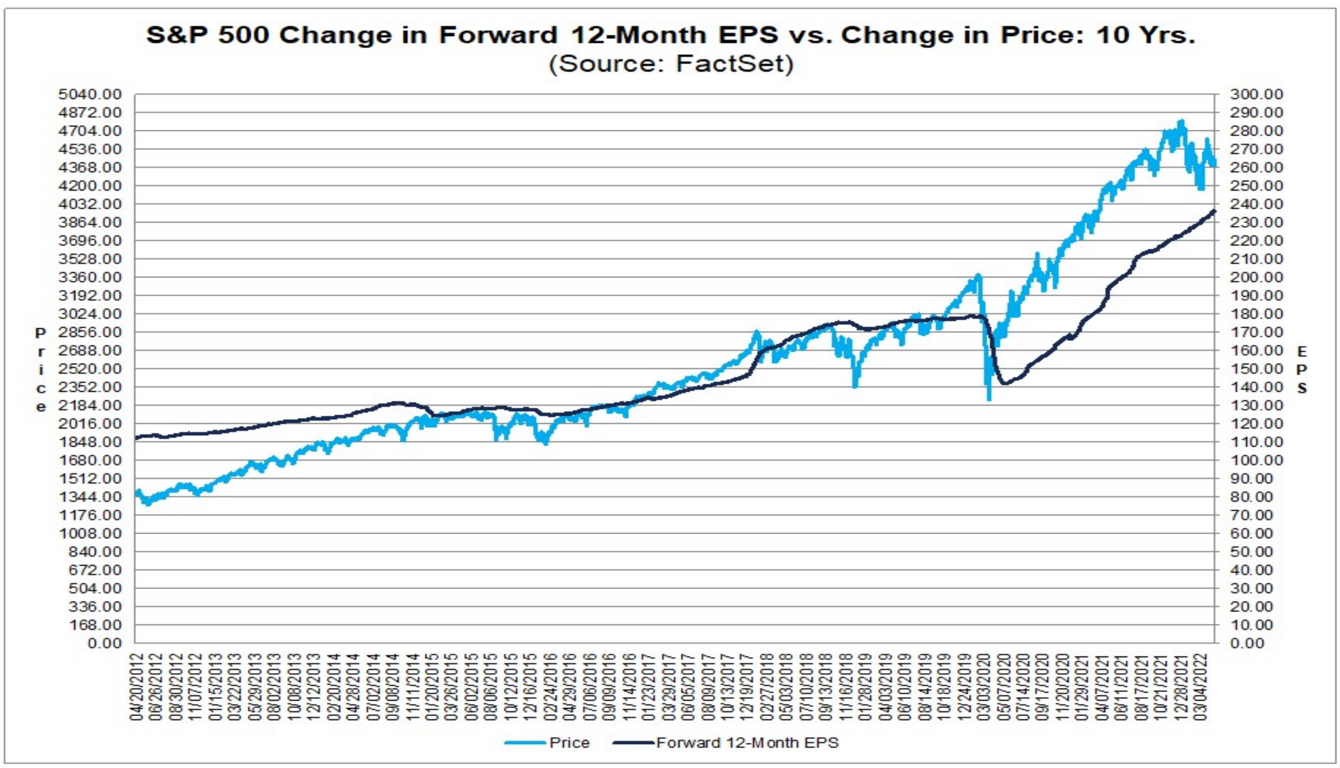
John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

April 22, 2022

Key Metrics

- **Earnings Scorecard:** For Q1 2022 (with 20% of S&P 500 companies reporting actual results), 79% of S&P 500 companies have reported a positive EPS surprise and 69% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2022, the blended earnings growth rate for the S&P 500 is 6.6%. If 6.6% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%).
- **Earnings Revisions:** On March 31, the estimated earnings growth rate for Q1 2022 was 4.7%. Ten sectors have higher earnings growth rates today (compared to March 31) due to positive EPS surprises and upward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2022, 8 S&P 500 companies have issued negative EPS guidance and 4 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.6. This P/E ratio is equal to the 5-year average (18.6) but above the 10-year average (16.8).



To receive this report via e-mail or view other articles with FactSet content, please go to: https://insight.factset.com/

Topic of the Week:

S&P 500 Companies With More Global Exposure Reporting Higher Earnings Growth in Q1

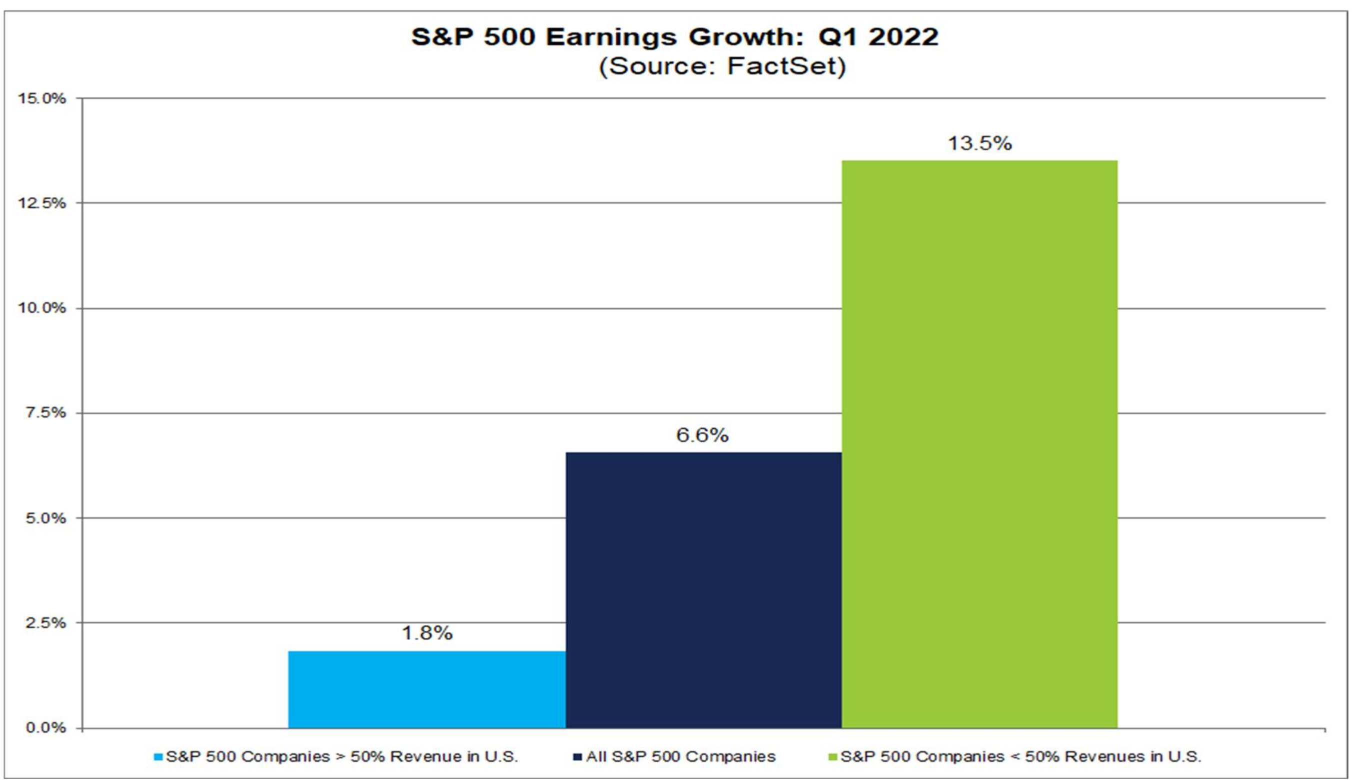
Given the military conflict in Ukraine and the resurgence of COVID-19 in China, are S&P 500 companies with more international revenue exposure underperforming S&P 500 companies with more domestic revenue exposure in terms of earnings and revenue growth for Q1 2022?

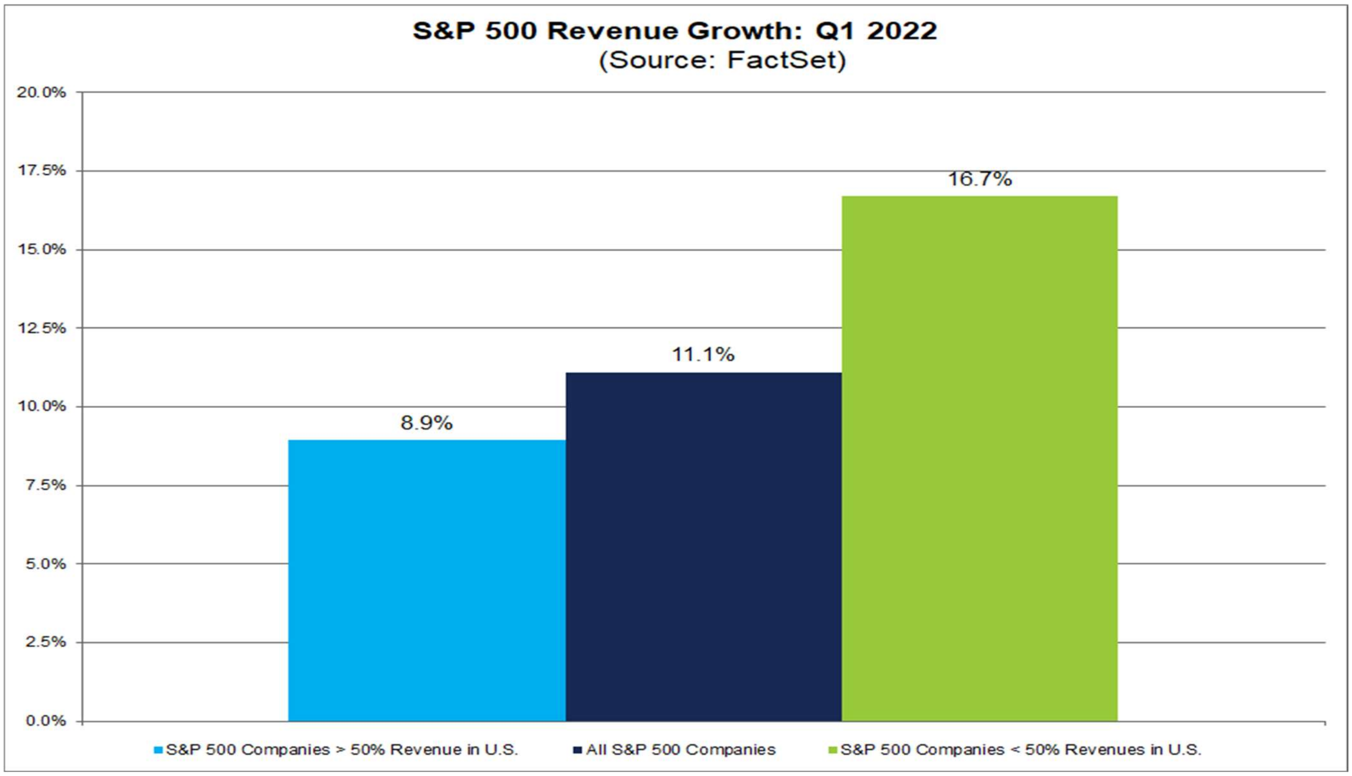
The answer is no. FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) was used to answer this question. For this analysis, the index was divided into two groups: companies that generate more than 50% of sales inside the U.S. (more domestic exposure) and companies that generate more than 50% of sales outside the U.S. (more international exposure). Aggregate earnings and revenue growth rates were then calculated based on these two groups.

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 S&P 500 for Q1 2022 is 6.6%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 1.8%. For companies that generate more than 50% of sales outside the U.S., the blended earnings growth rate is 13.5%.

The blended revenue growth rate for the S&P 500 for Q1 2022 is 11.1%. For companies that generate more than 50% of sales inside the U.S., the blended revenue growth rate is 8.9%. For companies that generate more than 50% of sales outside the U.S., the blended revenue growth rate is 16.7%.

What is driving the outperformance of S&P 500 companies with higher international revenue exposure? At the company level, Exxon Mobil, Chevron, and Pfizer are three of the largest contributors to earnings growth and revenue growth for S&P 500 companies with more international exposure. Exxon Mobil generates 62% of revenues outside the United States. Chevron generates 56% of revenues outside the United States. Pfizer generates 63% of revenues outside the United States. If these three companies were excluded, the (blended) earnings growth rate for S&P 500 companies that generate more than 50% of revenues outside the U.S. would fall to 5.1% from 13.5%, while the (blended) revenue growth rate for S&P 500 companies that generate more than 50% of revenues outside the U.S. would fall to 12.5% from 16.7%.




S&P 500 Revenue Growth: Q1 2022
(Source: FactSet)
20.0%
17.5%
15.0%
12.5%
10.0%
7.5%
5.0%
2.5%
0.0%
8.9%
11.1%
16.7%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.

Q1 Earnings Season: By The Numbers

Overview

At this point in time, the percentage of S&P 500 companies beating EPS estimates is above the 5-year average, but the magnitude of these positive surprises is below the 5-year average. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. However, the index is also reporting single-digit earnings growth for the first time since Q4 2020. The lower earnings growth rate for Q1 2022 relative to recent quarters can be attributed to both a difficult comparison to unusually high earnings growth in Q1 2021 and continuing macroeconomic headwinds.

Overall, 20% of the companies in the S&P 500 have reported actual results for Q1 2022 to date. Of these companies, 79% have reported actual EPS above estimates, which is above the 5-year average of 77%. In aggregate, companies are reporting earnings that are 8.1% above estimates, which is below the 5-year average of 8.9%.

Due to these positive EPS surprises, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 6.6% today, compared to an earnings growth rate of 5.1% last week and an earnings growth rate of 4.7% at the end of the first quarter (March 31). Positive earnings surprises reported by companies in multiple sectors were the responsible for the improvement in the earnings growth rate over the past week. Positive earnings surprises reported by companies in the Financials and Communication Services sectors, and upward revisions to EPS estimates for companies in the Energy sector, have been the largest contributors to the increase in the earnings growth rate since the end of the first quarter (March 31).

If 6.6% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q4 2020 (3.8%). Eight of the eleven sectors are reporting year-over-year earnings growth, led by the Energy, Materials, and Industrials sectors. Three sectors are reporting a year-over-year decline in earnings, led by the Financials and Consumer Discretionary sectors.

In terms of revenues, 69% of S&P 500 companies have reported actual revenues above estimates, which is equal to the 5-year average of 69%. In aggregate, companies are reporting revenues that are 1.3% above estimates, which is below the 5-year average of 1.7%.

Due to these positive revenue surprises, the index is reporting higher revenues for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended revenue growth rate for the first quarter is 11.1% today, compared to a revenue growth rate of 10.9% last week and a revenue growth rate of 10.7% at the end of the first quarter (March 31). Positive revenue surprises reported by companies in multiple sectors were responsible for the improvement in the revenue growth rate over the past week. Upward revisions to revenue estimates for companies in the Energy sector have been the largest contributor to the improvement in the revenue growth rate since the end of the first quarter (March 31).

If 11.1% is the actual growth rate for the quarter, it will mark the fifth-straight quarter of year-over-year revenue growth above 10% for the index. Ten of the eleven sectors are reporting year-over-year growth in revenues, led by the Energy, Materials, and Real Estate sectors.

Looking ahead, analysts expect earnings growth of 7.0% for Q2 2022, 11.7% for Q3 2022, and 11.2% for Q4 2022. For CY 2022, analysts are predicting earnings growth of 10.9%.

The forward 12-month P/E ratio is 18.6, which is equal to the 5-year average (18.6) but above the 10-year average (16.8). However, it is below the forward P/E ratio of 19.4 recorded at the end of the first quarter (March 31), as prices have decreased while the forward 12-month EPS estimate has increased over the past few weeks.

During the upcoming week, 175 S&P 500 companies (including 13 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: More Companies Beating EPS Estimates Than Average

Percentage of Companies Beating EPS Estimates (79%) is Above 5-Year Average

Overall, 20% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 79% have reported actual EPS above the mean EPS estimate, 2% have reported actual EPS equal to the mean EPS estimate, and 19% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (83%), above the 5-year average (77%), and above the 10-year average (72%).

At the sector level, the Communication Services (100%) and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (50%) and Consumer Discretionary (55%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+8.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.1% above expectations. This surprise percentage is below the 1-year average (+14.1%), below the 5-year average (+8.9%), but above the 10-year average (6.5%).

The Consumer Discretionary (+18.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Tesla ($3.32 vs. $2.26), Pool Corporation ($4.23 vs. $3.10), AutoZone ($22.30 vs. $17.79), and NIKE ($0.87 vs. $0.71) have reported the largest positive EPS surprises.

The Communication Services (+12.2%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, AT&T ($0.77 vs. $0.62) and Netflix ($3.53 vs. $2.90) have reported the largest positive EPS surprises.

The Industrials (+10.1%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, J.B. Hunt Transport Services ($2.29 vs. $1.94) and Alaska Air Group (-$1.33 vs. -$1.59) have reported the largest positive EPS surprises.

The Financials (+9.8%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup ($2.02 vs. $1.43), SVB Financial Group ($7.92 vs. $5.60), Signature Bank ($5.30 vs. $4.33), Goldman Sachs ($10.76 vs. $8.90), and Morgan Stanley ($2.06 vs. $1.71) have reported the largest positive EPS surprises.

The Materials (+9.5%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, PPG Industries ($1.37 vs. $1.11), Freeport-McMoRan ($1.07 vs. $0.93) and Dow ($2.34 vs. $2.07) have reported the largest positive EPS surprises.

Market Rewarding Positive Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q1 2022 have seen an average price increase of +0.5% two days before the earnings release through two days after the earnings release. This percentage increase is below the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2022 have seen an average price decrease of -0.7% two days before the earnings release through two days after the earnings. This percentage decrease is much 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 (69%) is Equal to 5-Year Average

In terms of revenues, 69% of companies have reported actual revenues above estimated revenues and 31% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (79%), equal to the 5-year average (69%), and above the 10-year average (61%).

At the sector level, the Industrials (87%) and Information Technology (86%) sectors have the highest percentages of companies reporting revenues above estimates, while the Communication Services (25%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.3%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.3% above expectations. This surprise percentage is below the 1-year average (+3.5%), below the 5-year average (+1.7%), but above the 10-year average (1.1%).

At the sector level, the Energy (+2.7%), Consumer Discretionary (+2.3%), and Materials (+2.1%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-25.9%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

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

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

The blended (year-over-year) earnings growth rate for the first quarter is 6.6%, which is above the earnings growth rate of 5.1% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Communication Services, Financials, and Consumer Discretionary sectors) were responsible for the increase in the overall earnings growth rate during the week.

In the Communication Services sector, the positive EPS surprises reported by AT&T ($0.77 vs. $0.62) and Netflix ($3.53 vs. $2.90) were substantial contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings decline for the Communications Services sector decreased to -2.7% from -6.1% over this period.

In the Financials sector, the positive EPS surprises reported by Bank of America ($0.80 vs. $0.75) and American Express ($2.73 vs. $2.40) were substantial contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings decline for the Financials sector decreased to -21.4% from -23.0% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Tesla ($0.77 vs. $0.62) was a significant contributor to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings decline for the Consumer Discretionary sector decreased to -12.6% from -15.5% over this period.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the first quarter is 11.1%, which is above the revenue growth rate of 10.9% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Health Care, Consumer Discretionary, and Consumer Staples sectors) and upward revisions to revenue estimates for companies in the Energy sector were mainly responsible for the improvement in the revenue growth rate during the week.

