Saxo Market Call

Slide deck

Thursday, May 25, 2023

Questions and comments to marketcall@saxobank.com

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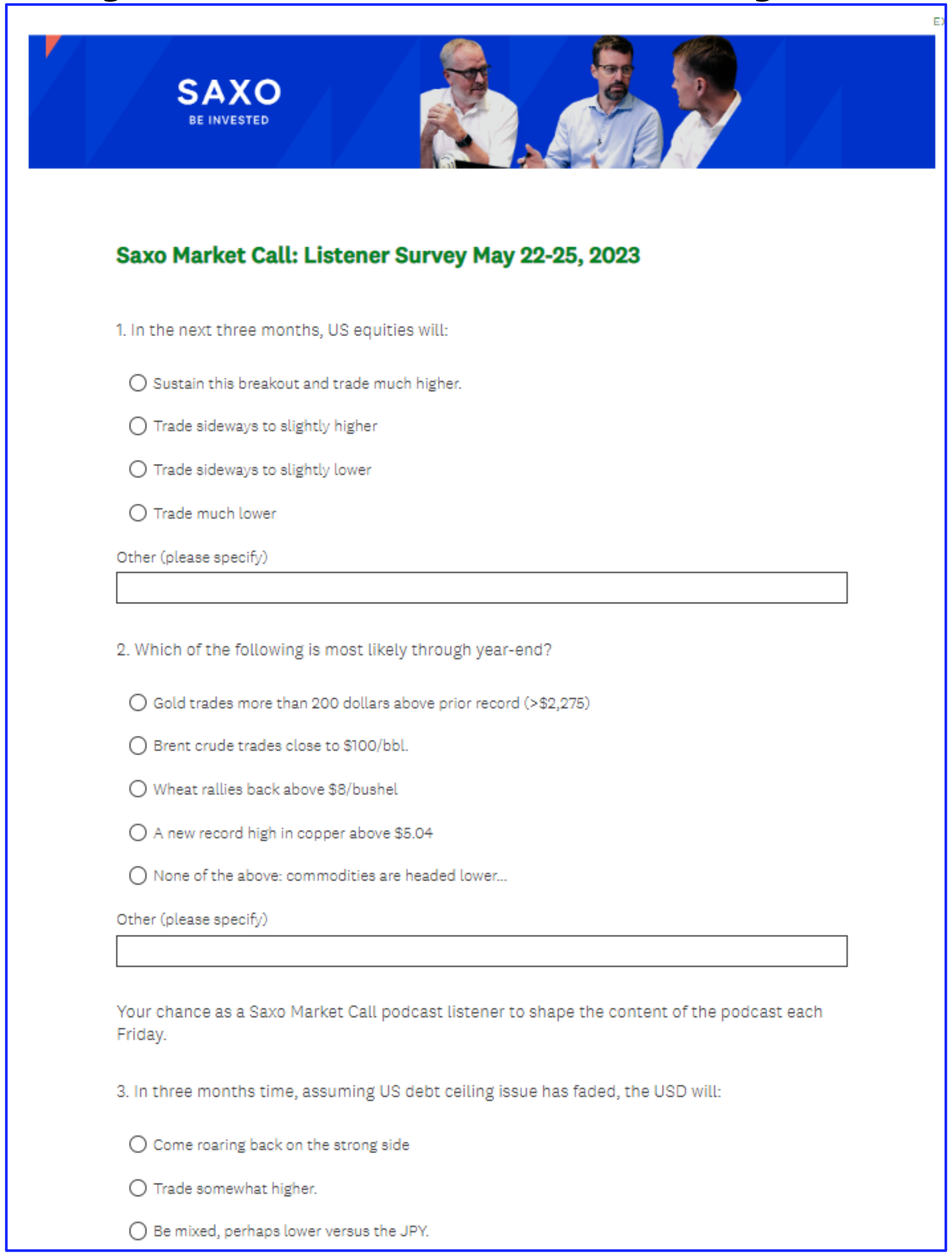
Latest Saxo Market Call podcast survey will close later today!

Your biweekly chance to provide feedback and drive the content of the Wednesday and Friday podcasts!

Link to latest SMC survey:
https://www.surveymonkey.com/r/NX7X2SQ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Saxo Market Call: Listener Survey May 22-25, 2023

1. In the next three months, US equities will:

- ◯ Sustain this breakout and trade much higher.
- ◯ Trade sideways to slightly higher
- ◯ Trade sideways to slightly lower
- ◯ Trade much lower

Other (please specify)

2. Which of the following is most likely through year-end?

- ◯ Gold trades more than 200 dollars above prior record (>$2,275)
- ◯ Brent crude trades close to $100/bbl.
- ◯ Wheat rallies back above $8/bushel
- ◯ A new record high in copper above $5.04
- ◯ None of the above: commodities are headed lower...

Other (please specify)

Your chance as a Saxo Market Call podcast listener to shape the content of the podcast each Friday.

3. In three months time, assuming US debt ceiling issue has faded, the USD will:

- ◯ Come roaring back on the strong side
- ◯ Trade somewhat higher.
- ◯ Be mixed, perhaps lower versus the JPY.

