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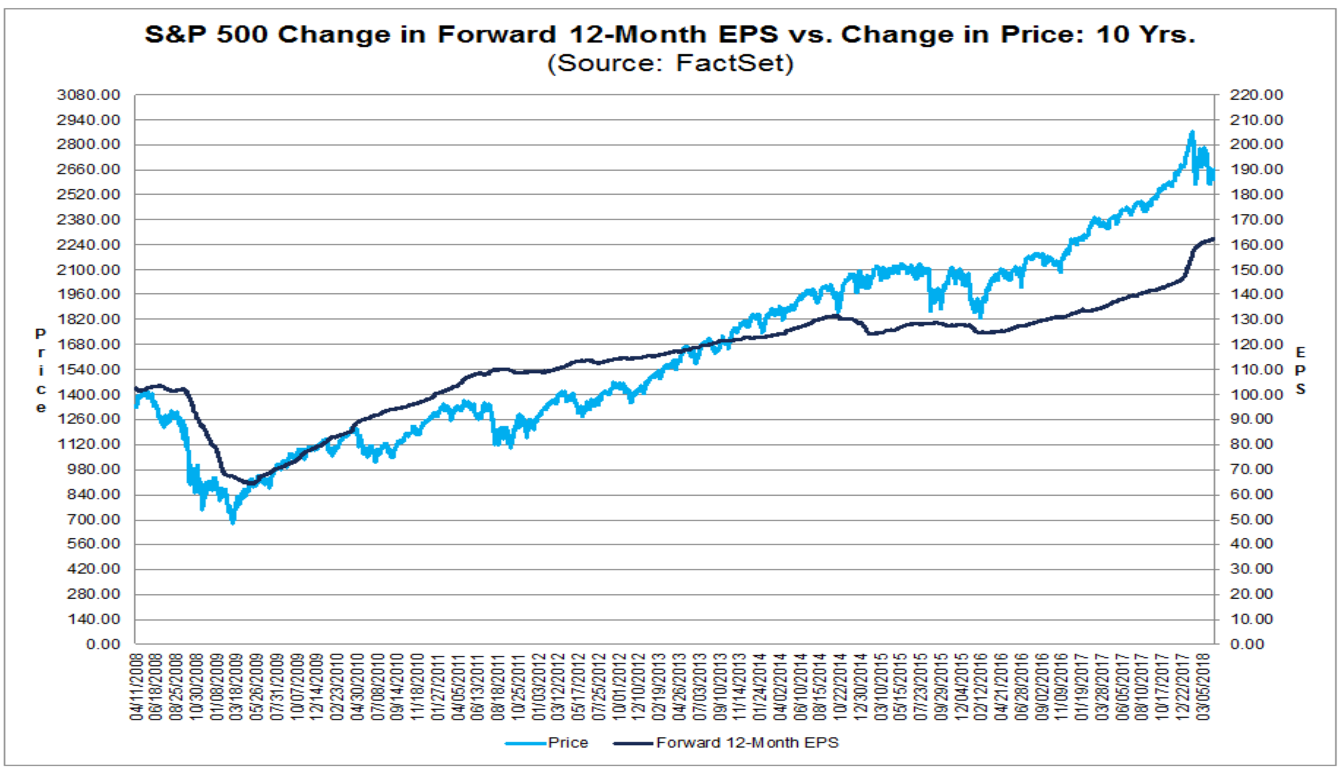
Key Metrics

- **Earnings Scorecard:** For Q1 2018 (with 6% of the companies in the S&P 500 reporting actual results for the quarter), 70% of S&P 500 companies have reported a positive EPS surprise and 73% have reported a positive sales surprise.
- **Earnings Growth:** For Q1 2018, the blended earnings growth rate for the S&P 500 is 17.3%. If 17.3% is the actual growth rate for the quarter, it will mark the highest earnings growth since Q1 2011 (19.5%).
- **Earnings Revisions:** On March 31, the estimated earnings growth rate for Q1 2018 was 17.1%. Two sectors have higher growth rates today (compared to March 31) due to positive earnings surprises, led by the Financials sector.
- **Earnings Guidance:** For Q2 2018, 2 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 16.4. This P/E ratio is above the 5-year average (16.1) and above the 10-year average (14.3).



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Topic of the Week: 1

S&P 500 Likely to Report Earnings Growth of 20% for Q1 2018

As of today, the S&P 500 is expected to report earnings growth of 17.3% for the first quarter. What is the likelihood the index will report an actual earnings increase of 17.3% for the quarter?

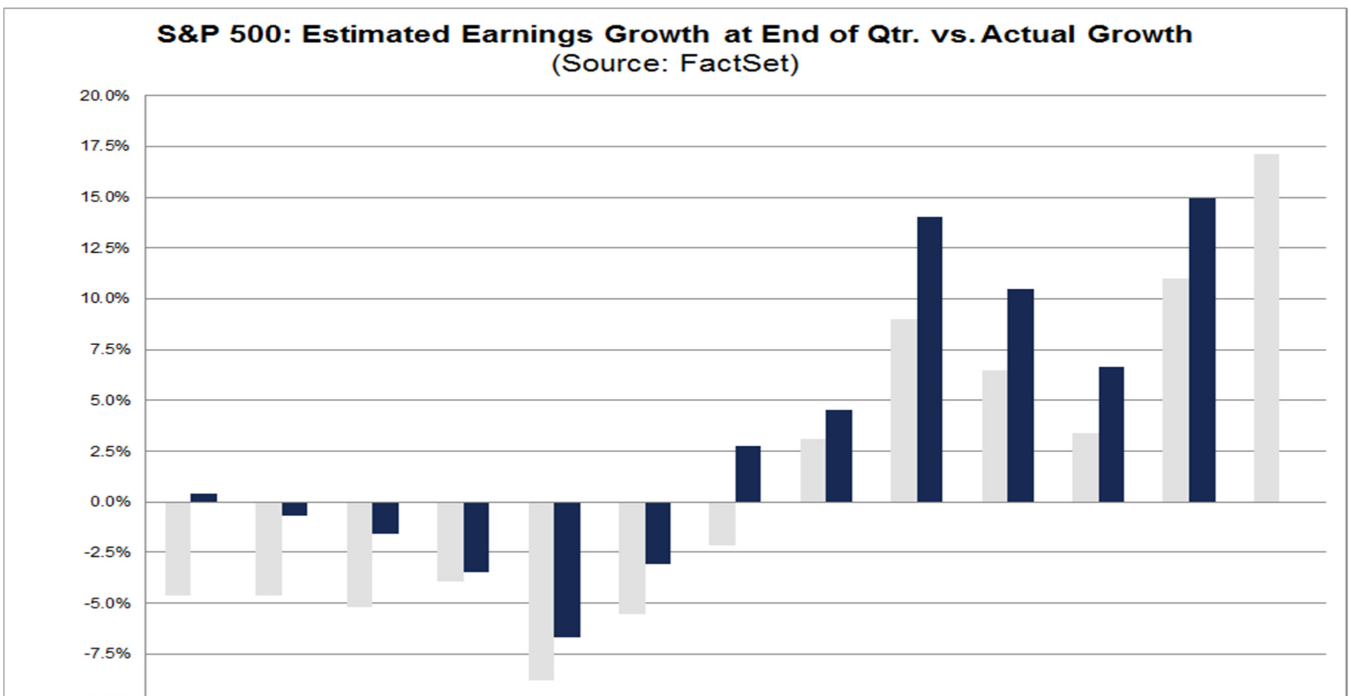
Based on the average change in earnings growth due to companies reporting actual earnings above estimated earnings, it is likely the index will report earnings growth of about 20% for the first quarter.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year-ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth for the company for the quarter is now 10%, five percentage points above the estimated growth rate (10% - 5% = 5%).

Over the past five years on average, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 4.3%. During this same period, 70% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has typically increased by 3.0 percentage points on average (over the past 5 years) due to the number and magnitude of upside earnings surprises.

If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 17.1%, the actual earnings growth rate for the quarter would be 20.1% (17.1% + 3.0% = 20.1%).

If the index does report growth of 20.1% for Q1 2018, it will mark the highest earnings growth for the index since Q3 2010 (34.0%) and the fourth quarter of double-digit earnings growth in the past five quarters.



	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118
End of Qtr.	-4.6%	-4.6%	-5.2%	-3.9%	-8.8%	-5.6%	-2.1%	3.1%	9.0%	6.5%	3.4%	11.0%	17.1%
Actual	0.4%	-0.7%	-1.6%	-3.5%	-6.7%	-3.1%	2.8%	4.5%	14.0%	10.5%	6.6%	15.0%	

Topic of the Week: 2

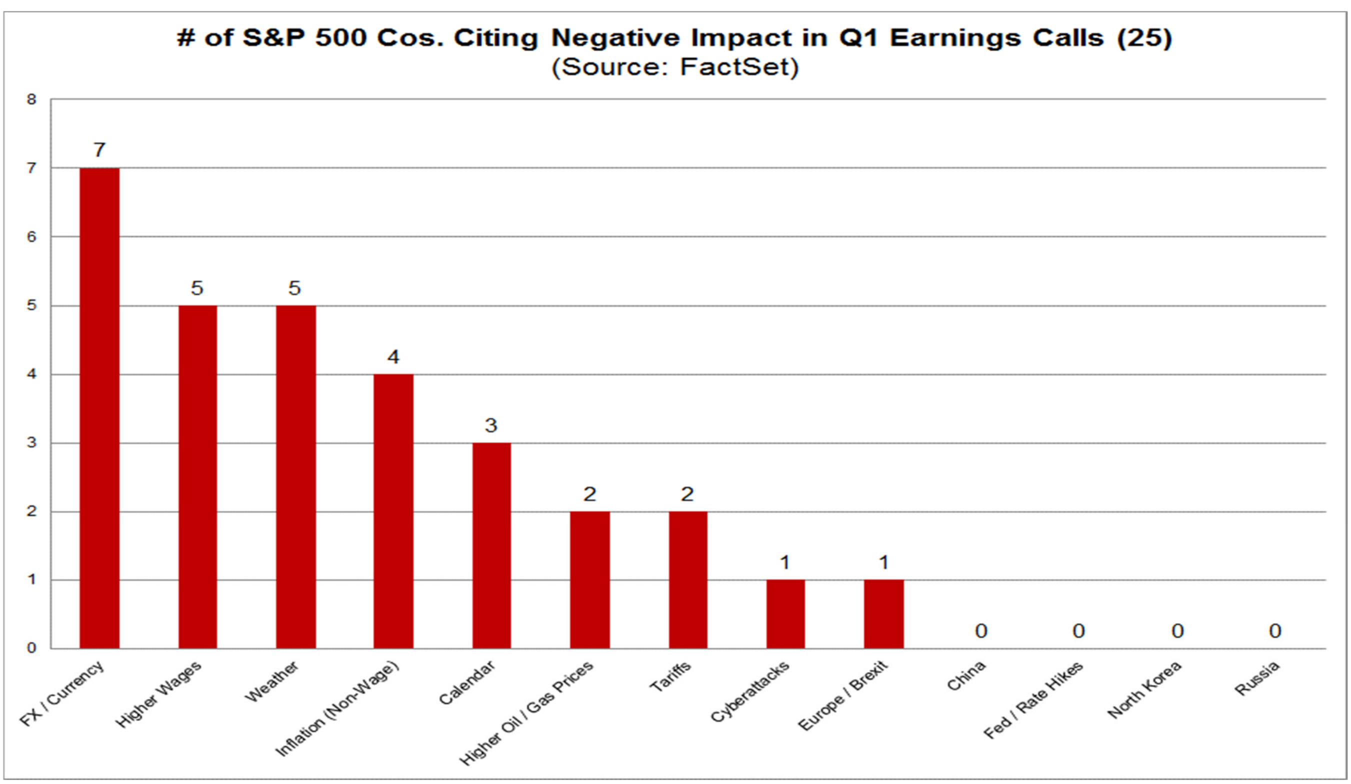
More Than Half of S&P 500 Companies Citing Positive Impact from FX on Q1 Earnings Calls

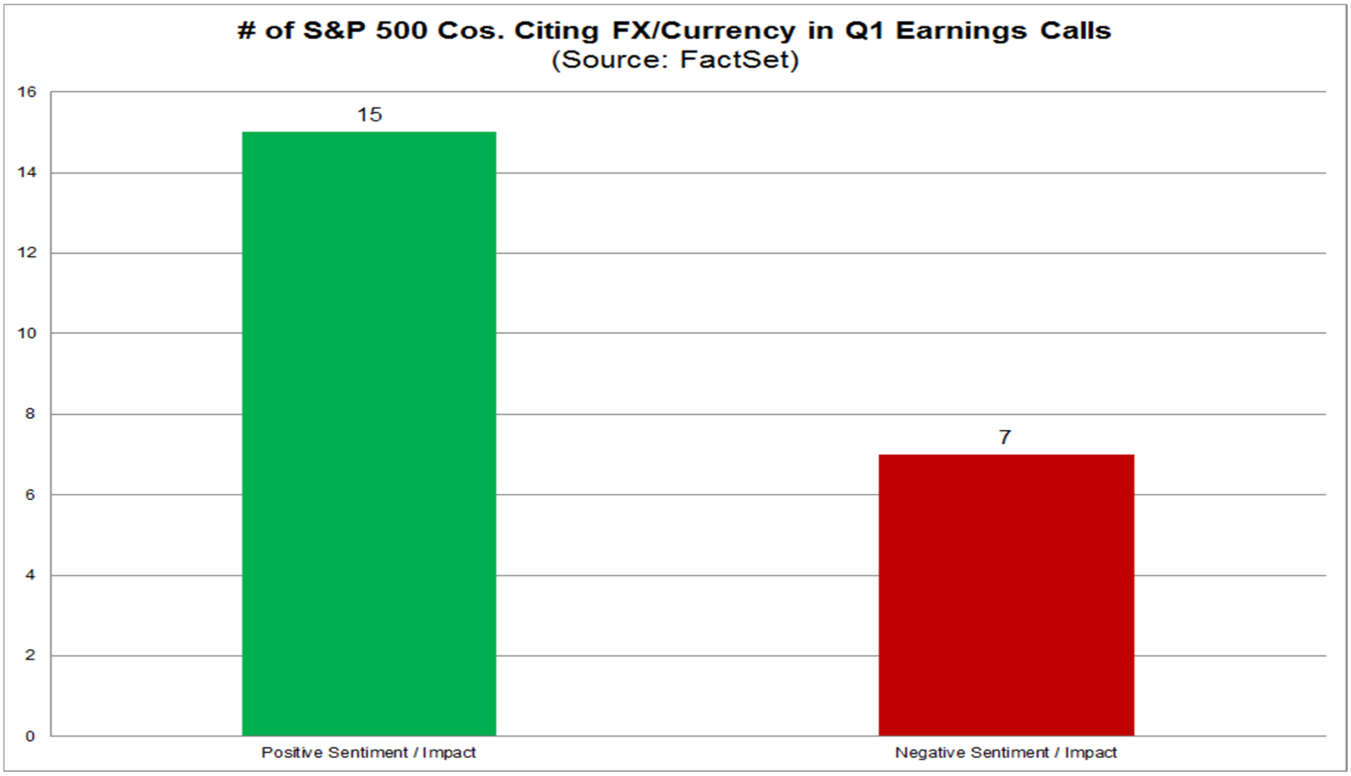
While the majority of S&P 500 companies will report earnings results for Q1 2018 over the next few weeks, about 5% of the companies in the index (26 companies) have reported earnings results for the first quarter through April 12. Given the number of concerns in the market, have these companies discussed specific factors that had a negative impact on earnings or revenues in the first quarter (or are expected to have a negative impact in future quarters) during their earnings conference calls?

To answer this question, FactSet searched for specific terms related to a number of factors (i.e. “currency,” “China,” etc.) in the conference call transcripts of the 25 S&P 500 companies that have conducted first quarter earnings conference calls through April 12 to see how many companies discussed these factors. FactSet then looked to see if the company cited a negative impact, expressed a negative sentiment (i.e. “volatility,” “uncertainty,” “pressure,” “headwind,” etc.), or discussed clear underperformance in relation to the factor for either the quarter just reported or in guidance for future quarters. The results are shown below.

Of the factors analyzed, the largest number of companies expressed a negative sentiment or discussed a negative impact regarding foreign exchange rates. Of the 25 companies that have conducted earnings calls to date, 7 (or 28%) have discussed a negative impact or expressed a negative sentiment about foreign exchange rates.

However, it is important to note that more than twice as many companies in the index have expressed a positive sentiment or discussed a positive impact from foreign exchange rates than have expressed a negative sentiment or discussed a negative impact from foreign exchange rates. Of the 25 companies that have conducted earnings calls to date, 15 (or 60%) have discussed a positive impact or expressed a positive sentiment about this factor. The list of positive comments about foreign exchange rates from these companies can be found on the next page.





"Moving down the income statement for the second quarter, there is membership income as the next line item. Reported in Q2 $716 million, up $80 million from the $636 million last year second quarter, and up about 4 basis points or 12.6% in dollars. Now ex-FX, the benefit of strong foreign currencies benefited the number by about $12 million." –Costco (Mar. 7)

"From a year-over-year currency perspective, FX increased revenue by $35.6 million. We had $1 million in hedge gains in Q1 FY 2018, versus $18.3 million in hedge gains in Q1 FY 2017. Thus, the net year-over-year currency increase to revenue considering hedging gains was $18.3 million." – Adobe Systems (Mar. 15)

"I will give you guidance for non-GAAP Q4 in U.S. dollars and also in constant currency. Assuming current exchange rates, currency could be as much as 3% positive on total revenue and $0.03 positive on earnings per share." – Oracle (Mar. 19)

"FedEx International Export Package revenue increased double-digits to 10% year-over-year in Q3, primarily due to yield increase of 9%. Excluding fuel and exchange rate impact, yields increased 2%." – FedEx (Mar. 20)

"Foreign currency translation yielded a 2-point benefit to net sales." – General Mills (Mar. 21)

"First, we benefit by $0.07 from the favorable impact of currency; second, we benefit by $0.03 from the change in fuel prices, including the impact of fuel derivatives; and, third, we flow-through $0.05 of the first quarter benefit from higher revenues. Putting all these factors together, our adjusted EPS for 2018 is $4.20 to $4.40, versus $3.82 for 2017." – Carnival (Mar. 22)

"Looking now at revenues. Net revenues for the quarter were $9.6 billion, an increase of 15% in USD and 10% in local currency, reflecting a foreign exchange tailwind of roughly 5.5% compared to the 4.5% impact provided last quarter. This result was approximately $95 million above the upper end of our FX-adjusted range." – Accenture (Mar. 22)

"FX favorably impacted net sales in the third quarter by roughly 5%." – ConAgra Brands (Mar. 22)

"Third, as we exit Q3, we will put two significant headwinds largely behind us. At current rates, we expect the impact of foreign exchange on EBIT, net of hedging, to be roughly neutral in Q4 and begin shifting to a slight tailwind in fiscal year 2019." – NIKE (Mar. 22)

"We delivered $772 million of total revenue for the fourth quarter, which was above the high end of our guidance and represented growth of 23% in USD or 18% in constant currency. We exceeded the high end of our guidance by $9 million, which included a foreign exchange tailwind of approximately $6 million." – Red Hat (Mar. 26)

"In terms of guidance, we are reaffirming our 2018 guidance from our January 16 earnings call, further increasing revenue by $25 million to reflect favorable impact from FX. For the year, we now expect $35 million revenue benefit from FX." – IHS Markit (Mar. 27)

"Starting with our top line for the first quarter, we grew sales 19% with a 4% benefit from favorable foreign currency." – McCormick & Co. (Mar. 27)

"Now let's review Q4 results. Comparable basis diluted EPS came in at $1.90, up 28%. Beer net sales increased 12%, primarily due to volume growth of 10% and favorable pricing. Beer operating margin remained steady at 38%, as pricing, along with operational and foreign currency benefits were mostly offset by higher SG&A, including increased marketing spend for the quarter." – Constellation Brands (Mar. 29)

"Looking at some specific details for the quarter, net sales grew 3.4% over the year ago period, driven by an increase in net sales volume of over 6% and an approximate 1% favorable impact from foreign exchange rates, partially offset by a 3.5% for unfavorable changes in product prices and the mix of products sold." – Acuity Brands (Apr. 4)

"Transatlantic unit revenues increased 12% on strong business class bookings and a 5-point currency tailwind. Strong business cabin performance, a robust summer demand outlook and currency tailwinds are expected to continue to drive positive trends for the entity into the next quarter." – Delta Air Lines (Apr. 12)

Q1 2018 Earnings Season: By the Numbers

Overview

To date, 6% of the companies in the S&P 500 have reported actual results for Q1 2018. In terms of earnings, companies are reporting actual EPS above estimates (70%) at a rate that is equal to the 5-year average. In aggregate, companies are reporting earnings that are 5.6% above the estimates, which is above the 5-year average. In terms of sales, more companies (73%) are reporting actual sales above estimates compared to the 5-year average. 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), year-over-year earnings growth rate for the first quarter is 17.3% today, which is slightly higher than the earnings growth rate of 17.0% last week. Positive earnings surprises reported by companies in the Financials sector were mainly responsible for the small increase in the earnings growth rate for the index during the past week. All eleven sectors are reporting or are predicted to report year-over-year earnings growth. Seven sectors are reporting or are expected to report double-digit earnings growth, led by the Energy, Materials, Information Technology, and Financials sectors.

