EARNINGS INSIGHT

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Key Metrics

- **Earnings Scorecard:** For Q1 2024 (with 80% of S&P 500 companies reporting actual results), 77% of S&P 500 companies have reported a positive EPS surprise and 61% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 5.0%. If 5.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q2 2022 (5.8%).
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 3.4%. Ten sectors are reporting higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2024, 41 S&P 500 companies have issued negative EPS guidance and 34 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.9. This P/E ratio is above the 5-year average (19.1) and above the 10-year average (17.8).

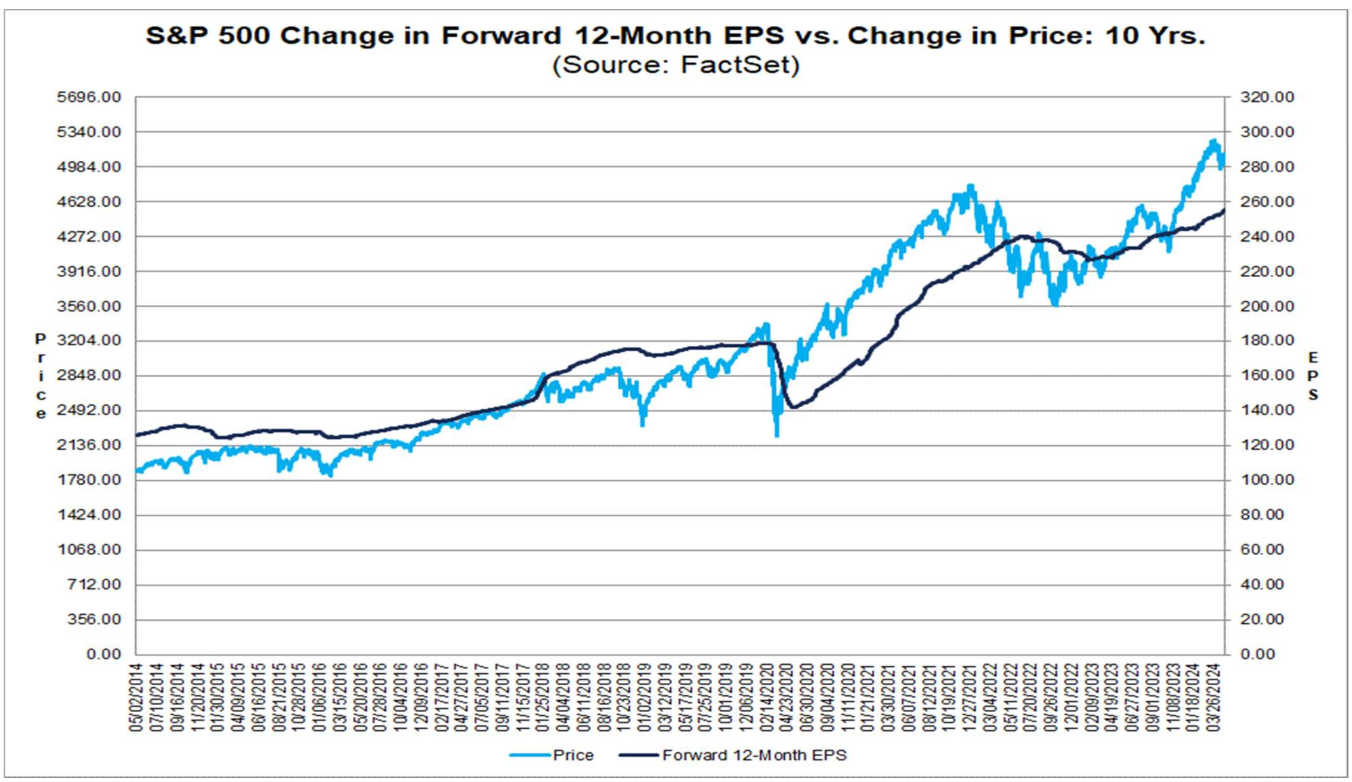

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Table of Contents

Commentary

Charts

Topic of the Week

First Increase in EPS Estimates for S&P 500 Companies for Q2 2024 Since Q4 2021

Given concerns in the market about a possible economic slowdown or recession, have analysts lowered EPS estimates more than normal for S&P 500 companies for the second quarter?

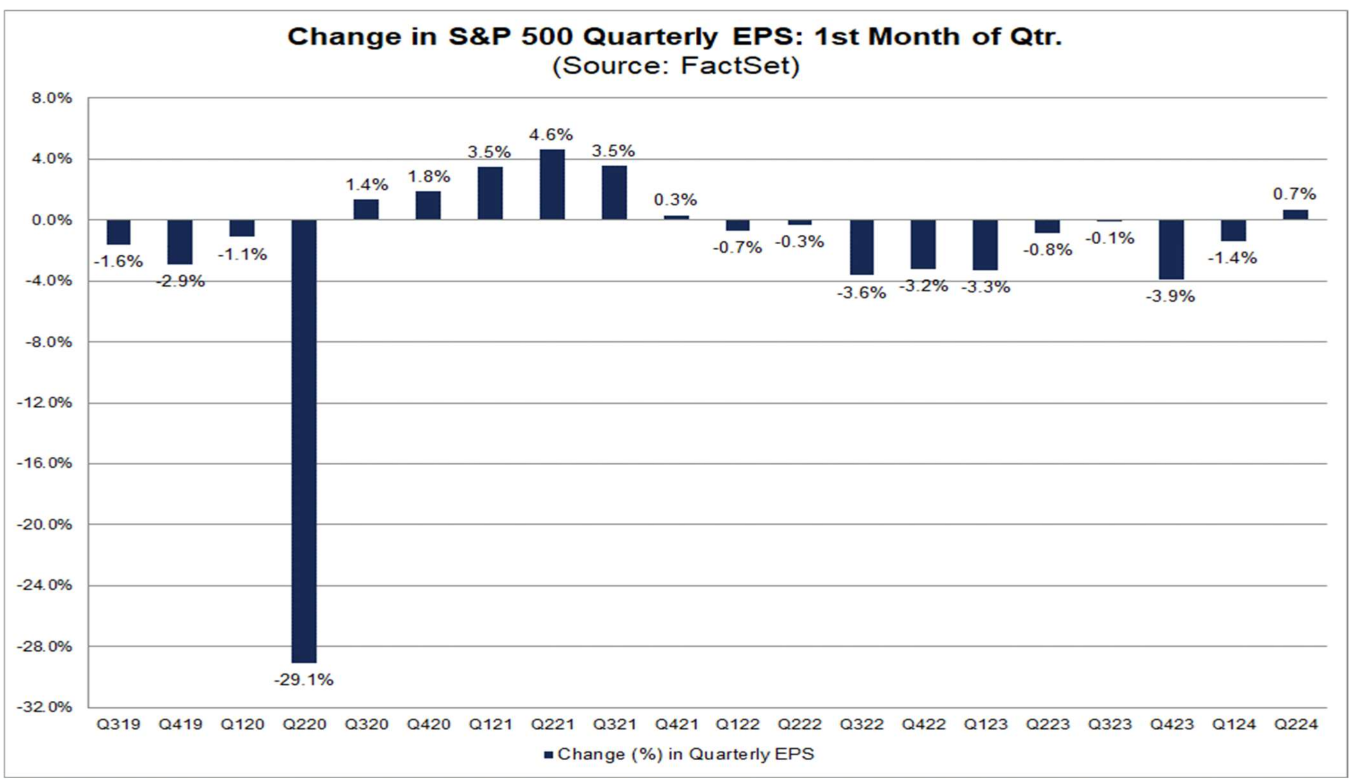
The answer is no. During the month of April, analysts actually increased EPS estimates for the second quarter. The Q2 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q2 for all the companies in the index) increased by 0.7% (to $59.64 from $59.23) from March 31 to April 30.

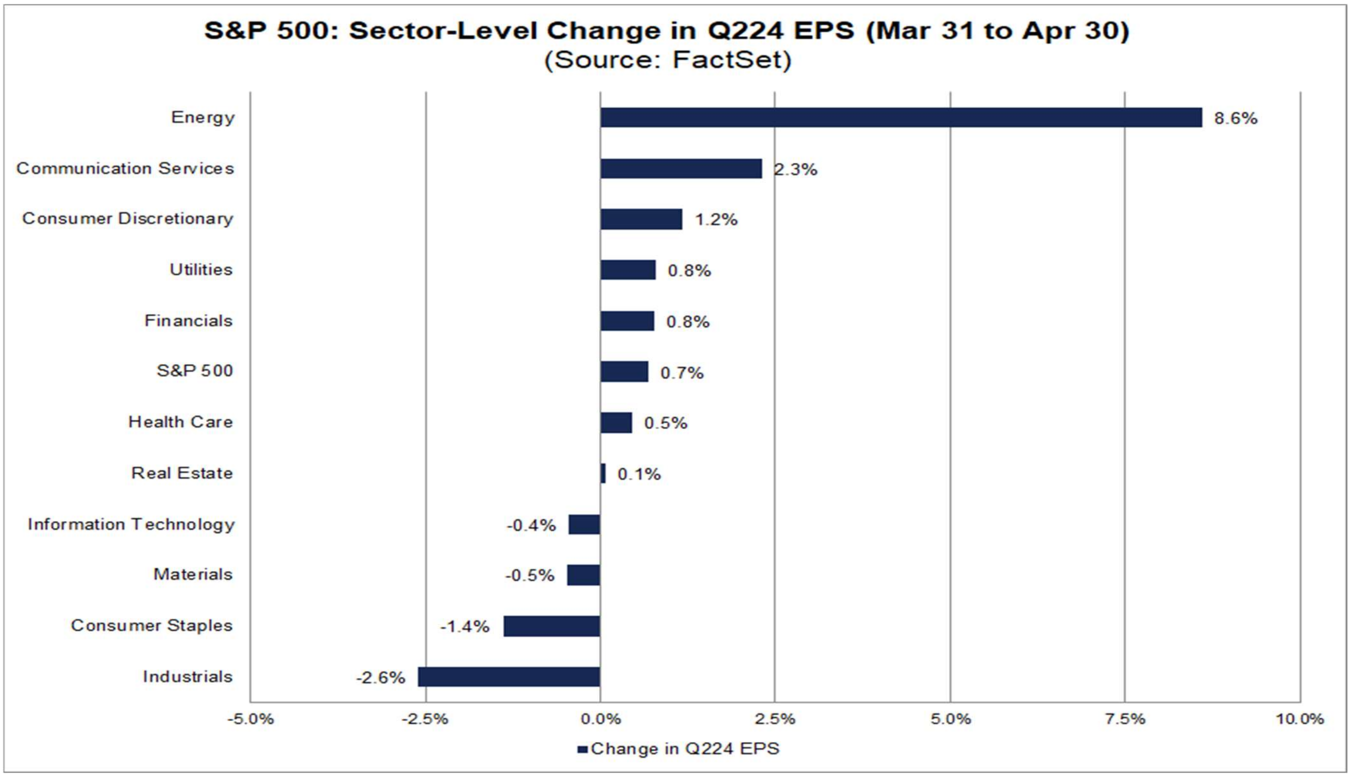
In a typical quarter, analysts usually reduce earnings estimates during the first month of a quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.9%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.8%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.5%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.8%.

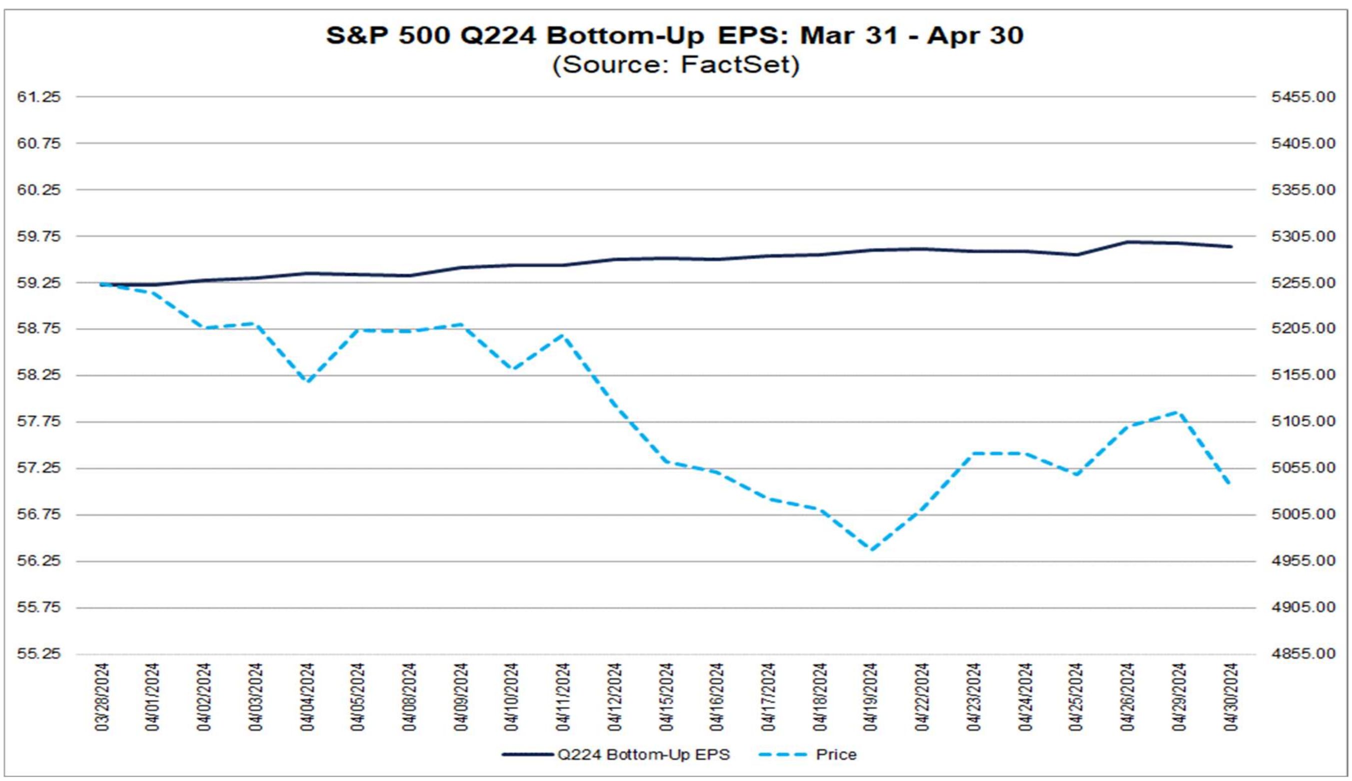
In fact, the second quarter marked the first time that the bottom-up EPS estimate increased during the first month of a quarter since Q4 2021 (+0.3%).

At the sector level, seven of the eleven sectors witnessed an increase in their bottom-up EPS estimate for Q2 2024 from March 31 to April 30, led by the Energy (+8.6%) sector. On the other hand, four sectors recorded a decrease in their bottom-up EPS estimate for Q2 2024 during this period, led by the Industrials (-2.6%) sector.

It is interesting to note that while analysts were increasing EPS estimates for Q2 for S&P 500 companies during the month of April, the value of the index declined during this period, From March 31 to April 30, the S&P 500 price decreased by 4.2% (to 5035.69 from 5254.35).




S&P 500: Sector-Level Change in Q224 EPS (Mar 31 to Apr 30)
(Source: FactSet)
Energy
Communication Services
Consumer Discretionary
Utilities
Financials
S&P 500
Health Care
Real Estate
Information Technology
Materials
Consumer Staples
Industrials
8.6%
2.3%
1.2%
0.8%
0.8%
0.7%
0.5%
0.1%
-0.4%
-0.5%
-1.4%
-2.6%
-5.0%
-2.5%
0.0%
2.5%
5.0%
7.5%
10.0%
Change in Q224 EPS


S&P 500 Q224 Bottom-Up EPS: Mar 31 - Apr 30
(Source: FactSet)
61.25
60.75
60.25
59.75
59.25
58.75
58.25
57.75
57.25
56.75
56.25
55.75
55.25
5455.00
5405.00
5355.00
5305.00
5255.00
5205.00
5155.00
5105.00
5055.00
5005.00
4955.00
4905.00
4855.00
03/28/2024
04/01/2024
04/02/2024
04/03/2024
04/04/2024
04/05/2024
04/08/2024
04/09/2024
04/10/2024
04/11/2024
04/12/2024
04/15/2024
04/16/2024
04/17/2024
04/18/2024
04/19/2024
04/22/2024
04/23/2024
04/24/2024
04/25/2024
04/26/2024
04/29/2024
04/30/2024
Q224 Bottom-Up EPS
Price

Q1 Earnings Season: By The Numbers

Overview

At this stage of the Q1 earnings season, S&P 500 companies continue to perform well compared to expectations. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. 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. On a year-over-year basis, the S&P 500 is reporting its highest earnings growth rate since Q2 2022.

Overall, 80% of the companies in the S&P 500 have reported actual results for Q1 2024 to date. Of these companies, 77% have reported actual EPS above estimates, which is equal to the 5-year average of 77% but above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 7.5% above estimates, which is also below the 5-year average of 8.5% but above the 10-year average of 6.7%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive earnings surprises reported by companies in multiple sectors (led by the Health Care and Consumer Discretionary sectors) were the largest contributors to the increase in the overall growth rate for the index over this period. Since March 31, positive earnings surprises reported by companies in the Communication Services, Financials, Industrials, Consumer Discretionary, and Information Technology sectors, partially offset by downward revisions to EPS estimates for two companies in the Health Care sector, have been the largest contributors to the increase in the earnings growth rate for the index during this period.

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. 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 5.0% today, compared to an earnings growth rate of 3.5% last week and an earnings growth rate of 3.4% at the end of the first quarter (March 31).

If 5.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q2 2022 (5.8%).

Eight of the eleven sectors are reporting year-over-year earnings growth, led by the Communication Services, Utilities, Consumer Discretionary, and Information Technology sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings: Energy, Health Care, and Materials.

In terms of revenues, 61% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 0.8% above the estimates, which is also below the 5-year average of 2.0% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive revenue surprises reported by companies in multiple sectors (led by the Financials sector), partially offset by negative revenue surprises reported by companies in a few sectors (led by the Health Care sector) were the largest contributors to the increase in the overall growth rate for the index over this period. Since March 31, positive revenue surprises reported by companies in the Financials and Health Care sectors have been the largest contributors to the increase in the revenue growth rate for the index during this period.

As a result, 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 4.1% today, compared to a revenue growth rate of 4.0% last week and a revenue growth rate of 3.5% at the end of the first quarter (March 31).

If 4.1% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

Eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are reporting a year-over-year decline in revenues, led by the Materials and Utilities sectors.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 9.6%, 8.4%, and 17.1% for Q2 2024, Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.0%.

The forward 12-month P/E ratio is 19.9, which is above the 5-year average (19.1) and above the 10-year average (17.8). However, it is below the forward P/E ratio of 21.0 recorded at the end of the first quarter (March 31).

During the upcoming week, 56 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Scorecard: Number & Magnitude of Positive EPS Surprises Are Above 10-Year Averages

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

Overall, 80% 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, 7% have reported actual EPS equal to the mean EPS estimate, and 16% 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 (78%), equal to the 5-year average (77%), and above the 10-year average (74%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Health Care (90%) and Information Technology (87%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (57%) 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 above the 1-year average (+6.4%), below the 5-year average (+8.5%), and above the 10-year average (+6.7%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Communication Services (+13.8%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Paramount Global ($0.62 vs. $0.26), Alphabet ($1.89 vs. $1.51), Netflix ($5.28 vs. $4.52), and Meta Platforms ($4.71 vs. $3.22) have reported the largest positive EPS surprises.

The Consumer Discretionary (+13.0%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hasbro ($0.61 vs. $0.27), Booking Holdings ($20.39 vs. $13.98), Norwegian Cruise Line Holdings ($0.16 vs. $0.11), and Garmin ($1.42 vs. $1.01) have reported the largest positive EPS surprises.

The Health Care (+9.6%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Illumina ($0.09 vs. $0.04), Pfizer ($0.82 vs. $0.52), West Pharmaceutical Services ($1.56 vs. $1.27), and DaVita ($2.38 vs. $1.95) have reported the largest positive EPS surprises.

The Industrials (+9.4%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, United Airlines Holdings (-$0.15 vs. -$0.54), C.H. Robinson Worldwide ($0.86 vs. $0.63), Leidos Holdings ($2.29 vs. $1.70), and Boeing (-$1.13 vs. -$1.63) have reported the largest positive EPS surprises.

Market Rewarding Positive EPS Surprises Less Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies less than average while punishing negative earnings surprises reported by S&P 500 companies more than average.

Companies that have reported positive earnings surprises for Q1 2024 have seen an average price increase of +0.6% two days before the earnings release through two days after the earnings release. This percentage increase is smaller than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2024 have seen an average price decrease of -3.3% 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 (61%) is Below 5-Year Average

In terms of revenues, 61% of companies have reported actual revenues above estimated revenues and 39% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (67%), below the 5-year average (69%), and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Real Estate (75%) and Health Care (74%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (30%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.8%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.8% above expectations. This surprise percentage is below the 1-year average (+1.4%), below the 5-year average (+2.0%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+2.8%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Utilities (-4.6%) sector is reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Led By Health Care Sector

Increase in Blended Earnings This Week Led By Health Care Sector

The blended (year-over-year) earnings growth rate for the first quarter is 5.0%, which is above the earnings growth rate of 3.5% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Health Care and Consumer Discretionary sectors) were the largest contributors to the increase in the overall growth rate for the index over this period.

