EARNINGS INSIGHT

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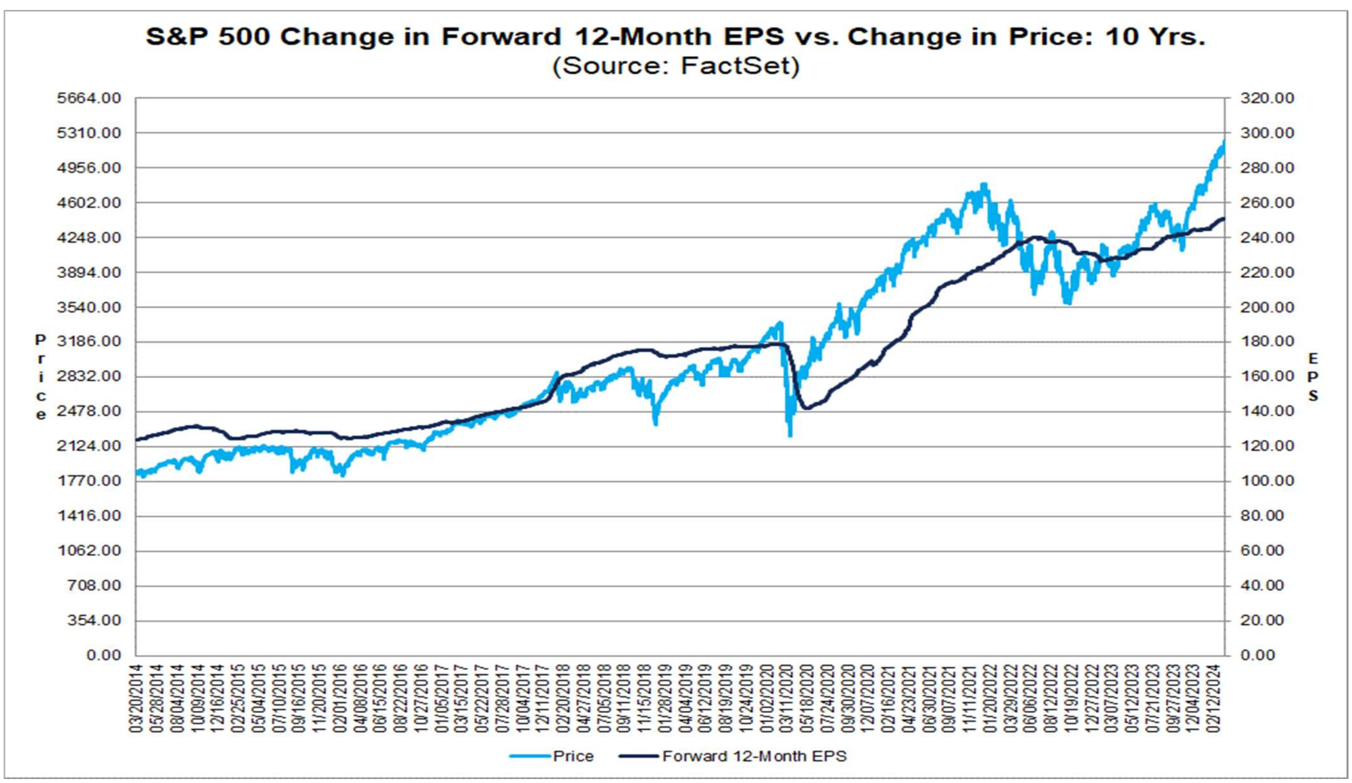
Key Metrics

- **Earnings Scorecard:** For Q1 2024 (with 6% of S&P 500 companies reporting actual results), 83% of S&P 500 companies have reported a positive EPS surprise and 53% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 0.9%. If 0.9% is the actual growth rate for the quarter, it will mark the third-straight quarter of year-over-year earnings growth for the index.
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 3.4%. Four sectors are reporting (or are expected to report) lower earnings today (compared to March 31) due to negative EPS surprises and downward revisions to EPS estimates.
- **Earnings Guidance:** For Q1 2024, 79 S&P 500 companies have issued negative EPS guidance and 33 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.6. This P/E ratio is above the 5-year average (19.1) and above the 10-year average (17.8).



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Topic of the Week:

S&P 500 Will Likely Report Year-Over-Year Earnings Growth of At Least 7% for Q1

As of today, the S&P 500 is reporting earnings growth of 0.9% for the first quarter, which would mark the third-straight quarter of year-over-year earnings growth. Given that most S&P 500 companies report actual earnings above estimates, what is the likelihood the index will report earnings growth of 0.9% for the quarter?

Based on the average improvement in the earnings growth rate during the earnings season, the index will likely report year-over-year growth in earnings of more than 7% for the first quarter.

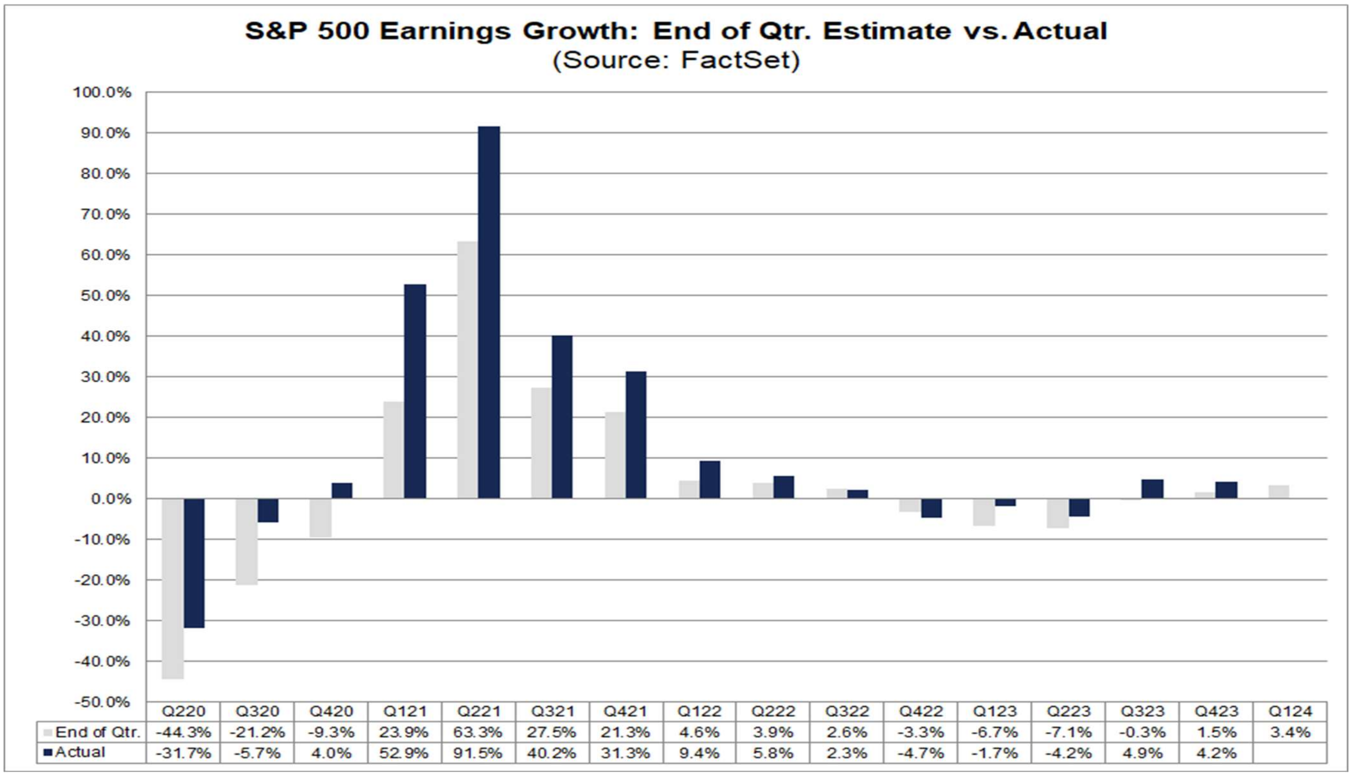
When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth rate for the company for the quarter is now 10%, five percentage points above the estimated growth rate (10% - 5% = 5%).

In fact, the actual earnings growth rate has exceeded the estimated earnings growth rate at the end of the quarter in 37 of the past 40 quarters for the S&P 500. The only exceptions were Q1 2020, Q3 2022, and Q4 2022.

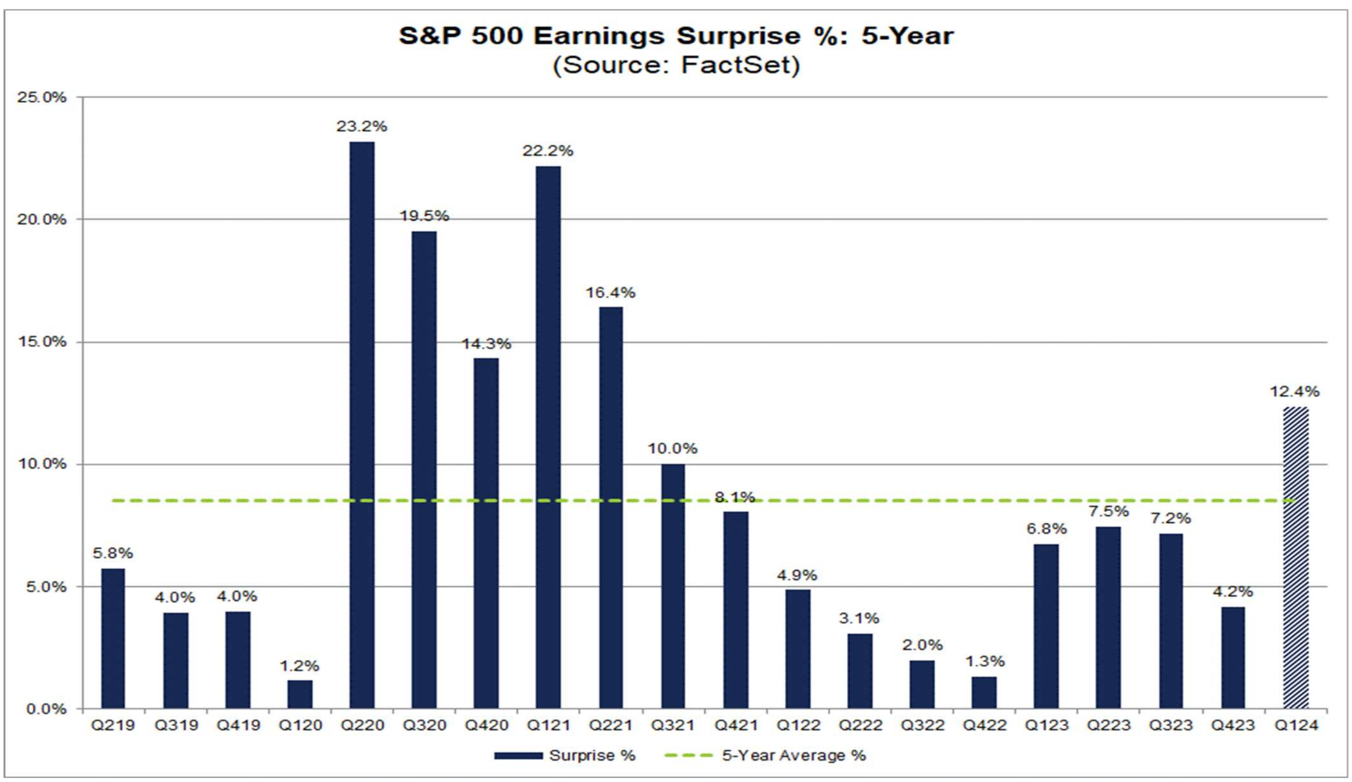
Over the past ten years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 6.7% on average. During this same period, 74% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 5.5 percentage points on average (over the past ten years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 3.4%, the actual earnings growth rate for the quarter would be 8.9% (3.4% + 5.5% = 8.9%).

Over the past five years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 8.5% on average. During this same period, 77% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 7.2 percentage points on average (over the past five years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 3.4%, the actual earnings growth rate for the quarter would be 10.6% (3.4% + 7.2% = 10.6%).

Over the past four quarters (Q1 2023 through Q4 2023), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 6.4% on average. During these four quarters, 78% of companies in the S&P 500 reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate increased by 3.9 percentage points on average (during the past four quarters) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 3.4%, the actual earnings growth rate for the quarter would be 7.3% (3.4% + 3.9% = 7.3%).



	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124
End of Qtr.	-44.3%	-21.2%	-9.3%	23.9%	63.3%	27.5%	21.3%	4.6%	3.9%	2.6%	-3.3%	-6.7%	-7.1%	-0.3%	1.5%	3.4%
Actual	-31.7%	-5.7%	4.0%	52.9%	91.5%	40.2%	31.3%	9.4%	5.8%	2.3%	-4.7%	-1.7%	-4.2%	4.9%	4.2%	



Q1 Earnings Season: By The Numbers

Overview

At this very early stage, the first quarter earnings season for the S&P 500 is off to a mixed start. On the positive side, both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above average levels. On the negative side, substantial downward revisions to EPS estimates for a company in the Health Care sector caused a significant decline in the earnings growth rate for the first quarter during the past week. As a result, the index is reporting lower earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. However, the index is still reporting (year-over-year) earnings growth for the third-straight quarter.

Overall, 6% of the companies in the S&P 500 have reported actual results for Q1 2024 to date. Of these companies, 83% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 12.4% above estimates, which is also above the 5-year average of 8.5% and above the 10-year average of 6.7%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

However, significant downward revisions to EPS estimates for a company in the Health Care sector caused a significant decline in Q1 earnings during the week. As a result, the index is reporting lower earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 0.9% today, compared to an earnings growth rate of 3.2% last week and an earnings growth rate of 3.4% at the end of the first quarter (March 31).

If 0.9% is the actual growth rate for the quarter, it will mark the third consecutive quarter of year-over-year earnings growth for the index.

Six of the eleven sectors are reporting (or are projected to report) year-over-year earnings growth, led by the Utilities, Information Technology, Communication Services, and Consumer Discretionary sectors. On the other hand, five sectors are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Energy, Materials, and Health Care sectors.

In terms of revenues, 53% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.2% above the estimates, which is below the 5-year average of 2.0% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The blended revenue growth rate for the first quarter is 3.4% today, compared to a revenue growth rate of 3.5% last week and a revenue growth rate of 3.5% at the end of the first quarter (March 31).

Downward revisions to revenue estimates for companies in the Energy sector offset positive revenue surprises for companies in the Financials sector during the week, which resulted in the slight decrease in the overall revenue growth rate for the index during this period.

If 3.4% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

Eight sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are predicted to report a year-over-year decline in revenues, led by the Energy and Materials sectors.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 9.4%, 8.6%, and 17.7% for Q2 2024, Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 10.3%.

The forward 12-month P/E ratio is 20.6, which is above the 5-year average (19.1) and above the 10-year average (17.8). However, it is below the forward P/E ratio of 21.0 recorded at the end of the first quarter (March 31).

During the upcoming week, 44 S&P 500 companies (including 6 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Number & Magnitude of Positive EPS Surprises Are Above Average

Percentage of Companies Beating EPS Estimates (83%) is Above 5-Year Average

Overall, 6% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 83% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 13% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year average (78%), above the 5-year average (77%), and above the 10-year average (74%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

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

Earnings Surprise Percentage (+12.4%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 12.4% above expectations. This surprise percentage is above the 1-year average (+6.4%), above the 5-year average (+8.5%), and above the 10-year average (+6.7%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Consumer Discretionary (+20.3%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.98 vs. $0.75), Carnival (-$0.14 vs. -$0.18), and Lennar ($2.57 vs. $2.21) have reported the largest positive EPS surprises.

The Information Technology (+12.8%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Micron Technology ($0.42 vs. -$0.25) has reported the largest positive EPS surprise.

The Financials (+12.5%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup ($1.58 vs. $1.18), Progressive ($4.20 vs. $3.22), and Wells Fargo ($1.20 vs. $1.06) have reported the largest positive EPS surprises.

The Consumer Staples (+11.6%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Walgreens Boots Alliance ($1.20 vs. $0.82) and General Mills ($1.17 vs. $1.05) have reported the largest positive EPS surprises.

Market Punishing Negative EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q4 2023 have seen no change in price (0.0%) on average two days before the earnings release through two days after the earnings release. This percentage is smaller than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2023 have seen an average price decrease of -11.7% two days before the earnings release through two days after the earnings. This percentage decrease is much larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (53%) is Below 5-Year Average

In terms of revenues, 53% of companies have reported actual revenues above estimated revenues and 47% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (67%), below the 5-year average (69%), and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (83%) sector has the highest percentage of companies reporting revenues above estimates, while the Industrials (33%) and Consumer Discretionary (33%) sectors have the lowest percentages 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 (+1.4%), below the 5-year average (+2.0%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+3.6%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Industrials (-0.6%) and Consumer Discretionary (-0.4%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings This Week Due to Health Care Sector

Decrease in Blended Earnings This Week Due to Bristol-Myers Squibb

The blended (year-over-year) earnings growth rate for the first quarter is 0.9%, which is below the earnings growth rate of 3.2% last week. Downward revisions to EPS estimates for a company in the Health Care sector offset the positive earnings surprises reported by companies in the Financials sector during the past week, resulting in the decline in the overall earnings growth rate during this period.

In the Health Care sector, downward revisions to EPS estimates for Bristol-Myers Squibb were the largest contributor to the decrease in the earnings growth rate for the index during the past week. Analysts lowered non-GAAP EPS estimates for the company due to higher-than-expected IPR&D charges. As a result, the mean EPS estimate Bristol-Myers Squibb for Q1 has fallen to -$4.43 today from $1.60 on April 5. Due to the decrease in the mean EPS estimate for Bristol-Myers Squibb, the estimated earnings decline for the Health Care sector increased to -25.4% from -7.3% over this period.

In the Financials sector, the positive EPS surprises reported by Progressive ($4.20 vs. $3.22), JPMorgan Chase ($4.44 vs. $4.17), and Citigroup ($1.58 vs. $1.18) were the largest positive contributors to earnings for the index during the week. As a result, the blended earnings growth rate for the Financials sector increased to 3.6% from 0.7% over this period.

Slight Decrease in Blended Revenues This Week Due to Energy Sector

The blended (year-over-year) revenue growth rate for the first quarter is 3.4%, which is slightly below the revenue growth rate of 3.5% last week. Downward revisions to revenue estimates for companies in the Energy sector offset positive revenue surprises for companies in the Financials sector during the week, which resulted in the slight decrease in the overall revenue growth rate for the index during this period.

Earnings Growth: 0.9%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for Q1 2024 is 0.9%, which is below the 5-year average earnings growth rate of 9.1% and below the 10-year average earnings growth rate of 8.3%. If 0.9% is the actual growth rate for the quarter, it will mark the third consecutive quarter that the index has reported year-over-year earnings growth.

Six of the eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Utilities, Information Technology, Communication Services, and Consumer Discretionary sectors. On the other hand, five sectors are reporting (or are expected to report) a year-over-year decline in earnings, led by the Energy, Materials, and Health Care sectors.

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

The Utilities sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 23.0%. At the industry level, 4 of 5 industries in this sector are predicted to report year-over-year earnings growth. Three of these four industries are projected to report double-digit growth: Electric Utilities (42%), Independent Power and Renewable Electricity Producers (40%), and Gas Utilities (12%). The Multi-Utilities industry (-1%) is the only industry expected to report a year-over-year decline in earnings.

At the industry level, the Electric Utilities industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Utilities sector would fall to 1.3% from 23.0%.

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

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 20.4%. At the industry level, 4 of the 6 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth. Two of these four industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (75%) and Software (15%). On the other hand, two industries are reporting (or are projected to report) a year-over-year decline in earnings: Communications Equipment (-11%) and Electronic Equipment, Instruments, & Components (-8%).

At the company level, NVIDIA ($5.56 vs. $1.09) is the largest contributor to earnings growth for the sector. If this company were excluded, the estimated (year-over-year) earnings growth rate for the Information Technology sector would fall to 7.6% from 20.4%.

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

The Communication Services sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 19.4%. At the industry level, 3 of the 5 industries in the sector are predicted to report year-over-year earnings growth. Two of these three industries are projected to report double-digit growth: Interactive Media & Services (42%) and Wireless Telecommunication Services (15%). On the other hand, two industries are expected to report a year-over-year decline in earnings: Diversified Telecommunication Services (-9%) and Media (-3%).

At the company level, Meta Platforms ($4.30 vs. $2.20) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated (year-over-year) earnings growth rate for the Communication Services sector would fall to 9.1% from 19.4%.

