

A person in a red jacket stands in a cave, illuminated by a bright blue light source. The cave walls are dark and textured, and the floor is covered in rocks. The overall atmosphere is mysterious and dramatic.

*corbin*  
celebrating 15 years

# INSIDE THE Buy•Side®

## Q1'23 Earnings Primer®

April 13, 2023

# Inside The Buy-side® Q1'23 Earnings Primer®

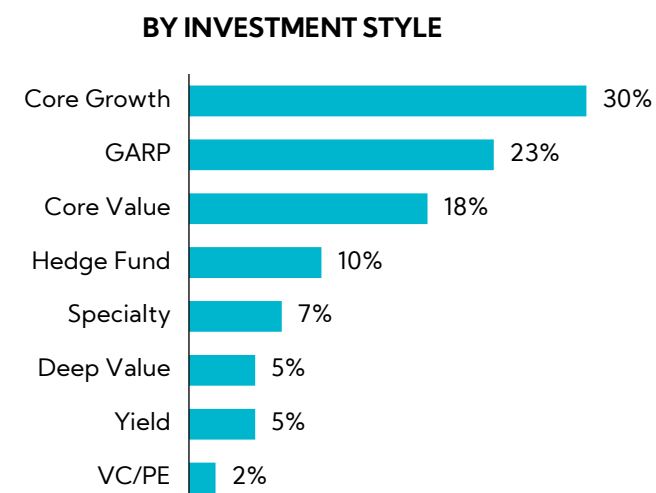
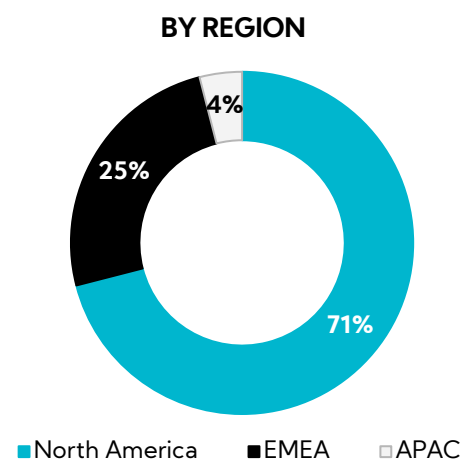
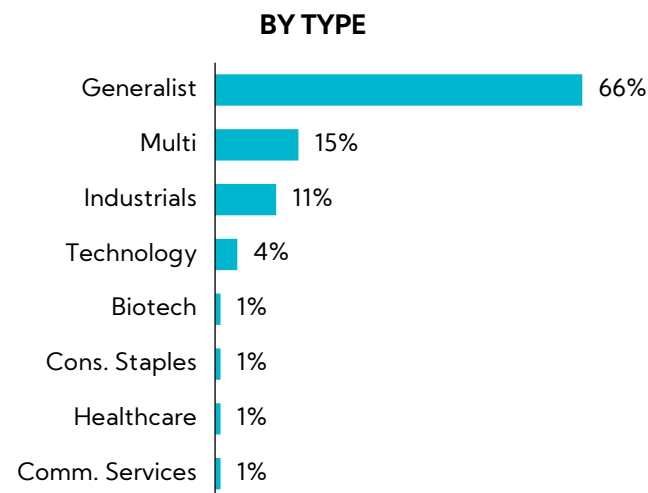
Since 2007, we have surveyed global investors quarterly on the equity markets, world economies, and business climate. At the start of every earnings season, we publish our flagship *Inside The Buy-side® Earnings Primer®*, which captures real-time *Voice of Investor®* sentiment and trends.

Leveraging our capital markets experience, deep understanding of investor relations, and best practice knowledge, our research and advice is at the forefront of global market trends, investor sentiment, and effective communication strategies.

**Survey Scope:** 82 participants globally, comprising 85% buy side and 15% sell side; equity assets under management total ~\$5.6 trillion

**Survey Timeframe:** March 7, 2023 – April 4, 2023

Market Performance	Q1'23	Q1'22
<b>U.S.</b>		
DJIA	0.4%	(5.2%)
NASDAQ	17.7%	(10.2%)
S&P 500	7.5%	(5.6%)
Russell 2000	3.0%	(8.9%)
<b>Europe</b>		
FTSE 100	1.0%	0.1%
Stoxx 600	6.7%	(7.0%)
<b>Asia</b>		
Hang Seng	1.3%	(5.5%)
Shanghai	5.0%	(10.5%)

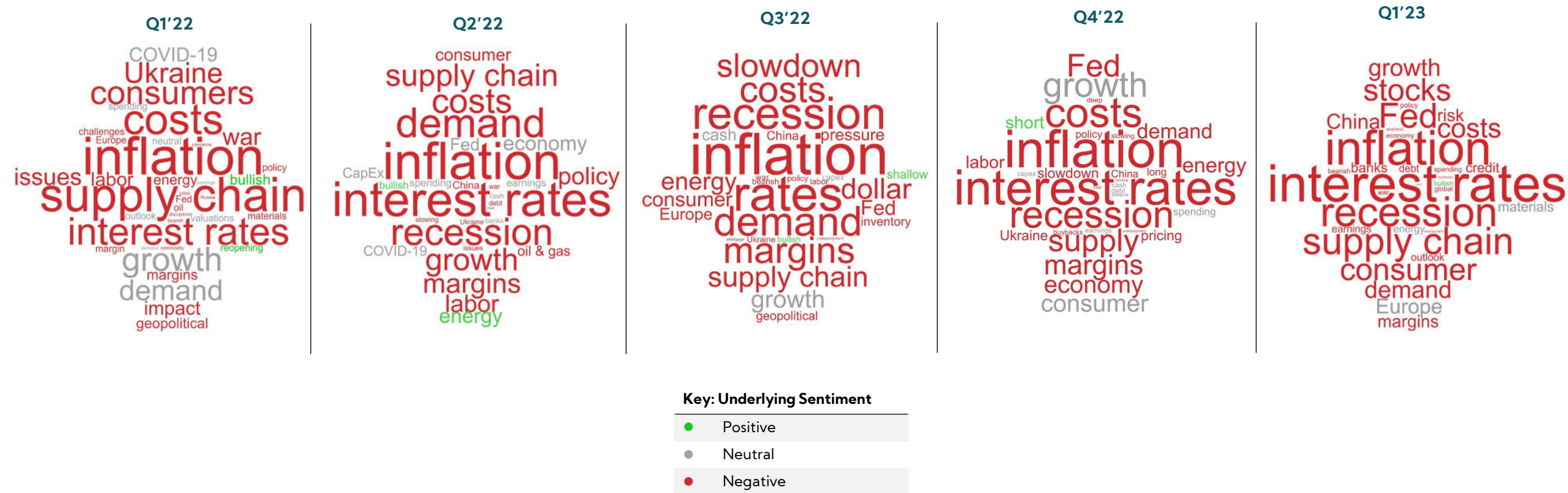




# Word Cloud: Visual Representation of Investment Community

## Focus Areas, Themes, and Sentiment

*With Fed policy impact front-and-center, mentions of interest rates surpasses inflation for the first time since being identified in Q2'21; concern around the consumer grows*



# Notable Disconnect between Investor Sentiment and Management Tone with Investors More Bearish and Bracing for Impact, Battening Down the Hatches to Steer Through the Shoals

## Despite Generally Well-received 2023 Guides and a More Optimistic Executive Tone QoQ, Expectations for Continued Deceleration Persist with Bearishness Reaching 50%+ Levels

- **85%** note 2023 company guides were *In Line* to *Stronger Than* expected
- **43%** describe executive tone as *Neutral to Bullish* or *Bullish*, up meaningfully from **28%** QoQ
- While views on *Organic Growth* are somewhat warmer QoQ, the majority, **55%**, expect *Worsening* sequential earnings and margins, while demand, particularly in 2H'23, is identified as a top three concern (unaided) by nearly one-third
- **52%** of investors and analysts describe themselves as *Neutral to Bearish* or *Bearish*, up from **44%** last quarter and more than double the percentage of perceived cautious executives
- Another cautionary sign, investors remain focused on buttressed balance sheets with **65%** continuing to cite debt reduction as the top use of cash, also a survey record
- Top areas to address on upcoming earnings calls include margins/expense management (**52%**), inflation/pricing power (**41%**), and, new this quarter, liquidity/sources of funding (**39%**) as a result of the SVB-initiated mini banking crisis

## Recessionary and Other Concerns Mount, Exacerbated by Recent Bank Turmoil and an Increasingly Strained but Inured Consumer with Western Economies Expected to Falter

- **88%** now anticipate 2023 will be a recessionary year, up from **80%** QoQ, with less confidence that it will be a "short" and "shallow" contraction
- **47%** identify *monetary policy/interest rates* as the leading concern
- **50%+** expect consumer confidence and unemployment to *Worsen* over the next six months
  - Just **32%** remain concerned over labor availability (aided) amid slower demand, down from **78%** QoQ; notably, layoff mentions in public transcripts increased **49%** QoQ
- Most Western economies are expected to *Worsen* in 2023, led by the U.S., UK, and Western Europe
- **84%** express *More Concern* or a *Continued High Level of Concern* (aided) over U.S./China relations, and greater than **70%** continue to assign a high level of risk to companies with exposure to China
- With companies continuing to derisk supply chains, onshoring, nearshoring, and friendshoring mentions have increased **~8x** since March 2020 across global financial communications
- Financials and REITs see the most bearish sentiment, the latter of which garners a new survey low

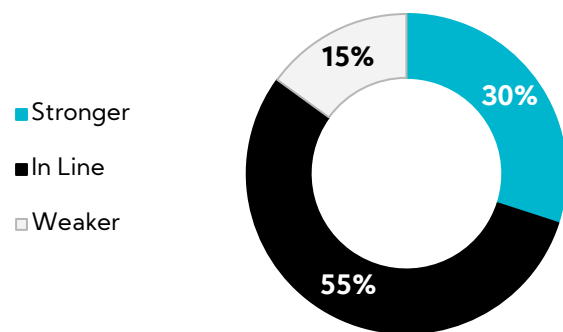
## While We Wait and Watch the Unwinding In Slow Motion with Eyes Wide Open, Some Bright Spots In Focus with Continued Support for Investing In Long-term Growth

- **58%** report *Holding* equities at this time, a survey record, while none report *Selling*, also a notable first
- Not all is doom and gloom from an economic standpoint, as investors anticipate China, India, Southeast Asia, and Mexico will improve over the next six months; the duration and severity of a potential U.S. economic recession, however, will be a factor
- To that end, **49%** encourage *Maintaining* growth capex at this time, an increase from 29% QoQ, while at the same time, those encouraging *Moderating* or *Reducing* capex is down to 34% vs. 42% QoQ
- Sectors that saw broad-based selloffs in 2022, specifically Tech and Biotech, see the highest levels of bulls; Industrials see the most significant increase in support amid recent favorable congressional actions

# Amid Dour Expectations Captured Heading into 2023, Annual Guides Generally Seen as In Line to Stronger Leading to Consensus Increases Across Most Sectors

*Notably, Q4'22 results surpassed analyst estimates by slimmer margins, with revenue and EPS surprises below the 1-year and 5-year averages<sup>1</sup>*

## 2023 FULL-YEAR GUIDANCE VS. EXPECTATIONS



### Stronger

*"Companies set low expectations at the beginning of the year." Buy Side, Generalist, N. America*

### In Line

*"Weaker near-term results, but strength in 2H as supply chains and inventories stabilize. Potential recession and politics (geopolitical and Federal budget) make the improved 2H uncertain." Buy Side, Generalist, N. America*

*"Expecting weakness." Buy Side, Multi, N. America*

*"I have not seen many companies lowering full year guidance, although that may be coming." Sell Side, Generalist, N. America*

