John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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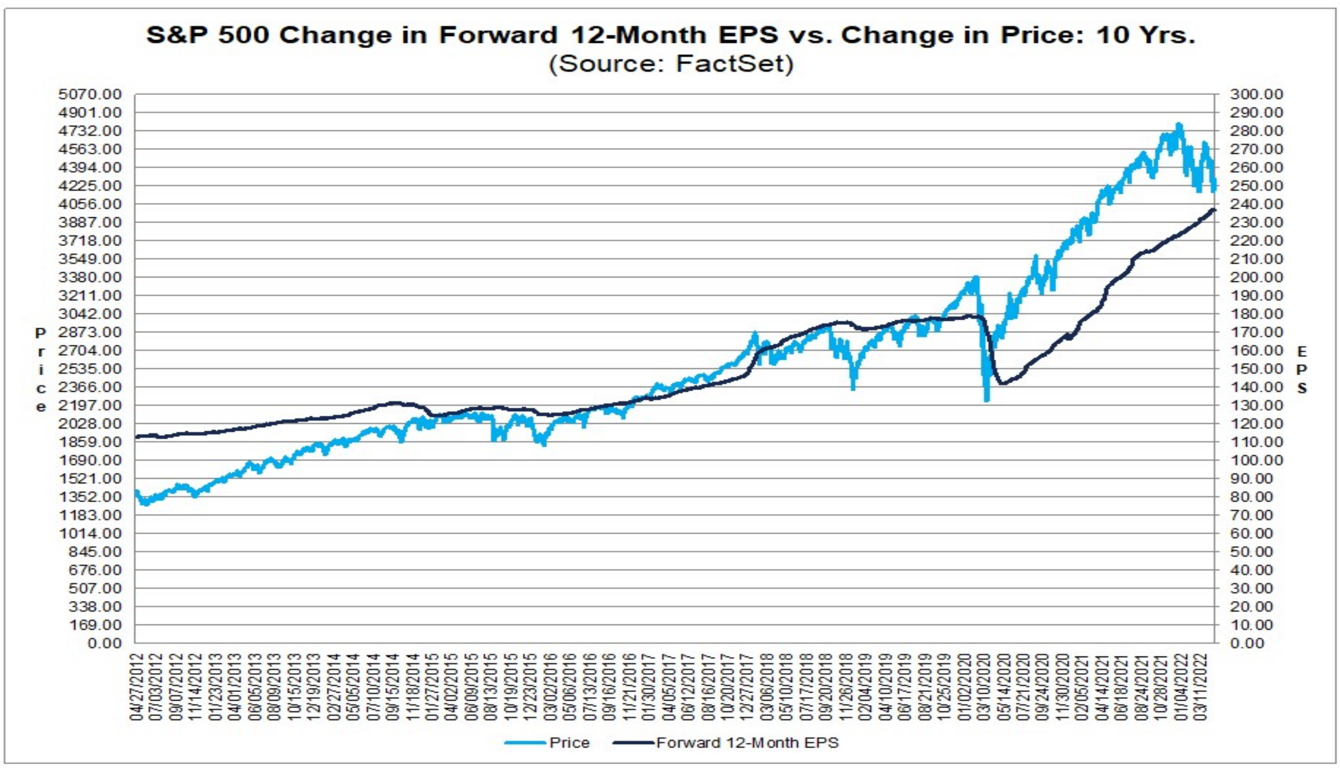
Key Metrics

- **Earnings Scorecard:** For Q1 2022 (with 55% of S&P 500 companies reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 72% 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 7.1%. If 7.1% 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%. Nine 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, 26 S&P 500 companies have issued negative EPS guidance and 17 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.1. This P/E ratio is below the 5-year average (18.6) but above the 10-year average (16.9).



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Topic of the Week:

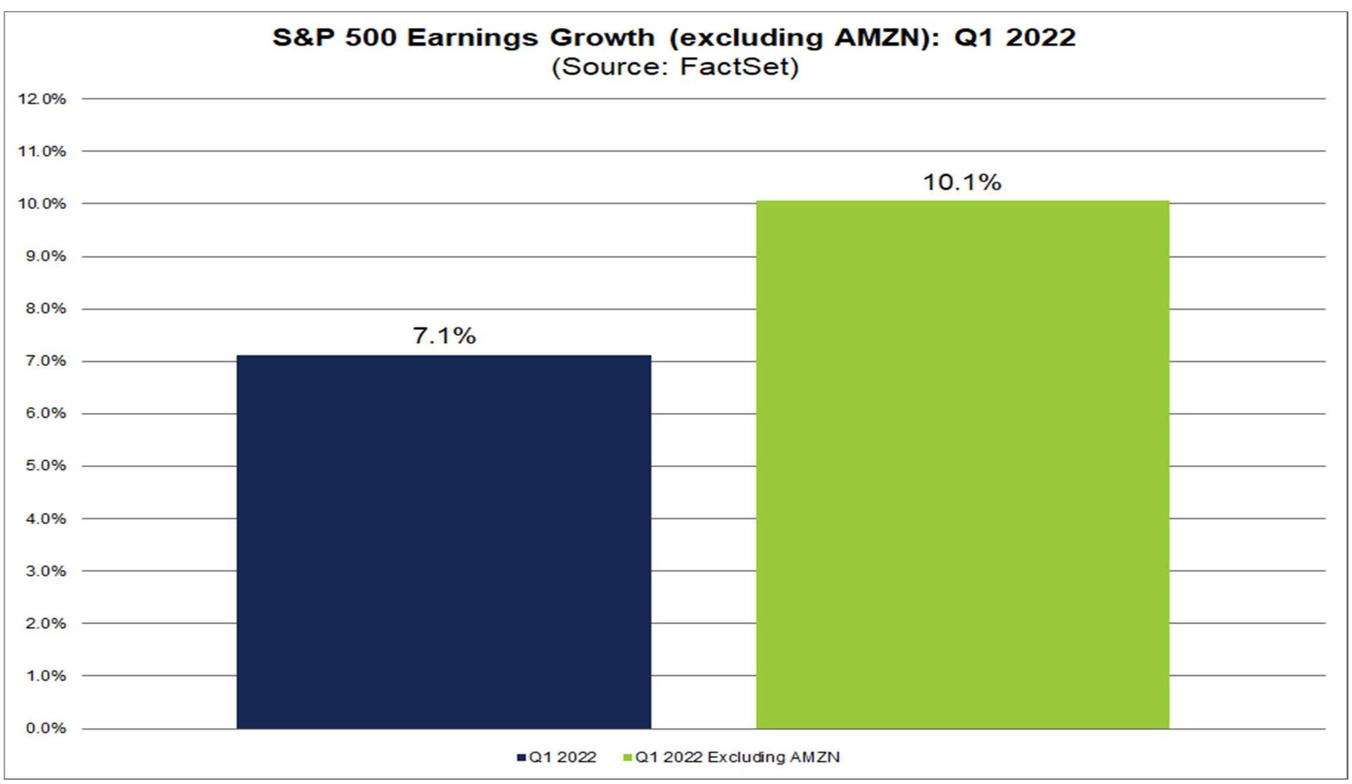
Excluding Amazon, S&P 500 Would Be Reporting Double-Digit Earnings Growth For Q1

The (blended) year-over-year earnings growth rate for Q1 2021 is 7.1%, 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 7.1% 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" and 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.

At the company level, Amazon.com is the largest detractor to earnings growth for the S&P 500 for the first quarter due to the unusually large negative earnings surprise reported by the company. On April 28, Amazon.com reported (GAAP) EPS of -$7.56 for Q1 2022, compared to the mean EPS estimate of $8.35. It should be noted that the GAAP EPS number for Amazon.com included a pre-tax (valuation) loss of $7.6 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis. If this company were excluded, the blended earnings growth for the S&P 500 would improve to 10.1% from 7.1%.

Amazon.com is an example of a company that faced a difficult year-over-year comparison and macroeconomic headwinds. In Q1 2021, Amazon.com reported EPS of $15.79, which is the second-highest EPS number reported by the company. Regarding macroeconomic headwinds, the company stated in its press release, *"The pandemic and subsequent war in Ukraine have brought unusual growth and challenges…our teams are squarely focused on improving productivity and cost efficiencies throughout our fulfillment network. We know how to do this and have done it before. This make take some time, particularly as we work through ongoing inflationary and supply chain pressures…"*



Q1 Earnings Season: By The Numbers

Overview

At this point in time, the percentage of S&P 500 companies beating EPS estimates is above the 5-year average, but the magnitude of these positive surprises is below the 5-year average. As a result, 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. 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, 55% of the companies in the S&P 500 have reported actual results for Q1 2022 to date. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 77%. In aggregate, companies are reporting earnings that are 3.4% above estimates, which is below the 5-year average of 8.9%.

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 7.1% today, compared to an earnings growth rate of 6.5% 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 multiple sectors (led by the Information Technology, Health Care, and Communication Services sectors), partially offset by a negative earnings surprise reported by a company in the Consumer Discretionary sector, were responsible for the improvement in the earnings growth rate over the past week. Positive earnings surprises reported by companies in the Information Technology, Financials, Communication Services, and Health Care sectors, again partially offset by a negative earnings surprise reported by a company in the Consumer Discretionary sector, have been the largest contributors to the increase in the earnings growth rate since the end of the first quarter (March 31).

If 7.1% 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%). Nine of the eleven sectors are reporting year-over-year earnings growth, led by the Energy, Materials, and Industrials sectors. On the other hand, two sectors are reporting a year-over-year decline in earnings: Consumer Discretionary and Financials.

In terms of revenues, 72% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 69%. In aggregate, companies are reporting revenues that are 2.2% above estimates, which is also above the 5-year average of 1.7%.

Due to these positive revenue surprises, the index is reporting 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 12.2% today, compared to a revenue growth rate of 11.1% 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 multiple sectors (led by the Energy sector) were responsible for the improvement in the revenue growth rate over the past week. Upward revisions to revenue estimates and positive revenue surprises reported by companies in the Energy sector have also been the largest contributors to the improvement in the revenue growth rate since the end of the first quarter (March 31).

If 12.2% 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 year-over-year growth in revenues, led by the Energy, Materials, and Real Estate sectors.

Looking ahead, analysts expect earnings growth of 5.5% for Q2 2022, 10.9% for Q3 2022, and 10.5% for Q4 2022. For CY 2022, analysts are predicting earnings growth of 10.3%.

The forward 12-month P/E ratio is 18.1, which is below the 5-year average (18.6) but above the 10-year average (16.9). 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 month.

During the upcoming week, 160 S&P 500 companies are scheduled to report results for the first quarter.

Scorecard: More Companies Beating EPS Estimates But By Smaller Margins Than Average

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

Overall, 55% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 80% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 18% 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%), but above the 5-year average (77%) and above the 10-year average (72%).

At the sector level, the Industrials (91%) and Consumer Staples (89%) sectors have the highest percentages of companies reporting earnings above estimates, while the Real Estate (63%) and Consumer Discretionary (63%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+3.4%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.4% above expectations. This surprise percentage is below the 1-year average (+14.1%), below the 5-year average (+8.9%), and below the 10-year average (6.5%). If 3.4% is the final percentage for the quarter, it will mark the lowest earnings surprise percentage reported by the index since Q1 2020 (+1.1%)

The Materials (+10.0%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, International Paper ($0.76 vs. $0.52), PPG Industries ($1.37 vs. $1.11), Celanese Corporation ($5.54 vs. $4.51), and Freeport-McMoRan ($1.07 vs. $0.93) have reported the largest positive EPS surprises.

The Financials (+8.5%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup ($2.02 vs. $1.43), SVB Financial Group ($7.92 vs. $5.60), Signature Bank ($5.30 vs. $4.33), 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 (+8.0%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Lamb Weston Holdings ($0.73 vs. $0.44), Archer-Daniels-Midland ($1.90 vs. $1.41), and Hershey ($2.53 vs. $2.10) have reported the largest positive EPS surprises.

The Health Care (+7.1%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Bio-Rad laboratories ($4.94 vs. $3.37), Hologic ($2.07 vs. $1.60), Humana ($8.04 vs. $6.80), and Abbott Laboratories ($1.73 vs. $1.47) have reported the largest positive EPS surprises.

On the other hand, the Consumer Discretionary (-36.3%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Amazon.com (-$7.56 vs. $8.35) has reported the largest negative EPS surprise. It should be noted that the GAAP EPS number for Amazon.com of -$7.56 included a pre-tax (valuation) loss of $7.6 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis.

Market Rewarding Positive Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q1 2022 have seen an average price increase of +0.5% two days before the earnings release through two days after the earnings release. This percentage increase is below 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 -3.1% two days before the earnings release through two days after the earnings. This percentage decrease is larger 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 (72%) is Above 5-Year Average

In terms of revenues, 72% of companies have reported actual revenues above estimated revenues and 28% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (79%), but above the 5-year average (69%) and above the 10-year average (61%).

At the sector level, the Information Technology (91%) and Energy (88%) sectors have the highest percentages of companies reporting revenues above estimates, while the Communication Services (29%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.2%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.2% above expectations. This surprise percentage is below the 1-year average (+3.5%), but above the 5-year average (+1.7%) and above the 10-year average (1.1%).

At the sector level, the Energy (+10.0%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Communication Services (-0.2%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth Rate This Week Due to Multiple Sectors

Increase in Blended Earnings Growth Rate This Week Due to Multiple Sectors

The blended (year-over-year) earnings growth rate for the first quarter is 7.1%, which is above the earnings growth rate of 6.5% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Information Technology, Health Care, and Communication Services sectors), partially offset by a negative surprise reported by a company in the Consumer Discretionary sector, were responsible for the increase in the overall earnings growth rate during the week.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.52 vs. $1.42), Mastercard ($2.76 vs. $2.18), Intel ($0.87 vs. $0.78), and Qualcomm ($3.21 vs. $2.95) were substantial contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Information Technology sector increased to 12.3% from 8.2% over this period.

In the Health Care sector, the positive EPS surprises reported by Merck ($2.14 vs. $1.83), Thermo Fisher Scientific ($7.25 vs. $6.22), Gilead Sciences ($2.12 vs. $1.80), and Eli Lilly ($2.62 vs. $2.29) were significant contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Health Care sector increased to 12.3% from 9.1% over this period.

In the Communication Services sector, the positive EPS surprises reported by Twitter ($0.90 vs. $0.05) and Meta Platforms ($2.72 vs. $2.55) were substantial contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Communications Services sector increased to 0.2% from -2.9% over this period.

In the Consumer Discretionary sector, the negative EPS surprise reported by Amazon.com (-$7.56 vs. $8.35) was the largest detractor to the increase in the earnings growth rate for the index during the week. It should be noted that the GAAP EPS number for Amazon.com of -$7.56 included a pre-tax (valuation) loss of $7.6 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis. As a result, the blended earnings decline for the Consumer Discretionary sector increased to -34.0% from -12.6% over this period.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the first quarter is 12.2%, which is above the revenue growth rate of 11.1% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Energy sector) were responsible for the improvement in the revenue growth rate during the week.

Information Technology Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2022 of 7.1% is larger than the estimate of 4.7% at the end of the first quarter (March 31). Nine sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Energy (to 257.8% from 245.7%) and Materials (to 38.7% form 30.4%) sectors. However, the Information Technology, Financials, Communication Services, and Health Care sectors have been the largest contributors to the increase in the earnings growth rate for the index during this period. On the other hand, the Consumer Discretionary (to -34.0% from -15.1%) sector is the only sector that has recorded an increase in its earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises. This sector is also the largest detractor to the improvement in the earnings growth rate for the index since March 31.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.52 vs. $1.42) and Mastercard ($2.76 vs. $2.18) have been substantial contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 12.3% from 8.3% over this period.

In the Financials sector, the positive EPS surprises reported by Citigroup ($2.02 vs. $1.43) and Goldman Sachs have been significant contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings decline for the Financials sector has decreased to -20.8% from -24.3% over this period.

In the Communication Services sector, the positive EPS surprises reported by AT&T ($0.77 vs. $0.62) and Twitter ($0.90 vs. $0.05) have been substantial contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Communications Services sector increased to 0.2% from -6.1% over this period.

In the Health Care sector, the positive EPS surprises reported by Merck ($2.14 vs. $1.83), Eli Lilly ($2.62 vs. $2.29), Abbott Laboratories ($1.73 vs. $1.47), Gilead Sciences ($2.12 vs. $1.80), and Thermo Fisher Scientific ($7.25 vs. $6.22) have been significant contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Health Care sector increased to 12.3% from 8.4% over this period.

Energy Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2022 of 12.2% is larger than the estimate of 10.7% at the end of the first quarter (March 31). Nine sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 55.0% from 43.5%) sector. This sector has also been the largest contributor to the increase in the revenue growth rate for the index during this period. On the other hand, two sectors have recorded a decrease in their revenue growth rates since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises: Utilities (to -8.0% from -7.3%) and Communication Services (to 10.2% from 10.3%).

In the Energy sector, upward revisions to revenue estimates and positive revenue surprises reported by Exxon Mobil ($90.5 billion vs. $82.8 billion), Valero Energy (to $38.5 billion from $31.6 billion) and Chevron ($54.4 billion vs. $51.1 billion) have been the largest contributors to the increase in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Energy sector has increased to 55.0% from 43.5% over this period.

Earnings Growth: 7.1%

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 7.1%, 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 7.1% 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.

Nine of the eleven sectors are reporting earnings growth, led by the Energy, Materials, and Industrials sectors. On the other hand, two sectors are reporting a decline in earnings: Consumer Discretionary and Financials.

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

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 257.8%. 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 reporting 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 reporting a profit in Q1 2022 ($2.3 billion) compared to a loss in Q1 2021 (-$1.3 billion). The other three sub-industries that are reporting year-over-year earnings growth are the Integrated Oil & Gas (296%), Oil & Gas Exploration & Production (219%), and Oil & Gas Equipment & Services (70%) sub-industries. On the other hand, the Oil & Gas Storage & Transportation (-28%) sub-industry is the only sub-industry reporting a (year-over-year) decline in earnings in the sector.

The Energy sector is also the largest contributor 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 fall to 1.3% from 7.1%.

