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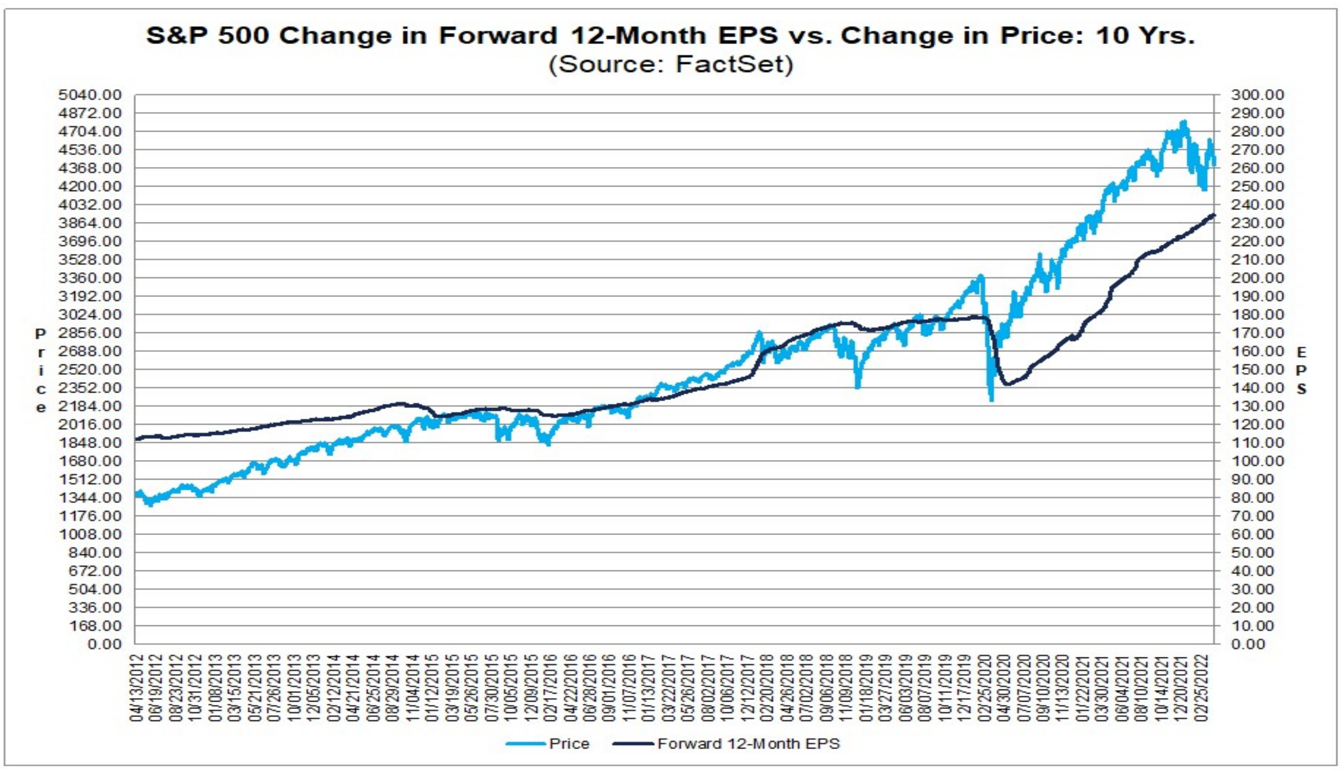
Key Metrics

- **Earnings Scorecard:** For Q1 2022 (with 7% of S&P 500 companies reporting actual results), 77% of S&P 500 companies have reported a positive EPS surprise and 80% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2022, the blended earnings growth rate for the S&P 500 is 5.1%. If 5.1% 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 March 31, the estimated earnings growth rate for Q1 2022 was 4.7%. Five sectors have higher earnings growth rates today (compared to March 31) due to positive EPS surprises and upward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2022, 2 S&P 500 companies have issued negative EPS guidance and 4 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.0. This P/E ratio is above the 5-year average (18.6) and above the 10-year average (16.8).



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Topic of the Week: 1

S&P 500 Net Profit Margin is Expected to Decline for 3rd Straight Quarter in Q1

The market continues to be concerned about higher inflation. Consumer prices increased by 8.5% in March, which was the largest year-over-year increase since 1981. Given these concerns, what is the S&P 500 reporting for a net profit margin for the first quarter?

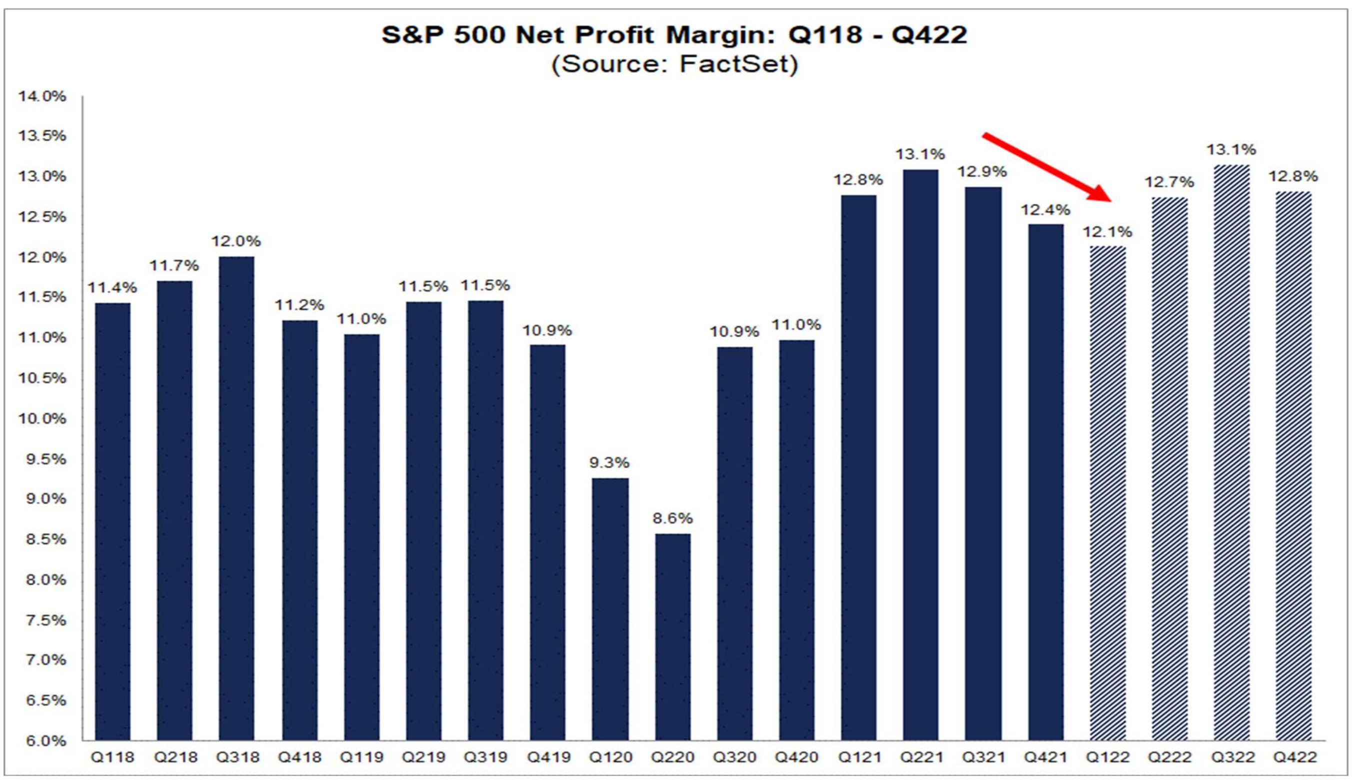
The (blended) net profit margin for the S&P 500 for Q1 2022 is 12.1%, which is below the estimate of 12.3% at the start of the quarter (December 31). It is also below the year-ago net profit margin of 12.8% and below the previous quarter's net profit margin of 12.4%. However, it is above the 5-year average net profit margin of 11.2%.

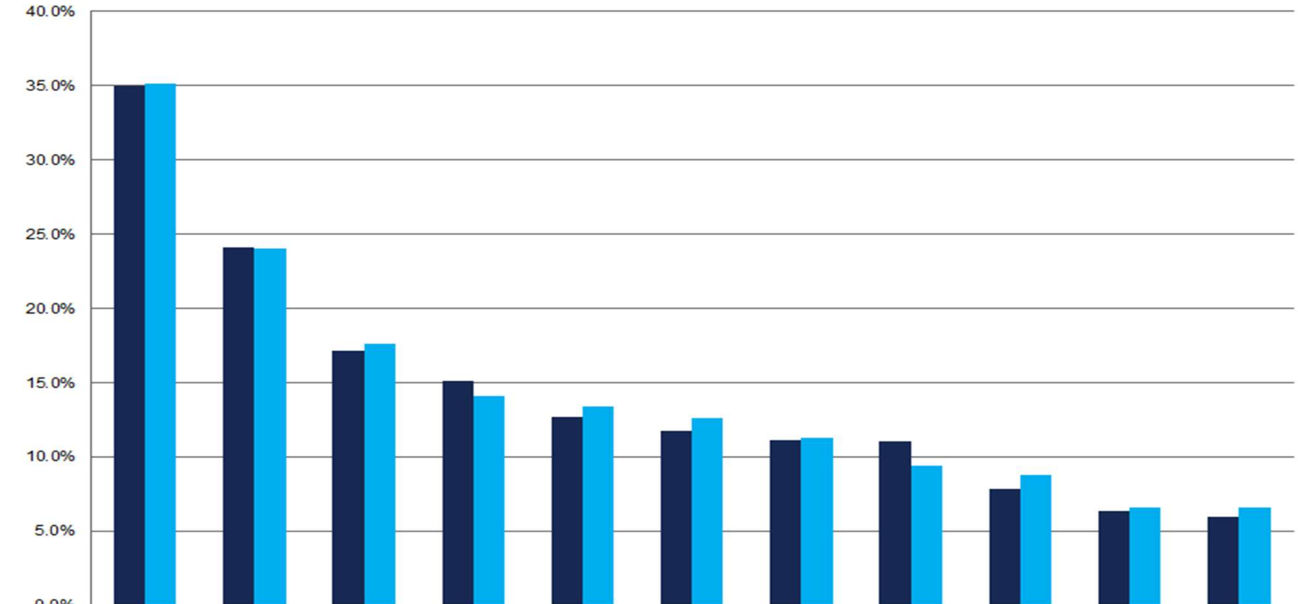
If 12.1% is the actual net profit margin for the quarter, it will mark the third straight quarter in which the net profit margin for the index has declined. On the other hand, it will also mark the fifth-highest net profit margin reported by the index since FactSet began tracking this metric in 2008, trailing only the previous four quarters.

At the sector level, four sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q1 2022 compared to Q1 2021, led by the Energy (11.1% vs. 4.6%) sector. On the other hand, seven sectors are reporting (or are expected to report) a year-over-year decrease in their net profit margins in Q1 2022 compared to Q1 2021, led by the Financials (17.2% vs. 22.7%) sector.

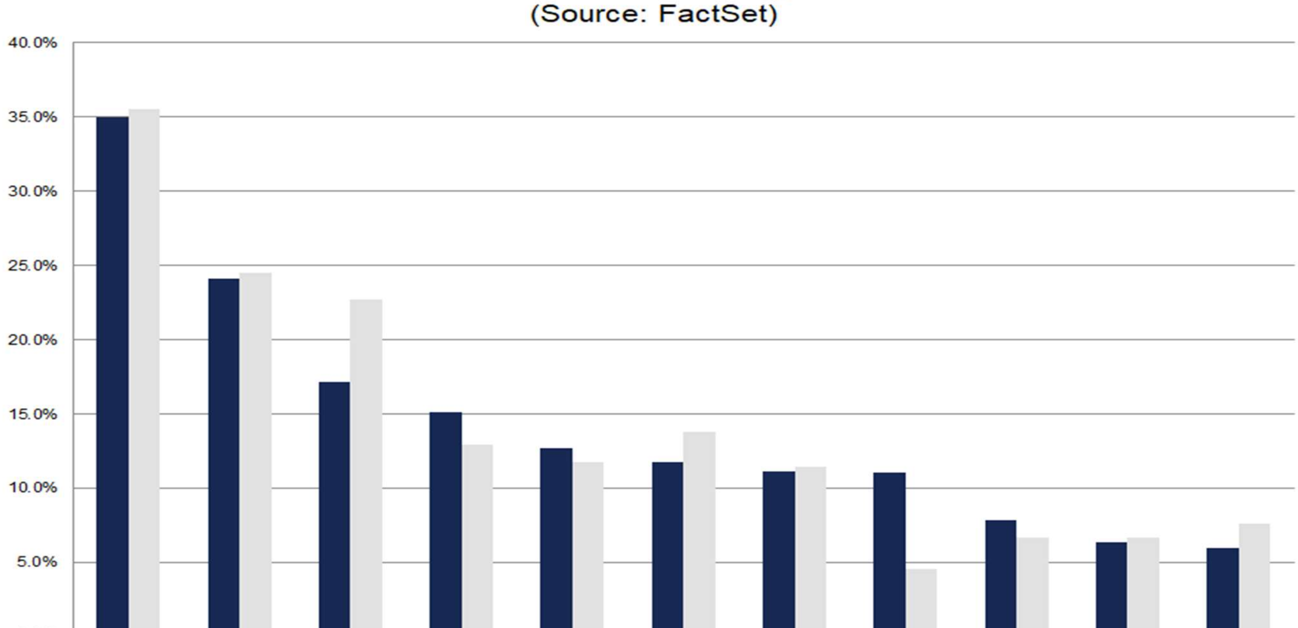
What is driving the decline in net profit margins for the S&P 500? Higher costs are likely having a negative impact on net profit margins. Producer prices increased by 11.2% in March, which was the largest year-over-year increase on record. During the previous earnings season, 356 S&P 500 companies cited "inflation" on earnings calls for the fourth quarter, which was the highest number in at least 10 years. However, companies are also raising prices to offset these higher costs, as the S&P 500 is projected to report revenue growth above 10% for the fifth straight quarter.

It is interesting to note that analysts believe net profit margins for the S&P 500 will be higher than Q1 2022 for the rest of the year. As of today, the estimated net profit margins for Q2 2022, Q3 2022, and Q4 2022 are 12.7%, 13.1%, and 12.8%, respectively.

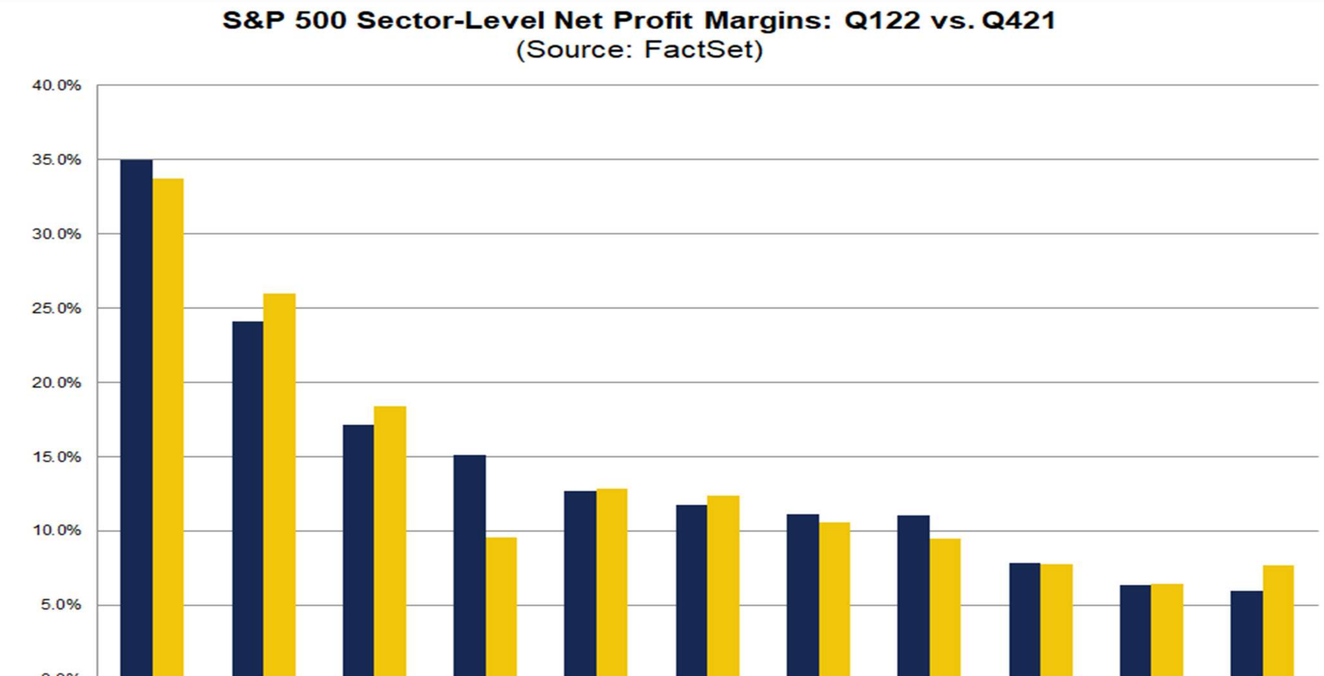




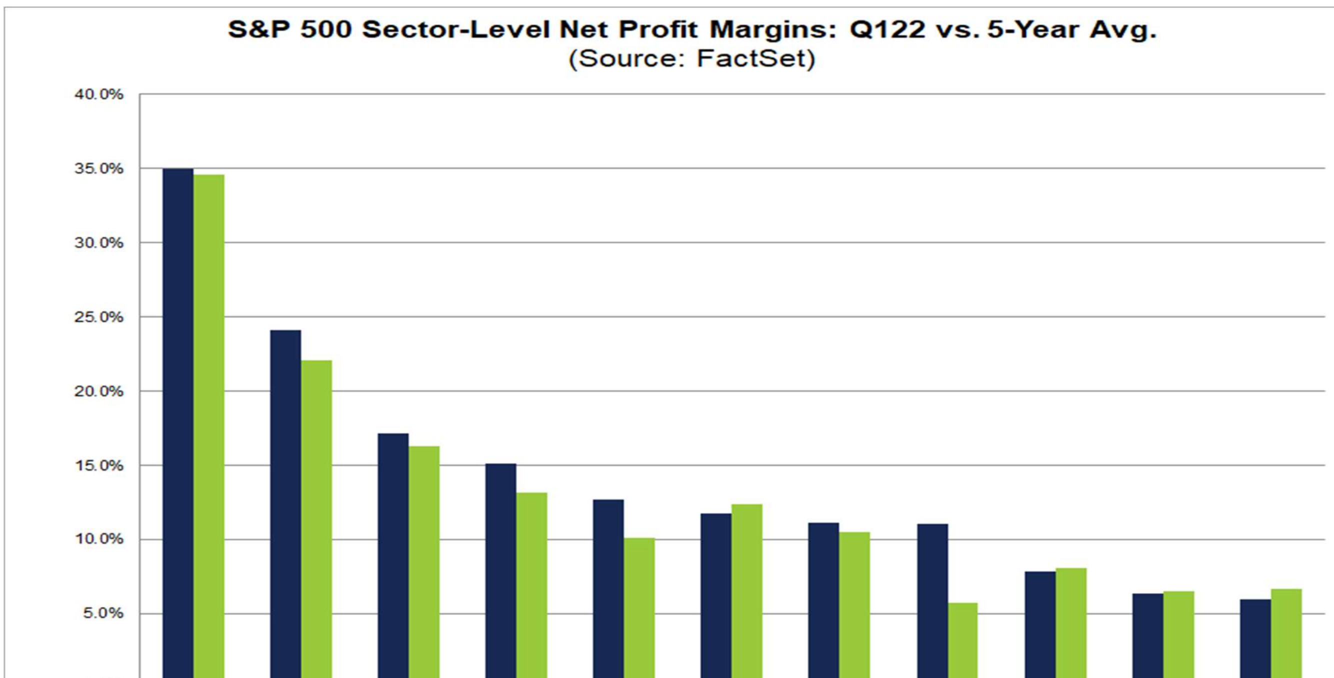
	Real Estate	Info. Tech.	Financials	Utilities	Materials	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Today	35.0%	24.1%	17.2%	15.1%	12.7%	11.7%	11.2%	11.1%	7.9%	6.3%	5.9%
Dec. 31	35.2%	24.1%	17.6%	14.1%	13.4%	12.6%	11.3%	9.4%	8.8%	6.6%	6.6%



	Real Estate	Info. Tech.	Financials	Utilities	Materials	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.0%	24.1%	17.2%	15.1%	12.7%	11.7%	11.2%	11.1%	7.9%	6.3%	5.9%
Q121	35.6%	24.5%	22.7%	13.0%	11.7%	13.8%	11.5%	4.6%	6.7%	6.7%	7.6%



	Real Estate	Info. Tech	Financials	Utilities	Materials	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.0%	24.1%	17.2%	15.1%	12.7%	11.7%	11.2%	11.1%	7.9%	6.3%	5.9%
Q421	33.8%	26.0%	18.4%	9.6%	12.8%	12.4%	10.6%	9.5%	7.8%	6.5%	7.7%



	Real Estate	Info. Tech.	Financials	Utilities	Materials	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.0%	24.1%	17.2%	15.1%	12.7%	11.7%	11.2%	11.1%	7.9%	6.3%	5.9%
5-Yr. Avg.	34.6%	22.1%	16.3%	13.2%	10.1%	12.4%	10.5%	5.7%	8.1%	6.5%	6.7%

Topic of the Week: 2

Do S&P 500 Companies That Discuss "ESG" on Earnings Calls Have Higher "ESG" Ratings?

