

PACIFIC NORTHWEST ADVISORY

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# Headlines

# Bloomberg

Markets

**China's Growth Forecasts Raised Into Next Year as Country Reopens**

**Google to Cut 12,000 Jobs in 6% Reduction of Global Workforce**

Economics | Indicators

**Weak US Retail Sales, Factory Data Heighten Recession Concerns**

- Purchases decreased 1.1% in December, missing median estimate
- Manufacturing decline was broad, included autos, machinery

**That Giant Sucking Sound Is the Exit From US Stocks**

**The Market Meltdown Is Set To Continue**

Jan. 19, 2023 10:55 AM ET | [S&P 500 Futures \(SPX, SPY | VXX\)](#) | 1 Comment | 4 Likes



Danil Sereda

Marketplace

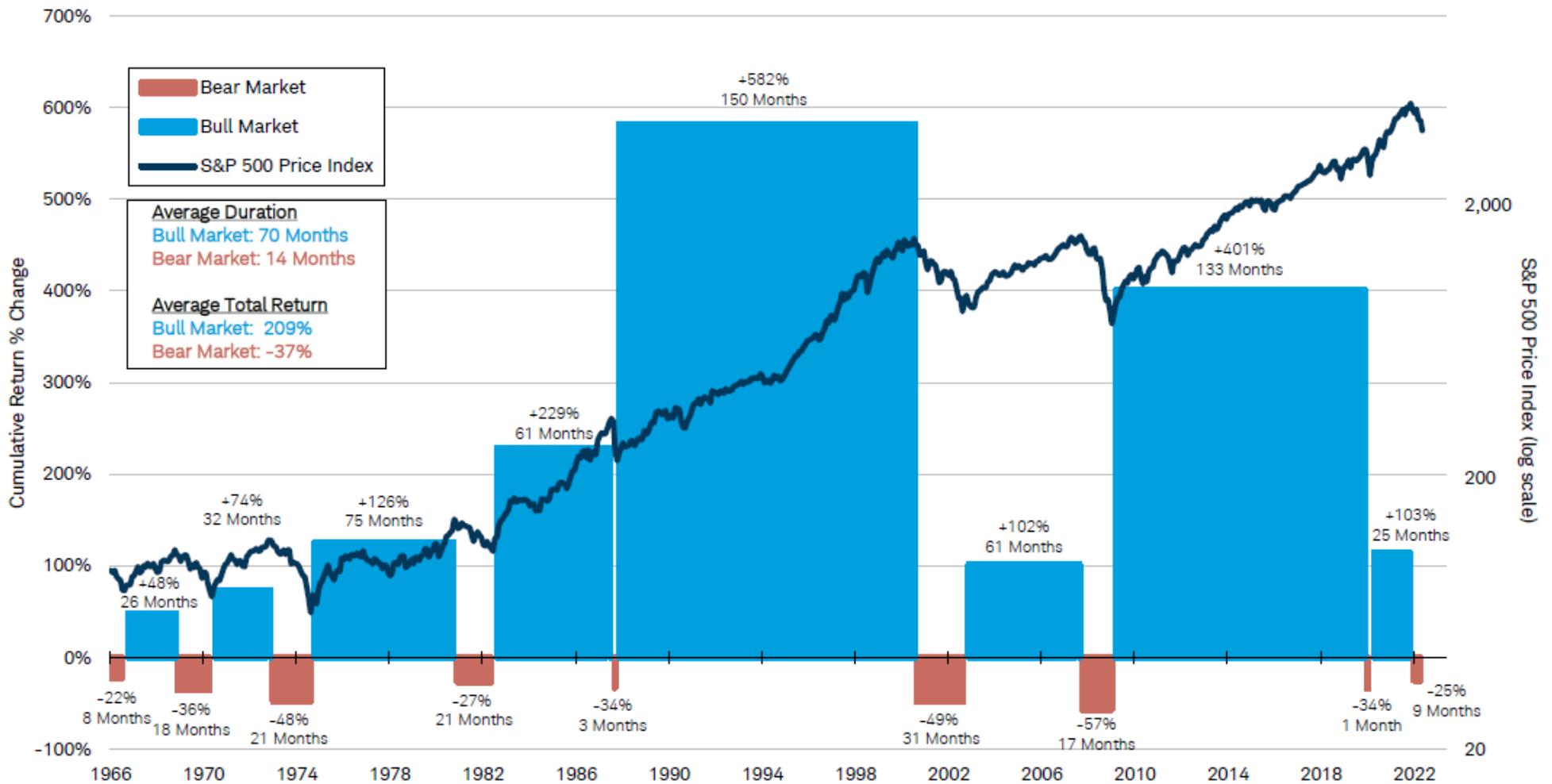
Economics | Indicators

**Japan's Retail Sales Fall as Pent-up Demand Cools Amid Inflation**

By [Erica Yokoyama](#)

