

Main messages and changes

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

	2021									2022								
Good news?	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Y	13	18	10	7	6	7	9	5	7	5	2	8	2	3	11	6	8	0
N	3	11	7	12	15	9	6	8	12	11	11	19	18	18	15	24	13	12
Ratio	4.3	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

	Forecasts				Momentum		
	Real GDP growth		CPI		Price	Macro	EPS
	2022	qtd, bp	2022	qtd, bp			
World	2.9	↓ -30	7.2	↑ 50	×	×	✓
USA	1.6	↓ -90	8.0	↑ 50	×	×	✓
Canada	3.4	↓ -45	7.0	↑ 60	×	×	✓
Eurozone	2.8	↑ 5	8.0	↑ 80	×	×	✓
Germany	1.5	↓ -30	8.0	↑ 70	×	×	✓
UK	3.5	↓ -10	9.3	↑ 105	✓	×	✓
China	3.5	↓ -60	2.3	↑ 10	×	✓	×
Japan	1.5	↓ -20	2.1	↑ 20	✓	✓	✓
Australia	4.0	0	6.1	↑ 30	×	×	✓

Publication

Update Momentum mon.

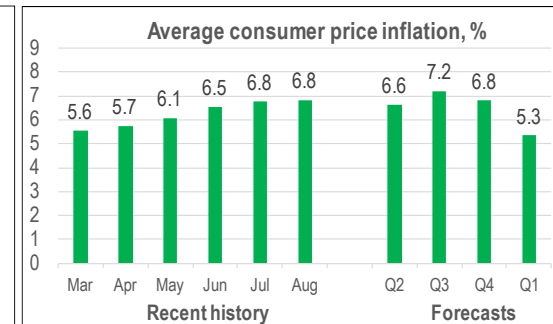
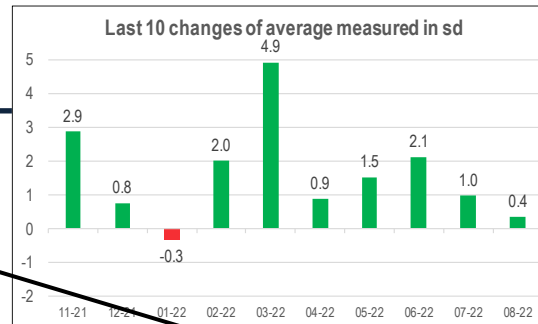
Date	Main	Flash	EPS	Price	Main messages and/or important changes	Good news* ?
14 Sep		✓			Nothing changed yesterday. The Greenspan put remains "gone" and Fed liquidity falling.	N
14 Sep		✓			MSCI World earnings estimates remain falling but only fell by 0.05% in September so far.	N
14 Sep		✓			There is gap risk in Energy; a negative for fossil energy, a positive for clean energy.	
14 Sep		✓			Trivia: Gold should be doing well but isn't.	
12 Sep		✓			GDP forecasts remain falling, but are rising in Brazil and India.	N
12 Sep		✓			Brazil has lower inflation than US, Eurozone, and UK.	
12 Sep		✓			Earnings estimates are falling in 10 from 11 sectors and (fossil) Energy lost EPS revisions top spot.	N
12 Sep		✓		✓	Clean energy is doing well and fossil energy is at risk of profits being taxed away.	
08 Sep		✓			Risks from degrowth policies > risks from climate change.	
08 Sep		✓			Italy vs Germany 10-government bond yield spread remains rising.	N
08 Sep		✓			Trivia: silver is "unobtainium" should UN/WEF enforce Net Zero.	
05 Sep		✓			Global economy remains worsening, now in 5th percentile vs 92nd last summer.	N
05 Sep		✓			58% of developed markets PMI are above 50 vs 100% in May this year.	N
05 Sep		✓			EPS down revisions remain mild but 6 from 11 sectors have now negative earnings momentum.	N
05 Sep			✓		Earnings momentum of two US composite indices turned negative. And World Materials.	N
05 Sep				✓	Price momentum in oil (WTI) turned long-term negative; a macro negative data point.	N
01 Sep		✓			GDP forecasts, PMI, and business sentiment remains worsening.	N
01 Sep		✓			Consumer price inflation remains rising while trflation remains falling.	
01 Sep		✓			Economic momentum in Taiwan, a proxy for the Nasdaq, remains worsening.	N
01 Sep		✓			Earnings estimates for the MSCI World were "revised lower" by 0.01% in August.	
29 Aug		✓			Energy remains beating tech and defensive sectors remain beating cyclicals.	
29 Aug		✓			Greenest investment pastures remain commodities related.	
29 Aug		✓			Trivia: seasonality is horrid for equities and "fine" for commodities.	
29 Aug			✓		The ratio of positive vs negative changes to earnings momentum is 4:8, i.e., negative.	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.

CPI: rising

A move of the average* by 0.22 is one standard deviation (sd). Moves larger than one sd are marked.

Average inflation expectations for Q3 22 rose from 6.6% in our 21 July update to 7.2% now.



History										Forecasts									
High	Low	Sep 2009 to Apr 2022						Jun	Jul	Aug	Trend	SD	PCTL		Q222	Q322	Q422	Q123	Rise?
6.8	-0.2							6.5	6.8	6.8	↑		100	Average*	6.6	7.2	6.8	5.3	↓
9.1	-1.3							9.1	8.5	8.3			97	United States	8.6	8.2	7.2	5.8	↓
8.1	-0.9							8.1	7.6	n.a.			99	Canada	7.5	7.4	6.8	5.7	↓
11.9	-1.1							11.9	10.1	8.7			82	Brazil	11.9	8.2	7.0	5.6	↓
7.5	-0.7							7.5	7.7	8.1	↑		100	Mexico	11.9	8.2	7.0	5.6	↑
8.6	-0.7							8.6	8.9	9.1	↑		100	Eurozone	8.0	9.1	8.9	6.9	↓
8.2	-0.7							8.2	8.5	8.8			100	Germany	8.3	8.8	9.3	7.2	↓
5.8	-1.0							5.8	6.1	5.8			99	France	5.9	6.8	6.6	5.5	↑
8.5	-1.0							8.5	8.4	9.0			100	Italy	7.4	8.6	8.4	6.1	↓
10.2	-1.3							10.2	10.8	10.5			99	Spain	8.9	10.1	8.2	6.0	↓
9.9	-1.4							9.9	11.6	13.7			100	Netherlands	10.4	11.9	10.1	n.a.	
9.4	-1.4							9.4	10.1	9.9			99	United Kingdom	9.2	10.0	11.4	10.7	↑
3.4	-1.4							3.4	3.4	3.5	↑		100	Switzerland	3.0	3.3	3.0	2.6	↓
8.7	-1.9							8.7	8.5	9.8			100	Sweden	7.0	8.1	8.4	7.5	↓
6.3	0.1							6.3	6.8	6.5			99	Norway	5.8	6.6	6.0	6.0	↓
6.5	-0.8							2.5	2.7	2.5			62	China	2.2	2.9	2.8	2.8	↑
7.9	-2.3							1.8	1.9	n.a.			27	Hong Kong	3.4	3.2	2.6	2.4	↑
3.7	-2.5							2.4	2.6	n.a.			95	Japan	2.4	2.4	2.6	2.1	↓
11.5	1.5							7.0	6.7	7.0			70	India	7.4	7.0	6.2	6.0	↓
17.8	2.2							15.9	15.1	14.3	↓		90	Russia	16.9	14.5	13.1	7.0	↓
6.3	-0.4							6.0	6.3	5.7			99	South Korea	5.2	6.1	5.4	4.8	↓
5.4	0.1							4.7	5.4	4.9			99	Australia	6.1	6.9	7.3	6.1	↑
8.4	1.3							4.4	4.9	4.7			71	Indonesia	6.1	6.9	7.3	6.1	↑
3.6	-1.9							3.6	3.4	2.7			94	Taiwan	3.4	3.2	2.6	2.4	↓
7.0	-1.6							6.7	7.0	n.a.	↑		100	Singapore	5.7	6.7	5.8	5.3	↓
7.8	2.1							7.4	7.8	n.a.	↑		100	South Africa	6.2	7.6	7.3	7.0	↓

Market was expecting US inflation to fall to 8.1% and erased stock market gains of previous two days within minutes, as number was reported at 8.3%.

The new "negative" is now inflation not falling fast enough, reducing the probability of only moderate rate hikes.

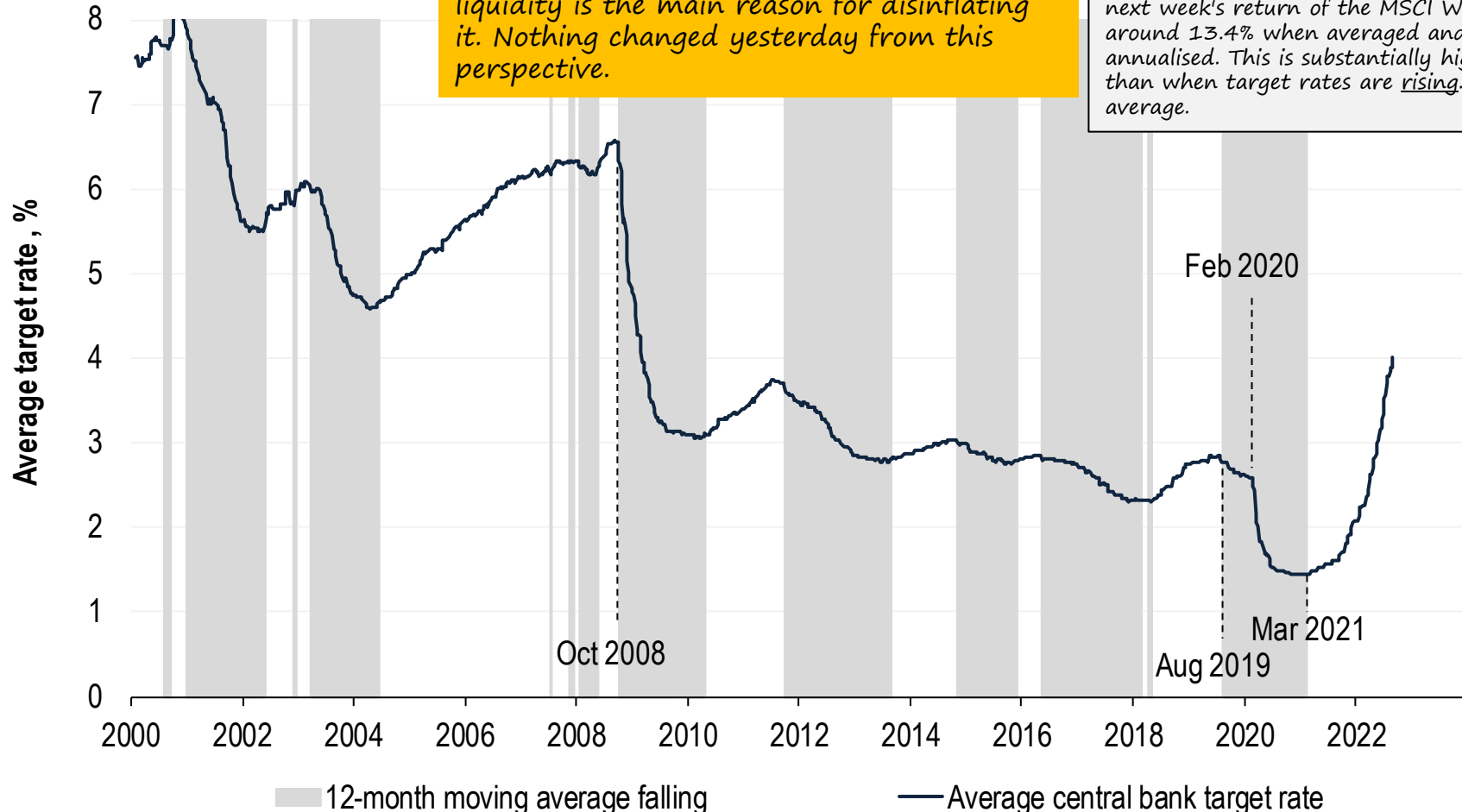
At 9.9%, lower, better than expected, single-digits again, but still higher than Brazil.

