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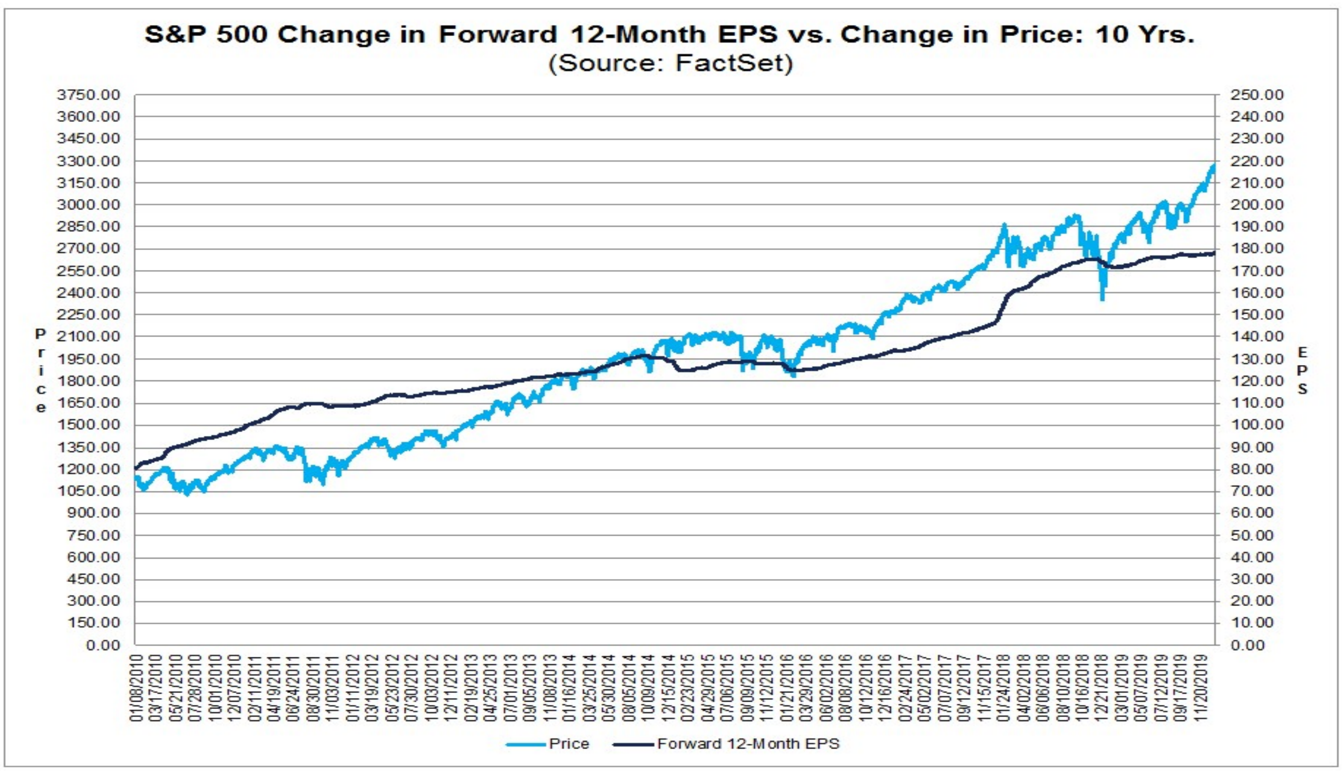
Key Metrics

- **Earnings Growth:** For Q4 2019, the estimated earnings decline for the S&P 500 is -2.0%. If -2.0% 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%. Ten sectors have lower growth rates today (compared to September 30) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2019, 73 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 18.4. This P/E ratio is above the 5-year average (16.7) and above the 10-year average (14.9).
- **Earnings Scorecard:** For Q4 2019 (with 4% of the companies in the S&P 500 reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 74% of S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

High Number of S&P 500 Technology Companies Issuing Positive EPS Guidance for Q4 2019

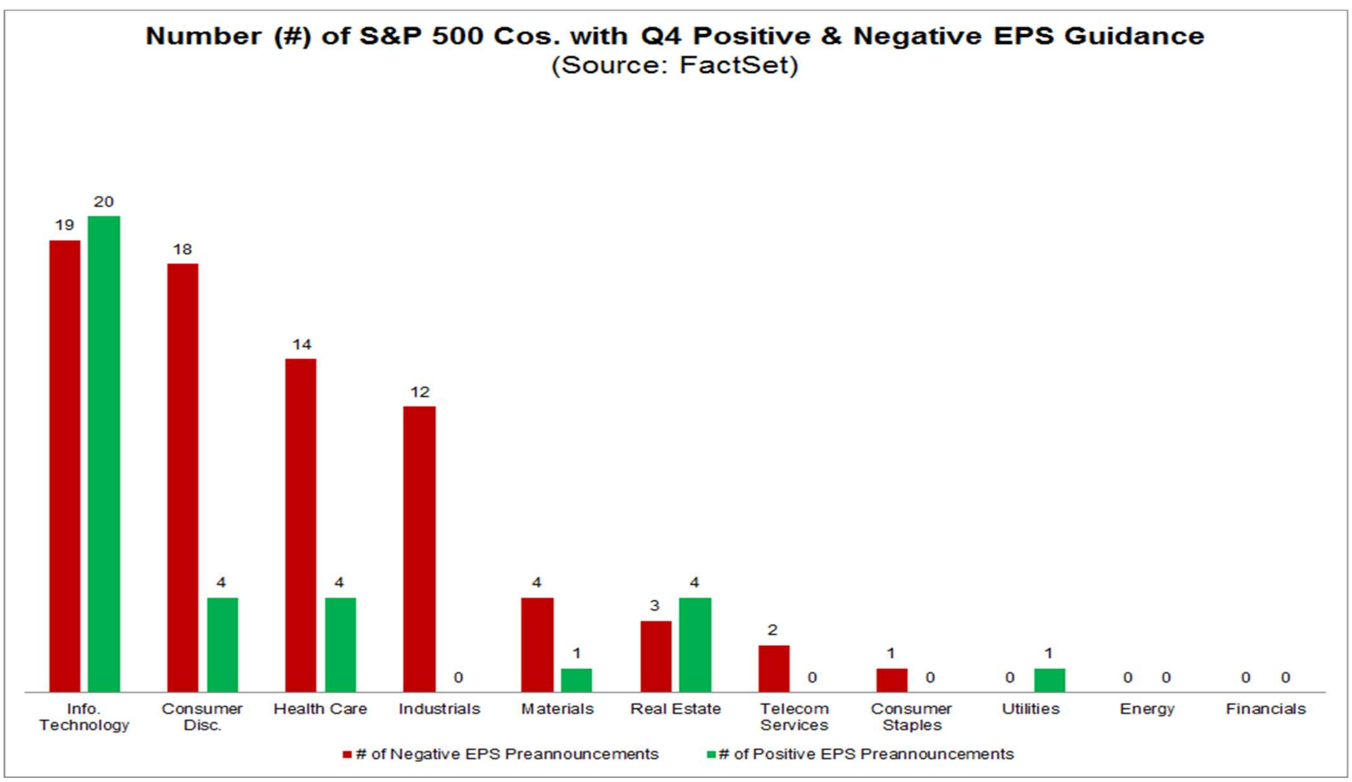
Heading into the start of the Q4 2019 earnings season, 107 companies in the S&P 500 have issued EPS guidance for Q4 2019. Of these 107 companies, 73 have issued negative EPS guidance and 34 have issued positive EPS guidance. The number of companies that have issued negative EPS guidance is slightly below the 5-year average (75), while the number of companies that have issued positive EPS guidance is slightly above the 5-year average (32).

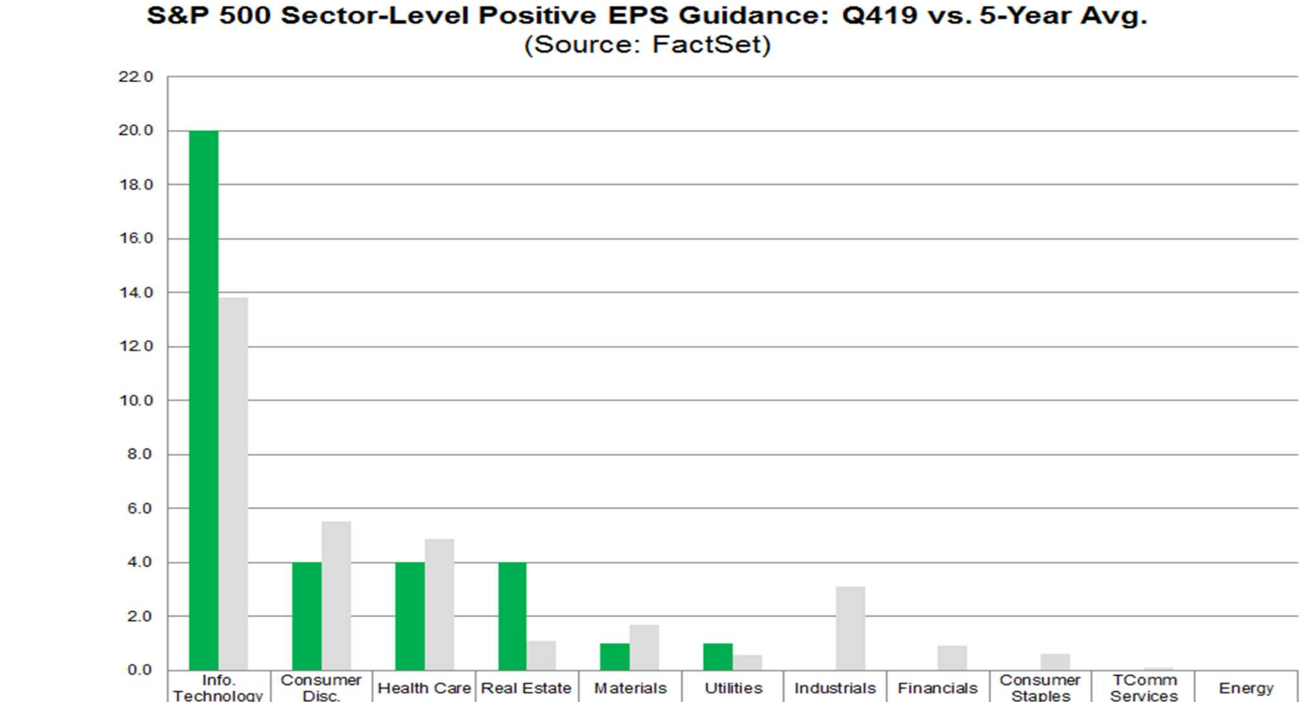
At the sector level, the Information Technology sector has the highest number of companies issuing EPS guidance for the quarter at 39. This is not unusual, as the Information Technology typically has the highest number of companies issuing EPS guidance each quarter. Of these 39 companies, 19 have issued negative EPS guidance and 20 have issued positive EPS guidance.

While the number of companies that have issued negative EPS guidance in this sector is nearly equal to the 5-year average (20), the number of companies that have issued positive EPS guidance in this sector is well above the 5-year average (14). If 20 is the final number for the quarter, it will mark the highest number of companies in the Information Technology sector issuing positive EPS guidance for a quarter since Q2 2018 (also 20). It will also mark a tie (with Q2 2018 and Q3 2010) for the second highest number in this sector since FactSet began tracking EPS guidance data in 2006, trailing only Q1 2018 (25). At the industry level, the Semiconductors & Semiconductor Equipment industry has the highest number of companies issuing positive EPS guidance in the sector at eight.

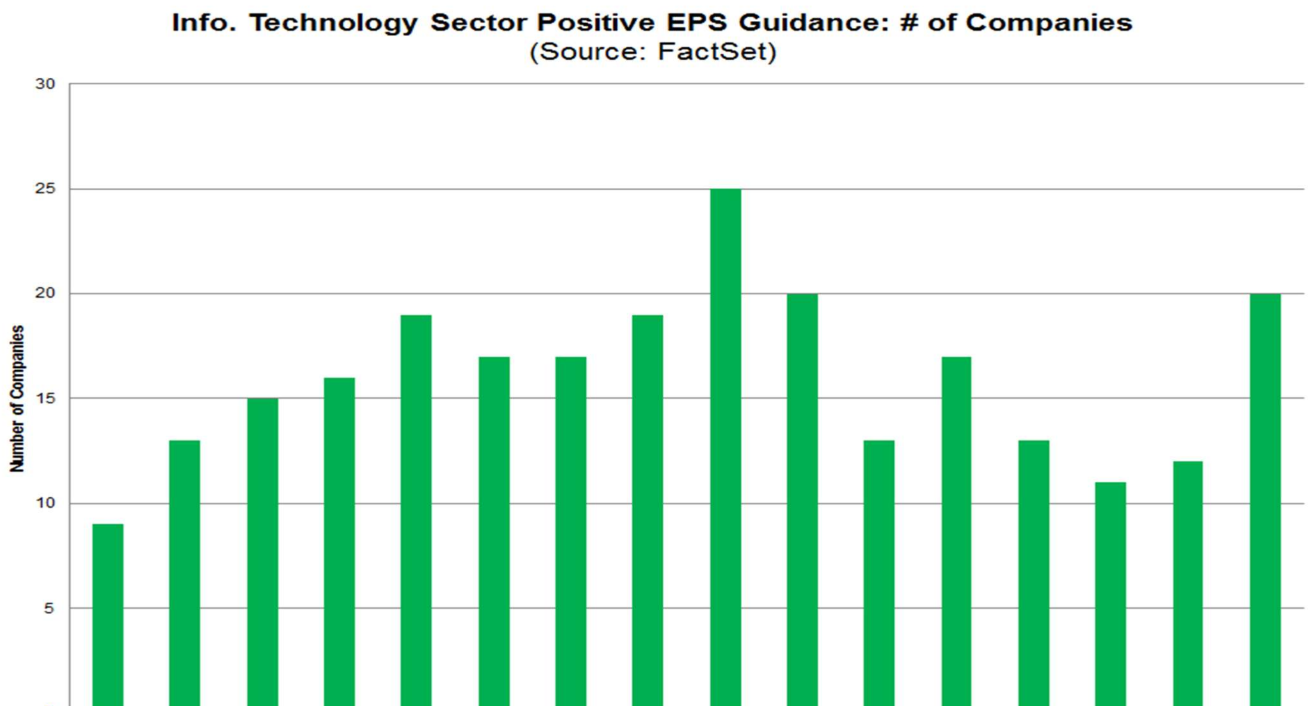
It is interesting to note that the Information Technology sector is the only sector in which analysts have not lowered earnings expectations (in aggregate) since the start of the quarter. The expected earnings decline for the Information Technology sector today (-1.8%) is equal to the expected earnings decline on September 30 (-1.8%).

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.





	Info. Technology	Consumer Disc.	Health Care	Real Estate	Materials	Utilities	Industrials	Financials	Consumer Staples	TComm Services	Energy
Pos #: Q419	20.0	4.0	4.0	4.0	1.0	1.0	0.0	0.0	0.0	0.0	0.0
Pos #: 5-Yr. Avg.	13.8	5.5	4.9	1.1	1.7	0.6	3.1	0.9	0.6	0.1	0.0



	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219	Q319	Q419
Pos	9	13	15	16	19	17	17	19	25	20	13	17	13	11	12	20

Topic of the Week: 2

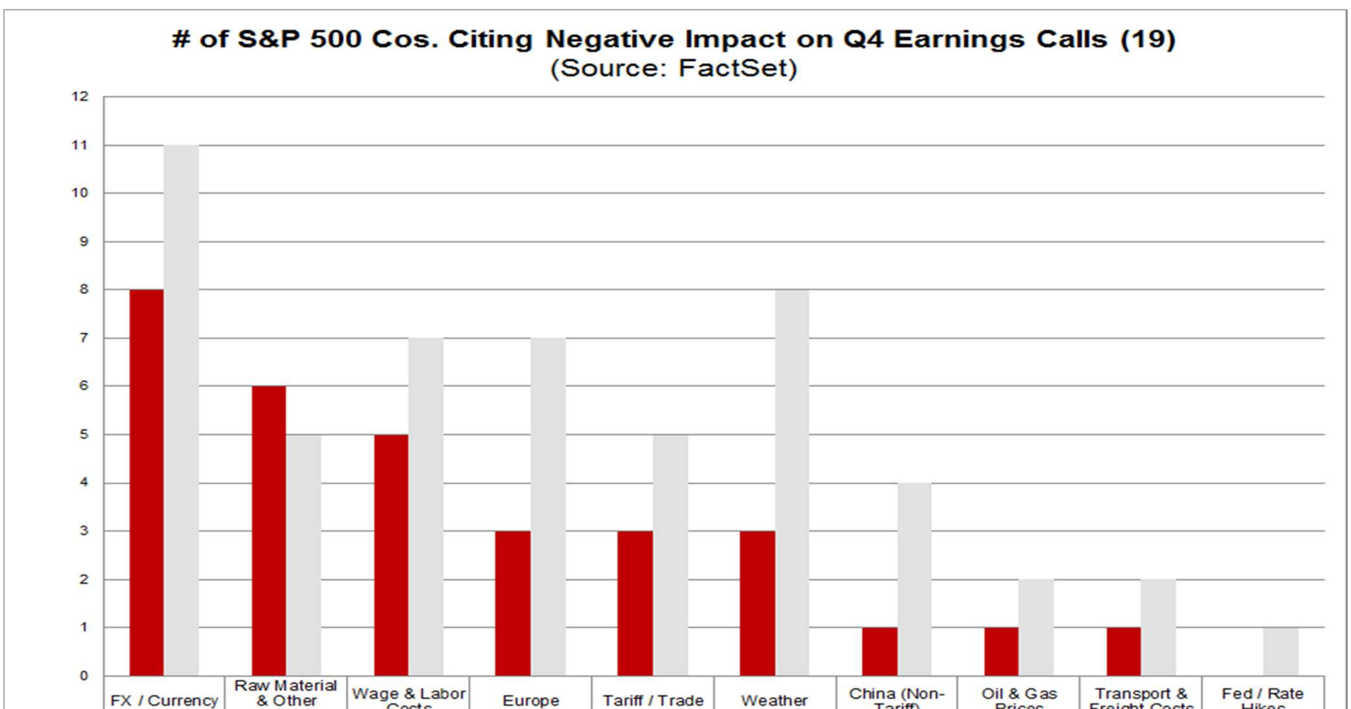
More than 40% of S&P 500 Companies Citing Negative Impact from FX on Earnings Calls to Date

While most S&P 500 companies will report earnings results for Q4 2019 over the next few weeks, about 4% of the companies in the index (19 companies) had reported earnings results for the fourth quarter through yesterday. Given the current expectations for a year-over-year decline in earnings for Q4, have these companies discussed specific factors that had a negative impact on earnings or revenues in the fourth quarter (or are expected to have a negative impact in future quarters) during their earnings conference calls?

To answer this question, FactSet searched for specific terms related to several factors (i.e. “currency,” “China,” etc.) in the conference call transcripts of the 19 S&P 500 companies that had conducted fourth quarter earnings conference calls through yesterday (January 9) to see how many companies discussed these factors. FactSet then looked to see if the company cited a negative impact, expressed a negative sentiment (i.e. “volatility,” “uncertainty,” “pressure,” “headwind,” etc.), or discussed clear underperformance in relation to the factor for either the quarter just reported or in guidance for future quarters. FactSet also compared the number of companies citing these factors in the fourth quarter to the number of companies that cited these same factors in the third quarter through approximately the same point in time (through October 10). The results are shown below.

Foreign exchange has again been cited on the most earnings calls to date as a factor that either had a negative impact on earnings or revenues in Q4 or is expected to have a negative impact on earnings and revenues in future quarters. Eight of the 19 S&P 500 companies (or 42%) that have conducted earnings conference calls to date for the fourth quarter have cited some negative impact from foreign exchange rates. However, few of these companies discussed specific currencies that had weakened or were expected to weaken against the U.S. dollar. The number of companies citing a negative impact from FX in Q4 (8) is below the number of companies that cited a negative impact from this factor in Q3 (11) at about the same point in time.