During each corporate earnings season, it is not unusual for companies to comment on their ongoing corporate goals and initiatives. Given the growing focus on environmental, social, and governance factors by investors, did companies in the S&P 500 comment on these factors during their earnings conference calls for the fourth quarter?

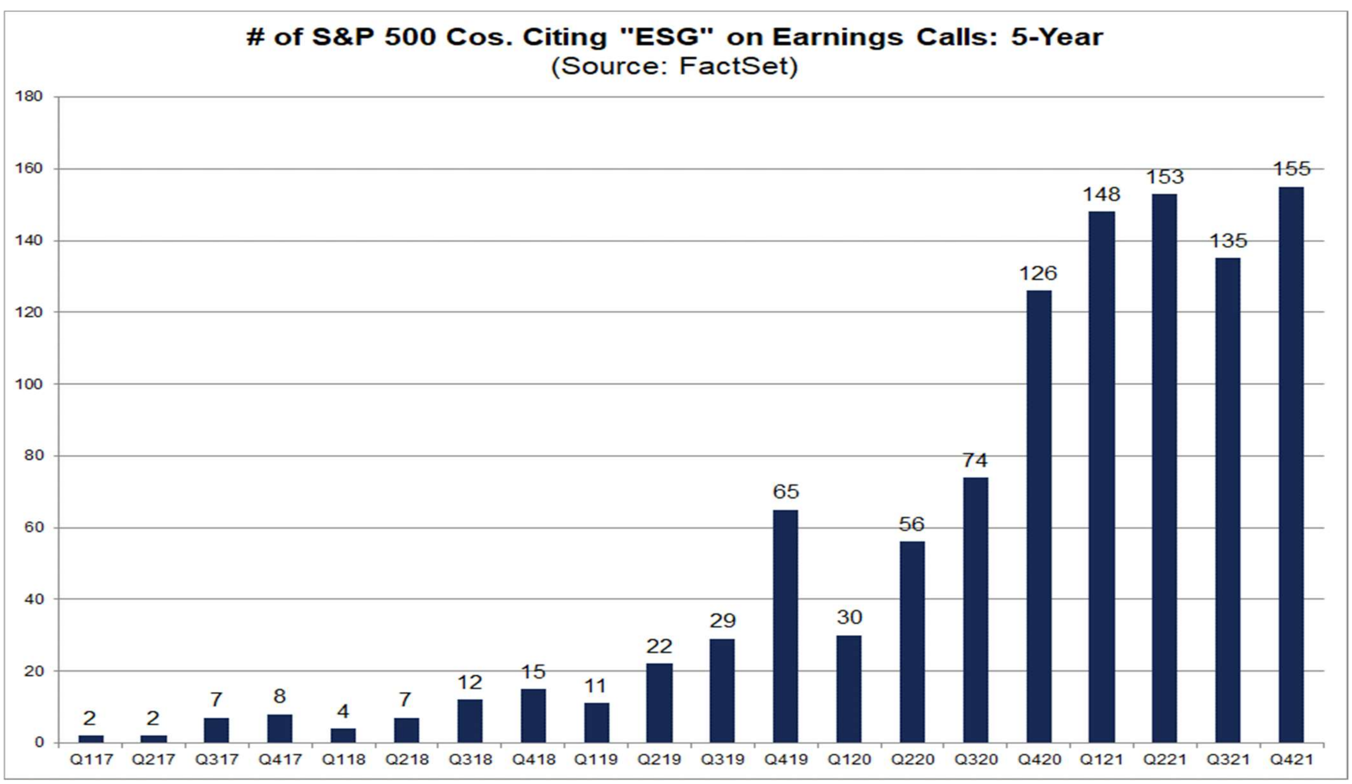
FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term "ESG" in the conference call transcripts of all the S&P 500 companies that conducted earnings conference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

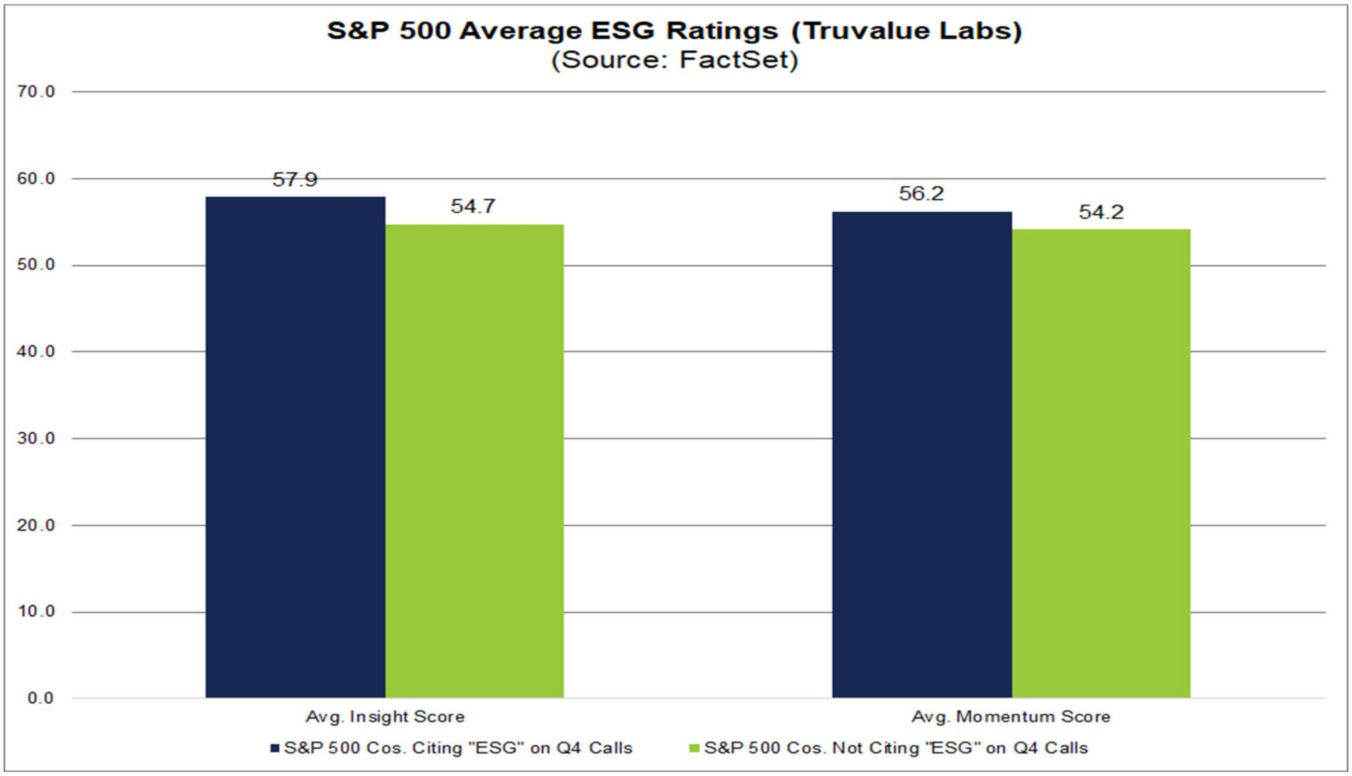
Of these companies, 155 cited the term "ESG" (in reference to environmental, social, and governance factors) during their earnings calls. This number marked the highest overall number of S&P 500 companies citing "ESG" on earnings calls going back at least ten years. The previous record was 153, which occurred in Q2 2021.

Given the record-high number of S&P 500 companies that cited "ESG" on their earnings calls for Q4, did these same companies have higher ESG ratings relative to the S&P 500 companies that did not cite "ESG" on their earnings calls for Q4?

Using Truvalue Labs SASB scores (which are derived from a natural language analysis of a range of data sources regarding company performance and sorted into 26 ESG categories defined by SASB) for each S&P 500 company, FactSet calculated an average Insight score (which measures a company's longer term ESG track record) and an average Momentum score (which measures the trend of a company's performance over a trailing 12-month period) for these two groups of companies. The companies that cited "ESG" on their Q4 earnings calls have a higher average Insight score (57.9 vs. 54.7) and a higher average Momentum score (56.2 vs. 54.2) than the companies that did not cite "ESG" on their Q4 earnings calls.

Based on Q4 2021, it would appear that companies that are making more progress on their ESG initiatives and scoring higher on ESG ratings may be more prone to discuss their ESG initiatives and their progress during their earnings calls. FactSet will continue to monitor the ESG scores of these two groups of companies going forward.




S&P 500 Average ESG Ratings (Truvalue Labs)
(Source: FactSet)
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
57.9
54.7
56.2
54.2
Avg. Insight Score
Avg. Momentum Score
S&P 500 Cos. Citing "ESG" on Q4 Calls
S&P 500 Cos. Not Citing "ESG" on Q4 Calls

Q1 Earnings Season: By The Numbers

Overview

At this point in time, the percentage of S&P 500 companies beating EPS estimates is equal to the 5-year average, but the magnitude of these positive surprises is below the 5-year average. Despite the average to below average performance relative to EPS estimates, the index is still reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. However, the index is also reporting single-digit earnings growth for the first time since Q4 2020. The lower earnings growth rate for Q1 2022 relative to recent quarters can be attributed to both a difficult comparison to unusually high earnings growth in Q1 2021 and continuing macroeconomic headwinds.

Overall, 7% of the companies in the S&P 500 have reported actual results for Q1 2022 to date. Of these companies, 77% have reported actual EPS above estimates, which is equal to the 5-year average of 77%. In aggregate, companies are reporting earnings that are 7.5% above estimates, which is below the 5-year average of 8.9%.

However, due to these positive EPS surprises, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 5.1% today, compared to an earnings growth rate of 4.5% last week and an earnings growth rate of 4.7% at the end of the first quarter (March 31). Positive earnings surprises reported by companies in the Financials sector were the largest contributor to the improvement in the earnings growth rate since the end of last week and since the end of the first quarter (March 31).

If 5.1% 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 reporting (or are projected to report) year-over-year earnings growth, led by the Energy, Industrials, and Materials sectors. Four sectors are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Financials and Consumer Discretionary sectors.

In terms of revenues, 80% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 69%. If 80% is the final percentage for the quarter, it will mark the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting revenues that are 1.7% above the estimates, which is equal to the 5-year average of 1.7%.

Due to these positive revenue surprises, the index is reporting slightly higher revenues for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended revenue growth rate for the first quarter is 10.8% today, compared to a revenue growth rate of 10.7% last week and a revenue growth rate of 10.7% at the end of the first quarter (March 31). Positive revenue surprises reported by companies in the Financials sector were the largest contributor to the slight improvement in the revenue growth rate since the end of last week. However, upward revisions to revenue estimates for companies in the Energy sector have been the largest contributor to the improvement in the revenue growth rate since the end of the first quarter (March 31).

If 10.8% 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 reporting (or are projected to report) year-over-year growth in revenues, led by the Energy, Materials, and Real Estate sectors.

Looking ahead, analysts expect earnings growth of 6.5% for Q2 2022, 11.1% for Q3 2022, and 10.6% for Q4 2022. For CY 2022, analysts are predicting earnings growth of 10.2%.

The forward 12-month P/E ratio is 19.0, 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 19.4 recorded at the end of the first quarter (March 31), as prices have decreased while the forward 12-month EPS estimate has increased over the past few weeks.

During the upcoming week, 67 S&P 500 companies (including seven Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: More Companies Beating Revenue Estimates Than Average

Percentage of Companies Beating EPS Estimates (77%) is Equal to 5-Year Average

Overall, 7% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 77% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 20% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (83%), equal to the 5-year average (77%), and above the 10-year average (72%).

At the sector level, the Health Care (100%) and Financials (92%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Discretionary (33%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.5% above expectations. This surprise percentage is below the 1-year average (+14.1%), below the 5-year average (+8.9%), and above the 10-year average (6.5%).

The Financials (+11.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup ($2.02 vs. $1.43), Goldman Sachs ($10.76 vs. $8.90), and Morgan Stanley ($2.06 vs. $1.71) have reported the largest positive EPS surprises.

The Consumer Staples (+9.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Lamb Weston Holdings ($0.73 vs. $0.44), Walgreens Boots Alliance ($1.59 vs. $1.39), and Constellation Brands ($2.37 vs. $2.09) have reported the largest positive EPS surprises.

The Consumer Discretionary (-30.6%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Lennar ($1.69 vs. $2.60) and CarMax ($0.98 vs. $1.27) have reported the largest negative EPS surprises.

Market Rewarding Positive Surprises More Than Average

To date, the market is rewarding positive earnings surprises more than average and punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q1 2022 have seen an average price increase of +1.7% two days before the earnings release through two days after the earnings release. This percentage increase is above the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2022 have seen an average price decrease of -0.1% two days before the earnings release through two days after the earnings. This percentage decrease is much smaller than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (80%) is Above 5-Year Average

In terms of revenues, 80% of companies have reported actual revenues above estimated revenues and 20% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (79%), above the 5-year average (69%), and above the 10-year average (61%).

If 80% is the final percentage for the quarter, it will mark the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 88%, which occurred in Q2 2021.

At the sector level, the Health Care (100%), Industrials (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (67%) and Consumer Staples (71%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.7%) is Equal to 5-Year Average

In aggregate, companies are reporting revenues that are 1.7% above expectations. This surprise percentage is below the 1-year average (+3.5%) average, equal to the 5-year (+1.7%), and above the 10-year average (1.1%).

At the sector level, the Financials (+2.3%) and Industrials (+2.3%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Consumer Discretionary (+0.1%) sector is reporting the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth This Week Due to Financials Sector

Increase in Blended Earnings Growth Rate This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the first quarter is 5.1%, which is above the earnings growth rate of 4.5% last week. Positive earnings surprises reported by companies in the Financials sector were mainly responsible for the increase in the overall earnings growth rate during the week.

In the Financials sector, the positive EPS surprises reported by Citigroup ($2.02 vs. $1.43), Goldman Sachs ($10.76 vs. $8.90), and Morgan Stanley ($2.06 vs. $1.71) were the largest contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings decline for the Financials sector decreased to -22.9% from -26.1% over this period.

Slight Increase in Blended Revenue Growth This Week Due to Financials Sector

The blended (year-over-year) revenue growth rate for the first quarter is 10.8%, which is slightly above the revenue growth rate of 10.7% last week. Positive revenue surprises reported by companies in the Financials sector were the largest contributor to the slight improvement in the revenue growth rate during the week.

Earnings Growth: 5.1%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for Q1 2021 is 5.1%, 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 5.1% 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%).

The lower earnings growth rate for Q1 2022 relative to recent quarters can be attributed to both a difficult comparison to unusually high earnings growth in Q1 2021 and continuing macroeconomic headwinds. In Q1 2021, the S&P 500 reported (year-over-year) earnings growth of 91.1%, which is the second-highest year-over-year earnings growth rate reported by the index since 2008. Companies also continue to face macroeconomic headwinds, including higher costs, supply chain disruptions, labor shortages, and the military conflict in Ukraine. During the earnings season for Q4 2021, 74% of S&P 500 companies cited “inflation” on their earnings calls from December 15 to March 14, while 74% of S&P 500 companies cited “supply chain” on their earnings calls from December 15 to March 14. These were the highest percentages of S&P 500 companies citing “inflation” and “supply chain” on earnings calls going back to at least 2010.

Seven of the eleven sectors are reporting (or are expected to report) earnings growth, led by the Energy, Industrials, and Materials sectors. On the other hand, four sectors are reporting (are expected to report) a decline in earnings, led by the Financials and Consumer Discretionary sectors.

Energy: Largest Contributor to (Year-Over-Year) Earnings Growth for S&P 500 For Q1

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 251.3%. 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 ($2.0 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 (307%), Oil & Gas Exploration & Production (199%), and Oil & Gas Equipment & Services (75%) 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) decline in earnings in the sector.

The Energy sector is also expected to be the largest contributor to earnings growth for the S&P 500 for the first quarter. If this sector were excluded, the index would be reporting a (year-over-year) decline in earnings of 0.6% rather than (year-over-year) growth in earnings of 5.1%.

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

The Industrials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 31.6%. At the industry level, 9 of the 12 industries in the sector are reporting (or 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 reporting a smaller loss in Q1 2022 (-$4.1 billion) compared to Q1 2021 (-$8.9 billion). Six of the remaining eight industries are reporting (or are expected to report) earnings growth at or above 10%: Construction & Engineering (66%), Trading Companies & Distributors (35%), Road & Rail (21%), Air Freight & Logistics (13%), Aerospace & Defense (12%), 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 (-11%) 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 blended earnings growth rate for the Industrials sector would fall to 3.4% from 31.6%.

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 30.0%. 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 (71%), Chemicals (23%), and Containers & Packaging (10%). On the other hand, the Construction Materials industry (-16%) 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 reporting the largest (year-over-year) earnings decline of all eleven sectors at -22.9%. At the industry level, all five industries in this sector are reporting (or are projected to report) a year-over-year earnings decline. Three of these five industries are reporting (or are predicted to report) a year-over-year decrease in earnings of more than 10%: Banks (-33%), Consumer Finance (-27%), and Capital Markets (-14%).

The Financials sector is also the largest detractor to earnings growth for the S&P 500 for the first quarter. If this sector were excluded, the blended earnings growth rate for the index would improve to 12.7% from 5.1%.

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

The Consumer Discretionary sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -15.3%. At the industry level, 8 of the 10 industries in the sector are reporting (or are expected to report) a year-over-year decrease in earnings. Five of these eight industries are reporting (or are projected to report) a double-digit decline in earnings: Internet & Direct Marketing Retail (-43%), Leisure Products (-34%), Auto Components (-33%), Automobiles (-18%), and Multiline Retail (-17%). On the other hand, two industries are reporting (or are projected to report) year-over-year earnings growth: Hotels, Restaurants & Leisure and Distributors. 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 reporting a smaller loss in Q1 2022 (-$552 million) compared to Q1 2021 (-$2.4 billion). The Distributors industry is predicted to report earnings growth of 5%. 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 reporting earnings growth of 2.4% rather than an earnings decline of 15.3%.

Revenue Growth: 10.8%

The blended (year-over-year) revenue growth rate for Q1 2022 is 10.8%, 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 10.8% is the actual growth rate for the quarter, it will mark the fifth-straight quarter of (year-over-year) revenue growth above 10%. However, it will also mark the lowest (year-over-year) revenue growth rate reported by the index since Q4 2020 (3.2%).

Ten of the eleven sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Energy, Materials, and Real Estate 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 45.0%. 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 (65%), Oil & Gas Refining & Marketing (52%), Integrated Oil & Gas (44%), 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 19.9%. 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 (27%), and Chemicals (21%).

Real Estate: 7 of 8 Sub-Industries Expected to Report Year-Over-Year Growth At or Above 10%

The Real Estate sector is expected to report the third-highest (year-over-year) revenue growth of all eleven sectors at 19.0%. At the industry level, all eight sub-industries in this sector are projected to report (year-over-year) growth in revenues. Seven of these eight sub-industries are predicted to report double-digit revenue growth, with three of these seven sub-industries projected to report revenue growth at or above 20%: Hotel & Resort REITs (136%), Real Estate Services (27%), and Retail REITs (20%).

Net Profit Margin: 12.1%

The blended net profit margin for the S&P 500 for Q1 2022 is 12.1%, which is above the 5-year average of 11.2%, 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 reporting (or 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 11.1% vs. 4.6%) sector. On the other hand, seven sectors are reporting (or are projected) to report a year-over-year decrease in their net profit margins, led by the Financials (17.2% vs. 22.7%) sector.

Seven sectors are reporting (or are projected to report) net profit margins in Q1 2022 that are above their 5-year averages, led by the Energy (11.1% vs. 5.7%) sector. On the other hand, four sectors are reporting (or are projected to report) net profit margins in Q1 2022 that are below their 5-year averages, led by the Consumer Discretionary (5.9% vs. 6.7%) and Communication Services (11.7% vs. 12.4%) sectors.

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative EPS Guidance for Q2 is Below Average

At this point in time, 6 companies in the index have issued EPS guidance for Q2 2022. Of these 6 companies, 2 have issued negative EPS guidance and 4 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 33% (2 out of 6), which is below the 5-year average of 60% and below the 10-year average of 67%.

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: S&P 500 Expected to Reported Earnings Growth of 10.2% for CY 2022

For the first quarter, S&P 500 companies are reporting earnings growth of 5.1% and revenue growth of 10.8%.

For Q2 2022, analysts are projecting earnings growth of 6.5% and revenue growth of 9.7%.

For Q3 2022, analysts are projecting earnings growth of 11.1% and revenue growth of 8.6%.