The blended, year-over-year sales growth rate for the third quarter is 7.4% today, which is equal to the growth rate of 7.4% last week. All eleven sectors are reporting or are projected to report year-over-year growth in revenues. Three sectors are reporting or are predicted to reported double-digit growth in revenues: Energy, Materials, and Information Technology.

As of today, all eleven sectors are reporting or are expected to report both earnings and revenue growth for the second straight quarter.

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

The forward 12-month P/E ratio is 16.4, which is above the 5-year average and the 10-year average.

During the upcoming week, 60 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: More Companies Beating Revenue Estimates than Average

Percentage of Companies Beating EPS Estimates (70%) is Equal to 5-Year Average

Overall, 6% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 70% have reported actual EPS above the mean EPS estimate, 7% have reported actual EPS equal to the mean EPS estimate, and 23% 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 (74%) average but equal to the 5-year (70%) average.

At the sector level, the Information Technology (83%), Consumer Staples (83%), and Financials (80%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (0%) and Consumer Discretionary (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+5.6%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 5.6% above expectations. This surprise percentage is above the 1-year (+5.1%) average and above the 5-year (+4.3%) average.

The Industrials (+9.9%) sector is reporting the largest upside aggregate difference between actual earnings and estimated earnings. Within this sector, FedEx ($3.72 vs. $3.11) has reported the largest upside difference between actual EPS and estimated EPS. On the other hand, the Materials sector (-2.6%) is reporting the largest downside aggregate difference between actual earnings and estimated earnings. Within this sector, Monsanto ($3.22 vs. $3.30) has reported the largest downside difference between actual EPS and estimated EPS.

Market Punishing Earnings Beats and Rewarding 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 upside earnings surprises for Q1 2018 have seen an average price decrease of -2.3% two days before the earnings release through two days after the earnings. This percentage decrease is well below the 5-year average price increase of +1.1% during this same window for companies reporting upside earnings surprises.

Companies that have reported downside earnings surprises for Q1 2018 have seen an average price increase of 0.5% two days before the earnings release through two days after the earnings. This percentage increase is much larger 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 (73%) is Above 5-Year Average

In terms of revenues, 73% of companies have reported actual sales above estimated sales and 27% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is above the 1- year average (70%) and well above the 5-year average (57%).

At the sector level, the Industrials (83%), Information Technology (83%), and Financials (80%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (0%) sector has the lowest percentage 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 (+1.1%) average and above the 5-year (+0.6%) average.

The Financials (+1.8%) and Consumer Discretionary (+1.8%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Materials (-6.0%) sector is reporting the largest aggregate downside difference between actual sales and estimated sales.

Increase in Blended Earnings Growth This Week Due to Financials

Increase in Blended Earnings Growth This Week Due to Financials

The blended, year-over-year earnings growth rate for the first quarter is 17.3% today, which is higher than the earnings growth rate of 17.0% last week. Positive earnings surprises reported by companies in the Financials sector were mainly responsible for the small increase in the earnings growth rate for the index during the past week.

In the Financials sector, the positive earnings surprises reported by JPMorgan Chase ($2.37 vs. $2.28), Wells Fargo ($1.12 vs. $1.06), and Citigroup ($1.68 vs. $1.61) were the largest contributors to the small increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 21.4% from 19.8% during this period.

No Change in Blended Revenue Growth This Week

The blended, year-over-year sales growth rate for the first quarter is 7.4% today, which is equal to the sales growth rate of 7.4% last week.

Financials Sector Has Seen Largest Increase in Earnings Growth since March 31

The blended, year-over-year earnings growth rate for Q1 2018 of 17.3% is above the estimate of 17.1% at the end of the first quarter (March 31). Two 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 Financials (to 21.4% from 19.7%) sector. Nine sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Materials (to 40.5% from 41.1%) sector.

Real Estate and Financials Sectors Have Seen Largest Increase in Revenue Growth since March 31

The blended, year-over-year sales growth rate for Q1 2018 of 7.4% is slightly above the estimate of 7.3% at the end of the first quarter (March 31). Five sectors have recorded an increase in sales growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Real Estate (to 7.2% from 6.5%) and Financials (to 3.0% from 2.4%) sectors. Two sectors have recorded a decrease in sales growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Utilities (to 1.3% from 1.9%) sector. Four sectors have recorded no change in sales growth since March 31.

Highest Earnings Growth (17.3%) Since Q1 2011

The blended (year-over-year) earnings growth rate for Q1 2018 is 17.3%. If 17.3% is the final growth rate for the quarter, it will mark the highest earnings growth reported by the index since Q1 2011 (19.5%). It will also mark the fourth time in the past five quarters that the index has reported double-digit earnings growth. All eleven sectors are reporting or are expected to report year-over-year growth in earnings. Seven sectors are reporting or are expected to report 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 expected to report the highest (year-over-year) earnings growth of all eleven sectors at 79.0%. At the sub-industry level, all six sub-industries in the sector are predicted to report earnings growth for the quarter: Oil & Gas Drilling (N/A due to year-ago loss), Oil & Gas Exploration & Production (2,796%), Oil & Gas Equipment & Services (91%), Oil & Gas Refining & Marketing (71%), Oil & Gas Storage & Transportation (49%), and Integrated Oil & Gas (34%).

The unusually high growth rate for the sector is due to both a significant year-over-year increase in oil prices and a comparison to unusually low earnings in the year-ago quarter. The average price of oil in Q1 2018 ($62.89) was 21.5% higher than the average price of oil in Q1 2017 ($51.78). On a dollar-level basis, the Energy sector is projected to report earnings of $14.3 billion in Q1 2018, compared to earnings of $8.0 billion in Q1 2017. The only sector with lower dollar-level earnings in the year-ago quarter is the Materials sector ($7.3 billion).

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

The Materials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 40.5%. At the industry level, three of the four industries in the sector are reporting or are predicted to report earnings growth: Metals & Mining (90%), Chemicals (36%), and Containers & Packaging (33%).

At the company level, DowDuPont is predicted to be the largest contributor to earnings growth for the sector. However, the estimated earnings for Q1 2018 ($2.5 billion) reflect the combined DowDuPont company, while the actual earnings for Q1 2017 ($1.3 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 earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the sector would fall to 27.7% from 40.5%.

Information Technology: 5 of 7 Industries Reporting Double-Digit Earnings Growth

The Information Technology sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 21.9%. At the industry level, all seven of the industries in this sector are reporting or are predicted to report earnings growth. Five of these seven industries are reporting or are predicted to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (31%), Technology Hardware, Storage, & Peripherals (24%), Internet Software & Services (23%), Software (21%), and IT Services (18%).

Financials: 4 of 5 Industries Reporting Double-Digit Earnings Growth

The Financials sector is reporting the fourth highest (year-over-year) earnings growth of all eleven sectors at 21.4%. At the industry level, four of the five industries in this sector are reporting or are predicted to report double-digit growth in earnings: Diversified Financial Services (36%), Banks (27%), Consumer Finance (27%), and Capital Markets (17%).

Revenue Growth: 7.4%

The blended (year-over-year) revenue growth rate for Q1 2018 is 7.4%. 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: 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 20.7%. At the industry level, all four industries in this sector are reporting or are expected to report revenue growth, led by the Chemicals (25%) and Metals & Mining (25%) industries.

At the company level, DowDuPont is predicted to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q1 2018 ($21.4 billion) reflect the combined DowDuPont company, while the actual revenues for Q1 2017 ($13.2 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 blended revenue growth rate for the sector would fall to 11.9% from 20.7%.

Energy: 5 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 15.6%. At the sub-industry level, all six sub-industries in the sector are predicted to report revenue growth: Oil & Gas Drilling (40%), Oil & Gas Equipment & Services (30%), Oil & Gas Refining & Marketing (22%), Oil & Gas Storage & Transportation (16%), Integrated Oil & Gas (11%), and Oil & Gas Exploration & Production (5%).

Information Technology: 5 of 7 Industries Reporting Double-Digit Growth

The Information Technology sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 14.2%. At the industry level, all seven industries in this sector are reporting or are predicted to report revenue growth. Five of these seven industries are reporting or are projected to report double-digit revenue growth: Internet Software & Services (24%), IT Services (16%), Semiconductor & Semiconductor Equipment (15%), Technology Hardware, Storage, & Peripherals (12%), and Software (10%).

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: More Companies Issuing Positive EPS Guidance For Q2 2018

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, 5 companies in the index have issued EPS guidance for Q2 2018. Of these 5 companies, 2 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 40% (2 out of 5), which is well below the 5-year average of 74%.

Double-Digit Earnings Growth Expected For All of 2018

For the first quarter, companies are reporting earnings growth of 17.3% and revenue growth of 7.4%. Analysts currently expect earnings to grow at double-digit levels for the remainder 2018.

For Q2 2018, analysts are projecting earnings growth of 19.0% and revenue growth of 7.8%.

For Q3 2018, analysts are projecting earnings growth of 20.9% and revenue growth of 6.5%.

For Q4 2018, analysts are projecting earnings growth of 17.1% and revenue growth of 5.6%.

For all of 2018, analysts are projecting earnings growth of 18.4% and revenue growth of 6.7%.

Valuation: Forward P/E Ratio is 16.4, above the 10-Year Average (14.3)

The forward 12-month P/E ratio is 16.4. This P/E ratio is above the 5-year average of 16.1 and above the 10-year average of 14.3. It is equal to the forward 12-month P/E ratio of 16.4 recorded at the start of the second quarter (March 31). Since the start of the second quarter, the price of the index has increased by 0.9%, while the forward 12-month EPS estimate has increased by 0.4%.

At the sector level, the Energy (20.2) and Consumer Discretionary (19.7) sectors have the highest forward 12-month P/E ratios, while the Telecom Services (10.4) and Financials (13.1) sectors have the lowest forward 12-month P/E ratios. Nine sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Information Technology (18.1 vs. 14.5) sector. The Telecom Services (10.4 vs. 14.1) sector is the only sector with a forward 12-month P/E ratio below the 10-year average.

Targets & Ratings: Analysts Project 16% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3086.99, which is 15.9% above the closing price of 2663.99. At the sector level, the Health Care (+18.1%) and Consumer Discretionary (+17.4%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+7.7%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

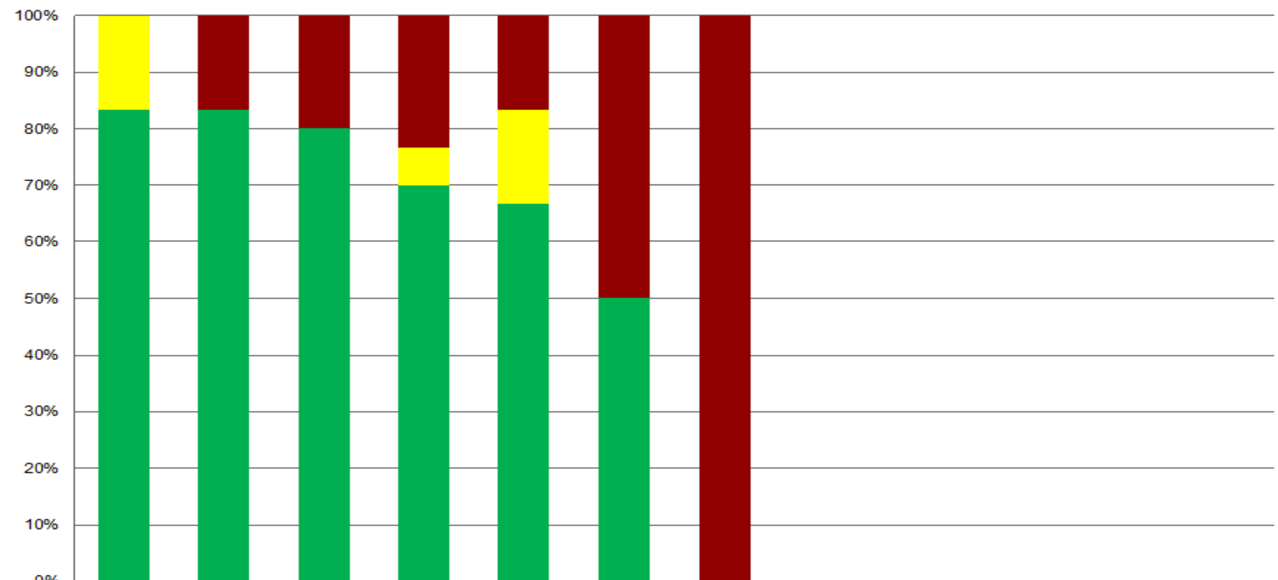
Overall, there are 11,126 ratings on stocks in the S&P 500. Of these 11,126 ratings, 52.7% are Buy ratings, 42.5% are Hold ratings, and 4.8% are Sell ratings. At the sector level, the Information Technology (61%), Energy (60%), and Health Care (59%) sectors have the highest percentages of Buy ratings, while the Telecom Services (35%) and Utilities (41%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 60

During the upcoming week, 60 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

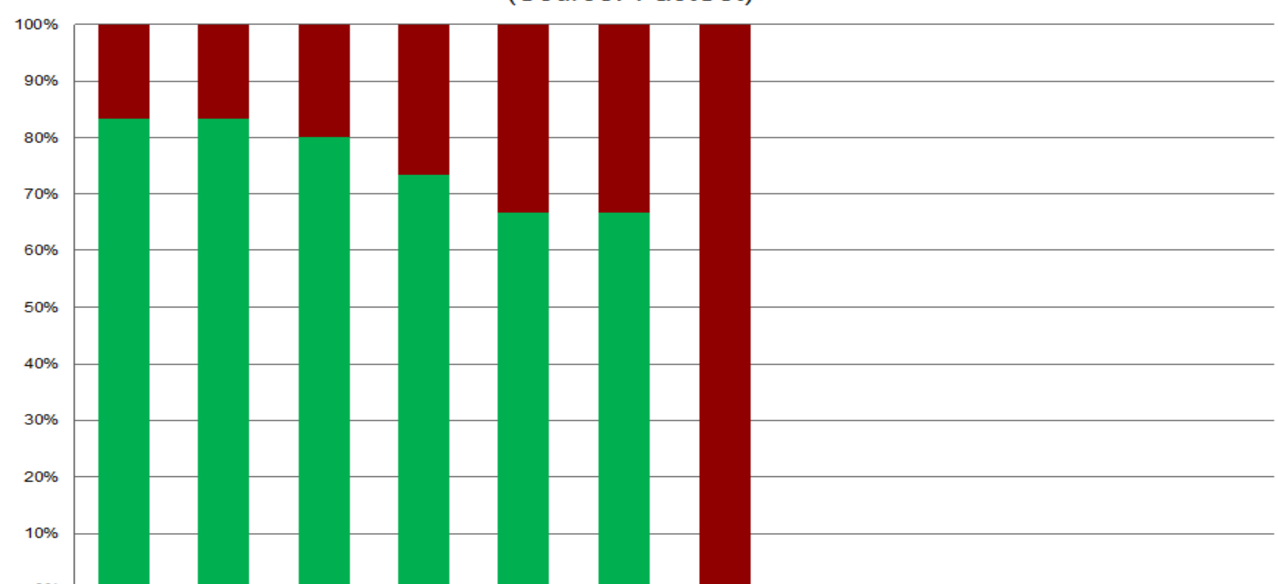
Q1 2018: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q1 2018
(Source: FactSet)



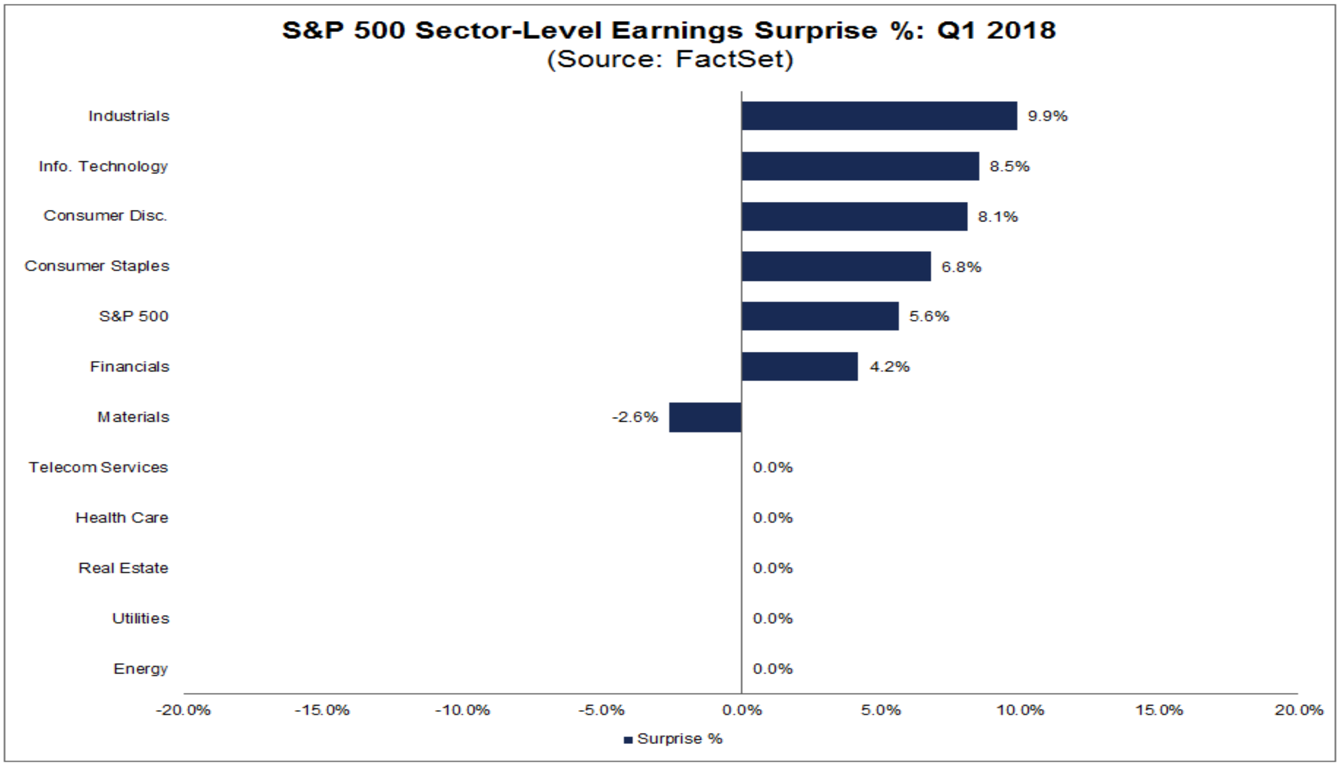
	Info. Technology	Consumer Staples	Financials	S&P 500	Industrials	Consumer Disc.	Materials	Health Care	Utilities	Energy	Real Estate	Telecom Services
Below	0%	17%	20%	23%	17%	50%	100%	0%	0%	0%	0%	0%
In-Line	17%	0%	0%	7%	17%	0%	0%	0%	0%	0%	0%	0%
Above	83%	83%	80%	70%	67%	50%	0%	0%	0%	0%	0%	0%

