Alternative Harvest (Cannabi	11.3	2	XLU (S&P 500 Utilities)	-2.7	6
EWZ (MSCI Brazil)	9.6	4	CHIR (MSCI China Real Estate)	-1.3	0
ILF (S&P Latin America 40)	7.7	4	XLY (S&P 500 Consumer Discretionary)	-1.3	0
XME (S&P 500 Metals & Mining)	7.3	2	INDA (MSCI India)	-0.9	4
GNR (S&P Global Natural Resources)	5.3	3	EIDO (MSCI Indonesia)	-0.8	7

Best investments based on IR&M Score*												Worst investments based on IR&M Score*											
ETF	Benchmark	IR&M Score	ETF in USD				Benchmark index					ETF	Benchmark	IR&M Score	ETF in USD				Benchmark index				
			Price mom.		Returns, %		EPS revisions				EPS				Price mom.		Returns, %		EPS revisions				EPS
			mt	lt	QTD	YTD	1M	2M	3M	6M					mom.	mt	lt	QTD	YTD	1M	2M	3M	
XOP	S&P Oil & Gas Exploration and Prod.	9	✓	✓	14.3	48.7	✓	✓	✓	✓	✓	FXI	FTSE China 50	1			2.0	-27.9					
TUR	MSCI Turkey	9	✓	✓	11.6	32.6	✓	✓	✓	✓	✓	GDXJ	MVIS Global Junior Gold Miners	1			1.9	-28.4					
XLE	S&P 500 Energy	8	✓	✓	13.6	47.4		✓	✓	✓	✓	CNYA	MSCI China A Index	1			1.6	-28.6					
IXC	S&P Global 1200 Energy	7	✓	✓	11.5	35.1			✓	✓	✓	XBI	S&P 500 Biotechnology	1	✓		-0.3	-29.3					
KSA	MSCI Saudi Arabia	7			4.7	5.0	✓	✓	✓	✓	✓	XLK	S&P 500 Information Technology	1			1.7	-30.5					
EIDO	MSCI Indonesia	7		✓	-0.8	0.7	✓	✓	✓	✓	✓	MCHI	MSCI China	1			1.3	-31.3					
ECH	MSCI Chile	6			2.0	6.1	✓	✓	✓	✓	✓	SIL	Silver Mining (Pan Am. Sil. as proxy)	1			3.6	-31.9					
ITA	S&P 500 Aerospace & Defense	6			4.4	-7.4	✓	✓	✓	✓	✓	QQQ	Nasdaq 100	1			0.7	-32.4					
TAN	MAC Global Solar Energy	6		✓	-3.5	-7.7	✓	✓	✓	✓	✓	EWT	MSCI Taiwan	1			1.0	-34.6					
XLU	S&P 500 Utilities	6		✓	-2.7	-10.9	✓	✓	✓	✓	✓	EWY	MSCI Korea	1			4.2	-36.6					
ICLN	S&P Global Clean Energy	6		✓	-3.5	-12.9	✓	✓	✓	✓	✓	ESPO	MVIS GI. Video Gaming and eSports	1			1.1	-38.1					
KRE	S&P Regional Banks	6			2.5	-14.8	✓	✓	✓	✓	✓	SMH	MVIS US Semiconductor 25	1			1.9	-38.9					
GREK	MSCI Greece	6			3.1	-17.4	✓	✓	✓	✓	✓	HYDR	Solactive Hydrogen	1			-2.8	-47.4	✓				
EWC	MSCI Canada	6			1.3	-18.9	✓	✓	✓	✓	✓	FINX	Indxx Global FinTech	1			2.6	-48.0					
EWS	MSCI Singapore Free	6			1.0	-19.2	✓	✓	✓	✓	✓	IPO	NASDAQ 100	1			1.3	-50.3					
EZA	MSCI South Africa	6			3.9	-19.3	✓	✓	✓	✓	✓	XLP	S&P 500 Materials	0			-0.3	-13.8					
EWU	MSCI UK	6			1.6	-19.6	✓	✓	✓	✓	✓	XLY	S&P 500 Consumer Discretionary	0			-1.3	-31.2					
LIT	Solactive Global Lithium	6			1.9	-20.3	✓	✓	✓	✓	✓	KARS	BB Electric Vehicles TR	0			-0.2	-34.9					
PHO	NASDAQ OMX US Water TR	6			2.1	-23.2	✓	✓	✓	✓	✓	CHIR	MSCI China Real Estate	0			-1.3	-35.7					
EWP	MSCI Spain	6			1.5	-23.4	✓	✓	✓	✓	✓	ARKK	NASDAQ Composite	0			-0.5	-60.3					

Source: IR&M, Bloomberg. \* Maximal 9 points for: Positive medium-term and long-term price momentum (1 point each), positive qtd and ytd return (1 point each), positive earnings momentum (1 point), and positive earnings revisions over 1, 2, 3, and 6 months (1 point each). See glossaries of momentum ad-on publications for methodologies. Benchmark shown might not be the same as in the ETF prospectus.