Source: IR&M, Bloomberg. Notes: Based on official y/y CPI. Trend: three consecutive changes in the same direction. SD: Marks changes larger than one standard deviation. PCTL: Current percentile of time series shown in table. *Average is equally weighted excluding Brazil, Mexico, Russia, Indonesia, and South Africa. Rise?: Average of CPI forecasts is higher/lower than average last three reported inflation figures.

Greenspan put: gone

Chart shows an equal-weighted average of 19 central bank target rates. It's a proxy for governmental risk mitigation. Falling rates is a positive. Rising rates is a negative, a proxy for a monetary tightening stance.

Greenspan put remains "gone" with the "punchbowl removal" having started in March 2021. If excess liquidity inflated the "everything bubble," the removal of that liquidity is the main reason for disinflating it. Nothing changed yesterday from this perspective.



MSCI World (Feb 2000 -)		
Average target rate is:	Return, pa*	Tenure, %
falling (12-month average)	13.4%	49
rising	-3.0%	51

Reading help for regime test in upper right:

If the 12-month moving average of the average target rate is falling on a Friday, next week's return of the MSCI World is around 13.4% when averaged and annualised. This is substantially higher than when target rates are rising. On average.

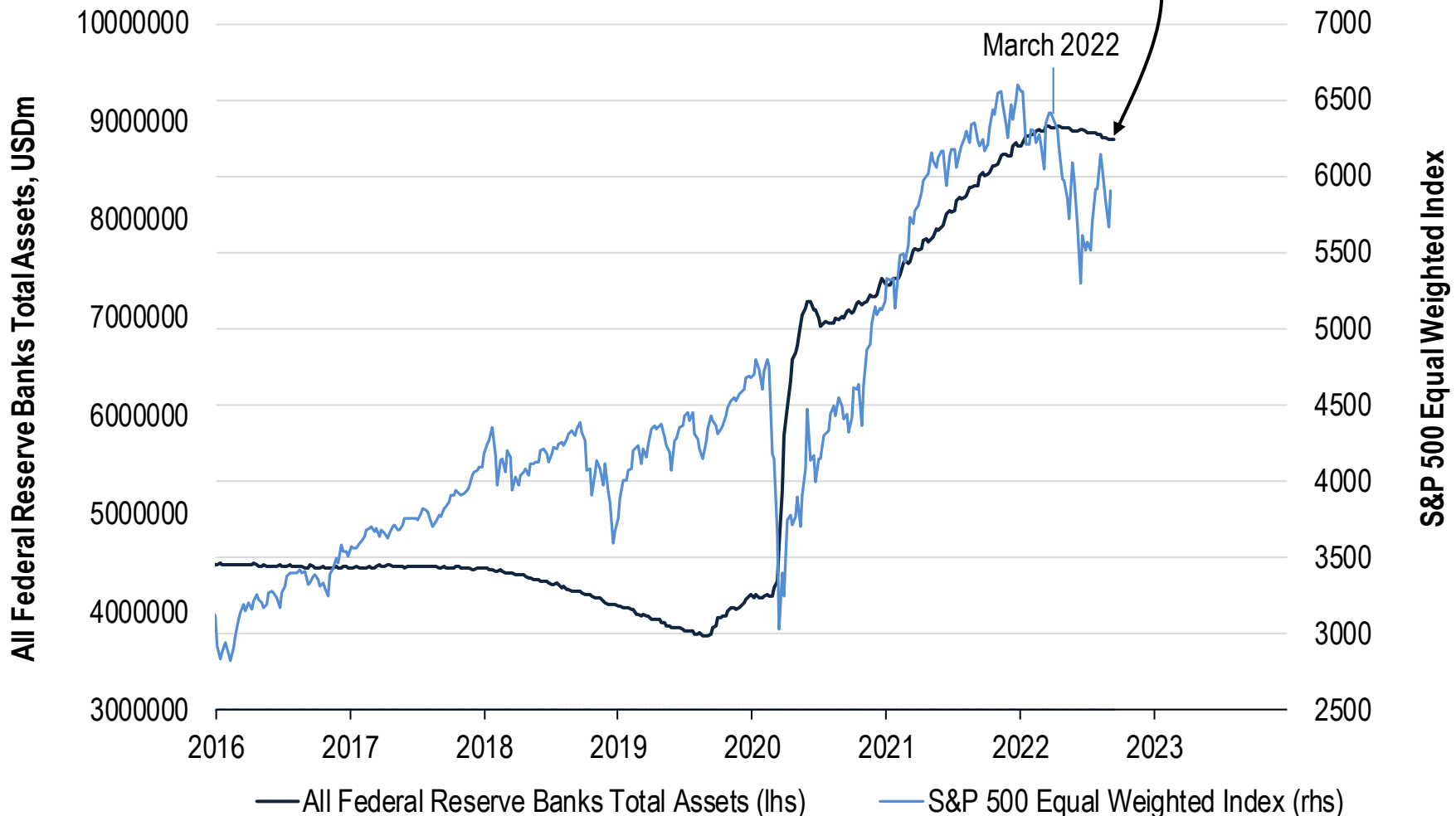
Fed liquidity: falling

Chart shows a measure for the Fed's assets and the S&P 500 Equal Weighted Index.

"Punch bowl" remains being taken away.

"[A] Fed function was to take the punch bowl away just as the party was getting good."

—William McChesney Martin (1906-1998), 9th Chairman of the Federal Reserve*

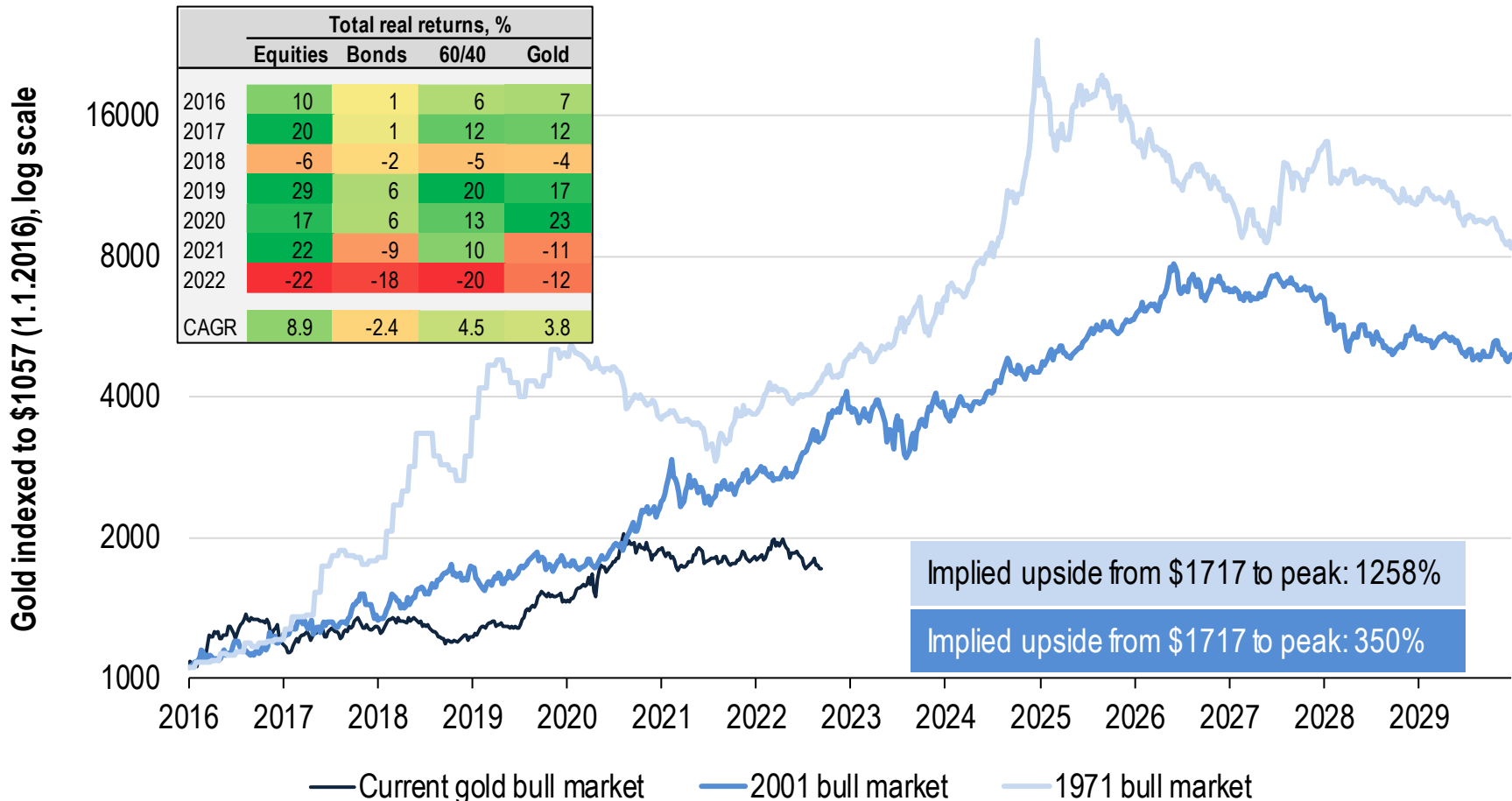


Source: IR&M, Bloomberg, Federal Reserve. Based on weekly data. *Address before the New York Group of the Investment Bankers Association of America, 19 October 1955.

