Key Metrics

- **Earnings Growth**: For Q3 2017, the estimated earnings growth rate for the S&P 500 is 2.8%. Seven 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%. Nine 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, 76 S&P 500 companies have issued negative EPS guidance and 42 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 18.0. This P/E ratio is above the 5-year average (15.6) and above the 10-year average (14.1).

- **Earnings Scorecard**: For Q3 2017 (with 5% of the companies in the S&P 500 reporting actual results for the quarter), 87% of S&P 500 companies have reported positive EPS surprises and 78% have reported positive sales surprises.
Insurance Industry Largest Drag on S&P 500 Earnings for Q3 Over the Past Month

Over the past month (since September 5), the estimated earnings growth rate for the S&P 500 for Q3 2017 has fallen by more than two percentage points (to 2.8% from 5.0%). What has driven the decline in the earnings growth rate?

Since September 5, estimated dollar-level earnings for the S&P 500 for the third quarter have decreased by about $6.3 billion (to $287.0 billion from $293.3 billion). At the industry level, the Insurance industry has by far recorded the largest decline in dollar-level earnings during this time at $4.8 billion (to $5.1 billion from $9.9 billion). Thus, the Insurance industry alone accounts for 77% of the decline in the estimated earnings for the S&P 500 for Q3 2017 over the past month. If the Insurance industry were excluded, the estimated earnings growth rate for the S&P 500 for Q3 2017 would improve to 4.9% from 2.8%.

Analyst have lowered EPS estimates for companies in this industry to account for catastrophic losses due to the recent hurricanes and the earthquake in Mexico. Chubb Limited, AIG, Everest Re Group, XL Group, and Allstate have been the five largest contributors to the decline in earnings for this industry over this period. Combined, these five companies account for $4.0 billion (or 83%) of the $4.8 billion decline in earnings for this industry since September 5. All five companies have seen their mean EPS estimate for Q3 drop by more than 50% during this period.

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Company</th>
<th>EPS: Today</th>
<th>EPS: 9/5/2017</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RE</td>
<td>Everest Re Group, Ltd.</td>
<td>-18.78</td>
<td>3.62</td>
<td>-618%</td>
</tr>
<tr>
<td>XL</td>
<td>XL Group Ltd</td>
<td>-1.48</td>
<td>0.67</td>
<td>-322%</td>
</tr>
<tr>
<td>CB</td>
<td>Chubb Limited</td>
<td>-0.26</td>
<td>2.60</td>
<td>-110%</td>
</tr>
<tr>
<td>AIG</td>
<td>American International Group</td>
<td>0.22</td>
<td>1.22</td>
<td>-82%</td>
</tr>
<tr>
<td>ALL</td>
<td>Allstate Corporation</td>
<td>0.65</td>
<td>1.53</td>
<td>-57%</td>
</tr>
</tbody>
</table>
Topic of the Week: 2

S&P 500 Companies with More Global Exposure to Report Higher Earnings Growth in Q3

“Global GDP growth is projected to increase to around 3.5% in 2017 and 3.7% in 2018 from 3% in 2016, slightly improved since the OECD’s June Economic Outlook. The upturn has become more synchronised across countries. Investment, employment and trade are expanding.” –OECD Interim Economic Outlook (September 20)

Coming into the Q3 earnings season, companies in the S&P 500 with higher global exposure are expected to benefit from the tailwinds of a weaker U.S. dollar and higher global GDP growth. Based on current estimates, are S&P 500 companies with higher global revenue exposure expected to outperform S&P 500 companies with lower global revenue exposure in terms of earnings and sales growth for Q3 2017?

The answer is yes. FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) can be 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 earnings growth rate for the S&P 500 for Q3 2017 is 2.8%. For companies that generate more than 50% of sales inside the U.S., a slight earnings decline (-0.1%) is expected. For companies that generate less than 50% of sales inside the U.S., the earnings growth rate is 7.9%.

The sales growth rate for the S&P 500 for Q3 2017 is 4.9%. For companies that generate more than 50% of sales inside the U.S., the sales growth rate is 3.8%. For companies that generate less than 50% of sales inside the U.S., the sales growth rate is 7.7%.

