Key Metrics

- **Earnings Scorecard:** For Q4 2017 (with 11% of the companies in the S&P 500 reporting actual results for the quarter), 68% of S&P 500 companies have reported positive EPS surprises and 85% have reported positive sales surprises.

- **Earnings Growth:** For Q4 2017, the blended earnings decline for the S&P 500 is -0.2%. Ten sectors are reporting or are expected to report earnings growth for the quarter. The Financials sector is the only sector reporting a decline in earnings.

- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2017 was 10.8%. The Financials sector is the only sector with a lower growth rate today (compared to December 31) due to negative earnings surprises.

- **Earnings Guidance:** For Q1 2018, 3 S&P 500 companies have issued negative EPS guidance and 3 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).
**Topic of the Week:**

**Citigroup Accounted For Most of Decline in S&P 500 Earnings Growth for Q4 During Past Week**

During the past week, the blended earnings growth rate for the S&P 500 for Q4 declined by more than 10 percentage points (from 10.0% on January 12 to -0.2% today). In aggregate, dollar-level earnings for the S&P 500 decreased by $28.4 billion during this time. At the sector level, the Financials sector accounted for the entire decline in S&P 500 earnings during the past week, as earnings for this sector dropped by $29.2 billion over this period. Within the Financials sector, Citigroup witnessed the largest dollar-level decline in earnings of any company in the sector (and the index) over the past week. Since January 12, earnings for Citigroup have dropped by $21.3 billion, which is 73% of the total $29.2 billion decline for the Financials sector.

What is behind the sharp decline in earnings for Citigroup? On January 16, the company announced actual earnings for the fourth quarter that were substantially below the expectations of analysts. Citigroup reported actual EPS of -$7.15, compared to the mean EPS estimate of $0.56. The actual EPS of -$7.15 “included an estimated one-time, non-cash charge of $22 billion, or $8.43 per share, recorded in the tax line within Corporate / Other, related to the enactment of the Tax Cuts and Jobs Act (Tax Reform).” Prior to the earnings release, many analysts had not updated their EPS estimates to reflect the impact of the charge. However, since the majority of analysts covering Citigroup provide EPS estimates to FactSet on a GAAP basis, the tax charge was included in the actual EPS for comparison. If Citigroup alone were excluded, the earnings growth rate for the S&P 500 would improve to 7.9% from -0.2%.

Other companies have contributed to the decline in earnings for the Financials sector by reporting negative earnings surprises due to charges or expenses related to the tax law, including American Express (-$1.41 vs. $1.55), Goldman Sachs (-$5.51 vs. $4.92), Bank of America ($0.20 vs. $0.45), and JPMorgan Chase ($1.07 vs. $1.69). If the entire Financials sector were excluded, the earnings growth rate for the S&P 500 would improve to 11.2% from -0.2%.

While fourth quarter earnings have declined over the past few weeks due to the negative earnings surprises reported by companies in the Financials sector, earnings expectations for CY 2018 have increased over the same time frame due to a combination of a falling base for 2017 and rising estimates for 2018. Since December 31, the expected earnings growth rate for the S&P 500 for 2018 has increased from 12.3% to 18.6%.
Q4 2017 Earnings Season: By the Numbers

Overview

To date, 11% of the companies in the S&P 500 have reported actual results for Q4 2017. In terms of earnings, fewer companies are reporting actual EPS above estimates (68%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 53.0% below the estimates, which is well below the 5-year average. In terms of sales, more companies (85%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 0.9% above estimates, which is also above the 5-year average.

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings decline for the fourth quarter is -0.2% today, which is much lower than the earnings growth rate of 10.0% last week. Negative earnings surprises reported by companies in the Financials sector (due to charges and expenses related to the tax law) were responsible for the sharp decrease in the earnings growth rate for the index during the past week. Despite the overall earnings decline, ten sectors are reporting or are predicted to report year-over-year earnings growth. Four of these sectors are reporting or are expected to report double-digit earnings growth: Energy, Materials, Information Technology, and Utilities. On the other hand, the Financials sector is the only sector reporting a year-over-year decline in earnings.

