



GORDON T LONG
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Advanced Technical Analysis



Gordon T Long
Global Macro Research |
Macro-Technical Analysis



Technical Analysis
Market Road Maps | HPTZ
Methodology



SII
Global Macro Research |
Market Road Maps

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The background is a dark, pixelated digital display. It features various financial data points in green and cyan, including numbers like '0.14', '1.10', '\$37', and '30', along with upward and downward pointing triangles. The words 'EARNINGS SEASON' are prominently displayed in a large, white, pixelated font, with 'EARNINGS' on the top line and 'SEASON' on the bottom line. The overall aesthetic is that of a stock market ticker board.

**WHAT Q2 2022
EARNINGS REVEALED?**

AGENDA

WHAT Q2 EARNINGS REVEALED

OUR THINKING PRIOR TO Q2 EARNINGS

- Secular Interest Shift & A Consumer Led Recession?
- The Top-Down versus Bottom-Up Inflation Anomaly,

WHAT WE WERE LOOKING FOR

- Markets Are a Forward Valuation Discounting Mechanism,
- Expected Lead Time Pivot

WHAT WE LEARNED

- Trigger: Average Earnings Has Not Went Negative,

WHAT WE NOW EXPECT

- Short Term: Mid-Leg Relief Rally
- Fed Will Pivot Later than Expected (Recession “Blood on the Street”)

CONCLUSION

- Market Front Running Fed Pivot (Fed “L” Policy Thinking)
- A Secular US Consumer Recession (A “Cost-of-Living” Recession)
- The “Great Unrest” Will Bring Sustained Labor Pressures

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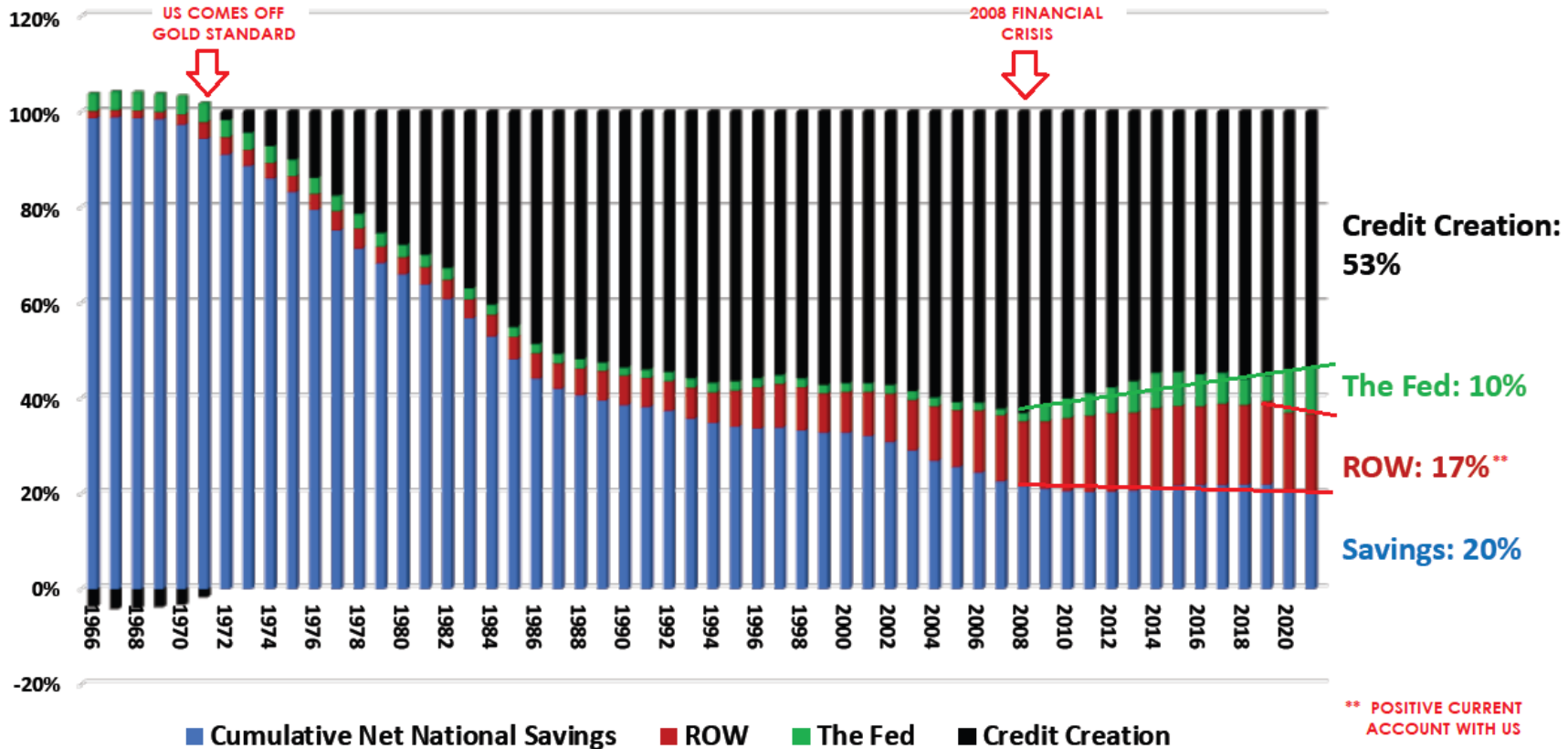
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Where Does The Money Come From To Fund The Debt?

Source Of Funding, % Breakdown from 1966 to 2021



Source: The Fed's Financial Accounts Of The United States; and the Bureau Of Economic Analysis

S&P 500 CFD

Monthly

2 CONTROLLERS:
 RESISTANCE ABOVE
 & SUPPORT BELOW



5600.000
 4600.000
 4155.171
 27d 10h
 3000.000
 2400.000
 1900.000
 1500.000
 1200.000
 950.000
 750.000
 465.000
 365.000
 285.000
 256.866
 235.000
 185.000
 150.000
 122.000
 99.500
 81.500
 66.500

The S&P Composite Index's Trailing 10-Year Nominal Earnings Yield



Dates: 1910 Through July 26th 2022

■ Recessions

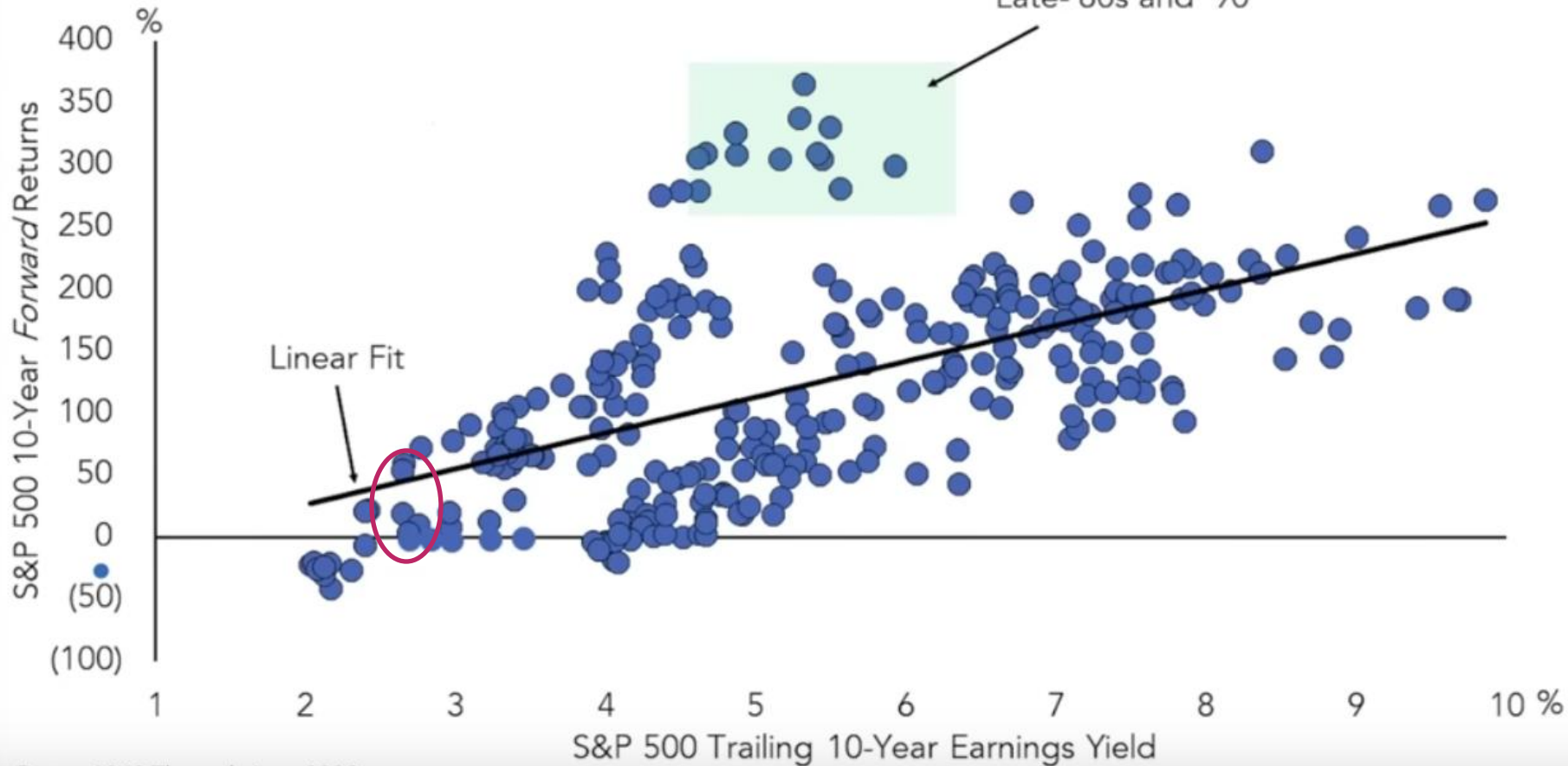
The Long-Term Upside for Stocks Looks Limited



