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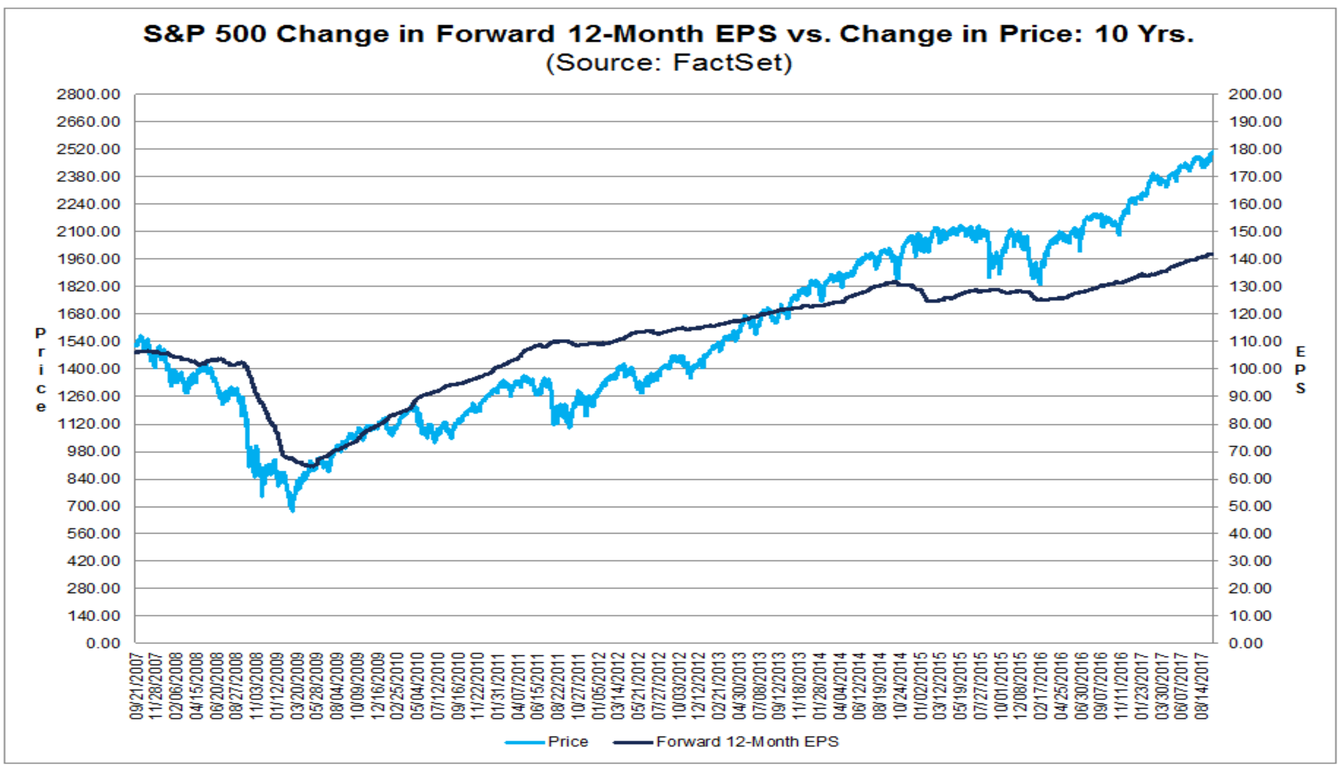
Key Metrics

- **Earnings Growth:** For Q3 2017, the estimated earnings growth rate for the S&P 500 is 4.2%. Eight sectors are expected to report earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q3 2017 was 7.5%. Ten sectors have lower growth rates today (compared to June 30) due to downward revisions to earnings estimates, led by the Energy sector.
- **Earnings Guidance:** For Q3 2017, 75 S&P 500 companies have issued negative EPS guidance and 43 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.7. This P/E ratio is above the 5-year average (15.5) and above the 10-year average (14.1).
- **Earnings Scorecard:** For Q3 2017 (with 6 companies in the S&P 500 reporting actual results for the quarter), 4 companies have reported positive EPS surprises and 4 companies have reported positive sales surprises.



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Topic of the Week: 1

Record Number of S&P 500 Companies Have issued Positive Revenue Guidance for Q3

For the third quarter, 75 companies in the S&P 500 have issued negative EPS guidance and 43 companies in the S&P 500 have issued positive EPS guidance. While the number of companies issuing negative EPS is slightly below the 5-year average (79), the number of companies issuing positive EPS guidance is well above the 5-year average (27). If 43 is the final number for the quarter, it will mark a tie (with Q4 2010) for the third highest number of S&P 500 companies issuing positive EPS guidance for a quarter since FactSet began tracking EPS guidance in 2006.

At the sector level, companies in the Information Technology, Health Care, and Consumer Discretionary sectors account for 39 of the 43 companies that have issued positive EPS guidance for the third quarter.

In the Information Technology sector, 18 companies have issued positive EPS guidance for the quarter. This number is well above the average for the sector (10). If 18 is the final number for the quarter, it will mark the third highest number of companies issuing positive EPS guidance for this sector since FactSet began tracking EPS guidance in 2006.

In the Health Care sector, 11 companies have issued positive EPS guidance for the quarter. This number is also well above the 5-year average for the sector (4). If 11 is the final number for the quarter, it will mark a tie (with Q2 2017) for the highest number of companies issuing positive EPS guidance for this sector since FactSet began tracking EPS guidance in 2006.

In the Consumer Discretionary sector, 10 companies have issued positive EPS guidance for the third quarter. This number is also above the 5-year average for the sector (6). If 10 is the final number for the quarter, it will mark a tie (with 3 other quarters) for the fifth highest number of companies issuing positive EPS guidance for this sector since FactSet began tracking EPS guidance in 2006.

What is driving the unusually high number of positive EPS preannouncements issued by S&P 500 companies?

One factor driving the increase is the unusual high number of S&P 500 companies issuing positive revenue guidance. Overall, 54 companies in the S&P 500 have issued positive revenue guidance for the third quarter. This number is more than double the 5-year average (25). If 54 is the final number for the quarter, it will mark the highest number of S&P 500 companies issuing positive revenue guidance since FactSet began tracking revenue guidance in 2006. The current record is 45 (Q1 2011).

Of the 43 S&P 500 companies that have issued positive EPS guidance for the third quarter, 31 (or 72%) have also issued positive revenue guidance. At the sector level, companies in the Information Technology, Health Care, and Consumer Discretionary sectors account for 49 of the 54 companies that have issued positive revenue guidance for the third quarter.

In the Information Technology sector, 30 companies have issued positive revenue guidance for the third quarter. This number is double the 5-year average for the sector (15). If 30 is the final number for the quarter, it will mark the third highest number of companies issuing positive revenue guidance for this sector since FactSet began tracking revenue guidance in 2006.

In the Consumer Discretionary sector, 11 companies have issued positive revenue guidance for the third quarter. This number is well above the 5-year average for the sector (3). If 11 is the final number for the quarter, it will mark the highest number of companies issuing positive revenue guidance for this sector since FactSet began tracking revenue guidance in 2006.

In the Health Care sector, 8 companies have issued positive revenue guidance for the third quarter. This number is double the 5-year average for the sector (4). If 8 is the final number for the quarter, it will mark the second highest number of companies issuing positive revenue guidance for this sector since FactSet began tracking revenue guidance in 2006.

Beyond stronger revenues and bookings, a number of S&P 500 companies in these three sectors (and other sectors) cited smaller negative impacts from foreign exchange, growth in Asia and China, and positive impacts from acquisitions as factors for improving EPS and revenue guidance for the third quarter and for the full year.

"From an FX perspective, that's a little bit of a different story. We had about $0.16 benefit from FX this quarter. And when we look at Q4, we have about a $0.12 FX benefit. So, some nice benefit coming from currency in Q3 and Q4." – Cooper Companies (August 31)

"As a result of a more favorable foreign exchange environment and better revenue growth through acquisitions, we are raising our reported revenue guidance for the full year 2017 to be in the range of $2.23 billion to $2.24 billion." – PerkinElmer (August 3)

"Moving to our second quarter outlook, which also does not include the impact of the divestiture. We expect revenue to be up 25% to 28% in constant currency which at guided rates, including favorability from foreign currency, translates to $1.260 billion to $1.290 billion." –Symantec (August 2)

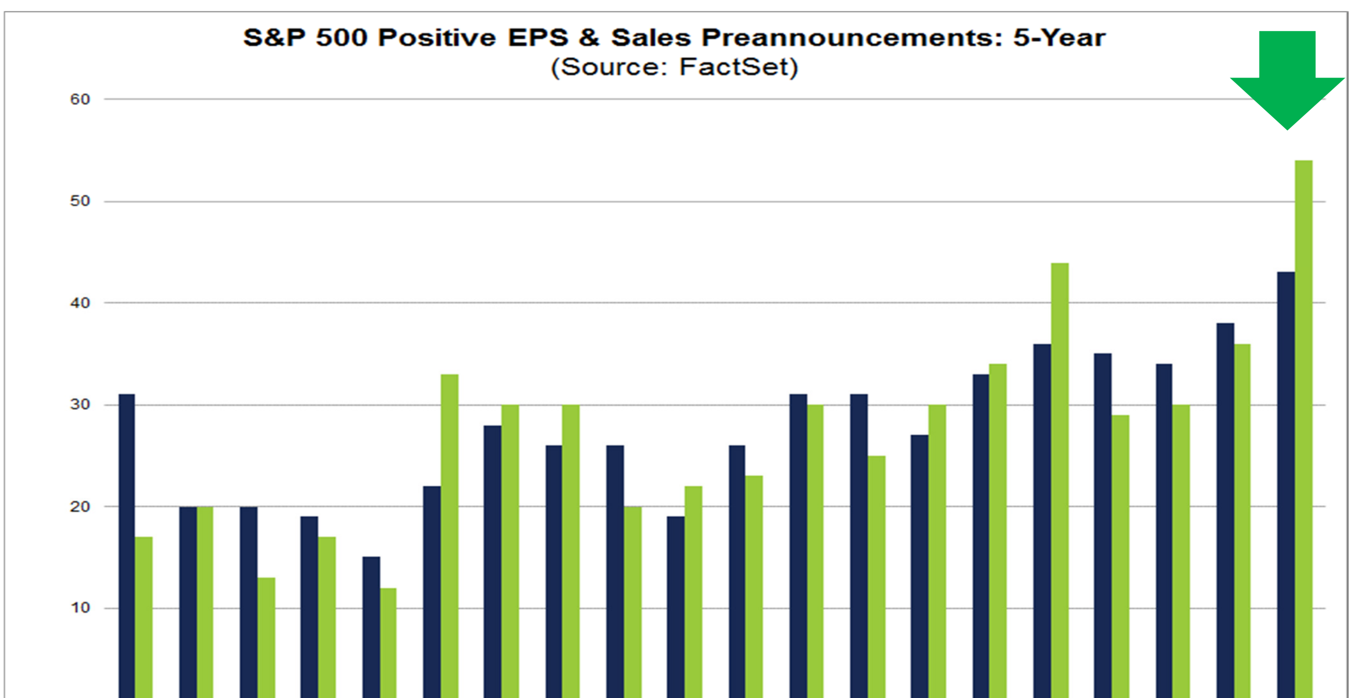
"The increase in our guidance is due to our confidence in the performance of our business in terms of volumes, especially in China. As Corning mentioned, we had a very good performance in Asia, better than we expected, and that is why we are – that's the principal reason we are increasing our guidance." –Air Products & Chemicals (August 1)

"And I think in general, even the performance in China, Tim has mentioned it. We think that the performance will continue to improve. So those are the drivers of our guidance range for the quarter." –Apple (August 1)

"The increase in EPS is driven by higher expectations of revenue, coupled with gains on sale of our equity investments and the inclusion of Mobileye. We expect Mobileye to contribute approximately $200 million of revenue, $100 million of operating income, and $0.02 of EPS in the second half of the year." –Intel (July 27)

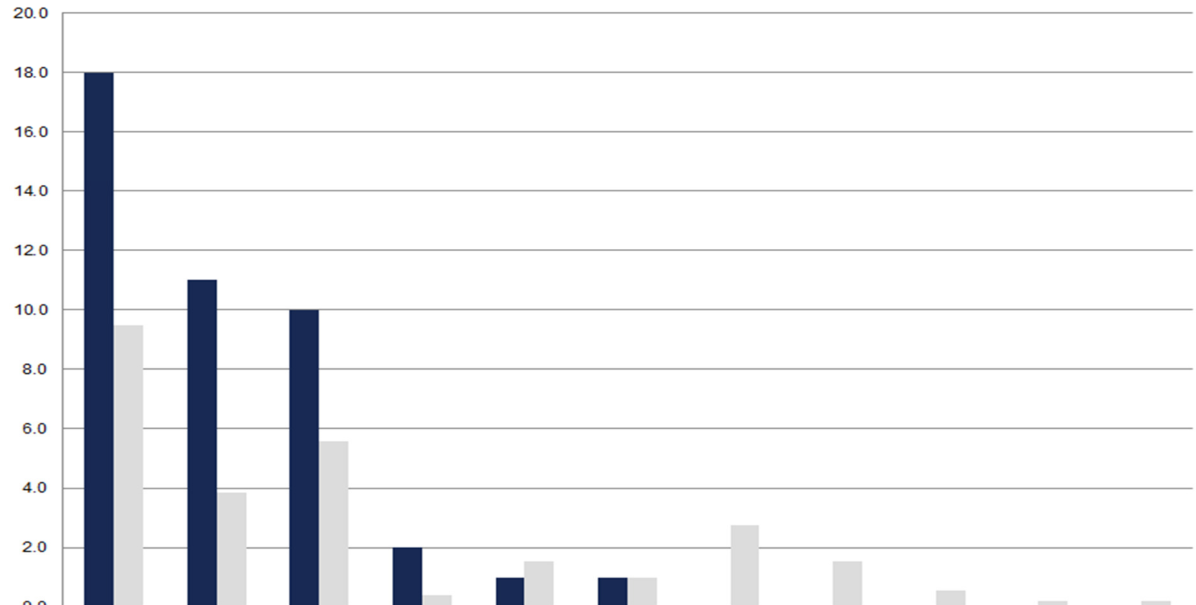
"So as we look at some of our regions, our EMEA region, our Asia-Pacific region, we do see a sequential growth from Q2 to Q3 based on the timing of tenders, which is a little bit different than we've seen in prior quarters and years. So really that is one of the factors that drives this acceleration into the third quarter." –Baxter International (Jul 26)

The term "guidance" (or "preannouncement") is defined as a projection or estimate for EPS (or sales) 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 (sales) 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 (sales) estimate the day before the guidance was issued.



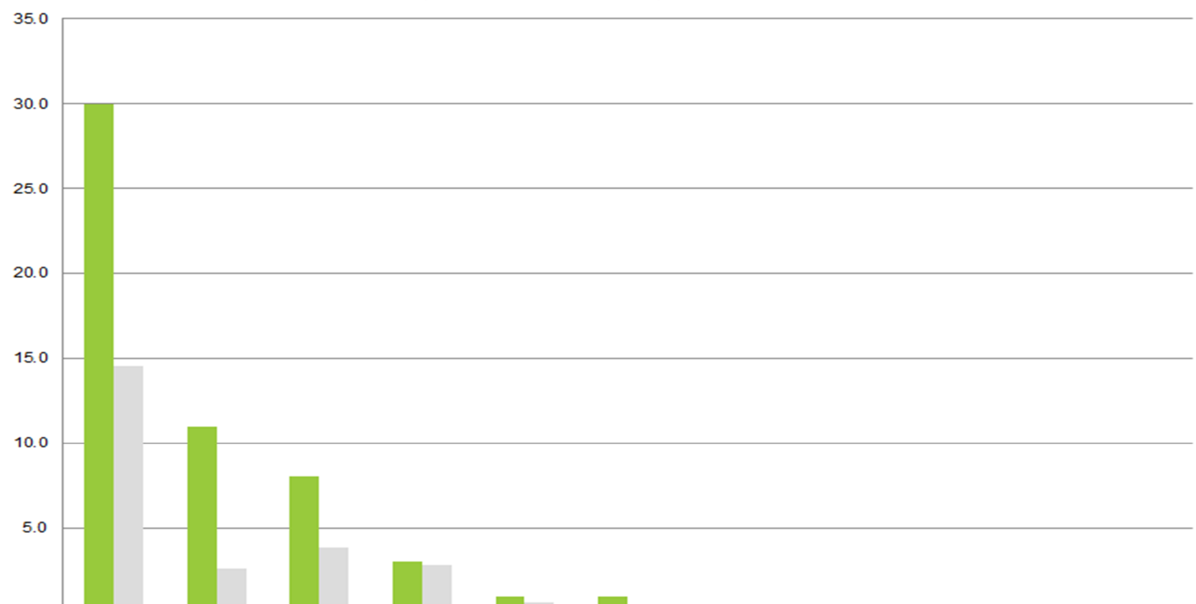
	Q412	Q113	Q213	Q313	Q413	Q114	Q214	Q314	Q414	Q115	Q215	Q315	Q415	Q116	Q216	Q316	Q416	Q117	Q217	Q317
EPS	31	20	20	19	15	22	28	26	26	19	26	31	31	27	33	36	35	34	38	43
Sales	17	20	13	17	12	33	30	30	20	22	23	30	25	30	34	44	29	30	36	54

S&P 500 Sector-Level Positive EPS Guidance: Q317 vs. 5-Year Avg.
(Source: FactSet)



	Info. Technology	Health Care	Consumer Disc.	Real Estate	Materials	Consumer Staples	Industrials	Financials	Utilities	Energy	Telecom Services
Pos #: Q317	18.0	11.0	10.0	2.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Pos #: 5-Yr. Avg.	9.5	3.9	5.6	0.4	1.6	1.0	2.8	1.6	0.6	0.2	0.2

S&P 500 Sector-Level Positive Sales Guidance: Q317 vs. 5-Yr. Avg.
(Source: FactSet)



	Info. Technology	Consumer Disc.	Health Care	Industrials	Consumer Staples	Real Estate	Telecom Services	Financials	Energy	Materials	Utilities
Pos #: Q317	30.0	11.0	8.0	3.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Pos #: 5-Yr. Avg.	14.6	2.6	3.9	2.9	0.6	0.0	0.3	0.3	0.2	0.2	0.0

Topic of the Week: 2

Few S&P 500 Companies Have issued EPS Guidance Since Hurricanes Hit U.S.

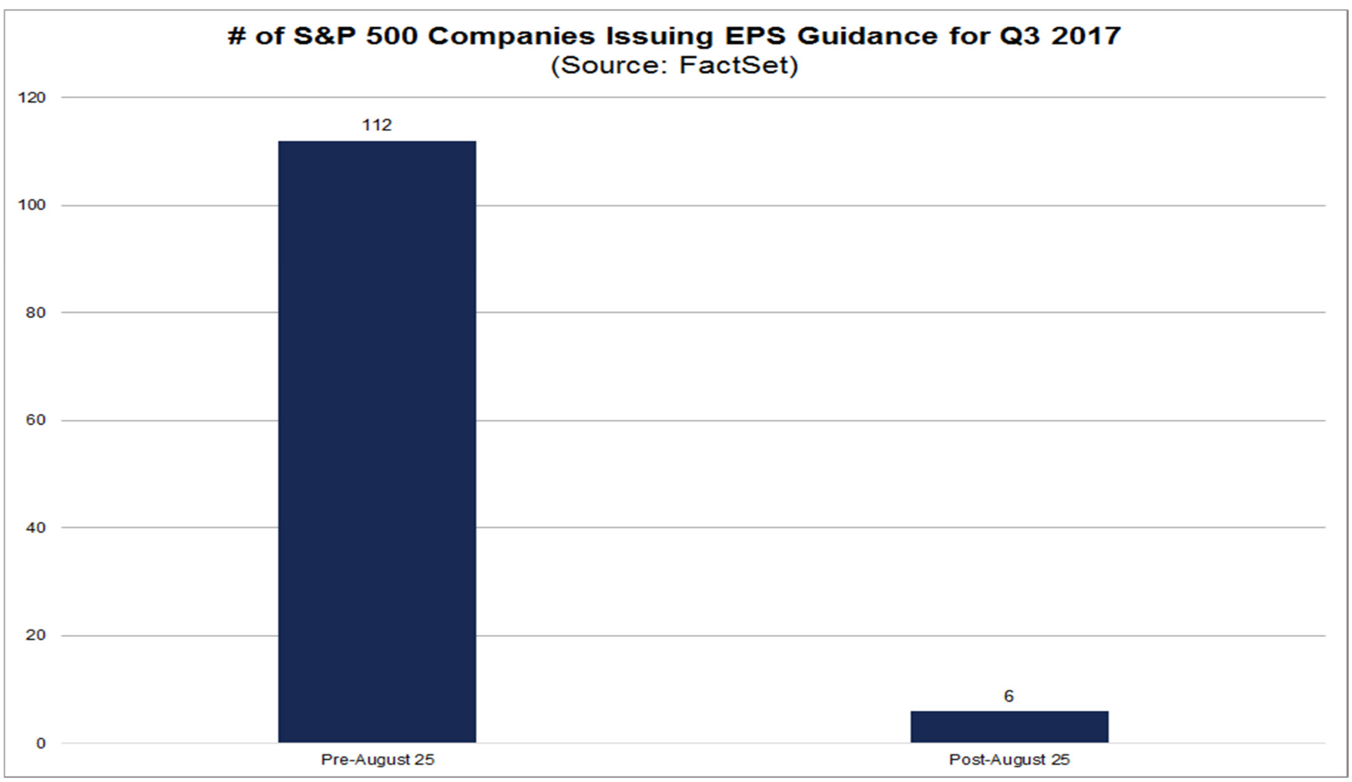
For the third quarter, 75 companies in the S&P 500 have issued negative EPS guidance and 43 companies in the S&P 500 have issued positive EPS guidance. While the number of companies issuing negative EPS is slightly below the 5-year average (79), the number of companies issuing positive EPS guidance is well above the 5-year average (27). If 43 is the final number for the quarter, it will mark a tie (with Q4 2010) for the third highest number of S&P 500 companies issuing positive EPS guidance since FactSet began tracking EPS guidance in 2006. The unusually high number of companies issuing positive EPS guidance can be attributed in part to the unusually high number of S&P 500 companies issuing positive revenue guidance. For more details, please see pages 2 through 4.