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

The Consumer Discretionary sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 14.6%. At the industry level, 6 of the 9 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth. Three of these six industries are reporting (or are projected to report) double-digit growth: Leisure Products (2,646%), Broadline Retail (143%), and Hotels, Restaurants, & Leisure (39%). On the other hand, three industries are reporting (or are expected to report) a year-over-year decline in earnings. One of these three industries is predicted to report a double-digit decrease: Automobiles (-30%).

At the company level, Amazon.com ($0.83 vs. $0.31) is the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -3.1% instead of earnings growth of 14.6%.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of 15% or More

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -25.8%. At the sub-industry level, four of the five sub-industries in the sector are predicted to report a (year-over-year) decrease in earnings: Oil & Gas Refining & Marketing (-63%), Integrated Oil & Gas (-23%), Oil & Gas Exploration & Production (-16%), and Oil & Gas Storage & Transportation (-3%). On the other hand, the Oil & Gas Equipment & Services (17%) sub-industry is the only sub-industry in the sector projected to report year-over-year earnings growth.

Materials: All 4 Industries Expected to Report Year-Over-Year Decline of 15% or More

The Materials sector (along with the Health Care sector) is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -25.4%. At the industry level, all four industries in this sector are predicted to report a year-over-year decline in earnings of 15% or more: Chemicals (-27%), Containers & Packaging (-27%), Metals & Mining (-21%), and Construction Materials (-17%).

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

The Health Care sector (along with the Materials sector) is expected to report the second-highest (year-over-year) earnings decline of all eleven sectors at -25.4%. At the industry level, 4 of the 5 industries in the sector are predicted to report a year-over-year decline in earnings. Three of these four industries are projected to report a double-digit decrease: Pharmaceuticals (-63%), Life Sciences Tools & Services (-11%), and Biotechnology (-10%). On the other hand, the Health Care Equipment & Supply (1%) industry is the only industry in the sector projected to report year-over-year earnings growth.

At the company level, Bristol-Myers Squibb (-$4.43 vs. $2.05) is expected to be the largest contributor to the earnings decline for the sector. If this company were excluded, the estimated (year-over-year) earnings decline for the Health Care sector would improve to -6.8% from -25.4%.

Revenue Growth: 3.4%

The blended (year-over-year) revenue growth rate for Q1 2024 is 3.4%, which is below the 5-year average revenue growth rate of 6.7% and below the 10-year average revenue growth rate of 5.1%. If 3.4% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are predicted to report a year-over-year decline in revenues, led by the Energy and Materials sectors.

Communication Services: 4 of 5 Industries Expected to Report Year-Over-Year Growth

The Communication Services sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 7.3%. At the industry level, four of the five industries in this sector are predicted to report (year-over-year) growth in revenues. However, the Interactive Media & Services (15%) industry is the only industry that is projected to report double-digit growth.

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

The Information Technology sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 7.2%. At the industry level, 3 of the 6 industries in the sector are reporting (or are predicted to report) year-over-year revenue growth. Two of these three industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (27%) and Software (13%). On the other hand, 3 industries are reporting (or are predicted to report) a year-over-year decline in revenues, led by the Communications Equipment (-10%) and Electronic Equipment, Instruments, & Components (-8%) industries.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -5.5%. At the sub-industry level, three of the five sub-industries in the sector are predicted to report a (year-over-year) decrease in revenues: Integrated Oil & Gas (-8%), Oil & Gas Refining & Marketing (-7%), and Oil & Gas Exploration & Production (-1%). On the other hand, two sub-industries are projected to report year-over-year revenue growth: Oil & Gas Equipment & Services (8%) and Oil & Gas Storage & Transportation (7%).

Materials: 3 of 4 Industries Expected to Report Year-Over-Year Decline

The Materials sector is expected to report the second-largest (year-over-year) revenue decline of all eleven sectors at -5.2%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in revenues: Chemicals (-7%), Containers & Packaging (-6%), and Construction Materials (-6%). On the other hand, the Metals & Mining (3%) industry is the only industry projected to report year-over-year growth in revenues.

Net Profit Margin: 11.3%

The blended net profit margin for the S&P 500 for Q1 2024 is 11.3%, which is above the previous quarter's net profit margin of 11.2%, but below the 5-year average of 11.5% and below the year-ago net profit margin of 11.6%.

At the sector level, four sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q1 2024 compared to Q1 2023, led by the Utilities (13.1% vs. 10.3%) and Information Technology (25.1% vs. 22.4%) sectors. On the other hand, seven sectors are reporting (or are expected to report) a year-over-year decrease in their net profit margins in Q1 2024 compared to Q1 2023, led by the Energy (9.8% vs. 12.5%), Health Care (6.6% vs. 9.3%), and Materials (8.8% vs. 11.2%) sectors.

Six sectors are reporting (or are expected to report) net profit margins in Q1 2024 that are above their 5-year averages, led by the Information Technology (25.1% vs. 23.4%) sector. On the other hand, five sectors are reporting (or are expected to report) net profit margins in Q1 2024 that are below their 5-year averages, led by the Health Care (6.6% vs. 10.0%) and Materials (8.8% vs. 10.9%) sectors.

Forward Estimates and Valuation

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

At this point in time, 7 companies in the index have issued EPS guidance for Q2 2024. Of these 7 companies, 4 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2024 is 57% (4 out of 7), which is below the 5-year average of 59% and below 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 2024 or FY 2025). Of these 263 companies, 141 have issued negative EPS guidance and 122 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 54% (141 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 10% for CY 2024

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 0.9% and year-over-year growth in revenues of 3.4%.

For Q2 2024, analysts are projecting earnings growth of 9.4% and revenue growth of 4.6%.

For Q3 2024, analysts are projecting earnings growth of 8.6% and revenue growth of 5.1%.

For Q4 2024, analysts are projecting earnings growth of 17.7% and revenue growth of 5.8%.

For CY 2024, analysts are projecting earnings growth of 10.3% and revenue growth of 4.8%.

For CY 2025, analysts are projecting earnings growth of 14.0% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 20.6, Above the 10-Year Average (17.8)

The forward 12-month P/E ratio for the S&P 500 is 20.6. This P/E ratio is above the 5-year average of 19.1 and above the 10-year average of 17.8. However, it is below the forward 12-month P/E ratio of 21.0 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 1.1%, while the forward 12-month EPS estimate has increased by 0.6%. At the sector level, the Information Technology (28.4) and Consumer Discretionary (25.4) sectors have the highest forward 12-month P/E ratios, while the Energy (13.2) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.7, which is above the 5-year average of 23.1 and above the 10-year average of 21.3.

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

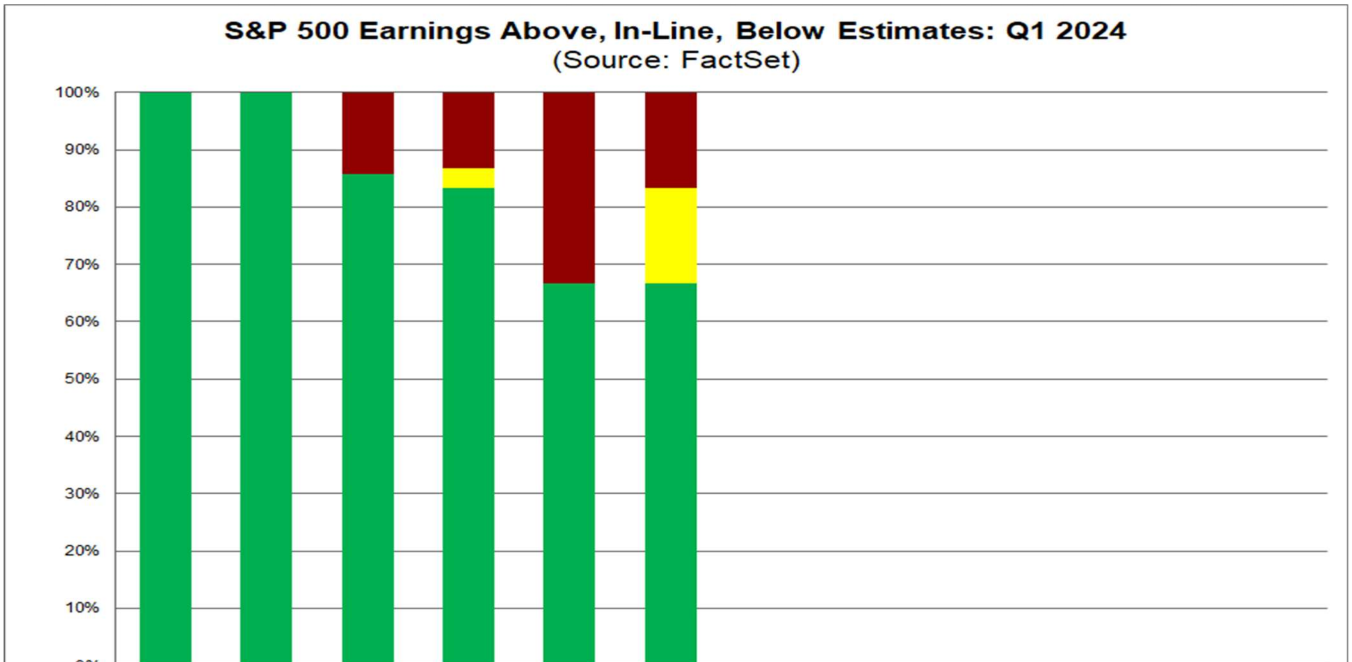
The bottom-up target price for the S&P 500 is 5731.30, which is 10.2% above the closing price of 5199.06. At the sector level, the Real Estate (+15.4%) and Health Care (+14.4%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Materials (+4.6%) 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 11,678 ratings on stocks in the S&P 500. Of these 11,678 ratings, 53.8% are Buy ratings, 40.6% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Communication Service (64%) and Energy (61%) sectors have the highest percentages of Buy ratings, while the Materials (45%) and Consumer Staples (46%) sectors have the lowest percentages of Buy ratings.

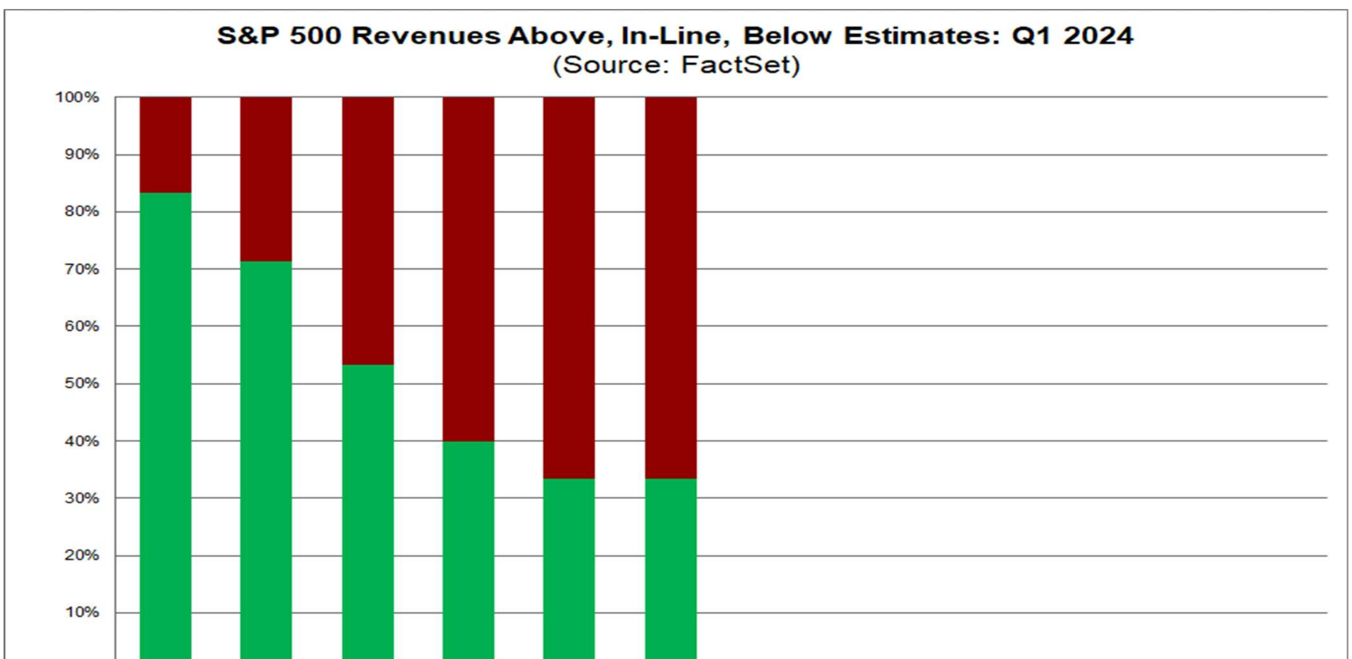
Companies Reporting Next Week: 44

During the upcoming week, 44 S&P 500 companies (including 6 Dow 30 components) are scheduled to report results for the first quarter.

Q1 2024: Scorecard

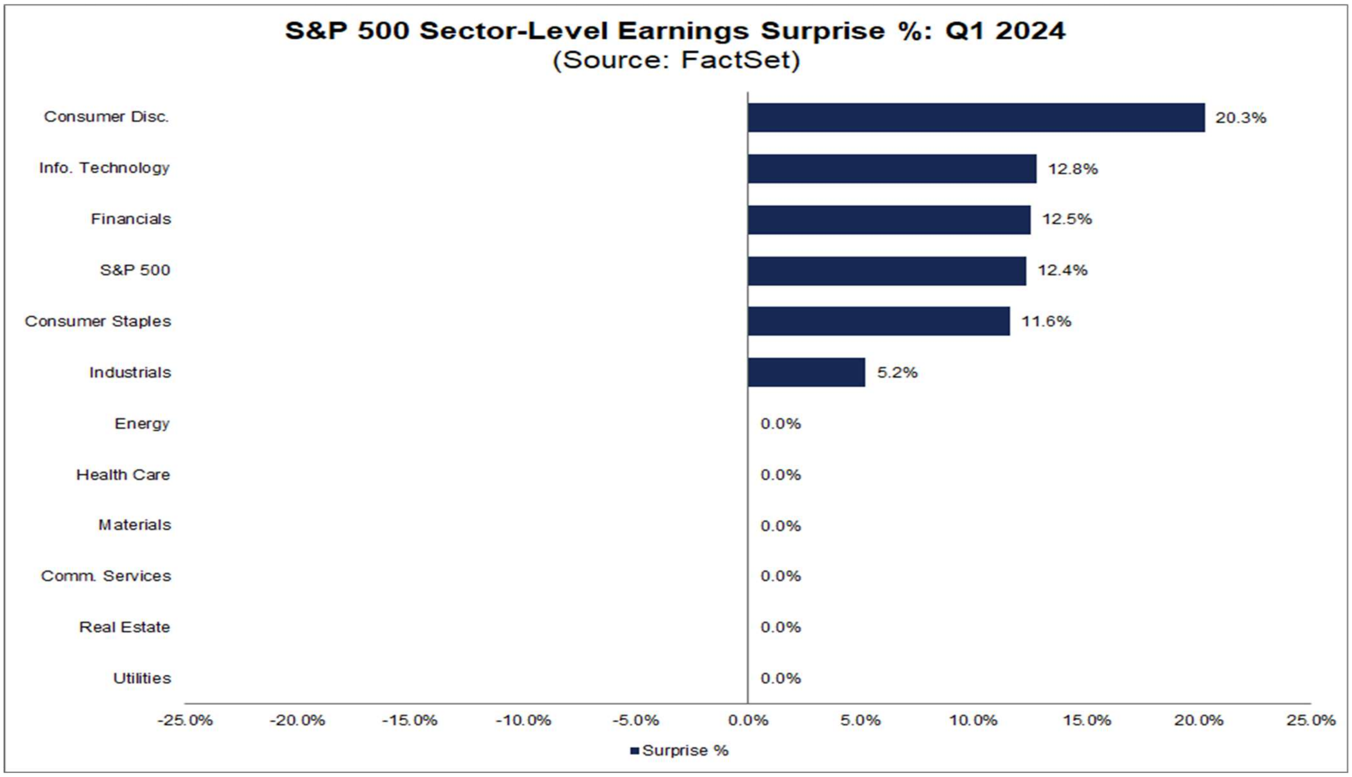


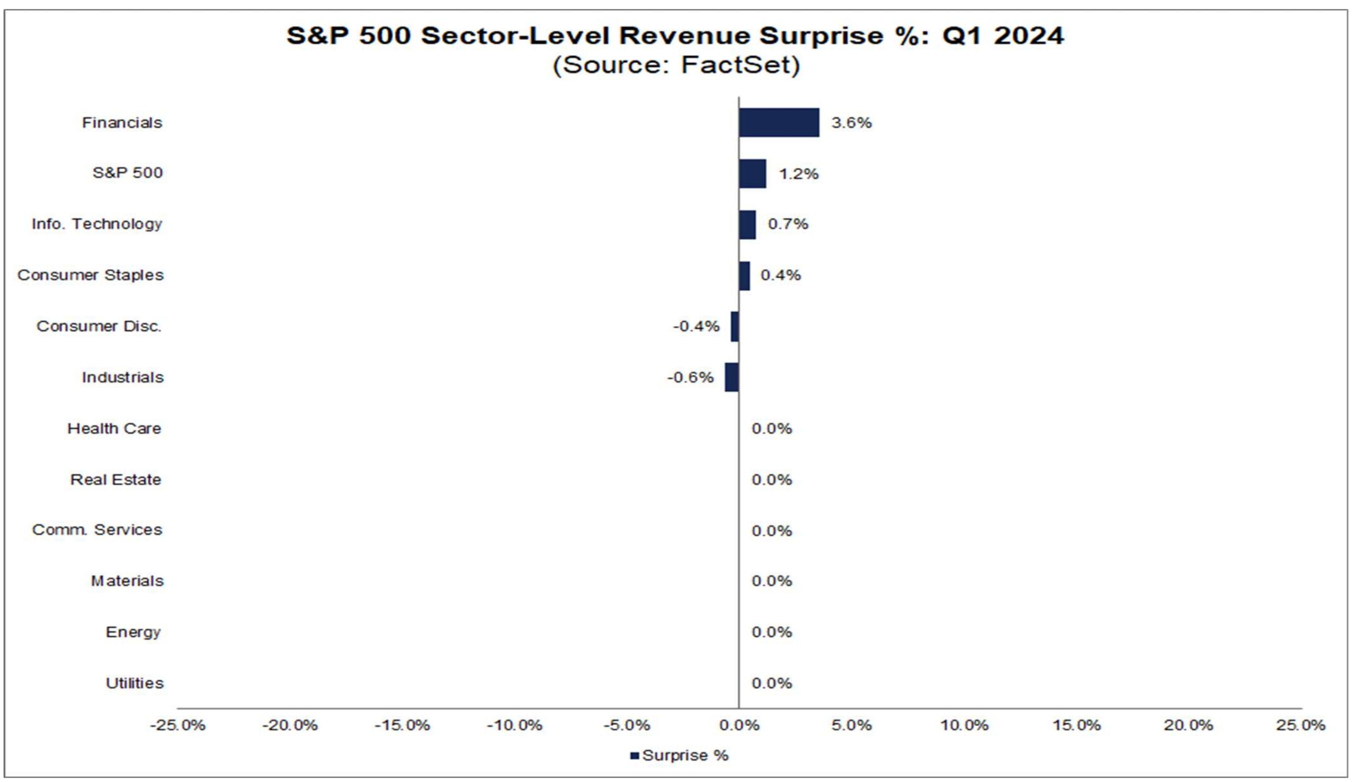
	Financials	Info. Technology	Consumer Staples	S&P 500	Industrials	Consumer Disc.	Health Care	Energy	Comm. Services	Materials	Utilities	Real Estate
Below	0%	0%	14%	13%	33%	17%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	3%	0%	17%	0%	0%	0%	0%	0%	0%
Above	100%	100%	86%	83%	67%	67%	0%	0%	0%	0%	0%	0%