Gold scenario analysis

Chart shows current bull market of gold that started, say, at \$1057 on 1 January 2016. The two other major bull markets were indexed to \$1057 to compare magnitude and duration of the current bull market.

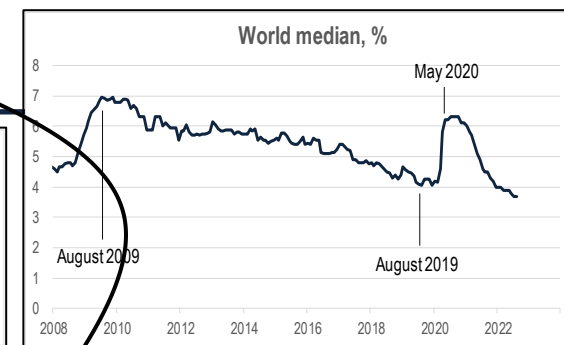
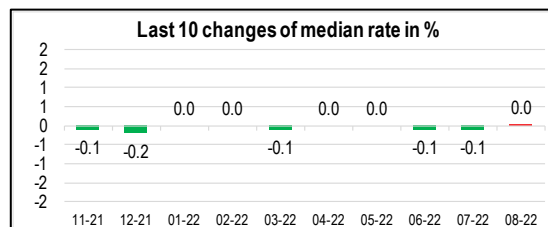
Gold is generally perceived as something that ought to do well in times like now. It isn't. The upside remains "potential". For what it's worth: The 2001 scenario below implies a high of around \$8,000 by mid-2026. The 1971 scenario implies a nominal rise to \$23k by Christmas 2024.



Source: IR&M, Bloomberg. Notes: Chart is based on weekly nominal data, i.e., not adjusted for inflation. A log scale was used for vertical axis. Insert shows real total returns, i.e., nominal returns adjusted for US inflation. Equities: S&P 500, Bonds: Bloomberg US Aggregate, 60/40: annually rebalanced. CAGR: Compound Annual Growth Rate.

Unemployment rate: falling

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



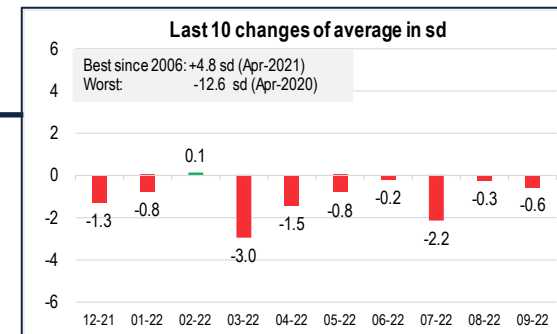
		Unemployment rate							Change	QNTL	Forecast					
High	Low	Sep 2010 to Apr 2022					May	Jun	Jul	Aug	pctpnts	(1-5)	2023	Lower?		
6.6	3.7						3.9	3.9	3.8	3.7	3.7	Median	0.0	1	4.1	🍒
14.7	3.5						3.6	3.6	3.6	3.5	3.7	United States	0.2	1	4.1	🍒
13.4	4.9						5.2	5.1	4.9	4.9	5.4	Canada	0.5	1	5.6	🍒
14.7	4.6						11.2	11.2	9.9	n.a.	n.a.	Brazil	-1.3	3	9.8	✅
5.6	3.1						3.1	3.4	3.3	3.2	n.a.	Mexico	-0.1	1	3.8	🍒
26.2	12.7						6.7	6.7	6.7	6.6	n.a.	Eurozone	-0.1	1	7.0	🍒
7.5	4.9						5.0	5.0	5.3	5.4	5.5	Germany	0.1	2	5.3	✅
10.5	7.3						7.3	7.3	7.6	n.a.	n.a.	France	0.2	1	7.3	✅
13.3	7.5						8.2	8.0	8.0	7.9	n.a.	Italy	-0.1	1	8.5	🍒
26.2	12.7						13.3	13.3	12.7	n.a.	n.a.	Spain	-0.6	1	13.1	🍒
8.2	3.2						3.3	3.2	3.5	3.4	n.a.	Netherlands	-0.1	1	4.1	🍒
8.5	3.6						3.8	3.8	3.8	3.6	n.a.	United Kingdom	-0.2	1	4.4	🍒
3.7	2.0						2.3	2.1	2.0	2.0	2.0	Switzerland	0.0	1	2.2	🍒
10.3	5.9						8.2	8.5	8.6	6.4	n.a.	Sweden	-2.2	1	7.7	🍒
10.6	1.6						1.9	1.6	1.6	1.7	1.6	Norway	-0.1	1	3.1	🍒
5.1	2.1						2.7	2.8	2.7	2.5	n.a.	Japan	-0.2	1	2.5	🍒
7.8	3.9						4.0	3.9	3.9	3.9	n.a.	Russia	0.0	1	5.5	🍒
7.5	3.4						3.9	3.9	3.5	3.4	n.a.	Australia	-0.1	1	3.8	🍒
6.7	3.2						3.4	3.4	3.2	n.a.	n.a.	New Zealand	-0.2	1	3.7	🍒
7.2	2.8						5.4	5.1	4.7	4.3	n.a.	Hong Kong	-0.4	5	3.6	✅
5.4	2.7						2.7	2.8	2.9	2.9	n.a.	South Korea	0.0	1	3.5	🍒
5.1	3.7						3.7	3.7	3.7	3.7	n.a.	Taiwan	0.0	1	3.6	✅

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

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 11th.



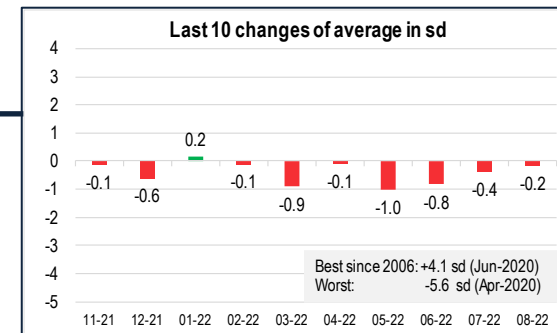
Sep 2009 to Jun 2022	Jul	Aug	Sep	△	SD	PCTL
	47.2	46.5	44.9	↓	Average	11
	0.0	n.a.	n.a.	↓	● US: Conf. Board	28
	-13.5	-6.0	-10.8	↓	● US: Sentix	21
A 2.2 sd fall (no expectations).	-26.4	-25.2	-31.8	↓	● Eurozone: Sentix	5
	-44.4	-42.0	-58.9	↓	● Eurozone: ZEW	26
	-45.8	-47.6	-60.5	↓	● Germany: ZEW	13
	99.7	97.2	n.a.	↓	● Germany: EC	16
	101.6	99.8	n.a.	↓	● France: EC	51
	101.4	100.2	n.a.	↓	● Italy: EC	44
	97.1	97.9	n.a.	↑	● Spain: EC	44
A 1.5 sd fall and worse than expected.	99.3	94.5	n.a.	↓	● Netherlands: EC	24
	94.5	91.8	n.a.	↓	● Sweden: EC	15
	91.5	88.7	n.a.	↓	● Finland: EC	14
	12.0	7.0	n.a.	↓	● UK: Lloyds	29
	90.5	86.5	n.a.	↓	● Switzerland: KOF	13
	93.4	94.3	n.a.	↑	● Turkey: TSI	21
	9.3	n.a.	n.a.	↑	● China: Li Ke Qiang Ind.	53
	9	13	n.a.	↑	● Japan: Reuters Tankan	57
	99.6	n.a.	n.a.	↓	● Japan: ESRI	50
	97.8	n.a.	n.a.	↓	● Australia: Westpac	46
	2.0	n.a.	n.a.	↓	● South Korea: KNSO	12
	1.4	n.a.	n.a.	↓	● Taiwan: NDC	25
	n.a.	n.a.	n.a.	↑	● South Africa: SARB	12

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.

Business sentiment: falling

Table shows a selection of indicators for business sentiment. The average is measured as average percentile of the indicators. A 3.3-point move of the average represents one standard deviation (sd).

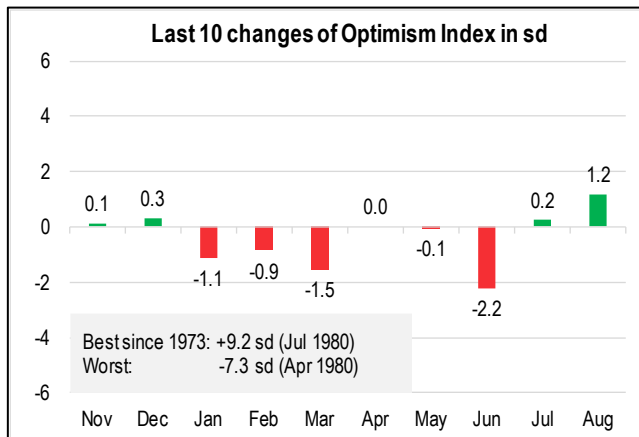
The average rose from the 1st percentile in April 2020 to the 100th percentile in the beginning of May 2021. The percentile was 78th in mid-February, 57th in mid-April, 5th in August, and now stands at 10th.