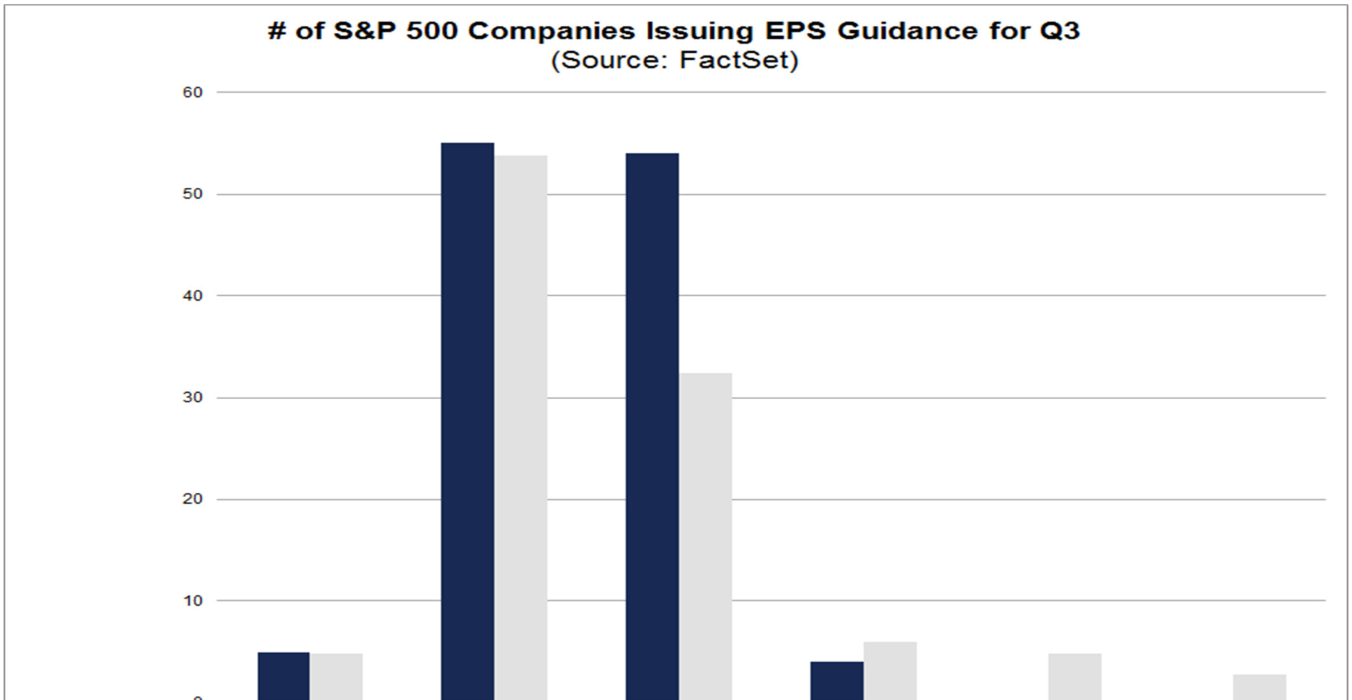
However, given the loss of business and property damage caused by Hurricanes Harvey and Irma, why is the positive EPS guidance number above average and the negative EPS guidance number below average for the third quarter?

This dichotomy can be attributed to the date the EPS guidance was issued by most of these companies. Nearly all of the S&P 500 companies that have issued EPS guidance to date for the third quarter issued the guidance before the hurricanes hit the U.S. Of the 118 S&P 500 companies that have issued EPS guidance for Q3 2017, only 6 (or 5%) have issued EPS guidance since Hurricane Harvey first hit the U.S. on August 25.

Why have so few S&P 500 companies issued EPS guidance in recent weeks?

One reason is normal seasonality. Over the past five third quarters, 101 S&P 500 companies on average have issued EPS guidance for the third quarter. Of these 101 companies, 88 on average issued EPS guidance prior to September 1. Only 13 S&P 500 companies on average have issued EPS guidance for the third quarter after September 1. Only 6 S&P 500 companies on average have issued EPS guidance for the third quarter during the month of September. Thus, many S&P 500 companies may be continuing their normal practice of not issuing EPS guidance for the third quarter after September 1.





	June	July	August	September	October	November
Q3 2017	5	55	54	4	0	0
5-Yr. Avg. (Q3 only)	5	54	32	6	5	3

S&P 500 companies may also still be trying to quantify the impact of the hurricanes on their bottom line. Three of the six companies that have issued EPS guidance since August 25 directly addressed the hurricanes. However, two of these three companies (Hewlett Packard Enterprise and Best Buy) stated that it was too early to provide an estimate of the impact. Thus, S&P 500 companies may provide more EPS guidance at a later time once the impact of the property damage and lost business can be quantified.

"Also, as Meg mentioned, Hurricane Harvey has had a substantial impact to our Houston operations. Our top priority has been ensuring the well-being of our employees during this challenging time. From a business perspective, we're continuing to assess the impact. Fortunately, we have a limited amount of production in Houston, which we've been able to mostly shift to other locations, so we don't expect a disruption to our customer deliveries. Of course, we will bear an uninsured cost associated with lost inventory or repairs to our campus, but have not incorporated anything into our outlook at this time." –Hewlett Packard Enterprise (September 5)

"CooperSurgical's Q4 revenue guidance is $117 million to $120 million, or roughly 3% to 6% pro forma. Regarding non-GAAP EPS, we're guiding to $2.60 to $2.70 off a roughly 9.5% effective tax rate. Within this guidance is an assumption the severe flooding in Texas negatively impacts CooperVision revenue by $2 million, CooperSurgical's revenue by $1 million, and EPS by roughly $0.03." –Cooper Companies (August 31)

"Before I talk about our guidance, I wanted to address the ongoing storms in Texas. With Harvey continuing to do damage in the area, coupled with the unknown recovery time, it is nearly impossible to predict the impact this could have on our business at this time. We continue to monitor the situation, first and foremost, the safety of our people in the area and, secondarily, for the potential impact on our results. Should it be required, we will provide further updates on the business impact." –Best Buy (August 29)

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Q3 2017 Earnings Season: By the Numbers

Overview

In terms of estimate revisions, analysts have made smaller cuts than average to earnings estimates for companies in the S&P 500 for Q3 2017 to date. On a per-share basis, estimated earnings for the third quarter have fallen by 3.0% since June 30. This percentage decline is smaller than the trailing 5-year average (-4.2%) and the trailing 10-year average (-6.0%) for a quarter.

In addition, a smaller percentage of S&P 500 companies have lowered the bar for earnings for Q3 2017 relative to recent averages. Of the 118 companies that have issued EPS guidance for the third quarter, 75 have issued negative EPS guidance and 43 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 64% (75 out of 118), which is below the 5-year average of 75%.

Because of the downward revisions to earnings estimates, the estimated year-over-year earnings growth rate for Q3 2017 has fallen from 7.5% on June 30 to 4.2% today. Eight sectors are predicted to report year-over-year earnings growth, led by the Energy, Information Technology, and Real Estate sectors. Three sectors are projected to report a year-over-year decline in earnings, led by the Consumer Discretionary sector.

Because of the downward revisions to sales estimates, the estimated year-over-year revenue growth rate for Q3 2017 has fallen from 5.2% on June 30 to 5.0% today. Ten sectors are projected to report year-over-year growth in revenues, led by the Energy, Materials, and Information Technology sectors. The only sector predicted to report a year-over-year decline in revenues is the Telecom Services sector.

Looking at future quarters, analysts currently project earnings growth to rebound to double-digit levels starting in Q4 2017.

The forward 12-month P/E ratio is 17.7, which is above the 5-year average and the 10-year average.

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

Earnings Revisions: Energy Sector Has Recorded Largest Drop in Expected Earnings Growth

Small Decrease in Estimated Earnings Growth Rate for Q3 This Week Due to Industrials Sector

The estimated earnings growth rate for the third quarter is 4.2% this week, which is slightly below the estimated earnings growth rate of 4.3% last week. Downward revisions to EPS estimates for companies in the Industrials sector and the downside earnings surprise reported by FedEx ($2.51 vs. $3.04) were mainly responsible for the decrease in the overall earnings growth rate for the index during the week.

Overall, the estimated earnings growth rate for Q3 2017 of 4.2% today is below the estimated earnings growth rate of 7.5% at the start of the quarter (June 30). Ten sectors have recorded a decline in expected earnings growth since the beginning of the quarter due to downward revisions to earnings estimates, led by the Energy and Materials sectors.

Energy: Largest Decline in Expected Earnings Growth since June 30, led by Exxon Mobil and Chevron

The Energy sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to 108.4% from 157.3%). Despite the decrease in estimated earnings, this sector has witnessed an increase in price of 3.5% since June 30. Overall, 25 of the 32 companies (78%) in the Energy sector have seen a decline in their mean EPS estimate during this time. Of these 25 companies, 23 have recorded a decrease in their mean EPS estimate of more than 10%, led by Anadarko Petroleum (to -$0.53 from -$0.09), Marathon Oil (to -$0.16 from -$0.05), and Apache Corporation (to $0.01 from $0.25). However, the declines in the mean EPS estimates for Exxon Mobil (to $0.83 from $0.99) and Chevron (to $0.88 from $1.14) have been the largest contributors to the decrease in expected earnings for this sector since June 30. While the stock price of Exxon Mobil has fallen by 0.9% (to $80.03 from $80.73) since June 30, the stock price of Chevron has actually increased by 12.1% (to $116.91 from $104.33) during the same period.

Materials: 2nd Largest Decrease in Expected Earnings Growth, led by DowDuPont

The Materials sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to 1.6% from 24.0%). Despite the decrease in estimated earnings, this sector has witnessed an increase in price of 5.5% since June 30. Overall, 18 of the 25 companies (72%) in this sector have seen a decline in their mean EPS estimate during this time. Of these 18 companies, 7 have recorded a drop in their mean EPS estimate of more than 10%, led by CF Industries Holdings (to -$0.56 from -$0.29) and DowDuPont (to $0.44 from $0.95). The decline in the mean EPS estimate for DowDuPont has been the largest contributor to the decrease in expected earnings for this sector since June 30. On September 1, analysts converted EPS estimates from standalone Dow Chemical ($0.94) to the combined DowDuPont entity ($0.60) after the completion of the merger. On September 12, analysts lowered EPS estimates after DowDuPont provided some pro forma EBITDA guidance (including hurricane impacts) for the quarter.

Index-Level (Bottom-Up) EPS Estimate: Below Average Decline to Date

Downward revisions to earnings estimates in aggregate for the third quarter to date have been below recent averages. The Q3 bottom-up EPS estimate (which is an aggregation of the earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) has fallen by 3.0% (to $32.86 from $33.86) since June 30. This decline in the EPS estimate for Q3 2017 is below the trailing 5-year average (-4.2%) and the trailing 10-year average (-6.0%) for the bottom-up EPS estimate for a quarter.

Earnings Guidance: More Companies Issuing Positive 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, 118 companies in the index have issued EPS guidance for Q3 2017. Of these 118 companies, 75 have issued negative EPS guidance and 43 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 64% (75 out of 118), which is below the 5-year average of 75%.

For more details on guidance, please see pages 2 through 6.

Earnings Growth: 4.2%

The estimated (year-over-year) earnings growth rate for Q3 2017 is 4.2%. Eight sectors are expected to report year-over-year growth in earnings, led by the Energy, Information Technology, and Real Estate sectors. On the other hand, three sectors are expected to report a year-over-year decline in earnings, led by Consumer Discretionary sector.

Energy: Highest Earnings Growth on Easy Comparison to Low Year-Ago Earnings

The Energy sector is projected to report the highest (year-over-year) earnings growth of all eleven sectors at 108.4%. 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 predicted to report earnings of $9.5 billion in Q3 2017, compared to earnings of 4.6 billion in Q3 2016. If this sector were excluded, the estimated earnings growth rate for the remaining ten sectors would fall to 2.5% from 4.2%.

At the sub-industry level, all six sub-industries in the sector are projected to report earnings growth: 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 (251%), Oil & Gas Refining & Marketing (61%), Integrated Oil & Gas (37%), and Oil & Gas Storage & Transportation (12%).

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 8.5%. At the industry level, four of the seven industries in this sector are predicted to report earnings growth. Only one of these four industries is projected to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (29%). The Semiconductor & Semiconductor Equipment industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 3.7% from 8.5%. At the company level, Micron Technology is expected to be the largest contributor to earnings growth for the sector. The mean EPS estimate for the company for Q3 2017 is $1.82, compared to year-ago EPS of -$0.05. If Micron Technology alone were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 4.8% from 8.5%.

Real Estate: Specialized REITs and Retail REITs Lead Growth

The Real Estate sector is expected to report the third highest (year-over-year) earnings (FFO) growth of all eleven sectors at 7.0%. At the sub-industry level, four of the eight sub-industries in this sector are predicted to report FFO growth. Two of these four industries are projected to report double-digit FFO growth: Specialized REITs (17%) and Retail REITs (13%).

Consumer Discretionary: General Motors Leads Decline

The Consumer Discretionary sector is expected to report the largest (year-over-year) decline in earnings for the quarter at -3.2%. At the industry level, six of the twelve industries in this sector projected to report a decline in earnings, led by the Automobiles (-23%) and Textiles, Apparel, & Luxury Goods (-20%) industries. At the company level, General Motors is expected to be the largest contributor to the earnings decline for the sector. The mean EPS estimate for the company for Q3 2017 is $1.13, compared to year-ago EPS of $1.72. If General Motors were excluded, the estimated earnings growth rate for the Consumer Discretionary sector would rise to 0.0% from -3.2%

Revenue Growth: 5.0%

The estimated (year-over-year) revenue growth rate for Q3 2017 is 5.0%. Ten sectors are expected to report year-over-year growth in revenues, led by the Energy, Materials, and Information Technology sectors. The only sector that is expected to report a decline in revenues is the Telecom Services sector.

Energy: Highest Revenue Growth

The Energy sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 17.4%. At the sub-industry level, five of the six sub-industries in the sector are predicted to report revenue growth: Oil & Gas Equipment & Services (56%), Oil & Gas Drilling (47%), Oil & Gas Refining & Marketing (26%), Integrated Oil & Gas (11%), and Oil & Gas Storage & Transportation (6%). On the other hand, the Oil & Gas Exploration & Production (-3%) sub-industry is the only sub-industry that is expected to report a year-over-year decline in earnings.

This sector is also expected to be the largest contributor to revenue growth for the S&P 500. If the Energy sector were excluded, the estimated revenue growth rate for the index would fall to 3.9% from 5.0%.

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

The Materials sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 12.6%. At the industry level, all four industries in this sector are predicted to report revenue growth, led by the: Chemicals (16%) industry. At the company level, DowDuPont is expected to be the largest contributor to revenue growth for the sector. However, the mean revenue estimate for Q3 2017 ($17.6 billion) reflects the combined DowDuPont company, while the year-ago revenue actual for Q3 2016 ($12.5 billion) reflects the standalone Dow Chemical company. This apples-to-oranges comparison is the main reason DowDuPont is expected to be the key driver of revenue growth for the sector. If DowDuPont were excluded, the estimated revenue growth rate for the sector would fall to 6.8% from 12.6%.

Information Technology: Internet Software & Services Leads Growth

The Information Technology sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 8.0%. At the industry level, five of the seven industries in this sector are predicted to report revenue growth. Three of these five industries are projected to report double-digit revenue growth: Internet Software & Services (22%), Semiconductor & Semiconductor Equipment (13%), and IT Services (11%).

Telecom Services: 2 of 4 Companies to Report Sales Decline

The Telecom Services sector is the only sector that is expected to report a (year-over-year) decline in revenues at -0.6%. Two of the four companies in the sector are projected to report a sales decline for the quarter, led by CenturyLink (-7%).

Looking Ahead: Forward Estimates and Valuation

Growth Expected to Rebound to Double-Digit Levels after Q3

For the third quarter, companies are expected to report earnings growth of 4.2% and revenue growth of 5.0%. Analysts currently expect earnings to rebound to double-digit levels over the next few quarters.

For Q4 2017, analysts are projecting earnings growth of 11.1% and revenue growth of 5.7%.

For Q1 2018, analysts are projecting earnings growth of 10.3% and revenue growth of 6.1%.

For Q2 2018, analysts are projecting earnings growth of 10.1% and revenue growth of 5.9%.

For all of 2017, analysts are projecting earnings growth of 9.6% and revenue growth of 5.7%.

Valuation: Forward P/E Ratio is 17.7, above the 10-Year Average (14.1)

The forward 12-month P/E ratio is 17.7. This P/E ratio is above the 5-year average of 15.5, and above the 10-year average of 14.1. It is also above the forward 12-month P/E ratio of 17.4 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 3.2%, while the forward 12-month EPS estimate has increased by 1.6%.

At the sector level, the Energy (29.5) sector has the highest forward 12-month P/E ratio, while the Telecom Services (13.0) 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 (29.5 vs. 18.8) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (13.0 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 2717.32, which is 8.7% above the closing price of 2500.60. At the sector level, the Consumer Discretionary (+13.4%) and Information Technology (+11.5%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Utilities (+3.7%) sector has the smallest upside difference between the bottom-up target price and the closing price.

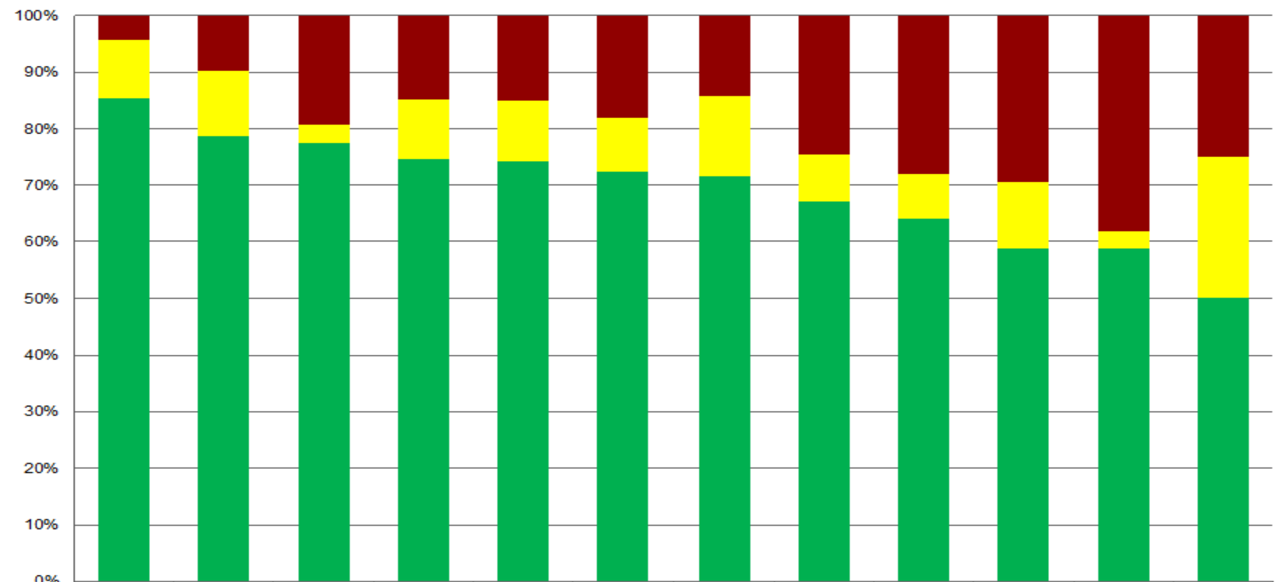
Overall, there are 11,024 ratings on stocks in the S&P 500. Of these 11,024 ratings, 49.4% are Buy ratings, 45.4% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (58%), Energy (57%), and Health Care (56%) sectors have the highest percentages of Buy ratings, while the Telecom Services (7%) sector has the highest percentage of Sell ratings.

