

John Butters  
 VP, Senior Earnings Analyst  
[jbutters@factset.com](mailto:jbutters@factset.com)

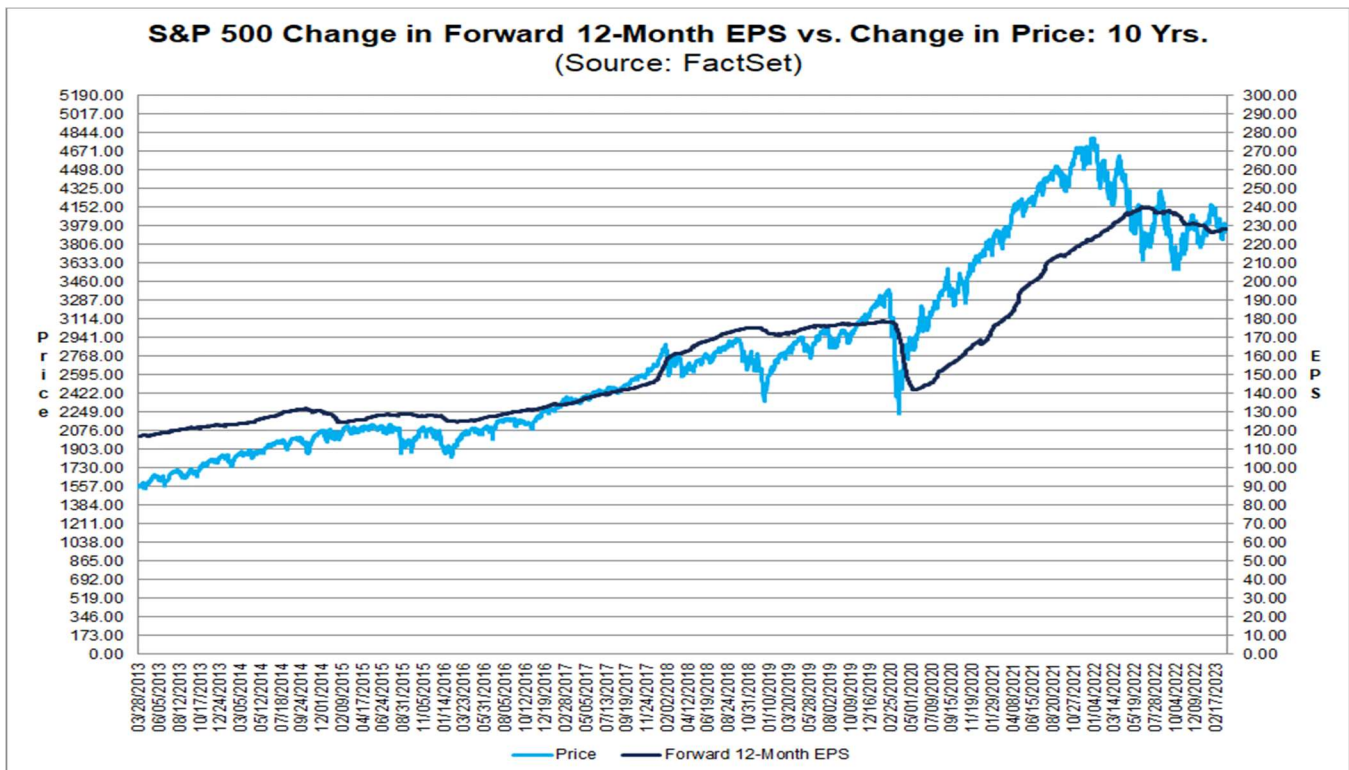
Media Questions/Requests  
[media\\_request@factset.com](mailto:media_request@factset.com)

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**Author’s Note:** *The Earnings Insight report will be published one day early next week on April 6 due to the market holiday on April 7.*

Key Metrics

- **Earnings Decline:** For Q1 2023, the estimated earnings decline for the S&P 500 is -6.6%. If -6.6% is the actual decline for the quarter, it will mark the largest earnings decline reported by the index since Q2 2020 (-31.8%).
- **Earnings Guidance:** For Q1 2023, 79 S&P 500 companies have issued negative EPS guidance and 27 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.8. This P/E ratio is below the 5-year average (18.5) but above the 10-year average (17.3).
- **Earnings Scorecard:** For Q1 2023 (with 17 S&P 500 companies reporting actual results), 16 S&P 500 companies has reported a positive EPS surprise and 12 S&P 500 companies have reported a positive revenue surprise.



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## Topic of the Week:

### Larger Cuts Than Average to EPS Estimates for S&P 500 Companies for Q1

Given the continuing concerns in the market about bank liquidity and a possible broader economic recession, did analysts lower EPS estimates more than normal for S&P 500 companies for the first quarter?

The answer is yes. During the first quarter, analysts lowered EPS estimates for the quarter by a larger 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 6.3% (to \$50.75 from \$54.13) from December 31 to March 30.

In a typical quarter, analysts usually reduce earnings estimates during the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 2.8%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.3%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.6%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.8%.

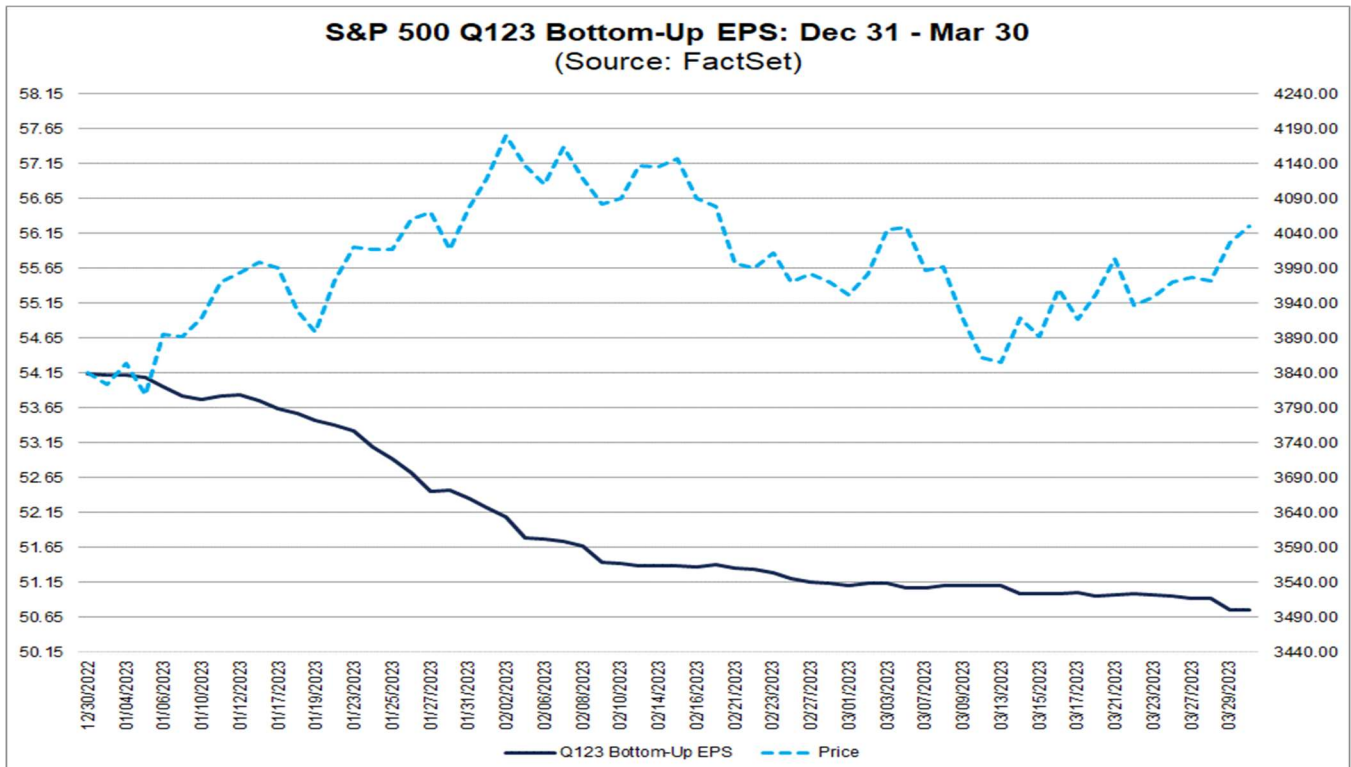
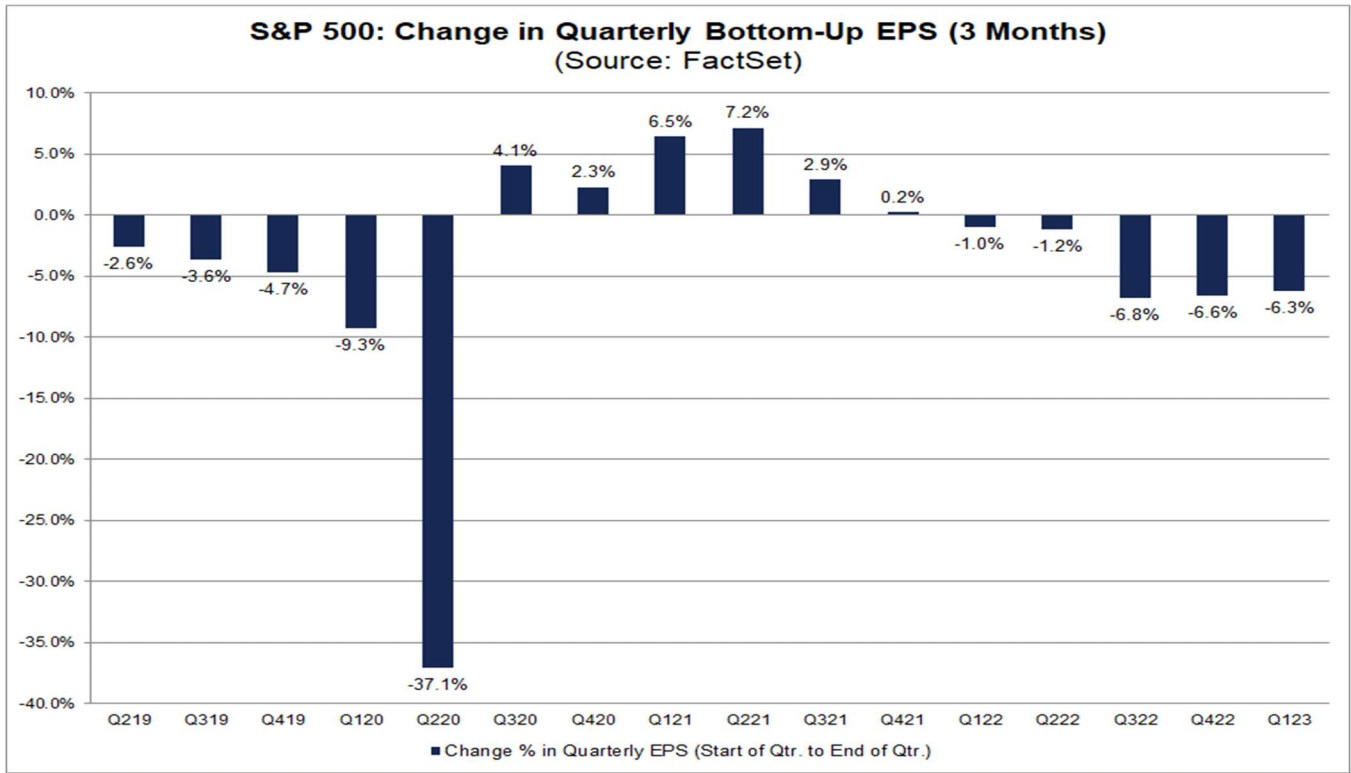
Thus, the decline in the bottom-up EPS estimate recorded during the first quarter was larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

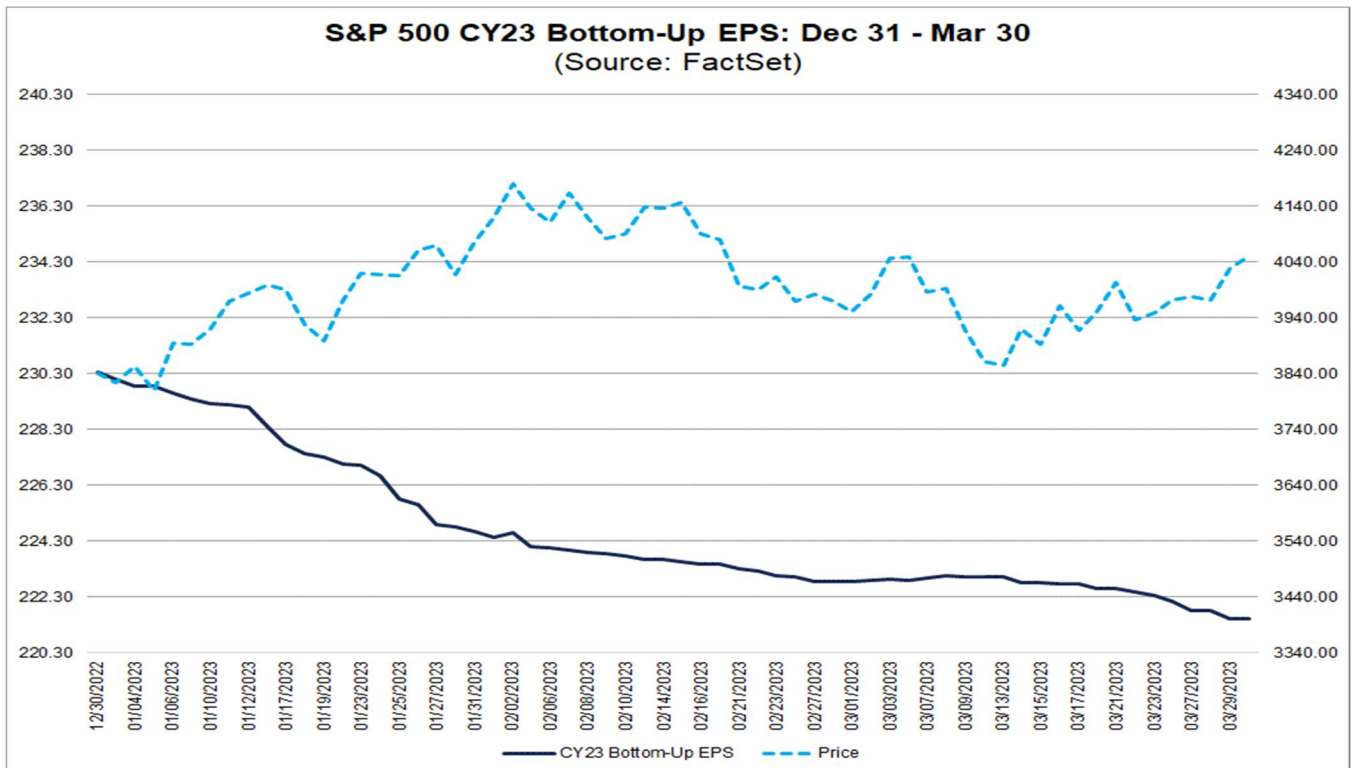
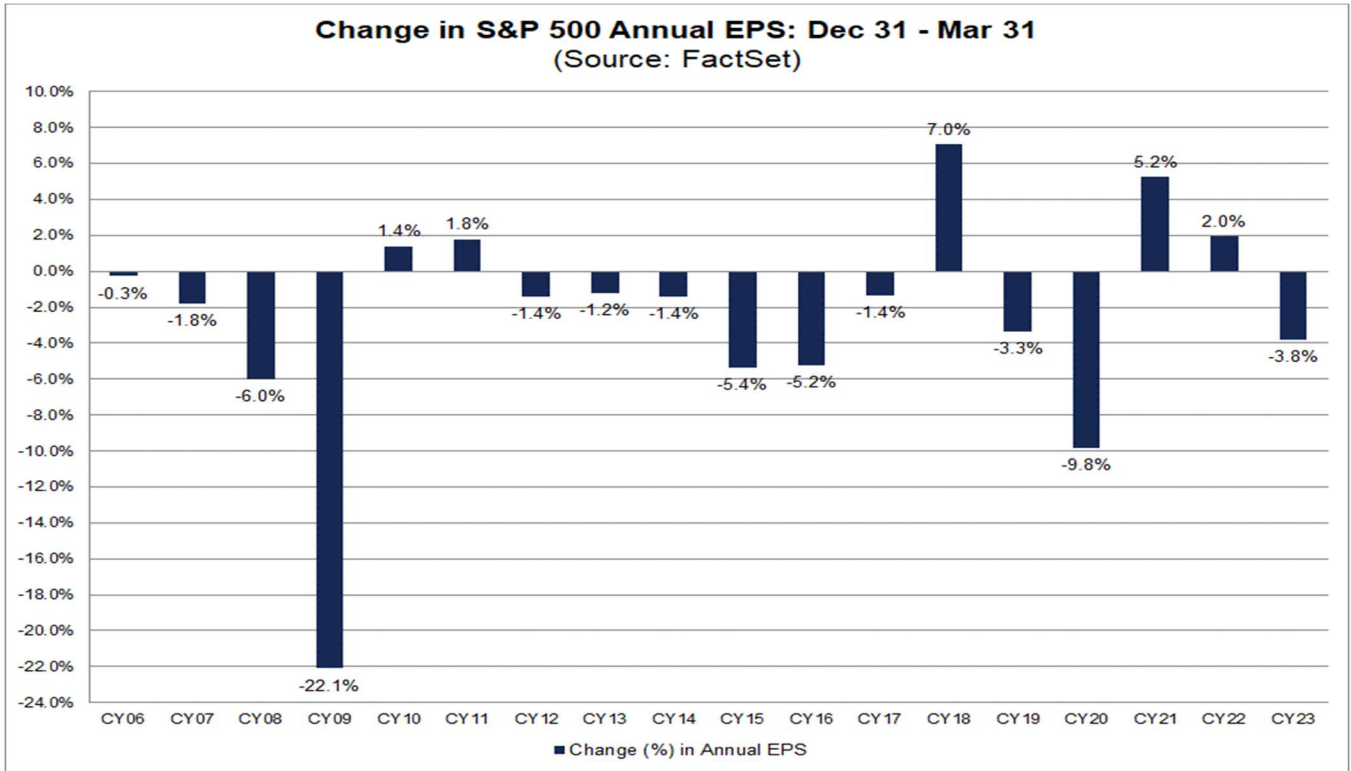
While analysts were decreasing EPS estimates in aggregate for the first quarter, they were also decreasing EPS estimates in aggregate for all of CY 2023. The bottom-up EPS estimate for CY 2023 declined by 3.8% (to \$221.50 from \$230.33) from December 31 to March 30.

During the first quarter, analysts usually reduce earnings estimates for the current fiscal year. During the past five years (20 quarters), the average increase in the bottom-up EPS estimate for the year during the first quarter has been 0.2%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate for the year during the first quarter has been 1.4%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate for the year during the first quarter has been 2.7%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate for the year during the first quarter has been 2.1%.

Thus, the decline in the CY 2023 bottom-up EPS estimate recorded during the first quarter was larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average for the first quarter.

It is interesting to note that the forward 12-month P/E ratio for the S&P 500 has increased to 17.8 from 16.7 since December 31, as the price of the index has increased while EPS estimates for CY 2023 have decreased during this time.





## Q1 Earnings Season: By The Numbers

### Overview

Analysts and companies have been more pessimistic in their earnings outlooks for the first quarter compared to historical averages. As a result, estimated earnings for the S&P 500 for the first quarter are lower today compared to expectations at the start of the quarter. The index is now expected to report its largest year-over-year decline in earnings since Q2 2020.

In terms of estimate revisions, analysts have lowered earnings estimates for Q1 2023 by a larger margin than average. On a per-share basis, estimated earnings for the first quarter have decreased by 6.3% since December 31. This decrease is larger than the 5-year average of -2.8% and larger than the 10-year average of -3.3%.

In terms of guidance, more S&P 500 companies have issued negative EPS guidance for Q1 2023 compared to recent averages as well. At this point in time, 106 companies in the index have issued EPS guidance for Q1 2023. Of these 106 companies, 79 have issued negative EPS guidance and 27 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2023 is above the 5-year average of 57 and above the 10-year average of 65.

Because of the higher number of companies issuing negative EPS guidance and the net downward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q1 2023 is larger today relative to the start of the first quarter. As of today, the S&P 500 is expected to report a (year-over-year) earnings decline of -6.6%, compared to the estimated (year-over-year) earnings decline of -0.3% on December 31.

If -6.6% is the actual decline for the quarter, it will mark the largest earnings decline reported by the index since Q2 2020 (-31.8%). It would also mark the second straight quarter in which the index has reported a decrease in earnings.

Five of the eleven sectors are projected to report year-over-year earnings growth, led by the Consumer Discretionary and Industrials sectors. On the other hand, six sectors are predicted to report a year-over-year decline in earnings, led by the Materials, Health Care, Information Technology, and Communication Services sectors.

In terms of revenues, analysts have also lowered their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 1.9%, compared to the estimated (year-over-year) revenue growth rate of 3.4% on December 31.

If 1.9% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate reported by the index since Q3 2020 (-1.1%). Seven sectors are projected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, four sectors are predicted to report a year-over-year decline in revenues, led by the Materials sector.

Looking ahead, analysts expect earnings declines for the first half of 2023, but earnings growth for the second half of 2023. For Q1 2023 and Q2 2023, analysts are projecting earnings declines of -6.6% and -4.4%, respectively. For Q3 2023 and Q4 2023, analysts are projecting earnings growth of 2.3% and 9.3%, respectively. For all of CY 2023, analysts predict earnings growth of 1.5%.

The forward 12-month P/E ratio is 17.8, which is below the 5-year average (18.5) but above the 10-year average (17.3). It is also above the forward P/E ratio of 16.7 recorded at the end of the fourth quarter (December 31), as the price of the index has increased while the forward 12-month EPS estimate has decreased since December 31.

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



## Earnings Revisions: Materials Sector Has Seen Largest Decrease in EPS Estimates

### Increase in Estimated Earnings Decline for Q1 This Week

During the past week, the estimated earnings decline for the S&P 500 for Q1 2023 increased to -6.6% from -6.3%. The negative earnings surprise reported by Micron Technology (-\$1.91 vs. -\$0.67) was the largest contributor to the overall increase in the earnings decline for the index over this period.

