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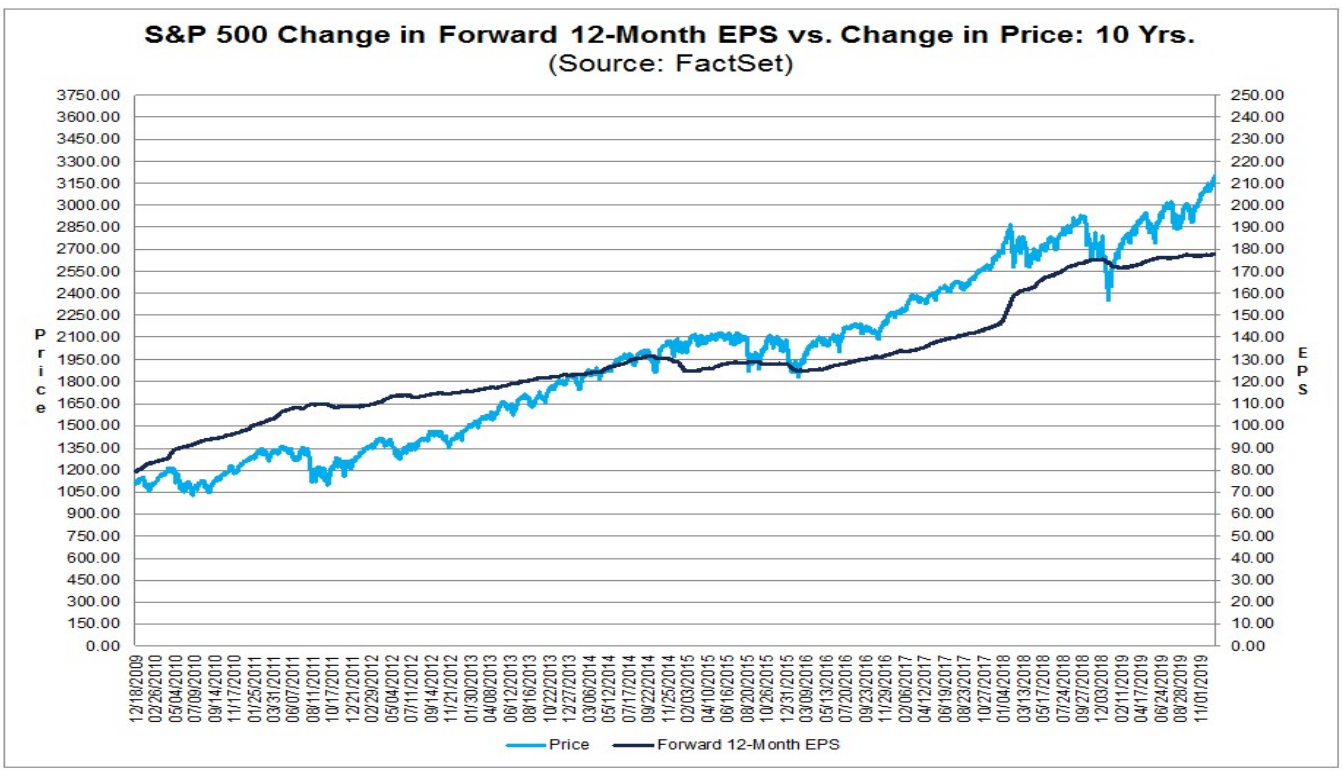
Author's Note: ***Due to the author being out of the office, we will not be publishing the FactSet Earnings Insight report on December 27. The next edition of the report is scheduled to be published on January 3.***

Key Metrics

- **Earnings Growth:** For Q4 2019, the estimated earnings decline for the S&P 500 is -1.4%. If -1.4% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year earnings declines since Q3 2015 through Q2 2016.
- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q4 2019 was 2.5%. All eleven sectors have lower growth rates today (compared to September 30) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2019, 71 S&P 500 companies have issued negative EPS guidance and 34 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.0. This P/E ratio is above the 5-year average (16.6) and above the 10-year average (14.9).



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Topic of the Week: 1

S&P 500 Earnings Preview: CY 2020

CY 2020 Earnings Growth: 9.6%

The estimated (year-over-year) earnings growth rate for CY 2020 is 9.6%, which is above the 10-year average (annual) earnings growth rate of 9.1%. All eleven sectors are projected to report year-over-year growth in earnings. Five sectors are predicted to report double-digit growth, led by the Energy, Industrials, and Materials sectors.

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 21.4%. However, it is interesting to note the estimated average price of oil for CY 2020 ($56.02) is slightly below the average price of oil to date for CY 2019 ($56.92). At the sub-industry level, five sub-industries are projected to report growth in earnings. Four of these five sub-industries are expected to report double-digit growth: Oil & Gas Refining & Marketing (47%), Oil & Gas Equipment & Services (26%), Integrated Oil & Gas (19%), and Oil & Gas Storage & Transportation (13%). The only sub-industry predicted to report a year-over-year decline in earnings is the Oil & Gas Drilling (-66%) sub-industry.

The Industrials sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 14.8%. At the industry level, eleven of the twelve industries in this sector are predicted to report growth in earnings. Five of these eleven industries are projected to report double-digit growth, led by the Aerospace & Defense (49%), Building Products (16%), and Construction & Engineering (15%) industries. The Machinery industry (-1%) is the only industry expected to report a year-over-year decline in earnings.

At the company level, Boeing is expected to be the largest contributor to earnings growth for the sector. The mean EPS estimate for Boeing for FY 2020 is $18.43, compared to the mean EPS estimate of $0.94 for FY 2019. If this company were excluded, the estimated earnings growth rate for this sector would fall to 7.3% from 14.8%

The Materials sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 13.4%. At the industry level, three of the four industries in the sector are projected to report a growth in earnings: Metals & Mining (50%), Construction Materials (19%), and Chemicals (13%). The Containers & Packaging (-2%) industry is the only industry projected to report a decline in earnings for the year.

CY 2020 Revenue Growth: 5.4%

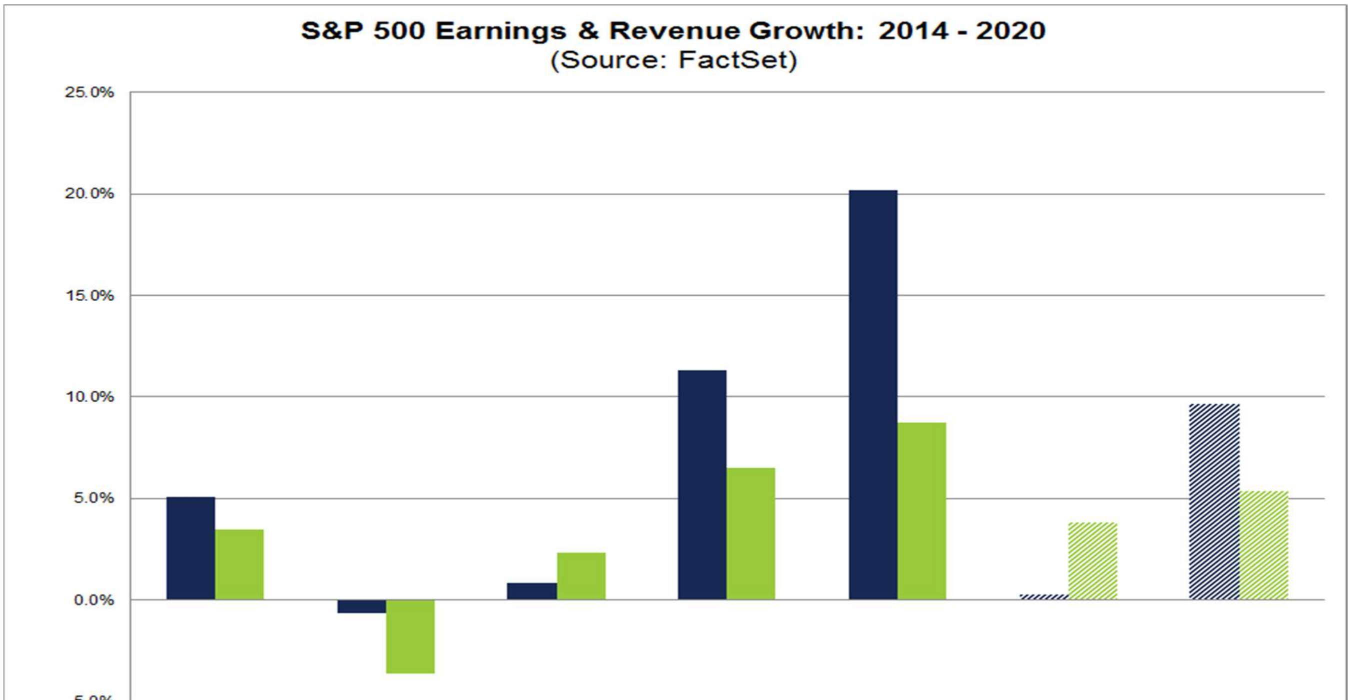
The estimated (year-over-year) revenue growth rate for CY 2020 is 5.4%, which is above the 10-year average (annual) revenue growth rate of 3.8%. All eleven sectors are expected to report year-over-year growth in revenues, led by the Communication Services sectors.

The Communication Services sector is predicted to report the highest (year-over-year) growth rate of all eleven sectors at 9.1%. At the industry level, all five industries are expected to report revenue growth, led by the Interactive Media & Services (18%) and Entertainment (14%) industries.

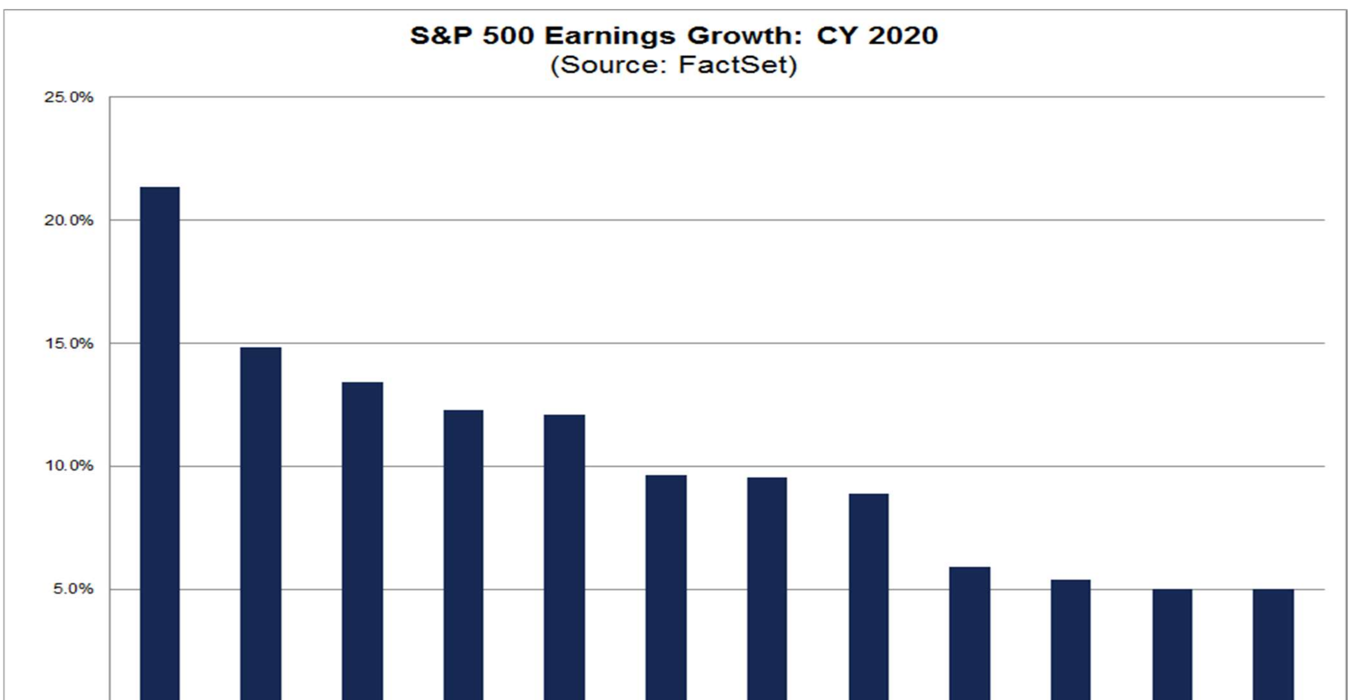
More International Exposure = Higher Earnings & Revenue Growth

S&P 500 companies with more international revenue exposure are expected to report higher earnings relative to S&P 500 companies with less international revenue exposure in CY 2020. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the estimated earnings growth rate is 13.8%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the estimated earnings growth rate is 7.6%.

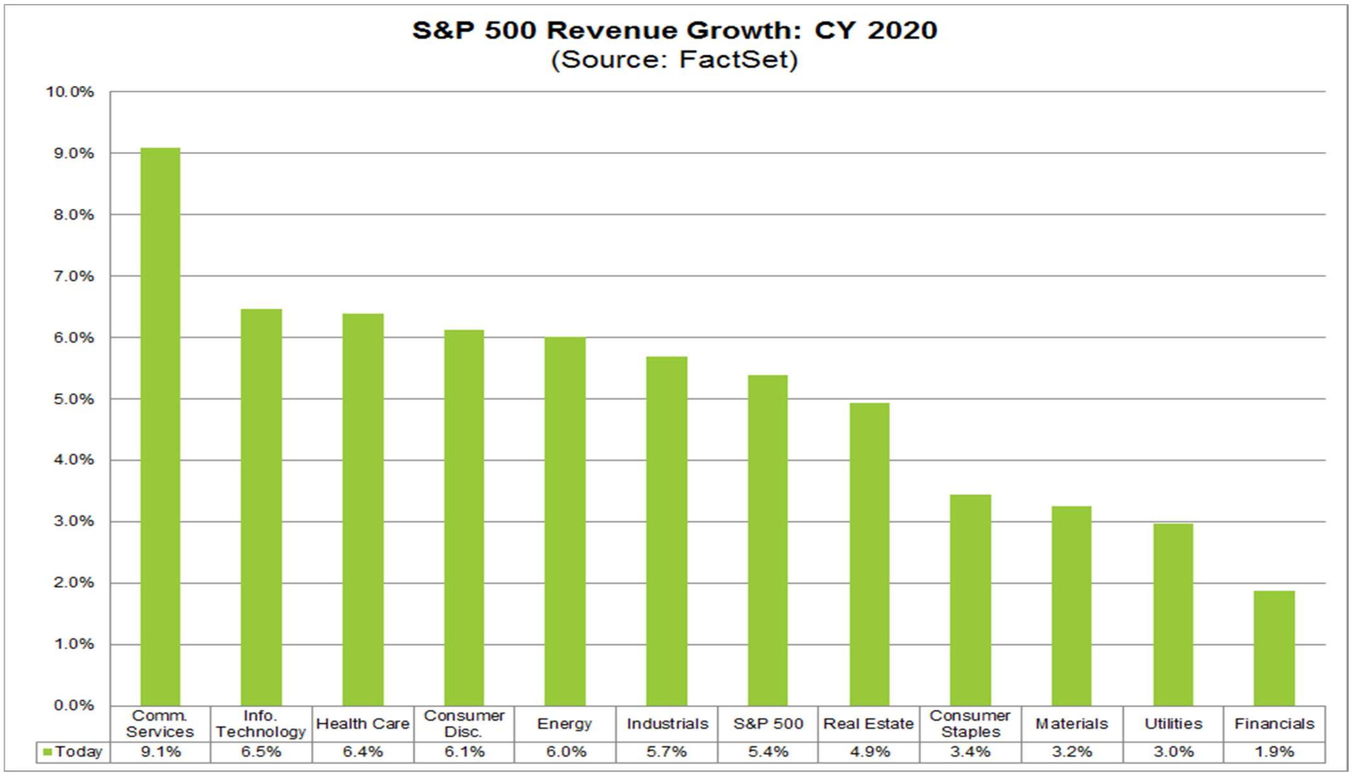
S&P 500 companies with more international revenue exposure are also expected to report higher revenues relative to S&P 500 companies with less international revenue exposure in CY 2020. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the estimated revenue growth rate is 6.5%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the blended revenue growth rate is 5.0%.

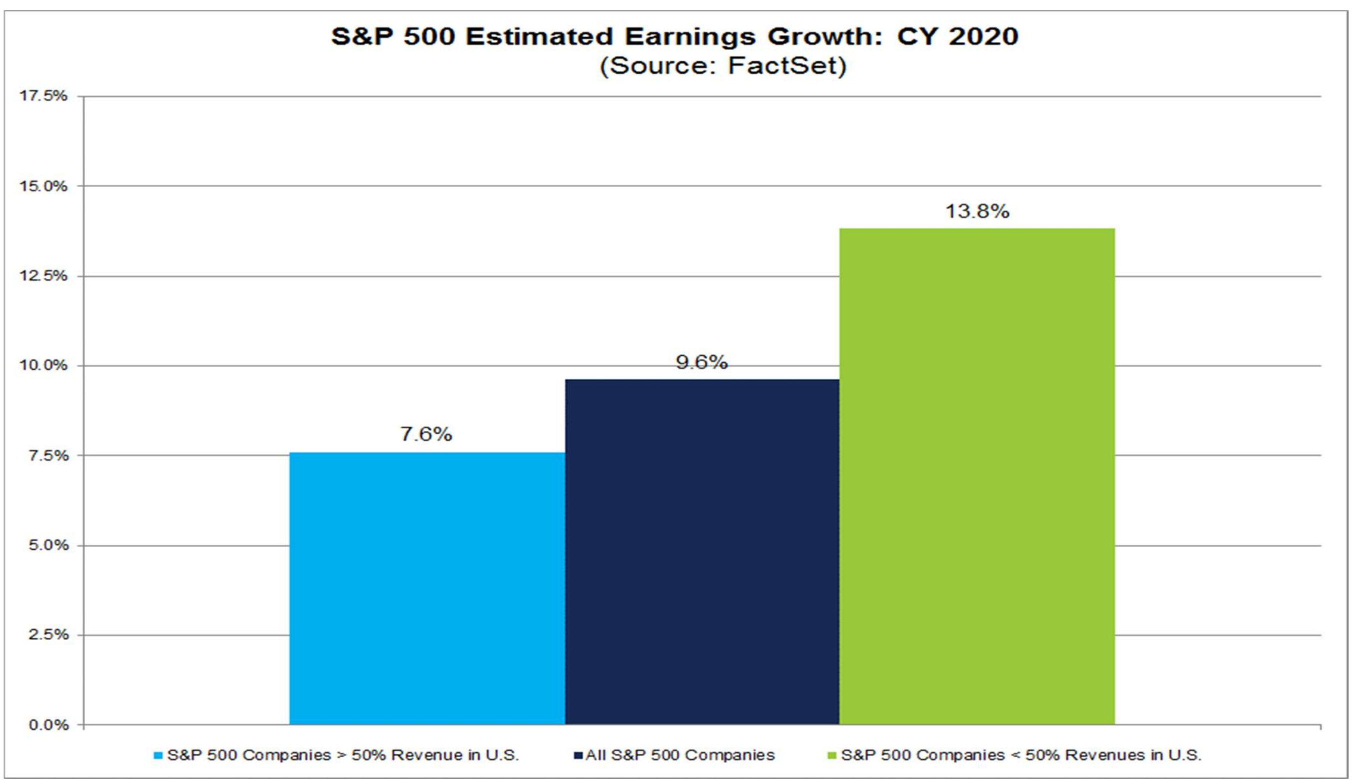


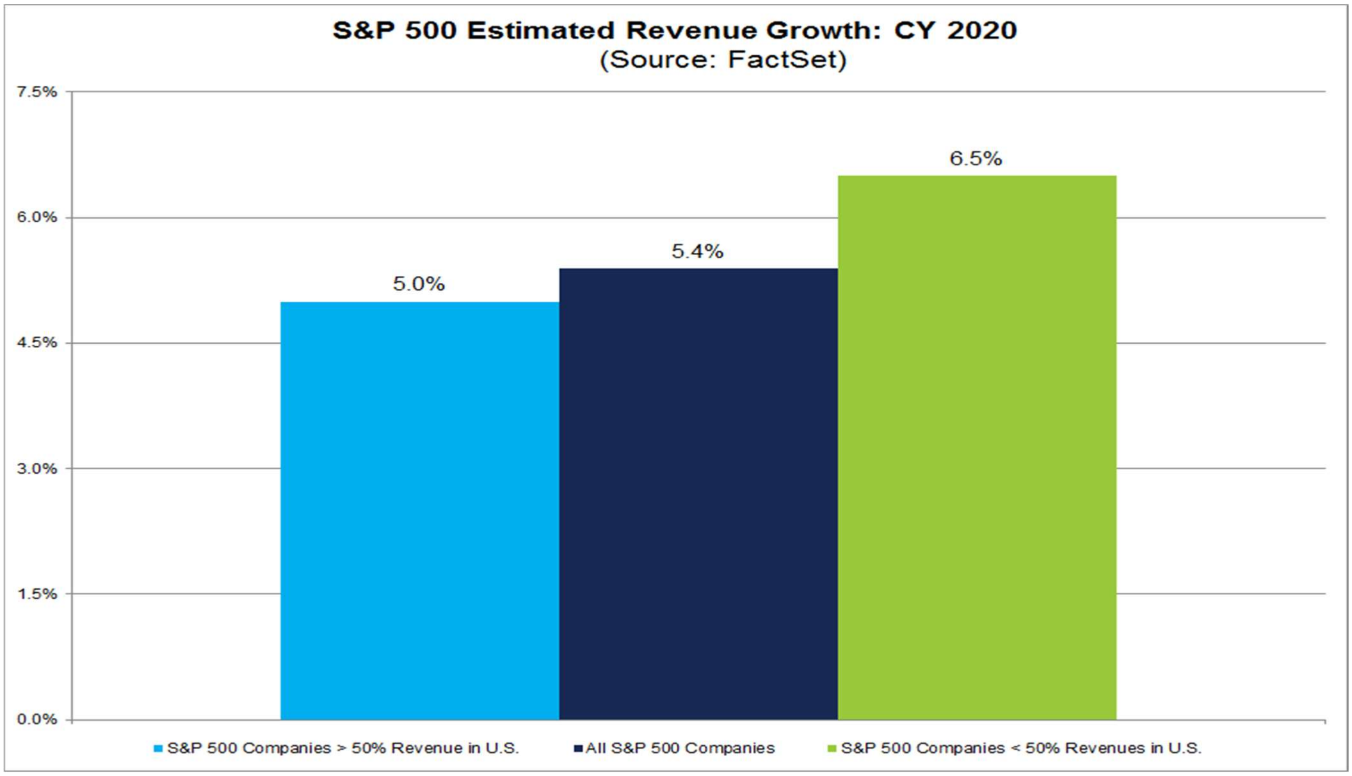
	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020
Earnings	5.1%	-0.6%	0.9%	11.3%	20.2%	0.3%	9.6%
Sales	3.5%	-3.6%	2.3%	6.5%	8.8%	3.8%	5.4%



	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Financials	Utilities
Today	21.4%	14.8%	13.4%	12.3%	12.1%	9.6%	9.5%	8.9%	5.9%	5.4%	5.0%	5.0%


S&P 500 Revenue Growth: CY 2020
(Source: FactSet)
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
Comm. Services
Info. Technology
Health Care
Consumer Disc.
Energy
Industrials
S&P 500
Real Estate
Consumer Staples
Materials
Utilities
Financials
Today
9.1%
6.5%
6.4%
6.1%
6.0%
5.7%
5.4%
4.9%
3.4%
3.2%
3.0%
1.9%


S&P 500 Estimated Earnings Growth: CY 2020
(Source: FactSet)
17.5%
15.0%
12.5%
10.0%
7.5%
5.0%
2.5%
0.0%
7.6%
9.6%
13.8%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.


