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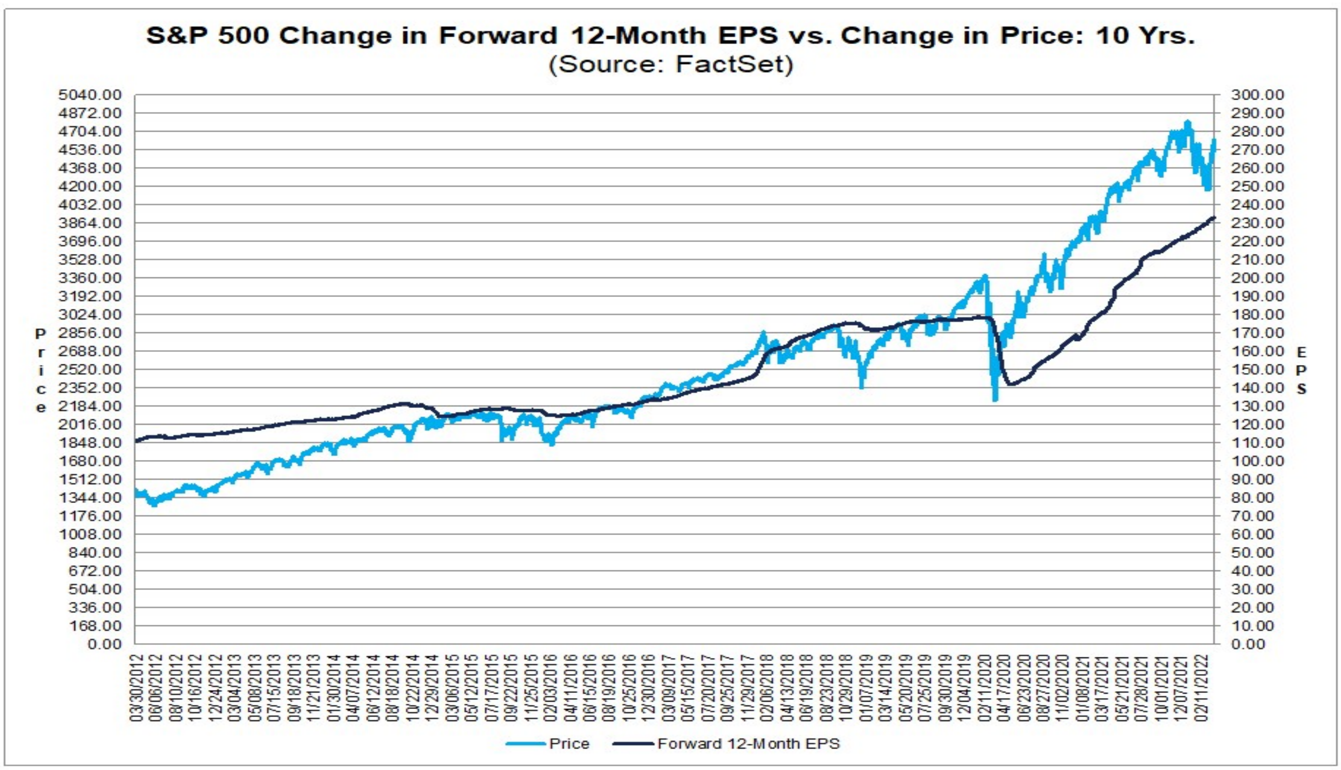
April 1, 2022

Key Metrics

- **Earnings Growth:** For Q1 2022, the estimated earnings growth rate for the S&P 500 is 4.7%. If 4.7% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%).
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q1 2022 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 2022, 67 S&P 500 companies have issued negative EPS guidance and 29 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.5. This P/E ratio is above the 5-year average (18.6) and above the 10-year average (16.8).
- **Earnings Scorecard:** For Q1 2022 (with 17 S&P 500 companies reporting actual results), 12 S&P 500 companies have reported a positive EPS surprise and 14 S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Analysts Lower EPS Estimates for Q122 But Raise EPS Estimates for CY22 for S&P 500 Cos.

During the first quarter, analysts decreased earnings estimates for companies in the S&P 500 for the quarter. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q1 for all the companies in the index) decreased by 0.7% (to $51.83 from $52.21) during this period. How significant is a 0.7% decrease in the bottom-up EPS estimate during a quarter? How does this decrease compare to recent quarters?

In a typical quarter, analysts usually reduce earnings estimates during the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 2.5%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.4%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.8%.

Therefore, the decline in the bottom-up EPS estimate recorded during the first quarter was smaller than the 5-year average, the 10-year average, and the 15-year average. However, it also marked the first decrease in the bottom-up EPS estimate during a quarter since Q2 2020 (-37.0%), when there were widespread lockdowns in the U.S. due to COVID-19.

At the sector level, eight of the eleven sectors witnessed a decrease in their bottom-up EPS estimate for Q1 2022 from December 31 to March 31, led by the Industrials (-11.4%) and Consumer Discretionary (-10.8%) sectors. On the other hand, three sectors recorded an increase in their bottom-up EPS estimate for Q1 2022 during this period, led by the Energy (+32.4%) sector.

While analysts were decreasing EPS estimates in aggregate for the first quarter, they were also increasing EPS estimates in aggregate for the next three quarters. The bottom-up EPS estimate for the second quarter increased by 1.6% (to $56.07 from $55.16) from December 31 to March 31. The bottom-up EPS estimate for the third quarter increased by 2.4% (to $59.23 from $57.82) during this same period. The bottom-up EPS estimate for the fourth quarter increased by 3.9% (to $60.59 from $58.31) during this same period.

Given the increases in bottom-up EPS estimates for the three of the four quarters, analysts also increased EPS estimates for all of 2022. The CY 2022 bottom-up EPS estimate increased by 2.0% (to $227.80 from $223.43) from December 31 to March 31.

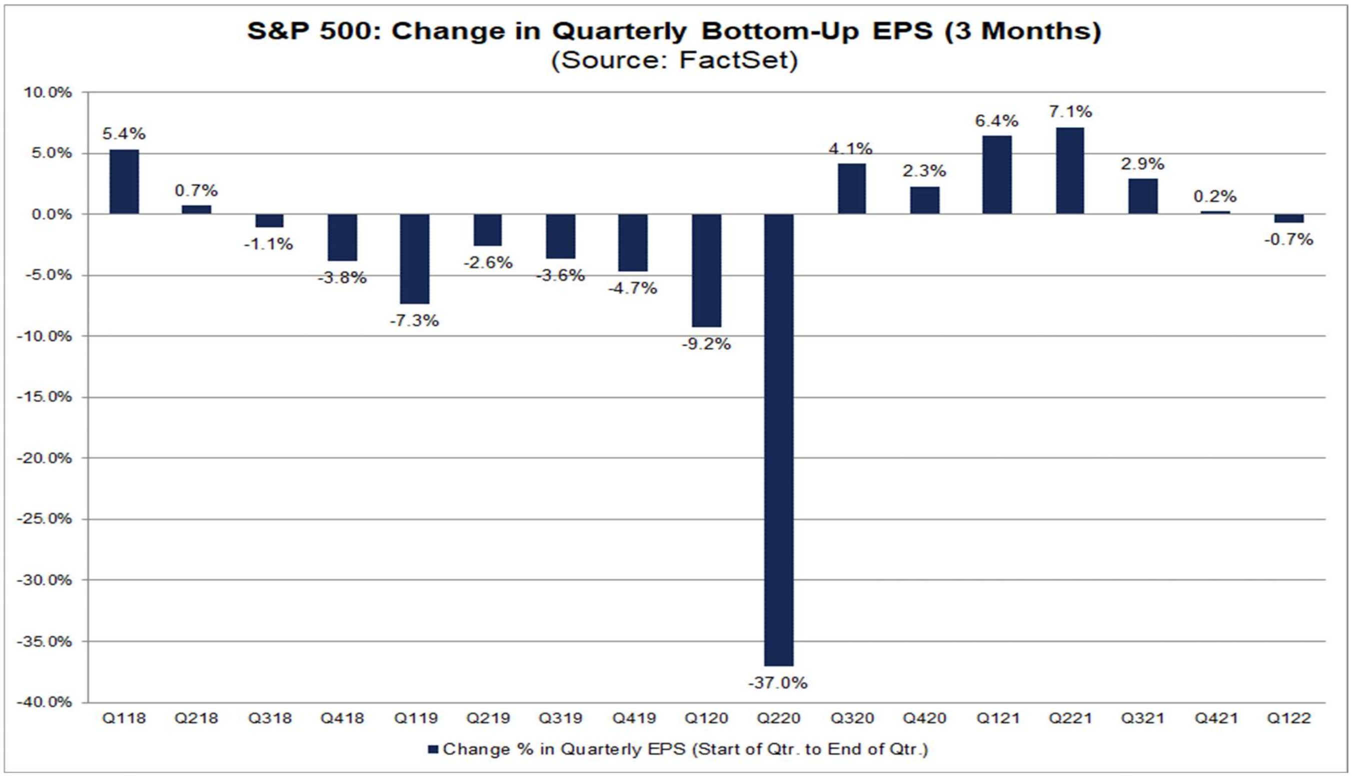
During the first three months of the year, analysts usually reduce earnings estimates for the full year. During the past five years, the average decline in the annual bottom-up EPS estimate during the first quarter has been 0.4%. During the past ten years, the average decline in the annual bottom-up EPS estimate during the first quarter has been 1.7%. During the past fifteen years, the average decline in the annual bottom-up EPS estimate during the first quarter has been 2.9%. During the past twenty years, the average decline in the annual bottom-up EPS estimate during the first quarter has been 2.2%.

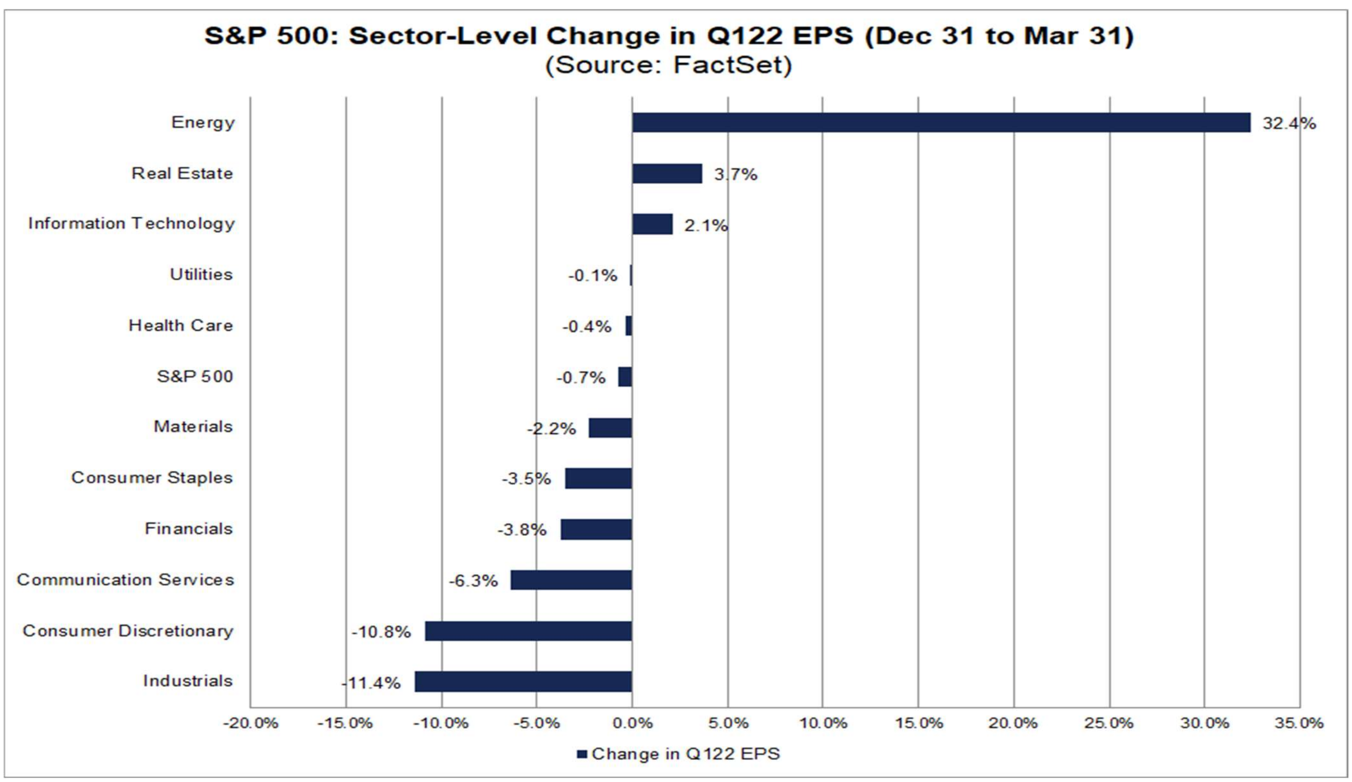
At the sector level, six sectors witnessed a decrease in their bottom-up EPS estimate for CY 2022 from December 31 to March 31, led by the Communication Services (-3.0%) and Industrials (-3.0%) sectors. On the other hand, five sectors witnessed an increase in their bottom-up EPS estimates for CY 2022 during this time, led by the Energy sector (+35.9%).

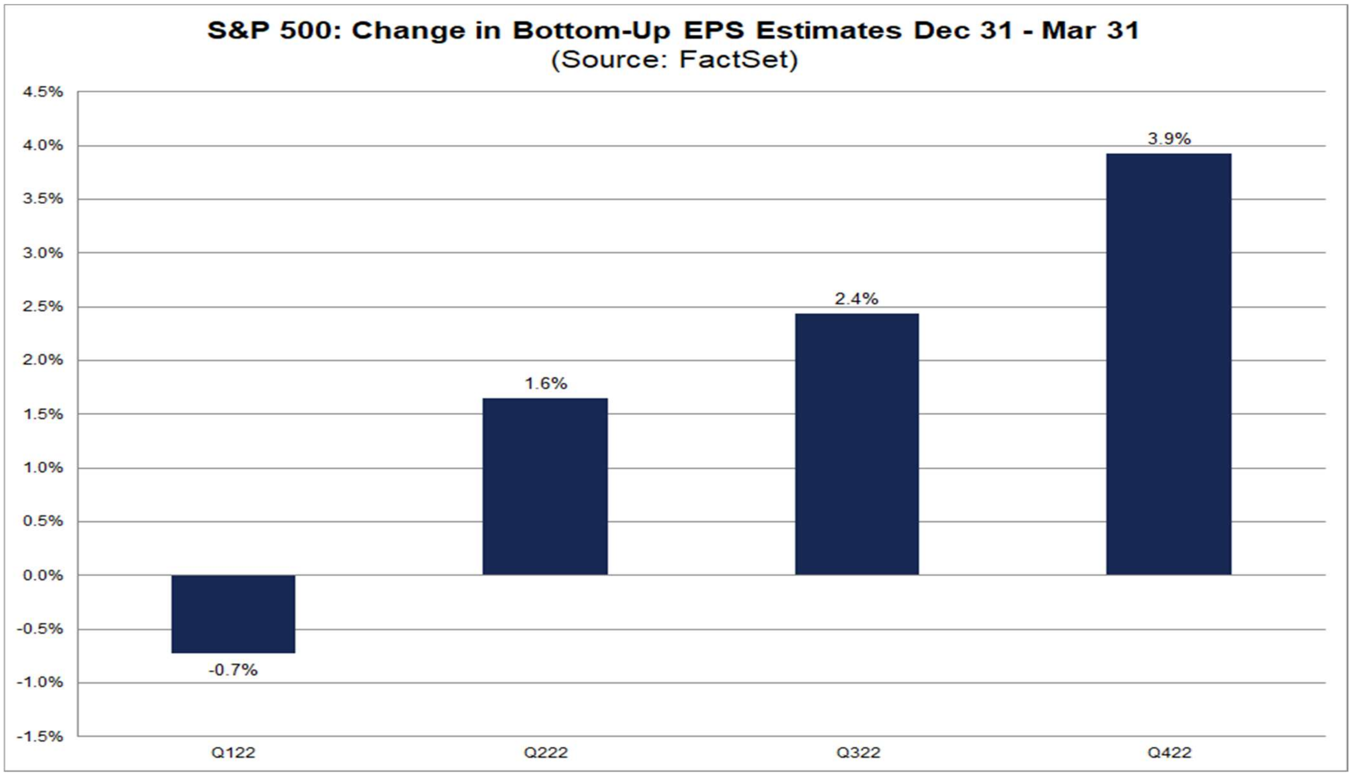
For nine of the eleven sectors, the bottom-up EPS estimate for CY 2022 recorded either a smaller decline or a larger increase compared to the bottom-up EPS estimate for Q1 2022 from December 31 to March 31.

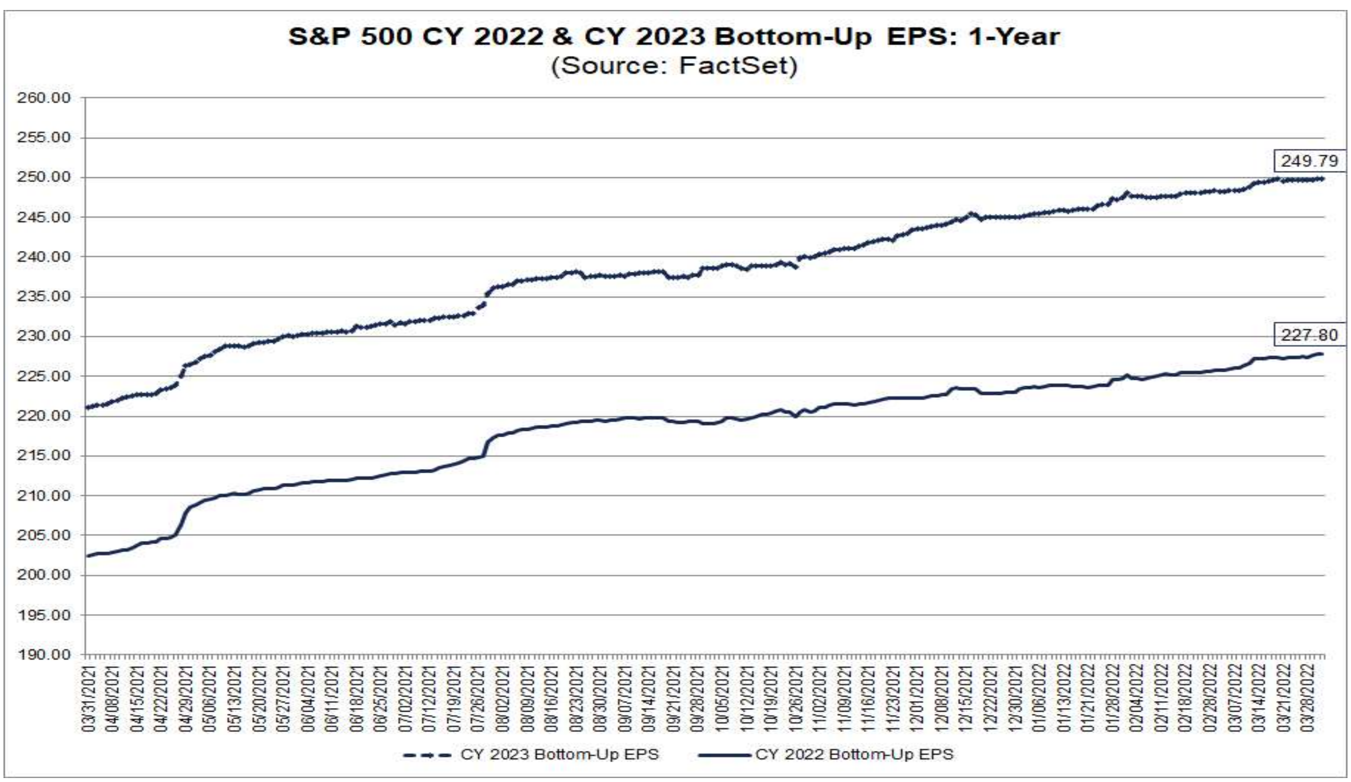
In addition, analysts have increased earnings estimates for CY 2023, as the bottom-up EPS estimate for CY 2023 increased by 1.9% (to $249.79 from $245.05) from December 31 to March 31.

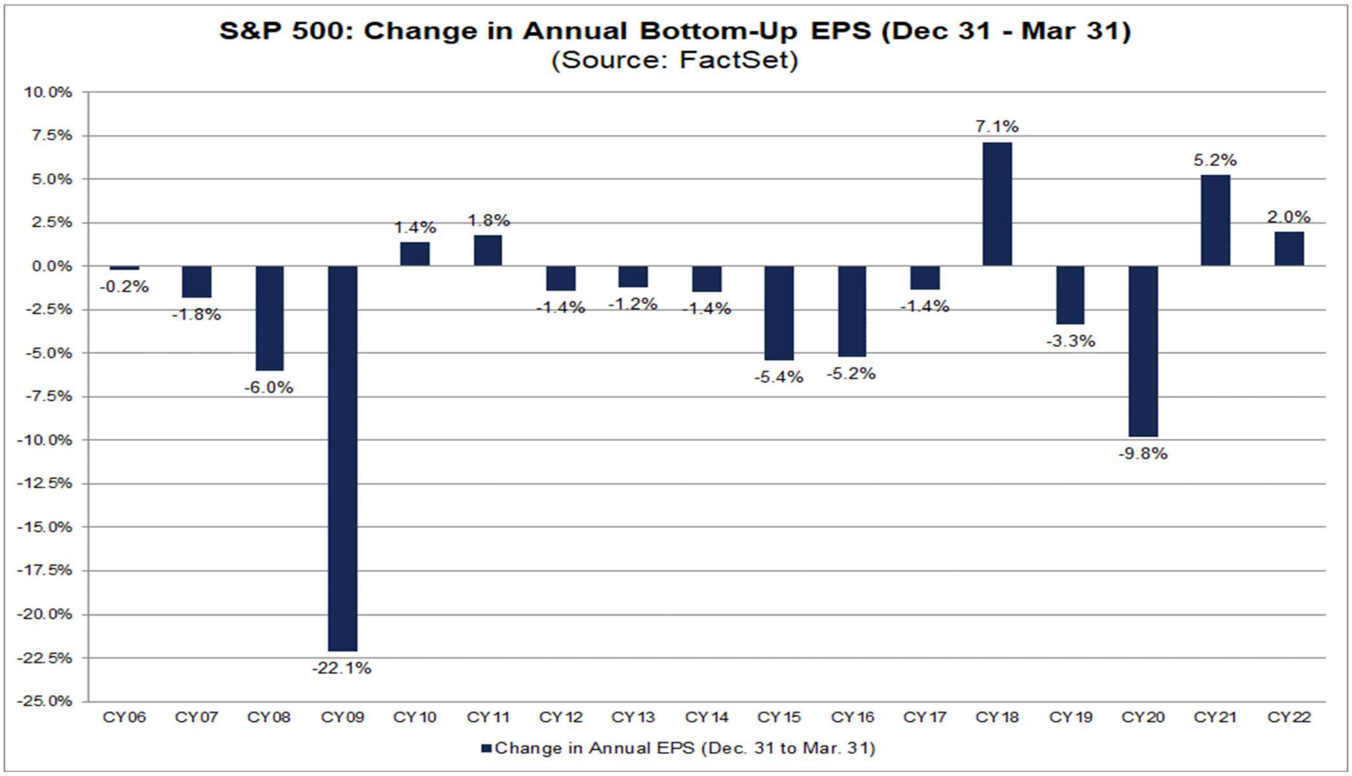
It is interesting to note that as the bottom-up EPS estimate for Q1 2022 decreased and the bottom-up EPS estimates for CY 2022 and CY 2023 increased during the first quarter, the value of the S&P 500 decreased during this same period. From December 31 through March 31, the value of the index decreased by 4.9% (to 4530.41 from 4766.18). With prices falling and earnings estimates rising, the forward 12-month P/E ratio for the S&P 500 declined to 19.5 from 21.3 during this period.


