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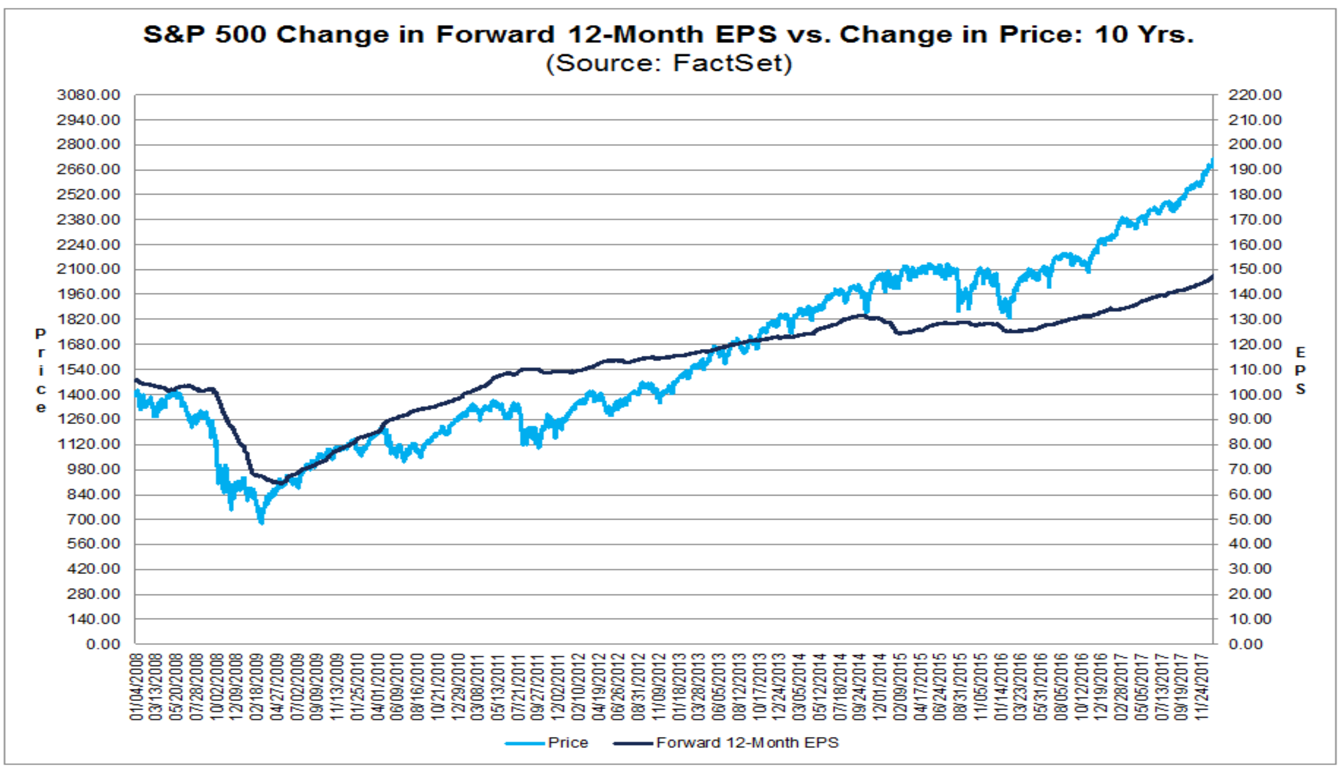
Key Metrics

- **Earnings Growth:** For Q4 2017, the estimated earnings growth rate for the S&P 500 is 10.5%. All eleven sectors are expected to report earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q4 2017 was 11.3%. Seven sectors have lower growth rates today (compared to September 30) due to downward revisions to earnings estimates, led by the Industrials sector.
- **Earnings Guidance:** For Q4 2017, 75 S&P 500 companies have issued negative EPS guidance and 35 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.4. This P/E ratio is above the 5-year average (15.9) and above the 10-year average (14.2).
- **Earnings Scorecard:** For Q4 2017 (with 4% of the companies in the S&P 500 reporting actual results for the quarter), 78% of S&P 500 companies have reported positive EPS surprises and 94% have reported positive sales surprises.



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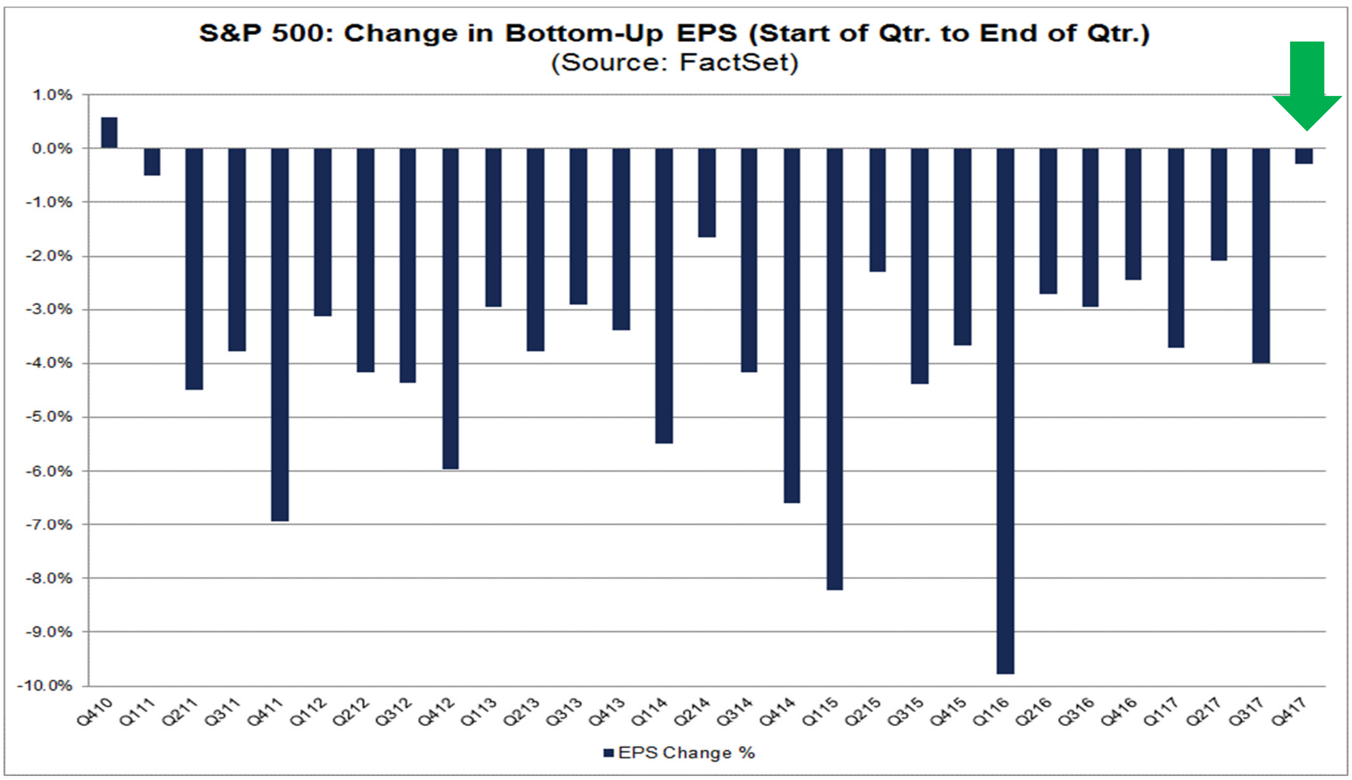
Topic of the Week: 1

Smallest Cuts to EPS Estimates in 7 Years for S&P 500 Companies in Q4 2017

During the fourth quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q4 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all the companies in the index) dropped by 0.3% (to $34.90 from $35.00) during this period. How significant is a 0.3% decline in the bottom-up EPS estimate during a quarter? How does this decrease compare to recent quarters?

During the past year (4 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.1%. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.2%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 6.0%. Thus, the decline in the bottom-up EPS estimate recorded during the fourth quarter was smaller than the 1-year, 5-year, and 10-year averages.

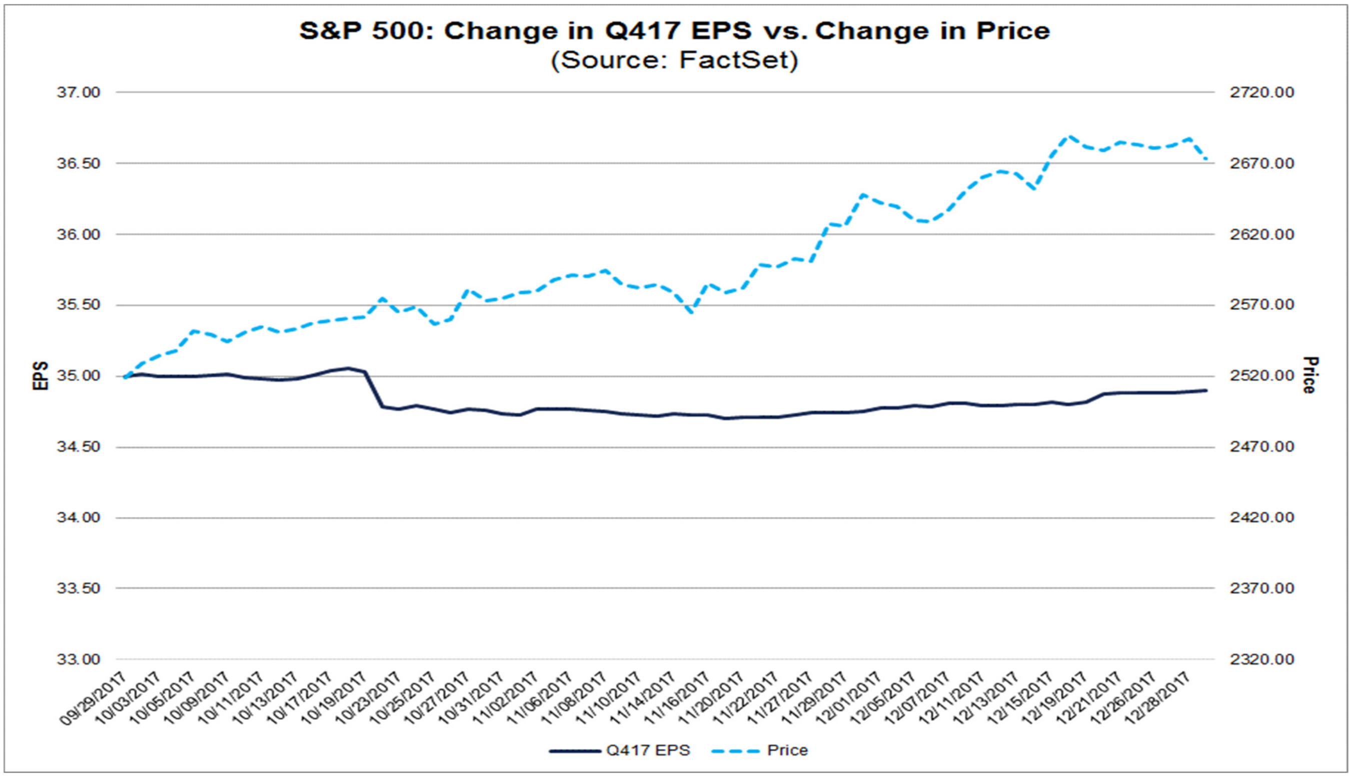
In fact, the fourth quarter of 2017 marked the smallest decline in the bottom-up EPS estimate during a quarter since Q4 2010 (+0.6%).



Why has the index recorded such a small decline in the bottom-up EPS estimate during the fourth quarter? At the sector level, seven of ten sectors recorded a smaller decline (or larger increase) in their bottom-up EPS estimates in Q4 2017 relative to their 5-year averages, while nine of ten sectors recorded a smaller decline (or larger increase) in their bottom-up EPS estimates in Q4 2017 relative to their 10-year averages. Thus, the smaller downward revisions to EPS estimates were broad-based across multiple sectors. Historical averages are not available for the Real Estate sector.

Four sectors actually recorded an increase in their bottom-up EPS estimate during the quarter, led by the Energy sector (+24.5%). On average, this sector has recorded a decline in the bottom-up EPS estimate during a quarter over the past five years (-15.6%) and over the past ten years (-9.2%). The fourth quarter marked the largest percentage increase in the bottom-up EPS estimate for the Energy sector a quarter since Q3 2005 (+25.4%).

As the bottom-up EPS estimate for the index declined during the quarter, the value of the S&P 500 increased during this same period. From September 30 through December 31, the value of the index increased by 6.1% (to 2673.61 from 2519.36). The fourth quarter marked the 18th time in the past 20 quarters in which the bottom up EPS estimate decreased during the quarter while the value of the index increased over this same period.



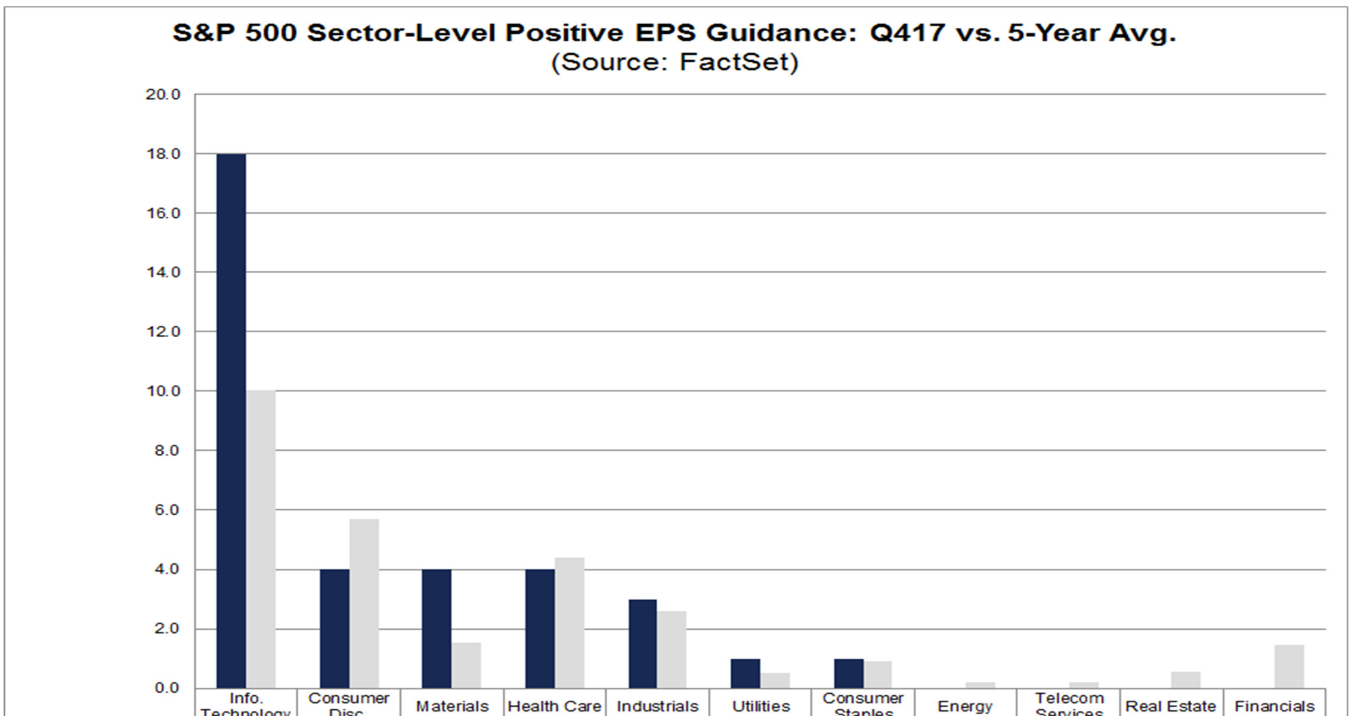
Topic of the Week: 2

High Number of S&P 500 Tech Sector Companies Issuing Positive EPS Guidance Again in Q4

For the fourth quarter, 75 companies in the S&P 500 have issued negative EPS guidance and 35 companies in the S&P 500 have issued positive EPS guidance. The number of companies issuing negative EPS is below the 5-year average (80), while the number of companies issuing positive EPS guidance is above the 5-year average (28).

At the sector level, the Information Technology (36) and Consumer Discretionary (23) sectors have the highest number of companies issuing EPS guidance for the fourth quarter. This is not surprising, as these two sectors have historically had the highest number of companies providing quarterly EPS guidance on average. What is surprising, however, is the unusually high number of companies issuing positive EPS guidance in the Information Technology sector.

The number of companies issuing positive EPS guidance in the Information Technology sector for Q4 2017 is 18, which is well above the 5-year average (10) for the sector.



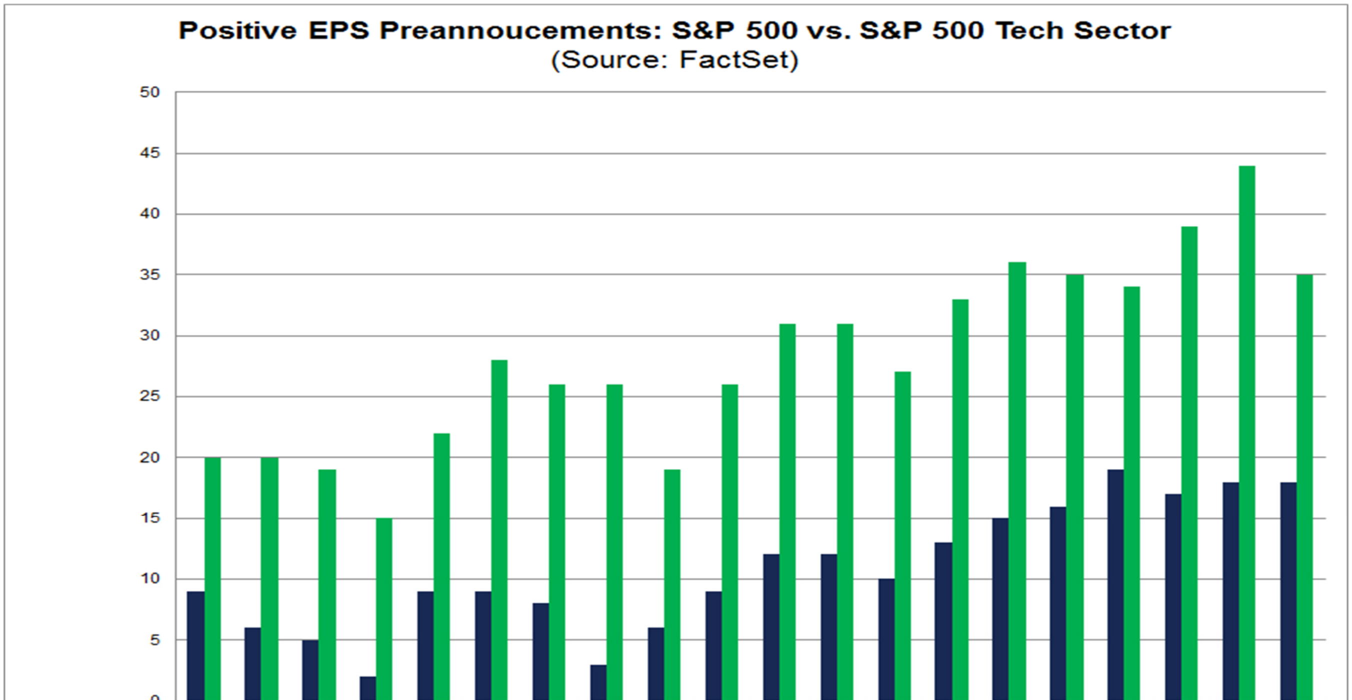
	Info. Technology	Consumer Disc.	Materials	Health Care	Industrials	Utilities	Consumer Staples	Energy	Telecom Services	Real Estate	Financials
Pos #: Q417	18.0	4.0	4.0	4.0	3.0	1.0	1.0	0.0	0.0	0.0	0.0
Pos #: 5-Yr. Avg.	10.1	5.7	1.6	4.4	2.6	0.5	0.9	0.2	0.2	0.6	1.5

If the final number for the quarter is 18, it will mark a tie with the previous quarter (Q3 2017) for the third highest number of companies issuing positive EPS guidance in the Information Technology sector since FactSet began tracking EPS guidance in 2006. The current record high is 21, which occurred in Q3 2010.