A list of the companies that discussed a negative impact from FX can be found on the next page.



	FX / Currency	Raw Material & Other Inflation	Wage & Labor Costs	Europe	Tariff / Trade	Weather	China (Non-Tariff)	Oil & Gas Prices	Transport & Freight Costs	Fed / Rate Hikes
Q419	8	6	5	3	3	3	1	1	1	0
Q319	11	5	7	7	5	8	4	2	2	1

Foreign Exchange / FX: 8

“From a year-over-year currency perspective, FX decreased revenue by $39.6 million.” -Adobe (Dec. 12)

“Weakening foreign currencies relative to the US dollar negatively impacted sales by approximately 30 basis points and gasoline price deflation negatively impacted sales by approximately 40 basis points.” -Costco (Dec. 12)

“My guidance today is on a non-GAAP basis and in constant currency. Assuming current exchange rates remain the same as they are now, currency should have a 1% negative effect on total revenue and $0.01 negative effect on EPS.” -Oracle (Dec. 12)

“FX was a 1 point drag in the quarter, resulting in flat reported sales.” -General Mills (Dec. 18)

“We delivered very strong EPS of $2.09, which represents 7% growth, which includes an FX headwind of about 2%.” -Accenture (Dec. 19)

“Based on quarterly volatility, let me provide more context on our Q3 outlook. We expect reported revenue growth in Q3 to be in the high-single-digit range, albeit at the very low-end of that range. Our continued strong currency-neutral revenue growth will be partially offset by roughly two points of foreign exchange headwinds and the non-comp impact related to the sale of Hurley.” -NIKE (Dec. 19)

“In summary, our fourth quarter adjusted EPS was $0.08 less than last year, as a result of lower net revenue yields which cost us $0.10 and higher net cruise cost per ALBD excluding fuel which cost us $0.08 both of which were partially offset by the net benefit of fuel price and currency worth $0.11. Lower fuel prices were worth $0.14 and while unfavorable currency movements cost us $0.03.” -Carnival (Dec. 20)

“First quarter sales were up 1.6%, including the currency headwind of 0.7%. On a constant currency basis, sales were up 2.3%.” -Walgreens Boots Alliance (Jan. 8)

Q4 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts made larger cuts than average to earnings estimates for Q4 2019 during the quarter. On a per-share basis, estimated earnings for the fourth quarter decreased by 4.7% from September 30 through December 31. This percentage decline was larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.4%) 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 107 companies that have issued EPS guidance for the fourth quarter, 73 have issued negative EPS guidance and 34 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (73 out of 107), 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 -2.0% today compared to the estimated (year-over-year) earnings growth rate of 2.5% on September 30. If -2.0% 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, Consumer Discretionary, and Materials 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 between 4.5% and 6.5% for the first half of 2020.

The forward 12-month P/E ratio is 18.4, which is above the 5-year average and above the 10-year average.

During the upcoming week, 24 S&P 500 companies (including three Dow 30 components) are scheduled to report results for the fourth quarter.

Earnings Revisions: Largest Estimate Cuts in Consumer Discretionary and Energy Sectors

Increase in Estimated Earnings Decline for Q4 This Week

The estimated earnings decline for the fourth quarter is -2.0% this week, which is larger than the estimated earnings decline of -1.8% last week. Downward revisions to estimates for companies in the Energy and Industrials sectors were mainly responsible for the slight increase in the estimated earnings decline for the index during the week.

Overall, the estimated earnings decline for Q4 2019 of -2.0% today is below the estimated earnings growth rate of 2.5% at the start of the quarter (September 30). Ten sectors have a recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Consumer Discretionary, Energy, Materials, 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 -13.5% from 2.5%). Despite the decline in expected earnings growth, this sector has witnessed a 5.6% increase in price since September 30. Overall, 44 of the 63 companies (70%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 44 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by General Motors (to $0.21 from $1.85), Gap (to $0.35 from $0.65), Ford Motor (to $0.17 from $0.29), Amazon.com (to $4.05 from $6.60), and Hasbro (to $0.95 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.

Energy: Exxon Mobil Leads Earnings Decrease Since Sep. 30

The Energy sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to -36.8% from -21.8%). Despite the increase in the expected earnings decline, this sector has witnessed a 4.5% 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, 18 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 -0.12 from $0.12), and Hess Corporation (to -$0.34 from -$0.15). However, Exxon Mobil (to $0.59 from $0.96), Chevron (to $1.55 from $1.81), Occidental Petroleum (to $0.05 from $0.47) and ConocoPhillips (to $0.80 from $1.03) have 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 Estimates Since Sep. 30

The Materials sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to -10.4% from 1.5%). Despite the decline in expected earnings growth, this sector has witnessed a 3.0% 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, 9 have recorded a decrease in their mean EPS estimate of more than 10%, led by Freeport-McMoRan (to $0.00 from $0.08) and Mosaic (to $0.01 from $0.49). Mosaic has also been the largest contributor 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 -8.5% from 3.0%). Despite the decline in expected earnings growth, this sector has witnessed a 7.3% increase in price since September 30. Overall, 52 of the 70 companies (74%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 52 companies, 16 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to $0.71 from $4.17), Cummins (to $2.46 from $3.45), Deere & Company (to $1.30 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 in Q4

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) decreased by 4.7% (to $40.69 from $42.69) from September 30 through December 31. This percentage decline was larger than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.4%) 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, 107 companies in the index have issued EPS guidance for Q4 2019. Of these 107 companies, 73 have issued negative EPS guidance and 34 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (73 out of 107), which is below the 5-year average of 70%.

For more details on guidance, please see pages 2 through 3.

Earnings Decline: -2.0%

The estimated (year-over-year) earnings decline for Q4 2019 is -2.0%. If -2.0% 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.

S&P 500 companies with more international revenue exposure are expected to report weaker earnings growth relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the estimated earnings decline is -5.3%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the estimated earnings growth rate is 0.0%.

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, Consumer Discretionary, and Materials sectors.

Utilities: 4 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 19.5%. At the industry level, all five industries in this sector are expected to report growth in earnings. Four of these five industries are expected to report double-digit earnings growth: Independent Power and Renewable Electricity Producers (138%), Multi-Utilities (26%), Electric Utilities (12%), and Gas 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 7.3%. At the industry level, three of the five industries in this sector are predicted to report growth in earnings: Insurance (43%), Capital Markets (8%), and Diversified Financial Services (6%). On the other hand, the Consumer Finance (-3%) 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 -36.8%. 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 (-75%), Oil & Gas Refining & Marketing (-51%), Integrated Oil & Gas (-46%), and Oil & Gas Exploration & Production (-21%). 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 (26%) and Oil & Gas Storage & Transportation (14%).

Consumer Discretionary: Automobiles 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 -13.5%. At the industry level, eight of the eleven industries in this sector are predicted to report a decline in earnings. Four of these eight industries are expected to report a double-digit decline in earnings, led by the Automobiles (-69%) 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 $0.21, compared to year-ago EPS of $1.43. The mean EPS estimate for Amazon.com for Q4 is $4.05, 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 -3.5% from -13.6%.

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

The Materials sector is expected to report the third largest (year-over-year) earnings decline of all eleven sectors at -10.4%. At the industry level, three of the four industries in this sector are predicted to report a decline in earnings: Metals & Mining (-47%), Containers & Packaging (-22%), and Chemicals (-2%). On the other hand, the Construction Materials (31%) industry is the only industry projected to report earnings growth in the sector.

At the company level, Nucor is the largest contributor to the year-over-year decline in earnings for the sector. The mean EPS estimate for Nucor for Q4 is $0.48, compared to year-ago EPS of $2.07. If this company were excluded, the estimated decline for the sector would improve to -4.7% from -10.4%.

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%).

S&P 500 companies with more international revenue exposure are expected to report weaker revenue growth relative to S&P 500 companies with less international revenue exposure. For S&P 500 companies that generate more than 50% of revenue outside the U.S., the estimated revenue decline is -0.7%. For S&P 500 companies that generate more than 50% of revenue inside the U.S., the estimated revenue growth rate is 3.8%.

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 10.4%. 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 ($35.17 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 ($63.93 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 5.1% from 10.4%.

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 9.8%. 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 8.9%. 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 (23%) 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 -15.9%. 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 ($5.25 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 -2.4% from -15.9%.

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 -7.2%. At the sub-industry level, all six sub-industries in the sector are predicted to report a decline in revenues. Two of these six sub-industries are expected to report a double-digit decline: Oil & Gas Drilling (-18%) and Oil & Gas Exploration & Production (-17%).

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 -2.0% and growth in revenues of 2.6%. For CY 2019, S&P 500 companies are predicted to nearly flat earnings (0.2%). However, analysts see mid-single-digit earnings growth in Q1 2020 and Q2 2020.

For CY 2019, analysts are projecting earnings growth of 0.2% and revenue growth of 3.9%.

For Q1 2020, analysts are projecting earnings growth of 4.6% and revenue growth of 4.3%.

For Q2 2020, analysts are projecting earnings growth of 6.4% and revenue growth of 4.9%.

For CY 2020, analysts are projecting earnings growth of 9.4% and revenue growth of 5.4%.

Valuation: Forward P/E Ratio is 18.4, Above the 10-Year Average (14.9)

The forward 12-month P/E ratio is 18.4. This P/E ratio is above the 5-year average of 16.7 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 10.0%, while the forward 12-month EPS estimate has increased by 0.4%.

At the sector level, the Consumer Discretionary (22.5) and Information Technology (22.3) sectors have the highest forward 12-month P/E ratios, while the Financials (13.4) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 6% Increase in Price Over Next 12 Months

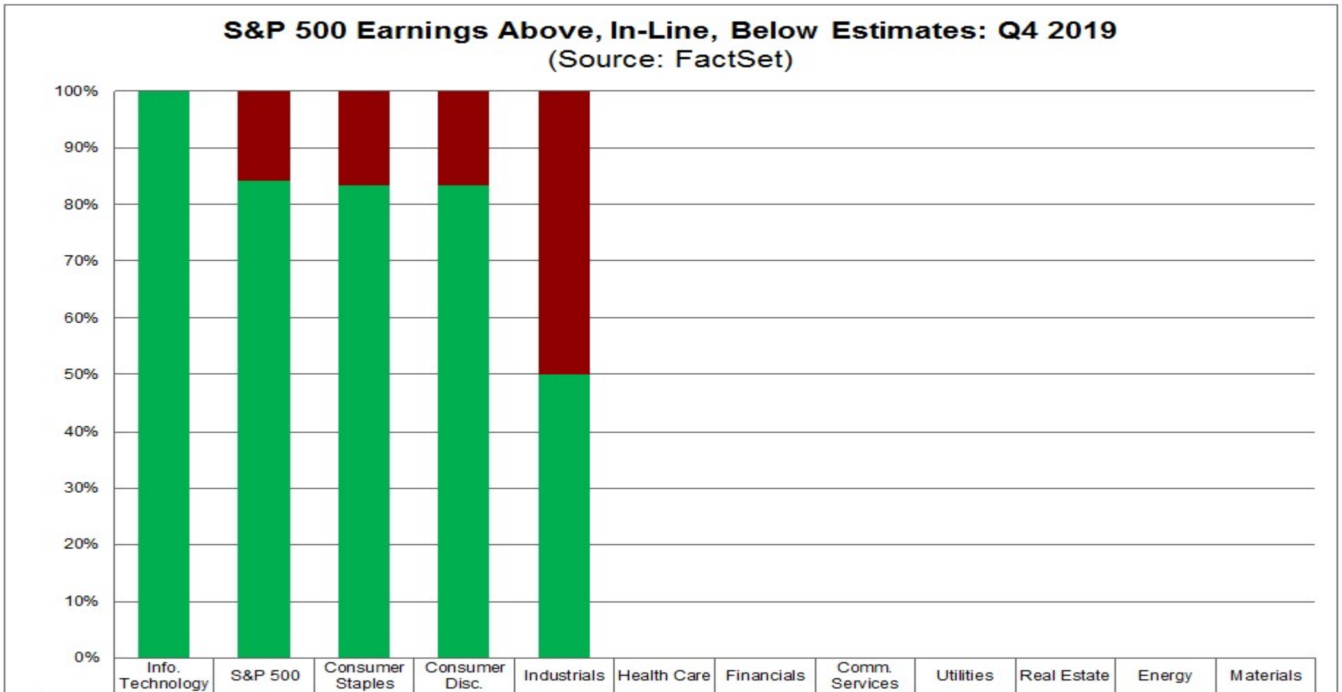
The bottom-up target price for the S&P 500 is 3474.50, which is 6.1% above the closing price of 3274.70. At the sector level, the Energy (+12.7%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Information Technology (+1.7%) 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 10,322 ratings on stocks in the S&P 500. Of these 10,322 ratings, 50.5% are Buy ratings, 42.3% are Hold ratings, and 7.2% are Sell ratings. At the sector level, the Energy (65%) sector has the highest percentage of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

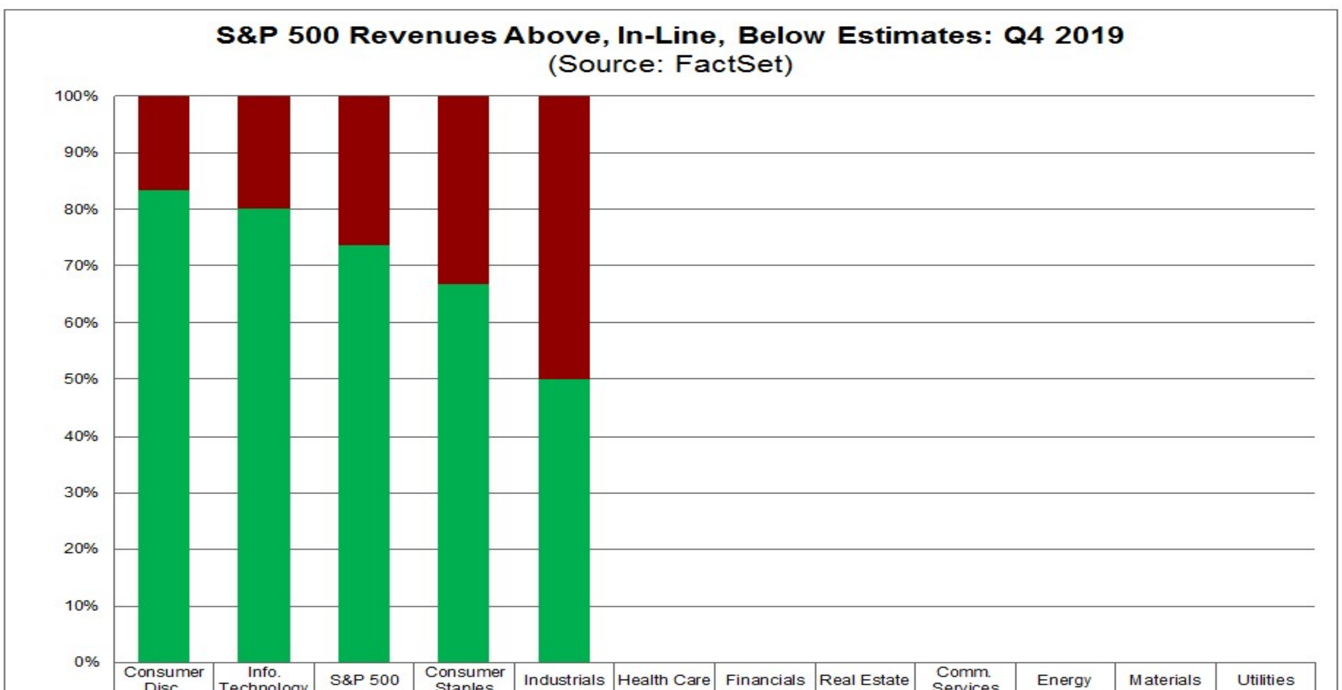
Companies Reporting Next Week: 24

During the upcoming week, 24 S&P 500 companies (including three Dow 30 components) are scheduled to report results for the fourth quarter.