In the Health Care sector, the positive EPS surprise reported by Pfizer ($0.82 vs. $0.52) was a substantial contributor to the increase in earnings for the index during the past week. As a result, the blended earnings decline for the Health Care sector improved to -25.7% from -28.3% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($0.98 vs. $0.84) was a significant contributor to the increase in earnings for the index during the past week. As a result, the blended earnings growth rate for the Consumer Discretionary sector improved to 24.0% from 18.7% over this period.

Increase in Blended Revenues This Week Led By Financials Sector

The blended (year-over-year) revenue growth rate for the first quarter is 4.1%, which is slightly above the revenue growth of 4.0% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Financials sector), partially offset by negative revenue surprises reported by companies in a few sectors (led by the Health Care sector) were the largest contributors to the increase in the overall growth rate for the index over this period.

Communication Services Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2024 of 5.0% is above the estimate of 3.5% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Communication Services (to 34.8% from 19.2%), Consumer Discretionary (to 24.0% from 16.2%), and Industrials (to 6.4% from -0.6%) sectors. The Communication Services, Financials, Industrials, Consumer Discretionary, and Information Technology sectors have been the largest contributors to the increase in earnings for the index since March 31. On the other hand, the Health Care (to -25.7% from -7.1%) sector is the only sector that has recorded a decrease in its earnings growth rate or an increase in its earnings decline since the end of the quarter due to downward revisions to EPS estimates or negative earnings surprises. The Health Care sector has also been the largest detractor to the increase in earnings for the index since March 31.

In the Communication Services sector, the positive EPS surprises reported by Alphabet ($1.89 vs. $1.51), Meta Platforms ($4.71 vs. $4.32), and Netflix ($5.28 vs. $4.52) have been substantial contributors to the increase earnings for the index since March 31. As a result, the blended earnings growth rate for the Communication Services sector has improved to 34.8% from 19.2% over this period.

In the Financials sector, the positive EPS surprises reported by Goldman Sachs ($11.58 vs. $8.73), JPMorgan Chase ($4.44 vs. $4.17), Morgan Stanley ($2.02 vs. $1.67), Citigroup ($1.58 vs. $1.18), Allstate ($5.13 vs. $3.93), Progressive ($3.73 vs. $3.22), and Wells Fargo ($1.20 vs. $1.07) have been significant contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has improved to 6.1% from 1.7% over this period.

In the Industrials sector, the positive EPS surprises reported by 3M ($2.39 vs. $2.10) and GE Aerospace ($0.82 vs. $0.65) have been substantial contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Industrials sector has improved to 6.4% from -0.6% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($0.98 vs. $0.84) and General Motors ($2.62 vs. $2.13) have been a significant contributors to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Consumer Discretionary sector improved to 23.2% from 16.2% over this period.

In the Information Technology sector, the positive EPS surprise reported by Microsoft ($2.94 vs. $2.82) has been a substantial contributor to the increase in earnings for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector improved to 23.2% from 20.5% over this period.

In the Health Care sector, downward revisions to EPS estimates for Bristol-Myers Squibb and Gilead Sciences have been the largest detractors to the increase in the earnings growth rate for the index since March 31. During the week of April 8, the majority of analysts covering Bristol-Myers Squibb lowered their non-GAAP EPS estimates to reflect IPR&D charges related to the acquisition of Karuna Therapeutics. As a result, the mean EPS estimate for Bristol-Myers Squibb for Q1 dropped to -$4.41 from $1.60 (on April 5). The company reported actual EPS of -$4.40. During the week of April 15, the majority of analysts covering Gilead Sciences lowered their non-GAAP EPS estimates to reflect the acquisition of CymaBay. As a result, the mean EPS estimate for Gilead Sciences for Q1 dropped to -$1.49 from $1.58 (on April 12). The company reported actual EPS of -$1.32. Mainly due to the decrease in the mean EPS estimates for Bristol-Myers Squibb and Gilead Sciences, the blended earnings decline for the Health Care sector has increased to -25.7% from -7.1% over this period.

Financials Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2024 of 4.1% is above the estimate of 3.5% at the end of the first quarter (March 31). Seven sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 5.7% from 3.2%) sector. The Financials and Health Care sectors have also been the largest contributors to the increase in revenues for the index since the end of the quarter. On the other hand, four sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Utilities (to -4.5% from -3.3%) sectors.

In the Financials sector, the positive revenue surprises reported by Prudential ($18.05 billion vs. $14.50 billion), Progressive ($18.96 billion vs. $17.00 billion), Aflac ($5.44 billion vs. $4.14 billion), Goldman Sachs ($14.21 billion vs. $12.94 billion), and Synchrony Financial ($4.80 billion vs. $3.89 billion) have been substantial contributors to the increase in revenues for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 5.7% from 3.2% over this period.

In the Health Care sector, the positive revenue surprises reported by Centene Corporation ($40.41 billion vs. $36.43 billion) and Humana ($29.61 billion vs. $28.52 billion) have been significant contributors to the increase in revenues for the index since March 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 6.3% from 5.6% over this period.

Earnings Growth: 5.0%

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 2024 is 5.0%, which is below the 5-year average earnings growth rate of 9.1% and below the 10-year average earnings growth rate of 8.3%. If 5.0% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q2 2022 (5.8%).

Eight of the eleven sectors are reporting year-over-year earnings growth, led by the Communication Services, Utilities, Consumer Discretionary, and Information Technology sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings: Energy, Health Care, and Materials sectors.

Communication Services: Alphabet and Meta Platforms Lead Year-Over-Year Growth

The Communication Services sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 34.8%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth. Three of these four industries are reporting double-digit growth: Interactive Media & Services (70%), Wireless Telecommunication Services (22%), and Media (11%). On the other hand, the Diversified Telecommunication Services (-6%) industry is the only industry reporting a year-over-year decline in earnings.

At the company level, Alphabet ($1.89 vs. $1.17) and Meta Platforms ($4.71 vs. $2.20) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended (year-over-year) earnings growth rate for the Communication Services sector would fall to 3.0% from 34.8%.

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

The Utilities sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 26.7%. At the industry level, 4 of 5 industries in this sector are reporting year-over-year earnings growth. Two of these four industries are reporting double-digit growth: Independent Power and Renewable Electricity Producers (142%) and Electric Utilities (47%). The Multi-Utilities industry (-1%) is the only industry reporting a year-over-year decline in earnings.

At the industry level, the Electric Utilities industry is the largest contributor to earnings growth for the sector. If this industry were excluded, the blended (year-over-year) earnings growth rate for the Utilities sector would fall to 3.8% from 26.7%.

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

The Consumer Discretionary sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 24.0%. At the industry level, 6 of the 9 industries in the sector are reporting year-over-year earnings growth. All six industries are reporting double-digit growth: Leisure Products (6,025%), Broadline Retail (183%), Hotels, Restaurants, & Leisure (46%), Household Durables (23%), Automobile Components (18%), and Textiles, Apparel, & Luxury Goods (10%). On the other hand, three industries are reporting a year-over-year decline in earnings. Two of these three industries are reporting a double-digit decrease: Automobiles (-23%) and Distributors (-11%).

At the company level, Amazon.com ($0.98 vs. $0.31) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Consumer Discretionary sector would fall to 1.8% from 24.0%.

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

The Information Technology sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 23.2%. At the industry level, 4 of the 6 industries in the sector are reporting year-over-year earnings growth. Three of these four industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (79%), Software (19%), and IT Services (11%). On the other hand, two industries are reporting a year-over-year decline in earnings: Communications Equipment (-11%) and Electronic Equipment, Instruments, & Components (-6%).

At the company level, NVIDIA ($5.60 vs. $1.09) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Information Technology sector would fall to 10.4% from 23.2%.

Energy: 2 of 5 Sub-Industries Reporting Year-Over-Year Decline of 25% or More

The Energy sector (along with the Health Care sector) is reporting the largest (year-over-year) earnings decline of all eleven sectors at -25.7%. At the sub-industry level, four of the five sub-industries in the sector are reporting a year-over-year decrease in earnings: Oil & Gas Refining & Marketing (-61%), Integrated Oil & Gas (-27%), Oil & Gas Exploration & Production (-9%), and Oil & Gas Storage & Transportation (-6%). On the other hand, the Oil & Gas Equipment & Services (19%) sub-industry is the only sub-industry in the sector reporting year-over-year earnings growth.

Health Care: Bristol-Myers Squibb Is Largest Contributor to Year-Over-Year Decline

The Health Care sector (along with the Energy sector) is reporting the largest (year-over-year) earnings decline of all eleven sectors at -25.7%. At the industry level, 4 of the 5 industries in the sector are reporting a year-over-year decline in earnings. Two of these four industries are reporting a double-digit decrease: Pharmaceuticals (-54%) and Biotechnology (-42%). On the other hand, the Health Care Equipment & Supplies (5%) industry is the only industry reporting year-over-year growth in earnings.

At the company level, Bristol-Myers Squibb (-$4.40 vs. $2.05) is the largest contributor to the earnings decline for the sector. If this company were excluded, the blended (year-over-year) earnings decline for the Health Care sector would improve to -7.2% from -25.7%.

Materials: All 4 Industries Reporting Year-Over-Year Decline of 10% or More

The Materials sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -21.2%. At the industry level, all four industries in this sector are reporting a year-over-year decline in earnings of 10% or more: Chemicals (-25%), Containers & Packaging (-19%), Construction Materials (-14%), and Metals & Mining (-13%).

Revenue Growth: 4.1%

The blended (year-over-year) revenue growth rate for Q1 2024 is 4.1%, which is below the 5-year average revenue growth rate of 6.7% and below the 10-year average revenue growth rate of 5.1%. If 4.1% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are reporting a year-over-year decline in revenues, led by the Utilities and Materials sectors.

Communication Services: 2 of 5 Industries Reporting Year-Over-Year Growth

The Communication Services sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 8.3%. At the industry level, two of the five industries in this sector are reporting year-over-year growth in revenues. However, the Interactive Media & Services (17%) industry is the only industry that is reporting double-digit growth. On the other hand, the other three industries in the sector are reporting year-over-year declines in revenue of less than 1%.

Information Technology: 3 of 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 7.5%. At the industry level, 3 of the 6 industries in the sector are reporting year-over-year revenue growth. Two of these three industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (27%) and Software (14%). On the other hand, 3 industries are reporting a year-over-year decline in revenues, led by the Communications Equipment (-10%) and Electronic Equipment, Instruments, & Components (-7%) industries.

Materials: 3 of 4 Industries Reporting Year-Over-Year Decline

The Materials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -5.2%. At the industry level, three of the four industries in this sector are reporting a year-over-year decline in revenues: Containers & Packaging (-8%), Chemicals (-8%), and Construction Materials (-7%). On the other hand, the Metals & Mining (7%) industry is the only industry reporting year-over-year growth in revenues.

Utilities: 4 of 5 Industries Reporting Year-Over-Year Decline

The Utilities sector is reporting the second-largest (year-over-year) revenue decline of all eleven sectors at -4.5%. At the industry level, 4 of 5 industries in this sector are reporting a year-over-year decline in revenues. However, the Multi-Utilities (-13%) industry is the only industry that is reporting a double-digit decline. On the other hand, the Water Utilities (8%) industry is the only industry reporting year-over-year growth in revenues.

Net Profit Margin: 11.7%

The blended net profit margin for the S&P 500 for Q1 2024 is 11.7%, which is above the previous quarter's net profit margin of 11.2%, above the 5-year average of 11.5%, and above the year-ago net profit margin of 11.6%.

At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q1 2024 compared to Q1 2023, led by the Utilities (13.7% vs. 10.3%), Information Technology (25.6% vs. 22.4%), and Communication Services (13.6% vs. 10.9%) sectors. On the other hand, three sectors are reporting a year-over-year decrease in their net profit margins in Q1 2024 compared to Q1 2023: Energy (9.6% vs. 12.5%), Health Care (6.5% vs. 9.3%), and Materials (9.3% vs. 11.2%) sectors. One sector (Consumer Staples) is reporting no change in net profit margin (6.1%) for Q1 2024 compared to Q1 2023.

Eight sectors are reporting net profit margins in Q1 2024 that are above their 5-year averages, led by the Information Technology (25.6% vs. 23.4%) and Communication Services (13.6% vs. 11.5%) sectors. On the other hand, three sectors are reporting net profit margins in Q1 2024 that are below their 5-year averages, led by the Health Care (6.5% vs. 10.0%) and Materials (9.3% vs. 10.9%) sectors.

Forward Estimates and Valuation

Quarterly Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q2 Below 5-Year Average

At this point in time, 75 companies in the index have issued EPS guidance for Q2 2024. Of these 75 companies, 41 have issued negative EPS guidance and 34 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2024 is 55% (41 out of 75), which is below the 5-year average of 59% and below the 10-year average of 63%.

At this point in time, 270 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 270 companies, 129 have issued negative EPS guidance and 141 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 48% (129 out of 270).

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 Report Earnings Growth of 11% for CY 2024

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 5.0% and year-over-year growth in revenues of 4.1%.

For Q2 2024, analysts are projecting earnings growth of 9.6% and revenue growth of 4.5%.

For Q3 2024, analysts are projecting earnings growth of 8.4% and revenue growth of 4.8%.

For Q4 2024, analysts are projecting earnings growth of 17.1% and revenue growth of 5.4%.

For CY 2024, analysts are projecting earnings growth of 11.0% and revenue growth of 4.9%.

For CY 2025, analysts are projecting earnings growth of 9.5% and revenue growth of 5.8%.

Valuation: Forward P/E Ratio is 19.9, Above the 10-Year Average (17.8)

The forward 12-month P/E ratio for the S&P 500 is 19.9. This P/E ratio is above the 5-year average of 19.1 and above the 10-year average of 17.8. However, it is below the forward 12-month P/E ratio of 21.0 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 3.6%, while the forward 12-month EPS estimate has increased by 1.5%. At the sector level, the Information Technology (26.5) and Consumer Discretionary (24.2) sectors have the highest forward 12-month P/E ratios, while the Energy (12.3) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 24.9, which is above the 5-year average of 23.2 and above the 10-year average of 21.3.

Targets & Ratings: Analysts Project 14% Increase in Price Over Next 12 Months

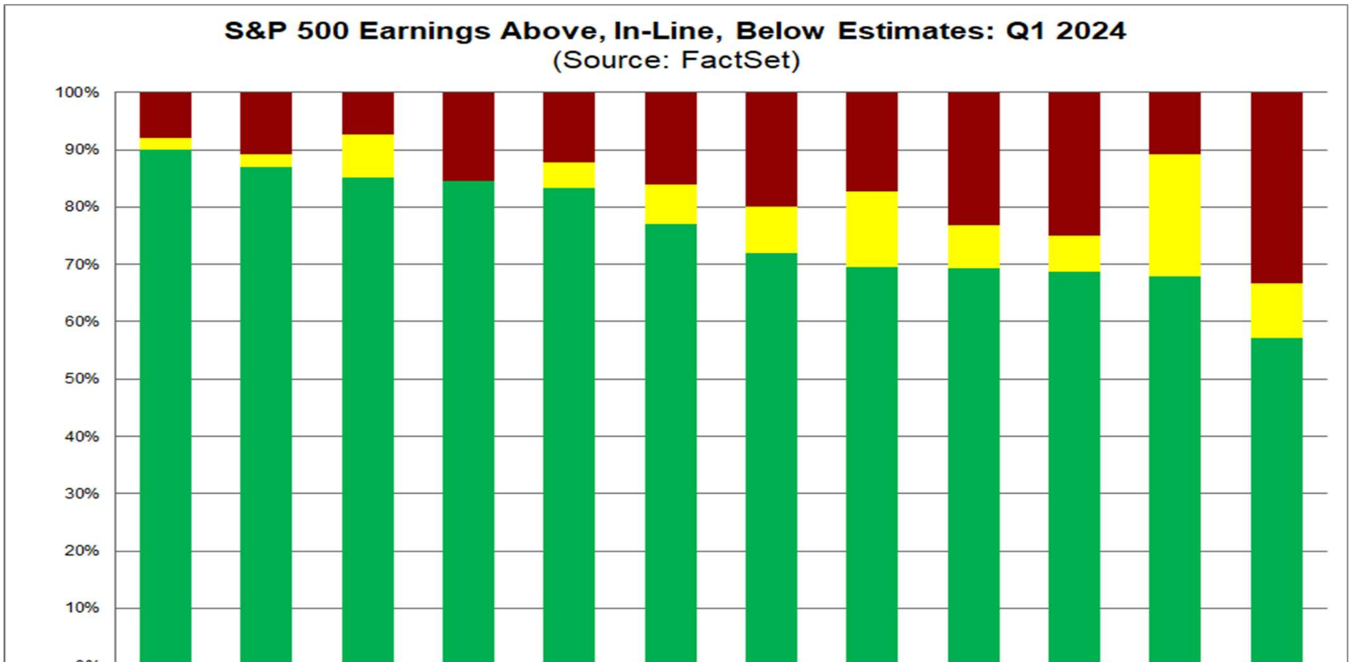
The bottom-up target price for the S&P 500 is 5754.25, which is 13.6% above the closing price of 5064.20. At the sector level, the Information Technology (+16.3%) and Communication Services (+16.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+4.8%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,714 ratings on stocks in the S&P 500. Of these 11,714 ratings, 54.0% are Buy ratings, 40.5% are Hold ratings, and 5.5% are Sell ratings. At the sector level, the Communication Services (64%) and Energy (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Materials (46%) sectors have the lowest percentages of Buy ratings.

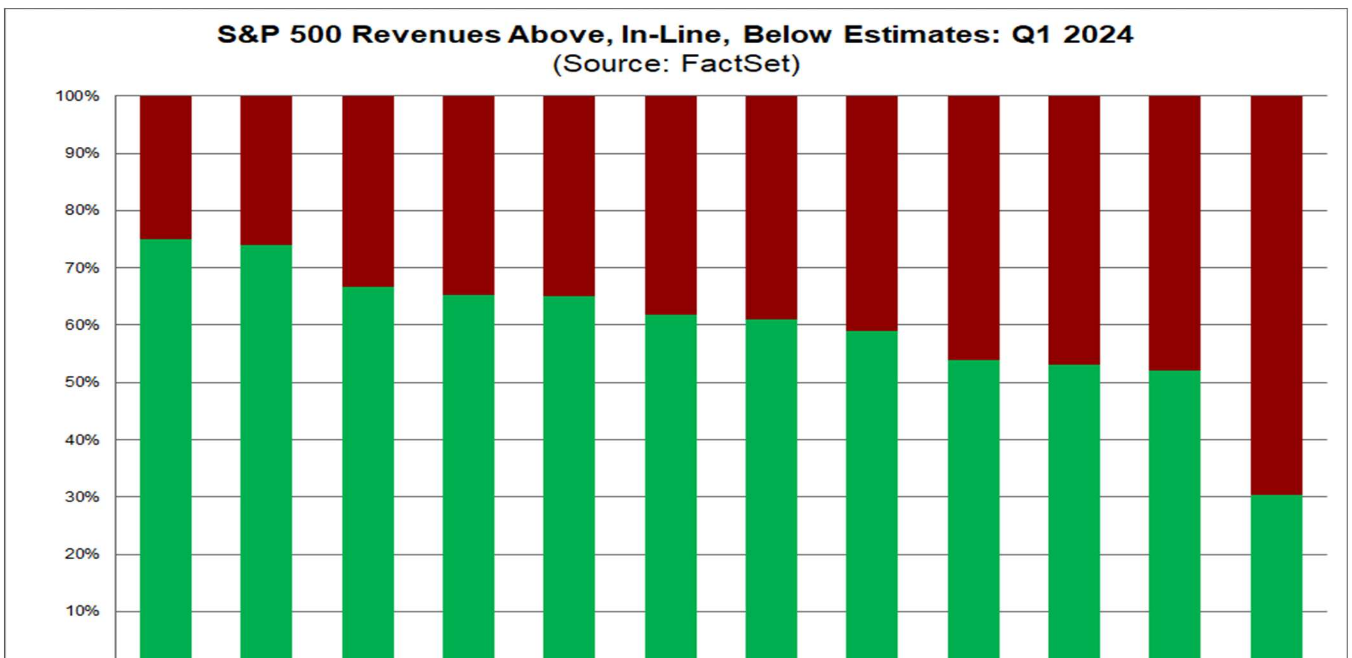
Companies Reporting Next Week: 56

During the upcoming week, 56 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Q1 2024: Scorecard

