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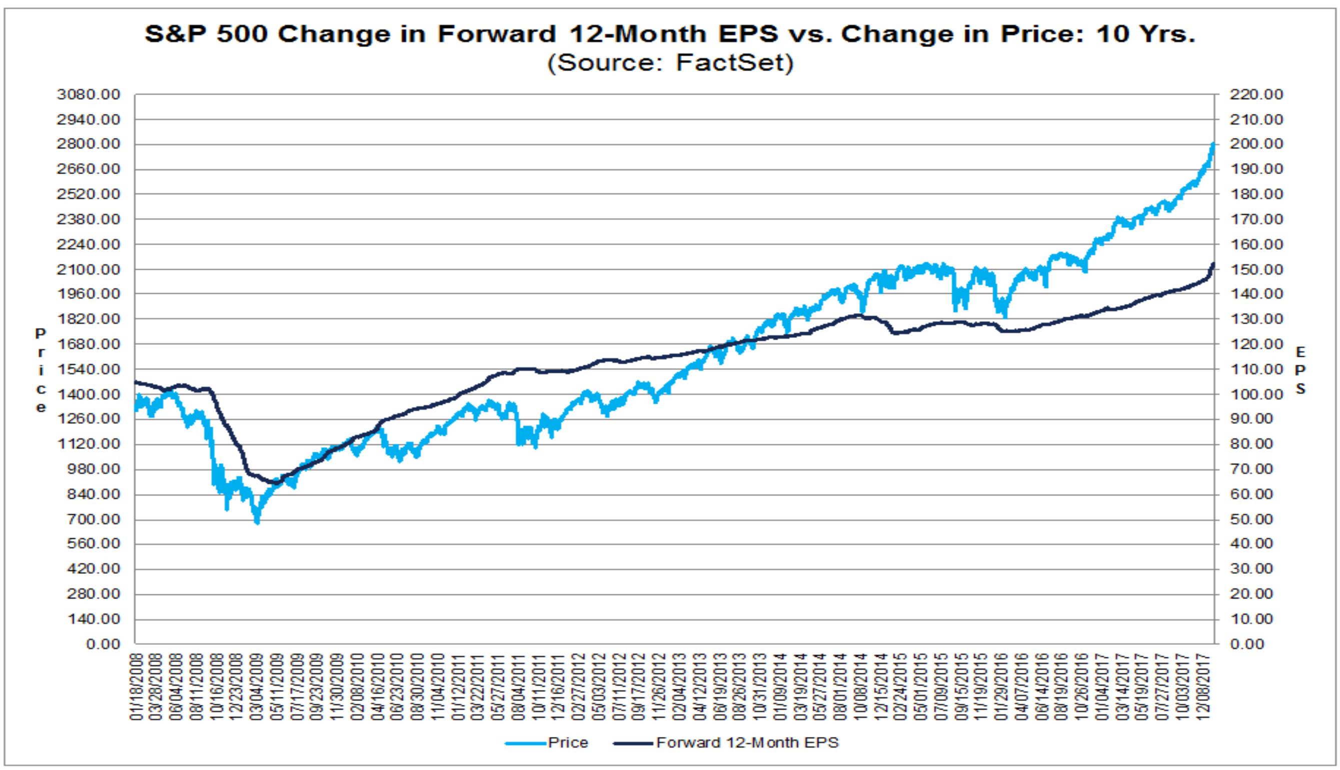
Key Metrics

- **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).



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Topic of the Week:

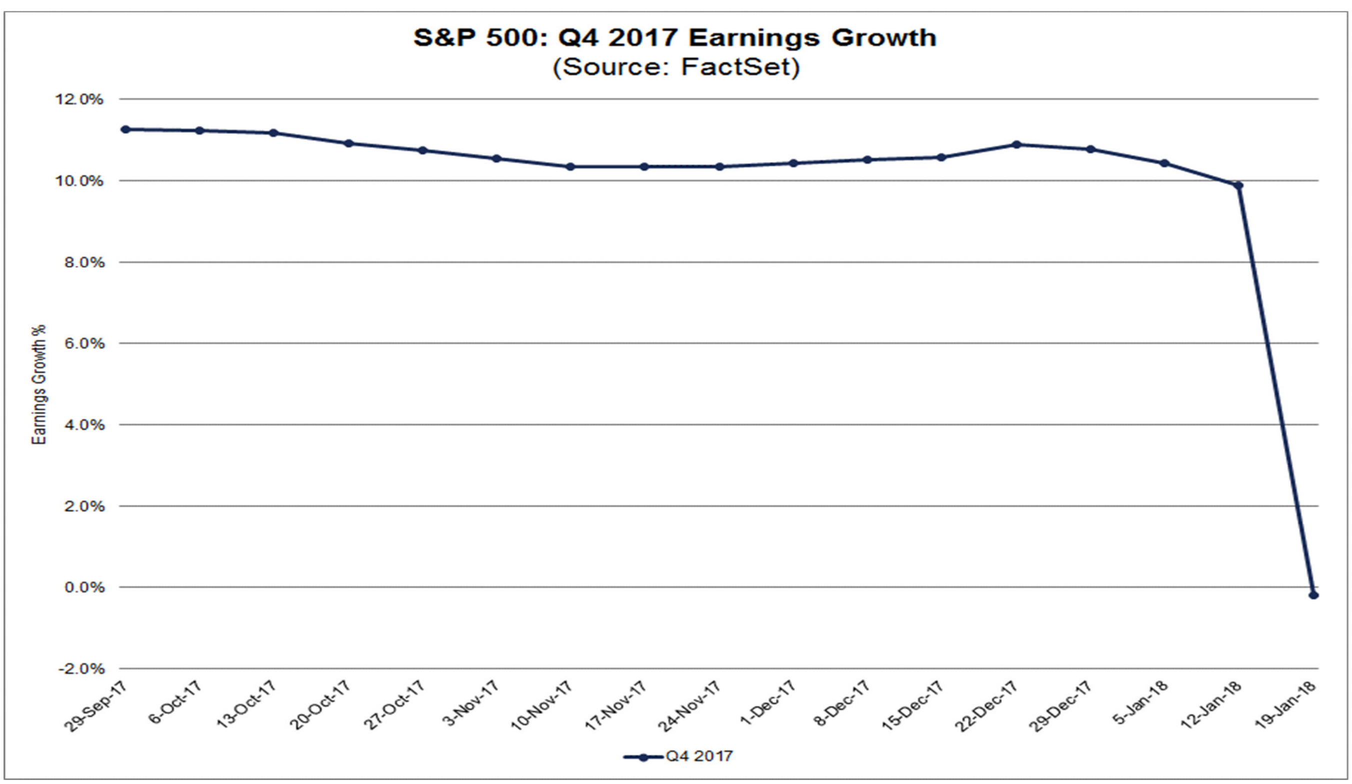
Citigroup Accounted For Most of Decline in S&P 500 Earnings Growth for Q4 During Past Week

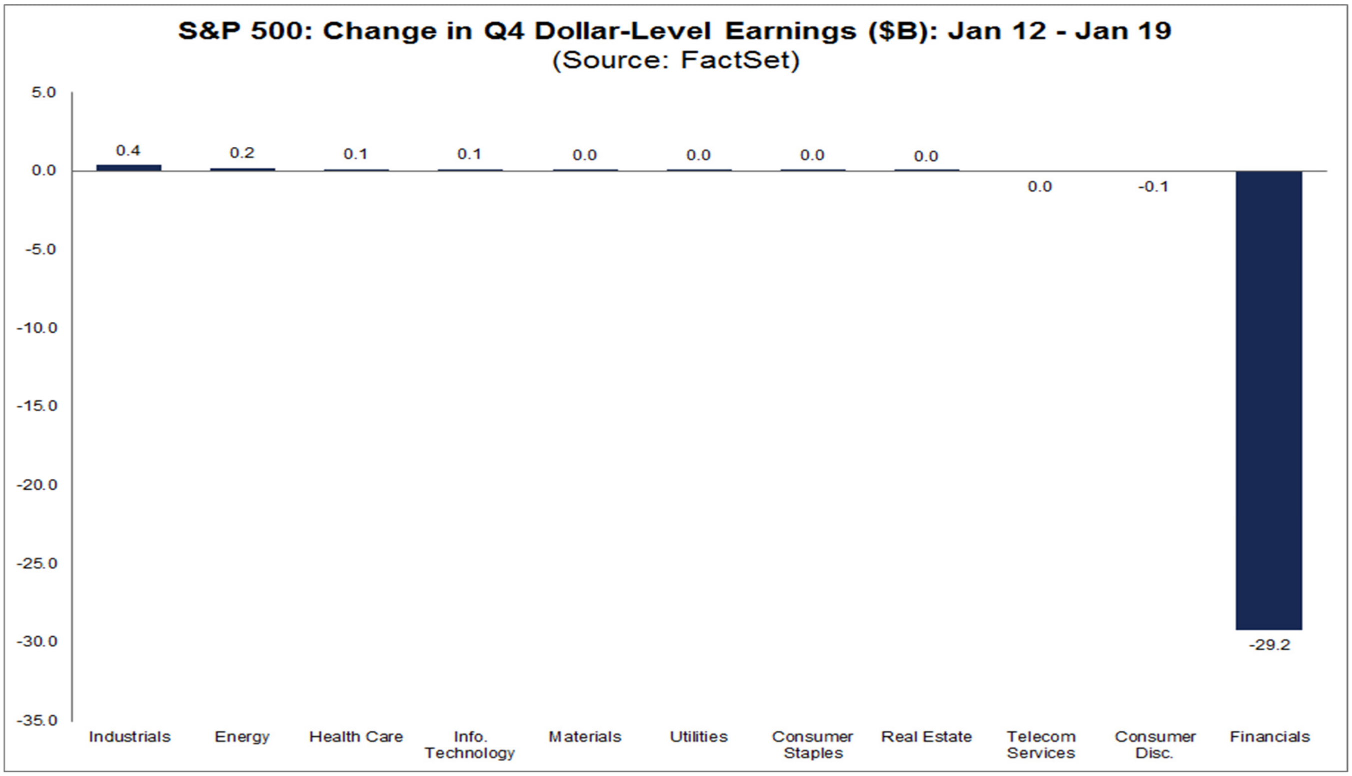
During the past week, the blended earnings growth rate for the S&P 500 for Q4 declined by more than 10 percentage points (from 10.0% on January 12 to -0.2% today). In aggregate, dollar-level earnings for the S&P 500 decreased by $28.4 billion during this time. At the sector level, the Financials sector 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.

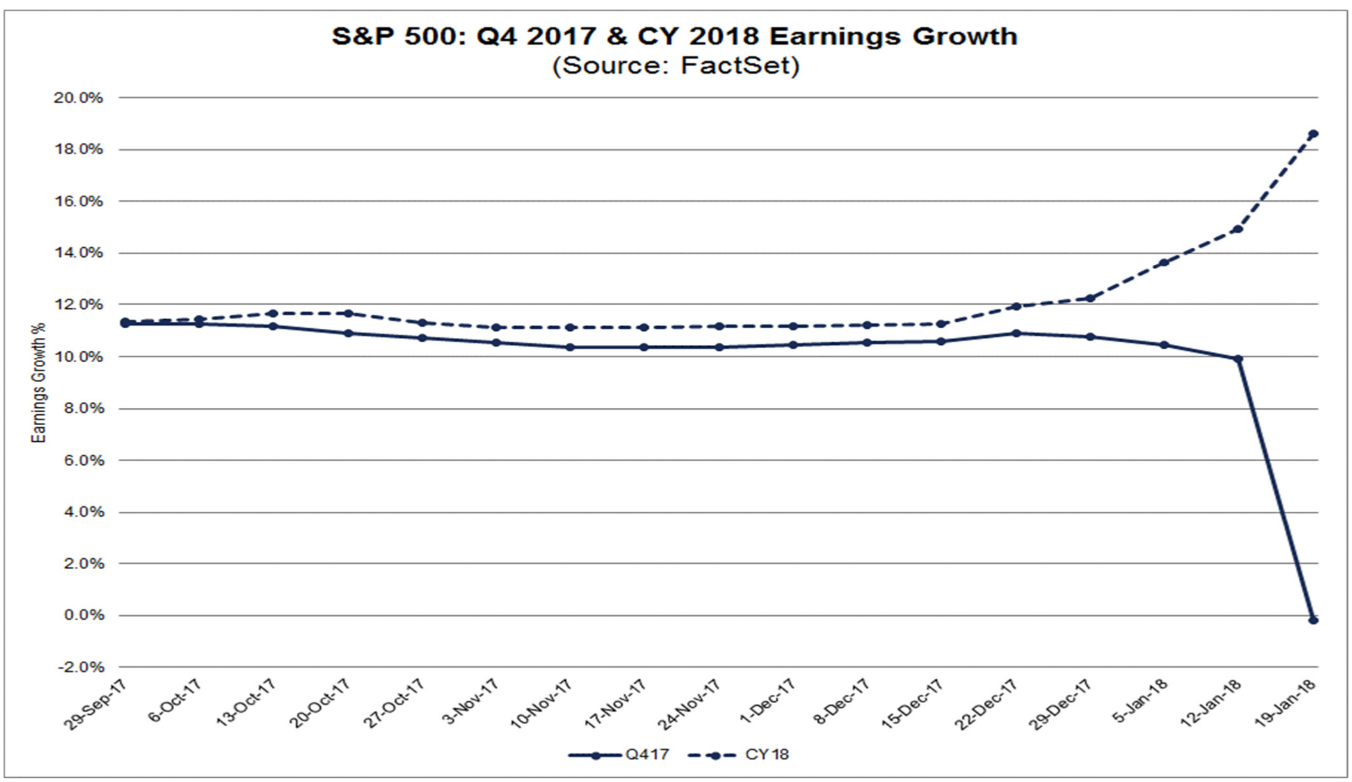
What is behind the sharp decline in earnings for Citigroup? On January 16, the company announced actual earnings for the fourth quarter that were substantially below the expectations of analysts. Citigroup reported actual EPS of -$7.15, compared to the mean EPS estimate of $0.56. The actual EPS of -$7.*15 "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%.




S&P 500: Change in Q4 Dollar-Level Earnings ($B): Jan 12 - Jan 19
(Source: FactSet)
0.4
0.2
0.1
0.1
0.0
0.0
0.0
0.0
0.0
-0.1
-29.2
Industrials
Energy
Health Care
Info. Technology
Materials
Utilities
Consumer Staples
Real Estate
Telecom Services
Consumer Disc.
Financials


S&P 500: Q4 2017 & CY 2018 Earnings Growth
(Source: FactSet)
Earnings Growth %
Q417
CY18

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

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 predicted 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 & Semiconductor 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

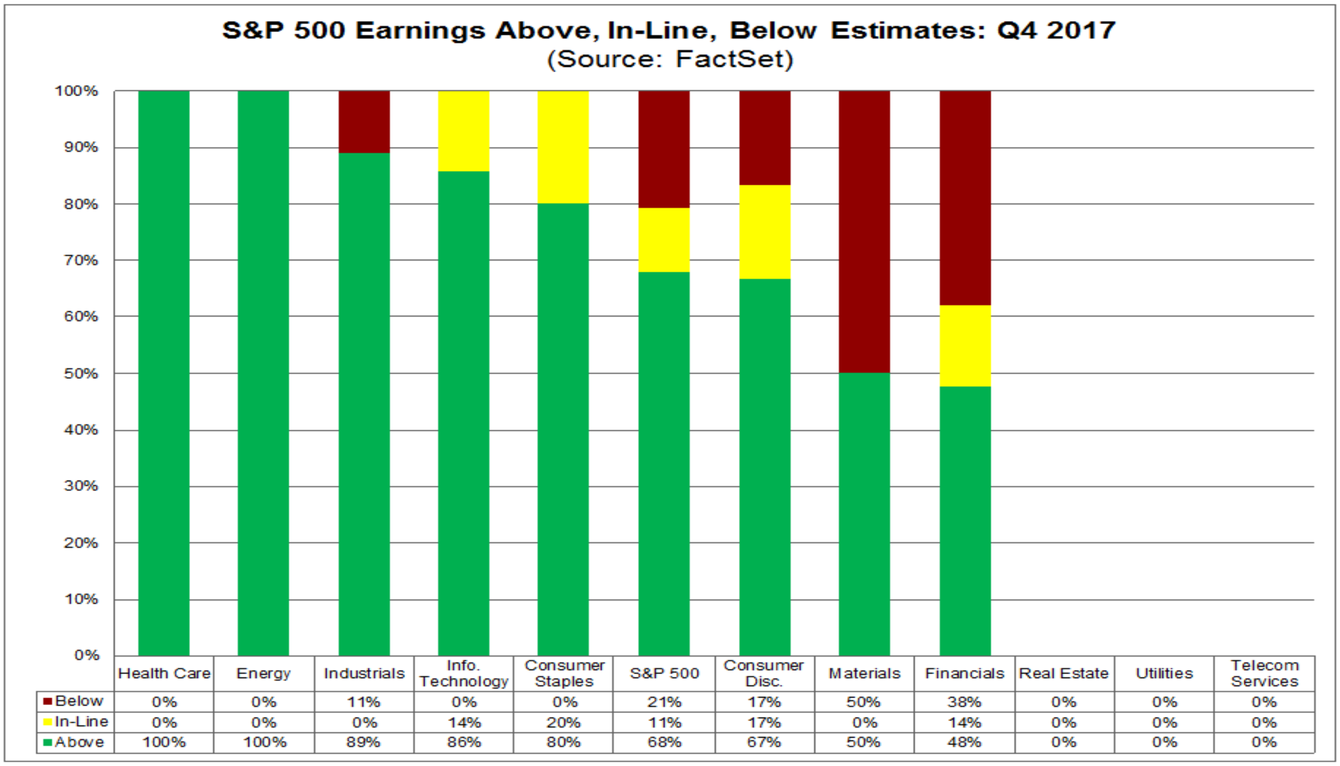
The bottom-up target price for the S&P 500 is 2967.15, which is 6.0% above the closing price of 2798.03. At the sector level, the Real Estate (+13.3%) and Utilities (+10.7%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Energy (+1.9%) 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.