S&P 500 Estimated Revenue Growth: CY 2020
(Source: FactSet)
7.5%
6.0%
4.5%
3.0%
1.5%
0.0%
5.0%
5.4%
6.5%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.

Topic of the Week: 2

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies For 2020?

With the end of the year approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500? How have their views changed over the past few months?

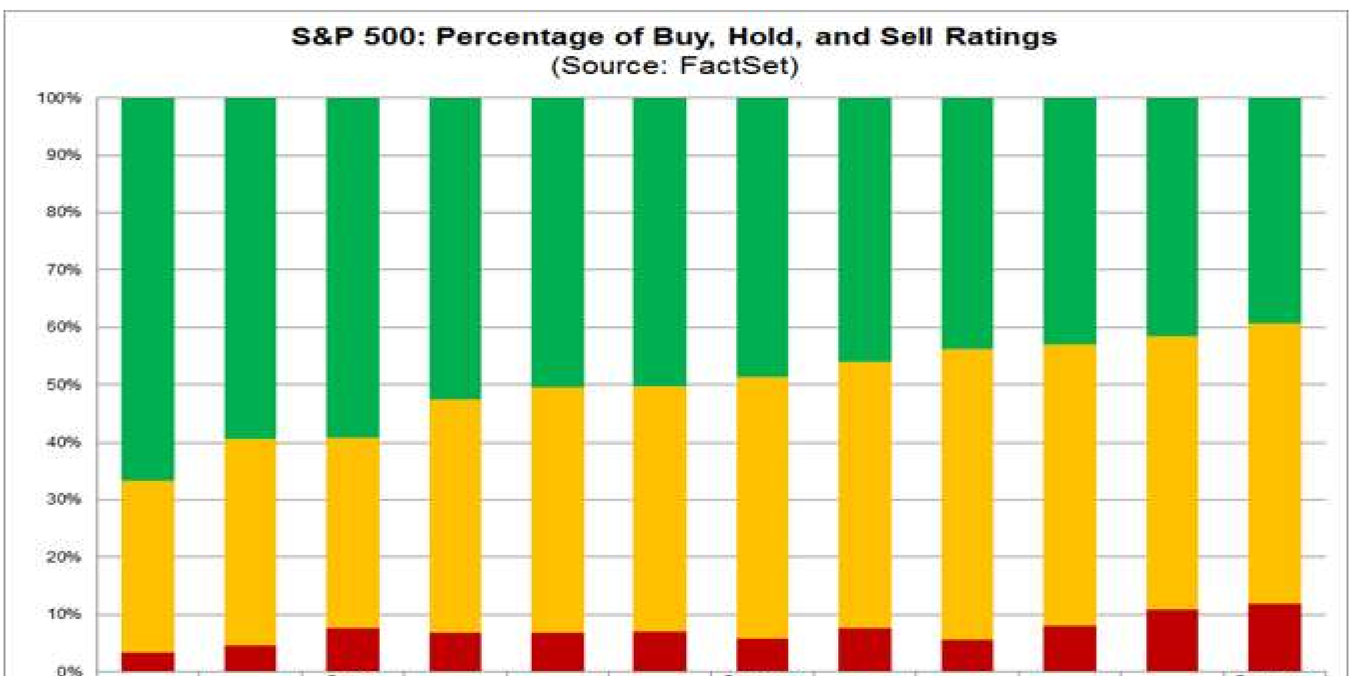
Overall, there are 10,362 ratings on stocks in the S&P 500. Of these 10,362 ratings, 50.4% are Buy ratings, 42.5% are Hold ratings, and 7.0% are Sell ratings.

At the sector level, analysts are most optimistic on the Energy (66%), Health Care (59%), and Communication Services (59%) sectors, as these three sectors have highest percentages of Buy ratings.

On the other hand, analysts are most pessimistic about the Consumer Staples (39%), Utilities (42%), Financials (42%), and Real Estate (43%) sectors, as these sectors have the lowest percentages of Buy ratings. The Real Estate sector also has the highest percentage of Hold ratings (51%), while the Consumer Staples (12%) and Utilities (11%) sectors also have the highest percentages of Sell ratings.

At the company level, the ten stocks in the S&P 500 with the highest percentages of Buy ratings and the highest percentages of Sell ratings are listed on the next page.

Since September 30, the total number of ratings on S&P 500 companies has increased by 1.0% (to 10,362 from 10,258). The number of Buy ratings has decreased by 1.8% (to 5,227 from 5,324). Three sectors have witnessed an increase in Buy ratings, led by the Information Technology (+4%) sector. Eight sectors have seen a decrease in Buy ratings, led by the Financials (-9%) sector. The number of Hold ratings has increased by 3.2% (to 4,408 from 4,272). Eight sectors have recorded an increase in Hold ratings, led by the Consumer Discretionary (+10%) and Industrials (+9%) sectors. Three sectors have witnessed a decrease in Hold ratings, led by the Energy (-4%) sector. The number of Sell ratings has increased by 9.8% (to 727 from 662). Eight sectors have a recorded an increase in Sell ratings, led by the Communication Services (+42%) and Materials (+33%) sectors. Three sectors have seen a decrease in Sell ratings, led by the Energy (-4%) sector.



	Energy	Health Care	Comm. Services	Info. Tech.	S&P 500	Materials	Consumer Disc.	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Buy	67%	59%	59%	52%	50%	50%	49%	46%	44%	43%	42%	39%
Hold	30%	36%	33%	41%	43%	43%	46%	46%	51%	49%	48%	49%
Sell	3%	5%	8%	7%	7%	7%	6%	8%	6%	8%	11%	12%

Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

Company	**Buy**	Hold	Sell
Assurant, Inc.	**100%**	0%	0%
Diamondback Energy, Inc.	**97%**	3%	0%
Amazon.com, Inc.	**96%**	4%	0%
L3Harris Technologies Inc	**95%**	5%	0%
salesforce.com, inc.	**93%**	7%	0%
Quanta Services, Inc.	**93%**	7%	0%
Boston Scientific Corporation	**92%**	4%	4%
Visa Inc. Class A	**91%**	6%	3%
Mastercard Incorporated Class A	**91%**	6%	3%
ConocoPhillips	**91%**	9%	0%

Highest % of Sell Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	**Sell**
Franklin Resources, Inc.	0%	47%	**53%**
Globe Life Inc.	33%	22%	**44%**
Macy's Inc	13%	44%	**44%**
W. R. Berkley Corporation	17%	42%	**42%**
Consolidated Edison, Inc.	12%	47%	**41%**
Hormel Foods Corporation	8%	54%	**38%**
Clorox Company	13%	50%	**38%**
Campbell Soup Company	13%	50%	**38%**
Robert Half International Inc.	21%	43%	**36%**
Waters Corporation	0%	67%	**33%**

Q4 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts have made larger cuts than average to earnings estimates for Q4 2019 to date. On a per-share basis, estimated earnings for the fourth quarter have decreased by 4.4% since September 30. This percentage decline is larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.3%) for a quarter.

However, a smaller percentage of S&P 500 companies have lowered the bar for earnings for Q4 2019 relative to recent averages. Of the 105 companies that have issued EPS guidance for the fourth quarter, 71 have issued negative EPS guidance and 34 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (71 out of 105), which is below the 5-year average of 70%.

Because of the net downward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q4 2019 is -1.4% today compared to the estimated (year-over-year) earnings growth rate of 2.5% on September 30. If -1.4% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year declines in earnings since Q3 2015 through Q2 2016. Five sectors are predicted to report year-over-year earnings growth, led by the Utilities and Financials sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy and Consumer Discretionary sectors.

Because of the net downward revisions to revenue estimates, the estimated (year-over-year) revenue growth rate for Q4 2019 is 2.6% today compared to the estimated (year-over-year) revenue growth rate of 3.6% on September 30. If 2.6% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q2 2016 (-0.2%). Eight sectors are projected to report year-over-year growth in revenues, led by the Health Care, Utilities, and Communication Services sectors. Three sectors are predicted to report a year-over-year decline in revenues, led by the Materials and Energy sectors.

Looking at future quarters, analysts see earnings growth of between 5% and 7% for the first half of 2020.

The forward 12-month P/E ratio is 18.0, which is above the 5-year average and above the 10-year average.

During the upcoming week, no S&P 500 companies are scheduled to report results for the fourth quarter.

Earnings Revisions: Largest Estimate Cuts in Consumer Discretionary Sector

No Change in Estimated Earnings Decline for Q4 This Week

The estimated earnings decline for the fourth quarter is -1.4% this week, which is equal to the estimated earnings decline of -1.4% last week.

Overall, the estimated earnings decline for Q4 2019 of -1.4% today is below the estimated earnings growth rate of 2.5% at the start of the quarter (September 30). All eleven sectors have a recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Consumer Discretionary, Materials, Energy, and Industrials sectors.

Consumer Discretionary: GM, Amazon, and Ford Lead Earnings Decrease since Sep. 30

The Consumer Discretionary sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to -13.1% from 2.5%). Despite the decline in expected earnings growth, this sector has witnessed a 3.1% increase in price since September 30. Overall, 45 of the 63 companies (71%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 45 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by General Motors (to $0.30 from $1.85), Gap (to $0.35 from $0.65), Ford Motor (to $0.17 from $0.29), Amazon.com (to $4.06 from $6.60), and Hasbro (to $0.97 from $1.55). General Motors, Amazon.com, and Ford Motor have also been the largest contributors to the decrease in expected earnings for this sector since September 30.

Materials: 93% of Companies Have Seen Decline in Earnings Expectations Since Sep. 30

The Materials sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to -9.2% from 1.5%). Despite the decline in expected earnings growth, this sector has witnessed a 4.3% increase in price since September 30. Overall, 26 of the 28 companies (93%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 26 companies, 8 have recorded a decrease in their mean EPS estimate of more than 10%, led by Mosaic (to $0.05 from $0.49) and Freeport-McMoRan (to $0.00 from $0.08). Mosaic has also been the largest contributor to the decrease in expected earnings for this sector since September 30.

Energy: Exxon Mobil Leads Earnings Decrease Since Sep. 30

The Energy sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to -32.0% from -21.8%). Despite the increase in the expected earnings decline, this sector has witnessed a 2.6% increase in price since September 30. Overall, 24 of the 28 companies (86%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 24 companies, 17 have recorded a decrease in their mean EPS estimate of more than 10%, led by Noble Energy (to -$0.08 from -$0.02), Apache Corporation (to -0.13 from $0.12), and Hess Corporation (to -$0.32 from -$0.15). However, Exxon Mobil (to $0.76 from $0.96), Chevron (to $1.60 from $1.81), Occidental Petroleum (to $0.04 from $0.47) and ConocoPhillips (to $0.79 from $1.03) have been the largest contributors to the decrease in expected earnings for this sector since September 30.

Industrials: Boeing Leads Earnings Decrease Since Sep. 30

The Industrials sector has recorded the fourth largest decrease in expected earnings growth since the start of the quarter (to -6.2% from 3.0%). Despite the decline in expected earnings growth, this sector has witnessed a 4.4% increase in price since September 30. Overall, 51 of the 70 companies (73%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 51 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to $1.94 from $4.17), Cummins (to $2.49 from $3.45), Deere & Company (to $1.29 from $1.68), and Caterpillar (to $2.38 from $2.99). Boeing and Caterpillar have also been the largest contributors to the decrease in expected earnings for this sector since September 30.

Index-Level (Bottom-Up) EPS Estimate: Above Average Decrease to Date

The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) has decreased by 4.4% (to $40.81 from $42.69) since September 30. This percentage decline is larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.3%) for a quarter.

Guidance: Negative Guidance for Q4 is Below Average to Date

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.

At this point in time, 105 companies in the index have issued EPS guidance for Q4 2019. Of these 105 companies, 71 have issued negative EPS guidance and 34 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (71 out of 105), which is below the 5-year average of 70%.

Earnings Decline: -1.4%

The estimated (year-over-year) earnings decline for Q4 2019 is -1.4%. If -1.4% is the actual decline for the quarter, it will mark the first time the index has reported four straight quarters of year-over-year declines in earnings since Q3 2015 through Q2 2016.

Five sectors are expected to report year-over-year growth in earnings, led by the Utilities and Financials sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy and Consumer Discretionary sectors.

Utilities: 3 Industries to Report Year-Over-Year Growth Above 10%

The Utilities sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 19.6%. At the industry level, all five industries in this sector are expected to report growth in earnings. Three of these five industries are expected to report double-digit earnings growth: Independent Power and Renewable Electricity Producers (138%), Multi-Utilities (26%), and Electric Utilities (12%).

Financials: Insurance Industry Leads Year-Over-Year Growth

The Financials sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 7.2%. At the industry level, three of the five industries in this sector are predicted to report growth in earnings: Insurance (42%), Capital Markets (9%), and Diversified Financial Services (7%). On the other hand, the Consumer Finance (-4%) and Banks (-1%) industries are predicted to report year-over-year declines in earnings.

Energy: 4 of 6 Sub-Industries to Report Year-Over-Year Decline of More than 20%

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -32.0%. At the sub-industry level, four of the six sub-industries in the sector are predicted to report a decline in earnings of more than 20%: Oil & Gas Drilling (-76%), Oil & Gas Refining & Marketing (-47%), Integrated Oil & Gas (-38%), and Oil & Gas Exploration & Production (-22%). On the other hand, the other two sub-industries in the sector are projected to report earnings growth of more than 10%: Oil & Gas Equipment & Services (27%) and Oil & Gas Storage & Transportation (14%).

Consumer Discretionary: Automobile Industry Leads Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the second largest (year-over-year) earnings decline of all eleven sectors at -13.1%. At the industry level, eight of the eleven industries in this sector are predicted to report a decline in earnings. Five of these eight industries are expected to report a double-digit decline in earnings, led by the Automobiles (-65%) industry.

At the company level, General Motors, Amazon.com, and Ford Motor are the largest contributors to the year-over-year decline in earnings for the sector. The mean EPS estimate for GM for Q4 is $0.30, compared to year-ago EPS of $1.43. The mean EPS estimate for Amazon.com for Q4 is $4.06, compared to year-ago EPS of $6.04. The mean EPS estimate for Ford Motor for Q4 is $0.17, compared to year-ago EPS of $0.30. If these three companies were excluded, the estimated decline for the sector would improve to -3.6% from -13.1%.

Revenue Growth: 2.6%

The estimated (year-over-year) revenue growth rate for Q4 2019 is 2.6%. If 2.6% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q2 2016 (-0.2%).

Eight sectors are projected to report year-over-year growth in revenues, led by the Health Care, Utilities, and Communication Services sectors. Three sectors are predicted to report a year-over-year decline in revenues, led by the Materials and Energy sectors.

Health Care: Cigna and CVS Lead Growth on Easy Comparisons to Year-Ago Pre-Merger Revenues

The Health Care sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 10.6%. At the industry level, five of the six industries in this sector are predicted to report revenue growth for the quarter. However, the Health Care Providers & Services industry is the only industry projected to report double-digit revenue growth (14%). On the other hand, the Pharmaceuticals (<-1%) industry is the only industry projected to report a slight revenue decline.

At the company level, Cigna and CVS Health are predicted to be the largest contributors to (year-over-year) revenue growth for the sector. However, the revenue growth rates for both companies are being boosted by apples-to-oranges comparisons of post-merger revenues to pre-merger revenues. The revenue estimate for Cigna for Q4 2019 ($35.16 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q4 2018 ($14.3 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q4 2019 ($63.9 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q4 2018 ($54.42 billion) reflects mainly the standalone revenue for CVS Health. These apples-to-oranges comparisons are the main reason Cigna and CVS Health are projected to be the largest contributors to revenue growth for the sector. If these companies were excluded, the estimated revenue growth rate for the sector would fall to 5.3% from 10.6%.

Utilities: 3 Industries to Report Year-Over-Year Growth Above 10%

The Utilities sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 9.7%. At the industry level, all five industries in this sector are expected to report growth in revenues. Three of these five industries are expected to report double-digit revenue growth: Independent Power and Renewable Electricity Producers (60%), Multi-Utilities (16%), and Electric Utilities (11%).

Communication Services: Entertainment & Interactive Media Lead Year-Over-Year Growth

The Communication Services sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 9.0%. At the industry level, four of the five industries in this sector are expected to report growth in revenues. Two of these four industries are expected to report double-digit revenue growth: Entertainment (25%) and Interactive Media & services (20%).

Materials: DuPont Leads Decline on Hard Comparison to Year-Ago Pre-Split Revenues

The Materials sector is expected to report the highest (year-over-year) decline in revenue of all eleven sectors at -15.7%. At the industry level, three of the four industries in this sector are predicted to report a decline in revenue for the quarter: Chemicals (-22%), Metals & Mining (-3%), and Container & Packaging (-1%).

At the company level, DuPont is predicted to be the largest contributor to the (year-over-year) decline in revenue for the sector. However, the revenue decline is being boosted by an apples-to-oranges comparison of post-split revenues to pre-split revenues. The revenue estimate for DuPont for Q4 2019 ($5.27 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q3 2018 ($20.1 billion) reflects the combined revenue for DowDuPont (DuPont, Dow, and Corteva). This apples-to-oranges comparison is the main reason DuPont is projected to be the largest contributor to the revenue decline for the sector. If this company were excluded, the estimated revenue decline for the sector would improve to -2.2% from -15.7%.

Energy: All 6 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the second highest (year-over-year) revenue decline of all eleven sectors at -7.8%. At the sub-industry level, all six sub-industries in the sector are predicted to report a decline in revenues. Three of these six sub-industries are expected to report a double-digit decline: Oil & Gas Drilling (-18%), Oil & Gas Exploration & Production (-18%), and Integrated Oil & Gas (-10%).

Looking Ahead: Forward Estimates and Valuation

Earnings: Near Flat Earnings Projected for 2019

For the fourth quarter, S&P 500 companies projected to report a decline in earnings of -1.4% and growth in revenues of 2.6%. For CY 2019, S&P 500 companies are predicted to nearly flat earnings (+0.3%). However, analysts see earnings growth of 5% to 7% in Q1 2020 and Q2 2020.

For CY 2019, analysts are projecting earnings growth of 0.3% and revenue growth of 3.8%.

For Q1 2020, analysts are projecting earnings growth of 5.0% and revenue growth of 4.4%.

For Q2 2020, analysts are projecting earnings growth of 6.6% and revenue growth of 4.9%.

