

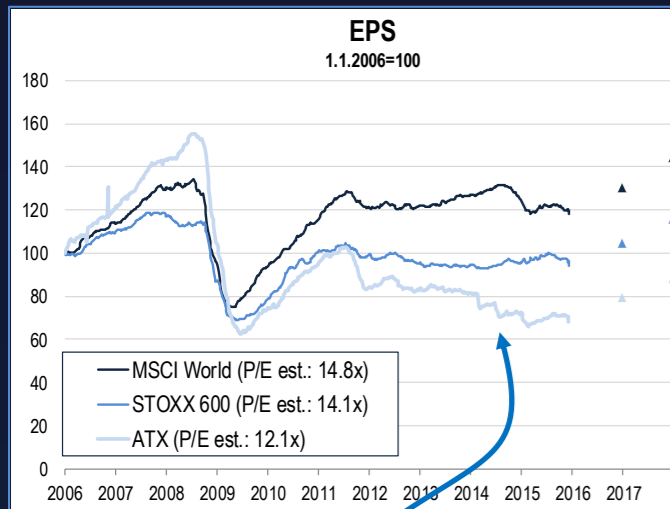
Earnings momentum by region

Mini tutorial

EPS: Consensus-estimated and rolling 12-month forward earnings per share.

Long-term momentum: Cross-over between 10-week and 40-week moving average measured in the number of weeks since signal occurred.

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Source: IR&M, Bloomberg. Chart shows 12-month forward EPS estimates indexed to 100. The triangles mark calendar year-end estimates.

Earnings momentum in Austria turned negative. The practical relevance is that Austria is often perceived as a (imperfect) proxy for things economic in Eastern Europe. The main trajectory of earnings estimates has been down for years. (They have Brazilian-esque political scandals there too.)

IR&M EPS momentum monitor	Long-term momentum				EPS change		EPS Jan 2011 - Dec 2015					
	Week:	53	1	2	3	(3M)	(12M)	2011	2012	2013	2014	2015
Equities by region												
MSCI World	-6	-7	-8	-9	-1	-4						
Europe (STOXX 600)	-11	-12	-13	-14	-1	0						
Eurozone (Euro STX 50)	-8	-9	-10	-11	-2	0						
MSCI Emerging Markets	-131	-132	-133	-134	-4	17						
MSCI Asia Pacific ex Japan	-61	-62	-63	-64	-3	13						
MSCI EM Eastern Europe	-148	-149	-150	-151	10	23						
MSCI EM Latin America	-72	-73	-74	-75	-2	32						
Americas												
USA (S&P 500)	26	27	28	29	0	0						
USA (Nasdaq)	119	120	121	122	0	3						
USA (Dow Industrial)	-6	-7	-8	-9	0	1						
USA (Dow Transport)	237	238	239	240	5	1						
USA (Russell 2000)	-5	-6	-7	-8	-2	-4						
Canada (SPTSX 60)	23	24	-1	-2	-1	-2						
Brazil (Bovespa)	13	14	15	16	-3	-9						
Mexico (IPC)	-6	-7	1	2	-1	-2						
Europe												
Austria (ATX)	23	24	25	-1	-1	-3						
Belgium (Bel 20)	143	144	145	146	0	8						
Denmark (OMX Copen 20)	193	194	195	196	-2	14						
Finland (OMX Helsinki)	-3	-4	-5	-6	-1	6						
France (CAC 40)	35	36	-1	-2	-2	3						
Germany (DAX 30)	-6	-7	-8	-9	-2	5						
Ireland (ISEQ)	144	145	146	147	4	34						
Italy (FTSE MIB)	-1	-2	-3	-4	-2	-2						
Netherlands (AEX)	-4	-5	-6	-7	-3	-3						
Norway (OBX)	-46	-47	-48	-49	-5	15						
Portugal (PSI 20)	51	52	53	54	-1	25						
Spain (IBEX 35)	-8	-9	-10	-11	-4	-2						
Sweden (OMX 30)	-7	-8	-9	-10	-3	3						
Switzerland (SMI)	19	20	21	22	-1	-7						
Turkey (BIST National 100)	77	78	79	80	4	7						
UK (FTSE100)	-59	-60	-61	-62	-3	13						
UK (FTSE 250)	-48	-49	-50	-51	1	-1						
Asia Pacific												
Australia (S&P/ASX)	-57	-58	-59	-60	-3	-8						
China (Shanghai Composite)	-55	-56	-57	-58	-1	-4						
China (CSI 300)	-8	-9	-10	-11	-4	-1						
China (HSCEI)	-49	-50	-51	-52	-5	12						
Hong Kong (Hang Seng)	-52	-53	-54	-55	-1	-6						
India (Nifty)	-29	-30	-31	-32	-1	-6						
Indonesia (Jakarta Composite)	-43	-44	-45	-46	10	14						
Japan (Nikkei 225)	148	149	150	151	0	0						
Malaysia (KLCI)	-67	-68	-69	-70	0	-5						
New Zealand (NZX 50 Gross)	112	113	114	115	3	1						
Singapore (STI)	-18	-19	-20	-21	-2	-3						
South Korea (Kospi)	-18	-19	-20	-21	1	1						
Taiwan (TWSE)	-19	-20	-21	-22	-1	-3						
Thailand (SET)	-52	-53	-54	-55	0	-6						