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

The Materials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 38.7%. At the industry level, three of the four industries in this sector are reporting year-over-year earnings growth at or above 10%: Metals & Mining (84%), Chemicals (31%), and Containers & Packaging (19%). On the other hand, the Construction Materials industry (-24%) is the only industry predicted to report a (year-over-year) decline in earnings.

Industrials: Airlines Industry Is Largest Contributor to Year-Over-Year Growth

The Industrials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 32.0%. At the industry level, 10 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 reported a smaller loss in Q1 2022 (-$4.0 billion) compared to Q1 2021 (-$8.9 billion). Six of the remaining nine industries are reporting (or are expected to report) earnings growth at or above 10%: Construction & Engineering (54%), Trading Companies & Distributors (50%), Road & Rail (23%), Air Freight & Logistics (18%), Commercial Services & Supplies (11%), and Electrical Equipment (10%). On the other hand, two industries are reporting a year-over-year decline in earnings: Aerospace & Defense (-10%) and Industrial Conglomerates (-3%).

At the industry level, the Airlines industry is the largest contributor to earnings growth for the sector. If the five companies in this industry were excluded, the blended earnings growth rate for the Industrials sector would fall to 6.3% from 32.0%.

Consumer Discretionary: Amazon Is Largest Contributor to Year-Over-Year Decline

The Consumer Discretionary sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -34.0%. At the industry level, 6 of the 10 industries in the sector are reporting (or are expected to report) a year-over-year decrease in earnings. Four of these six industries are reporting (or are projected to report) a double-digit decline in earnings: Internet & Direct Marketing Retail (-136%), Leisure Products (-42%), Auto Components (-35%), and Multiline Retail (-17%). On the other hand, four industries are reporting 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 reporting a smaller loss in Q1 2022 (-$669 million) compared to Q1 2021 (-$2.4 billion). Of the remaining three industries, the Distributors (21%) industry is the only industry reporting earnings growth above 10%.

At the company level, Amazon.com is the largest contributor to the decline in earnings for the sector. If this company were excluded, the Consumer Discretionary sector would be reporting earnings growth of 2.0% rather than an earnings decline of 34.0%.

Financials: Banks Industry Leads Year-Over-Year Decline

The Financials sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -20.8%. At the industry level, all five industries in this sector are reporting (or are projected to report) a year-over-year earnings decline. Four of these five industries are reporting (or are predicted to report) a year-over-year decrease in earnings of 10% or more: Banks (-31%), Consumer Finance (-19%), Capital Markets (-14%), and Diversified Financial Services (-10%).

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 14.7% from 7.1%.

Revenue Growth: 12.2%

The blended (year-over-year) revenue growth rate for Q1 2022 is 12.2%, 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 12.2% 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 reporting year-over-year growth in revenues, led by the Energy, Materials, and Real Estate sectors.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Growth Above 55%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 55.0%. 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 reporting year-over-year revenue growth. Four of the five sub-industries are reporting double-digit growth: Oil & Gas Exploration & Production (76%), Oil & Gas Refining & Marketing (59%), Integrated Oil & Gas (58%), and Oil & Gas Equipment & Services (12%).

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

The Materials sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 22.6%. At the industry level, all four industries in this sector are reporting (or are projected to report) year-over-year growth in revenues. Three of these four industries are reporting (or are predicted to report) revenue growth above 20%: Metals & Mining (37%), Construction Materials (27%), and Chemicals (24%).

Real Estate: 6 of 8 Sub-Industries Reporting Year-Over-Year Growth At or Above 10%

The Real Estate sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 20.0%. At the sub-industry level, all eight sub-industries in this sector are reporting (or are projected to report) year-over-year growth in revenues. Six of these eight sub-industries are reporting (or are predicted to report) double-digit revenue growth, with three of these six sub-industries projected to report revenue growth at or above 20%: Hotel & Resort REITs (137%), Real Estate Services (27%), and Retail REITs (20%).

Net Profit Margin: 12.2%

The blended net profit margin for the S&P 500 for Q1 2022 is 12.2%, which is above the 5-year average of 11.2%, but below the year-ago net profit margin of 12.8% and below the previous quarter's net profit margin of 12.4%.

If 12.2% 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, six sectors are reporting a year-over-year increase in their net profit margins in Q1 2022 compared to Q1 2021, led by the Energy (to 10.6% vs. 4.6%) sector. On the other hand, five sectors are reporting a year-over-year decrease in their net profit margins in Q1 2022 compared to Q1 2021, led by the Financials (17.6% vs. 22.7%) and Consumer Discretionary (4.6% vs. 7.6%) sectors.

Eight sectors are reporting net profit margins in Q1 2022 that are above their 5-year averages, led by the Energy (10.6% vs. 5.7%) sector. On the other hand, two sectors are reporting net profit margins in Q1 2022 that are below their 5-year averages, led by the Consumer Discretionary (4.6% vs. 6.7%) sector. One sector (Consumer Staples) is reporting a net profit margin (6.5%) that is equal to its 5-year average.

Looking Ahead: Forward Estimates and Valuation

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

At this point in time, 43 companies in the index have issued EPS guidance for Q2 2022. Of these 43 companies, 26 have issued negative EPS guidance and 17 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 60% (26 out of 43), which is equal to the 5-year average of 60% but 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% for CY 2022

For the first quarter, S&P 500 companies are reporting earnings growth of 7.1% and revenue growth of 12.2%. Over the past week, analysts reduced EPS estimates in aggregate for the next three quarters and for all of 2022.

For Q2 2022, analysts are projecting earnings growth of 5.5% (vs. 7.0% last week) and revenue growth of 9.7%.

For Q3 2022, analysts are projecting earnings growth of 10.9% (vs. 11.7% last week) and revenue growth of 8.8%.

For Q4 2022, analysts are projecting earnings growth of 10.5% (vs. 11.2% last week) and revenue growth of 7.2%.

For CY 2022, analysts are projecting earnings growth of 10.3% (vs. 11.0% last week) and revenue growth of 9.8%.

Valuation: Forward P/E Ratio is 18.1, Above the 10-Year Average (16.9)

The forward 12-month P/E ratio for the S&P 500 is 18.1. This P/E ratio is below the 5-year average of 18.6 but above the 10-year average of 16.9. It is also 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 5.4%, while the forward 12-month EPS estimate has increased by 1.6%. At the sector level, the Consumer Discretionary (25.2) sector has the highest forward 12-month P/E ratio, while the Energy (10.0) and Financials (13.1) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 20.9, which is below the 5-year average of 23.1 but above the 10-year average of 20.2.

Targets & Ratings: Analysts Project 22% Increase in Price Over Next 12 Months

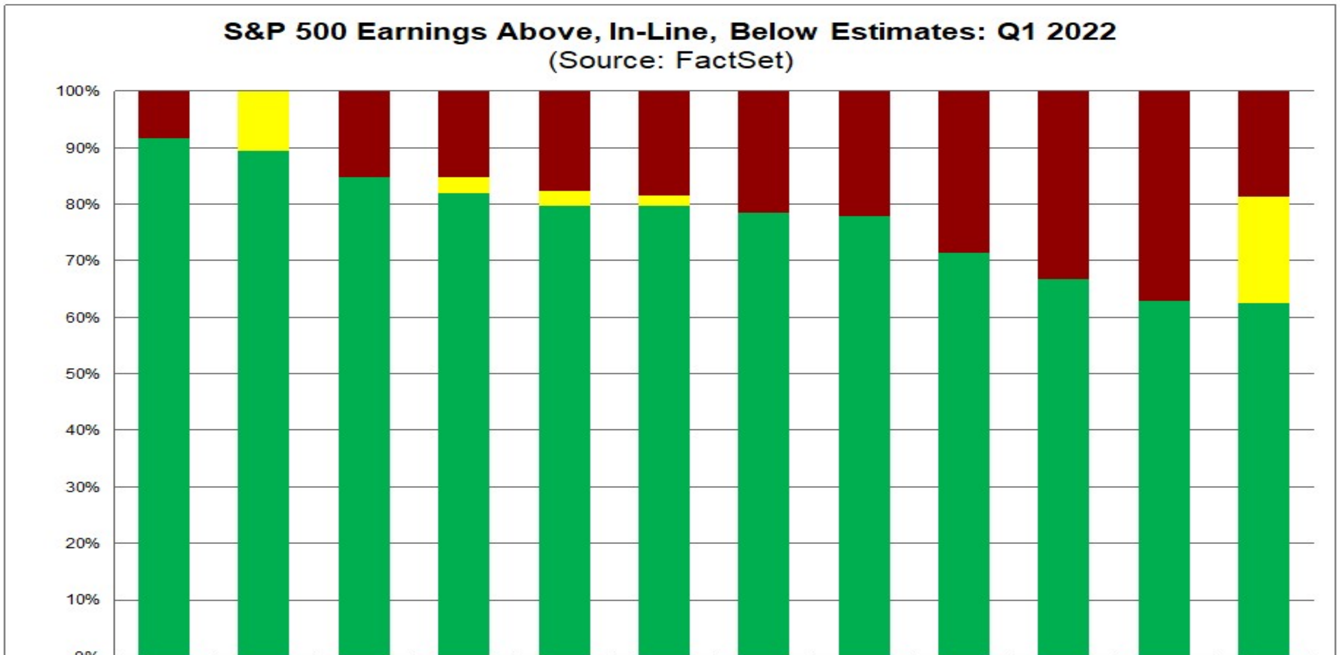
The bottom-up target price for the S&P 500 is 5221.47, which is 21.8% above the closing price of 4287.50. At the sector level, the Communication Services (+38.5%), Consumer Discretionary (+29.3%), and Information Technology (+26.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+5.7%), Utilities (+7.8%), and Real Estate (+9.3%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 10,861 ratings on stocks in the S&P 500. Of these 10,861 ratings, 57.0% are Buy ratings, 37.4% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Energy (66%) and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

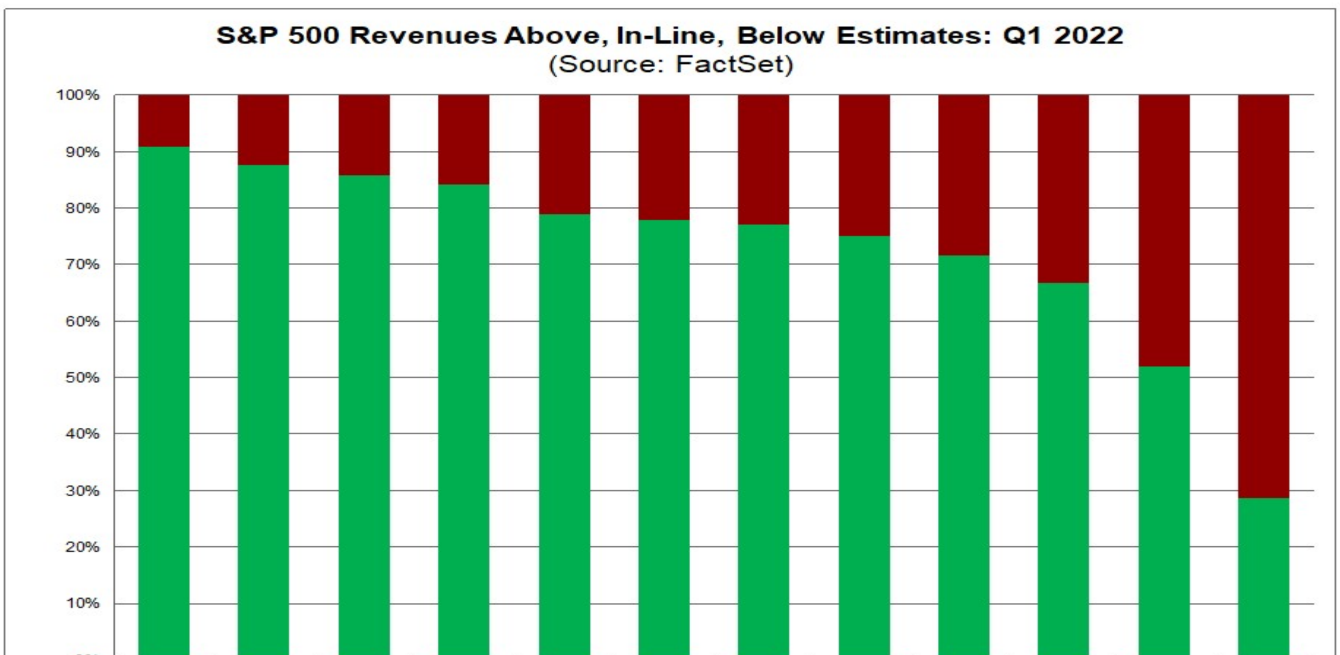
Companies Reporting Next Week: 160

During the upcoming week, 160 S&P 500 companies are scheduled to report results for the first quarter.

Q1 2022: Scorecard

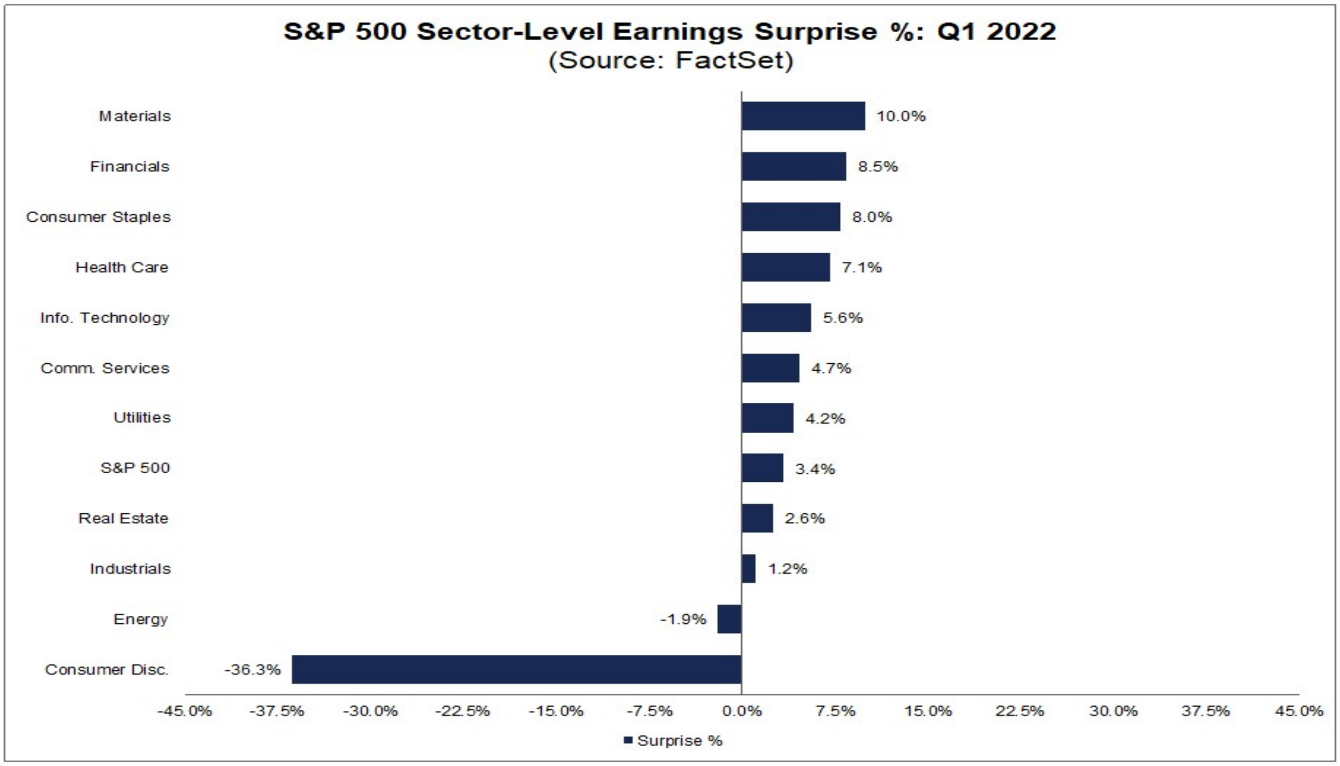


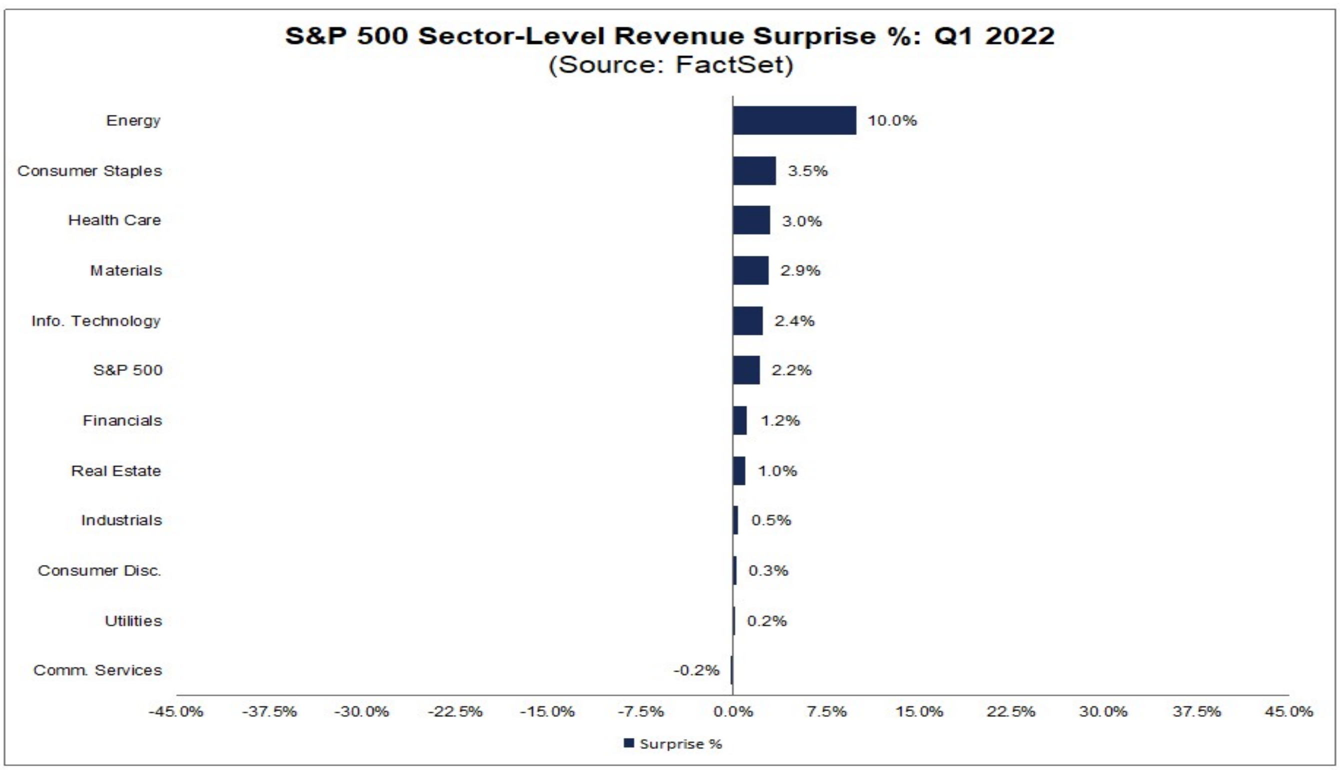
	Industrials	Consumer Staples	Health Care	Info. Technology	S&P 500	Financials	Materials	Utilities	Comm. Services	Energy	Consumer Disc.	Real Estate
Below	8%	0%	15%	15%	18%	19%	21%	22%	29%	33%	37%	19%
In-Line	0%	11%	0%	3%	3%	2%	0%	0%	0%	0%	0%	19%
Above	92%	89%	85%	82%	80%	80%	79%	78%	71%	67%	63%	63%