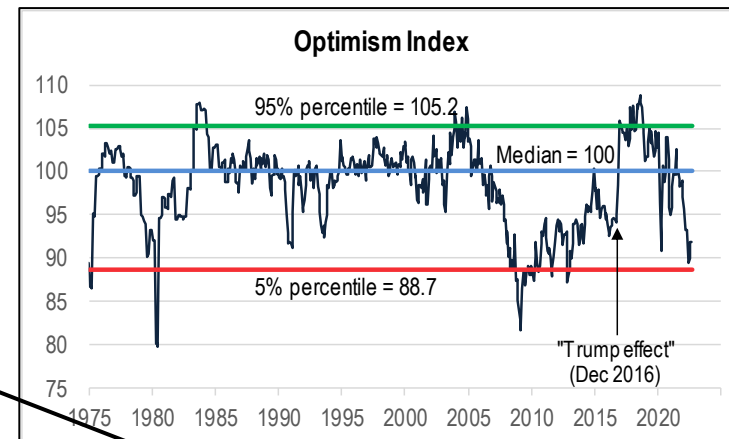
Oct 2009 to Jun 2022	Jul	Aug	Sep	△	SD	PCTL
A 1.2 sd rise, and better than expected.	57.3	56.7	n.a.	↓	Average	10
	11.1	-31.3	n.a.	↓	● US: Empire State Fed	3
	-12.3	6.2	n.a.	↑	● US: Philadelphia Fed	40
	0.0	-8.0	n.a.	↓	US: Richmond Fed	13
	-22.6	-12.9	n.a.	↑	● US: Dallas Fed	22
	0.3	n.a.	n.a.	↑	US: Chicago Fed	82
	89.9	91.8	n.a.	↑	● US: NFIB small biz opt.	26
	52.7	53.5	n.a.	↑	Canada: CFIB	7
	57.8	59.8	n.a.	↑	Brazil: CNI	75
	1.1	0.8	n.a.	↓	● Eurozone: EC	68
	88.7	88.5	n.a.	↓	Germany: IFO	8
	105.6	103.6	n.a.	↓	France: INSEE	60
	106.4	104.3	n.a.		Italy: ISEA	64
	-2.8	-5.8	n.a.	↓	● Belgium: NBB	37
	25.0	16.0	n.a.	↓	UK: Lloyds	26
	-57.2	-56.3	n.a.	↑	Switzerland: CS/CFA	3
	-2.7	-2.0	n.a.	↑	Russia: FSSS	49
	1.3	n.a.	n.a.	↑	China: Credit Impulse	59
	-6.4	1.7	n.a.	↑	● Japan: Small biz (JFC)	84
	7.5	10.2	n.a.	↑	Australia: NAB Confidence	80
	83	78	82	↑	South Korea: BoK, manufact.	53
	-56.7	-47.8	n.a.	↑	New Zealand: NBNZ	9
	110.3	n.a.	n.a.	↑	South Africa: SACCI	74

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.

US small business sentiment: **positive bias**



The July report had a positive bias, as has the August report. The positive bias stems from the fact that the outlook component moved from first to second percentile and now to third, i.e., rose. Positive outliers are also more frequent.



Aug 2009 to May 2022	Jun	Jul	Aug	△	SD		PCTL
	89.5	89.9	91.8	↑	●	Optimism Index	25
	-61.0	-52.0	-42.0	↑	●	Outlook business condit.	3
	50.0	49.0	49.0			Job openings hard to fill	96
	19.0	20.0	21.0	↑		Hiring plans	87
	3.0	4.0	5.0	↑		Good time to expand	5
	23.0	22.0	25.0	↑	●	Capital expend. plans	42
	-28.0	-29.0	-19.0	↑	●	Sales expectations	4
	-5.0	-7.0	-8.0	↓		Expected credit condit.	30
	-25.0	-26.0	-33.0	↓	●	Actual earnings	11
	4.0	4.0	3.0	↓		Poor sales a problem	100
	8.0	5.0	4.0	↓		Red tape a problem	100
	11.0	11.0	15.0	↑	●	Taxes a problem	88
	8.0	9.0	10.0	↑		Cost of labor a problem	3
	34.0	37.0	29.0	↓	●	Inflation a problem	2

Source: IR&M, Bloomberg.

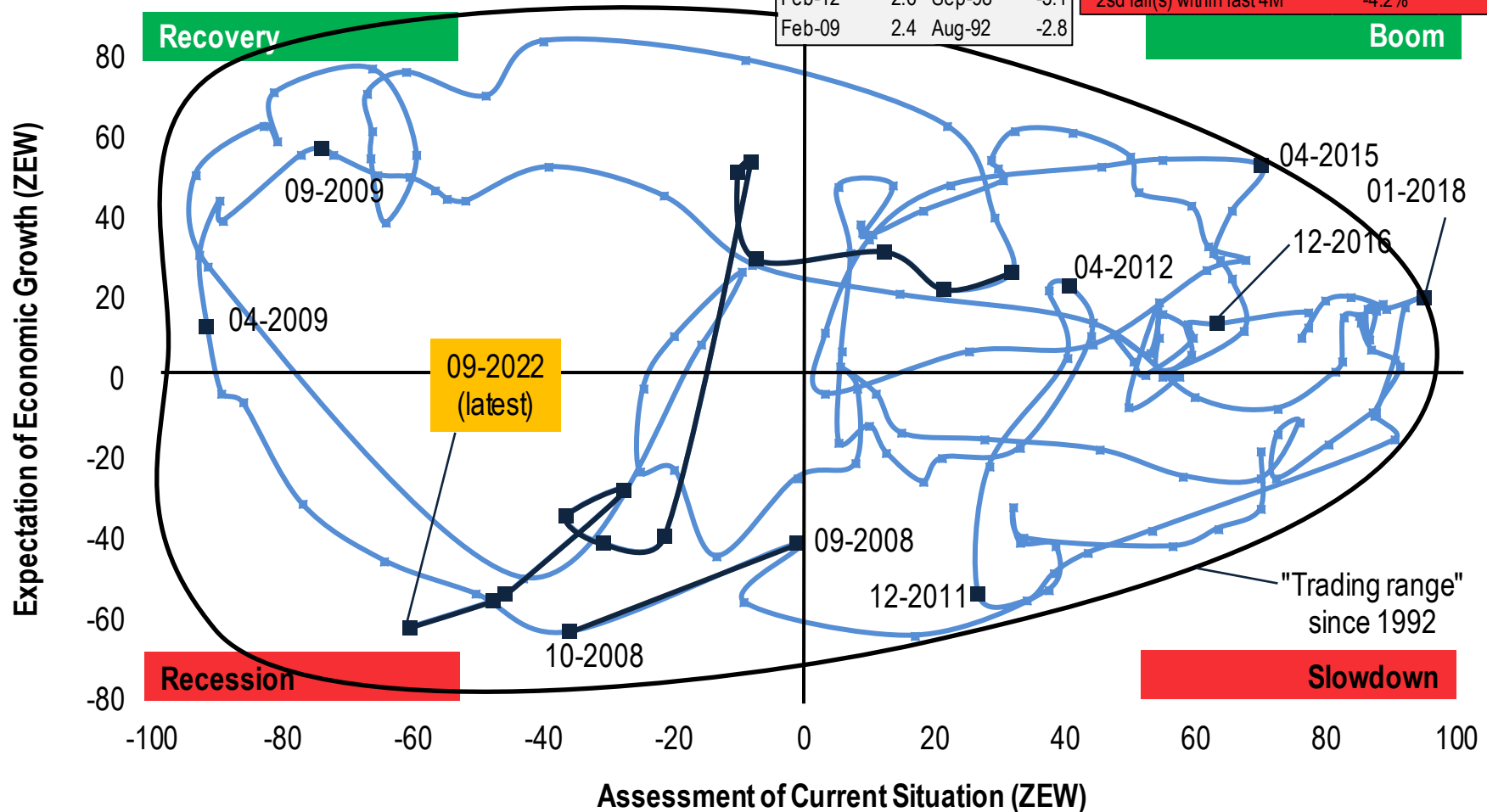
Based on NFIB Small Business Optimism Survey. △=Direction of latest change. SD=Latest change that exceeds one standard deviation is marked with a green or red dot. PCTL=Percentile since January 2006.

Germany: war regime

The September report of ZEW for Germany (shown here) and Eurozone were 1.5-2.2 sd movements towards the lower left hand corner. Closest comparison is November 2008. Recall that our health check in the recent big update was worse than December 2007.

Extreme moves of expectations in sd			
Date	Rise	Date	Fall
Apr-20	7.3	Mar-22	-8.8
Jan-12	3.0	Mar-20	-5.5
Jul-93	2.8	Mar-95	-3.2
Feb-12	2.6	Sep-98	-3.1
Feb-09	2.4	Aug-92	-2.8

DAX (Jan 1992-)		
Expect. Econ. Growth (ZEW) is:	Return, pa*	Tenure, %
rising (24M average)	16.5%	51
falling (24M average)	0.9%	49
above -10	12.2%	80
below -10	-1.3%	20
Ass. of Current Situation (ZEW):		
Return, pa*	Tenure, %	
4M without 2sd fall	11.5%	86
2sd fall(s) within last 4M	-4.2%	14