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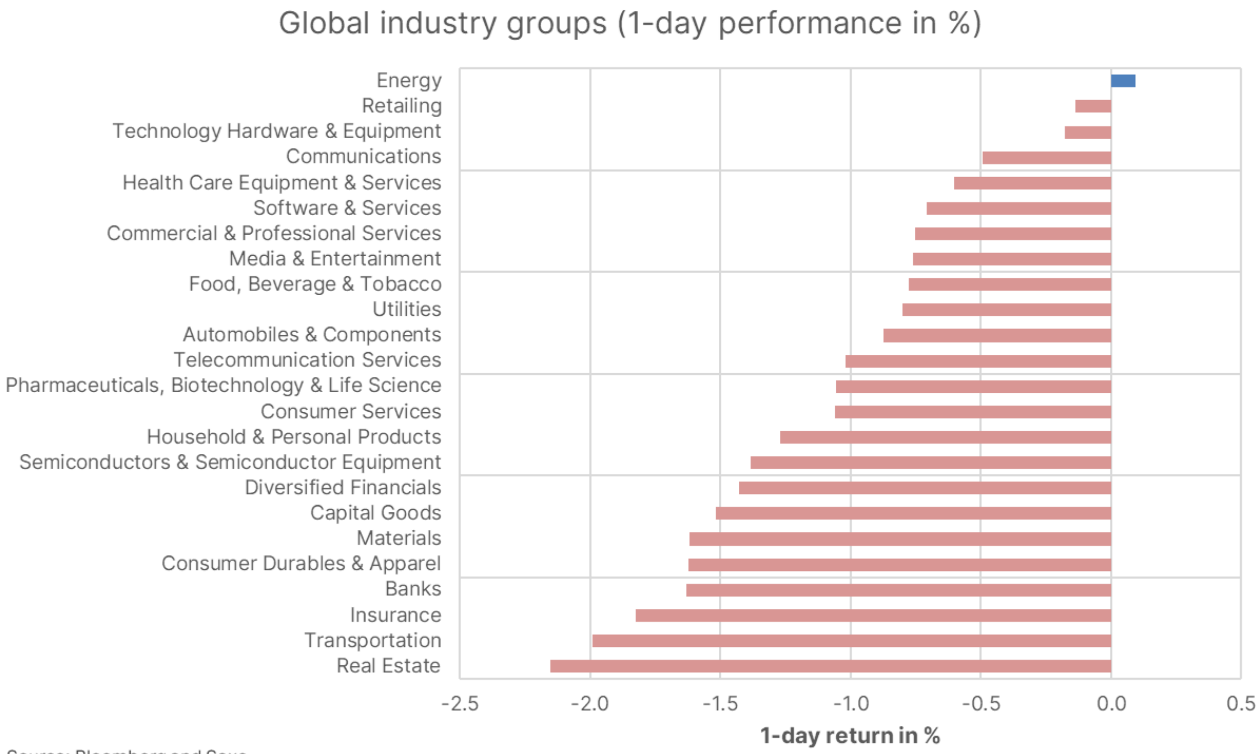
Equities – a negative session followed by Nvidia jolt after hours



Source: Bloomberg and Saxo

Source: Saxo

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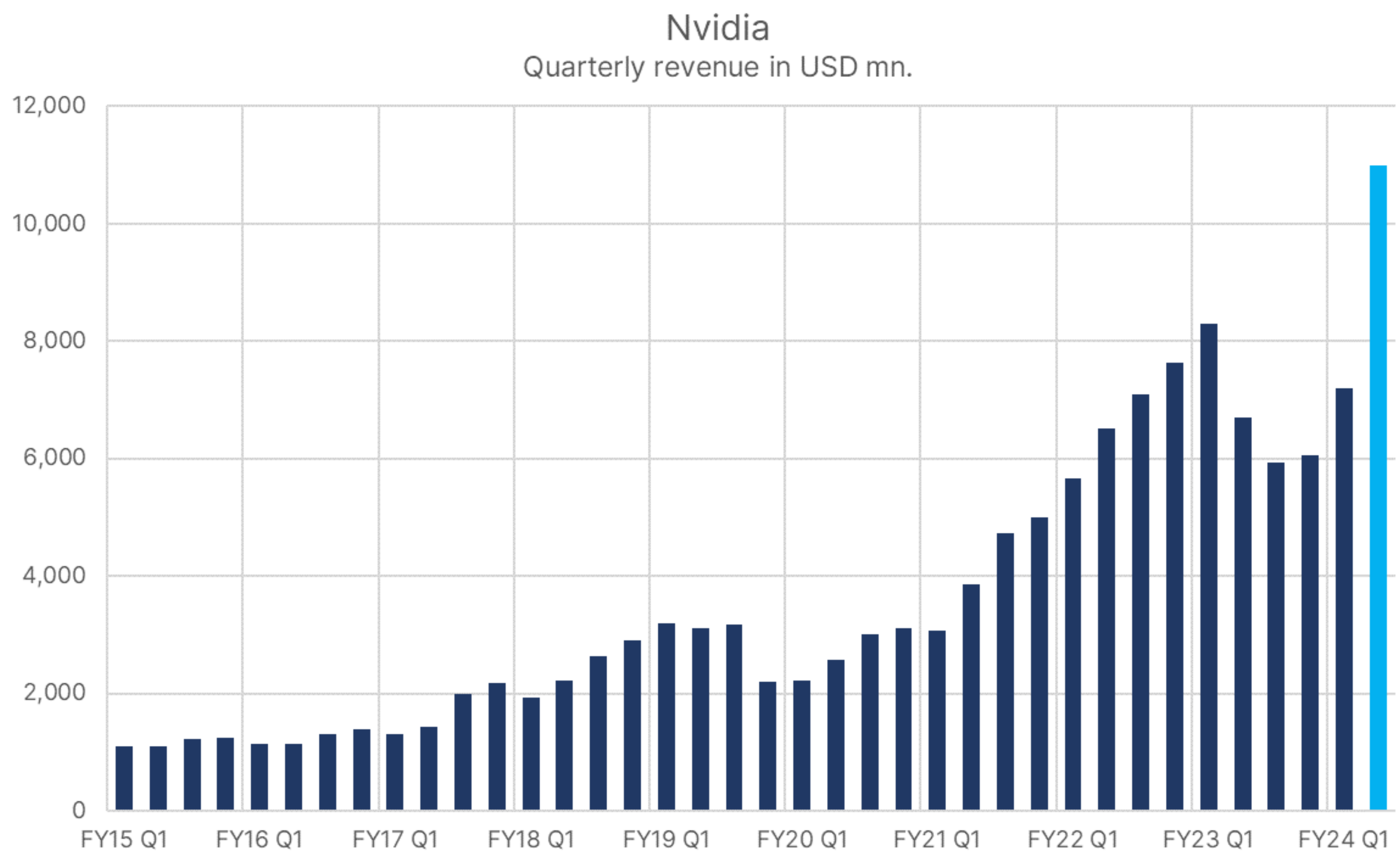
Nvidia's revenue explodes on AI hype going into hyperdrive



