EARNINGS INSIGHT

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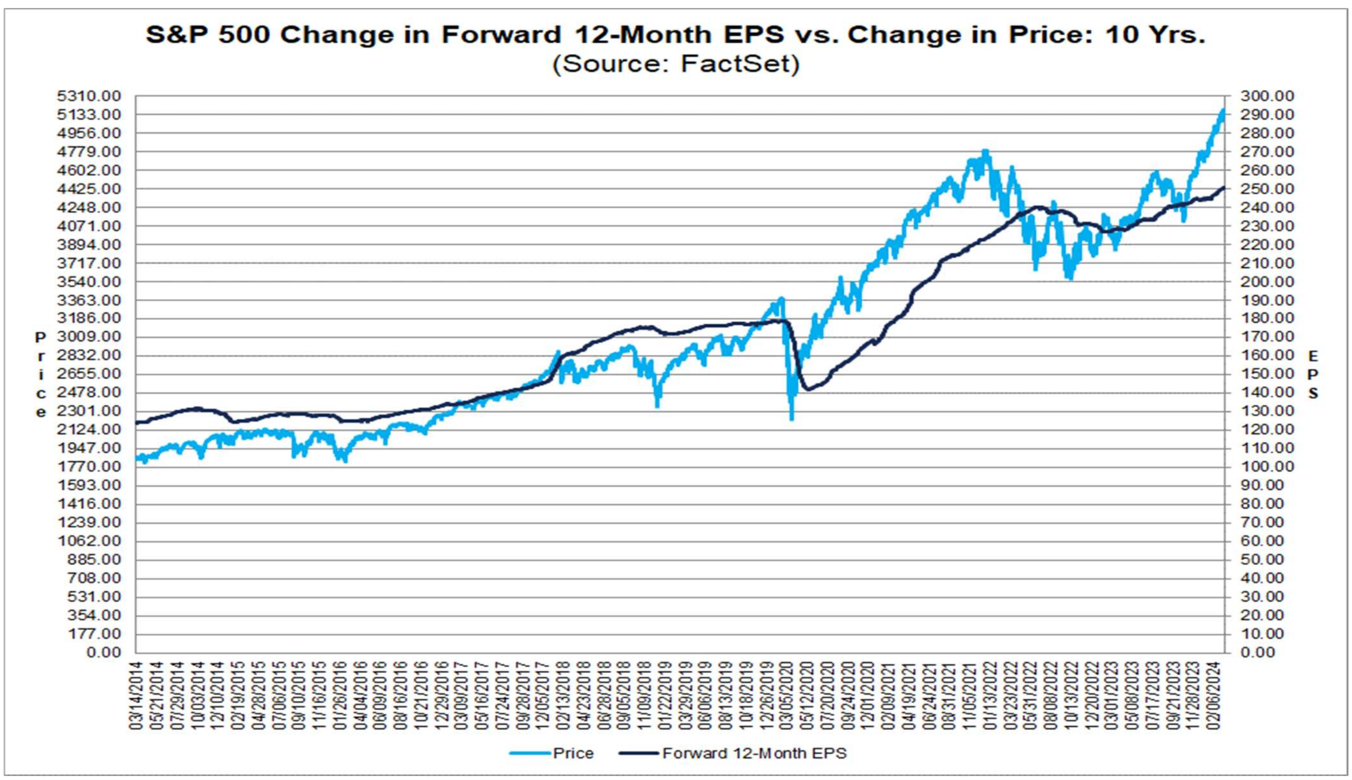
Key Metrics

- **Earnings Growth:** For Q1 2024, the estimated (year-over-year) earnings growth rate for the S&P 500 is 3.3%. If 3.3% is the actual growth rate for the quarter, it will mark the third-straight quarter of year-over-year earnings growth for the index.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 5.7%. Seven sectors are expected to report lower earnings today (compared to December 31) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q1 2024, 78 S&P 500 companies have issued negative EPS guidance and 32 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.6. This P/E ratio is above the 5-year average (19.0) and above the 10-year average (17.7).
- **Earnings Scorecard:** For Q1 2024 (with 6 S&P 500 companies reporting actual results), 6 S&P 500 companies have reported a positive EPS surprise and 2 S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Second-Highest Number of S&P 500 Companies Citing “AI” on Earnings Calls Over Past 10 Years

Artificial intelligence has been a focus topic for the market over the past year. Given the heightened interest, did more S&P 500 companies than normal comment on “AI” during their earnings conference calls for the fourth quarter?

The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “AI” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from December 15 through March 14.

Of these companies, 179 cited the term “AI” during their earnings call for the fourth quarter. This number is well above the 5-year average of 73 and the 10-year average of 45.

In fact, this is the second-highest number of S&P 500 companies citing “AI” on earnings calls going back to at least 2014 (using current index constituents going back in time). The current record is 181, which occurred in Q2 2023.

For these 179 companies, the average number of times “AI” was mentioned on their earnings calls was 13, while the median number of times “AI” was mentioned on their earnings calls was 5. The term “AI” was mentioned more than 50 times on the earnings calls of nine S&P 500 companies, led by NVIDIA at 114. A list of these companies can be found on the next page.

At the sector level, the Information Technology sector had the highest number (52) and percentage (85%) of companies citing “AI” on Q4 earnings calls.

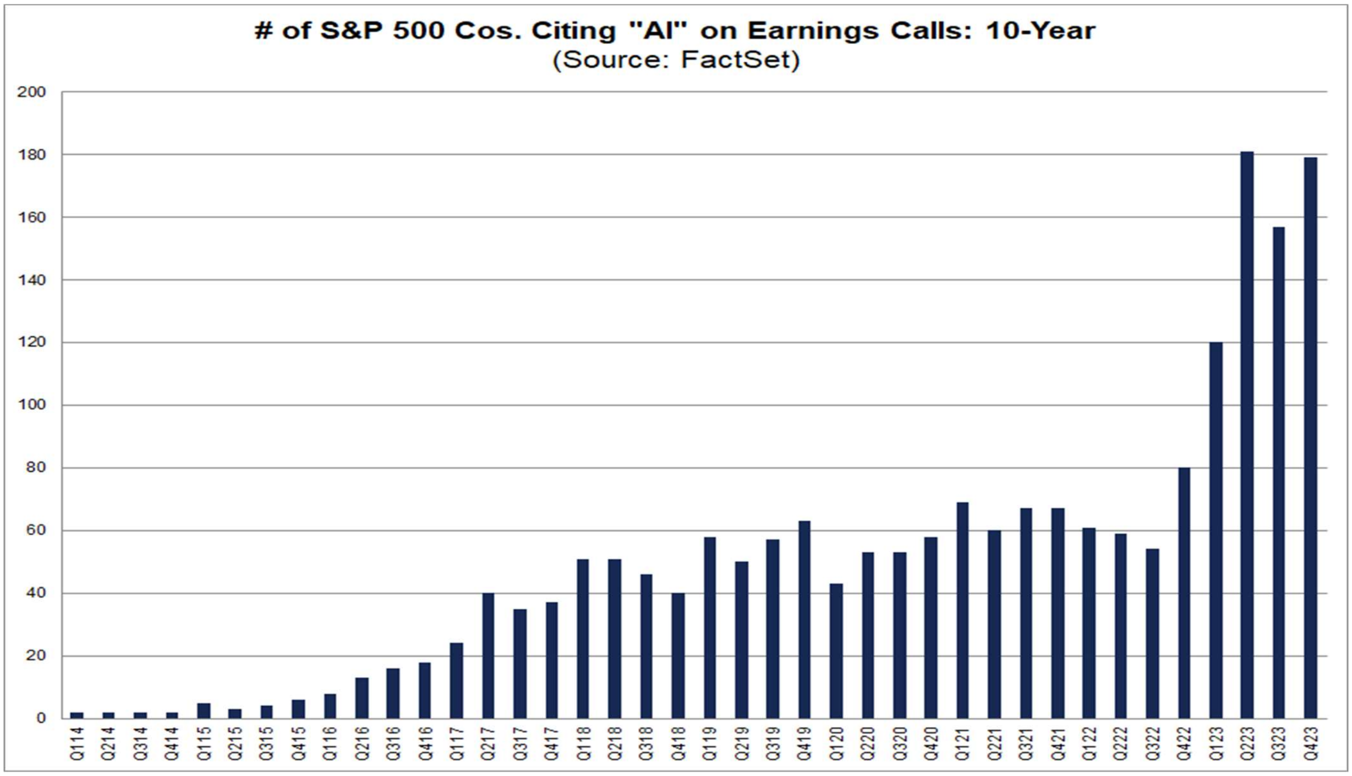
What are these companies saying about artificial intelligence on their earnings calls? Transcript Assistant can be used to answer this question. Transcript Assistant is FactSet’s first interactive generative AI solution available within the FactSet workstation. It extracts the most salient points from earnings call transcripts with questions from users and pre-populated prompts. For more information on Transcript Assistant, please go to: https://insight.factset.com/how-to-drive-faster-earnings-analysis-and-research-with-a-generative-ai-assistant

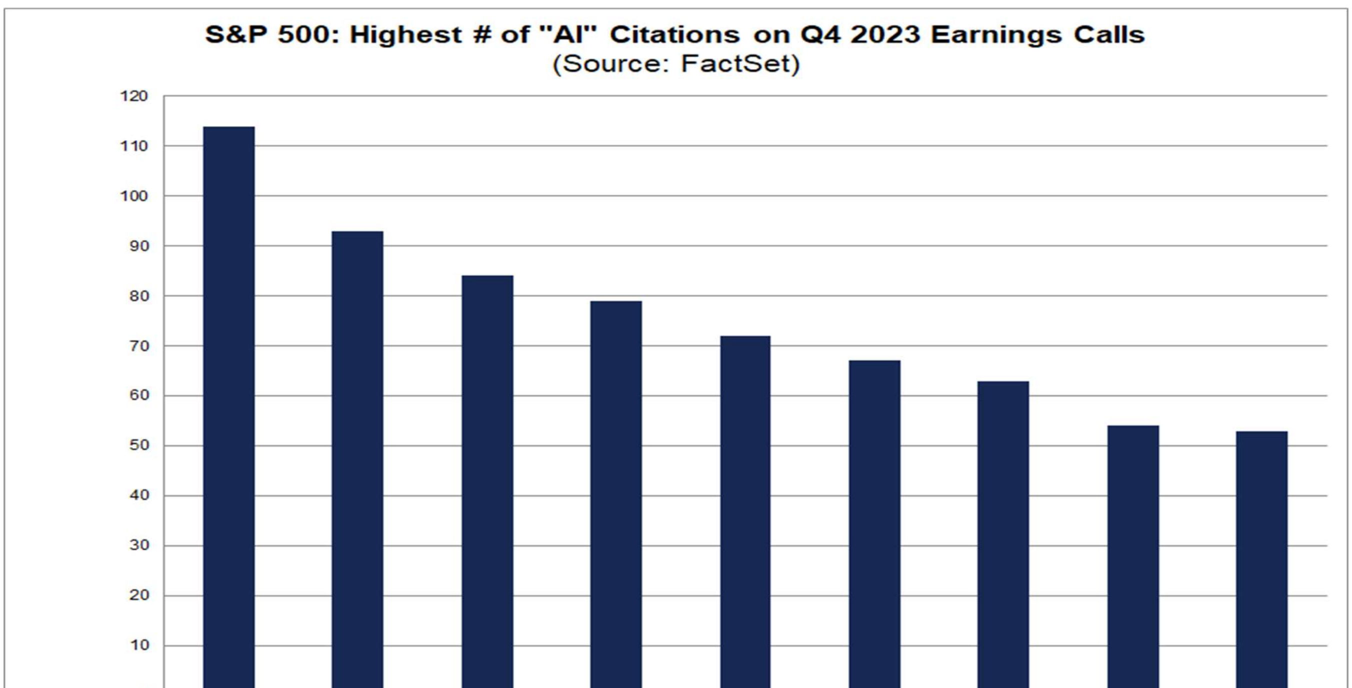
For example, Transcript Assistant generated the following summary of all the statements about “AI” from NVIDIA’s earnings call transcript on February 21:

The document discusses NVIDIA's focus on AI and its impact on various sectors. The company's AI infrastructure is enabling a new computing paradigm, generative AI, which can learn, understand, and generate any information from human language to the structure of biology and the 3D world. NVIDIA AI supercomputers are described as AI generation factories, processing massive raw data to refine it into digital intelligence. The company believes that the shift to AI will drive a doubling of the world's data center infrastructure installed base in the next five years. NVIDIA's full stack computing platform with industry-specific applications frameworks and a huge developer and partner ecosystem is helping companies in every industry become an AI company.*

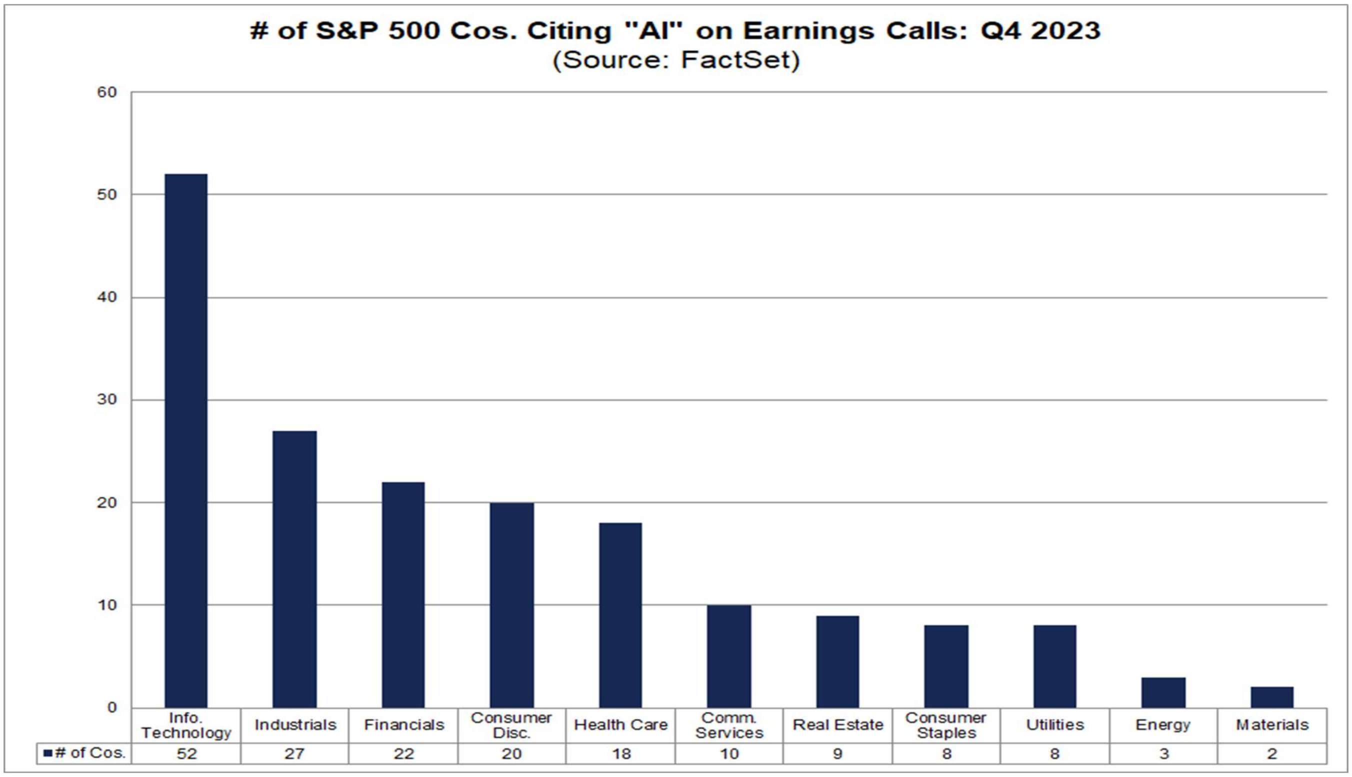
It is interesting to note that the S&P 500 companies that cited “AI” on Q4 earnings calls have seen a better average stock price performance over the past 12 months compared to S&P 500 companies that did not cite “AI” on Q4 earnings calls. For S&P 500 companies that cited “AI” on Q4 earnings calls, the average change in price since March 15 (2023) is 28.6%. For S&P 500 companies that did not cite “AI” on Q4 earnings calls, the average change in price since March 15 (2023) is 16.8%.

*Results may vary based on prompts used

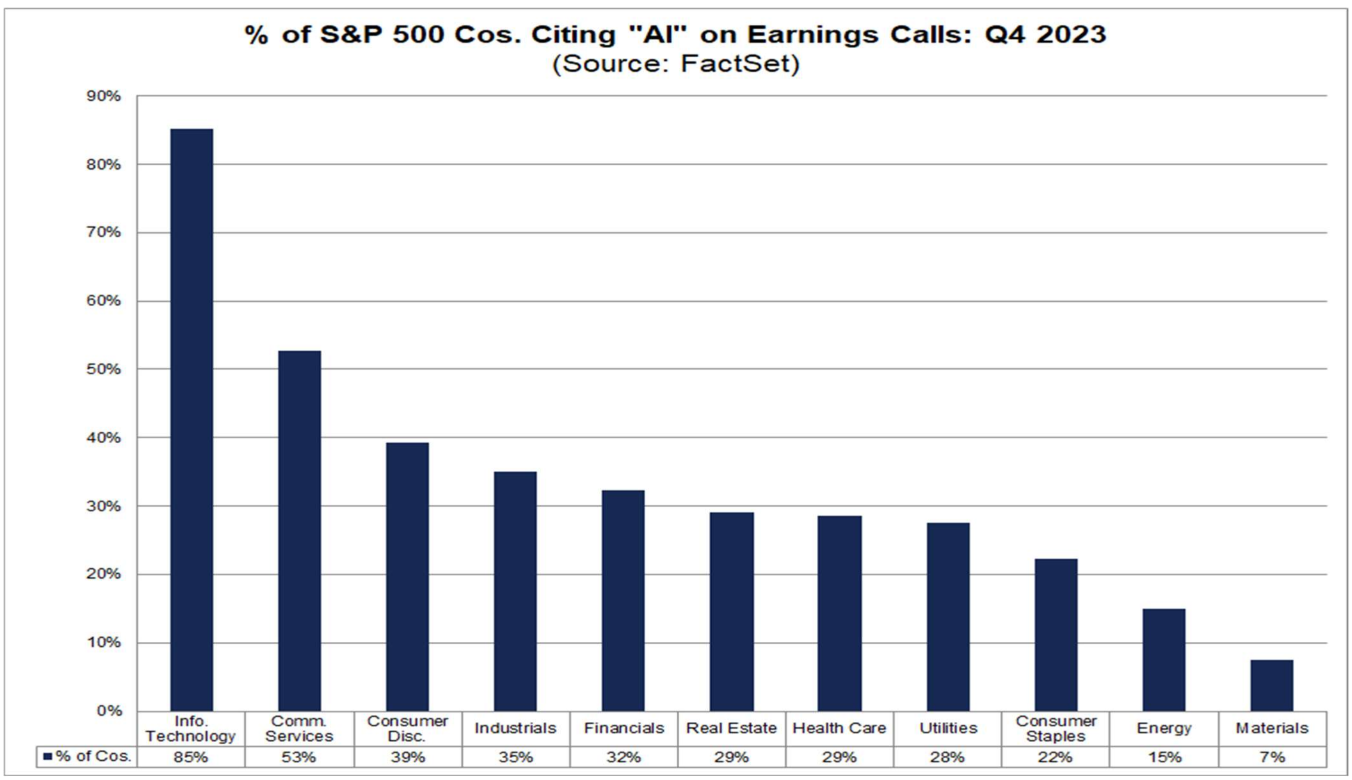




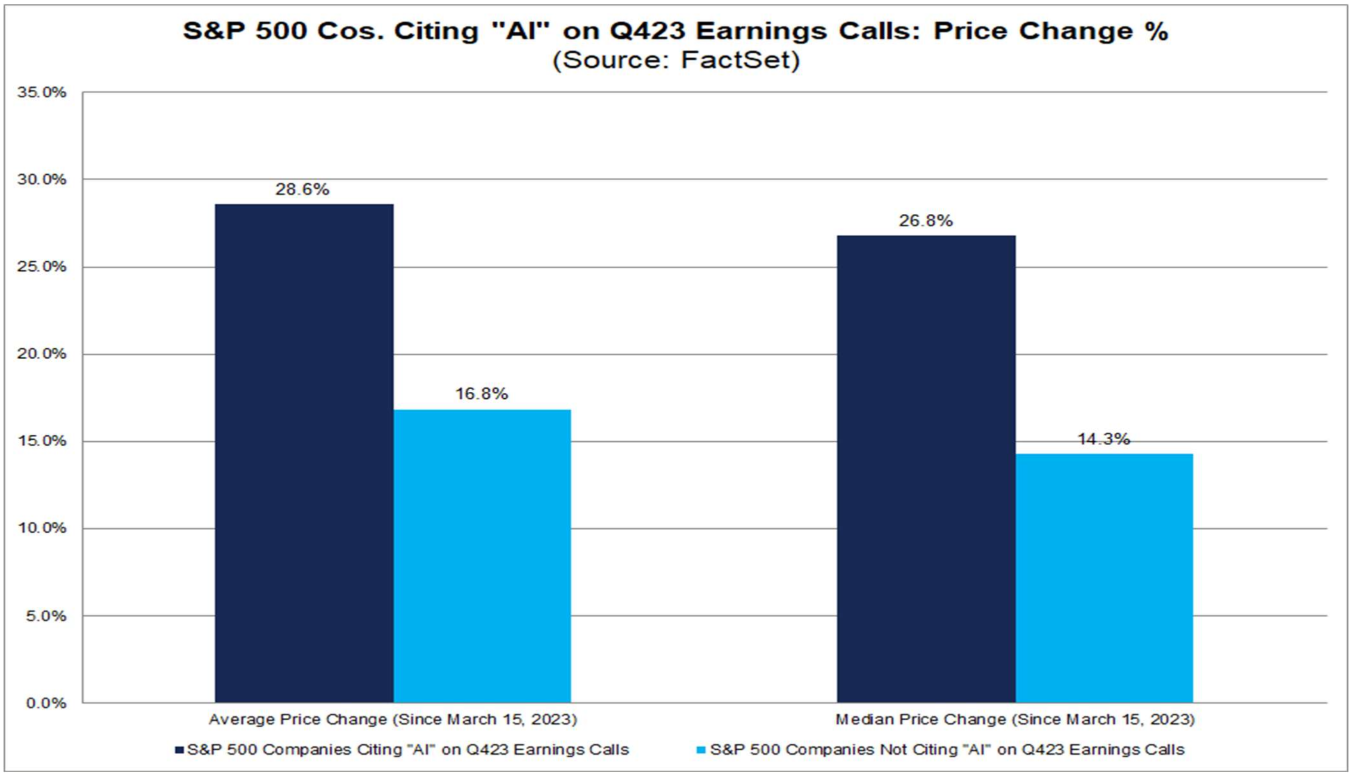
	NVIDIA Corporation	Salesforce, Inc.	Cadence Design Systems, Inc.	Alphabet Inc.	Microsoft Corporation	Meta Platforms Inc.	Hewlett Packard Enterprise Co.	Broadcom Inc.	Arista Networks, Inc.
# of Citations	114	93	84	79	72	67	63	54	53



# of S&P 500 Cos. Citing "AI" on Earnings Calls: Q4 2023
(Source: FactSet)
60
50
40
30
20
10
0
Info. Technology
Industrials
Financials
Consumer Disc.
Health Care
Comm. Services
Real Estate
Consumer Staples
Utilities
Energy
Materials
# of Cos.
52
27
22
20
18
10
9
8
8
3
2



% of S&P 500 Cos. Citing "AI" on Earnings Calls: Q4 2023
(Source: FactSet)
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Info. Technology
Comm. Services
Consumer Disc.
Industrials
Financials
Real Estate
Health Care
Utilities
Consumer Staples
Energy
Materials
% of Cos.
85%
53%
39%
35%
32%
29%
29%
28%
22%
15%
7%


S&P 500 Cos. Citing "AI" on Q423 Earnings Calls: Price Change %
(Source: FactSet)
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
28.6%
16.8%
26.8%
14.3%
Average Price Change (Since March 15, 2023)
Median Price Change (Since March 15, 2023)
S&P 500 Companies Citing "AI" on Q423 Earnings Calls
S&P 500 Companies Not Citing "AI" on Q423 Earnings Calls

Topic of the Week: 2

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies Heading Into Q2?

