



MOE'S MARKET WRAP MINUTE

WEEK OF **APRIL 26, 2023**

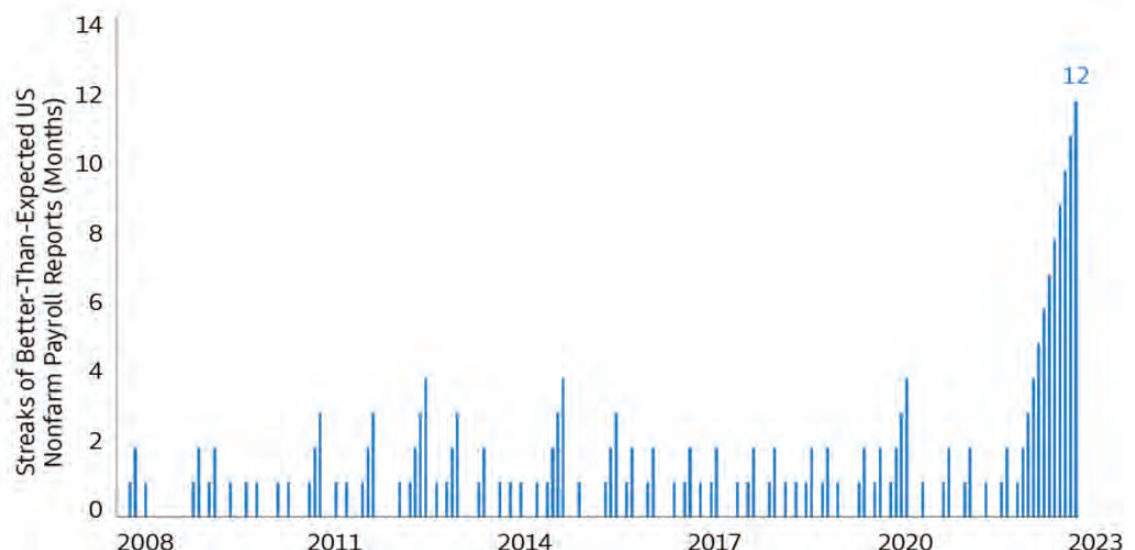
MOE'S MARKET MENTIONS

- For the moment, first-quarter reporting season appears to be positive. Earnings from S&P 500 companies that have reported have come in almost 5% above analysts' estimates as of Friday (4/21/23), according to Evercore. While those that have topped their numbers are getting rewarded, those that miss aren't being punished all that much. Companies that have announced earnings and sales that beat expectations have gained 2.3%, versus an average advance of 1% over the past five years. A double miss has resulted in a mere 1.8% drop, versus an average 2.9% decline (as of 4/21/23).
- That could be a sign that the worst for the economy is actually over. And that possibility—for the moment, at least—is showing up in analysts' forecasts. About 76% of companies in the MSCI USA Index have seen upwardly revised earnings estimates for the next year, according to Ned Davis Research. That's the highest level in 10 months and up from a recent low of just under 60%, and it could be a sign that estimates have bottomed and are ready to rebound (as of 4/21/23).
- "The increasingly positive revisions rate makes it more likely that, after close to two years of increasingly pessimistic earnings sentiment, investors will buy on expectations of better earnings ahead," writes Tim Hayes, chief global investment strategist at Ned Davis Research.
- The recessionary watch indicator that we continue to monitor is the high yield bond market, using HYG as a proxy. As long as HYG remains above its 50-MA the economic outlook is positive. A decisive move below 72.6 would indicate a recession is probably on the horizon.

CHART OF THE WEEK

For this week's chart we revisit Nonfarm Payroll data. Recent labor market strength has surprised to the upside for 12 consecutive months, revealing a resilient, though gradually softening jobs market. Labor market demand will need to continue normalizing relative to supply to slow wage growth and ultimately bring down core inflation. We believe this process is both underway and can be achieved while avoiding a potentially painful rise in unemployment, though with considerable challenge.

Key employment data days to watch in the coming months are May 5th, June 2nd, July 7th & August 4th. Now that we are a year into the Federal Reserve's tightening cycle, this is when we can start to see some weakness in the economy due to tighter financial conditions. If employment remains strong over the next couple of months then a recession is unlikely in the near future.



Source: Bloomberg, GS Global Investment Research, and GS Asset Management

UPCOMING EVENTS - REGISTER AT COMPAK.COM/SEMINARS

May 23

LIVE MARKET UPDATE IN SAN JOSE, CA

June 6

LIVE MARKET UPDATE WEBINAR

Watch! 

MOE EVERY WEEK @ www.COMPAK.com/YouTube

Listen! 

TO MOE EVERY DAY @ www.MARKETWRAPWITHMOE.com

CONTACT
COMPAK ASSET MANAGEMENT
TO SCHEDULE A STRATEGY SESSION

1801 Dove Street
Newport Beach, CA 92660
(800) 388-9700
www.Compak.com



Moez Ansari is the President, Chief Investment Officer, and founder of Compak Asset Management. With over 35 years of investment experience, Moez evaluates the markets using industry-leading technical and fundamental analysis.

His professional experience includes options trading, portfolio optimization, futures trading, mutual fund selection modeling and financial risk management. He is a nationally sought speaker and has conducted numerous financial seminars since the 1980s.

This document contains the current views and opinions of Moez Ansari, Chief Investment Officer of Compak Asset Management, a registered investment adviser. The views expressed are current only as of the date of this document and are subject to change. While the information above is obtained from reliable sources, we do not guarantee its accuracy. Nothing in this document should be considered investment advice, and nothing is personalized to any investor's individual circumstances.

We use terminology associated with technical analysis, and provide charts to illustrate some of the concepts discussed. Technical analysis is a security analysis method with the goal of forecasting the direction of prices of securities or market indices, through the study of past market data, primarily price and volume. In no event is past performance a guarantee of future performance.

We make no assurance that past performance or the use of technical analysis will accurately predict future prices. Further, a risk of technical analysis is that over-focus on historical patterns could lead to ignoring or down-playing security-specific concerns, overall market or sector concerns, or other factors, because we assume inaccurately the historical patterns will repeat themselves.

Compak Asset Management offers investment advice only after entering into an investment advisory agreement and gathering client-specific information about goals, objectives, financial status, and risk tolerance. Please visit www.compak.com/formcrs for more information.