



Analyzing Nasdaq Post-Earnings

NASDAQ

Nasdaq (US100) as a Benchmark Index

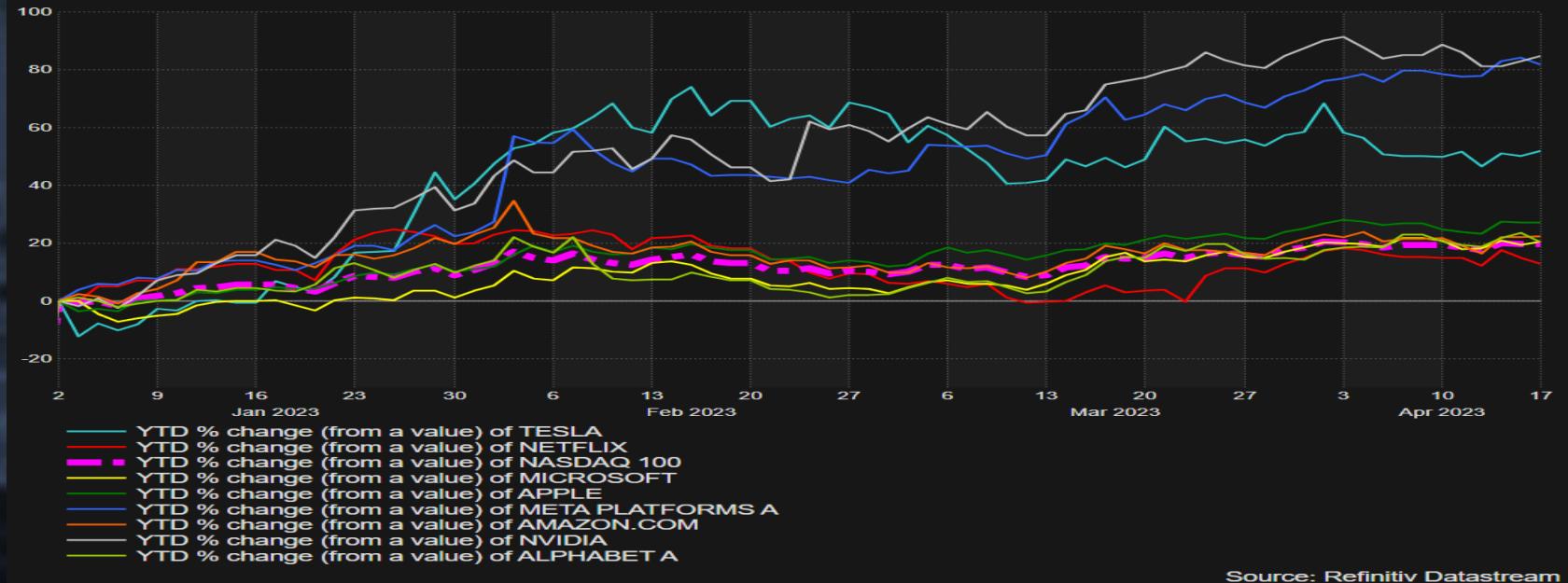
- ❖ **The Nasdaq (US100) Index** tracks the top 100 publicly traded companies in the US, including technology, consumer discretionary, and communication services sectors.
- ❖ **The Earnings Season**, which typically takes place four times a year, provides valuable insights into the financial health of these companies, their revenue growth, and profitability.
- ❖ As the Earnings Season for the first quarter of 2023 has just ended, the market participants can now analyze the impact it had on the US100 Index. Overall, the results were positive, with most companies reporting **better-than-expected** earnings and revenue growth.





Big Tech's Performance on Earnings Season Q1 2023

Megacap Tech Stocks Kickstart Q1 Earnings Season



The US100 Index started the earnings season at **12,825** points and ended at **13,275** points, a gain of **450** points or **3.5%**. This indicates that the market reacted positively to the earnings reports, and investors are optimistic about the future prospects of these companies.