Source: Bloomberg and Saxo

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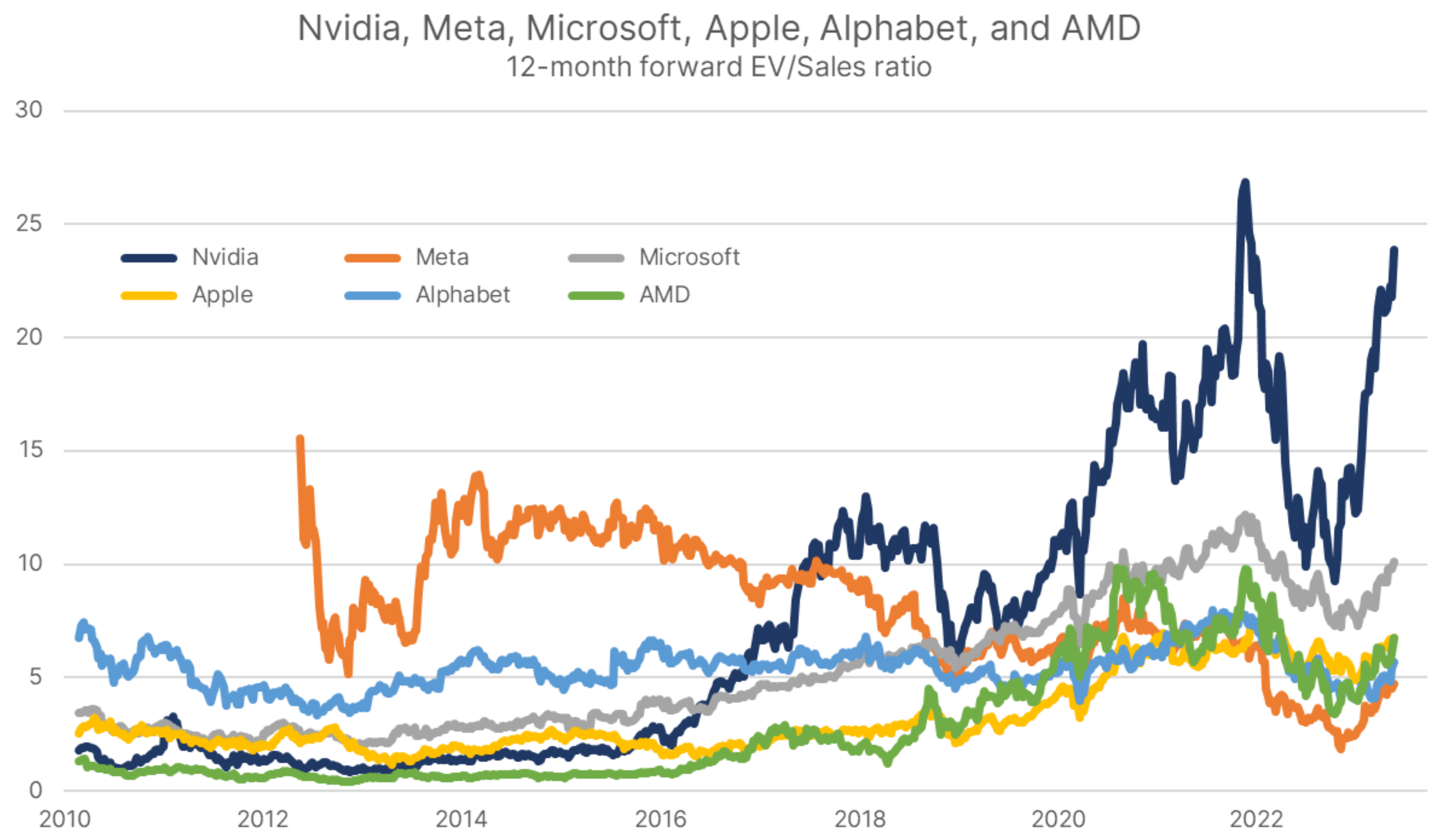
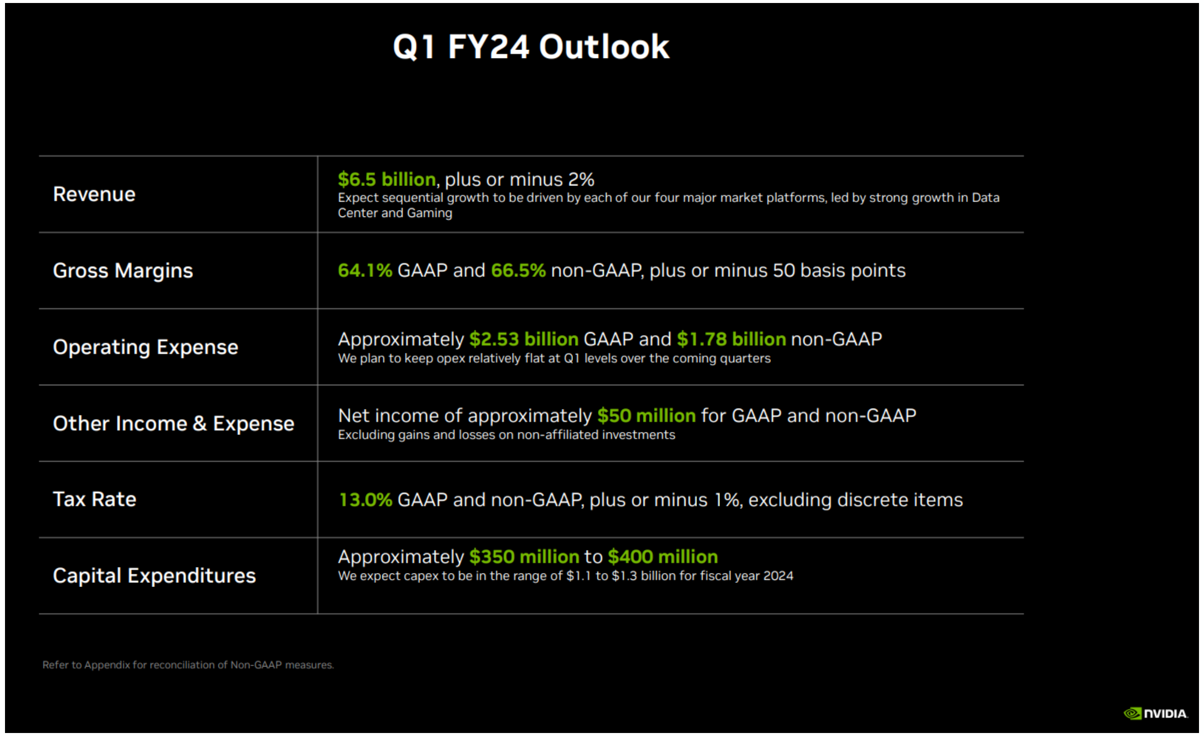
We have never seen a $1trn company with this valuation