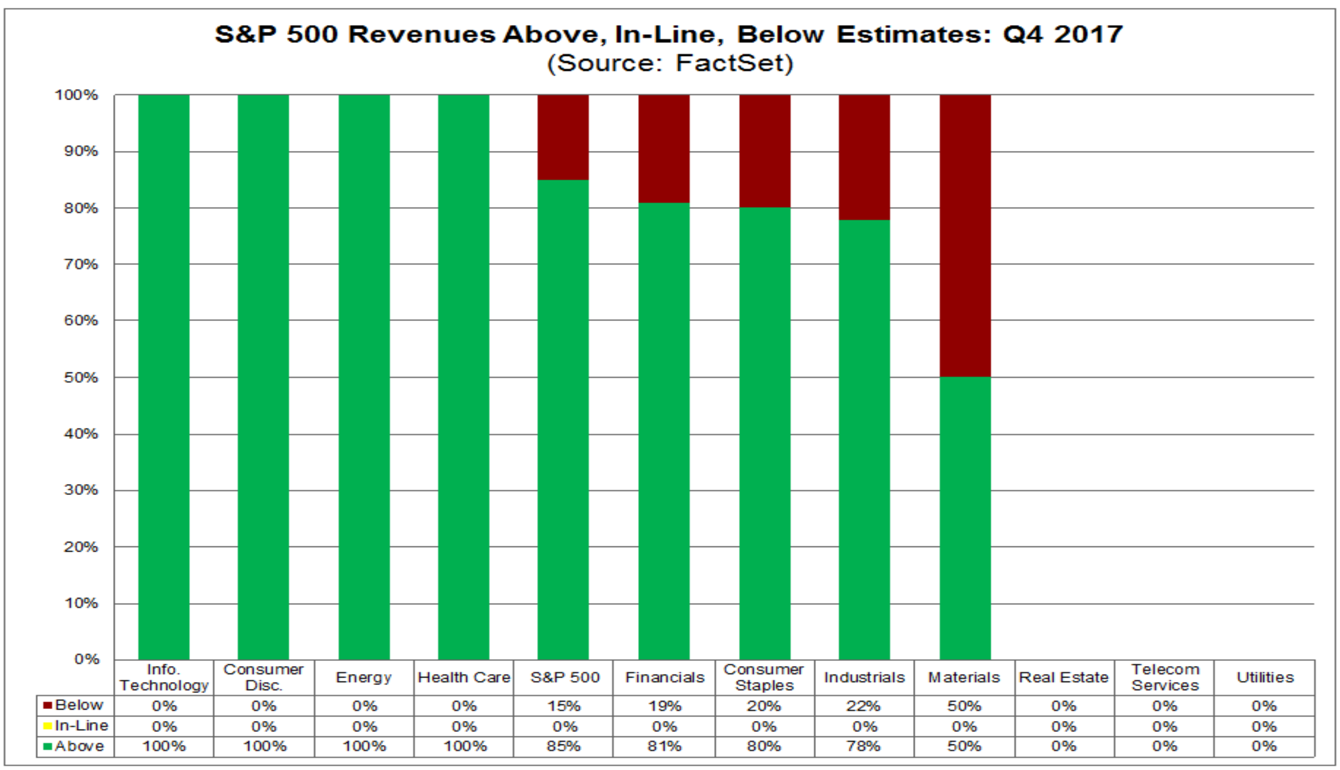
Companies Reporting Next Week: 79

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

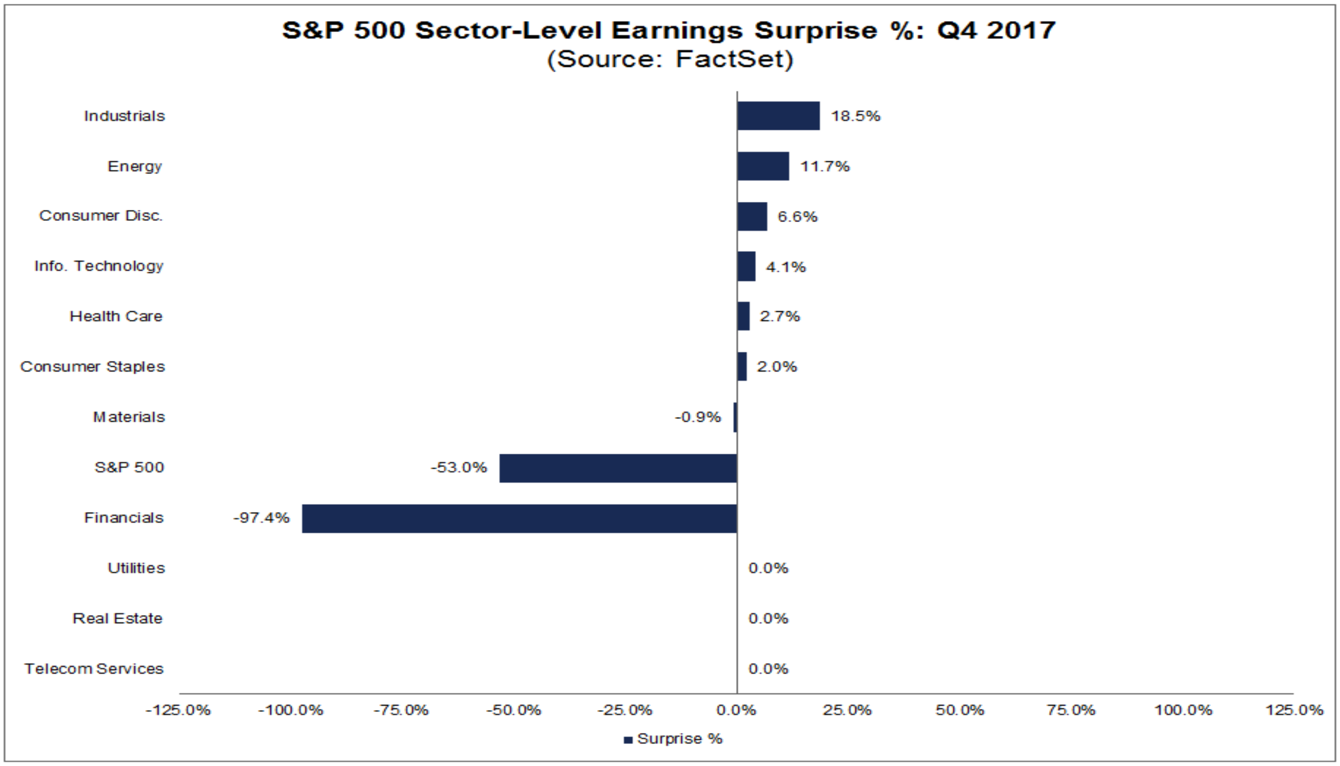


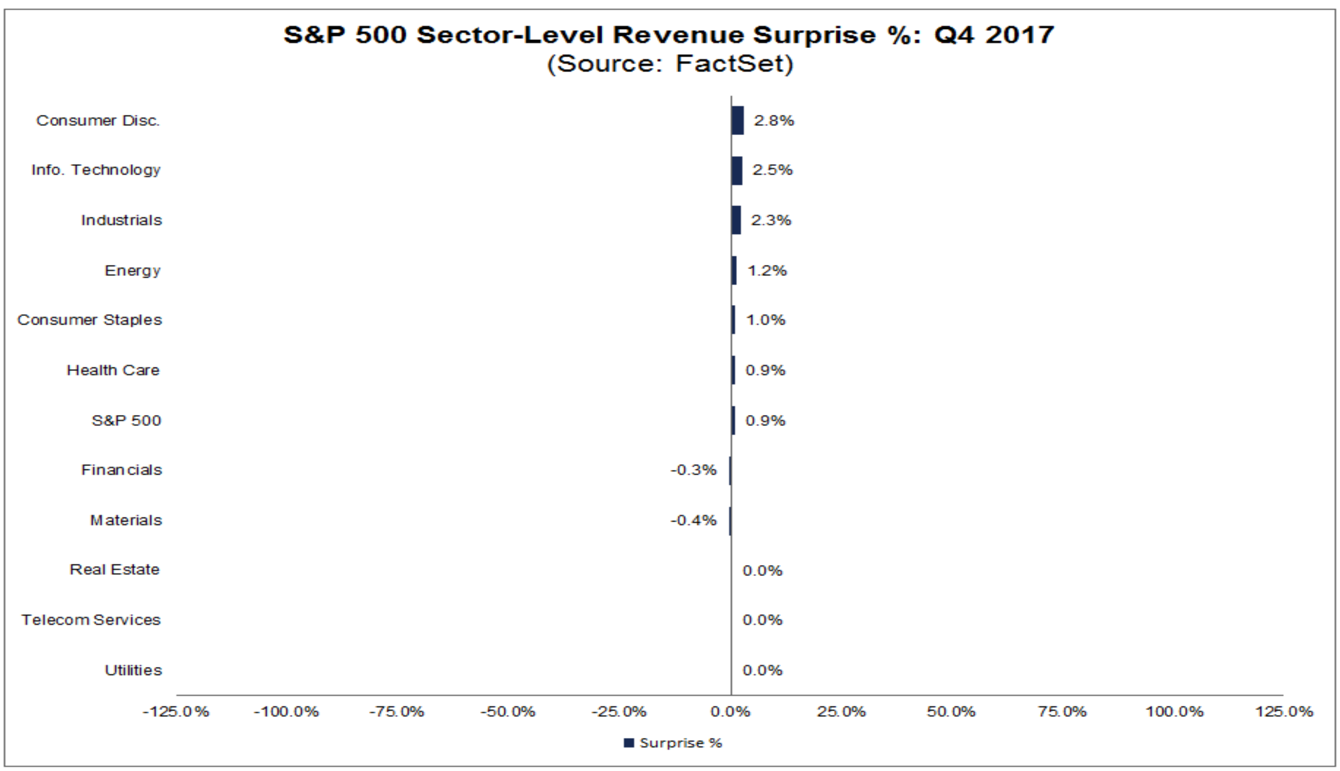
	Health Care	Energy	Industrials	Info. Technology	Consumer Staples	S&P 500	Consumer Disc.	Materials	Financials	Real Estate	Utilities	Telecom Services
Below	0%	0%	11%	0%	0%	21%	17%	50%	38%	0%	0%	0%
In-Line	0%	0%	0%	14%	20%	11%	17%	0%	14%	0%	0%	0%
Above	100%	100%	89%	86%	80%	68%	67%	50%	48%	0%	0%	0%



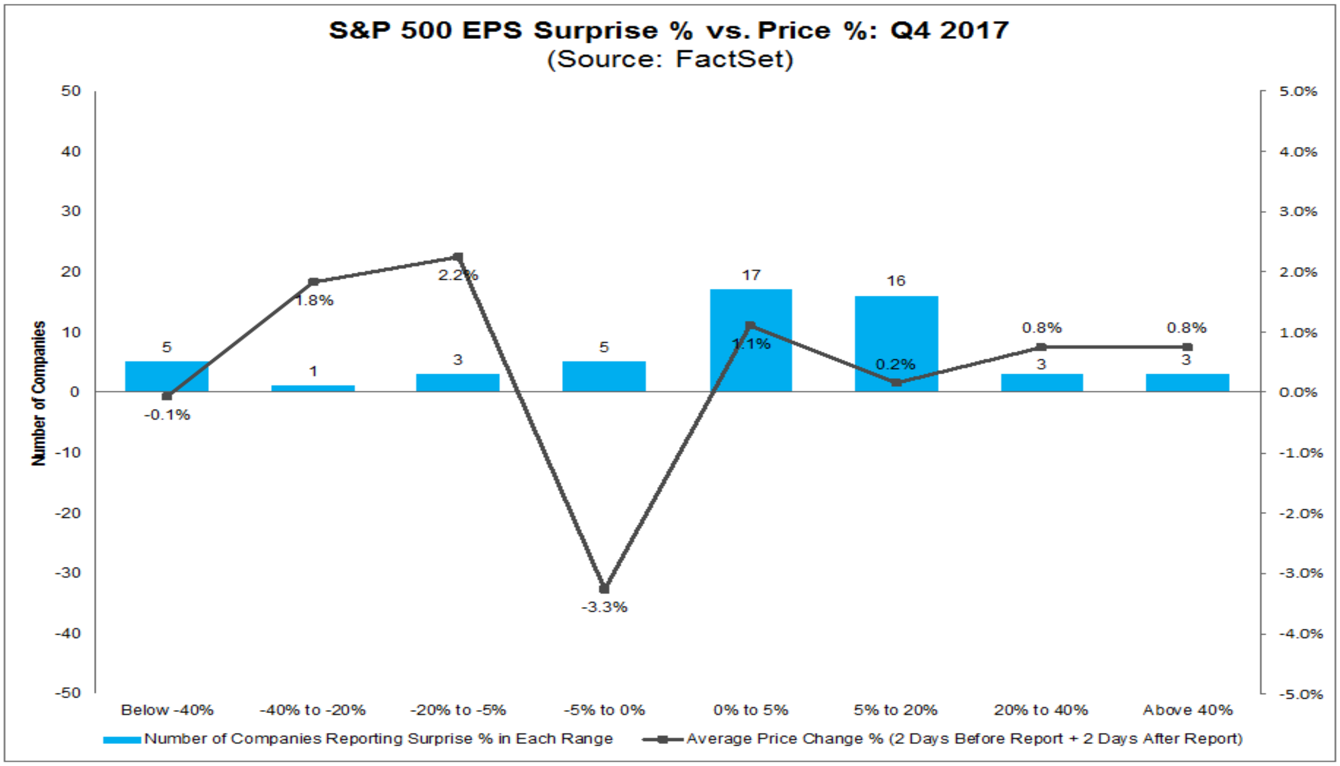
	Info. Technology	Consumer Disc.	Energy	Health Care	S&P 500	Financials	Consumer Staples	Industrials	Materials	Real Estate	Telecom Services	Utilities
Below	0%	0%	0%	0%	15%	19%	20%	22%	50%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	100%	85%	81%	80%	78%	50%	0%	0%	0%

