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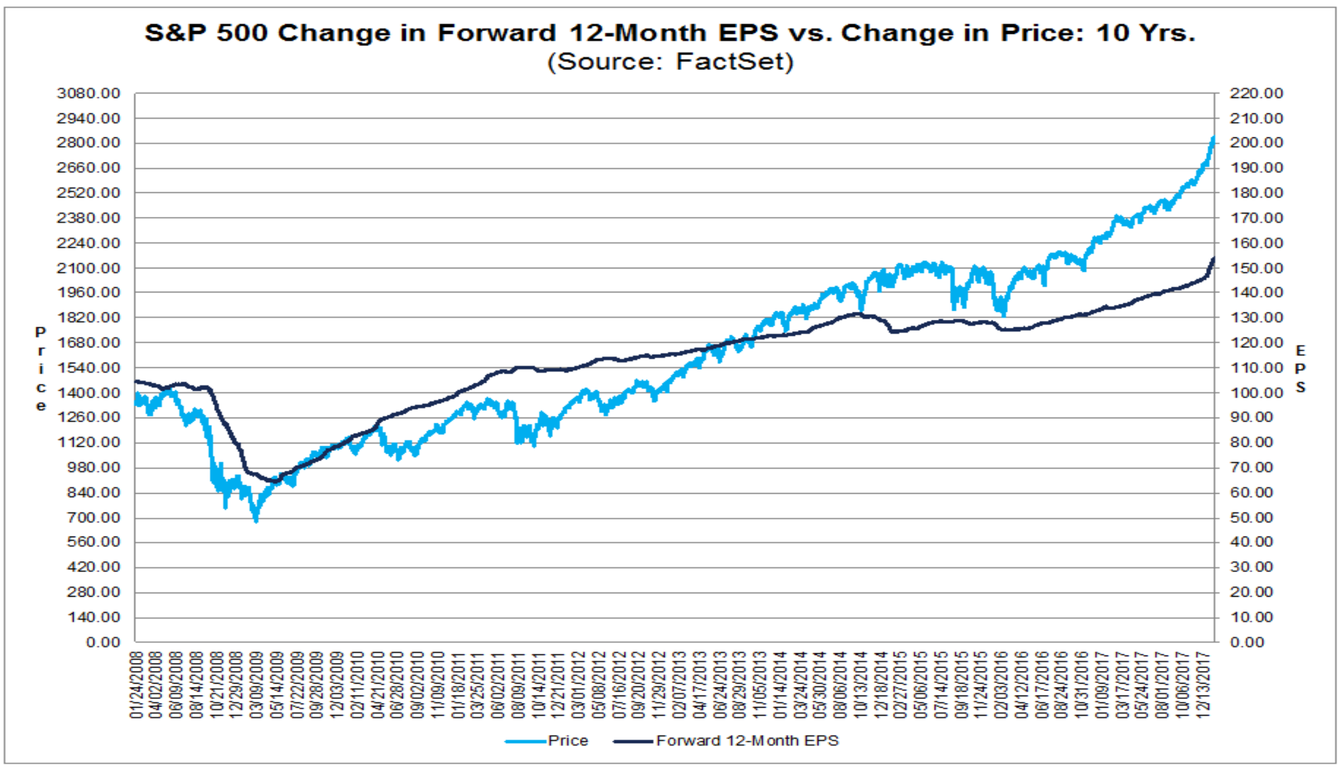
Author's Note: Due to a schedule conflict, the Earnings Insight report is being published one day early this week.

Key Metrics

- **Earnings Scorecard:** For Q4 2017 (with 24% of the companies in the S&P 500 reporting actual results for the quarter), 76% of S&P 500 companies have reported positive EPS surprises and 81% have reported positive sales surprises.
- **Earnings Growth:** For Q4 2017, the blended earnings growth rate for the S&P 500 is 12.0%. All eleven sectors are reporting earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2017 was 11.0%. Eight sectors have higher growth rates today (compared to December 31) due to upward revisions to estimates and positive earnings surprises.
- **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:

Record-High Percentage of S&P 500 Companies Beating Sales Estimates For Q4 To Date

As of today, 24% of the companies in the S&P 500 have reported actual earnings and sales numbers for the fourth quarter. Of these companies, 81% have reported sales above estimates and 19% have reported sales below estimates. How does this 81% number compare to recent averages?

During the past year (4 quarters), 64% of the companies in the S&P 500 have reported sales above the mean estimate on average. During the past five years (20 quarters), 56% of companies in the S&P 500 have reported sales above the mean estimate on average. Thus, the percentage of companies reporting sales above estimates to date for Q4 2017 is running well above both the trailing 1-year average and the trailing 5-year average.

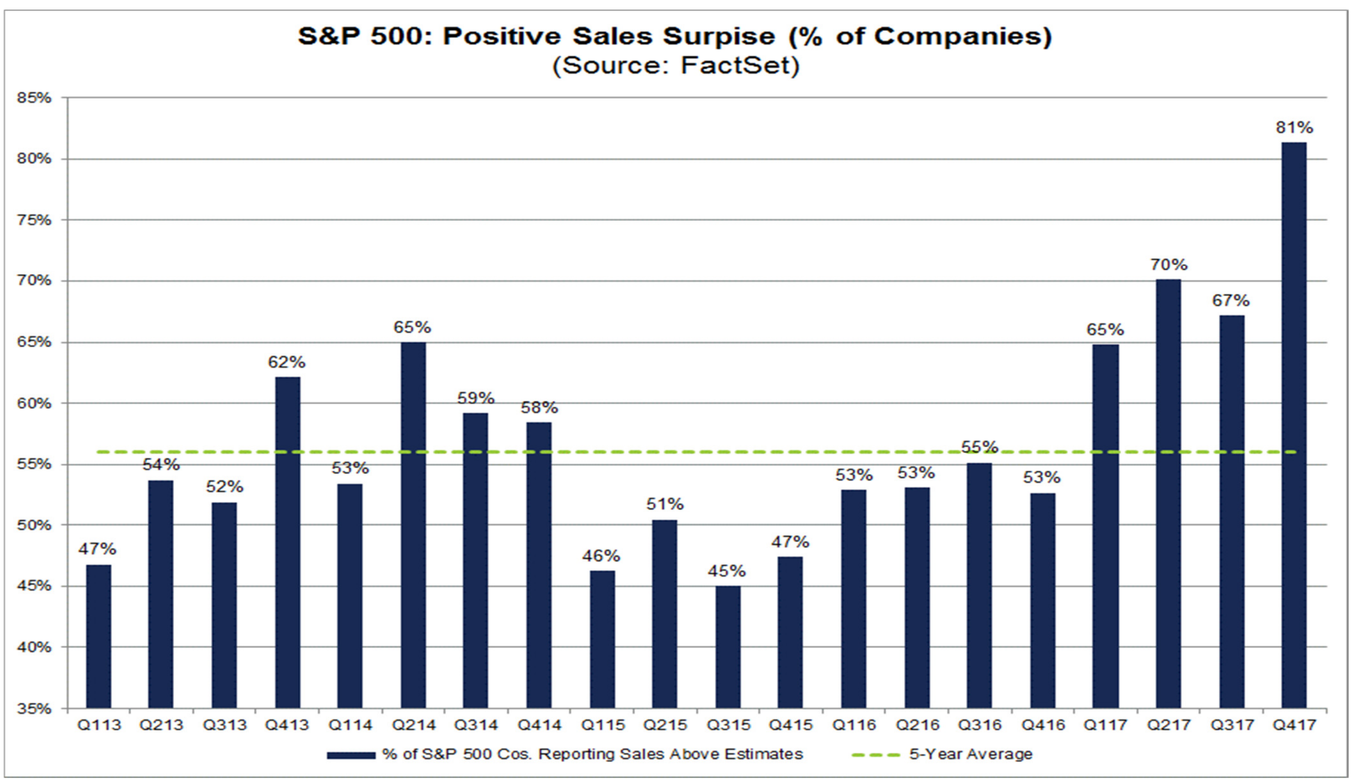
If 81% is the final percentage for the quarter, it will mark the highest percentage of companies reporting sales above estimates for a quarter since FactSet began tracking the data in Q3 2008. The current record for the highest percentage for a quarter is 72%, set in Q2 2011.

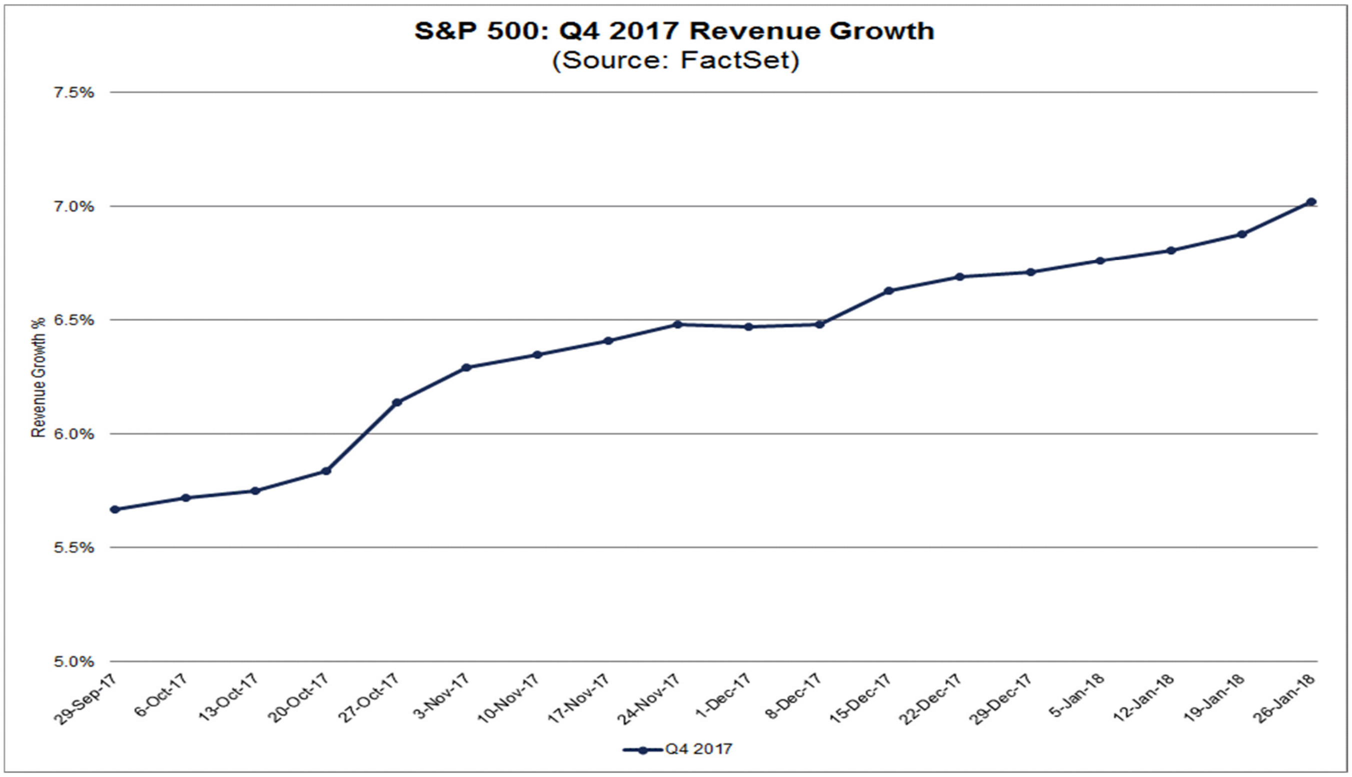
Seven of the eleven sectors have more than 90% of companies reporting revenues above estimates to date, led by the Energy (100%), Health Care (100%), Real Estate (100%), Telecom Services (100%), and Utilities sectors.

Companies are also beating revenue estimates by wider margins than average for the fourth quarter. In aggregate, companies are reporting actual sales that are 1.1% above expectations. This percentage is above the trailing 1- year average (+0.8%) and the trailing 5-year average (+0.6%).

At the sector level, the Real Estate (6.6%) and Consumer Discretionary (+3.3%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales.

It is interesting to note that companies are beating an even higher bar for estimates now relative to expectations at the start of the quarter, as revenue estimates in aggregate actually increased during the fourth quarter. On September 30, the estimated revenue growth rate for Q4 was 5.7%. By December 31, it was 6.7%. Because of the number and magnitude of these upside surprises (and continued upward revisions to revenue estimates after the end of the quarter), the blended revenue growth rate for the quarter has increased to 7.0% today.




S&P 500: Q4 2017 Revenue Growth
(Source: FactSet)
Revenue Growth %
7.5%
7.0%
6.5%
6.0%
5.5%
5.0%
29-Sep-17
6-Oct-17
13-Oct-17
20-Oct-17
27-Oct-17
3-Nov-17
10-Nov-17
17-Nov-17
24-Nov-17
1-Dec-17
8-Dec-17
15-Dec-17
22-Dec-17
29-Dec-17
5-Jan-18
12-Jan-18
19-Jan-18
26-Jan-18
Q4 2017

Q4 2017 Earnings Season: By the Numbers

Author's Note: In last week's report and article, we noted that the blended earnings growth rate for the S&P 500 for Q4 had dropped to -0.2% from 10.0% during the week. We stated that the decline in earnings growth was mainly due to the large negative earnings surprise reported by Citigroup, due to the inclusion of charges related to the recently passed tax law in the actual EPS number reported by the company. Upon reviewing notes from analysts after the earnings release for Citigroup, FactSet determined that the majority of analysts were excluding the tax law charges from their EPS estimates for the company. As a result, the actual EPS number for Citigroup was changed (after the publication of last week's report) from -$7.15 (including the tax law charges and expenses) to $1.28 (excluding the tax law charges and expenses). In addition to Citigroup, FactSet reviewed the basis of EPS estimates and revised the actual EPS numbers of other companies in the Financials sector that reported results last week to reflect the exclusion of charges and gains related to the tax law.

As a result of these changes, the blended earnings growth rate for the Financials sector for Q4 last Friday was 13.1% (not -57.1% as published last week), and the blended earnings growth rate for the S&P 500 was 11.7% (not -0.2% as published last week). These growth rate numbers will be the growth rate numbers for last week referenced in the remainder of today's report and article.

Overview:

To date, 24% of the companies in the S&P 500 have reported actual results for Q4 2017. In terms of earnings, more companies are reporting actual EPS above estimates (76%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 4.5% above the estimates, which is also above the 5-year average. In terms of sales, more companies (81%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 1.1% 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 growth rate for the fourth quarter is 12.0% today, which is above the earnings growth rate of 11.7% last week. Positive earnings surprises reported by companies in multiple sectors were responsible for the small increase in the earnings growth rate for the index during the past week. All eleven sectors are reporting year-over-year earnings growth. Five of these sectors are reporting double-digit earnings growth: Energy, Materials, Information Technology, Financials, and Utilities. On the other hand, the Telecom Services sector is reporting the lowest year-over-year earnings growth.

The blended sales growth rate for the fourth quarter is 7.0% today, which is slightly above the sales growth rate of 6.9% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the small uptick in the revenue growth rate for the index during the week. All eleven sectors are reporting 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, 125 S&P 500 companies (including ten Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating EPS & Sales Estimates

Percentage of Companies Beating EPS Estimates (76%) is Above 5-Year Average

Overall, 24% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 8% have reported actual EPS equal to the mean EPS estimate, and 16% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (72%) average and above the 5-year (69%) average.

At the sector level, the Energy (100%) and Utilities (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (0%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+4.5%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 4.5% above expectations. This surprise percentage is below the 1-year (+4.6%) average but above the 5-year (+4.3%) average.

The Energy (+13.1%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. On the other hand, the Telecom Services sector (-2.2%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings.

Market Rewarding Earnings Beats and Not Punishing Earnings Misses

To date, the market is rewarding positive earnings surprises more than average and punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q4 2017 have seen an average price increase of 1.4% two days before the earnings release through two days after the earnings. This percentage increase is above 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 -0.1% 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 (81%) is Above 5-Year Average

In terms of revenues, 81% of companies have reported actual sales above estimated sales and 19% 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 Energy (100%), Health Care (100%), Real Estate (100%), Telecom Services (100%), and Utilities (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Financials (67%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.1%) is Above 5-Year Average

In aggregate, companies are reporting sales that are 1.1% above expectations. This surprise percentage is above the 1-year (+0.8%) average and above the 5-year (+0.6%) average.

The Real Estate (+6.6%) and Consumer Discretionary (+3.3%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Financials (-0.2%) sector is reporting the largest aggregate downside differences between actual sales and estimated sales.

Increase in Blended Earnings Growth This Week

Increase in Blended Earnings Growth This Week

The blended earnings growth rate for the fourth quarter is 12.0% today, which is higher than the earnings growth rate of 11.7% last week. Positive earnings surprises reported by companies in multiple sectors were responsible for the small increase in the earnings growth rate for the index during the past week.

Increase in Blended Revenue Growth This Week

The blended sales growth rate for the third quarter is 7.0% today, which is slightly above the sales growth rate of 6.9% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the small uptick in the revenue growth rate for the index during the week.

Energy Sector Has Seen Largest Increase in Earnings Growth since December 31

The blended earnings growth rate for Q4 2017 of 12.0% is above the estimate of 11.0% at the end of the fourth quarter (December 31). Eight 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 139.1% from 132.0%) sector. Three sectors have recorded a decrease in earnings growth during this time due to downward revisions to estimates and negative earnings surprises: Telecom Services (to 0.5% from 1.1%), Consumer Discretionary (to 1.5% from 2.0%), and Information Technology (to 16.1% from 16.5%).

Materials Sector Has Seen Largest Increase in Revenue Growth since December 31

The blended sales growth rate for Q4 2017 of 7.0% is larger than the estimate of 6.7% at the end of the fourth quarter (December 31). Eight 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 Materials (to 17.7% from 16.7%) sector. Two sectors have recorded a decrease in sales growth during this time due to downward revisions to estimates and downside revenue surprises: Financials (to 2.2% from 2.4%) and Utilities (to 6.3% from 6.4%). One sector (Consumer Staples) has recorded no change in sales growth (4.4%) since December 31.

Earnings Growth: 12.0%

The blended (year-over-year) earnings growth rate for Q4 2017 is 12.0%. 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 reporting year-over-year growth in earnings. Five of these sectors are reporting double-digit earnings growth: Energy, Materials, Information Technology, Financials, and Utilities. On the other hand, the Telecom Services sector is reporting the lowest year-over-year earnings growth 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 139.1%. 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 (255%), Oil & Gas Refining & Marketing (144%), Integrated Oil & Gas (74%), 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 blended earnings growth rate for the remaining ten sectors would decrease to 9.5% from 12.0%.

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 29.9%. 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 (92%), Containers & Packaging (33%), and Chemicals (22%).

Information Technology: Internet Software & Semiconductor 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, all seven industries in this sector are reporting or are predicted to report earnings growth. Four industries are reporting or are predicted to report double-digit earnings growth: Internet Software & Services (33%), Semiconductor & Semiconductor Equipment (30%), IT Services (13%), and Technology Hardware, Storage, & Peripherals (11%).