S&P 500: Change in Quarterly Bottom-Up EPS (3 Months)
(Source: FactSet)
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-35.0%
-40.0%
5.4%
0.7%
-1.1%
-3.8%
-7.3%
-2.6%
-3.6%
-4.7%
-9.2%
-37.0%
4.1%
2.3%
6.4%
7.1%
2.9%
0.2%
-0.7%
Q118
Q218
Q318
Q418
Q119
Q219
Q319
Q419
Q120
Q220
Q320
Q420
Q121
Q221
Q321
Q421
Q122
Change % in Quarterly EPS (Start of Qtr. to End of Qtr.)


S&P 500: Sector-Level Change in Q122 EPS (Dec 31 to Mar 31)
(Source: FactSet)
Energy
32.4%
Real Estate
3.7%
Information Technology
2.1%
Utilities
-0.1%
Health Care
-0.4%
S&P 500
-0.7%
Materials
-2.2%
Consumer Staples
-3.5%
Financials
-3.8%
Communication Services
-6.3%
Consumer Discretionary
-10.8%
Industrials
-11.4%
-20.0%
-15.0%
-10.0%
-5.0%
0.0%
5.0%
10.0%
15.0%
20.0%
25.0%
30.0%
35.0%
Change in Q122 EPS


S&P 500: Change in Bottom-Up EPS Estimates Dec 31 - Mar 31
(Source: FactSet)
4.5%
4.0%
3.5%
3.0%
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
-1.5%
-0.7%
1.6%
2.4%
3.9%
Q122
Q222
Q322
Q422


S&P 500 CY 2022 & CY 2023 Bottom-Up EPS: 1-Year
(Source: FactSet)
249.79
227.80
CY 2023 Bottom-Up EPS
CY 2022 Bottom-Up EPS


S&P 500: Change in Annual Bottom-Up EPS (Dec 31 - Mar 31)
(Source: FactSet)
10.0%
7.5%
5.0%
2.5%
0.0%
-2.5%
-5.0%
-7.5%
-10.0%
-12.5%
-15.0%
-17.5%
-20.0%
-22.5%
-25.0%
-0.2%
-1.8%
-6.0%
-22.1%
1.4%
1.8%
-1.4%
-1.2%
-1.4%
-5.4%
-5.2%
-1.4%
7.1%
-3.3%
-9.8%
5.2%
2.0%
CY06
CY07
CY08
CY09
CY10
CY11
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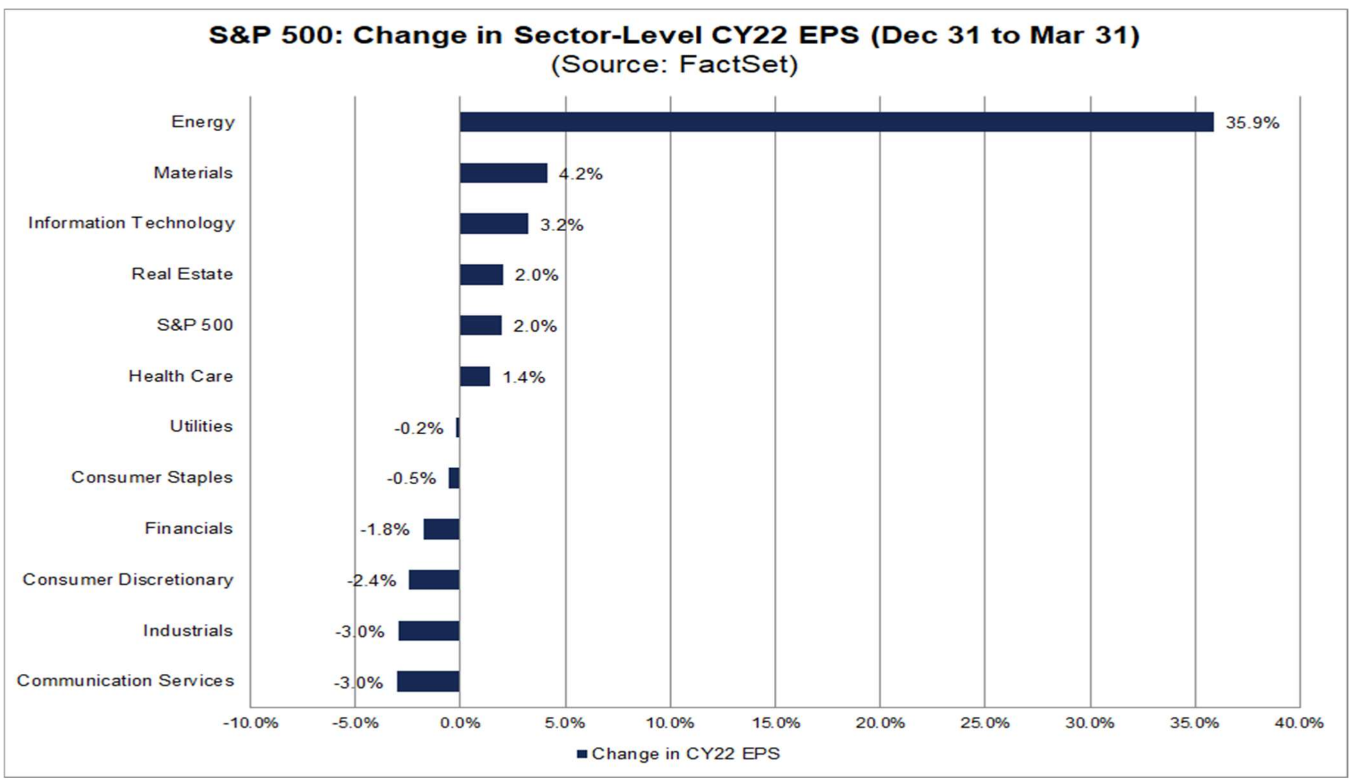
CY20
CY21
CY22
Change in Annual EPS (Dec. 31 to Mar. 31)


S&P 500: Change in Sector-Level CY22 EPS (Dec 31 to Mar 31)
(Source: FactSet)
Energy
35.9%
Materials
4.2%
Information Technology
3.2%
Real Estate
2.0%
S&P 500
2.0%
Health Care
1.4%
Utilities
-0.2%
Consumer Staples
-0.5%
Financials
-1.8%
Consumer Discretionary
-2.4%
Industrials
-3.0%
Communication Services
-3.0%
-10.0%
-5.0%
0.0%
5.0%
10.0%
15.0%
20.0%
25.0%
30.0%
35.0%
40.0%
Change in CY22 EPS

Topic of the Week: 2

Analysts Have Most "Buy" Ratings on S&P 500 Stocks Since At Least 2010

Despite higher inflation, rising interest rates, military conflict in Ukraine, and a resurgence of COVID-19 in China, analysts have more Buy ratings on stocks in the S&P 500 as a percentage of their total ratings in more than ten years.

On March 31, there were 10,821 ratings on stocks in the S&P 500. Of these ratings, 57.3% were Buy ratings, 37.1% were Hold ratings, and 5.6% were Sell ratings. Over the past five years, the average (month-end) percentage of Buy ratings is 52.9%, the average (month-end) percentage of Hold ratings is 41.1%, and the average (month-end) percentage of Sell ratings is 6.0%.

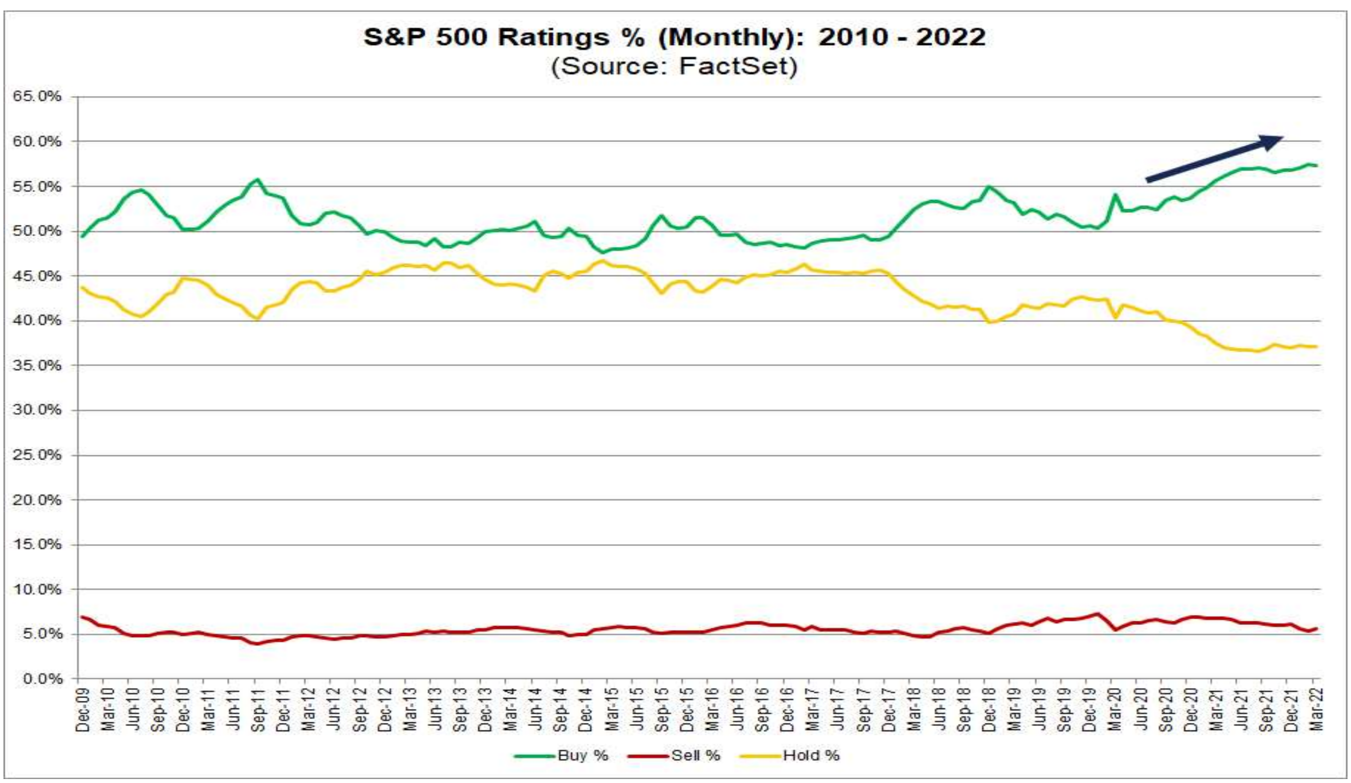
The month of March marked the second-highest (month-end) percentage of Buy ratings for the index going back to at least 2010, trailing only the previous month (February) at 57.4%. Prior to the recent surge in Buy ratings, the last time the percentage of Buy ratings exceeded 55% at the end of a month was September 2011 (55.8%).

At the sector level, analysts are most optimistic on the Energy (66%), Information Technology (64%), and Communication Services (62%) sectors, as these three sectors had the highest percentages of Buy ratings on March 31. On the other hand, analysts are most pessimistic on the Consumer Staples (41%) and Utilities (49%) sectors, as these two sectors had the lowest percentage of Buy ratings on March 31. The Consumer Staples sector also had the highest percentage of Hold ratings (48%) and the highest percentage of Sell ratings (11%) on this date.

The S&P 500 companies with the highest percentages of Buy and Sell ratings on March 31 are listed on page 7.

Analysts are also optimistic in their target price estimates, as they currently believe the price of the index will increase by more than 16% (to 5282.93) over the next 12 months. For more details, please see our article at the following link: https://insight.factset.com/industry-analysts-still-predict-the-sp-500-price-will-close-above-5000-in-the-next-12-months

What is driving the optimistic outlook in terms of ratings and target prices? One likely reason is that analysts have been increasing earnings estimates for S&P 500 companies in aggregate for CY 2022 and CY 2023 for several months. For more details, please see pages 2 to 5.

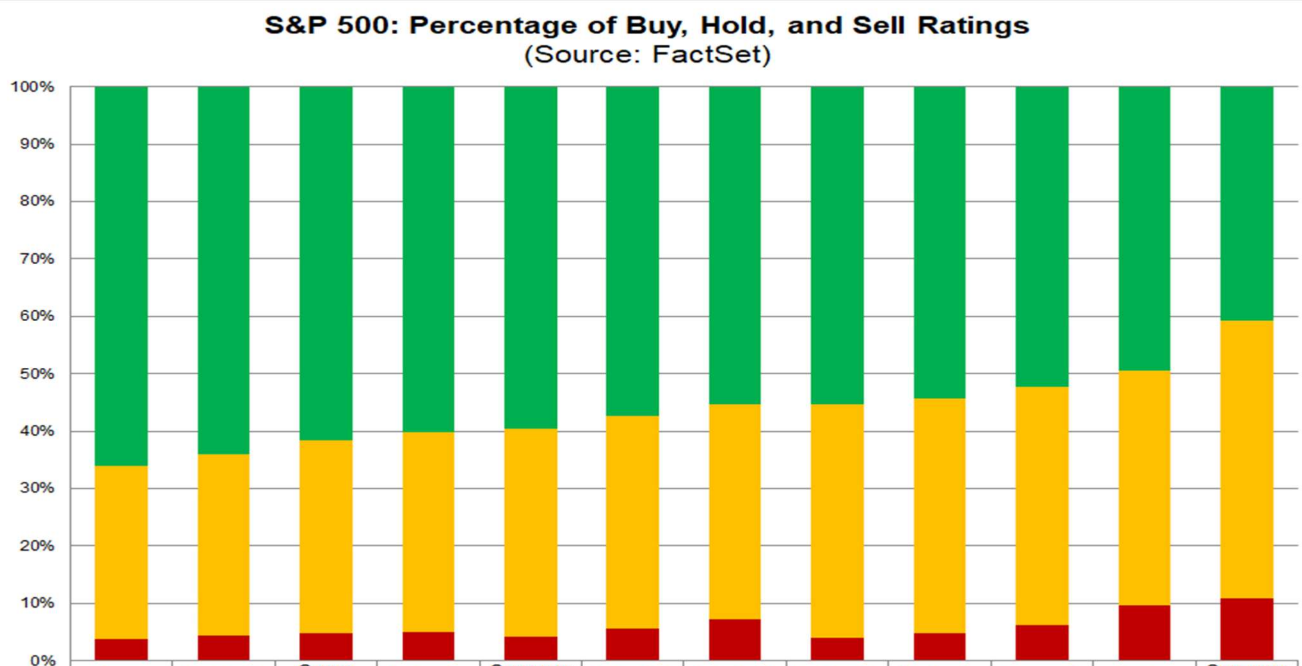


Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

Company	**Buy**	Hold	Sell
Signature Bank	**100%**	0%	0%
Alexandria Real Estate Equities, Inc.	**100%**	0%	0%
Assurant, Inc.	**100%**	0%	0%
Alphabet Inc. Class C	**98%**	2%	0%
Amazon.com, Inc.	**96%**	2%	2%
Alphabet Inc. Class A	**96%**	4%	0%
Microsoft Corporation	**95%**	5%	0%
IQVIA Holdings Inc	**95%**	5%	0%
Caesars Entertainment Inc	**94%**	6%	0%
Alaska Air Group, Inc.	**93%**	7%	0%

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

Company	Buy	Hold	**Sell**
Consolidated Edison, Inc.	6%	35%	**59%**
Clorox Company	16%	32%	**53%**
Pinnacle West Capital Corporation	19%	31%	**50%**
Lumen Technologies, Inc.	14%	43%	**43%**
Snap-on Incorporated	30%	30%	**40%**
Progressive Corporation	26%	37%	**37%**
Robert Half International Inc.	36%	29%	**36%**
Church & Dwight Co., Inc.	19%	48%	**33%**
Expeditors Intl. of Washington, Inc.	13%	56%	**31%**
McCormick & Company, Incorporated	15%	54%	**31%**



	Energy	Info. Tech.	Comm. Services	Health Care	Consumer Disc.	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	66%	64%	62%	60%	60%	57%	55%	55%	54%	52%	49%	41%
Hold	30%	32%	34%	35%	36%	37%	38%	41%	41%	42%	41%	48%
Sell	4%	4%	5%	5%	4%	6%	7%	4%	5%	6%	10%	11%

Q1 Earnings Season: By The Numbers

Overview

Analysts and companies have been more pessimistic compared to recent quarters in their earnings estimate revisions and earnings outlooks for the first quarter to date. As a result, expected earnings for the S&P 500 for the first quarter are lower today compared to expectations at the start of the quarter. The index is expected to report single-digit earnings growth for the first quarter for the first time since Q4 2020.

In terms of earnings estimate revisions for companies in the S&P 500, analysts have decreased earnings estimates in aggregate for Q1 2022. On a per-share basis, estimated earnings for the first quarter decreased by 0.7% from December 31 to March 31. Over the past four quarters, analysts increased EPS estimates by 4.2% on average during the quarter. However, over longer time periods, analysts have usually reduced earnings estimates during the quarter. Over the past five years (20 quarters), earnings estimates have fallen by 2.5% on average during a quarter. Over the past ten years, (40 quarters), earnings estimates have fallen by 3.4% on average during a quarter. Over the past fifteen years, (60 quarters), earnings estimates have fallen by 4.8% on average during a quarter.

More S&P 500 companies have issued negative EPS guidance for Q1 2022 compared to recent quarters as well. At this point in time, 96 companies in the index have issued EPS guidance for Q1 2022, Of these 96 companies, 67 have issued negative EPS guidance and 29 have issued positive EPS guidance. Over the past four quarters, 45 S&P 500 companies issued negative EPS guidance on average for the quarter. The percentage of companies issuing negative EPS guidance for Q1 2022 is 70% (67 out of 96), which is above the 5-year average of 60%.

Because of the higher number of companies issuing negative EPS guidance and the net downward revisions to earnings estimates, the estimated (year-over-year) earnings growth rate for Q1 2022 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 4.7%, compared to the estimated (year-over-year) earnings growth rate of 5.7% on December 31.

If 4.7% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%). Seven of the eleven sectors are projected to report year-over-year earnings growth, led by the Energy, Industrials, and Materials sectors. Four sectors are predicted to report a year-over-year decline in earnings, led by the Financials and Consumer Discretionary sectors.

In terms of revenues, analysts have continued to be more optimistic than normal in their revenue estimate revisions. Because of the net upward revisions to revenue estimates, the estimated (year-over-year) revenue growth rate for Q1 2022 is higher now relative to the start of the first quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 10.7%, compared to the estimated (year-over-year) revenue growth rate of 9.7% on December 31.

If 10.7% is the actual growth rate for the quarter, it will mark the fifth-straight quarter of year-over-year revenue growth above 10% for the index. Ten of the eleven sectors are projected to report year-over-year growth in revenues, led by the Energy and Materials sectors.

The forward 12-month P/E ratio is 19.5, which is above the 5-year average (18.6) and above the 10-year average (16.8). However, it is also below the forward P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31), as prices have decreased while the forward 12-month EPS estimate has increased since December 31.

During the upcoming week, three S&P 500 companies are scheduled to report results for the first quarter.

Earnings Revisions: Consumer Discretionary and Industrials See Largest Estimate Decreases

Slight 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 2022 decreased slightly to 4.7% from 4.8%. Downward revisions to earnings estimates for companies in the Financials sector were mainly responsible for the small decrease in the expected earnings growth for the index during the week.

The estimated earnings growth rate for the S&P 500 for Q1 2022 of 4.7% today is below the estimate of 5.7% at the start of the quarter (December 31), as estimated earnings for the index of $450.2 billion today are 1.0% below the estimate of $454.7 billion at the start of the quarter. Seven sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Consumer Discretionary, Industrials, and Communication Services sectors. On the other hand, four sectors have recorded an increase in expected (dollar-level) earnings due to upward revisions to earnings estimates, led by the Energy sector.

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

The Consumer Discretionary sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -11.9% (to $28.3 billion from $32.1 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -14.9% from -3.4% during this time. This sector has also witnessed the second-largest decrease in price (-9.2%) of all eleven sectors since December 31. Overall, 43 of the 59 companies (73%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 43 companies, 27 have recorded a decrease in their mean EPS estimate of more than 10%, led by Las Vegas Sands (to -$0.21 from -$0.01), Caesars Entertainment (to -$2.08 from -$0.31), MGM Resorts (to -$0.09 from $0.06), Wynn Resorts (to -$1.14 from -$0.49), and Norwegian Cruise Line Holdings (to -$1.54 from -$0.76). However, Amazon.com (to $8.52 from $10.35), Carnival (to -$1.65 from -$1.04), Royal Caribbean Group (to -$4.44 from -$2.46), and Ford Motor (to $0.38 from $0.50) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

Industrials: Airlines Lead Earnings Decrease Since December 31

The Industrials sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -11.8% (to $27.8 billion from $31.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has fallen to 31.9% from 49.5% during this time. This sector has also witnessed a decrease in price of 2.7% since December 31. Overall, 52 of the 72 companies (72%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 52 companies, 13 have recorded a decrease in their mean EPS estimate of more than 10%, led by Alaska Air Group (to -$1.60 from -$0.55), Boeing (to -$0.08 from $0.45), Delta Air Lines (to -$1.36 from -$0.68), Southwest Airlines (to -$0.42 from -$0.22), American Airlines Group (to -$2.47 from -$1.35), and United Airlines Holdings (to -$4.05 from -$2.35). American Airlines Group, United Airlines Holdings, and Delta Air Lines have also been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

Communication Services: Meta Platforms Leads Earnings Decrease Since December 31

The Communication Services sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -5.9% (to $45.4 billion from $48.3 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -6.1% from -0.2% during this time. This sector has also witnessed the largest decrease in price (-12.1%) of all eleven sectors since December 31. Overall, 19 of the 23 companies (83%) in the Communication Services sector have seen a decrease in their mean EPS estimate during this time. Of these 19 companies, 10 have recorded a decrease in their mean EPS estimate of more than 10%, led by Live Nation Entertainment (to -$0.67 from -$0.21), Twitter (to $0.05 from $0.16), Paramount Global (to $0.54 from $1.14), and T-Mobile (to $0.47 from $0.80). However, Meta Platforms (to $2.57 from $3.07) has been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

Energy: Exxon Mobil and Chevron Lead Earnings Increase Since December 31

The Energy sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 30.3% (to $33.3 billion from $25.6 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 245.4% from 165.1% during this time. This sector has also witnessed the largest increase in price (+37.7%) of all eleven sectors since December 31. Rising oil prices are helping to drive the increase in expected earnings for this sector, as the price of oil increased by 33% (to $100.28 from $75.21) during the first quarter. Overall, 16 of the 21 companies (76%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 16 companies, 13 have recorded an increase in their mean EPS estimate of more than 10%, led by Marathon Petroleum (to $1.16 from $0.28), Occidental Petroleum (to $1.70 from $0.86), Valero Energy (to $1.68 from $1.03), and Marathon Oil (to $0.89 from $0.59). However, Exxon Mobil (to $2.18 from $1.59), Chevron (to $3.33 from $2.60), ConocoPhillips (to $2.85 from $2.11), and Occidental Petroleum have been the largest contributors to the increase in estimated (dollar-level) earnings for this sector since December 31.