The blended sales growth rate for the third quarter is 6.9% today, which is slightly above the sales growth rate of 6.8% last week. Positive revenue surprises and upward revisions to sales estimates recorded by companies in the Information Technology, Health Care, and Energy sectors were mainly responsible for the small uptick in the revenue growth rate for the index during the week. All eleven sectors are reporting or are projected to report year-over-year growth in revenues. Three sectors are reporting double-digit growth in revenues: Energy, Materials, and Information Technology. The Telecom Services and Financials sectors are reporting the lowest revenue growth for the quarter.

Looking at future quarters, analysts currently project earnings to grow 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, 79 S&P 500 companies (including 9 Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: Fewer Companies Beating EPS Estimates & More Companies Beating Sales Estimates

Percentage of Companies Beating EPS Estimates (68%) is Below 5-Year Average

Overall, 11% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 68% have reported actual EPS above the mean EPS estimate, 11% have reported actual EPS equal to the mean EPS estimate, and 21% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year (72%) average and below the 5-year (69%) average.

At the sector level, the Energy (100%), Health Care (100%), Industrials (89%), and Information Technology (86%) sectors have the highest percentages of companies reporting earnings above estimates, while the Financials (48%) and Materials (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (-53.0%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 53.0% below expectations. This surprise percentage is well below the 1-year (+4.6%) average and below the 5-year (+4.3%) average.

The Industrials (+18.5%) and Energy (+11.7%) sectors are reporting the largest upside aggregate differences between actual earnings and estimated earnings. On the other hand, the Financials sector (-97.4%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings.

Market Not Rewarding Earnings Beats and Not Punishing Earnings Misses

To date, the market is rewarding upside earnings surprises less than average and punishing downside earnings surprises less than average.
Companies that have reported positive earnings surprises for Q4 2017 have seen an average price increase of +0.7% two days before the earnings release through two days after the earnings. This percentage increase is below the 5-year average price increase of +1.2% during this same window for companies reporting upside earnings surprises.

Companies that have reported negative earnings surprises for Q4 2017 have seen an average price decrease of 0.4% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.4% during this same window for companies reporting downside earnings surprises.

**Percentage of Companies Beating Revenue Estimates (85%) is Above 5-Year Average**

In terms of revenues, 85% of companies have reported actual sales above estimated sales and 15% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is well above the 1-year average (64%) and well above the 5-year average (56%).

At the sector level, the Consumer Discretionary (100%), Energy (100%), Health Care (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (50%) sector has the lowest percentage of companies reporting revenues above estimates.

**Revenue Surprise Percentage (+0.9%) is Above 5-Year Average**

In aggregate, companies are reporting sales that are 0.9% above expectations. This surprise percentage is above the 1-year (+0.8%) average and above the 5-year (+0.6%) average.

The Consumer Discretionary (+2.8%), Information Technology (+2.5%), and Industrials (+2.3%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Materials (-0.4%) and Financials (-0.3%) sectors are reporting the largest aggregate downside differences between actual sales and estimated sales.

**Decrease in Blended Earnings Growth This Week Due to Financials**

The blended earnings decline for the fourth quarter is -0.2% today, which is much lower than the earnings growth rate of 10.0% last week. Negative earnings surprises reported by companies in the Financials sector were responsible for the sharp decrease in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector decreased to -57.1% from 5.8% during this period. For more details, please see pages 2 and 3.

**Small Increase in Blended Revenue Growth This Week**

The blended sales growth rate for the third quarter is 6.9% today, which is slightly above the sales growth rate of 6.8% last week. Positive revenue surprises and upward revisions to sales estimates recorded by companies in the Information Technology, Health Care, and Energy sectors were mainly responsible for the small uptick in the revenue growth rate for the index during the week.

**Financials Sector Has Seen Largest Decrease in Earnings Growth since December 31**

The blended earnings decline for Q4 2017 of -0.2% is below the estimate of 10.8% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Energy (to 137.9% from 132.0%) sector. One sector (Financials) has recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises (to -57.1% from 11.7%). One sector (Telecom Services) has recorded no change in earnings growth (1.1%) since December 31.