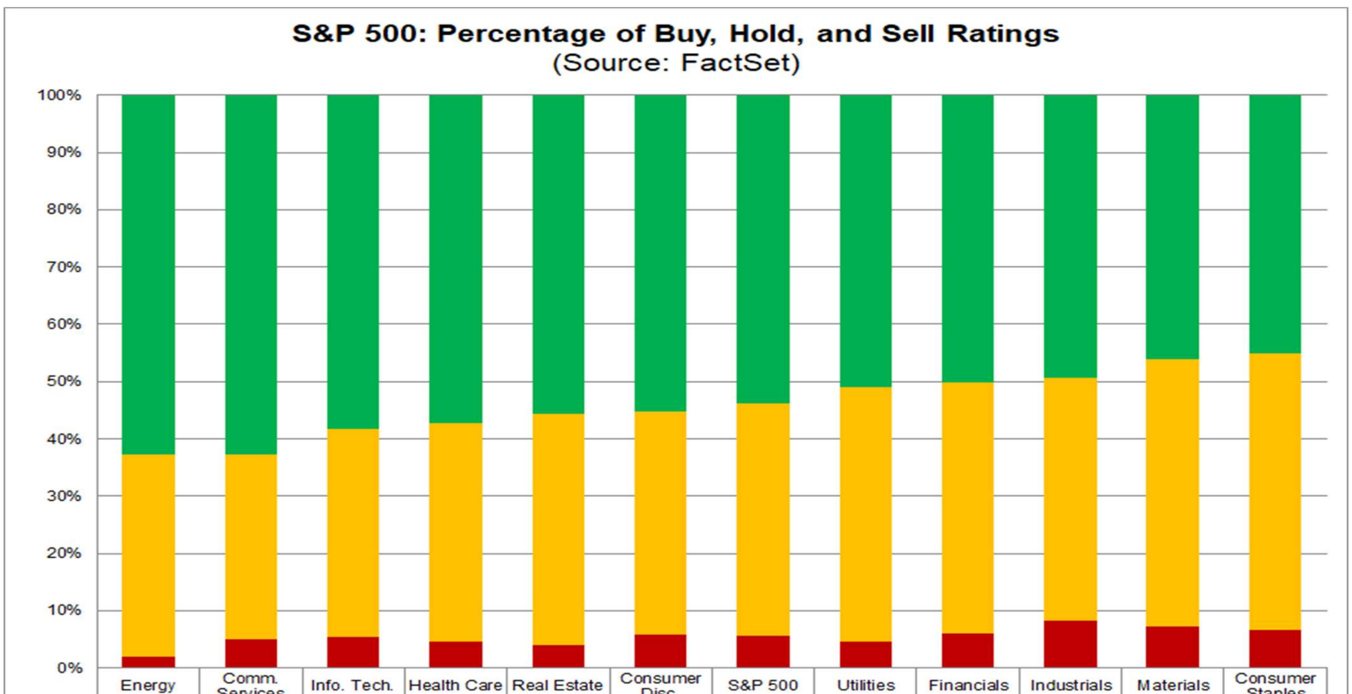
With the start of the second quarter approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500?

Overall, there are 11,557 ratings on stocks in the S&P 500. Of these ratings, 53.8% are Buy ratings, 40.5% are Hold ratings, and 5.7% are Sell ratings. The percentages of Buy ratings and Sell ratings are below their 5-year (month-end) averages of 54.4% and 6.1%, while the percentage of Hold ratings is above its 5-year (month-end) average of 39.5%.

At the sector level, analysts are most optimistic on the Energy and Communication Services sectors, as these two sectors have the highest percentages of Buy ratings at 63% each. On the other hand, analysts are most pessimistic on the Consumer Staples and Materials sectors, as these two sectors have the lowest percentages of Buy ratings at 45% and 46%, respectively. The Consumer Staples and Materials sectors also have the highest percentages of Hold ratings at 48% and 47%, respectively. The Industrials sector has the highest percentage of Sell ratings at 8%.

The ten S&P 500 companies with the highest percentages of Buy ratings and Sell ratings can be found on page 9.

After a decline to 53.6% from 55.1% during the months of January and February, the overall percentage of Buy ratings for the S&P 500 has increased slightly to 53.8% today. At the sector level, the Utilities sector has seen the largest increase in its percentage of Buy ratings of all eleven sectors since February 29 (to 51.0% from 49.3%).



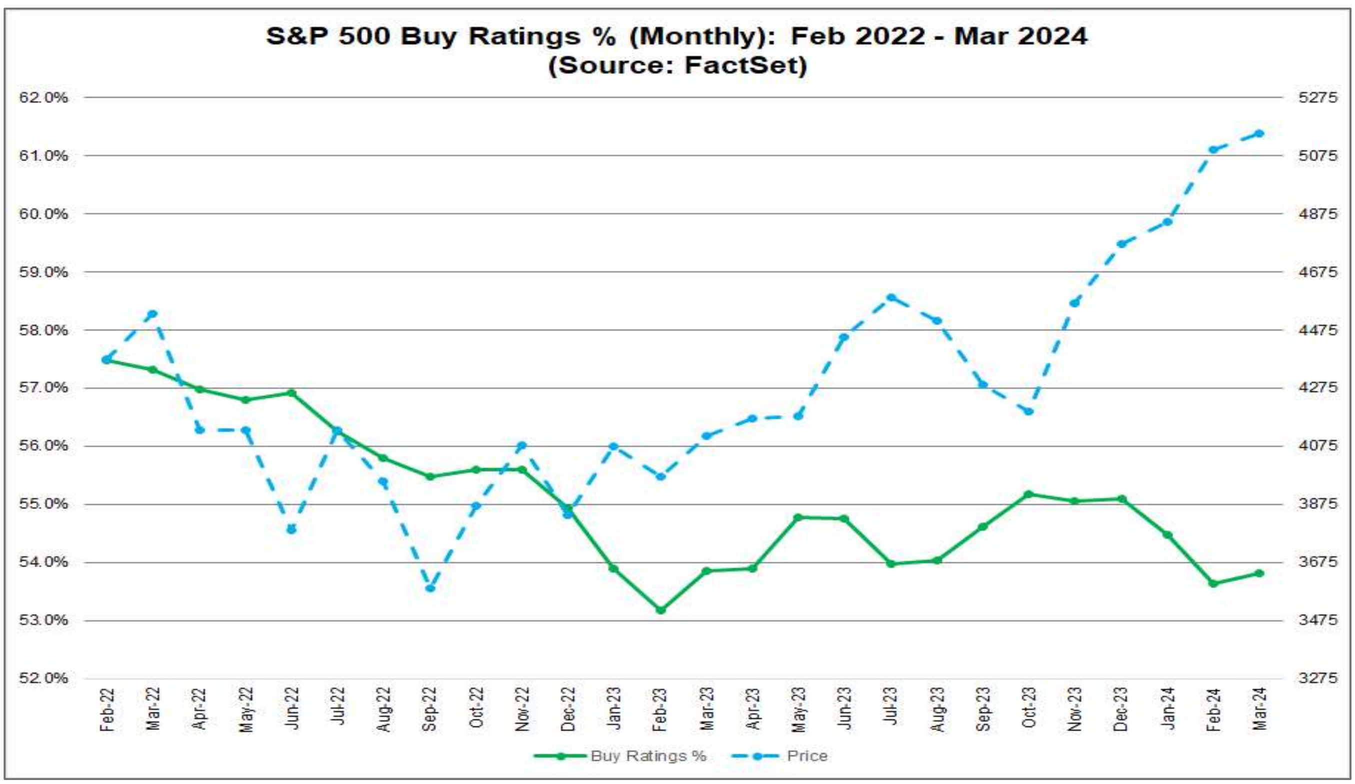
	Energy	Comm. Services	Info. Tech.	Health Care	Real Estate	Consumer Disc.	S&P 500	Utilities	Financials	Industrials	Materials	Consumer Staples
Buy	63%	63%	58%	57%	56%	55%	54%	51%	50%	49%	46%	45%
Hold	35%	32%	36%	38%	40%	39%	40%	44%	44%	43%	47%	48%
Sell	2%	5%	6%	5%	4%	6%	6%	5%	6%	8%	7%	7%

Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

Company	**Buy**	Hold	Sell
Delta Air Lines, Inc.	**96%**	4%	0%
Targa Resources Corp.	**95%**	5%	0%
Amazon.com, Inc.	**95%**	5%	0%
Microsoft Corporation	**95%**	5%	0%
Schlumberger N.V.	**94%**	6%	0%
Lamb Weston Holdings, Inc.	**93%**	7%	0%
Alexandria Real Estate Equities, Inc.	**92%**	8%	0%
NiSource Inc	**92%**	8%	0%
Uber Technologies, Inc.	**90%**	10%	0%
NVIDIA Corporation	**90%**	10%	0%

Highest % of Sell Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	**Sell**
Expeditors Intl. of Washington, Inc.	6%	41%	**53%**
T. Rowe Price Group	0%	50%	**50%**
Robert Half Inc.	14%	36%	**50%**
Franklin Resources, Inc.	0%	60%	**40%**
Hormel Foods Corporation	0%	62%	**38%**
Illinois Tool Works Inc.	14%	48%	**38%**
Paramount Global Class B	28%	34%	**38%**
Steel Dynamics, Inc.	15%	54%	**31%**
Fair Isaac Corporation	43%	29%	**29%**
Snap-on Incorporated	14%	57%	**29%**



Q1 Earnings Season: By The Numbers

Overview

While analysts have been less pessimistic in their estimate revisions for S&P 500 companies for the first quarter compared to recent averages, companies have been more pessimistic in their earnings outlooks for the first quarter compared to recent averages. As a result, estimated earnings for the S&P 500 for the first quarter are lower today compared to expectations at the start of the quarter. However, on a year-over-year basis, the index is expected to report earnings growth for the third-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have lowered earnings estimates for Q1 2024 by a smaller margin than average. On a per-share basis, estimated earnings for the first quarter have decreased by 2.3% since December 31. This decrease is smaller than the 5-year average (-3.7%) and the 10-year average (-3.4%).

In terms of guidance, both the number and percentage of S&P 500 companies issuing negative EPS guidance for Q1 2024 are higher than average. At this point in time, 110 companies in the index have issued EPS guidance for Q1 2024, Of these companies, 78 have issued negative EPS guidance and 32 have issued positive EPS guidance. The number of companies issuing negative EPS guidance is above the 5-year average (58) and above the 10-year average (62). The percentage of S&P 500 companies issuing negative EPS guidance for Q1 2024 is 71% (78 out of 110), which is also above the 5-year average of 59% and above the 10-year average of 63%.

Because of the downward revisions to earnings estimates by analysts and the negative EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q1 2024 is lower now relative to the start of the first quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 3.3%, compared to the estimated (year-over-year) earnings growth rate of 5.7% on December 31.

If 3.3% is the actual growth rate for the quarter, it will mark the third consecutive quarter of year-over-year earnings growth for the index.

Seven of the eleven sectors are projected to report year-over-year earnings growth, led by the Utilities, Communication Services, Information Technology, and Consumer Discretionary sectors. On the other hand, four sectors are predicted to report a year-over-year decline in earnings, led by the Energy and Materials sectors.

In terms of revenues, analysts have also decreased their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 3.5%, compared to the expectations for revenue growth of 4.3% on December 31.

If 3.5% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

Eight sectors are projected to report year-over-year growth in revenues, led by the Communication Services sector. On the other hand, three sectors are predicted to report a year-over-year decline in revenues, led by the Materials sector.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 9.1%, 8.3%, and 17.3% for Q2 2024, Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.0%.

The forward 12-month P/E ratio is 20.6, which is above the 5-year average (19.0) and above the 10-year average (17.7). It is also above the forward P/E ratio of 19.5 recorded at the end of the fourth quarter (December 31).

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

Earnings Revisions: Materials and Energy Sectors Has Seen Largest Decreases in EPS Estimates

Decline in Estimated Earnings Growth Rate for Q1 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q1 2024 decreased slightly to 3.3% from 3.4%. Downward revisions to EPS estimates for companies in multiple sectors were responsible for the small decrease in the overall earnings growth rate during the week.

The estimated earnings growth rate for the S&P 500 for Q1 2024 of 3.3% today is below the estimate of 5.7% at the start of the quarter (December 31), as estimated earnings for the index of $477.7 billion today are 2.2% below the estimate of $488.5 billion at the start of the quarter. Seven sectors have recorded a decrease in dollar-level earnings due to downward revisions to earnings estimates, led by the Energy and Materials sectors. On the other hand, four sectors have recorded an increase in expected (dollar-level) earnings due upward revisions to earnings estimates, led by the Consumer Discretionary sector.

Materials: 86% of Companies Have Seen a Decline in EPS Since December 31

The Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.2% (to $10.1 billion from $11.7 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -23.6% today from -12.0% on December 31. Despite the decrease in expected earnings, this sector has witnessed an increase in price of 5.6% since December 31. Overall, 24 of the 28 companies (86%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 24 companies, 18 have recorded a decrease in their mean EPS estimate of more than 10%, led by Albemarle (to $0.21 from $2.31), FMC Corporation (to $0.33 from $1.03), WestRock Company (to $0.25 from $0.55), International Paper (to $0.22 from $0.38), and Newmont (to $0.40 from $0.61).

Energy: Chevron Leads Earnings Decrease Since December 31

The Energy sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.0% (to $30.1 billion from $34.6 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -26.7% today from -15.7% on December 31. Despite the decrease in expected earnings, this sector has witnessed a price increase of 8.1% since December 31. Overall, 20 of the 23 companies (87%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 20 companies, 13 have recorded a decrease in their mean EPS estimate of more than 10%, led by Occidental Petroleum (to $0.59 from $1.21), APA Corporation (to $0.83 from $1.42), and EQT Corporation (to $0.77 from $1.24). However, Chevron (to $2.99 from $3.51), Exxon Mobil (to $2.09 from $2.25), Occidental Petroleum, and ConocoPhillips (to $1.98 from $2.37) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

Industrials: Boeing Leads Earnings Decrease Since December 31

The Industrials sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -5.3% (to $36.6 billion from $38.7 billion). As a result, the estimated (year-over-year) growth rate for this sector has decreased to 0.9% today from 6.6% on December 31. Despite the decrease in expected earnings, this sector has witnessed an increase in price of 6.7% since December 31. Overall, 59 of the 78 companies (76%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 59 companies, 14 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to -$0.57 from $0.64) and United Airlines Holding (to -$0.54 from -$0.21). Boeing has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

Health Care: Bristol-Myers Squibb Leads Earnings Decrease Since December 31

The Health Care sector has recorded the fourth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -5.1% (to $65.2 billion from $68.7 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -6.8% today from -1.9% on December 31. Despite the decrease in expected earnings, this sector witnessed a price increase of 6.7% since December 31. Overall, 52 of the 64 companies (81%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 52 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by West Pharmaceutical Services (to $1.30 from $2.11), Illumina (to $0.04 from $0.07), and Humana (to $6.59 from $10.32). However, Bristol-Myers Squibb (to $1.62 from $2.00), Humana, Pfizer (to $0.55 from $0.62), and CVS Health (to $1.71 from $2.02) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

Consumer Discretionary: Amazon.com Leads Earnings Increase Since December 31

The Consumer Discretionary sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 2.1% (to $36.2 billion from $35.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 15.4% today from 13.0% on December 31. This sector has also witnessed a price increase of 2.4% since December 31. Overall, 19 of the 53 companies (36%) in the Consumer Discretionary sector have seen an increase in their mean EPS estimate during this time. Of these 19 companies, 9 have recorded an increase in their mean EPS estimate of more than 10%, led by Norwegian Cruise Line (to $0.09 from -$0.20), Royal Caribbean Group (to $1.29 from $0.90), and Amazon.com (to $0.83 from $0.68). Amazon.com has also been the largest contributor to the increase in estimated (dollar-level) earnings for this sector since December 31.

Index-Level EPS Estimate: 2.3% Decrease Since December 31

The Q1 bottom-up EPS estimate (which is an aggregation of the median Q1 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has decreased by 2.3% (to $55.02 from $56.34) since December 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 3.7% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.4% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.7% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 3.9% on average during a quarter.

Thus, the decline in the bottom-up EPS estimate for the first quarter to date has been smaller than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

Guidance: More S&P 500 Companies Issuing Negative Guidance for Q1 Than Average

Quarterly Guidance: Negative Guidance for Q1 is Above 5-Year and 10-Year Averages

At this point in time, 110 companies in the index have issued EPS guidance for Q1 2024. Of these 110 companies, 78 have issued negative EPS guidance and 32 have issued positive EPS guidance. The number of companies issuing negative EPS guidance is above the 5-year average (58) and above the 10-year average (62). The percentage of S&P 500 companies issuing negative EPS guidance for Q1 2024 is 71% (78 out of 110), which is also above the 5-year average of 59% and above the 10-year average of 63%.

Annual Guidance: 54% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 264 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 264 companies, 142 have issued negative EPS guidance and 122 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 54% (142 out of 264).

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.

Earnings Growth: 3.3%

The estimated (year-over-year) earnings growth rate for Q1 2024 is 3.3%, which is below the 5-year average earnings growth rate of 9.5% and below the 10-year average earnings growth rate of 8.4%. If 3.3% is the actual growth rate for the quarter, it will mark the third consecutive quarter that the index has reported year-over-year earnings growth.

Seven of the eleven sectors are expected to report year-over-year earnings growth, led by the Utilities, Communication Services, Information Technology, and Consumer Discretionary sectors. On the other hand, four sectors are expected to report a year-over-year decline in earnings, led by the Energy and Materials sectors.

Utilities: Electric Utilities Is Largest Contributor to Year-Over-Year Growth

The Utilities sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 23.6%. At the industry level, 4 of 5 industries in this sector are predicted to report year-over-year earnings growth. Three of these five industries are projected to report double-digit growth: Independent Power and Renewable Electricity Producers (71%), Electric Utilities (42%), and Gas Utilities (13%). The Multi-Utilities industry (less than -1%) is the only industry expected to report a year-over-year decline in earnings.

At the industry level, the Electric Utilities industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Utilities sector would fall to 2.9% from 23.6%.

Communication Services: Meta Platforms Is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 19.8%. At the industry level, 3 of the 5 industries in the sector are predicted to report year-over-year earnings growth. Two of these three industries are projected to report double-digit growth: Interactive Media & Services (42%) and Wireless Telecommunication Services (20%). On the other hand, two industries are expected to report a year-over-year decline in earnings: Diversified Telecommunication Services (-8%) and Media (-4%).

At the company level, Meta Platforms ($4.28 vs. $2.20) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated (year-over-year) earnings growth rate for Communication Services sector would fall to 9.7% from 19.8%.

Information Technology: NVIDA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 19.1%. At the industry level, 3 of the 6 industries in the sector are predicted to report year-over-year earnings growth. Two of these three industries are projected to report double-digit growth: Semiconductors & Semiconductor Equipment (71%) and Software (15%). On the other hand, three industries are projected to report a year-over-year decline in earnings, led by the Communications Equipment (-9%) and Electronic Equipment, Instruments, & Components (-8%) industries.

At the company level, NVIDIA ($5.54 vs. $1.09) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated (year-over-year) earnings growth rate for the Information Technology sector would fall to 6.4% from 19.1%.

Consumer Discretionary: Amazon.com Is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 15.4%. At the industry level, 5 of the 9 industries in the sector are predicted to report year-over-year earnings growth. Three of these five industries are projected to report double-digit growth: Leisure Products (2,843%), Broadline Retail (143%), and Hotels, Restaurants, & Leisure (39%). On the other hand, four industries are expected to report a year-over-year decline in earnings. One of these four industries is predicted to report a double-digit decrease: Automobiles (-24%).

At the company level, Amazon.com ($0.83 vs. $0.31) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be projected to report a (year-over-year) decline in earnings of -2.3% instead of earnings growth of 15.4%.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of 15% or More

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -26.7%. At the sub-industry level, four of the five sub-industries in the sector are predicted to report a (year-over-year) decrease in earnings: Oil & Gas Refining & Marketing (-60%), Integrated Oil & Gas (-26%), Oil & Gas Exploration & Production (-17%), and Oil & Gas Storage & Transportation (-3%). On the other hand, the Oil & Gas Equipment & Services (17%) sub-industry is the only sub-industry in the sector projected to report year-over-year earnings growth.

Materials: All 4 Industries Expected to Report Year-Over-Year Decline of 10% or More

The Materials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -23.6%. At the industry level, all four industries in this sector are predicted to report a year-over-year decline in earnings of 10% or more: Containers & Packaging (-27%), Chemicals (-26%), Metals & Mining (-16%), and Construction Materials (-12%).

Revenue Growth: 3.5%

The estimated (year-over-year) revenue growth rate for Q1 2024 is 3.5%, which is below the 5-year average revenue growth rate of 6.9% and below the 10-year average revenue growth rate of 5.0%. If 3.5% is the actual revenue growth rate for the quarter, it will mark the 14^{th} consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are projected to report year-over-year growth in revenues, led by the Communication Services sector. On the other hand, three sectors are predicted to report a year-over-year decline in revenues, led by the Materials sector.

Communication Services: 4 of 5 Industries Expected to Report Year-Over-Year Growth

The Communications Services sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 7.4%. At the industry level, four of the five industries in this sector are predicted to reported (year-over-year) growth in revenues. However, the Interactive Media & Services (15%) industry is the only industry that is projected to report double-digit growth.

Materials: 3 of 4 Industries Expected to Report Year-Over-Year Decline

The Materials sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -5.2%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in revenues: Chemicals (-7%), Containers & Packaging (-6%), and Construction Materials (-3%). On the other hand, the Metals & Mining (2%) industry is the only industry projected to report year-over-year growth in revenues.

Net Profit Margin: 11.5%

The estimated net profit margin for the S&P 500 for Q1 2024 is 11.5%, which is above the previous quarter's net profit margin of 11.2%, equal to the 5-year average of 11.5%, and below the year-ago net profit margin of 11.6%.

At the sector level, four sectors are expected to report a year-over-year increase in their net profit margins in Q1 2024 compared to Q1 2023, led by the Utilities (13.2% vs. 10.3%) and Information Technology (25.1% vs. 22.4%) sectors. On the other hand, seven sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2024 compared to Q1 2023, led by the Energy (9.6% vs. 12.5%) and Materials (9.0% vs. 11.2%) sectors.

Seven sectors are expected to report net profit margins in Q1 2024 that are above their 5-year averages, led by the Information Technology (25.1% vs. 23.3%) sector. On the other hand, four sectors are expected to report net profit margins in Q1 2024 that are below their 5-year averages, led by the Health Care (8.2% vs. 10.1%) and Materials (9.1% vs. 10.9%) sectors.

Forward Estimates and Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 11% for CY 2024

For the first quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 3.3% and year-over-year growth in revenues of 3.5%.

For Q2 2024, analysts are projecting earnings growth of 9.1% and revenue growth of 4.6%.

For Q3 2024, analysts are projecting earnings growth of 8.3% and revenue growth of 5.1%.

For Q4 2024, analysts are projecting earnings growth of 17.3% and revenue growth of 5.8%.

For CY 2024, analysts are projecting earnings growth of 11.0% and revenue growth of 5.0%.

