Author's Note: The “FactSet Earnings Insight” report will not be published on August 18 or on August 25. The next edition of the report will be published on September 1.

Key Metrics

- **Earnings Scorecard**: As of today (with 91% of the companies in the S&P 500 reporting actual results for Q2 2017), 73% of S&P 500 companies have reported positive EPS surprises and 69% have reported positive sales surprises.

- **Earnings Growth**: For Q2 2017, the blended earnings growth rate for the S&P 500 is 10.2%. Ten sectors are reporting or have reported earnings growth for the quarter, led by the Energy sector.

- **Earnings Guidance**: For Q3 2017, 59 S&P 500 companies have issued negative EPS guidance and 35 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 17.4. This P/E ratio is above the 5-year average (15.4) and above the 10-year average (14.6).
Topic of the Week: 1

S&P 500 Companies with More Global Exposure Reported Higher Earnings Growth in Q2

“Signs of enhanced momentum in the global economy have recently emerged. Global GDP growth has picked up to an annualised rate of over 3¼ per cent since the middle of 2016, with a rebound in industrial production, global trade and investment.” –OECD Global Economic Outlook (June 7)

Coming into the Q2 earnings season, companies in the S&P 500 with higher global exposure were expected to benefit from the tailwinds of a weaker U.S. dollar and higher global GDP growth. Now that more than 90% of the companies in the index have reported results for Q2, did S&P 500 companies with higher global revenue exposure outperform S&P 500 companies with lower global revenue exposure in terms of earnings growth and sales growth for Q2 2017?

FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) was used to answer this question. For this particular analysis, the index was divided into two groups: companies that generate more than 50% of sales inside the U.S. (less global exposure) and companies that generate less than 50% of sales inside the U.S. (more global exposure). Aggregate earnings and revenue growth rates were then calculated based on these two groups. The results are listed below.

The blended earnings growth rate for the S&P 500 for Q2 2017 is 10.2%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 8.5%. For companies that generate less than 50% of sales inside the U.S., the blended earnings growth rate is 14.0%.

The blended sales growth rate for the S&P 500 for Q2 2017 is 5.1%. For companies that generate more than 50% of sales inside the U.S., the blended sales growth rate is 4.7%. For companies that generate less than 50% of sales inside the U.S., the blended sales growth rate is 6.0%.

What drove the outperformance of S&P 500 companies with higher global revenue exposure? At the sector level, the Information Technology and Energy sectors were the largest contributors to earnings and revenue growth in Q2 for companies with less than 50% of sales inside the U.S.
Topic of the Week: 2

S&P 500 Companies See Worst Price Reaction to Positive EPS Surprises since Q2 2011.

To date, more than 90% of the companies in the S&P 500 have reported earnings for the second quarter. Of these companies, 73% have reported actual EPS above the mean EPS estimate, which is above the 5-year average of 68%. In aggregate, earnings have exceeded expectations by 6.1%, which is also above the 5-year average of 4.1%. Due to these upside surprises, the earnings growth rate for the S&P 500 has improved to 10.2% today from 6.4% on June 30.

Given the stronger performance of companies relative to analyst EPS estimates and the improvement in the growth rate over the past few weeks, how has the market responded to upside EPS surprises during the Q2 earnings season?

Companies in the S&P 500 that reported positive earnings surprises for Q2 have seen a decrease in price of 0.3% on average from two days before the company reported actual results through two days after the company reported actual results. Over the past five years, companies in the S&P 500 that have reported positive earnings surprises have witnessed a 1.4% increase in price on average during this 4-day window.

If the final percentage for the quarter is -0.3%, it will mark the first time since Q2 2011 (-2.1%) in which S&P 500 companies that reported positive earnings surprises recorded an average price decline over this 4-day window.

Of the 331 S&P 500 companies that have reported positive earnings surprises for Q2, 159 (or 48%) recorded a decline in price over this period. The average price decline of these 159 companies over this 4-day window was -4.0%. Nine of these 159 companies witnessed a double-digit decline in price, led by Pioneer Natural Resources (-16%). After the closing bell on August 1, Pioneer Natural Resources reported actual (adjusted) EPS of $0.21, compared to the mean EPS estimate of $0.10. However, from July 28 through August 3, the price of the stock fell to $135.12 from $161.41.