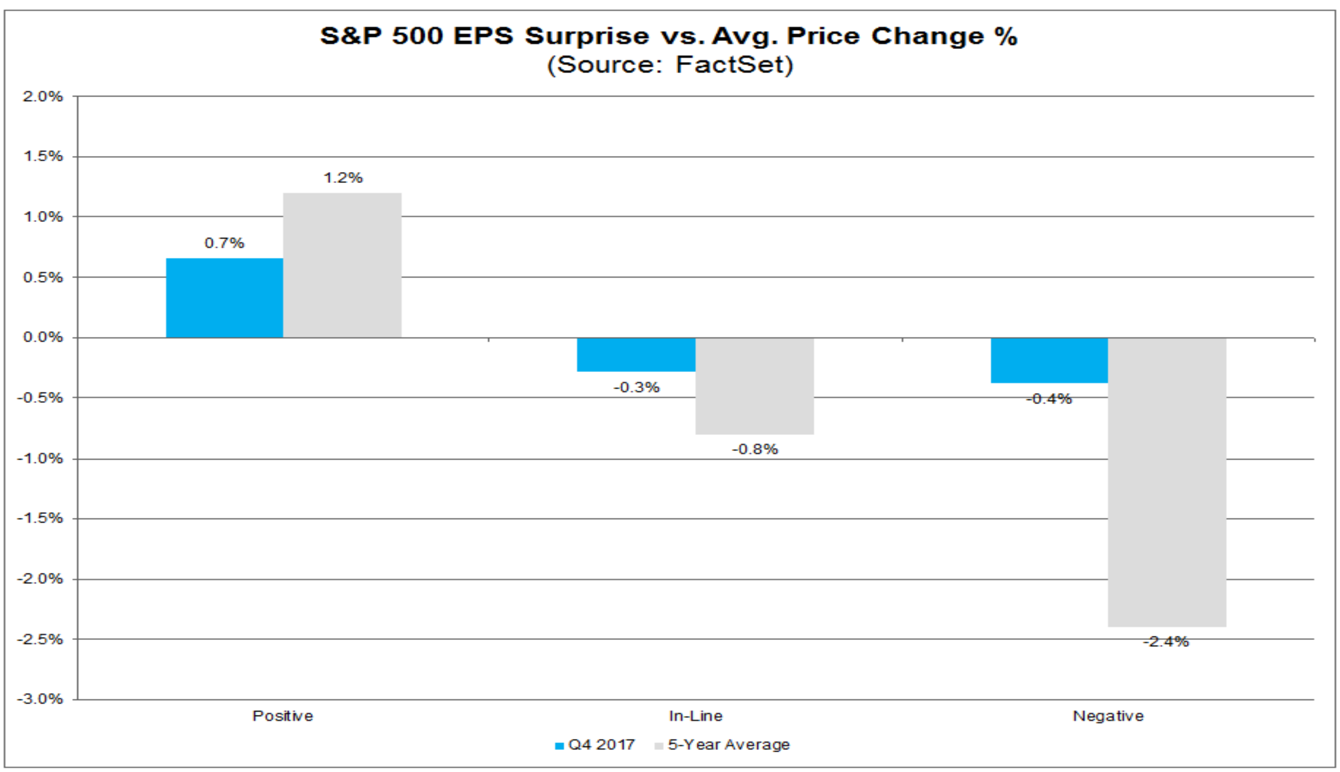
Q4 2017: Scorecard



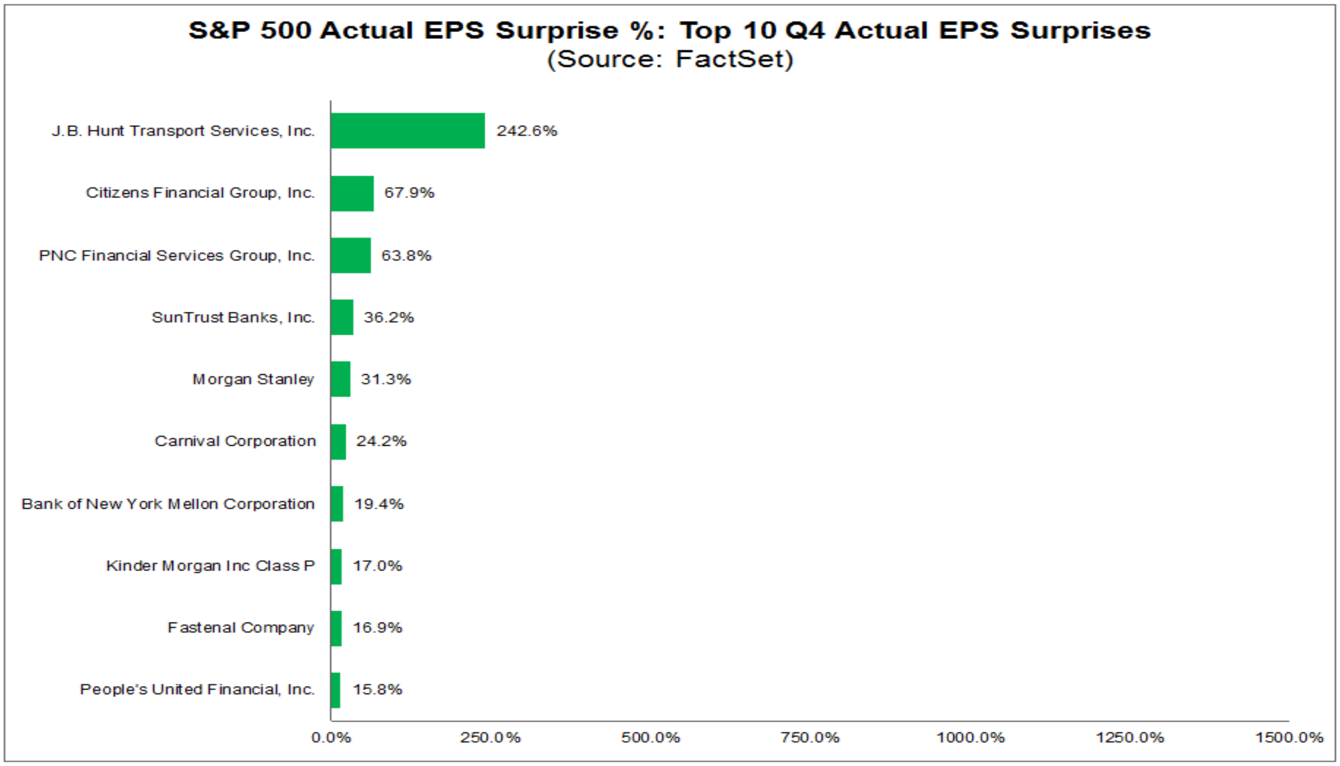


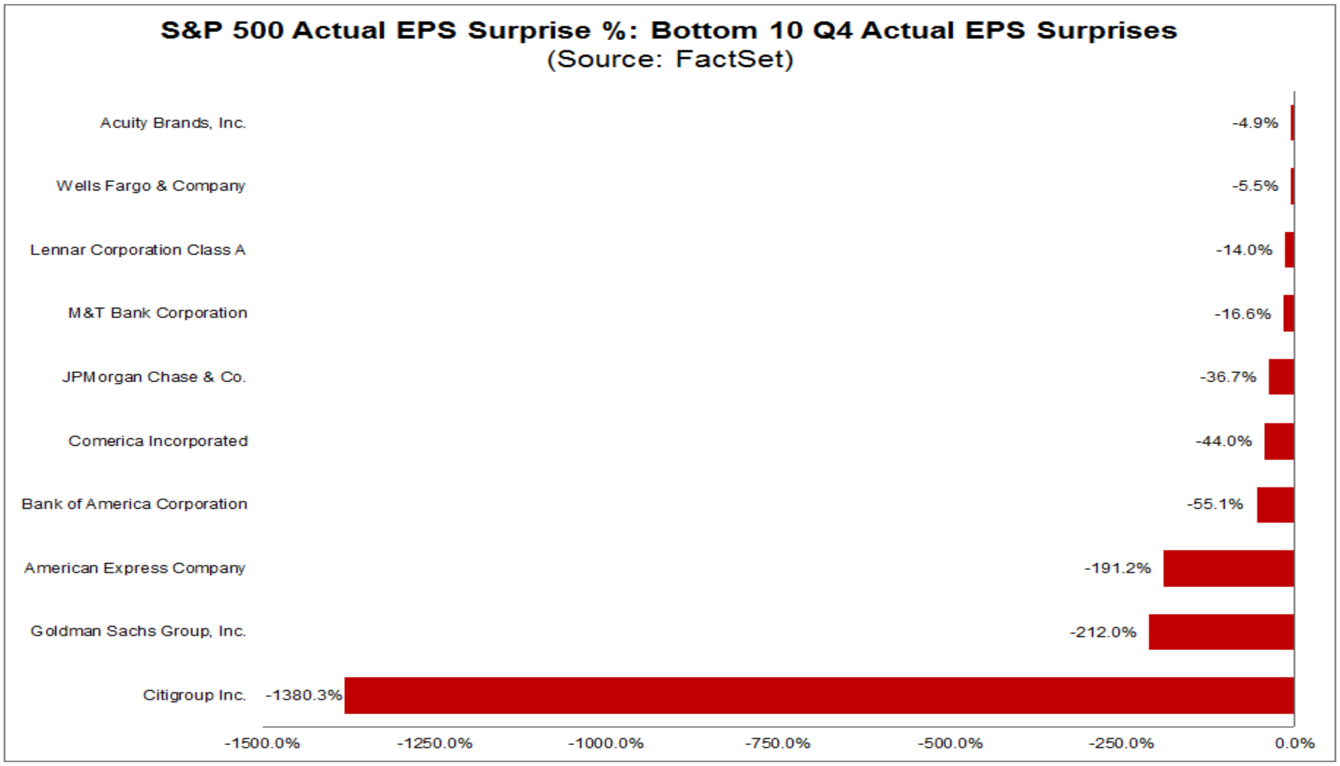
Q4 2017: Scorecard



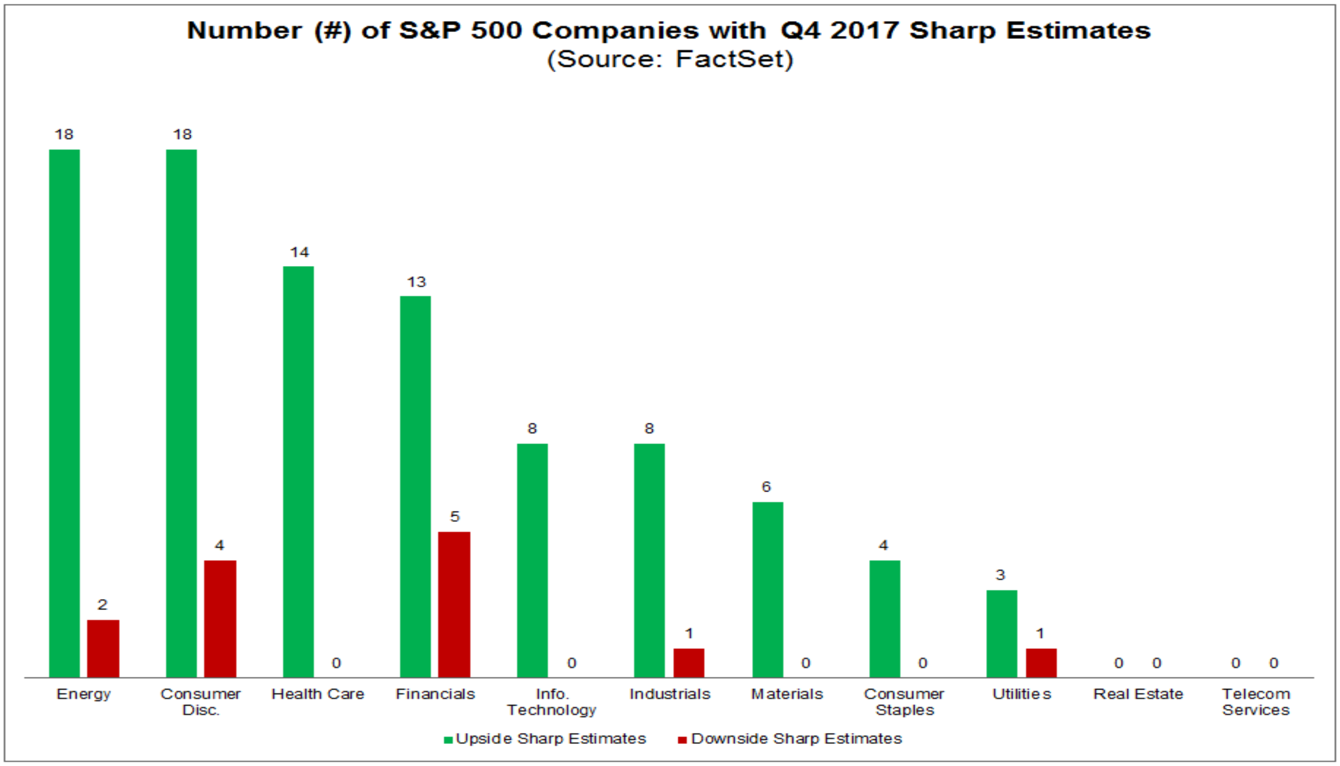


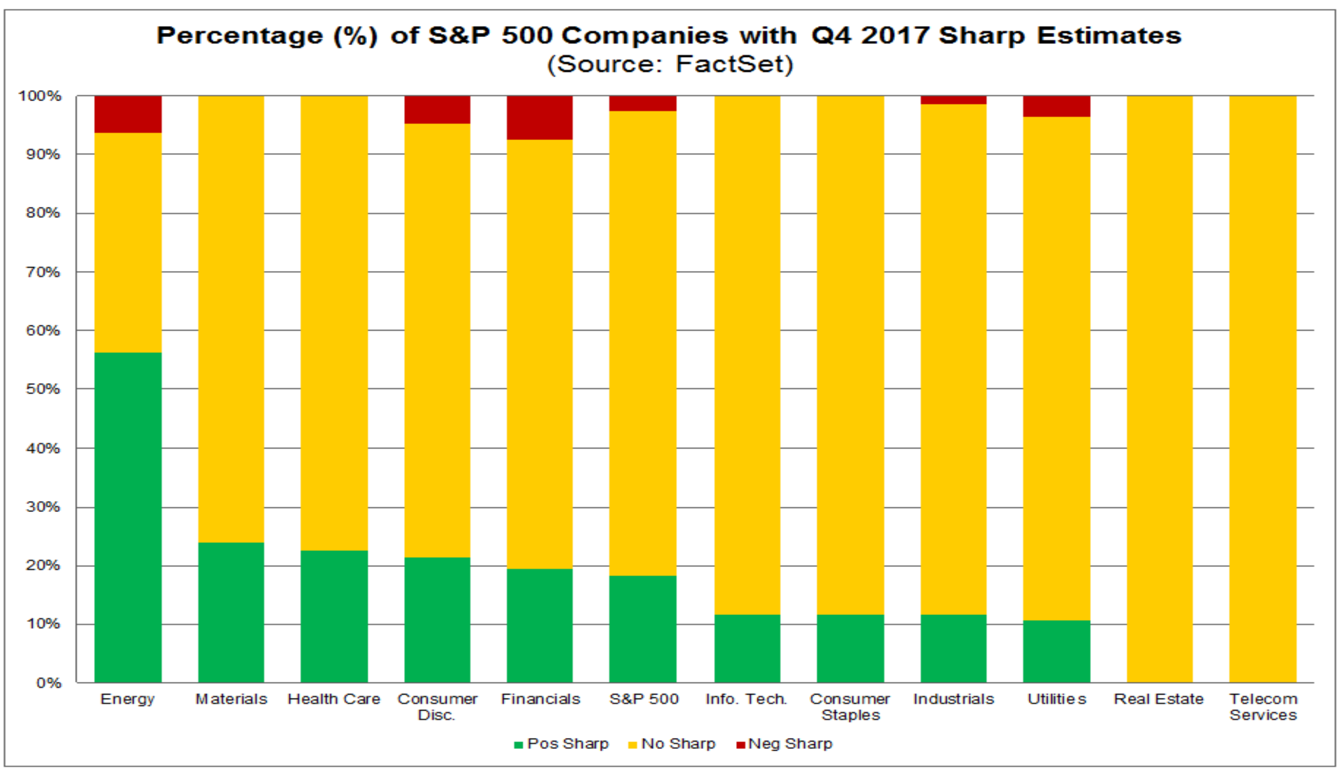
Q4 2017: Scorecard



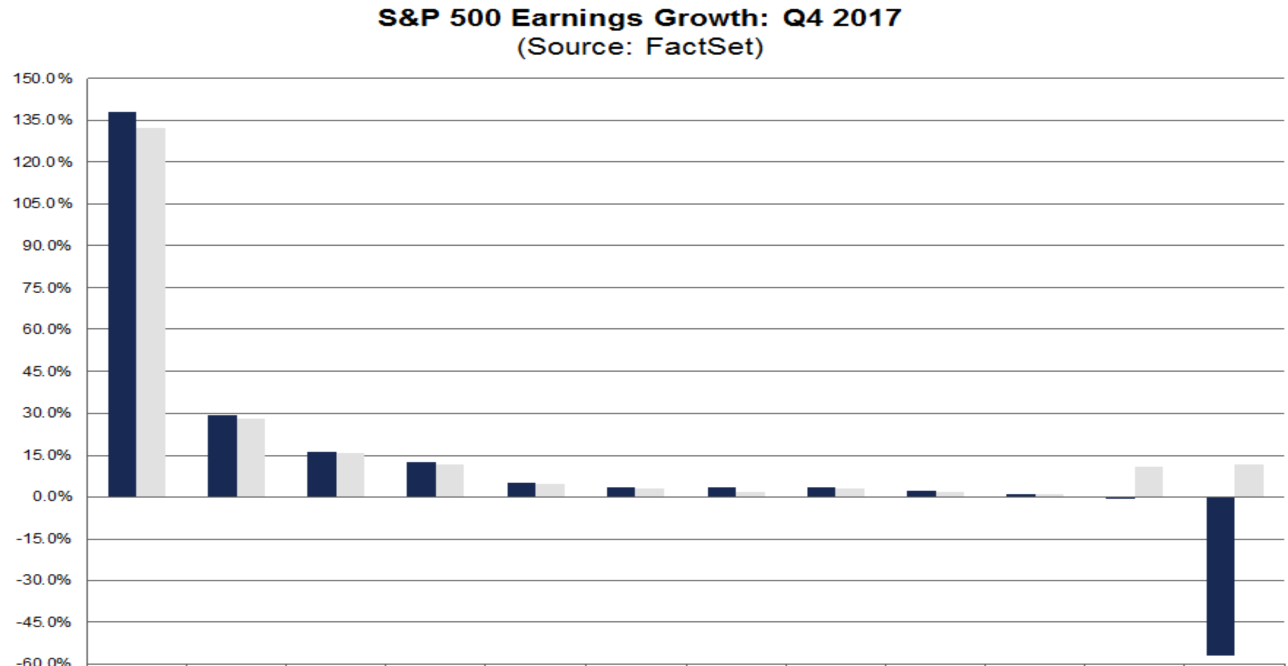


Q4 2017: Projected EPS Surprises (Sharp Estimates)

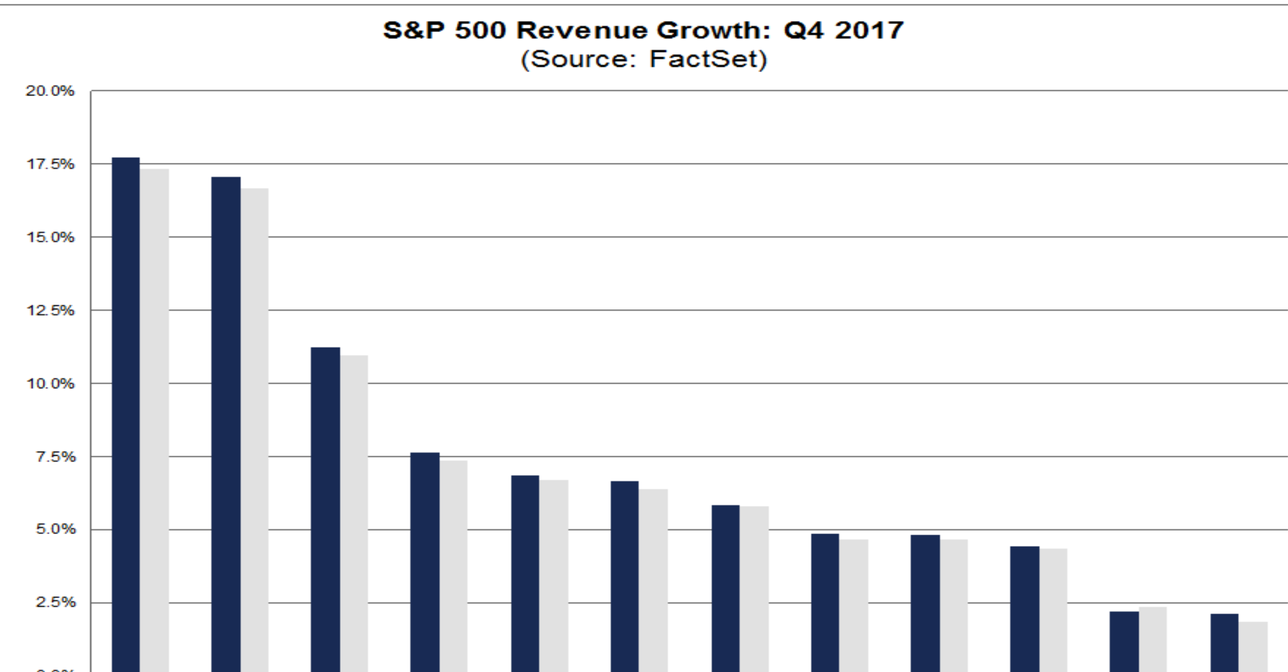




Q4 2017: Growth

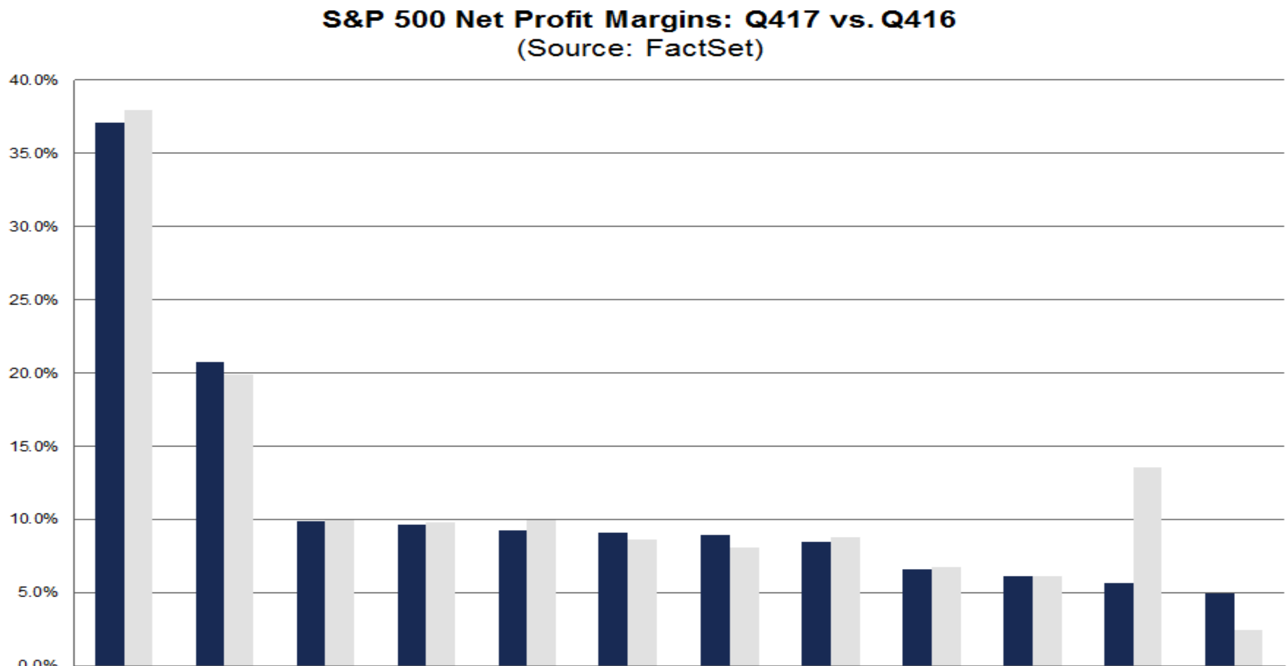


	Energy	Materials	Info. Technology	Utilities	Consumer Staples	Health Care	Industrials	Real Estate	Consumer Disc.	Telecom Services	S&P 500	Financials
Today	137.9%	29.4%	16.1%	12.4%	5.2%	3.6%	3.5%	3.3%	2.1%	1.1%	-0.2%	-57.1%
31-Dec	132.0%	28.3%	15.9%	11.8%	4.9%	3.3%	1.8%	3.0%	2.0%	1.1%	10.8%	11.7%