The S&P Composite's Trailing 10-Year Annualized Returns

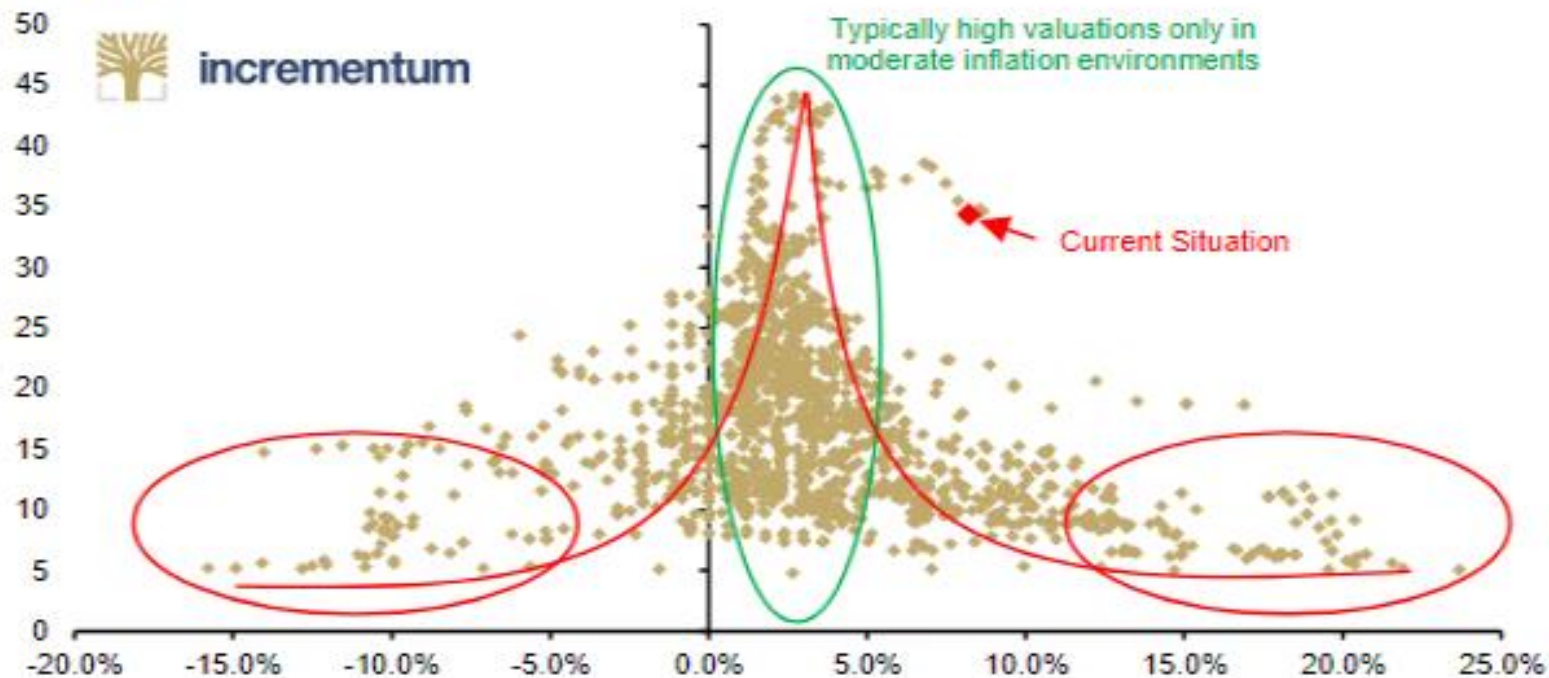


S&P 500 Trailing 10-Year Earnings Yield and Corresponding 10-Year *Forward* Returns



Dates: 1940 Through June 2022

CPI Inflation Rate (x-axis), and Shiller P/E Ratio (y-axis), 01/1900-04/2022



Source: Robert J. Shiller, Incrementum AG

10-Year Annualized Real Returns of Stocks and Bonds*, 01/1881-04/2022



Source: Robert J. Shiller, Incrementum AG

*Stocks = S&P 500 TR/Bonds = 10-Year US Treasuries

S&P 500 CFD

Monthly



RANGE

CONTROLLERS

- 1- Moving Averages
- 2- Fibonacci Extensions



S&P 500

4166.23
4d 11h

5000.00
4800.00
4600.00
4400.00
3800.00
3600.00
3400.00
3200.00
3000.00
2800.00
2600.00
2400.00
2200.00
2000.00
1800.00
1600.00
1400.00
1200.00
1000.00
800.00
600.00
0.00
-20.00

2007 2009 2011 2013 2015 2017 2019 2021 2023 2025 2027



S&P 500 CFD

Monthly



S&P 500 CFD

Monthly



A REDUCED US STANDARD OF LIVING

Household Net Worth as a Percentage of
Disposable Personal Income



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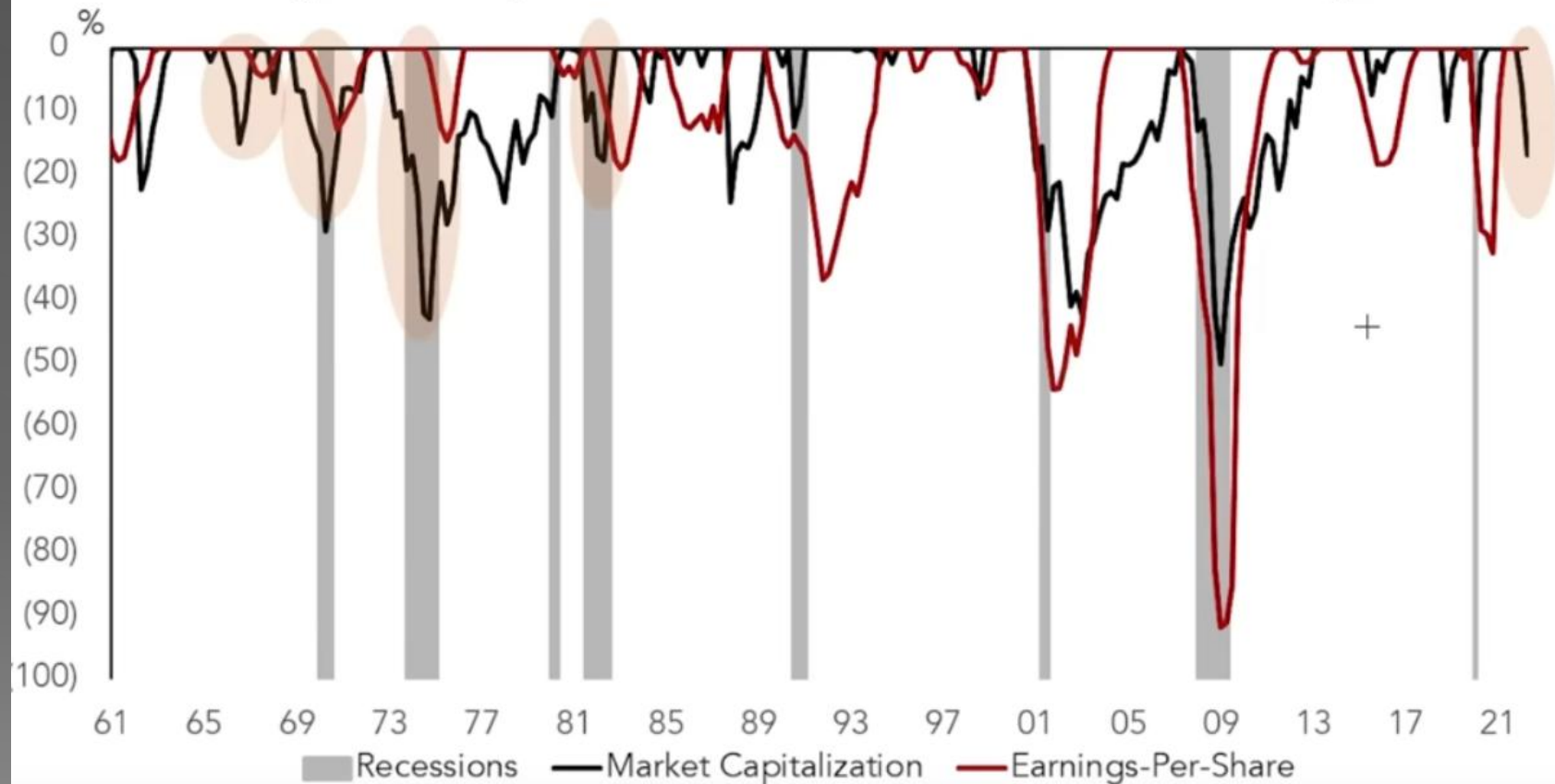
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MATASII's Q2 "Earnings Guidance Translator"