For CY 2025, analysts are projecting earnings growth of 13.2% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 20.6, Above the 10-Year Average (17.7)

The forward 12-month P/E ratio for the S&P 500 is 20.6. This P/E ratio is above the 5-year average of 19.0 and above the 10-year average of 17.7. It is also above the forward 12-month P/E ratio of 19.5 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has increased by 8.0%, while the forward 12-month EPS estimate has increased by 2.7%. At the sector level, the Information Technology (28.5) and Consumer Discretionary (24.7) sectors have the highest forward 12-month P/E ratios, while the Energy (12.7) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.6, which is above the 5-year average of 23.0 and above the 10-year average of 21.2.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

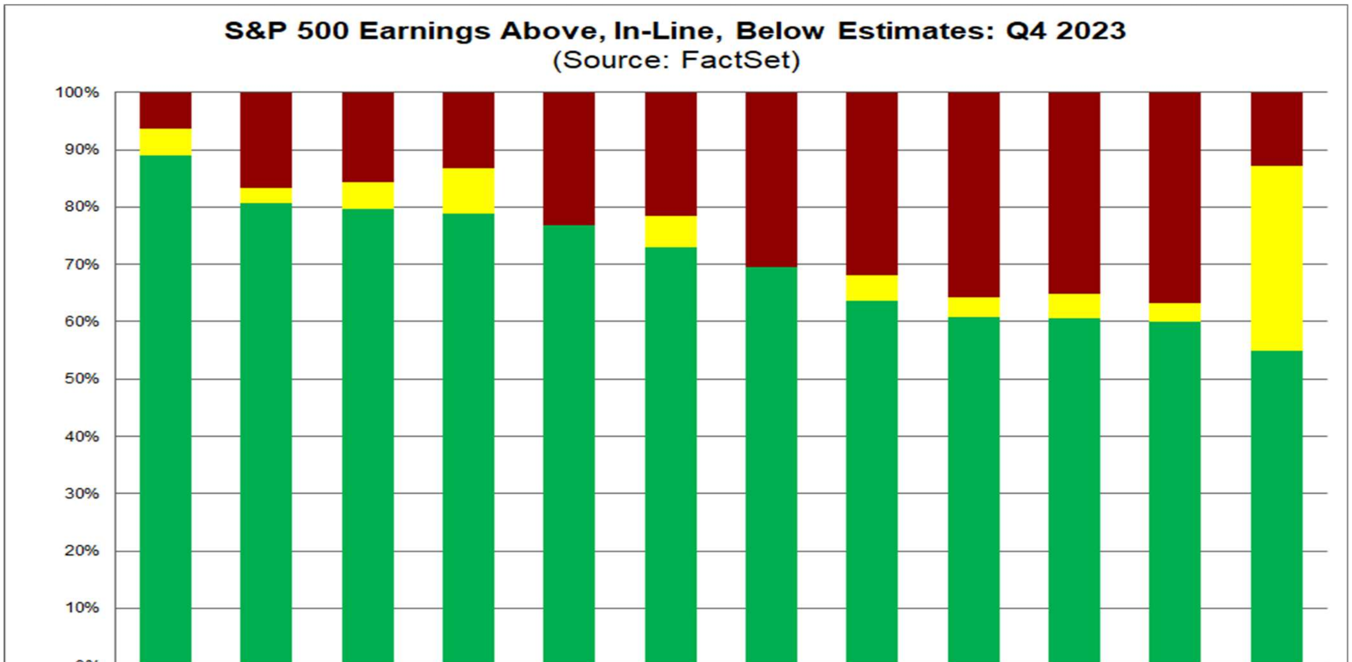
The bottom-up target price for the S&P 500 is 5647.67, which is 9.7% above the closing price of 5150.48. At the sector level, the Consumer Discretionary (+13.2%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Materials (+2.9%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,557 ratings on stocks in the S&P 500. Of these 11,557 ratings, 53.8% are Buy ratings, 40.5% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Energy (63%) and Communication Service (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Materials (46%) sectors have the lowest percentages of Buy ratings.

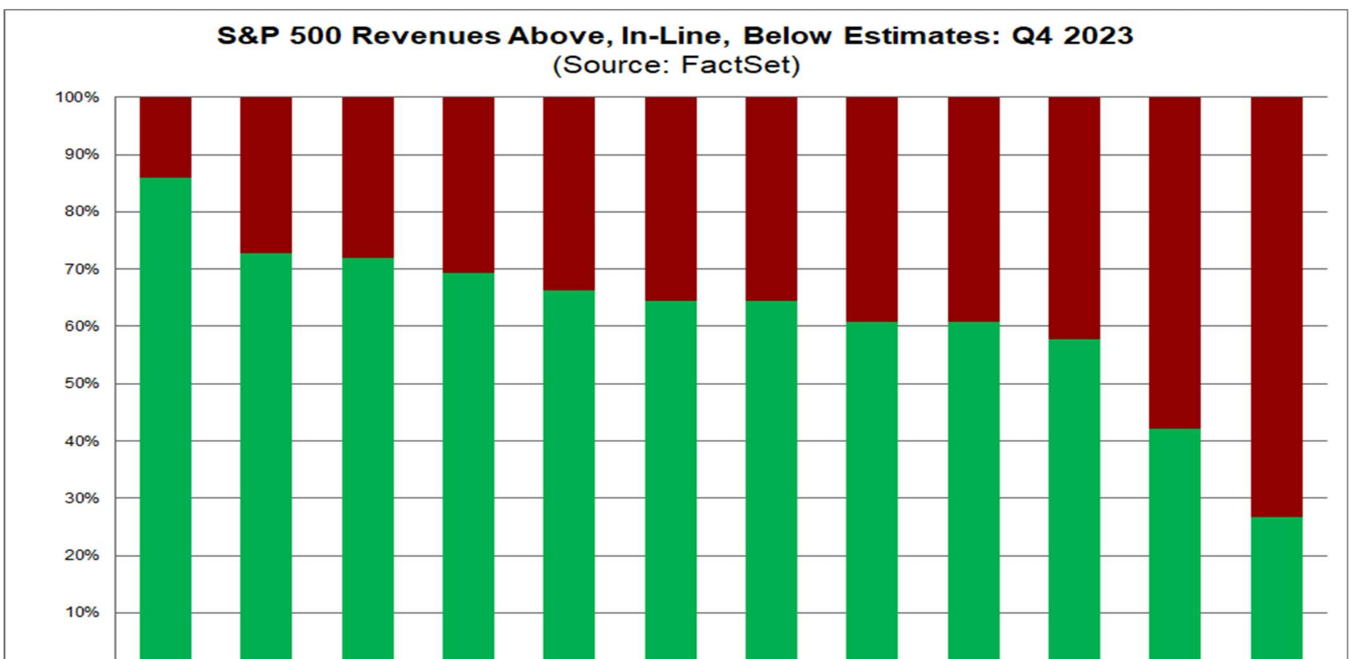
Companies Reporting Next Week: 8

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

Q4 2023: Scorecard

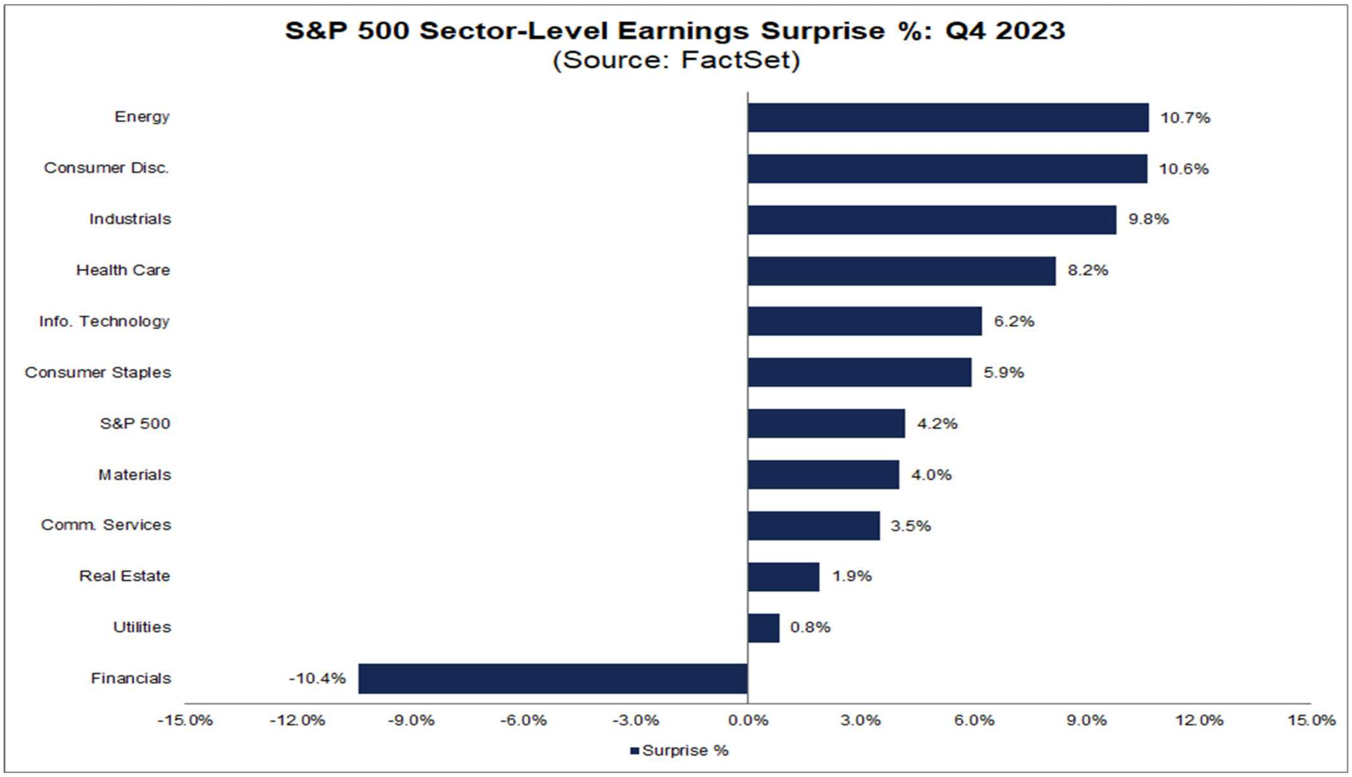


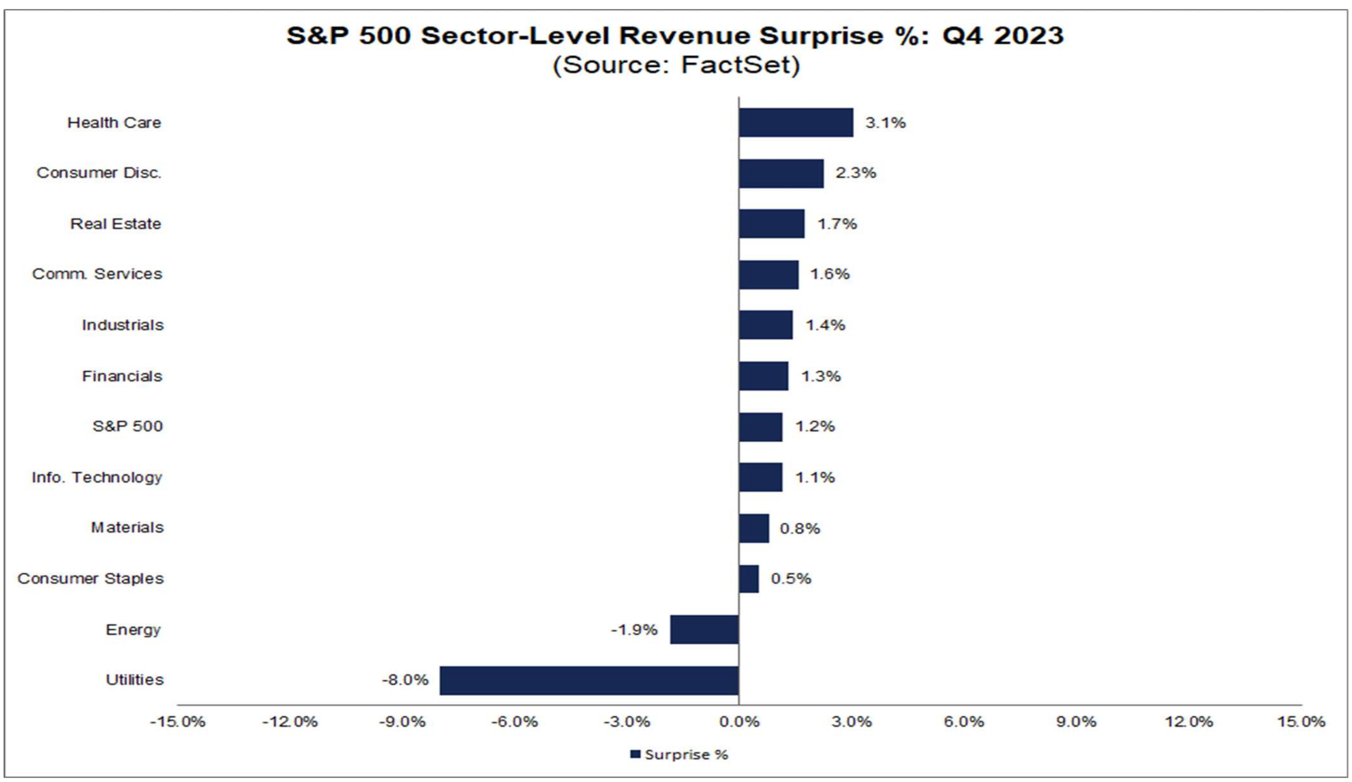
	Info. Technology	Industrials	Health Care	Consumer Staples	Consumer Disc.	S&P 500	Energy	Comm. Services	Materials	Financials	Utilities	Real Estate
Below	6%	17%	16%	13%	23%	22%	30%	32%	36%	35%	37%	13%
In-Line	5%	3%	5%	8%	0%	5%	0%	5%	4%	4%	3%	32%
Above	89%	81%	80%	79%	77%	73%	70%	64%	61%	61%	60%	55%



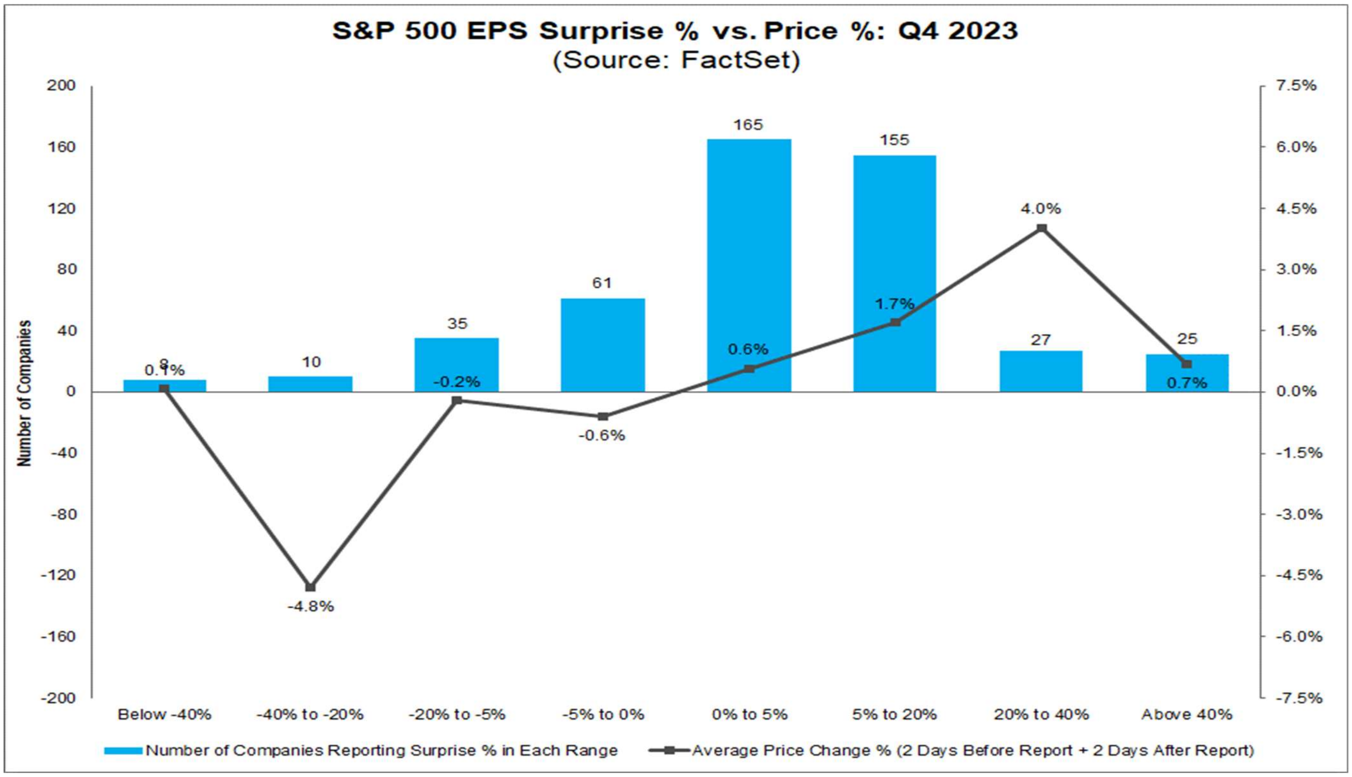
	Health Care	Comm. Services	Info. Technology	Industrials	Financials	Real Estate	S&P 500	Energy	Materials	Consumer Disc.	Consumer Staples	Utilities
Below	14%	27%	28%	31%	34%	35%	36%	39%	39%	42%	58%	73%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	86%	73%	72%	69%	66%	65%	64%	61%	61%	58%	42%	27%