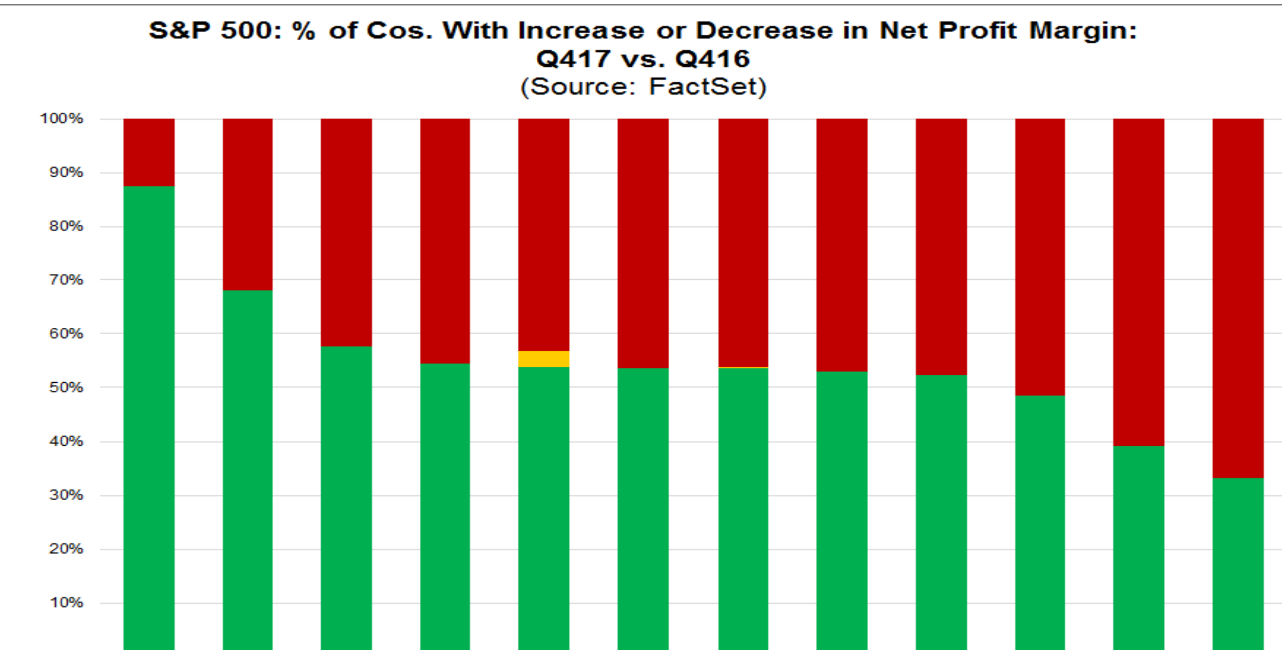


	Energy	Materials	Info. Technology	Industrials	S&P 500	Utilities	Real Estate	Health Care	Consumer Disc.	Consumer Staples	Financials	Telecom Services
Today	17.7%	17.0%	11.2%	7.7%	6.9%	6.7%	5.9%	4.9%	4.8%	4.4%	2.2%	2.1%
31-Dec	17.3%	16.7%	11.0%	7.4%	6.7%	6.4%	5.8%	4.7%	4.7%	4.4%	2.4%	1.9%

Q4 2017: Net Profit Margin



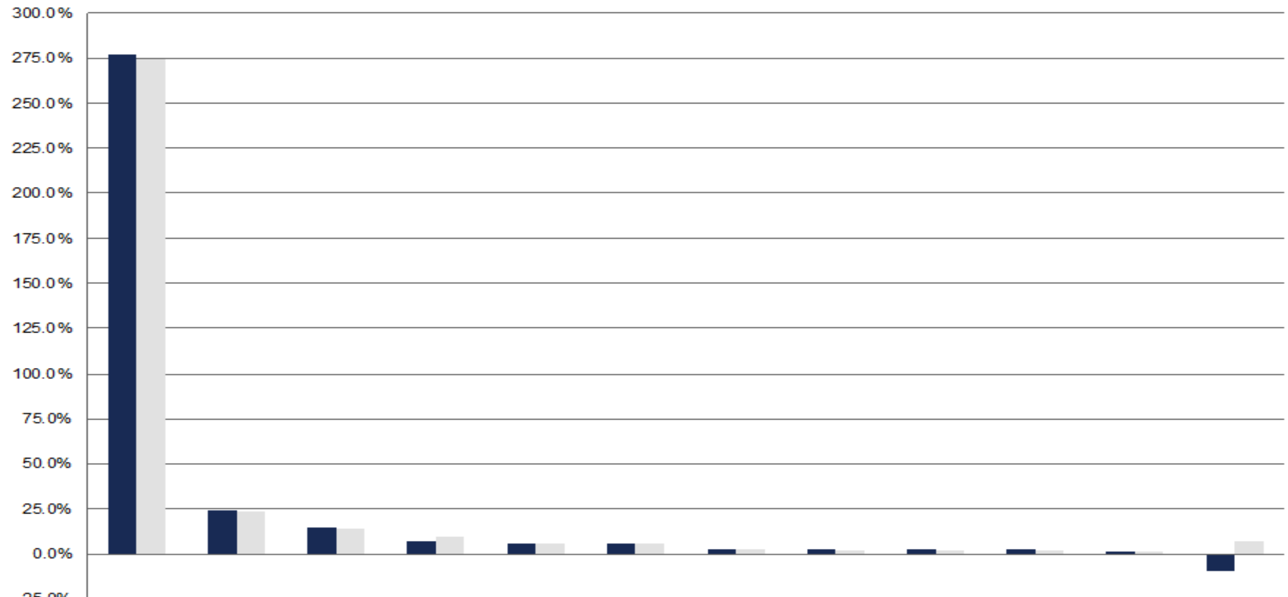
	Real Estate	Information Tech	Telecom Services	Health Care	S&P 500	Utilities	Materials	Industrials	Consumer Disc.	Consumer Staples	Financials	Energy
Q417	37.0%	20.7%	9.9%	9.7%	9.3%	9.1%	9.0%	8.5%	6.6%	6.2%	5.7%	5.0%
Q416	37.9%	19.8%	10.0%	9.8%	9.9%	8.7%	8.1%	8.8%	6.8%	6.1%	13.6%	2.5%



	Energy	Materials	Real Estate	Information Tech.	Financials	Utilities	S&P 500	Consumer Staples	Industrials	Health Care	Consumer Disc.	Telecom Services
Down %	13%	32%	42%	46%	43%	46%	46%	47%	48%	52%	61%	67%
None %	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%
Up %	88%	68%	58%	54%	54%	54%	53%	53%	52%	48%	39%	33%

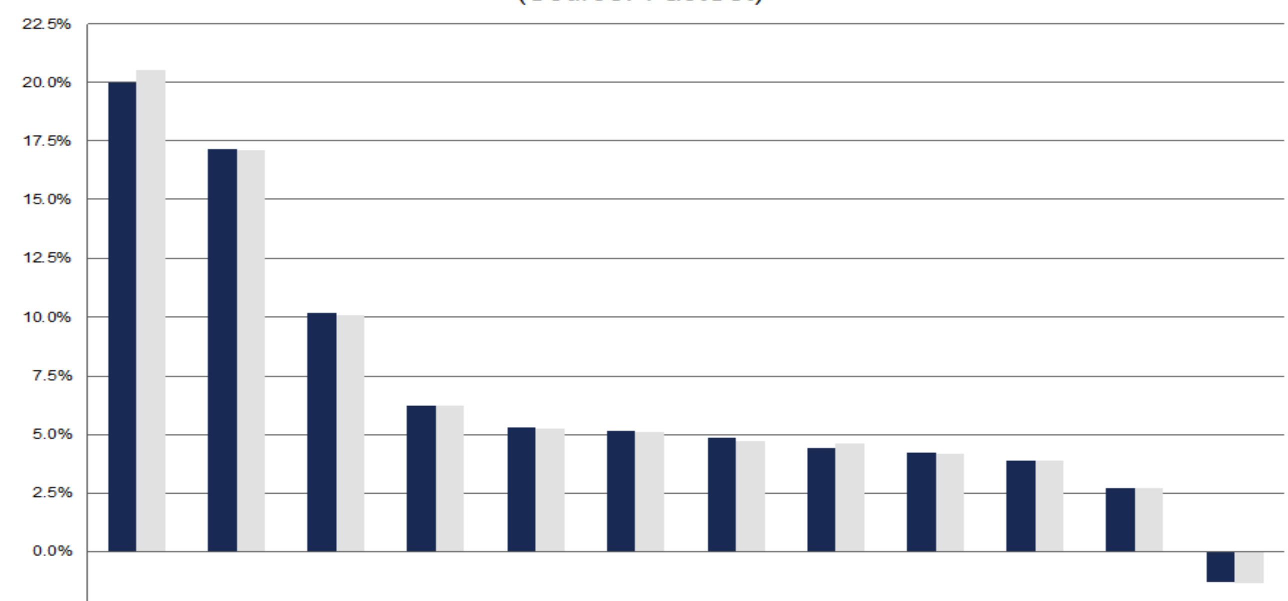
CY 2017: Growth

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



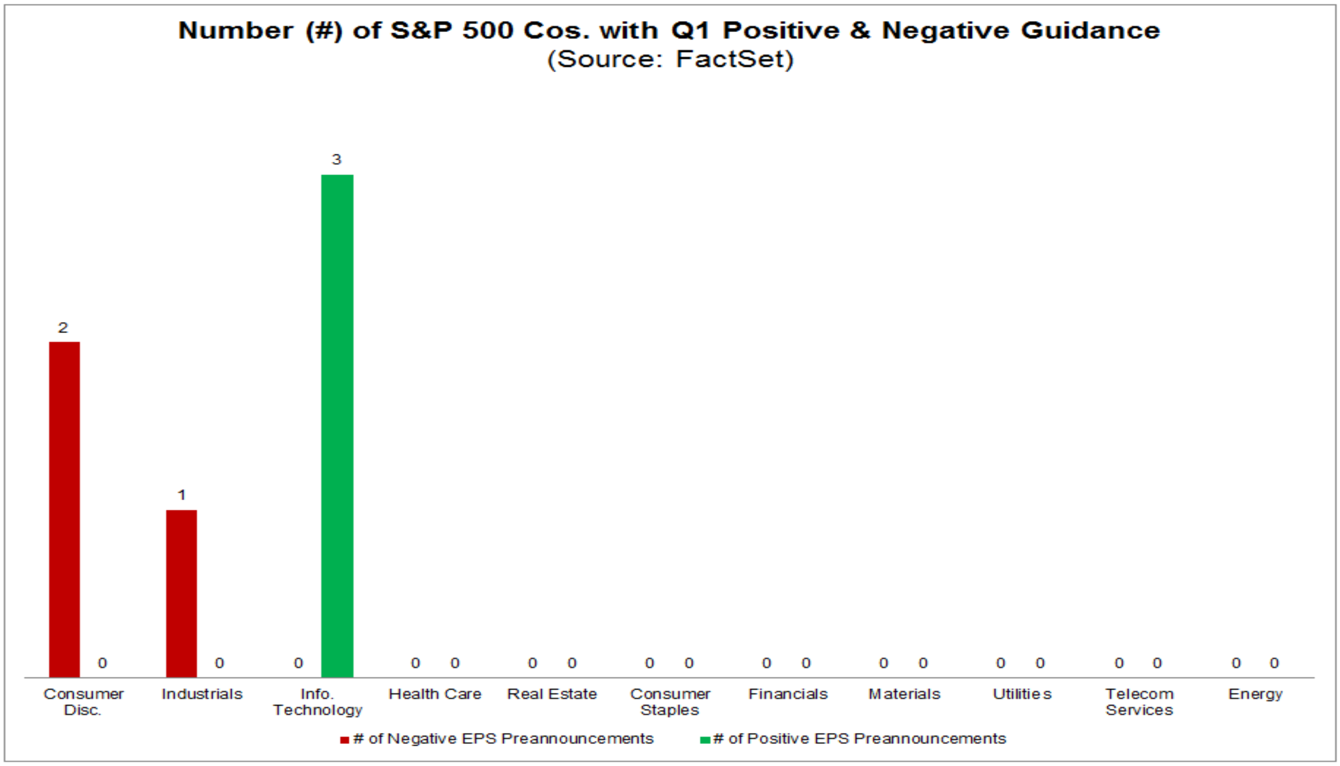
	Energy	Materials	Info. Technology	S&P 500	Health Care	Real Estate	Consumer Staples	Consumer Disc.	Industrials	Utilities	Telecom Services	Financials
Today	277.1%	24.0%	14.5%	6.9%	6.0%	6.0%	2.6%	2.5%	2.4%	2.4%	1.1%	-9.5%
31-Dec	274.6%	23.4%	14.4%	9.6%	5.9%	5.9%	2.4%	2.3%	1.9%	2.3%	1.3%	6.9%

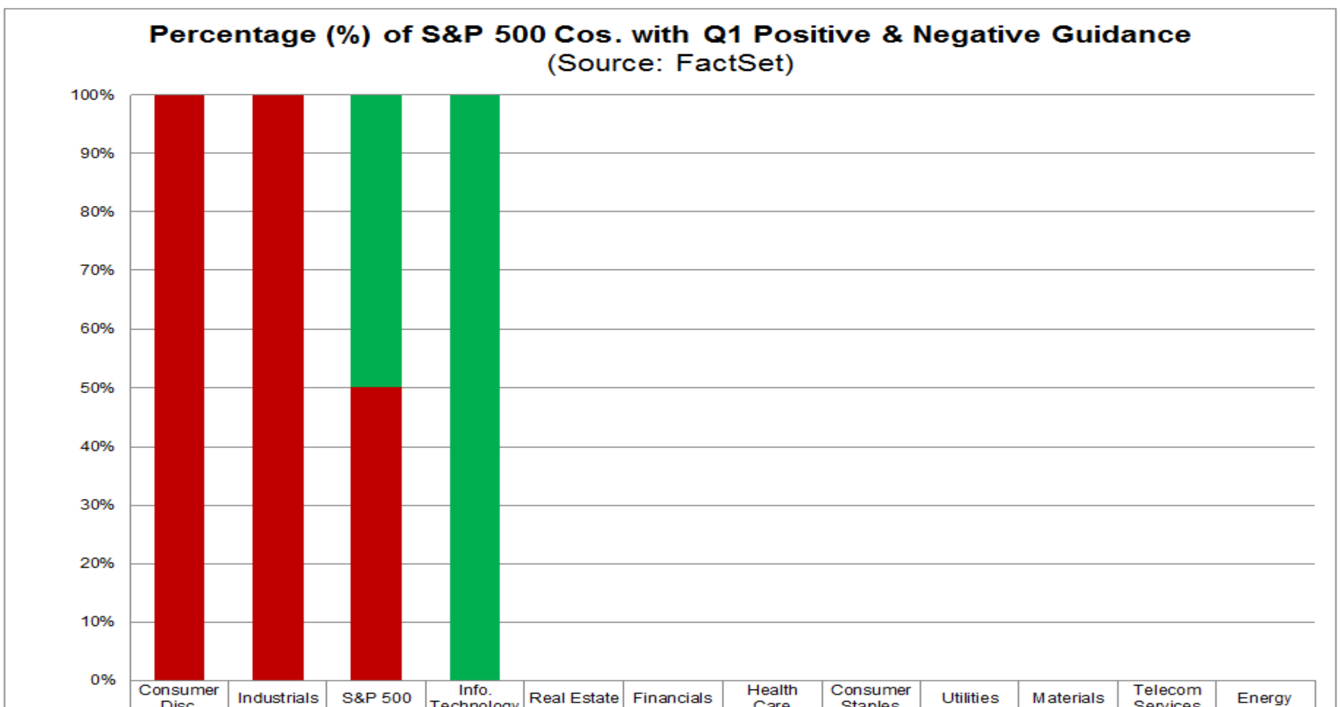
S&P 500 Revenue Growth: CY 2017
(Source: FactSet)



	Energy	Materials	Info. Technology	S&P 500	Real Estate	Health Care	Industrials	Utilities	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	20.0%	17.2%	10.1%	6.2%	5.3%	5.2%	4.8%	4.4%	4.2%	3.9%	2.7%	-1.3%
31-Dec	20.5%	17.1%	10.1%	6.2%	5.3%	5.1%	4.7%	4.6%	4.2%	3.9%	2.7%	-1.4%