What is driving the expected outperformance of S&P 500 companies with higher global revenue exposure? At the sector level, the Information Technology and Energy sectors are by far the largest contributors to earnings and revenue growth in Q3 for S&P 500 companies with more global exposure. If these two sectors were excluded, the earnings and revenue growth rates for S&P 500 companies that generate less than 50% of sales inside the U.S. would fall to 0.7% and 4.2%, respectively.
Topic of the Week: 3

S&P 500 Likely to Report Earnings Growth of 6% for Q3 2017

As of today, the S&P 500 is expected to report earnings growth of 2.8% for the third quarter. What is the likelihood the index will report an actual earnings increase of 2.8% 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 6% for the third 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 4.2%. During this same period, 69% 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 2.9 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 Q3 (September 30) of 2.9%, the actual earnings growth rate for the quarter would be 5.8% (2.9% + 2.9% = 5.8%). If the index does report growth of 5.8% in earnings for Q3 2017, it will mark the first time the index has not reported double-digit earnings growth since Q4 2016. However, it will also mark five straight quarters of year-over-year earnings growth for the index.
Q3 2017 Earnings Season: By the Numbers

Overview

In terms of estimate revisions, analysts made cuts that were in line with recent averages. On a per-share basis, estimated earnings for the third quarter fell by 4.2% during the quarter. This percentage decline was equal to the trailing 5-year average (-4.2%), but smaller than the trailing 10-year average (-6.0%).

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, 76 have issued negative EPS guidance and 42 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 64% (76 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 2.8% today. Seven sectors are predicted to report year-over-year earnings growth, led by the Energy, Information Technology, and Real Estate sectors. Four sectors are projected to report a year-over-year decline in earnings, led by the Financials and Consumer Discretionary sectors.

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 4.9% 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 18.0, which is above the 5-year average and the 10-year average.

During the upcoming week, 12 S&P 500 companies (including 1 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 Financials Sector

The estimated earnings growth rate for the third quarter is 2.8% this week, which is slightly below the estimated earnings growth rate of 2.9% last week. Downward revisions to estimates for companies in the Financials sector were mainly responsible for the small decrease in the overall earnings growth rate for the index during the week.

Overall, the estimated earnings growth rate for Q3 2017 of 2.8% today is below the estimated earnings growth rate of 7.5% at the start of the quarter (June 30). Nine 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, Materials, and Financials 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 110.6% from 157.3%). Overall, 24 of the 32 companies (75%) in the Energy sector have seen a decline in their mean EPS estimate during this time. Of these 24 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 EQT Corporation (to -$0.03 from $0.21). However, the declines in the mean EPS estimates for Exxon Mobil (to $0.84 from $0.99) and Chevron (to $0.91 from $1.14) have been the largest contributors to the decrease in expected earnings for this sector since June 30.

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 3.8% from 24.0%). Overall, 18 of the 25 companies (75%) 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 $0.42 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.

Financials: 3rd Largest Decrease in Expected Earnings Growth, led by Insurance Companies

The Financials sector has recorded the third largest decrease in expected earnings growth since the start of the
quarter (to -7.8% from 4.4%). Overall, 40 of the 67 companies (60%) in this sector have seen a decline in their mean
EPS estimate during this time. Of these 40 companies, 13 have recorded a drop in their mean EPS estimate of more
than 10%, led by Everest Re Group (to -$18.78 from $3.66), XL Group (to -$1.48 from $0.77), Chubb Limited (to -$0.23
from $2.67), Assurant (to $0.00 from $1.42), and AIG (to $0.22 from $1.23). The declines in the mean EPS estimates
for Chubb Limited, Everest Re Group, AIG, and XL Group have been the largest contributors to the decrease in
expected earnings for this sector since June 30.

For more details on recent estimate revisions for Insurance companies, please see page 2.

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

Downward revisions to earnings estimates in aggregate for the third quarter were in line with recent averages. The Q3
bottom-up EPS estimate (which is an aggregation of the median EPS estimates for all 500 companies in the index and
can be used as a proxy for the earnings for the index) fell by 4.2% (to $32.45 from $33.87) during the quarter. This
decline in the EPS estimate for Q3 2017 was larger than the trailing 1-year average (-2.8%), equal to the trailing 5-year
average (-4.2%) and smaller than the trailing 10-year average (-6.0%) for the bottom-up EPS estimate for a quarter.

