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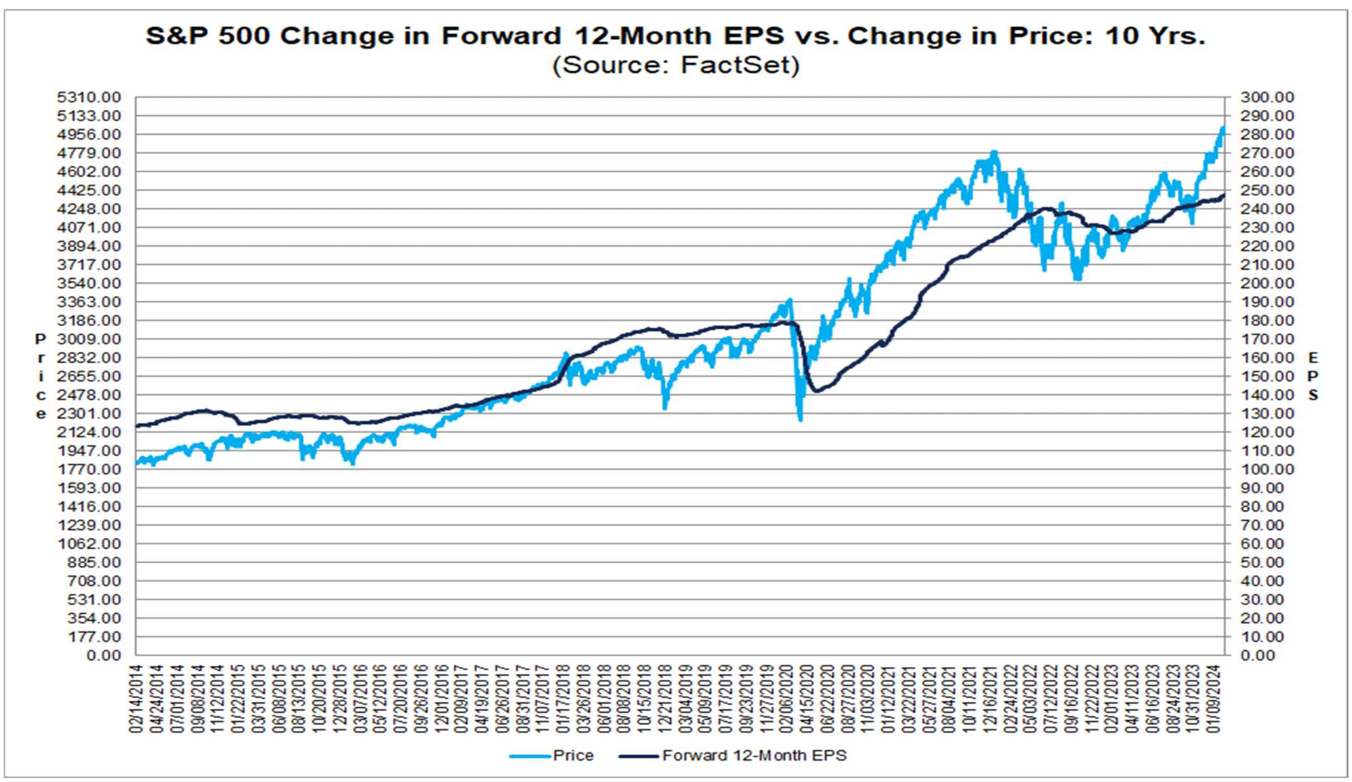
Author's Note: ***Due to an unexpected schedule issue on March 1, the FactSet Earnings Insight report is being published one day early on February 29. The next edition of the report will be published on March 8.***

Key Metrics

- **Earnings Scorecard:** For Q4 2023 (with 97% of S&P 500 companies reporting actual results), 73% of S&P 500 companies have reported a positive EPS surprise and 64% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2023, the blended (year-over-year) earnings growth rate for the S&P 500 is 4.0%. If 4.0% is the actual growth rate for the quarter, it will mark the second-straight quarter that the index has reported earnings growth.
- **Earnings Guidance:** For Q1 2024, 71 S&P 500 companies have issued negative EPS guidance and 30 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.4. This P/E ratio is above the 5-year average (19.0) and above the 10-year average (17.7).



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Topic of the Week: 1

Analysts Making Smaller Cuts Than Average to EPS Estimates for S&P 500 Companies for Q1

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 first quarter?

The answer is no. During the months of January and February, analysts lowered EPS estimates for the first quarter by a smaller margin than average. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q1 for all the companies in the index) decreased by 2.2% (to $55.11 from $56.34) from December 31 to February 28.

In a typical quarter, analysts usually reduce earnings estimates during the first two months of a quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.0%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.7%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.9%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.9%.

Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the first quarter was smaller than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

At the sector level, seven of the eleven sectors witnessed a decrease in their bottom-up EPS estimate for Q1 2024 from December 31 to February 28, led by the Energy (-12.0%) and Materials (-11.8%) sectors. On the other hand, four sectors recorded an increase in their bottom-up EPS estimate for Q1 2024 during this period, led by the Consumer Discretionary (+2.3%) and Communication Services (+2.0%) sectors.

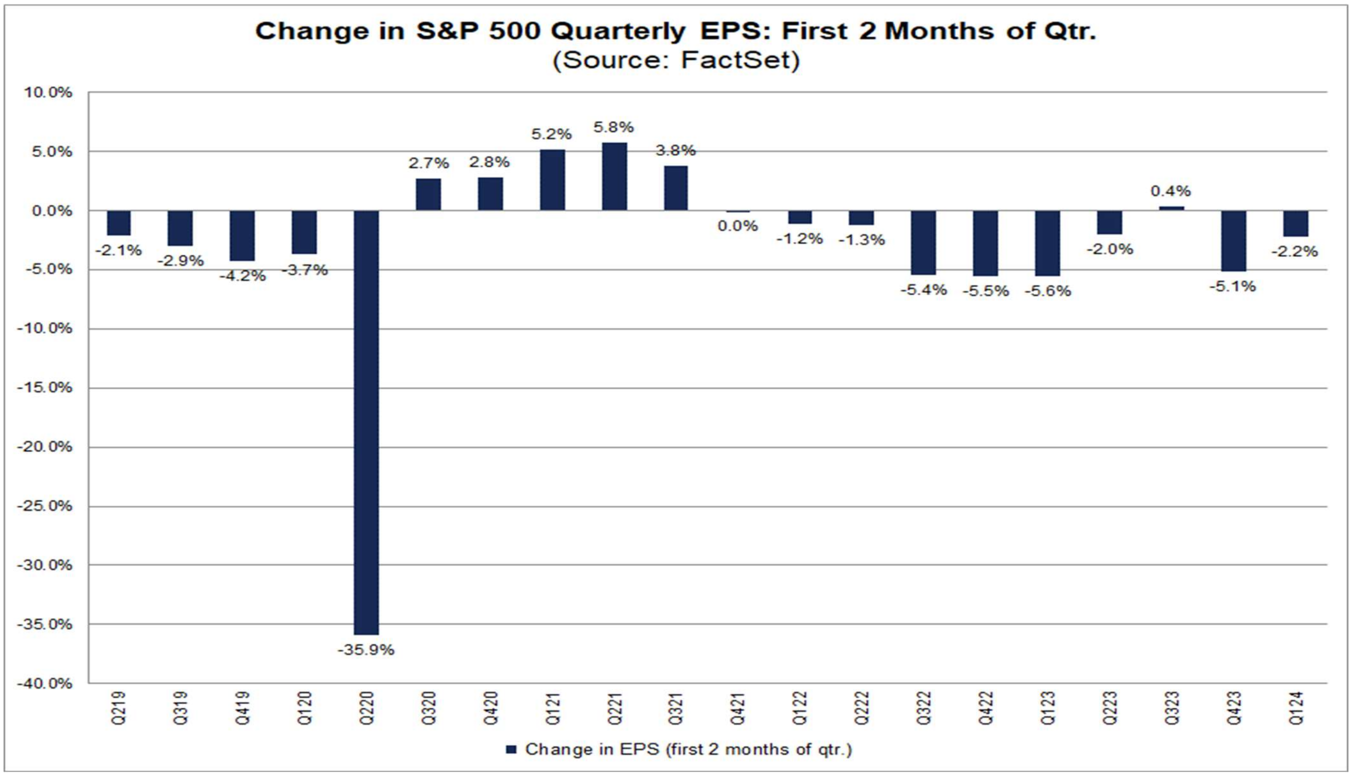
While the bottom-up EPS estimate for Q1 2024 declined by 2.2% during the months of January and February, analysts lowered EPS estimates for CY 2024 by 0.3% (to $243.82 from $244.46) during this same period.

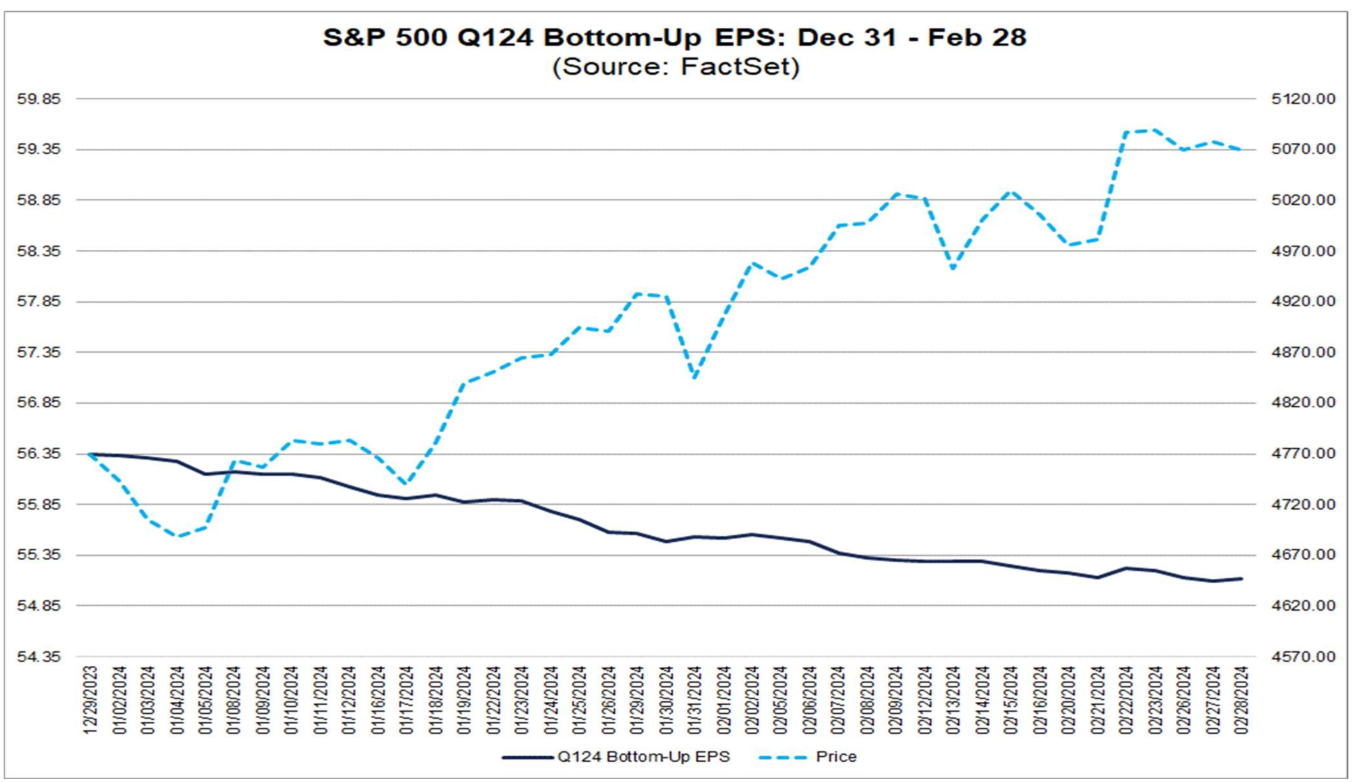
Analysts also usually reduce earnings estimates for the year during the months of January and February. During the past five years, the average decline in the annual bottom-up EPS estimate during the first two months of the year has been 0.5%. During the past ten years, the average decline in the annual bottom-up EPS estimate during the first two months of the year has been 0.7%. During the past fifteen years, the average decline in the annual bottom-up EPS estimate during the first two months of the year has been 1.7%. During the past 20 years, the average decline in the annual bottom-up EPS estimate during the first two months of the year has been 1.5%. During the past 25 years, the average decline in the annual bottom-up EPS estimate during the first two months of the year has been 1.6%.

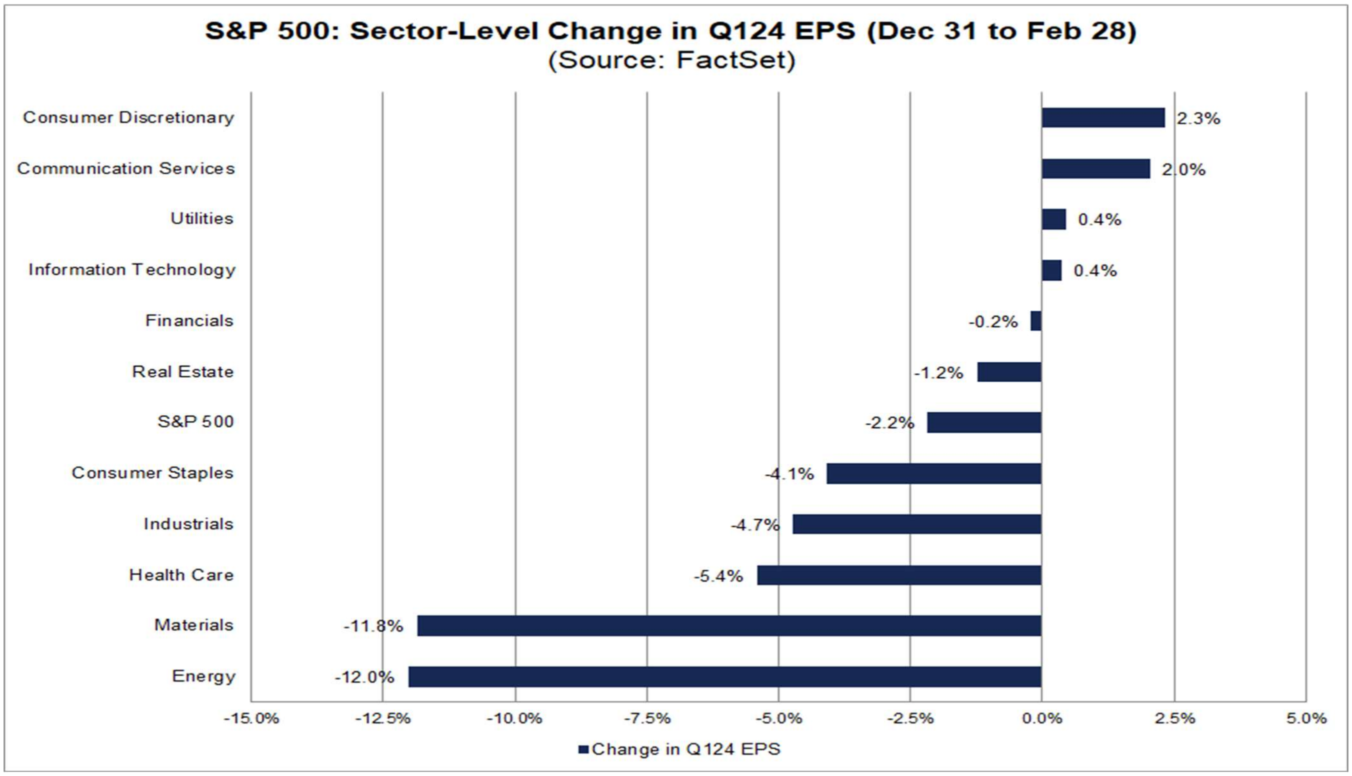
Thus, the decline in the CY 2024 bottom-up EPS estimate recorded during the first two months of 2024 was smaller than the 5-year average, the 10-year average, the 15-year average, the 20-year average, and the 25-year average for the first two months of a year.

At the sector level, six sectors witnessed a decrease in their bottom-up EPS estimate for CY 2024 from December 31 to February 28, led by the Energy (-8.3%) and Materials (-5.2%) sectors. On the other hand, five sectors recorded an increase in their bottom-up EPS estimate for CY 2024 during this period, led by the Consumer Discretionary (+2.2%) and Communication Services (+2.0%) sectors.

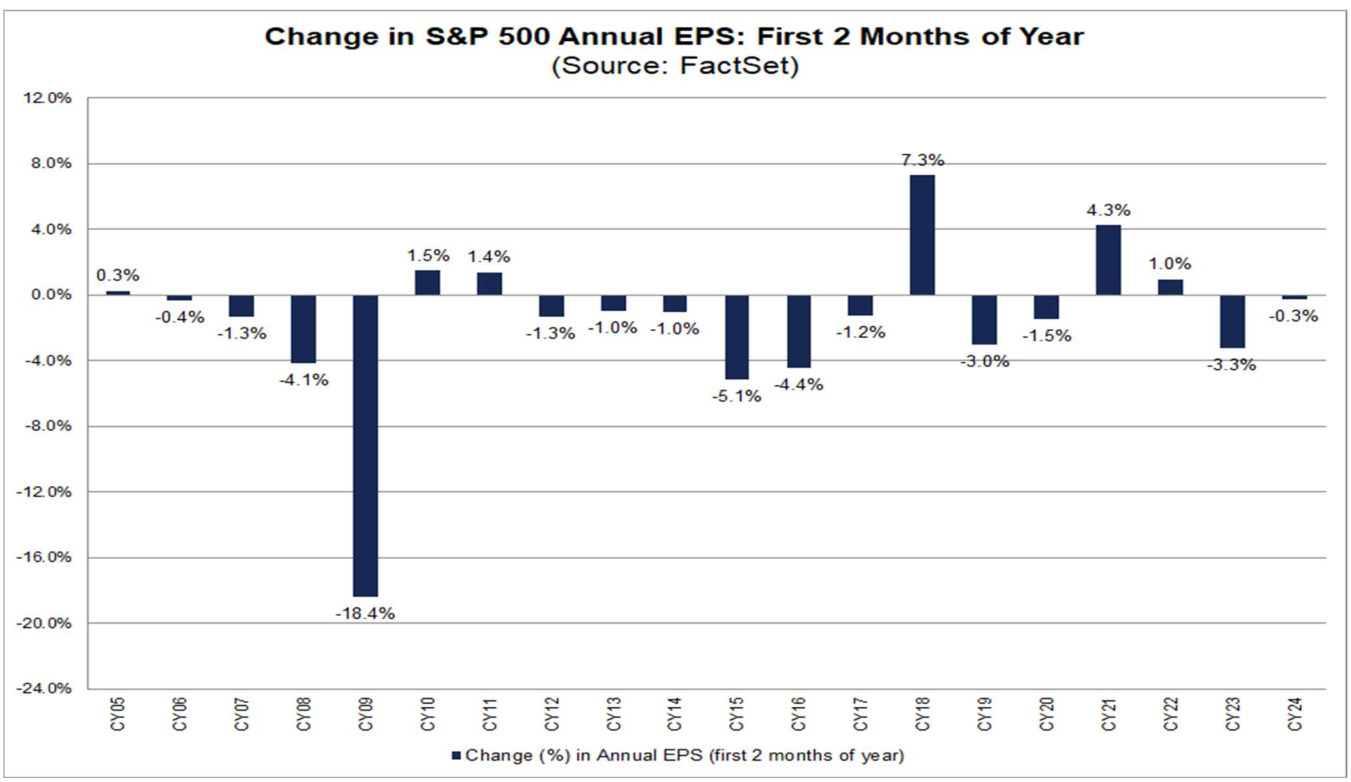
It is interesting to note that while the bottom-up EPS estimate for CY 2024 declined by 0.8% during the month of January (to $242.49 from $244.46), it increased by 0.5% during the month of February (to $243.82 from $242.49).


Change in S&P 500 Quarterly EPS: First 2 Months of Qtr.
(Source: FactSet)
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-35.0%
-40.0%
-2.1%
-2.9%
-4.2%
-3.7%
-35.9%
2.7%
2.8%
5.2%
5.8%
3.8%
0.0%
-1.2%
-1.3%
-5.4%
-5.5%
-5.6%
-2.0%
0.4%
-5.1%
-2.2%
Q219
Q319
Q419
Q120
Q220
Q320
Q420
Q121
Q221
Q321
Q421
Q122
Q222
Q322
Q422
Q123
Q223
Q323
Q423
Q124
Change in EPS (first 2 months of qtr.)

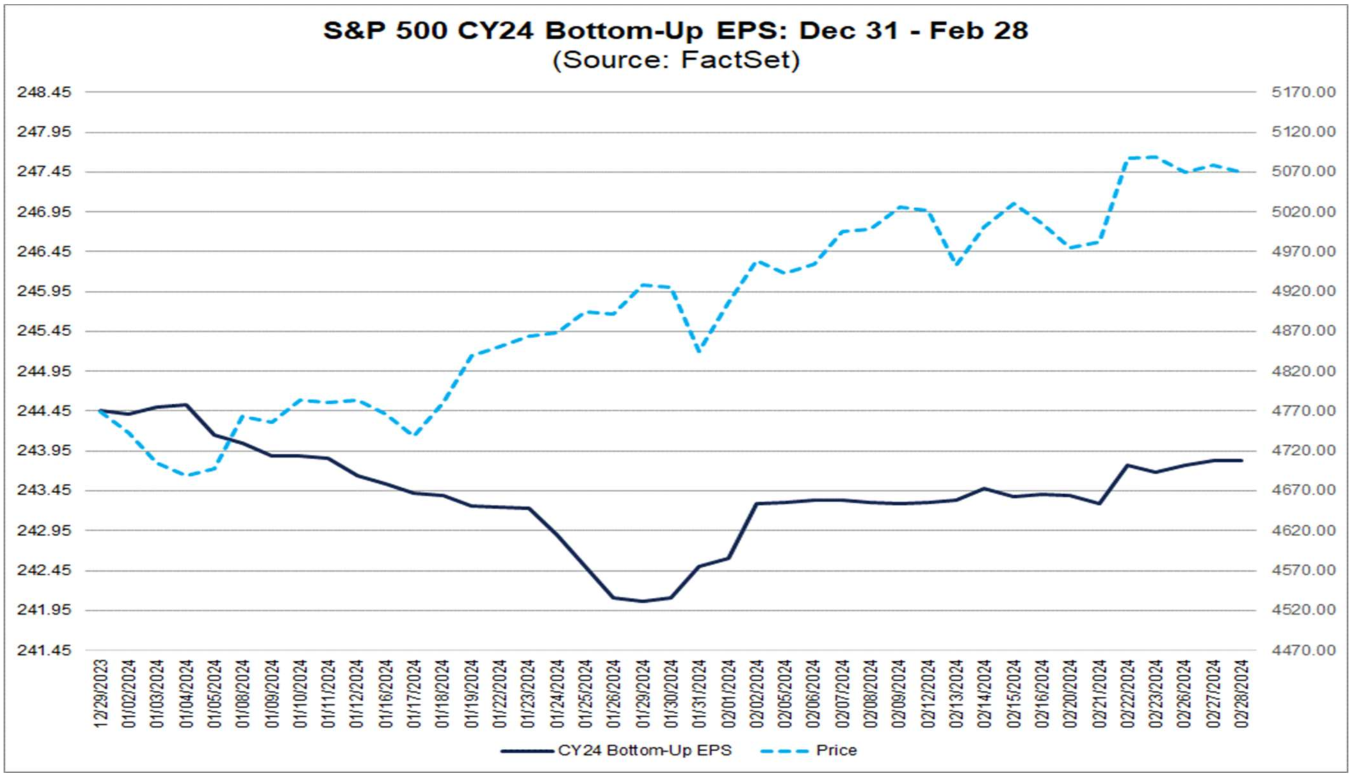

S&P 500 Q124 Bottom-Up EPS: Dec 31 - Feb 28
(Source: FactSet)
59.85
59.35
58.85
58.35
57.85
57.35
56.85
56.35
55.85
55.35
54.85
54.35
5120.00
5070.00
5020.00
4970.00
4920.00
4870.00
4820.00
4770.00
4720.00
4670.00
4620.00
4570.00
12/29/2023
01/02/2024
01/03/2024
01/04/2024
01/05/2024
01/08/2024
01/09/2024
01/10/2024
01/11/2024
01/12/2024
01/16/2024
01/17/2024
01/18/2024
01/19/2024
01/22/2024
01/23/2024
01/24/2024
01/25/2024
01/26/2024
01/29/2024
01/30/2024
01/31/2024
02/01/2024
02/02/2024
02/05/2024
02/06/2024
02/07/2024
02/08/2024
02/09/2024
02/12/2024
02/13/2024
02/14/2024
02/15/2024
02/16/2024
02/20/2024
02/21/2024
02/22/2024
02/23/2024
02/26/2024
02/27/2024
02/28/2024
Q124 Bottom-Up EPS
Price



S&P 500: Sector-Level Change in Q124 EPS (Dec 31 to Feb 28)
(Source: FactSet)
Consumer Discretionary
Communication Services
Utilities
Information Technology
Financials
Real Estate
S&P 500
Consumer Staples
Industrials
Health Care
Materials
Energy
2.3%
2.0%
0.4%
0.4%
-0.2%
-1.2%
-2.2%
-4.1%
-4.7%
-5.4%
-11.8%
-12.0%
-15.0%
-12.5%
-10.0%
-7.5%
-5.0%
-2.5%
0.0%
2.5%
5.0%
Change in Q124 EPS



