FACTSET
EARNINGS INSIGHT

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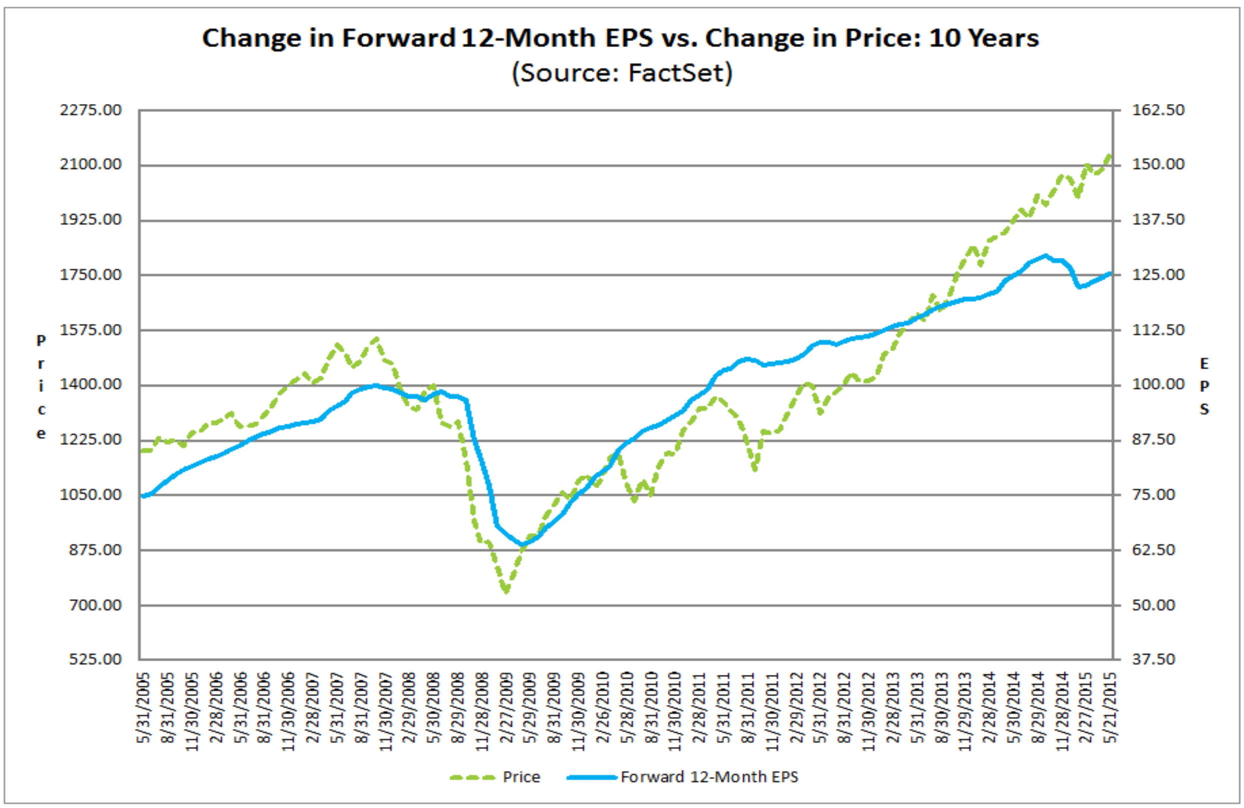
Key Metrics

- **Earnings Scorecard:** Of the 488 companies that have reported earnings to date for Q1 2015, 71% have reported earnings above the mean estimate and 45% have reported sales above the mean estimate.
- **Earnings Growth:** For Q115, the blended earnings growth rate is 0.3%. If this is the final growth rate for the quarter, it will be lowest earnings growth for a quarter since Q3 2012 (-1.0%).
- **Earnings Revisions:** On March 31, the estimated earnings decline for Q1 2015 was -4.7%. Eight sectors have higher growth rates today (compared to March 31) due to upside earnings surprises.
- **Earnings Guidance:** For Q2 2015, 74 companies have issued negative EPS guidance and 27 companies have issued positive EPS guidance.
- **Valuation:** The current 12-month forward P/E ratio is 17.0. This P/E ratio is based on Thursday's closing price (2130.82) and forward 12-month EPS estimate ($125.37).



Topic of the Week:

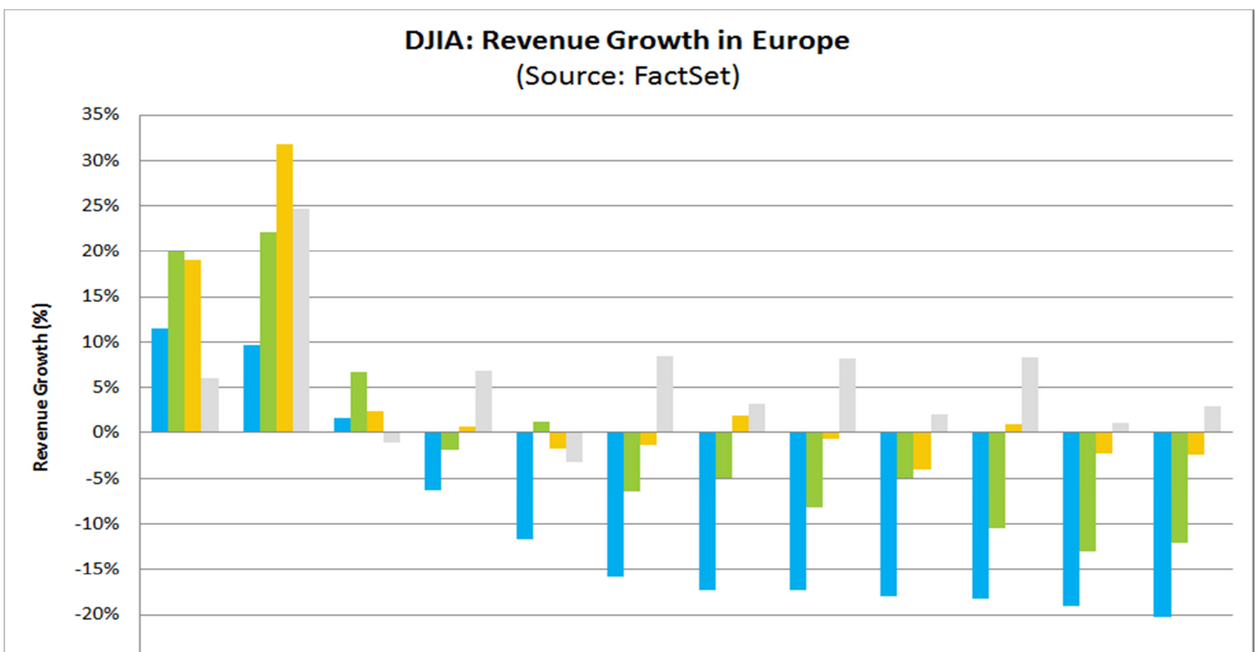
More Dow 30 Companies Reported a Decline in Sales in Europe in Q1

"The decline in adjusted EPS of 4.3% vs. the prior year was entirely due to the negative impact of movements in currency rates in the translation of our results, particularly the weakening of the euro compared to prior year." –Johnson & Johnson (April 14)

Coming into the Q1 earnings season, there were concerns in the market regarding the impact of the stronger dollar relative to the euro on U.S. corporate earnings for the first quarter. With the final DJIA components (Home Depot and Wal-Mart Stores) reporting results for Q1 this past week, how did companies in the DJIA perform in the first quarter in Europe in terms of sales? How did the revenue numbers for Q1 2015 compare to prior quarters?

Overall, 12 of the 30 companies in the DJIA provided revenue growth numbers for Europe for the first quarter. Of these twelve companies, nine reported a year-over-year decline in revenues. This number was above the number of Dow 30 companies reporting a year-over-year sales decrease in the previous quarter (8). In fact, this was the highest number of Dow 30 companies reporting a year-over-year decline in revenue from Europe since Q4 2012 (9).

The stronger dollar was clearly a key factor in the weaker revenue performance in Europe. Of the 12 companies in the DJIA that provided revenue growth numbers for Europe, 11 cited a negative impact on revenues or EPS (or both) for Q1 due to unfavorable foreign exchange during their earnings conference calls. Seven of these 11 companies specifically discussed the weakness of the euro relative to the dollar during these same earnings calls.



	AAPL	NKE^	CSCO*	KO	CAT*	MMM*	PFE	JNJ	DD*	MRK+	IBM*	MCD
Q1 2015	12%	10%	2%	-6%	-12%	-16%	-17%	-17%	-18%	-18%	-19%	-20%
Q4 2014	20%	22%	7%	-2%	1%	-6%	-5%	-8%	-5%	-10%	-13%	-12%
Q3 2014	19%	32%	2%	1%	-2%	-1%	2%	-1%	-4%	1%	-2%	-2%
Q2 2014	6%	25%	-1%	7%	-3%	9%	3%	8%	2%	8%	1%	3%

*EMEA (Europe, Middle East, & Africa)   ^ Western Europe   + Pharmaceutical Sales

Q1 2015 Earnings Season: By the Numbers

Overview

With 98% of the companies in the S&P 500 reporting actual results for Q1 to date, fewer companies are reporting actual EPS above estimates (71%) and actual sales above estimates (45%) than average.

However, the companies that are reporting upside earnings surprises are surpassing estimates by much wider margins (+6.1%) than average.

As a result of these upside earnings surprises, the blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings growth rate for Q1 2015 is now 0.3%, which is above the estimate of- 4.7% at the end of the first quarter (March 31). At the sector level, the Health Care and Financial sectors are reporting the highest earnings growth rates for the quarter, while the Energy sector reported the largest year over-year decrease in earnings of all ten sectors.

The blended revenue decline for Q1 2015 is -2.9%, which is slightly larger than the estimate of -2.6% at the end of the first quarter (March 31). At the sector level, the Energy sector reported the largest year-over-year decrease in sales of all ten sectors. On the other hand, the Health Care sector is reporting the highest growth in sales for the quarter.

Looking at future quarters, analysts are expecting year-over-year declines in earnings and revenue to continue through Q3 2015. However, analysts are still projecting record-level EPS for Q4 2015. Analysts also expect net profit margins to continue to rise to record levels (based on per-share estimates) starting in Q3 2015.

The forward 12-month P/E ratio is 17.0, which is above the 5-year and 10-year averages.

During the upcoming week, 4 S&P 500 companies are scheduled to report results for the first quarter and 2 S&P 500 companies are scheduled to report results for the second quarter.

Fewer Companies Beating Earnings and Sales Estimates Than Average

With 98% of the companies in the S&P 500 reporting actual results for Q1 to date, fewer companies are reporting actual EPS above estimates (71%) and actual sales above estimates (45%) than average.

Percentage of Companies Beating EPS Estimates (71%) is Below 5-Year Average

Overall, 98% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 71% have reported actual EPS above the mean EPS estimate and 29% 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 (75%) average and below the 5-year (73%) average.

At the sector level, the Health Care (85%), Telecom Services (83%), and Consumer Staples (80%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (55%) sector has the lowest percentage of companies reporting earnings above estimates.

Market Rewarding Earnings Beats and Punishing Earnings Misses at Less Than Average Levels

To date, the market is rewarding upside earnings surprises by less than average levels, but also punishing downside earnings surprises by less than average levels.

Companies that have reported upside earnings surprises for Q1 2015 have seen an average price increase of 0.5% two days before the earnings release through two days after the earnings. This percentage is below the 5-year average price increase of 1.0% during this same window for companies reporting upside earnings surprises.

Companies in the index that have reported downside earnings surprises for Q1 2015 have seen an average price decrease of 2.0% two days before the earnings release through two days after the earnings. This percentage is slightly above the 5-year average price decrease of 2.3% during this same window for companies reporting downside earnings surprises.

Earnings Surprise Percentage (+6.1%) is Well Above 5-Year Average

Although fewer companies are reporting earnings above estimates than average, the companies that are reporting upside earnings surprises are surpassing estimated by wider margins than average. In aggregate, companies are reporting earnings that are 6.1% above expectations. This surprise percentage is above the 1-year average (+4.1%) and the 5-year average (+5.4%).

Companies in the Energy (+28.8%) and Health Care (10.7%) sectors are reporting the largest upside aggregate differences between actual earnings and estimated earnings. In the Energy sector, Cabot Oil & Gas ($0.12 vs. $0.03), Chesapeake Energy ($0.11 vs. $0.03), and CONSOL Energy ($0.37 vs. $0.12) have reported the highest positive earnings surprises. In the Health Care sector, Tenet Health Care ($0.67 vs. $0.31), Hospira ($0.97 vs. $0.52), Bristol-Myers Squibb ($0.71 vs. $0.50), and Gilead Sciences ($2.94 vs. $2.32) have reported the largest upside earnings surprises.

Percentage of Companies Beating Revenue Estimates (45%) is Below 5-Year Average

In terms of revenues, 45% of companies have reported actual sales above estimated sales and 55% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below both the 1-year (59%) average and the 5-year average (58%).

If 45% is the final percentage for the quarter, it will mark the lowest percentage of companies reporting sales above estimates for a quarter since Q3 2012 (41%).

At the sector level, the Health Care (57%), Information Technology (53%), and Financials (50%) sectors have the highest percentages of companies reporting revenue above estimates, while the Telecom Service (0%), Industrials (34%), Utilities (37%), and Materials (38%) sectors have the lowest percentages of companies reporting revenue above estimates.

Revenue Surprise Percentage (+0.1%) is Below 5-Year Average

In aggregate, companies are reporting sales that are 0.1% above expectations. This surprise percentage is below the 1-year (+1.1%) average and the 5-year (+0.7%) average.

Companies in the Energy (+7.2%) sector reported the largest upside aggregate difference between actual sales and estimated sales, while companies in the Materials (-3.9%) and Industrials (-2.7%) sectors are reporting the largest downside aggregate differences between actual sales and estimated sales.

Slight Improvement in Year-Over-Year Earnings Growth This Week

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The blended earnings growth for the first quarter is 0.3% this week, which is an improvement from the blended earnings growth rate of 0.2% last week. The upside earnings surprise reported by Deere & Company ($2.03 vs. $1.56) accounted for most of the increase in year-over-year earnings this past week.

Broad-Based Improvement in Earnings since March 31

The blended earnings growth rate for Q1 2015 of 0.3% is above the estimate of -4.7% at the end of the first quarter (March 31). Eight sectors have recorded an increase in earnings growth since the end of the quarter due to upside earnings surprises. All eight of these sectors have recorded an improvement in growth of 4 percentage points or more since March 31, led by led by the Health Care (to 22.3% from 11.6%), Utilities (to 3.4% from -5.8%), and Energy (to -56.6% from -64.5%) sectors. The only two sectors that have recorded decreases in earnings growth during this time due to downside earnings surprises and downward revisions to earnings estimates are the Industrials (to 2.7% from 5.2%) and Consumer Discretionary (to 5.5% from 5.8%) sectors.

Lowest Earnings Growth (0.3%) Since Q3 2012 (-1.0%)

The blended earnings growth rate for Q1 2015 is 0.3%. If this is the final earnings growth rate for the quarter, it will mark the lowest year-over-year growth in earnings since Q3 2012 (-1.0%). Seven sectors are reporting or have reported year-over-year growth in earnings, led by the Health Care and Financials sectors. Three sectors have reported a year-over-year decline in earnings, led by the Energy sector.

Health Care: Gilead Sciences Leads Broad Growth

The Health Care sector is reporting the highest earnings growth rate at 23.3%. At the industry level, all six industries in the sector are reporting earnings growth. Five of these six industries are reporting double-digit earnings growth, led by the Biotechnology (59%) industry. At the company level, Gilead Sciences is the largest contributor to earnings growth for the sector. The company reported actual EPS of $2.94 for Q1 2015, compared to year-ago EPS of $1.48 in Q1 2014. If Gilead Sciences is excluded, the blended earnings growth rate for the sector would fall to 18.0% from 23.3%.

Financials: Excluding Bank of America, Growth Rate Drops by More Than 50%

The Financials sector reported the second highest earnings growth rate at 13.4%. At the industry level, six of the eight industries reported earnings growth. Four of these six industries reported earnings growth of more than 20%: Real Estate Management & Development (28%), Banks (24%), Capital Markets (22%), and Diversified Financial Services (21%). At the company level, Bank of America was the largest contributor to earnings growth for the sector. The company reported actual EPS of $0.27 for Q1 2015, compared to year-ago EPS of -$0.05 in Q1 2014. The loss reported by Bank of America in Q1 2014 included a litigation charge of $0.40. If this company is excluded, the blended earnings growth rate for the sector would fall to 6.4% from 13.4%.

Energy: Broad-Based Decline in Earnings

The Energy sector reported the largest year-over-year decline in earnings (-56.6%) of all ten sectors. Six of the seven sub-industries reported a year-over-year drop in earnings: Oil & Gas Exploration & Production (-112%), Integrated Oil & Gas (-54%), Coal & Consumable Fuels (-31%), Oil & Gas Equipment & Services (-27%), Oil & Gas Drilling (-20%), and Oil & Gas Storage & Transportation (-8%). The only sub-industry that reported earnings growth for the quarter was the Oil & Gas Refining & Marketing (41%) sub-industry.

This sector is also the largest detractor to earnings growth for the S&P 500 as a whole. If the Energy sector is excluded, the blended earnings growth rate for the S&P 500 would jump to 8.0% from 0.3%.