Financials: AIG Leads Growth on Easy Comparison to Year-Ago Loss

The Financials sector is reporting the fourth highest (year-over-year) earnings growth of all eleven sectors at 14.6%. At the industry level, all five industries in this sector are reporting or are predicted to report growth in earnings. Four industries are reporting double-digit earnings growth: Insurance (36%), Consumer Finance (15%), Banks (11%), and Capital Markets (10%). At the company level, AIG is expected to be the largest contributor to earnings growth for the sector, mainly due to an easy comparison to a substantial loss in the year-ago quarter. The mean EPS estimate for AIG for Q4 2017 is \$0.75, compared to actual EPS of -\$2.72 for Q4 2016. In the company's earnings release for Q4 2016, AIG noted, *"The fourth quarter included a \$5.6 billion or (\$3.56) per share impact from prior year adverse reserve development."* If AIG were excluded, the blended earnings growth rate for the Financials sector would decline to 6.7% from 14.6%.

Utilities: NRG Energy and Southern Company Lead Growth

The Utilities sector is reporting the fifth 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 \$0.27, 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 blended earnings growth rate for the Utilities sector would fall to 4.9% from 12.4%.

Revenue Growth: 7.0%

The blended (year-over-year) revenue growth rate for Q4 2017 is 7.0%. All eleven sectors are reporting year-over-year growth in revenues. Three sectors are reporting 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 (along with Materials sector) 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 (53%), Oil & Gas Equipment & Services (35%), Integrated Oil & Gas (19%), Oil & Gas Refining & Marketing (16%), Oil & Gas Storage & Transportation (9%), 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 highest (year-over-year) revenue growth (along with the Energy sector) of all eleven sectors at 17.7%. At the industry level, all four industries in this sector are reporting or are expected to report revenue growth, led by the Chemicals (23%) and Metals & Mining (17%) 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 10.8% from 17.7%.

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 11.4%. At the industry level, all seven industries in this sector are reporting or are predicted to report revenue growth. Four of these seven industries are reporting or are projected to report double-digit revenue growth: Internet Software & Services (23%), Semiconductor & Semiconductor Equipment (16%), IT Services (15%), and Electronic Equipment, Instruments, and Components (11%).

Telecom Services: AT&T Largest Detractor to Revenue Growth

On the other hand, the Telecom Services sector is reporting the lowest (year-over-year) revenue growth of all eleven sectors at 2.2%. 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 3.1%. 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 reporting 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, 17 companies in the index have issued EPS guidance for Q1 2018. Of these 17 companies, 6 have issued negative EPS guidance and 11 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 35% (6 out of 17), which is below the 5-year average of 74%.

Double-Digit Earnings Growth Expected to Continue in 2018

For the fourth quarter, companies are reporting earnings growth of 12.0% and revenue growth of 7.0%. 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 16.0% and revenue growth of 7.1%.

For Q2 2018, analysts are projecting earnings growth of 16.0% and revenue growth of 7.2%.

For Q3 2018, analysts are projecting earnings growth of 17.3% 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 16.3% 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 6.1%, while the forward 12-month EPS estimate has increased by 4.8%.

At the sector level, the Energy (24.1) sector has the highest forward 12-month P/E ratio, while the Telecom Services (12.1) 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 Information Technology (19.8 vs. 14.4), Industrials (19.5 vs. 14.7), and Consumer Discretionary (22.1 vs. 16.7) 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

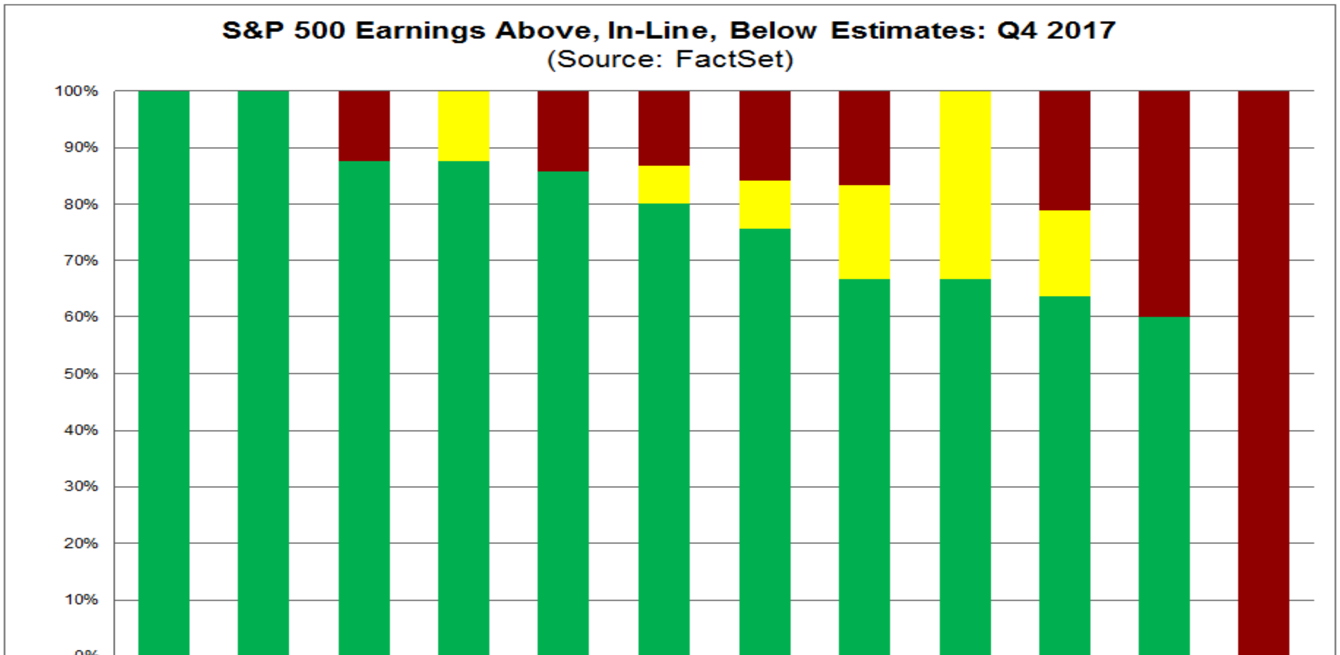
The bottom-up target price for the S&P 500 is 3001.27, which is 5.8% above the closing price of 2837.54. At the sector level, the Real Estate (+9.9%) and Utilities (+9.7%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Consumer Discretionary (+3.2%) and Energy (+3.6%) sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 11,151 ratings on stocks in the S&P 500. Of these 11,151 ratings, 50.2% 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 (29%) and Utilities (37%) sectors have the lowest percentages of Buy ratings.

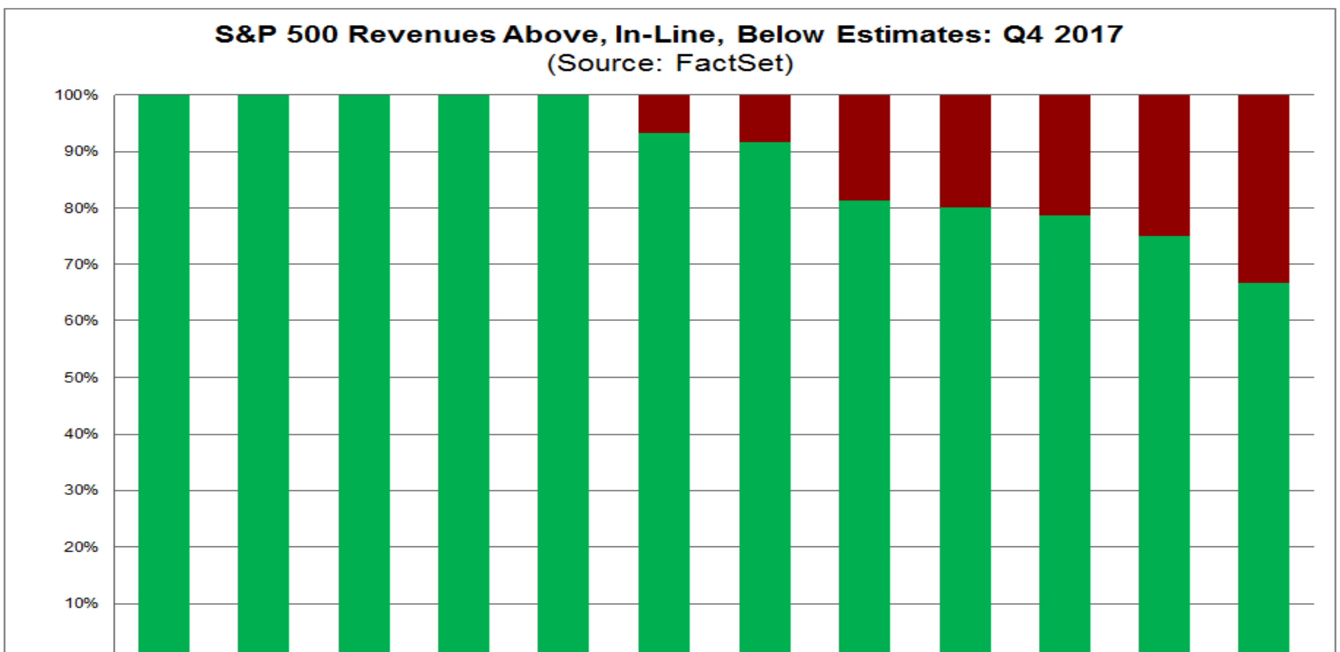
Companies Reporting Next Week: 125

During the upcoming week, 125 S&P 500 companies (including 10 Dow 30 components) are scheduled to report results for the fourth quarter.

Q4 2017: Scorecard

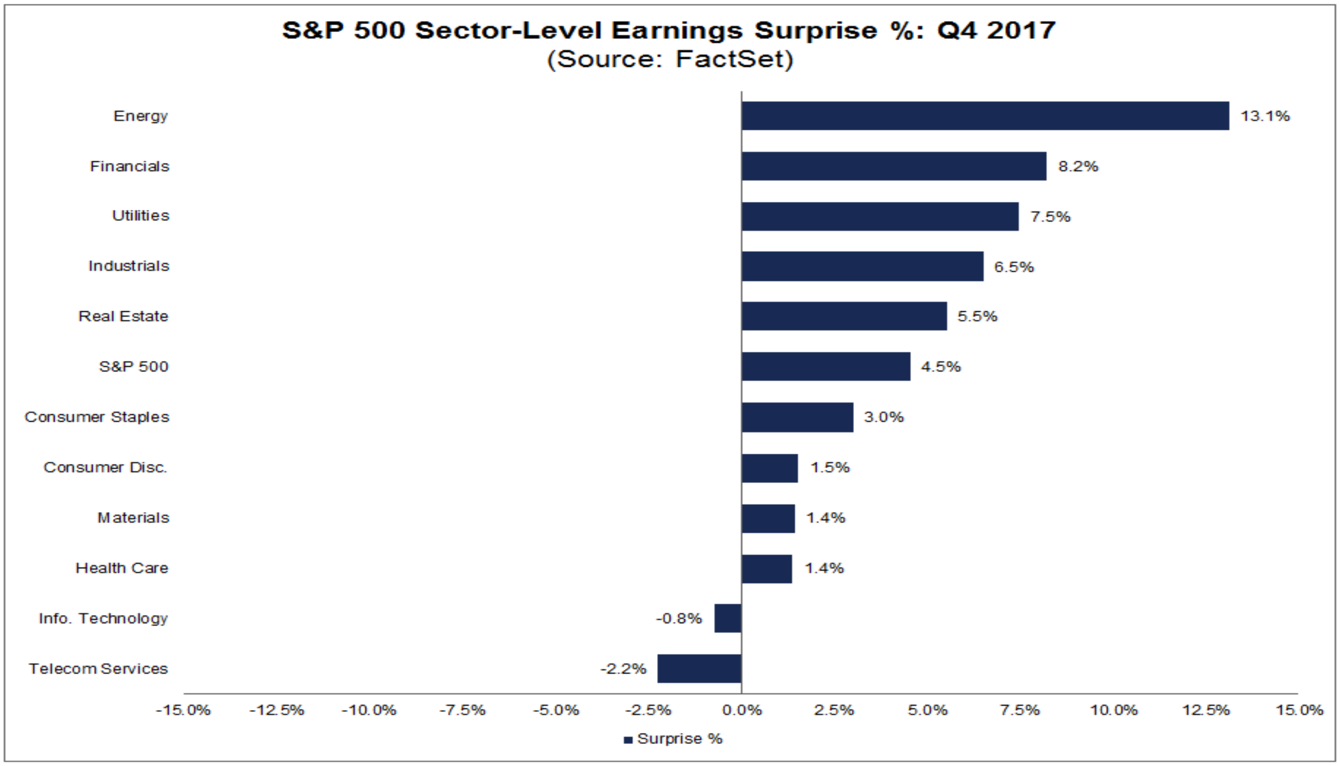


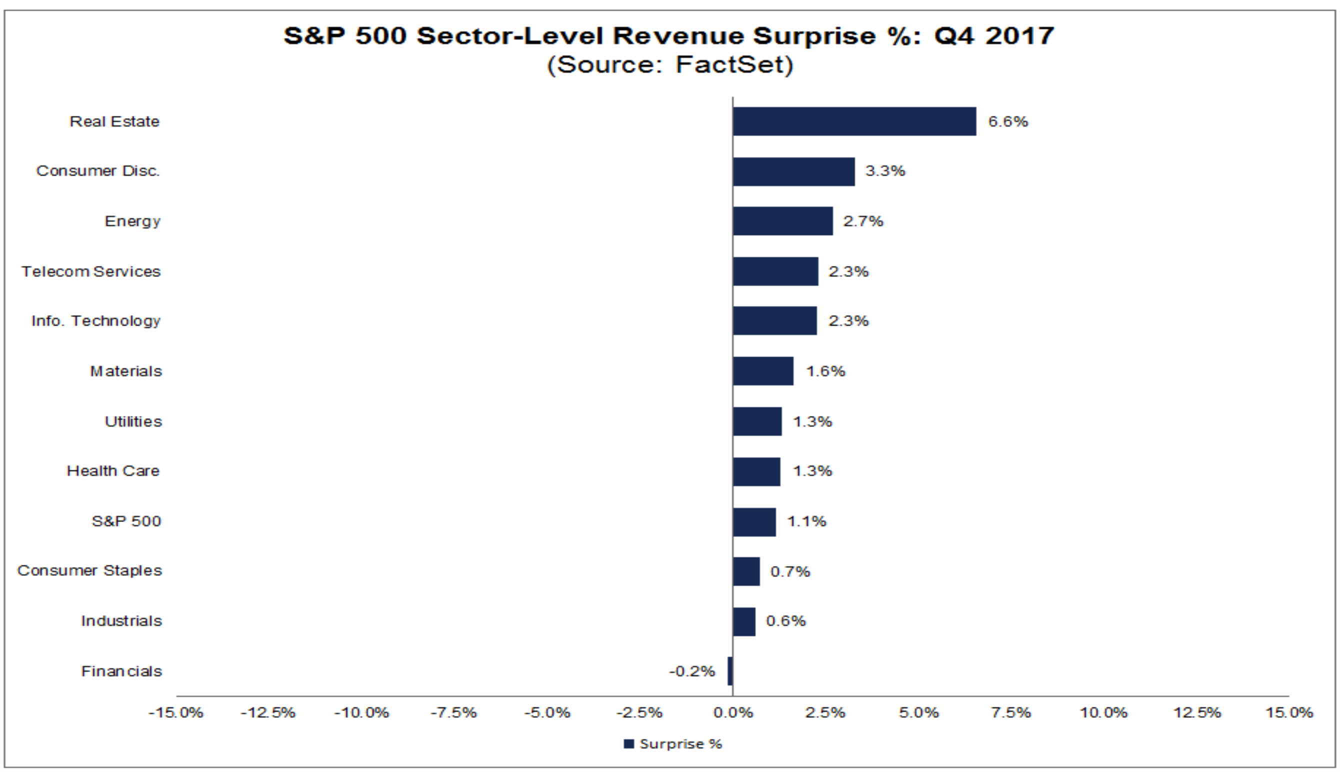
	Energy	Utilities	Health Care	Consumer Staples	Industrials	Info. Technology	S&P 500	Consumer Disc.	Real Estate	Financials	Materials	Telecom Services
Below	0%	0%	13%	0%	14%	13%	16%	17%	0%	21%	40%	100%
In-Line	0%	0%	0%	13%	0%	7%	8%	17%	33%	15%	0%	0%
Above	100%	100%	88%	88%	86%	80%	76%	67%	67%	64%	60%	0%



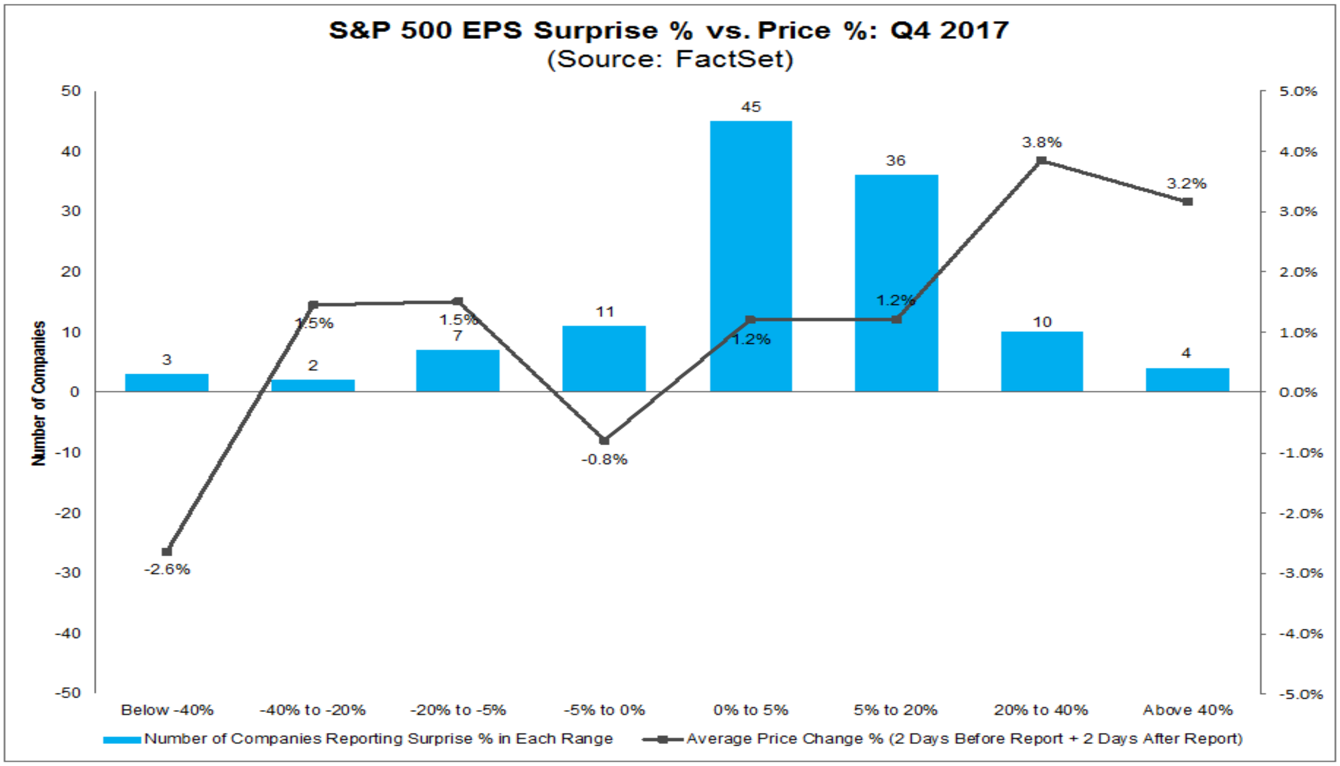
	Energy	Health Care	Real Estate	Telecom Services	Utilities	Info. Technology	Consumer Disc.	S&P 500	Materials	Industrials	Consumer Staples	Financials
Below	0%	0%	0%	0%	0%	7%	8%	19%	20%	21%	25%	33%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	100%	100%	93%	92%	81%	80%	79%	75%	67%