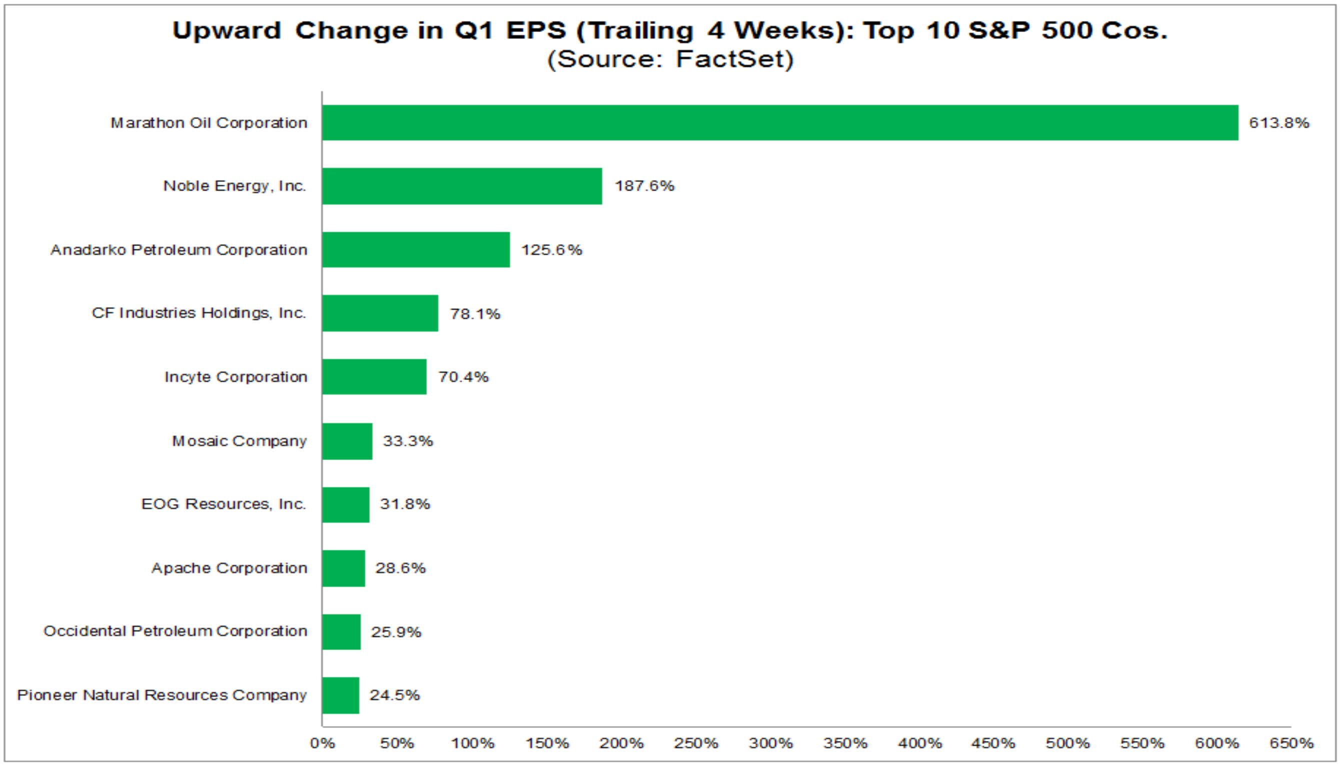
Q1 2018: Guidance

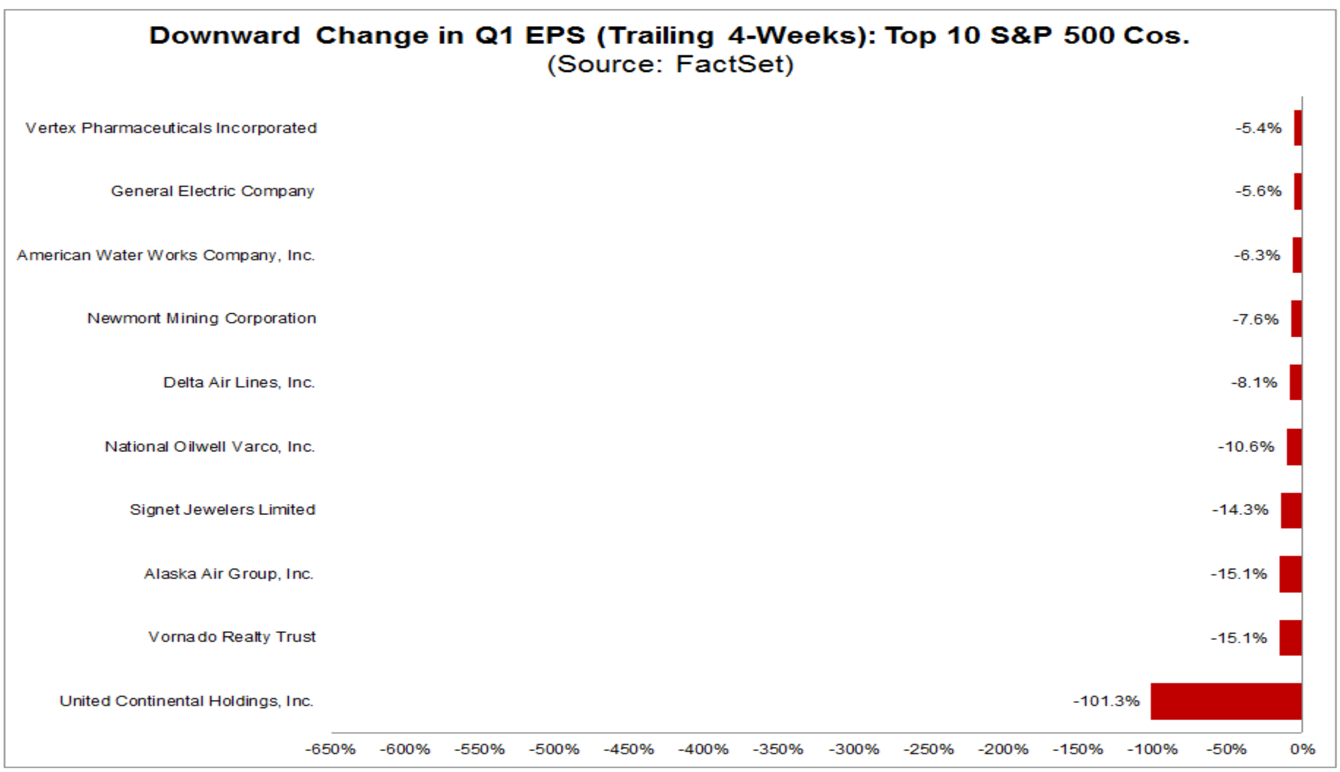




	Consumer Disc.	Industrials	S&P 500	Info. Technology	Real Estate	Financials	Health Care	Consumer Staples	Utilities	Materials	Telecom Services	Energy
Positive	0%	0%	50%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%

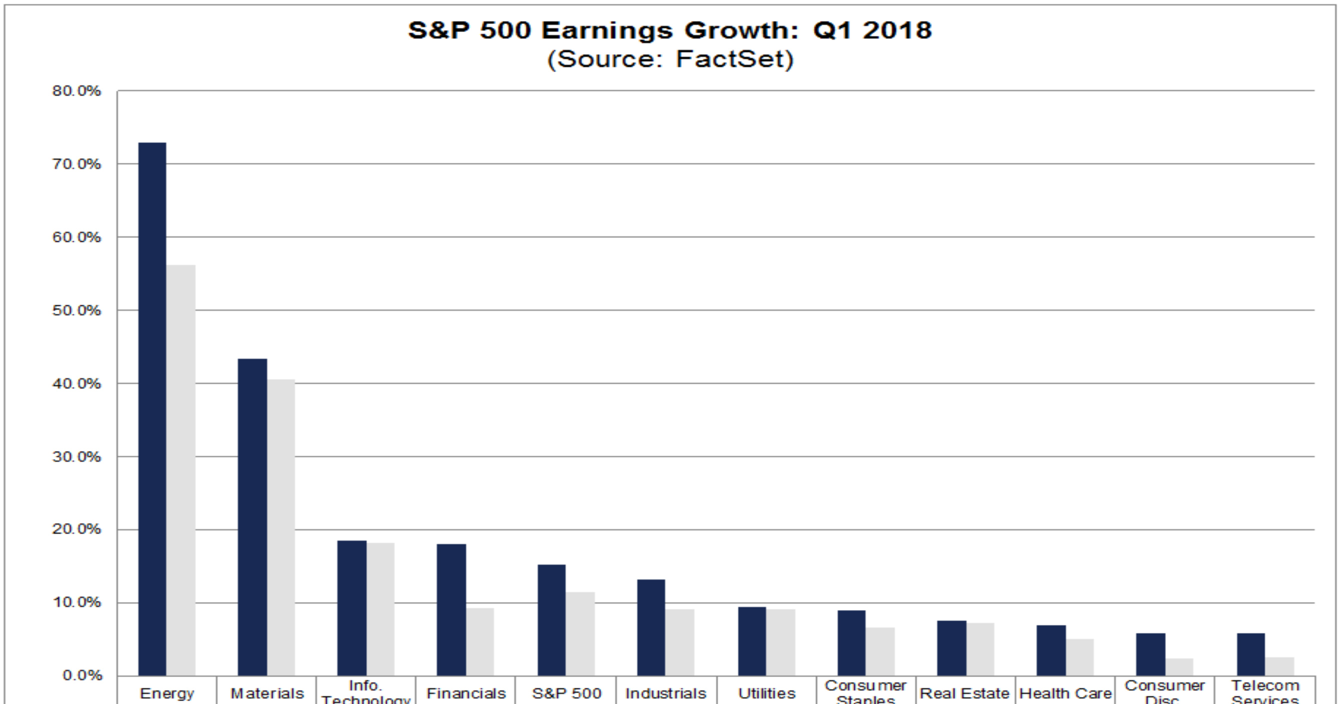
Q1 2018: EPS Revisions



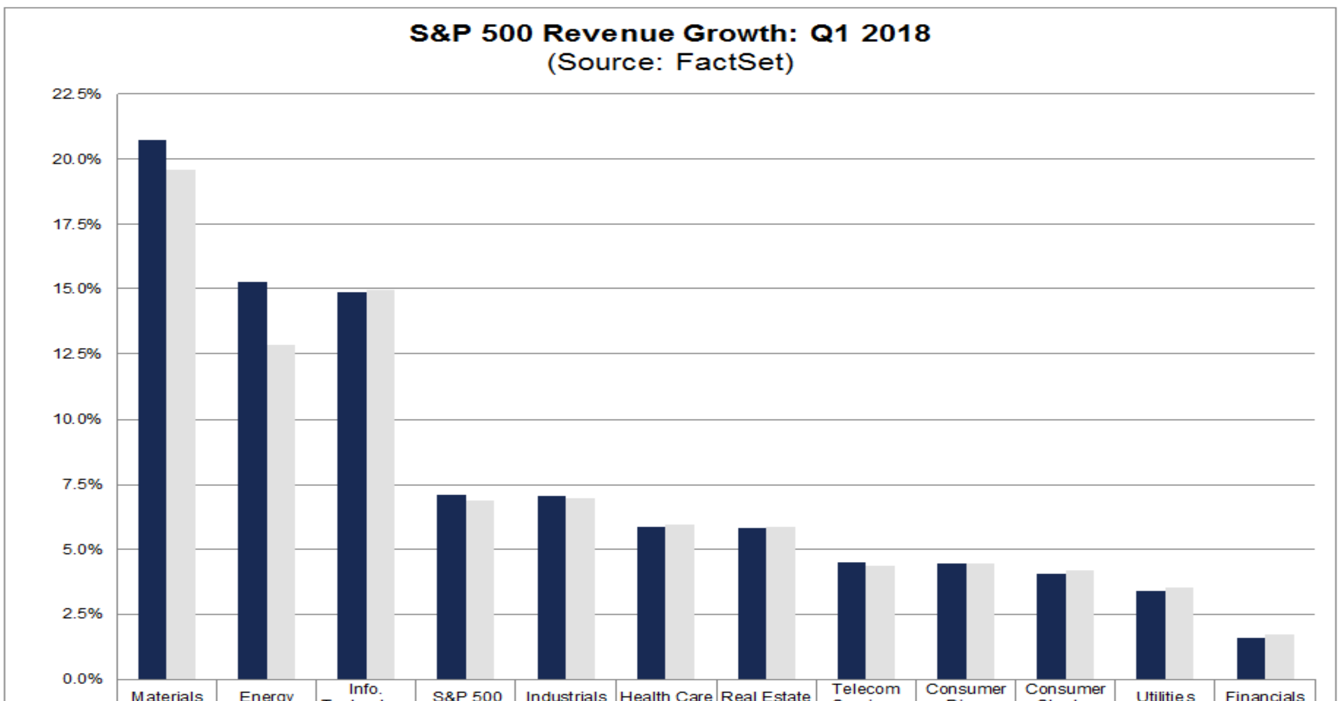


FACTSET

Q1 2018: Growth

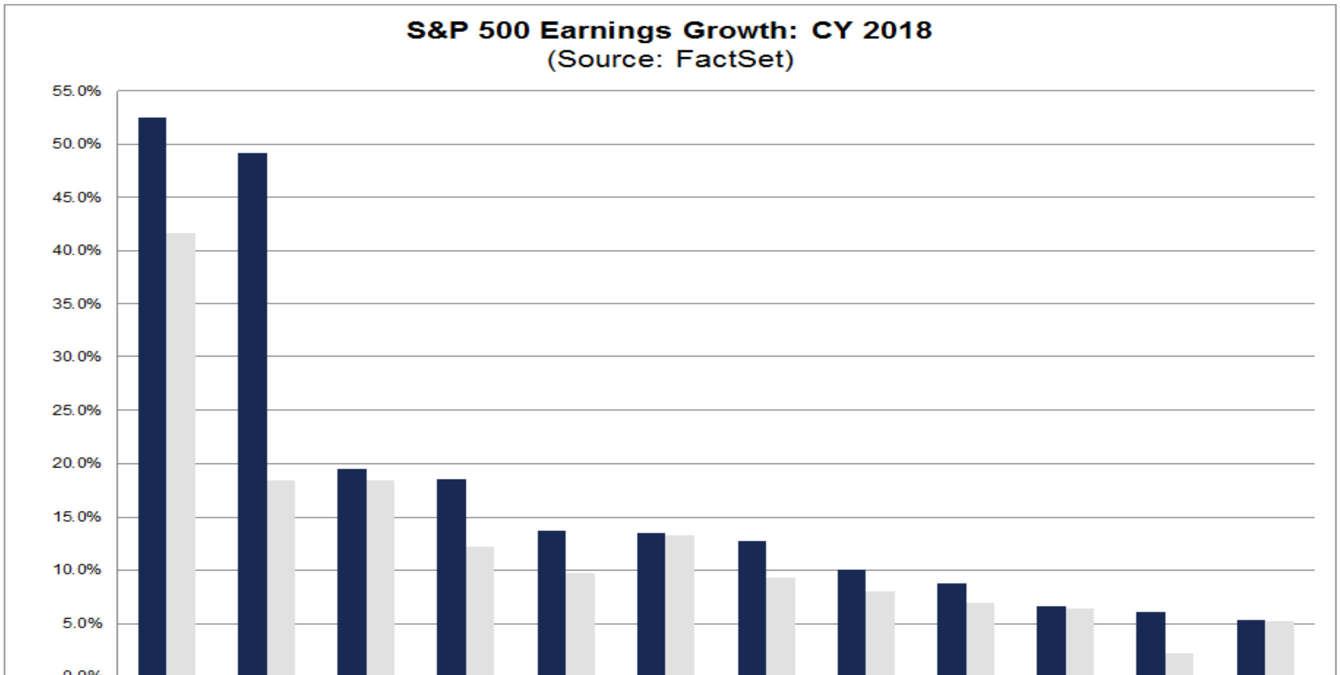


	Energy	Materials	Info. Technology	Financials	S&P 500	Industrials	Utilities	Consumer Staples	Real Estate	Health Care	Consumer Disc.	Telecom Services
Today	72.9%	43.3%	18.6%	18.1%	15.2%	13.2%	9.4%	9.1%	7.6%	7.0%	5.9%	5.8%
31-Dec	56.1%	40.5%	18.2%	9.3%	11.5%	9.2%	9.1%	6.7%	7.2%	5.0%	2.4%	2.6%

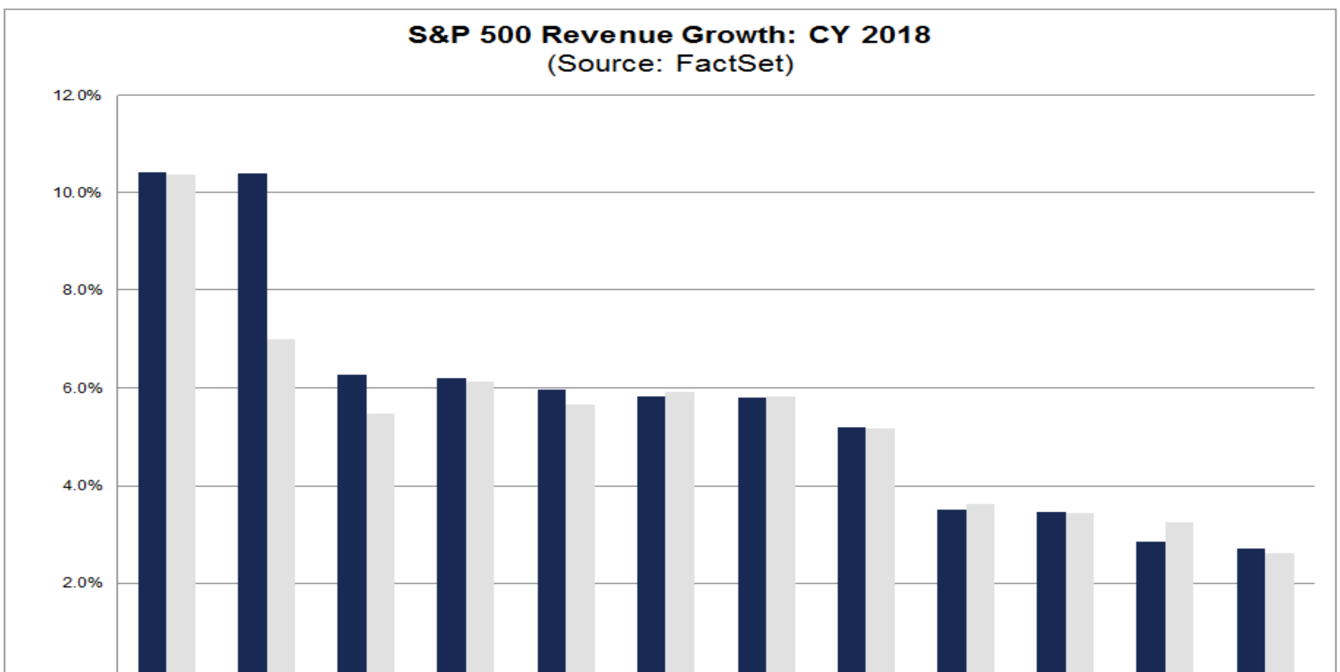


	Materials	Energy	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Telecom Services	Consumer Disc.	Consumer Staples	Utilities	Financials
Today	20.7%	15.3%	14.9%	7.1%	7.1%	5.9%	5.8%	4.5%	4.5%	4.1%	3.4%	1.6%
31-Dec	19.6%	12.8%	15.0%	6.9%	7.0%	6.0%	5.9%	4.4%	4.5%	4.2%	3.5%	1.7%