Financials Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2022 of 6.6% is larger than the estimate of 4.7% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Energy (to 259.4% from 245.6%) sector. However, the Financials, Communication Services, and Energy sectors have been the largest contributors to the increase in the earnings growth rate for the index during this period. On the other hand, the Information Technology (to 8.2% from 8.3%) is the only sector that has recorded a decrease in its earnings growth rates since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises.

In the Financials sector, the positive EPS surprises reported by Citigroup ($2.02 vs. $1.43), Goldman Sachs ($10.76 vs. $8.90), Morgan Stanley ($2.06 vs. $1.71), Bank of America, and American Express ($2.73 vs. $2.40) have been significant contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings decline for the Financials sector decreased to -21.4% from -24.3% over this period.

In the Communication Services sector, the positive EPS surprises reported by AT&T ($0.77 vs. $0.62) and Netflix ($3.53 vs. $2.90) have been substantial contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings decline for the Communications Services sector decreased to -2.7% from -6.0% over this period.

In the Energy sector, upward revisions to EPS estimates for ConocoPhillips (to $3.08 from $2.85) and Chevron (to $3.45 from $3.33) have been significant contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Energy sector increased to 259.4% from 245.6%% over this period.

Energy Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2022 of 11.1% is larger than the estimate of 10.7% at the end of the first quarter (March 31). Eight sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 46.9% from 43.5%) sector. The Energy sector has also been the largest contributor to the increase in the revenue growth rate for the index during this period. On the other hand, one sector has recorded an increase in its revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises: Utilities (to -9.3% from -7.3%). Two sectors (Communication Services and Industrials) have recorded no change in their growth rate since March 31.

In the Energy sector, upward revisions to EPS estimates for Exxon Mobil (to $82.8 billion from $80.8 billion), Phillips 66 (to $36.6 billion from $35.3 billion) and Chevron (to $51.1 billion from $50.2 billion) have been substantial contributors to the increase in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Energy sector has increased to 46.9% from 43.5% over this period.

Earnings Growth: 6.6%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for Q1 2021 is 6.6%, which is below the 5-year average earnings growth rate of 15.0% and below the 10-year average earnings growth rate of 8.8%. If 6.6% is the actual growth rate for the quarter, it will mark the lowest (year-over-year) earnings growth rate reported by the index since Q4 2020 (3.8%).

The lower earnings growth rate for Q1 2022 relative to recent quarters can be attributed to both a difficult comparison to unusually high earnings growth in Q1 2021 and continuing macroeconomic headwinds. In Q1 2021, the S&P 500 reported (year-over-year) earnings growth of 91.1%, which is the second-highest year-over-year earnings growth rate reported by the index since 2008. Companies also continue to face macroeconomic headwinds, including higher costs, supply chain disruptions, labor shortages, and the military conflict in Ukraine. During the earnings season for Q4 2021, 74% of S&P 500 companies cited “inflation” on their earnings calls from December 15 to March 14, while 74% of S&P 500 companies cited “supply chain” on their earnings calls from December 15 to March 14. These were the highest percentages of S&P 500 companies citing “inflation” and “supply chain” on earnings calls going back to at least 2010.

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

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

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 259.4%. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q1 2022 ($95.01) was 63% above the average price for oil in Q1 2021 ($58.14). At the sub-industry level, four of the five sub-industries in the sector are reporting (or are expected to report) a year-over-year increase in earnings. A growth rate is not being calculated for the Oil & Gas Refining & Marketing sub-industry due to the loss reported by the sub-industry in the year-ago quarter. However, this sub-industry is projected to report a profit in Q1 2022 ($2.0 billion) compared to a loss in Q1 2021 (-$1.3 billion). The other three sub-industries that are reporting (or are projected to report) year-over-year earnings growth are the Integrated Oil & Gas (313%), Oil & Gas Exploration & Production (211%), and Oil & Gas Equipment & Services (70%) sub-industries. On the other hand, the Oil & Gas Storage & Transportation (-29%) sub-industry is the only sub-industry reporting a (year-over-year) decline in earnings in the sector.

The Energy sector is also the largest contributor to earnings growth for the S&P 500 for the first quarter. If this sector were excluded, the blended earnings growth rate for the index would fall to 0.7% from 6.6%.

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

The Materials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 34.7%. At the industry level, three of the four industries in this sector are reporting (or are projected to report) year-over-year earnings growth at or above 10%: Metals & Mining (84%), Chemicals (26%), and Containers & Packaging (10%). On the other hand, the Construction Materials industry (-19%) is the only industry predicted to report a (year-over-year) decline in earnings.

Industrials: Boeing and Airlines Industry Are Largest Contributors to Year-Over-Year Growth

The Industrials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 32.6%. At the industry level, 9 of the 12 industries in the sector are reporting (or are projected to report) a year-over-year increase in earnings. A growth rate is not being calculated for the Airlines industry due to the loss reported by the industry in the year-ago quarter. However, this industry is reporting a smaller loss in Q1 2022 (-$4.0 billion) compared to Q1 2021 (-$8.9 billion). Six of the remaining eight industries are reporting (or are expected to report) earnings growth at or above 10%: Construction & Engineering (57%), Trading Companies & Distributors (35%), Road & Rail (23%), Air Freight & Logistics (13%), Aerospace & Defense (12%), and Electrical Equipment (10%). On the other hand, three industries are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Industrial Conglomerates (-11%) industry. Boeing and the five companies in the Airlines industry are the largest contributors to earnings growth for the sector. If these six companies were excluded, the blended earnings growth rate for the Industrials sector would fall to 3.9% from 32.6%.

Financials: Banks Industry Leads Year-Over-Year Decline

The Financials sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -21.4%. At the industry level, all five industries in this sector are reporting (or are projected to report) a year-over-year earnings decline. Four of these five industries are reporting (or are predicted to report) a year-over-year decrease in earnings of 10% or more: Banks (-31%), Consumer Finance (-22%), Capital Markets (-14%), and Diversified Financial Services (-10%).

The Financials sector is also the largest detractor to earnings growth for the S&P 500 for the first quarter. If this sector were excluded, the blended earnings growth rate for the index would improve to 14.2% from 6.6%.

Consumer Discretionary: Amazon and Ford Are Largest Contributors to Year-Over-Year Decline

The Consumer Discretionary sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -12.6%. At the industry level, 8 of the 10 industries in the sector are reporting (or are expected to report) a year-over-year decrease in earnings. Four of these eight industries are reporting (or are projected to report) a double-digit decline in earnings: Internet & Direct Marketing Retail (-44%), Leisure Products (-42%), Auto Components (-34%), and Multiline Retail (-17%). On the other hand, two industries are reporting year-over-year earnings growth: Hotels, Restaurants & Leisure and Distributors. A growth rate is not being calculated for the Hotels, Restaurants, & Leisure industry due to the loss reported in the year-ago quarter. This industry is reporting a smaller loss in Q1 2022 (-$600 million) compared to Q1 2021 (-$2.4 billion). The Distributors industry is reporting earnings growth of 17%. At the company level, Amazon.com and Ford Motor are the largest contributors to the decline in earnings for the sector. If these two companies were excluded, the Consumer Discretionary sector would be reporting earnings growth of 6.9% rather than an earnings decline of 12.6%. On the other hand, Tesla is the largest detractor to the earnings decline for the sector. If this company were excluded, the blended earnings decline for the Consumer Discretionary sector would increase to -20.5% from -12.6%.

Revenue Growth: 11.1%

The blended (year-over-year) revenue growth rate for Q1 2022 is 11.1%, which is above the 5-year average revenue growth rate of 7.1% and above the 10-year average revenue growth rate of 4.0%. If 11.1% is the actual growth rate for the quarter, it will mark the fifth-straight quarter of (year-over-year) revenue growth above 10%.

Ten of the eleven sectors are reporting year-over-year growth in revenues, led by the Energy, Materials, and Real Estate sectors.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Growth Above 45%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 46.9%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q1 2022 ($95.01) was 63% above the average price for oil in Q1 2021 ($58.14). At the sub-industry level, all five sub-industries in the sector are reporting (or are predicted to report) year-over-year revenue growth. Four of the five sub-industries are reporting (or are projected to report) double-digit growth: Oil & Gas Exploration & Production (72%), Oil & Gas Refining & Marketing (51%), Integrated Oil & Gas (47%), and Oil & Gas Equipment & Services (12%).

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

The Materials sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 21.0%. At the industry level, all four industries in this sector are reporting (or are projected to report) year-over-year growth in revenues. Three of these four industries are reporting (or are predicted to report) revenue growth above 20%: Metals & Mining (37%), Construction Materials (27%), and Chemicals (22%).

Real Estate: 7 of 8 Sub-Industries Reporting Year-Over-Year Growth At or Above 10%

The Real Estate sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 19.5%. At the industry level, all eight sub-industries in this sector are reporting (or are projected to report) year-over-year growth in revenues. Seven of these eight sub-industries are reporting (or are predicted to report) double-digit revenue growth, with three of these seven sub-industries projected to report revenue growth at or above 20%: Hotel & Resort REITs (137%), Real Estate Services (27%), and Retail REITs (20%).

Net Profit Margin: 12.3%

The blended net profit margin for the S&P 500 for Q1 2022 is 12.3%, which is above the 5-year average of 11.2%, but below the year-ago net profit margin of 12.8% and below the previous quarter’s net profit margin of 12.4%.

If 12.3% is the actual net profit margin for the quarter, it will mark the third straight quarter in which the net profit margin for the index has declined. On the other hand, it will also mark the fifth-highest net profit margin reported by the index since FactSet began tracking this metric in 2008, trailing only the previous four quarters.

At the sector level, four sectors are reporting a year-over-year increase in their net profit margins in Q1 2022 compared to Q1 2021, led by the Energy (to 11.2% vs. 4.6%) sector. On the other hand, seven sectors are reporting a year-over-year decrease in their net profit margins in Q1 2022 compared to Q1 2021, led by the Financials (17.4% vs. 22.7%) sector.

Seven sectors are reporting net profit margins in Q1 2022 that are above their 5-year averages, led by the Energy (11.2% vs. 5.7%) sector. On the other hand, four sectors are reporting net profit margins in Q1 2022 that are below their 5-year averages, led by the Consumer Discretionary (6.1% vs. 6.7%) sector.

Looking Ahead: Forward Estimates and Valuation

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

At this point in time, 12 companies in the index have issued EPS guidance for Q2 2022. Of these 12 companies, 8 have issued negative EPS guidance and 4 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 67% (8 out of 12), which is above the 5-year average of 60% and equal to the 10-year average of 67%.

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Earnings: S&P 500 Expected to Reported Earnings Growth of 11% for CY 2022

For the first quarter, S&P 500 companies are reporting earnings growth of 6.6% and revenue growth of 11.1%.

For Q2 2022, analysts are projecting earnings growth of 7.0% and revenue growth of 9.9%.

For Q3 2022, analysts are projecting earnings growth of 11.7% and revenue growth of 8.8%.

For Q4 2022, analysts are projecting earnings growth of 11.2% and revenue growth of 7.2%.

For CY 2022, analysts are projecting earnings growth of 10.9% and revenue growth of 9.5%.

Valuation: Forward P/E Ratio is 18.6, Above the 10-Year Average (16.8)

The forward 12-month P/E ratio for the S&P 500 is 18.6. This P/E ratio is equal to the 5-year average of 18.6 and above the 10-year average of 16.8. However, it is below the forward 12-month P/E ratio of 19.4 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 3.0%, while the forward 12-month EPS estimate has increased by 1.3%. At the sector level, the Consumer Discretionary (26.5) sector has the highest forward 12-month P/E ratio, while the Energy (10.4) and Financials (13.8) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 21.4, which is below the 5-year average of 23.1 but above the 10-year average of 20.2.

Targets & Ratings: Analysts Project 20% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 5265.87, which is 19.9% above the closing price of 4393.66. At the sector level, the Communication Services (+37.8%), Information Technology (+28.3%), and Consumer Discretionary (+24.6%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+3.3%), Utilities (+4.8%), and Real Estate (+5.8%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

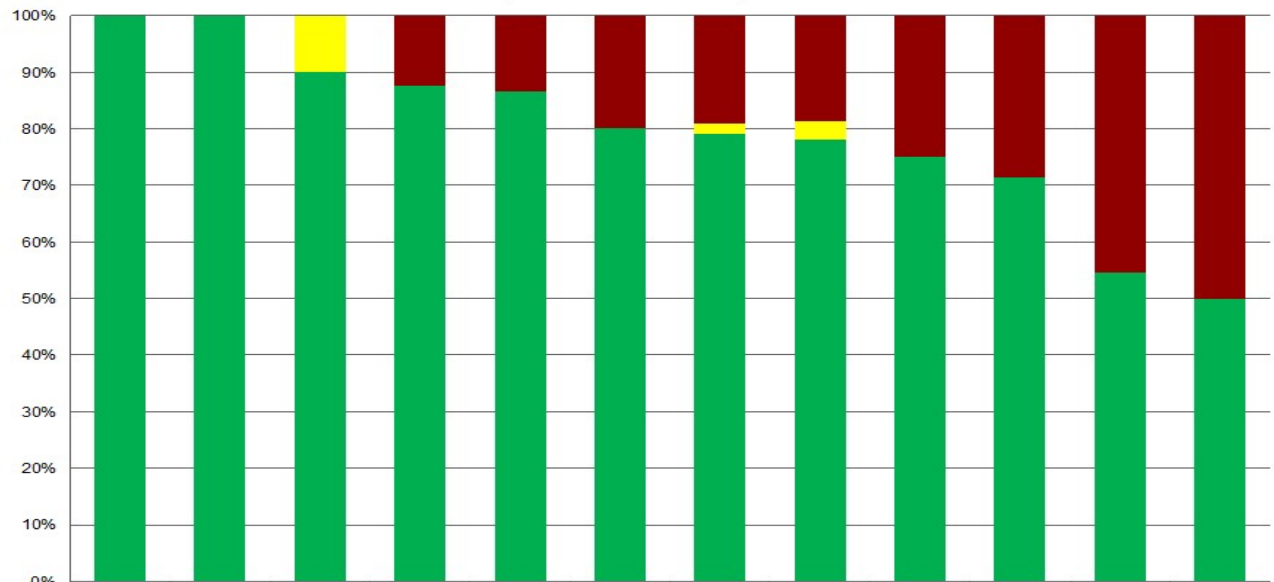
Overall, there are 10,854 ratings on stocks in the S&P 500. Of these 10,854 ratings, 56.9% are Buy ratings, 37.4% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Energy (66%), Information Technology (64%), and Communication Services (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 175

During the upcoming week, 175 S&P 500 companies (including 13 Dow 30 components) are scheduled to report results for the first quarter.

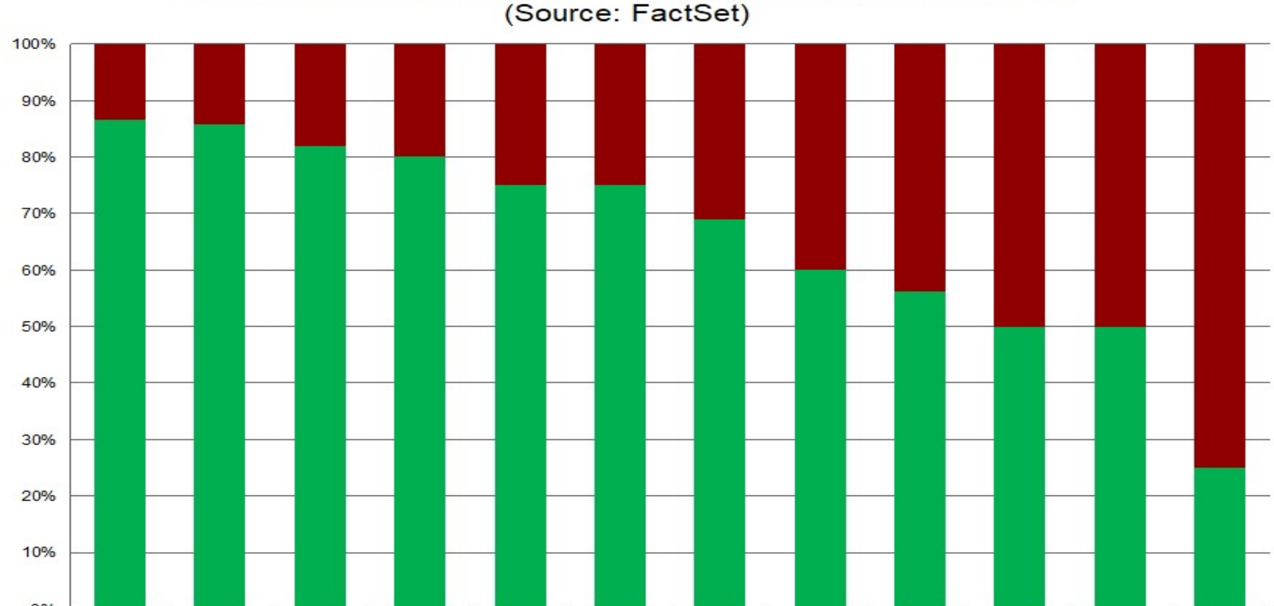
Q1 2022: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q1 2022
(Source: FactSet)



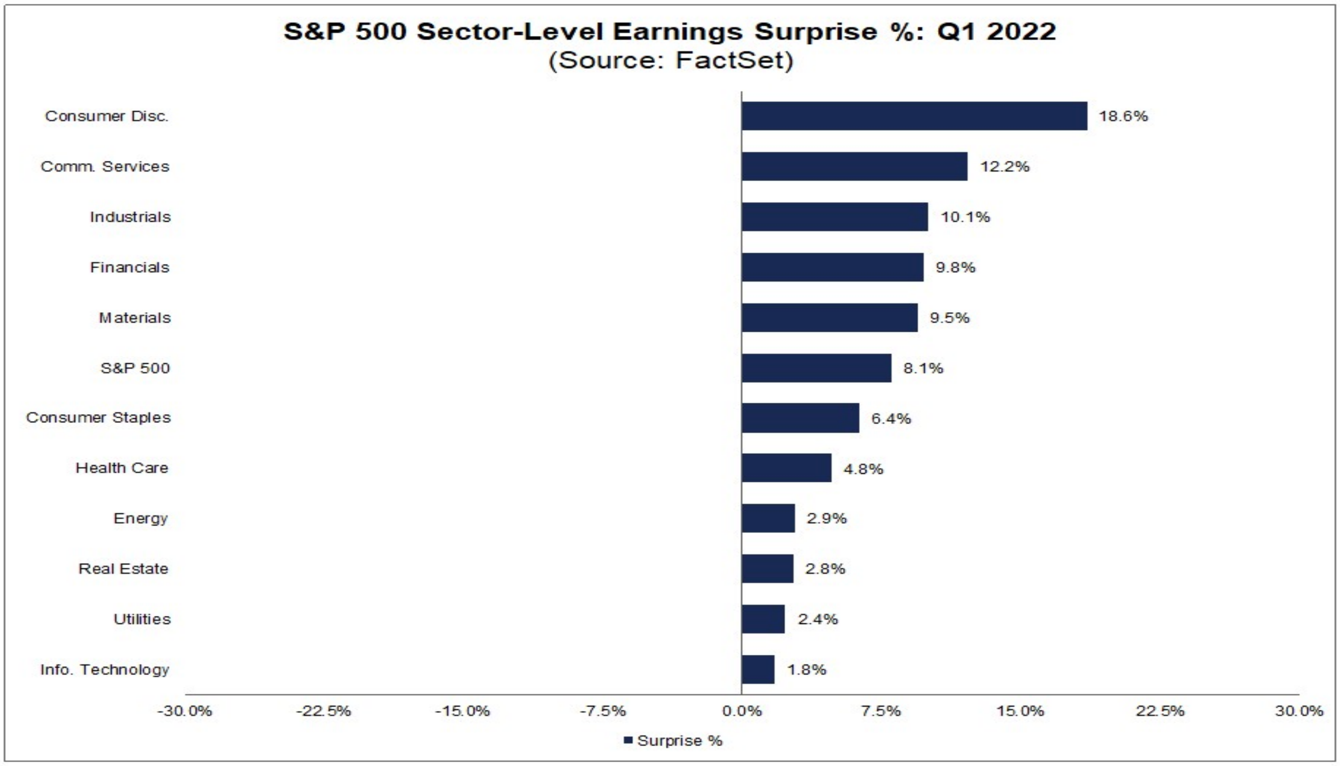
	Real Estate	Comm. Services	Consumer Staples	Health Care	Industrials	Materials	S&P 500	Financials	Energy	Info. Technology	Consumer Disc.	Utilities
Below	0%	0%	0%	13%	13%	20%	19%	19%	25%	29%	45%	50%
In-Line	0%	0%	10%	0%	0%	0%	2%	3%	0%	0%	0%	0%
Above	100%	100%	90%	88%	87%	80%	79%	78%	75%	71%	55%	50%