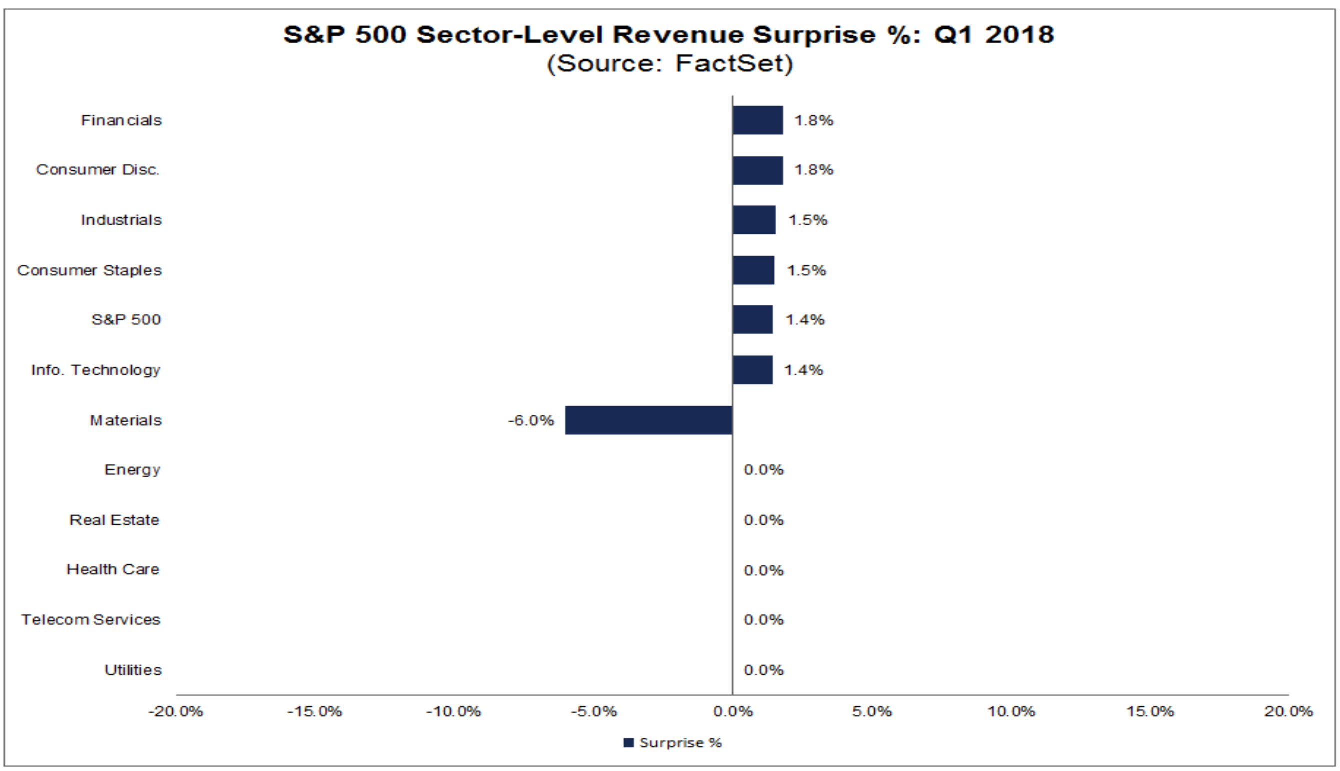
S&P 500 Revenues Above, In-Line, Below Estimates: Q1 2018
(Source: FactSet)



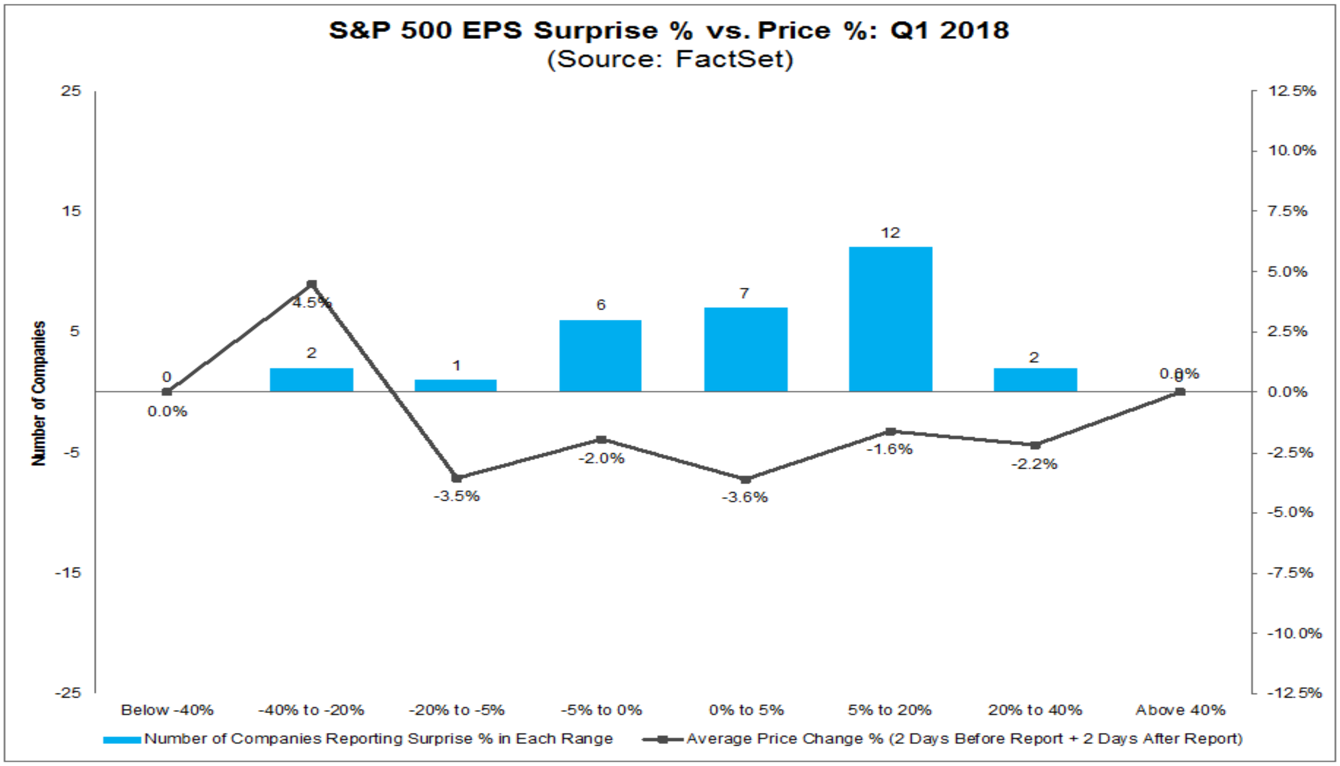
	Industrials	Info. Technology	Financials	S&P 500	Consumer Disc.	Consumer Staples	Materials	Health Care	Energy	Real Estate	Telecom Services	Utilities
Below	17%	17%	20%	27%	33%	33%	100%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	83%	83%	80%	73%	67%	67%	0%	0%	0%	0%	0%	0%