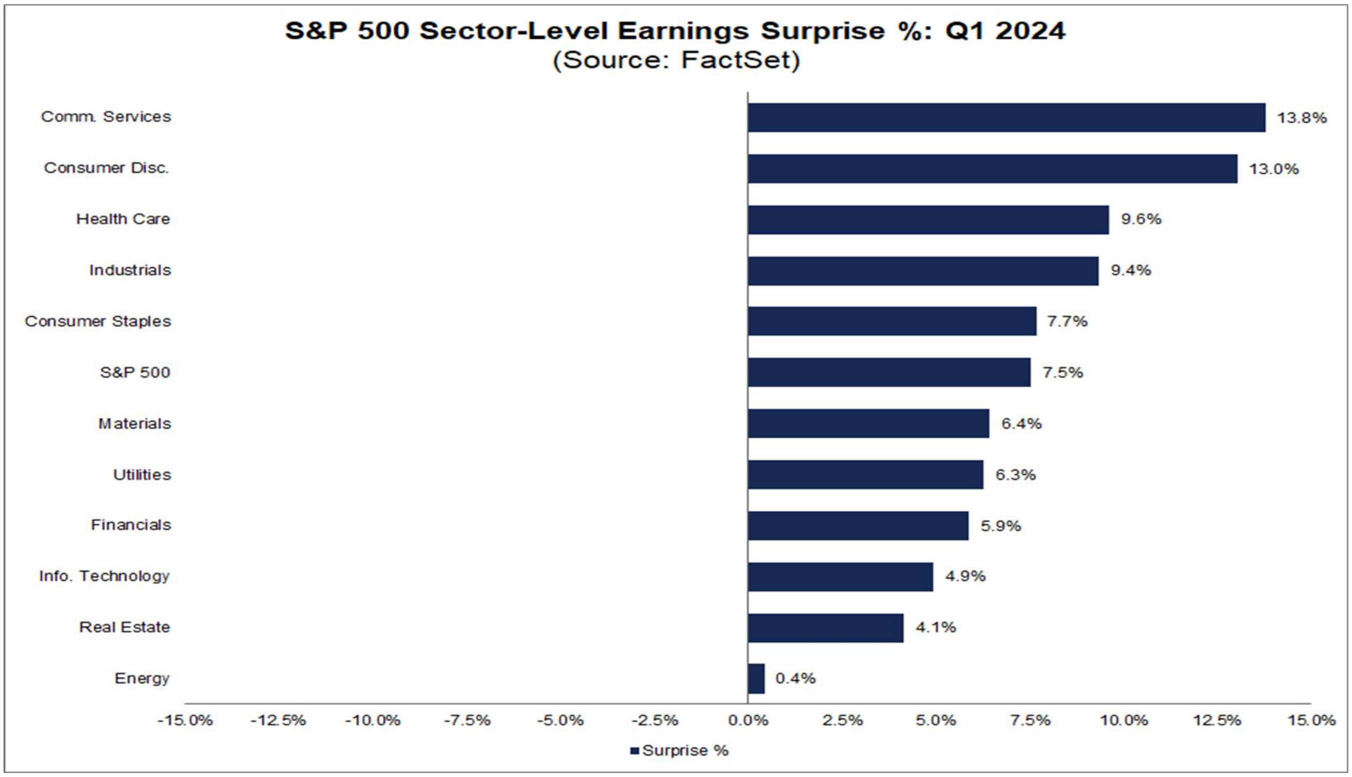


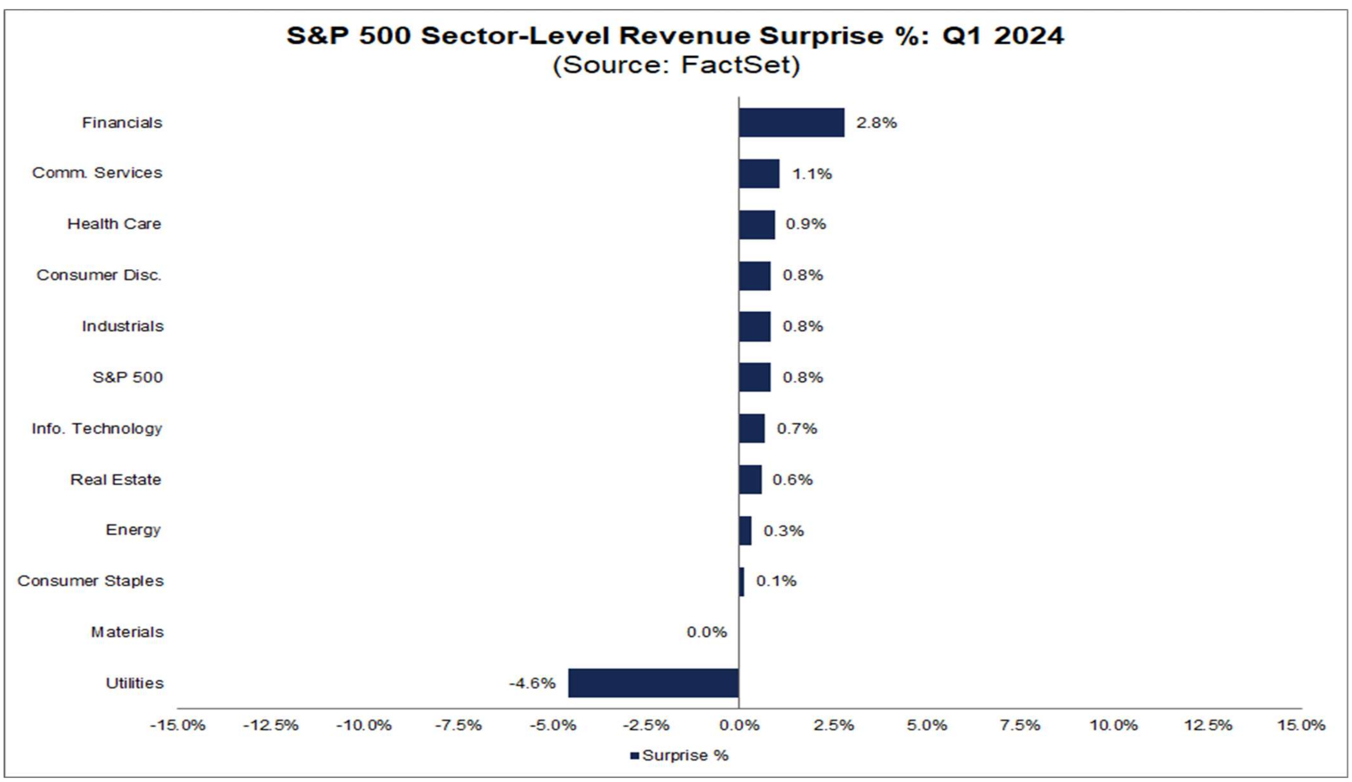
	Health Care	Info. Technology	Consumer Staples	Comm. Services	Industrials	S&P 500	Materials	Utilities	Consumer Disc.	Financials	Real Estate	Energy
Below	8%	11%	7%	15%	12%	16%	20%	17%	23%	25%	11%	33%
In-Line	2%	2%	7%	0%	5%	7%	8%	13%	8%	6%	21%	10%
Above	90%	87%	85%	85%	83%	77%	72%	70%	69%	69%	68%	57%



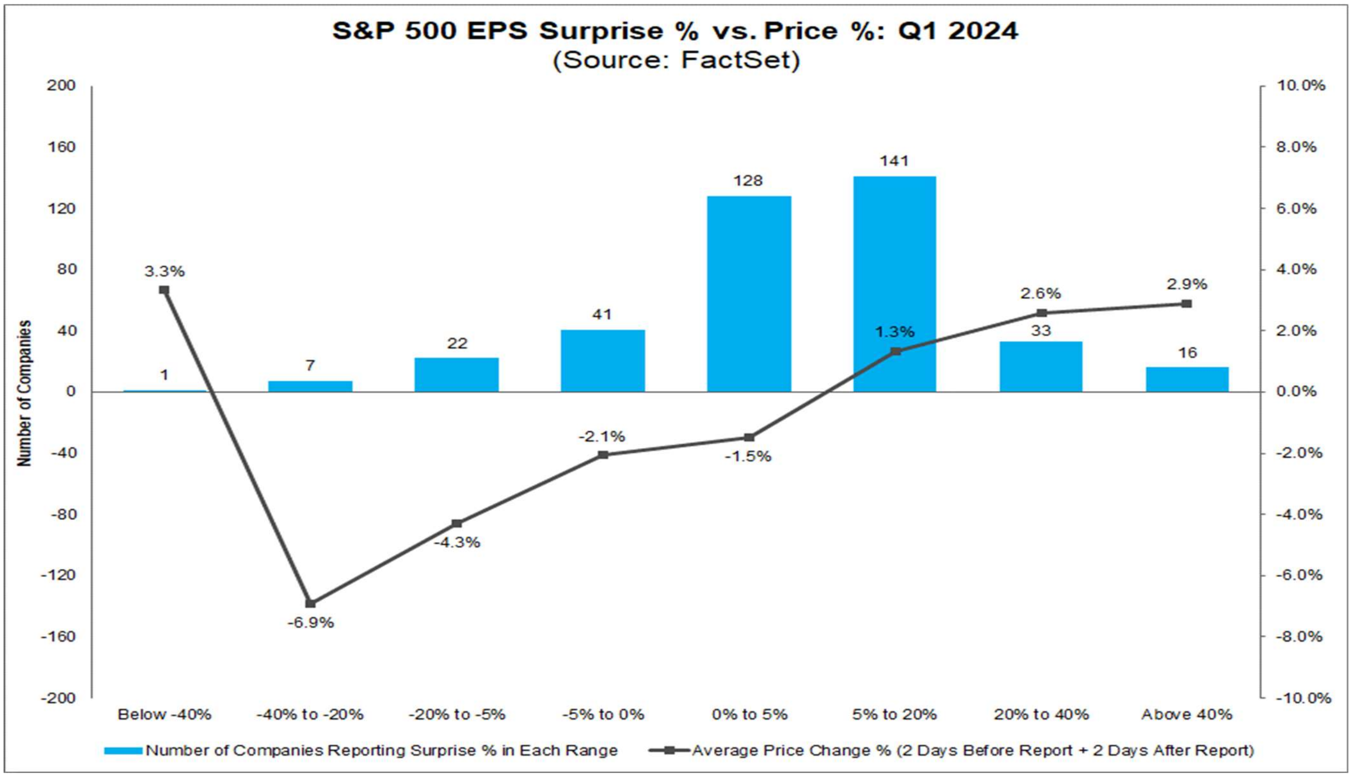
	Real Estate	Health Care	Consumer Staples	Info. Technology	Financials	Energy	S&P 500	Consumer Disc.	Comm. Services	Industrials	Materials	Utilities
Below	25%	26%	33%	35%	35%	38%	39%	41%	46%	47%	48%	70%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	75%	74%	67%	65%	65%	62%	61%	59%	54%	53%	52%	30%