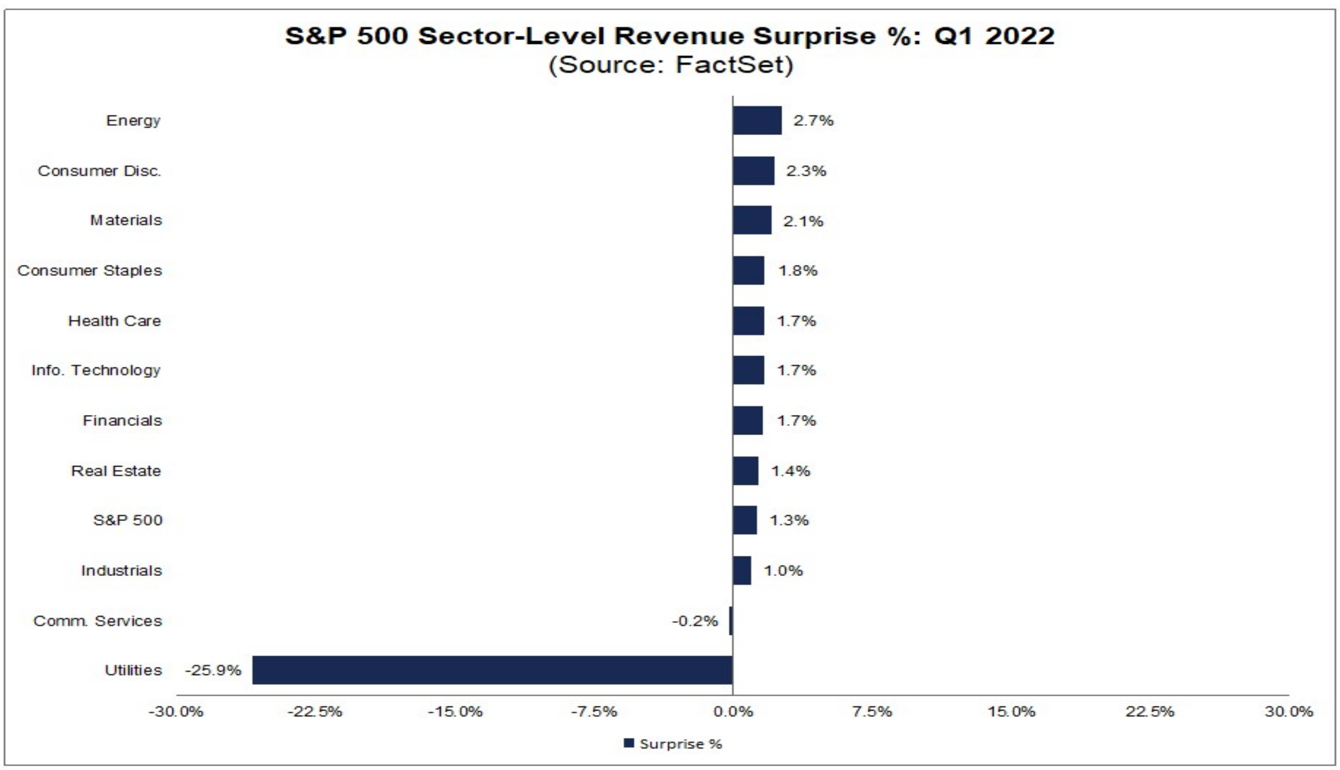
S&P 500 Revenues Above, In-Line, Below Estimates: Q1 2022
(Source: FactSet)



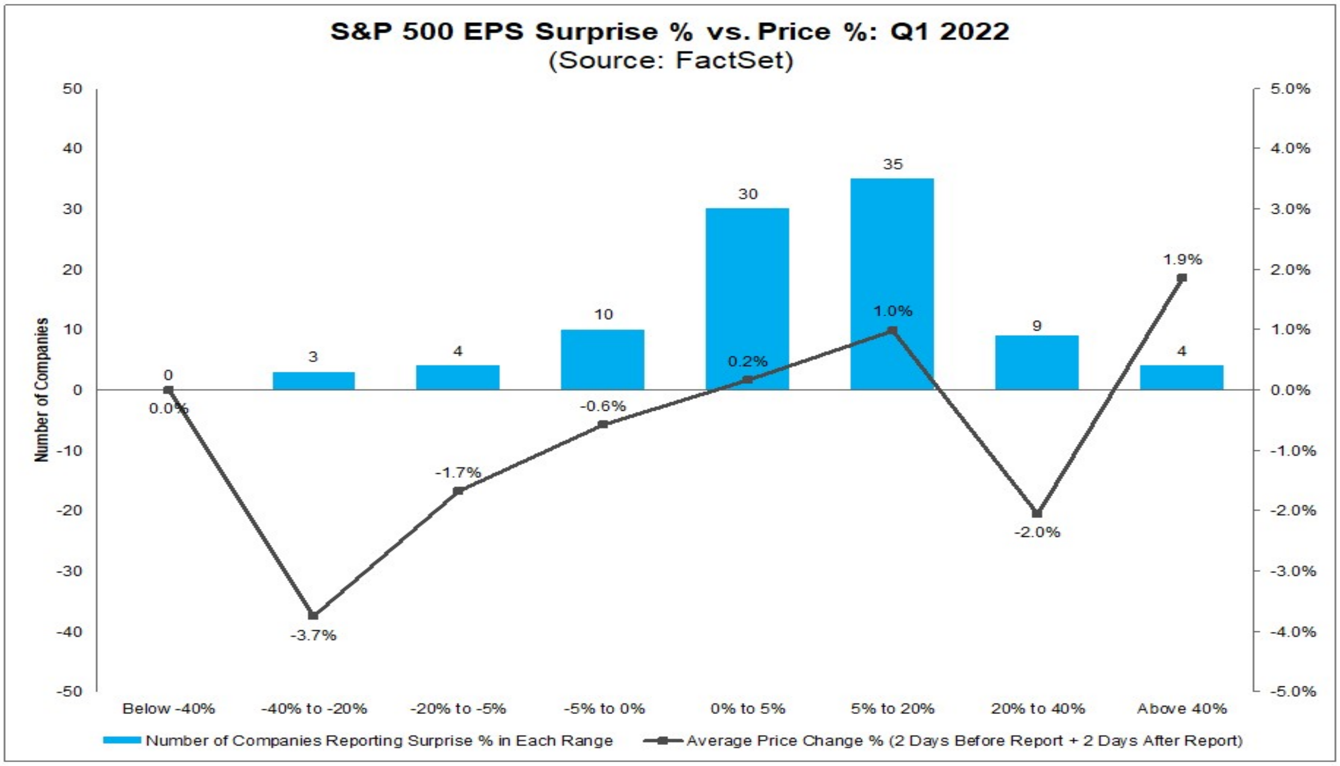
	Industrials	Info. Technology	Consumer Disc.	Consumer Staples	Health Care	Energy	S&P 500	Materials	Financials	Real Estate	Utilities	Comm. Services
Below	13%	14%	18%	20%	25%	25%	31%	40%	44%	50%	50%	75%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	87%	86%	82%	80%	75%	75%	69%	60%	56%	50%	50%	25%