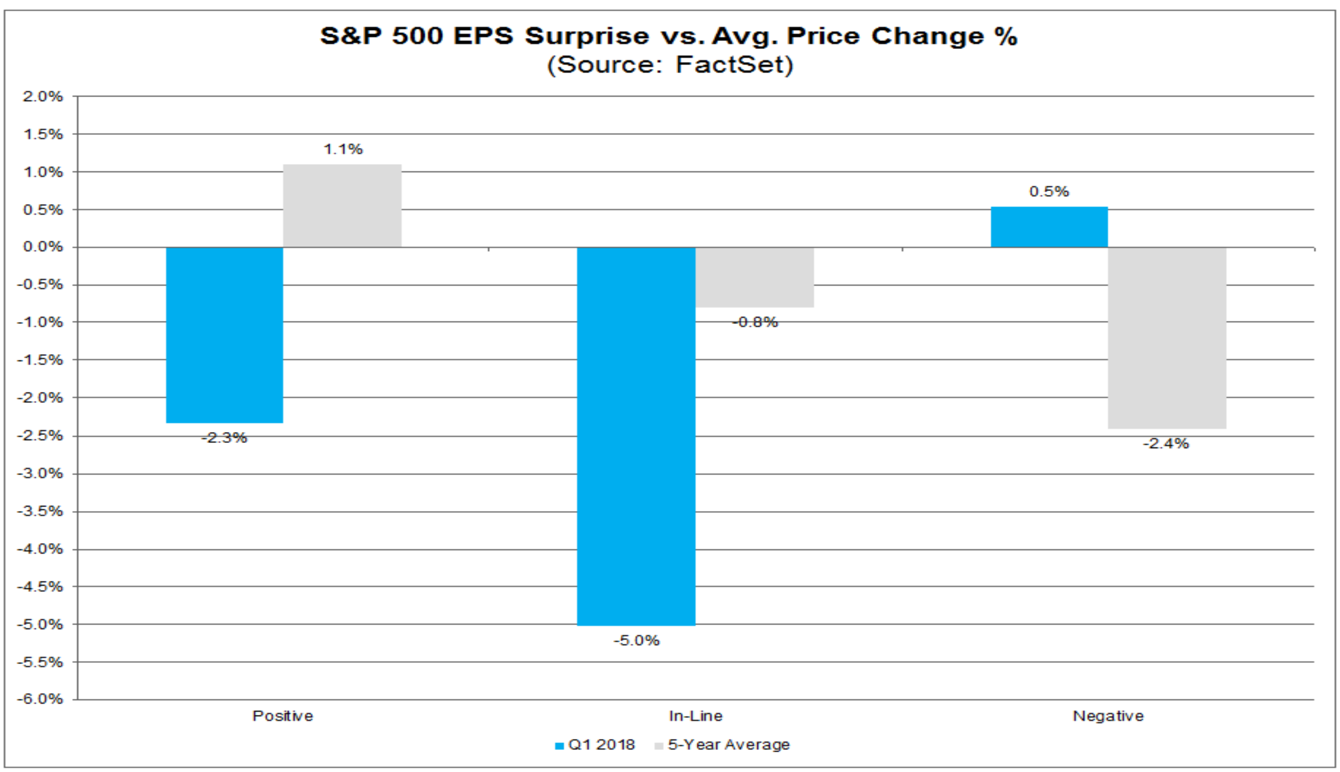
Q1 2018: Scorecard



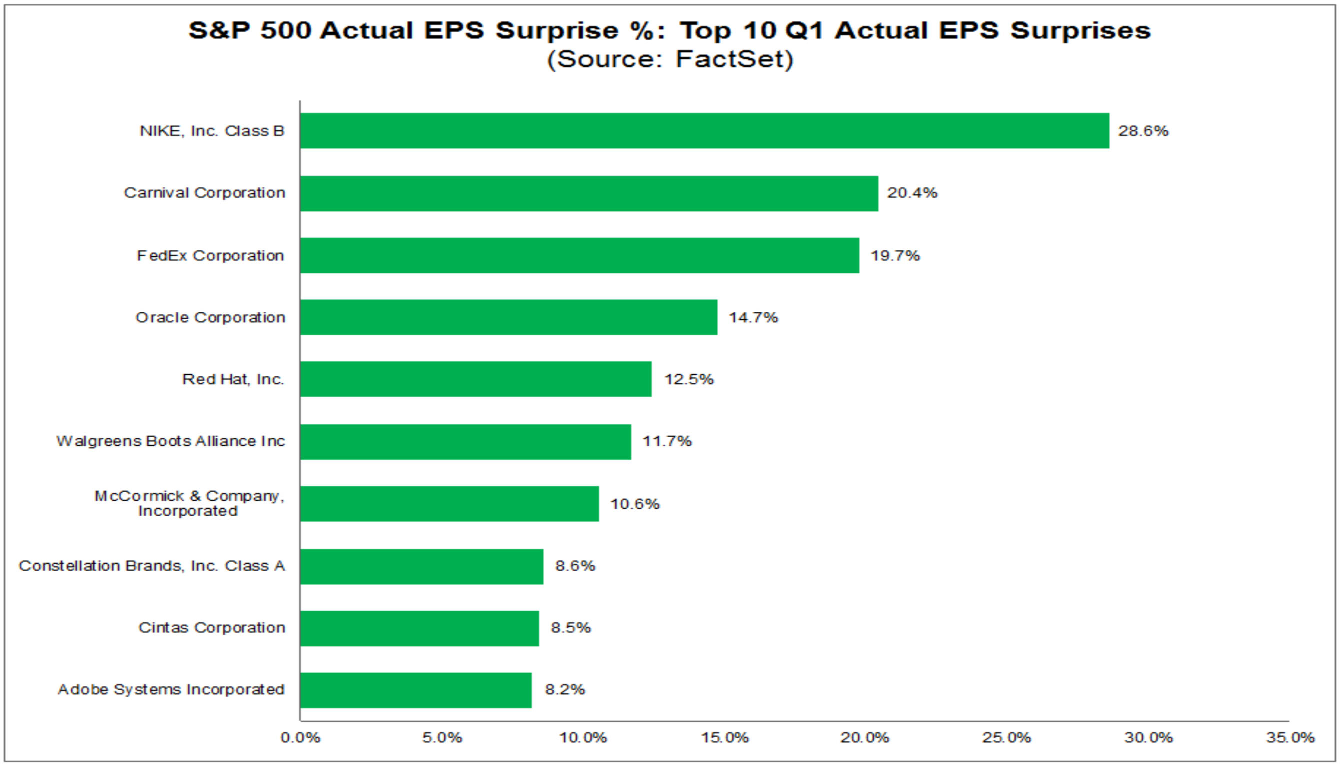


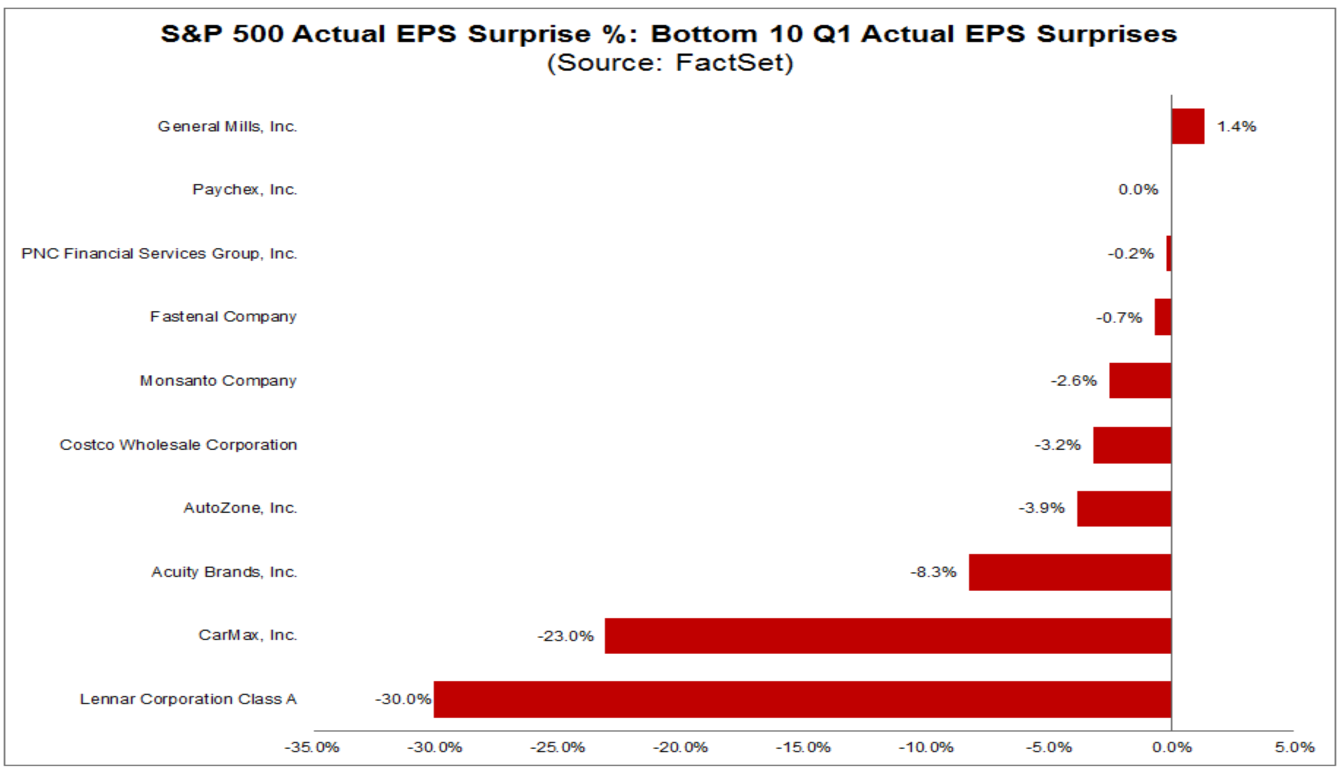
Q1 2018: Scorecard



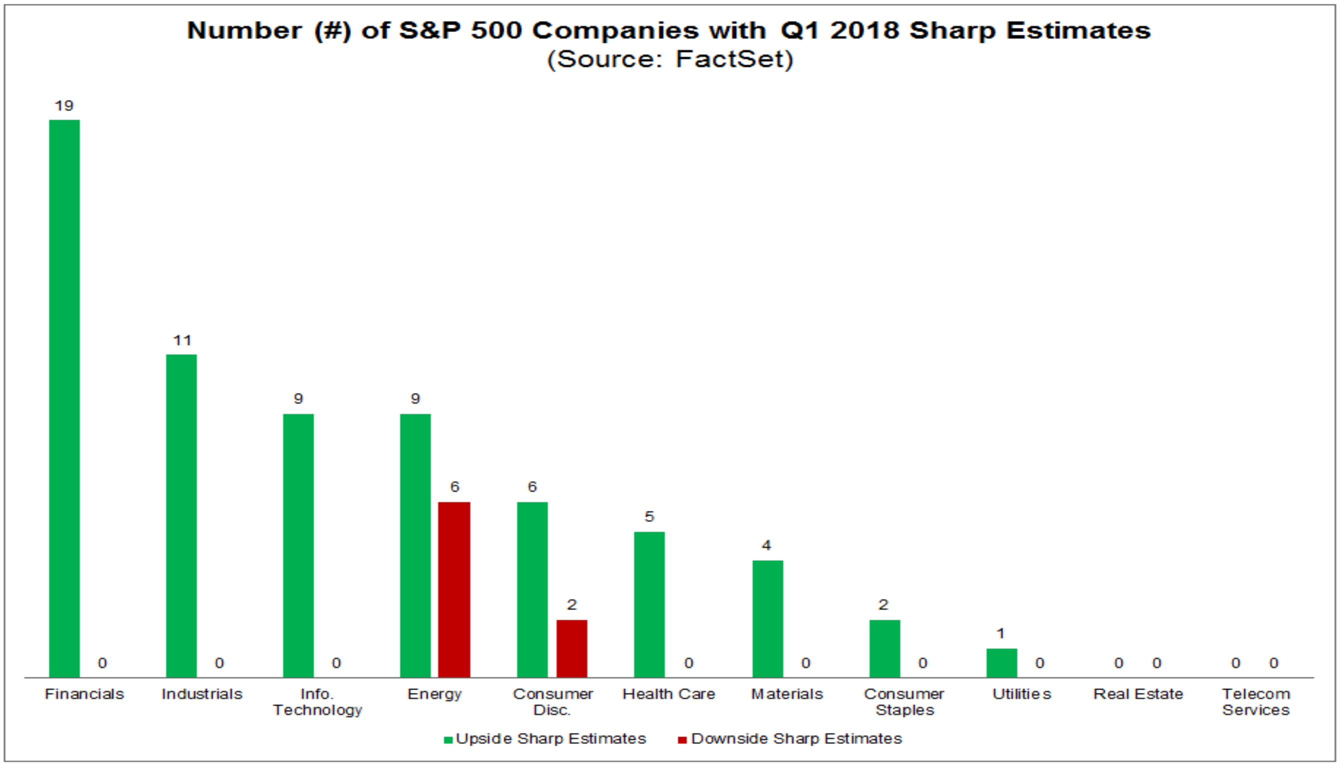


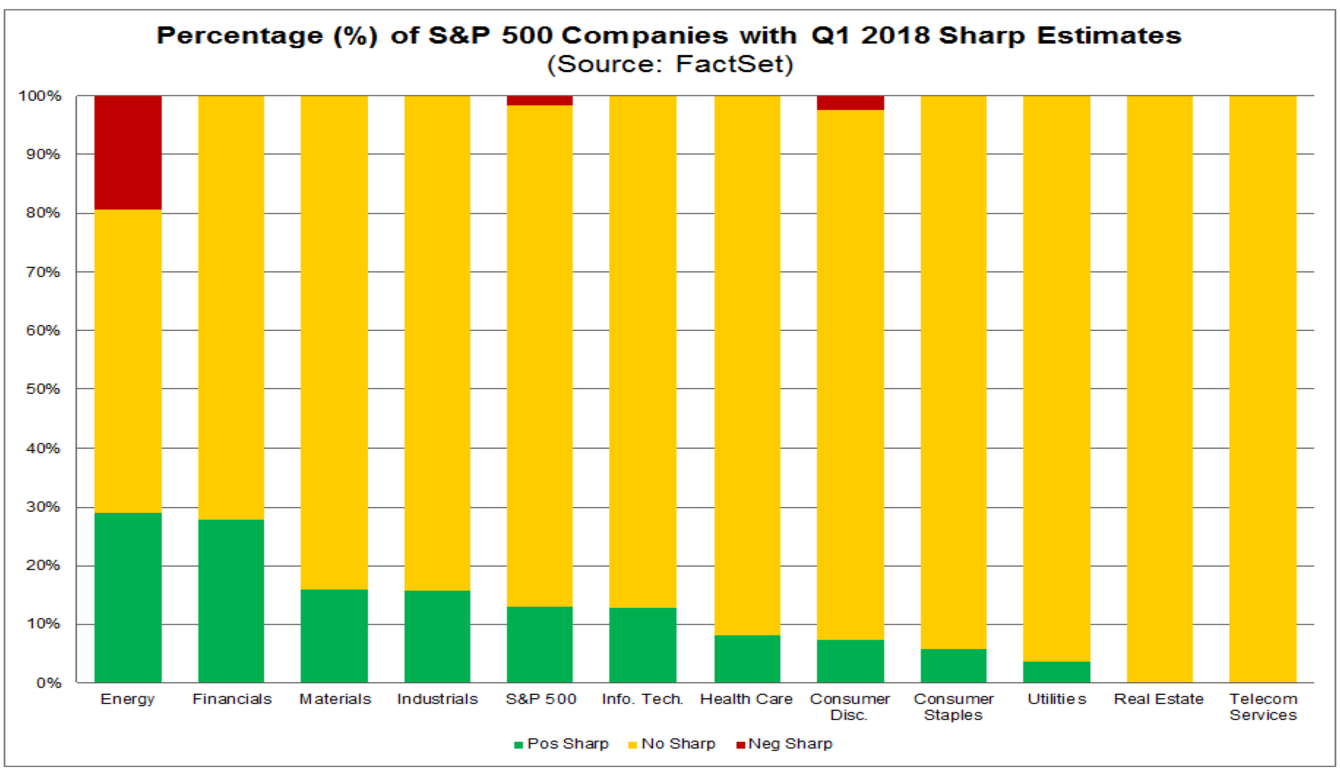
Q1 2018: Scorecard



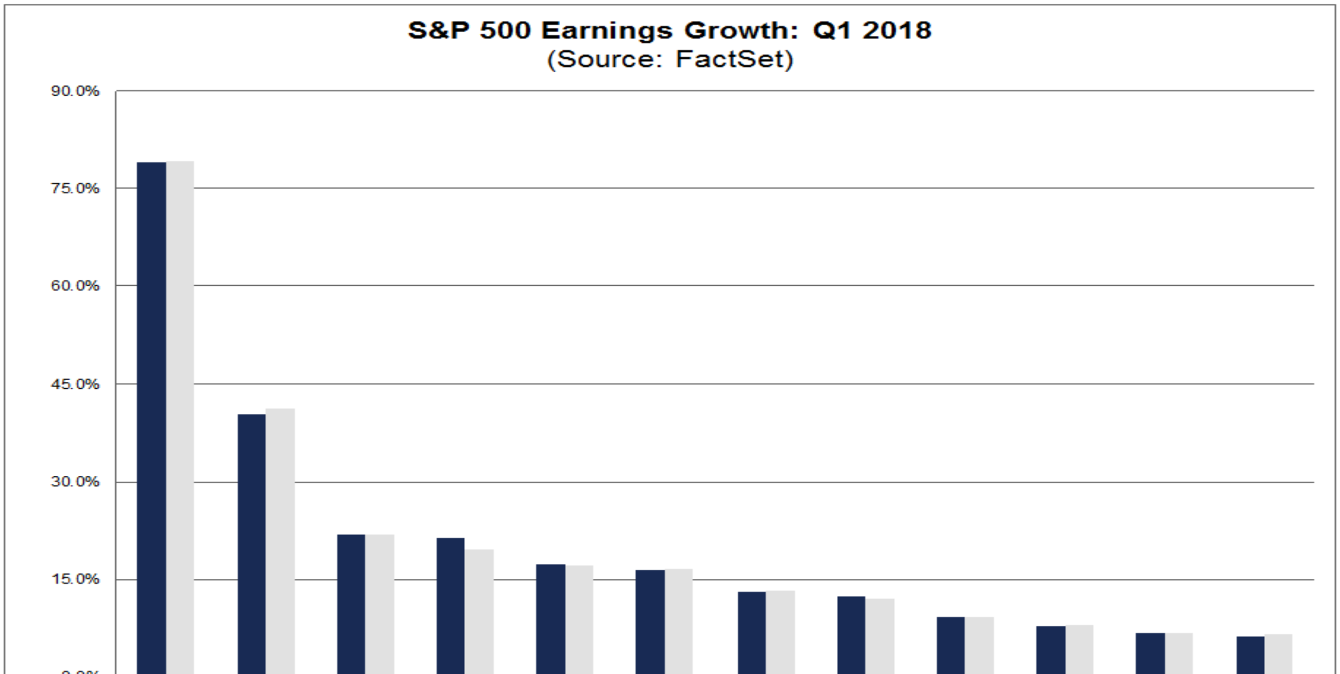


Q1 2018: Projected EPS Surprises (Sharp Estimates)

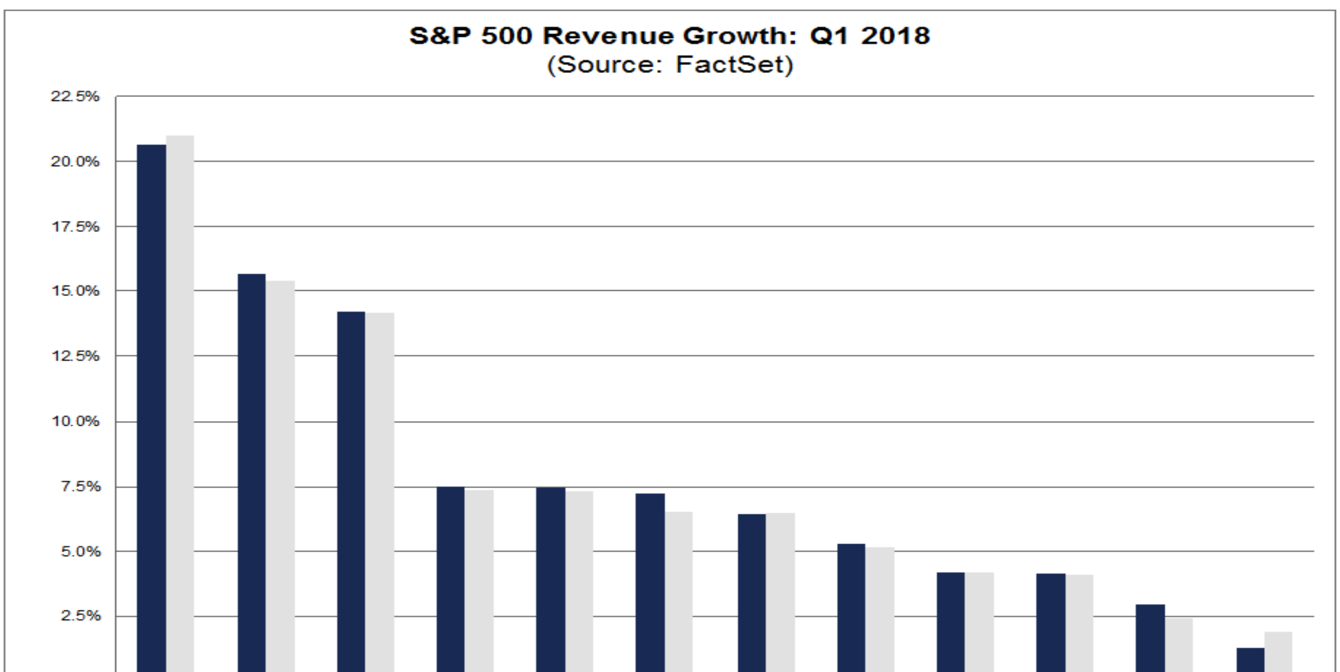




Q1 2018: Growth



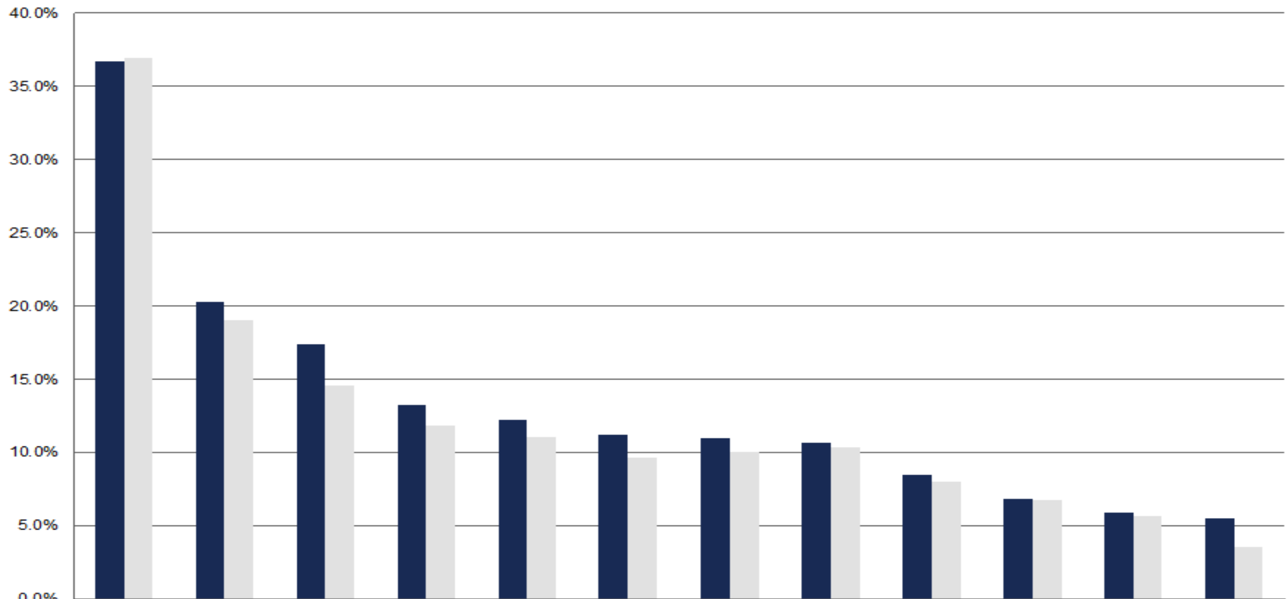
	Energy	Materials	Info. Technology	Financials	S&P 500	Telecom Services	Industrials	Utilities	Health Care	Consumer Staples	Real Estate	Consumer Disc.
Today	79.0%	40.5%	21.9%	21.4%	17.3%	16.5%	13.1%	12.4%	9.2%	7.9%	6.7%	6.3%
31-Mar	79.1%	41.1%	22.0%	19.7%	17.1%	16.6%	13.2%	12.0%	9.3%	8.0%	6.8%	6.6%



	Materials	Energy	Info. Technology	Industrials	S&P 500	Real Estate	Health Care	Consumer Disc.	Telecom Services	Consumer Staples	Financials	Utilities
Today	20.7%	15.6%	14.2%	7.5%	7.4%	7.2%	6.5%	5.3%	4.2%	4.1%	3.0%	1.3%
31-Mar	21.0%	15.4%	14.2%	7.4%	7.3%	6.5%	6.5%	5.2%	4.2%	4.1%	2.4%	1.9%

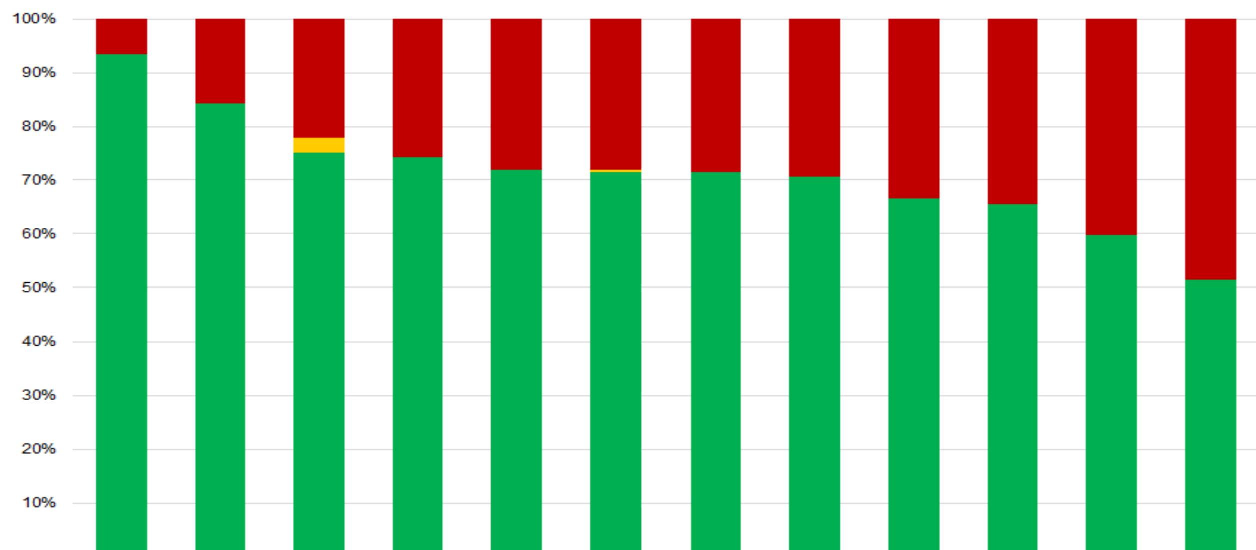
Q1 2018: Net Profit Margin

S&P 500 Net Profit Margins: Q118 vs. Q117
(Source: FactSet)



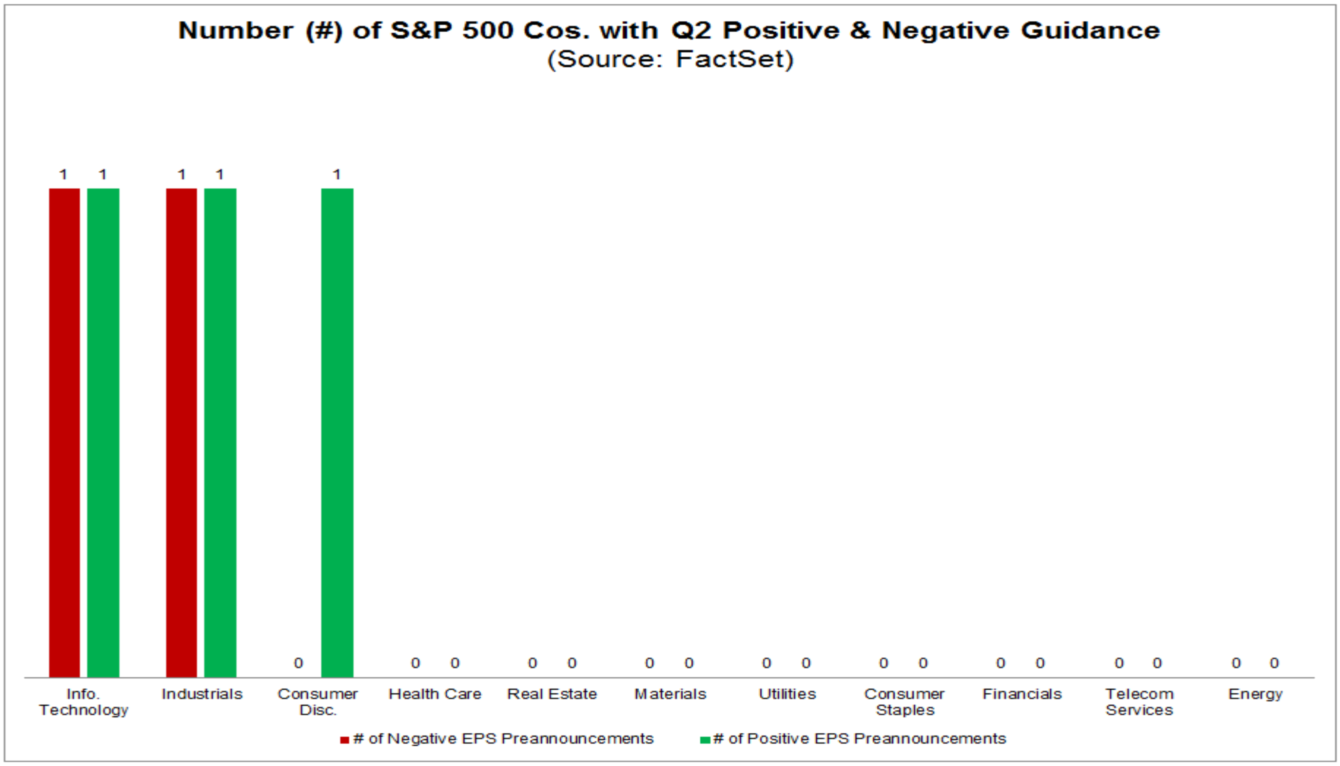
	Real Estate	Information Tech	Financials	Telecom Services	Utilities	Materials	S&P 500	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q118	36.7%	20.3%	17.4%	13.3%	12.3%	11.2%	11.0%	10.7%	8.5%	6.9%	5.9%	5.5%
Q117	36.9%	19.0%	14.6%	11.9%	11.1%	9.6%	10.1%	10.4%	8.0%	6.8%	5.7%	3.6%

