



# Saxo Market Call

## Slide deck

Friday, December 9, 2022

Questions and comments to [marketcall@saxobank.com](mailto: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.

# A rebound in sentiment as market steers away from downside pivot



## Saxo equity themes performance overview

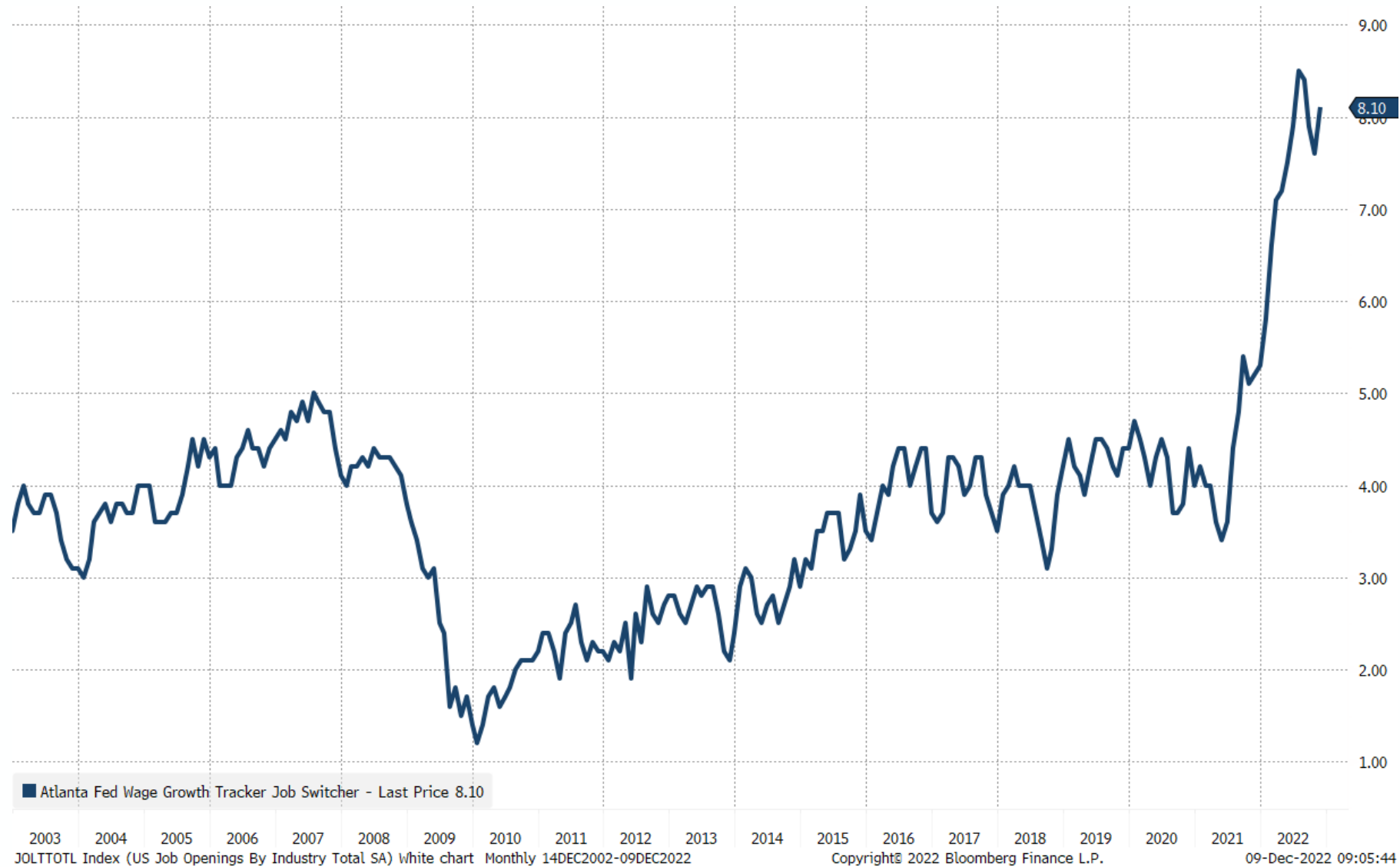
Sorted on one-day return (updated as of 8 December 2022)