Why is the market punishing companies (on average) that have reported positive earnings surprises? It is likely not due to forward EPS guidance or analyst revisions to EPS estimates for the third quarter. To date, fewer S&P 500 companies have issued negative EPS guidance and more S&P 500 companies have issued positive EPS guidance for Q3 2017 than average. In aggregate, analysts made smaller cuts than average to third quarter EPS estimates during the month of July (https://insight.factset.com/below-average-cuts-to-q3-eps-estimates-for-sp-500-companies-in-july).
S&P 500 Positive EPS Surprises: Avg. Price Change % (Q211 - Q217)
(Source: FactSet)
Q2 2017 Earnings Season: By the Numbers

Overview

To date, 91% of the companies in the S&P 500 have reported actual results for Q2 2017. In terms of earnings, more companies (73%) are reporting actual EPS above estimates compared to the 5-year average. In aggregate, companies are reporting earnings that are 6.1% above the estimates, which is also above the 5-year average. In terms of sales, more companies (69%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 0.7% 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 second quarter is 10.2% today, which is slightly higher than the earnings growth rate of 10.1% last week. Upside earnings surprises reported by companies in the Information Technology and Consumer Discretionary sectors were mainly responsible for the small increase in the earnings growth rate for the index during the past week. Overall, ten sectors are reporting or have reported year-over-year earnings growth, led by the Energy, Information Technology, Utilities, and Financials sectors. The only sector reporting a year-over-year decline in earnings is the Consumer Discretionary sector.

The blended sales growth rate for the second quarter is 5.1% today, which is equal to the sales growth rate of 5.1% last week. Overall, ten sectors are reporting or have reported year-over-year growth in revenues, led by the Energy sector. The Telecom Services sector is the only sector that reported a year-over-year decline in revenues.

During the upcoming week, 18 S&P 500 companies (including three Dow 30 components) are scheduled to report results for the second quarter.

For Q3 2017, 59 S&P 500 companies have issued negative EPS guidance and 35 S&P 500 companies have issued positive EPS guidance.

The forward 12-month P/E ratio is 17.4, which is above the 5-year average and the 10-year average.

Scorecard: More Companies Beating EPS and Revenue Estimates than Average

Percentage of Companies Beating EPS Estimates (73%) is Above 5-Year Average

Overall, 91% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 73% have reported actual EPS above the mean EPS estimate, 9% have reported actual EPS equal to the mean EPS estimate, and 18% 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 (70%) average and above the 5-year (68%) average.

At the sector level, the Information Technology (86%) and Health Care (81%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (50%) and Energy (56%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.1%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 6.1% above expectations. This surprise percentage is above the 1-year (+4.7%) average and above the 5-year (+4.2%) average.

The Utilities (+11.7%) and Information Technology (+11.7%) sectors are reporting the largest upside aggregate differences between actual earnings and estimated earnings, while the Energy (+0.6%) sector reported the smallest aggregate difference between actual earnings and estimated earnings.

Market Punishing Earnings Beats

To date, the market is rewarding positive earnings surprises much less than average and punishing negative earnings surprises in line with recent averages.
Companies that have reported upside earnings surprises for Q2 2017 have seen an average price decrease of -0.3% 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 +1.4% during this same window for companies reporting upside earnings surprises.

For more details on the market reaction to positive EPS surprises, please see pages 3 and 4.

Companies that have reported downside earnings surprises for Q2 2017 have seen an average price decrease of -2.4% two days before the earnings release through two days after the earnings. This percentage decrease is equal to 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 (69%) is Above 5-Year Average

In terms of revenues, 69% of companies have reported actual sales above estimated sales and 31% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is well above the 1-year average (56%) and well above the 5-year average (53%).

If 69% is the actual percentage for the second quarter, it will mark the highest percentage of S&P 500 companies reporting sales above the mean estimate for a quarter since Q4 2011 (72%).