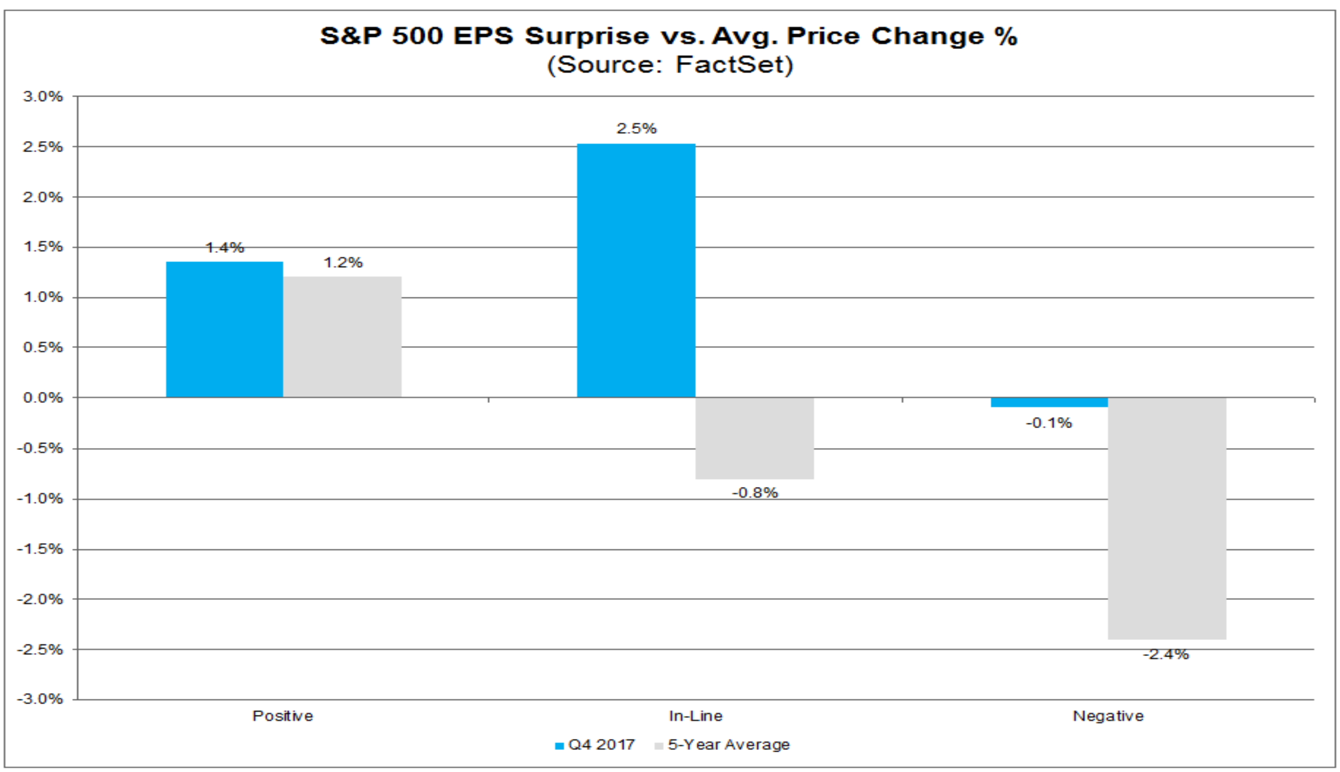
Q4 2017: Scorecard



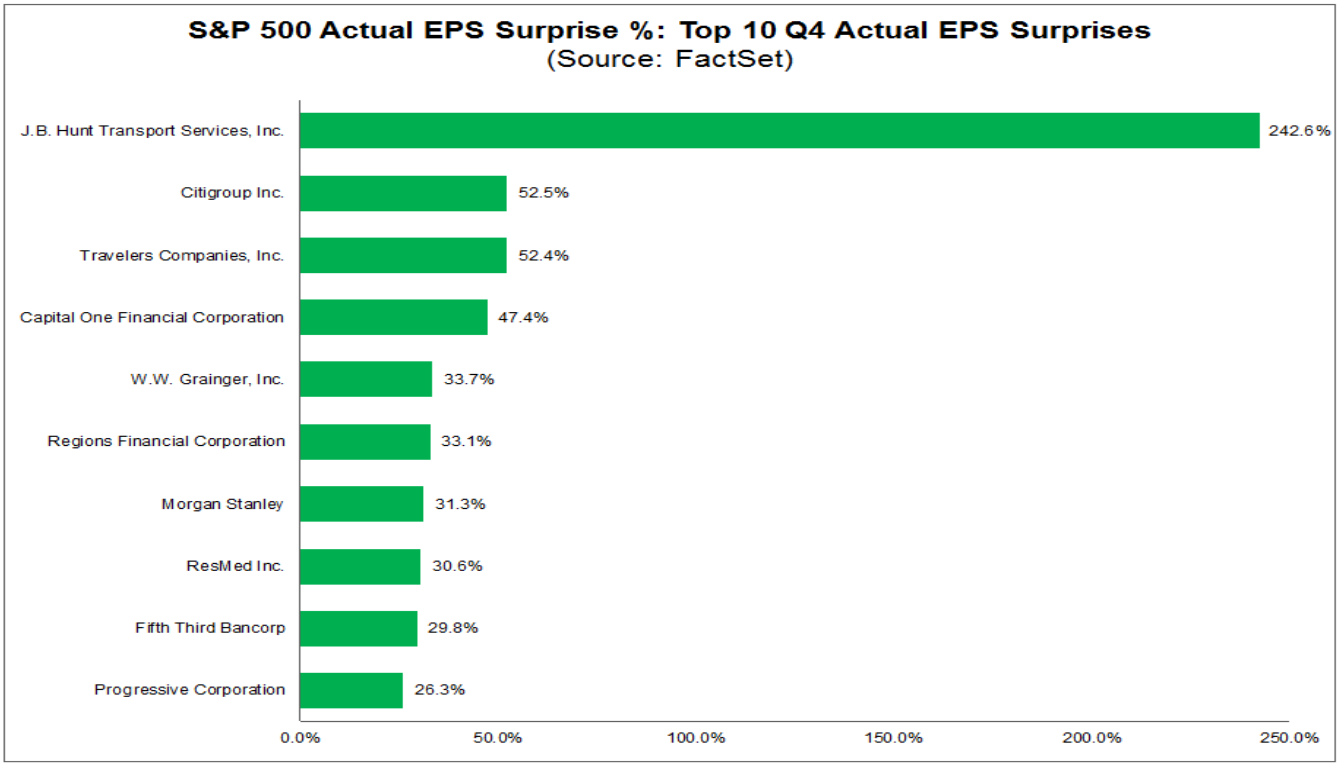


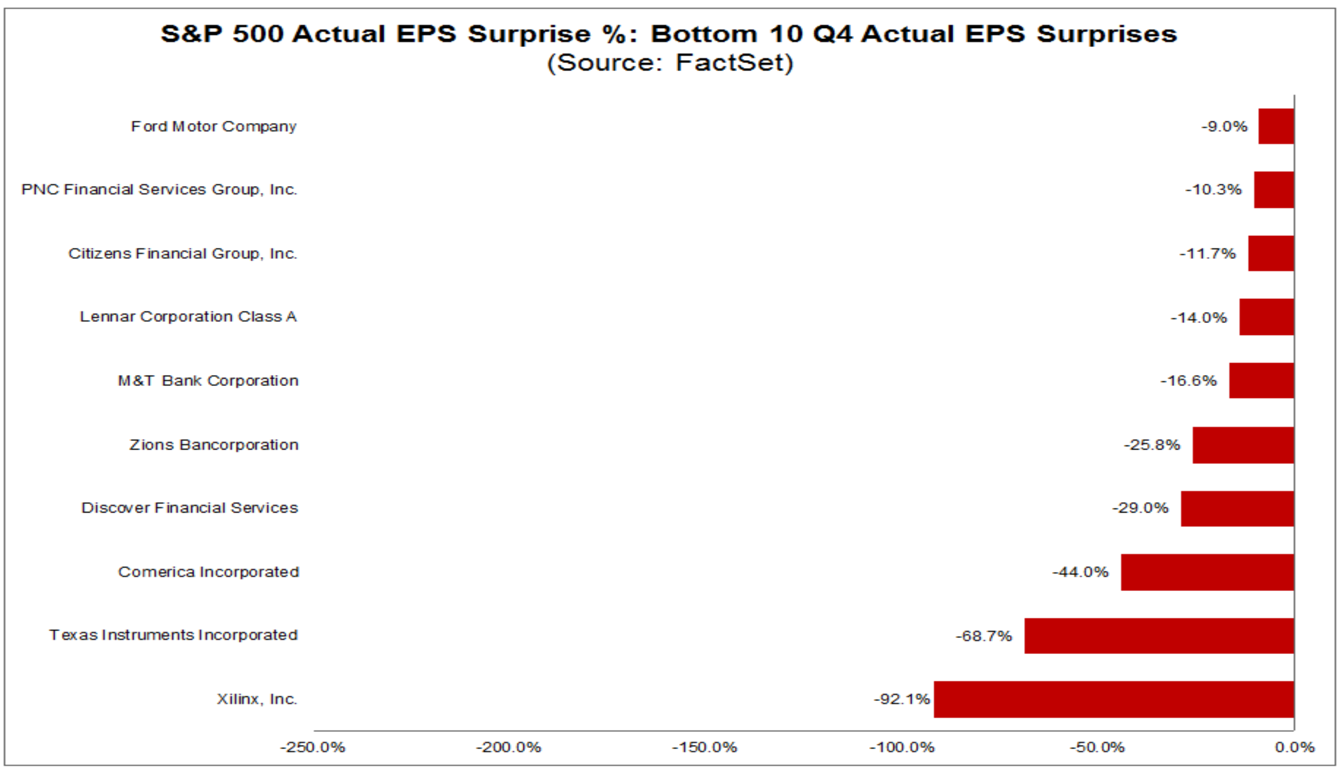
Q4 2017: Scorecard



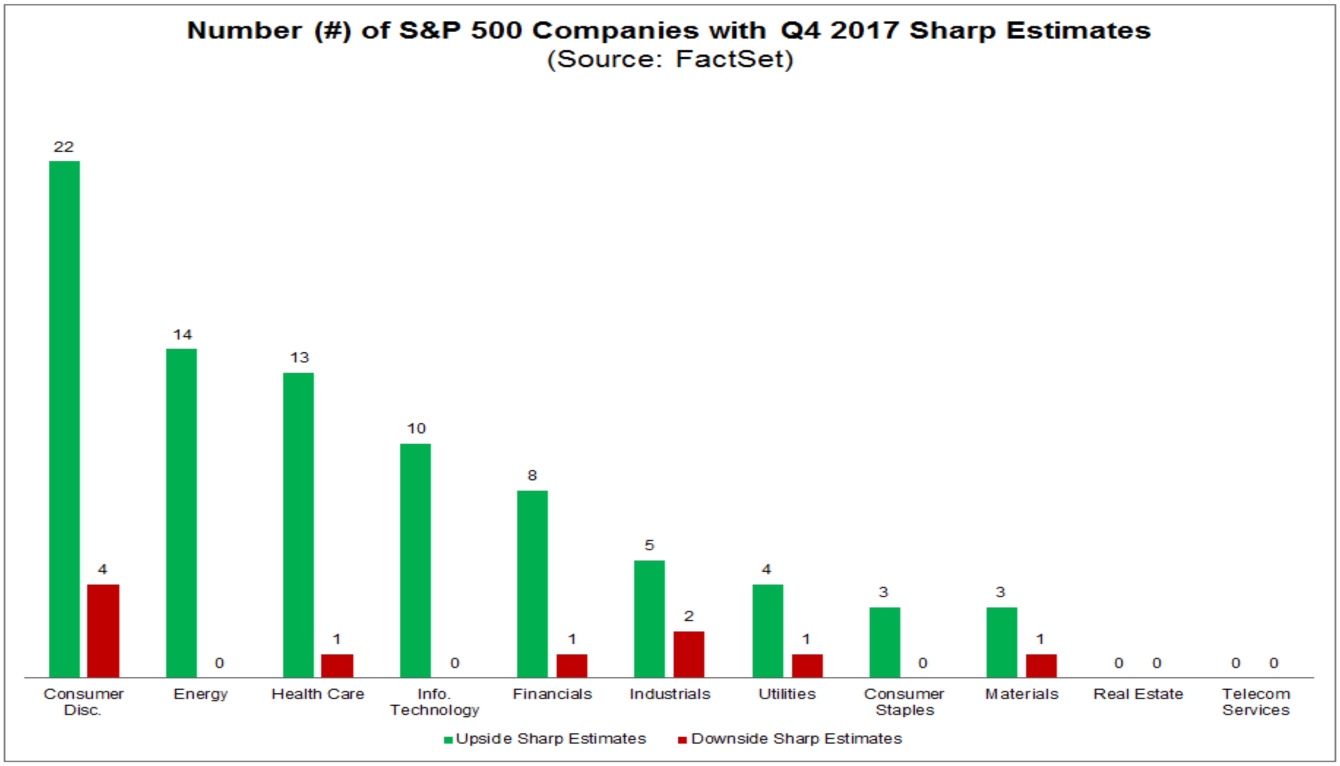


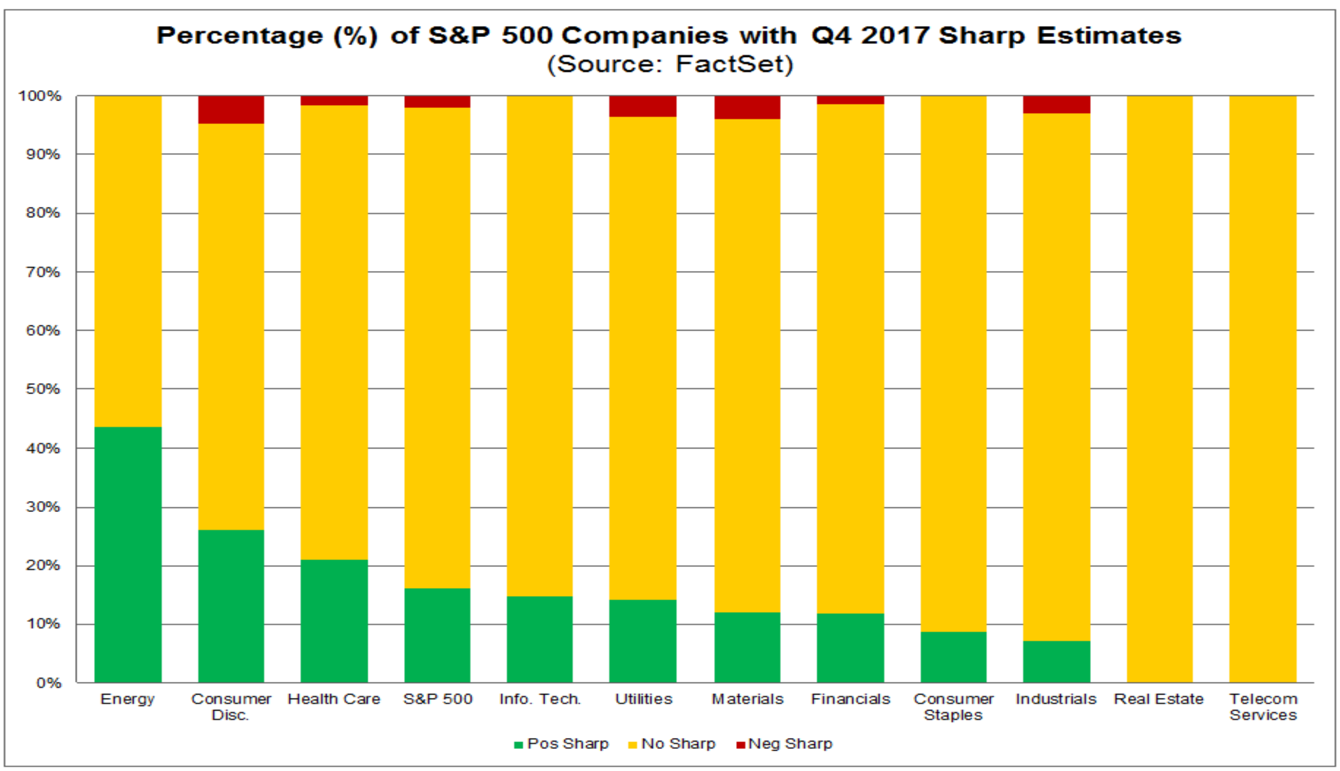
Q4 2017: Scorecard





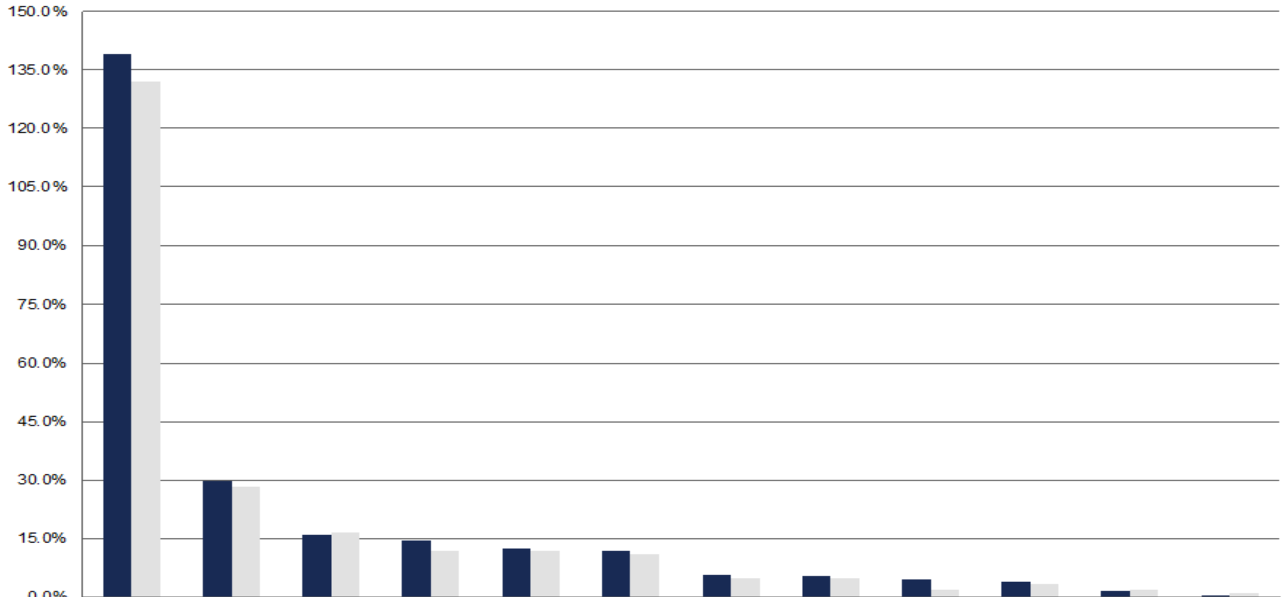
Q4 2017: Projected EPS Surprises (Sharp Estimates)