The estimated earnings decline for the S&P 500 for Q1 2023 of -6.6% today is larger than the estimate of -0.3% at the start of the quarter (December 31), as estimated earnings for the index of \$437.7 billion today are 6.3% below the estimate of \$467.0 billion at the start of the quarter. Ten sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Materials, Energy, Health Care, Consumer Discretionary, and Industrials sectors. On the other hand, the Utilities sector is the only sector that has recorded an increase in expected (dollar-level) earnings due to upward revisions to earnings estimates.

### Materials: 79% of Companies Have Seen EPS Estimates Decrease Since December 31

The Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.5% (to \$11.5 billion from \$13.3 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -35.9% today from -25.9% on December 31. Despite the decrease in expected earnings, this sector has witnessed an increase in price (+2.1%) since December 31. Overall, 23 of the 29 companies (79%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 23 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by WestRock (to \$0.50 from \$1.03), Dow (to \$0.37 from \$0.75), and Mosaic (to \$1.44 from \$2.58).

### Energy: ConocoPhillips Leads Earnings Decrease Since December 31

The Energy sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.2% (to \$39.2 billion from \$43.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 9.6% today from 20.7% on December 31. This sector has also witnessed the second-largest decline in price (-6.2%) of all eleven sectors since December 31. Overall, 17 of the 23 companies (74%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 17 companies, 13 have recorded a decrease in their mean EPS estimate of more than 10%, led by EQT Corporation (to \$1.55 from \$3.17), Hess Corporation (to \$1.35 from \$2.19), Coterra Energy (to \$0.74 from \$1.18), and APA Corporation (to \$1.15 from \$1.81). However, ConocoPhillips (to \$2.36 from \$3.17), Exxon Mobil (to \$2.66 from \$2.88) and Chevron (to \$3.55 from \$3.96) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

### Health Care: Pfizer Leads Earnings Decrease Since December 31

The Health Care sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.0% (to \$66.6 billion from \$73.2 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -20.5% today from -12.6% on December 31. This sector has also witnessed the third-largest decrease in price (-5.8%) of all eleven sectors since December 31. Overall, 49 of the 65 companies (75%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 49 companies, 17 have recorded a decrease in their mean EPS estimate of more than 10%, led by Moderna (to -\$1.73 from -\$0.67) and Illumina (to \$0.03 from \$0.66). However, Pfizer (to \$0.99 from \$1.30), AbbVie (to \$2.56 from \$3.19), and Merck (to \$1.37 from \$1.76) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

**Consumer Discretionary: Amazon and Tesla Lead Earnings Decrease Since December 31**

The Consumer Discretionary sector has recorded the fourth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.7% (to \$27.0 billion from \$29.6 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 33.8% today from 46.6% on December 31. Despite the decrease in expected earnings, this sector has witnessed the third-largest increase in price (+12.8%) of all eleven sectors since December 31. Overall, 34 of the 44 companies (77%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 34 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by Newell Brands (to -\$0.04 from \$0.22), Hasbro (to 0.05 from \$0.58), MGM Resorts (to \$0.02 from \$0.06), and Expedia (to \$0.08 from \$0.20). However, Amazon.com (to \$0.21 from \$0.33) and Tesla (to \$0.86 from \$1.20) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

**Industrials: Boeing Leads Earnings Decrease Since December 31**

The Industrials sector has recorded the fifth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.6% (to \$32.9 billion from \$35.9 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 12.9% today from 23.5% on December 31. Despite the decrease in expected earnings, this sector has witnessed an increase in price (+1.7%) since December 31. Overall, 48 of the 73 companies (66%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 48 companies, 19 have recorded a decrease in their mean EPS estimate of more than 10%, led by United Airlines Holdings (to -\$0.31 from \$0.00), Alaska Air Group (to -\$0.45 from -\$0.12), Stanley Black & Decker (to -\$0.73 from -\$0.23), Boeing (to -\$0.78 from \$0.76), and Southwest Airlines (to -\$0.21 from \$0.31). Boeing has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

**Utilities: NRG Energy Leads Earnings Increase Since December 31**

The Utilities sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 2.2% (to \$14.2 billion from \$13.9 billion). As a result, the estimated (year-over-year) earnings decline for this sector has improved to -8.6% today from -10.5% on December 31. Despite the increase in expected earnings, this sector has witnessed the fourth-largest decrease in price (-4.8%) of all eleven sectors since December 31. Overall, 12 of the 30 companies (40%) in the Utilities sector have seen an increase in their mean EPS estimate during this time. Of these 12 companies, 4 have recorded an increase in their mean EPS estimate of more than 10%: NRG Energy (to \$1.54 from \$0.06), Duke Energy (to \$1.37 from \$1.13), PG&E Corporation (to \$0.30 from \$0.26), and PPL Corporation (to \$0.46 from \$0.42). NRG Energy has also been the largest contributor to the increase in estimated (dollar-level) earnings for this sector since December 31.

**Index-Level EPS Estimate: 6.3% Decrease Since December 31**

The Q1 bottom-up EPS estimate (which is an aggregation of the median Q1 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has decreased by 6.3% (to \$50.75 from \$54.13) since December 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 2.8% on average during a quarter. Over the past ten years (40 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 4.6% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 3.8% on average during a quarter.

Thus, the decline in the bottom-up EPS estimate for the first quarter is larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

Guidance: More S&P 500 Companies Issuing Negative Guidance for Q1 Than Average

### Quarterly Guidance: More S&P 500 Companies Issuing Negative Guidance for Q1 Than Average

At this point in time, 106 companies in the index have issued EPS guidance for Q1 2023. Of these 106 companies, 79 have issued negative EPS guidance and 27 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2023 (79) is above the 5-year average (57) and above the 10-year average (65). The Information Technology (27) and Industrials (16) sectors have the highest numbers of companies issuing negative EPS guidance for the quarter. The percentage of companies issuing negative EPS guidance for Q1 2023 is 75% (79 out of 106), which is above the 5-year average of 59% and above the 10-year average of 66%.

### Annual Guidance: 53% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 253 companies in the index have issued EPS guidance for the current fiscal year (FY 2023 or FY 2024). Of these 253 companies, 134 have issued negative EPS guidance and 119 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 53% (139 out of 253).

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 Decline: -6.6%

The estimated (year-over-year) earnings decline for Q1 2023 is -6.6%, which is below the 5-year average earnings growth rate of 14.6% and below the 10-year average earnings growth rate of 8.8%. If -6.6% is the actual decline for the quarter, it will mark the largest (year-over-year) earnings decline reported by the index since Q2 2020 (-31.8%). It will also mark the second consecutive quarter in which earnings have declined year-over-year.

Five of the eleven sectors are expected to report year-over-year earnings growth, led by the Consumer Discretionary and Industrials sectors. On the other hand, six sectors are expected to report a year-over-year decline in earnings, led by the Materials, Health Care, Information Technology, and Communication Services sectors.

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

The Consumer Discretionary sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 33.8%. At the industry level, 3 of the 9 industries in the sector are expected to report a year-over-year increase in earnings. A growth rate is not being calculated for the Hotels, Restaurants, & Leisure and Broadline Retail industries due to the losses reported by both industries in the year-ago quarter. However, both industries are projected to report profits in Q1 2023. The Hotels, Restaurants, & Leisure industry is projected to report a profit of \$3.8 billion in Q1 2023 compared to a loss of -829 million in Q1 2022, while the Broadline Retail industry is projected to report a profit of \$2.8 billion in Q1 2023 compared to a loss of -\$2.8 billion in Q1 2022. The other industry predicted to report (year-over-year) earnings growth is the Auto Components (18%) industry. On the other hand, 6 industries are expected to report a (year-over-year) decline in earnings. Four of these six industries are predicted to report a decrease in earnings of more than 10%: Leisure Products (-91%), Household Durables (-37%), Textiles, Apparel, & Luxury Goods (-16%), and Automobiles (-16%).

At the industry level, the Broadline Retail and Hotels, Restaurants, & Leisure industries are predicted to be the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be projected to a (year-over-year) decline in earnings of -15.4% instead of year-over-year earnings growth of 33.8%.



At the company level, Amazon.com is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the expected earnings growth rate for the sector would fall to 3.6% from 33.8%

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

The Industrials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 12.9%. At the industry level, 6 of the 12 industries in the sector are expected to report a year-over-year increase in earnings. A growth rate is not being calculated for the Passenger Airlines industry due to the loss reported by the industry in the year-ago quarter. However, this industry is projected to report a much smaller loss in Q1 2023 (-\$62 million) compared to Q1 2022 (-\$4.0 billion). Three of the remaining five industries are predicted to report earnings growth at or above 10%: Trading Companies & Distributors (21%), Aerospace & Defense (18%), and Machinery (10%). On the other hand, 6 industries are expected to report a year-over-year decline in earnings. Three of these six industries are predicted to report a year-over-year decline of 10% or more: Air Freight & Logistics (-30%), Industrials Conglomerates (-24%), and Construction & Engineering (-15%).

At the industry level, the Airlines industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the Industrials sector would report a year-over-year decline in earnings of -0.6% rather than earnings growth of 12.9%.

### **Materials: 3 of 4 Industries Expected To Report Year-Over-Year Decline of More Than 25%**

The Materials sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -35.9%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in earnings of more than 25%: Metals & Mining (-52%), Containers & Packaging (-33%), and Chemicals (-29%). On the other hand, the Construction Materials (23%) industry is the only industry in the sector projected to report (year-over-year) earnings growth.

### **Health Care: 4 of 5 Industries Expected To Report Year-Over-Year Decline of More Than 15%**

The Health Care sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -20.5%. At the industry level, all five industries in this sector are predicted to report a year-over-year earnings decline: Biotechnology (-38%), Pharmaceuticals (-24%), Life Sciences, Tools, and Services (-24%), Health Care Equipment & Supplies (-18%), and Health Care Providers & Services (<-1%).

### **Information Technology: Semiconductors Industry is Largest Contributor to Year-Over-Year Decline**

The Information sector is expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -15.0%. At the industry level, three of the six industries in this sector are predicted to report a year-over-year earnings decline: Semiconductors & Semiconductor Equipment (-43%), Technology Hardware, Storage, & Peripherals (-14%), and Electronic Equipment, Instruments, & Components (-8%). On the other hand, three of the six industries in this sector are projected to report year-over-year earnings growth: Communications Equipment (14%), Software (6%), and IT Services (1%).

At the industry level, the Semiconductors & Semiconductor Equipment industry is predicted to be the largest contributor to the expected earnings decline for the sector. If this industry were excluded, the expected earnings decline for the sector would improve to -2.9 from -15.0%.

### **Communication Services: 4 of 5 Industries Expected To Report Year-Over-Year Decline**

The Communication Services sector is expected to report the fourth-largest (year-over-year) earnings decline of all eleven sectors at -14.8%. At the industry level, four of the five industries in this sector are predicted to report a year-over-year decline in earnings of more than 10%: Interactive Media & Services (-19%), Entertainment (-19%), Diversified Telecommunication Services (-18%), and Media (-12%). On the other hand, the Wireless Telecommunication Services (161%) industry is the only industry in the sector projected to report (year-over-year) earnings growth.

## Revenue Growth: 1.9%

The estimated (year-over-year) revenue growth rate for Q1 2023 is 1.9%, which is below the 5-year average revenue growth rate of 7.8% and below the 10-year average revenue growth rate of 4.6%. If 1.9% is the actual growth rate for the quarter, it will mark the lowest (year-over-year) revenue growth rate reported by the index since Q3 2020 (-1.1%).

At the sector level, seven sectors are expected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, four sectors are expected to report a year-over-year decline in revenues, led by the Materials sector.

### **Financials: 3 of 5 Industries Expected To Report Year-Over-Year Growth Above 10%**

The Financials sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 9.1%. At the industry level, four of the five industries in the sector are predicted to report (year-over-year) growth in revenues. Three of these four industries are projected to report revenue growth above 10%: Consumer Finance (16%), Financial Services (14%), and Banks (14%). On the other hand, the Capital Markets industry (<-1%) is the only industry expected to report a year-over-year decline in revenues.

### **Materials: Metals & Mining Industry Leads Year-Over-Year Decline**

The Materials sector is expected to report the highest (year-over-year) decline in revenues at -8.0%. At the industry level, three of the four industries in the sector are predicted to report a (year-over-year) decrease in revenues: Metals & Mining (-15%), Chemicals (-8%), and Containers & Packaging (-3%). On the other hand, the Construction Materials (4%) industry is the only industry expected to report a year-over-year growth in revenues.

## Net Profit Margin: 11.2%

The estimated net profit margin for the S&P 500 for Q1 2023 is 11.2%, which is below the previous quarter's net profit margin of 11.3%, below the 5-year average of 11.4% and below the year-ago net profit margin of 12.2%.

At the sector level, three sectors are expected to report a year-over-year increase in their net profit margins in Q1 2023 compared to Q1 2022, led by the Energy (to 12.0% vs. 10.4%) and Consumer Discretionary (5.9% vs. 4.7%) sectors. On the other hand, eight sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2023 compared to Q1 2022, led by the Materials (9.6% vs. 13.8%) sector.

Five sectors are expected to report net profit margins in Q1 2023 that are above their 5-year averages, led by the Energy (12.0% vs. 7.4%) sector. On the other hand, six sectors are expected to report net profit margins in Q1 2023 that are below their 5-year averages, led by the Communication Services (10.2% vs. 11.7%) and Health Care (9.1% vs. 10.6%) sectors.

## Looking Ahead: Forward Estimates and Valuation

### Earnings: S&P 500 Expected to Report Earnings Growth of 1.5% for CY 2023

For the first quarter, S&P 500 companies are expected to report a year-over-year earnings decline of -6.6% and revenue growth of 1.9%.

For Q2 2023, analysts are projecting an earnings decline of -4.4% and a revenue decline of -0.1%.

For Q3 2023, analysts are projecting earnings growth of 2.3% and revenue growth of 1.4%.

For Q4 2023, analysts are projecting earnings growth of 9.3% and revenue growth of 3.8%.

For CY 2023, analysts are projecting earnings growth of 1.5% and revenue growth of 2.0%.

### Valuation: Forward P/E Ratio is 17.8, Above the 10-Year Average (17.3)

The forward 12-month P/E ratio for the S&P 500 is 17.8. This P/E ratio is below the 5-year average of 18.5 but above the 10-year average of 17.3. It is also above the forward 12-month P/E ratio of 16.7 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 5.5%, while the forward 12-month EPS estimate has decreased by 1.0%. At the sector level, the Information Technology (24.5) and Consumer Discretionary (24.4) sectors have the highest forward 12-month P/E ratios, while the Energy (10.1) and Financials (12.6) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 20.2, which is below the 5-year average of 22.6 and below the 10-year average of 20.6.

### Targets & Ratings: Analysts Project 14.5% Increase in Price Over Next 12 Months

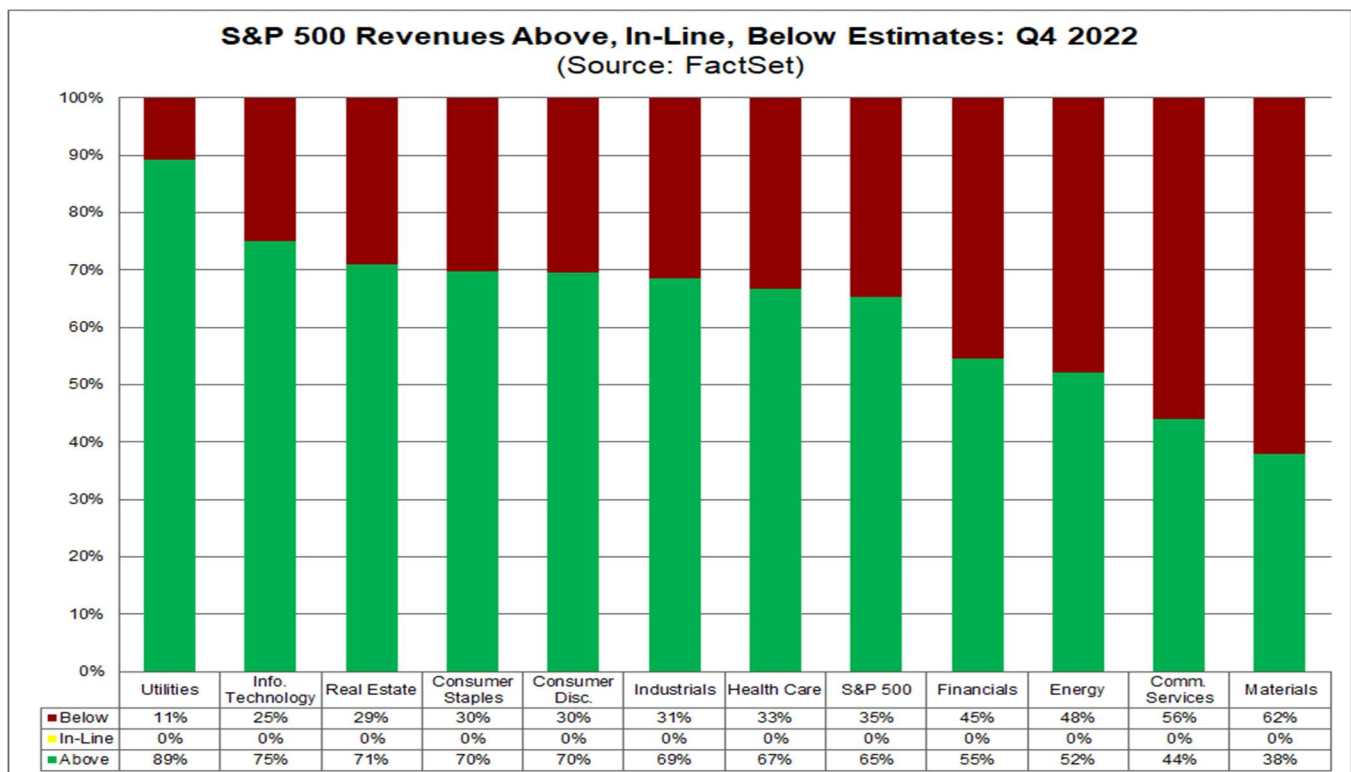
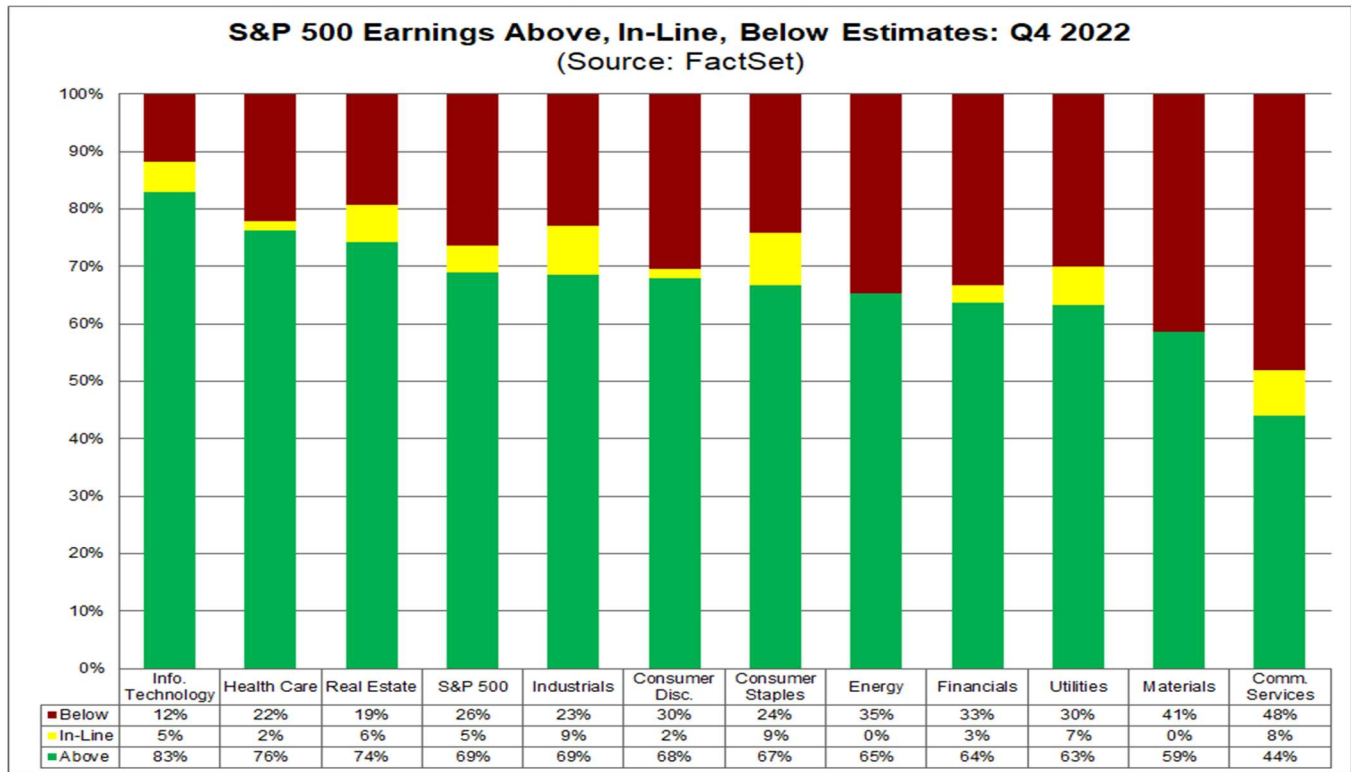
The bottom-up target price for the S&P 500 is 4637.21, which is 14.5% above the closing price of 4050.83. At the sector level, the Financials (+22.2%) and Energy (+22.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Information Technology (+6.7%) 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 11,000 ratings on stocks in the S&P 500. Of these 11,000 ratings, 53.9% are Buy ratings, 40.2% are Hold ratings, and 5.9% are Sell ratings. At the sector level, the Energy (63%) and Communication Services (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) sector has the lowest percentage of Buy ratings.