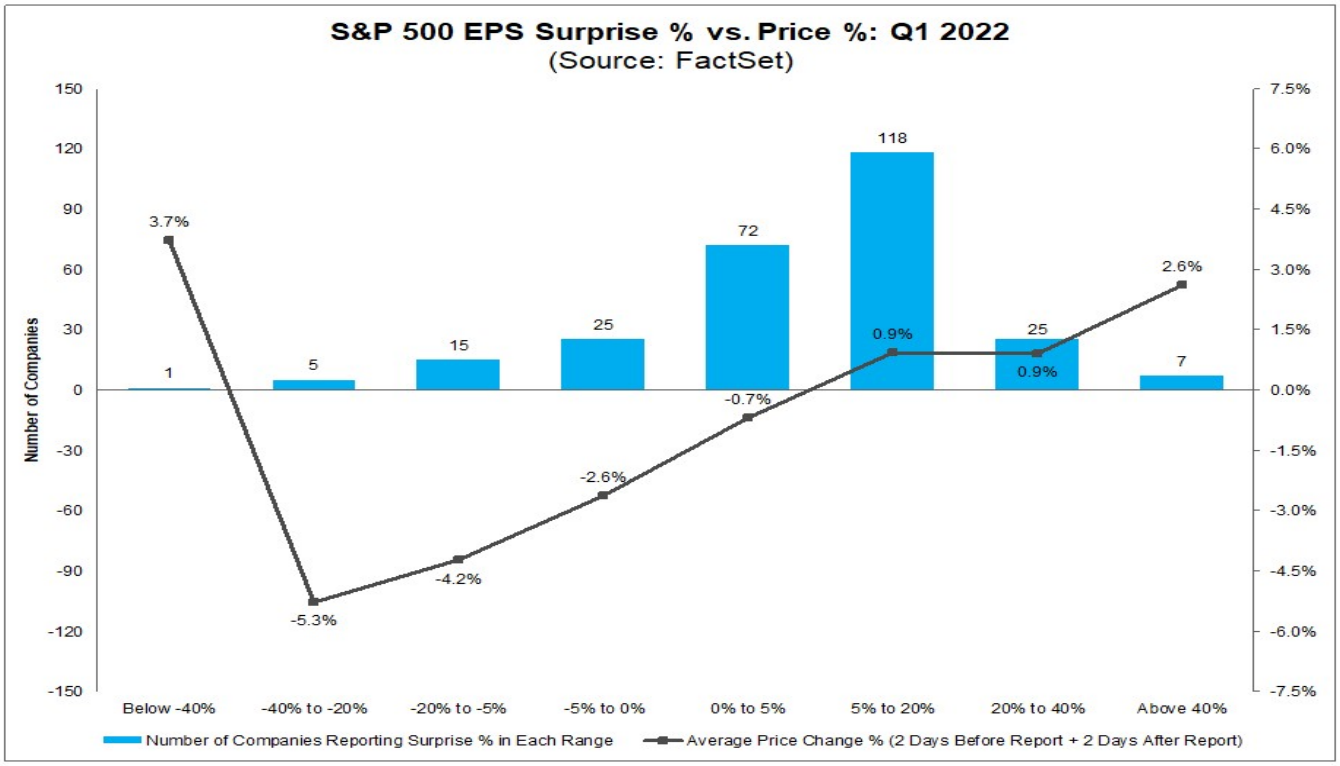
	Info. Technology	Energy	Materials	Consumer Staples	Health Care	Utilities	Industrials	Real Estate	S&P 500	Consumer Disc.	Financials	Comm. Services
Below	9%	13%	14%	16%	21%	22%	23%	25%	28%	33%	48%	71%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	91%	88%	86%	84%	79%	78%	77%	75%	72%	67%	52%	29%