Companies Reporting Next Week: 9

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

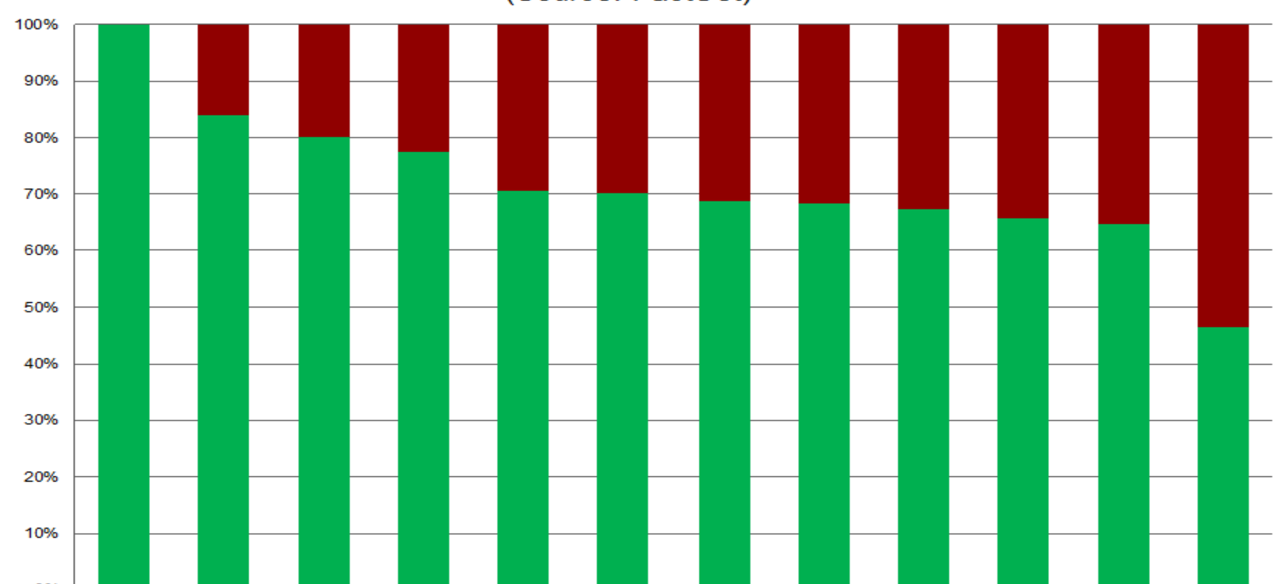
Q2 2017: Scorecard

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



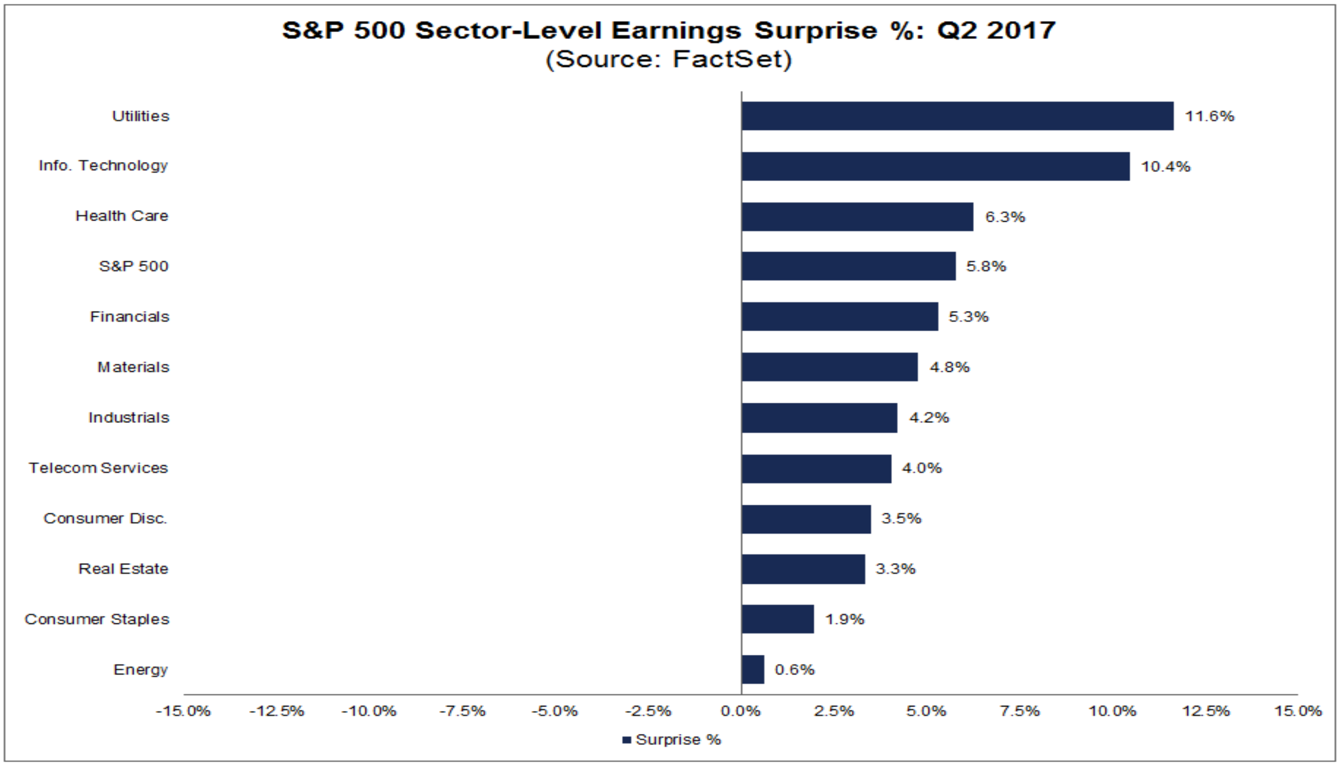
	Info. Technology	Health Care	Real Estate	Industrials	Financials	S&P 500	Utilities	Consumer Disc.	Materials	Consumer Staples	Energy	Telecom Services
Below	4%	10%	19%	15%	15%	18%	14%	25%	28%	29%	38%	25%
In-Line	10%	11%	3%	10%	11%	10%	14%	8%	8%	12%	3%	25%
Above	85%	79%	77%	75%	74%	72%	71%	67%	64%	59%	59%	50%

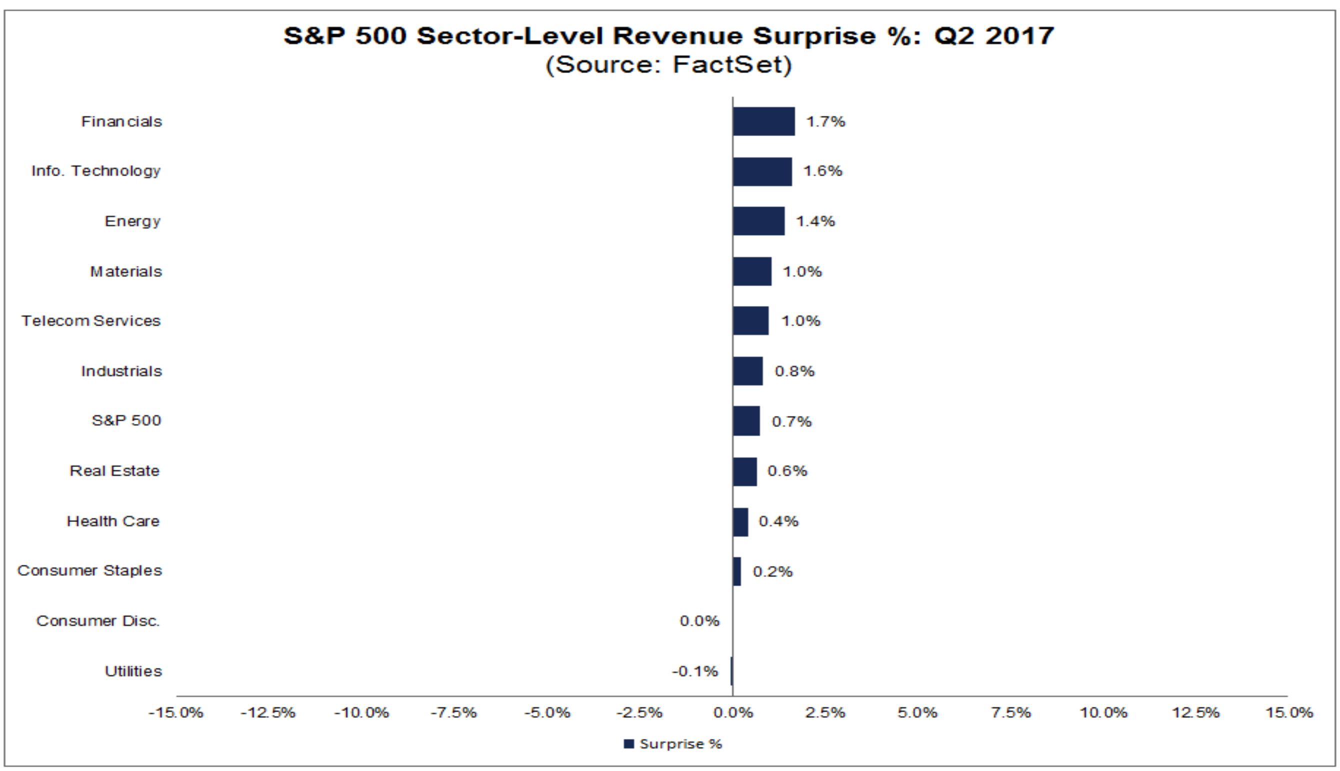
S&P 500 Revenues Above, In-Line, Below Estimates: Q2 2017
(Source: FactSet)



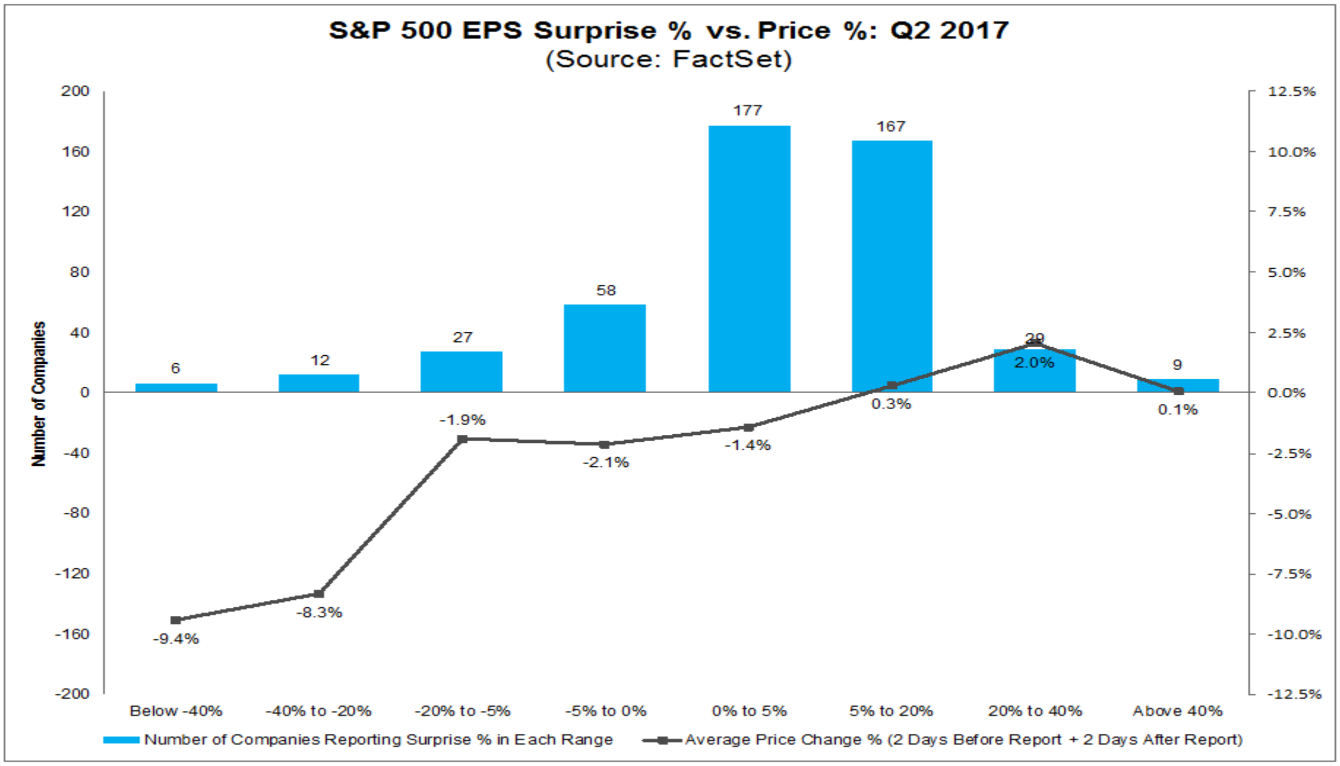
	Telecom Services	Info. Technology	Materials	Real Estate	Energy	S&P 500	Financials	Consumer Disc.	Health Care	Industrials	Consumer Staples	Utilities
Below	0%	16%	20%	23%	29%	30%	31%	32%	33%	34%	35%	54%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	84%	80%	77%	71%	70%	69%	68%	67%	66%	65%	46%