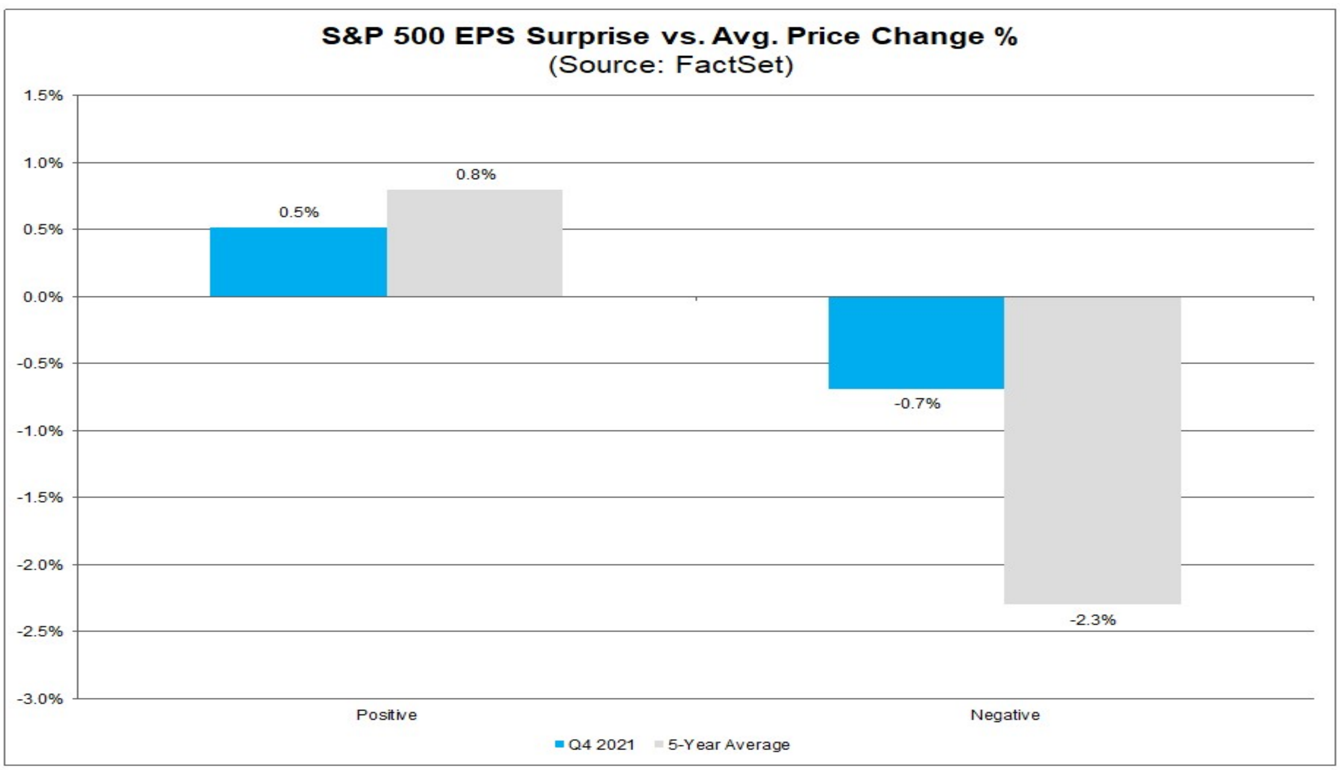
Q1 2022: Scorecard



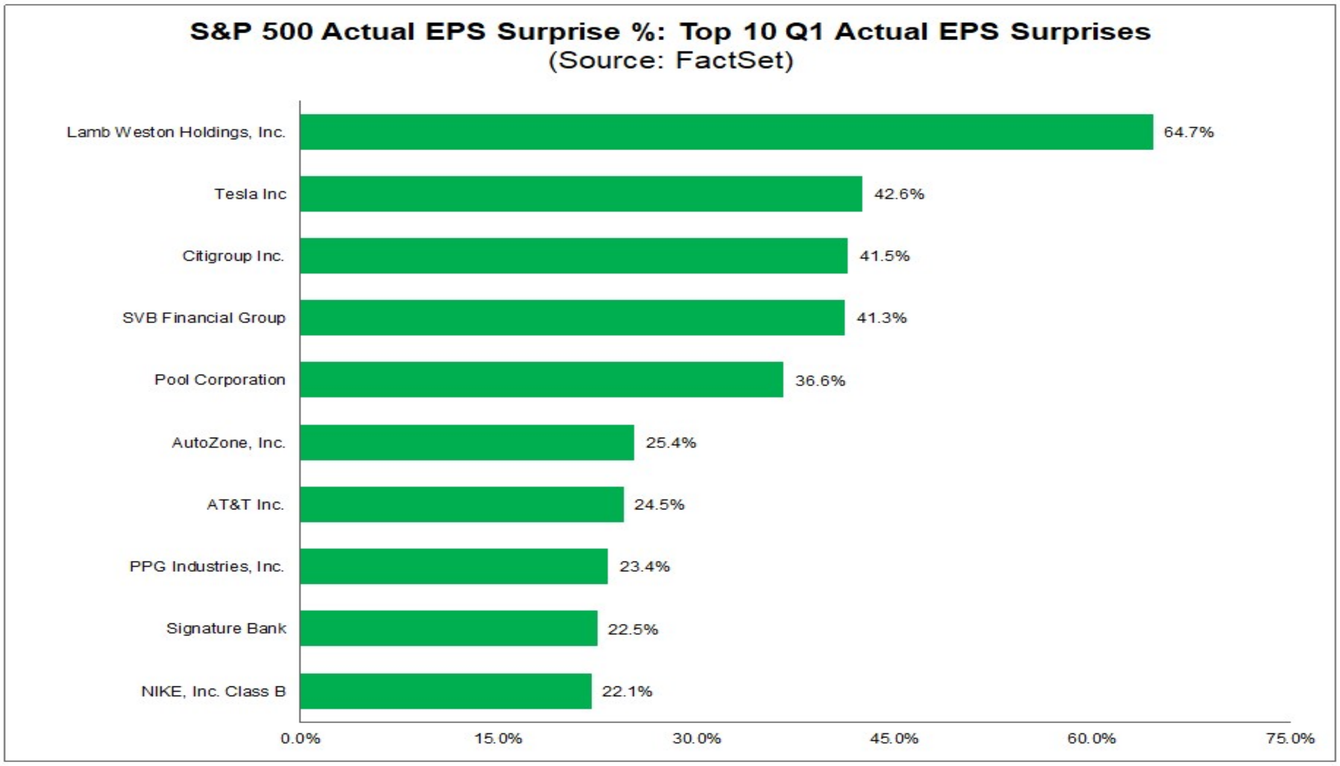


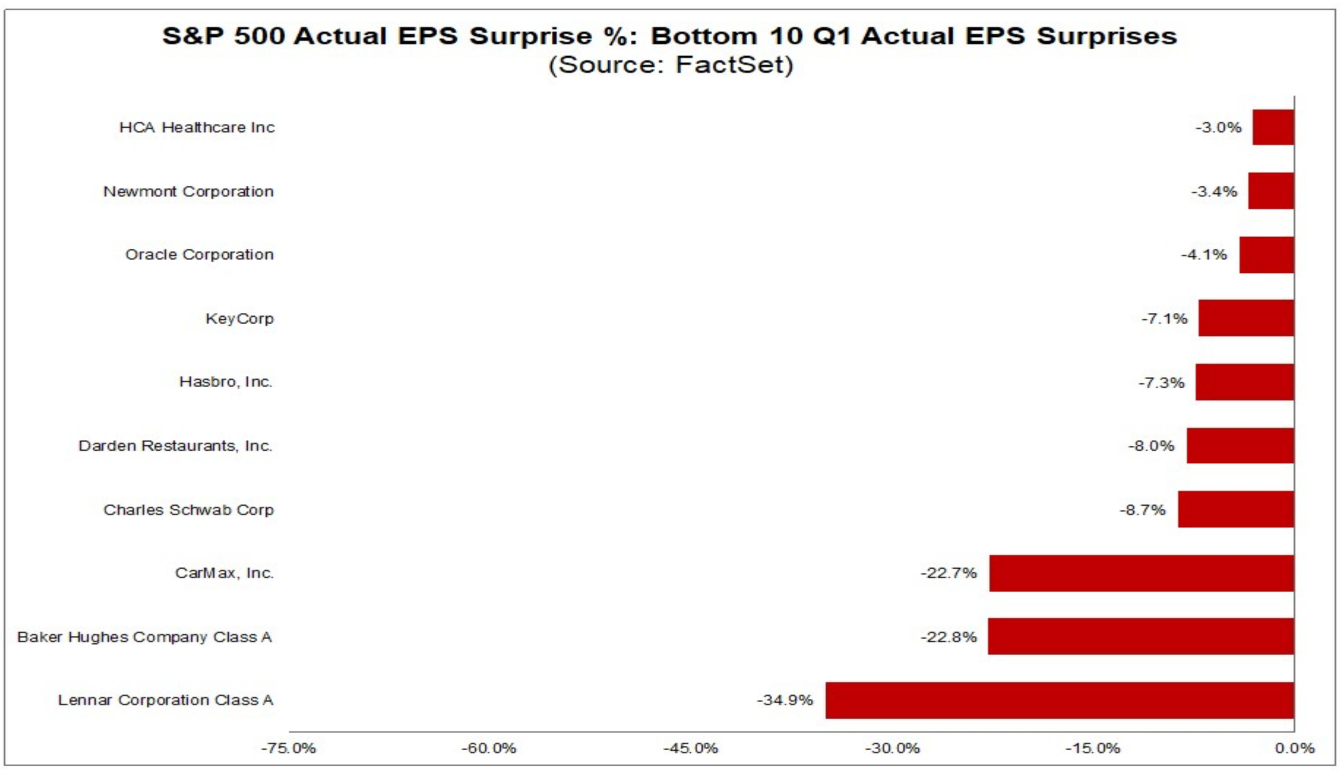
Q1 2022: Scorecard



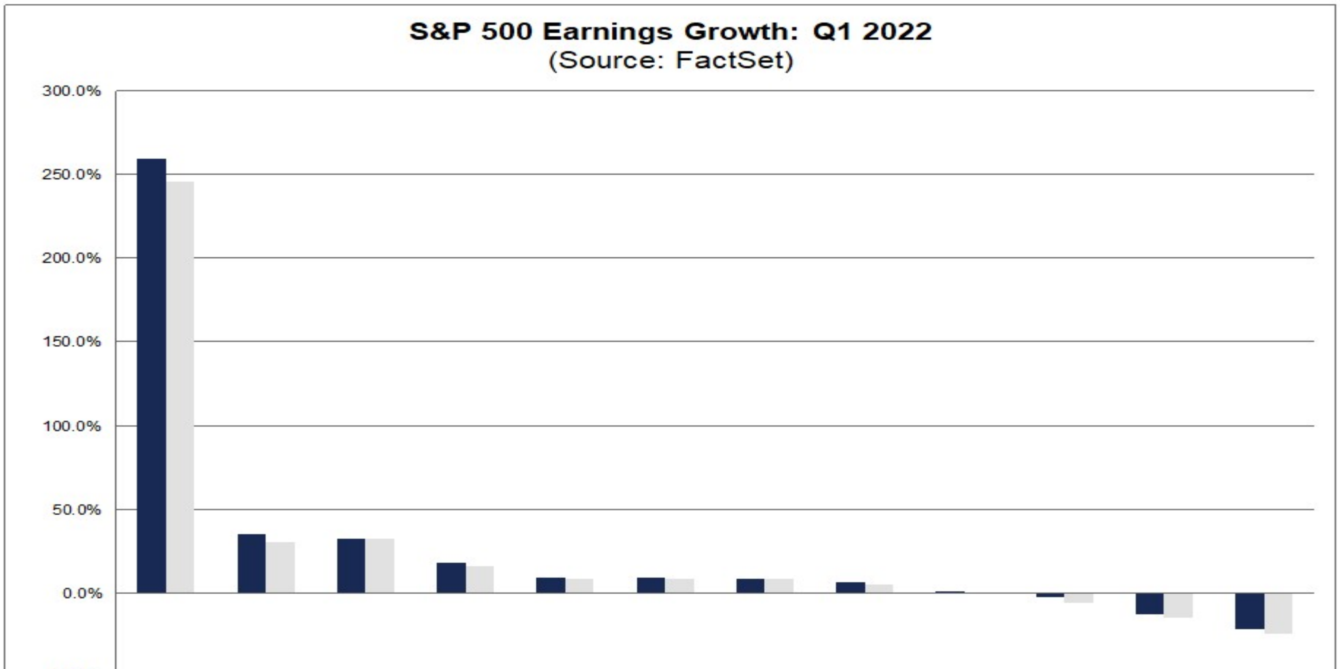


Q1 2022: Scorecard

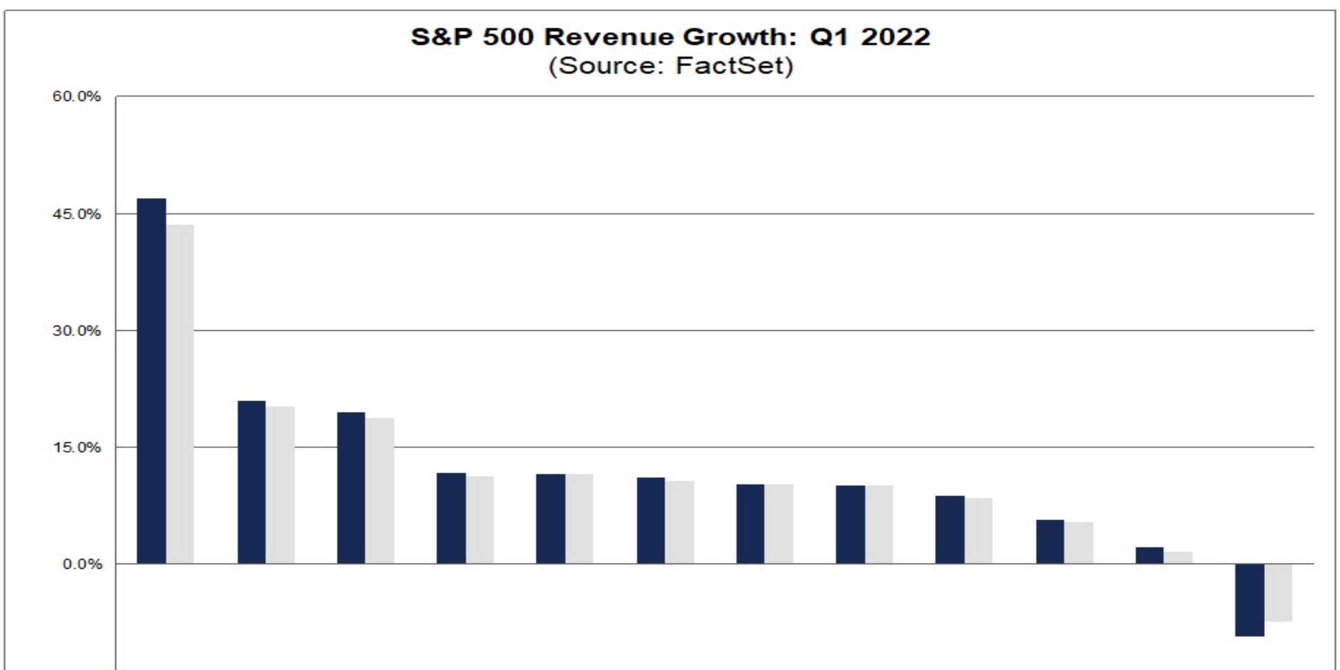




Q1 2022: Growth

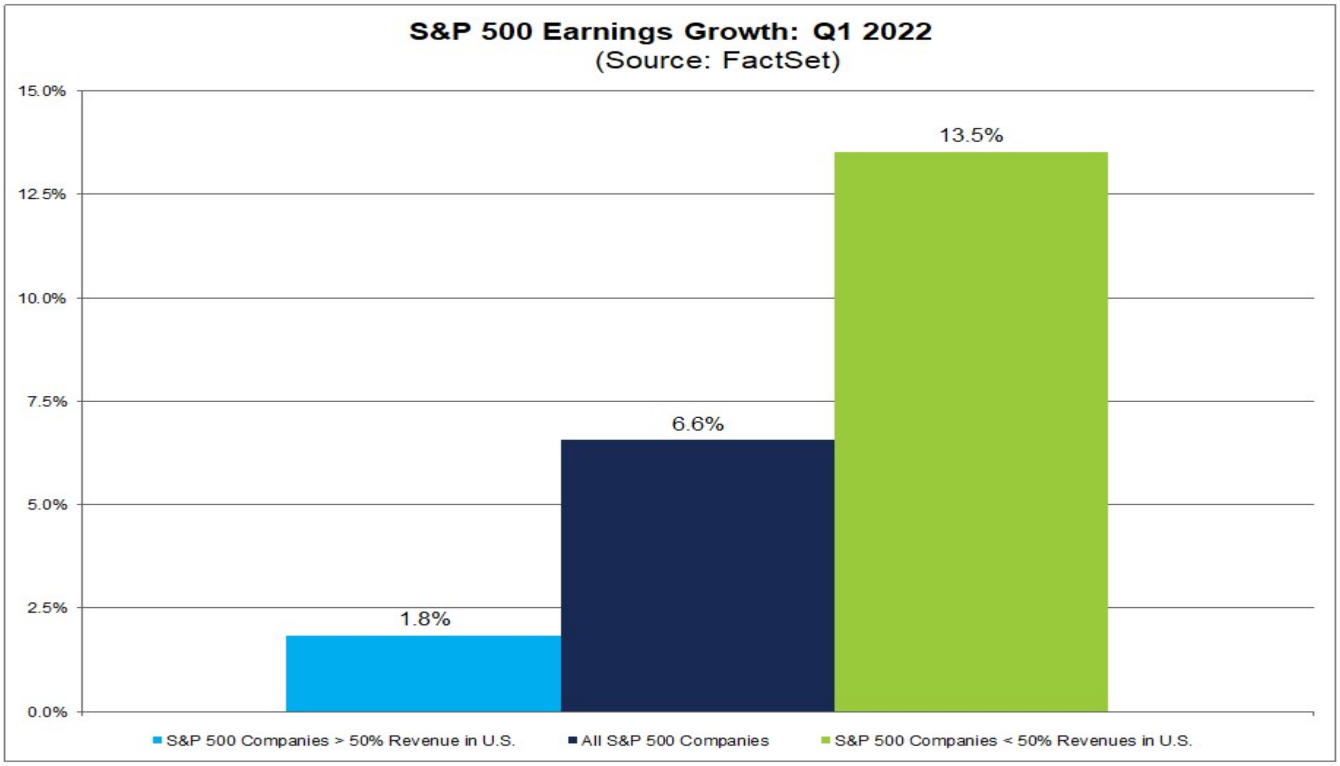


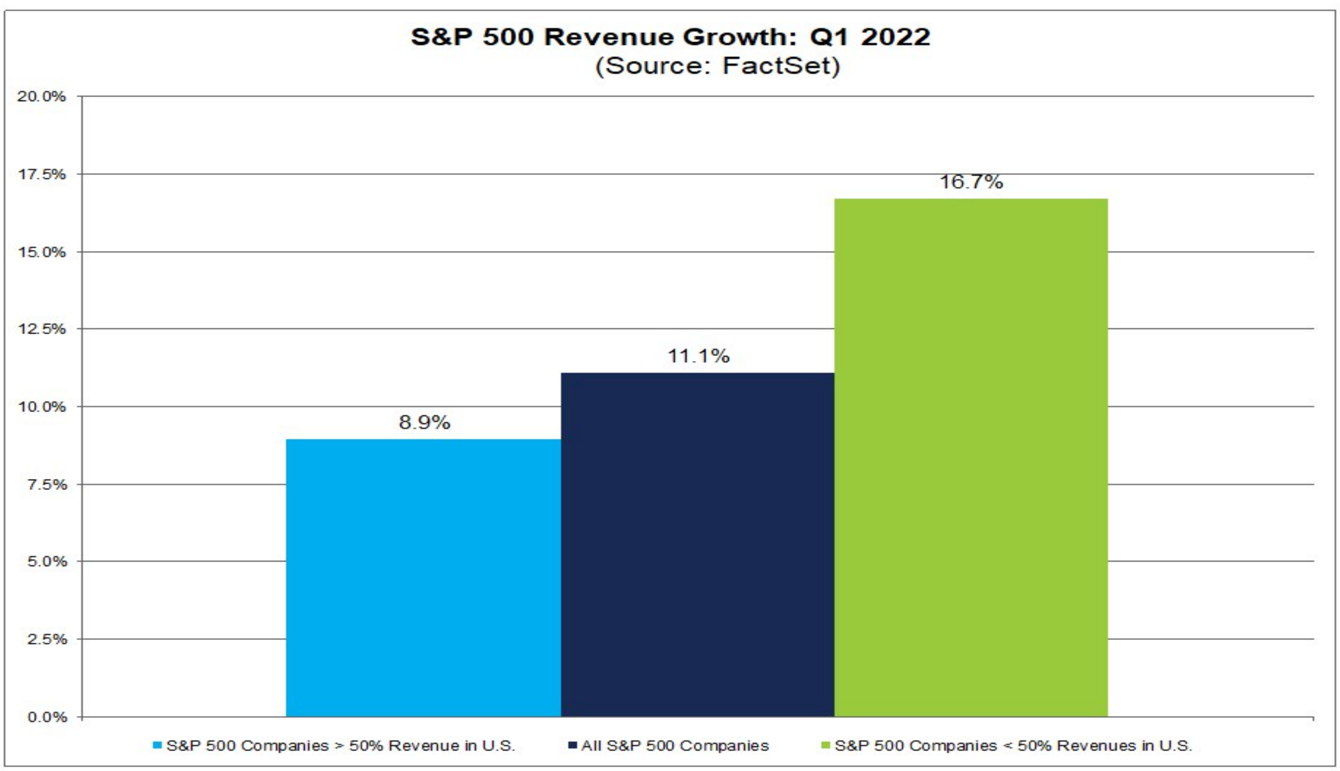
	Energy	Materials	Industrials	Real Estate	Utilities	Health Care	Info. Technology	S&P 500	Consumer Staples	Comm. Services	Consumer Disc.	Financials
Today	259.4%	34.7%	32.6%	18.1%	9.4%	9.1%	8.2%	6.6%	0.4%	-2.7%	-12.6%	-21.4%
31-Mar	245.6%	30.4%	32.0%	15.7%	8.2%	8.4%	8.3%	4.7%	-0.6%	-6.0%	-15.1%	-24.3%



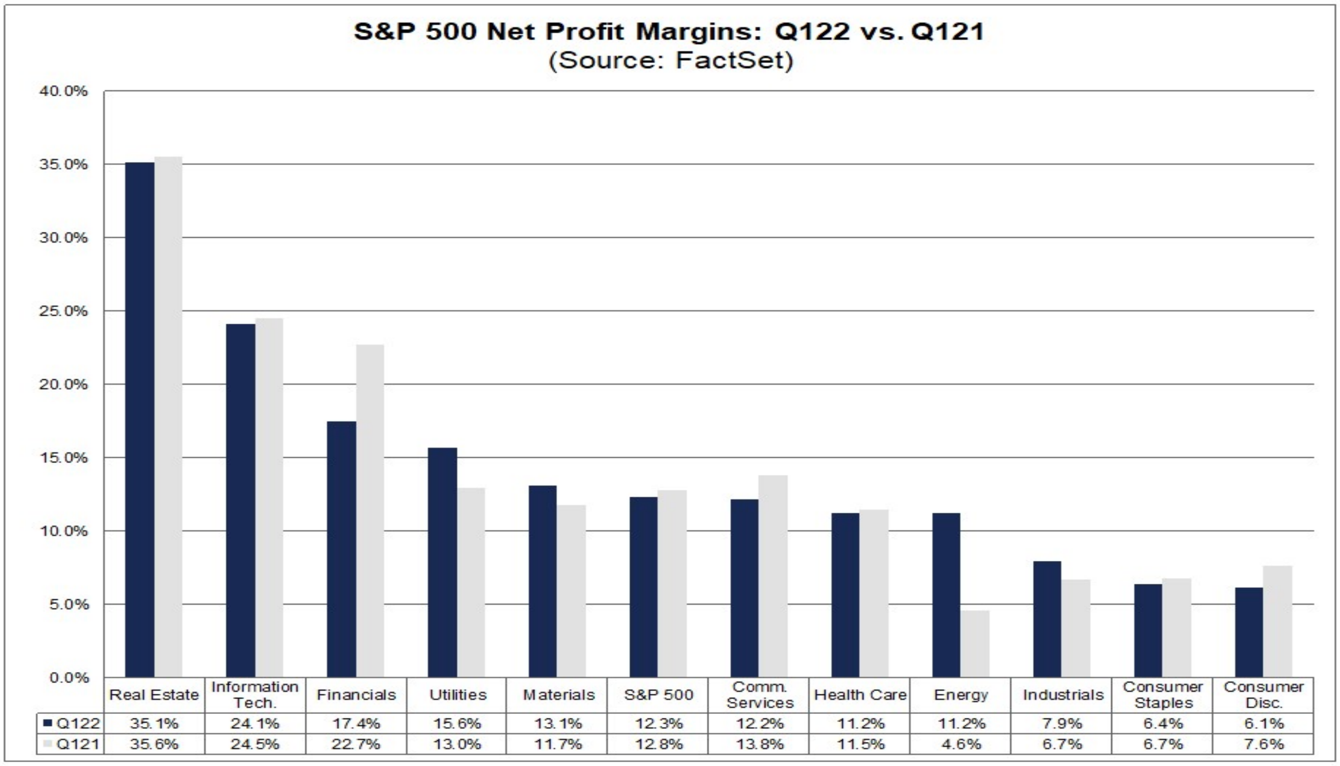
	Energy	Materials	Real Estate	Health Care	Industrials	S&P 500	Comm. Services	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	46.9%	21.0%	19.5%	11.7%	11.5%	11.1%	10.3%	10.2%	8.7%	5.7%	2.1%	-9.3%
31-Mar	43.5%	20.2%	18.7%	11.3%	11.5%	10.7%	10.3%	10.1%	8.4%	5.4%	1.7%	-7.3%