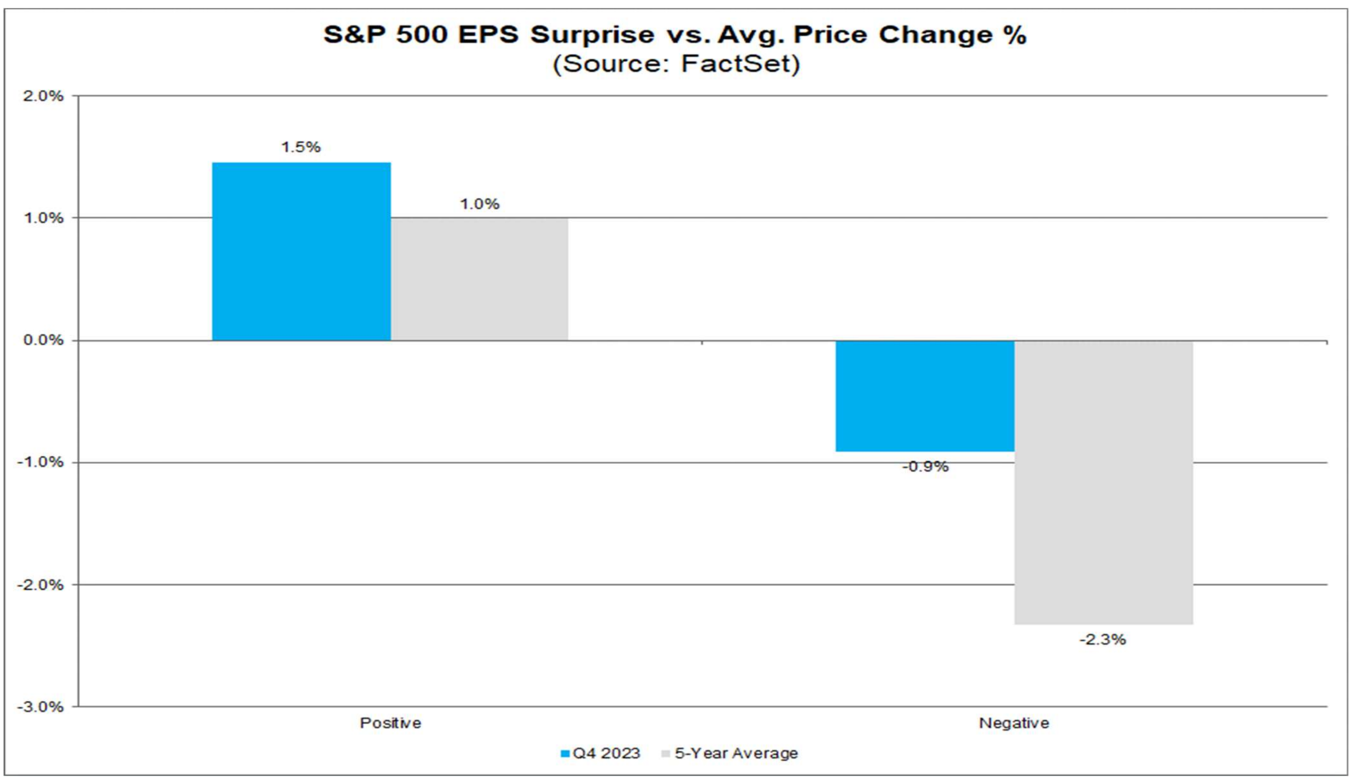
Q4 2023: Surprise



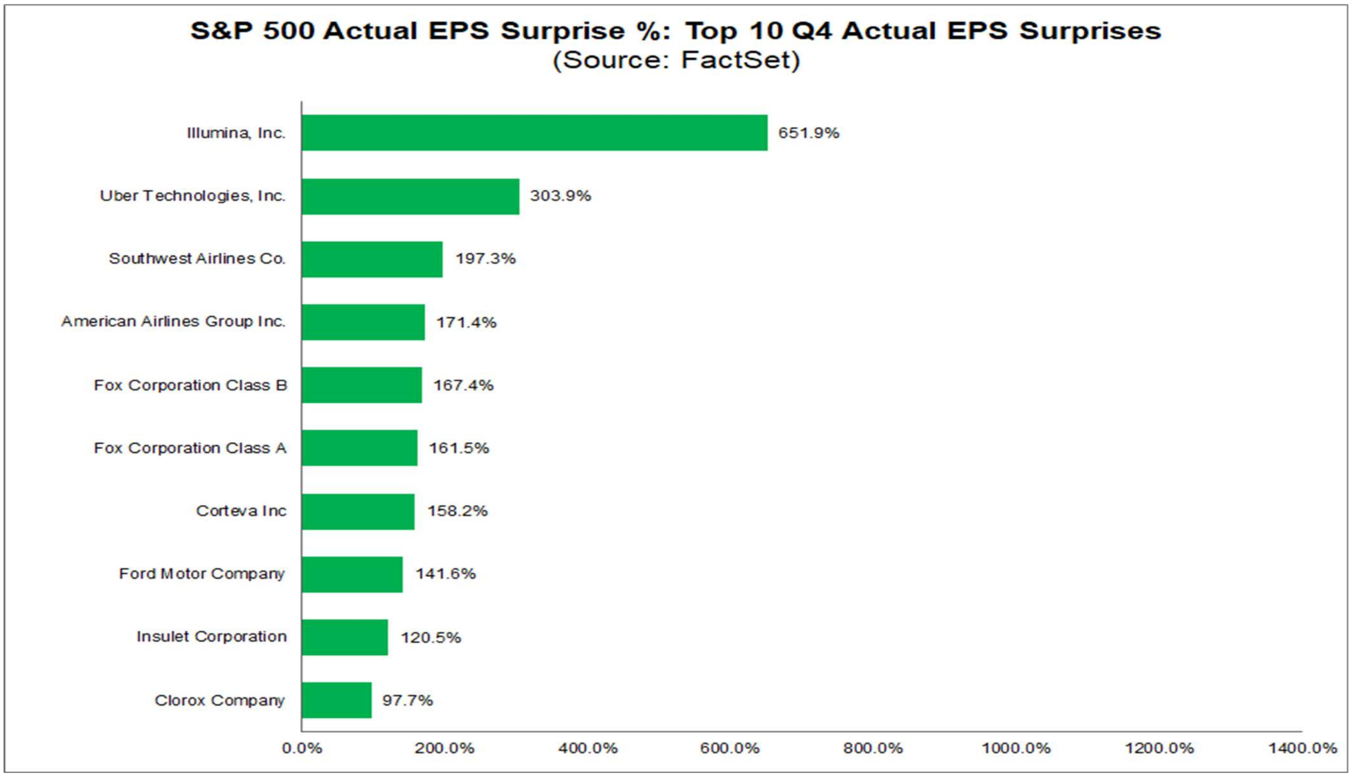


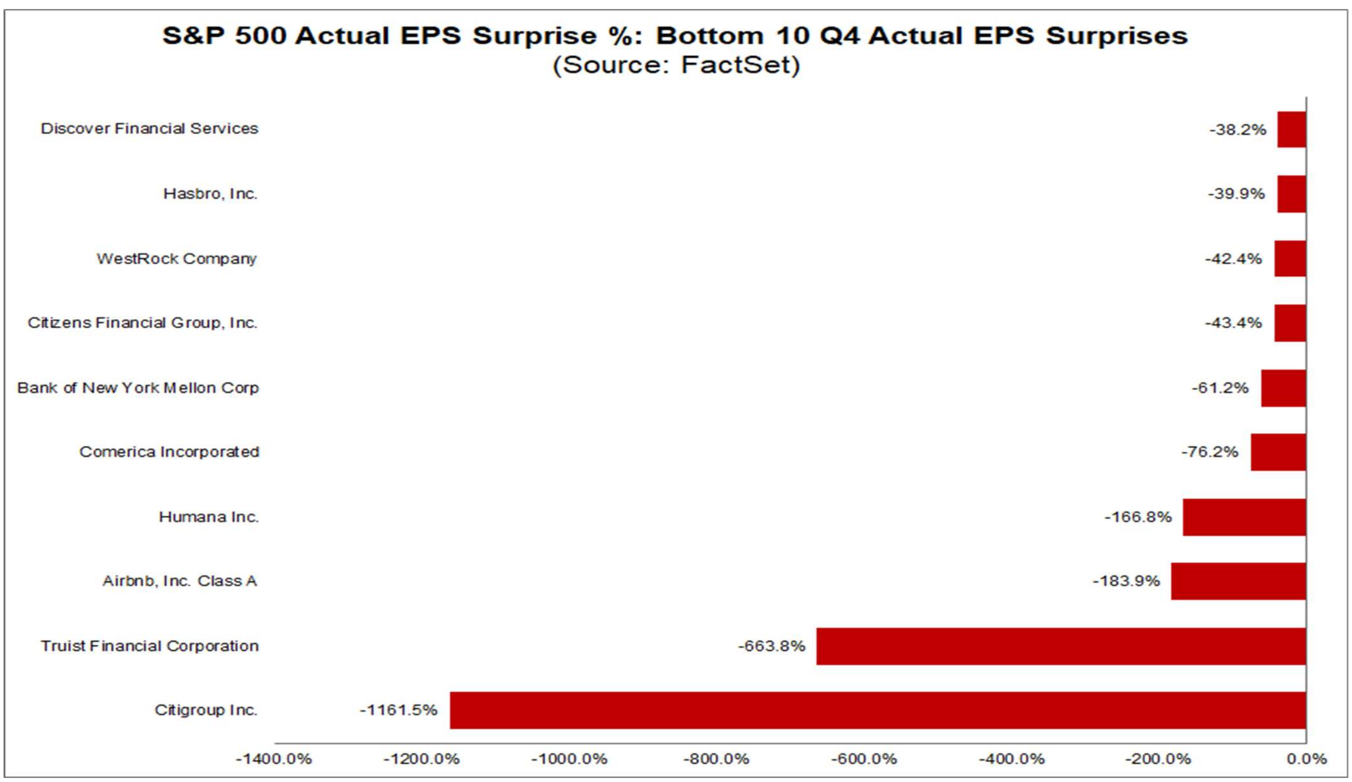
Q4 2023: Surprise



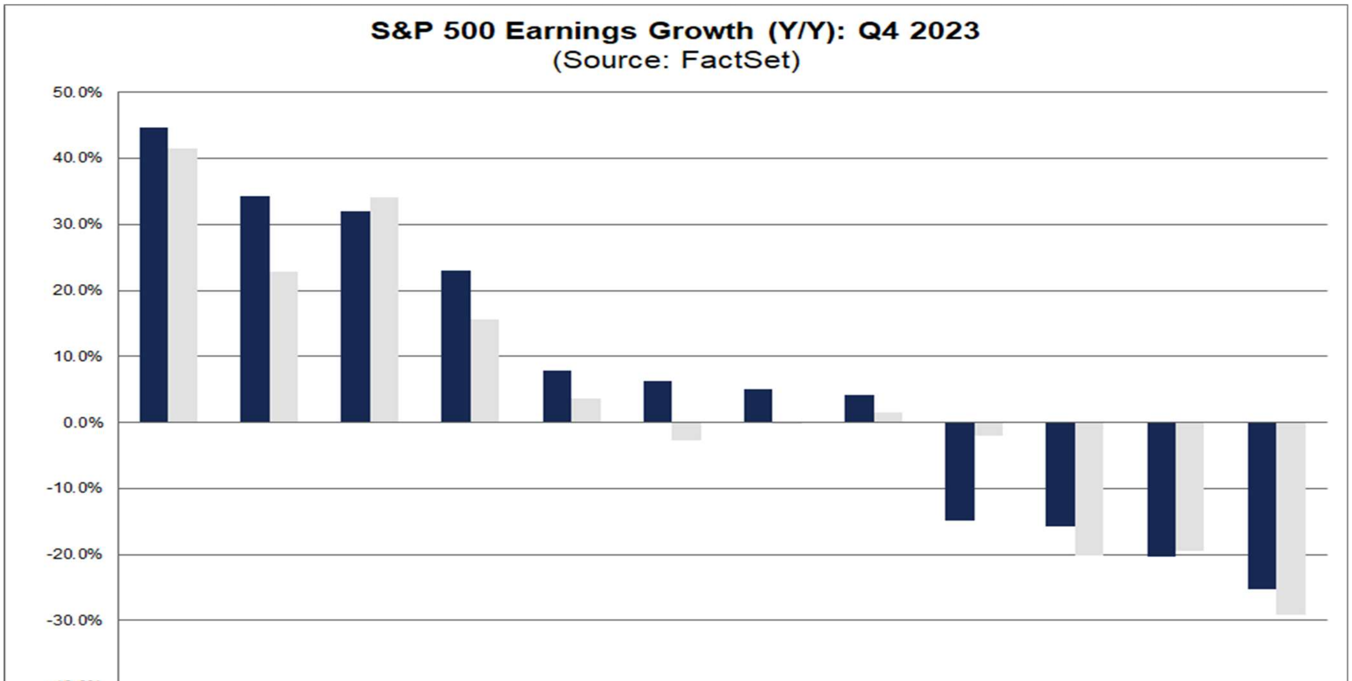


Q4 2023: Surprise

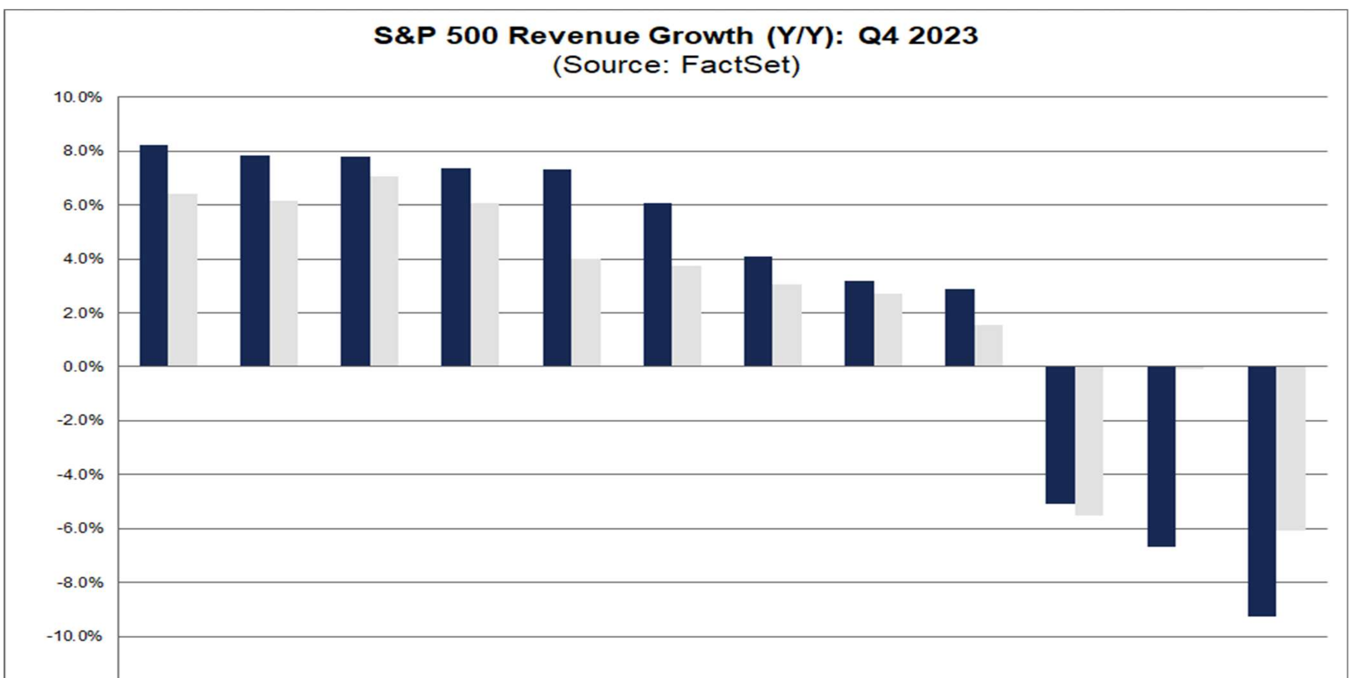




Q4 2023: Growth

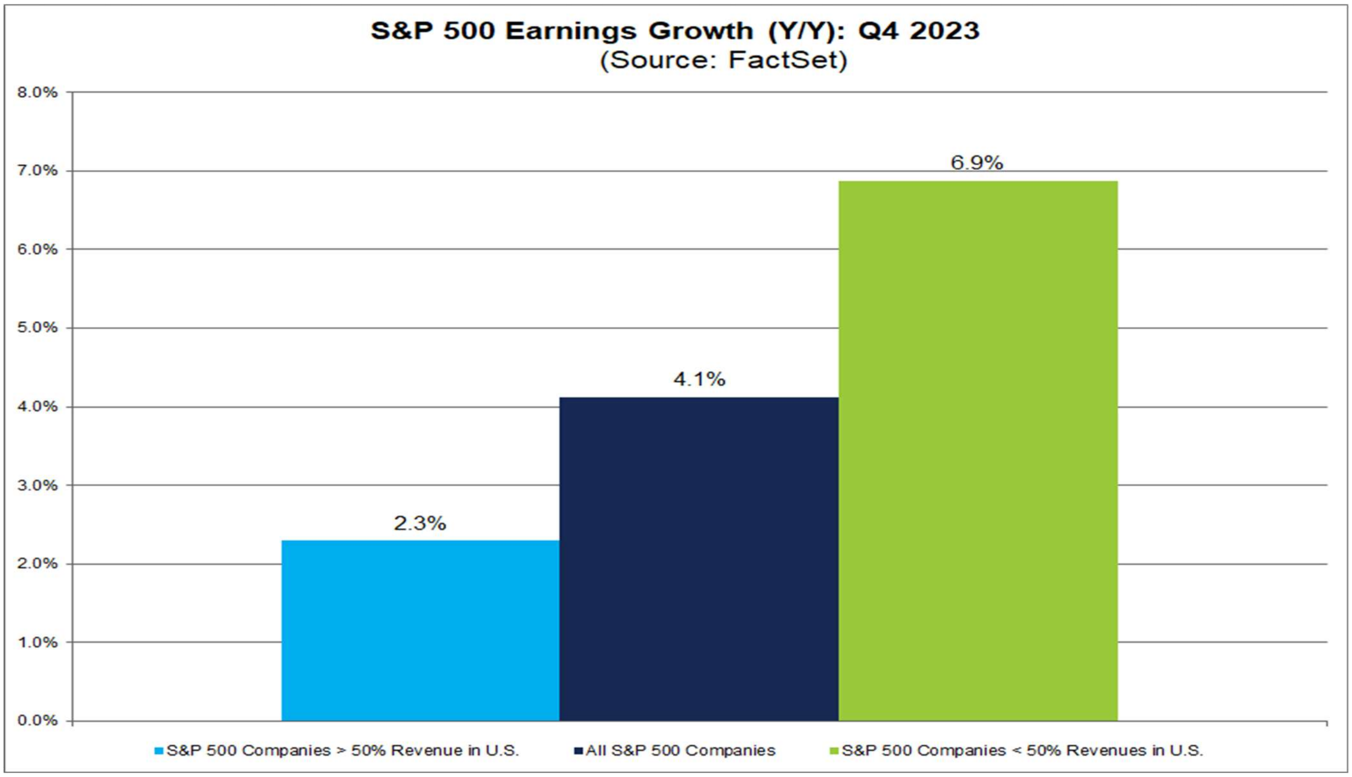


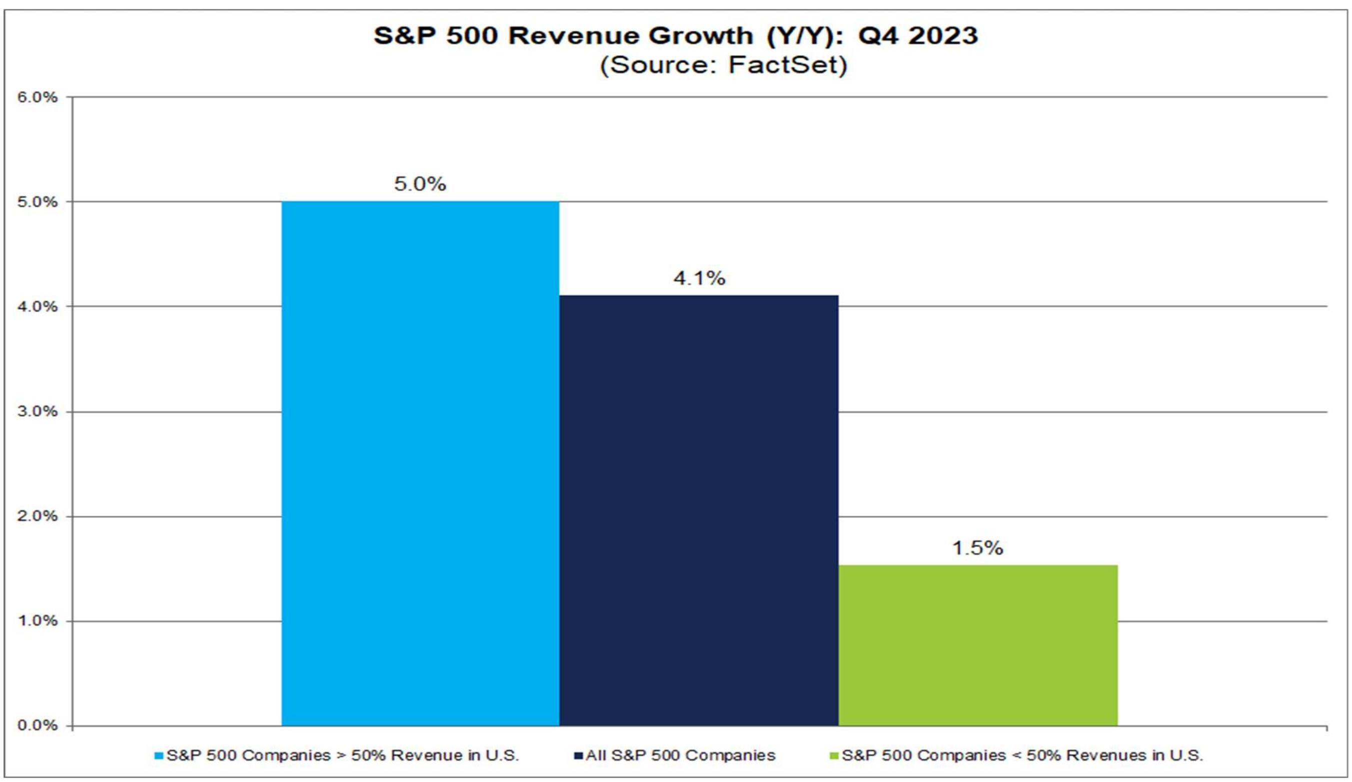
	Comm. Services	Consumer Disc.	Utilities	Info. Technology	Real Estate	Industrials	Consumer Staples	S&P 500	Financials	Health Care	Materials	Energy
Today	44.7%	34.3%	32.1%	23.0%	7.9%	6.3%	5.0%	4.1%	-14.8%	-15.8%	-20.4%	-25.3%
31-Dec	41.4%	22.8%	34.0%	15.7%	3.7%	-2.7%	-0.3%	1.5%	-2.0%	-20.1%	-19.5%	-29.0%



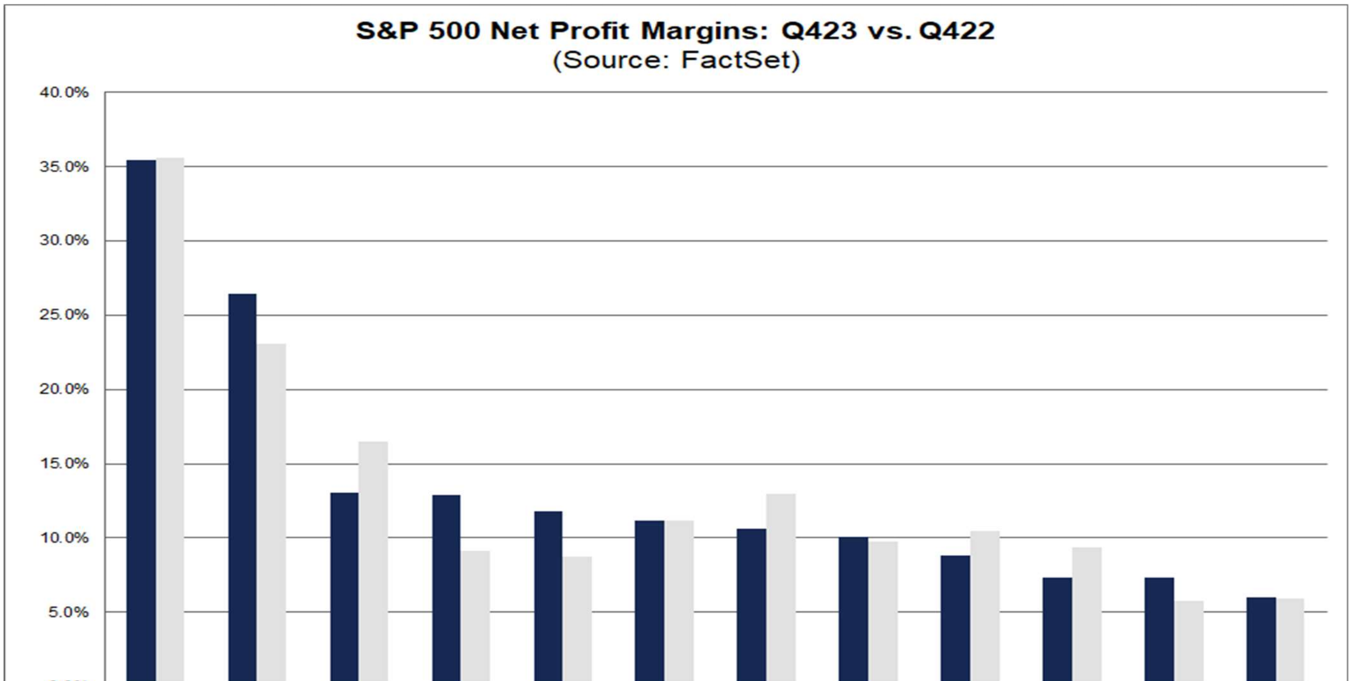
	Real Estate	Comm. Services	Financials	Info. Technology	Health Care	Consumer Disc.	S&P 500	Consumer Staples	Industrials	Materials	Utilities	Energy
Today	8.2%	7.8%	7.8%	7.4%	7.3%	6.1%	4.1%	3.2%	2.9%	-5.1%	-6.7%	-9.3%
31-Dec	6.4%	6.2%	7.1%	6.1%	4.0%	3.7%	3.1%	2.7%	1.6%	-5.5%	-0.1%	-6.1%

Q4 2023: Growth

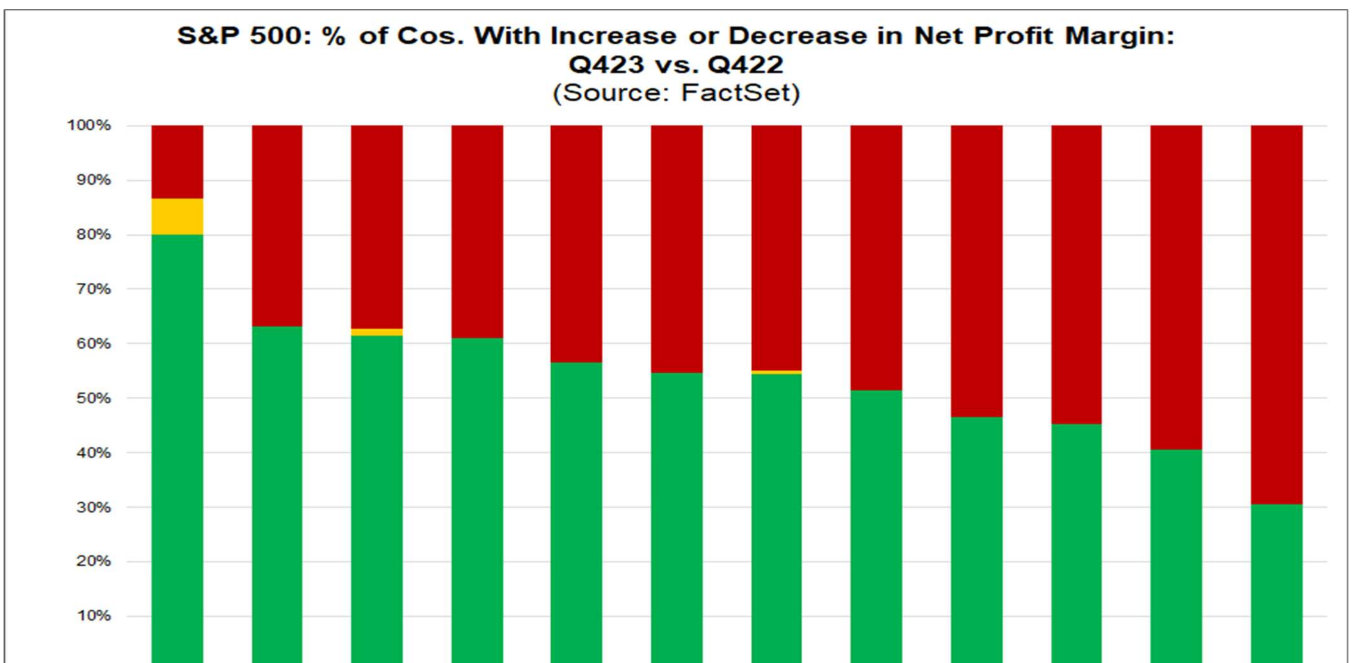




Q4 2023: Net Profit Margin

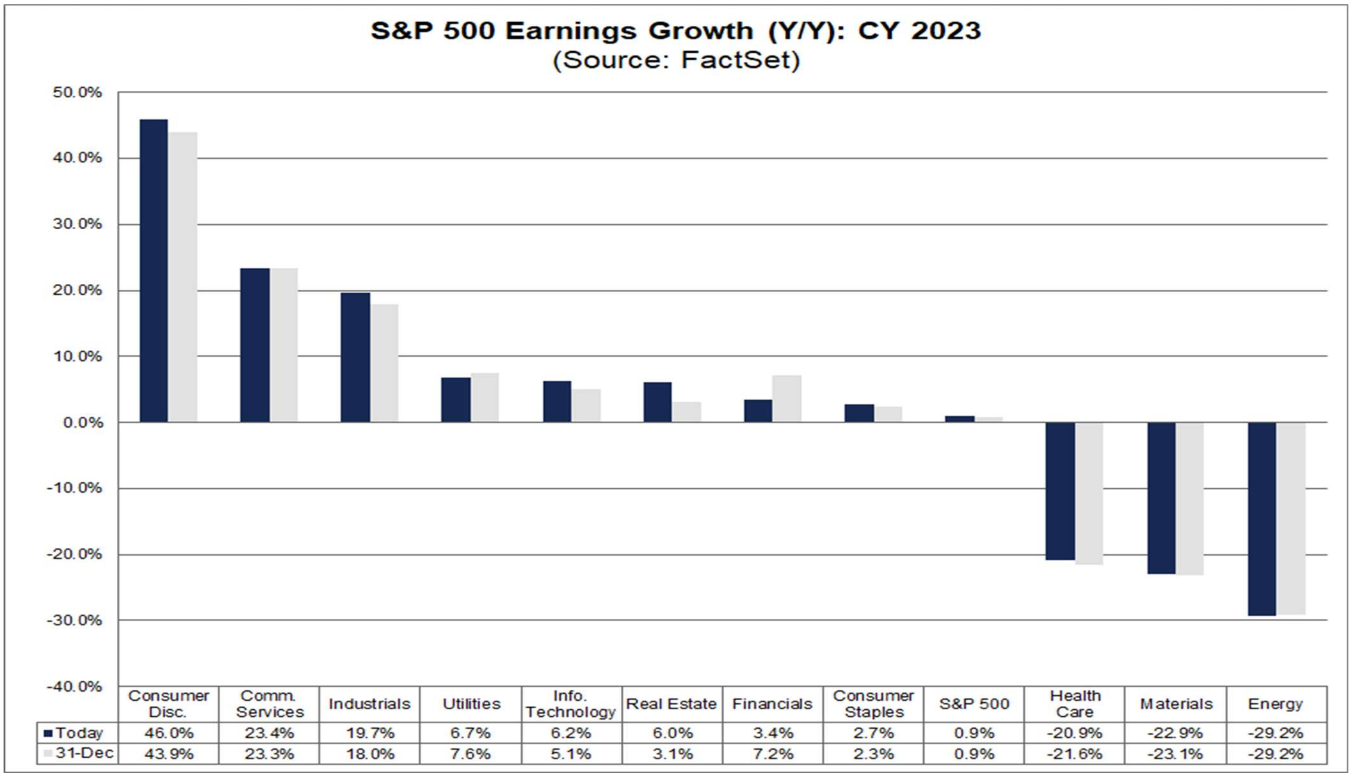


	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Health Care	Consumer Disc.	Consumer Staples
Q423	35.5%	26.4%	13.1%	12.9%	11.8%	11.2%	10.7%	10.1%	8.8%	7.4%	7.4%	6.0%
Q422	35.6%	23.1%	16.5%	9.1%	8.8%	11.2%	13.0%	9.8%	10.5%	9.4%	5.8%	5.9%