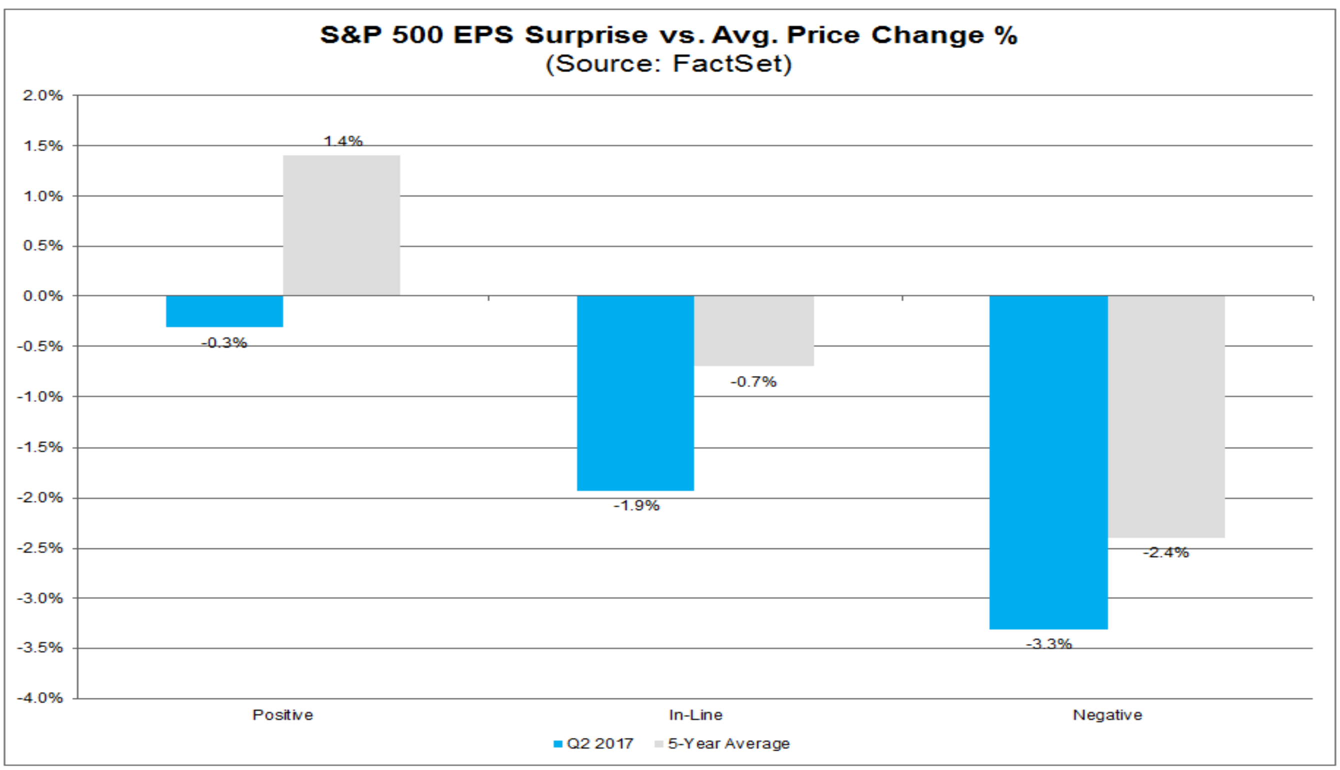
Q2 2017: Scorecard



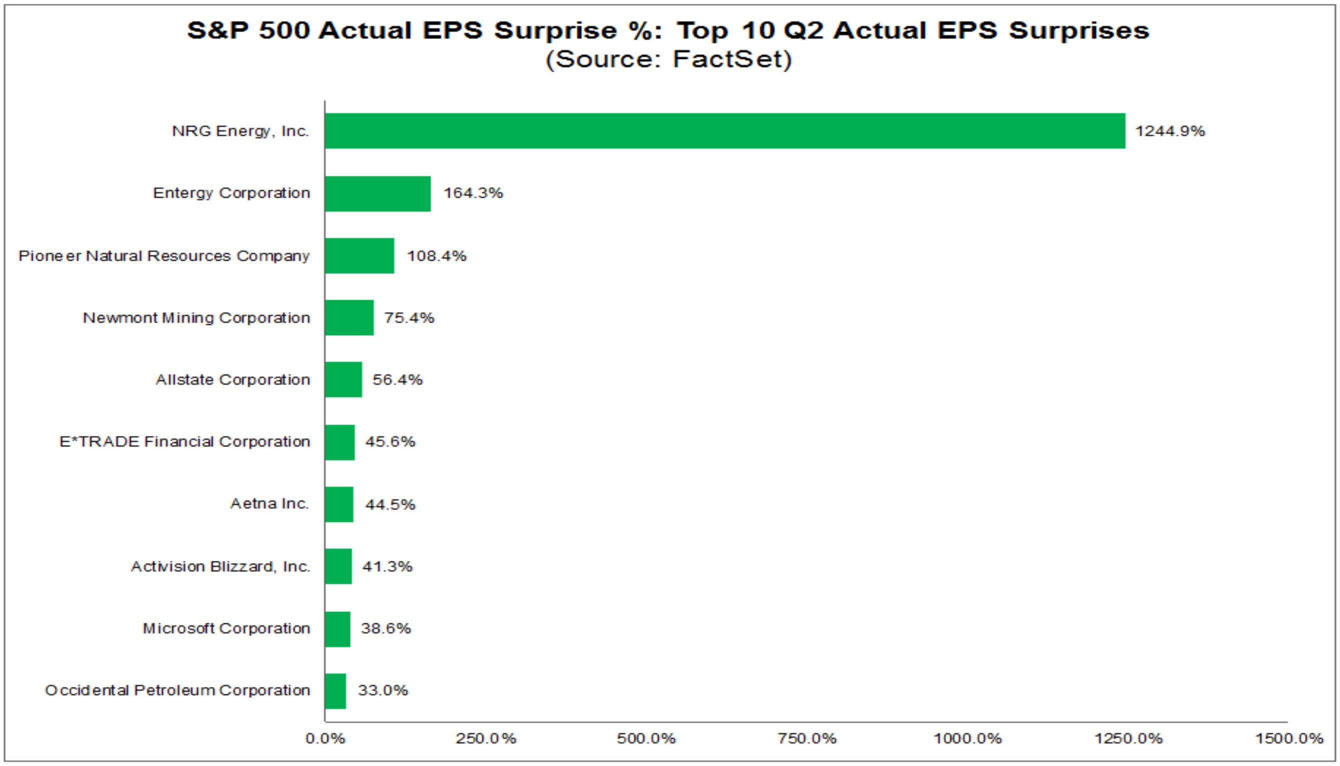


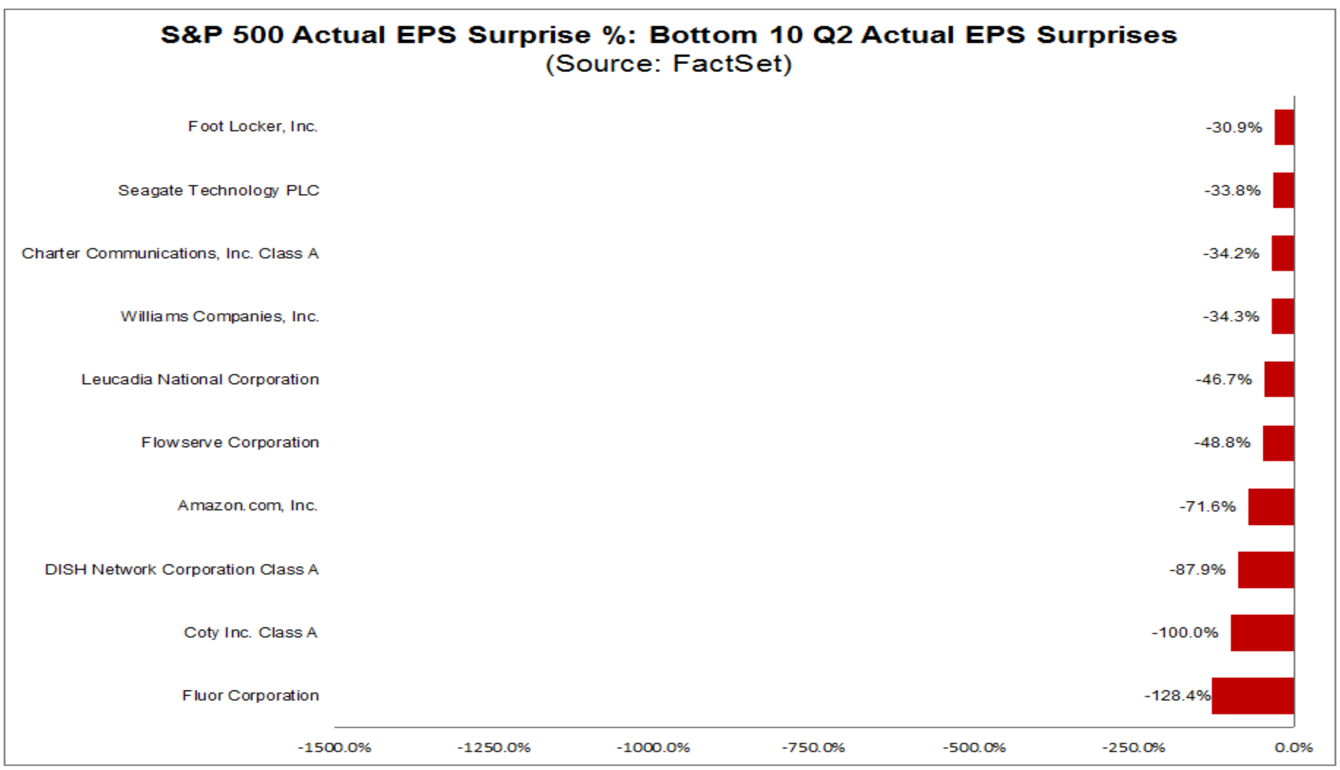
Q2 2017: Scorecard



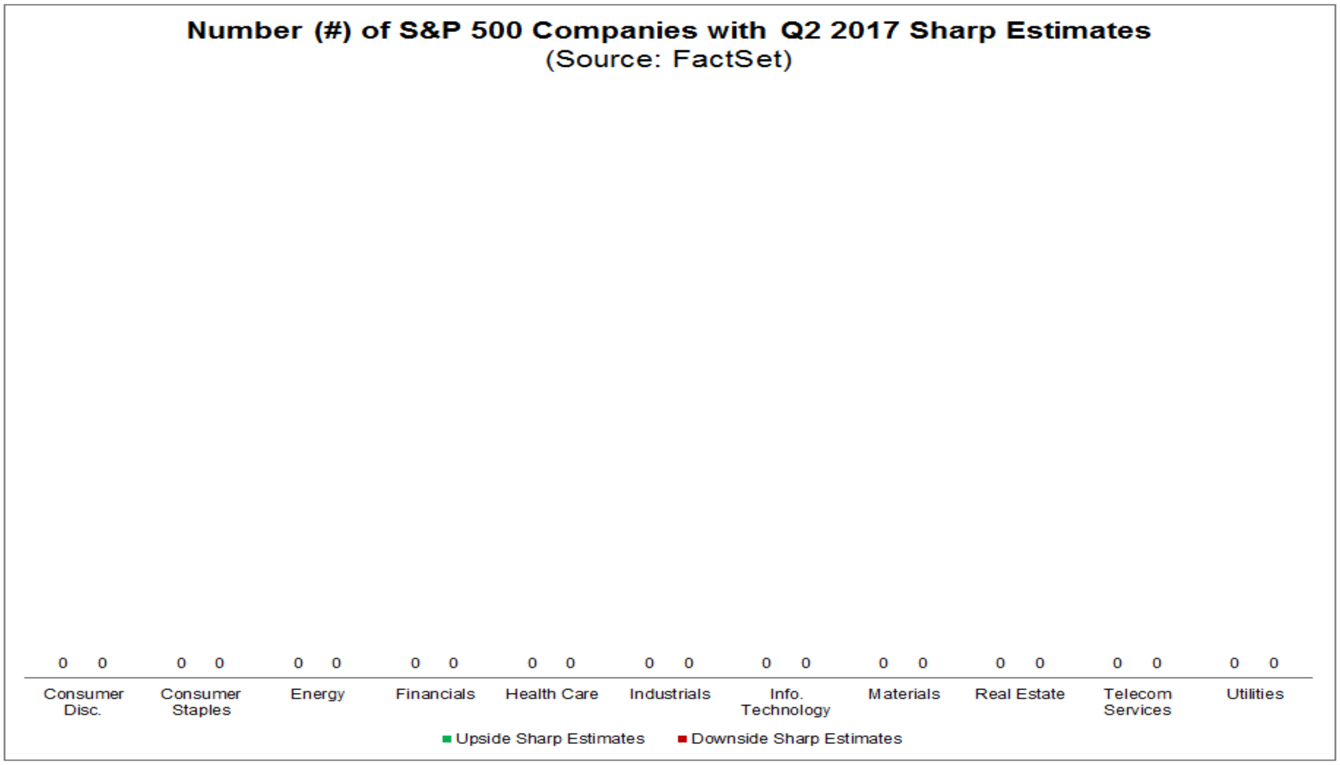


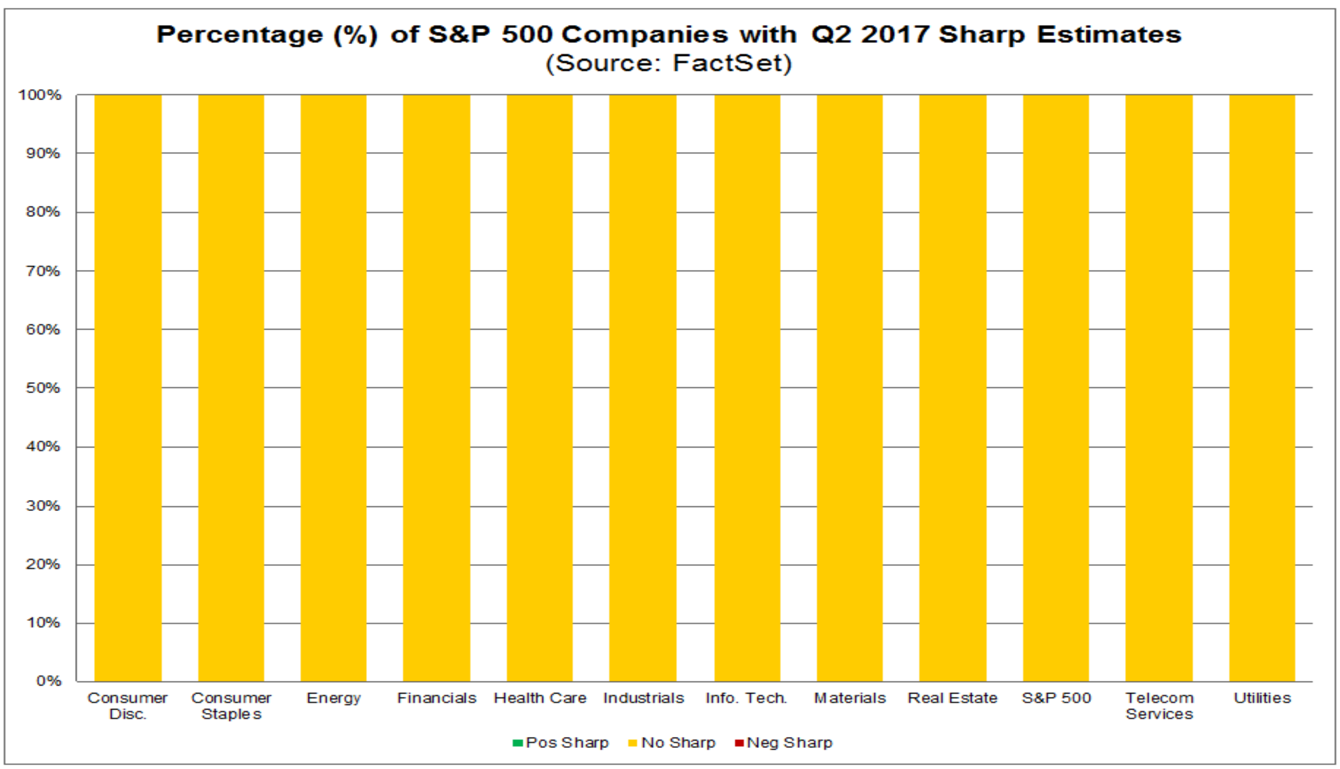
Q2 2017: Scorecard



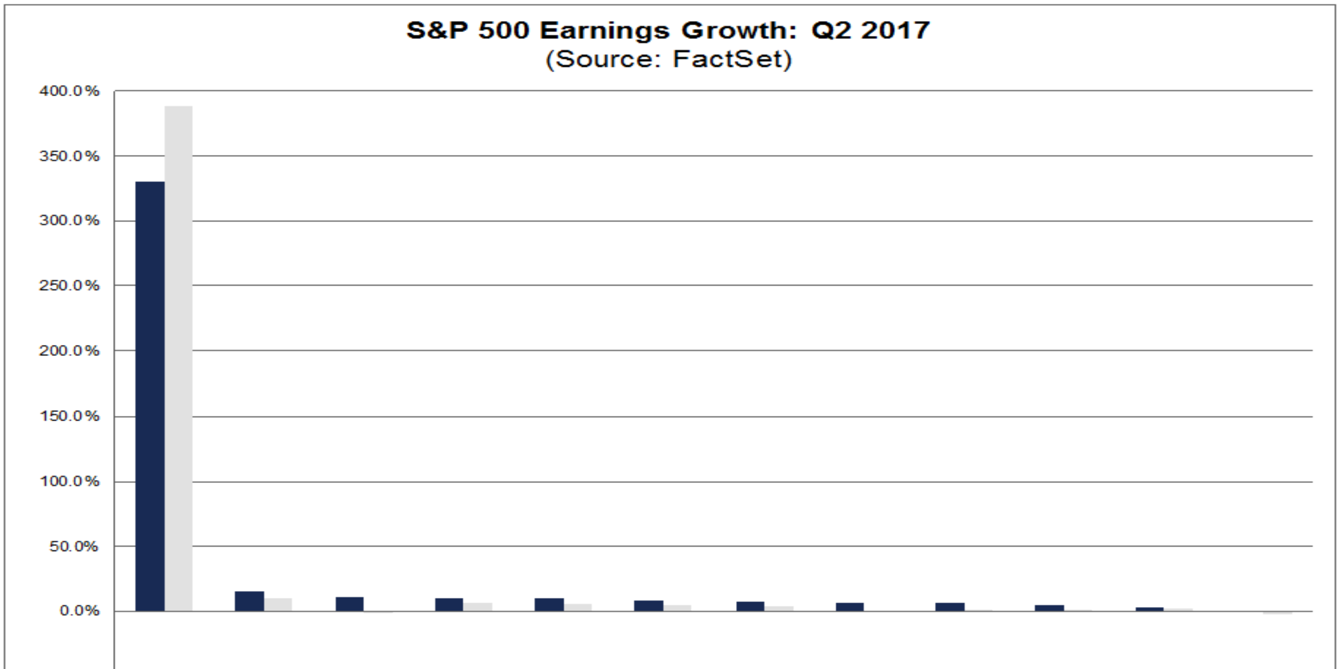


Q2 2017: Projected EPS Surprises (Sharp Estimates)

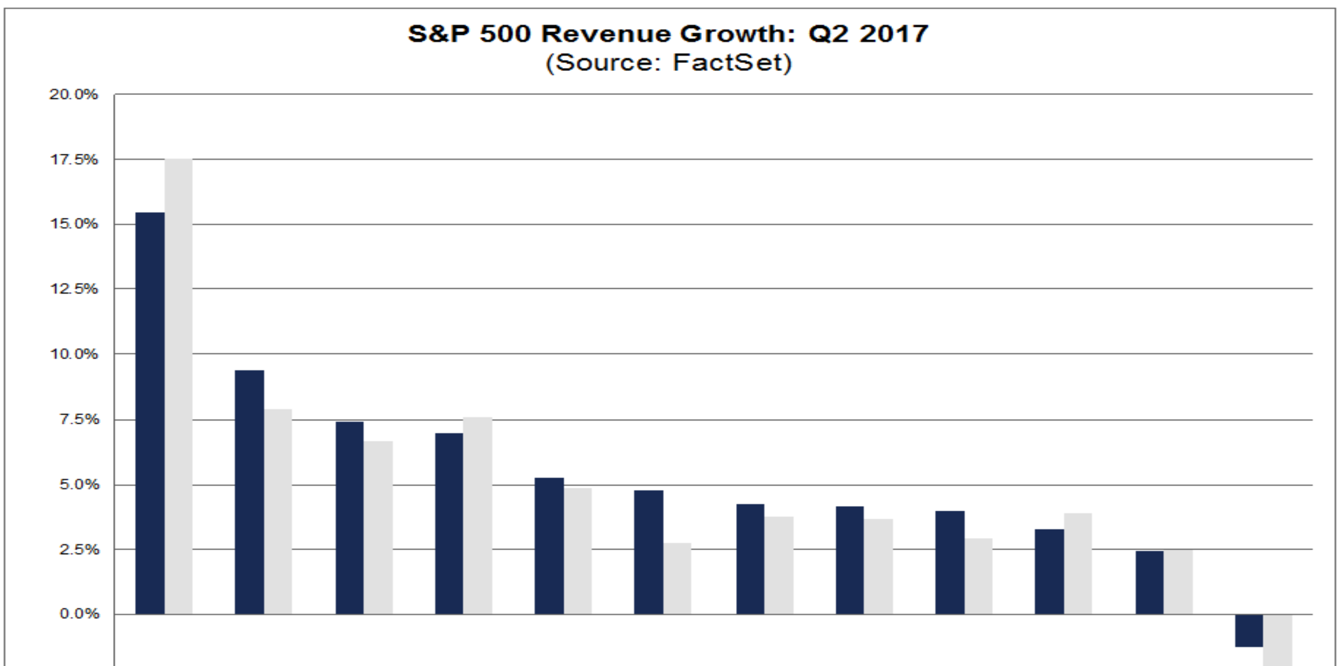




Q2 2017: Growth

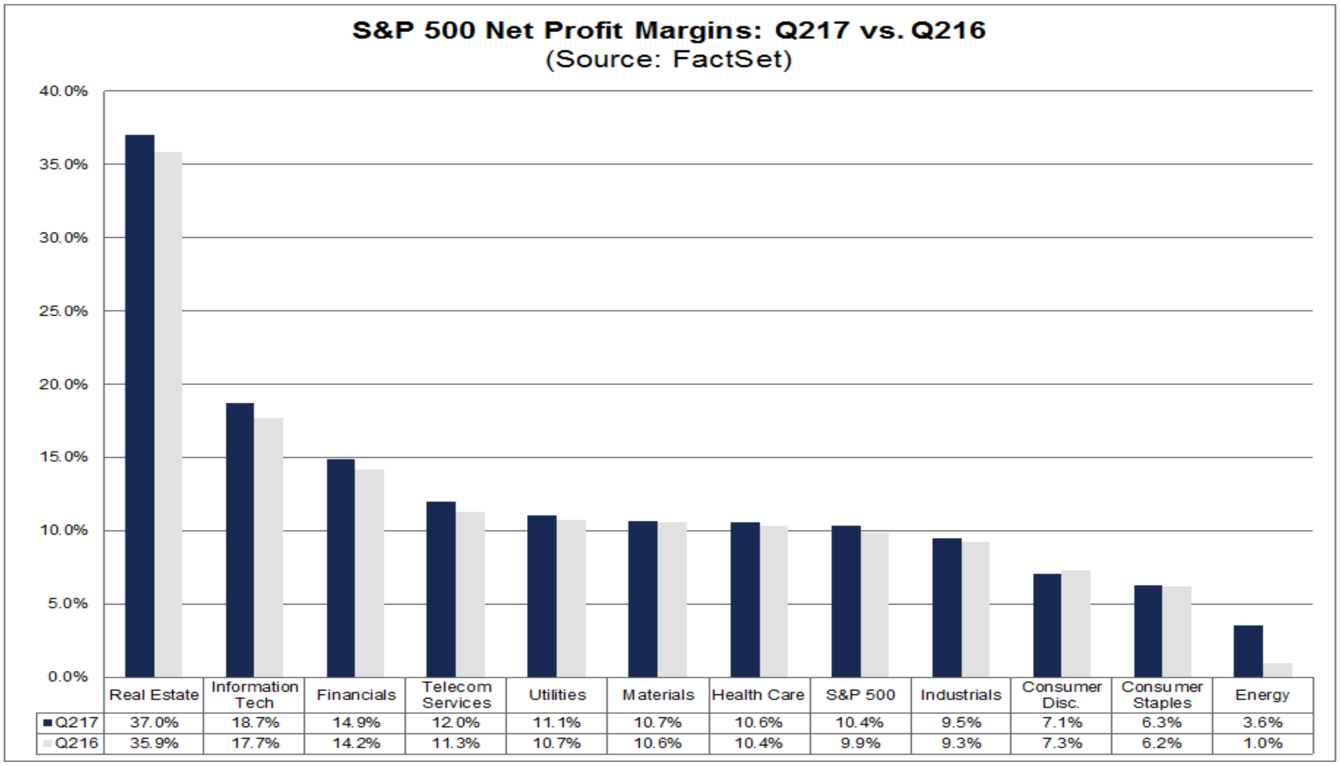


	Energy	Info. Technology	Utilities	S&P 500	Financials	Materials	Real Estate	Health Care	Industrials	Telecom Services	Consumer Staples	Consumer Disc.
Today	329.9%	15.2%	10.8%	10.3%	10.3%	8.0%	7.5%	6.7%	6.5%	4.8%	3.3%	0.0%
30-Jun	388.3%	10.2%	-0.1%	6.4%	5.9%	4.9%	3.7%	0.4%	1.7%	1.1%	2.5%	-2.2%