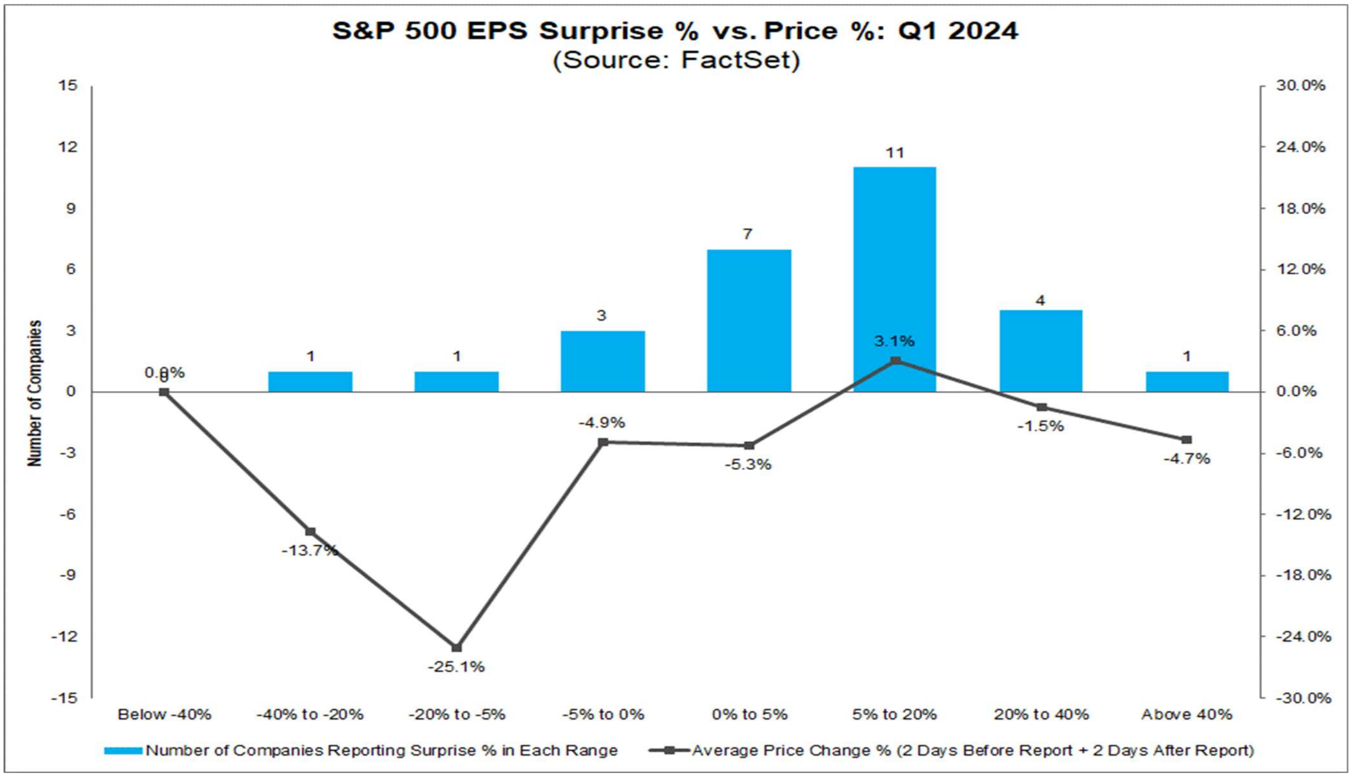
	Financials	Consumer Staples	S&P 500	Info. Technology	Consumer Disc.	Industrials	Health Care	Comm. Services	Real Estate	Energy	Materials	Utilities
Below	17%	29%	47%	60%	67%	67%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	83%	71%	53%	40%	33%	33%	0%	0%	0%	0%	0%	0%