The **technology sector**, which accounts for about **60%** of the US100 Index, had a particularly strong showing, with companies like **Apple**, **Microsoft**, and **Amazon** reporting robust earnings growth. This boosted the performance of the index and shows that the sector is continuing to drive the US economy.

The **communication services sector**, which includes companies like **Meta Platforms**, **Netflix**, and **Alphabet**, also had a solid earnings season, with many companies beating analyst expectations. This bodes well for the sector's future growth and indicates that the demand for digital advertising and social media platforms remains strong.

The **consumer discretionary sector**, which includes companies like **Nike**, **Starbucks**, and **Tesla**, had mixed results during the earnings season. While some companies exceeded expectations, others fell short, reflecting the challenges facing the sector, including supply chain disruptions and rising costs.

Other Events that Affect Nasdaq



• Digital Transformation

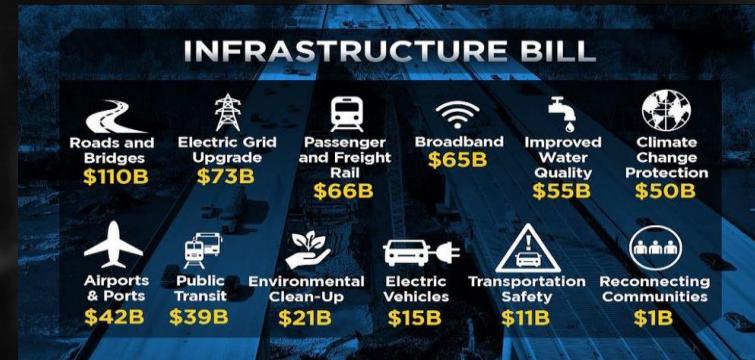
The COVID-19 pandemic has accelerated the digital transformation across industries, with many companies investing heavily in technology and digital infrastructure to stay competitive.

This has benefited tech companies providing software, cloud computing, and e-commerce services, which have seen significant growth in demand. As a result, companies such as **Zoom**, **Amazon**, **Microsoft** and **Alphabet** have experienced a surge in stock prices, which has driven the Nasdaq100 up.

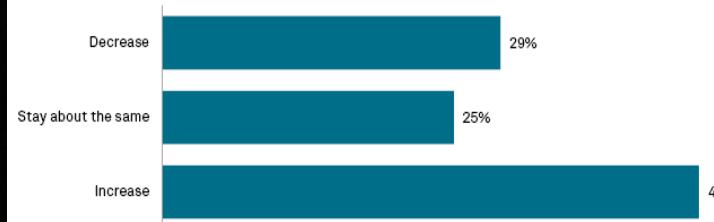
• Government Incentives

The US government has announced several policies to boost the tech industry's growth, including investing in infrastructure and promoting innovation, especially to increase competitiveness during the 2022 supply chain disruptions.

The **Biden administration's infrastructure bill** includes significant funding for broadband internet and 5G technology, which could benefit tech companies. The government's support for the industry has boosted investor confidence and driven up the Nasdaq100.



Forecast change for tech M&A, 2023 vs. 2022



Data compiled Jan. 13, 2023.

Q: How do you expect tech M&A activity in 2023 to change compared to 2022?

Source: 451 Research's Tech M&A Outlook Survey, December 2022.

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• Acquisitions and Mergers

The tech industry has seen a lot of merger and acquisition activity in recent months, which has driven stock prices up. For example, the recent merger of NVIDIA and Arm has created a giant in the semiconductor industry, while the acquisition of Slack by Salesforce has strengthened the latter's position in the collaboration software market.

These deals have boosted investor confidence in the tech industry and driven up the Nasdaq100. Overall, S&P's annual survey of some of the industry's busiest bankers and buyers yields a significantly more bullish forecast for tech M&A this year than the previous edition.