Index-Level EPS Estimate: 0.7% Decrease During Q1

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) decreased by 0.7% (to $51.83 from $52.22) from December 31 to March 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 2.5% 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 4.8% on average during a quarter.

Therefore, the decline in the bottom-up EPS estimate recorded during the first quarter was smaller than the 5-year average, the 10-year average, and the 15-year average. However, the first quarter also marked the first decrease in the bottom-up EPS estimate during a quarter since Q2 2020 (-37.0%).

Guidance: Highest # of S&P 500 Companies Issuing Negative EPS Guidance Since Q4 2019

At this point in time, 96 companies in the index have issued EPS guidance for Q1 2022. Of these 96 companies, 67 have issued negative EPS guidance and 29 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 70% (67 out of 96), which is above the 5-year average of 60%.

The first quarter has seen the highest number of S&P 500 companies issuing negative EPS guidance for a quarter since Q4 2019 (73) and the lowest number of S&P 500 companies issuing positive EPS guidance since Q2 2020 (25). In addition, the first quarter is the third consecutive quarter in which the number of S&P 500 companies issuing negative EPS guidance has increased and the third consecutive quarter in which the number of S&P 500 companies have decreased.

Given the recent rise in oil prices, one might expect to see more companies in the Energy sector issuing positive EPS guidance for the first quarter. However, the Energy sector has historically seen few (if any) companies provide quarterly EPS guidance.

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: 4.7%

The estimated (year-over-year) earnings growth rate for Q1 2021 is 4.7%, which is below the 5-year average earnings growth rate of 15.0% and below the 10-year average earnings growth rate of 8.8%. If 4.8% is the actual growth rate for the quarter, it will mark the lowest (year-over-year) earnings growth rate reported by the index since Q4 2020 (3.8%). Seven of the eleven sectors are expected to report (year-over-year) earnings growth, led by the Energy, Industrials, and Materials sectors. On the other hand, four sectors are expected to report a (year-over-year) decline in earnings, led by the Financials and Consumer Discretionary sectors.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Growth Above 75%

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 245.4%. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q1 2022 ($95.01) was 63% above the average price for oil in Q1 2021 ($58.14). At the sub-industry level, four of the five sub-industries in the sector are expected to report a (year-over-year) increase in earnings. A growth rate is not being calculated for the Oil & Gas Refining & Marketing sub-industry due to the loss reported by the sub-industry in the year-ago quarter. However, this sub-industry is projected to report a profit in Q1 2022 ($2.2 billion) compared to a loss in Q1 2021 (-$1.3 billion). The other three sub-industries that are projected to report (year-over-year) earnings growth are the Integrated Oil & Gas (299%), Oil & Gas Exploration & Production (190%), and Oil & Gas Equipment & Services (78%) sub-industries. On the other hand, the Oil & Gas Storage & Transportation (-33%) sub-industry is the only sub-industry predicted to report a (year-over-year) loss in the sector.

Industrials: Boeing and Airlines Industry Are Largest Contributors to Year-Over-Year Growth

The Industrials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 31.9%. At the industry level, 9 of the 12 industries in the sector are projected to report a (year-over-year) increase in earnings. A growth rate is not being calculated for the Airlines industry due to the loss reported by the industry in the year-ago quarter. However, this industry is predicted to report a smaller loss in Q1 2022 (-$4.2 billion) compared to Q1 2021 (-$8.9 billion). Six of the remaining seven industries are expected to report earnings growth at or above 10%: Construction & Engineering (74%), Trading Companies & Distributors (32%), Road & Rail (19%), Air Freight & Logistics (14%), Aerospace & Defense (14%), and Electrical Equipment (10%). On the other hand, three industries are predicted to report a (year-over-year) decline in earnings, led by the Industrial Conglomerates (-8%) industry. Boeing and the five companies in the Airlines industry are the largest contributors to earnings growth for the sector. If these six companies were excluded, the estimated earnings growth rate for the Industrials sector would fall to 3.9% from 31.9%.

Materials: Metals & Mining Industry Leads Year-over-Year Growth

The Materials sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 30.5%. At the industry level, three of the four industries in this sector are projected to report (year-over-year) earnings growth at or above 10%: Metals & Mining (68%), Chemicals (24%), and Containers & Packaging (10%). On the other hand, the Construction Materials industry (-8%) is the only industry predicted to report a (year-over-year) decline in earnings.

Financials: Banks Industry Leads Year-Over-Year Decline

The Financials sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -24.2%. At the industry level, all five industries in this sector are projected to report a (year-over-year) earnings decline. Three of these five industries are predicted to report a (year-over-year) decrease in earnings of more than 10%: Banks (-34%), Consumer Finance (-26%), and Capital Markets (-17%).

Consumer Discretionary: Amazon and Ford Are Largest Contributors to Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -14.9%. At the industry level, 8 of the 10 industries in the sector are expected to report a (year-over-year) decrease in earnings. Five of these eight industries are projected to report a double-digit decline in earnings: Internet & Direct Marketing Retail (-43%), Leisure Products (-36%), Auto Components (-30%), Automobiles (-18%), and Multiline Retail (-17%). On the other hand, two sectors are projected to report (year-over-year) earnings growth. A growth rate is not being calculated for the Hotels, Restaurants, & Leisure industry due to the loss reported in the year-ago quarter. This industry is expected to report a smaller loss in Q1 2022 (-$501 million) compared to Q1 2021 (-$2.4 billion). The other industry predicted to report earnings growth is the Distributors (5%) industry. At the company level, Amazon.com and Ford Motor are the largest contributors to the decline in earnings for the sector. If these two companies were excluded, the Consumer Discretionary sector would be expected to report earnings growth of 2.9% rather than an earnings decline of 14.9%.

Revenue Growth: 10.7%

The estimated (year-over-year) revenue growth rate for Q1 2022 is 10.7%, which is above the 5-year average revenue growth rate of 7.1% and above the 10-year average revenue growth rate of 4.0%. If 10.7% is the actual growth rate for the quarter, it will mark the fifth-straight quarter of (year-over-year) revenue growth above 10%. Ten of the eleven sectors are expected to report (year-over-year) growth in revenues, led by the Energy and Materials sectors.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Growth Above 40%

The Energy sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 43.3%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q1 2022 ($95.01) was 63% above the average price for oil in Q1 2021 ($58.14). At the sub-industry level, all five sub-industries in the sector are predicted to report (year-over-year) revenue growth. Four of the five sub-industries are projected to report double-digit growth: Oil & Gas Exploration & Production (63%), Oil & Gas Refining & Marketing (49%), Integrated Oil & Gas (43%), and Oil & Gas Equipment & Services (13%).

Materials: Metals & Mining Industry Leads Year-Over-Year Growth

The Materials sector is expected to report the second-highest (year-over-year) revenue growth of all eleven sectors at 20.2%. At the industry level, all four industries in this sector are projected to report (year-over-year) growth in revenues. Three of these four industries are predicted to report revenue growth above 20%: Metals & Mining (35%), Construction Materials (28%), and Chemicals (21%).

Net Profit Margin: 12.1%

The estimated net profit margin for the S&P 500 for Q1 2022 is 12.1%, which is above the 5-year average of 11.0%, but below the year-ago net profit margin of 12.8% and the previous quarter's net profit margin of 12.4%.

At the sector level, four sectors are projected to report a (year-over-year) increase in their net profit margins in Q1 2022 compared to Q1 2021, led by the Energy (to 11.0% vs. 4.6%) sector. On the other hand, seven sectors are projected to report a (year-over-year) decrease in their net profit margins, led by the Financials (16.9% vs. 22.7%) sector.

Six sectors are projected to report net profit margins in Q1 2022 that are above their 5-year averages, led by the Energy (11.0% vs. 5.3%) sector. On the other hand, four sectors are projected to report net profit margins in Q1 2022 that are below their 5-year averages, led by the Consumer Discretionary (to 6.0% from 6.6%) sector. One sector (Real Estate) is predicted to report a net profit margin (34.7%) equal to its 5-year average.

Looking Ahead: Forward Estimates and Valuation

Earnings: S&P 500 Expected to Reported Earnings Growth of 9.5% for CY 2022

For the fourth quarter, S&P 500 companies reported earnings growth of 31.2% and revenue growth of 16.1%. For CY 2021, the index reported earnings growth of 47.7% and revenue growth of 16.5%

For Q1 2022, analysts are projecting earnings growth of 4.7% and revenue growth of 10.7%.

For Q2 2022, analysts are projecting earnings growth of 5.8% and revenue growth of 9.6%.

For Q3 2022, analysts are projecting earnings growth of 10.3% and revenue growth of 8.7%.

For Q4 2022, analysts are projecting earnings growth of 9.6% and revenue growth of 7.2%.

For CY 2022, analysts are projecting earnings growth of 9.5% and revenue growth of 9.3%.

Valuation: Forward P/E Ratio is 19.5, Above the 10-Year Average (16.8)

The forward 12-month P/E ratio is 19.5. This P/E ratio is above the 5-year average of 18.6 and above the 10-year average of 16.8. However, it is below the forward 12-month P/E ratio of 21.3 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 decreased by 4.9%, while the forward 12-month EPS estimate has increased by 4.4%. At the sector level, the Consumer Discretionary (27.8) and Information Technology (24.4) sectors have the highest forward 12-month P/E ratios, while the Energy (11.5) and Financials (14.4) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 22.1, which is below the 5-year average of 23.1 but above the 10-year average of 20.1.

Targets & Ratings: Analysts Project 17% Increase in Price Over Next 12 Months

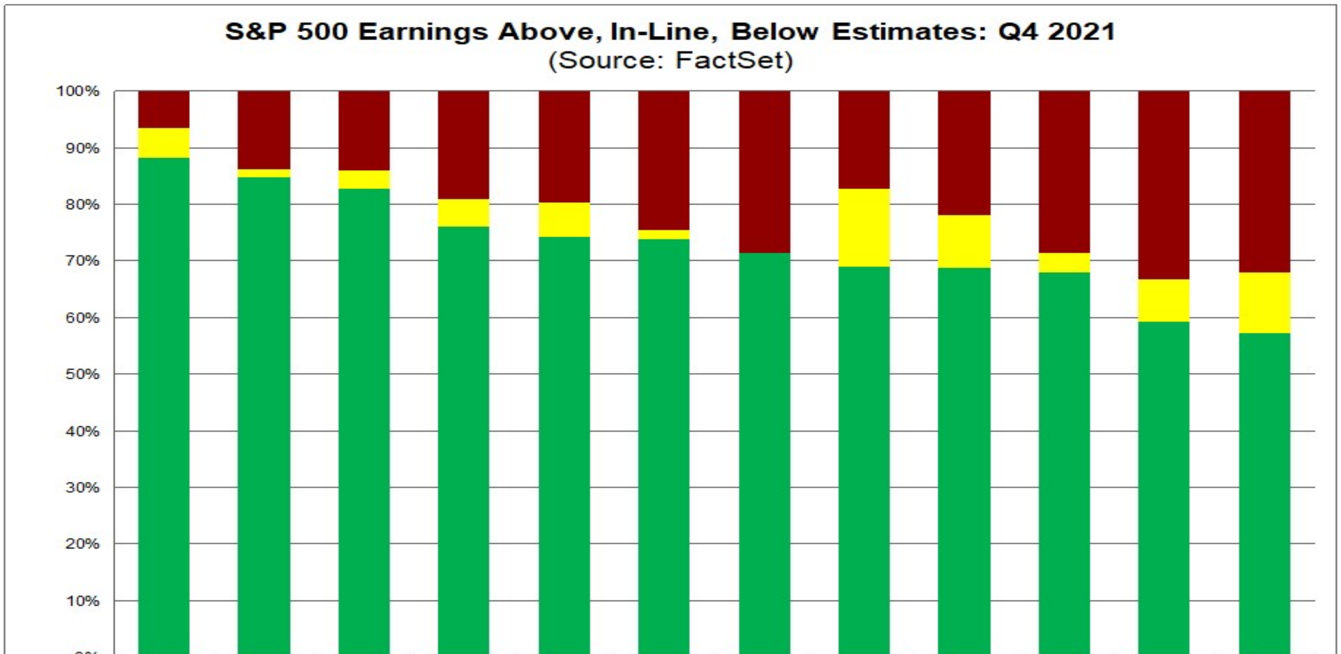
The bottom-up target price for the S&P 500 is 5282.93, which is 16.6% above the closing price of 4530.41. At the sector level, the Communication Services (+28.8%), Consumer Discretionary (+20.4%), and Information Technology (+19.8%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+1.5%) 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 10,821 ratings on stocks in the S&P 500. Of these 10,821 ratings, 57.3% are Buy ratings, 37.1% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Energy (66%), Information Technology (64%), and Communication Services (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

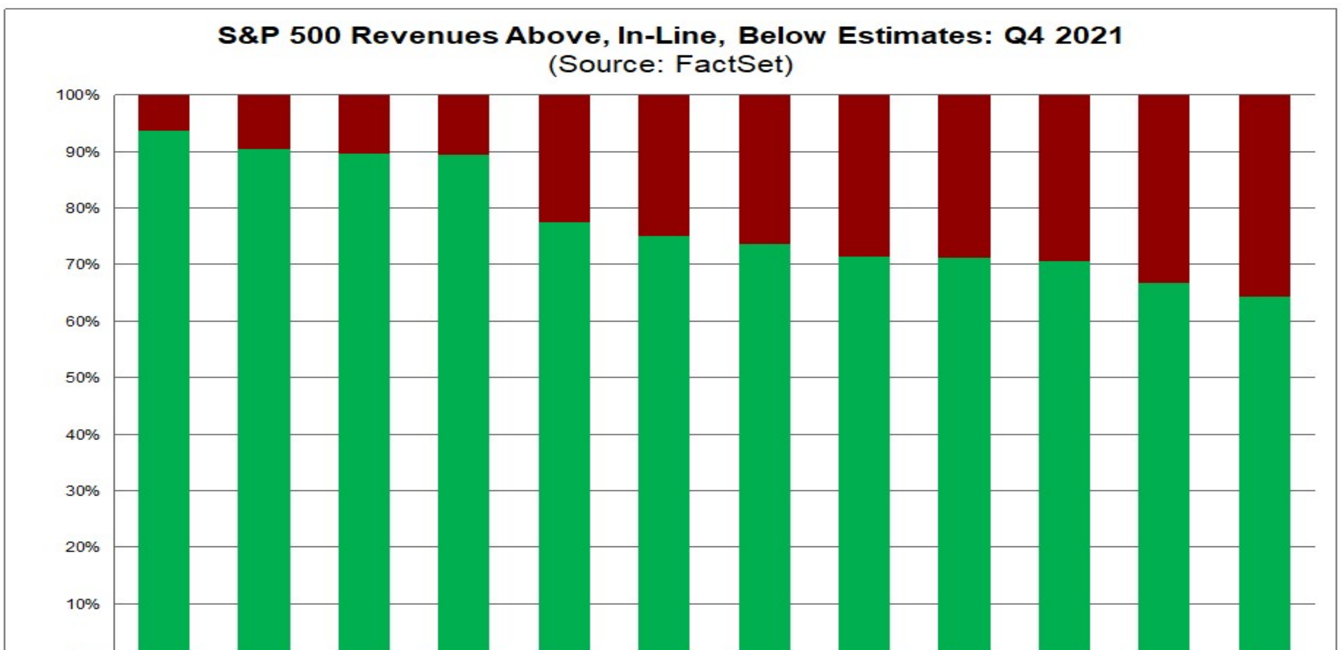
Companies Reporting Next Week: 3

During the upcoming week, three S&P 500 companies are scheduled to report results for the first quarter.

Q4 2021: Scorecard

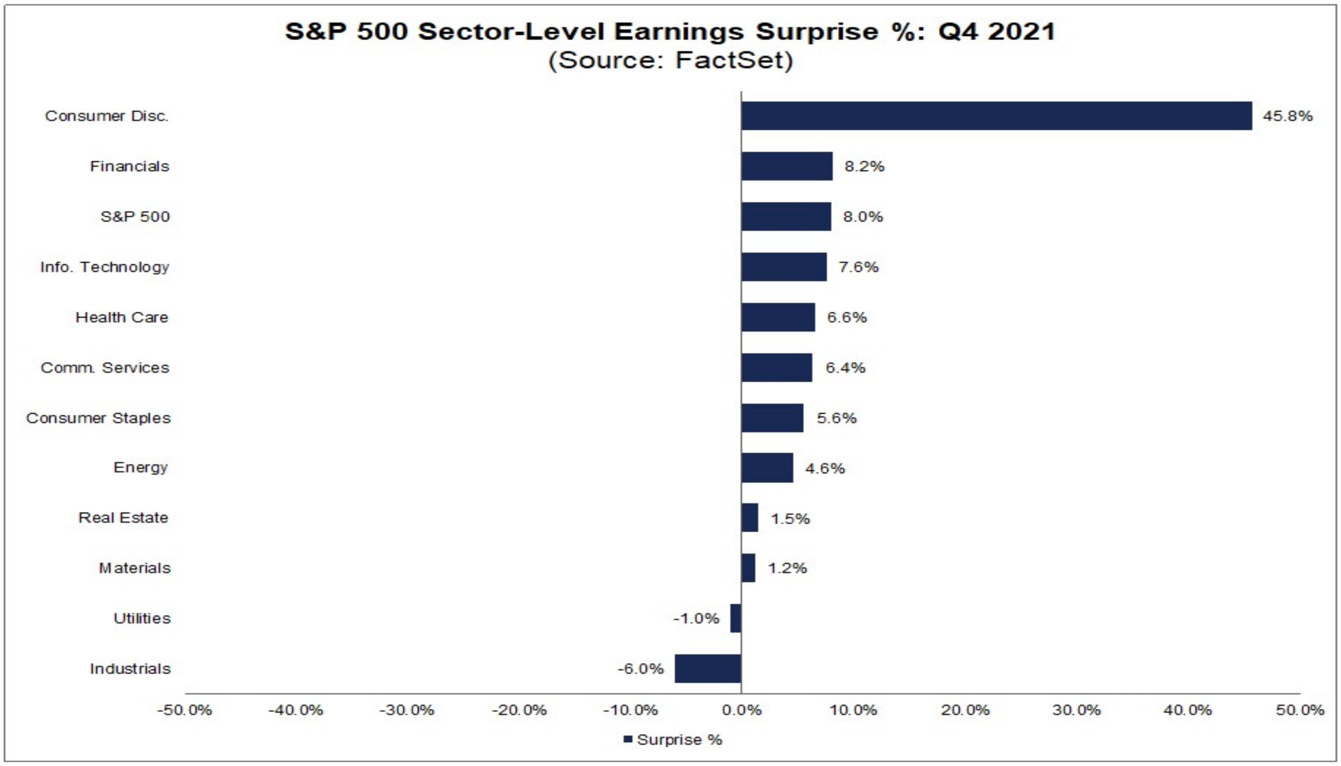


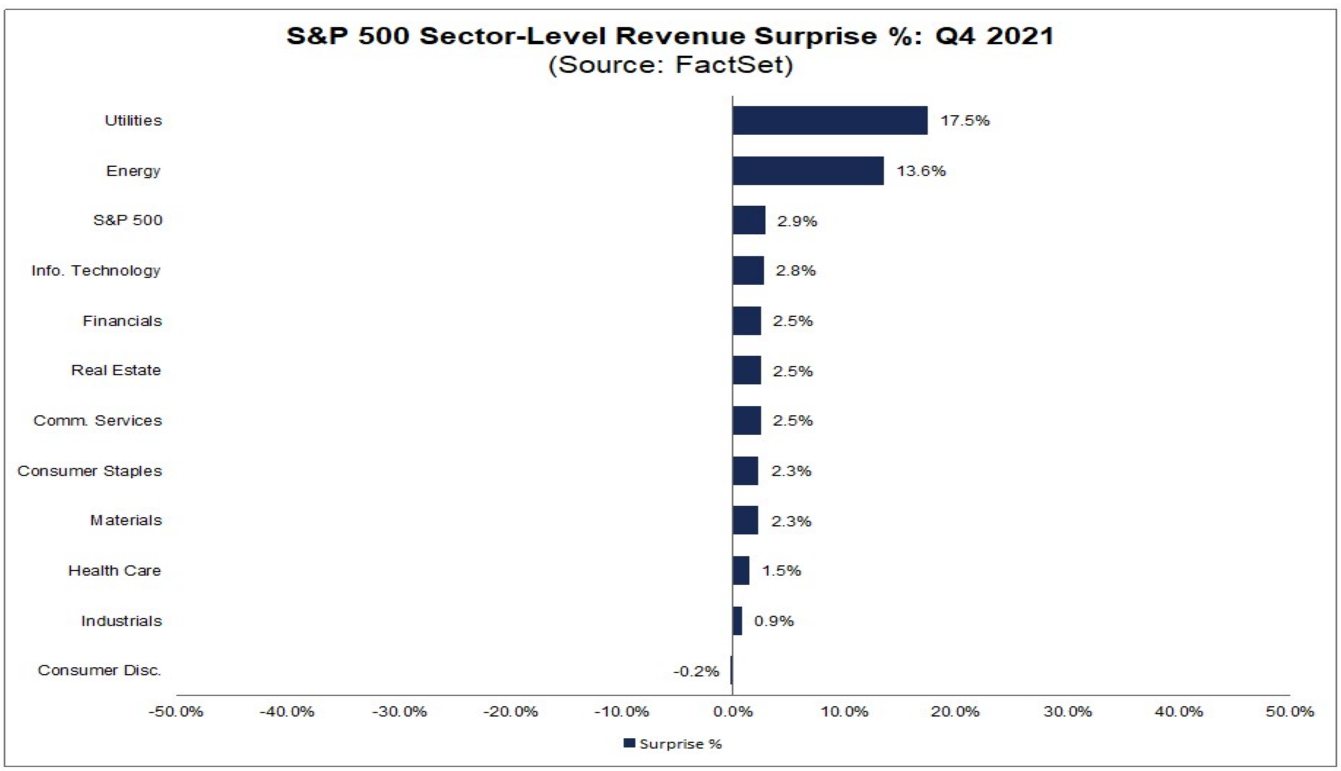
	Info. Technology	Industrials	Health Care	S&P 500	Financials	Consumer Disc.	Energy	Real Estate	Consumer Staples	Utilities	Comm. Services	Materials
Below	7%	14%	14%	19%	20%	25%	29%	17%	22%	29%	33%	32%
In-Line	5%	1%	3%	5%	6%	2%	0%	14%	9%	4%	7%	11%
Above	88%	85%	83%	76%	74%	74%	71%	69%	69%	68%	59%	57%