Q4 2019: Scorecard

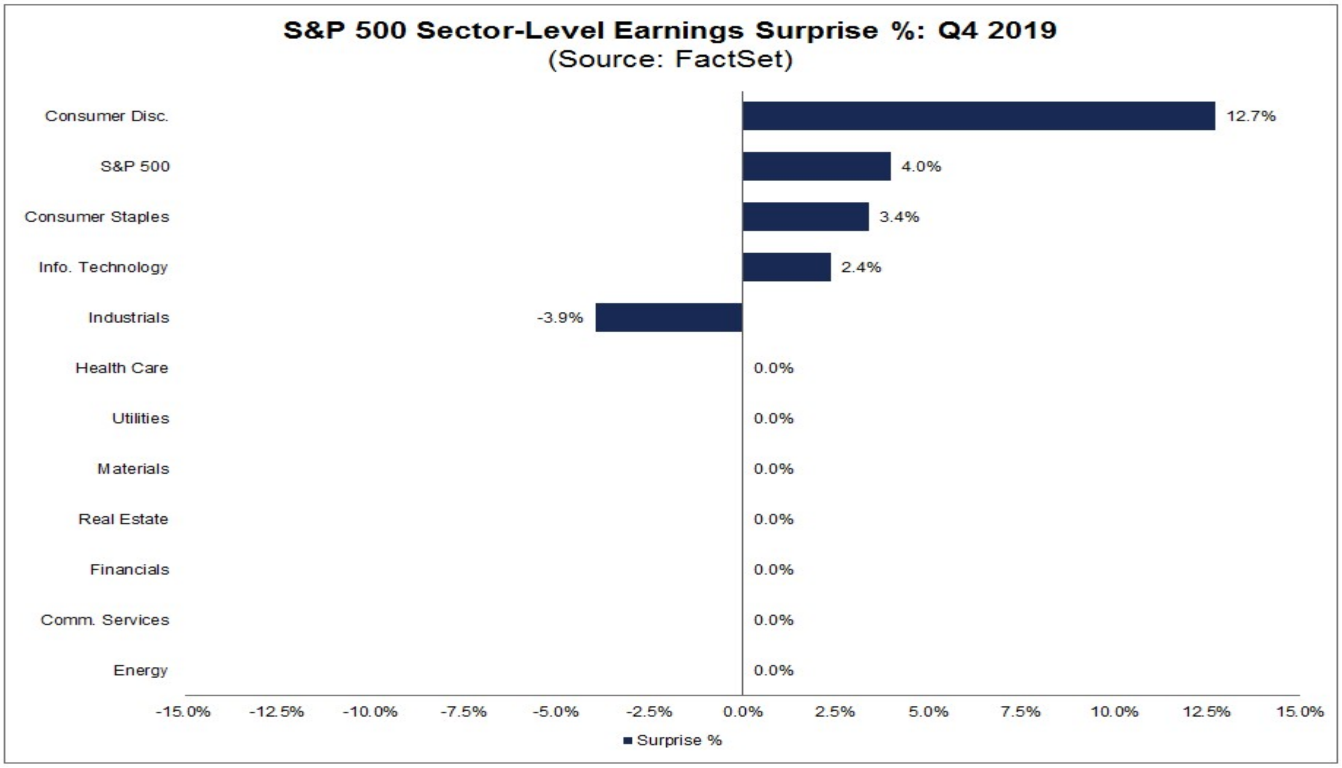


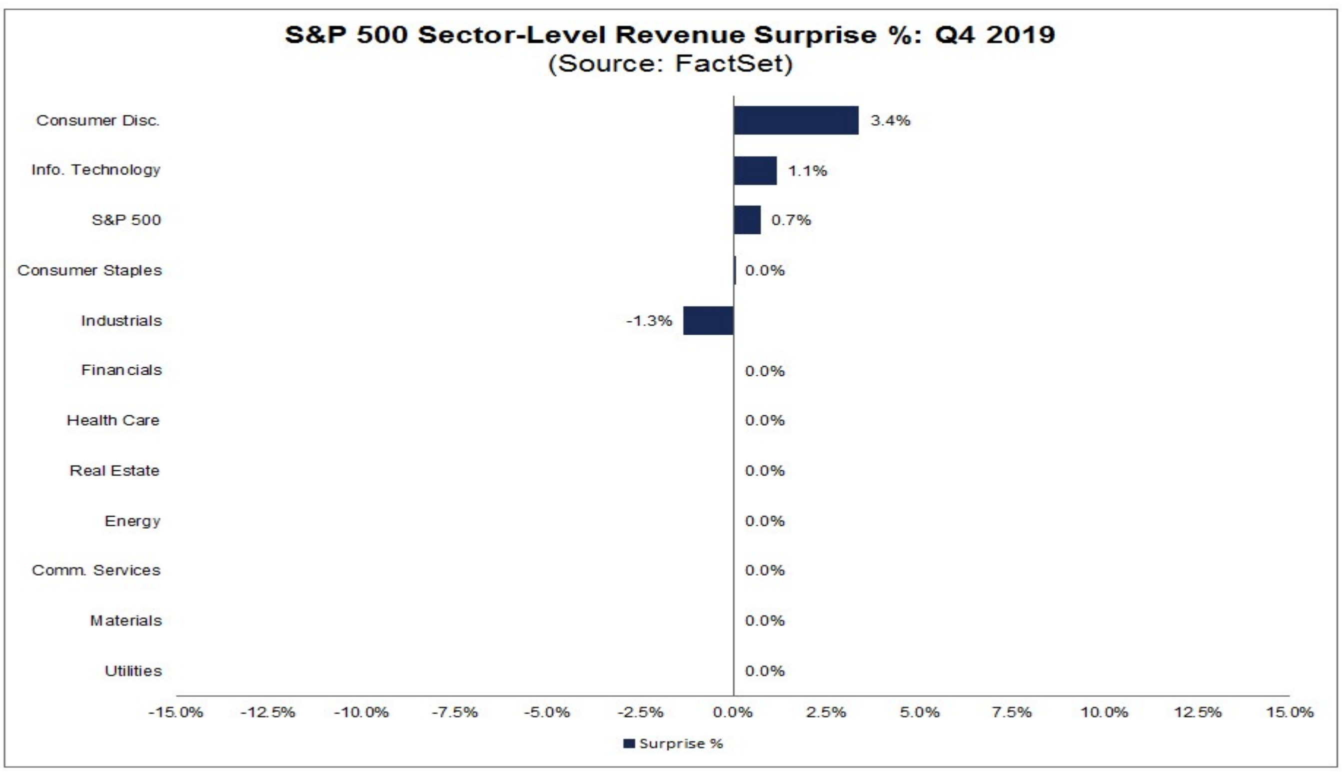
	Info. Technology	S&P 500	Consumer Staples	Consumer Disc.	Industrials	Health Care	Financials	Comm. Services	Utilities	Real Estate	Energy	Materials
Below	0%	16%	17%	17%	50%	0%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	84%	83%	83%	50%	0%	0%	0%	0%	0%	0%	0%



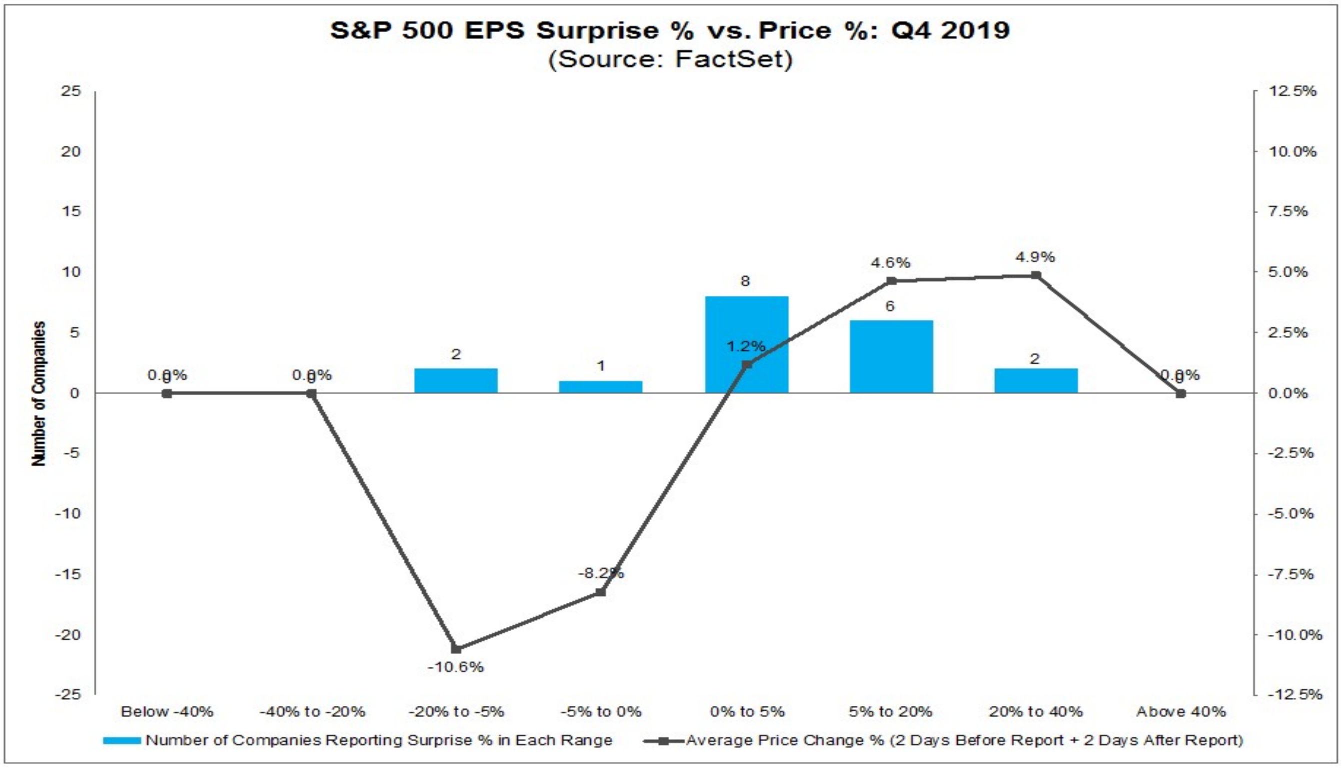
	Consumer Disc.	Info. Technology	S&P 500	Consumer Staples	Industrials	Health Care	Financials	Real Estate	Comm. Services	Energy	Materials	Utilities
Below	17%	20%	26%	33%	50%	0%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	83%	80%	74%	67%	50%	0%	0%	0%	0%	0%	0%	0%