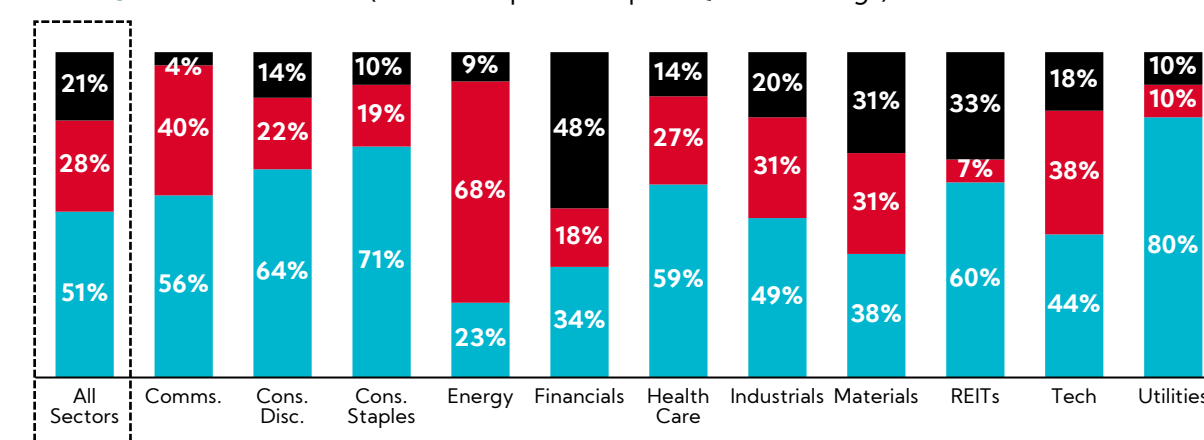
### Weaker

*"A lot of the guidance is back half weighted, which is preferred from an investors point of view because a lot can change in 6 months. For a lot of the consumer companies, it wasn't hugely out of whack with what they would've delivered previously, but there is still a lot to account for in the 2H. A lot of the guidance I am seeing hinges on the retention of pricing rather than volumes which is a lower quality deliverable for growth. It's been a little bit underwhelming on guidance on volumes." Buy Side, Consumer Staples, Europe*

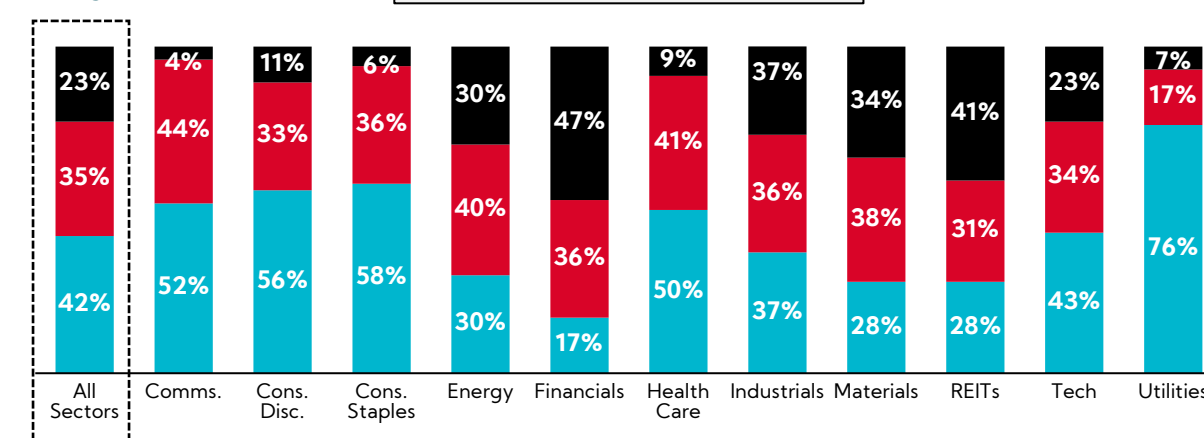
<sup>1</sup>Source: S&P 500

## S&P 500 2023 CONSENSUS REVISIONS (One week prior and post Q4'22 earnings)

### REVENUE



### EPS

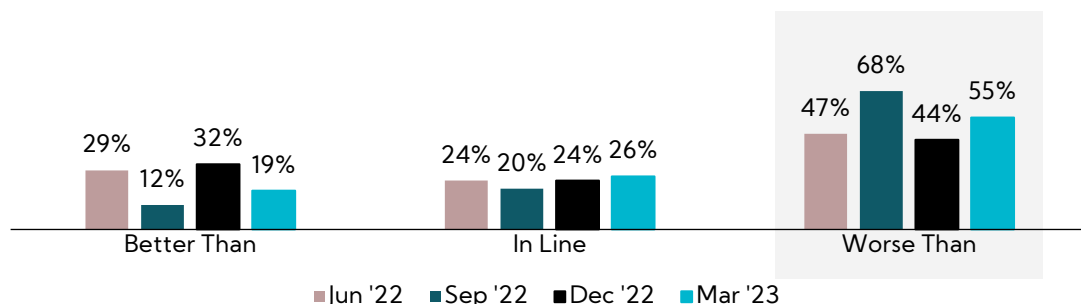


# Mixed Expectations for Company Performance vs. Consensus But With Slightly More Anticipating Beats; Bigger Picture, the Trend is Deceleration

*Investors remain keenly focused on consumer spending, inflation, and the Fed*

## Q1'23 EARNINGS EXPECTATIONS

### VS. PRIOR QUARTER



### Better Than

*"Strong employment and strong Atlanta Fed GDP."*  
**Buy Side, Generalist, N. America**

*"Consumer spending remaining more resilient, cost inflation abating."*  
**Buy Side, Generalist, Europe**

*"China is reopening faster than expected, inflation is down, and pressure on interest rate increases is down."*  
**Buy Side, Generalist, Asia**

*"Inflation."*  
**Buy Side, Biotech, Europe**

*"Pricing."*  
**Sell Side, Multi, Europe**

### In Line

*"Reductions in inventory as supply chain stabilizes will temporarily reduce demand, but transportation costs will improve."*  
**Buy Side, Generalist, N. America**

*"Macro environment."*  
**Buy Side, Generalist, N. America**

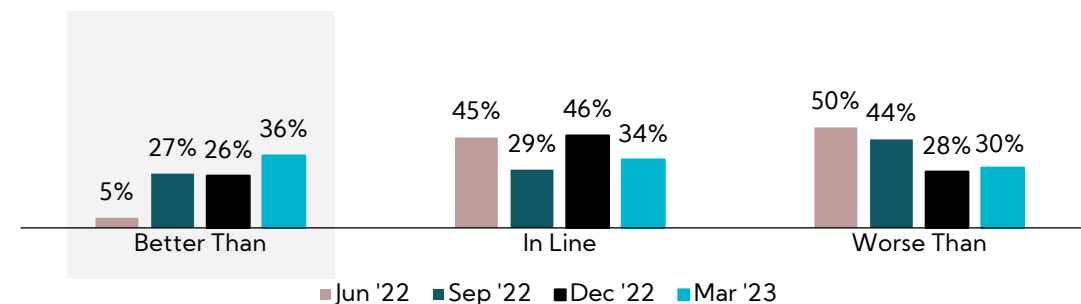
*"Analyst pessimism may have overshoot reality given various economic indicators (e.g., consumer and government spending) coupled with what appears to be an abatement of analyst downward revisions."*  
**Buy Side, Generalist, N. America**

*"Inflation and liquidity."*  
**Buy Side, Generalist, Europe**

*"Global growth."*  
**Buy Side, Generalist, Europe**

*"Slow return to near normal."*  
**Sell Side, Multi, Europe**

### VS. CONSENSUS



### Worse Than

*"Margins are going to come down in large part due to people problems."*  
**Buy Side, Generalist, N. America**

*"Expecting a light recession (inverted yield curve)."*  
**Buy Side, Generalist, Europe**

*"Commercial real estate credit bubble / middle market private equity bubble."*  
**Buy Side, Multi, N. America**

*"Costs are up more than revenue."*  
**Buy Side, Multi, N. America**

*"Inflation and interest rates."*  
**Buy Side, Multi, N. America**

*"Consumer debt, credit crunch, and high interest rates."*  
**Buy Side, Multi, N. America**

*"The noise and the environment, including the lack of confidence in the banks and the government."*  
**Buy Side, Multi, N. America**

*"Inflation, high interest rates, cut back in credit, analysts are too bullish."*  
**Buy Side, Industrials, N. America**