Change in S&P 500 Annual EPS: First 2 Months of Year
(Source: FactSet)
12.0%
8.0%
4.0%
0.0%
-4.0%
-8.0%
-12.0%
-16.0%
-20.0%
-24.0%
0.3%
-0.4%
-1.3%
-4.1%
-18.4%
1.5%
1.4%
-1.3%
-1.0%
-1.0%
-5.1%
-4.4%
-1.2%
7.3%
-3.0%
-1.5%
4.3%
1.0%
-3.3%
-0.3%
CY05
CY06
CY07
CY08
CY09
CY10
CY11
CY12
CY13
CY14
CY15
CY16
CY17
CY18
CY19
CY20
CY21
CY22
CY23
CY24
Change (%) in Annual EPS (first 2 months of year)


S&P 500 CY24 Bottom-Up EPS: Dec 31 - Feb 28
(Source: FactSet)
248.45
247.95
247.45
246.95
246.45
245.95
245.45
244.95
244.45
243.95
243.45
242.95
242.45
241.95
241.45
5170.00
5120.00
5070.00
5020.00
4970.00
4920.00
4870.00
4820.00
4770.00
4720.00
4670.00
4620.00
4570.00
4520.00
4470.00
12/29/2023
01/02/2024
01/03/2024
01/04/2024
01/05/2024
01/08/2024
01/09/2024
01/10/2024
01/11/2024
01/12/2024
01/16/2024
01/17/2024
01/18/2024
01/19/2024
01/22/2024
01/23/2024
01/24/2024
01/25/2024
01/26/2024
01/29/2024
01/30/2024
01/31/2024
02/01/2024
02/02/2024
02/05/2024
02/06/2024
02/07/2024
02/08/2024
02/09/2024
02/12/2024
02/13/2024
02/14/2024
02/15/2024
02/16/2024
02/20/2024
02/21/2024
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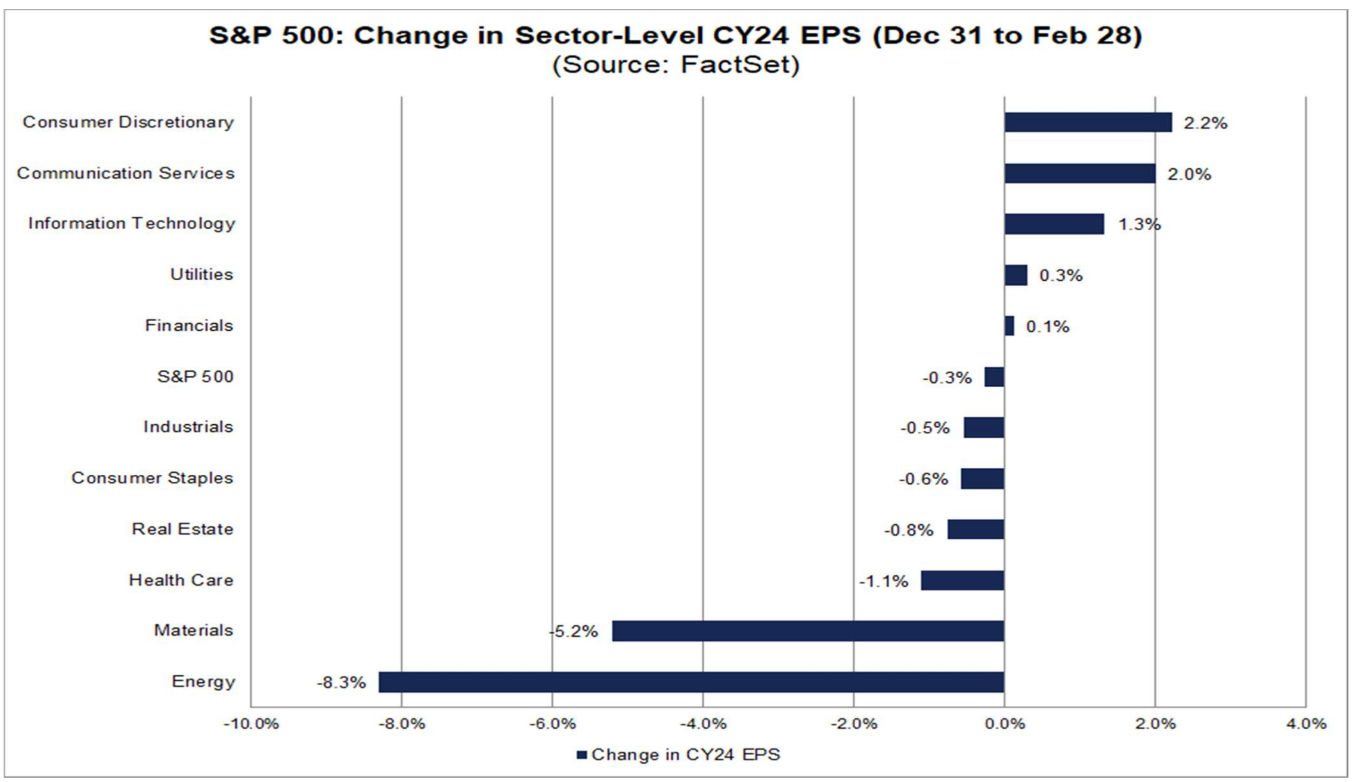
02/23/2024
02/26/2024
02/27/2024
02/28/2024
CY24 Bottom-Up EPS
Price


S&P 500: Change in Sector-Level CY24 EPS (Dec 31 to Feb 28)
(Source: FactSet)
Consumer Discretionary
Communication Services
Information Technology
Utilities
Financials
S&P 500
Industrials
Consumer Staples
Real Estate
Health Care
Materials
Energy
2.2%
2.0%
1.3%
0.3%
0.1%
-0.3%
-0.5%
-0.6%
-0.8%
-1.1%
-5.2%
-8.3%
-10.0%
-8.0%
-6.0%
-4.0%
-2.0%
0.0%
2.0%
4.0%
Change in CY24 EPS

Topic of the Week: 2

Largest Median Difference Between Non-GAAP EPS and GAAP EPS for DJIA Companies in 3 Years

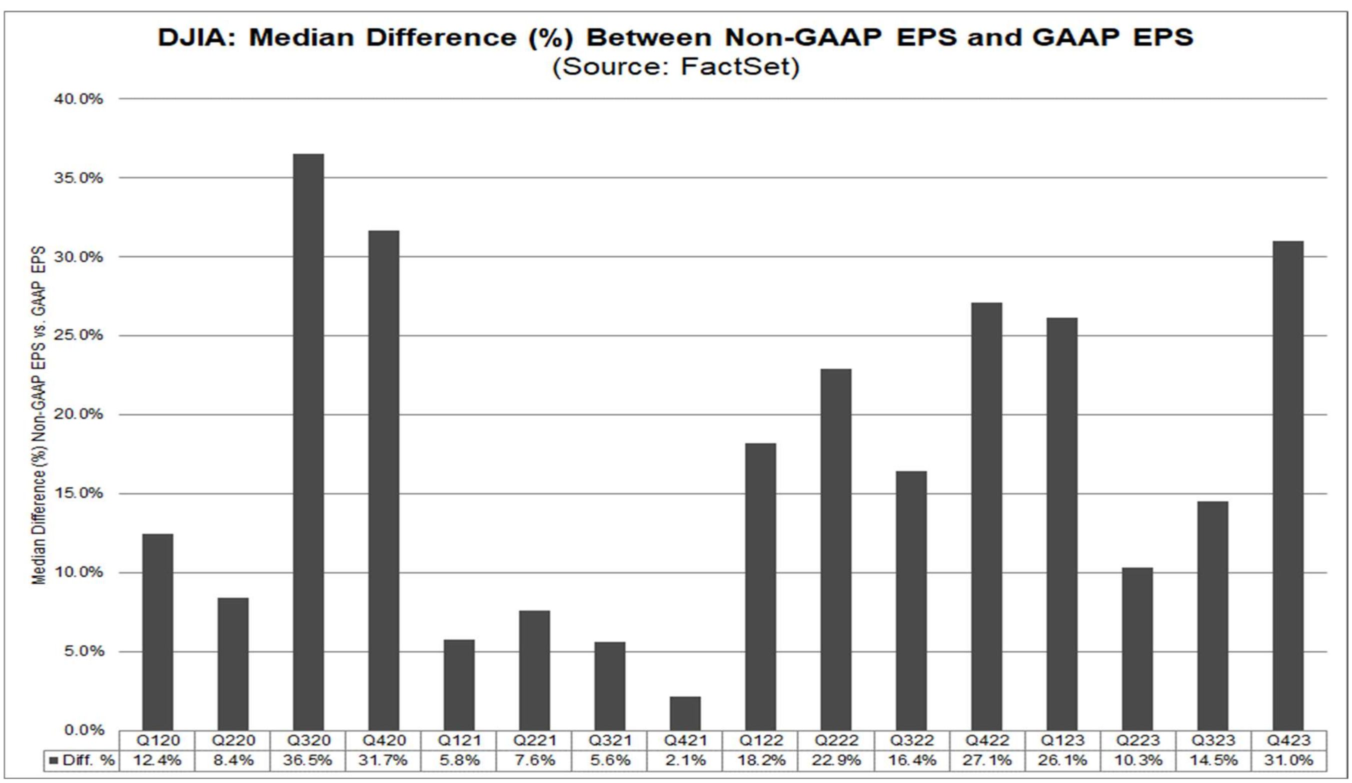
While all publicly traded U.S companies report EPS on a GAAP (generally accepted accounting principles) basis, many U.S. companies also choose to report EPS on a non-GAAP basis. There are mixed opinions in the market about the use of non-GAAP EPS. Supporters of the practice argue that it provides the market with a more accurate picture of earnings from the day-to-day operations of companies, as items that companies deem to be one-time events or nonoperating in nature are typically excluded from the non-GAAP EPS numbers. Critics of the practice argue that there is no industry-standard definition of non-GAAP EPS, and companies can take advantage of the lack of standards to exclude items that (more often than not) have a negative impact on earnings to boost non-GAAP EPS.

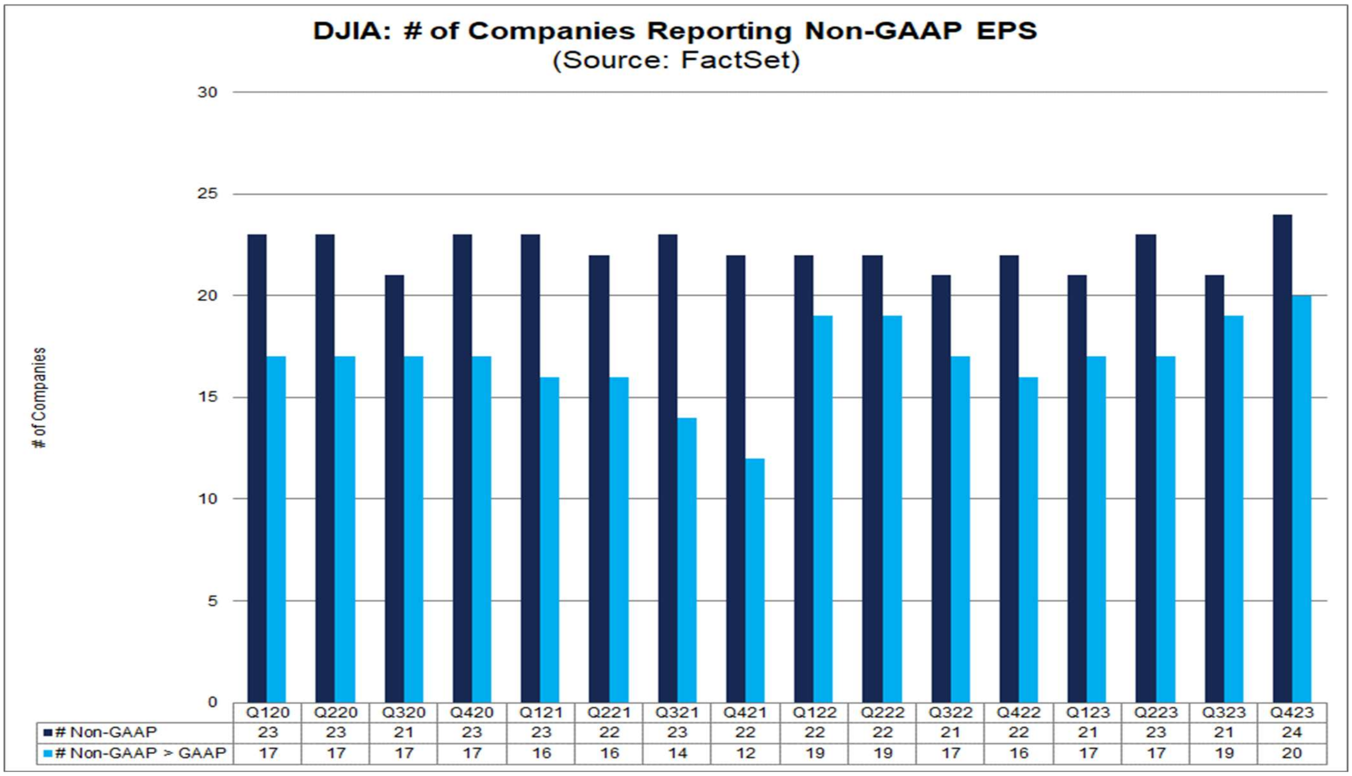
As of today, all of the companies in the Dow Jones Industrial Average (DJIA) have reported actual EPS for Q4 2023. What percentage of these companies reported non-GAAP EPS for Q4 2023? What was the median difference between non-GAAP EPS and GAAP EPS for companies in the DJIA for Q4 2023? How did these differences compare to recent quarters?

For Q4 2023, 24 (or 80%) of the 30 companies in the DJIA reported non-GAAP EPS in addition to GAAP EPS for the fourth quarter, which is above the 5-year average of 22 (or 73%). Of these 24 companies, 20 (or 83%) reported non-GAAP EPS that exceeded GAAP EPS, which is above the 5-year average of 16.

The median difference between non-GAAP EPS and GAAP EPS for these 24 companies was 31.0%, which is above the 5-year median difference of 11.7%. In fact, this quarter marked the first time the median difference between non-GAAP EPS and GAAP EPS for companies in the DJIA exceeded 30% since Q4 2020. It also marked the fourth highest median difference between non-GAAP EPS and GAAP EPS for the DJIA since FactSet began tracking this metric in 2016.

A list of the ten companies in the DJIA for which non-GAAP EPS exceeded GAAP EPS by the widest margins in Q4 2023 can be found on the next page. For companies that reported a GAAP loss, the absolute value was used for comparison.





DJIA: Top 10 Non-GAAP EPS > GAAP EPS for Q4 2023 (Source: FactSet)

Company	Ticker	Non-GAAP EPS	GAAP EPS	Difference (%)
Walgreens Boots Alliance Inc	WBA	0.66	-0.08	925.0%
Dow, Inc.	DOW	0.43	-0.15	386.7%
Verizon Communications Inc.	VZ	1.08	-0.64	268.8%
Amgen Inc.	AMGN	4.71	1.42	231.7%
Chevron Corporation	CVX	3.45	1.22	182.8%
Merck & Co., Inc.	MRK	0.03	-0.48	106.3%
salesforce.com, inc.	CRM	2.29	1.47	55.8%
3M Company	MMM	2.42	1.70	42.4%
Honeywell International Inc.	HON	2.60	1.91	36.1%
Johnson & Johnson	JNJ	2.29	1.70	34.7%

Q4 Earnings Season: By The Numbers

Overview

At this late stage of the Q4 earnings season, the overall performance of the S&P 500 relative to earnings estimates is below average. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are below recent averages. However, with more than 70% of S&P 500 companies reporting positive earnings surprises, the index is reporting higher earnings for the fourth quarter today relative to the end of the quarter. On a year-over-year basis, the index is reporting earnings growth for the second consecutive quarter.

Overall, 97% of the companies in the S&P 500 have reported actual results for Q4 2023 to date. Of these companies, 73% have reported actual EPS above estimates, which is below the 5-year average of 77% and below the 10-year average of 74%. In aggregate, companies are reporting earnings that are 4.1% above estimates, which is below the 5-year average of 8.5% and below 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.

As a result, the index is reporting higher earnings for the fourth quarter today 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 fourth quarter is 4.0% today, compared to an earnings growth rate of 3.9% last week and an earnings growth rate of 1.5% at the end of the fourth quarter (December 31).

Positive earnings surprises reported by companies in multiple sectors (led by the Information Technology, Industrials, Consumer Discretionary, and Health Care sectors), partially offset by negative earnings surprises reported by companies in the Financials sector, have been the largest contributors to the increase in overall earnings for the index since the end of the quarter.

If 4.0% is the actual growth rate for the quarter, it will mark the second consecutive quarter that the index has reported year-over-year growth in earnings.

Seven of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Communication Services, Consumer Discretionary, Utilities, and Information Technology sectors. On the other hand, four sectors are reporting (or have reported) a year-over-year decline in earnings: Energy, Materials, Health Care, and Financials.

In terms of revenues, 64% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 68% but equal to the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.2% above estimates, which is below the 5-year average of 2.0% and below the 10-year average of 1.3%. 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.

The blended revenue growth rate for the fourth quarter is 4.2% today, compared to a revenue growth rate of 4.2% last week and a revenue growth rate of 3.1% at the end of the fourth quarter (December 31).

Positive revenue surprises reported by companies in the Health Care and Consumer Discretionary sectors, partially offset by downward revisions to revenue estimates and negative revenue surprises in the Energy sector, have been the largest contributors to the increase in overall revenues for the index since the end of the quarter.

If 4.2% is the actual revenue growth rate for the quarter, it will mark the 13th consecutive quarter of revenue growth for the index.

Eight sectors are reporting (or have reported) year-over-year growth in revenues, led by the Real Estate, Communication Services, and Financials sectors. On the other hand, three sectors reported a year-over-year decline in revenues, led by the Energy sector.

Looking ahead, analysts expect (year-over-year) earnings growth of 3.6% for Q1 2024 and 9.2% for Q2 2024. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.0%.

The forward 12-month P/E ratio is 20.4, which is above the 5-year average (19.0) and above the 10-year average (17.7). It is also above the forward P/E ratio of 19.5 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 6 S&P 500 companies are scheduled to report results for the fourth quarter and 2 S&P 500 companies are scheduled to report results for the first quarter.

Scorecard: Number and Magnitude of Positive EPS Surprises Are Below 5-Year Average

Percentage of Companies Beating EPS Estimates (73%) is Below 5-Year Average

Overall, 97% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 73% have reported actual EPS above the mean EPS estimate, 6% have reported actual EPS equal to the mean EPS estimate, and 22% 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 (77%), below the 5-year average (77%), and below 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 Information Technology (88%) sector has the highest percentage of companies reporting earnings above estimates, while the Real Estate (55%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+4.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 4.1% above expectations. This surprise percentage is below the 1-year average (+5.7%), below the 5-year average (+8.5%), and below 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 Consumer Discretionary (+10.7%) sector is tied with the Energy sector for reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ford Motor ($0.29 vs. $0.12), Marriott International ($3.57 vs. $2.12), Wynn Resorts ($1.91 vs. $1.15), MGM International ($1.06 vs. $0.71), Carnival (-$0.07 vs. -$0.13), and Amazon.com ($1.00 vs. $0.79) have reported the largest positive EPS surprises.

The Energy (+10.7%) sector is tied with the Consumer Discretionary sector for reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Marathon Petroleum ($3.98 vs. $2.19), Phillips 66 ($3.09 vs. $2.35), Valero Energy ($3.55 vs. $2.95), and Hess Corporation ($1.63 vs. $1.36) reported the largest positive EPS surprises.

The Industrials (+9.8%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Uber Technologies ($0.66 vs. $0.16), Southwest Airlines ($0.37 vs. $0.12), and American Airlines ($0.29 vs. $0.11) have reported the largest positive EPS surprises.

The Health Care (+8.2%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Illumina ($0.14 vs. $0.02), Moderna ($0.55 vs. -$0.99), Pfizer ($0.10 vs. -$0.16), Merck ($0.03 vs. -$0.11), and Insulet Corporation ($1.44 vs. $0.65) have reported the largest positive EPS surprises.

On the other hand, the Financials (-10.4%) sector reported the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup (-$1.16 vs. $0.11), Truist Financial (-$3.85 vs. $0.68), Comerica ($0.20 vs. $0.87), and Bank of New York Mellon ($0.33 vs. $0.85) reported the largest negative EPS surprises. Actual results for these four companies included FDIC special assessments, which had a negative impact on earnings for the quarter.

Market Rewarding Positive EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q4 2023 have seen an average price increase of +1.4% two days before the earnings release through two days after the earnings release. This percentage increase is larger 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 Q4 2023 have seen an average price decrease of -1.0% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (64%) is Below 5-Year Average

In terms of revenues, 64% of companies have reported actual revenues above estimated revenues and 36% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (67%) and below the 5-year average (68%), but equal to 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 Health Care (86%) sector has the highest percentage of companies reporting revenues above estimates, while the Utilities (24%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.2%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.2% above expectations. This surprise percentage is below the 1-year average (+1.6%), below the 5-year average (+2.0%), and below the 10-year average (+1.3%). 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 (+3.1%) and Consumer Discretionary (+2.3%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-7.4%) and Energy (-1.9%), sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Information Technology Sector Has Seen Largest Increase in Earnings Since Dec. 31

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

The blended (year-over-year) earnings growth rate for Q4 2023 of 4.0% is above the estimate of 1.5% at the end of the fourth quarter (December 31). Eight 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 EPS estimates and positive earnings surprises, led by the Consumer Discretionary (to 34.0% from 22.8%) and Industrials (to 6.3% from -2.7%) sectors. The Information Technology, Industrials, Consumer Discretionary, and Health Care sectors have been the largest contributors to the increase in earnings for the index since December 31. On the other hand, two sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Financials (to -14.8% from -2.0%) sector. This sector has also been the largest detractor to the increase in earnings for the index since December 31. The Utilities (34.0%) sector has the same earnings growth rate today compared to December 31.

In the Information Technology sector, the positive EPS surprises reported by NVIDIA ($5.16 vs. $4.59), Microsoft ($2.93 vs. $2.77), and Apple ($2.18 vs. $2.10) have been significant contributors to the increase in earnings for the index since December 31. As a result, the blended earnings growth rate for the Information Technology sector increased to 22.7% from 15.7% over this period.

In the Industrials sector, the positive EPS surprise reported by Uber Technologies ($0.66 vs. $0.16) has been a substantial contributors to the increase in earnings for the index since December 31. As a result, the blended earnings growth rate for the Industrials sector improved to 6.3% from -2.7% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($1.00 vs. $0.79) and Ford Motor ($0.29 vs. $0.12) have been significant contributors to the increase in earnings for the index since December 31. As a result, the blended earnings growth rate for the Consumer Discretionary sector improved to 34.0% from 22.8% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($0.10 vs. -$0.16) and Moderna ($0.55 vs. -$0.99) has been substantial contributors to the increase in earnings for the index since December 31. As a result, the blended earnings decline for the Health Care sector improved to -15.8% from -20.1% over this period.

In the Financials sector, the negative EPS surprises reported by Truist Financial (-$3.85 vs. $0.68), Citigroup (-$1.16 vs. $0.11), Bank of America ($0.35 vs. $0.53), and JPMorgan Chase ($3.04 vs. $3.35) have been the largest detractors to the increase in earnings for the index since December 31. Actual results for all four companies included FDIC special assessments, which had a negative impact on earnings for the quarter. In addition, actual results for Truist Financial also included a non-cash goodwill impairment of $4.53, which also had a negative impact on earnings for the quarter. As a result, the blended earnings decline for the Financials sector increased to -14.8% from -2.0% over this period.

Health Care Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2023 of 4.2% is above the estimate of 3.1% at the end of the fourth quarter (December 31). Nine 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 Health Care (to 7.3% from 4.0%) and Consumer Discretionary (to 6.0% from 3.7%) sectors. These two 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, two 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 Energy (to -9.3% from -6.1%) sector. The Energy sector has also been the largest detractor to the increase in revenues for the index since the end of the quarter.

In the Health Care sector, the positive revenue surprises reported by CVS Health ($93.81 billion vs. $90.56 billion), Cetene Corporation ($39.46 billion vs. $36.14 billion), McKesson Corporation ($80.90 billion vs. $77.93 billion), Cencora ($72.25 billion vs. $69.25 billion), UnitedHealth Group ($94.43 billion vs. $92.13 billion), and Cigna ($51.15 billion vs. $48.91 billion) have been substantial contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 7.3% from 4.0% over this period.

In the Consumer Discretionary sector, the positive revenue surprises reported by General Motors ($42.98 billion vs. $38.73 billion), Amazon.com ($169.96 billion vs. $164.89 billion), and Ford Motor ($46.00 billion vs. $43.06 billion) have been significant contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Consumer Discretionary sector has increased to 6.0% from 3.7% over this period.

In the Energy sector, the downward revisions to revenue estimates and negative revenue surprises for Chevron (to $47.18 billion from $52.28 billion), Exxon Mobil (to $84.34 billion from $89.40 billion), and Phillips 66 (to $38.60 billion from $40.06 billion, and the downward revisions to revenue estimates for Valero Energy (to $35.41 billion from $36.73 billion) have been substantial detractors to the increase in revenues for the index since December 31. As a result, the blended revenue decline for the Energy sector has increased to -9.3% from -6.1% over this period.

Earnings Growth: 4.0%

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 Q4 2023 is 4.0%, which is below the 5-year average earnings growth rate of 9.5% and below the 10-year average earnings growth rate of 8.4%. If 4.0% is the actual growth rate for the quarter, it will mark the second consecutive quarter that the index has reported year-over-year earnings growth.