December 26, 2022 at 6:40 PM PST

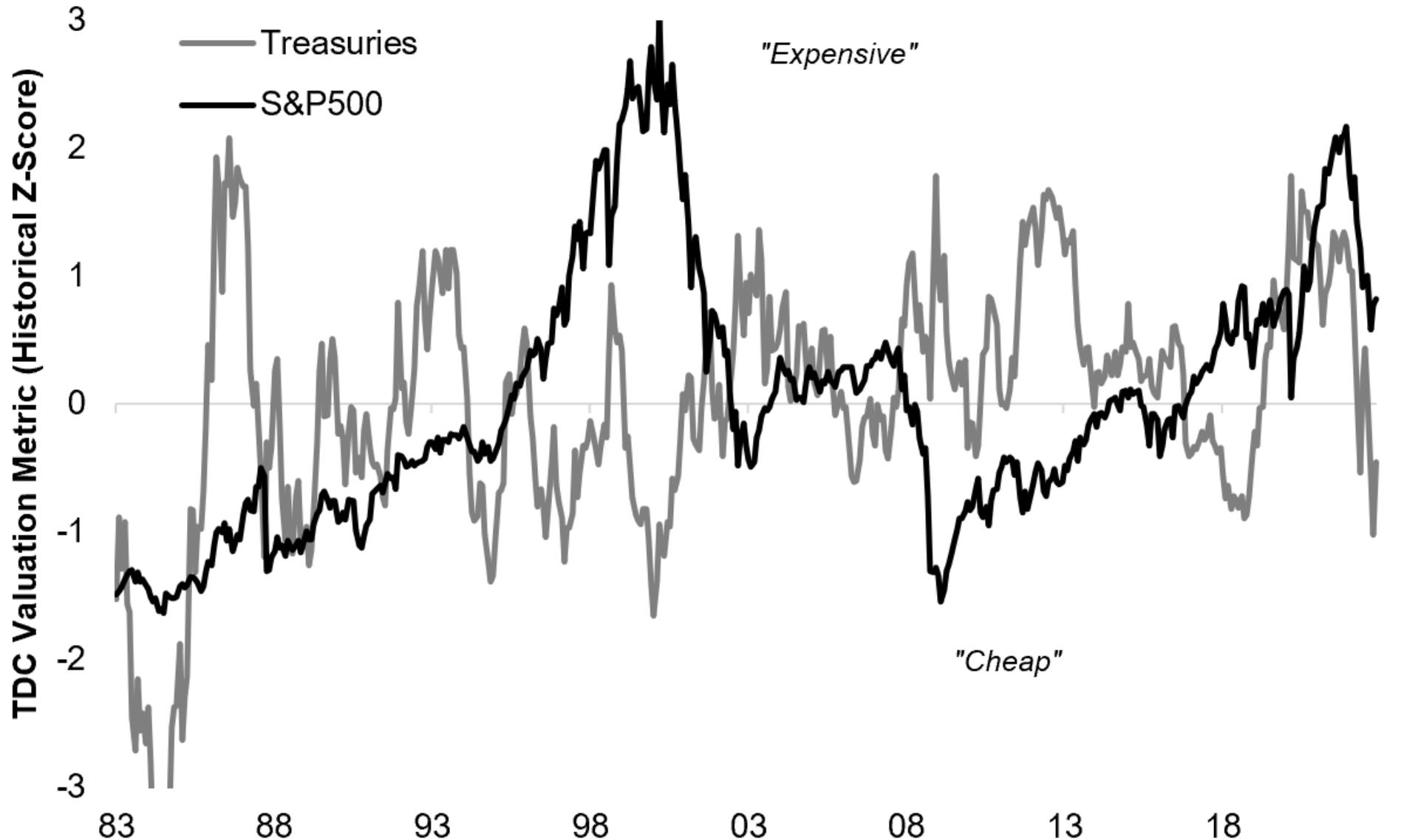
# Bull & Bear Markets Since 1966



Source: Bloomberg as of 9/30/2022. Bull and bear markets as defined by Yardeni Research. 2022 Bear Market is currently 9 months, January 