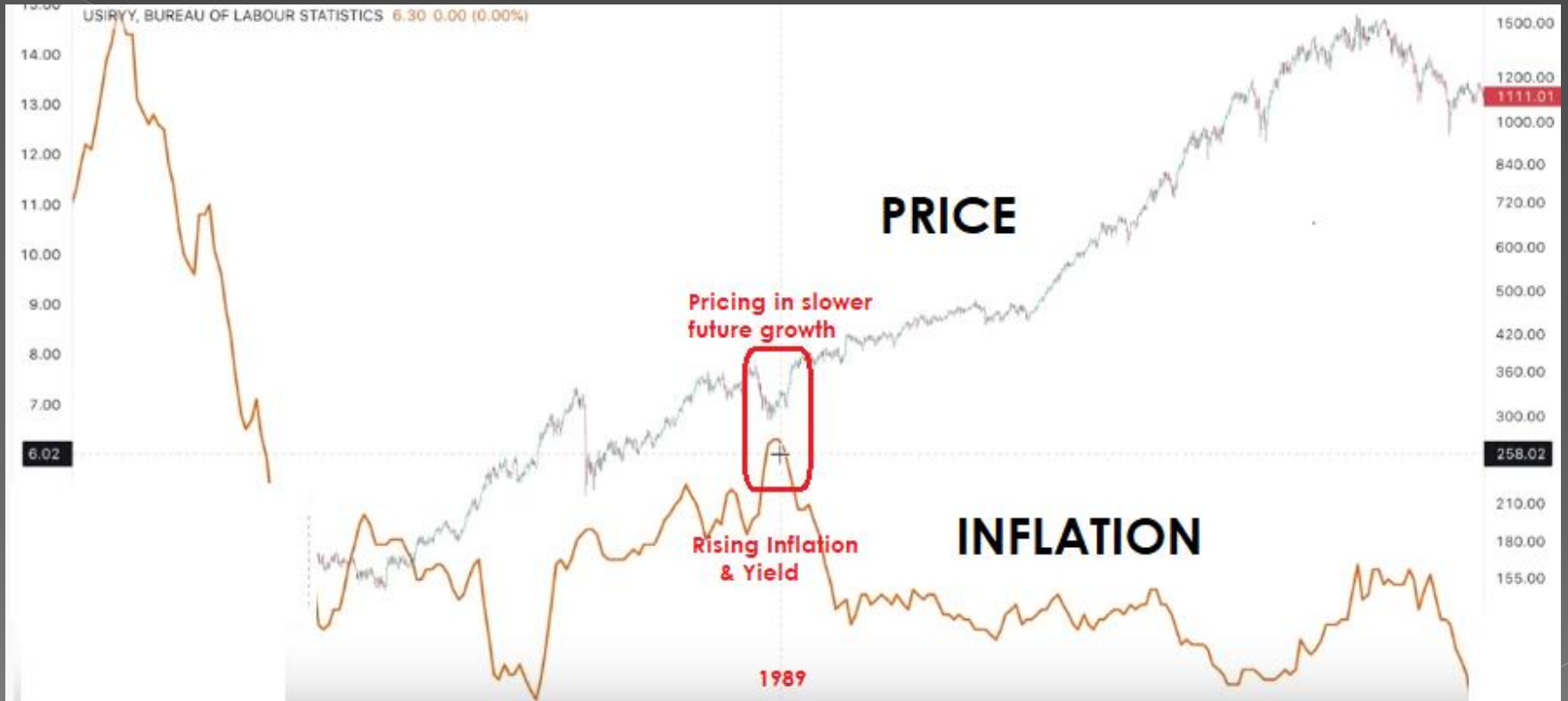




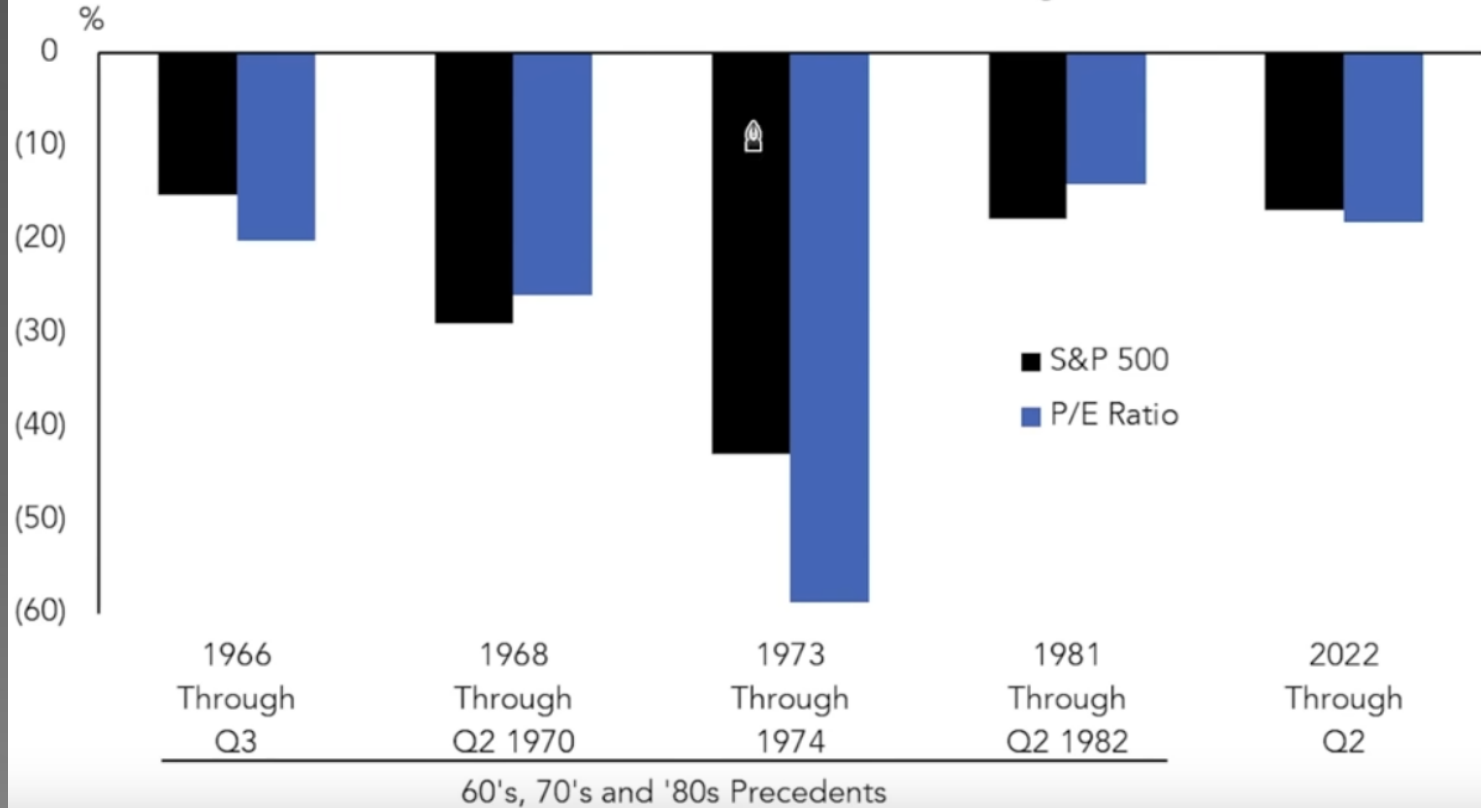
Peak-to-Trough Quarterly Drawdowns in the S&P 500 and in Earnings-Per-Share