CY 2018: Growth

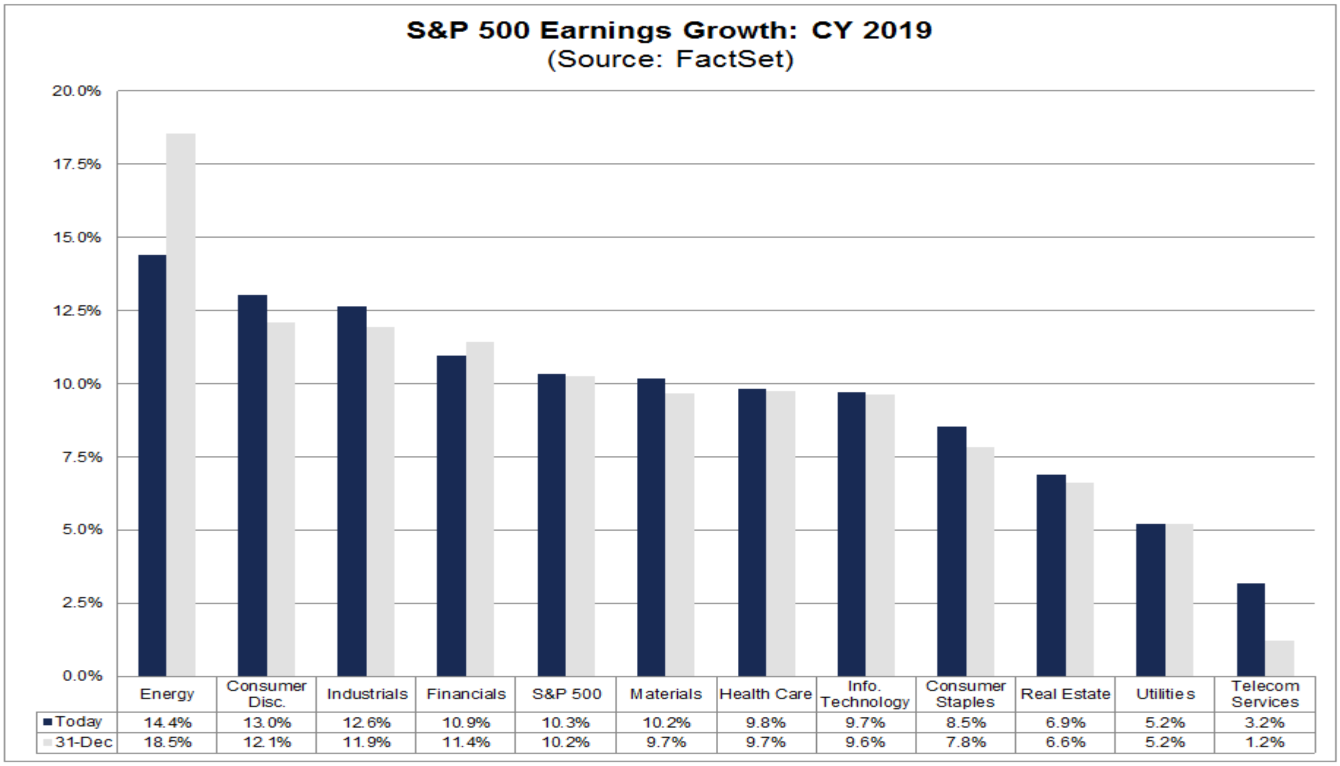


	Energy	Financials	Materials	S&P 500	Industrials	Info. Technology	Consumer Disc.	Consumer Staples	Health Care	Real Estate	Telecom Services	Utilities
Today	52.5%	49.2%	19.5%	18.6%	13.8%	13.5%	12.8%	10.1%	8.8%	6.7%	6.1%	5.3%
31-Dec	41.7%	18.5%	18.4%	12.3%	9.7%	13.2%	9.3%	8.0%	7.0%	6.4%	2.2%	5.2%

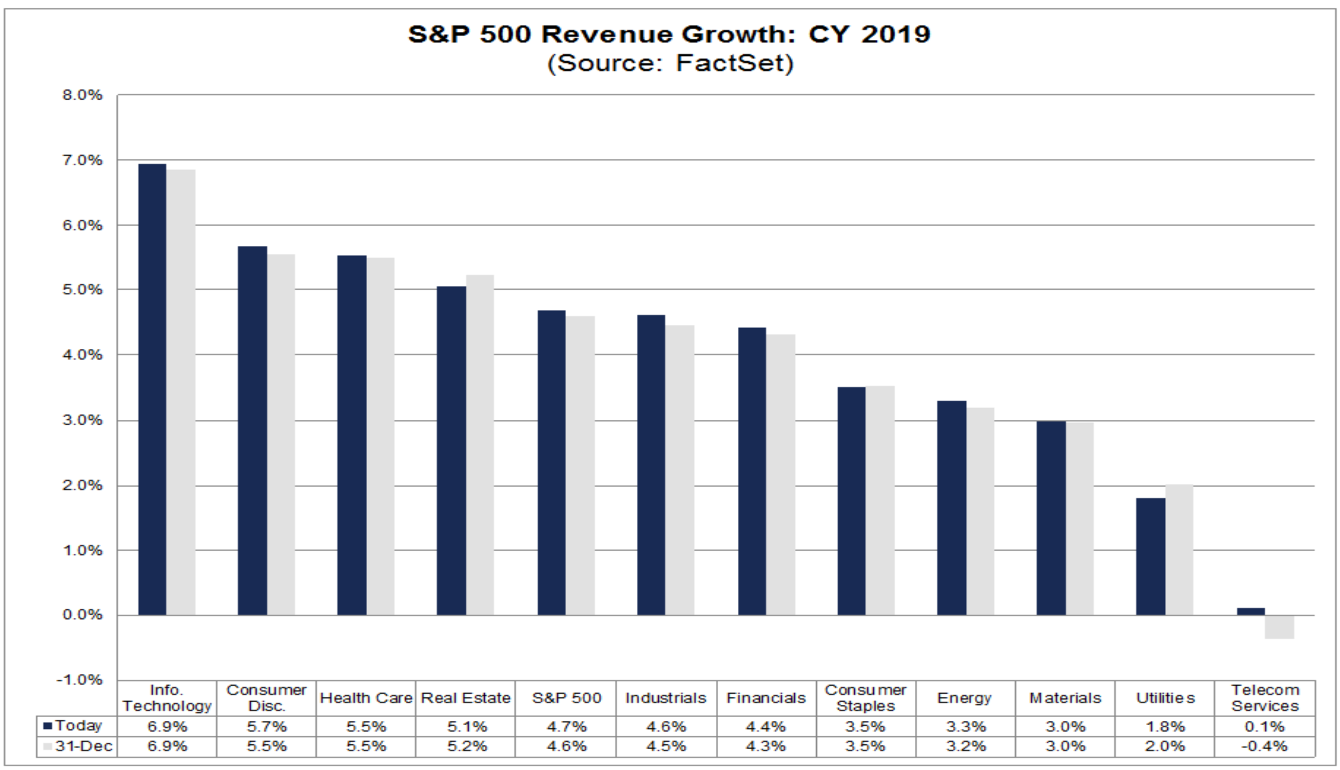


	Info. Technology	Energy	Materials	Consumer Disc.	S&P 500	Real Estate	Health Care	Industrials	Consumer Staples	Financials	Utilities	Telecom Services
Today	10.4%	10.4%	6.3%	6.2%	6.0%	5.8%	5.8%	5.2%	3.5%	3.5%	2.9%	2.7%
31-Dec	10.4%	7.0%	5.5%	6.1%	5.6%	5.9%	5.8%	5.2%	3.6%	3.4%	3.2%	2.6%

CY 2019: Growth

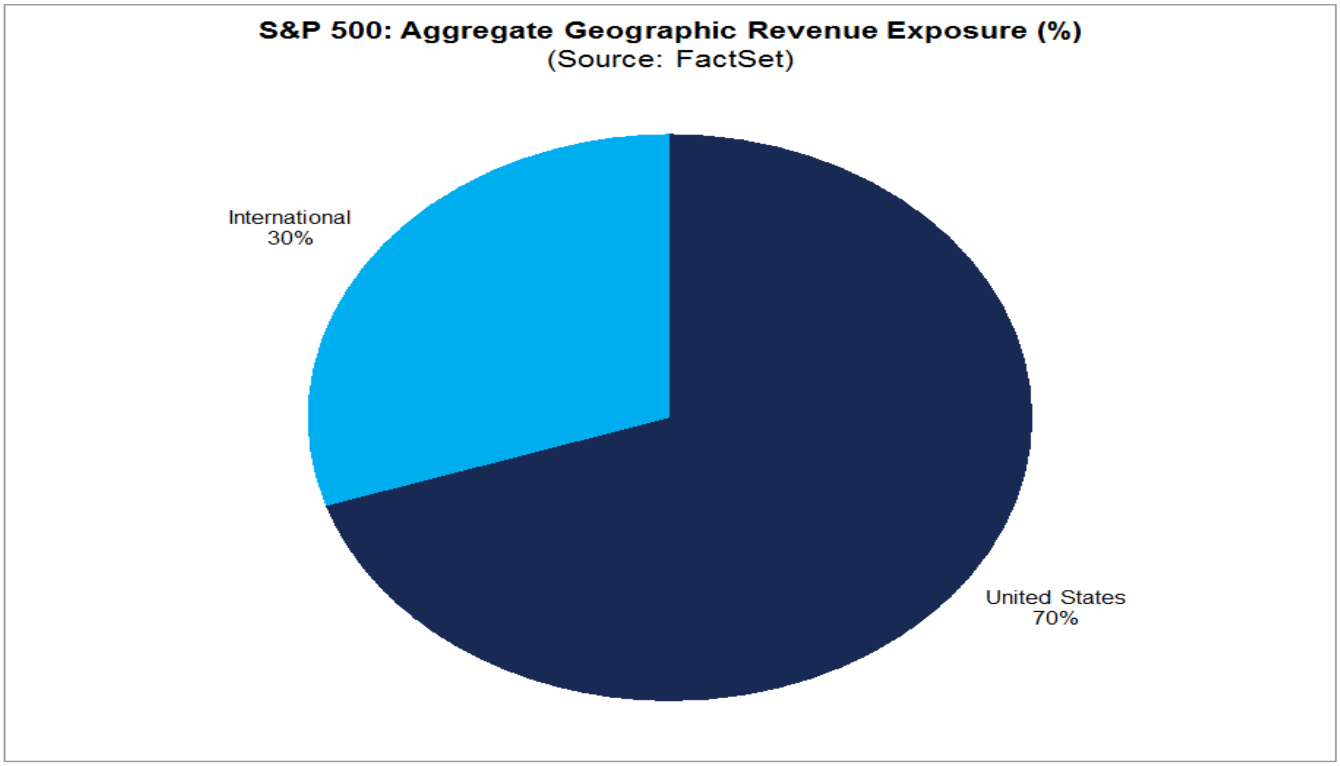


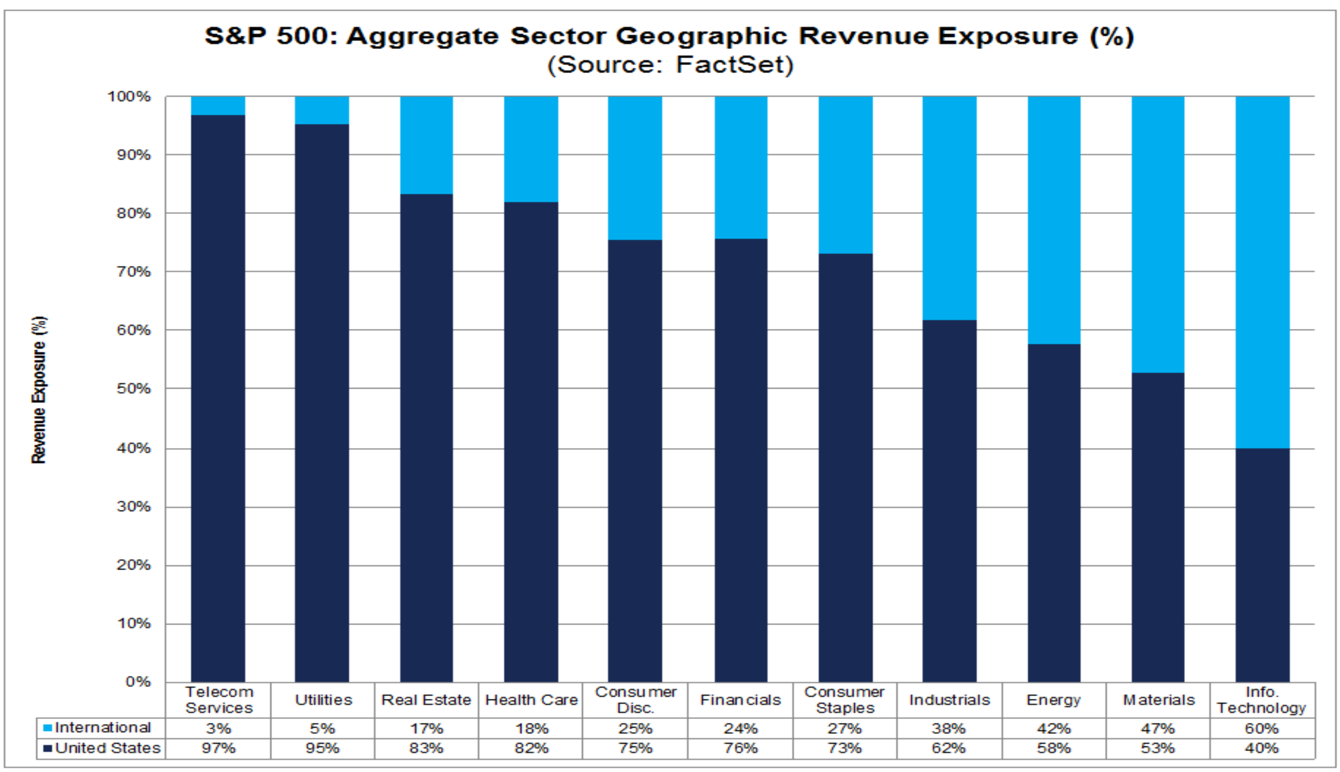
	Energy	Consumer Disc.	Industrials	Financials	S&P 500	Materials	Health Care	Info. Technology	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	14.4%	13.0%	12.6%	10.9%	10.3%	10.2%	9.8%	9.7%	8.5%	6.9%	5.2%	3.2%
31-Dec	18.5%	12.1%	11.9%	11.4%	10.2%	9.7%	9.7%	9.6%	7.8%	6.6%	5.2%	1.2%



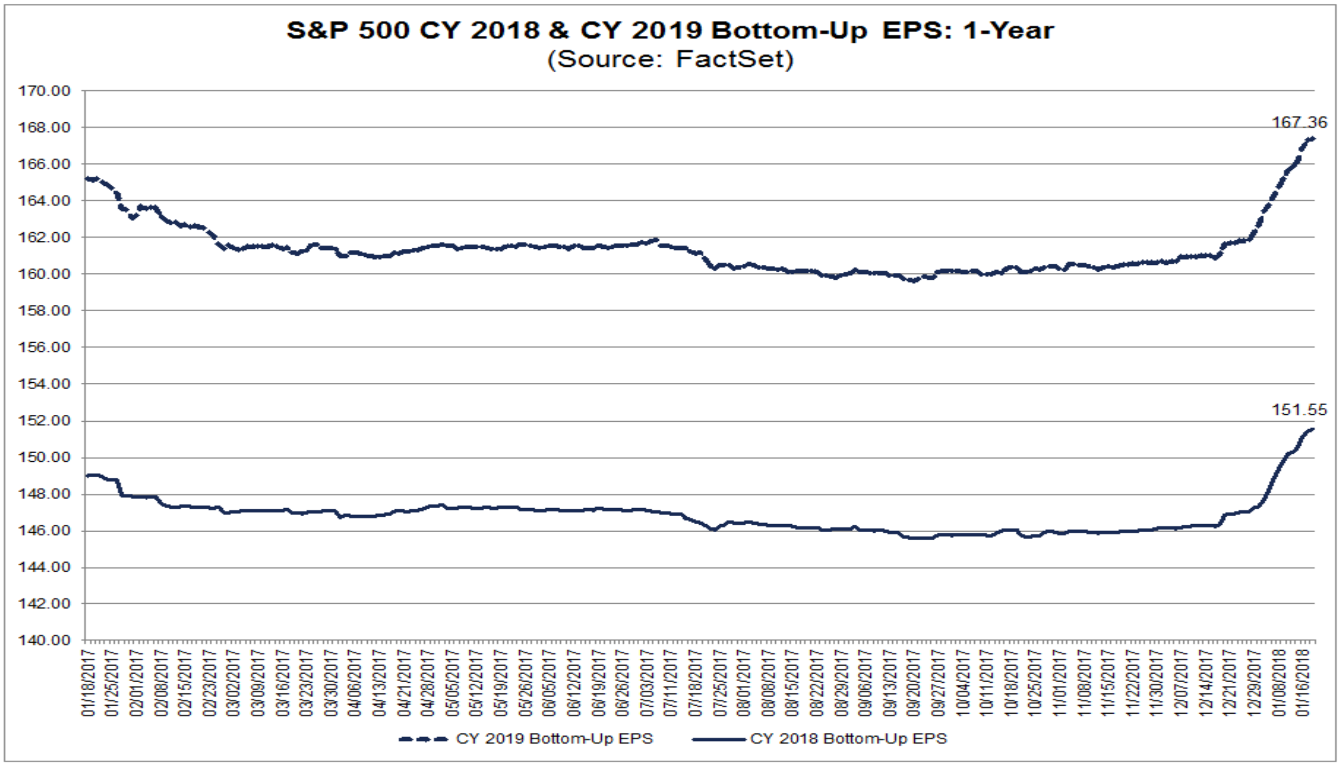
	Info. Technology	Consumer Disc.	Health Care	Real Estate	S&P 500	Industrials	Financials	Consumer Staples	Energy	Materials	Utilities	Telecom Services
Today	6.9%	5.7%	5.5%	5.1%	4.7%	4.6%	4.4%	3.5%	3.3%	3.0%	1.8%	0.1%
31-Dec	6.9%	5.5%	5.5%	5.2%	4.6%	4.5%	4.3%	3.5%	3.2%	3.0%	2.0%	-0.4%