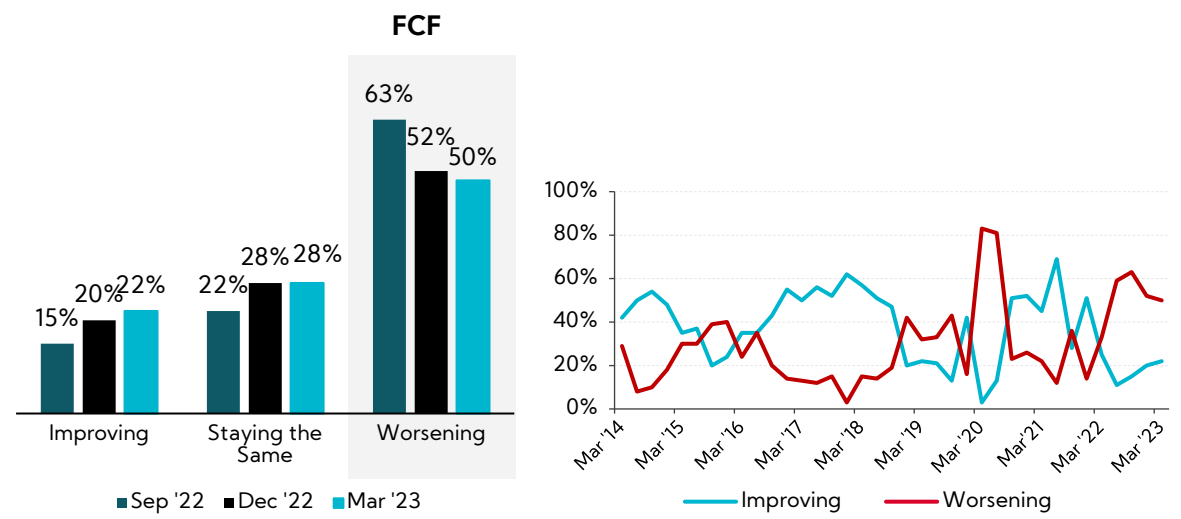
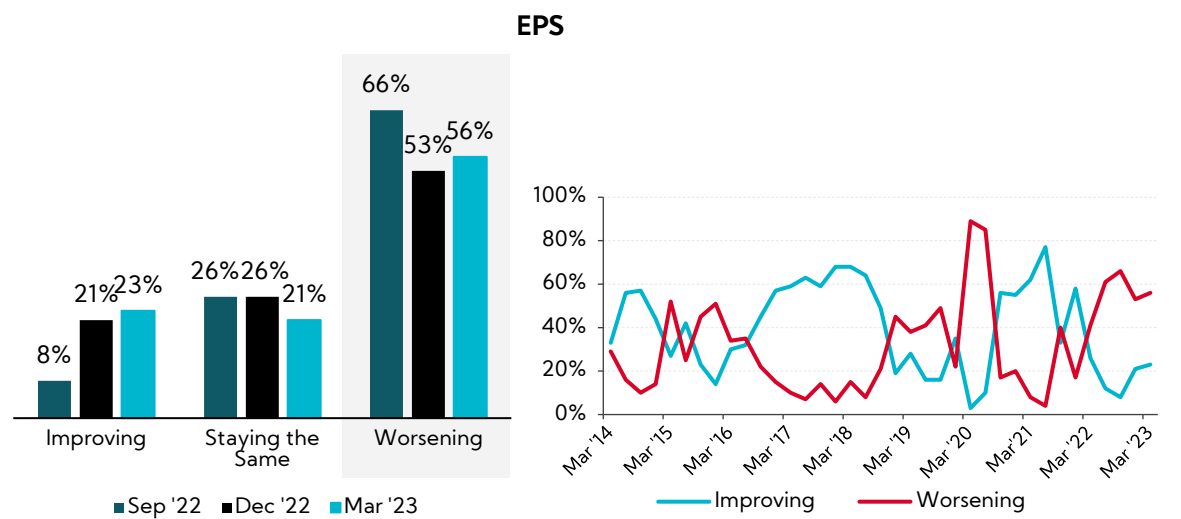
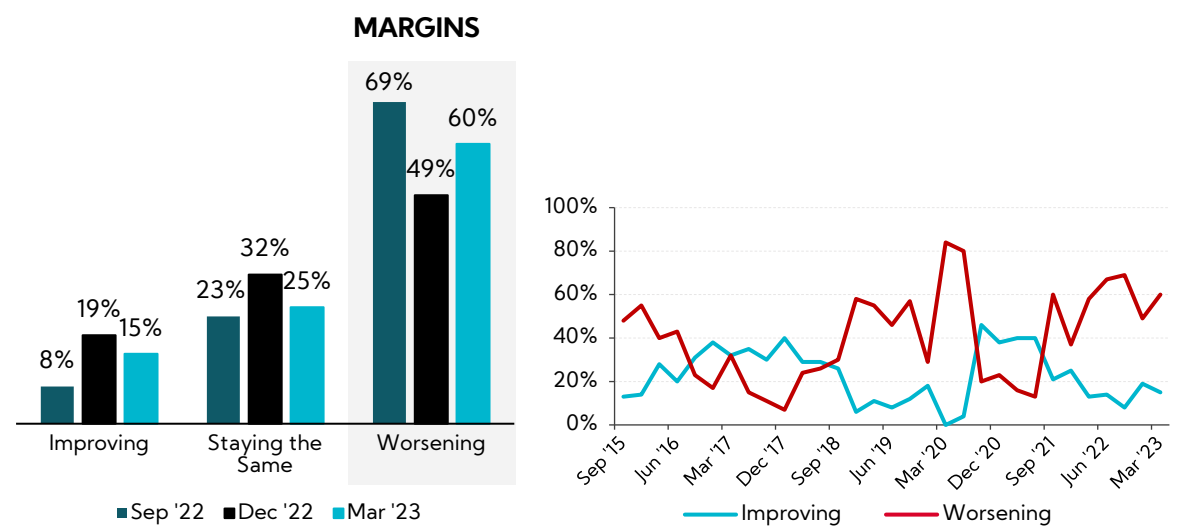
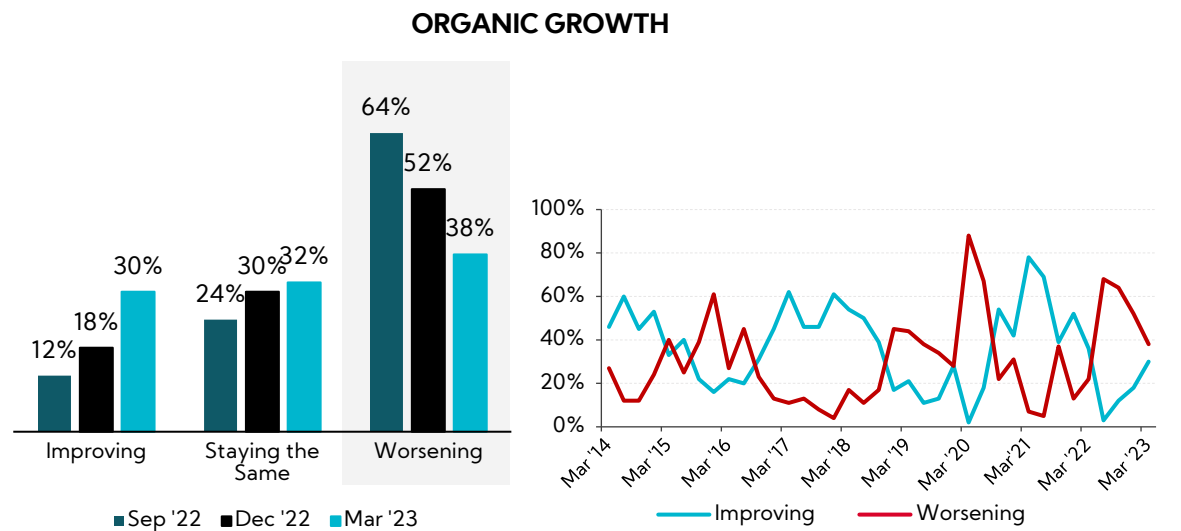
*"Lower revenues, weak orders, remaining cost pressures leading to lower margins."*  
**Buy Side, Industrials, N. America**

*"Weak consumer."*  
**Sell Side, Multi, N. America**

*"Seasonal pattern."*  
**Sell Side, Industrials, N. America**

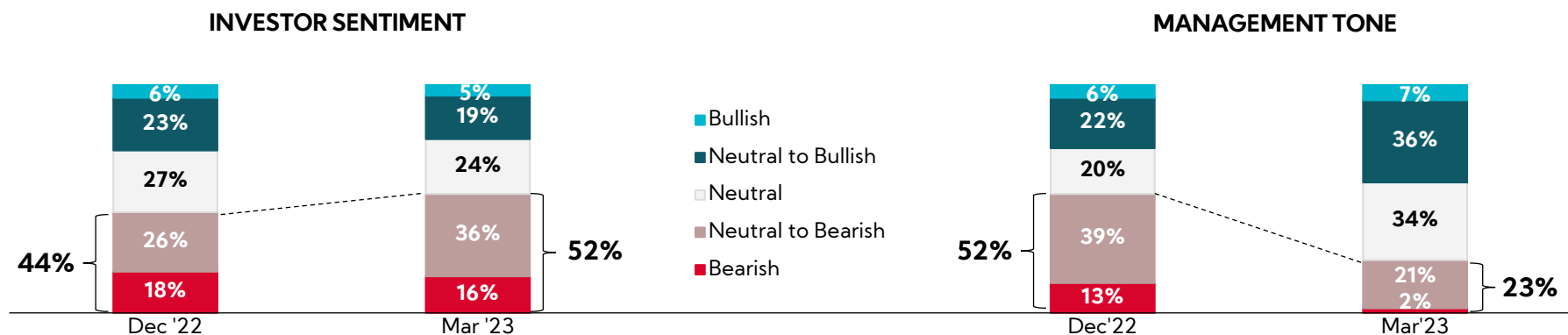
*"Inflation."*  
**Sell Side, Generalist, Asia**

# With Q3'22 the High Watermark for Bearishness, Sentiment On KPIs Is Off Its Low But All Metrics Expected to Worsen, Led by Margins and EPS





# Notable Disconnect: Investors Hunker Down and Brace for Bad Times While Management Tone is Perceived as Less Downbeat and Even More Optimistic



## Bullish

"We are optimistic, but there is a lot of noise in the investing world as far as the effect of rates having been raised so rapidly and what the effect will be on the consumer, banks, and on balance sheets, in general. We are cautious on that aspect." **Buy Side, Generalist, N. America**

## Neutral to Bullish

"My overall market sentiment is neutral in the near-term and bullish in the longer-term." **Buy Side, Generalist, N. America**

"We are optimistic in the long-term, cautious in the short-term." **Buy Side, Generalist, N. America**

"Too many people are bearish." **Buy Side, Generalist, N. America**

"Generally improving conditions." **Buy Side, Generalist, Asia**

"Management has been cautiously optimistic." **Buy Side, Industrials, N. America**

"Profit opportunities." **Buy Side, Biotech, Europe**

## Neutral

"Rising interest rates, temporary reduction in demand as inventory levels get reduced." **Buy Side, Generalist, N. America**

"I am neutral toward the market. It does not seem like things are too excessively on the upside, but it also does not seem like you are getting a fat pitch because a lot of the operating margins are still at unusually high levels." **Buy Side, Generalist, N. America**

"While YTD equity performance has exhibited somewhat of an upside surprise, equities continue to face some headwinds, specifically investor sentiment, institutional positioning, the Fed, and potential regulatory changes due to the recent bank failures." **Buy Side, Generalist, N. America**

"Interest rates will level off. Comparisons vs. prior year results will become easier for many companies in the second half. The economy is still in a process of adjustment, but it should gradually turn positive as long as there are no negative exogenous events." **Sell Side, Generalist, N. America**

## Neutral to Bearish

"We believe the effects of higher interest rates will cause serious challenges to economic growth." **Buy Side, Generalist, N. America**

"Interest rates, regulatory environment, Putin's Ukraine war, U.S./China relations." **Buy Side, Generalist, N. America**

"We are seeing CEO confidence weaken, delayed capex plans, and consumer savings depleting." **Buy Side, Generalist, N. America**

"We're probably heading more into some recession. Steep or not, we'll find out. Indications are pretty clear that things are heading south slowly, gradually." **Buy Side, Generalist, Europe**

"Macro developments that are making us uncomfortable; everything that is going on in the financial space in the U.S. and Europe. It may start impacting other sectors as well, such as commercial real estate and technology." **Buy Side, Generalist, Europe**

"Inflation is driving costs up faster than the companies can increase their revenue. Also, labor shortages are causing inefficiencies and errors that are reducing profit margins." **Buy Side, Multi, N. America**

## Bearish

"I think the market is going to go down. Mixed sentiment from management. We are definitely in a period where things could slow down. Things are not going to be as strong as they were, but still good." **Buy Side, Generalist, N. America**

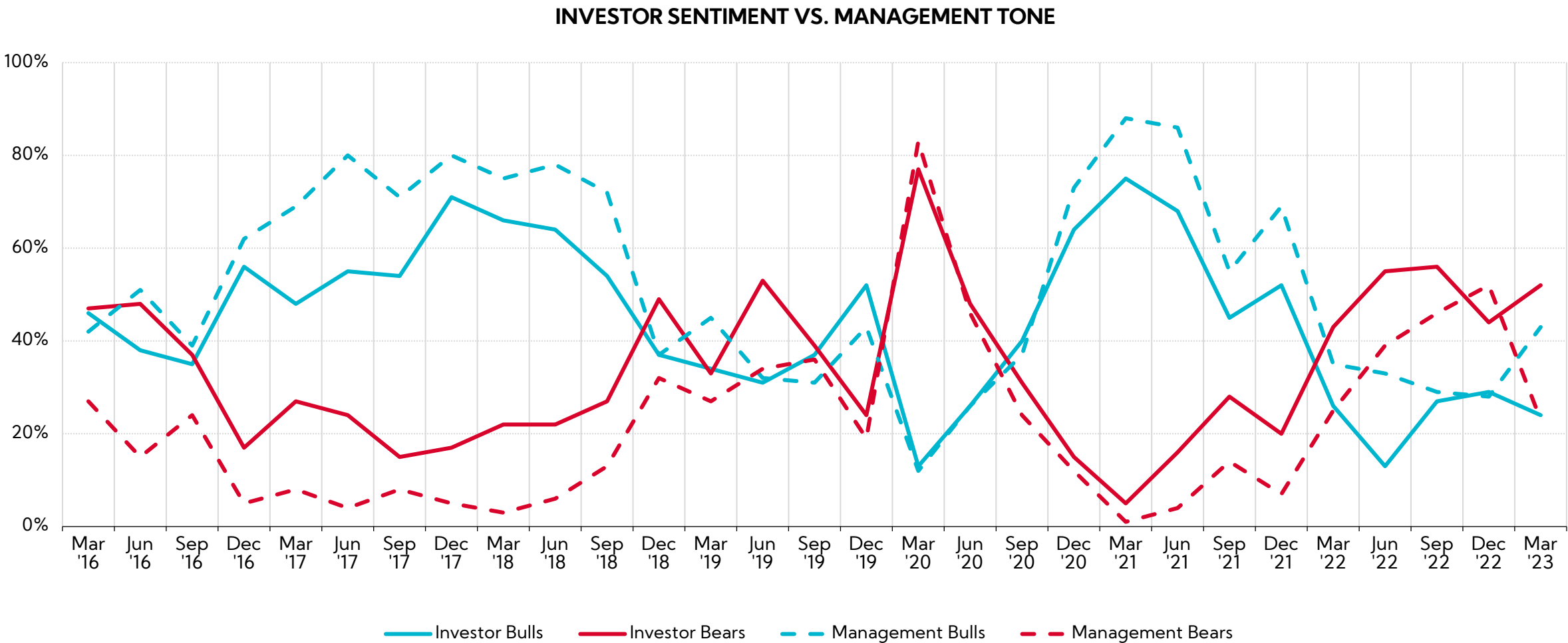
"Credit crunch, debt ceiling issue, and banking crisis." **Buy Side, Multi, N. America**