Seven of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Communication Services, Consumer Discretionary, Utilities, and Information Technology sectors. On the other hand, four sectors are reporting (or have reported) a year-over-year decline in earnings: Energy, Materials, Health Care, and Financials.

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

The Communication Services sector reported the largest (year-over-year) earnings growth rate of all eleven sectors at 44.7%. At the industry level, 3 of the 5 industries in the sector reported a year-over-year increase in earnings of 30% or more: Entertainment (176%), Interactive Media & Services (85%), and Wireless Telecommunication Services (32%). On the other hand, two industries reported a (year-over-year) decline in earnings: Diversified Telecommunication Services (-10%) and Media (-6%).

At the company level, Meta Platforms ($5.33 vs. $1.76) was the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for Communication Services sector would fall to 25.2% from 44.7%.

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

The Consumer Discretionary sector is tied with the Utilities sector for the second-highest (year-over-year) earnings growth rate of all eleven sectors at 34.0%. At the industry level, 4 of the 9 industries in the sector are reporting (or have reported) year-over-year earnings growth. Two of these four industries reported a year-over-year increase in earnings of more than 100%: Broadline Retail (1,020%) and Hotels, Restaurants, & Leisure (130%). On the other hand, five industries are reporting (or have reported) a year-over-year decline in earnings. Two of these five industries reported a decrease in earnings of 10% or more: Leisure Products (-71%) and Automobiles (-45%).

At the industry level, the Broadline Retail and Hotels, Restaurants, & Leisure industries are the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -16.8% instead of year-over-year earnings growth of 34.0%. On the other hand, the Automobiles industry is the largest detractor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would improve to 66.8% from 34.0%.

At the company level, Amazon.com ($1.00 vs. $0.03) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for Consumer Discretionary sector would fall to 0.3% from 34.0%.

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

The Utilities sector is tied with Consumer Discretionary sector for the second-highest (year-over-year) earnings growth rate of all eleven sectors at 34.0%. At the industry level, 4 of the 5 industries in this sector reported year-over-year earnings growth of more than 15%: Electric Utilities (59%), Independent Power and Renewable Electricity Producers (58%), Gas Utilities (17%), and Water Utilities (16%). On the other hand, the Multi-Utilities (-7%) industry is the only industry that reported a (year-over-year) decline in earnings.

At the industry level, the Electric Utilities industry was the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Utilities sector would fall to 0.4% from 34.0%.

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

The Information Technology sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 22.7%. At the industry level, 5 of the 6 industries in the sector are reporting (or have reported) year-over-year earnings growth. Three of these five industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (50%), Software (24%), and Technology Hardware, Storage & Peripherals (11%). On the other hand, the Electronic Equipment, Instruments, & Components (-3%) industry is the only industry that reported a year-over-year decline in earnings.

At the company level, NVIDIA ($5.16 vs. $0.88) 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 drop to 11.7% from 22.7%.

Energy: 3 of 5 Sub-Industries Reported Year-Over-Year Decline of 15% or More

The Energy sector reported the largest (year-over-year) earnings decline of all eleven sectors at -25.3%. At the sub-industry level, three of the five sub-industries in the sector reported a (year-over-year) decrease in earnings: Oil & Gas Refining & Marketing (-51%), Integrated Oil & Gas (-27%), and Oil & Gas Exploration & Production (-17%). On the other hand, two sub-industries reported year-over-year earnings growth: Oil & Gas Equipment & Services (23%) and Oil & Gas Storage & Transportation (2%).

Materials: 3 of 4 Industries Reported Year-Over-Year Decline of 15% or More

The Materials sector reported the second-largest (year-over-year) earnings decline of all eleven sectors at -20.4%. At the industry level, three of the four industries in this sector reported a year-over-year decline in earnings of 15% or more: Metals & Mining (-31%), Chemicals (-20%), and Containers & Packaging (-15%). On the other hand, the Construction Materials (45%) industry is the only industry in the sector that reported (year-over-year) earnings growth.

Health Care: Pfizer and Merck Are Largest Contributors to Year-Over-Year Decline

The Health Care sector is reporting the third-largest (year-over-year) earnings decline of all eleven sectors at -15.8%. At the industry level, three of the five industries in this sector reported a year-over-year decline in earnings: Pharmaceuticals (-45%), Biotechnology (-14%), and Life Sciences, Tools, & Services (-7%). On the other hand, two industries are reporting year-over-year earnings growth: Health Care Equipment & Supplies (9%) and Health Care Providers & Services (8%).

At the company level, Pfizer (-$0.10 vs. $1.14) and Merck (-$0.03 vs. $1.62) are the largest contributors to the earnings decline for the sector. If these two companies were excluded, the blended earnings decline for the Health Care sector would improve to -2.1% from -15.8%.

Financials: Banks Industry Led Year-Over-Year Decline

The Financials sector reported the fourth-largest (year-over-year) earnings decline of all eleven sectors at -14.8%. At the industry level, three of the five industries in this sector reported a year-over-year decline in earnings: Banks (-64%), Consumer Finance (-15%), and Capital Markets (-3%). On the other hand, the other two industries in the sector reported earnings growth: Insurance (53%) and Financial Services (12%).

At the industry level, the Banks industry was the largest contributor to the year-over-year decline in earnings for the sector. Actual results for most of the companies in the Banks industry included FDIC special assessments, which had a negative impact on earnings for the quarter. If this industry were excluded, the Financials sector would have reported (year-over-year) growth in earnings of 16.7% instead of a year-over-year earnings decline of -14.8%.

Revenue Growth: 4.2%

The blended (year-over-year) revenue growth rate for Q4 2023 is 4.2%, which is below the 5-year average revenue growth rate of 6.9% and below the 10-year average revenue growth rate of 5.0%. If 4.2% is the actual revenue growth rate for the quarter, it will mark the 13th consecutive quarter of revenue growth for the index.

At the sector level, nine sectors are reporting (or have reported) year-over-year growth in revenues, led by the Real Estate, Communication Services, and Financials sectors. On the other hand, three sectors reported a year-over-year decline in revenues, led by the Energy sector.

Real Estate: All 8 Industries Reported Year-Over-Year Growth

The Real Estate sector reported the highest (year-over-year) revenue growth rate at 8.3%. All eight industries in the sector reported year-over-year growth in revenues. Three of these eight industries reported double-digit revenue growth: Health Care REITs (12%), Retail REITs (11%), and Industrial REITs (10%).

Communication Services: 4 of 5 Industries Reported Year-Over-Year Growth

The Communications Services sector is tied with the Financials sector for the second-highest (year-over-year) revenue growth rate at 7.8%. At the industry level, four of the five industries in the sector reported (year-over-year) growth in revenues. However, the Interactive Media & Services (15%) industry is the only industry that reported double-digit growth.

Financials: All 5 Industries Reported Year-Over-Year Growth

The Financials sector is tied with the Communication Services sector for the second-highest (year-over-year) revenue growth rate at 7.8%. At the industry level, all five industries in the sector reported (year-over-year) growth in revenues. Two of these five industries reported double-digit earnings growth: Financial Services (15%) and Consumer Finance (10%).

Energy: 4 of 5 Sub-Industries Reported Year-Over-Year Decline

The Energy sector reported the largest (year-over-year) revenue decline of all eleven sectors at -9.3%. At the sub-industry level, four of the five sub-industries in the sector reported a year-over-year decrease in revenues: Integrated Oil & Gas (-12%), Oil & Gas Refining & Marketing (-9%), Oil & Gas Exploration & Production (-9%), and Oil & Gas Storage & Transportation (-5%). On the other hand, the Oil & Gas Equipment & Services (11%) sub-industry is the only sub-industry that reported (year-over-year) revenue growth.

Net Profit Margin: 11.2%

The blended net profit margin for the S&P 500 for Q4 2023 is 11.2%, which is below the previous quarter's net profit margin of 12.2% and below the 5-year average of 11.5%, but equal to the year-ago net profit margin of 11.2%.

At the sector level, six sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q4 2023 compared to Q4 2022, led by the Utilities (12.9% vs. 9.1%), Information Technology (26.4% vs. 23.1%), and Communication Services (11.8% vs. 8.8%) sectors. On the other hand, five sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q4 2023 compared to Q4 2022, led by the Financials (13.1% vs. 16.5%) sector.

Five sectors are reporting net profit margins in Q4 2023 that are above their 5-year averages, led by the Information Technology (26.4% vs. 23.3%) sector. On the other hand, five sectors are reporting net profit margins in Q4 2023 that are below their 5-year averages, led by the Financials (13.1% vs. 16.6%) and Health Care (7.4% vs. 10.1%) sectors. The Real Estate sector (35.1%) reported a net profit margin for Q4 2023 that was equal to its 5-year average.

Forward Estimates and Valuation

Quarterly Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q1 Above 5-Year Average

At this point in time, 101 companies in the index have issued EPS guidance for Q1 2024. Of these 101 companies, 71 have issued negative EPS guidance and 30 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2024 is 70% (71 out of 101), which is above the 5-year average of 59% and above the 10-year average of 63%.

At this point in time, 263 companies in the index have issued EPS guidance for the current fiscal year (FY 2023 or FY 2024). Of these 263 companies, 138 have issued negative EPS guidance and 125 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 52% (138 out of 263).

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 fourth quarter, S&P 500 companies are reporting a year-over-year growth in earnings of 4.0% and year-over-year growth in revenues of 4.2%. For CY 2023, S&P 500 companies are reporting year-over-year growth in earnings of 0.9% and year-over-year growth in revenues of 2.8%

For Q1 2024, analysts are projecting earnings growth of 3.6% and revenue growth of 3.6%.

For Q2 2024, analysts are projecting earnings growth of 9.2% and revenue growth of 4.7%.

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

For Q4 2024, analysts are projecting earnings growth of 17.4% and revenue growth of 5.7%.

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

Valuation: Forward P/E Ratio is 20.4, Above the 10-Year Average (17.7)

The forward 12-month P/E ratio for the S&P 500 is 20.4. This P/E ratio is above the 5-year average of 19.0 and above the 10-year average of 17.7. It is also above the forward 12-month P/E ratio of 19.5 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has increased by 6.3%, while the forward 12-month EPS estimate has increased by 1.9%. At the sector level, the Information Technology (28.0) and Consumer Discretionary (25.2) sectors have the highest forward 12-month P/E ratios, while the Energy (11.9) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.3, which is above the 5-year average of 23.0 and above the 10-year average of 21.2.

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

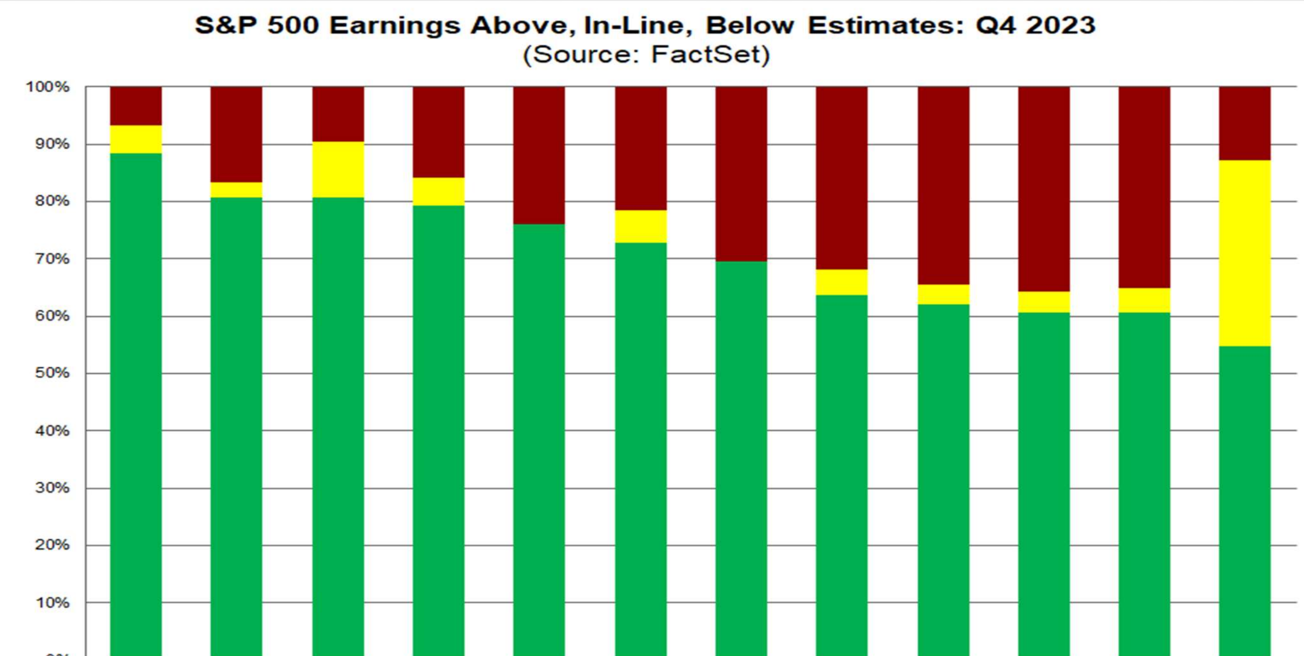
The bottom-up target price for the S&P 500 is 5589.20, which is 10.2% above the closing price of 5069.76. At the sector level, the Energy (+17.7%) and Communication Services (+14.5%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Industrials (+5.8%) and Materials (+6.4%) 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 11,461 ratings on stocks in the S&P 500. Of these 11,461 ratings, 53.6% are Buy ratings, 40.6% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Energy (63%) and Communication Service (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Materials (47%) sectors have the lowest percentages of Buy ratings.

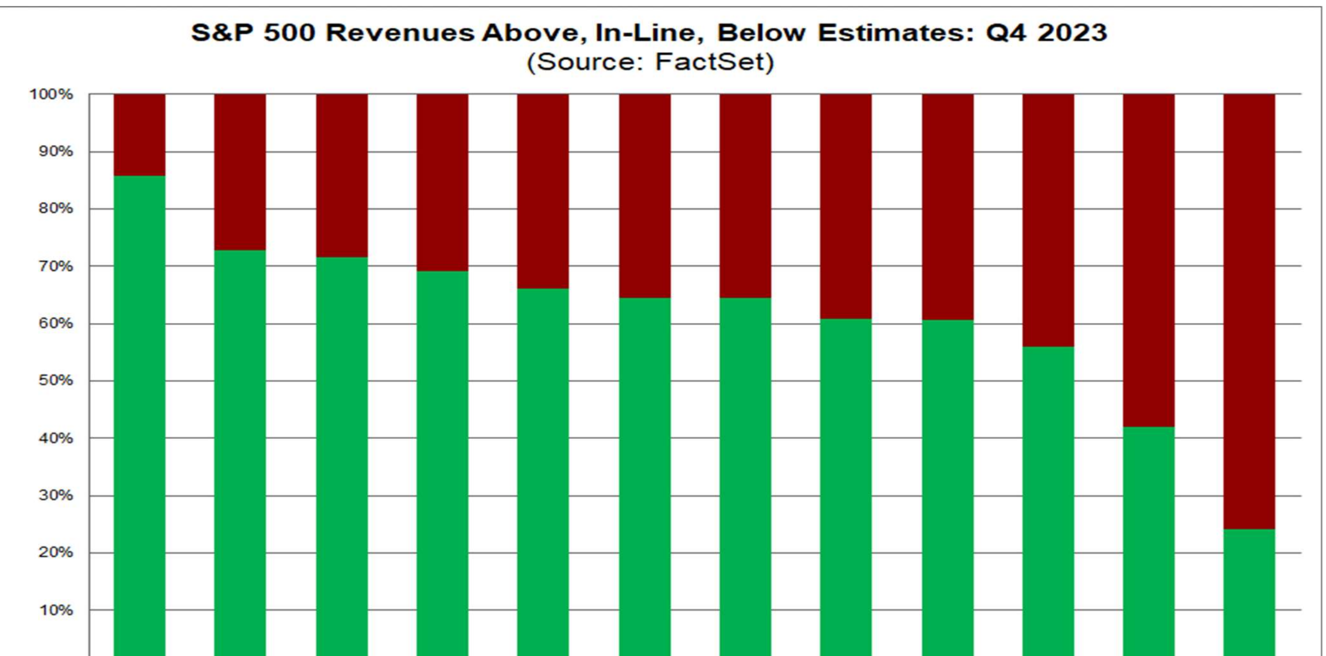
Companies Reporting Next Week: 8

During the upcoming week, 6 S&P 500 companies are scheduled to report results for the fourth quarter and 2 S&P 500 companies are scheduled to report results for the first quarter.

Q4 2023: Scorecard

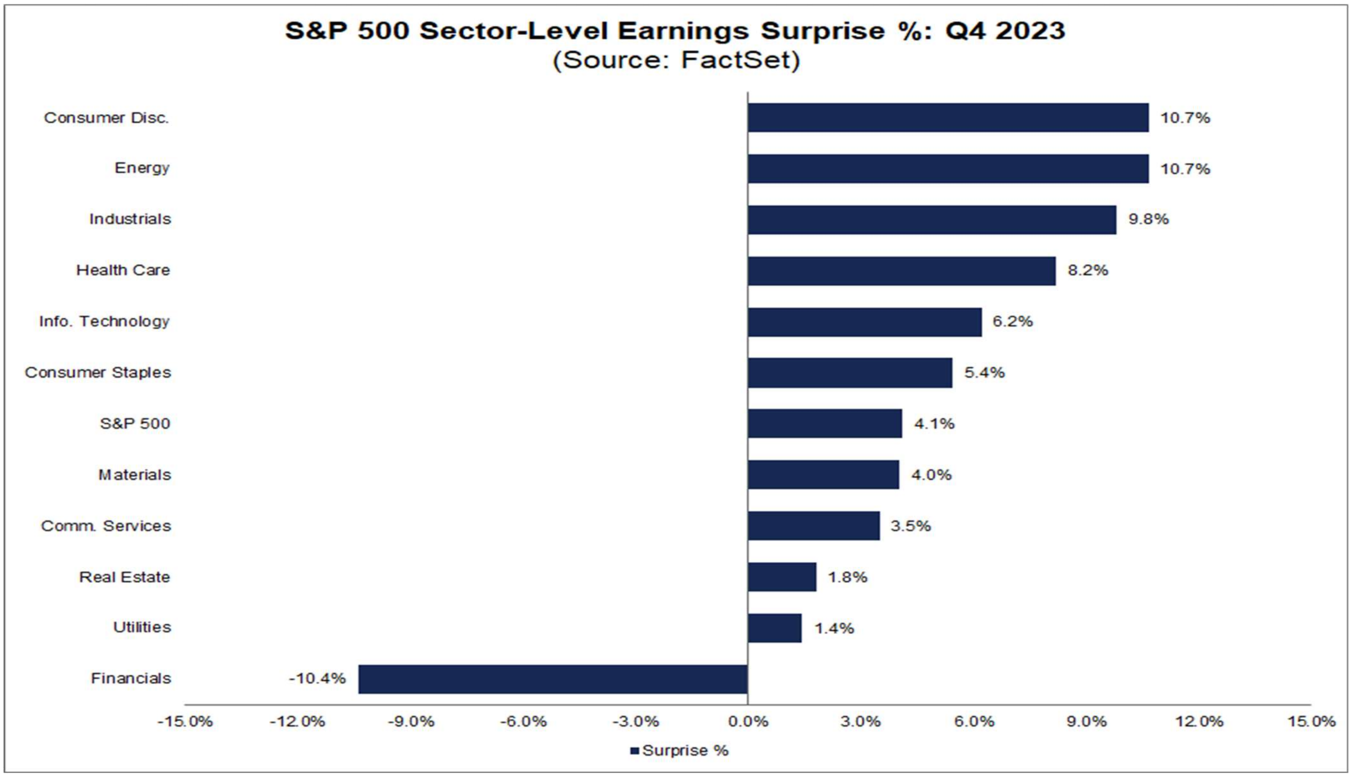


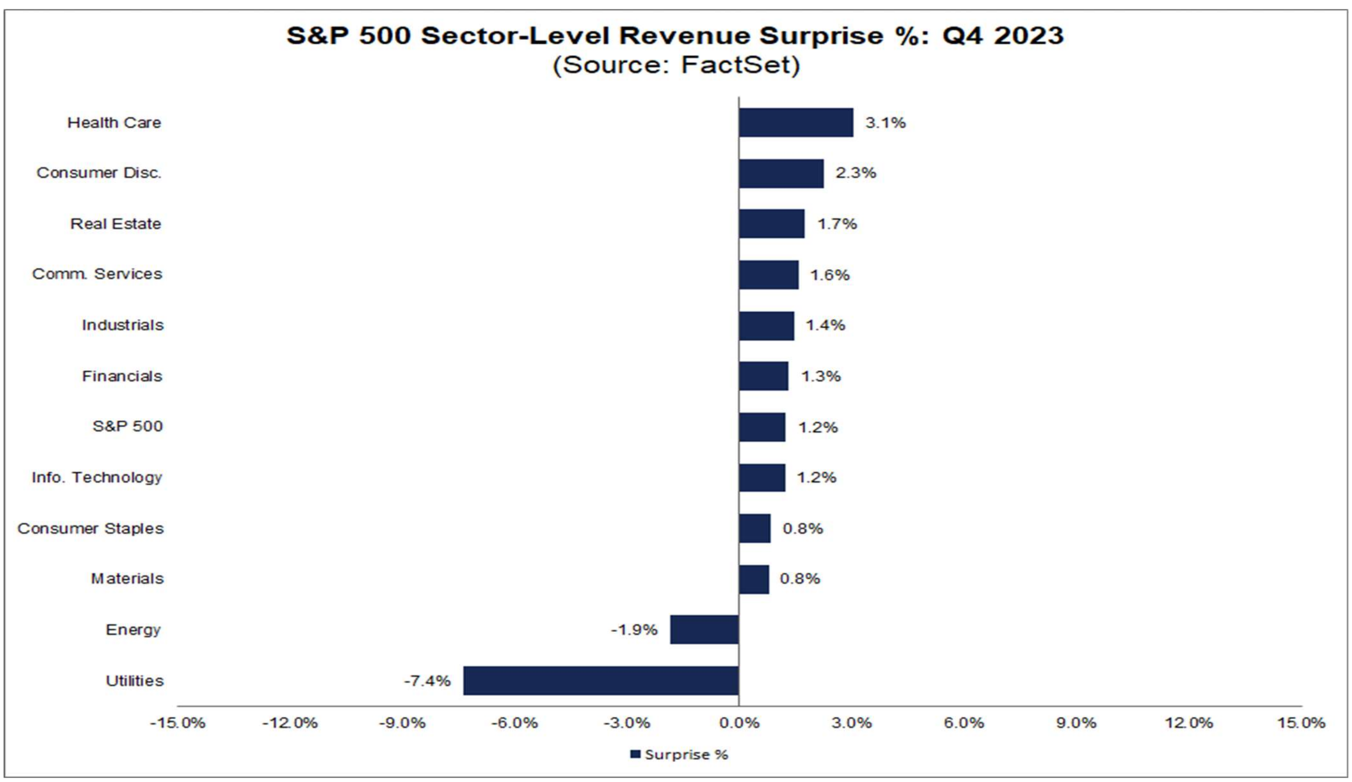
	Info. Technology	Industrials	Consumer Staples	Health Care	Consumer Disc.	S&P 500	Energy	Comm. Services	Utilities	Materials	Financials	Real Estate
Below	7%	17%	10%	16%	24%	22%	30%	32%	34%	36%	35%	13%
In-Line	5%	3%	10%	5%	0%	6%	0%	5%	3%	4%	4%	32%
Above	88%	81%	81%	79%	76%	73%	70%	64%	62%	61%	61%	55%



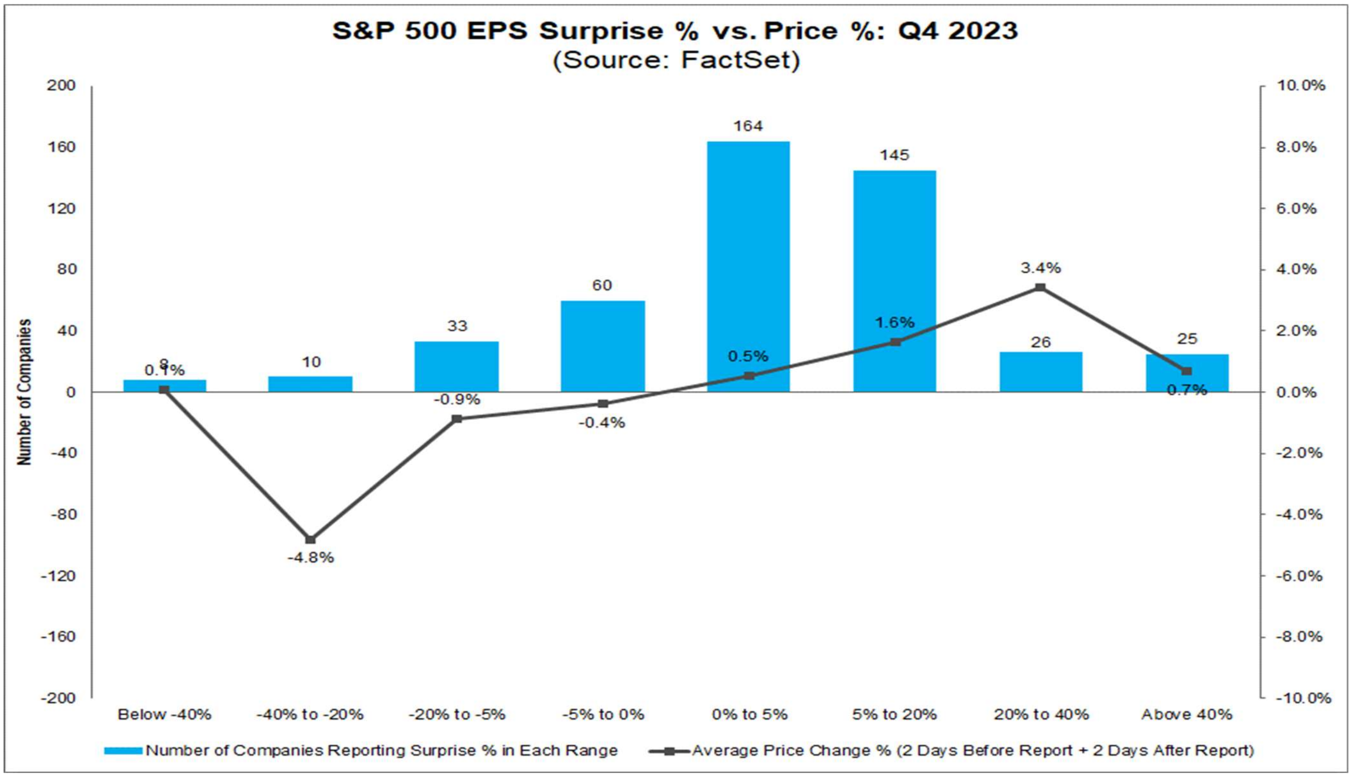
	Health Care	Comm. Services	Info. Technology	Industrials	Financials	Real Estate	S&P 500	Energy	Materials	Consumer Disc.	Consumer Staples	Utilities
Below	14%	27%	28%	31%	34%	35%	36%	39%	39%	44%	58%	76%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	86%	73%	72%	69%	66%	65%	64%	61%	61%	56%	42%	24%