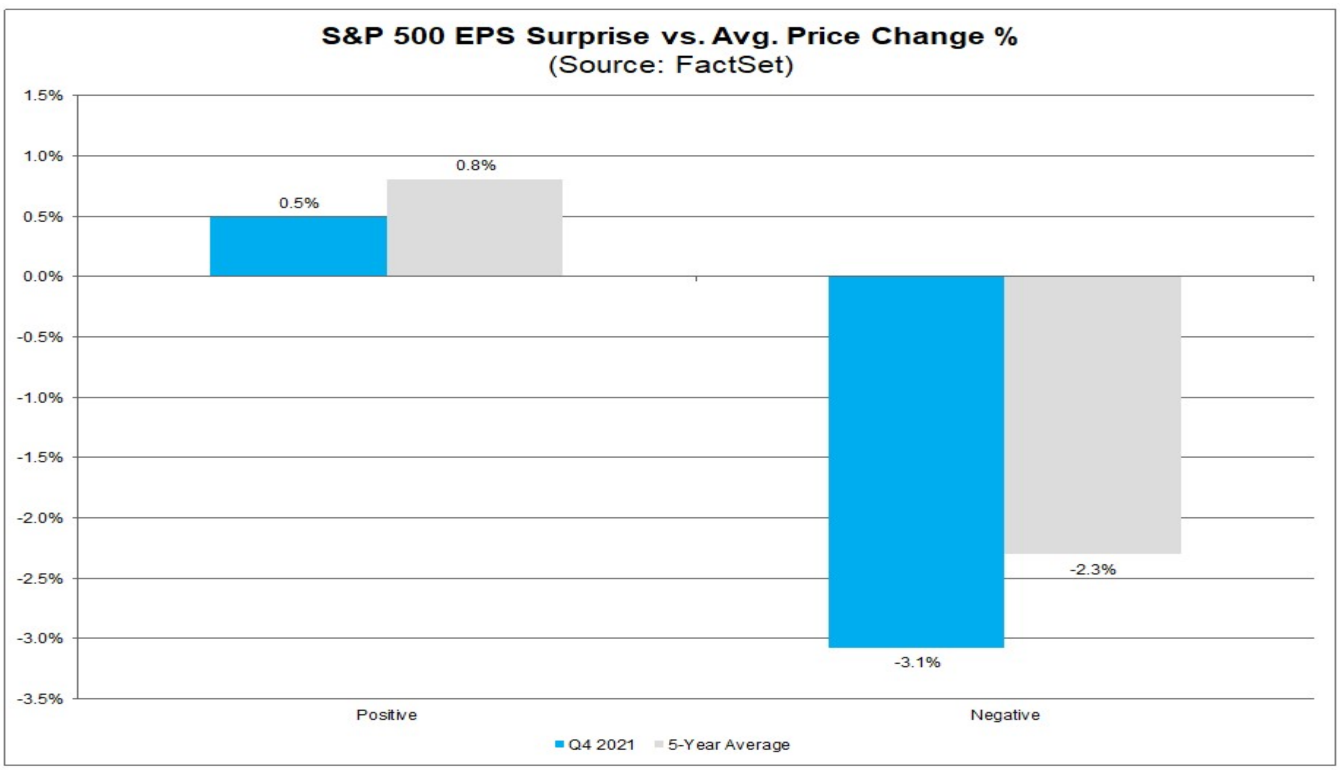
Q1 2022: Scorecard



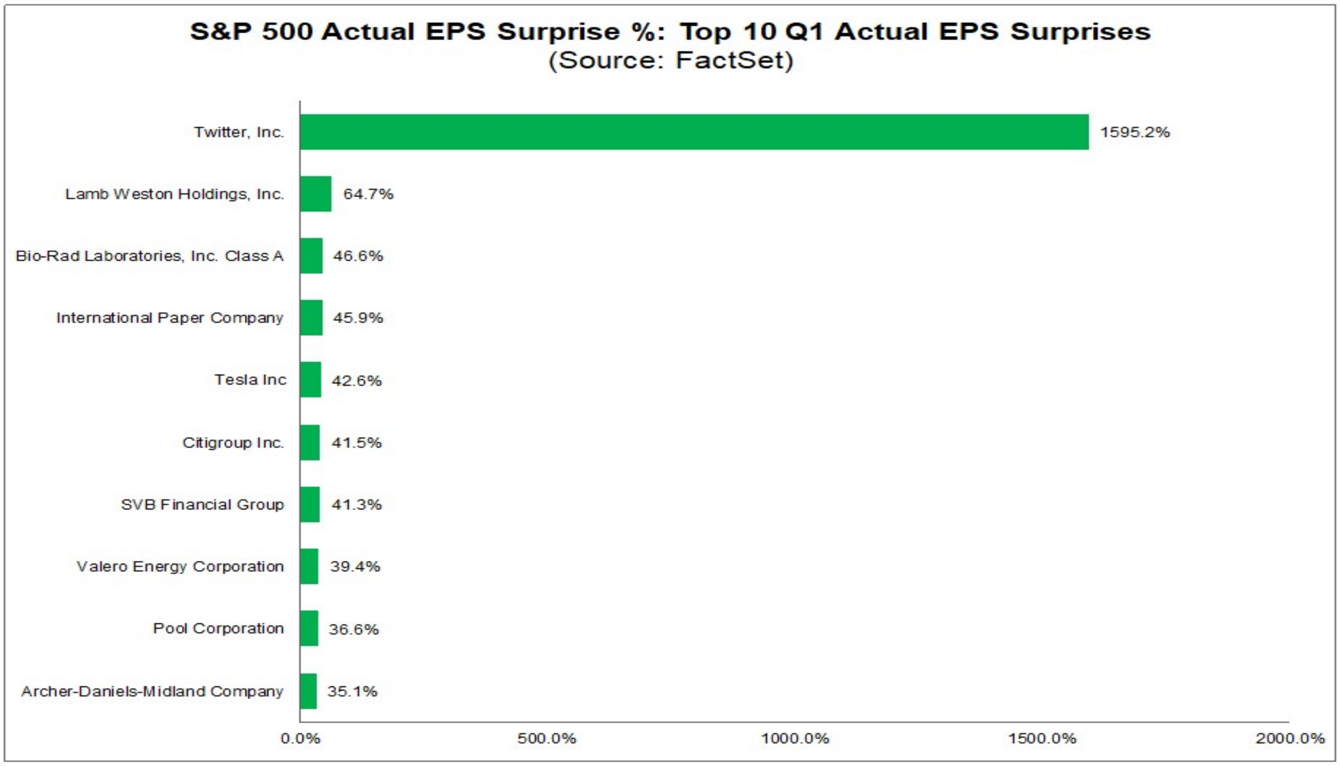


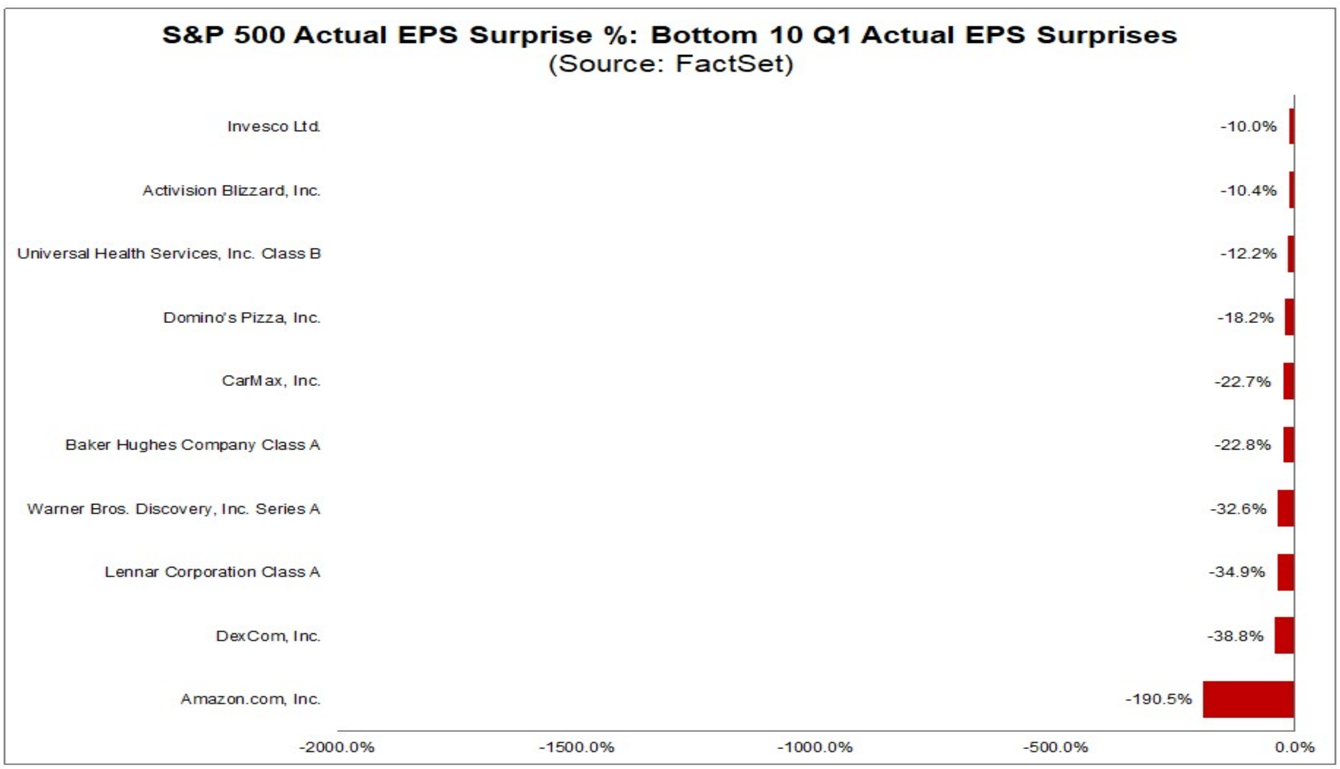
Q1 2022: Scorecard



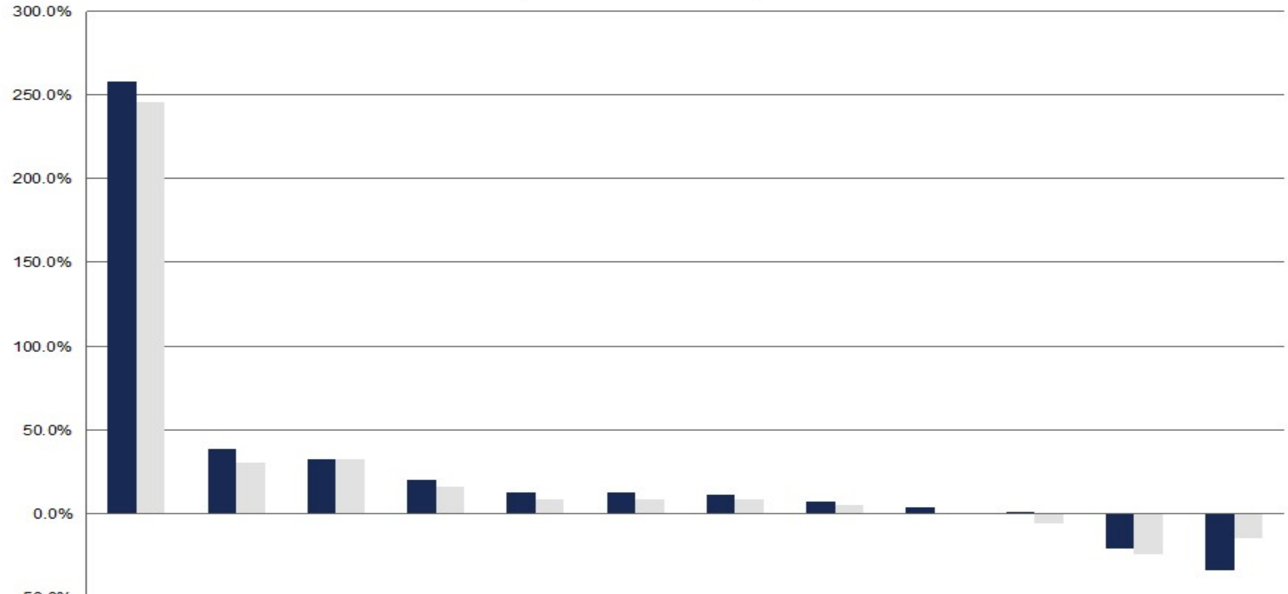


Q1 2022: Scorecard

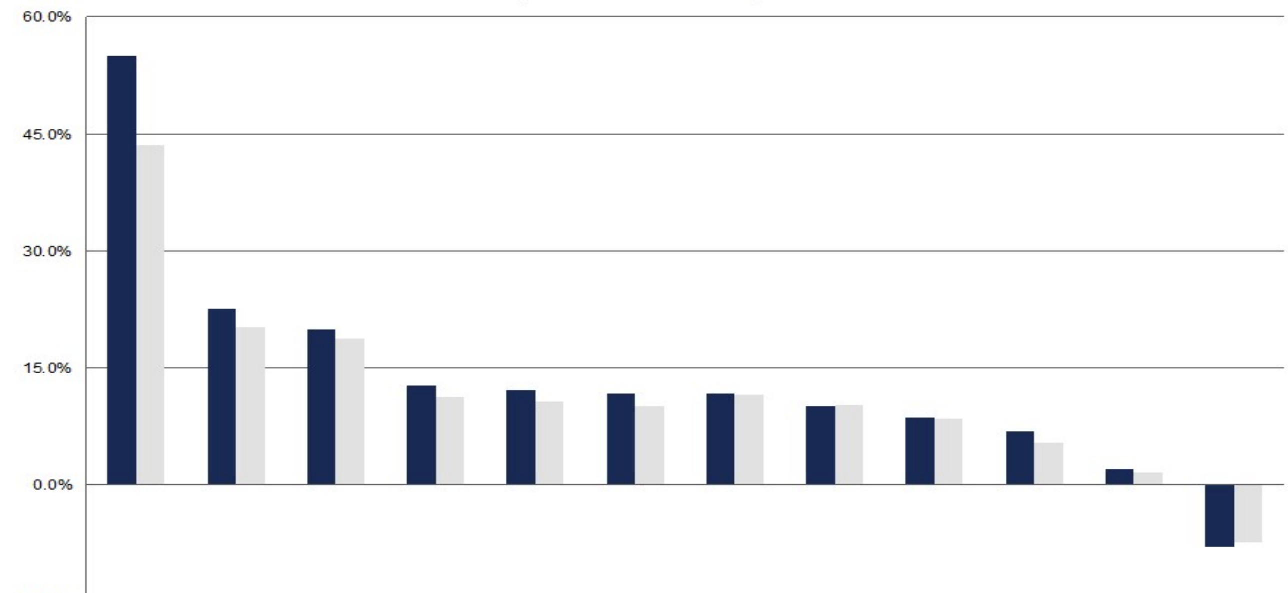




Q1 2022: Growth

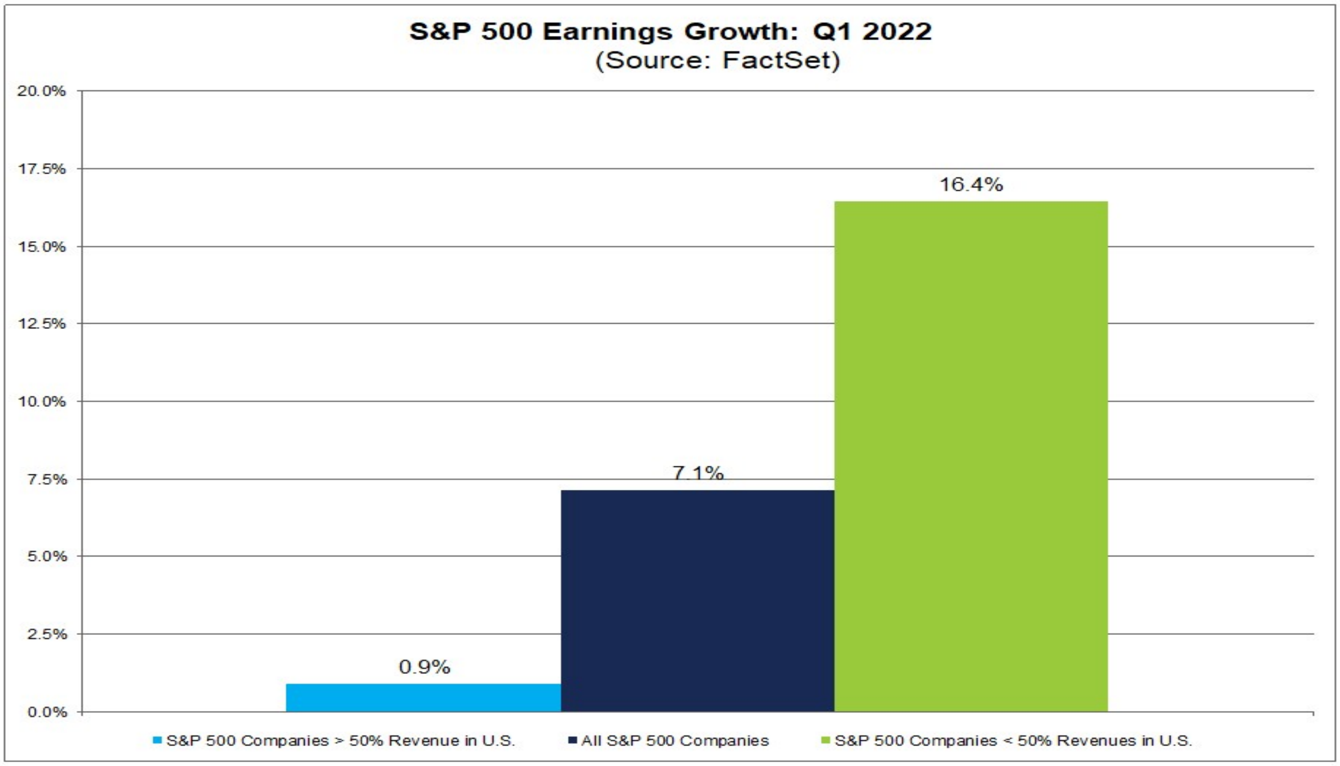


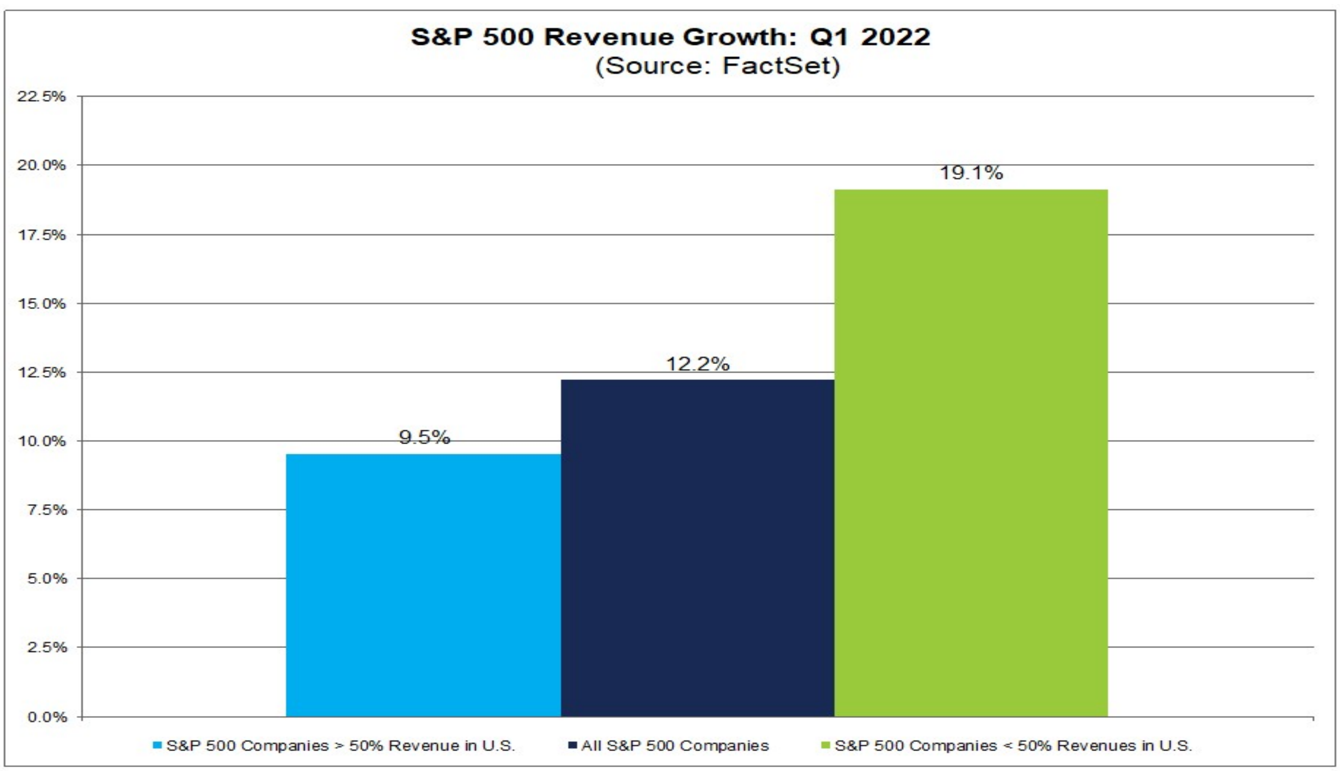
	Energy	Materials	Industrials	Real Estate	Health Care	Info. Technology	Utilities	S&P 500	Consumer Staples	Comm. Services	Financials	Consumer Disc.
Today	257.8%	38.7%	32.0%	20.2%	12.3%	12.3%	10.8%	7.1%	3.8%	0.2%	-20.8%	-34.0%
31-Mar	245.7%	30.4%	32.0%	15.7%	8.4%	8.3%	8.2%	4.7%	-0.6%	-6.1%	-24.3%	-15.1%



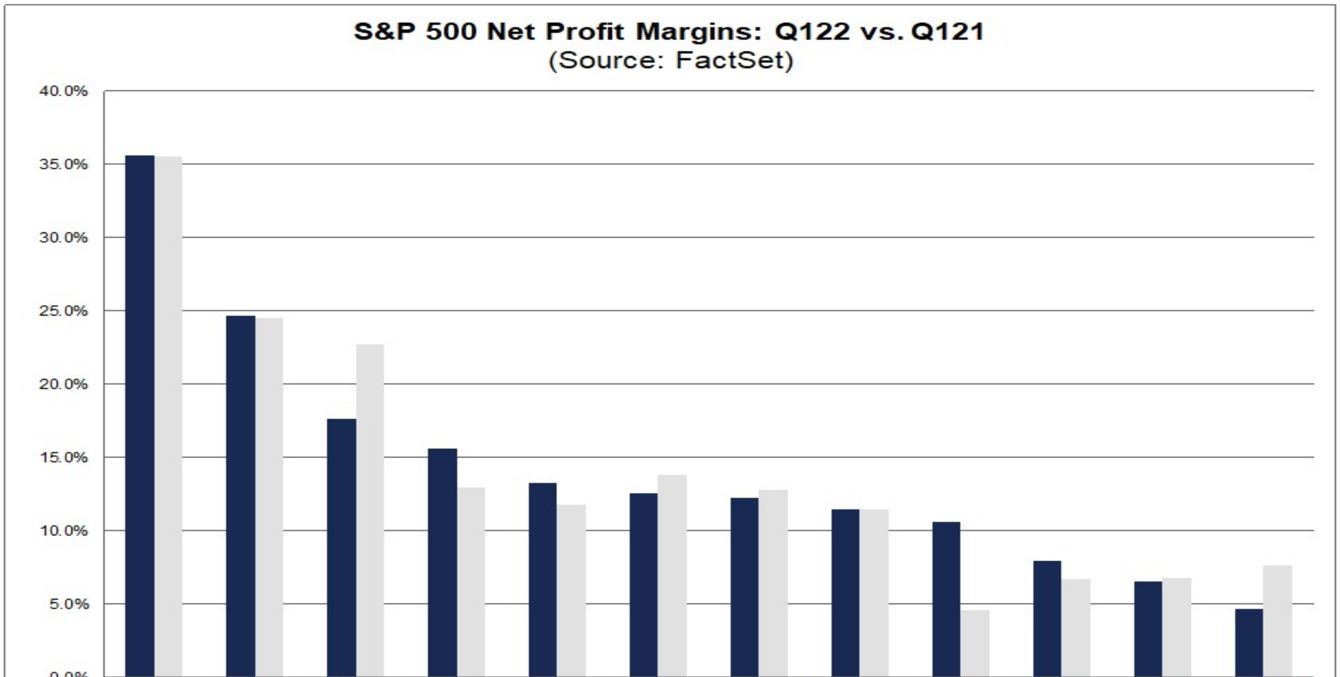
	Energy	Materials	Real Estate	Health Care	S&P 500	Info. Technology	Industrials	Comm. Services	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	55.0%	22.6%	20.0%	12.8%	12.2%	11.7%	11.7%	10.2%	8.6%	6.9%	2.1%	-8.0%
31-Mar	43.5%	20.2%	18.7%	11.3%	10.7%	10.1%	11.5%	10.3%	8.4%	5.4%	1.7%	-7.3%