"There are a lot of stocks which are doing quite well operationally but they are either not going up or are going down, so there is a wall of negative sentiment hanging around a lot of stocks, especially more cyclical ones." **Buy Side, Consumer Staples, Europe**

"The lag from Fed policy; I do not think we have seen the worst of the bite from that yet." **Buy Side, Industrials, N. America**



# Investor Bears Outpace Bearish Management Tone by Largest Margin Since Q2'16 – With Negative Trends and Doomsday Scenarios Modeled In



**52%** (↑ 17pts)  
Margins, Expense  
Management

**41%** (↑ 9pts)  
Inflation, Pricing Power

**39%** (↑ 39pts)  
Liquidity, Funding (NEW)

**28%** (↓ 1pt)  
Labor Shortages,  
Related Costs

**23%** (↓ 12pts)  
Demand

## Topics of Interest for Upcoming Earnings Calls

*Margins are the leading topic for the second consecutive quarter; interest in liquidity and sources of funding comes into focus as the Street digests the impacts of recent banking sector turmoil*

### Views from N. America

*"Supply chain, inflation, interest rates."* **Buy Side, Generalist**

*"What are the next two quarter's pipelines looking like, how hard is it to find and keep employees, new product expectations."* **Buy Side, Generalist**

*"Is there a true need for their product and service?"* **Buy Side, Generalist**

*"Liquidity position, end demand trends, inflation supply chain."* **Buy Side, Generalist**

*"Price inflation, wage inflation, margin pressure (or not)."* **Buy Side, Generalist**

*"Market share updates."* **Buy Side, Generalist**

*"Catalysts to sustain or expand margins, impact of Fed policy on interest rates, cost of capital and outlook, labor situation going forward, impact on margins, expectations."* **Buy Side, Generalist**

*"Impact of interest rates, supply chain, inventories."* **Buy Side, Generalist**

*"Commercial real estate/REITs and bank exposure, middle market private equity refi/exit risk."* **Buy Side, Multi**

*"Their manpower, are they short workers or about to lay off workers? What are they seeing in the costs, their projections for their cash flow from operations."* **Buy Side, Multi**

*"Supply chain, China, growth."* **Buy Side, Multi**

*"Liquidity, inflation concerns."* **Buy Side, Multi**

*"Headcount, gross margins, capex."* **Buy Side, Multi**

*"China and supply chain, inflation, prospective employment."* **Buy Side, Multi**

*"Price/cost, end market performance, market share."* **Buy Side, Industrials**

*"Supply chain issues, materials and labor costs, ability to obtain price increases."* **Buy Side, Industrials**

### Views from Europe

*"Measures against inflation (wages, materials etc.)."* **Buy Side, Generalist**

*"Slowdown of the economy, inflation, earnings margin."* **Buy Side, Generalist**

*"Funding/liquidity, top line demand dynamics, margins."* **Buy Side, Generalist**

*"Margins, liquidity, deleveraging."* **Buy Side, Generalist**

*"Credit facilities, inflation, outlook."* **Buy Side, Generalist**

*"Inventory, inflation, cash."* **Buy Side, Biotech**

*"Operating measures, investments, financing."* **Sell Side, Multi**

### Views from Asia

*"Long term investment plan, operational leverage, post Covid-19 strategy."* **Buy Side, Generalist**

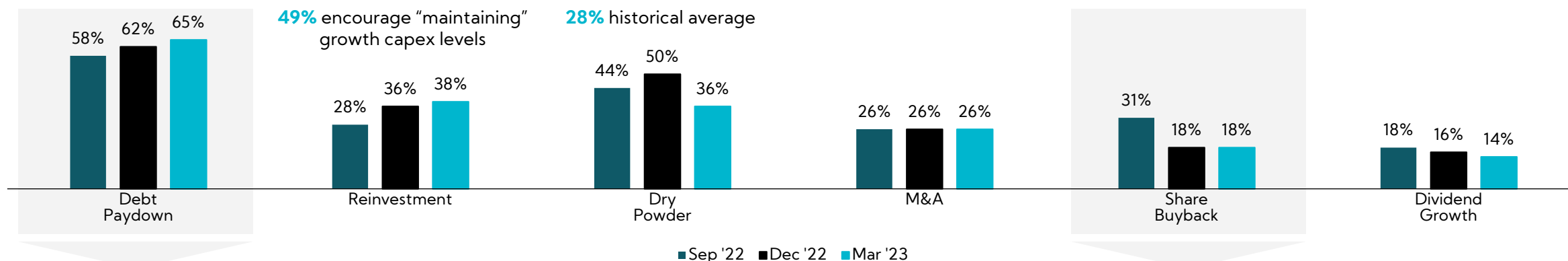
*"Impact from global economic slowdown or recession risk, Fed policy outlook, currency market."* **Sell Side, Multi**

# Another Sign of Investor Caution, Preference for Debt Paydown Reaches All-Time Survey High

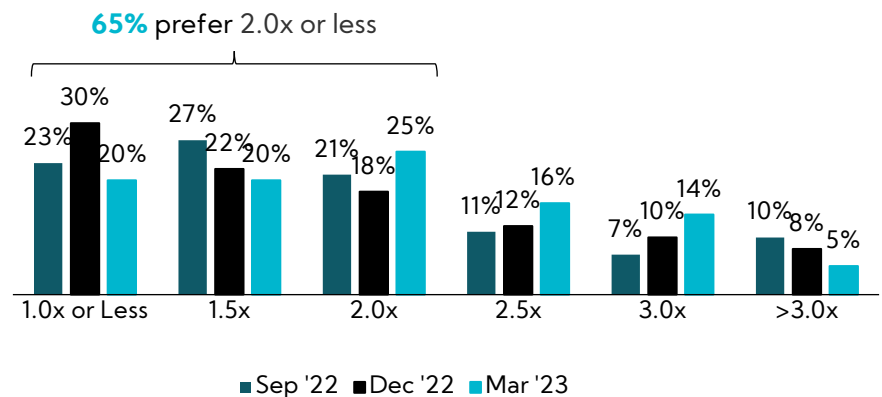
*Debt level comfort remains at 2.0x or lower while 60%+ recommend moderating or ceasing buyback activity in the face of expected slowing growth*

## PREFERRED USES OF CASH

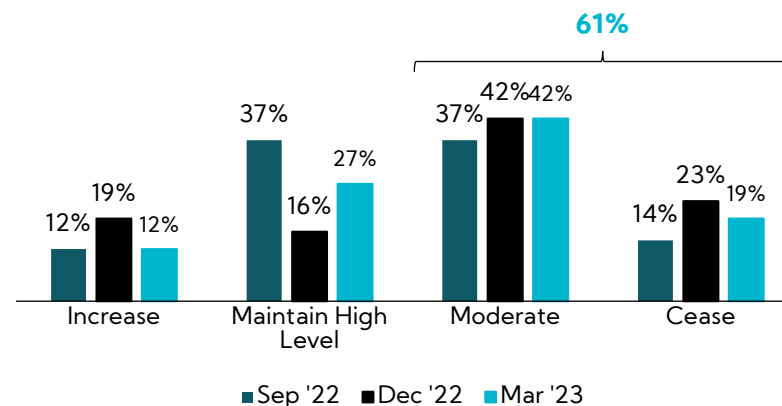
In Descending Order of Top Two Preferences



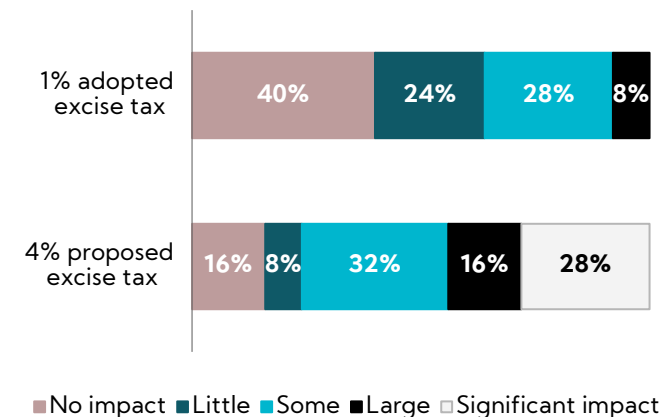
## THRESHOLDS FOR IDEAL NET DEBT-TO-EBITDA



## VIEWS ON SHARE BUYBACK ACTIONS



## EXPECTED IMPACT OF EXCISE TAX ON BUYBACKS



# Top Concerns from Around the Globe *(Unaided)*

*Monetary Policy remains the leading concern amid fears of a Fed “overshoot” closely followed by geopolitics (prolonged Ukraine War, increased fears of a Taiwan takeover) and while growth pockets exist, concerns around demand jump*

1	47% (↓ 11pts)	Monetary Policy, Interest Rates	2	40% (↑ 3pts)	Geopolitics and War	3	29% (↑ 17pts)	Demand
4	29% (↓ 2pts)	Recession	5	27% (↓ 17pts)	Inflation	6	16% (↑ 1pts)	U.S. Administration

## Views from N. America

*"Inflation, supply chain, rates." Buy Side, Generalist*

*"Interest rates, geopolitical uncertainty, Federal budget politics." Buy Side, Generalist*

*"China taking Taiwan – so much of our economy and military depends on the semis made there, the Fed overshooting and raising rates to create a real recession." Buy Side, Generalist*

*"Ukraine war, government spending, and debt longer term." Buy Side, Generalist*

*"End demand, inflation pressures, supply chain constraints." Buy Side, Generalist*

*"Financial conditions, interest rates, labor costs." Buy Side, Generalist*

*"We have had a period of excesses over the last 10 years, especially the last 2–3 years; sometimes it takes an extended period of the opposite to ring the excesses out of the system." Buy Side, Generalist*

*"Fed policy error(s), political idiocy on both sides, inflation, money supply, and the Fed balance sheet." Buy Side, Generalist*

*"Costs/Raw materials, supply chain, people." Buy Side, Generalist*

*"Sales, margins." Sell Side, Generalist*

*"Inflation, U.S. budget deficit, Charles Schwab's financial situation is extremely weak – what if they stumble?" Buy Side, Multi*

*"Administration with no clue, supply chain, China." Buy Side, Multi*

*"Fed policy, China/Russia, sentiment." Buy Side, Multi*

*"Debt ceiling, Ukraine war, Fed policy/Treasury, spending/bond market." Buy Side, Multi*

*"Liquidity, high interest rates, failure to prepare." Buy Side, Industrials*

*"Supply chain, high materials prices, volume growth." Buy Side, Industrials*

*"Recession, inflation remaining, profit margin pressure." Buy Side, Industrials*

*"Interest rates, cost of capital, weak consumer." Sell Side, Multi*

*"Banks, inflation, growth." Sell Side, Multi*

*"Construction markets, disinflation & price/cost, inventory destocking." Sell Side, Multi*

*"Rates, funding/loans, higher costs." Sell Side, Generalist*

*"Fed over tightening, credit availability, tight availability of qualified personnel." Sell Side, Industrials*