At the sector level, the Telecom Services (100%), Information Technology (81%), and Materials (80%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (46%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.7%) is Above 5-Year Average

In aggregate, companies are reporting sales that are 0.7% above expectations. This surprise percentage is above the 1-year (+0.5%) average and above the 5-year (+0.5%) average.

The Financials (+1.7%) and Energy (+1.4%) sectors reported the largest upside aggregate differences between actual sales and estimated sales, while the Consumer Discretionary (-0.3%) sector is reporting the largest downside aggregate difference between actual sales and estimated sales.

Small Increase in Blended Earnings Growth This Week Due to Two Sectors

Small Increase in Blended Earnings Growth This Week Due to Two Sectors

The blended earnings growth rate for the S&P 500 for the second quarter is 10.2% today, which is slightly higher than the earnings growth rate of 10.1% last week. Upside earnings surprises reported by companies in the Information Technology and Consumer Discretionary sectors were mainly responsible for the small increase in the overall earnings growth rate for the index during the past week.

Utilities Sector Has Seen Largest Increase in Earnings Growth since June 30

The blended earnings growth rate for Q2 2017 of 10.2% is higher than the estimate of 6.4% at the end of the second quarter (June 30). Ten sectors have recorded an increase in earnings growth since the end of the quarter due to upside earnings surprises, led by the Utilities (to 10.8% from -0.1%) sector. The only sector that recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises is the Energy (to 332.3% from 388.6%) sector.

No Change in Blended Revenue Growth This Week

The blended sales growth rate for the S&P 500 for the second quarter is 5.1% today, which is equal to the sales growth rate of 5.1% last week.
Financials Sector Has Seen Largest Increase in Revenue Growth since June 30

The blended revenue growth rate for Q2 2017 of 5.1% is higher than the estimate of 4.9% at the end of the second quarter (June 30). Seven sectors have recorded an increase in revenue growth since the end of the quarter due to upside revenue surprises, led by the Financials (to 4.8% from 2.7%) sector. Four sectors have recorded a decrease in revenue growth during this time frame due to downward revisions to estimates and downside revenue surprises, led by the Energy (to 15.5% from 17.5%) sector.

Earnings Growth: 10.2%

The blended (year-over-year) earnings growth rate for Q2 2017 is 10.2%. If 10.2% is the actual growth rate for the second quarter, it will mark the second highest (year-over-year) earnings growth for the index since Q4 2011 (11.6%), and it will mark the first time the index has seen two consecutive quarters of (year-over-year) double-digit earnings growth since Q3 2011 (16.7%) and Q4 2011 (11.6%).

Ten sectors are reporting or have reported year-over-year growth in earnings, led by the Energy, Information Technology, Utilities, and Financials sectors. The only sector reporting a year-over-year decline in earnings is the Consumer Discretionary sector.

The Energy, Information Technology, and Financials sector are also the largest contributors to earnings growth for the index for the second quarter. These three sectors account for 70% of the year-over-year growth in earnings reported by the index for the second quarter.

Energy: Highest Earnings Growth

The Energy sector reported the highest (year-over-year) earnings growth of all eleven sectors at 332.3%. The unusually high growth rate for the sector was mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector reported earnings of $8.3 billion in Q2 2017, compared to earnings of 1.9 billion in Q2 2016. If this sector were excluded, the blended earnings growth rate for the remaining ten sectors would fall to 7.8% from 10.2%

At the sub-industry level, five of the six sub-industries in the sector reported earnings growth: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Equipment & Services (N/A due to year-ago loss), Integrated Oil & Gas (133%), Oil & Gas Refining & Marketing (9%), and Oil & Gas Storage & Transportation (6%). On the other hand, the Oil & Gas Drilling (-340%) sub-industry is the only sub-industry that reported a year-over-year decline in earnings.

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 14.7%. At the industry level, five of the seven industries in this sector are reporting or have reported earnings growth. Four of these five industries are reporting or have reported double-digit earnings growth: Semiconductor & Semiconductor Equipment (47%), Software (25%), IT Services (12%) and Technology, Hardware, Storage, & Peripherals (10%). The Semiconductor & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Information Technology sector would fall to 8.3% from 14.7%. At the company level, Microsoft and Micron Technology are the largest contributors to earnings growth for the sector.