1, 2022 through September 30, 2022. Indexes are unmanaged, do not incur fees or expenses, and cannot be invested in directly.

# Historical Valuations

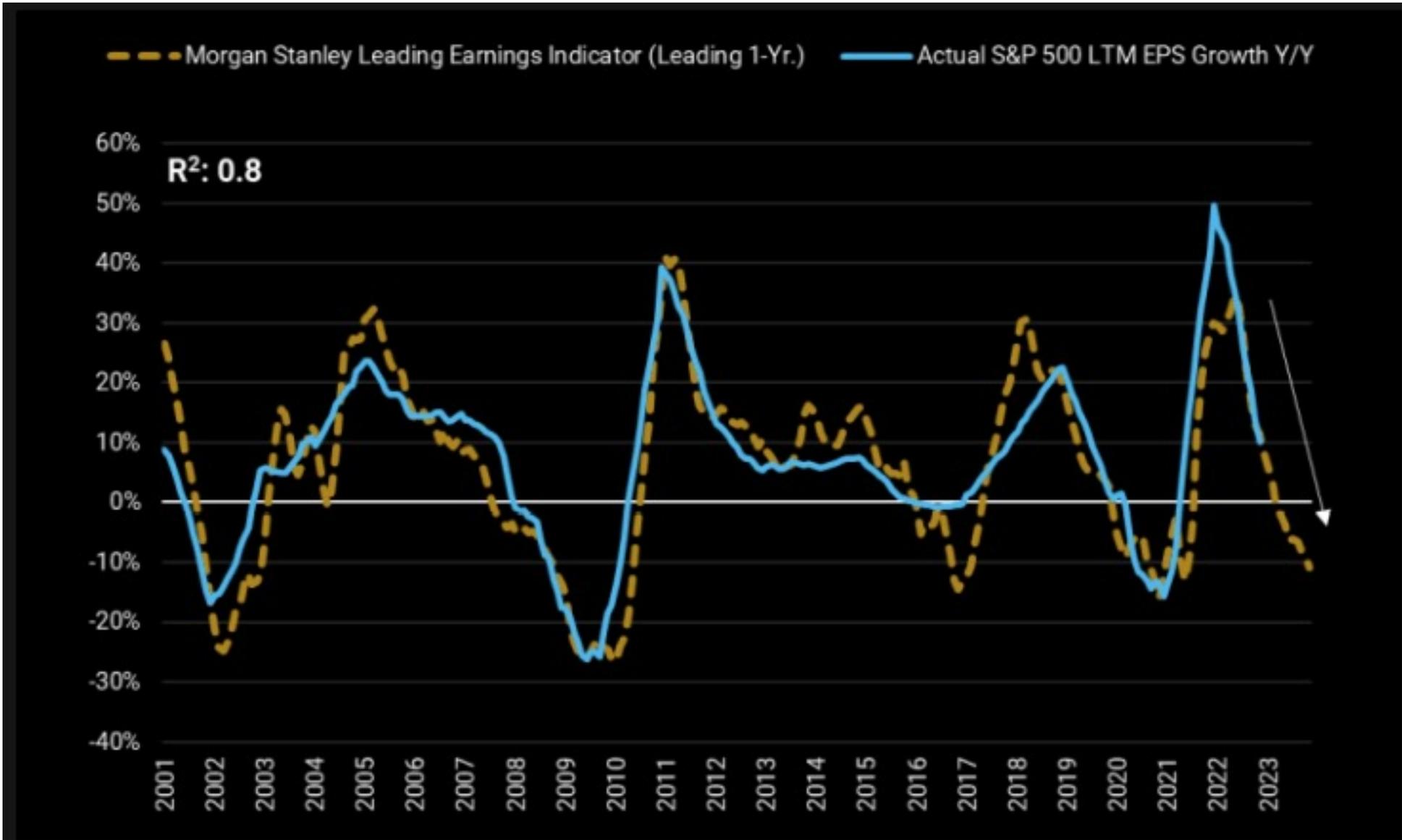
## US Asset Classes: Valuation vs History