## Views from Europe

*"Fed overreacting, China geopolitics, global recession." Buy Side, Generalist*

*"Deglobalization, the way it affects emerging markets, China getting over the demographic hump and how that affects demand, and imbalances. We have seen one of them built up in the U.S. economy, so likely there are more blowups like the banks happening." Buy Side, Generalist*

*"Banking credit, economic growth, earnings." Buy Side, Generalist*

*"Financial conditions, inflation, volatility in the stock market." Buy Side, Industrials*

*"Interest rates, because if we get another hike, particularly growth stocks are going to go down no matter what they do; consumer softness, if there is a decline in the market not understanding what's destocking after the COVID period and what is just a contraction in the market, with the latter being much more structural and damming; supply chain stress is still something that is impacting stocks even though the general backdrop is softer." Buy Side, Consumer Staples*

*"Orders, capacity utilization, margins." Sell Side, Generalist*

*"War, global finance turmoil, sustainability." Sell Side, Multi*

*"Volume weakness, China/U.S. trade war, Russia/Ukraine war." Sell Side, Multi*

## Views from Asia

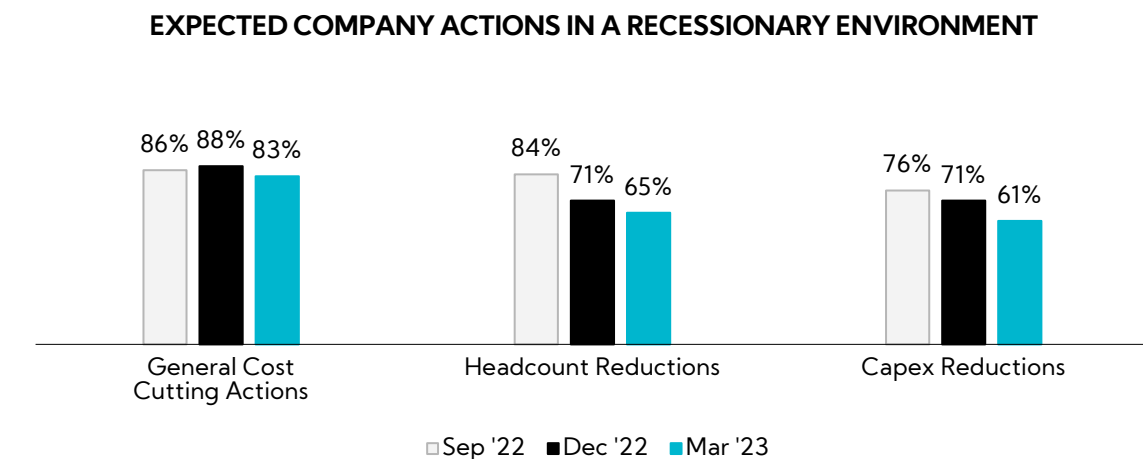
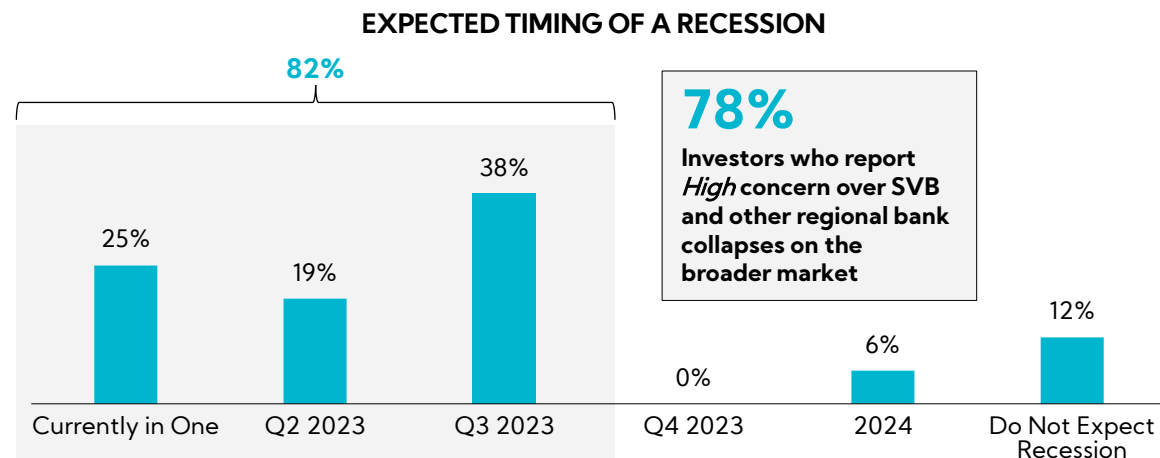
*"Financial crisis, global security, inflation." Sell Side, Generalist*

*"Rate hikes, recession risk, inflation." Sell Side, Multi*



# Majority Anticipate 2023 will be a Recession Year; Layoffs Continue and Tech Companies are Hardly Alone

*Cost-cutting actions are seen as the leading expected actions for companies in a recessionary environment*

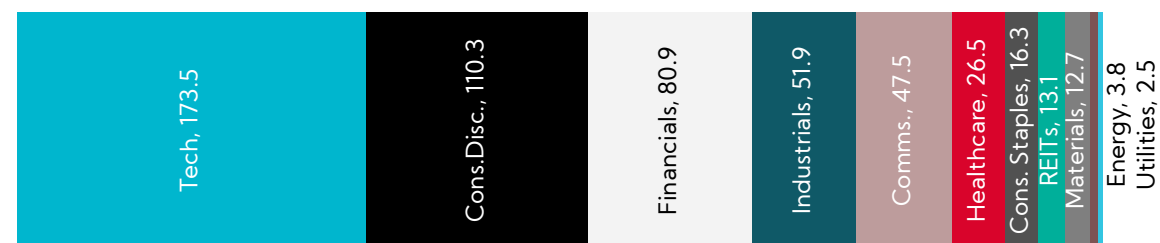


## LAYOFF MENTIONS BY PUBLIC COMPANIES IN INVESTOR COMMUNICATIONS

U.S. Companies, >\$500M Market Cap, n=1,484



## LAYOFFS BY SECTOR: 538,000 SINCE OCTOBER 2022<sup>1</sup> ('000)



<sup>1</sup>Bloomberg as of Oct. 1, 2022 to April 3, 2023

# Investors Weigh the Implications from Recent U.S. Legislative Actions

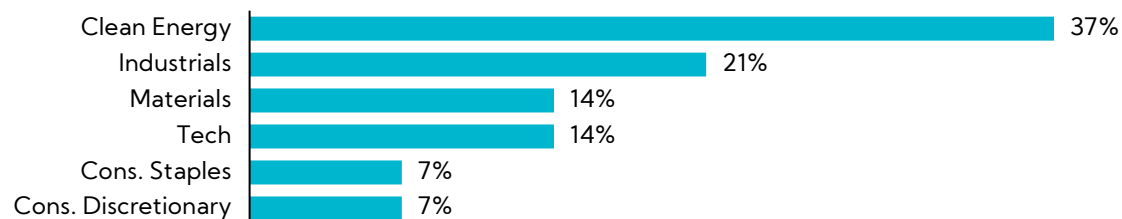
*Industrials, Materials, and Tech sectors seen as benefiting the most from marquee congressional actions*

## SECTORS EXPECTED TO BENEFIT THE MOST

### BIPARTISAN INFRASTRUCTURE BILL



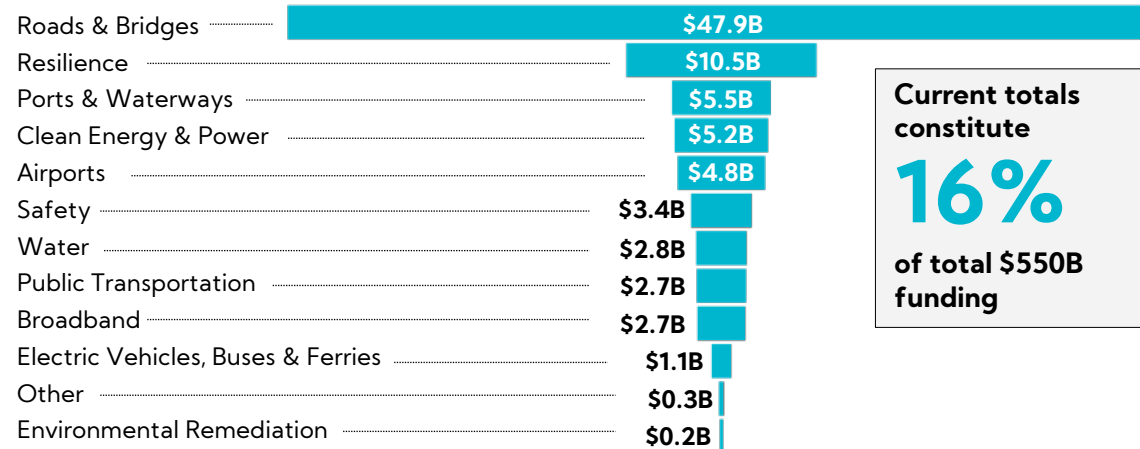
### INFLATION REDUCTION ACT



### CHIPS ACT

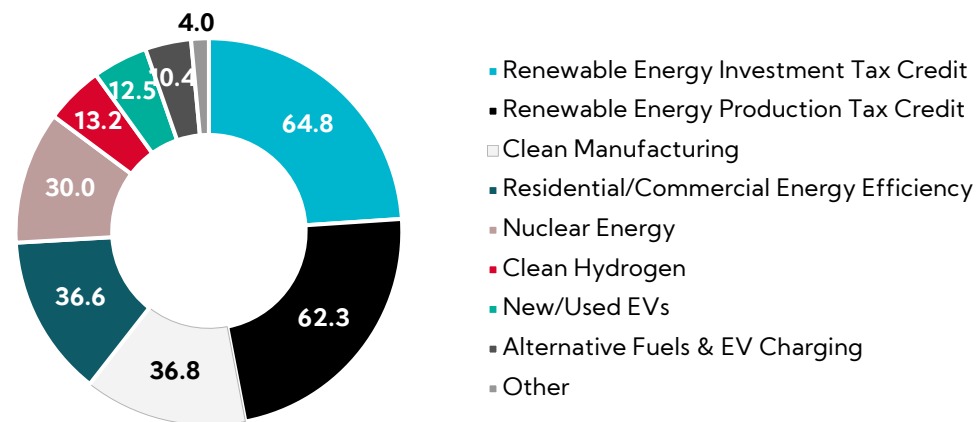


## ANNOUNCED & AWARDED BIPARTISAN INFRASTRUCTURE BILL FUNDING<sup>1</sup>



Current totals  
constitute  
**16%**  
of total \$550B  
funding

## GREEN TAX CREDITS IN THE INFLATION REDUCTION ACT (\$B)<sup>2</sup>

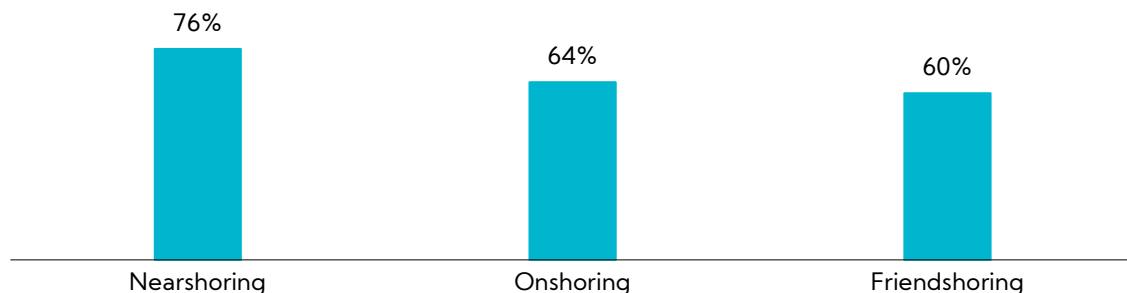


<sup>1</sup>U.S. General Services Administration, Announced and Awarded as of April 8, 2023; <sup>2</sup>Congressional Budget Office