# Best and worst stocks

Tables show 20 best and worst stocks based on the IR&M Score\* from an universe of 239 stocks from our price momentum monitor ad-on publication. Tables were sorted by score, then qtd returns.

Some observations/remarks:

- Nearly all winners have something to do with energy regime in one way or another. The funny thing is that the average PE of the winners is 12.3x which compares to 25.6x for the losers. Average three-month earnings revisions for the winners is +6.1% which compares to -13.3% for the losers.
- Note Macau and cannabis theme. That said, qtd return (1/9<sup>th</sup> of the score) is only a one week return.

Best and worst changes of IR&M Score since 12 Sep 2022							
Best changes				Worst changes			
Stock	Sect.	Chg.	To:	Stock	Sect.	Chg.	To:
Wynn Resorts	CD	5	6	Duke Energy	Util	-5	1
Nintendo	Com	4	8	Sunrun	Ind	-5	1
Merck	HC	4	8	AMD	IT	-4	1
Bank of China (HK)	Fin	3	5	Iberdrola	Util	-3	5
Pinterest	Com	3	5	Nextera Energy	Util	-3	5
Anglo American Platinum	Mat	3	5	Datadog	IT	-3	3
Siemens	Ind	3	4	Plug Power	Ind	-3	2
SAP	IT	3	3	Solaredge Technologies	IT	-3	2
CF Industries	Mat	2	9	Check Point Software Tech	IT	-3	2
Tilray	HC	2	4	Vestas	Ind	-3	0

Best stock investments based on IR&M Score										
Stock	Sector	IR&M Score	Stock							
			Price mom.		\$ ret., %		EPS revisions			
			mt	lt	QTD	YTD	1M	2M	3M	6M
Petrobras (in USD)	Ene	9	✓	✓	16.3	30.7	✓	✓	✓	✓
Exxon Mobil	Ene	9	✓	✓	15.7	65.1	✓	✓	✓	✓
CF Industries	Mat	9	✓	✓	8.9	48.1	✓	✓	✓	✓
BP	Ene	9	✓	✓	6.4	14.6	✓	✓	✓	✓
Equinor	Ene	9	✓	✓	5.6	29.9	✓	✓	✓	✓
Albemarle	Mat	9	✓	✓	3.1	16.6	✓	✓	✓	✓
Shell	Ene	9	✓	✓	3.0	17.3	✓	✓	✓	✓
Glencore	Mat	9	✓	✓	2.0	7.0	✓	✓	✓	✓
Pinduoduo (in USD)	CD	9	✓	✓	1.6	9.0	✓	✓	✓	✓
Devon Energy	Ene	8	✓	✓	19.8	63.5	✓	✓	✓	✓
ConocoPhillips	Ene	8	✓	✓	15.8	64.2	✓	✓	✓	✓
Phillips 66	Ene	8	✓	✓	14.6	27.7	✓	✓	✓	✓
Occidental	Ene	8	✓	✓	13.6	140.8	✓	✓	✓	✓
Valero Energy	Ene	8	✓	✓	6.5	51.5	✓	✓	✓	✓
TotalEnergies	Ene	8	✓	✓	5.8	-1.6	✓	✓	✓	✓
Nintendo	Com	8	✓	✓	3.1	-10.5	✓	✓	✓	✓
Merck	HC	8	✓	✓	1.7	14.3	✓	✓	✓	✓
Cameco	Ene	8	✓	✓	0.7	22.4	✓	✓	✓	✓
Nutrien	Mat	8	✓	✓	0.5	11.7	✓	✓	✓	✓
First Solar	IT	8	✓	✓	-2.2	48.5	✓	✓	✓	✓