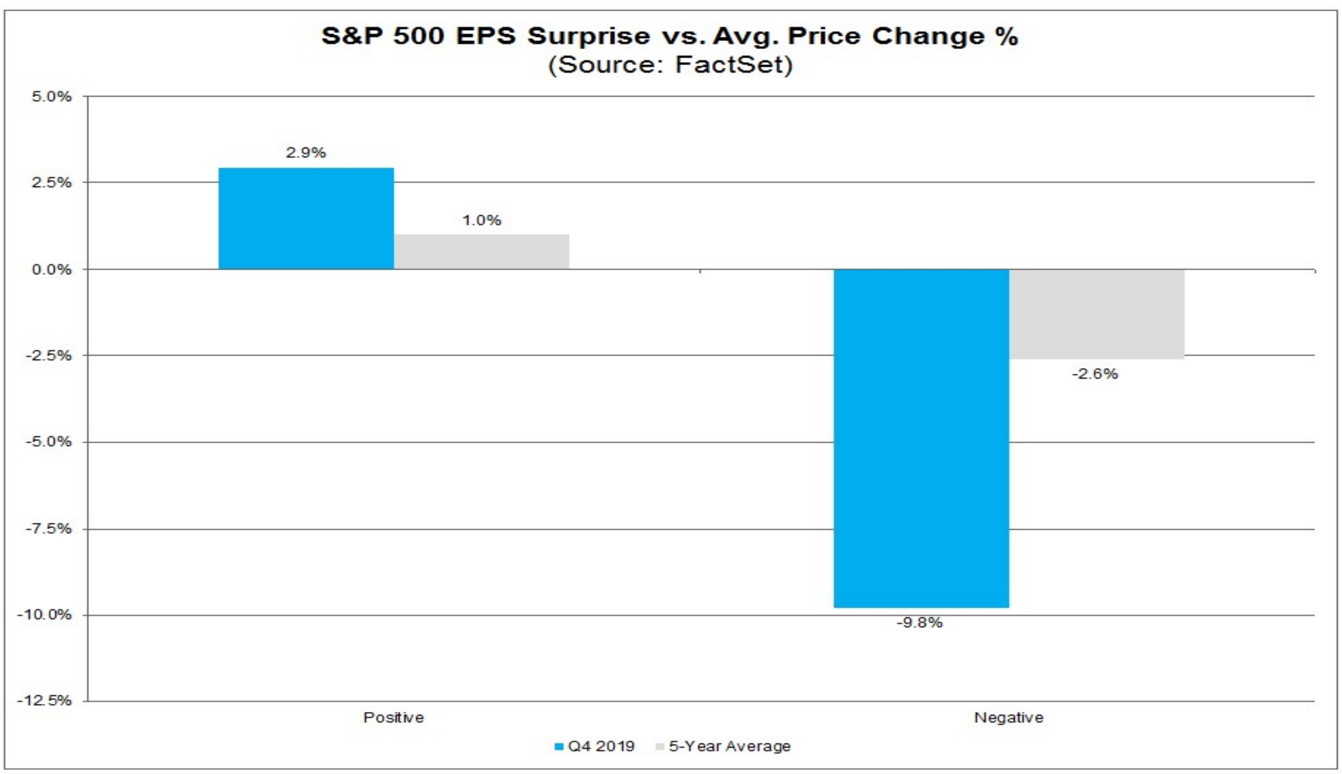
Q4 2019: Scorecard



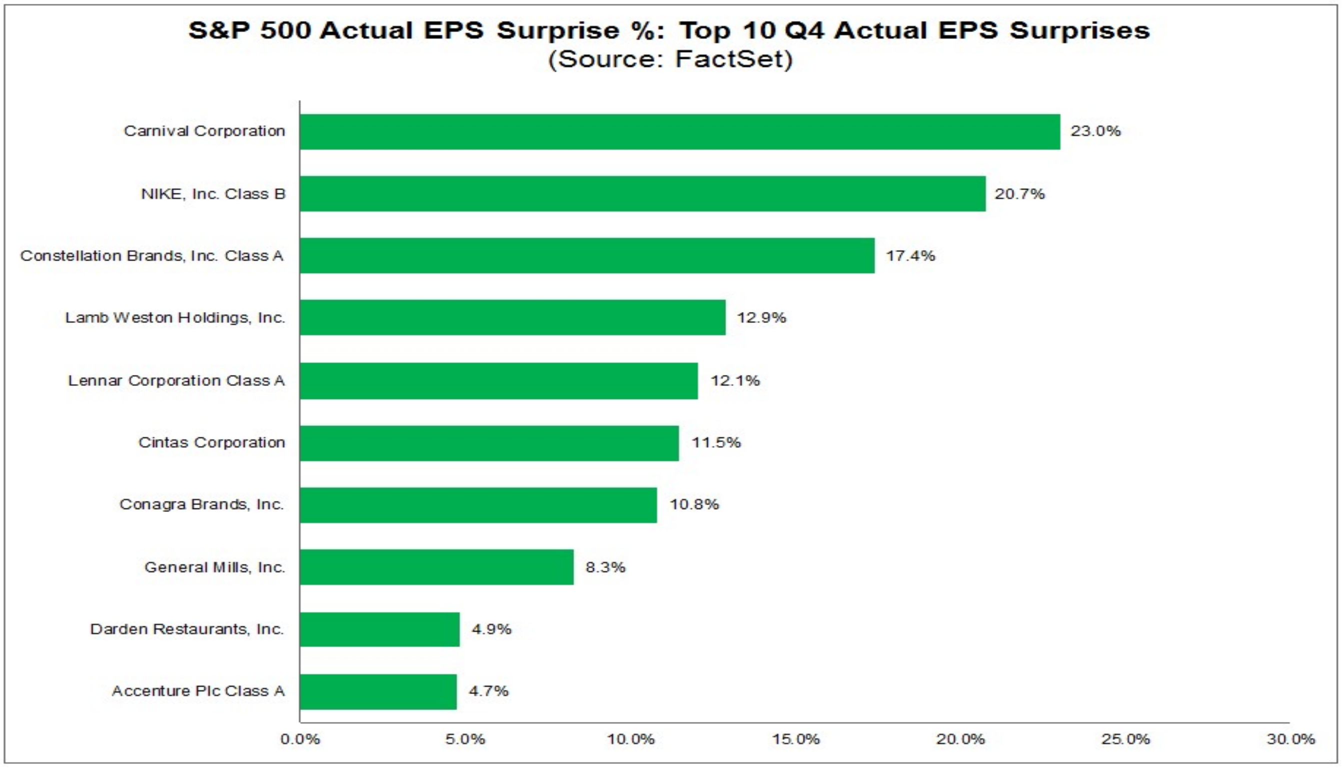


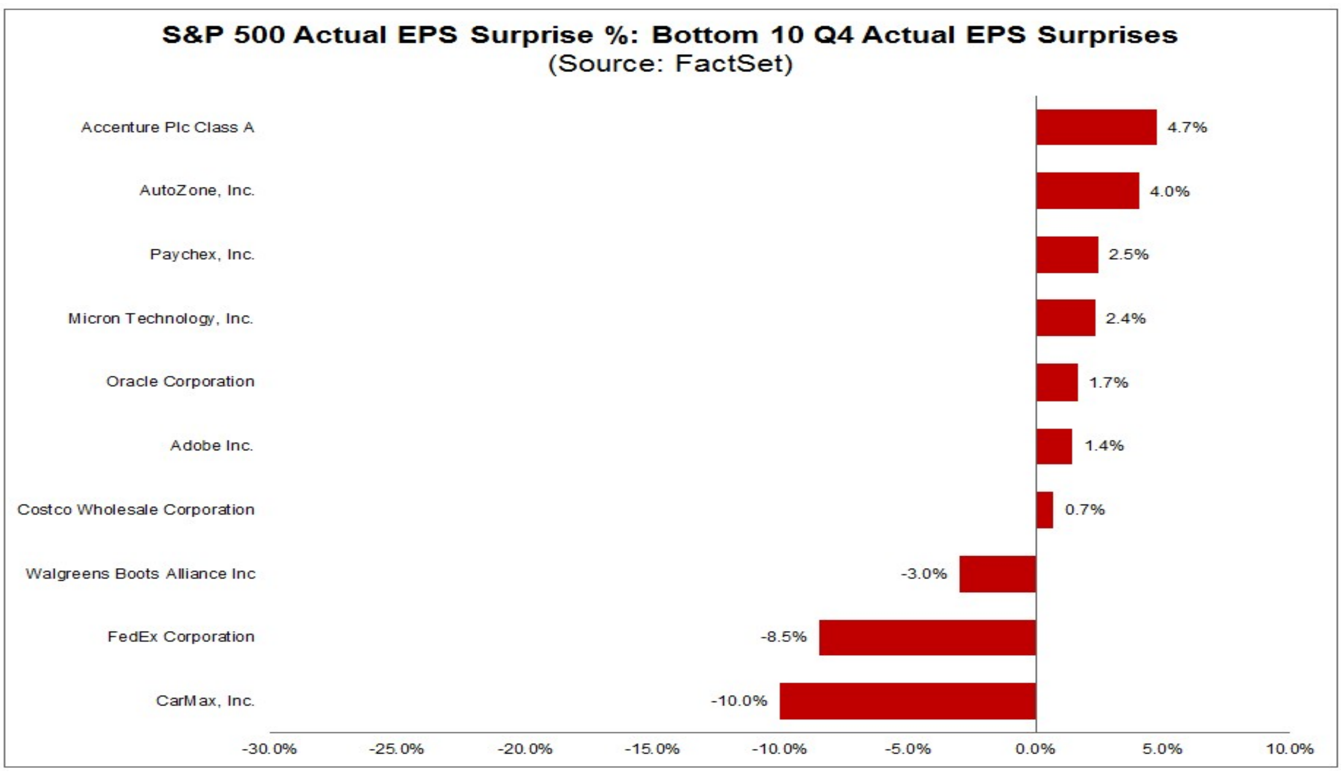
Q4 2019: Scorecard



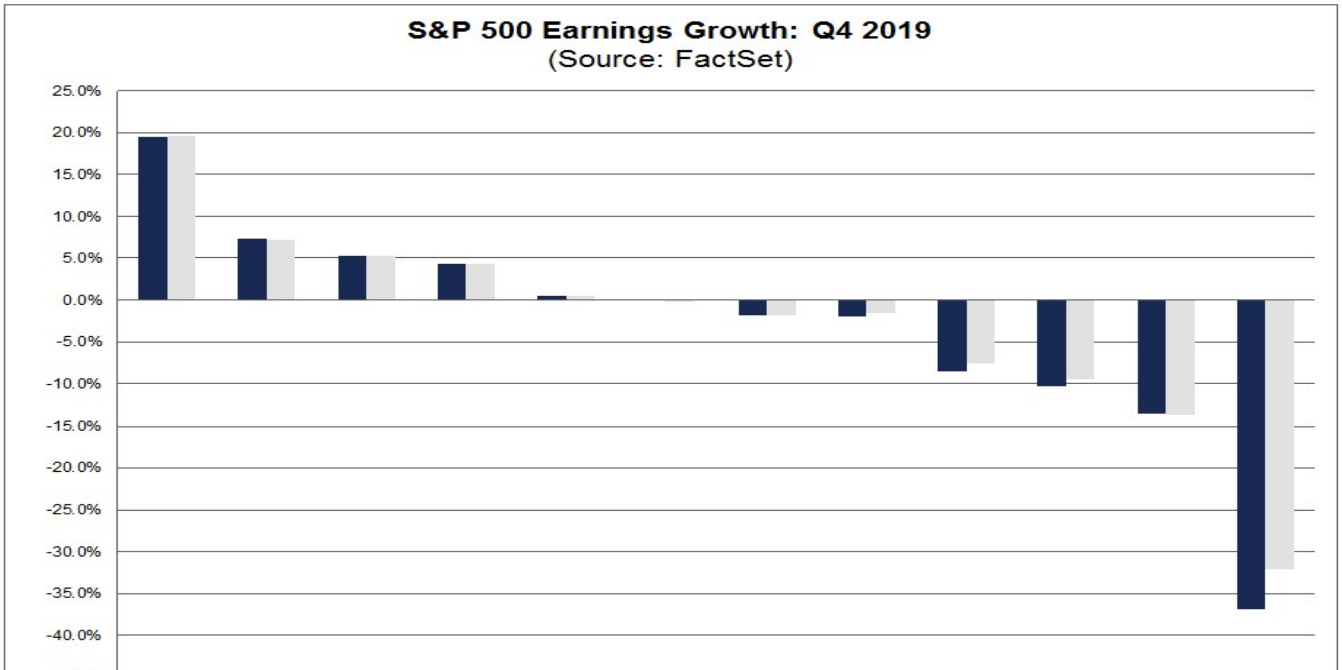


Q4 2019: Scorecard

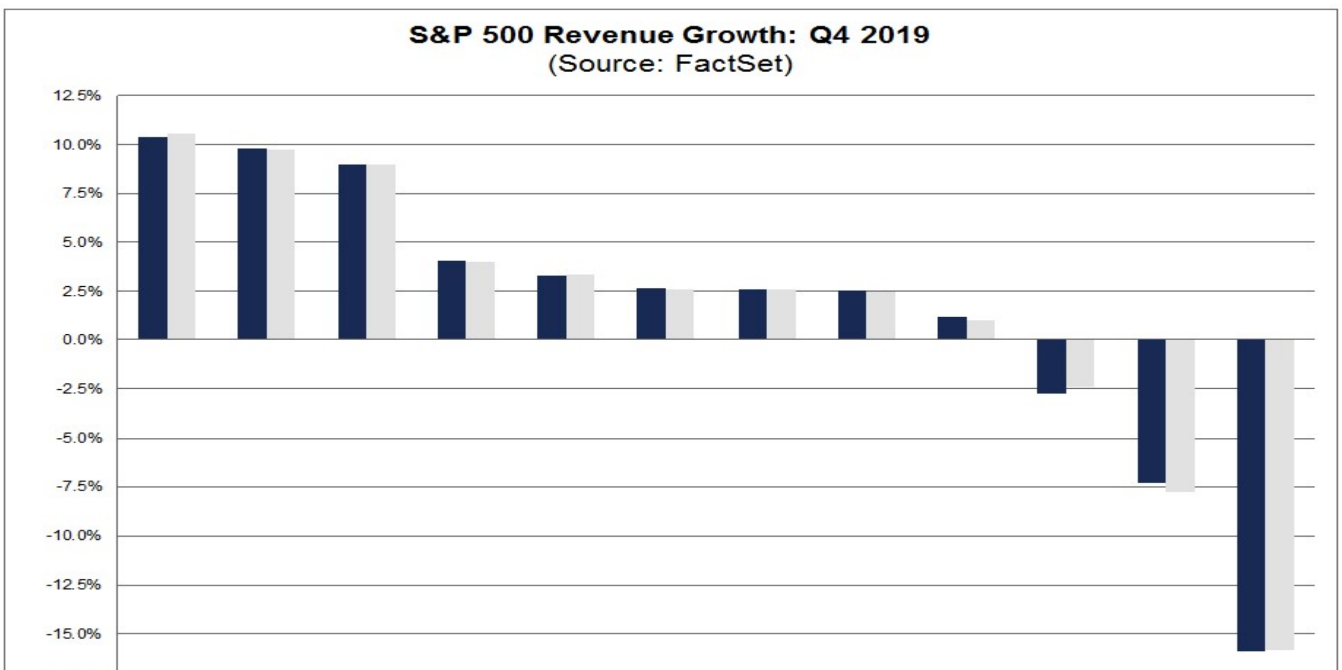




Q4 2019: Growth

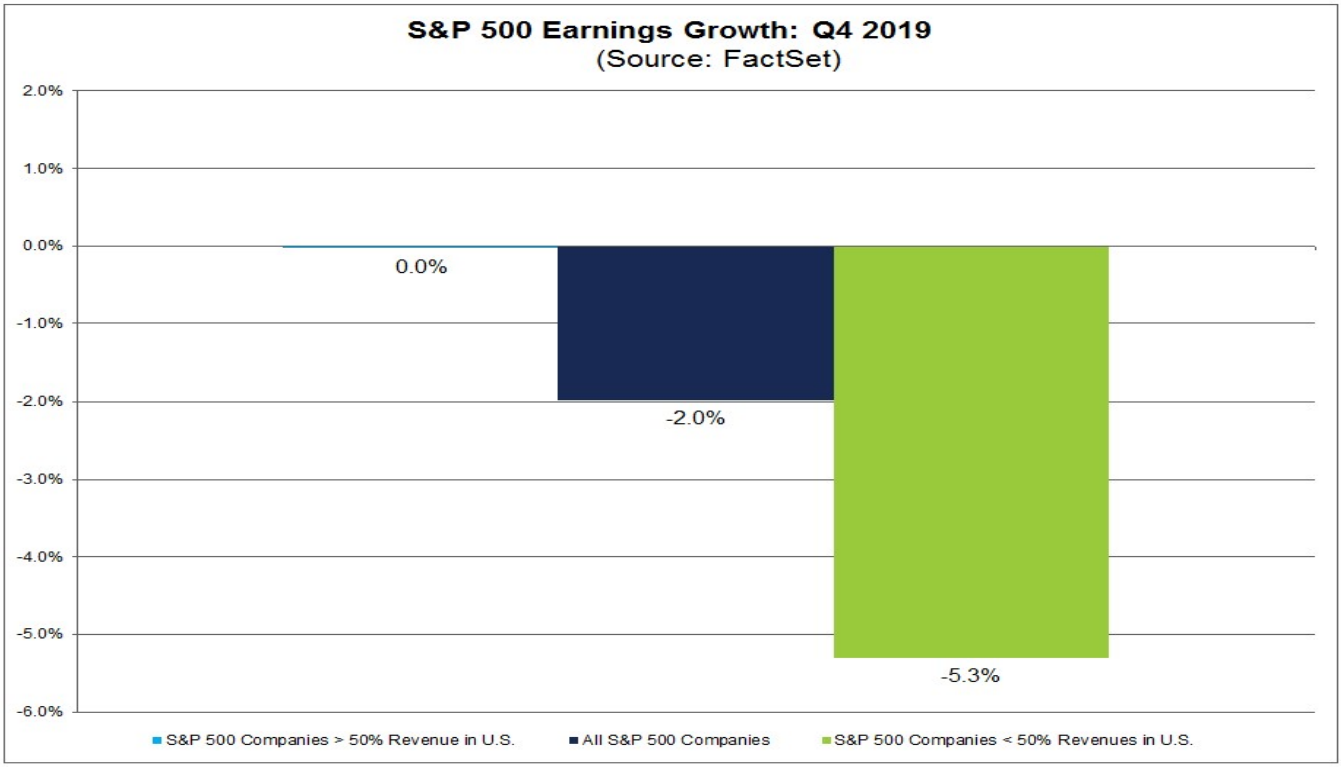


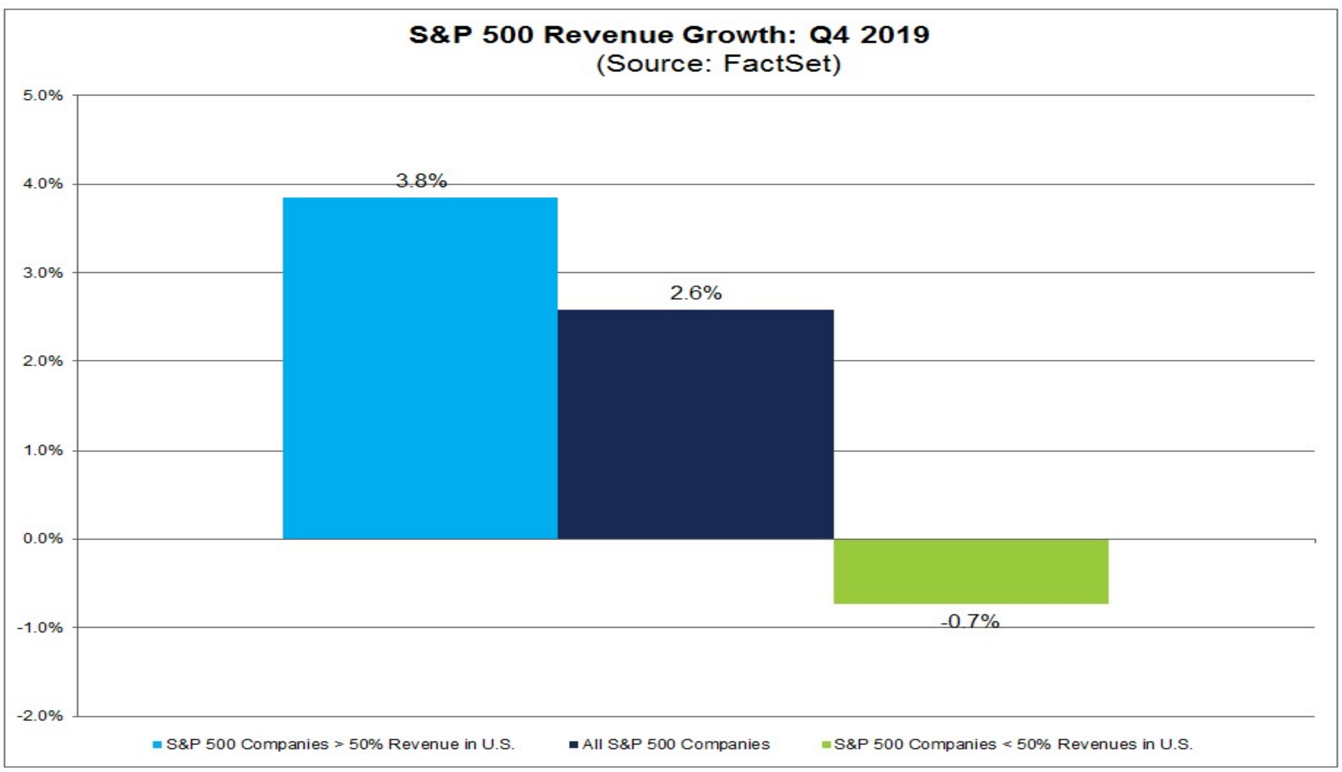
	Utilities	Financials	Health Care	Comm. Services	Real Estate	Consumer Staples	Info. Technology	S&P 500	Industrials	Materials	Consumer Disc.	Energy
Today	19.5%	7.3%	5.2%	4.3%	0.4%	-0.1%	-1.8%	-2.0%	-8.5%	-10.4%	-13.5%	-36.8%
31-Dec	19.6%	7.2%	5.3%	4.3%	0.5%	-0.2%	-1.9%	-1.6%	-7.5%	-9.5%	-13.6%	-32.0%



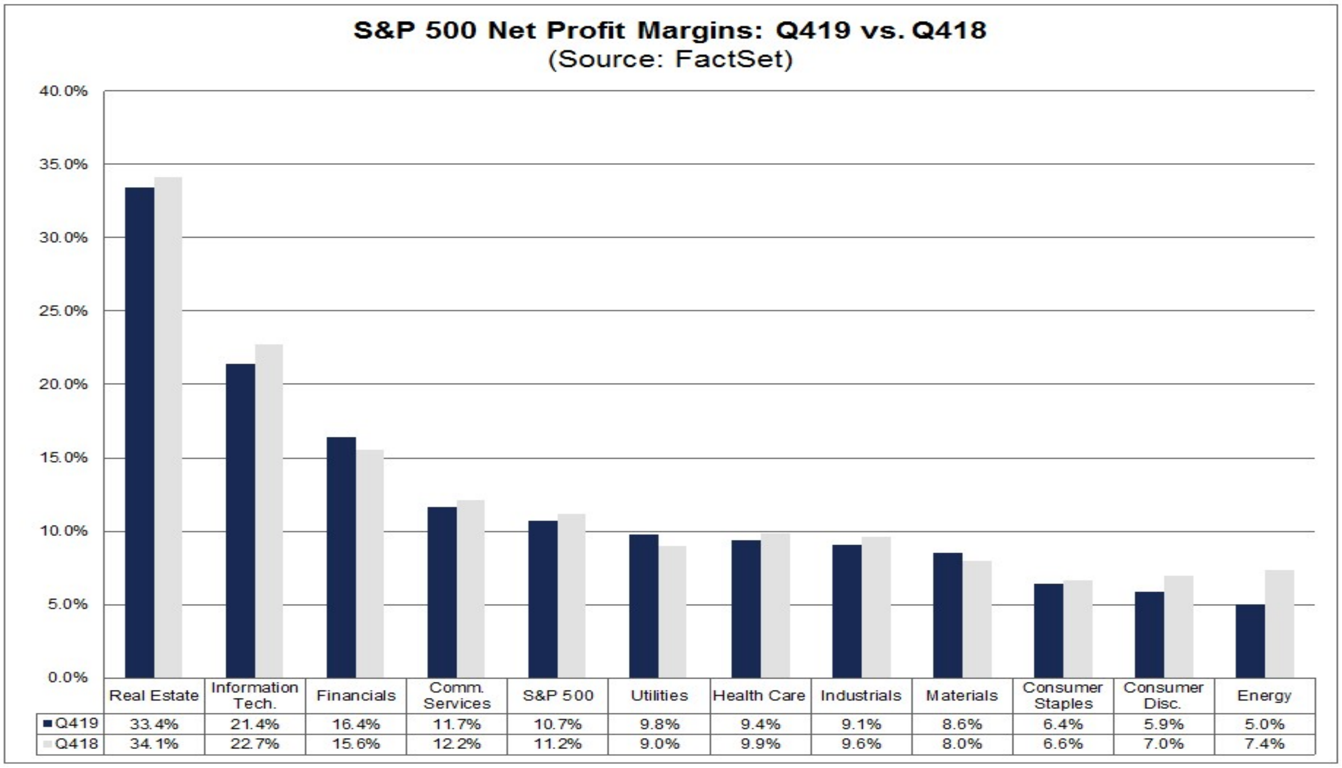
	Health Care	Utilities	Comm. Services	Info. Technology	Consumer Staples	Real Estate	S&P 500	Consumer Disc.	Financials	Industrials	Energy	Materials
Today	10.4%	9.8%	8.9%	4.0%	3.3%	2.6%	2.6%	2.5%	1.2%	-2.8%	-7.2%	-15.9%
31-Dec	10.5%	9.7%	8.9%	4.0%	3.3%	2.6%	2.6%	2.4%	1.0%	-2.4%	-7.7%	-15.8%

Q4 2019: Growth

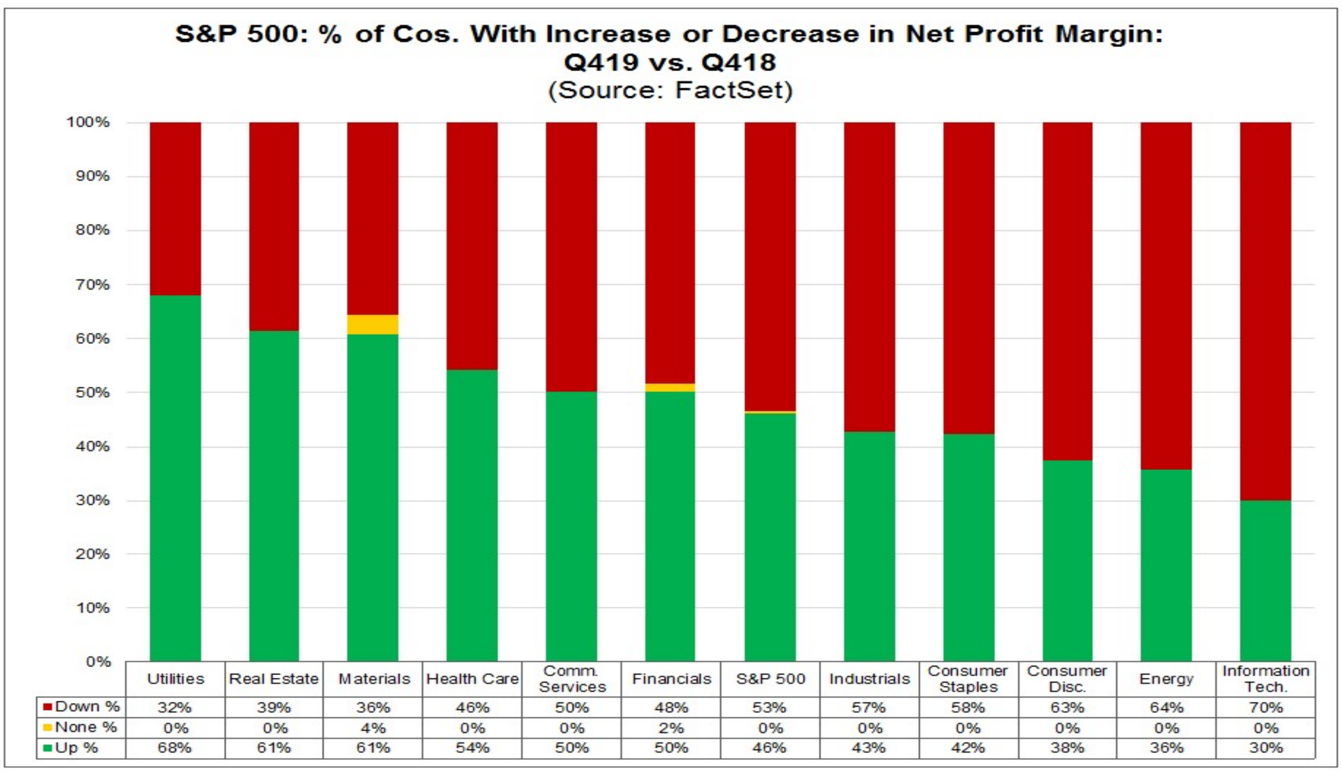




Q4 2019: Net Profit Margin

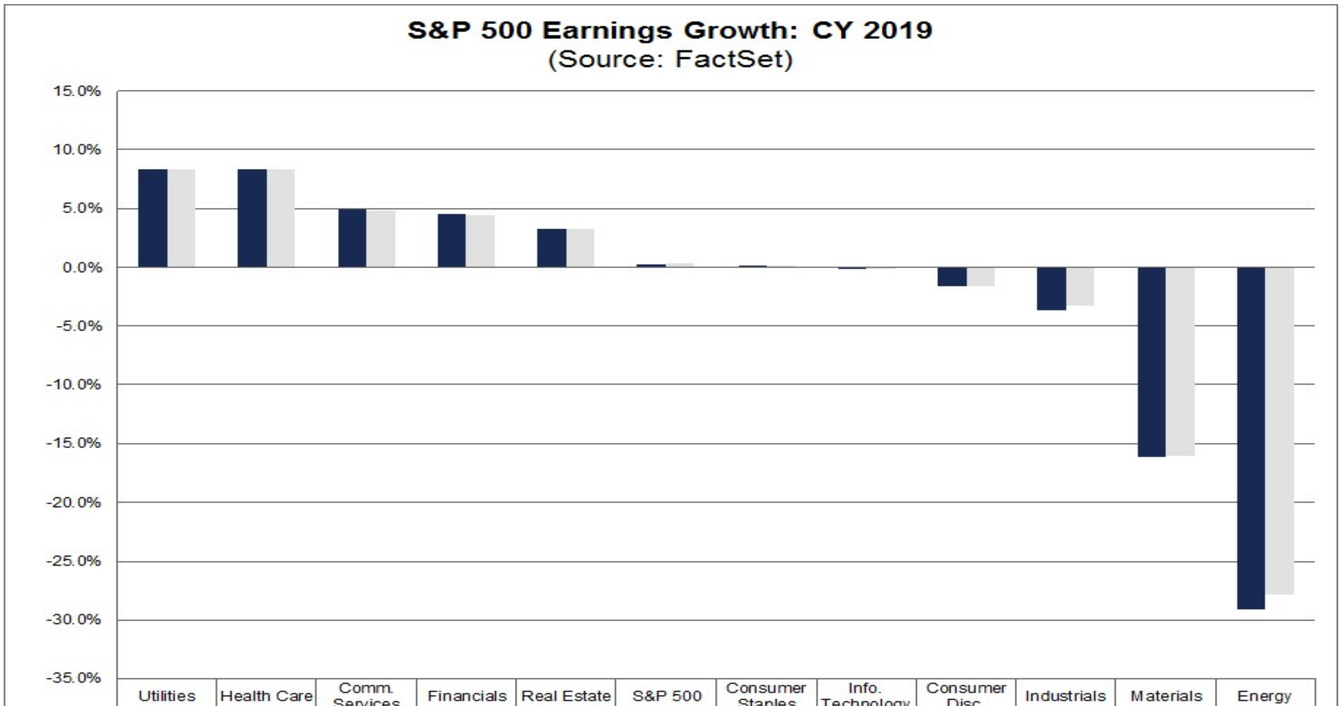


	Real Estate	Information Tech.	Financials	Comm. Services	S&P 500	Utilities	Health Care	Industrials	Materials	Consumer Staples	Consumer Disc.	Energy
Q419	33.4%	21.4%	16.4%	11.7%	10.7%	9.8%	9.4%	9.1%	8.6%	6.4%	5.9%	5.0%
Q418	34.1%	22.7%	15.6%	12.2%	11.2%	9.0%	9.9%	9.6%	8.0%	6.6%	7.0%	7.4%

