Saxo Market Call

Slide deck

Monday, May 22, 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.

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Equities – pinned near highs, complacent on debt ceiling, recession risks

Saxo equity themes performance overview

Sorted on one-week return (updated as of 19 May 2023)

Theme	1D	1W	MTD	YTD	1Y	5Y
Semiconductors	-0.1	8.1	7.5	25.5	14.8	157.3
Bubble stocks	-1.5	5.8	8.9	17.9	1.6	133.0
Cyber security	0.8	4.5	9.1	14.1	3.0	106.2
Travel	-1.1	3.2	1.5	16.4	11.5	-8.2
Mega Caps	-0.3	2.3	1.5	19.0	16.7	128.5
China's little giants	0.8	1.5	-3.2	-11.3	-16.0	118.0
Defence	-0.3	1.4	-0.5	17.8	27.8	77.6
MSCI World (USD)	0.1	1.2	0.4	10.1	9.1	45.2
Women in leadership	0.1	1.1	-1.9	7.1	7.0	78.0
NextGen medicine	0.6	0.6	6.9	7.9	3.8	132.3
MSCI EM (USD)	-0.1	0.5	0.2	2.9	-0.8	-3.2
Payments	-0.8	0.5	0.6	9.8	-5.7	37.7
Construction	0.6	0.5	-0.5	13.2	17.4	62.9
China consumer & technology	-0.4	0.4	-2.7	-4.8	3.4	57.1
Green transformation	-0.2	0.3	0.6	2.6	-30.2	155.4
Commodities	0.6	0.0	-3.0	1.1	2.0	77.0
Transportation infrastructure	-0.4	-0.2	0.3	6.8	7.4	31.2
Gaming	-0.3	-0.3	-0.1	14.2	4.9	72.0
Financial trading	-0.1	-0.3	-2.8	6.2	9.6	68.9
Energy storage	-0.8	-0.3	-1.1	-7.6	-19.4	291.0
Luxury	0.1	-0.5	-2.0	19.0	29.9	34.7
Logistics	0.1	-1.3	-1.8	10.7	11.5	117.8
Renewable energy	-0.2	-2.1	-1.6	-5.5	1.1	221.0
India (GDRs)	-0.3	-2.3	-2.6	-5.5	0.6	52.4
Nuclear power	-0.3	-3.0	-1.4	-2.0	2.3	112.3
E-commerce	-1.6	-3.2	-1.8	6.3	-7.0	17.9

Source: Bloomberg and Saxo

Source: Saxo

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FX: USDJPY wobbly on debt ceiling talk collapse

oard - Tre Evolution fo 10 FX + CNH

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ate	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
s ->	-0.9	2.6	-1.9	-2.9	1.5	1.5	0.1	2.4	3.5	-2.6	-3.2	-0.9	-3.1
ange	0.2	-0.3	0.1	0.3	-0.4	0.6	-0.1	-0.8	1.3	-0.2	-0.6	0.2	1.0
ange	0.9	1.8	-0.4	-1.4	0.0	0.6	-0.2	1.2	2.5	-2.1	-2.8	-2.3	0.0