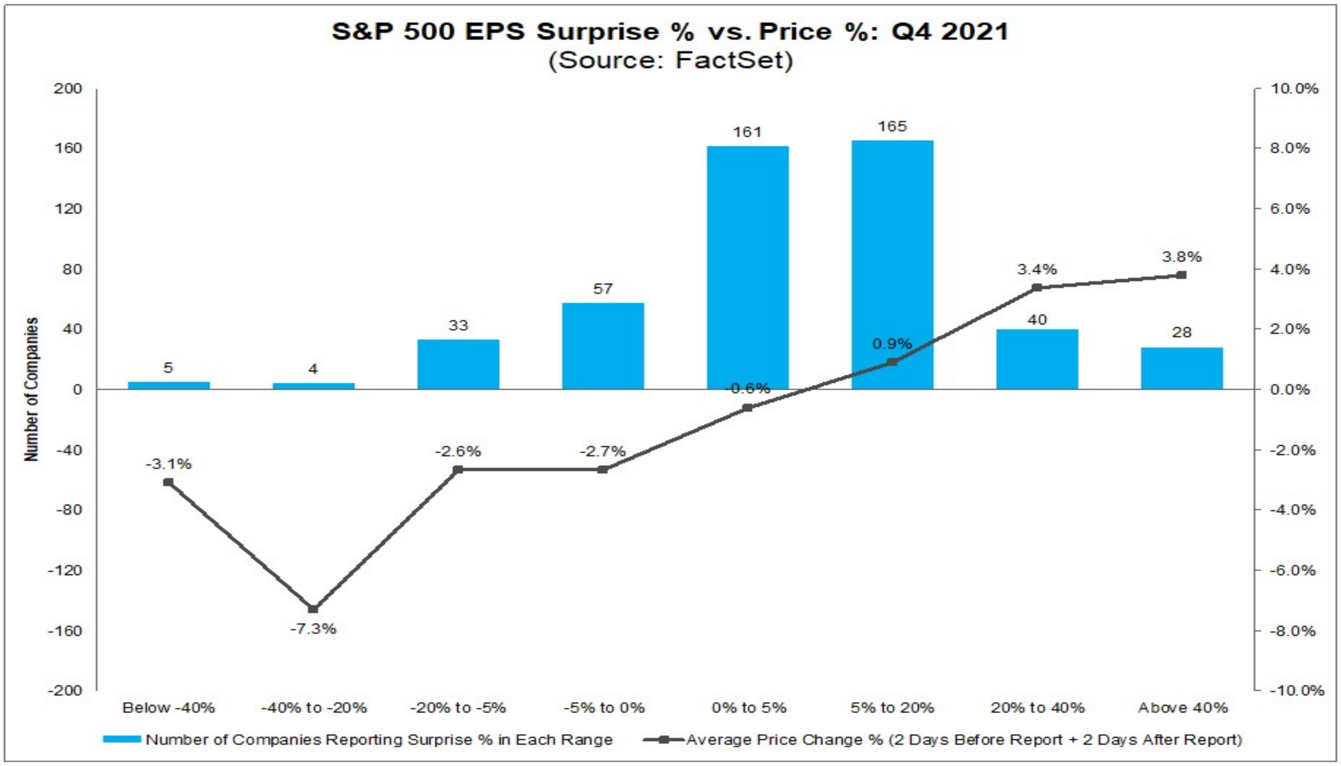
	Consumer Staples	Energy	Real Estate	Info. Technology	S&P 500	Health Care	Industrials	Materials	Financials	Consumer Disc.	Comm. Services	Utilities
Below	6%	10%	10%	11%	23%	25%	26%	29%	29%	30%	33%	36%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	94%	90%	90%	89%	77%	75%	74%	71%	71%	70%	67%	64%

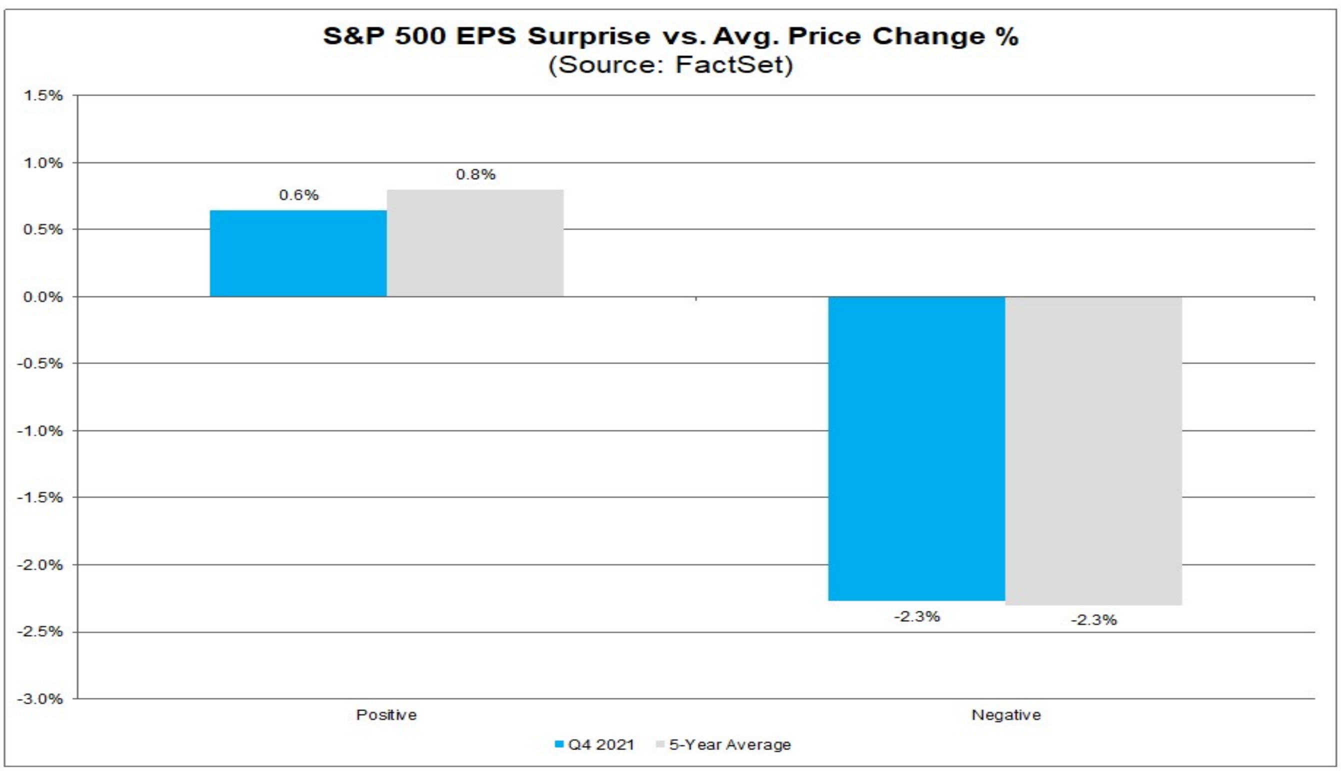
Q4 2021: Scorecard



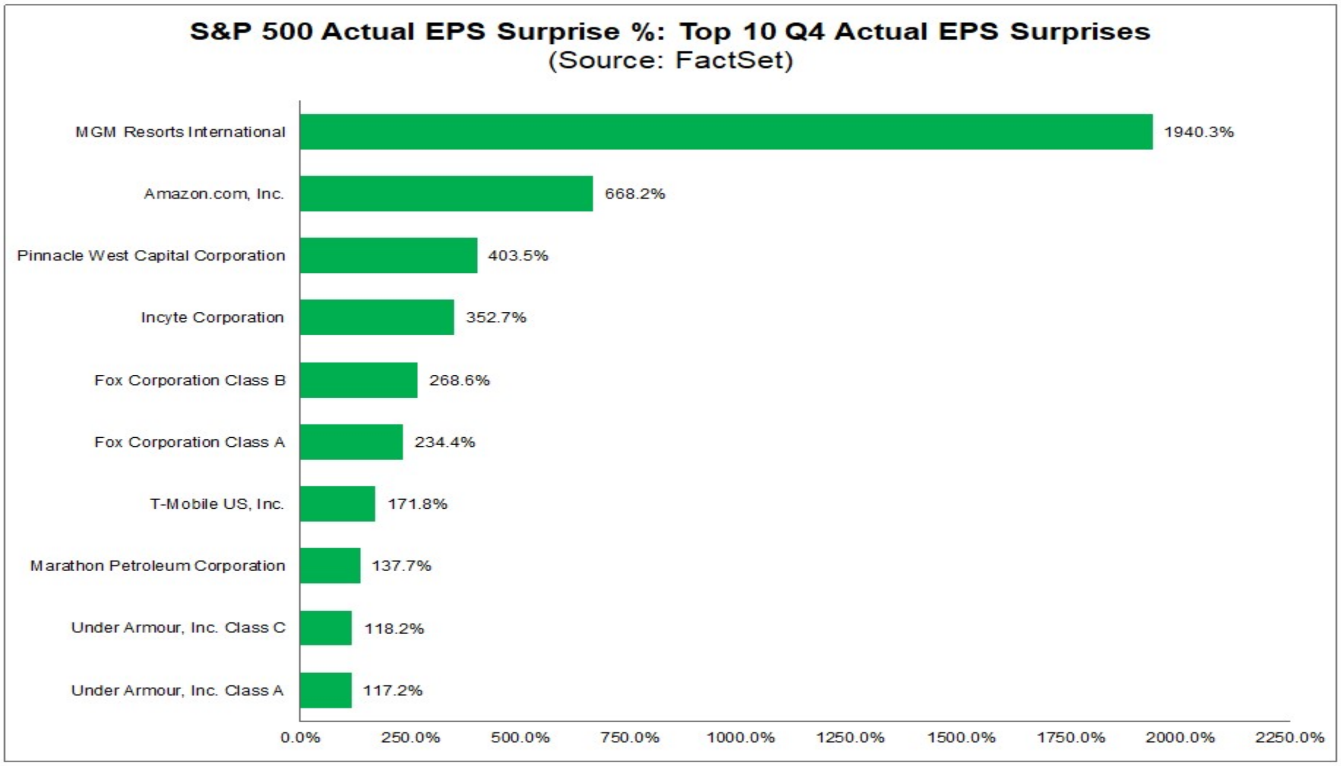


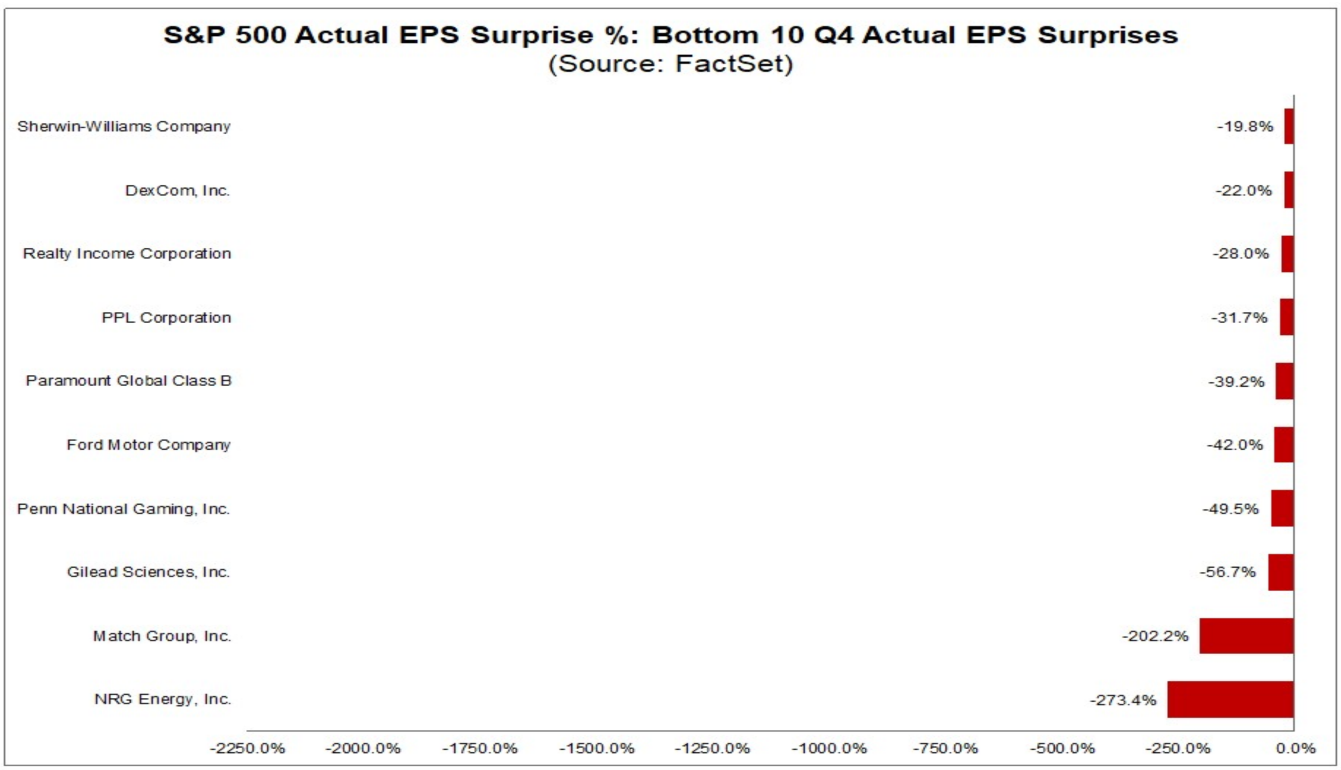
Q4 2021: Scorecard



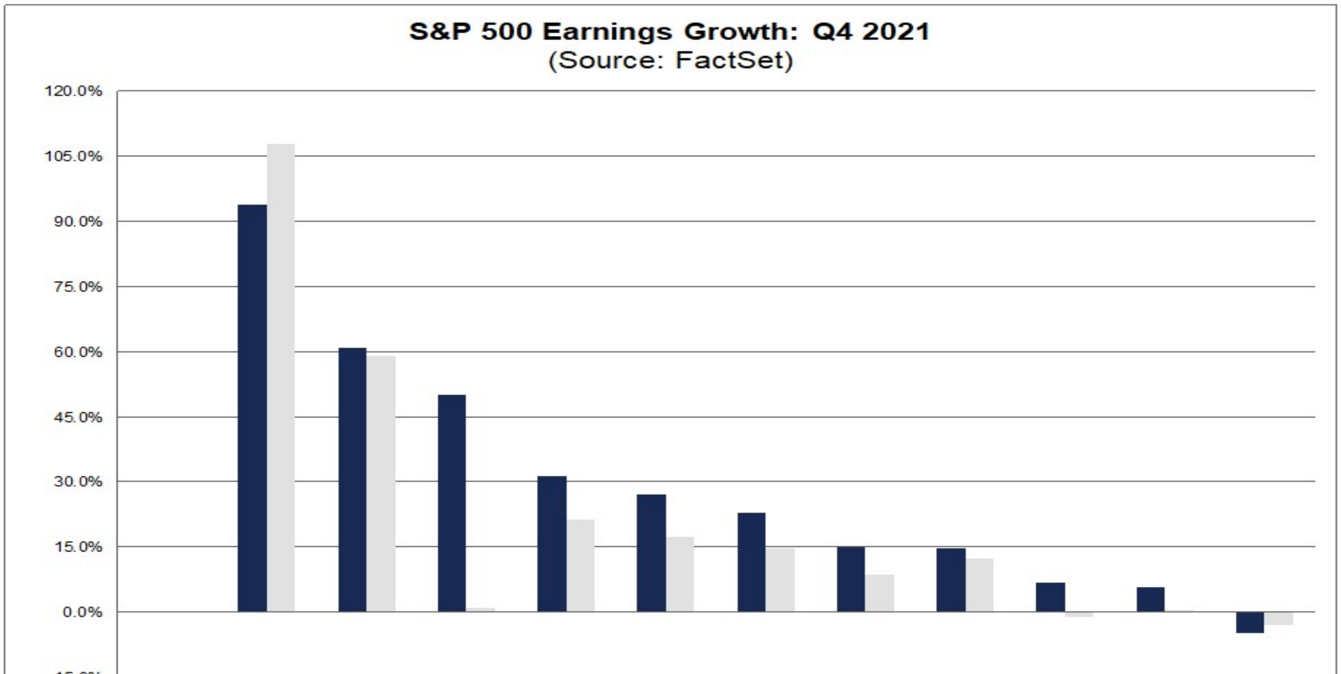


Q4 2021: Scorecard

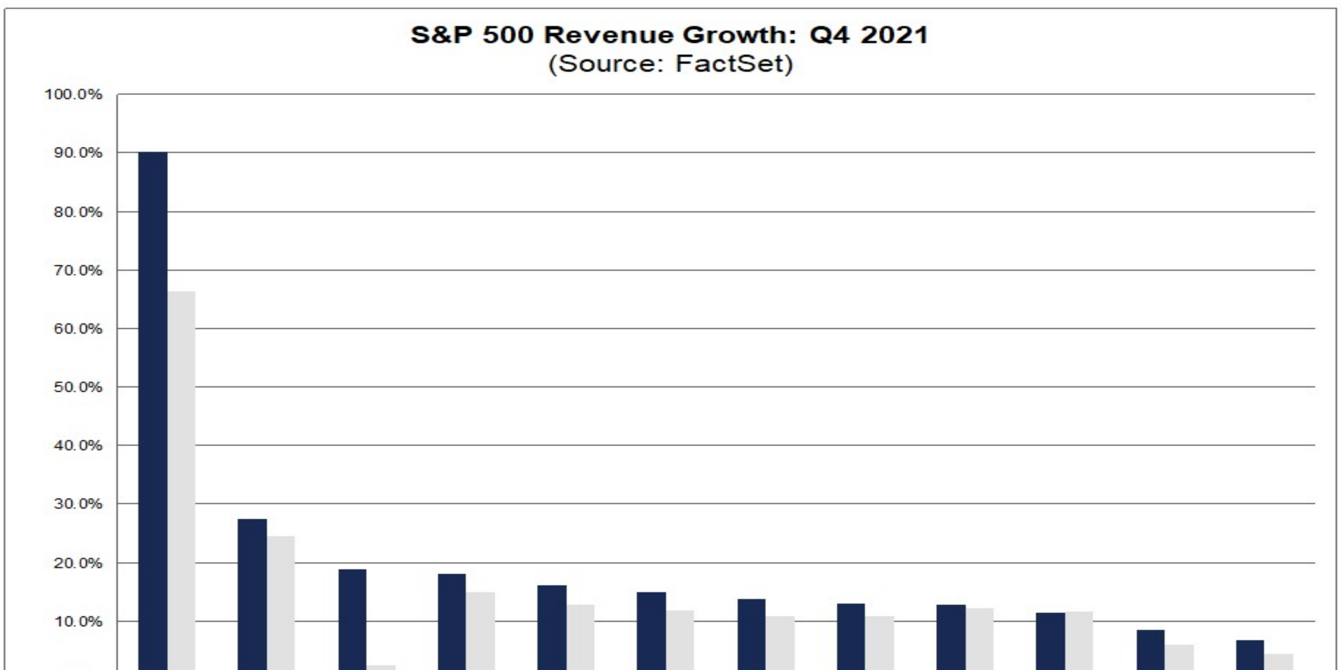




Q4 2021: Growth

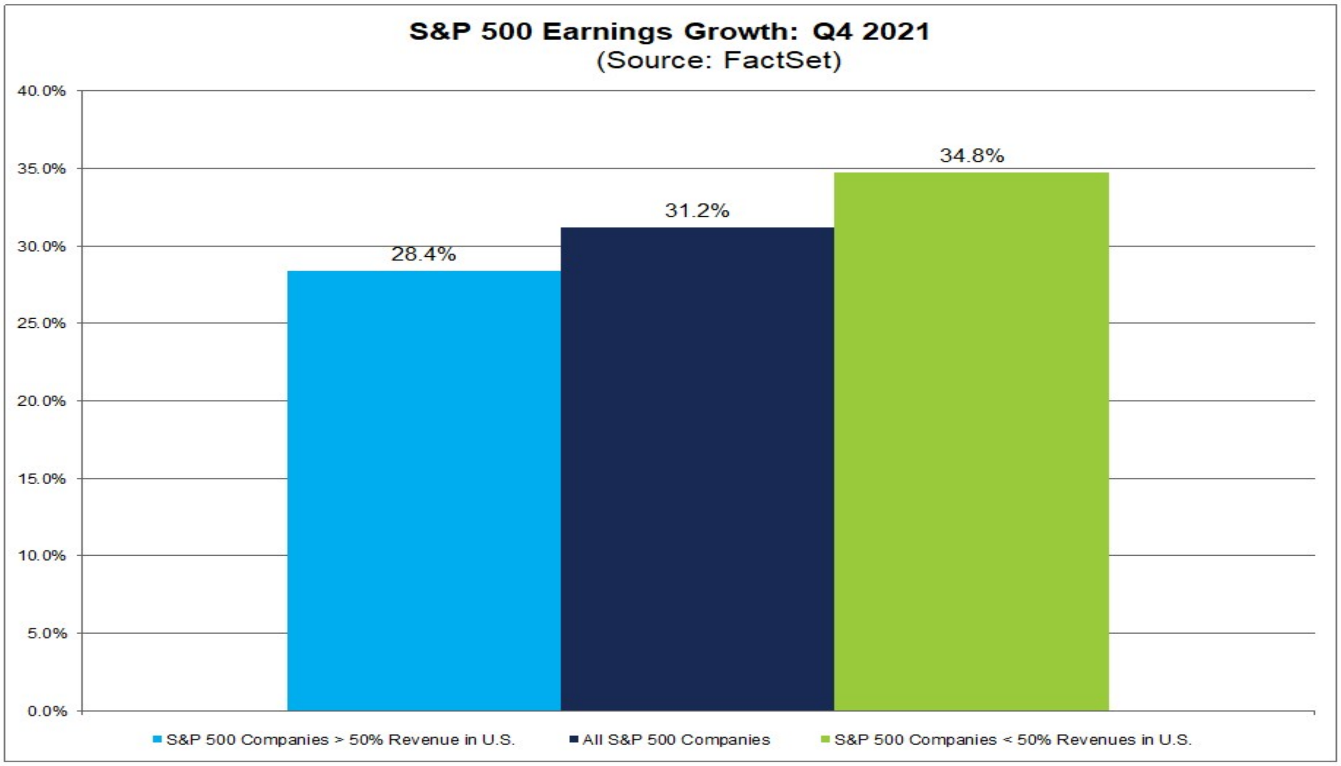


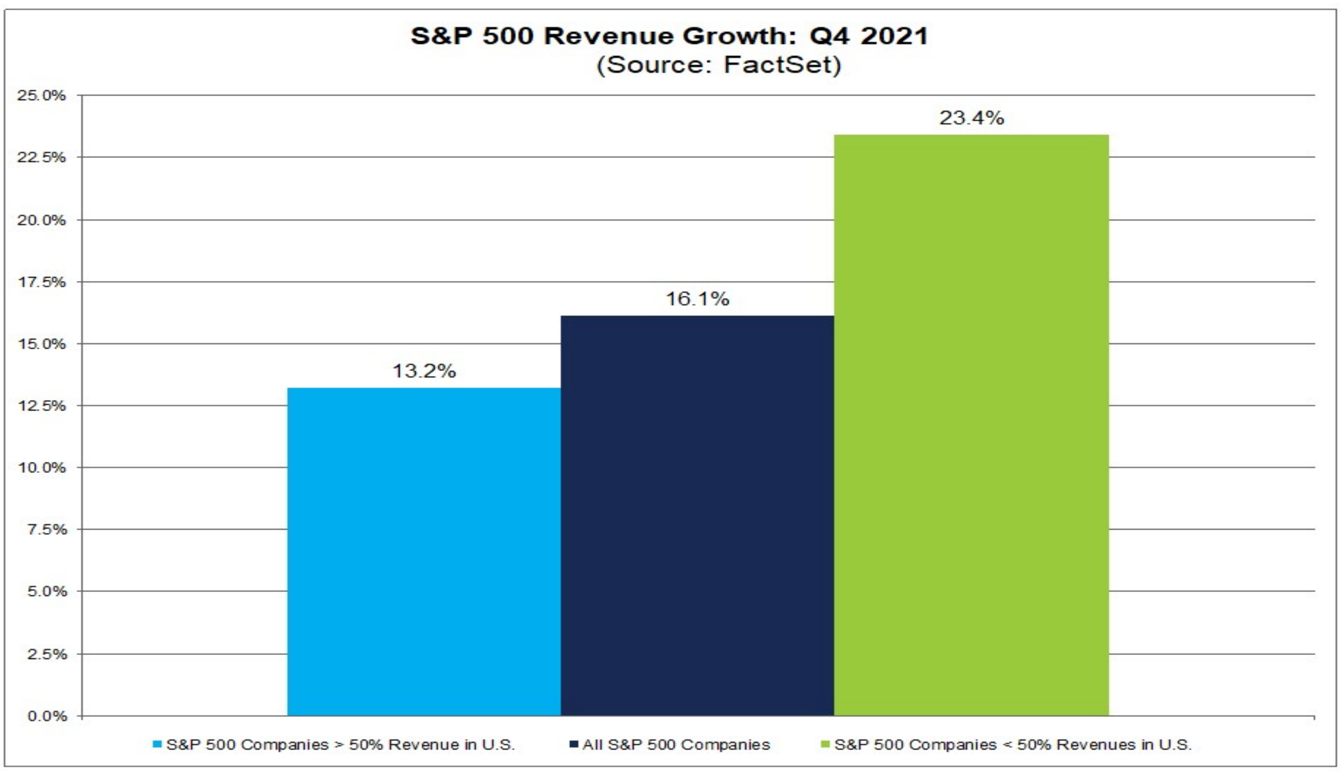
	Energy	Industrials	Materials	Consumer Disc.	S&P 500	Health Care	Info. Technology	Comm. Services	Real Estate	Financials	Consumer Staples	Utilities
Today		93.9%	60.9%	50.0%	31.2%	27.0%	22.7%	15.0%	14.8%	6.8%	5.7%	-4.7%
31-Dec		107.9%	59.1%	0.8%	21.2%	17.4%	14.6%	8.7%	12.3%	-1.1%	0.5%	-3.1%



