May 26, 2023

Author’s Note: The FactSet Earnings Insight report will be published one day early next week on June 1.

Key Metrics

- **Earnings Scorecard:** For Q1 2023 (with 97% of S&P 500 companies reporting actual results), 78% of S&P 500 companies has reported a positive EPS surprise and 76% of S&P 500 companies have reported a positive revenue surprise.

- **Earnings Decline:** For Q1 2023, the blended earnings decline for the S&P 500 is -2.1%. If -2.1% is the actual decline for the quarter, it will mark the second straight quarter that the index has reported a decline in earnings.

- **Earnings Guidance:** For Q2 2023, 63 S&P 500 companies have issued negative EPS guidance and 41 S&P 500 companies have issued positive EPS guidance.

- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.8. This P/E ratio is below the 5-year average (18.5) but above the 10-year average (17.3).
EARNINGS INSIGHT

Topic of the Week:
Highest Number of S&P 500 Companies Citing “AI” on Q1 Earnings Calls in Over 10 Years

Artificial intelligence has been a focus topic for the market in recent months. Given the heightened interest, have more S&P 500 companies than normal commented on “AI” during their earnings conference calls for the first quarter?

The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “AI” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from March 15 through May 25.

Of these companies, 110 cited the term “AI” during their earnings call for the first quarter. This number is well above the 5-year average of 57 and the 10-year average of 34.

In fact, this is the highest number of S&P 500 companies citing “AI” on earnings calls going back to at least 2010 (using current index constituents going back in time). The previous record was 78, which occurred in the prior quarter (Q4 2022).

At the sector level, the Information Technology (38), Industrials (17), and Communication Services (15) sectors have the highest number of S&P 500 companies citing “AI” on Q1 earnings calls, while the Communication Services (75%) and Information Technology (66%) sectors have the highest percentages of companies citing “AI” on Q1 earnings calls.

It is also interesting to note that of the S&P 500 companies that have cited “AI” on Q1 earnings calls, 46 have cited the term “generative AI” on these calls.
Q1 Earnings Season: By The Numbers

Overview

At this late stage of the Q1 2023 earnings season, S&P 500 companies are recording their best performance relative to analyst expectations since Q4 2021. Both the number of companies reporting positive EPS surprises and the magnitude of these earnings surprises are above their 10-year averages. The index is reporting higher earnings for the first quarter relative to the end of the quarter. However, the index is still reporting a year-over-year decline in earnings for the second straight quarter.

Overall, 97% of the companies in the S&P 500 have reported actual results for Q1 2023 to date. Of these companies, 78% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 73%. In aggregate, companies are reporting earnings that are 6.5% above estimates, which is below the 5-year average of 8.4% but above the 10-year average of 6.4%.

As a result, the index is reporting higher earnings for the first quarter today relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings decline for the first quarter is -2.1% today, compared to an earnings decline of -6.7% at the end of the first quarter (March 31).

Positive earnings surprises reported by companies in multiple sectors (led by the Information Technology, Consumer Discretionary, and Health Care sectors) have led to the decrease in the overall earnings decline for the index since March 31.

If -2.1% is the actual decline for the quarter, it will mark the second straight quarter in which the index has reported a decrease in earnings.

Five of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Consumer Discretionary and Industrials sectors. On the other hand, six sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Materials and Utilities sectors.

In terms of revenues, 76% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 69% and above the 10-year average of 63%. In aggregate, companies are reporting revenues that are 2.5% above the estimates, which is above the 5-year average of 2.0% and above the 10-year average of 1.3%.

As a result, the index is also reporting higher revenues for the first quarter today relative to the end of the quarter. The blended revenue growth rate for the first quarter is 4.1% today, compared to a revenue growth rate of 1.9% at the end of the first quarter (March 31).

Positive revenue surprises reported by companies in multiple sectors (led by the Health Care, Utilities, and Financials sectors) have led to the increase in the overall revenue growth rate for the index since March 31.