Q1 2022: Growth

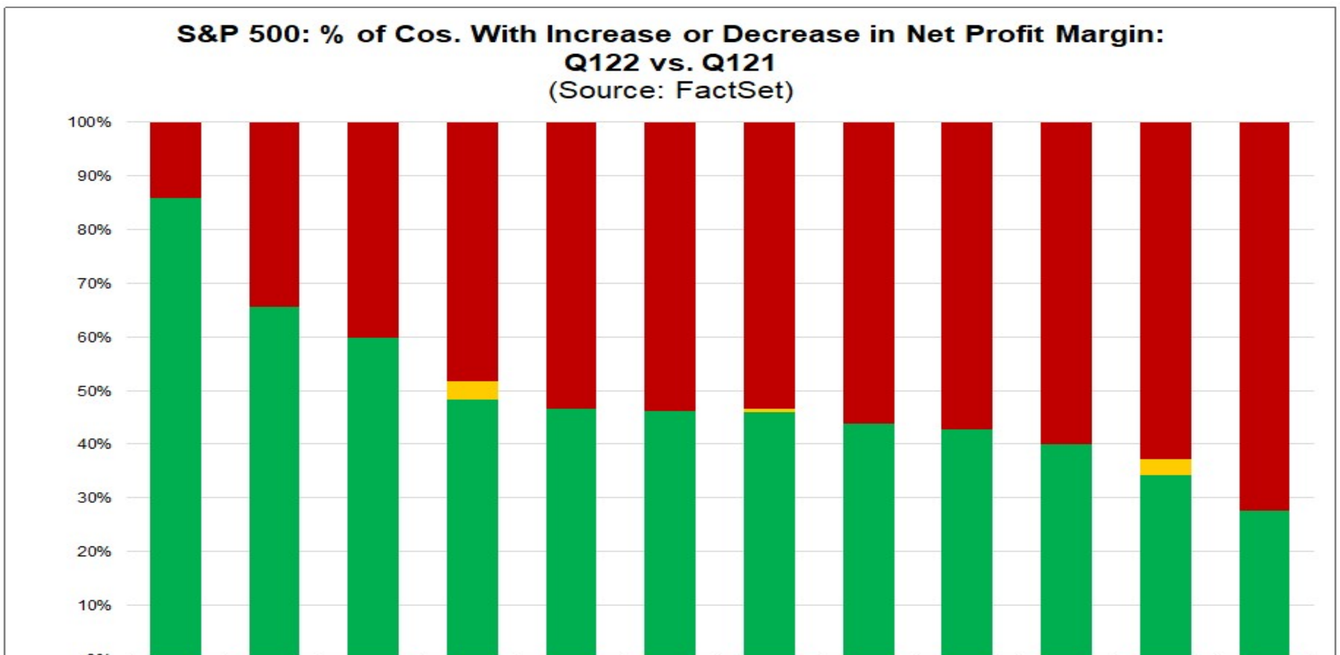




Q1 2022: Net Profit Margin

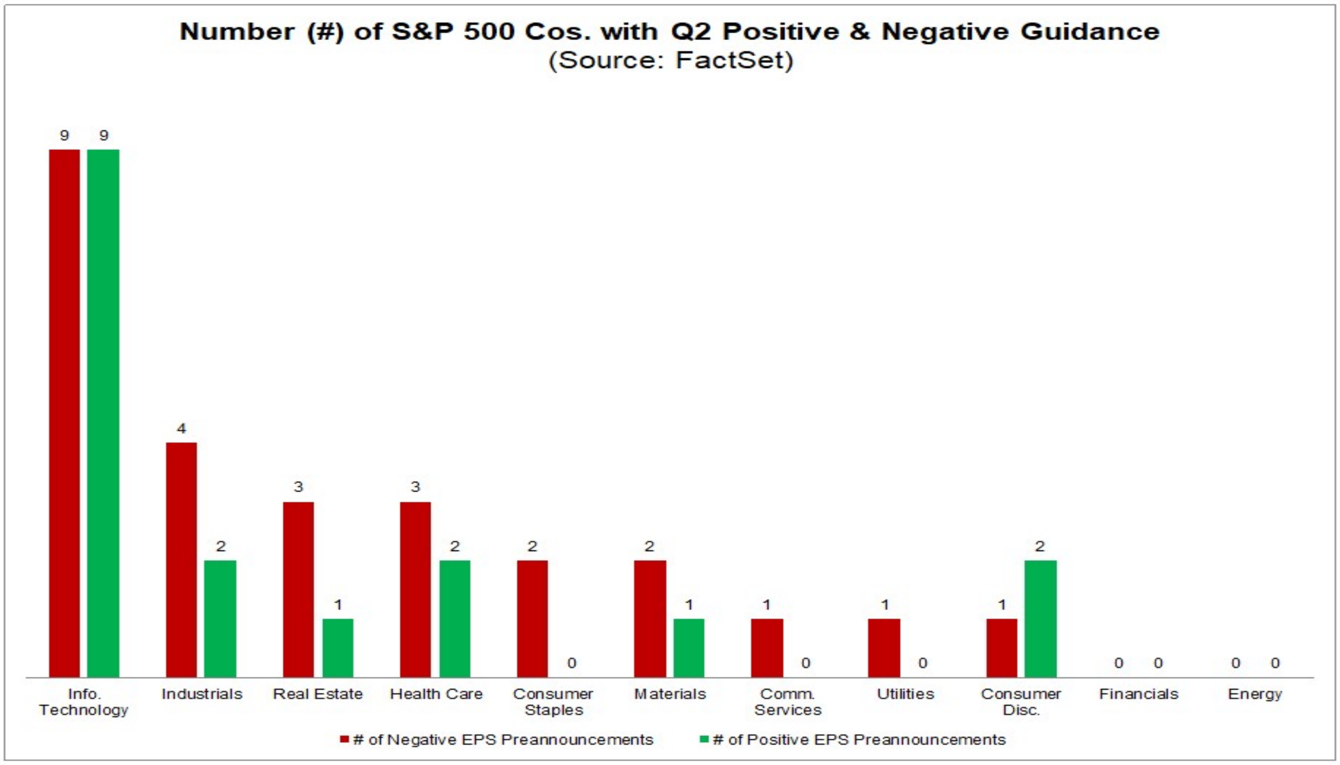


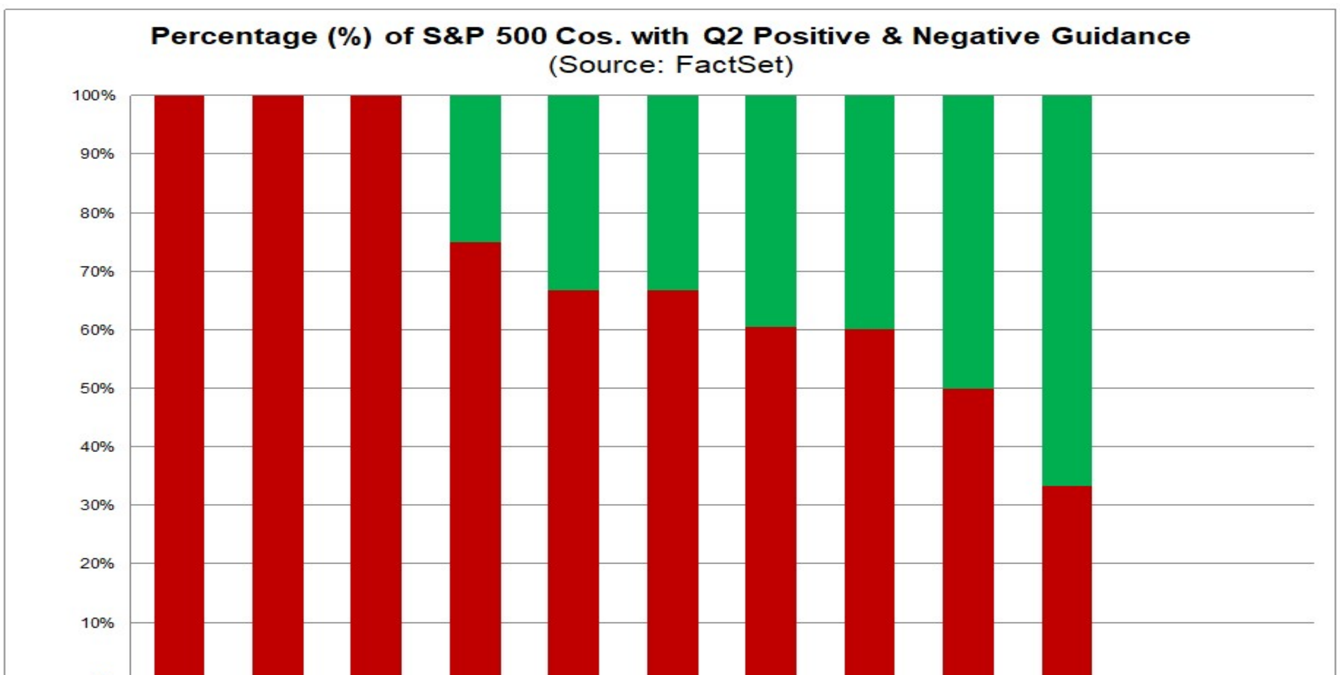
	Real Estate	Information Tech.	Financials	Utilities	Materials	Comm. Services	S&P 500	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.6%	24.6%	17.6%	15.6%	13.3%	12.6%	12.2%	11.4%	10.6%	7.9%	6.5%	4.6%
Q121	35.6%	24.5%	22.7%	13.0%	11.7%	13.8%	12.8%	11.5%	4.6%	6.7%	6.7%	7.6%



	Energy	Real Estate	Industrials	Utilities	Information Tech.	Comm. Services	S&P 500	Consumer Staples	Materials	Consumer Disc.	Financials	Health Care
Down %	14%	34%	40%	48%	53%	54%	53%	56%	57%	60%	63%	72%
None %	0%	0%	0%	3%	0%	0%	1%	0%	0%	0%	3%	0%
Up %	86%	66%	60%	48%	47%	46%	46%	44%	43%	40%	34%	28%

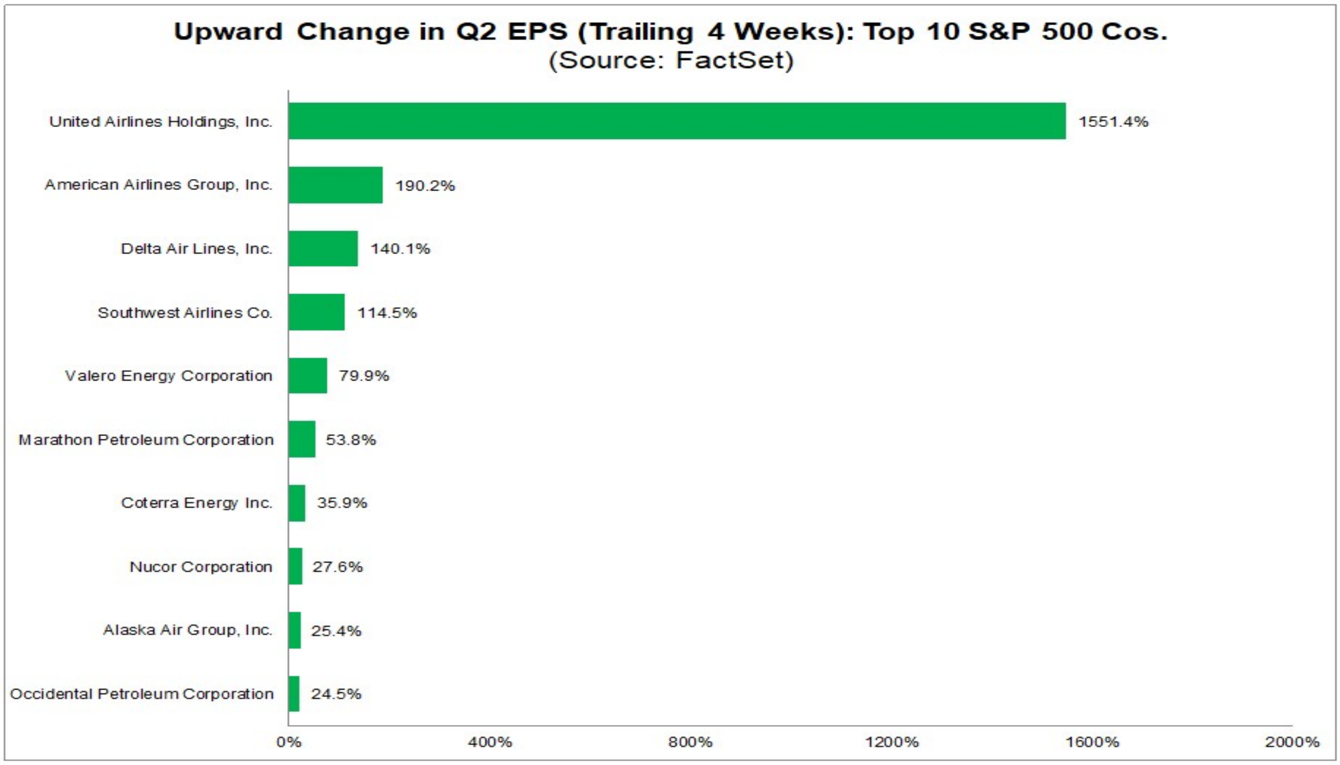
Q2 2022: EPS Guidance

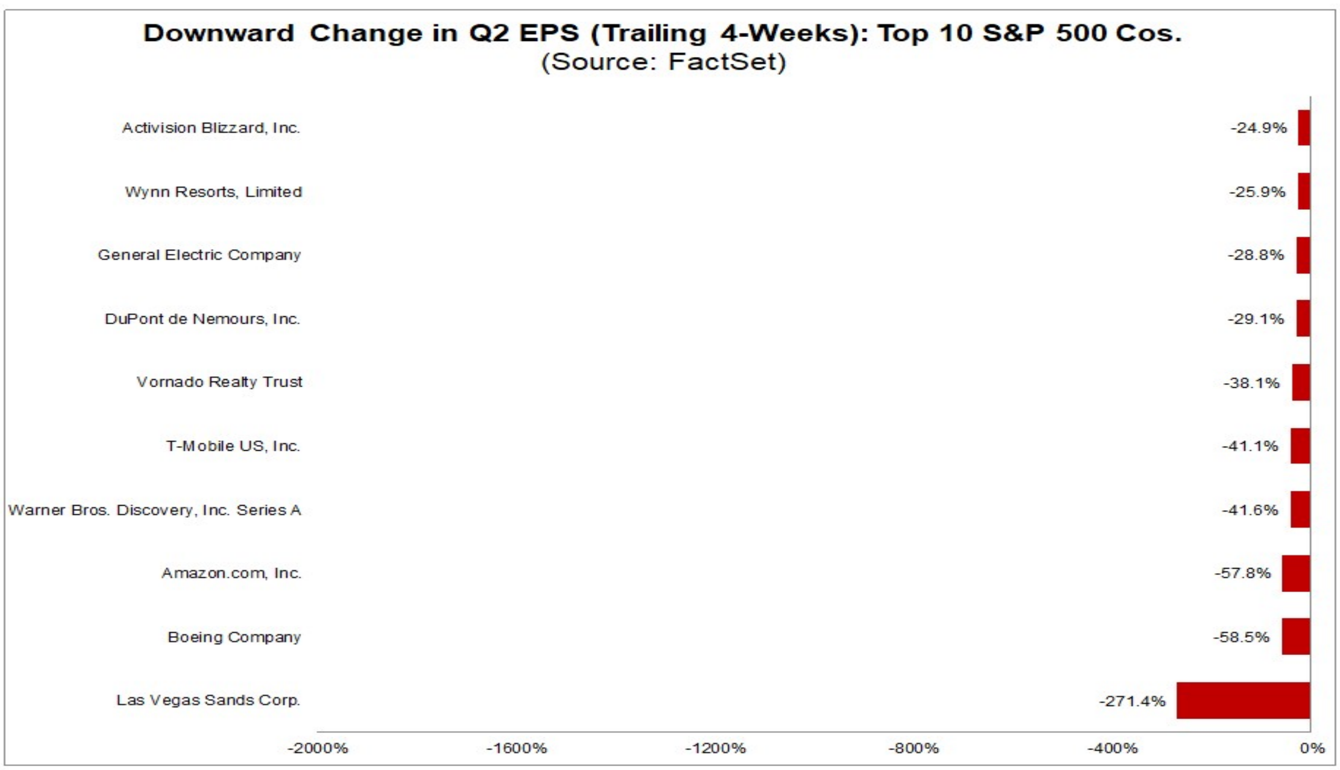




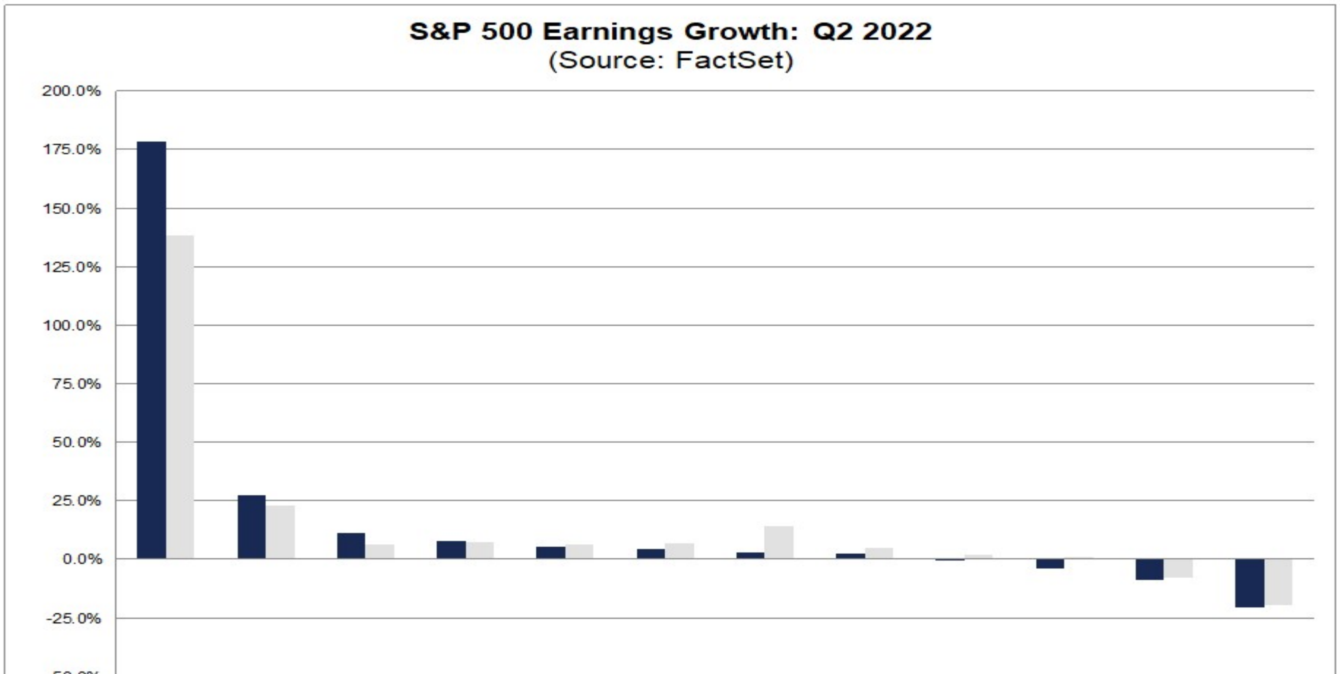
	Consumer Staples	Comm. Services	Utilities	Real Estate	Industrials	Materials	S&P 500	Health Care	Info. Technology	Consumer Disc.	Financials	Energy
Positive	0%	0%	0%	25%	33%	33%	40%	40%	50%	67%	0%	0%
Negative	100%	100%	100%	75%	67%	67%	60%	60%	50%	33%	0%	0%

Q2 2022: EPS Revisions

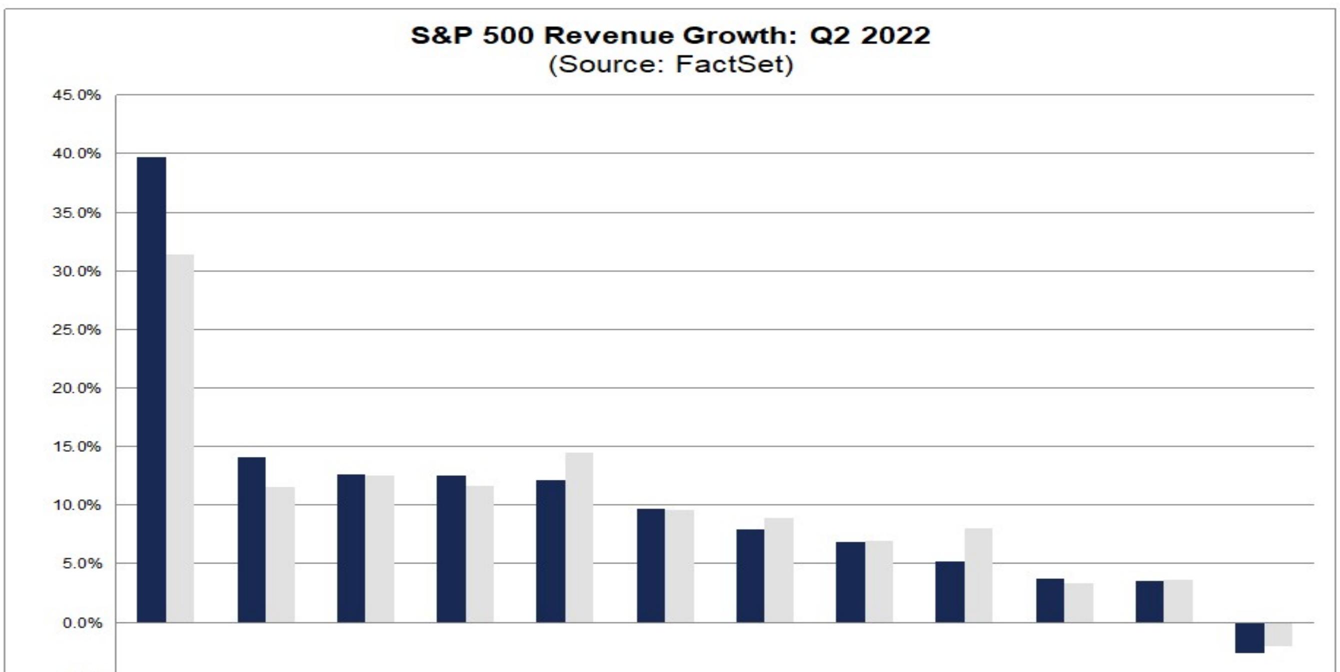




Q2 2022: Growth

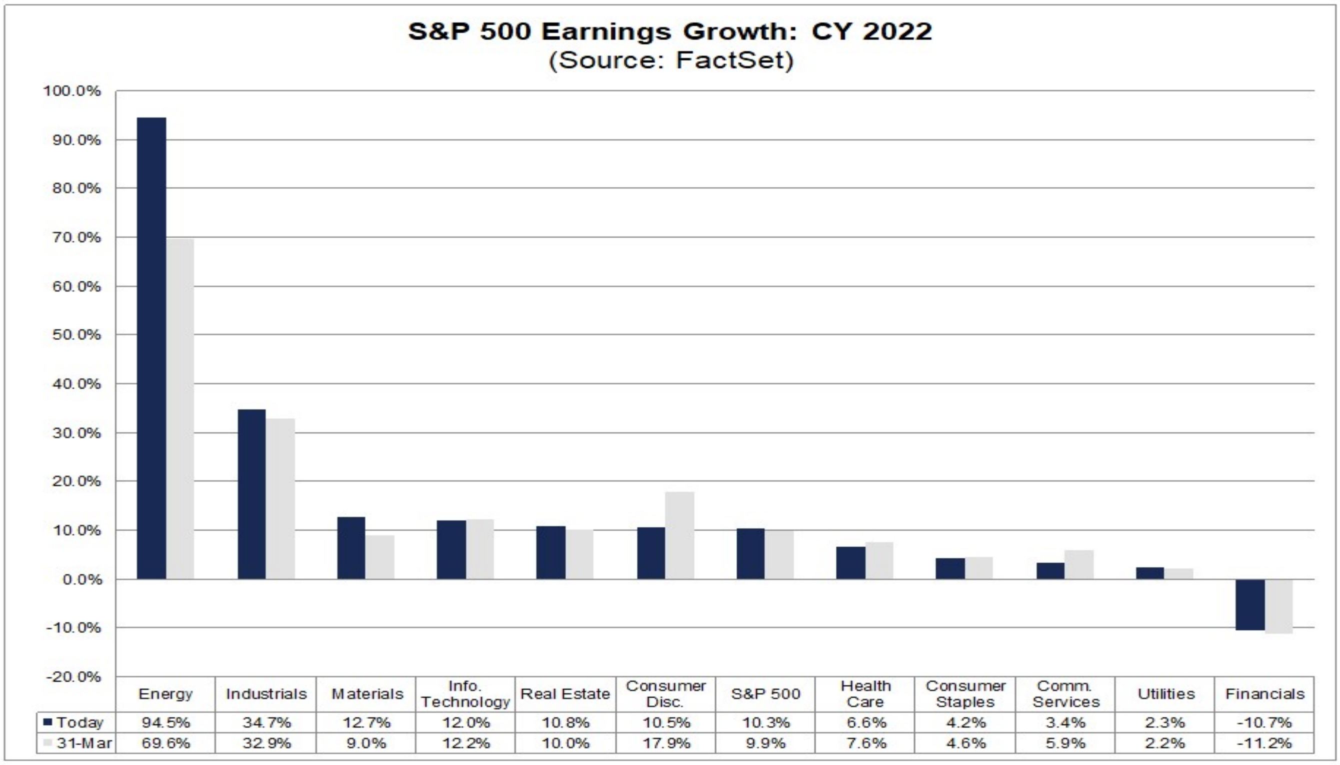


	Energy	Industrials	Materials	Real Estate	S&P 500	Health Care	Consumer Disc.	Info. Technology	Consumer Staples	Comm. Services	Utilities	Financials
Today	178.6%	27.6%	11.2%	7.9%	5.5%	4.6%	3.1%	2.4%	-0.2%	-4.2%	-8.8%	-20.6%
31-Mar	138.2%	23.2%	6.2%	7.5%	6.2%	6.6%	14.2%	4.6%	1.8%	0.9%	-7.7%	-19.3%