Utilities: NRG Energy Led Growth

The Utilities sector reported the third highest (year-over-year) earnings growth of all eleven sectors at 10.8%. At the company level, NRG Energy was the largest contributor to earnings growth for the sector. If this company were excluded, the earnings growth rate for the sector would fall to 5.6% from 10.8%.

Financials: Insurance Industry Led Growth

The Financials sector reported the fourth highest (year-over-year) earnings growth of all eleven sectors at 10.3%. At the industry level, four of the five industries in this sector reported earnings growth. Three of these four industries reported double-digit earnings growth: Insurance (23%), Capital Markets (12%), and Banks (11%).
Consumer Discretionary: Amazon.com Leads Decline

The Consumer Discretionary sector is the only sector reporting a (year-over-year) decline in earnings at -0.3%. At the industry level, seven of the twelve industries in this sector are reporting or have reported a decline in earnings, led by the Leisure Products (-59%) and Internet & Direct Marketing Retail (-33%) industries. At the company level, Amazon.com is the largest contributor to the earnings decline for the sector. The company reported EPS of $0.40 for Q2 2017, compared to EPS of $1.78 in the year-ago quarter. If Amazon.com were excluded, the blended earnings growth rate for this sector would improve to 1.8% from -0.3%.

Revenue Growth: 5.1%

The blended (year-over-year) revenue growth rate for Q2 2017 is 5.1%. Ten sectors are reporting or have reported year-over-year growth in revenues, led by the Energy sector. The only sector that reported a decline in revenues is the Telecom Services sector.

Energy: Highest Revenue Growth

The Energy sector reported the highest (year-over-year) revenue growth of all eleven sectors at 15.5%. At the sub-industry level, five of the six sub-industries in the sector reported revenue growth: Oil & Gas Exploration & Production (30%), Oil & Gas Equipment & Services (25%), Oil & Gas Storage & Transportation (14%), Oil & Gas Refining & Marketing (13%), and Integrated Oil & Gas (12%). On the other hand, the Oil & Gas Drilling (-5%) sub-industry is the only sub-industry that reported a year-over-year decline in earnings.

This sector is also the largest contributor to revenue growth for the S&P 500. If the Energy sector were excluded, the blended revenue growth rate for the index would fall to 4.3% from 5.1%.

Telecom Services: 2 of 4 Companies Reported Sales Decline

The Telecom Services sector is the only sector that reported a (year-over-year) decline in revenues at -1.3%. Overall, two of the four companies in the sector reported a decline in sales for the quarter, led by CenturyLink (-7%).
Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Fewer Companies Issuing Negative EPS Guidance for Q3 than Average

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, 94 companies in the index have issued EPS guidance for Q3 2017. Of these 94 companies, 59 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 63% (59 out of 94), which is below the 5-year average of 75%.

In the Information Technology, Consumer Discretionary, and Health Care sectors, more companies have issued positive EPS guidance than negative EPS guidance to date for the third quarter.

Growth Expected to Continue for Remainder of 2017

For the second quarter, companies are reporting earnings growth of 10.2% and revenue growth rate of 5.1%. Analysts currently expect earnings and revenue growth to continue for the rest of 2017.

For Q3 2017, analysts are projecting earnings growth of 5.2% and revenue growth of 4.9%.

For Q4 2017, analysts are projecting earnings growth of 11.2% and revenue growth of 5.3%.

For all of 2017, analysts are projecting earnings growth of 9.4% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 17.4, above the 10-Year Average (14.0)

The forward 12-month P/E ratio is 17.4. This P/E ratio is above the 5-year average of 15.4, and above the 10-year average of 14.0. However, it is below the forward 12-month P/E ratio of 17.5 recorded at the start of the third quarter (June 30). Since the start of the third quarter, the price of the index has increased by 0.6%, while the forward 12-month EPS estimate has increased by 0.9%.