Earnings Guidance: High Number of Companies (42) Issuing Positive EPS Guidance for Q3

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, 76
have issued negative EPS guidance and 42 have issued positive EPS guidance. The percentage of companies issuing
negative EPS guidance is 64% (76 out of 118), which is below the 5-year average of 75%. 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 42 is the final number for the quarter, it will mark the fourth
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 38 of the 42 companies that have issued positive EPS guidance for the third quarter.

For more details on EPS guidance for Q3, please see these articles at the following links:

https://insight.factset.com/earningsinsight_09.22.17
https://insight.factset.com/earningsinsight_09.25.17

Earnings Growth: 2.8%

The estimated (year-over-year) earnings growth rate for Q3 2017 is 2.8%. Seven 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 the Financials and Consumer
Discretionary sectors.
Earnings Insight

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 110.6%. 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 (247%), Oil & Gas Refining & Marketing (64%), Integrated Oil & Gas (39%), and Oil & Gas Storage & Transportation (12%).

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 $9.6 billion in Q3 2017, compared to earnings of 4.6 billion in Q3 2016. This sector is also expected to be the one of the two top contributors (along with the Information Technology sector) to earnings growth for the S&P 500. If the Energy sector were excluded, the estimated earnings growth rate for the remaining ten sectors would fall to 1.0% from 2.8%.

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 8.8%. At the industry level, five of the seven industries in this sector are predicted to report earnings growth. Only one of these five industries is projected to report double-digit earnings growth: Semiconductor & Semiconductor Equipment (31%). 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 3.6% from 8.8%. At the company level, Micron Technology is expected to be the largest contributor to earnings growth for the sector. The company reported actual EPS of $2.02 for Q3 2017, 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 4.7% from 8.8%.

This sector is expected to be the one of the two top contributors (along with the Energy sector) to earnings growth for the S&P 500. If the Information Technology sector were excluded, the estimated earnings growth rate for the remaining ten sectors would fall to 1.2% from 2.8%.

Real Estate: Specialized REITs and Retail REITs Lead Growth

The Real Estate sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 6.8%. At the sub-industry level, four of the eight sub-industries in this sector are predicted to report FFO growth. Two of these four sub-industries are projected to report double-digit FFO growth: Specialized REITs (17%) and Retail REITs (13%).

Financials: Insurance Industry Leads Decline

The Financials sector is expected to report the highest (year-over-year) earnings decline of all eleven sectors at -7.8%. At the industry level, two of the five industries in this sector are predicted to report a decline in earnings, led by the Insurance industry (-51%). This industry is also expected to be the largest contributor to the earnings decline for the sector. If the Insurance industry were excluded, the estimated earnings growth rate for the Financials sector would increase to 3.5% from -7.8%.

This sector is also expected to be the top detractor to earnings growth for the S&P 500. If the Financials sector were excluded, the estimated earnings growth rate for the remaining ten sectors would rise to 5.1% from 2.8%.

Consumer Discretionary: General Motors Leads Decline

The Consumer Discretionary sector is expected to report the second largest (year-over-year) decline in earnings for the quarter at -2.8%. At the industry level, seven of the twelve industries in this sector projected to report a decline in earnings. Four of these seven industries are projected to report a double-digit decline in earnings: Automobiles (-23%), Textiles, Apparel, & Luxury Goods (-15%), Auto Components (-13%), and Multiline Retail (-12%). 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 $1.12, 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 0.5% from -2.8%.
Revenue Growth: 4.9%

The estimated (year-over-year) revenue growth rate for Q3 2017 is 4.9%. 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 17.2%. At the sub-industry level, five of the six sub-industries in the sector are predicted to report revenue growth: Oil & Gas Equipment & Services (55%), Oil & Gas Drilling (47%), Oil & Gas Refining & Marketing (26%), Integrated Oil & Gas (11%), and Oil & Gas Storage & Transportation (2%). 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 4.0%.