At the industry level, 12 of the 18 companies that have issued positive EPS guidance in the Information Technology sector are in the Semiconductor & Semiconductor Equipment (7) and Software (5) industries.

The Information Technology sector is expected to report the third highest earnings growth of all eleven sectors in Q4 2017 at 15.9%. This sector is also one of four sectors that has seen an increase in the estimated earnings growth rate for Q4 since the start of the fourth quarter. On September 30, the estimated earnings growth rate for this sector was 12.5%.

What is driving the unusually high number of positive EPS preannouncements issued by companies in the Information Technology sector?



	Q113	Q213	Q313	Q413	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417
S&P 500 Tech	9	6	5	2	9	9	8	3	6	9	12	12	10	13	15	16	19	17	18	18
S&P 500 Total	20	20	19	15	22	28	26	26	19	26	31	31	27	33	36	35	34	39	44	35

One factor driving the increase is the unusual high number of companies in this sector issuing positive revenue guidance. Overall, 27 companies in the Information Technology sector have issued positive revenue guidance for the fourth quarter. This number is well above the 5-year average (16) for the sector. Of the 18 companies in this sector that have issued positive EPS guidance, 14 have also issued positive revenue guidance.

In addition to specific guidance on EPS and revenues, a number of companies in the Information technology sector provided positive comments on the outlook for their specific products, businesses, and industry in general.

"Turning to our outlook, we continue to see strength in our core business around product subscriptions, EBAs and our ongoing maintenance, and are seeing the trends we expected for total ARR which is the key driver for our long-term model. We're holding steady or slightly increasing most of our guidance metrics." –Autodesk (Nov. 28)

"Looking ahead, we're encouraged by a number of positive indicators across our business, including the strong secular growth drivers, a robust opportunity pipeline and access to customers at an unprecedented level, which, combined with our strong free cash flow and commitment to deleveraging, will continue to drive value for our shareholders." –Analog Devices (Nov. 21)

"We have good visibility into our expected performance in Q4. Our pipeline has strengthened considerably and a couple of large deals are already in. As such, we are raising our Q4 guidance by $6 million at the midpoint. Because of our increased confidence in Q4 and the over-performance in the third quarter, we are raising our 2017 guidance by $20 million at the midpoint." –ANSYS (Nov. 2)

"Based on these factors, we're raising our full-year revenue guidance by $700 million to $62 billion, operating income guidance by $900 million to $18.8 billion, and EPS guidance by $0.25 to $3.25 per share. The improvement in revenue outlook is primarily driven by higher expectations of the PC business and continued momentum in memory. The improvement in operating margin is primarily driven by our increased revenue outlook and lower spending. The increase in EPS is driven by higher expectations of revenue coupled with gains on the sale of our equity investments." –Intel (Oct. 26)

“Given consensus expectations for WFE growth in the mid to high single-digits next year, our expectations for another year of strong memory investment, improving process control intensity in memory, contributions from new products and continued high single-digit annual growth and services, we are modeling total revenue in the $4 billion range in 2018.” – KLA-Tencor (Oct. 26)

“We're very encouraged by the company's robust performance thus far in 2017 as well as by our strengthened outlook here for the fourth quarter and full year. And I remain very confident in the ability of our outstanding management team to build upon these results by continuing to capitalize on the many opportunities to grow our market position and deliver strong financial performance in 2017 and beyond.” –Amphenol (Oct. 25)

“Finally, as we look forward to the December quarter, our guidance of $615 million to $645 million is expected to be driven by the accelerated growth of our Advanced Products portfolio delivered across numerous end markets and all three of its technology components. Achieving the midpoint of this guidance will establish a very significant new sales record for Xilinx. Consequently, we remain confident that we will deliver on our fiscal year 2018 revenue target of approximately $2.5 billion.” –Xilinx (Oct. 25)

“So on the Q4 revenue guidance, actually, we think this is a pretty robust guidance. We had a very, very strong Q3. Actually, and as we mentioned, significantly better than what we expected going into the quarter. And, as you mentioned, that the holiday seasonality plays a large role in where Q4 revenue land. So we think it's a reasonably strong guidance.” –Akami Technologies (Oct. 24)

“So look, we are very pleased with how the revenue ramp is going in general on our new products. When you look at the Q4 guidance, year-over-year, we'll be up 26%. So we're really accelerating the business as we go into the second half of the year. As you know, our business is typically seasonal. And so Q3 is the peak and then we're down seasonally from Q3 to Q4 due to some of the semi-custom revenue. But what we see going into the fourth quarter is we see a strong ramp of new products.” –AMD (Oct. 24)

“Increased demand for hybrid cloud technologies contributed to accelerated revenue, operating income and cash flow growth during the first half of the fiscal year. Due to our first half execution, and expectations for continued strong momentum, we've increased our guidance for fiscal 2018 when compared to our view entering the year.” –Red Hat (Sep. 25)

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Q4 2017 Earnings Season: By the Numbers

Overview

In terms of estimate revisions, analysts made smaller cuts than average to earnings estimates for companies in the S&P 500 in Q4 2017. On a per-share basis, estimated earnings for the fourth quarter have fell by 0.3% during the quarter. This percentage decline was smaller than the trailing 5-year average (-4.2%) and the trailing 10-year average (-6.0%) for a quarter.

In addition, a smaller percentage of S&P 500 companies have lowered the bar for earnings for Q4 2017 relative to recent averages. Of the 110 companies that have issued EPS guidance for the fourth quarter, 75 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (75 out of 110), which is below the 5-year average of 74%.

Because of the downward revisions to earnings estimates, the estimated year-over-year earnings growth rate for Q4 2017 has fallen from 11.3% on September 30 to 10.5% today. All eleven sectors are predicted to report year-over-year earnings growth. Four sectors are projected to report double-digit earnings growth for the quarter: Energy, Materials, Information Technology, and Utilities. The Telecom Services and Industrials sectors are projected to report the lowest earnings growth for the quarter.

Because of upward revisions to sales estimates, the estimated year-over-year sales growth rate for Q4 2017 has increased from 5.7% on September 30 to 6.7% today. All eleven sectors are projected to report year-over-year growth in revenues. Three sectors are predicted to reported double-digit growth in revenues: Energy, Materials, and Information Technology. The Telecom Services and Financials sectors are predicted to report the lowest revenue growth for the quarter.

Looking at future quarters, analysts currently project earnings growth to continue at double-digit levels through 2018.

The forward 12-month P/E ratio is 18.4, which is above the 5-year average and the 10-year average.

During the upcoming week, seven S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Earnings Revisions: Industrials Sector Down, Energy Sector Up in Q4

Decrease in Estimated Earnings Growth Rate for Q4 This Week Due to Financials Sectors

The estimated earnings growth rate for the fourth quarter is 10.5% this week, which is lower than the estimated earnings growth rate of 10.8% last week. Downward revisions to earnings estimates for companies in the Financials sector were mainly responsible for the decrease in the earnings growth rate for the index over the past week.

Overall, the estimated earnings growth rate for Q4 2017 of 10.5% today is below the estimated earnings growth rate of 11.3% at the start of the quarter (September 30). Seven sectors have recorded a decline in expected earnings growth since the beginning of the quarter due to downward revisions to earnings estimates, led by the Industrials sector. On the other hand, fours sectors have recorded an increase in expected earnings growth since the start of the quarter due to upward revisions to earnings estimates, led by the Energy sector.

Industrials: Largest Decline in Expected Earnings Growth since September 30, led by GE

The Industrials sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to 1.7% from 10.1%). Despite the drop in expected earnings, this sector has witnessed an increase in price of 7.7% during this same period. Overall, 42 of the 69 companies (61%) in the Industrials sector have seen a decline in their mean EPS estimate during this time. Of these 42 companies, 8 have recorded a decrease in their mean EPS estimate of more than 10%, led by General Electric (to $0.30 from $0.57), Nielsen Holdings (to $0.46 from $0.81), and Alaska Air Group (to $0.92 from $1.56). General Electric has also been the largest contributor to the decrease in expected earnings for this sector since September 30. The stock price of General Electric has fallen by 22.6% (to $18.72 from $24.18) during this same period.

Energy: Largest Increase in Expected Earnings Growth Since September 30

The Energy sector has recorded the largest increase in expected earnings growth since the start of the quarter (to 132.7% from 88.1%). This sector has also witnessed an increase in price of 9.4% during this same period. Overall, 24 of the 32 companies (75%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 24 companies, 19 have recorded an increase in their mean EPS estimate of more than 10%, led by ConocoPhillips (to $0.39 from $0.16). The increases in the mean EPS estimates for Exxon Mobil (to $1.01 from $0.86), Chevron (to $1.24 from $0.95), ConocoPhillips, and Marathon Petroleum (to $1.03 from $0.61) have been the largest contributors to the increase in expected earnings for this sector since September 30.

Index-Level (Bottom-Up) EPS Estimate: Below Average Decline to Date

Downward revisions to earnings estimates in aggregate for the fourth quarter were below recent averages. The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) fell by 0.3% (to $34.90 from $35.00) during the quarter (from September 30 to December 31). This decline in the EPS estimate for Q4 2017 was below the trailing 1-year (-3.1%), the trailing 5-year (-4.2%), and the trailing 10-year average (-6.0%) for the bottom-up EPS estimate for a quarter.

Earnings Guidance: Negative EPS Guidance Below Average For Q4

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

At this point in time, 110 companies in the index have issued EPS guidance for Q4 2017. Of these 110 companies, 75 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (75 out of 110), which is below the 5-year average of 74%.

Earnings Growth: 10.5%

The estimated (year-over-year) earnings growth rate for Q4 2017 is 10.5%. If the final earnings growth rate for the quarter is 10% (or higher), it will mark the third time in the past four quarters that the index has reported double-digit earnings growth. All eleven sectors are expected to report year-over-year growth in earnings. Four sectors are expected to report double-digit earnings growth: Energy, Materials, Information Technology and Utilities. On the other hand, the Telecom Services and Industrials sectors are predicted to report the lowest earnings growth for the quarter.

Energy: Highest Earnings Growth on Easy Comparison to Low Year-Ago Earnings

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 132.7%. At the sub-industry level, all six sub-industries in the sector are predicted to report earnings growth for the quarter: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Equipment & Services (226%), Oil & Gas Refining & Marketing (175%), Integrated Oil & Gas (71%), and Oil & Gas Storage & Transportation (22%).

The unusually high growth rate for the sector is mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector is projected to report earnings of $12.4 billion in Q4 2017, compared to earnings of $5.3 billion in Q4 2016. If the Energy sector were excluded, the estimated earnings growth rate for the remaining ten sectors would fall to 8.1% from 10.5%.

Materials: 3 of 4 Industries Expected to Report Double-Digit Growth

The Materials sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 28.1%. At the industry level, all four industries are predicted to report earnings growth. Three of these four industries are projected to report double-digit earnings growth: Metals & Mining (84%), Containers & Packaging (32%), and Chemicals (21%).

Information Technology: Semiconductor & Internet Software Industries Lead Growth

The Information Technology sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 15.9%. At the industry level, five of the seven industries in this sector are predicted to report earnings growth. Three of these five industries are predicted to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (37%), Internet Software & Services (33%), and IT Services (12%).

Utilities: NRG Energy, Southern Company, and Exelon Lead Growth

The Utilities sector is expected to report the fourth highest (year-over-year) earnings growth at 11.7%. At the company level, NRG Energy, Southern Company, and Exelon are projected to be the largest contributors to earnings growth for the sector. The mean EPS estimate for NRG Energy for Q4 2017 is $0.32, compared to year-ago actual EPS of -$0.61. The mean EPS estimate for Southern Company for Q4 2017 is $0.46, compared to year-ago actual EPS of $0.24. The mean EPS estimate for Exelon for Q4 2017 is $0.60, compared to year-ago actual EPS of $0.44. If these three companies were excluded, the estimated earnings growth rate for the Utilities sector would fall to 1.5% from 11.7%.

Telecom Services: AT&T Largest Detractor to Earnings Growth

On the other hand, the Telecom Services sector is expected to report the lowest (year-over-year) earnings growth of all eleven sectors at 1.1%. Of the three companies in this sector, AT&T is expected to be the largest detractor to earnings growth in the sector. The mean EPS estimate for AT&T for Q4 2017 is $0.65, compared to year-ago actual EPS of $0.66.

Industrials: General Electric Largest Detractor to Earnings Growth

The Industrials sector is expected to report the second lowest (year-over-year) earnings growth of all eleven sectors at 1.7%. At the industry level, nine of the twelve industries in this sector are predicted to report earnings growth, led by the Machinery (33%) and Aerospace & Defense (10%) industries. On the other hand, three industries are projected to report a year-over-year decline in earnings: Airlines (-19%), Professional Services (-18%), and Industrial Conglomerates (-18%). At the company level, General Electric is expected to be the largest detractor to earnings growth in the sector. The mean EPS estimate for GE for Q4 2017 is $0.30, compared to year-ago actual EPS of $0.46. If General Electric were excluded, the estimated earnings growth rate for the Industrials sector would improve to 8.0% from 1.7%.

Revenue Growth: 6.7%

The estimated (year-over-year) revenue growth rate for Q4 2017 is 6.7%. All eleven sectors are expected to report year-over-year growth in revenues. Three sectors are predicted to report double-digit growth in revenues: Energy, Materials, and Information Technology. On the other hand, the Telecom Services and Financials sectors are projected to report the lowest revenue growth for the quarter.

Energy: 4 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 17.4%. At the sub-industry level, all six sub-industries in the sector are predicted to reported revenue growth: Oil & Gas Drilling (47%), Oil & Gas Equipment & Services (32%), Oil & Gas Refining & Marketing (20%), Integrated Oil & Gas (18%), Oil & Gas Exploration & Production (3%), and Oil & Gas Storage & Transportation (3%) industry.

Materials: DowDuPont Leads Growth on Easy Comparison to Standalone Revenue for Dow Chemical

The Materials sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 16.6%. At the industry level, all four industries in this sector are expected to report revenue growth, led by the Chemicals (22%) and Metals & Mining (14%) industries. At the company level, DowDuPont is predicted to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q4 2017 ($19.4 billion) reflect the combined DowDuPont company, while the actual revenues for Q4 2016 ($13.0 billion) reflect the standalone Dow Chemical company. This apple-to-orange comparison is the main reason DowDuPont is projected to be the largest contributor to revenue growth for the sector. If this company were excluded, the estimated revenue growth rate for the sector would fall to 9.6% from 16.6%.

Information Technology: Internet Software Leads Growth

The Information Technology sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 10.9%. At the industry level, all seven industries in this sector are predicted to report revenue growth. Three of these seven industries are projected to report double-digit revenue growth: Internet Software & Services (23%), Semiconductor & Semiconductor Equipment (16%), and IT Services (14%).

Telecom Services: AT&T Largest Detractor to Revenue Growth

On the other hand, the Telecom Services sector is expected to report the lowest (year-over-year) revenue growth of all eleven sectors at 1.8%. Of the three companies in this sector, AT&T is expected to be the largest detractor to revenue growth in the sector. The mean sales estimate for AT&T for Q4 2017 is $41.2 billion, compared to year-ago actual sales of $41.8 billion.

Financials: Insurance Industry Detractor to Revenue Growth

The Financials sector is expected to report the second lowest (year-over-year) revenue growth of all eleven sectors at 2.3%. At the industry level, four of the five industries in this sector are predicted to report revenue growth, led by the Consumer Finance (8%) industry. The Insurance (-2%) is the only industry expected to report a (year-over-year) decline in revenues for the quarter.

Looking Ahead: Forward Estimates and Valuation

Double-Digit Earnings Growth Expected to Continue in 2018

For the fourth quarter, analysts are expecting companies to report earnings growth of 10.5% and revenue growth of 6.7%. Analysts currently expect earnings to continue at double-digit levels in 2018. However, they are also projecting lower year-over-year revenue growth in the second half of 2018.

For Q1 2018, analysts are projecting earnings growth of 12.0% and revenue growth of 6.8%.

For Q2 2018, analysts are projecting earnings growth of 12.3% and revenue growth of 6.8%.

For Q3 2018, analysts are projecting earnings growth of 13.4% and revenue growth of 5.6%.

For Q4 2018, analysts are projecting earnings growth of 13.0% and revenue growth of 4.4%.

For all of 2018, analysts are projecting earnings growth of 13.1% and revenue growth of 5.7%.

Valuation: Forward P/E Ratio is 18.4, above the 10-Year Average (14.2)

The forward 12-month P/E ratio is 18.4. This P/E ratio is above the 5-year average of 15.9 and above the 10-year average of 14.2. It is also above the forward 12-month P/E ratio of 17.8 recorded at the start of the fourth quarter (September 30). Since the start of the fourth quarter, the price of the index has increased by 8.1%, while the forward 12-month EPS estimate has increased by 4.0%.

At the sector level, the Energy (26.4) sector has the highest forward 12-month P/E ratio, while the Telecom Services (13.1) sector has the lowest forward 12-month P/E ratio. Nine sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Energy (26.4 vs. 19.2), Industrials (19.9 vs. 14.6), and Information Technology (19.2 vs. 14.4) sectors. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (13.1 vs. 14.1). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 6% Increase in Price Over Next 12 Months

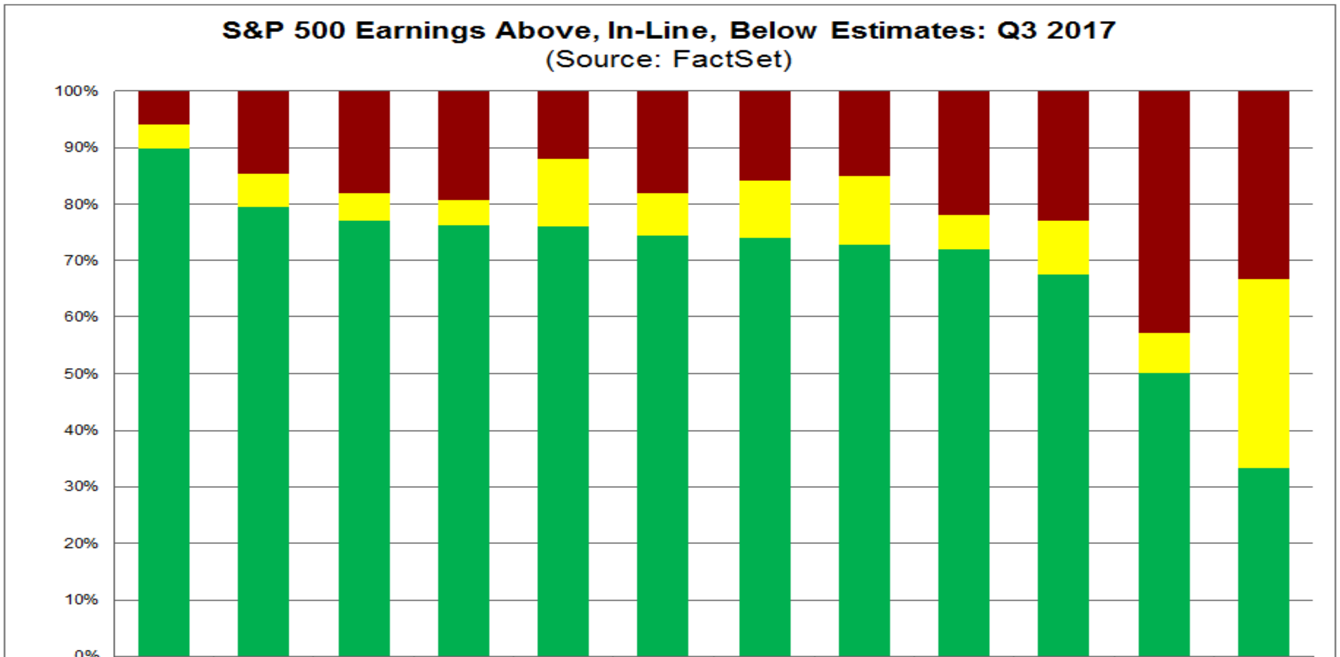
The bottom-up target price for the S&P 500 is 2895.68, which is 6.3% above the closing price of 2723.99. At the sector level, the Real Estate (+9.9%) and Information Technology (+9.7%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Telecom Services (+0.7%) and Energy (+0.7%) sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 11,131 ratings on stocks in the S&P 500. Of these 11,131 ratings, 49.8% are Buy ratings, 44.9% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (59%), Health Care (57%), and Energy (55%) sectors have the highest percentages of Buy ratings, while the Telecom Services (28%) and Utilities (36%) sectors have the lowest percentages of Buy ratings.