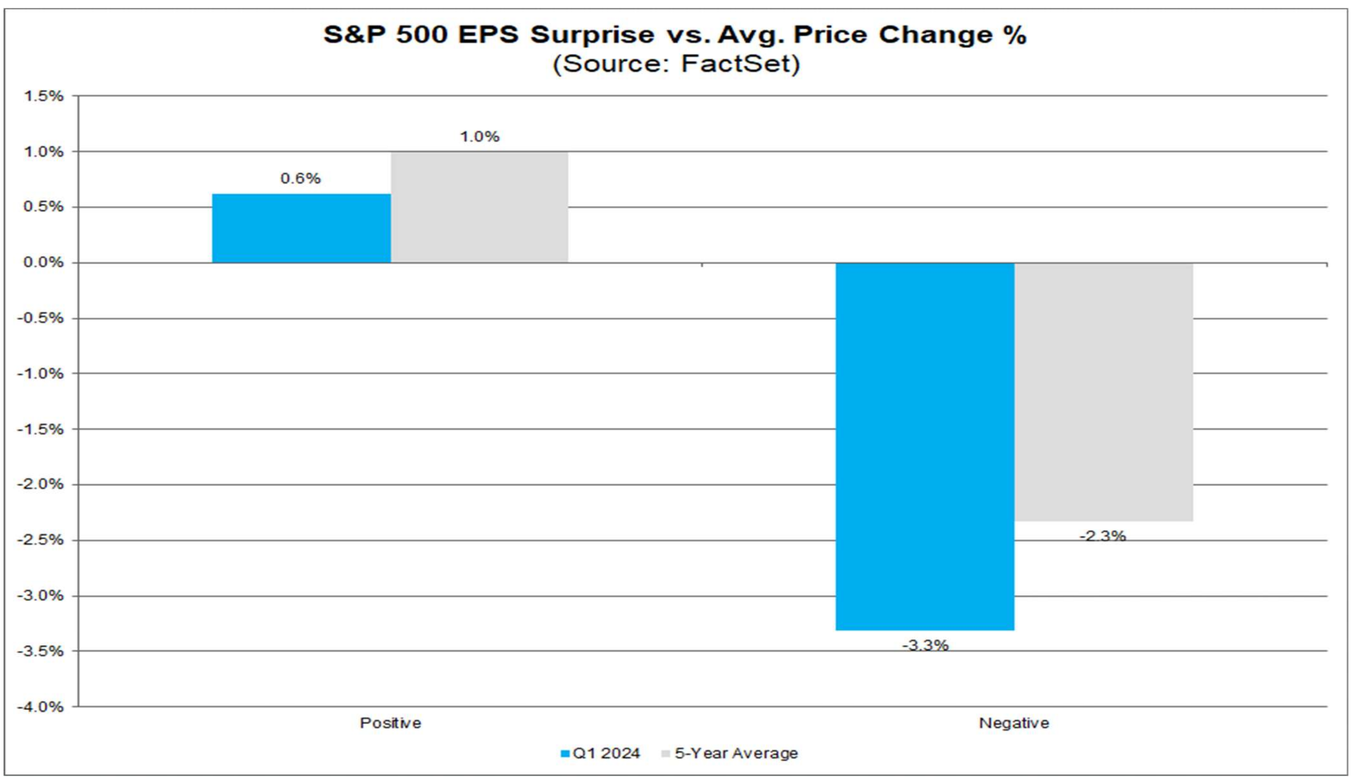
Q1 2024: Surprise



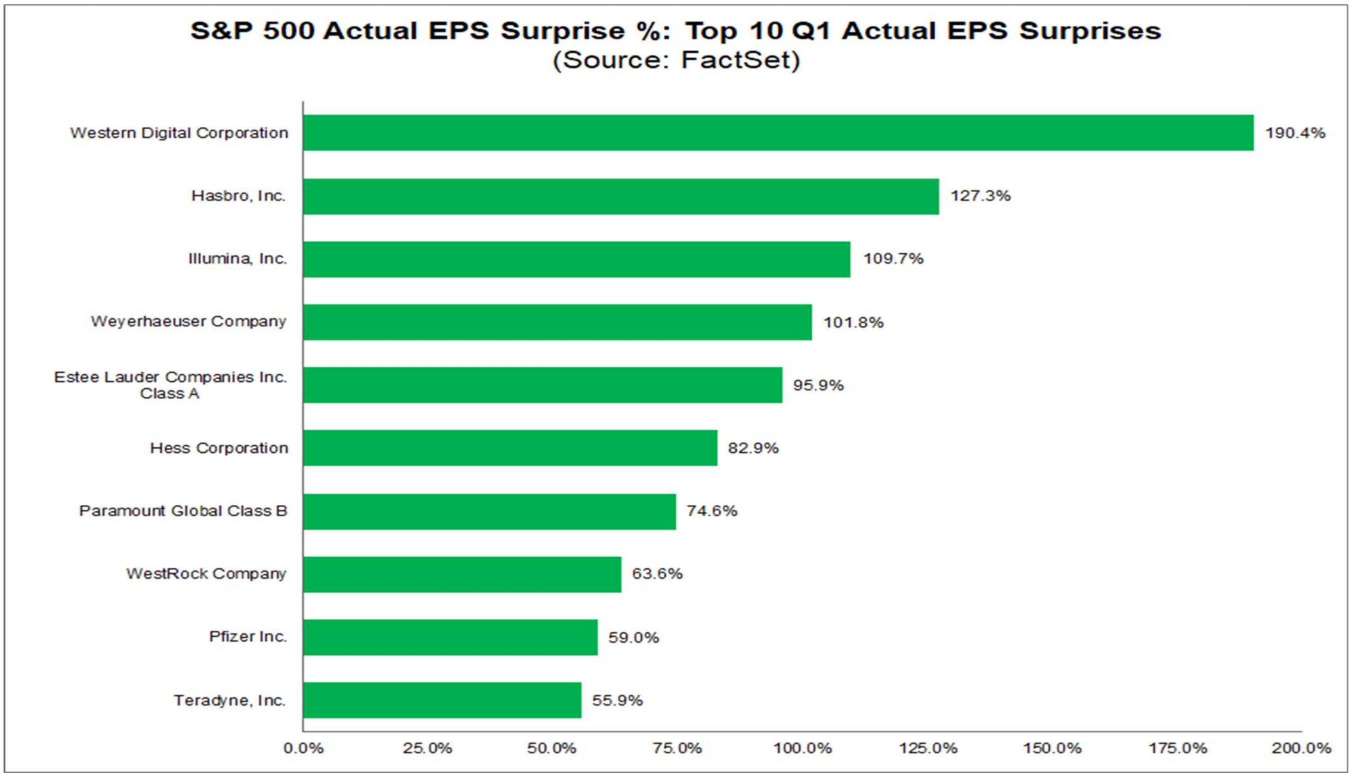


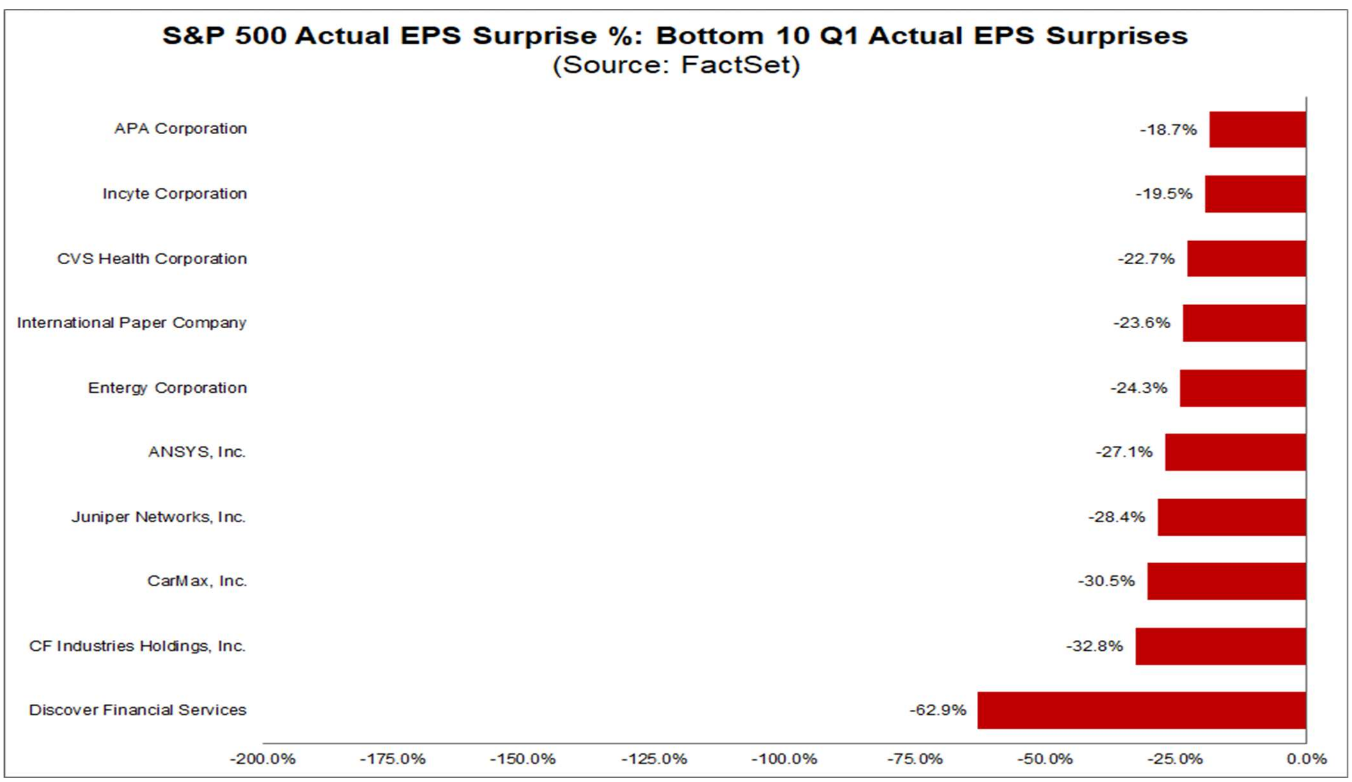
Q1 2024: Surprise



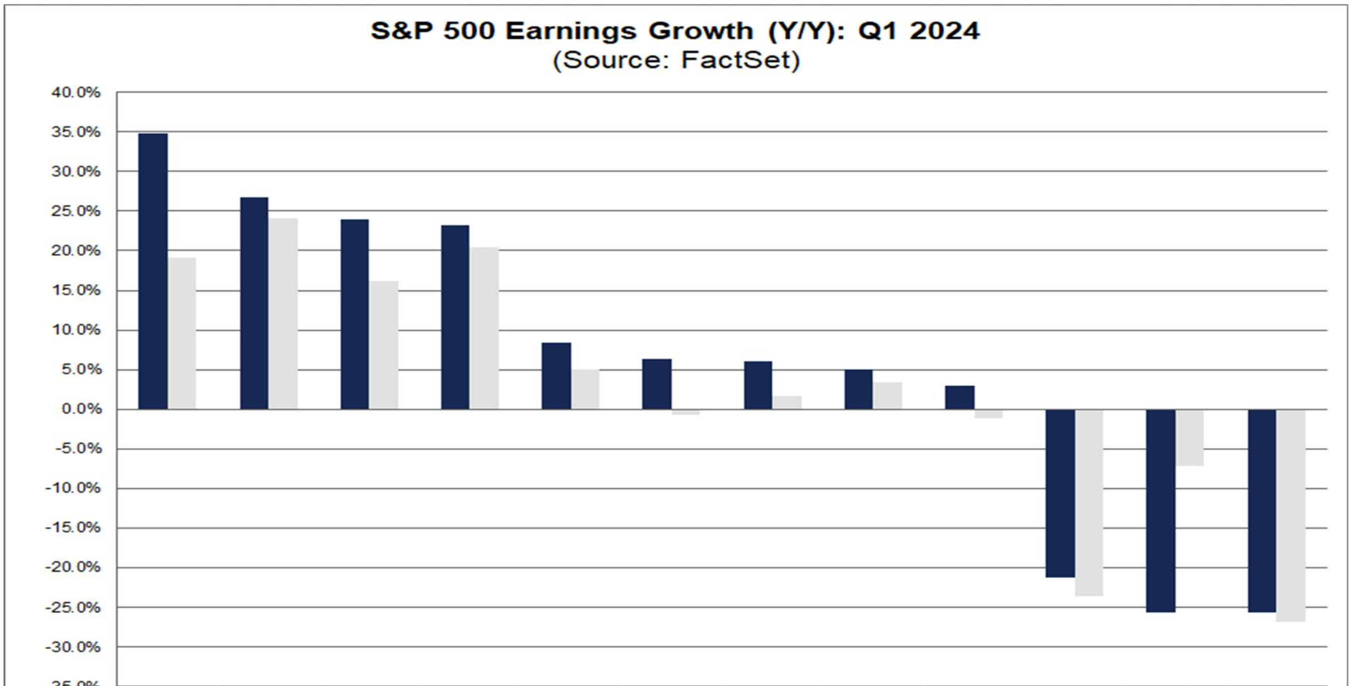


Q1 2024: Surprise

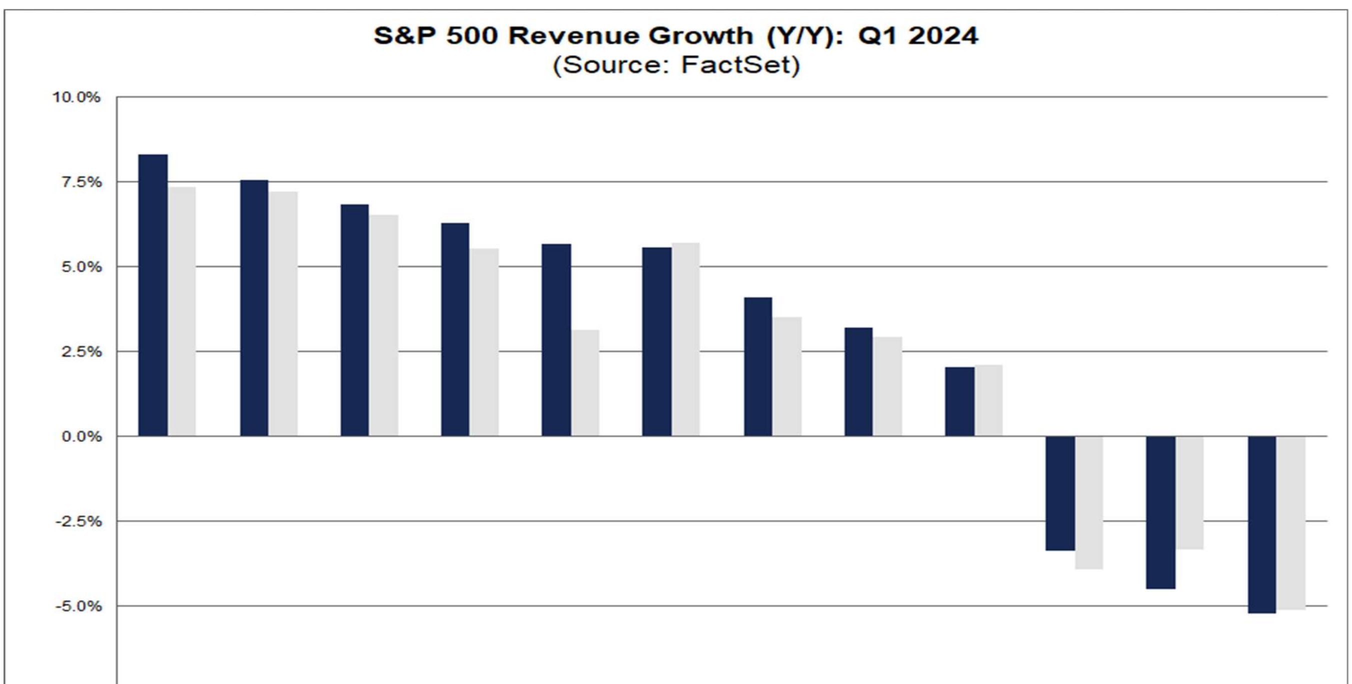




Q1 2024: Growth

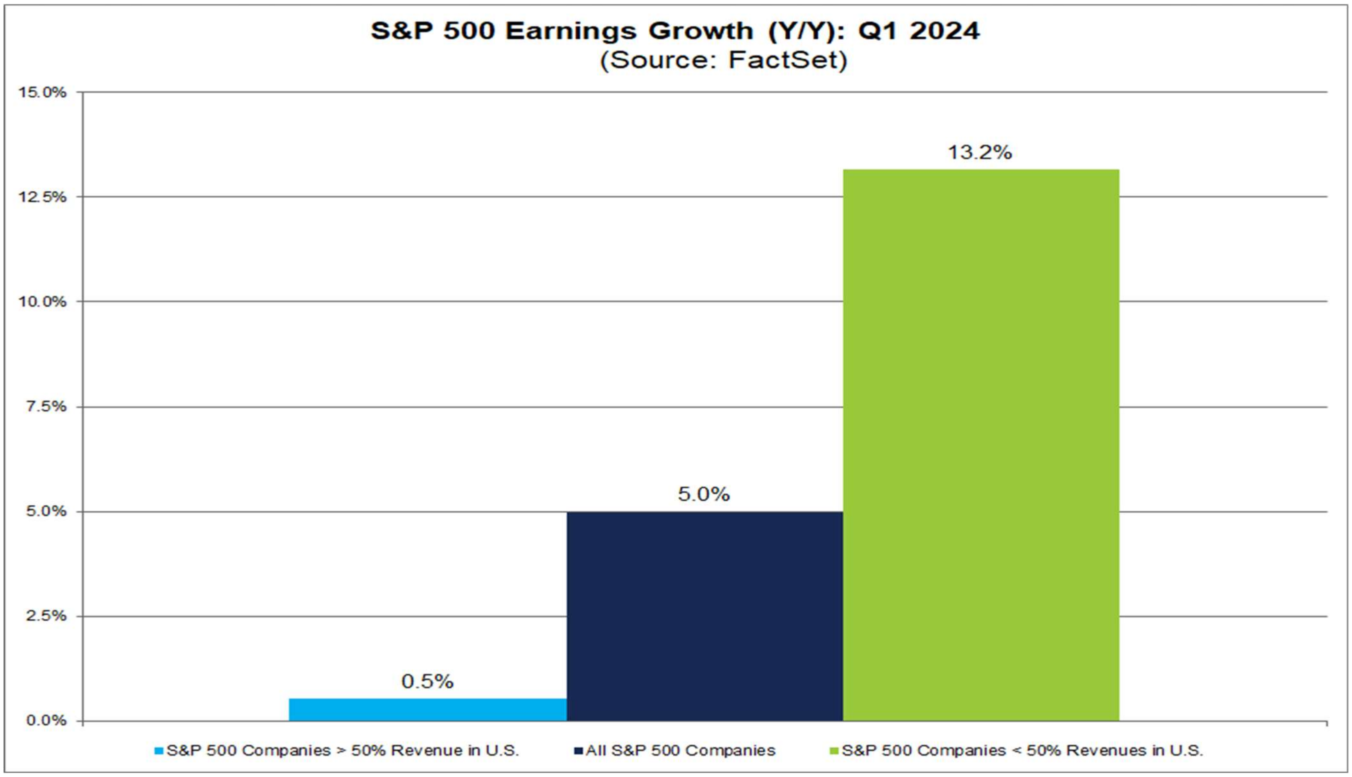


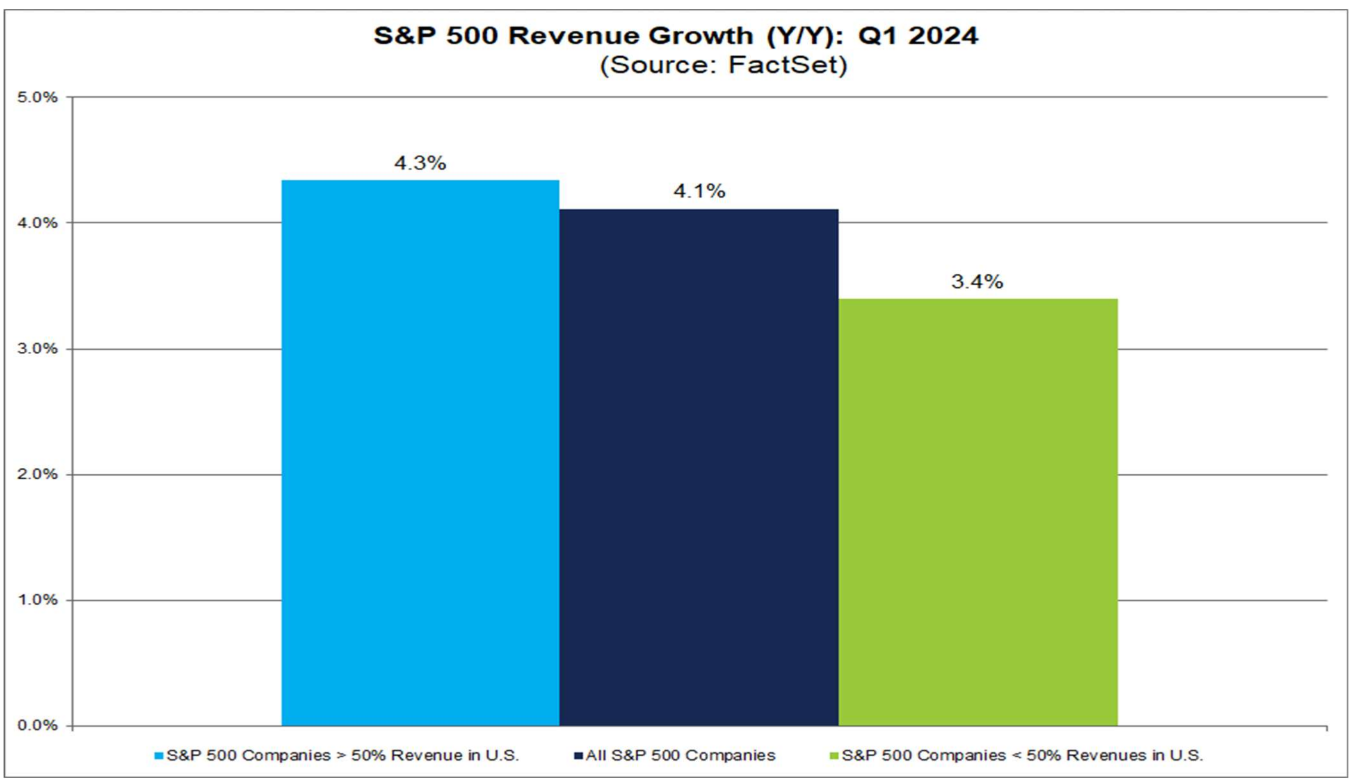
	Comm. Services	Utilities	Consumer Disc.	Info. Technology	Real Estate	Industrials	Financials	S&P 500	Consumer Staples	Materials	Health Care	Energy
Today	34.8%	26.7%	24.0%	23.2%	8.4%	6.4%	6.1%	5.0%	2.9%	-21.2%	-25.7%	-25.7%
31-Mar	19.2%	24.2%	16.2%	20.5%	5.1%	-0.6%	1.7%	3.4%	-1.1%	-23.6%	-7.1%	-26.8%



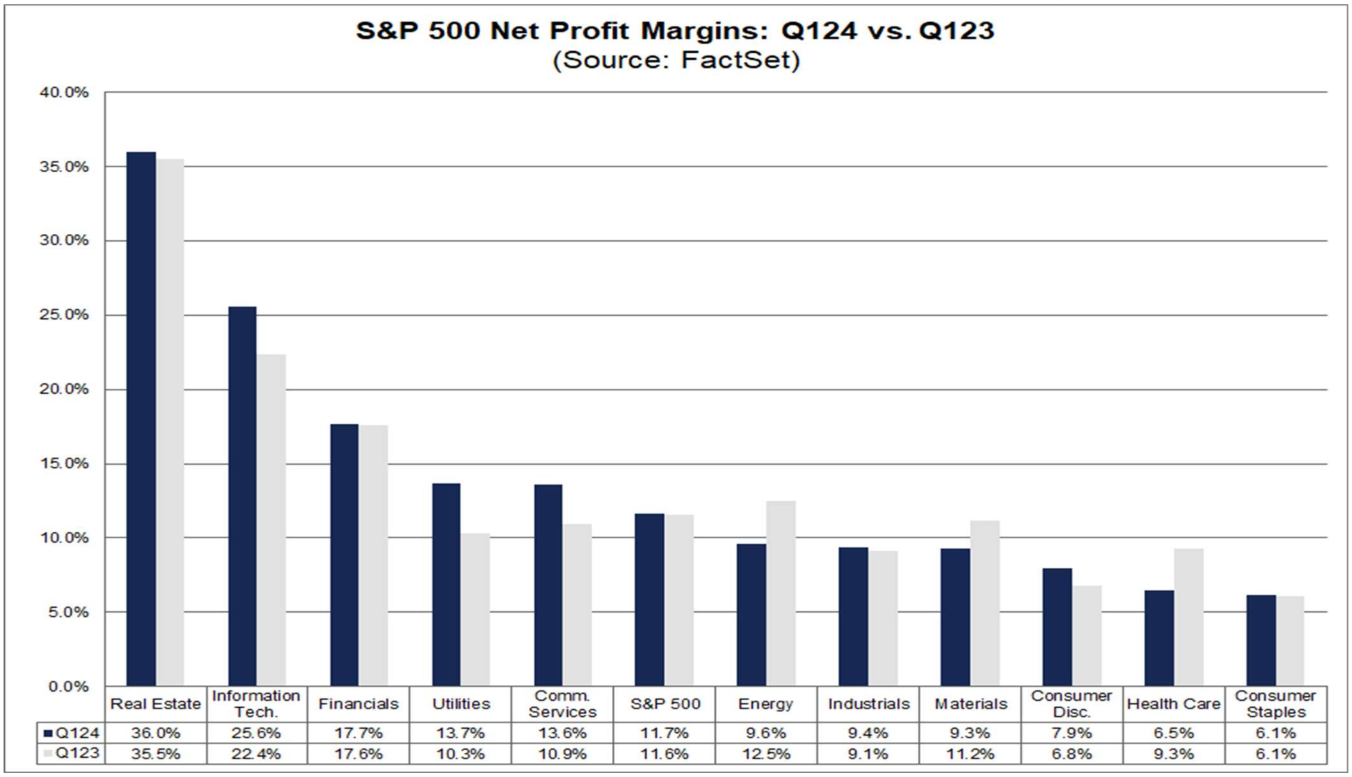
	Comm. Services	Info. Technology	Real Estate	Health Care	Financials	Consumer Disc.	S&P 500	Industrials	Consumer Staples	Energy	Utilities	Materials
Today	8.3%	7.5%	6.8%	6.3%	5.7%	5.6%	4.1%	3.2%	2.0%	-3.4%	-4.5%	-5.2%
31-Mar	7.3%	7.2%	6.5%	5.6%	3.2%	5.7%	3.5%	2.9%	2.1%	-3.9%	-3.3%	-5.1%