Worst stock investments based on IR&M Score										
Stock	Sector	IR&M Score	Stock							
			Price mom.		\$ ret., %		EPS revisions			
			mt	lt	QTD	YTD	1M	2M	3M	6M
Wheaton Precious Metals	Mat	0			-0.3	-24.8				
Anglo American	Mat	0			-0.4	-25.7				
Nvidia	IT	0			-0.5	-58.9				
First Quantum Minerals	Mat	0			-0.6	-29.4				
Ballard Power Systems	Ind	0			-0.7	-51.6				
Antofagasta	Mat	0			-1.1	-32.2				
Lynas Rare Earths Ltd	Mat	0			-1.3	-35.1				
Procter & Gamble	CS	0			-1.6	-24.0				
Meta Platforms (Facebook)	Com	0			-1.6	-60.3				
Anheuser-Busch	CS	0			-1.9	-25.8				
Roku	Com	0			-2.3	-75.9				
AT&T	Com	0			-2.6	-19.5				
Verizon	Com	0			-2.9	-29.1				
Pfizer	HC	0			-3.3	-28.3				
Nordex	Ind	0			-4.0	-47.6				
Vestas	Ind	0			-4.6	-41.6				
Geely (HK)	CD	0			-5.2	-52.2				
ITM Power	Ind	0			-5.6	-79.4				
Riot Blockchain	IT	0			-6.3	-70.6				
Crown Castle International	RE	0			-7.1	-35.6				

Source: IR&M, Bloomberg. \* Maximal 9 points for: Positive medium-term and long-term price momentum (1 point each), positive qtd and ytd return (1 point each), positive earnings momentum (1 point), and positive earnings revisions over one week, one month, three months, and six months (1 point each). See glossaries of momentum ad-on publications for methodologies.

# Outliers last week

Some observations/remarks:

- Clean Energy had a "Joe moment" in July (Joe Manchin) while cannabis had a "Joe moment" last week. Both themes rely on government to do well.
- Energy did well, oil rising by 3.3 sd "thanks" to Opec manoeuvrings.
- Another positive data point for Brazil.
- UK 40-year bond had a -5.6 sd week based on 27% volatility from year-end 2021.

Table shows 20 most extreme moves in standard deviation (sd) from a selection of 800+ equity and bond indices, stocks, commodities, FX crosses, pairs, and risk measures. The corresponding change in % is also shown. A strong rise/fall of a risk measure is marked in red/green. Insert shows 10 most extreme moves for the running quarter.

Source: IR&M, Bloomberg. Based on annual volatility, adjusted for time span shown, from a selection of 800+ financial instruments or indicators. Volatility is based on year-end one-year volatility unless stated otherwise.

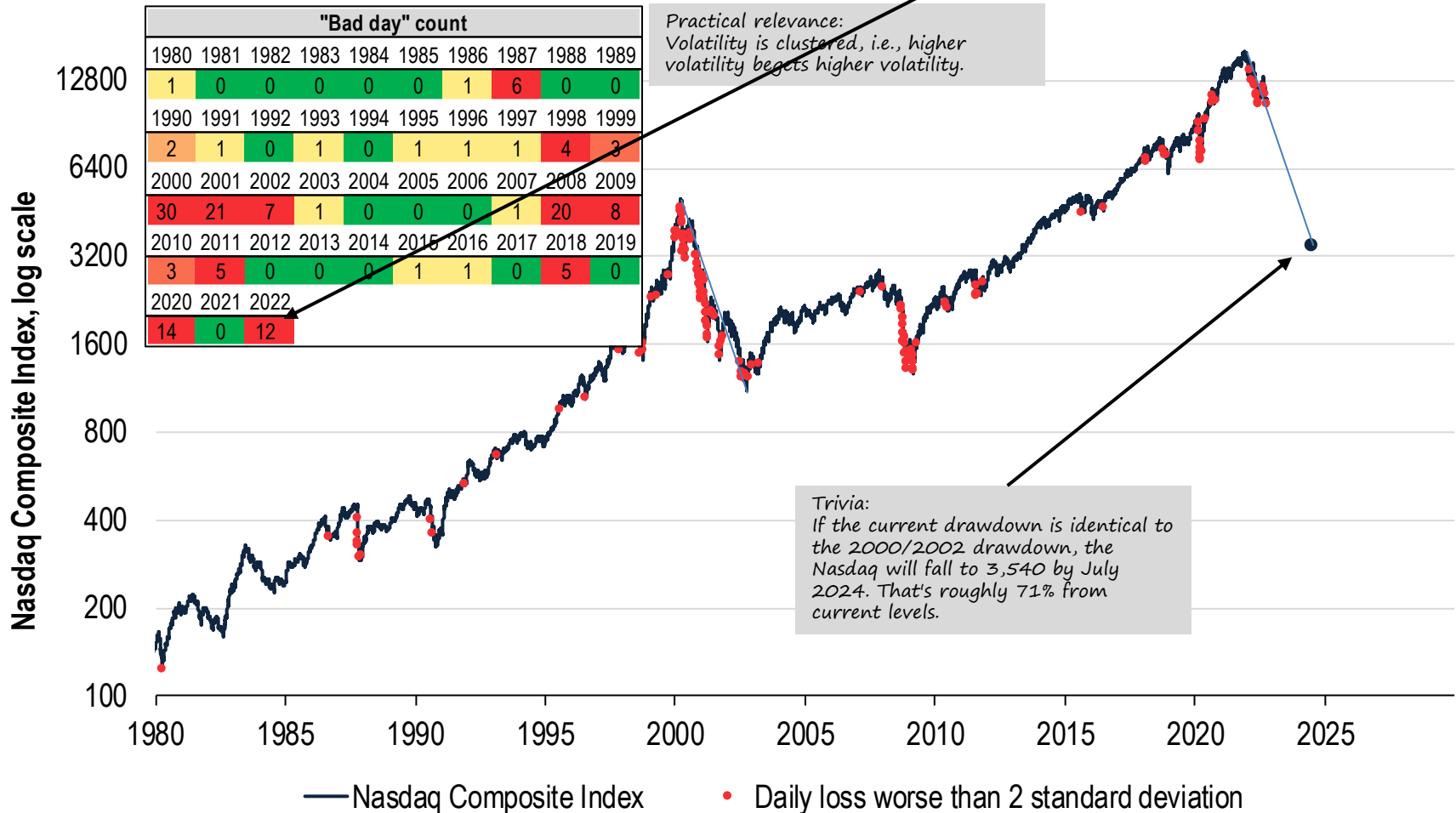
Most extreme quarter-to-date moves in sd			
Strongest rise	sd	Sharpest fall	sd
MSOS (Pure US cannabis ETF)	5.6	UK 0.5% 40Y Gov. Bond to 2061	-5.6
Heating Oil (NYM)	4.5	United Kingdom, bonds	-2.9
Brazil, bonds	4.0	Japan CDS (credit risk)	-2.7
Halliburton	3.8	VNM (MSCI Vietnam)	-2.6
Exxon Mobil	3.8	Cotton (ICE)	-2.5
S&P GSCI Energy TR	3.7	Crown Castle International	-2.5
S&P GSCI TR	3.6	MSCI Vietnam	-2.4
5Y Breakeven inflation	3.6	SPY vs XLE (Energy)	-2.3
MSCI Turkey	3.4	ST OXX 600 Real Estate	-2.1
Turkey (BIST National 100)	3.4	Tesla	-2.1