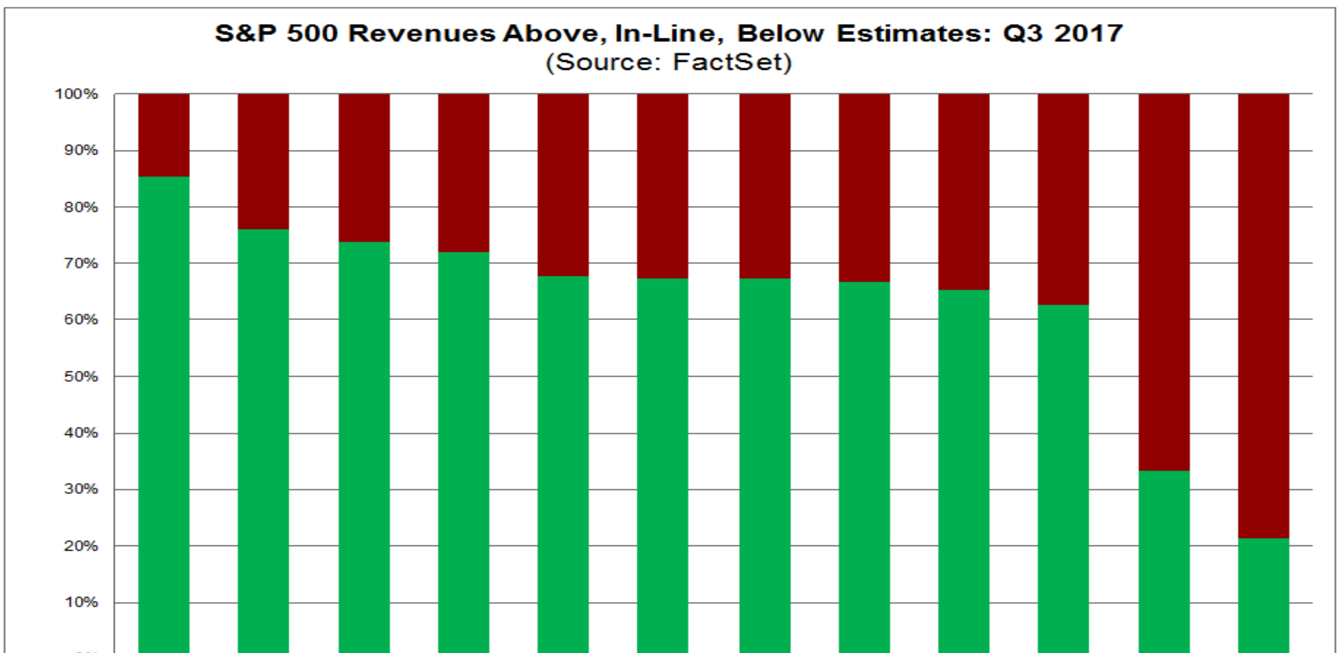
Companies Reporting Next Week: 7

During the upcoming week, seven S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Q3 2017: Scorecard

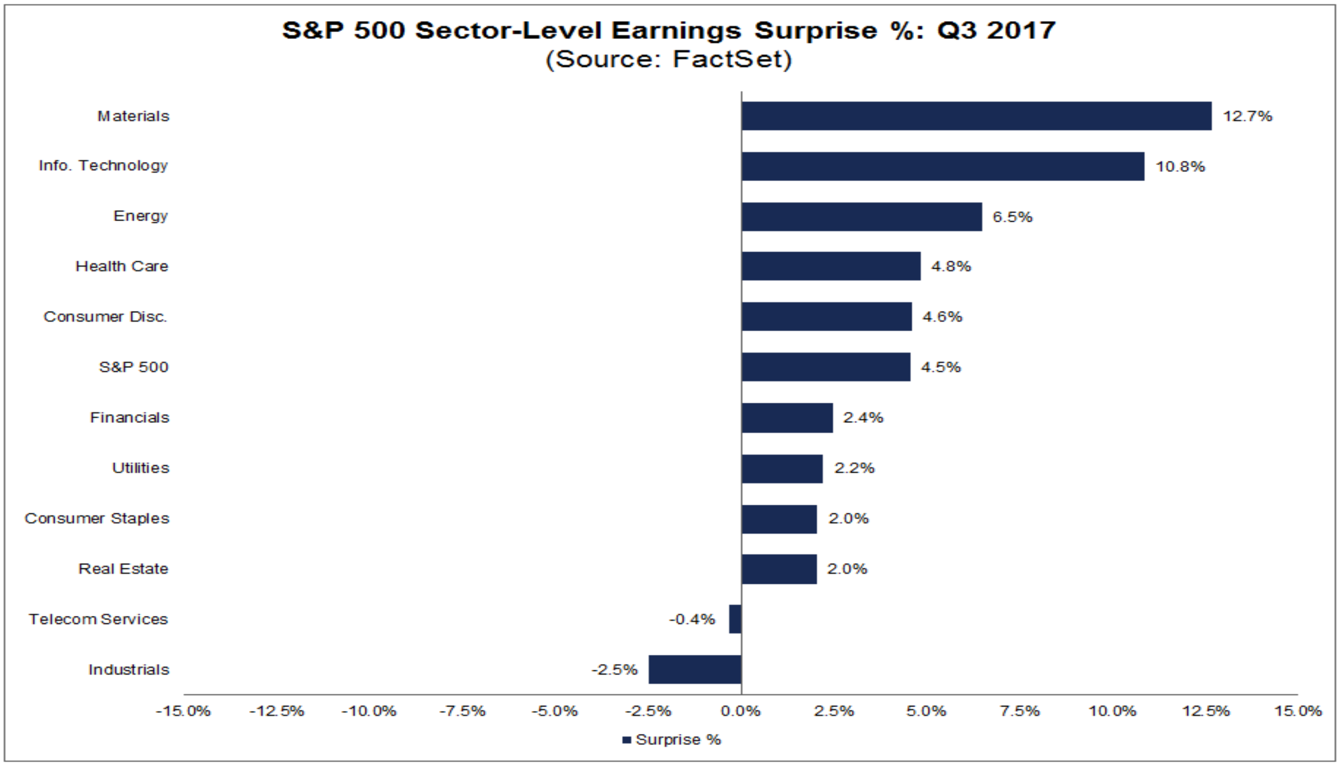


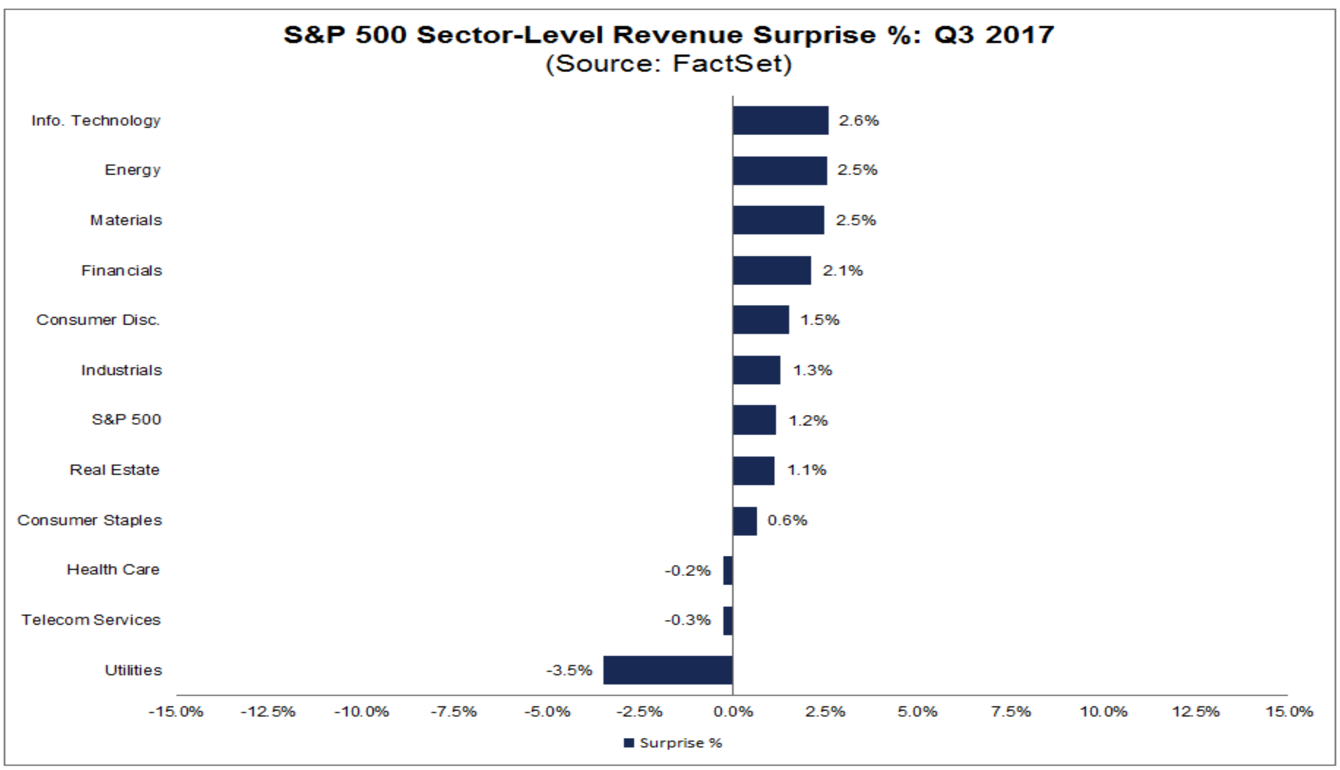
	Info. Technology	Consumer Staples	Health Care	Financials	Materials	S&P 500	Industrials	Real Estate	Energy	Consumer Disc.	Utilities	Telecom Services
Below	6%	15%	18%	19%	12%	18%	16%	15%	22%	23%	43%	33%
In-Line	4%	6%	5%	4%	12%	8%	10%	12%	6%	10%	7%	33%
Above	90%	79%	77%	76%	76%	74%	74%	73%	72%	67%	50%	33%



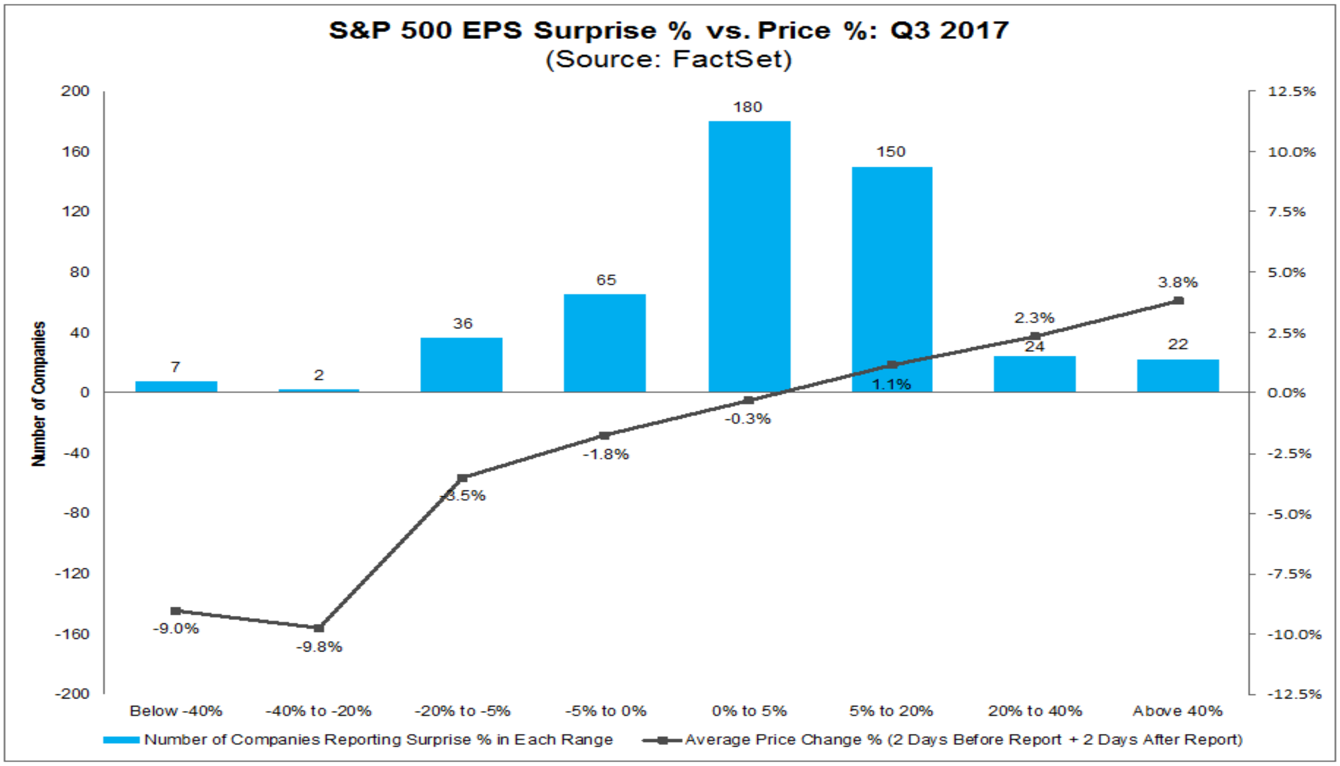
	Info. Technology	Materials	Financials	Energy	Consumer Staples	Health Care	S&P 500	Real Estate	Industrials	Consumer Disc.	Telecom Services	Utilities
Below	15%	24%	26%	28%	32%	33%	33%	33%	35%	37%	67%	79%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	85%	76%	74%	72%	68%	67%	67%	67%	65%	63%	33%	21%