# Supply Chain Recalibrations in Focus as Mentions Proliferate Exiting the Pandemic

*Most expect nearshoring trends to increase in 2023 and only 11% (aided) cite more concern or a continued high level of concern about supply chain disruptions, down from 70% YoY*

## EXPECTATIONS FOR SUPPLY CHAIN MANAGEMENT TRENDS



*"Also hearing more about making supply chains close to end customers which may be abroad (e.g., manufacture in Europe for Europe)." Buy Side, Generalist, N. America*

*"COVID-19 exposed the problem of relying on one country and most companies are trying to expand the supply chain." Buy Side, Generalist, N. America*

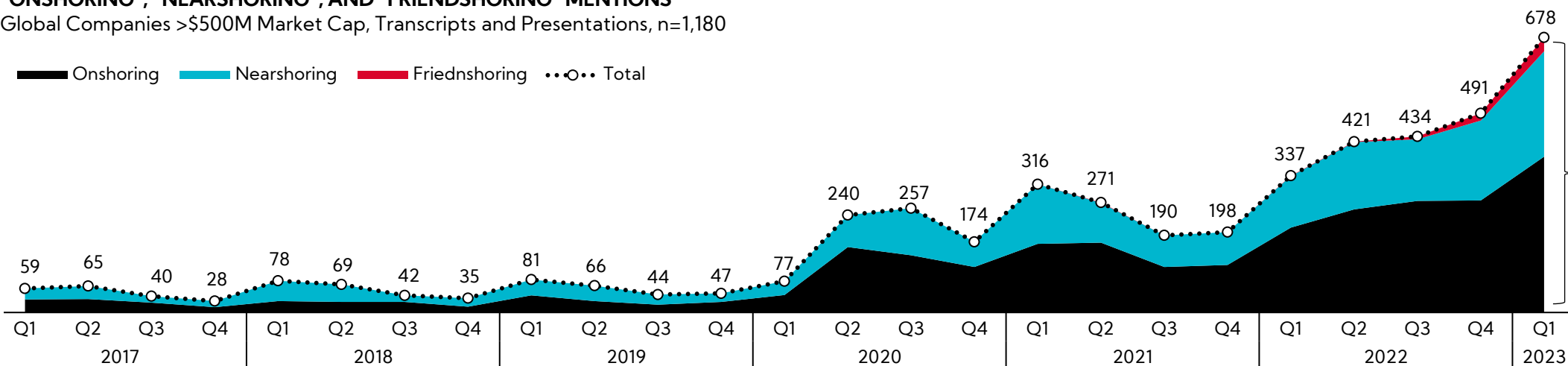
*"Friendshoring has already been exhibited and will continue to be a key theme." Buy Side, Generalist, N. America*

*"The death of globalization has been overhyped." Buy Side, Multi, N. America*

## "ONSHORING", "NEARSHORING", AND "FRIENDSHORING" MENTIONS

Global Companies >\$500M Market Cap, Transcripts and Presentations, n=1,180

Onshoring Nearshoring Friendshoring Total

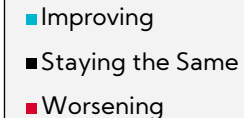


~8x

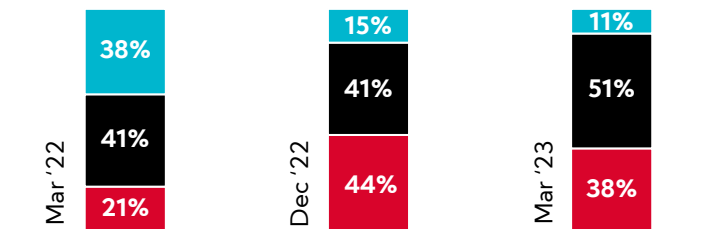
Increase in onshoring, nearshoring, and friendshoring mentions since Q1'20

# Views on Key Economic Indicators over the Next Six Months – Sentiment Trends

## More Cautious



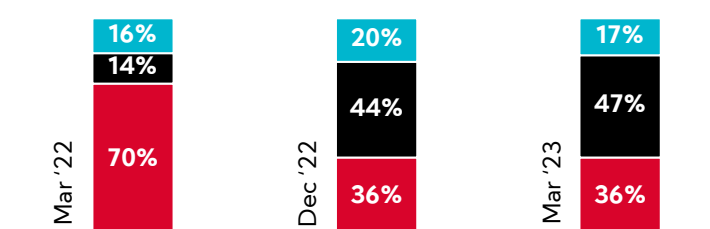
### GLOBAL CAPEX



Staying the Same: "I anticipate sustained spending, with a possible contraction depending upon the continued policy initiatives of monetary authorities, cost of capital, and also the path of economic growth." **Buy Side, Generalist, N. America**

Worsening: "Companies are trying to protect margins." **Buy Side, Multi, N. America**

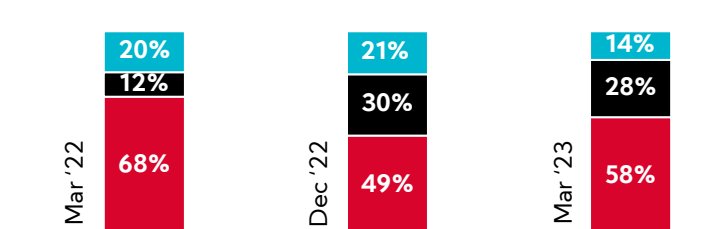
### GLOBAL PMI



Staying the Same: "Reductions in inventory will lead to weakening demand in Q1, but this will be offset by ability to deliver as supply chain improves." **Buy Side, Generalist, N. America**

Staying the Same: "While most services indices exhibit strength, manufacturing continues to exhibit weakness. Composite PMIs have been weak, and any sustained or accelerating weakness may result in worsening PMIs." **Buy Side, Generalist, N. America**

### CONSUMER CONFIDENCE

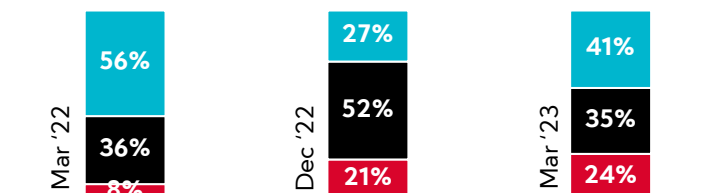


Improving: "Jobs seem plentiful and wages are rising at a good rate." **Buy Side, Generalist, N. America**

Staying the same: "Inflation and higher interest will temper confidence despite decent levels of employment." **Buy Side, Generalist, N. America**

Worsening: Credit card debt, taxes, unemployment." **Sell Side, Multi, N. America**

### OIL & GAS MARKETS

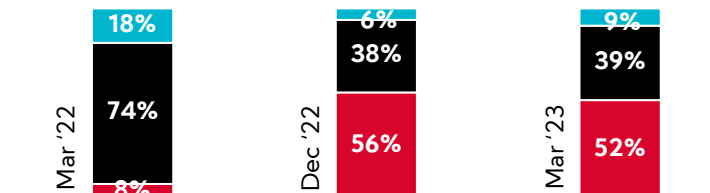


Improving: "The biggest issue is limited refining capacity. XOM added some recently, so we think that should help." **Buy Side, Generalist, N. America**

Staying the Same: "May improve given recent announcement by Saudi Arabia to cut production in the face of sustained demand." **Buy Side, Generalist, N. America**

Worsening: "Increasing use of alternative energy and modest economic levels should reduce demand although geopolitical strife may continue to weigh on supply." **Buy Side, Generalist, N. America**

### U.S. UNEMPLOYMENT

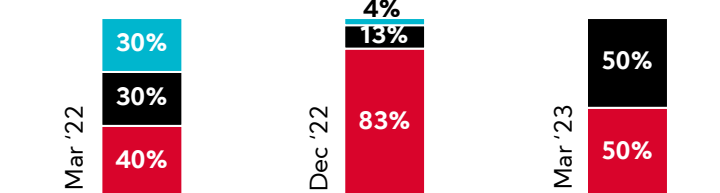


Improving: "The increases in joblessness haven't happened and we are thinking they won't for most industries." **Buy Side, Generalist, N. America**

Staying the Same: "While layoffs within certain tech-oriented firms have caught the spotlight, overall the employment situation remains a positive. Should a hard-landing occur, this will change the landscape and unemployment may increase." **Buy Side, Generalist, N. America**

Worsening: "Companies pruning staff." **Buy Side, Multi, N. America**

### RESI CONSTRUCTION



Staying the Same: "May possibly slow, dependent upon real wages and also interest rates." **Buy Side, Generalist, N. America**

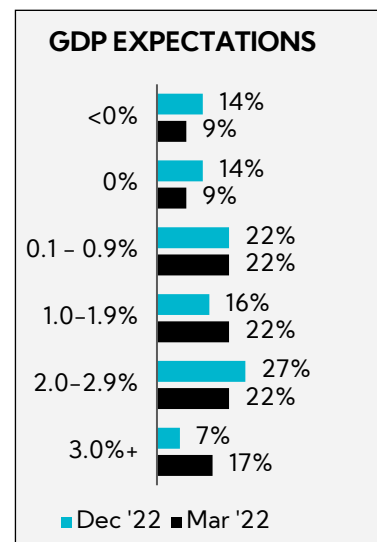
Worsening: "High interest rates will continue to weigh on residential housing demand." **Buy Side, Generalist, N. America**

Worsening: "I expect a 7% decline in new home sales and 12.6% decline in single-family housing starts in 2023." **Sell Side, Generalist, N. America**



# While Most Western Economies Are Expected to Worsen, Mexico Benefitting from Nearshoring and China's Reopening Anticipated to Benefit Surrounding Regions

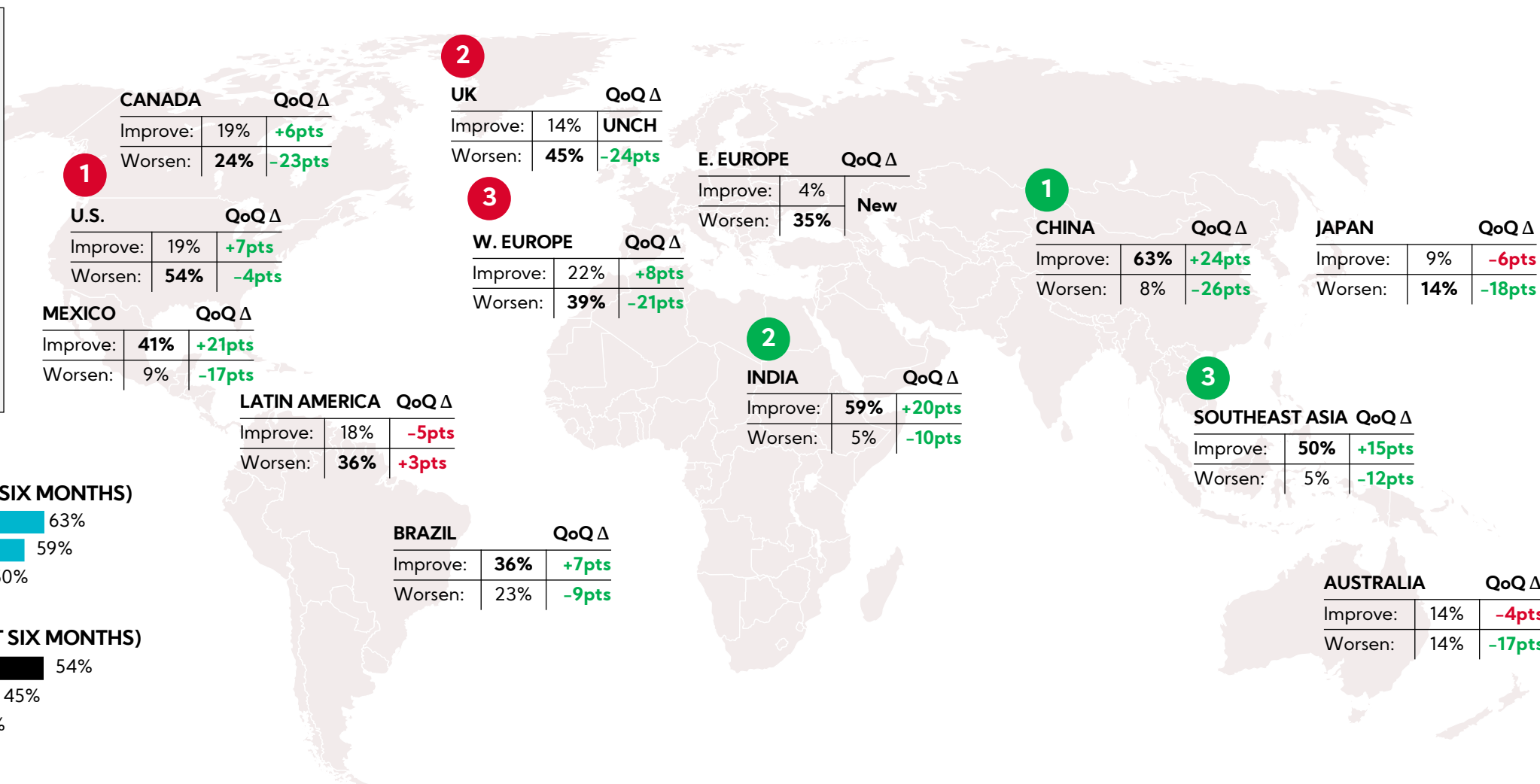
*U.S. 2023 GDP expectations are for +1.4% on average, up 0.7% since last quarter*