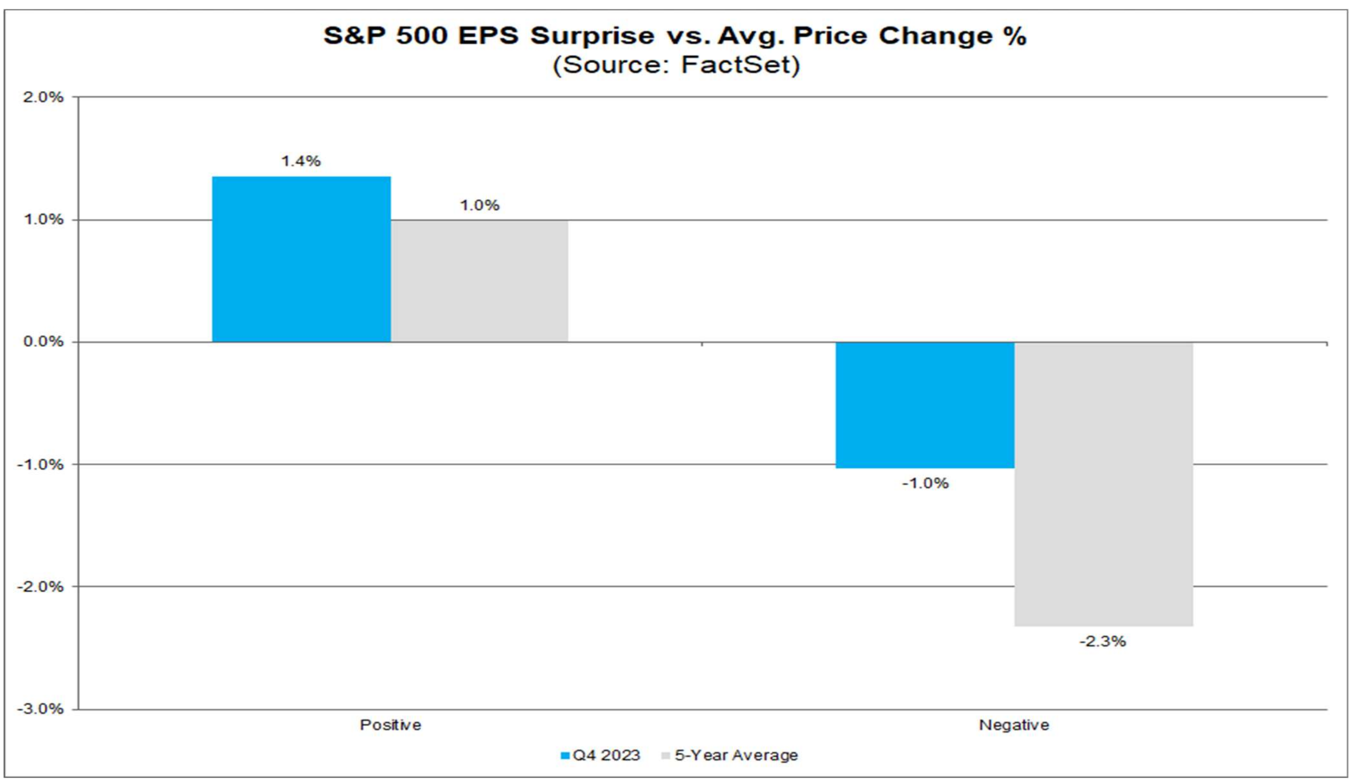
Q4 2023: Surprise



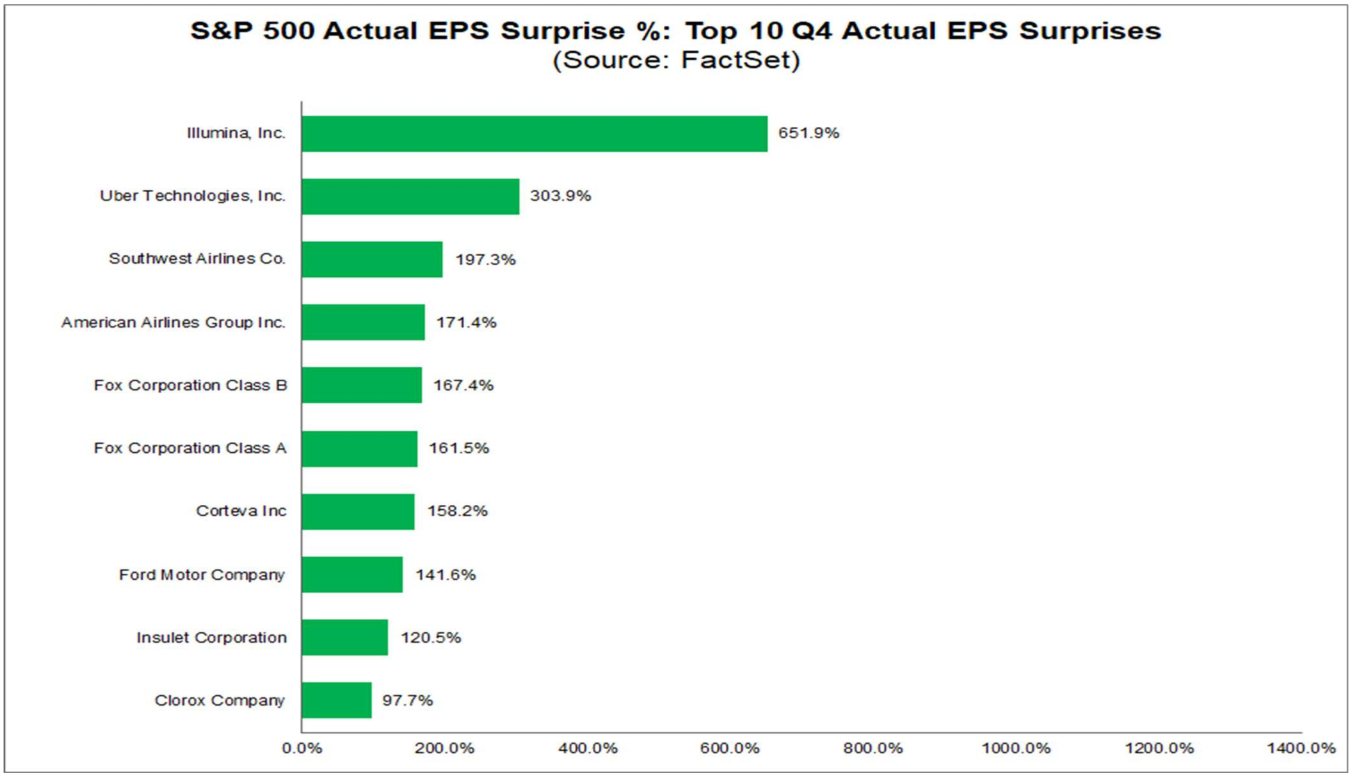


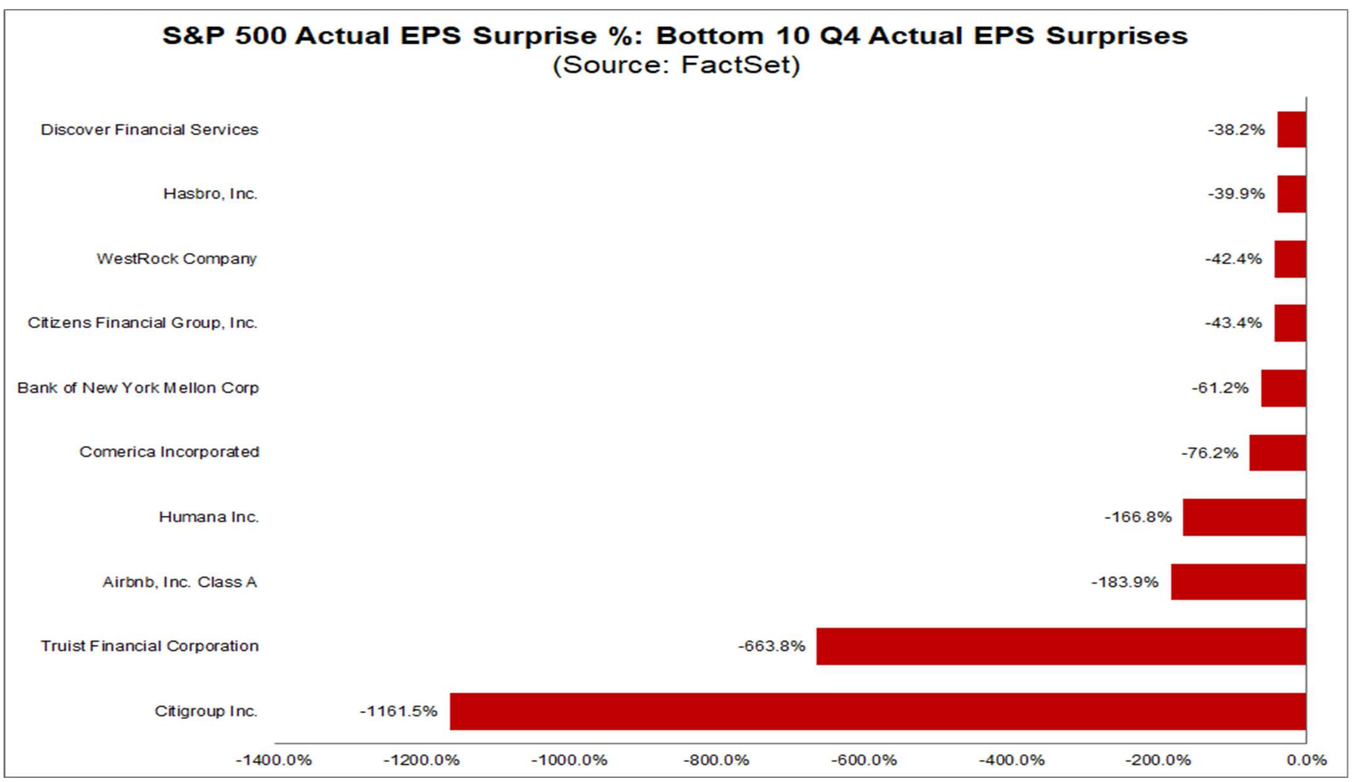
Q4 2023: Surprise



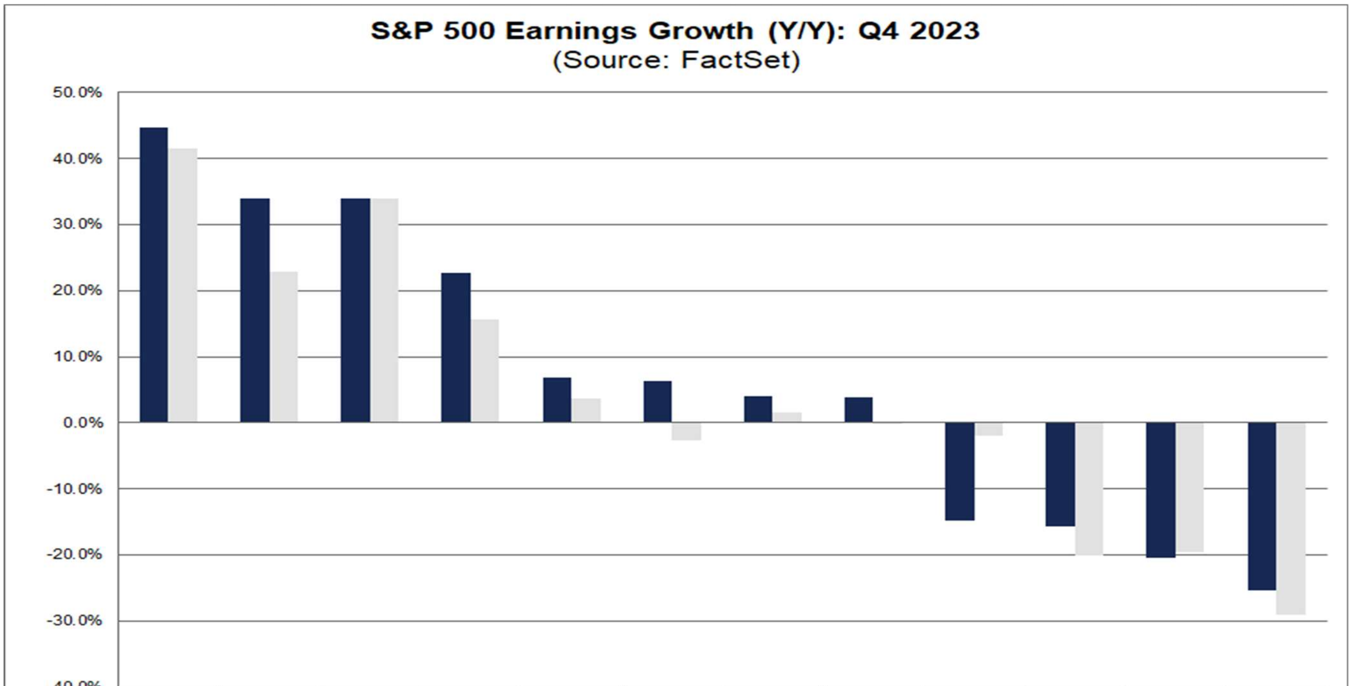


Q4 2023: Surprise

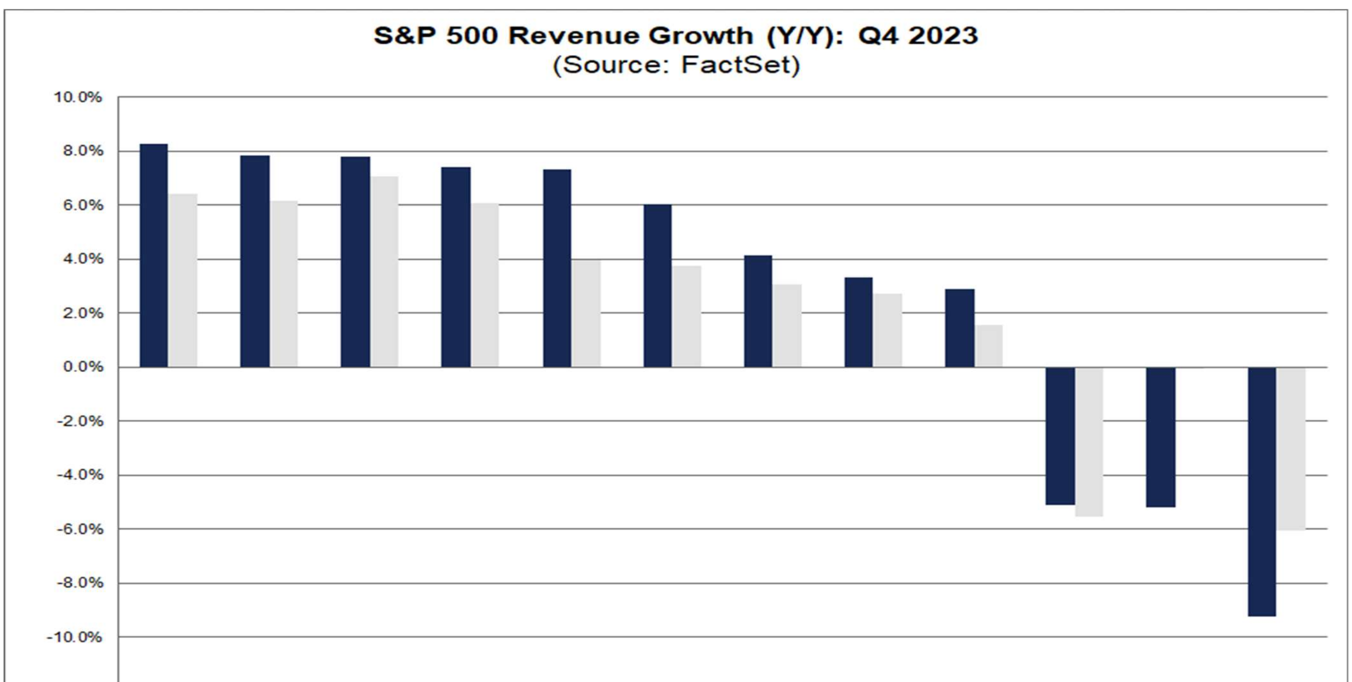




Q4 2023: Growth

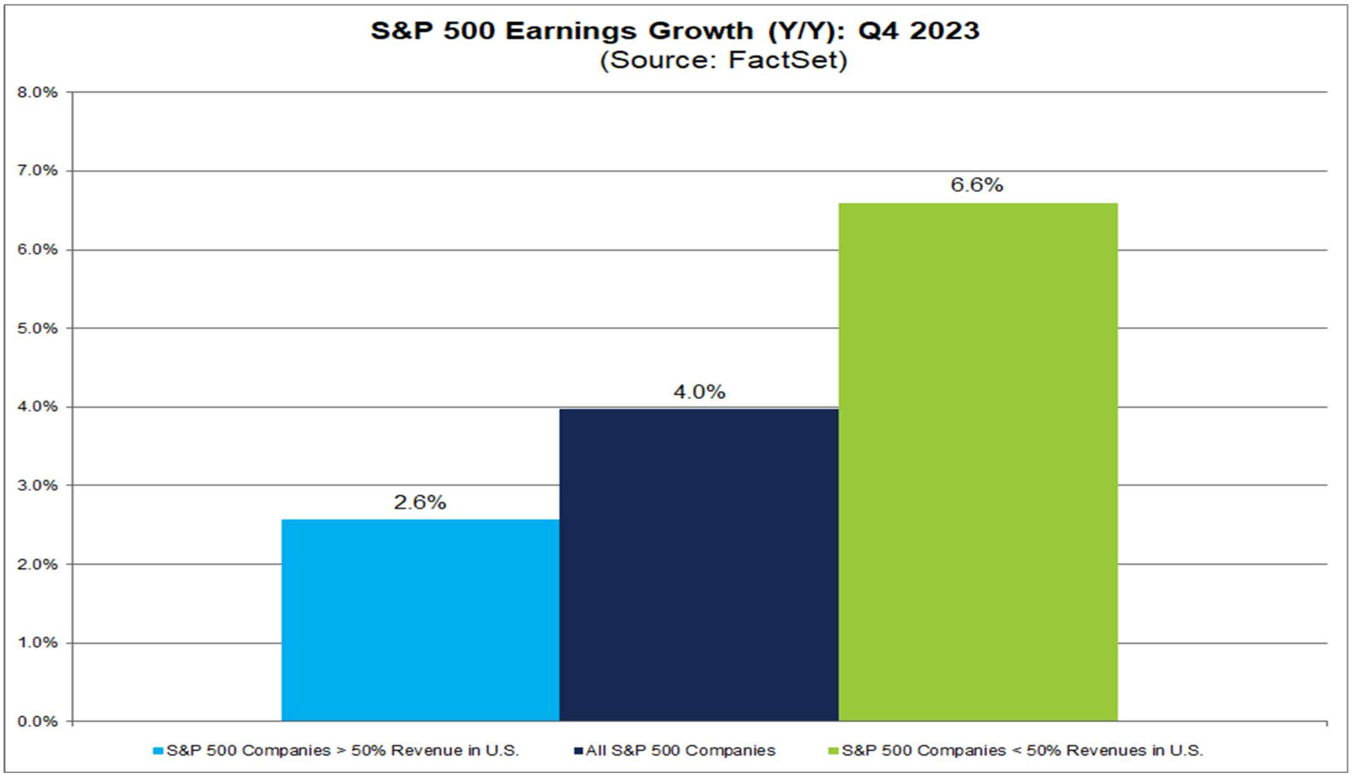


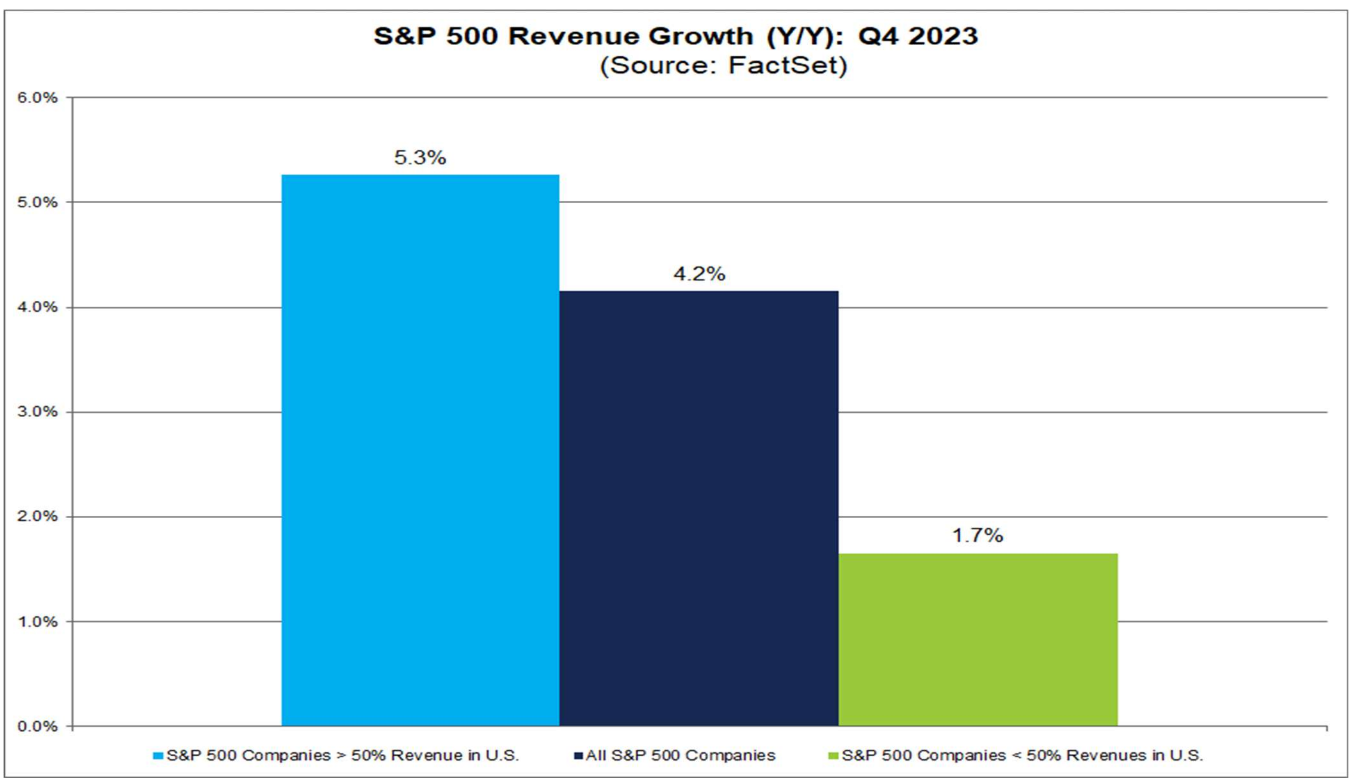
	Comm. Services	Consumer Disc.	Utilities	Info. Technology	Real Estate	Industrials	S&P 500	Consumer Staples	Financials	Health Care	Materials	Energy
Today	44.7%	34.0%	34.0%	22.7%	6.8%	6.3%	4.0%	3.9%	-14.8%	-15.8%	-20.4%	-25.3%
31-Dec	41.4%	22.8%	34.0%	15.7%	3.7%	-2.7%	1.5%	-0.3%	-2.0%	-20.1%	-19.5%	-29.0%