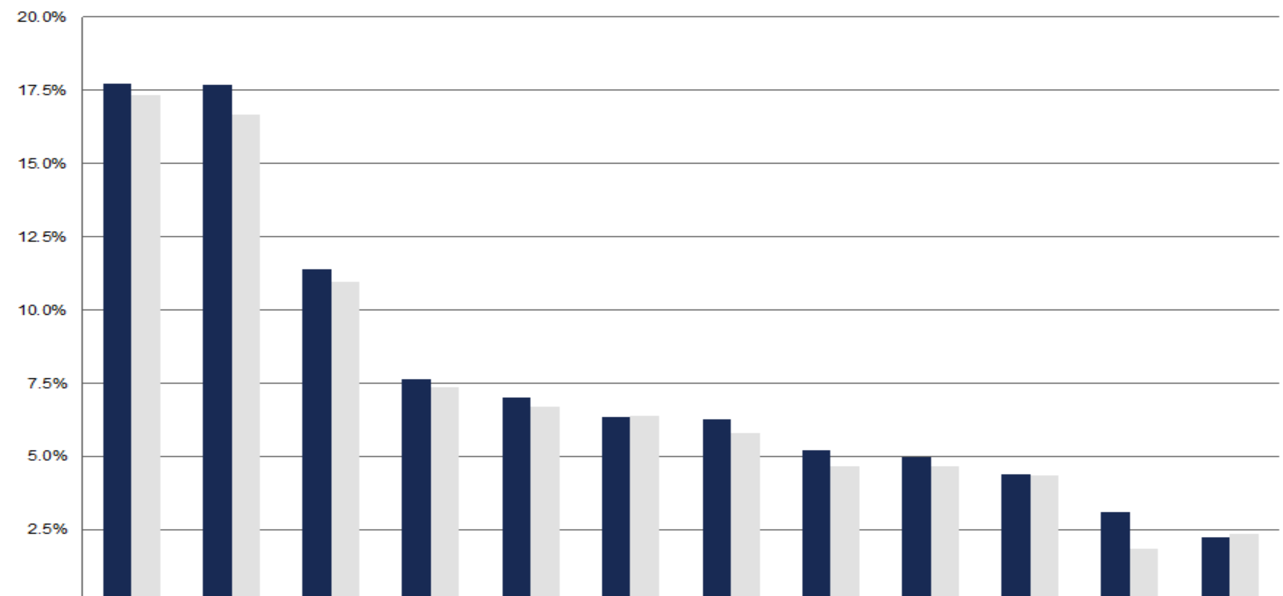
Q4 2017: Growth

S&P 500 Earnings Growth: Q4 2017
(Source: FactSet)



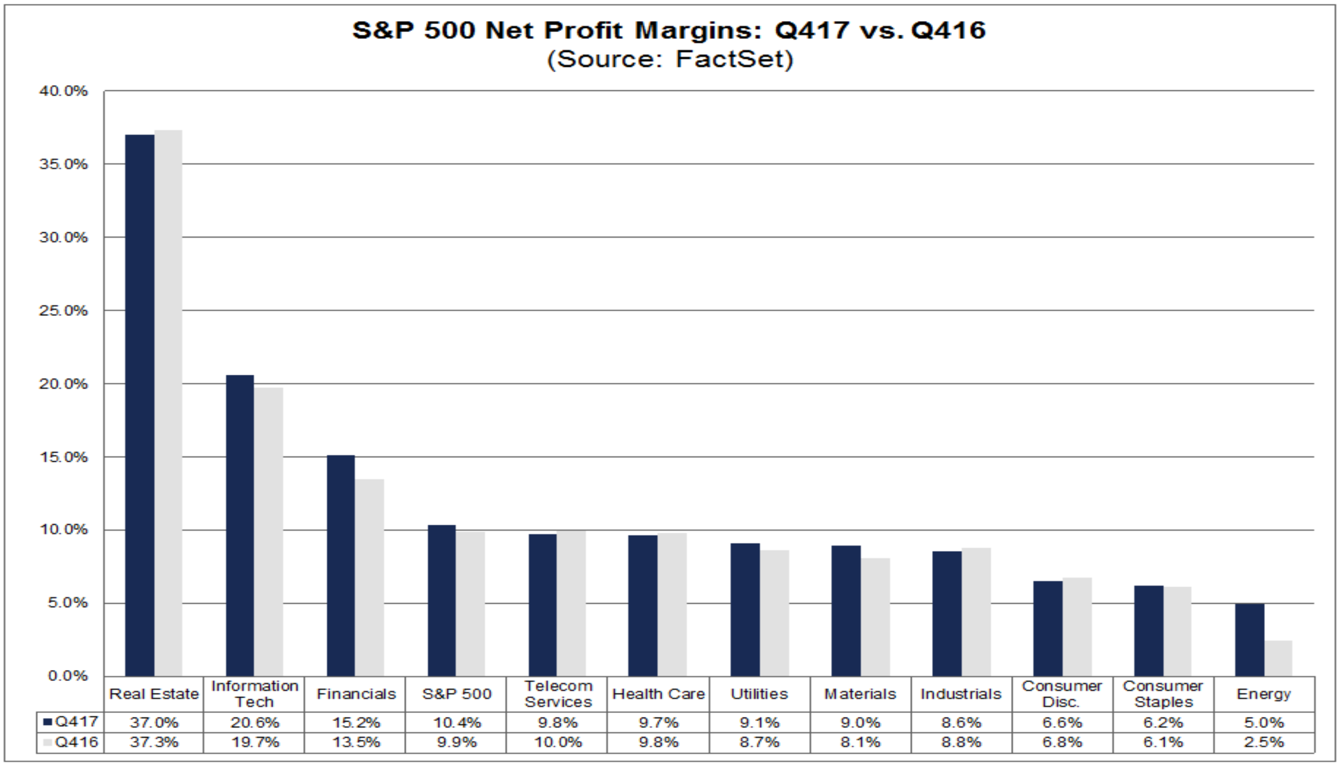
	Energy	Materials	Info. Technology	Financials	Utilities	S&P 500	Consumer Staples	Real Estate	Industrials	Health Care	Consumer Disc.	Telecom Services
Today	139.1%	29.9%	16.1%	14.6%	12.4%	12.0%	5.6%	5.4%	4.7%	4.0%	1.5%	0.5%
31-Dec	132.0%	28.3%	16.5%	11.9%	11.8%	11.0%	4.9%	4.8%	1.8%	3.3%	2.0%	1.1%

S&P 500 Revenue Growth: Q4 2017
(Source: FactSet)

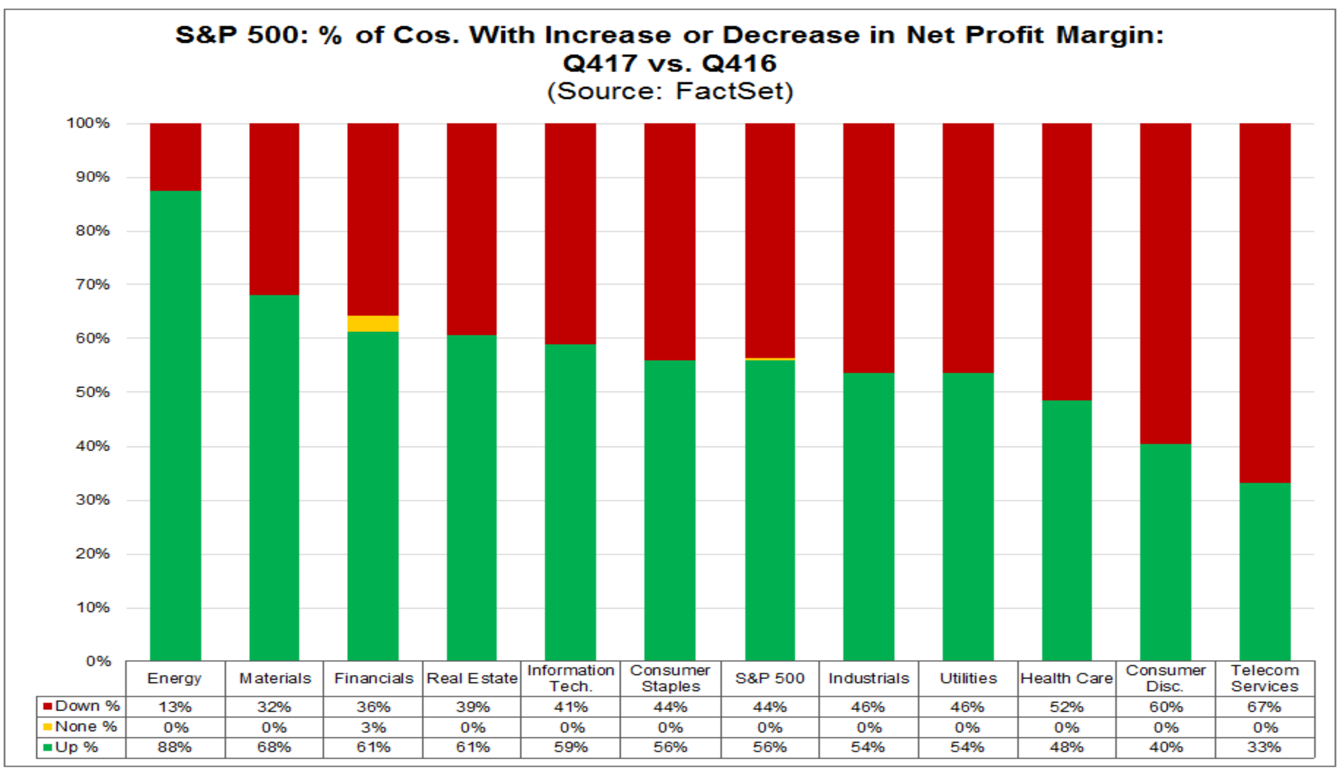


	Energy	Materials	Info. Technology	Industrials	S&P 500	Utilities	Real Estate	Consumer Disc.	Health Care	Consumer Staples	Telecom Services	Financials
Today	17.7%	17.7%	11.4%	7.6%	7.0%	6.3%	6.3%	5.2%	5.0%	4.4%	3.1%	2.2%
31-Dec	17.3%	16.7%	11.0%	7.4%	6.7%	6.4%	5.8%	4.7%	4.7%	4.4%	1.9%	2.4%

Q4 2017: Net Profit Margin

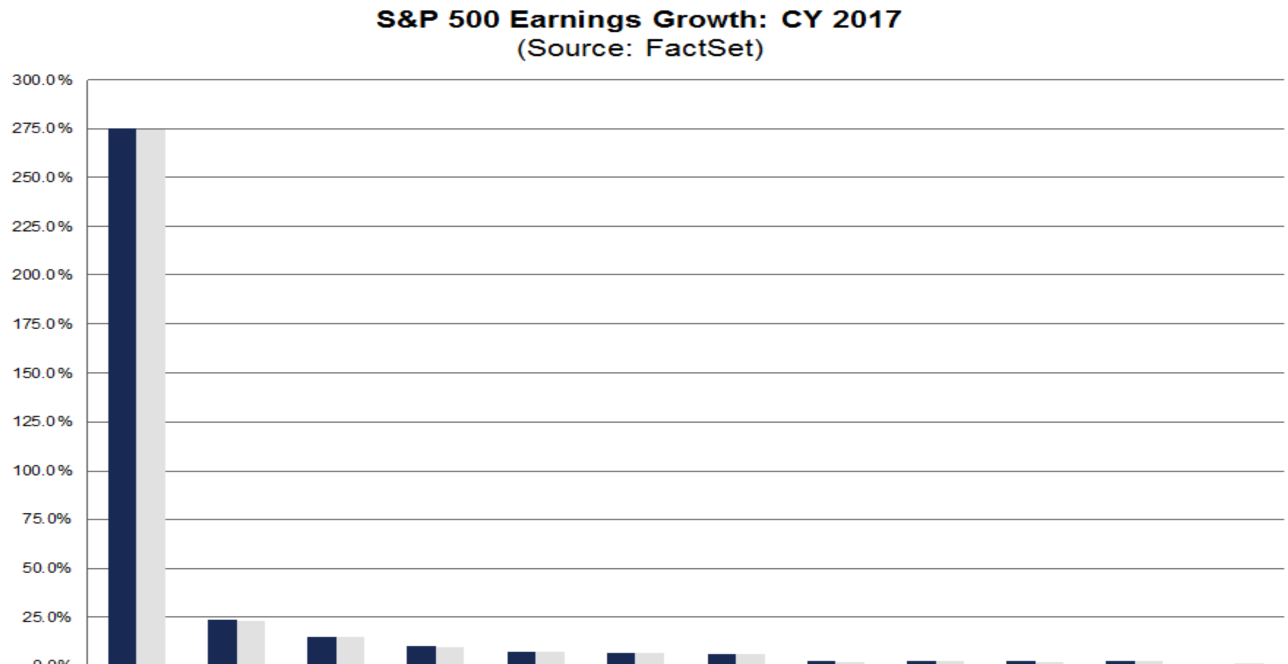


	Real Estate	Information Tech	Financials	S&P 500	Telecom Services	Health Care	Utilities	Materials	Industrials	Consumer Disc.	Consumer Staples	Energy
Q417	37.0%	20.6%	15.2%	10.4%	9.8%	9.7%	9.1%	9.0%	8.6%	6.6%	6.2%	5.0%
Q416	37.3%	19.7%	13.5%	9.9%	10.0%	9.8%	8.7%	8.1%	8.8%	6.8%	6.1%	2.5%

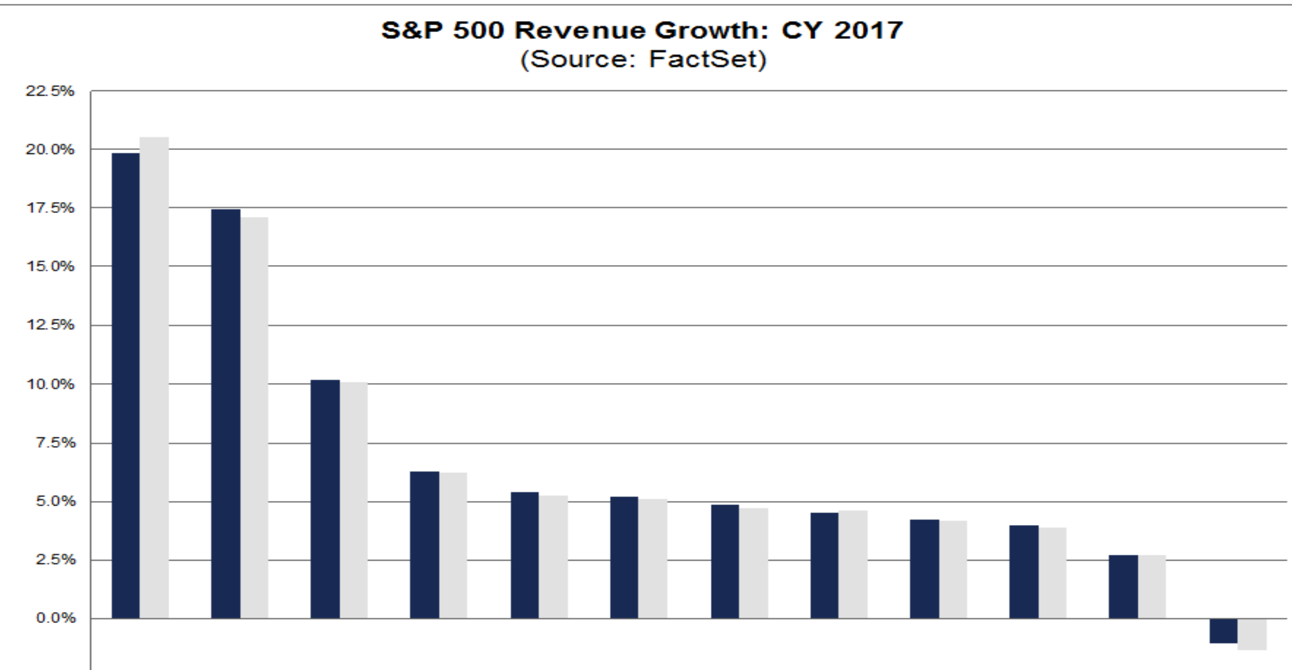


	Energy	Materials	Financials	Real Estate	Information Tech.	Consumer Staples	S&P 500	Industrials	Utilities	Health Care	Consumer Disc.	Telecom Services
Down %	13%	32%	36%	39%	41%	44%	44%	46%	46%	52%	60%	67%
None %	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	88%	68%	61%	61%	59%	56%	56%	54%	54%	48%	40%	33%