Largest Decline in Revenue (-2.9%) Since Q3 2009 (-11.5%)

The blended revenue decline for Q1 2015 is -2.9%. If this is the final revenue decline for the quarter, it will mark the first year-over-year decrease in revenue since Q1 2013 (-0.3%), and the largest year-over-year decline in revenue since Q3 2009 (-11.5%). Six of the ten sectors are reporting year-over-year growth in revenue, led by the Health Care sector. Four sectors are reporting a year-over-year decline in revenue, led by the Energy sector.

The Health Care sector is reporting the highest revenue growth of all ten sectors at 10.6%. Five of the six industries in the sector are reporting sales growth for the quarter. Three of these six industries are reporting double-digit sales growth: Biotechnology (29%), Health Care Technology (27%), and Health Care Providers & Services (13%).

On the other hand, the Energy (-34.6%) sector reported the largest year-over-year decrease in sales for the quarter. All seven sub-industries in the sector reported a decline in revenue: Oil & Gas Exploration & Production (-43%), Oil & Gas Refining & Marketing (-38%), Integrated Oil & Gas (-37%), Oil & Gas Storage & Transportation (-18%), Oil & Gas Drilling (-14%), Oil & Gas Equipment & Services (-11%), and Coal & Consumable Fuels (-8%).

This sector is also the largest contributor to the blended revenue decline for the S&P 500 as a whole. If the Energy sector is excluded, the blended revenue growth rate for the S&P 500 would jump to 2.4% from -2.9%.

Q1 2015 Earnings Season: Themes

Overview

Similar to last quarter, companies have been discussing the impact of slower global economic growth, the stronger dollar, and lower oil prices during their earnings conference calls for Q1.

"The following factors impact our guidance. On the macroeconomic front, the world's two largest economies, the USA and China, although continuing to grow, appear to be doing so at a somewhat slower rate. Europe has had its problems, although they appear not to be worsening. The dollar is strong, which has pluses and minuses. Similarly, oil prices are low, which also has positive and negative economic effects." –Linear Technology (Apr. 15)

Economic Themes: U.S., Europe, and China

United States

According to FactSet Economic Estimates, real (year-over-year) GDP growth in the U.S. is projected to be 2.7% in 2015, which would be a slight improvement over the low 2% growth of the past few years. The U.S. remains the key geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 69% of sales from North America, almost all of which comes from the U.S.

"The data I have seen, shows the U.S. still growing, which is positive but slowing a bit from the growth rate it had experienced." –Linear Technology (Apr. 15)

"In North America, we delivered revenue growth of 13% in local currency, driven by double digit growth in the United States where we continue to perform extremely well." –Accenture (Mar. 26)

"Let's turn to our Industrial business. We grew sales for this segment 3% and in constant currency by 7%. Each of our three regions had strong results. Our U.S. business led this growth with higher pricing related to commodity cost increases and increased demand for our branded food service products as well as customized seasonings, largely for snacks." –McCormick & Co. (Mar. 24)

"First, North America, which delivered 6% revenue growth in the quarter. Consumer demand continued to be very strong in North America, as most key categories grew and futures were up 15%. That said, revenue growth was somewhat lower than expected in the quarter due to challenges led to the port congestion on the West Coast, which escalated late in our fiscal quarter three. As a result, some shipments originally expected for delivery in Q3 were delayed." –NIKE (Mar. 19)

"On the economic front, we see moderate growth in the global economy anchored by the U.S. where continued improvements in fundamentals will support real GDP growth around 3% for the next several quarters." –FedEx (Mar. 18)

Europe:

According to FactSet Economic Estimates, real (year-over-year) GDP growth in the Eurozone is projected to be 1.5% in 2015, which is a slight improvement relative to 2014. Europe is still an important geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 13% of sales from Europe (combination of European Union and non-European Union countries).

"Europe, Europe is having its problems, although lately we read maybe it's at the bottom and could pick up a little." –Linear Technology (Apr. 15)

"All the margins in our businesses look really healthy in the upcoming summer period. I'd say the strongest margins will continue to be in Europe despite the weakness in the euro." –Delta Air Lines (Apr. 15)

"Financial Services grew 9%, led by strong growth in Europe and across all three industries, particularly in capital markets and insurance." –Accenture (Mar. 26)

"In Western Europe, we're seeing broad-based demand with revenue growth of 21% in the quarter. We saw growth across all categories and territories with particular strength in AGS, the UK, and southern Europe." –NIKE (Mar. 19)

China

According to FactSet Economic Estimates, real (year-over-year) GDP growth in China is projected to be 6.9%, which would be a continuation of the declining growth seen in recent years. China continues to be a vital geographic market for the S&P 500. According to FactSet Geographic Revenue Exposure data (based on the most recent fiscal year data), companies in the S&P 500 in aggregate generate about 10% of sales from the Asia Pacific region, most of which comes from China and Japan.

"It shows China trying to correct certain things in their economy, growing maybe 7%, which would be a 14-year low for them, but certainly a very strong number for any other economy." –Linear Technology (Apr. 15)

"In constant currency, we grew Consumer business sales in the Asia Pacific region 10% with a 13% increase in volume and product mix. This was led by sales in China, which rose 18%, mostly from higher volume and product mix." –McCormick & Co. (Mar. 24)

"Lastly, in Greater China, we continue to see the benefits of our strategy to reset the marketplace. Q3 revenue growth was 17% and futures are up 23%. This reflects the continued strength of the NIKE Brand in the market along with our efforts to execute a more consumer-focused distribution strategy." –NIKE (Mar. 19)

Currency Themes: Stronger U.S. Dollar

During the course of the first quarter, the dollar strengthened relative to the euro. On December 31, one euro was equal to $1.21 dollars. On March 31, one euro was worth about $1.07 dollars.

The dollar also strengthened relative to year-ago values for both the euro and the yen. In the year-ago quarter (Q1 2014), one euro was equal to $1.37 dollars on average. For Q1 2015, one euro was equal to $1.13 dollars on average. In the year-ago quarter (Q1 2014), one dollar was equal to $102.76 yen on average. For Q1 2015, one dollar has been equal to $119.17 yen on average.

"The decline in adjusted EPS of 4.3% versus the prior year was entirely due to the negative impact of movements in currency rates in the translation of our results, particularly the weakening of the euro compared to prior year. This resulted in a negative impact to EPS in the quarter of approximately $0.13 per share. EPS on a constant currency basis was $1.69 or up 3.7% over the prior year." –Johnson & Johnson (Apr. 14)

"At the same time, challenging macroeconomic conditions and then appreciating U.S. dollar weighed on our business in important geographic markets." –Intel (Apr. 14)

"Simply put, a stronger dollar hurts our sales and earnings in dollars, while a weaker dollar helps them. We estimate that 1% move in the pound sterling versus the dollar from current levels would impact our adjusted EPS by approximately $0.01 per share." –Walgreens Boots Alliance (Apr. 9)

"There is no doubt, however, that the further weakening of foreign currencies has led to what now appears to be a $0.35 to $0.40 headwind for this fiscal year, primarily concentrated in corn gross profit and to a lesser degree in Ag Productivity gross profit, and driven by the deterioration of several key currencies versus the dollar very close to today's rate." –Monsanto (Apr. 1)

"The year-over-year impact from the strengthening dollar cost us $0.06, including both translational and transactional currency impacts." –Carnival Corp. (Mar. 27)

"Virtually every company that has reported since December has commented on the impact of foreign currencies including Oracle just last week. The rapid devaluation of nearly every foreign currency versus the U.S. dollar is not news, yet surprisingly only about 30% of the sell-side analysts who follow Red Hat have updated their models at current rates. Nearly every currency in which we do business weakened against the U.S. dollar, when compared to Q4 last year, last quarter, against guidance or versus the full year of fiscal 2014…..So for instance, total revenue for the fourth quarter, which was very good, would have been $24 million higher using Q4 rates from last year, $13 million higher using rates from last quarter, and $7 million higher using rates that I used in December for guidance. For the full fiscal year 2015, total revenue would have been $36 million higher using rates from last year and $20 million higher using the rates given in March of 2014 when we first set fiscal year 2015 guidance." –Red Hat (Mar. 25)

"We were pleased with our sales and profit performance in the first quarter. However, as with many other U.S.-based food companies with international operations, we had a significant headwind from currency this period….Our adjusted operating income excludes special charges and declined 2%, but if we also exclude currency, we achieved modest growth of 1%." –McCormick & Co. (Mar. 25)

"Net sales totaled $4.4 billion, down 1% due to foreign currency effects." –General Mills (Mar.18)

"In the International Export segment, excluding fuel, yield per package decreased 0.8%, primarily driven by the negative impact of exchange rates, which offset positive weight, rate, and discount changes." –FedEx (Mar. 18)

"The currency headwind ended up being 6% for software and cloud revenues as well as total revenue, 7% for total hardware revenue, and $0.06 a share – and $0.06 for earnings per share." –Oracle (Mar. 17)

"From a year-over-year currency perspective, FX decreased revenue by $26 million. Considering the $24 million in hedge gains in Q1 FY 2015, versus $3 million in hedge gains in Q1 FY 2014, the net year-over-year currency decrease to revenue considering hedging gains was $5 million." –Adobe Systems (Mar. 17)

Commodity Themes: Lower Oil & Gas Prices

During the course of the first quarter, the price of crude oil declined by 10.6% (to $47.60 from $53.27). In addition, the average price of oil in Q1 2015 ($48.63) was more than 50% lower than the average price in the year-ago quarter ($98.56).

The impact of lower oil and gas prices varies by sector, industry, and company.

"Overall, we continue to expect fuel cost to be an enormous tailwind and provide a net benefit of $2.2 billion for Delta for the year. We're also well-positioned to benefit if fuel remains at these levels in 2016." –Delta Air Lines (Apr. 15)

"So I think oil prices is a net positive for us, but when you guys get into the numbers, you'll see that we still had around $30 million loss on, I'll say, unrealized commodity hedges and most of those were around diesel hedges. Those losses will flow through the P&L over the next two years. A reasonable amount will flow through the P&L in fiscal 2016 that would have been included in our guidance. But net-net, the reduction to oil prices, I'll say, from a fiscal 2016 is a positive and of course if they stay low, it will be even more of a positive as these out of the money hedges get behind us." –Constellation Brands (Apr. 9)

"Fuel prices this quarter were down 38% versus the prior year, which saved us $0.17 per share net of realized losses on fuel derivatives." –Carnival Corp. (Mar. 27)

"We have tightened the revenue range slightly to reflect continued weakening of the Canadian dollar and for potential oil and gas related customer impact. While we did not see any noticeable revenue impact in the third quarter from our oil and gas related customers, we did begin to hear from them that a negative impact is coming." –Cintas (Mar. 18)

"We had a significant benefit in quarter three from fuel. Given where oil prices are today, I don't expect to have much benefit at all in the fourth quarter and perhaps a slight headwind there." –FedEx (Mar. 18)

Looking Ahead: Forward Estimates and Valuation

Revenue Growth Not Expected to Return Until 2016

For Q2 2015, analysts are predicting year-over-year declines in earnings (-4.4%) and revenues (-4.5%). Analysts do not currently project earnings growth to return until Q4 2015, and revenue growth to return until Q1 2016. In terms of earnings, analysts are currently predicting a decline of 0.5% in Q3 2015, followed by growth of 4.8% in Q4 2015. In terms of revenue, analysts are currently projecting a decline of 2.5% in Q3 2015 and a decline of 0.3% in Q4 2015, followed by growth of 6.0% in Q1 2016.

For all of 2015, analysts are projecting earnings to grow by 1.7%, but revenues to decline by 1.8%.

Guidance: Negative EPS Guidance (73%) for Q2 Above Average

At this point in time, 101 companies in the index have issued EPS guidance for Q2 2015. Of these 101 companies, 74 have issued negative EPS guidance and 27 have issued positive EPS guidance. Thus, the percentage of companies issuing negative EPS guidance to date for the second quarter is 73% (74 out of 101). This percentage is above the 5-year average of 69%.

Higher Margins Projected for 2nd Half of 2015

Analysts are also expecting profit margins to continue to expand in 2015. Using the bottom-up sales-per-share (SPS) and earnings-per-share (EPS) estimates for the S&P 500 as proxies for expected sales and earnings for the index over the next few quarters, profit margin estimates can be calculated by dividing the expected EPS by the expected SPS for each quarter. Using this methodology, the estimated net profit margins for Q2 2015 through Q4 2015 are 10.2%, 10.5%, and 10.6%. These numbers (starting in Q3 2015) are above the net profit margin for Q1 2015 (10.3%), and are also well above the average net profit margin of 9.4% recorded over the past five years.

Valuation: Forward P/E Ratio is 17.0, above the 10-Year Average (14.1)

The current 12-month forward P/E ratio is 17.0. This P/E ratio is based on Thursday's closing price (2130.82) and forward 12-month EPS estimate ($125.37).

At the sector level, the Energy (27.3) sector has the highest forward 12-month P/E ratio, while the Financials (13.4) and Telecom Services (13.6) sectors have the lowest forward 12-month P/E ratios.

The P/E ratio of 17.0 for the index as a whole is above the prior 5-year average forward 12-month P/E ratio of 13.8, and above the prior 10-year average forward 12-month P/E ratio of 14.1. It is also above the forward 12-month P/E ratio of 16.7 recorded at the start of the second quarter (March 31). Since the start of the second quarter, the price of the index has increased by 3.0%, while the forward 12-month EPS estimate has increased by 1.3%.

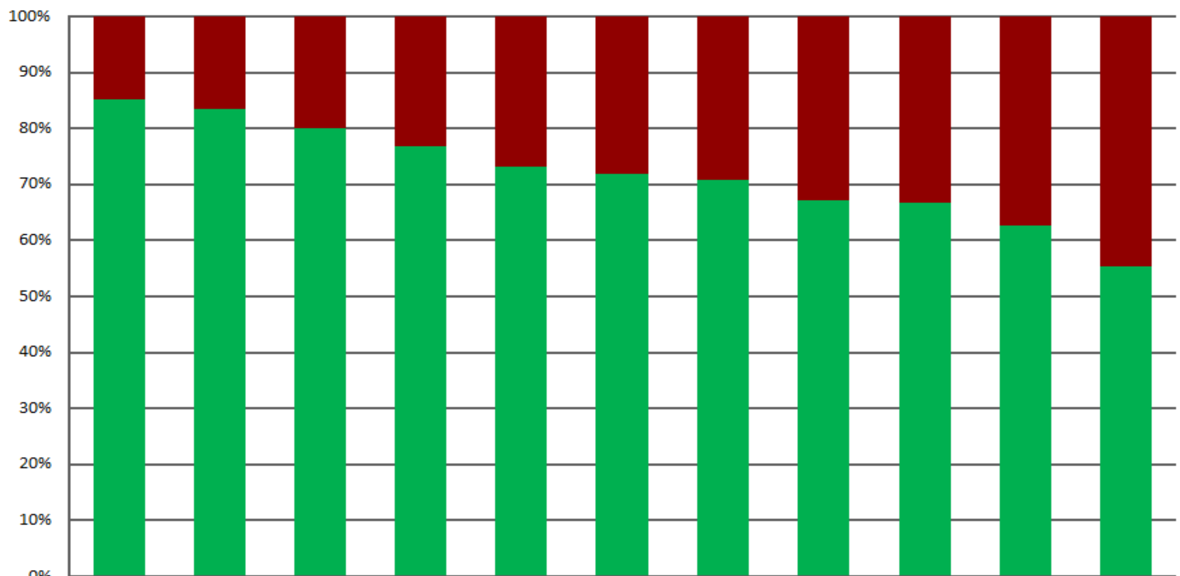
Nine of the ten sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Energy (27.3 vs. 12.4) sector. The only sector with a forward 12-month P/E ratio below the 10-year average is the Telecom Services (13.6 vs. 14.9) sector.

Companies Reporting Next Week: 6

During the upcoming week, 4 S&P 500 companies are scheduled to report results for the first quarter and 2 S&P 500 companies are scheduled to report results for the second quarter.