Q1 2022: Growth

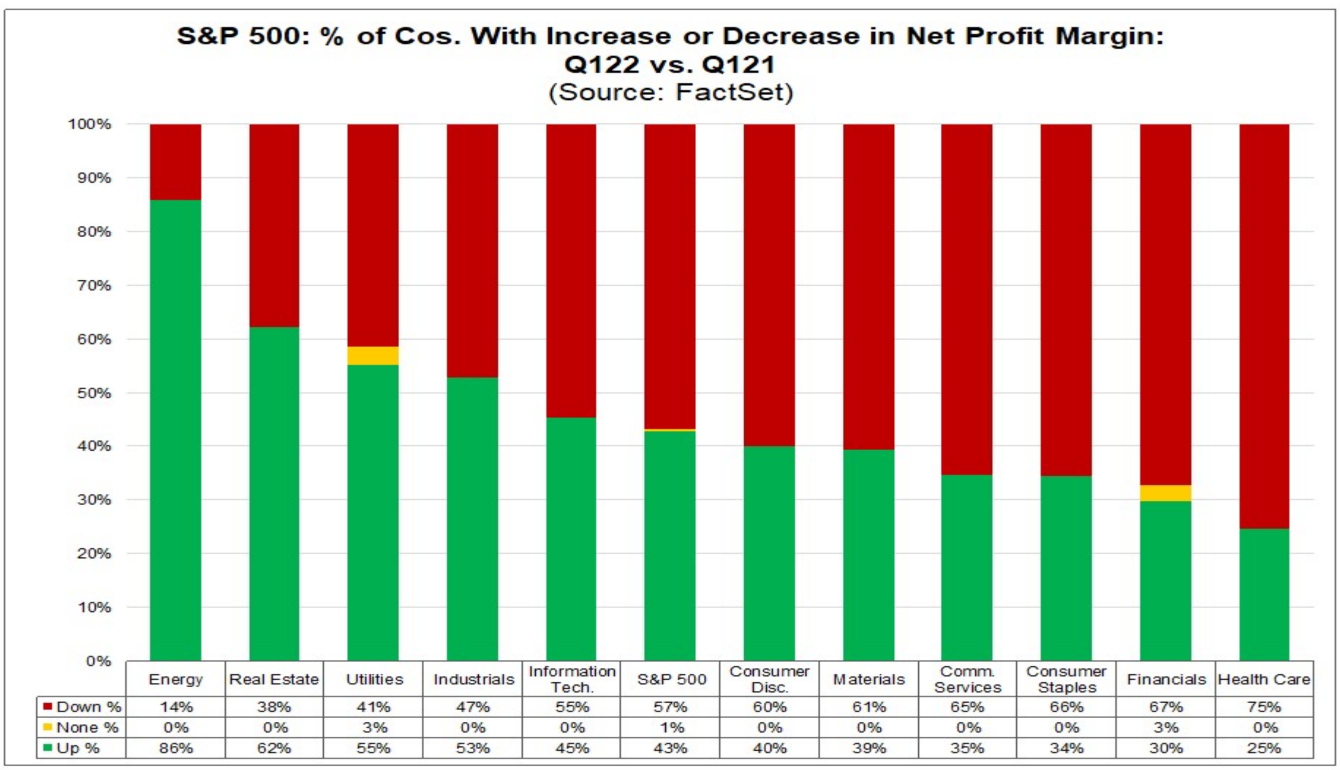




Q1 2022: Net Profit Margin

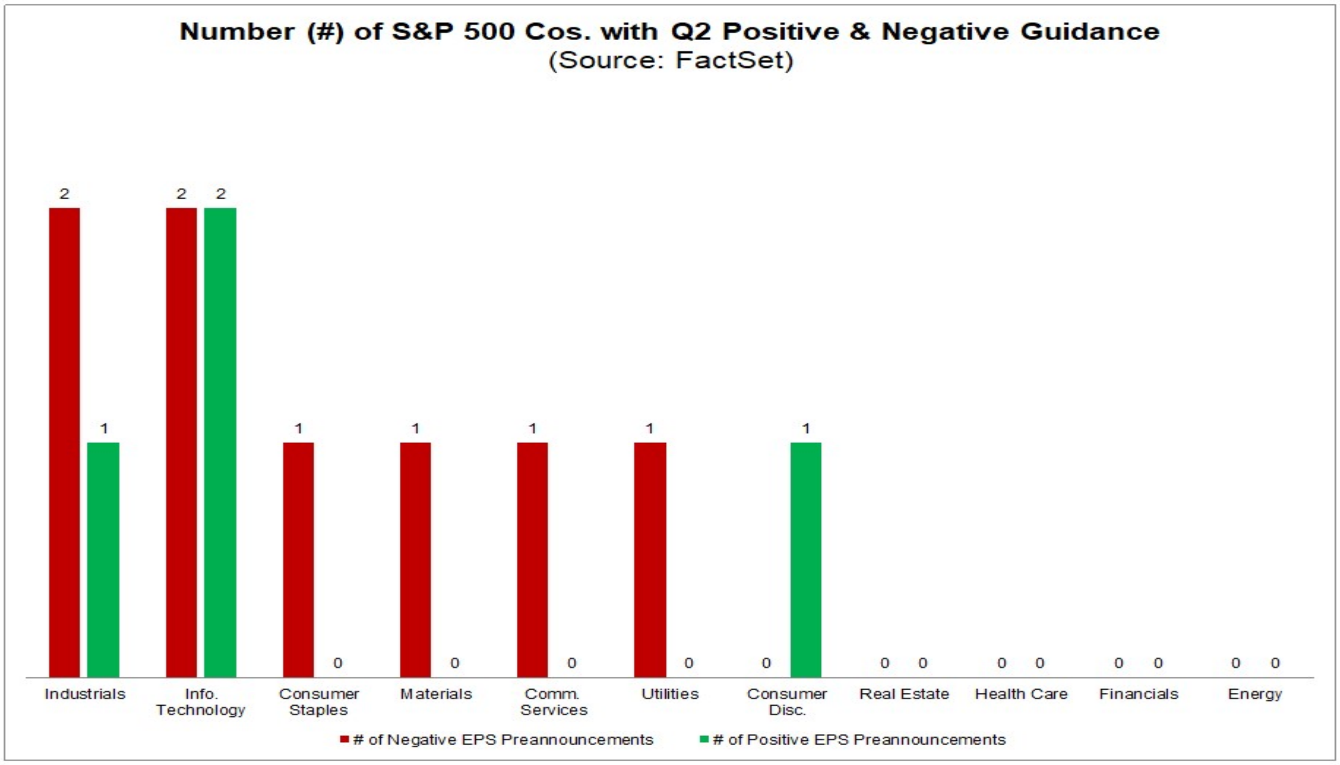


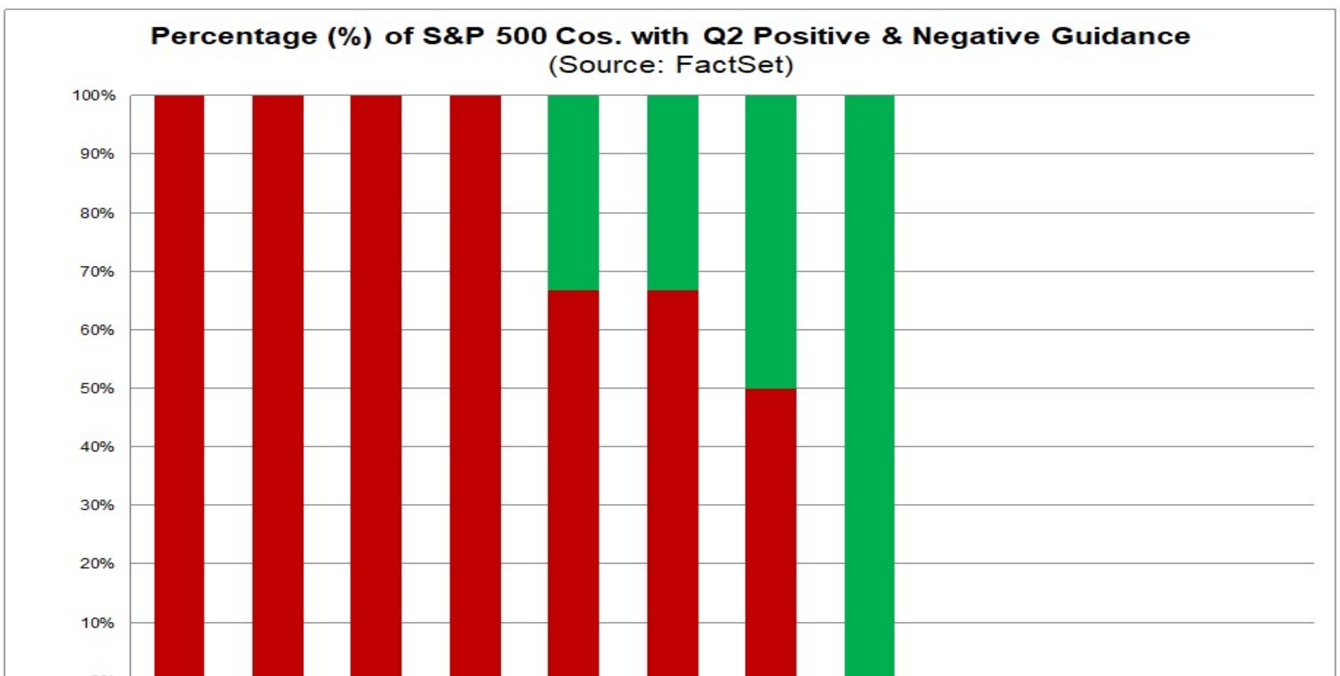
	Real Estate	Information Tech.	Financials	Utilities	Materials	S&P 500	Comm. Services	Health Care	Energy	Industrials	Consumer Staples	Consumer Disc.
Q122	35.1%	24.1%	17.4%	15.6%	13.1%	12.3%	12.2%	11.2%	11.2%	7.9%	6.4%	6.1%
Q121	35.6%	24.5%	22.7%	13.0%	11.7%	12.8%	13.8%	11.5%	4.6%	6.7%	6.7%	7.6%



	Energy	Real Estate	Utilities	Industrials	Information Tech.	S&P 500	Consumer Disc.	Materials	Comm. Services	Consumer Staples	Financials	Health Care
Down %	14%	38%	41%	47%	55%	57%	60%	61%	65%	66%	67%	75%
None %	0%	0%	3%	0%	0%	1%	0%	0%	0%	0%	3%	0%
Up %	86%	62%	55%	53%	45%	43%	40%	39%	35%	34%	30%	25%

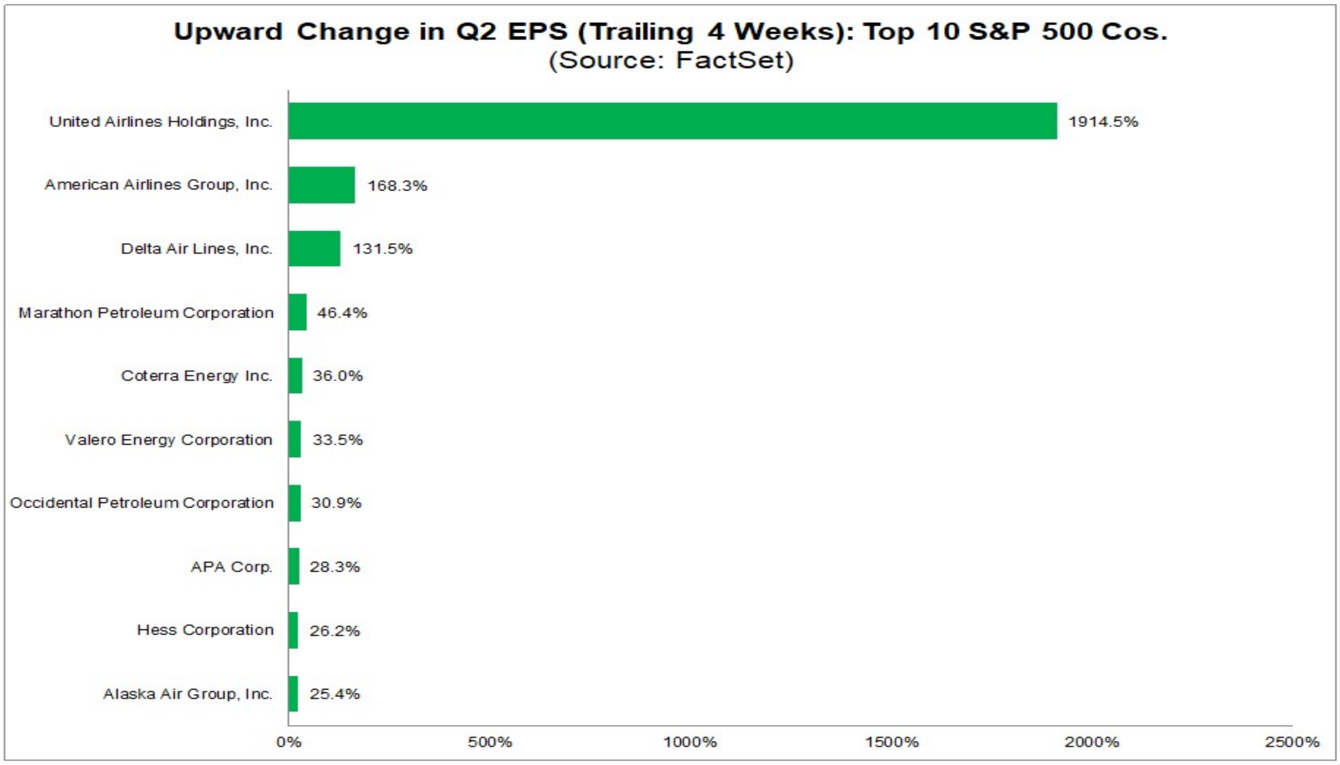
Q2 2022: EPS Guidance

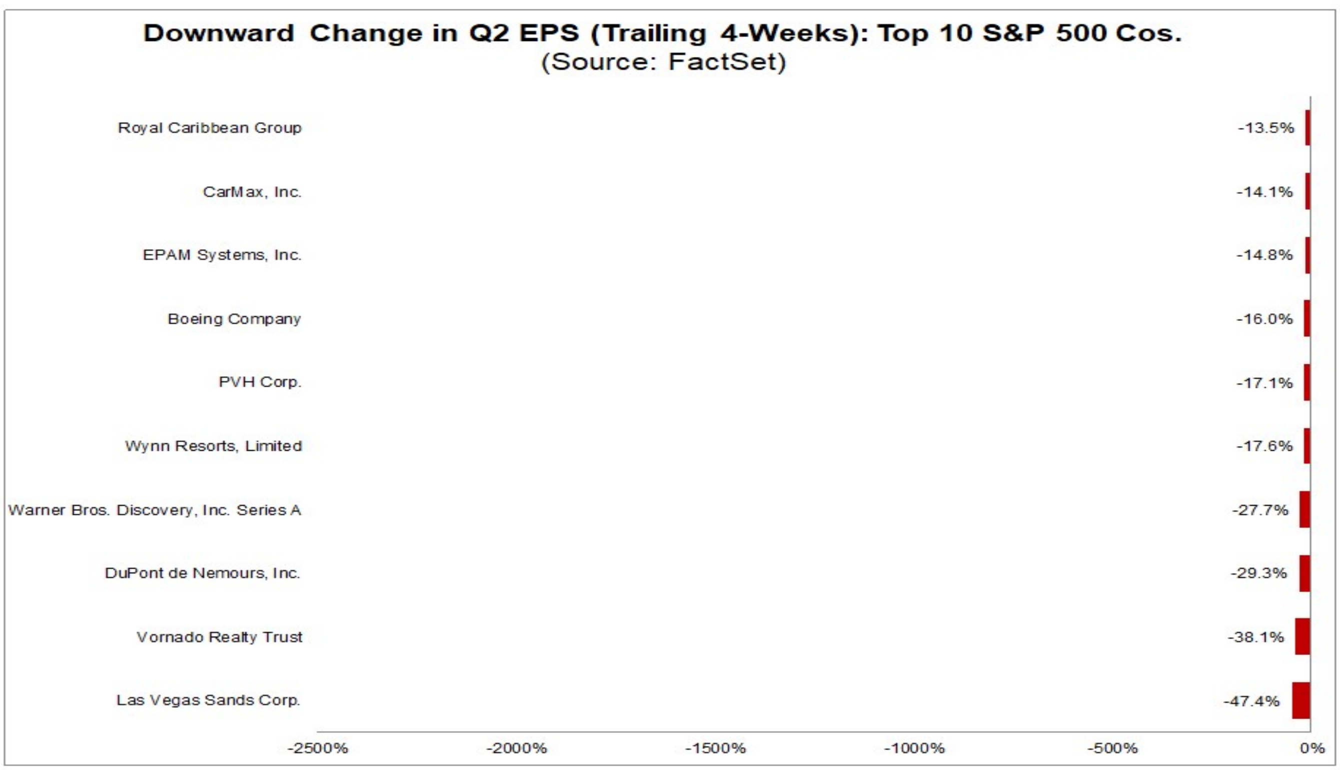




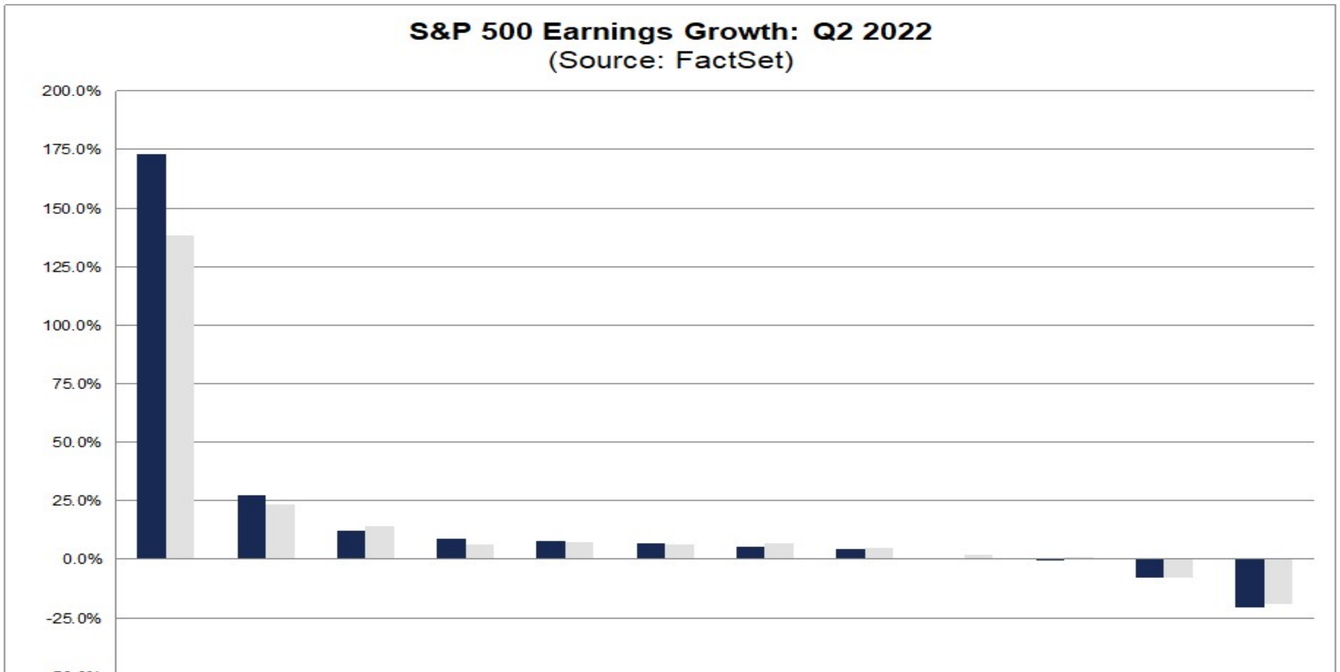
	Consumer Staples	Comm. Services	Materials	Utilities	S&P 500	Industrials	Info. Technology	Consumer Disc.	Real Estate	Health Care	Financials	Energy
Positive	0%	0%	0%	0%	33%	33%	50%	100%	0%	0%	0%	0%
Negative	100%	100%	100%	100%	67%	67%	50%	0%	0%	0%	0%	0%

Q2 2022: EPS Revisions

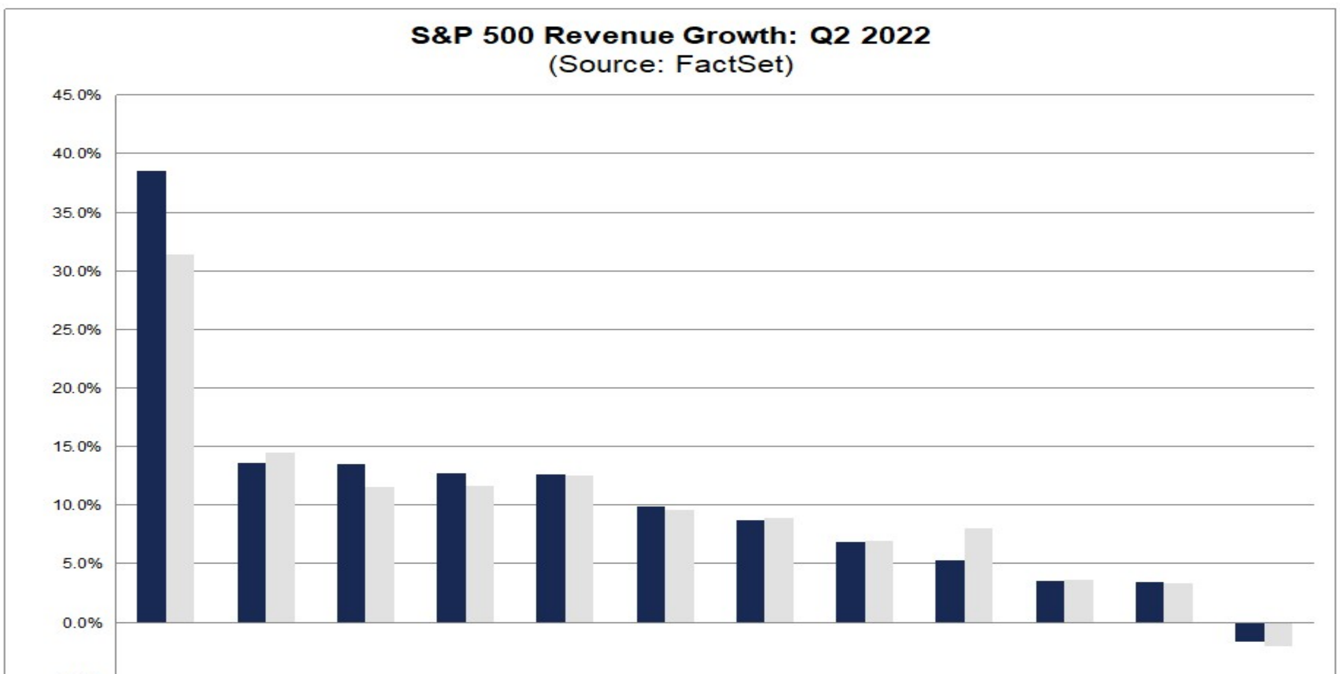




Q2 2022: Growth

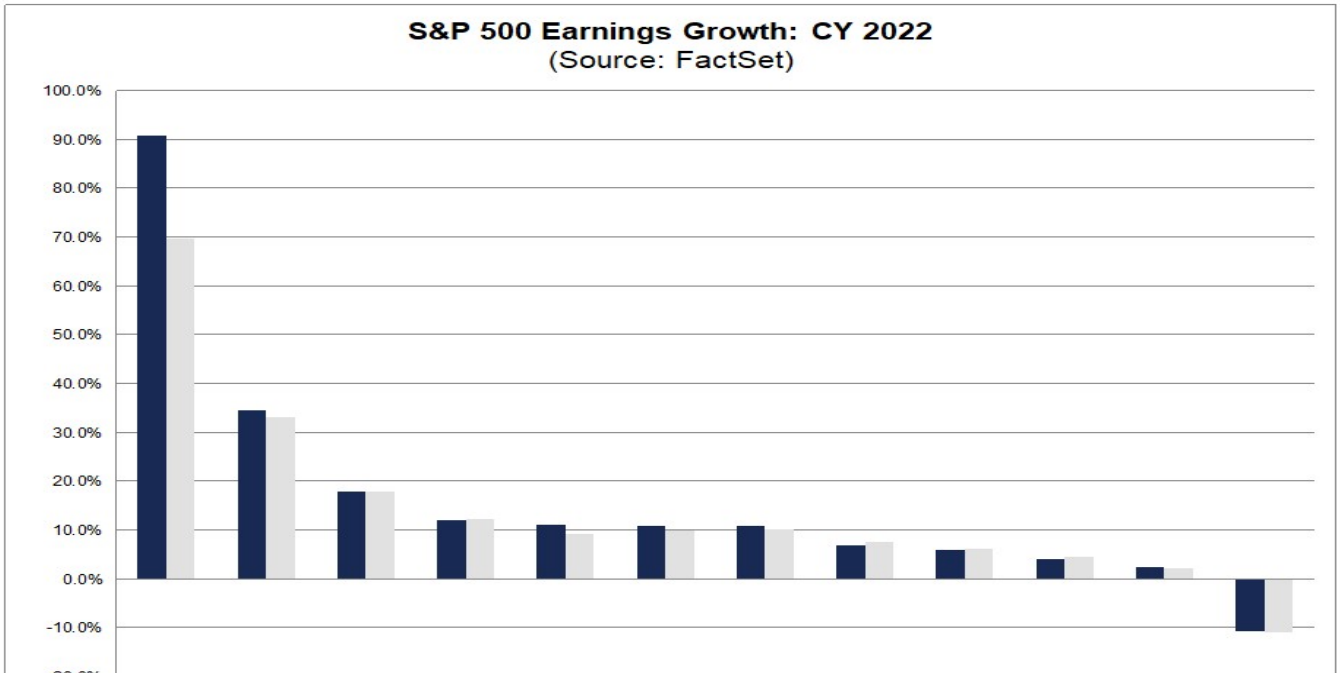


	Energy	Industrials	Consumer Disc.	Materials	Real Estate	S&P 500	Health Care	Info. Technology	Consumer Staples	Comm. Services	Utilities	Financials
Today	173.1%	27.5%	12.0%	9.0%	8.0%	7.0%	5.5%	4.3%	0.3%	-0.1%	-7.8%	-20.3%
31-Mar	138.1%	23.2%	14.2%	6.4%	7.5%	6.3%	6.6%	4.7%	1.8%	0.9%	-7.7%	-19.3%

