February 2, 2018

Key Metrics

- **Earnings Scorecard**: For Q4 2017 (with 50% of the companies in the S&P 500 reporting actual results for the quarter), 75% of S&P 500 companies have reported positive EPS surprises and 80% have reported positive sales surprises. If 80% is the final number for the quarter, it will mark the highest percentage since FactSet began tracking this metric in Q3 2008.

- **Earnings Growth**: For Q4 2017, the blended earnings growth rate for the S&P 500 is 13.4%. 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%. Ten sectors have higher growth rates today (compared to December 31) due to upward revisions to estimates and positive earnings surprises.

- **Earnings Guidance**: For Q1 2018, 25 S&P 500 companies have issued negative EPS guidance and 25 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 18.0. This P/E ratio is above the 5-year average (16.0) and above the 10-year average (14.2).

![S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs.](source: FactSet)
Record-High Increase in S&P 500 EPS Estimates for Q1 To Date

During the month of January, analysts increased earnings estimates for companies in the S&P 500 for the first quarter. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all the companies in the index) rose by 4.9% (to $36.04 from $34.36) during this period. How significant is a 4.9% increase in the bottom-up EPS estimate during the first month of a quarter? How does this decrease compare to recent quarters?

On average, the bottom-up EPS estimate usually decreases during the first month of a quarter. During the past year (4 quarters), the bottom-up EPS estimate has recorded an average decline of 1.0% during the first month of a quarter. During the past five years (20 quarters), the bottom-up EPS estimate has recorded an average decline of 2.1% during the first month of a quarter. During the past ten years (40 quarters), the bottom-up EPS estimate has recorded an average decline of 2.5% during the first month of a quarter.

In fact, the first quarter of 2018 marked the largest increase in the bottom-up EPS estimate over the first month of a quarter since FactSet began tracking the quarterly bottom-up EPS estimate in Q2 2002. The previous record for the largest increase in the bottom-up EPS estimate was 3.5%, which occurred during the first month (April) of Q2 2010.

At the sector level, ten of the eleven sectors recorded an increase in their bottom-up EPS estimates during the first month of the quarter, led by the Energy (+20.3%) and Financials (+10.8%) sectors.

What is driving the increase in the bottom-up EPS estimate for Q1 2018? The decrease in the corporate tax rate for 2018 due to the new tax law was clearly a significant factor in the upward revisions to EPS estimates. The rapid increase in earnings expectations for Q1 2018 occurred just after the tax bill was signed into law. However, it is difficult to quantify the exact impact of the changes in the tax rate on the upward revisions. Other factors also have fueled the increase in earnings estimates as well. For example, rising oil prices have contributed to the large increase in earnings estimates for companies in the Energy sector. Expectations for higher interest rates in 2018 have also likely contributed to the significant increase in earnings estimates for companies in the Financials sector.
S&P 500 Q118 Bottom-Up EPS: 1-Year
(Source: FactSet)
Topic of the Week 2:
Will Infrastructure Spending Bill Be The Next Boost to Earnings for the S&P 500?

“And just as I promised the American people from this podium 11 months ago, we enacted the biggest tax cuts and reforms in American history...We slashed the business tax rate from 35 percent all the way down to 21 percent, so American companies can compete and win against anyone in the world.” –President Trump (January 30).

In the State of the Union address, President Trump touted the passage of tax reform, which he signed into law on December 22, 2017. Prior to the bill becoming law, a number of S&P 500 companies had made positive comments about the potential benefits of tax reform.

During the month of January, the CY 2018 bottom-up EPS estimate for the S&P 500 (which is an aggregation of the median 2018 EPS estimates for all of the companies in the index and can be used as a proxy for earnings) increased by 5.3% (to $155.09 from $147.23). This change represents the largest increase in the annual EPS estimate over the first month of the year since FactSet began tracking this data in 1996. The reduction of the corporate tax rate in 2018 due to the tax reform law was a significant contributor to this increase in earnings expectations for 2018.

In addition to the comments on tax reform, President Trump also made comments regarding infrastructure spending in his speech.

“I am asking both parties to come together to give us the safe, fast, reliable, and modern infrastructure our economy needs and our people deserve. Tonight, I am calling on the Congress to produce a bill that generates at least $1.5 trillion for the new infrastructure investment we need.”
Earnings Insight

Would an infrastructure bill provide a boost to earnings expectations for S&P 500 companies? From December 31 through January 31, 88 S&P 500 companies discussed the term “infrastructure” during their earnings calls for the fourth quarter. However, only a small number of these companies discussed this term in reference to a potential federal spending plan. Based on the comments from these companies, it appears any positive impact from a federal infrastructure plan would likely occur after 2018.