Momentum

eadings for last five weeks

e	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
May	-0.9	2.6	-1.9	-2.9	1.5	1.5	0.1	2.4	3.5	-2.6	-3.2	-0.9	-3.1
May	-1.2	2.8	-1.8	-3.2	1.7	1.2	0.4	2.8	3.2	-2.8	-3.0	-1.0	-3.3
May	-1.2	2.9	-1.9	-3.2	1.9	1.0	0.2	3.3	2.2	-2.4	-2.6	-1.1	-4.0
May	-1.3	1.8	-1.9	-2.6	1.8	1.2	0.1	2.5	1.6	-1.4	-1.7	-0.3	-3.9
May	-1.5	1.3	-1.8	-1.7	1.6	1.2	0.0	1.8	0.9	-0.9	-0.9	0.3	-3.8
May	-1.8	0.8	-1.4	-1.5	1.5	0.9	0.3	1.2	0.9	-0.5	-0.4	1.4	-3.1
May	-1.6	0.6	-1.7	-0.8	1.3	0.9	0.1	0.9	1.7	-0.1	-1.0	1.4	-2.5
May	-1.7	-0.8	-2.7	-1.0	1.5	0.5	0.8	1.0	3.5	0.0	-1.2	1.3	-0.9
May	-1.9	-1.9	-3.3	-2.2	2.0	0.4	1.3	1.3	3.8	1.0	-0.6	1.4	1.7
May	-1.5	-1.8	-2.9	-2.9	2.2	0.6	1.1	1.2	3.3	1.6	-1.2	1.6	2.4
May	-0.7	-1.9	-2.9	-2.8	2.2	1.0	0.9	0.8	2.8	1.9	-1.4	1.3	2.7
May	0.3	-1.4	-2.4	-2.2	2.8	2.0	0.0	0.0	2.0	1.9	-2.8	2.2	3.5
May	1.6	-0.6	-1.7	-2.0	2.8	3.7	-0.8	-1.7	1.7	1.4	-4.1	3.7	4.3
May	2.8	0.1	-1.5	-3.0	3.0	3.9	-0.9	-1.9	0.8	1.6	-4.7	3.0	3.4
May	2.7	0.8	-1.4	-4.3	3.1	3.2	-0.9	-0.8	0.3	1.8	-4.3	2.0	3.0
May	3.0	0.8	-1.8	-4.2	3.9	3.2	-2.1	-0.2	-0.8	2.0	-3.3	0.8	2.5
-Apr	3.4	0.4	-1.6	-2.5	3.9	3.3	-2.9	-1.3	-1.6	2.2	-2.9	0.9	2.3
-Apr	3.9	0.4	-1.8	-0.6	2.9	4.0	-2.7	-2.0	-2.8	1.9	-2.7	0.9	2.2
-Apr	4.0	0.4	-1.9	-0.4	2.5	5.1	-2.7	-2.3	-3.3	2.0	-2.9	1.1	2.6
-Apr	3.2	0.2	-1.7	-1.1	1.9	5.2	-1.6	-1.8	-3.0	2.3	-3.0	1.2	3.2
-Apr	3.1	-0.5	-1.4	-2.2	1.9	5.1	-0.6	-1.2	-3.4	2.2	-2.5	0.4	3.7
-Apr	2.5	-0.4	-1.0	-2.2	1.7	4.7	0.0	-0.3	-3.4	1.7	-2.9	0.9	4.2
-Apr	2.1	-0.7	-1.0	-2.8	1.6	4.2	0.5	0.6	-2.6	1.3	-2.8	1.7	4.9
-Apr	2.1	-0.8	-1.2	-3.1	1.4	3.7	-0.1	1.5	-2.1	1.0	-2.1	1.5	5.1
18-Apr	1.9	-1.2	-1.2	-3.0	0.8	3.8	-0.4	2.1	-2.5	1.0	-1.1	2.0	5.4

Source: Saxo

Corn and wheat slumps on weak US export demand...

