

TradingFloor.com releases video on margin pressure

Submitted by: pr-sending-enterprises

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TradingFloor.com, the home of Saxo Bank's trading commentary, financial research and analysis, has released a video discussing the first quarter earnings wrap and specifically what happened to margin pressure.

It seems margin pressure hardly emerged and that its effects (on the back of higher commodities), especially for consumer driven companies, will instead first kick in later in the year. The underlying momentum for stocks remains strong. Pro-cyclical companies, in particular, posted good results largely driven by emerging markets), and this was confirmed in their earnings outlooks for more growth ahead - which is good news for stocks and the overall economy. Peter Garny, equity strategist for Saxo Bank discusses these issues in TradingFloor.com's latest video.

With the larger companies in the S&P 500 in mind Peter discusses how many investors at the beginning of the earnings season were talking about a margin squeeze. In actual fact margins have actually expanded slightly in April, as well as year on year. So, margin pressure is by and large not evident yet, and the only disappointment lay on the top line in terms of revenue, which has slowed down somewhat. However, Peter is hopeful that this will grow again as the economy continues to grow throughout the year.

Peter then tackles how companies have dealt with the pressure of rising input costs. He commented that many of the large companies still have tight controls in place, meaning they have managed to keep their operating costs low. Most companies are also operating with long term contracts, which mean that rising spot prices in commodities are yet to kick in.

To finish, Peter talks about how large shipping companies and steel makers have recently reported better than expected earnings and growth, and what can be deduced from this in terms of economic growth. The numbers from these big procyclical companies, combined with the better than expected GDP numbers from the Eurozone show that the underlying momentum in the economy and on the corporate side is strong. However, as there is no great pick up in either Europe or the U.S., the emerging markets are clearly driving these numbers. This is a good sign for economic recovery, because when big companies affirm their outlooks for 2011, it generally means it should be a good year for stocks.

Peter points out that the average expansion period in an economy is around 24 quarters, and that the current expansion period is only seven quarters in. He therefore predicts that a lot of the worries and concerns are premature and that 2011 should continue to be a good year.

About TradingFloor.com:

TradingFloor.com is the web portal home of Saxo Bank's trading commentary, financial research and analysis.

TradingFloor.com's diverse contributors who range from macroeconomists to trading advisors, all strive to deliver insightful, enlightened commentary on trading in the financial markets - particularly on forex (<http://www.tradingfloor.com/forex>) and forex trading (<http://www.saxobank.com/en/trading-products/forex/pages/forex-trading.aspx>), equities, stocks and

commodities. Tradingfloor.com also publishes periodical model-based research and analysis to help longer-term traders allocate funds between and within asset classes.

TradingFloor.com's commentary and analysis is delivered in text and video via the website, where users can watch forex videos (<http://video.saxobank.com/>) and receive information on products such as CFDs (<http://www.saxobank.com/en/trading-products/cfds-stocks/pages/online-cfd-trading.aspx>).

The website is also embedded in all Saxo Bank's trading platforms. Users can also subscribe to content from TradingFloor.com, or from their favorite contributor, via RSS feed or via Twitter.

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