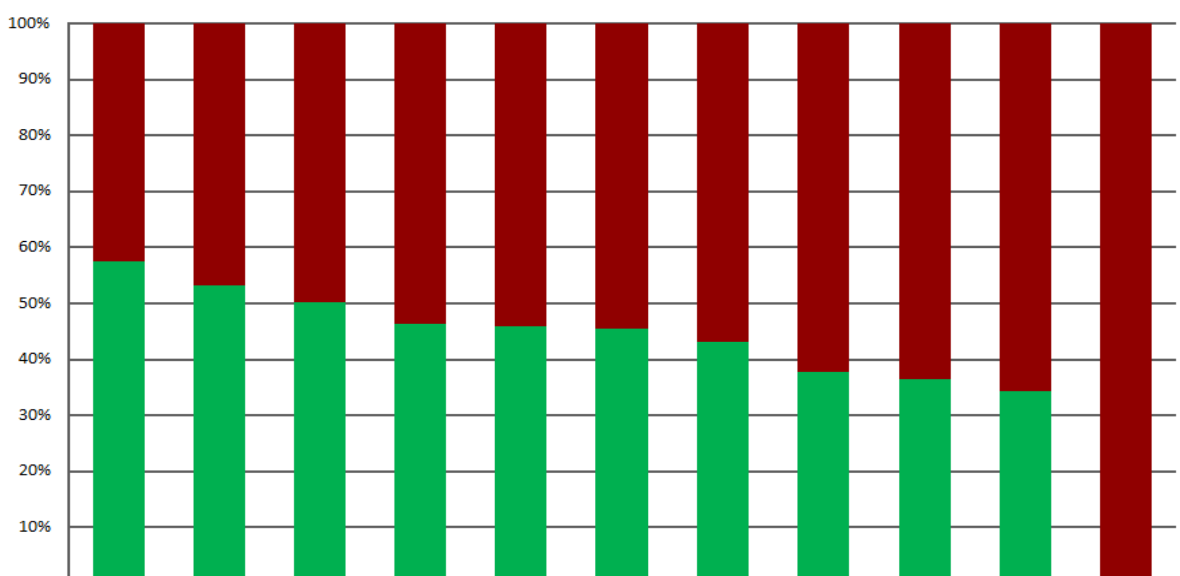
Q1 2015: Scorecard

Q1 2015 Earnings: Above, In-Line, Below Estimates
(Source: FactSet)



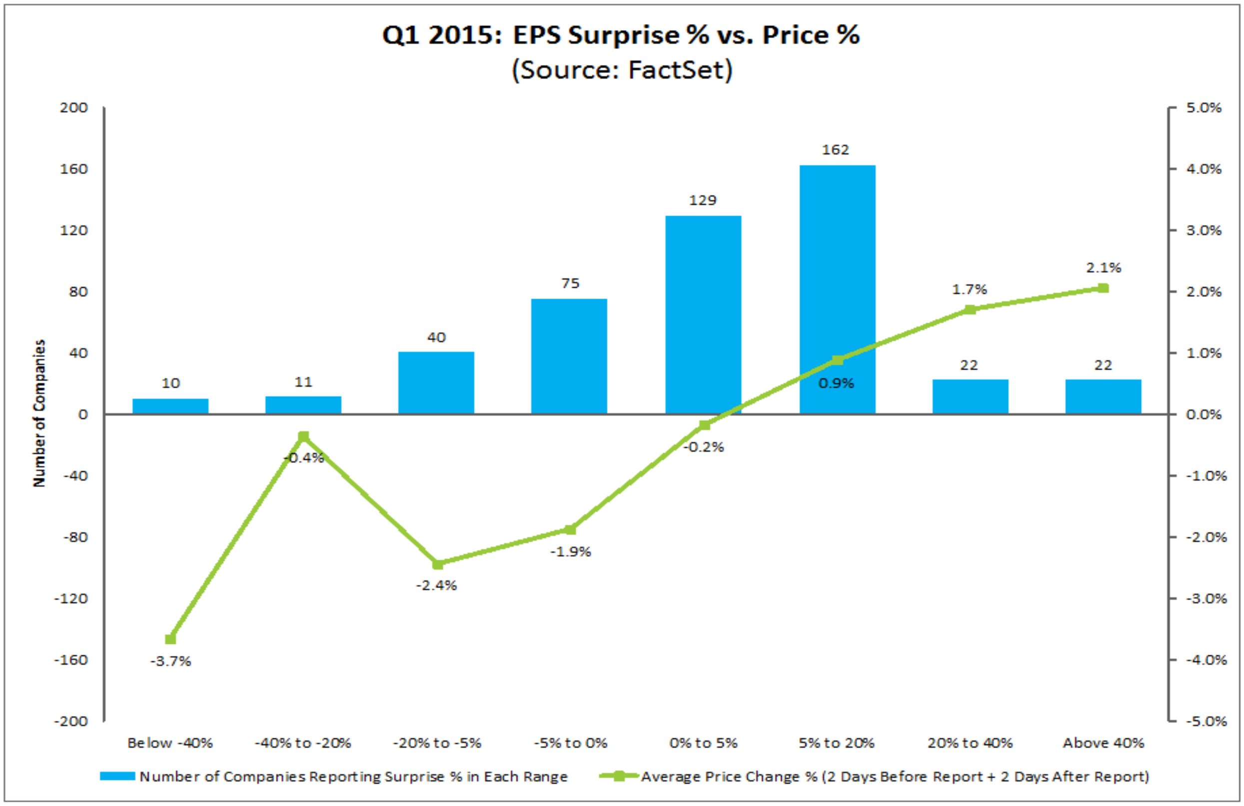
	Health Care	Telecom Services	Consumer Staples	Utilities	Energy	Financials	S&P 500	Consumer Disc.	Info. Technology	Industrials	Materials
Below	15%	17%	20%	23%	27%	28%	29%	33%	33%	38%	45%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	85%	83%	80%	77%	73%	72%	71%	67%	67%	63%	55%

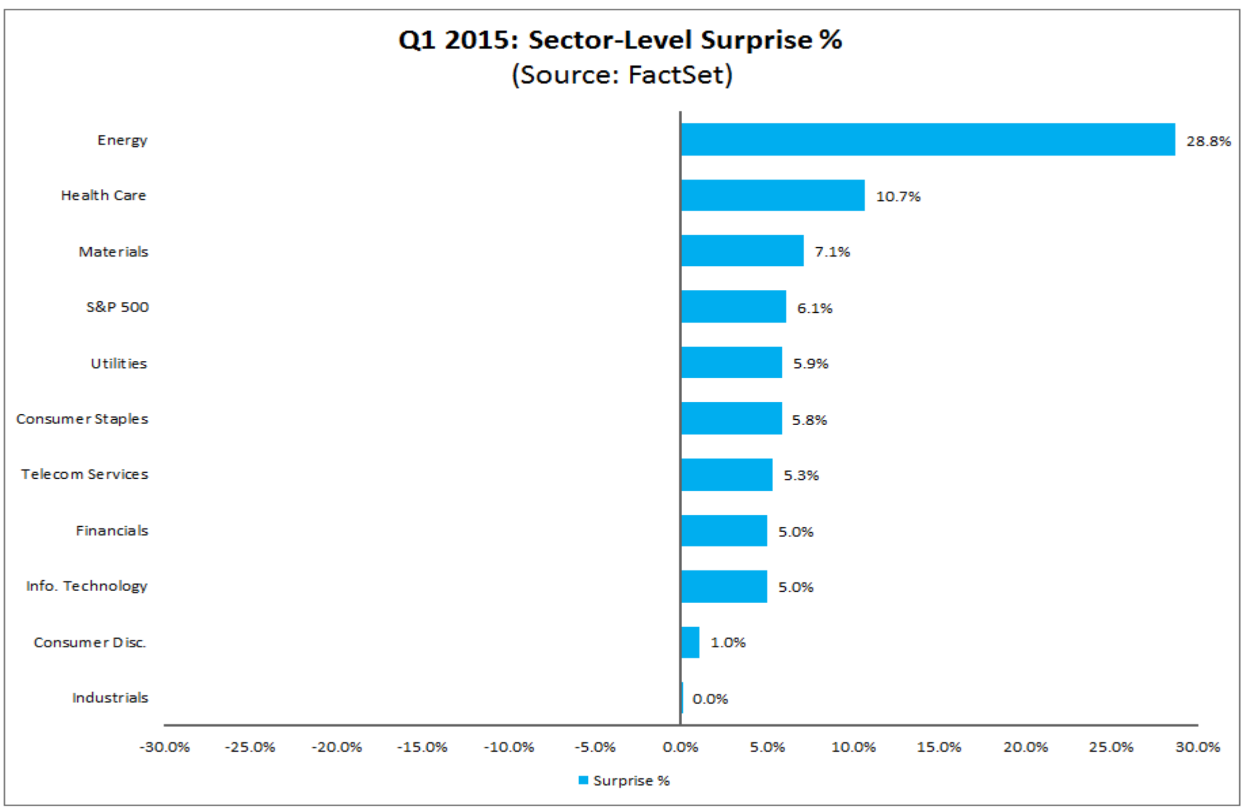
Q1 2015 Revenues: Above, In-Line, Below Estimates
(Source: FactSet)



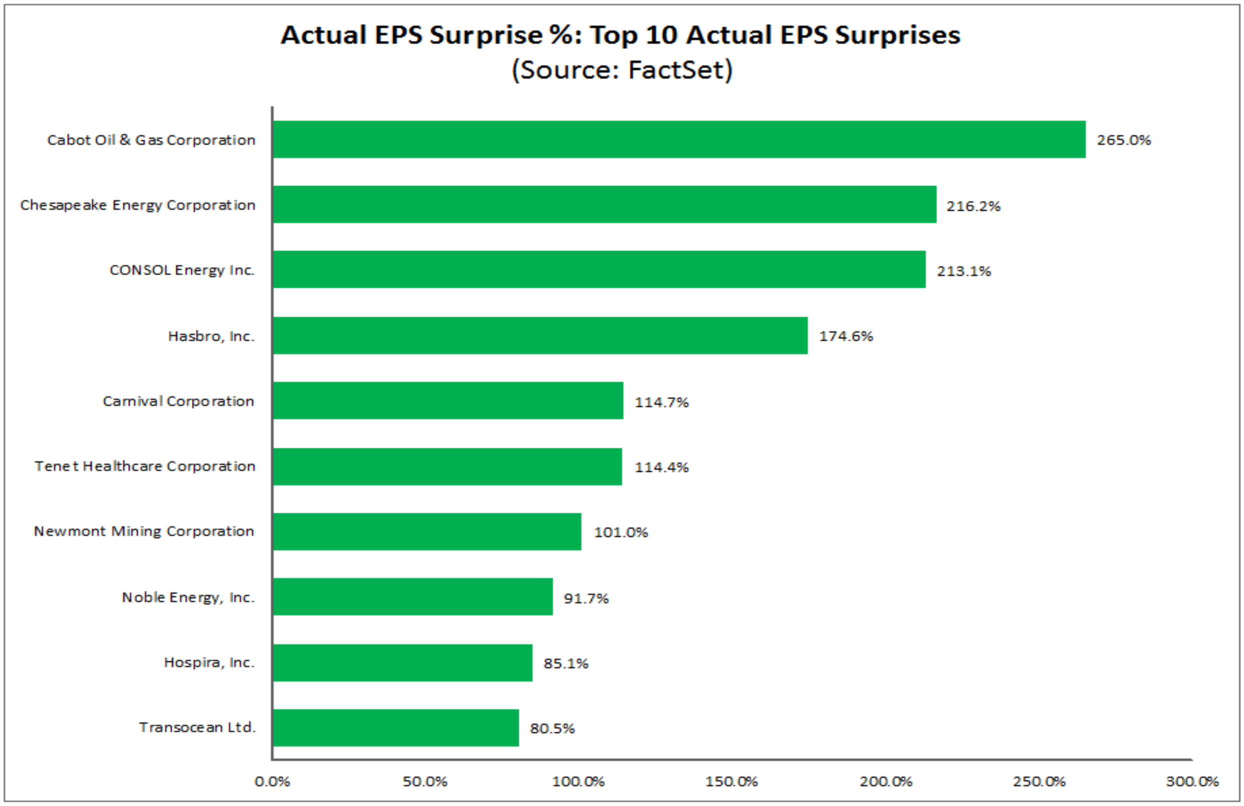
	Health Care	Info. Technology	Financials	Energy	Consumer Staples	S&P 500	Consumer Disc.	Materials	Utilities	Industrials	Telecom Services
Below	43%	47%	50%	54%	54%	55%	57%	62%	63%	66%	100%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	57%	53%	50%	46%	46%	45%	43%	38%	37%	34%	0%

