

# Job Market Indicators Continue To Worsen In August

Why the Zacks Earnings Certain Proxy will outperform over the next 12 months



Presented by:

Mayur Thaker, CFA  
Equity Strategist  
September 2024

# Disclosures



The views of Mayur Thaker, CFA are not necessarily the views of Zacks Investment Research. Past performance is no guarantee of future results. Inherent in any investment is the potential for loss. ***This material is being provided for informational purposes only and nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security.*** No recommendation or advice is being given as to whether any investment is suitable for a particular investor. It should not be assumed that any investments in securities, companies, sectors or markets identified and described were or will be profitable. All information is current as of the date herein and is subject to change without notice. Any views or opinions expressed may not reflect those of the firm as a whole. Zacks Investment Research is not a licensed securities dealer, broker or US investment adviser or investment bank. The S&P 500 is an unmanaged index.



Economic risks are rising – the probability of recession has increased significantly since the July nonfarm payrolls report

Market volatility is increasing

Leading employment indicators in August suggest tomorrow's big nonfarm payrolls may be another disappointment:

- Conference Board Labor Differential Survey
- Regional Fed Employment Surveys
- Layoff Announcements Trackers
- ISM Manufacturing Employment Index, and
- the extent negative revisions of prior months

The Zacks Earnings Certain Proxy is built precisely for these environments to provide low-volatility durable earnings growth through all macro environments.

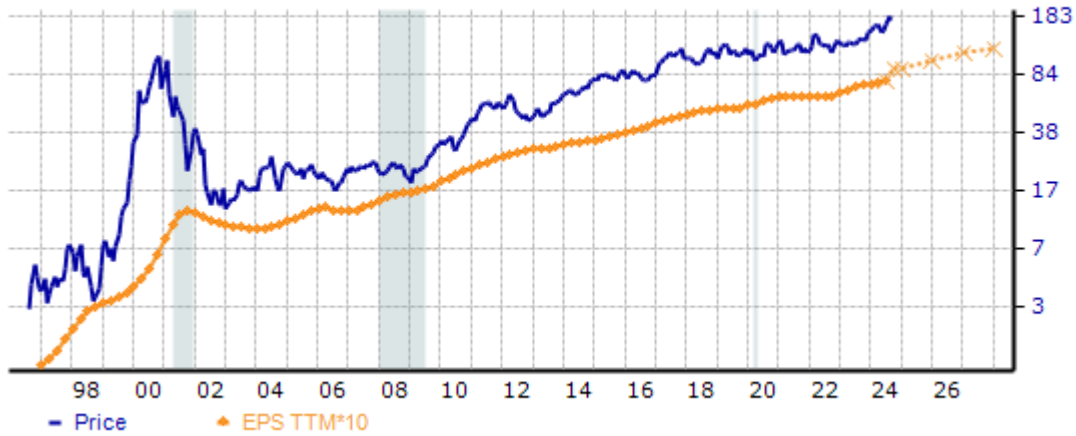
# Zacks Earnings Certain Proxy: Recession-Resistant, Durable Moat-Protected, Low Volatility, Steady Compounders





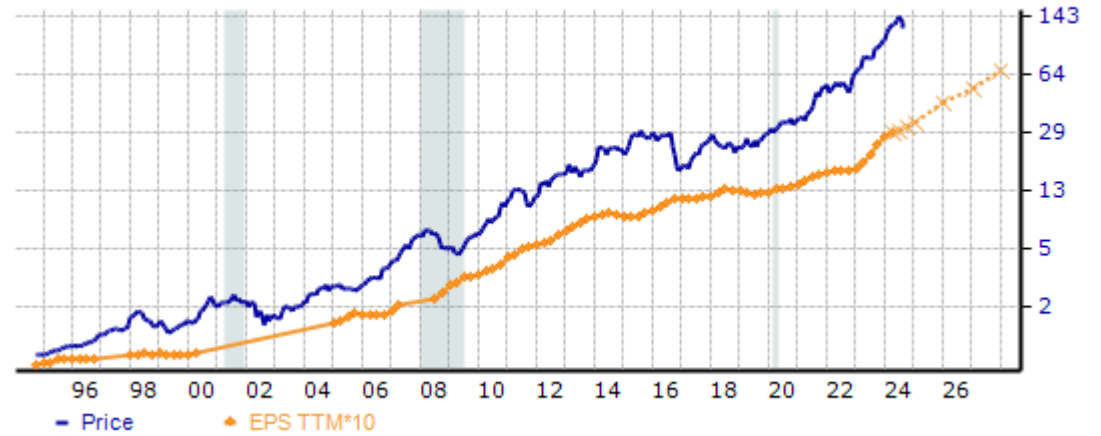
### Price & Earnings CHECK PT SOFTW (CHKP)