“We think the long overdue infrastructure plan – we hope to see some action on that early in 2018. Of course, even if the President does take some actions, it'll be a while before it goes down to our businesses. But when you look at infrastructure and you look at Nucor, the breadth of our products, when we get that badly-needed infrastructure plan – and we're going to get it someday because we need it someday – there's no company that is positioned better than Nucor to participate in that infrastructure build. So, again, we won't see the benefits right away. But when they do flow down to us, we will be positioned in our industry better than most to take advantage of that infrastructure build.” –Nucor (Jan. 30)

“We have not incorporated any impacts from a potential U.S. infrastructure build in our outlook. And if one were passed, it would be positive, but we would not expect it to materially impact our 2018.” -Caterpillar (Jan. 25)

“States and municipalities are finding the money to make critical infrastructure repairs, and if Washington comes up with funding for public works, that money will benefit future years.” –United Rentals (Jan. 25)
Earnings Insight

Q4 2017 Earnings Season: By the Numbers

Overview:
To date, 50% 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 (75%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 4.0% above the estimates, which is below the 5-year average. In terms of sales, more companies (80%) are reporting actual sales above estimates compared to the 5-year average. If 80% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting positive sales surprises since FactSet began tracking this metric in Q3 2008. In aggregate, companies are reporting sales that are 1.4% 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 13.4% today, which is above the earnings growth rate of 12.2% last week. Positive earnings surprises reported by companies in multiple sectors were responsible for the increase in the earnings growth rate for the index during the week. All eleven sectors are reporting year-over-year earnings growth. Six of these sectors are reporting double-digit earnings growth.

The blended sales growth rate for the fourth quarter is 7.5% today, which is above the sales growth rate of 7.0% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the increase 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: Materials, Energy, and Information Technology.

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

The forward 12-month P/E ratio is 18.0, which is above the 5-year average and the 10-year average.

During the upcoming week, 91 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating EPS & Sales Estimates

Percentage of Companies Beating EPS Estimates (75%) is Above 5-Year Average
Overall, 50% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 75% have reported actual EPS above the mean EPS estimate, 9% 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 Materials (93%), Health Care (84%), Energy (82%) and Information Technology (80%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (50%) and Real Estate (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+4.0%) is Below 5-Year Average
In aggregate, companies are reporting earnings that are 4.0% above expectations. This surprise percentage is below the 1-year (+4.6%) average and below the 5-year (+4.3%) average.

The Materials (+11.2%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. On the other hand, the Energy sector (-12.0%) 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 positive earnings surprises less 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 0.4% 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 -0.9% 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 (80%) is At Record-High Level
In terms of revenues, 80% of companies have reported actual sales above estimated sales and 20% 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%). If 80% is the final number for the quarter, it will mark the highest percentage of S&P 500 companies reporting positive sales surprises since FactSet began tracking this metric in Q3 2008.

At the sector level, the Telecom Services (100%), Health Care (84%), Information Technology (90%), and Energy (90%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (50%) and Utilities (50%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.4%) is Above 5-Year Average
In aggregate, companies are reporting sales that are 1.4% above expectations. This surprise percentage is above the 1-year (+0.8%) average and above the 5-year (+0.6%) average.

The Materials (+2.2%) and Consumer Discretionary (+2.1%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Utilities (-1.1%) sector is reporting the largest downside aggregate difference 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 13.4% today, which is higher than the earnings growth rate of 12.2% last week. Positive earnings surprises reported by companies in multiple sectors were responsible for the 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 7.5% today, which is above the sales growth rate of 7.0% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the increase in the revenue growth rate for the index during the week.

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

The blended earnings growth rate for Q4 2017 of 13.4% is above the estimate of 11.0% at the end of the fourth quarter (December 31). Ten 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 Materials (to 41.2% from 28.3%) sector. The Energy sector is the only sector that has recorded a decrease in earnings growth (to 110.8% from 132.1%) during this time due to negative earnings surprises.

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

The blended sales growth rate for Q4 2017 of 7.5% 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 Materials (to 19.3% 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: Utilities (to 4.8% from 6.4%) and Financials (to 2.2% from 2.4%).
Earnings Growth: 13.4%

The blended (year-over-year) earnings growth rate for Q4 2017 is 13.4%. 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. Six of these sectors are reporting double-digit earnings growth, led by the Energy, Materials, Information Technology, and Financials sectors.