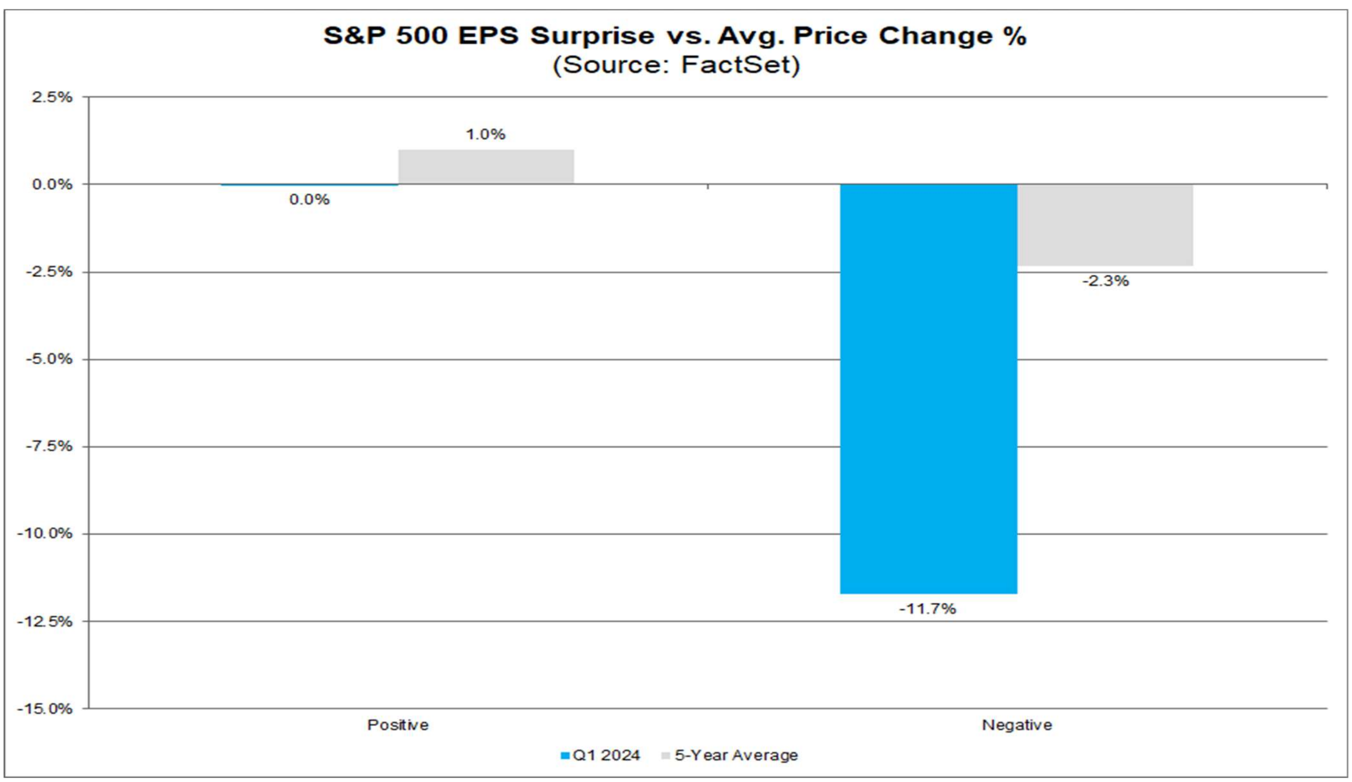
Q1 2024: Surprise



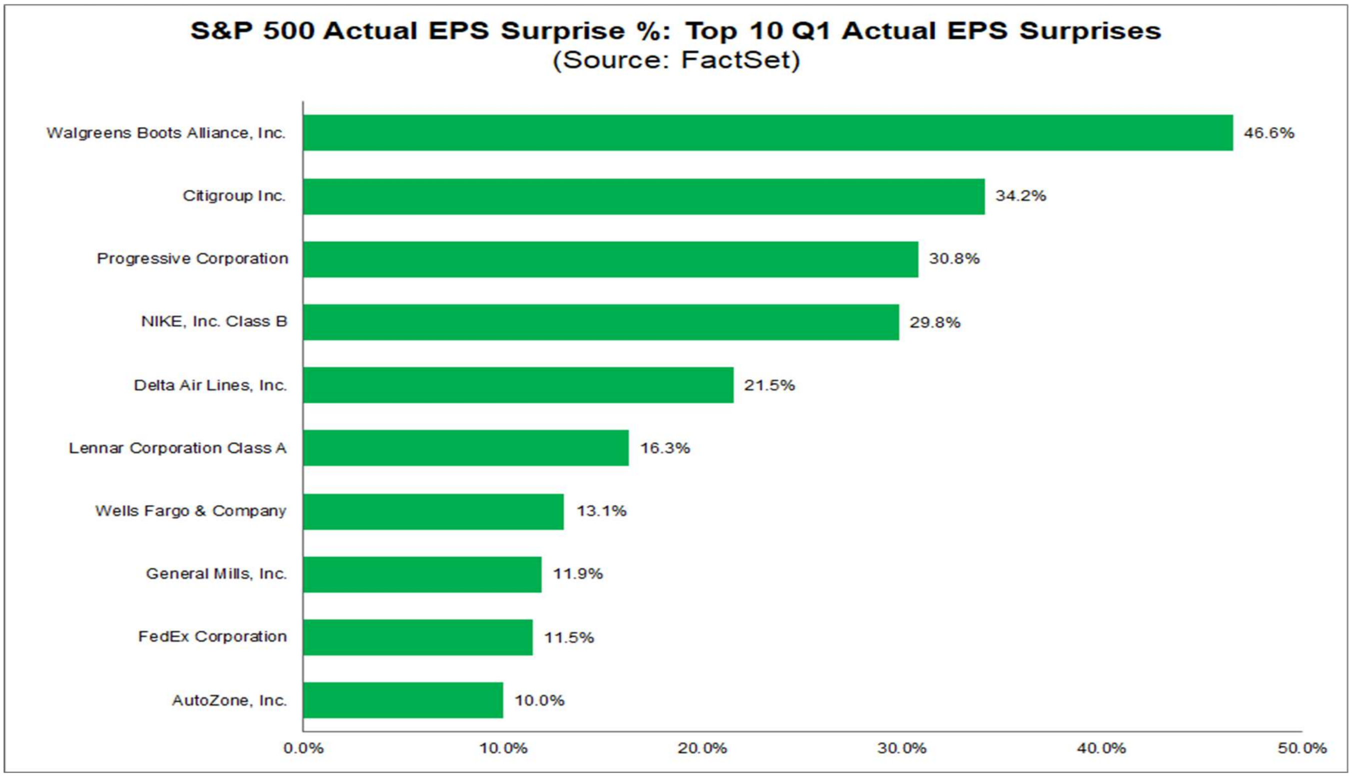


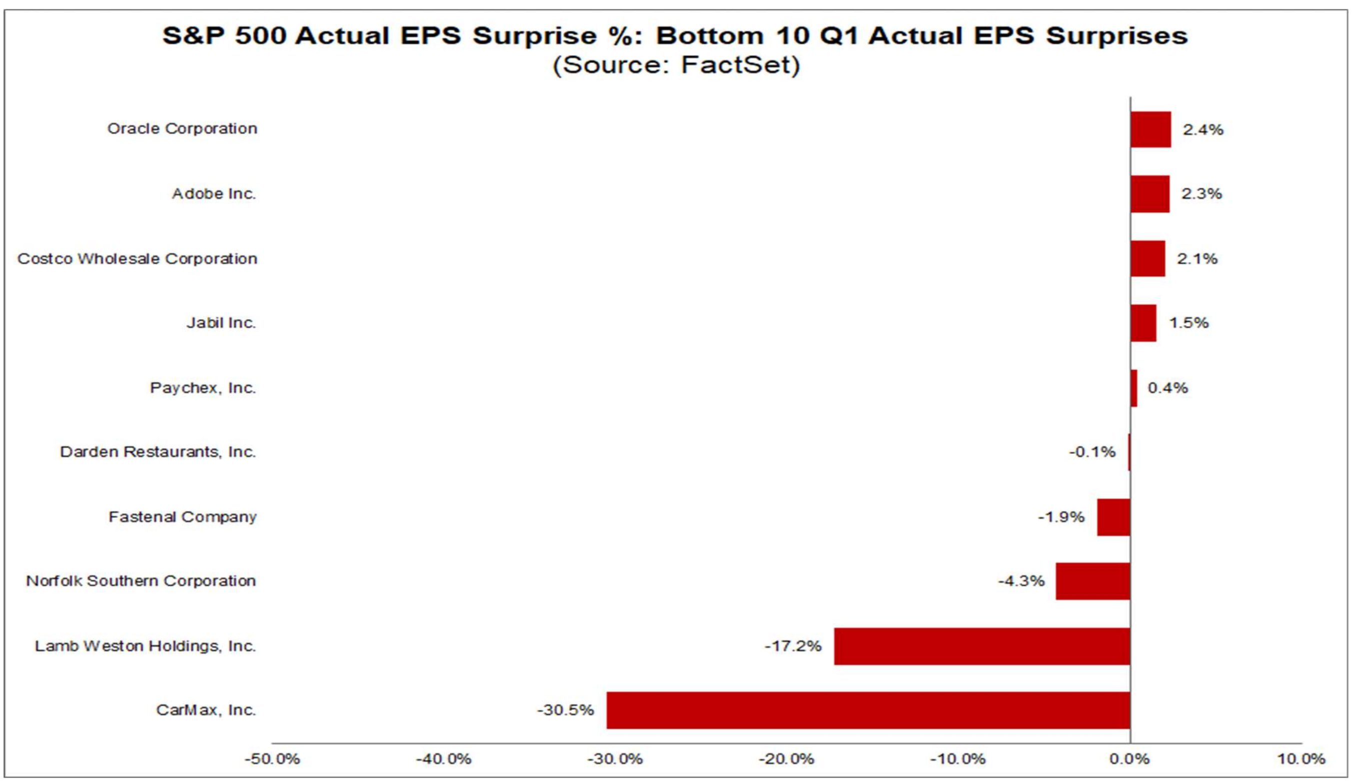
Q1 2024: Surprise



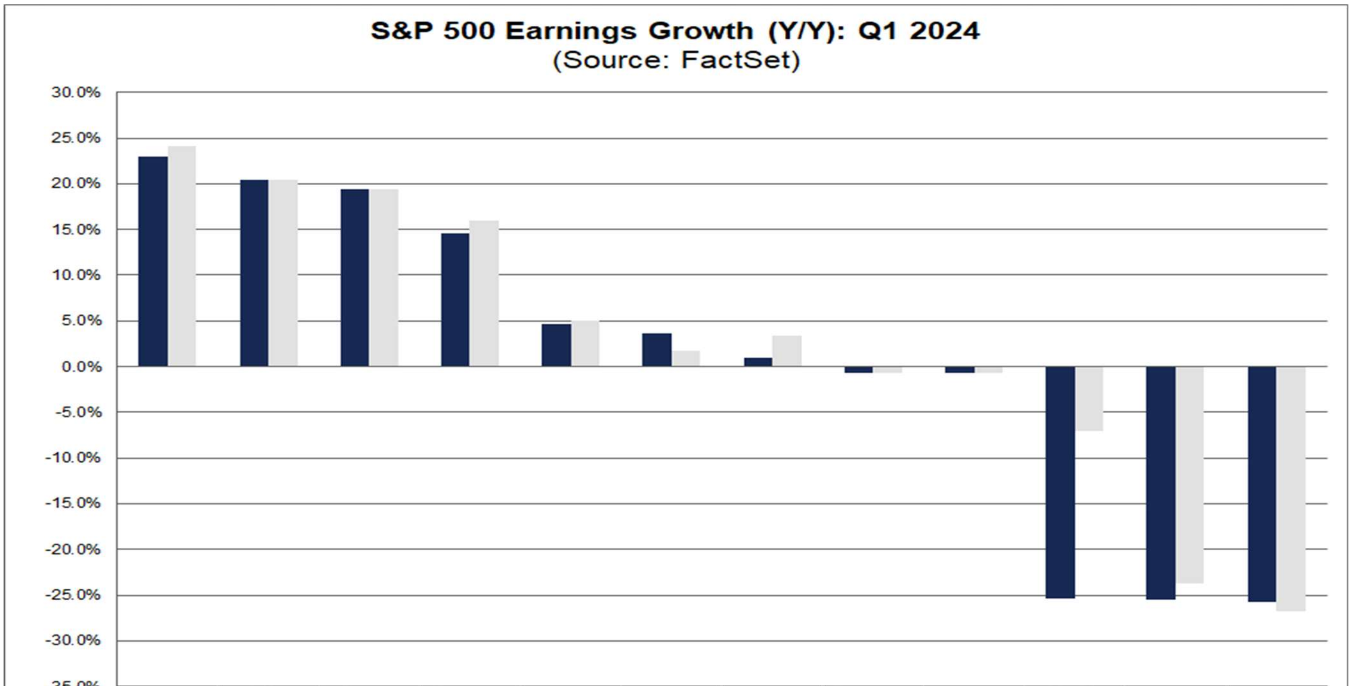


Q1 2024: Surprise

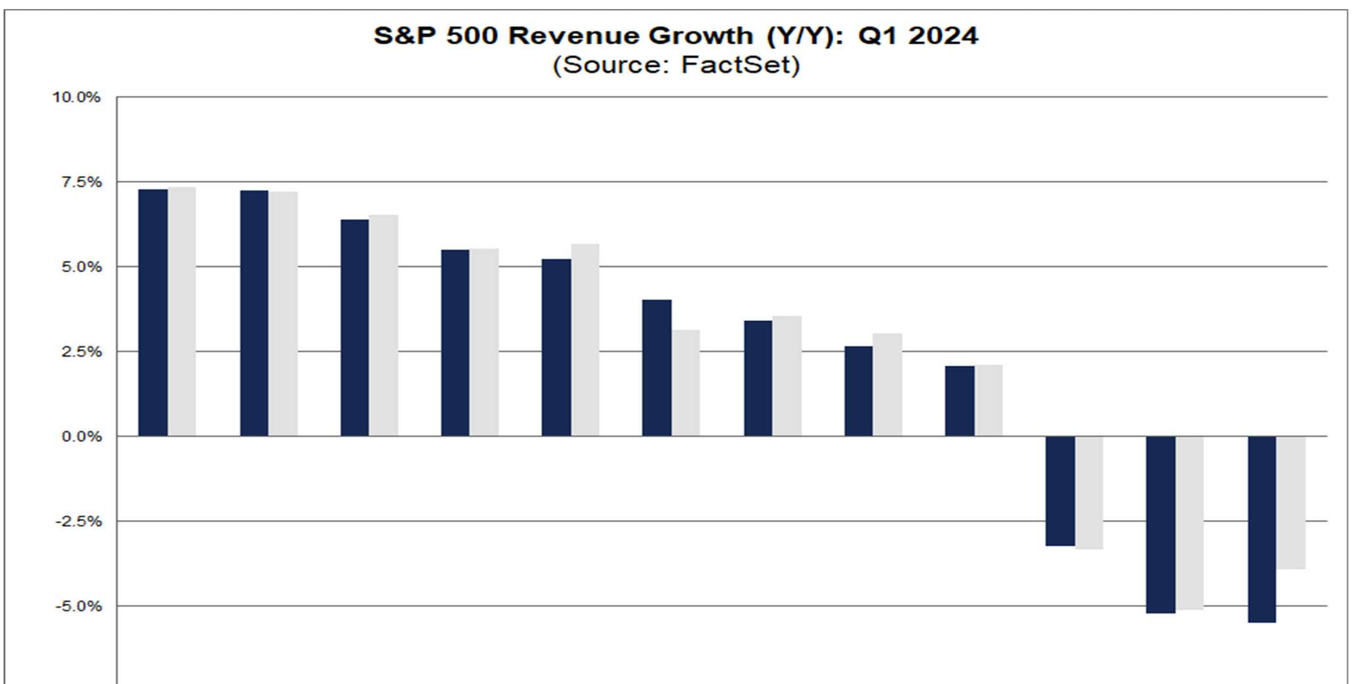




Q1 2024: Growth

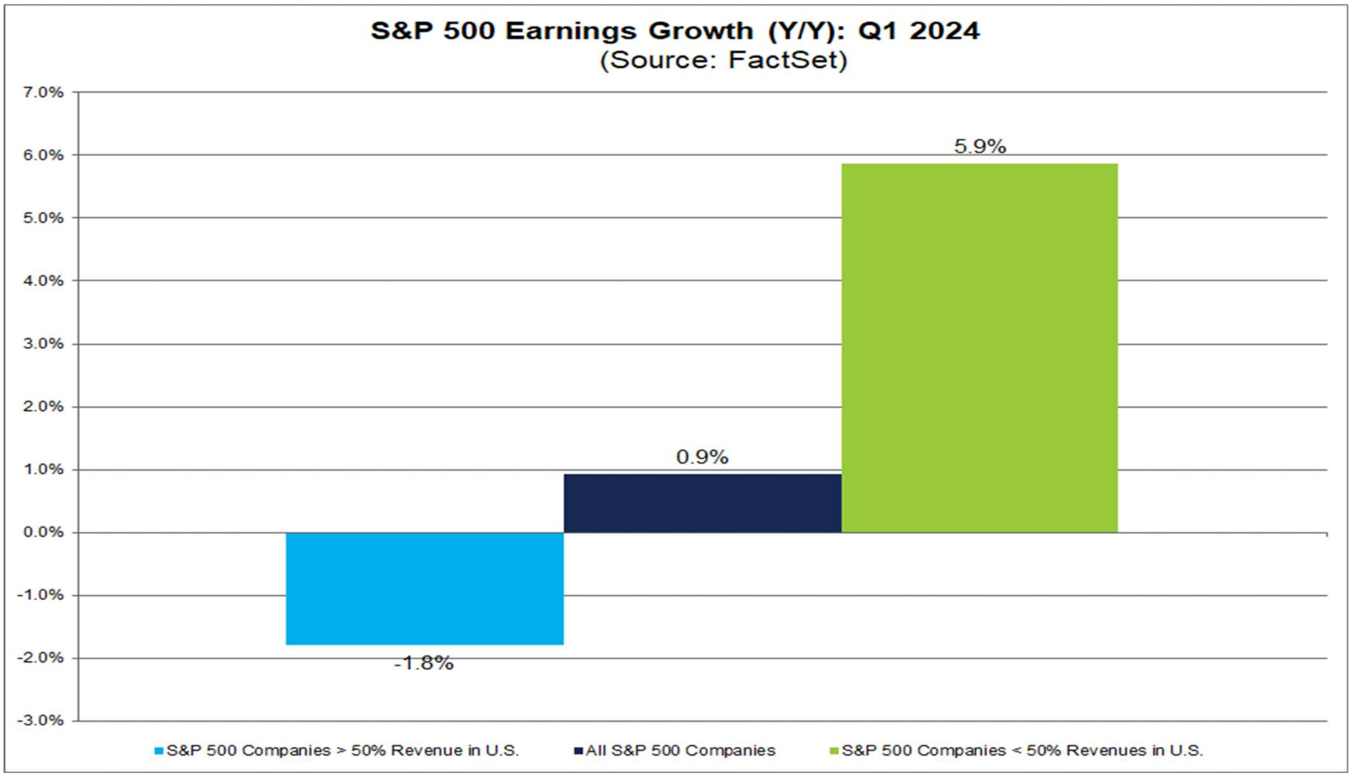


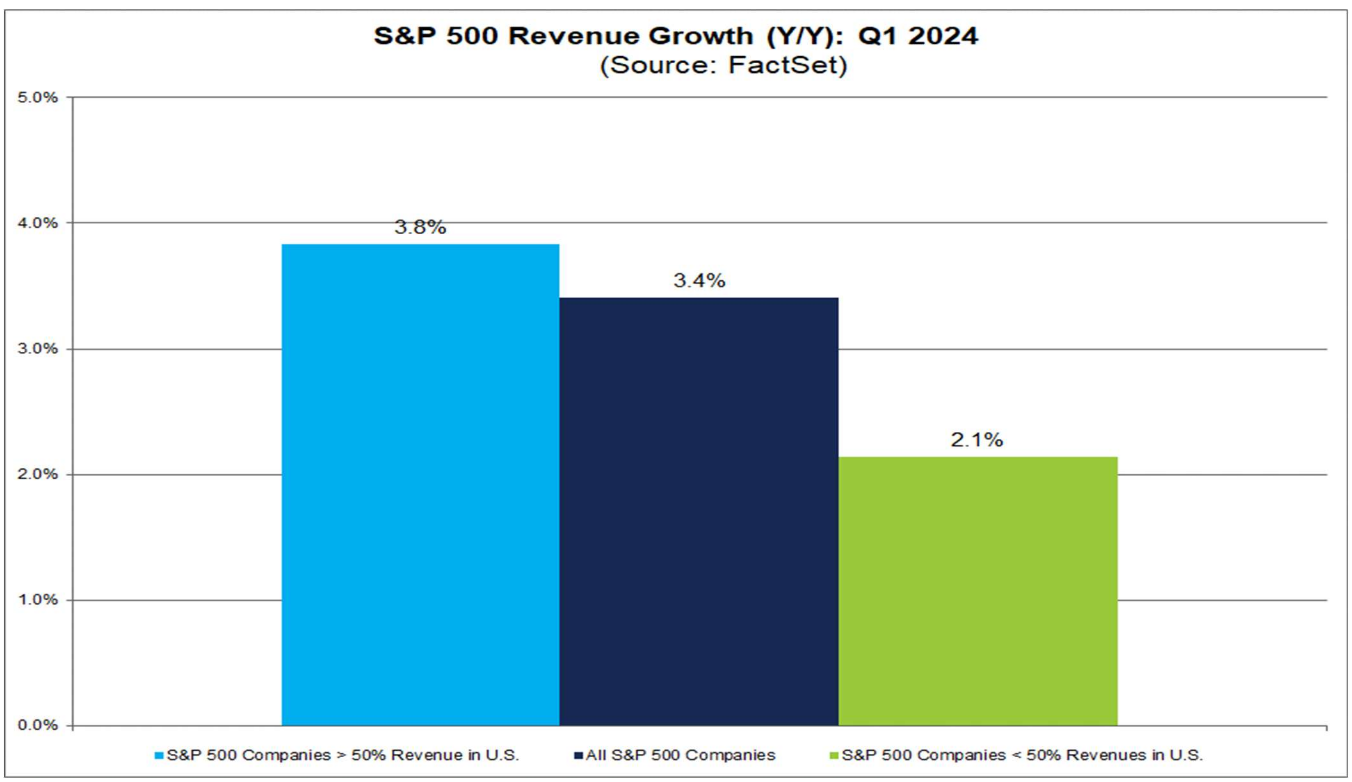
	Utilities	Info. Technology	Comm. Services	Consumer Disc.	Real Estate	Financials	S&P 500	Consumer Staples	Industrials	Health Care	Materials	Energy
Today	23.0%	20.4%	19.4%	14.6%	4.7%	3.6%	0.9%	-0.7%	-0.7%	-25.4%	-25.4%	-25.8%
31-Mar	24.1%	20.4%	19.4%	16.0%	5.1%	1.7%	3.4%	-0.7%	-0.7%	-7.1%	-23.7%	-26.8%



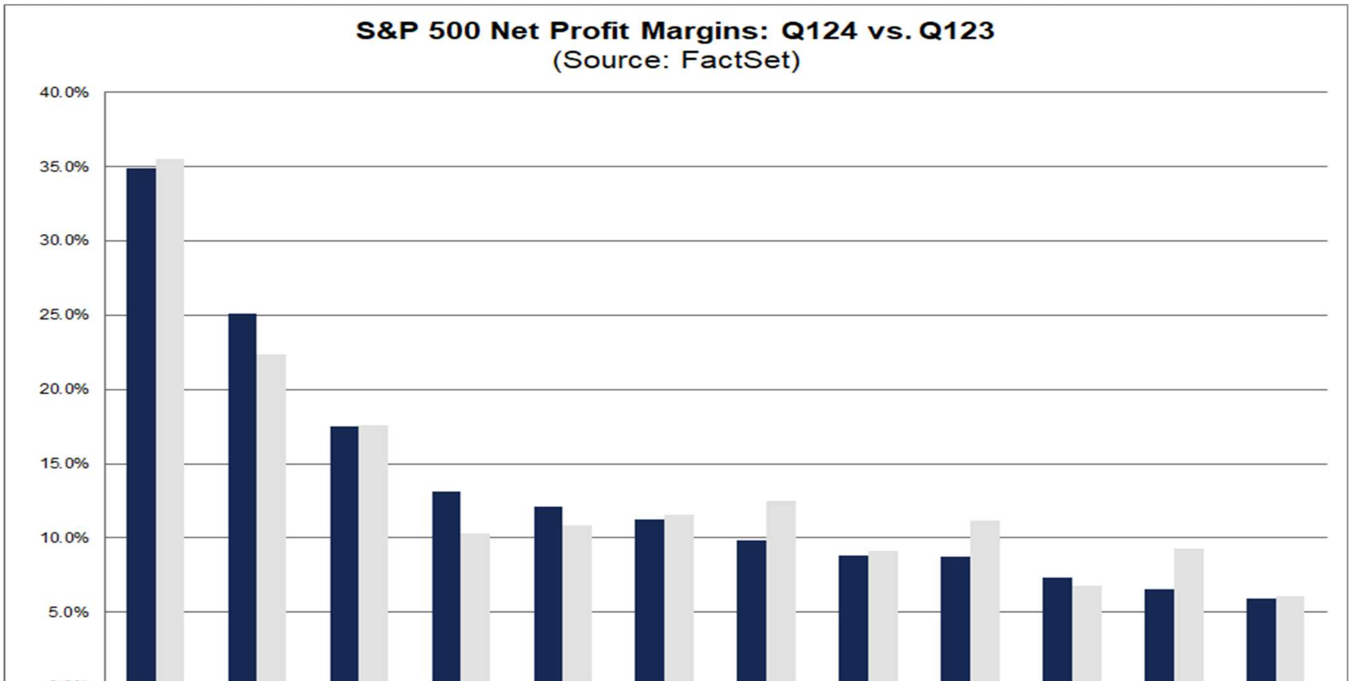
	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Disc.	Financials	S&P 500	Industrials	Consumer Staples	Utilities	Materials	Energy
Today	7.3%	7.2%	6.4%	5.5%	5.2%	4.0%	3.4%	2.7%	2.1%	-3.2%	-5.2%	-5.5%
31-Mar	7.3%	7.2%	6.5%	5.6%	5.7%	3.1%	3.5%	3.0%	2.1%	-3.3%	-5.1%	-3.9%

Q1 2024: Growth

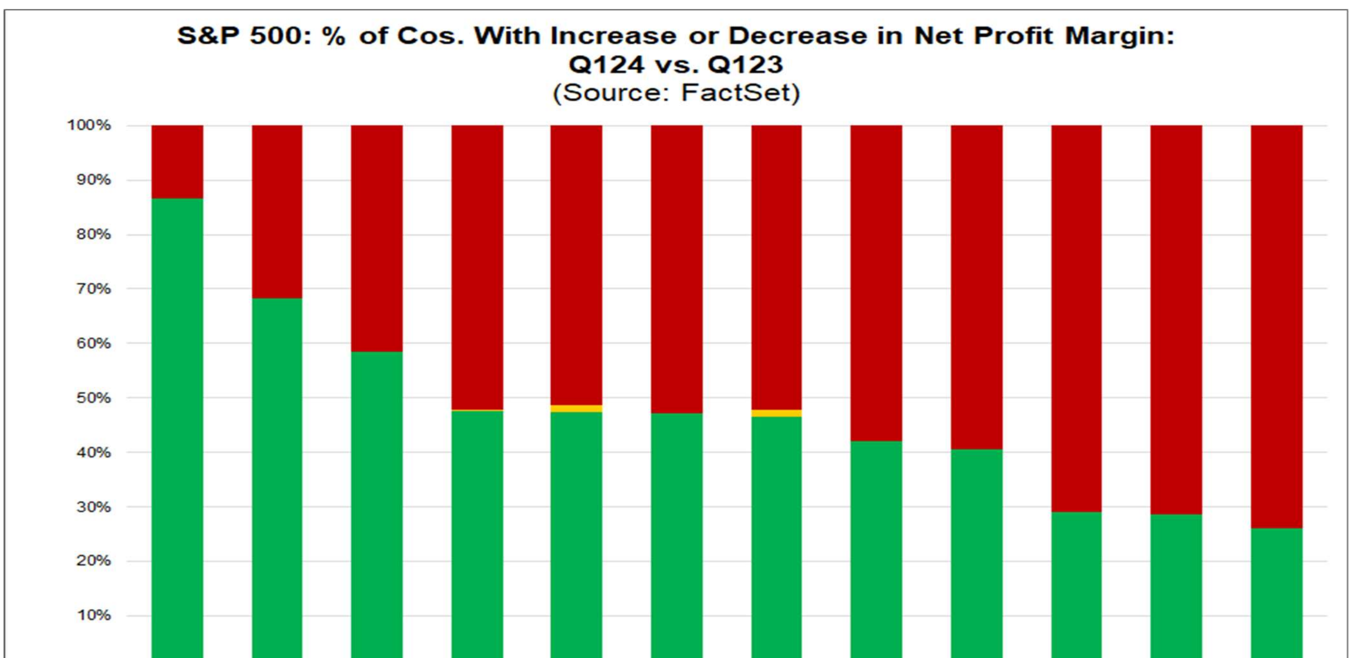




Q1 2024: Net Profit Margin

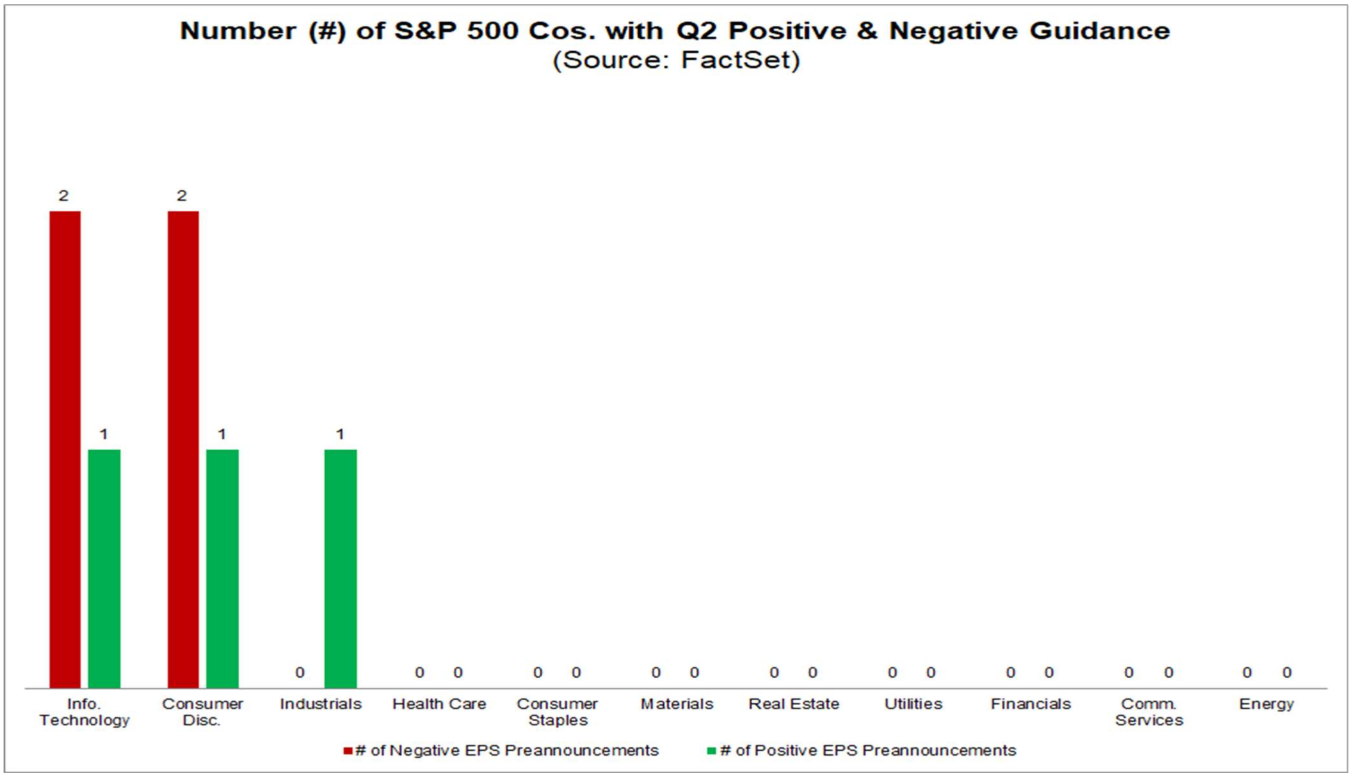


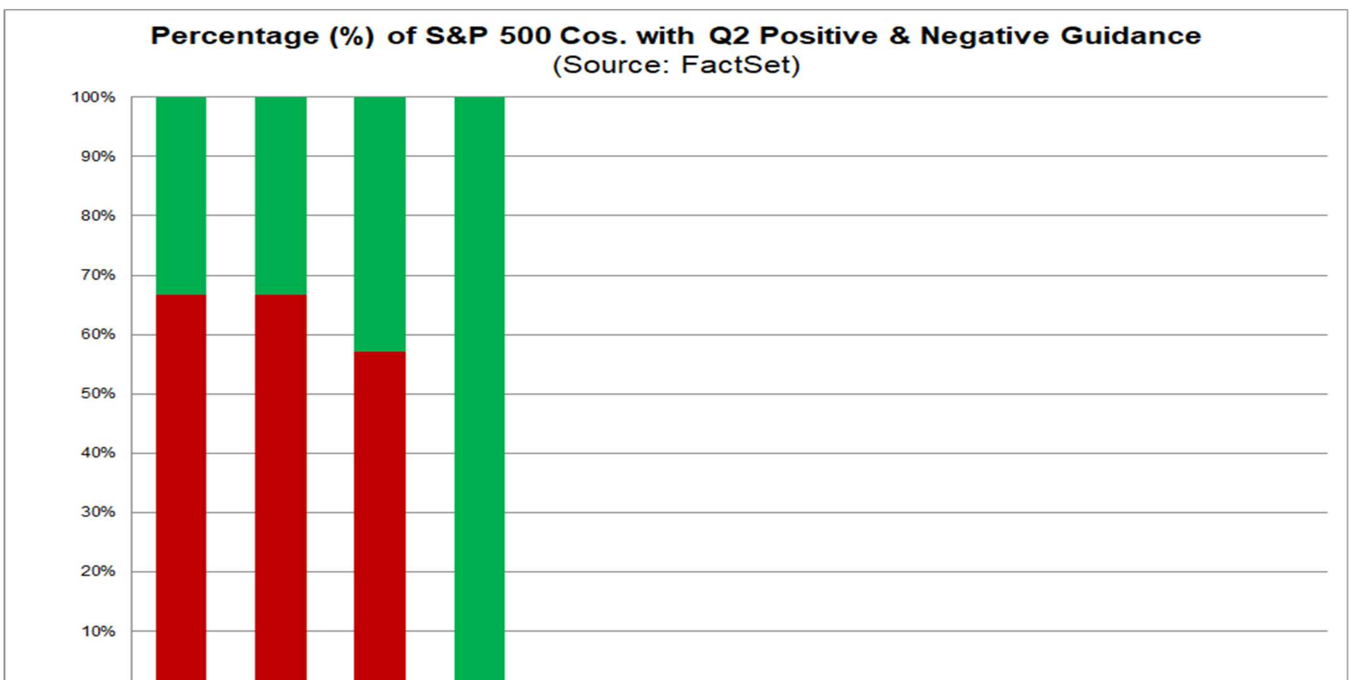
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Consumer Disc.	Health Care	Consumer Staples
Q124	34.9%	25.1%	17.5%	13.1%	12.1%	11.3%	9.8%	8.8%	8.8%	7.4%	6.6%	5.9%
Q123	35.5%	22.4%	17.6%	10.3%	10.9%	11.6%	12.5%	9.1%	11.2%	6.8%	9.3%	6.1%



	Utilities	Comm. Services	Information Tech.	S&P 500	Industrials	Consumer Disc.	Financials	Consumer Staples	Health Care	Real Estate	Materials	Energy
Down %	13%	32%	42%	52%	51%	53%	52%	58%	59%	71%	71%	74%
None %	0%	0%	0%	0%	1%	0%	1%	0%	0%	0%	0%	0%
Up %	87%	68%	58%	48%	47%	47%	46%	42%	41%	29%	29%	26%