For CY 2020, analysts are projecting earnings growth of 9.6% and revenue growth of 5.4%.

Valuation: Forward P/E Ratio is 18.0, Above the 10-Year Average (14.9)

The forward 12-month P/E ratio is 18.0. This P/E ratio is above the 5-year average of 16.6 and above the 10-year average of 14.9. It is also above the forward 12-month P/E ratio of 16.8 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has increased by 7.7%, while the forward 12-month EPS estimate has increased by 0.2%.

At the sector level, the Consumer Discretionary (22.1) and Information Technology (21.5) sectors have the highest forward 12-month P/E ratios, while the Financials (13.3) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 7% Increase in Price Over Next 12 Months

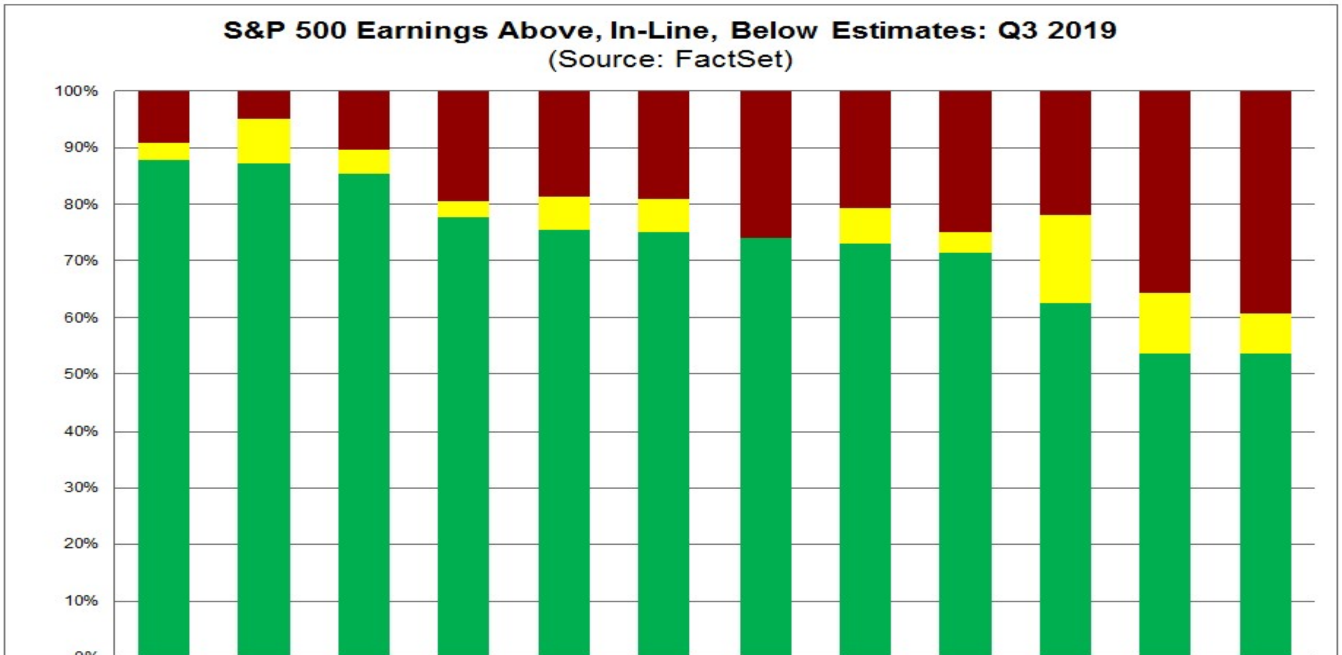
The bottom-up target price for the S&P 500 is 3430.28, which is 7.0% above the closing price of 3205.37. At the sector level, the Energy (+14.2%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Financials (+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 for this sector.

Overall, there are 10,362 ratings on stocks in the S&P 500. Of these 10,362 ratings, 50.4% are Buy ratings, 42.5% are Hold ratings, and 7.0% are Sell ratings. At the sector level, the Energy (66%) sector has the highest percentage of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

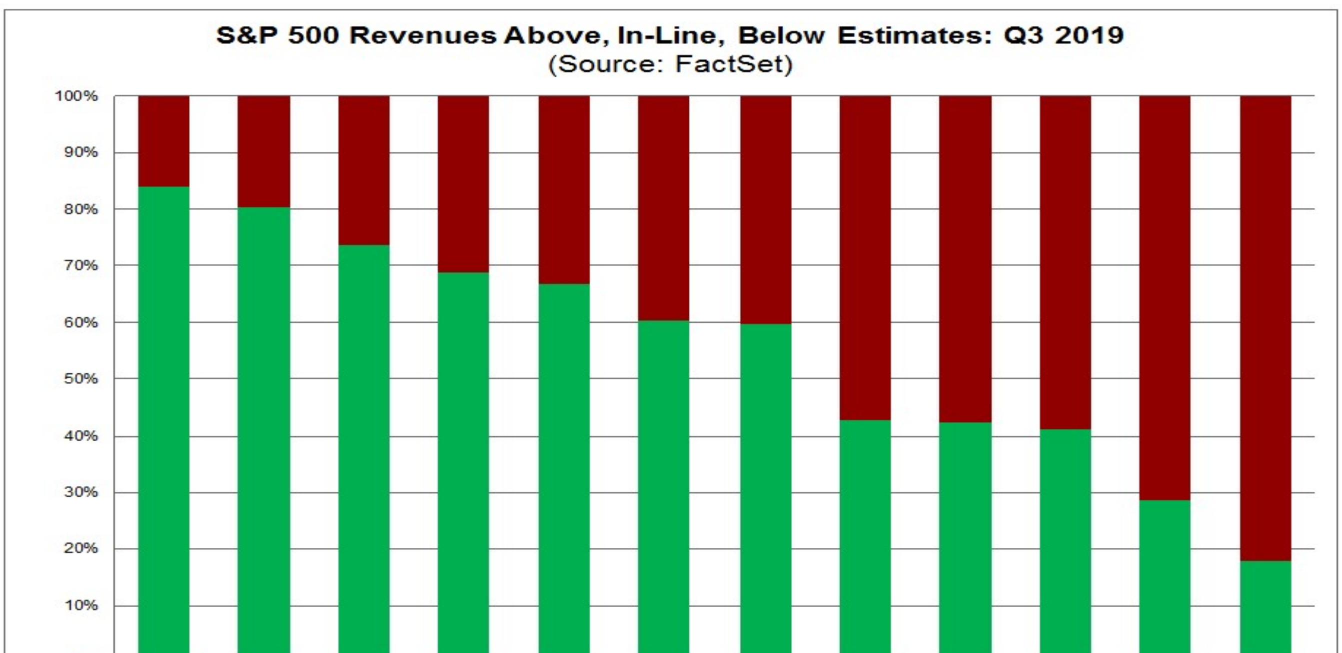
Companies Reporting Next Week: 0

During the upcoming week, no S&P 500 companies are scheduled to report results for the fourth quarter.

Q3 2019: Scorecard

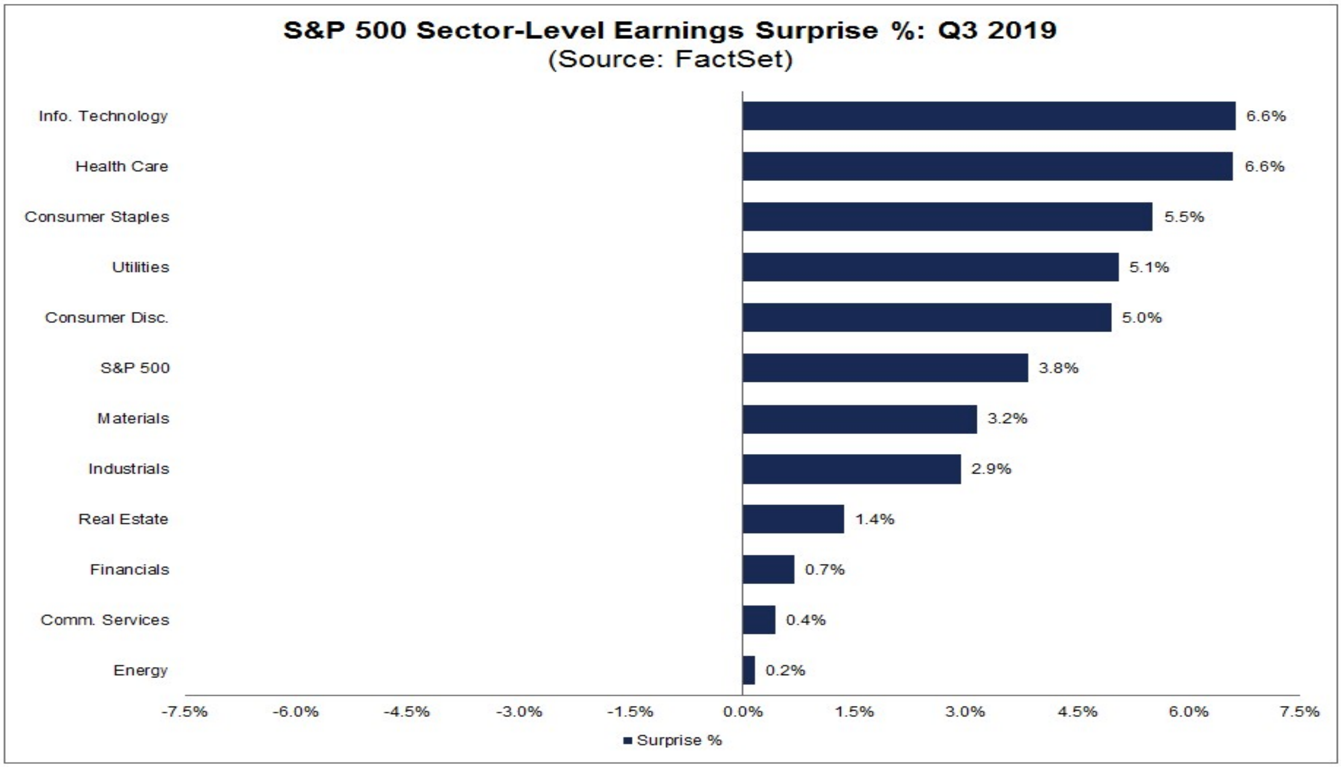


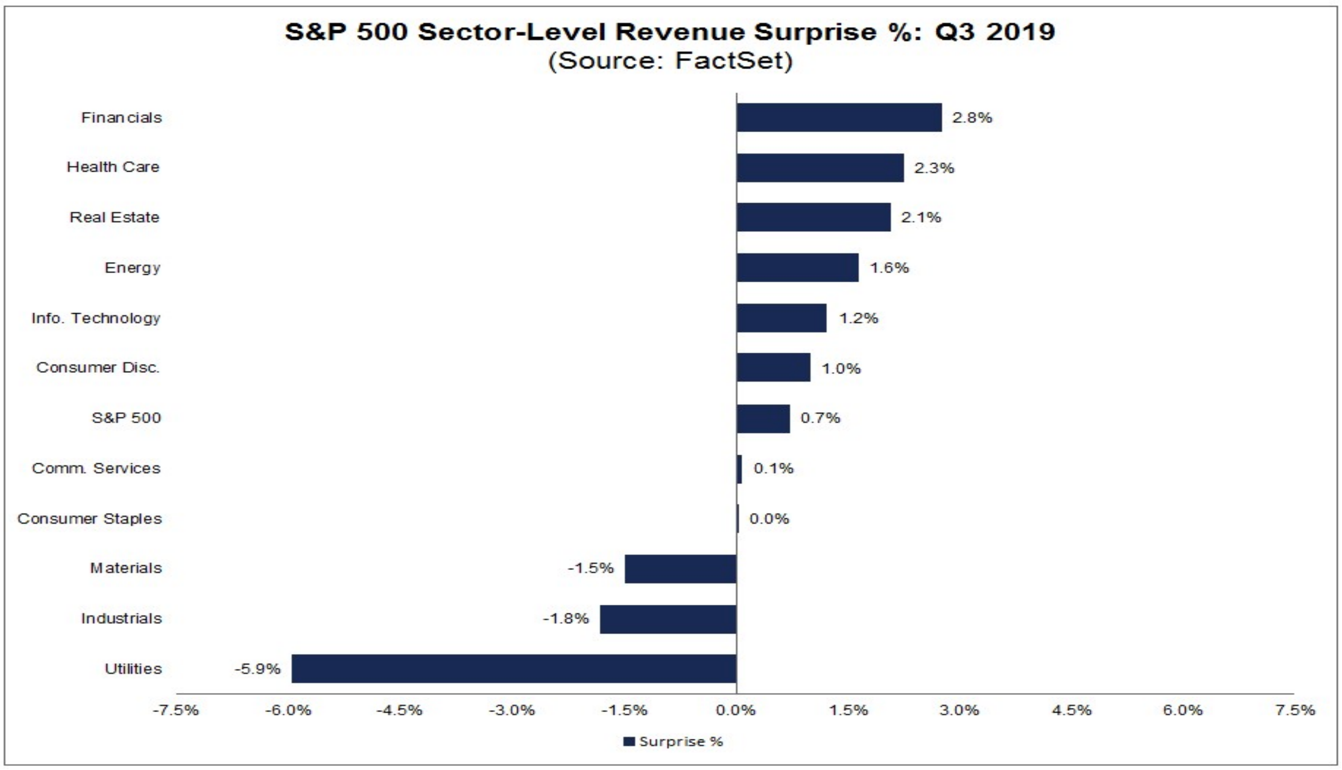
	Consumer Staples	Health Care	Info. Technology	Financials	S&P 500	Industrials	Comm. Services	Consumer Disc.	Utilities	Real Estate	Energy	Materials
Below	9%	5%	10%	19%	19%	19%	26%	21%	25%	22%	36%	39%
In-Line	3%	8%	4%	3%	6%	6%	0%	6%	4%	16%	11%	7%
Above	88%	87%	85%	78%	75%	75%	74%	73%	71%	63%	54%	54%



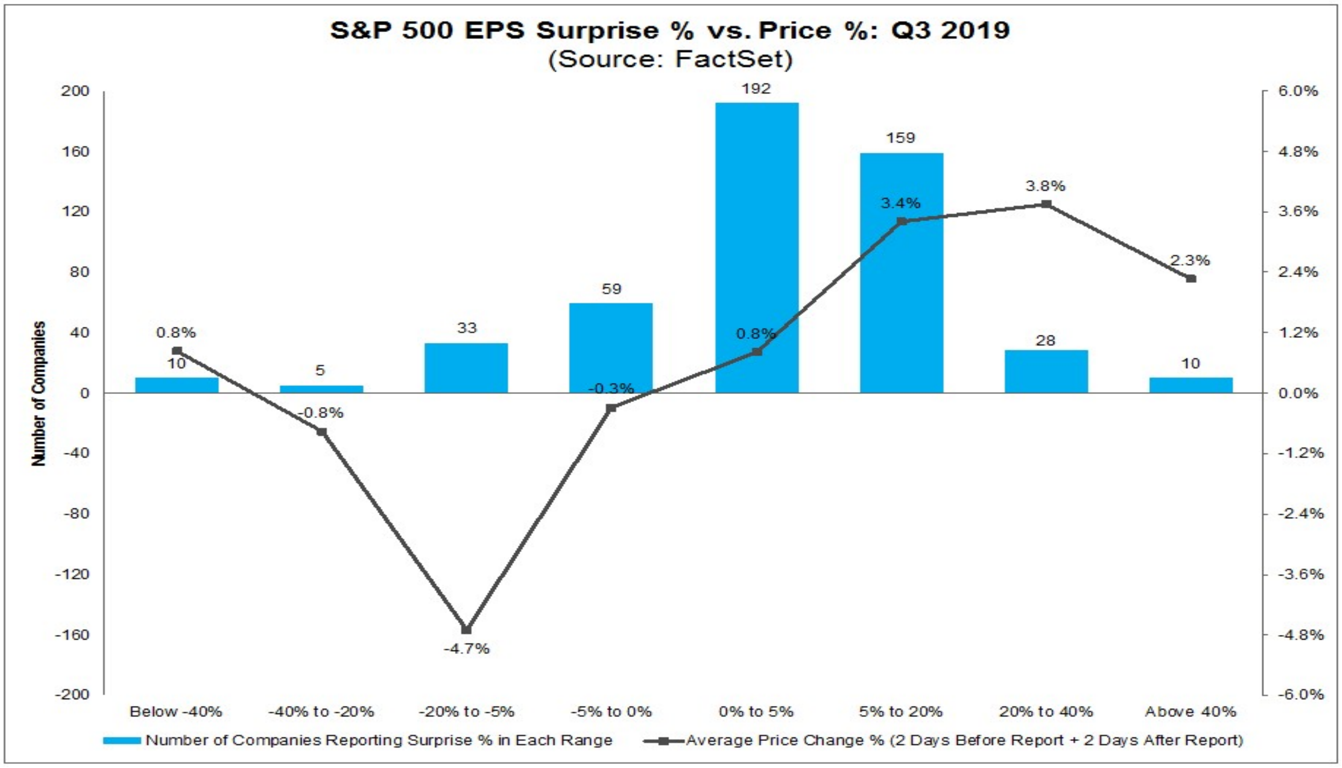
	Health Care	Financials	Info. Technology	Real Estate	Comm. Services	Consumer Disc.	S&P 500	Energy	Consumer Staples	Industrials	Materials	Utilities
Below	16%	20%	26%	31%	33%	40%	40%	57%	58%	59%	71%	82%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	84%	80%	74%	69%	67%	60%	60%	43%	42%	41%	29%	18%