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 12.8%. 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 7.0% from 12.8%.

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 8.1%. 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 (14%), 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 -0.5%. 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 2.8% and revenue growth of 4.9%. 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 10.5% and revenue growth of 6.1%.
For Q2 2018, analysts are projecting earnings growth of 10.3% and revenue growth of 5.9%.
For all of 2017, analysts are projecting earnings growth of 9.2% and revenue growth of 5.7%.

Valuation: Forward P/E Ratio is 18.0, above the 10-Year Average (14.1)

The forward 12-month P/E ratio is 18.0. This P/E ratio is above the 5-year average of 15.6, and above the 10-year average of 14.1. It is also above the forward 12-month P/E ratio of 17.8 recorded at the start of the fourth quarter (September 30). Since the start of the fourth quarter, the price of the index has increased by 1.3%, while the forward 12-month EPS estimate has increased by 0.2%.

At the sector level, the Energy (29.7) sector has the highest forward 12-month P/E ratio, while the Telecom Services (13.3) 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 (29.7 vs. 18.9) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (13.3 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 7% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 2730.57, which is 7.0% above the closing price of 2552.07. At the sector level, the Consumer Discretionary (+10.9%) has the largest upside difference between the bottom-up target price and the closing price, while the Telecom Services (+3.1%) and Financials (+3.2%) sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 11,110 ratings on stocks in the S&P 500. Of these 11,110 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: 12

During the upcoming week, 12 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the third quarter.
Q3 2017: Scorecard
Q3 2017: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q3 2017
(Source: FactSet)

S&P 500 Sector-Level Revenue Surprise %: Q3 2017
(Source: FactSet)
Q3 2017: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q3 2017
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q3 2017: Scorecard

**S&P 500 Actual EPS Surprise %: Top 10 Q3 Actual EPS Surprises**
(Source: FactSet)

- NIKE, Inc. Class B: 18.8%
- Red Hat, Inc.: 14.8%
- Conagra Brands, Inc.: 14.8%
- Constellation Brands, Inc. Class A: 14.1%
- Cintas Corporation: 13.4%
- Micron Technology, Inc.: 10.0%
- Adobe Systems Incorporated: 9.2%
- IHS Markit Ltd.: 5.5%
- McCormick & Company, Incorporated: 5.3%
- Acuity Brands, Inc.: 5.9%

**S&P 500 Actual EPS Surprise %: Bottom 10 Q3 Actual EPS Surprises**
(Source: FactSet)

- Carnival Corp.: -3.5%
- PepsiCo, Inc.: -3.3%
- Paychex, Inc.: -2.7%
- Oracle Corporation: -2.7%
- Costco Wholesale Corporation: -2.5%
- Accenture Plc. Class A: -1.1%
- AutoZone, Inc.: -1.0%
- Darden Restaurants, Inc.: -0.2%
- General Mills, Inc.: -7.0%
- FedEx Corporation: -17.4%
Earnings Insight

Q3 2017: Projected EPS Surprises (Sharp Estimates)

Number (\#) of S&P 500 Companies with Q3 2017 Sharp Estimates
(Source: FactSet)

Percentage (%) of S&P 500 Companies with Q3 2017 Sharp Estimates
(Source: FactSet)
Q3 2017: Growth

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

S&P 500 Revenue Growth: Q3 2017 (Source: FactSet)
Q3 2017: Net Profit Margin

**S&P 500 Net Profit Margins: Q3 2017 vs. Q3 2016**
(Source: FactSet)

**S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:**
Q3 2017 vs. Q3 2016
(Source: FactSet)
Q4 2017: Guidance

Number (#) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)
Earnings Insight

Q4 2017: EPS Revisions

Upward Change in Q4 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos. (Source: FactSet)

- Noble Energy, Inc.: 22.9%
- Micron Technology, Inc.: 21.9%
- Andeavor: 10.2%
- Marathon Petroleum Corporation: 15.2%
- Incyte Corporation: 14.4%
- Valero Energy Corporation: 11.9%
- Phillips 66: 9.6%
- Wynn Resorts, Limited: 8.3%
- Entergy Corporation: 7.3%
- Anadarko Petroleum Corporation: 5.4%