Most extreme moves in standard deviation (sd) from 30 September to 7 October 2022								
Rank	Strongest rise		sd	%	Sharpest fall		sd	%
1	MSOS (Pure US cannabis ETF)	5.6	32.4	UK 0.5% 40Y Gov. Bond to 2061	-5.6	9.3		
2	Heating Oil (NYM)	4.5	19.3	United Kingdom, bonds	-2.9	-3.2		
3	Brazil, bonds	4.0	2.1	Japan CDS (credit risk)	-2.7	-9.3		
4	Halliburton	3.8	23.5	VNM (MSCI Vietnam)	-2.6	-6.7		
5	Exxon Mobil	3.8	15.7	Cotton (ICE)	-2.5	-9.6		
6	S&P GSCI Energy TR	3.7	15.9	Crown Castle International	-2.5	-7.1		
7	S&P GSCI TR	3.6	10.1	MSCI Vietnam	-2.4	-7.3		
8	5Y Breakeven inflation	3.6	11.9	SPY vs XLE (Energy)	-2.3	-10.6		
9	MSCI Turkey	3.4	12.9	STOXX 600 Real Estate	-2.1	-4.3		
10	Turkey (BIST National 100)	3.4	12.2	Tesla	-2.1	-15.9		
11	Crude Oil (WTI, NYM)	3.3	16.5	Switzerland, bonds	-2.1	-1.6		
12	S&P 500 Energy	3.3	13.9	Gold to oil ratio	-2.1	-12.4		
13	S&P 500 Oil, Gas & Consumable Fuels	3.3	13.6	Vietnam, bonds	-2.1	-0.3		
14	USO (Oil ETF)	3.3	15.0	S&P 500 Automobiles & Comp. (Level 2)	-2.0	-12.6		
15	Schlumberger	3.3	18.6	GLD (Gold ETF) vs USO (Oil ETF)	-2.0	-11.3		
16	S&P 500 Energy Equip. & Services	3.3	17.7	S&P 500 Real Estate	-2.0	-4.2		
17	Canadian Oil & Gas (S&P/TSX)	3.3	14.7	XLRE (S&P 500 Real Estate)	-2.0	-4.1		
18	Chevron	3.3	11.4	Duke Energy	-1.9	-4.2		
19	XLE (S&P 500 Energy)	3.3	13.6	SPY vs USO (Oil)	-1.8	-11.7		
20	ConocoPhillips	3.1	15.8	Australia CDS (credit risk)	-1.8	-7.4		

# Graph of the week – for what it's worth...

Graph shows Nasdaq Composite Index with daily losses that are larger than two standard deviation marked with a red dot.