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 110.8%. At the sub-industry level, all six sub-industries in the sector are reporting 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 (254%), Oil & Gas Refining & Marketing (155%), Integrated Oil & Gas (35%), 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 $11.2 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 11.5% from 13.4%.

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 41.2%. At the industry level, all four industries are reporting earnings growth. Three of these four industries are reporting double-digit earnings growth: Metals & Mining (97%), Containers & Packaging (41%), and Chemicals (36%).

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 18.1%. At the industry level, all seven industries in this sector are reporting earnings growth. Five industries are reporting double-digit earnings growth: Semiconductors & Semiconductor Equipment (41%), Internet Software & Services (18%), IT Services (15%), Software (15%), and Technology Hardware, Storage, & Peripherals (13%).

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 14.9%. At the industry level, all five industries in this sector are reporting earnings growth. Four industries are reporting double-digit earnings growth: Insurance (37%), Consumer Finance (15%), Capital Markets (11%), and Banks (11%). 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 7.0% from 14.9%.

Revenue Growth: 7.5%

The blended (year-over-year) revenue growth rate for Q4 2017 is 7.5%. All eleven sectors are reporting year-over-year growth in revenues. Three sectors are reporting double-digit growth in revenues: Materials, Energy, and Information Technology.

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 of all eleven sectors at 19.3%. At the industry level, all four industries in this sector are reporting revenue growth, led by the Chemicals (25%) and Metals & Mining (19%) industries. At the company level, DowDuPont is the largest contributor to revenue growth for the sector. However, the actual revenues for Q4 2017 ($20.1 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 the largest contributor to revenue growth for the sector. If this company were excluded, the blended revenue growth rate for the sector would fall to 11.8% from 19.3%.

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

The Energy sector is reporting the second highest (year-over-year) revenue growth of all eleven sectors at 18.7%. At the sub-industry level, all six sub-industries in the sector are reporting revenue growth: Oil & Gas Drilling (53%), Oil & Gas Equipment & Services (35%), Oil & Gas Refining & Marketing (27%), Integrated Oil & Gas (13%), Oil & Gas Storage & Transportation (8%), and Oil & Gas Exploration & Production (8%).

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 12.7%. At the industry level, all seven industries in this sector are reporting revenue growth. Four of these seven industries are reporting double-digit revenue growth: Internet Software & Services (25%), Semiconductor & Semiconductor Equipment (18%), IT Services (16%), and Electronic Equipment, Instruments, and Components (12%).
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, 50 companies in the index have issued EPS guidance for Q1 2018. Of these 50 companies, 25 have issued negative EPS guidance and 25 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 50% (25 out of 50), 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 13.4% and revenue growth of 7.5%. 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 16.9% and revenue growth of 7.1%.
For Q2 2018, analysts are projecting earnings growth of 18.3% and revenue growth of 7.5%.
For Q3 2018, analysts are projecting earnings growth of 19.8% and revenue growth of 6.3%.
For Q4 2018, analysts are projecting earnings growth of 14.2% and revenue growth of 4.8%.
For all of 2018, analysts are projecting earnings growth of 16.8% and revenue growth of 6.4%.

Valuation: Forward P/E Ratio is 18.0, above the 10-Year Average (14.2)

The forward 12-month P/E ratio is 18.0. This P/E ratio is above the 5-year average of 16.0 and above the 10-year average of 14.2. However, it is below 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 5.5%, while the forward 12-month EPS estimate has increased by 6.8%.

At the sector level, the Energy (22.7) and Consumer Discretionary (21.4) sectors have the highest forward 12-month P/E ratios, while the Telecom Services (11.6) 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 (19.5 vs. 14.4). One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (11.6 vs. 14.1).

Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 8% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3060.75, which is 8.5% above the closing price of 2821.98. At the sector level, the Real Estate (+11.4%) sector has the largest upside difference between the bottom-up target price and the closing price, while the Telecom Services (+3.9%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,122 ratings on stocks in the S&P 500. Of these 11,122 ratings, 50.2% are Buy ratings, 44.6% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (59%), Health Care (58%), and Energy (56%) sectors have the highest percentages of Buy ratings, while the Telecom Services (29%) sector has the lowest percentage of Buy ratings.
Companies Reporting Next Week: 91

During the upcoming week, 91 S&P 500 companies (including one Dow 30 component) 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)

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<th>Below</th>
<th>In-Line</th>
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**S&P 500 Revenues Above, In-Line, Below Estimates: Q4 2017**
(Source: FactSet)