Price \$ | EPS\*10



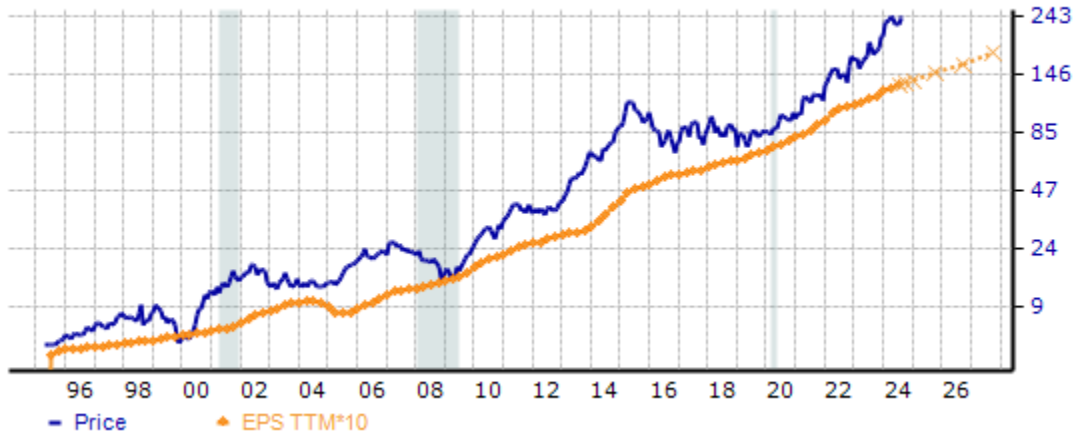
### Price & Earnings NOVO-NORDISK AS (NVO)