Q1 2024: Growth

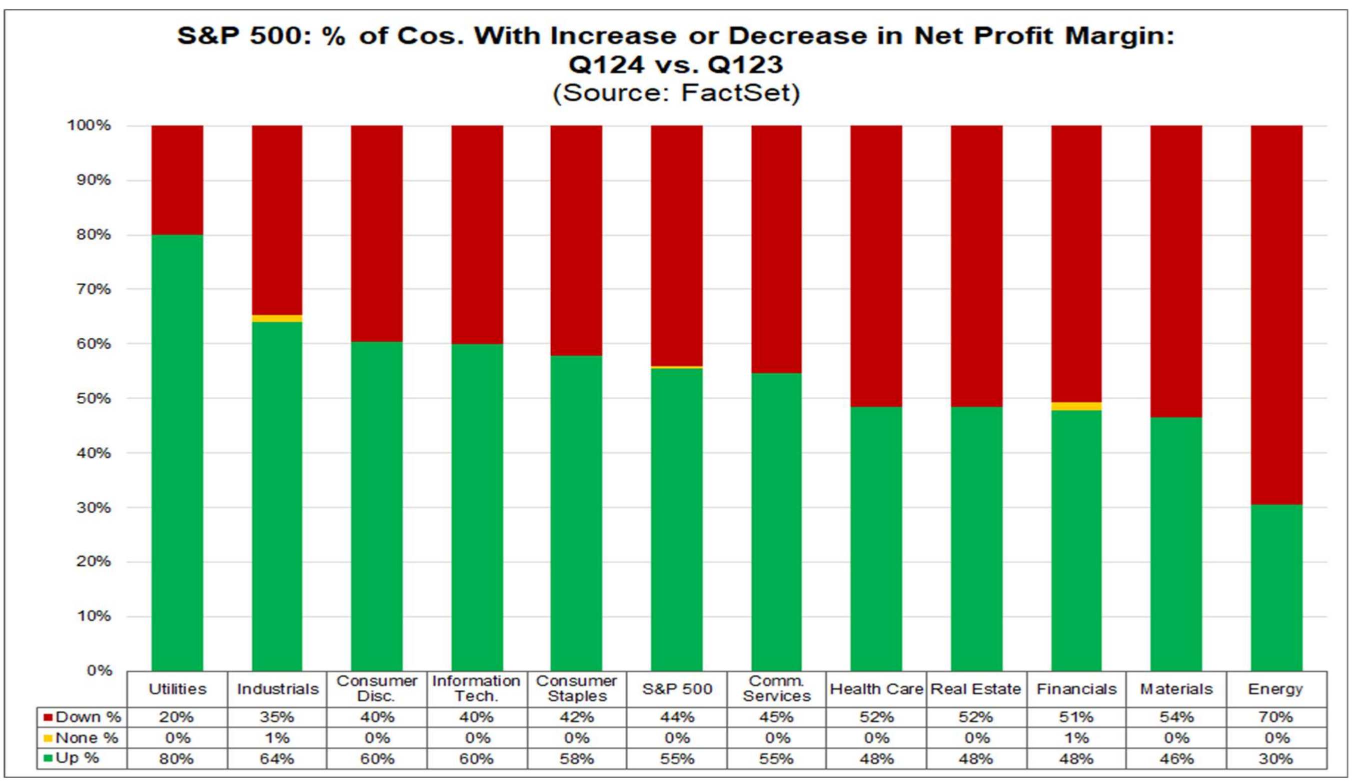




Q1 2024: Net Profit Margin

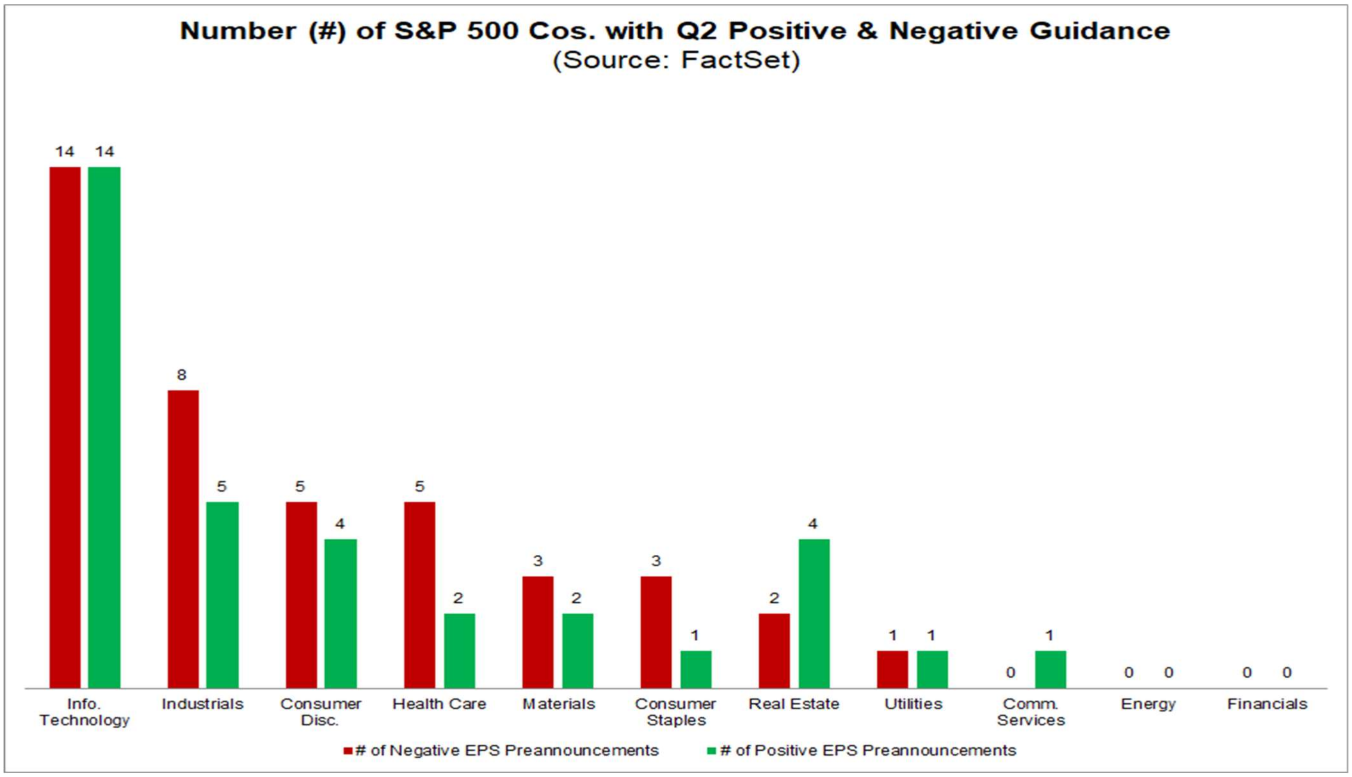


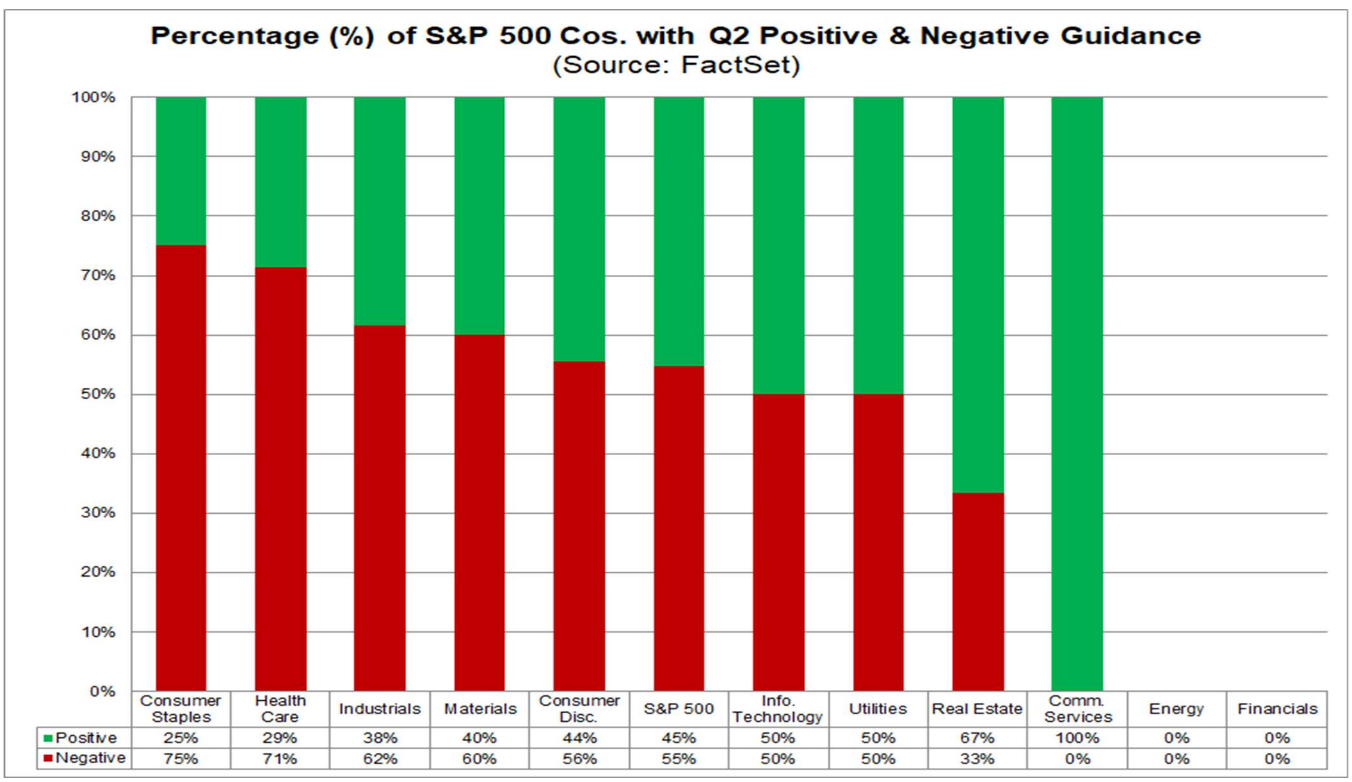
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Consumer Disc.	Health Care	Consumer Staples
Q124	36.0%	25.6%	17.7%	13.7%	13.6%	11.7%	9.6%	9.4%	9.3%	7.9%	6.5%	6.1%
Q123	35.5%	22.4%	17.6%	10.3%	10.9%	11.6%	12.5%	9.1%	11.2%	6.8%	9.3%	6.1%



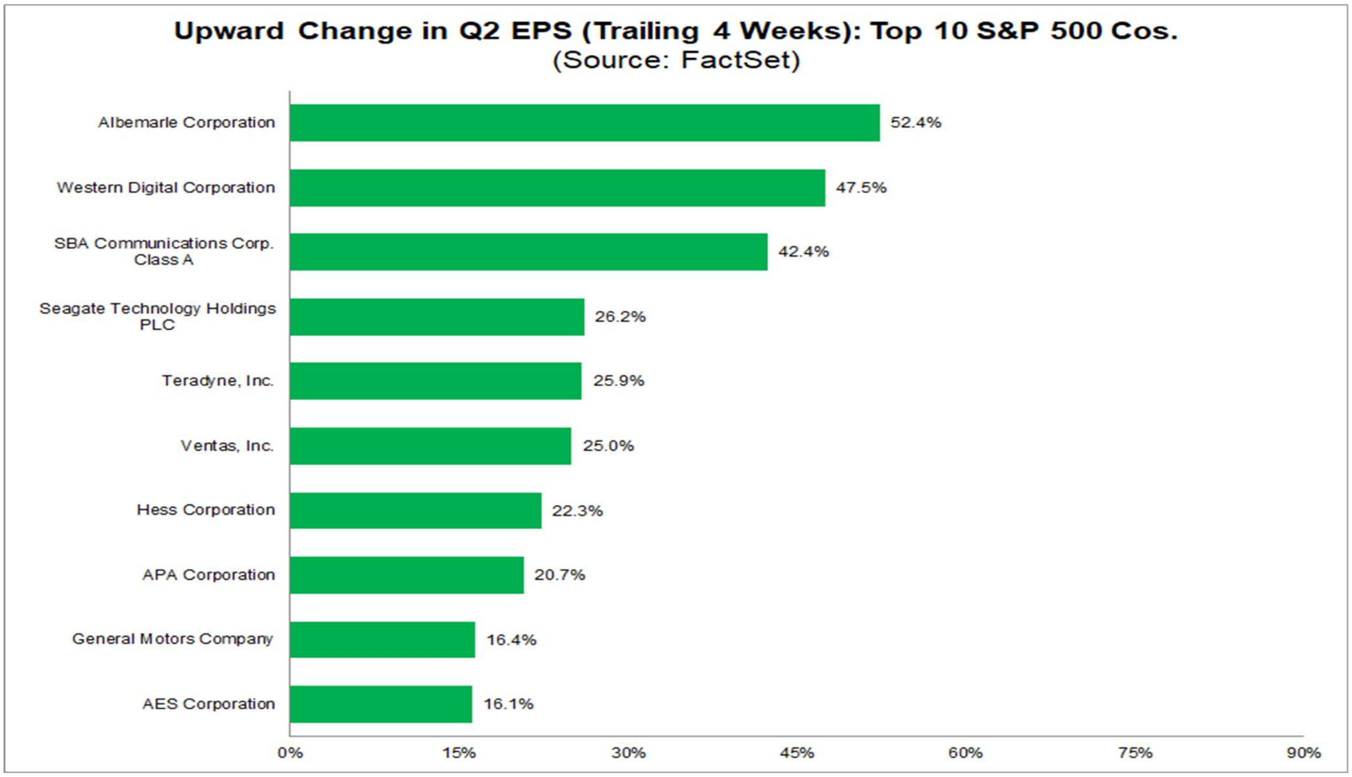
	Utilities	Industrials	Consumer Disc.	Information Tech.	Consumer Staples	S&P 500	Comm. Services	Health Care	Real Estate	Financials	Materials	Energy
Down %	20%	35%	40%	40%	42%	44%	45%	52%	52%	51%	54%	70%
None %	0%	1%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%
Up %	80%	64%	60%	60%	58%	55%	55%	48%	48%	48%	46%	30%

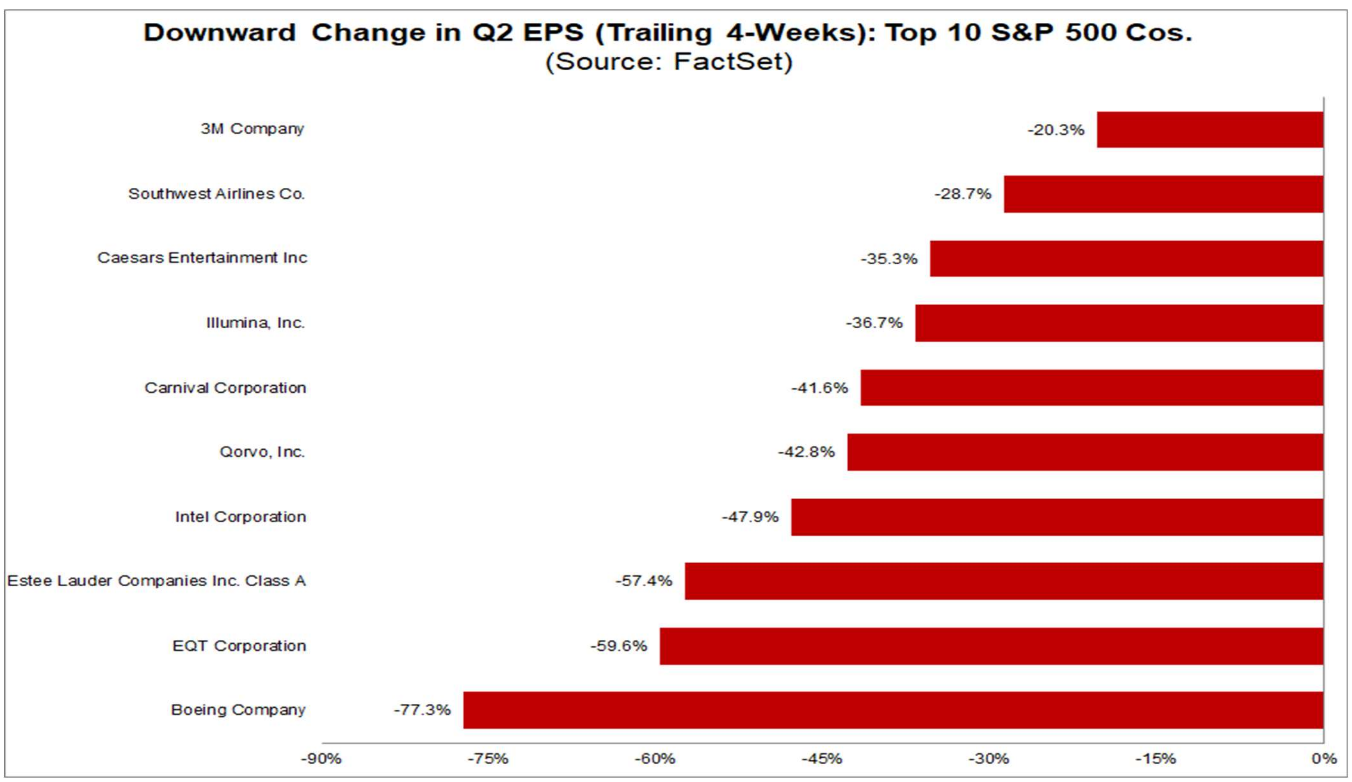
Q2 2024: Guidance



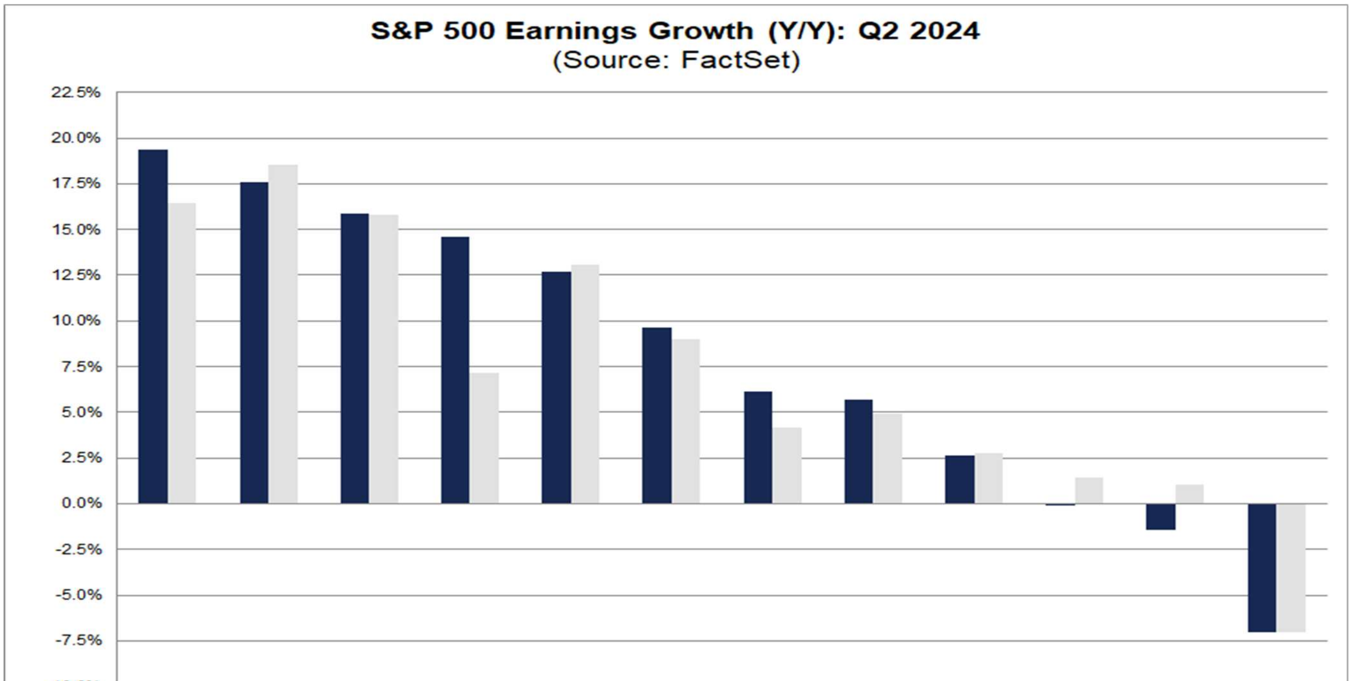


Q2 2024: EPS Revisions

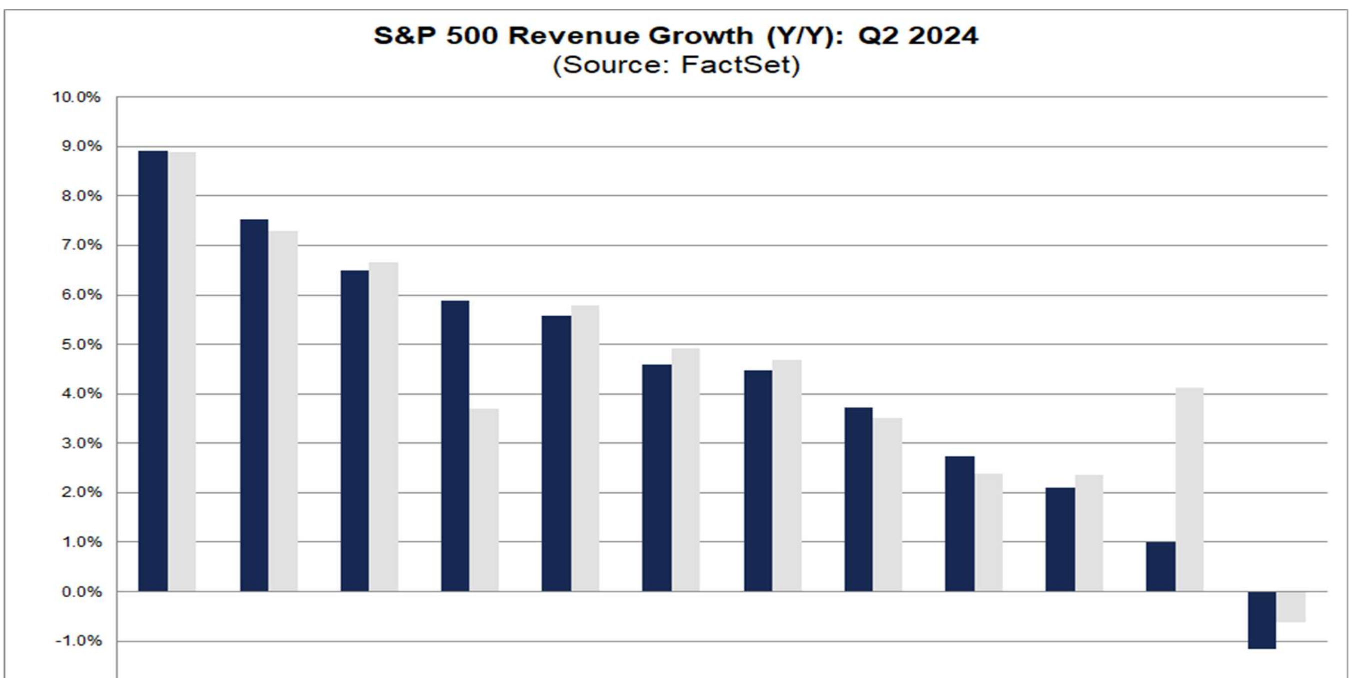




Q2 2024: Growth

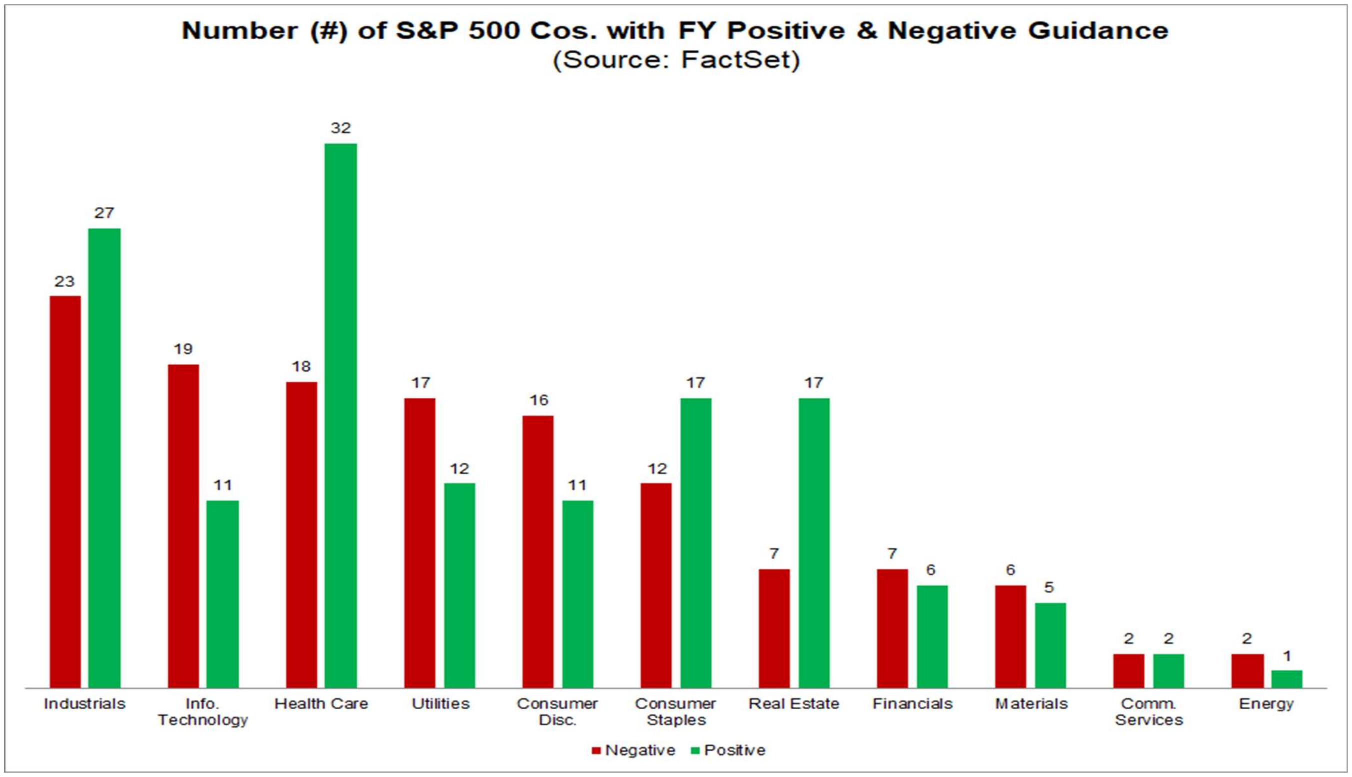


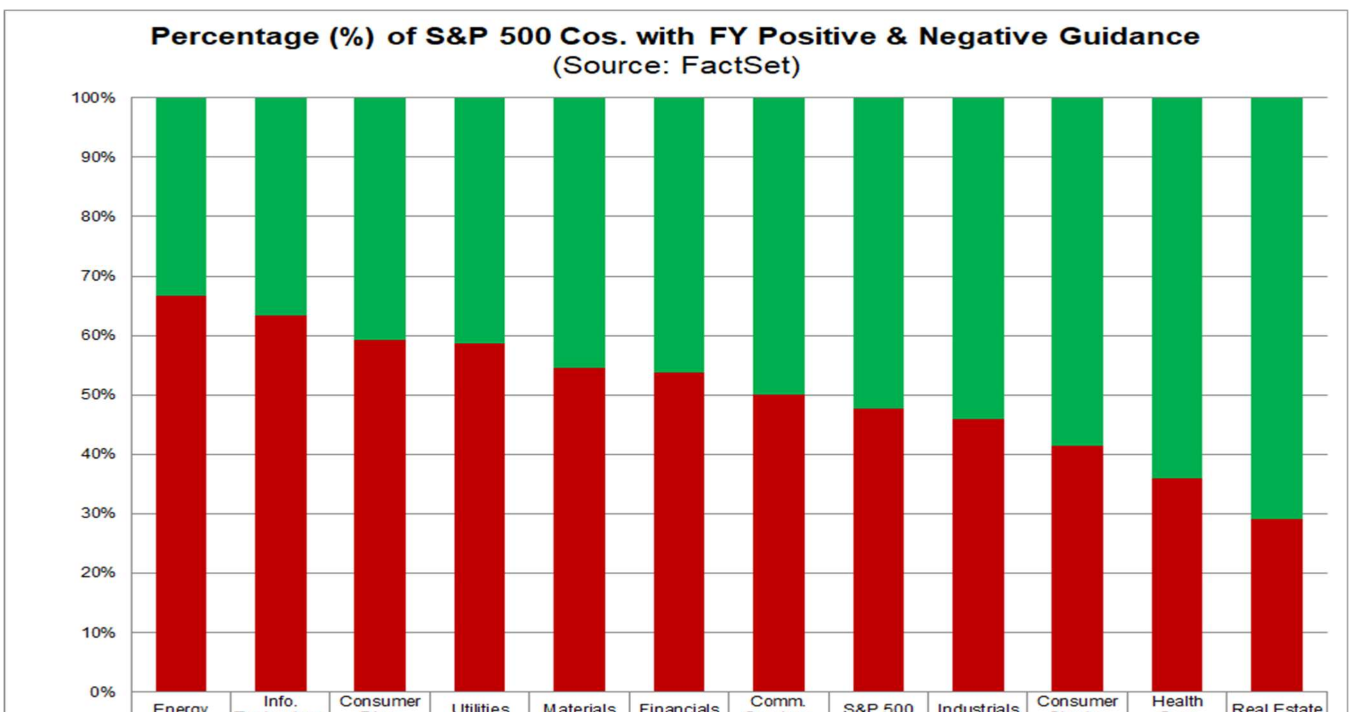
	Comm. Services	Health Care	Info. Technology	Energy	Utilities	S&P 500	Consumer Disc.	Financials	Real Estate	Consumer Staples	Industrials	Materials
Today	19.4%	17.6%	15.9%	14.6%	12.7%	9.6%	6.1%	5.7%	2.6%	-0.1%	-1.4%	-7.0%
31-Mar	16.5%	18.6%	15.8%	7.2%	13.1%	9.0%	4.2%	4.9%	2.7%	1.5%	1.1%	-7.0%