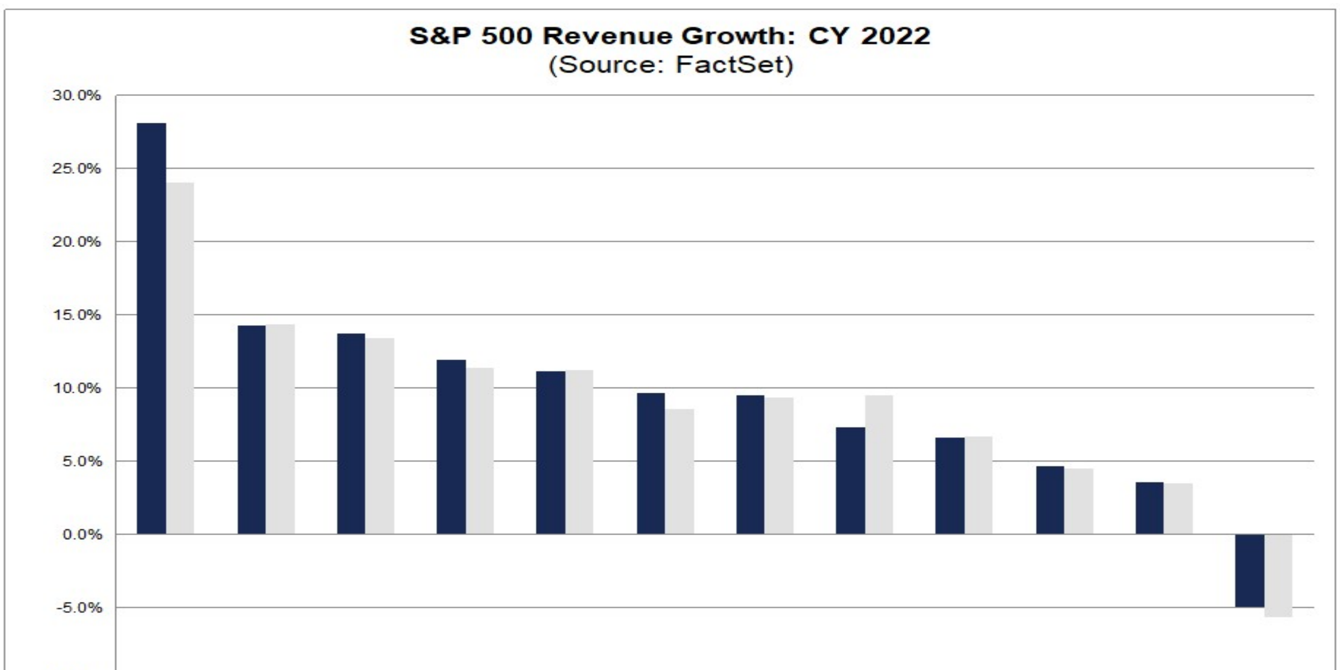


	Energy	Consumer Disc.	Materials	Industrials	Real Estate	S&P 500	Info. Technology	Health Care	Comm. Services	Financials	Consumer Staples	Utilities
Today	38.5%	13.6%	13.5%	12.7%	12.6%	9.9%	8.7%	6.8%	5.3%	3.5%	3.4%	-1.7%
31-Mar	31.4%	14.5%	11.5%	11.7%	12.5%	9.6%	8.9%	7.0%	8.0%	3.6%	3.3%	-2.0%

CY 2022: Growth



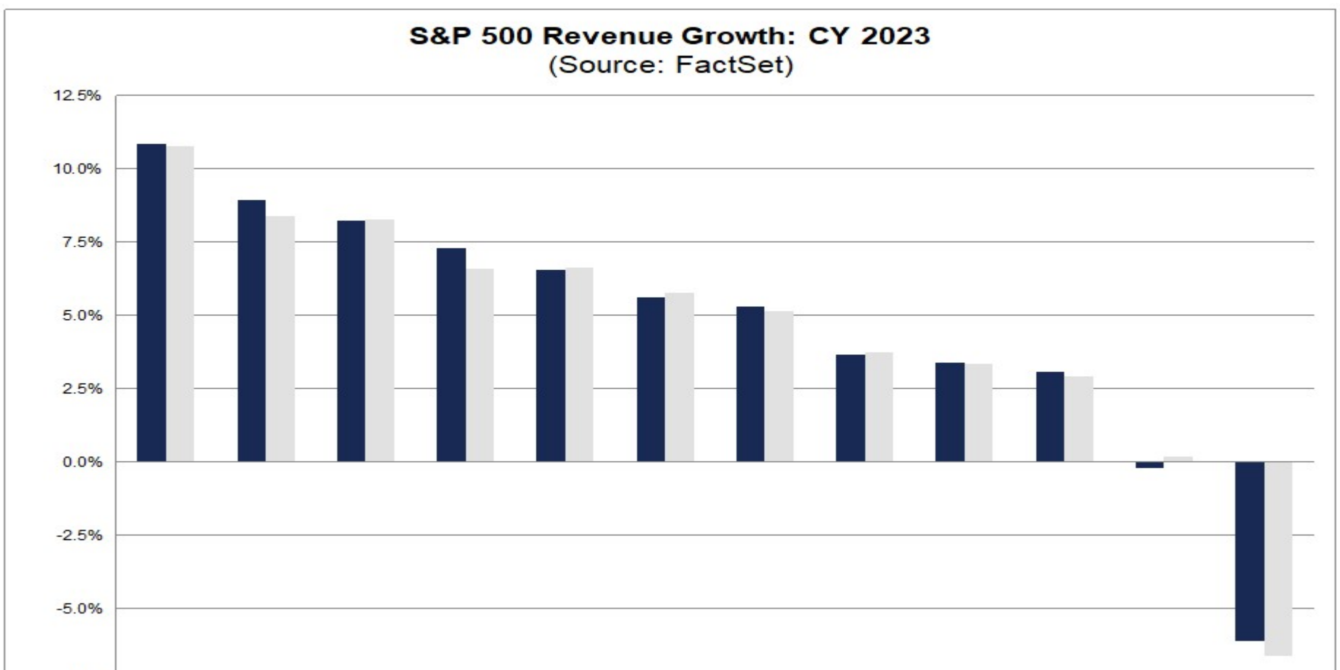
	Energy	Industrials	Consumer Disc.	Info. Technology	Materials	S&P 500	Real Estate	Health Care	Comm. Services	Consumer Staples	Utilities	Financials
Today	90.9%	34.5%	17.7%	12.0%	10.9%	10.9%	10.8%	6.8%	6.0%	4.0%	2.2%	-10.7%
31-Mar	69.6%	33.0%	17.9%	12.2%	9.1%	9.9%	10.0%	7.6%	6.0%	4.6%	2.2%	-11.1%



	Energy	Consumer Disc.	Real Estate	Industrials	Info. Technology	Materials	S&P 500	Comm. Services	Health Care	Consumer Staples	Financials	Utilities
Today	28.1%	14.2%	13.7%	11.9%	11.1%	9.6%	9.5%	7.3%	6.6%	4.7%	3.6%	-5.0%
31-Mar	24.0%	14.3%	13.4%	11.4%	11.2%	8.5%	9.4%	9.5%	6.7%	4.5%	3.5%	-5.7%

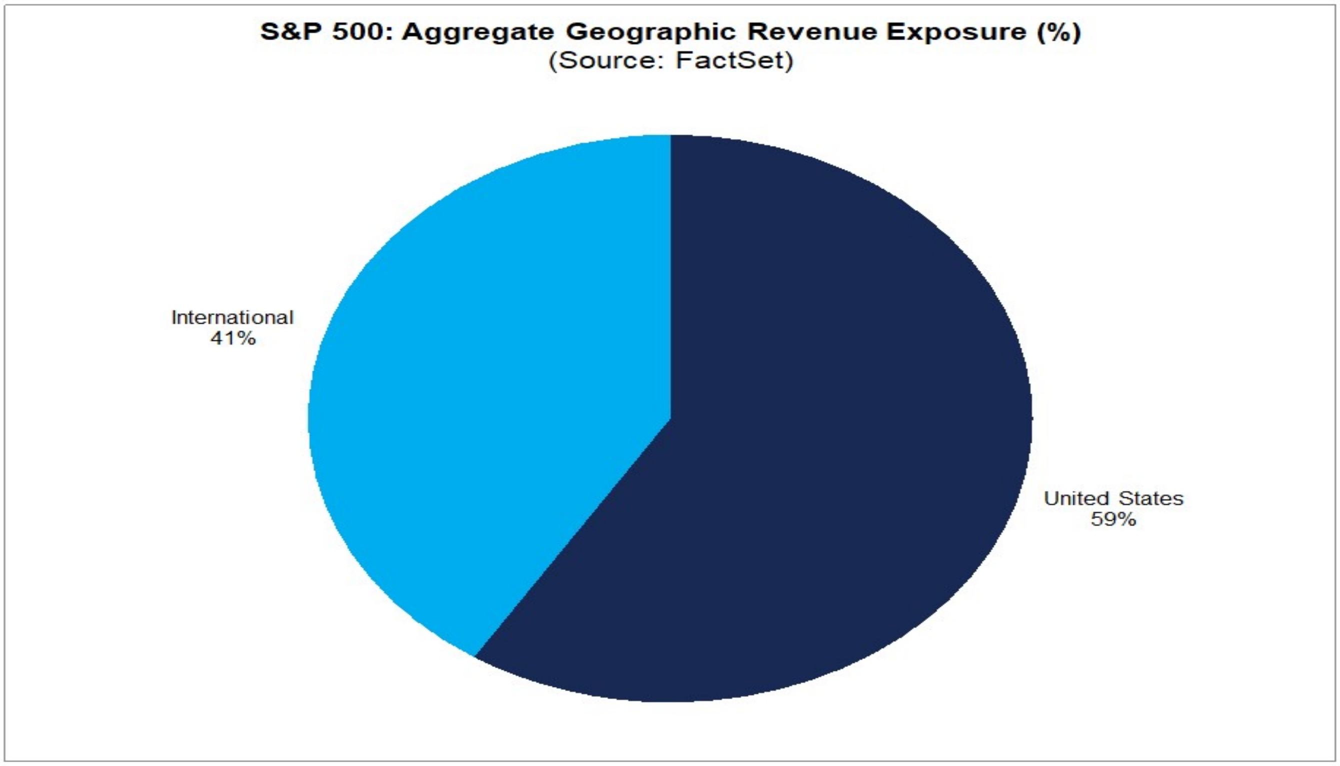
CY 2023: Growth

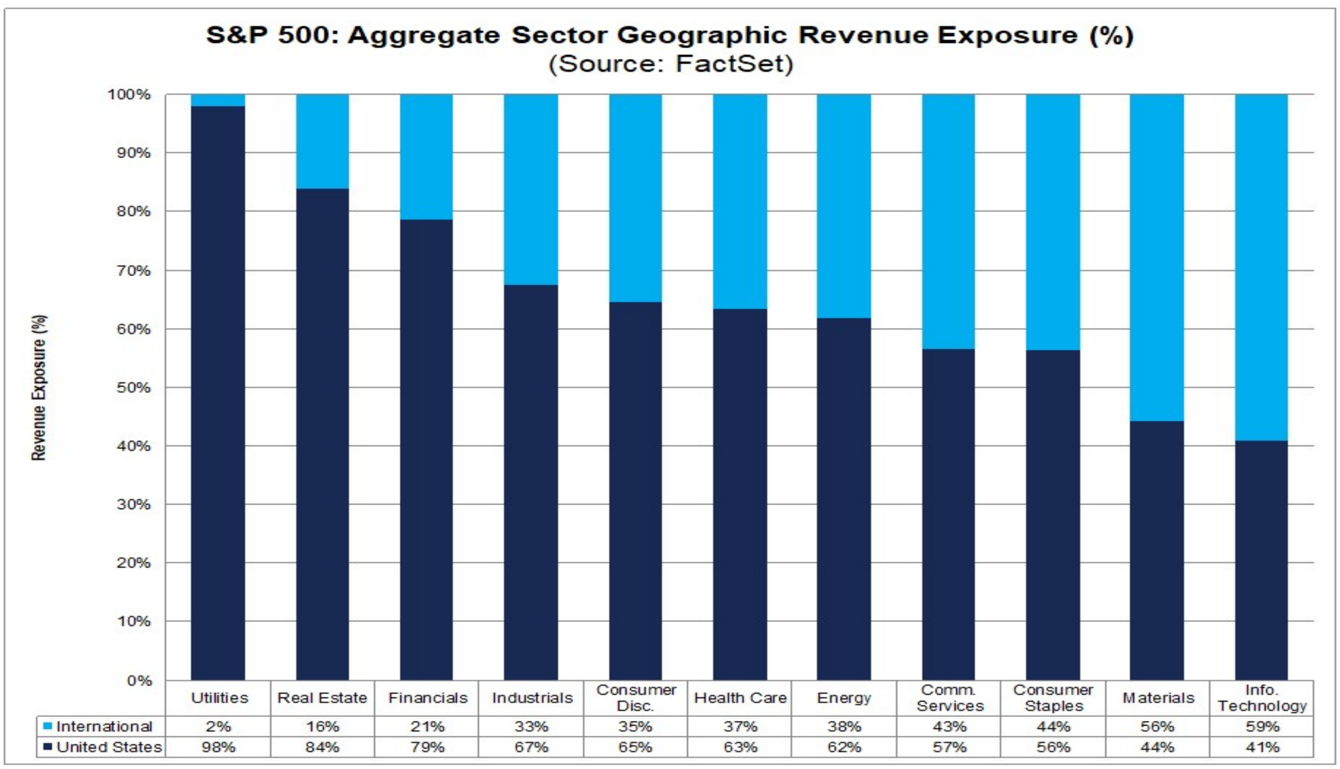
	Consumer Disc.	Industrials	Comm. Services	Financials	Info. Technology	Real Estate	S&P 500	Utilities	Consumer Staples	Health Care	Materials	Energy
Today	26.4%	19.4%	15.8%	14.9%	11.7%	10.4%	10.3%	7.9%	7.7%	1.7%	-4.4%	-8.6%
31-Mar	26.1%	20.5%	16.1%	14.5%	11.6%	11.0%	10.3%	7.8%	7.8%	1.1%	-3.4%	-10.1%



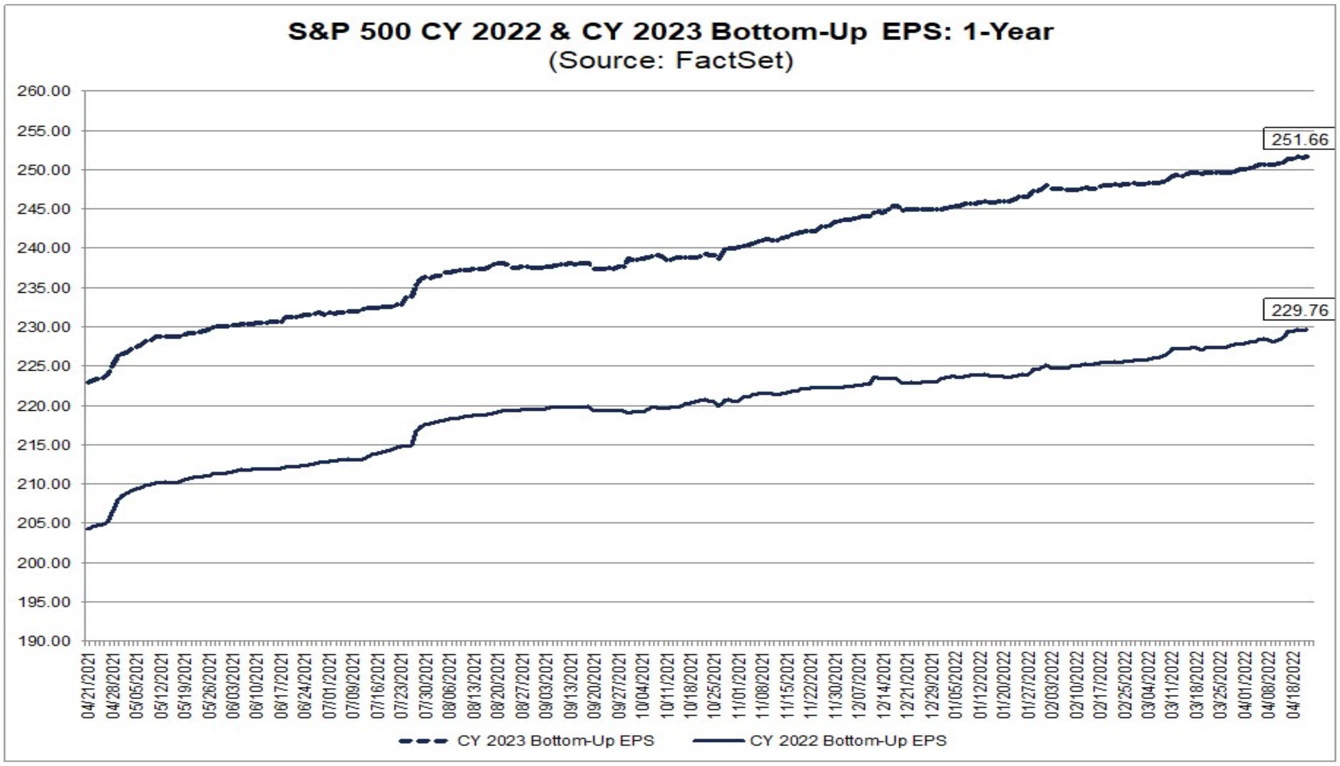
	Consumer Disc.	Comm. Services	Info. Technology	Financials	Industrials	Real Estate	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Energy
Today	10.9%	8.9%	8.2%	7.3%	6.6%	5.6%	5.3%	3.7%	3.4%	3.1%	-0.2%	-6.1%
31-Mar	10.8%	8.4%	8.3%	6.6%	6.6%	5.7%	5.2%	3.7%	3.3%	2.9%	0.2%	-6.6%