Source: Topdown Charts, Refinitiv Datastream

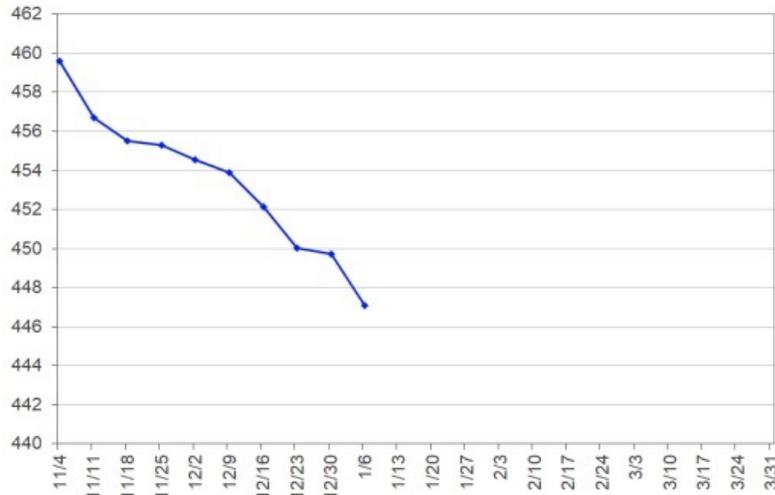
topdowncharts.com

# Leading Indicators



# Q4 2022: Earnings Revisions

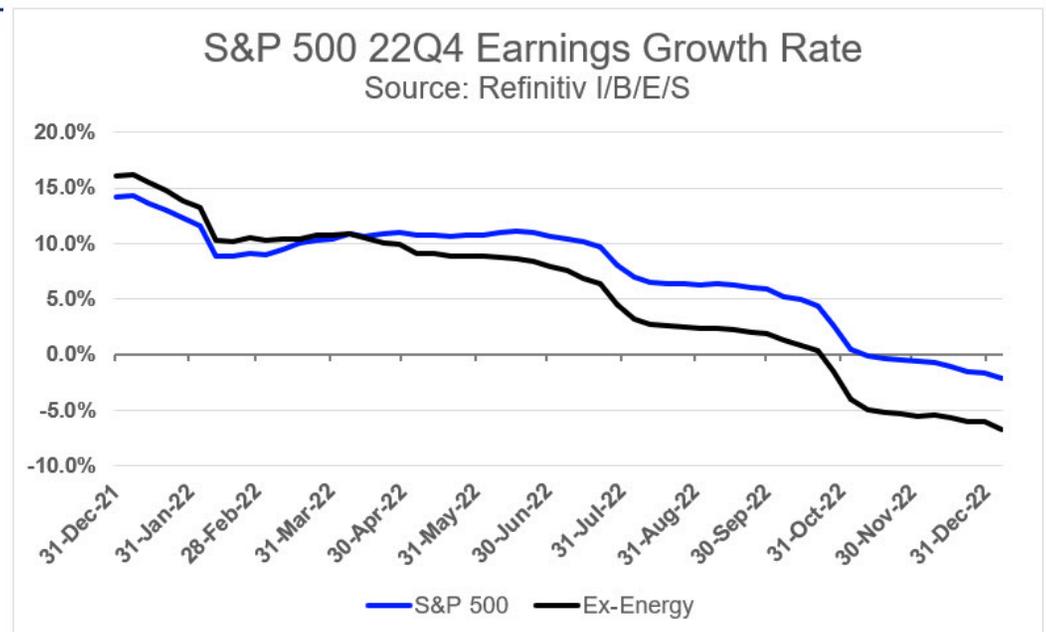
## S&P 500: Q4 2022 Share-Weighted Earnings (\$B)