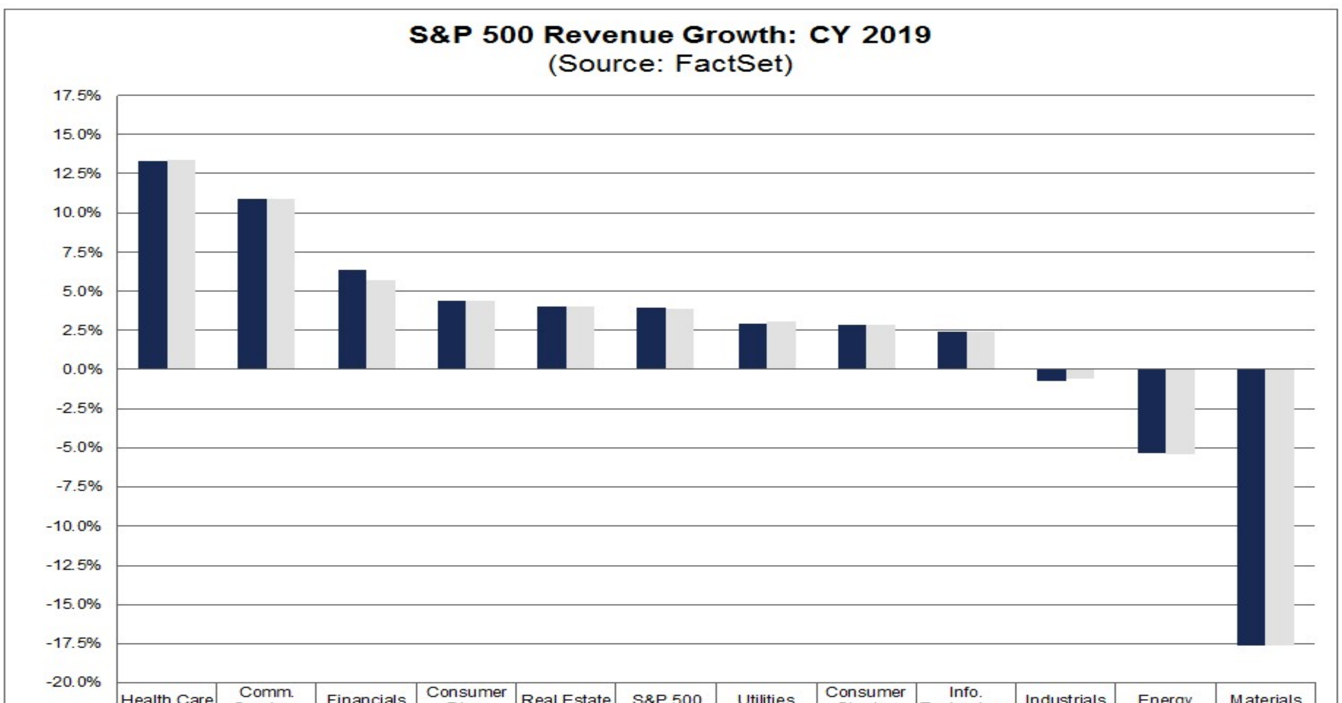


	Utilities	Real Estate	Materials	Health Care	Comm. Services	Financials	S&P 500	Industrials	Consumer Staples	Consumer Disc.	Energy	Information Tech.
Down %	32%	39%	36%	46%	50%	48%	53%	57%	58%	63%	64%	70%
None %	0%	0%	4%	0%	0%	2%	0%	0%	0%	0%	0%	0%
Up %	68%	61%	61%	54%	50%	50%	46%	43%	42%	38%	36%	30%

CY 2019: Growth

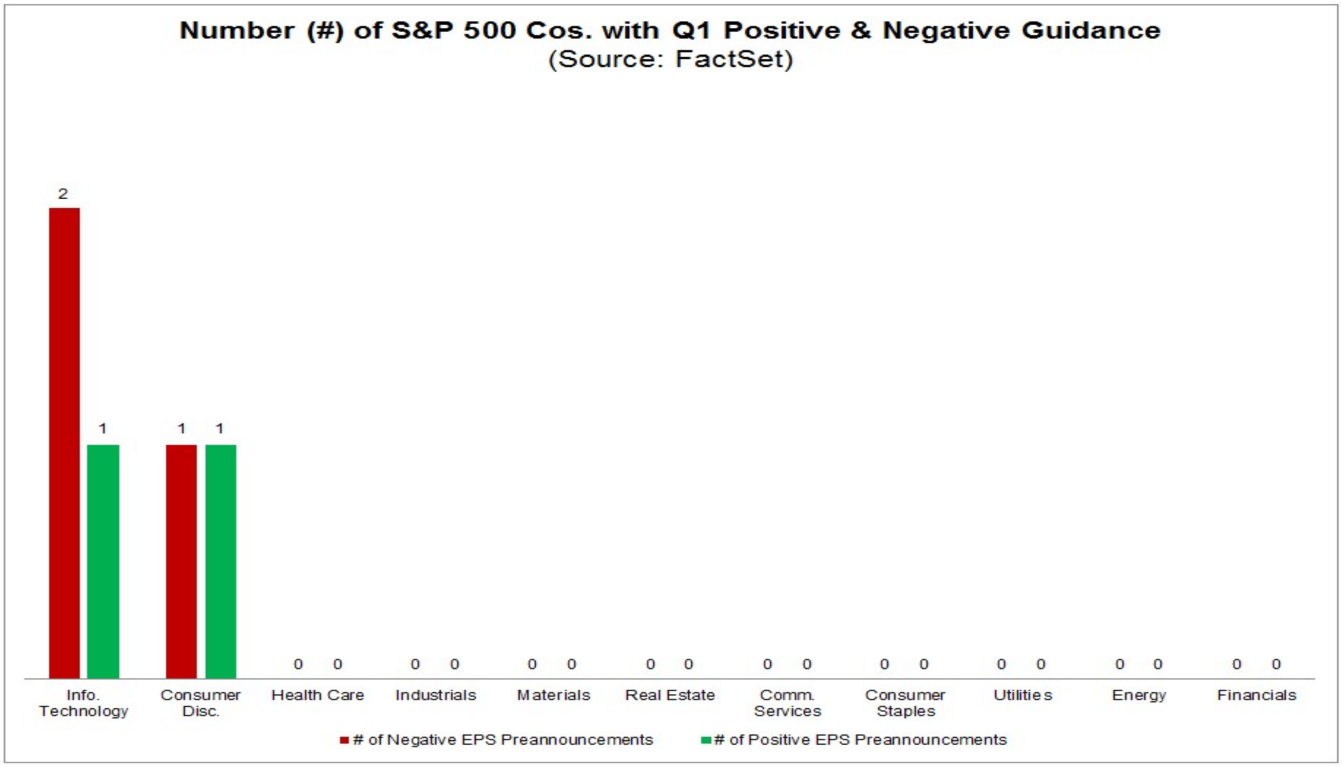


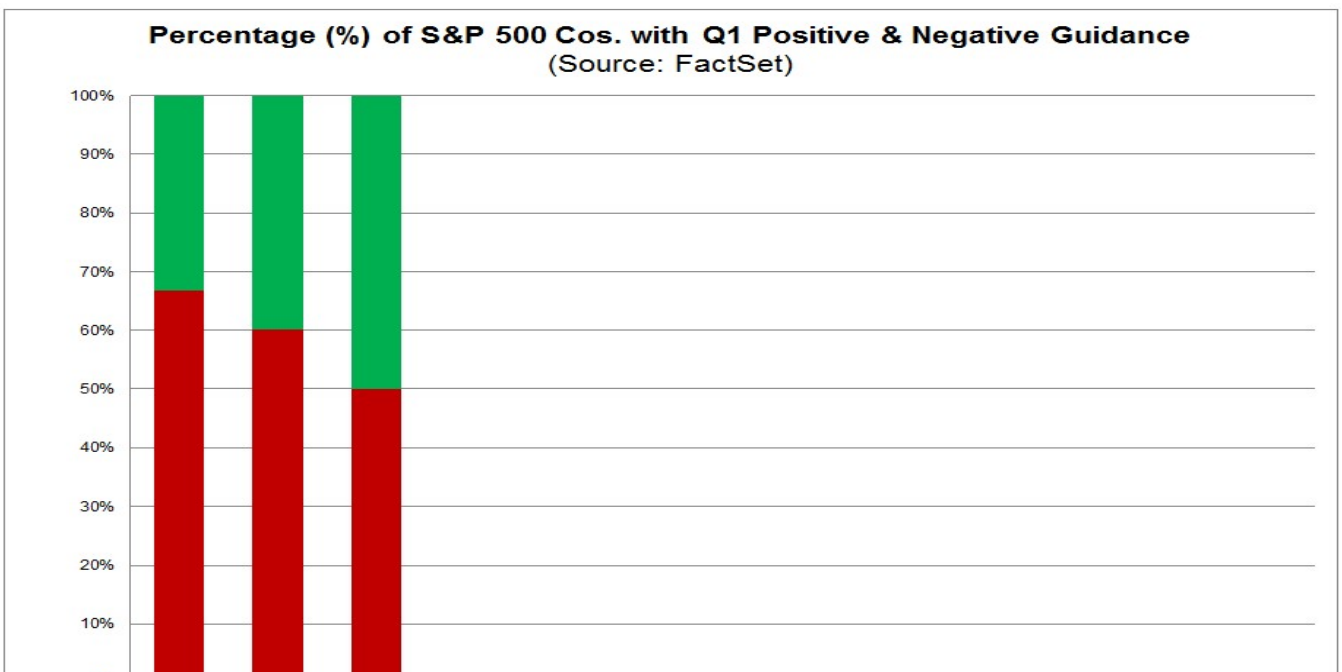
	Utilities	Health Care	Comm. Services	Financials	Real Estate	S&P 500	Consumer Staples	Info. Technology	Consumer Disc.	Industrials	Materials	Energy
Today	8.3%	8.3%	4.9%	4.5%	3.3%	0.2%	0.2%	-0.2%	-1.7%	-3.6%	-16.1%	-29.1%
31-Dec	8.4%	8.3%	4.8%	4.5%	3.2%	0.3%	0.1%	-0.2%	-1.7%	-3.3%	-16.0%	-27.8%



	Health Care	Comm. Services	Financials	Consumer Disc.	Real Estate	S&P 500	Utilities	Consumer Staples	Info. Technology	Industrials	Energy	Materials
Today	13.3%	10.9%	6.3%	4.4%	4.0%	3.9%	2.9%	2.8%	2.4%	-0.7%	-5.3%	-17.7%
31-Dec	13.4%	10.9%	5.7%	4.3%	4.0%	3.8%	3.1%	2.8%	2.4%	-0.6%	-5.4%	-17.6%

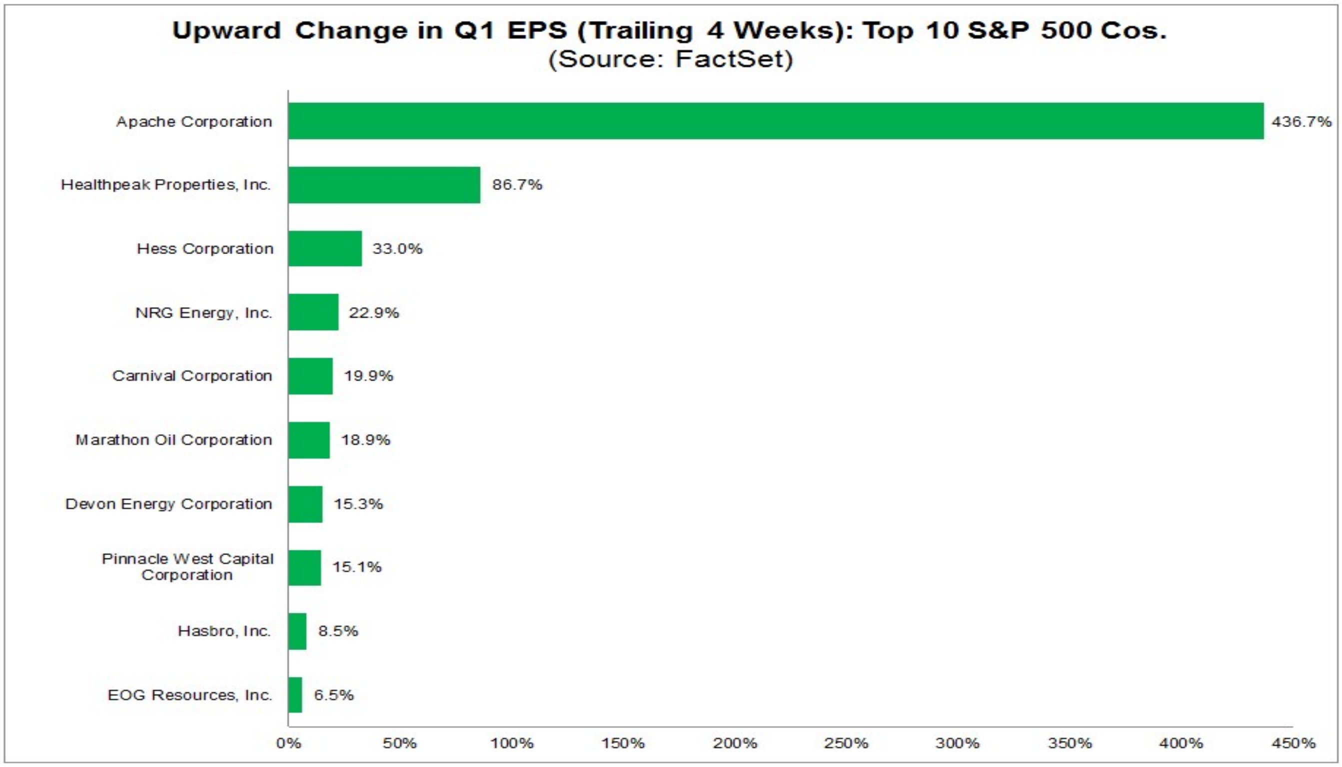
Q1 2020: EPS Guidance

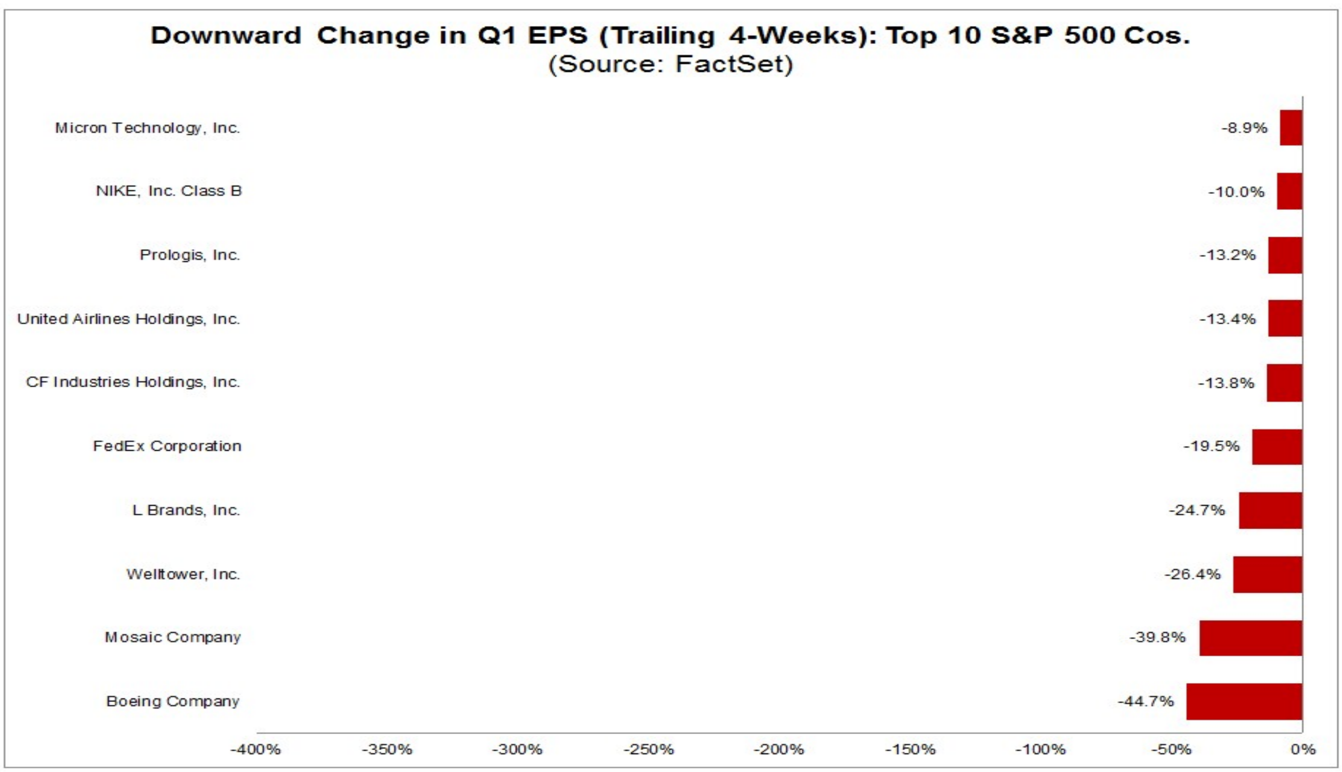




	Info. Technology	S&P 500	Consumer Disc.	Industrials	Comm. Services	Consumer Staples	Materials	Health Care	Real Estate	Utilities	Energy	Financials
Positive	33%	40%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	67%	60%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%