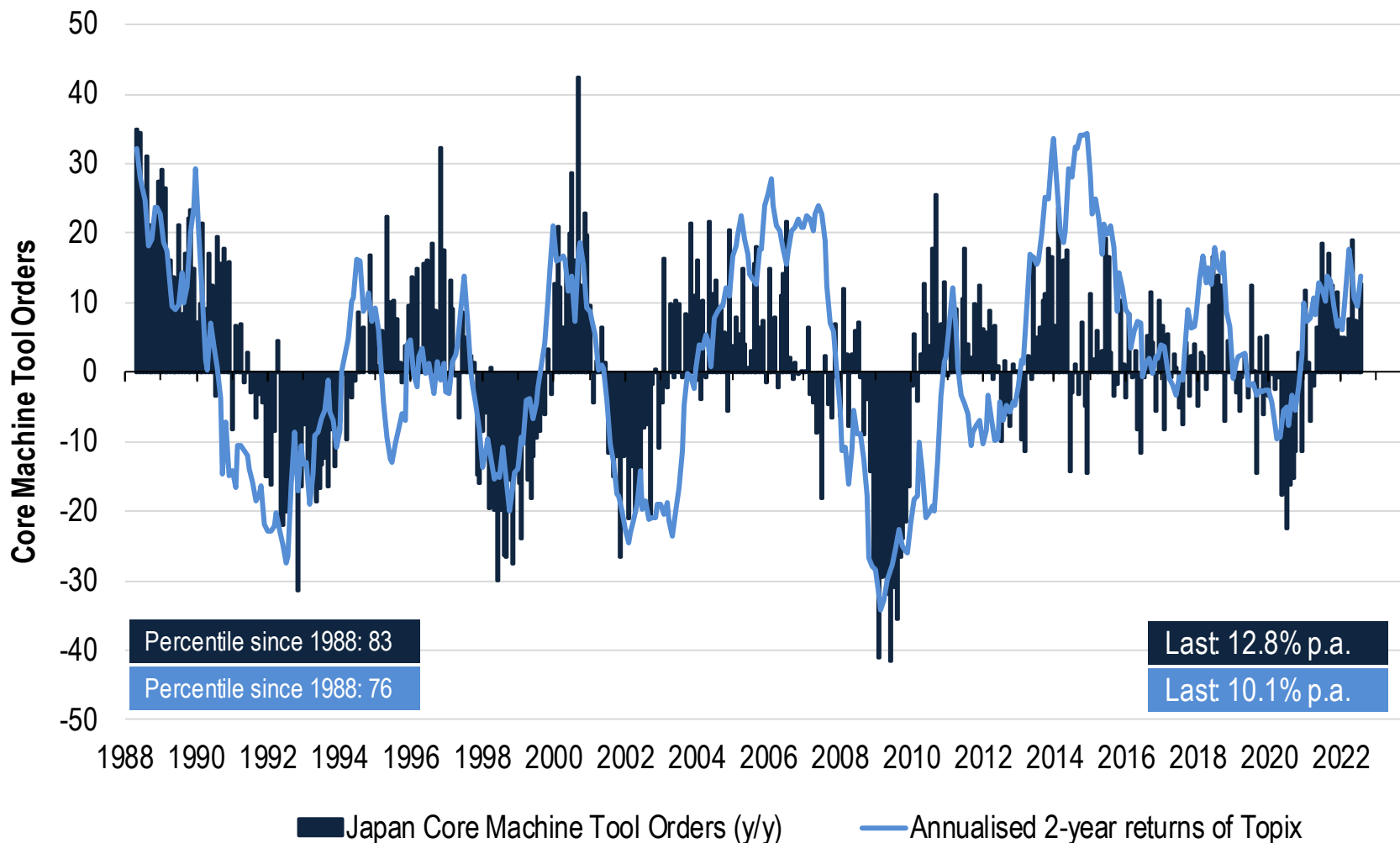


Source: IR&M, Bloomberg. [ZEW](#): Zentrum für Europäische Wirtschaftsforschung GmbH. The path since Oct 2007 is shown. Insert shows whole time series. *Annualised monthly return in subsequent month.

Japan core machine tool orders: **positive**

Graph contrasts core machine tool orders with 2-year price returns in the Nikkei 225 Index. Core machine tools are perceived as a leading indicator for capital spending.

July core machine orders were positive at +12.8% on a y/y basis, materially above expectations of 6.6%.

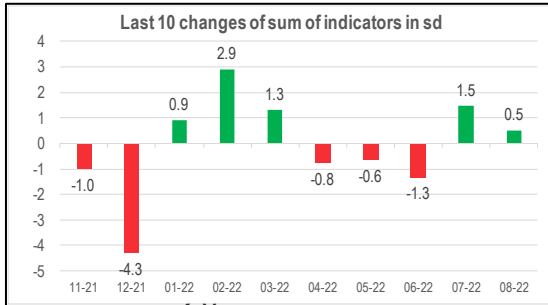


Source: IR&M, Bloomberg, Economic and Social Research Institute Japan.

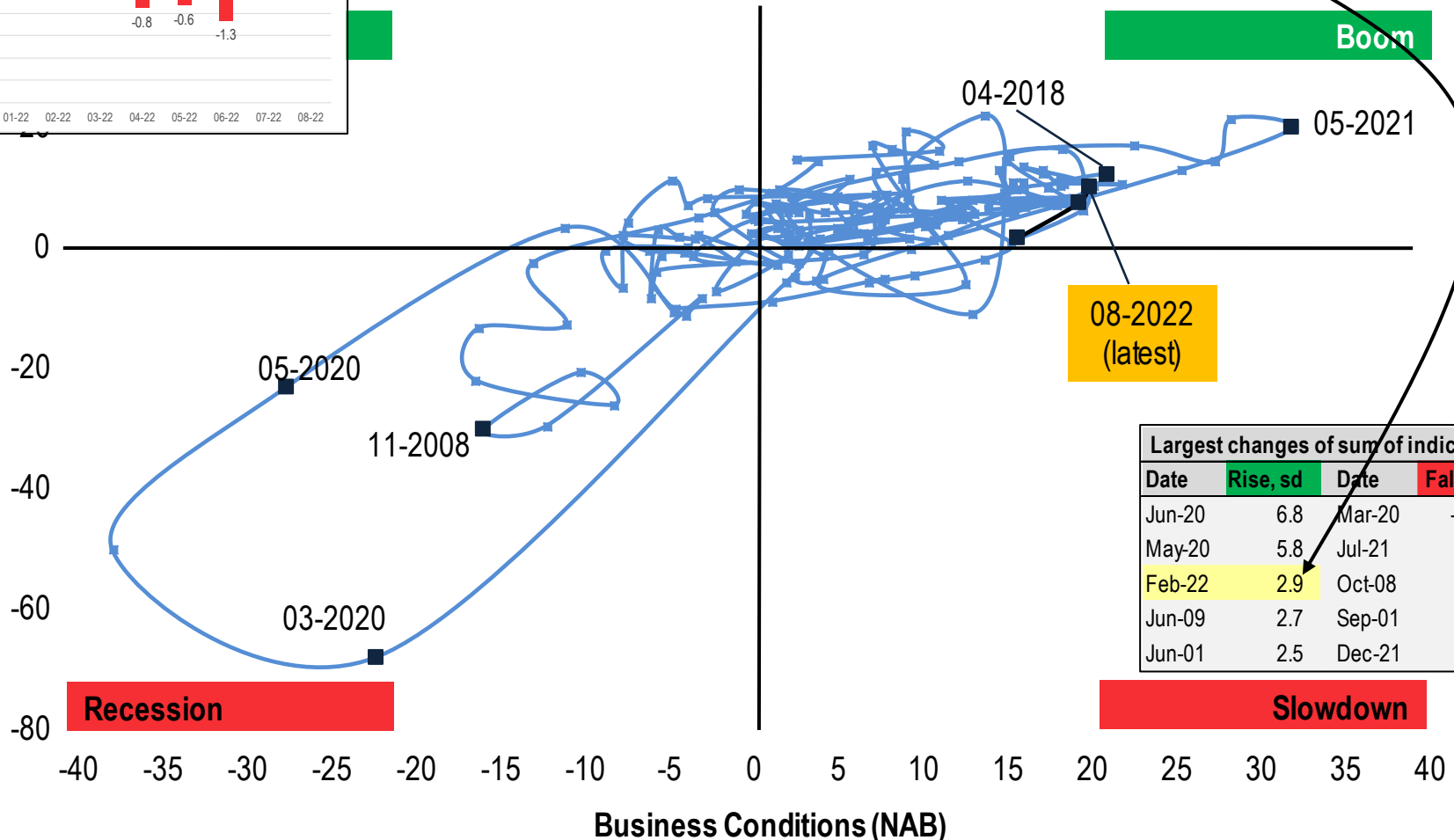
Australia: boom quadrant

S&P/ASX 200 (Mar 1997-)		
Business Confidence Index:	Return, pa*	Tenure, %
No falls worse than -2 sd in last 4M	6.0%	92
Falls worse than -2 sd in last 4M	-5.1%	8

While most surveys like this one show a trend from the upper right towards the lower left (recession), this one doesn't. It has been in the boom quadrant all along and is now, counter-intuitively or not, moving towards the upper right. Most recent outlier is on the upside.



Business Confidence (NAB)

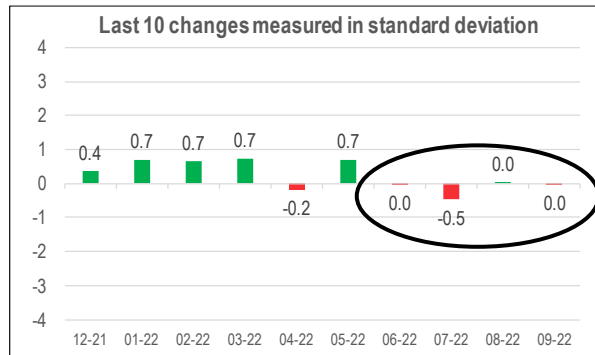


Largest changes of sum of indicators			
Date	Rise, sd	Date	Fall, sd
Jun-20	6.8	Mar-20	-13.6
May-20	5.8	Jul-21	-6.2
Feb-22	2.9	Oct-08	-4.8
Jun-09	2.7	Sep-01	-4.7
Jun-01	2.5	Dec-21	-4.3