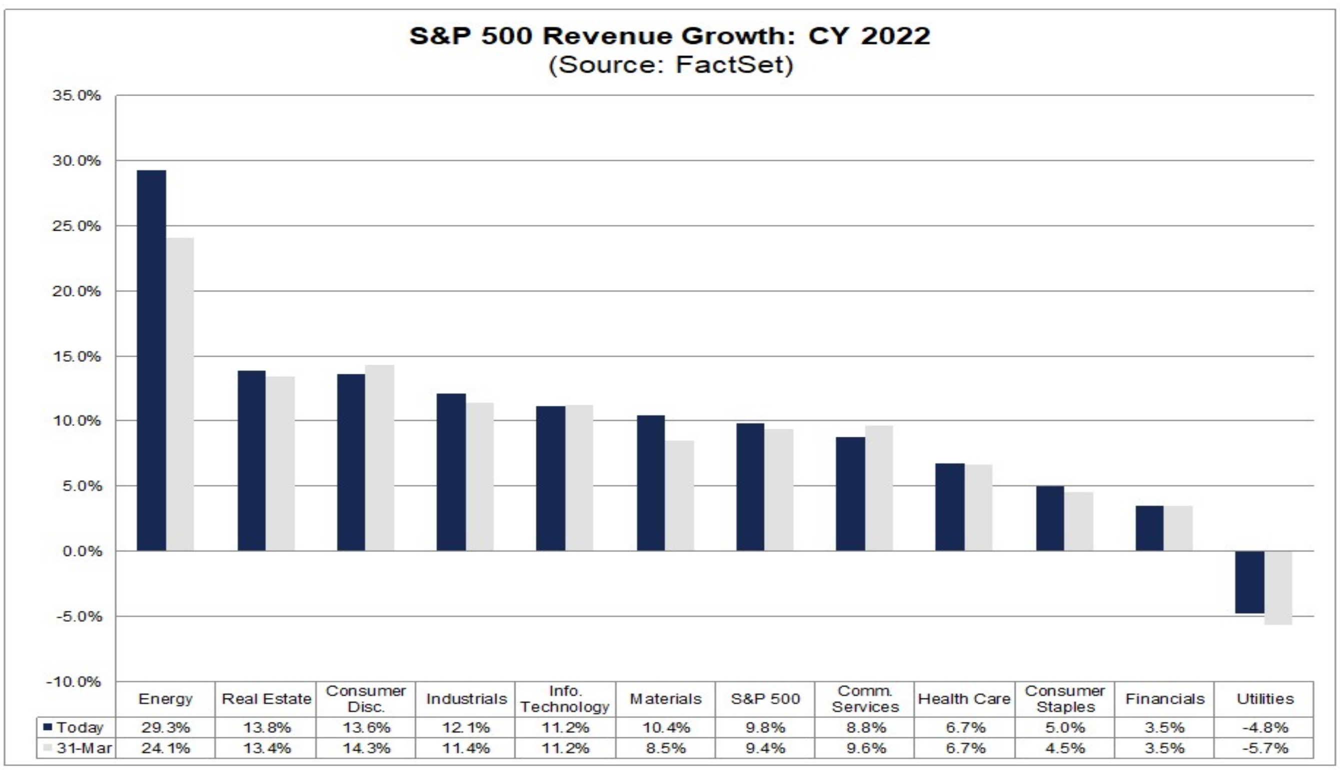


	Energy	Materials	Real Estate	Industrials	Consumer Disc.	S&P 500	Info. Technology	Health Care	Comm. Services	Consumer Staples	Financials	Utilities
Today	39.7%	14.0%	12.7%	12.5%	12.2%	9.7%	8.0%	6.8%	5.2%	3.7%	3.5%	-2.6%
31-Mar	31.4%	11.5%	12.5%	11.6%	14.5%	9.6%	8.9%	7.0%	8.0%	3.3%	3.6%	-2.0%

CY 2022: Growth



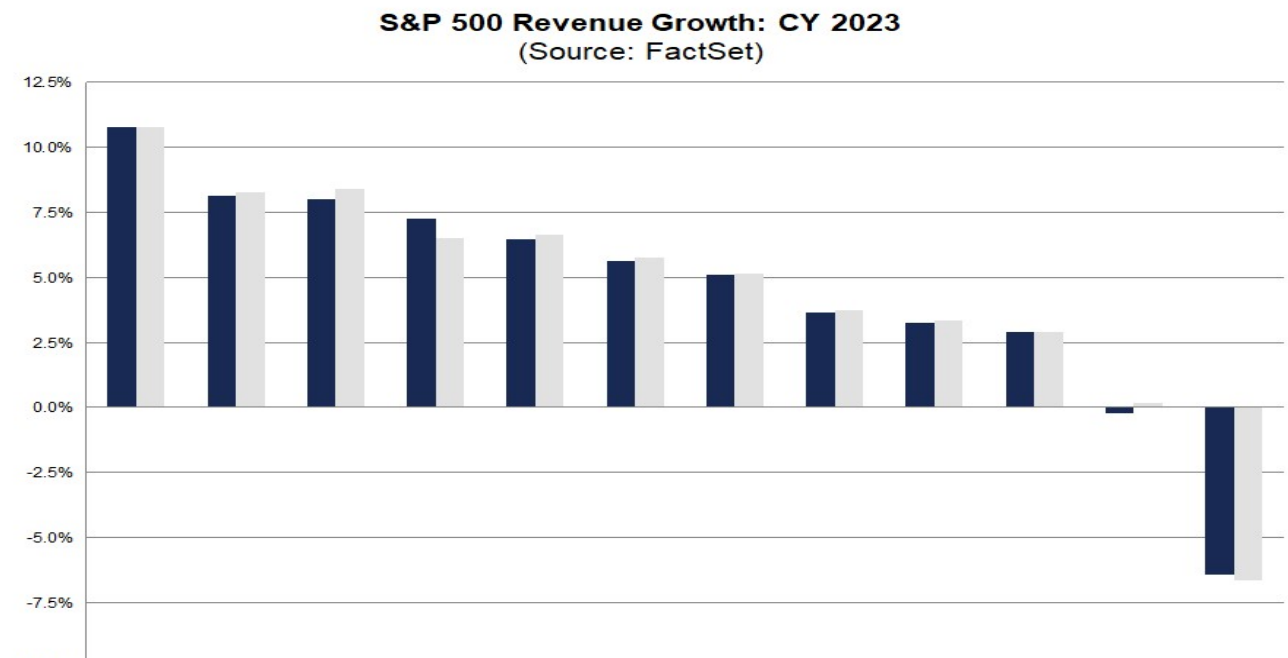
	Energy	Industrials	Materials	Info. Technology	Real Estate	Consumer Disc.	S&P 500	Health Care	Consumer Staples	Comm. Services	Utilities	Financials
Today	94.5%	34.7%	12.7%	12.0%	10.8%	10.5%	10.3%	6.6%	4.2%	3.4%	2.3%	-10.7%
31-Mar	69.6%	32.9%	9.0%	12.2%	10.0%	17.9%	9.9%	7.6%	4.6%	5.9%	2.2%	-11.2%



	Energy	Real Estate	Consumer Disc.	Industrials	Info. Technology	Materials	S&P 500	Comm. Services	Health Care	Consumer Staples	Financials	Utilities
Today	29.3%	13.8%	13.6%	12.1%	11.2%	10.4%	9.8%	8.8%	6.7%	5.0%	3.5%	-4.8%
31-Mar	24.1%	13.4%	14.3%	11.4%	11.2%	8.5%	9.4%	9.6%	6.7%	4.5%	3.5%	-5.7%

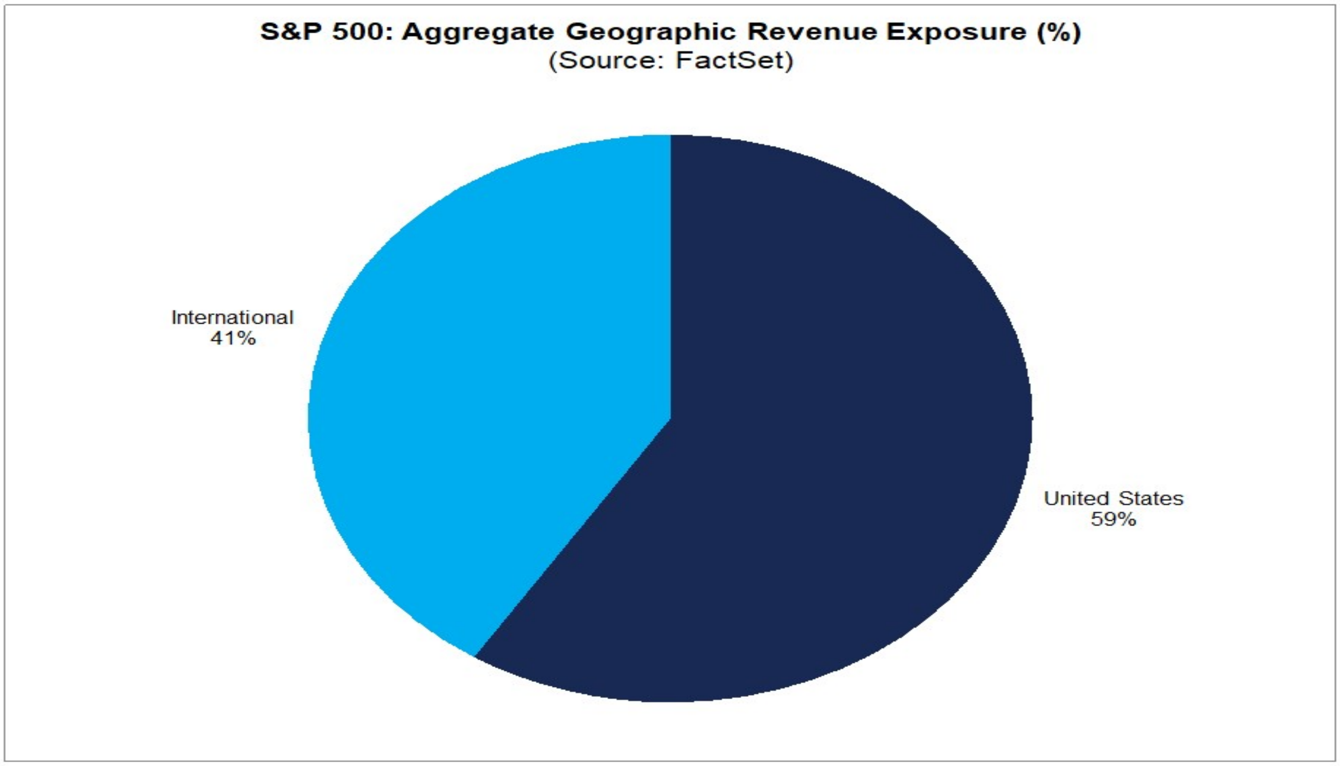
CY 2023: Growth

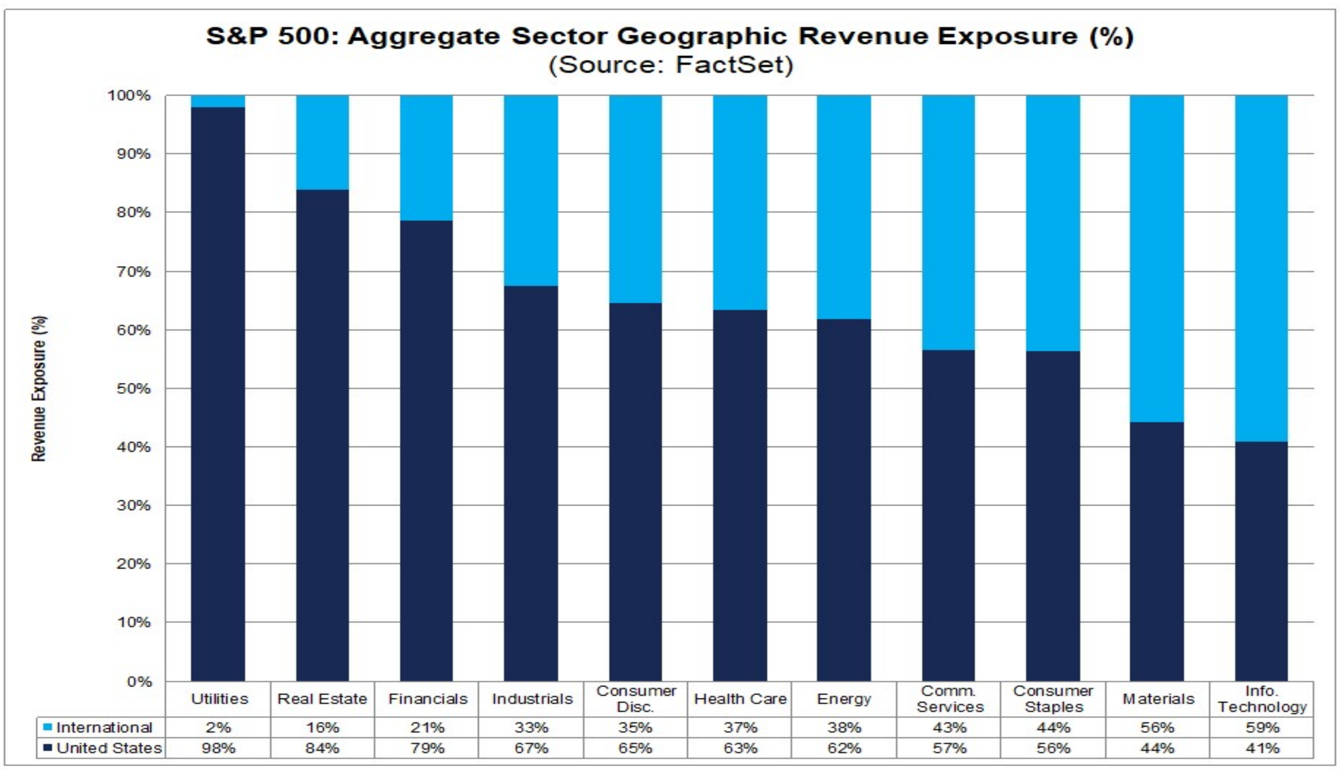
	Consumer Disc.	Industrials	Comm. Services	Financials	Info. Technology	S&P 500	Real Estate	Utilities	Consumer Staples	Health Care	Materials	Energy
Today	29.5%	19.2%	16.3%	14.8%	11.7%	10.3%	9.1%	7.9%	7.6%	1.5%	-3.9%	-10.0%
31-Mar	25.3%	20.5%	16.1%	14.5%	11.6%	10.2%	9.8%	7.8%	7.8%	1.0%	-2.3%	-11.3%



	Consumer Disc.	Info. Technology	Comm. Services	Financials	Industrials	Real Estate	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Energy
Today	10.8%	8.1%	8.0%	7.3%	6.5%	5.6%	5.1%	3.6%	3.2%	2.9%	-0.2%	-6.4%
31-Mar	10.8%	8.3%	8.4%	6.5%	6.6%	5.8%	5.1%	3.7%	3.3%	2.9%	0.2%	-6.7%