Source: I/B/E/S data from Refinitiv

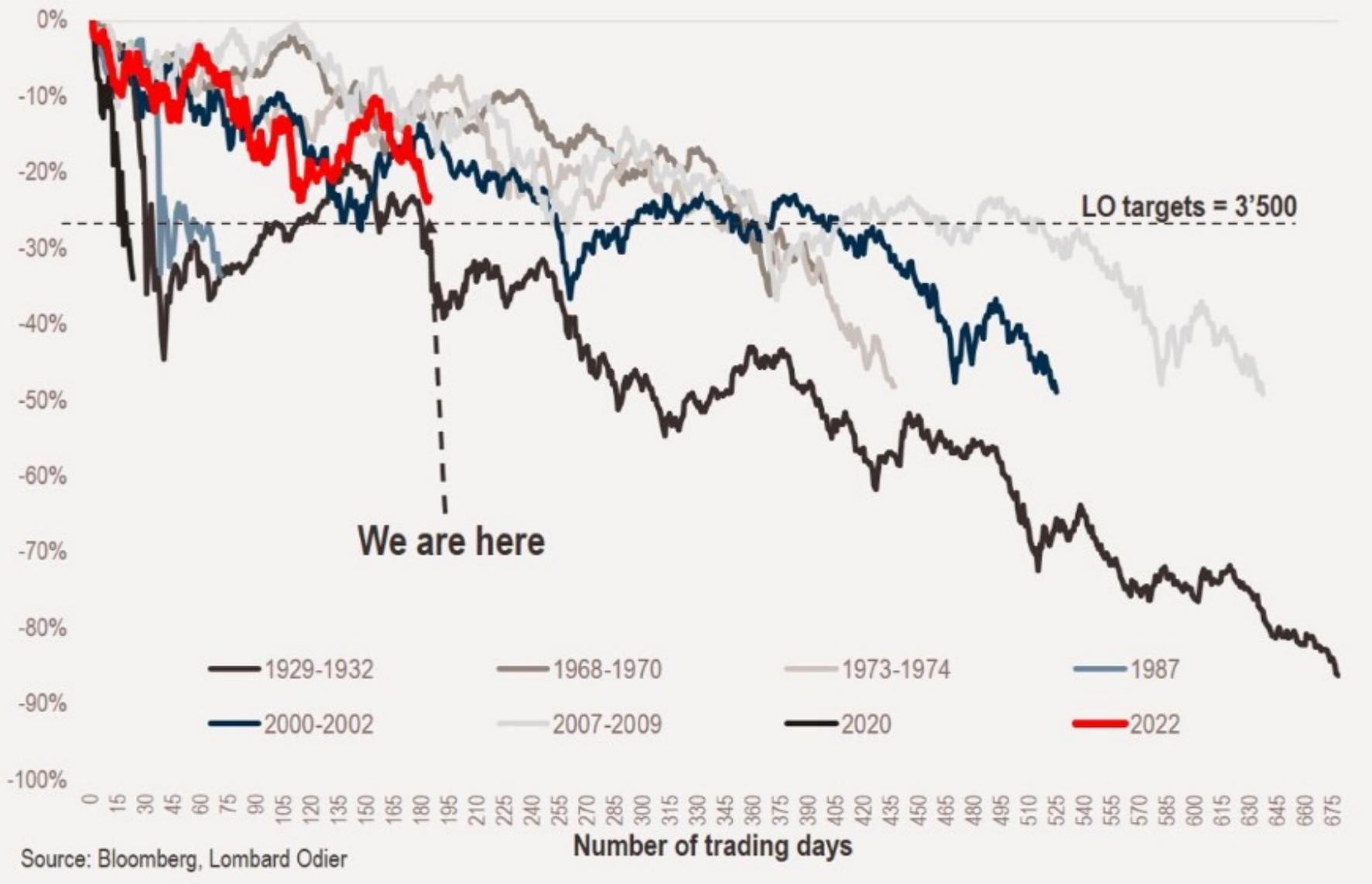
22Q4 Y/Y earnings are expected to be -2.9%. Excluding the energy sector, the Y/Y earnings estimate is -7.3%

The estimated earnings growth rate for the S&P 500 for 23Q1 is 0.1%. If the energy sector is excluded, the growth rate declines to -1.7%.