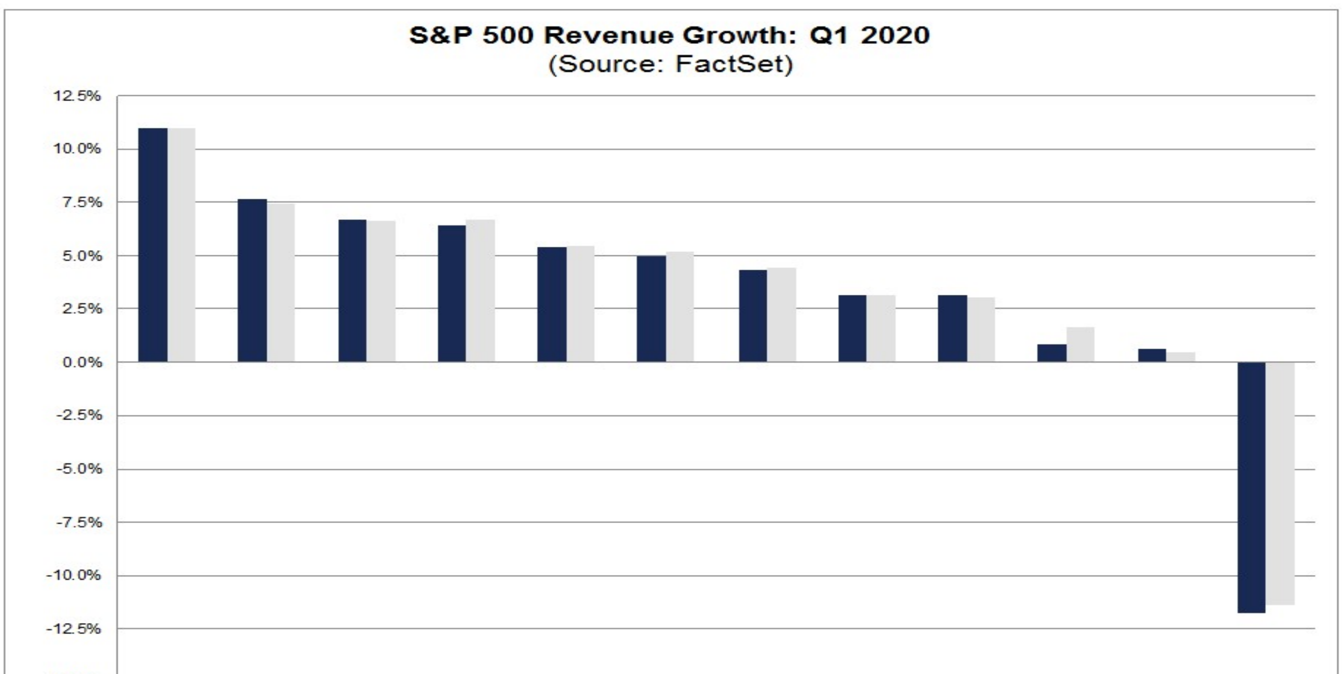
Q1 2020: EPS Revisions





Q1 2020: Growth

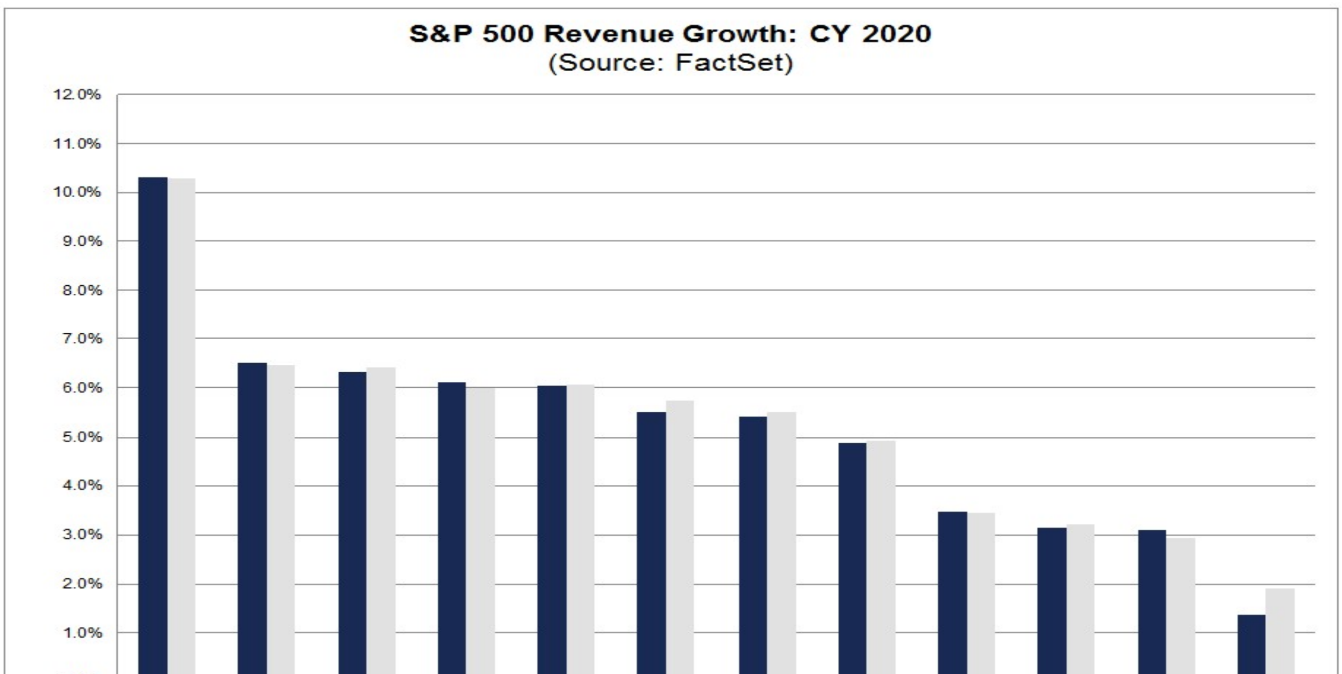
	Energy	Comm. Services	Health Care	S&P 500	Utilities	Info. Technology	Real Estate	Consumer Staples	Consumer Disc.	Financials	Industrials	Materials
Today	30.6%	17.0%	6.9%	4.6%	4.6%	4.5%	3.5%	2.9%	1.8%	-1.0%	-1.9%	-4.3%
31-Dec	30.0%	17.2%	7.3%	4.9%	4.7%	4.5%	3.5%	3.3%	1.9%	-1.2%	0.0%	-3.6%



	Comm. Services	Energy	Info. Technology	Health Care	Utilities	Consumer Disc.	S&P 500	Real Estate	Consumer Staples	Industrials	Financials	Materials
Today	11.0%	7.7%	6.7%	6.4%	5.4%	4.9%	4.3%	3.2%	3.1%	0.8%	0.6%	-11.8%
31-Dec	11.0%	7.4%	6.6%	6.7%	5.4%	5.2%	4.4%	3.1%	3.0%	1.6%	0.4%	-11.4%

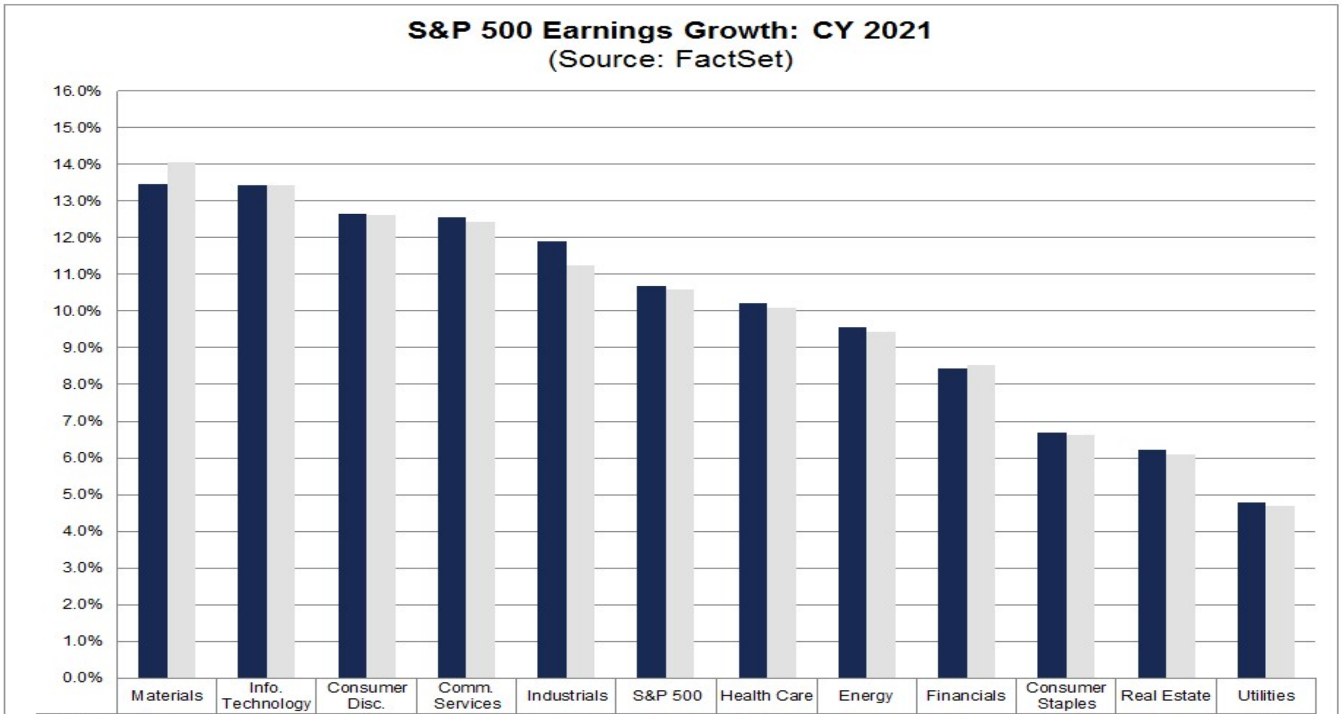
CY 2020: Growth

	Energy	Industrials	Materials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Consumer Staples	Real Estate	Financials	Utilities
Today	21.8%	14.4%	12.9%	12.2%	11.9%	9.4%	9.3%	8.5%	5.8%	5.6%	5.0%	5.0%
31-Dec	21.4%	15.1%	13.3%	12.2%	12.0%	9.5%	9.2%	8.6%	5.9%	5.6%	5.1%	5.0%

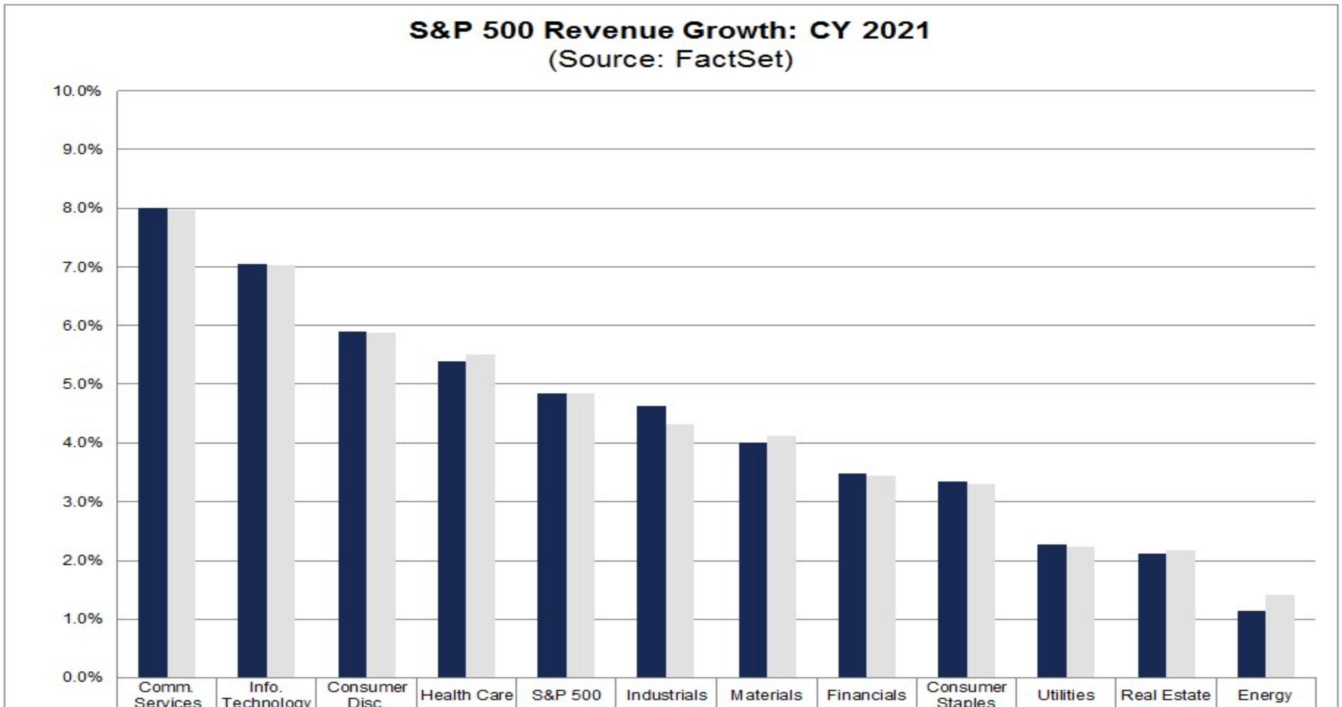


	Comm. Services	Info. Technology	Health Care	Energy	Consumer Disc.	Industrials	S&P 500	Real Estate	Consumer Staples	Materials	Utilities	Financials
Today	10.3%	6.5%	6.3%	6.1%	6.0%	5.5%	5.4%	4.9%	3.5%	3.2%	3.1%	1.4%
31-Dec	10.3%	6.4%	6.4%	6.0%	6.1%	5.7%	5.5%	4.9%	3.4%	3.2%	2.9%	1.9%

CY 2021: Growth

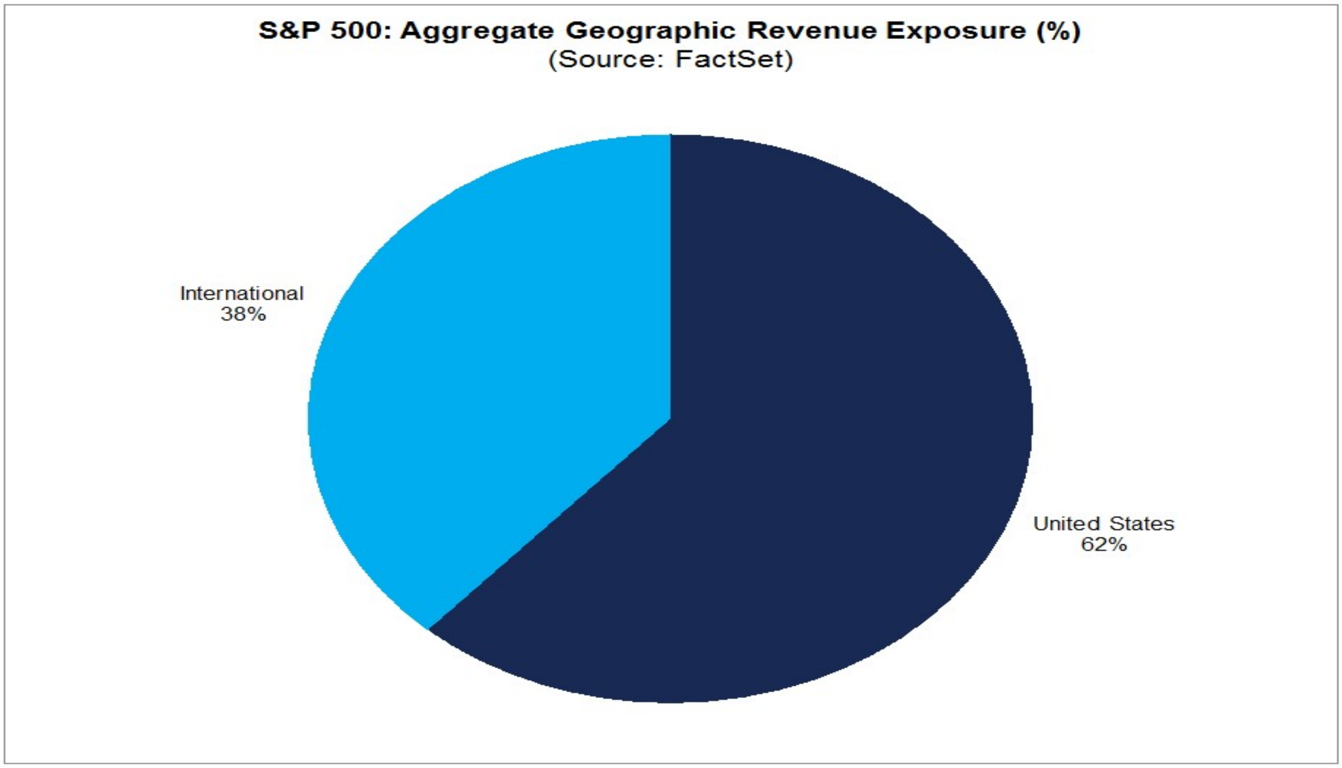


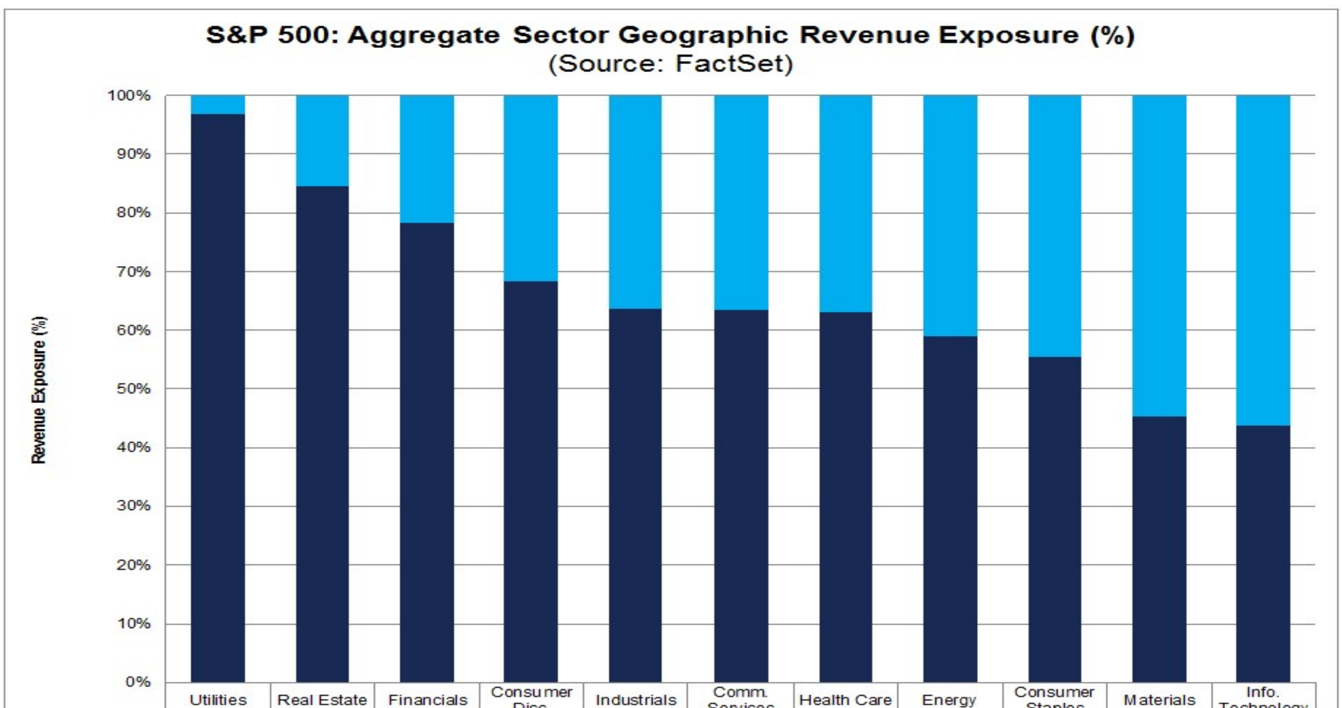
	Materials	Info. Technology	Consumer Disc.	Comm. Services	Industrials	S&P 500	Health Care	Energy	Financials	Consumer Staples	Real Estate	Utilities
Today	13.5%	13.4%	12.6%	12.5%	11.9%	10.7%	10.2%	9.5%	8.4%	6.7%	6.2%	4.8%
31-Dec	14.1%	13.4%	12.6%	12.4%	11.2%	10.6%	10.1%	9.4%	8.5%	6.6%	6.1%	4.7%



	Comm. Services	Info. Technology	Consumer Disc.	Health Care	S&P 500	Industrials	Materials	Financials	Consumer Staples	Utilities	Real Estate	Energy
Today	8.0%	7.0%	5.9%	5.4%	4.8%	4.6%	4.0%	3.5%	3.3%	2.3%	2.1%	1.1%
31-Dec	8.0%	7.0%	5.9%	5.5%	4.8%	4.3%	4.1%	3.4%	3.3%	2.2%	2.2%	1.4%