Source: Saxo

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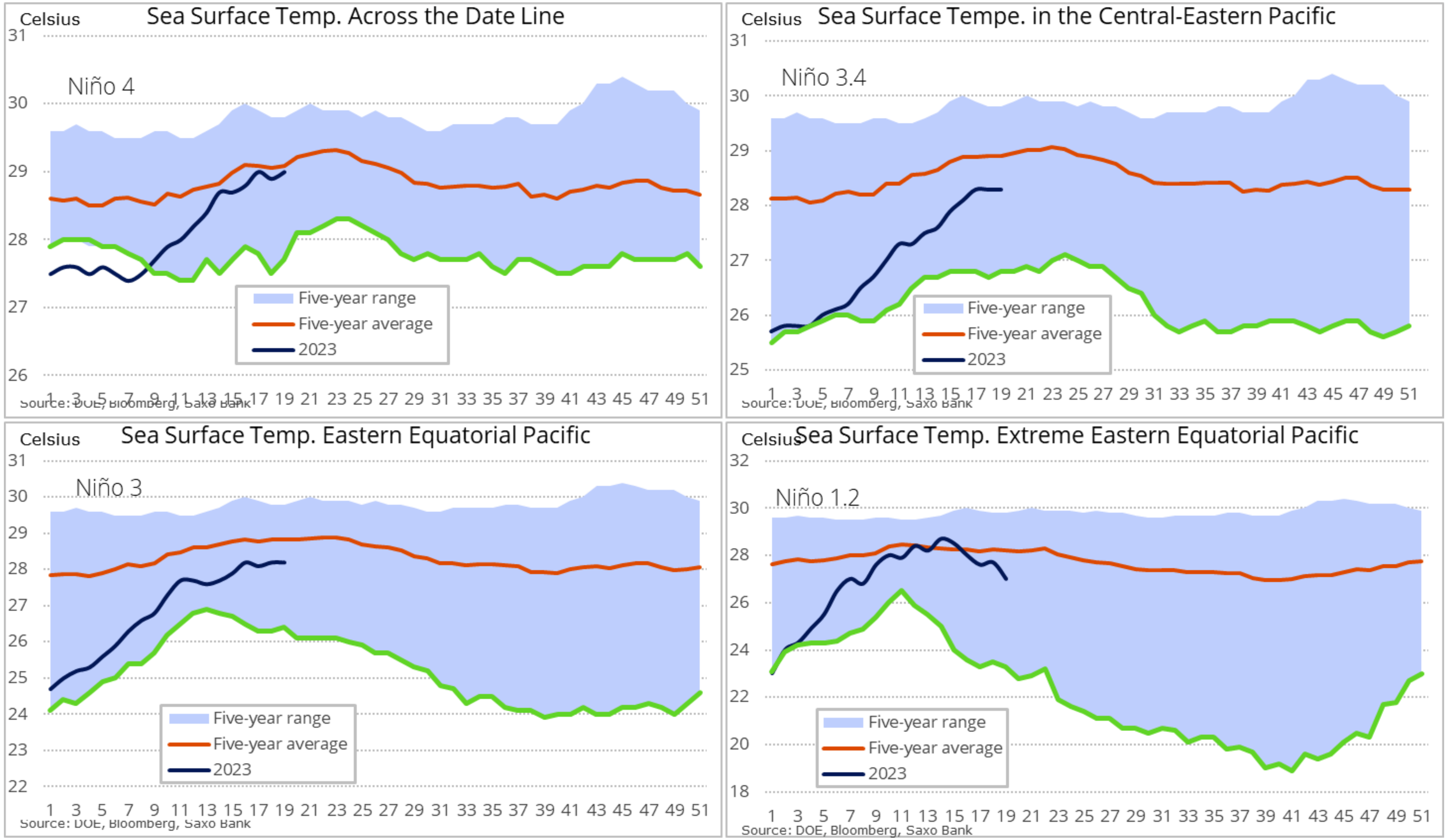
… but the world economy could take a $3 trillion hit from returning El Ninõ