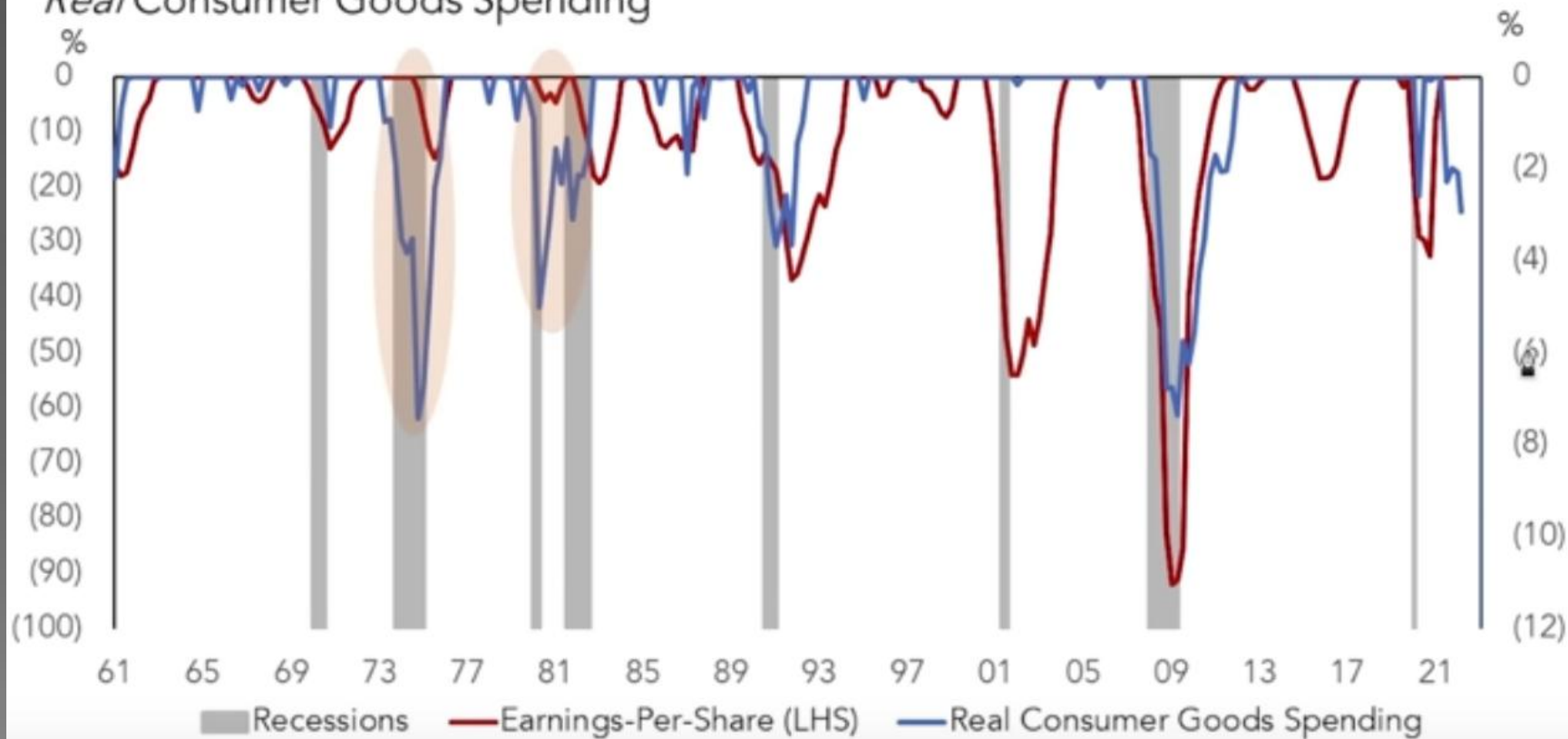
Dates: 1961 Through Q2 2022E



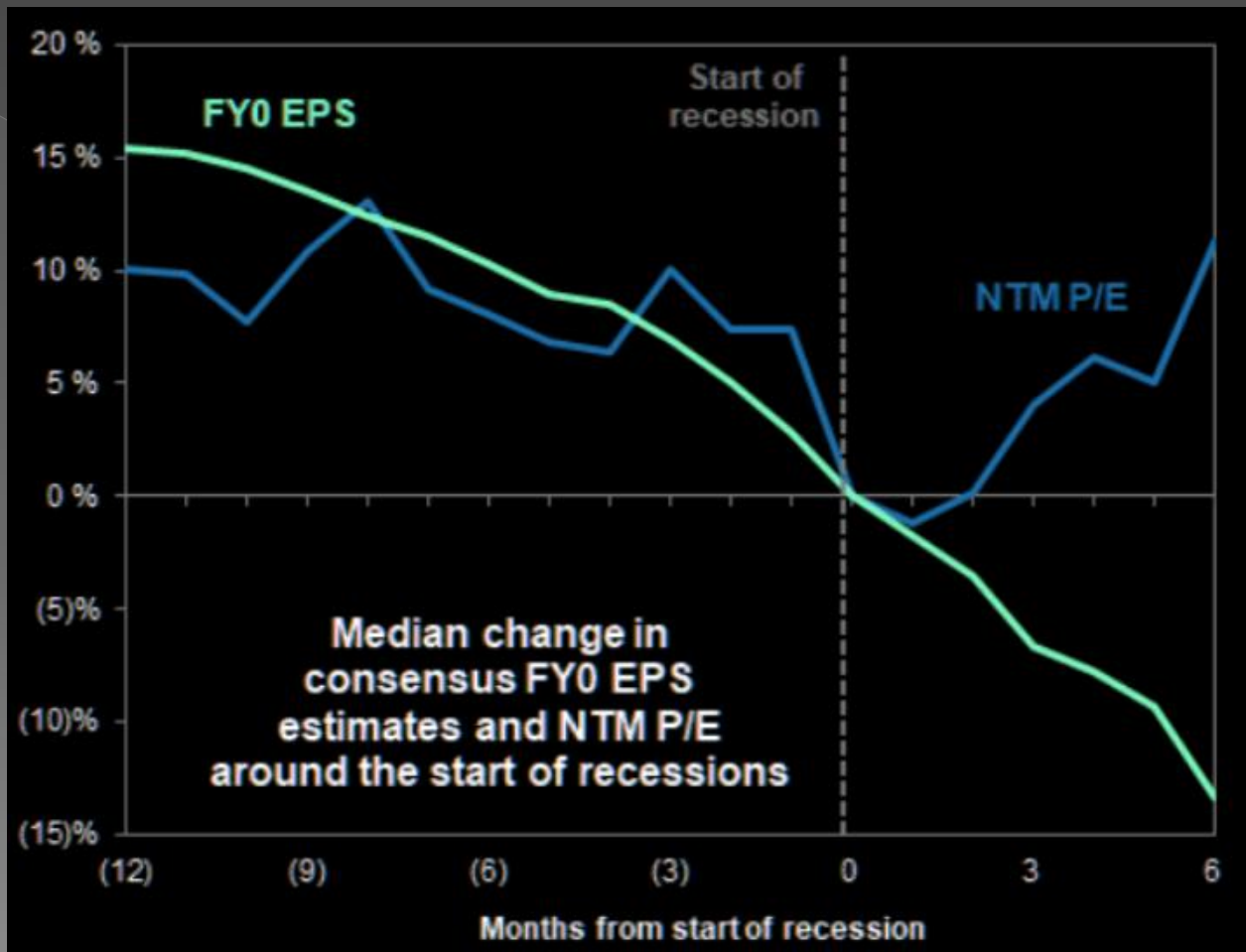
Select Drawdowns in the S&P 500 and Associated Changes in its P/E Ratio