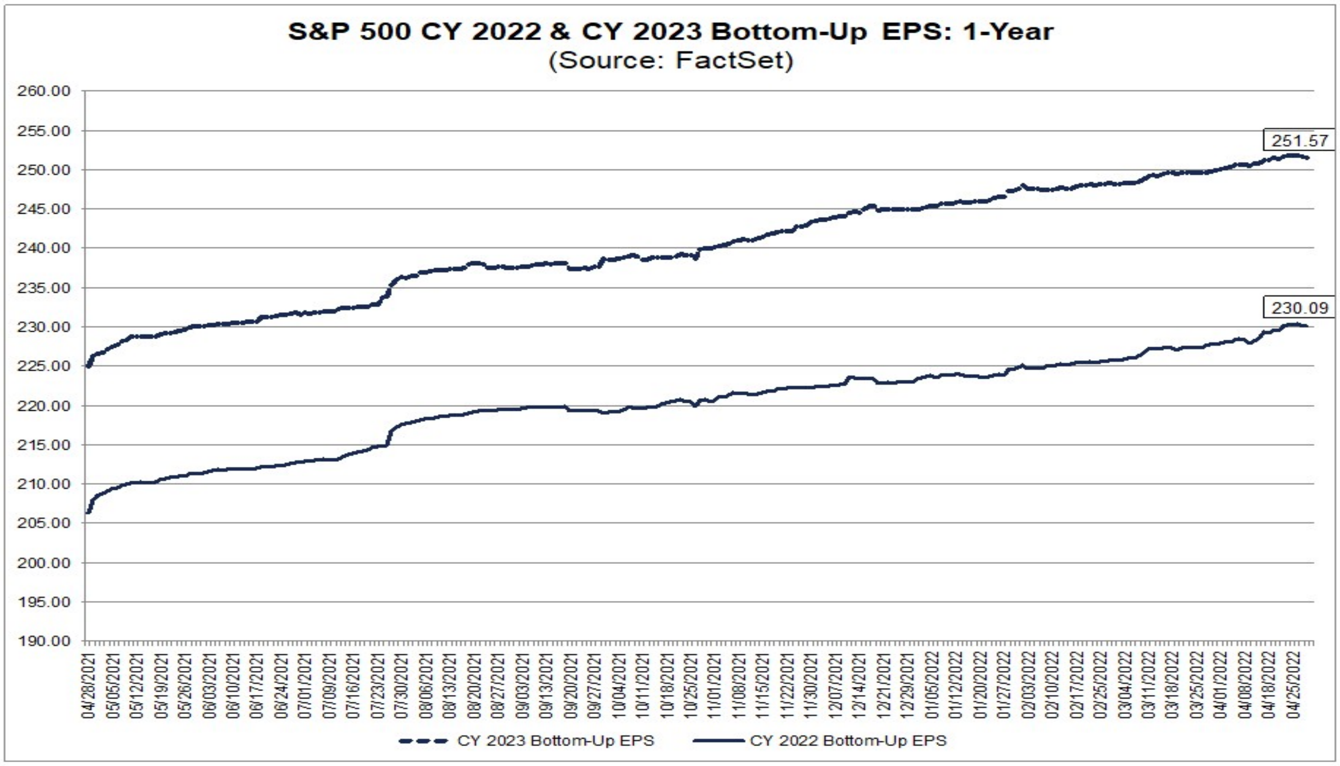
Geographic Revenue Exposure

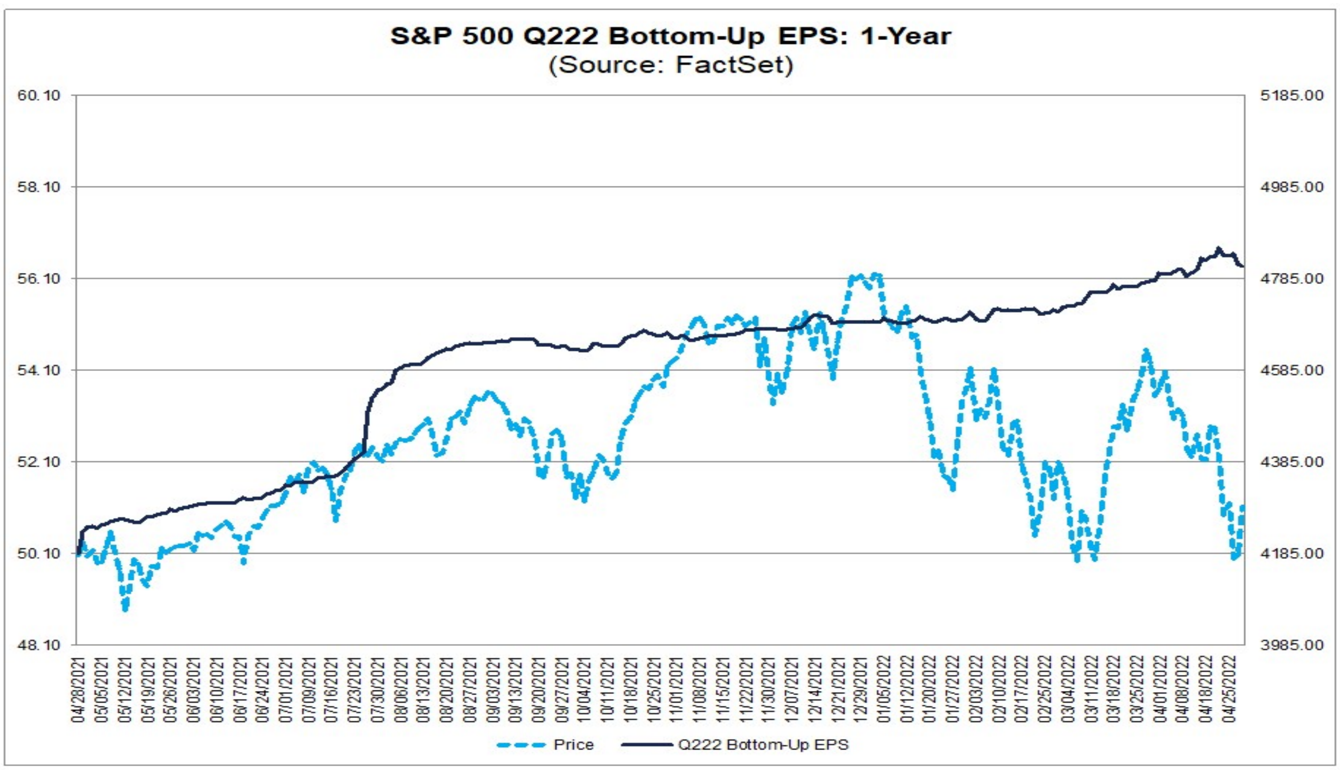




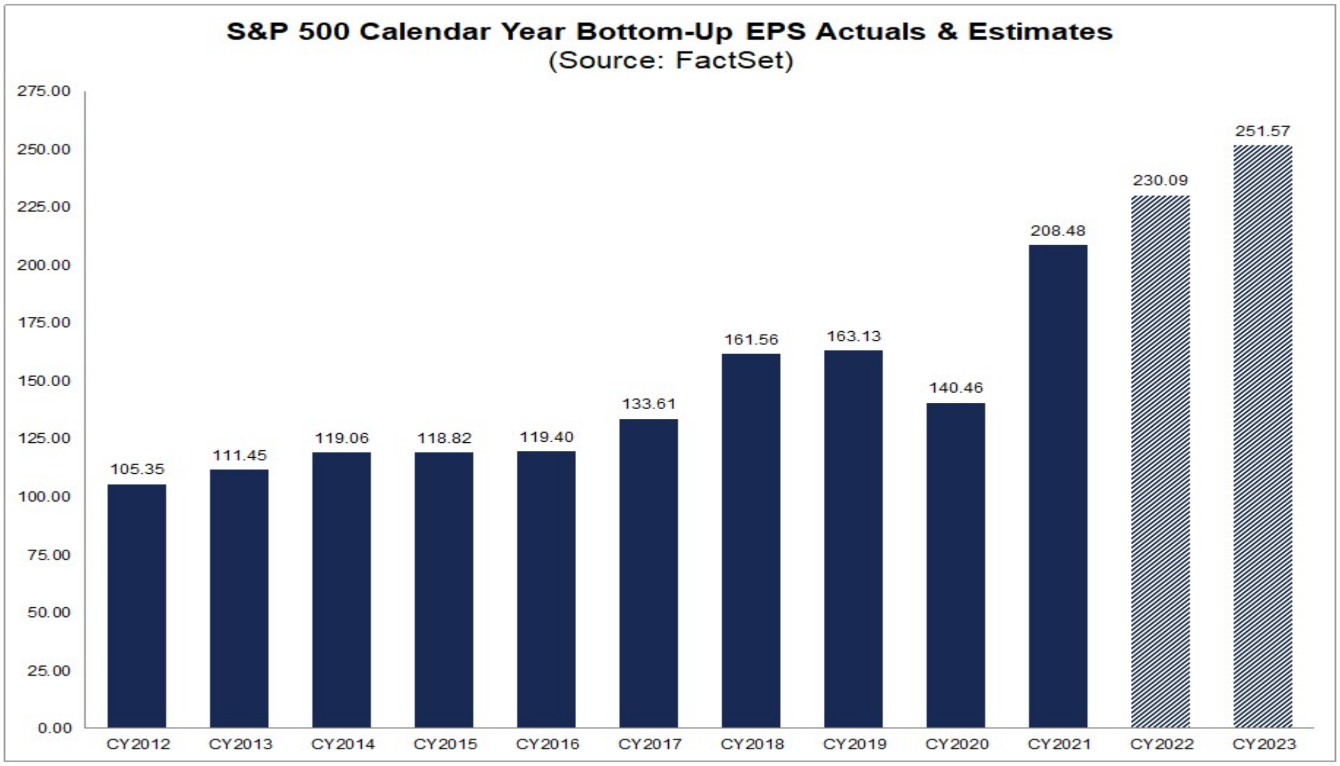
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Comm. Services	Consumer Staples	Materials	Info. Technology
International	2%	16%	21%	33%	35%	37%	38%	43%	44%	56%	59%
United States	98%	84%	79%	67%	65%	63%	62%	57%	56%	44%	41%