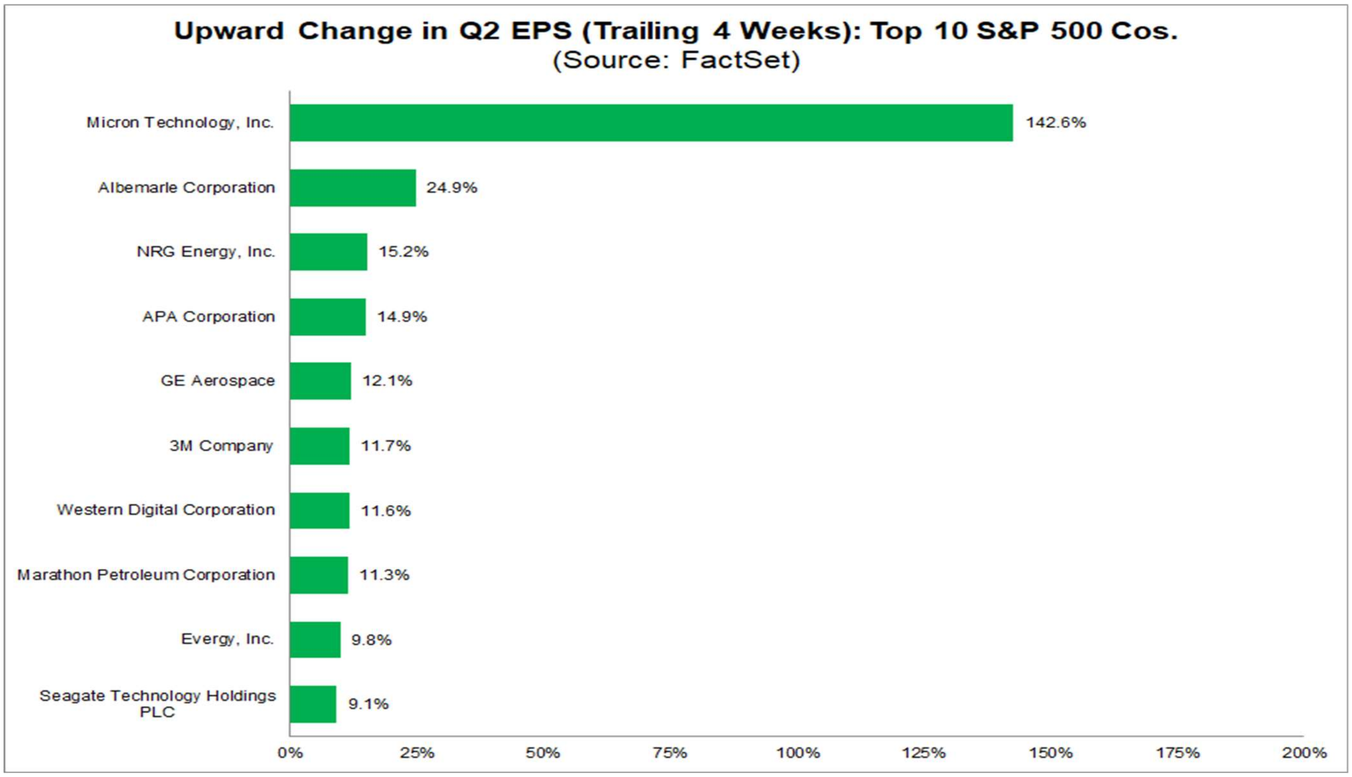
Q2 2024: Guidance

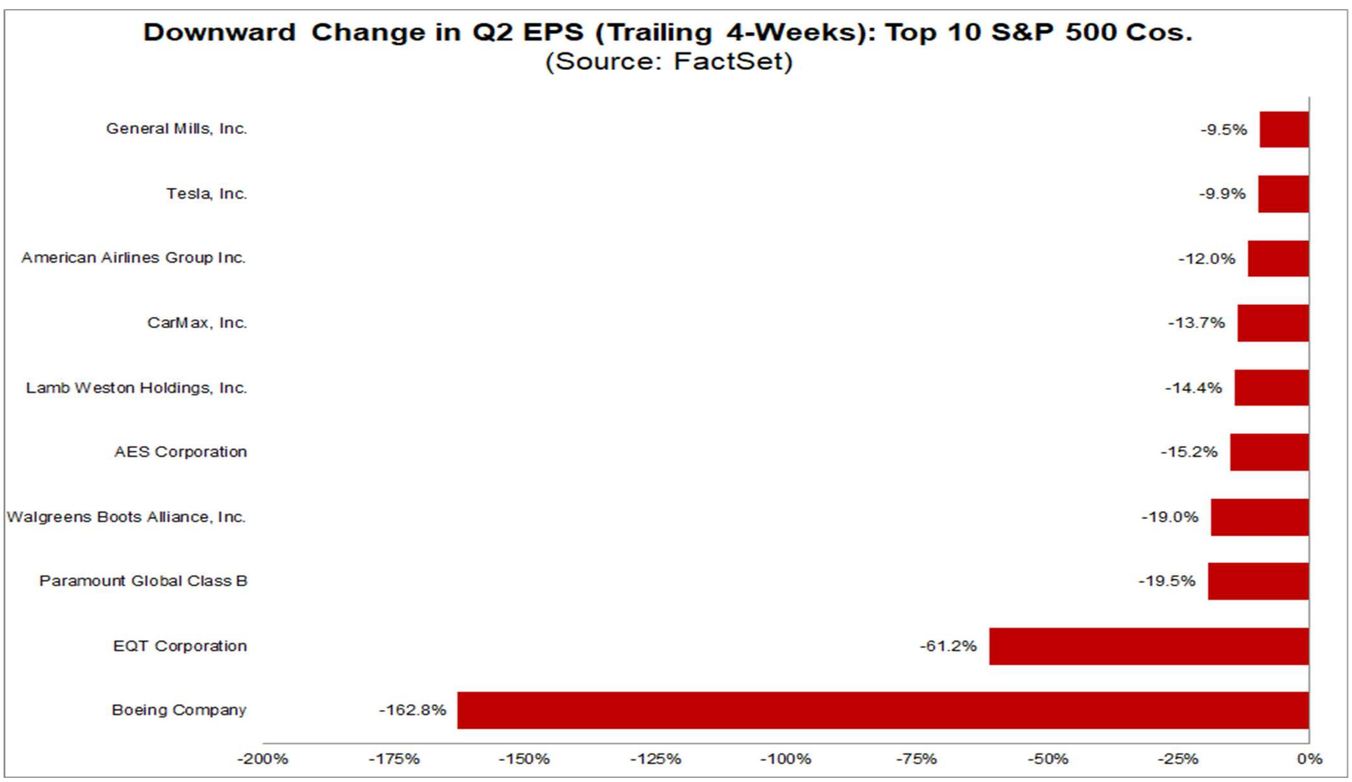




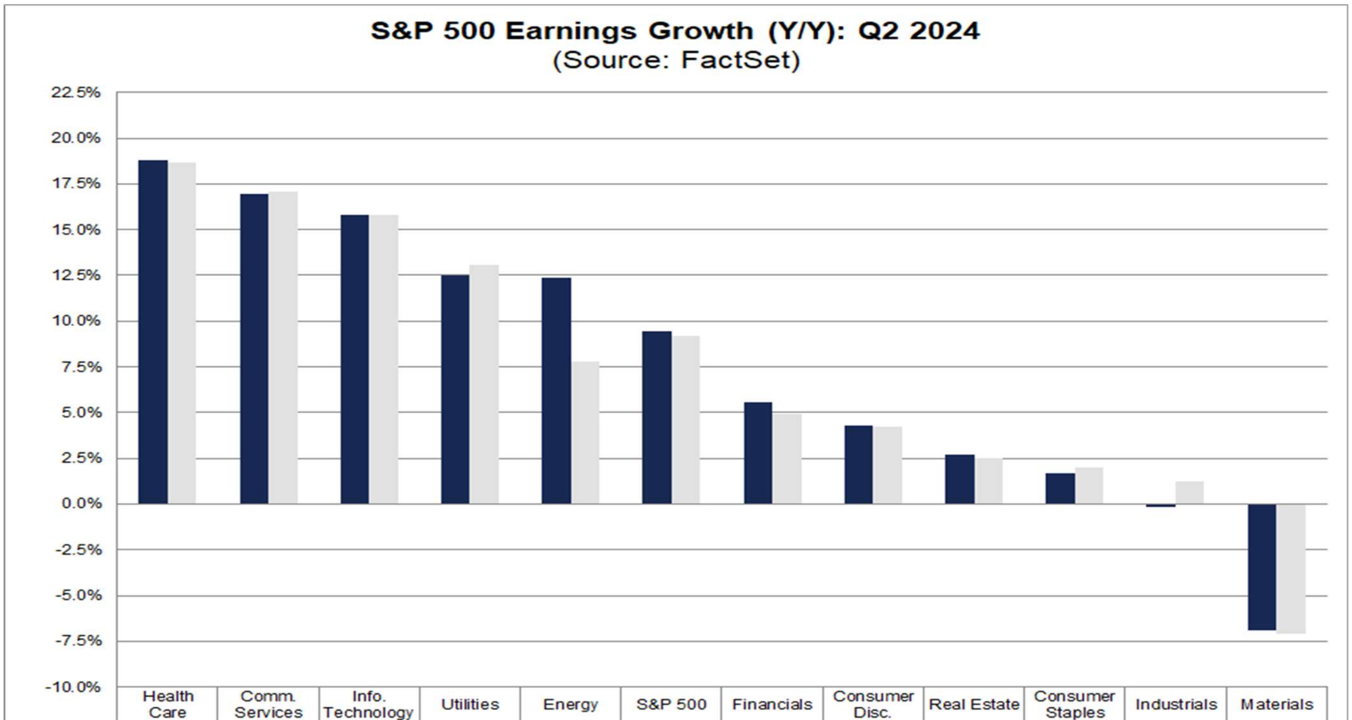
	Consumer Disc.	Info. Technology	S&P 500	Industrials	Health Care	Consumer Staples	Financials	Materials	Utilities	Real Estate	Comm. Services	Energy
Positive	33%	33%	43%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	67%	67%	57%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Q2 2024: EPS Revisions

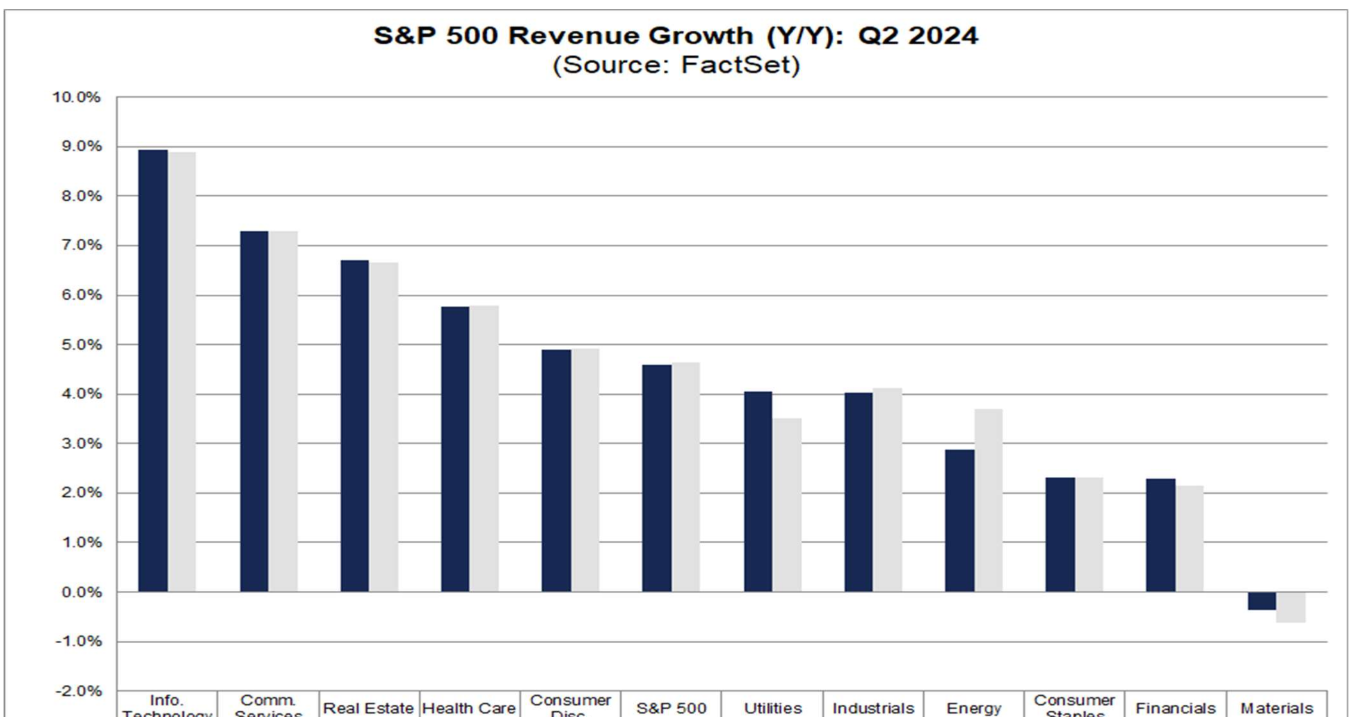




Q2 2024: Growth

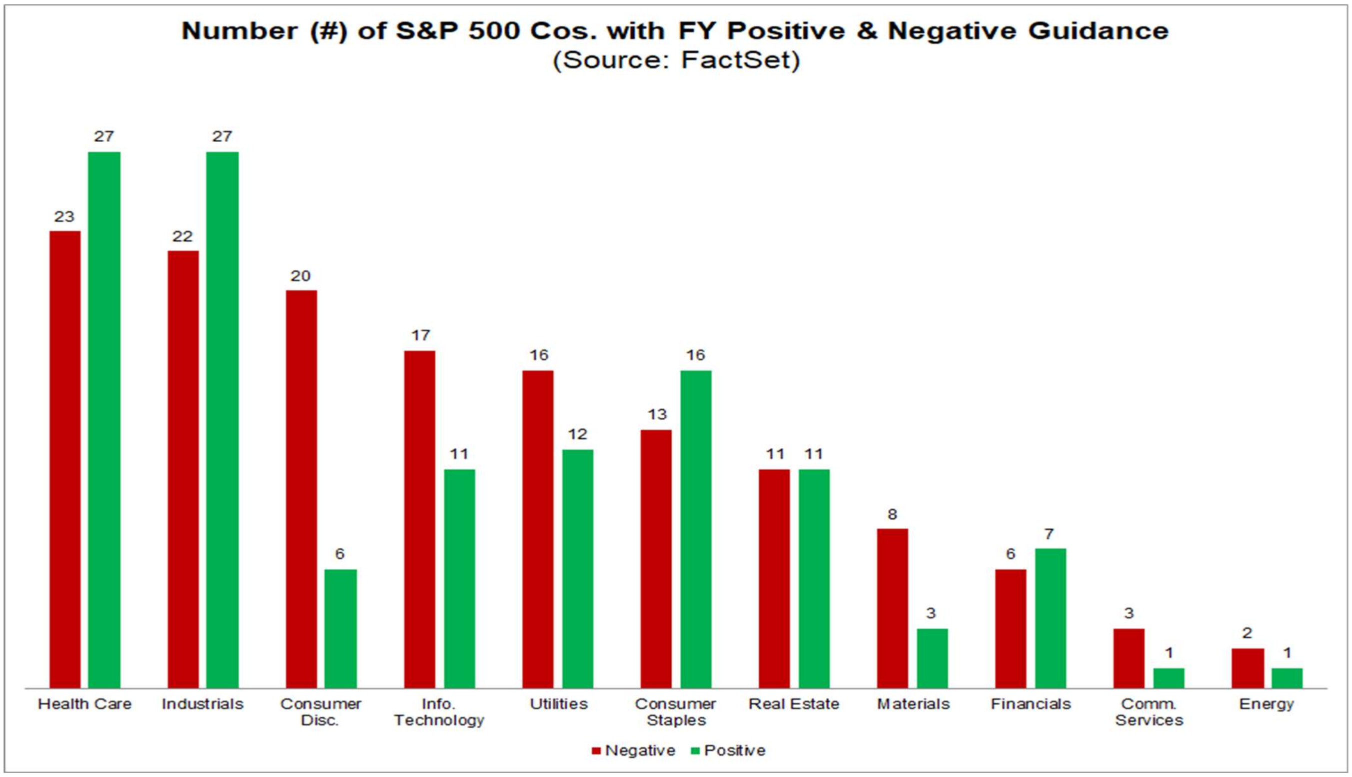


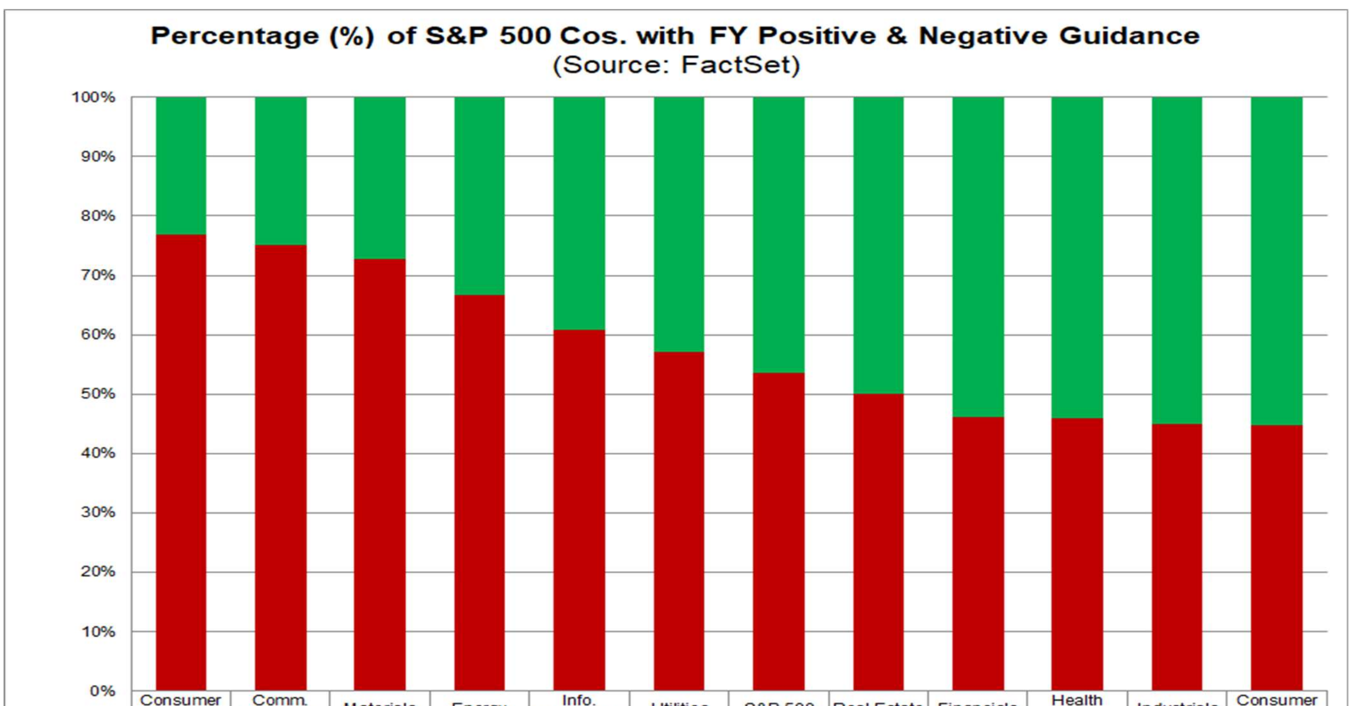
	Health Care	Comm. Services	Info. Technology	Utilities	Energy	S&P 500	Financials	Consumer Disc.	Real Estate	Consumer Staples	Industrials	Materials
Today	18.8%	16.9%	15.8%	12.5%	12.3%	9.4%	5.5%	4.3%	2.7%	1.7%	-0.2%	-6.9%
31-Mar	18.7%	17.1%	15.8%	13.1%	7.8%	9.2%	5.0%	4.2%	2.5%	2.0%	1.2%	-7.1%



	Info. Technology	Comm. Services	Real Estate	Health Care	Consumer Disc.	S&P 500	Utilities	Industrials	Energy	Consumer Staples	Financials	Materials
Today	8.9%	7.3%	6.7%	5.8%	4.9%	4.6%	4.1%	4.0%	2.9%	2.3%	2.3%	-0.4%
31-Mar	8.9%	7.3%	6.6%	5.8%	4.9%	4.6%	3.5%	4.1%	3.7%	2.3%	2.2%	-0.6%