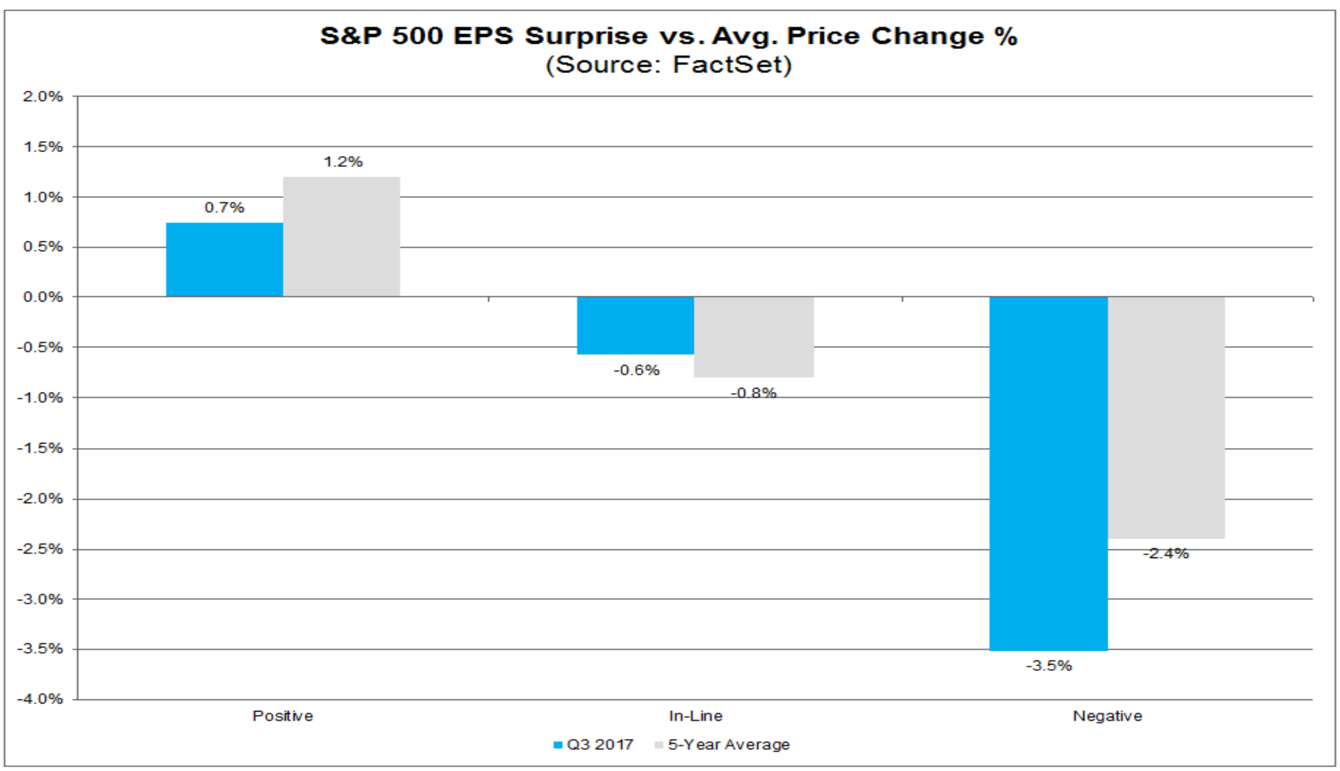
Q3 2017: Scorecard



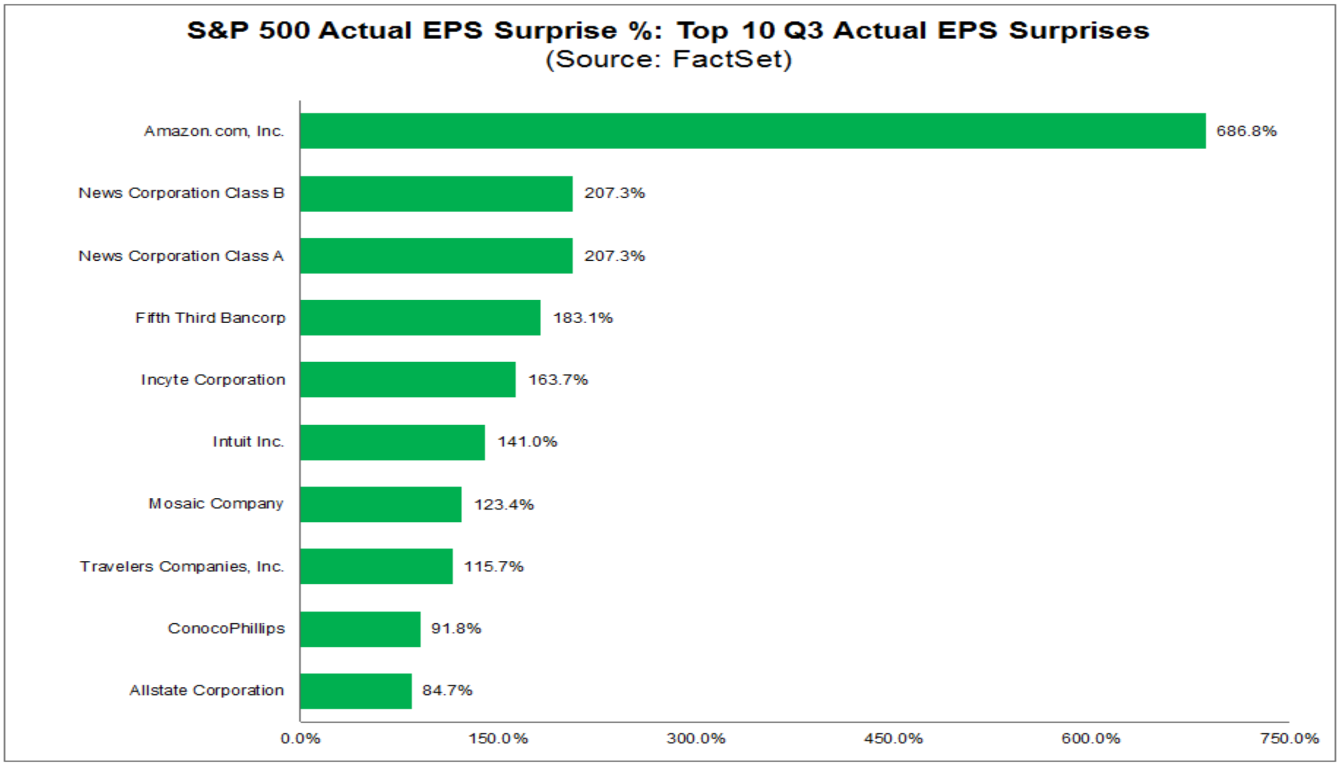


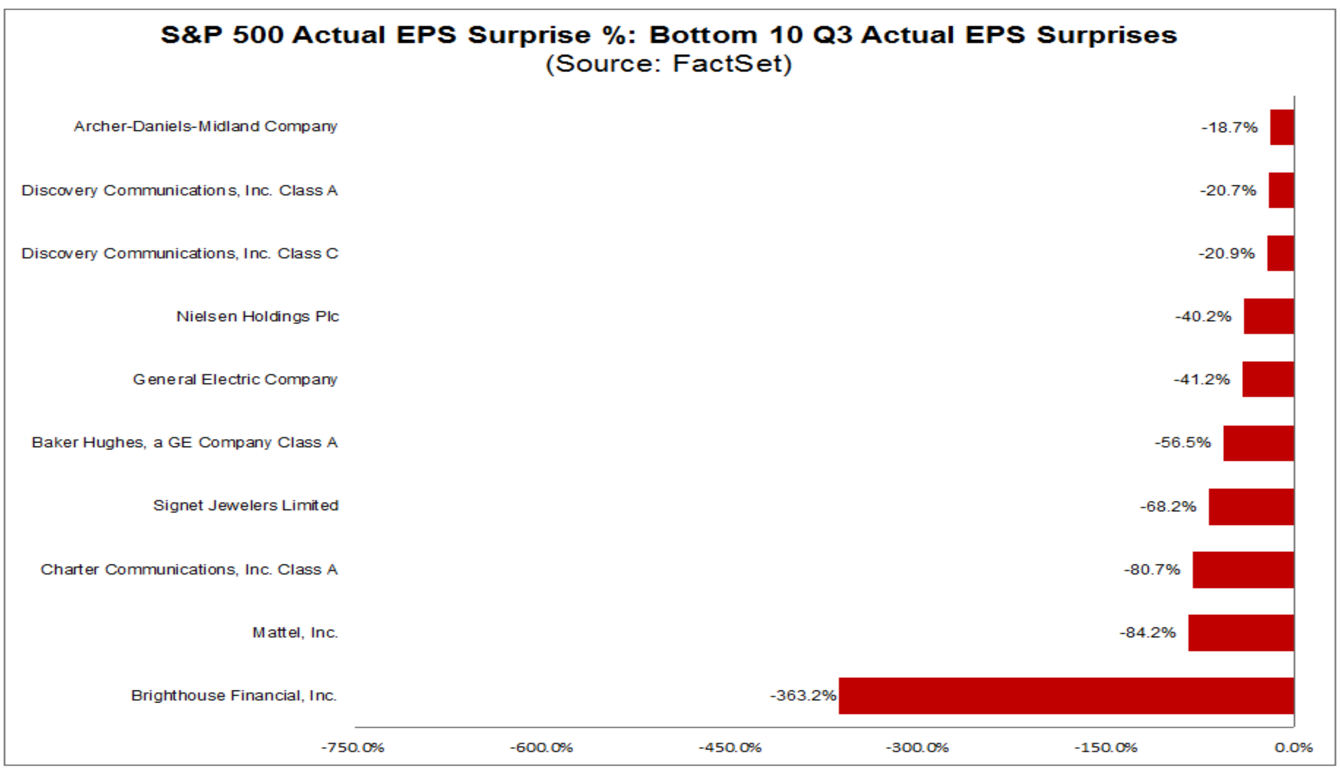
Q3 2017: Scorecard





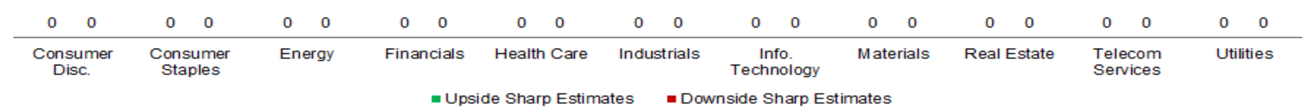
Q3 2017: Scorecard



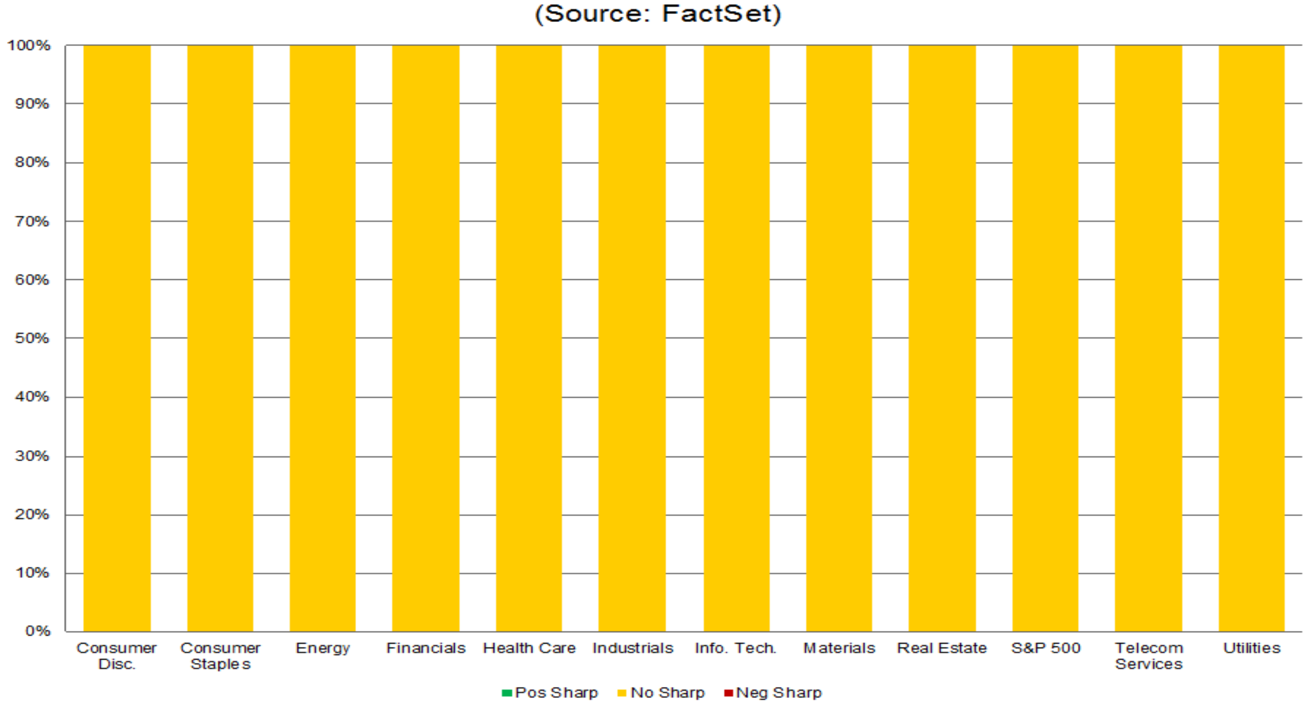


Q3 2017: Projected EPS Surprises (Sharp Estimates)

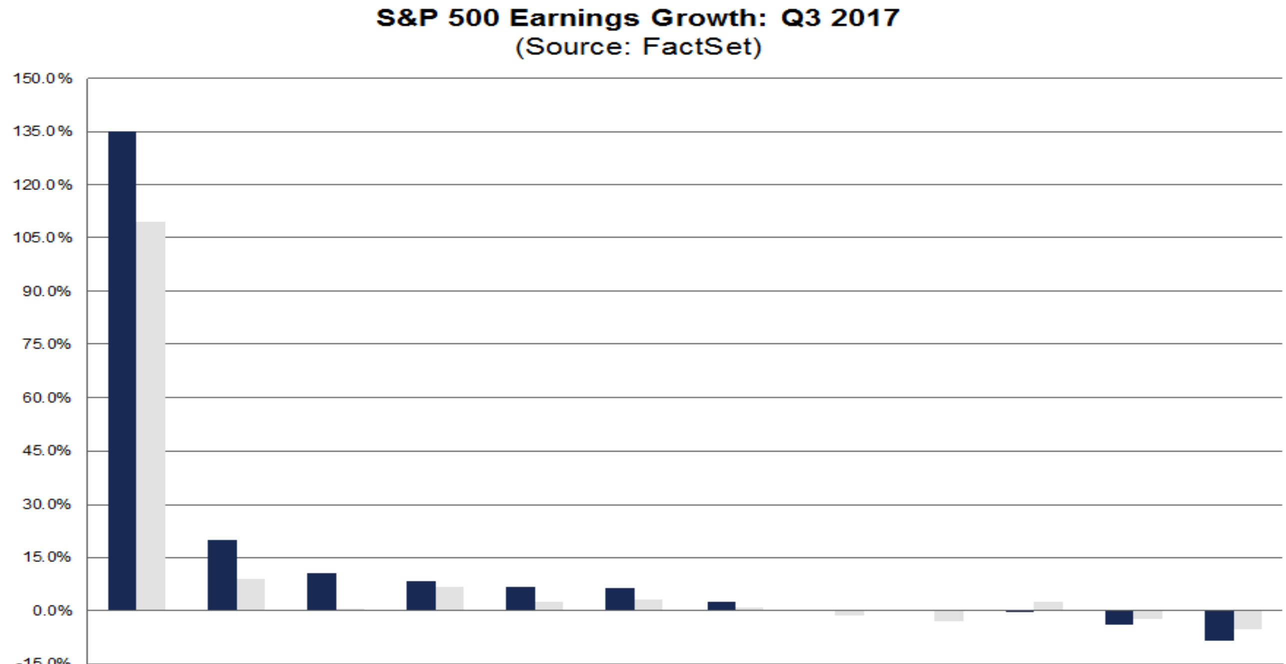
Number (#) of S&P 500 Companies with Q3 2017 Sharp Estimates
(Source: FactSet)



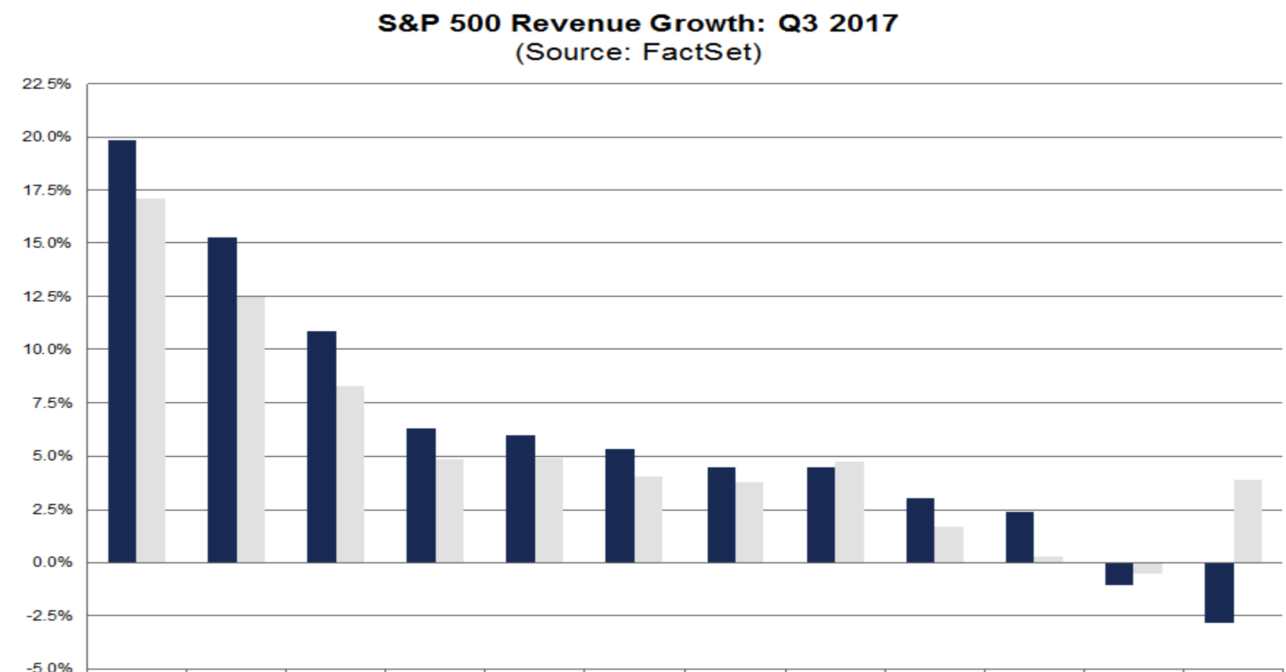
Percentage (%) of S&P 500 Companies with Q3 2017 Sharp Estimates
(Source: FactSet)



Q3 2017: Growth

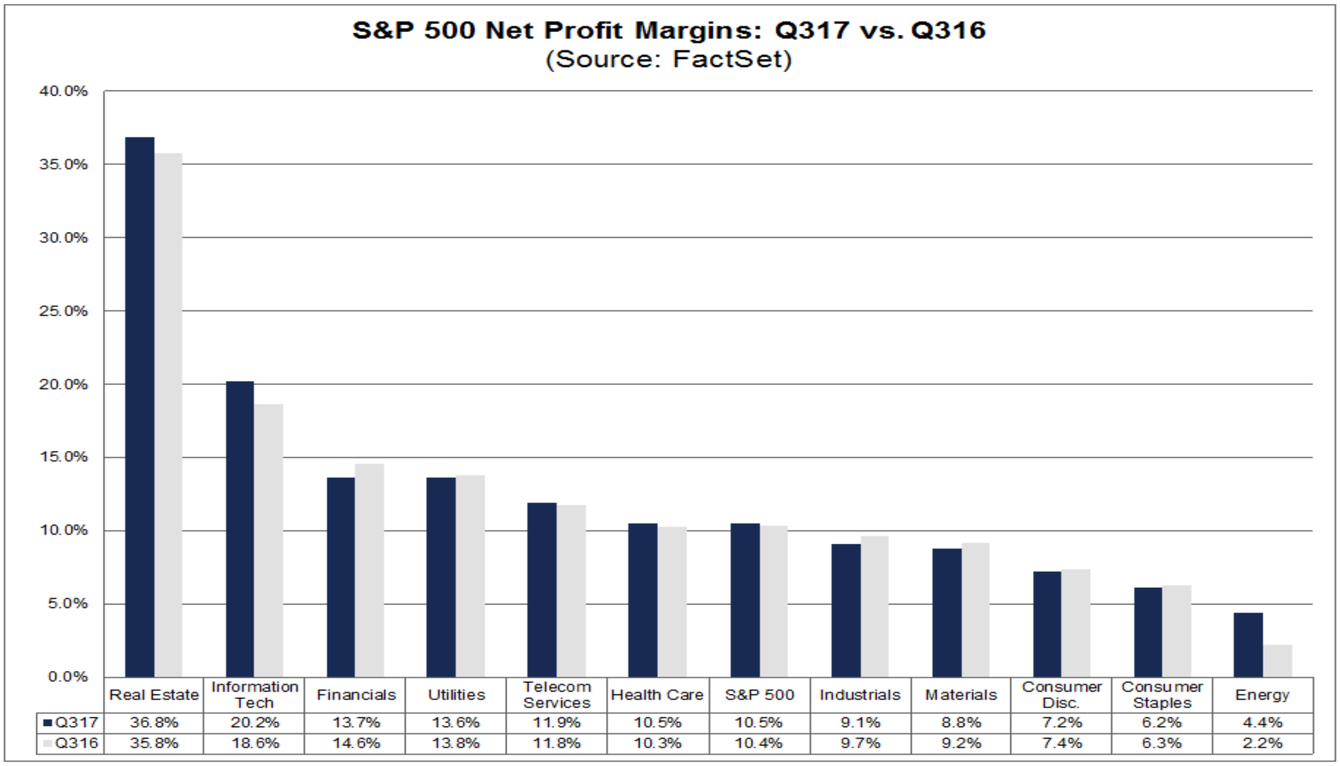


	Energy	Info. Technology	Materials	Real Estate	Health Care	S&P 500	Consumer Staples	Telecom Services	Consumer Disc.	Industrials	Utilities	Financials
Today	135.1%	20.1%	10.6%	8.5%	6.8%	6.4%	2.7%	0.2%	0.1%	0.0%	-4.0%	-8.3%
30-Sep	109.6%	8.9%	0.5%	6.8%	2.5%	3.1%	1.0%	-1.3%	-2.8%	2.4%	-2.4%	-5.1%

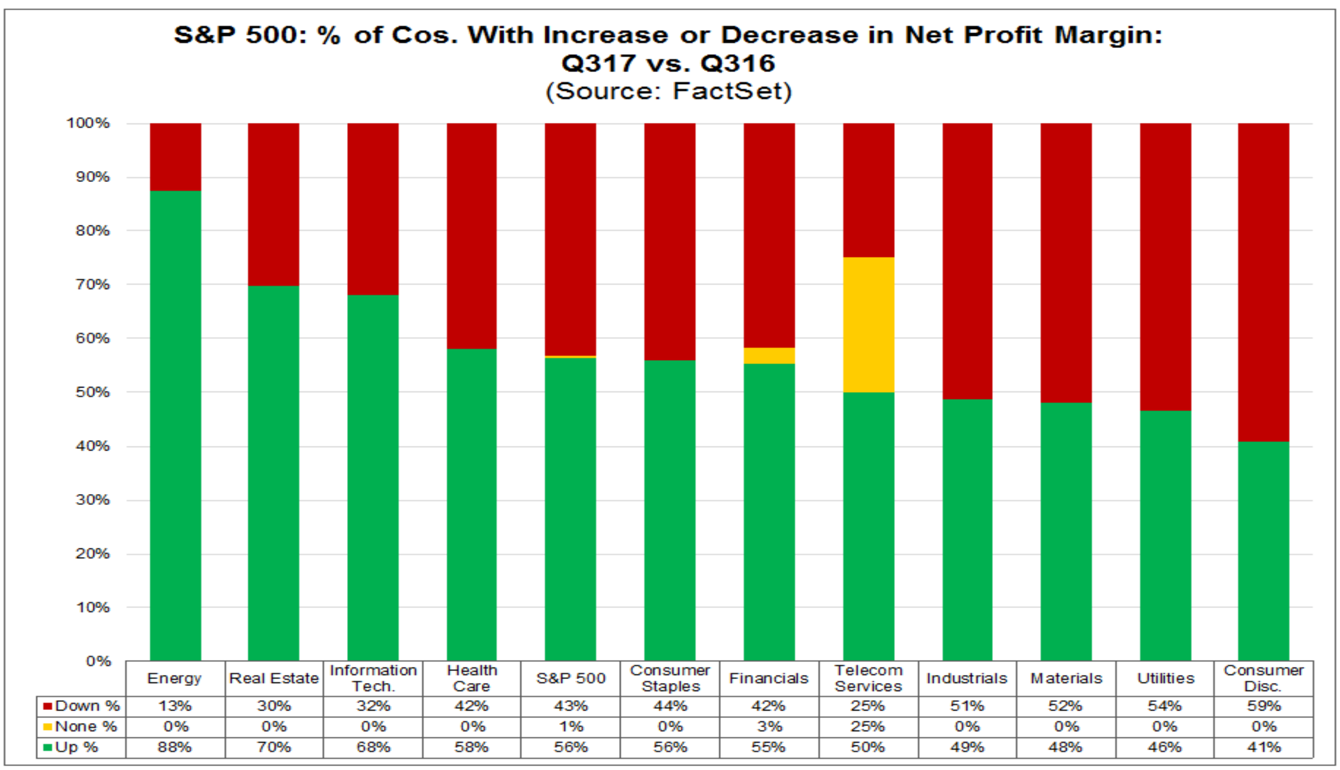


	Energy	Materials	Info. Technology	Industrials	S&P 500	Real Estate	Consumer Staples	Health Care	Consumer Disc.	Financials	Telecom Services	Utilities
Today	19.8%	15.3%	10.9%	6.3%	6.0%	5.3%	4.5%	4.5%	3.0%	2.4%	-1.0%	-2.8%
30-Sep	17.1%	12.5%	8.2%	4.9%	4.9%	4.1%	3.8%	4.8%	1.7%	0.3%	-0.5%	3.9%