	Info. Technology	Comm. Services	Real Estate	Energy	Health Care	Consumer Disc.	S&P 500	Utilities	Financials	Consumer Staples	Industrials	Materials
Today	8.9%	7.5%	6.5%	5.9%	5.6%	4.6%	4.5%	3.7%	2.7%	2.1%	1.0%	-1.2%
31-Mar	8.9%	7.3%	6.6%	3.7%	5.8%	4.9%	4.7%	3.5%	2.4%	2.4%	4.1%	-0.6%

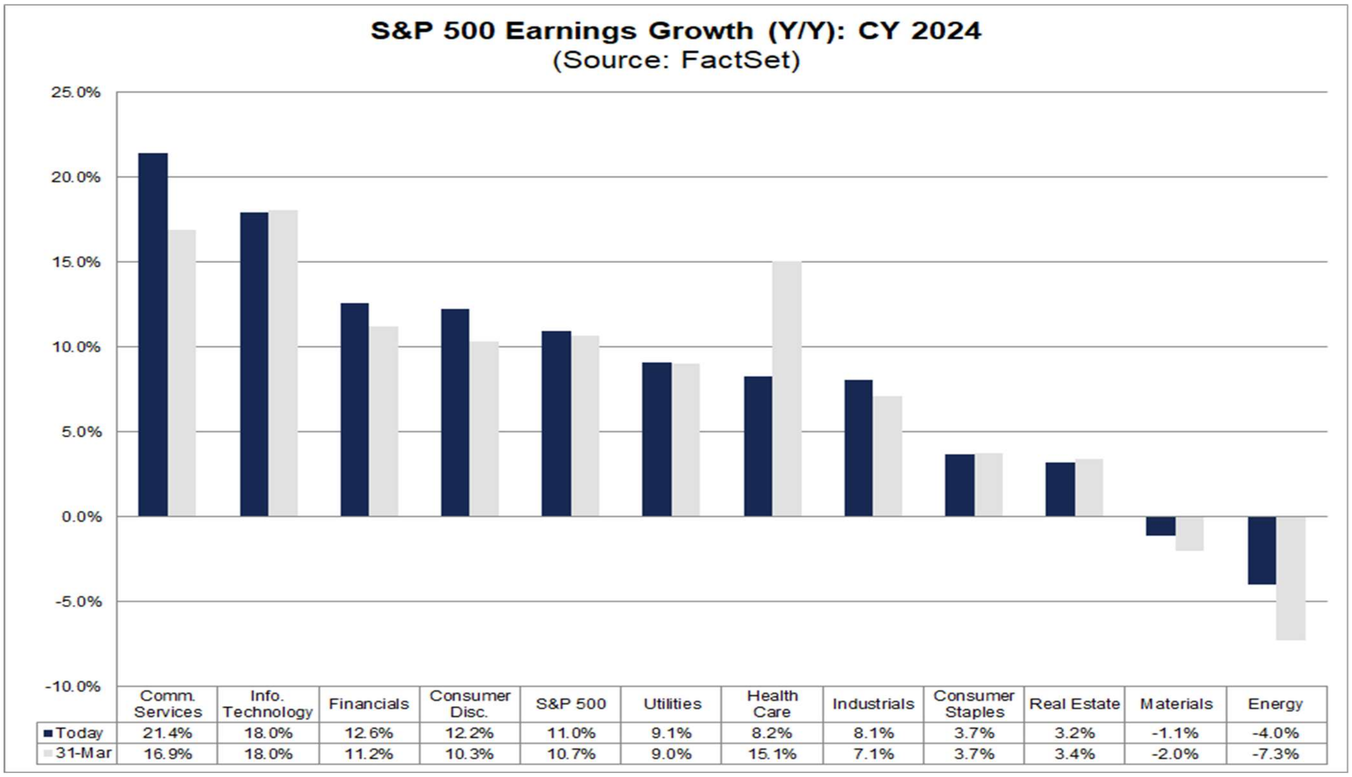
FY 2024 / 2025: EPS Guidance



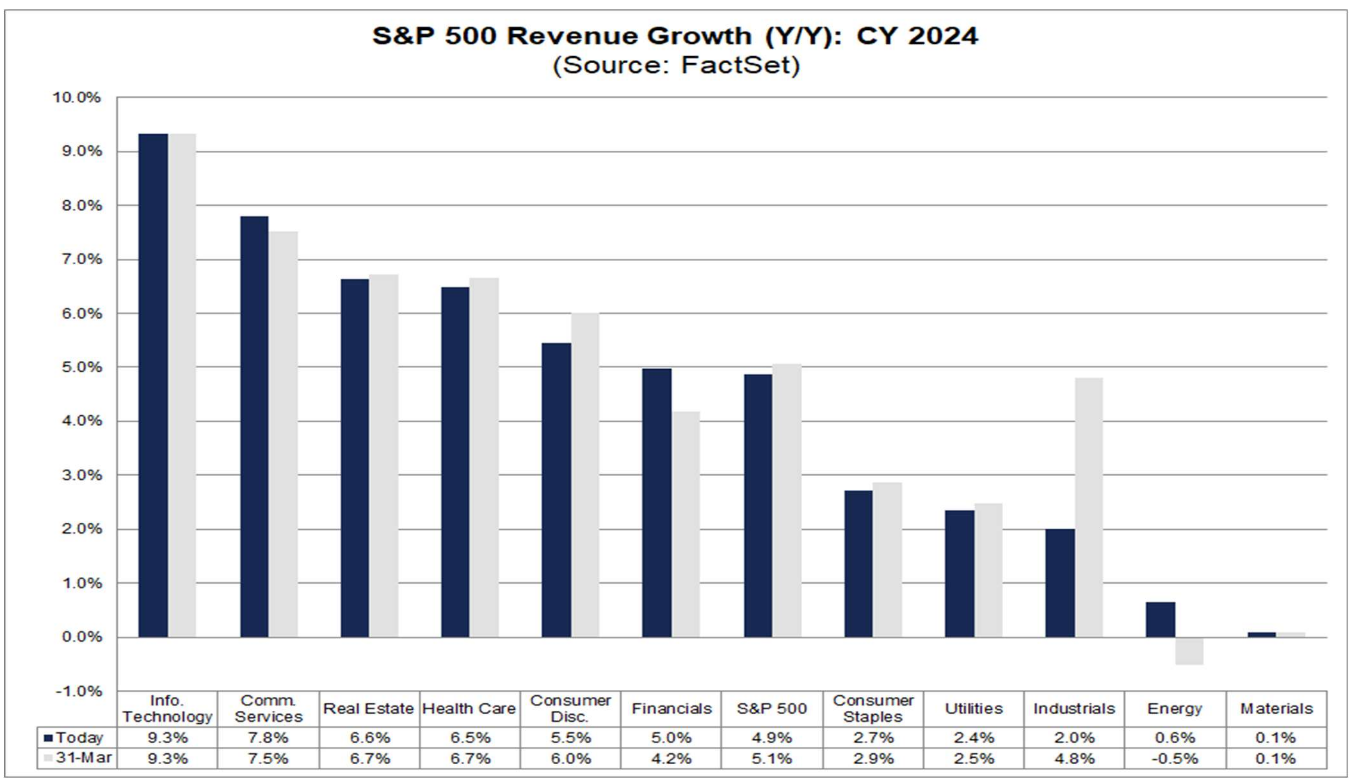


	Energy	Info. Technology	Consumer Disc.	Utilities	Materials	Financials	Comm. Services	S&P 500	Industrials	Consumer Staples	Health Care	Real Estate
Positive	33%	37%	41%	41%	45%	46%	50%	52%	54%	59%	64%	71%
Negative	67%	63%	59%	59%	55%	54%	50%	48%	46%	41%	36%	29%

CY 2024: Growth

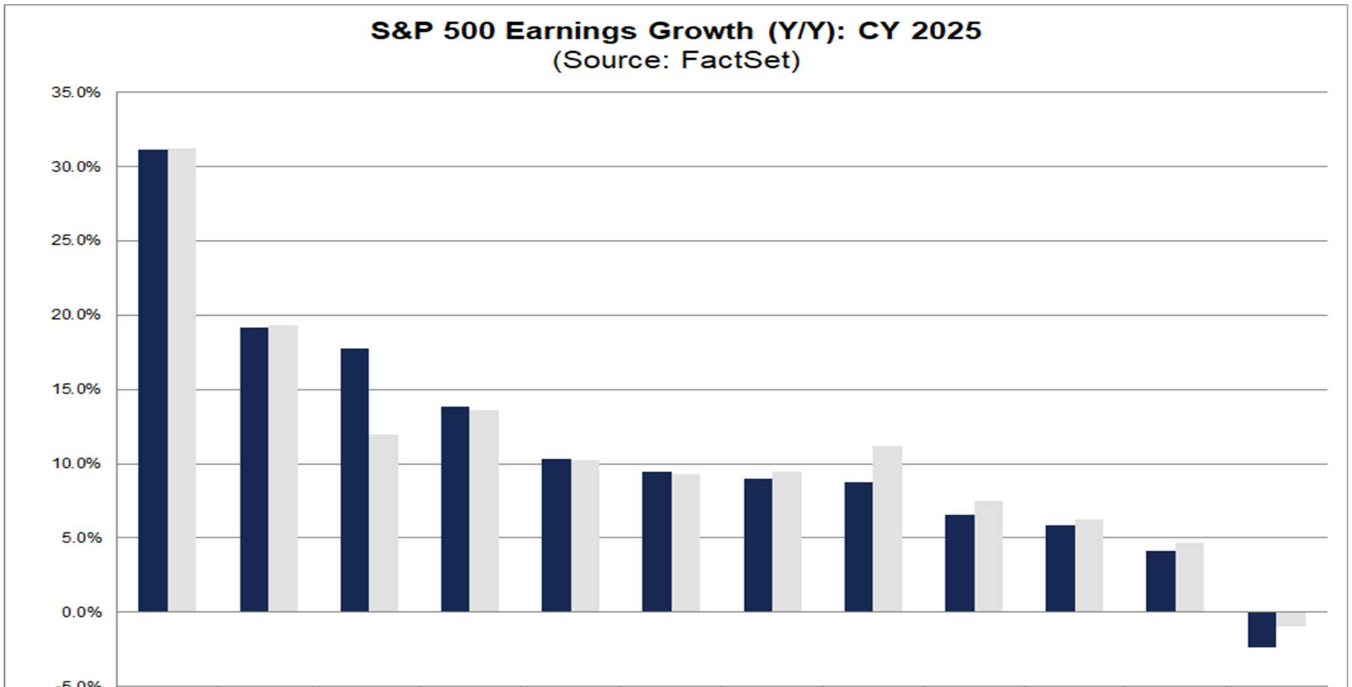


	Comm. Services	Info. Technology	Financials	Consumer Disc.	S&P 500	Utilities	Health Care	Industrials	Consumer Staples	Real Estate	Materials	Energy
Today	21.4%	18.0%	12.6%	12.2%	11.0%	9.1%	8.2%	8.1%	3.7%	3.2%	-1.1%	-4.0%
31-Mar	16.9%	18.0%	11.2%	10.3%	10.7%	9.0%	15.1%	7.1%	3.7%	3.4%	-2.0%	-7.3%

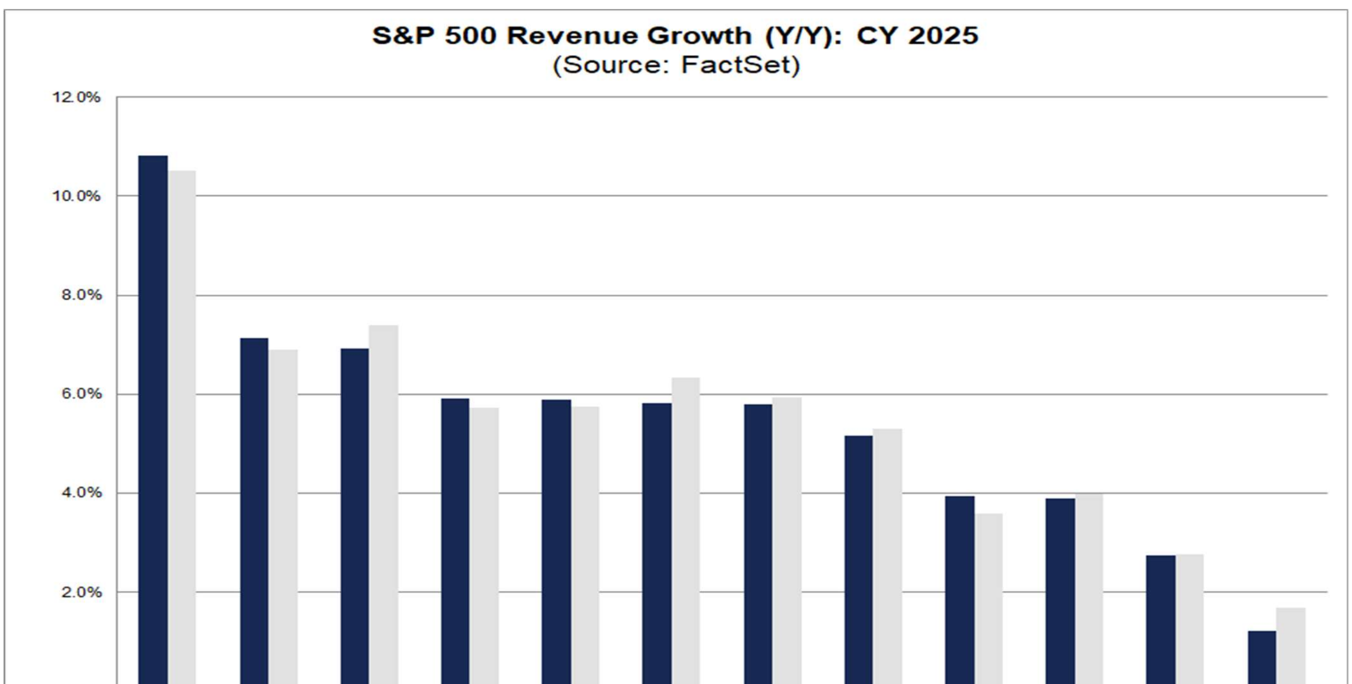


	Info. Technology	Comm. Services	Real Estate	Health Care	Consumer Disc.	Financials	S&P 500	Consumer Staples	Utilities	Industrials	Energy	Materials
Today	9.3%	7.8%	6.6%	6.5%	5.5%	5.0%	4.9%	2.7%	2.4%	2.0%	0.6%	0.1%
31-Mar	9.3%	7.5%	6.7%	6.7%	6.0%	4.2%	5.1%	2.9%	2.5%	4.8%	-0.5%	0.1%

CY 2025: Growth

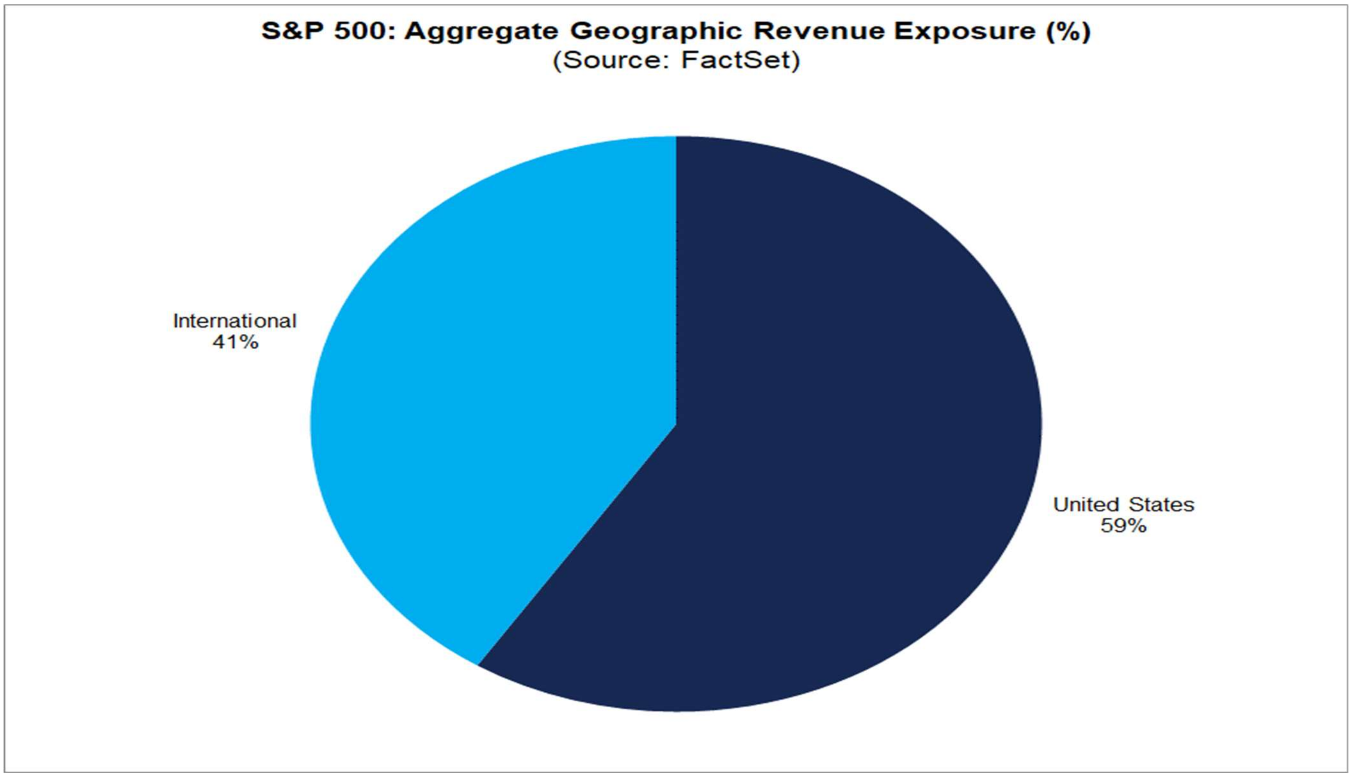


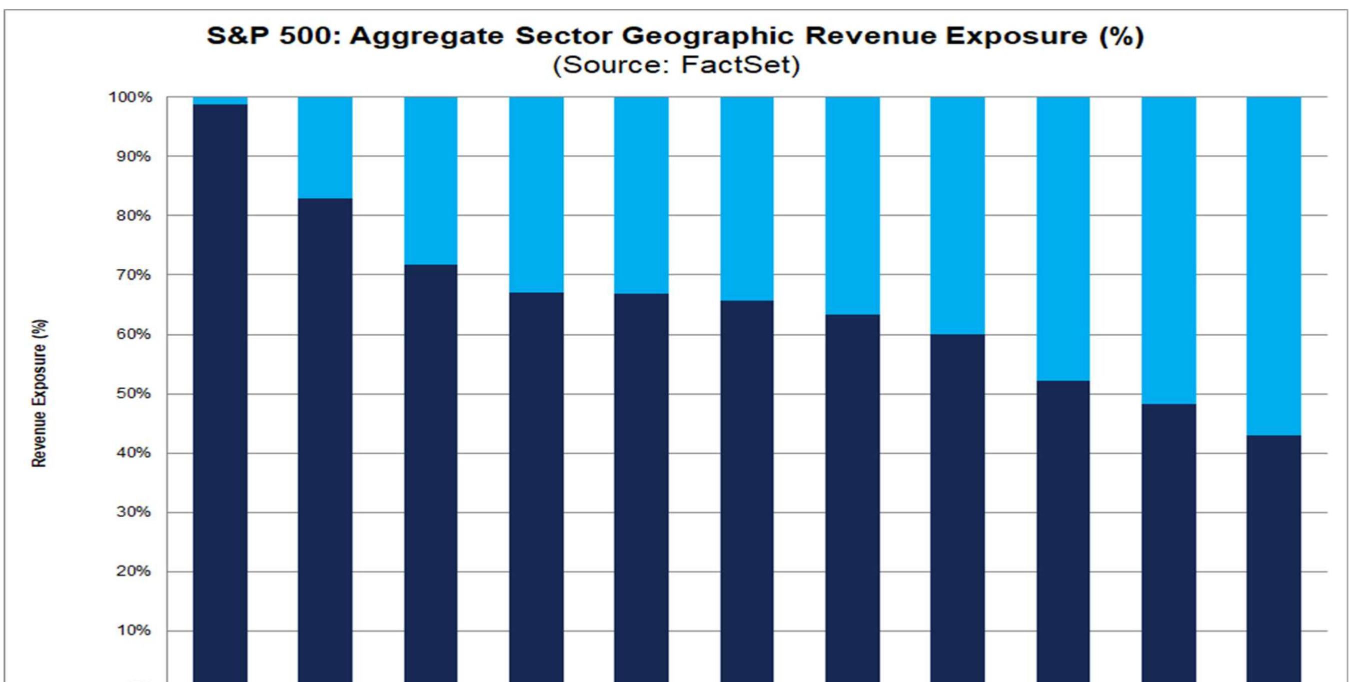
	Utilities	Real Estate	Health Care	Info. Technology	Materials	S&P 500	Consumer Disc.	Energy	Comm. Services	Consumer Staples	Financials	Industrials
Today	31.2%	19.2%	17.7%	13.8%	10.3%	9.5%	9.0%	8.8%	6.5%	5.9%	4.1%	-2.4%
31-Mar	31.2%	19.4%	11.9%	13.6%	10.2%	9.3%	9.5%	11.2%	7.5%	6.3%	4.7%	-1.0%