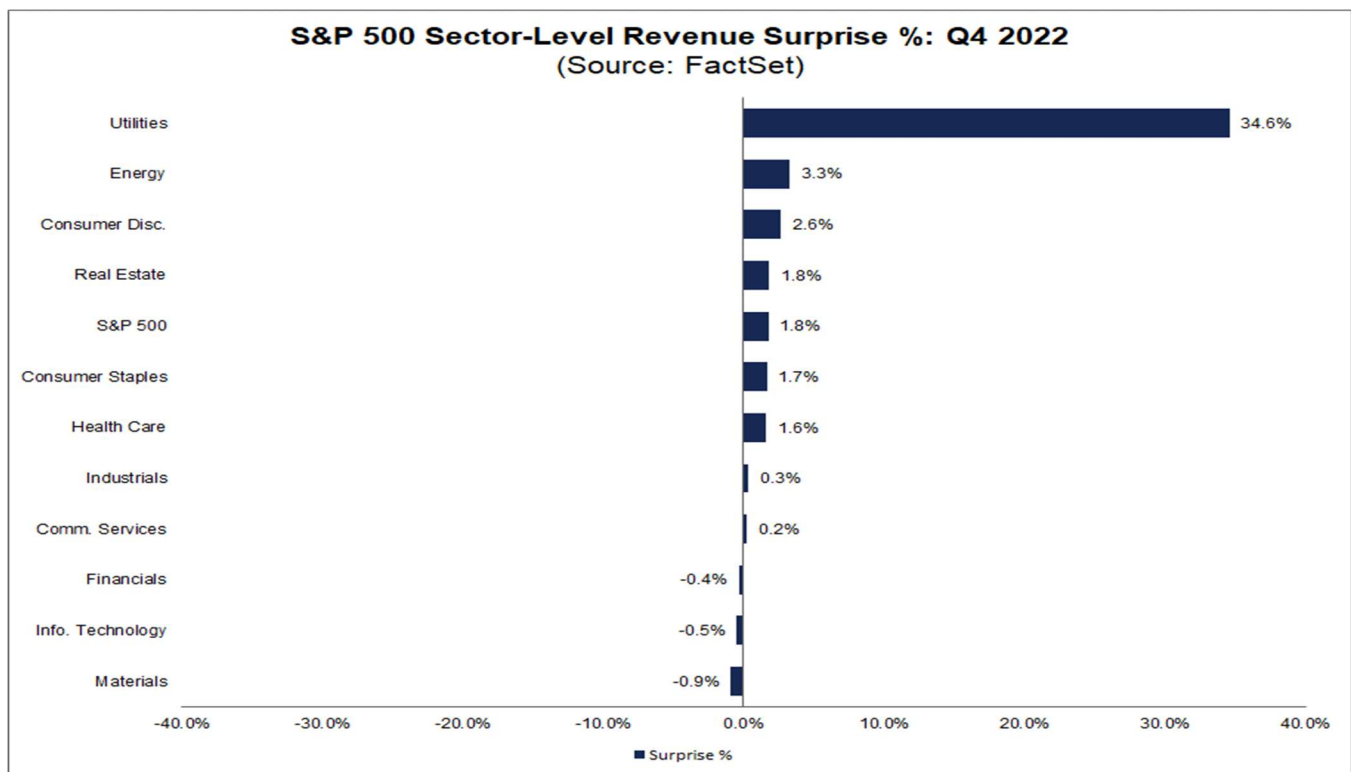
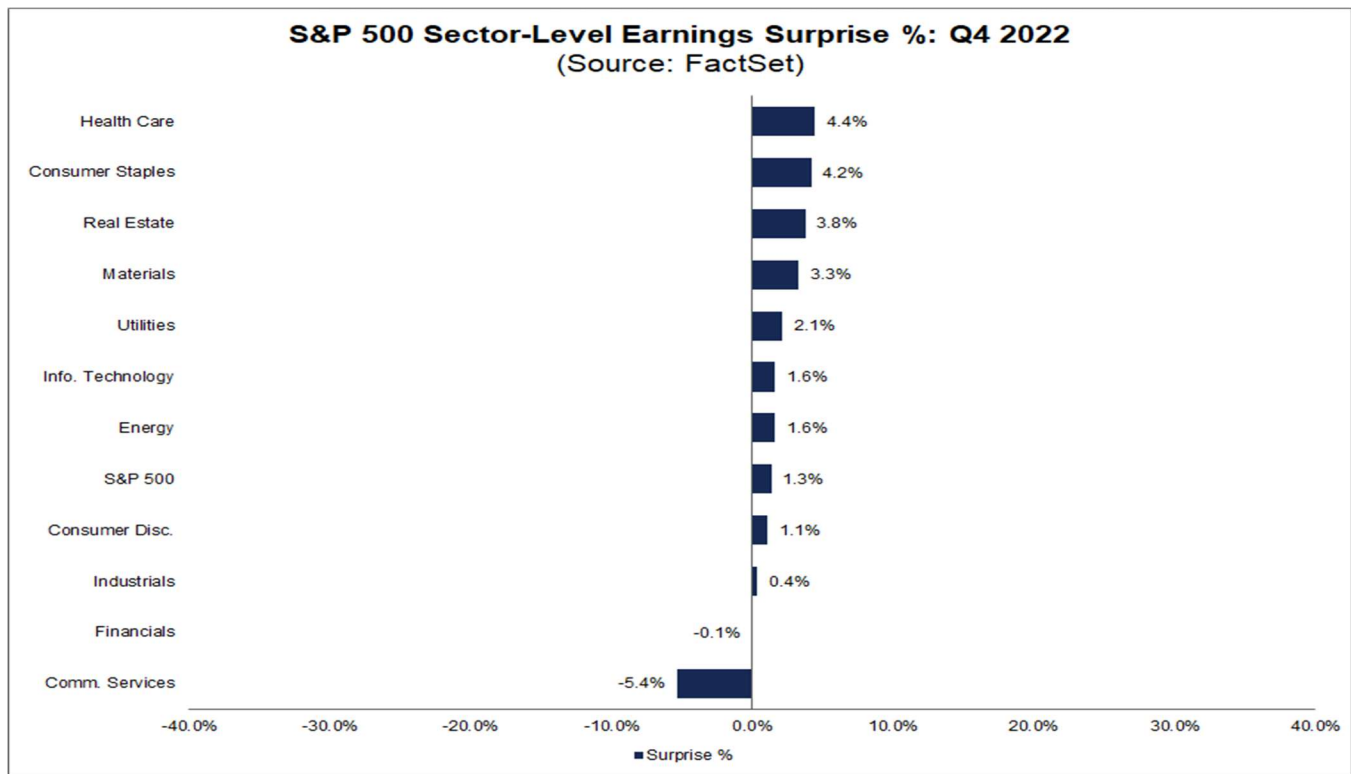
### Companies Reporting Next Week: 4

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

Q4 2022: Scorecard

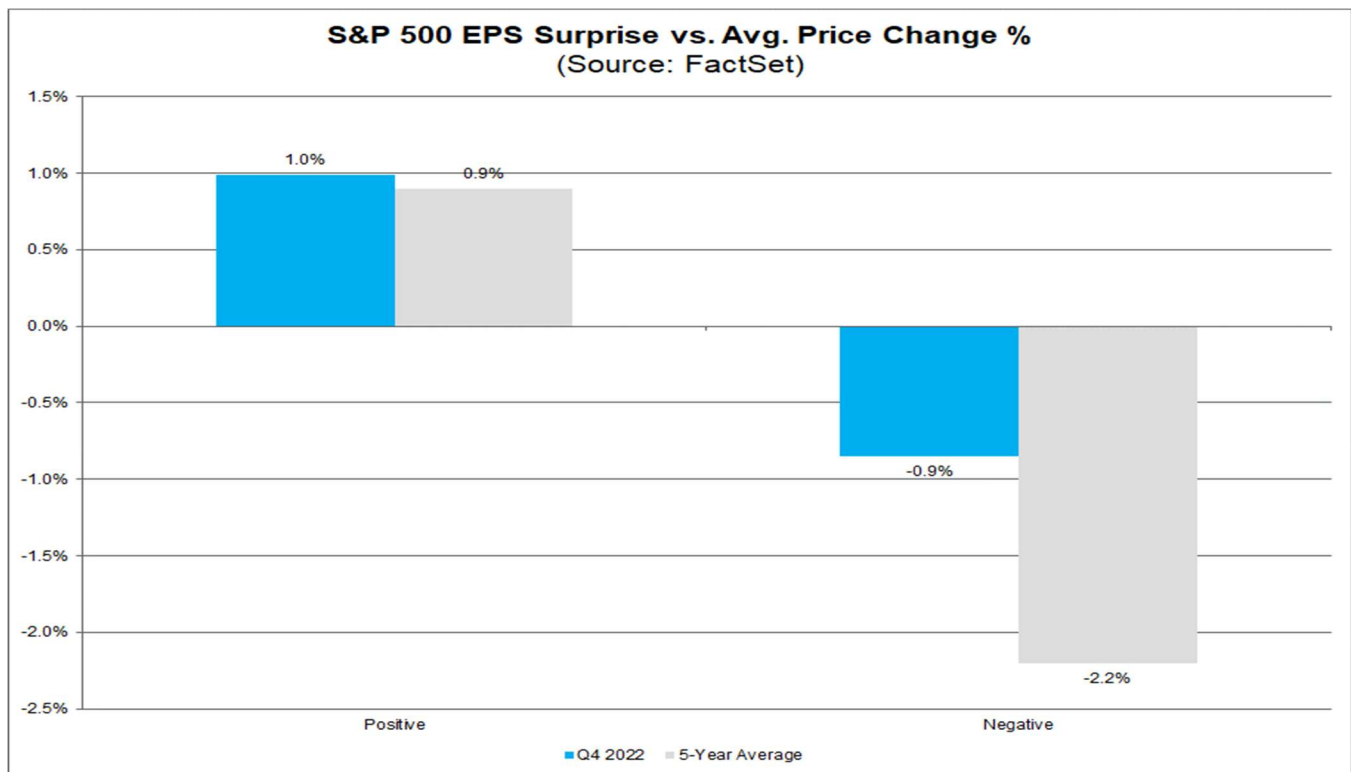
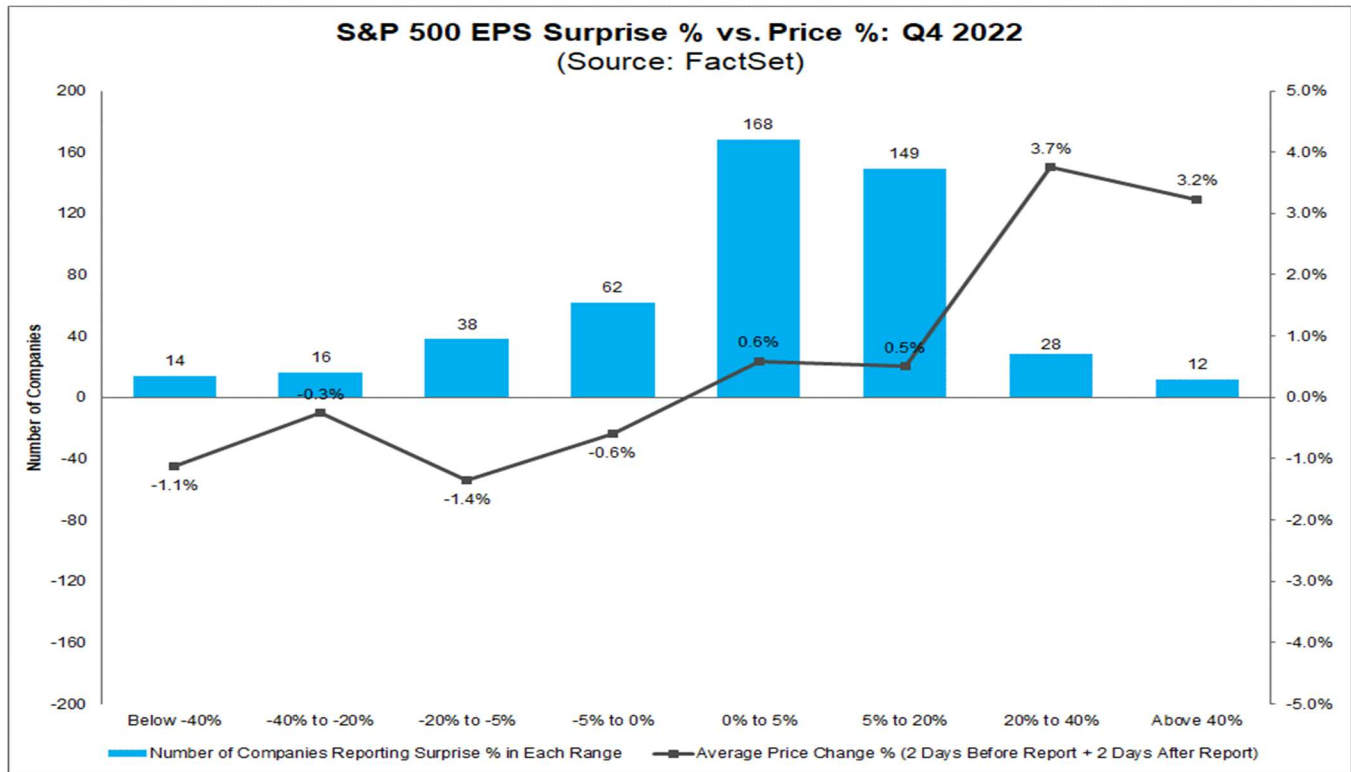


Q4 2022: Scorecard

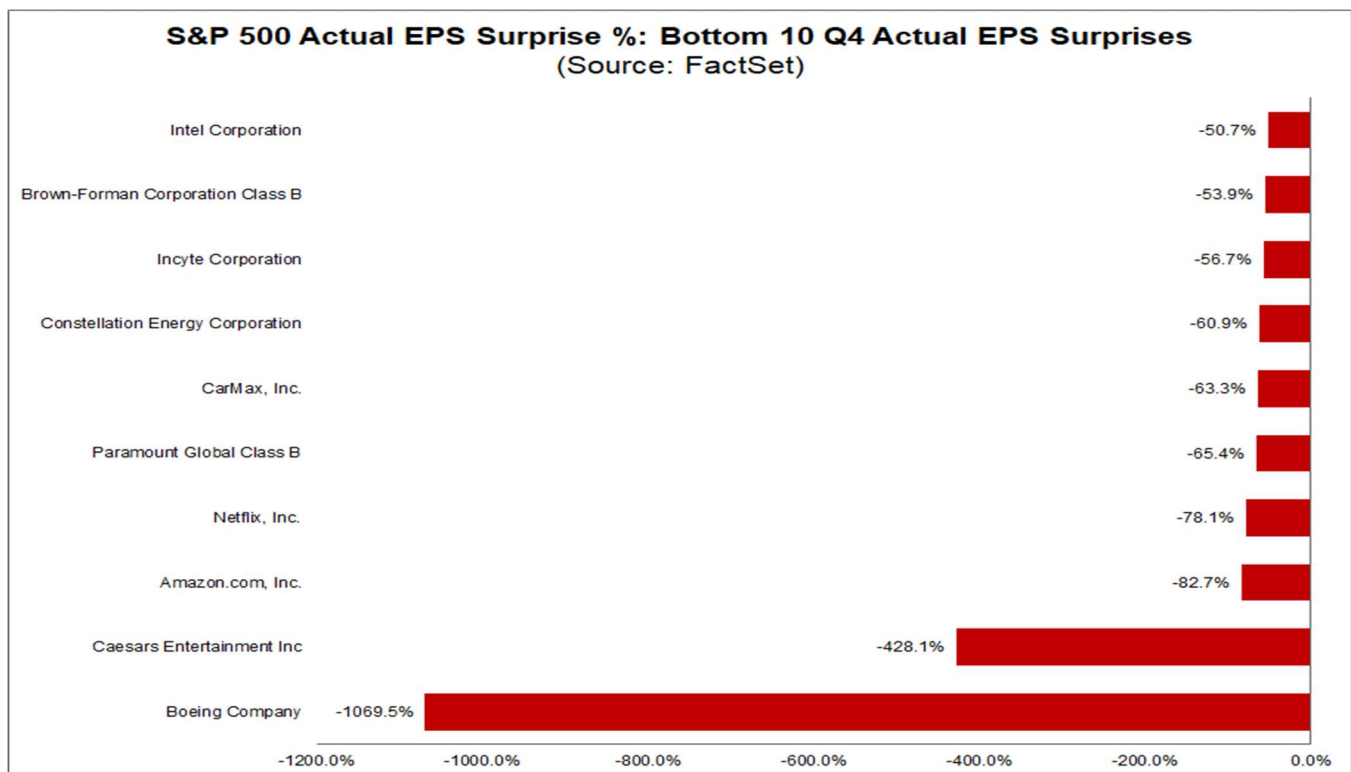
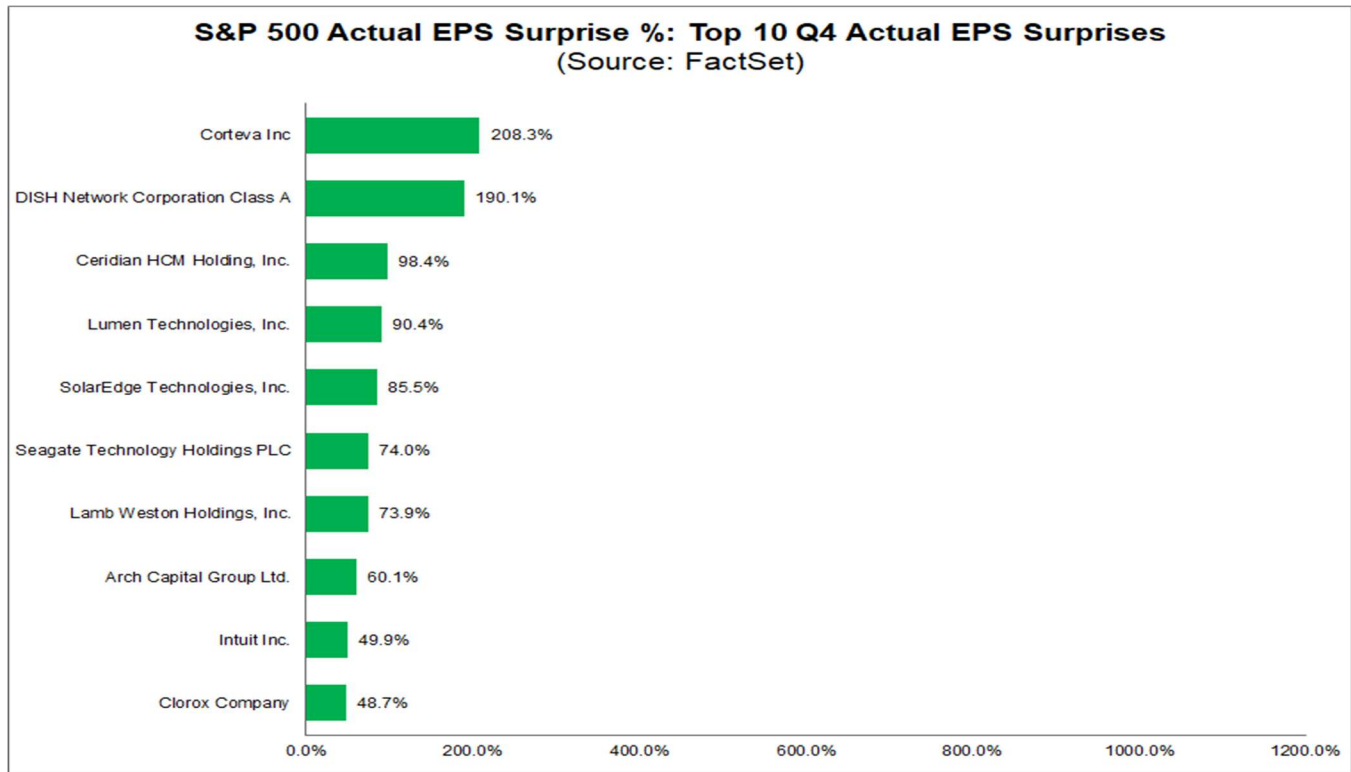