Price \$ | EPS\*10



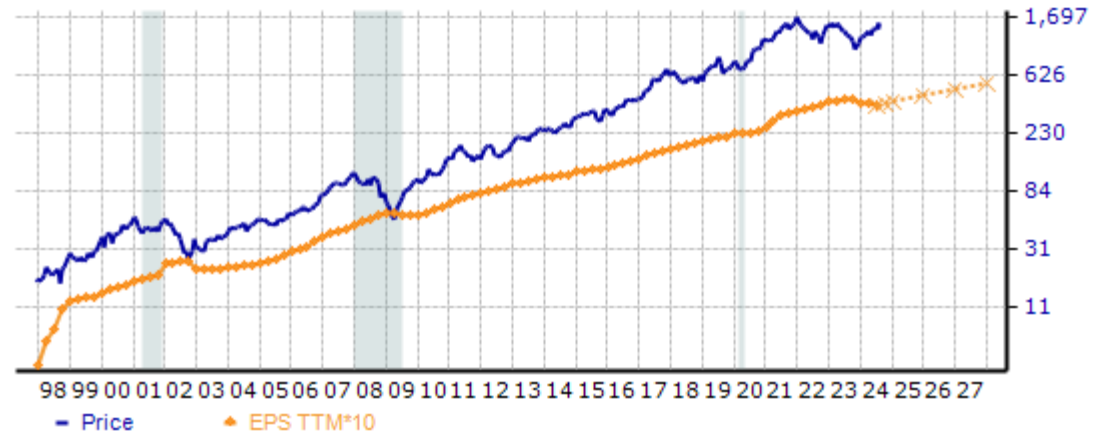
### Price & Earnings CENCORA INC

Price \$ | EPS\*10



### Price & Earnings METTLER-TOLEDO (MTD)

Price \$ | EPS\*10

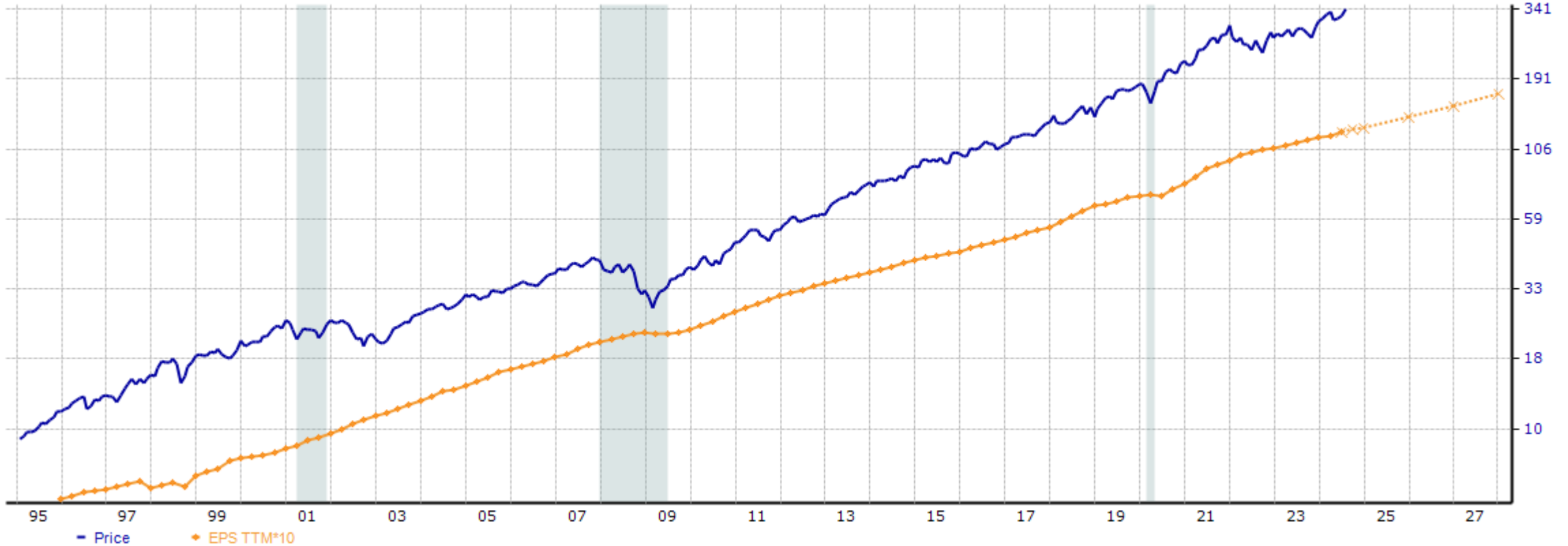


# Built for Long-Term Durability

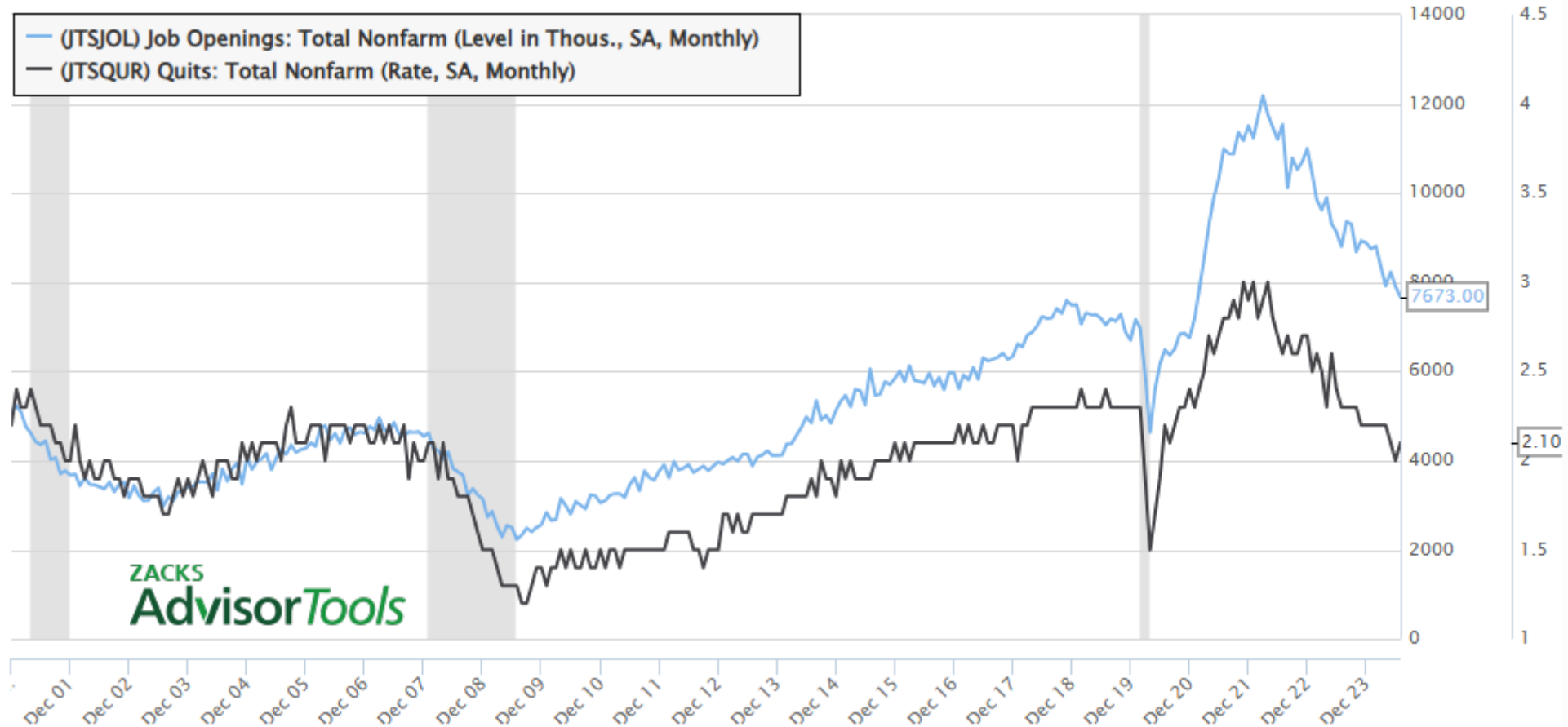