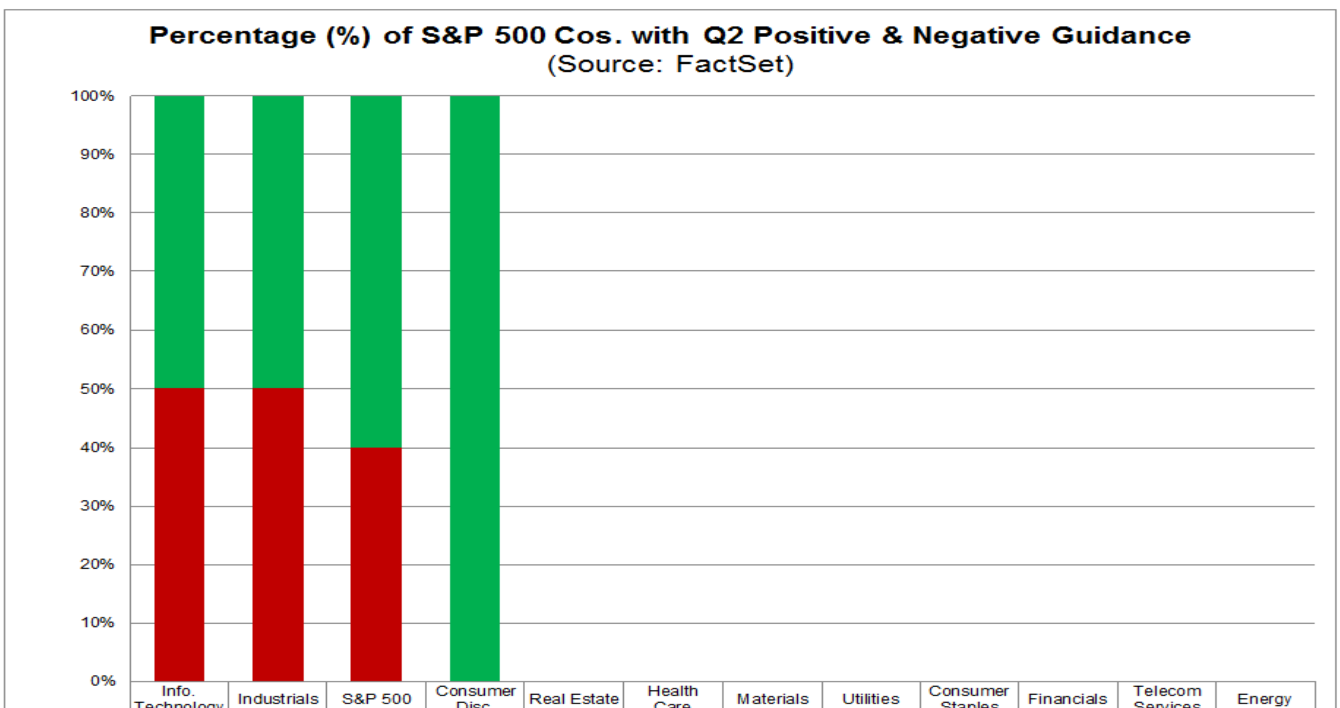
S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin: Q118 vs. Q117
(Source: FactSet)



	Energy	Information Tech.	Financials	Industrials	Materials	S&P 500	Utilities	Consumer Staples	Telecom Services	Health Care	Consumer Disc.	Real Estate
Down %	6%	16%	22%	26%	28%	28%	29%	29%	33%	34%	40%	48%
None %	0%	0%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	94%	84%	75%	74%	72%	71%	71%	71%	67%	66%	60%	52%

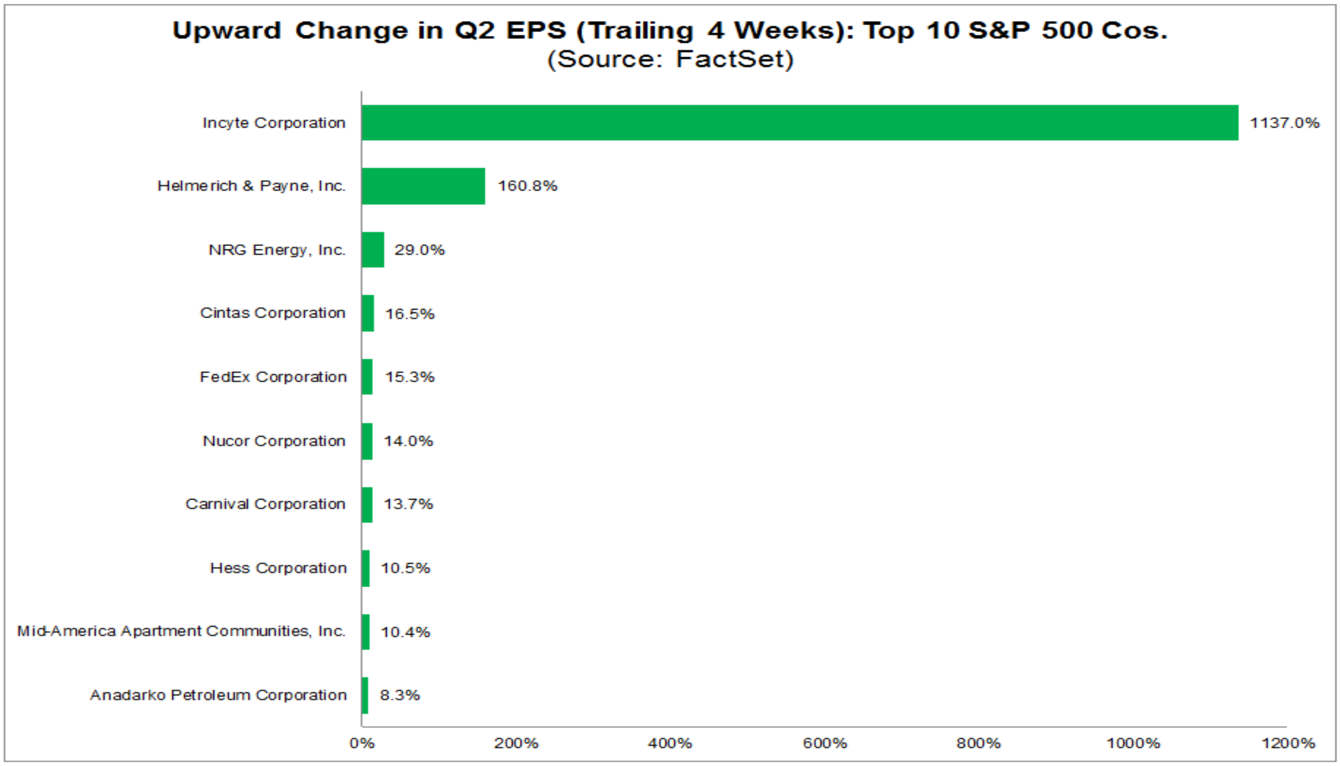
Q2 2018: Guidance

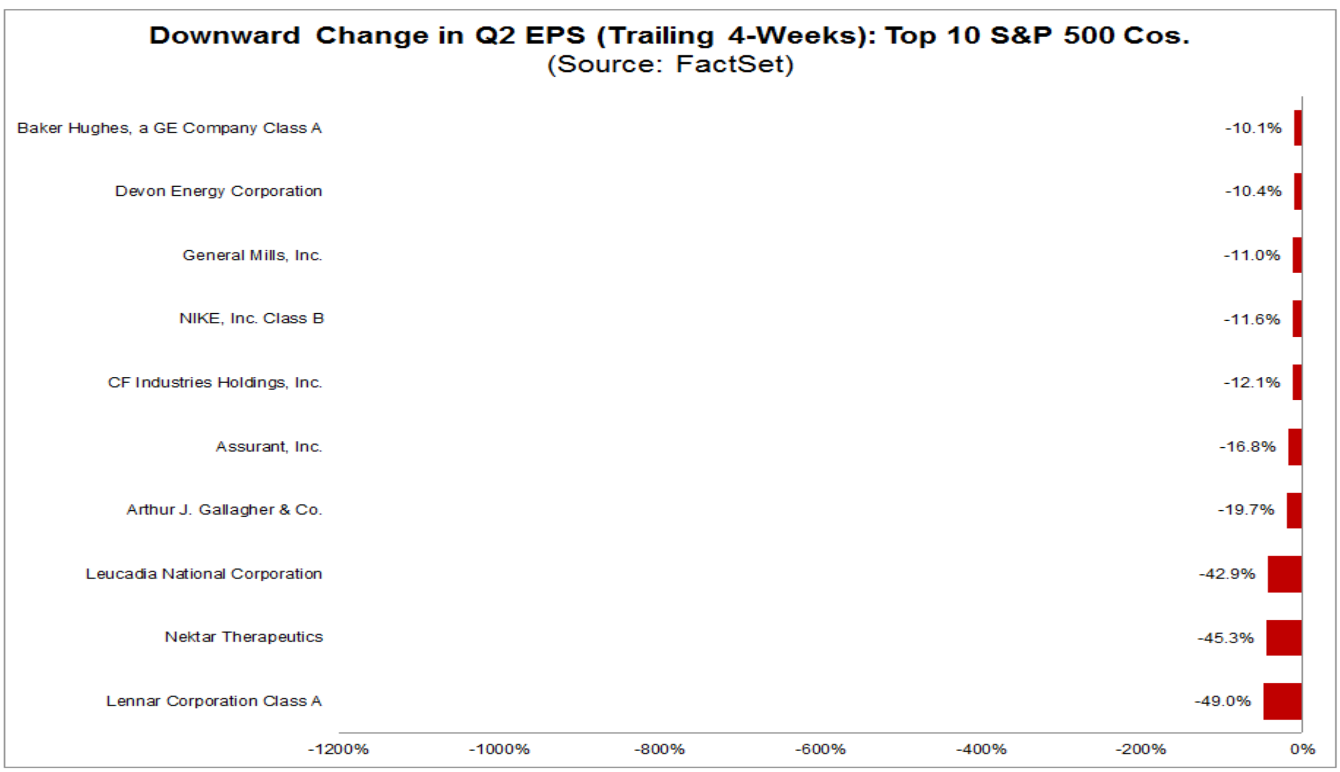




	Info. Technology	Industrials	S&P 500	Consumer Disc.	Real Estate	Health Care	Materials	Utilities	Consumer Staples	Financials	Telecom Services	Energy
Positive	50%	50%	60%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	50%	50%	40%	0%	0%	0%	0%	0%	0%	0%	0%	0%

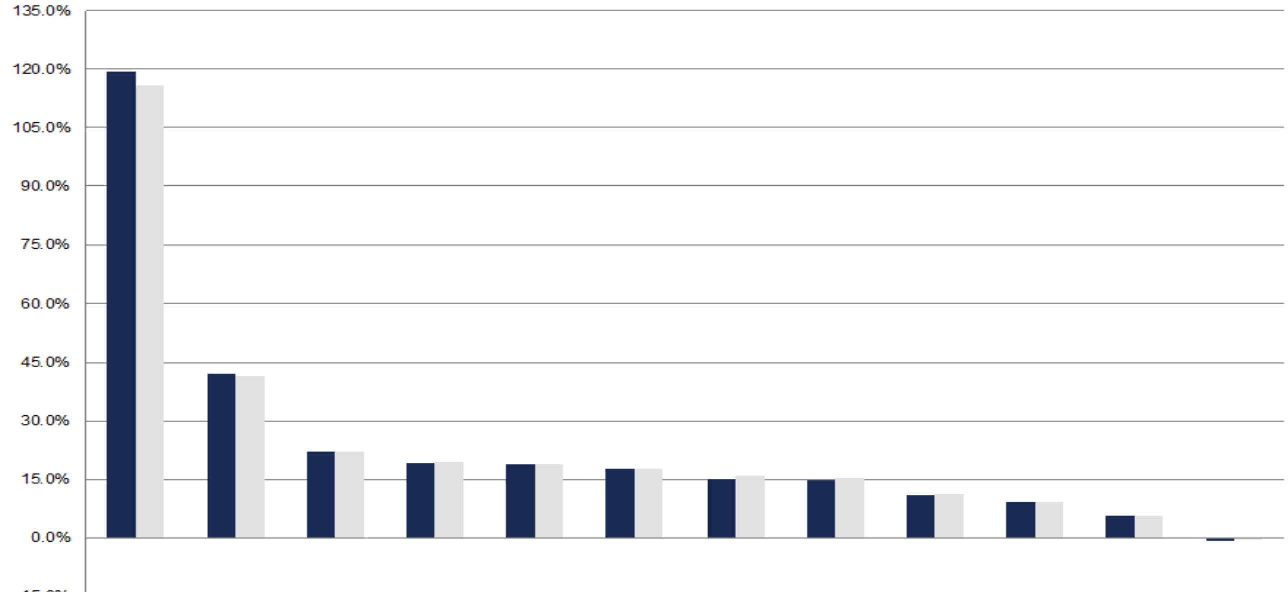
Q2 2018: EPS Revisions





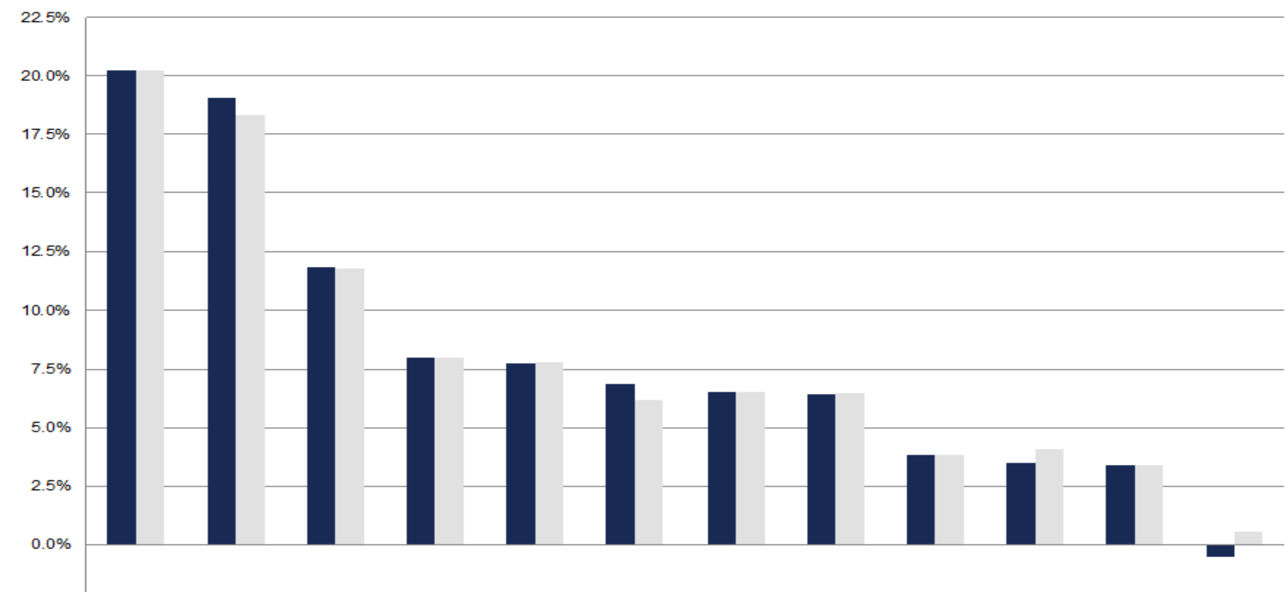
Q2 2018: Growth

S&P 500 Earnings Growth: Q2 2018
(Source: FactSet)



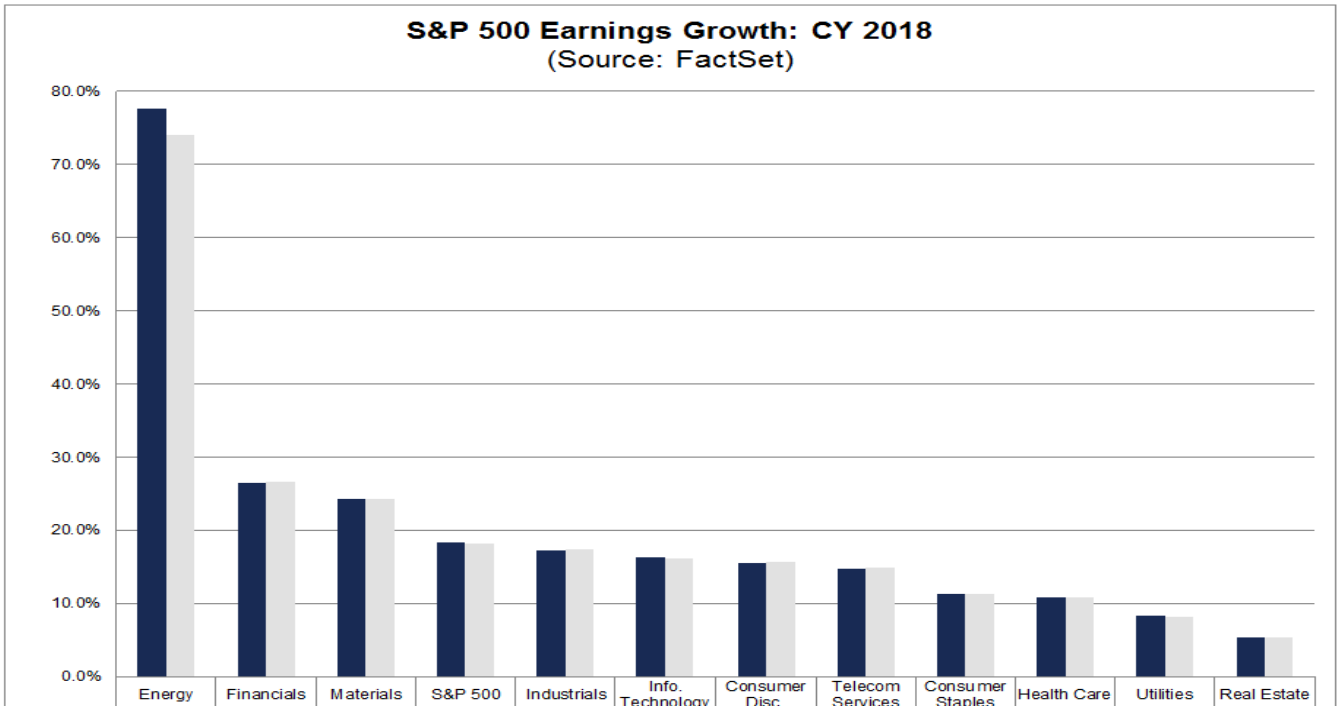
	Energy	Materials	Info. Technology	Financials	S&P 500	Telecom Services	Consumer Disc.	Industrials	Consumer Staples	Health Care	Real Estate	Utilities
Today	119.5%	42.0%	22.2%	19.2%	19.0%	17.8%	15.2%	14.8%	11.1%	9.2%	5.8%	-0.8%
31-Mar	115.7%	41.4%	22.1%	19.6%	19.0%	17.6%	15.8%	15.3%	11.2%	9.1%	5.7%	-0.6%