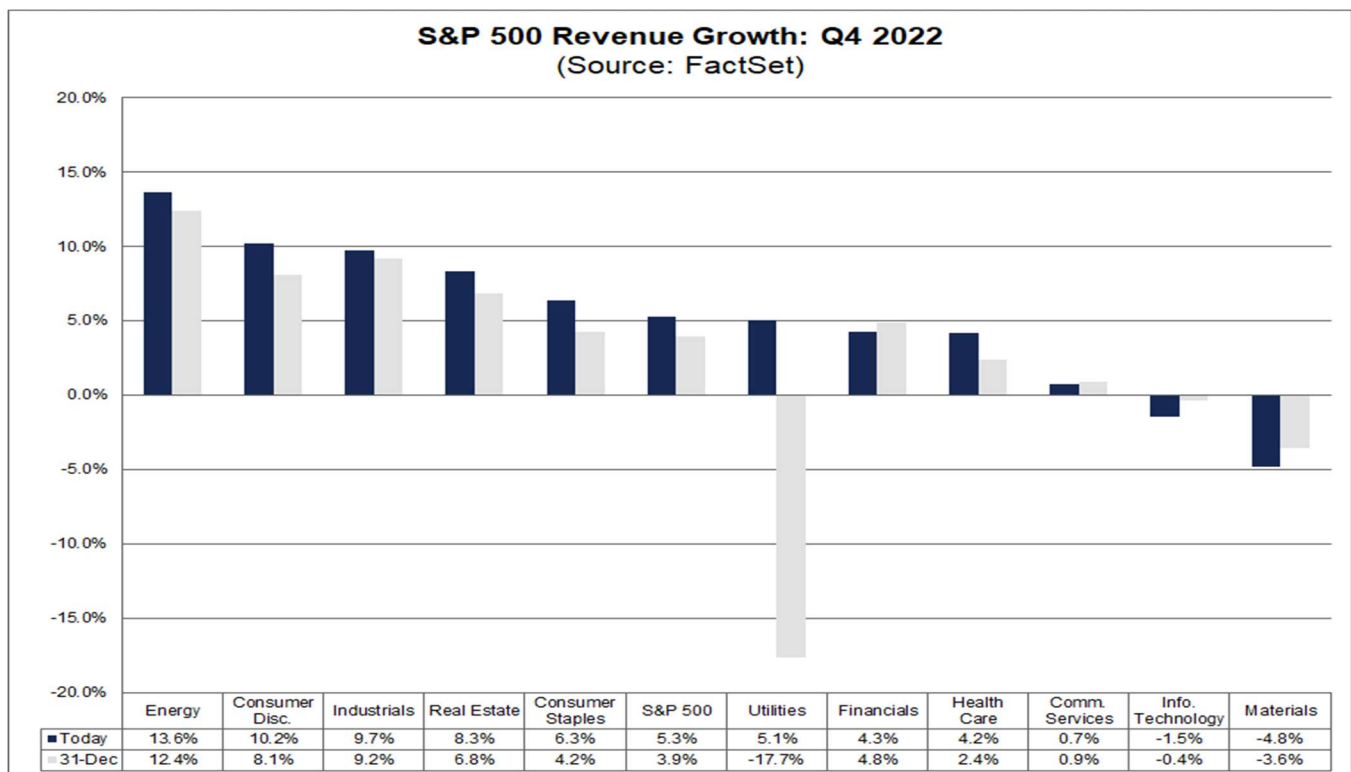
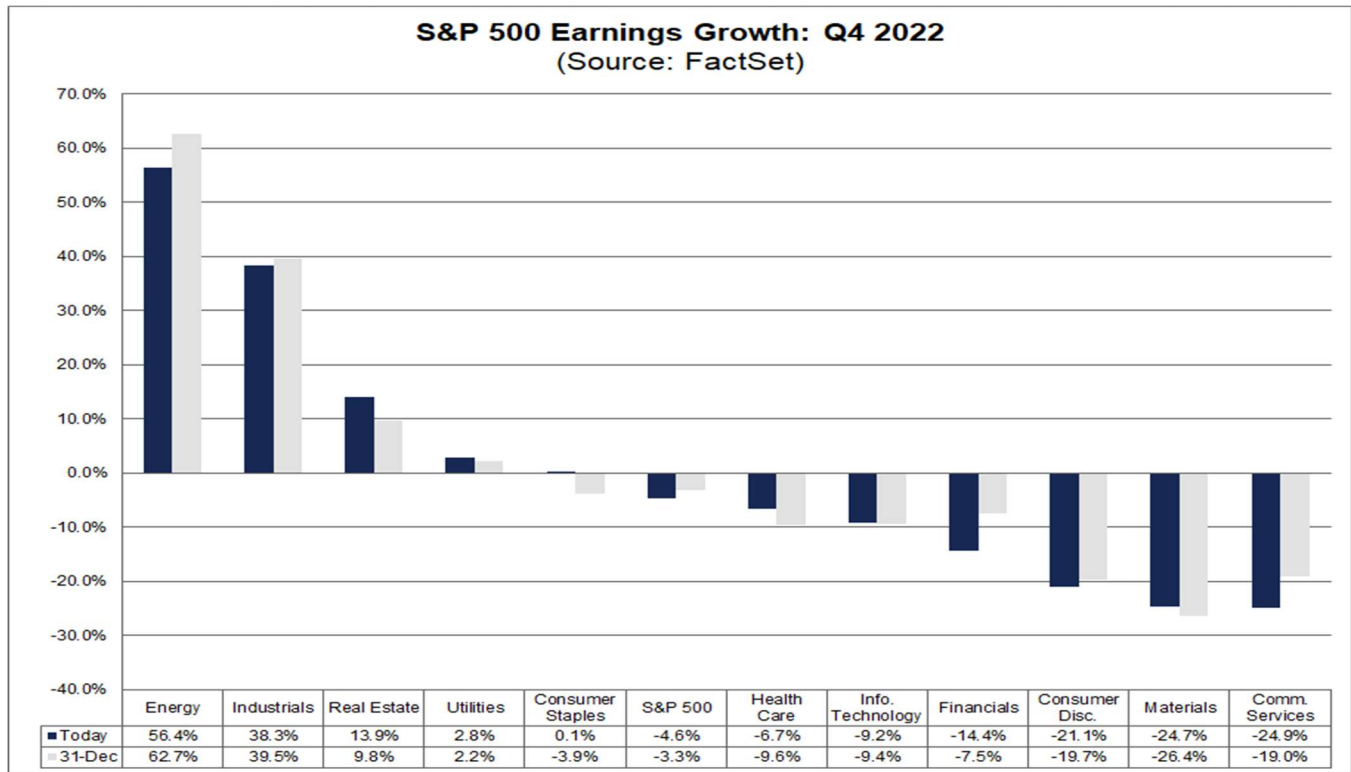
Q4 2022: Scorecard



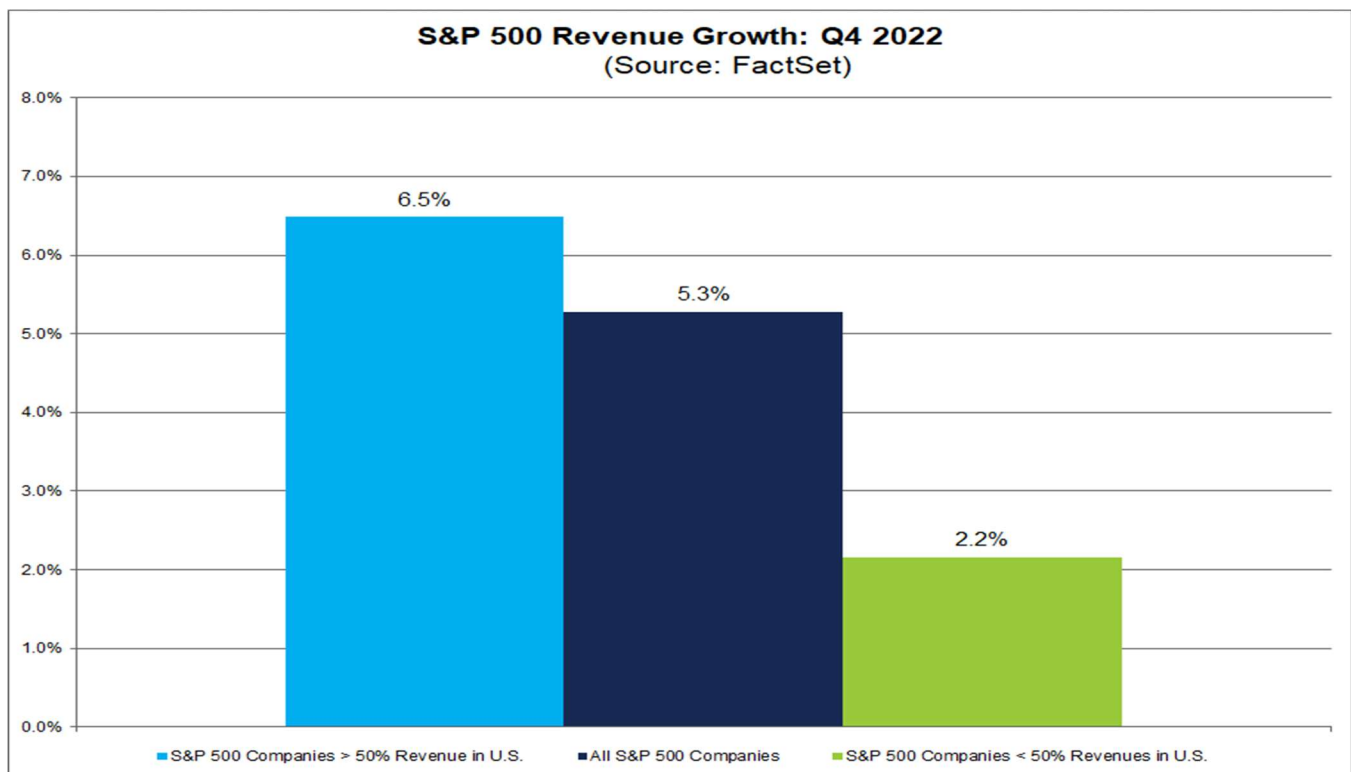
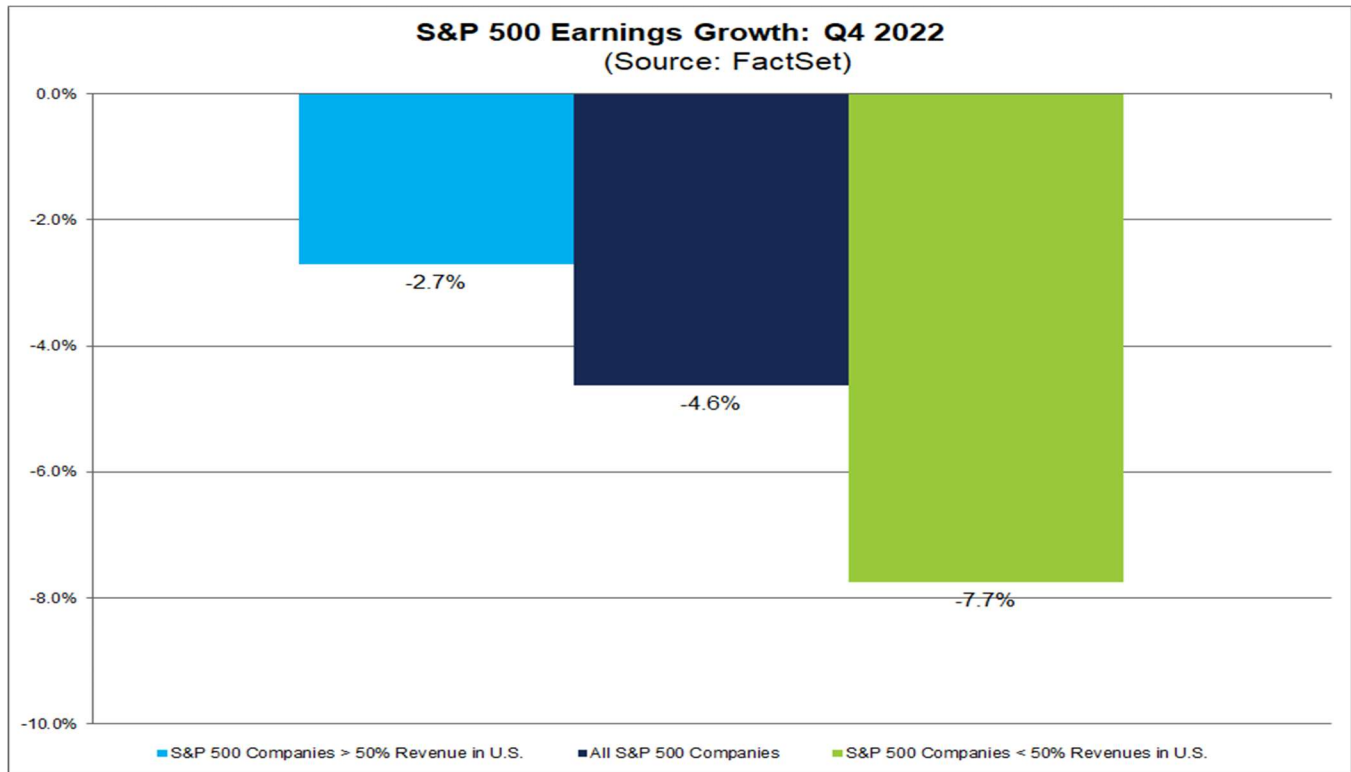
Q4 2022: Scorecard



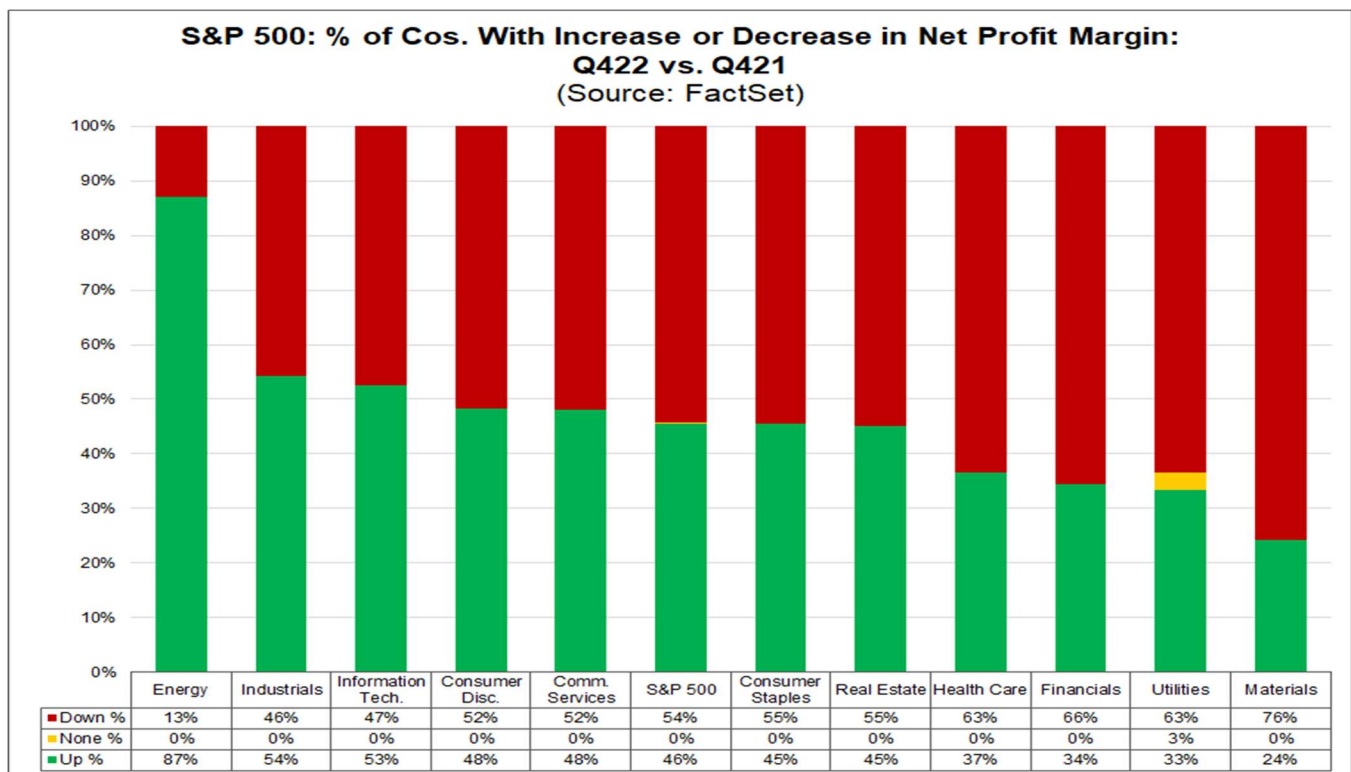
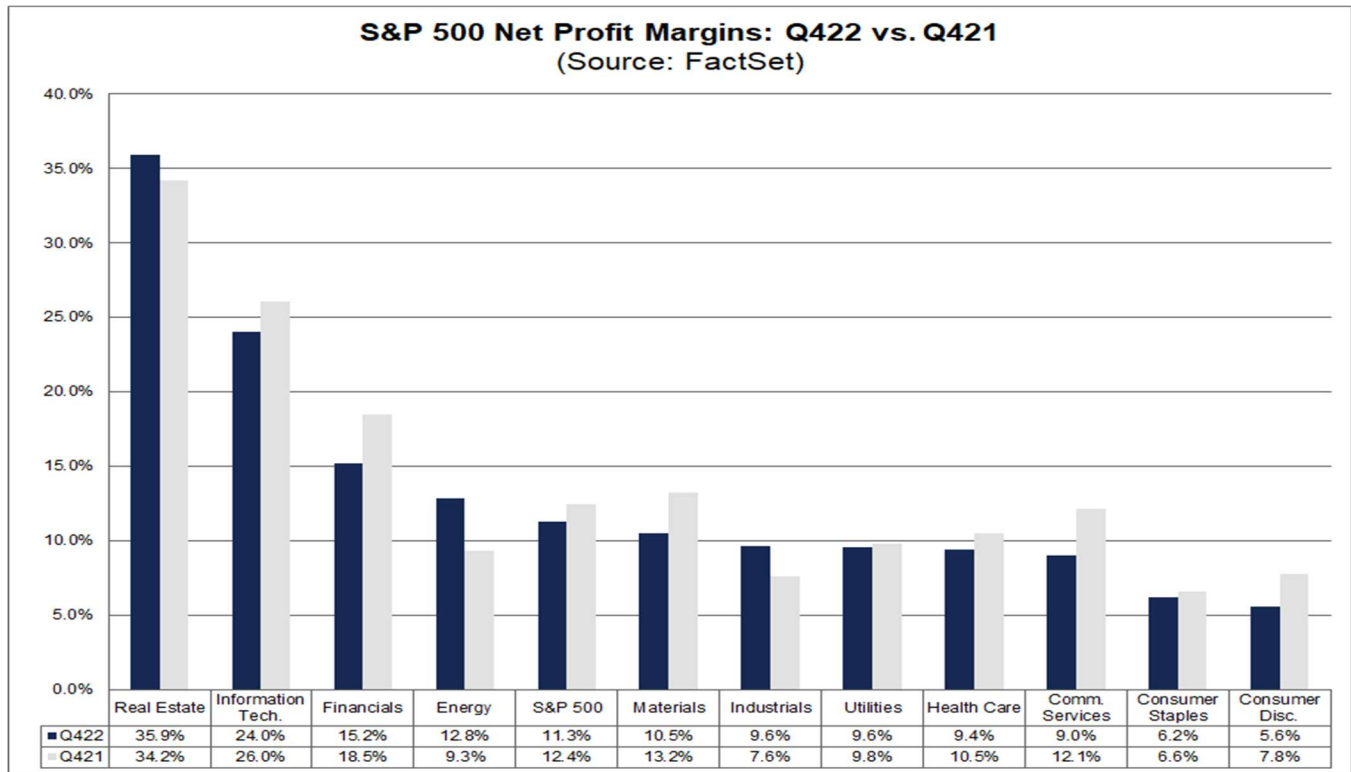
Q4 2022: Growth



Q4 2022: Growth

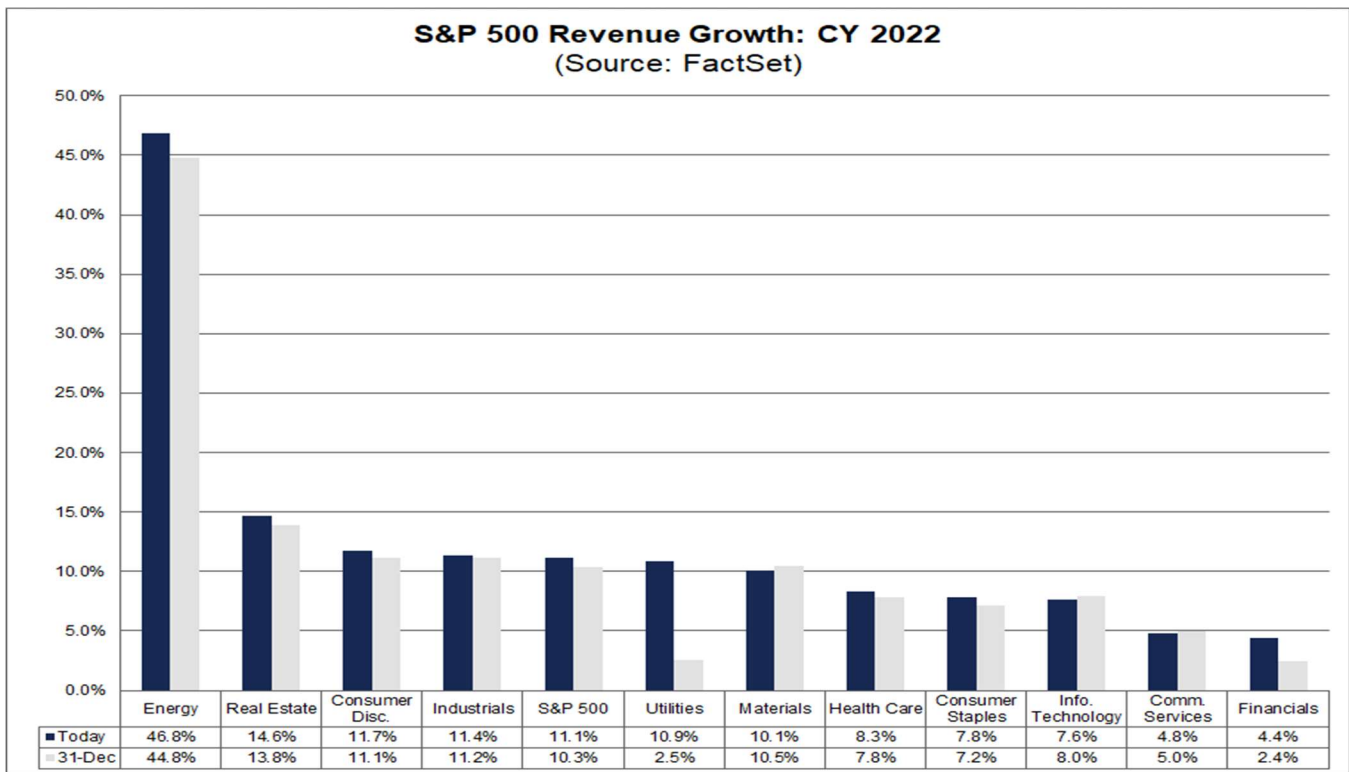
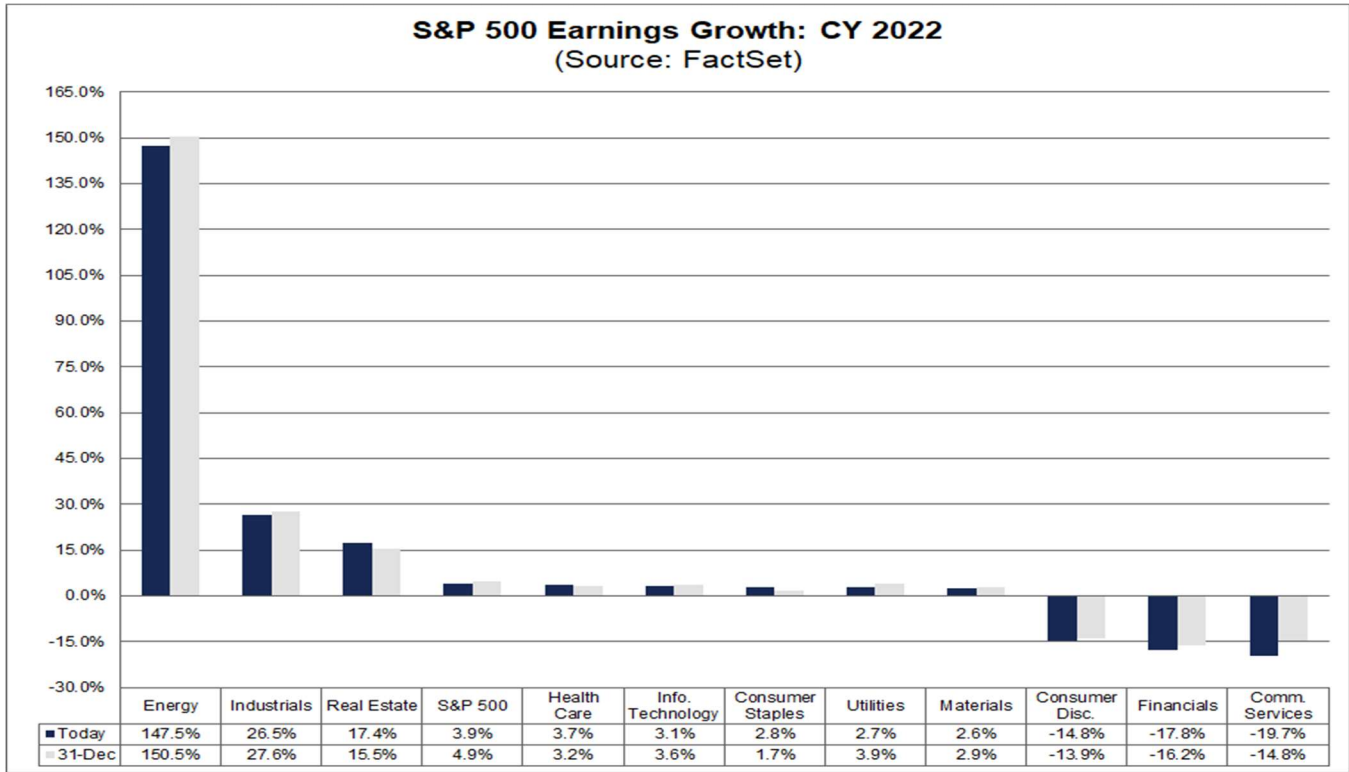