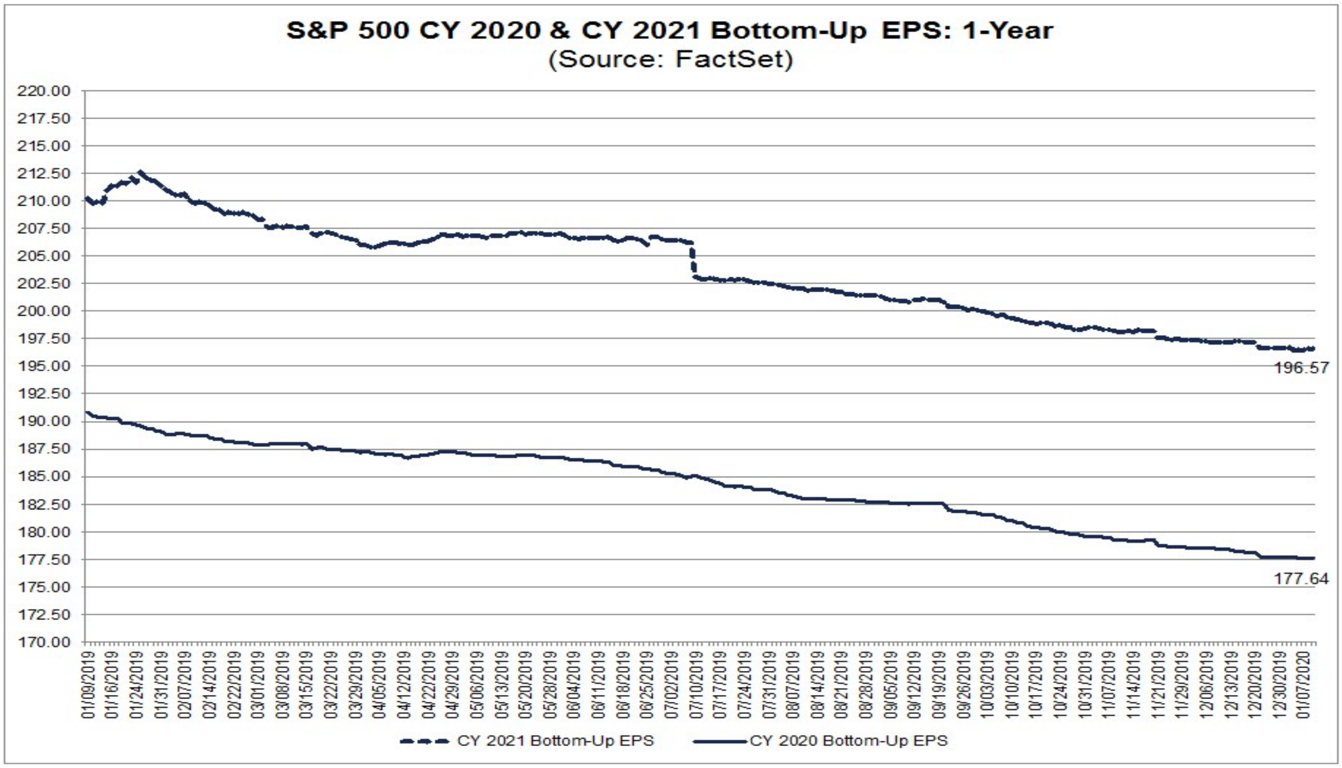
Geographic Revenue Exposure

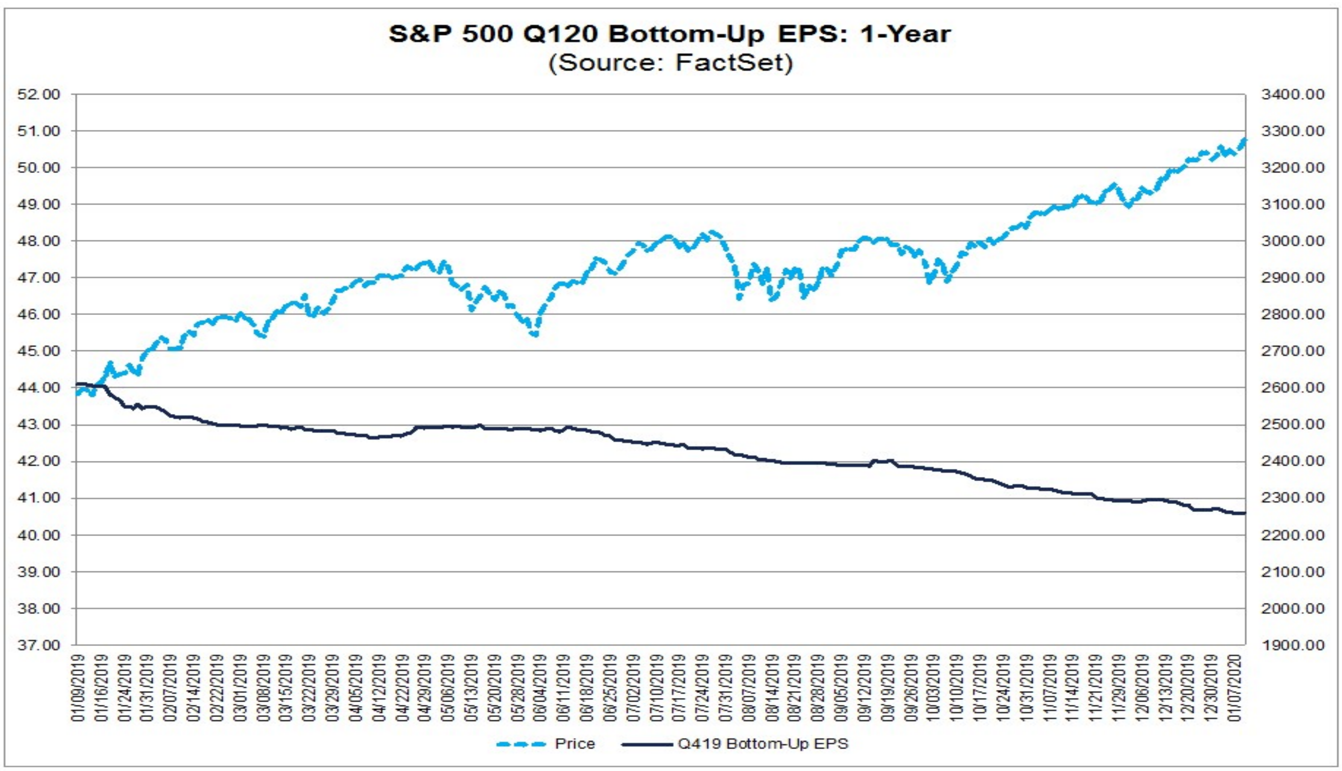




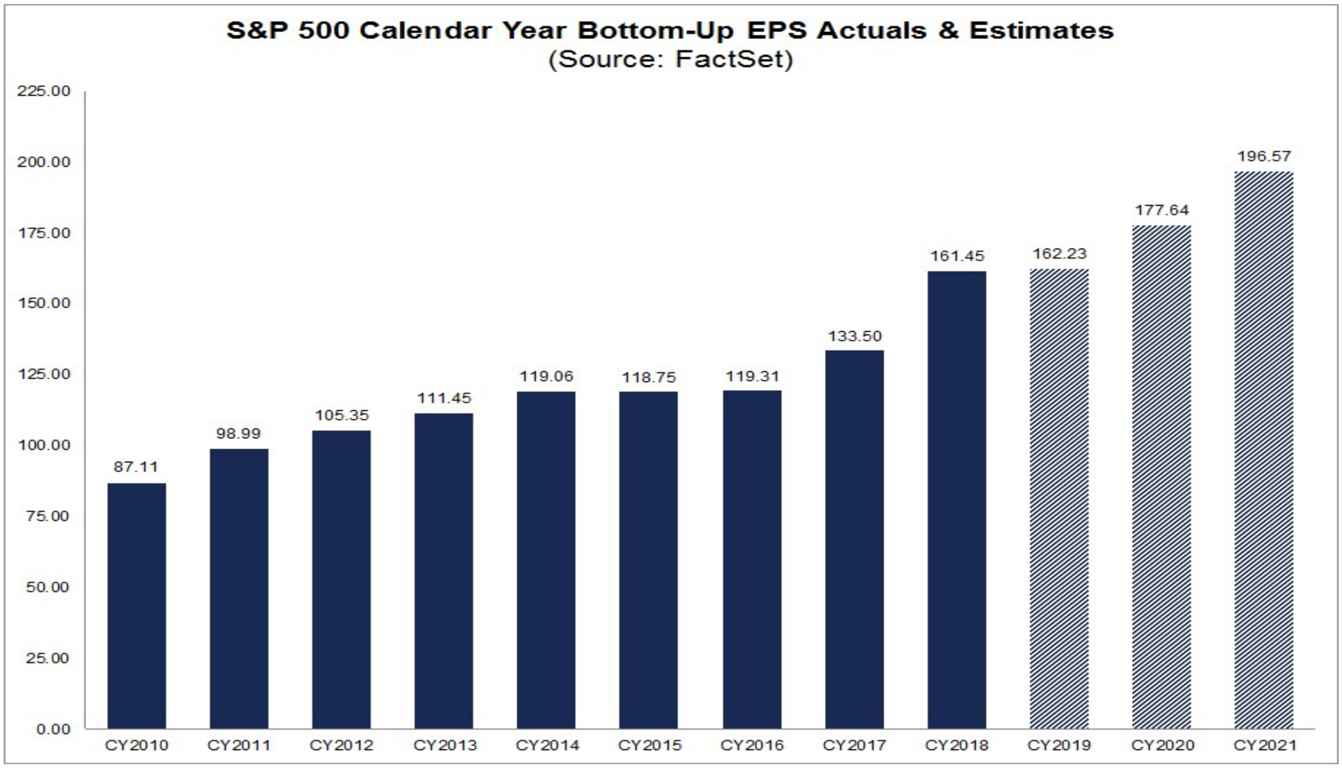
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Comm. Services	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	15%	22%	32%	36%	37%	37%	41%	45%	55%	56%
United States	97%	85%	78%	68%	64%	63%	63%	59%	55%	45%	44%