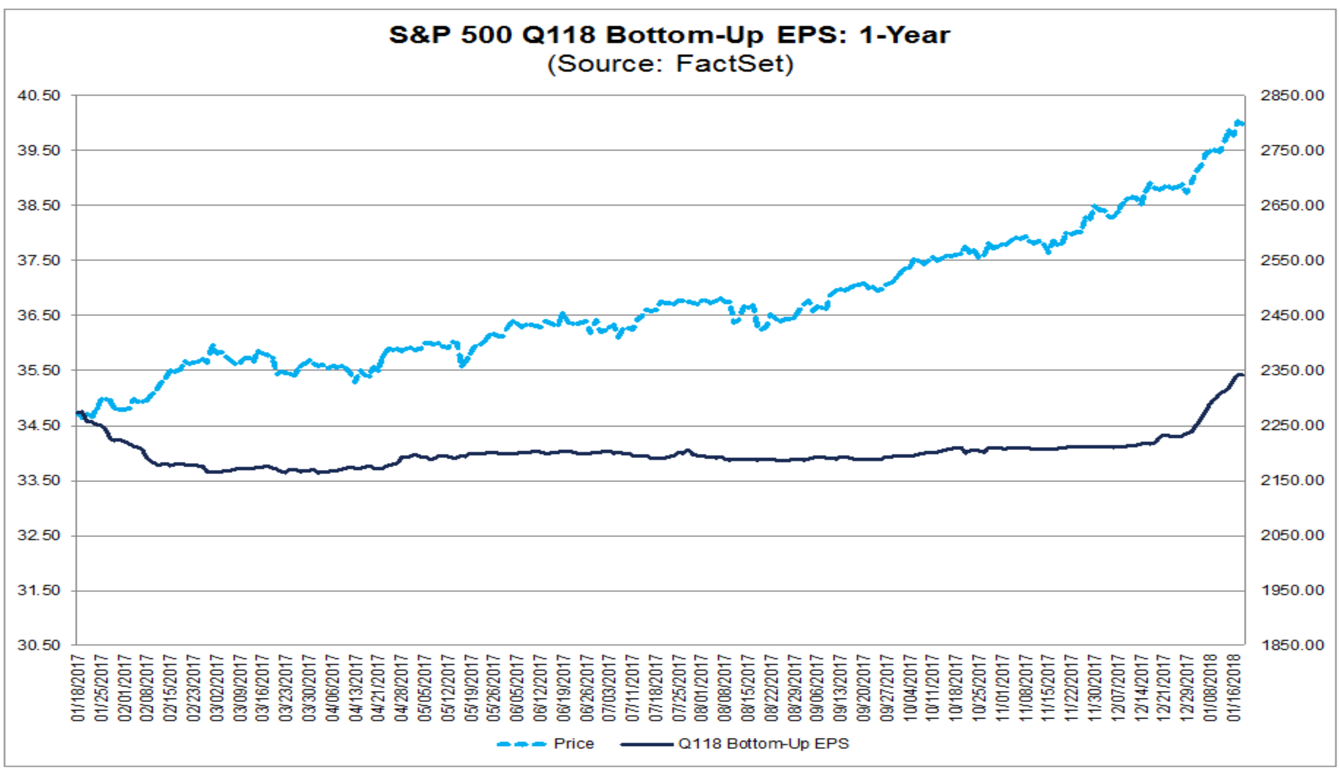
Geographic Revenue Exposure



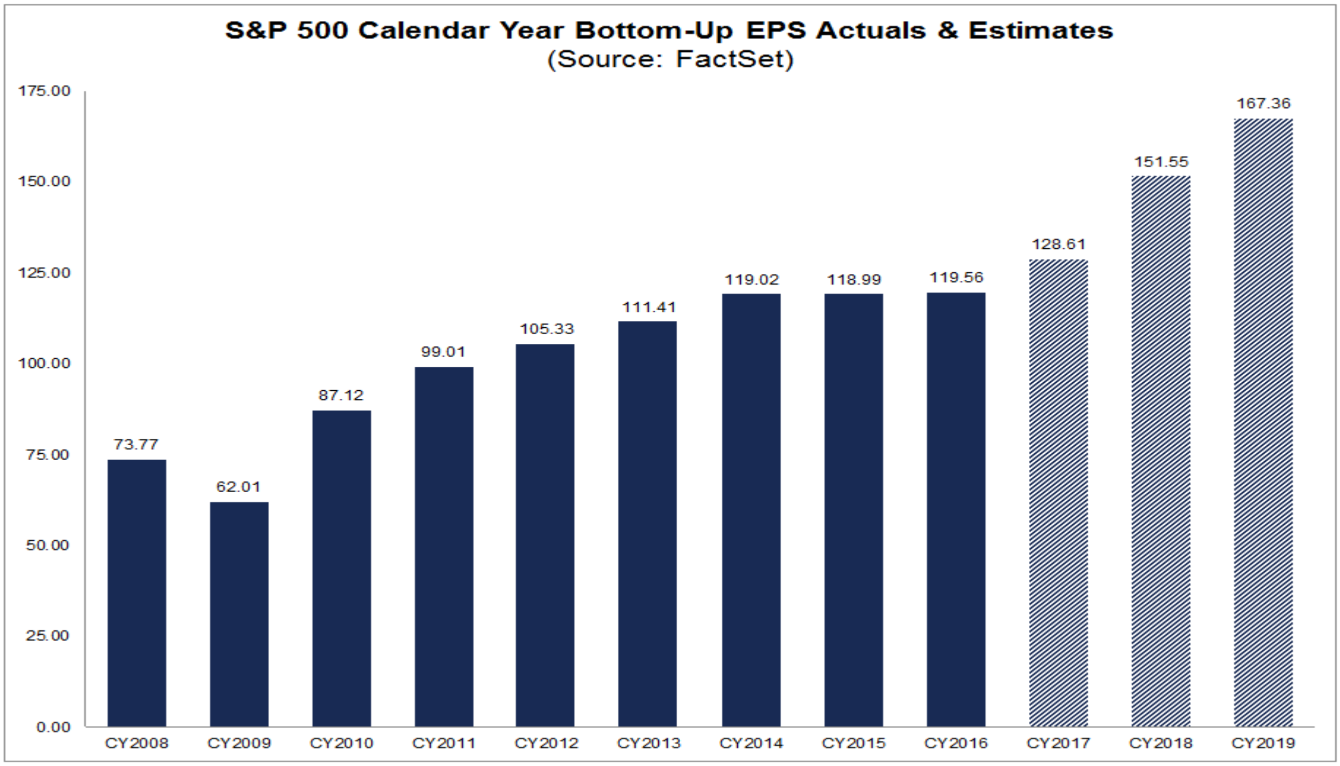


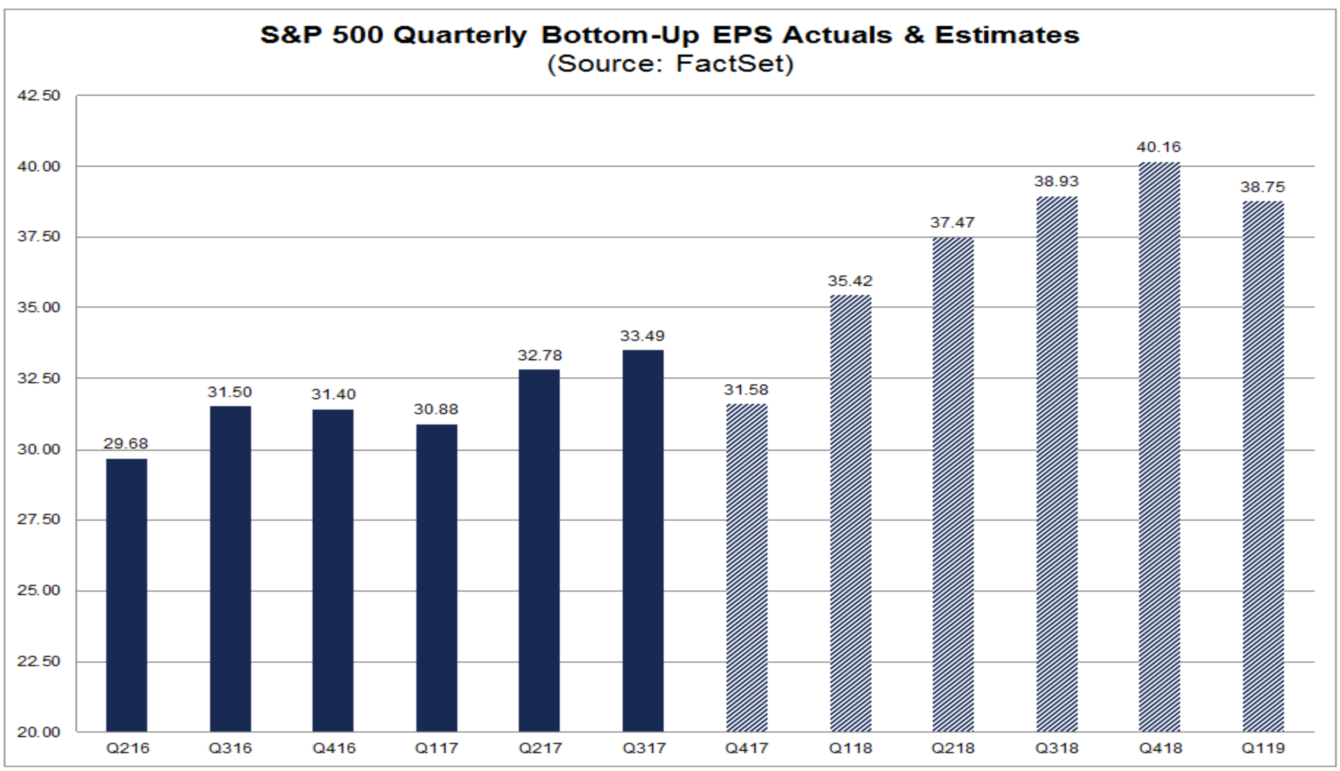
Bottom-up EPS Estimates: Revisions



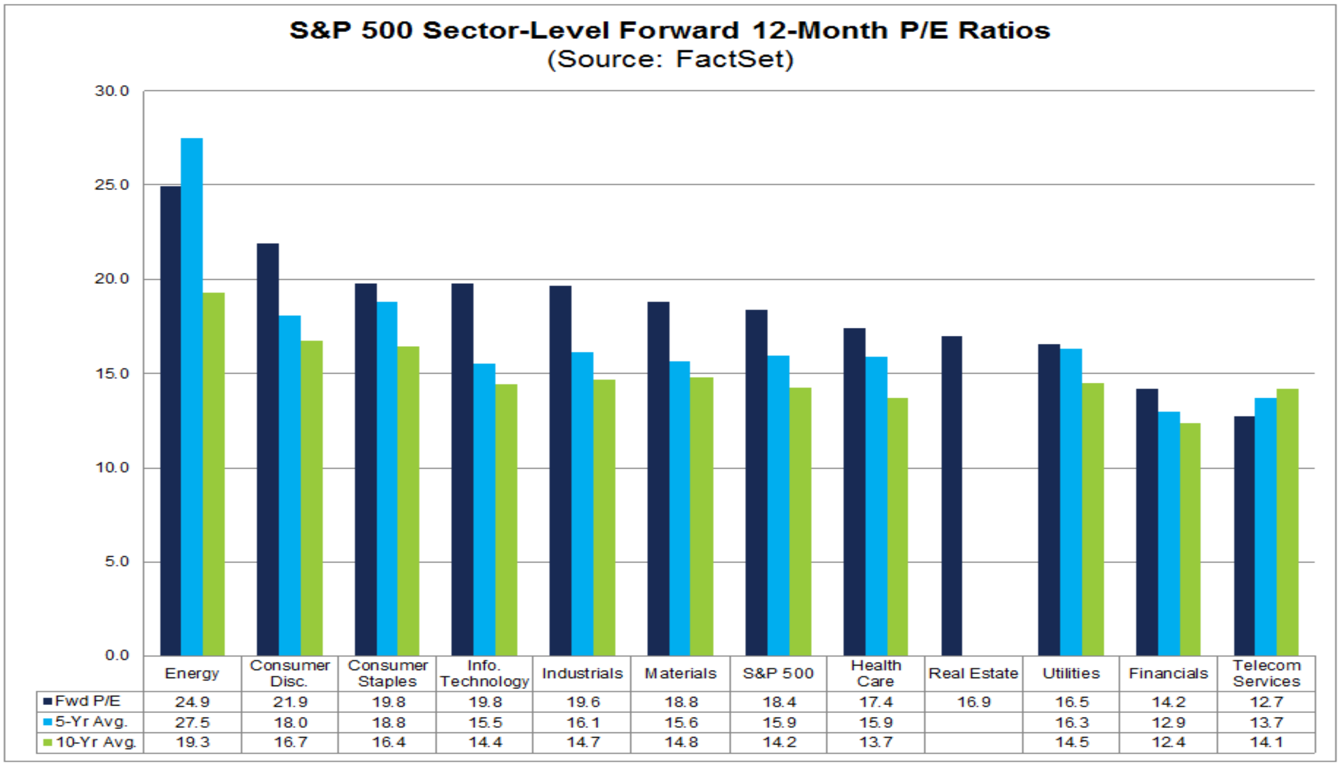


Bottom-up EPS Estimates: Current & Historical

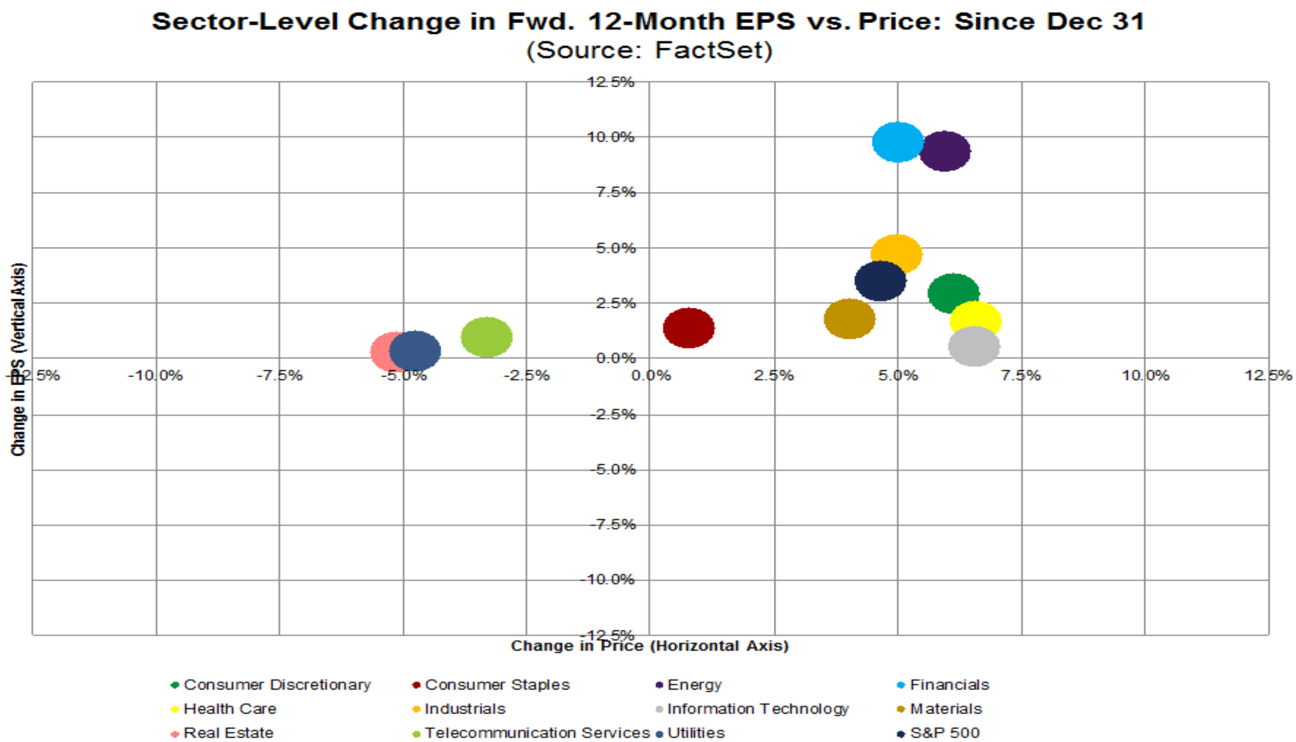




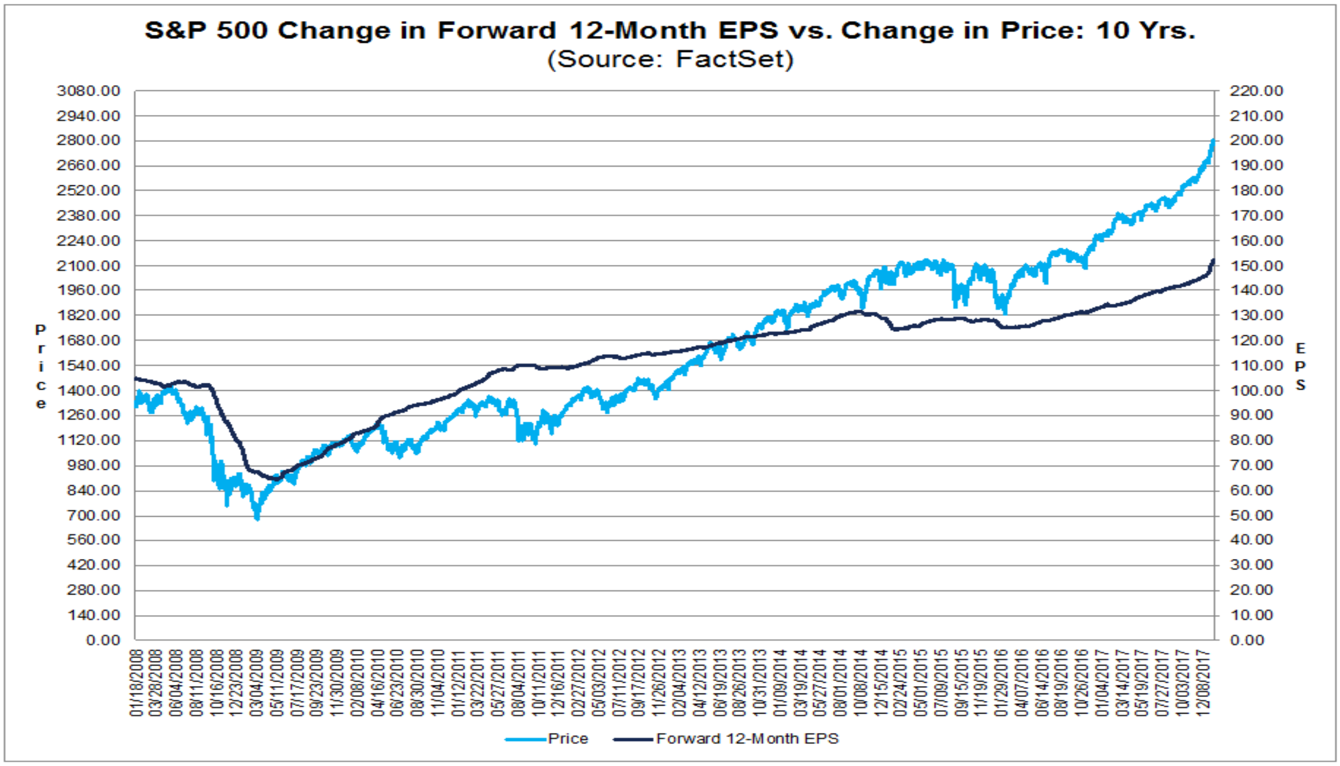
Forward 12M P/E Ratio: Sector Level

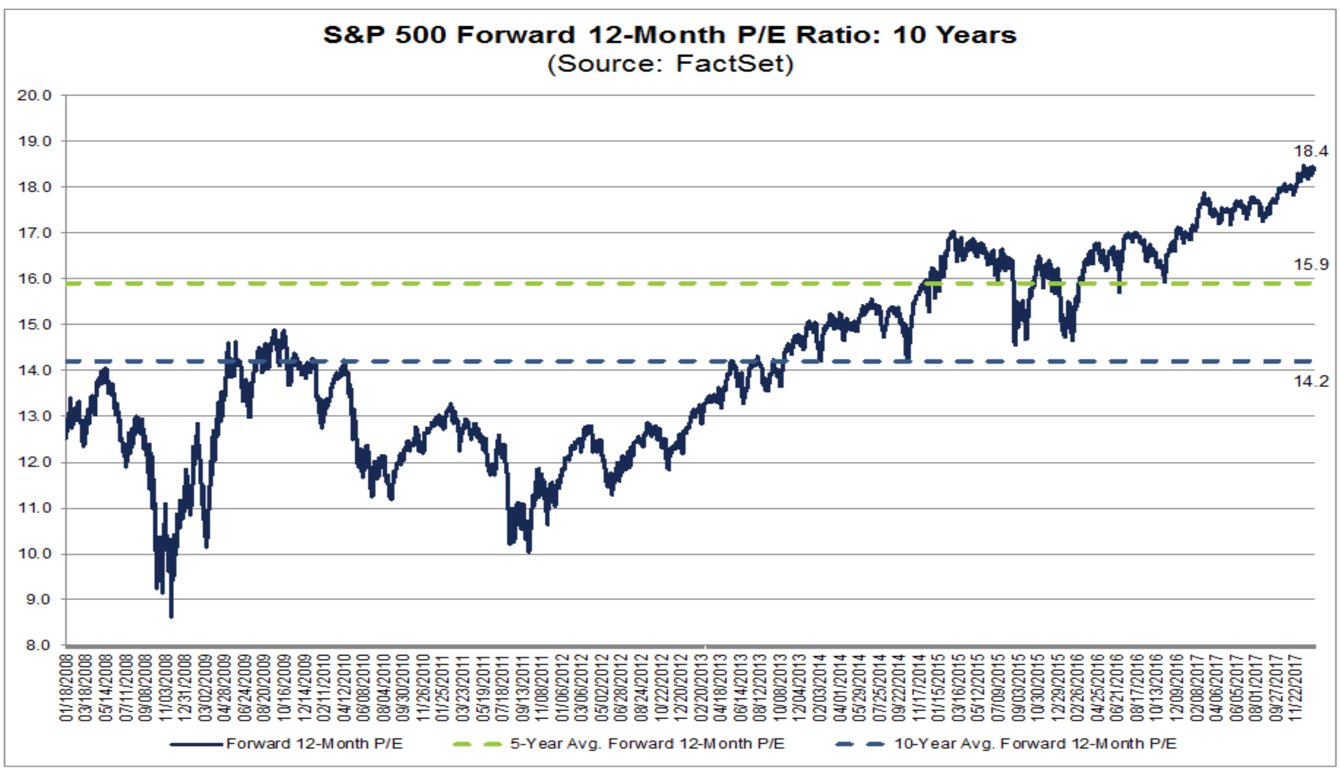


	Energy	Consumer Disc.	Consumer Staples	Info. Technology	Industrials	Materials	S&P 500	Health Care	Real Estate	Utilities	Financials	Telecom Services
Fwd P/E	24.9	21.9	19.8	19.8	19.6	18.8	18.4	17.4	16.9	16.5	14.2	12.7
5-Yr Avg.	27.5	18.0	18.8	15.5	16.1	15.6	15.9	15.9		16.3	12.9	13.7
10-Yr Avg.	19.3	16.7	16.4	14.4	14.7	14.8	14.2	13.7		14.5	12.4	14.1

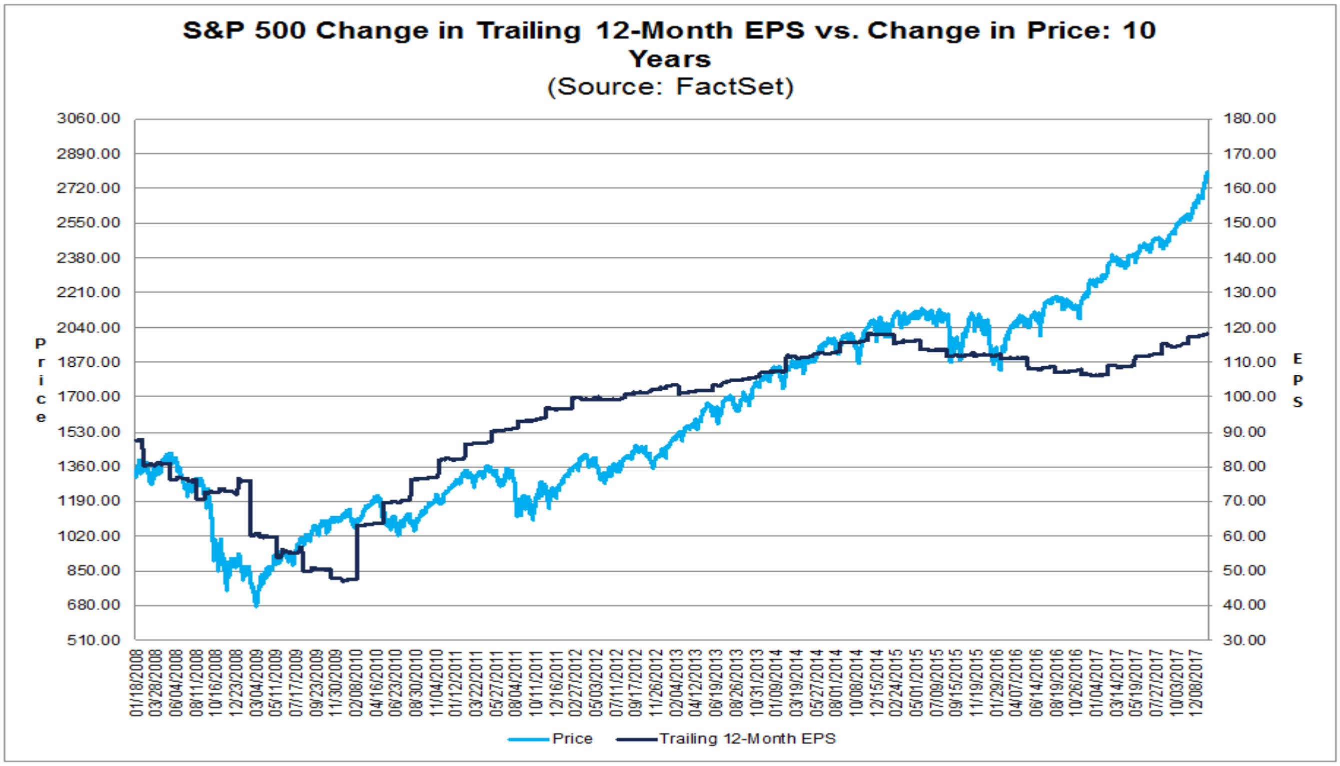