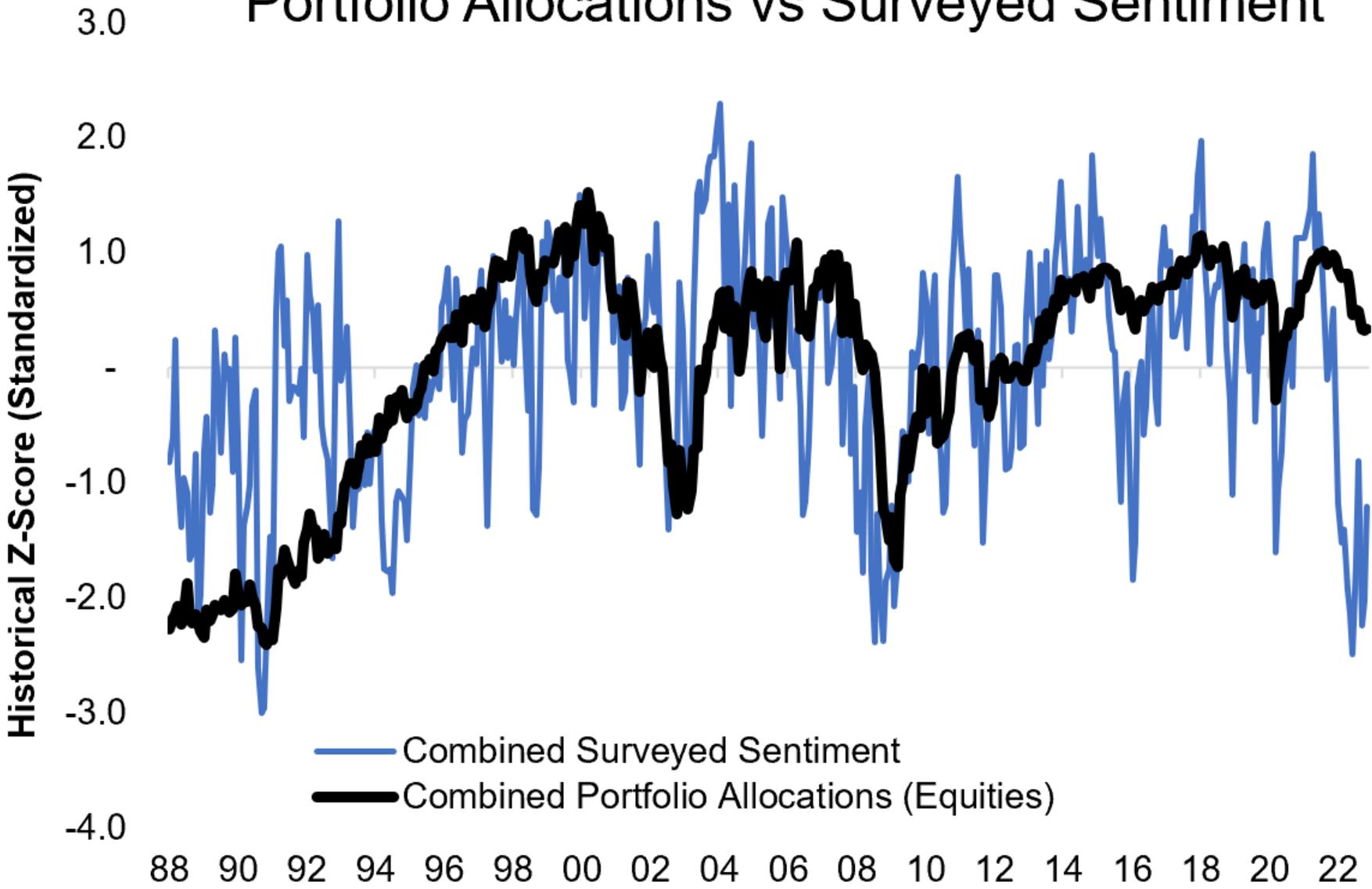
# Equity Drawdown Comparison

## Largest US equity drawdowns (1928-2022)



# Opinion vs. Action