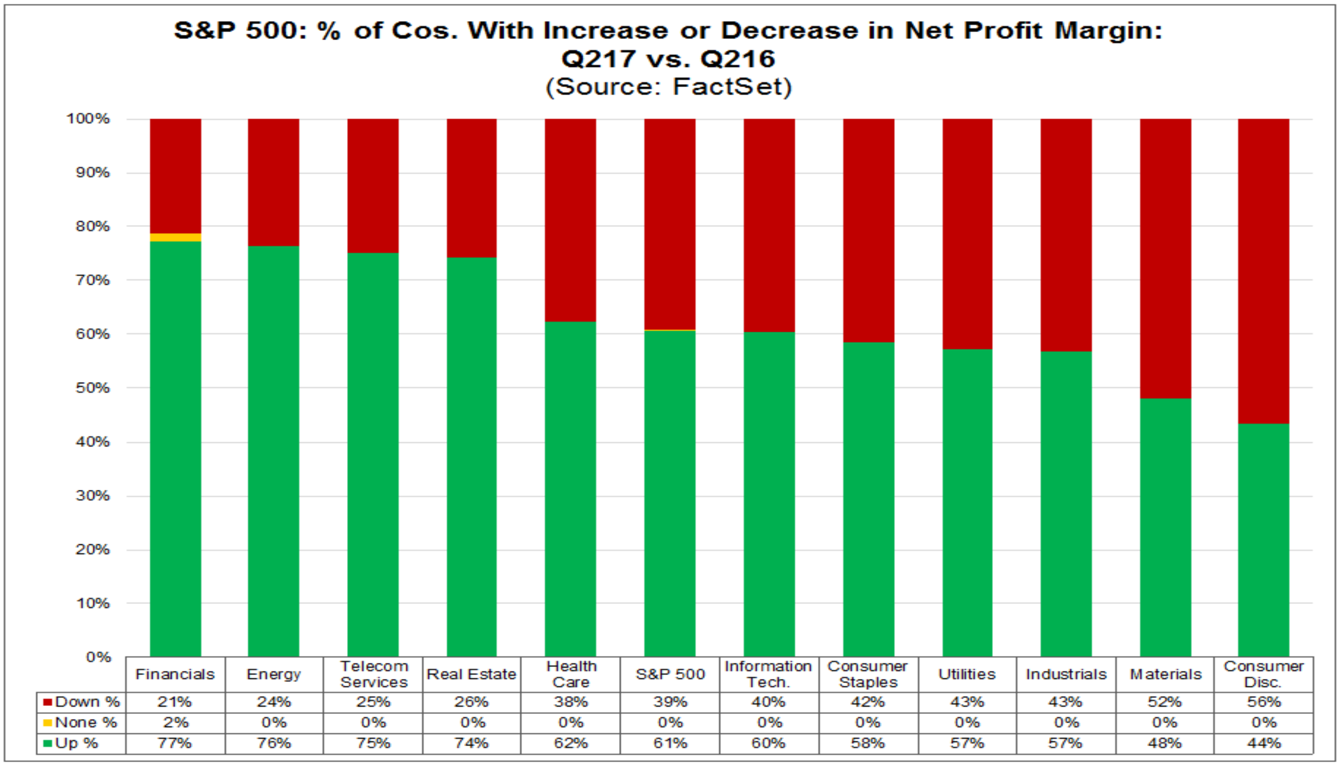


	Energy	Info. Technology	Materials	Utilities	S&P 500	Financials	Real Estate	Health Care	Industrials	Consumer Disc.	Consumer Staples	Telecom Services
Today	15.5%	9.4%	7.4%	7.0%	5.3%	4.8%	4.3%	4.2%	4.0%	3.3%	2.5%	-1.3%
30-Jun	17.5%	7.9%	6.7%	7.6%	4.9%	2.7%	3.8%	3.7%	2.9%	3.9%	2.5%	-2.1%

Q2 2017: Net Profit Margin

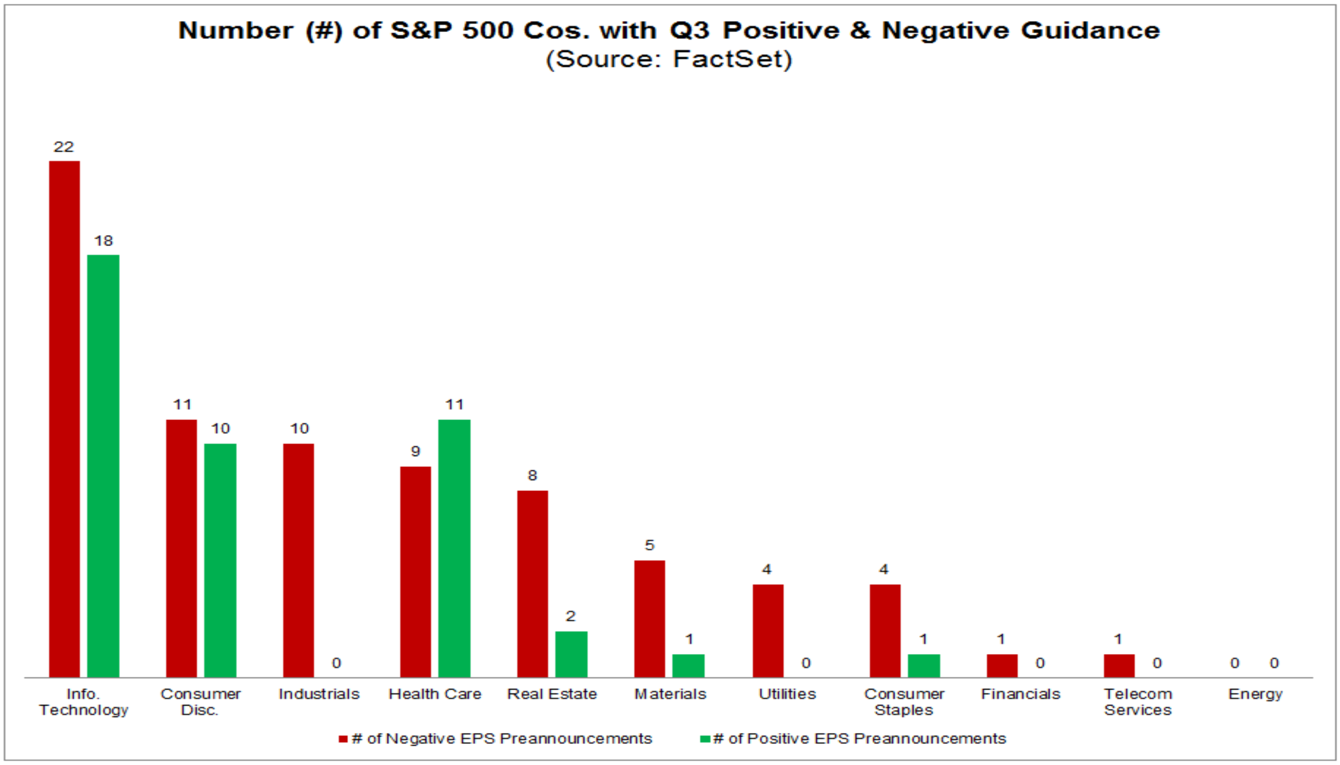


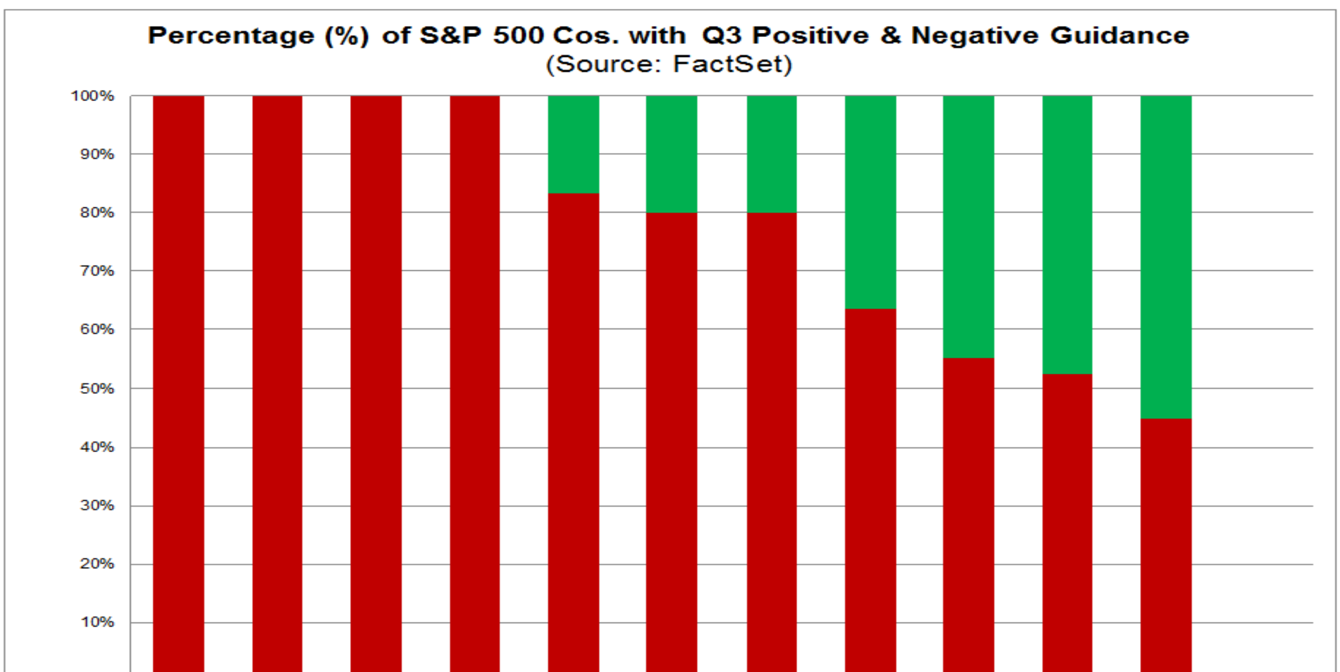
	Real Estate	Information Tech	Financials	Telecom Services	Utilities	Materials	Health Care	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Energy
Q217	37.0%	18.7%	14.9%	12.0%	11.1%	10.7%	10.6%	10.4%	9.5%	7.1%	6.3%	3.6%
Q216	35.9%	17.7%	14.2%	11.3%	10.7%	10.6%	10.4%	9.9%	9.3%	7.3%	6.2%	1.0%



	Financials	Energy	Telecom Services	Real Estate	Health Care	S&P 500	Information Tech.	Consumer Staples	Utilities	Industrials	Materials	Consumer Disc.
Down %	21%	24%	25%	26%	38%	39%	40%	42%	43%	43%	52%	56%
None %	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	77%	76%	75%	74%	62%	61%	60%	58%	57%	57%	48%	44%

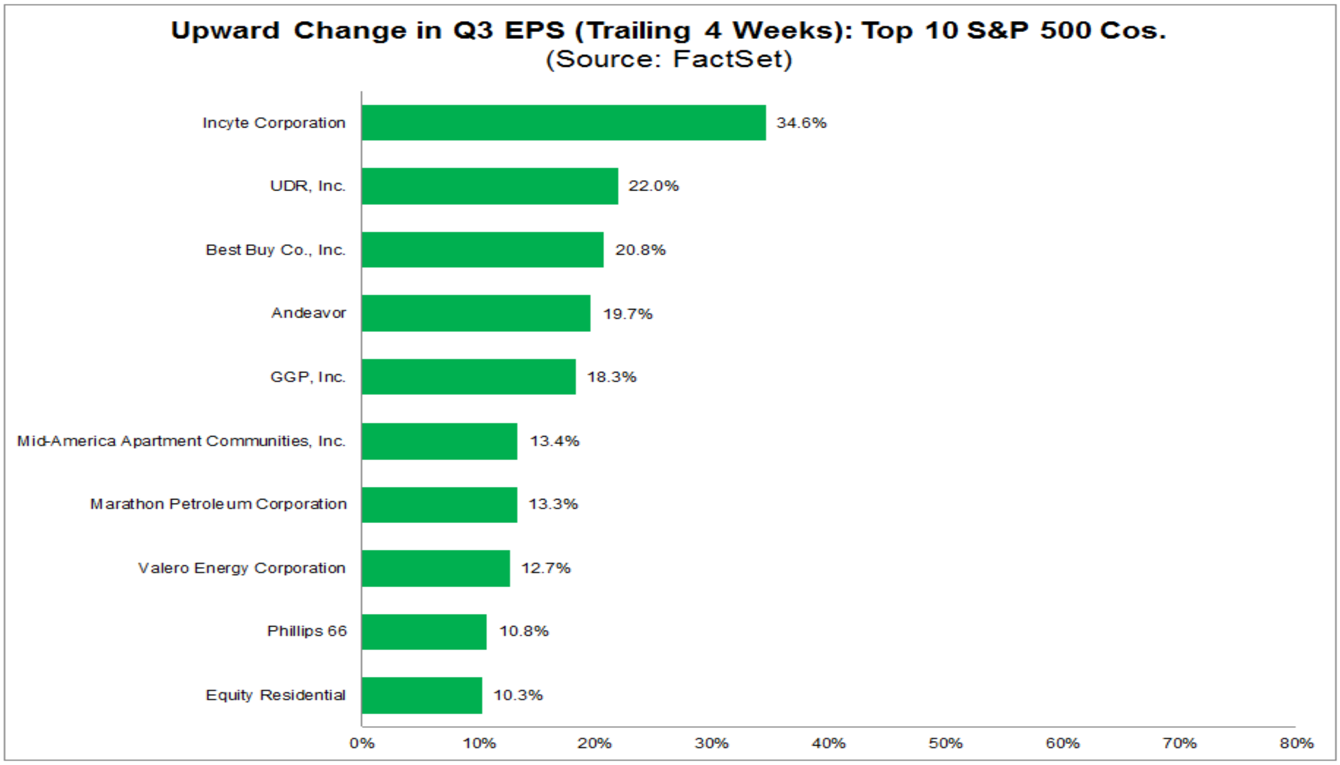
Q3 2017: Guidance

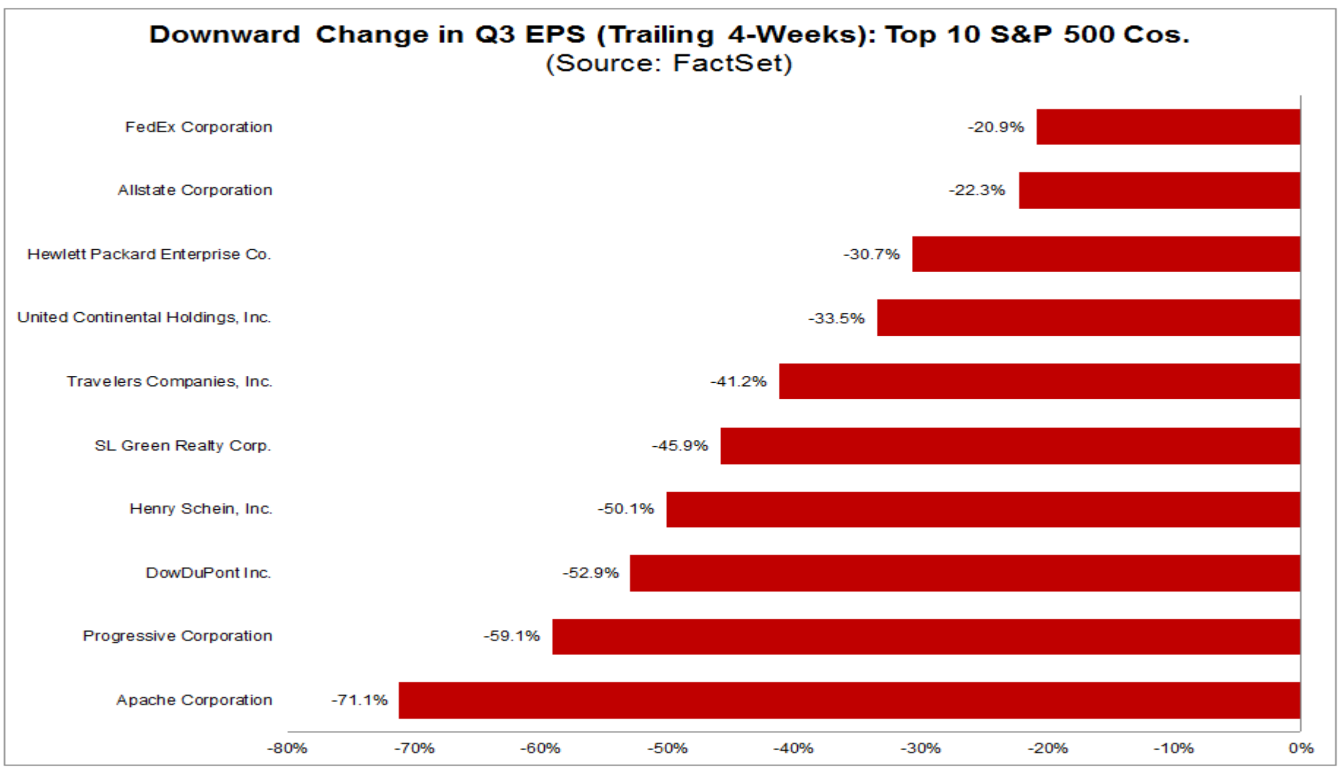




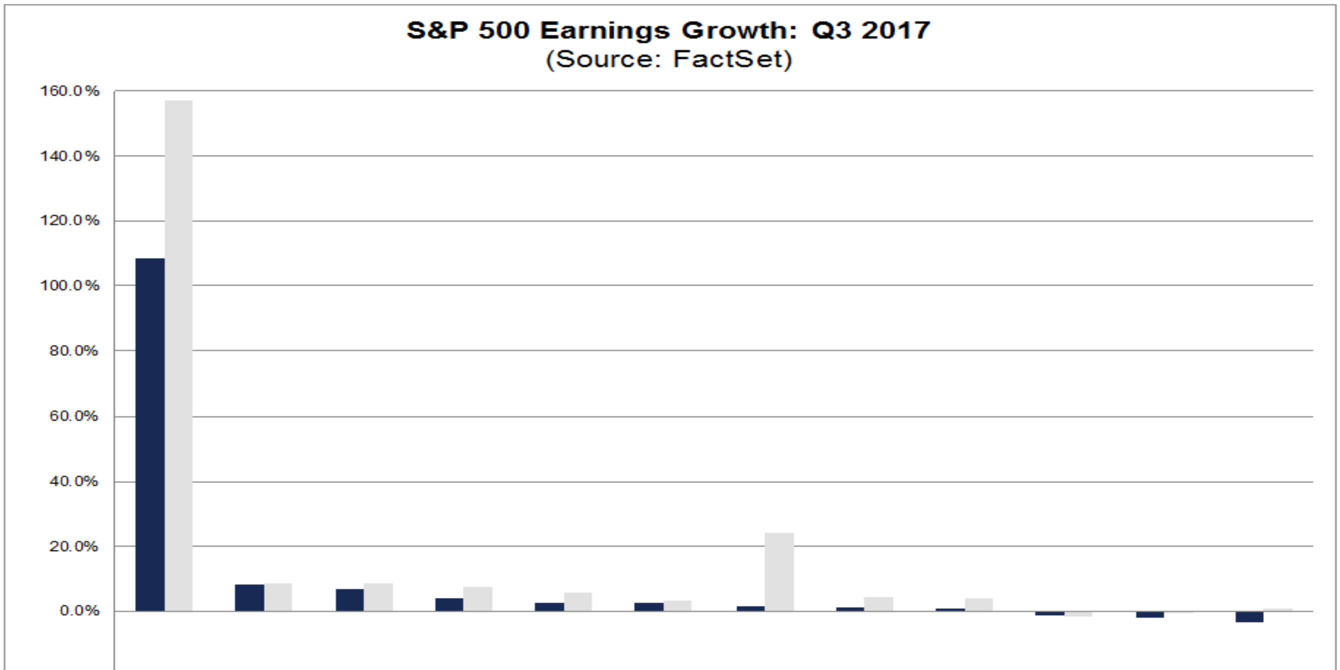
	Industrials	Utilities	Financials	Telecom Services	Materials	Real Estate	Consumer Staples	S&P 500	Info. Technology	Consumer Disc.	Health Care	Energy
Positive	0%	0%	0%	0%	17%	20%	20%	36%	45%	48%	55%	0%
Negative	100%	100%	100%	100%	83%	80%	80%	64%	55%	52%	45%	0%