## TOP 3 – IMPROVING (NEXT SIX MONTHS)

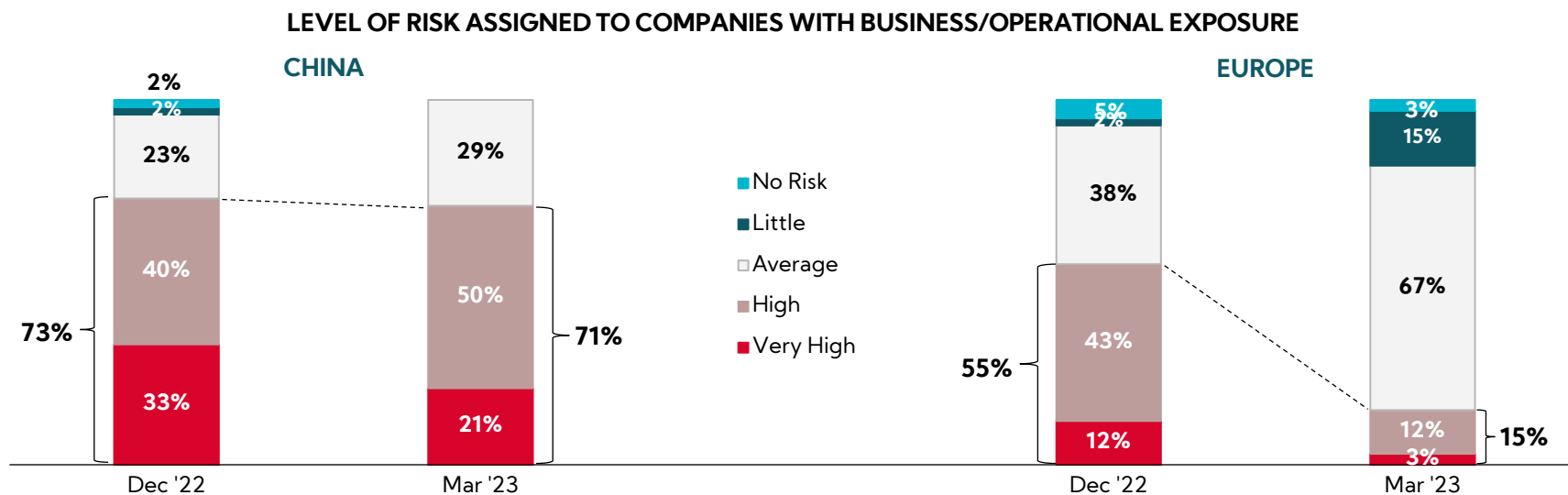


## TOP 3 – WORSENING (NEXT SIX MONTHS)



# Despite Increased Optimism About Chinese Economy, 7 in 10 Continue to Assign a High Level of Risk to Companies with Exposure; Negative Views On Europe Soften Dramatically QoQ

*Among top concerns this quarter, 60% of those citing geopolitical apprehension point to China, and 33% call out the war in Ukraine; furthermore, despite most anticipating Chinese economic improvement, majority express concern over U.S./China relations*



## 84%

**Exhibit More Concern or a Continued Level of High Concern over U.S./China Relations**

### Selected Commentary

#### China

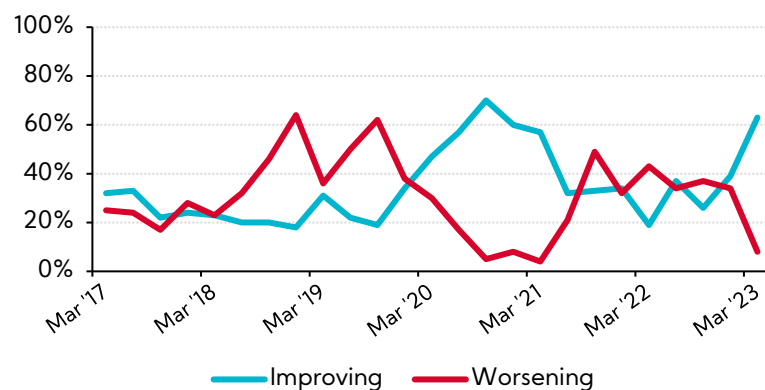
*"For my coverage, things are getting shut off. Whether it is equipment companies or NVIDIA, companies have to consider that they might be prevented from shipping to China. A lot of disruption is going on in the tech space."* **Buy Side, Generalist, N. America**

*"The long-term outlook for business in China is not good; it's a different mentality, different ethics, different rules."* **Buy Side, Generalist, N. America**

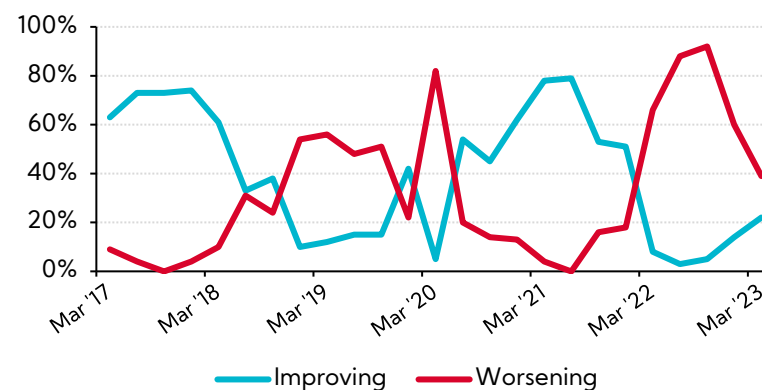
#### Europe

*"Europe has been better than expected and has been relatively resilient. We are in a better place than we were 9 months ago, given where energy markets are. Europe was hit much sooner and more severely than the U.S.; they have gone through that pain already, so I'm looking more favorably at Europe than I would other regions on a relative scale."* **Buy Side, Consumer Staples, Europe**

### INVESTOR SENTIMENT: CHINESE ECONOMY



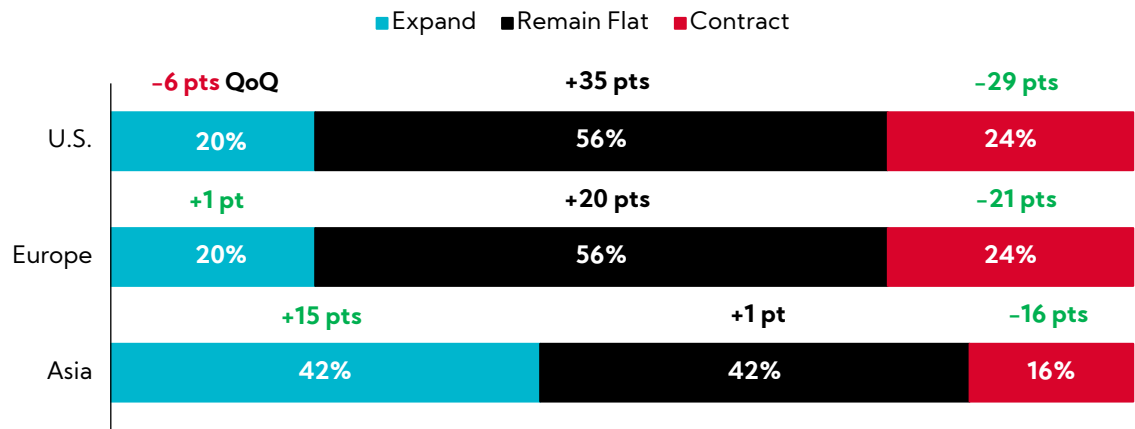
### INVESTOR SENTIMENT: WESTERN EUROPE ECONOMY



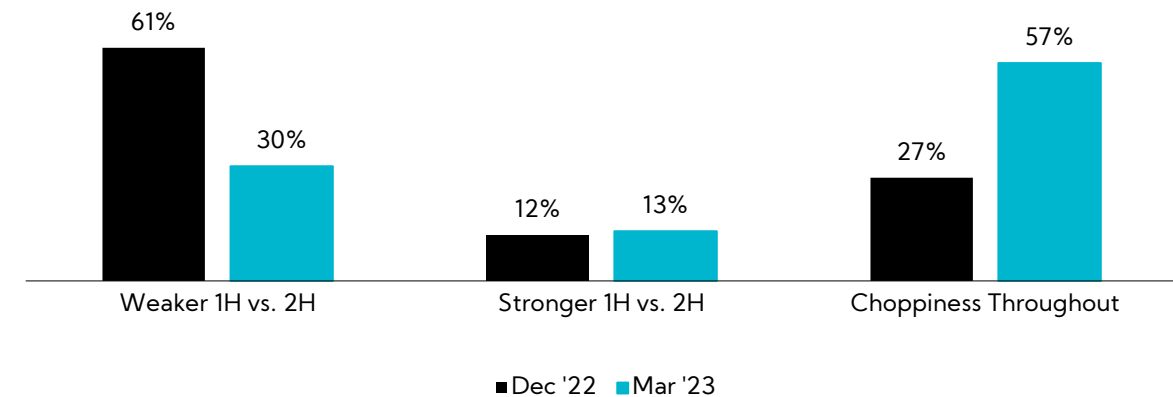
# Investors Report Holding, with U.S. Valuations Expected to Remain Flat in 2023 and Experience Choppiness Throughout

None report selling at this time, a survey first

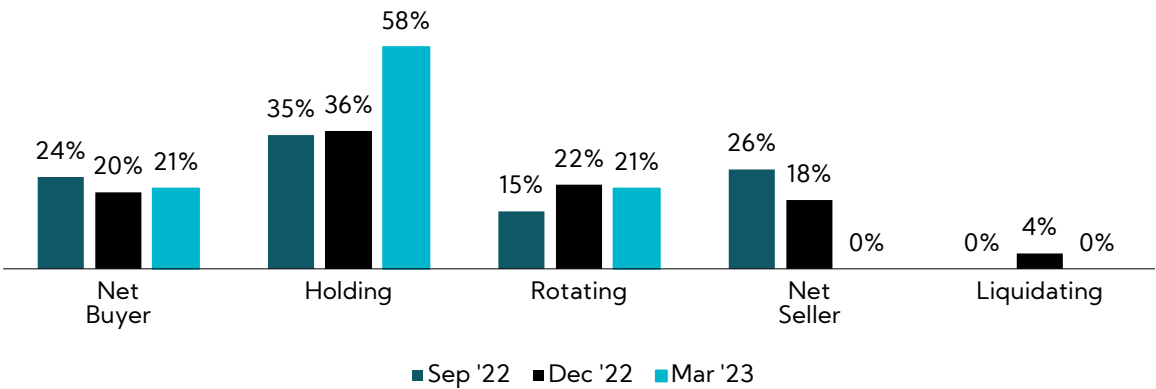
## EXPECTATIONS FOR EQUITY VALUATIONS IN 2023