If 4.1% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate reported by the index since Q4 2020 (3.2%).

Eight sectors are reporting (or have reported) year-over-year growth in revenues, led by the Utilities and Financials sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in revenues, led by the Materials sector.
Looking ahead, analysts still expect earnings growth for the second half of 2023. For Q2 2023, analysts are projecting an earnings decline of -6.3%. For Q3 2023 and Q4 2023, analysts are projecting earnings growth of 1.0% and 8.4%, respectively. For all of CY 2023, analysts predict earnings growth of 1.3%.

The forward 12-month P/E ratio is 17.8, which is below the 5-year average (18.5) but above the 10-year average (17.3). It is also below the forward P/E ratio of 18.1 recorded at the end of the first quarter (March 31).

During the upcoming week, 9 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.

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

**Percentage of Companies Beating EPS Estimates (78%) is Above 5-Year Average**

Overall, 97% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 78% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 17% 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 (73%), above the 5-year average (77%), and above the 10-year average (73%).

At the sector level, the Energy (87%) and Industrials (86%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (60%) and Financials (64%) sectors have the lowest percentages of companies reporting earnings above estimates.

**Earnings Surprise Percentage (+6.5%) is Below 5-Year Average**

In aggregate, companies are reporting earnings that are 6.5% above expectations. This surprise percentage is above the 1-year average (+2.8%), below the 5-year average (+8.4%), and above the 10-year average (6.4%).

The Consumer Discretionary (+17.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Wynn Resorts ($0.29 vs. $0.04), MGM Resorts ($0.44 vs. $0.06), CarMax ($0.44 vs. $0.20), Royal Caribbean Group (-$0.23 vs. -$0.69), and Ford Motor ($0.63 vs. $0.42) have reported the largest positive EPS surprises.

The Materials (+17.6%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Martin Marietta Materials ($2.16 vs. $0.98), Dow ($0.58 vs. $0.36), Vulcan Materials ($0.95 vs. $0.61), and WestRock Company ($0.77 vs. $0.50) reported the largest positive EPS surprises.

The Industrials (+10.8%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, General Electric ($0.27 vs. $0.14), Cummins ($6.70 vs. $4.72), Masco Corporation ($0.87 vs. $0.63), Generac Holdings ($0.63 vs. $0.48), American Airlines Group ($0.05 vs. $0.04), and Caterpillar ($4.91 vs. $3.80) reported the largest positive EPS surprises.

The Energy (+7.9%) sector reported the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, EQT Corporation ($1.70 vs. $1.30), Coterra Energy ($0.87 vs. $0.70), Williams Companies ($0.56 vs. $0.47), and Phillips 66 ($4.21 vs. $3.56) reported the largest positive EPS surprises.

On the other hand, the Utilities (-11.4%) sector reported the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, NRG Energy (-$6.67 vs. $0.49), Pinnacle West Capital (-$0.03 vs. $0.01), and Constellation Energy ($0.29 vs. $1.09) reported the largest negative EPS surprises.
Market Rewarding Positive EPS Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q1 2023 have seen an average price increase of +0.4% two days before the earnings release through two days after the earnings release. This percentage decrease is below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2023 have seen an average price decrease of -3.9% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.2% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (76%) is Above 5-Year Average

In terms of revenues, 76% of companies have reported actual revenues above estimated revenues and 24% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (70%), above the 5-year average (69%), and above the 10-year average (63%).

At the sector level, the Utilities (90%), Information Technology (85%), and Consumer Discretionary (85%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (52%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.5%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.5% above expectations. This surprise percentage is equal to the 1-year average (+2.5%), but above the 5-year average (+2.0%) and above the 10-year average (+1.3%).

At the sector level, the Utilities (+14.6%) sector reported the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Materials (+0.5%) sector reported the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings Decline Since March 31 Led by Information Technology

Small Decrease in Blended Earnings Decline This Week

The blended (year-over-year) earnings decline for the first quarter is -2.1%, which is smaller than the earnings decline of -2.2% last week. Positive earnings surprises reported by companies in the Information Technology sector led to the small decrease in the earnings decline over the past week.