CY 2017: Growth

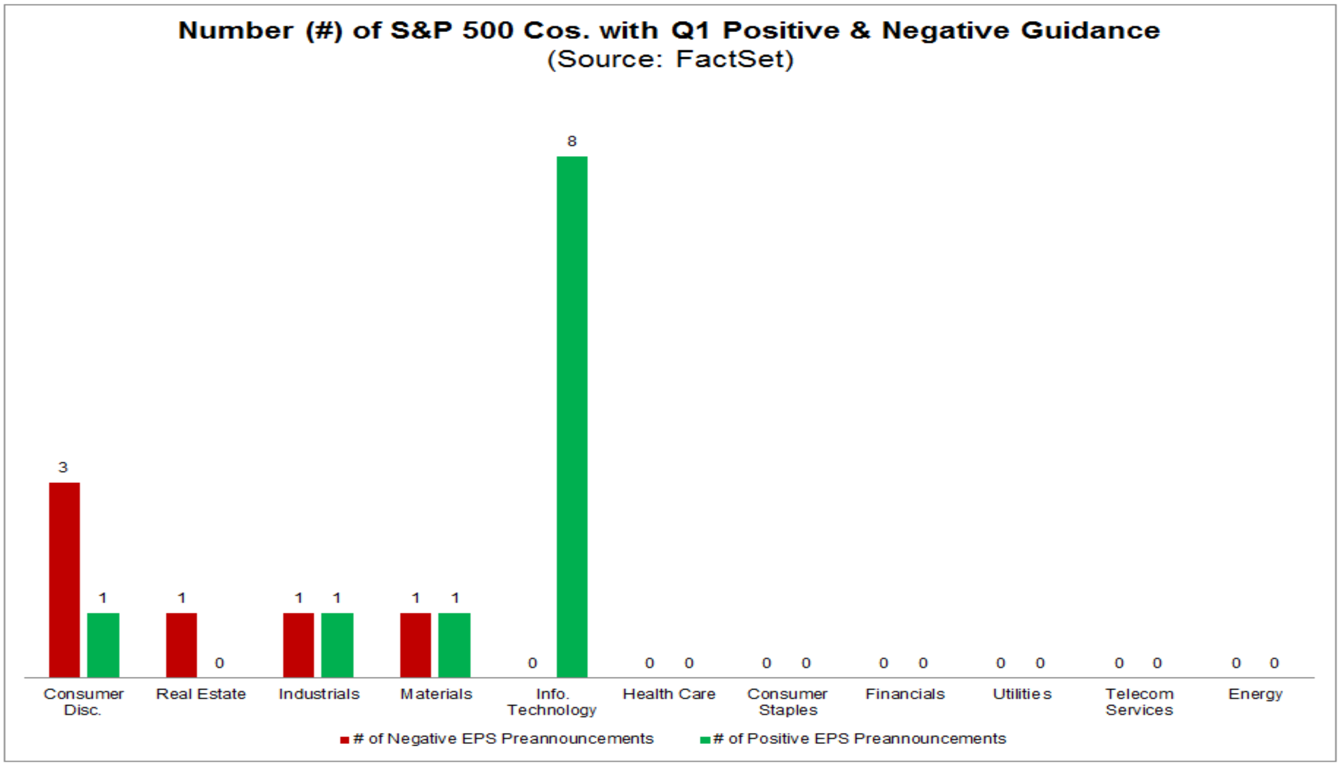


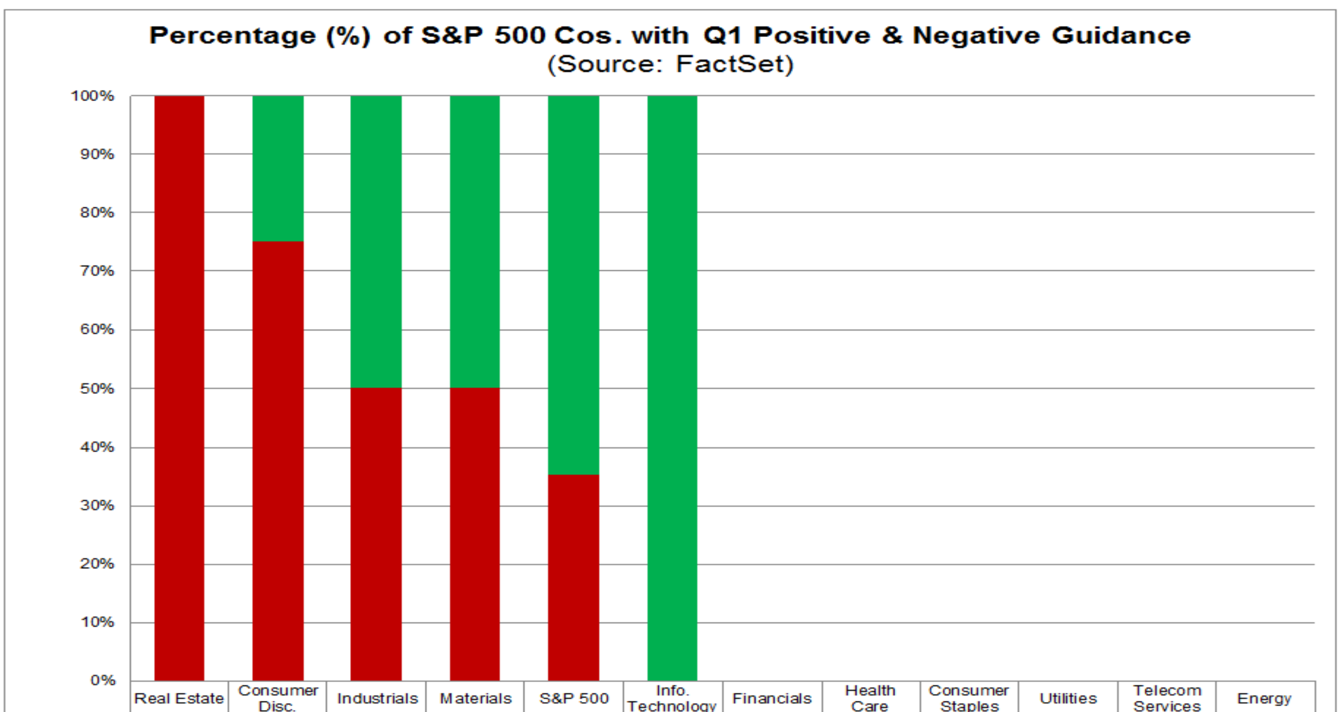
	Energy	Materials	Info. Technology	S&P 500	Financials	Real Estate	Health Care	Industrials	Consumer Staples	Consumer Disc.	Utilities	Telecom Services
Today	275.2%	23.7%	15.0%	10.1%	7.6%	7.0%	6.1%	2.8%	2.6%	2.5%	2.5%	1.0%
31-Dec	274.5%	23.4%	15.0%	9.8%	7.1%	6.8%	5.9%	1.9%	2.4%	2.3%	2.3%	1.3%



	Energy	Materials	Info. Technology	S&P 500	Real Estate	Health Care	Industrials	Utilities	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	19.8%	17.4%	10.2%	6.3%	5.4%	5.2%	4.8%	4.5%	4.2%	4.0%	2.7%	-1.0%
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%

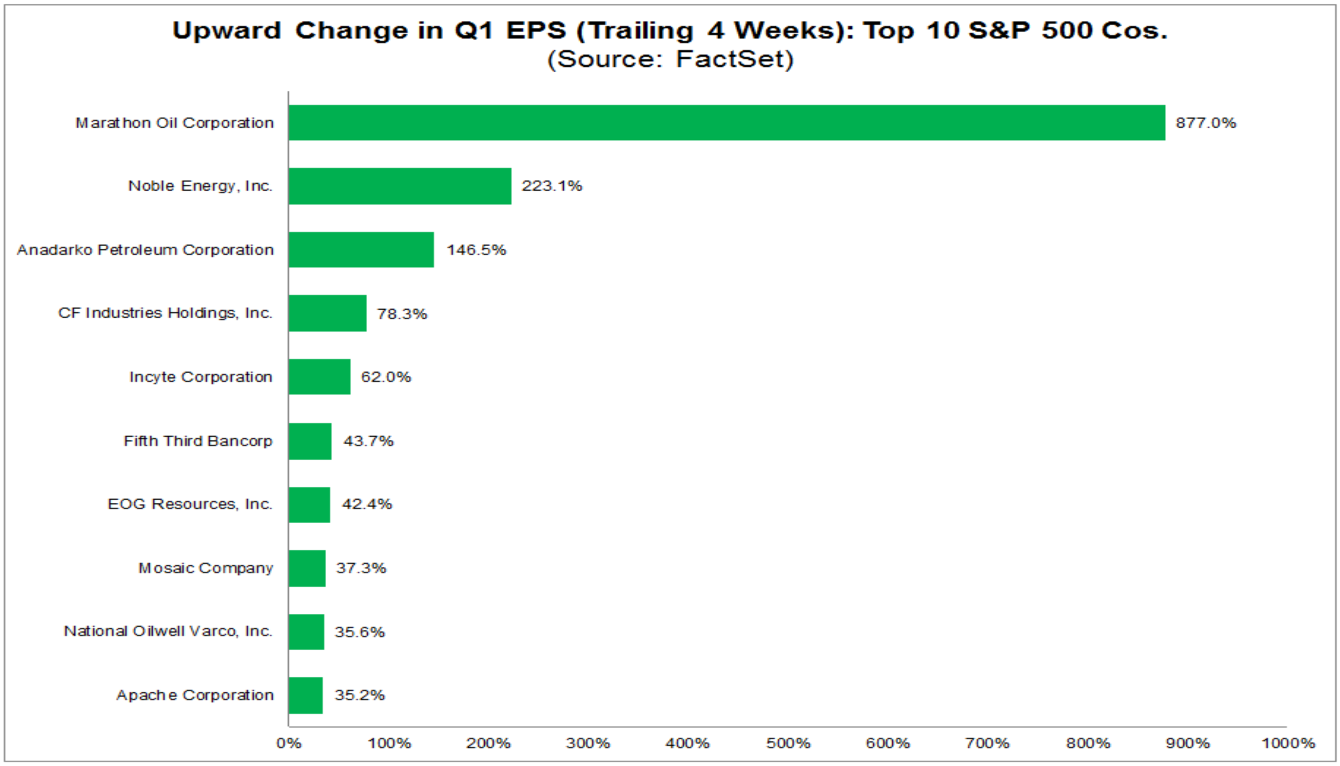
Q1 2018: Guidance

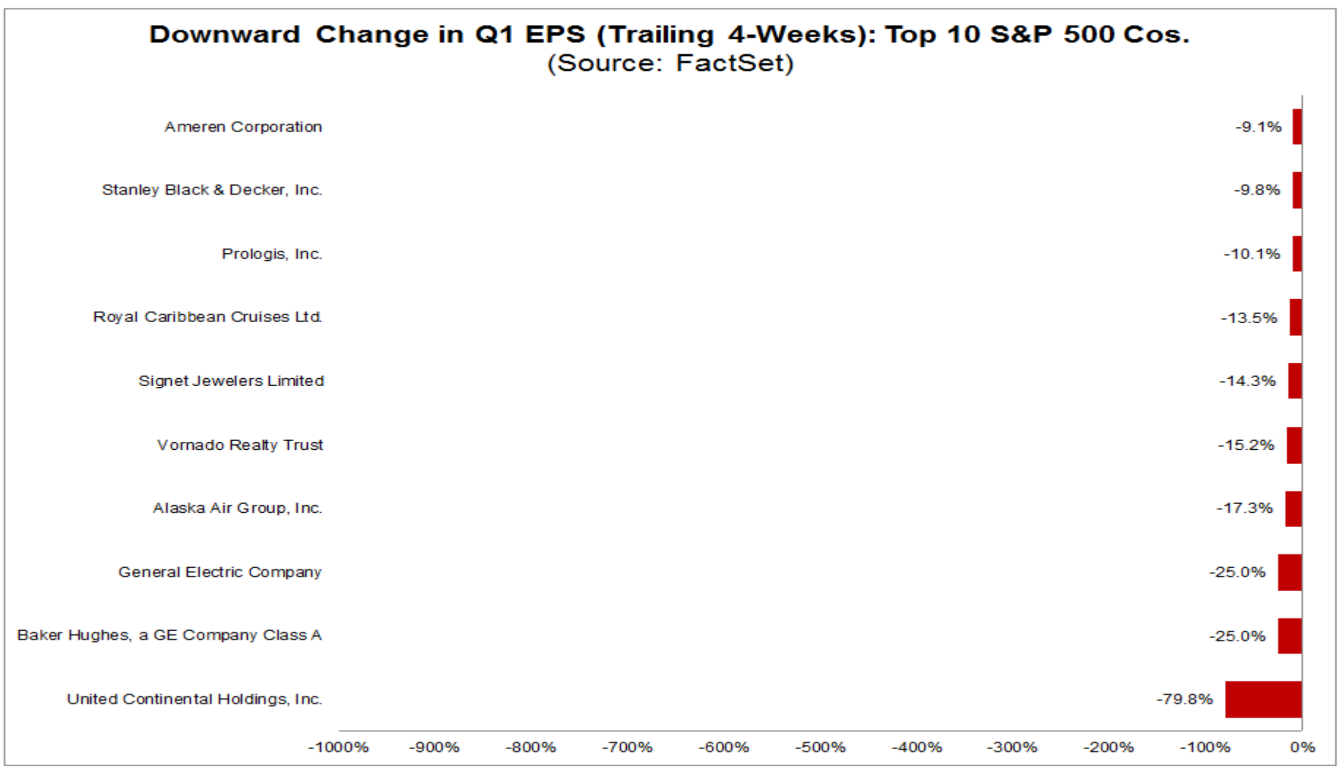




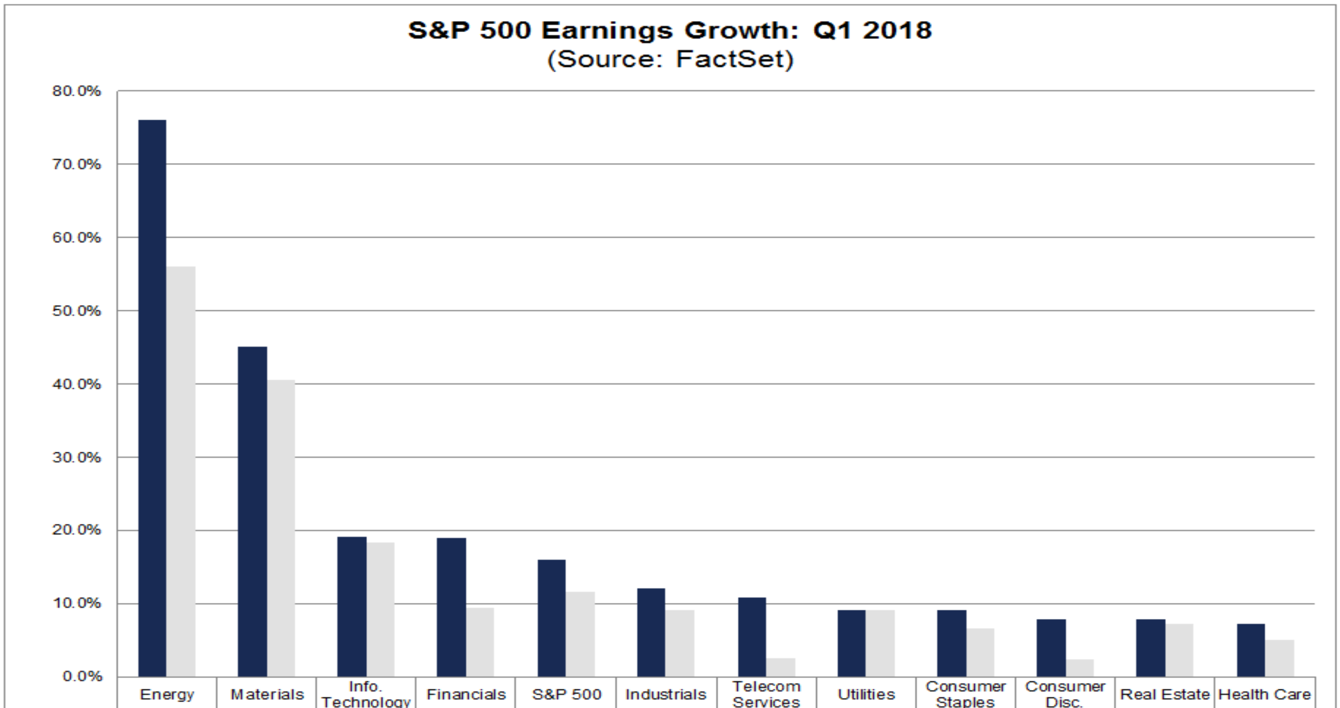
	Real Estate	Consumer Disc.	Industrials	Materials	S&P 500	Info. Technology	Financials	Health Care	Consumer Staples	Utilities	Telecom Services	Energy
Positive	0%	25%	50%	50%	65%	100%	0%	0%	0%	0%	0%	0%
Negative	100%	75%	50%	50%	35%	0%	0%	0%	0%	0%	0%	0%

Q1 2018: EPS Revisions

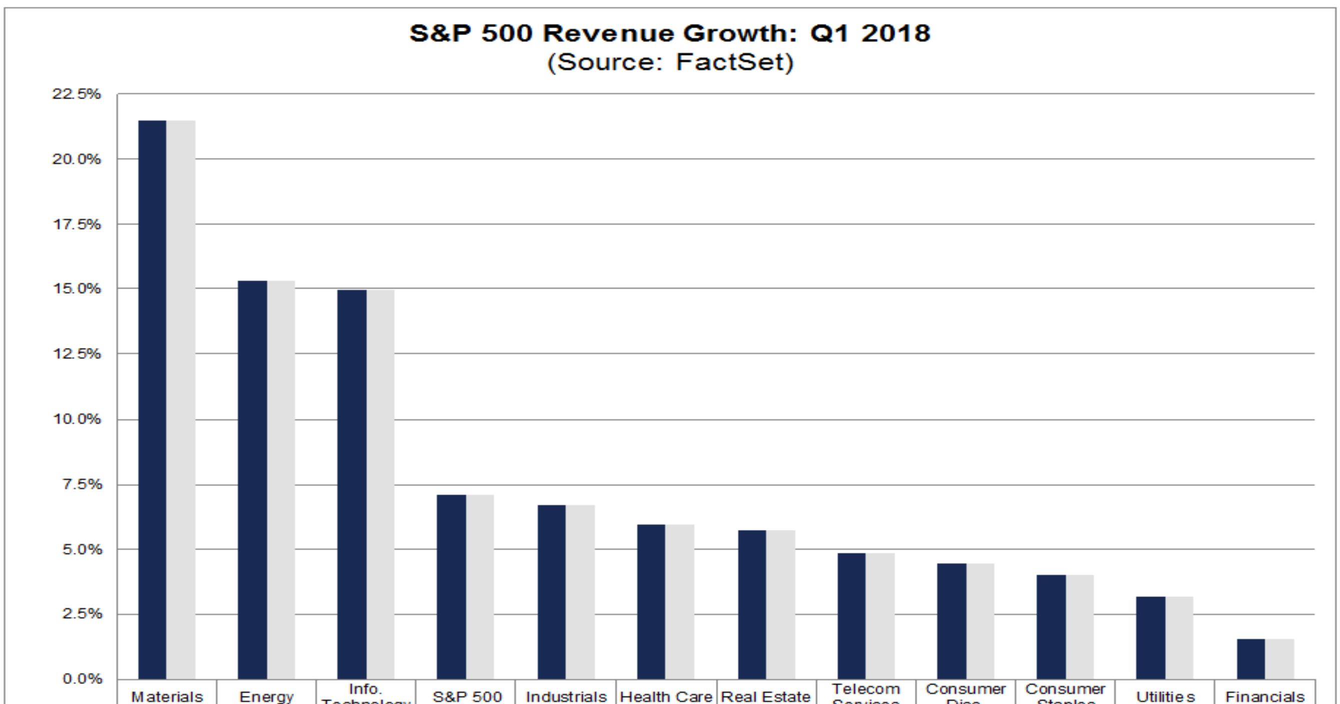




Q1 2018: Growth

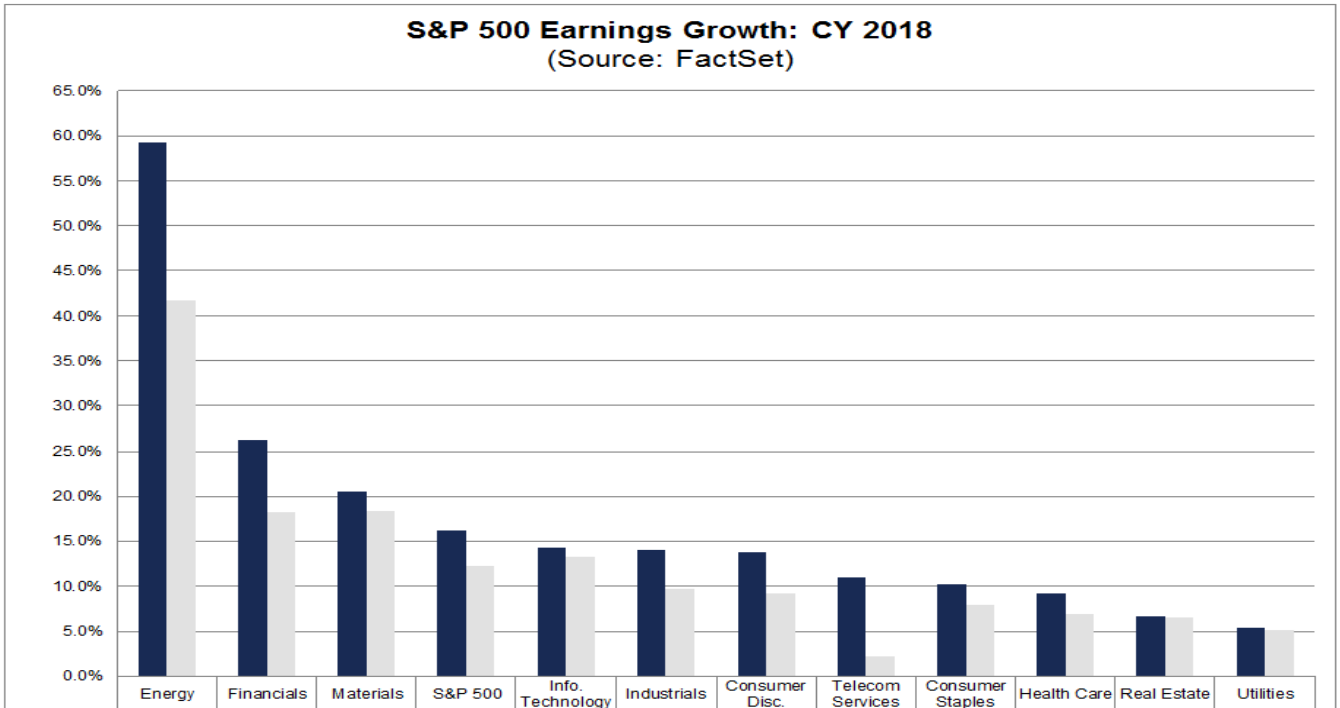


	Energy	Materials	Info. Technology	Financials	S&P 500	Industrials	Telecom Services	Utilities	Consumer Staples	Consumer Disc.	Real Estate	Health Care
Today	76.0%	45.1%	19.2%	19.1%	16.0%	12.1%	10.9%	9.2%	9.1%	8.0%	7.9%	7.3%
31-Dec	56.1%	40.5%	18.5%	9.5%	11.6%	9.2%	2.6%	9.1%	6.6%	2.4%	7.3%	5.0%