The most important thing here is that earnings momentum for the MSCI World is mildly negative.

Percentage positive*:

Week	53	1	2	3
All	25	25	23	22

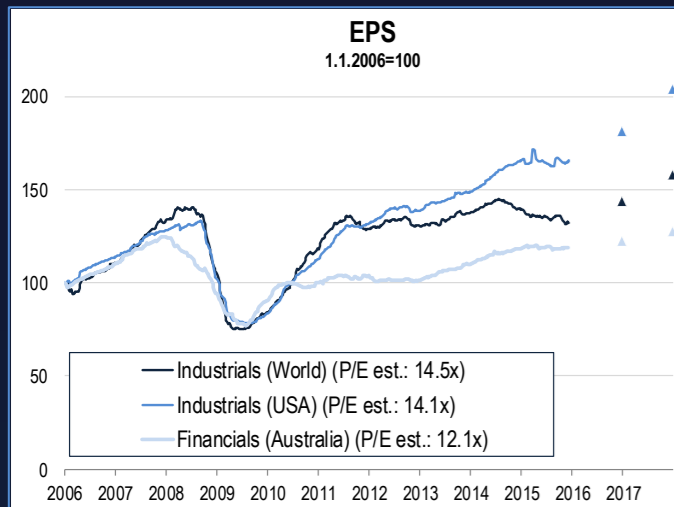
The percentage of indices with positive earnings momentum is falling. From the indices shown on this page, 22% indices have positive earnings momentum. This compares to 25% three weeks ago.

EPS change in Japan over the past three months (from end of September to end of December) is approximately zero.

Earnings momentum by sector (1/2)

Mini tutorial

EPS: Consensus-estimated 12-month forward earnings per share.
 Long-term momentum: Cross-over between 10-week and 40-week moving average measured in the number of weeks since signal occurred.
 Sectors: 88 largest sectors by market cap as of Dec 2015. Sequence of sectors is by cyclicity, most cyclical first. Less cyclical sectors are on the next page. Within a sector, sectors were sorted by market cap in USD as of Dec 2015.



US Industrials and Australian Financials have turned positive; in both cases from a high (or elevated) base.

IR&M EPS momentum monitor	Long-term momentum				EPS change		EPS Jan 2011 - Dec 2015						
	Week:	53	1	2	3	(3M)	(12M)	2011	2012	2013	2014		2015
Consumer Discretionary													
World	31	32	33	34	2	6							World
USA	340	341	342	343	2	0							USA
Europe	-6	-7	-8	-9	-1	8							Europe
Japan	151	152	153	154	3	0							Japan
France	32	33	34	35	2	7							France
Germany	-11	-12	-13	-14	-2	0							Germany
UK	74	75	76	77	1	1							UK
China	-20	-21	-22	-23	-29	-33							China
South Korea	-94	-95	-96	-97	1	-17							South Korea
Spain	68	69	70	71	4	6							Spain
Materials													
World	-63	-64	-65	-66	-10	-24							World
Europe	-56	-57	-58	-59	-11	-25							Europe
USA	-10	-11	-12	-13	-5	-7							USA
Japan	-10	-11	-12	-13	-9	-4							Japan
Germany	-7	-8	-9	-10	-8	-2							Germany
UK	-61	-62	-63	-64	-25	-60							UK
Industrials													
World	-60	-61	-62	-63	-2	-5							World
USA	-6	-7	-8	1	-1	0							USA
Europe	-8	-9	-10	11	-2	2							Europe
Japan	-7	-8	-9	-10	-4	-1							Japan
France	-1	-2	1	2	-1	0							France
UK	-40	-41	-42	-43	-5	-9							UK
Germany	19	20	21	22	-1	0							Germany
China	-4	-5	-6	-7	-3	5							China
Financials													
World	-6	-7	-8	-9	-2	-3							World
USA	191	192	193	194	0	3							USA
Europe	-7	-8	-9	-10	-3	2							Europe
Japan	191	192	193	194	1	14							Japan
UK	-39	-40	-41	-42	-3	-9							UK
China	-36	-37	-38	-39	-4	-8							China
Canada	202	203	204	205	1	7							Canada
Australia	-19	-20	-21	1	0	0							Australia
Hong Kong	-26	-27	-28	-29	0	0							Hong Kong
France	33	34	35	36	0	5							France
Switzerland	-1	-2	-3	-4	-4	-4							Switzerland
Germany	-6	-7	-8	-9	-8	-4							Germany
Spain	-6	-7	-8	-9	-2	0							Spain
Italy	125	126	127	128	-2	7							Italy
Information Technology													
World	129	130	131	132	0	3							World
USA	128	129	130	131	0	3							USA
China	-15	-16	-17	-18	-6	-7							China
Japan	149	150	151	152	-1	1							Japan
Europe	155	156	157	158	2	14							Europe
Taiwan	-21	-22	-23	-24	0	-4							Taiwan