No Change in Blended Revenue Growth Rate This Week

The blended (year-over-year) revenue growth rate for the first quarter is 4.1%, which is equal to the revenue growth rate of 4.1% last week.

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

The blended (year-over-year) earnings decline for Q1 2023 of -2.1% is smaller than the estimate of -6.7% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Consumer Discretionary (to 54.8% from 33.8%) sector. The Information Technology, Consumer Discretionary, and Health Care sectors have been the largest contributors to the increase in earnings for the index since March 31. On the other hand, the Utilities (to -22.3% from -8.5%) is the only sector that recorded a decrease in its earnings growth rate or an increase in its earnings decline during this period.
In the Information Technology sector, the positive EPS surprises reported by Microsoft ($2.45 vs. $2.24), Apple ($1.52 vs. $1.43), Intel (-$0.04 vs. -$0.16), and NVIDIA ($1.09 vs. $0.92) have been substantial contributors to the decrease in the earnings decline for the index since March 31. As a result, the blended earnings decline for the Information Technology sector improved to -9.8% from -15.1% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($0.31 vs. $0.21), Ford Motor ($0.63 vs. $0.42), and General Motors ($2.21 vs. $1.72) have been significant contributors to the decrease in the earnings decline for the index since March 31. As a result, the blended earnings growth rate for the Consumer Discretionary sector has improved to 54.8% from 33.8% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($1.23 vs. $0.98), Moderna ($0.19 vs. -$1.75), and Johnson & Johnson ($2.68 vs. $2.50) have been substantial contributors to the decrease in the earnings decline for the index since March 31. As a result, the blended earnings decline for the Health Care sector improved to -16.3% from -20.5% over this period.

In the Utilities sector, the negative EPS surprise reported by NRG Energy (-$6.67 vs. $0.49) has been a significant detractor to the decrease in the earnings decline for the index since March 31. As a result, the blended earnings decline for the Utilities sector increased to -22.3% from -8.5% over this period.

**Health Care Sector Has Seen Largest Increase in Revenues since March 31**

The blended (year-over-year) revenue growth rate for Q1 2023 of 4.1% is above the estimate of 1.9% at the end of the first quarter (March 31). All eleven sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Utilities (to 13.1% from -2.4%) sector. The Health Care, Utilities, and Financials sectors have been the largest contributors to the increase in revenues for the index since March 31.

In the Health Care sector, the positive revenue surprises reported by CVS Health ($85.28 billion vs. $80.69 billion), AmerisourceBergen ($63.46 billion vs. $60.46 billion), Centene Corporation ($38.90 billion vs. $36.14 billion), and UnitedHealth Group ($91.93 billion vs. $89.71 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 Health Care sector has increased to 4.0% from 0.9% over this period.

In the Utilities sector, the positive revenue surprises reported by NRG Energy ($7.72 billion vs. $2.65 billion) and Sempra Energy ($6.56 billion vs. $3.95 billion) have been significant 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 Utilities sector has increased to 13.1% from -2.4% over this period.

In the Financials sector, the positive revenue surprise reported by JPMorgan Chase ($38.35 billion vs. $36.12 billion) has been a substantial contributor to the increase in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 11.3% from 9.2% over this period.

**Earnings Decline: -2.1%**

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings decline for Q1 2023 is -2.1%, which is below the 5-year average earnings growth rate of 13.4% and below the 10-year average earnings growth rate of 8.7%. If -2.1% is the actual decline for the quarter, it will mark the second consecutive quarter in which earnings have declined year-over-year.
Five of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Consumer Discretionary and Industrials sectors. On the other hand, six sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Materials and Utilities sectors.