Theme	1D	1W	MTD	YTD	1Y	5Y
Bubble stocks	3.9	-1.2	0.9	-50.8	-55.3	203.2
China consumer & technology	3.4	7.2	8.1	-18.5	-20.0	91.1
Cyber security	2.2	-5.6	-0.6	-30.2	-29.4	139.5
E-commerce	2.0	-1.1	2.3	-52.9	-56.4	45.9
Semiconductors	1.8	-2.5	-1.6	-28.1	-27.8	142.9
Green transformation	1.8	-1.7	-2.6	-46.1	-50.5	187.1
Travel	1.6	-1.8	-1.4	-12.9	-12.4	-8.9
Gaming	1.5	-0.4	1.5	-27.3	-29.2	86.8
Mega Caps	1.4	-2.1	-1.8	-19.7	-18.9	112.5
Defence	1.1	0.8	1.6	21.1	24.6	64.7
MSCI EM (USD)	1.1	-0.9	-0.3	-19.2	-19.6	-1.5
Payments	1.1	-6.2	-4.7	-35.7	-38.1	55.4
India (GDRs)	1.0	-2.3	-2.5	-6.8	-6.3	61.9
Nuclear power	0.9	-3.8	-3.4	-0.6	-2.8	138.0
Logistics	0.7	-1.9	-1.1	-5.3	-2.3	115.0
MSCI World (USD)	0.6	-2.6	-1.8	-16.1	-15.1	40.2
NextGen medicine	0.6	-5.5	-4.7	-36.7	-37.9	246.3
Energy storage	0.6	-4.4	-3.7	-30.5	-34.8	381.7
Women in leadership	0.3	-3.2	-1.5	-17.5	-18.9	108.1
Financial trading	0.3	-4.0	-2.0	-20.6	-19.7	105.3
Commodities	0.1	-2.9	-2.7	23.5	26.8	108.8
Renewable energy	0.1	-1.0	0.4	0.5	-1.3	378.1
China's little giants	-0.2	1.2	3.4	-32.4	-32.9	174.1

Source: Bloomberg and Saxo



# Intensive US wage pressures continue...



Source: Bloomberg

# Market has a strong view ahead of the FOMC next week on peak Fed.

## World Interest Rate Probability

Enable Overrides

Region: United States »

Instrument: Fed Funds Futures »