Technical Outlook

- From the start of Q1 2023 Earnings Season, Nasdaq100 Index had surged **up by 3.5%**.
- Since the beginning of the year, Nasdaq has increased by **23.5% Ytd**, with price still standing above 200 day-SMA (Simple Moving Average) and Relative Strength Index (RSI) above 50 points.
- **Critical Levels:**
 - ~\$12,811 in **2nd of February and 22nd of March** and as **Low Resistance**
 - ~\$13,191 in **3rd – 19th of April and 2nd of May** as **Retracement**
 - ~\$13.544 Highest price in **April – August 2022**
- Price standing above **200-day SMA, the crossover of 50-day and 100-day SMA and RSI above 50-point**



Risk warning: Contracts for Difference ('CFDs') are a complex financial product, with speculative character, the trading of which involves significant risks of loss of capital. Trading of leveraged CFD products carries significant risk. Trading CFDs, which are a marginal product, may result in the loss of your entire balance. Remember that leverage in CFDs can work both to your advantage and disadvantage. CFDs traders do not own, or have any rights to, the underlying assets. Trading CFDs is not appropriate for all investors. Past performance does not constitute a reliable indicator of future results. Future forecasts do not constitute a reliable indicator of future performance. Before deciding to trade, you should carefully consider your investment objectives, level of experience and risk tolerance. You should not deposit more than you are prepared to lose. Please ensure you fully understand the risk associated with the product envisaged and seek independent advice, if necessary.



Analyst Ratings on Tech Stocks

Forecast based on **34 Analyst Ratings** –
Current Price **\$307** as of **10/05/2023**



MSFT is on “**Strong Buy**”

The **High Forecast** at ~\$350 per share, **Average** ~\$325.73 whereas **Low target** at ~\$232.

Forecast based on **6 Analyst Ratings** –
Current Price **\$107.94** as of **10/05/2023**



GOOG is on “**Strong Buy**”

The **High Forecast** at ~\$135 per share, **Average** ~\$126.17 whereas **Low target** at ~\$121.

Forecast based on **36 Analyst Ratings** –
Current Price **\$106.62** as of **10/05/2023**



AMZN is on “**Strong Buy**”

The **High Forecast** at ~\$165 per share, **Average** ~\$134.24 whereas **Low target** at ~\$111.

Forecast based on **28 Analyst Ratings** –
Current Price **\$171.77** as of **10/05/2023**



AAPL is on “**Strong Buy**”

The **High Forecast** at ~\$205 per share, **Average** ~\$182.56 whereas **Low target** at ~\$120.

Post-Earnings – Trade Examples : Nasdaq (USTEC)

Investment of \$50,000

Trade panel: USTECpro

Instant execution	Pending order
Bid: 13199.37	Ask: 13214.83
Volume (Lots):	40
Stop loss:	<input type="checkbox"/>
Take profit:	<input checked="" type="checkbox"/>
Price	13720
Profit: 20206.80	Points: 50517

Quantity: 40.00 Units
Required margin: 2642.97USD
Spread: -618.40 USD (1546.0 pips)
Commission: 0 \$ for 1 lot
Pip value: 0.4000 USD

BUY
13214.83

Investment of \$75,000

Trade panel: USTECpro

Instant execution	Pending order
Bid: 13200.57	Ask: 13216.03
Volume (Lots):	60
Stop loss:	<input type="checkbox"/>
Take profit:	<input checked="" type="checkbox"/>
Price	13720
Profit: 30238.20	Points: 50396

Quantity: 60.00 Units
Required margin: 3964.81USD
Spread: -927.60 USD (1546.0 pips)
Commission: 0 \$ for 1 lot
Pip value: 0.6000 USD

BUY
13216.03

Investment of \$100,000

Trade panel: USTECpro

Instant execution	Pending order
Bid: 13201.77	Ask: 13217.23
Volume (Lots):	80
Stop loss:	<input type="checkbox"/>
Take profit:	<input checked="" type="checkbox"/>
Price	13720
Profit: 40221.60	Points: 50277