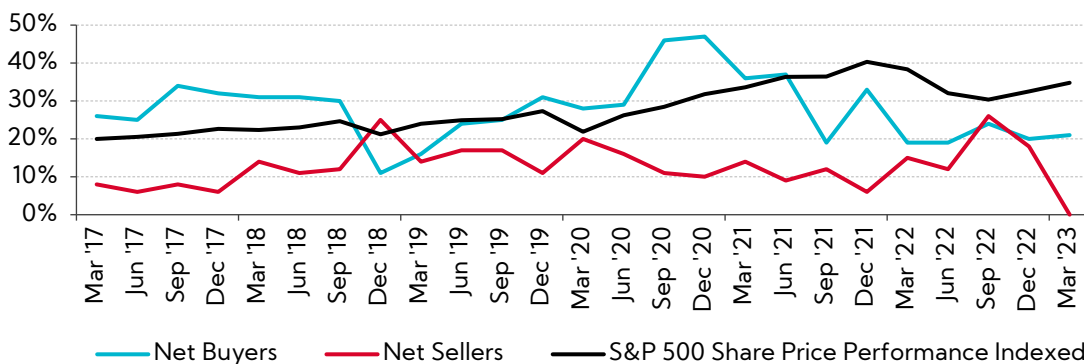
## 2023 MARKET PERFORMANCE EXPECTATIONS



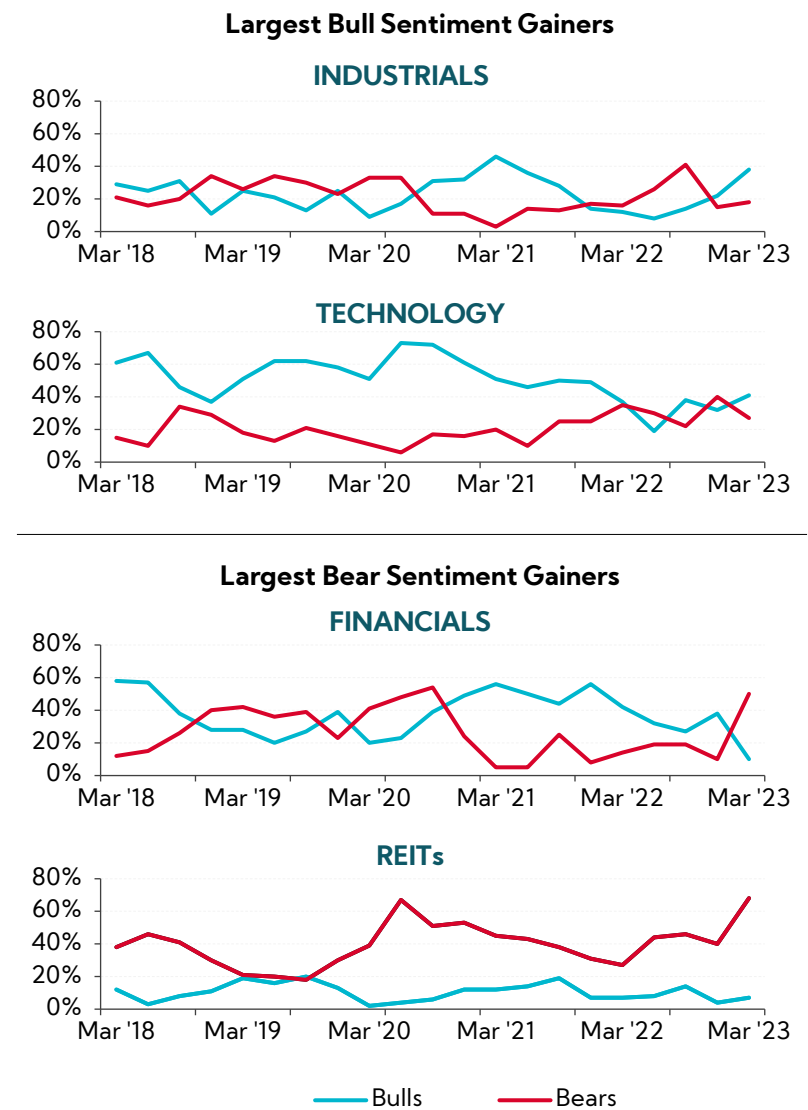
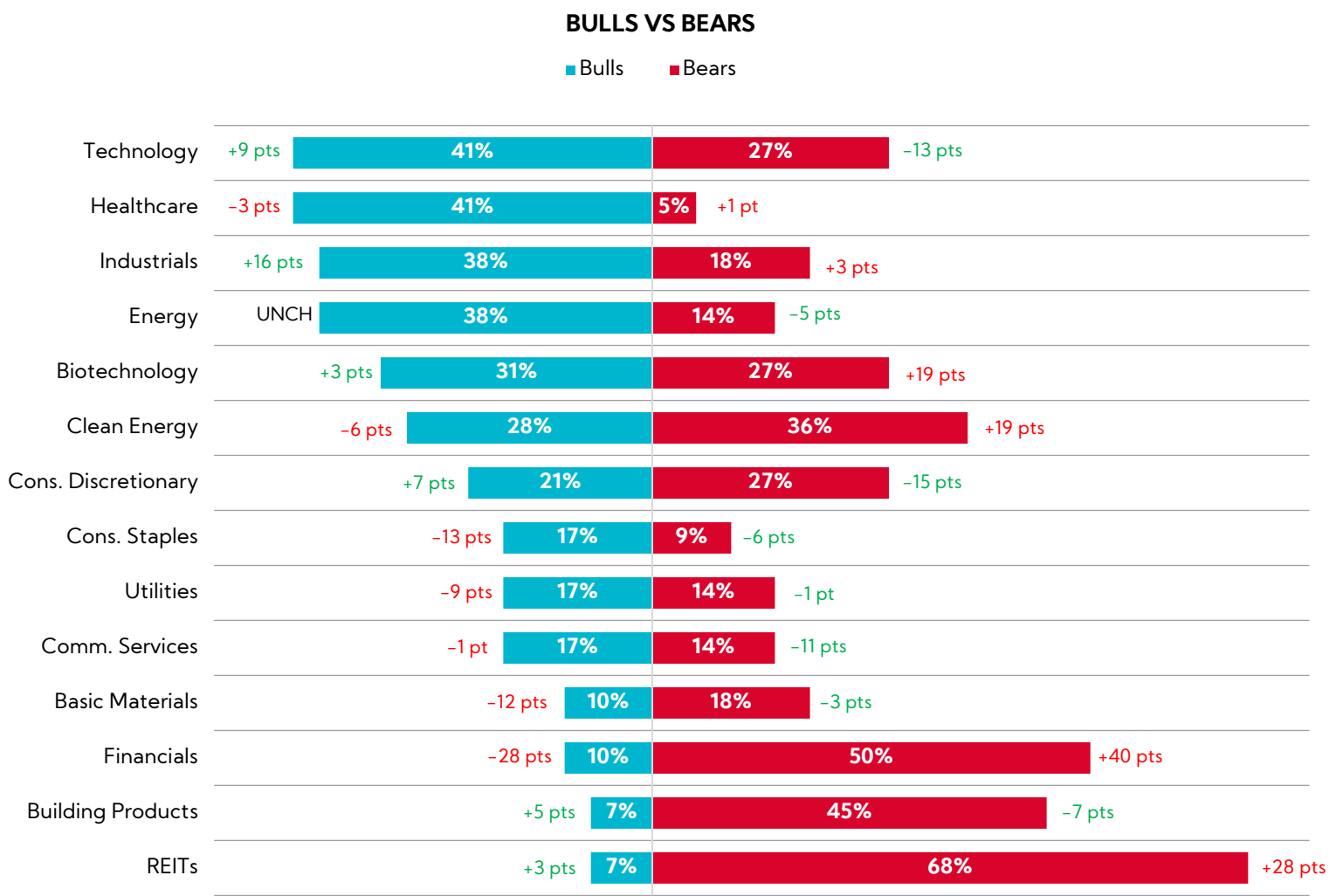
## QoQ INVESTMENT TRENDS



## NET BUYERS VS. NET SELLERS



# Tech Back on Top and Industrials See the Largest Positive Swing; Bears Pile Into Financials and REITs Register the Most Downbeat Sentiment in Survey History







## About Corbin

# About Corbin Advisors – A Differentiated Research and Advisory Firm Specializing in Value Creation



FOUNDED  
**2007**

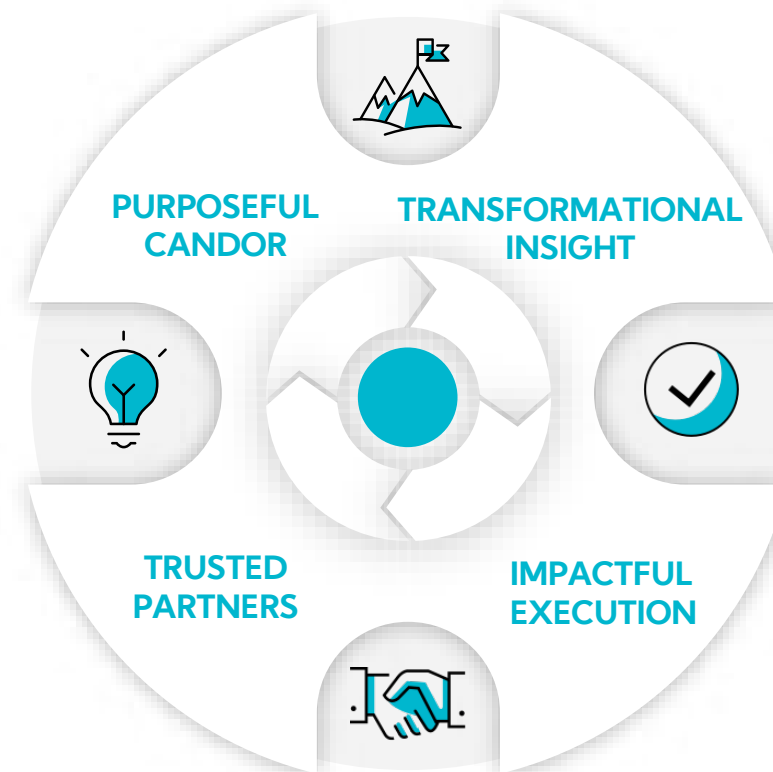
HEADQUARTERS  
**Farmington  
Connecticut**



Corbin was founded on the idea that data-driven, insights-based advice is a powerful catalyst for unlocking value.

Leveraging proprietary research and analytics, a best-practice mindset, executional excellence, and a deep understanding of what influences investor sentiment, we deploy a proven model to realize value.

With a consistent track record of driving breakthrough thinking and impact, organizations globally – across all sectors and sizes – trust and partner with us.



Perception Studies • Investor Days • IR Advisory • Earnings • Investor Presentations • Sustainability Reports • IPO Preparedness • Strategic Communications

**corbinadvisors.com**



# Contact Us

[contactus@corbinadvisors.com](mailto:contactus@corbinadvisors.com)

The Exchange  
Bldg. 4, Suite 260  
270 Farmington Ave  
Farmington, CT 06032  
[corbinadvisors.com](http://corbinadvisors.com)