S&P 500 Revenue Growth: Q2 2018
(Source: FactSet)

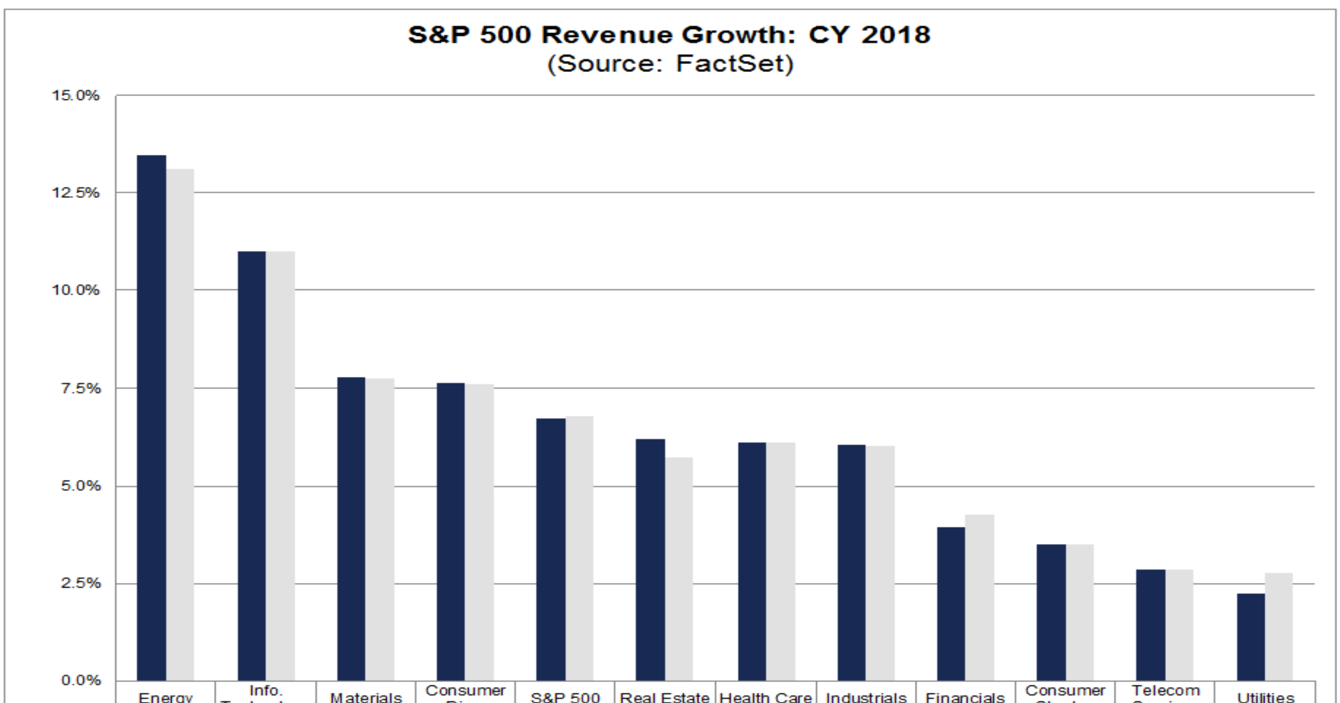


	Materials	Energy	Info. Technology	Consumer Disc.	S&P 500	Real Estate	Industrials	Health Care	Consumer Staples	Financials	Telecom Services	Utilities
Today	20.2%	19.1%	11.8%	8.0%	7.8%	6.9%	6.5%	6.4%	3.9%	3.5%	3.4%	-0.5%
31-Mar	20.3%	18.3%	11.8%	8.0%	7.8%	6.2%	6.5%	6.5%	3.8%	4.1%	3.4%	0.5%

CY 2018: Growth

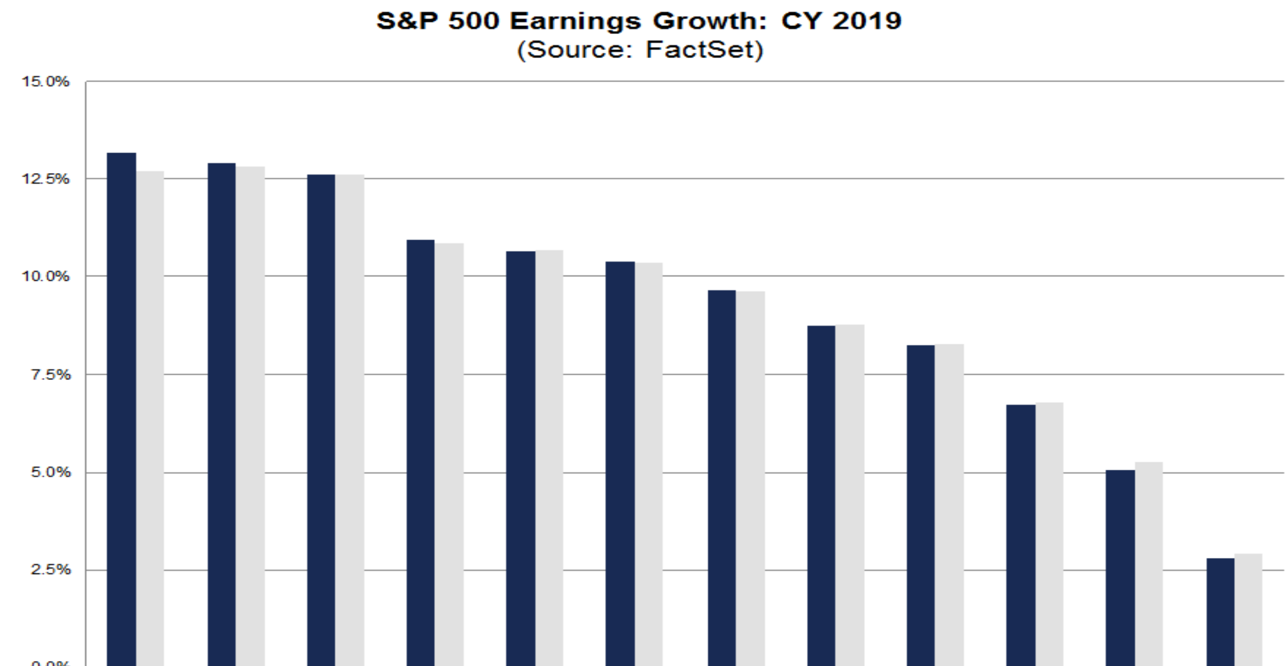


	Energy	Financials	Materials	S&P 500	Industrials	Info. Technology	Consumer Disc.	Telecom Services	Consumer Staples	Health Care	Utilities	Real Estate
Today	77.6%	26.6%	24.3%	18.4%	17.2%	16.3%	15.5%	14.7%	11.4%	10.9%	8.4%	5.4%
31-Mar	74.1%	26.8%	24.3%	18.3%	17.4%	16.3%	15.7%	14.9%	11.4%	10.8%	8.2%	5.4%

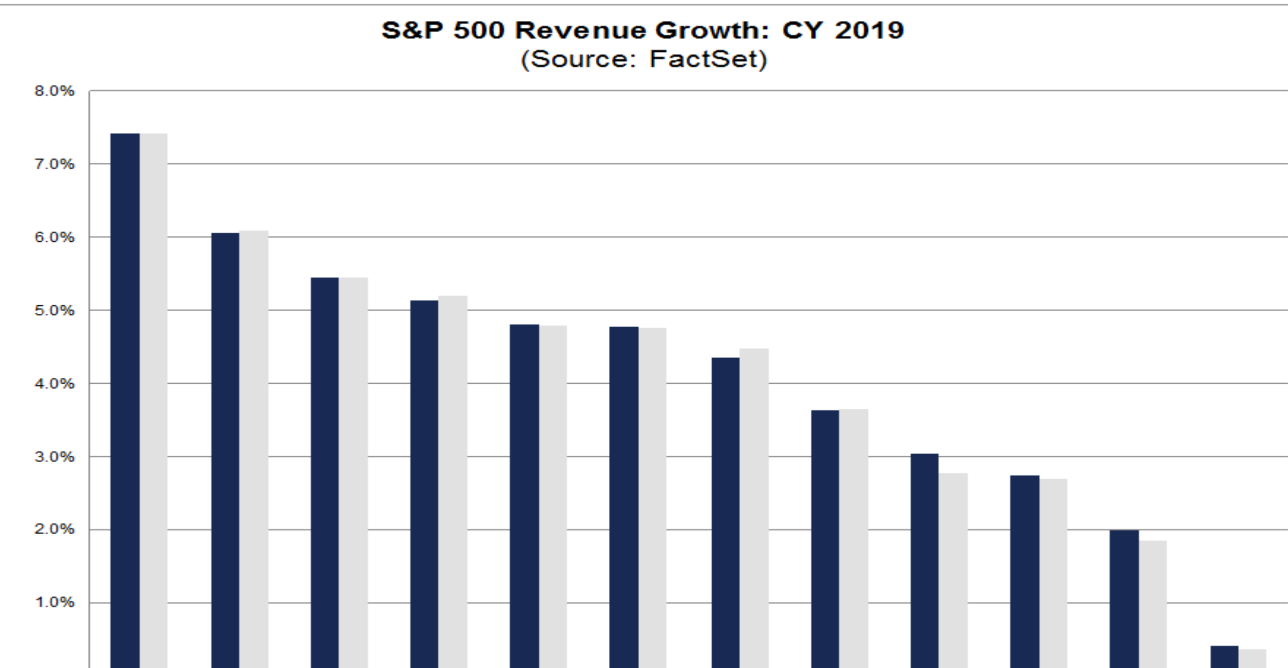


	Energy	Info. Technology	Materials	Consumer Disc.	S&P 500	Real Estate	Health Care	Industrials	Financials	Consumer Staples	Telecom Services	Utilities
Today	13.5%	11.0%	7.8%	7.6%	6.7%	6.2%	6.1%	6.1%	3.9%	3.5%	2.9%	2.3%
31-Mar	13.1%	11.0%	7.7%	7.6%	6.8%	5.7%	6.1%	6.0%	4.3%	3.5%	2.8%	2.8%

CY 2019: Growth

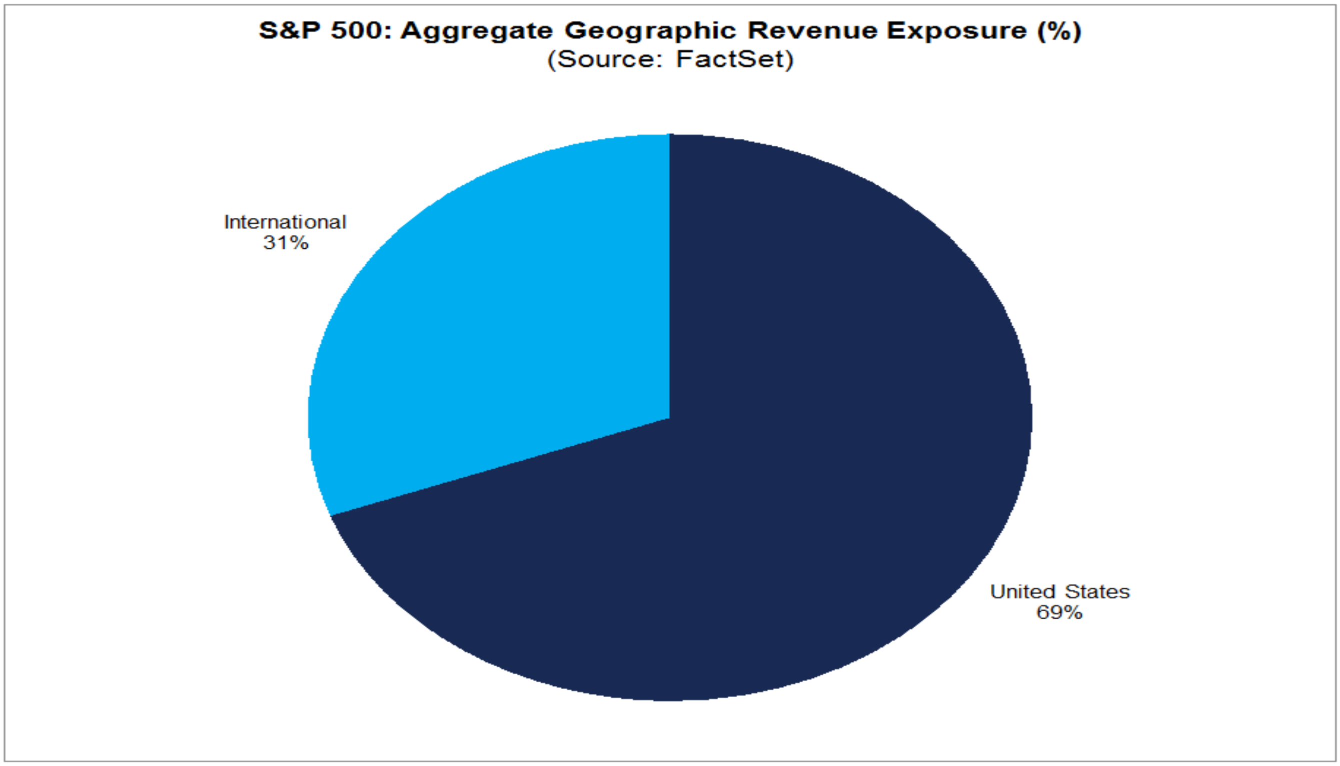


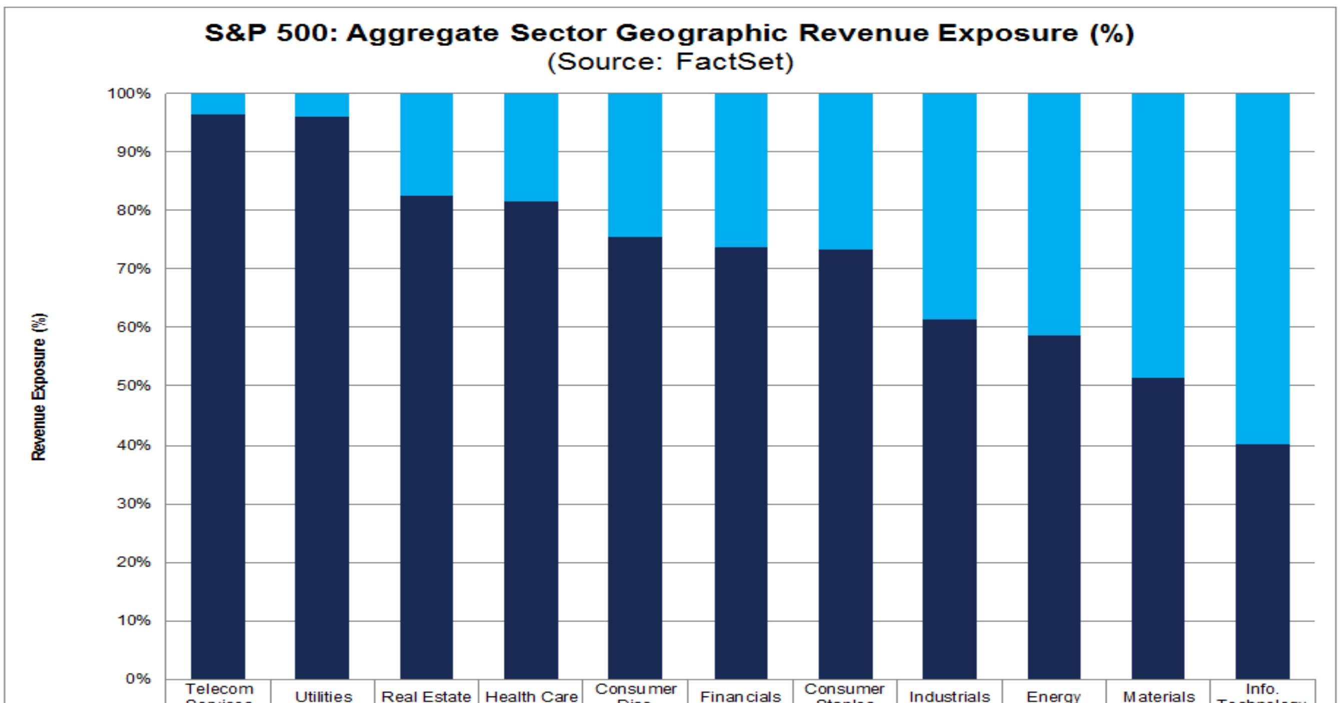
	Energy	Consumer Disc.	Industrials	Info. Technology	Financials	S&P 500	Health Care	Materials	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	13.2%	12.9%	12.6%	10.9%	10.6%	10.4%	9.7%	8.7%	8.2%	6.7%	5.1%	2.8%
31-Mar	12.7%	12.8%	12.6%	10.9%	10.7%	10.3%	9.6%	8.8%	8.3%	6.8%	5.3%	2.9%



	Info. Technology	Consumer Disc.	Health Care	Real Estate	S&P 500	Industrials	Financials	Consumer Staples	Energy	Materials	Utilities	Telecom Services
Today	7.4%	6.1%	5.4%	5.1%	4.8%	4.8%	4.4%	3.6%	3.0%	2.7%	2.0%	0.4%
31-Mar	7.4%	6.1%	5.4%	5.2%	4.8%	4.8%	4.5%	3.6%	2.8%	2.7%	1.9%	0.4%