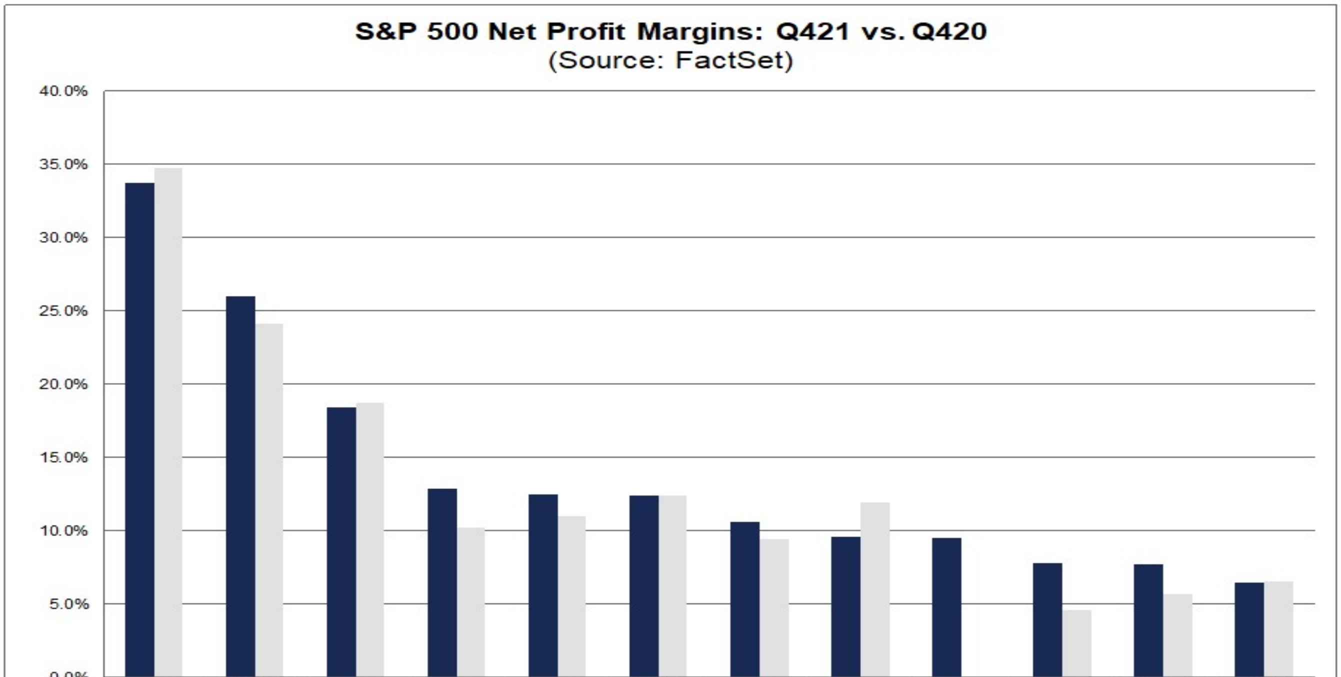
	Energy	Materials	Utilities	Real Estate	S&P 500	Comm. Services	Info. Technology	Health Care	Industrials	Consumer Disc.	Financials	Consumer Staples
Today	90.1%	27.5%	18.9%	18.0%	16.1%	14.9%	13.7%	13.0%	12.7%	11.4%	8.5%	6.7%
31-Dec	66.3%	24.6%	2.5%	14.9%	12.8%	11.8%	10.8%	10.8%	12.3%	11.7%	5.9%	4.3%

Q4 2021: Growth

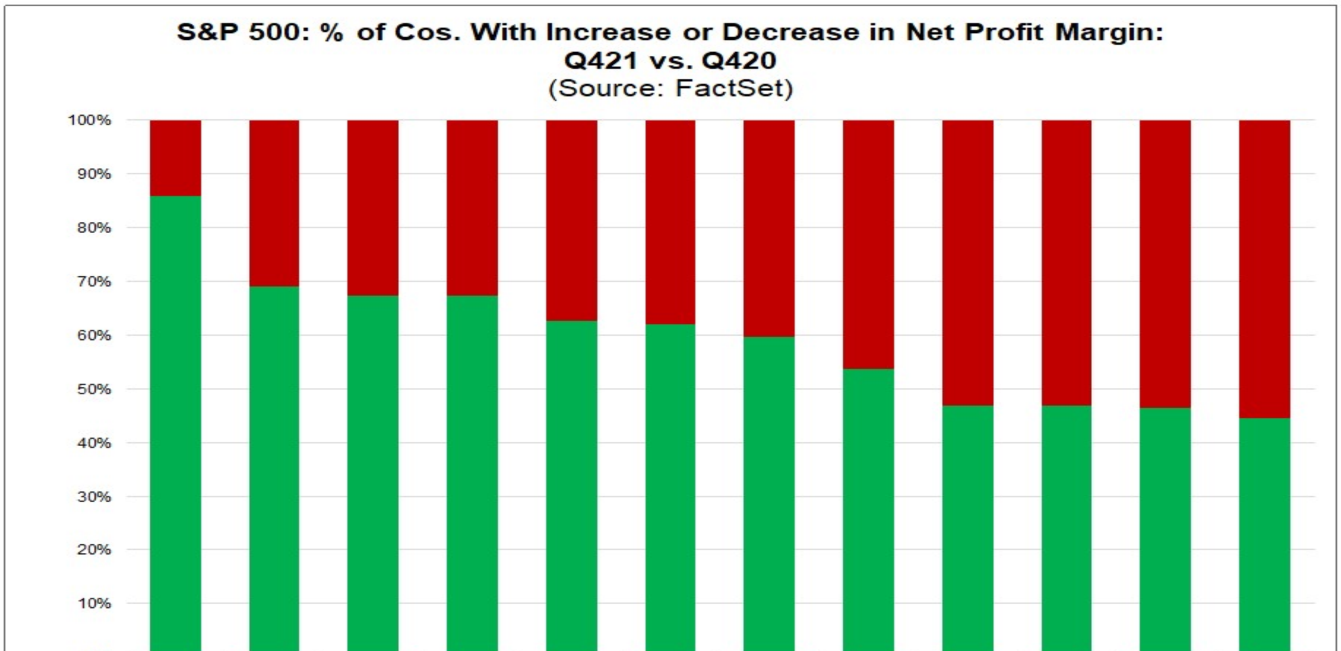




Q4 2021: Net Profit Margin

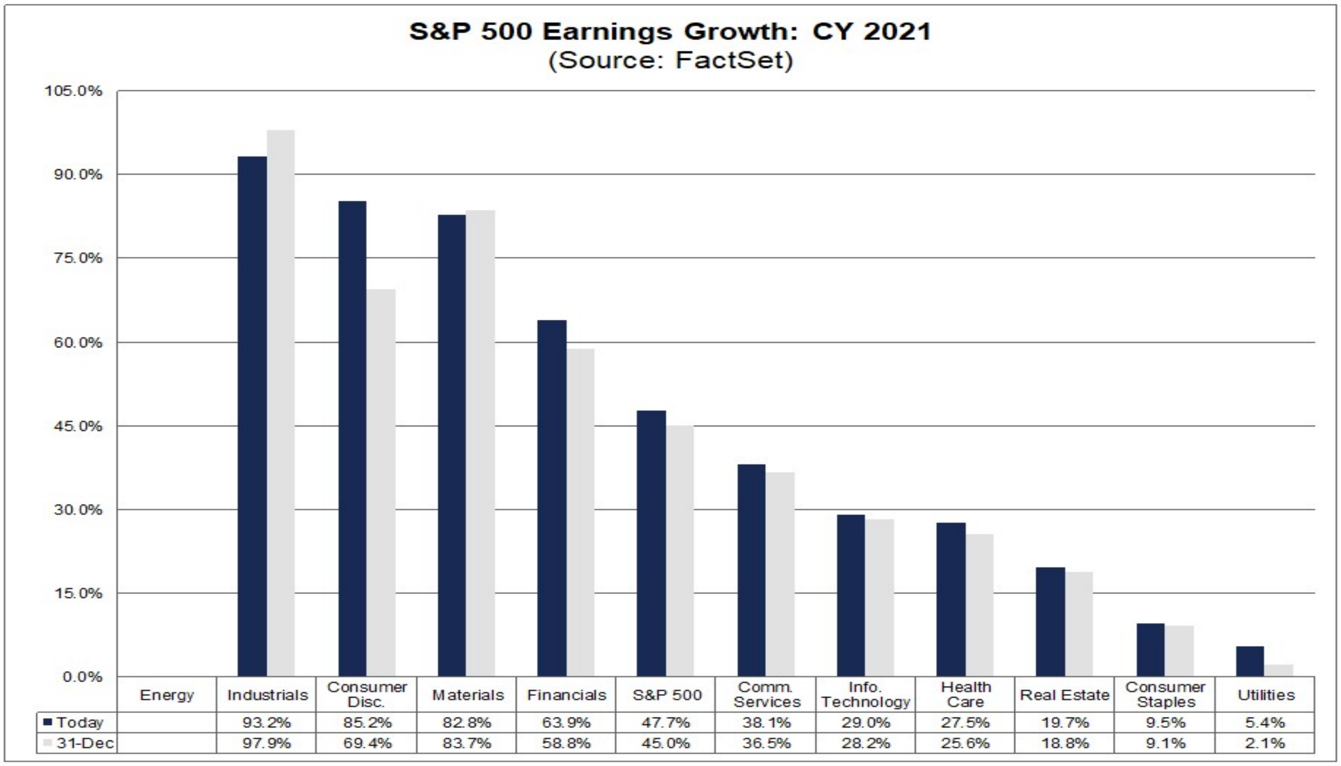


	Real Estate	Information Tech.	Financials	Materials	S&P 500	Comm. Services	Health Care	Utilities	Energy	Industrials	Consumer Disc.	Consumer Staples
Q421	33.8%	26.0%	18.4%	12.8%	12.4%	12.4%	10.6%	9.6%	9.5%	7.8%	7.7%	6.5%
Q420	34.7%	24.1%	18.7%	10.2%	11.0%	12.4%	9.4%	11.9%		4.5%	5.7%	6.5%

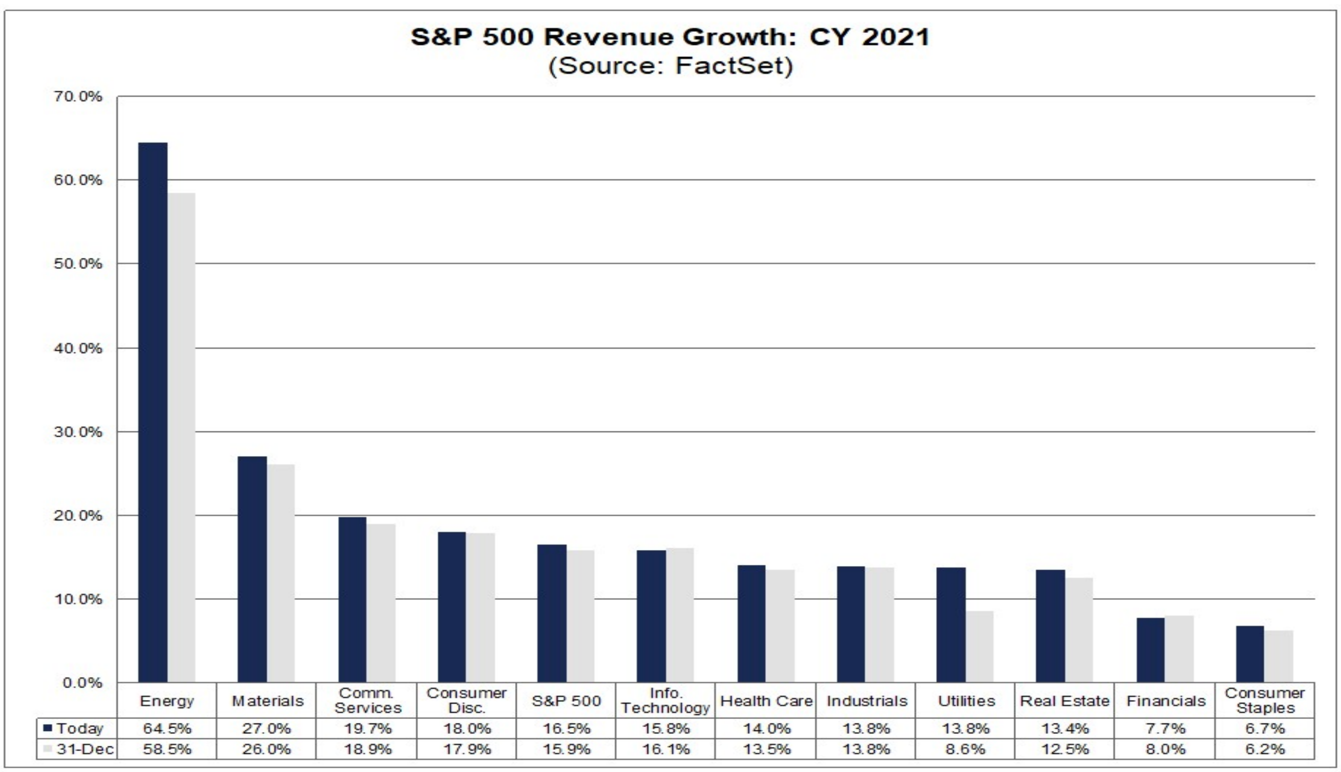


	Energy	Real Estate	Consumer Disc.	Financials	Industrials	Information Tech.	S&P 500	Materials	Health Care	Consumer Staples	Utilities	Comm. Services
Down %	14%	31%	33%	33%	38%	38%	40%	46%	53%	53%	54%	56%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	86%	69%	67%	67%	63%	62%	60%	54%	47%	47%	46%	44%

CY 2021: Growth

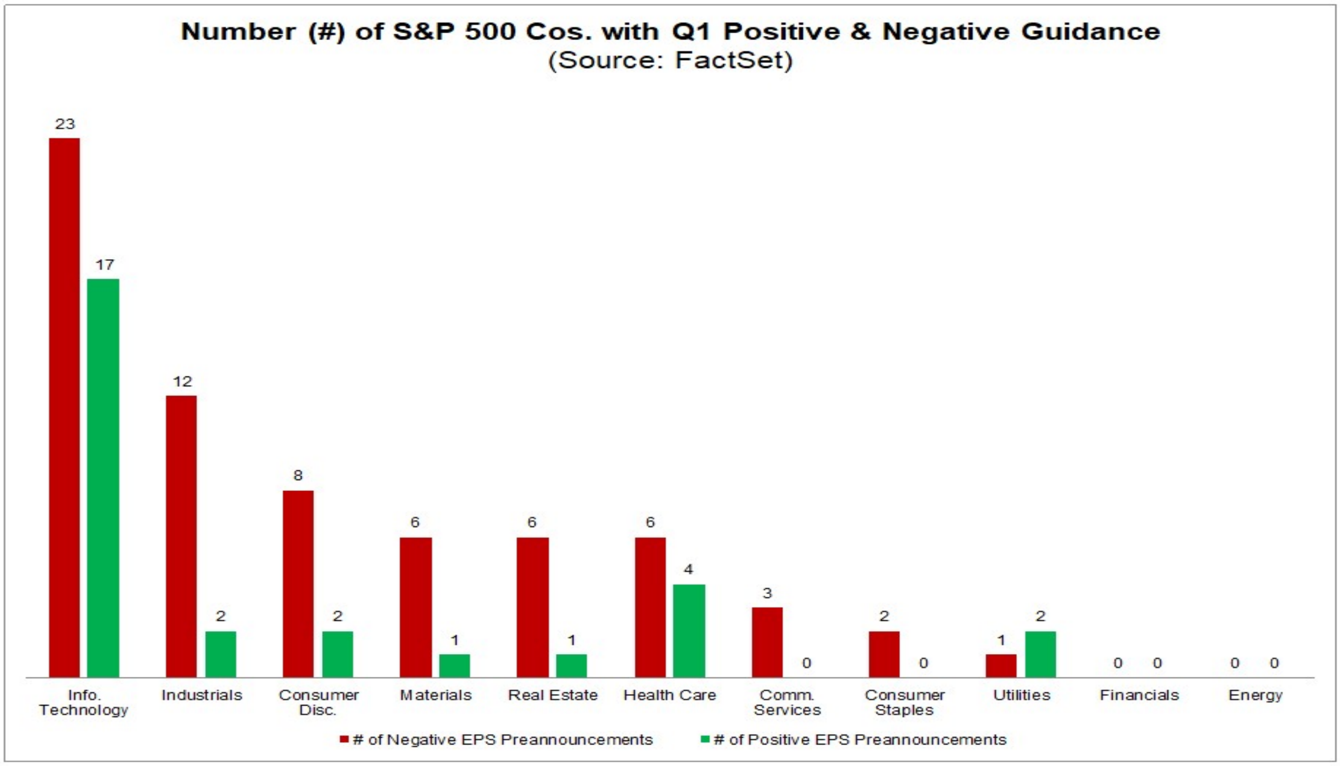


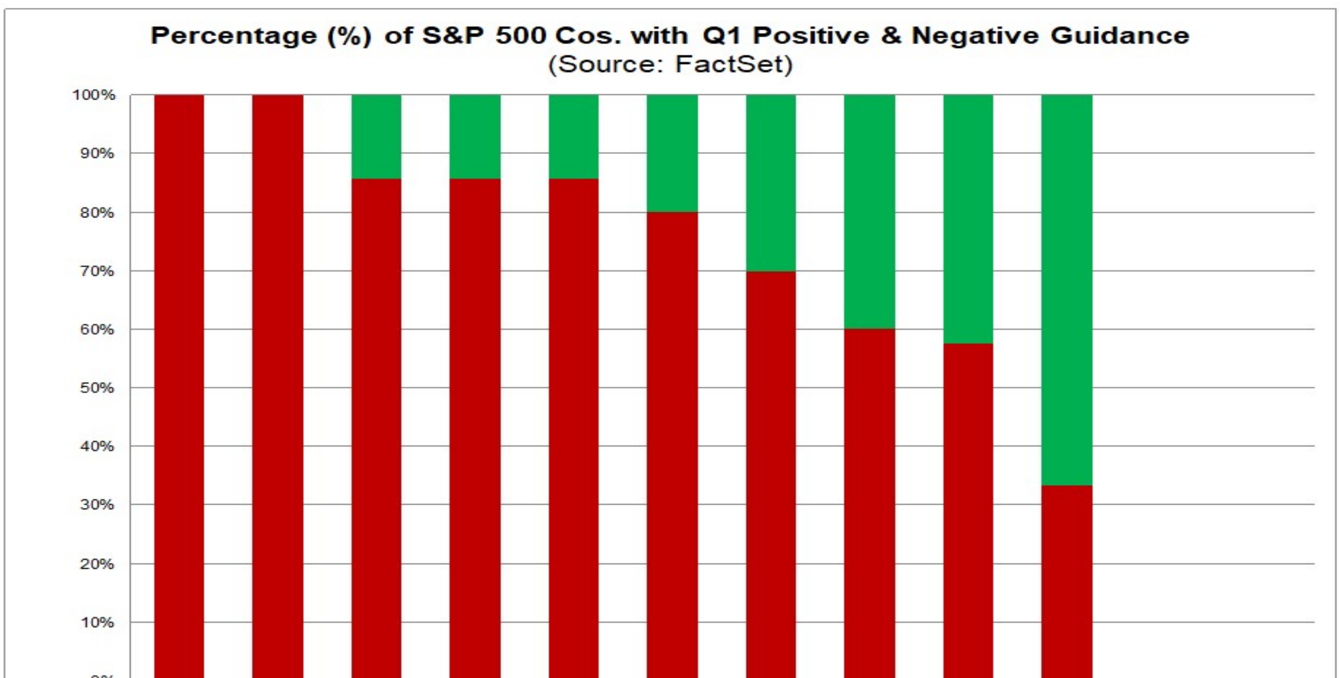
	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		93.2%	85.2%	82.8%	63.9%	47.7%	38.1%	29.0%	27.5%	19.7%	9.5%	5.4%
31-Dec		97.9%	69.4%	83.7%	58.8%	45.0%	36.5%	28.2%	25.6%	18.8%	9.1%	2.1%



	Energy	Materials	Comm. Services	Consumer Disc.	S&P 500	Info. Technology	Health Care	Industrials	Utilities	Real Estate	Financials	Consumer Staples
Today	64.5%	27.0%	19.7%	18.0%	16.5%	15.8%	14.0%	13.8%	13.8%	13.4%	7.7%	6.7%
31-Dec	58.5%	26.0%	18.9%	17.9%	15.9%	16.1%	13.5%	13.8%	8.6%	12.5%	8.0%	6.2%