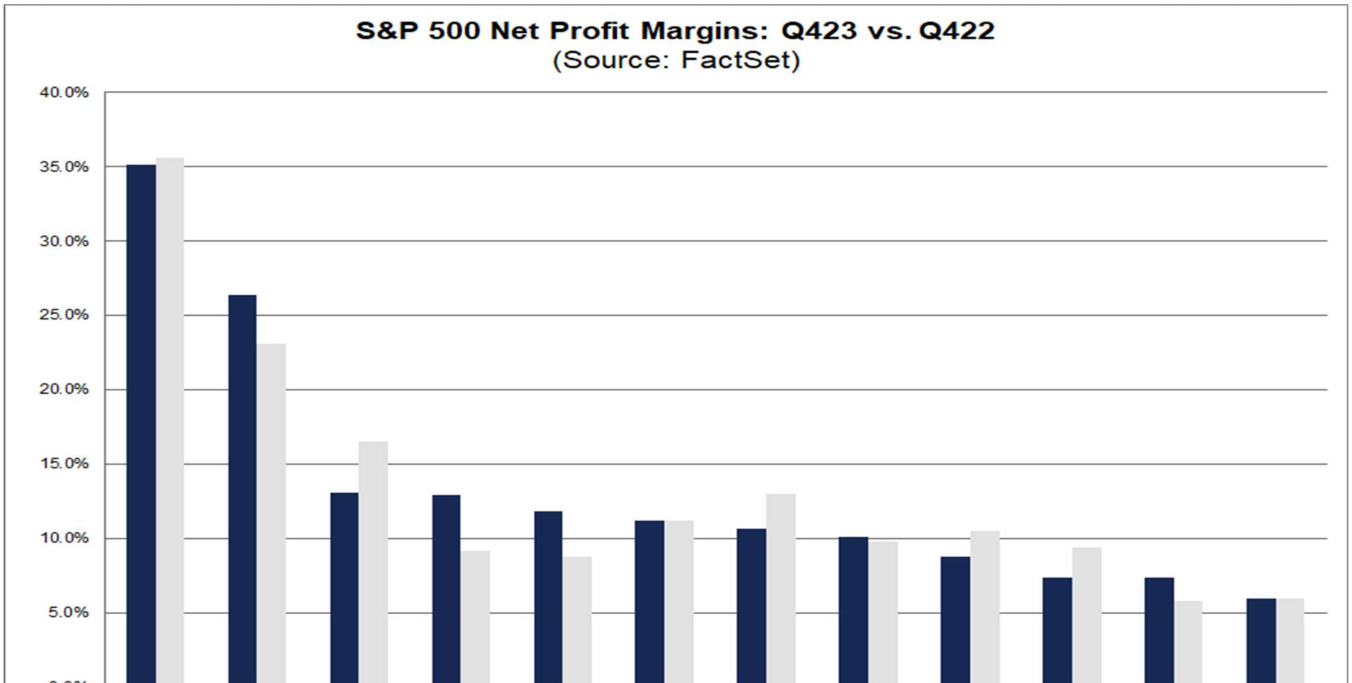
	Real Estate	Comm. Services	Financials	Info. Technology	Health Care	Consumer Disc.	S&P 500	Consumer Staples	Industrials	Materials	Utilities	Energy
Today	8.3%	7.8%	7.8%	7.4%	7.3%	6.0%	4.2%	3.3%	2.9%	-5.1%	-5.2%	-9.3%
31-Dec	6.4%	6.2%	7.1%	6.1%	4.0%	3.7%	3.1%	2.7%	1.5%	-5.5%	-0.1%	-6.1%

Q4 2023: Growth

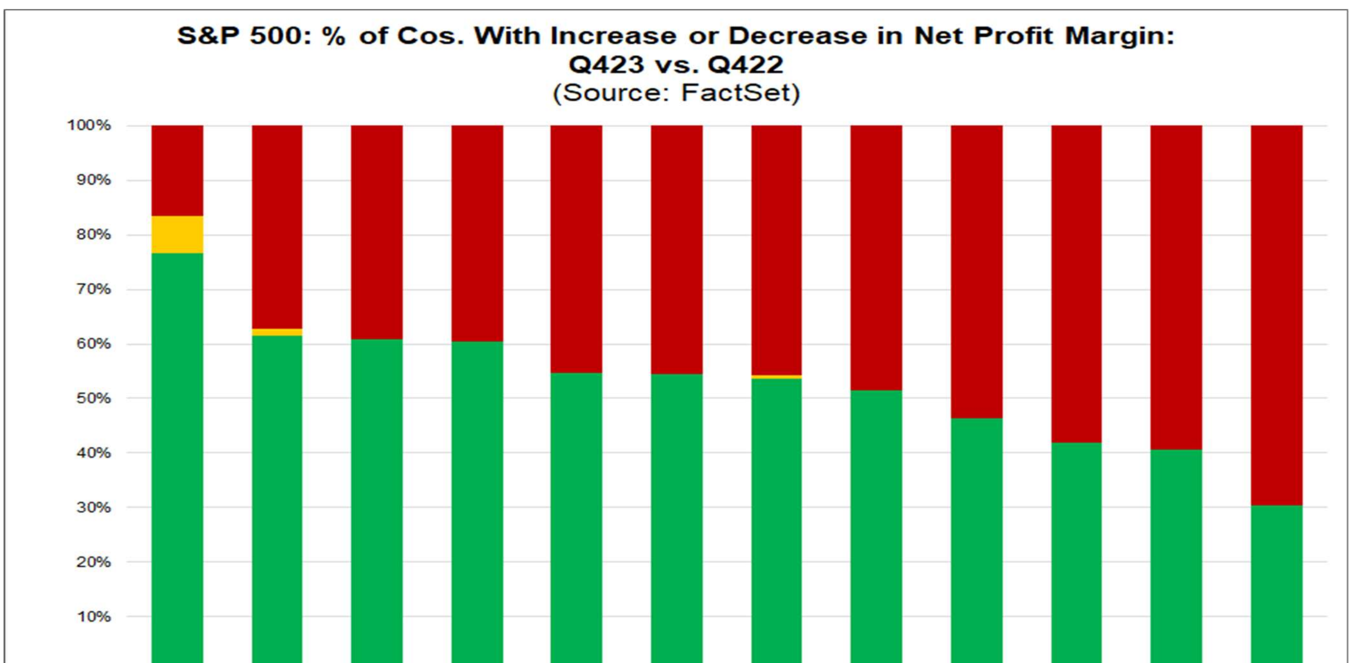




Q4 2023: Net Profit Margin

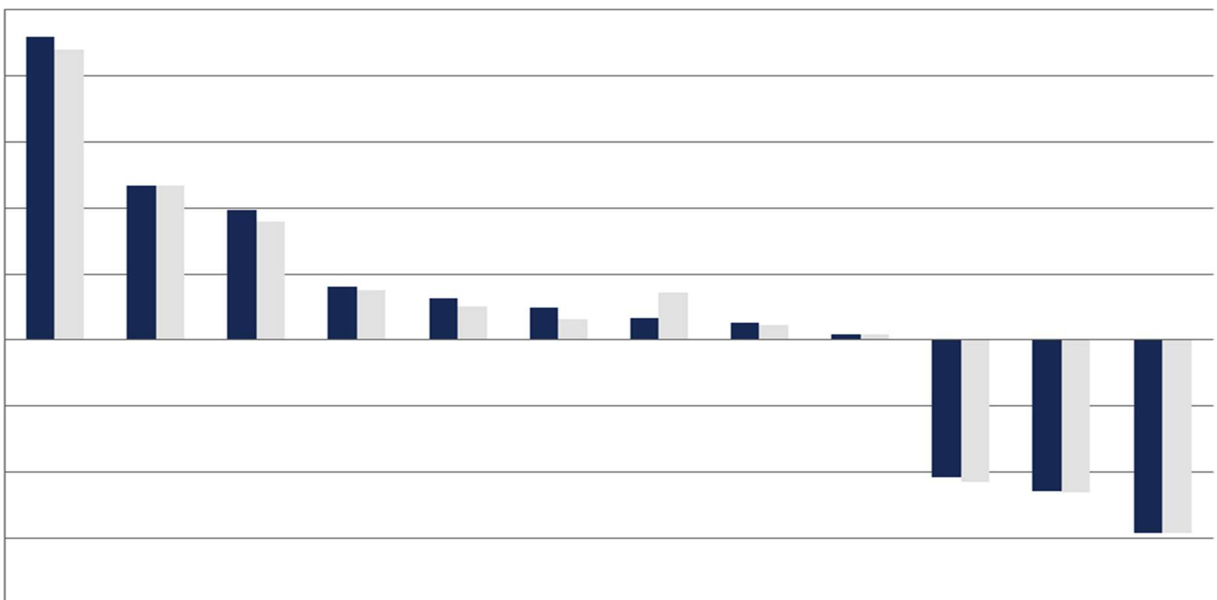


	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Health Care	Consumer Disc.	Consumer Staples
Q423	35.1%	26.4%	13.1%	12.9%	11.8%	11.2%	10.7%	10.1%	8.8%	7.4%	7.3%	6.0%
Q422	35.6%	23.1%	16.5%	9.1%	8.8%	11.2%	13.0%	9.8%	10.5%	9.4%	5.8%	5.9%

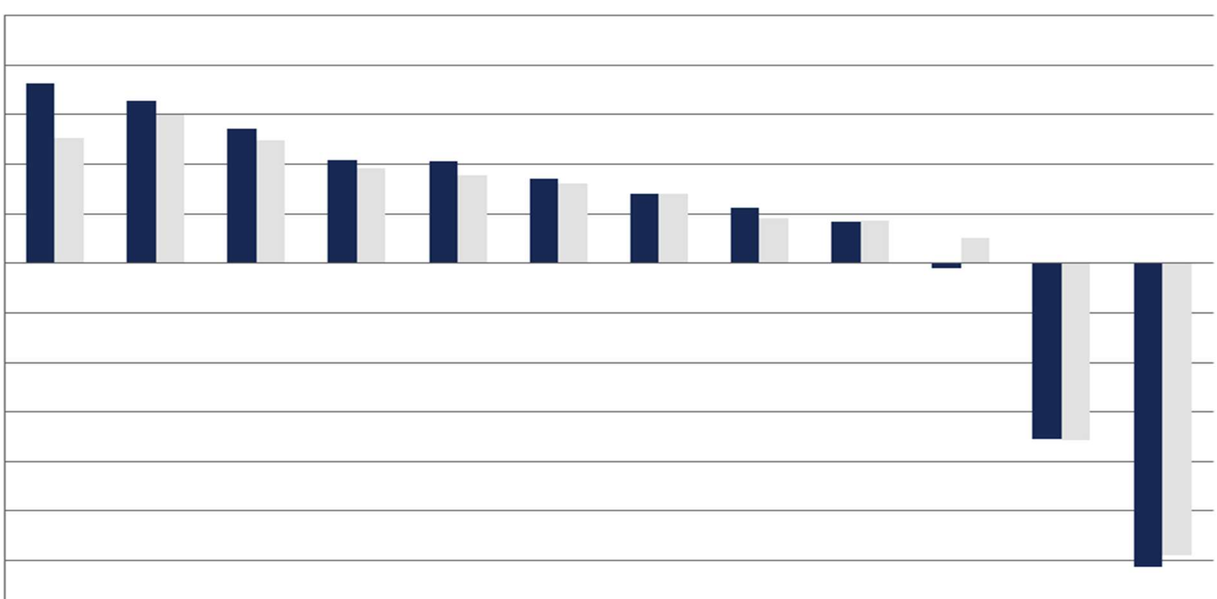


	Utilities	Industrials	Information Tech.	Consumer Staples	Consumer Disc.	Comm. Services	S&P 500	Financials	Materials	Real Estate	Health Care	Energy
Down %	17%	37%	39%	39%	45%	45%	46%	49%	54%	58%	59%	70%
None %	7%	1%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%
Up %	77%	62%	61%	61%	55%	55%	54%	51%	46%	42%	41%	30%

CY 2023: Growth

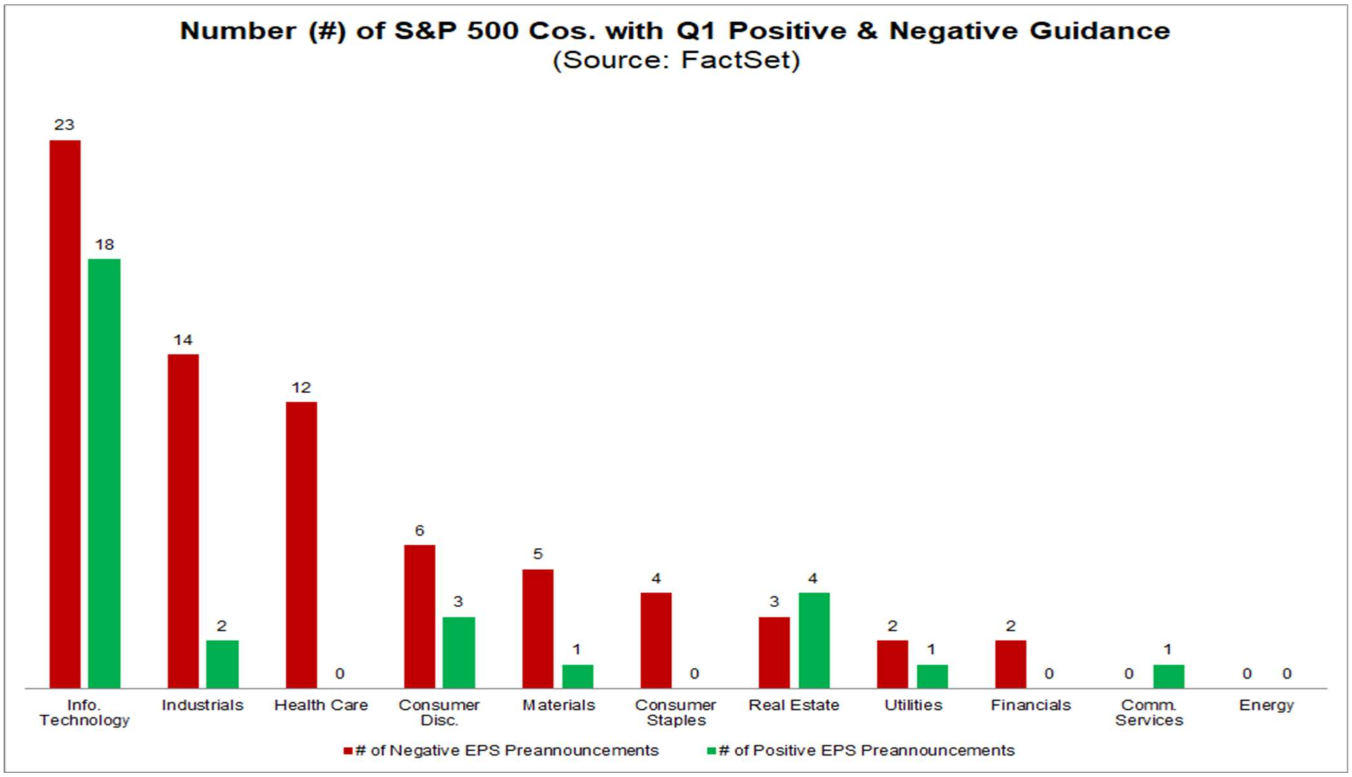


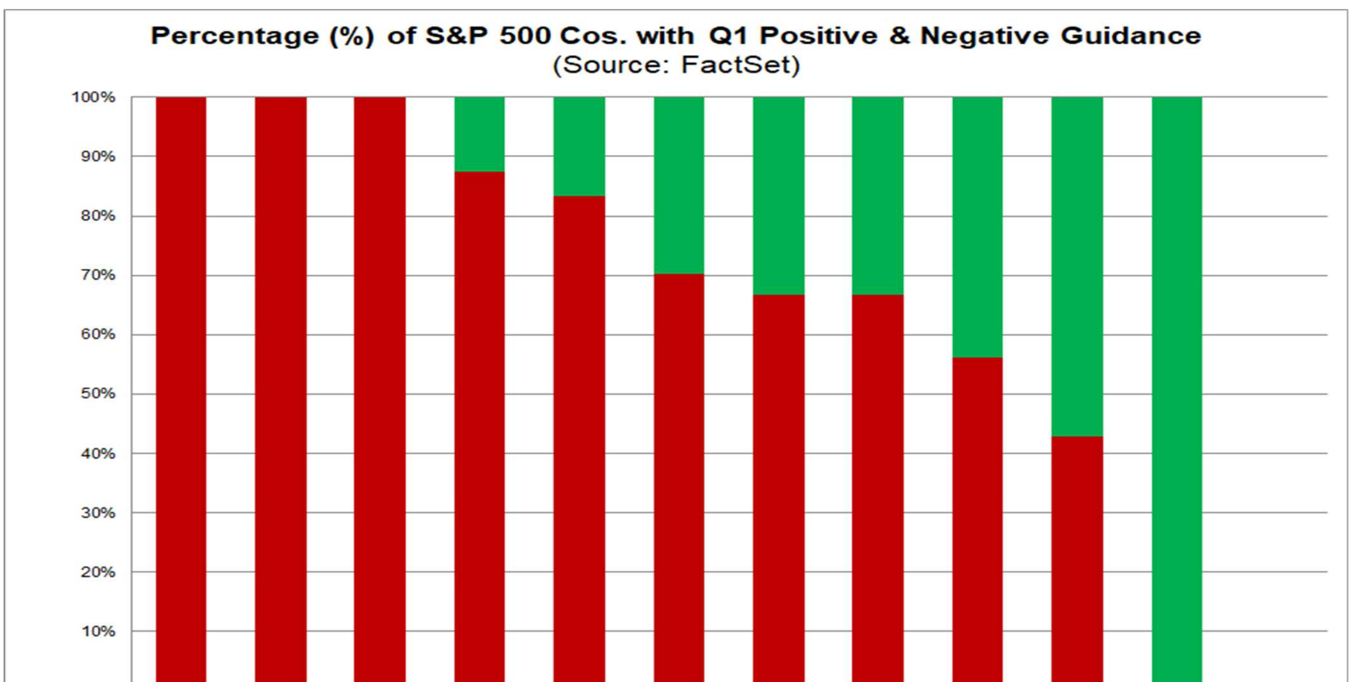
	Consumer Disc.	Comm. Services	Industrials	Utilities	Info. Technology	Real Estate	Financials	Consumer Staples	S&P 500	Health Care	Materials	Energy
Today	45.9%	23.4%	19.7%	8.0%	6.2%	4.9%	3.4%	2.6%	0.9%	-20.8%	-22.9%	-29.2%
31-Dec	43.9%	23.3%	18.0%	7.6%	5.1%	3.1%	7.2%	2.3%	0.9%	-21.6%	-23.1%	-29.2%



	Financials	Consumer Disc.	Real Estate	Comm. Services	Health Care	Industrials	Consumer Staples	S&P 500	Info. Technology	Utilities	Materials	Energy
Today	9.1%	8.2%	6.8%	5.2%	5.2%	4.3%	3.5%	2.8%	2.1%	-0.3%	-8.9%	-15.3%
31-Dec	6.3%	7.5%	6.2%	4.8%	4.4%	4.1%	3.5%	2.3%	2.2%	1.3%	-8.9%	-14.8%

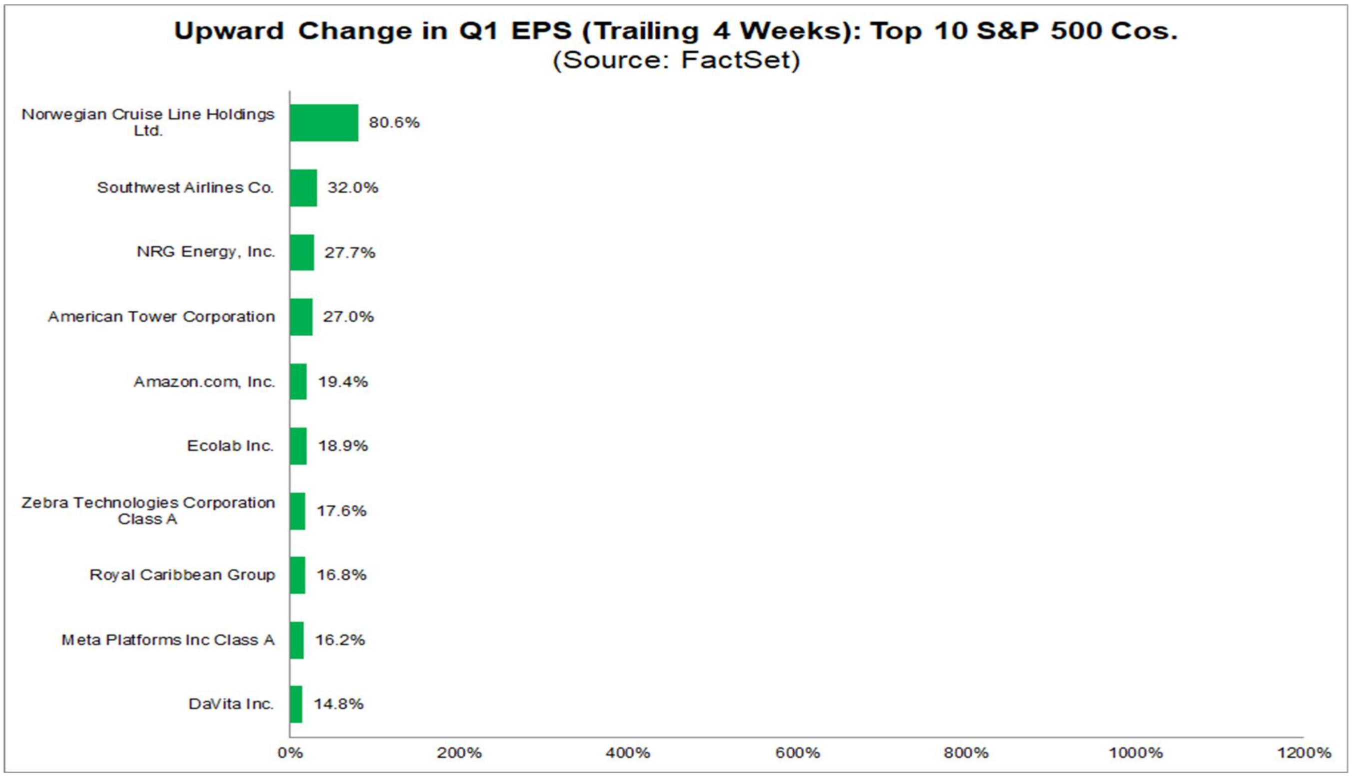
Q1 2024: Guidance

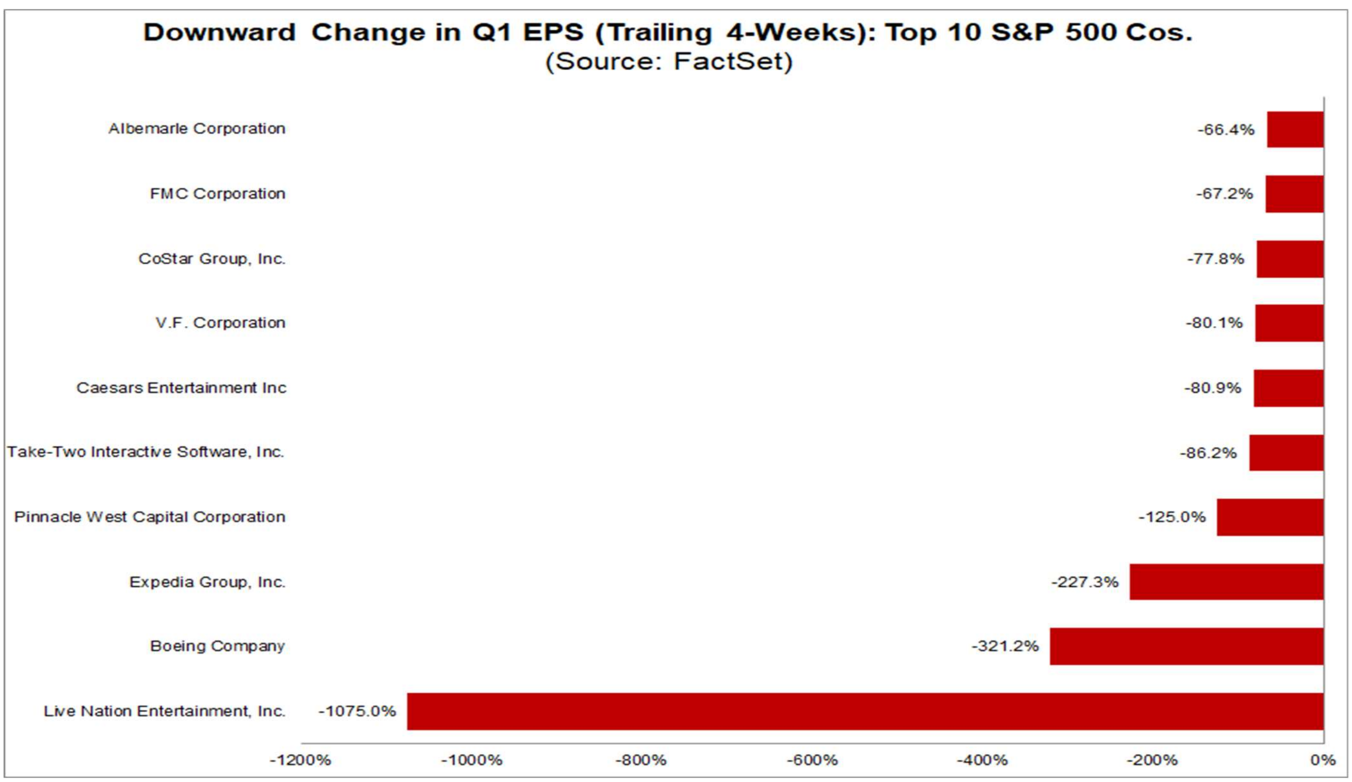




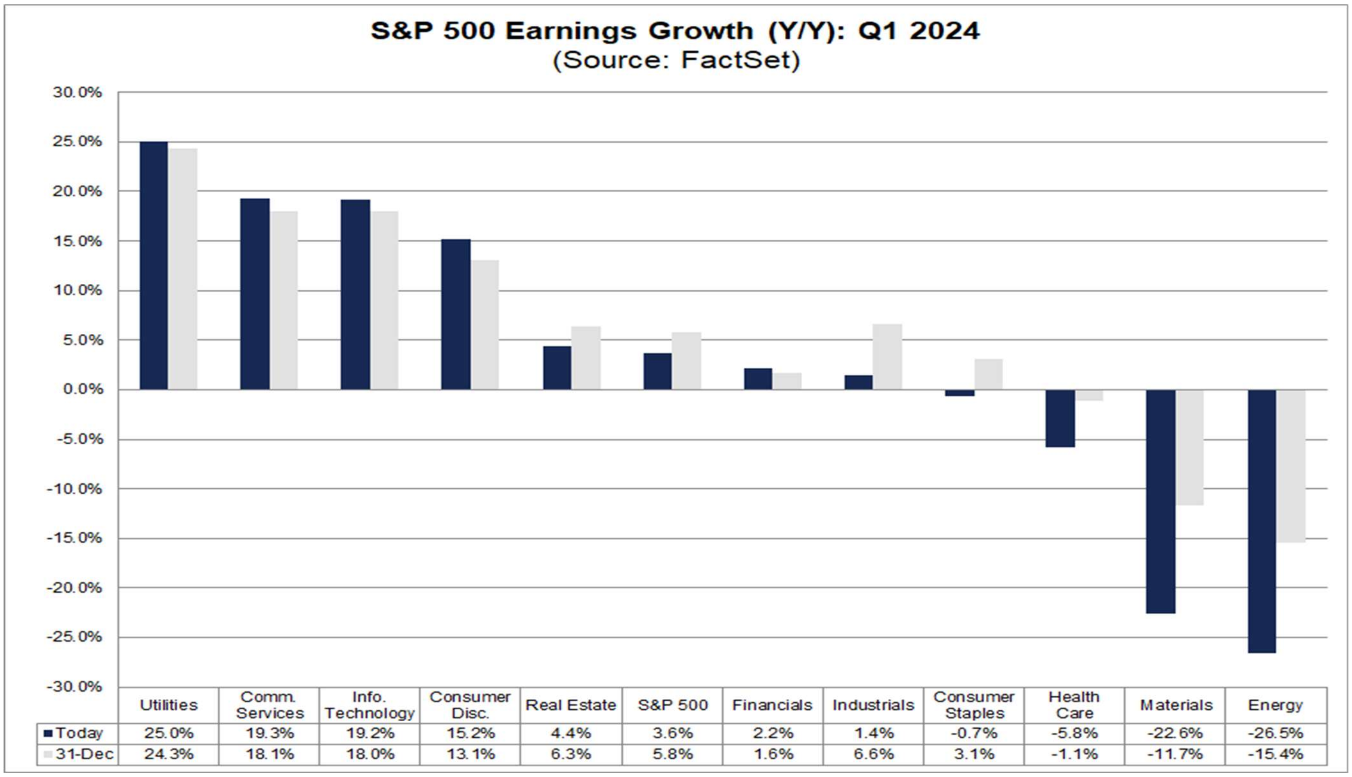
	Health Care	Consumer Staples	Financials	Industrials	Materials	S&P 500	Consumer Disc.	Utilities	Info. Technology	Real Estate	Comm. Services	Energy
Positive	0%	0%	0%	13%	17%	30%	33%	33%	44%	57%	100%	0%
Negative	100%	100%	100%	88%	83%	70%	67%	67%	56%	43%	0%	0%