**Energy Sector Has Seen Largest Increase in Revenue Growth since December 31**

The blended sales growth rate for Q4 2017 of 6.9% is larger than the estimate of 6.7% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in sales growth since the end of the quarter due to upward revisions to revenue estimates and upside revenue surprises, led by the Energy (to 17.7% from 17.3%) sector. One
sector (Financials) has recorded a decrease in sales growth during this time due to downward revisions to estimates and downside revenue surprises (to 2.2% from 2.4%). One sector (Consumer Staples) has recorded no change in sales growth (4.4%) since December 31.

**Earnings Decline: -0.2% (Ex-Financials: 11.2%)**

The blended (year-over-year) earnings decline for Q4 2017 is -0.2%. Despite the overall decline, ten sectors are reporting or are expected to report year-over-year growth in earnings. Four of these sectors are reporting or are expected to report double-digit earnings growth: Energy, Materials, Information Technology and Utilities. On the other hand, the Financials sector is the only sector reporting an earnings decline for the quarter.

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

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 137.9%. At the sub-industry level, all six sub-industries in the sector are reporting (or 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 (238%), Oil & Gas Refining & Marketing (149%), Integrated Oil & Gas (75%), and Oil & Gas Storage & Transportation (32%).

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 reporting earnings of $12.7 billion in Q4 2017, compared to earnings of $5.3 billion in Q4 2016. If the Energy sector were excluded, the estimated earnings decline for the remaining ten sectors would increase to -2.9% from -0.2%.

**Materials: 3 of 4 Industries Reporting Double-Digit Growth**

The Materials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 29.4%. At the industry level, all four industries are reporting or are predicted to report earnings growth. Three of these four industries are reporting or are projected to report double-digit earnings growth: Metals & Mining (88%), Containers & Packaging (32%), and Chemicals (22%).

**Information Technology: Semiconductor & Internet Software Industries Lead Growth**

The Information Technology sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 16.1%. At the industry level, five of the seven industries in this sector are reporting or are predicted to report earnings growth. Three of these five industries are reporting or are predicted to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (37%), Internet Software & Services (33%), and IT Services (12%).

This sector is also the detractor to the earnings decline for the index. If the Information Technology sector were excluded, the earnings decline for the remaining 10 sectors would increase to -5.6% from -0.2%.

**Utilities: NRG Energy and Southern Company Lead Growth**

The Utilities sector is expected to report the fourth highest (year-over-year) earnings growth at 12.4%. At the company level, NRG Energy and Southern Company are projected to be the largest contributors to earnings growth for the sector. The mean EPS estimate for NRG Energy for Q4 2017 is $0.31, 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. If these two companies were excluded, the estimated earnings growth rate for the Utilities sector would fall to 4.9% from 12.4%.

**Financials: Citigroup Largest Contributor to Earnings Decline For Financials Sector and S&P 500**

The Financials sector is the only sector reporting a (year-over-year) decline in earnings at -57.1%. At the industry level, three of the five industries in this sector are reporting or are expected to report earnings declines for the quarter: Banks (-99%), Consumer Finance (-77%), and Capital Markets (-32%).

At the company level, Citigroup is the largest contributor to the earnings decline in the sector and the index. The company reported EPS of -$7.15 for Q4 2017, compared to year-ago EPS of $1.14. The actual EPS of -$7.15 included an estimated one-time, non-cash charge of $22 billion, or $8.43 per share, recorded in the tax line.
within Corporate / Other, related to the enactment of the Tax Cuts and Jobs Act (Tax Reform). “If Citigroup alone were excluded, the earnings decline for the Financials sector would improve to -10.1% from -57.1%, while the earnings growth for the S&P 500 would improve to 7.9% from 0.2%.