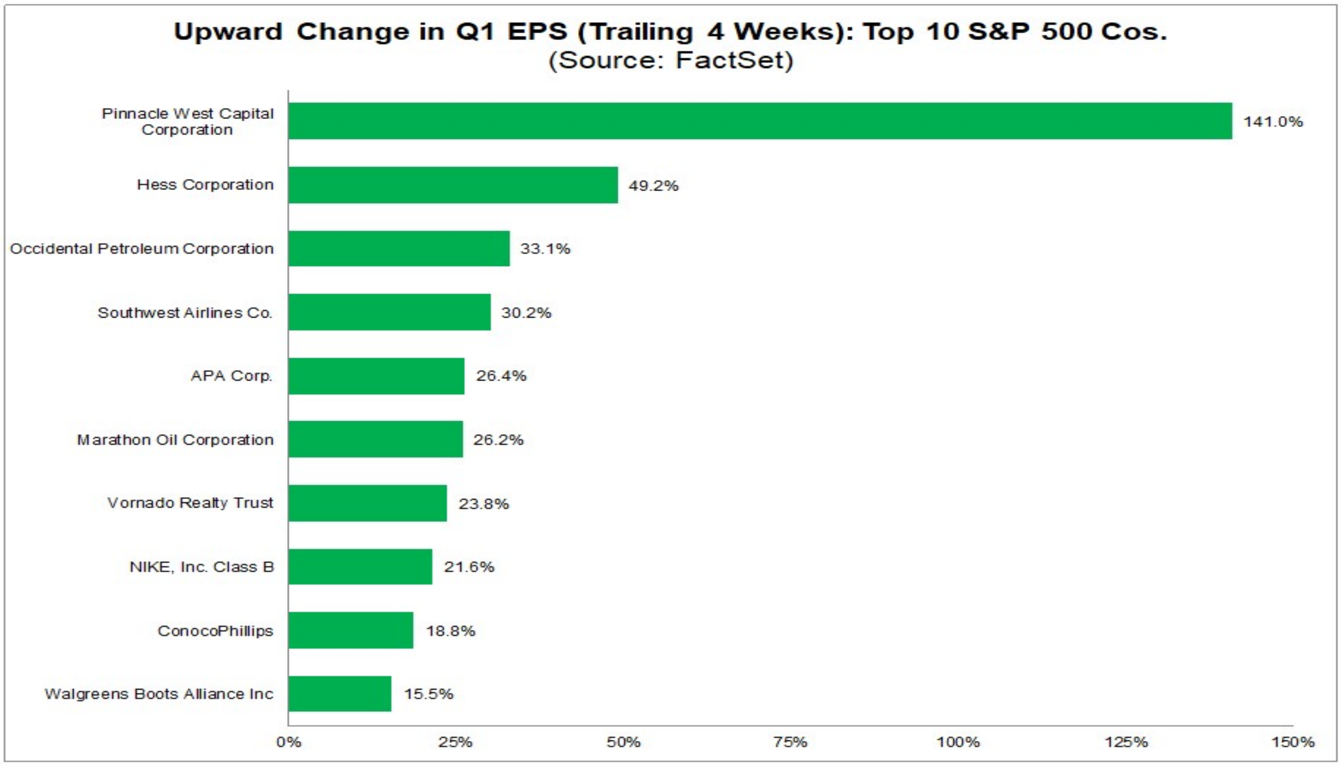
Q1 2022: EPS Guidance

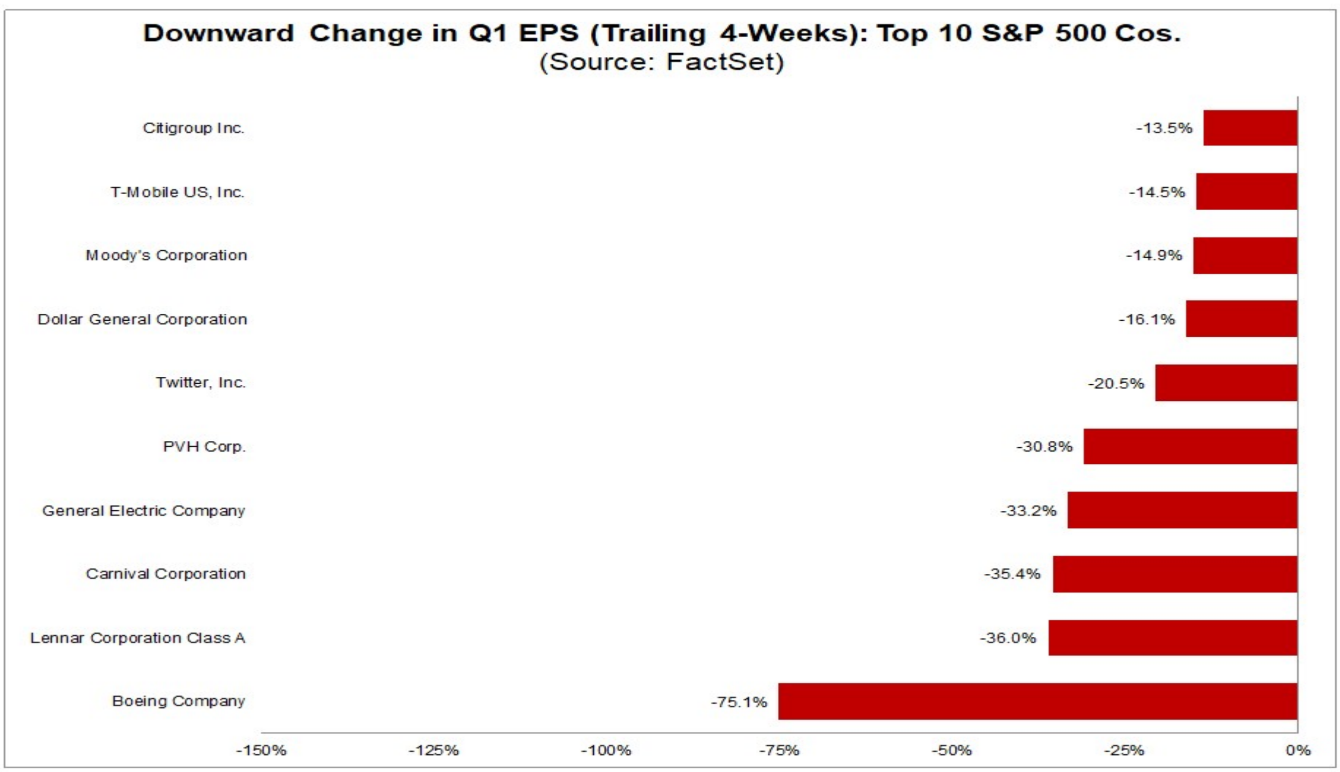




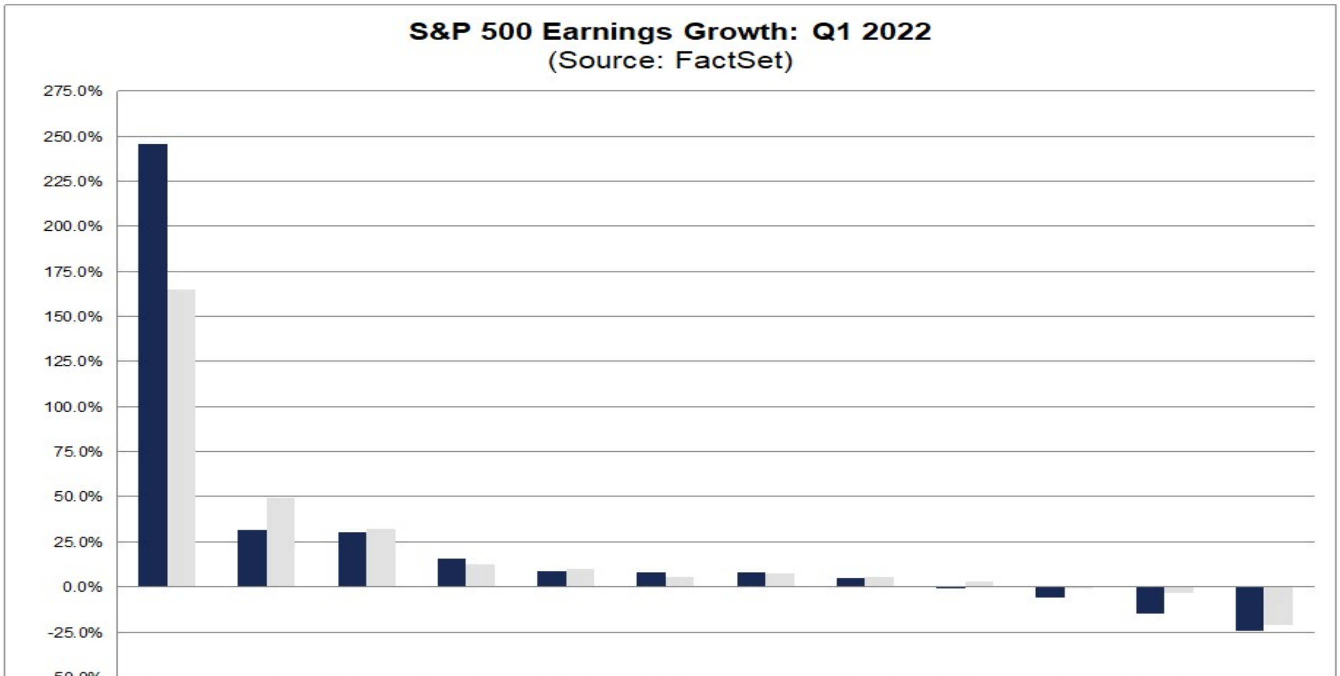
	Comm. Services	Consumer Staples	Industrials	Real Estate	Materials	Consumer Disc.	S&P 500	Health Care	Info. Technology	Utilities	Financials	Energy
Positive	0%	0%	14%	14%	14%	20%	30%	40%	43%	67%	0%	0%
Negative	100%	100%	86%	86%	86%	80%	70%	60%	58%	33%	0%	0%

Q1 2022: EPS Revisions

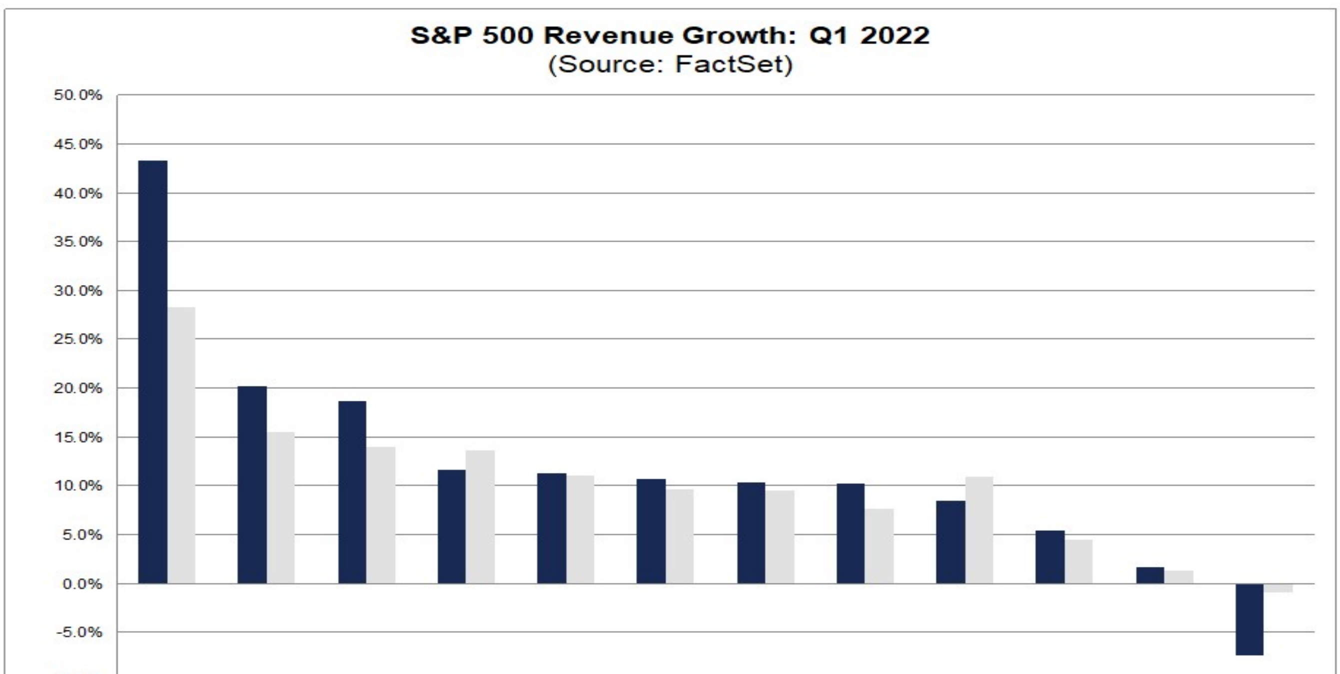




Q1 2022: Growth

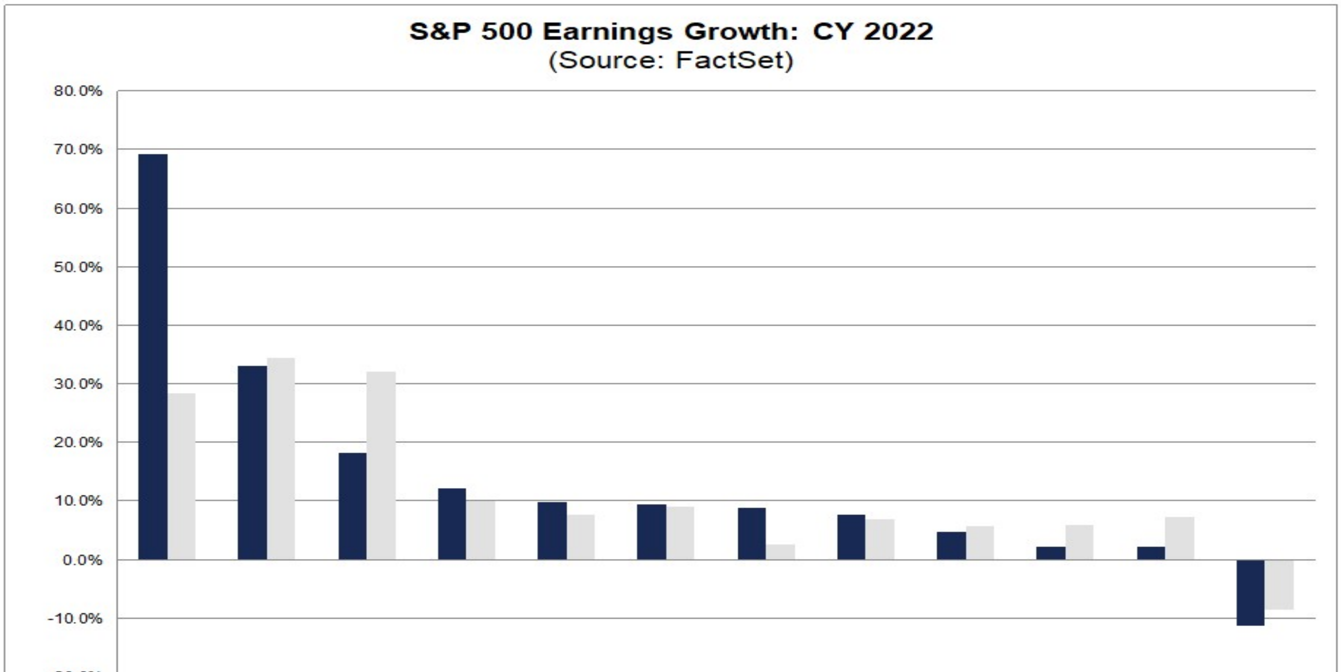


	Energy	Industrials	Materials	Real Estate	Health Care	Info. Technology	Utilities	S&P 500	Consumer Staples	Comm. Services	Consumer Disc.	Financials
Today	245.4%	31.9%	30.5%	15.7%	8.6%	8.3%	8.3%	4.7%	-0.6%	-6.1%	-14.9%	-24.2%
31-Dec	165.1%	49.5%	32.0%	12.8%	9.7%	5.7%	7.7%	5.7%	3.0%	-0.2%	-3.4%	-21.3%

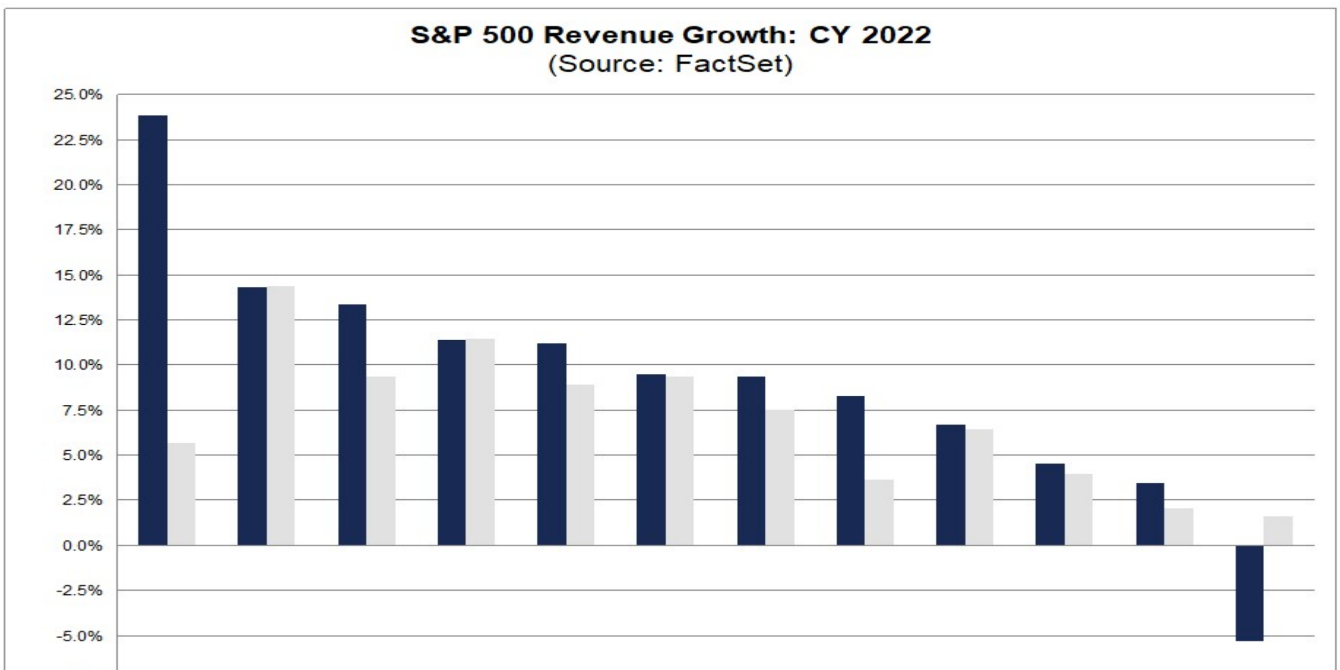


	Energy	Materials	Real Estate	Industrials	Health Care	S&P 500	Comm. Services	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	43.3%	20.2%	18.7%	11.6%	11.2%	10.7%	10.4%	10.2%	8.4%	5.4%	1.6%	-7.3%
31-Dec	28.2%	15.5%	14.0%	13.6%	11.1%	9.7%	9.6%	7.6%	10.9%	4.4%	1.3%	-0.9%

CY 2022: Growth

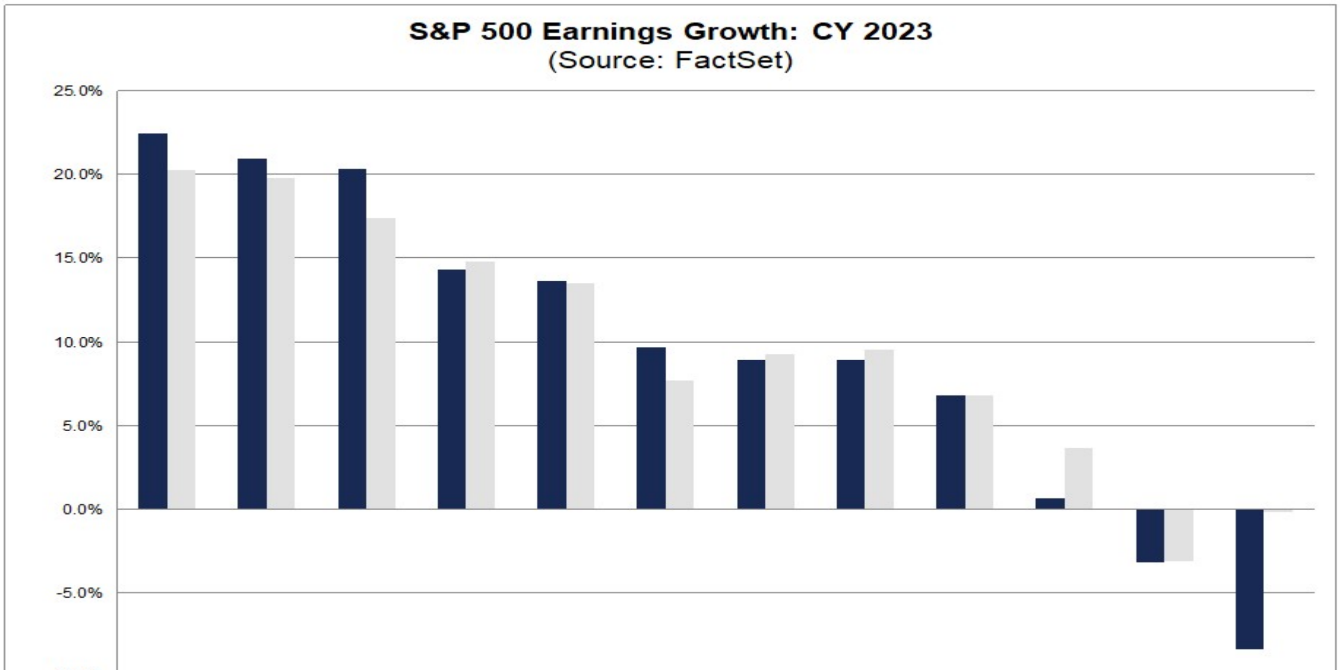


	Energy	Industrials	Consumer Disc.	Info. Technology	Real Estate	S&P 500	Materials	Health Care	Consumer Staples	Utilities	Comm. Services	Financials
Today	69.1%	33.0%	18.2%	12.2%	9.8%	9.5%	8.8%	7.7%	4.6%	2.2%	2.2%	-11.3%
31-Dec	28.3%	34.5%	32.1%	9.9%	7.7%	9.0%	2.6%	6.9%	5.6%	5.8%	7.3%	-8.6%