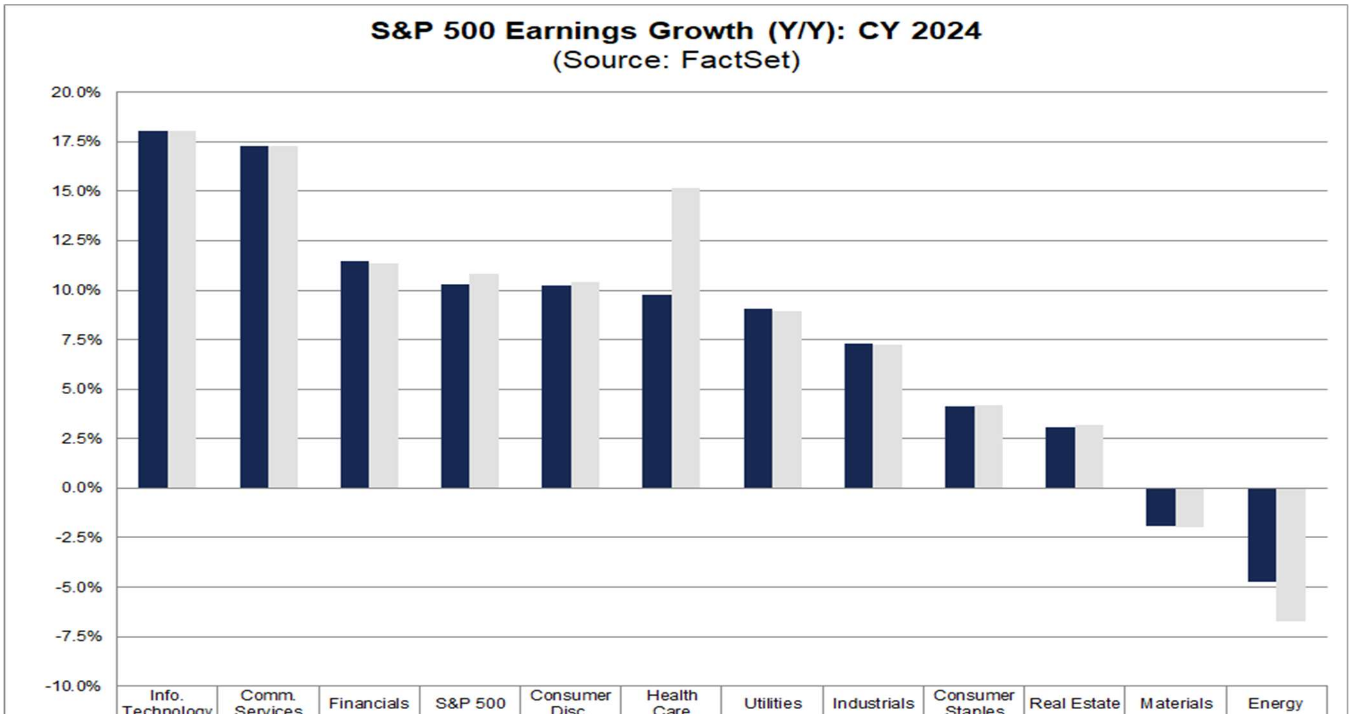
FY 2024 / 2025: EPS Guidance



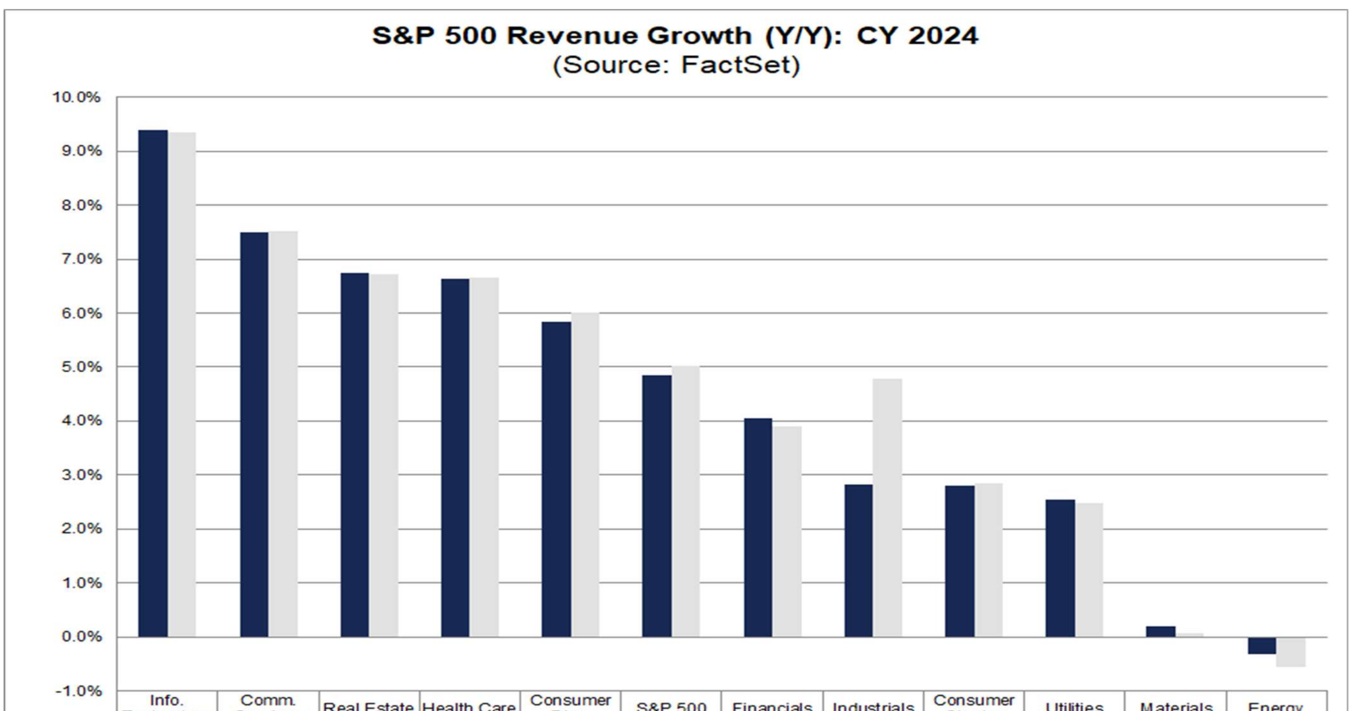


	Consumer Disc.	Comm. Services	Materials	Energy	Info. Technology	Utilities	S&P 500	Real Estate	Financials	Health Care	Industrials	Consumer Staples
Positive	23%	25%	27%	33%	39%	43%	46%	50%	54%	54%	55%	55%
Negative	77%	75%	73%	67%	61%	57%	54%	50%	46%	46%	45%	45%

CY 2024: Growth

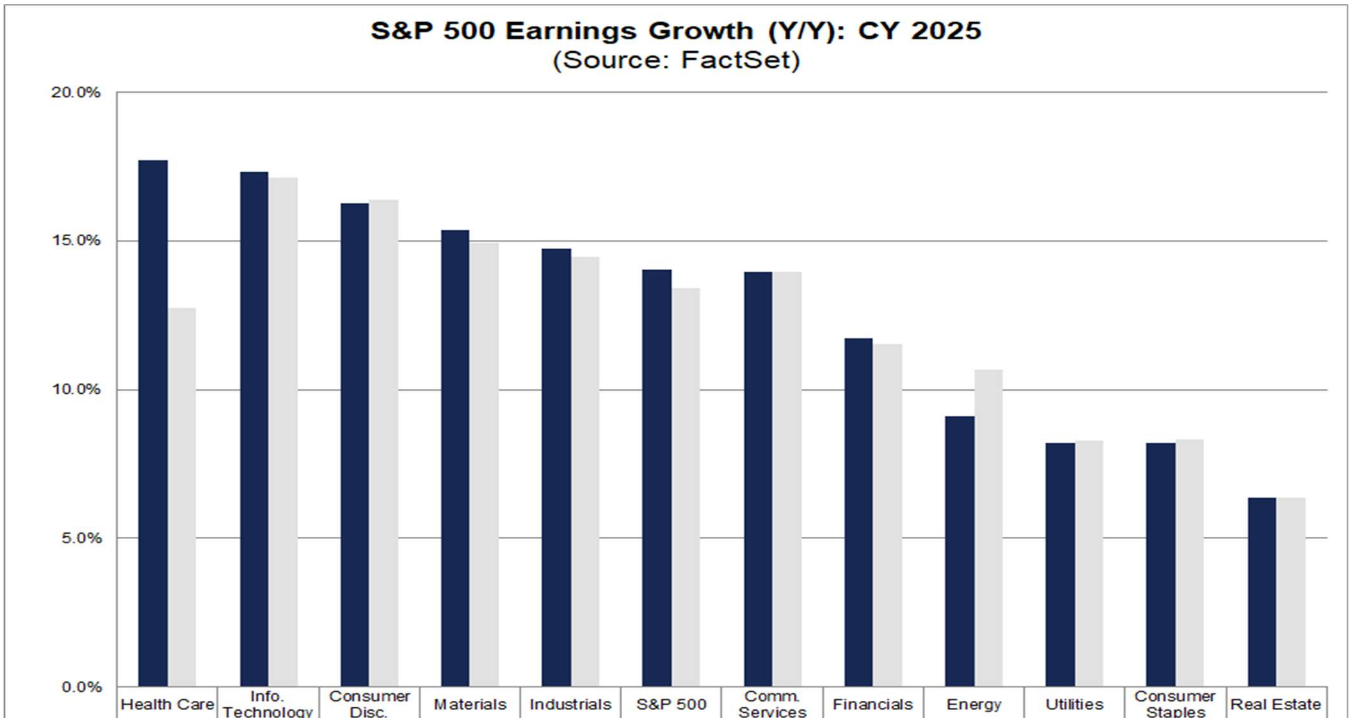


	Info. Technology	Comm. Services	Financials	S&P 500	Consumer Disc.	Health Care	Utilities	Industrials	Consumer Staples	Real Estate	Materials	Energy
Today	18.0%	17.3%	11.5%	10.3%	10.2%	9.8%	9.0%	7.3%	4.1%	3.1%	-1.9%	-4.8%
31-Mar	18.0%	17.3%	11.4%	10.8%	10.4%	15.2%	8.9%	7.3%	4.2%	3.2%	-2.0%	-6.8%

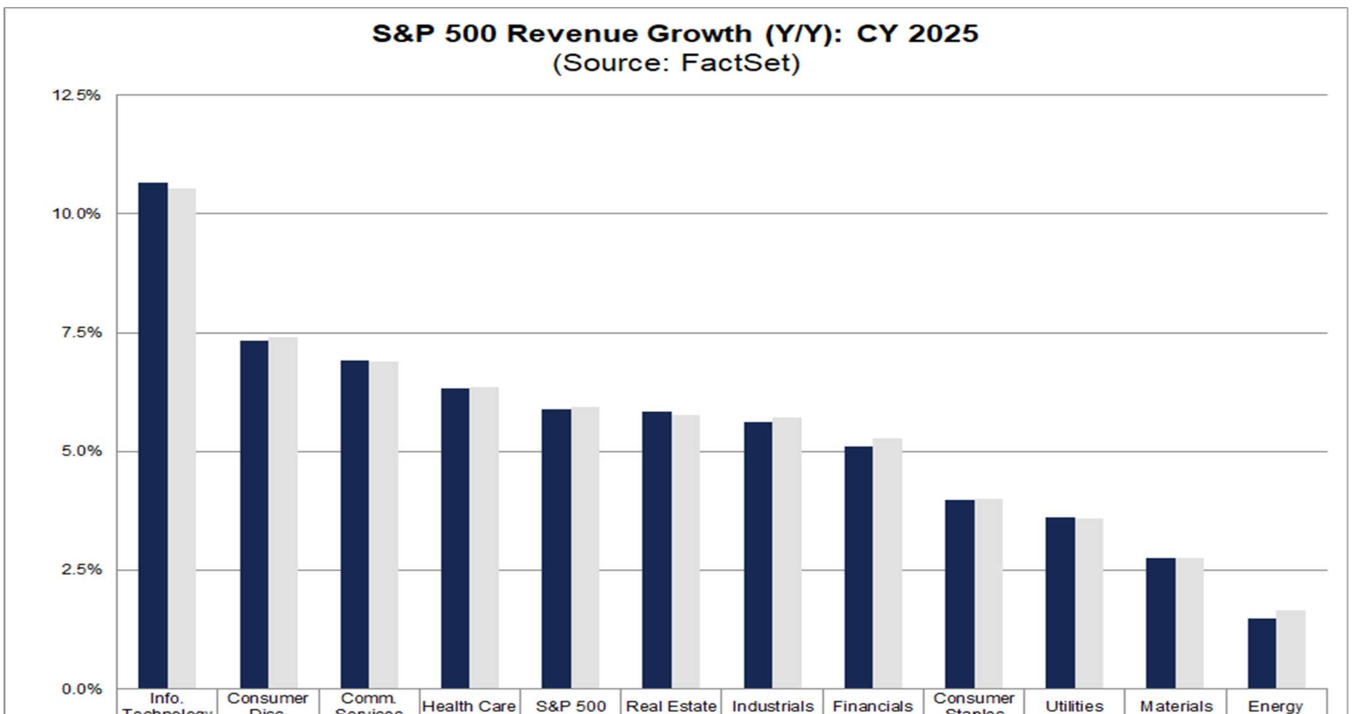


	Info. Technology	Comm. Services	Real Estate	Health Care	Consumer Disc.	S&P 500	Financials	Industrials	Consumer Staples	Utilities	Materials	Energy
Today	9.4%	7.5%	6.7%	6.6%	5.8%	4.8%	4.1%	2.8%	2.8%	2.5%	0.2%	-0.3%
31-Mar	9.3%	7.5%	6.7%	6.7%	6.0%	5.0%	3.9%	4.8%	2.8%	2.5%	0.1%	-0.6%

CY 2025: Growth

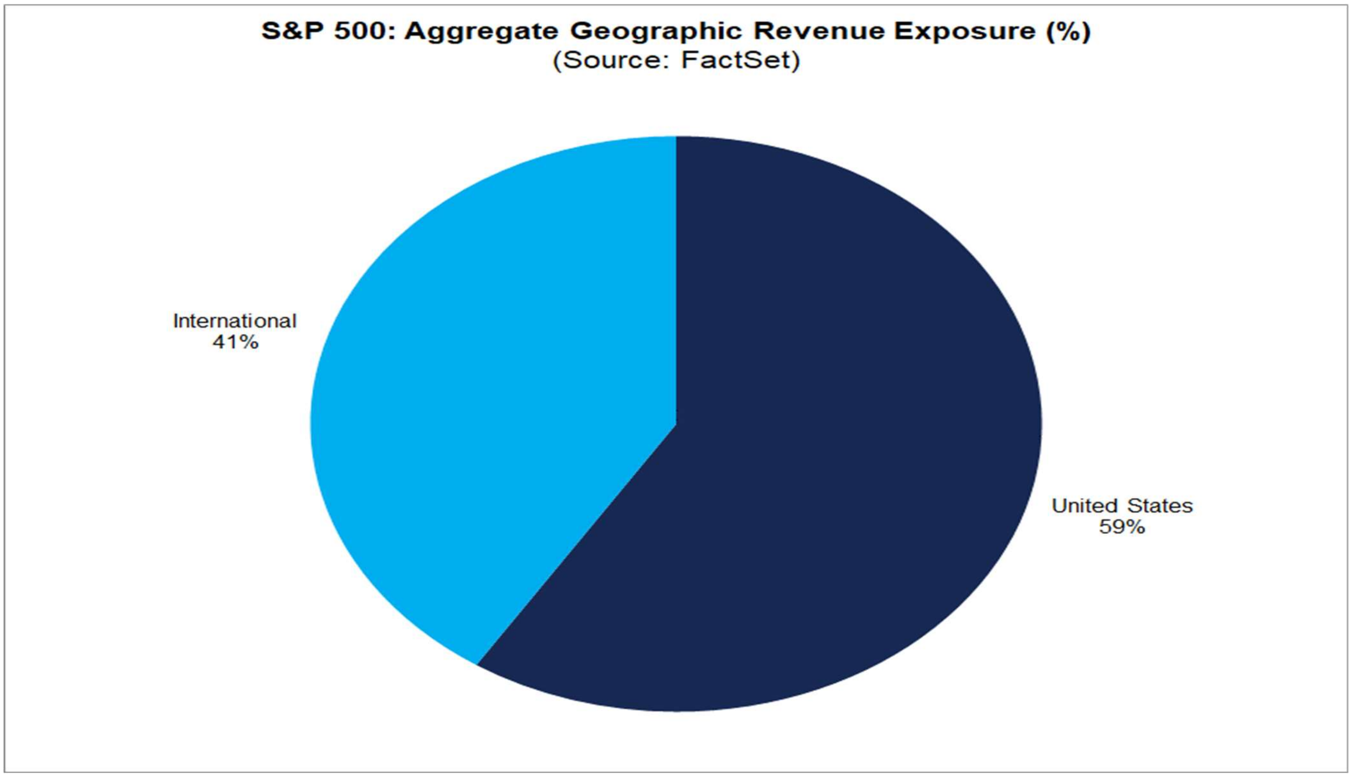


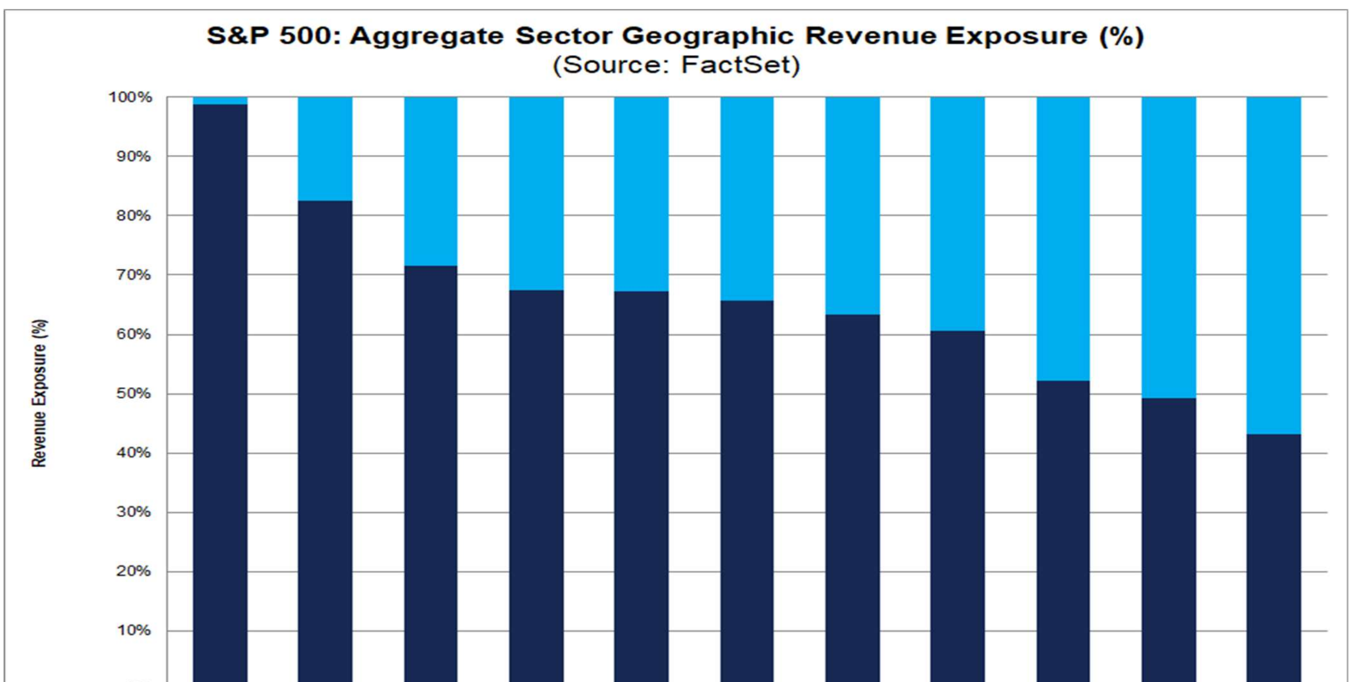
	Health Care	Info. Technology	Consumer Disc.	Materials	Industrials	S&P 500	Comm. Services	Financials	Energy	Utilities	Consumer Staples	Real Estate
Today	17.7%	17.3%	16.3%	15.4%	14.8%	14.0%	14.0%	11.7%	9.1%	8.2%	8.2%	6.4%
31-Mar	12.7%	17.2%	16.4%	14.9%	14.5%	13.4%	14.0%	11.5%	10.7%	8.3%	8.3%	6.3%



	Info. Technology	Consumer Disc.	Comm. Services	Health Care	S&P 500	Real Estate	Industrials	Financials	Consumer Staples	Utilities	Materials	Energy
Today	10.7%	7.3%	6.9%	6.3%	5.9%	5.8%	5.6%	5.1%	4.0%	3.6%	2.8%	1.5%
31-Mar	10.5%	7.4%	6.9%	6.3%	5.9%	5.8%	5.7%	5.3%	4.0%	3.6%	2.8%	1.7%