For Q4 2022, analysts are projecting earnings growth of 10.6% and revenue growth of 7.1%.

For CY 2022, analysts are projecting earnings growth of 10.2% and revenue growth of 9.3%.

Valuation: Forward P/E Ratio is 19.2, Above the 10-Year Average (16.8)

The forward 12-month P/E ratio for the S&P 500 is 19.0. 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 19.4 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 1.9%, while the forward 12-month EPS estimate has increased by 0.6%. At the sector level, the Consumer Discretionary (27.0) sector has the highest forward 12-month P/E ratio, while the Energy (11.0) and Financials (13.9) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 21.7, which is below the 5-year average of 23.1 but above the 10-year average of 20.2.

Targets & Ratings: Analysts Project 18.5% Increase in Price Over Next 12 Months

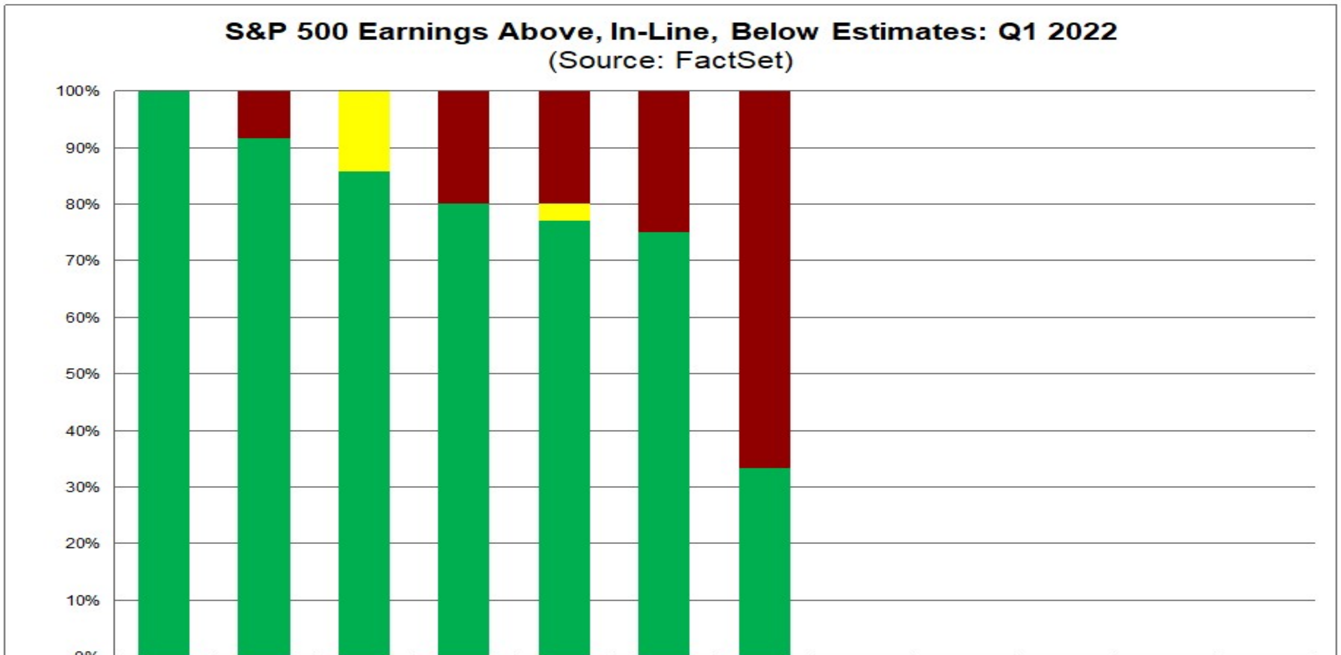
The bottom-up target price for the S&P 500 is 5267.81, which is 18.5% above the closing price of 4446.59. At the sector level, the Communication Services (+32.8%), Information Technology (+25.9%), and Consumer Discretionary (+23.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+0.2%) 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 10,855 ratings on stocks in the S&P 500. Of these 10,855 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 (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

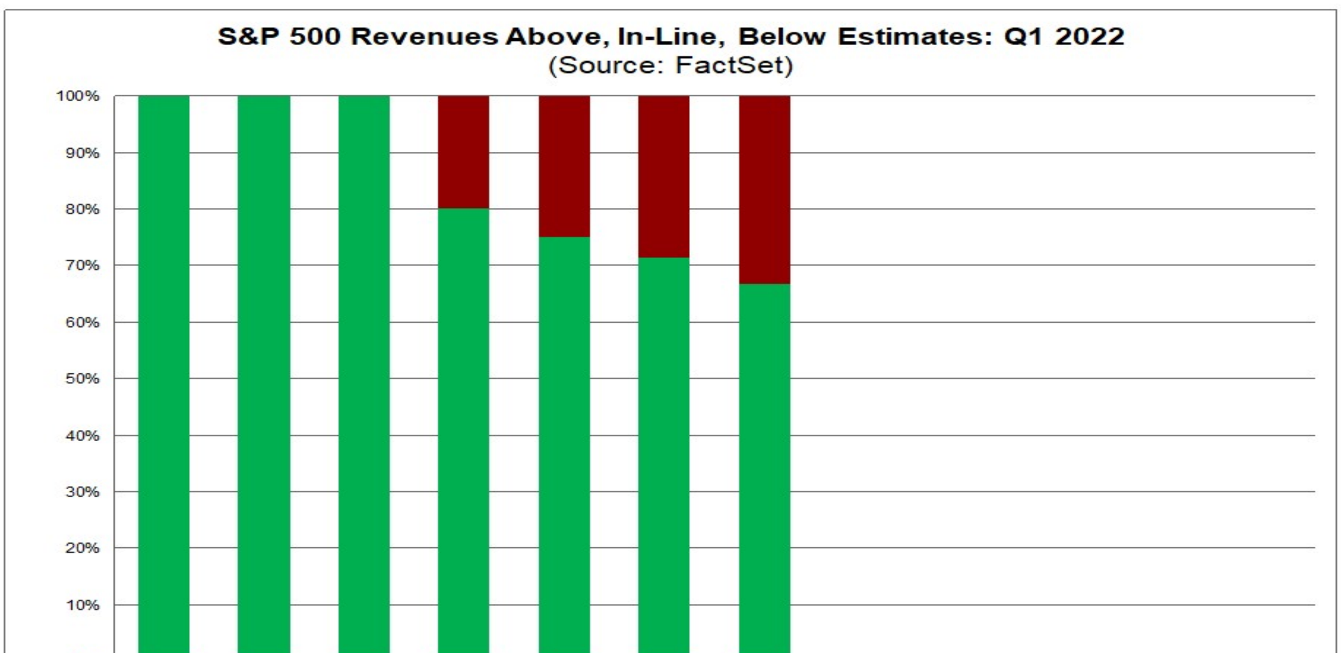
Companies Reporting Next Week: 67

During the upcoming week, 67 S&P 500 companies (including seven Dow 30 components) are scheduled to report results for the first quarter.

Q1 2022: Scorecard

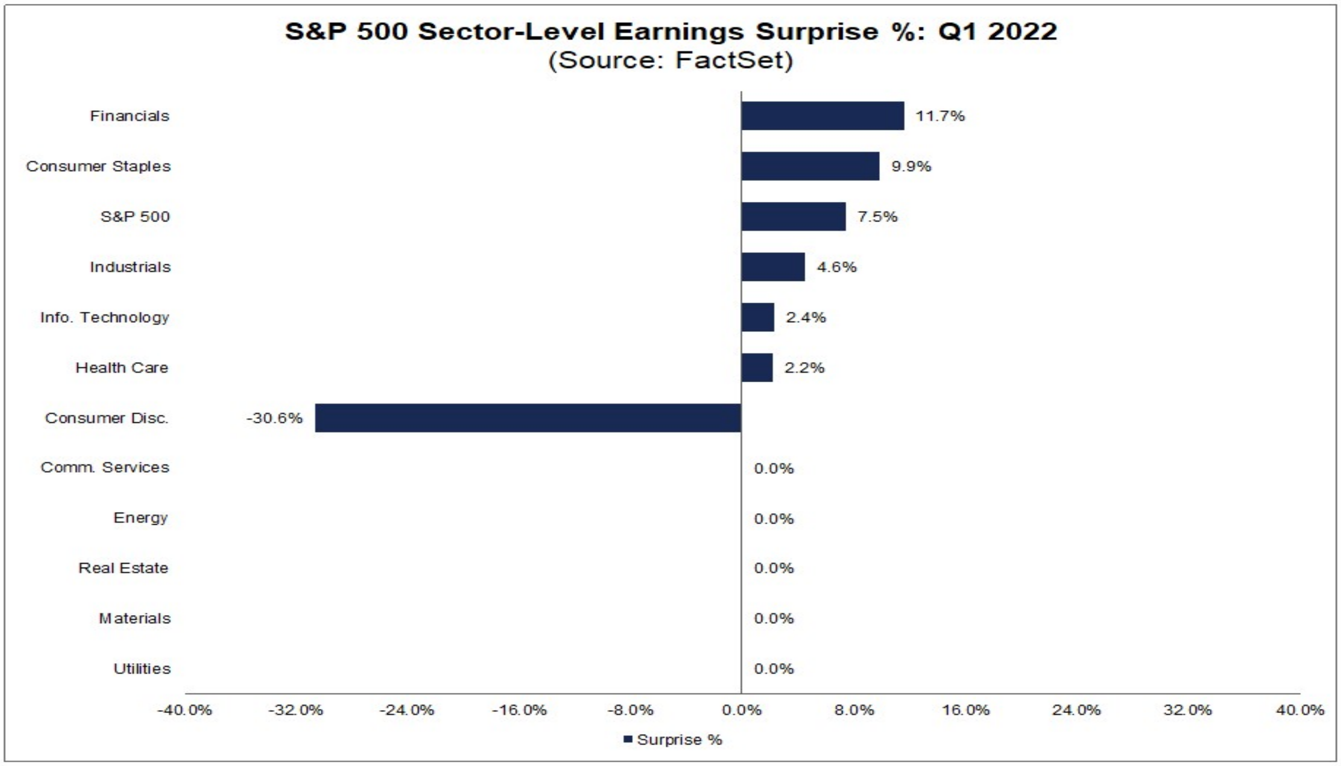


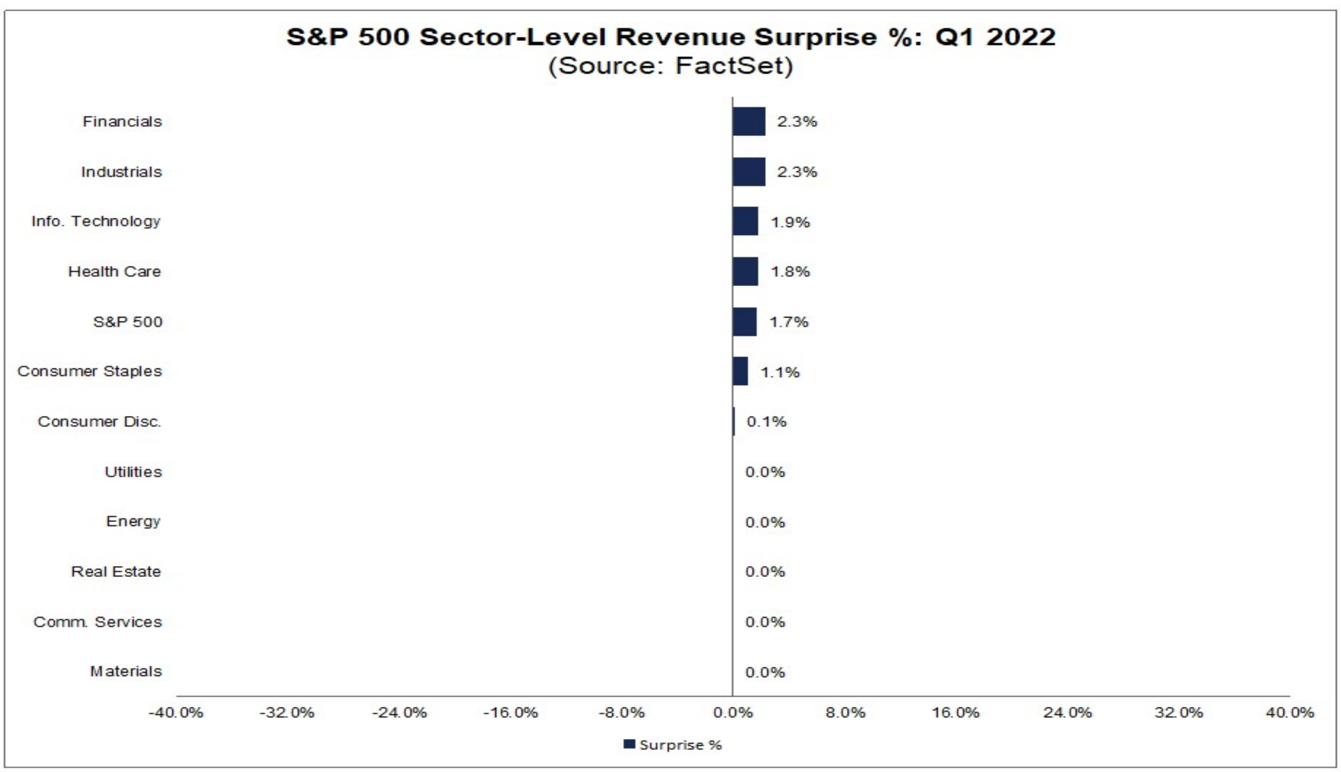
	Health Care	Financials	Consumer Staples	Info. Technology	S&P 500	Industrials	Consumer Disc.	Energy	Real Estate	Utilities	Comm. Services	Materials
Below	0%	8%	0%	20%	20%	25%	67%	0%	0%	0%	0%	0%
In-Line	0%	0%	14%	0%	3%	0%	0%	0%	0%	0%	0%	0%
Above	100%	92%	86%	80%	77%	75%	33%	0%	0%	0%	0%	0%



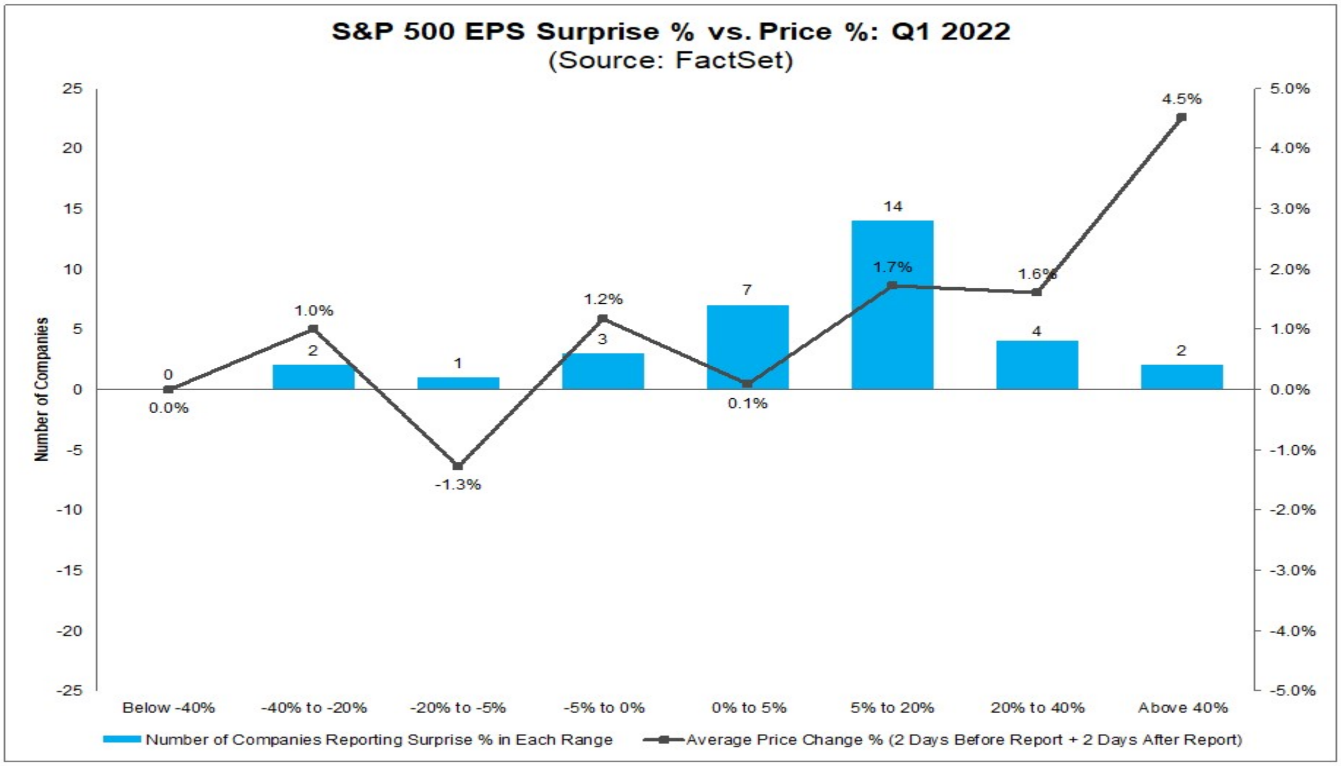
	Info. Technology	Industrials	Health Care	S&P 500	Financials	Consumer Staples	Consumer Disc.	Energy	Real Estate	Materials	Comm. Services	Utilities
Below	0%	0%	0%	20%	25%	29%	33%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	80%	75%	71%	67%	0%	0%	0%	0%	0%