Q1 2024: EPS Revisions

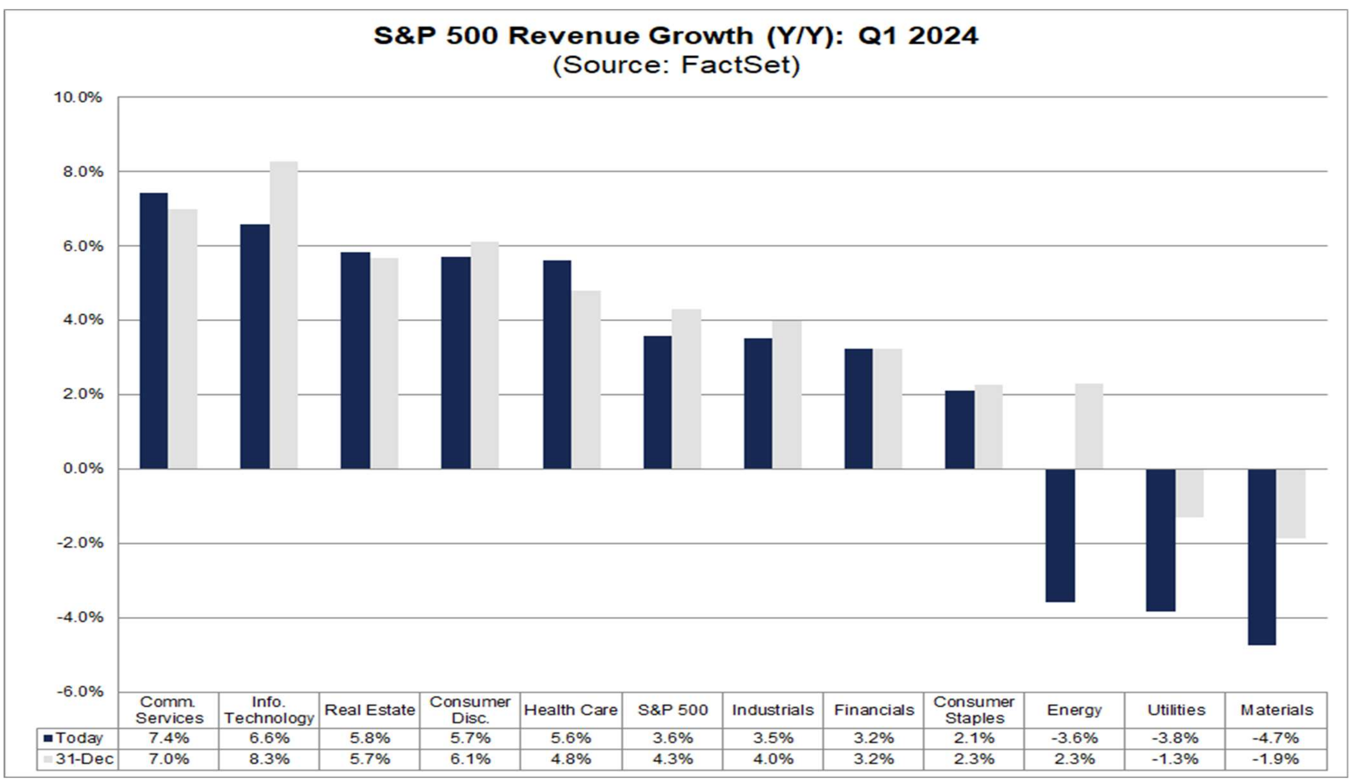




Q1 2024: Growth

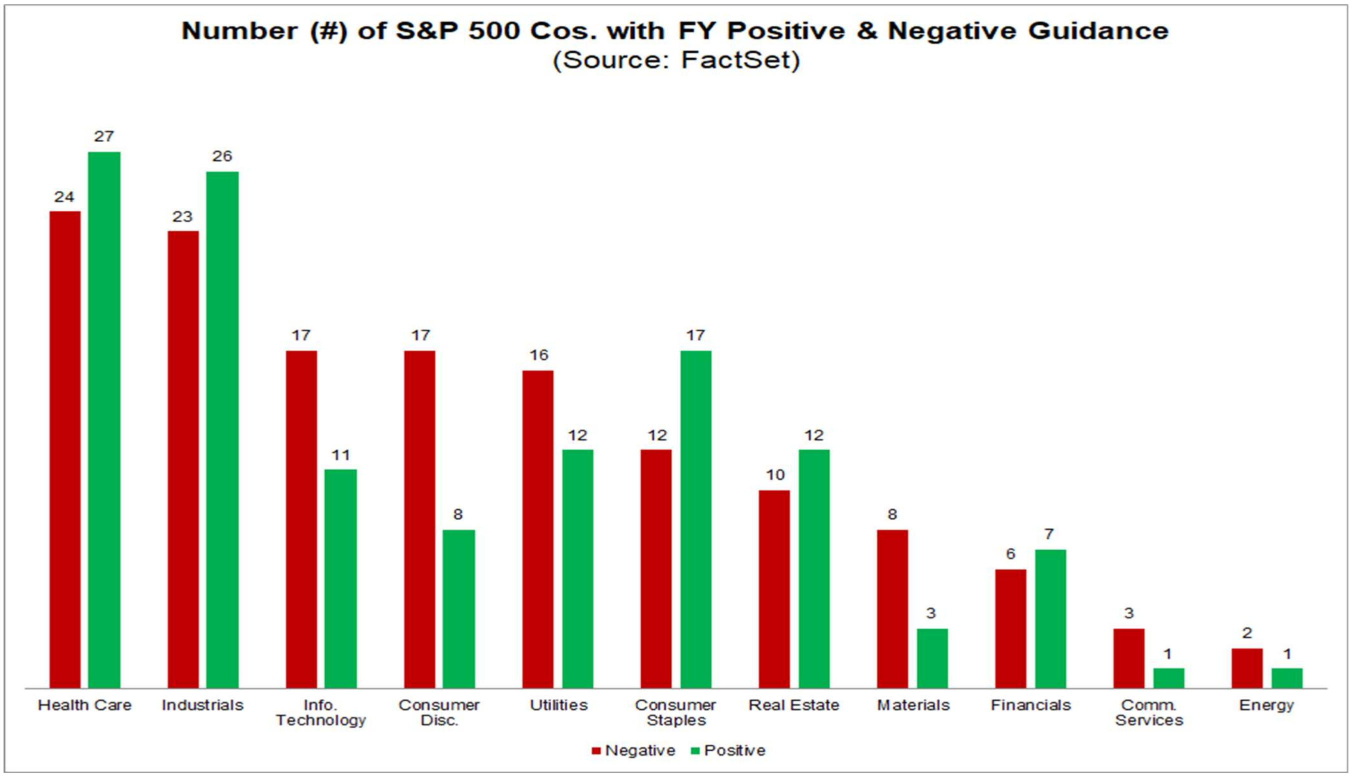


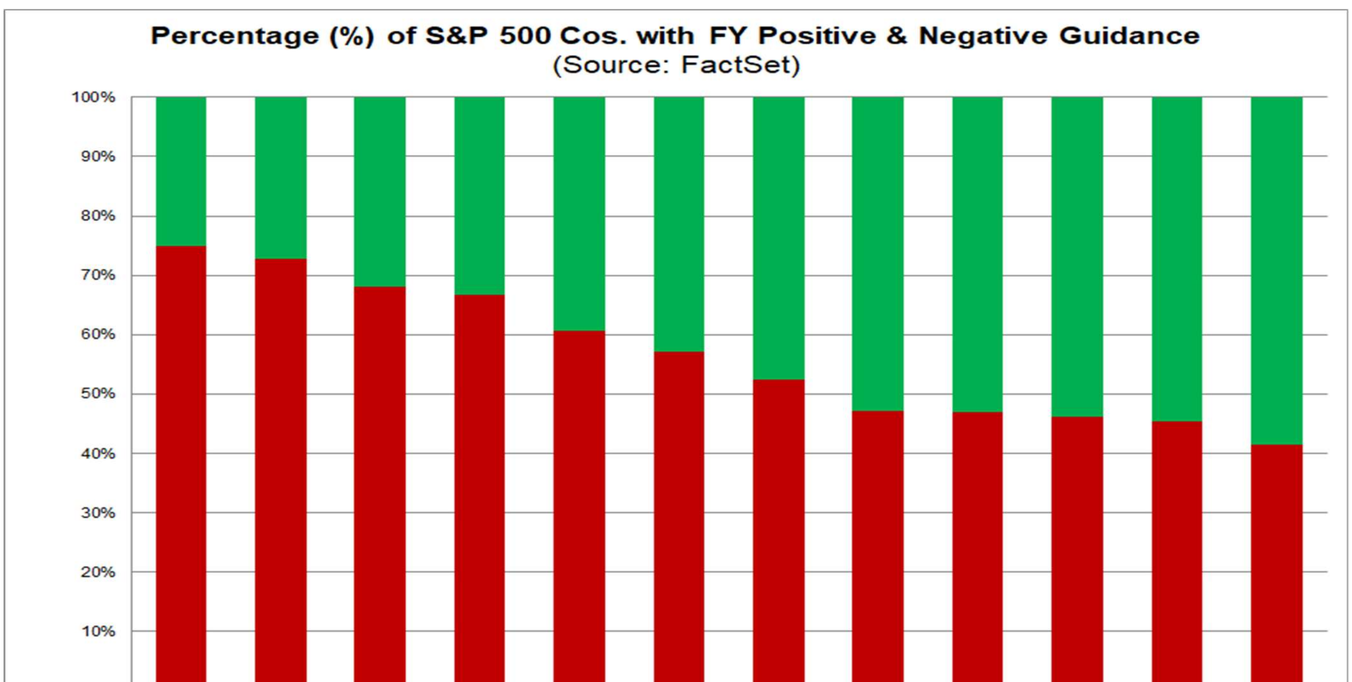
	Utilities	Comm. Services	Info. Technology	Consumer Disc.	Real Estate	S&P 500	Financials	Industrials	Consumer Staples	Health Care	Materials	Energy
Today	25.0%	19.3%	19.2%	15.2%	4.4%	3.6%	2.2%	1.4%	-0.7%	-5.8%	-22.6%	-26.5%
31-Dec	24.3%	18.1%	18.0%	13.1%	6.3%	5.8%	1.6%	6.6%	3.1%	-1.1%	-11.7%	-15.4%



	Comm. Services	Info. Technology	Real Estate	Consumer Disc.	Health Care	S&P 500	Industrials	Financials	Consumer Staples	Energy	Utilities	Materials
Today	7.4%	6.6%	5.8%	5.7%	5.6%	3.6%	3.5%	3.2%	2.1%	-3.6%	-3.8%	-4.7%
31-Dec	7.0%	8.3%	5.7%	6.1%	4.8%	4.3%	4.0%	3.2%	2.3%	2.3%	-1.3%	-1.9%

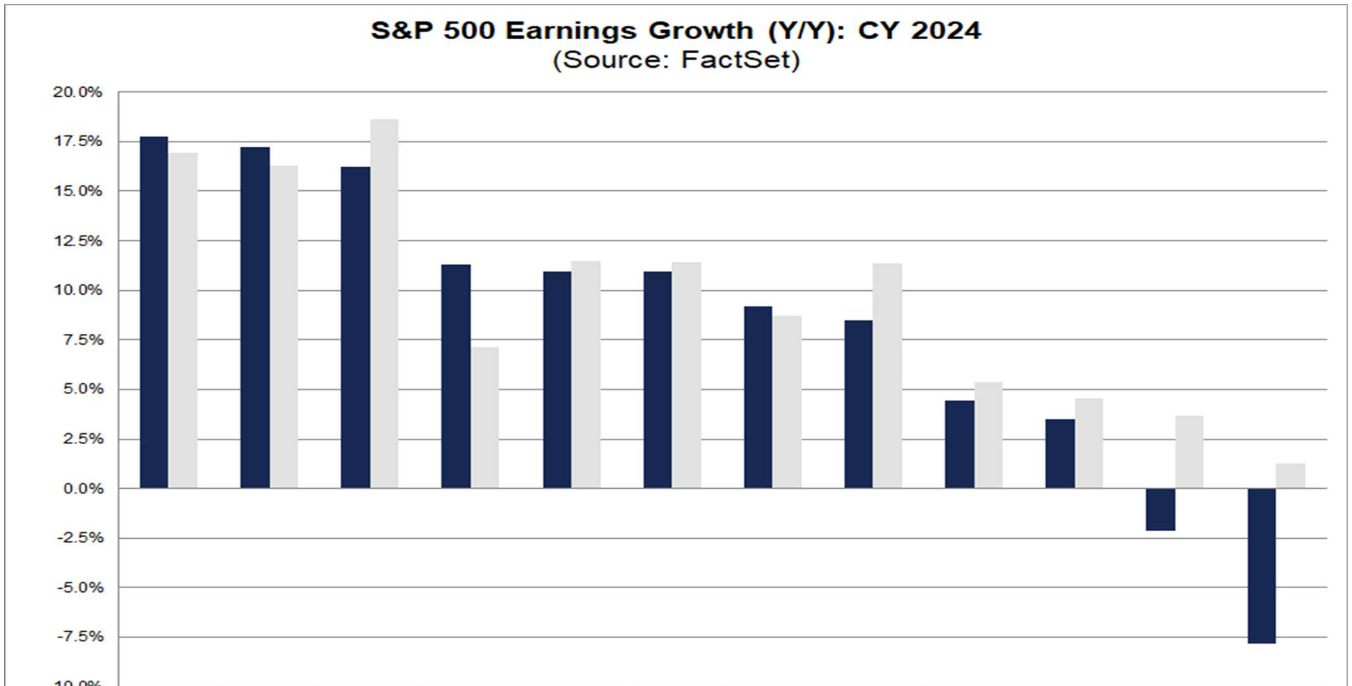
FY 2023 / 2024: EPS Guidance



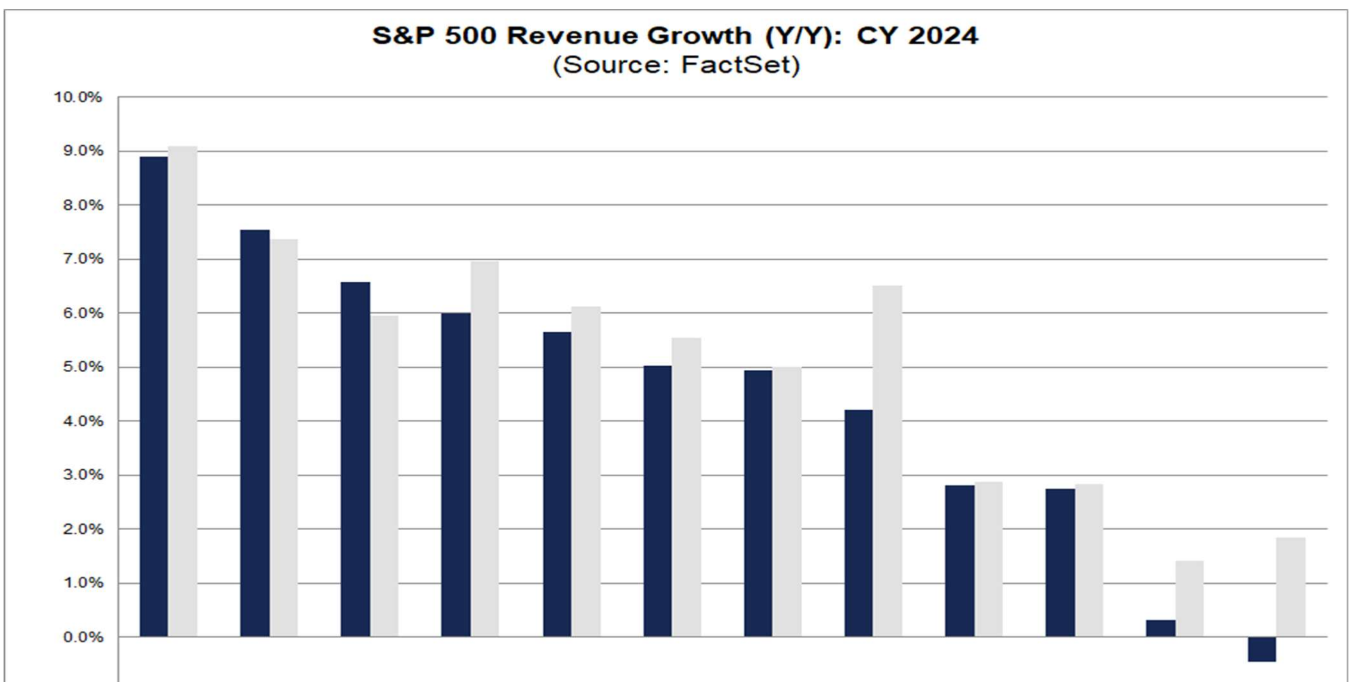


	Comm. Services	Materials	Consumer Disc.	Energy	Info. Technology	Utilities	S&P 500	Health Care	Industrials	Financials	Real Estate	Consumer Staples
Positive	25%	27%	32%	33%	39%	43%	48%	53%	53%	54%	55%	59%
Negative	75%	73%	68%	67%	61%	57%	52%	47%	47%	46%	45%	41%

CY 2024: Growth

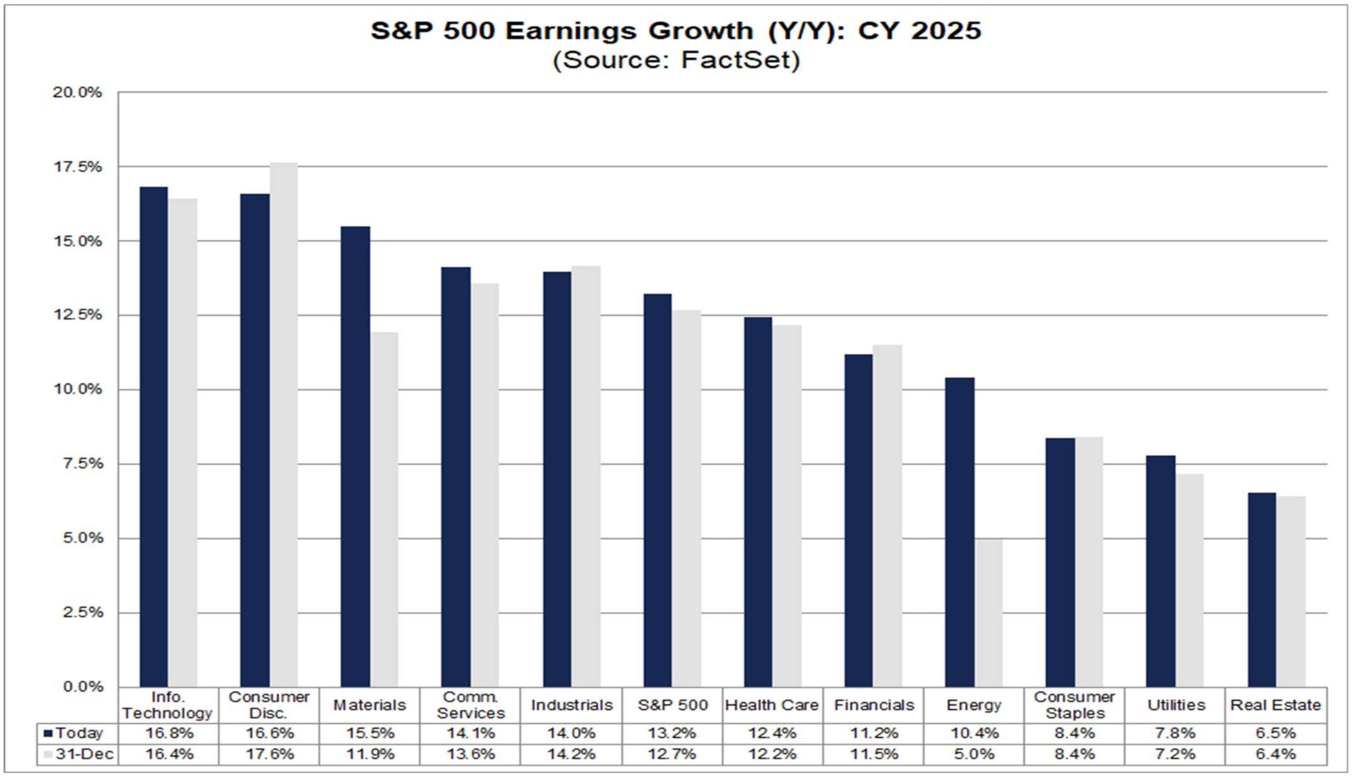


	Info. Technology	Comm. Services	Health Care	Financials	S&P 500	Consumer Disc.	Utilities	Industrials	Consumer Staples	Real Estate	Materials	Energy
Today	17.8%	17.2%	16.2%	11.3%	11.0%	10.9%	9.2%	8.5%	4.5%	3.5%	-2.1%	-7.8%
31-Dec	16.9%	16.3%	18.6%	7.2%	11.5%	11.4%	8.7%	11.4%	5.4%	4.5%	3.6%	1.3%