Source: Bloomberg and Saxo

Unpredictable demand and accelerated computing



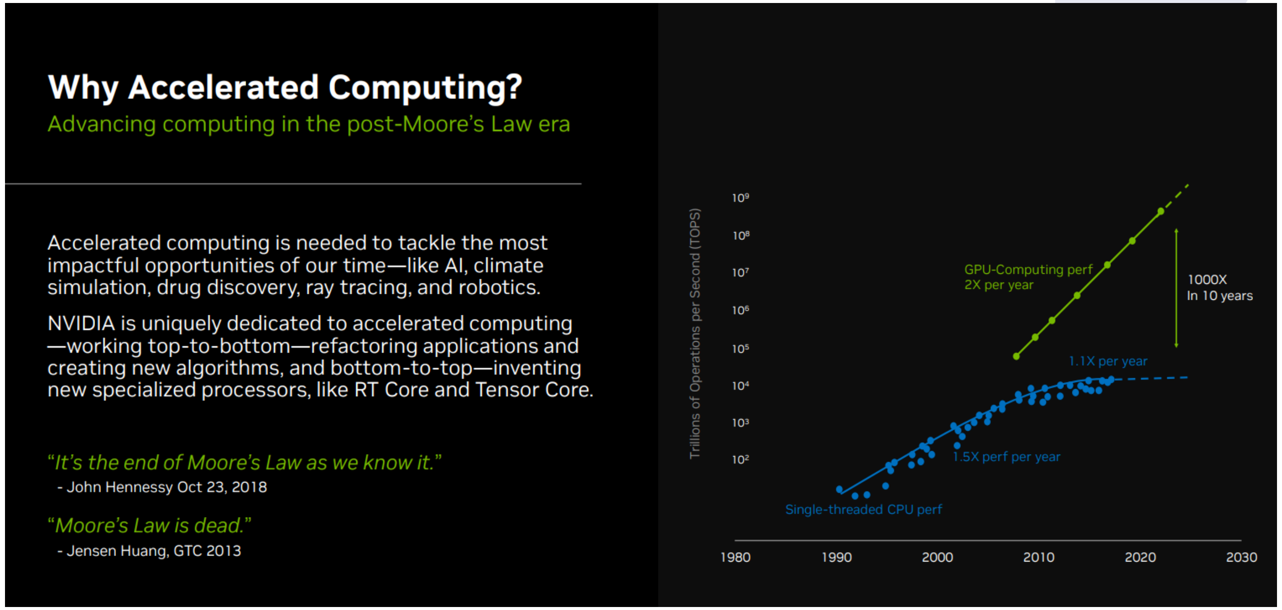
Q1 FY24 Outlook

Revenue	**$6.5 billion**, plus or minus 2% Expect sequential growth to be driven by each of our four major market platforms, led by strong growth in Data Center and Gaming
Gross Margins	**64.1%** GAAP and **66.5%** non-GAAP, plus or minus 50 basis points
Operating Expense	Approximately **$2.53 billion** GAAP and **$1.78 billion** non-GAAP We plan to keep opex relatively flat at Q1 levels over the coming quarters
Other Income & Expense	Net income of approximately **$50 million** for GAAP and non-GAAP Excluding gains and losses on non-affiliated investments
Tax Rate	**13.0%** GAAP and non-GAAP, plus or minus 1%, excluding discrete items
Capital Expenditures	Approximately **$350 million** to **$400 million** We expect capex to be in the range of $1.1 to $1.3 billion for fiscal year 2024

Refer to Appendix for reconciliation of Non-GAAP measures.

NVIDIA

Source: Nvidia



Source: Nvidia

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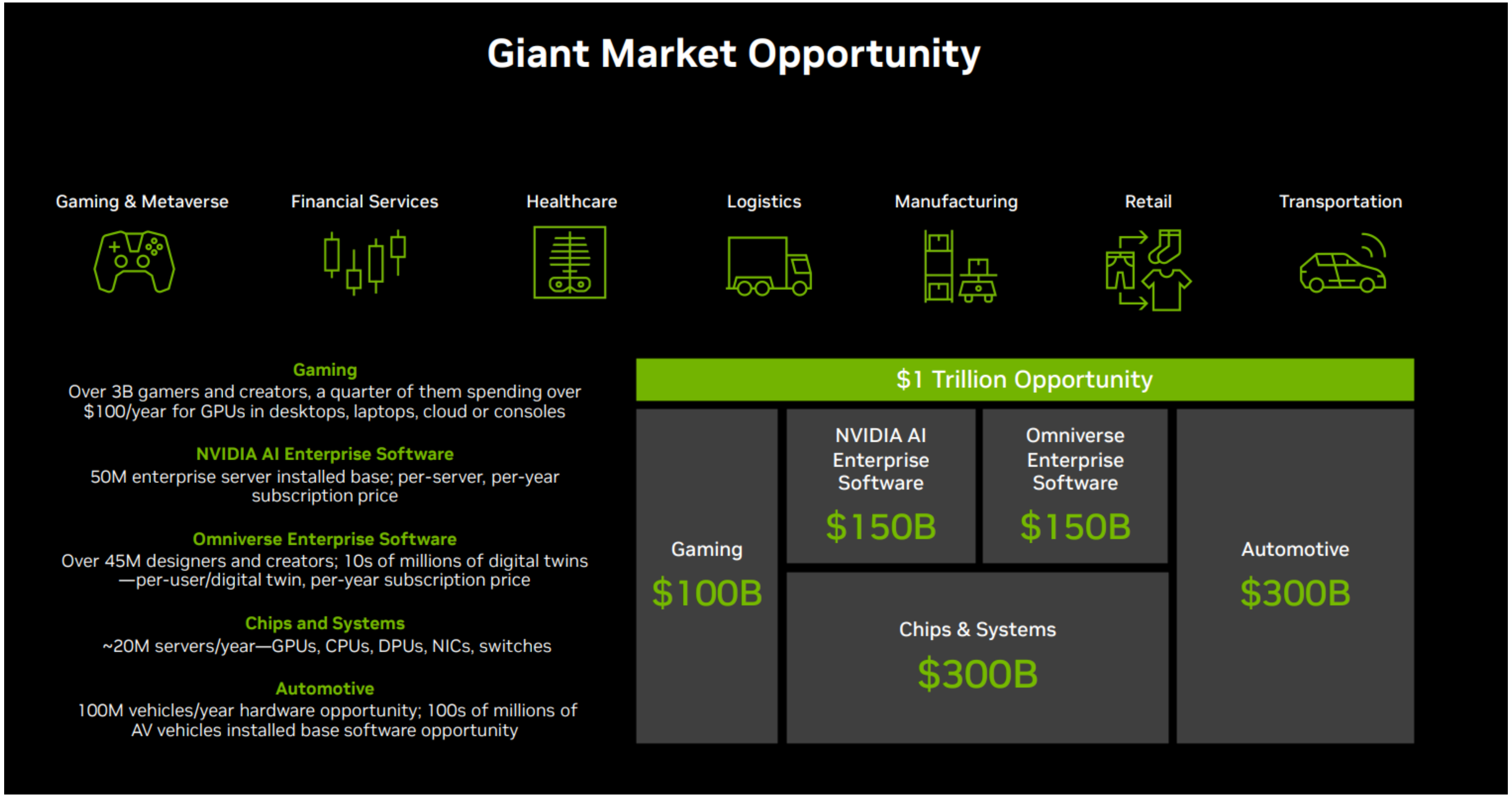
Nvidia is fueling the bubble with their expectations