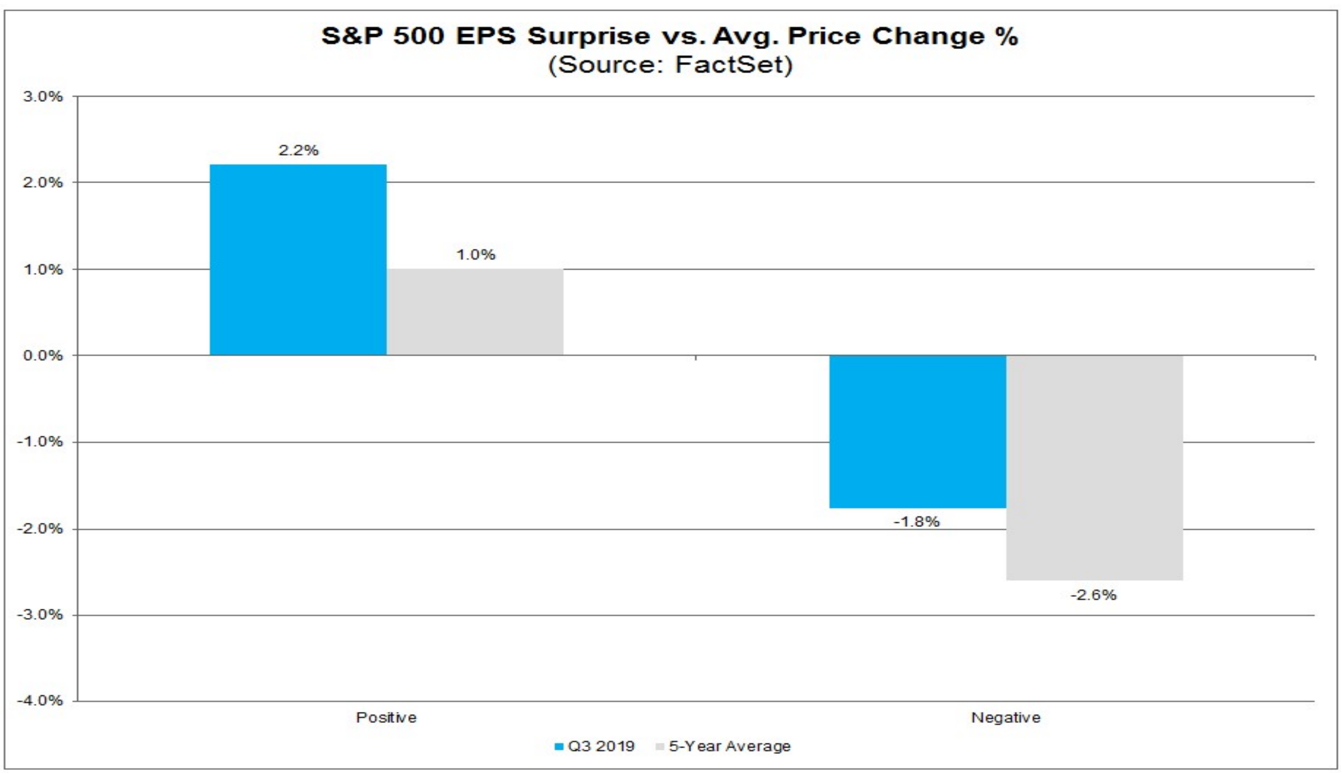
Q3 2019: Scorecard



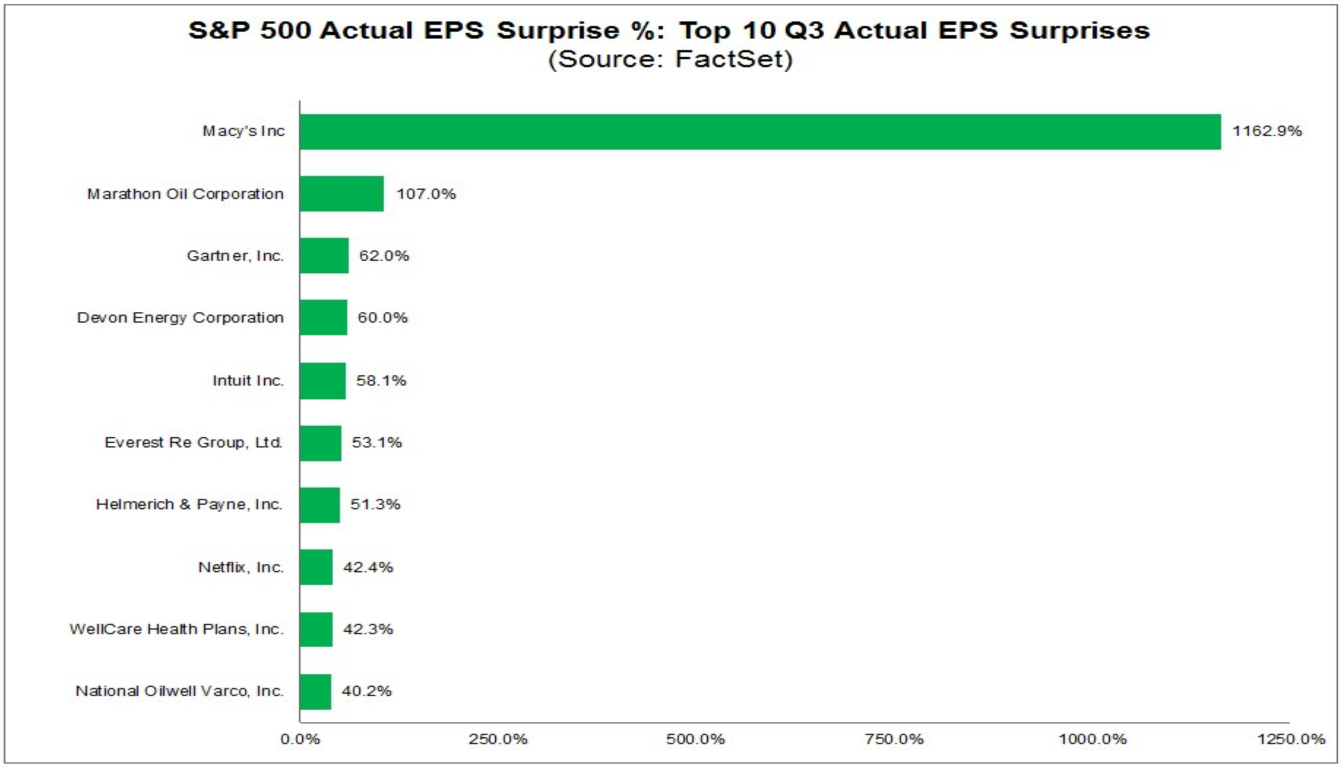


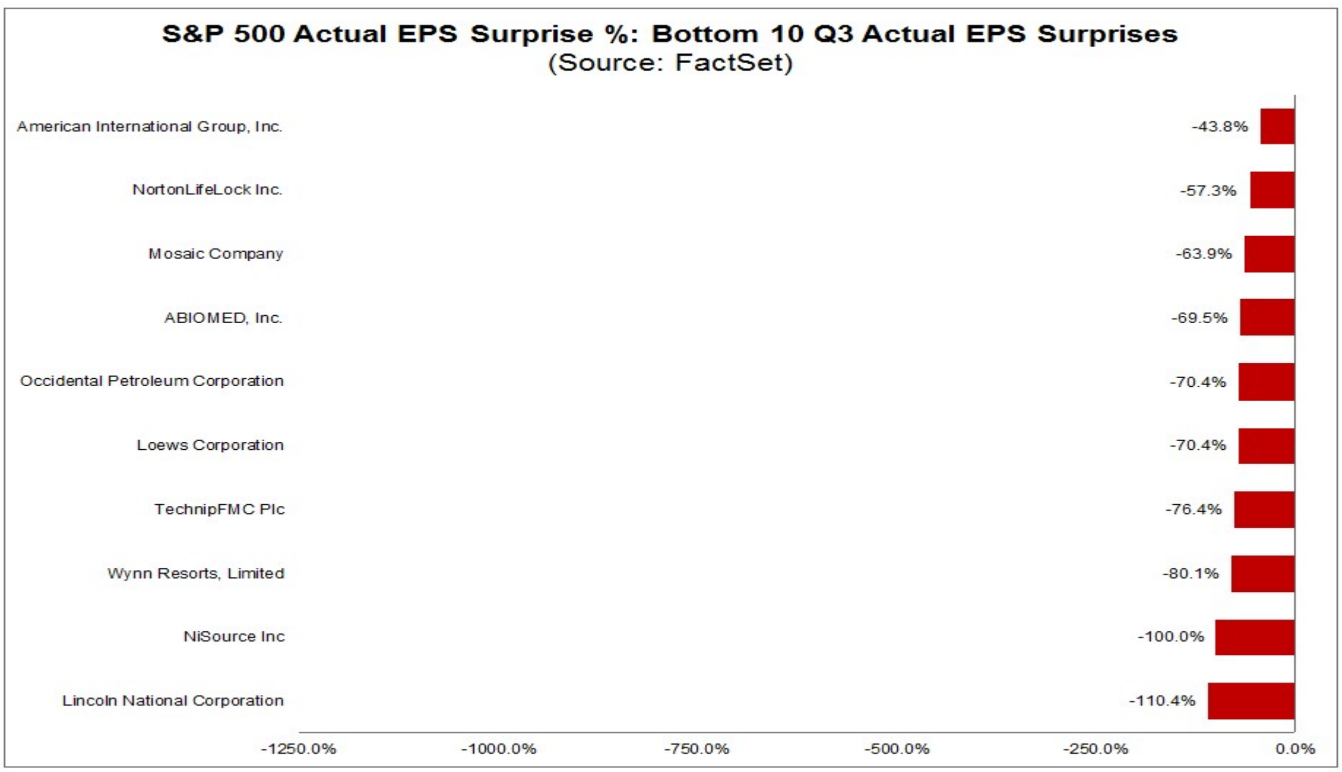
Q3 2019: Scorecard



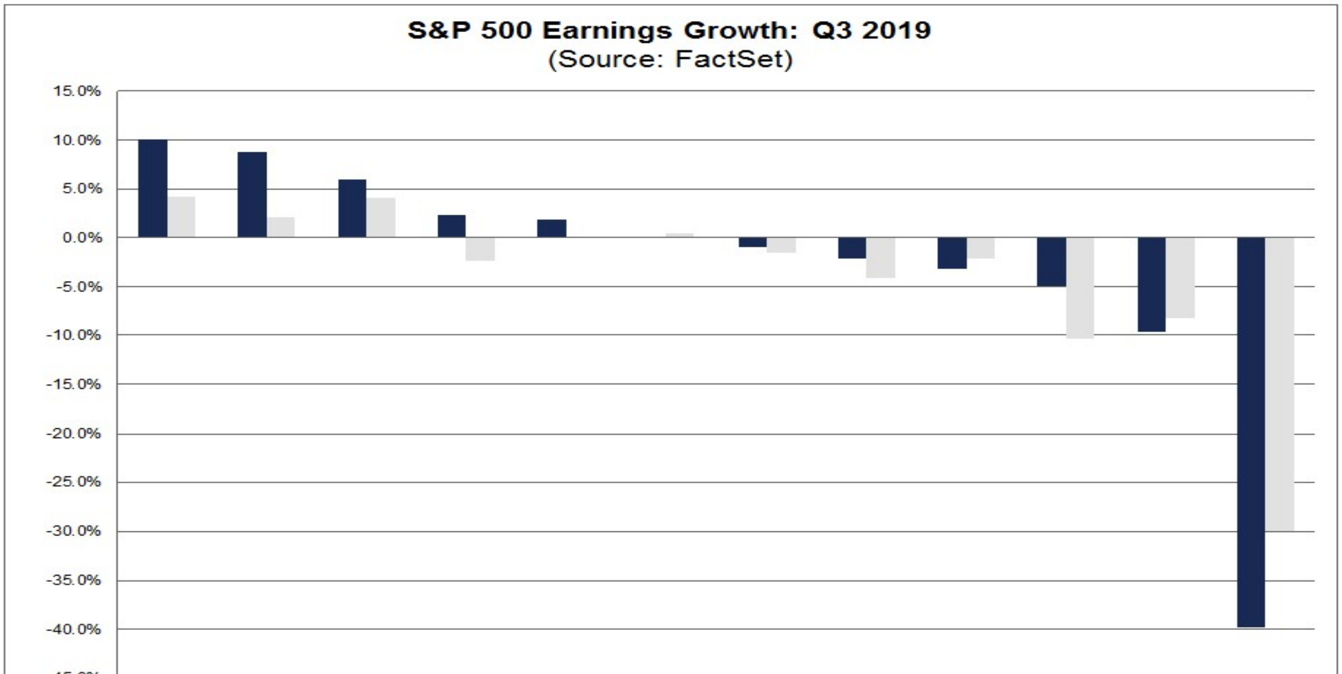


Q3 2019: Scorecard

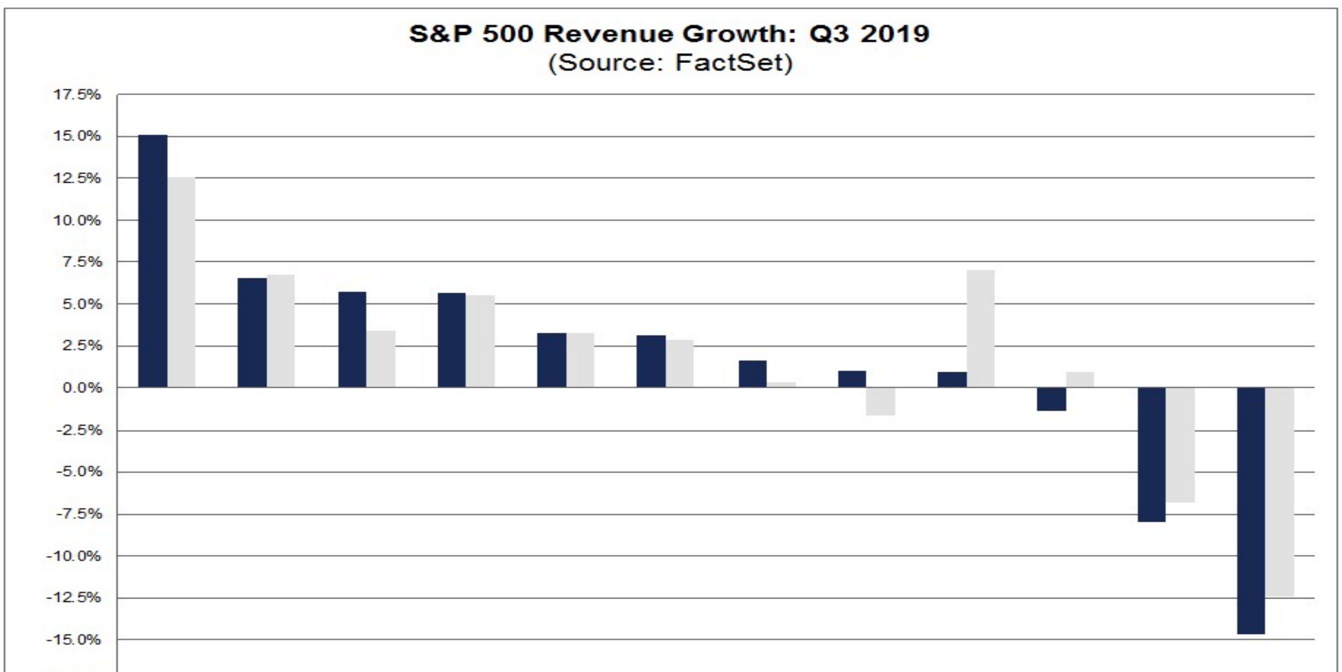




Q3 2019: Growth

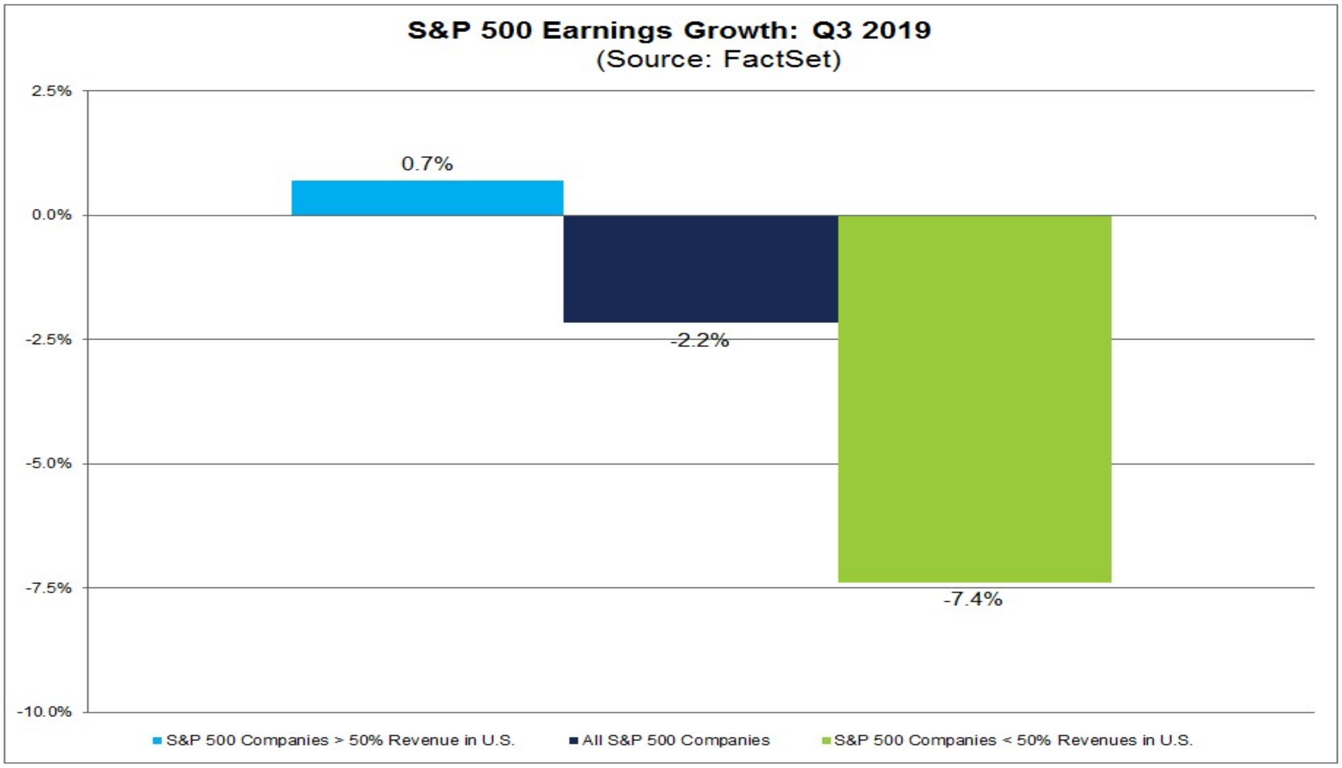


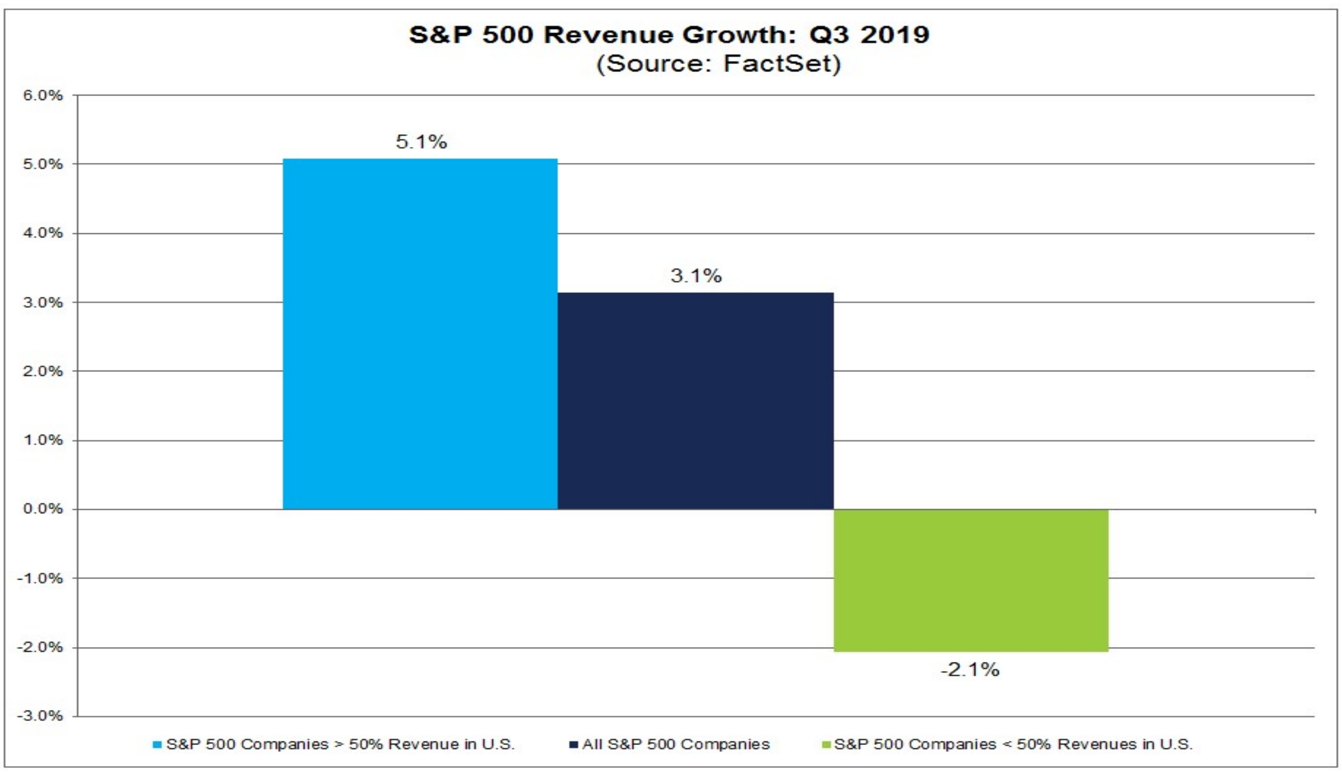
	Utilities	Health Care	Real Estate	Consumer Staples	Industrials	Comm. Services	Consumer Disc.	S&P 500	Financials	Info. Technology	Materials	Energy
Today	10.0%	8.8%	5.9%	2.3%	1.8%	0.1%	-1.0%	-2.2%	-3.2%	-5.0%	-9.6%	-39.7%
30-Sep	4.1%	2.1%	4.1%	-2.4%	0.0%	0.4%	-1.5%	-4.1%	-2.2%	-10.4%	-8.2%	-29.9%