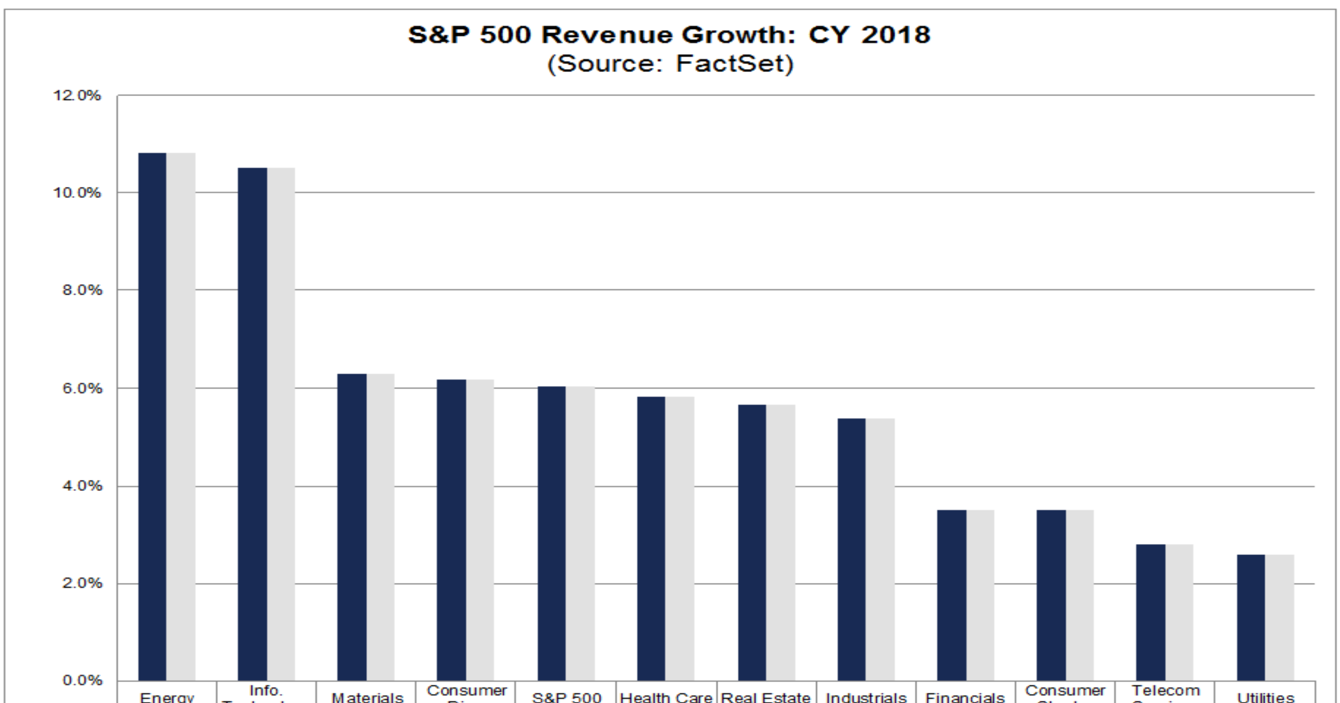


	Materials	Energy	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Telecom Services	Consumer Disc.	Consumer Staples	Utilities	Financials
Today	21.5%	15.3%	14.9%	7.1%	6.7%	6.0%	5.8%	4.9%	4.5%	4.0%	3.2%	1.6%
31-Dec	21.5%	15.3%	14.9%	7.1%	6.7%	6.0%	5.8%	4.9%	4.5%	4.0%	3.2%	1.6%

CY 2018: Growth

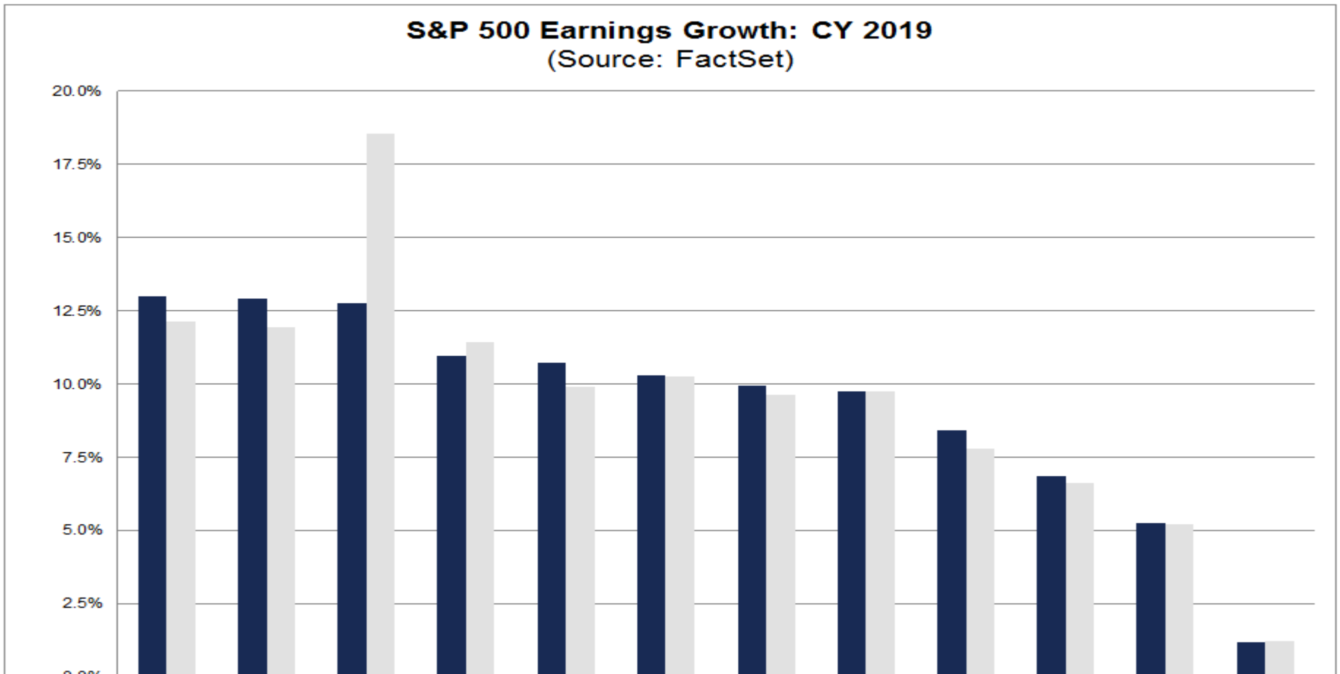


	Energy	Financials	Materials	S&P 500	Info. Technology	Industrials	Consumer Disc.	Telecom Services	Consumer Staples	Health Care	Real Estate	Utilities
Today	59.3%	26.3%	20.5%	16.3%	14.3%	14.1%	13.8%	11.0%	10.3%	9.2%	6.7%	5.4%
31-Dec	41.7%	18.3%	18.4%	12.2%	13.2%	9.7%	9.3%	2.2%	8.0%	7.0%	6.6%	5.2%

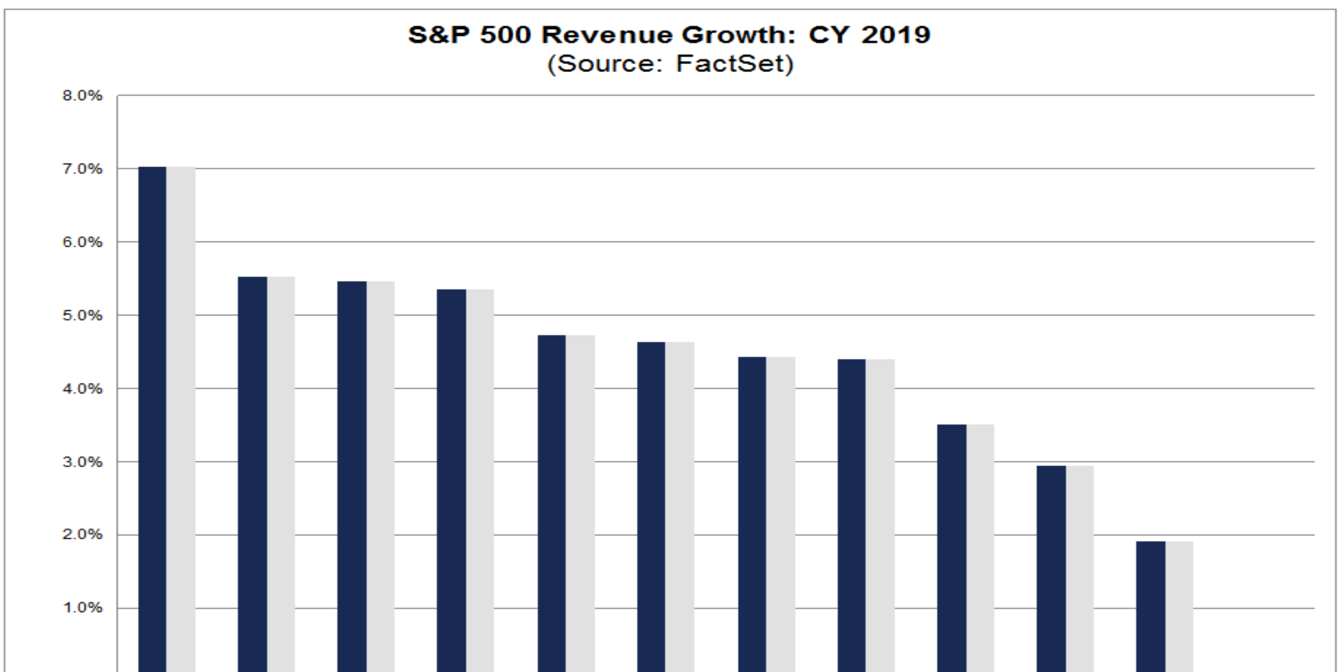


	Energy	Info. Technology	Materials	Consumer Disc.	S&P 500	Health Care	Real Estate	Industrials	Financials	Consumer Staples	Telecom Services	Utilities
Today	10.8%	10.5%	6.3%	6.2%	6.0%	5.8%	5.7%	5.4%	3.5%	3.5%	2.8%	2.6%
31-Dec	10.8%	10.5%	6.3%	6.2%	6.0%	5.8%	5.7%	5.4%	3.5%	3.5%	2.8%	2.6%

CY 2019: Growth

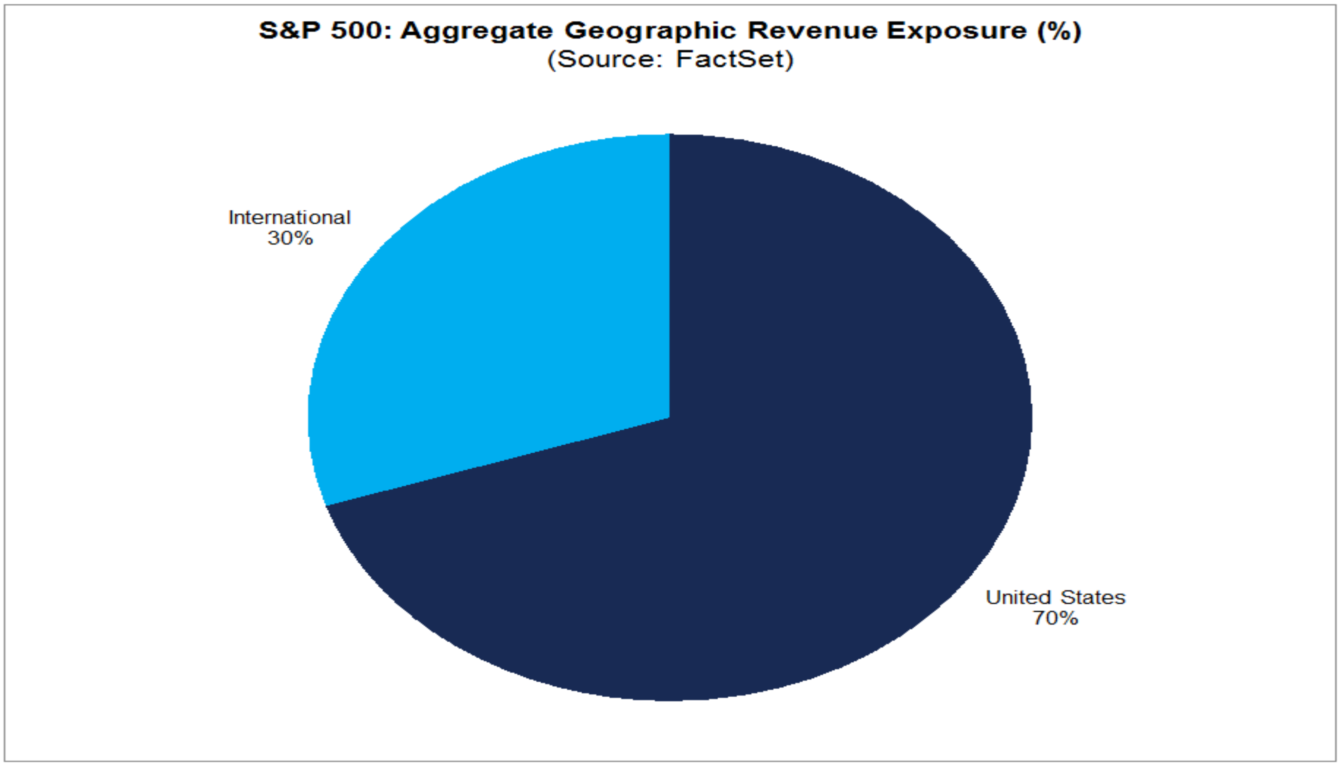


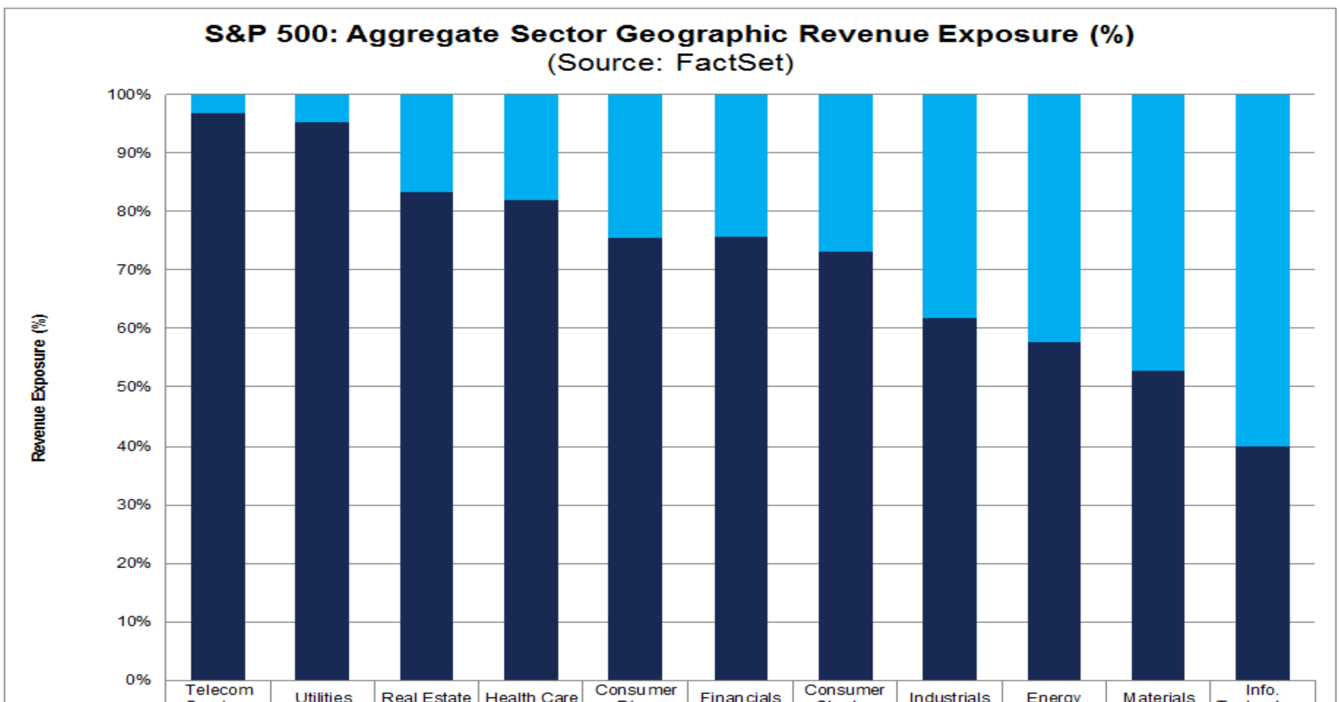
	Consumer Disc.	Industrials	Energy	Financials	Materials	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	13.0%	12.9%	12.8%	10.9%	10.7%	10.3%	9.9%	9.7%	8.5%	6.9%	5.3%	1.2%
31-Dec	12.1%	11.9%	18.5%	11.4%	9.9%	10.2%	9.6%	9.7%	7.8%	6.6%	5.2%	1.2%