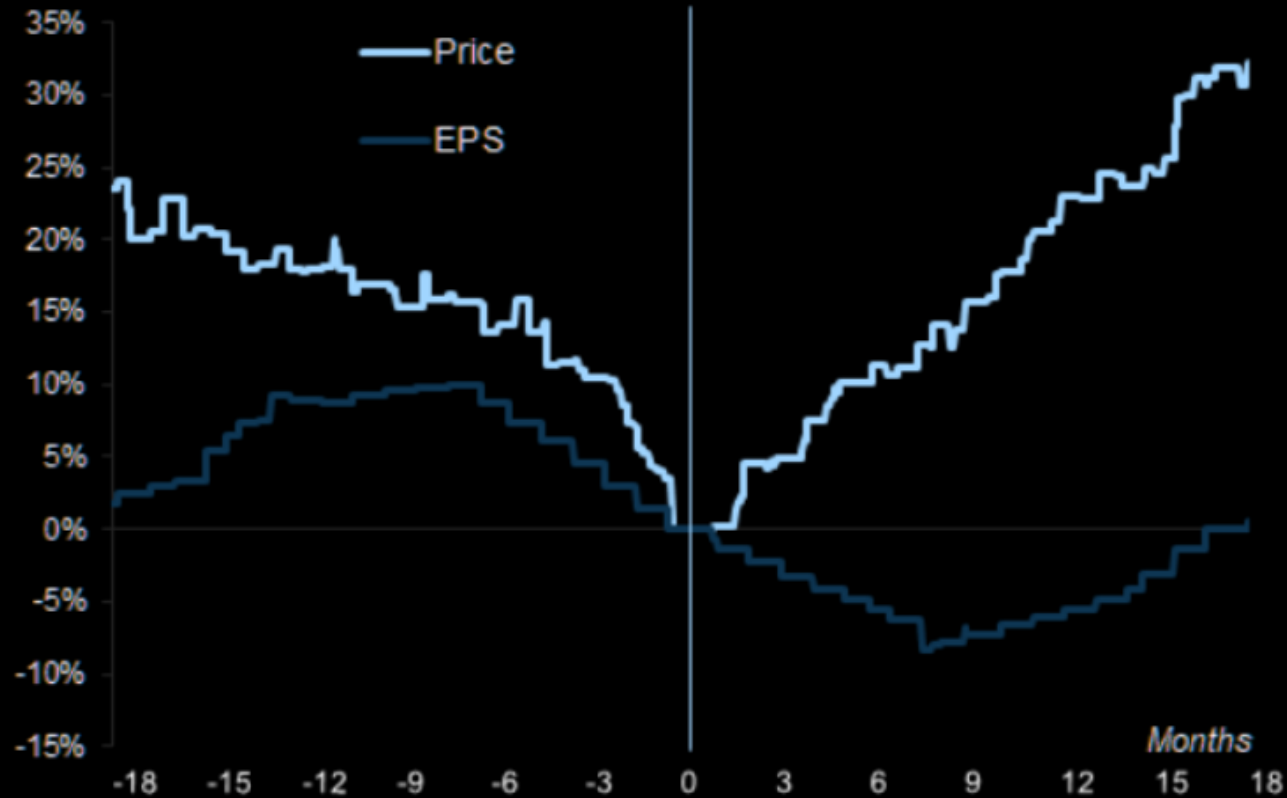
Peak-to-Trough Quarterly Drawdowns in the S&P 500 Earnings-Per-Share and in *Real*/Consumer Goods Spending



Dates: 1961 Through Q2 2022E



Time 0 = Bear market low, Time in months (US bear markets since 1903)



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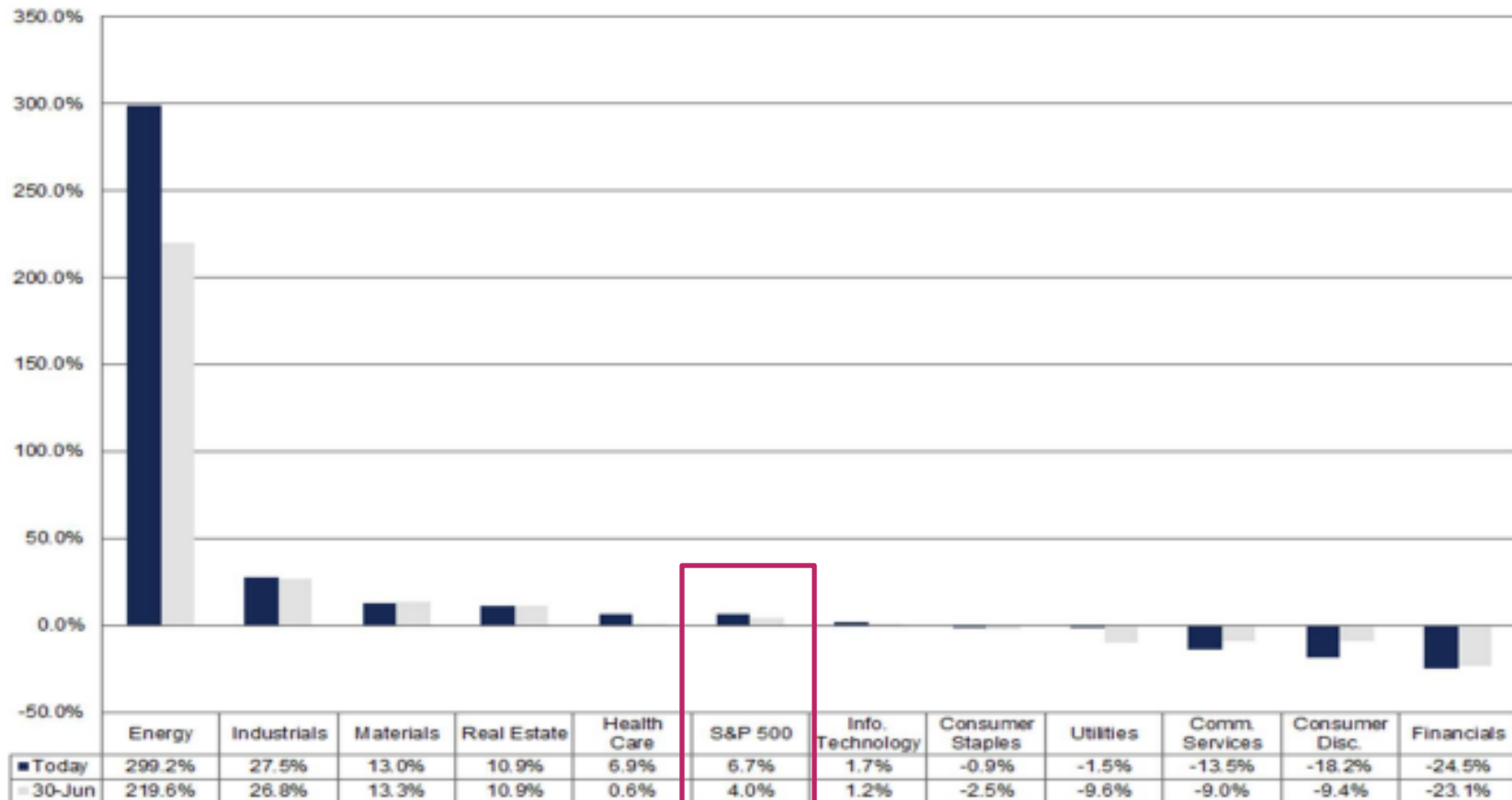
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KEY METRICS