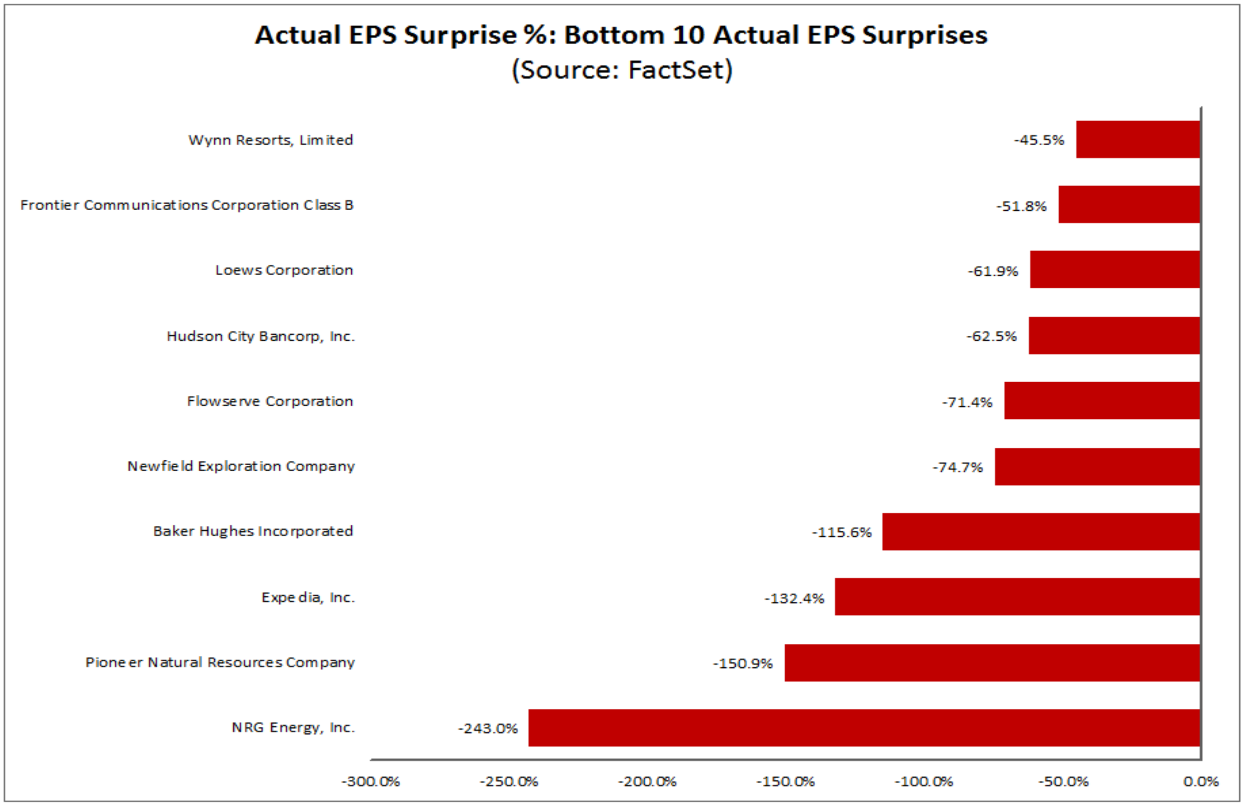
Q1 2015: Scorecard



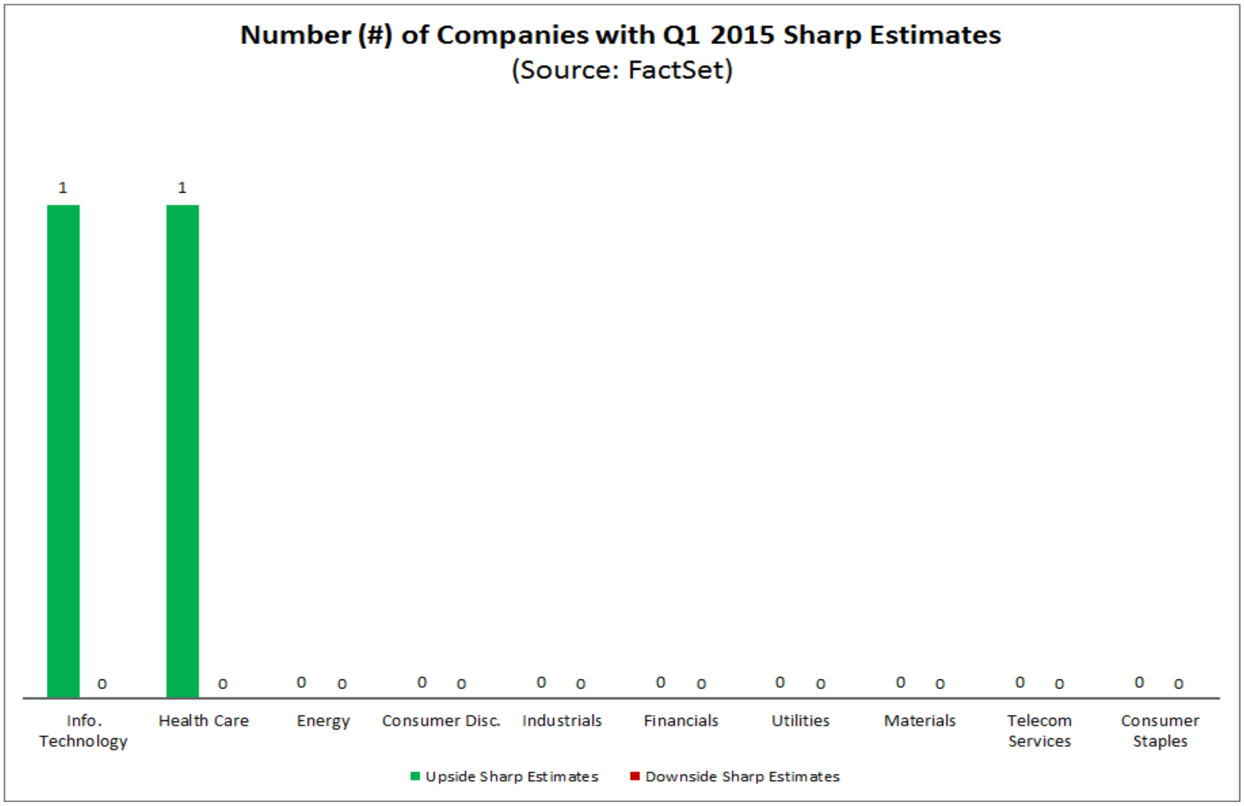


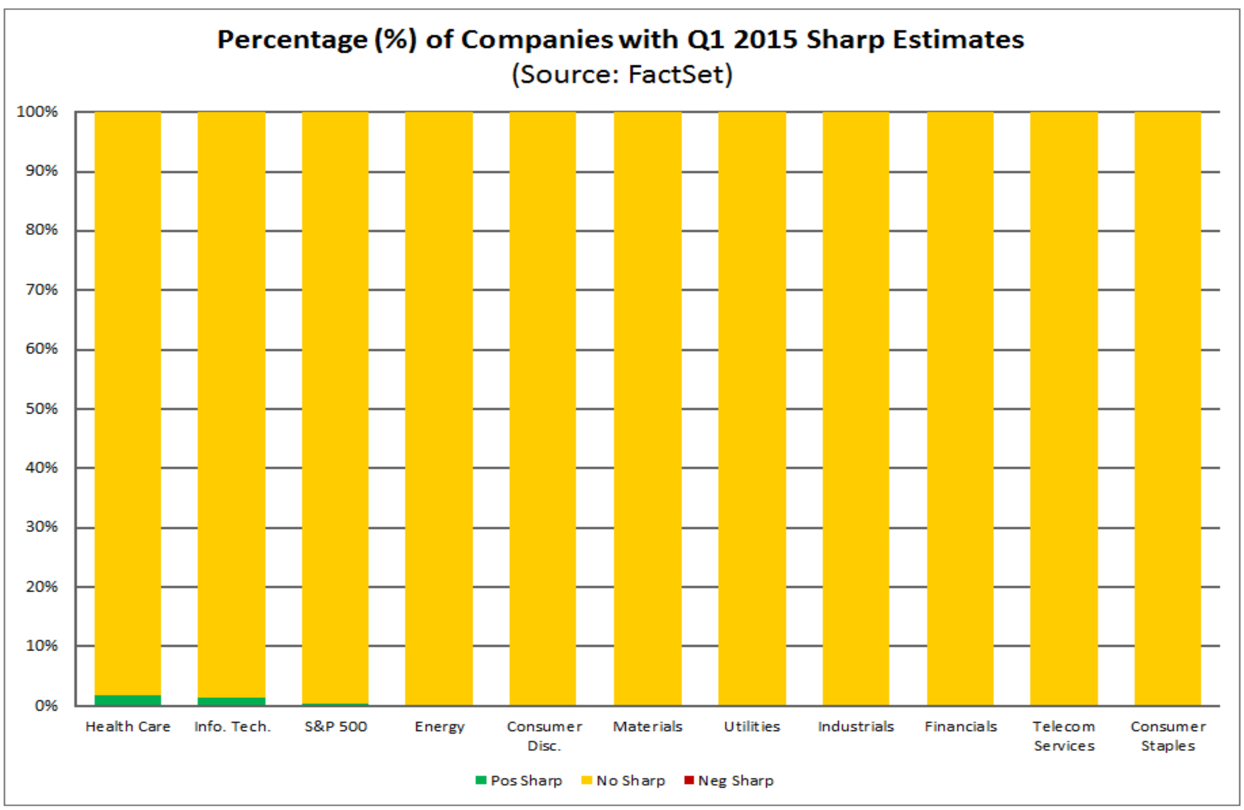
Q1 2015: Scorecard



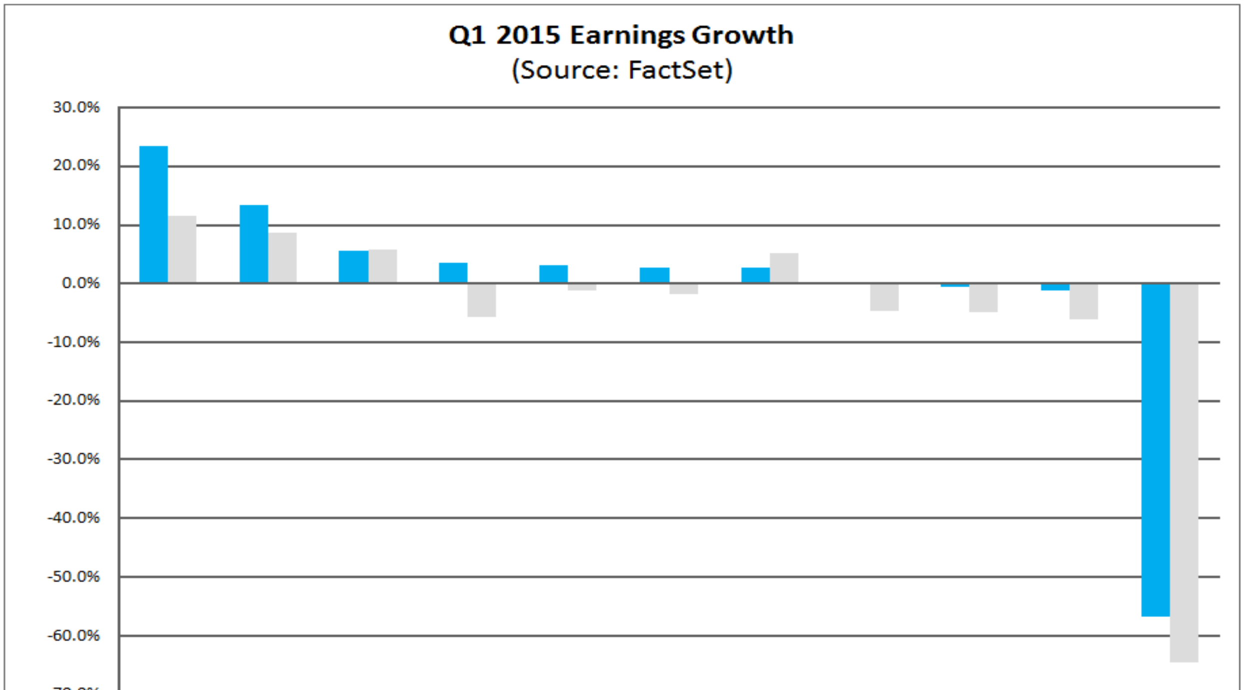


Q1 2015: Projected EPS Surprises (Sharp Estimates)

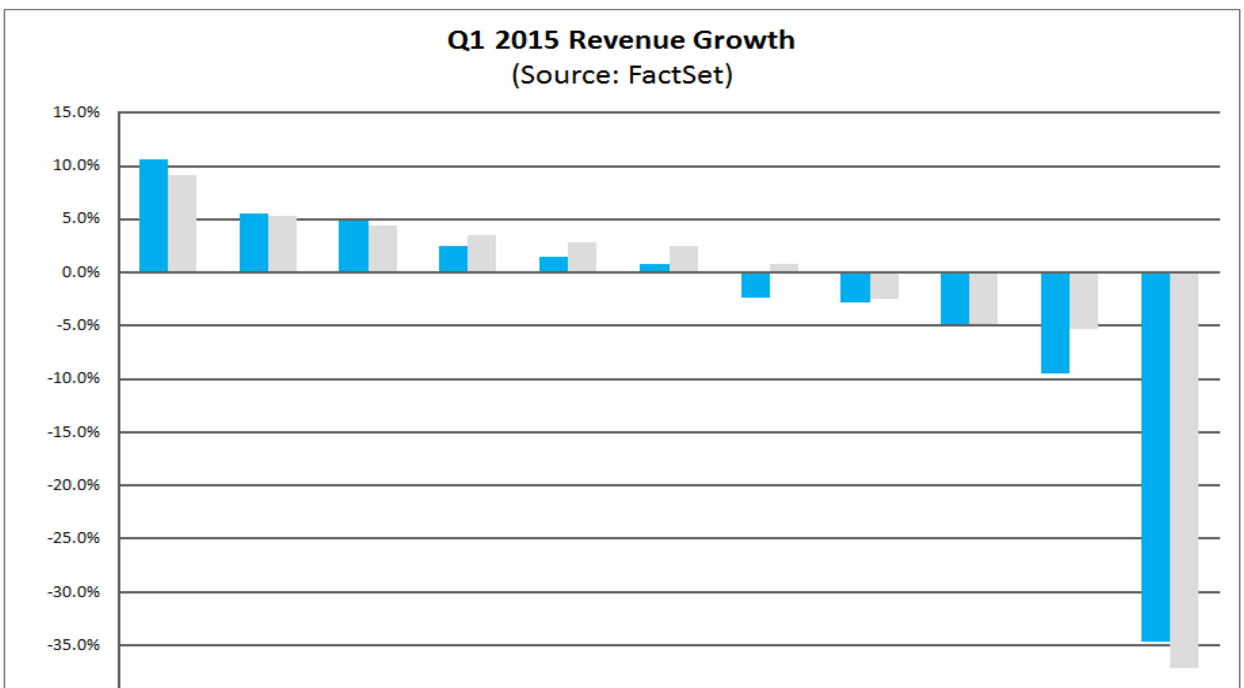




Q1 2015: Growth

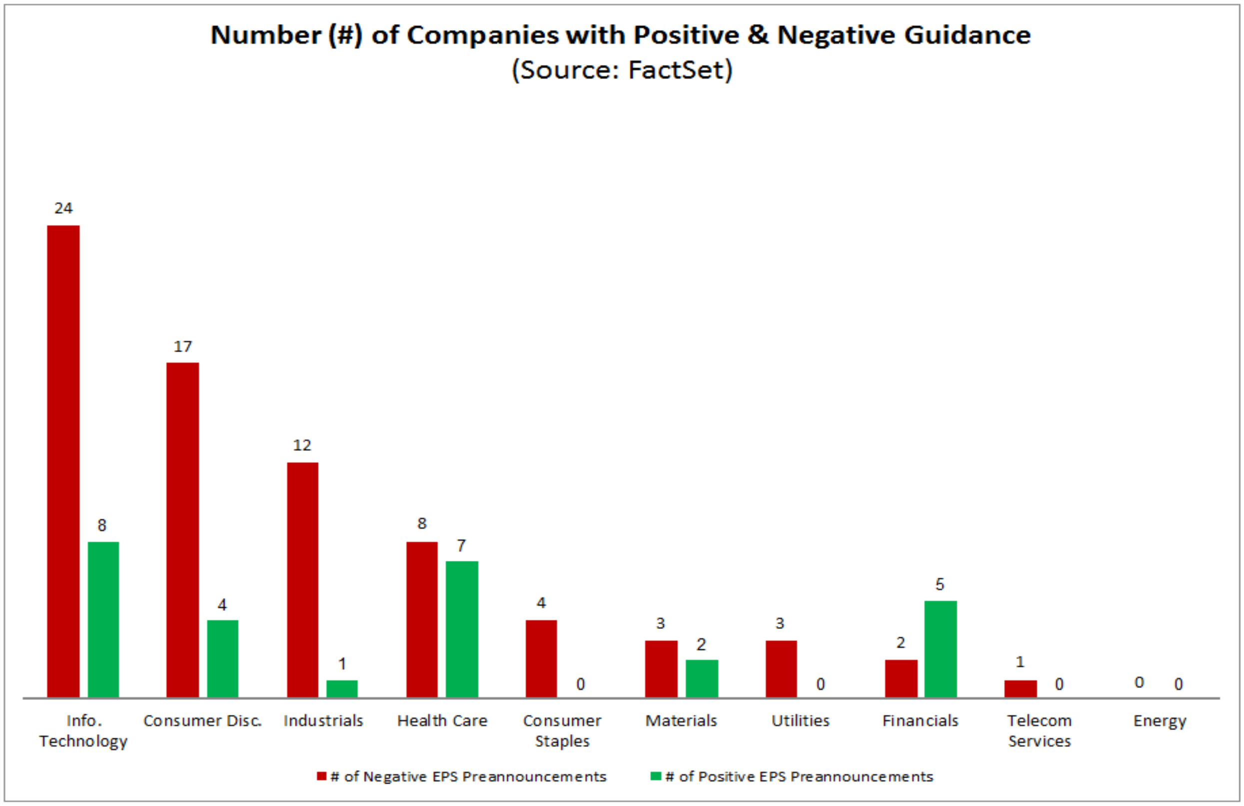


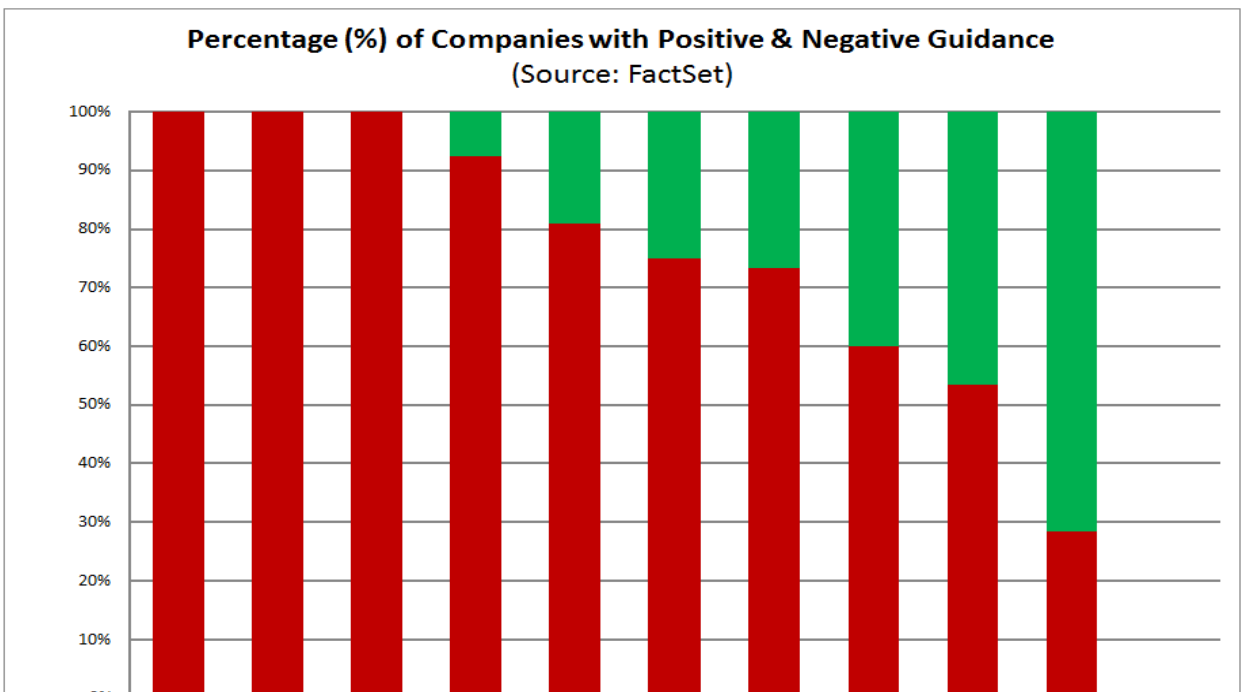
	Health Care	Financials	Consumer Disc.	Utilities	Info. Technology	Consumer Staples	Industrials	S&P 500	Telecom Services	Materials	Energy
Today	23.3%	13.4%	5.5%	3.4%	3.2%	2.7%	2.7%	0.3%	-0.6%	-1.3%	-56.6%
31-Mar	11.6%	8.5%	5.8%	-5.8%	-1.3%	-1.9%	5.2%	-4.7%	-4.9%	-6.1%	-64.5%



	Health Care	Info. Technology	Financials	Telecom Services	Consumer Staples	Consumer Disc.	Industrials	S&P 500	Utilities	Materials	Energy
Today	10.6%	5.5%	4.8%	2.5%	1.5%	0.8%	-2.4%	-2.9%	-4.9%	-9.6%	-34.6%
31-Mar	9.2%	5.2%	4.3%	3.5%	2.8%	2.4%	0.8%	-2.6%	-4.9%	-5.3%	-37.1%