Source: Nvidia

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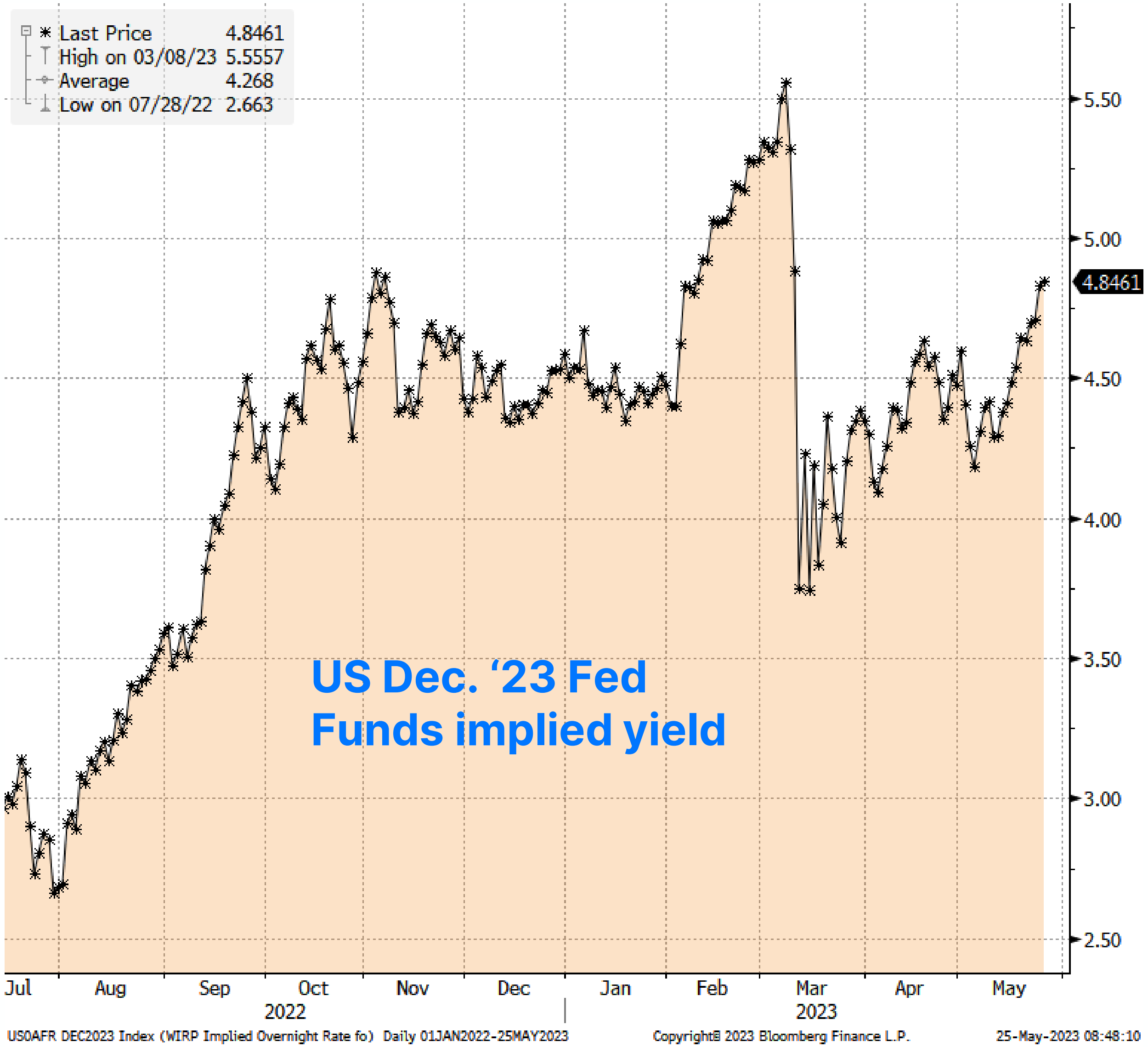
EOY 2023 Fed expectations rising: only slightly >25 bps of cutting priced.



Source: Saxo

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FX: High yields punish JPY again – BoJ needs to start ”tinkering”

FX Board - Tren volution for G10 + CNH

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Aggregate	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
Trends ->	0.4	4.6	-0.6	-2.5	2.2	2.2	-1.1	2.7	-0.9	-4.3	-2.3	-0.3	-4.0
2D Change	1.2	1.5	1.5	0.6	0.5	0.3	-1.3	-0.2	-4.5	-0.7	1.1	0.4	-0.5
5D Change	1.6	1.7	1.3	0.7	0.3	1.2	-1.3	-0.5	-3.1	-1.9	0.3	0.8	0.0

