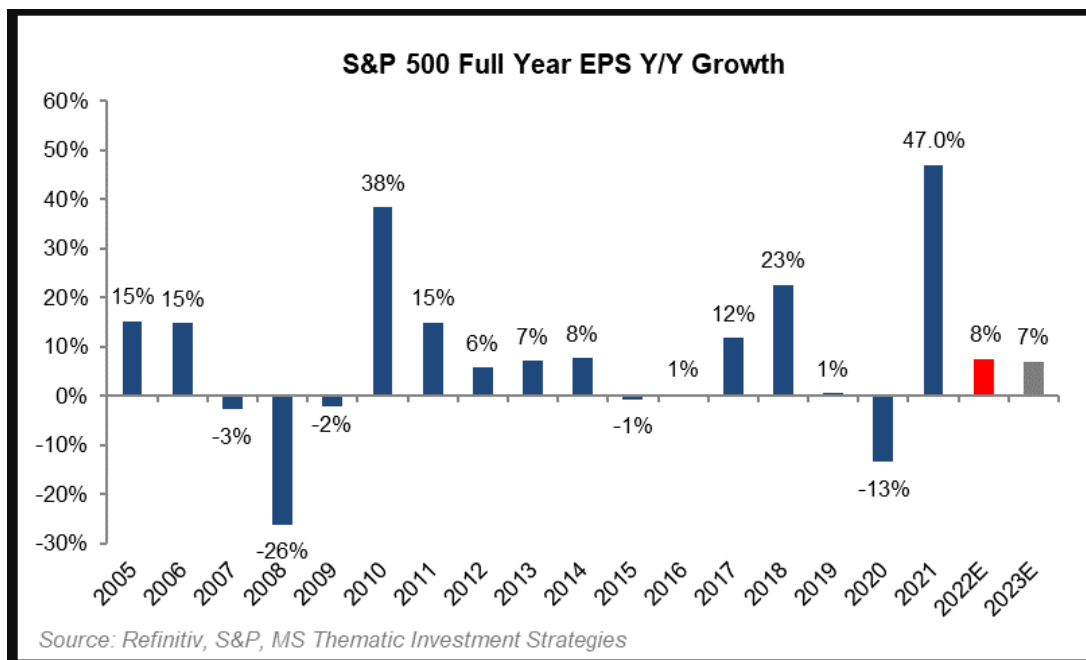


End of Year Rally?

In this week's 'Current Data Insights', we take another look at earnings forecast (Morgan Stanley) and with midterm elections in the US fast approaching we look at the SP 500 and data inputs since 1950.

- Last week we looked at JP Morgan's S&P 500 earnings forecasts and how they have changed throughout the year so far. JP Morgan is currently expecting EPS y/y growth in both 2022 and 2023 of just below 8%. Below, we have Morgan Stanley's (MS) forecasts, which I have come across in the meantime. Similarly, MS are looking for 8% this year and a still-robust 7% next year. You can also see historical S&P 500 EPS y/y growth since 2005 on the chart below. Importantly, growth is still forecast for 2022&23, not contraction.



- The S&P 500 typically bottoms on September 30th during mid-term years (which we are currently in), before the strong seasonal strength takes over. The chart below takes data from every US mid-term election year between 1950 and today and shows the average performance. The average Q4 performance (in yellow), is undeniable. Interestingly, the index has bounced quite strongly since September 30th, which was one week ago.