Target Rate 4.00

Pricing Date 12/09/2022

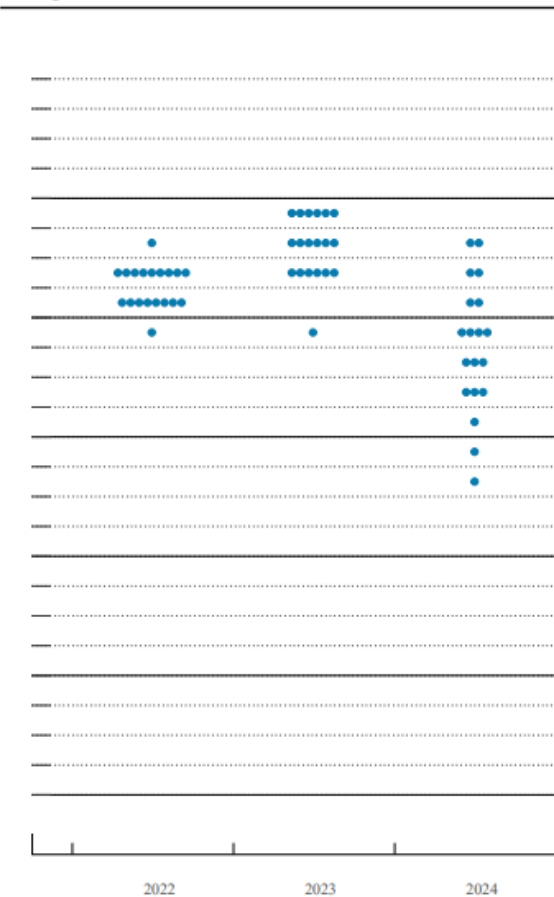
Effective Rate 3.83

Cur. Imp. O/N Rate 3.835

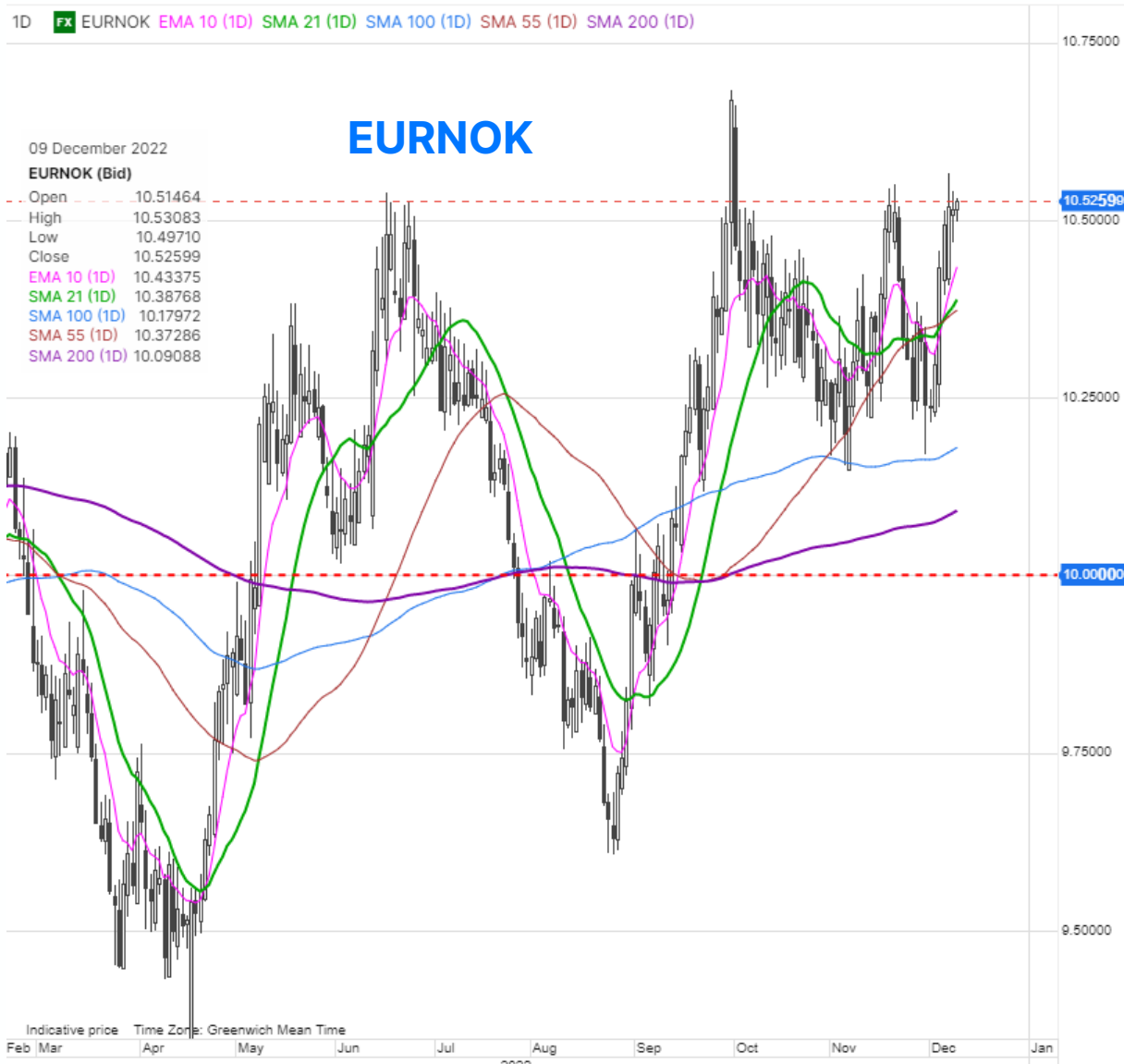
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
12/14/2022	+2.048	+204.8%	+0.512	4.347	0.250
02/01/2023	+3.480	+143.1%	+0.870	4.705	0.250
03/22/2023	+4.128	+64.9%	+1.032	4.868	0.250
05/03/2023	+4.394	+26.6%	+1.098	4.934	0.250
06/14/2023	+4.343	-5.1%	+1.086	4.921	0.250
07/26/2023	+4.138	-20.5%	+1.035	4.870	0.250
09/20/2023	+3.808	-33.0%	+0.952	4.788	0.250
11/01/2023	+3.208	-60.0%	+0.802	4.637	0.250
12/13/2023	+2.505	-70.3%	+0.626	4.462	0.250
01/31/2024	+1.748	-75.7%	+0.437	4.273	0.250