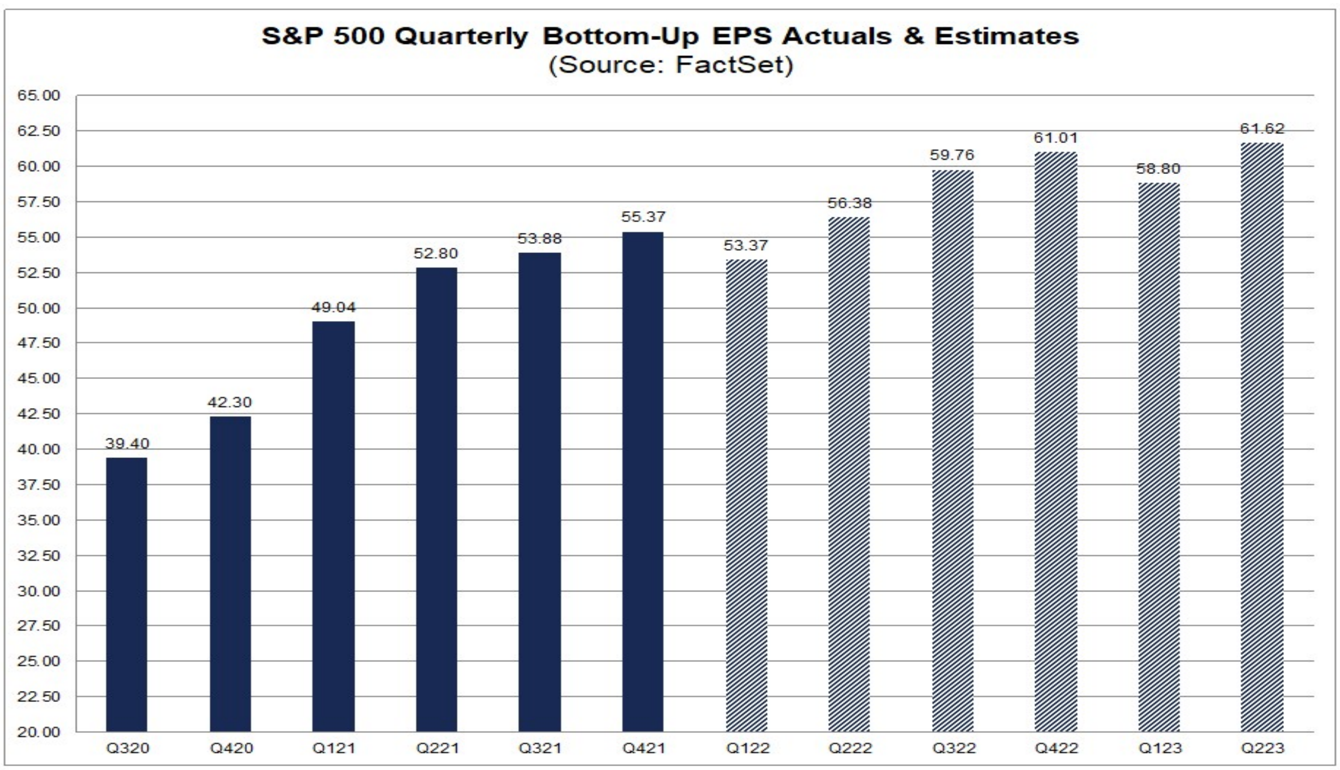
Bottom-up EPS Estimates: Revisions



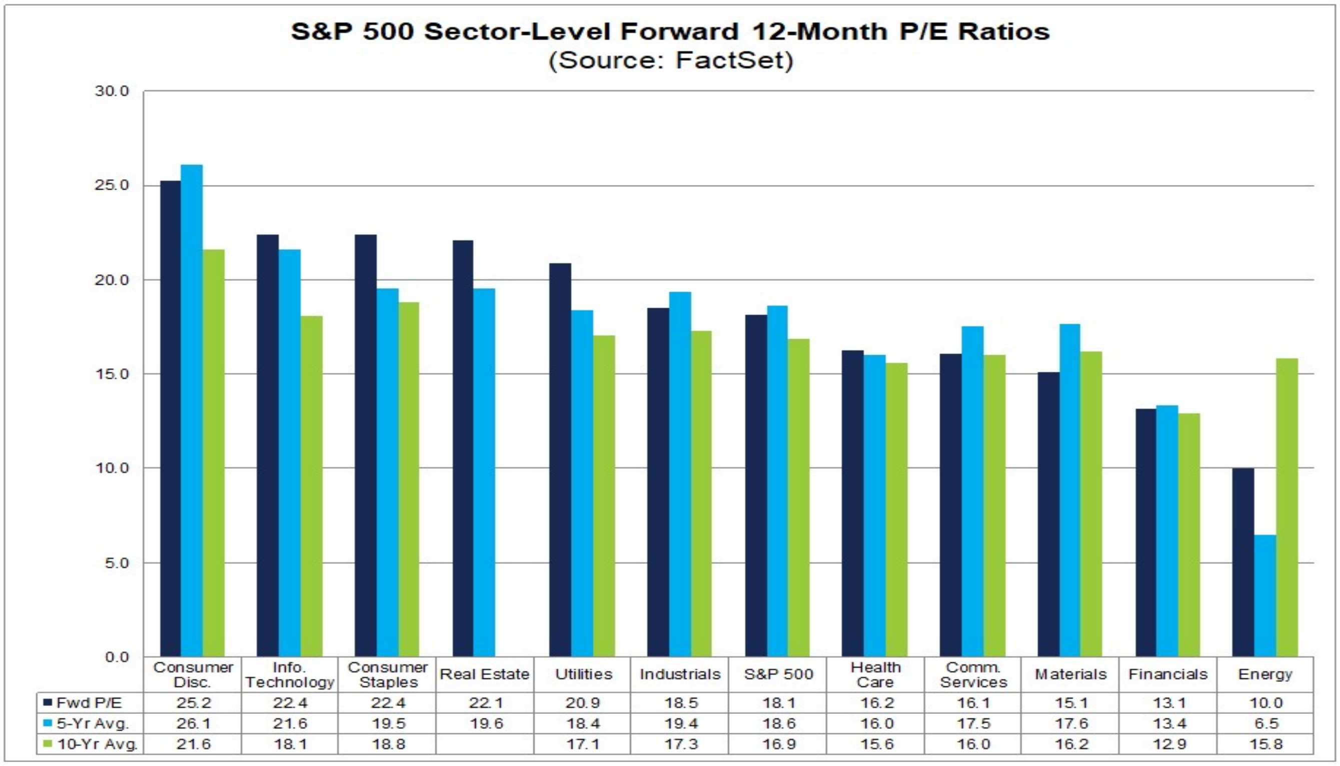


Bottom-up EPS Estimates: Current & Historical

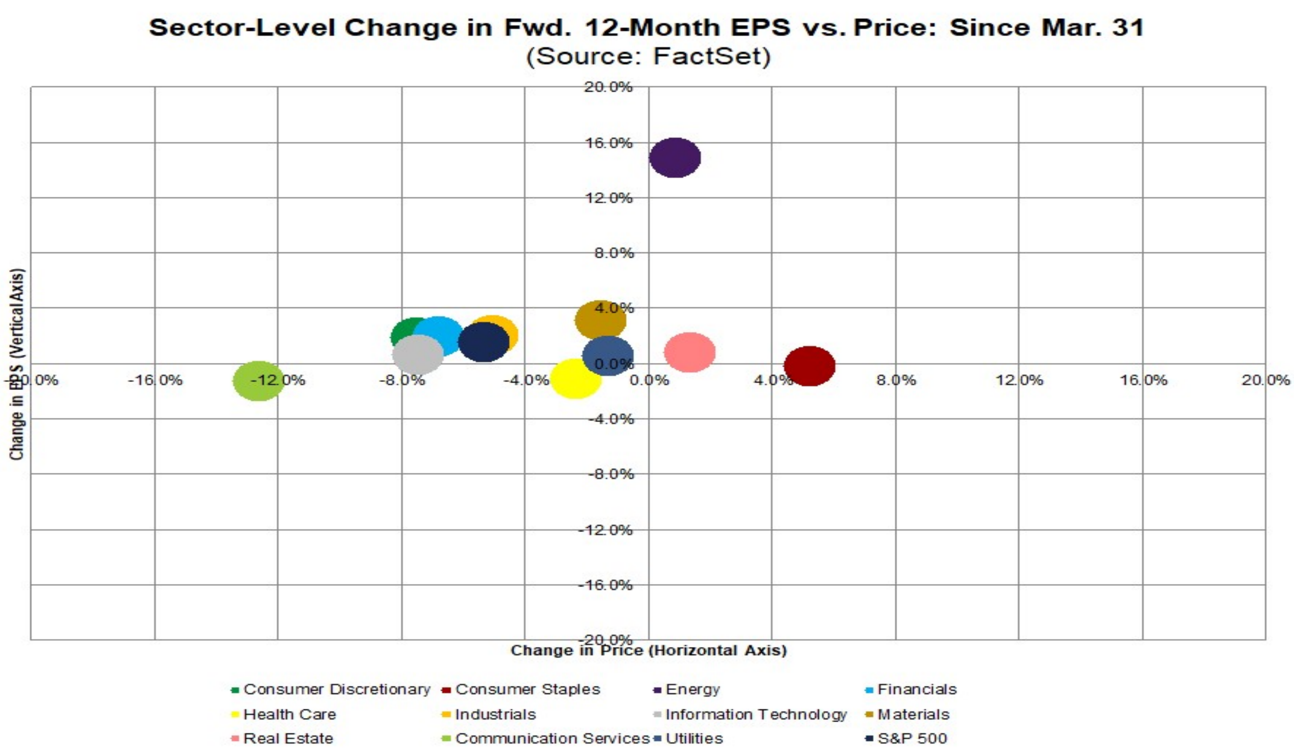




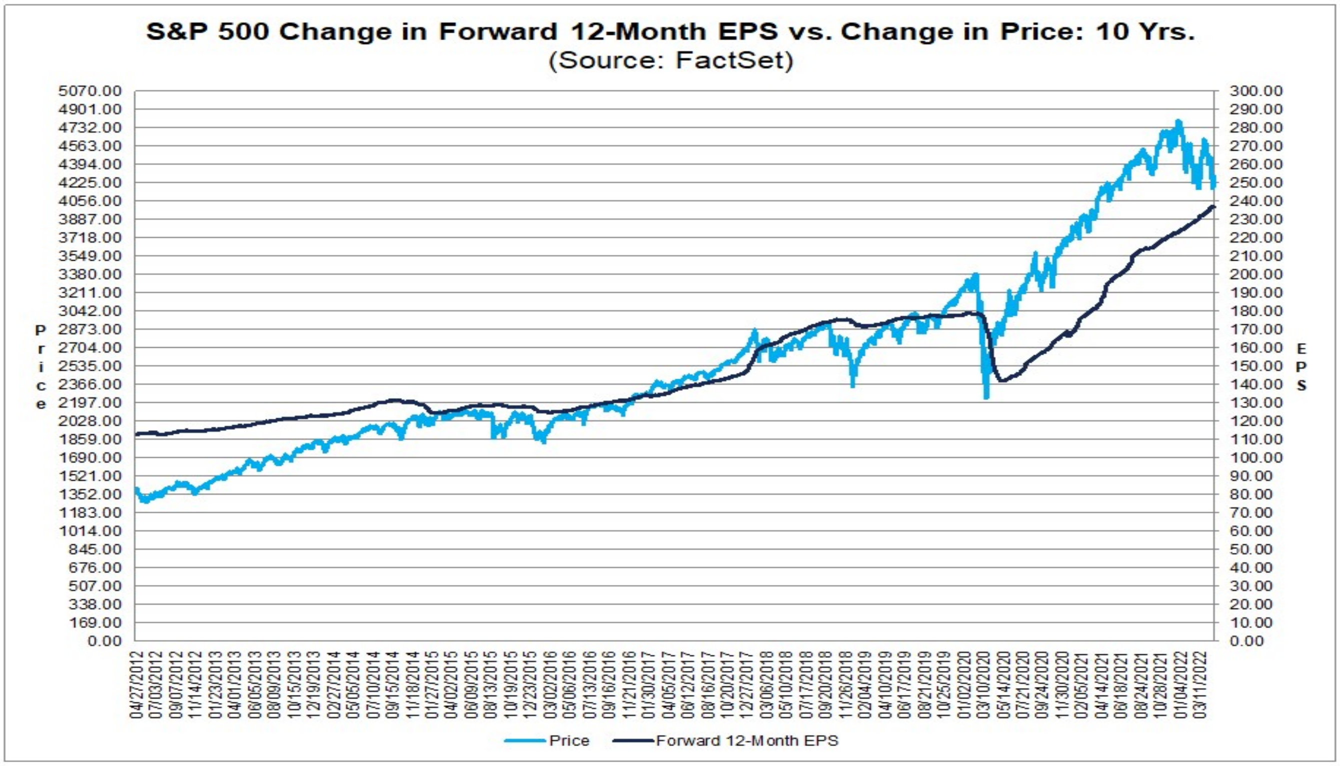
Forward 12M P/E Ratio: Sector Level

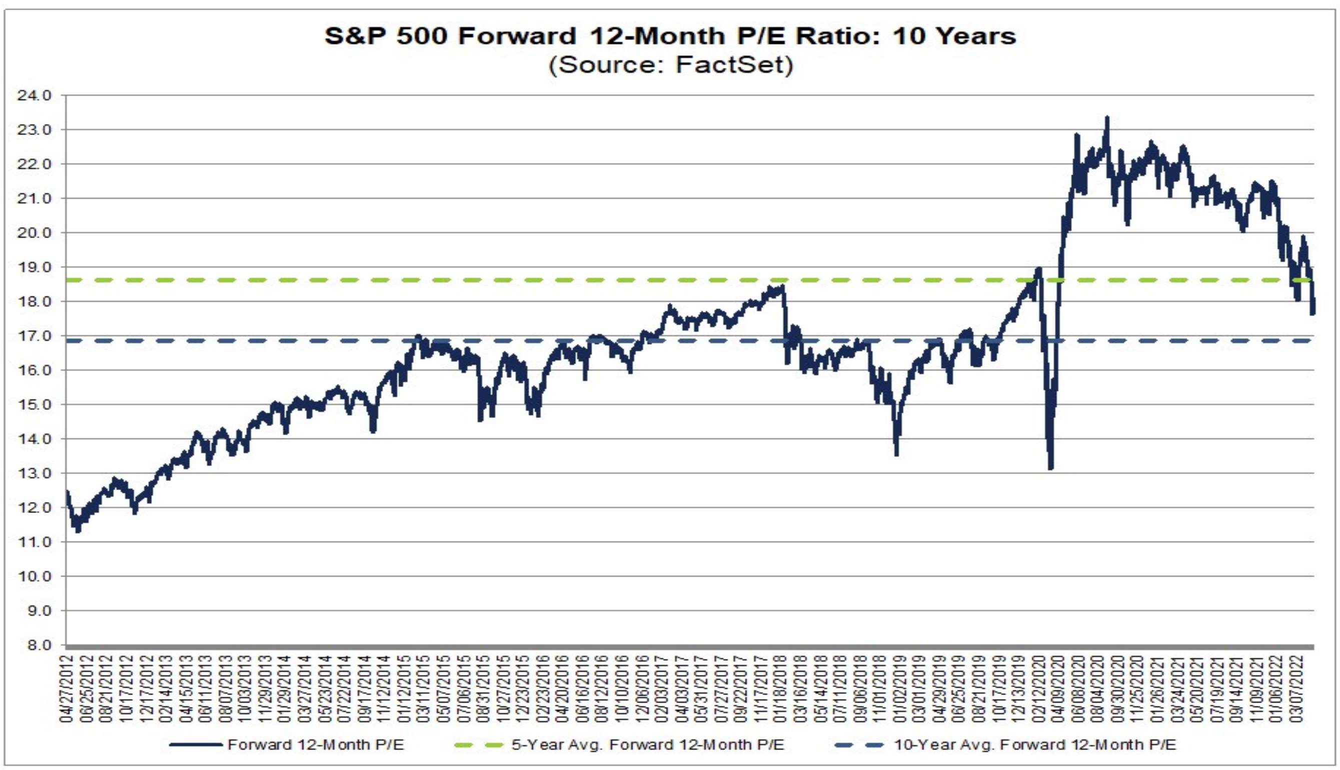


	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	Utilities	Industrials	S&P 500	Health Care	Comm. Services	Materials	Financials	Energy
Fwd P/E	25.2	22.4	22.4	22.1	20.9	18.5	18.1	16.2	16.1	15.1	13.1	10.0
5-Yr Avg.	26.1	21.6	19.5	19.6	18.4	19.4	18.6	16.0	17.5	17.6	13.4	6.5
10-Yr Avg.	21.6	18.1	18.8		17.1	17.3	16.9	15.6	16.0	16.2	12.9	15.8

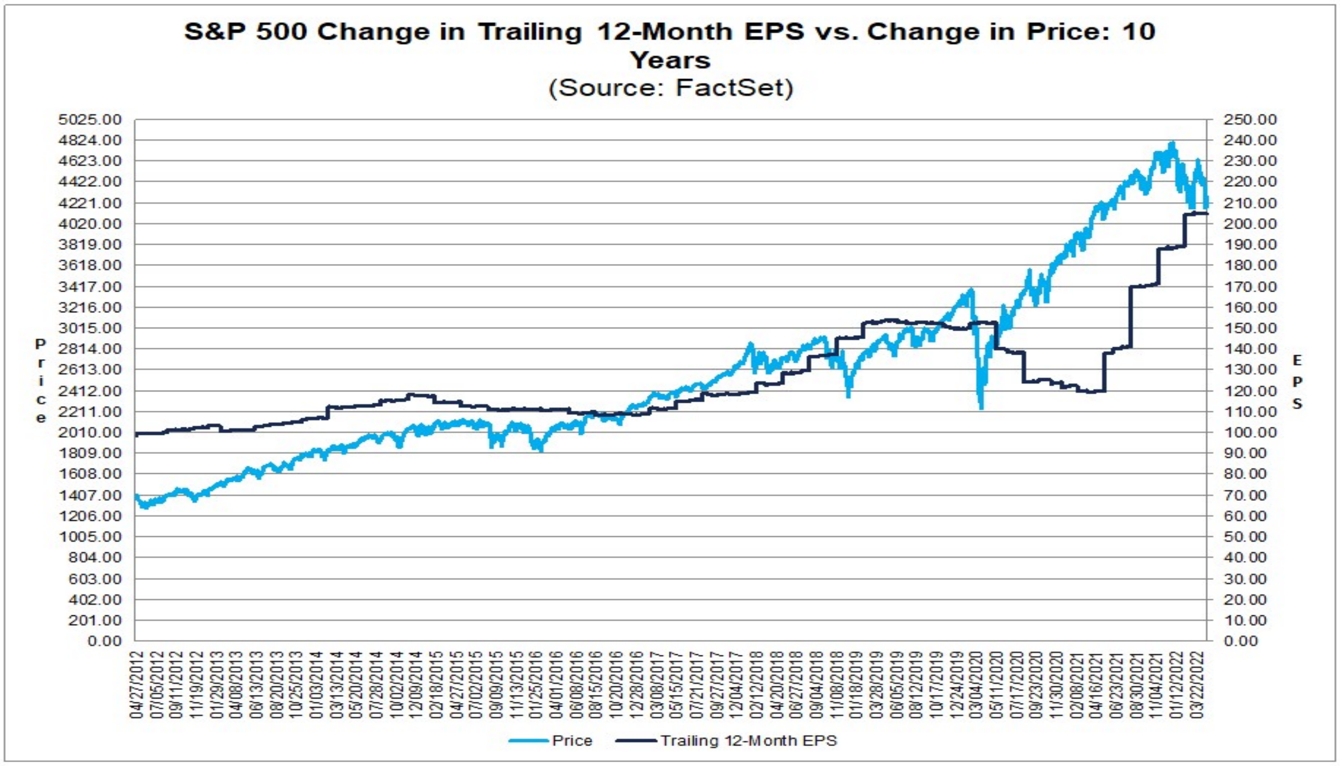


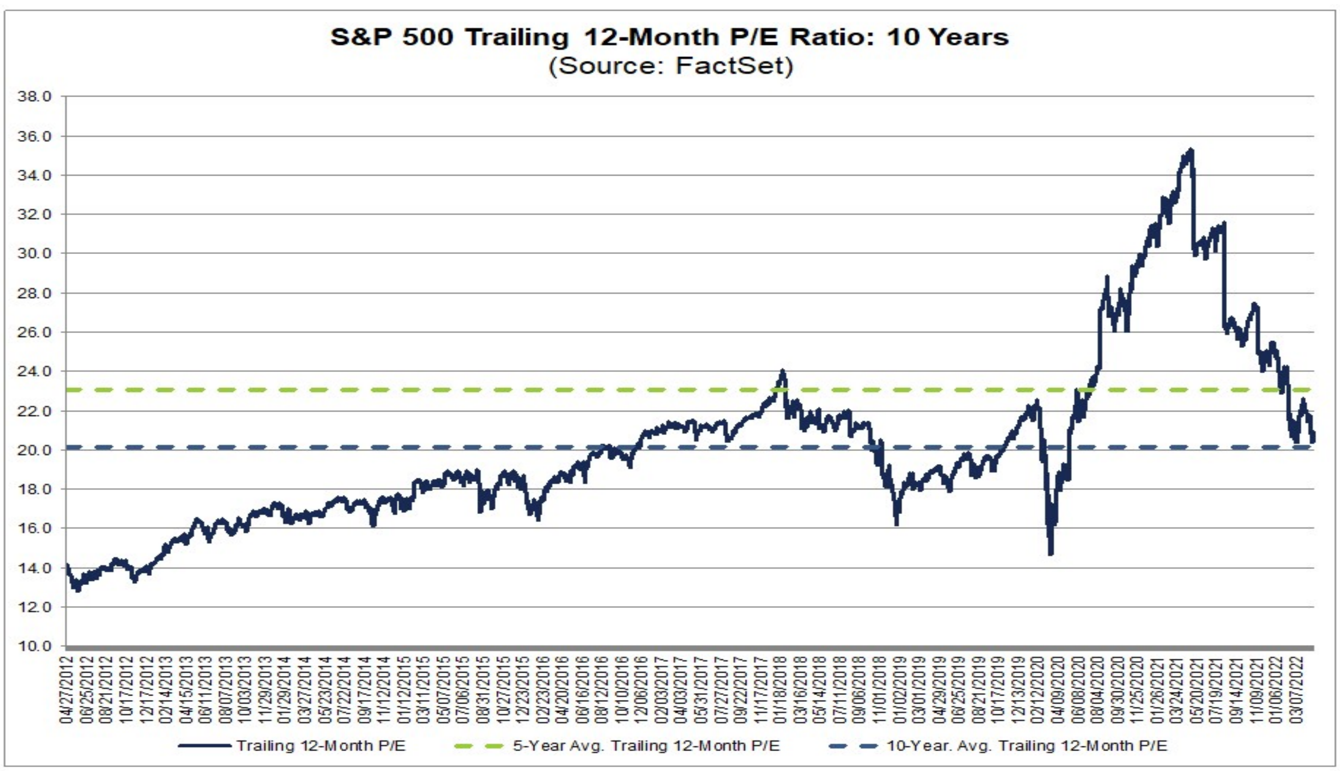
Forward 12M P/E Ratio: 10-Years



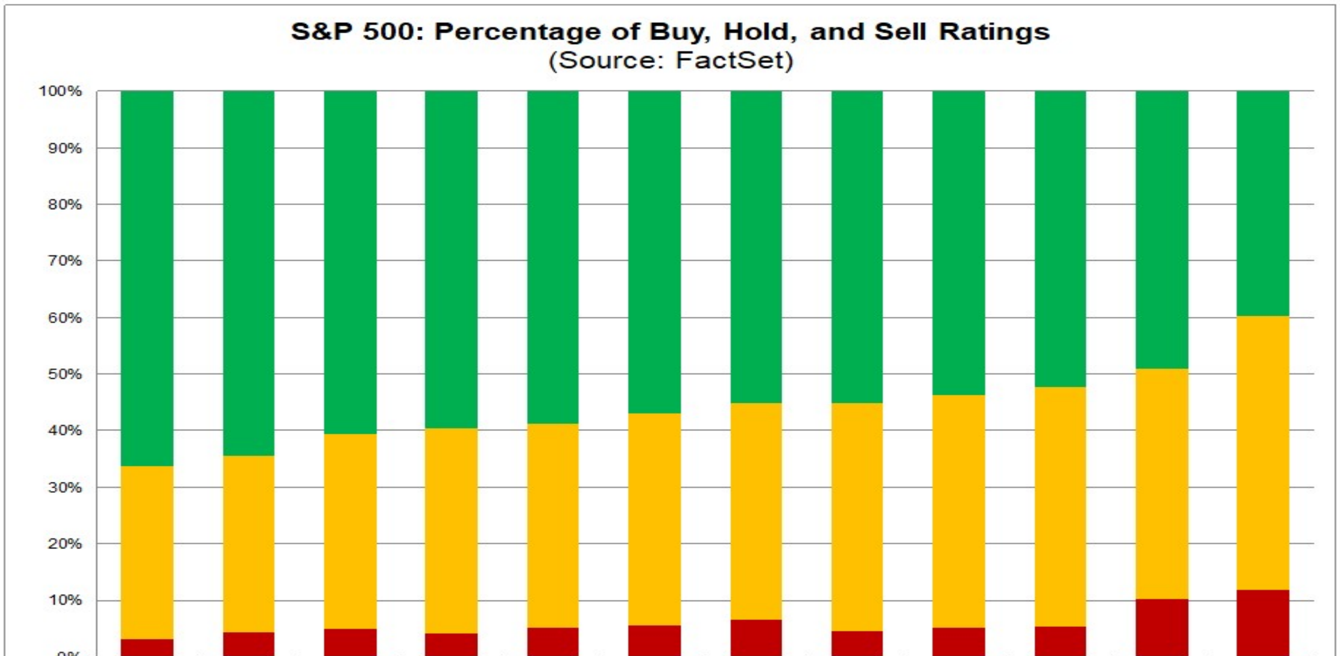


Trailing 12M P/E Ratio: 10-Years





Targets & Ratings



	Energy	Info. Tech.	Comm. Services	Consumer Disc.	Health Care	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	66%	64%	61%	60%	59%	57%	55%	55%	54%	52%	49%	40%
Hold	30%	31%	34%	36%	36%	37%	38%	40%	41%	42%	41%	48%
Sell	3%	4%	5%	4%	5%	6%	7%	4%	5%	5%	10%	12%

	Comm. Services	Consumer Disc.	Info. Tech.	S&P 500	Financials	Industrials	Energy	Materials	Health Care	Real Estate	Utilities	Consumer Staples
Target/Close	38.5%	29.3%	26.2%	21.8%	20.5%	19.2%	16.5%	15.6%	15.0%	9.3%	7.8%	5.7%

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