Price & Earnings  
ZacksEarningsCertainProxy (ZECPE) MN-Wtd

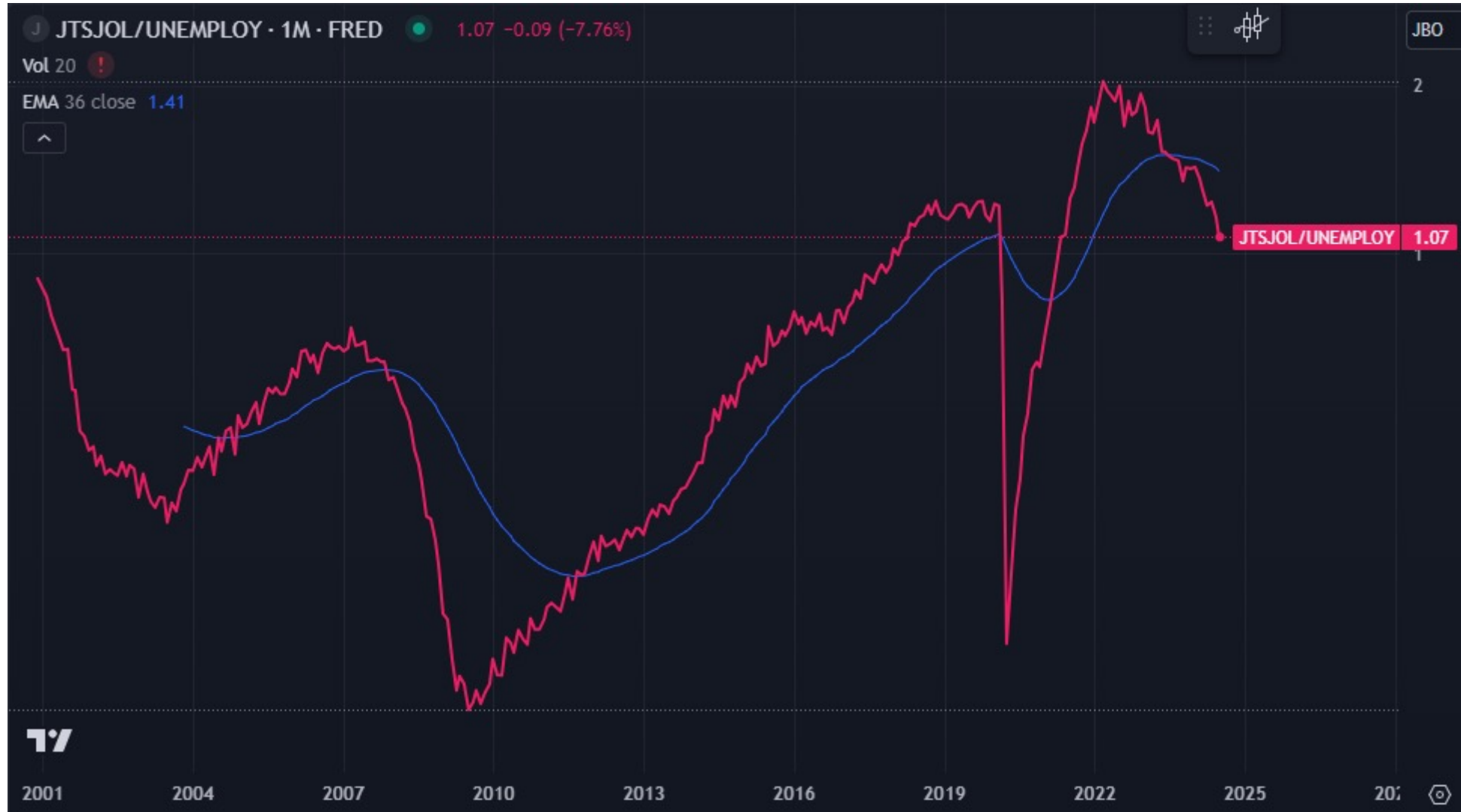
Price \$ | EPS\*10



# Job Openings and Quits Remain Well Below Trend and In Contraction



# Job Openings per Unemployed Hit