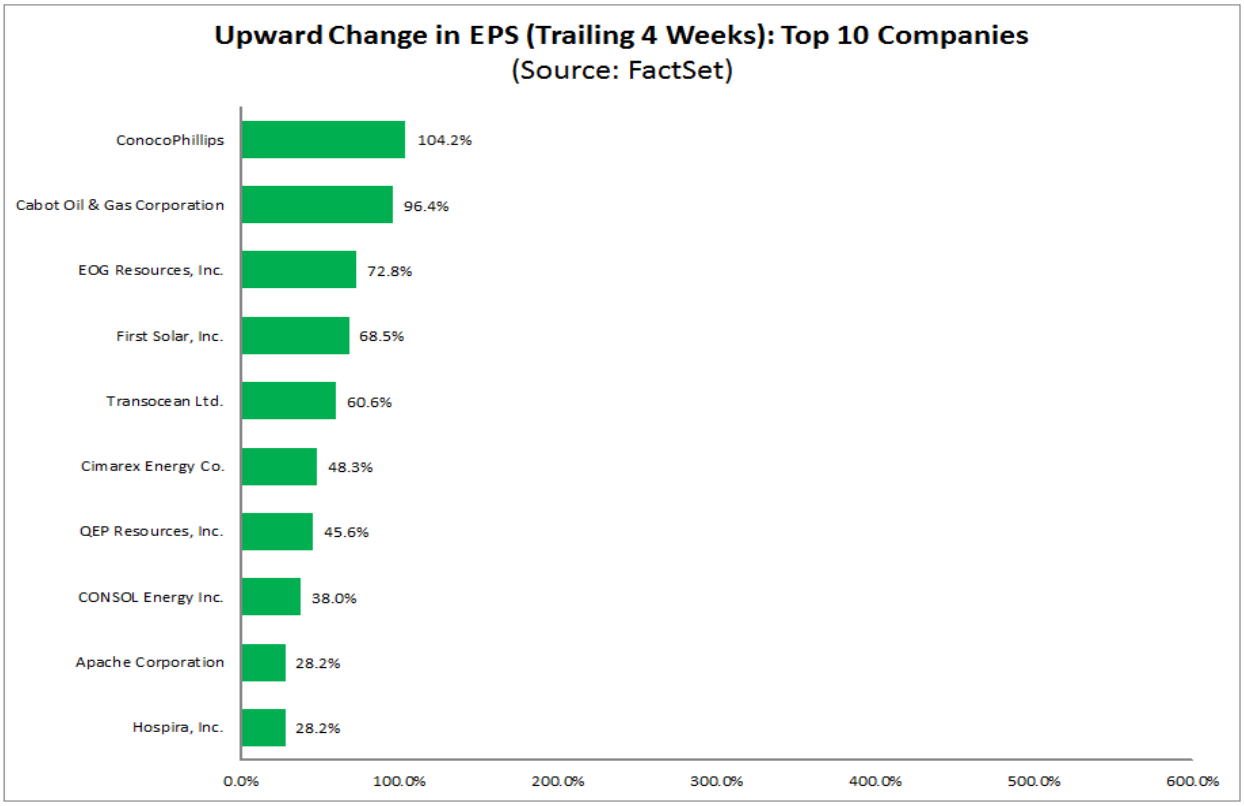
Q2 2015: EPS Guidance

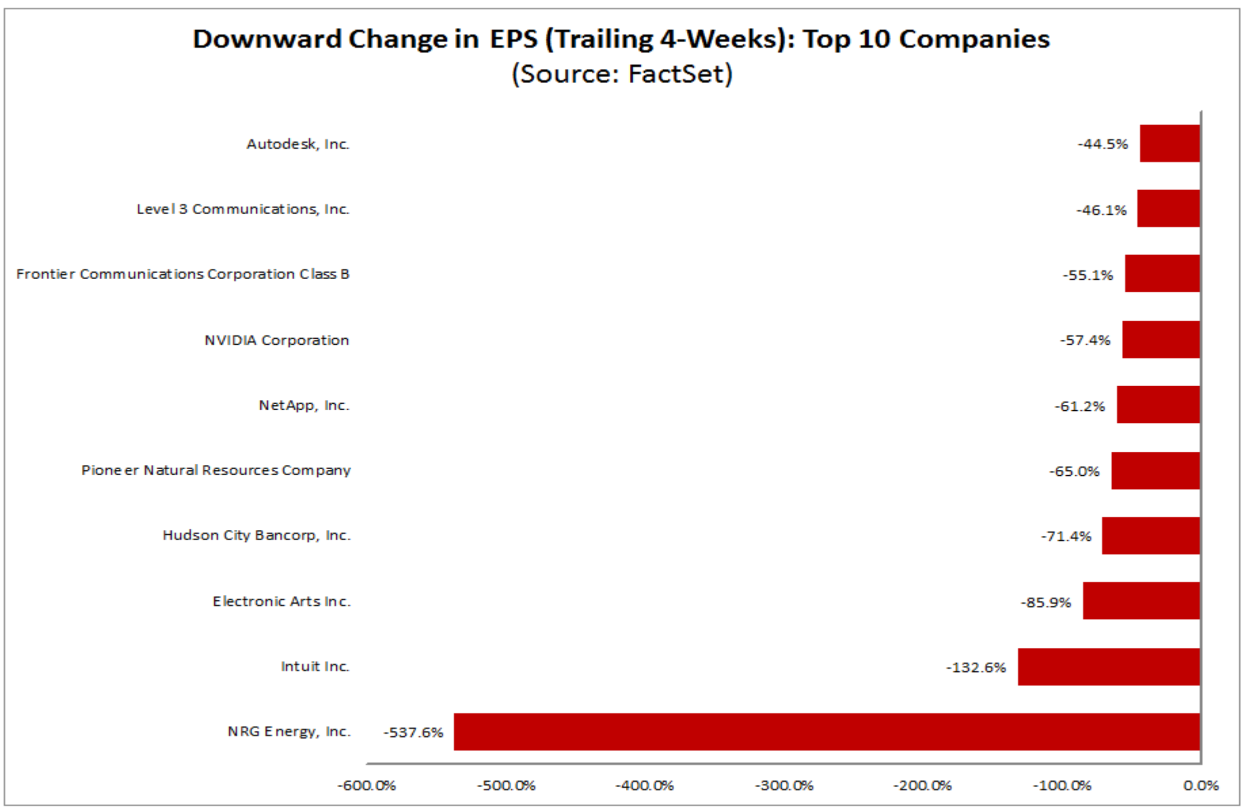




	Consumer Staples	Utilities	Telecom Services	Industrials	Consumer Disc.	Info. Technology	S&P 500	Materials	Health Care	Financials	Energy
Positive	0%	0%	0%	8%	19%	25%	27%	40%	47%	71%	0%
Negative	100%	100%	100%	92%	81%	75%	73%	60%	53%	29%	0%

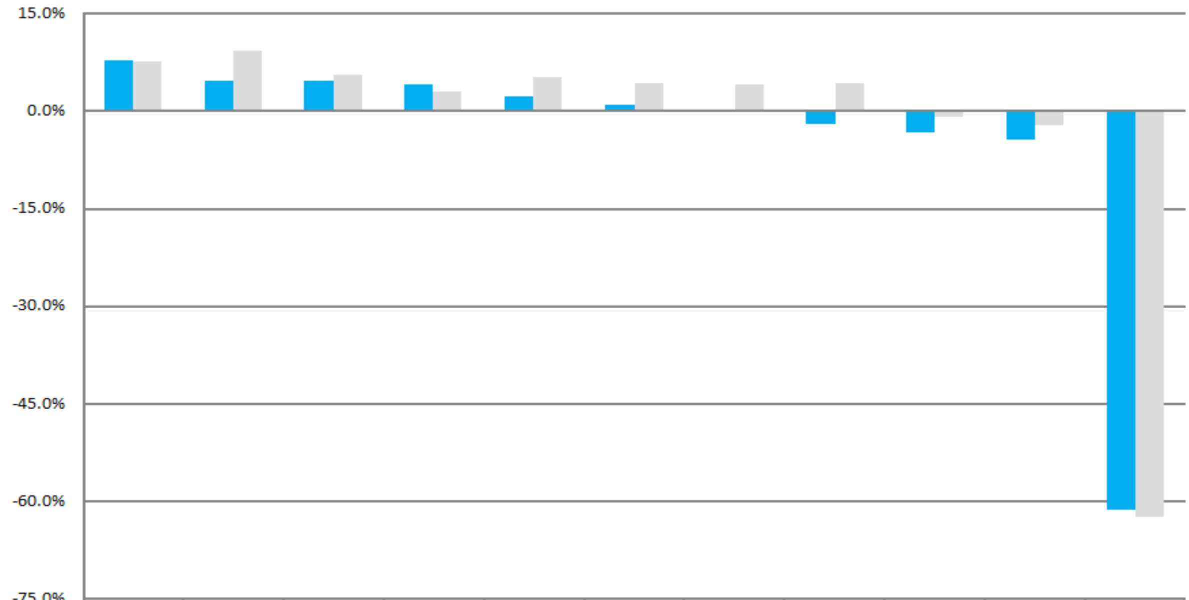
Q2 2015: EPS Revisions





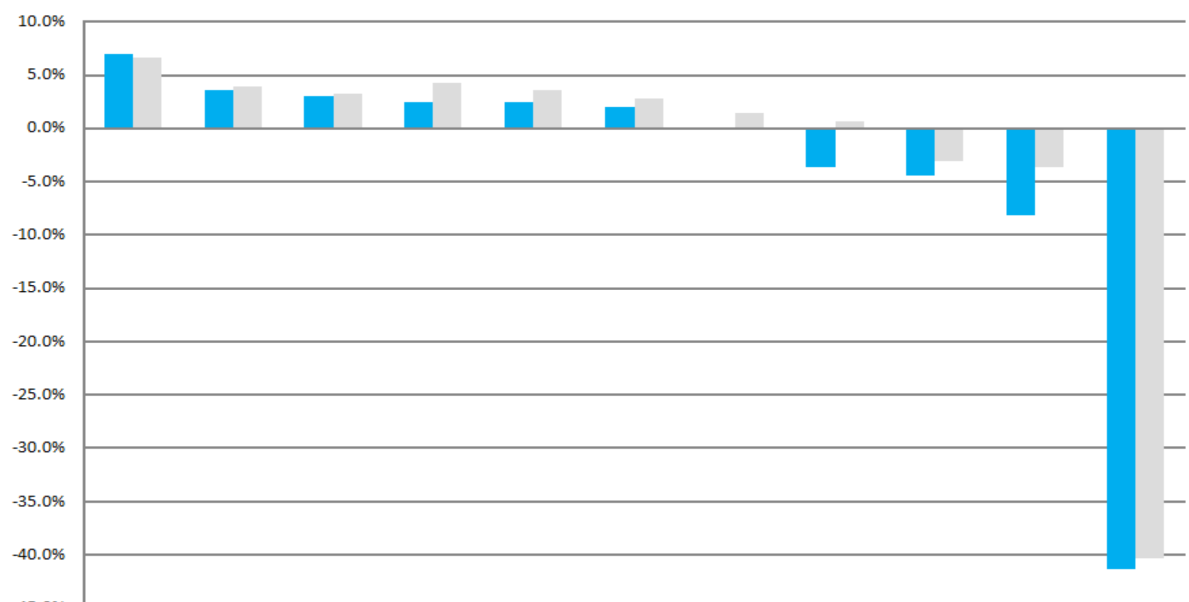
Q2 2015: Growth

Q2 2015: Earnings Growth
(Source: FactSet)



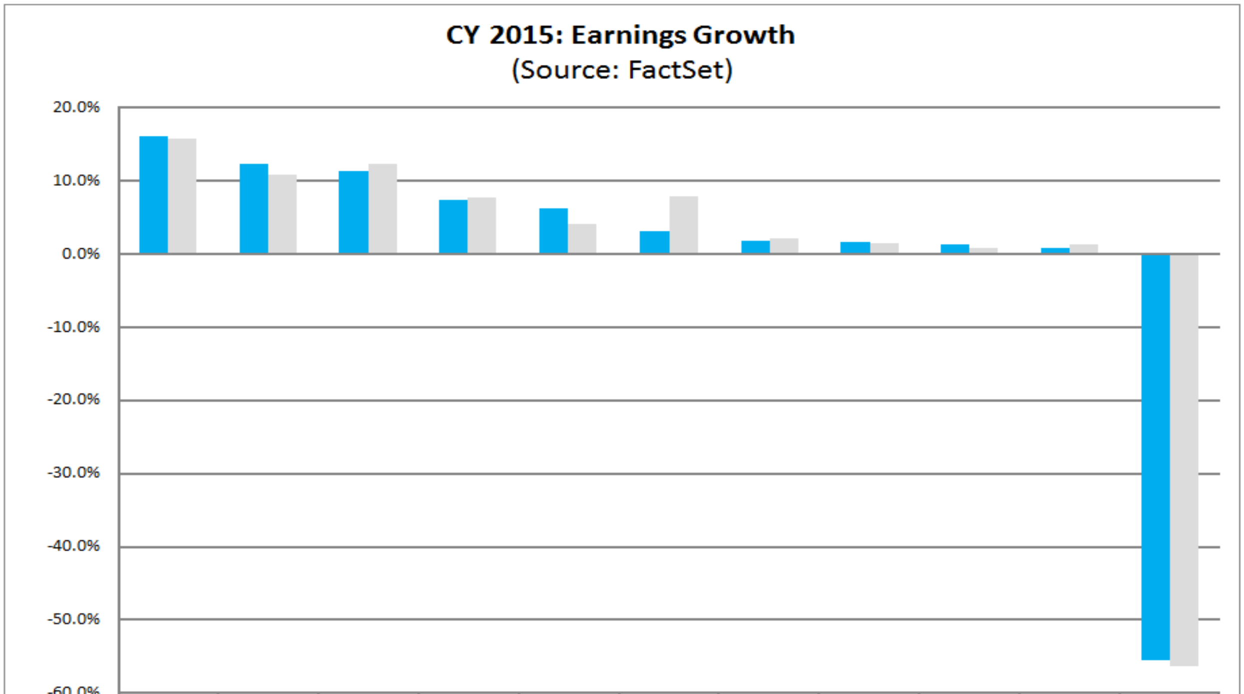
	Health Care	Consumer Disc.	Financials	Telecom Services	Utilities	Info. Technology	Materials	Industrials	Consumer Staples	S&P 500	Energy
Today	7.7%	4.7%	4.6%	4.1%	2.2%	0.9%	0.1%	-2.0%	-3.3%	-4.4%	-61.2%
31-Mar	7.6%	9.1%	5.5%	2.9%	5.3%	4.2%	4.0%	4.3%	-1.0%	-2.2%	-62.3%

Q2 2015: Revenue Growth
(Source: FactSet)

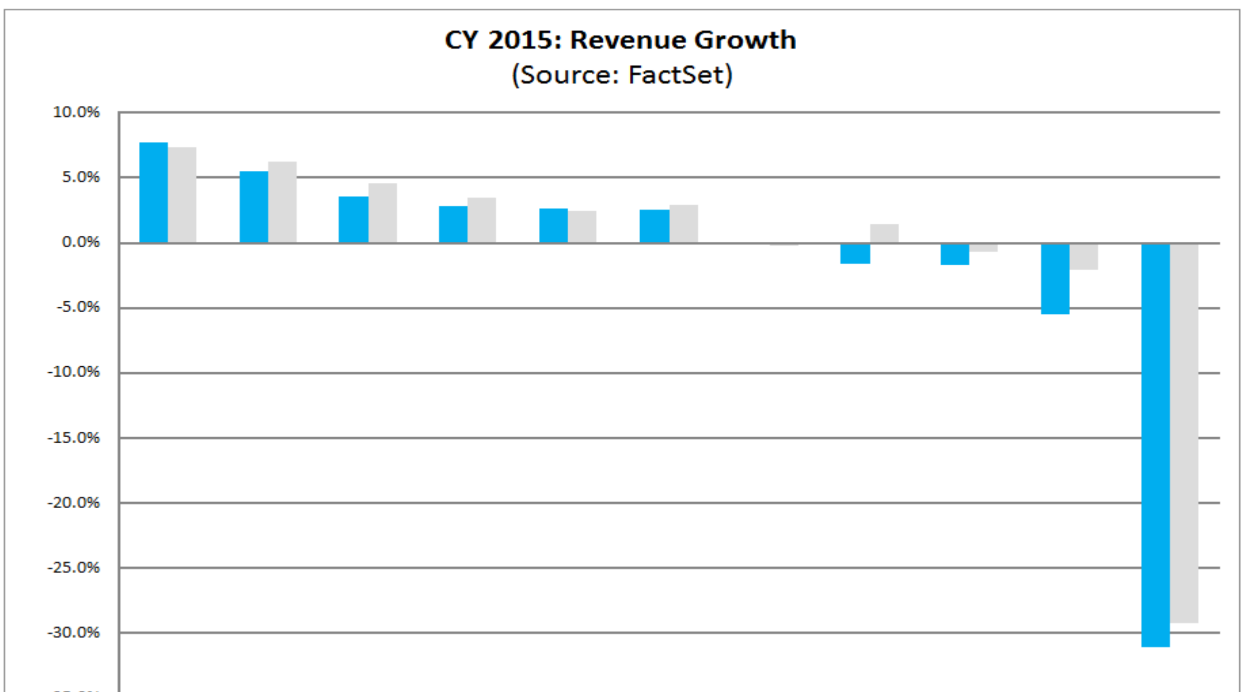


	Health Care	Financials	Telecom Services	Info. Technology	Consumer Disc.	Consumer Staples	Utilities	Industrials	S&P 500	Materials	Energy
Today	6.9%	3.6%	3.0%	2.4%	2.4%	2.0%	-0.1%	-3.7%	-4.5%	-8.2%	-41.3%
31-Mar	6.6%	3.9%	3.1%	4.3%	3.5%	2.8%	1.4%	0.6%	-3.2%	-3.7%	-40.3%