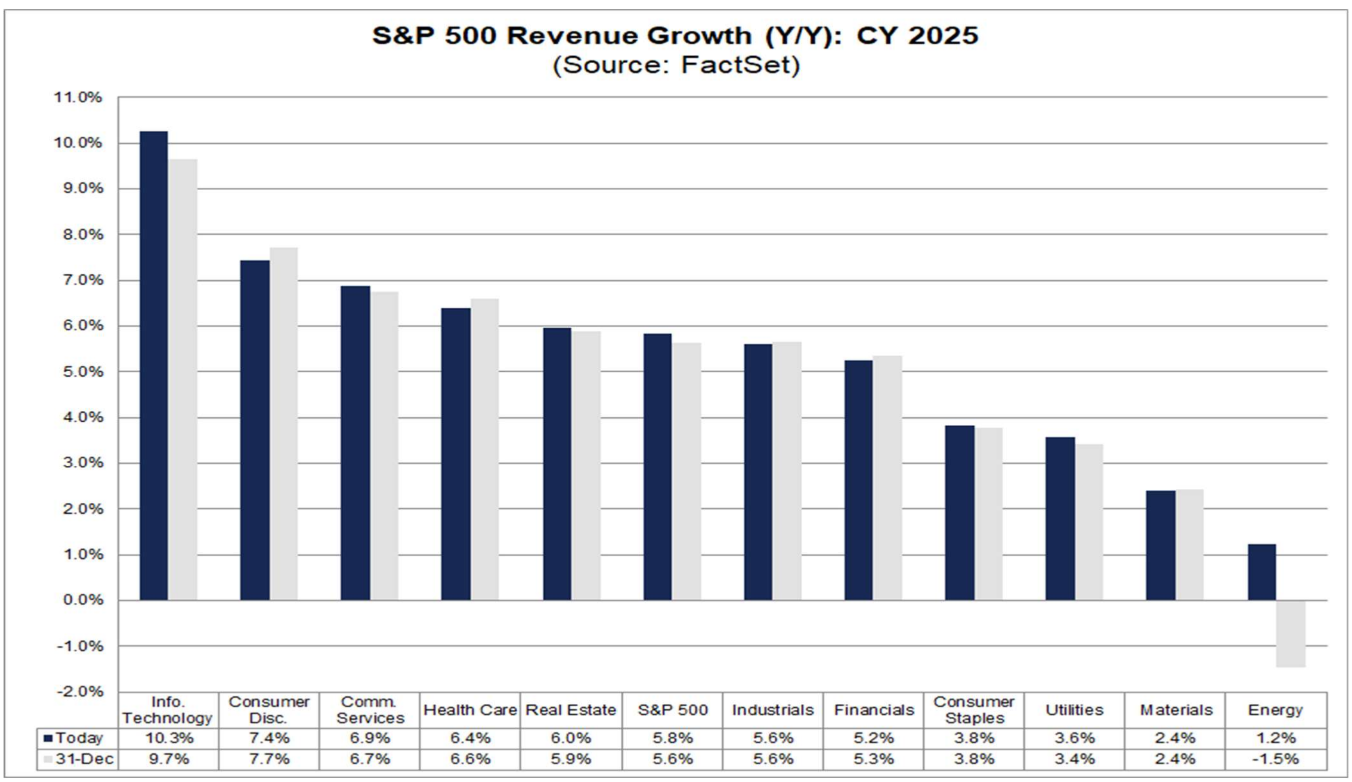


	Info. Technology	Comm. Services	Health Care	Consumer Disc.	Real Estate	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Materials	Energy
Today	8.9%	7.5%	6.6%	6.0%	5.6%	5.0%	4.9%	4.2%	2.8%	2.8%	0.3%	-0.5%
31-Dec	9.1%	7.4%	5.9%	7.0%	6.1%	5.5%	5.0%	6.5%	2.9%	2.8%	1.4%	1.8%

CY 2025: Growth

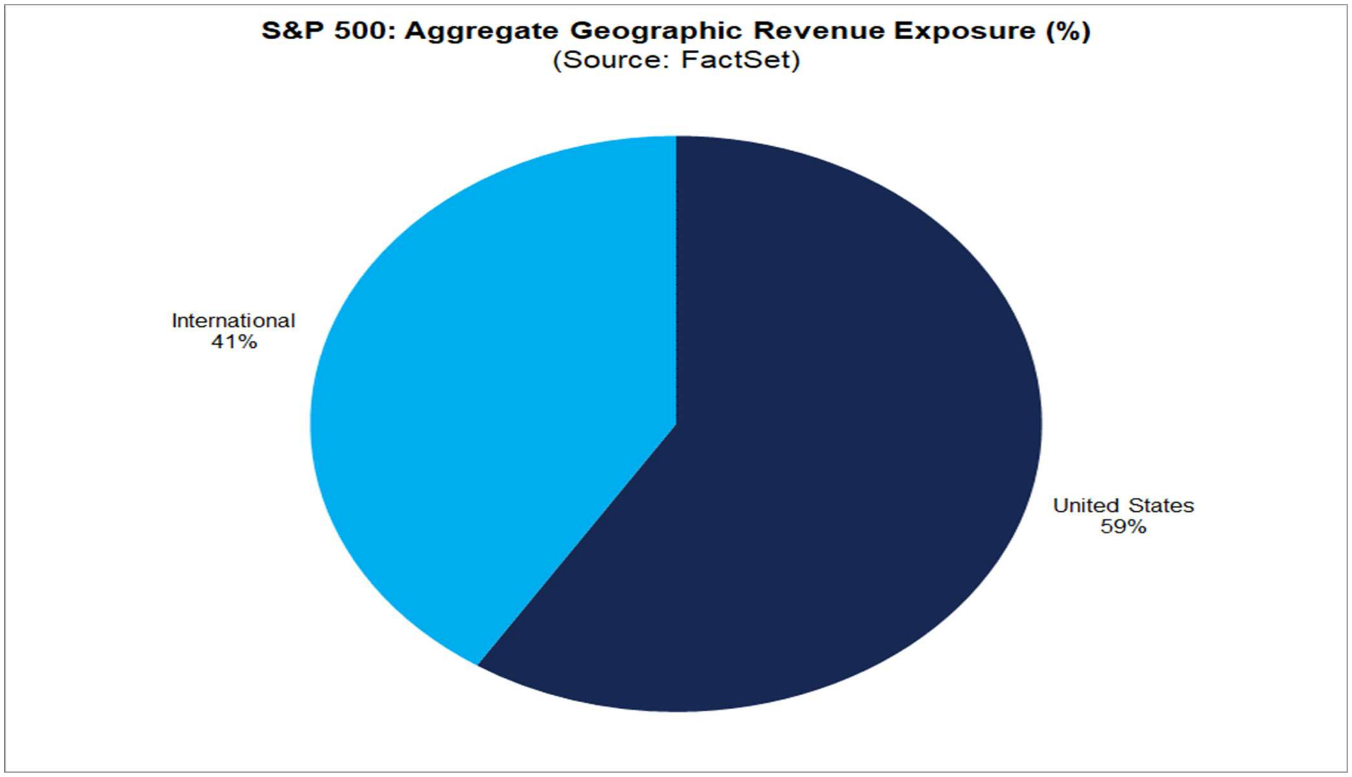


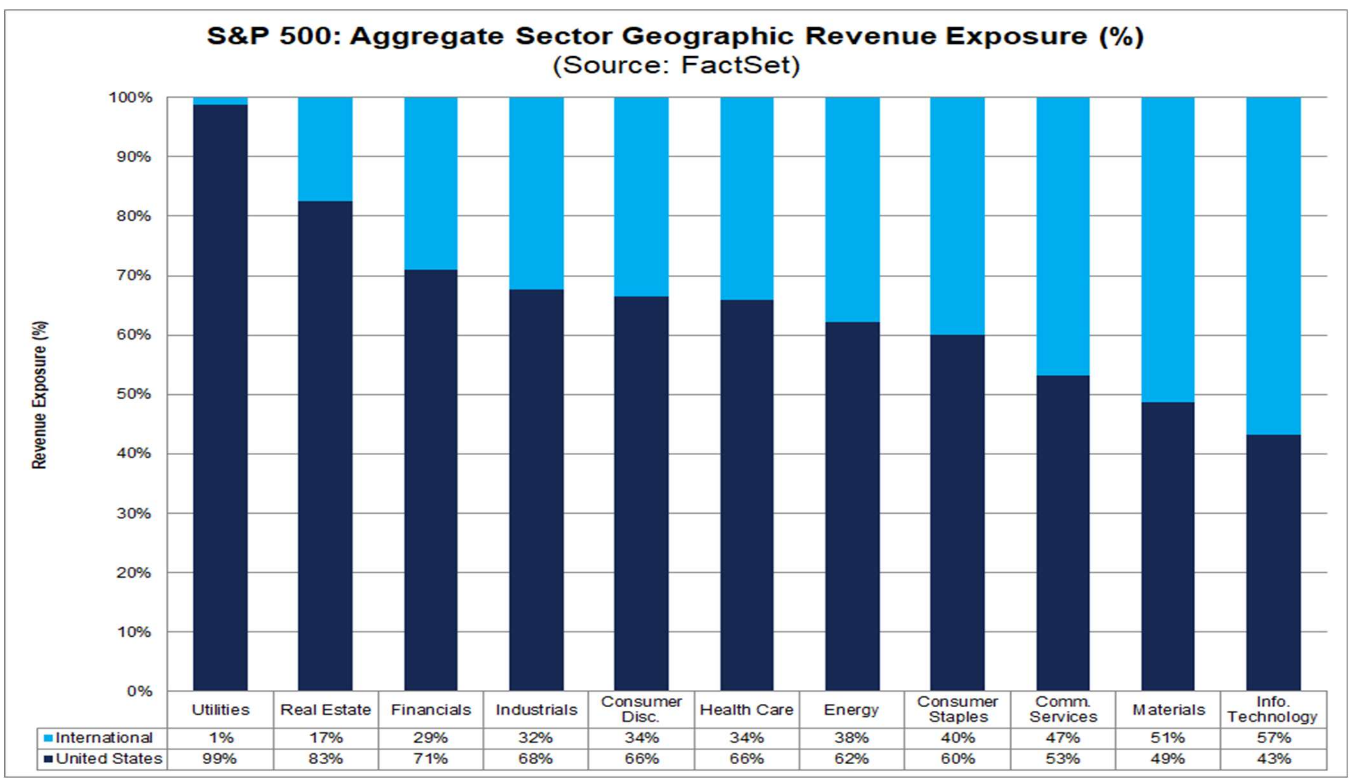
	Info. Technology	Consumer Disc.	Materials	Comm. Services	Industrials	S&P 500	Health Care	Financials	Energy	Consumer Staples	Utilities	Real Estate
Today	16.8%	16.6%	15.5%	14.1%	14.0%	13.2%	12.4%	11.2%	10.4%	8.4%	7.8%	6.5%
31-Dec	16.4%	17.6%	11.9%	13.6%	14.2%	12.7%	12.2%	11.5%	5.0%	8.4%	7.2%	6.4%



	Info. Technology	Consumer Disc.	Comm. Services	Health Care	Real Estate	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Materials	Energy
Today	10.3%	7.4%	6.9%	6.4%	6.0%	5.8%	5.6%	5.2%	3.8%	3.6%	2.4%	1.2%
31-Dec	9.7%	7.7%	6.7%	6.6%	5.9%	5.6%	5.6%	5.3%	3.8%	3.4%	2.4%	-1.5%

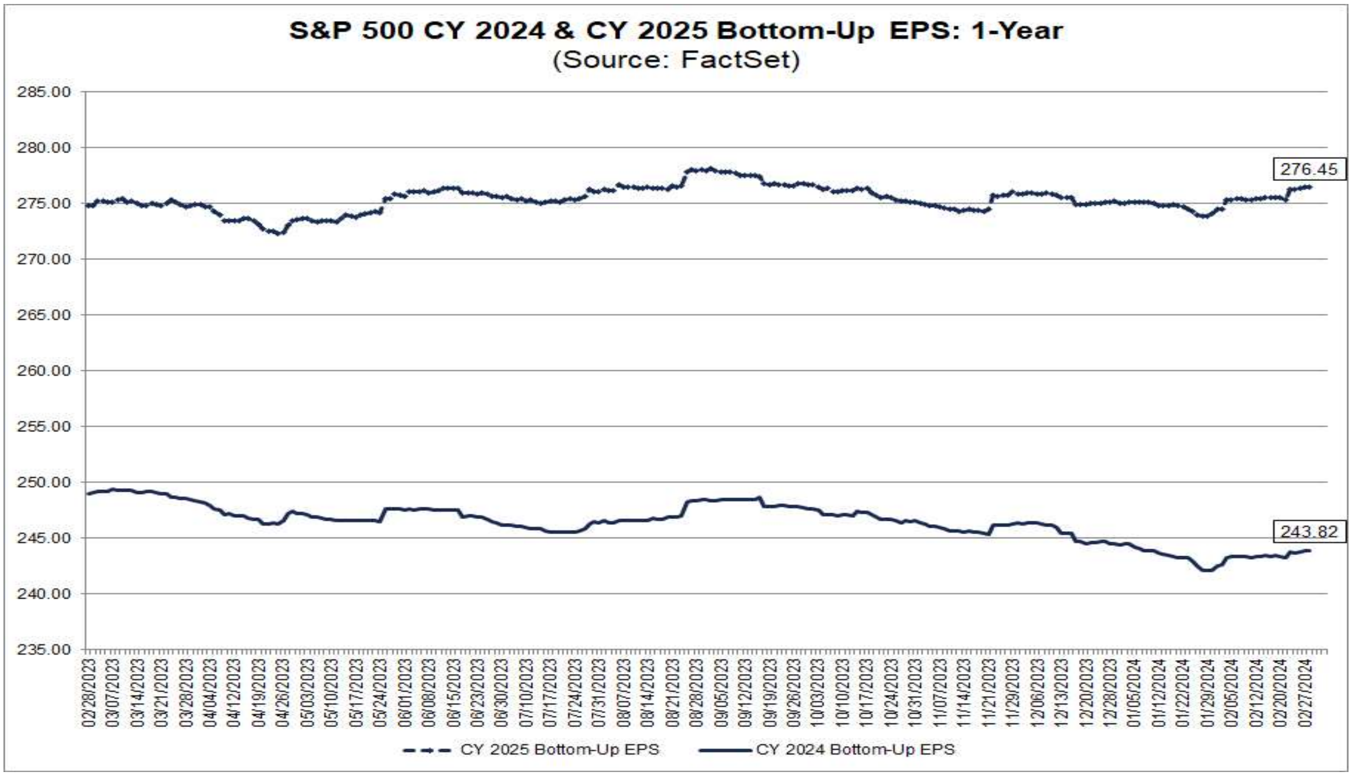
Geographic Revenue Exposure

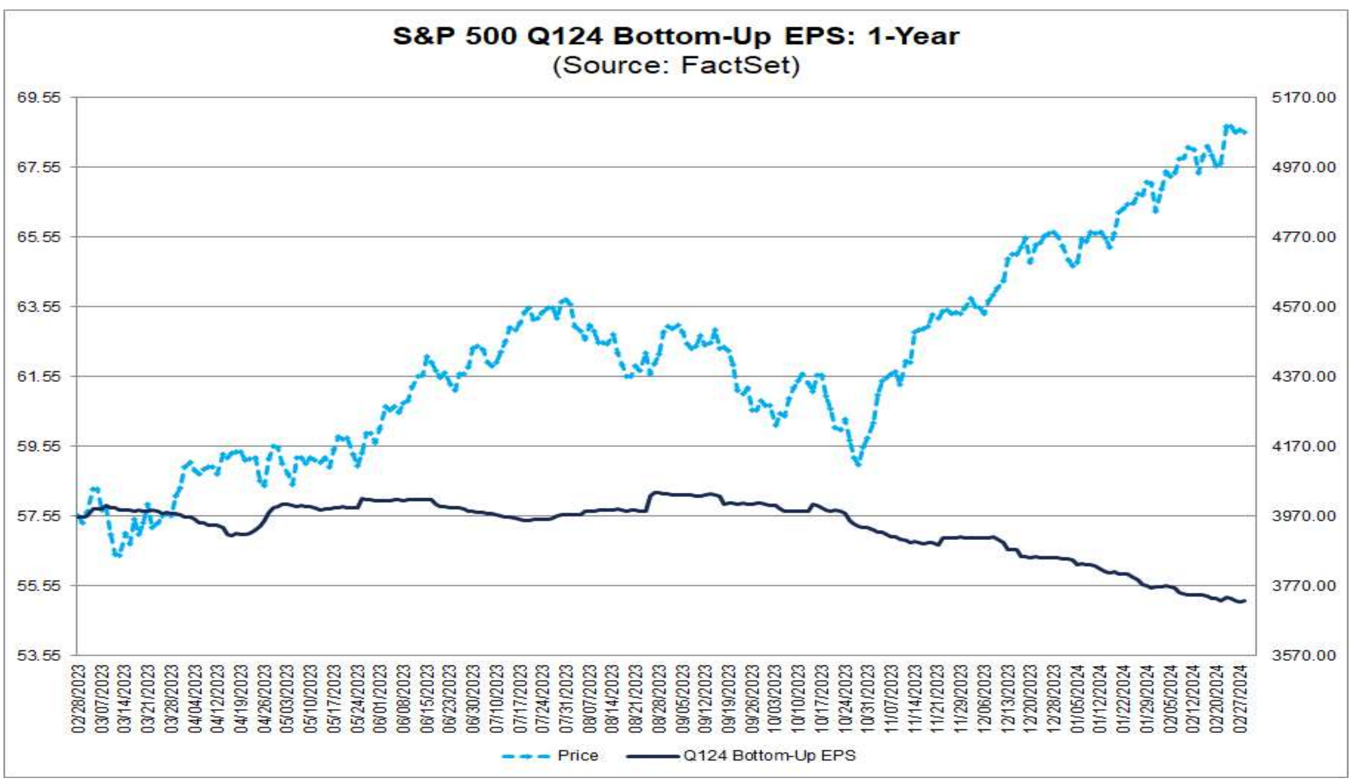




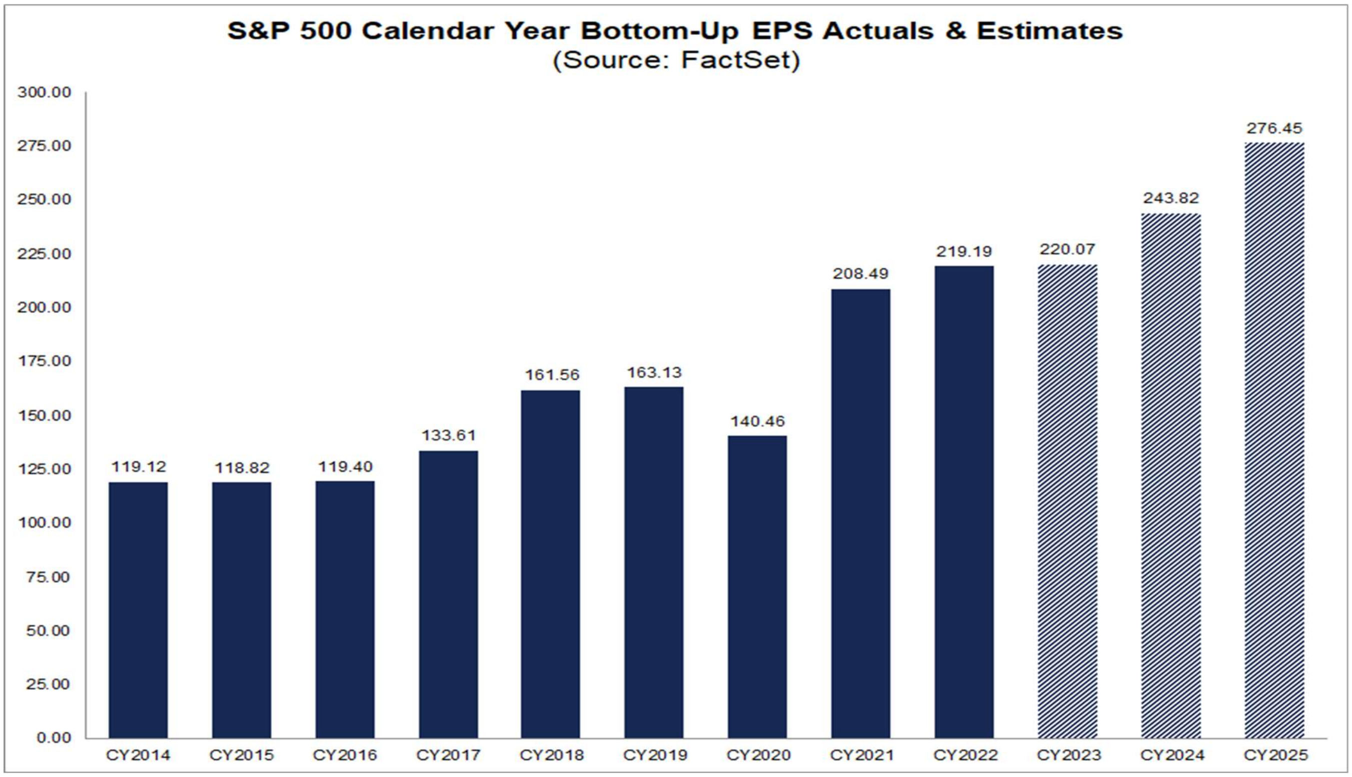
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	17%	29%	32%	34%	34%	38%	40%	47%	51%	57%
United States	99%	83%	71%	68%	66%	66%	62%	60%	53%	49%	43%