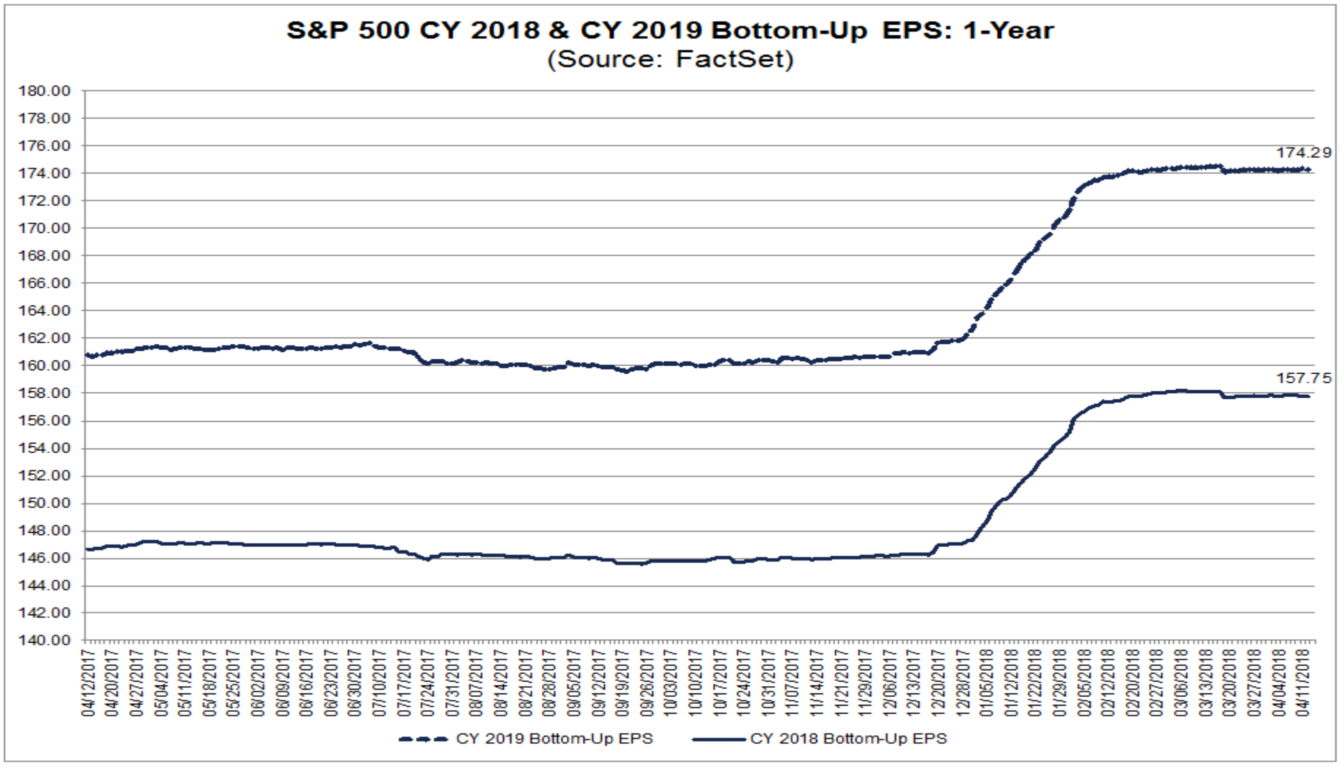
Geographic Revenue Exposure

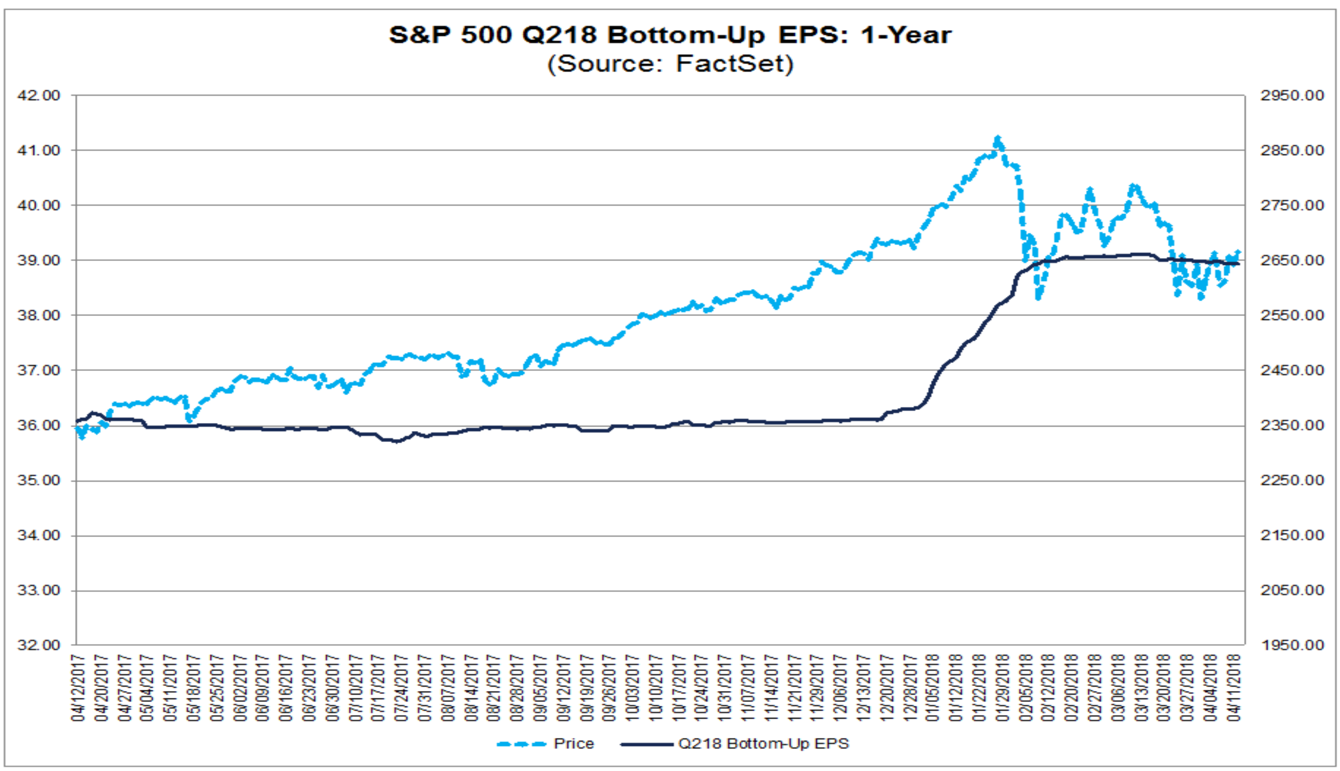




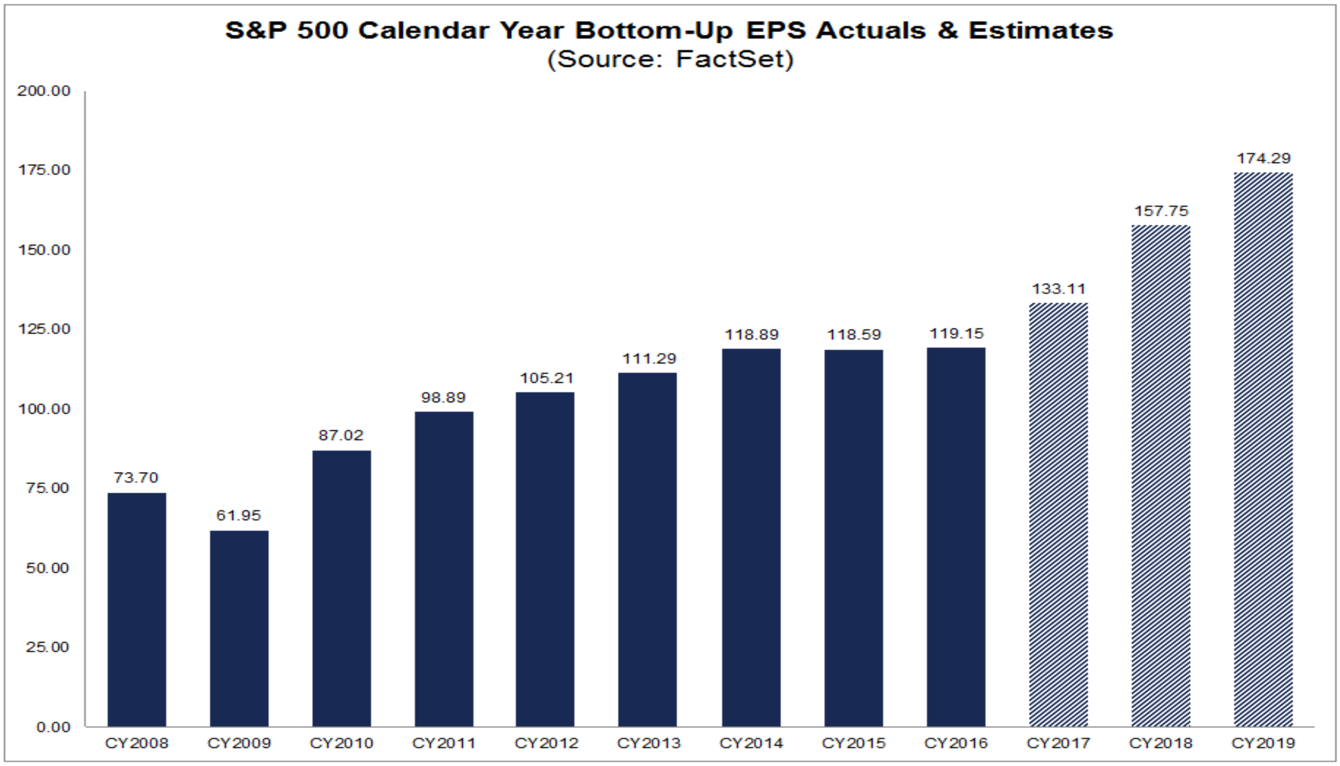
	Telecom Services	Utilities	Real Estate	Health Care	Consumer Disc.	Financials	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	4%	18%	18%	25%	26%	27%	39%	41%	49%	60%
United States	96%	96%	82%	82%	75%	74%	73%	61%	59%	51%	40%

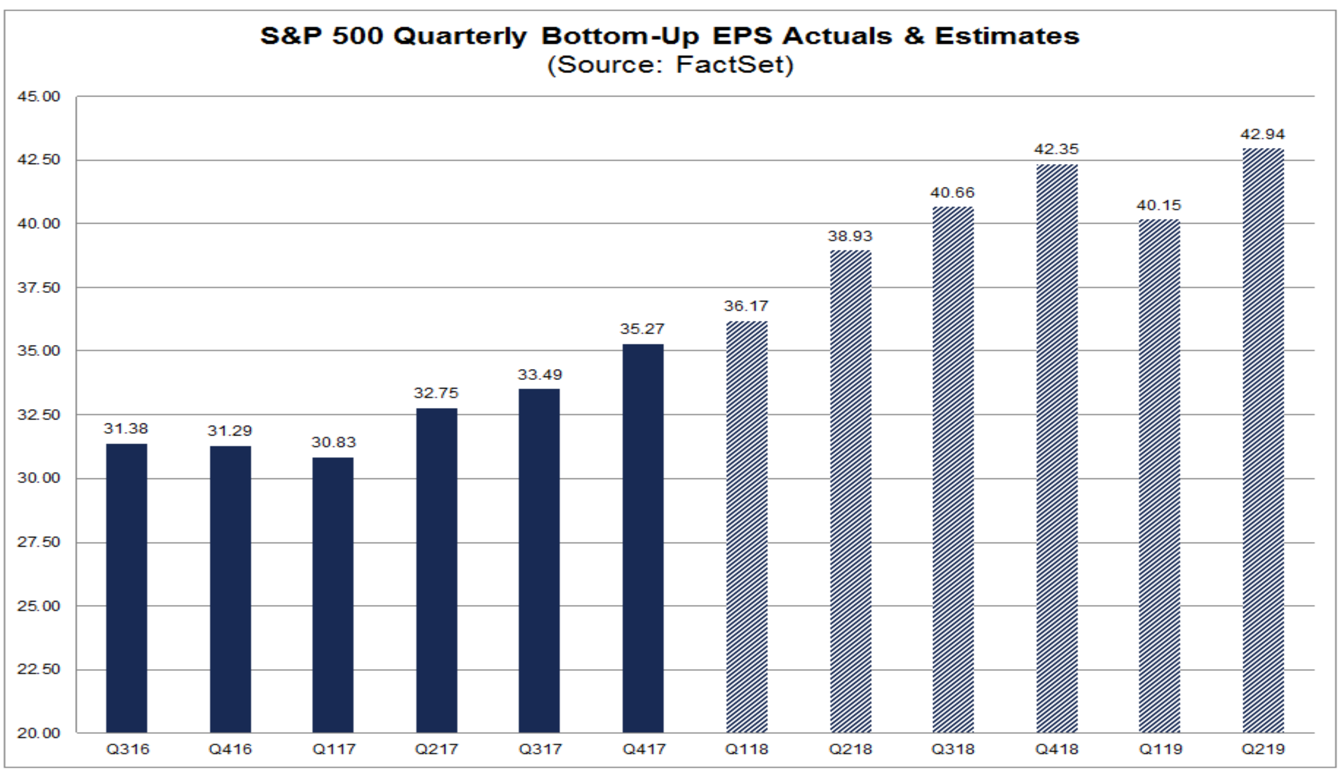
Bottom-up EPS Estimates: Revisions





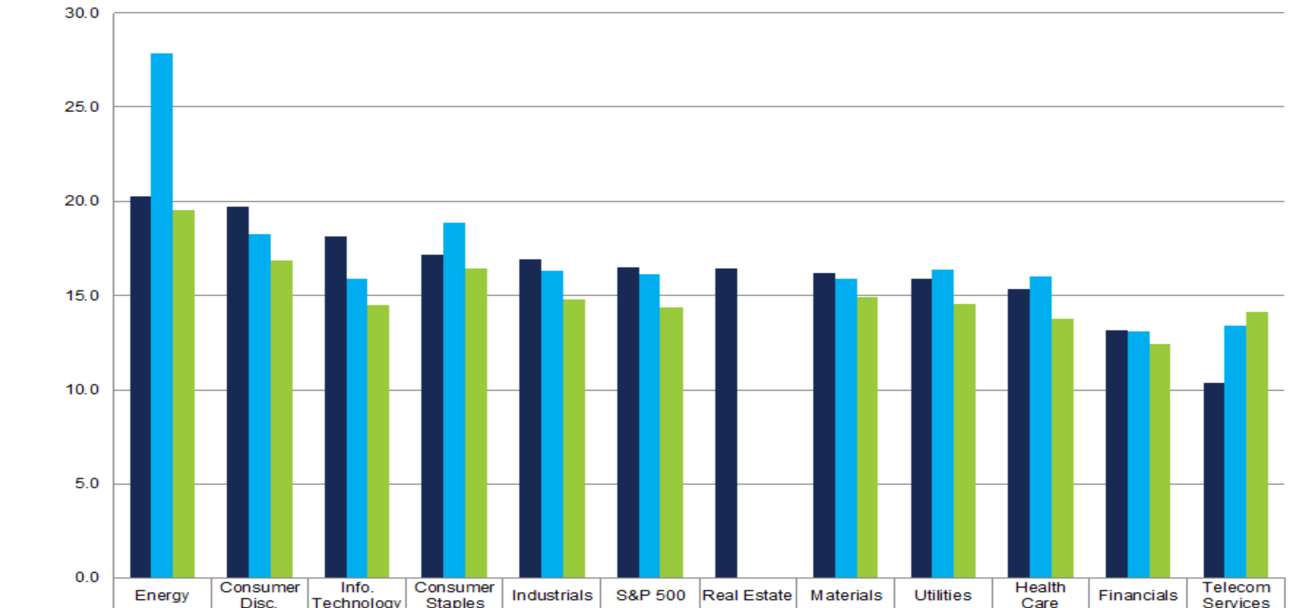
Bottom-up EPS Estimates: Current & Historical