CY 2015: Growth

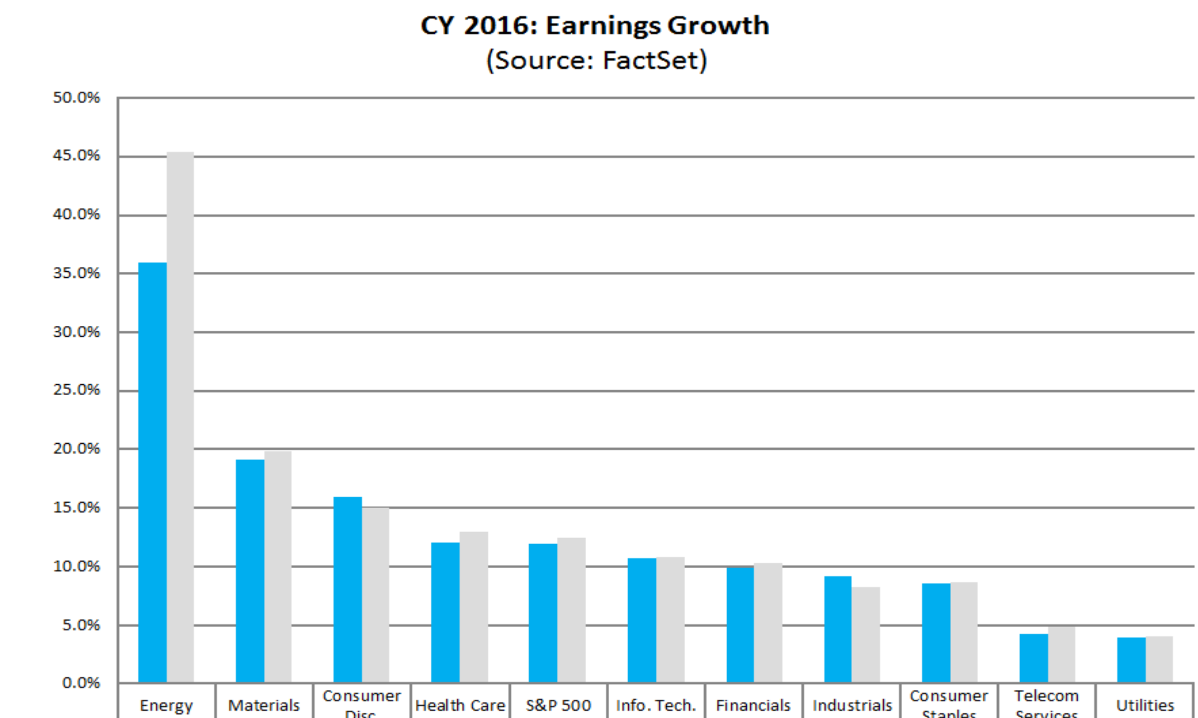


	Financials	Health Care	Consumer Disc.	Info. Technology	Telecom Services	Industrials	S&P 500	Utilities	Materials	Consumer Staples	Energy
Today	16.1%	12.2%	11.2%	7.3%	6.1%	3.1%	1.7%	1.5%	1.2%	0.7%	-55.4%
31-Mar	15.6%	10.7%	12.3%	7.7%	4.0%	7.8%	2.1%	1.4%	0.7%	1.2%	-56.3%

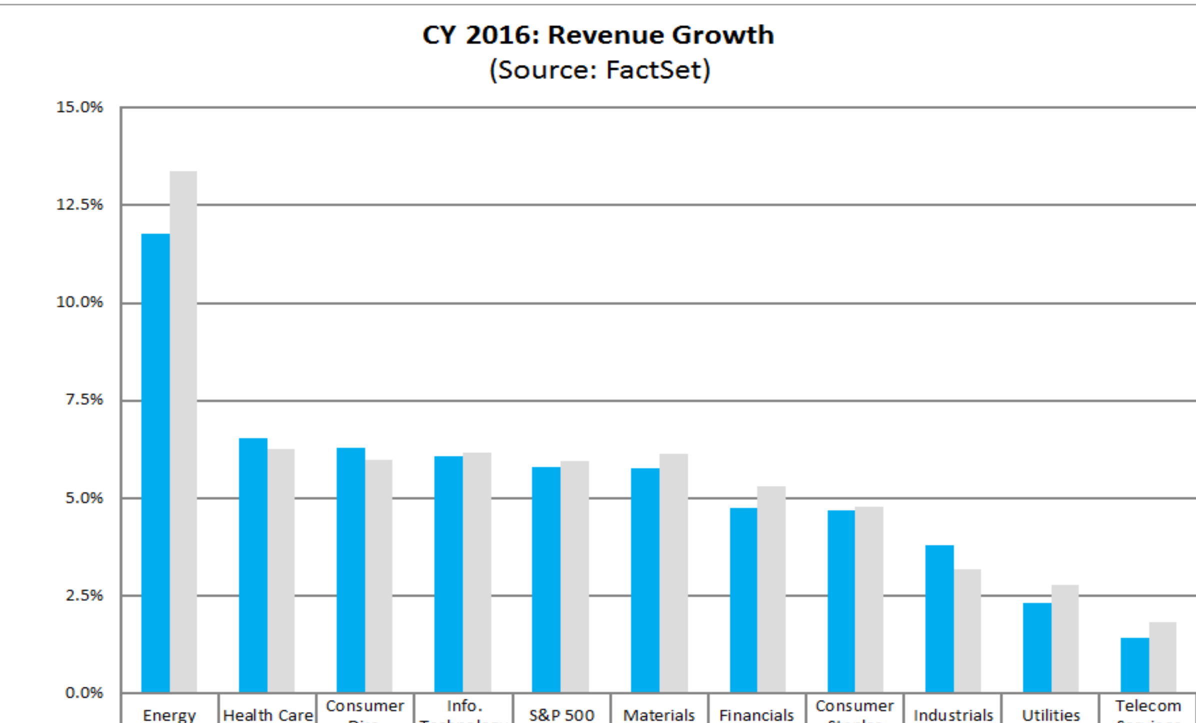


	Health Care	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Telecom Services	Utilities	Industrials	S&P 500	Materials	Energy
Today	7.7%	5.4%	3.5%	2.8%	2.6%	2.5%	-0.1%	-1.6%	-1.8%	-5.5%	-31.0%
31-Mar	7.3%	6.2%	4.5%	3.5%	2.4%	2.9%	-0.2%	1.4%	-0.8%	-2.2%	-29.2%

CY 2016: Growth

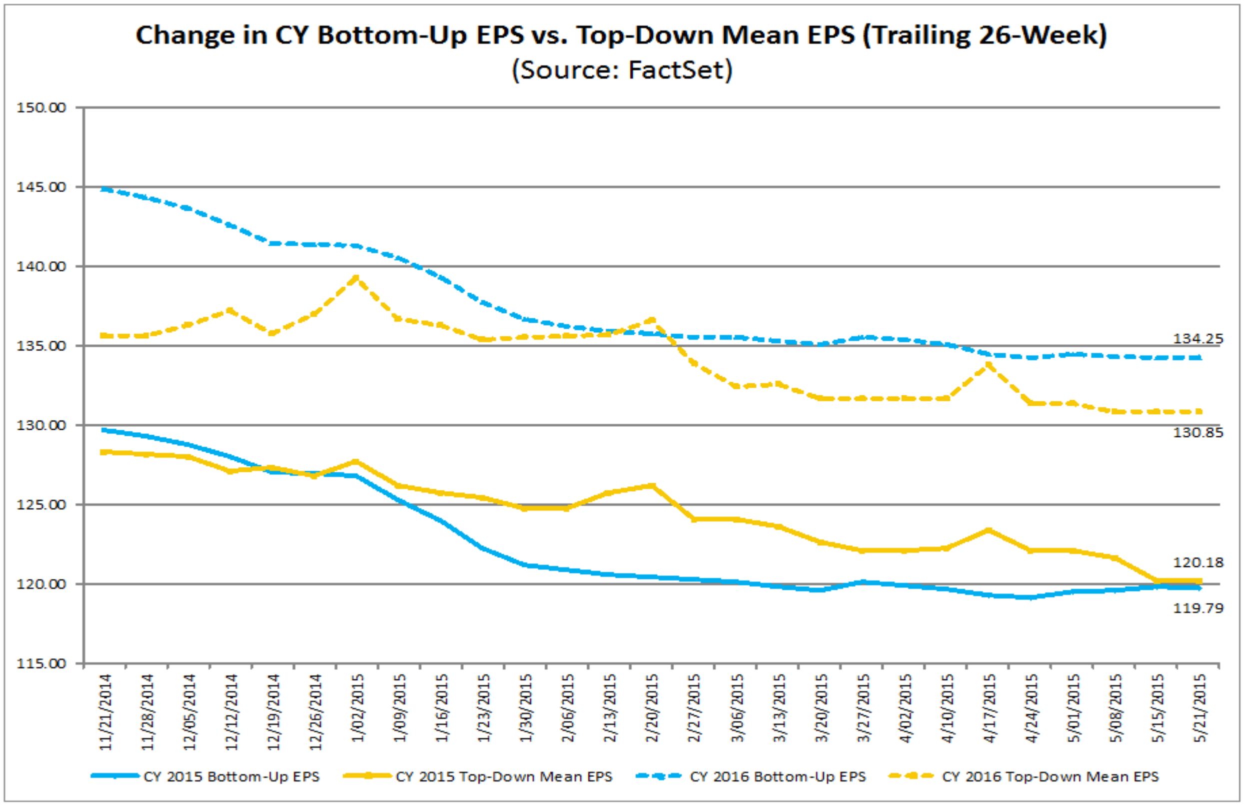


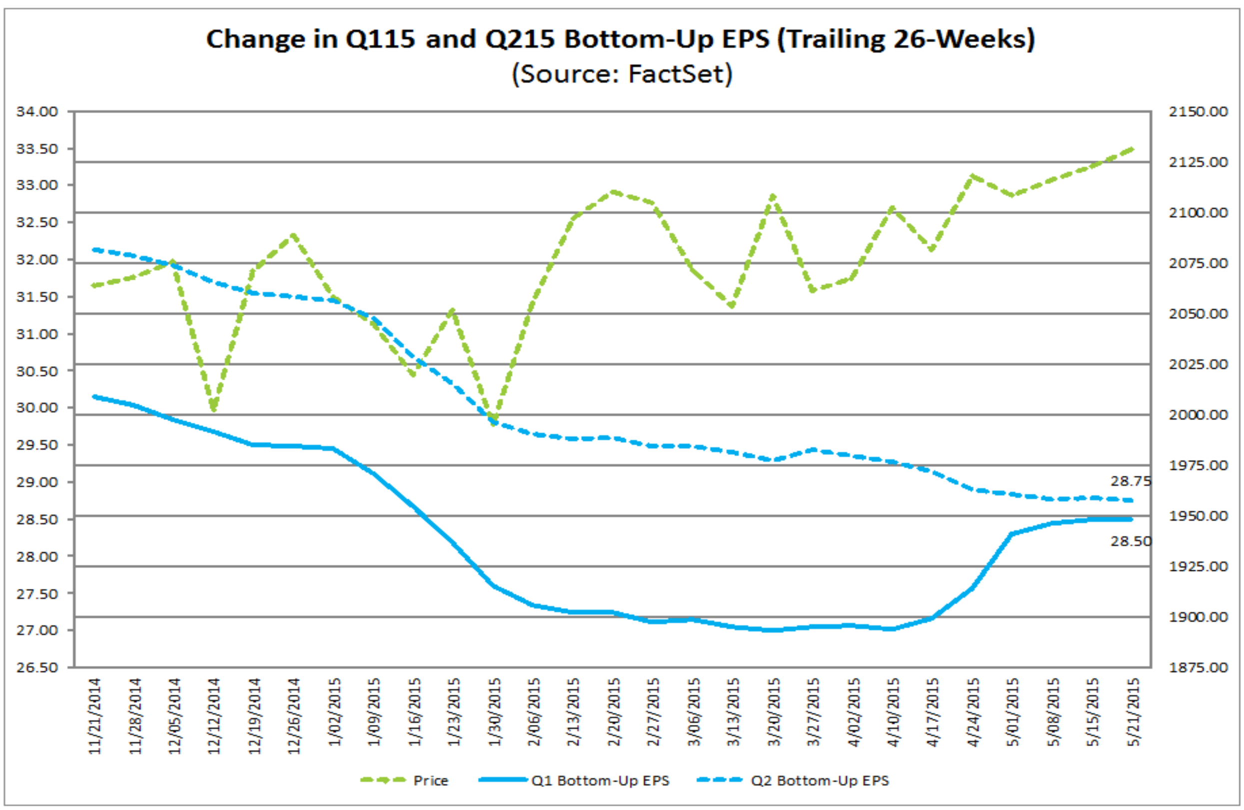
	Energy	Materials	Consumer Disc.	Health Care	S&P 500	Info. Tech.	Financials	Industrials	Consumer Staples	Telecom Services	Utilities
Today	35.9%	19.2%	16.0%	12.1%	12.0%	10.8%	9.9%	9.2%	8.6%	4.3%	4.0%
31-Mar-15	45.4%	19.9%	15.1%	13.0%	12.5%	10.9%	10.4%	8.3%	8.7%	5.0%	4.1%



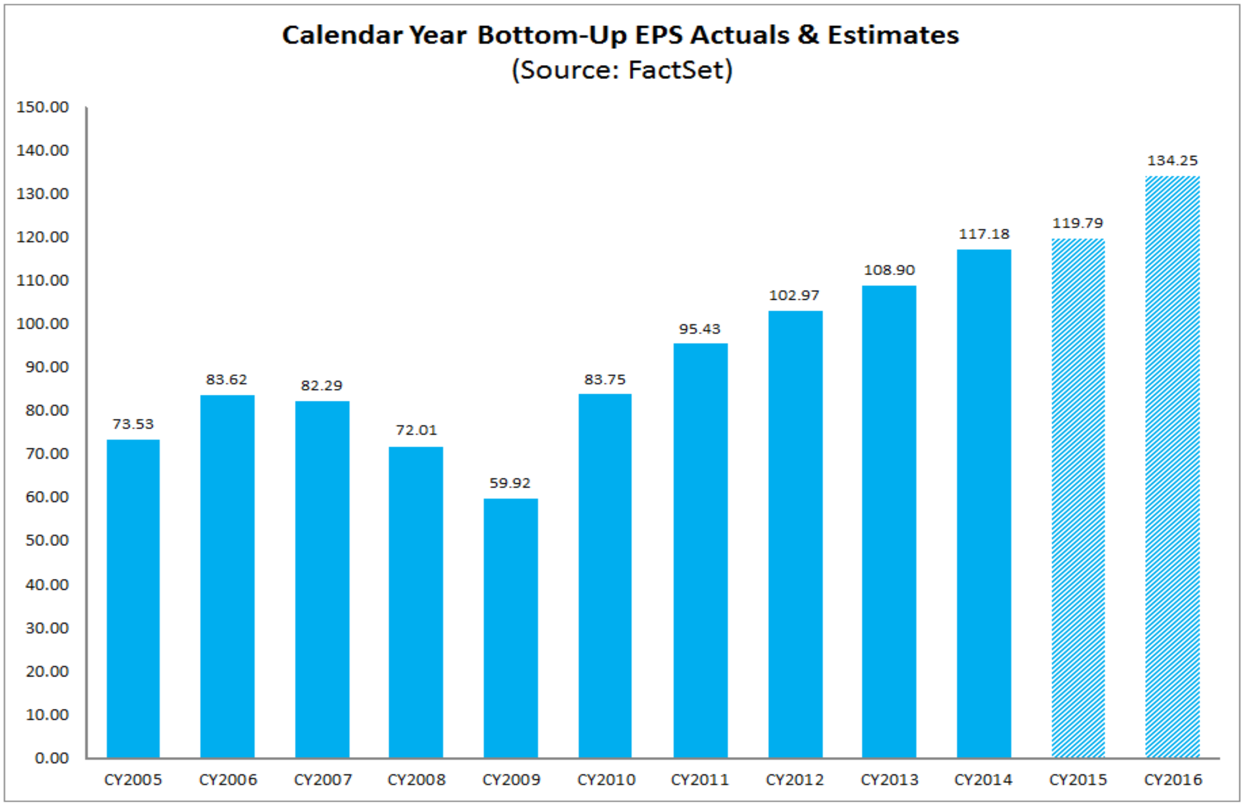
	Energy	Health Care	Consumer Disc.	Info. Technology	S&P 500	Materials	Financials	Consumer Staples	Industrials	Utilities	Telecom Services
Today	11.8%	6.5%	6.3%	6.1%	5.8%	5.8%	4.8%	4.7%	3.8%	2.3%	1.5%
31-Mar-15	13.4%	6.3%	6.0%	6.2%	6.0%	6.2%	5.3%	4.8%	3.2%	2.8%	1.8%