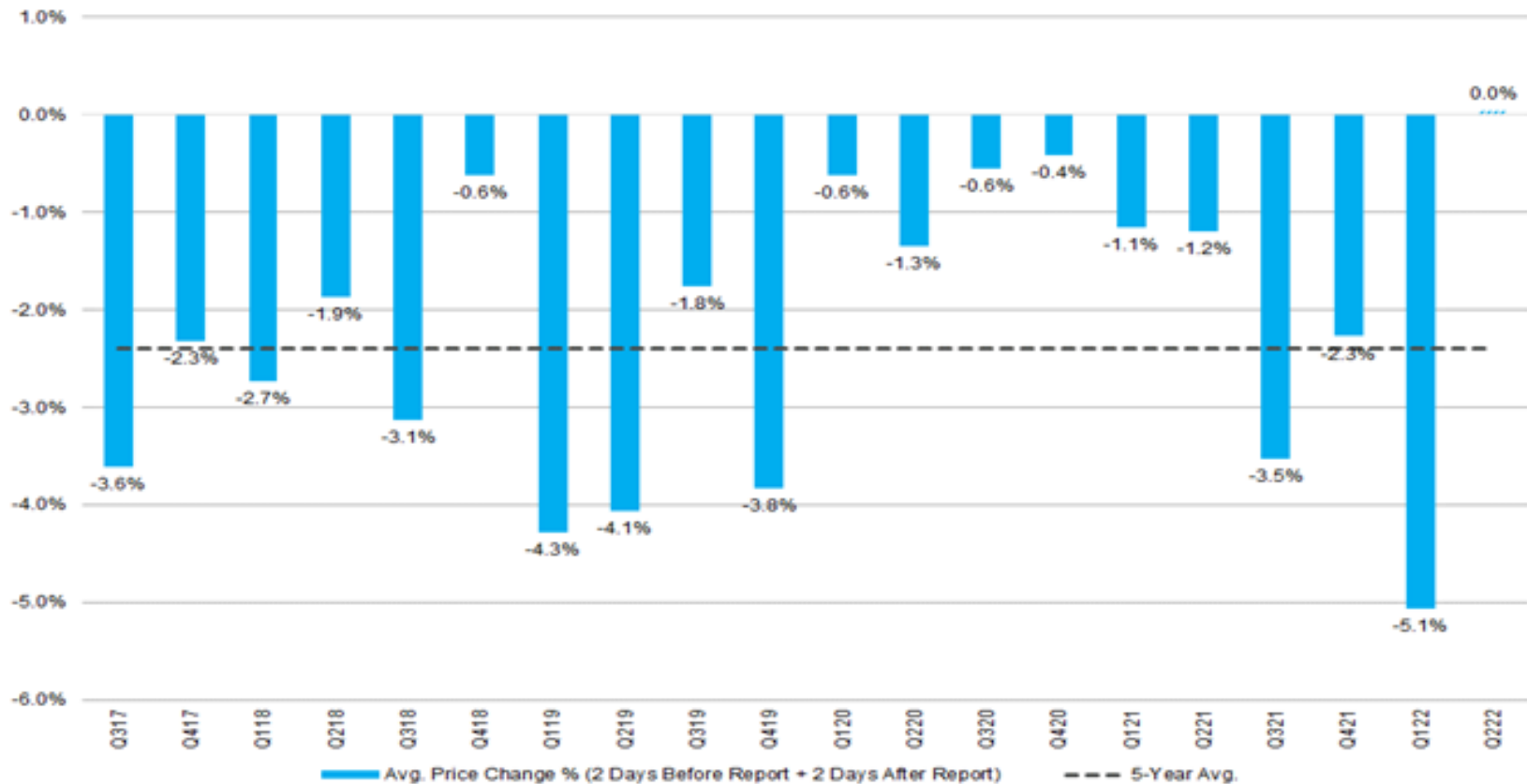
- **Earnings Scorecard:** For Q2 2022 (with 87% S&P 500 companies reporting actual results), 75% of S&P 500 companies have reported a positive EPS surprise and 70% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2022, the blended earnings growth rate for the S&P 500 is 6.7%. If 6.7% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (4.0%).
- **Earnings Guidance:** For Q3 2022, 42 S&P 500 companies have issued negative EPS guidance and 30 S&P 500 company has issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.5. This P/E ratio is below the 5-year average (18.6) but above the 10-year average (17.0).

S&P 500 Earnings Growth: Q2 2022

(Source: FactSet)



S&P 500 Negative EPS Surprises: Avg. Price Change % (5-Year) (Source: FactSet)



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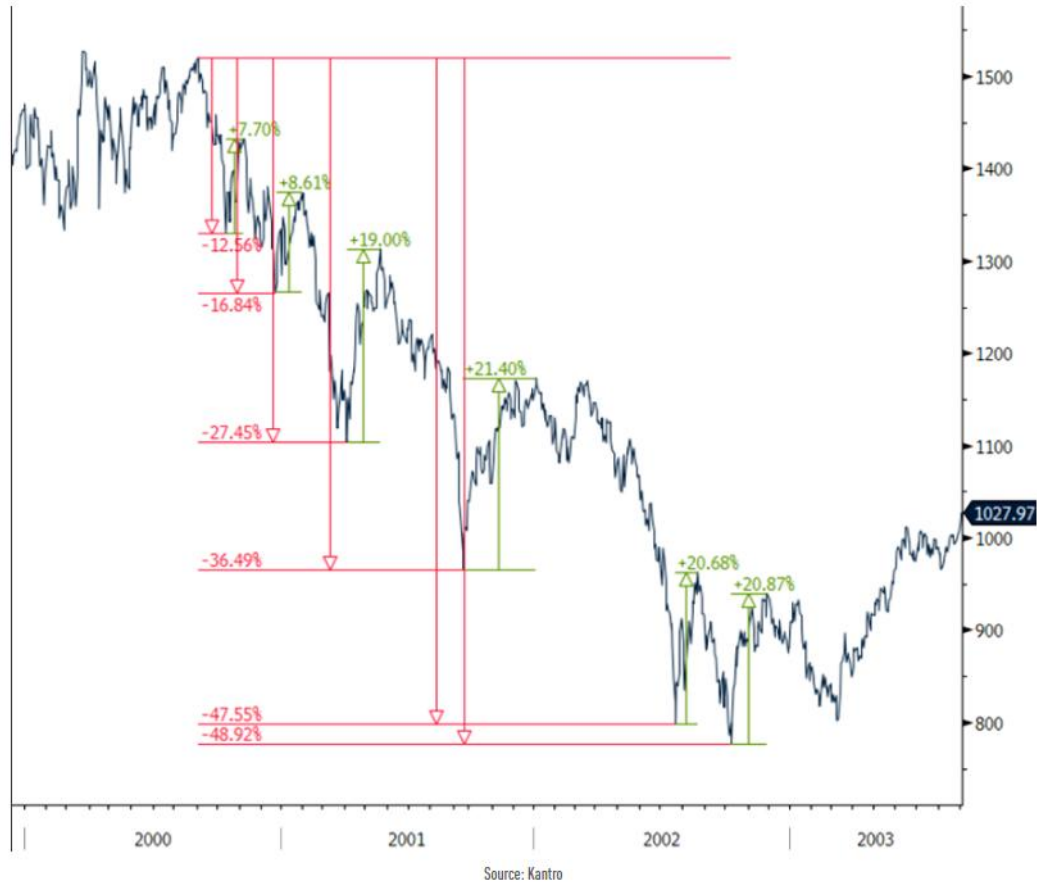
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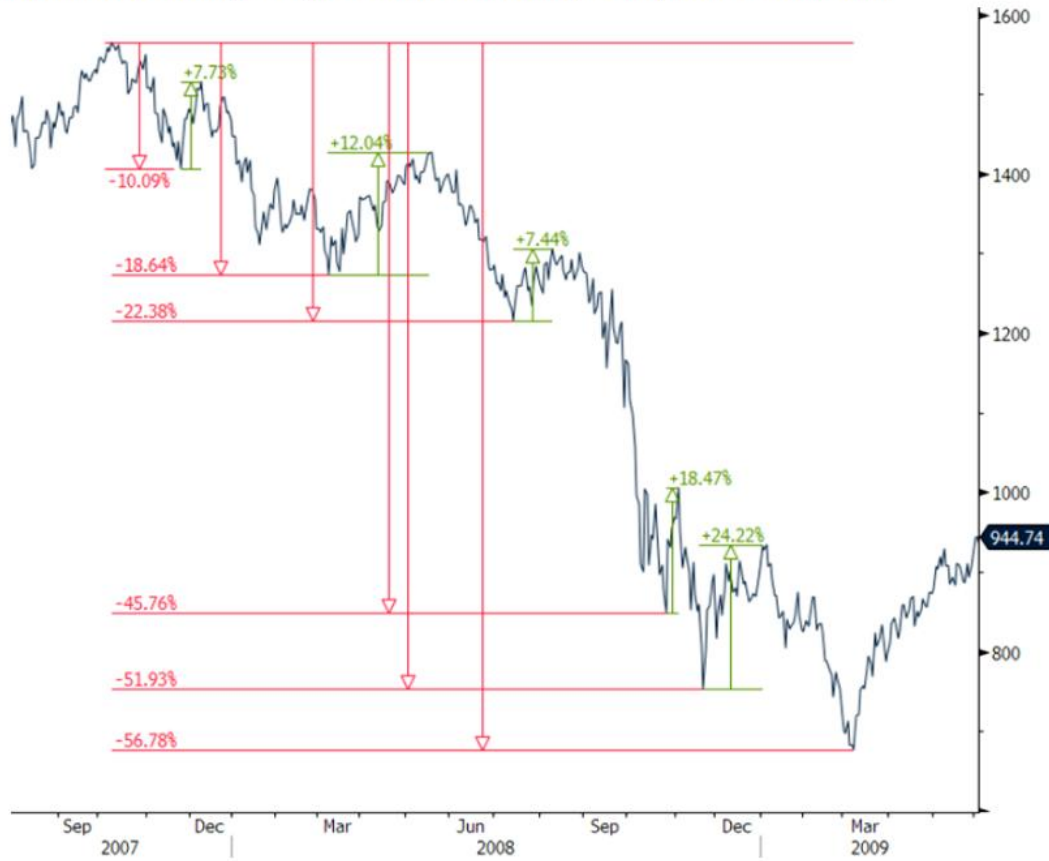
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Bear market rallies get larger as the bear market gets deeper and older (00-02)