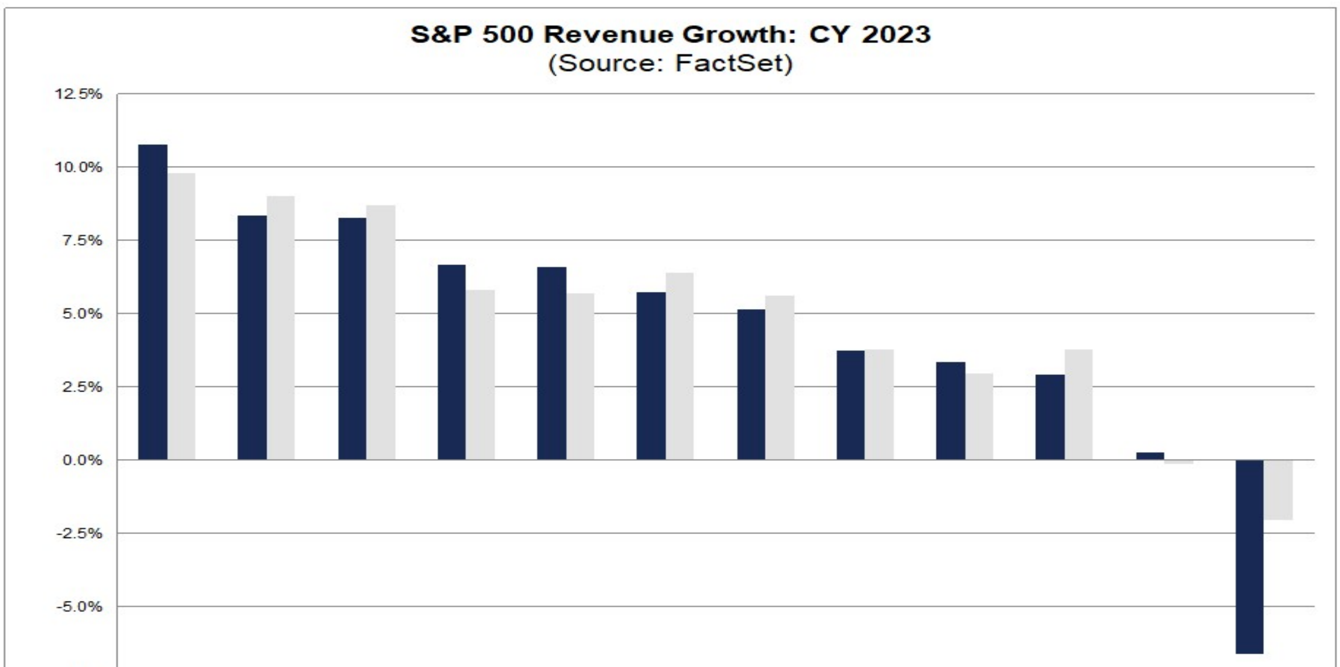


	Energy	Consumer Disc.	Real Estate	Industrials	Info. Technology	Comm. Services	S&P 500	Materials	Health Care	Consumer Staples	Financials	Utilities
Today	23.8%	14.3%	13.4%	11.4%	11.2%	9.5%	9.3%	8.3%	6.7%	4.5%	3.5%	-5.3%
31-Dec	5.7%	14.4%	9.3%	11.5%	8.9%	9.3%	7.5%	3.6%	6.4%	4.0%	2.0%	1.6%

CY 2023: Growth

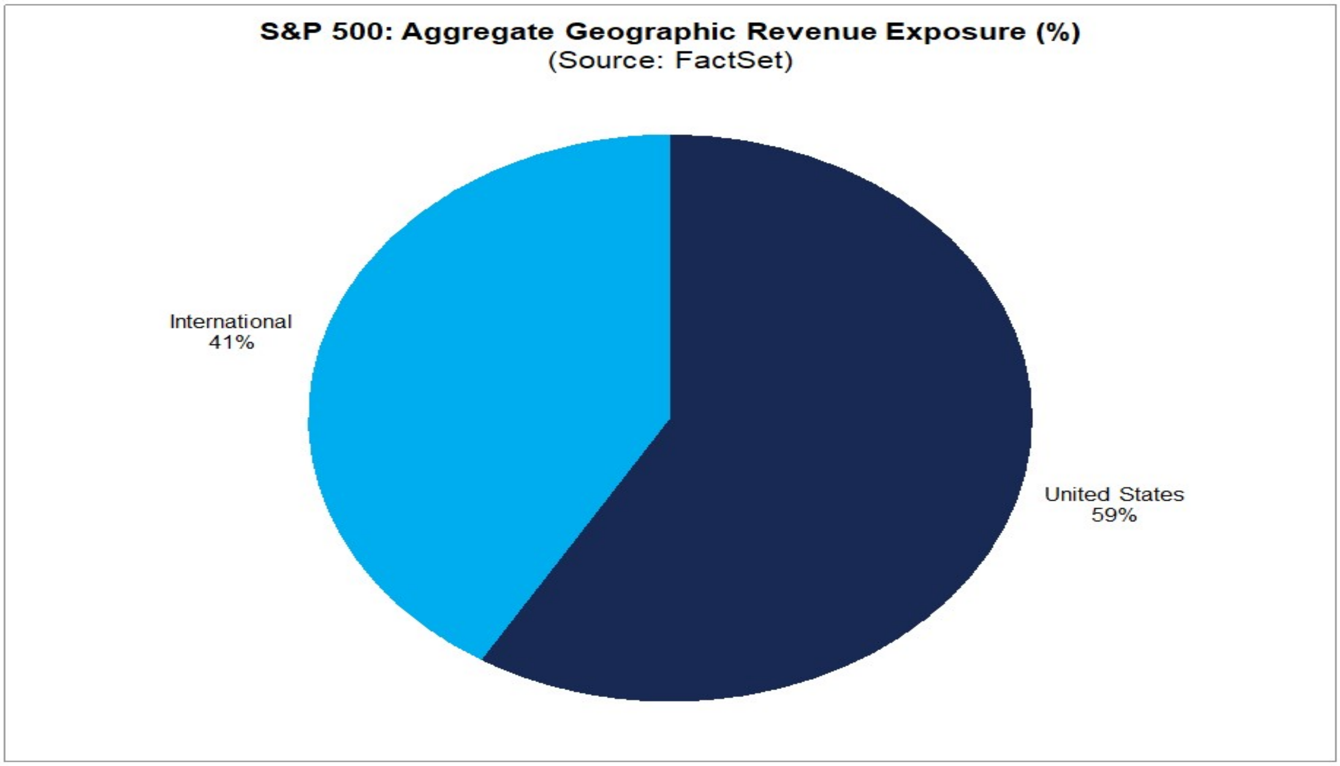


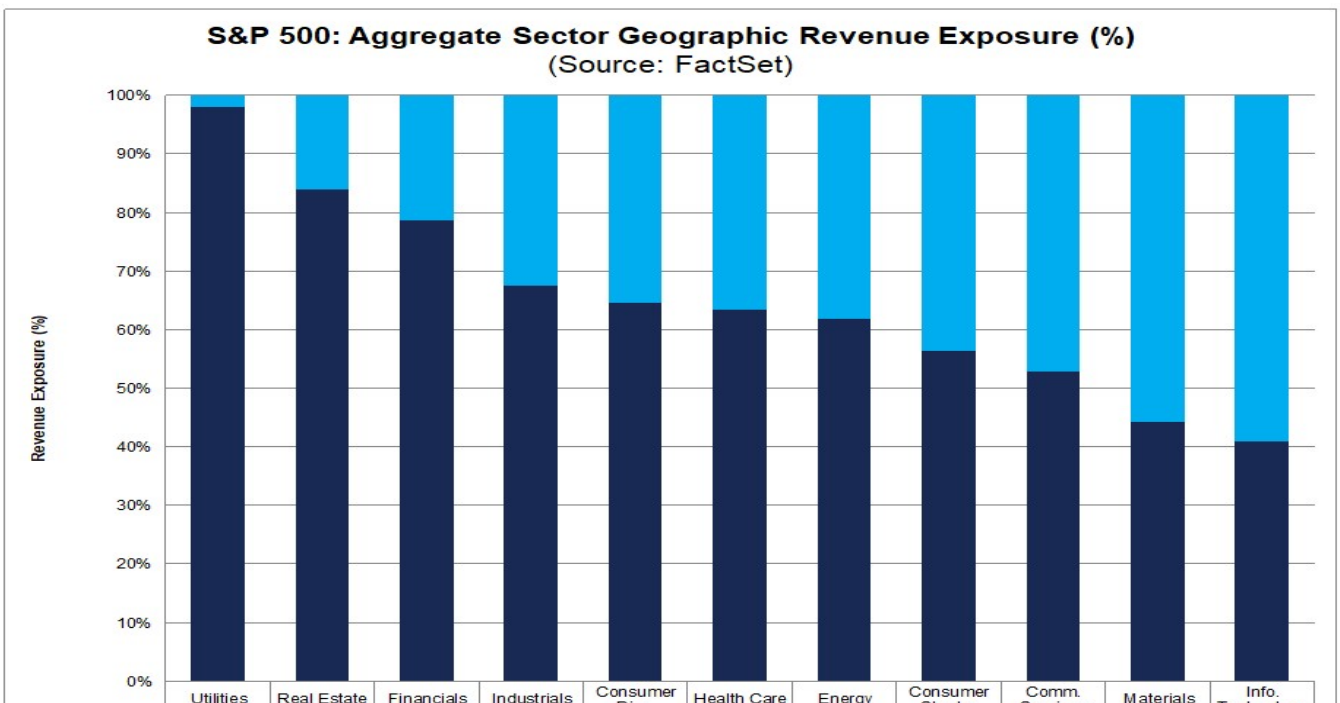
	Consumer Disc.	Utilities	Industrials	Real Estate	Comm. Services	Financials	Info. Technology	S&P 500	Consumer Staples	Health Care	Materials	Energy
Today	22.5%	20.9%	20.4%	14.3%	13.7%	9.7%	8.9%	8.9%	6.8%	0.6%	-3.2%	-8.4%
31-Dec	20.2%	19.8%	17.4%	14.8%	13.5%	7.7%	9.2%	9.5%	6.8%	3.7%	-3.1%	-0.2%



	Consumer Disc.	Comm. Services	Info. Technology	Industrials	Financials	Real Estate	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Energy
Today	10.8%	8.3%	8.3%	6.6%	6.6%	5.7%	5.2%	3.7%	3.3%	2.9%	0.3%	-6.6%
31-Dec	9.8%	9.0%	8.7%	5.8%	5.7%	6.4%	5.6%	3.8%	3.0%	3.8%	-0.1%	-2.1%

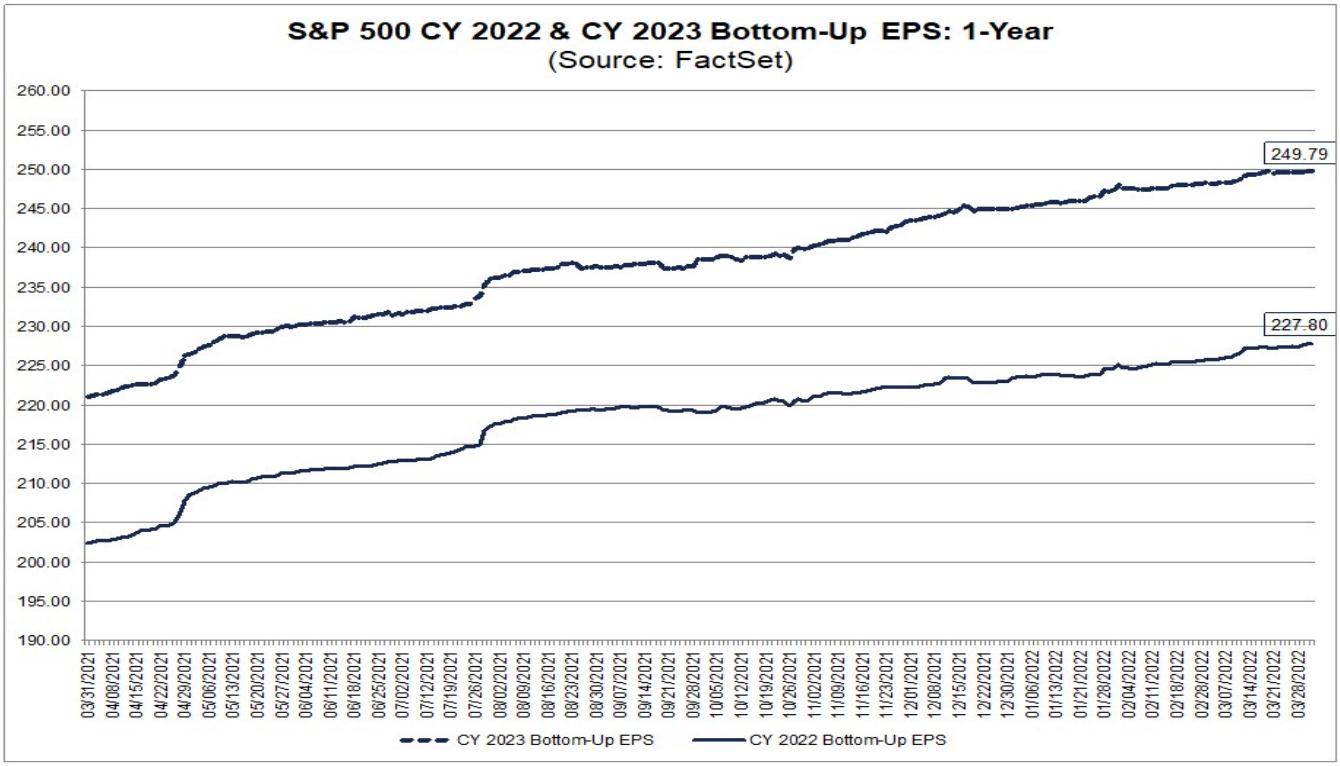
Geographic Revenue Exposure

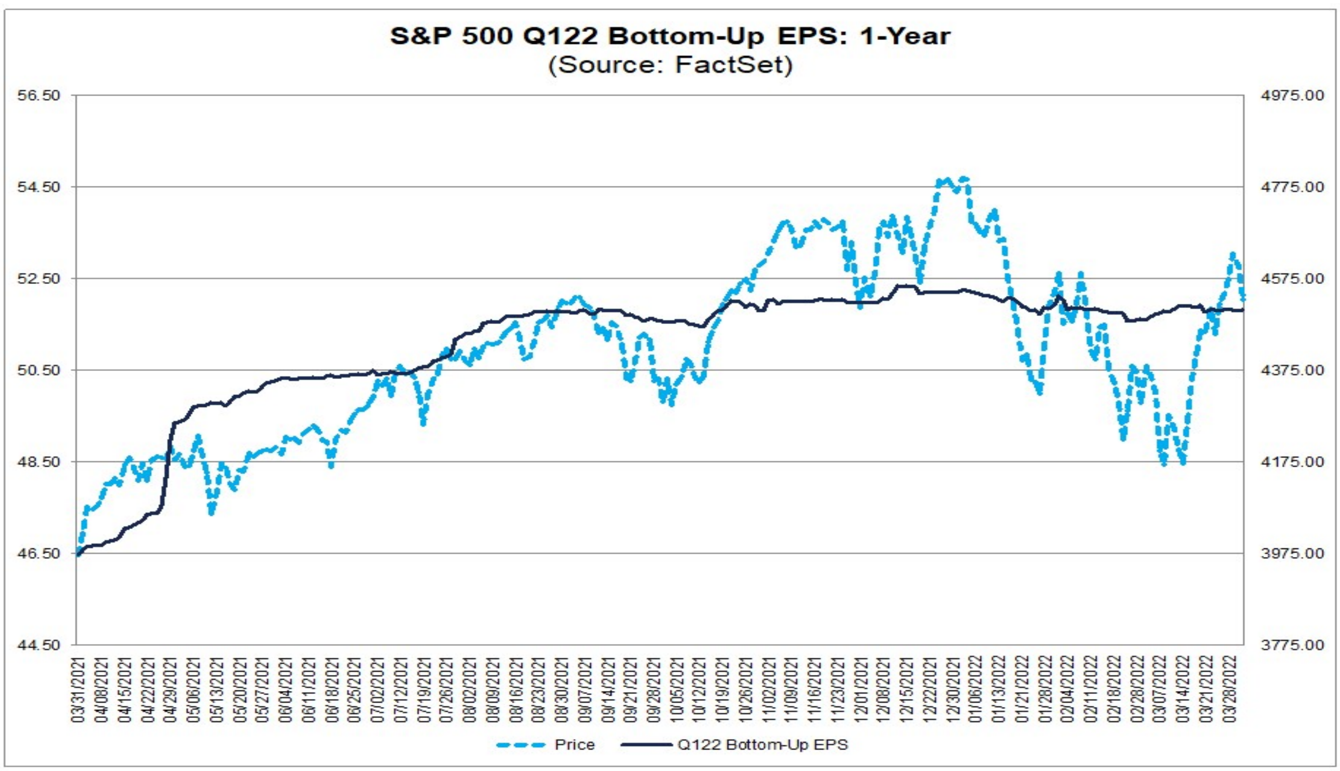




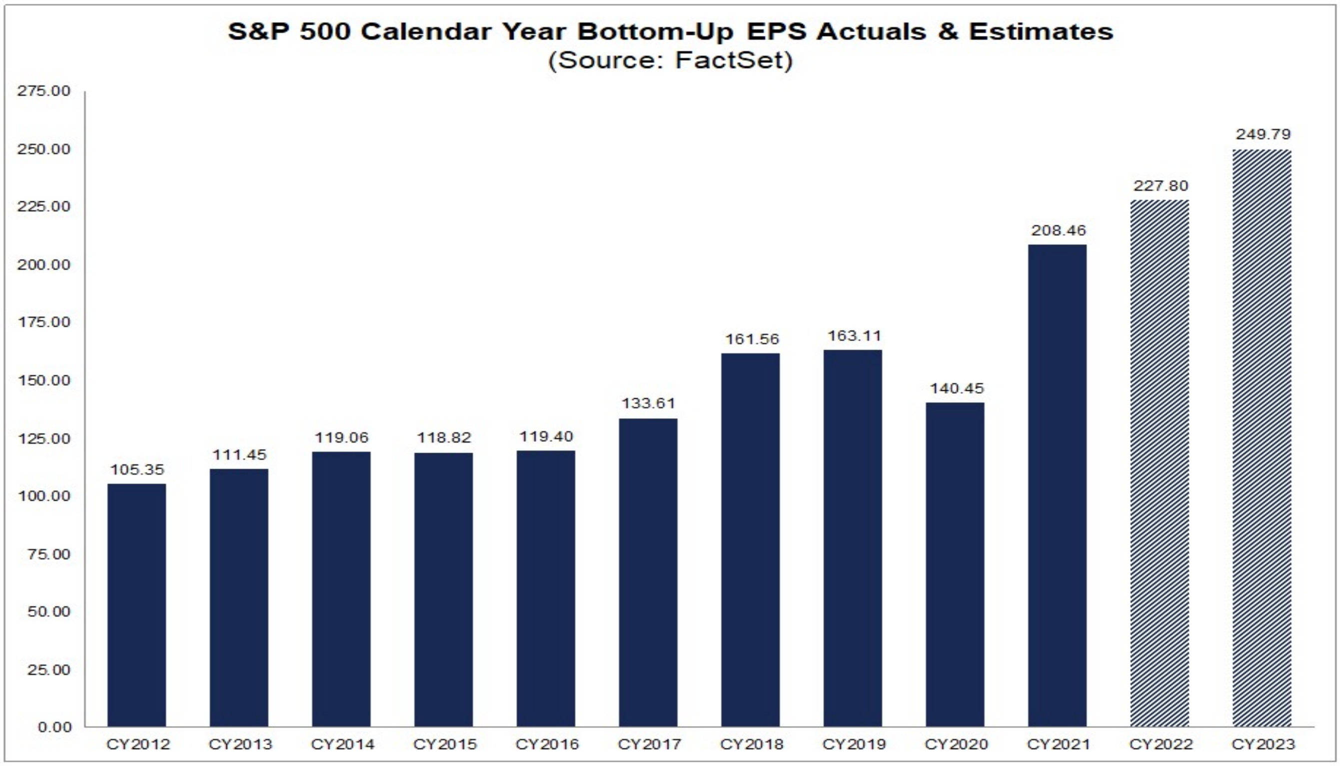
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	16%	21%	33%	35%	37%	38%	44%	47%	56%	59%
United States	98%	84%	79%	67%	65%	63%	62%	56%	53%	44%	41%