Downward Change in Q4 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos. (Source: FactSet)

- EJG Corporation: -10.7%
- DowDuPont Inc.: -13.9%
- Lennar Corporation Class A: -14.9%
- American Airlines Group, Inc.: -18.0%
- United Continental Holdings, Inc.: -18.4%
- Baker Hughes, a GE Company Class A: -16.5%
- Carnival Corporation: -19.3%
- NIKE, Inc. Class B: -22.6%
- National Oilwell Varco, Inc.: -28.7%
- SL Green Realty Corp.: -85.0%

Copyright © 2017 FactSet Research Systems Inc. All rights reserved.
Earnings Insight

Q4 2017: Growth

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

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

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

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

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Today</th>
<th>30-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>53.6%</td>
<td>32.5%</td>
</tr>
<tr>
<td>Materials</td>
<td>17.0%</td>
<td>17.3%</td>
</tr>
<tr>
<td>Financials</td>
<td>14.2%</td>
<td>13.7%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>12.4%</td>
<td>12.4%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>11.4%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Industrials</td>
<td>10.7%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>10.4%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Health Care</td>
<td>8.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>7.7%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>6.0%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.6%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Telecom Services</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Today</th>
<th>30-Sep</th>
</tr>
</thead>
<tbody>
<tr>
<td>Info. Technology</td>
<td>8.9%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Energy</td>
<td>5.9%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>5.4%</td>
<td>5.4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Health Care</td>
<td>5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Materials</td>
<td>5.0%</td>
<td>5.1%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Industrials</td>
<td>3.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Financials</td>
<td>3.3%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>3.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>2.0%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Telecom Services</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
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>United States 90%</td>
</tr>
<tr>
<td></td>
<td>International 4%</td>
</tr>
<tr>
<td>Utilities</td>
<td>United States 95%</td>
</tr>
<tr>
<td></td>
<td>International 5%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>United States 83%</td>
</tr>
<tr>
<td></td>
<td>International 17%</td>
</tr>
<tr>
<td>Health Care</td>
<td>United States 62%</td>
</tr>
<tr>
<td></td>
<td>International 10%</td>
</tr>
<tr>
<td>Financials</td>
<td>United States 78%</td>
</tr>
<tr>
<td></td>
<td>International 24%</td>
</tr>
<tr>
<td>Consumer Dis.</td>
<td>United States 76%</td>
</tr>
<tr>
<td></td>
<td>International 24%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>United States 73%</td>
</tr>
<tr>
<td></td>
<td>International 27%</td>
</tr>
<tr>
<td>Industrials</td>
<td>United States 51%</td>
</tr>
<tr>
<td></td>
<td>International 30%</td>
</tr>
<tr>
<td>Energy</td>
<td>United States 43%</td>
</tr>
<tr>
<td></td>
<td>International 47%</td>
</tr>
<tr>
<td>Materials</td>
<td>United States 52%</td>
</tr>
<tr>
<td></td>
<td>International 41%</td>
</tr>
</tbody>
</table>

Copyright © 2017 FactSet Research Systems Inc. All rights reserved.
Bottom-up EPS Estimates: Revisions
Bottom-up EPS Estimates: Current & Historical

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates
(Source: FactSet)

S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)
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 Sep 30
(Source: FactSet)
Forward 12M P/E Ratio: Long-Term Averages
Trailing 12M P/E Ratio: Long-Term Averages
Targets & Ratings

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

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)
**Important Notice**
The information contained in this report is provided “as is” and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

**About FactSet**
FactSet (NYSE:FDS | NASDAQ:FDS) delivers superior analytics, service, content, and technology to help more than 66,000 users see and seize opportunity sooner. We are committed to giving investment professionals the edge to outperform, with fresh perspectives, informed insights, and the industry-leading support of our dedicated specialists. We're proud to have been recognized with multiple awards for our analytical and data-driven solutions and repeatedly ranked as one of Fortune’s 100 Best Companies to Work For and a Best Workplace in the United Kingdom and France. Subscribe to our thought leadership blog to get fresh insight delivered daily at insight.factset.com. Learn more at www.factset.com and follow on Twitter: www.twitter.com/factset.