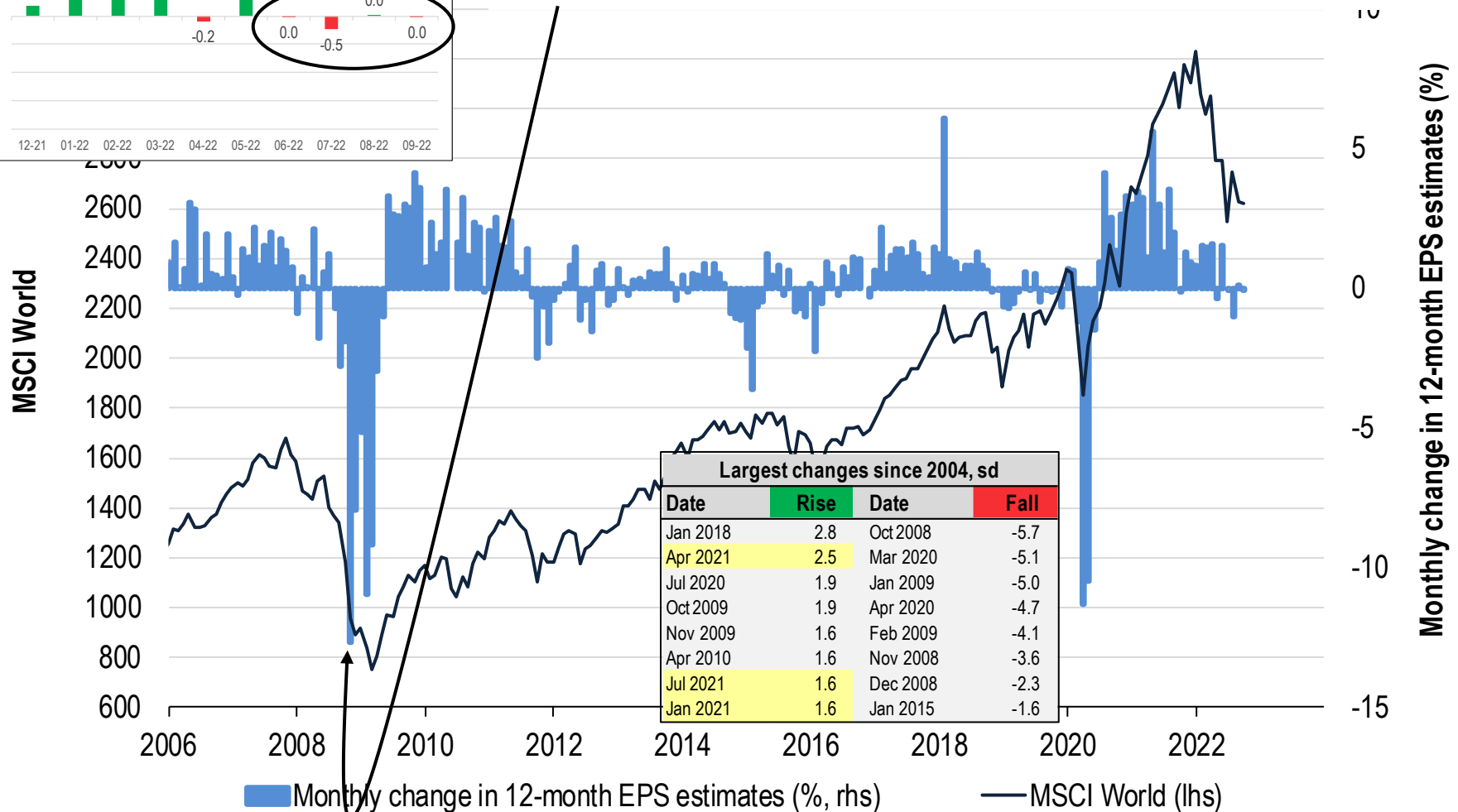
Source: IR&M, Bloomberg, [National Australia Bank](https://www.nab.gov.au/business-confidence).

Survey starts in 1997 with path since January 2007 is shown. "sd" stands for standard deviation. *Annualised average monthly return in month that follows subsequent month.

MSCI World earnings estimates: **falling**



Earnings estimates remain "falling" but the magnitude of the fall remains so mild that it currently is indistinguishable from noise. Note that the negative outlier from 2008 occurred in November 2008, i.e., after the stock market fall.



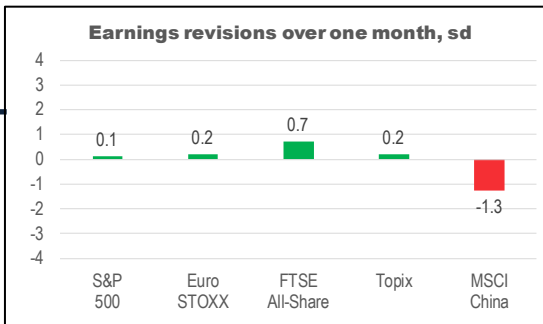
Source: IR&M, Bloomberg. Notes: Based on 12-month consensus earnings estimates. "sd" stands for standard deviation.

Best and worst EPS revisions

Tables show 15 best and worst equity investments in terms of one-month earnings revisions measured in standard deviation (sd) from a selection of 119 sector indices, 62 country indices, 25 industry indices, and 33 thematic indices. Insert shows earnings revisions for main equity indices.

Some observations/remarks:

- UK remains best in the insert and also dominates the winners list below. (Albeit in a weak currency.)
- Clean energy only have started to appear in the winners section of exhibits like this one in the most recent past, i.e., since Joe Manchin had his "change of heart".
- There is still a lot of "China" in the losers' section. The HSCEI index is almost a permanent member of the losers list.



Best

Stongest EPS upward revisions over one month in sd			
Region	Country	Sector, industry, or theme	sd
Europe	UK	Health Care	2.3
Europe	UK	Consumer Staples	2.3
Americas	Canada	Industrials	1.6
World		Solar Energy	1.2
World		Clean Energy	1.2
Europe	UK	FTSE 250	1.1
Europe	UK	MSCI UK	1.1
Asia-Pacific	China	China Internet & E-Commerce	1.0
Asia-Pacific	Indonesia	MSCI Indonesia	0.9
Europe	Eurozone	Utilities	0.9
Europe	Netherlands	Consumer Staples	0.9
Europe	Switzerland	Consumer Staples	0.8
Asia-Pacific	Australia	Industrials	0.8
Europe	UK	Consumer Discretionary	0.7
Europe	UK	FTSE 100	0.7

Worst

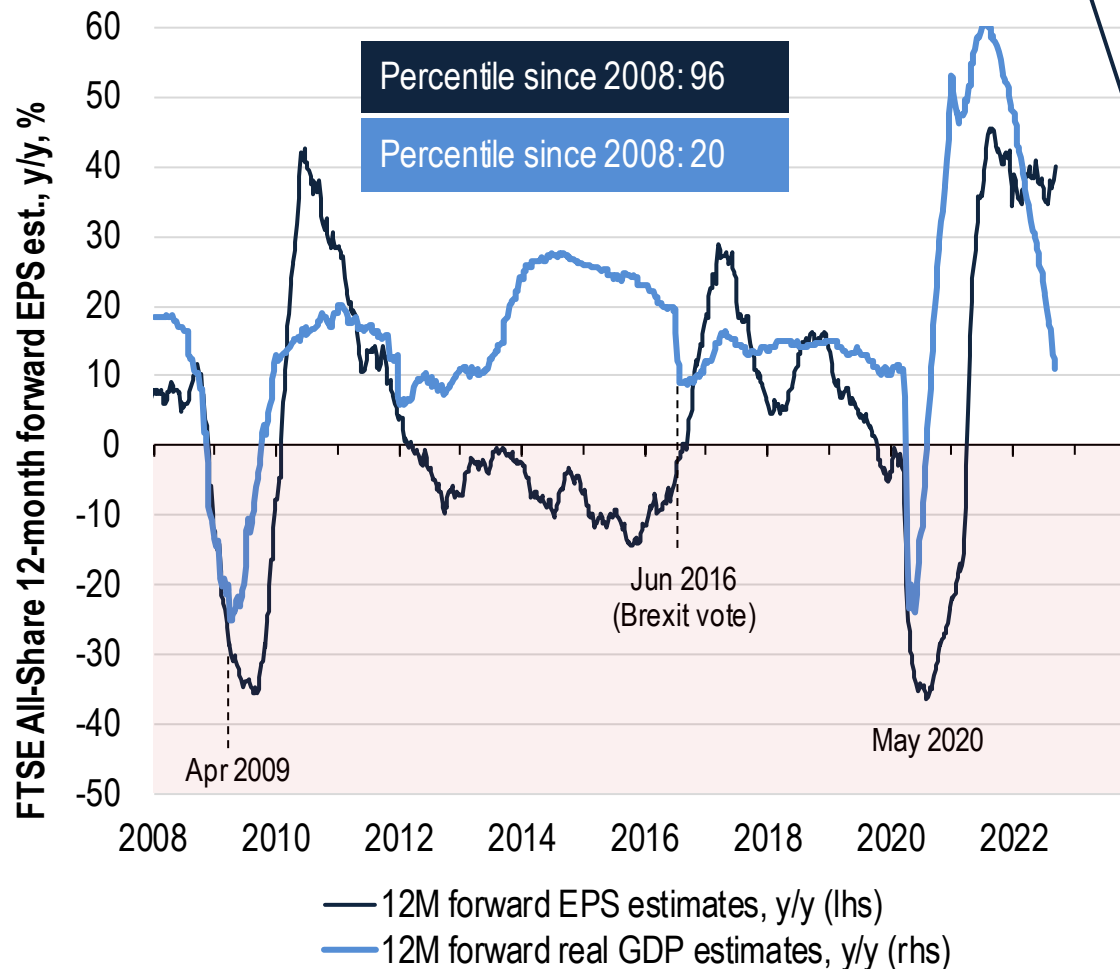
Sharpest EPS downward revisions over one month in sd			
Region	Country	Sector, industry, or theme	sd
Asia-Pacific	Hong Kong	Financials	-4.1
Asia-Pacific	China	HSCEI	-2.2
World		Blockchain	-2.0
Asia-Pacific	Hong Kong	MSCI HK	-1.9
Asia-Pacific	Hong Kong	Hang Seng	-1.6
Europe	Poland	MSCI Poland	-1.5
Asia-Pacific	China	MSCI China	-1.3
Europe	Finland	MSCI Finland	-1.2
Asia-Pacific	China	Financials	-1.1
Asia-Pacific	Taiwan	IT	-1.1
Europe	Nordic	IT	-1.1
Asia-Pacific	China	Health Care	-1.1
Asia-Pacific		MSCI Asia Pacific ex Japan	-1.1
Asia-Pacific	China	Industrials	-1.0
Asia-Pacific	China	Banks (GICS Level 2)	-1.0

Source: IR&M, Bloomberg, MSCI. Notes: Based on 12-month forward consensus earnings estimates. All sector indices (GICS Level 1) are from MSCI. For World and USA all GICS Level 1 sectors were selected. In all other markets only sectors with an index weight larger than 5%.

UK forecasts: mixed

Graph shows y/y change of 12-month forward earnings estimates for the FTSE All-Share Index and 12-month forward GDP estimates for the UK.

The UK is extreme in a sense that macro is horrid while earnings situation isn't. This shows well in the percentile gap, i.e., macro being in the 20th and earnings estimates (still) in the 96th. Fun fact: Earnings for the FTSE All-Share were £304 in 2005, £166 in 2020, and £318 in 2021: 1.5 lost decades. Estimates for 2022 are at £454 (+43%).