## Portfolio Allocations vs Surveyed Sentiment



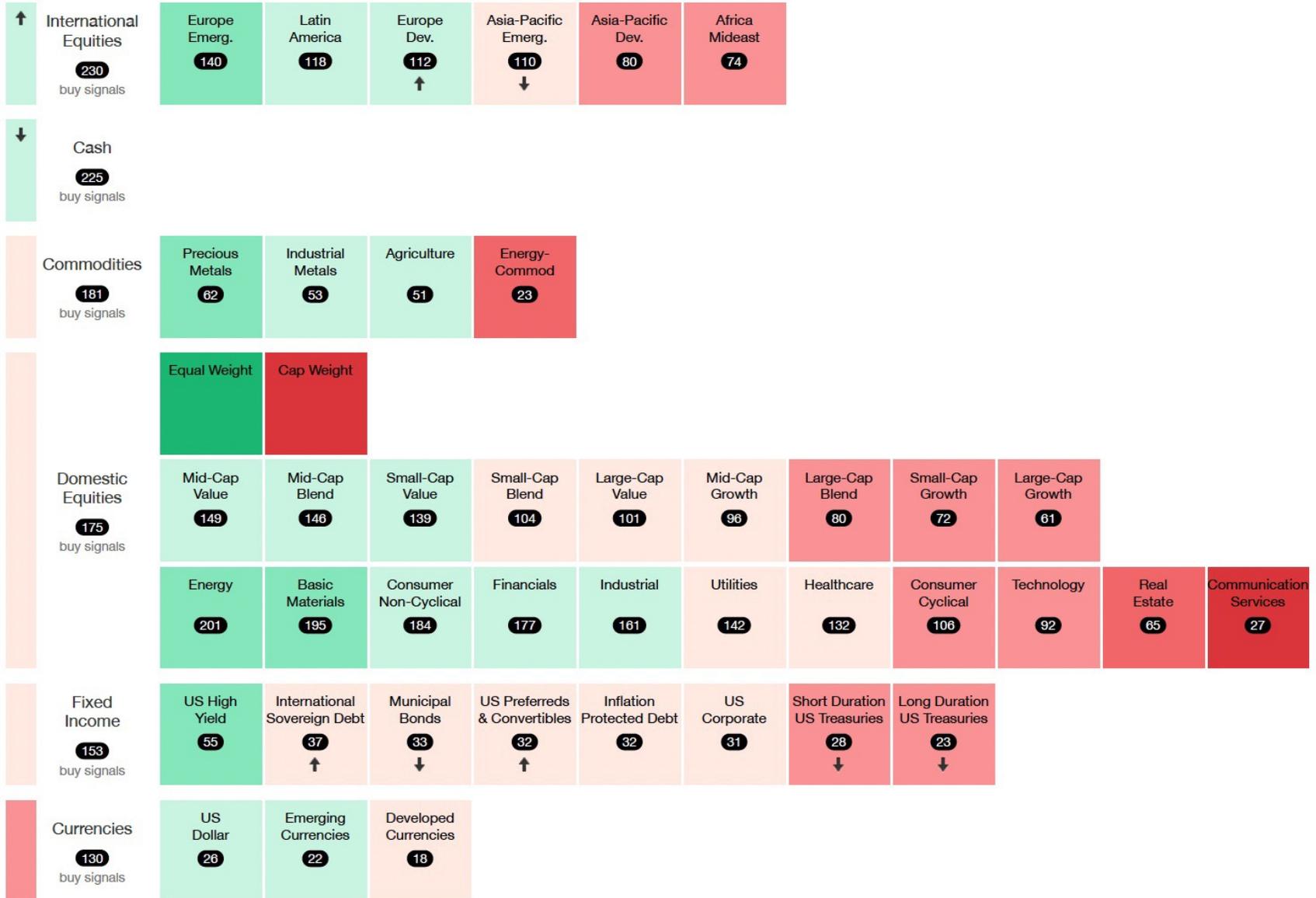
Source: Topdown Charts, Refinitiv, ICI, AAll, II