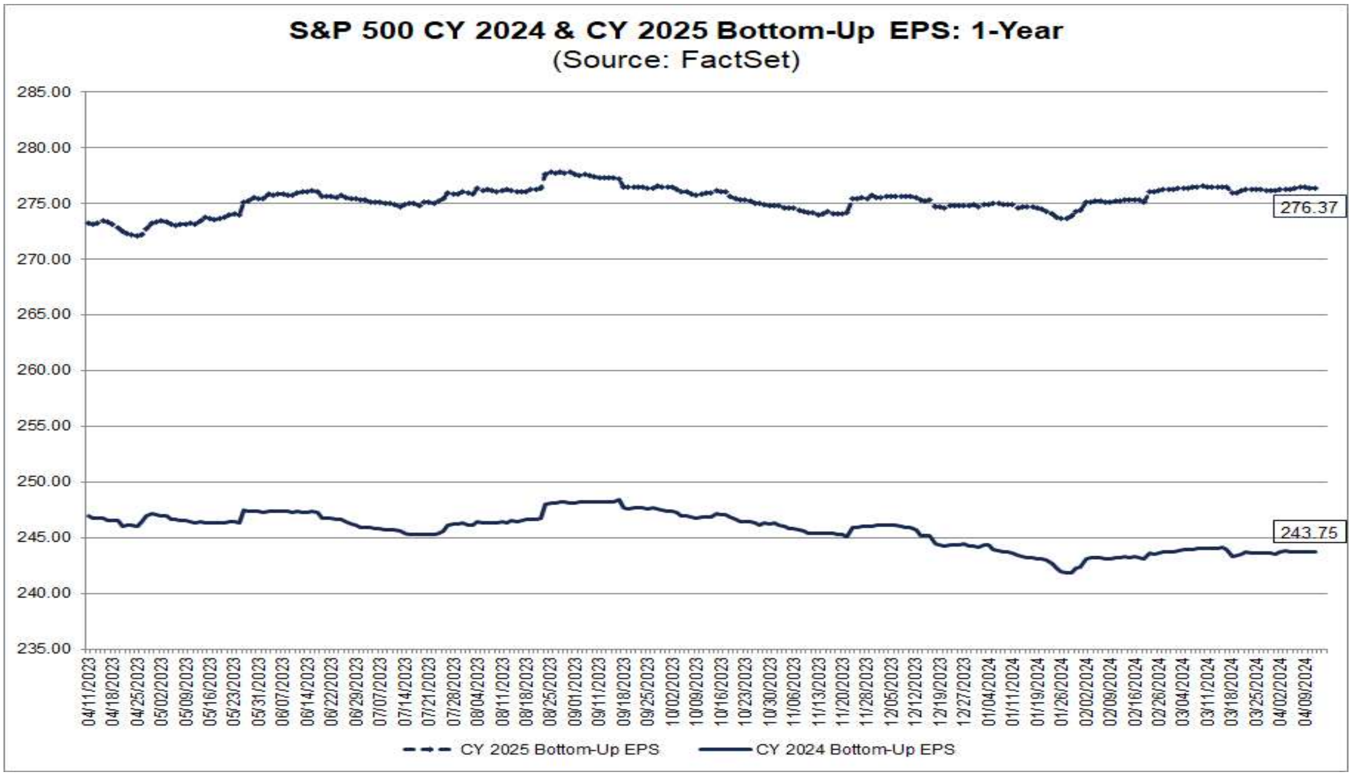
Geographic Revenue Exposure

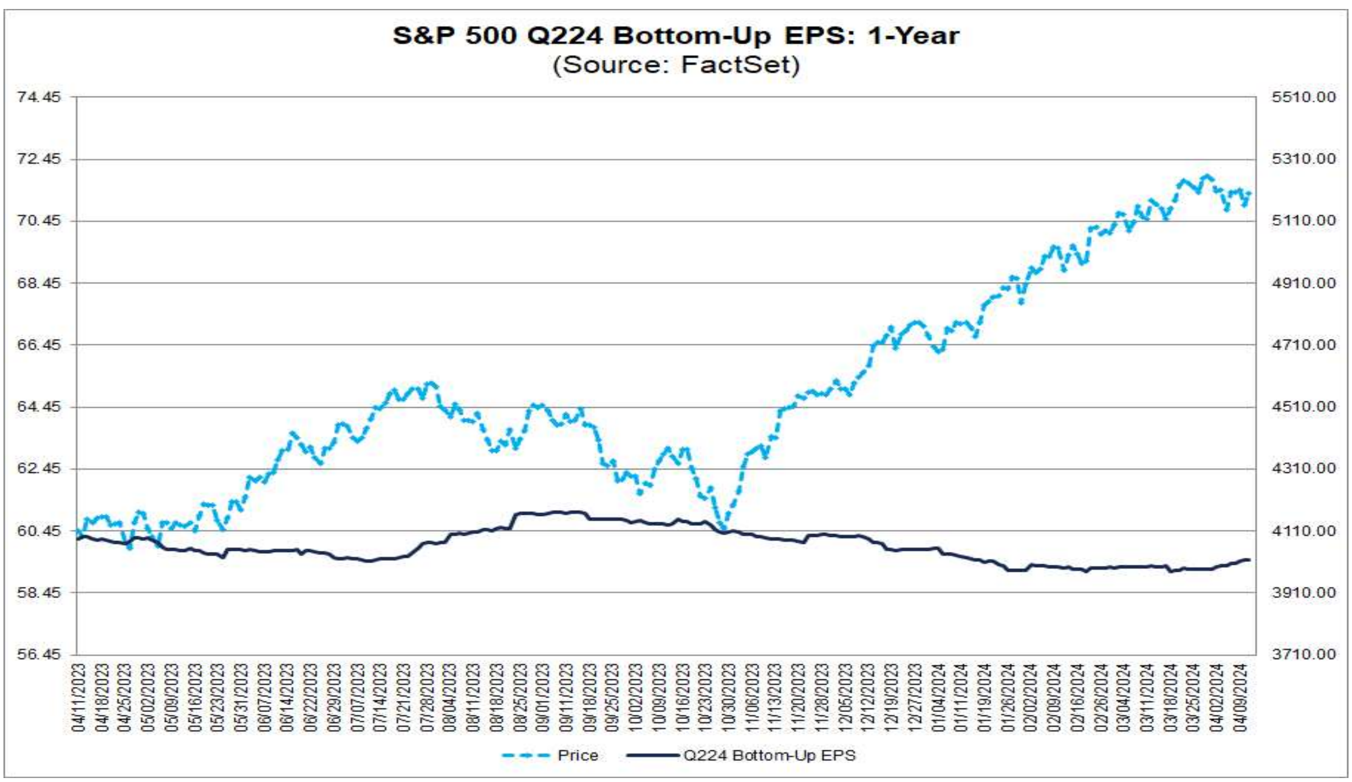




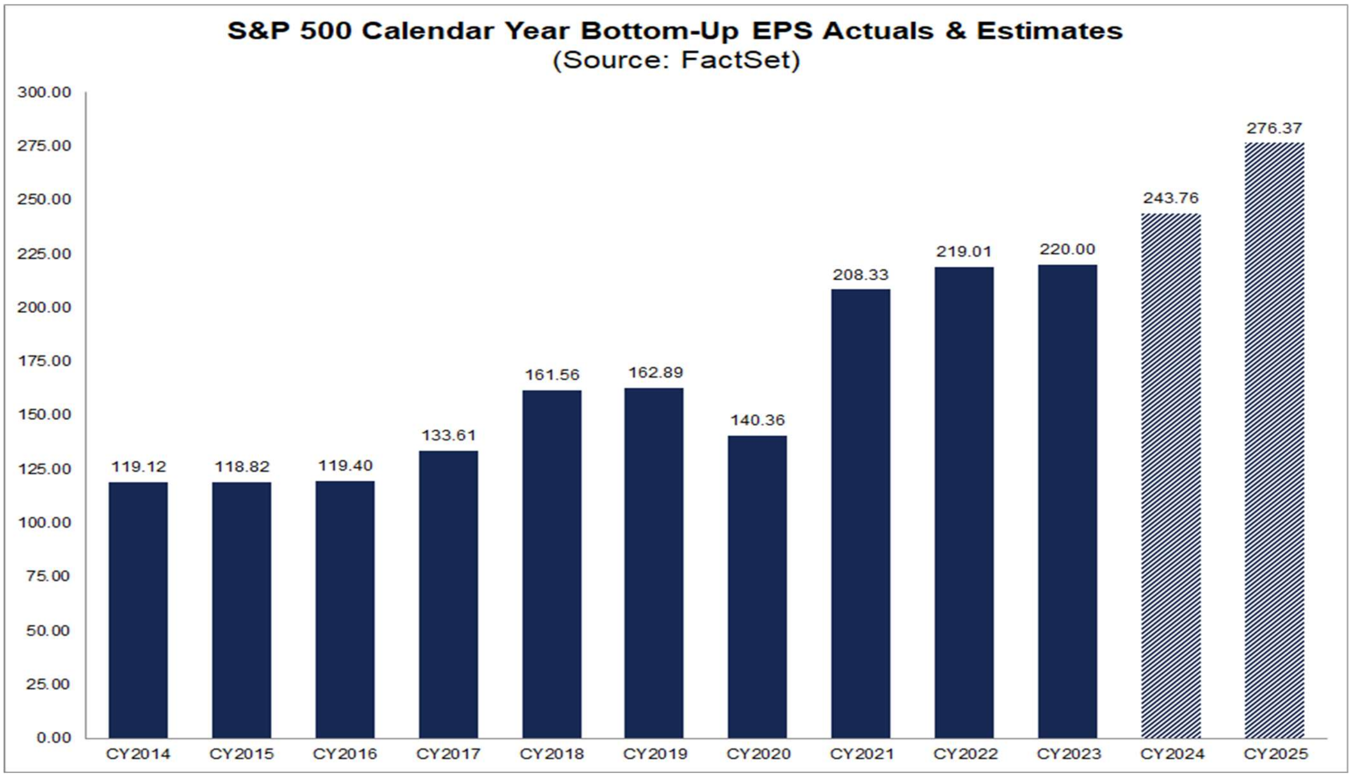
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	17%	28%	33%	33%	34%	37%	39%	48%	51%	57%
United States	99%	83%	72%	67%	67%	66%	63%	61%	52%	49%	43%