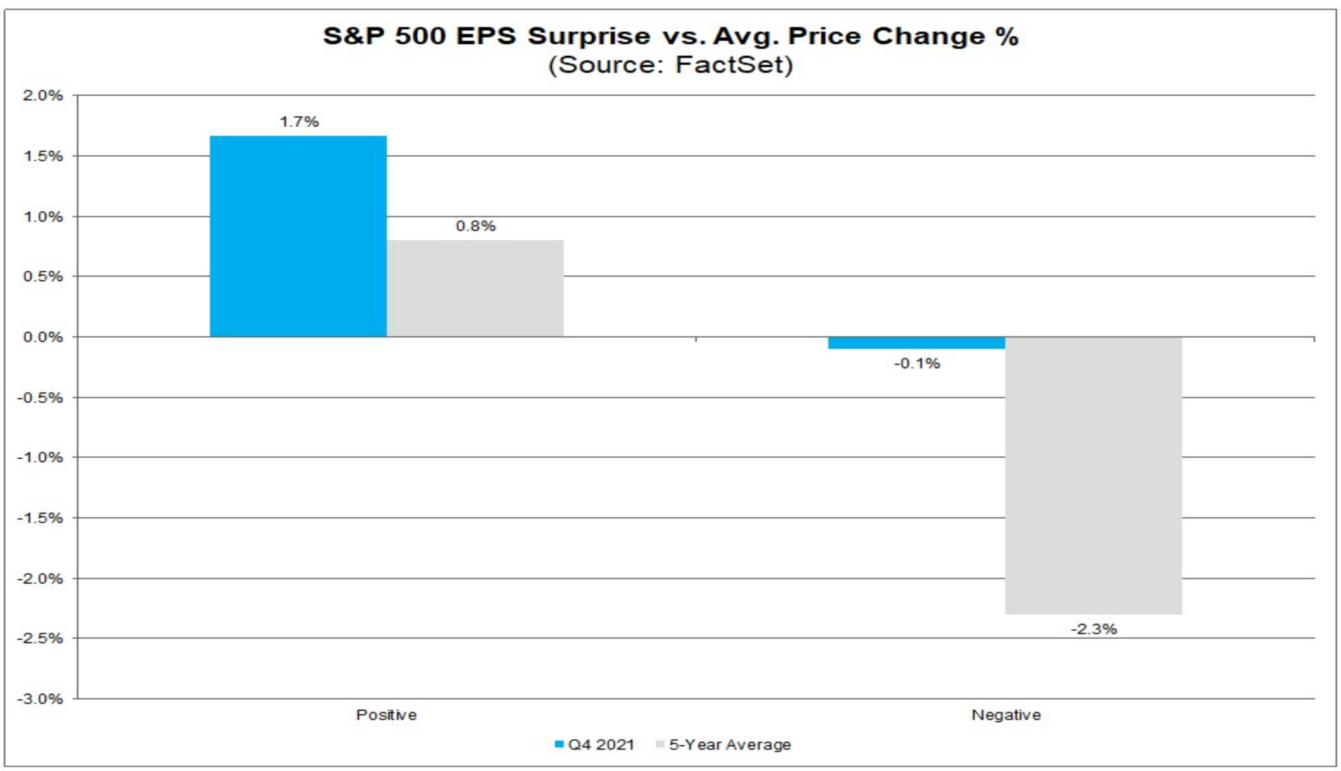
Q1 2022: Scorecard



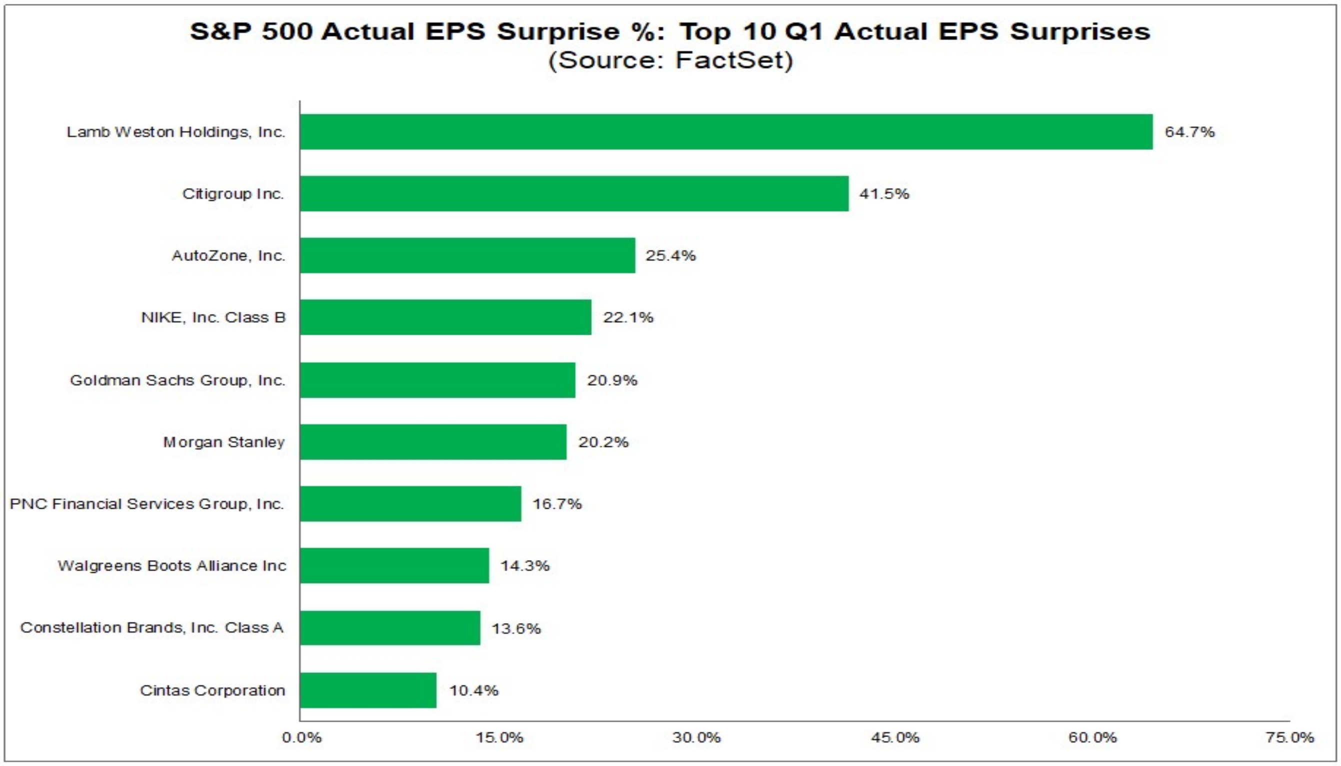


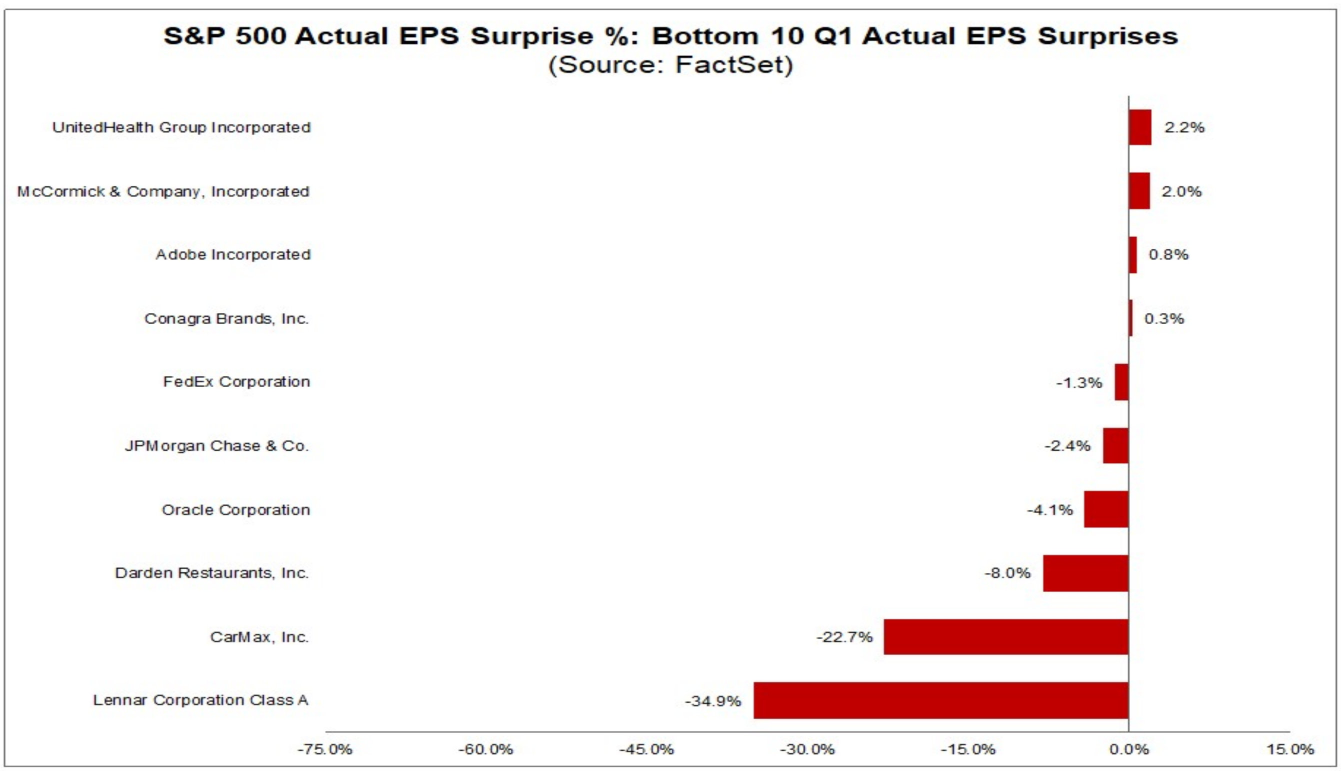
Q1 2022: Scorecard



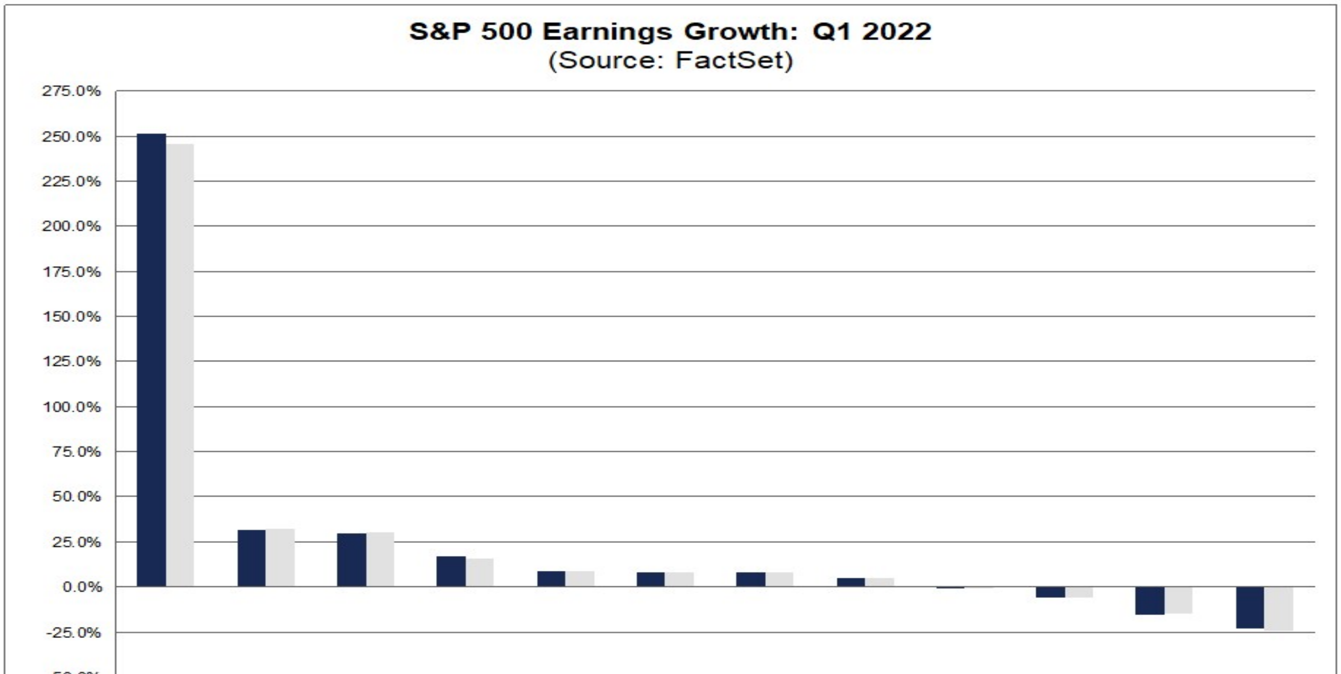


Q1 2022: Scorecard

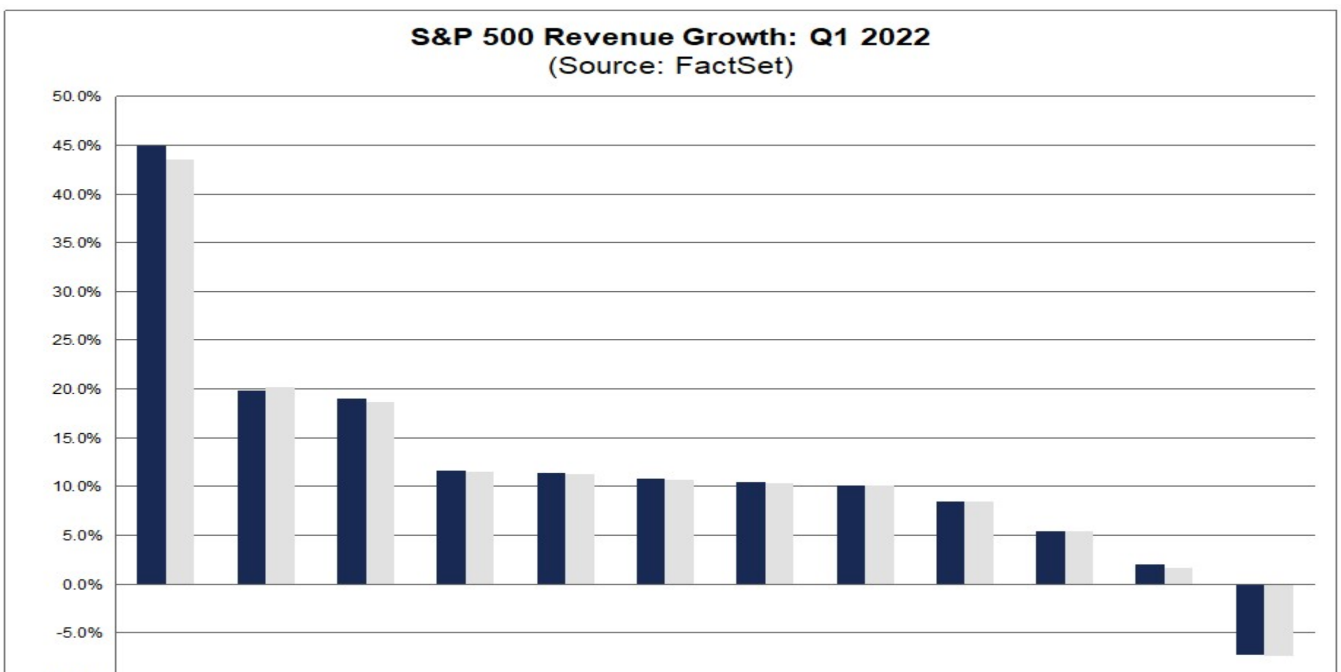




Q1 2022: Growth

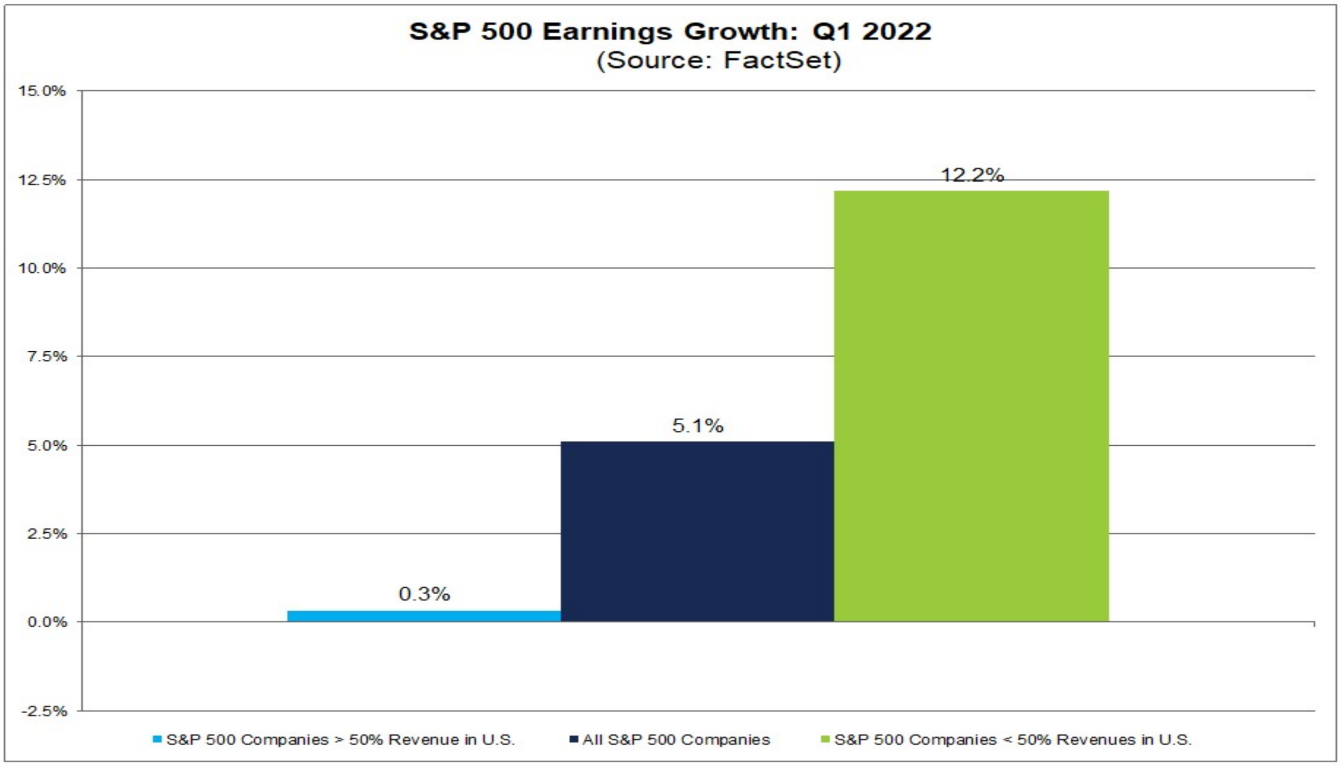


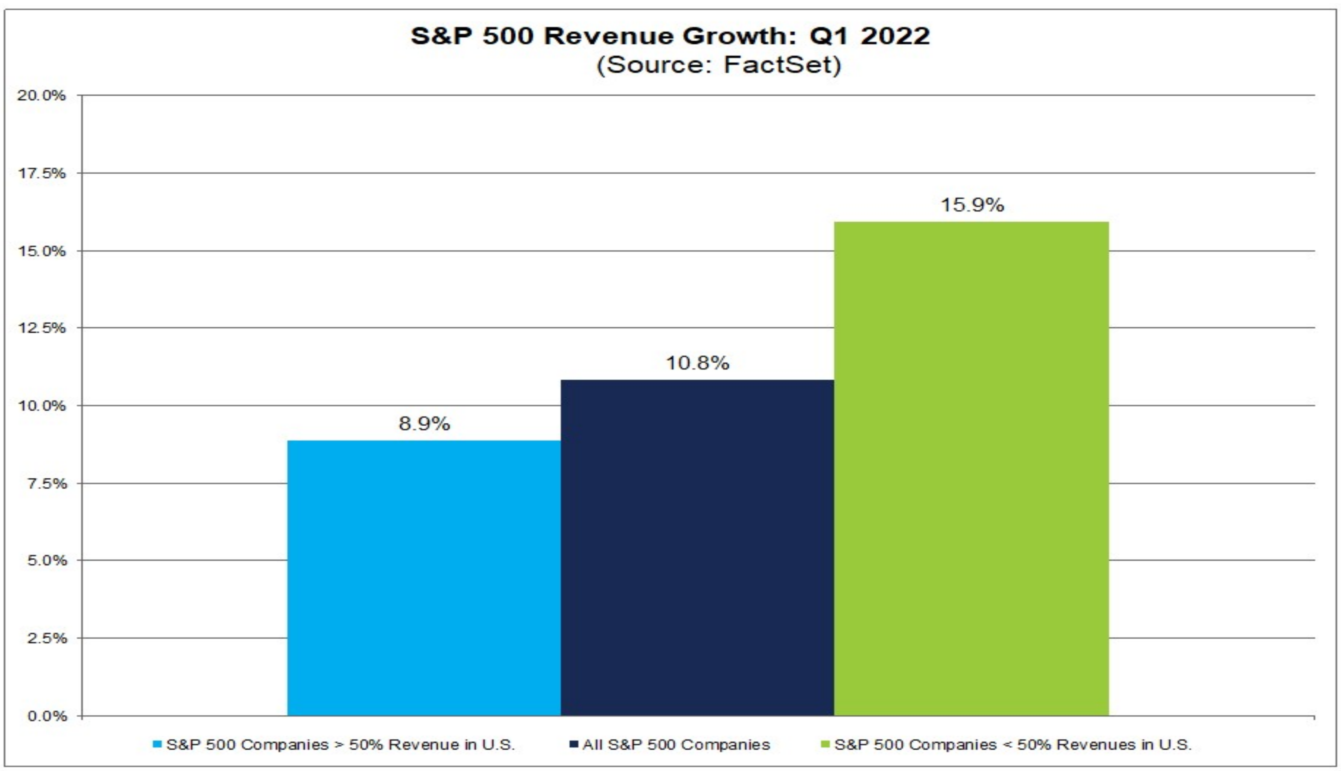
	Energy	Industrials	Materials	Real Estate	Health Care	Utilities	Info. Technology	S&P 500	Consumer Staples	Comm. Services	Consumer Disc.	Financials
Today	251.3%	31.6%	30.0%	17.1%	8.5%	8.3%	8.2%	5.1%	-0.5%	-6.2%	-15.3%	-22.9%
31-Mar	245.7%	32.0%	30.6%	15.6%	8.6%	8.2%	8.3%	4.7%	-0.6%	-6.0%	-15.0%	-24.2%



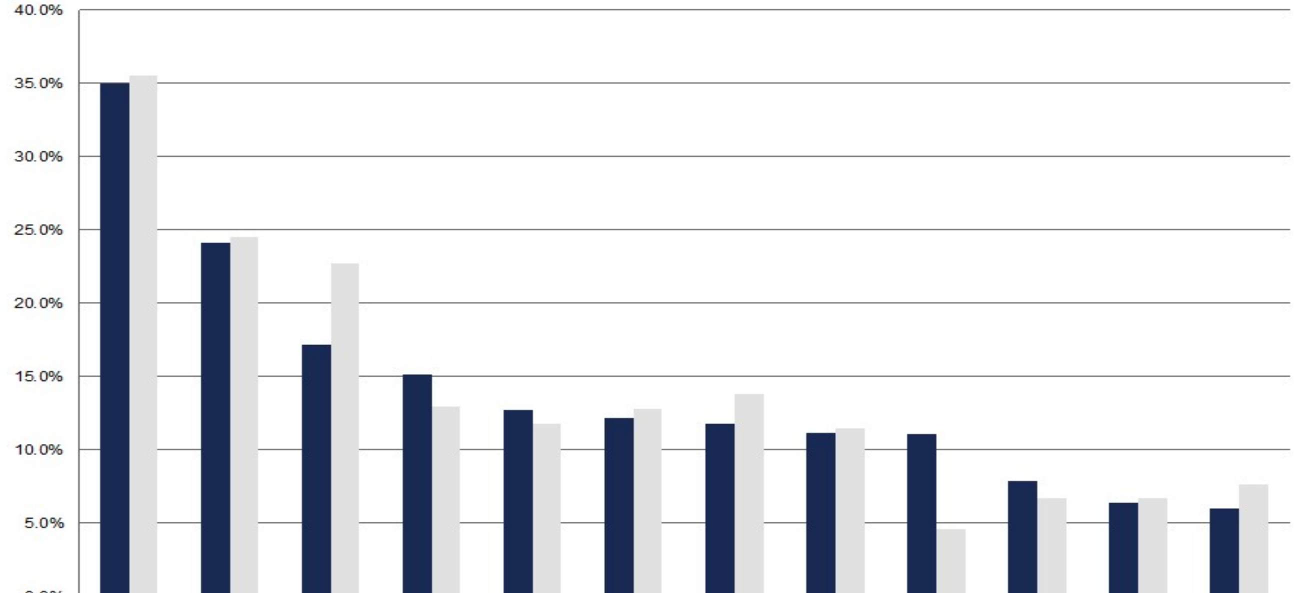
	Energy	Materials	Real Estate	Industrials	Health Care	S&P 500	Comm. Services	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	45.0%	19.9%	19.0%	11.6%	11.4%	10.8%	10.4%	10.1%	8.4%	5.4%	2.0%	-7.3%
31-Mar	43.5%	20.2%	18.7%	11.5%	11.3%	10.7%	10.3%	10.1%	8.4%	5.4%	1.7%	-7.3%