topdowncharts.com

# NASDAQ DORSEY WRIGHT (NDW) Relative Strength

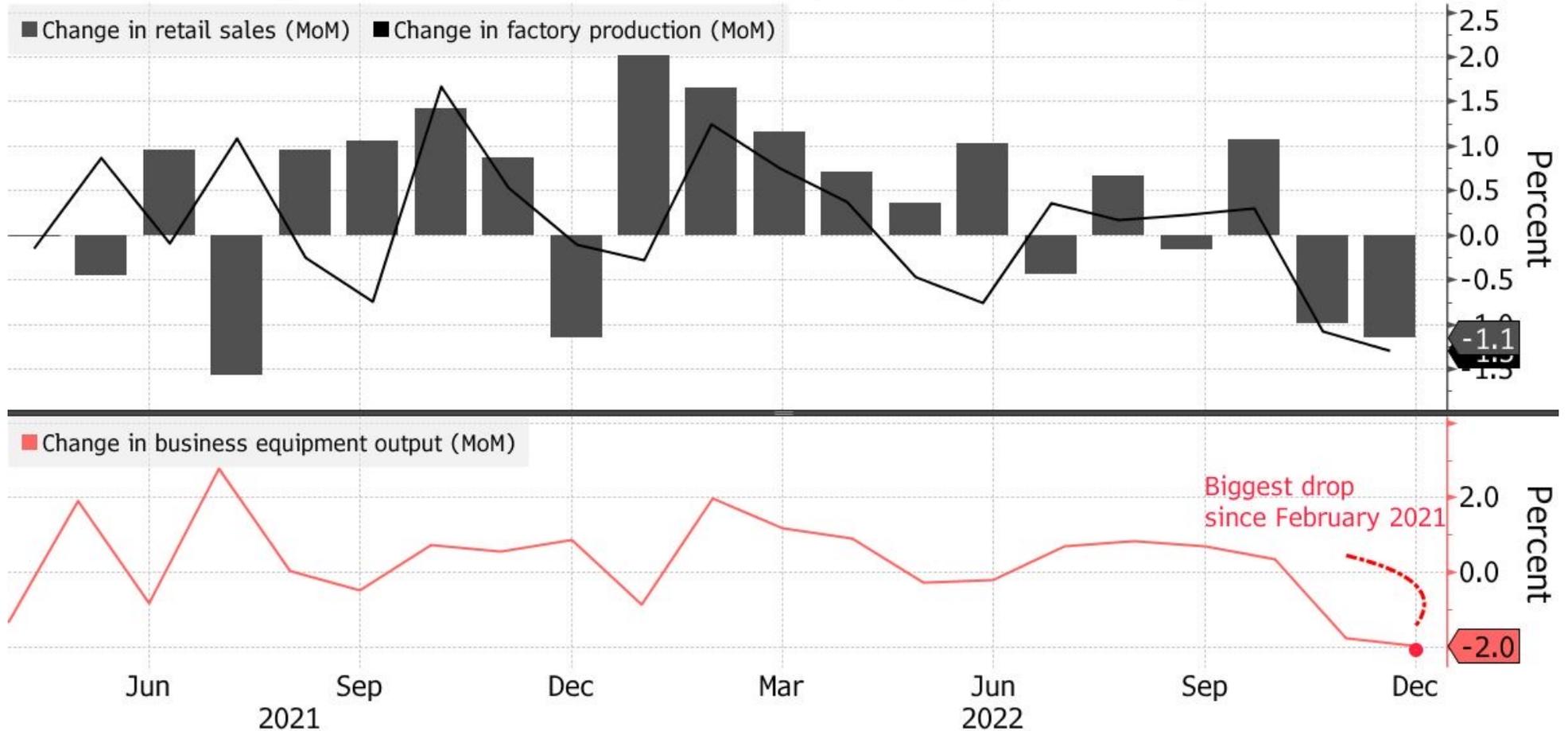
Asset Class Ranking for US DALI

Strongest RS █ █ █ █ █ Weakest RS  
 ← ↑ Increased Rank → ↓ Decreased Rank



# Economic Concerns

## Weak US Retail Sales, Manufacturing Raise Recession Concerns Value of retail purchases declines most in a year, equipment output falls



Source: Commerce Department, Federal Reserve

Bloomberg

The value of overall retail purchases broadly decreased 1.1% in December after a downwardly revised 1% drop in the prior month

[1.3% decline](#) in factory output last month that wrapped up the weakest quarter for manufacturing since the onset of the pandemic.



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