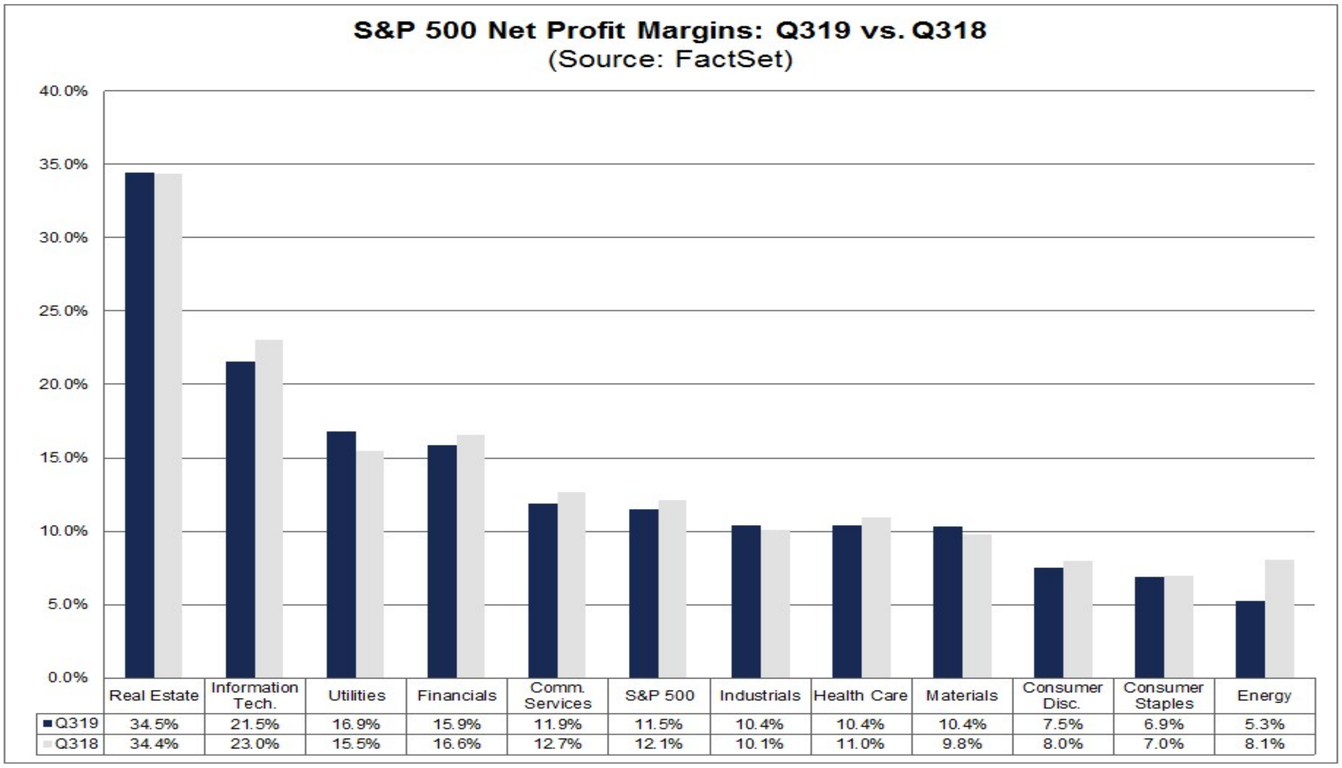
	Health Care	Comm. Services	Real Estate	Consumer Disc.	Consumer Staples	S&P 500	Info. Technology	Financials	Utilities	Industrials	Energy	Materials
Today	15.1%	6.6%	5.7%	5.6%	3.2%	3.1%	1.6%	1.0%	0.9%	-1.3%	-7.9%	-14.7%
30-Sep	12.5%	6.7%	3.4%	5.5%	3.2%	2.8%	0.3%	-1.6%	7.0%	0.9%	-6.8%	-12.4%

Q3 2019: Growth

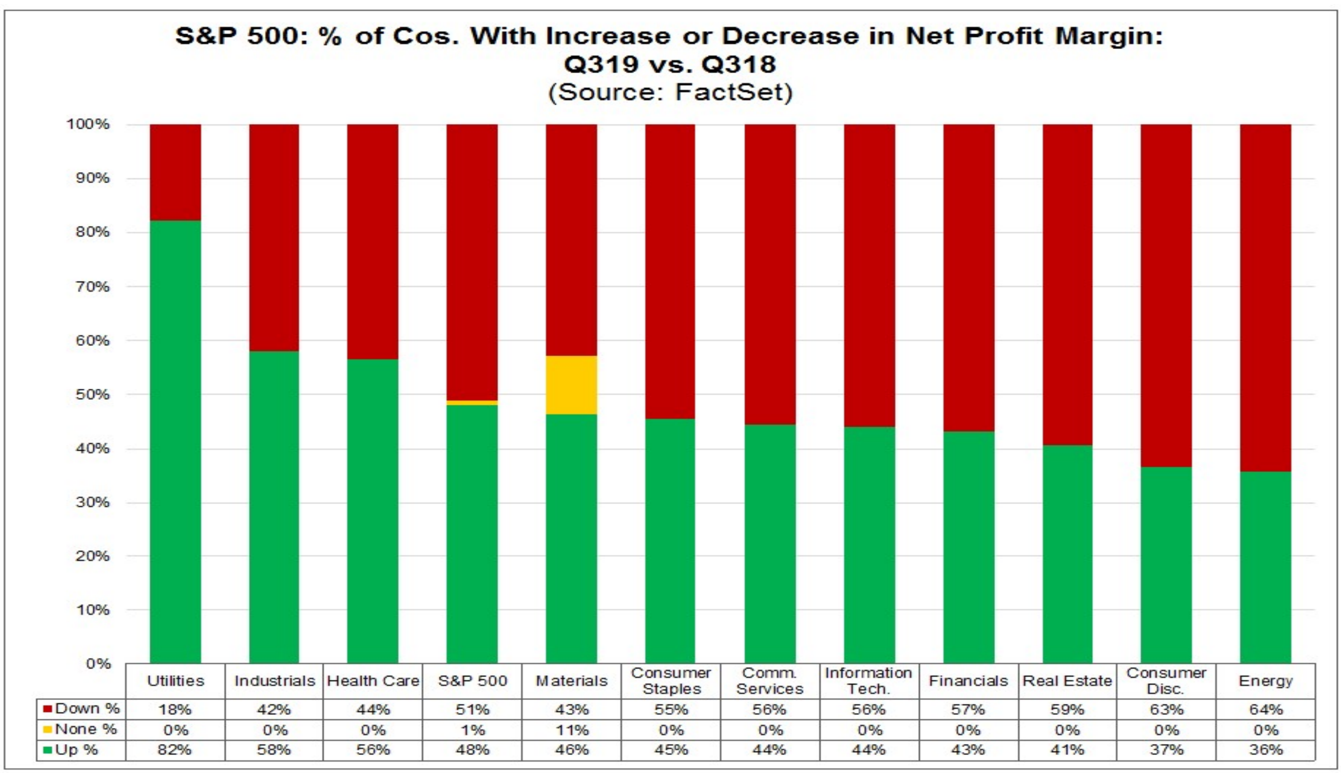




Q3 2019: Net Profit Margin

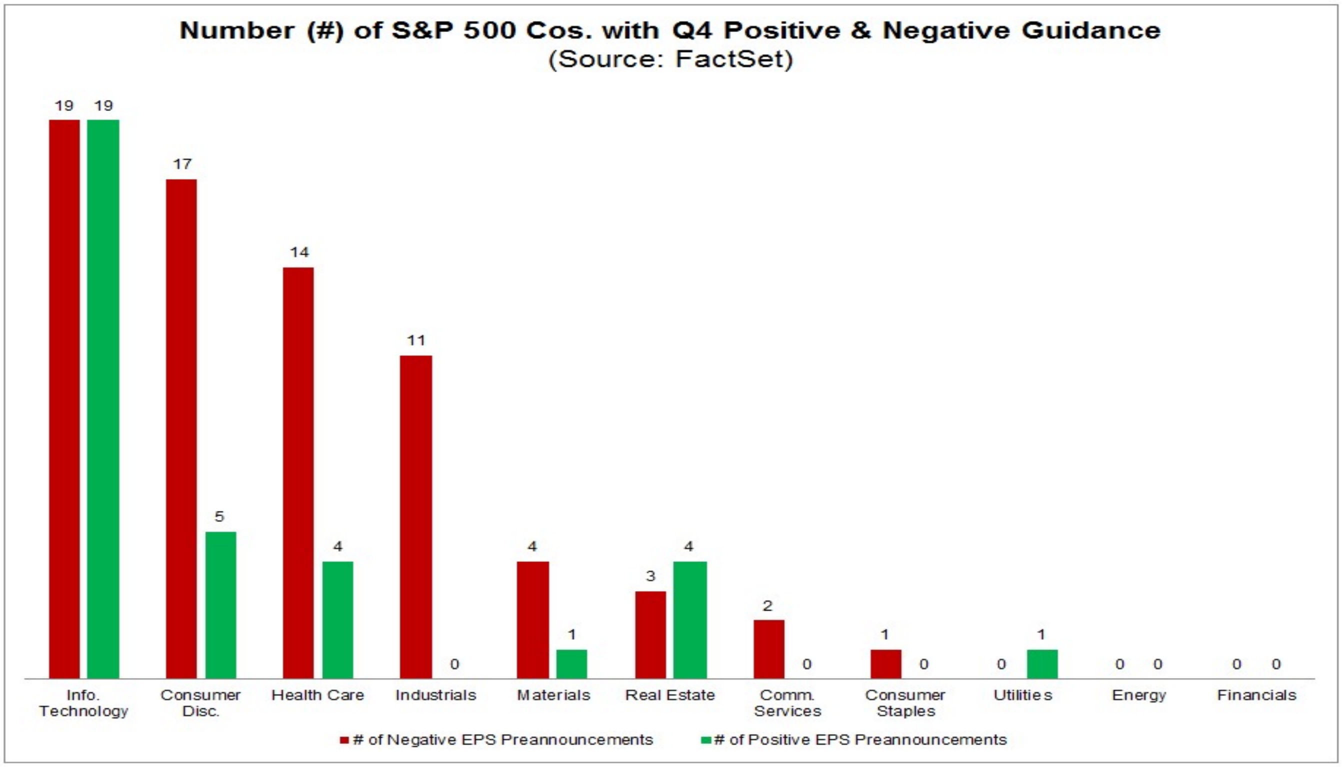


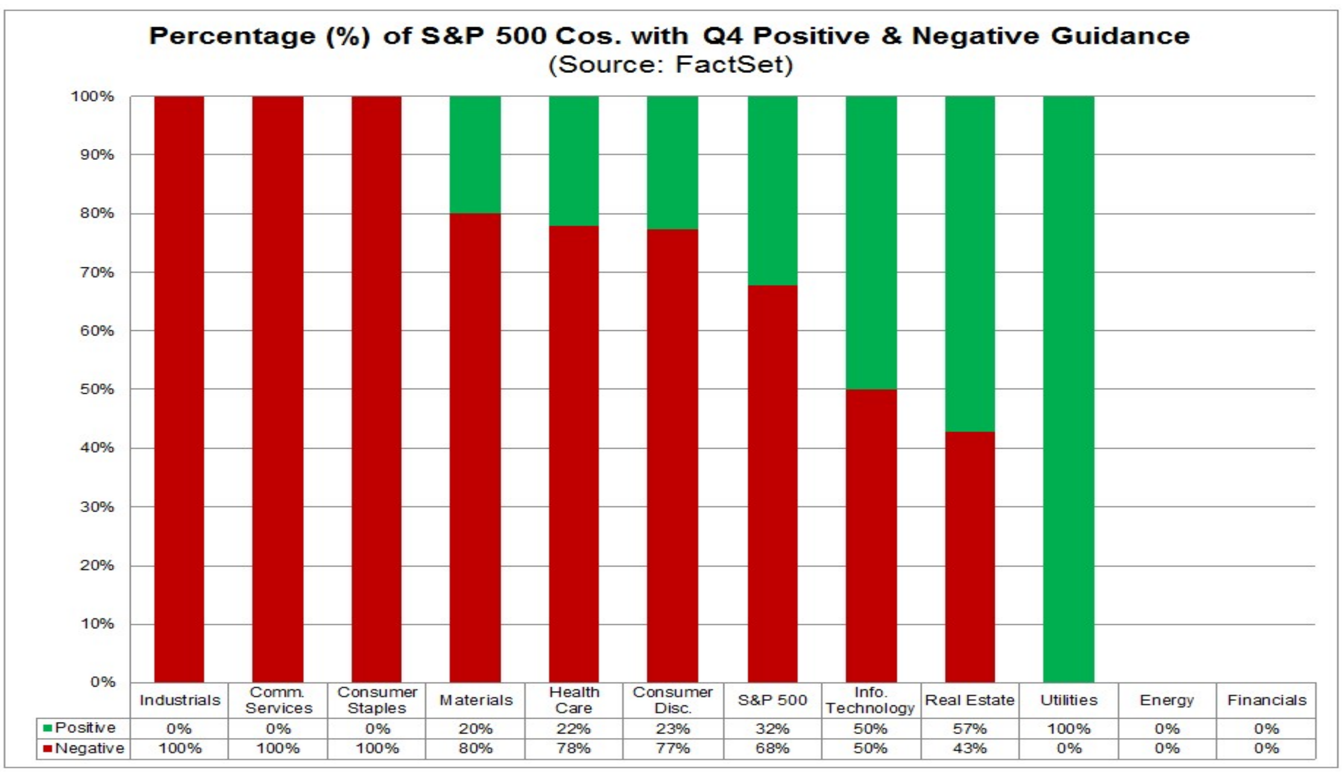
	Real Estate	Information Tech.	Utilities	Financials	Comm. Services	S&P 500	Industrials	Health Care	Materials	Consumer Disc.	Consumer Staples	Energy
Q319	34.5%	21.5%	16.9%	15.9%	11.9%	11.5%	10.4%	10.4%	10.4%	7.5%	6.9%	5.3%
Q318	34.4%	23.0%	15.5%	16.6%	12.7%	12.1%	10.1%	11.0%	9.8%	8.0%	7.0%	8.1%



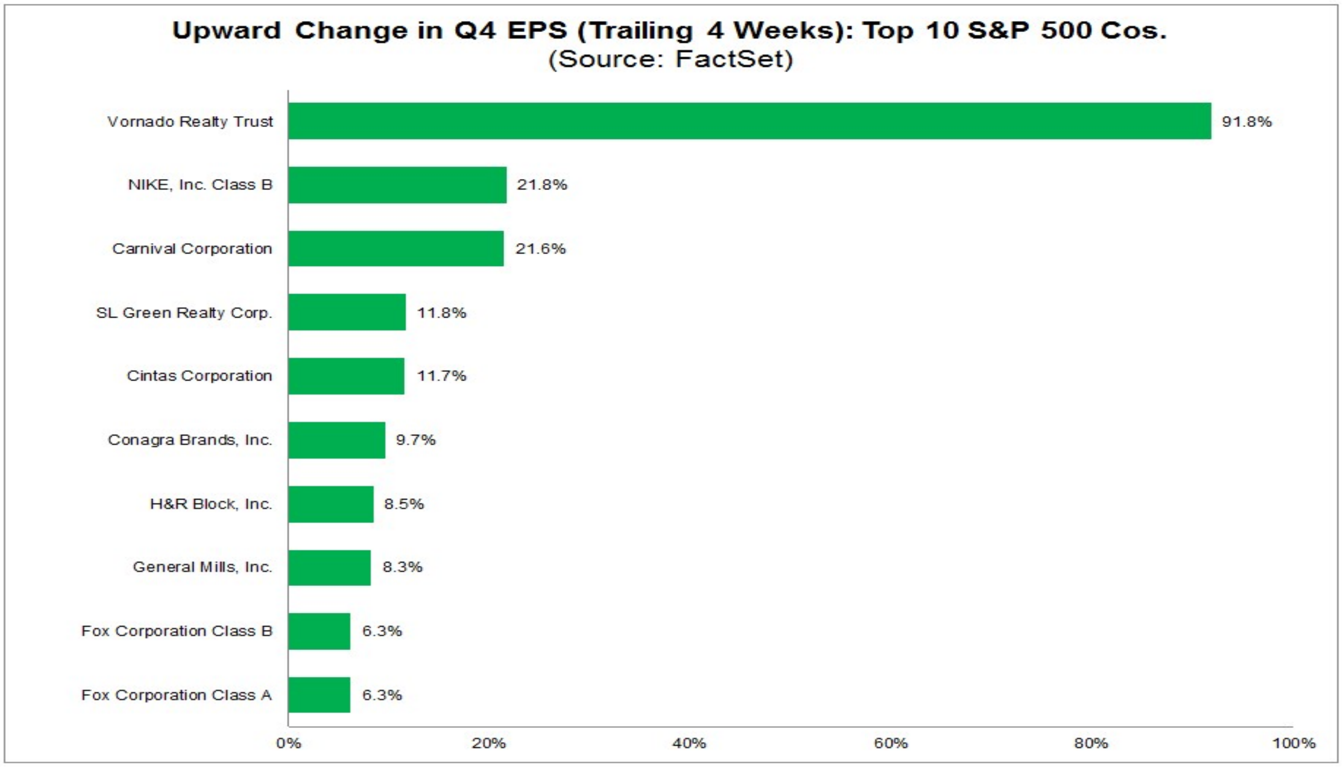
	Utilities	Industrials	Health Care	S&P 500	Materials	Consumer Staples	Comm. Services	Information Tech.	Financials	Real Estate	Consumer Disc.	Energy
Down %	18%	42%	44%	51%	43%	55%	56%	56%	57%	59%	63%	64%
None %	0%	0%	0%	1%	11%	0%	0%	0%	0%	0%	0%	0%
Up %	82%	58%	56%	48%	46%	45%	44%	44%	43%	41%	37%	36%