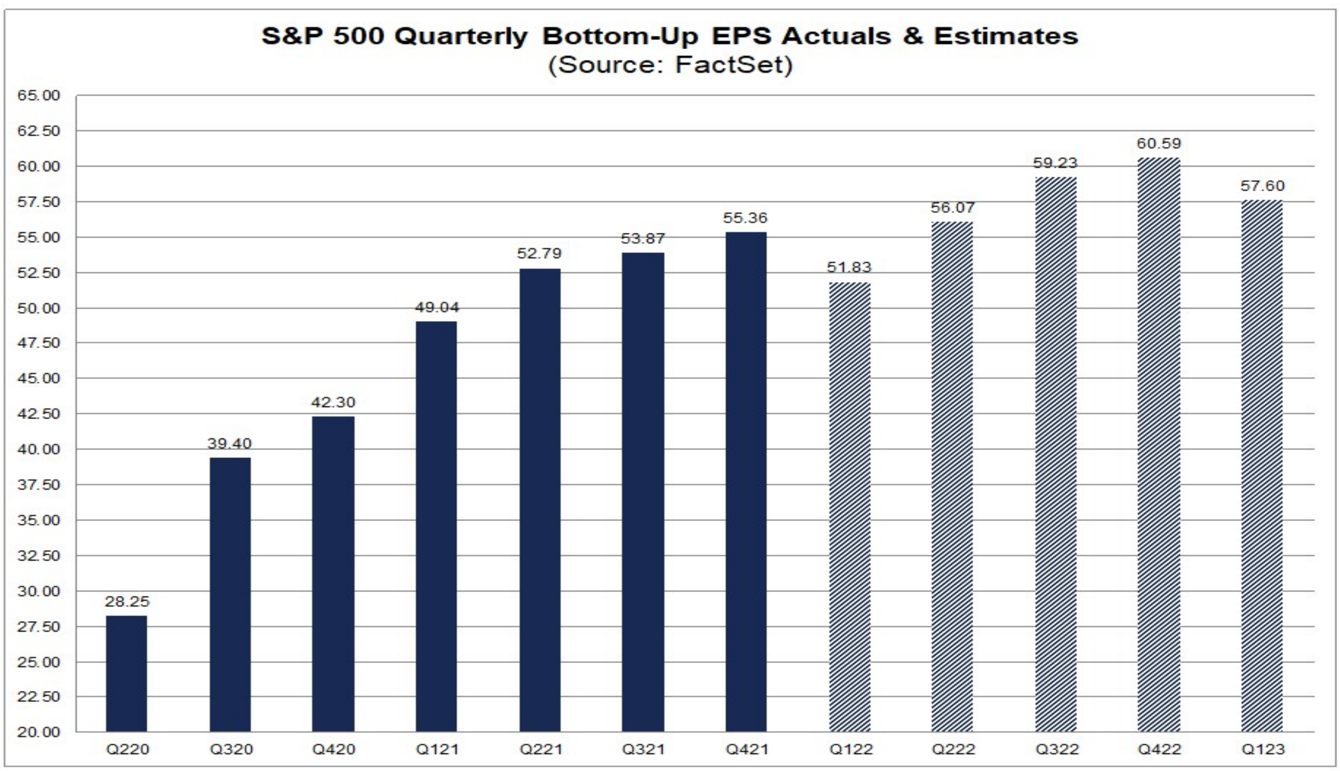
Bottom-up EPS Estimates: Revisions



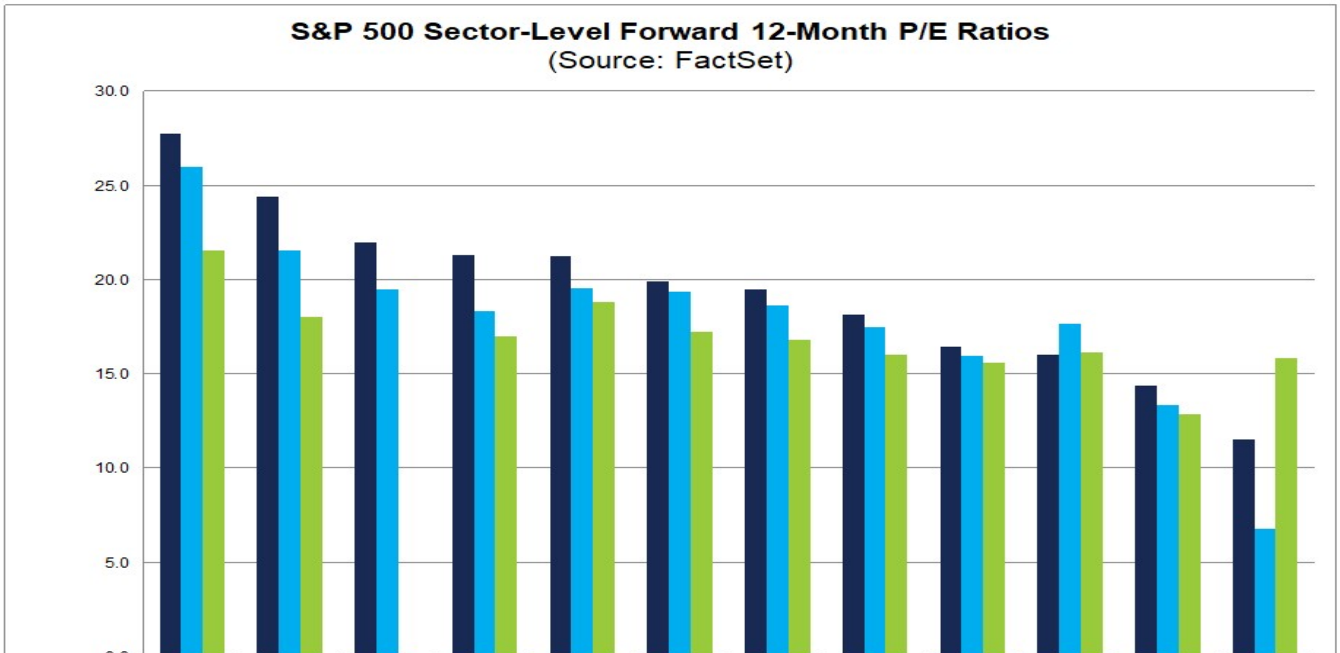


Bottom-up EPS Estimates: Current & Historical

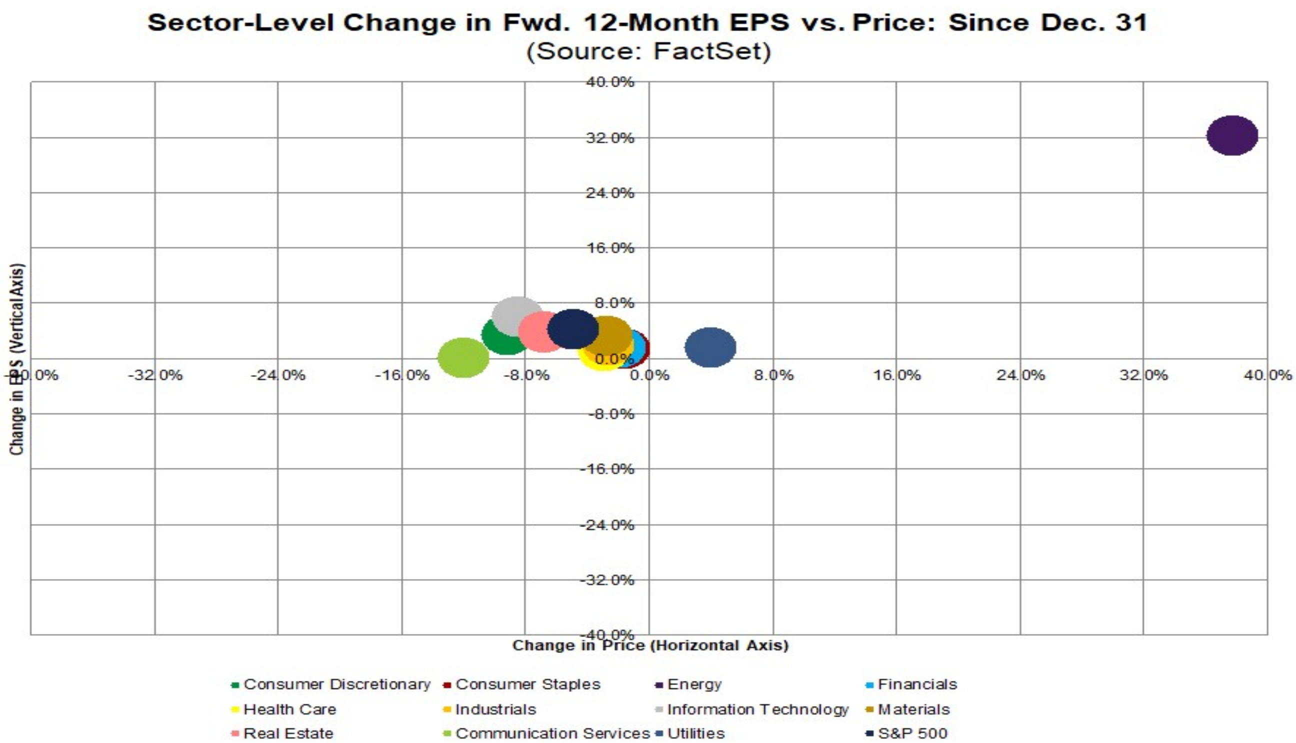




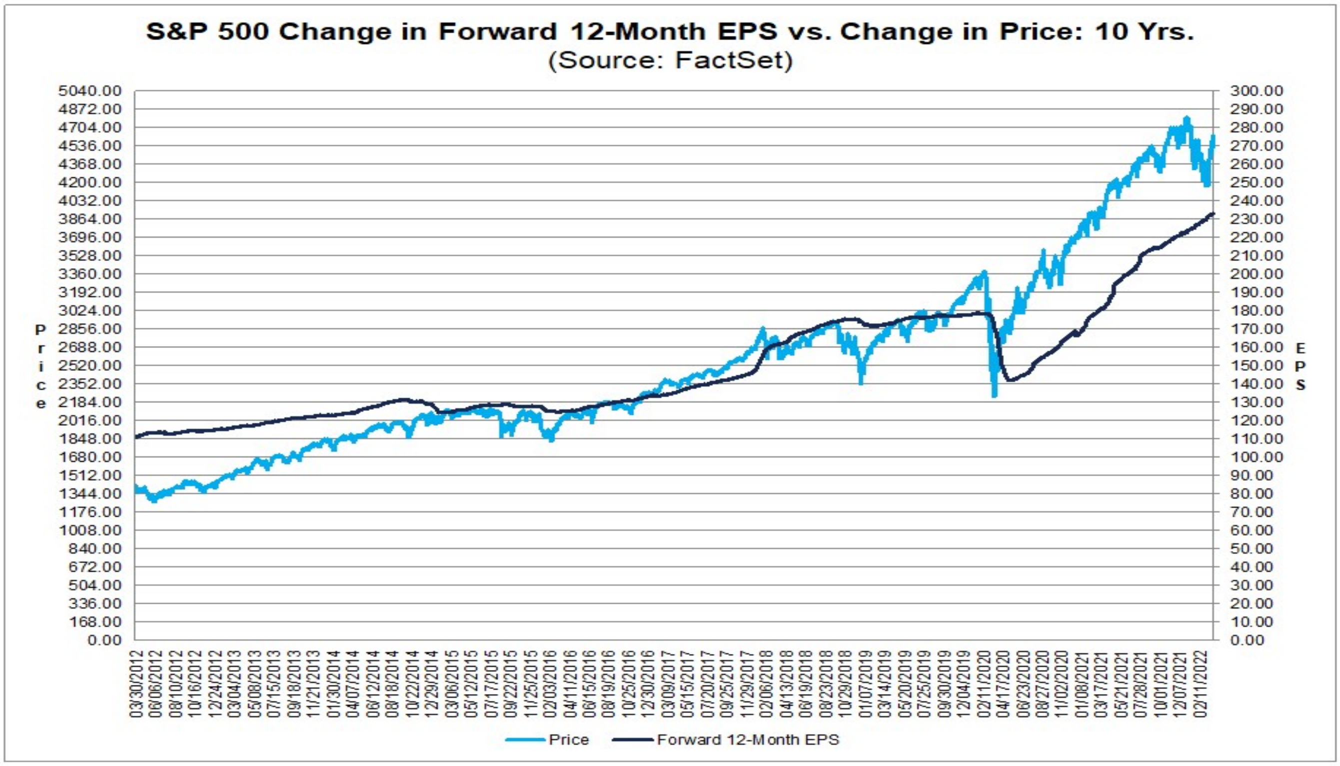
Forward 12M P/E Ratio: Sector Level

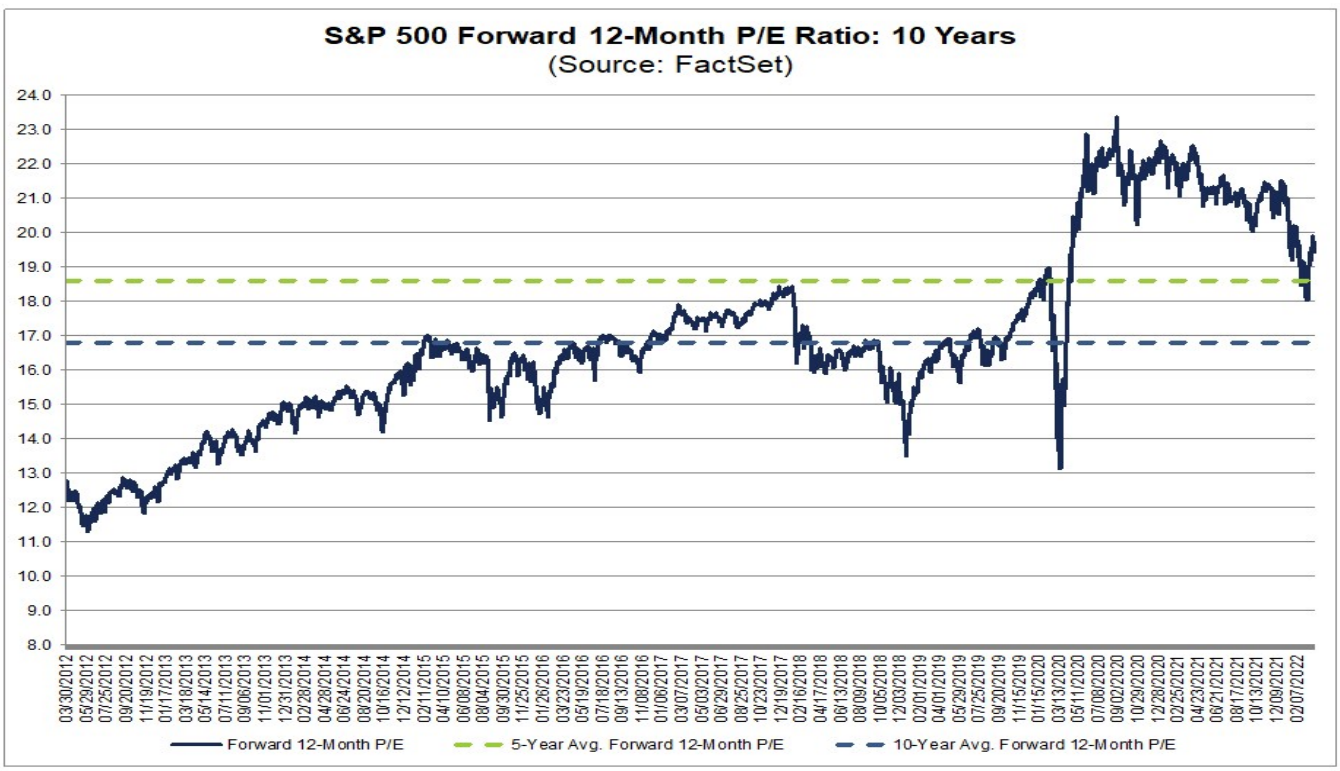


	Consumer Disc.	Info. Technology	Real Estate	Utilities	Consumer Staples	Industrials	S&P 500	Comm. Services	Health Care	Materials	Financials	Energy
Fwd P/E	27.8	24.4	21.9	21.3	21.2	19.9	19.5	18.1	16.5	16.0	14.4	11.5
5-Yr Avg.	26.0	21.5	19.5	18.3	19.5	19.3	18.6	17.5	16.0	17.7	13.3	6.8
10-Yr Avg.	21.5	18.0		17.0	18.8	17.2	16.8	16.0	15.6	16.1	12.9	15.8

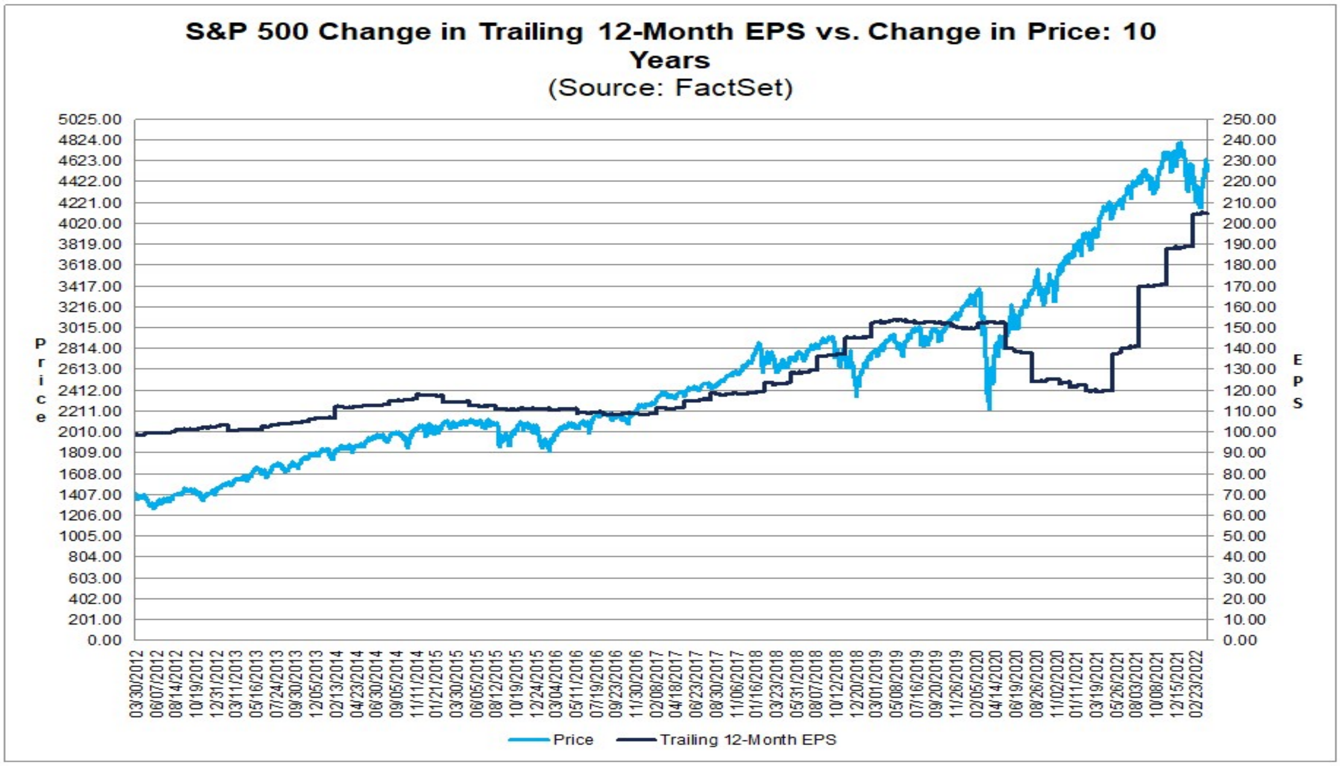


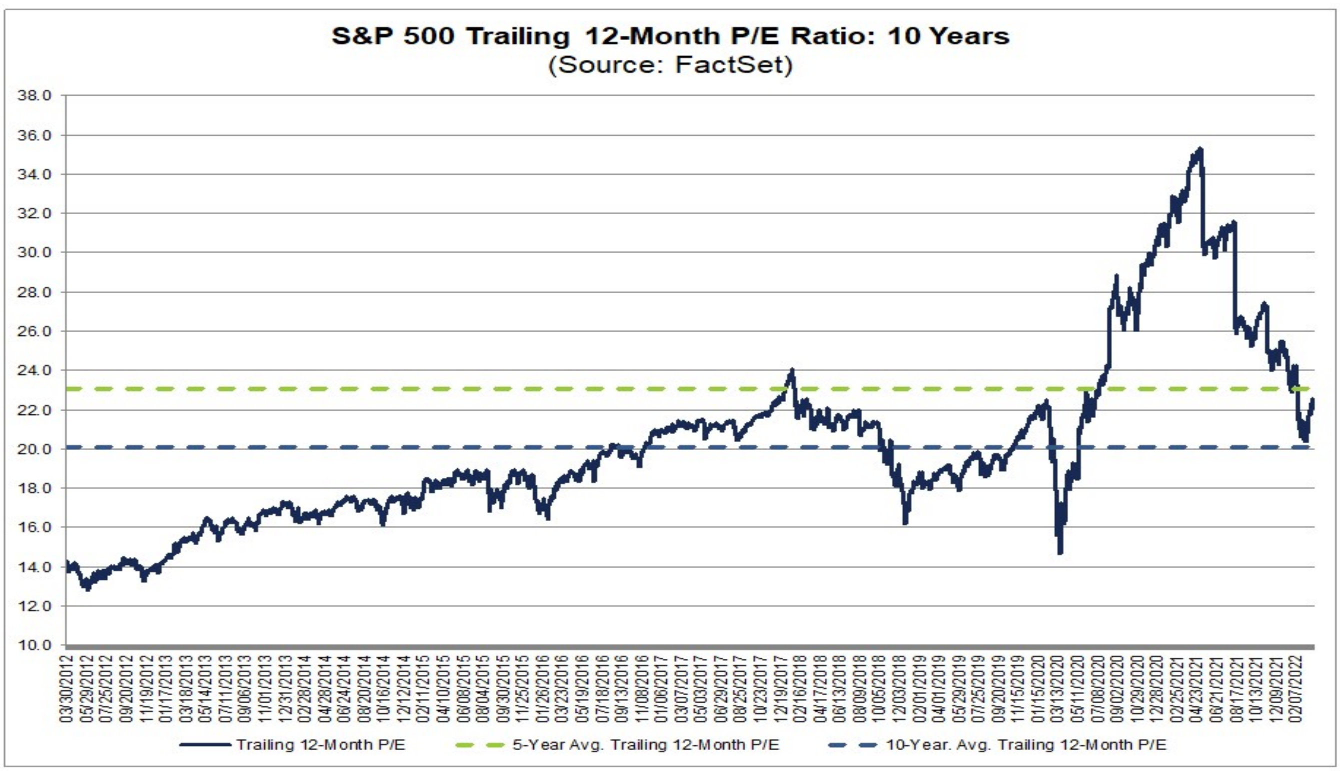
Forward 12M P/E Ratio: 10-Years



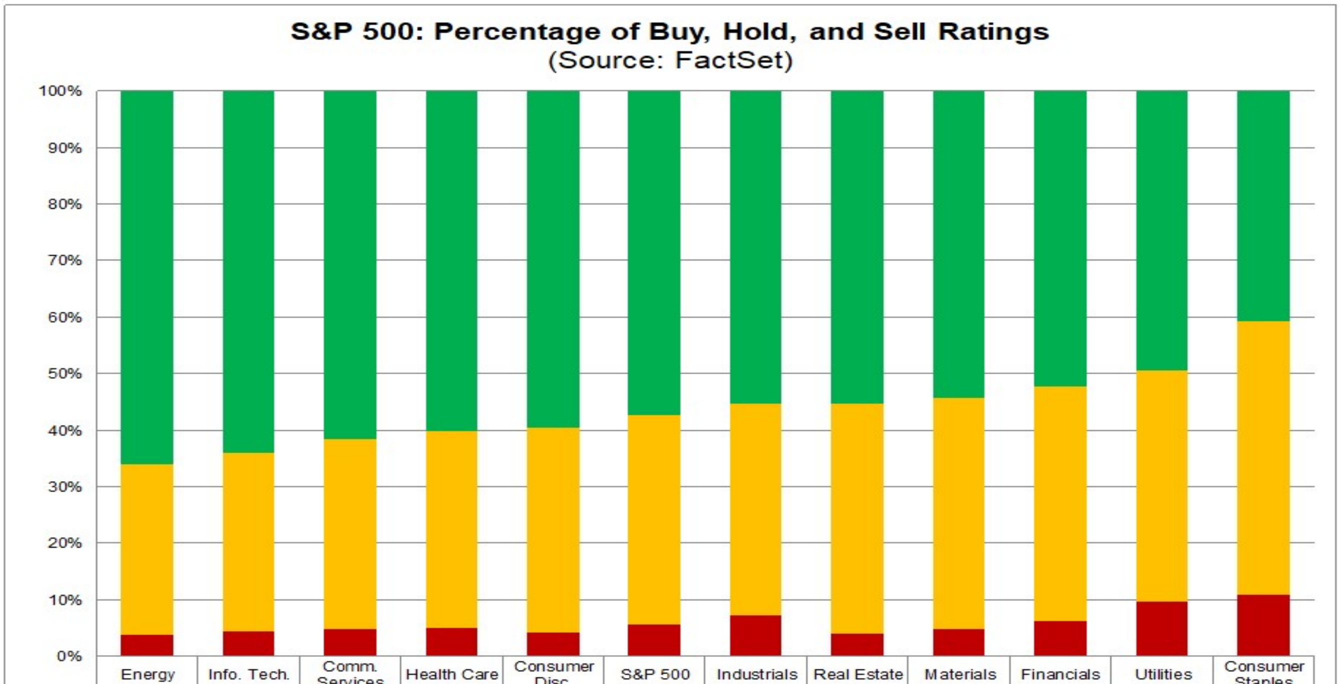


Trailing 12M P/E Ratio: 10-Years





Targets & Ratings



	Energy	Info. Tech.	Comm. Services	Health Care	Consumer Disc.	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	66%	64%	62%	60%	60%	57%	55%	55%	54%	52%	49%	41%
Hold	30%	32%	34%	35%	36%	37%	38%	41%	41%	42%	41%	48%
Sell	4%	4%	5%	5%	4%	6%	7%	4%	5%	6%	10%	11%

	Comm. Services	Consumer Disc.	Info. Tech.	S&P 500	Financials	Industrials	Materials	Health Care	Real Estate	Consumer Staples	Energy	Utilities
Target/Close	28.8%	20.4%	19.8%	16.6%	16.6%	15.1%	11.7%	10.5%	9.4%	8.8%	7.8%	1.5%

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