Q3 2017: Net Profit Margin

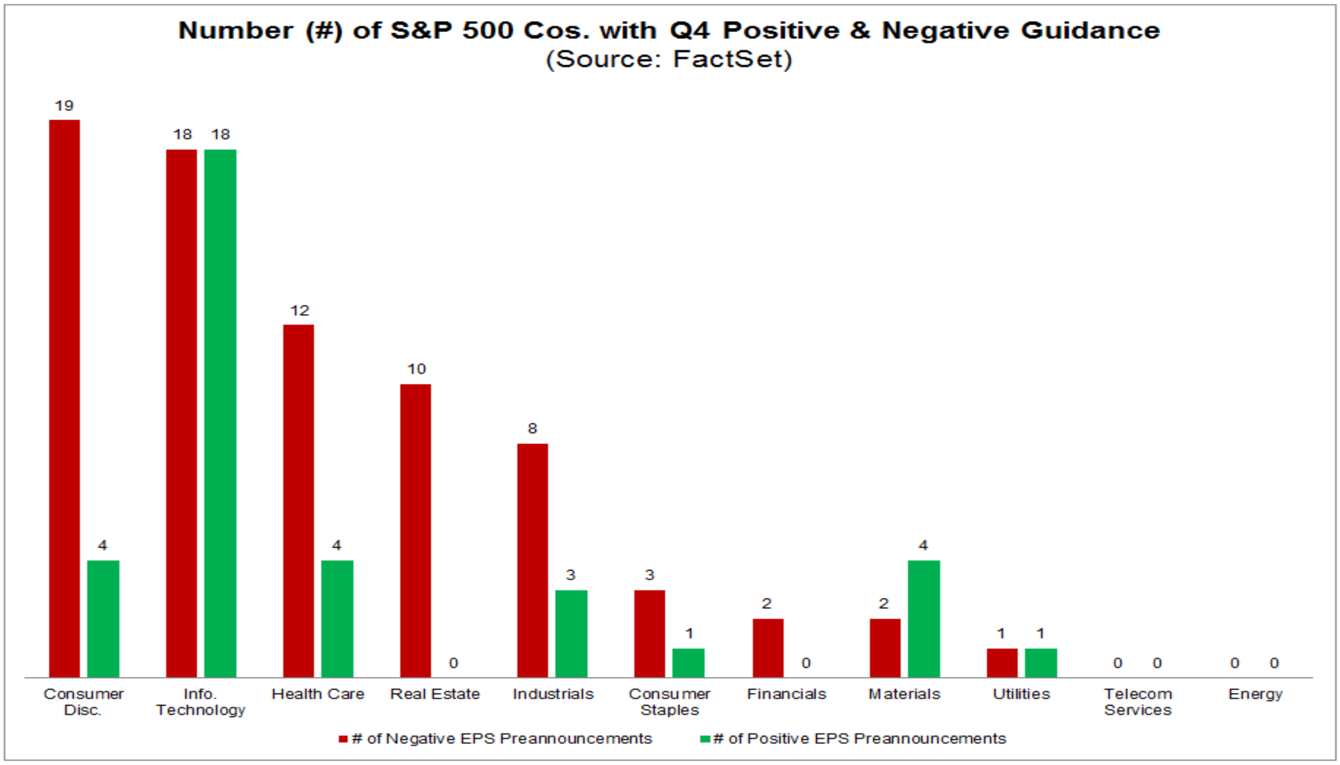


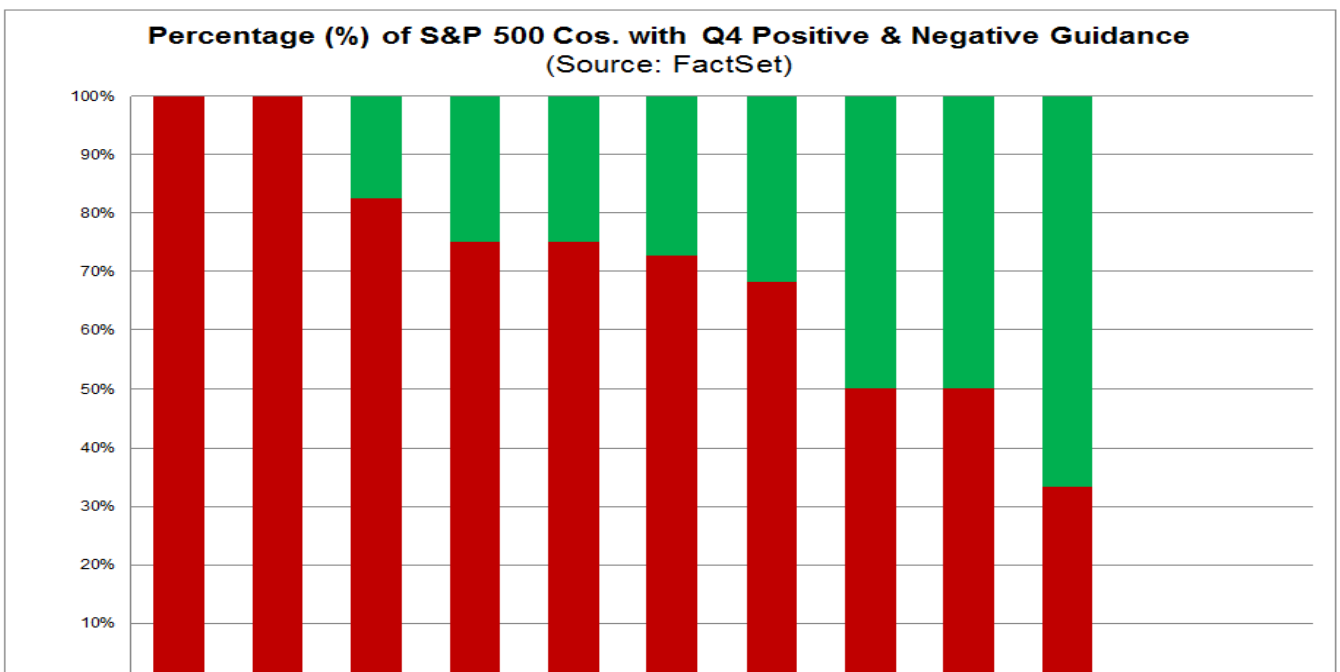
	Real Estate	Information Tech	Financials	Utilities	Telecom Services	Health Care	S&P 500	Industrials	Materials	Consumer Disc.	Consumer Staples	Energy
Q317	36.8%	20.2%	13.7%	13.6%	11.9%	10.5%	10.5%	9.1%	8.8%	7.2%	6.2%	4.4%
Q316	35.8%	18.6%	14.6%	13.8%	11.8%	10.3%	10.4%	9.7%	9.2%	7.4%	6.3%	2.2%



	Energy	Real Estate	Information Tech.	Health Care	S&P 500	Consumer Staples	Financials	Telecom Services	Industrials	Materials	Utilities	Consumer Disc.
Down %	13%	30%	32%	42%	43%	44%	42%	25%	51%	52%	54%	59%
None %	0%	0%	0%	0%	1%	0%	3%	25%	0%	0%	0%	0%
Up %	88%	70%	68%	58%	56%	56%	55%	50%	49%	48%	46%	41%

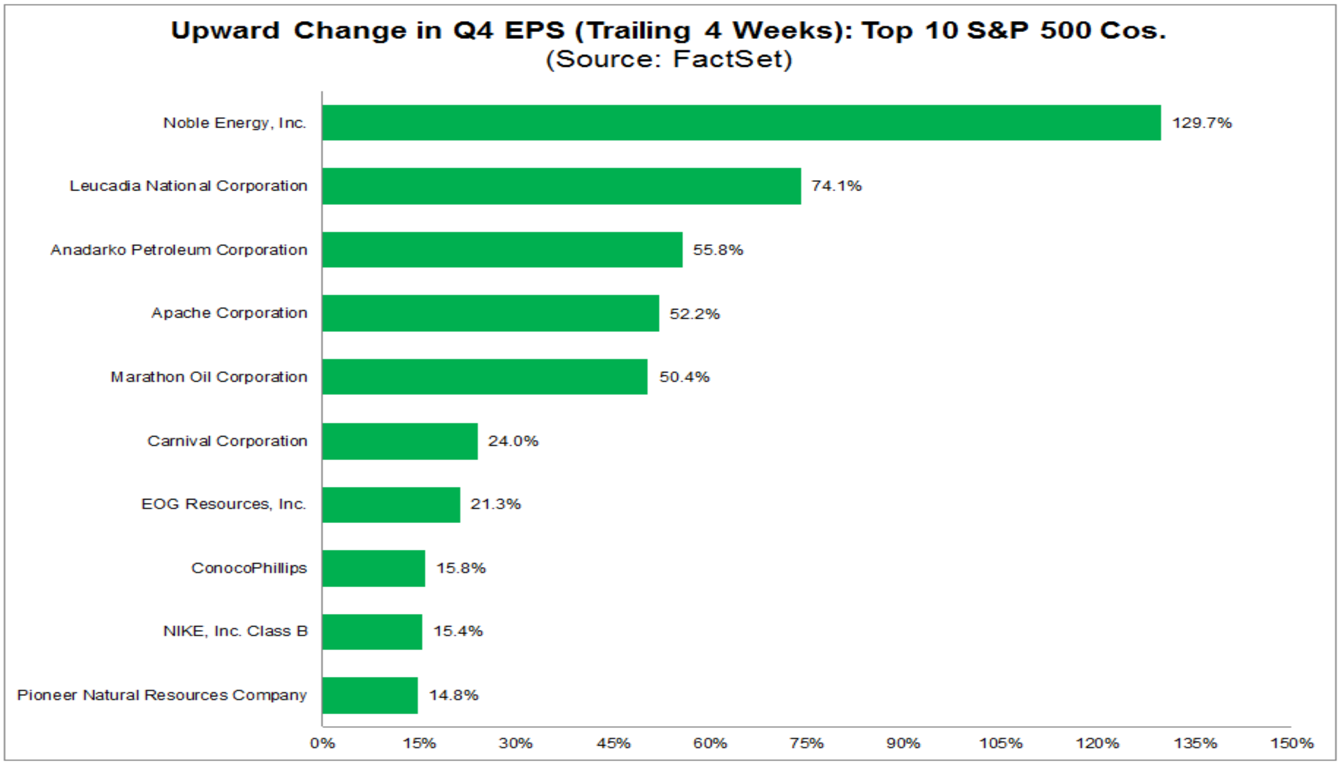
Q4 2017: Guidance

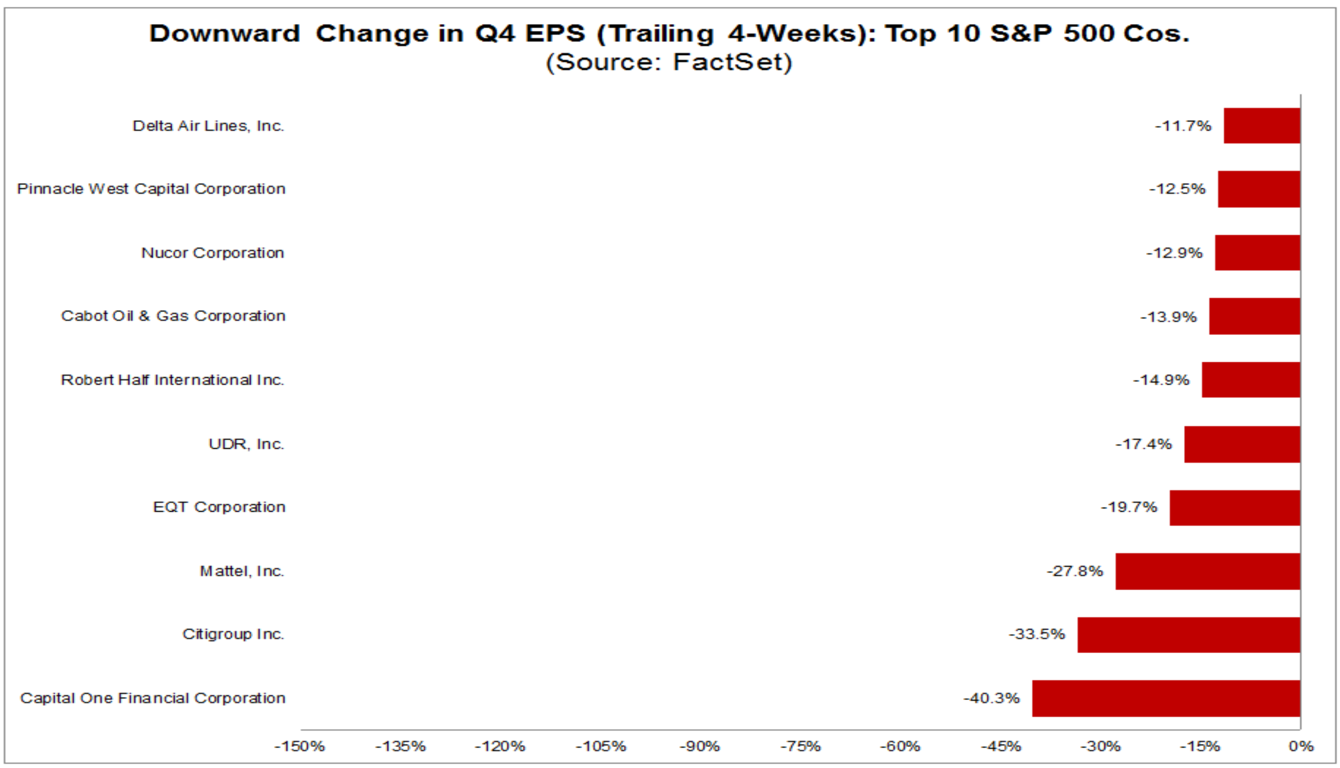




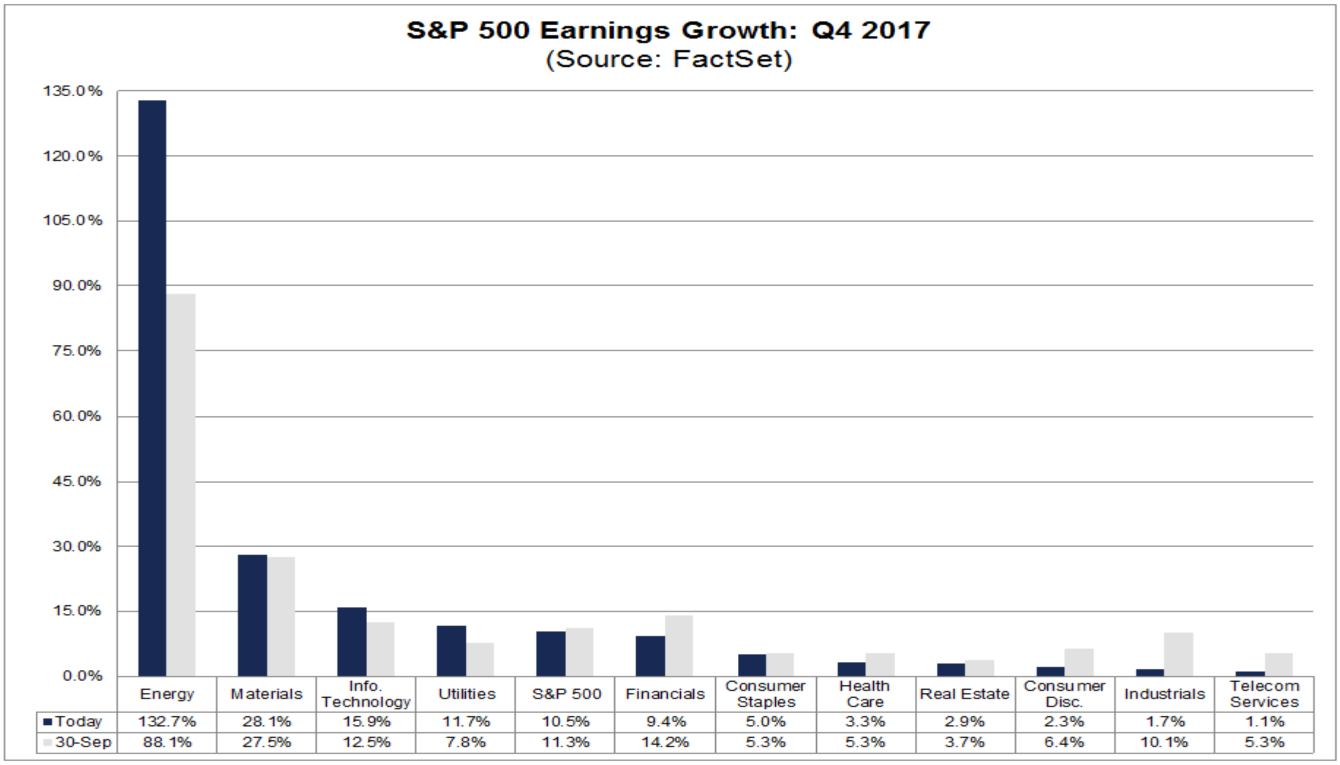
	Real Estate	Financials	Consumer Disc.	Health Care	Consumer Staples	Industrials	S&P 500	Info. Technology	Utilities	Materials	Telecom Services	Energy
Positive	0%	0%	17%	25%	25%	27%	32%	50%	50%	67%	0%	0%
Negative	100%	100%	83%	75%	75%	73%	68%	50%	50%	33%	0%	0%