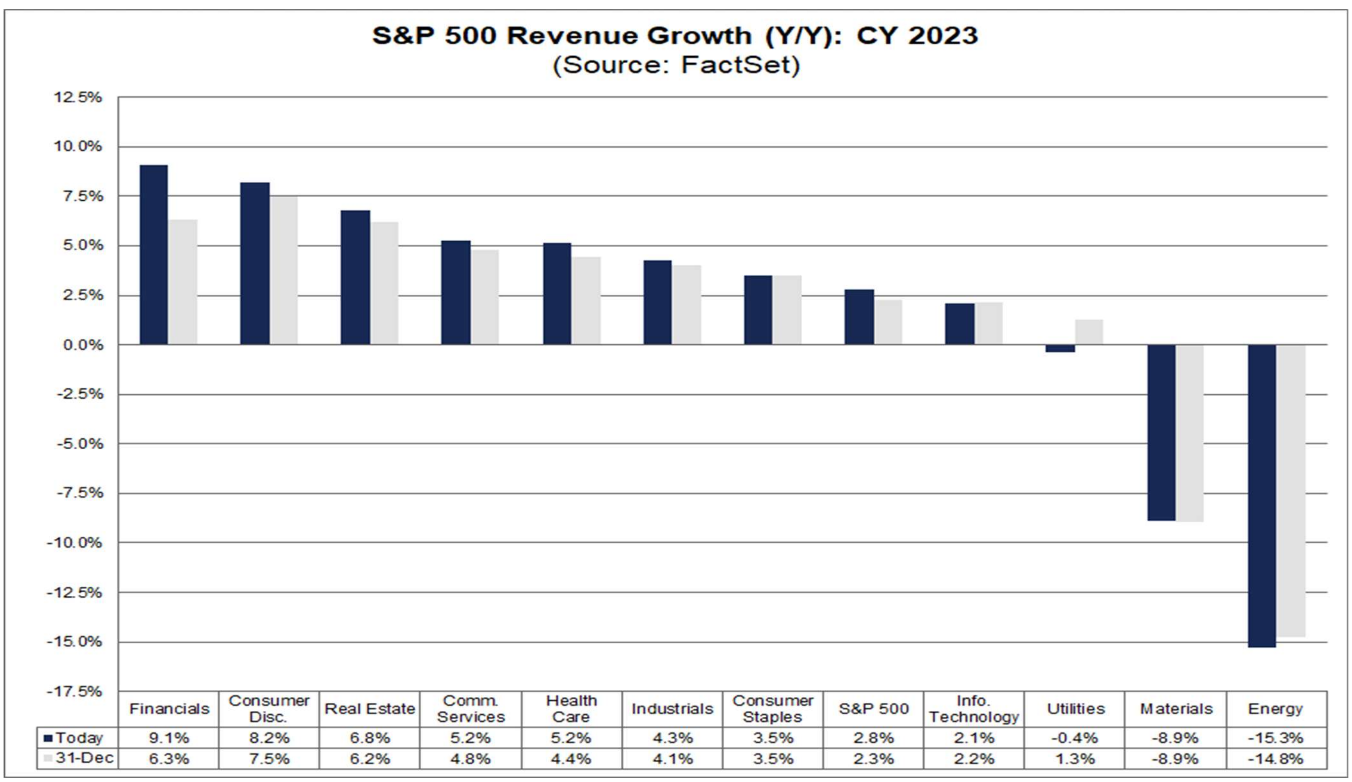


	Utilities	Consumer Staples	Industrials	Information Tech.	Consumer Disc.	Comm. Services	S&P 500	Financials	Materials	Real Estate	Health Care	Energy
Down %	13%	37%	37%	39%	43%	45%	45%	49%	54%	55%	59%	70%
None %	7%	0%	1%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Up %	80%	63%	62%	61%	57%	55%	54%	51%	46%	45%	41%	30%

CY 2023: Growth

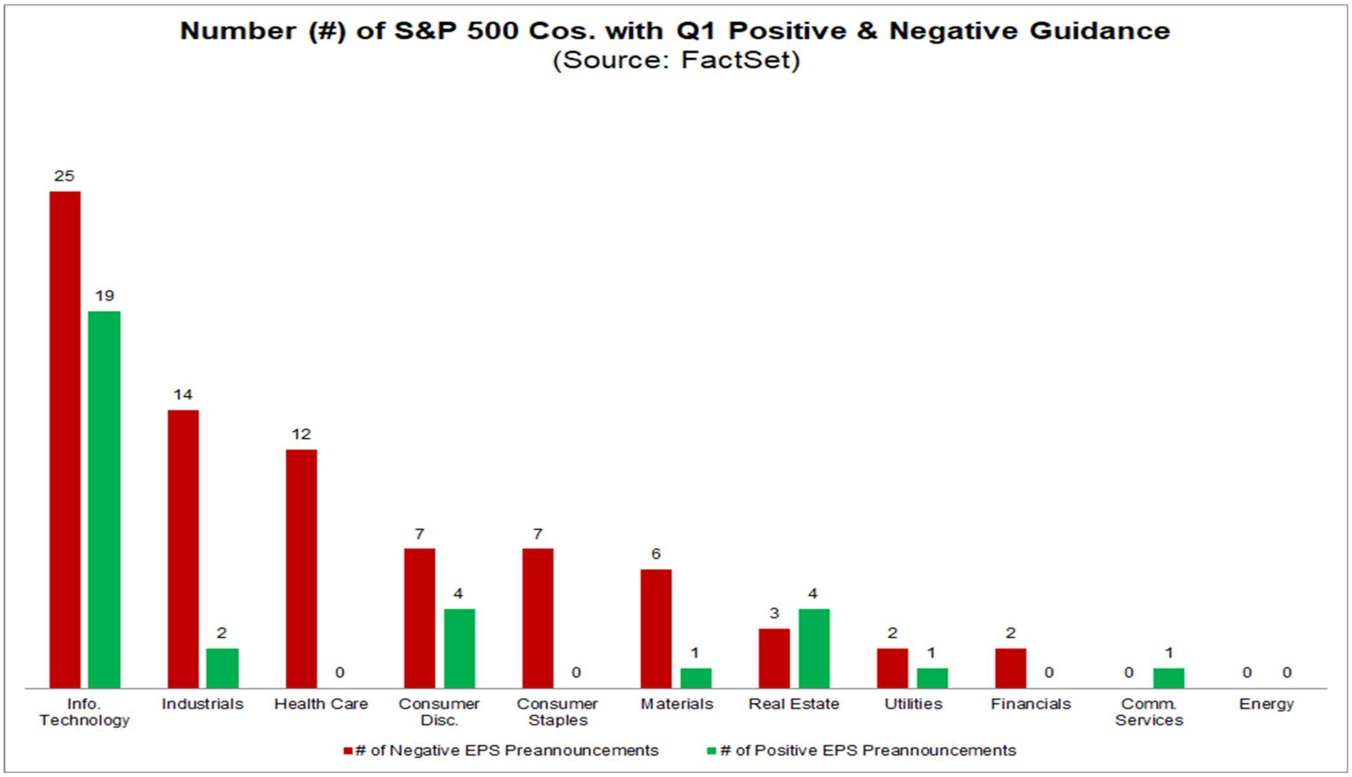


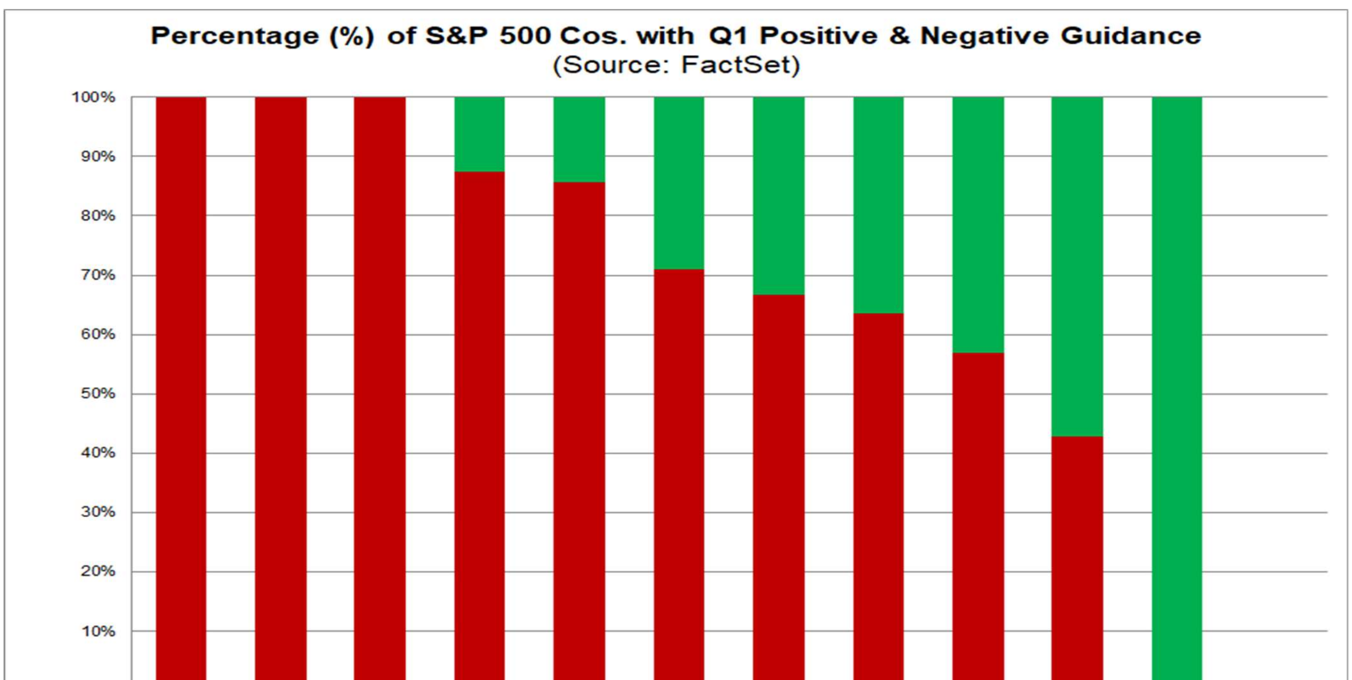
	Consumer Disc.	Comm. Services	Industrials	Utilities	Info. Technology	Real Estate	Financials	Consumer Staples	S&P 500	Health Care	Materials	Energy
Today	46.0%	23.4%	19.7%	6.7%	6.2%	6.0%	3.4%	2.7%	0.9%	-20.9%	-22.9%	-29.2%
31-Dec	43.9%	23.3%	18.0%	7.6%	5.1%	3.1%	7.2%	2.3%	0.9%	-21.6%	-23.1%	-29.2%



	Financials	Consumer Disc.	Real Estate	Comm. Services	Health Care	Industrials	Consumer Staples	S&P 500	Info. Technology	Utilities	Materials	Energy
Today	9.1%	8.2%	6.8%	5.2%	5.2%	4.3%	3.5%	2.8%	2.1%	-0.4%	-8.9%	-15.3%
31-Dec	6.3%	7.5%	6.2%	4.8%	4.4%	4.1%	3.5%	2.3%	2.2%	1.3%	-8.9%	-14.8%

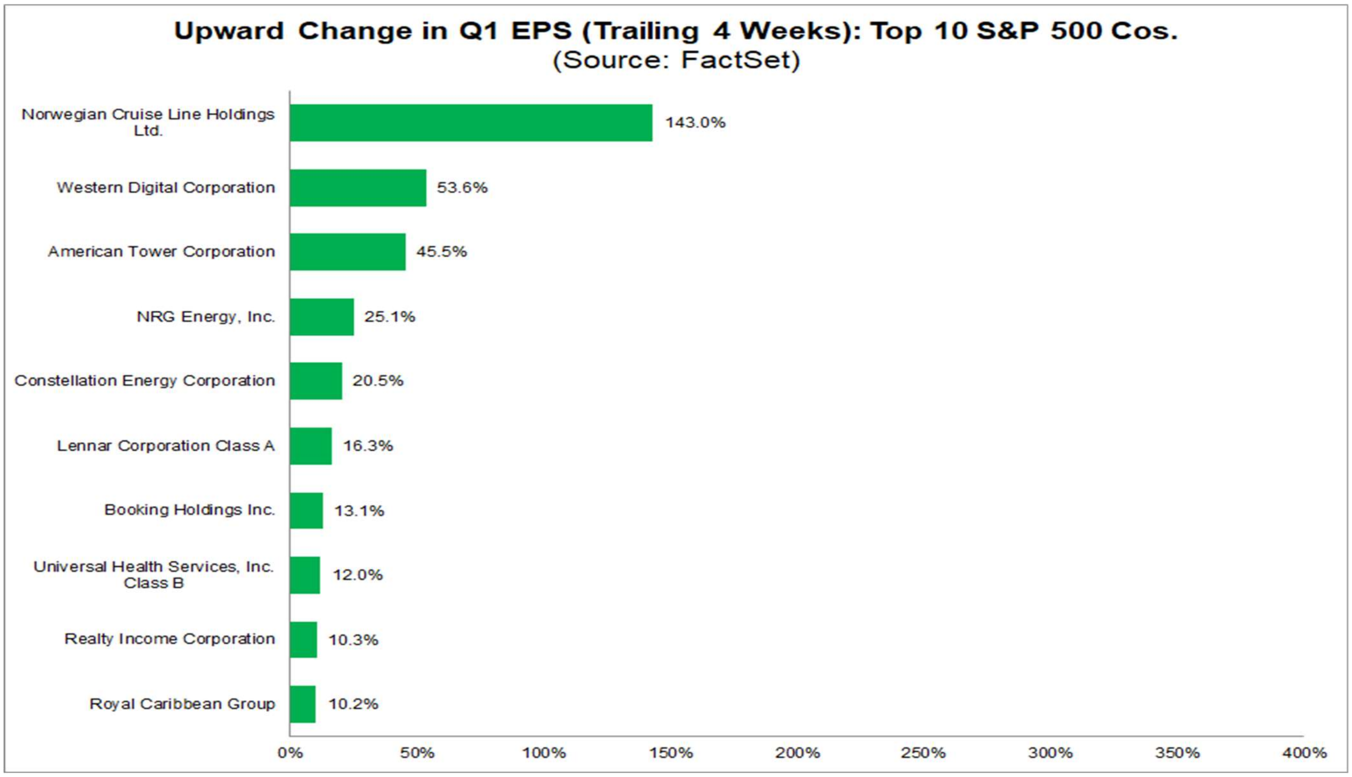
Q1 2024: Guidance

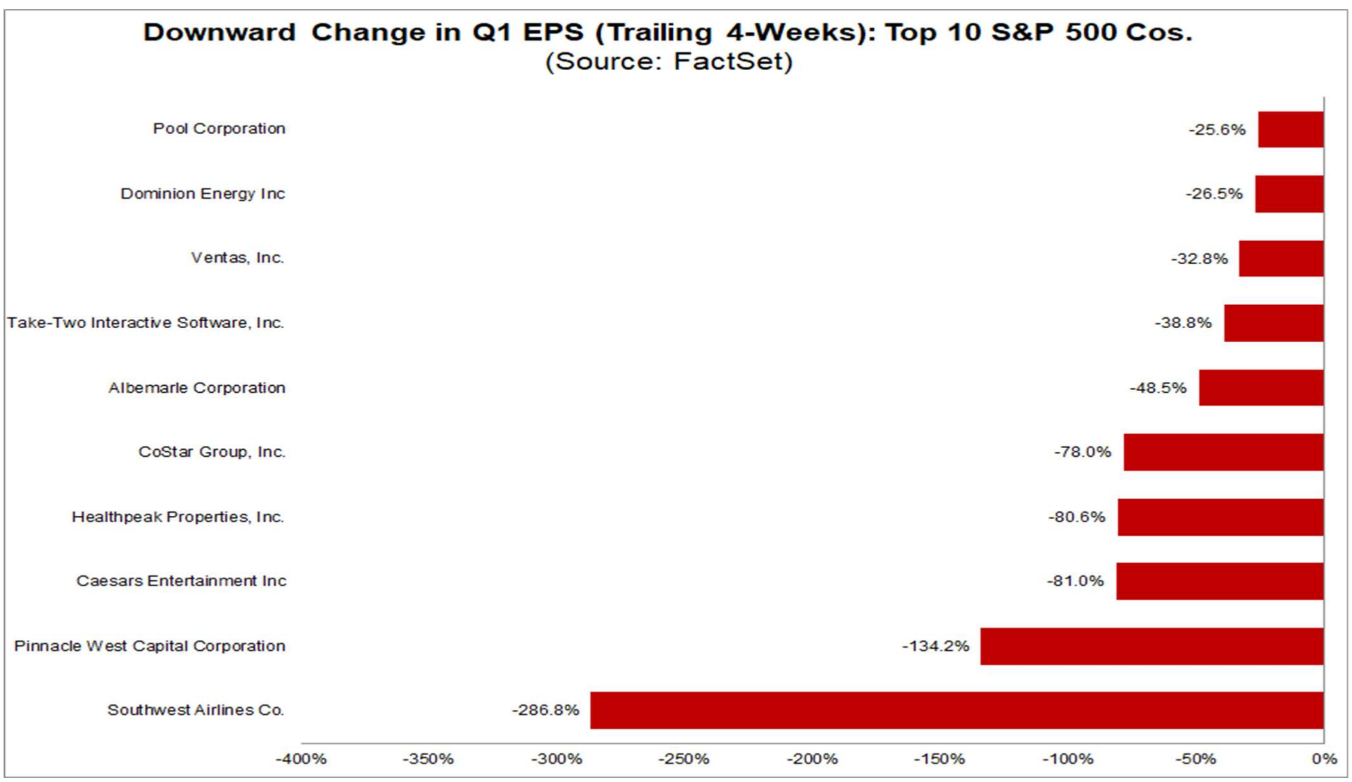




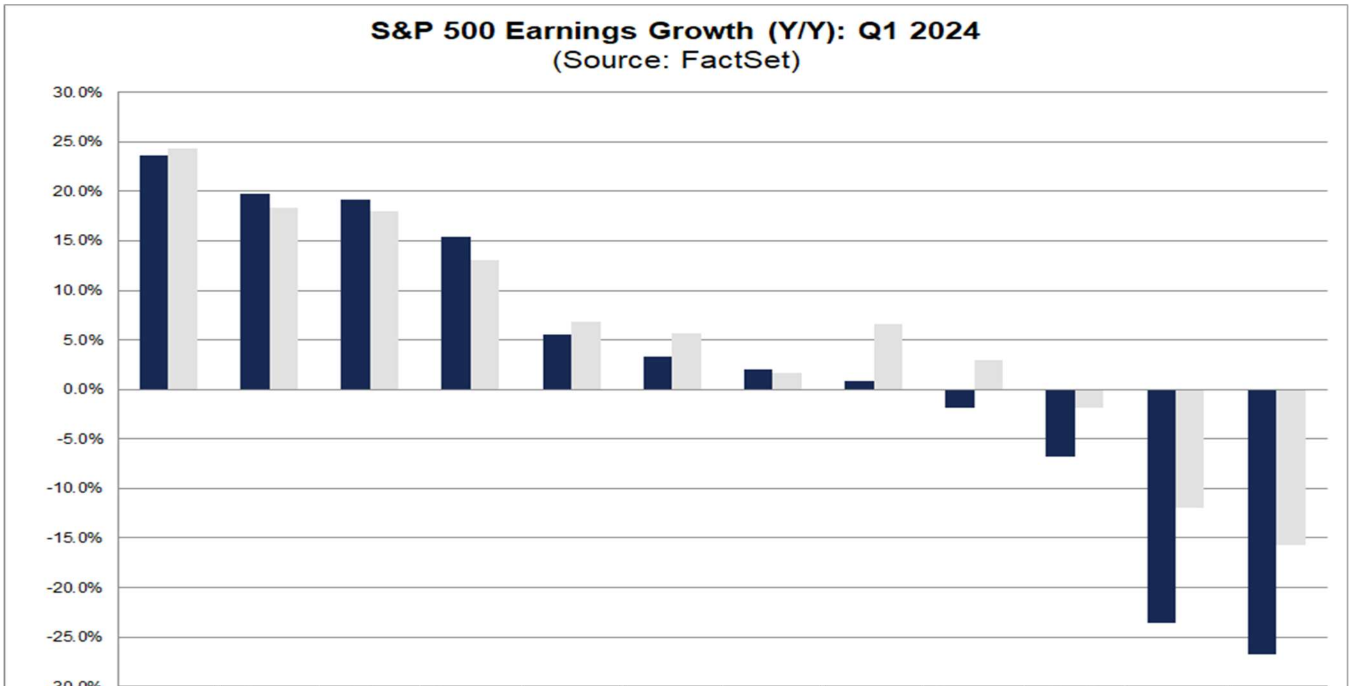
	Health Care	Consumer Staples	Financials	Industrials	Materials	S&P 500	Utilities	Consumer Disc.	Info. Technology	Real Estate	Comm. Services	Energy
Positive	0%	0%	0%	13%	14%	29%	33%	36%	43%	57%	100%	0%
Negative	100%	100%	100%	88%	86%	71%	67%	64%	57%	43%	0%	0%