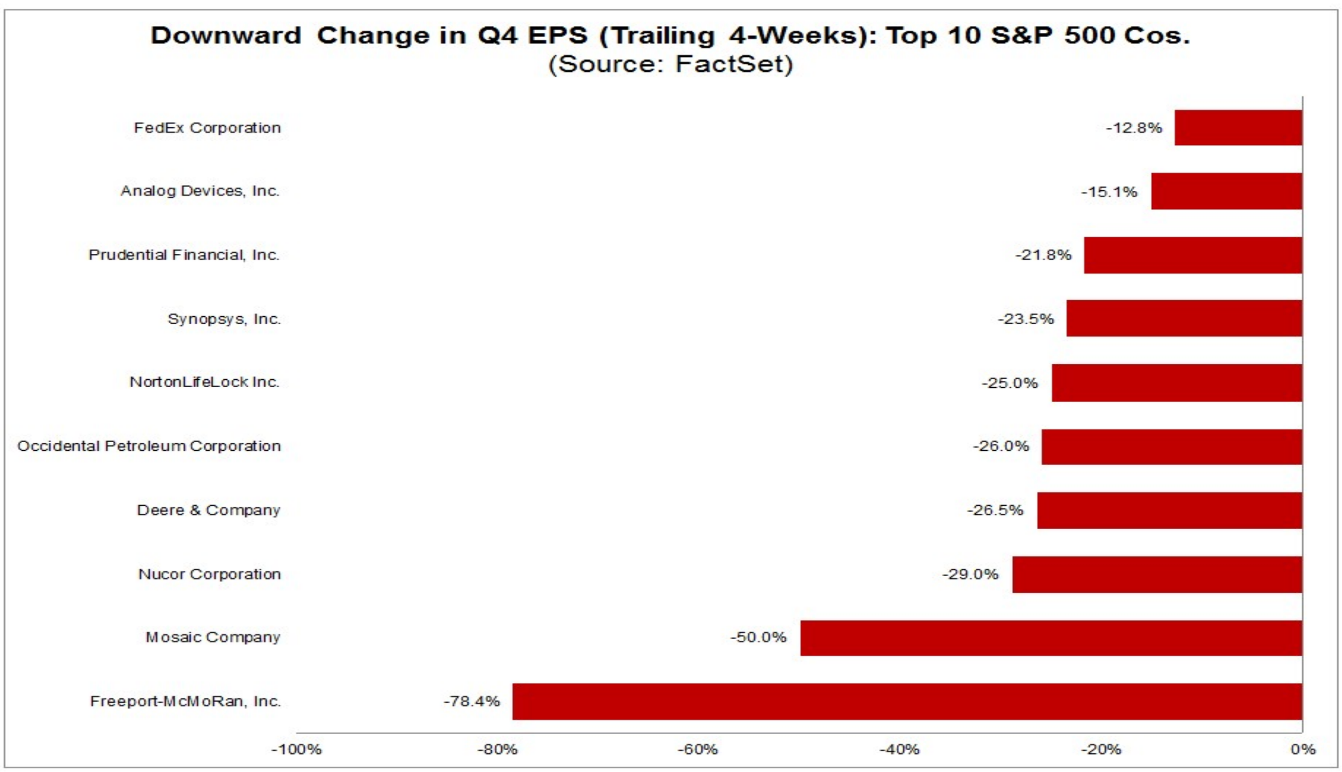
Q4 2019: EPS Guidance



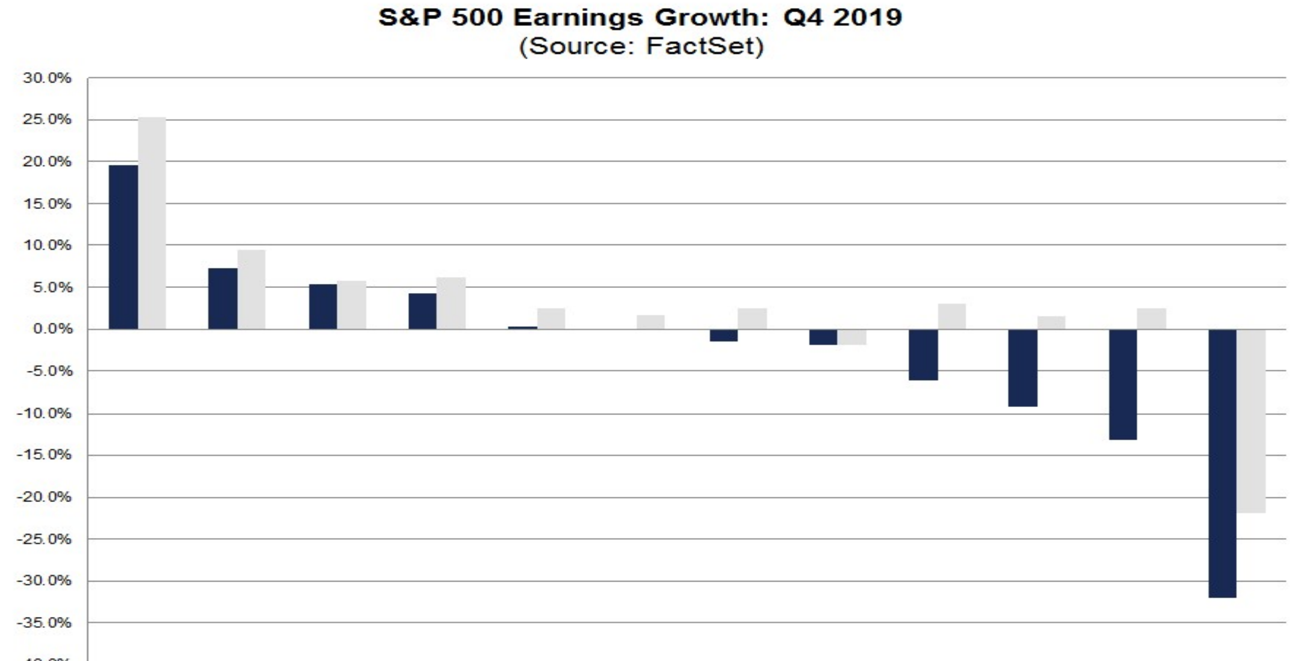


Q4 2019: EPS Revisions

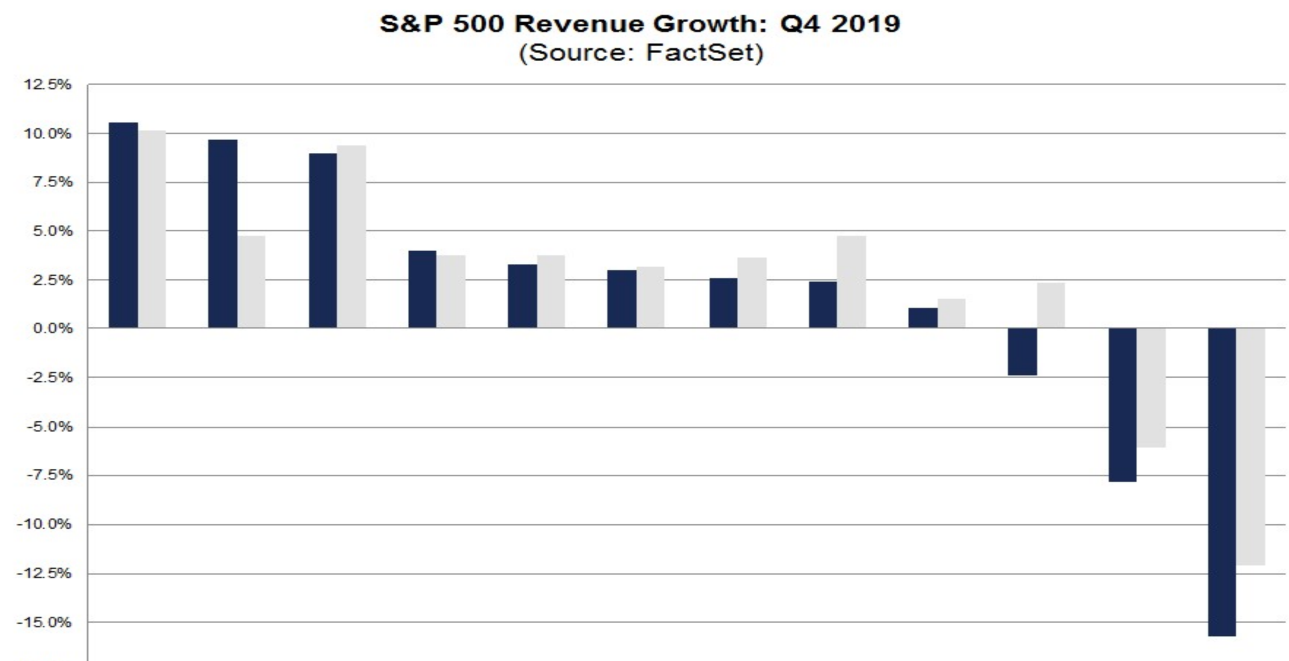




Q4 2019: Growth



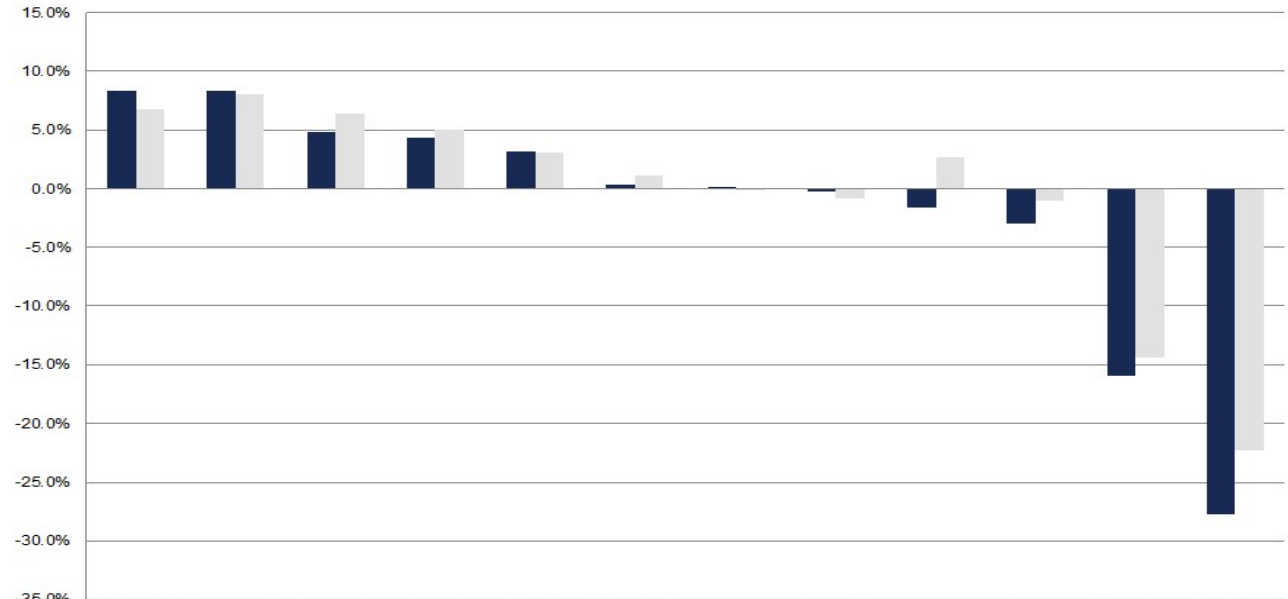
	Utilities	Financials	Health Care	Comm. Services	Real Estate	Consumer Staples	S&P 500	Info. Technology	Industrials	Materials	Consumer Disc.	Energy
Today	19.6%	7.2%	5.3%	4.3%	0.3%	-0.2%	-1.4%	-1.9%	-6.2%	-9.2%	-13.1%	-32.0%
30-Sep	25.3%	9.5%	5.7%	6.1%	2.5%	1.6%	2.5%	-1.8%	3.0%	1.5%	2.5%	-21.8%



	Health Care	Utilities	Comm. Services	Info. Technology	Consumer Staples	Real Estate	S&P 500	Consumer Disc.	Financials	Industrials	Energy	Materials
Today	10.6%	9.7%	9.0%	4.0%	3.3%	3.0%	2.6%	2.4%	1.0%	-2.4%	-7.8%	-15.7%
30-Sep	10.1%	4.7%	9.4%	3.7%	3.7%	3.1%	3.6%	4.8%	1.5%	2.3%	-6.1%	-12.1%

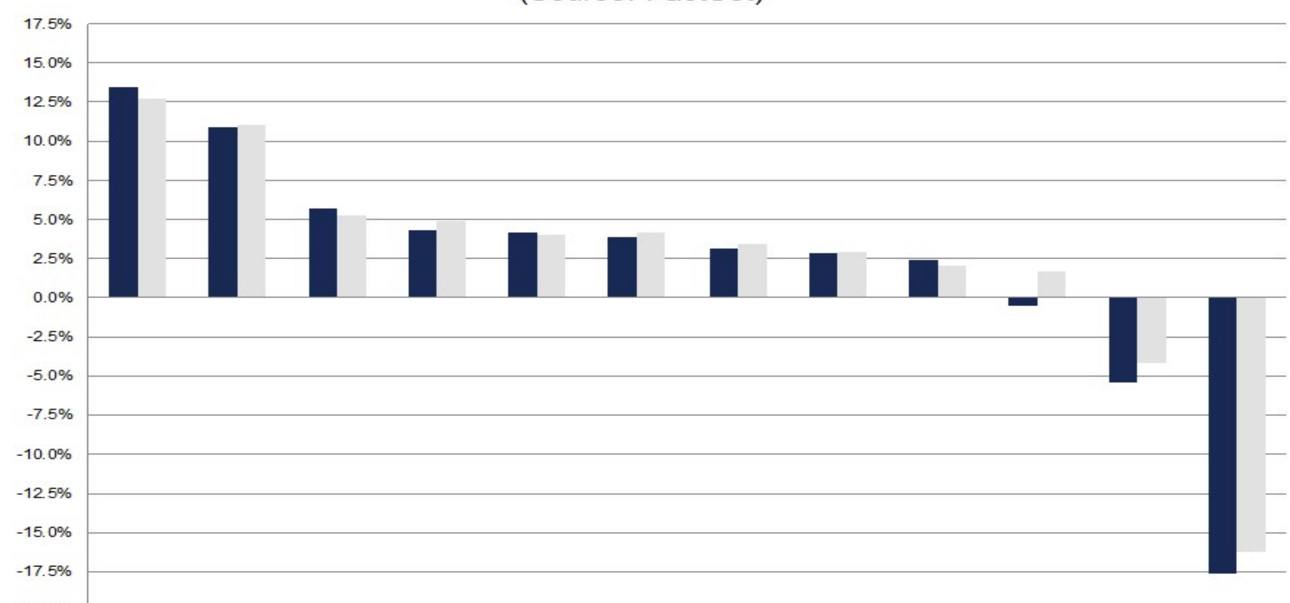
CY 2019: Growth

S&P 500 Earnings Growth: CY 2019
(Source: FactSet)



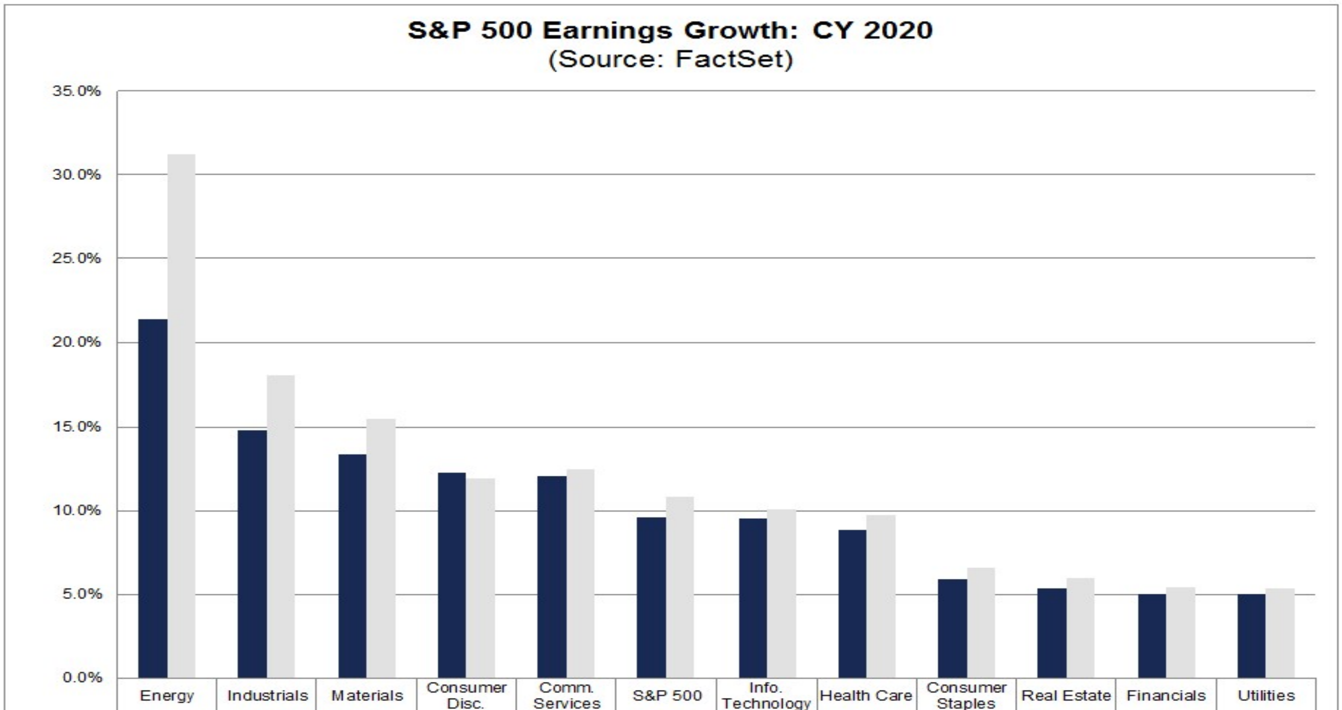
	Health Care	Utilities	Comm. Services	Financials	Real Estate	S&P 500	Consumer Staples	Info. Technology	Consumer Disc.	Industrials	Materials	Energy
Today	8.3%	8.3%	4.8%	4.4%	3.1%	0.3%	0.1%	-0.2%	-1.7%	-3.0%	-15.9%	-27.7%
30-Sep	6.8%	8.0%	6.4%	5.0%	3.1%	1.1%	-0.2%	-0.9%	2.6%	-1.0%	-14.3%	-22.3%

S&P 500 Revenue Growth: CY 2019
(Source: FactSet)

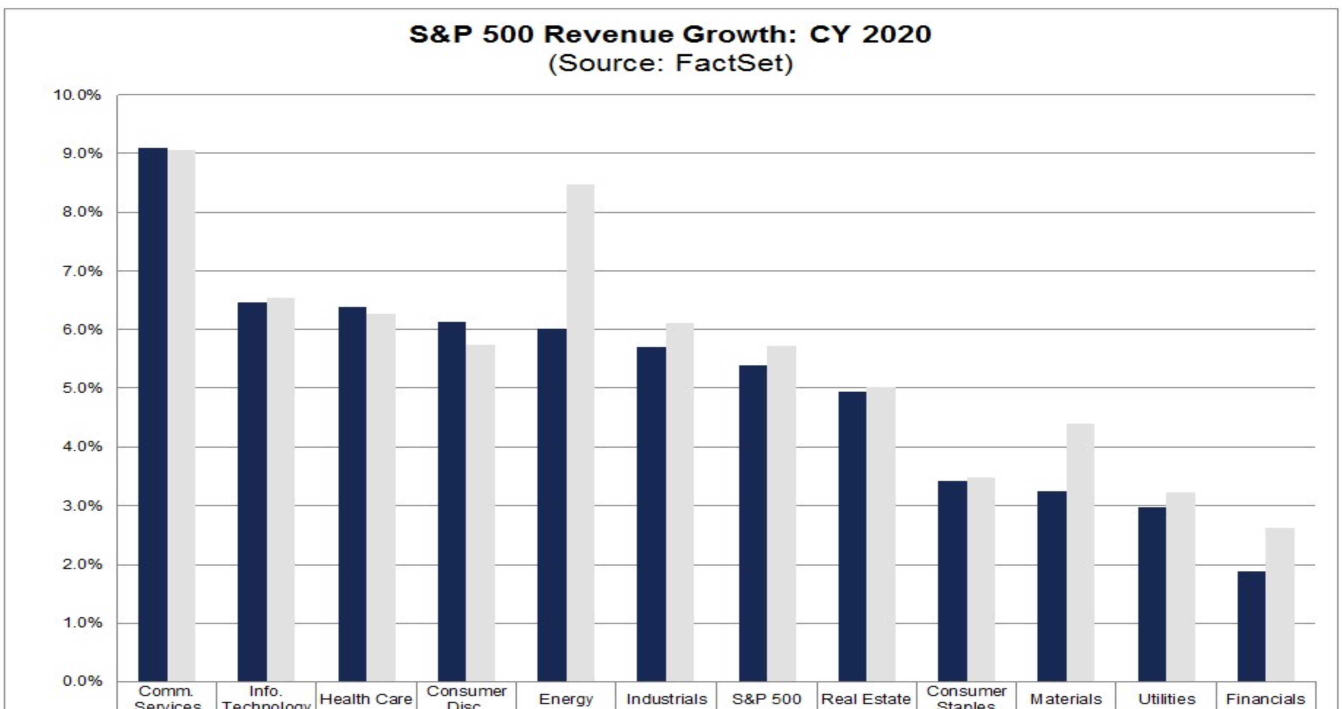


	Health Care	Comm. Services	Financials	Consumer Disc.	Real Estate	S&P 500	Utilities	Consumer Staples	Info. Technology	Industrials	Energy	Materials
Today	13.4%	10.9%	5.7%	4.3%	4.2%	3.8%	3.1%	2.8%	2.4%	-0.6%	-5.4%	-17.6%
30-Sep	12.7%	11.0%	5.2%	4.9%	4.0%	4.1%	3.4%	2.9%	2.0%	1.6%	-4.1%	-16.2%

CY 2020: Growth

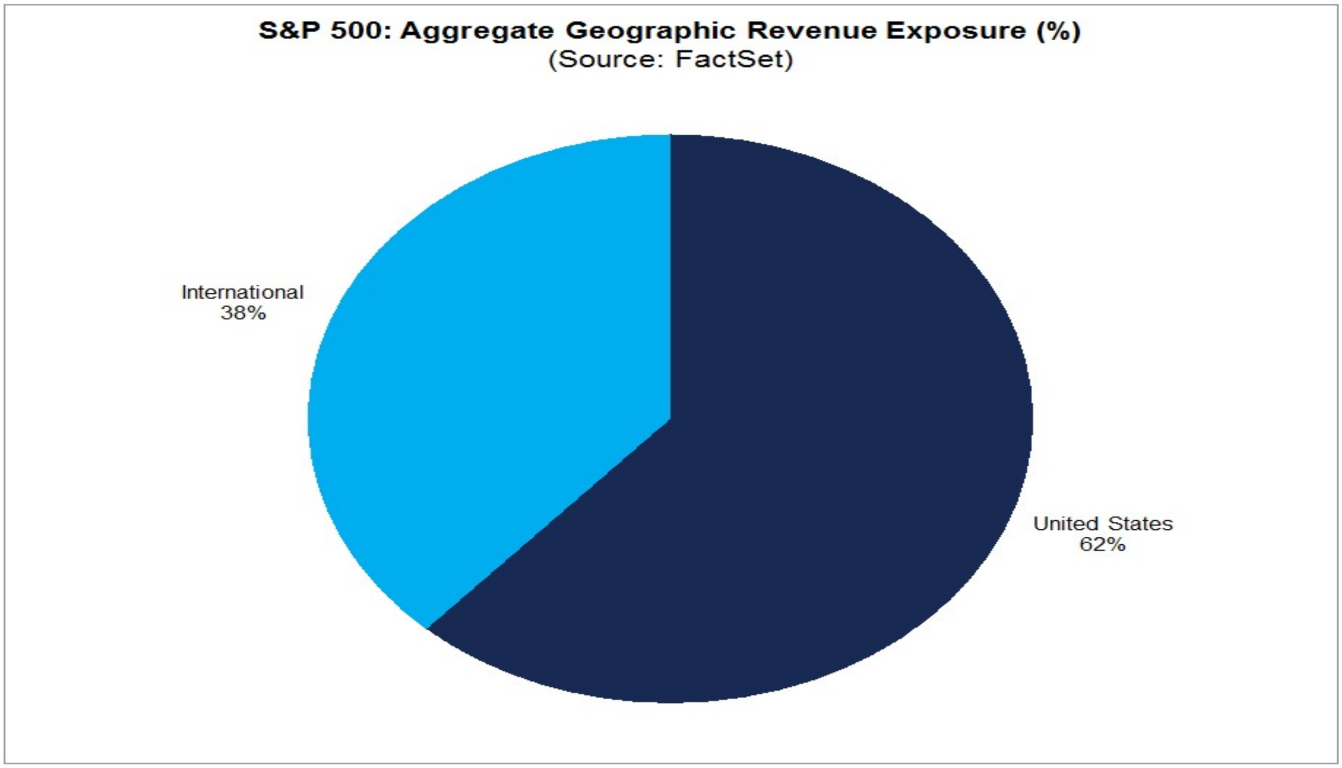


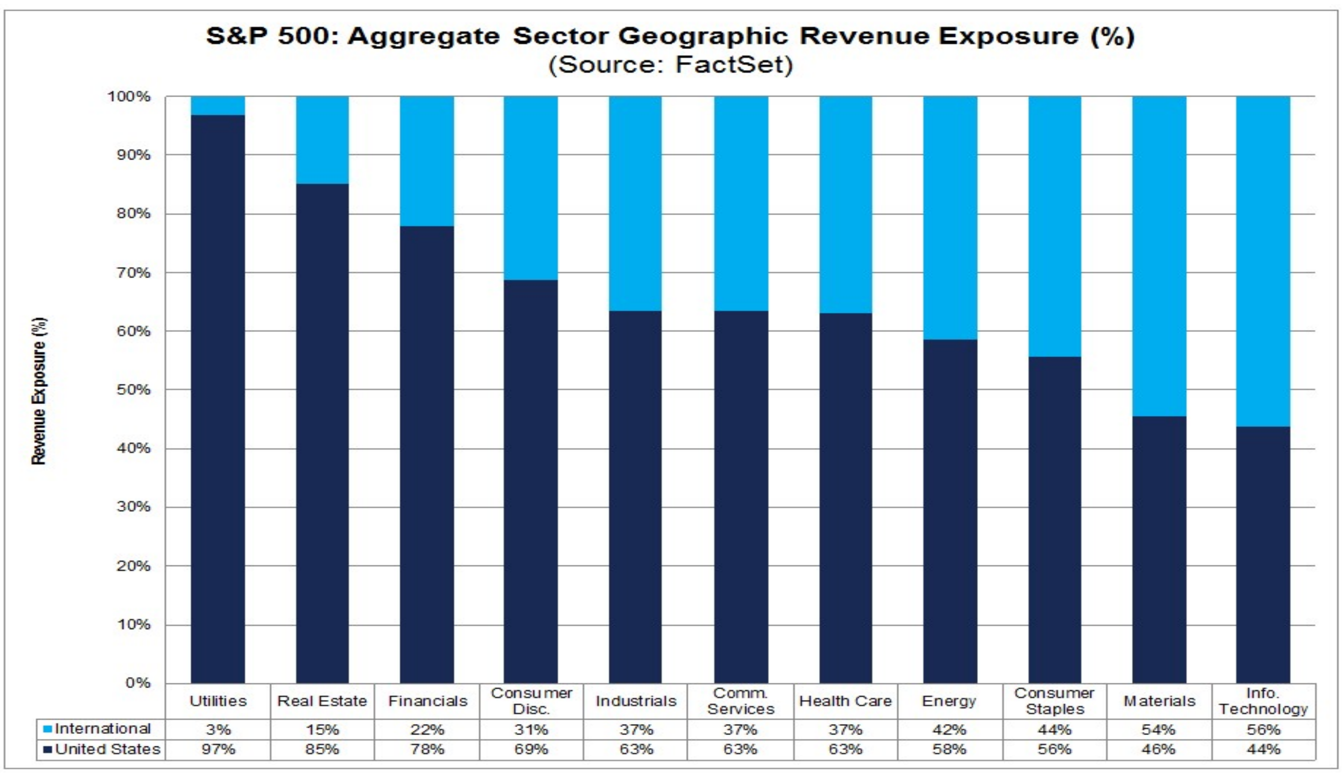
	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Financials	Utilities
Today	21.4%	14.8%	13.4%	12.3%	12.1%	9.6%	9.5%	8.9%	5.9%	5.4%	5.0%	5.0%
30-Sep	31.2%	18.0%	15.5%	11.9%	12.5%	10.9%	10.1%	9.7%	6.6%	5.9%	5.4%	5.4%