At the sector level, the Energy (28.4) sector has the highest forward 12-month P/E ratio, while the Telecom Services (12.9) 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 the Energy (28.4 vs. 18.6) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (12.9 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 11% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 2705.48, which is 11.0% above the closing price of 2438.21. At the sector level, the Consumer Discretionary (+14.3%), Energy (+14.1%), and Information Technology (+14.0%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Utilities (+1.9%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,100 ratings on stocks in the S&P 500. Of these 11,100 ratings, 49.2% are Buy ratings, 45.5% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (57%), Energy (57%), and Health Care (56%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (7%) sector has the highest percentage of Sell ratings.

Companies Reporting Next Week: 18

During the upcoming week, 18 S&P 500 companies (including three Dow 30 components) are scheduled to report results for the second quarter.
Q2 2017: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q2 2017
(Source: FactSet)

(Source: FactSet)
Q2 2017: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q2 2017
(Source: FactSet)

Utilities: 11.7%
Info. Technology: 11.7%
Health Care: 6.3%
S&P 500: 6.1%
Financials: 5.3%
Materials: 4.6%
Industrials: 4.3%
Telecom Services: 4.0%
Consumer Disc.: 4.0%
Real Estate: 3.3%
Consumer Staples: 2.6%
Energy: 0.5%

S&P 500 Sector-Level Revenue Surprise %: Q2 2017
(Source: FactSet)

Financials: 3.7%
Energy: 1.4%
Info. Technology: 1.2%
Materials: 1.0%
Telecom Services: 1.0%
Industrials: 0.9%
S&P 500: 0.7%
Real Estate: 0.6%
Health Care: 0.4%
Consumer Staples: 0.1%
Utilities: -0.1%
Consumer Disc.: -0.3%
Q2 2017: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q2 2017
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q2 2017: Scorecard

S&P 500 Actual EPS Surprise %: Top 10 Q2 Actual EPS Surprises
(Source: FactSet)

- NRG Energy, Inc. 124.4%
- Entergy Corporation 164.3%
- Pioneer Natural Resources Company 108.4%
- Newmont Mining Corporation 75.4%
- Allstate Corporation 58.4%
- E*TRADE Financial Corporation 46.6%
- Aetna Inc. 44.5%
- Activision Blizzard, Inc. 41.3%
- Microsoft Corporation 35.6%
- Ferrigo Co. Plc 32.7%

S&P 500 Actual EPS Surprise %: Bottom 10 Q2 Actual EPS Surprises
(Source: FactSet)

- EQG Resources, Inc. -24.3%
- Vulcan Materials Company -25.1%
- Seagate Technology, PLC -33.8%
- Charter Communications, Inc. Class A -34.2%
- Williams Companies, Inc. -34.3%
- Leucadia National Corporation -45.7%
- Flowserve Corporation -48.8%
- Amazon.com, Inc. -71.6%
- DISH Network Corporation Class A -87.9%
- Ford Corporation -120.4%
Q2 2017: Projected EPS Surprises (Sharp Estimates)

Number (#) of S&P 500 Companies with Q2 2017 Sharp Estimates
(Source: FactSet)

Percentage (%) of S&P 500 Companies with Q2 2017 Sharp Estimates
(Source: FactSet)
Q2 2017: Growth

S&P 500 Earnings Growth: Q2 2017
(Source: FactSet)

S&P 500 Revenue Growth: Q2 2017
(Source: FactSet)
Q2 2017: Net Profit Margin

S&P 500 Net Profit Margins: Q217 vs. Q216
(Source: FactSet)