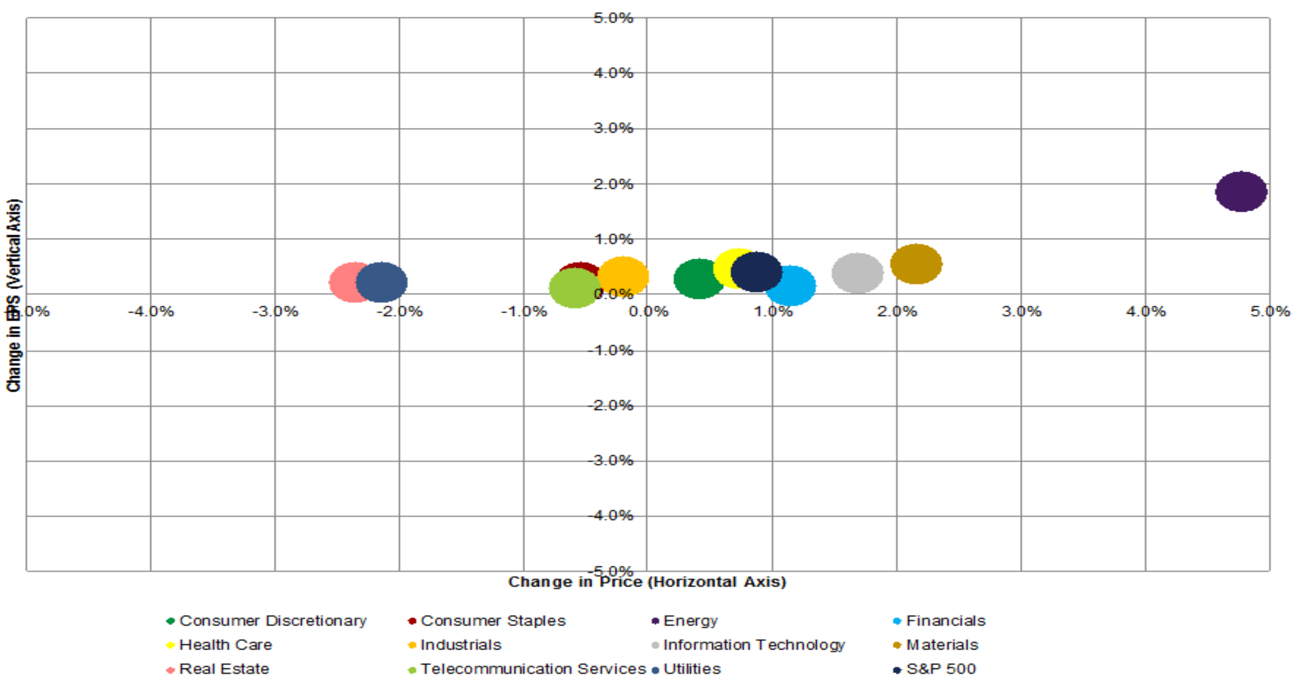
Forward 12M P/E Ratio: Sector Level

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

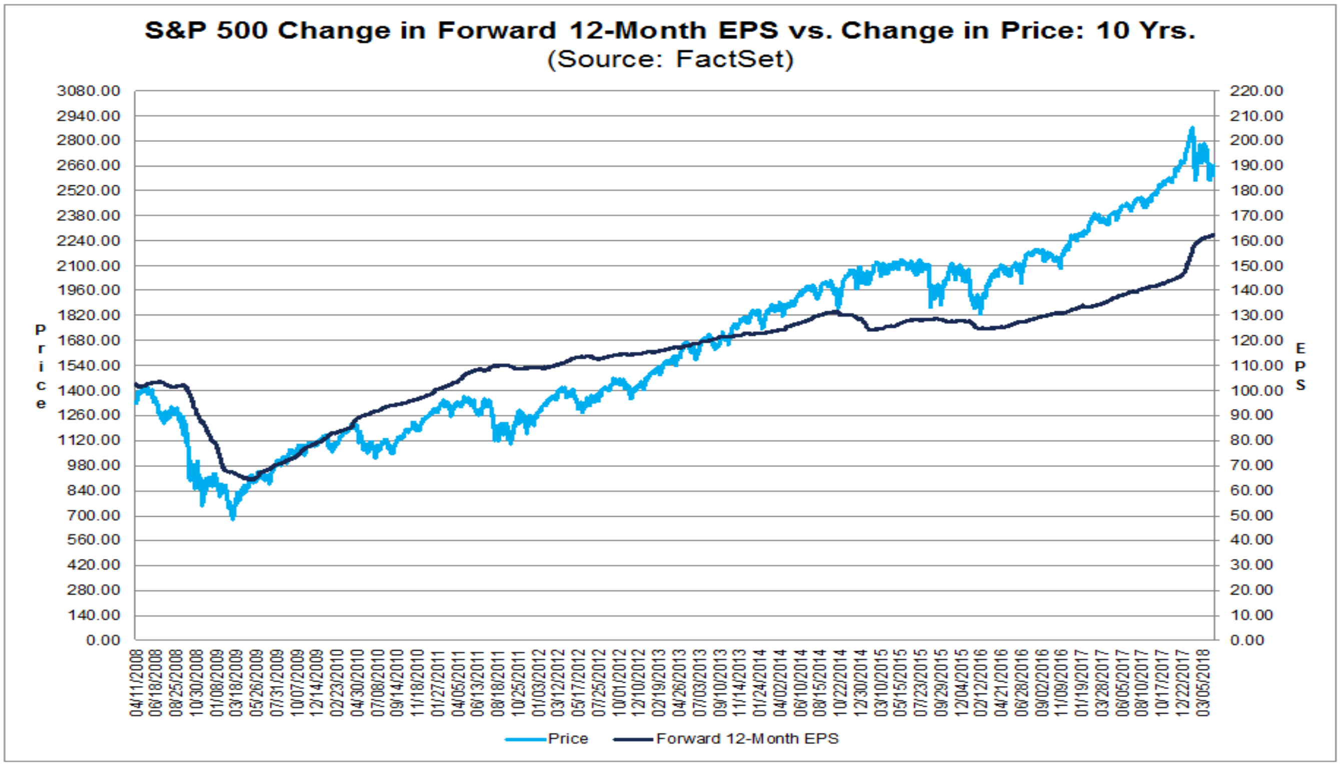


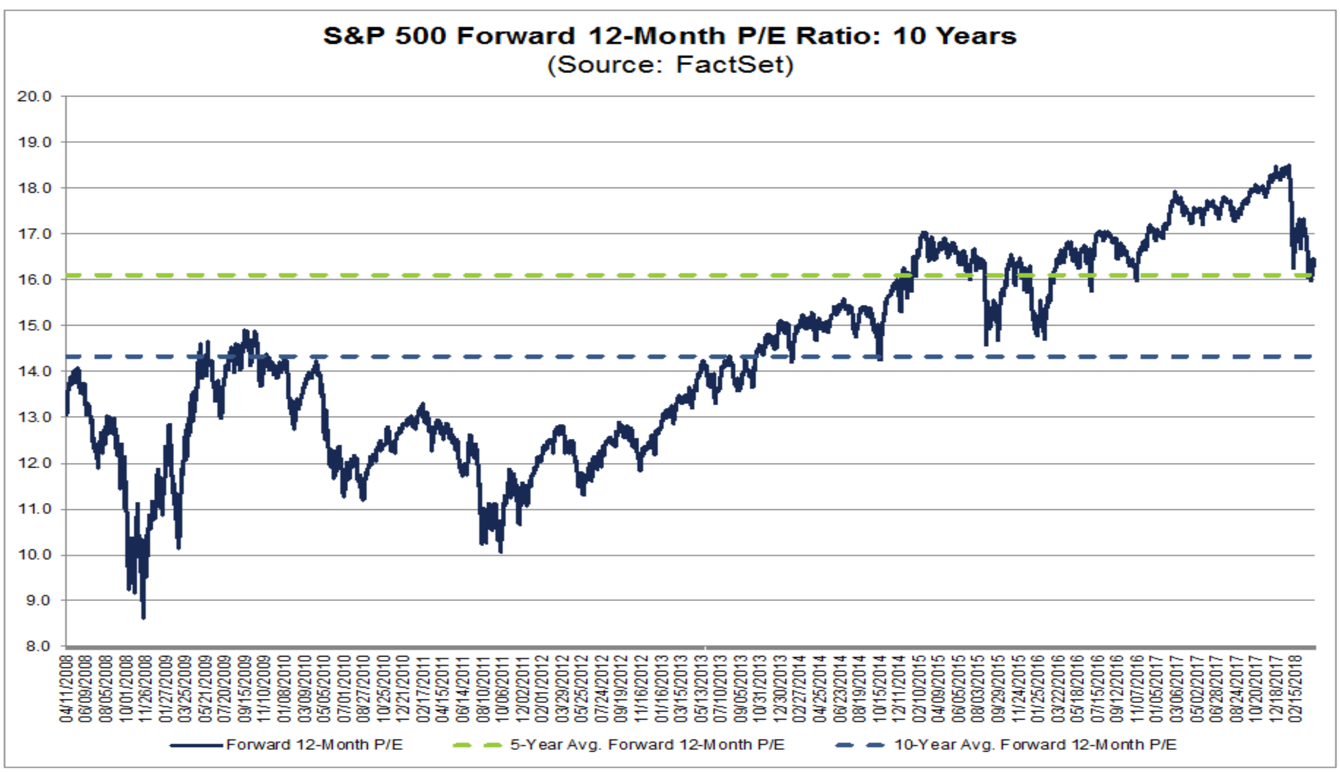
	Energy	Consumer Disc.	Info. Technology	Consumer Staples	Industrials	S&P 500	Real Estate	Materials	Utilities	Health Care	Financials	Telecom Services
Fwd P/E	20.2	19.7	18.1	17.1	16.9	16.4	16.4	16.2	15.8	15.3	13.1	10.4
5-Yr Avg.	27.9	18.3	15.9	18.8	16.3	16.1		15.8	16.3	16.0	13.1	13.4
10-Yr Avg.	19.5	16.8	14.5	16.4	14.7	14.3		14.9	14.5	13.7	12.5	14.1

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

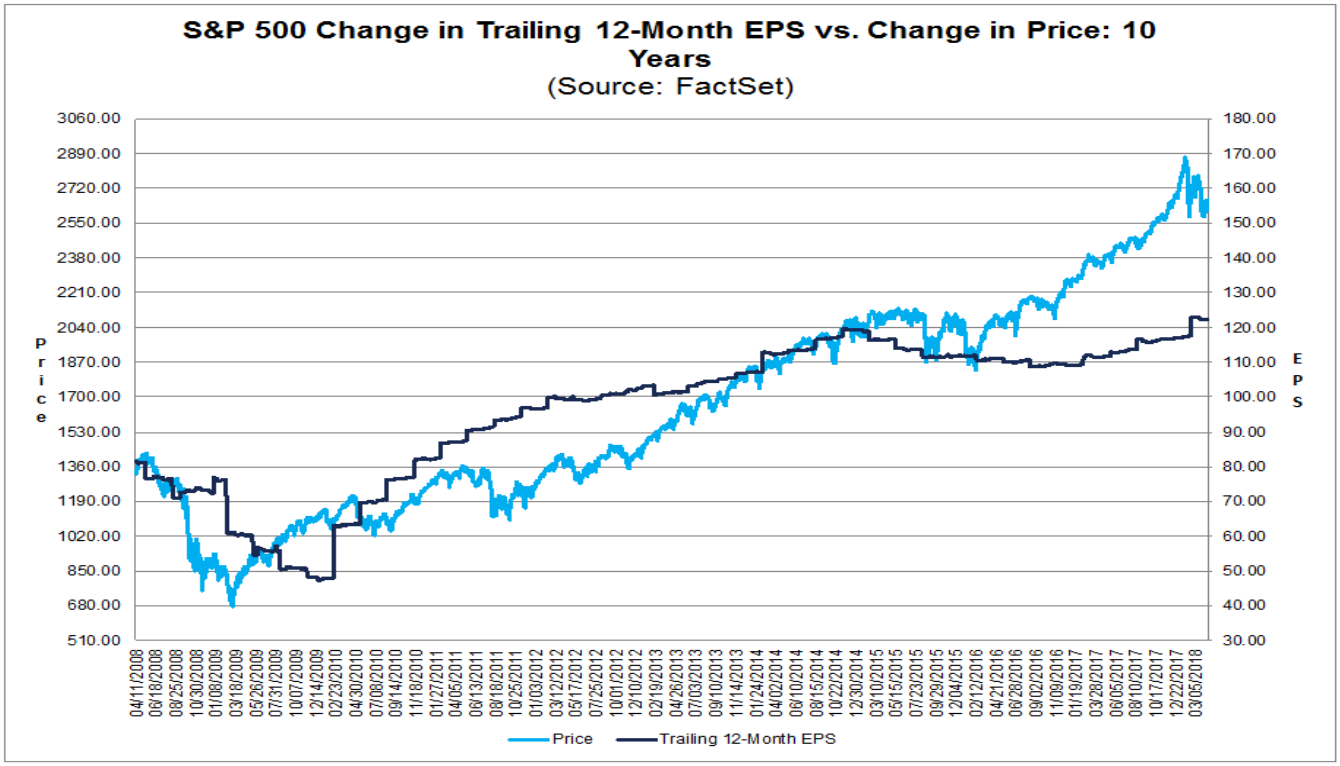


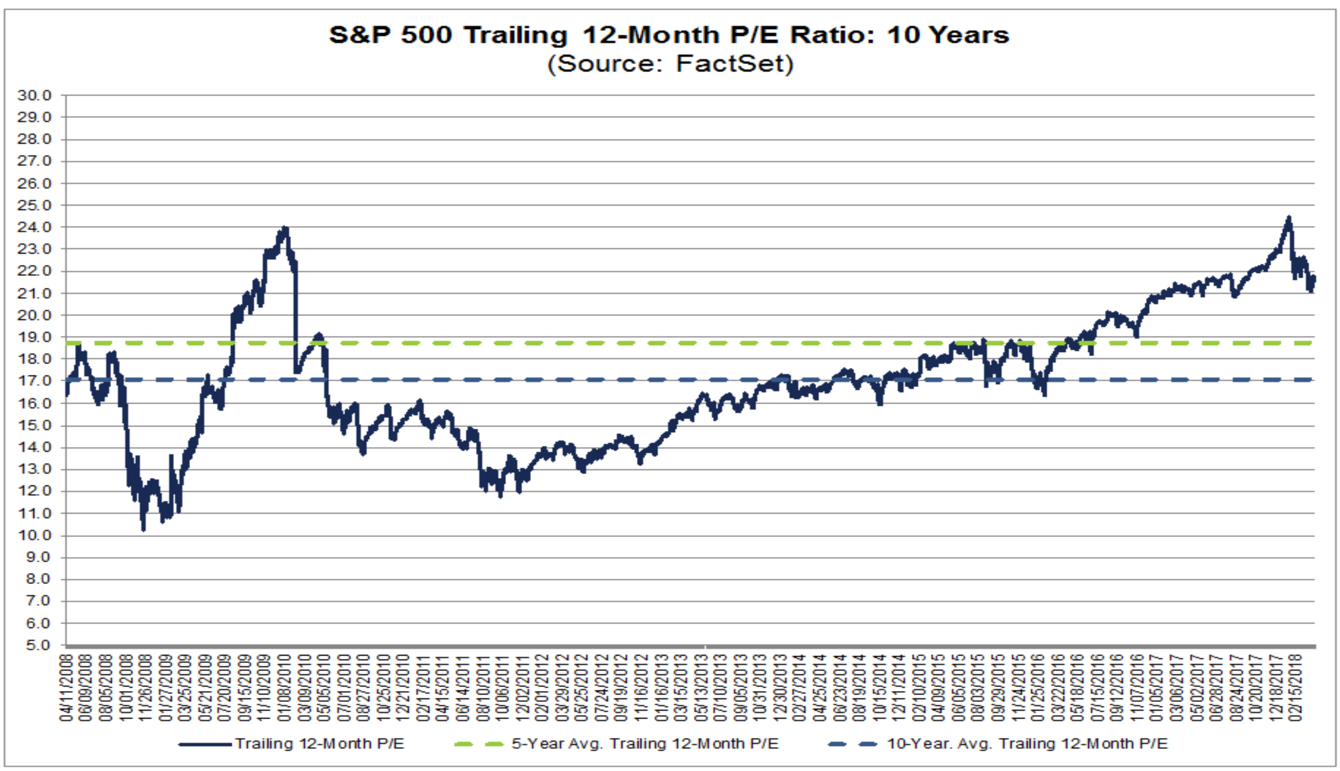
Forward 12M P/E Ratio: Long-Term Averages



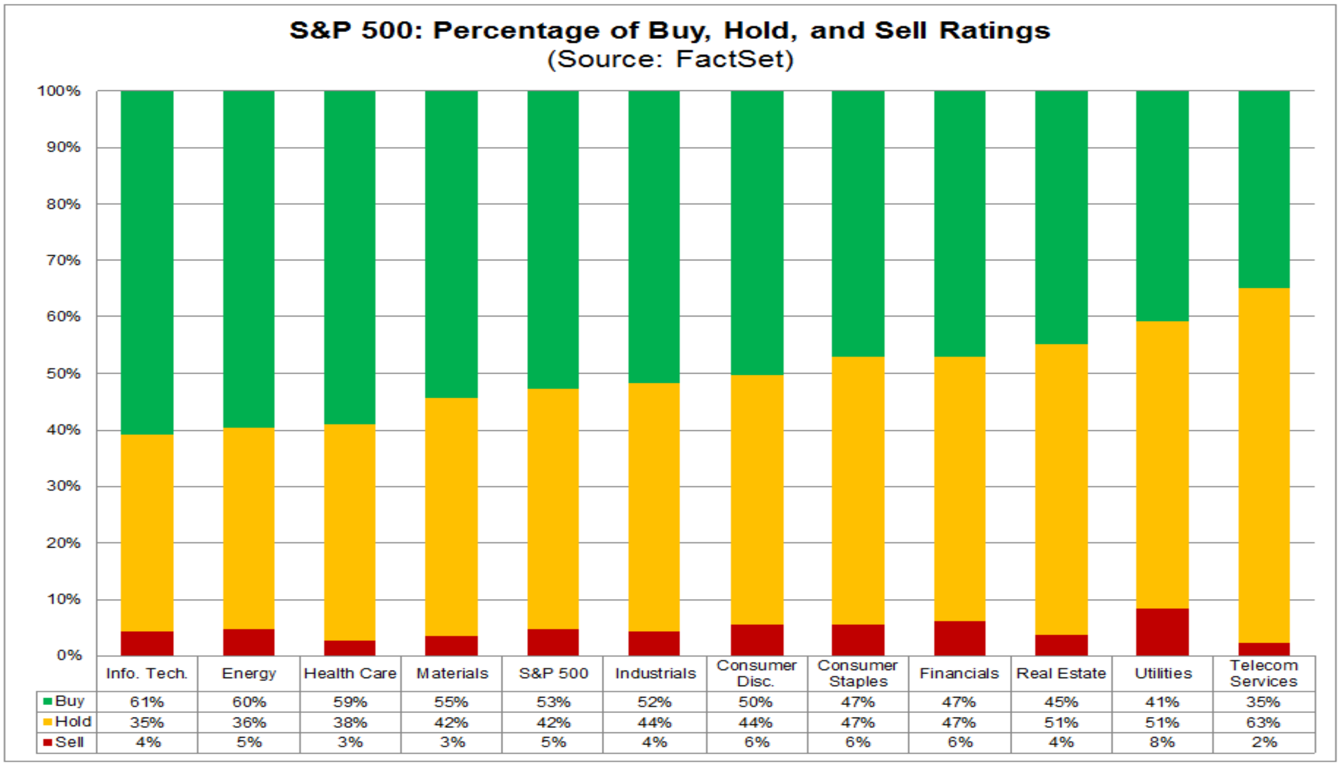


Trailing 12M P/E Ratio: Long-Term Averages

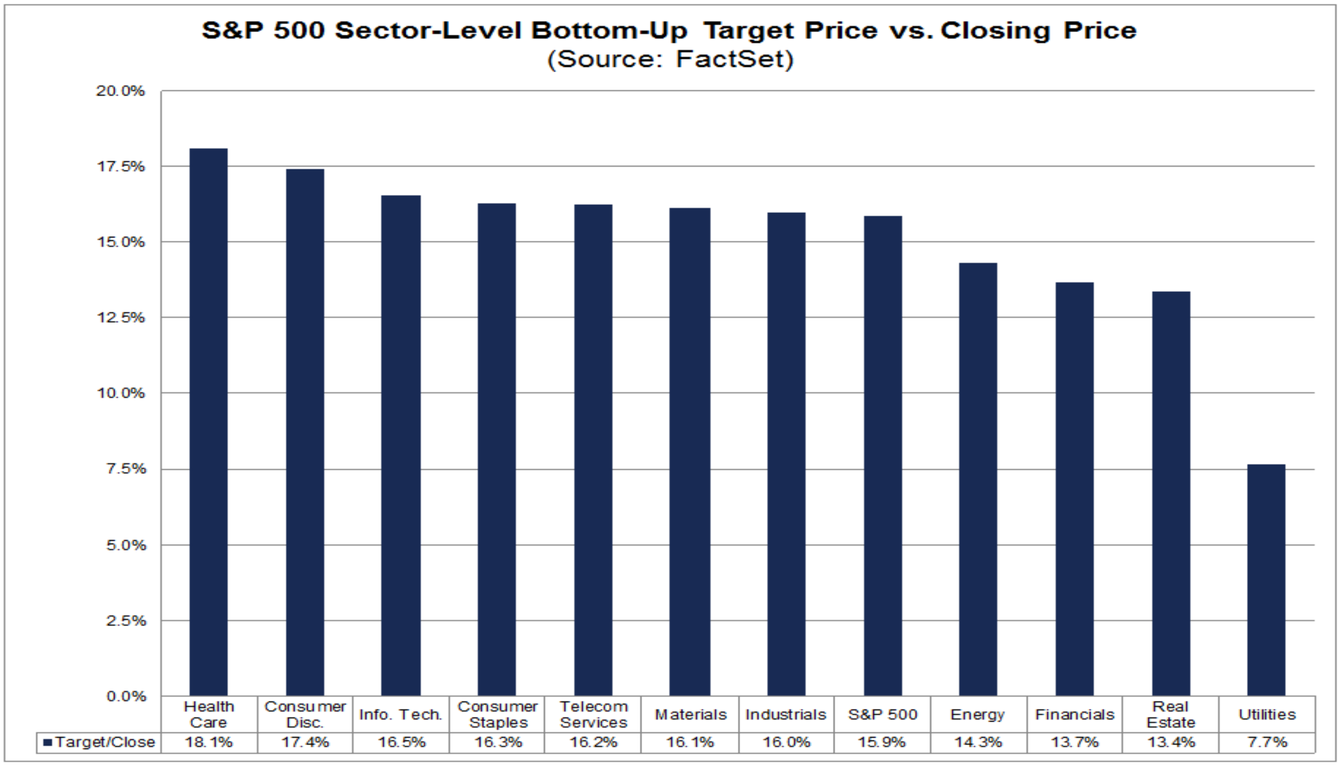




Targets & Ratings



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Financials	Real Estate	Utilities	Telecom Services
Buy	61%	60%	59%	55%	53%	52%	50%	47%	47%	45%	41%	35%
Hold	35%	36%	38%	42%	42%	44%	44%	47%	47%	51%	51%	63%
Sell	4%	5%	3%	3%	5%	4%	6%	6%	6%	4%	8%	2%



	Health Care	Consumer Disc.	Info. Tech.	Consumer Staples	Telecom Services	Materials	Industrials	S&P 500	Energy	Financials	Real Estate	Utilities
Target/Close	18.1%	17.4%	16.5%	16.3%	16.2%	16.1%	16.0%	15.9%	14.3%	13.7%	13.4%	7.7%

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