On watch:
Rice
Sugar
Coffee

Later on:
Key crops

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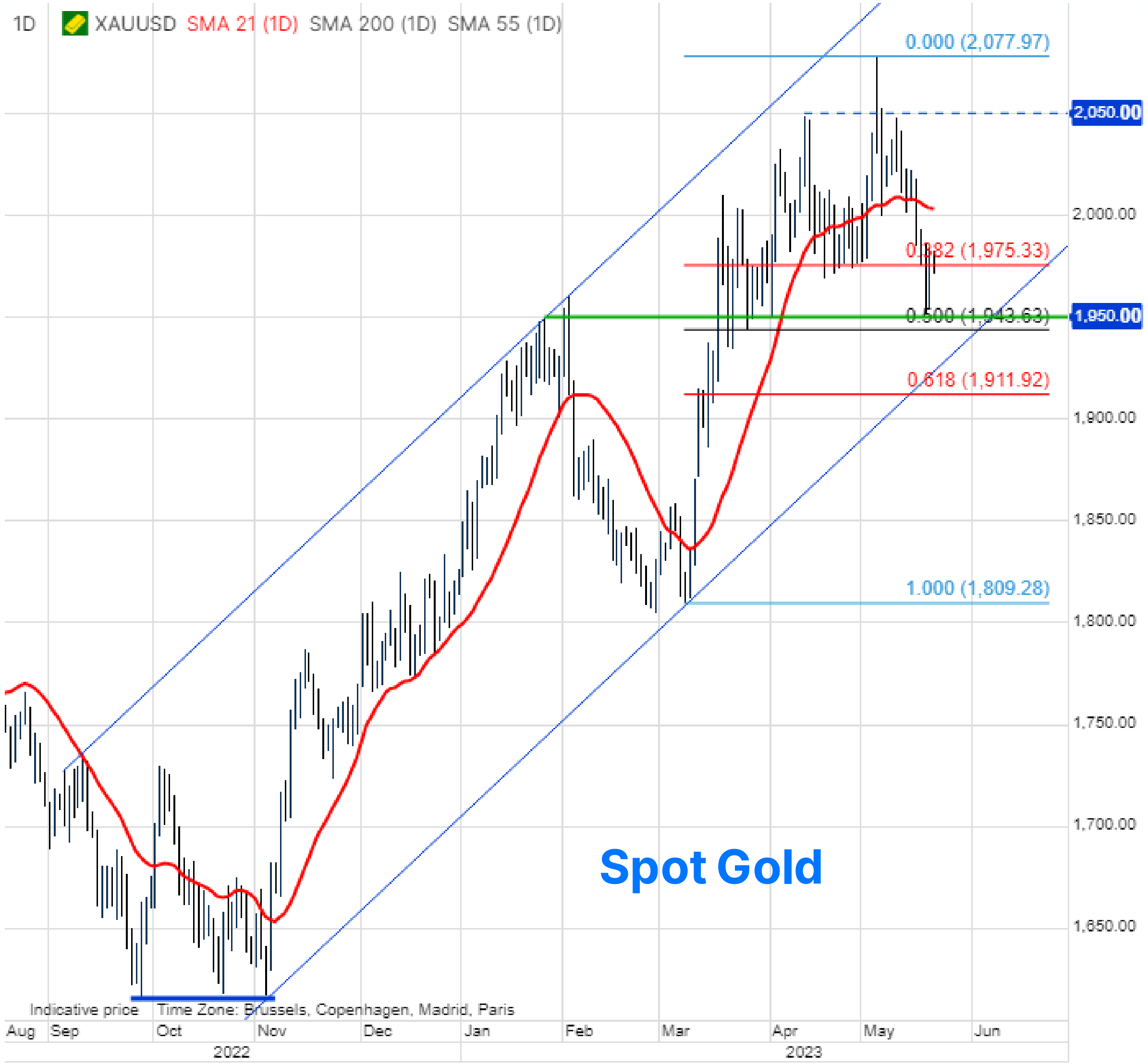
Gold needs to hold $1950 with focus on dollar, yields and fund positions



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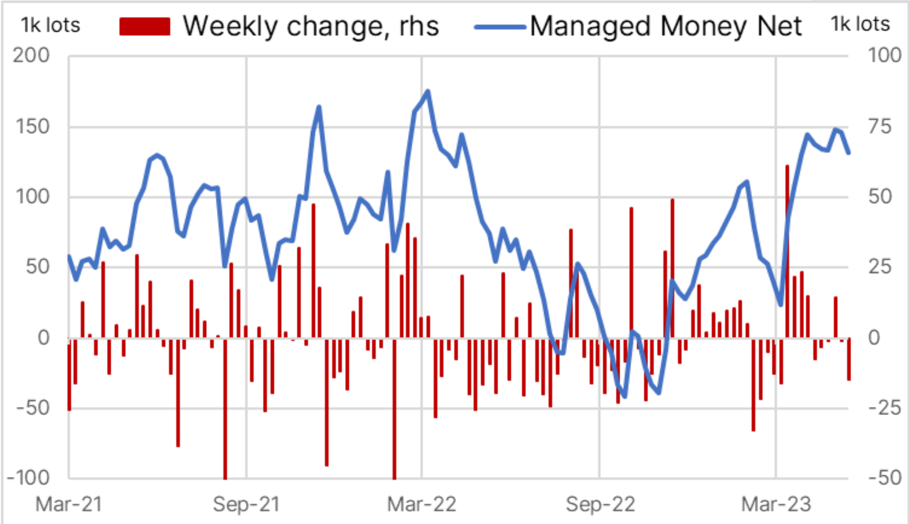
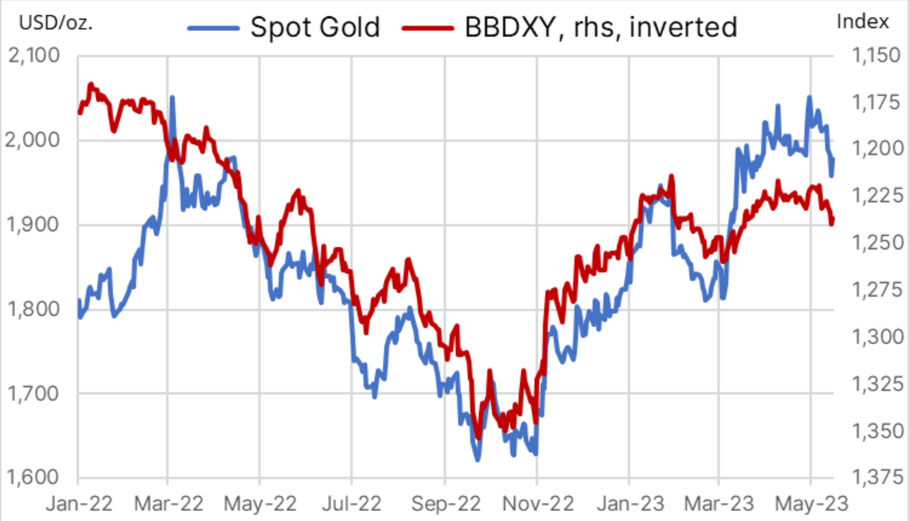