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Q4 2017: Scorecard

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

- **Materials**: 11.2%
- **Telecom Services**: 9.4%
- **Industrials**: 8.2%
- **Consumer Disct.**: 7.7%
- **Financials**: 7.2%
- **Consumer Staples**: 4.9%
- **S&P 500**: 4.0%
- **Health Care**: 2.6%
- **Info. Technology**: 1.5%
- **Utilities**: 1.3%
- **Real Estate**: 0.3%
- **Energy**: -12.0%

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

- **Materials**: 2.2%
- **Consumer Disct.**: 2.1%
- **Energy**: 1.9%
- **Health Care**: 1.9%
- **Telecom Services**: 1.7%
- **Info. Technology**: 1.7%
- **S&P 500**: 1.4%
- **Real Estate**: 1.3%
- **Industrials**: 1.3%
- **Consumer Staples**: 0.5%
- **Financials**: -0.1%
- **Utilities**: -1.1%
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)

- Time Warner Inc.: 84.7%
- Dover Corporation: 81.2%
- Boeing Company: 88.2%
- Advanced Micro Devices, Inc.: 62.9%
- Citigroup Inc.: 62.5%
- Travelers Companies, Inc.: 62.4%
- Eastman Chemical Company: 49.9%
- Capital One Financial Corporation: 47.4%
- Clorox Company: 44.4%
- W.W. Grainger, Inc.: 33.7%

S&P 500 Actual EPS Surprise %: Bottom 10 Q4 Actual EPS Surprises
(Source: FactSet)

- Discover Financial Services: -33.7%
- HCA Healthcare Inc.: -33.7%
- Raytheon Company: -33.7%
- Chevron Corporation: -40.5%
- Comerica Incorporated: -44.9%
- Texas Instruments Incorporated: -68.7%
- PulteGroup, Inc.: -69.5%
- Harley-Davidson, Inc.: -89.0%
- Xilinx, Inc.: -92.1%
- Mattel, Inc.: -536.8%
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)
Earnings Insight

Q4 2017: Growth

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

S&P 500 Revenue Growth: Q4 2017
(Source: FactSet)
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)
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: 861.1%
- Advanced Micro Devices, Inc.: 272.8%
- National Oilwell Varco, Inc.: 221.3%
- Anadarko Petroleum Corporation: 199.9%
- Noble Energy, Inc.: 163.8%
- CF Industries Holdings, Inc.: 46.6%
- EOG Resources, Inc.: 43.5%
- NRG Energy, Inc.: 43.6%
- Helmerich & Payne, Inc.: 42.5%
- Occidental Petroleum Corporation: 49.9%

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

- Caterpillar Inc.: -19.2%
- Amazon.com, Inc.: -19.6%
- Symantec Corporation: -20.4%
- Qorvo, Inc.: -27.5%
- General Electric Company: -32.2%
- Incyte Corporation: -33.3%
- Baker Hughes, a GE Company Class A: -37.6%
- Juniper Networks, Inc.: -39.0%
- United Continental Holdings, Inc.: -77.8%
- Alaska Air Group, Inc.: -110.5%
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>Telecom Services</th>
<th>Utilities</th>
<th>Real Estate</th>
<th>Health Care</th>
<th>Financials</th>
<th>Consumer Dis.</th>
<th>Consumer Staples</th>
<th>Industrials</th>
<th>Energy</th>
<th>Materials</th>
<th>Info Technology</th>
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</thead>
<tbody>
<tr>
<td>Revenue Exposure (%)</td>
<td>3%</td>
<td>5%</td>
<td>17%</td>
<td>16%</td>
<td>24%</td>
<td>29%</td>
<td>27%</td>
<td>38%</td>
<td>42%</td>
<td>47%</td>
<td>50%</td>
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<tr>
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<td>United States</td>
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<td>78%</td>
<td>75%</td>
<td>73%</td>
<td>52%</td>
<td>58%</td>
<td>52%</td>
<td>40%</td>
</tr>
</tbody>
</table>
Earnings Insight

Bottom-up EPS Estimates: Revisions

Bottom-up EPS Estimates: Current & Historical

![S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates](chart1)

![S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates](chart2)
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)
Earnings Insight

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

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs. (Source: FactSet)

S&P 500 Forward 12-Month P/E Ratio: 10 Years (Source: FactSet)
Trailing 12M P/E Ratio: Long-Term Averages

S&P 500 Change in Trailing 12-Month EPS vs. Change in Price: 10 Years
(Source: FactSet)

S&P 500 Trailing 12-Month P/E Ratio: 10 Years
(Source: FactSet)
Targets & Ratings

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

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