Q4 2022: Net Profit Margin

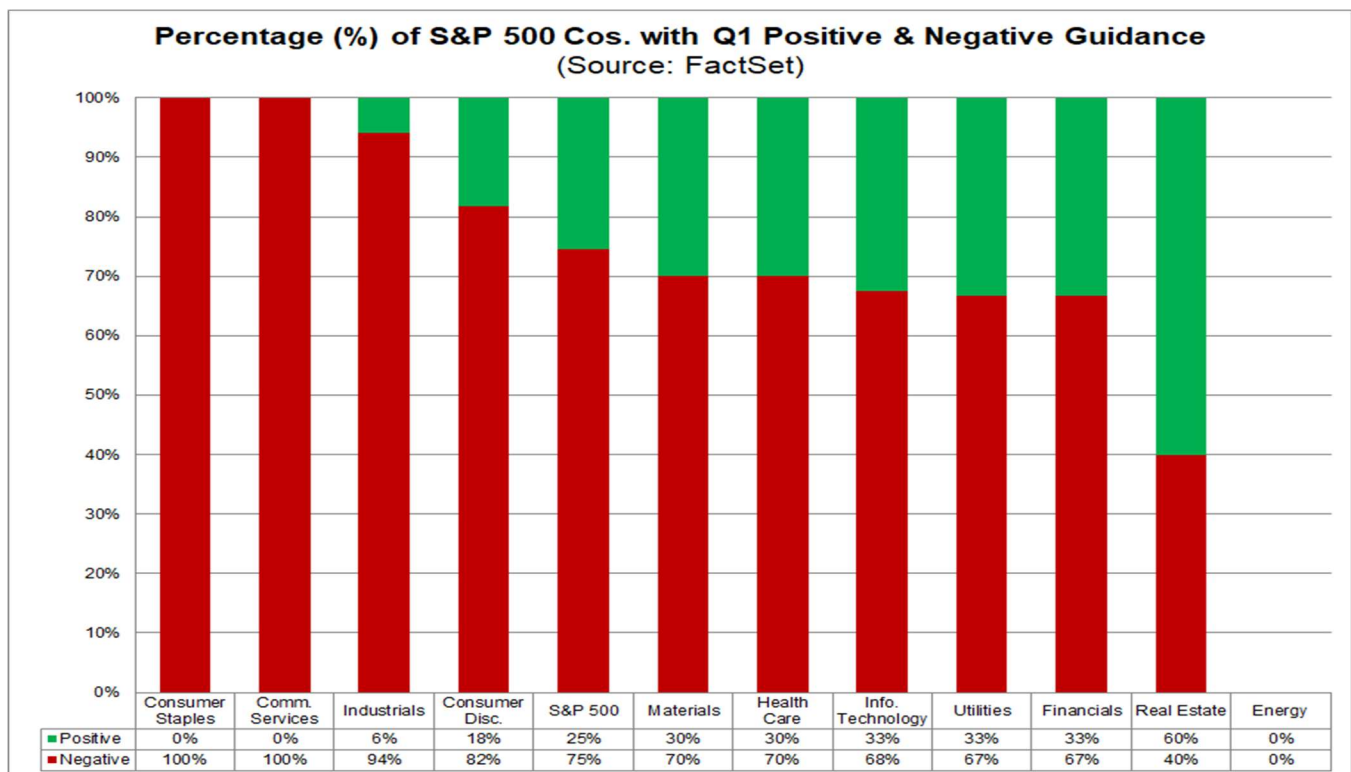
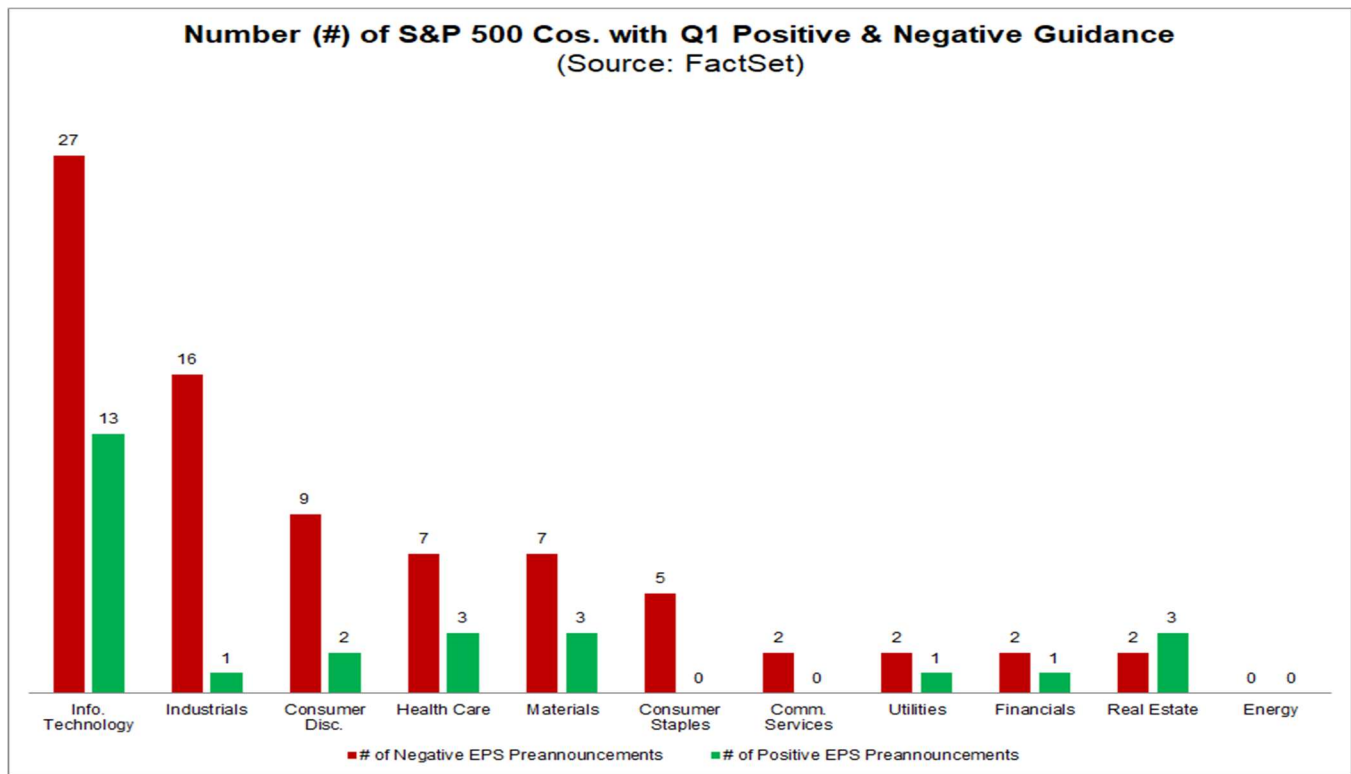




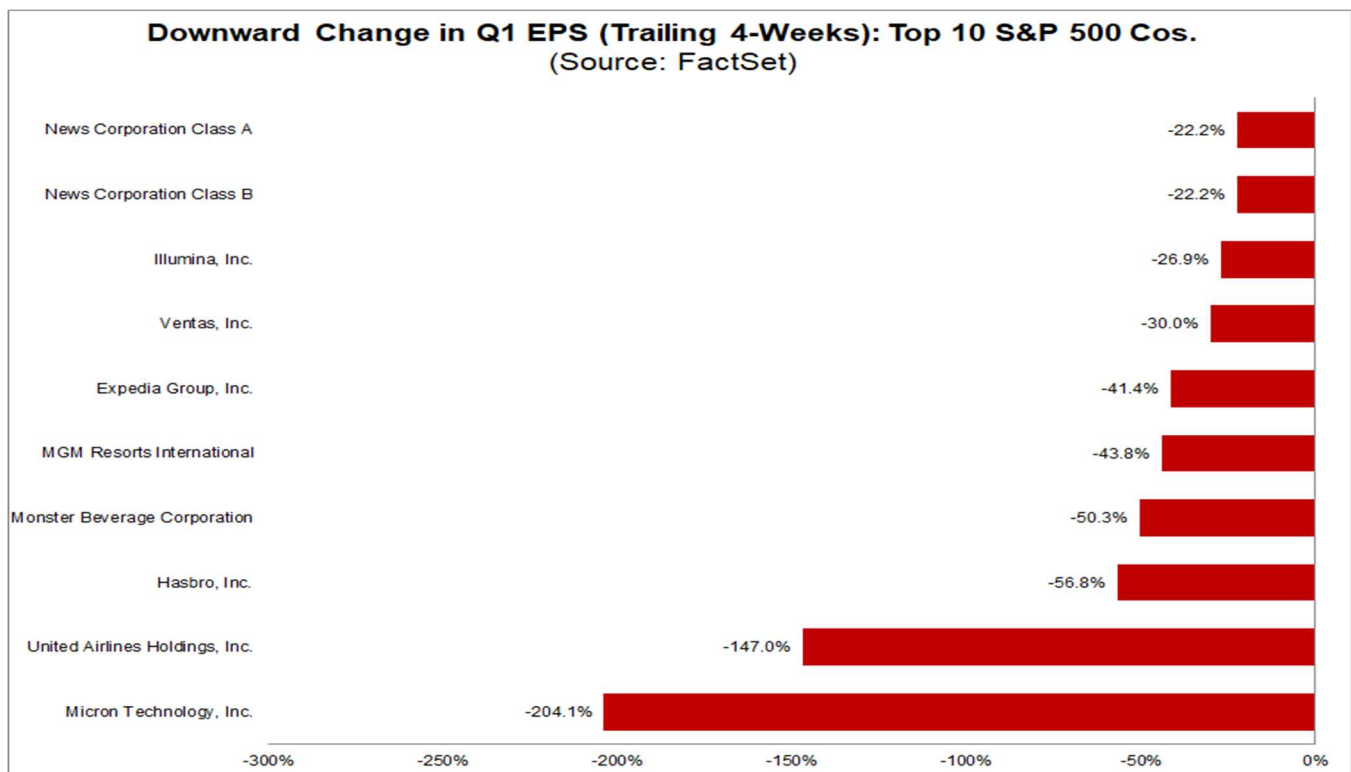
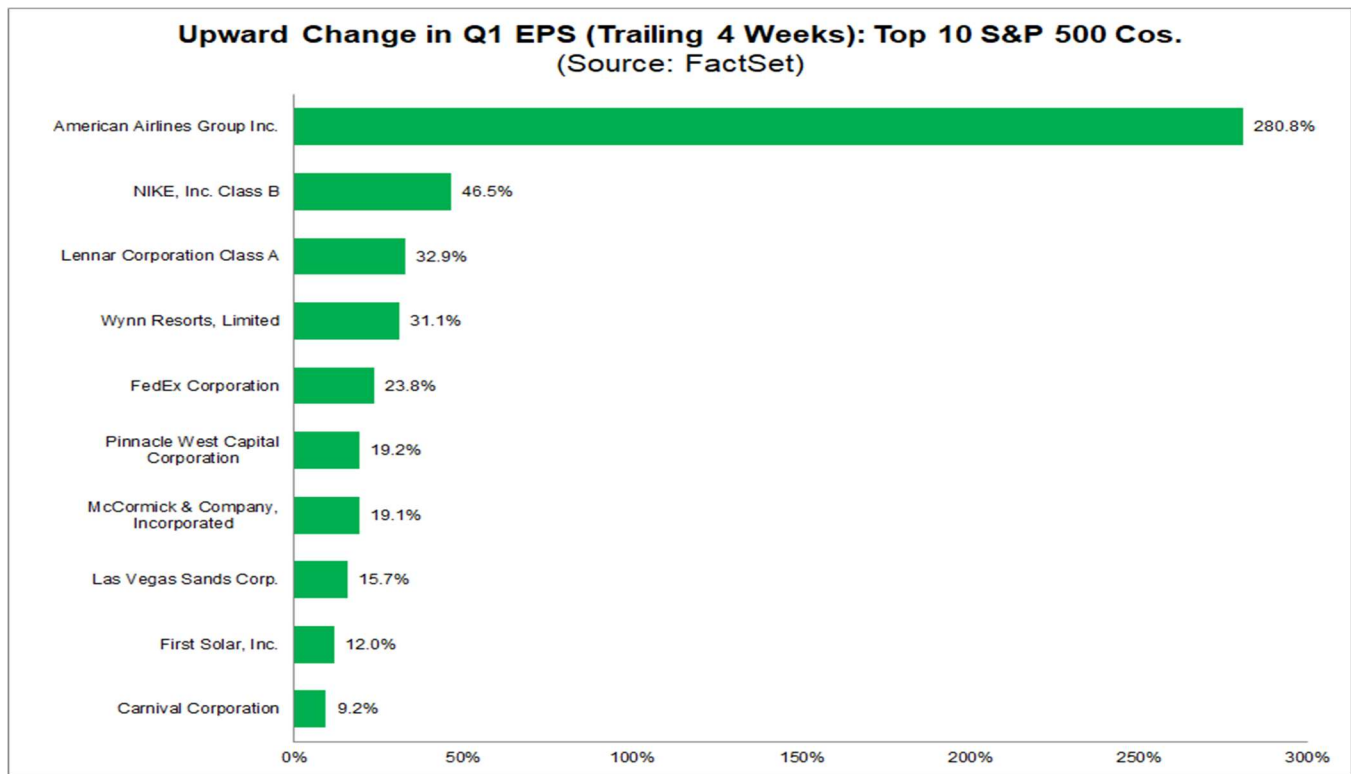
CY 2022: Growth



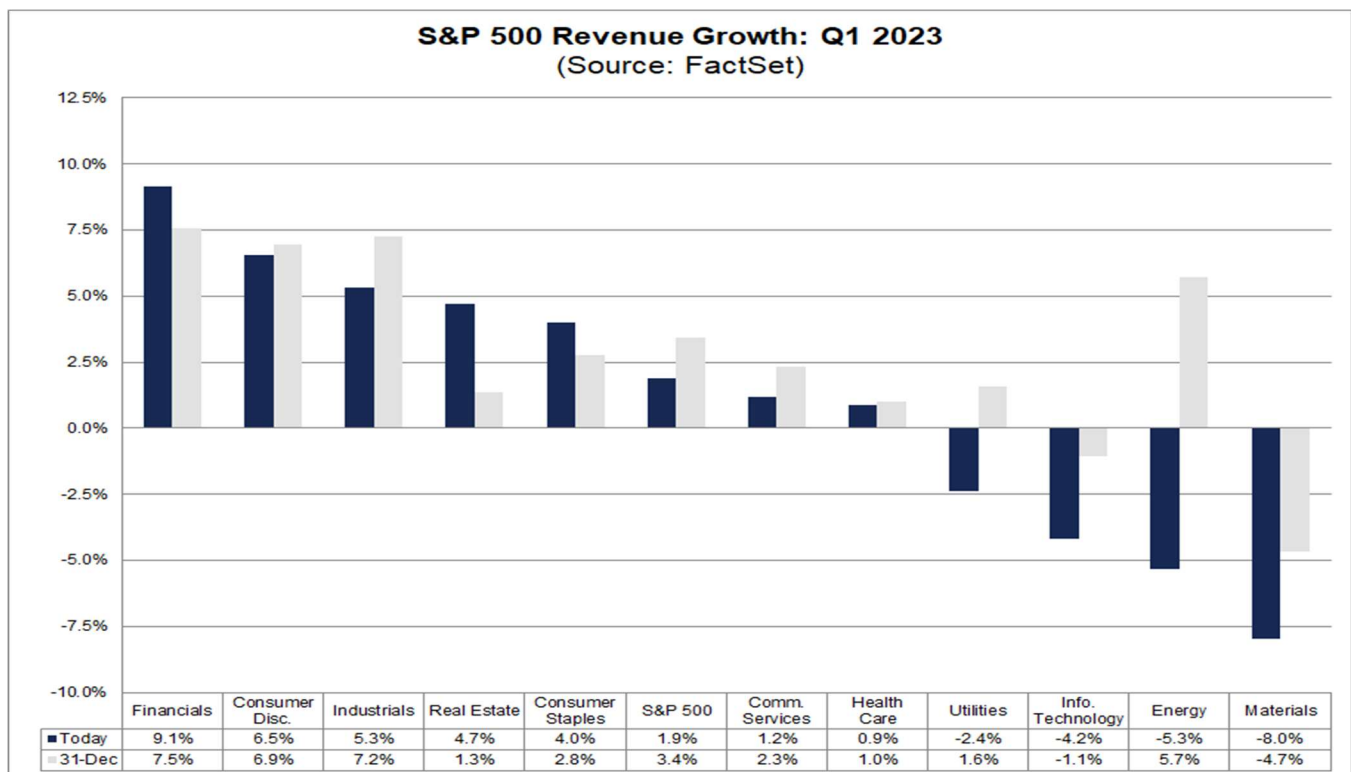
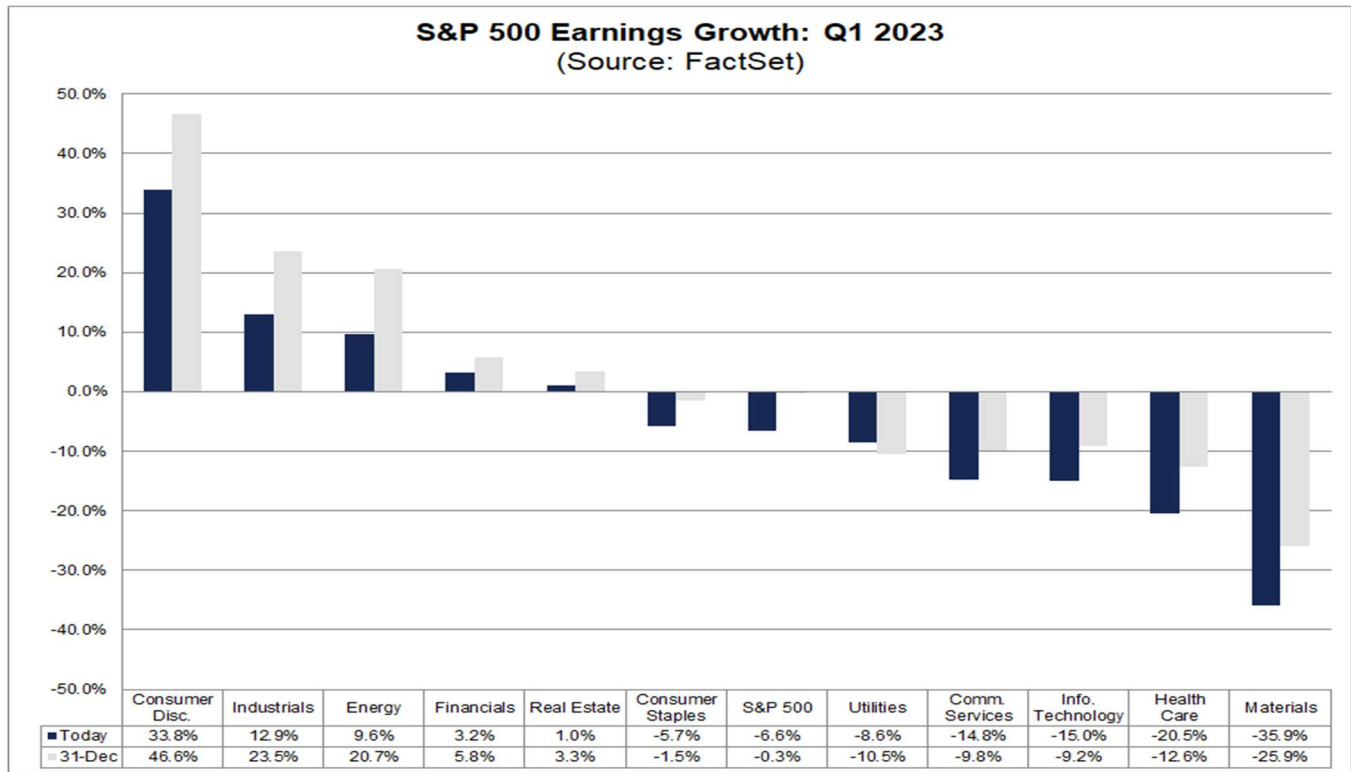
Q1 2023: Guidance