Fresh Cycle Lows



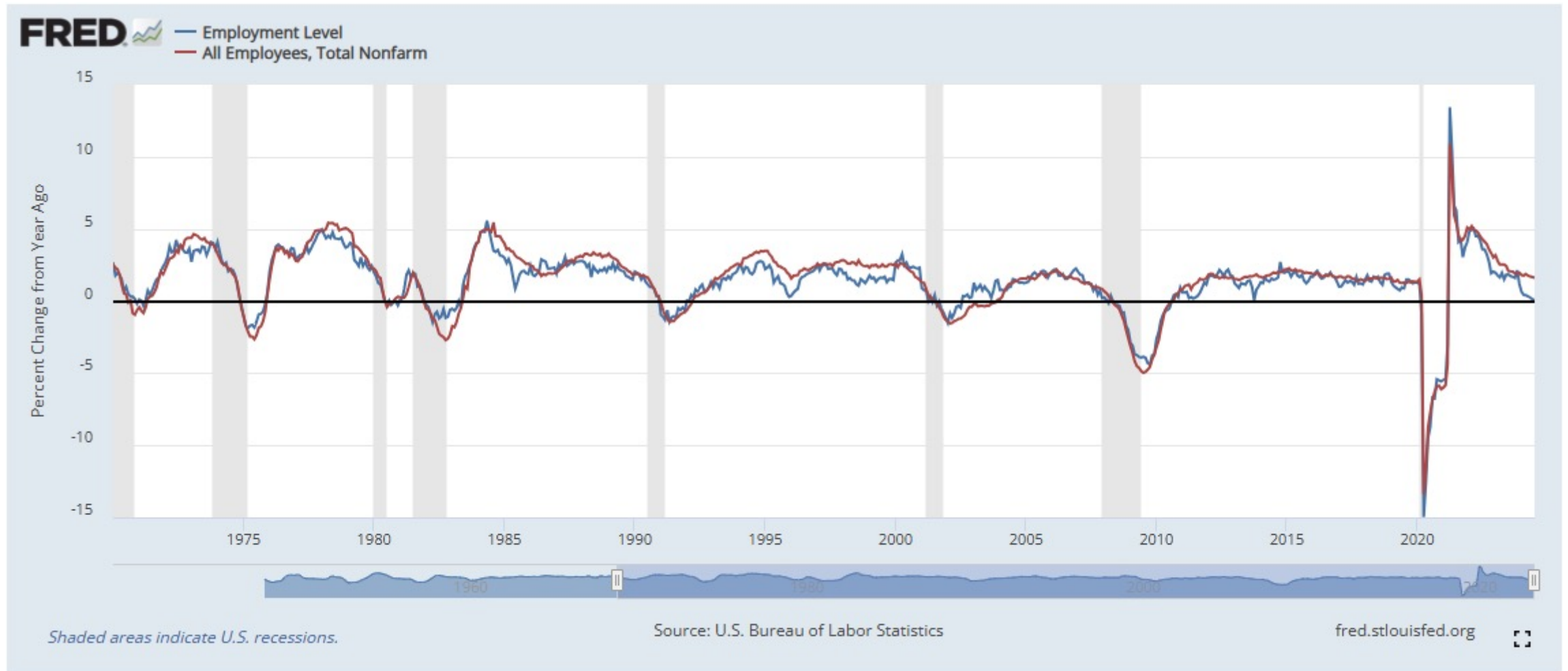




“We do not seek nor welcome further cooling in labor market conditions.”

Jay Powell, Jackson Hole speech, when job openings per unemployed was at 1.2. Now down to 1.07 with further declines in openings.