Source: Bloomberg, Saxo



Source: Bloomberg, Saxo

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Stocks to watch today...

- **Micron** – China is banning some of Micron's chips over security issues. Micron has 15% revenue exposure across mainland China and Hong Kong.
- **Deere** – lifts fiscal year outlook on net income again as orders and demand remain robust for the rest of 2023.

Source: Saxo

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Earnings Watch

Monday: Kuaishou Technology, Ryanair, Zoom Video

Tuesday: Intuit, Lowe's, **Palo Alto Networks**, AutoZone, Agilent Technologies

Wednesday: Bank of Montreal, Bank of Nova Scotia, **Xiaomi**, **Nvidia**, Analog Devices, **Snowflake**, Splunk

Thursday: Royal Bank of Canada, Toronto-Dominion Bank, Meituan, Generali, **Costco**, **Medtronic**, NetEase, Workday, Autodesk, Marvell Technology

Friday: PDD, Booz Allen Hamilton

Palo Alto Networks quarterly financials

In Millions of USD	2022 Q4	2023 Q1	2023 Q2	2023 Q3 Est	2023 Q4 Est	2024 Q1 Est	2024 Q2 Est
3 Months Ending	07/31/2022	10/31/2022	01/31/2023	04/30/2023	07/31/2023	10/31/2023	01/31/2024
Market Capitalization	49,710.4	51,871.7	47,972.7				
- Cash & Equivalents	3,634.5	3,803.7	3,346.9				
+ Preferred & Other	0.0	0.0	0.0				
+ Total Debt	3,952.9	3,961.7	3,954.5				
Enterprise Value	50,028.8	52,029.7	48,580.3				
Revenue, Adj	1,550.5	1,563.4	1,655.1	1,716.1	1,953.1	1,928.6	2,018.6
Growth %, YoY	27.2	25.3	25.7	23.8	26.0	23.4	22.0
Gross Profit, Adj	1,073.9	1,101.6	1,190.7	1,281.5	1,463.2	1,450.0	1,520.6
Margin %	69.3	70.5	71.9	74.7	74.9	75.2	75.3
EBITDA, Adj	113.2	85.5	123.7	422.6	539.2	491.4	534.1
Margin %	7.3	5.5	7.5	24.6	27.6	25.5	26.5
Net Income, Adj	25.3	21.1	74.7	304.2	394.2	359.3	378.4
Margin %	1.6	1.4	4.5	17.7	20.2	18.6	18.7
EPS, Adj	0.08	0.06	0.22	0.93	1.20	1.07	1.14
Growth %, YoY	–	–	–		1,485.6	1,592.9	412.7
Cash from Operations	523.7	1,236.7	694.6				
Capital Expenditures	-39.2	-39.6	-38.3	-38.4	-51.7	-51.0	-54.3
Free Cash Flow	484.5	1,197.1	656.3	333.7	394.8	1,249.3	748.8