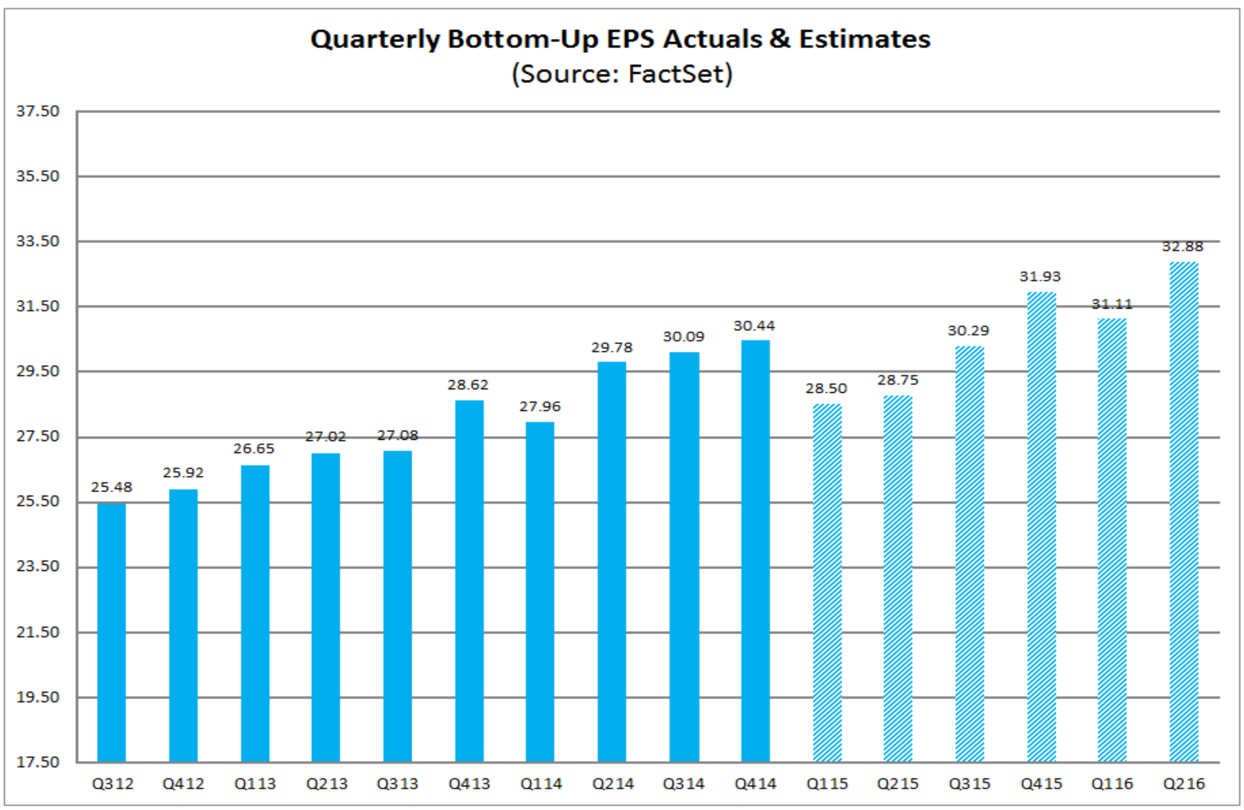
Bottom-up EPS Estimates: Revisions



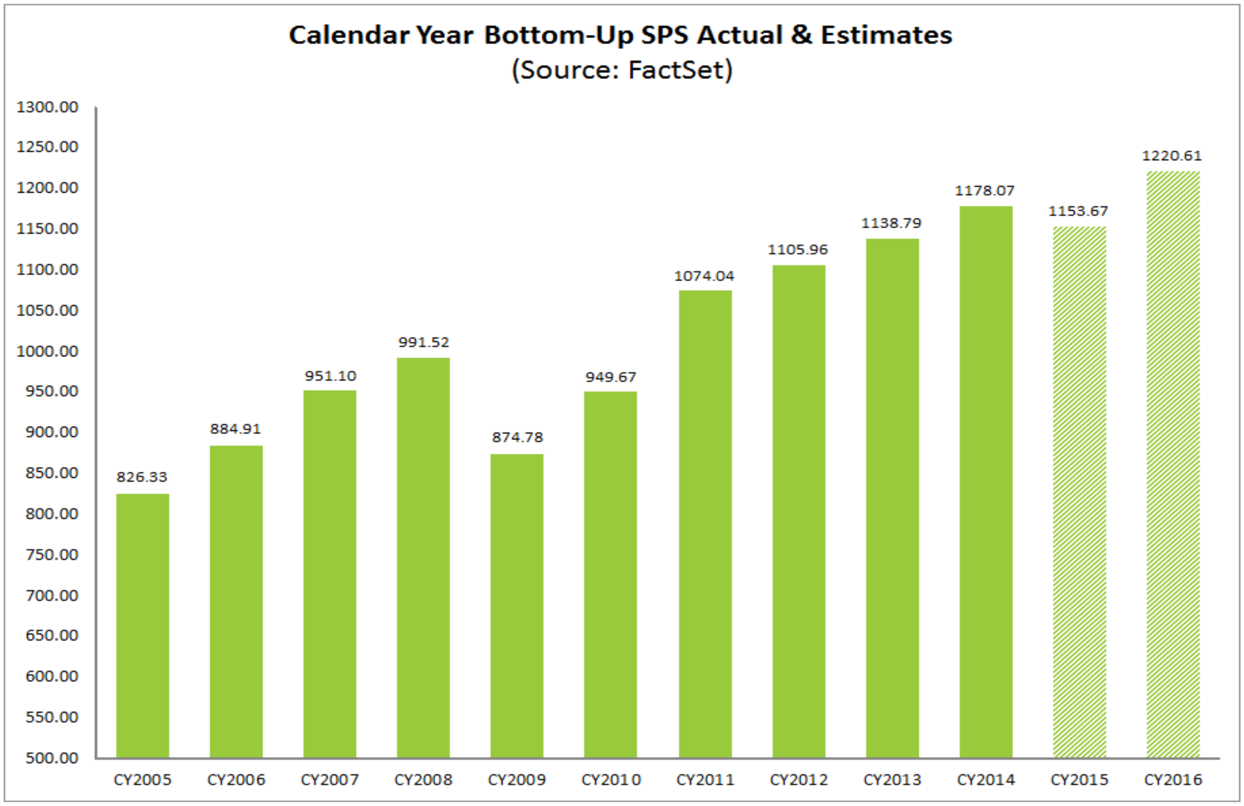


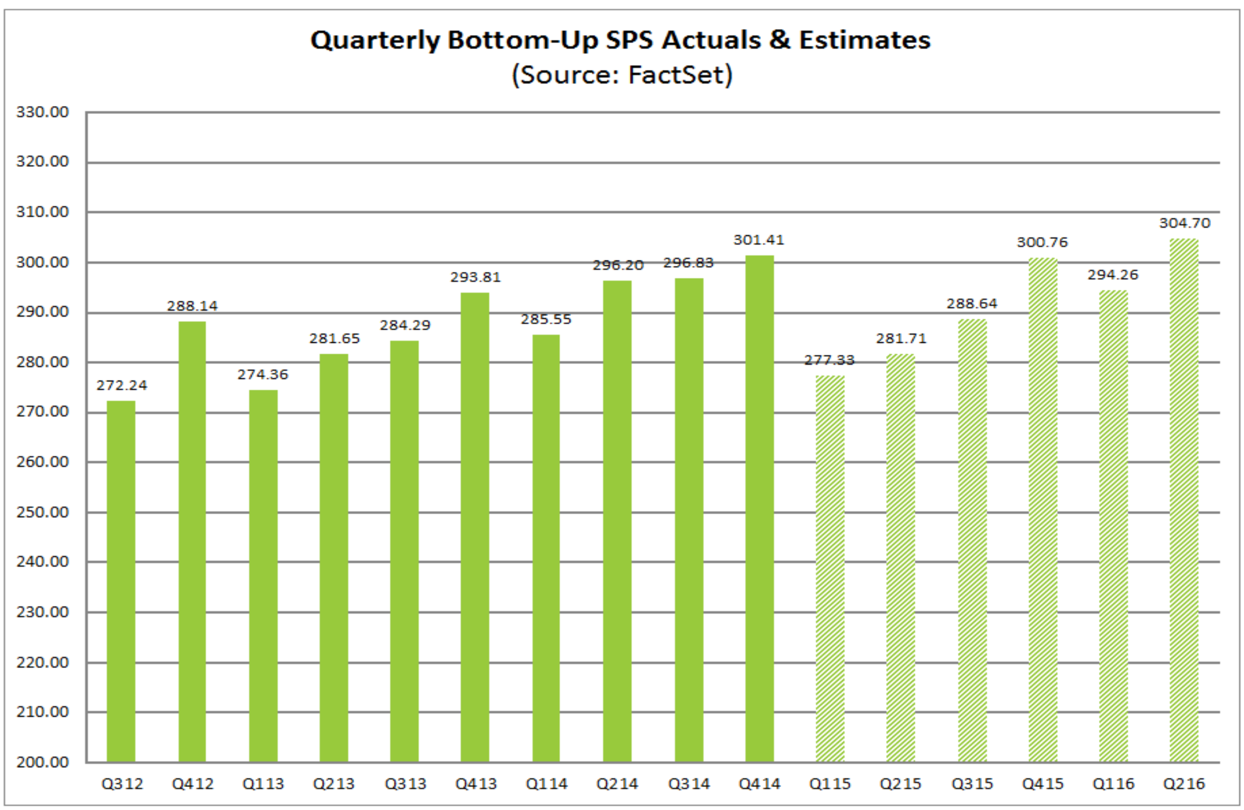
Bottom-up EPS Estimates: Current & Historical



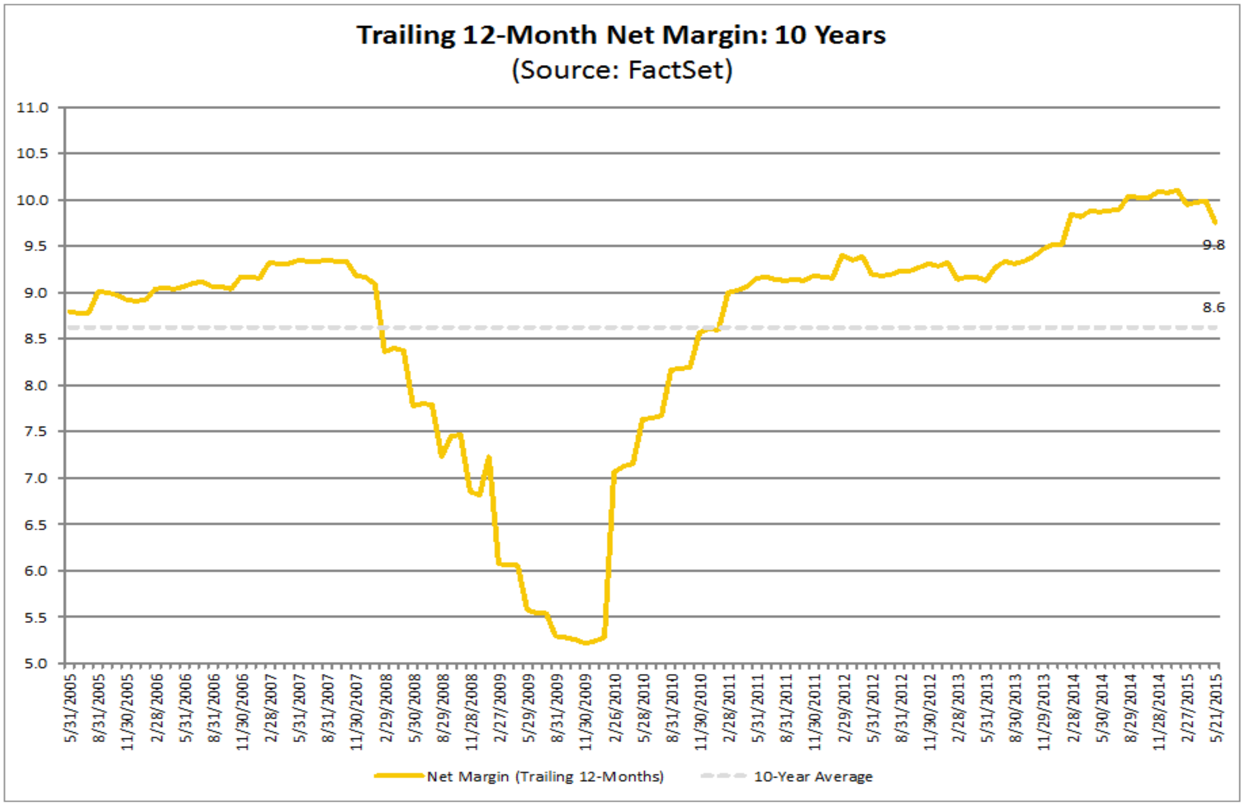


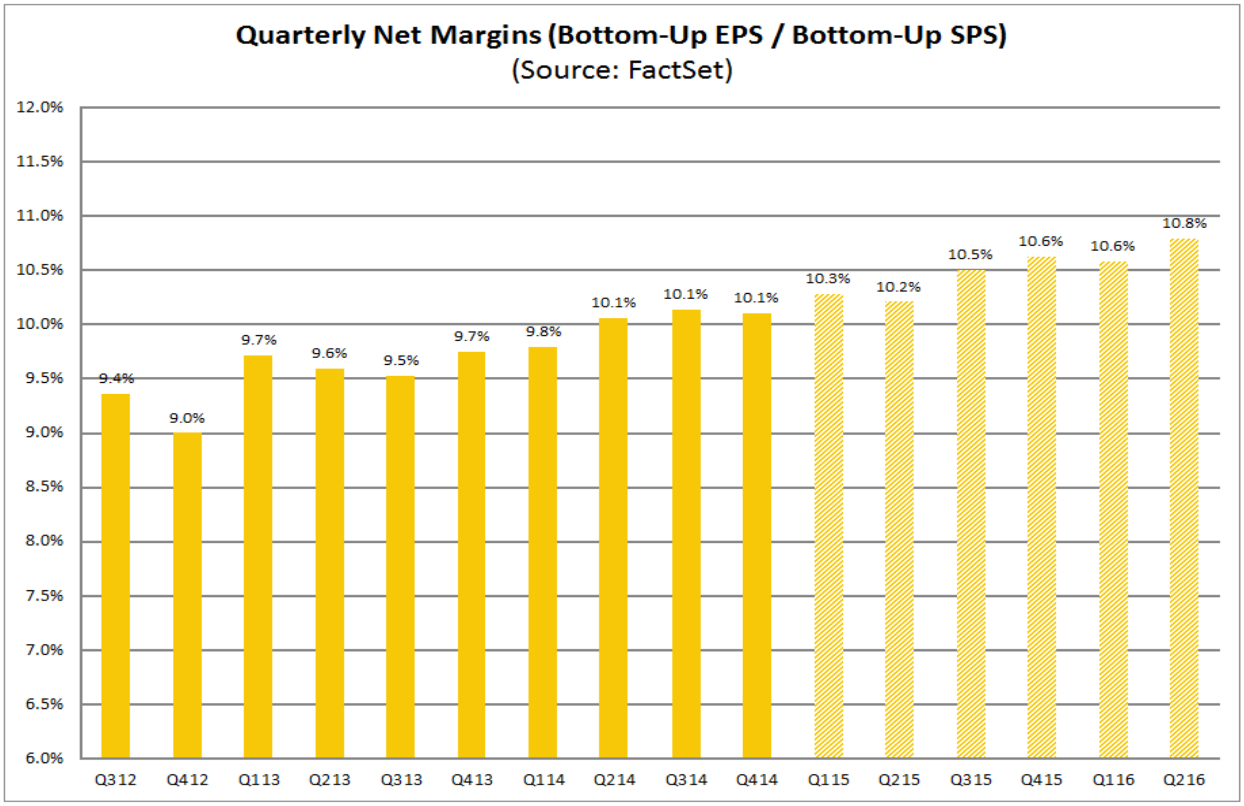
Bottom-up SPS Estimates: Current & Historical