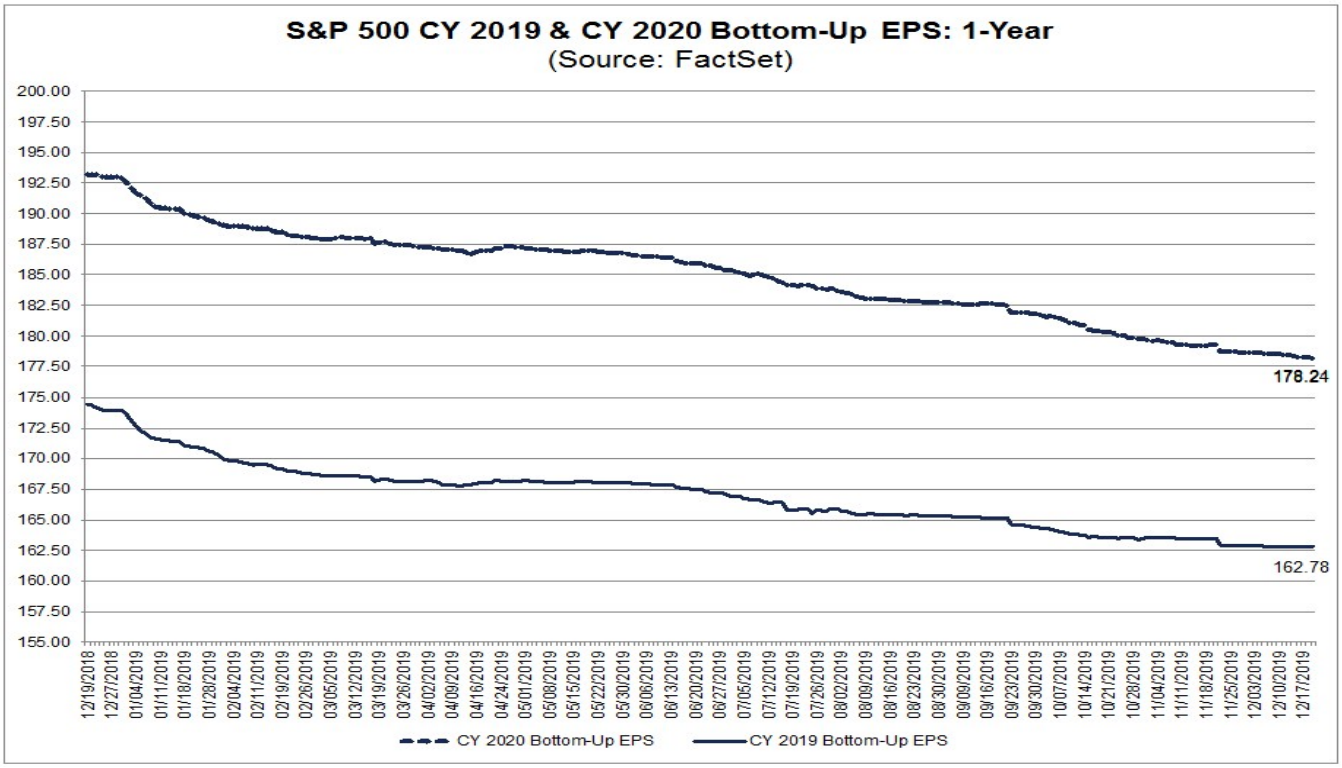
	Comm. Services	Info. Technology	Health Care	Consumer Disc.	Energy	Industrials	S&P 500	Real Estate	Consumer Staples	Materials	Utilities	Financials
Today	9.1%	6.5%	6.4%	6.1%	6.0%	5.7%	5.4%	4.9%	3.4%	3.2%	3.0%	1.9%
30-Sep	9.1%	6.5%	6.3%	5.7%	8.5%	6.1%	5.7%	5.0%	3.5%	4.4%	3.2%	2.6%