	Info. Technology	Real Estate	Health Care	Consumer Disc.	S&P 500	Industrials	Financials	Energy	Consumer Staples	Materials	Utilities	Telecom Services
Today	7.0%	5.5%	5.5%	5.3%	4.7%	4.6%	4.4%	4.4%	3.5%	2.9%	1.9%	0.1%
31-Dec	7.0%	5.5%	5.5%	5.3%	4.7%	4.6%	4.4%	4.4%	3.5%	2.9%	1.9%	0.1%

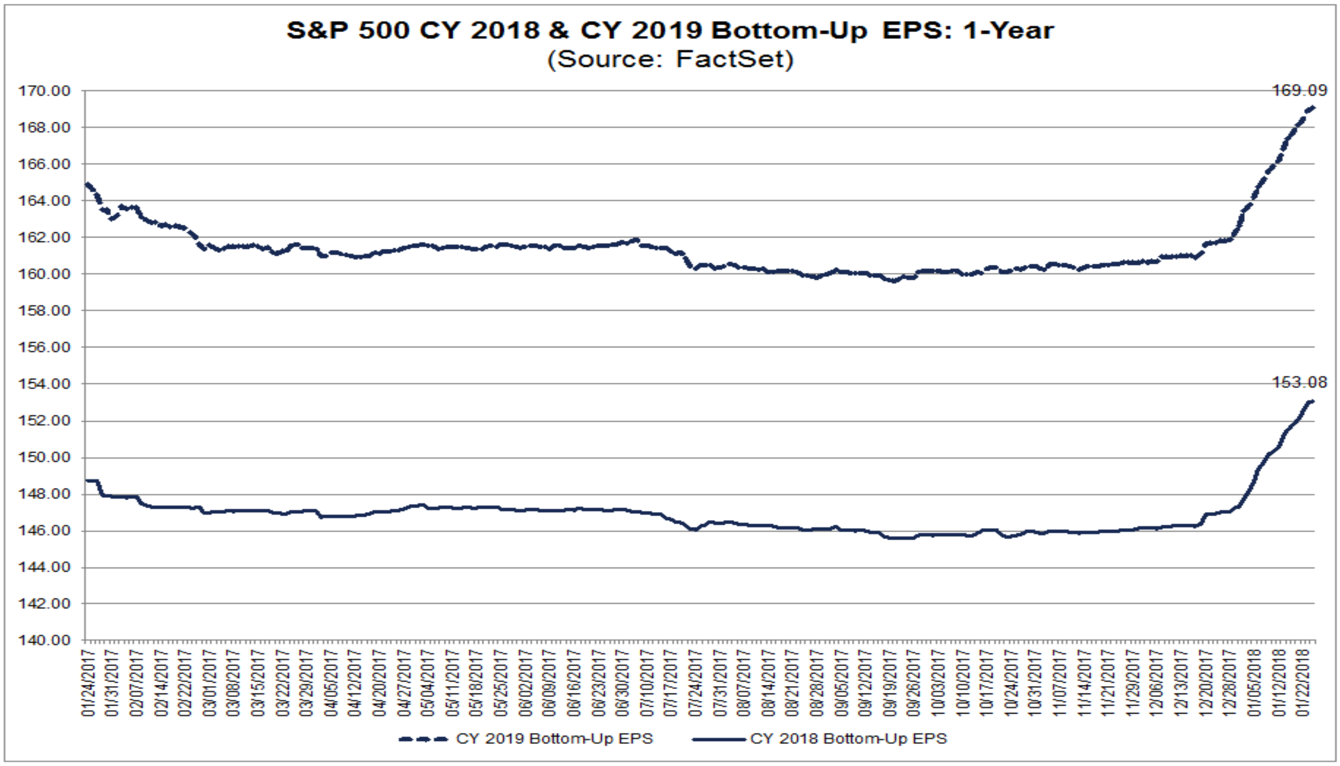
Geographic Revenue Exposure

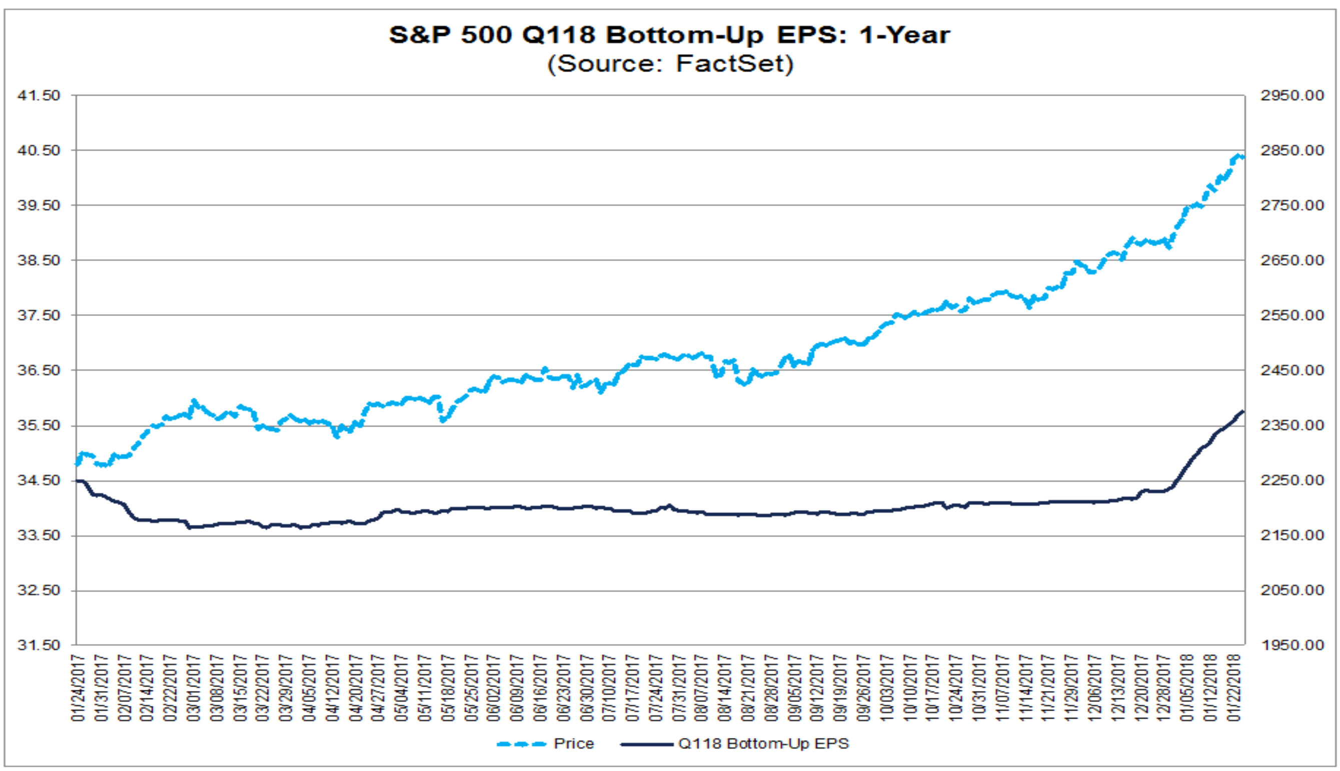




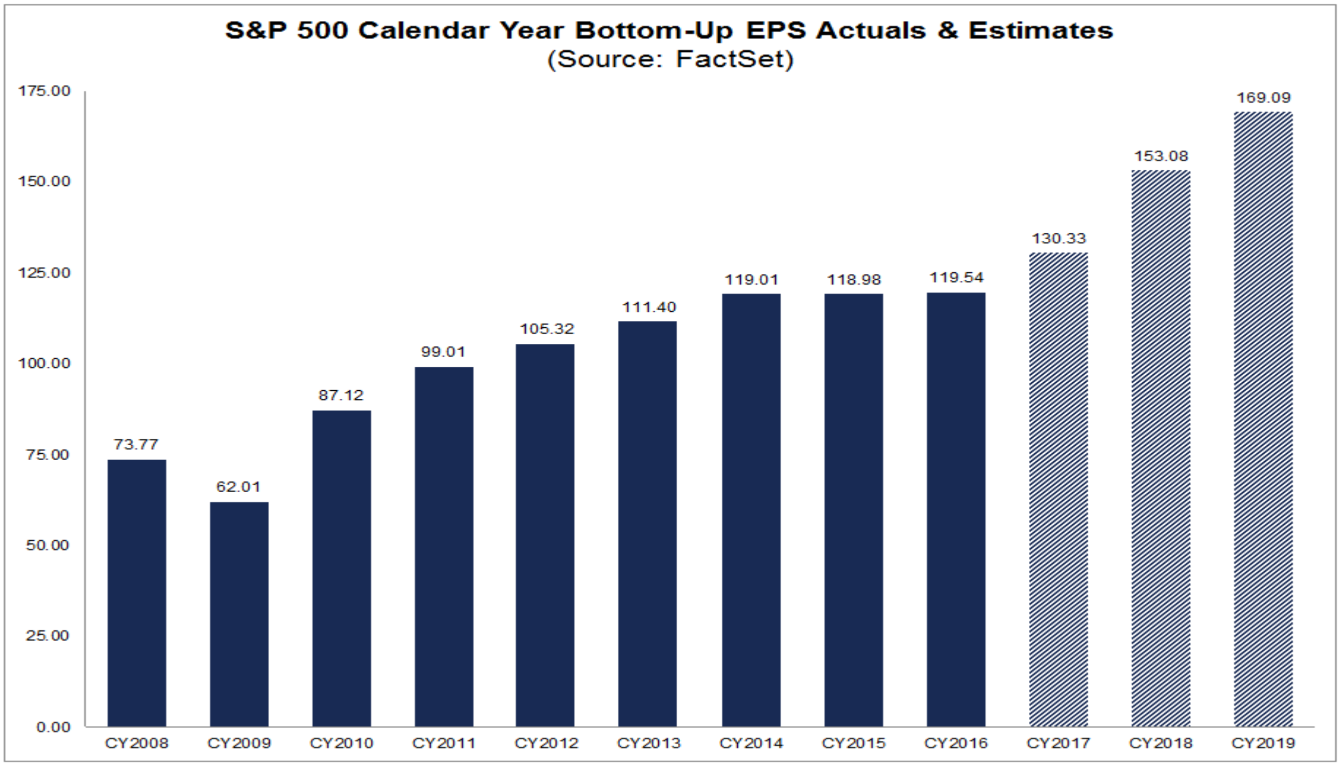
	Telecom Services	Utilities	Real Estate	Health Care	Consumer Disc.	Financials	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	3%	5%	17%	18%	25%	24%	27%	38%	42%	47%	60%
United States	97%	95%	83%	82%	75%	76%	73%	62%	58%	53%	40%

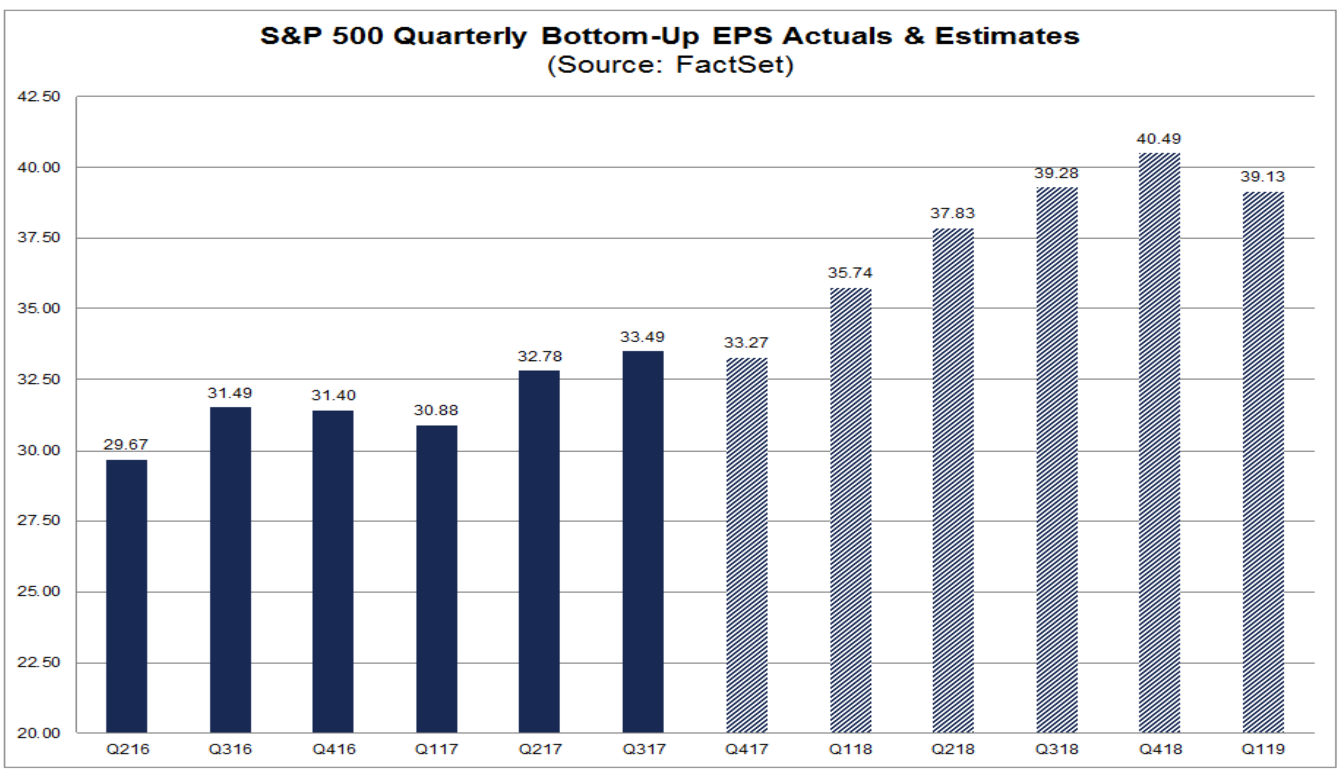
Bottom-up EPS Estimates: Revisions





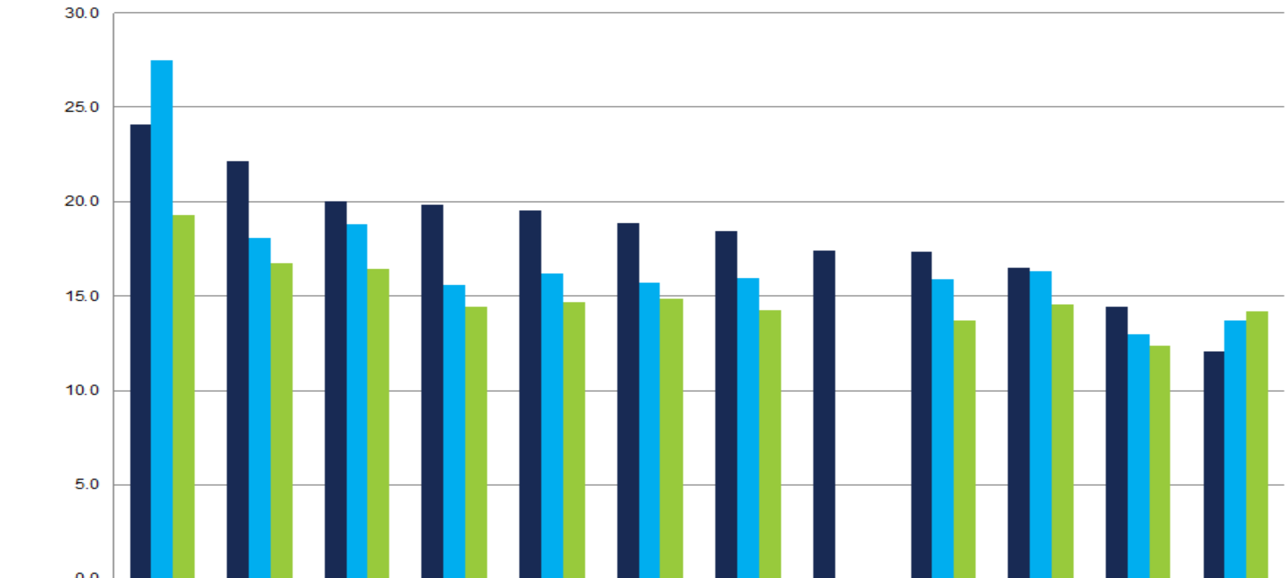
Bottom-up EPS Estimates: Current & Historical





