

Earnings Guidance



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Presented by:

What is earning's guidance?

Before we get to Technical analysis, lets get better understanding of "Earnings guidance" that can affect how price of a shares of a stock will move.

Whenever company provides their *quarterly or annual earnings reports*, company will also issue quarterly and/or yearly **guidance** shortly or immediately after the earnings report.



What is earning's guidance?

Guidance provided by the company is company's is an informal and "best effort estimate" that is reported to the public and shareholders detailing out what is company expecting for the upcoming, future earnings to be.

Guidance usually includes forward-looking projections for revenue, earnings, and spending, but also may include cash flow, inventory and sales.

Guidance is then used by **investors** and **traders** to decide on their own expectations how will price of shares of a stock move and then to adjust their approaches to the shares of this stock.



Is guidance perceived as important?

It is not uncommon that a company reports stellar earnings reports, where they **outperformed** on every aspect (e.g. EPS, revenue, sales, etc) but if they provide guidance that is **lower** than expected, **the price of shares will still plummet down** (and vice versa). This is important fact to know and understand!

It is not uncommon that a company reports dissapointing earnings reports, where they **underperformed** on every aspect (e.g. EPS, revenue, sales, etc) but if they provide guidance that is **higher** than expected, **the price of shares will still skyrocket up**.



This is important concept to know and understand!