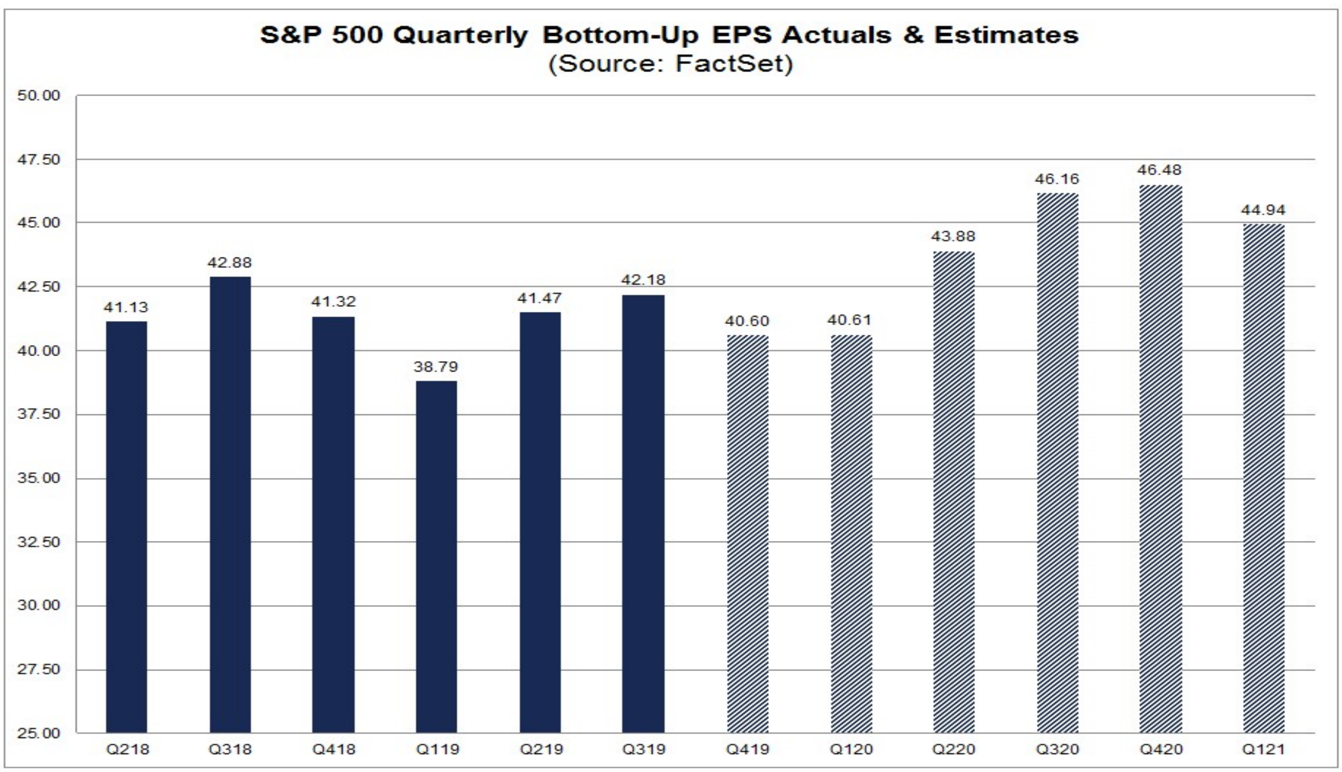
Bottom-up EPS Estimates: Revisions



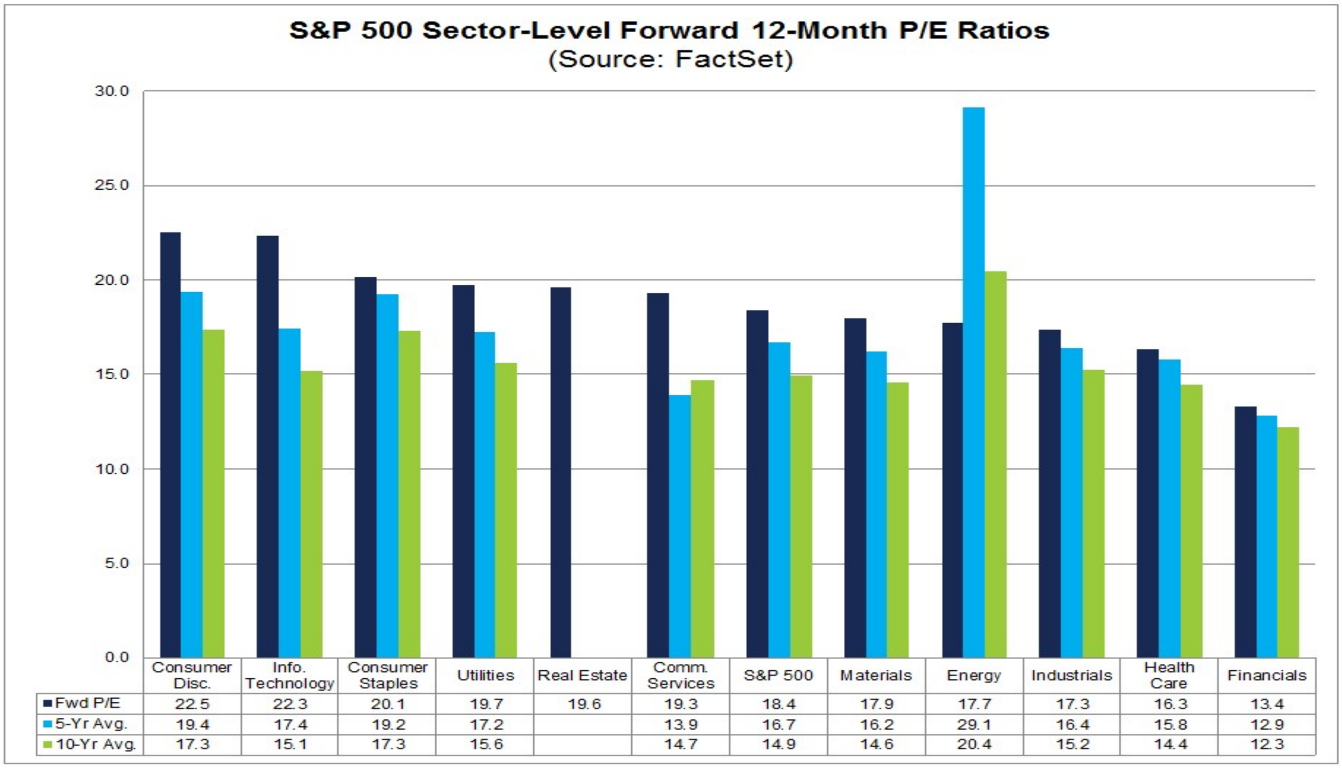


Bottom-up EPS Estimates: Current & Historical

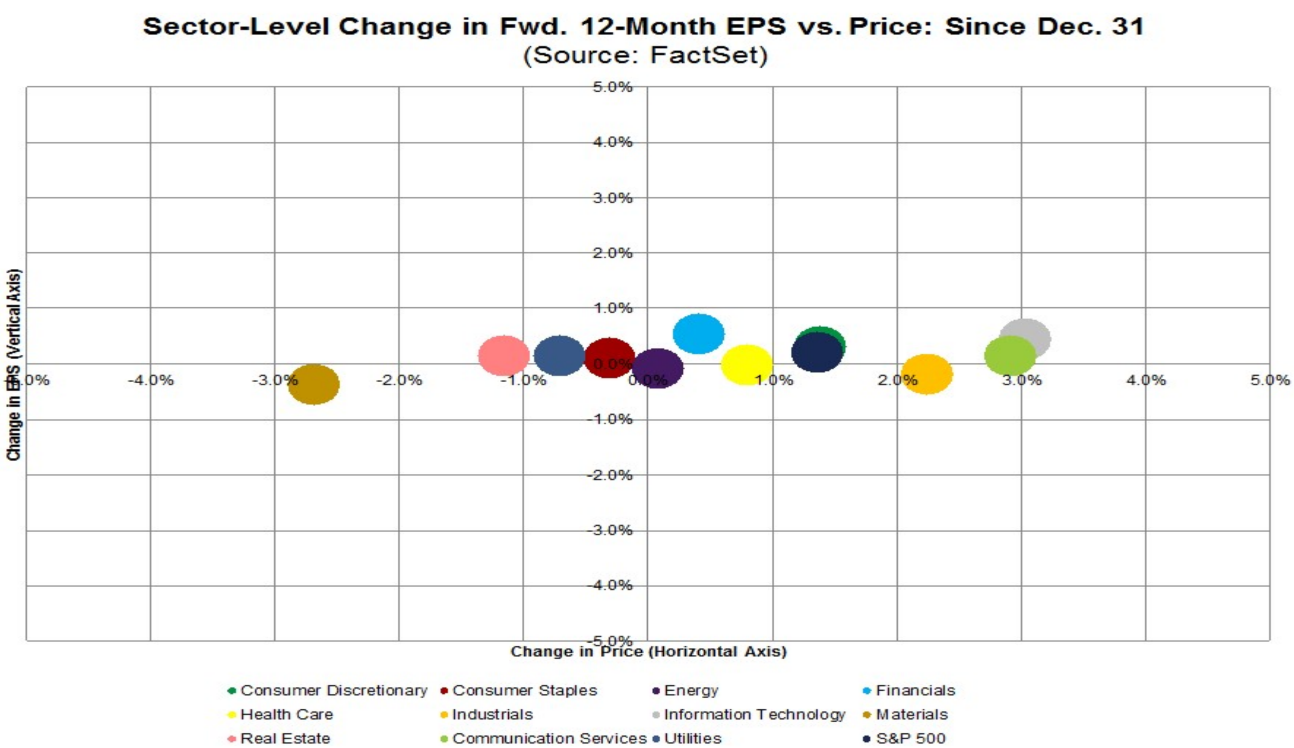




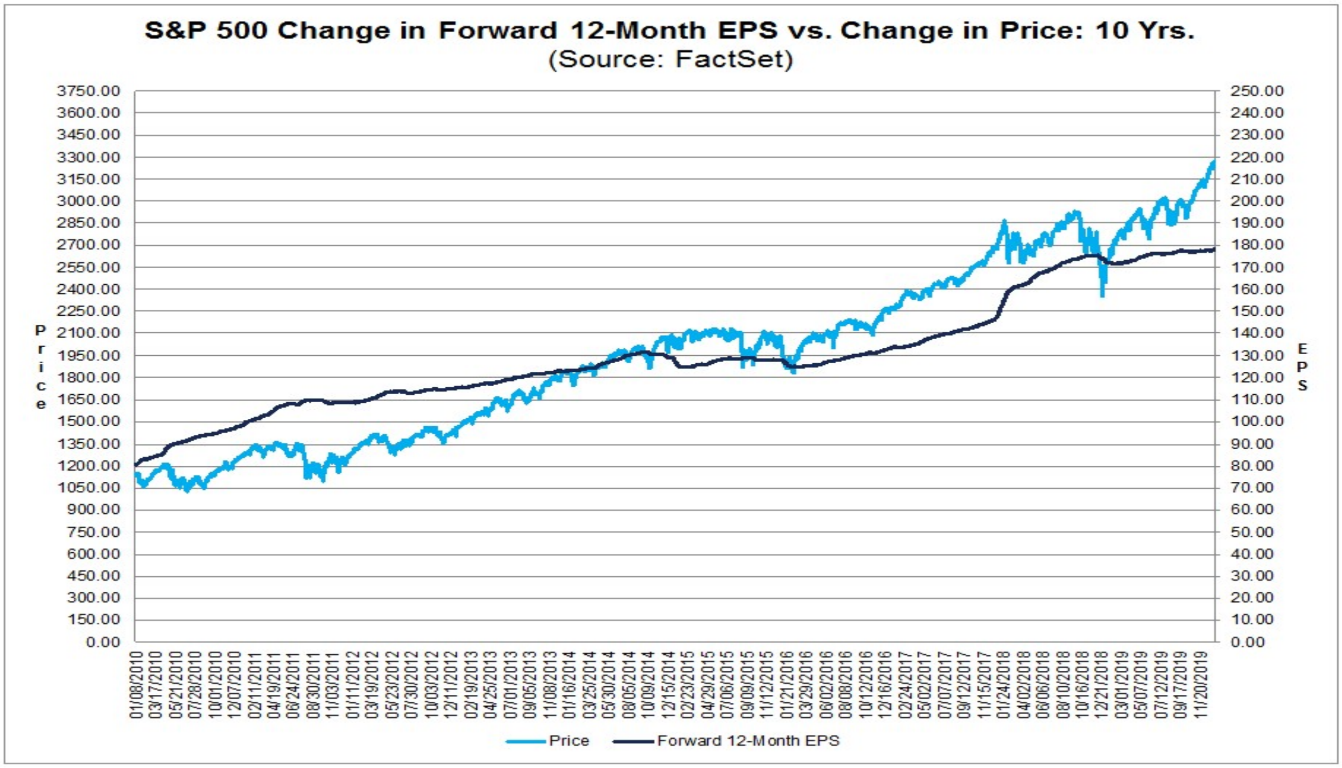
Forward 12M P/E Ratio: Sector Level

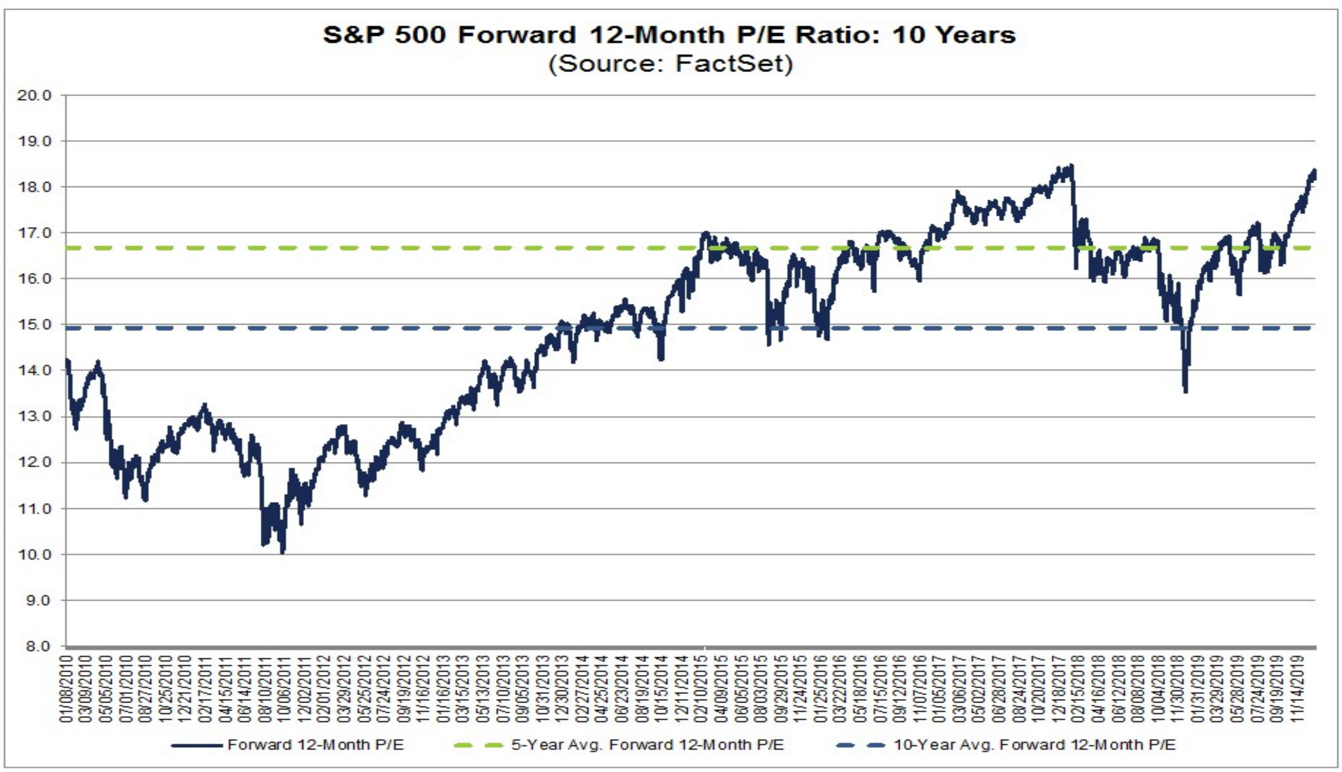


	Consumer Disc.	Info. Technology	Consumer Staples	Utilities	Real Estate	Comm. Services	S&P 500	Materials	Energy	Industrials	Health Care	Financials
Fwd P/E	22.5	22.3	20.1	19.7	19.6	19.3	18.4	17.9	17.7	17.3	16.3	13.4
5-Yr Avg.	19.4	17.4	19.2	17.2		13.9	16.7	16.2	29.1	16.4	15.8	12.9
10-Yr Avg.	17.3	15.1	17.3	15.6		14.7	14.9	14.6	20.4	15.2	14.4	12.3

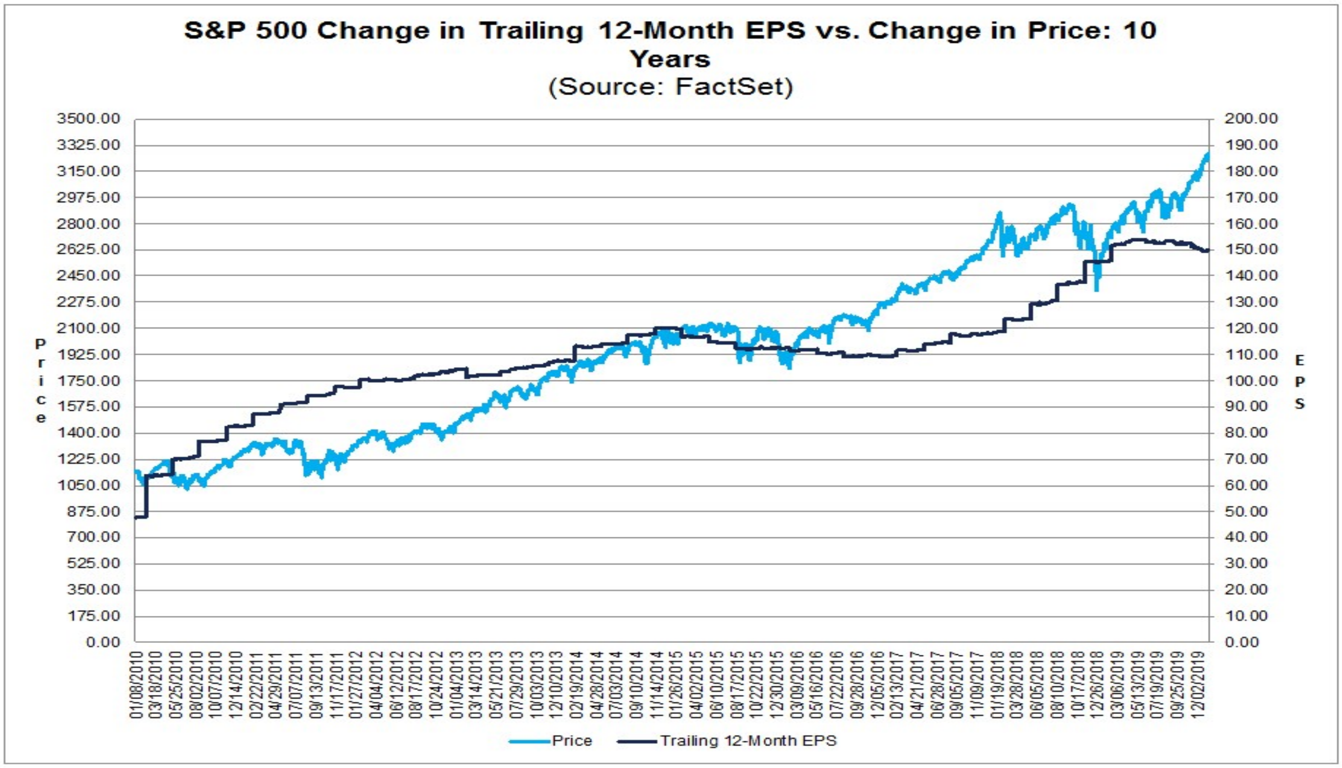


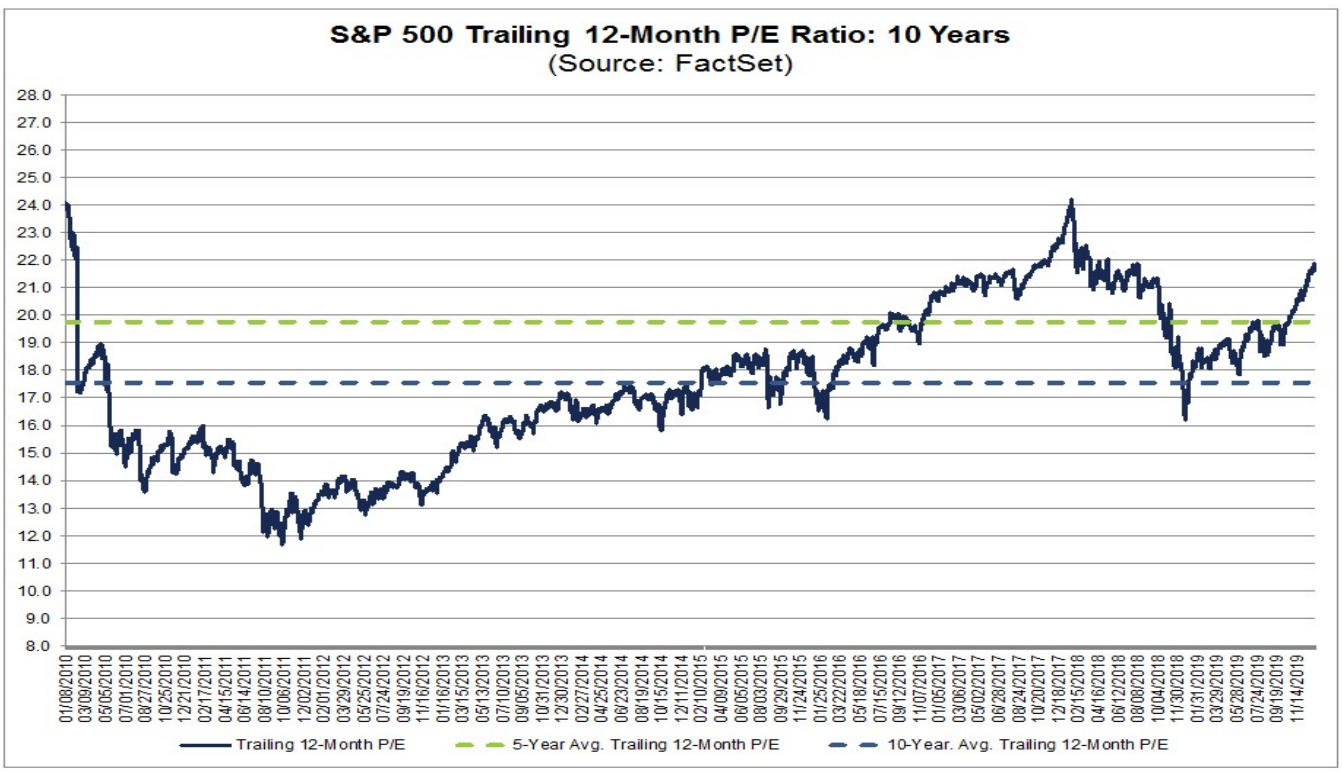
Forward 12M P/E Ratio: 10-Years



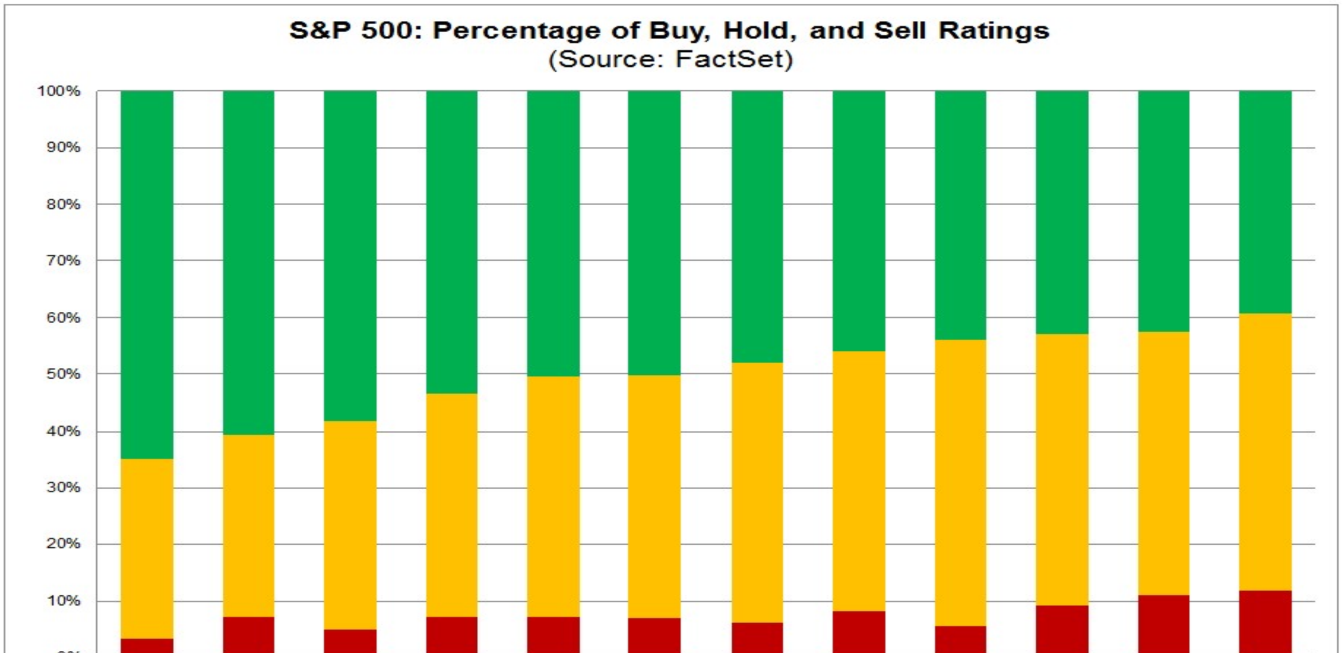


Trailing 12M P/E Ratio: 10-Years

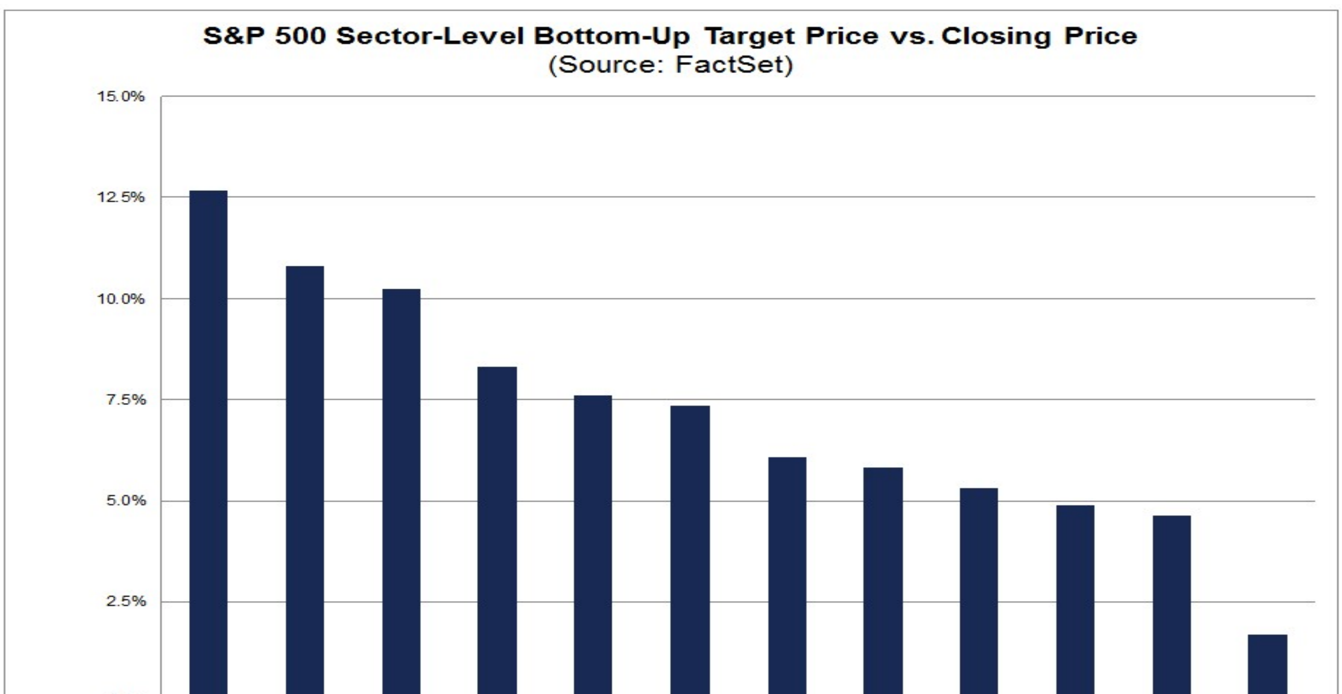




Targets & Ratings



	Energy	Comm. Services	Health Care	Info. Tech.	S&P 500	Materials	Consumer Disc.	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Buy	65%	61%	58%	53%	50%	50%	48%	46%	44%	43%	43%	39%
Hold	32%	32%	37%	39%	42%	43%	46%	46%	50%	48%	46%	49%
Sell	3%	7%	5%	7%	7%	7%	6%	8%	6%	9%	11%	12%



	Energy	Materials	Consumer Disc.	Comm. Services	Health Care	Real Estate	S&P 500	Financials	Consumer Staples	Industrials	Utilities	Info. Tech.
Target/Close	12.7%	10.8%	10.2%	8.3%	7.6%	7.4%	6.1%	5.8%	5.3%	4.9%	4.6%	1.7%

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