Q1 2022: Growth

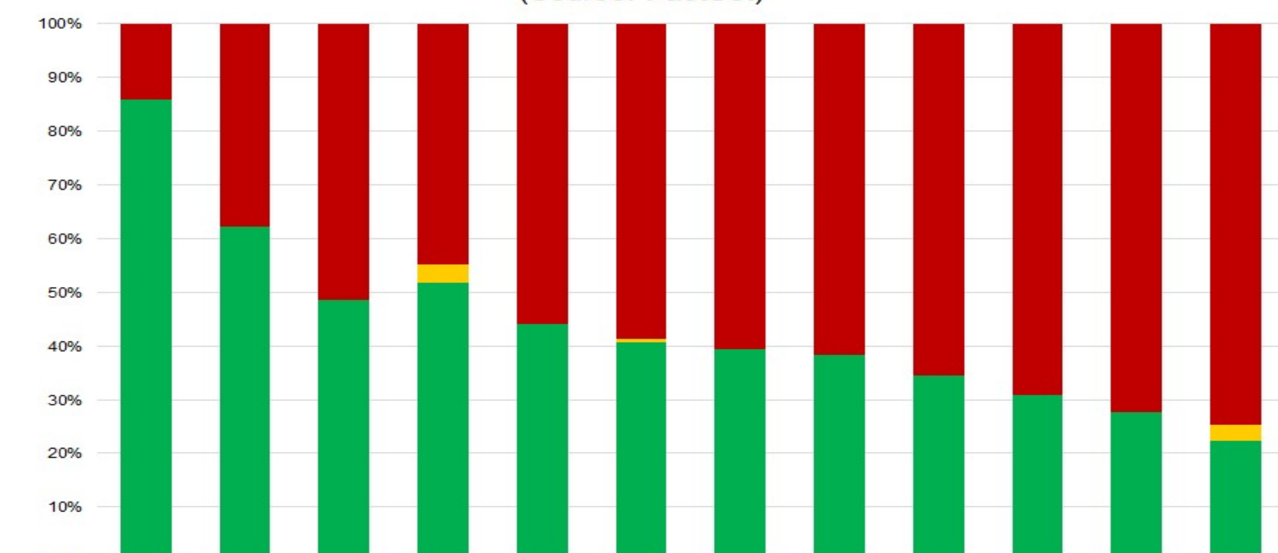




Q1 2022: Net Profit Margin

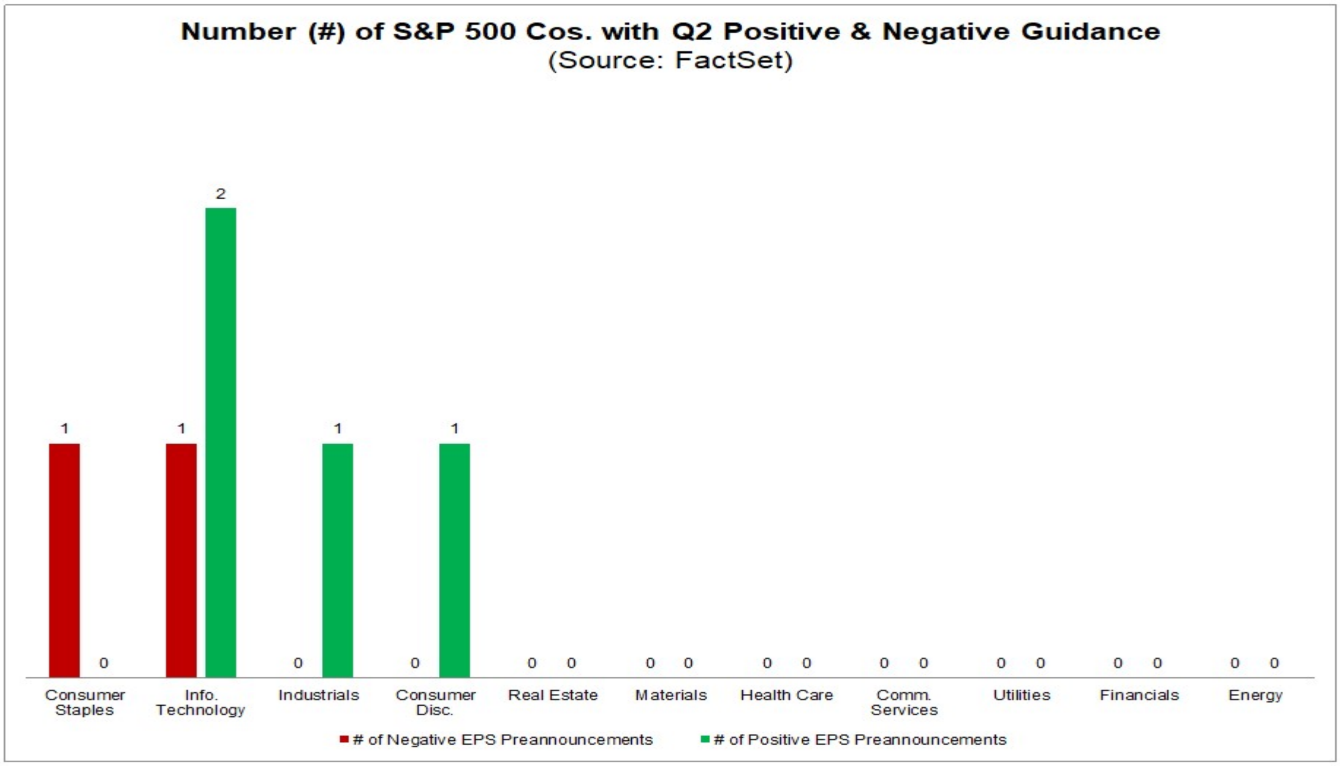


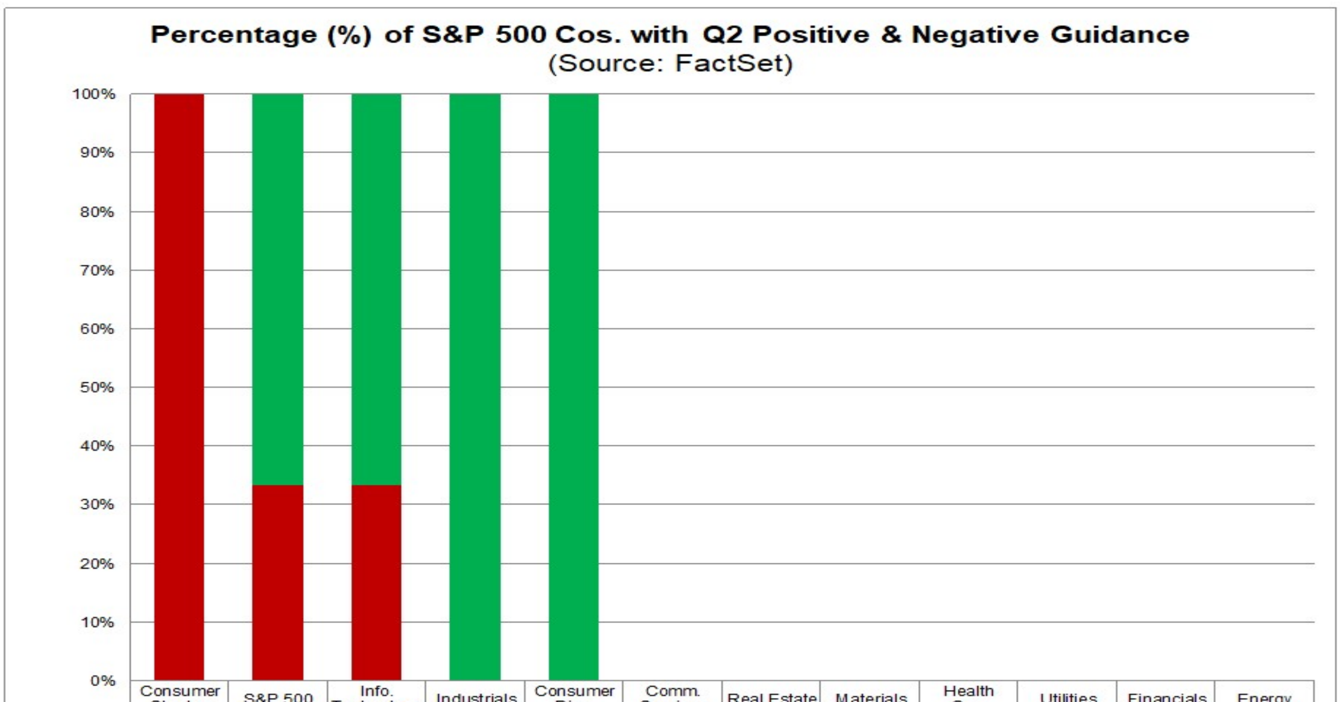
	Real Estate	Information Tech.	Financials	Utilities	Materials	S&P 500	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.0%	24.1%	17.2%	15.1%	12.7%	12.1%	11.7%	11.2%	11.1%	7.9%	6.3%	5.9%
Q121	35.6%	24.5%	22.7%	13.0%	11.7%	12.8%	13.8%	11.5%	4.6%	6.7%	6.7%	7.6%



	Energy	Real Estate	Industrials	Utilities	Information Tech.	S&P 500	Materials	Consumer Disc.	Consumer Staples	Comm. Services	Health Care	Financials
Down %	14%	38%	51%	45%	56%	59%	61%	62%	66%	69%	72%	75%
None %	0%	0%	0%	3%	0%	1%	0%	0%	0%	0%	0%	3%
Up %	86%	62%	49%	52%	44%	41%	39%	38%	34%	31%	28%	22%

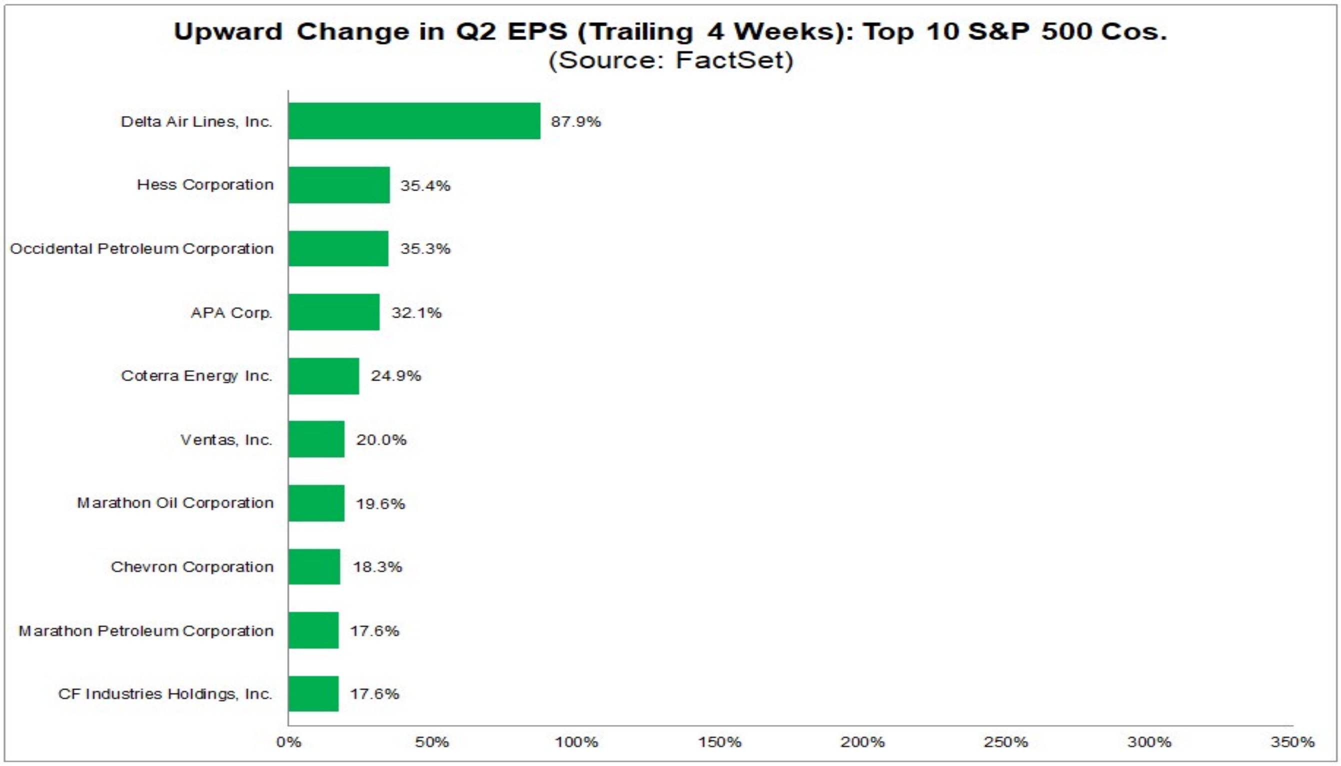
Q2 2022: EPS Guidance

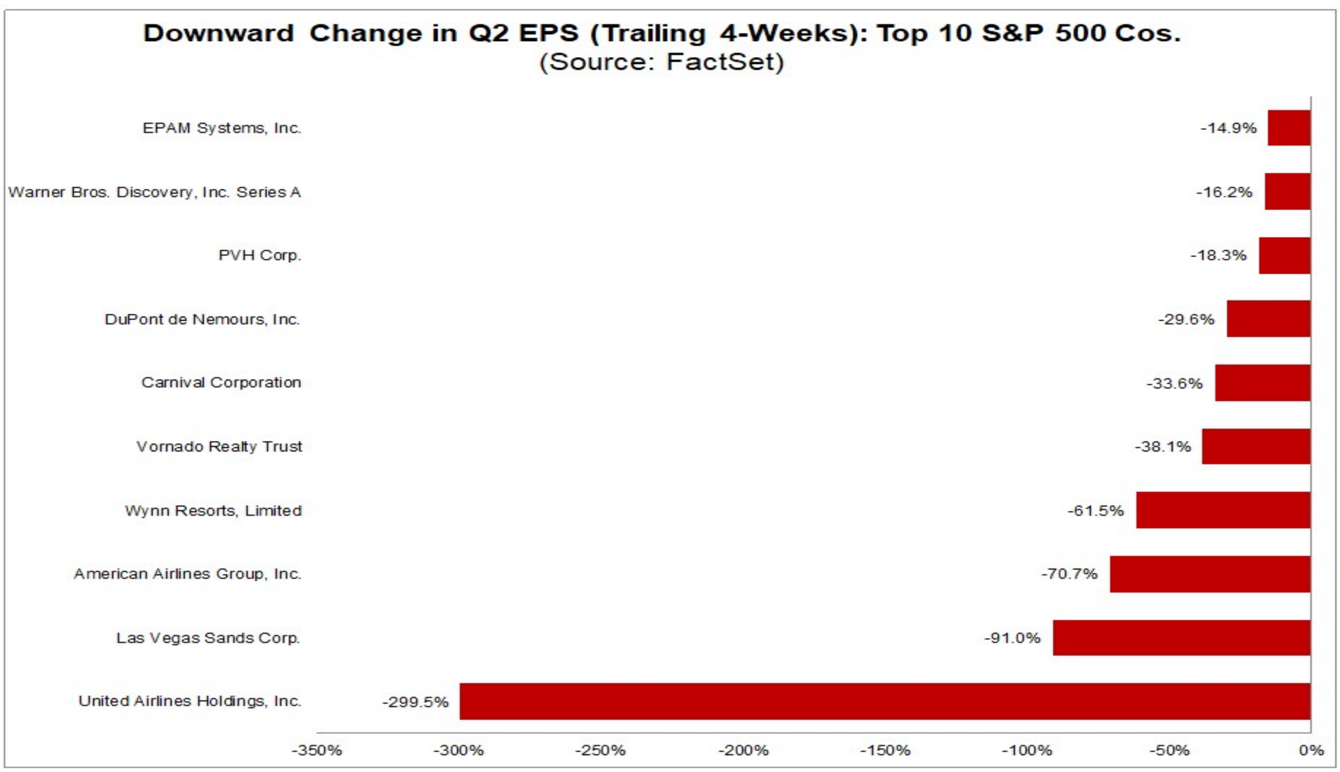




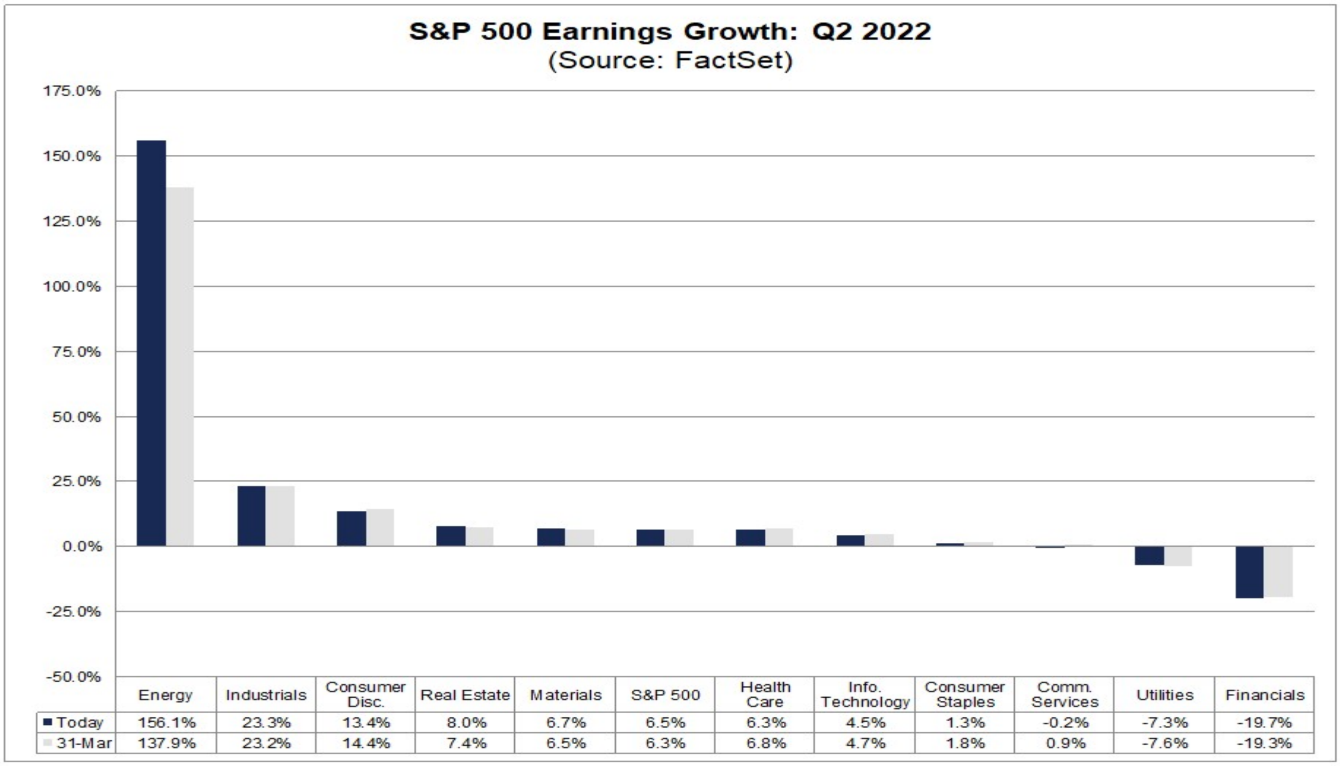
	Consumer Staples	S&P 500	Info. Technology	Industrials	Consumer Disc.	Comm. Services	Real Estate	Materials	Health Care	Utilities	Financials	Energy
Positive	0%	67%	67%	100%	100%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	33%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Q2 2022: EPS Revisions