Other companies in the Financials sector that have reported substantial year-over-year declines in earnings due to charges or expenses related to the tax law include American Express (-$1.41 vs. ($0.88), Goldman Sachs (-$5.51 vs. $5.08), Bank of America ($0.20 vs. $0.40), and JPMorgan Chase ($1.07 vs. $1.71). As a result, the Financials sector is also the largest contributor to the earnings decline for the S&P 500. If this sector were excluded, the earnings growth for the S&P 500 would improve to 11.2% from 0.2%.

**Revenue Growth: 6.9%**

The blended (year-over-year) revenue growth rate for Q4 2017 is 6.9%. All eleven sectors are reporting or are expected to report year-over-year growth in revenues. Three sectors are reporting or 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 reporting the lowest revenue growth for the quarter.

**Energy: 4 of 6 Sub-Industries Reporting Double-Digit Growth**

The Energy sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 17.7%. At the sub-industry level, all six sub-industries in the sector are reporting or are predicted to reported revenue growth: Oil & Gas Drilling (49%), Oil & Gas Equipment & Services (32%), Integrated Oil & Gas (19%), Oil & Gas Refining & Marketing (17%), Oil & Gas Storage & Transportation (8%), and Oil & Gas Exploration & Production (5%).

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

The Materials sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 17.0%. At the industry level, all four industries in this sector are reporting or are expected to report revenue growth, led by the Chemicals (22%) and Metals & Mining (15%) 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 10.1% from 17.0%.

**Information Technology: Internet Software Leads Growth**

The Information Technology sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 11.2%. At the industry level, all seven industries in this sector are reporting or are expected to report revenue growth. Three of these seven industries are reporting or are projected to report double-digit revenue growth: Internet Software & Services (23%), Semiconductor & Semiconductors Equipment (16%), and IT Services (15%).

**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 2.1%. 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 reporting the second lowest (year-over-year) revenue growth of all eleven sectors at 2.2%. At the industry level, four of the five industries in this sector are reporting or are predicted to report revenue growth, led by the Consumer Finance (9%) industry. The Insurance (-2%) industry is the only industry expected to report a (year-over-year) decline in revenues for the quarter.
Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Negative EPS Guidance Below Average For Q1

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, 6 companies in the index have issued EPS guidance for Q1 2018. Of these 6 companies, 3 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 50% (3 out of 6), which is below the 5-year average of 74%.

Double-Digit Earnings Growth Expected to Resume in 2018

For the fourth quarter, companies are reporting an earnings decline of -0.2% and revenue growth of 6.9%. Analysts currently expect earnings to grow 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 15.2% and revenue growth of 7.1%.
For Q2 2018, analysts are projecting earnings growth of 15.0% and revenue growth of 7.1%.
For Q3 2018, analysts are projecting earnings growth of 16.3% and revenue growth of 5.9%.
For Q4 2018, analysts are projecting earnings growth of 28.2% and revenue growth of 4.6%.
For all of 2018, analysts are projecting earnings growth of 18.6% and revenue growth of 6.0%.

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 18.2 recorded at the start of the first quarter (December 31). Since the start of the first quarter, the price of the index has increased by 4.7%, while the forward 12-month EPS estimate has increased by 3.5%.

At the sector level, the Energy (24.9) sector has the highest forward 12-month P/E ratio, while the Telecom Services (12.7) 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 Information Technology (19.8 vs. 14.4) and Industrials (19.6 vs. 14.7) sectors. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (12.7 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 2967.15, which is 6.0% above the closing price of 2798.03. At the sector level, the Real Estate (+13.3%) and Utilities (+10.7%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Energy (+1.9%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,157 ratings on stocks in the S&P 500. Of these 11,157 ratings, 50.1% are Buy ratings, 44.5% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (59%), Health Care (57%), and Energy (56%) sectors have the highest percentages of Buy ratings, while the Telecom Services (28%) and Utilities (37%) sectors have the lowest percentages of Buy ratings.
Companies Reporting Next Week: 79

During the upcoming week, 79 S&P 500 companies (including 9 Dow 30 components) are scheduled to report results for the fourth quarter.
Q4 2017: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q4 2017
(Source: FactSet)