Q1 2024: EPS Revisions

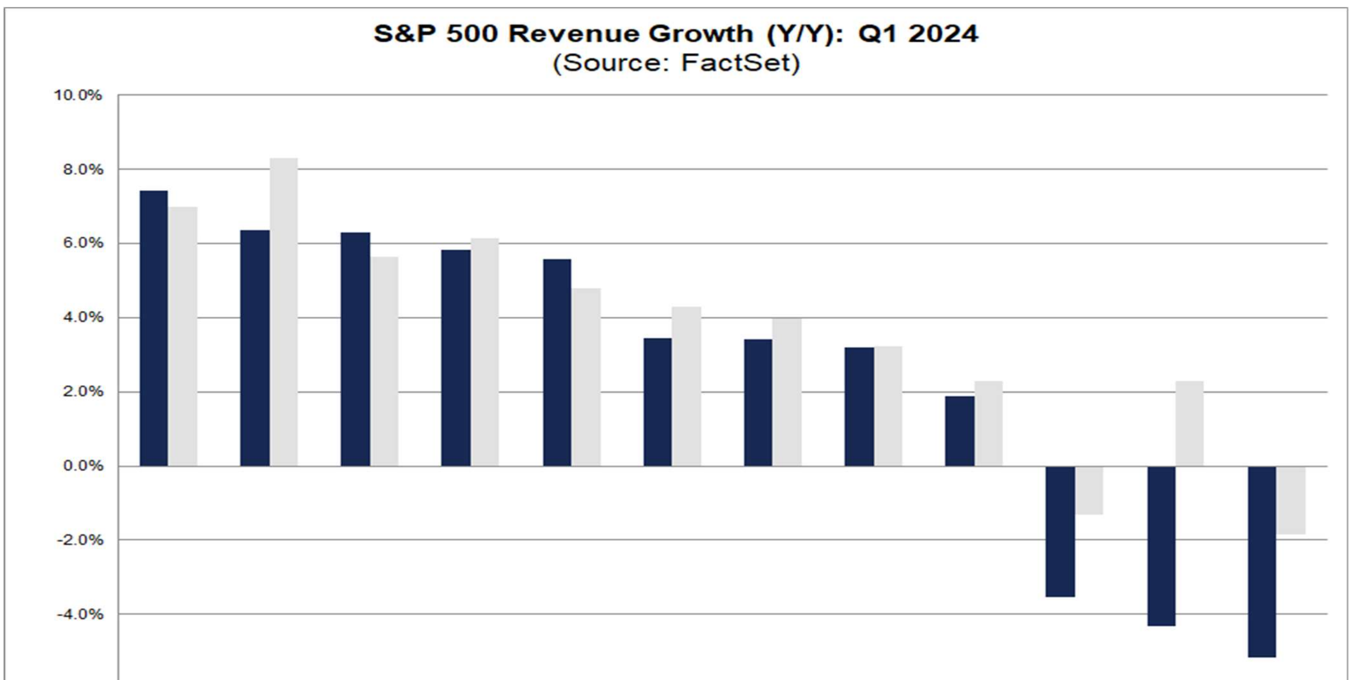




Q1 2024: Growth

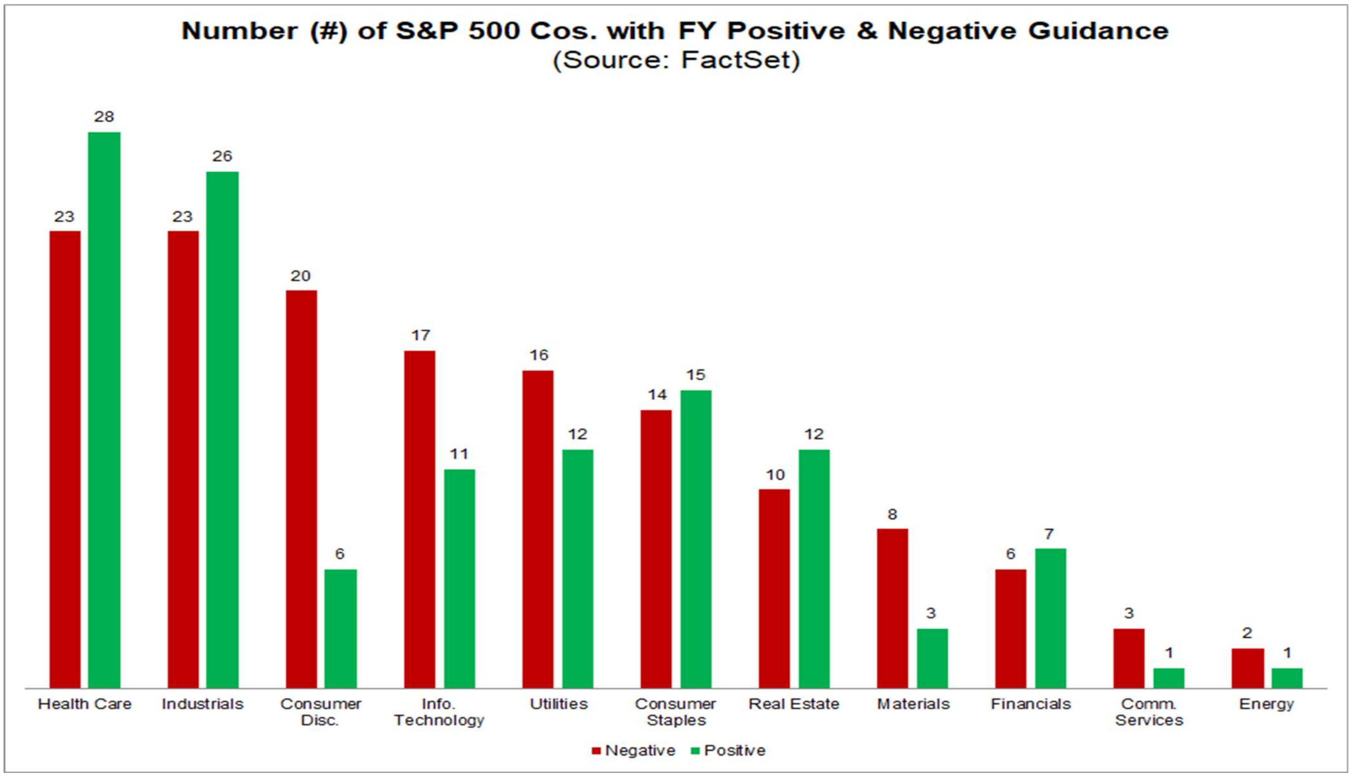


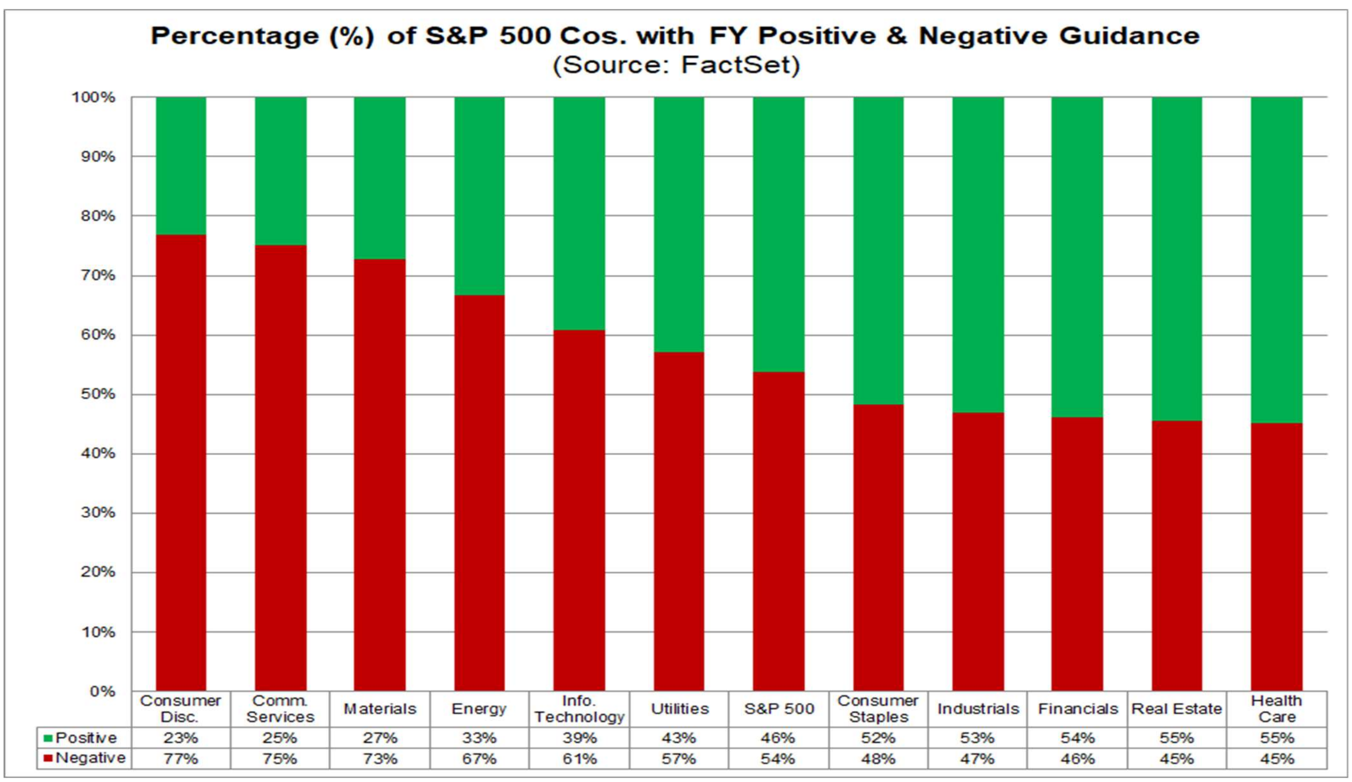
	Utilities	Comm. Services	Info. Technology	Consumer Disc.	Real Estate	S&P 500	Financials	Industrials	Consumer Staples	Health Care	Materials	Energy
Today	23.6%	19.8%	19.1%	15.4%	5.6%	3.3%	2.0%	0.9%	-1.8%	-6.8%	-23.6%	-26.7%
31-Dec	24.3%	18.4%	18.0%	13.0%	6.9%	5.7%	1.6%	6.6%	3.0%	-1.9%	-12.0%	-15.7%



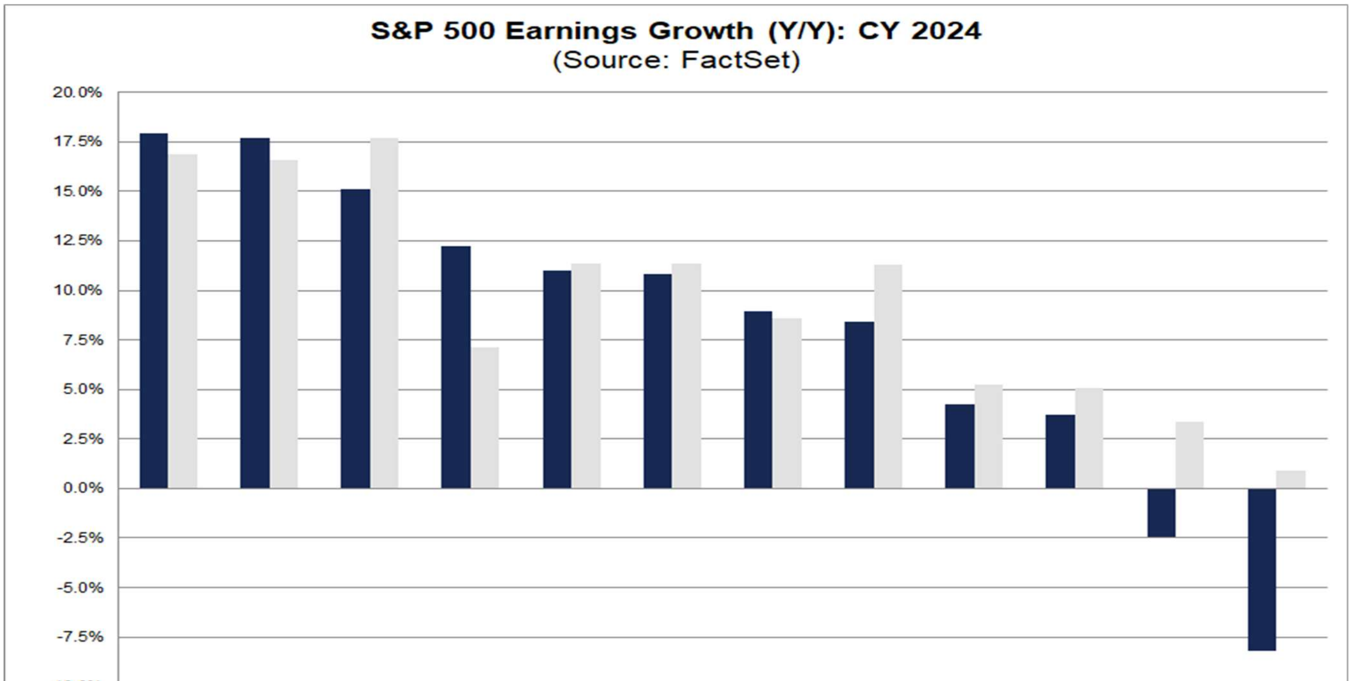
	Comm. Services	Info. Technology	Real Estate	Consumer Disc.	Health Care	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Energy	Materials
Today	7.4%	6.4%	6.3%	5.8%	5.6%	3.5%	3.4%	3.2%	1.9%	-3.5%	-4.3%	-5.2%
31-Dec	7.0%	8.3%	5.6%	6.1%	4.8%	4.3%	4.0%	3.2%	2.3%	-1.3%	2.3%	-1.9%

FY 2024 / 2025: EPS Guidance

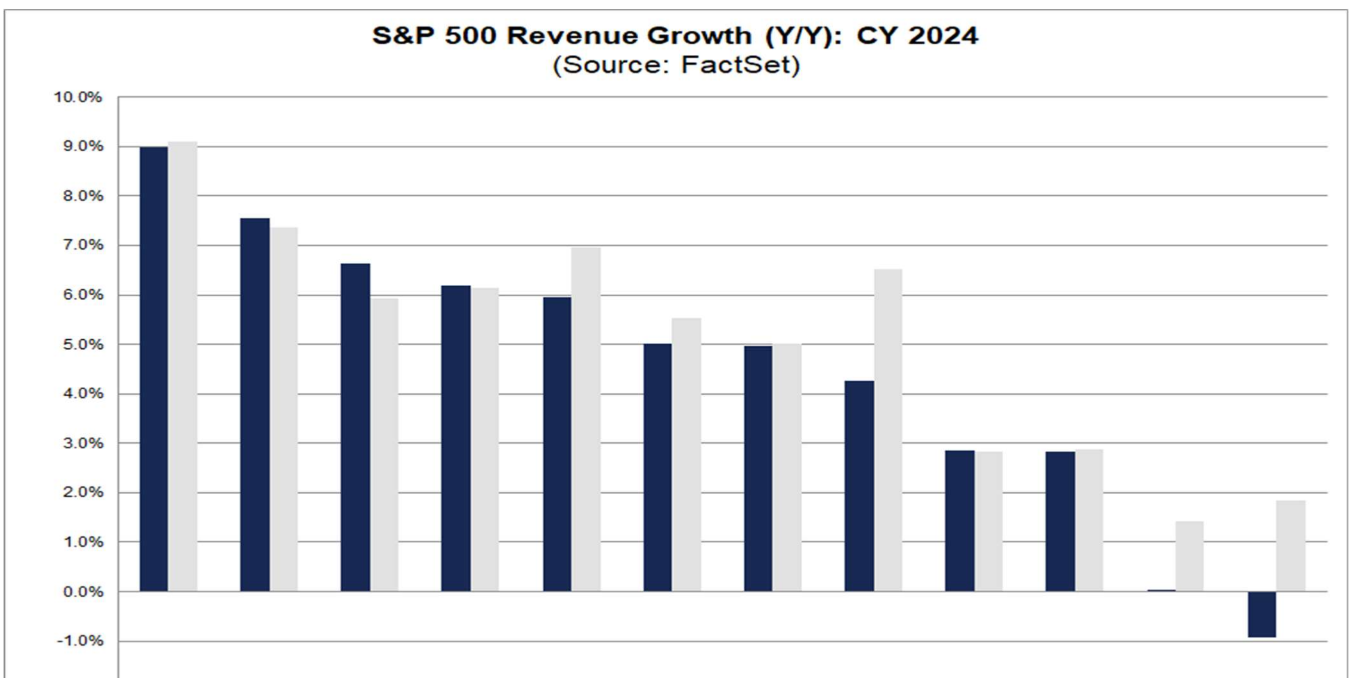




CY 2024: Growth

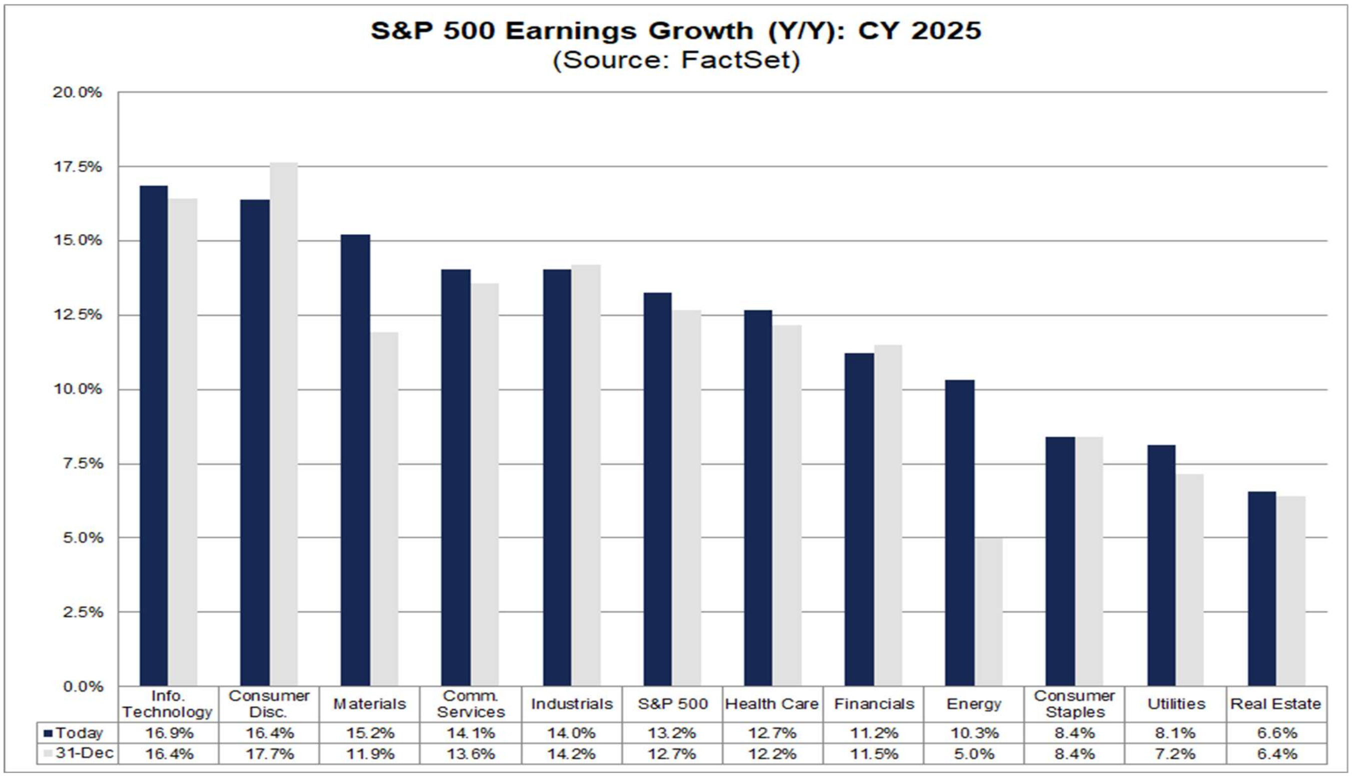


	Info. Technology	Comm. Services	Health Care	Financials	S&P 500	Consumer Disc.	Utilities	Industrials	Consumer Staples	Real Estate	Materials	Energy
Today	17.9%	17.7%	15.1%	12.2%	11.0%	10.8%	9.0%	8.4%	4.2%	3.7%	-2.4%	-8.2%
31-Dec	16.9%	16.6%	17.7%	7.1%	11.3%	11.4%	8.6%	11.3%	5.3%	5.1%	3.4%	0.9%

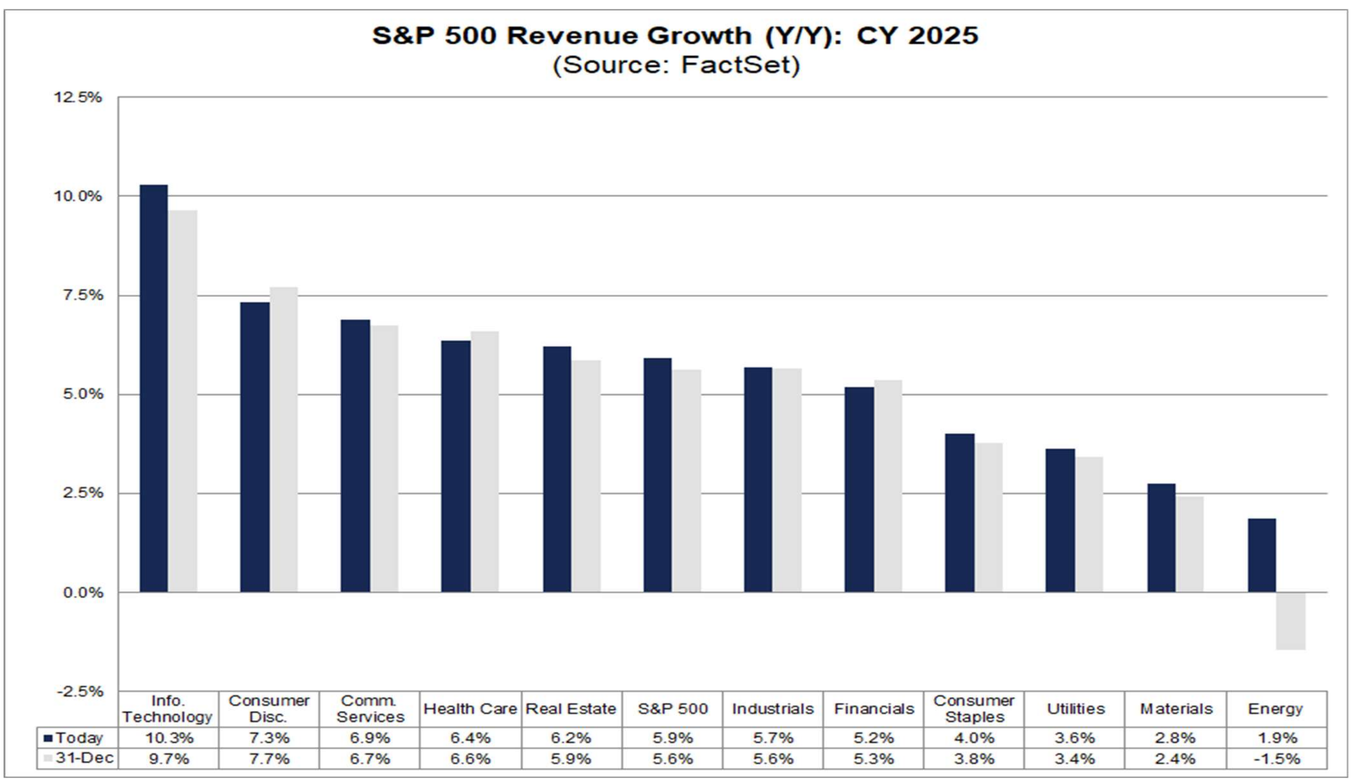


	Info. Technology	Comm. Services	Health Care	Real Estate	Consumer Disc.	S&P 500	Industrials	Financials	Utilities	Consumer Staples	Materials	Energy
Today	9.0%	7.6%	6.6%	6.2%	5.9%	5.0%	5.0%	4.3%	2.8%	2.8%	0.0%	-0.9%
31-Dec	9.1%	7.4%	5.9%	6.1%	7.0%	5.5%	5.0%	6.5%	2.8%	2.9%	1.4%	1.8%