Q3 2017: EPS Revisions

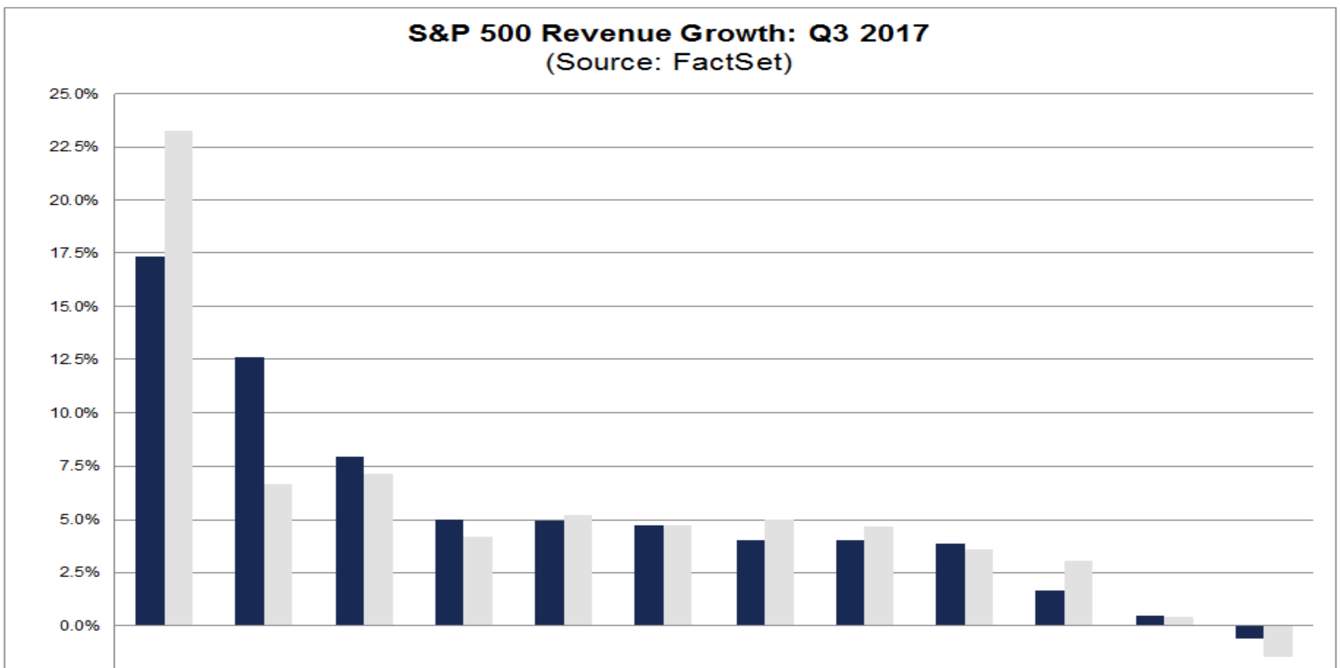




Q3 2017: Growth

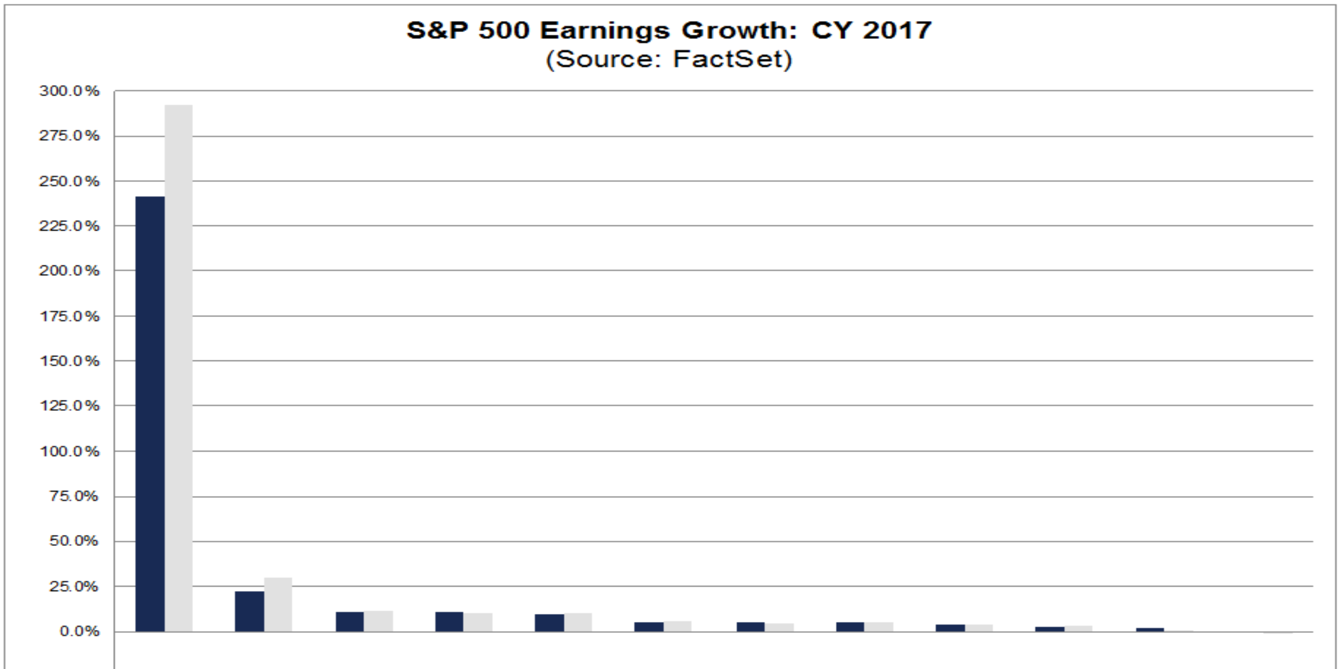


	Energy	Info. Technology	Real Estate	S&P 500	Industrials	Health Care	Materials	Financials	Consumer Staples	Telecom Services	Utilities	Consumer Disc.
Today	108.4%	8.5%	7.0%	4.2%	2.6%	2.5%	1.6%	1.2%	0.9%	-1.2%	-2.1%	-3.2%
30-Jun	157.3%	8.6%	8.6%	7.5%	5.8%	3.5%	24.0%	4.4%	3.9%	-1.6%	-0.1%	0.8%

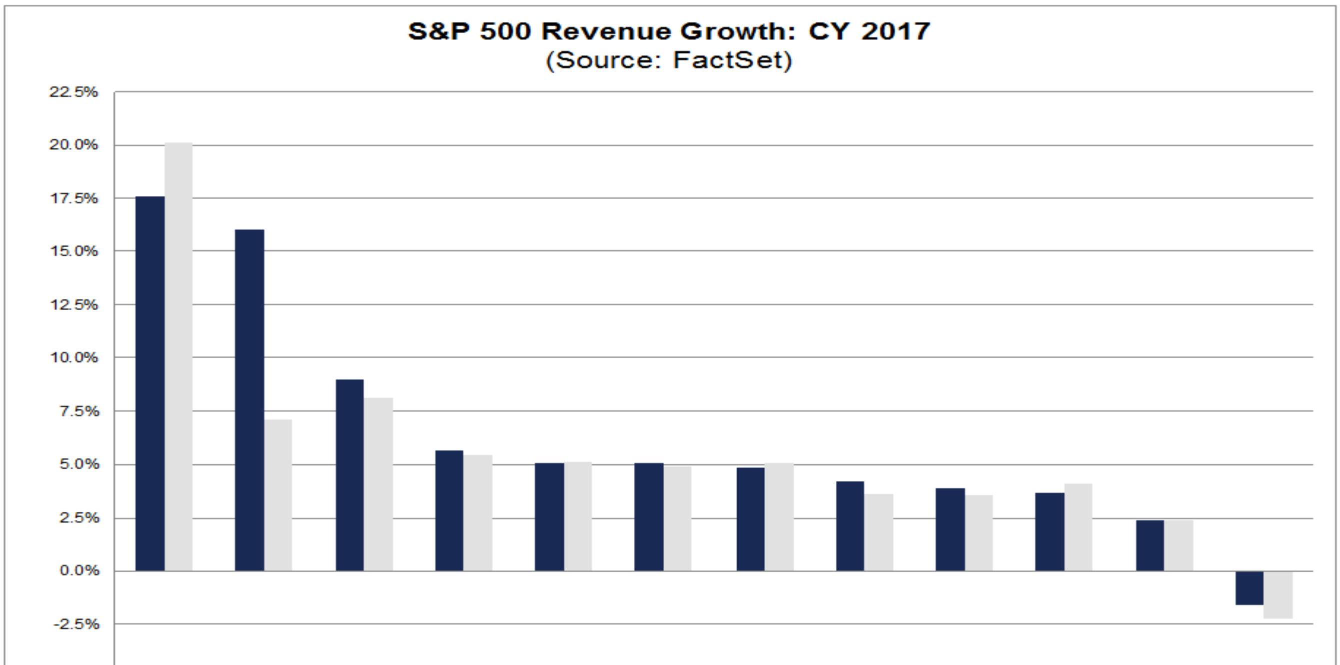


	Energy	Materials	Info. Technology	Industrials	S&P 500	Health Care	Utilities	Real Estate	Consumer Staples	Consumer Disc.	Financials	Telecom Services
Today	17.4%	12.6%	8.0%	5.0%	5.0%	4.7%	4.1%	4.0%	3.9%	1.6%	0.5%	-0.6%
30-Jun	23.2%	6.7%	7.1%	4.2%	5.2%	4.7%	5.0%	4.7%	3.6%	3.1%	0.5%	-1.5%

CY 2017: Growth

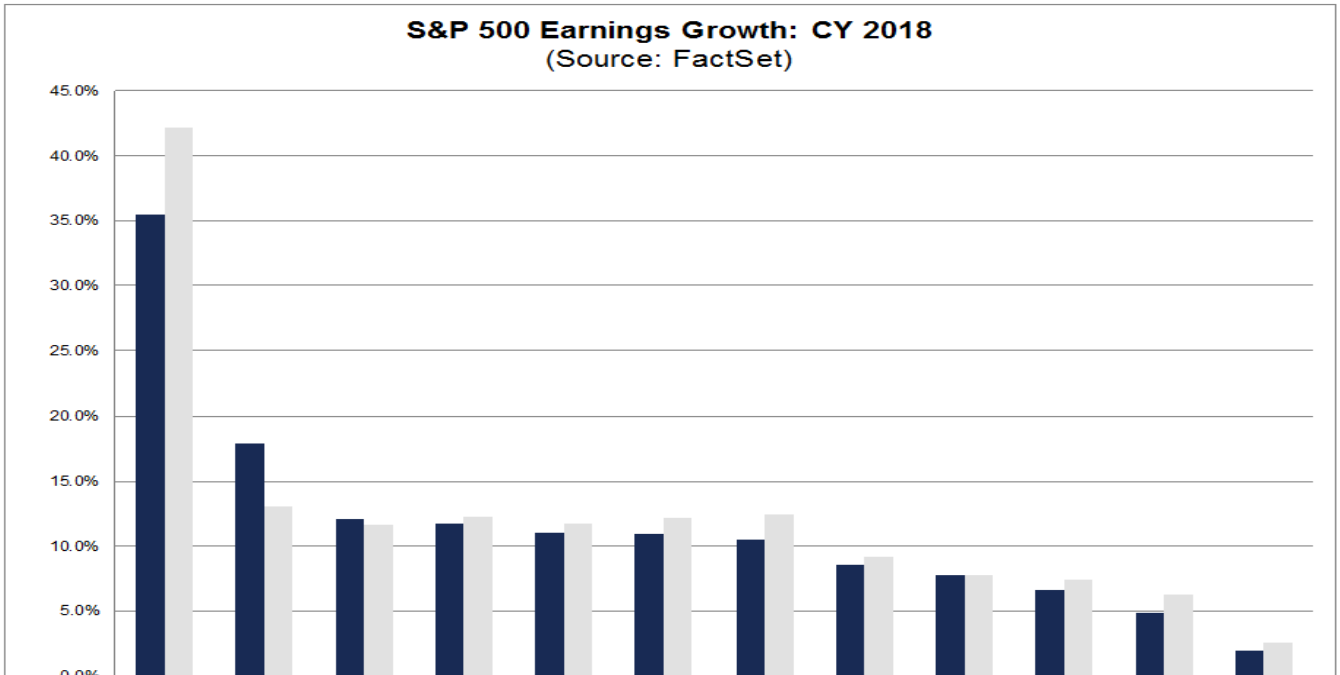


	Energy	Materials	Financials	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Consumer Disc.	Consumer Staples	Utilities	Telecom Services
Today	241.5%	22.3%	11.1%	10.8%	9.6%	5.4%	5.4%	5.3%	3.6%	2.6%	2.1%	-0.6%
30-Jun	292.4%	30.1%	11.2%	10.2%	10.0%	5.6%	4.3%	5.1%	4.0%	3.0%	0.7%	-1.4%

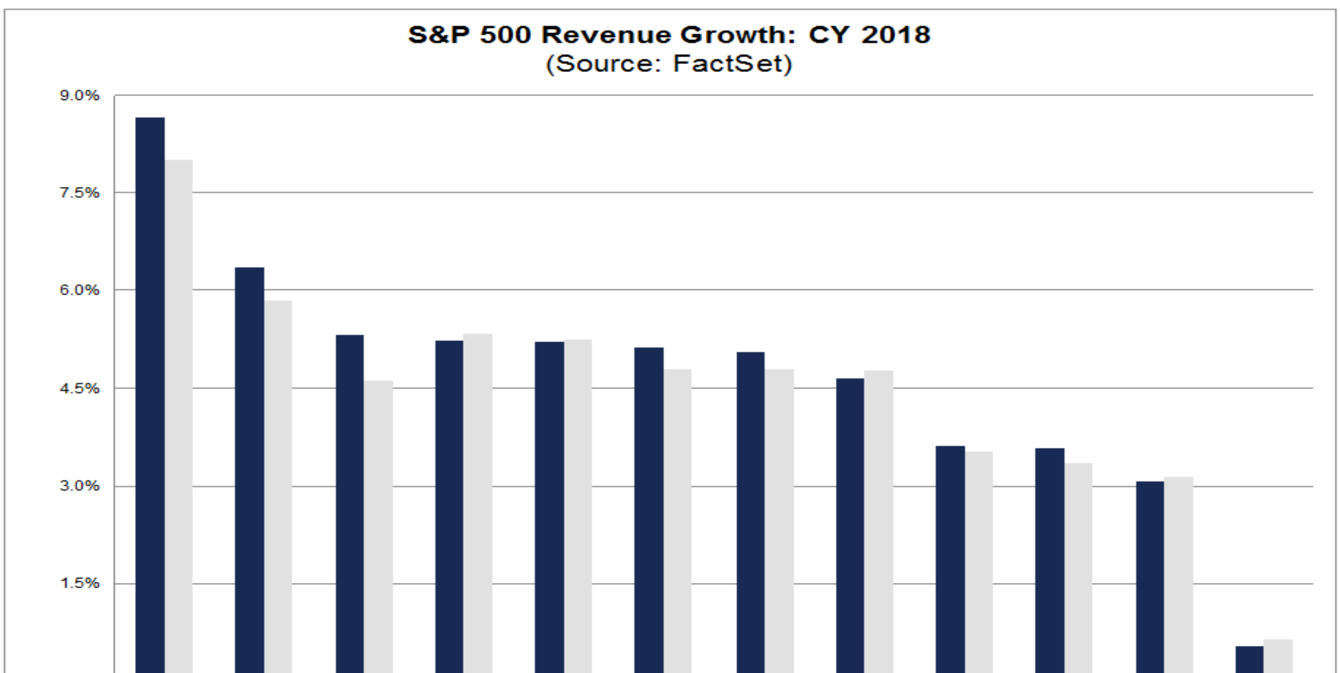


	Energy	Materials	Info. Technology	S&P 500	Utilities	Health Care	Real Estate	Industrials	Financials	Consumer Disc.	Consumer Staples	Telecom Services
Today	17.6%	16.0%	9.0%	5.7%	5.1%	5.1%	4.8%	4.2%	3.9%	3.7%	2.4%	-1.6%
30-Jun	20.1%	7.2%	8.1%	5.5%	5.2%	4.9%	5.1%	3.6%	3.6%	4.1%	2.4%	-2.2%

CY 2018: Growth

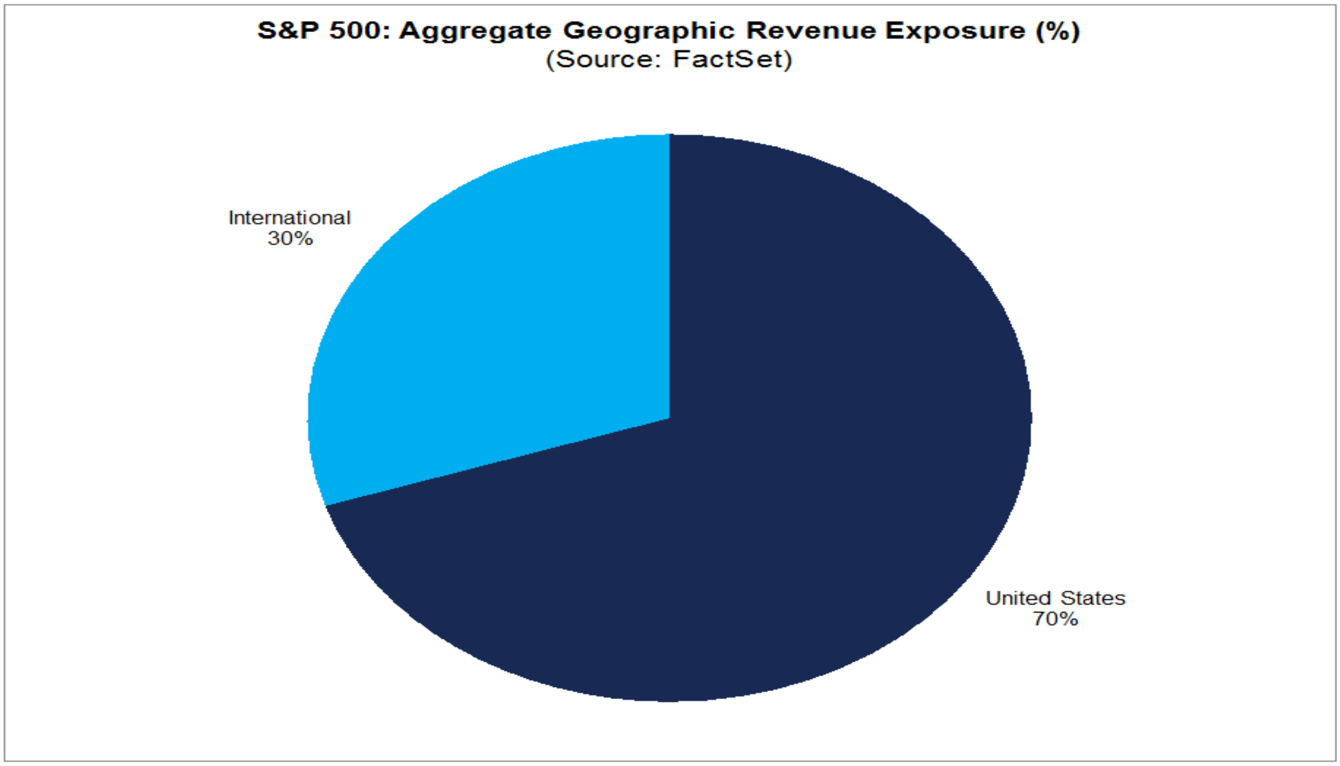


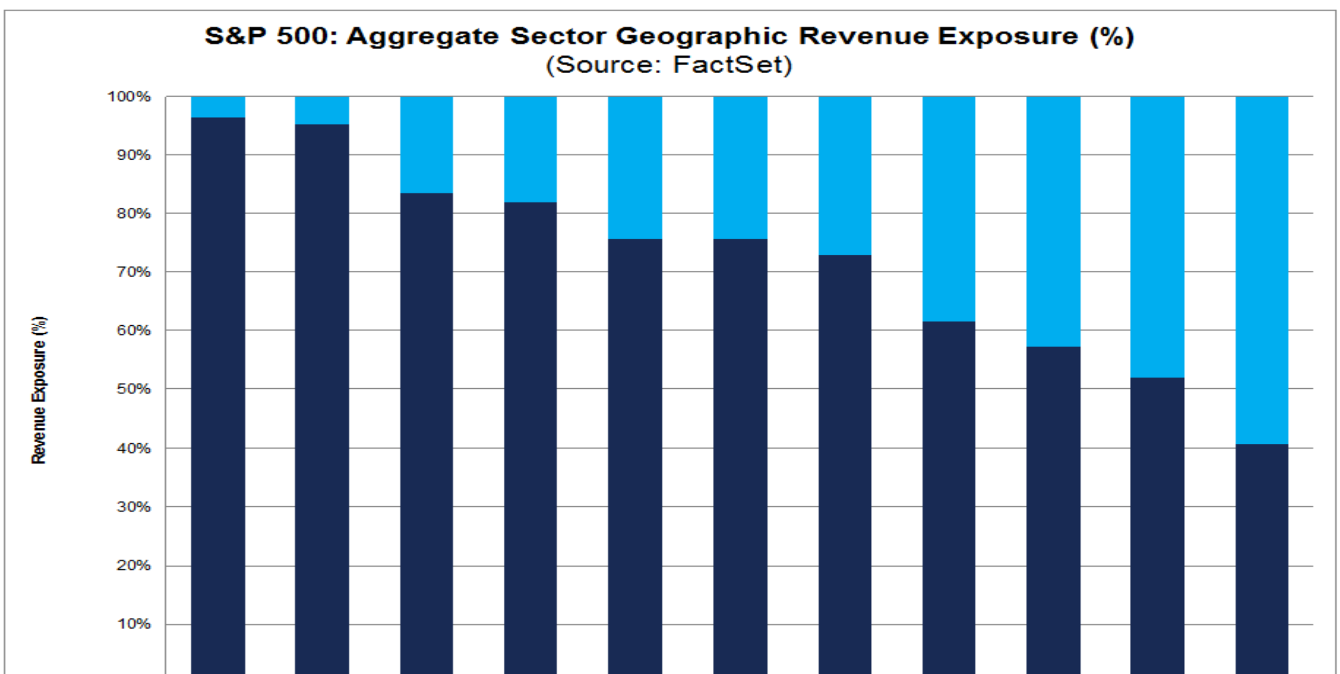
	Energy	Materials	Info. Technology	Financials	S&P 500	Industrials	Consumer Disc.	Health Care	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	35.4%	17.9%	12.1%	11.7%	11.0%	10.9%	10.5%	8.6%	7.8%	6.6%	4.8%	2.0%
30-Jun	42.2%	13.0%	11.7%	12.3%	11.8%	12.2%	12.4%	9.2%	7.8%	7.5%	6.3%	2.6%