(Source: FactSet)
Q4 2017: Scorecard

**S&P 500 Sector-Level Earnings Surprise %: Q4 2017**
(Source: FactSet)

- Industrials: 10.0%
- Energy: 11.7%
- Consumer Discretionary: 6.8%
- Info. Technology: 4.1%
- Health Care: 2.7%
- Consumer Staples: 2.0%
- Materials: -0.9%
- S&P 500: -53.0%
- Financials: -97.4%
- Utilities: 0.0%
- Real Estate: 0.0%
- Telecom Services: 0.0%

**S&P 500 Sector-Level Revenue Surprise %: Q4 2017**
(Source: FactSet)

- Consumer Discretionary: 2.0%
- Info. Technology: 2.5%
- Industrials: 2.3%
- Energy: 1.2%
- Consumer Staples: 1.0%
- Health Care: 0.9%
- S&P 500: 0.9%
- Financials: -0.3%
- Materials: -0.4%
- Real Estate: 0.0%
- Telecom Services: 0.0%
- Utilities: 0.0%
Q4 2017: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q4 2017
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q4 2017: Scorecard

**S&P 500 Actual EPS Surprise %: Top 10 Q4 Actual EPS Surprises**

(Source: FactSet)

- J.B. Hunt Transport Services, Inc.: 242.5%
- Citizens Financial Group, Inc.: 67.9%
- PNC Financial Services Group, Inc.: 63.8%
- SunTrust Banks, Inc.: 38.2%
- Morgan Stanley: 31.3%
- Carnival Corporation: 24.2%
- Bank of New York Mellon Corporation: 19.4%
- Kinder Morgan Inc: Class P: 17.0%
- Fastenal Company: 16.0%
- People’s United Financial, Inc.: 15.6%

**S&P 500 Actual EPS Surprise %: Bottom 10 Q4 Actual EPS Surprises**

(Source: FactSet)

- Acuity Brands, Inc.: -4.0%
- Wells Fargo & Company: -5.5%
- Lennar Corporation Class A: -14.0%
- M&T Bank Corporation: -16.6%
- JPMorgan Chase & Co.: -36.7%
- Comerica Incorporated: -44.0%
- Bank of America Corporation: -55.1%
- American Express Company: -101.2%
- Goldman Sachs Group, Inc.: -212.0%
- Citigroup Inc.: -1380.3%
Q4 2017: Projected EPS Surprises (Sharp Estimates)

Number (#) of S&P 500 Companies with Q4 2017 Sharp Estimates
(Source: FactSet)

Percentage (%) of S&P 500 Companies with Q4 2017 Sharp Estimates
(Source: FactSet)
Q4 2017: Growth

**S&P 500 Earnings Growth: Q4 2017**

(Source: FactSet)

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<thead>
<tr>
<th>Sector</th>
<th>Today</th>
<th>31-Dec</th>
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<tbody>
<tr>
<td>Energy</td>
<td>137.0%</td>
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<td>Materials</td>
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<td>Telecom Services</td>
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<td>Financials</td>
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**S&P 500 Revenue Growth: Q4 2017**

(Source: FactSet)

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<td>Telecom Services</td>
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Q4 2017: Net Profit Margin

S&P 500 Net Profit Margins: Q417 vs. Q416
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q417 vs. Q416
(Source: FactSet)
CY 2017: Growth

**S&P 500 Earnings Growth: CY 2017**
(Source: FactSet)

**S&P 500 Revenue Growth: CY 2017**
(Source: FactSet)
Q1 2018: Guidance

Number (#) of S&P 500 Cos. with Q1 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q1 Positive & Negative Guidance
(Source: FactSet)
Q1 2018: EPS Revisions

### Upward Change in Q1 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

- Marathon Oil Corporation: +813.8%
- Noble Energy, Inc.: +187.6%
- Anadarko Petroleum Corporation: +125.6%
- CF Industries Holdings, Inc.: +76.1%
- Incyte Corporation: +70.4%
- Mosaic Company: +33.3%
- EOG Resources, Inc.: +31.8%
- Apache Corporation: +28.6%
- Occidental Petroleum Corporation: +25.9%
- Pioneer Natural Resources Company: +24.5%