Q4 2017: EPS Revisions

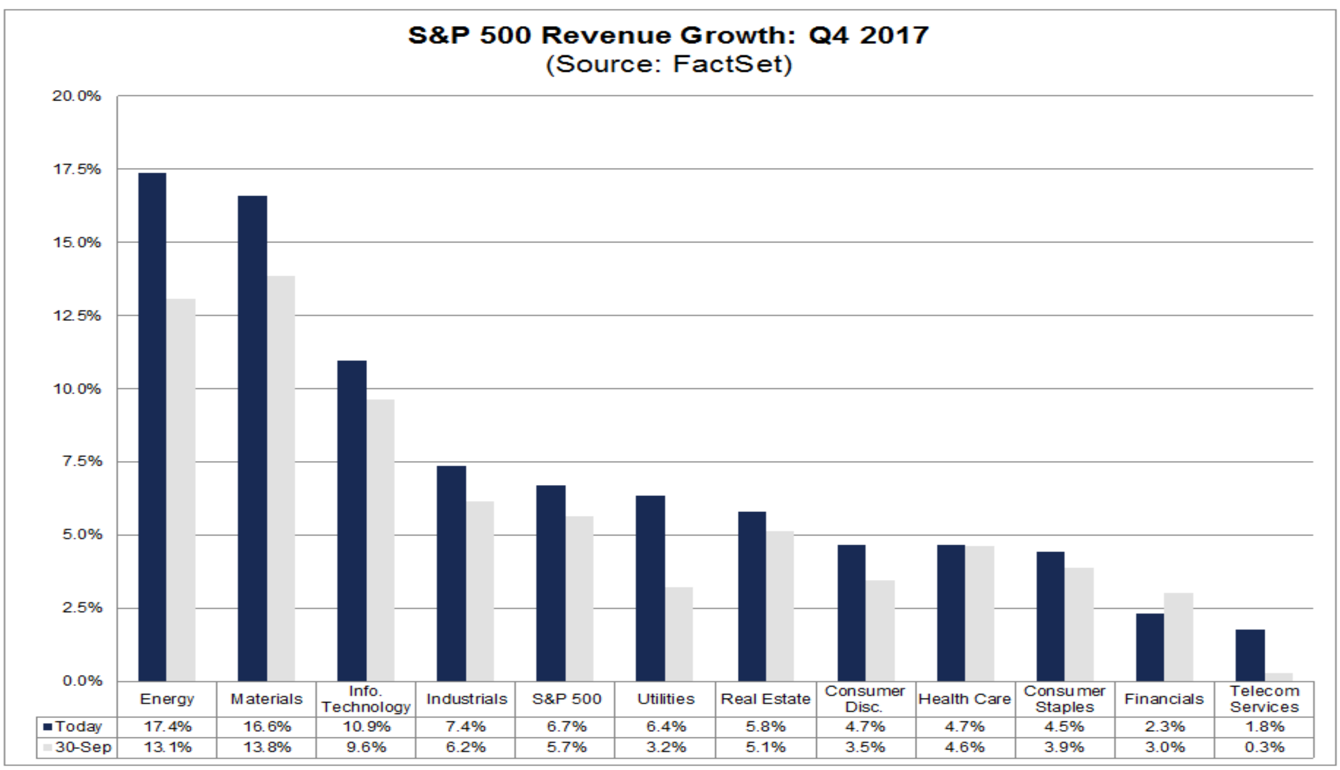




Q4 2017: Growth

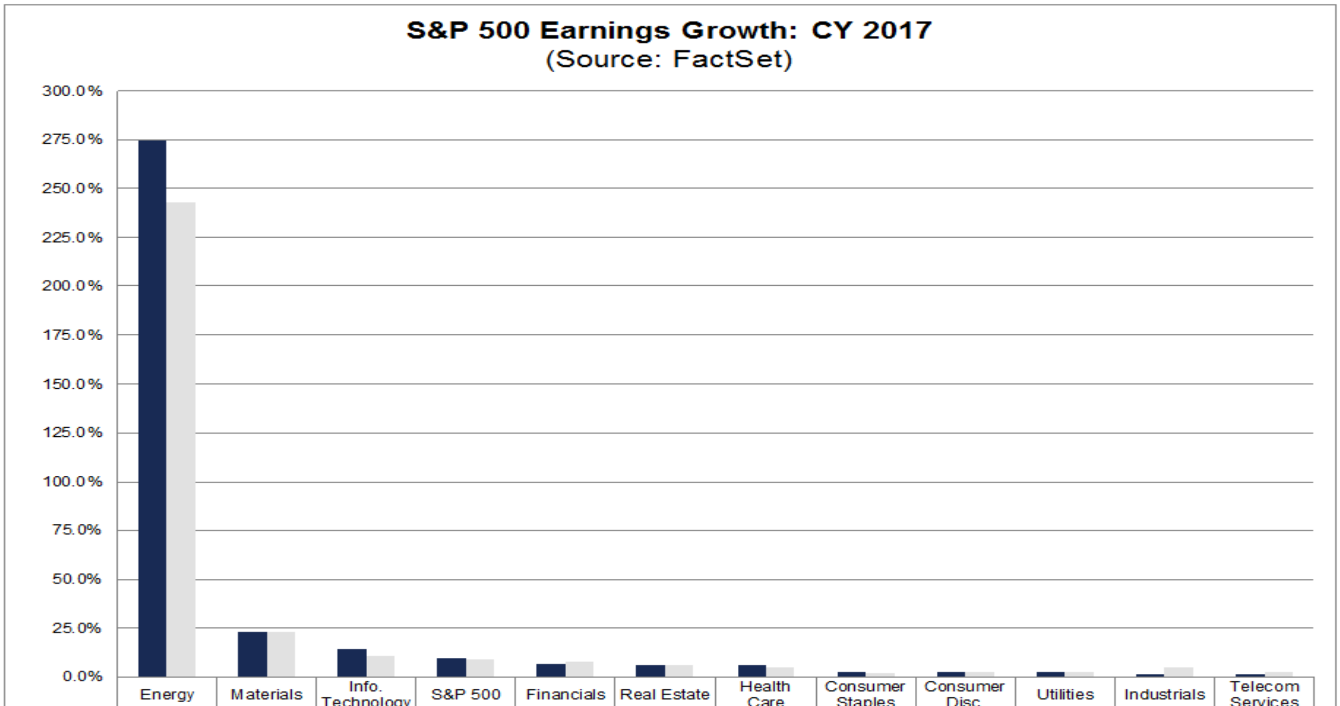


	Energy	Materials	Info. Technology	Utilities	S&P 500	Financials	Consumer Staples	Health Care	Real Estate	Consumer Disc.	Industrials	Telecom Services
Today	132.7%	28.1%	15.9%	11.7%	10.5%	9.4%	5.0%	3.3%	2.9%	2.3%	1.7%	1.1%
30-Sep	88.1%	27.5%	12.5%	7.8%	11.3%	14.2%	5.3%	5.3%	3.7%	6.4%	10.1%	5.3%

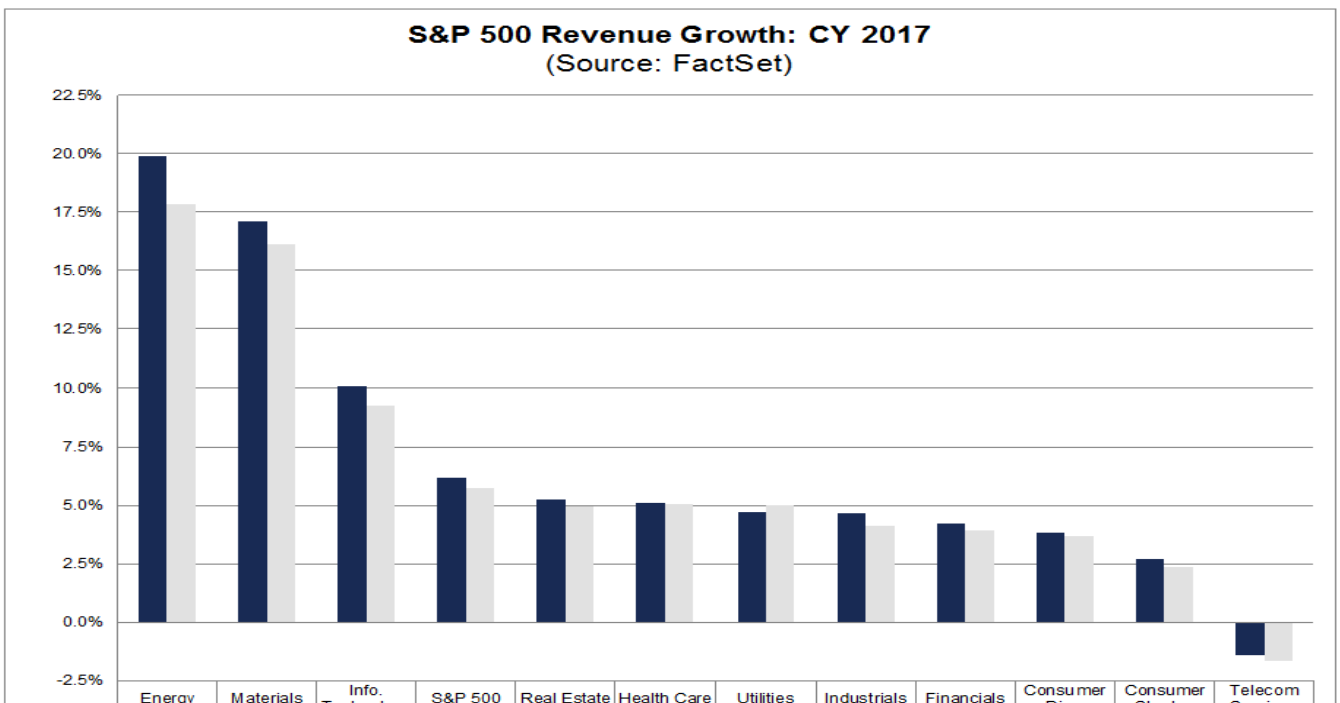


	Energy	Materials	Info. Technology	Industrials	S&P 500	Utilities	Real Estate	Consumer Disc.	Health Care	Consumer Staples	Financials	Telecom Services
Today	17.4%	16.6%	10.9%	7.4%	6.7%	6.4%	5.8%	4.7%	4.7%	4.5%	2.3%	1.8%
30-Sep	13.1%	13.8%	9.6%	6.2%	5.7%	3.2%	5.1%	3.5%	4.6%	3.9%	3.0%	0.3%

CY 2017: Growth

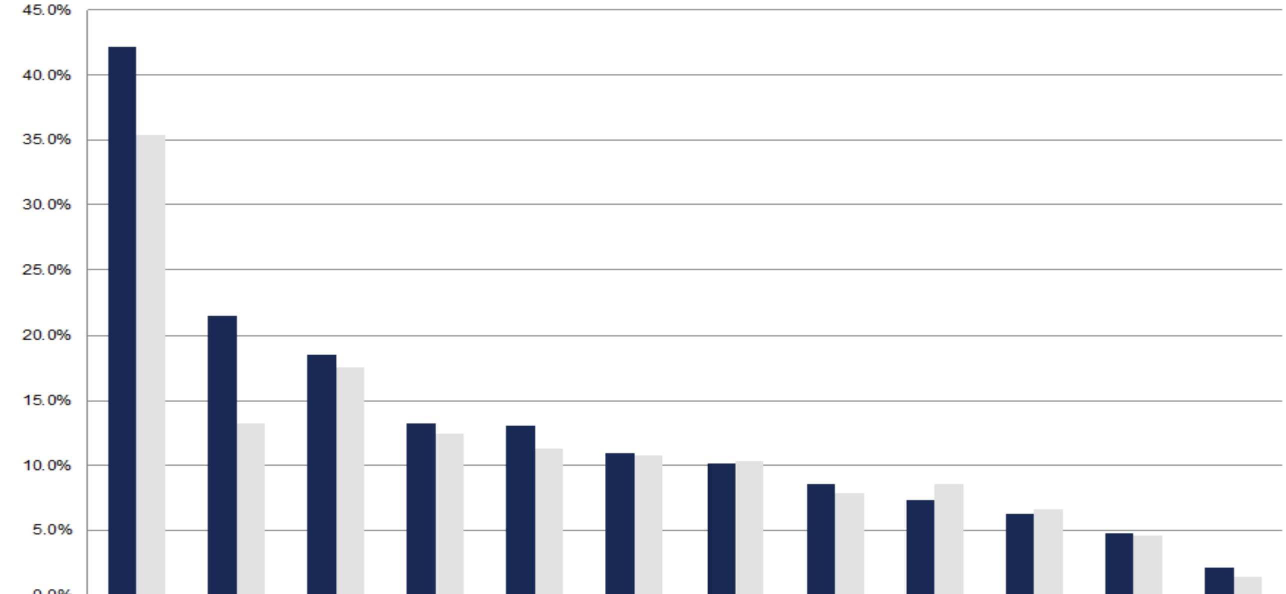


	Energy	Materials	Info. Technology	S&P 500	Financials	Real Estate	Health Care	Consumer Staples	Consumer Disc.	Utilities	Industrials	Telecom Services
Today	274.8%	23.3%	14.4%	9.5%	6.4%	6.0%	5.9%	2.5%	2.4%	2.3%	1.6%	1.2%
30-Sep	243.1%	22.9%	10.7%	8.9%	8.1%	5.9%	5.1%	2.1%	2.6%	2.3%	4.8%	2.7%

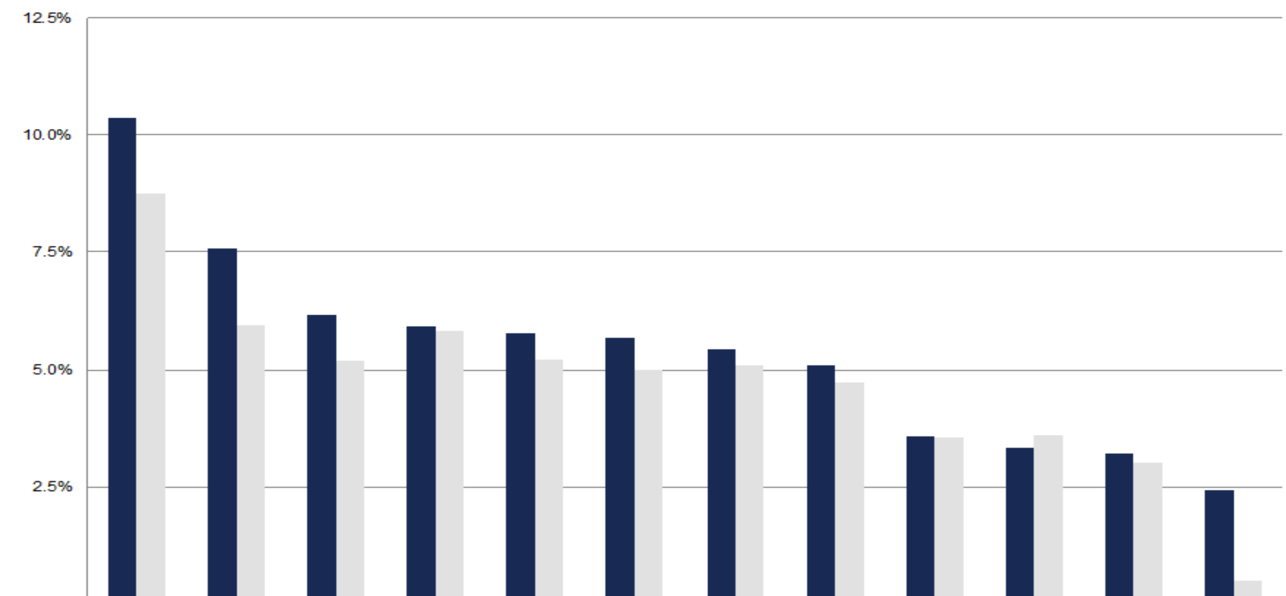


	Energy	Materials	Info. Technology	S&P 500	Real Estate	Health Care	Utilities	Industrials	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	19.9%	17.1%	10.1%	6.2%	5.2%	5.1%	4.7%	4.7%	4.2%	3.8%	2.7%	-1.4%
30-Sep	17.8%	16.1%	9.2%	5.7%	5.0%	5.1%	5.0%	4.1%	3.9%	3.7%	2.4%	-1.6%

CY 2018: Growth



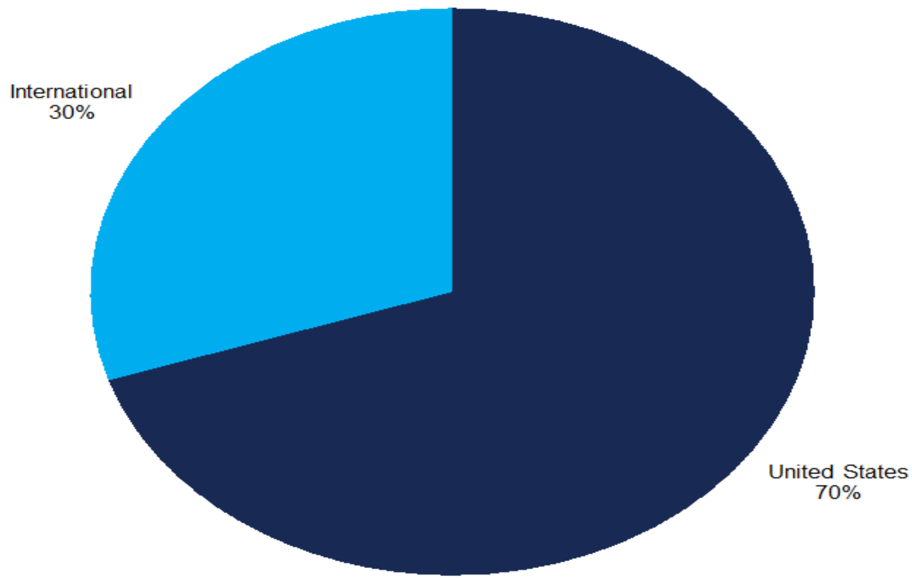
	Energy	Financials	Materials	Info. Technology	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Health Care	Real Estate	Utilities	Telecom Services
Today	42.2%	21.4%	18.6%	13.3%	13.1%	11.0%	10.2%	8.5%	7.3%	6.3%	4.8%	2.1%
30-Sep	35.4%	13.3%	17.6%	12.4%	11.3%	10.8%	10.4%	7.9%	8.6%	6.7%	4.6%	1.5%



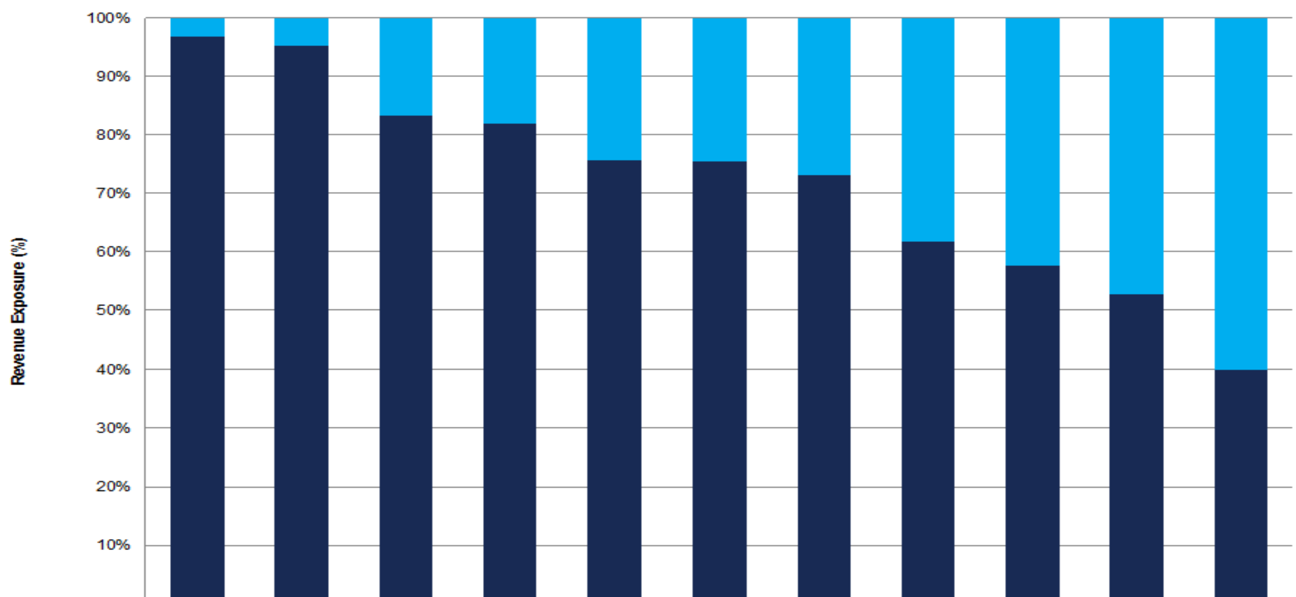
	Info. Technology	Energy	Consumer Disc.	Real Estate	Health Care	S&P 500	Materials	Industrials	Consumer Staples	Financials	Utilities	Telecom Services
Today	10.4%	7.6%	6.2%	5.9%	5.8%	5.7%	5.4%	5.1%	3.6%	3.3%	3.2%	2.4%
30-Sep	8.8%	5.9%	5.2%	5.8%	5.2%	5.0%	5.1%	4.7%	3.6%	3.6%	3.0%	0.5%