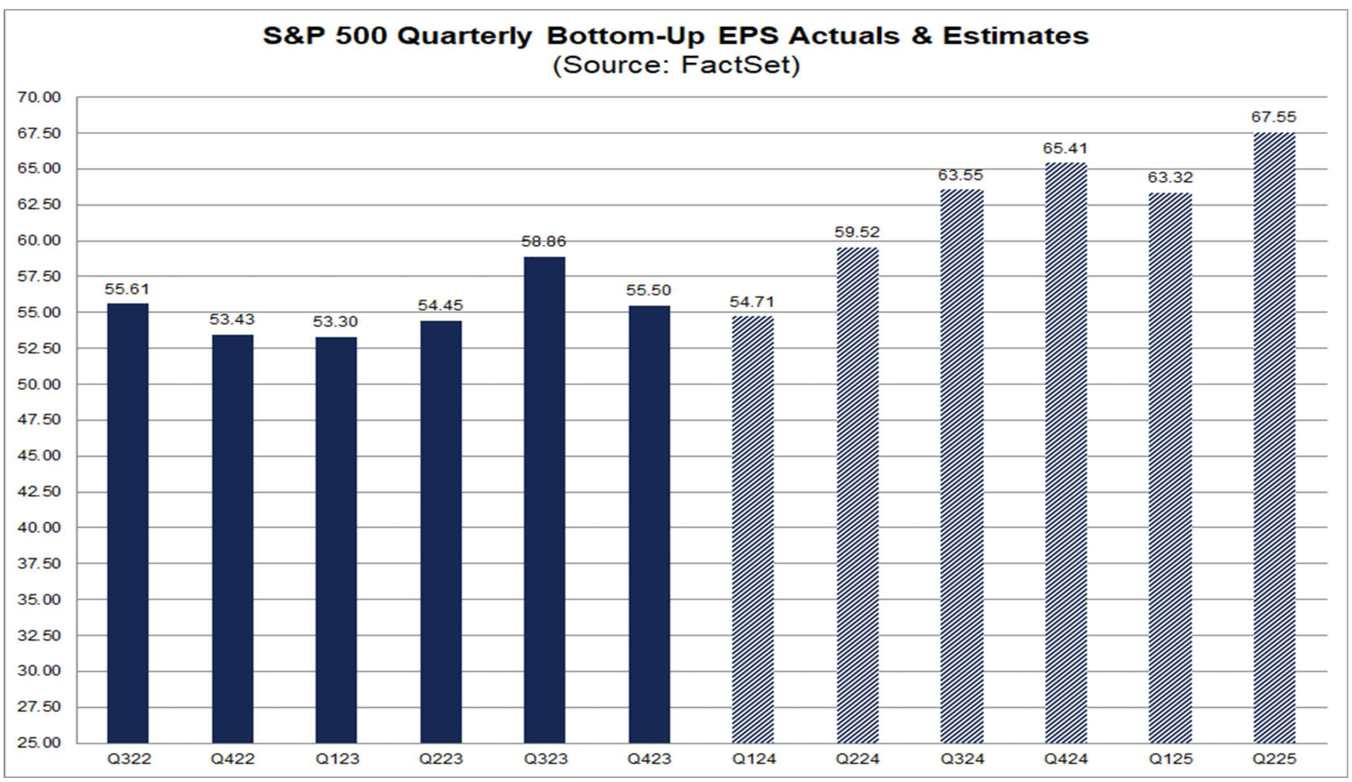
Bottom-Up EPS Estimates



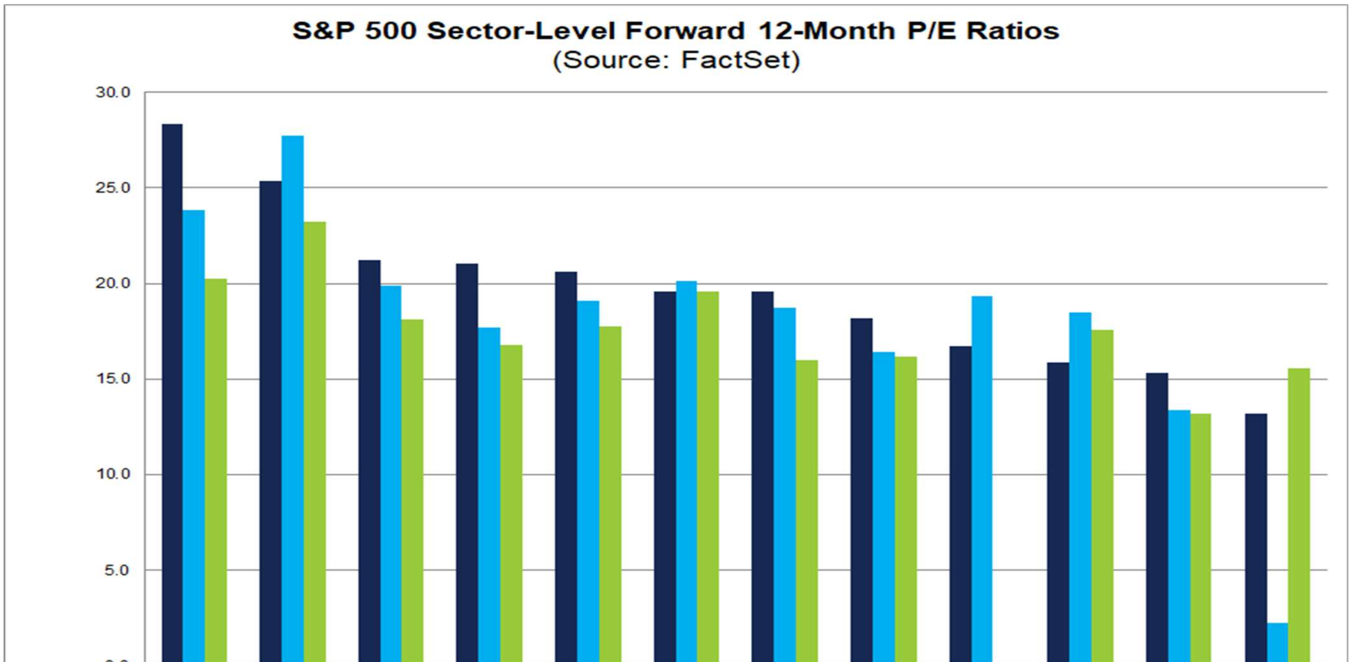


Bottom-Up EPS Estimates: Current & Historical

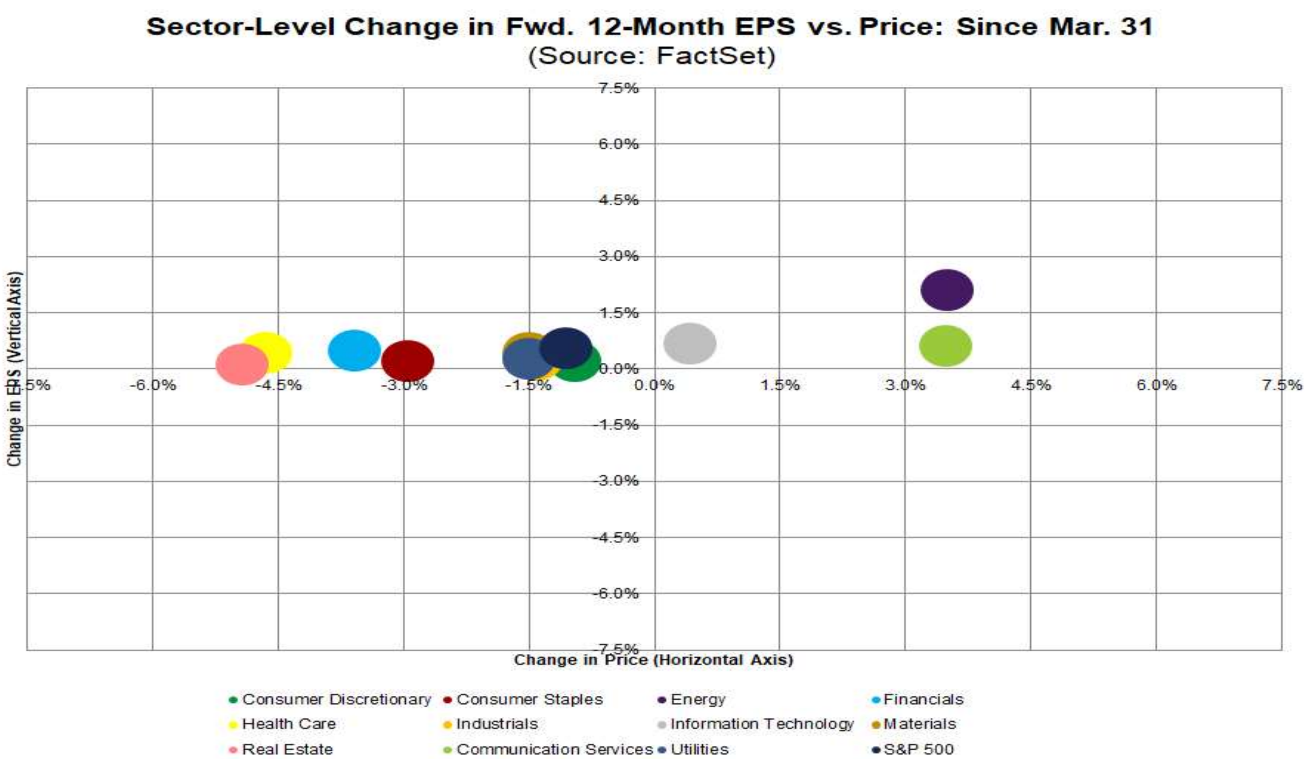




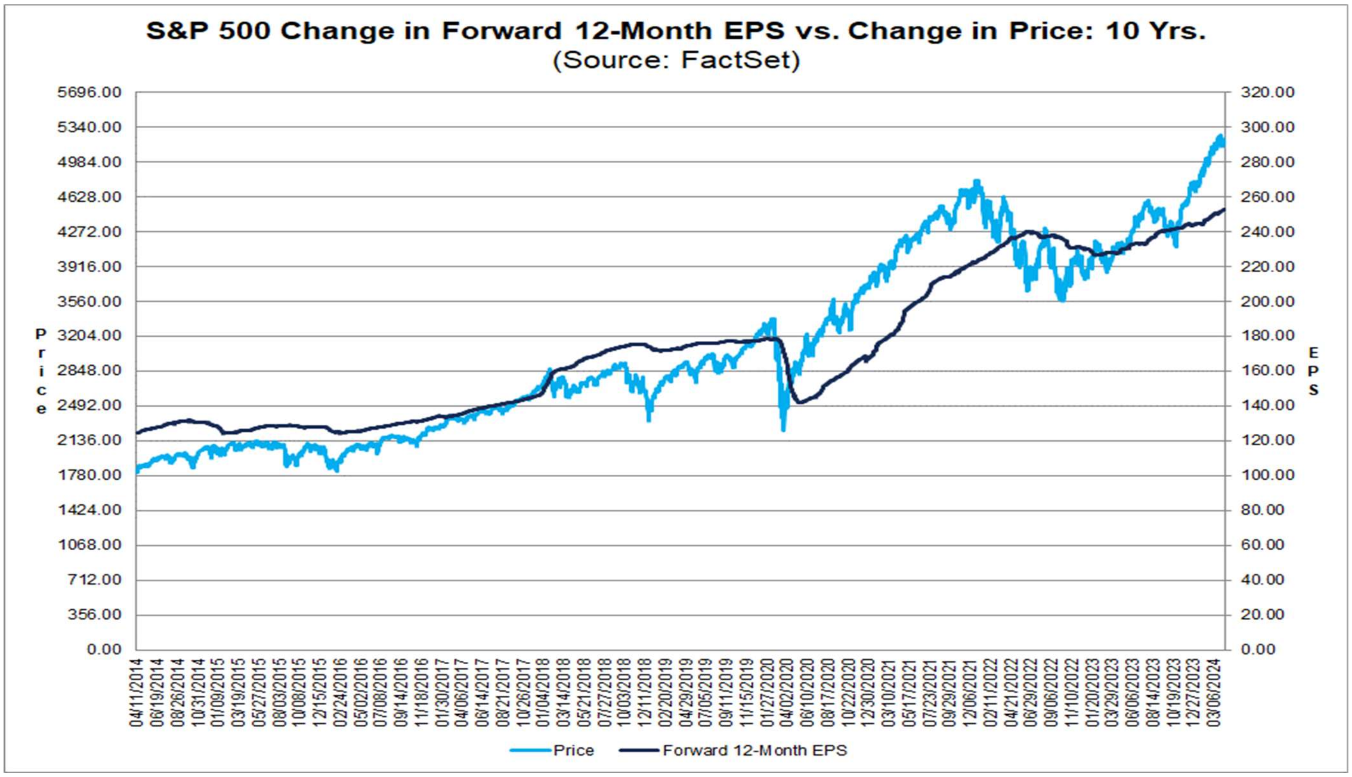
Forward 12M P/E Ratio: Sector Level

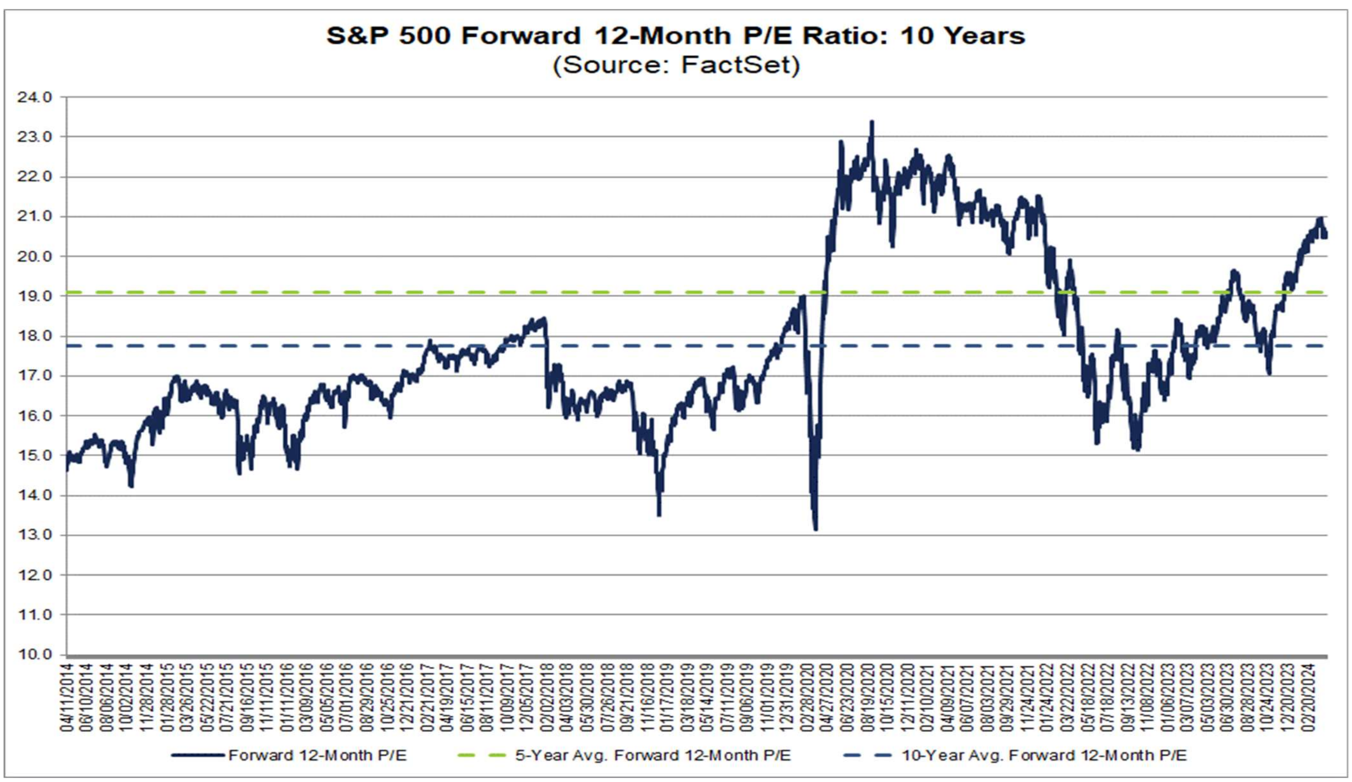


	Info. Technology	Consumer Disc.	Industrials	Materials	S&P 500	Consumer Staples	Comm. Services	Health Care	Real Estate	Utilities	Financials	Energy
Fwd P/E	28.4	25.4	21.2	21.0	20.6	19.6	19.6	18.2	16.7	15.9	15.3	13.2
5-Yr Avg.	23.8	27.7	19.9	17.7	19.1	20.1	18.7	16.4	19.4	18.5	13.4	2.3
10-Yr Avg.	20.3	23.2	18.1	16.8	17.8	19.6	16.0	16.2	0.0	17.6	13.2	15.5

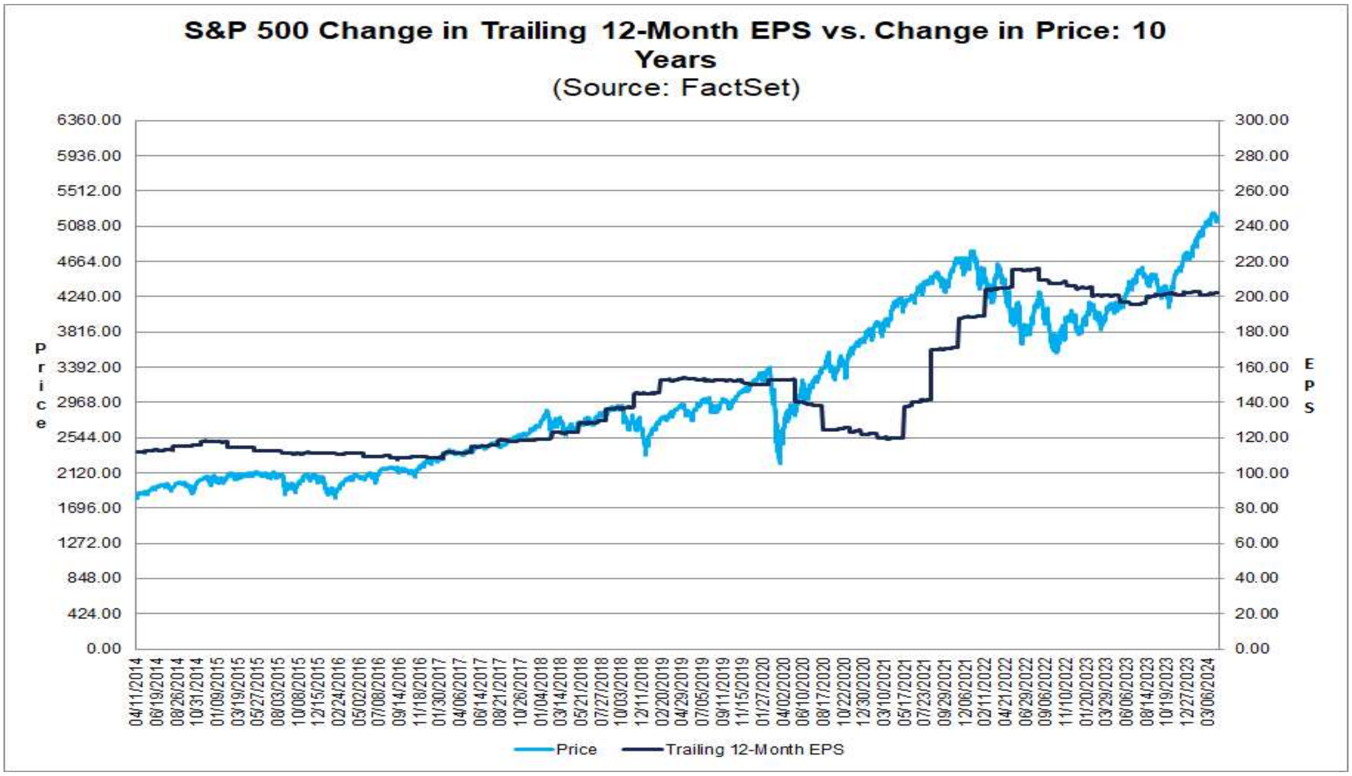


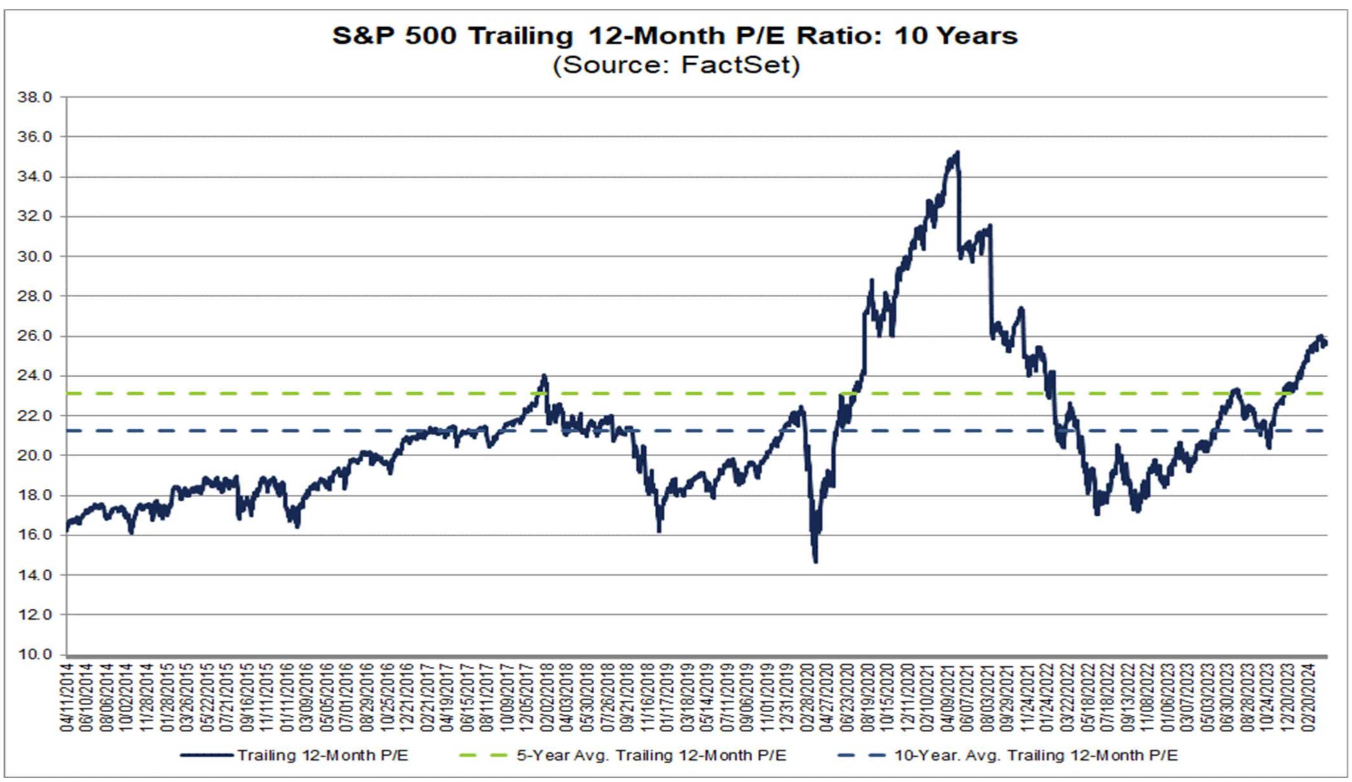
Forward 12M P/E Ratio: 10-Years



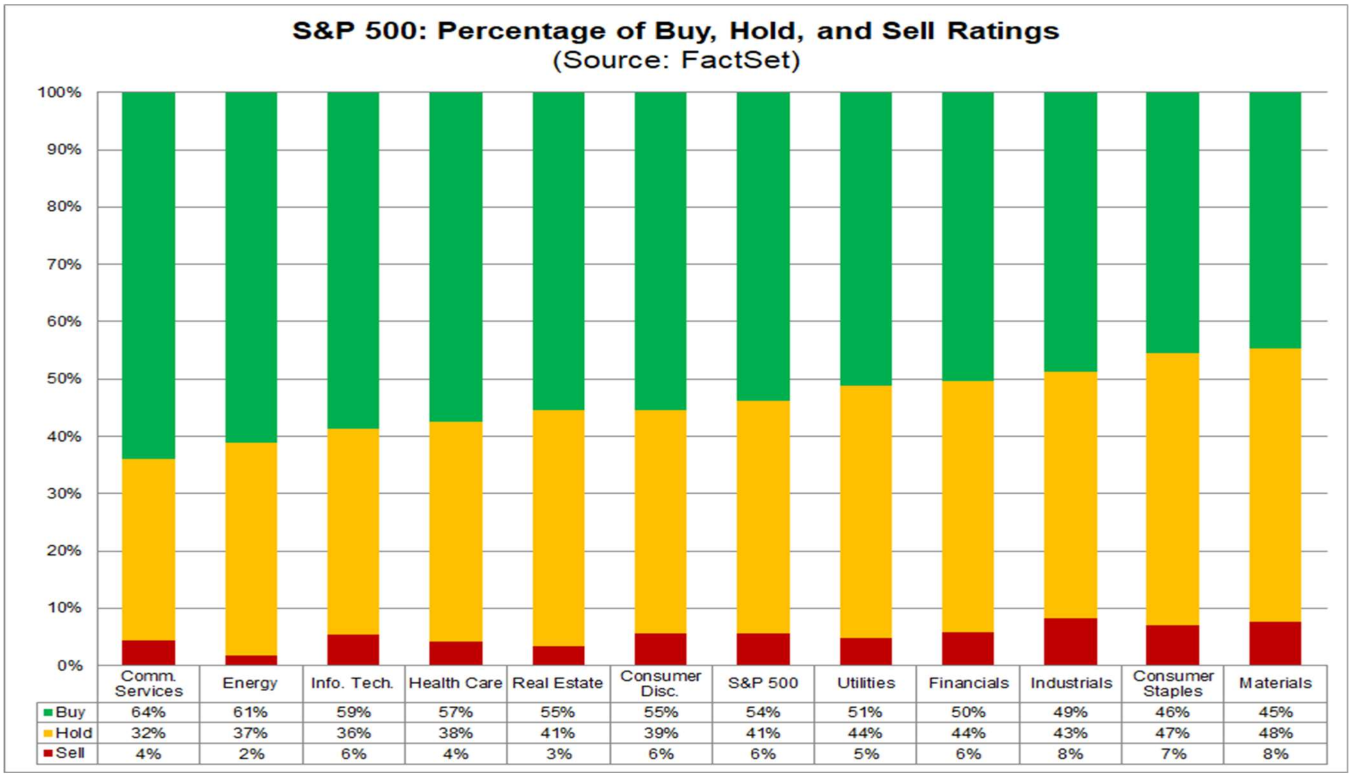


Trailing 12M P/E Ratio: 10-Years

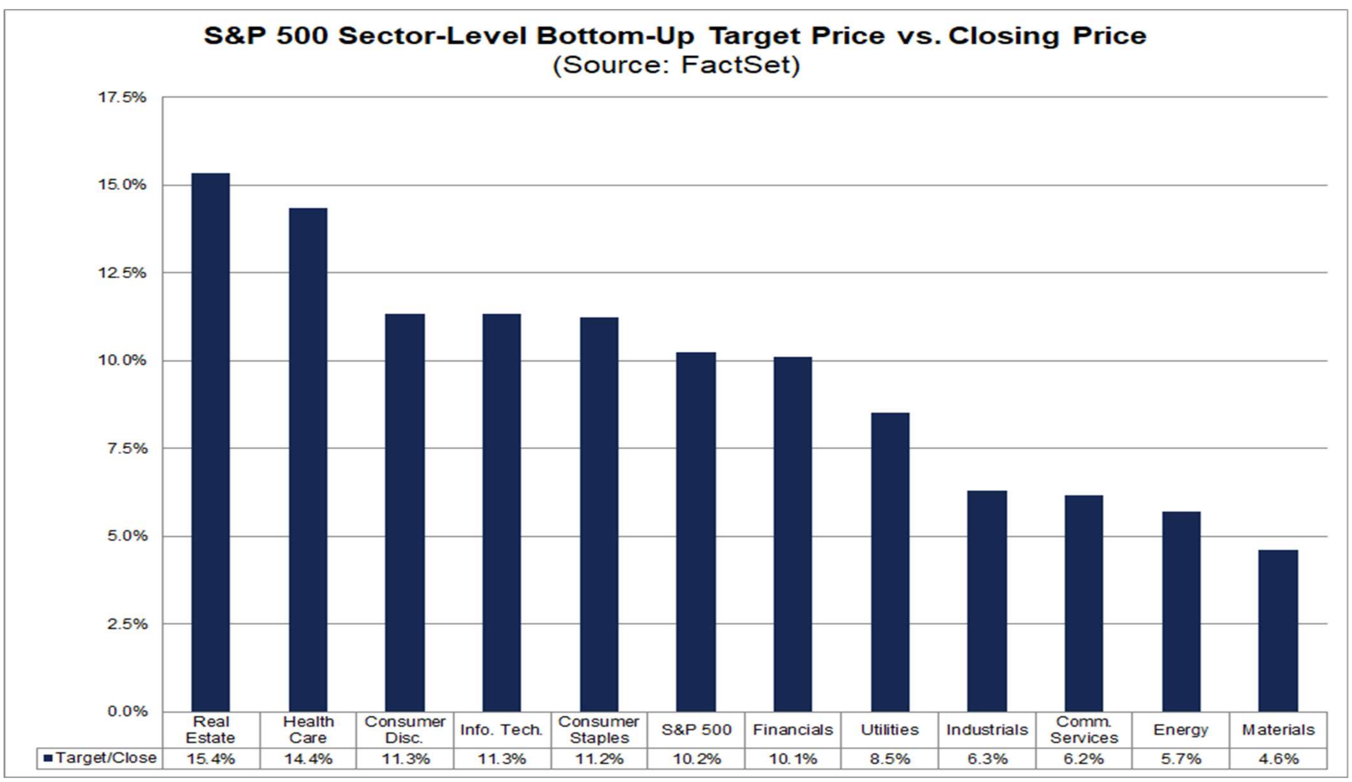




Targets & Ratings



	Comm. Services	Energy	Info. Tech.	Health Care	Real Estate	Consumer Disc.	S&P 500	Utilities	Financials	Industrials	Consumer Staples	Materials
Buy	64%	61%	59%	57%	55%	55%	54%	51%	50%	49%	46%	45%
Hold	32%	37%	36%	38%	41%	39%	41%	44%	44%	43%	47%	48%
Sell	4%	2%	6%	4%	3%	6%	6%	5%	6%	8%	7%	8%



	Real Estate	Health Care	Consumer Disc.	Info. Tech.	Consumer Staples	S&P 500	Financials	Utilities	Industrials	Comm. Services	Energy	Materials
Target/Close	15.4%	14.4%	11.3%	11.3%	11.2%	10.2%	10.1%	8.5%	6.3%	6.2%	5.7%	4.6%

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