Source: Bloomberg

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Macro – calendar highlights (all times GMT)

1230 – US Fed's Bullard (non-voter) to speak

2000 – US Key Crops Planting Progress

0030 – Japan Flash May Manufacturing and Services PMI

Longer Term Highlights

June 14 – FOMC Meeting

Upcoming Calendar Highlights

TUE: **Eurozone Flash May Manufacturing and Services PMI**, US May Philly Fed Survey, US Apr. New Home Sales, US 2-year Treasury Auction

WED: **New Zealand RBNZ Official Cash Rate**, **UK Apr. CPI**, Germany May IFO Business Climate, US 5-year Treasury Auction, **US FOMC Meeting Minutes**

THU: US Q1 GDP revision, US 7-year Treasury Auction

FRI: **US Apr. PCE inflation**, US May Final University of Michigan Sentiment

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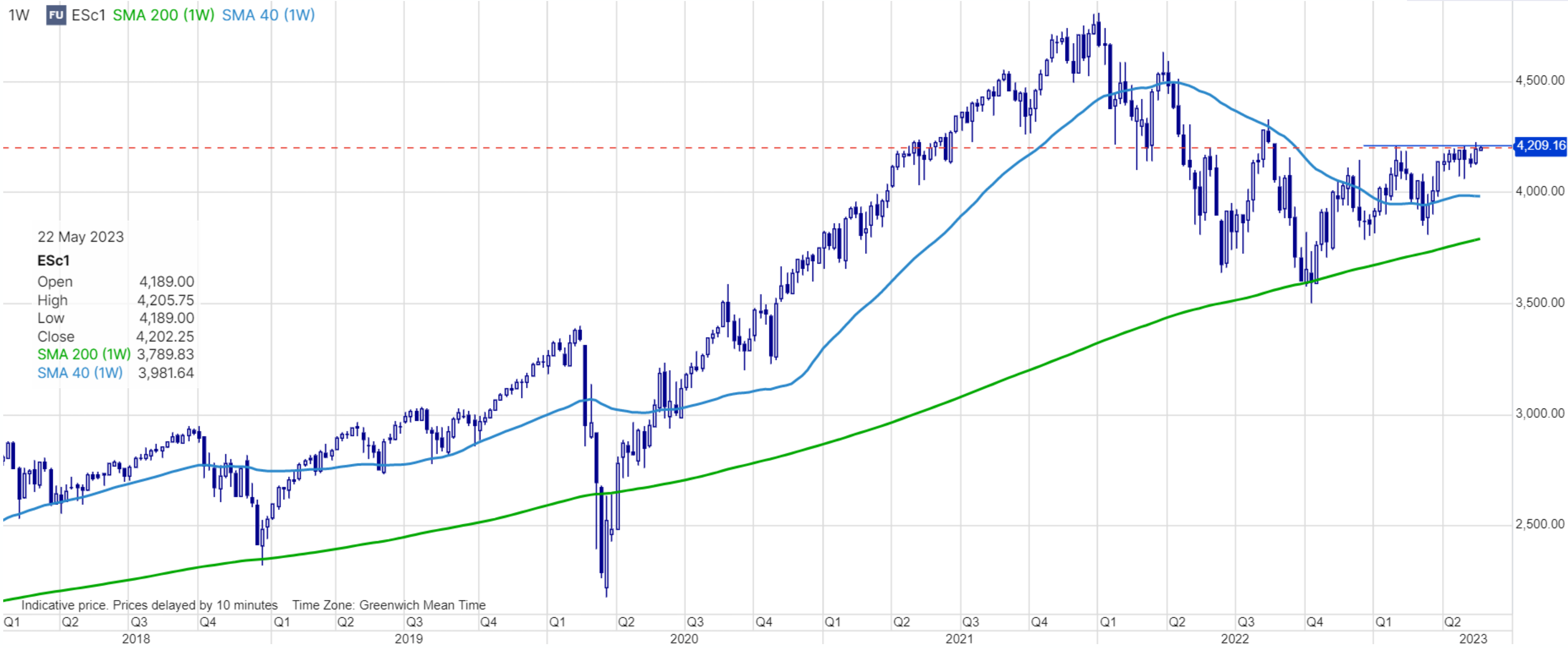
Appendix: S&P 500 Index 5-year chart