CY 2025: Growth

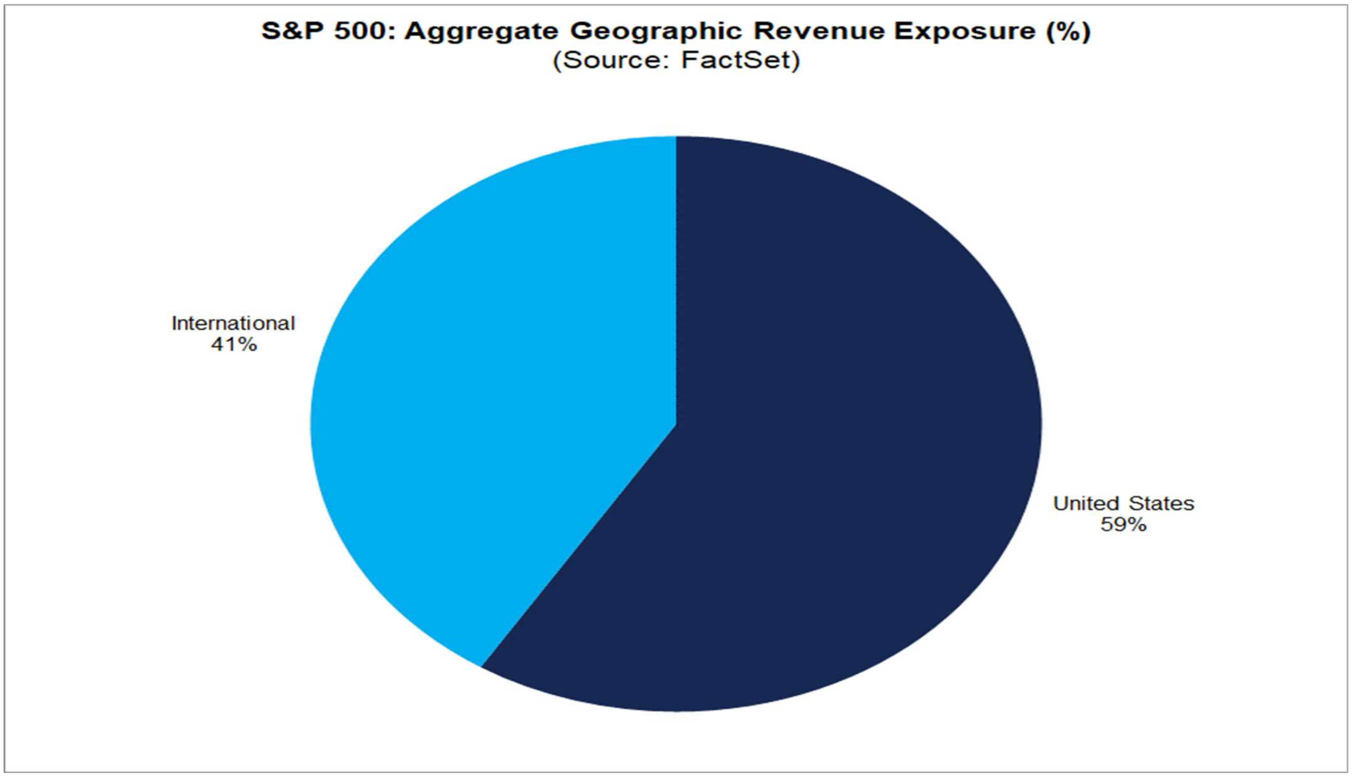


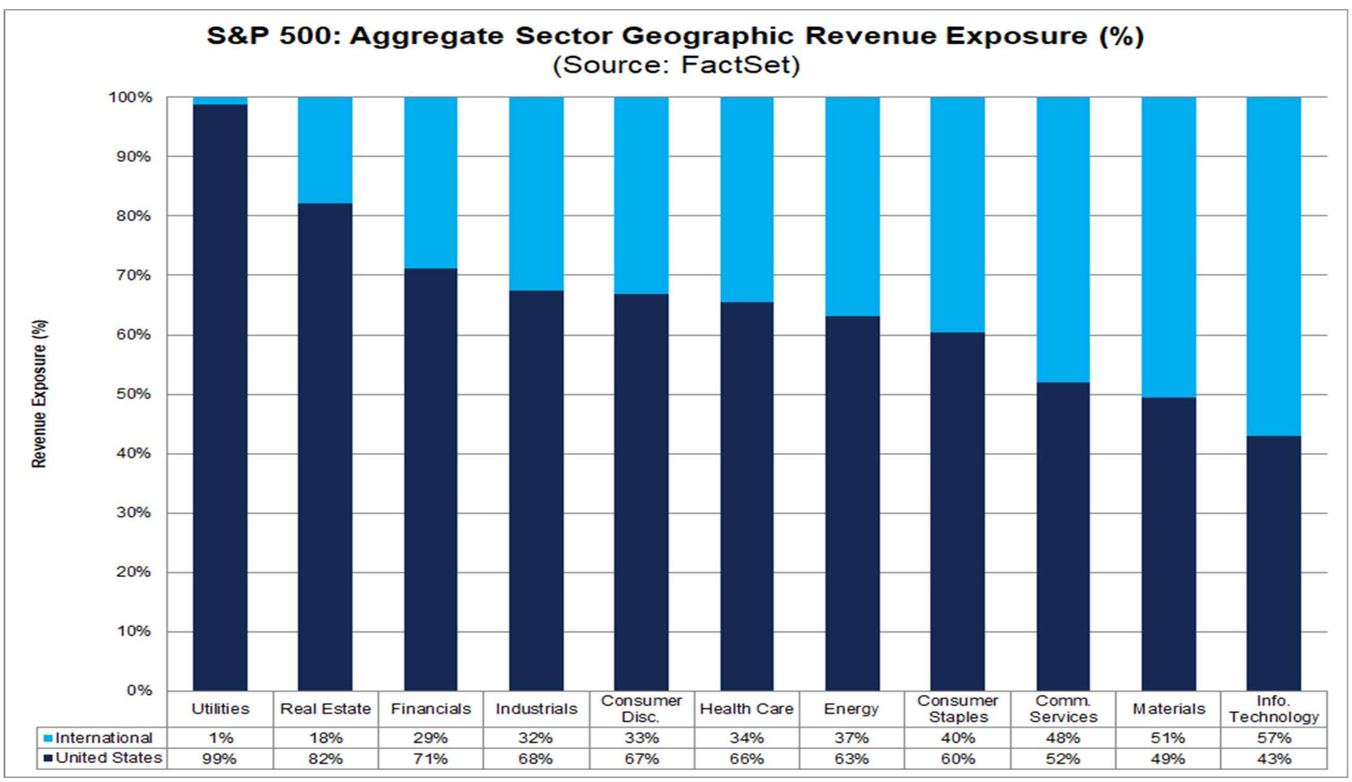
	Info. Technology	Consumer Disc.	Materials	Comm. Services	Industrials	S&P 500	Health Care	Financials	Energy	Consumer Staples	Utilities	Real Estate
Today	16.9%	16.4%	15.2%	14.1%	14.0%	13.2%	12.7%	11.2%	10.3%	8.4%	8.1%	6.6%
31-Dec	16.4%	17.7%	11.9%	13.6%	14.2%	12.7%	12.2%	11.5%	5.0%	8.4%	7.2%	6.4%



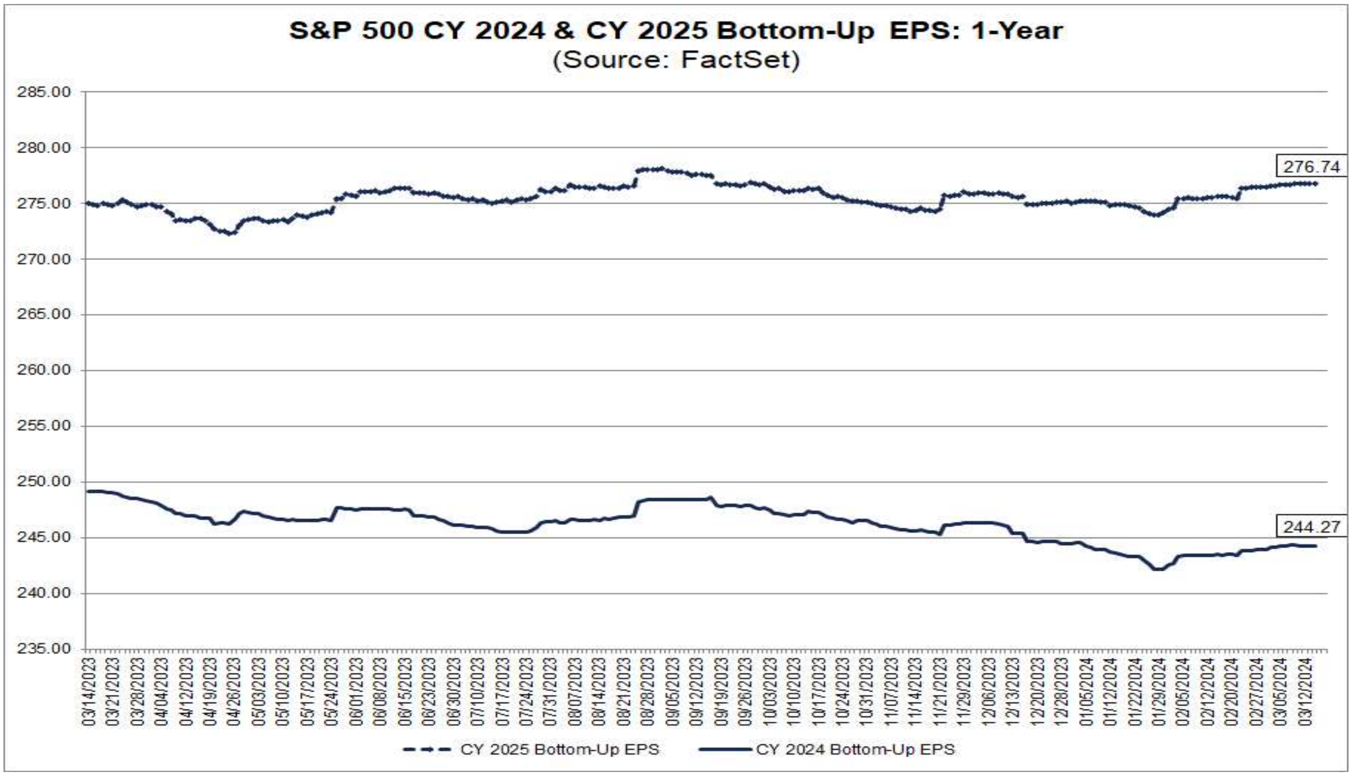
	Info. Technology	Consumer Disc.	Comm. Services	Health Care	Real Estate	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Materials	Energy
Today	10.3%	7.3%	6.9%	6.4%	6.2%	5.9%	5.7%	5.2%	4.0%	3.6%	2.8%	1.9%
31-Dec	9.7%	7.7%	6.7%	6.6%	5.9%	5.6%	5.6%	5.3%	3.8%	3.4%	2.4%	-1.5%