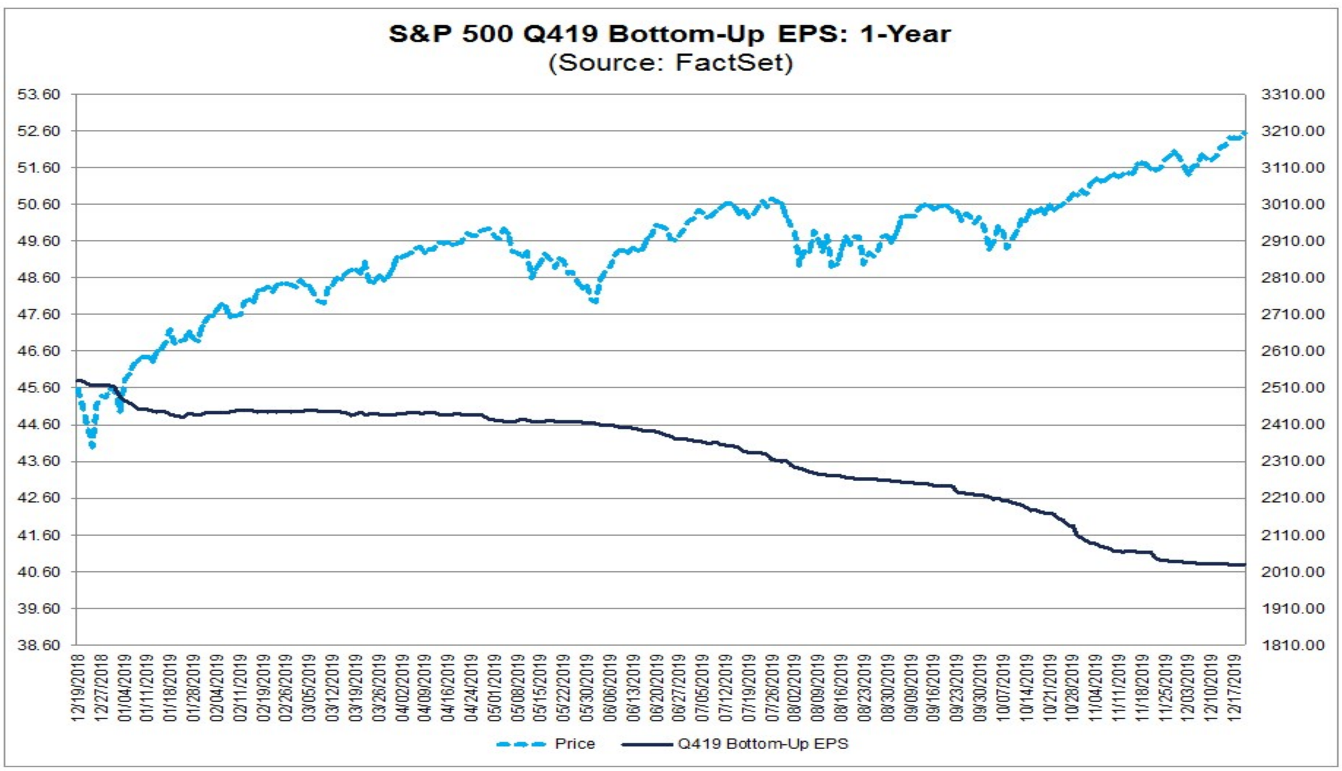
Geographic Revenue Exposure



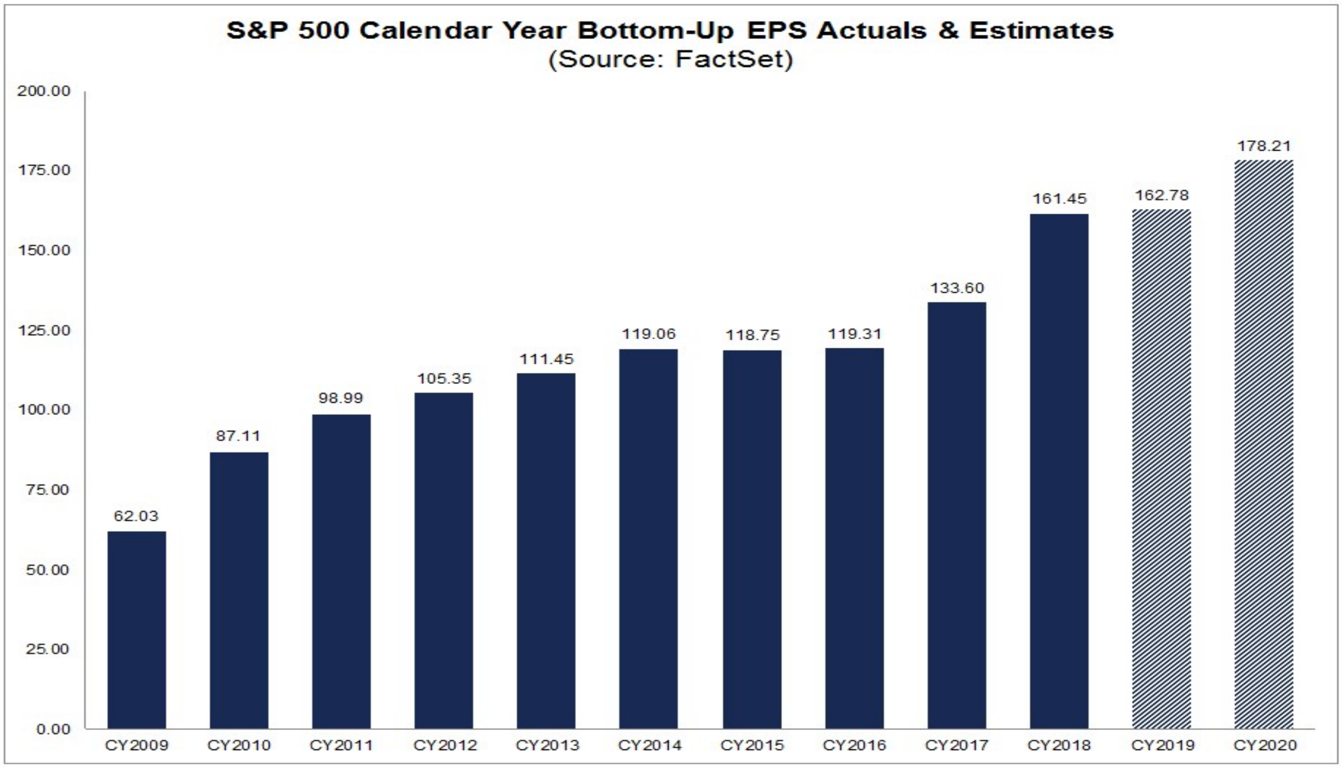


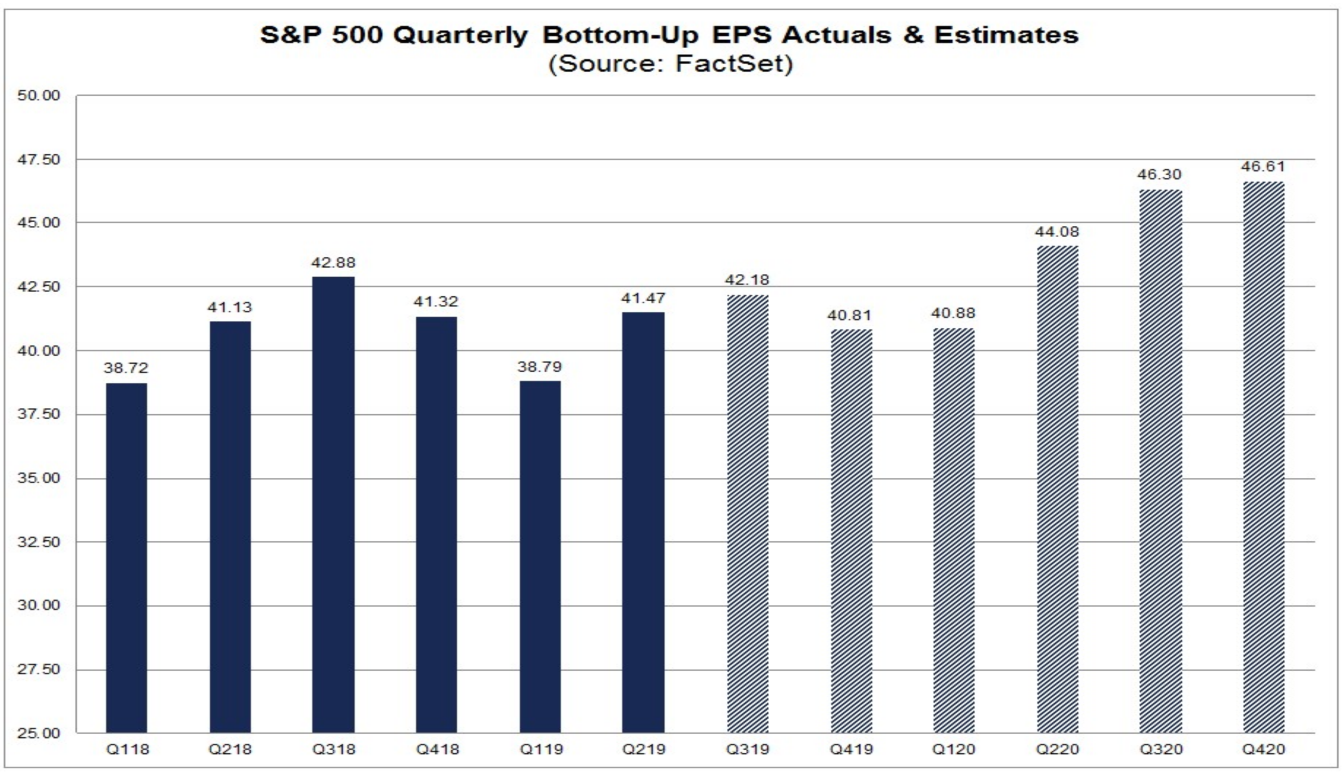
Bottom-up EPS Estimates: Revisions



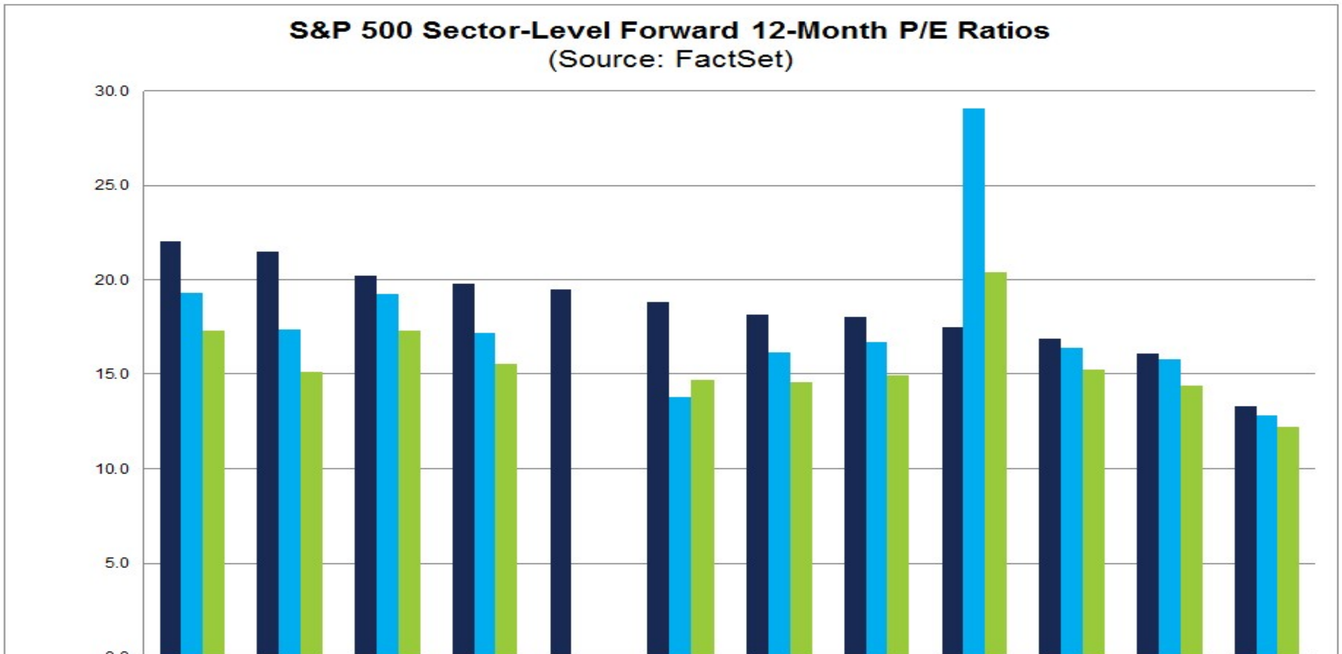


Bottom-up EPS Estimates: Current & Historical

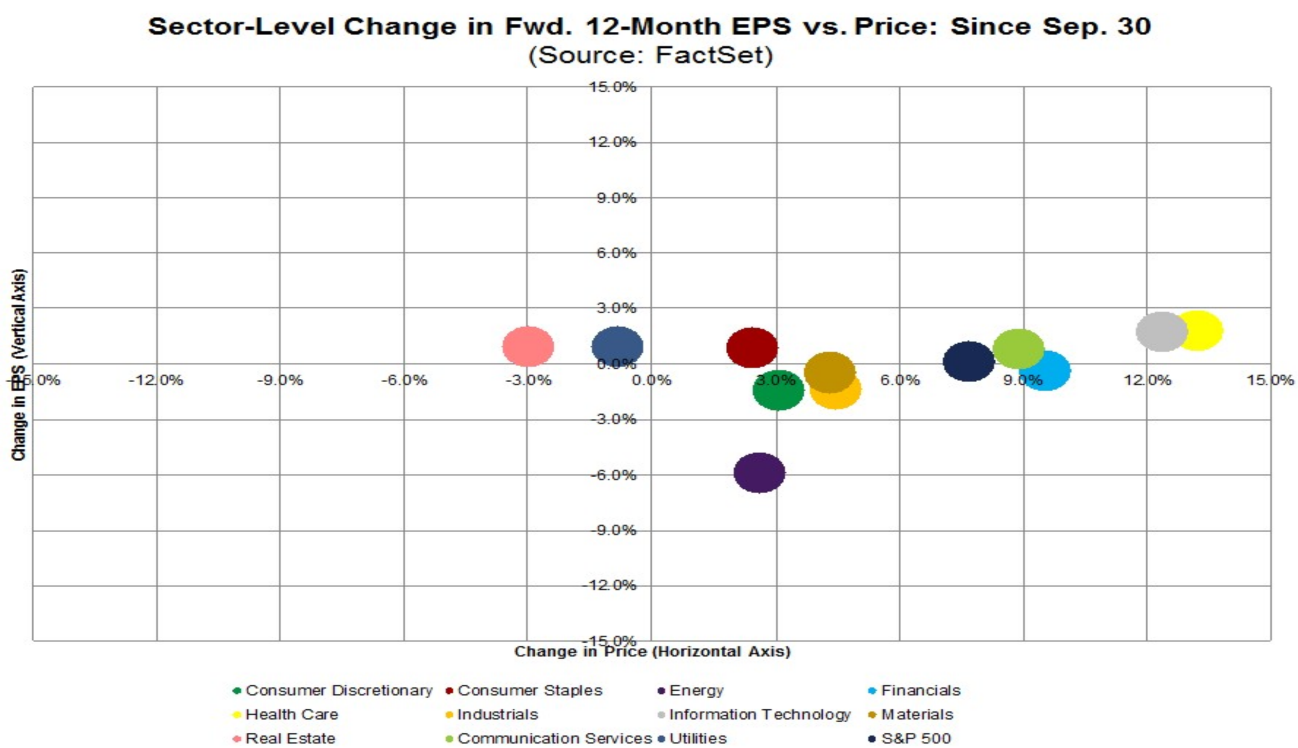




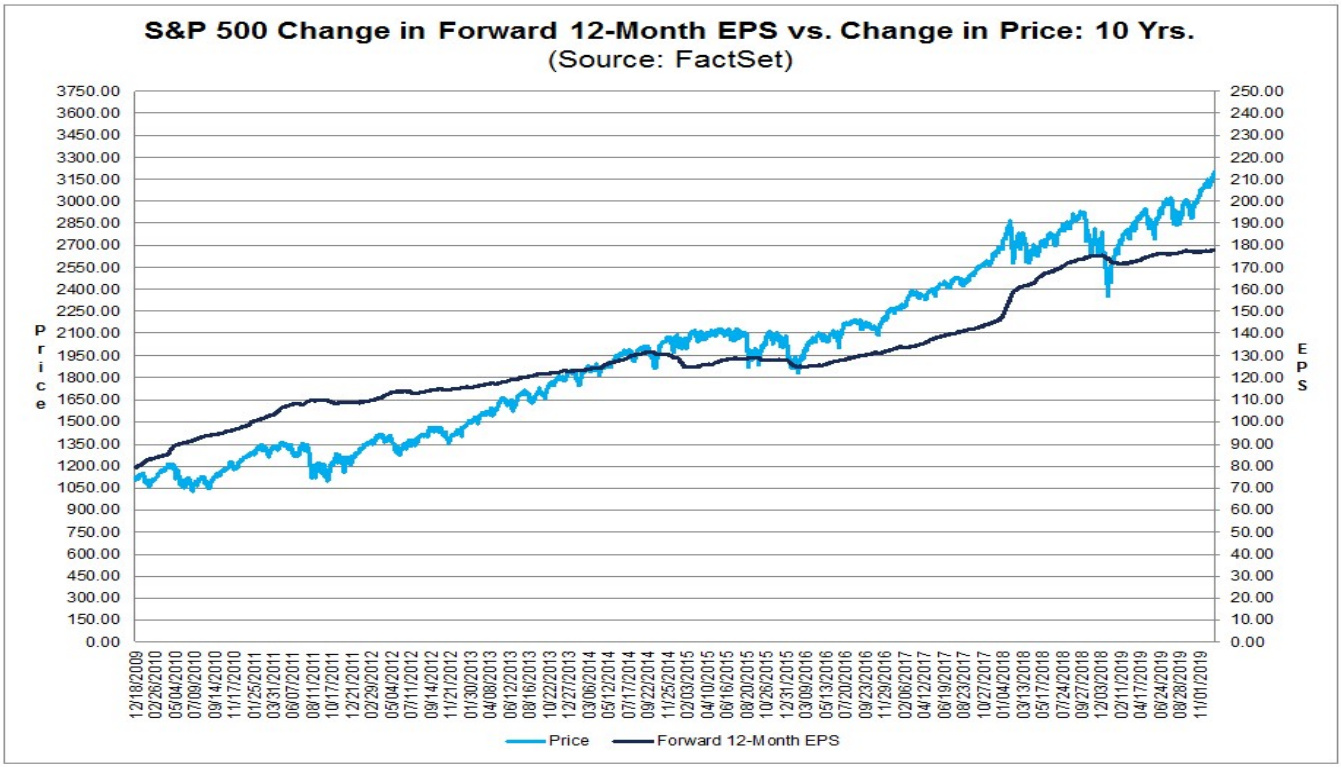
Forward 12M P/E Ratio: Sector Level

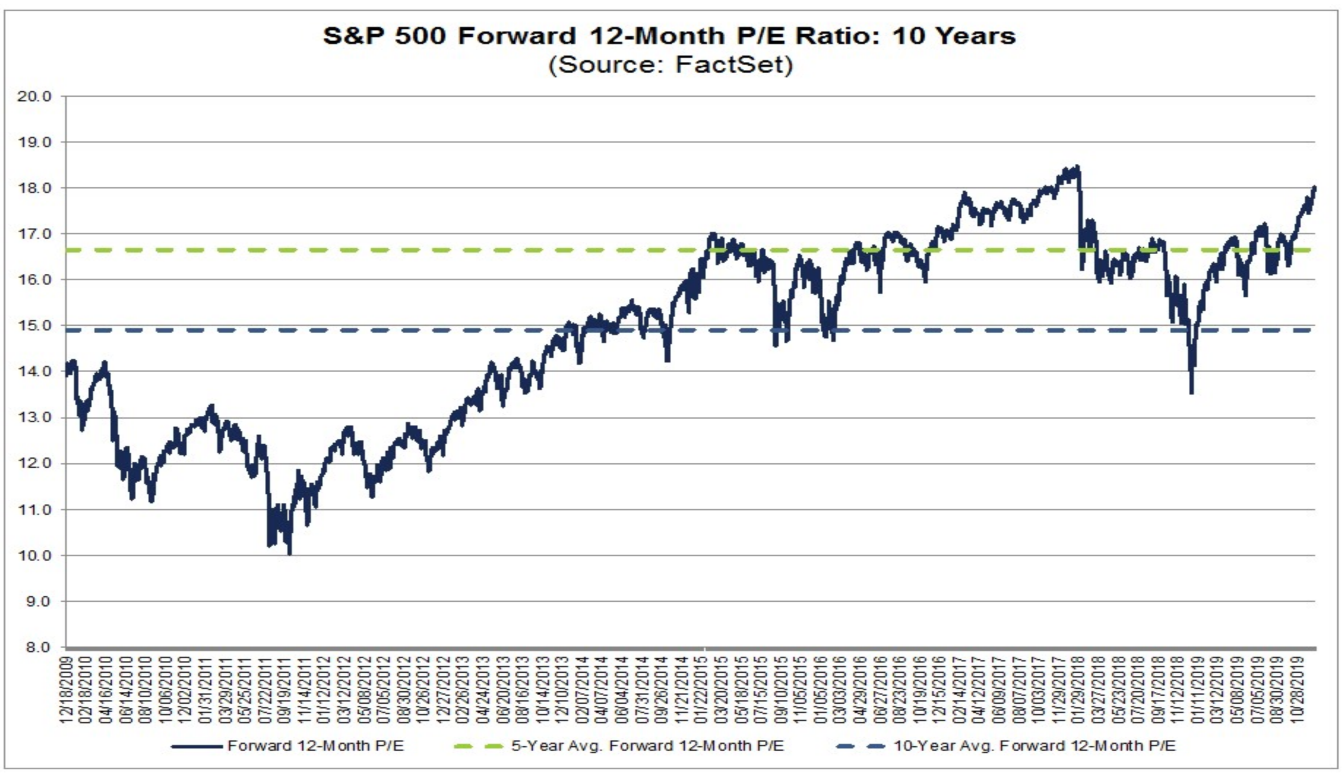


	Consumer Disc.	Info. Technology	Consumer Staples	Utilities	Real Estate	Comm. Services	Materials	S&P 500	Energy	Industrials	Health Care	Financials
Fwd P/E	22.1	21.5	20.2	19.8	19.5	18.8	18.1	18.0	17.5	16.8	16.1	13.3
5-Yr Avg.	19.3	17.4	19.2	17.2		13.8	16.2	16.7	29.1	16.4	15.8	12.9
10-Yr Avg.	17.3	15.1	17.3	15.5		14.7	14.6	14.9	20.4	15.2	14.4	12.3

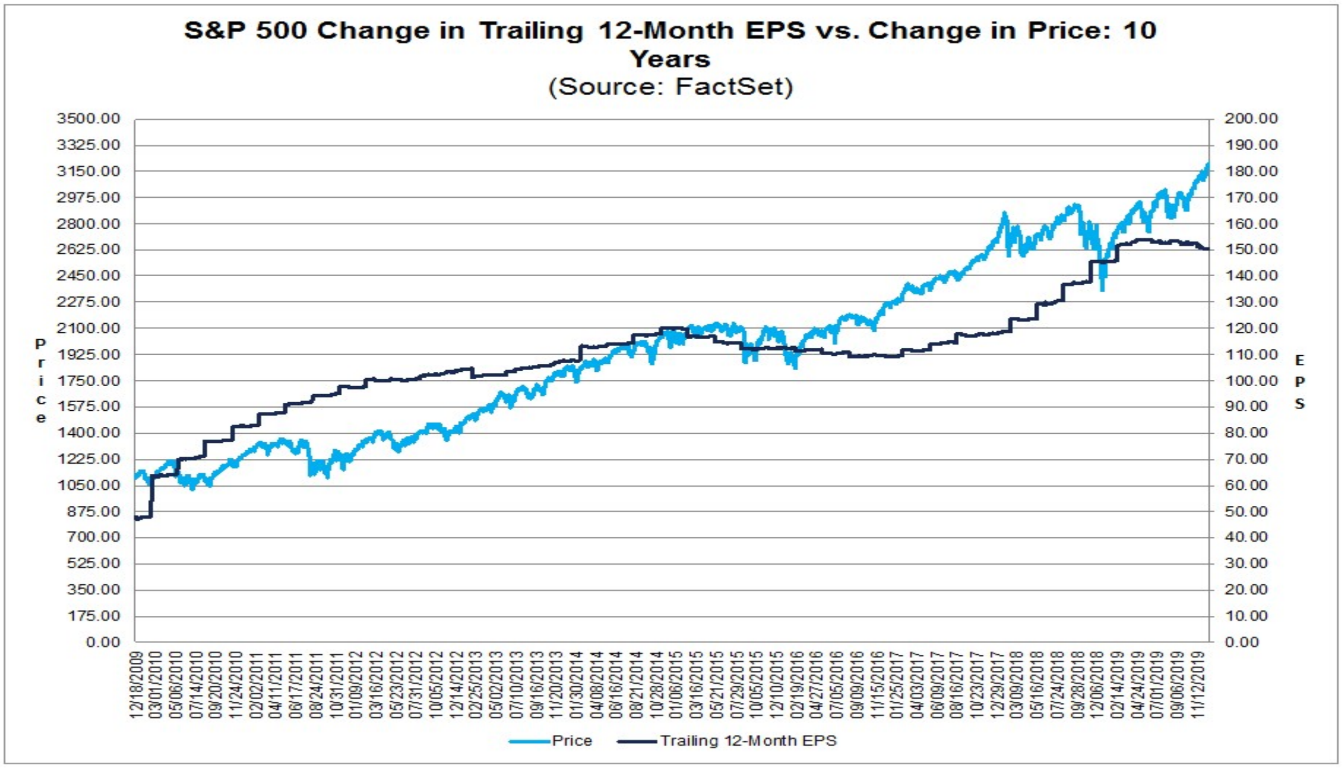


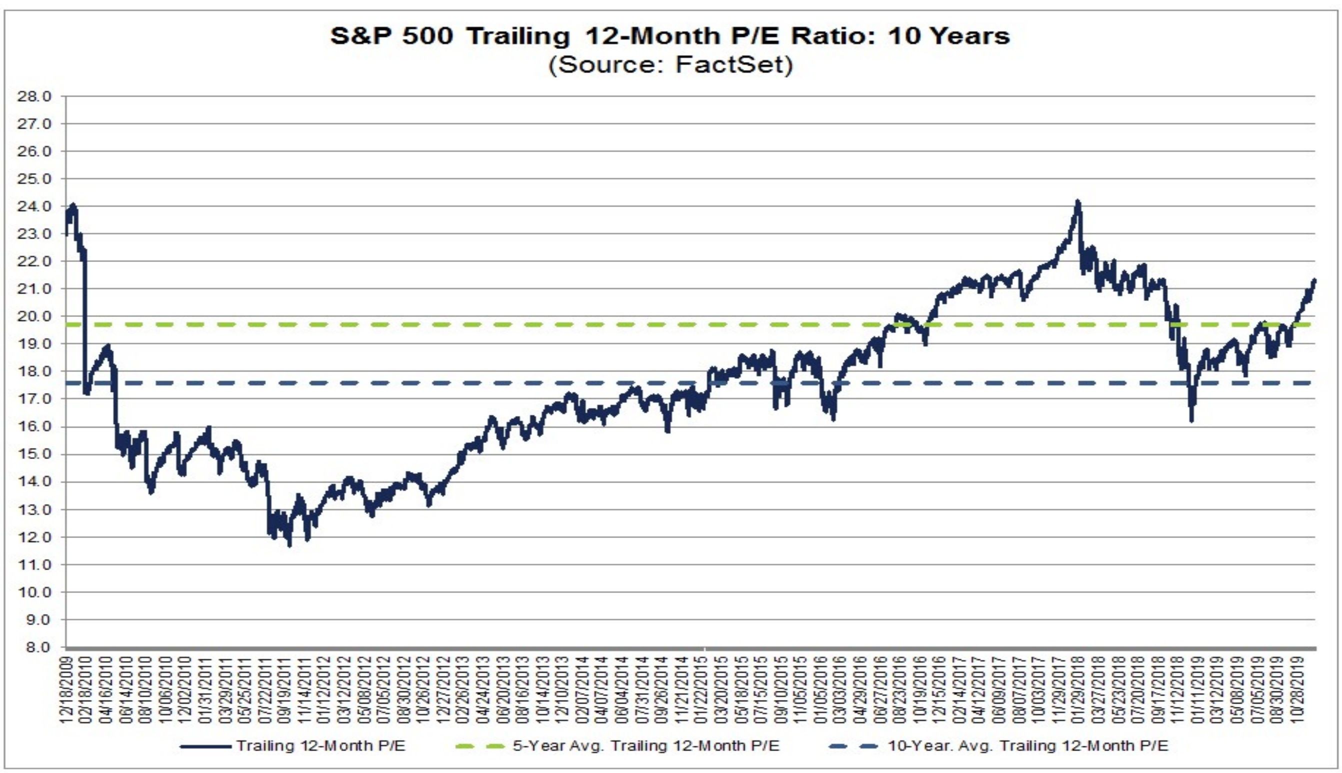
Forward 12M P/E Ratio: 10-Years



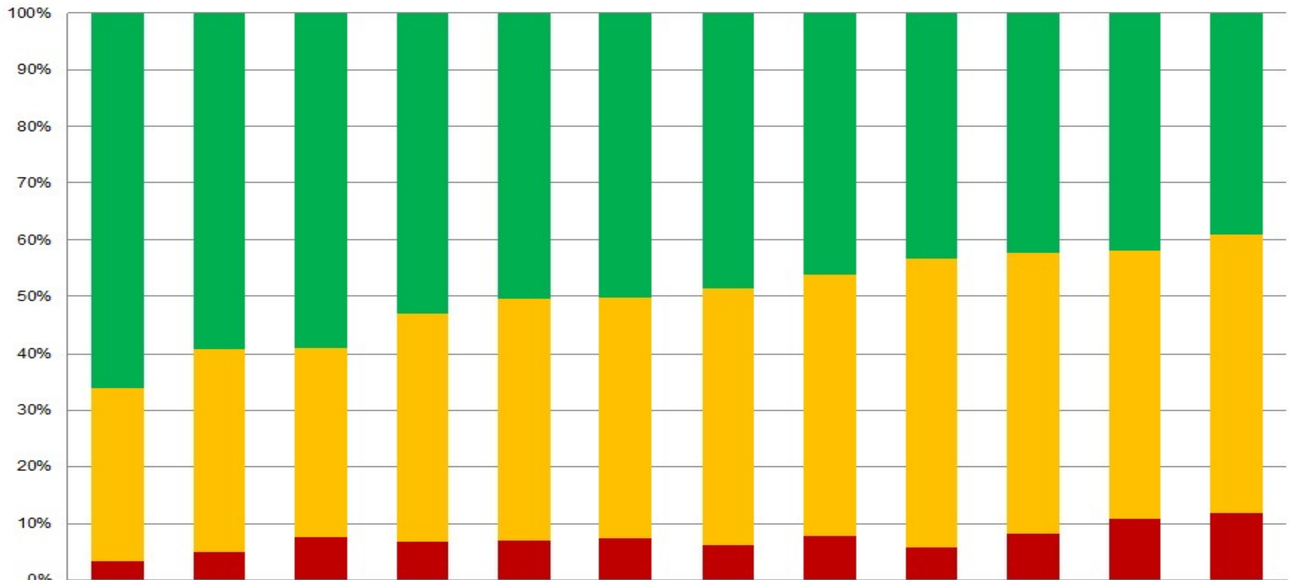


Trailing 12M P/E Ratio: 10-Years

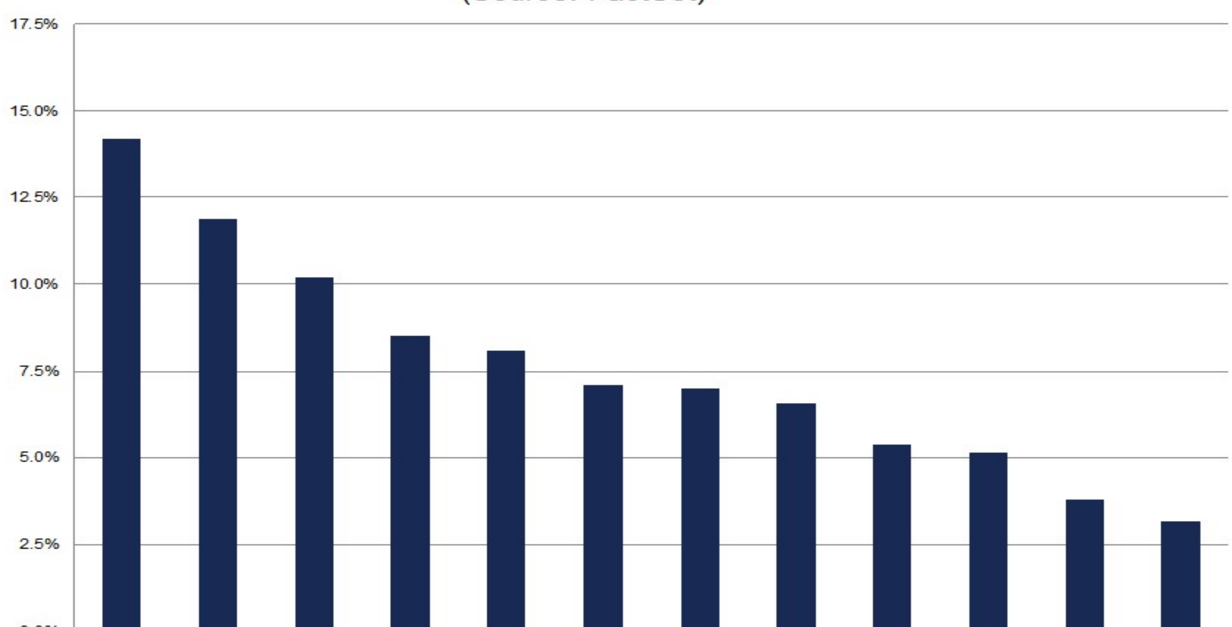




Targets & Ratings



	Energy	Health Care	Comm. Services	Info. Tech.	S&P 500	Materials	Consumer Disc.	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Buy	66%	59%	59%	53%	50%	50%	49%	46%	43%	42%	42%	39%
Hold	31%	36%	33%	40%	43%	42%	45%	46%	51%	49%	47%	49%
Sell	3%	5%	8%	7%	7%	7%	6%	8%	6%	8%	11%	12%



	Energy	Consumer Disc.	Comm. Services	Materials	Real Estate	Industrials	S&P 500	Health Care	Info. Tech.	Consumer Staples	Utilities	Financials
Target/Close	14.2%	11.9%	10.2%	8.5%	8.1%	7.1%	7.0%	6.6%	5.4%	5.1%	3.8%	3.2%

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