Quantity: 80.00 Units
Required margin: 5286.89USD
Spread: -1236.80 USD (1546.0 pips)
Commission: 0 \$ for 1 lot
Pip value: 0.8000 USD

BUY
13217.23

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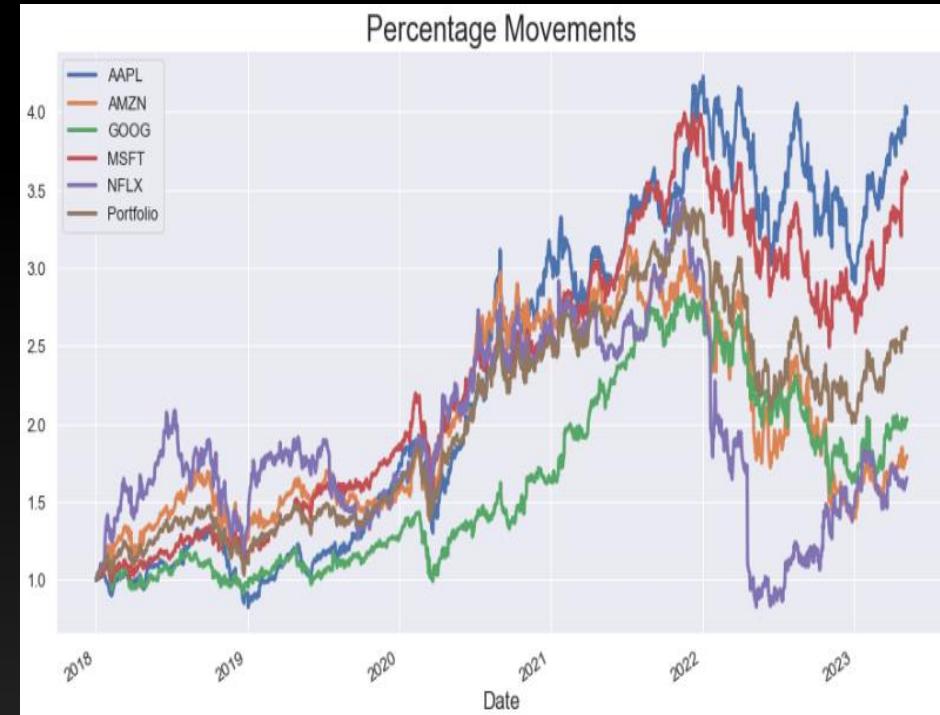
Here the details for an example portfolio with the selected stocks can be reviewed



Change in price for the stocks on 5 years of data

Name Of Stock	Ticker	Close	Investment Amount:		Allocation:					
			\$100,000		50%					
			Allocation to %	Units	Price	Margin	Take Profit	% Increase	Profit up to	
MICROSOFT CORPORATION (XNAS:MSFT)	MSFT	\$ 308.65	50%	407	\$307.00	\$25,000	\$337.70	10%	\$12,500	
ALPHABET INC. (XNAS:GOOG)	GOOG	\$ 108.24	13%	301	\$107.94	\$6,500	\$118.73	10%	\$3,250	
NETFLIX, INC. (XNAS:NFLX)	NFLX	\$ 331.21	7%	53	\$332.14	\$3,500	\$365.35	10%	\$1,750	
APPLE INC. (XNAS:AAPL)	AAPL	\$ 173.50	18%	262	\$171.77	\$9,000	\$188.95	10%	\$4,500	
AMAZON.COM, INC. (XNAS:AMZN)	AMZN	\$ 105.83	12%	281	\$106.62	\$6,000	\$119.41	12%	\$3,600	
Total			100%		Total Margin	\$50,000	Total Potential Profit	\$25,600		

Source: Yahoo Finance



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Sources for Information

The Bloomberg logo, displayed in white text on a solid blue rectangular background.The Forbes logo, shown in large, bold, blue sans-serif letters.

Libraries Used (Python 3.9)

Yfinance, Numpy, Pandas, Matplotlib, Plotly, Seaborn

Provided by Emir E

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