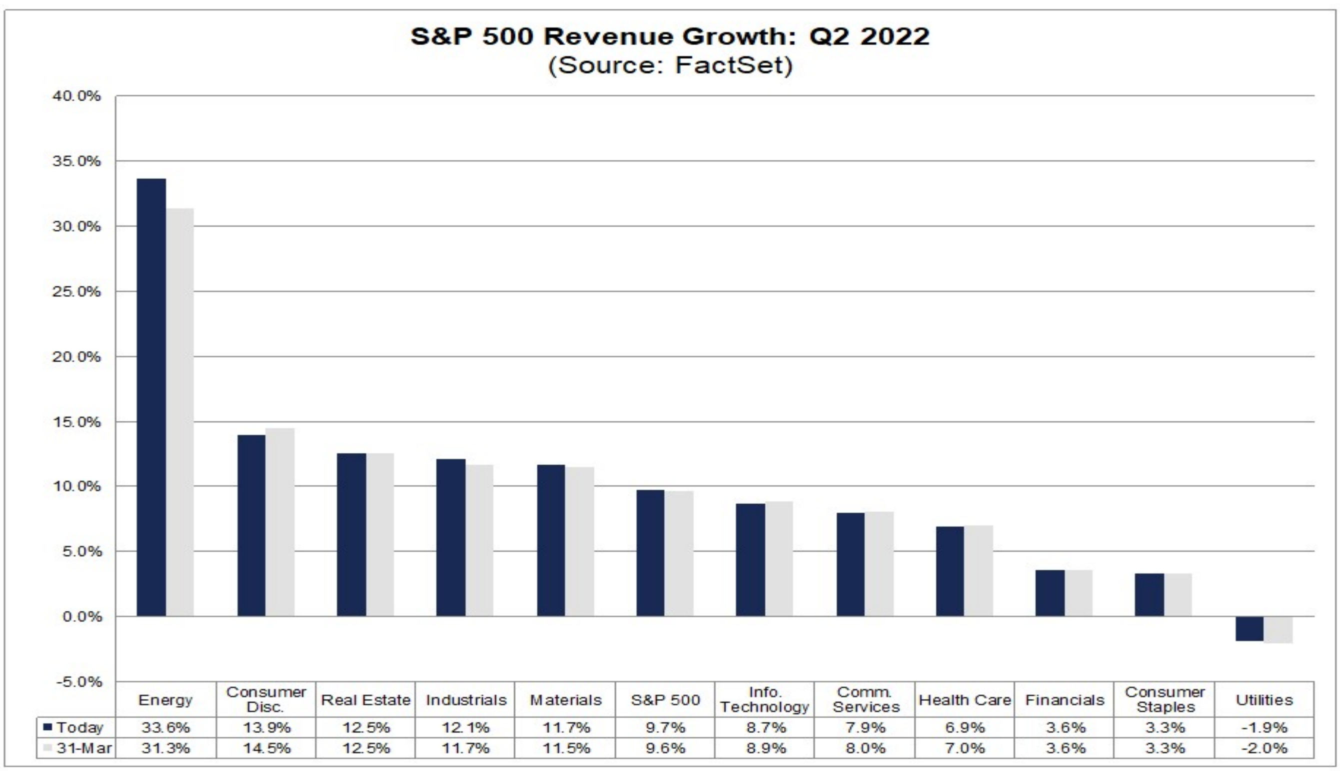




Q2 2022: Growth

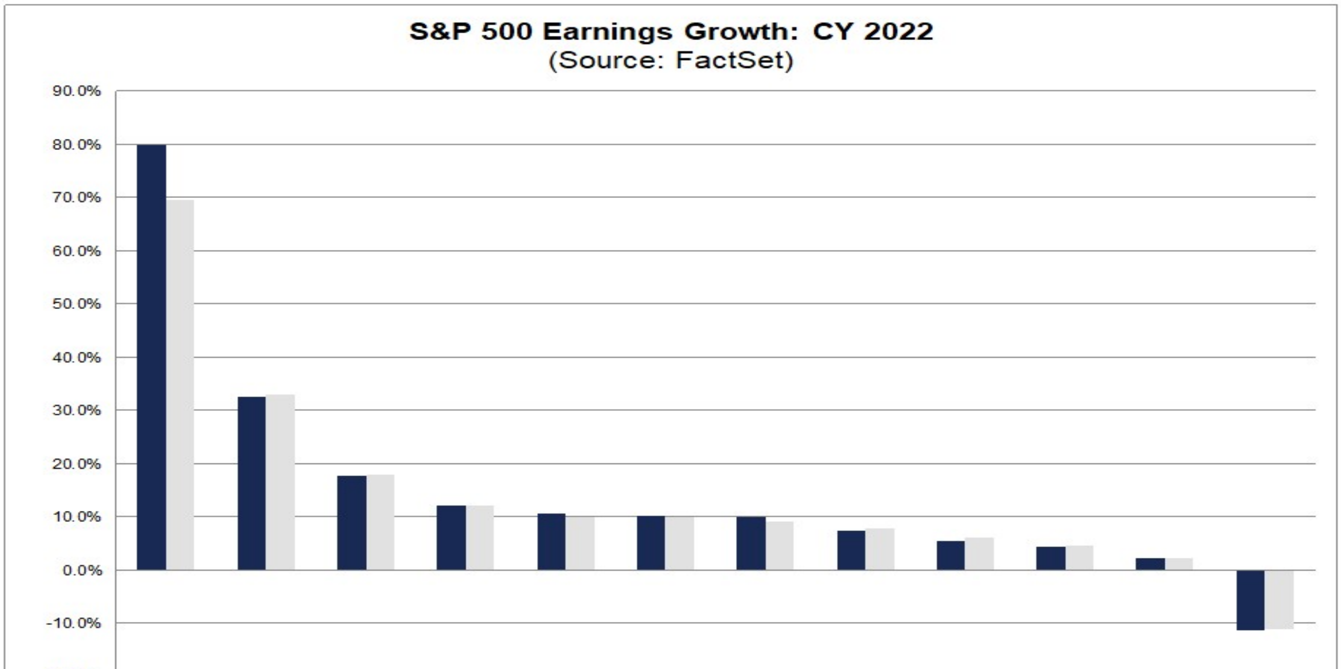


	Energy	Industrials	Consumer Disc.	Real Estate	Materials	S&P 500	Health Care	Info. Technology	Consumer Staples	Comm. Services	Utilities	Financials
Today	156.1%	23.3%	13.4%	8.0%	6.7%	6.5%	6.3%	4.5%	1.3%	-0.2%	-7.3%	-19.7%
31-Mar	137.9%	23.2%	14.4%	7.4%	6.5%	6.3%	6.8%	4.7%	1.8%	0.9%	-7.6%	-19.3%

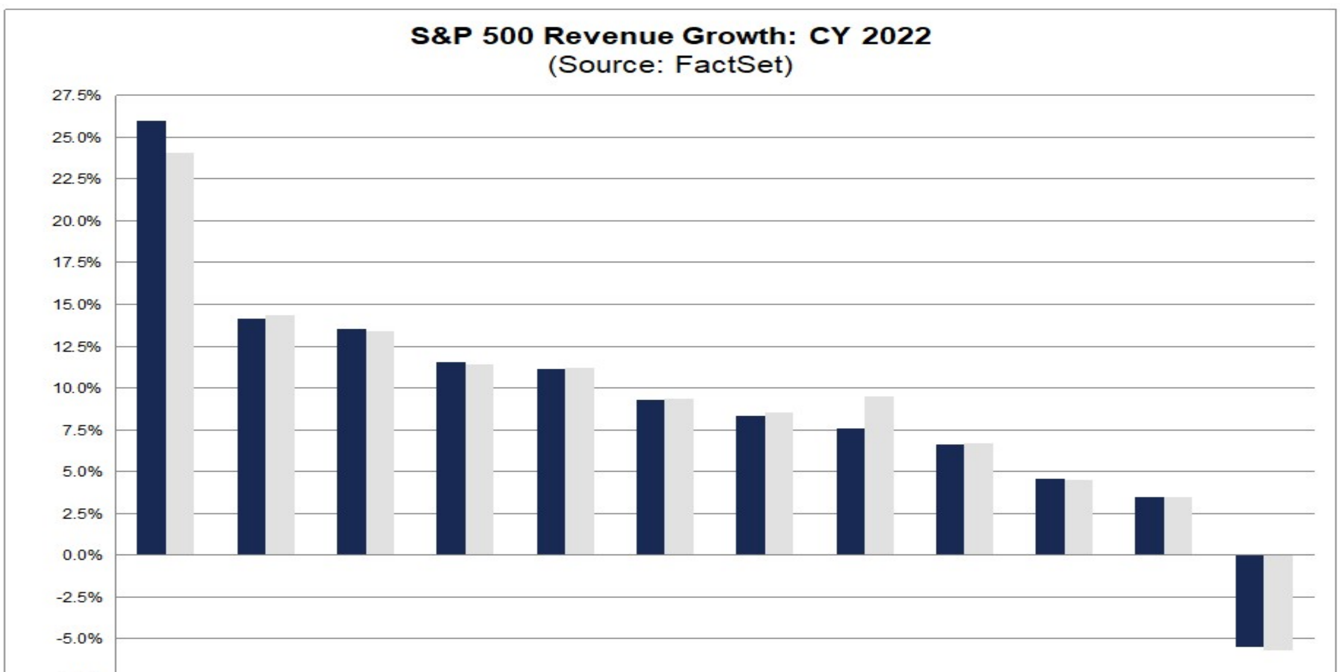


	Energy	Consumer Disc.	Real Estate	Industrials	Materials	S&P 500	Info. Technology	Comm. Services	Health Care	Financials	Consumer Staples	Utilities
Today	33.6%	13.9%	12.5%	12.1%	11.7%	9.7%	8.7%	7.9%	6.9%	3.6%	3.3%	-1.9%
31-Mar	31.3%	14.5%	12.5%	11.7%	11.5%	9.6%	8.9%	8.0%	7.0%	3.6%	3.3%	-2.0%

CY 2022: Growth

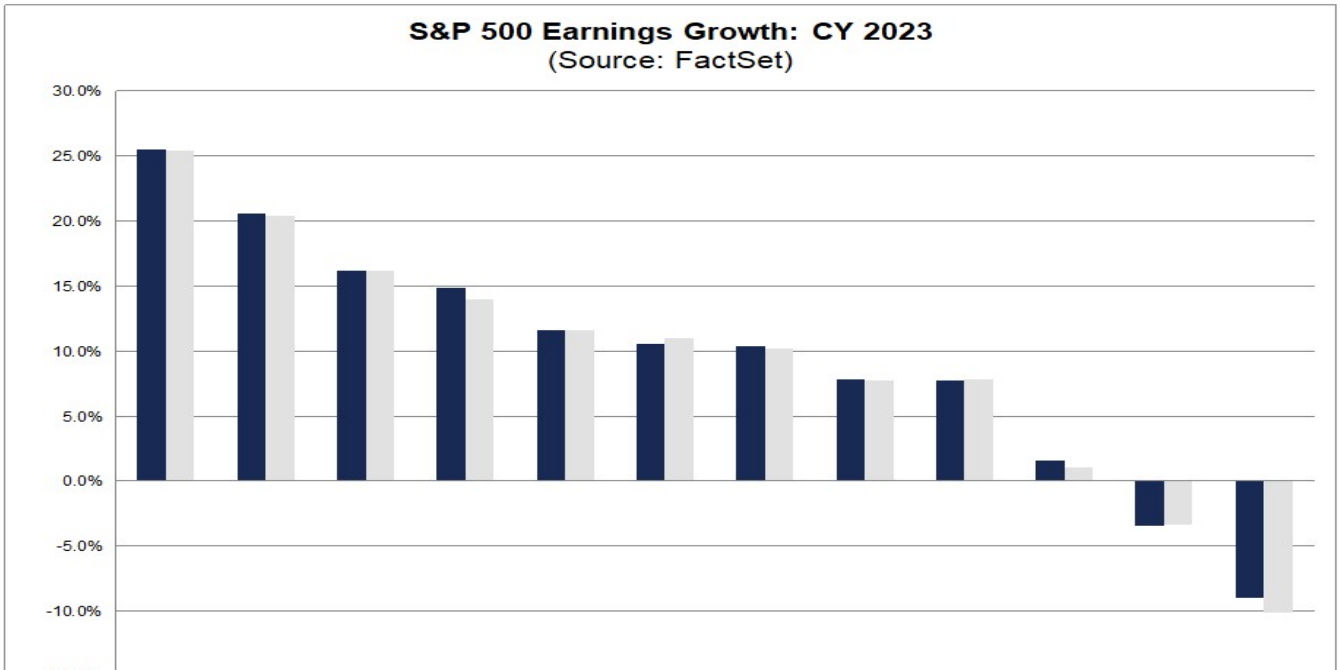


	Energy	Industrials	Consumer Disc.	Info. Technology	Real Estate	S&P 500	Materials	Health Care	Comm. Services	Consumer Staples	Utilities	Financials
Today	79.8%	32.5%	17.6%	12.1%	10.5%	10.2%	10.1%	7.4%	5.4%	4.3%	2.2%	-11.4%
31-Mar	69.5%	33.0%	18.0%	12.2%	9.9%	10.0%	9.2%	7.7%	6.0%	4.6%	2.2%	-11.1%

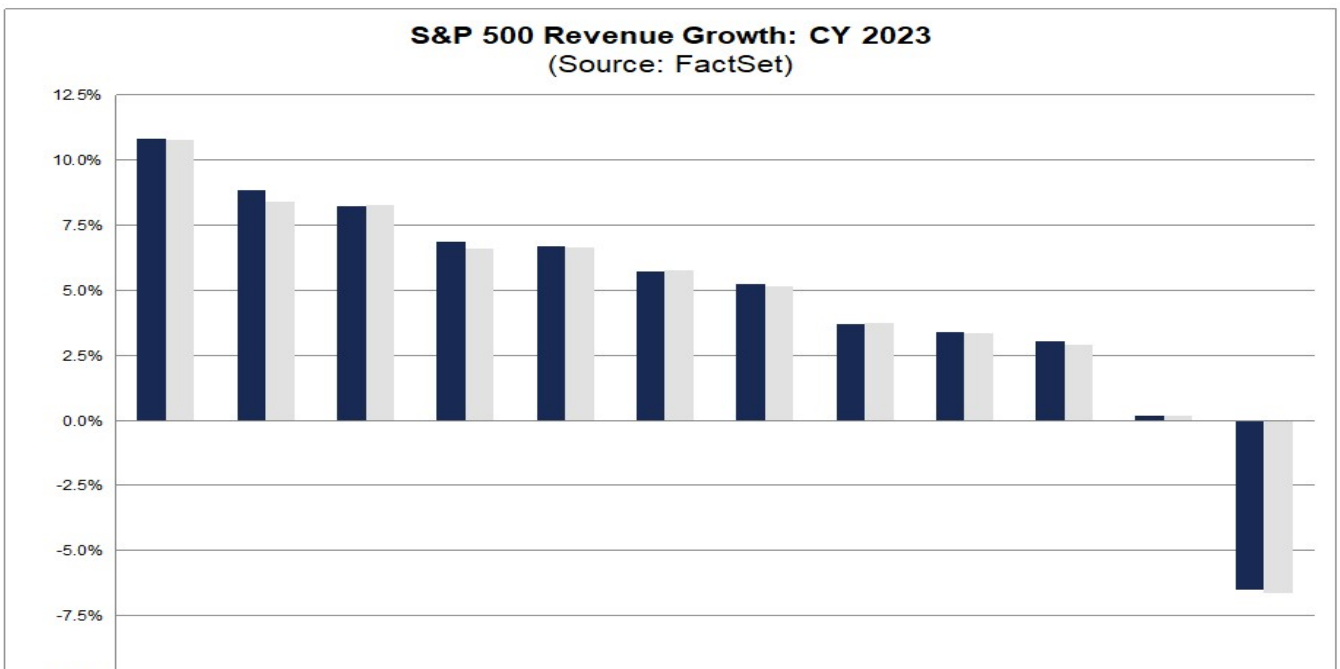


	Energy	Consumer Disc.	Real Estate	Industrials	Info. Technology	S&P 500	Materials	Comm. Services	Health Care	Consumer Staples	Financials	Utilities
Today	26.0%	14.2%	13.5%	11.6%	11.1%	9.3%	8.3%	7.6%	6.6%	4.6%	3.5%	-5.5%
31-Mar	24.1%	14.3%	13.4%	11.4%	11.2%	9.4%	8.5%	9.5%	6.7%	4.5%	3.5%	-5.7%

CY 2023: Growth

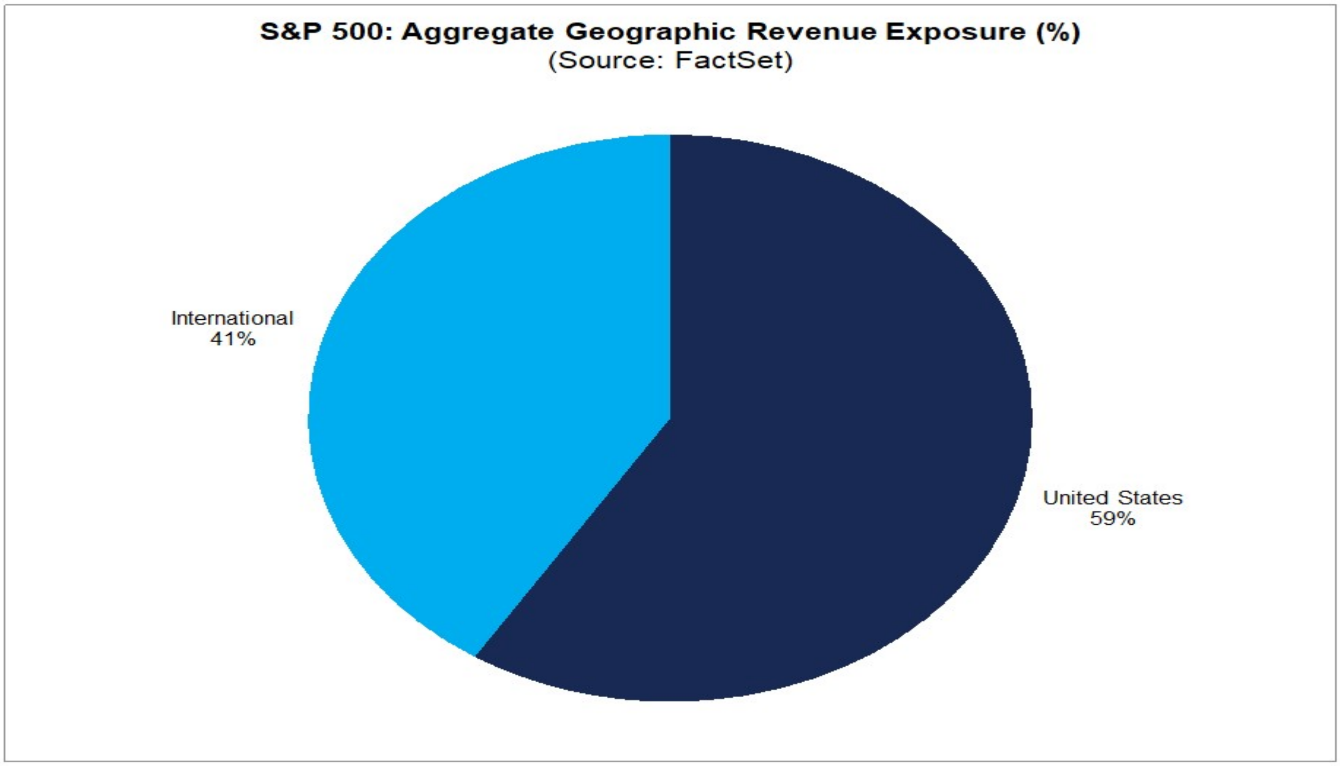


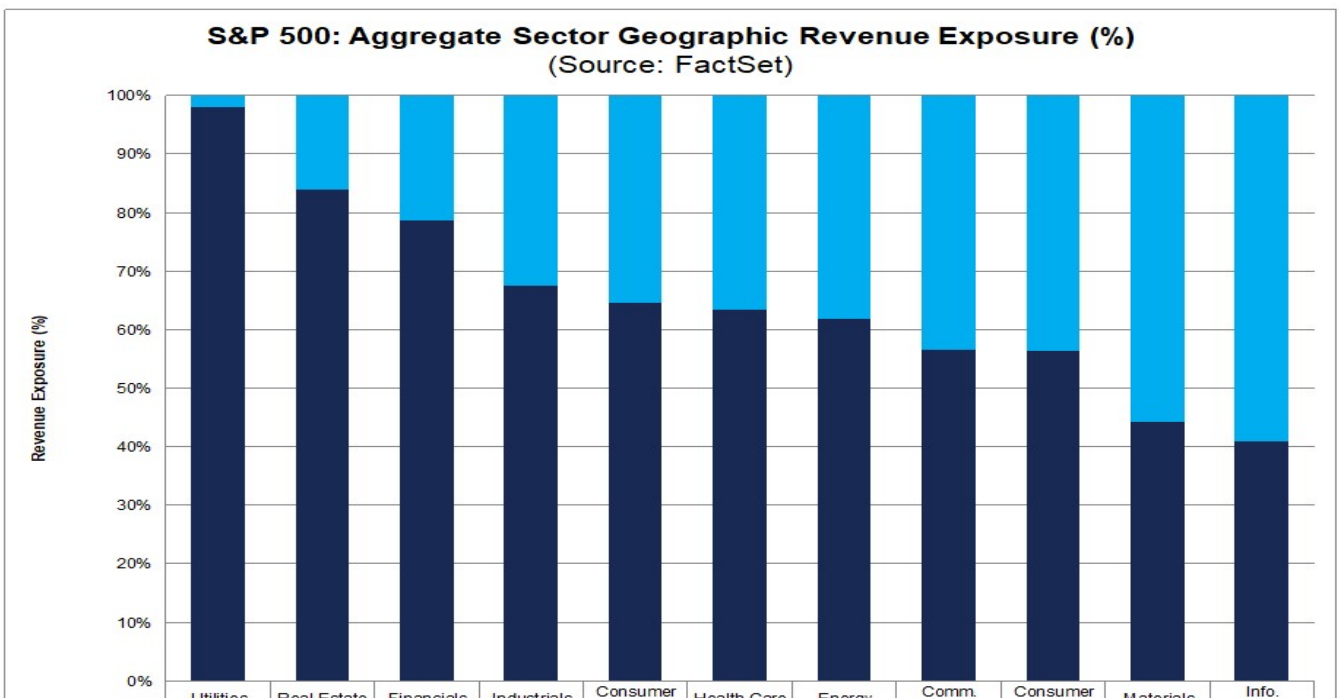
	Consumer Disc.	Industrials	Comm. Services	Financials	Info. Technology	Real Estate	S&P 500	Utilities	Consumer Staples	Health Care	Materials	Energy
Today	25.5%	20.6%	16.2%	14.8%	11.6%	10.5%	10.4%	7.8%	7.7%	1.6%	-3.4%	-8.9%
31-Mar	25.4%	20.4%	16.2%	13.9%	11.6%	11.0%	10.2%	7.8%	7.8%	1.1%	-3.4%	-10.1%