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

The Consumer Discretionary sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 54.8%. At the industry level, 4 of the 9 industries in the sector reported a year-over-year increase in earnings. A growth rate was not calculated for the Hotels, Restaurants, & Leisure and Broadline Retail industries due to the losses reported by both industries in the year-ago quarter. However, both industries reported profits in Q1 2023. The Hotels, Restaurants, & Leisure industry reported a profit of $4.6 billion in Q1 2023 compared to a loss of -$829 million in Q1 2022, while the Broadline Retail industry reported a profit of $3.8 billion in Q1 2023 compared to a loss of -$3.2 billion in Q1 2022. The other two industries that reported earnings growth are the Auto Components (19%) and Automobiles (5%) industries. On the other hand, 5 industries are reporting (or have reported) a year-over-year decline in earnings. Three of these five industries reported a decrease in earnings of more than 10%: Leisure Products (-98%), Household Durables (-24%), and Textiles, Apparel, & Luxury Goods (-12%).

At the industry level, the Broadline Retail and Hotels, Restaurants, & Leisure industries are the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -5.6% instead of year-over-year earnings growth of 54.8%.

At the company level, Amazon.com is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the sector would fall to 16.8% from 54.8%.

**Industrials: Passenger Airlines Industry Was Largest Contributor to Year-Over-Year Growth**

The Industrials sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 22.5%. At the industry level, 9 of the 12 industries in the sector reported a year-over-year increase in earnings. A growth rate was not calculated for the Passenger Airlines industry due to the loss reported by the industry in the year-ago quarter. However, this industry reported a much smaller loss in Q1 2023 (-$253 million) compared to Q1 2022 (-$4.0 billion). Four of the remaining eight industries reported earnings growth at or above 10%: Machinery (32%), Trading Companies & Distributors (27%), Aerospace & Defense (18%), and Commercial Services & Supplies (10%) On the other hand, 3 industries reported a year-over-year decline in earnings, led by the Air Freight & Logistics (-31%) industry.

At the industry level, the Passenger Airlines industry was the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Industrials sector would fall to 8.4% from 22.5%.

**Materials: 3 of 4 Industries Reported a Year-Over-Year Decline of More Than 15%**

The Materials sector reported the largest (year-over-year) earnings decline of all eleven sectors at -25.3%. At the industry level, three of the four industries in this sector reported a year-over-year decline in earnings of more than 15%: Metals & Mining (-46%), Containers & Packaging (-26%), and Chemicals (-16%). On the other hand, the Construction Materials (115%) industry is the only industry in the sector that reported (year-over-year) earnings growth.

**Utilities: NRG Energy Was Largest Contributor to Year-Over-Year Decline**

The Utilities sector reported the second-largest (year-over-year) earnings decline of all eleven sectors at -22.3%. At the industry level, two of the five industries in this sector reported a year-over-year decline in earnings: Electric Utilities (-33%) and Multi-Utilities (-6%). On the other hand, three industries reported year-over-year earnings growth: Water Utilities (12%), Gas Utilities (12%), and Independent Power And Renewable Electricity Producers (5%).

At the company level, NRG Energy was the largest contributor to the earnings decline for the sector. If this company were excluded, the blended earnings decline for the sector improves to -1.4% from -22.3%.
Revenue Growth: 4.1%

The blended (year-over-year) revenue growth rate for Q1 2023 is 4.1%, which is below the 5-year average revenue growth rate of 7.9% and below the 10-year average revenue growth rate of 4.9%. If 4.1% is the actual growth rate for the quarter, it will mark the lowest (year-over-year) revenue growth rate reported by the index since Q4 2020 (3.2%).

At the sector level, eight sectors are reporting (or have reported) year-over-year growth in revenues, led by the Utilities and Financials sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in revenues, led by the Materials sector.