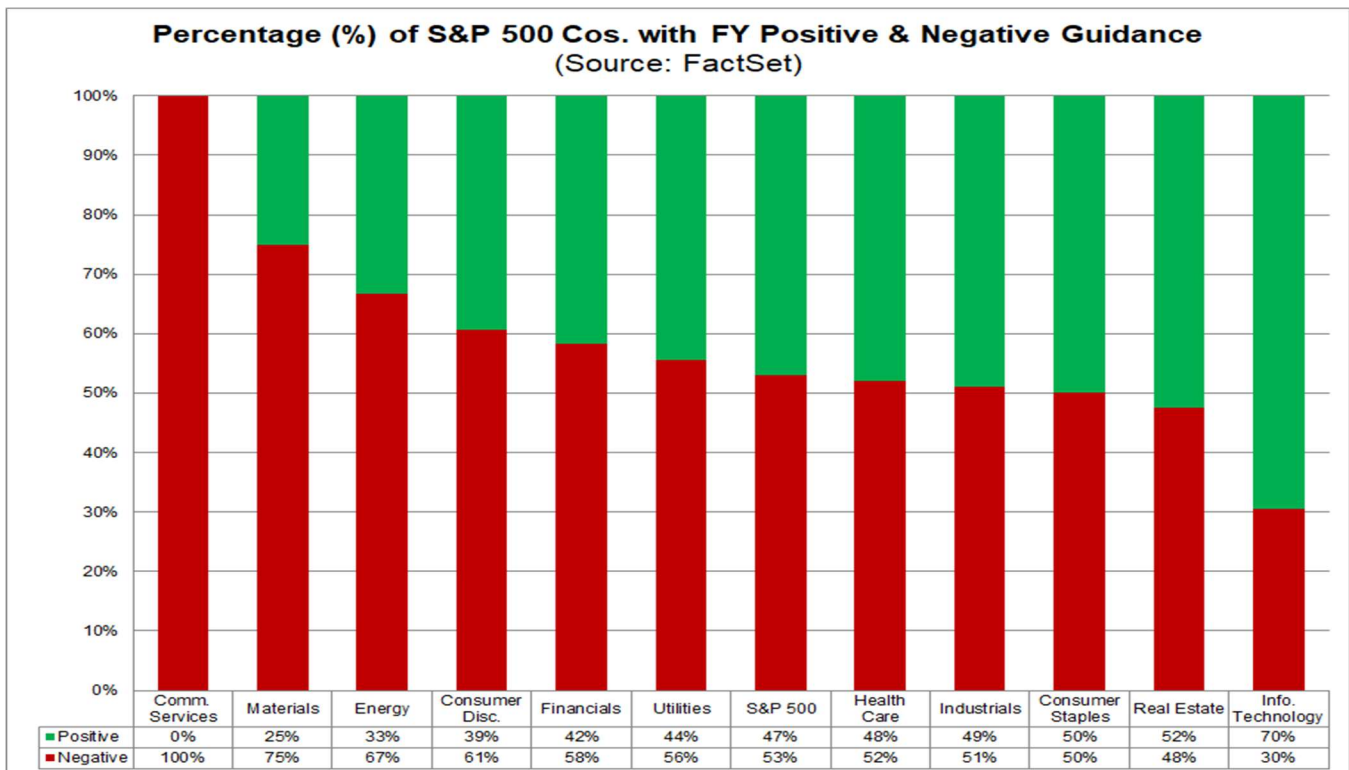
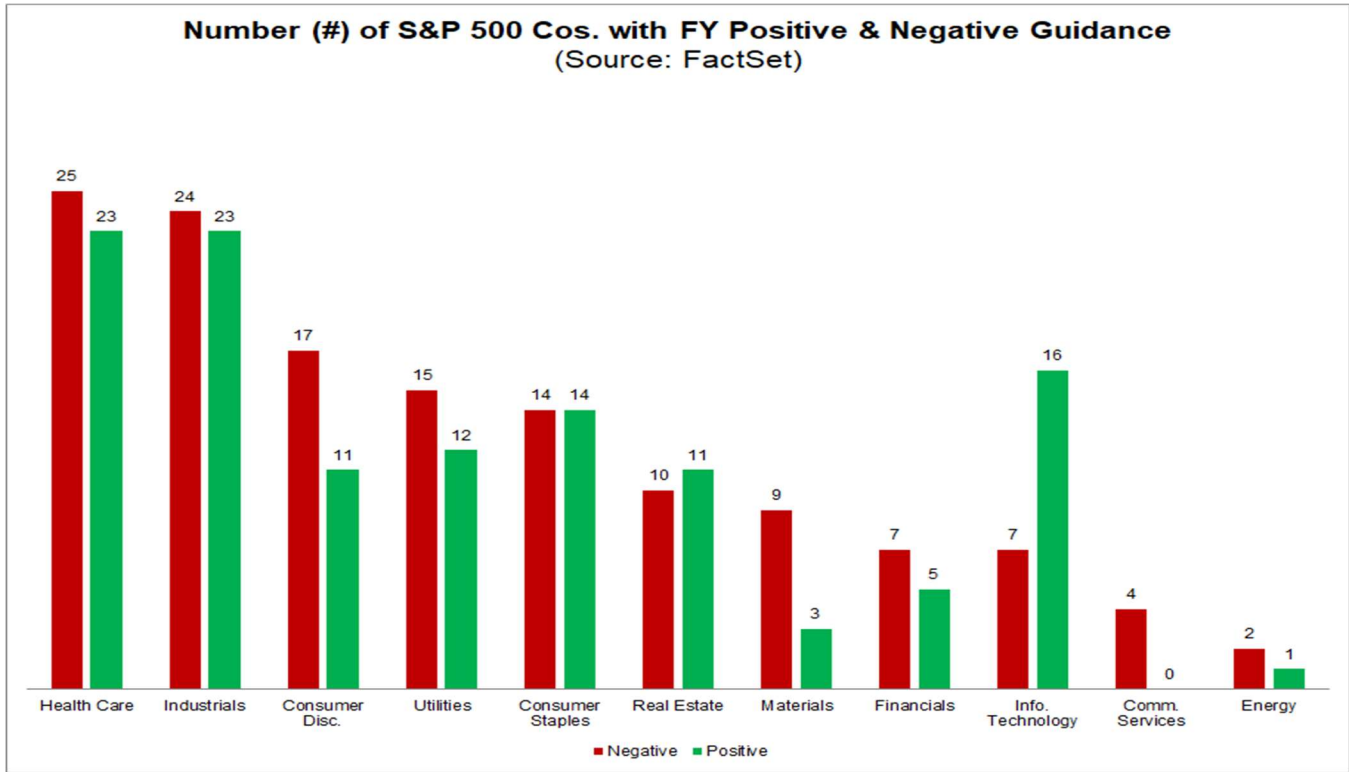
Q1 2023: EPS Revisions



Q1 2023: Growth

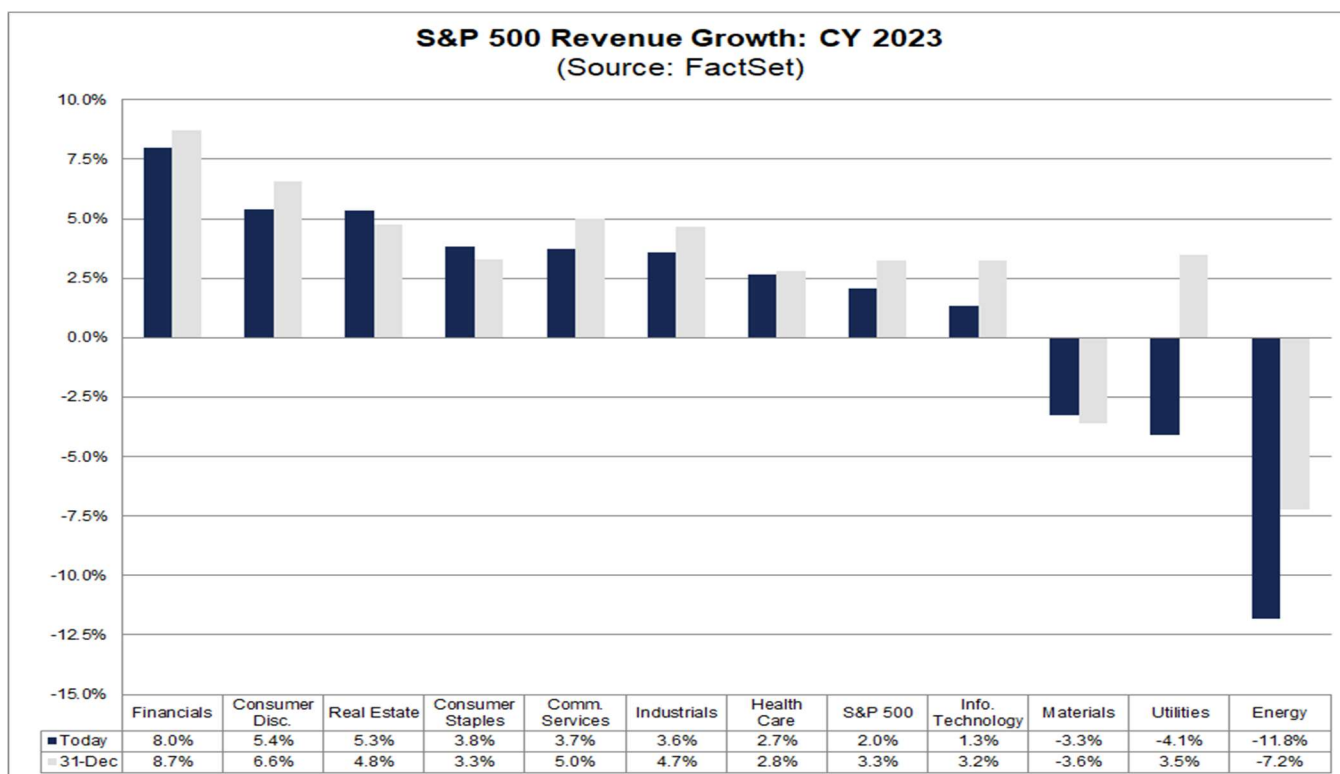
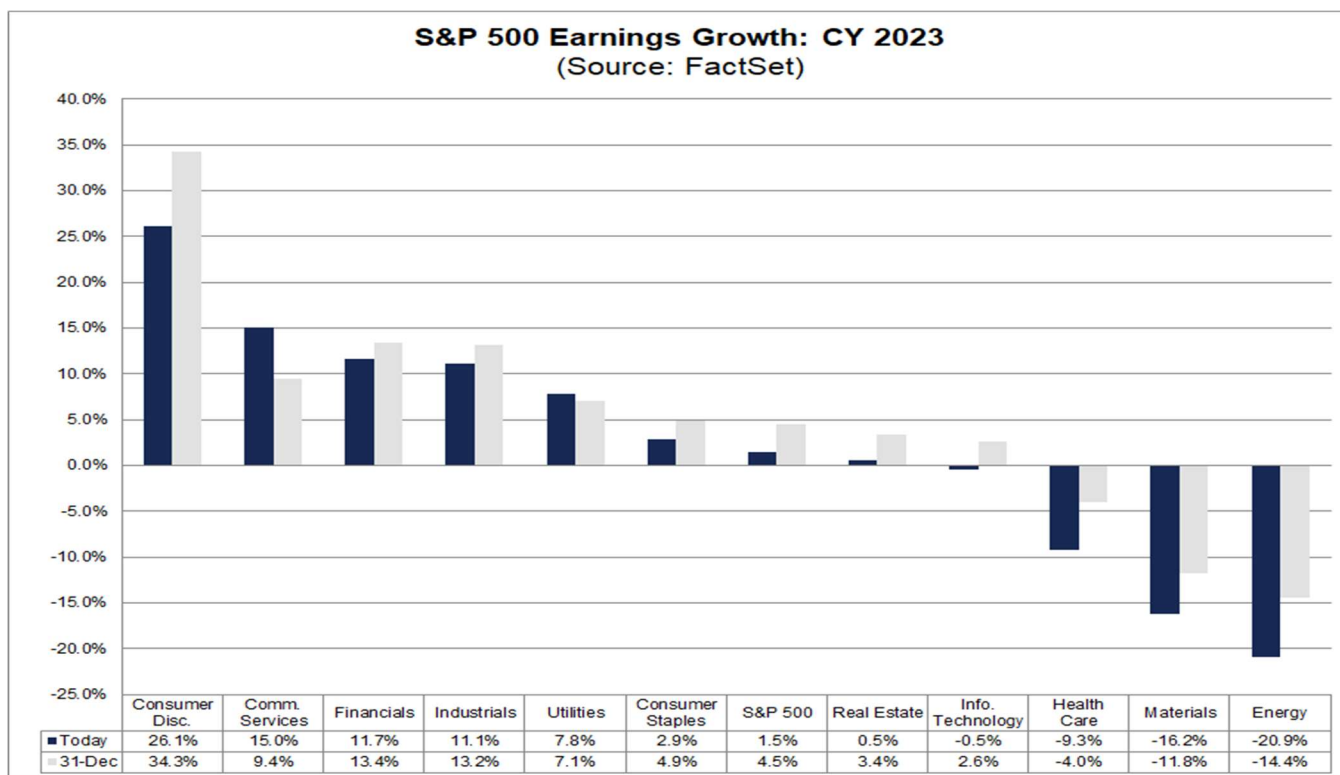


FY 2023 / 2024: EPS Guidance

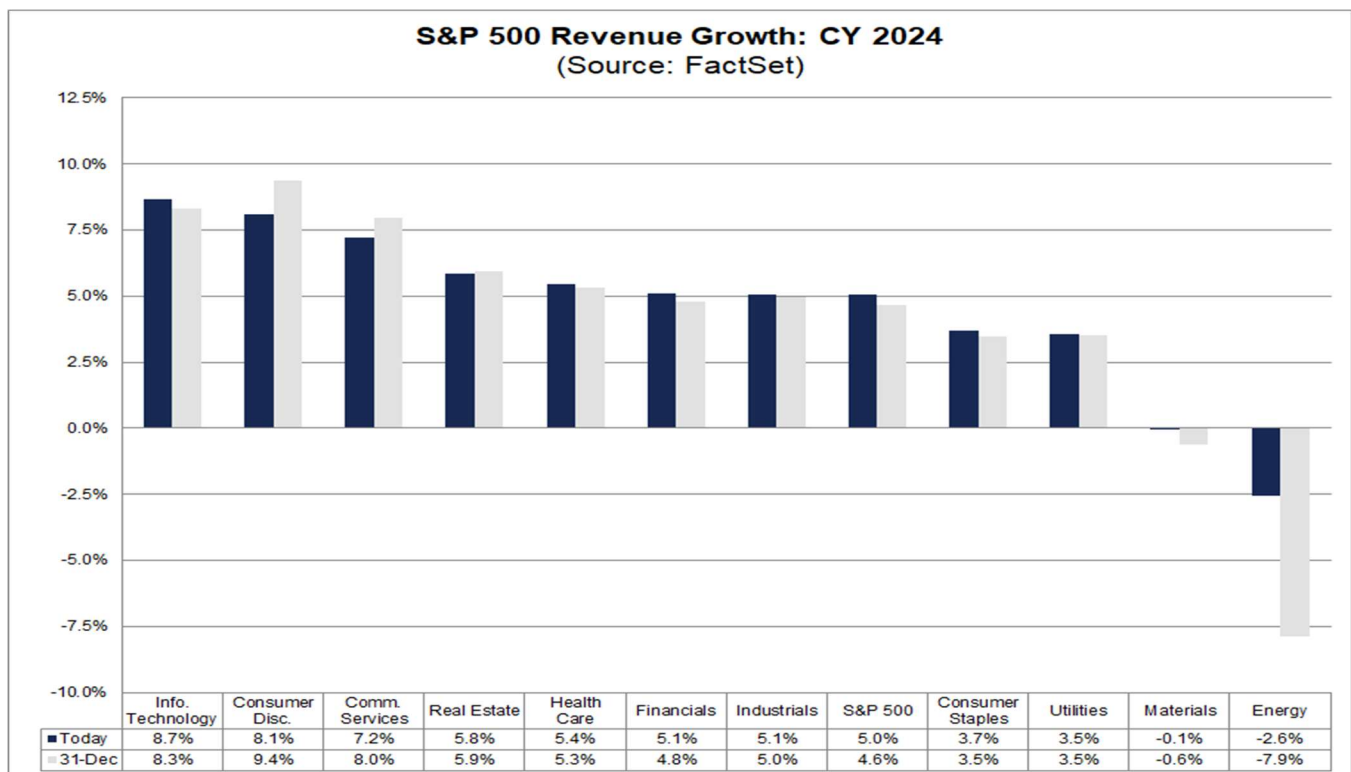
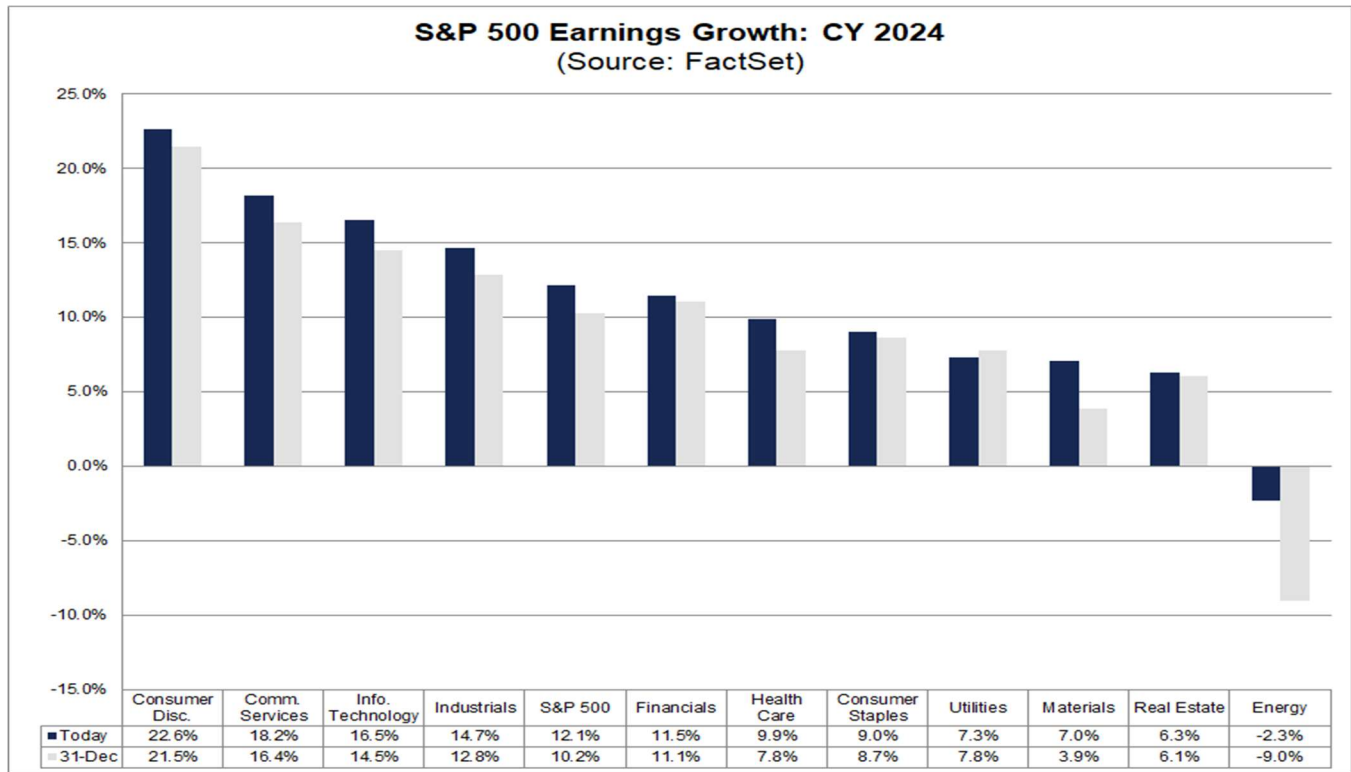