	Info. Technology	Comm. Services	Consumer Disc.	Industrials	Real Estate	Health Care	S&P 500	Financials	Utilities	Consumer Staples	Materials	Energy
Today	10.8%	7.1%	6.9%	5.9%	5.9%	5.8%	5.8%	5.2%	3.9%	3.9%	2.7%	1.2%
31-Mar	10.5%	6.9%	7.4%	5.7%	5.8%	6.3%	5.9%	5.3%	3.6%	4.0%	2.8%	1.7%

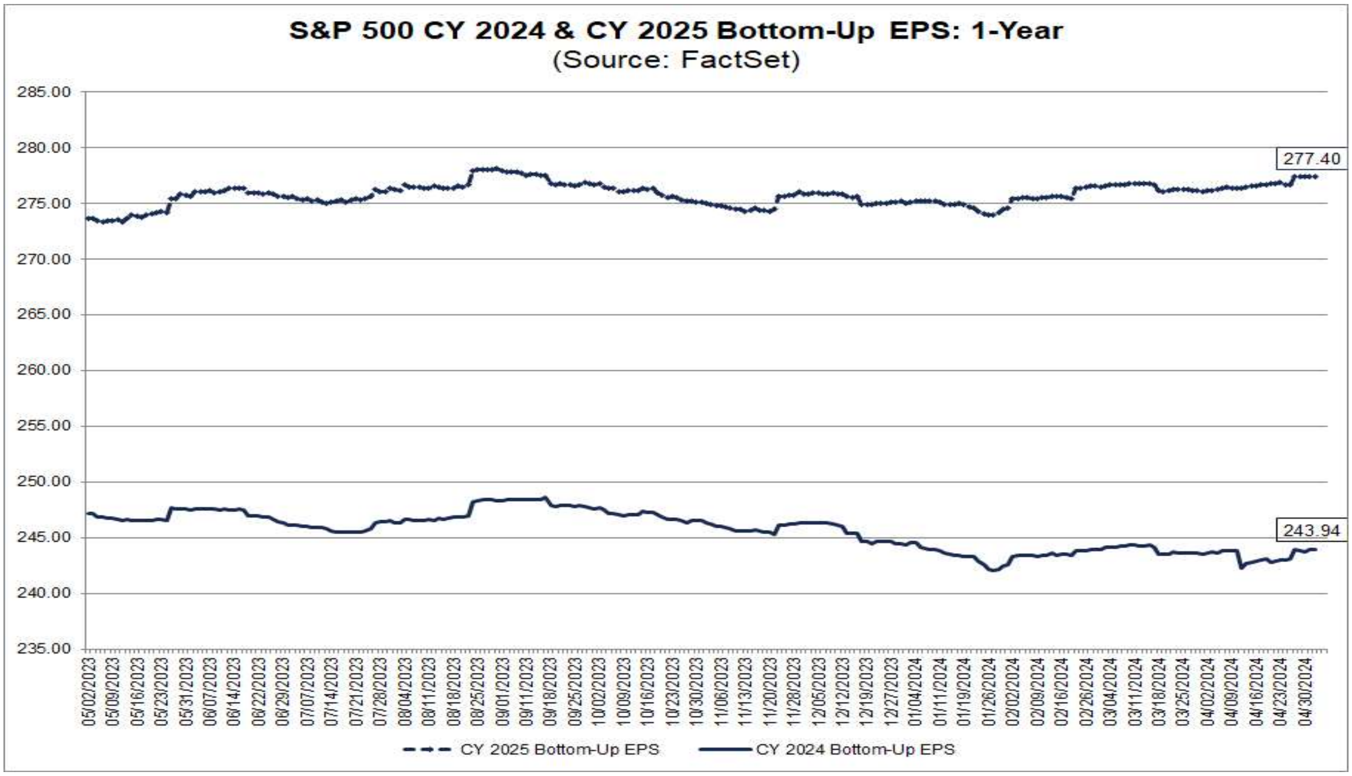
Geographic Revenue Exposure

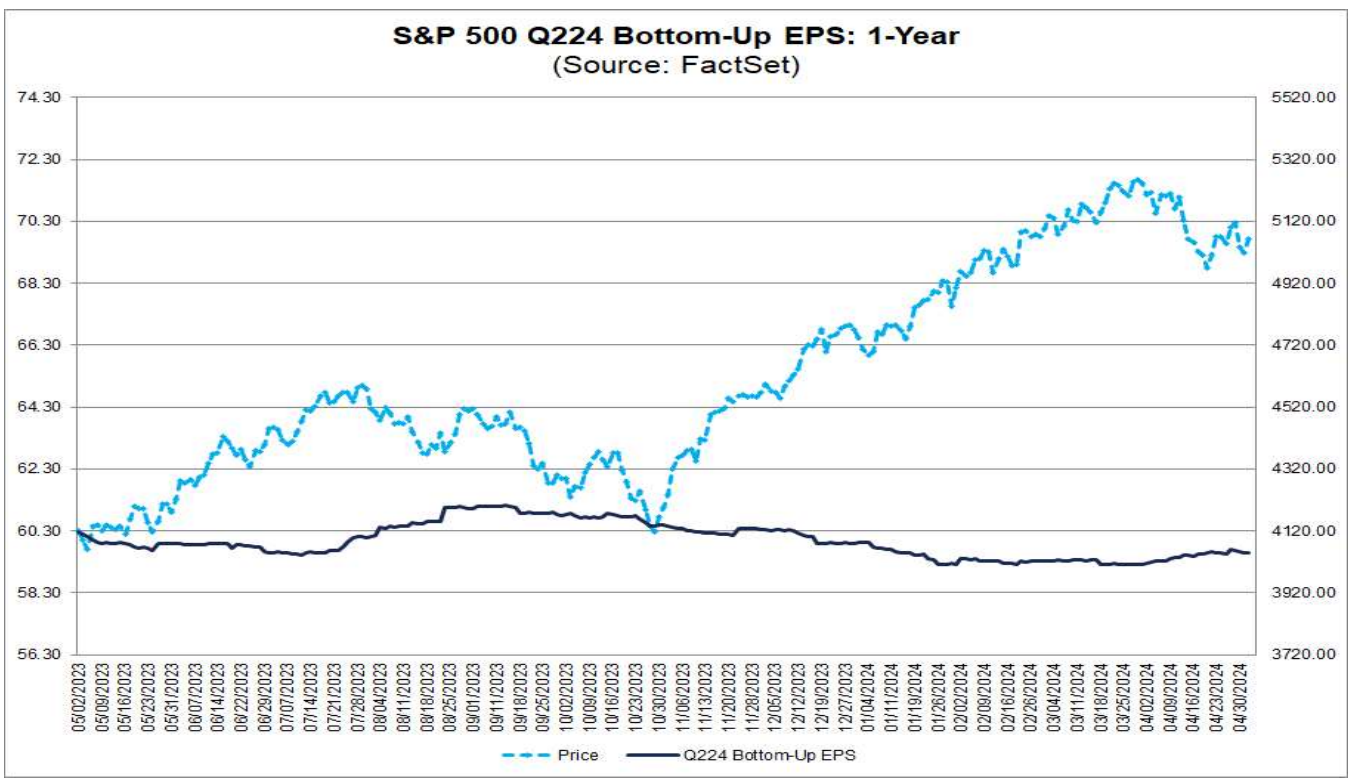




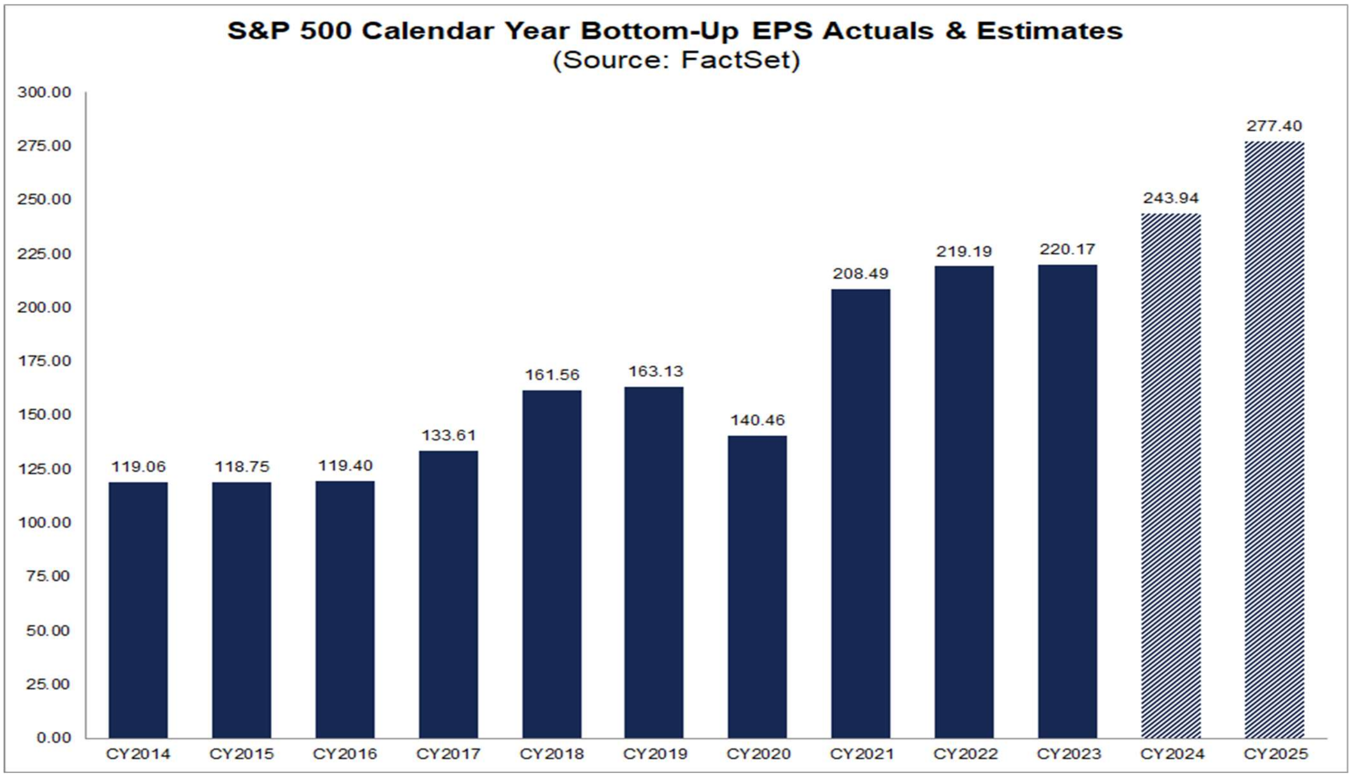
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	17%	28%	33%	33%	34%	37%	40%	48%	52%	57%
United States	99%	83%	72%	67%	67%	66%	63%	60%	52%	48%	43%