# Household Employment Screeches to a Halt in July



# Unemployment Rate Well Above 3-Yr Moving Average

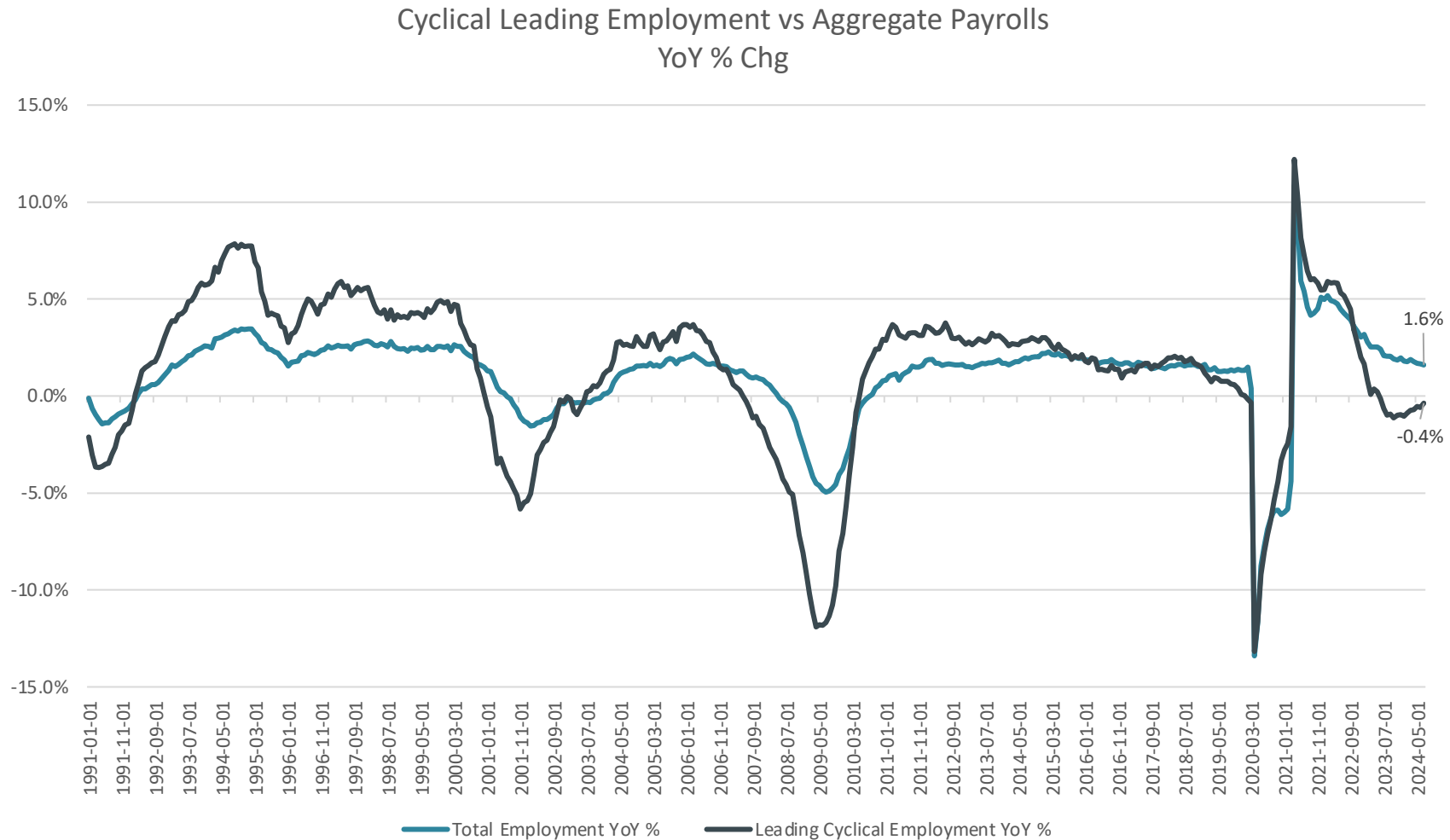




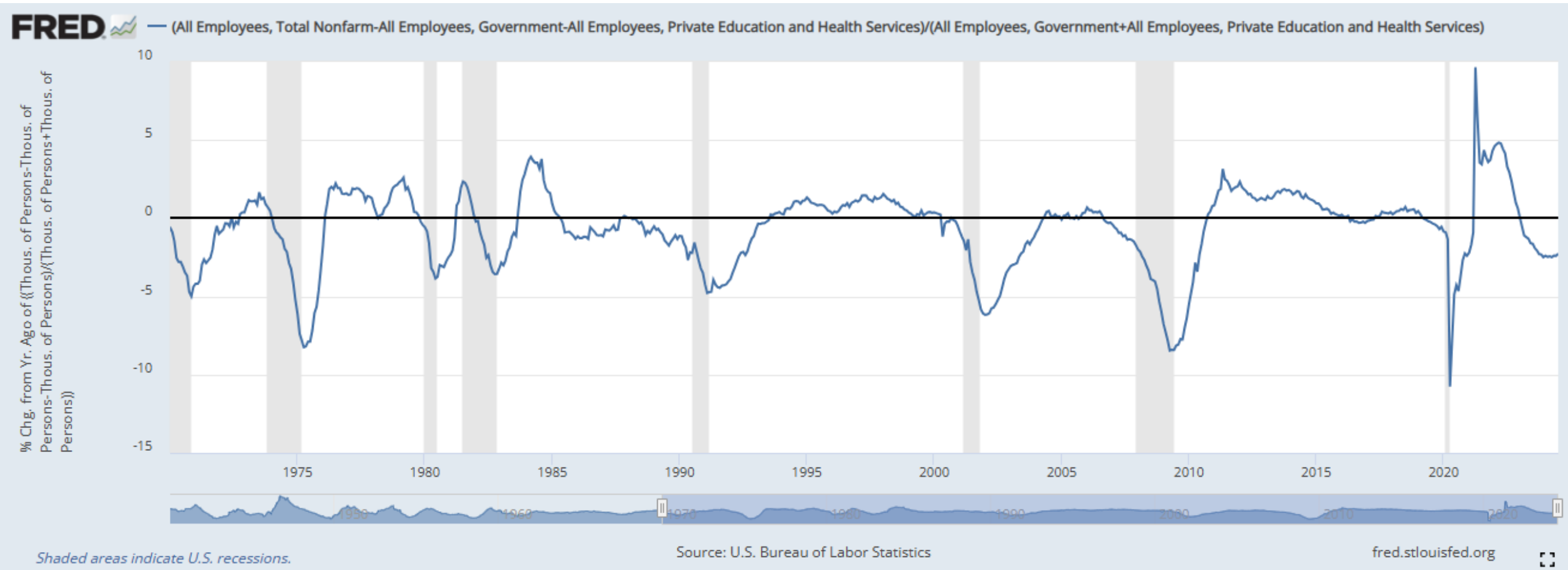
## Conference Board Labor Differential: The spread between “jobs are plentiful” and “jobs are hard to get” hit fresh cycle lows in August