Geographic Revenue Exposure

S&P 500: Aggregate Geographic Revenue Exposure (%)
(Source: FactSet)

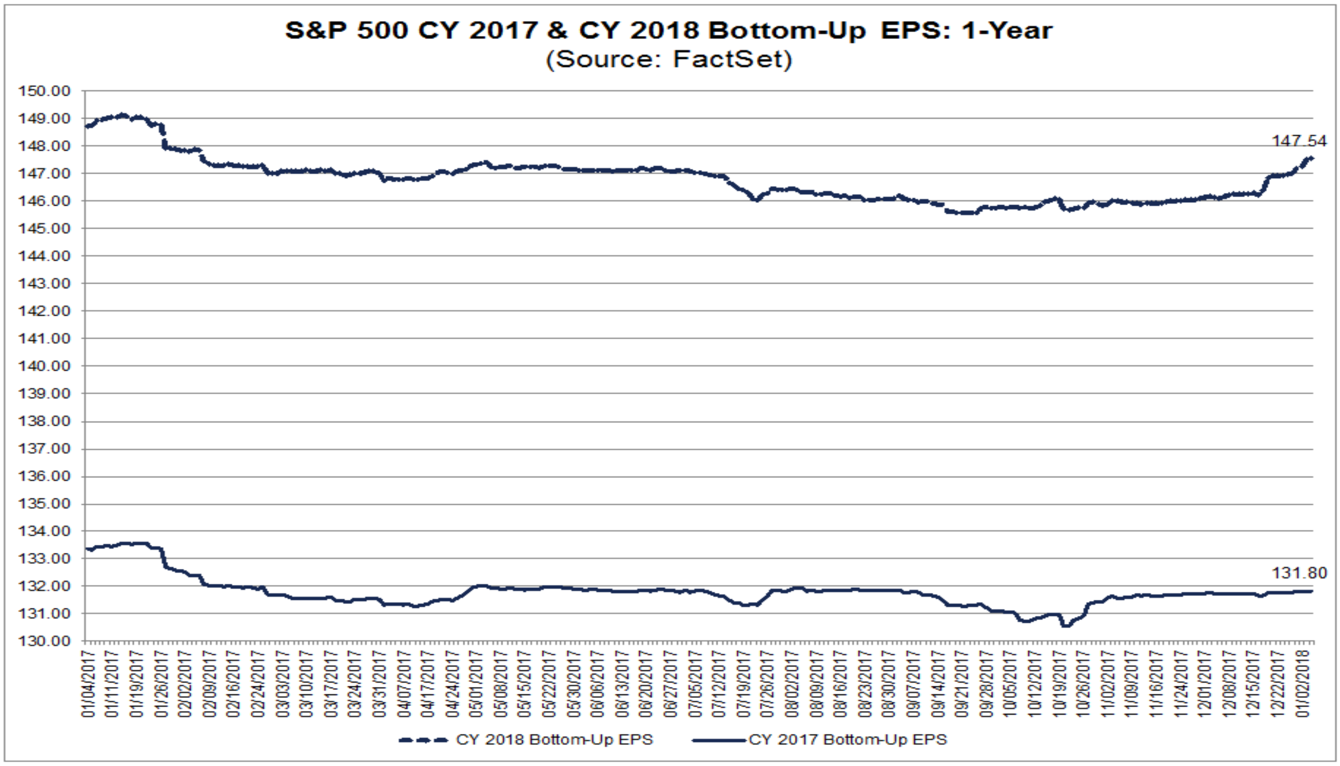


S&P 500: Aggregate Sector Geographic Revenue Exposure (%)
(Source: FactSet)

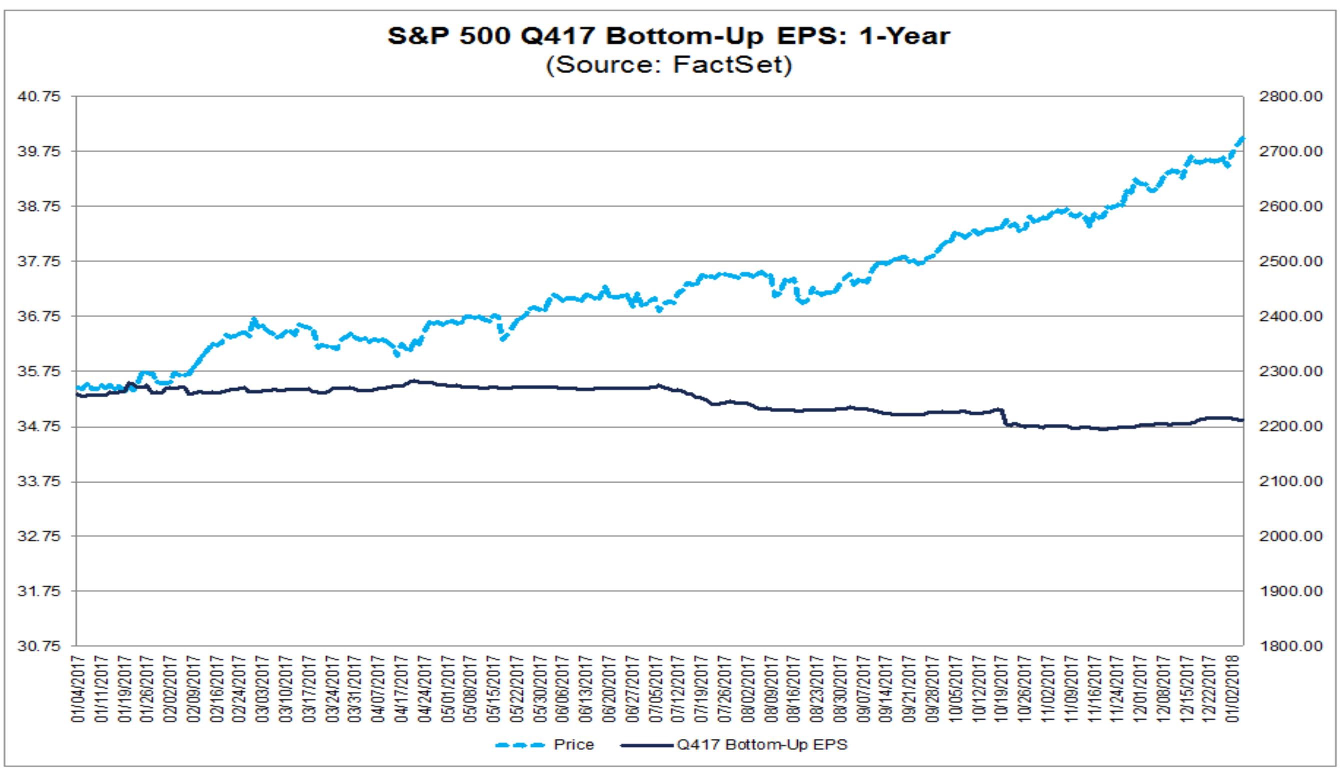


	Telecom Services	Utilities	Real Estate	Health Care	Financials	Consumer Disc.	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	3%	5%	17%	18%	24%	25%	27%	38%	42%	47%	60%
United States	97%	95%	83%	82%	76%	75%	73%	62%	58%	53%	40%

Bottom-up EPS Estimates: Revisions

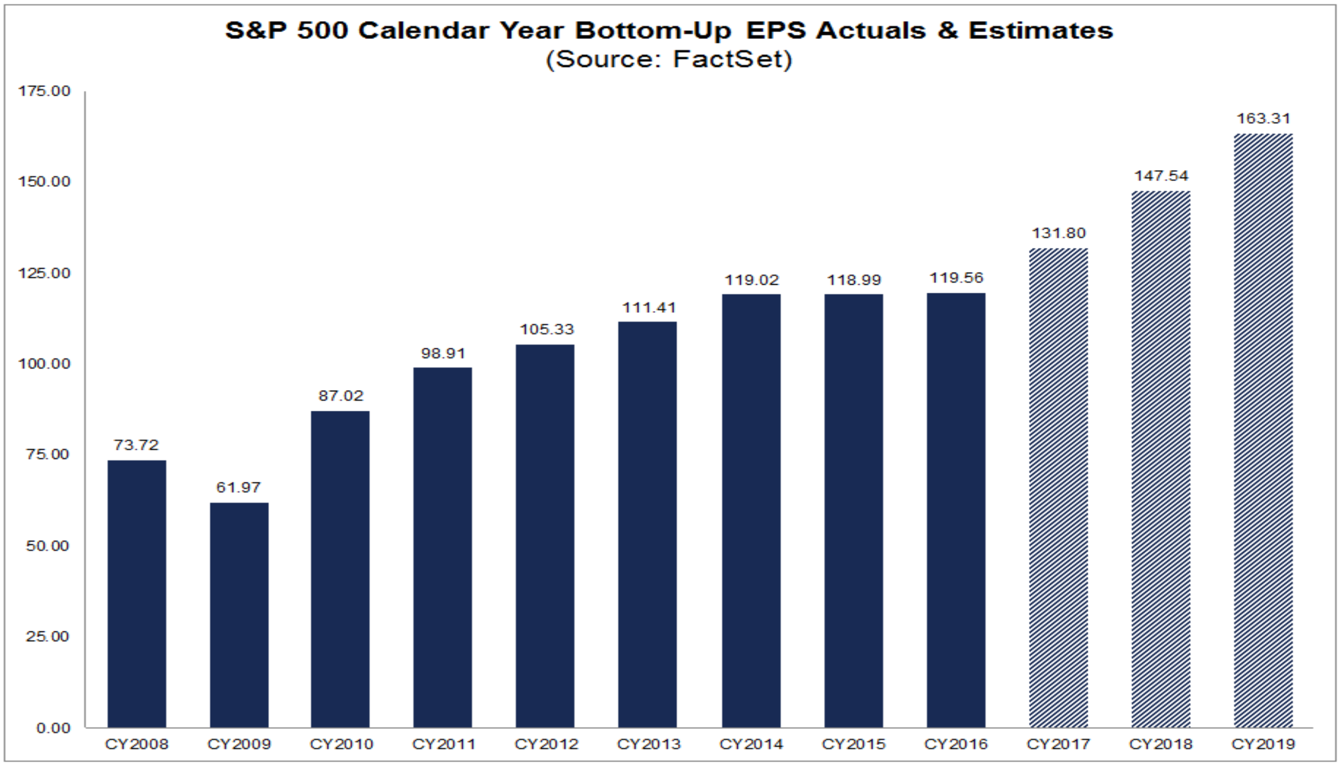


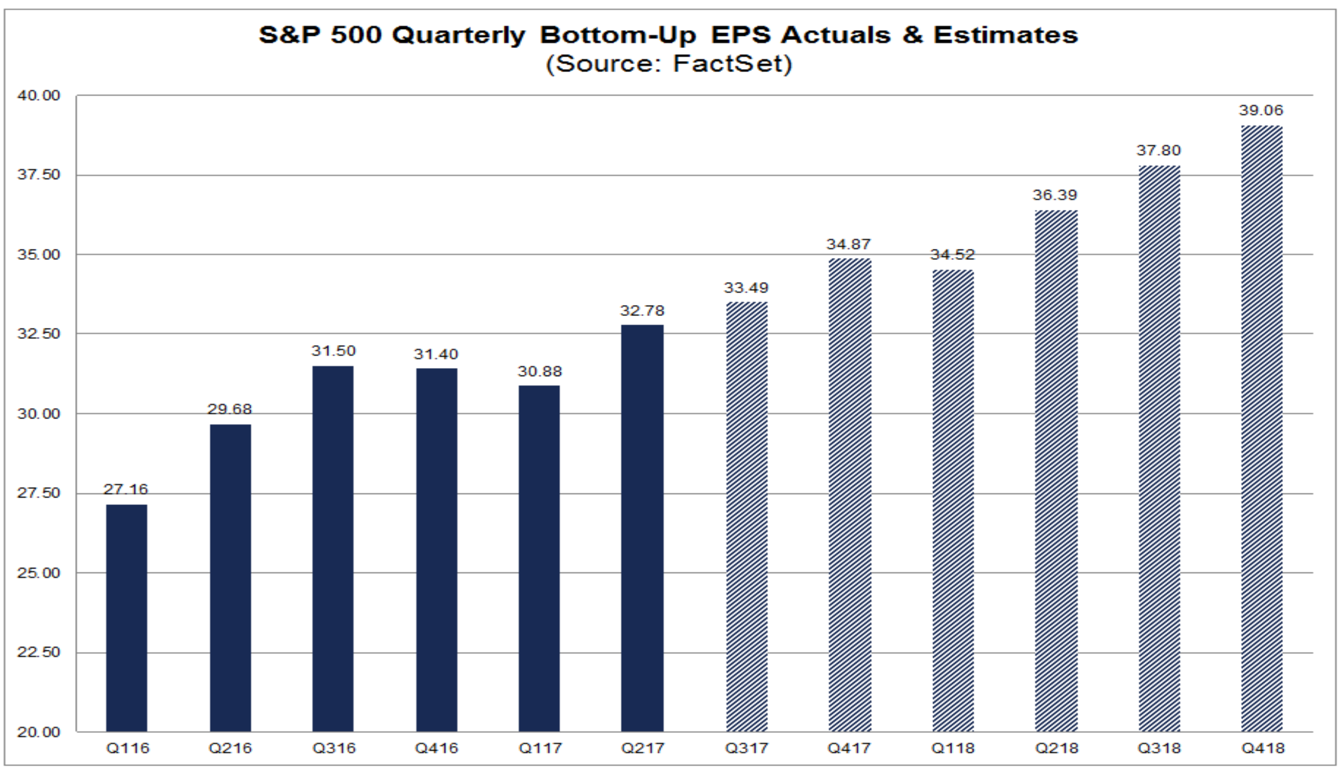
S&P 500 CY 2017 & CY 2018 Bottom-Up EPS: 1-Year
(Source: FactSet)



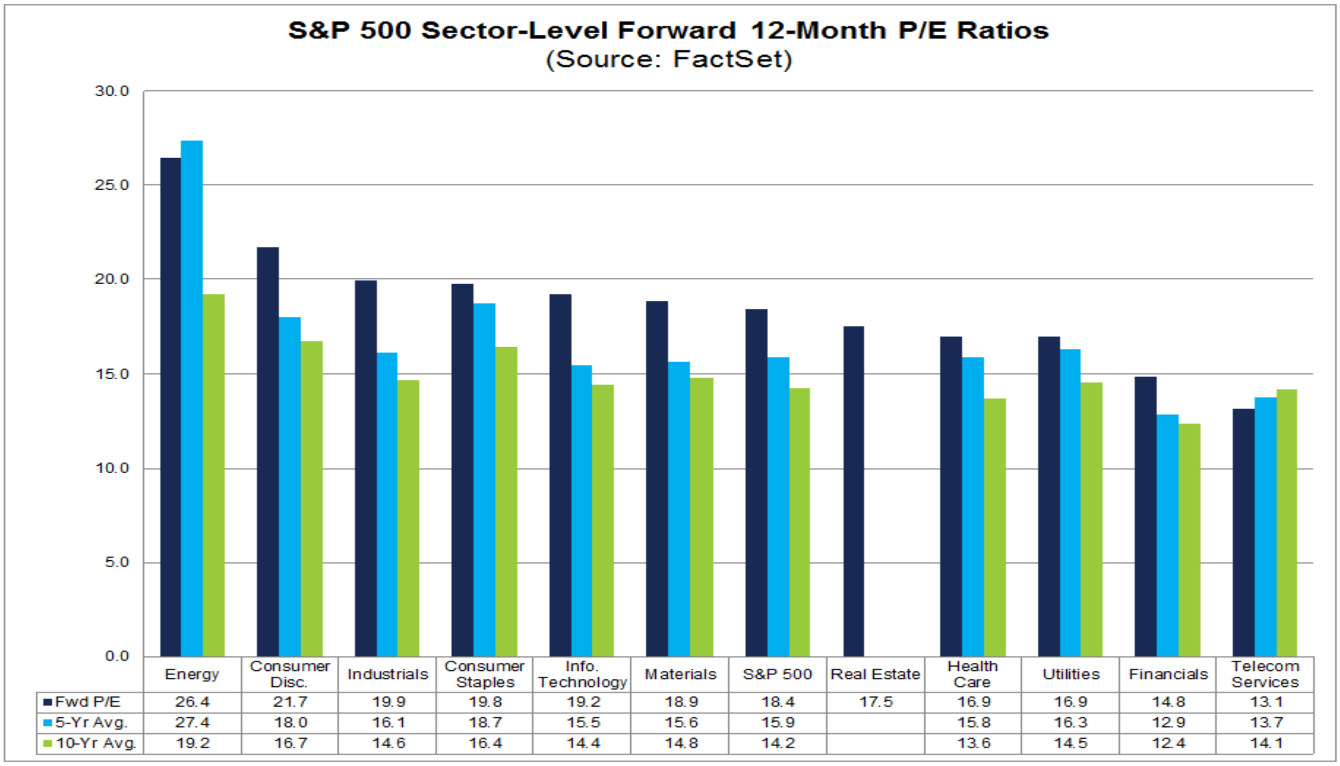
S&P 500 Q417 Bottom-Up EPS: 1-Year
(Source: FactSet)