Utilities: 4 of 5 Industries Reported Year-Over-Year Growth Above 10%

The Utilities sector reported the highest (year-over-year) revenue growth rate of all eleven sectors at 13.1%. At the industry level, four of the five industries in this sector reported year-over-year growth in revenues above 10%: Multi-Utilities (16%), Independent Power And Renewable Electricity Producers (14%), Electric Utilities (12%), and Water Utilities (11%). On the other hand, the Gas Utilities (-7%) industry is the only industry in the sector that reported a year-over-year decline in earnings.

At the company level, NRG Energy and Sempra Energy were the largest contributors to the revenue growth for the sector. If these two companies were excluded, the blended revenue growth rate for the sector decreases to 7.2% from 13.1%.

Financials: 3 of 5 Industries Reported Year-Over-Year Growth Above 15%

The Financials sector reported the second-highest (year-over-year) revenue growth rate of all eleven sectors at 11.3%. At the industry level, four of the five industries in the sector reported year-over-year growth in revenues. Three of these four industries reported revenue growth above 15%: Banks (18%), Consumer Finance (18%), and Financial Services (17%). On the other hand, the Capital Markets industry (-1%) is the only industry that reported a year-over-year decline in revenues.

Materials: Metals & Mining Industry Led Year-Over-Year Decline

The Materials sector reported the largest (year-over-year) decline in revenues at -7.7%. At the industry level, three of the four industries in the sector reported a year-over-year decrease in revenues: Metals & Mining (-16%), Chemicals (-7%), and Containers & Packaging (-5%). On the other hand, the Construction Materials (11%) industry is the only industry that reported year-over-year growth in revenues.

Net Profit Margin: 11.5%

The blended net profit margin for the S&P 500 for Q1 2023 is 11.5%, which is above the previous quarter’s net profit margin of 11.3% and above the 5-year average of 11.4%, but below the year-ago net profit margin of 12.2%.

At the sector level, three sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q1 2023 compared to Q1 2022, led by the Energy (to 12.4% vs. 10.4%) and Consumer Discretionary (6.6% vs. 4.7%) sectors. On the other hand, eight sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q1 2023 compared to Q1 2022, led by the Utilities (10.3% vs. 15.0%) sector.

Six sectors are reporting (or have reported) net profit margins in Q1 2023 that are above their 5-year averages, led by the Energy (12.4% vs. 7.9%) sector. On the other hand, five sectors are reporting (or have reported) net profit margins in Q1 2023 that are below their 5-year averages, led by the Utilities (10.3% vs. 13.4%) sector.
Looking Ahead: Forward Estimates and Valuation

Quarterly Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q2 Above 5-Yr. Average
At this point in time, 104 companies in the index have issued EPS guidance for Q2 2023. Of these 104 companies, 63 have issued negative EPS guidance and 41 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2023 is 61% (63 out of 104), which is above the 5-year average of 59% but below the 10-year average of 66%.

At this point in time, 266 companies in the index have issued EPS guidance for the current fiscal year (FY 2023 or FY 2024). Of these 266 companies, 111 have issued negative EPS guidance and 155 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 42% (111 out of 266).

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 1% for CY 2023
For the first quarter, S&P 500 companies are reporting a year-over-year earnings decline of -2.1% and revenue growth of 4.1%.

For Q2 2023, analysts are projecting an earnings decline of -6.3% and a revenue decline of -0.3%.

For Q3 2023, analysts are projecting earnings growth of 1.0% and revenue growth of 1.2%.

For Q4 2023, analysts are projecting earnings growth of 8.4% and revenue growth of 3.2%.

For CY 2023, analysts are projecting earnings growth of 1.3% and revenue growth of 2.4%.

Valuation: Forward P/E Ratio is 17.8, Above the 10-Year Average (17.3)
The forward 12-month P/E ratio for the S&P 500 is 17.8. This P/E ratio is below the 5-year average of 18.5 but above the 10-year average of 17.3. It is also below the forward 12-month P/E ratio of 18.1 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 increased by 1.0%, while the forward 12-month EPS estimate has increased by 1.4%. At the sector level, the Information Technology (25.0) and Consumer Discretionary (24.1) sectors have the highest forward 12-month P/E ratios, while the Energy (10.3) and Financials (12.6) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 20.9, which is below the 5-year average of 22.5 but above the 10-year average of 20.7.