This survey has an incredible 2-month leading edge on the national unemployment rate and suggests we will reach 5% unemployment (from July’s 4.3%) by the end of the year.

# Leading Cyclical Employment Posts 14<sup>th</sup> Consecutive Month of YoY Contraction, Continues to Forecast True Private Jobs Recession

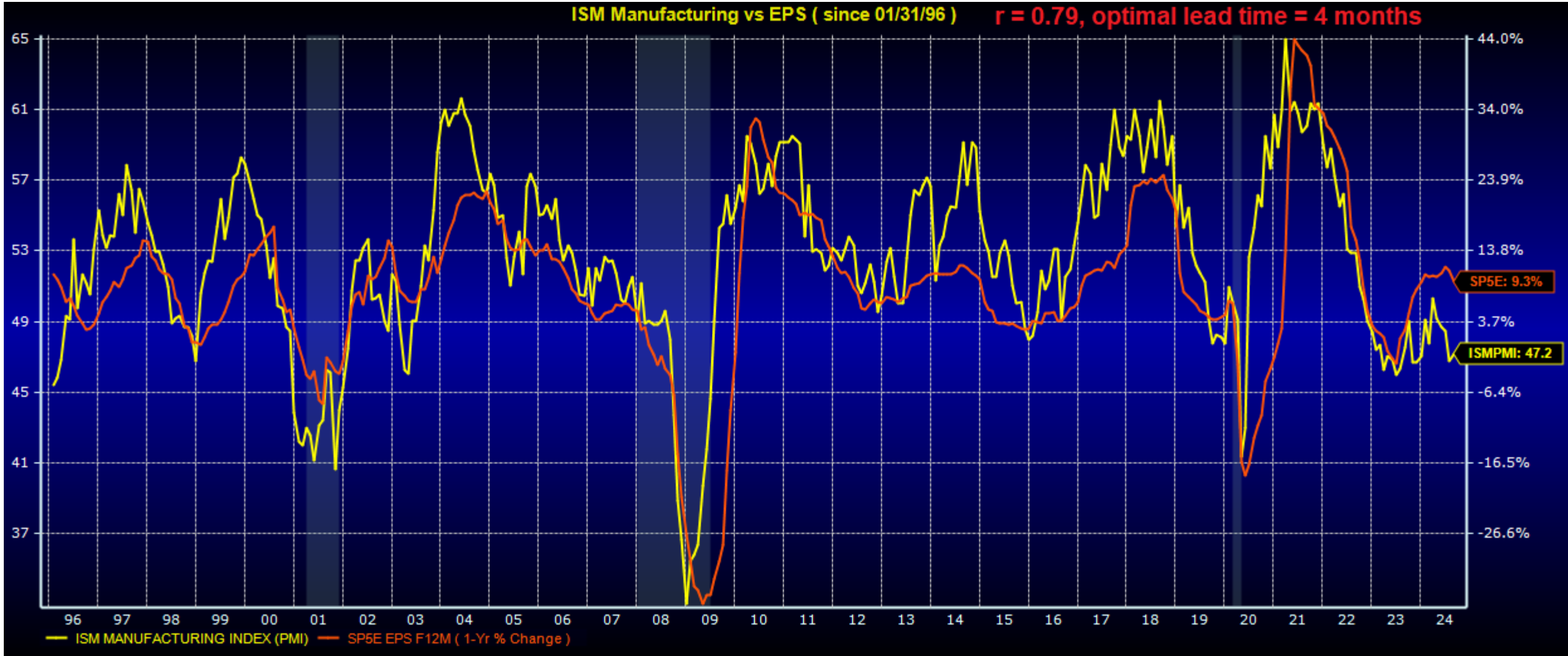


# Job Gains In the Past Year Have been Primarily Government-related

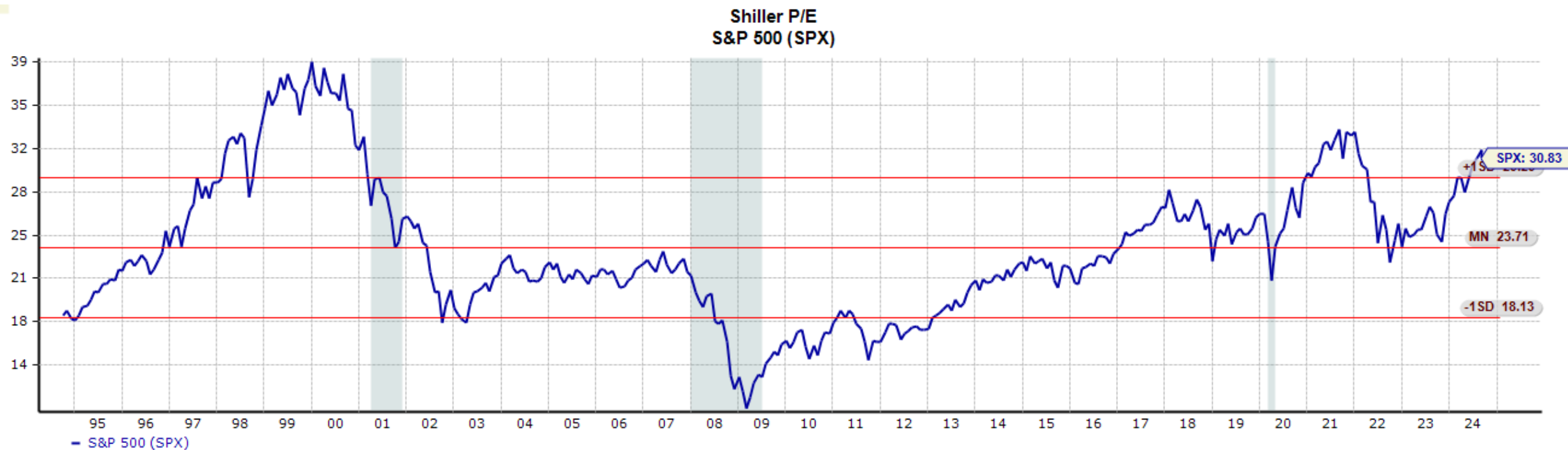


# ISM Manufacturing PMI in Contraction for 21 of the last 22 Months

Continues to Forecast S&P 500 Earnings Contraction



# S&P 500 Valuation Risk Is At Elevated Levels



Title	High	Low	Median	Current	Start Date	End Date
S&P 500 (SPX)	38.59	10.88	22.58	30.83	09-30-1994	09-04-2024



# Its High Time to Switch to the Zacks Earnings Certain Proxy



# Significantly Better Earnings Stability + Cumulative Compounding Power



Title	High	Low	Median	Current	Cumulative Return	Annualized Return	Start Date	End Date
ZacksEarningsCertainProxy (ZECPE) EPS BNRI ( Gr )	782.00%	0.00%	193.00%	782.00%	782.00%	11.48%	09-30-2004	06-30-2024
S&P 500 Composite Market ETF (SP5M) EPS BNRI ( Gr )	260.44%	-18.03%	72.60%	260.44%	260.44%	6.61%	09-30-2004	06-30-2024

# ...At a Compelling Relative Valuation



P/E - F12M  
ZacksEarningsCertainProxy (ZECPE) MN-Wtd relative to S&P 500 Composite Market ETF (SP5M)





Given rising job market risks, which have countless downstream effects on retail sales and consumer loans, its time to shift to a portfolio of high-quality companies with durable business models.



## The 4 Pillars of Quality:

Earnings stability

Earnings growth

Return on invested capital

Free cash flow conversion

# Thank You for Attending!



**Mayur M Thaker, CFA**

Equity Strategist

Zacks Professional Services

Support: 866.794.6065 | [info@Zackspro.com](mailto:info@Zackspro.com)

Twitter: @freshjiva

[linkedin.com/in/mayur-m-thaker-cfa-86234235/](https://www.linkedin.com/in/mayur-m-thaker-cfa-86234235/)

866-794-6065

strategycall@zackspro.com

www.zackspro.com



Zacks Professional Services



@ZATools