

## Earnings Season to be a Positive Catalyst, Tom Lee Says

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The S&P 500 has declined 1.3% to start the new year. Fundstrat Head of Research Tom Lee said strong corporate earnings could help.

A big reason for the recent decline in stocks has been a sharp rise in government bond yields, with investors betting that the Federal Reserve would keep interest rates higher for longer to combat inflation. While that may deteriorate the near-term outlook, it shouldn't matter in the long run, and investors need to ride the volatility out, Lee said.

One way to do that is by looking at the upcoming earnings season, which starts in earnest this week, with big banks and asset managers leading the way.

Analysts surveyed by FactSet expect companies in the S&P 500 to report fourth-quarter earnings growth of 11.7% from a year ago, which would mark the highest increase reported since the end of 2021.

"Investors shouldn't be too glum," Lee said on CNBC's Squawk Box with Joe Kernan, Becky Quick and Andrew Ross Sorkin. "If the S&P 500 earnings growth is 10% ex-energy and revenue growth is 5%, that's a really good reason to be owning equities."

He said he would also be keeping an eye on Wednesday's consumer-price index report. As hurricanes seen last year muddled the quality of the data, he said the fires in California could have a similar impact on last month's inflation report.

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