↑ Momentum

Trend readings for last five weeks

Date	EUR	USD	CNH	JPY	GBP	CHF	AUD	CAD	NZD	SEK	NOK	XAU	XAG
25-May	0.4	4.6	-0.6	-2.5	2.2	2.2	-1.1	2.7	-0.9	-4.3	-2.3	-0.3	-4.0
24-May	-0.1	3.9	-1.2	-2.8	2.1	2.0	-0.6	2.8	1.0	-4.1	-2.8	-0.5	-3.9
23-May	-0.8	3.1	-2.2	-3.1	1.7	1.8	0.2	2.9	3.6	-3.6	-3.4	-0.6	-3.5
22-May	-0.9	2.7	-2.1	-3.4	1.6	1.7	0.6	2.6	3.8	-3.1	-3.2	-1.0	-3.2
19-May	-1.2	2.8	-1.8	-3.2	1.7	1.2	0.4	2.8	3.2	-2.8	-3.0	-1.0	-3.3
18-May	-1.2	2.9	-1.9	-3.2	1.9	1.0	0.2	3.3	2.2	-2.4	-2.6	-1.1	-4.0
17-May	-1.3	1.8	-1.9	-2.6	1.8	1.2	0.1	2.5	1.6	-1.4	-1.7	-0.3	-3.9
16-May	-1.5	1.3	-1.8	-1.7	1.6	1.2	0.0	1.8	0.9	-0.9	-0.9	0.3	-3.8
15-May	-1.8	0.8	-1.4	-1.5	1.5	0.9	0.3	1.2	0.9	-0.5	-0.4	1.4	-3.1
12-May	-1.6	0.6	-1.7	-0.8	1.3	0.9	0.1	0.9	1.7	-0.1	-1.0	1.4	-2.5
11-May	-1.7	-0.8	-2.7	-1.0	1.5	0.5	0.8	1.0	3.5	0.0	-1.2	1.3	-0.9
10-May	-1.9	-1.9	-3.3	-2.2	2.0	0.4	1.3	1.3	3.8	1.0	-0.6	1.4	1.7
9-May	-1.5	-1.8	-2.9	-2.9	2.2	0.6	1.1	1.2	3.3	1.6	-1.2	1.6	2.4
8-May	-0.7	-1.9	-2.9	-2.8	2.2	1.0	0.9	0.8	2.8	1.9	-1.4	1.3	2.7
5-May	0.3	-1.4	-2.4	-2.2	2.8	2.0	0.0	0.0	2.0	1.9	-2.8	2.2	3.5
4-May	1.6	-0.6	-1.7	-2.0	2.8	3.7	-0.8	-1.7	1.7	1.4	-4.1	3.7	4.3
3-May	2.8	0.1	-1.5	-3.0	3.0	3.9	-0.9	-1.9	0.8	1.6	-4.7	3.0	3.4
2-May	2.7	0.8	-1.4	-4.3	3.1	3.2	-0.9	-0.8	0.3	1.8	-4.3	2.0	3.0
1-May	3.0	0.8	-1.8	-4.2	3.9	3.2	-2.1	-0.2	-0.8	2.0	-3.3	0.8	2.5
28-Apr	3.4	0.4	-1.6	-2.5	3.9	3.3	-2.9	-1.3	-1.6	2.2	-2.9	0.9	2.3
27-Apr	3.9	0.4	-1.8	-0.6	2.9	4.0	-2.7	-2.0	-2.8	1.9	-2.7	0.9	2.2
26-Apr	4.0	0.4	-1.9	-0.4	2.5	5.1	-2.7	-2.3	-3.3	2.0	-2.9	1.1	2.6
25-Apr	3.2	0.2	-1.7	-1.1	1.9	5.2	-1.6	-1.8	-3.0	2.3	-3.0	1.2	3.2
24-Apr	3.1	-0.5	-1.4	-2.2	1.9	5.1	-0.6	-1.2	-3.4	2.2	-2.5	0.4	3.7
21-Apr	2.5	-0.4	-1.0	-2.2	1.7	4.7	0.0	-0.3	-3.4	1.7	-2.9	0.9	4.2

Source: Saxo

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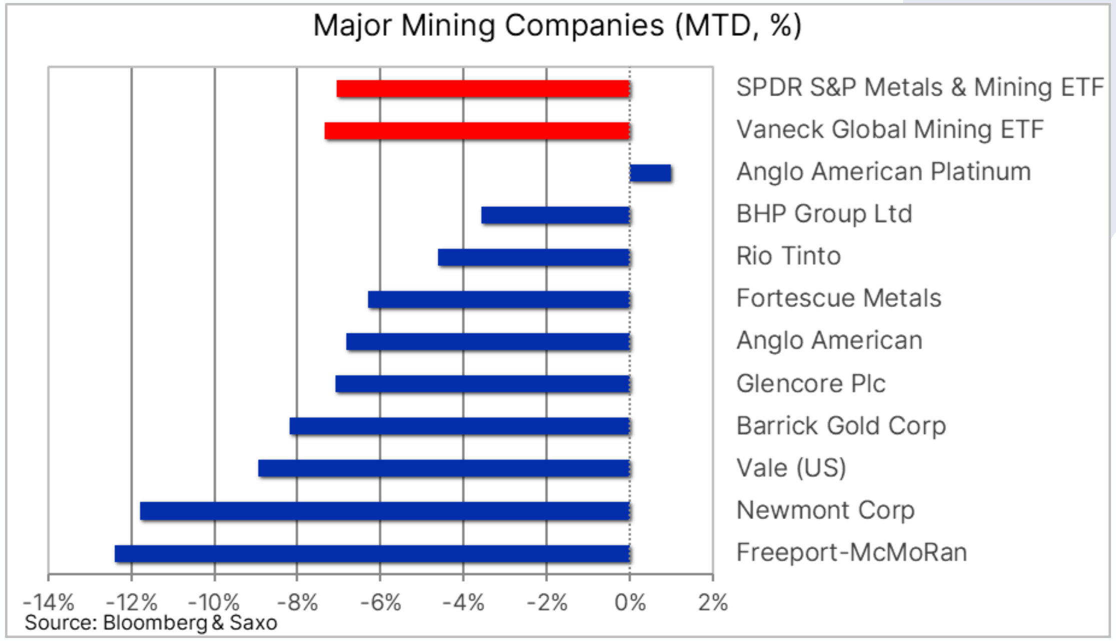
Mining industry hurt by deteriorating s/t outlook, but l/t supply issues remain

Source: Saxo



Miners are facing rising cash costs driven among others by:

- Higher input prices (diesel, electric and labor)
- Lower ore grades
- Rising regulatory costs and government intervention
- Climate change: Disruptions from flooding to lack of water