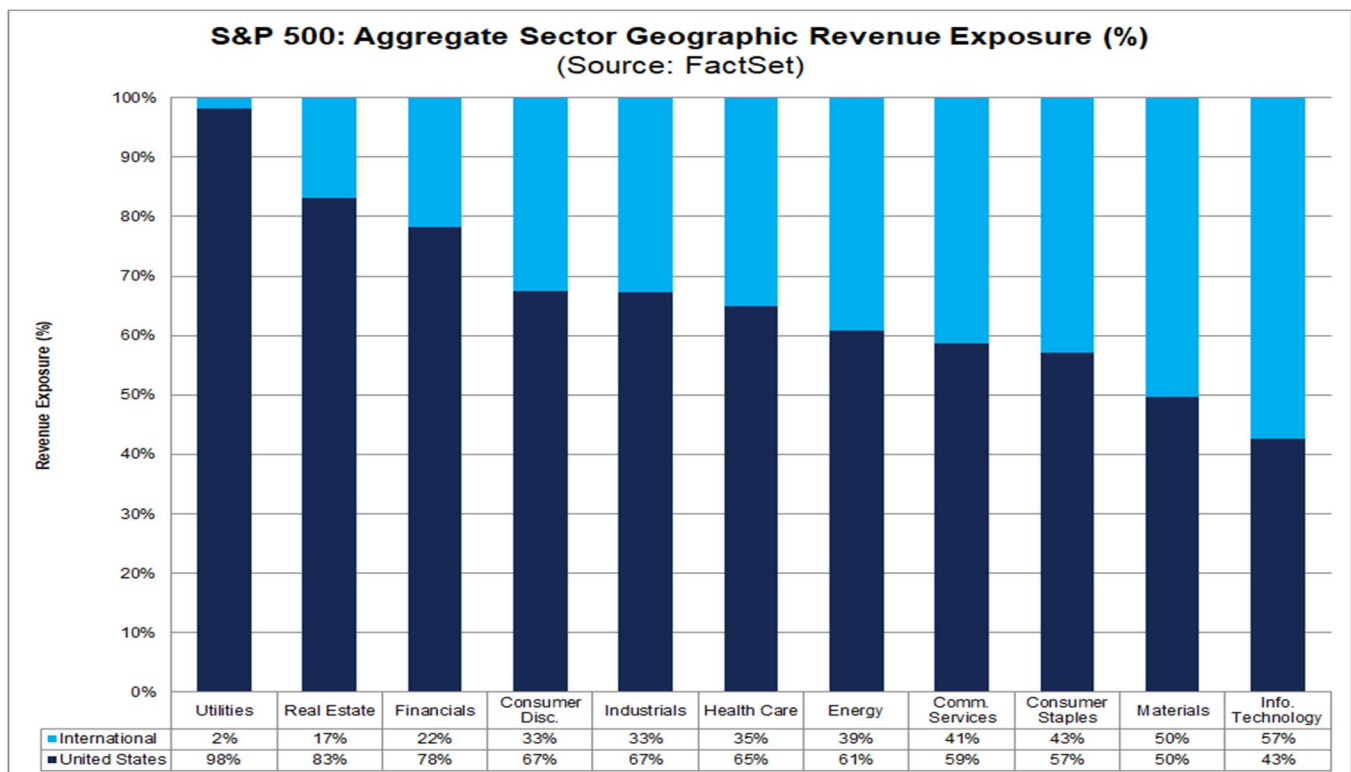
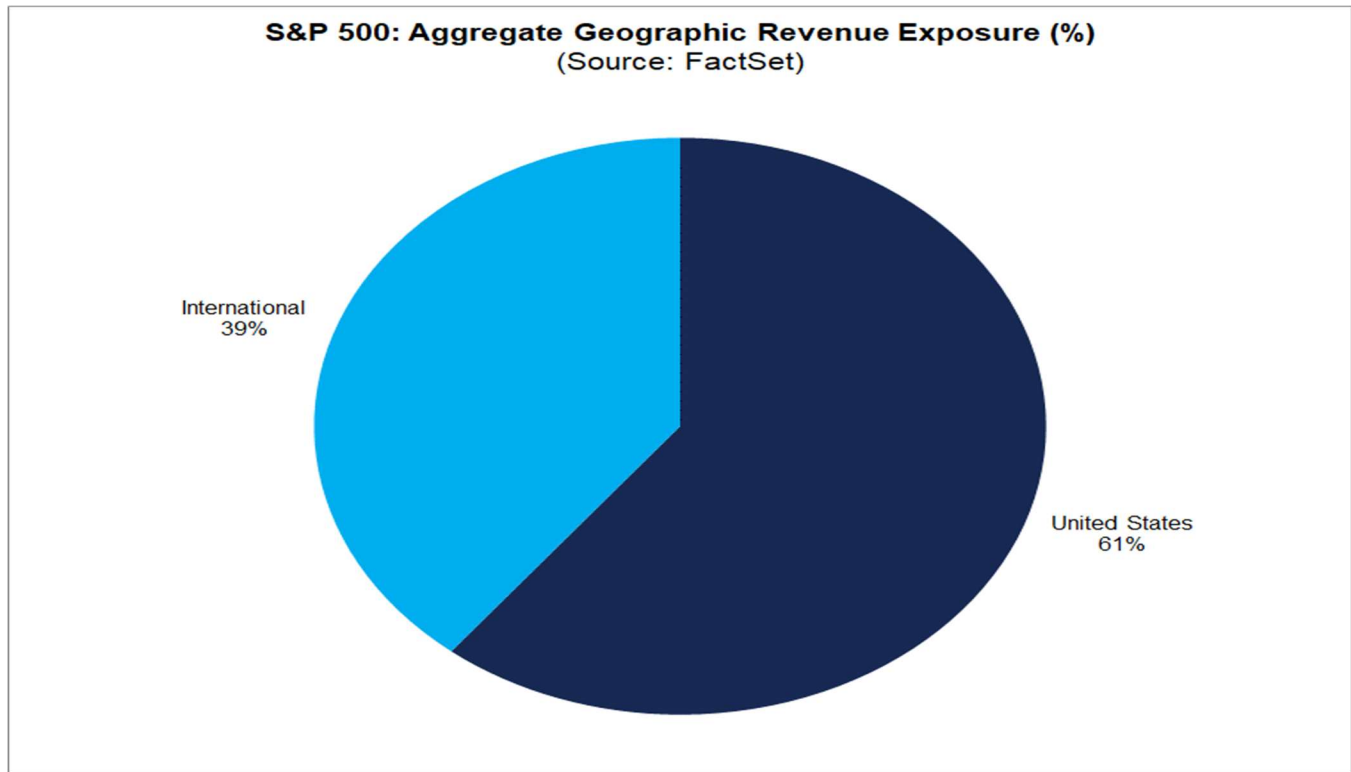
CY 2023: Growth



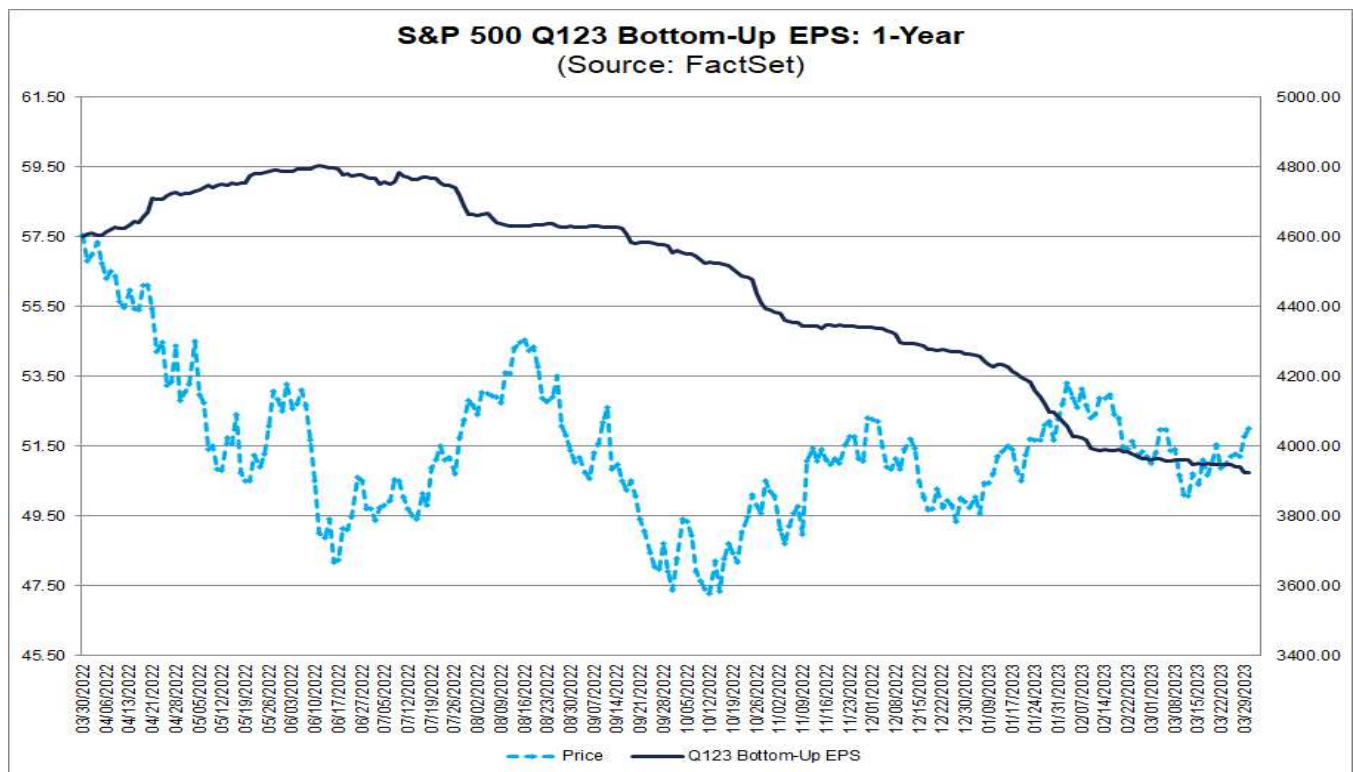
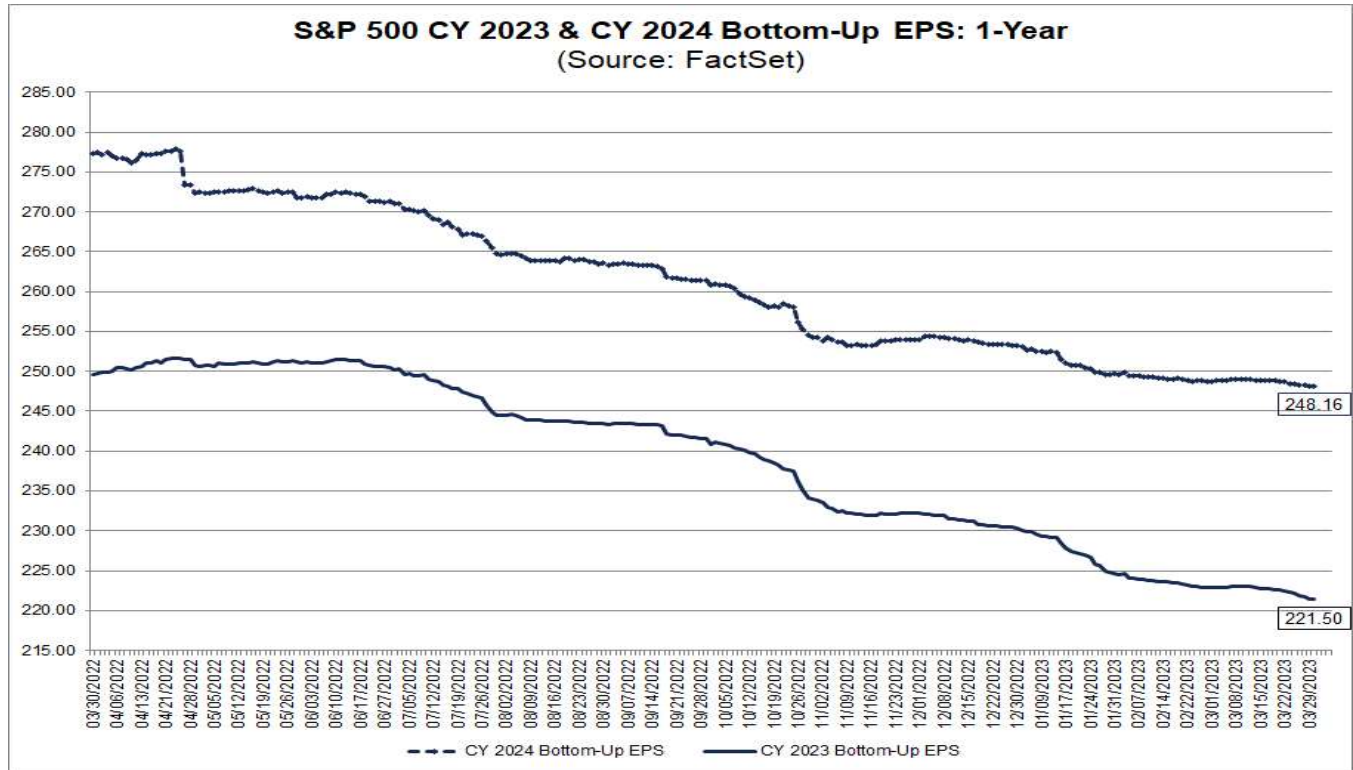
CY 2024: Growth



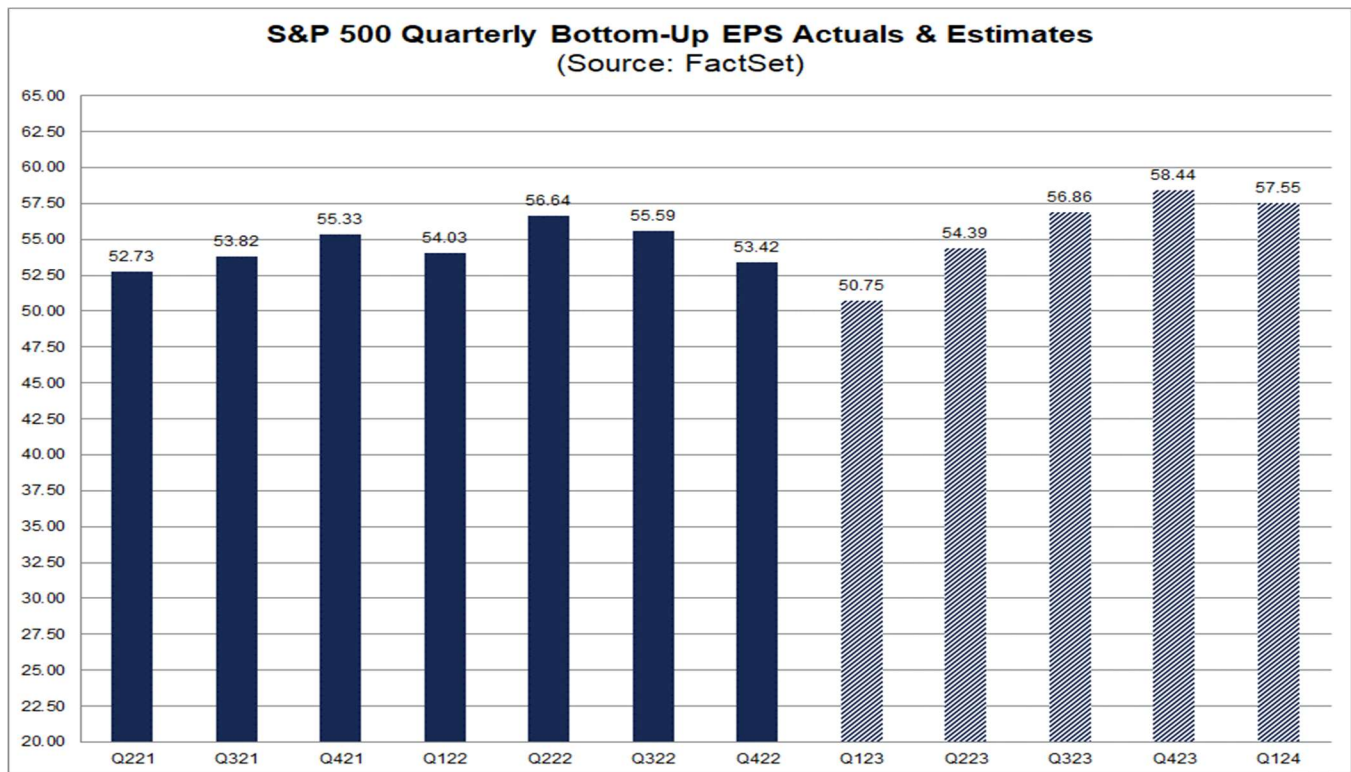
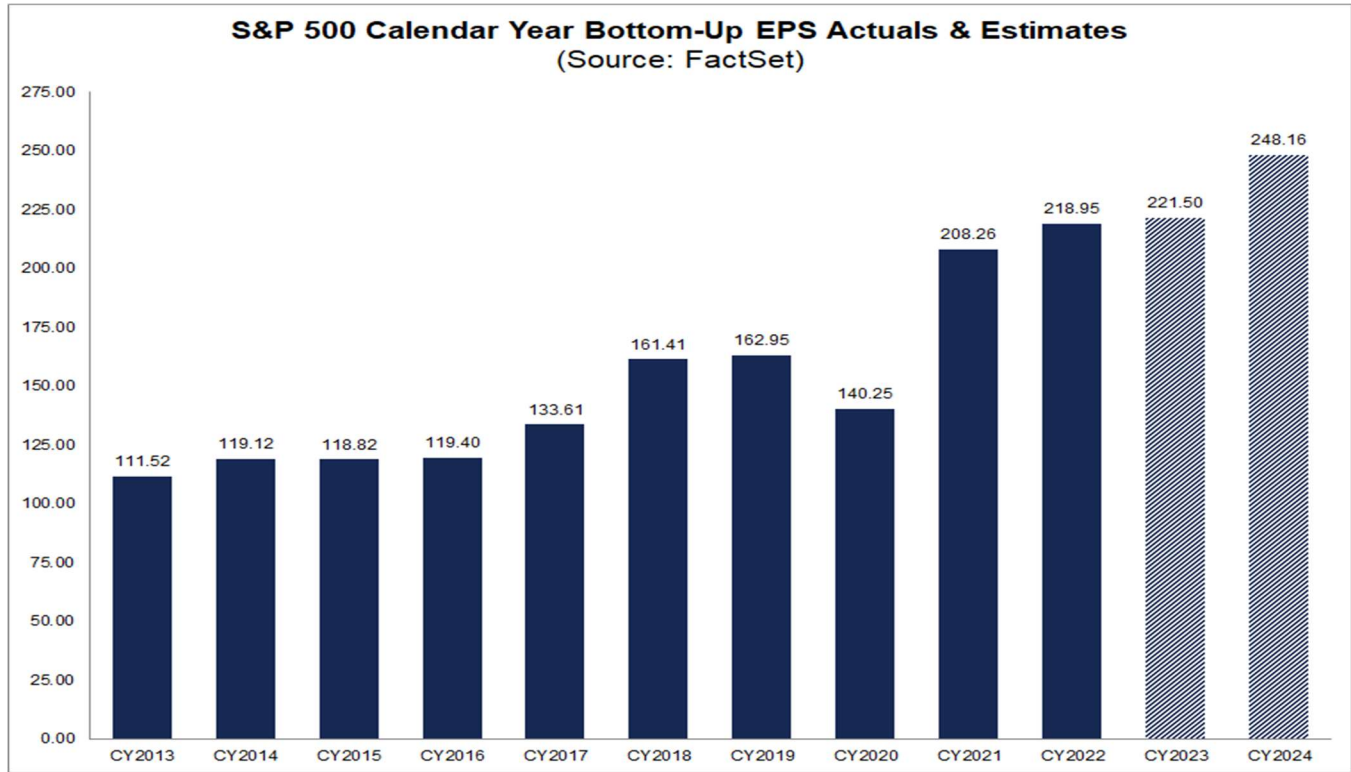
Geographic Revenue Exposure