	Info. Technology	Energy	Consumer Disc.	Health Care	Real Estate	Materials	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Telecom Services
Today	8.7%	6.4%	5.3%	5.2%	5.2%	5.1%	5.0%	4.6%	3.6%	3.6%	3.1%	0.5%
30-Jun	8.0%	5.8%	4.6%	5.3%	5.2%	4.8%	4.8%	4.8%	3.5%	3.3%	3.1%	0.6%

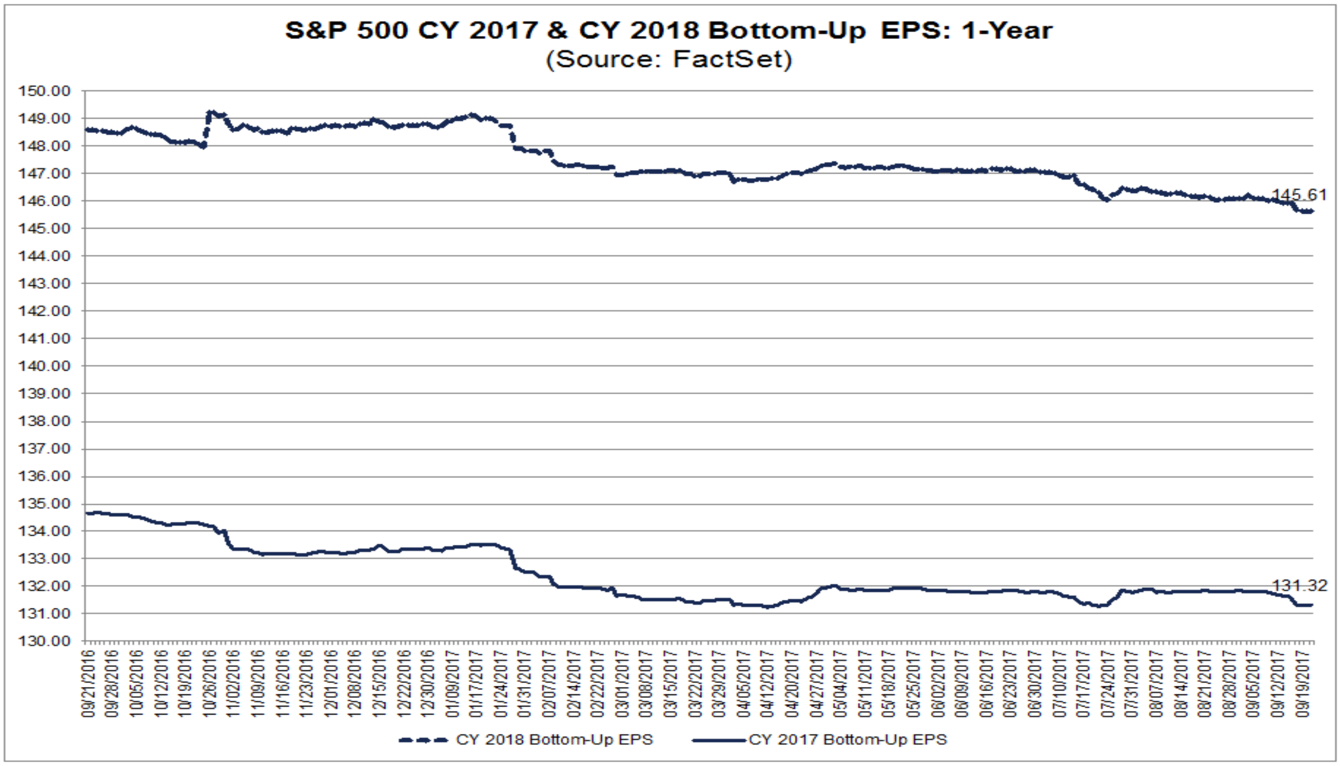
Geographic Revenue Exposure

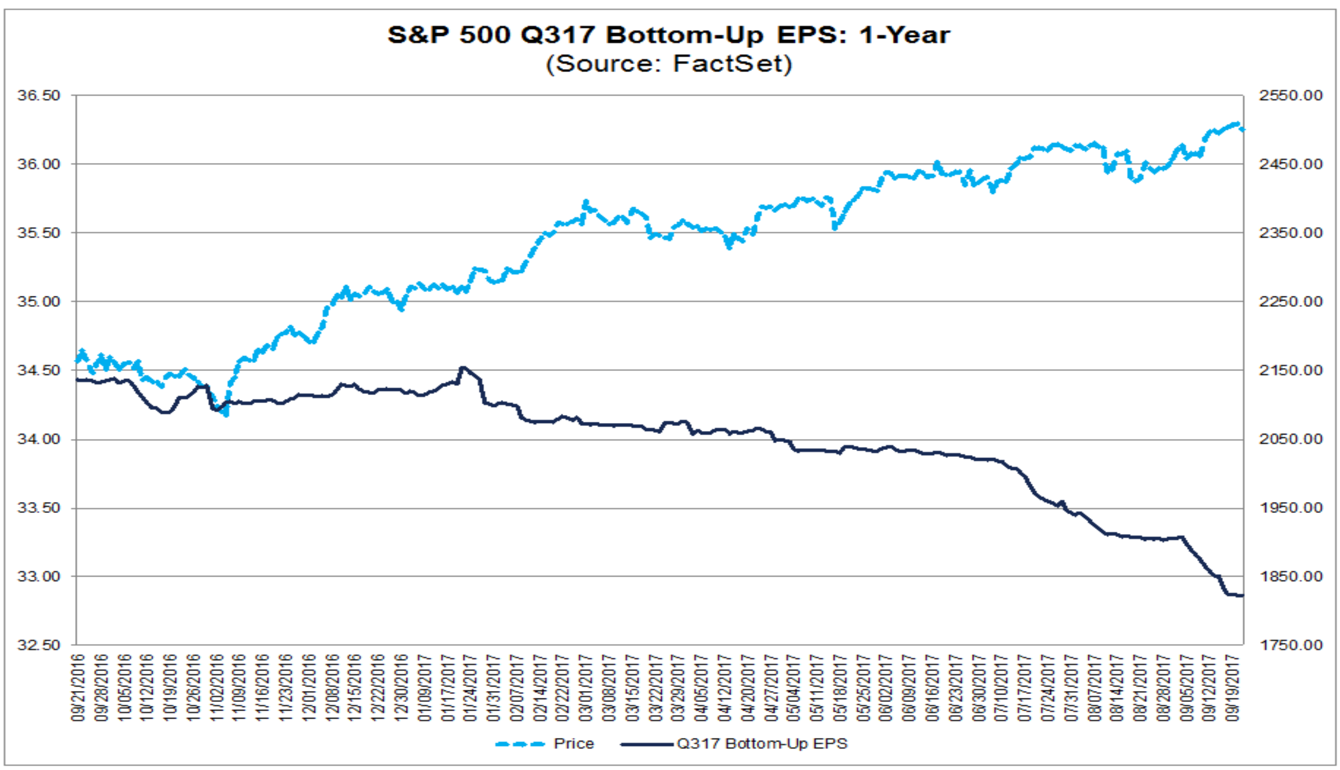




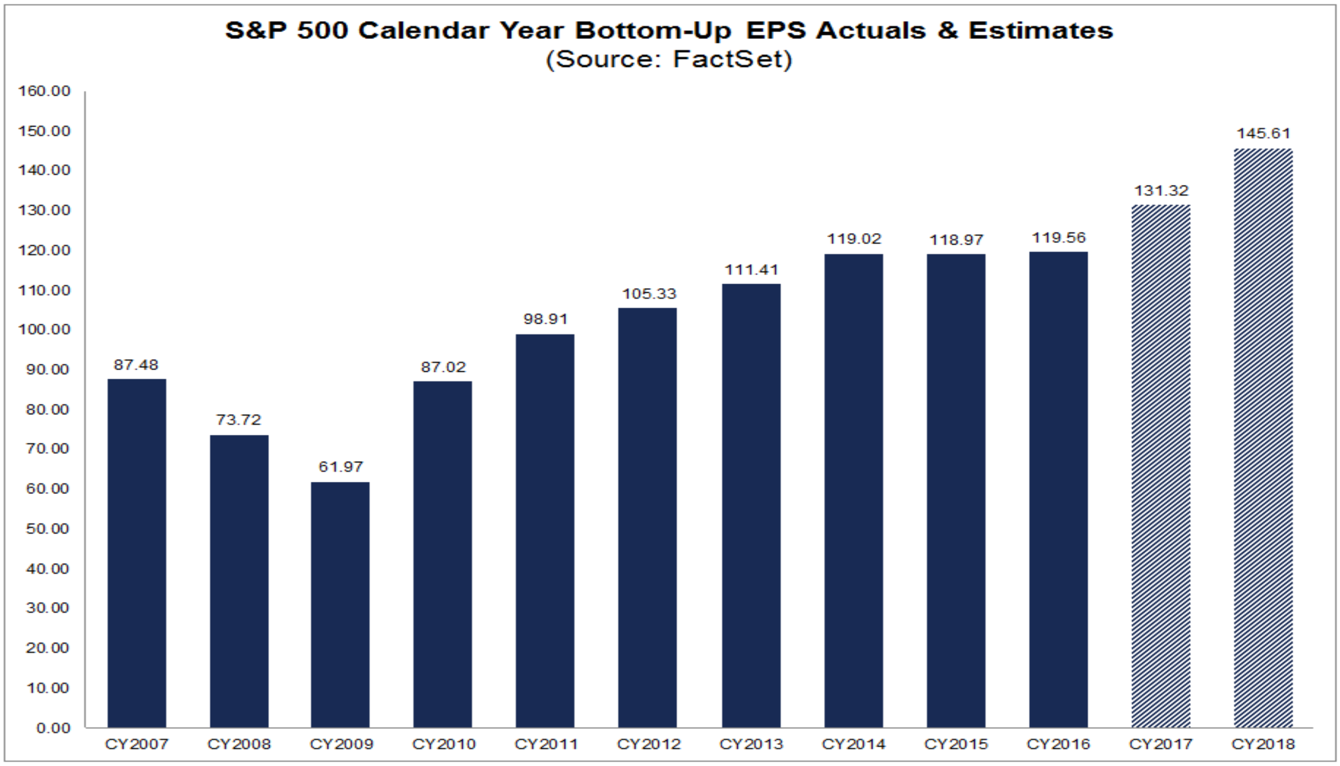
	Telecom Services	Utilities	Real Estate	Health Care	Financials	Consumer Disc.	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	5%	17%	18%	24%	24%	27%	38%	43%	48%	59%
United States	96%	95%	83%	82%	76%	76%	73%	62%	57%	52%	41%

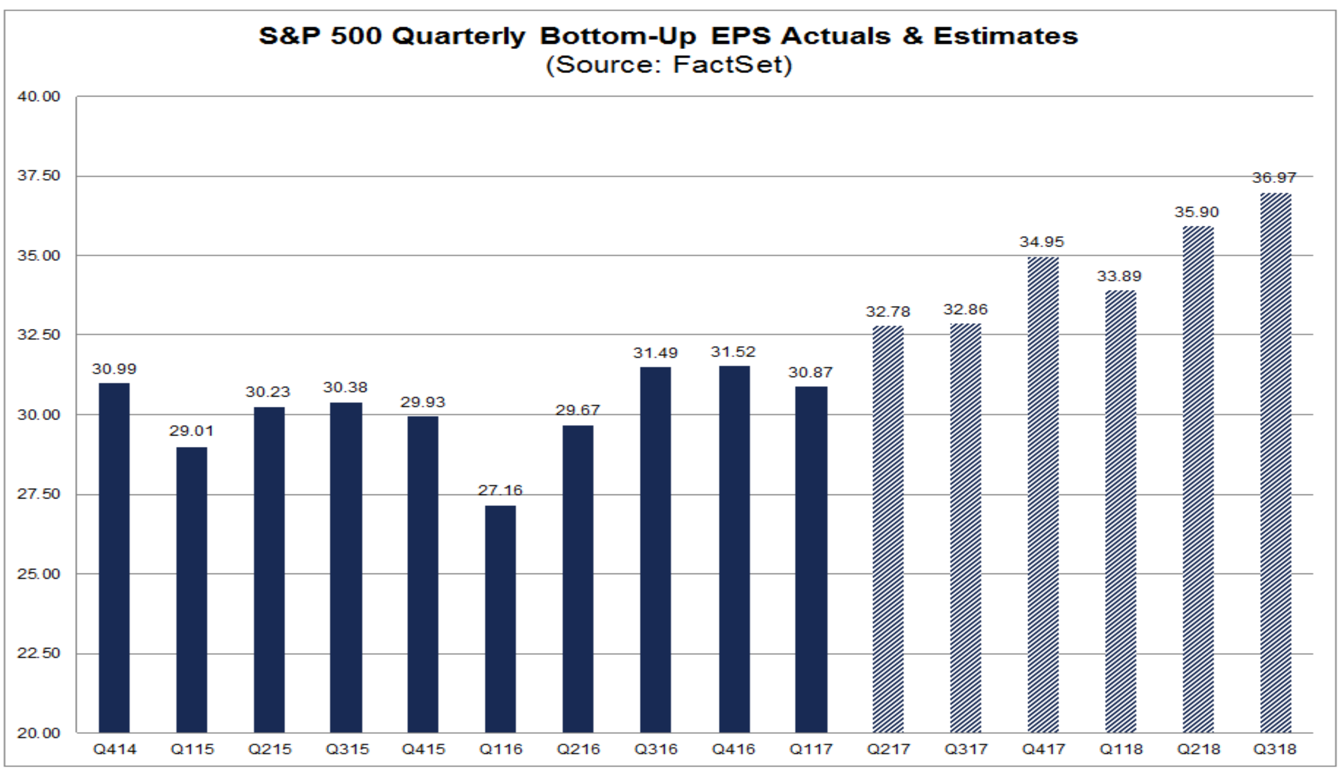
Bottom-up EPS Estimates: Revisions





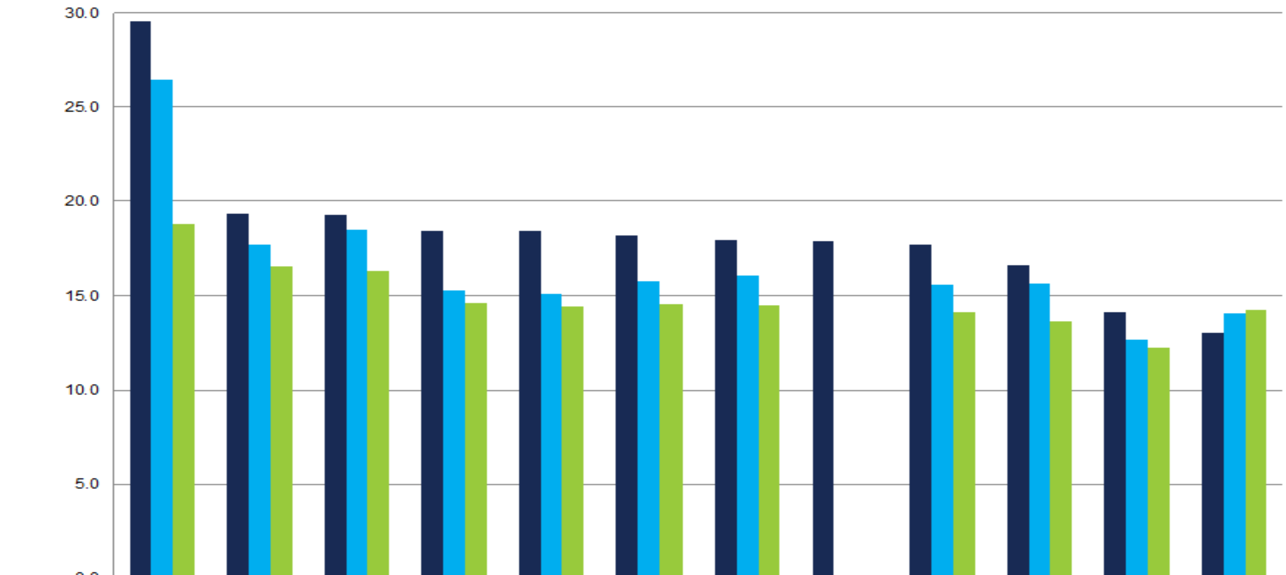
Bottom-up EPS Estimates: Current & Historical