	Changes, y/y, %				
	Macro		Investments		
	rGDP	CPI	Bonds	EPS	Equit.
2000	3.7	1.30	7.3	20.8	-5.9
2001	2.1	0.80	2.0	-69.9	-13.3
2002	2.1	1.20	21.2	-23.3	-22.7
2003	3.0	1.30	15.4	176.7	20.9
2004	2.4	1.40	13.8	95.0	12.8
2005	2.6	1.30	-3.6	-17.2	22.0
2006	2.6	2.10	13.2	-17.4	16.8
2007	2.3	2.30	6.2	8.8	5.3
2008	-0.2	2.30	-19.2	1.1	-29.9
2009	-4.2	3.60	14.0	-32.7	30.1
2010	2.1	2.20	4.1	36.5	14.5
2011	1.5	3.30	11.4	10.4	-3.5
2012	1.5	4.50	10.6	-6.9	12.3
2013	1.9	2.80	-0.6	-4.6	20.8
2014	3.0	2.60	5.8	0.5	1.2
2015	2.6	1.50	-5.0	-14.3	1.0
2016	2.3	0.00	-5.2	8.2	16.8
2017	2.1	0.70	11.9	14.4	13.1
2018	1.7	2.70	-5.5	15.6	-9.5
2019	1.7	2.50	11.5	-3.7	19.2
2020	-9.3	1.80	11.8	-43.8	-9.8
2021	7.4	0.90	-5.4	90.9	18.3
2022		2.60	-28.9		-0.8
2022e	3.5	9.25		43.0	
2023e	-0.1	6.60		-0.9	
2024e	1.3	2.10			

Source: IR&M, Bloomberg. Notes: Estimates based on consensus forecasts. Chart based on weekly data. rGDP: Real GDP, SA, y/y. r10Y: 10-year government bond yield minus CPI. Bonds: Bloomberg UK Aggregate TR Unhedged, nominal y/y returns. Equities: FTSE All-Share Total Returns Index.

Clean energy

Table shows some statistics for a selection of (clean) Energy indices and stocks, sorted by a certain criteria.

Some observations/remarks:

- Until Joe Manchin did his thing, this table was almost entirely red, i.e., clean energy was an identifiable loser. The IR&M Score was 0 and has risen to 8 and price momentum has been changing from negative to positive since then.
- PE ratios remain high and the sector continues to have negative free cash flow. However, clean energy stocks are "Veblen goods," investors buy them for all sorts of reasons other than fundamentals.
- Growth estimates have risen as analysts have started to factor in all the governmental largess that is coming their way.
- If Plug Power rises to its old all-time high, it will do 50x. A fuel cell craze is required though.

Underlying	Ctry	Classification	Valuation (12Me)				Growth estimates		Profitability			Scoring			Price mom.		Risk	Performance	
			Mcap USDbn	P/E	EV/ EBITDA	DY	Sales (12M)	EPS (12M)	ROEe (12M)	EBIT Margin	Free CF Yield	Piotroski F Score	Altman Z Score	IR&M Score	med.-term	long-term	Volatility (1Y, %)	TR (ytd, %)	Rel. to high, %
S&P Global Clean Energy			850	33		1.5	10	164	12		-5			8	5	2	32	8	36
BB World Energy Alternative			671	26		0.9	39	72	18		-3				12	3	31	-8	46
BB European Renewables			395	22		2.9	-5	116	17		-1				4	-62	27	-3	74
BB Americas Energy Alternat			141	101		0.7	40	-290	-2		-5				5	2	57	22	45
Enphase Energy	US	Solar Inverters	41	65	50.2	0.0	60	229	52	14	1	5	>2.6	9	1	10	74	67	94
First Solar	US	Thin Film Modules	15	77	33.0	0.0	23	146	4	13	-3	6	>2.6	8	13	7	51	57	43
Iberdrola	ES	Power Generation	68	15	10.1	4.6	n.a.	n.a.	11	n.a.	n.a.	6	n.m.	8	5	1	27	7	85
Avangrid	US	Electric Distribution	19	22	13.0	3.6	1	-4	4	12	-8	6	n.m.	8	8	1	21	2	86
Nextera Energy	US	Integrated Electric Utilities	175	29	19.0	2.0	32	16	13	11	-5	5	n.m.	8	4	1	28	-3	95
EDP Renovaveis	ES	Wind Energy - Regulated	24	34	14.8	0.4	12	-16	7	65	-7	6	n.m.	7	3	17	37	15	93
Tesla	US	Passenger Vehicles	915	55	33.3	0.0	64	90	33	16	1	7	>2.6	7	4	-30	64	-17	70
Sunrun	US	Renewable Energy Project D	8	n.a.	n.a.	n.a.	15	n.a.	-2	<0	-36	3	0.3	6	4	-32	86	9	37
Byd	CN	Passenger Vehicles	103	43	16.9	0.2	67	139	12	3	6	5	>2.6	6	-1	1	55	-17	66
Sunpower	US	PV Cells	5	52	31.4	n.a.	27	n.a.	14	<0	-5	4	0.3	5	5	4	75	29	25
Solaredge Technologies	IL	Solar Inverters	17	39	29.6	0.0	49	245	20	8	-1	5	>2.6	5	13	19	68	12	80
Plug Power	US	Fuel Cells	17	n.a.	n.a.	0.0	110	n.a.	-7	<0	-5	5	>2.6	5	5	-30	87	2	2
Verbund	AT	Power Generation	33	14	8.9	3.7	5	70	31	23	-1	6	n.m.	5	12	6	49	-4	82
Orsted	DK	Wind Energy - Regulated	41	29	14.4	1.9	-20	16	14	15	-9	5	n.m.	5	-1	1	43	-11	52
Fuelcell Energy	US	Energy Storage Systems	2	n.a.	n.a.	n.a.	39	n.a.	-18	<0	-8	4	>2.6	4	4	-41	94	-21	0
Vestas	DK	Wind Turbines	24	132	20.1	0.4	-1	n.a.	3	<0	-2	4	1.8	3	8	-1	60	-12	55
Ballard Power Systems	CA	Energy Storage Systems	2	n.a.	n.a.	0.0	23	n.a.	-13	<0	-7	2	>2.6	3	4	-35	75	-40	5
Siemens Gamesa Renew.	ES	Wind Turbines	12	n.a.	28.1	-0.1	9	n.a.	-7	<0	-11	6	0.2	2	13	-63	49	-15	46
Nordex	DE	Wind Turbines	2	n.a.	45.2	0.0	14	n.a.	-17	<0	-19	5	0.9	2	3	-1	62	-26	10
ITM Power	GB	Energy Storage Systems	1	n.a.	n.a.	0.0	1067	n.a.	-12	<0	-4	n.a.	>2.6	0	-1	-38	81	-69	17

Source: IR&M, Bloomberg. Notes: Based on 12-month forward consensus earnings estimates. TR: Year-to-date total return in local currency. [Piotroski Score](#). [Altman Z Score](#). [IR&M Score](#).

Fossil vs clean energy

Tables compare a stock selection of fossil/reliable energy and clean/renewable energy. Tables were sorted by ytd returns.

When the two tables are compared, fossil energy remains greener, the pun intended. Clean energy gapped up because of government diktat. The risk to fossil is that it could gap down if governments do something silly untoward, e.g., make profits disappear.

Fun fact: Exxon Mobil is ESG compliant according to S&P while Tesla isn't.

	Fossil Energy	Clean Energy
P/Ee, x	7.3	34
IR&M Score	9	8
FCF, \$bn	339	-40
YTD, %	38	10

Fossil/reliable Energy

Underlying	Mcap USDbn	P/Ee (12M)	FCF Yield	Score		YTD (%)
				Piotr.	IR&M	
MSCI World Energy	2,819	7.1	12	8	9	36
Occidental	61	7.2	19	8	9	127
Petrobras (in USD)	82	2.7	22	8	9	70
Devon Energy	45	7.0	12	7	9	66
Exxon Mobil	397	8.5	12	8	9	61
ConocoPhillips	143	7.8	11	7	9	59
Equinor	114	5.9	28	8	9	58
Valero Energy	44	6.0	19	7	9	52
Shell	192	4.7	16	9	8	46
EOG Resources	72	7.8	5	8	8	46
BP	99	4.0	20	8	9	43
Chevron	312	9.1	10	8	9	40
Suncor Energy	43	4.8	17	8	5	36
Repsol	19	4.0	14	8	7	29
Phillips 66	41	6.6	13	6	9	23
Enbridge (in CAD)	85	18	3	6	2	17
Aramco	2,160	13	6	8	7	16
TotalEnergies	131	4.2	19	7	8	17
China Petr. & Chem. (HK)	72	5.0	10	7	5	12
Petrochina (HK)	138	4.7	32	7	6	10
Eni	42	4.0	25	7	6	-1

Clean/renewable Energy

Underlying	Mcap USDbn	P/Ee (12M)	FCF Yield	Score		YTD (%)
				Piotr.	IR&M	
S&P Global Clean Energy	850	33	-5	5	8	8
Enphase Energy	41	65	1	5	9	67
First Solar	15	77	-3	6	8	57
Sunpower	5	52	-5	4	5	29
EDP Renovaveis	24	34	-7	6	7	15
Solaredge Technologies	17	39	-1	5	5	12
Sunrun	8	n.a.	-36	3	6	9
Iberdrola	68	15	n.a.	6	8	7
Avangrid	19	22	-8	6	8	2
Plug Power	17	n.a.	-5	5	5	2
Nextera Energy	175	29	-5	5	8	-3
Verbund	33	14	-1	6	5	-4
Orsted	41	29	-9	5	5	-11
Vestas	24	132	-2	4	3	-12
Byd	103	43	6	5	6	-17
Siemens Gamesa Renew.	12	n.a.	-11	6	2	-15
Tesla	915	55	1	7	7	-17
Fuelcell Energy	2	n.a.	-8	4	4	-21
Nordex	2	n.a.	-19	5	2	-26
Ballard Power Systems	2	n.a.	-7	2	3	-40
ITM Power	1	n.a.	-4	n.a.	0	-69

Source: IR&M, Bloomberg. Notes: Piotroski F-score is a number between 0 and 9 which is used to assess strength of company's financial position. IR&M Score is to a number between 0 and 9 and measures price and earnings upward revisions and momentum. YTD measures year-to-date return in local currency. FCF stands for free cash flow.

Picked up at random

An optimist could think that there is a benefit to the energy crisis: potentially there is now a movement away from eco-ideology towards practical problem solving, i.e., a trend towards 21st century energy and food production. The quote below suggests that negative consequences have no impact on the ideologist though.

"What socialism, fascism and other ideologies of the left have in common is an assumption that some very wise people - like themselves - need to take decisions out of the hands of lesser people, like the rest of us, and impose those decisions by government fiat.

The left's vision is not only a vision of the world, but also a vision of themselves, as superior beings pursuing superior ends. In the United States, however, this vision conflicts with a Constitution that begins, "We the People..."