Source: Bloomberg

Figure 2. FOMC participants' assessments of appropriate rate or target level for the federal funds rate



# FX: Oil prices pressuring NOK and CAD, USD perched near support



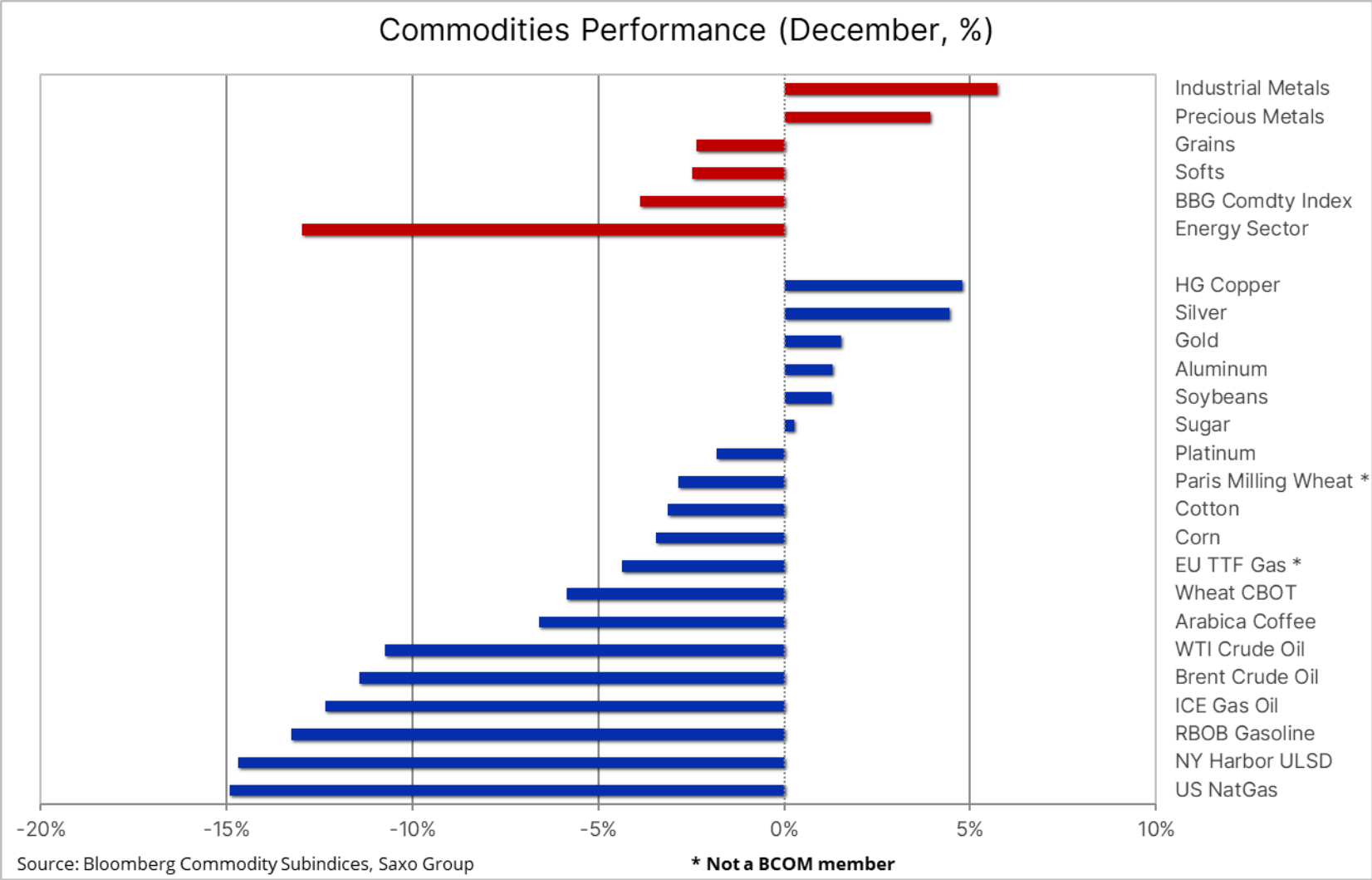
**FX Board - Trend resolution for G10 FX + CNH**