The bear market rallies of 2000-2002

Bear market rallies get larger as the bear market gets deeper and older (08-09)



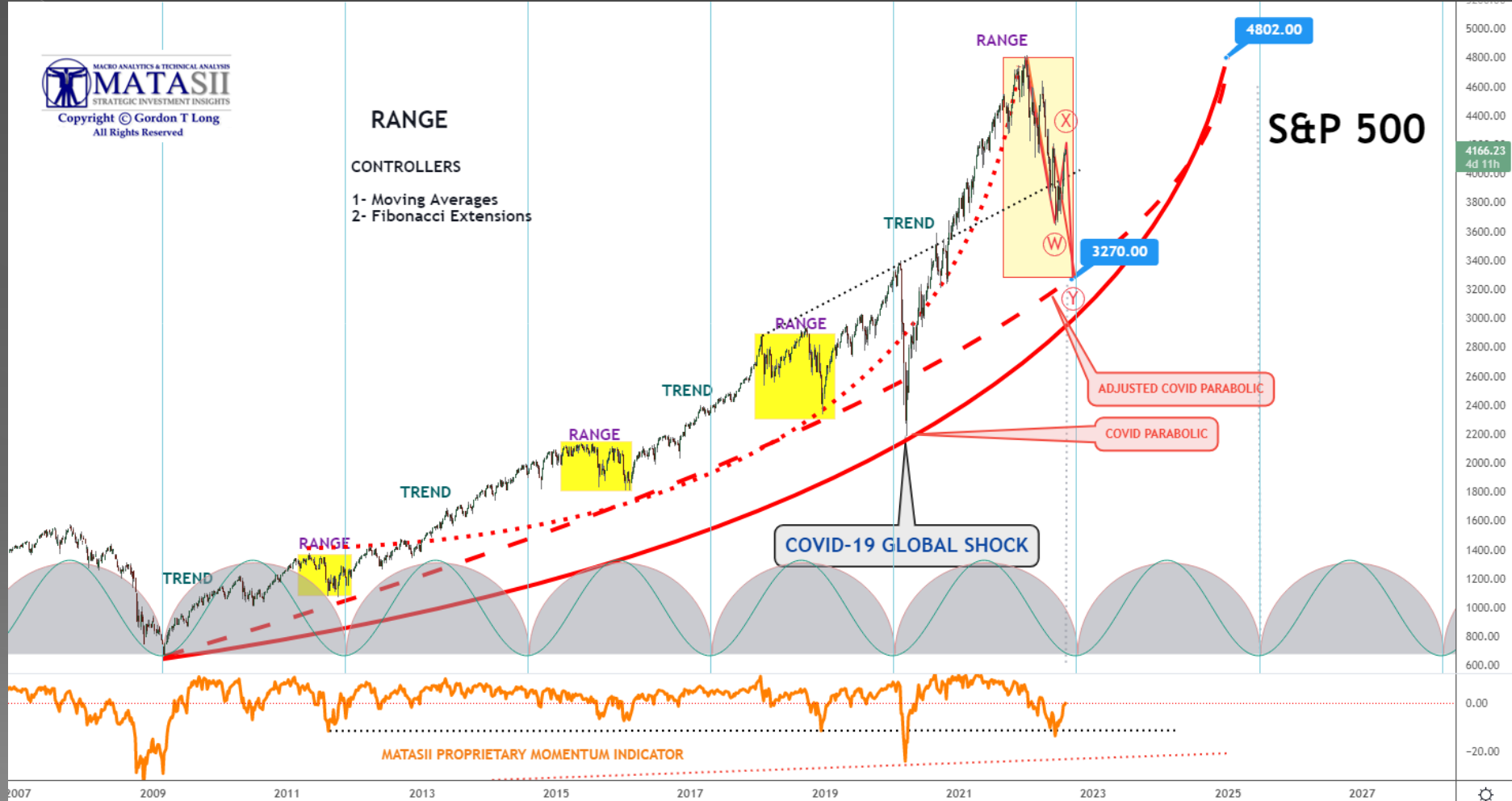
Source: Kantro

The bear market rallies of 2008-09

RANGE

CONTROLLERS

- 1- Moving Averages
- 2- Fibonacci Extensions



4166.23
4d 11h
4000.00

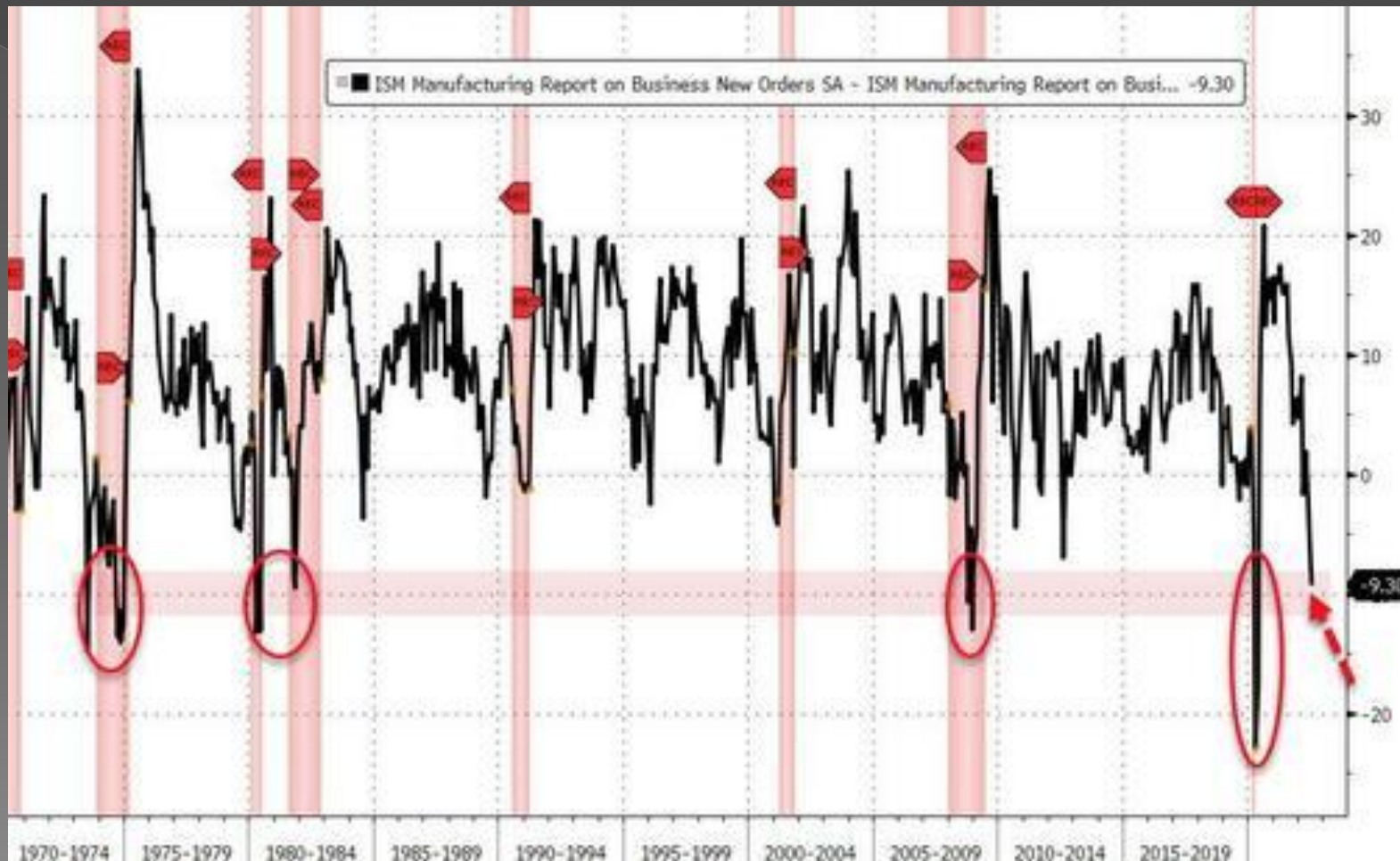




Current Financial Situation Compared to a Year Ago

(Monthly and three month moving average)