	Consumer Disc.	Comm. Services	Info. Technology	Financials	Industrials	Real Estate	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Energy
Today	10.8%	8.9%	8.2%	6.9%	6.7%	5.7%	5.2%	3.7%	3.4%	3.0%	0.2%	-6.5%
31-Mar	10.8%	8.4%	8.3%	6.6%	6.6%	5.8%	5.2%	3.7%	3.3%	2.9%	0.2%	-6.6%

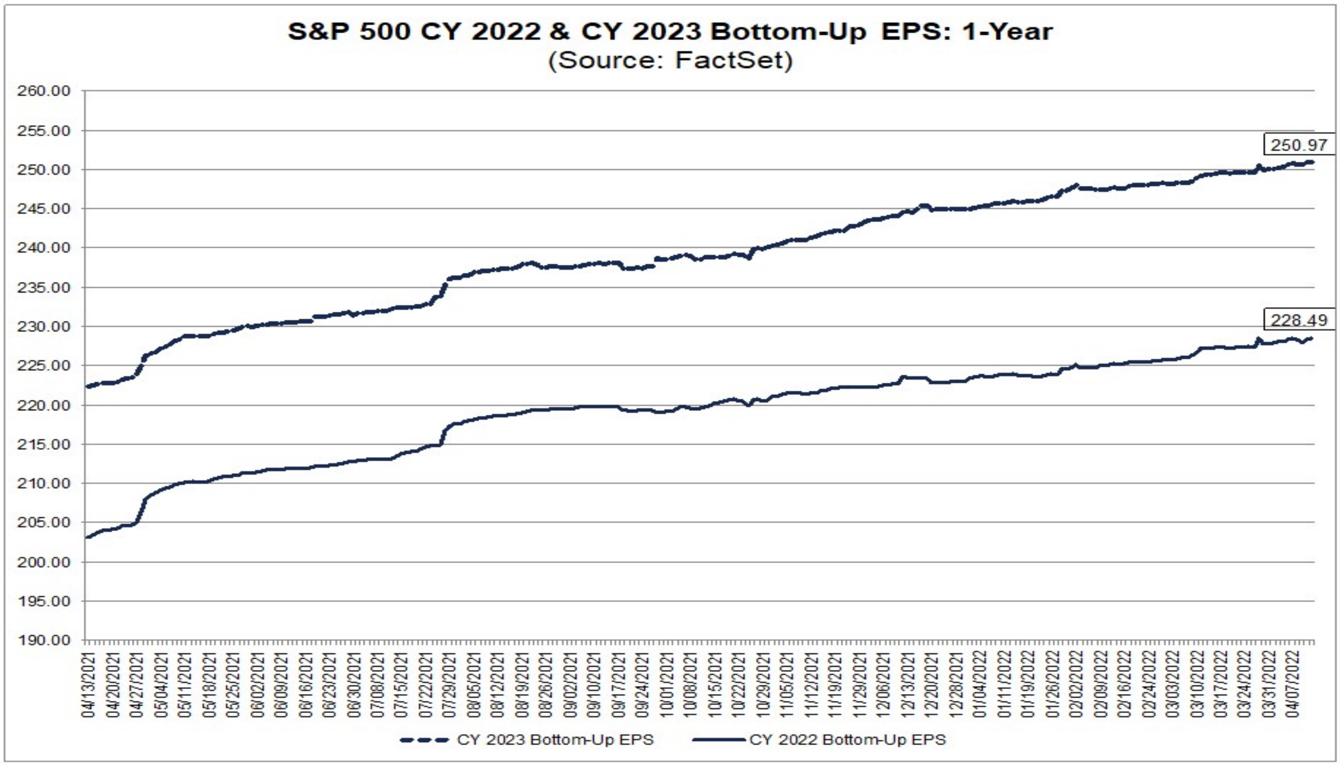
Geographic Revenue Exposure

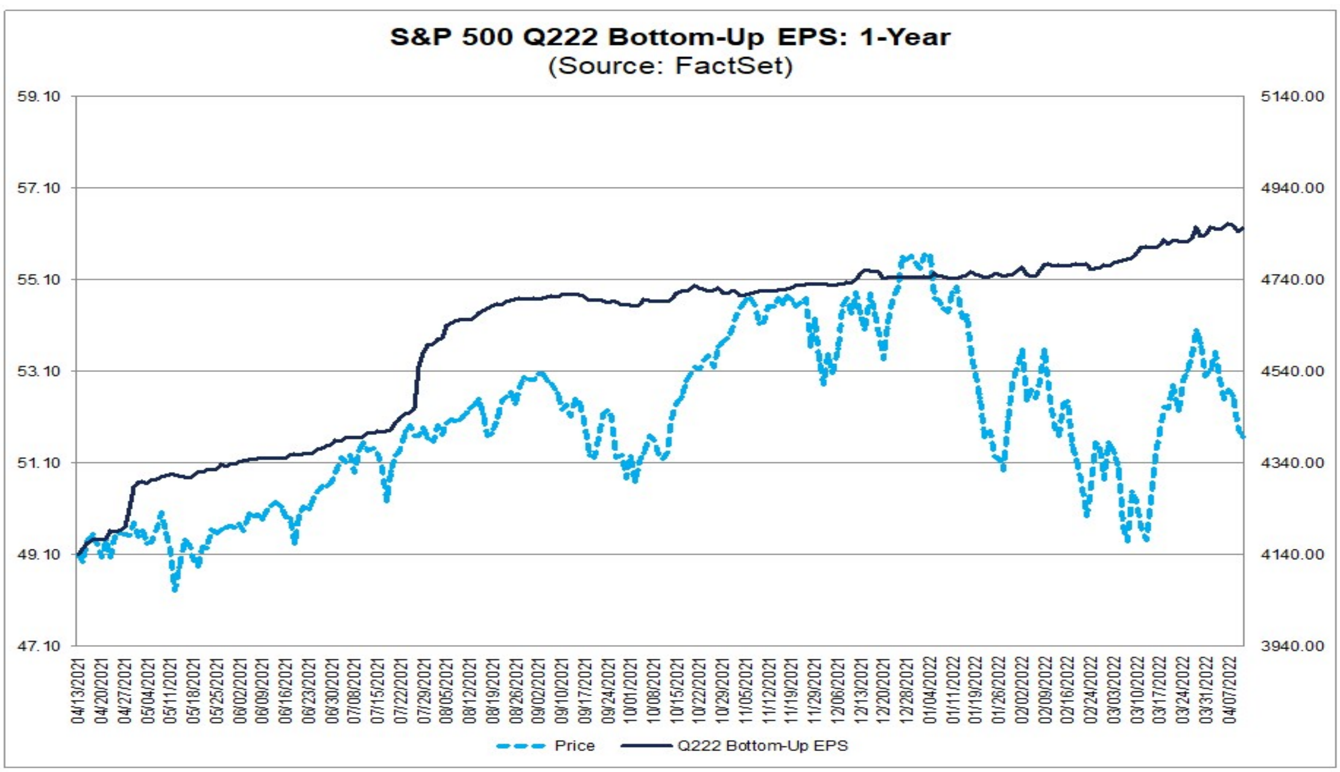




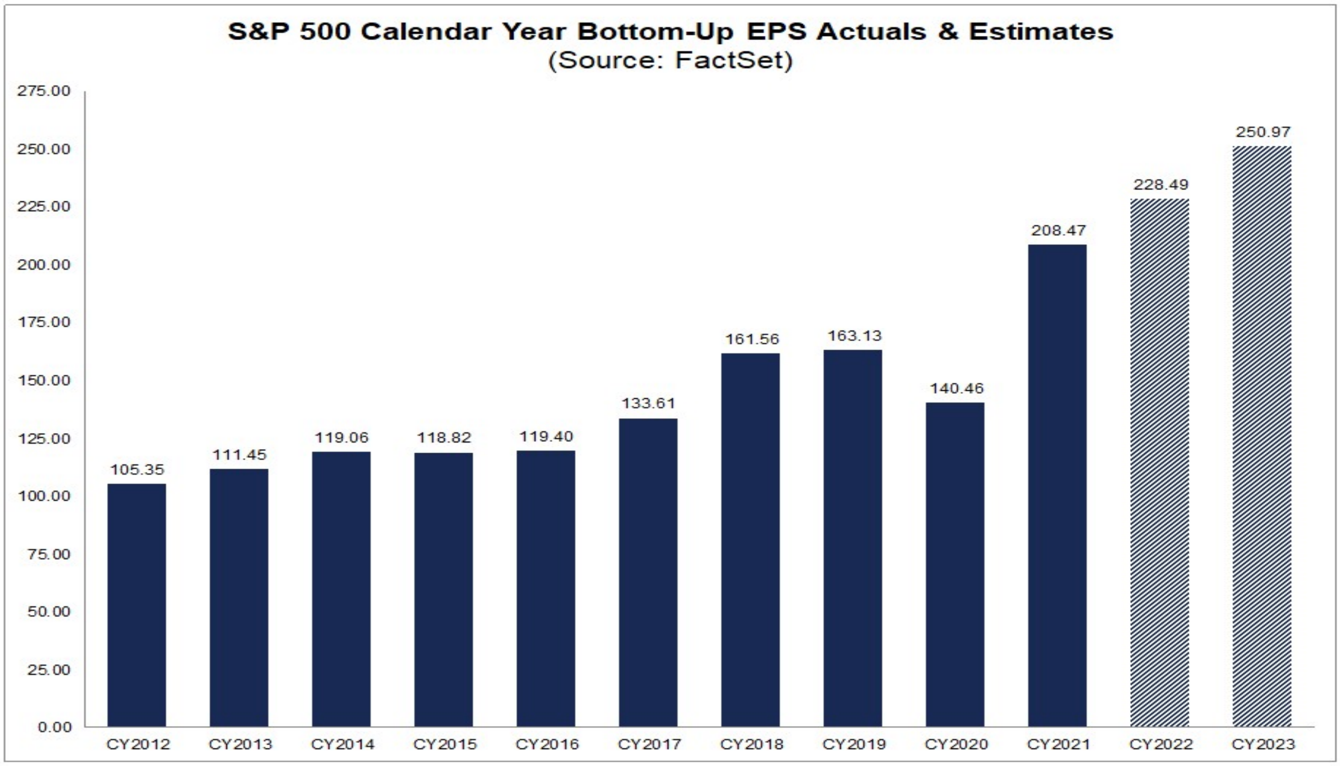
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Comm. Services	Consumer Staples	Materials	Info. Technology
International	2%	16%	21%	33%	35%	37%	38%	43%	44%	56%	59%
United States	98%	84%	79%	67%	65%	63%	62%	57%	56%	44%	41%

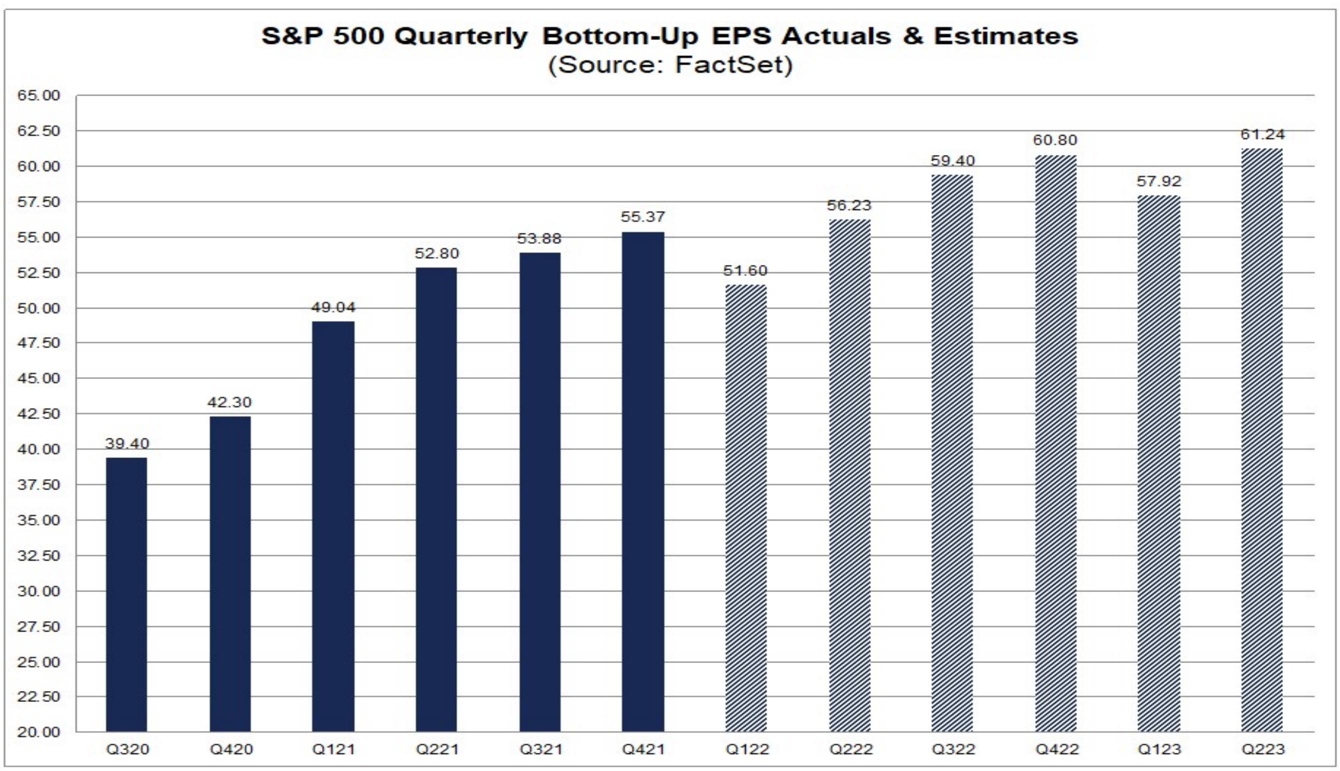
Bottom-up EPS Estimates: Revisions



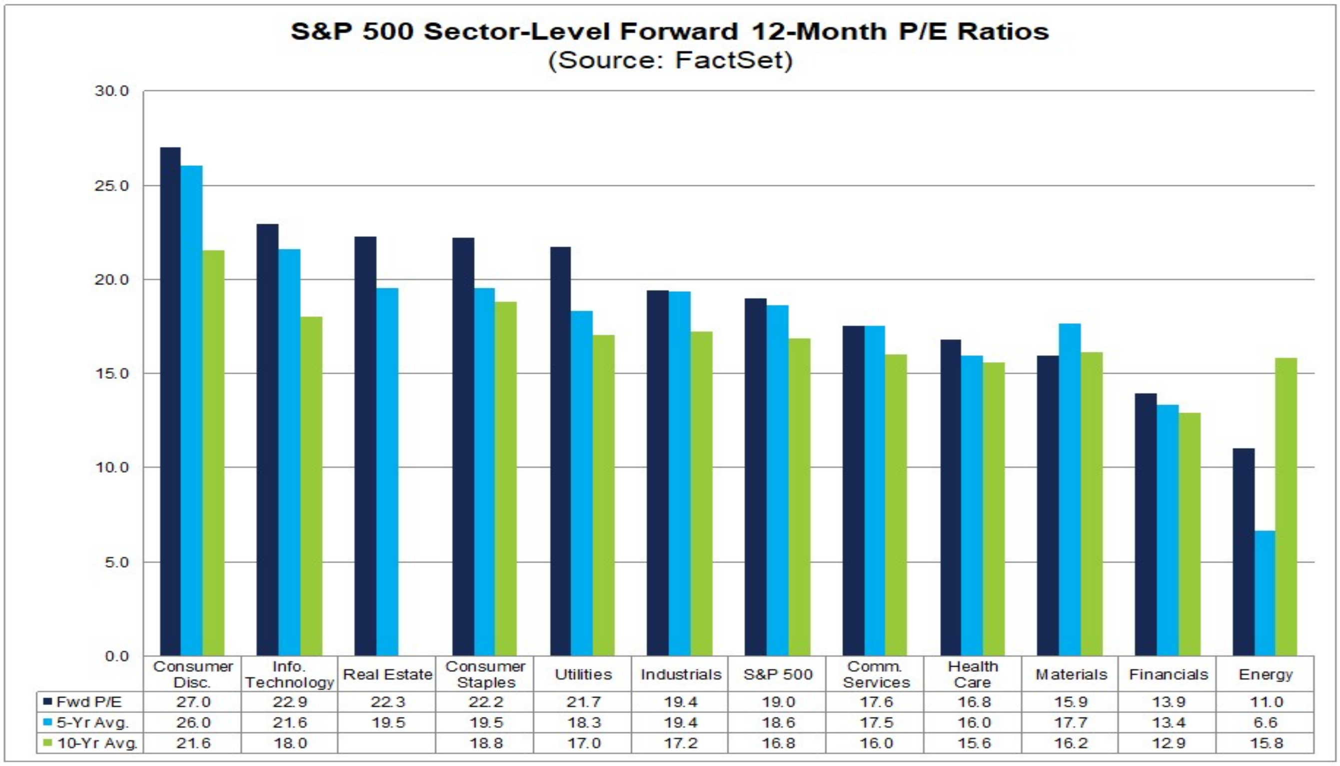


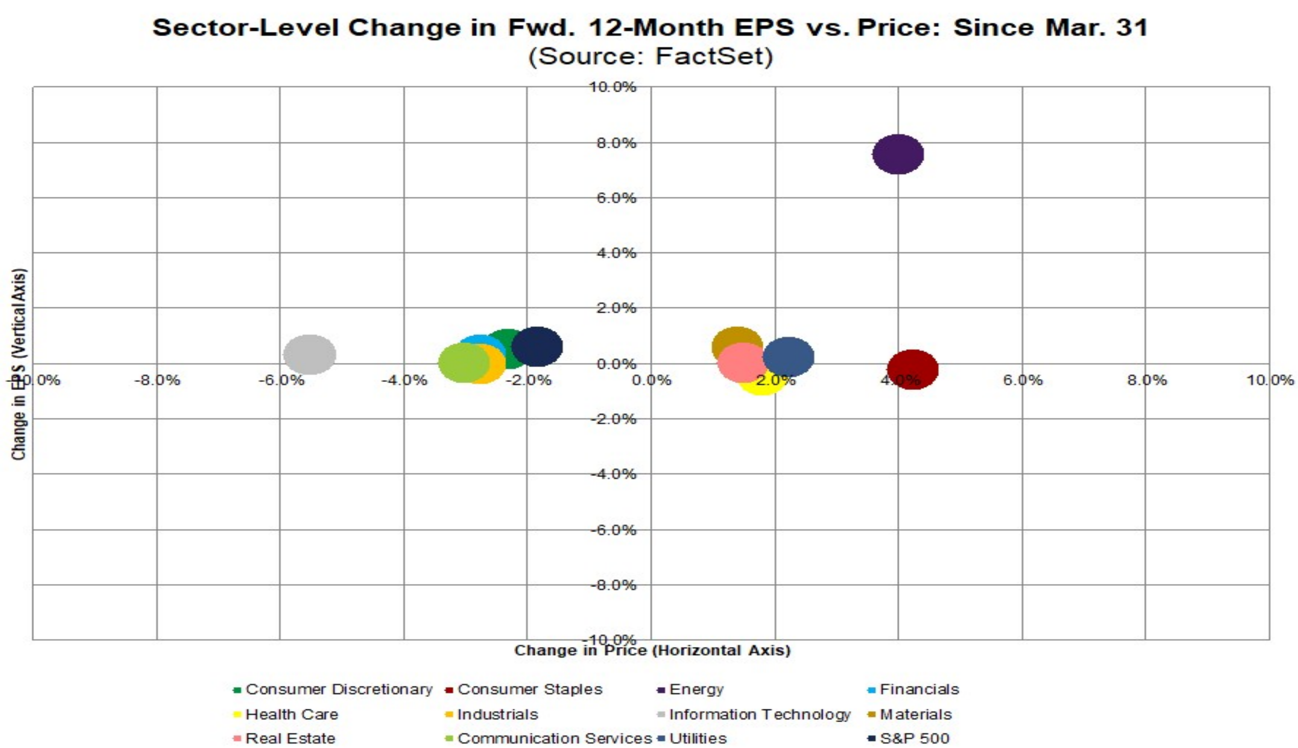
Bottom-up EPS Estimates: Current & Historical