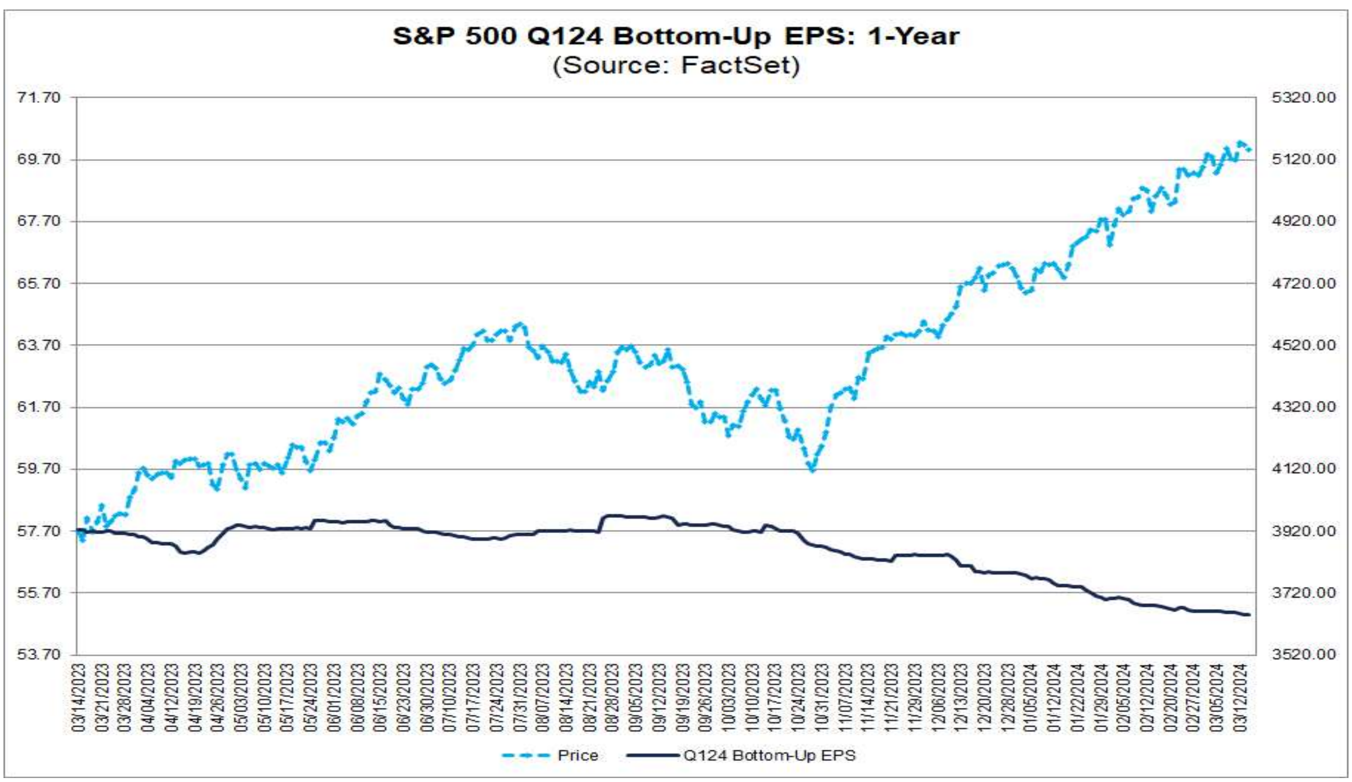
Geographic Revenue Exposure



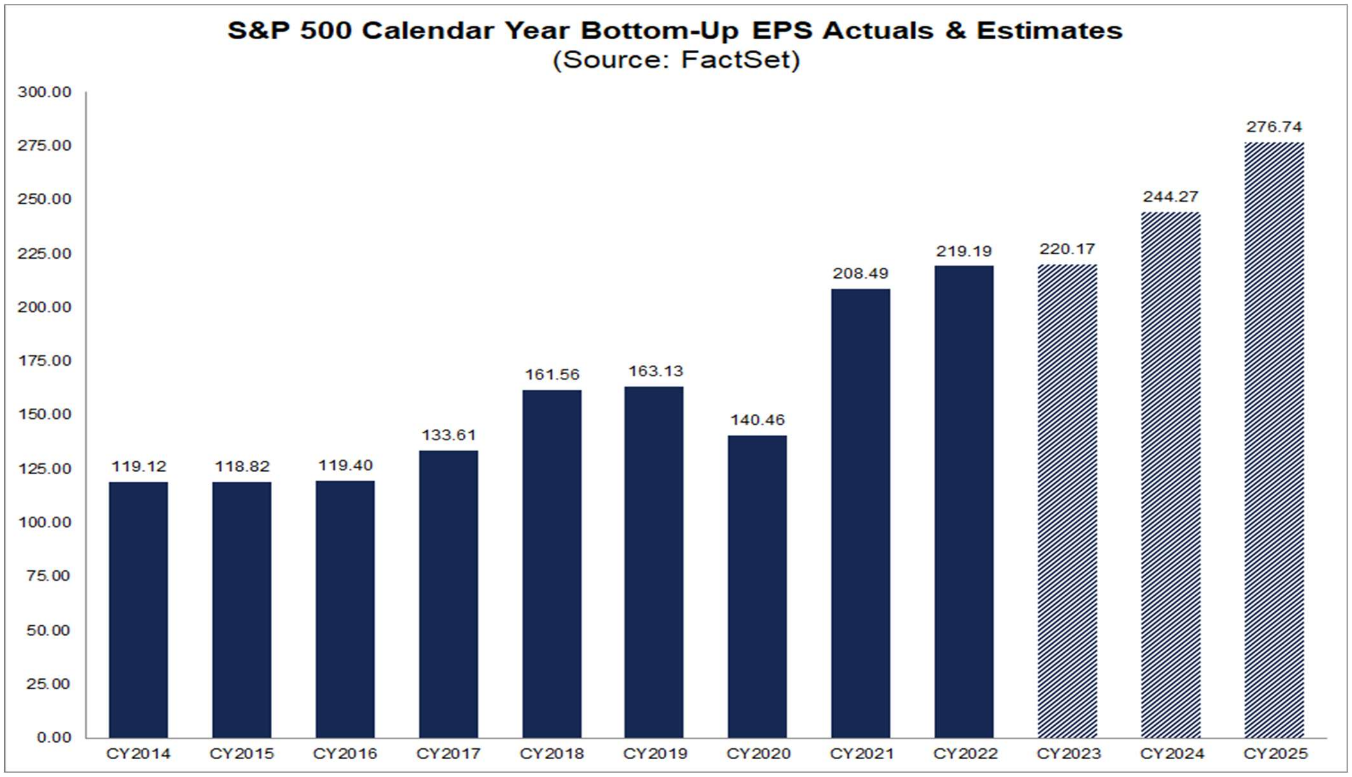


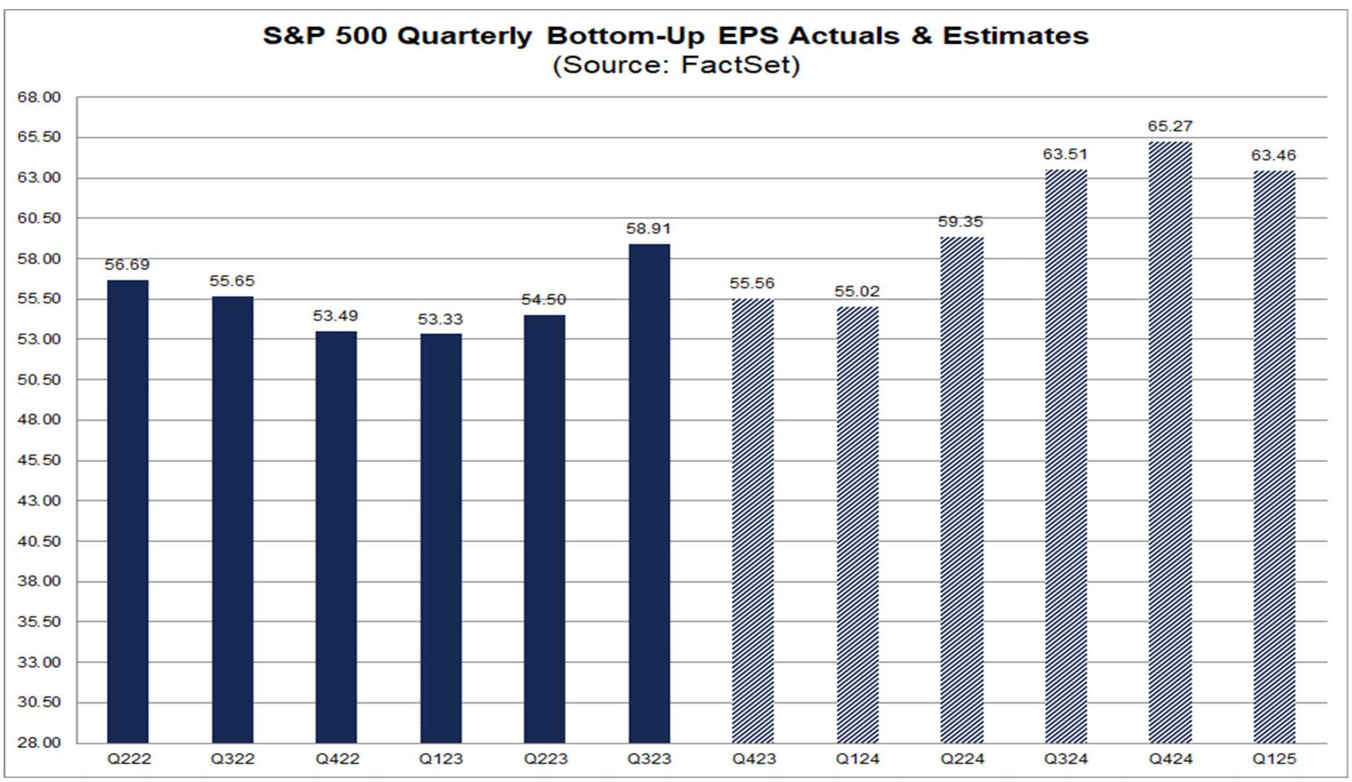
Bottom-Up EPS Estimates



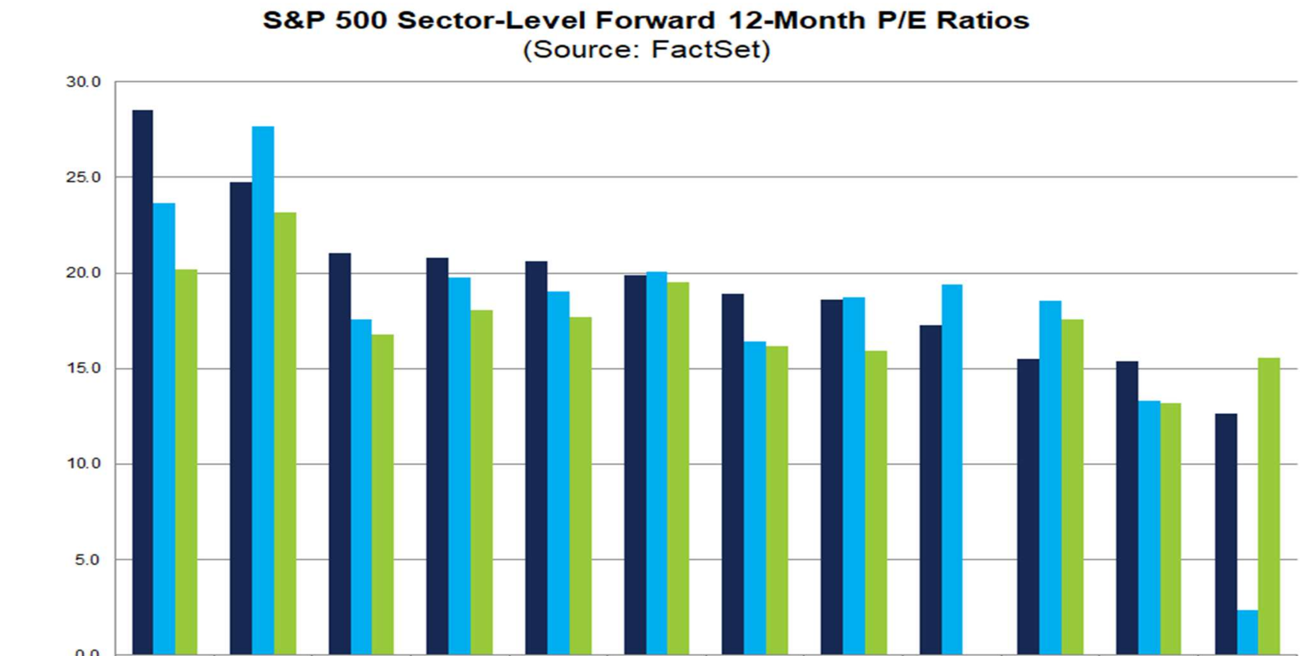


Bottom-Up EPS Estimates: Current & Historical

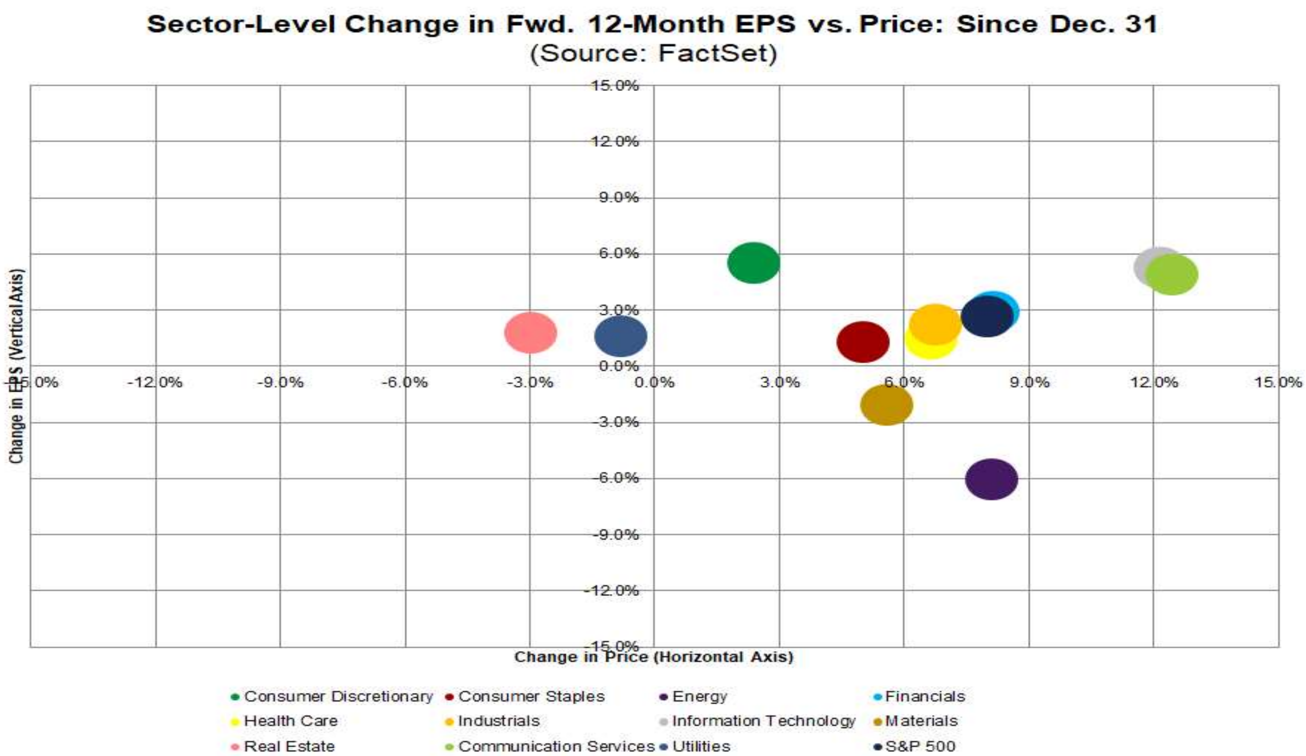




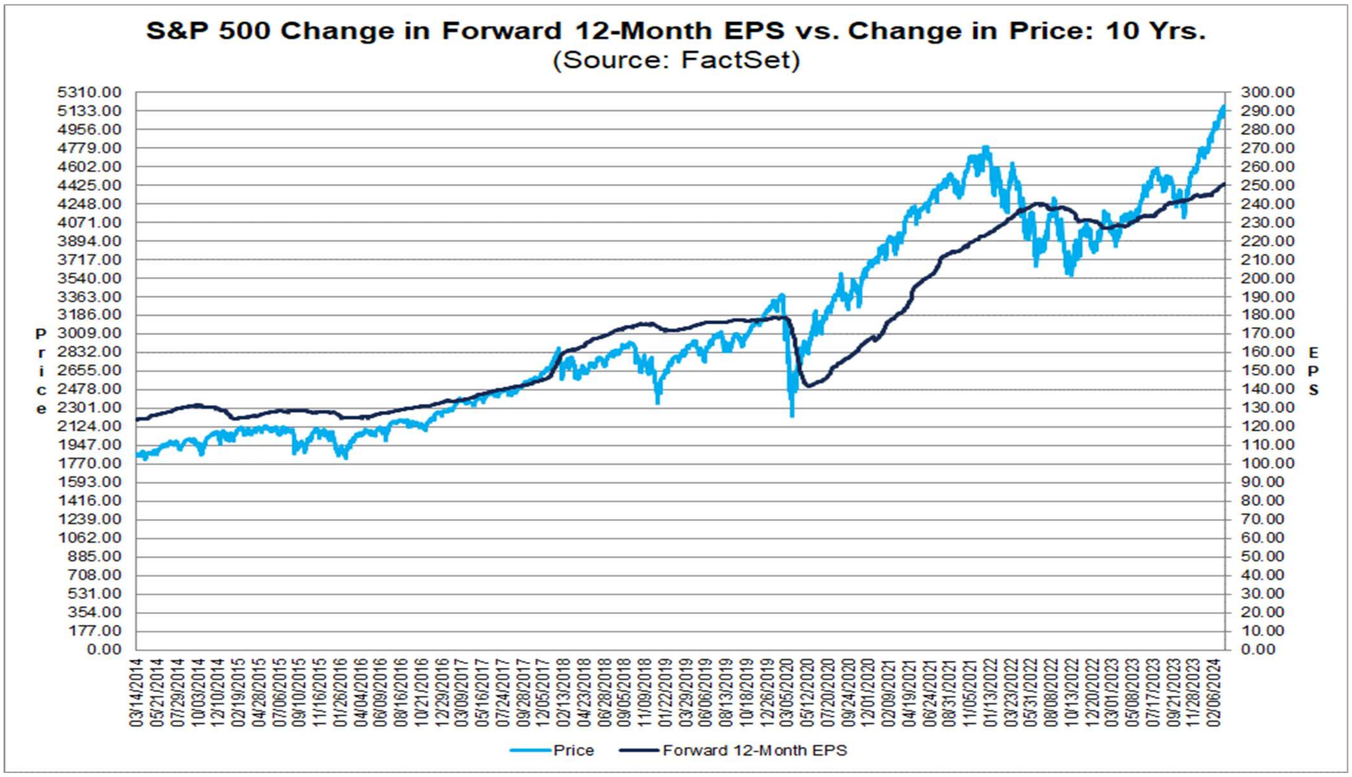
Forward 12M P/E Ratio: Sector Level

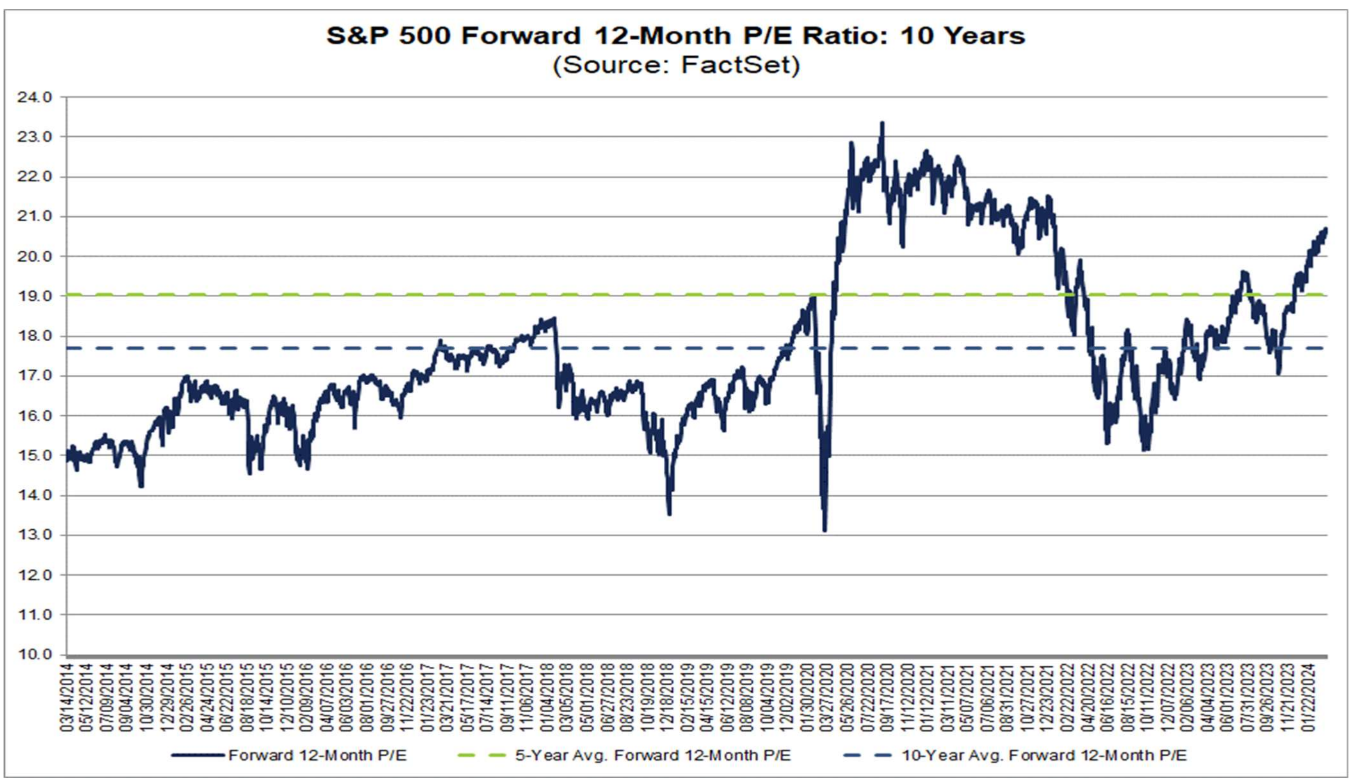


	Info. Technology	Consumer Disc.	Materials	Industrials	S&P 500	Consumer Staples	Health Care	Comm. Services	Real Estate	Utilities	Financials	Energy
Fwd P/E	28.5	24.7	21.0	20.8	20.6	19.9	18.9	18.6	17.3	15.5	15.4	12.7
5-Yr Avg.	23.7	27.7	17.6	19.8	19.0	20.1	16.4	18.7	19.4	18.5	13.3	2.4
10-Yr Avg.	20.2	23.2	16.8	18.1	17.7	19.5	16.2	15.9	0.0	17.6	13.2	15.5

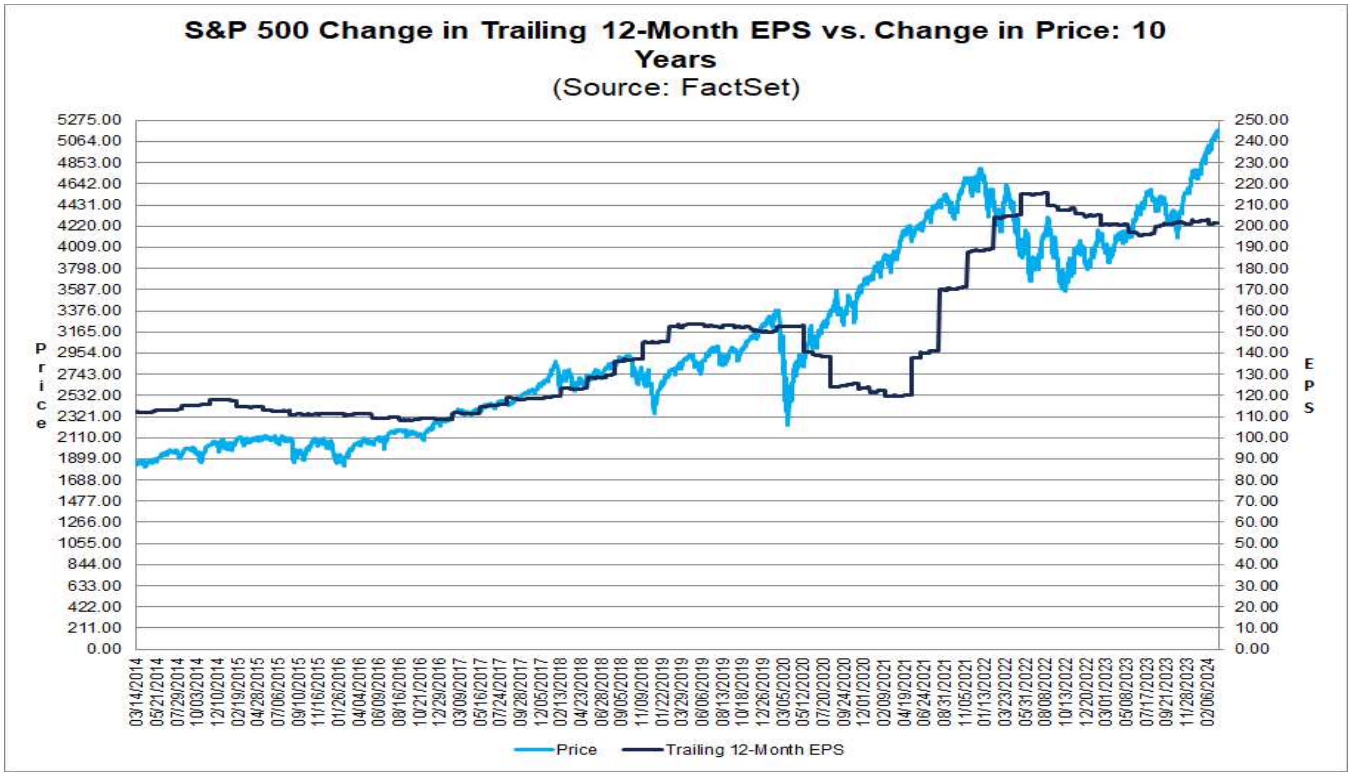


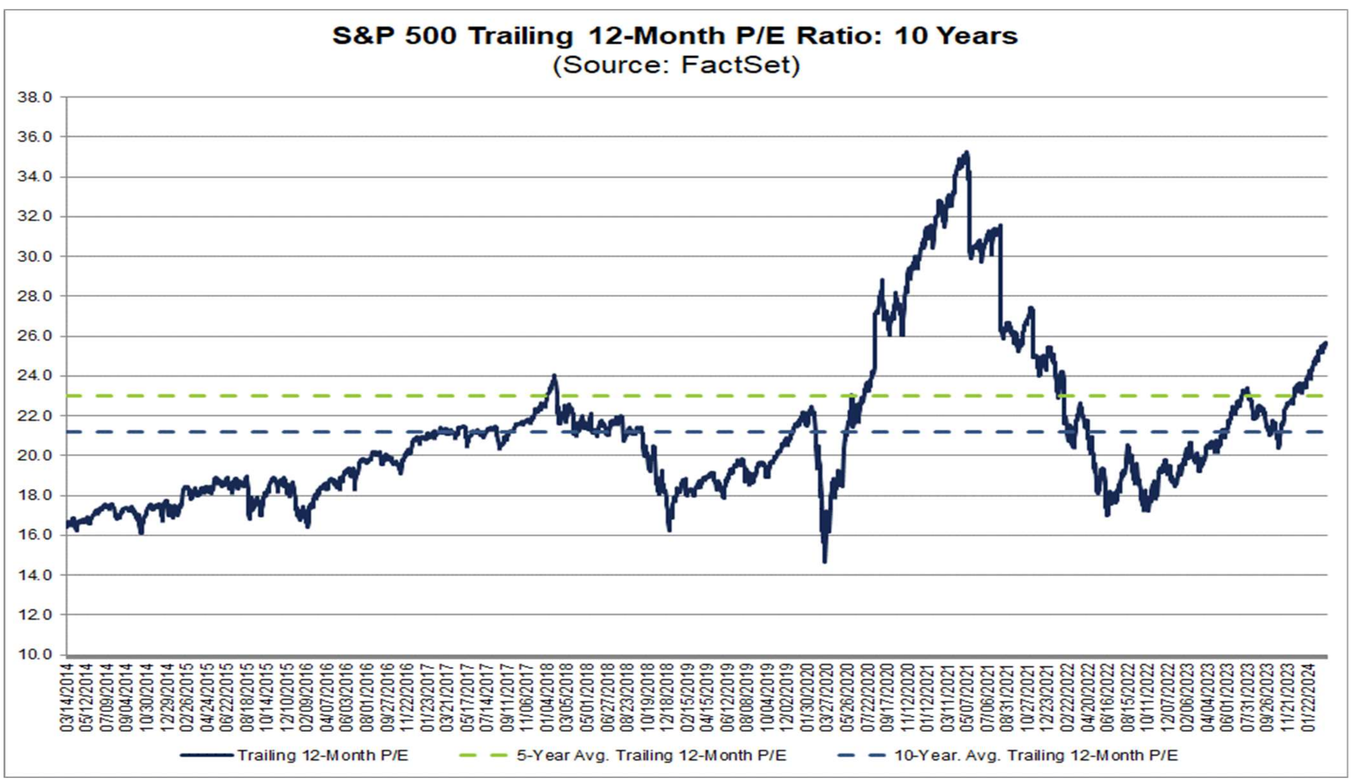
Forward 12M P/E Ratio: 10-Years



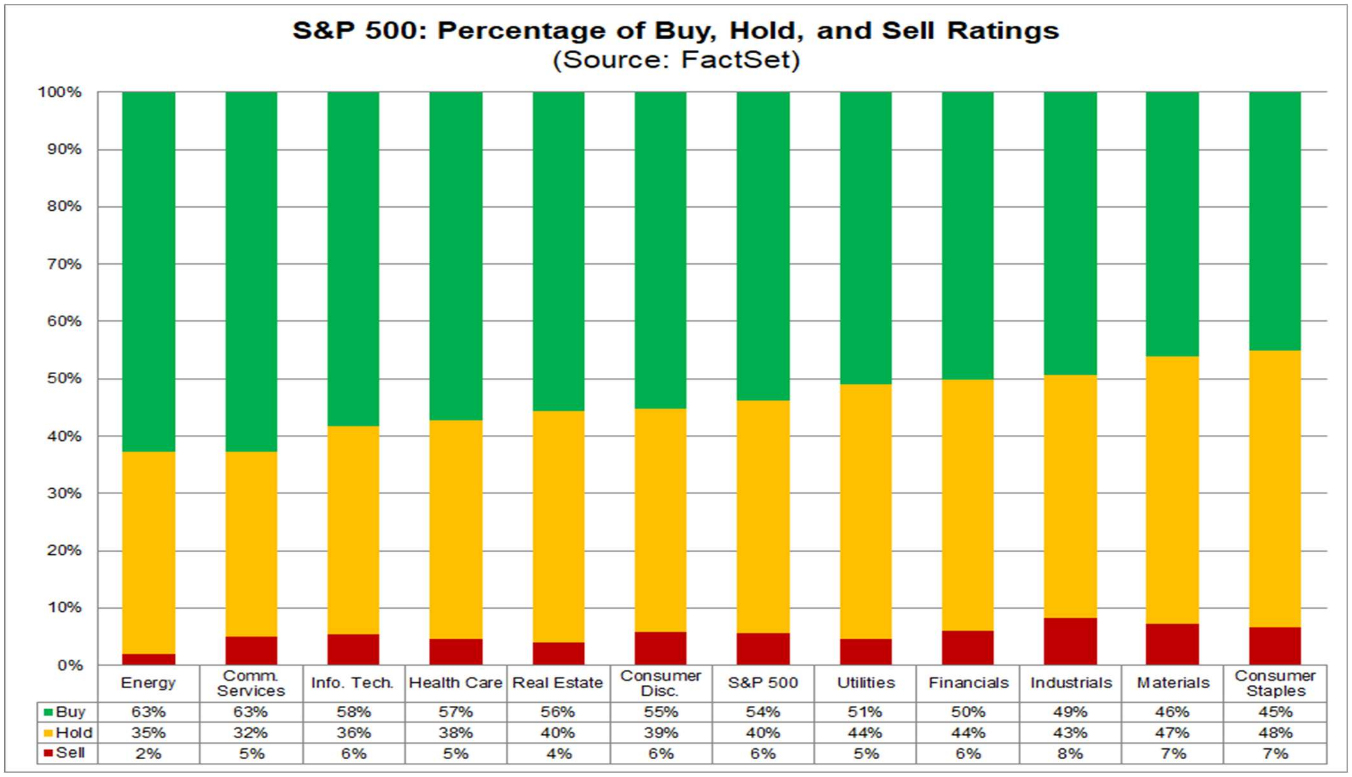


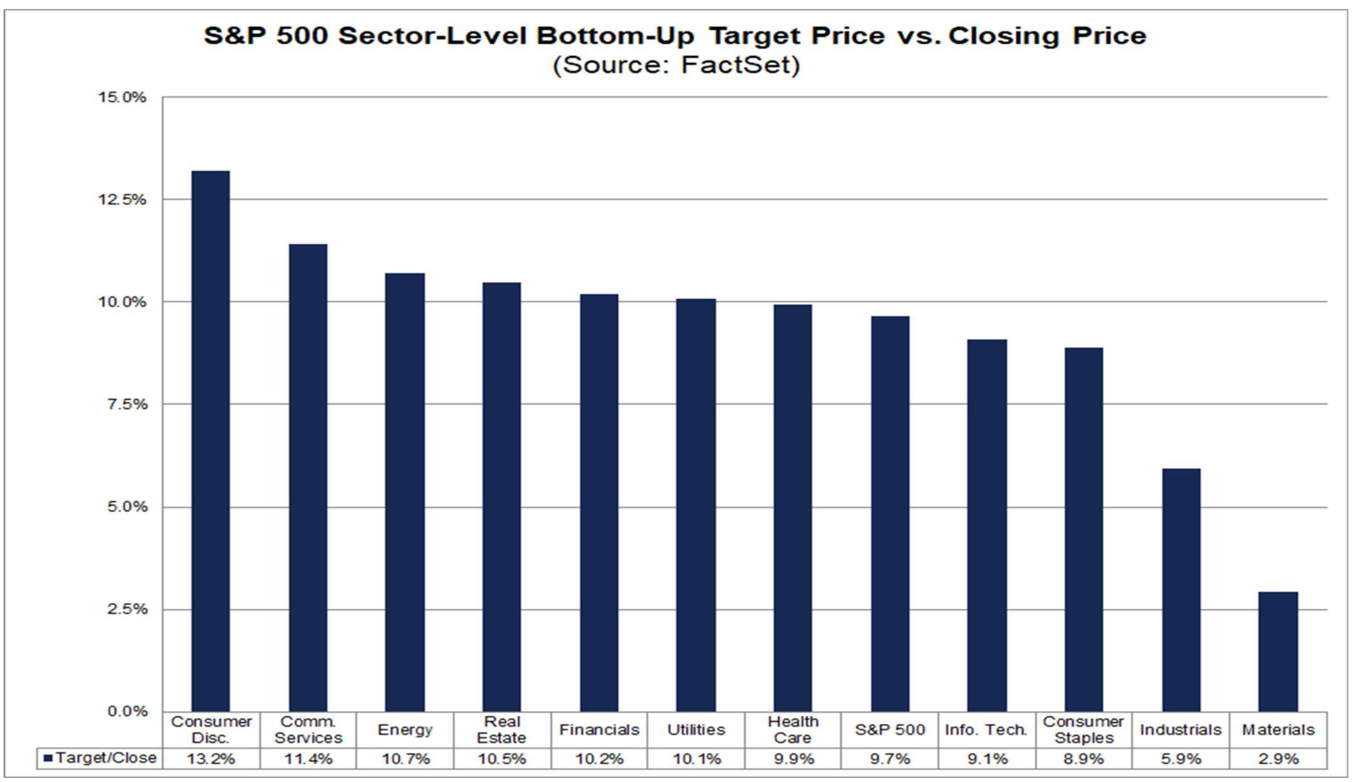
Trailing 12M P/E Ratio: 10-Years





Targets & Ratings





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