December 9, 2022

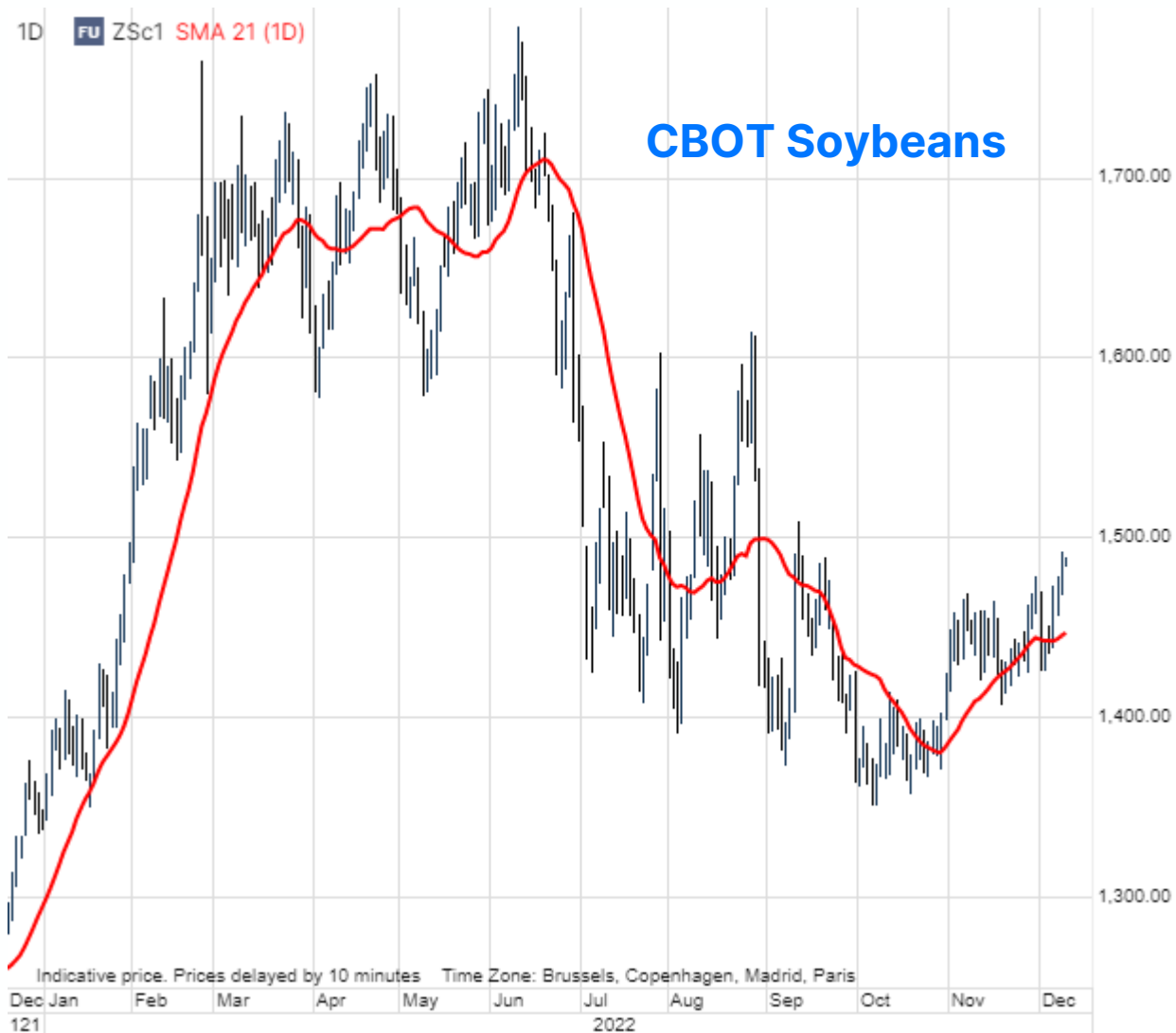
**SAXO BANK**

Aggregate	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
Trends ->	1.7	-3.3	1.3	1.5	2.1	0.6	-0.7	-6.4	4.1	1.3	-1.8	1.3	4.5
2D Change	0.2	-0.3	-0.4	-0.8	-0.3	0.4	0.8	0.4	-0.2	0.5	-0.2	0.2	0.9
5D Change	1.2	1.2	2.8	-2.5	-0.2	1.1	-0.3	-0.3	-0.8	0.9	-3.3	-0.1	-0.3
↑ Momentum													
Trend readings for last five weeks													
Date	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
9-Dec	1.7	-3.3	1.3	1.5	2.1	0.6	-0.7	-6.4	4.1	1.3	-1.8	1.3	4.5
8-Dec	1.6	-3.1	1.5	1.7	2.2	0.4	-1.0	-6.5	4.3	1.0	-1.8	1.3	4.1
7-Dec	1.4	-3.0	1.7	2.4	2.4	0.3	-1.5	-6.8	4.4	0.8	-1.6	1.2	3.5
6-Dec	1.2	-3.2	1.3	2.7	2.3	0.2	-1.7	-6.6	4.2	0.7	-0.8	0.7	3.2
5-Dec	1.0	-3.9	0.3	3.3	2.5	-0.3	-1.4	-6.4	4.4	0.5	0.4	0.7	3.9
2-Dec	0.4	-4.5	-1.5	4.0	2.3	-0.4	-0.4	-6.1	4.9	0.5	1.5	1.5	4.7
1-Dec	0.4	-4.1	-1.7	2.9	1.9	-0.2	0.3	-5.4	4.3	0.4	1.9	1.4	3.5
30-Nov	0.4	-3.1	-1.7	2.1	1.5	0.0	0.6	-4.5	3.9	-0.3	1.4	0.2	2.2
29-Nov	0.9	-2.5	-3.3	2.6	2.0	0.5	0.0	-4.6	3.4	0.4	0.9	0.0	0.8