Targets & Ratings: Analysts Project 13% Increase in Price Over Next 12 Months
The bottom-up target price for the S&P 500 is 4705.93, which is 13.4% above the closing price of 4151.28. At the sector level, the Energy (+25.9%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Information Technology (+3.2%) 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 10,951 ratings on stocks in the S&P 500. Of these 10,951 ratings, 54.6% are Buy ratings, 39.5% are Hold ratings, and 5.9% are Sell ratings. At the sector level, the Energy (64%), Communication Services (62%), and Information Technology (60%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 9

During the upcoming week, 9 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.
Q1 2023: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q1 2023
(Source: FactSet)

- Below: 13% Energy, 12% Industrials, 8% Info. Technology, 15% Consumer Disc., 14% Materials, 14% Health Care, 16% Consumer Staples, 17% S&P 500, 17% Comm. Services, 13% Real Estate, 35% Financials, 30% Utilities
- In-Line: 0% Energy, 1% Industrials, 7% Info. Technology, 0% Consumer Disc., 3% Materials, 3% Health Care, 3% Consumer Staples, 4% S&P 500, 8% Comm. Services, 17% Real Estate, 1% Financials, 10% Utilities
- Above: 87% Energy, 86% Industrials, 85% Info. Technology, 85% Consumer Disc., 83% Materials, 83% Health Care, 81% Consumer Staples, 81% S&P 500, 79% Comm. Services, 75% Real Estate, 64% Financials, 60% Utilities

S&P 500 Revenues Above, In-Line, Below Estimates: Q1 2023
(Source: FactSet)

- Below: 10% Utilities, 15% Info. Technology, 15% Consumer Disc., 19% Health Care, 19% Industrials, 19% Consumer Staples, 24% S&P 500, 27% Real Estate, 35% Energy, 36% Financials, 38% Comm. Services, 48% Materials
- In-Line: 0% Utilities, 0% Info. Technology, 0% Consumer Disc., 0% Health Care, 0% Industrials, 0% Consumer Staples, 0% S&P 500, 0% Real Estate, 0% Energy, 0% Financials, 0% Comm. Services, 0% Materials
- Above: 90% Utilities, 85% Info. Technology, 85% Consumer Disc., 81% Health Care, 81% Industrials, 81% Consumer Staples, 76% S&P 500, 73% Real Estate, 65% Energy, 64% Financials, 63% Comm. Services, 52% Materials
Q1 2023: Scorecard

**S&P 500 Sector-Level Earnings Surprise %: Q1 2023**

(Source: FactSet)

- Consumer Disc.: 17.7%
- Materials: 17.6%
- Industrials: 10.8%
- Energy: 7.9%
- Consumer Staples: 6.6%
- S&P 500: 6.5%
- Health Care: 6.4%
- Info. Technology: 5.5%
- Financials: 5.0%
- Comm. Services: 3.6%
- Real Estate: 2.9%
- Utilities: -11.4%

**S&P 500 Sector-Level Revenue Surprise %: Q1 2023**

(Source: FactSet)

- Utilities: 14.6%
- Health Care: 3.2%
- Consumer Disc.: 2.6%
- S&P 500: 2.5%
- Financials: 2.4%
- Industrials: 2.2%
- Info. Technology: 2.0%
- Real Estate: 1.9%
- Consumer Staples: 1.6%
- Energy: 1.5%
- Comm. Services: 0.9%
- Materials: 0.5%
EARNINGS INSIGHT

Q1 2023: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q1 2023
(Source: FactSet)

Number of Companies Reporting Surprise % in Each Range

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q1 2023: Growth

**S&P 500 Earnings Growth: Q1 2023**
(Source: FactSet)

**S&P 500 Revenue Growth: Q1 2023**
(Source: FactSet)
Q1 2023: Growth

**S&P 500 Earnings Growth: Q1 2023**
(Source: FactSet)

- **2.6%** for S&P 500 Companies > 50% Revenue in U.S.
- **-2.1%** for All S&P 500 Companies
- **-9.9%** for S&P 500 Companies < 50% Revenues in U.S.