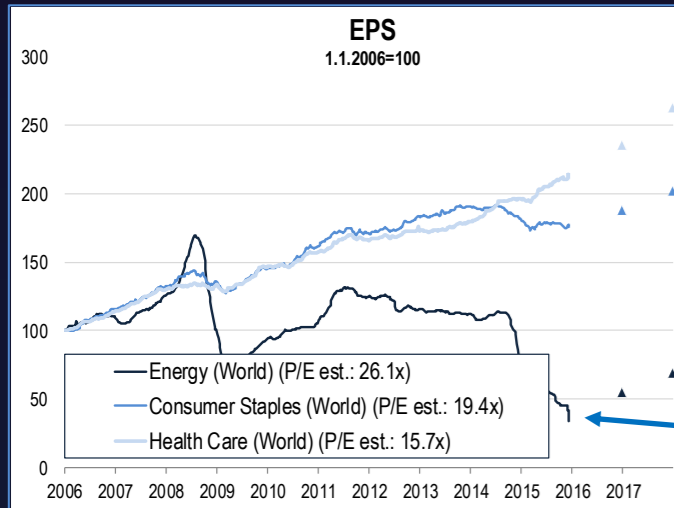
The most important thing here is that Materials remains weak.

Percentage positive*				
Week	53	1	2	3
All 5 sectors	36	36	39	43
Con. Dis.	60	60	60	60
Materials	0	0	0	0
Industrials	13	13	25	38
Financials	36	36	36	43
IT	67	67	67	67

This page shows the most cyclical five sectors. The percentage of indices with positive earnings momentum is either stable or rising.

Source: IR&M, Bloomberg. Based on MSCI sector indices, except US, where S&P 500 sector indices were used. *Percentage positive refers to the percentage of indices where earnings momentum is positive.

Earnings momentum by sector (2/2)



Source: IR&M, Bloomberg. Chart shows 12-month forward EPS estimates indexed to 100. The triangles mark calendar year-end estimates.