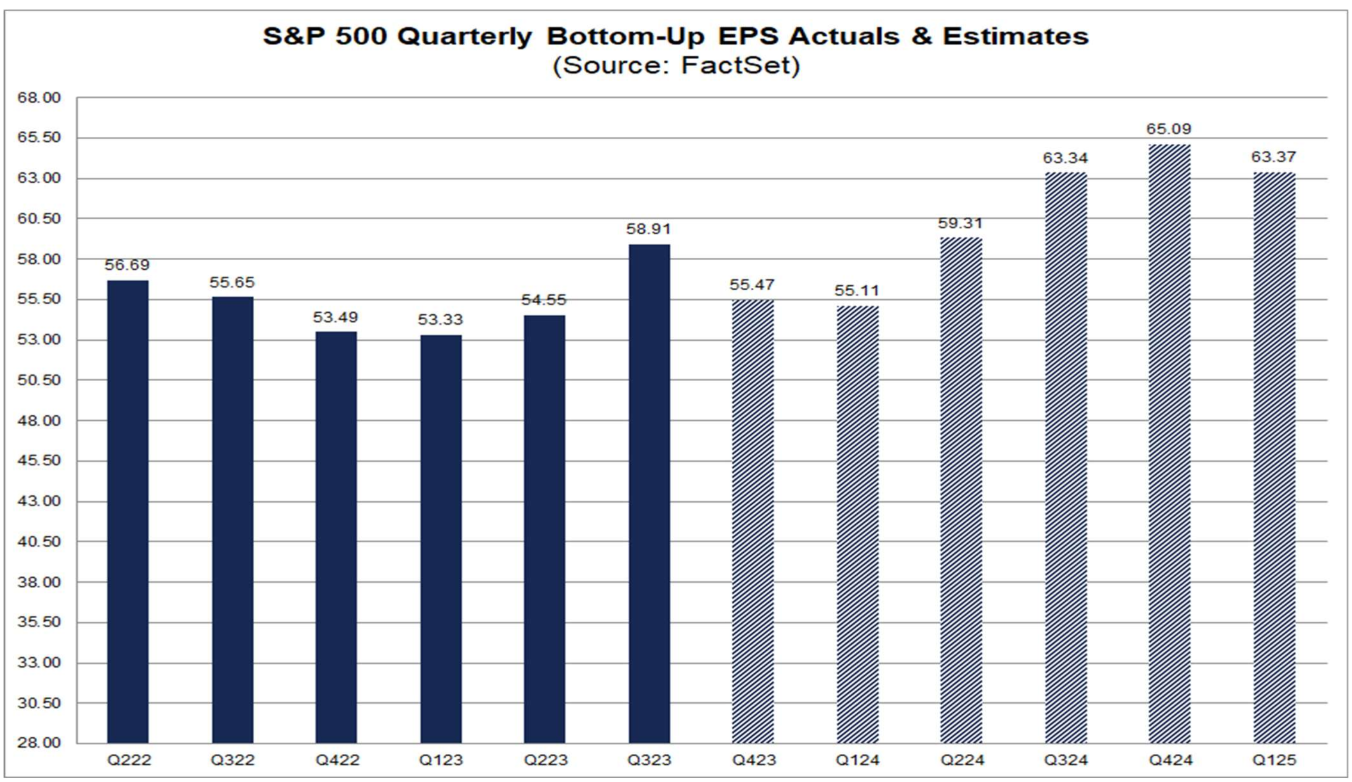
Bottom-Up EPS Estimates



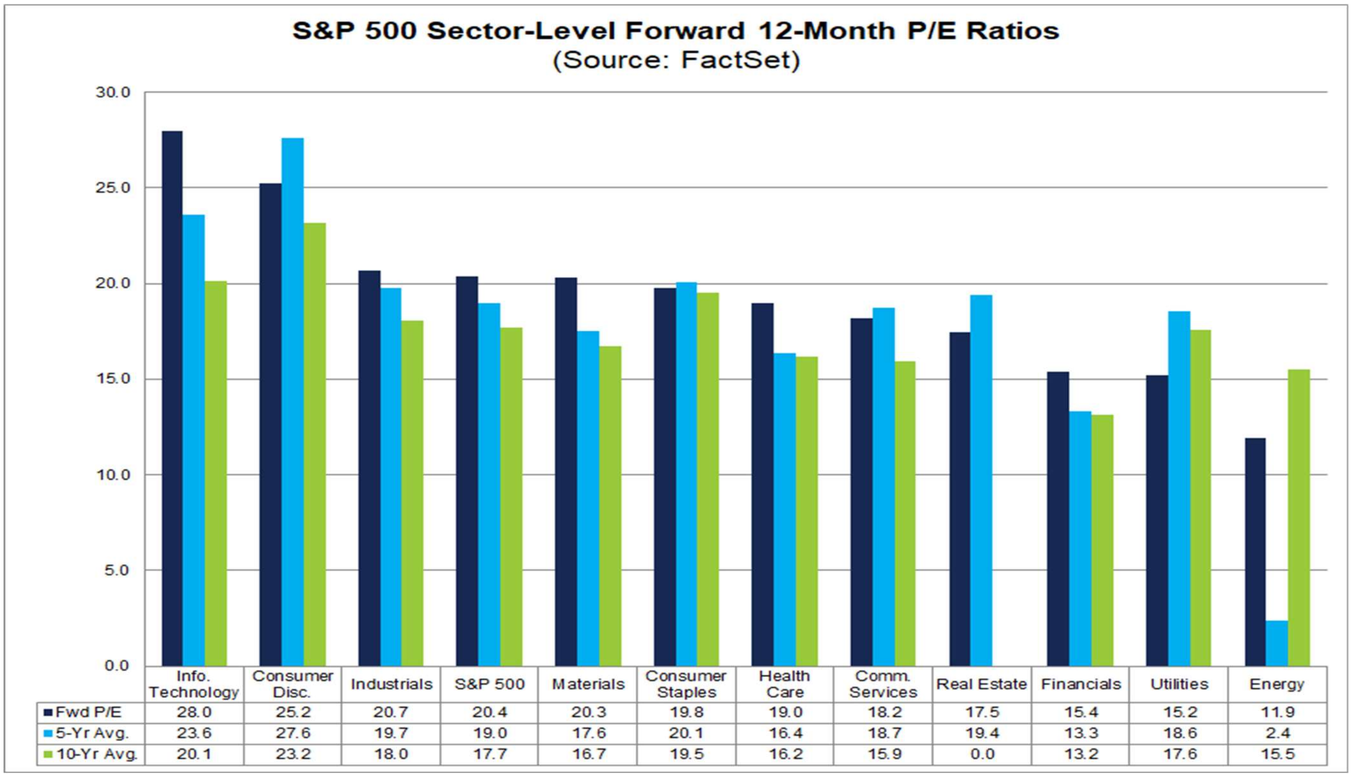


Bottom-Up EPS Estimates: Current & Historical

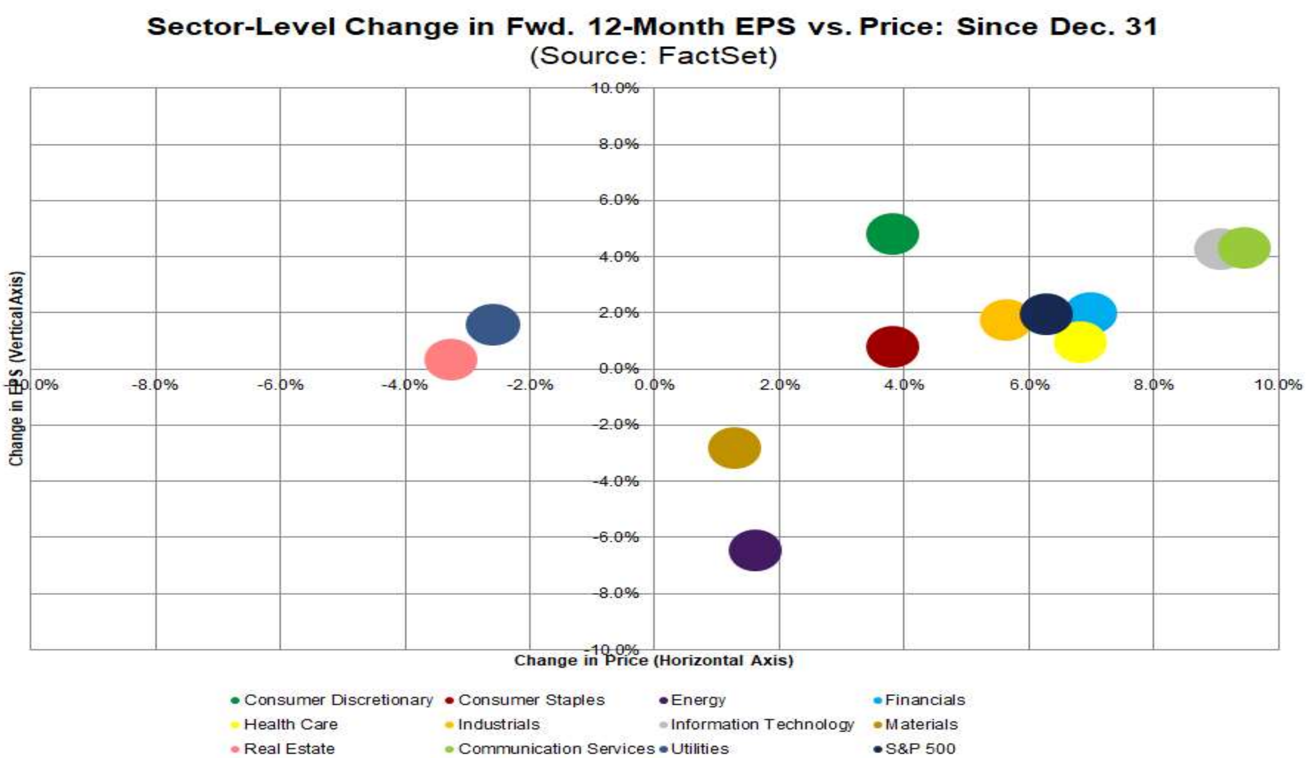




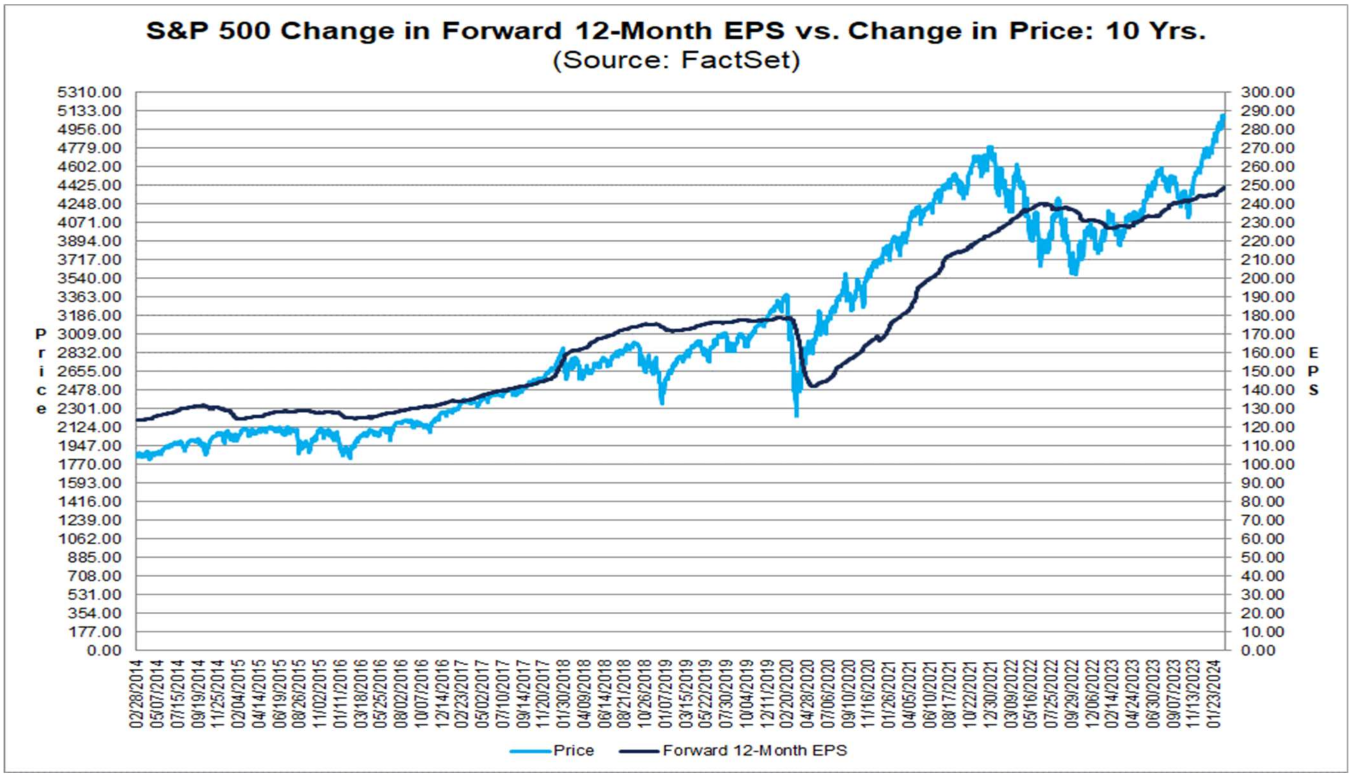
Forward 12M P/E Ratio: Sector Level

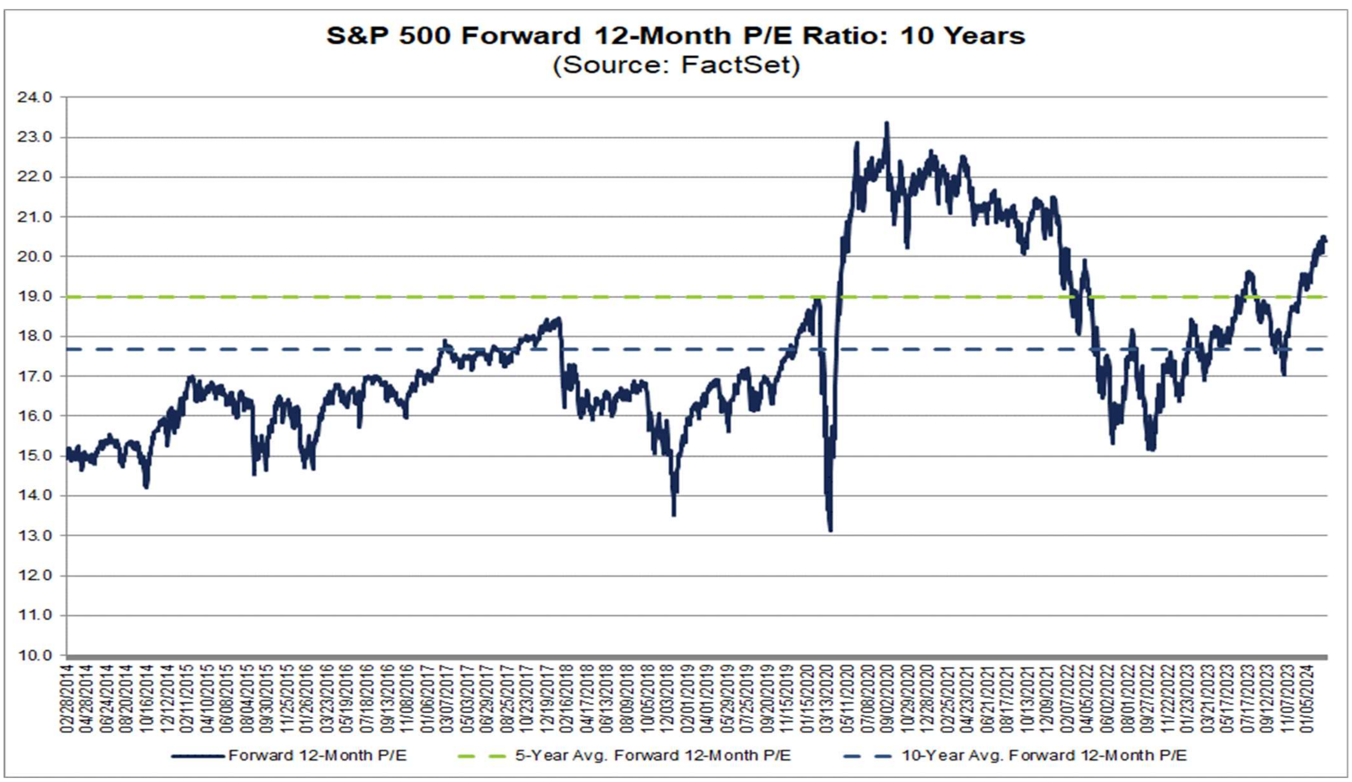


	Info. Technology	Consumer Disc.	Industrials	S&P 500	Materials	Consumer Staples	Health Care	Comm. Services	Real Estate	Financials	Utilities	Energy
Fwd P/E	28.0	25.2	20.7	20.4	20.3	19.8	19.0	18.2	17.5	15.4	15.2	11.9
5-Yr Avg.	23.6	27.6	19.7	19.0	17.6	20.1	16.4	18.7	19.4	13.3	18.6	2.4
10-Yr Avg.	20.1	23.2	18.0	17.7	16.7	19.5	16.2	15.9	0.0	13.2	17.6	15.5

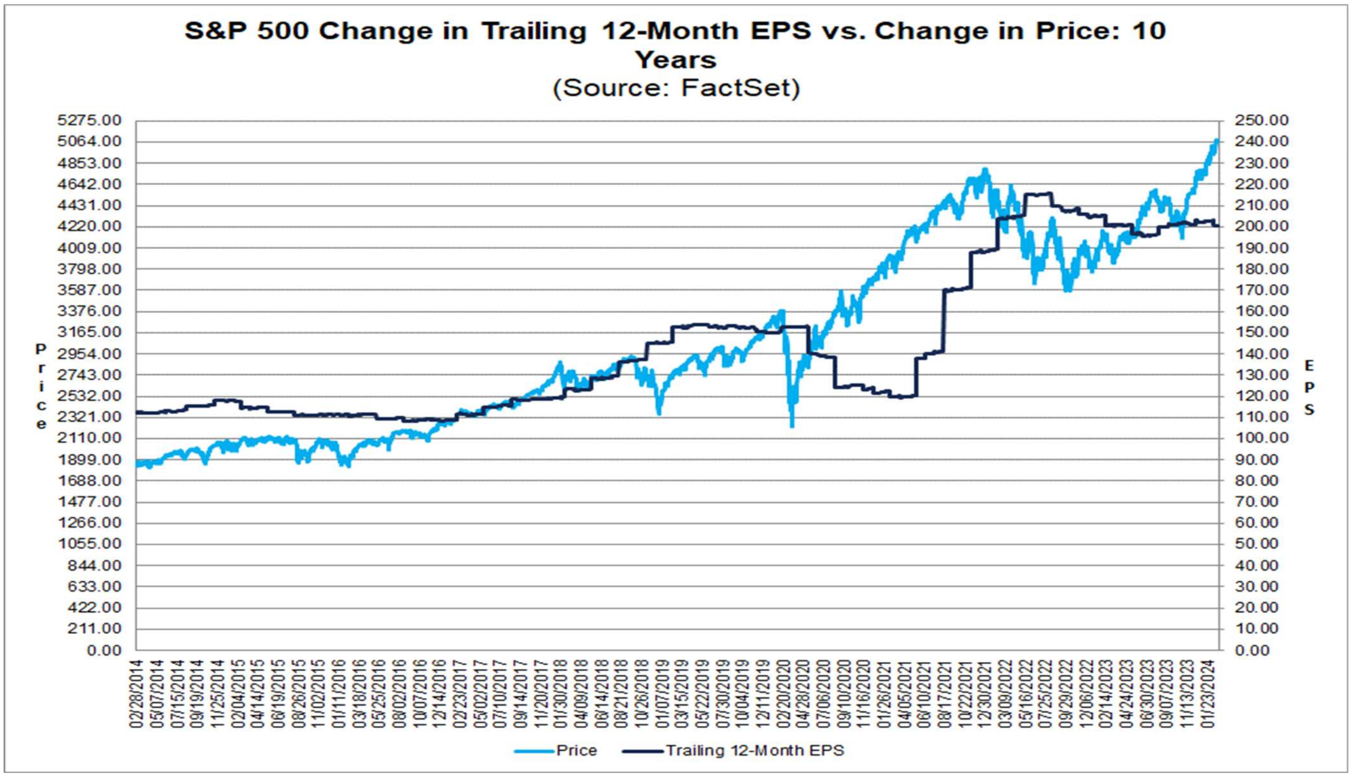


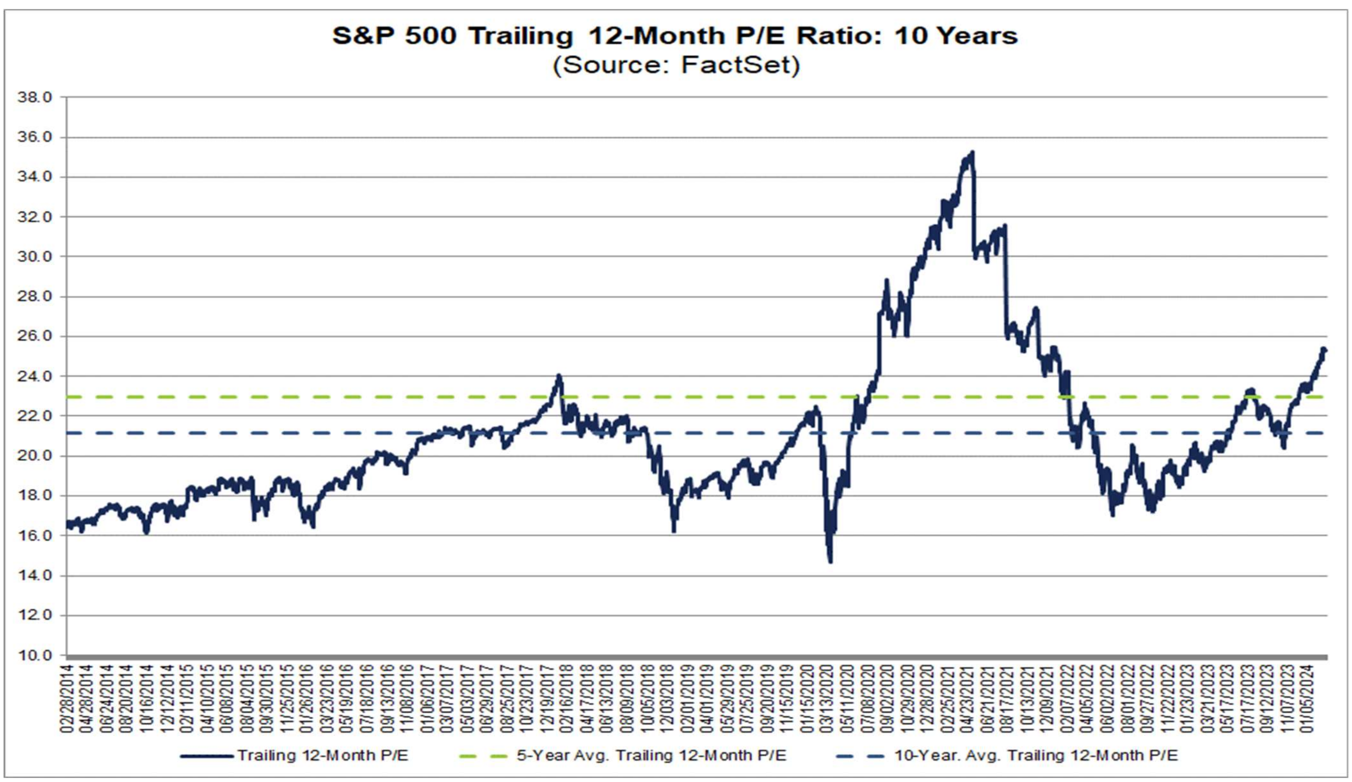
Forward 12M P/E Ratio: 10-Years



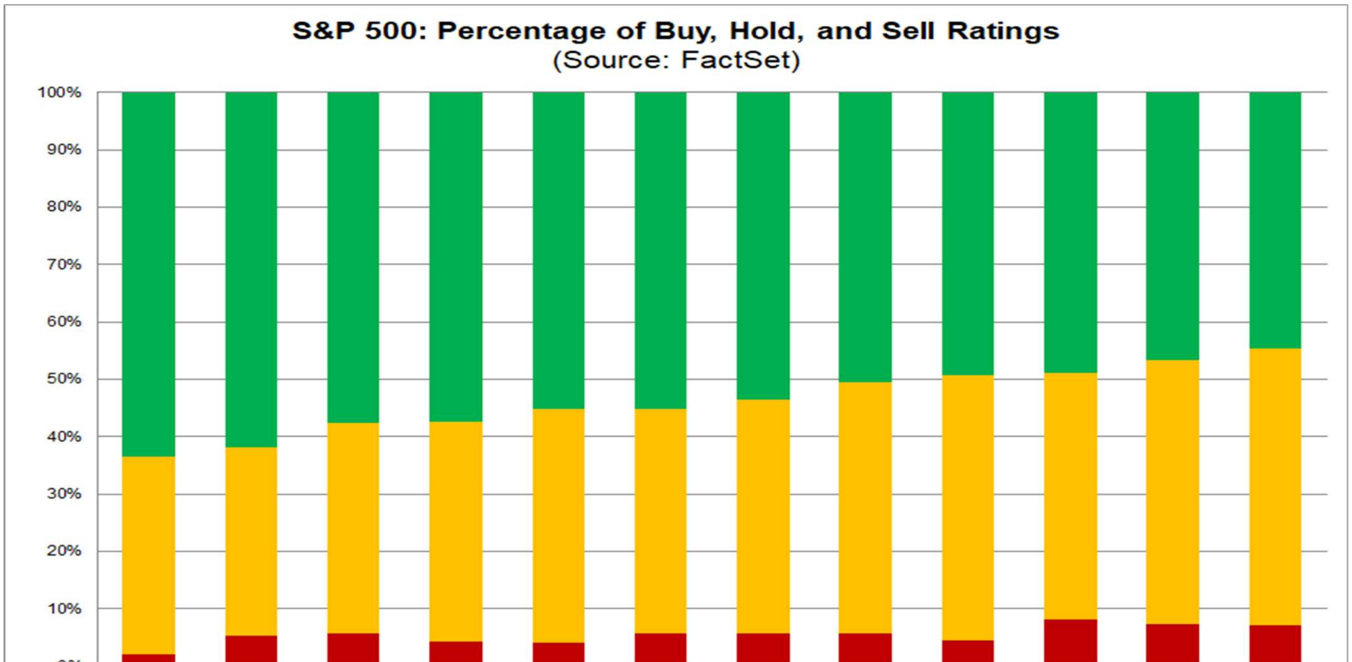


Trailing 12M P/E Ratio: 10-Years

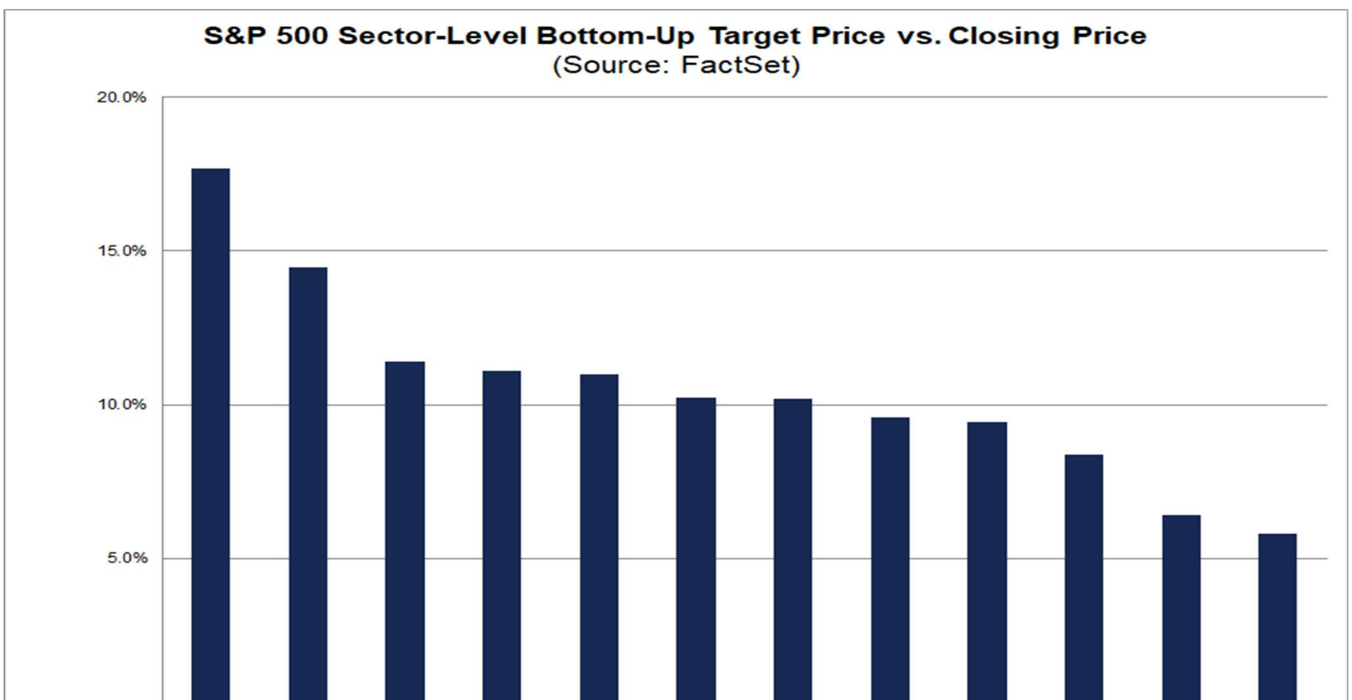




Targets & Ratings



	Energy	Comm. Services	Info. Tech.	Health Care	Real Estate	Consumer Disc.	S&P 500	Financials	Utilities	Industrials	Materials	Consumer Staples
Buy	63%	62%	58%	57%	55%	55%	54%	51%	49%	49%	47%	45%
Hold	34%	33%	37%	38%	41%	39%	41%	44%	46%	43%	46%	48%
Sell	2%	5%	6%	4%	4%	6%	6%	6%	5%	8%	7%	7%



	Energy	Comm. Services	Consumer Disc.	Utilities	Financials	S&P 500	Real Estate	Info. Tech.	Health Care	Consumer Staples	Materials	Industrials
Target/Close	17.7%	14.5%	11.4%	11.1%	11.0%	10.2%	10.2%	9.6%	9.4%	8.4%	6.4%	5.8%

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