**S&P 500 Revenue Growth: Q1 2023**
(Source: FactSet)

- **6.4%** for S&P 500 Companies > 50% Revenue in U.S.
- **4.1%** for All S&P 500 Companies
- **-2.1%** for S&P 500 Companies < 50% Revenues in U.S.
Q1 2023: Net Profit Margin
Q2 2023: Guidance

Number (#) of S&P 500 Cos. with Q2 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q2 Positive & Negative Guidance
(Source: FactSet)
Q2 2023: EPS Revisions

### Upward Change in Q2 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

- MGM Resorts International: 466.4%
- Veritas, Inc.: 91.4%
- NVIDIA Corporation: 81.6%
- NRG Energy, Inc.: 75.4%
- Wynn Resorts, Limited: 75.1%
- Royal Caribbean Group: 56.0%
- Caesars Entertainment Inc.: 24.4%
- SolarEdge Technologies, Inc.: 16.9%
- Electronic Arts Inc.: 16.8%
- Daiwa Inc.: 14.2%

### Downward Change in Q2 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

- Take-Two Interactive Software, Inc.: -55.9%
- Western Digital Corporation: -60.3%
- Paramount Global Class B: -62.1%
- Catalent Inc.: -77.6%
- Tyson Foods, Inc. Class A: -77.8%
- Estee Lauder Companies Inc. Class A: -191.7%
- Moderna, Inc.: -105.8%
- Allstate Corporation: -130.7%
- Stanley Black & Decker, Inc.: -221.1%
- V.F. Corporation: -1023.3%

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Q2 2023: Growth

**S&P 500 Earnings Growth: Q2 2023**
(Source: FactSet)

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<th>Sector</th>
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**S&P 500 Revenue Growth: Q2 2023**
(Source: FactSet)

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FY 2023 / 2024: EPS Guidance

Number (#) of S&P 500 Cos. with FY Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with FY Positive & Negative Guidance
(Source: FactSet)
CY 2023: Growth

S&P 500 Earnings Growth: CY 2023
(Source: FactSet)

S&P 500 Revenue Growth: CY 2023
(Source: FactSet)
CY 2024: Growth

S&P 500 Earnings Growth: CY 2024
(Source: FactSet)

S&P 500 Revenue Growth: CY 2024
(Source: FactSet)
Geographic Revenue Exposure

S&P 500: Aggregate Geographic Revenue Exposure (%)
(Source: FactSet)

International 40%
United States 60%

S&P 500: Aggregate Sector Geographic Revenue Exposure (%)
(Source: FactSet)

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<th>Sector</th>
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<td>Utilities</td>
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<td>Real Estate</td>
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Bottom-Up EPS Estimates

S&P 500 CY 2023 & CY 2024 Bottom-Up EPS: 1-Year
(Source: FactSet)

S&P 500 Q223 Bottom-Up EPS: 1-Year
(Source: FactSet)
Bottom-Up EPS Estimates: Current & Historical

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates
(Source: FactSet)

S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)
Forward 12M P/E Ratio: Sector Level

**S&P 500 Sector-Level Forward 12-Month P/E Ratios**
(Source: FactSet)

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**Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar. 31**
(Source: FactSet)
Forward 12M P/E Ratio: 10-Years
EARNINGS INSIGHT

Trailing 12M P/E Ratio: 10-Years

S&P 500 Change in Trailing 12-Month EPS vs. Change in Price: 10 Years
(Source: FactSet)

S&P 500 Trailing 12-Month P/E Ratio: 10 Years
(Source: FactSet)
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)
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