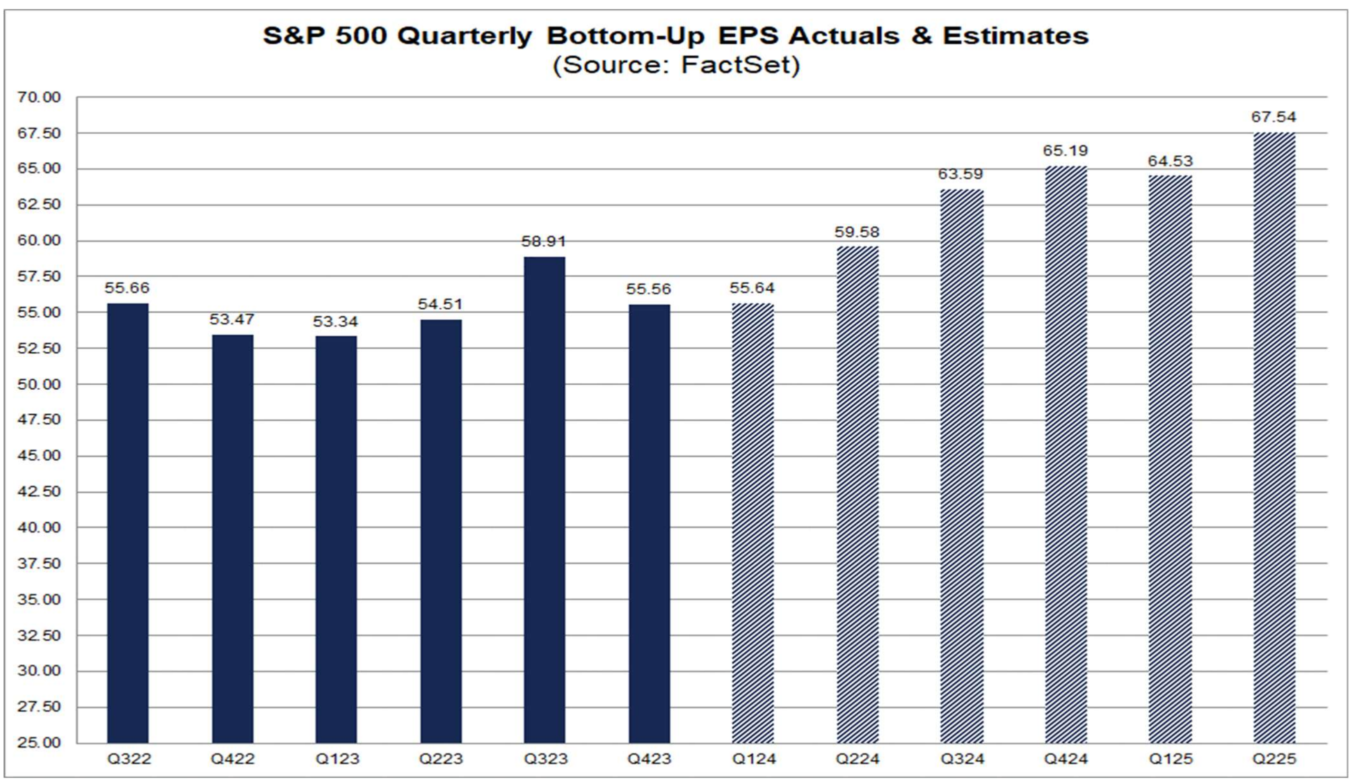
Bottom-Up EPS Estimates



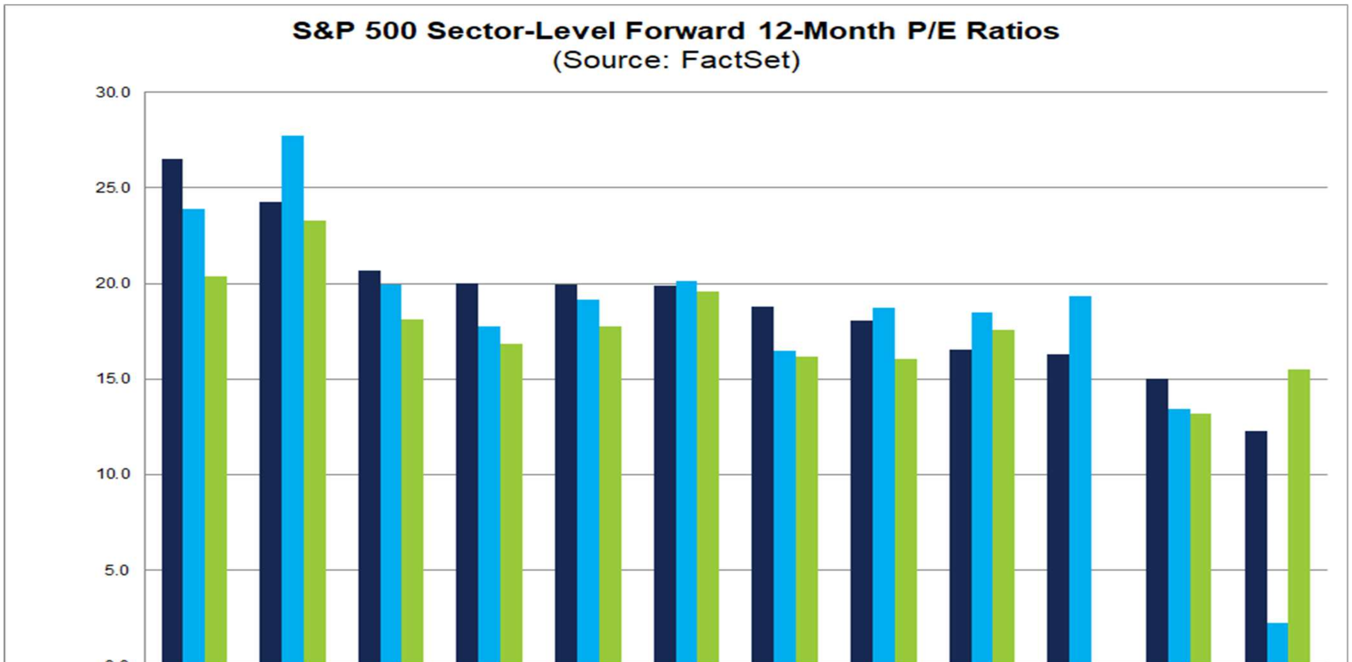


Bottom-Up EPS Estimates: Current & Historical

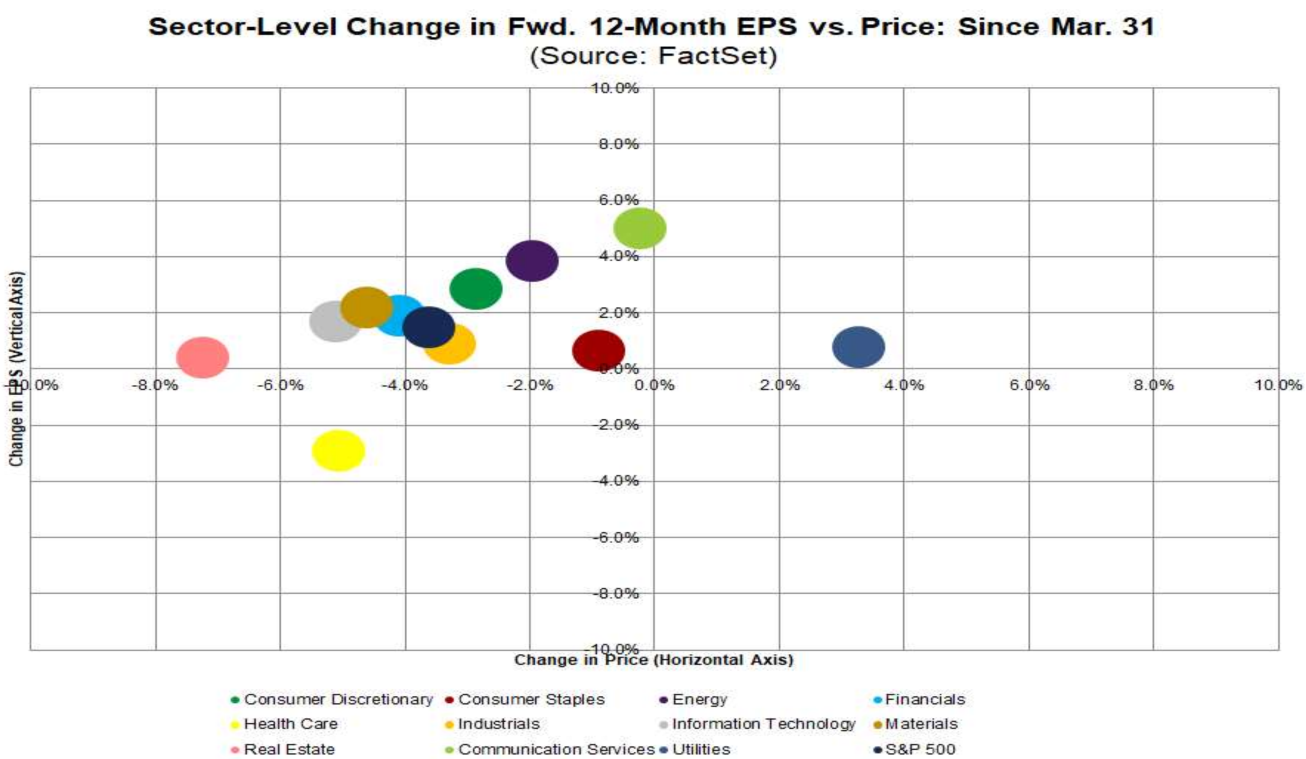




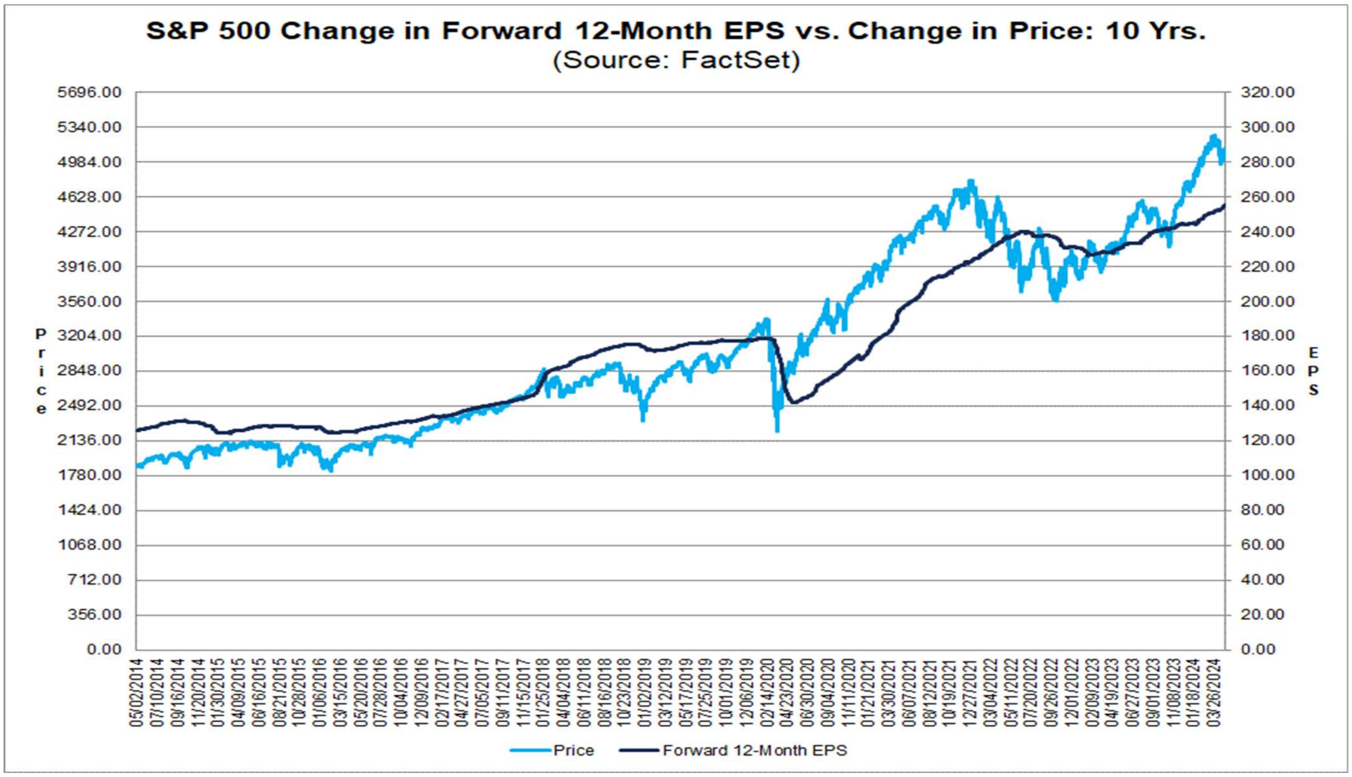
Forward 12M P/E Ratio: Sector Level

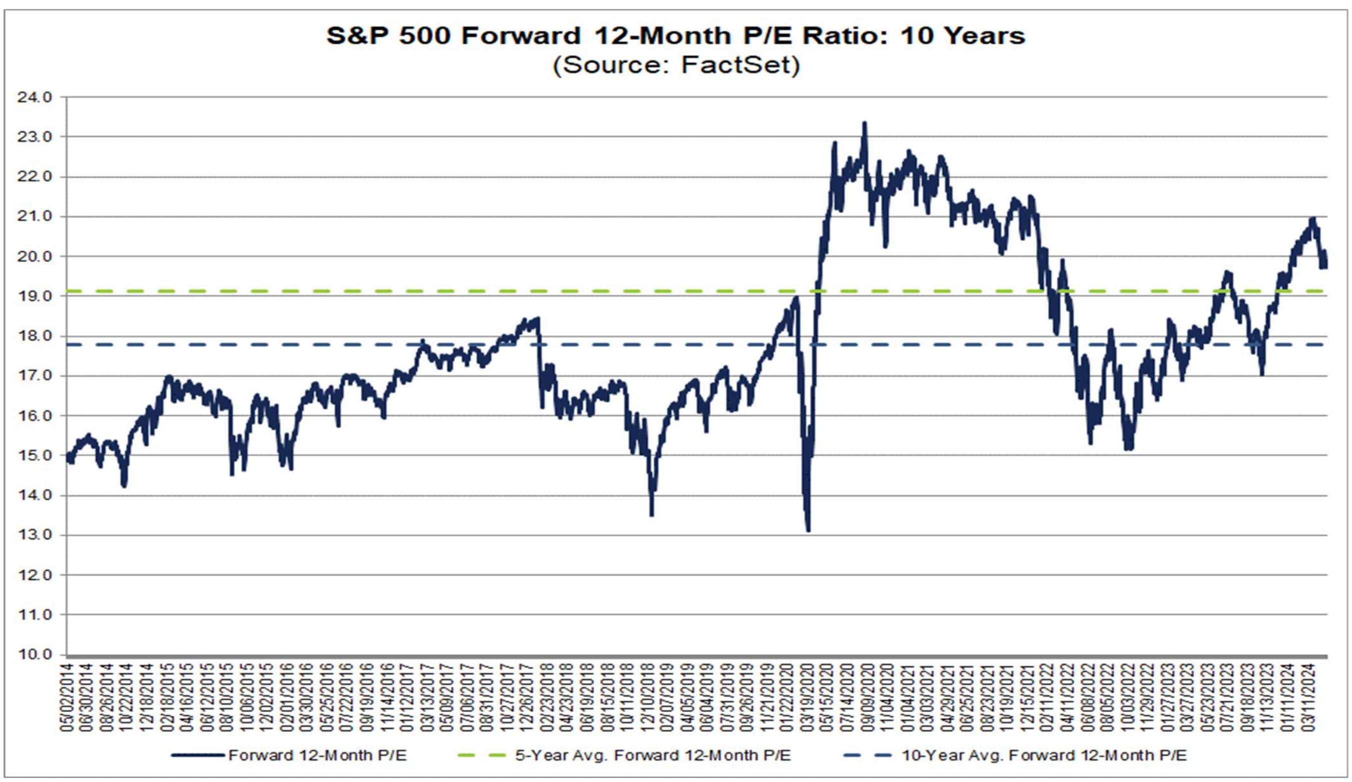


	Info. Technology	Consumer Disc.	Industrials	Materials	S&P 500	Consumer Staples	Health Care	Comm. Services	Utilities	Real Estate	Financials	Energy
Fwd P/E	26.5	24.2	20.7	20.0	19.9	19.9	18.8	18.1	16.6	16.3	15.0	12.3
5-Yr Avg.	23.9	27.8	19.9	17.7	19.1	20.1	16.5	18.7	18.5	19.3	13.4	2.2
10-Yr Avg.	20.3	23.3	18.1	16.8	17.8	19.6	16.2	16.0	17.6	0.0	13.2	15.5

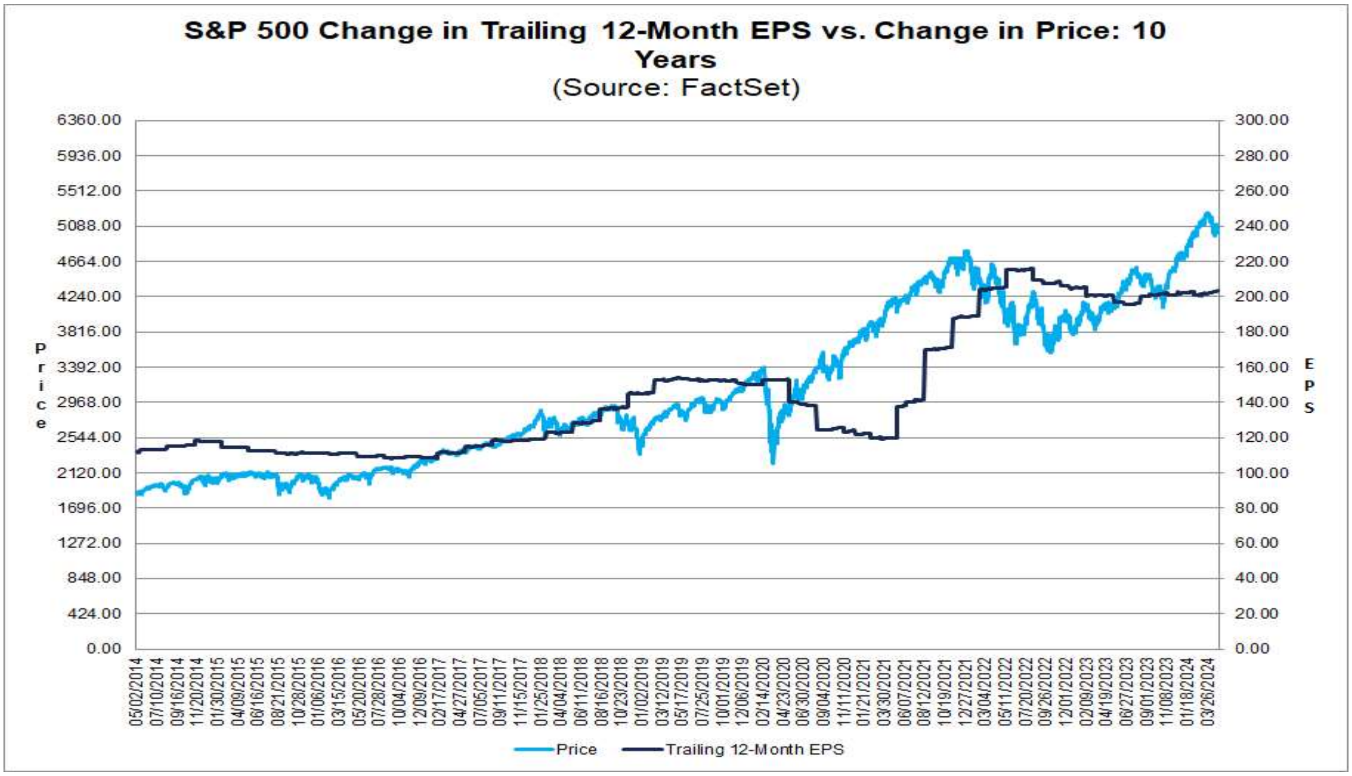


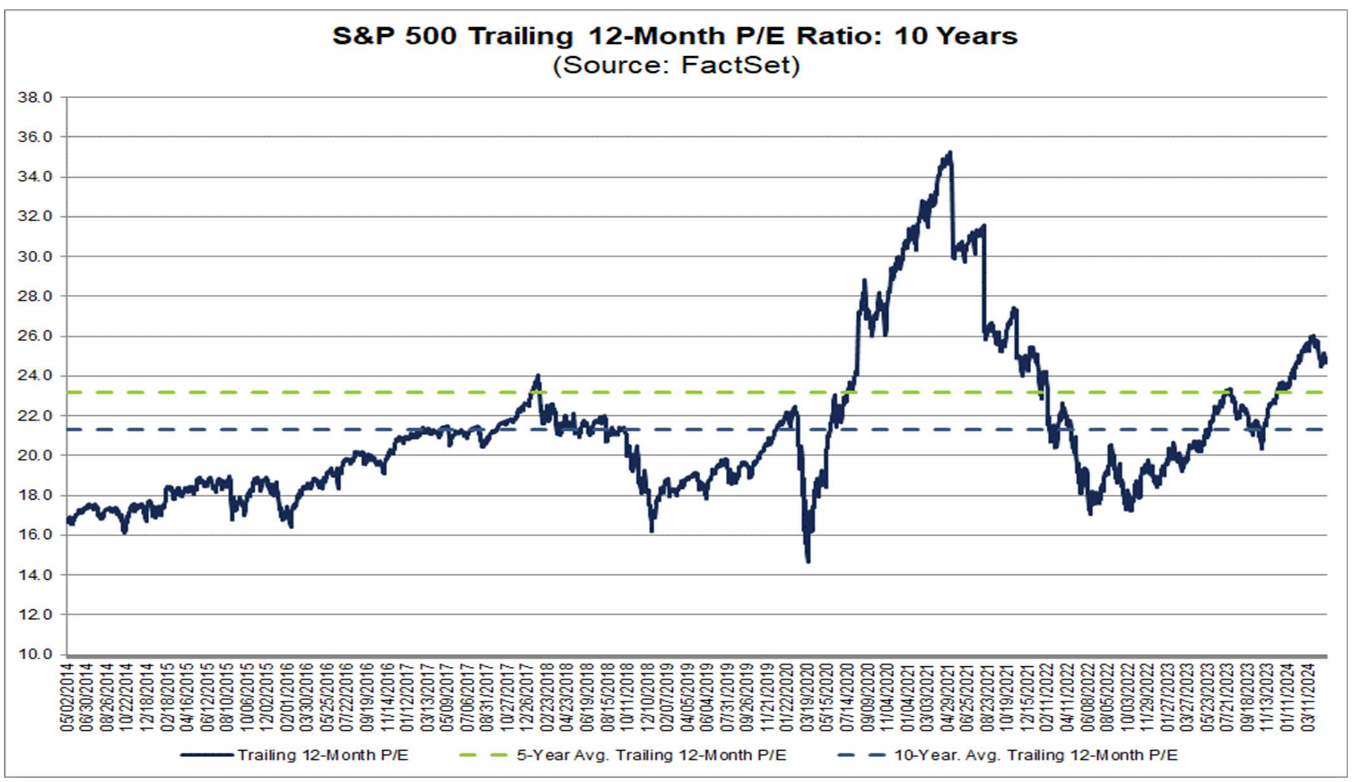
Forward 12M P/E Ratio: 10-Years



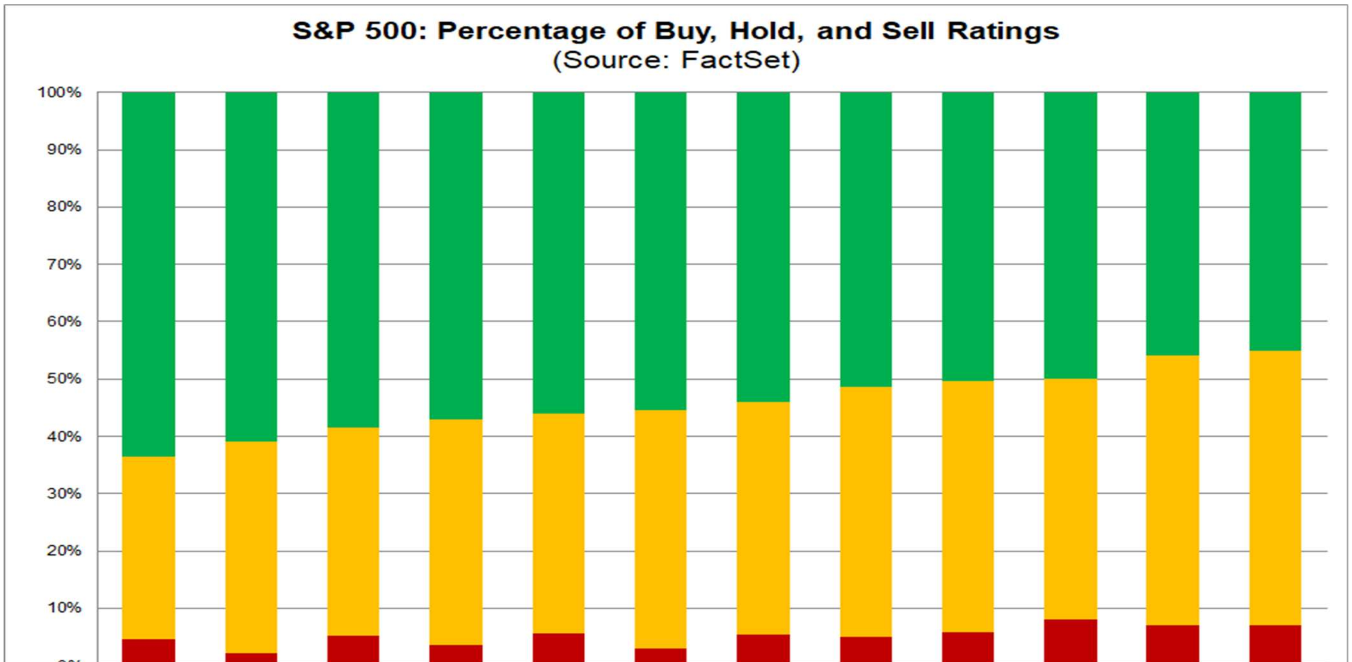


Trailing 12M P/E Ratio: 10-Years

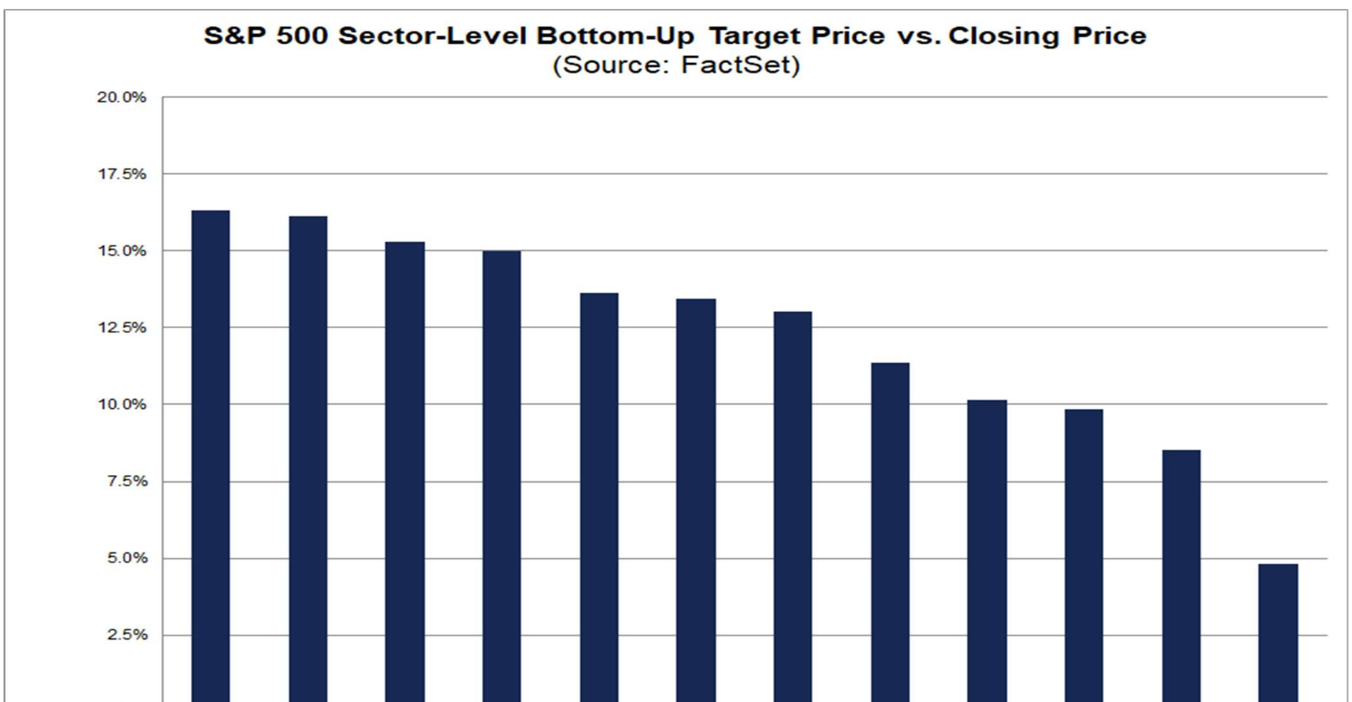




Targets & Ratings



	Comm. Services	Energy	Info. Tech.	Health Care	Consumer Disc.	Real Estate	S&P 500	Utilities	Financials	Industrials	Materials	Consumer Staples
Buy	64%	61%	58%	57%	56%	56%	54%	51%	50%	50%	46%	45%
Hold	32%	37%	36%	39%	38%	41%	41%	44%	44%	42%	47%	48%
Sell	5%	2%	5%	4%	6%	3%	5%	5%	6%	8%	7%	7%



	Info. Tech.	Comm. Services	Health Care	Real Estate	S&P 500	Consumer Disc.	Energy	Financials	Materials	Industrials	Consumer Staples	Utilities
Target/Close	16.3%	16.1%	15.3%	15.0%	13.6%	13.4%	13.0%	11.4%	10.2%	9.9%	8.5%	4.8%

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