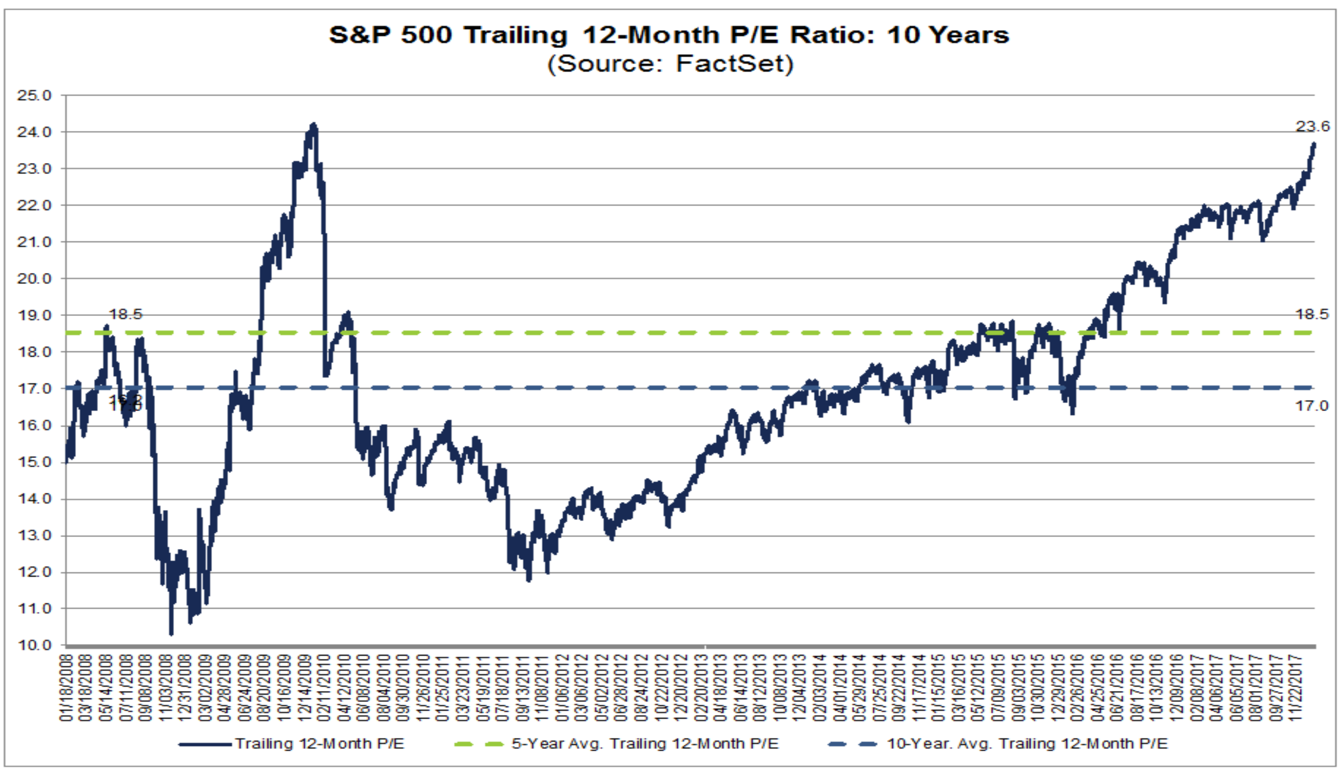
Forward 12M P/E Ratio: Long-Term Averages



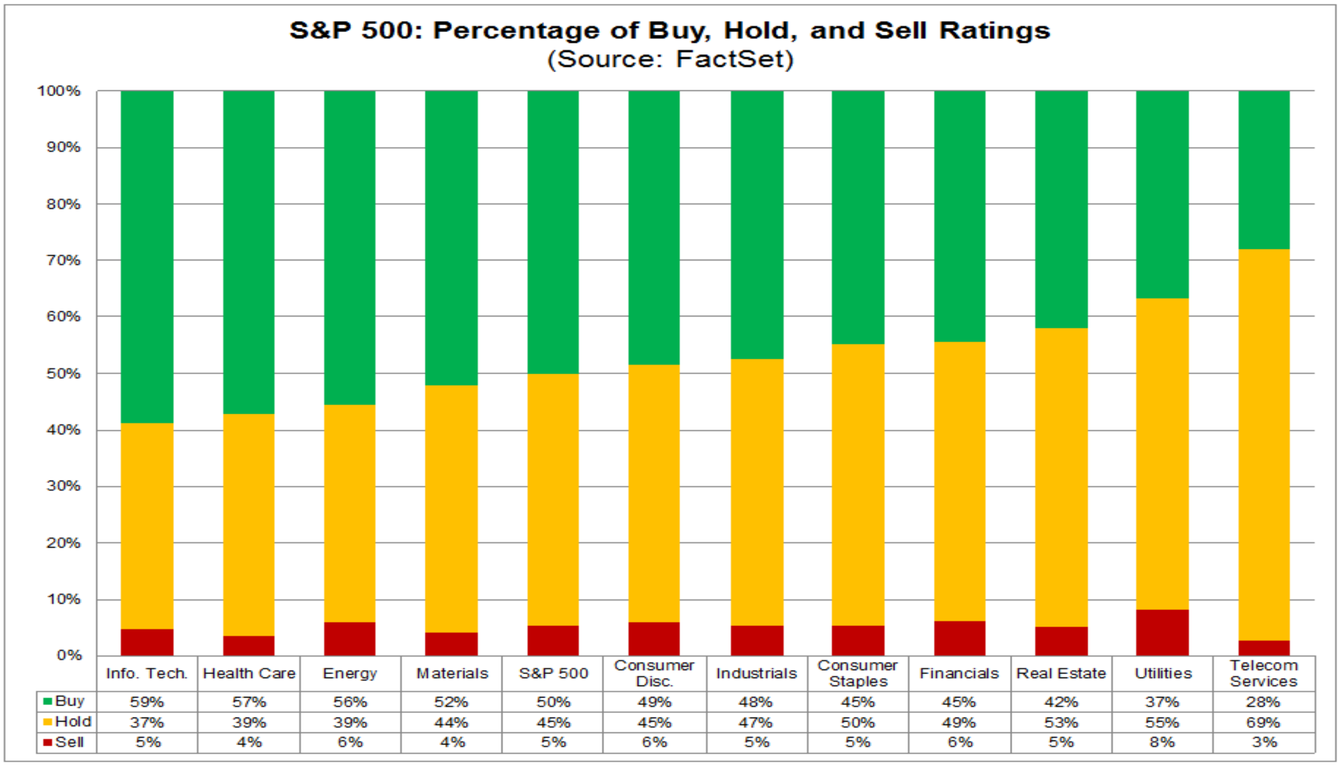


Trailing 12M P/E Ratio: Long-Term Averages

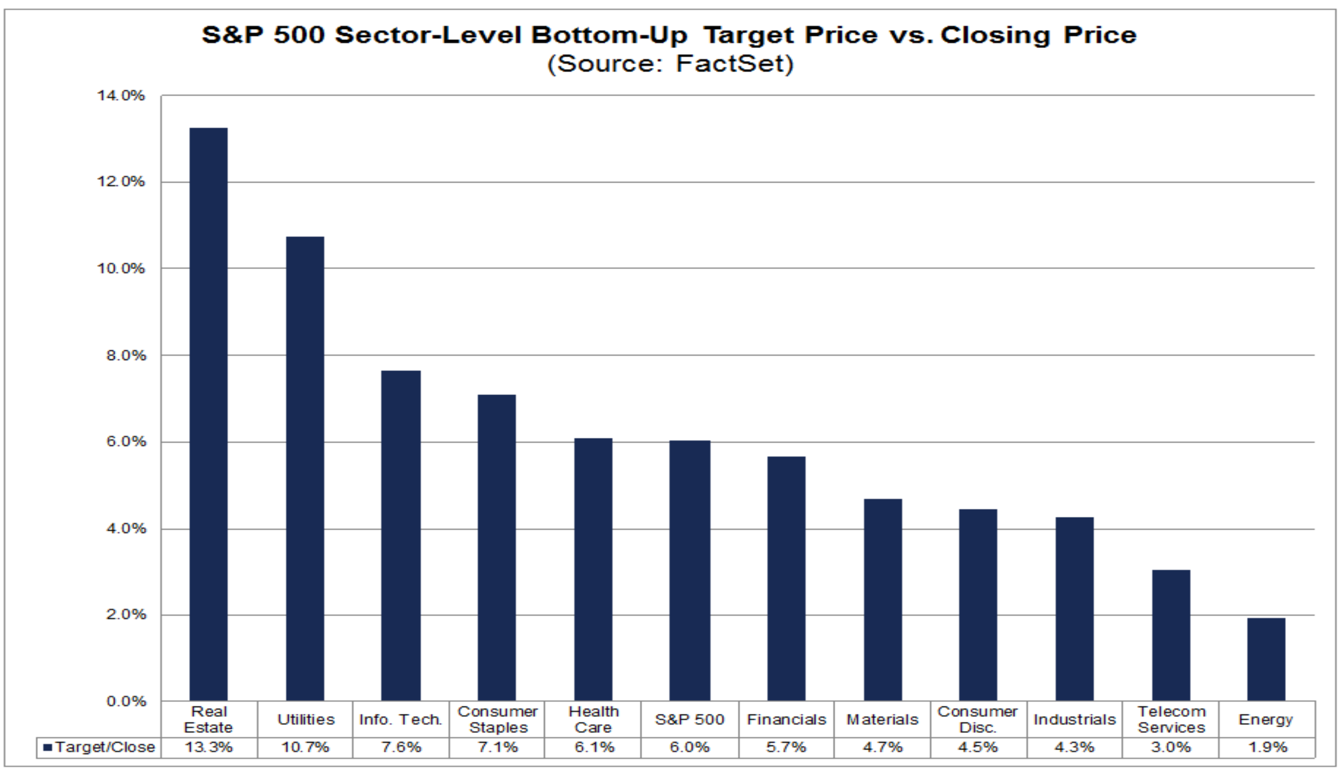




Targets & Ratings



	Info. Tech.	Health Care	Energy	Materials	S&P 500	Consumer Disc.	Industrials	Consumer Staples	Financials	Real Estate	Utilities	Telecom Services
Buy	59%	57%	56%	52%	50%	49%	48%	45%	45%	42%	37%	28%
Hold	37%	39%	39%	44%	45%	45%	47%	50%	49%	53%	55%	69%
Sell	5%	4%	6%	4%	5%	6%	5%	5%	6%	5%	8%	3%



	Real Estate	Utilities	Info. Tech.	Consumer Staples	Health Care	S&P 500	Financials	Materials	Consumer Disc.	Industrials	Telecom Services	Energy
Target/Close	13.3%	10.7%	7.6%	7.1%	6.1%	6.0%	5.7%	4.7%	4.5%	4.3%	3.0%	1.9%

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