28-Nov	1.1	-3.0	-5.0	2.2	2.5	1.1	-0.2	-3.8	3.4	1.0	1.1	-0.5	0.7
25-Nov	0.8	-3.9	-5.0	1.2	2.9	0.8	0.6	-3.7	4.2	1.3	1.3	-0.6	1.8
24-Nov	0.8	-4.0	-4.5	1.2	2.7	1.1	0.5	-3.5	4.4	1.0	0.5	-0.5	1.4
23-Nov	1.1	-3.5	-3.5	0.7	2.4	1.6	0.1	-3.0	4.3	0.3	-0.1	-0.1	1.3
22-Nov	1.4	-2.8	-2.4	0.7	2.0	1.4	0.0	-2.2	3.9	-0.6	-1.2	0.6	0.9
21-Nov	1.7	-2.9	-2.6	1.1	2.0	1.3	0.3	-2.4	3.7	-0.4	-1.8	1.5	0.8
18-Nov	2.0	-4.0	-2.9	1.8	1.7	1.3	0.9	-2.7	3.6	-0.1	-1.4	1.9	1.2
17-Nov	2.1	-4.7	-3.4	1.9	1.1	1.9	1.2	-2.9	3.0	0.6	-0.5	2.5	1.8
16-Nov	1.5	-5.6	-3.1	2.0	0.6	2.3	1.6	-3.5	2.8	1.5	0.0	3.0	3.1
15-Nov	1.0	-5.8	-2.4	2.2	-0.1	2.5	1.4	-3.2	2.6	1.9	0.1	3.4	3.9
14-Nov	1.1	-5.5	-2.6	2.2	-0.6	2.7	0.7	-2.8	2.0	2.7	0.4	3.4	5.0
11-Nov	1.0	-4.9	-3.7	2.2	-0.3	1.8	0.2	-2.1	2.0	3.1	0.9	3.2	5.0
10-Nov	1.1	-3.1	-3.3	1.1	-0.3	0.4	-0.2	-0.7	2.2	2.2	0.5	3.4	5.8
9-Nov	1.4	-1.5	-2.9	-0.8	-0.8	-0.1	-0.6	0.2	2.6	1.9	0.5	2.5	5.7
8-Nov	1.0	-1.8	-2.8	-1.2	-0.1	-1.4	-0.4	0.1	3.3	2.0	1.2	1.2	5.5
7-Nov	0.5	-1.0	-2.1	-1.3	-0.4	-1.7	-0.7	0.1	3.4	1.2	1.6	-0.3	4.4