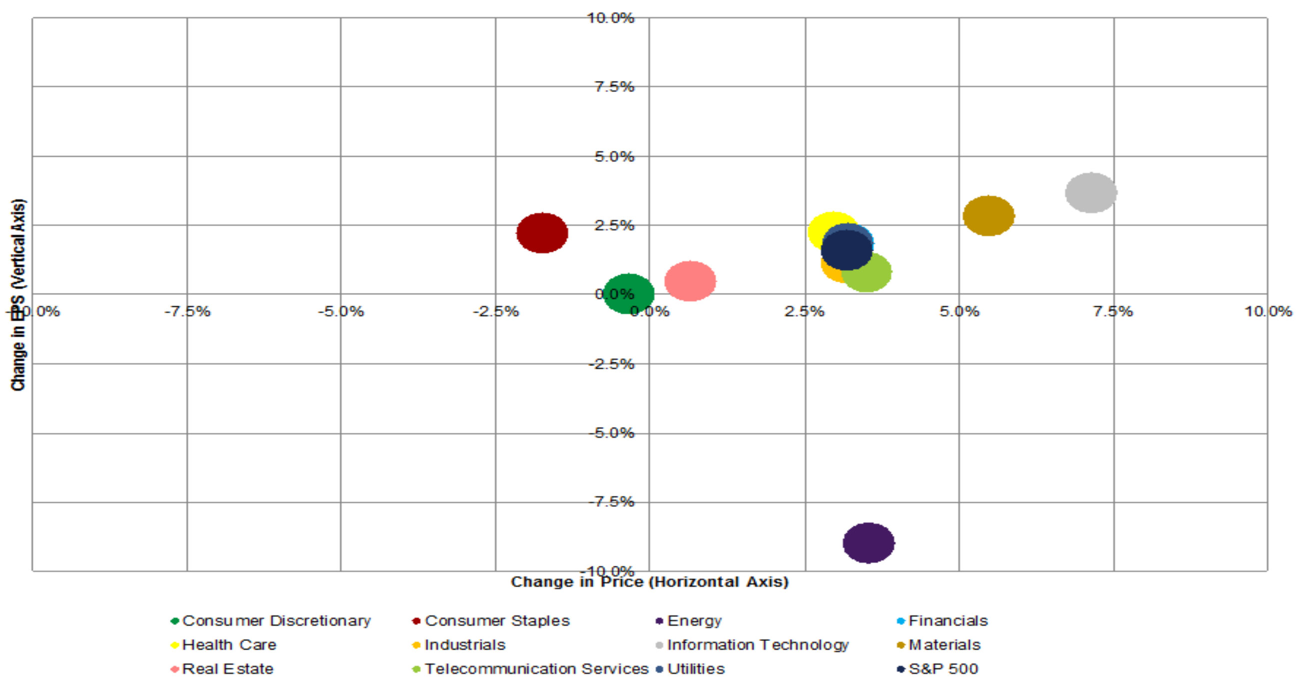
Forward 12M P/E Ratio: Sector Level

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

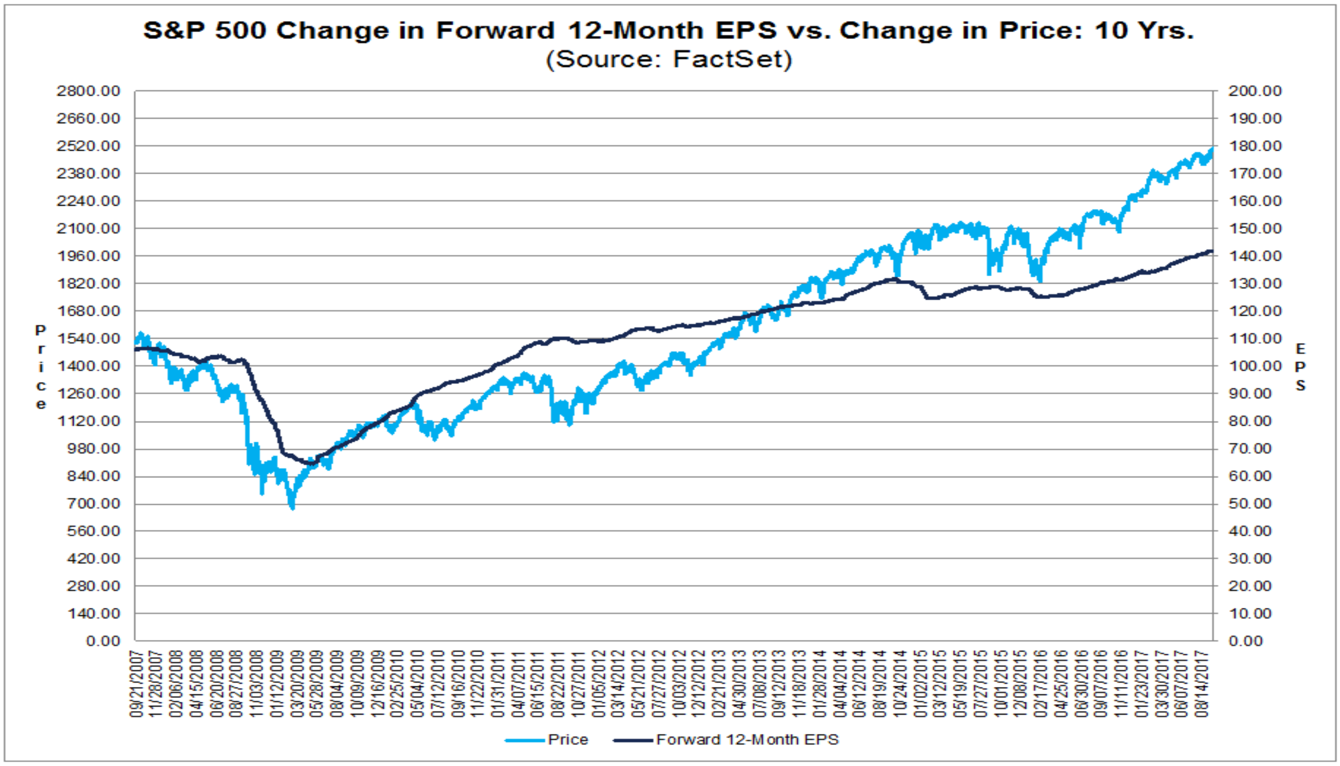


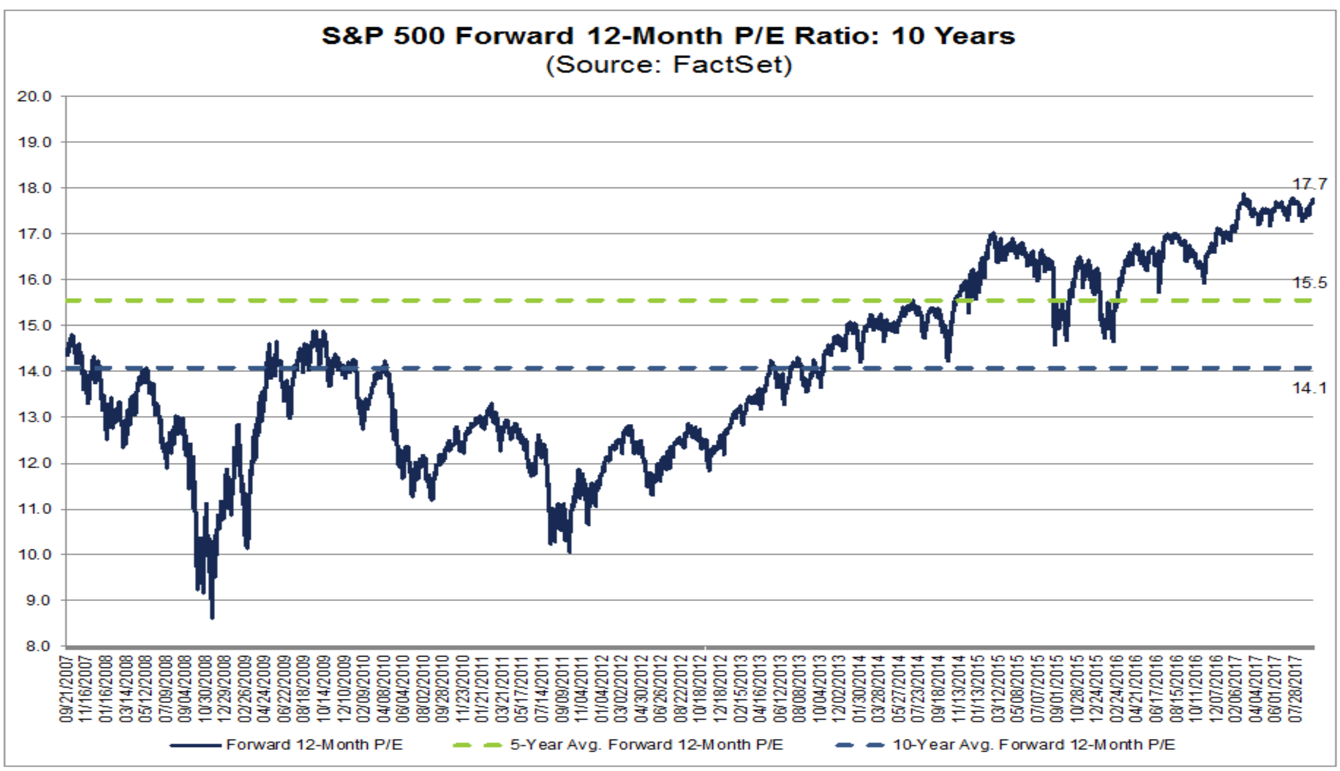
	Energy	Consumer Disc.	Consumer Staples	Materials	Info. Technology	Industrials	Utilities	Real Estate	S&P 500	Health Care	Financials	Telecom Services
Fwd P/E	29.5	19.4	19.3	18.4	18.4	18.1	17.9	17.9	17.7	16.6	14.1	13.0
5-Yr Avg.	26.4	17.7	18.5	15.2	15.0	15.7	16.0		15.5	15.6	12.7	14.0
10-Yr Avg.	18.8	16.6	16.3	14.6	14.4	14.5	14.4		14.1	13.6	12.3	14.2

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun 30
(Source: FactSet)

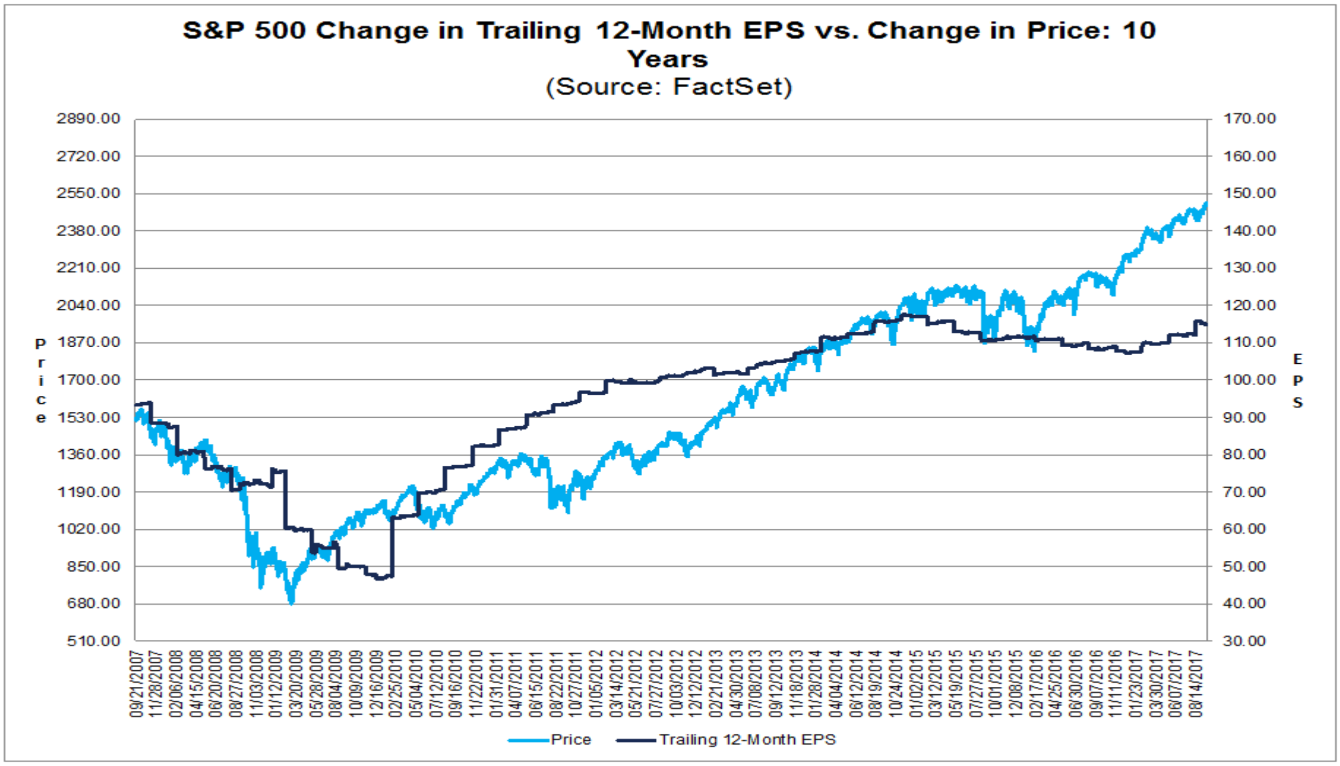


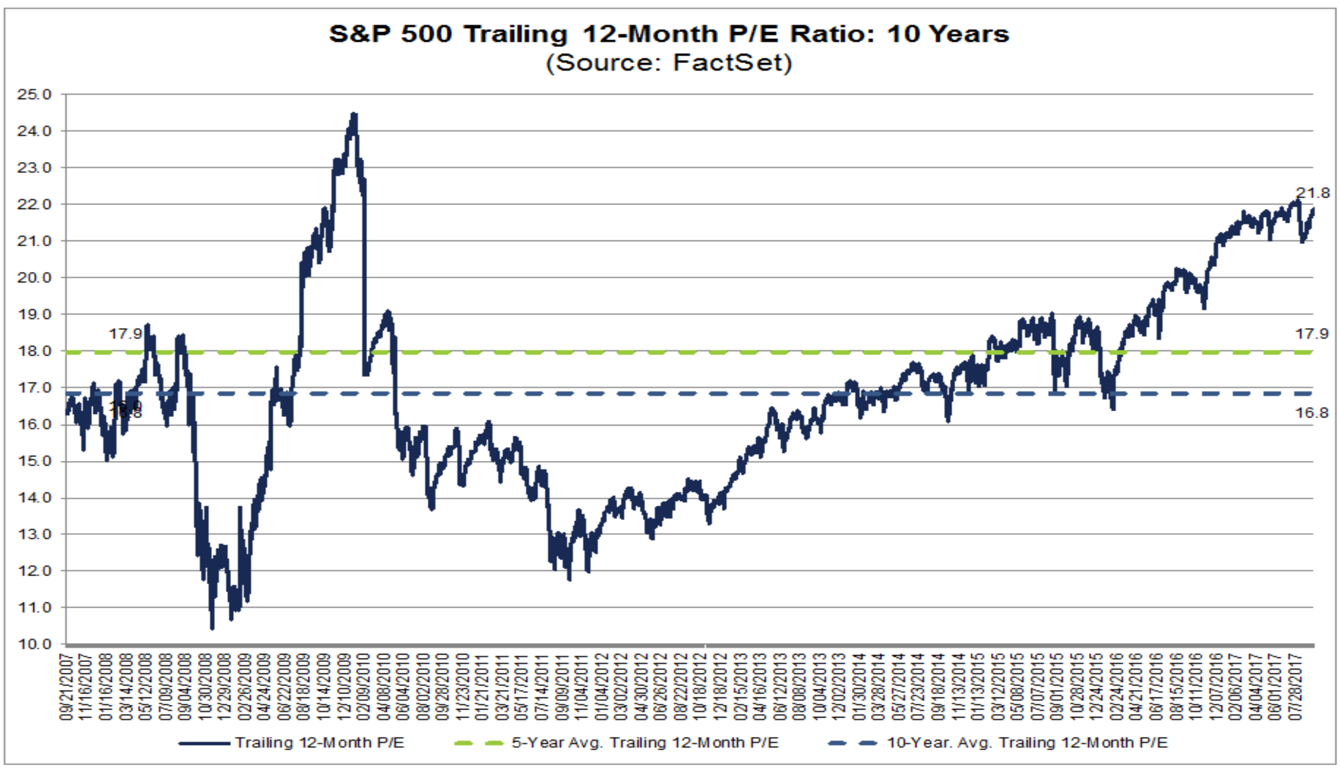
Forward 12M P/E Ratio: Long-Term Averages



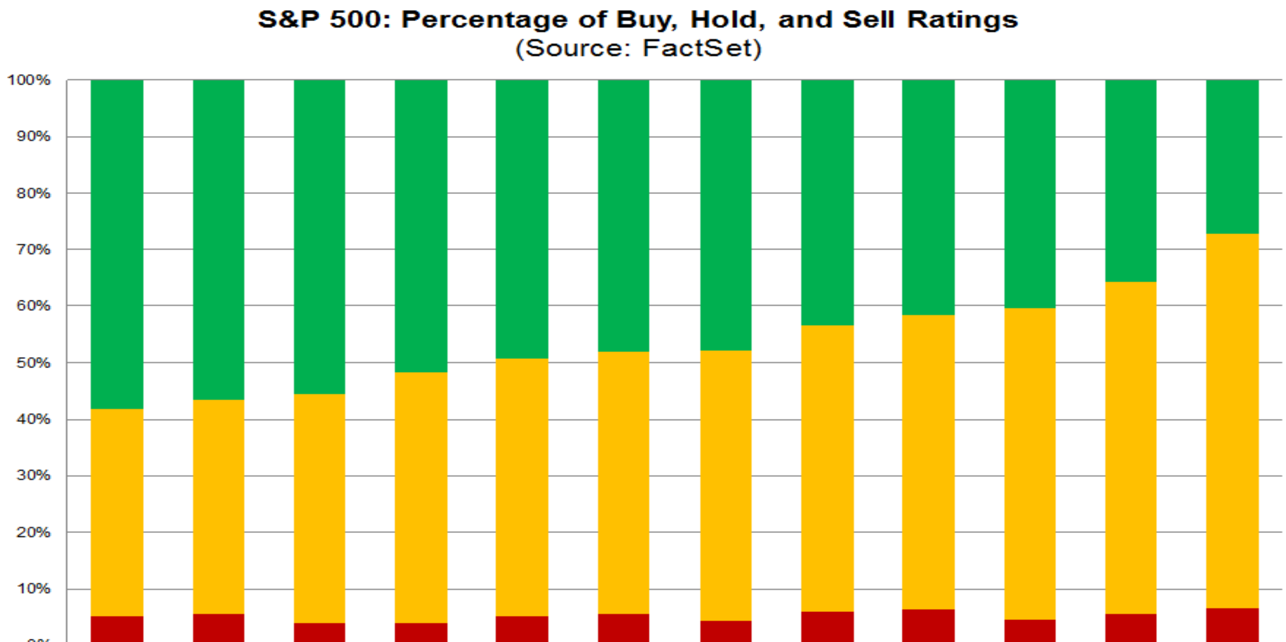


Trailing 12M P/E Ratio: Long-Term Averages

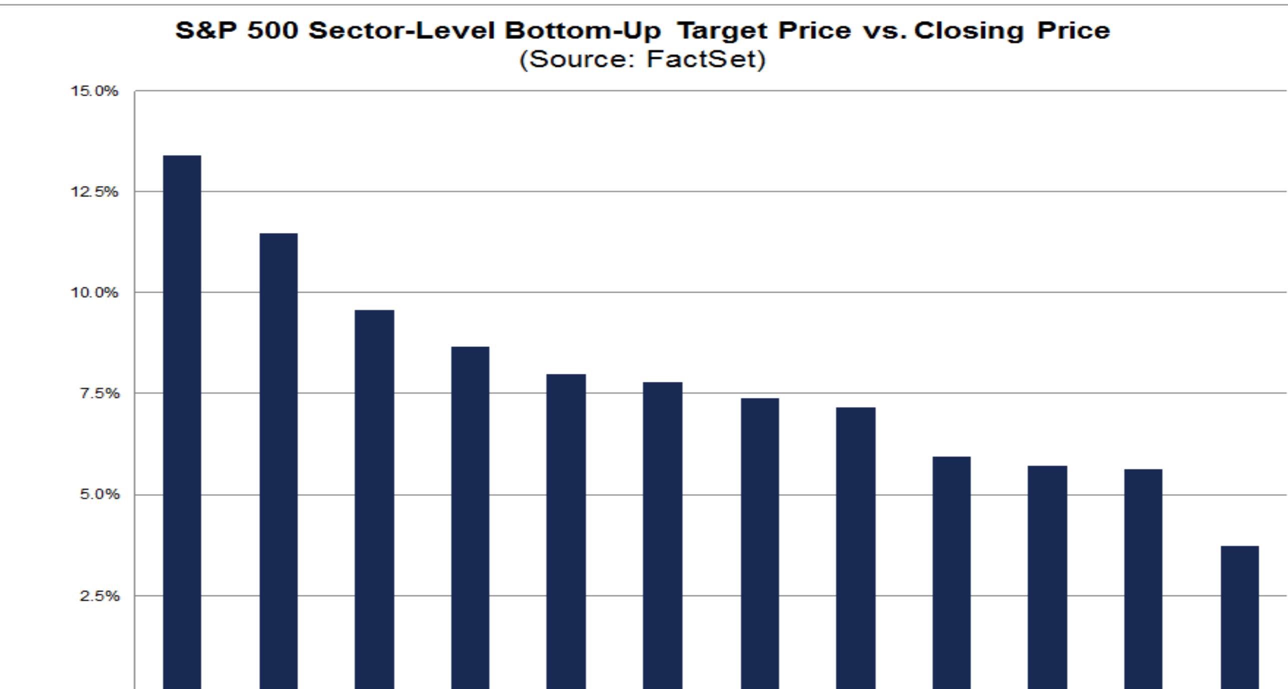




Targets & Ratings



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Consumer Disc.	Industrials	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	58%	57%	56%	52%	49%	48%	48%	43%	42%	40%	36%	27%
Hold	37%	38%	40%	44%	45%	46%	48%	50%	52%	55%	59%	66%
Sell	5%	6%	4%	4%	5%	6%	4%	6%	6%	5%	5%	7%



	Consumer Disc.	Info. Tech.	Consumer Staples	S&P 500	Materials	Energy	Real Estate	Health Care	Telecom Services	Financials	Industrials	Utilities
Target/Close	13.4%	11.5%	9.6%	8.7%	8.0%	7.8%	7.4%	7.1%	6.0%	5.7%	5.6%	3.7%

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