That is why the left has for more than a century been trying to get the Constitution's limitations on government loosened or evaded by judges' new interpretations, based on notions of "a living Constitution" that will take decisions out of the hands of "We the People," and transfer those decisions to our betters.

The self-flattery of the vision of the left also gives its true believers a huge ego stake in that vision, which means that mere facts are unlikely to make them reconsider, regardless of what evidence piles up against the vision of the left, and regardless of its disastrous consequences.

Only our own awareness of the huge stakes involved can save us from the rampaging presumptions of our betters, whether they are called socialists or fascists.

So long as we buy their heady rhetoric, we are selling our birthright of freedom."

*—Thomas Sowell**

"Ecofascism, def.: Ecofascism is a term used to describe individuals and groups which combines environmentalism with fascist viewpoints and tactics. Originally the term "Ecofascist" was considered to be an academic term for a hypothetical type of government which would militantly enforce environmental measures over the needs and freedoms of its citizens. In non-academic circles, the term "ecofascist" was originally used as a slur against the emerging environmental movement from the 1970s onwards. However, since the 2010s, a number of individuals and groups have emerged that either self-identify as "ecofascist" or have been labelled so by academic or journalistic sources."

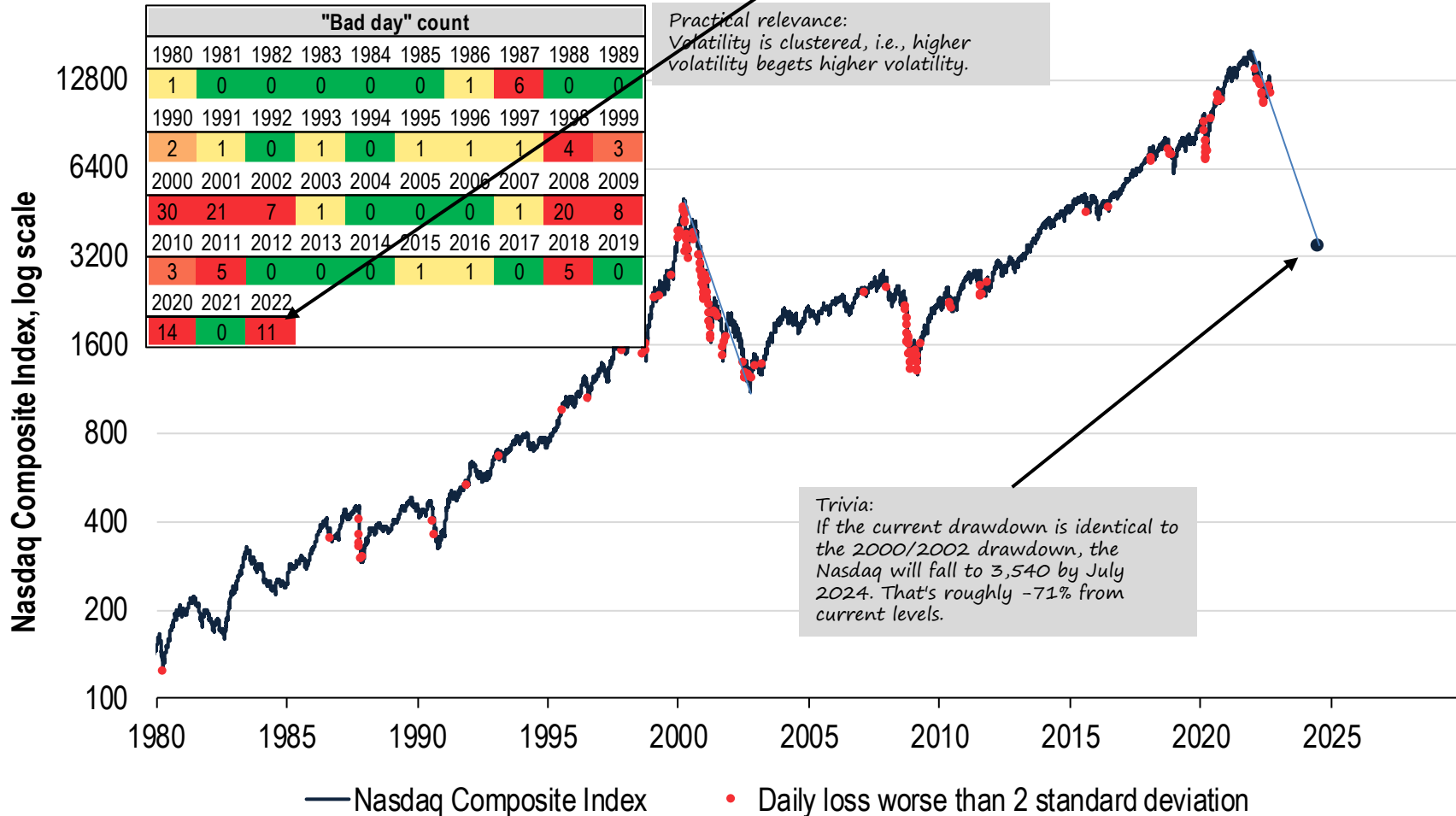
—Wikipedia, 13.9.2022

*Thomas Sowell, Thomas Sowell: Socialist or Fascist?, [St. Augustine Record](#), 14 June 2012. Edits by IR&M.

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 remains following its 2022 script, i.e., remains falling. Latest outlier was yesterday, the 11th this year.

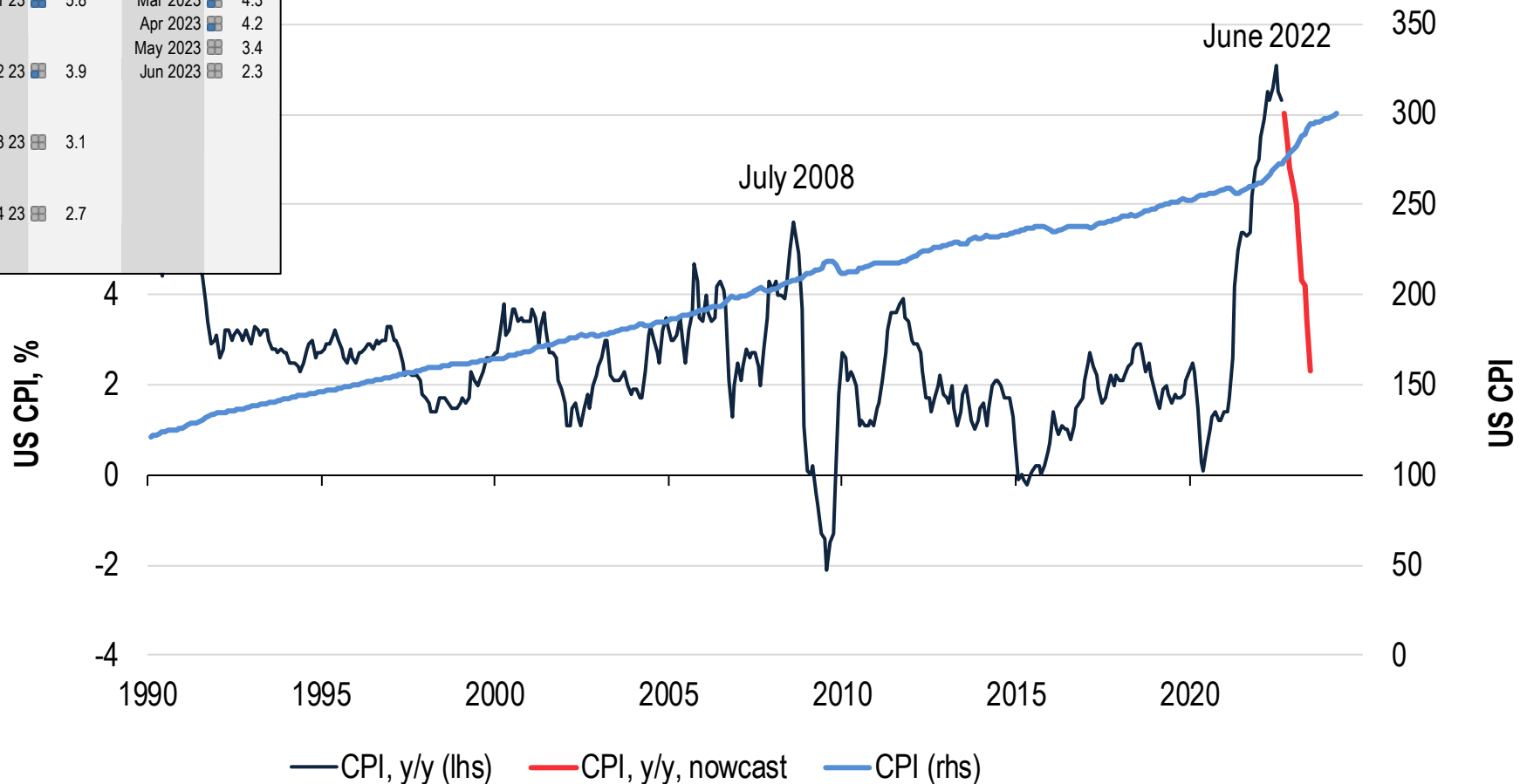


Source: IR&M, Bloomberg. Note: Based on a standard deviation of daily returns over a rolling ten-year period.

Trivia: putting things into perspective...

The red line shows the next 12 y/y US inflation figures if the rise of the light blue line "normalises," i.e., if consumer prices revert back to growing at a more normal monthly rate. The y/y measure would fall akin to 2008. Insert shows consensus forecasts for the y/y figure as well as our "nowcast". When shown on 4 August, our August nowcast was 8.6%, i.e., a big miss to what was reported yesterday. (This is the reason why this chart is in the trivia section.)

Inflation y/y forecasts/nowcast, y/y, %		
	Cons.	IR&M
Q3 22	8.2	Sep 2022 8.0
		Oct 2022 7.3
		Nov 2022 6.8
Q4 22	7.2	Dec 2022 6.5
		Jan 2023 6.0
		Feb 2023 5.4
Q1 23	5.8	Mar 2023 4.3
		Apr 2023 4.2
		May 2023 3.4
Q2 23	3.9	Jun 2023 2.3
Q3 23	3.1	
Q4 23	2.7	



Source: IR&M, Bloomberg. Based on monthly data.

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

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 wake work	19-Mar-21
Improved outlook with challenges	26-Feb-21
Government acting smart big	05-Feb-21
Crazy base	15-Jan-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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