### Downward Change in Q1 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

- Vertex Pharmaceuticals Incorporated: -5.4%
- General Electric Company: -6.6%
- American Water Works Company, Inc.: -9.3%
- Newmont Mining Corporation: -7.5%
- Delta Air Lines, Inc.: -8.1%
- National Oilwell Varco, Inc.: -10.8%
- Signet Jewelers Limited: -14.3%
- Alaska Air Group, Inc.: -15.1%
- Vornado Realty Trust: -15.1%
- United Continental Holdings, Inc.: -101.3%
Q1 2018: Growth

S&P 500 Earnings Growth: Q1 2018
(Source: FactSet)

S&P 500 Revenue Growth: Q1 2018
(Source: FactSet)
CY 2018: Growth

S&P 500 Earnings Growth: CY 2018
(Source: FactSet)

S&P 500 Revenue Growth: CY 2018
(Source: FactSet)
CY 2019: Growth

S&P 500 Earnings Growth: CY 2019
(Source: FactSet)

S&P 500 Revenue Growth: CY 2019
(Source: FactSet)
Geographic Revenue Exposure

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

International 30%
United States 70%

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>International (%)</th>
<th>United States (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom Services</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Utilities</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>11%</td>
<td>83%</td>
</tr>
<tr>
<td>Health Care</td>
<td>16%</td>
<td>3%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>25%</td>
<td>75%</td>
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<tr>
<td>Financials</td>
<td>24%</td>
<td>7%</td>
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<tr>
<td>Consumer Staples</td>
<td>27%</td>
<td>6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36%</td>
<td>5%</td>
</tr>
<tr>
<td>Energy</td>
<td>42%</td>
<td>47%</td>
</tr>
<tr>
<td>Materials</td>
<td>47%</td>
<td>9%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>60%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Bottom-up EPS Estimates: Revisions
Bottom-up EPS Estimates: Current & Historical

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates
(Source: FactSet)

S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)
Forward 12M P/E Ratio: Sector Level

S&P 500 Sector-Level Forward 12-Month P/E Ratios
(Source: FactSet)

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec 31
(Source: FactSet)
Forward 12M P/E Ratio: Long-Term Averages
Trailing 12M P/E Ratio: Long-Term Averages
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Buy</th>
<th>Hold</th>
<th>Sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Info. Tech.</td>
<td>59%</td>
<td>37%</td>
<td>5%</td>
</tr>
<tr>
<td>Health Care</td>
<td>57%</td>
<td>39%</td>
<td>4%</td>
</tr>
<tr>
<td>Energy</td>
<td>56%</td>
<td>44%</td>
<td>4%</td>
</tr>
<tr>
<td>Materials</td>
<td>62%</td>
<td>45%</td>
<td>5%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>60%</td>
<td>47%</td>
<td>5%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>49%</td>
<td>50%</td>
<td>6%</td>
</tr>
<tr>
<td>Industrials</td>
<td>45%</td>
<td>53%</td>
<td>5%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>45%</td>
<td>55%</td>
<td>5%</td>
</tr>
<tr>
<td>Financials</td>
<td>45%</td>
<td>42%</td>
<td>0%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>42%</td>
<td>53%</td>
<td>0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>37%</td>
<td>55%</td>
<td>0%</td>
</tr>
<tr>
<td>Telecom Services</td>
<td>26%</td>
<td>69%</td>
<td>0%</td>
</tr>
</tbody>
</table>

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)

Target/Close:
- Real Estate: 13.2%
- Utilities: 10.7%
- Info. Tech: 7.5%
- Consumer Staples: 7.1%
- Health Care: 5.1%
- S&P 500: 0.7%
- Financials: 2.7%
- Materials: 4.7%
- Consumer Disc.: 4.5%
- Industrials: 4.3%
- Telecom Services: 3.0%
- Energy: 1.9%
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