'Adjusted' US Misery Index

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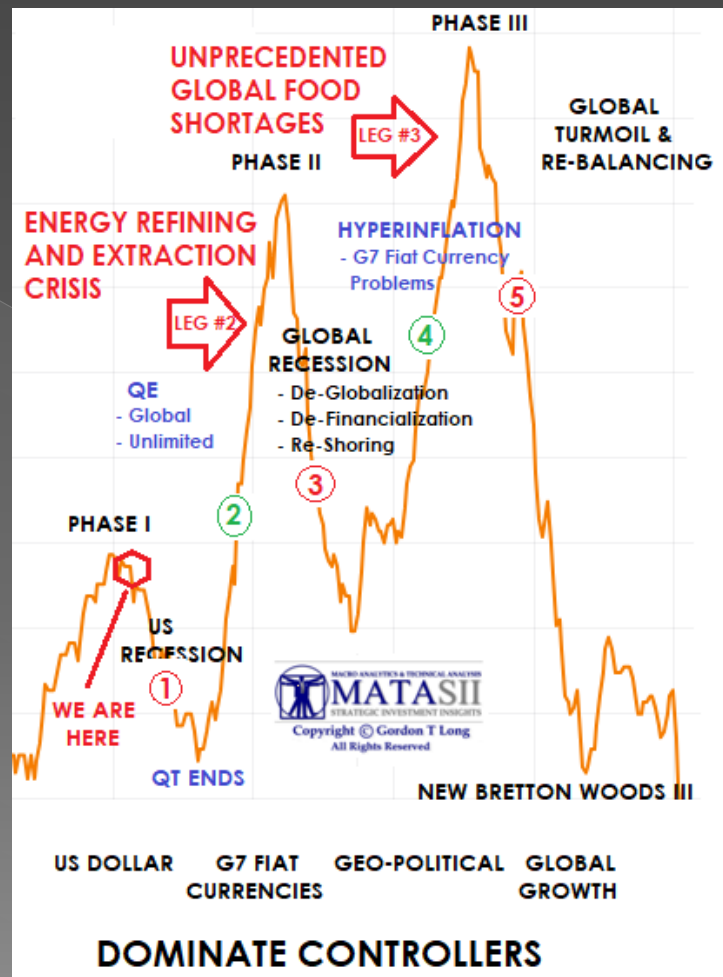
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INFLATION ERA



US INFLATION RATE - Y-O-Y

GLOBALIZATION: Deflationary Pressures

JAPAN ASIAN TIGERS CHINA GLOBAL SUPPLY CHAINS



Only Coming Through In Waves

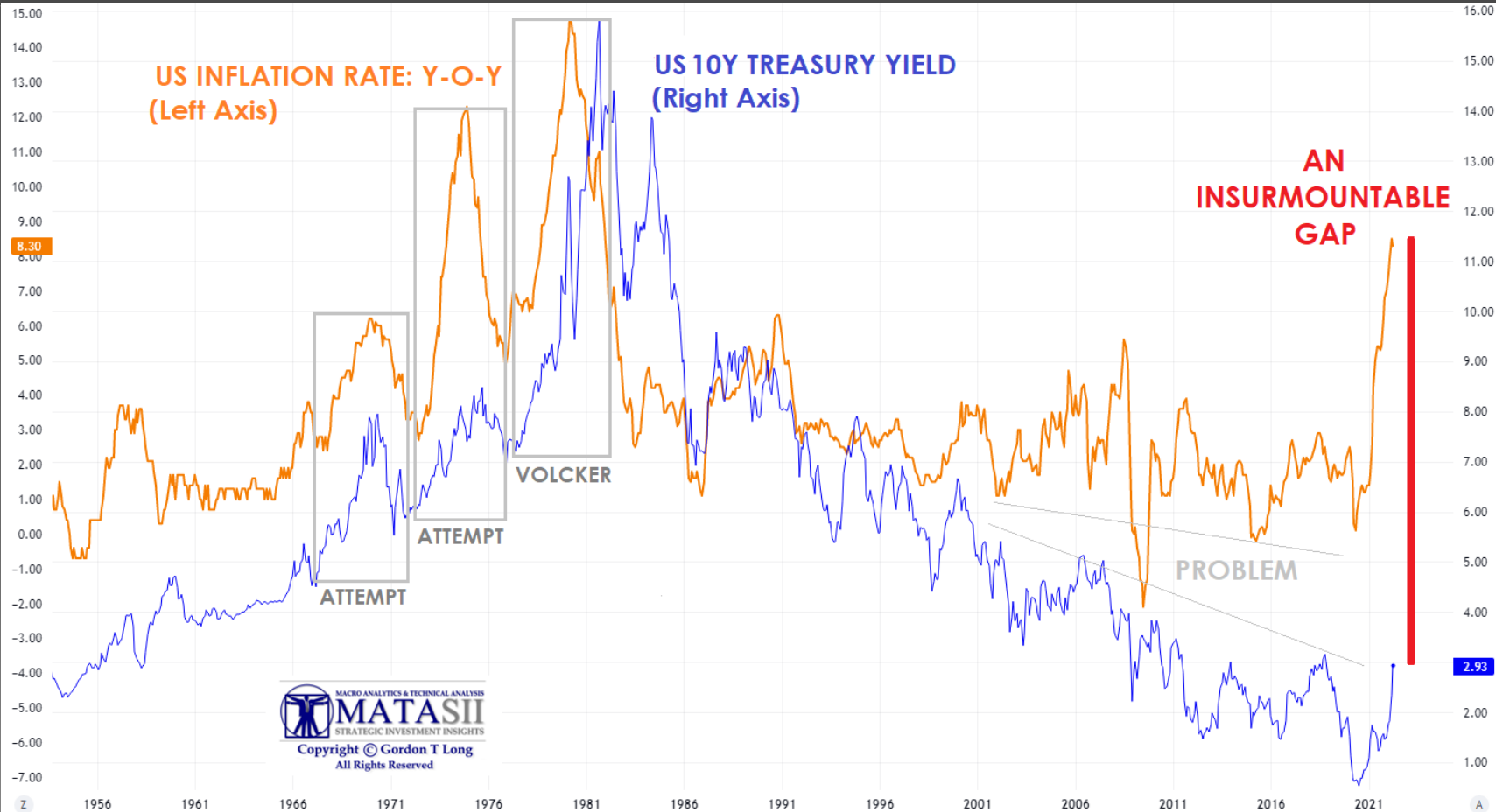
Historically, inflation tends not to stay elevated for long

■ US CPI Urban Consumers YoY NSA - Last Price



Source: Bloomberg

Bloomberg

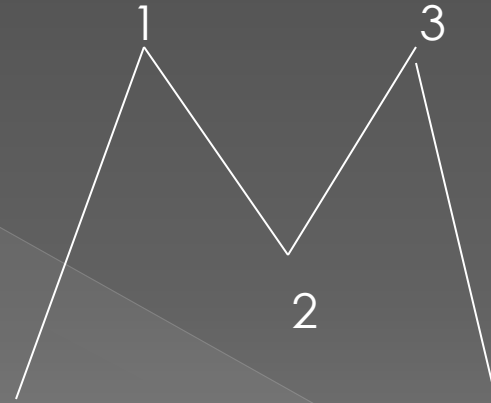


THE "M' TOP

INFLATION SCHEMATIC
(DRIVERS)



MARKET PRICING
(US\$)



S&P 500 CFD

Monthly



ADMINISTRATIONS CHANGE – BUT THE PRINTING NEVER DOES ...

DON'T WORRY, THEY WILL PRINT THE MONEY!

EVERYONE IS NOW IN PLACE & READY!!



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