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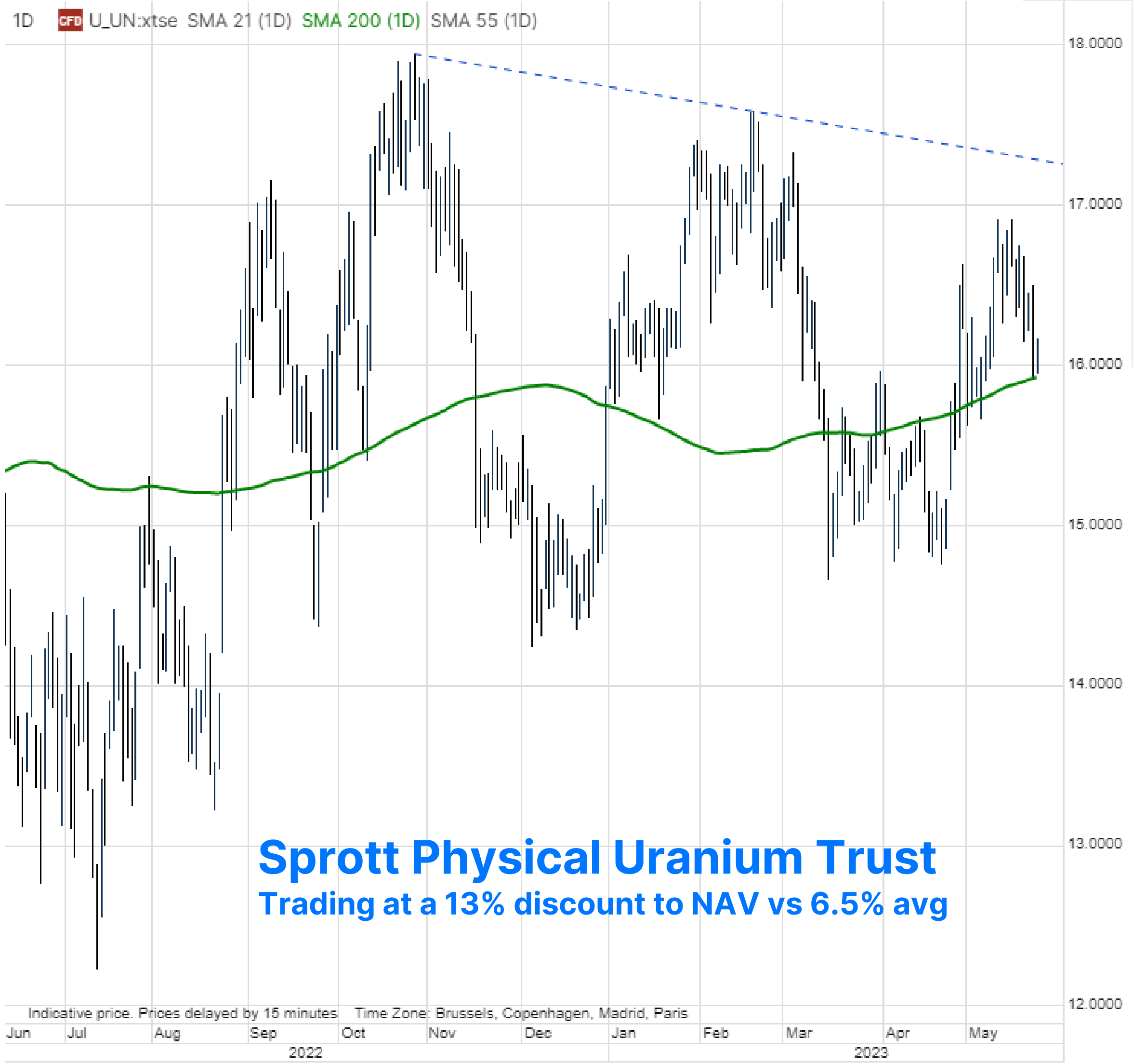
Nuclear theme: Spot uranium jumps to a 13-mth high above $54

Uranium Market Monitor	Saxo Ticker	Country	Market Cap (Mio USD)	1 mth (%)	1 yr (%)
CAMECO CORP	CCO:xtse	CA	16390	6.4	22.2
National Atomic Co Kazatomprom	KAP:xlon	KZ	7145	-7.1	4.0
NEXGEN ENERGY LTD	NXE:xtse	CA	2578	8.0	-9.3
PALADIN ENERGY LTD	PDN:xasx	AU	1952	5.6	-9.0
ENERGY FUELS INC	EFR:xtse	CA	1321	20.3	4.5
DENISON MINES CORP	DML:xtse	CA	1203	2.1	-0.7
URANIUM ENERGY CORP	UEC:xase	US	1010	9.3	-24.9
BOSS ENERGY LTD	BOE:xasx	AU	970	18.5	29.7
YELLOW CAKE PLC	YCA:xlon	UK	793	11.9	8.4
GLOBAL ATOMIC CORP	GLO:xtse	CA	540	3.0	-5.2
FISSION URANIUM CORP	FCU:xtse	CA	444	5.1	-11.4
UR-ENERGY INC	URE:xtse	CA	331	9.6	-17.2
ETFs & Trusts					
SPROTT PHYSICAL URANIUM TRUS	U-Un:xtse	CA	3394	1.7	6.9
GLOBAL X URANIUM ETF	URA:arcx	US	1386	4.4	-5.3
SPROTT URANIUM MINERS ETF	URNM:arcx	US	843	4.0	-4.9

Source: Bloomberg, Saxo



Source: Saxo

US House Energy & Commerce Committee approves ban on Russian imports

Lawmakers on the E&C Committee also approved legislation, H.R. 1042 (118), by a 29-21 vote on Wednesday to bar the import of low-enriched uranium that is produced in Russia, warning that the U.S. is "dangerously" reliant upon Russia's supply of nuclear fuels for its nuclear power plant fleet. A similar action advanced last week in the Senate.

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Stocks to watch today…

- **Nvidia** – FY24 Q2 (ending 31 Jul) revenue guidance of $11bn vs est. $7.2bn driven huge demand increase for data center products (AI research and implementation). CEO says this is the beginning of a 10-year cycle

- **Snowflake** – disappointing guidance on operating margin and product revenue for Q2. Shares down 12%

Source: Saxo

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Earnings Watch

Today: Royal Bank of Canada, Toronto-Dominion Bank, Meituan, Generali, **Costco**, **Medtronic**, NetEase, Workday, Autodesk, Marvell Technology