The Nasdaq had another "bad day" on Friday, the 12th this year. That's more than during the whole 1980s.



Source: IR&M, Bloomberg. Note: Based on a standard deviation of daily returns over a rolling ten-year period.

# Tweet and cartoon of the week

**"We are not a charity."**

—Senior Saudi official,  
FT, 8/9 October 2022

Can be filed under "energy regime" or "the great reset". The FT had a "big read" on the Opec not playing ball on the weekend. This page is like a summary with the key elements all there. See also next page. Opec is not a charity. Who knew?





# The last word

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***"If only the Bank of England could print energy..."***

—@doombergT, 28 September 2022

***"You know, we partnered with Google, for example, if you Google climate change, you will, at the top of your search, get all kinds of UN resources. We started this partnership when we were shocked to see that when we Googled climate change, we were getting incredibly distorted information right at the top. So we're becoming much more proactive. You know, we own the science and we think that the world should know it and the platforms themselves also do."***

—Melissa Fleming: (Under-Secretary for Global Communications at the UN), [WEF](#), 30 September 2022, IR&M edits.

***"Saudi Aramco and Shell warned that while the oil market is focussing on the possibility of demand destruction, it is not focussing on "supply fundamentals". Aramco estimated that global spare capacity was just 1.5% of global demand, which would be used up the moment China's economy opens up from lockdowns."***

—Andy Lees, MacroStrategy Partnership, 5 October 2022

***"Vulnerabilities in the financial system have emerged, ironically, through some well-intended initiatives to reduce risk... All this means that the risk of derivatives – the wild beasts of finance or weapon of mass destruction – remains a "known unknown" in a future financial crisis."***

—Satyajit Das, FT, 7 October 2022

***"We are supporting Saudi Arabia, we are supporting Opec+, and ourselves. [Russia] is getting a share of the benefit but it's by affiliation. We are not a charity."***

—Senior Saudi official, FT, 8/9 October 2022

[Editor's note: The more Saudi Arabia/Opec turns its allegiances eastwards, the higher the risk for the West, i.e., the more the 2020s could rhyme with the 1970s.]



# Selected publications

IR&M's risk management research consists of 15-25 risk management updates, 25-50 flash updates, 45-50 momentum monitors and around 2-4 thematic reports per year. A pitch-book-style introduction can be found [here](#).

## Recent updates

Vicious stagnation	23-Sep-22
Awaiting hit	26-Aug-22
Troubled waters	21-Jul-22
Forceful measures	24-Jun-22
Repressively under siege	27-May-22
Inflation tackling	29-Apr-22
Punch bowl removal	25-Mar-22
Forcefully nimble	24-Feb-22
In transit	21-Jan-22
Trillions	23-Dec-21
No concerns	26-Nov-21
Warranting a more aggressive response	22-Oct-21
Back to monetary discipline	24-Sep-21
Unavoidable overheating	26-Aug-21
Not there yet	29-Jul-21
Whatever it takes	02-Jul-21
Punchbowl removal	03-Jun-21
Ready to rip	06-May-21
Strengthening more quickly	09-Apr-21
Back to woke work	19-Mar-21
Improved outlook with challenges	26-Feb-21
Government acting smart big	05-Feb-21

Early indicators continue to deteriorate (inaugural update) 05-Aug-11

## Recent reports

Climate stress, Part II	forthcoming
Earnings nowcast	20-Dec-21
Climate stress, Part I	20-Aug-21
Where to be and where not to be	11-Dec-20
The V	03-Jul-20
Earnings momentum	13-Dec-19
At the edge of chaos	01-Nov-19
2018 Roundup	21-Dec-18
Freedom, rough patches and the five Bs	19-Sep-18
Regime testing	09-May-18
Checklists	12-Dec-17
Peaks	25-Jul-17
Bubblecoveries and lie watching	10-Mar-17
Winter is coming	12-Oct-16
Negative outliers	24-Jun-16
Sector rankings	04-Jan-16
IR&M earnings momentum monitor (inaugural report)	14-Dec-15
Going in cycles	14-Oct-15
Sector momentum	25-Jun-15
Nowcasting and financial wizardry	13-Jan-15
The 4% rule applied	26-Sep-14
Economic World Cup 2014	06-Jun-14

Europe doubling down (inaugural report) 03-Oct-11

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