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<thead>
<tr>
<th>Sector</th>
<th>Q217</th>
<th>Q216</th>
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<tbody>
<tr>
<td>Real Estate</td>
<td>12.3%</td>
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<tr>
<td>Information Technology</td>
<td>14.9%</td>
<td>17.7%</td>
</tr>
<tr>
<td>Financials</td>
<td>11.1%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Telecom Services</td>
<td>12.0%</td>
<td>11.3%</td>
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<td>Utilities</td>
<td>10.7%</td>
<td>10.7%</td>
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<td>Materials</td>
<td>10.4%</td>
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<td>Health Care</td>
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<td>9.3%</td>
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<tr>
<td>S&amp;P 500</td>
<td>9.7%</td>
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<tr>
<td>Industrials</td>
<td>7.1%</td>
<td>7.3%</td>
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<tr>
<td>Consumer Disc</td>
<td>5.3%</td>
<td>5.2%</td>
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<tr>
<td>Consumer Staples</td>
<td>3.0%</td>
<td>1.0%</td>
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S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q217 vs. Q216
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Down %</th>
<th>None %</th>
<th>Up %</th>
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<tr>
<td>Financials</td>
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<td>Energy</td>
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<td>78%</td>
</tr>
<tr>
<td>Telecom Services</td>
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<td>25%</td>
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<tr>
<td>Real Estate</td>
<td>26%</td>
<td>20%</td>
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<td>Consumer Staples</td>
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<td>Health Care</td>
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<td>39%</td>
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<td>Information Technology</td>
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<tr>
<td>S&amp;P 500</td>
<td>43%</td>
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<tr>
<td>Utilities</td>
<td>43%</td>
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<tr>
<td>Industrials</td>
<td>43%</td>
<td>52%</td>
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<tr>
<td>Consumer Staples</td>
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<tr>
<td>Consumer Disc</td>
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<td>0%</td>
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Q3 2017: Guidance

Number (#) of S&P 500 Cos. with Q3 Positive & Negative Guidance (Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q3 Positive & Negative Guidance (Source: FactSet)
Q3 2017: EPS Revisions

**Upward Change in Q3 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- Baker Hughes, a GE Company Class A: 41.4%
- Netflix, Inc.: 39.2%
- Caterpillar Inc.: 37.1%
- Host Hotels & Resorts, Inc.: 32.4%
- Macy's Inc.: 23.3%
- Ralph Lauren Corporation Class A: 19.0%
- Lam Research Corporation: 17.5%
- Regeneron Pharmaceuticals, Inc.: 17.4%
- NVIDIA Corporation: 15.3%
- PACCAR Inc.: 12.9%

**Downward Change in Q3 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- Vale SA: -68.4%
- ConocoPhillips: -72.2%
- Apache Corporation: -73.3%
- CF Industries Holdings, Inc.: -82.1%
- News Corporation Class B: -90.8%
- News Corporation Class A: -90.8%
- Amazon.com, Inc.: -65.3%
- Marathon Oil Corporation: -93.8%
- Anadarko Petroleum Corporation: -208.5%
- Noble Energy, Inc.: -268.3%

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Q3 2017: Growth

**S&P 500 Earnings Growth: Q3 2017**
(Source: FactSet)

**S&P 500 Revenue Growth: Q3 2017**
(Source: FactSet)
CY 2017: Growth
CY 2018: Growth

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

S&P 500 Revenue Growth: CY 2018
(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>Revenue Exposure (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telecom Services</td>
<td>International: 4%</td>
</tr>
<tr>
<td></td>
<td>United States: 96%</td>
</tr>
<tr>
<td>Utilities</td>
<td>International: 5%</td>
</tr>
<tr>
<td></td>
<td>United States: 95%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>International: 17%</td>
</tr>
<tr>
<td></td>
<td>United States: 83%</td>
</tr>
<tr>
<td>Health Care</td>
<td>International: 10%</td>
</tr>
<tr>
<td></td>
<td>United States: 90%</td>
</tr>
<tr>
<td>Financials</td>
<td>International: 24%</td>
</tr>
<tr>
<td></td>
<td>United States: 76%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>International: 24%</td>
</tr>
<tr>
<td></td>
<td>United States: 76%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>International: 20%</td>
</tr>
<tr>
<td></td>
<td>United States: 80%</td>
</tr>
<tr>
<td>Industrials</td>
<td>International: 38%</td>
</tr>
<tr>
<td></td>
<td>United States: 62%</td>
</tr>
<tr>
<td>Energy</td>
<td>International: 43%</td>
</tr>
<tr>
<td></td>
<td>United States: 57%</td>
</tr>
<tr>
<td>Materials</td>
<td>International: 40%</td>
</tr>
<tr>
<td></td>
<td>United States: 60%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>International: 59%</td>
</tr>
<tr>
<td></td>
<td>United States: 41%</td>
</tr>
</tbody>
</table>
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)

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

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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