Friday: PDD, Booz Allen Hamilton

Costco quarterly financials

In Millions of USD	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3 Est	2023 Q4 Est	2024 Q1 Est
3 Months Ending	05/08/2022	08/28/2022	11/20/2022	02/12/2023	05/31/2023	08/31/2023	11/30/2023
Market Capitalization	223,003.1	234,971.4	232,426.2	221,770.6			
- Cash & Equivalents	11,831.0	11,049.0	11,673.0	13,705.0			
+ Preferred & Other	545.0	5.0	5.0	5.0			
+ Total Debt	9,036.0	9,523.0	9,046.0	9,139.0			
Enterprise Value	220,753.1	233,450.4	229,804.2	217,209.6			
Revenue, Adj	52,596.0	72,091.0	54,437.0	55,266.0	54,655.3	78,038.1	57,541.5
Growth %, YoY	16.2	15.0	8.1	6.5	3.9	8.2	5.7
Gross Profit, Adj	6,261.0	8,533.0	6,668.0	6,843.0	5,655.7	8,309.5	6,254.8
Margin %	11.9	11.8	12.2	12.4	10.3	10.6	10.9
EBITDA, Adj	2,306.0	3,091.0	2,198.0	2,373.0	2,409.4	3,468.0	2,398.6
Margin %	4.4	4.3	4.0	4.3	4.4	4.4	4.2
Net Income, Adj	1,410.8	1,868.0	1,364.0	1,466.0	1,471.8	2,099.9	1,461.6
Margin %	2.7	2.6	2.5	2.7	2.7	2.7	2.5
EPS, Adj	3.17	4.20	3.07	3.30	3.31	4.71	3.29
Growth %, YoY	13.5	7.7	-3.8	13.0	4.3	12.1	7.3
Cash from Operations	1,227.0	2,506.0	2,610.0	3,192.0			
Capital Expenditures	-854.0	-1,259.0	-1,057.0	-890.0	-917.3	-1,123.0	-1,010.8
Free Cash Flow	373.0	1,247.0	1,553.0	2,302.0	1,630.0	1,561.6	1,375.9

Source: Bloomberg

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Macro – calendar highlights (all times GMT)

0940 – Sweden Riksbank Governor Thedeen to speak

1100 – Turkey Rate Announcement

South Africa SARB Rate Announcement

1230 – US Apr. Chicago Fed National Activity Index

1230 – US Weekly Initial Jobless Claims and Continuing Claims

1230 – US Q1 GDP Revision

1430 – US Weekly Natural Gas Storage Change

1500 – US May Kansas City Fed Manufacturing survey

1700 – US 7-year treasury auction

2330 – Japan May Tokyo CPI

0130 – Australia Apr. Retail Sales

Upcoming Calendar Highlights

FRI: **US Apr. PCE inflation**, US May Final University of Michigan Sentiment

Longer Term Highlights

June 14 – FOMC Meeting
June 16 – Bank of Japan meeting

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Appendix: S&P 500 Index 5-year chart

Source: Saxo

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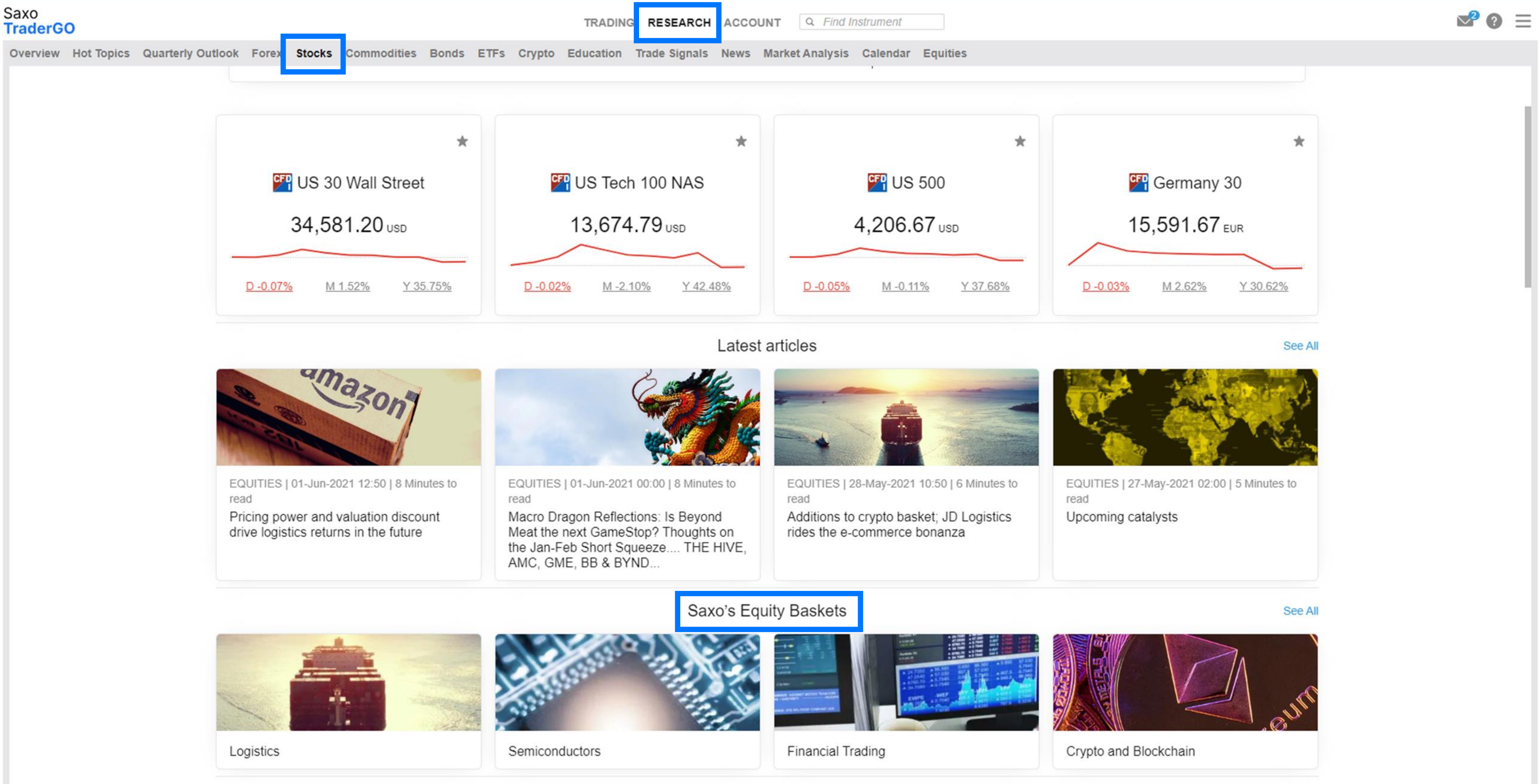
Appendix: Where do you find the equity theme baskets?



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