Source: Saxo

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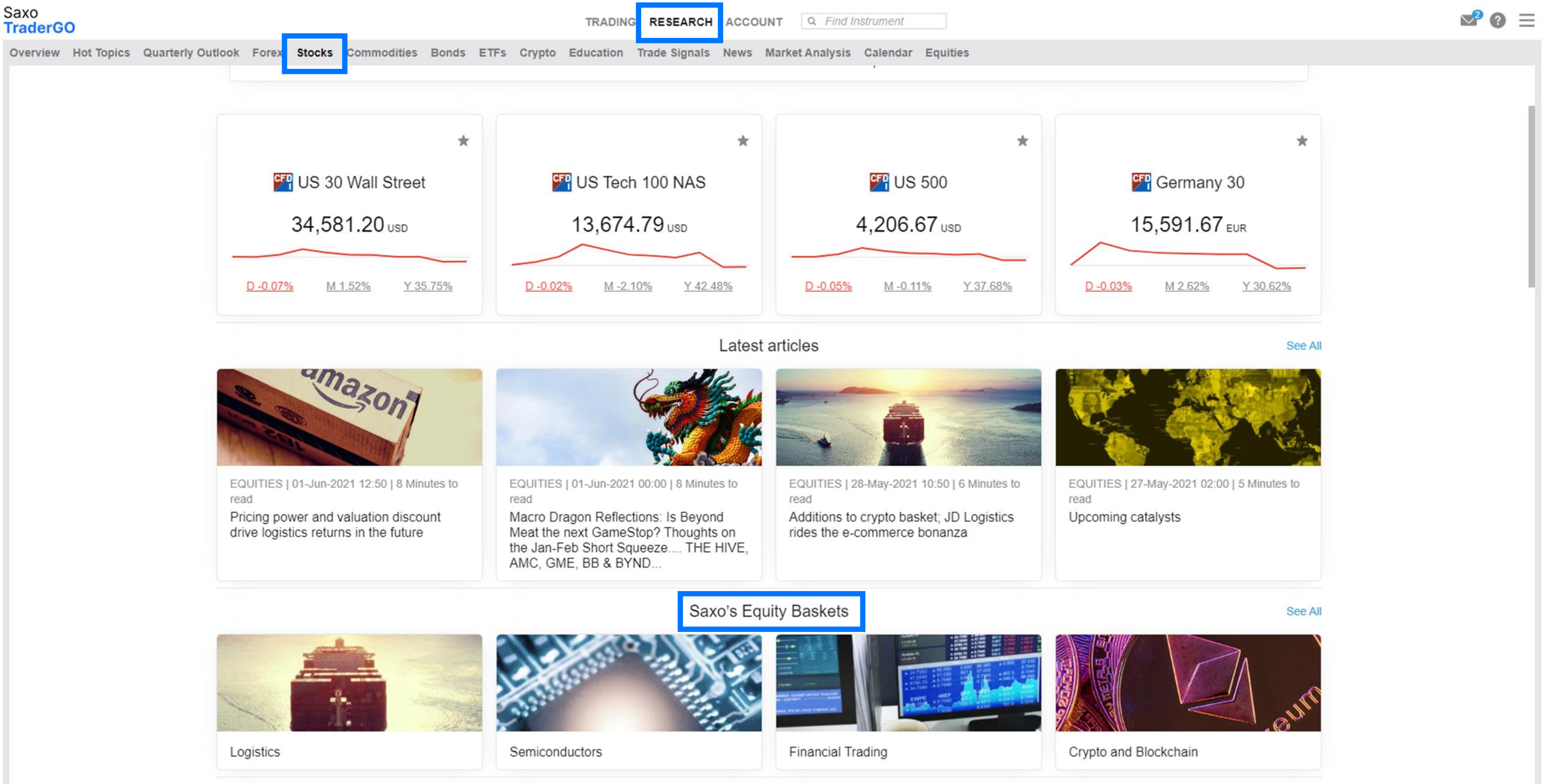
Appendix: Where do you find the equity theme baskets?



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