# Energy and metals diverging ahead of yearend (BCOM YTD gain: 14%)



# Soybeans up, wheat down ahead of WASDE



Source: Saxo

## 2022/23 World Ending Stocks (Million tons)

	Avg. Trade estimates	USDA Nov	Avg trade v Prior %
Corn	301.00	<b>300.76</b>	0.1%
Soybeans	102.30	<b>102.17</b>	0.1%
Wheat	268.00	<b>267.82</b>	0.1%

Source: USDA, Bloomberg, Reuters, Saxo

## 2022/23 U.S. Ending Stocks (Million bushels)

	Avg. Trade estimates	USDA Nov	Avg trade v Prior %
Corn	1,238.0	<b>1,182</b>	4.7%
Soybeans	233.0	<b>220</b>	5.9%
Wheat	581.0	<b>571</b>	1.8%
Cotton	3.12	<b>3.00</b>	4.0%

Source: USDA, Bloomberg, Reuters, Saxo

# Stocks to watch today...

- **Broadcom** – revenue and earnings are in line with estimates and Q1 (ending 31 Jan) revenue guidance was a bit above estimates. China is only part of business with meaningful decline in demand.
- **Costco** – revenue and earnings in line with estimates. Inflation seen easing a bit and big ticket discretionary items demand is down.
- **Lululemon** – revenue in line but EPS misses estimates on top of small revenue guidance miss. Shares were down 8% in extended trading.



Source: Saxo



# Earnings Watch

**Today:** Li Auto

Next week's releases

**Monday:** Oracle

**Tuesday:** DiDi Global

**Wednesday:** Lennar, Trip.com, Nordson, Inditex

**Thursday:** Adobe

**Friday:** Accenture, Darden Restaurants



# Macro – calendar highlights

## Today's Calendar Highlights (all times GMT)

0930 – UK Bank of England to release inflation attitudes survey

1330 – US Nov. PPI

1500 – US preliminary University of Michigan Sentiment

1700 – World Agriculture Supply and Demand Est.

**TUE:** UK Nov. Jobless Claims, Germany Dec. ZEW Survey,

**US Nov. CPI**

**WED:** Japan Q4 Tankan Survey, UK Nov. CPI, Sweden Nov. CPI, **US FOMC Meeting**

**THU:** Australia Nov. Employment Data, **Swiss National Bank Rate Meeting, Norway Norges Bank, Bank of England Meeting, ECB Meeting, US Nov. Retail Sales**