IR&M EPS momentum monitor	Long-term momentum				EPS change		EPS Jan 2011 - Dec 2015						
	Week:	53	1	2	3	(3M)	(12M)	2011	2012	2013	2014		2015
Energy													
World	-62	-63	-64	-65	-11	-46							World
USA	-62	-63	-64	-65	-14	-52							USA
Europe	-16	-17	-18	-19	-7	-29							Europe
UK	-57	-58	-59	-60	-6	-34							UK
Canada	-8	-9	-10	-11	-5	-43							Canada
Russia	-74	-75	-76	-77	11	-26							Russia
France	-10	-11	-12	-13	-2	-9							France
China	-61	-62	-63	-64	13	-47							China
Italy	-61	-62	-63	-64	11	-48							Italy
Telecom													
World	24	25	26	27	0	2							World
Europe	-13	-14	-15	-16	-1	1							Europe
USA	32	33	34	35	1	7							USA
Japan	25	26	27	28	2	0							Japan
UK	-32	-33	-34	-35	-1	-4							UK
Canada	63	64	65	66	2	4							Canada
Utilities													
World	-1	-2	-3	-4	-2	-2							World
USA	150	151	152	153	1	4							USA
Europe	-15	-16	-17	-18	-1	-3							Europe
Spain	89	90	91	92	2	9							Spain
UK	16	17	18	19	0	-2							UK
France	-3	-4	-5	-6	-3	-4							France
Japan	65	66	67	68	-8	30							Japan
Italy	-43	-44	-45	-46	-1	-5							Italy
Consumer Staples													
World	-6	-7	-8	-9	0	-3							World
USA	25	26	27	28	0	0							USA
Europe	2	3	-1	-2	1	6							Europe
UK	3	4	5	6	1	-2							UK
Japan	33	34	35	36	2	1							Japan
Switzerland	-3	1	2	3	0	-5							Switzerland
Belgium	-15	-16	-17	-18	2	7							Belgium
France	-10	-11	-12	-13	0	4							France
Netherlands	92	93	94	95	2	2							Netherlands
South Korea	87	88	89	90	2	17							South Korea
Germany	73	74	75	76	2	8							Germany
Health Care													
World	195	196	197	198	2	9							World
USA	336	337	338	339	2	3							USA
Europe	78	79	80	81	1	8							Europe
Switzerland	19	20	21	22	1	-5							Switzerland
Japan	96	97	98	99	8	17							Japan
UK	2	3	4	5	2	-1							UK
Germany	82	83	84	85	1	14							Germany
France	-5	-6	-7	-8	-4	7							France
China	-23	-24	-25	-26	4	0							China
Sweden	-34	-35	-36	-37	0	-14							Sweden

The most important thing here is that Energy remains weak.

Percentage positive*:				
Week	53	1	2	3
All 5 sectors	50	52	50	50
Energy	0	0	0	0
Telecom	67	67	67	67
Utilities	50	50	50	50
Con. Stap.	64	73	64	64
Health Care	70	70	70	70

Energy remains weakest sector.

Source: IR&M, Bloomberg. Based on MSCI sector indices, except US, where S&P 500 sector indices were used. *Percentage positive refers to the percentage of indices where earnings momentum is positive.

Counts number of weeks since the crossing; green is up, red is down. "Green 13" for example means the 10-week moving average crossed the slower 40-week moving average from below 13 weeks prior to week 46, i.e., in week 33.

Calendar week

EPS: consensus-estimated 12-month forward earnings per share (change is based on last three and twelve full months).

Five-year range/heat map; i.e., colour-coding of last 60 month-end EPS estimates. Green indicates rolling forward EPS at 5-year high; red at 5-year low.

Reading help: Long-term earnings momentum for the MSCI World turned negative in calendar week #48. EPS estimates for the MSCI Emerging Markets fell by 13% from 1st December 2014 to 30th November 2015. In December 2015, EPS in the Dow Transport Index had been rising more or less gradually for 233 weeks.

IR&M EPS momentum monitor	Long-term momentum				EPS change		EPS change Dec 2010 - Nov 2015					
	Week:	46	47	48	49	(3M)	(12M)	2011	2012	2013	2014	2015
Equities by region												
MSCI World	13	14	-1	-2	-2	-6						
Europe (STOXX 600)	-4	-5	-6	-7	-1	2						
Eurozone (Euro STX 50)	-1	-2	-3	-4	-4	0						
MSCI Emerging Markets	-60	-61	-62	-63	-3	-13						
MSCI Asia Pacific ex Japan	-54	-55	-56	-57	-2	-12						
MSCI EM Eastern Europe	-141	-142	-143	-144	-6	-26						
MSCI EM Latin America	-65	-66	-67	-68	-4	-34						
Americas												
USA (S&P 500)	19	20	21	22	0	-1						
USA (Nasdaq)	112	113	114	115	0	3						
USA (Dow Industrial)	24	25	-1	-2	-1	-2						
USA (Dow Transport)	230	231	232	233	6	15						
USA (Russell 2000)	15	16	17	18	-1	-5						
Canada (SPTSX 60)	16	17	18	19	-2	-9						
Brazil (Bovespa)	5	6	7	8	2	-11						
Mexico (IPC)	14	15	16	-1	-3	-2						
Europe												
Austria (ATX)	17	18	19	20	-1	-3						
Belgium (Bel 20)	136	137	138	139	0	9						
Denmark (OMX Copen 20)	186	187	188	189	-1	15						
Finland (OMX Helsinki)	147	148	149	150	-2	7						
France (CAC 40)	28	29	30	31	0	4						
Germany (DAX 30)	134	135	-1	-2	-4	6						

Reading help: Horizontal comparison of heat map allows comparison of current EPS estimates with its own 5-year history. Vertical comparison allows comparison between different markets.

Changes in long-term momentum are marked.

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