Bottom-Up EPS Estimates

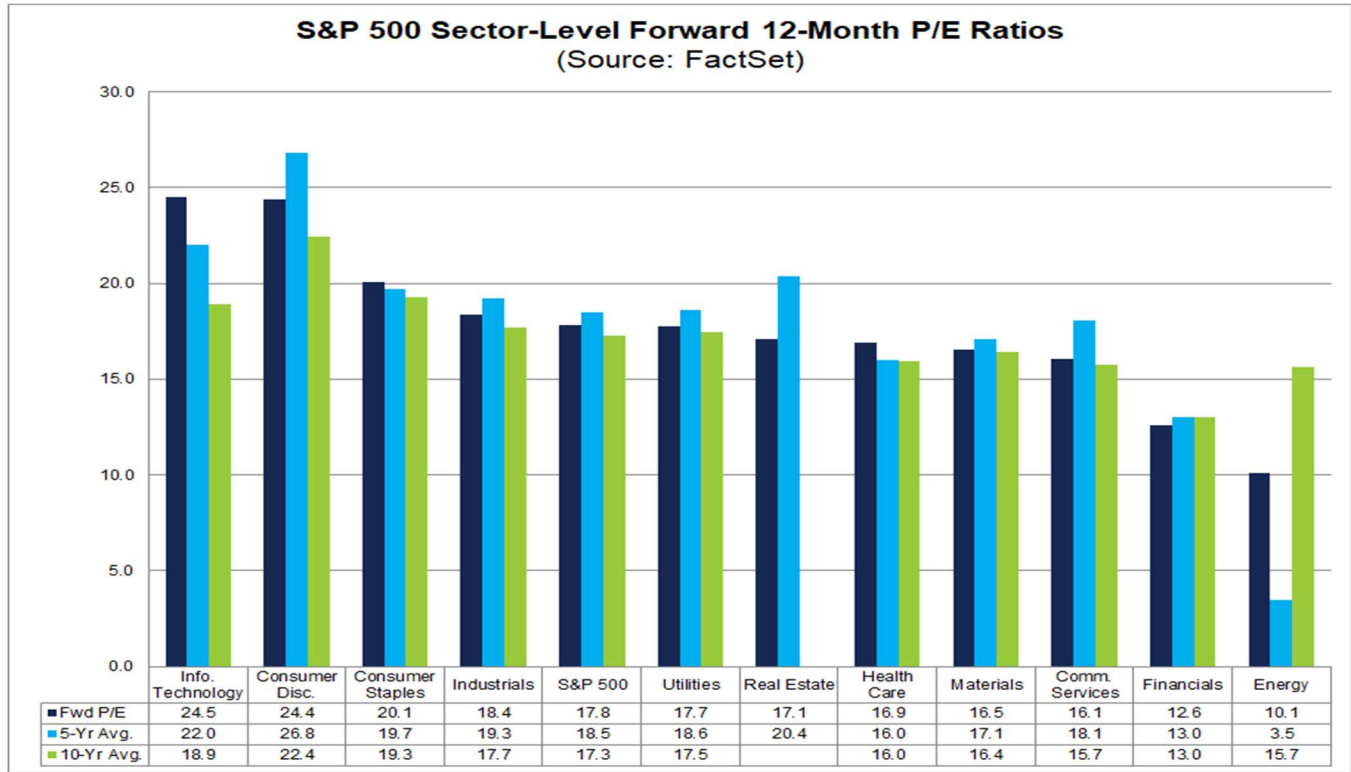


Bottom-Up EPS Estimates: Current & Historical

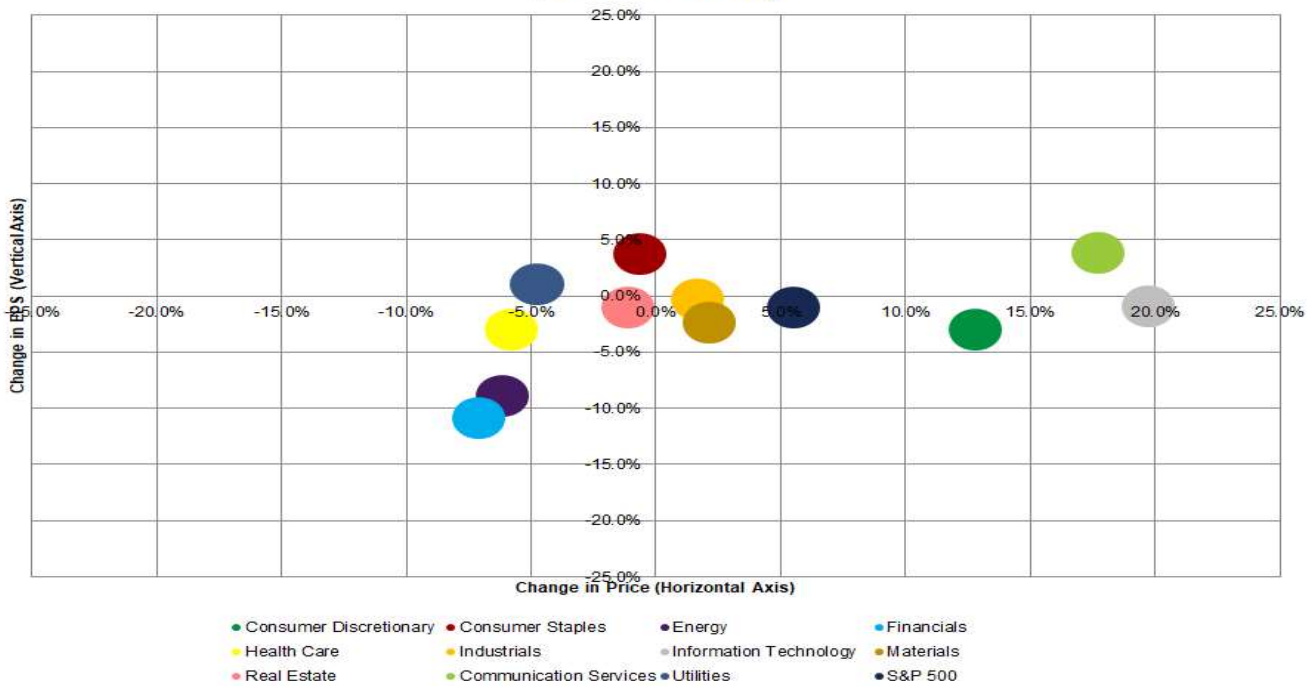




Forward 12M P/E Ratio: Sector Level

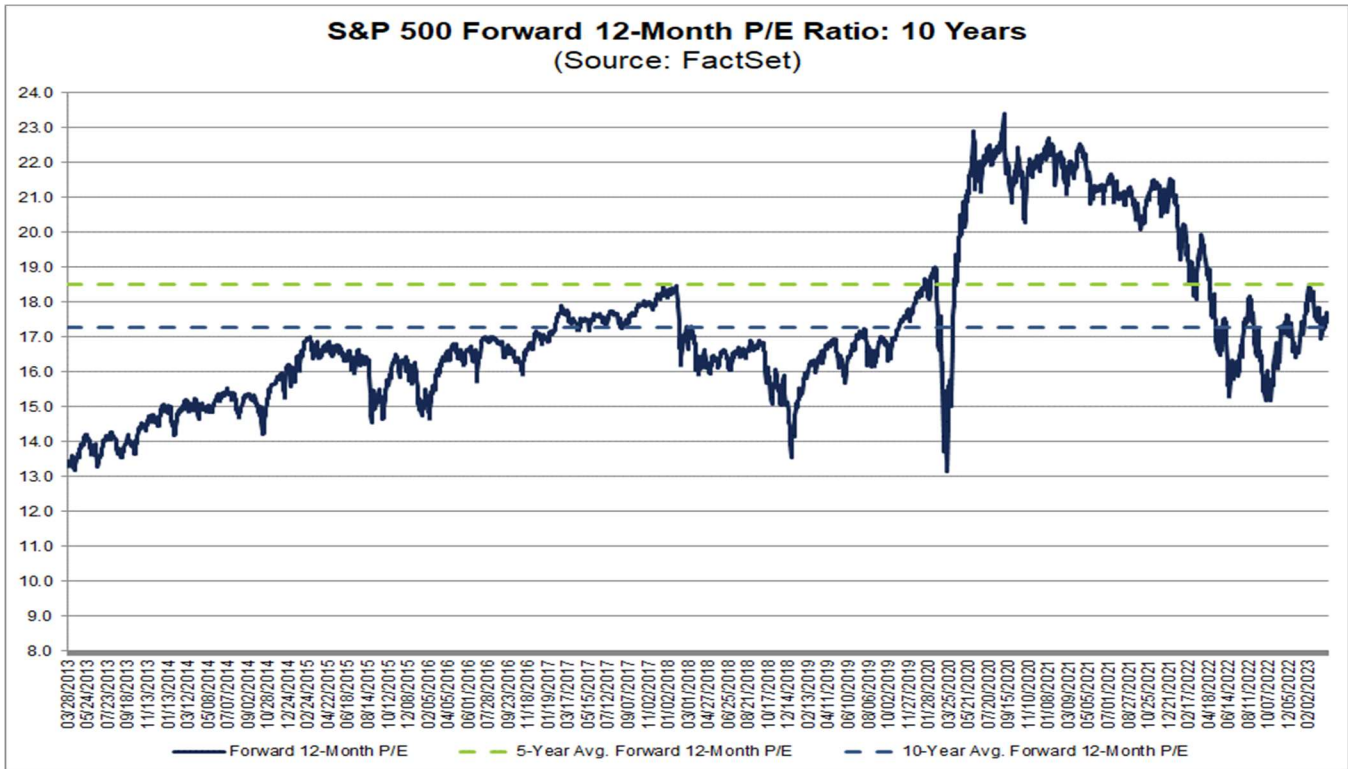
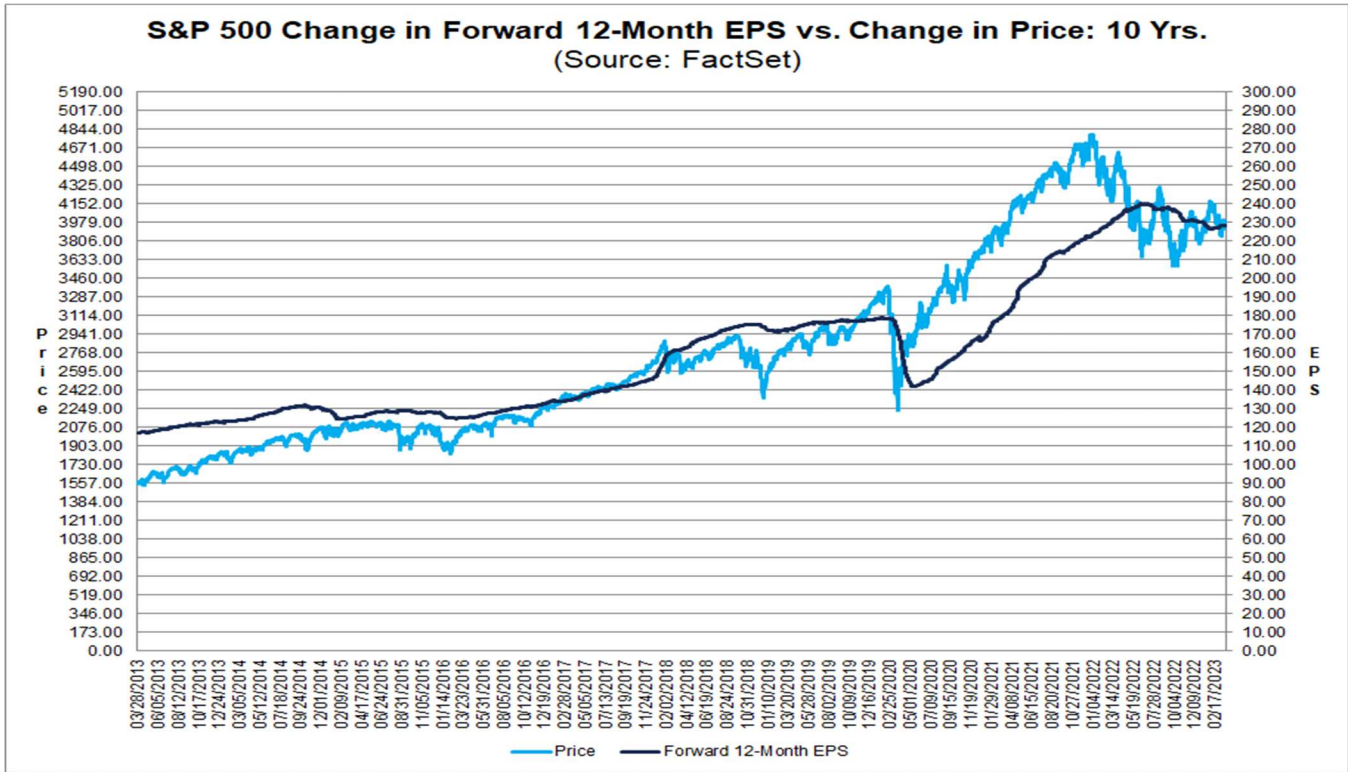


### Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec. 31 (Source: FactSet)

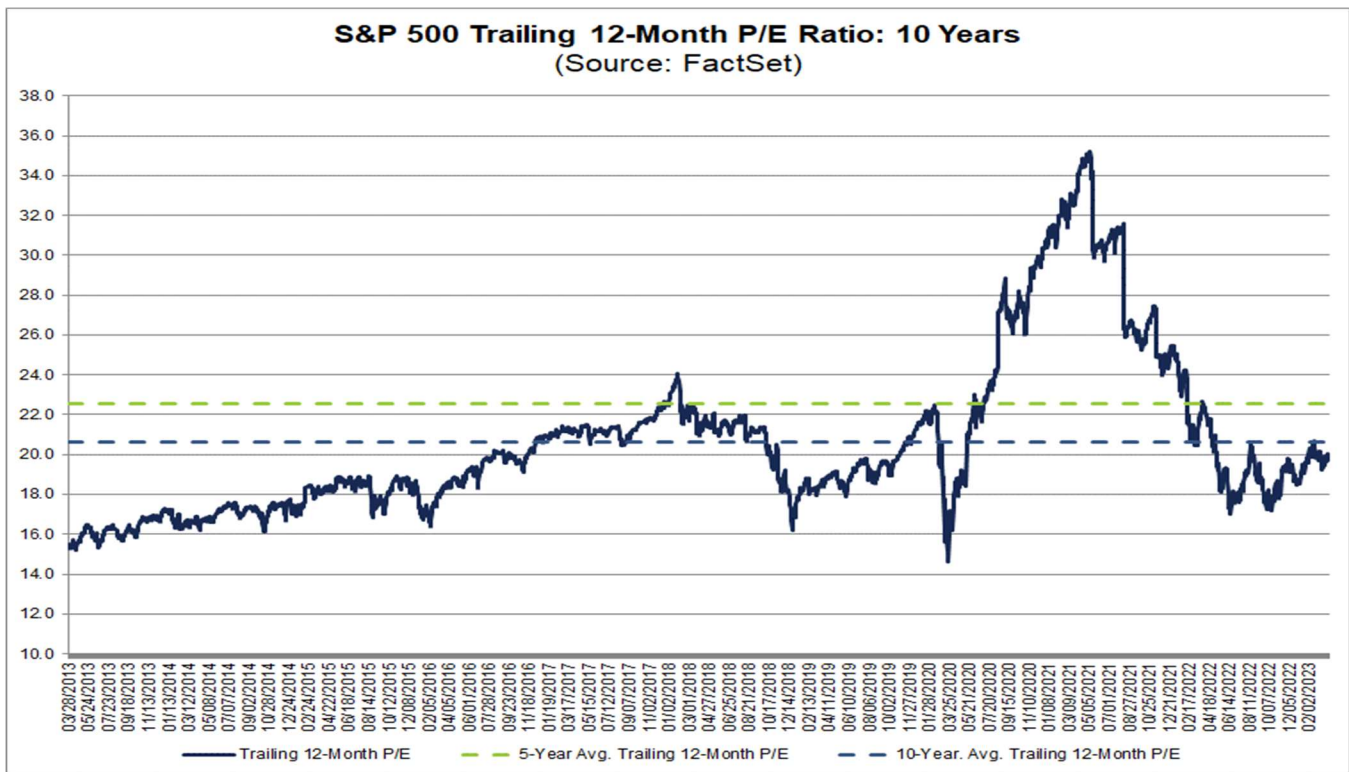
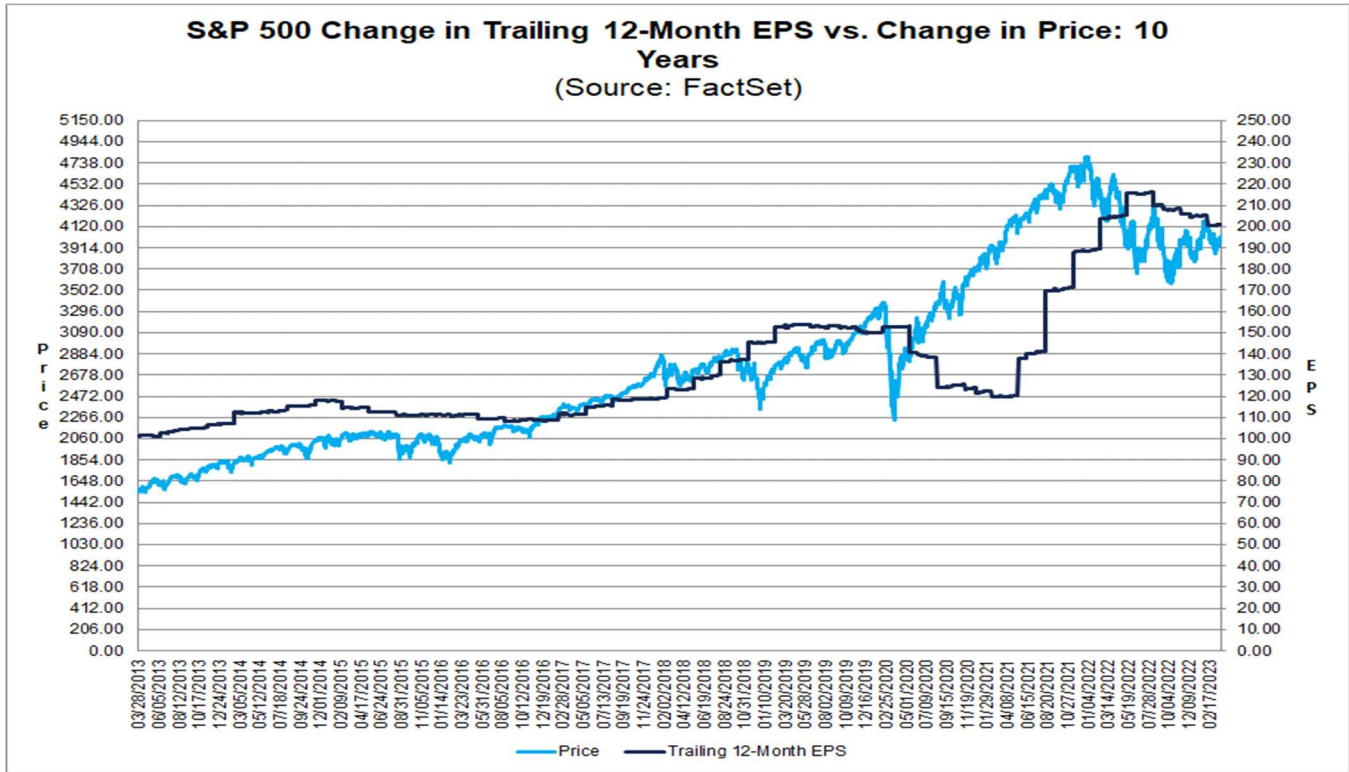




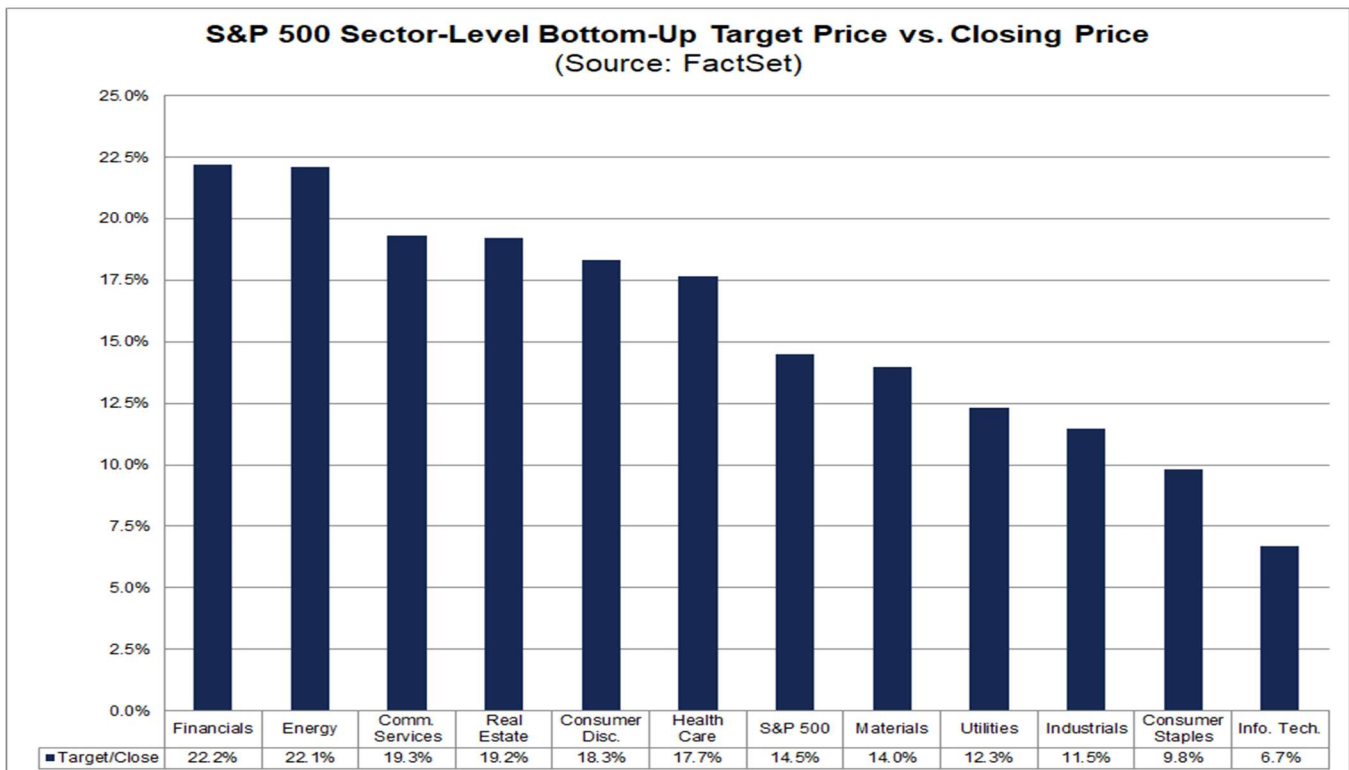
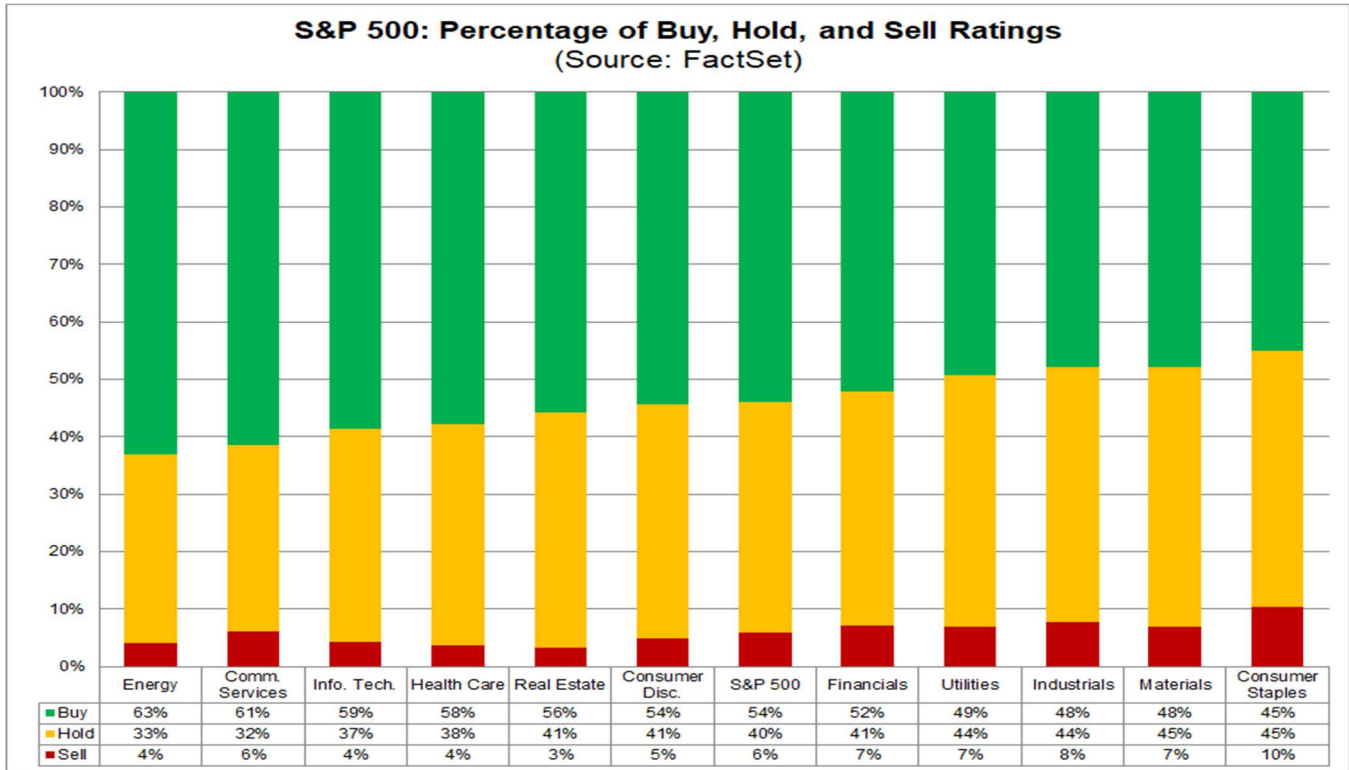
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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