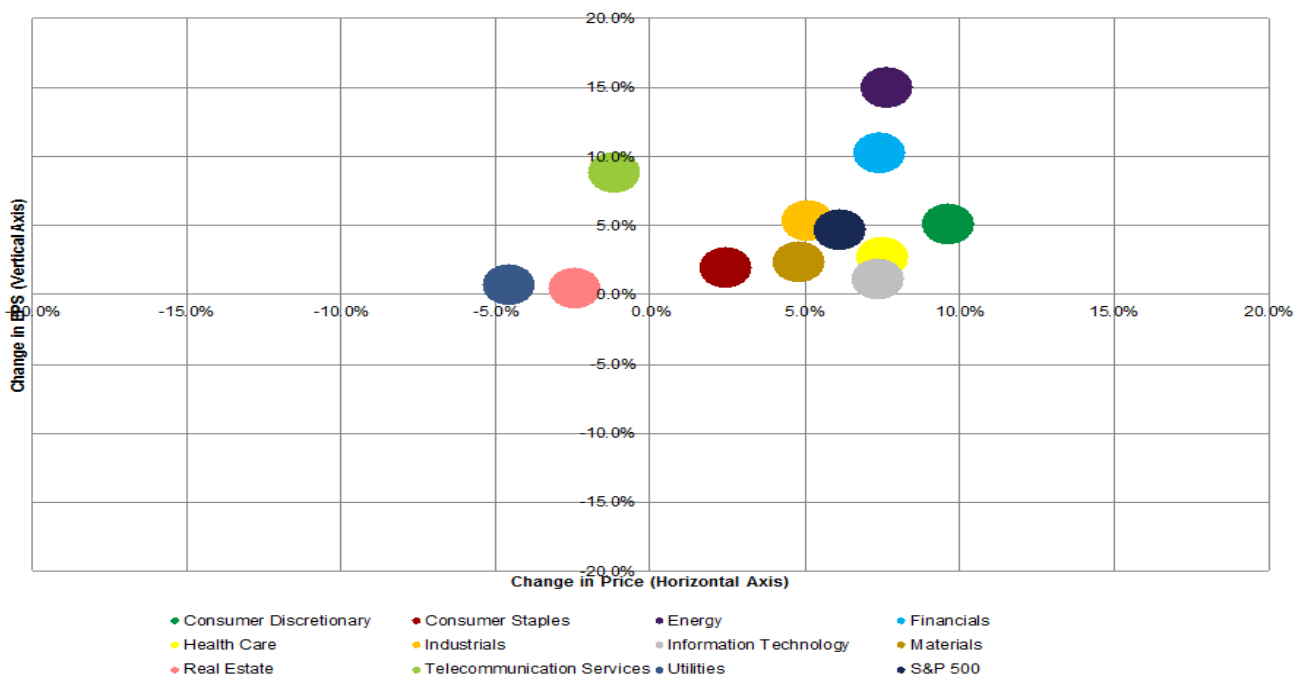
Forward 12M P/E Ratio: Sector Level

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

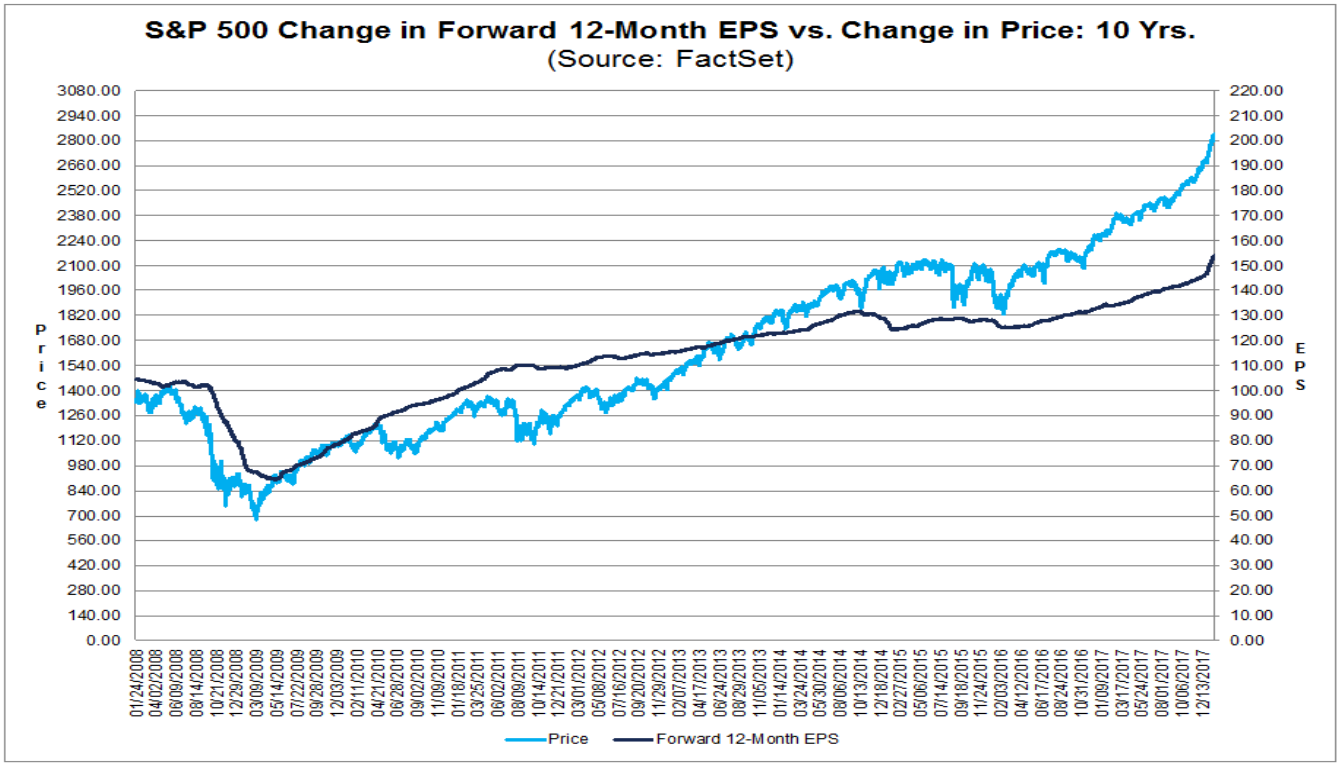


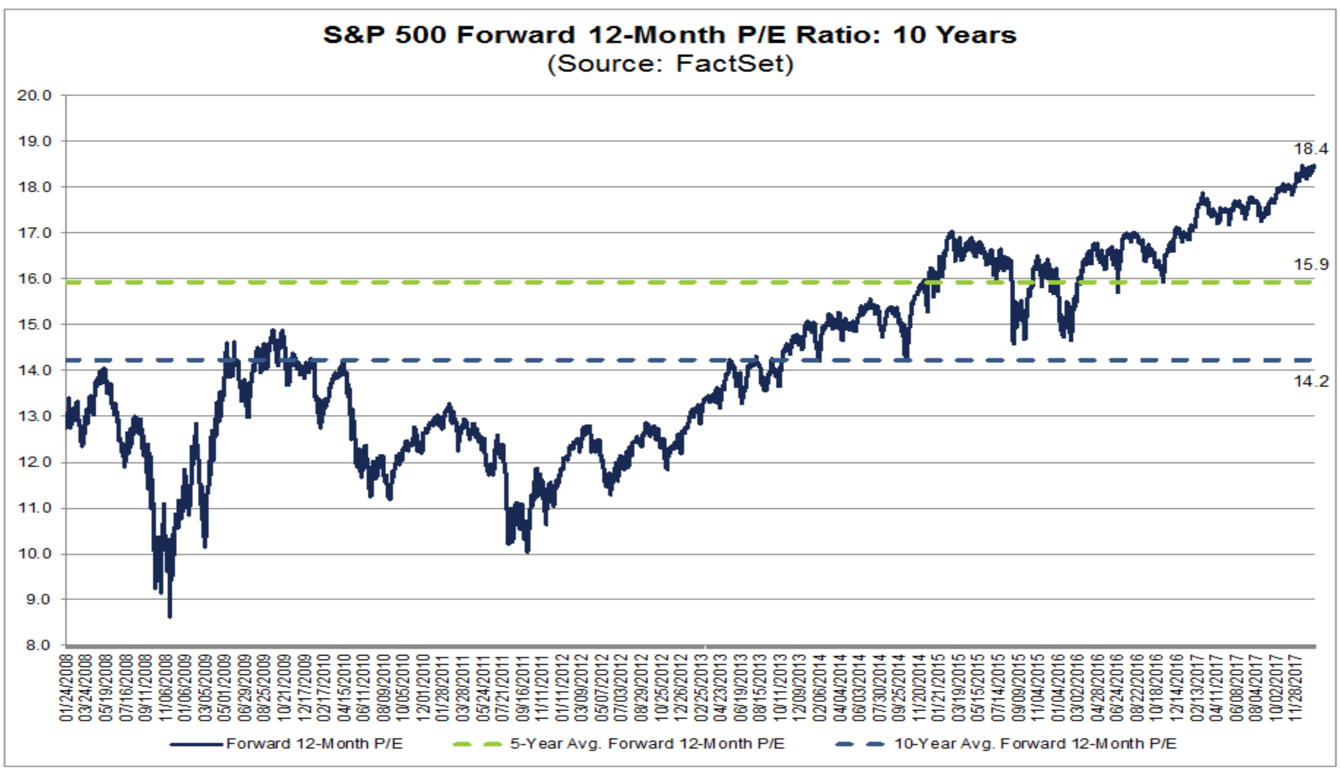
	Energy	Consumer Disc.	Consumer Staples	Info. Technology	Industrials	Materials	S&P 500	Real Estate	Health Care	Utilities	Financials	Telecom Services
Fwd P/E	24.1	22.1	20.0	19.8	19.5	18.8	18.4	17.4	17.4	16.5	14.4	12.1
5-Yr Avg.	27.5	18.1	18.8	15.5	16.1	15.7	15.9		15.9	16.3	12.9	13.7
10-Yr Avg.	19.3	16.7	16.4	14.4	14.7	14.8	14.2		13.7	14.5	12.4	14.1

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec 31
(Source: FactSet)

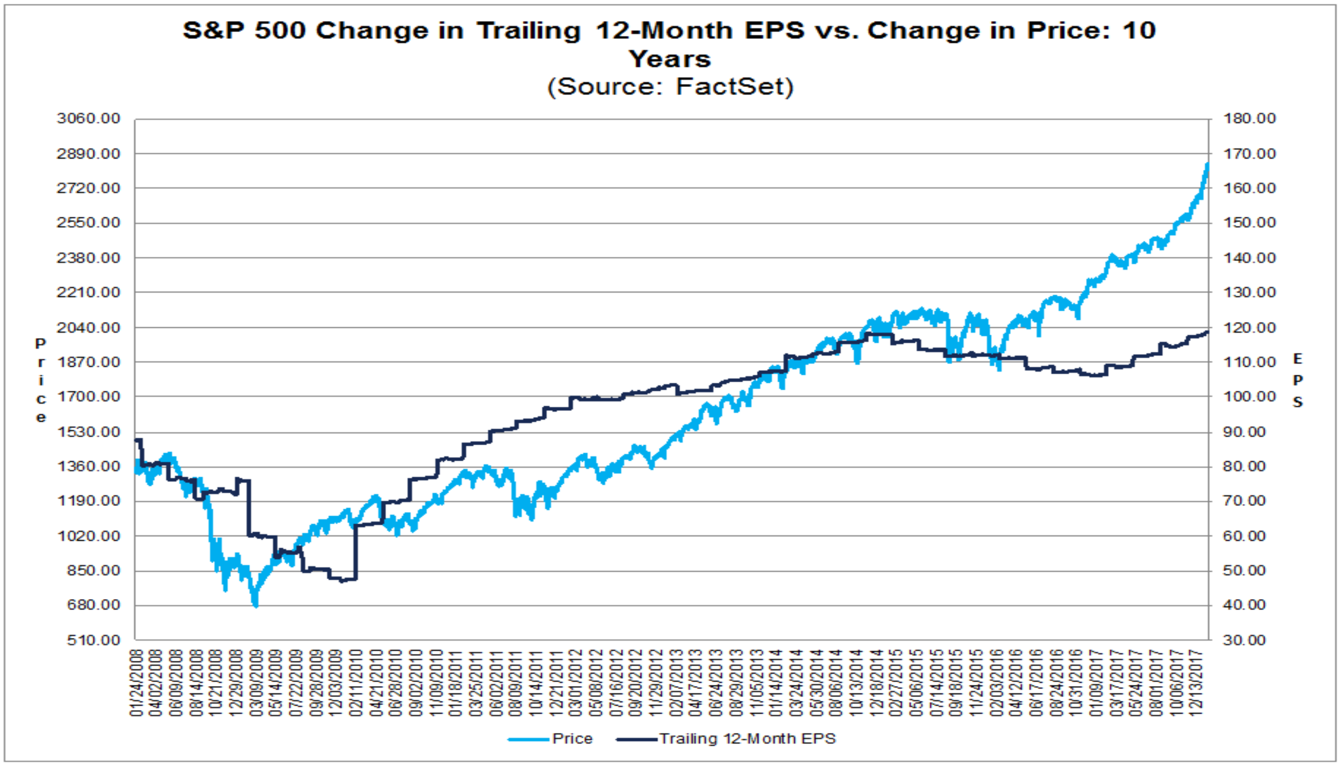


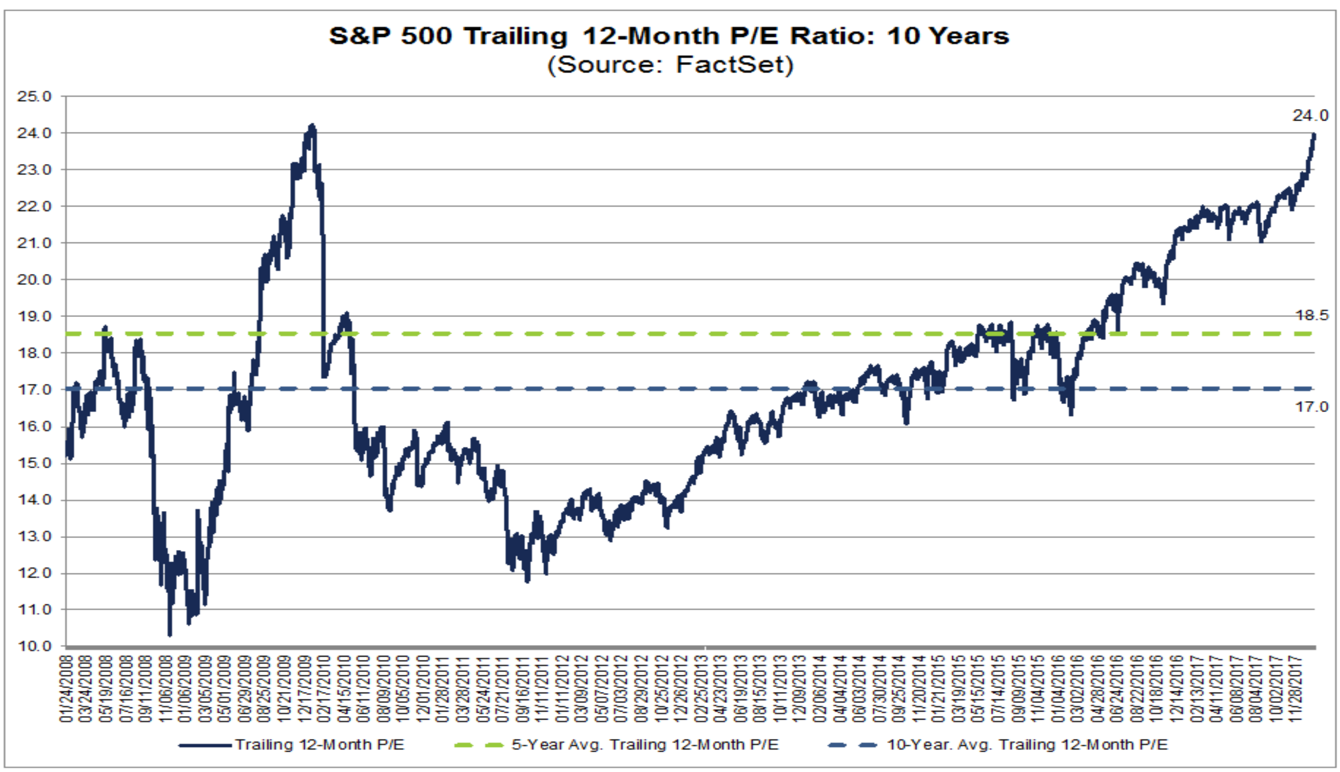
Forward 12M P/E Ratio: Long-Term Averages





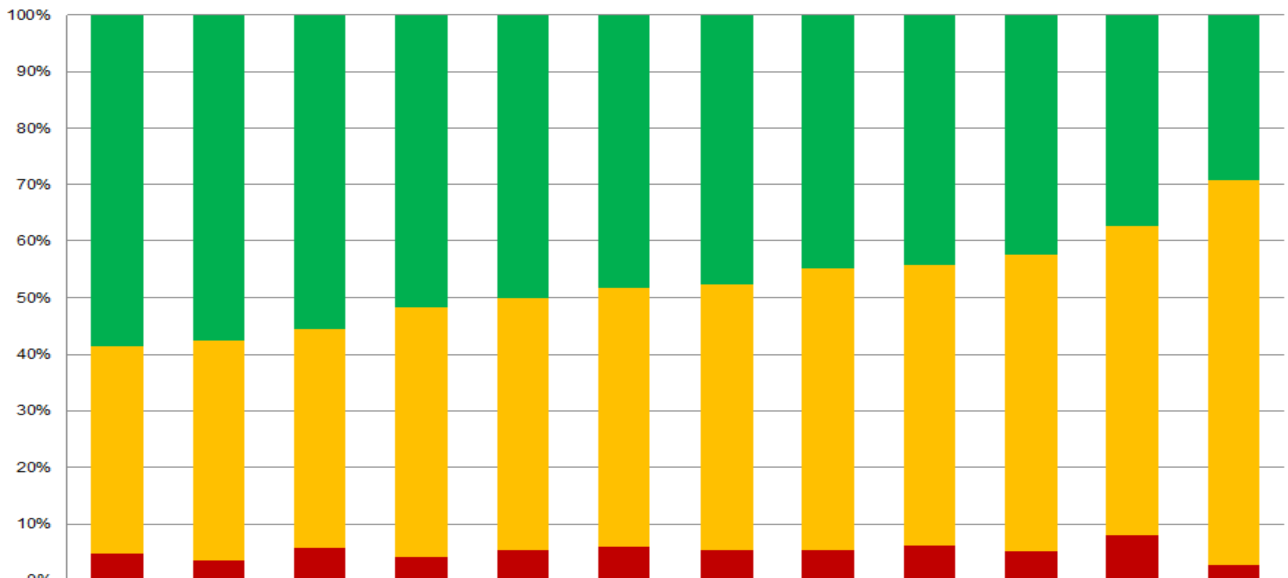
Trailing 12M P/E Ratio: Long-Term Averages





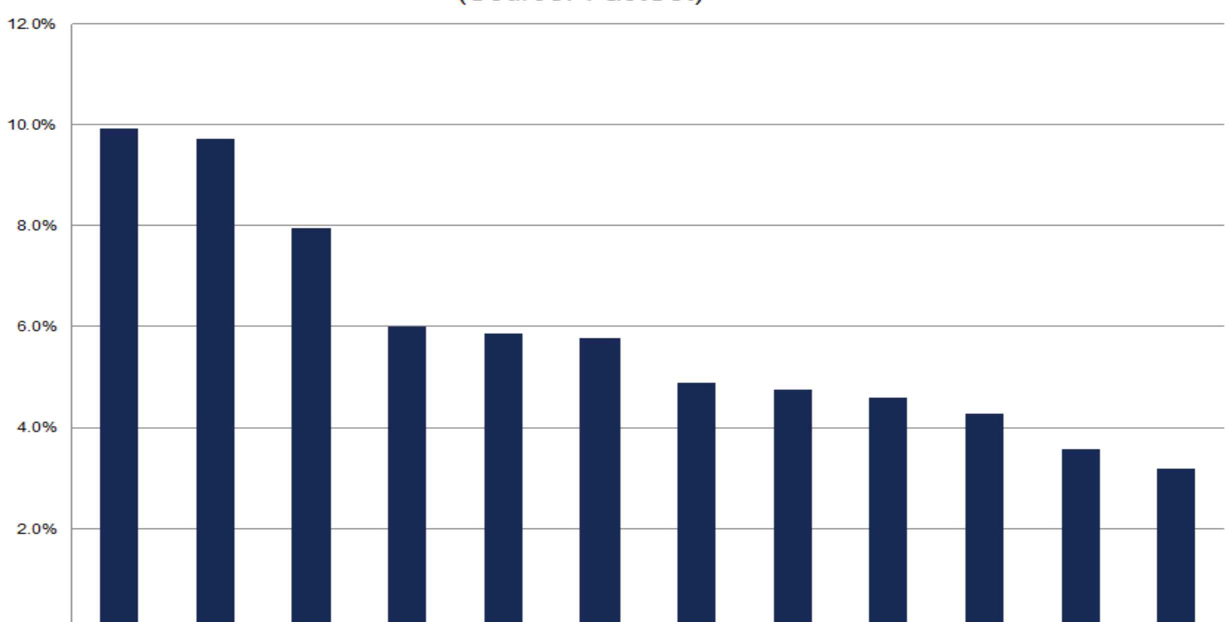
Targets & Ratings

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



	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%	48%	48%	45%	44%	42%	37%	29%
Hold	37%	39%	38%	44%	44%	46%	47%	50%	49%	52%	55%	68%
Sell	5%	4%	6%	4%	5%	6%	5%	5%	6%	5%	8%	3%

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



	Real Estate	Utilities	Info. Tech.	Health Care	Consumer Staples	S&P 500	Industrials	Materials	Financials	Telecom Services	Energy	Consumer Disc.
Target/Close	9.9%	9.7%	8.0%	6.0%	5.9%	5.8%	4.9%	4.8%	4.6%	4.3%	3.6%	3.2%

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