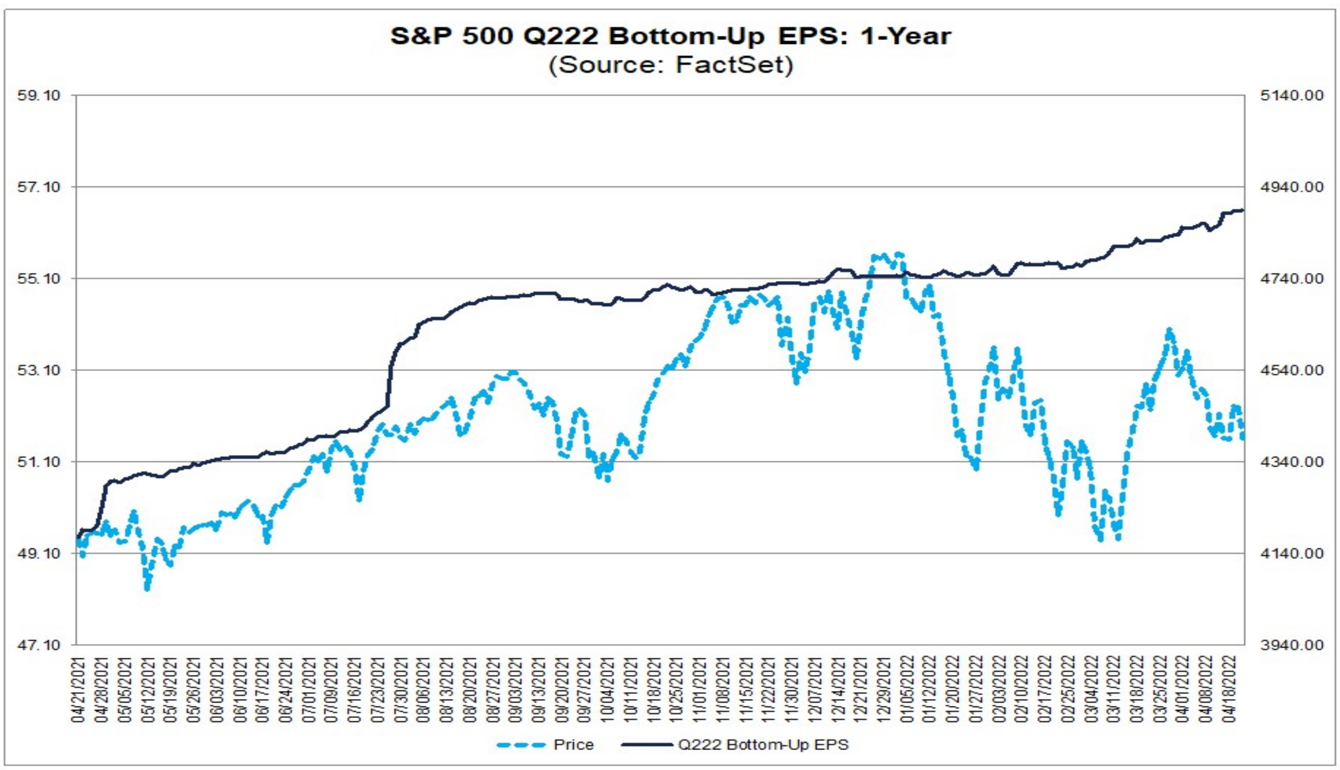
Geographic Revenue Exposure



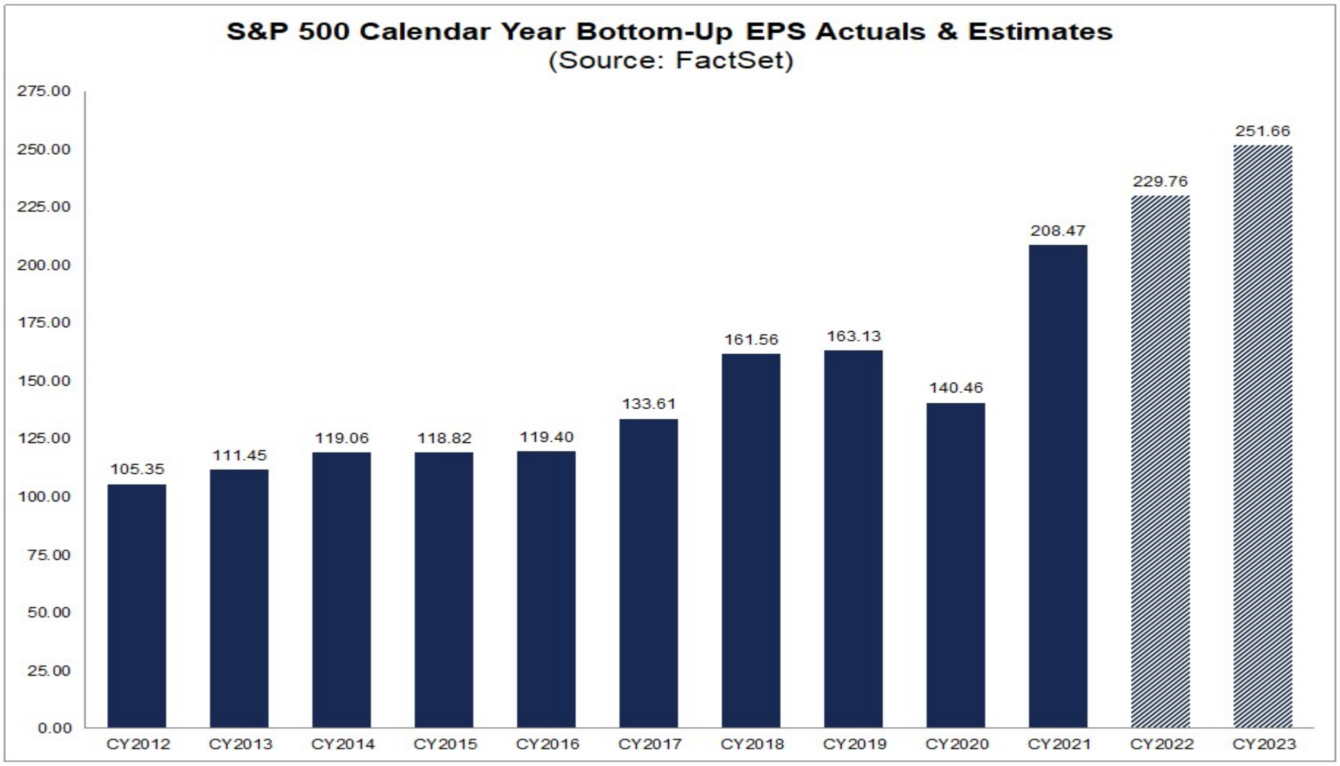


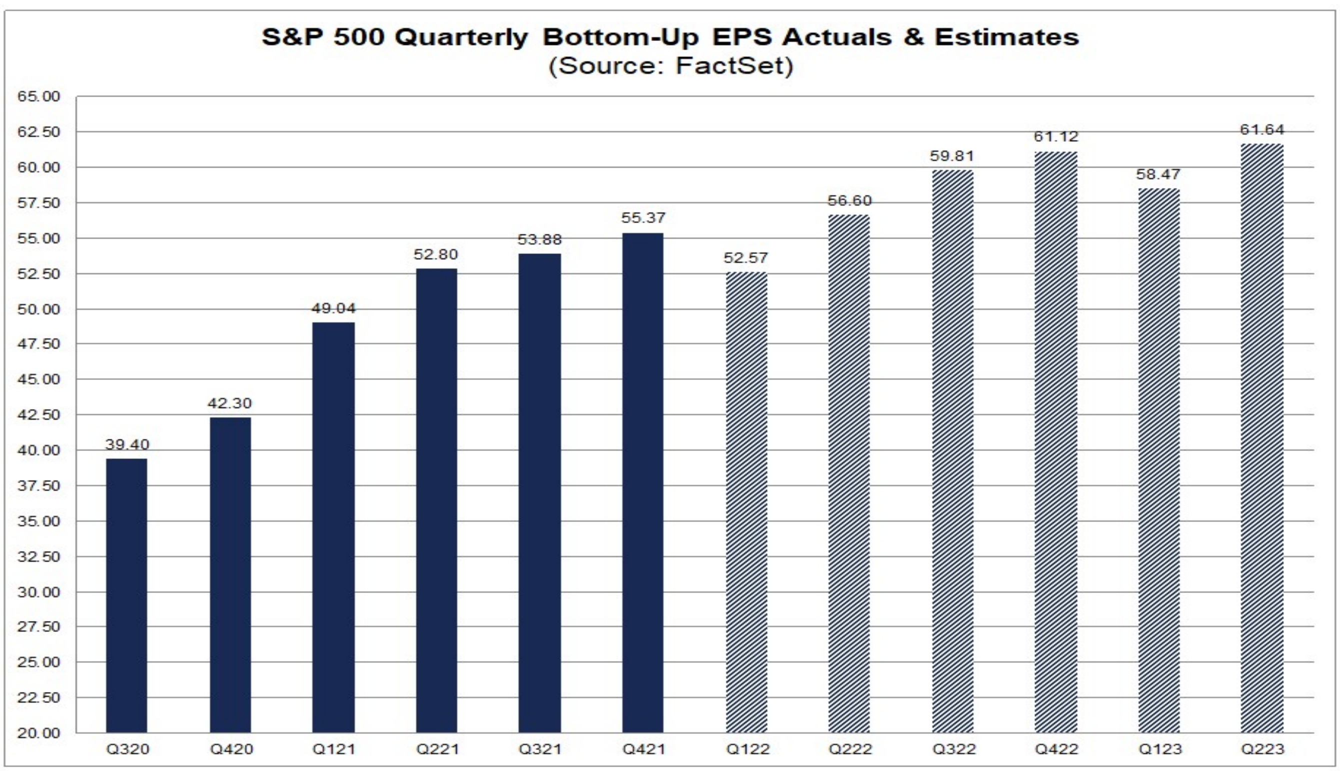
Bottom-up EPS Estimates: Revisions



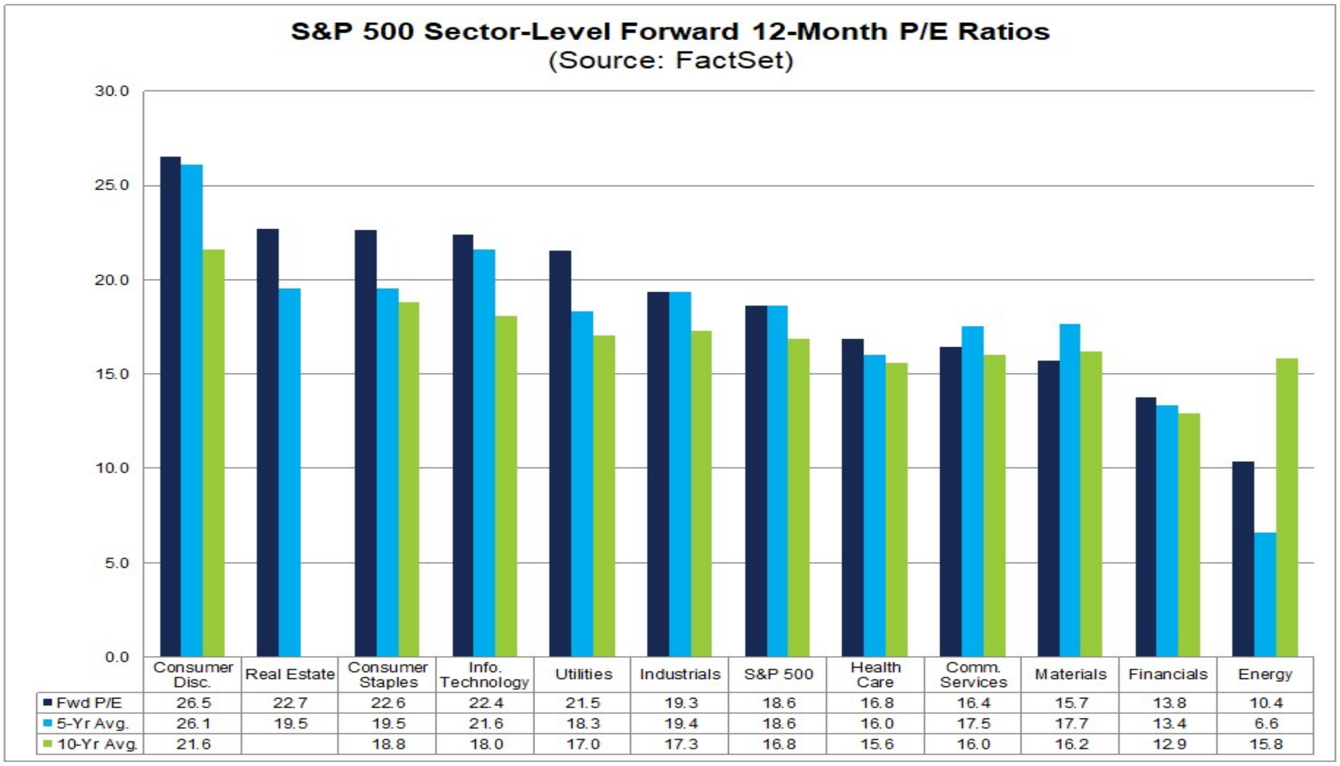


Bottom-up EPS Estimates: Current & Historical

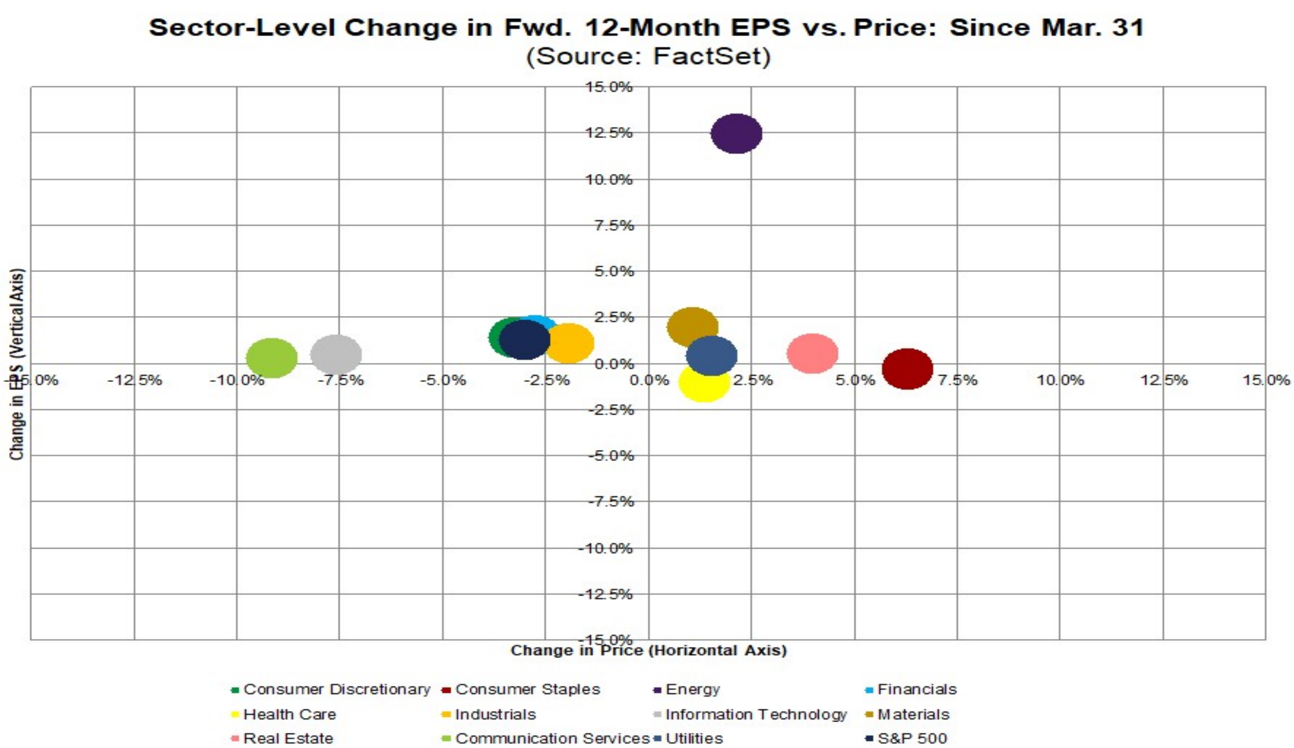




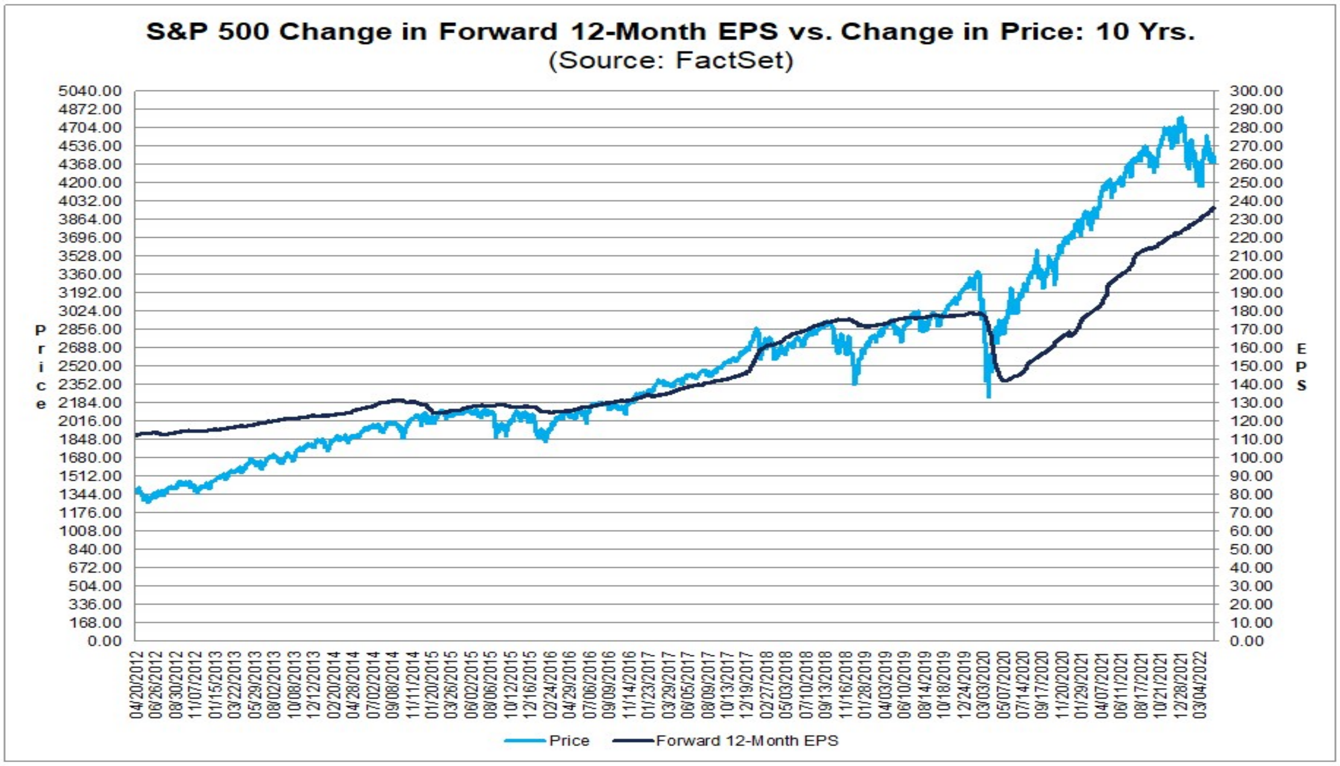
Forward 12M P/E Ratio: Sector Level

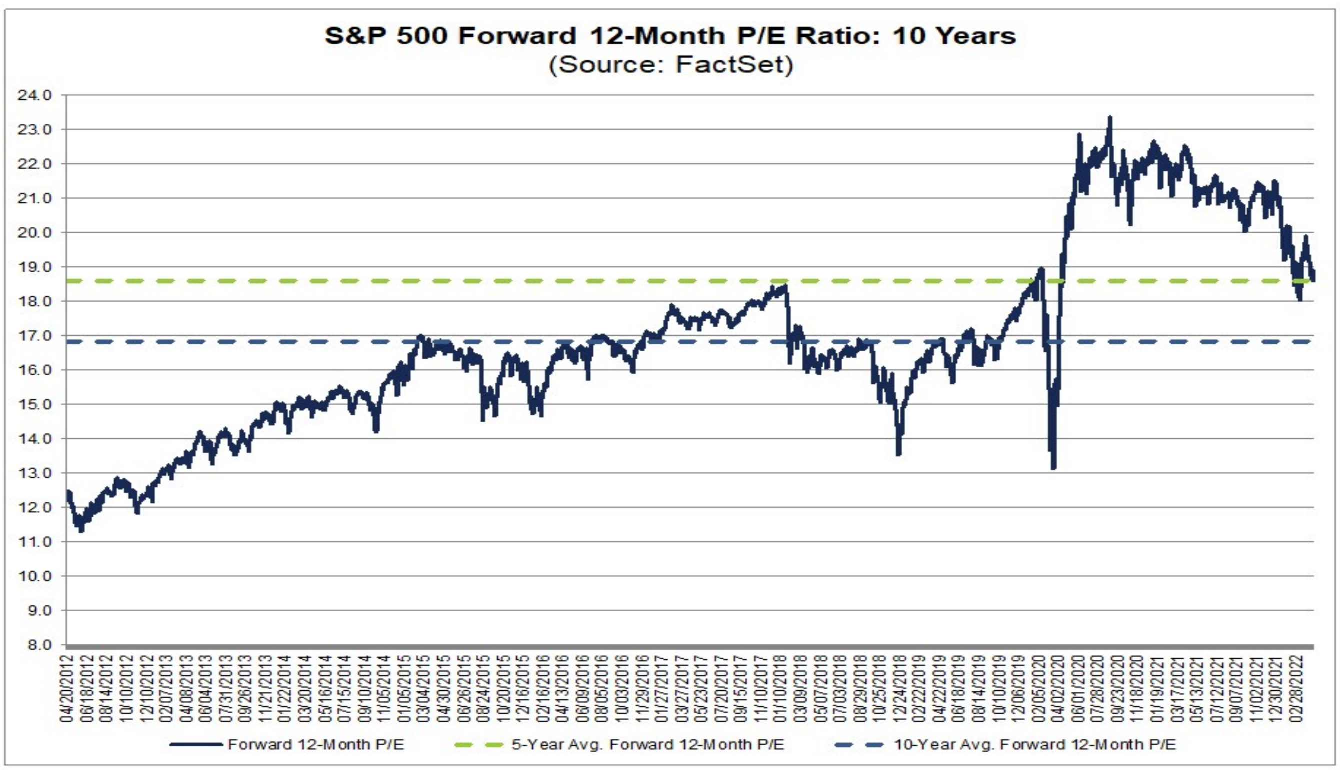


	Consumer Disc.	Real Estate	Consumer Staples	Info. Technology	Utilities	Industrials	S&P 500	Health Care	Comm. Services	Materials	Financials	Energy
Fwd P/E	26.5	22.7	22.6	22.4	21.5	19.3	18.6	16.8	16.4	15.7	13.8	10.4
5-Yr Avg.	26.1	19.5	19.5	21.6	18.3	19.4	18.6	16.0	17.5	17.7	13.4	6.6
10-Yr Avg.	21.6		18.8	18.0	17.0	17.3	16.8	15.6	16.0	16.2	12.9	15.8

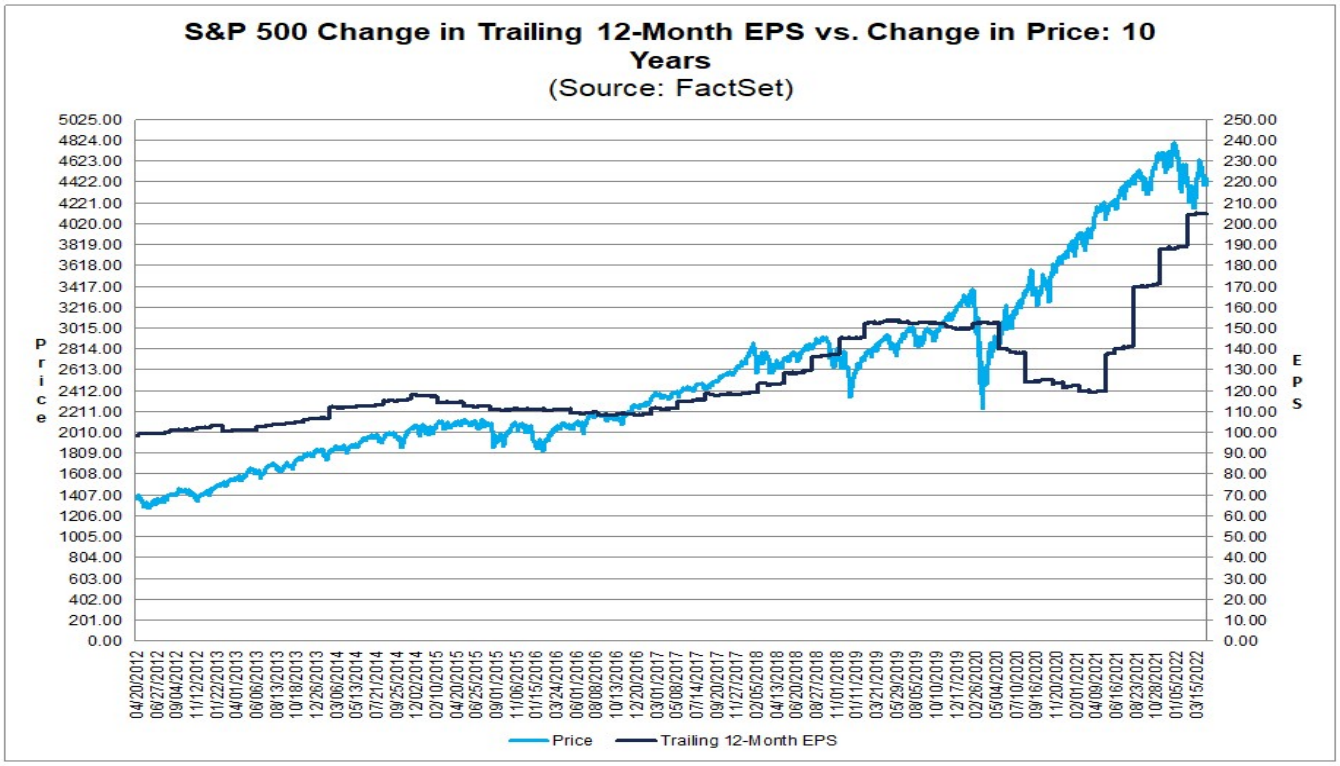


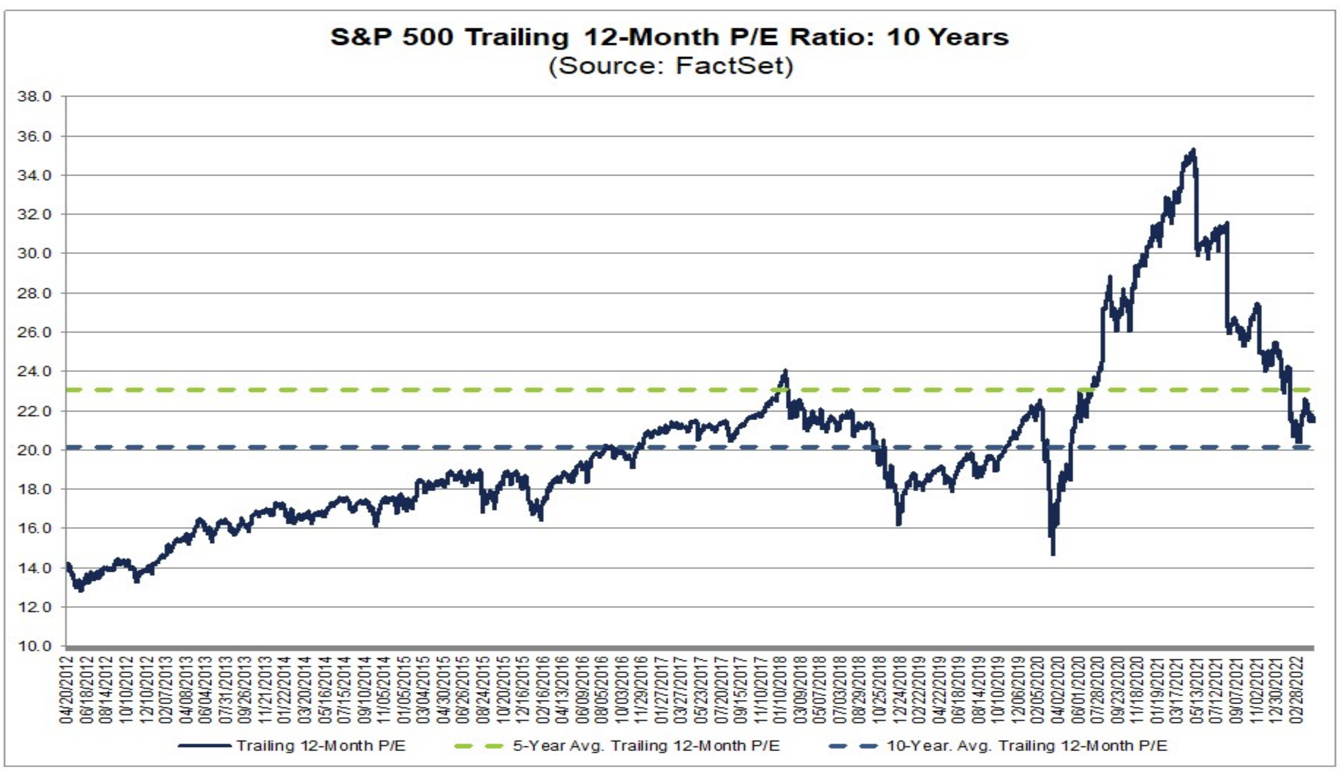
Forward 12M P/E Ratio: 10-Years



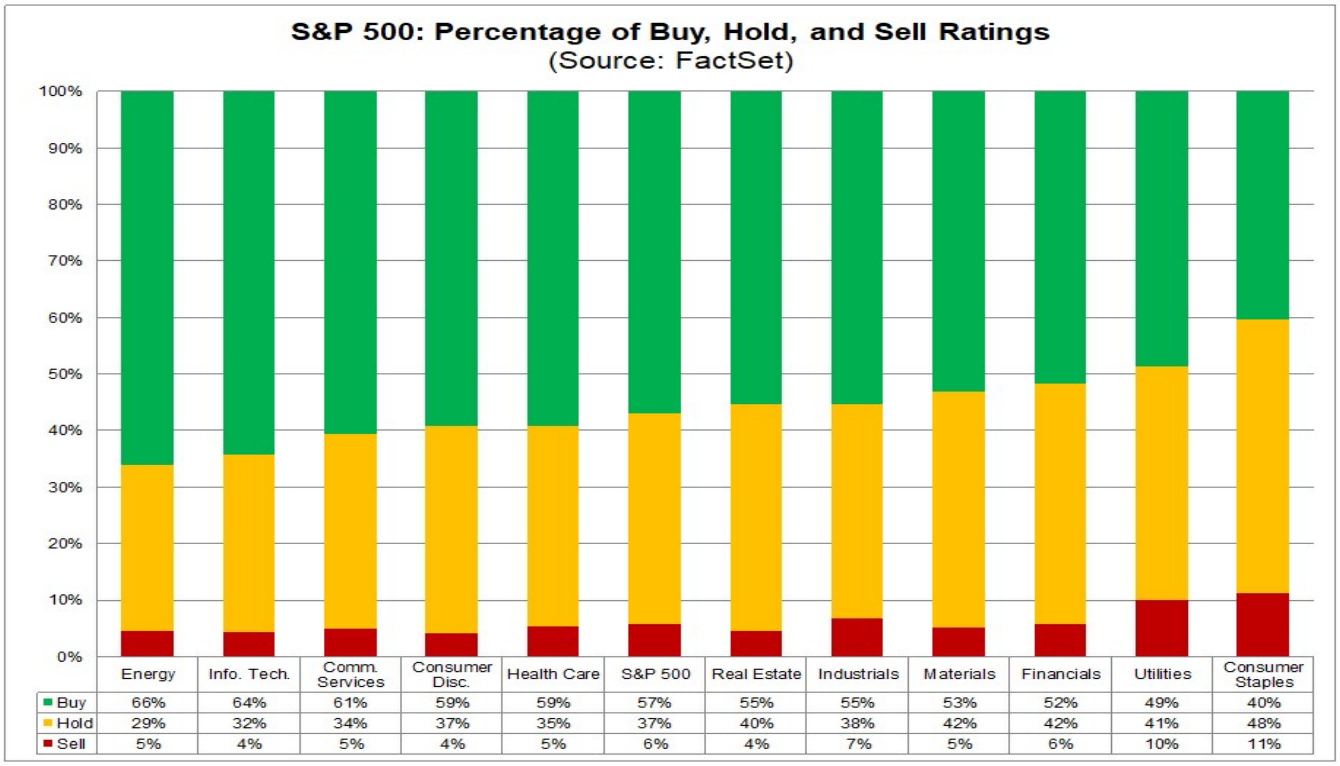


Trailing 12M P/E Ratio: 10-Years

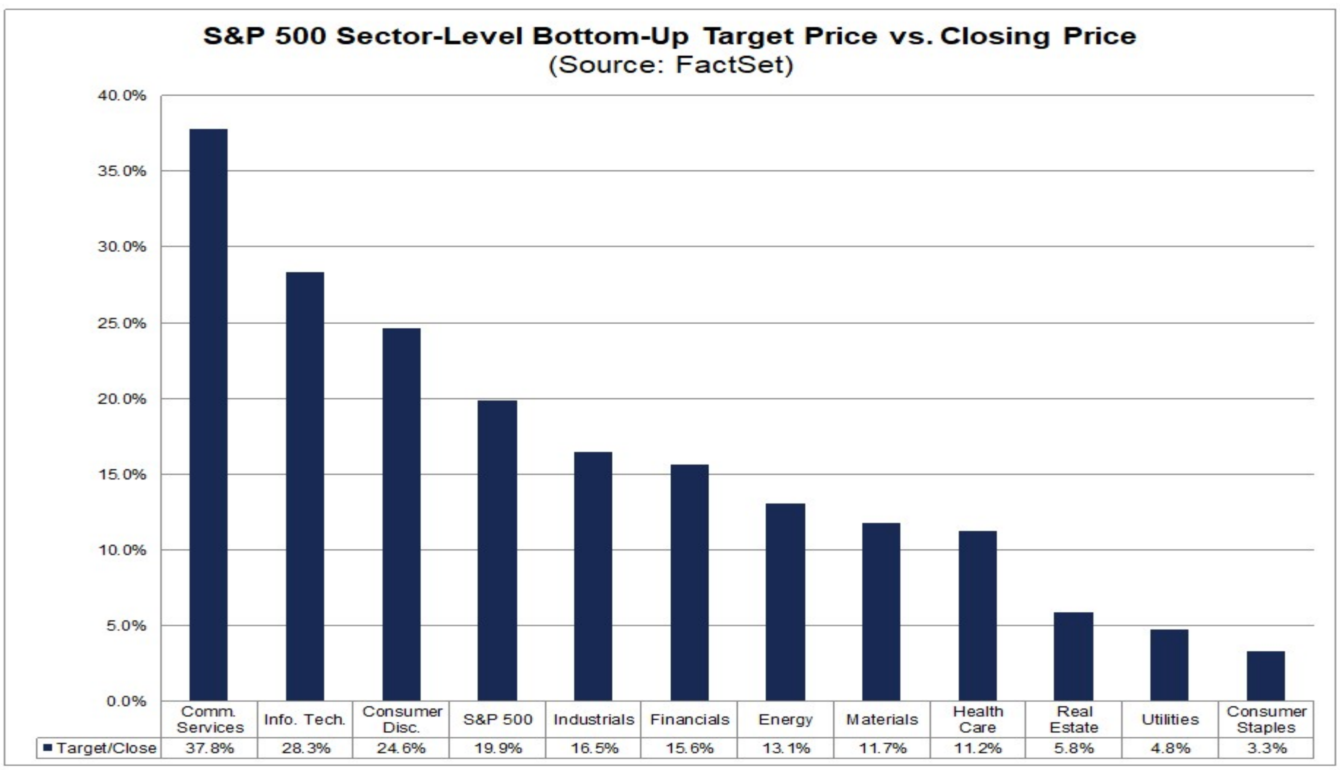




Targets & Ratings



	Energy	Info. Tech.	Comm. Services	Consumer Disc.	Health Care	S&P 500	Real Estate	Industrials	Materials	Financials	Utilities	Consumer Staples
Buy	66%	64%	61%	59%	59%	57%	55%	55%	53%	52%	49%	40%
Hold	29%	32%	34%	37%	35%	37%	40%	38%	42%	42%	41%	48%
Sell	5%	4%	5%	4%	5%	6%	4%	7%	5%	6%	10%	11%



	Comm. Services	Info. Tech.	Consumer Disc.	S&P 500	Industrials	Financials	Energy	Materials	Health Care	Real Estate	Utilities	Consumer Staples
Target/Close	37.8%	28.3%	24.6%	19.9%	16.5%	15.6%	13.1%	11.7%	11.2%	5.8%	4.8%	3.3%

Important Notice

The information contained in this report is provided "as is" and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

FactSet aggregates and redistributes estimates data and does not conduct any independent research. Nothing in our service constitutes investment advice or FactSet recommendations of any kind. Estimates data is provided for information purposes only.

FactSet has no relationship with creators of estimates that may reasonably be expected to impair its objective presentation of such estimate or recommendation. FactSet redistributes estimates as promptly as reasonably practicable from research providers.

About FactSet

FactSet (NYSE:FDS | NASDAQ:FDS) delivers superior content, analytics, and flexible technology to help more than 162,000 users see and seize opportunity sooner. We give investment professionals the edge to outperform with informed insights, workflow solutions across the portfolio lifecycle, and industry-leading support from dedicated specialists.

We're proud to have been recognized with multiple awards for our analytical and data-driven solutions and repeatedly scored 100 by the Human Rights Campaign® Corporate Equality Index for our LGBTQ+ inclusive policies and practices. Subscribe to our thought leadership blog to get fresh insight delivered daily at insight.factset.com. Learn more at www.factset.com and follow us on Twitter: www.twitter.com/factset.