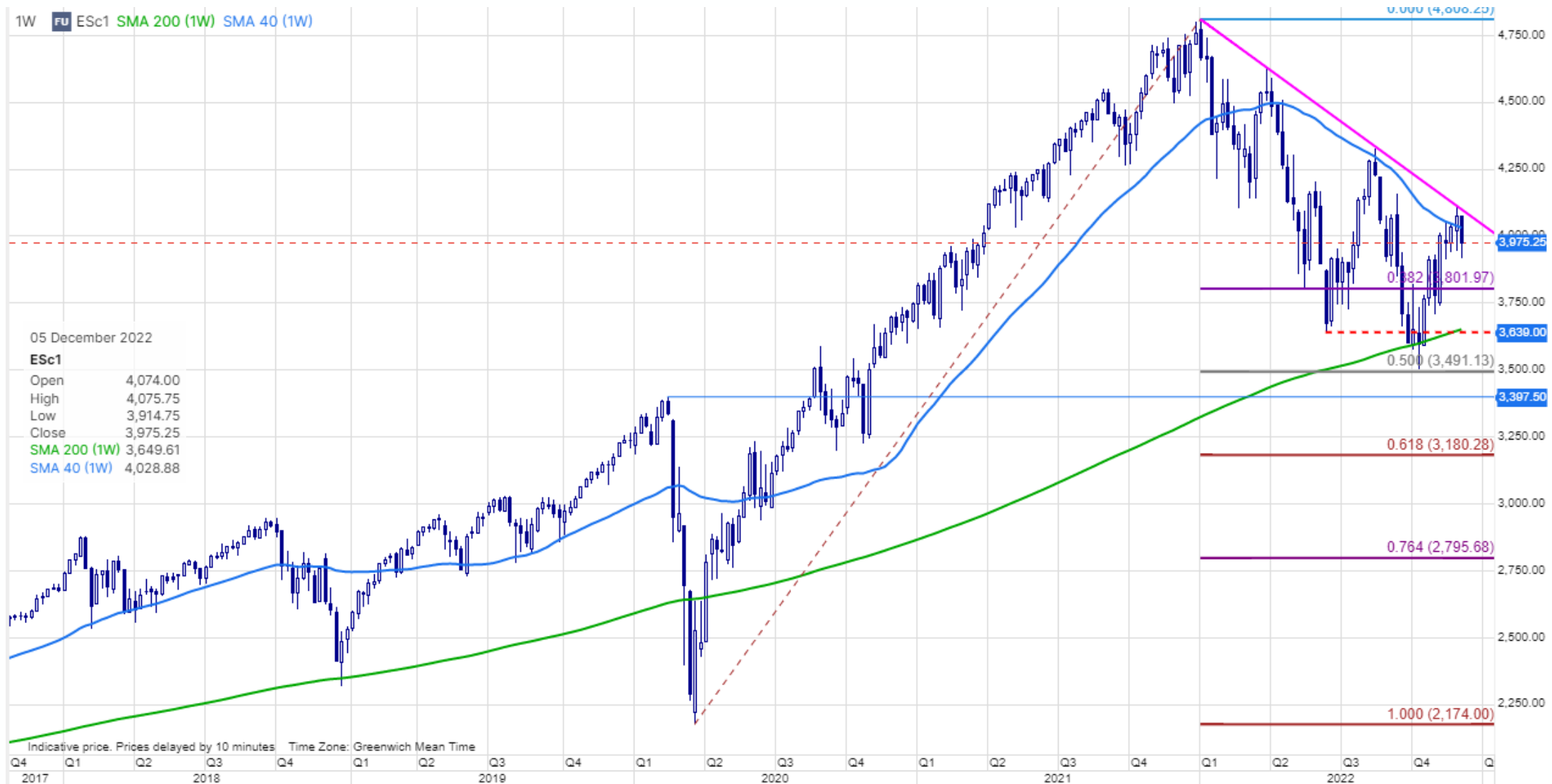
**FRI:** UK Nov. Retail Sales, **Eurozone Flash Dec.**

**Manufacturing and Services PMI**, Poland Nov. CPI,

## Upcoming Calendar Highlights (all times GMT)

**MON:** UK Oct. Trade Balance, Czechia Nov. CPI, **US 3-year and 10-year Treasury Auctions**

# Appendix: 5-year chart of S&P 500 index



# Appendix: Where do you find the equity theme baskets?

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TraderGO

TRADING **RESEARCH** ACCOUNT

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

US 30 Wall Street

34,581.20 USD

D -0.07% M 1.52% Y 35.75%

US Tech 100 NAS

13,674.79 USD

D -0.02% M -2.10% Y 42.48%

US 500

4,206.67 USD

D -0.05% M -0.11% Y 37.68%

Germany 30

15,591.67 EUR

D -0.03% M 2.62% Y 30.62%

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Additions to crypto basket; JD Logistics rides the e-commerce bonanza

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