Bottom-up EPS Estimates: Current & Historical

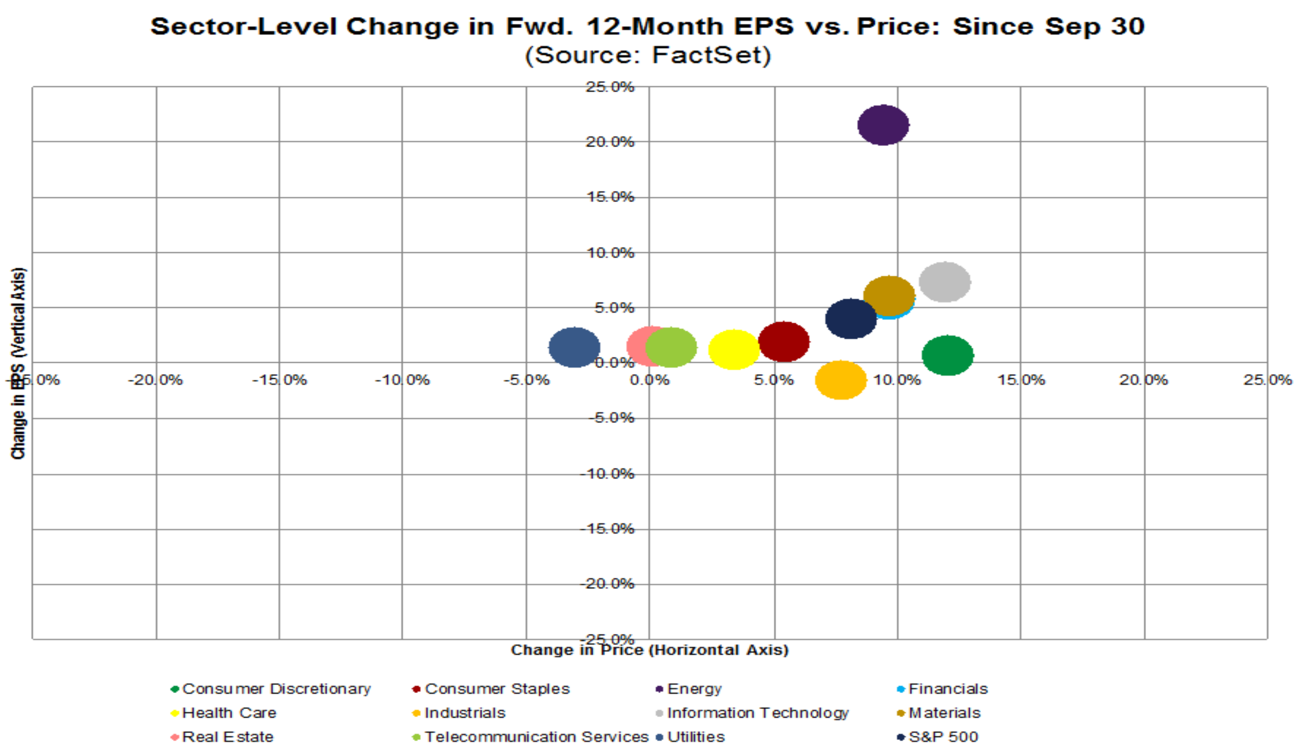




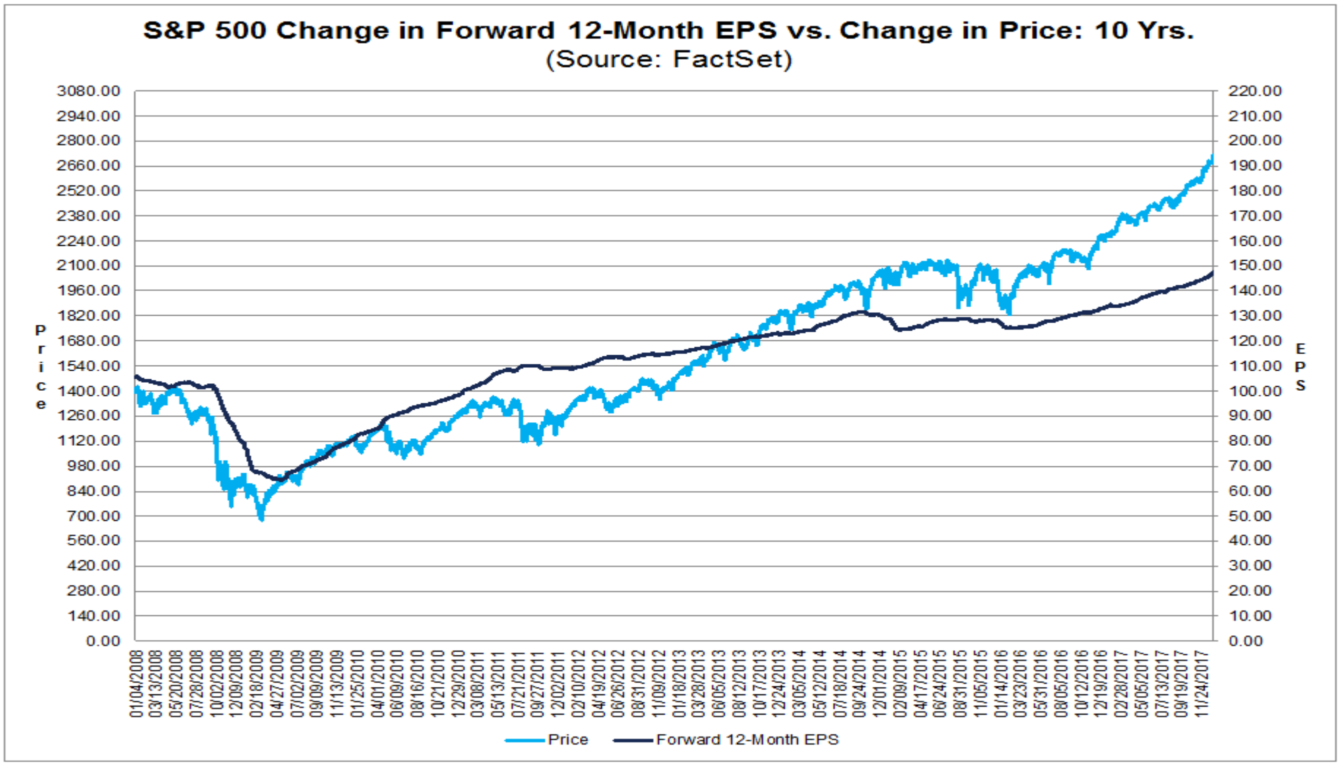
Forward 12M P/E Ratio: Sector Level

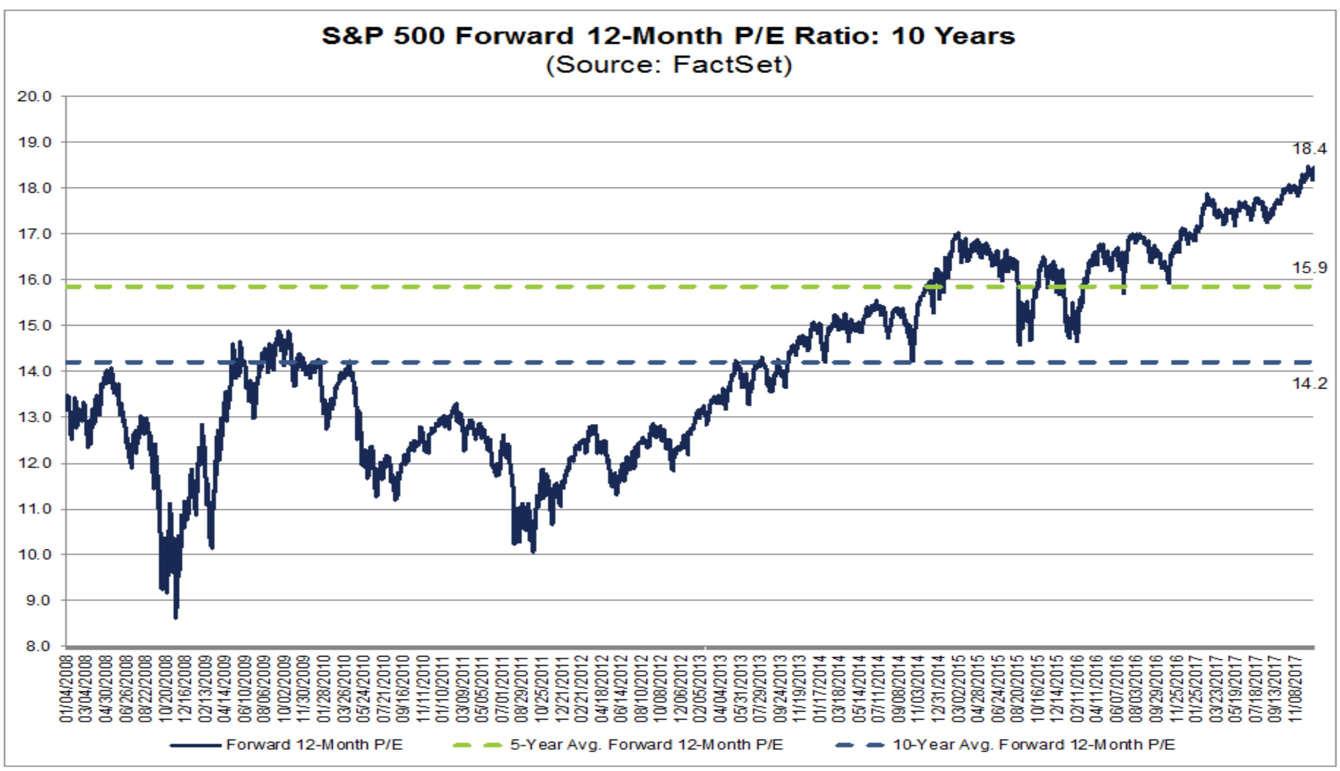


	Energy	Consumer Disc.	Industrials	Consumer Staples	Info. Technology	Materials	S&P 500	Real Estate	Health Care	Utilities	Financials	Telecom Services
Fwd P/E	26.4	21.7	19.9	19.8	19.2	18.9	18.4	17.5	16.9	16.9	14.8	13.1
5-Yr Avg.	27.4	18.0	16.1	18.7	15.5	15.6	15.9		15.8	16.3	12.9	13.7
10-Yr Avg.	19.2	16.7	14.6	16.4	14.4	14.8	14.2		13.6	14.5	12.4	14.1

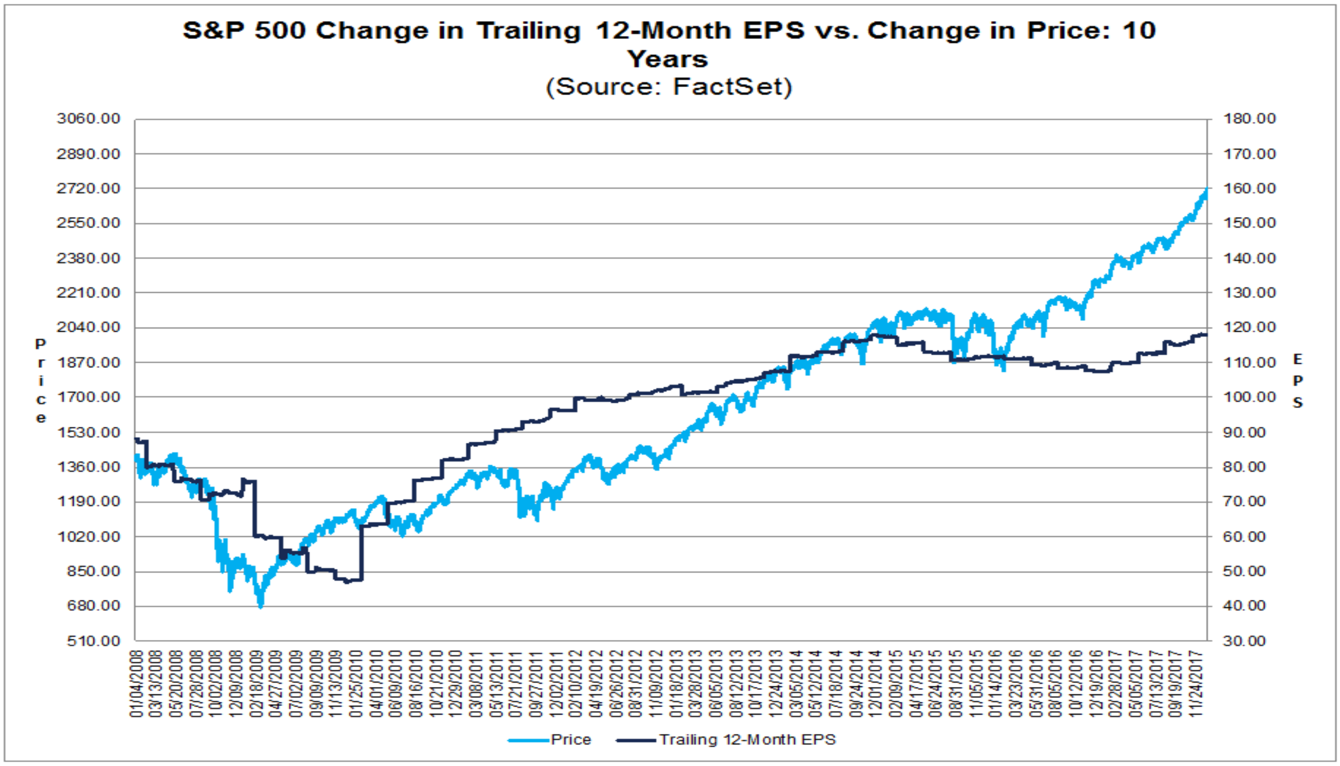


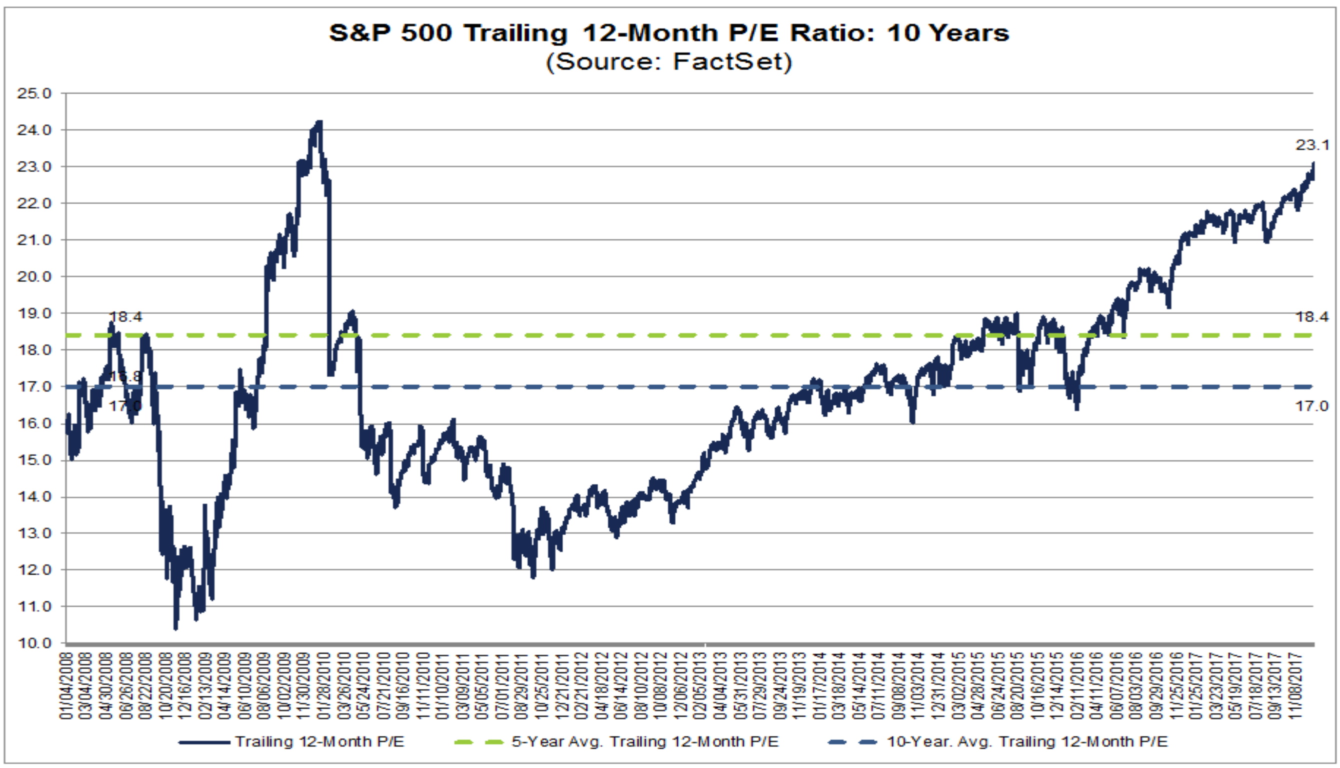
Forward 12M P/E Ratio: Long-Term Averages



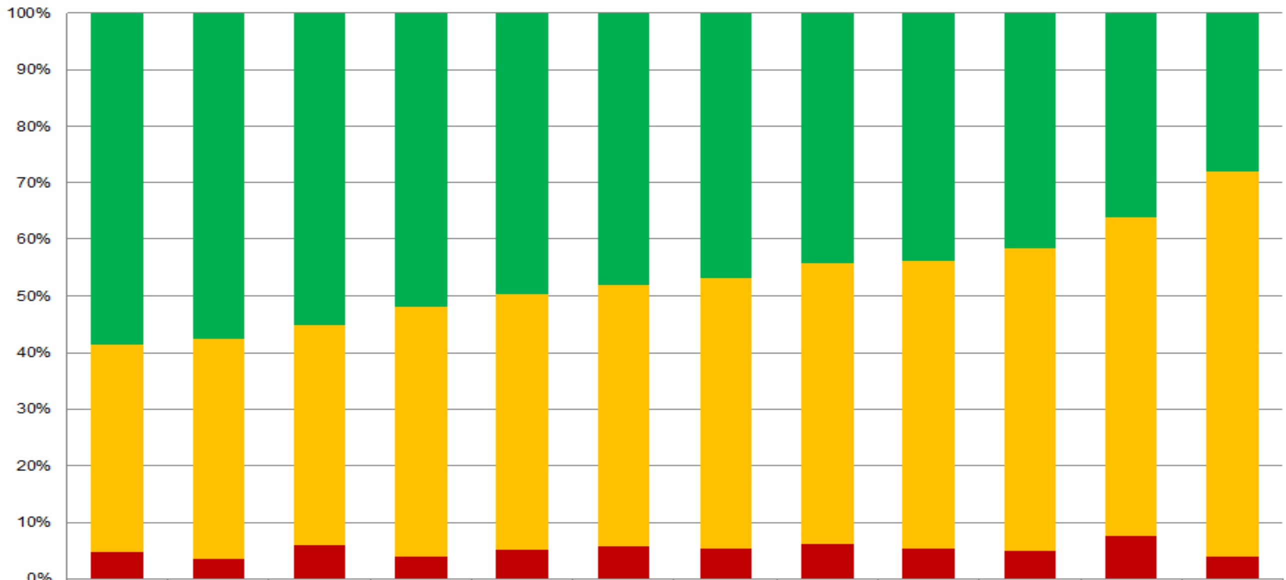


Trailing 12M P/E Ratio: Long-Term Averages

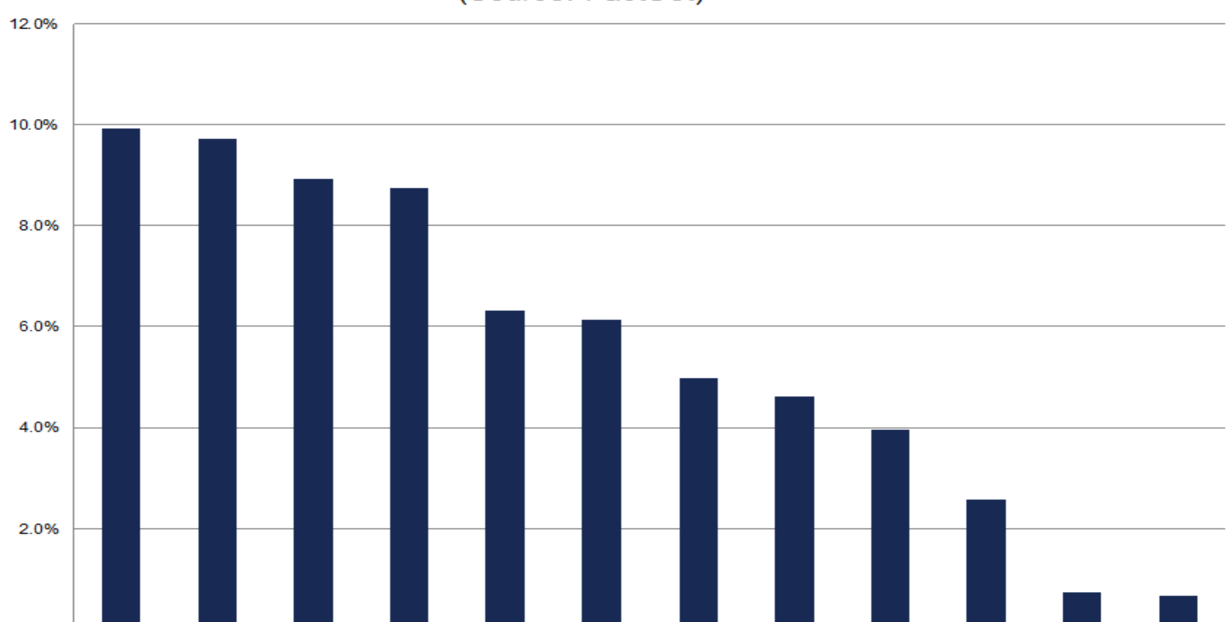




Targets & Ratings



	Info. Tech.	Health Care	Energy	Materials	S&P 500	Consumer Disc.	Industrials	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	59%	57%	55%	52%	50%	48%	47%	44%	44%	42%	36%	28%
Hold	37%	39%	39%	44%	45%	46%	48%	50%	51%	53%	56%	68%
Sell	5%	3%	6%	4%	5%	6%	5%	6%	5%	5%	8%	4%



	Real Estate	Info. Tech.	Utilities	Health Care	S&P 500	Consumer Staples	Consumer Disc.	Financials	Materials	Industrials	Energy	Telecom Services
Target/Close	9.9%	9.7%	8.9%	8.7%	6.3%	6.1%	5.0%	4.6%	4.0%	2.6%	0.7%	0.7%

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