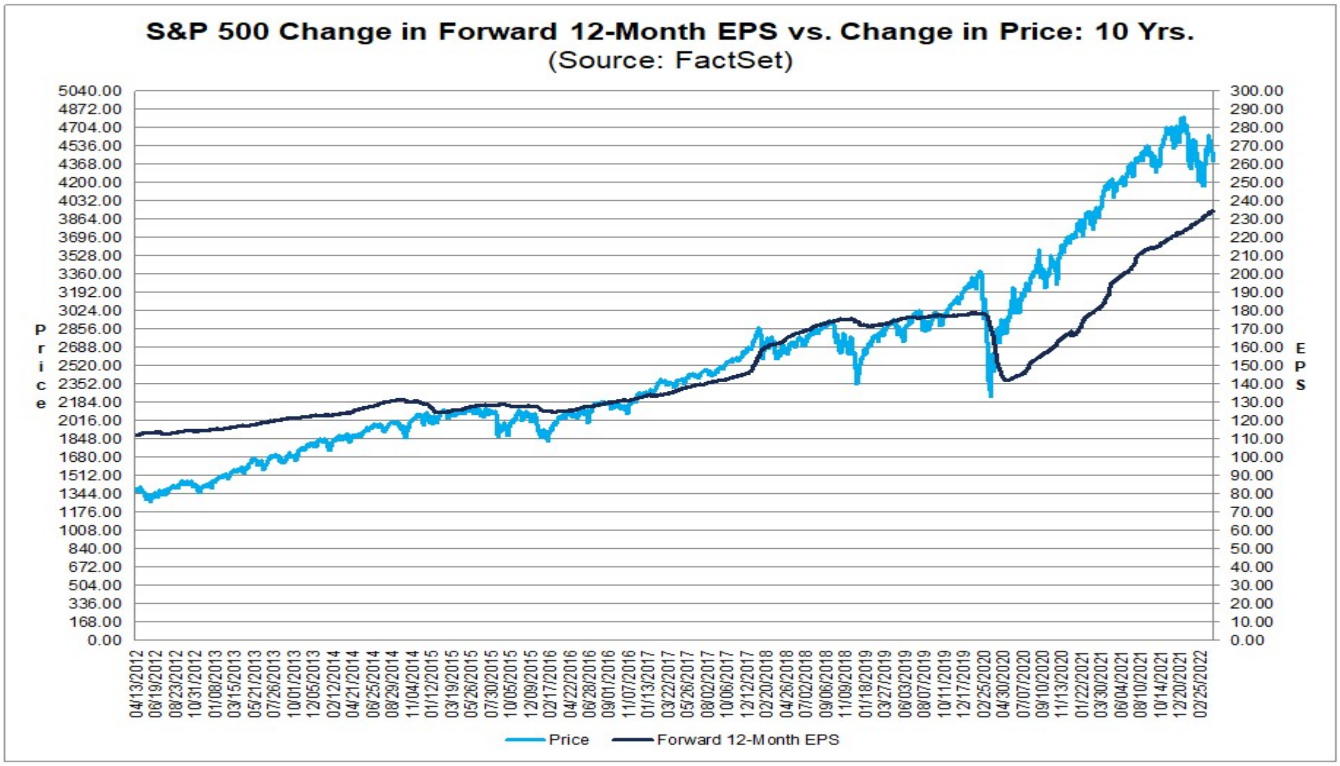


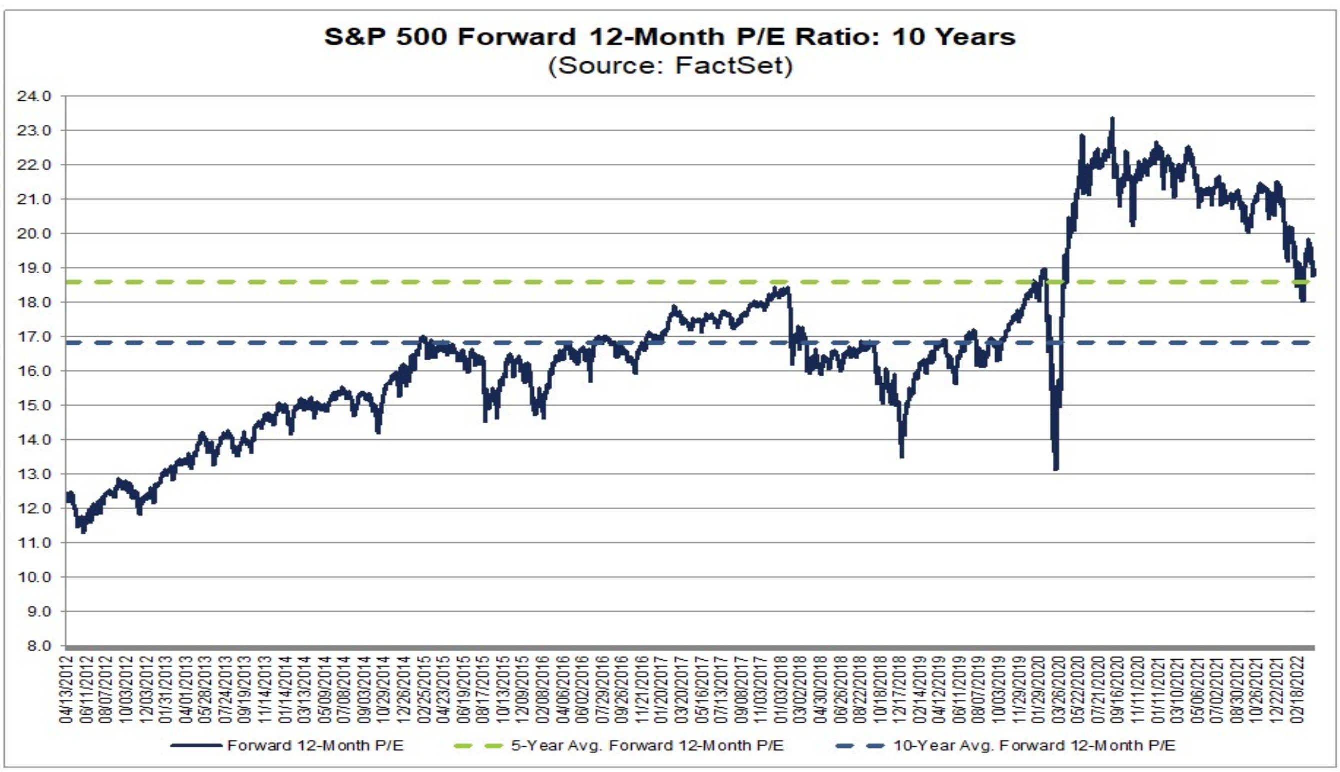
Forward 12M P/E Ratio: Sector Level



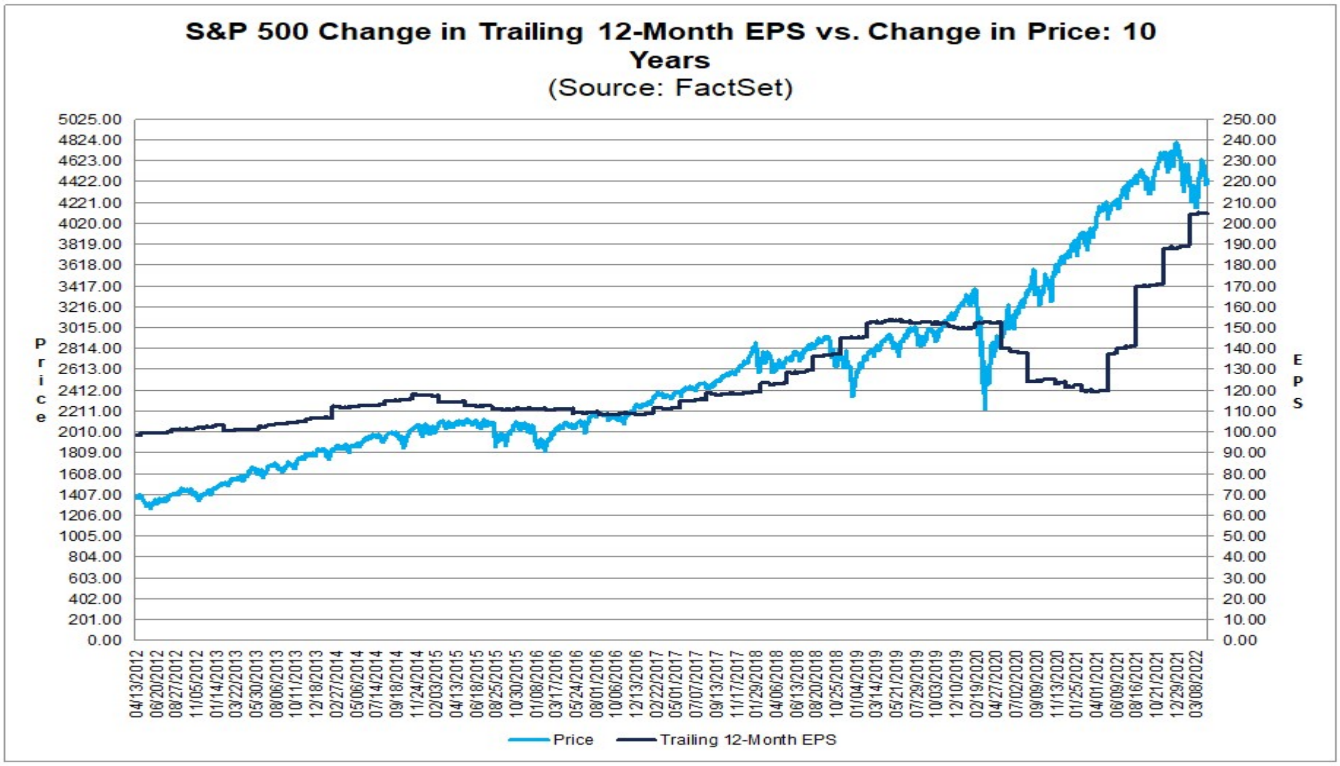


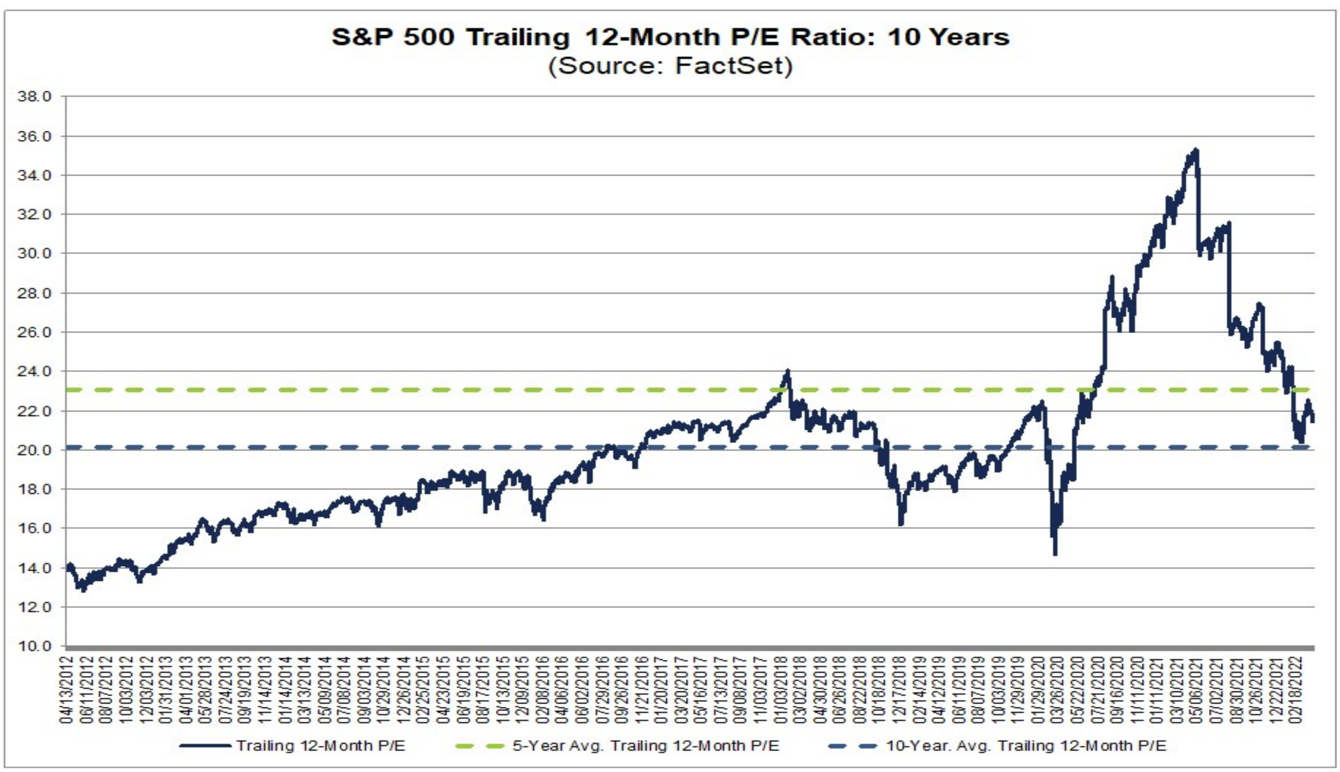
Forward 12M P/E Ratio: 10-Years



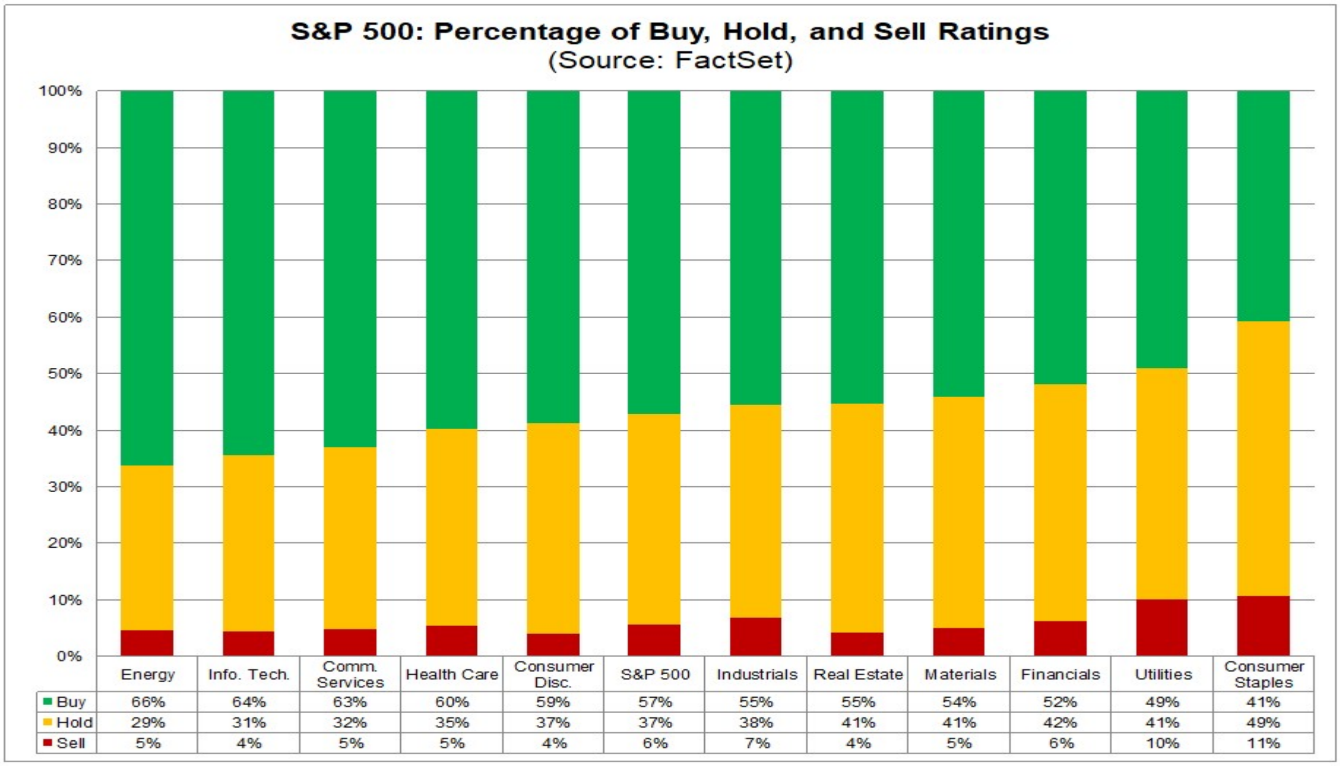


Trailing 12M P/E Ratio: 10-Years

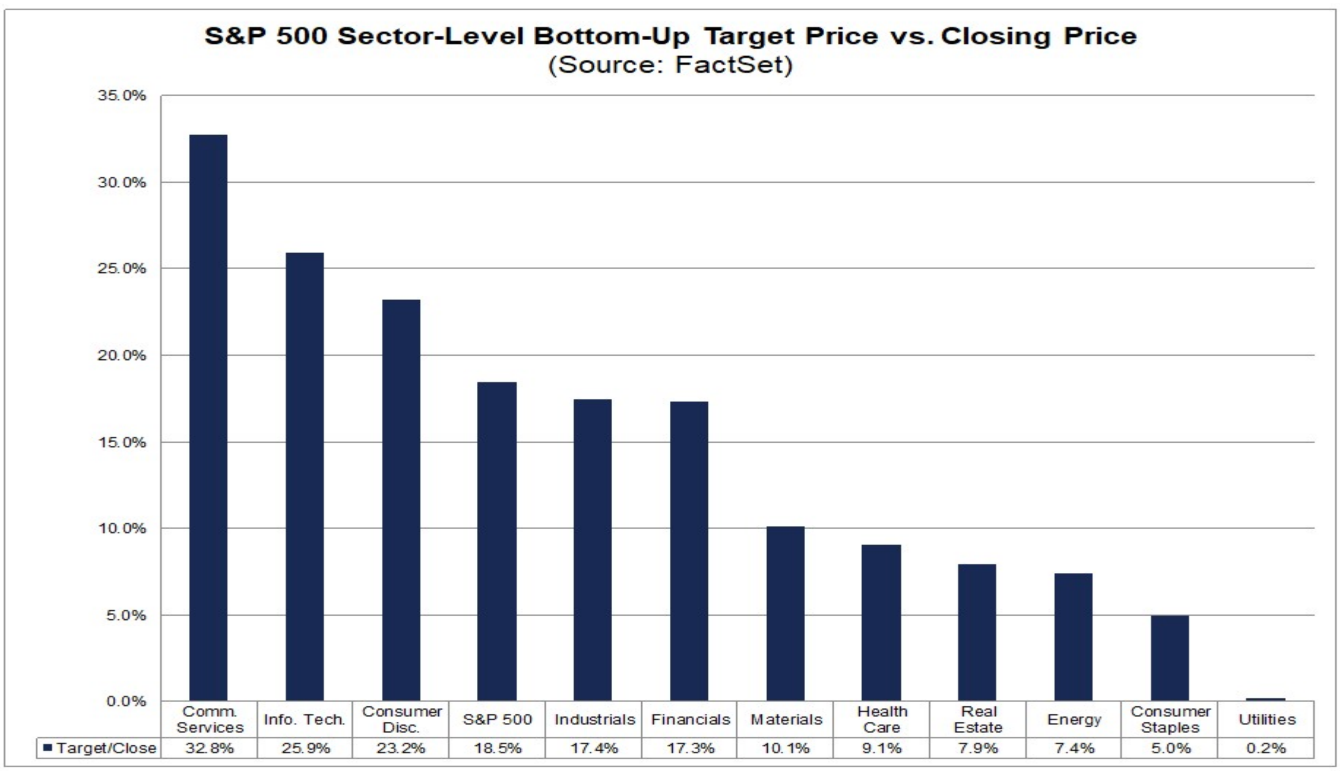




Targets & Ratings



	Energy	Info. Tech.	Comm. Services	Health Care	Consumer Disc.	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	66%	64%	63%	60%	59%	57%	55%	55%	54%	52%	49%	41%
Hold	29%	31%	32%	35%	37%	37%	38%	41%	41%	42%	41%	49%
Sell	5%	4%	5%	5%	4%	6%	7%	4%	5%	6%	10%	11%



	Comm. Services	Info. Tech.	Consumer Disc.	S&P 500	Industrials	Financials	Materials	Health Care	Real Estate	Energy	Consumer Staples	Utilities
Target/Close	32.8%	25.9%	23.2%	18.5%	17.4%	17.3%	10.1%	9.1%	7.9%	7.4%	5.0%	0.2%

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