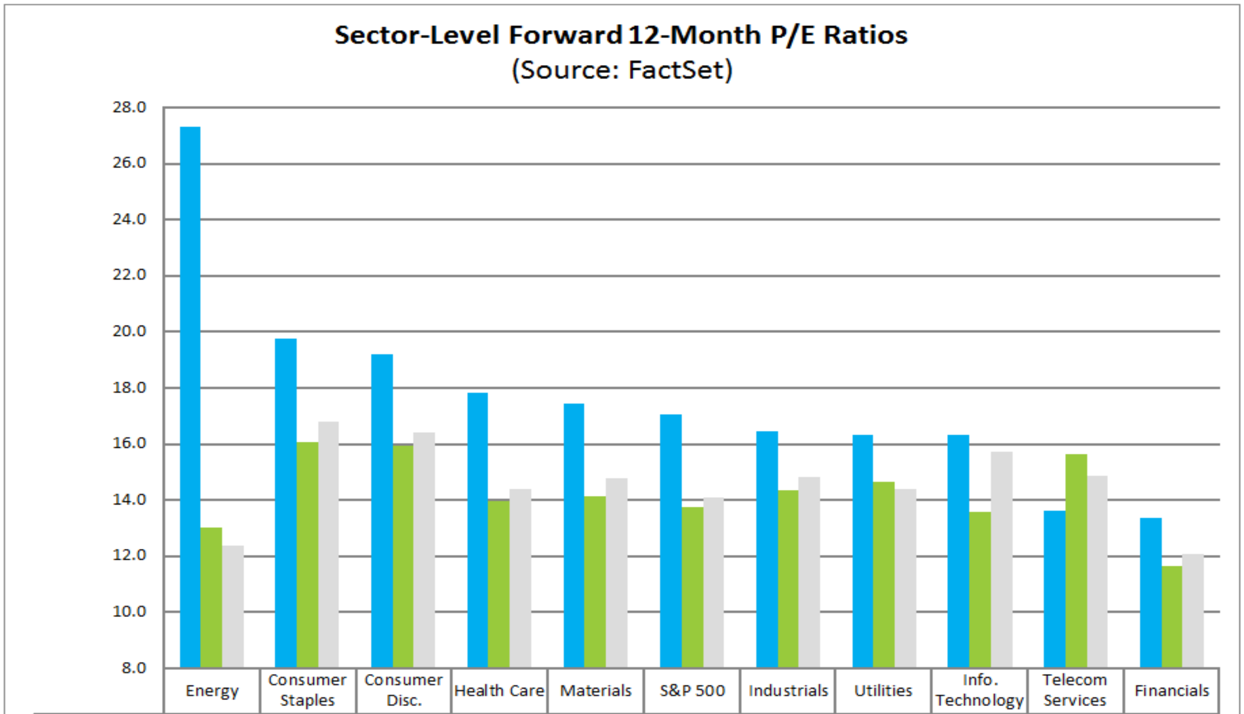


Net Margins: Current & Historical

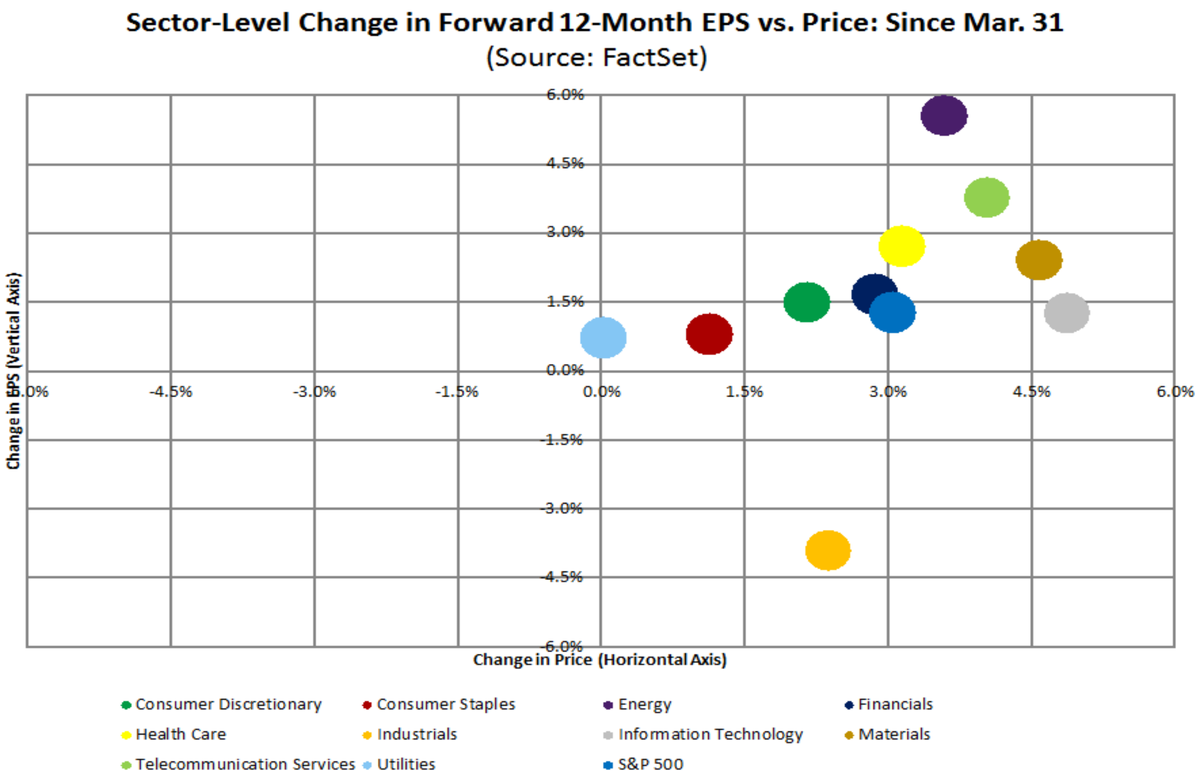




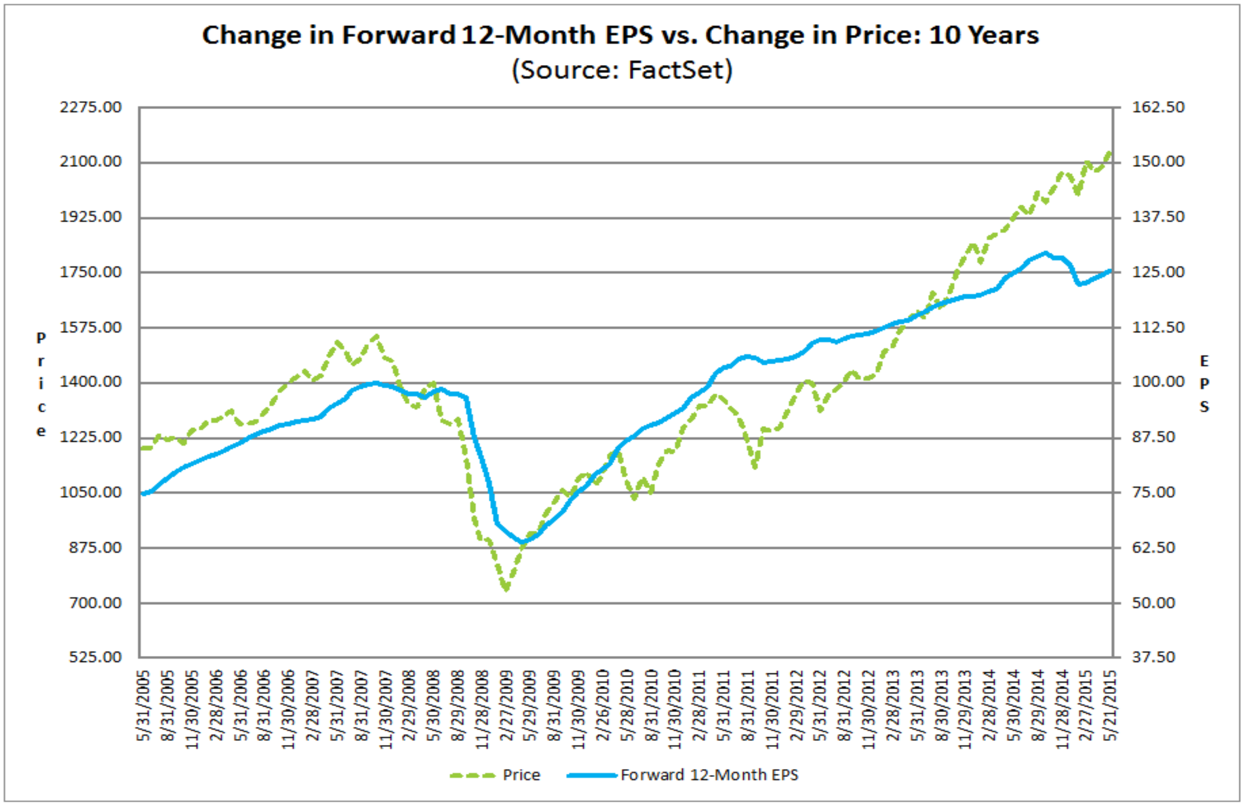
Forward 12M Price / Earnings Ratio: Sector Level

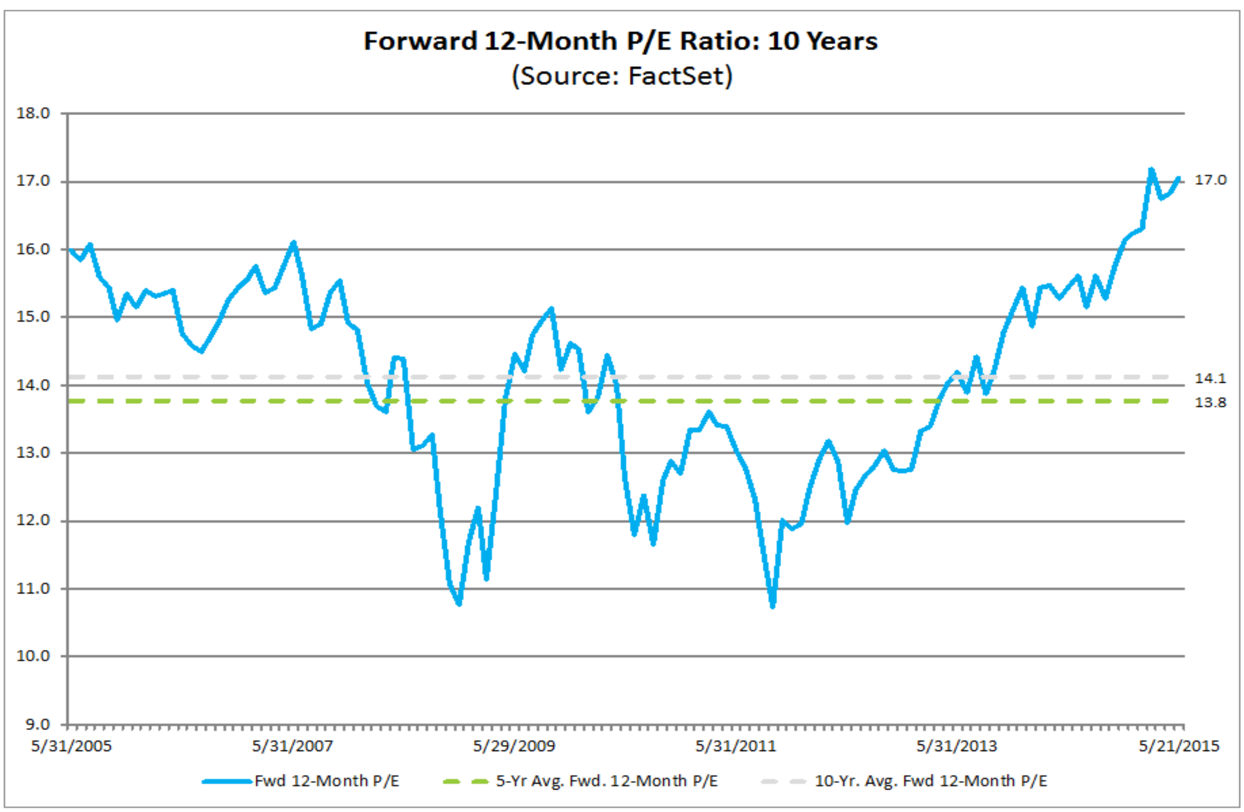


	Energy	Consumer Staples	Consumer Disc.	Health Care	Materials	S&P 500	Industrials	Utilities	Info. Technology	Telecom Services	Financials
Fwd 12M P/E	27.3	19.7	19.2	17.8	17.4	17.0	16.4	16.4	16.3	13.6	13.4
5-Yr Avg.	13.1	16.1	16.0	14.0	14.2	13.8	14.4	14.7	13.6	15.7	11.6
10-Yr Avg.	12.4	16.8	16.4	14.4	14.8	14.1	14.8	14.4	15.7	14.9	12.1

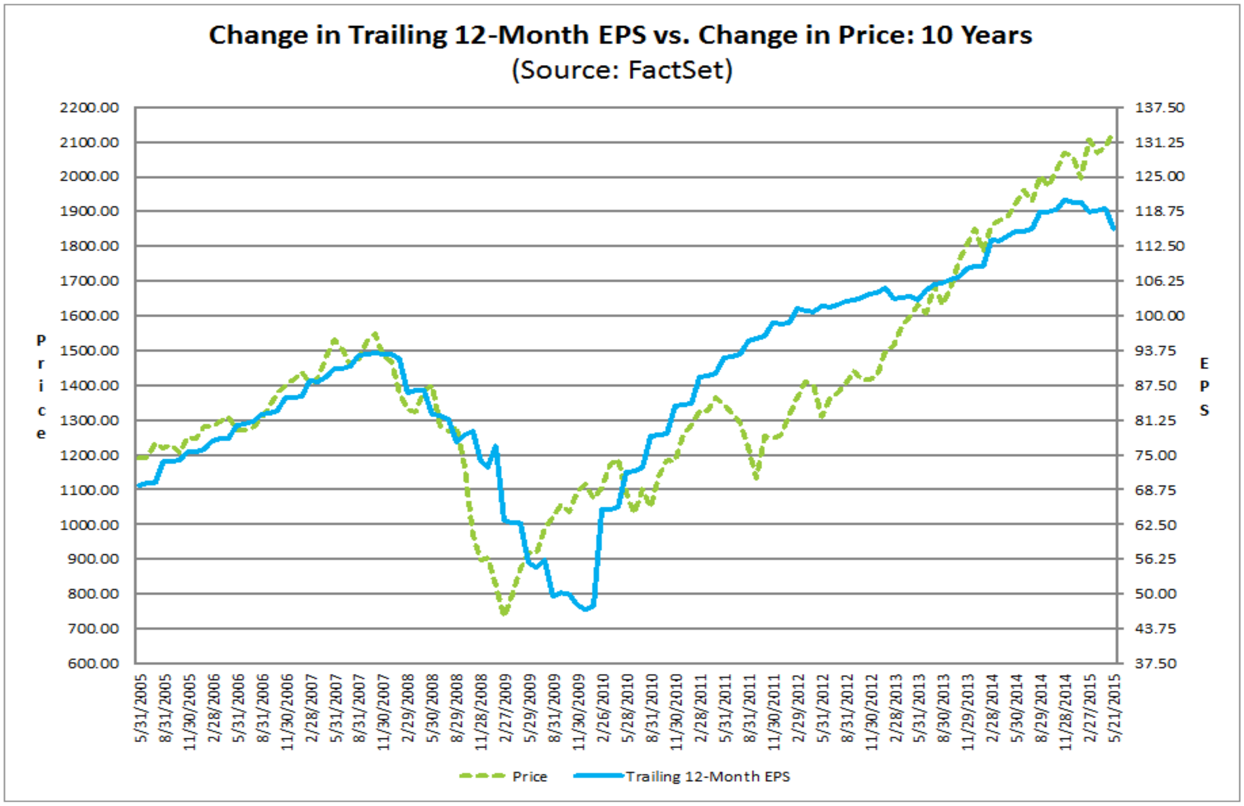


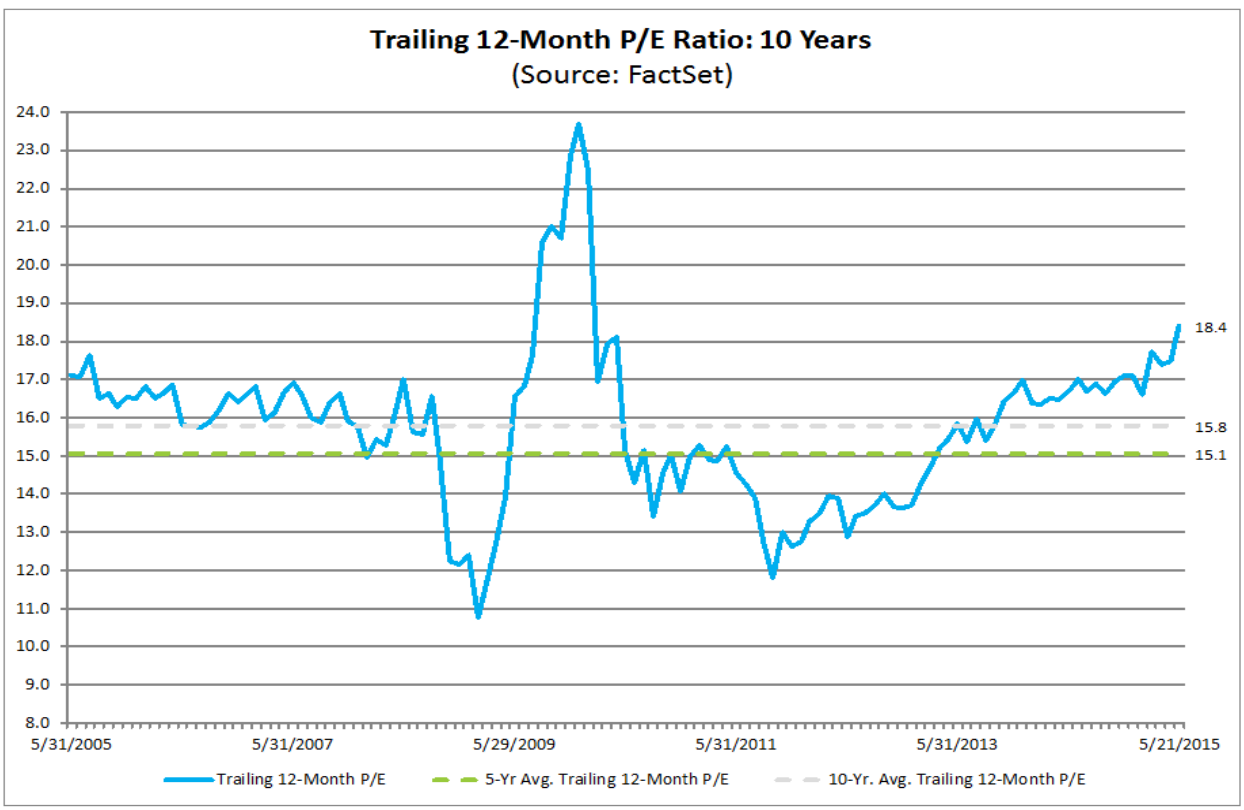
Forward 12M Price / Earnings Ratio: Long-Term Averages





Trailing 12M Price / Earnings Ratio: Long-Term Averages





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