Key Metrics

- **Earnings Scorecard**: For Q4 2018 (with 11% of the companies in the S&P 500 reporting actual results for the quarter), 76% of S&P 500 companies have reported a positive EPS surprise and 56% have reported a positive revenue surprise.

- **Earnings Growth**: For Q4 2018, the blended earnings growth rate for the S&P 500 is 10.6%. If 10.6% is the actual growth rate for the quarter, it will mark the fifth straight quarter of double-digit earnings growth for the index.

- **Earnings Revisions**: On December 31, the estimated earnings growth rate for Q4 2018 was 12.2%. Six sectors have lower growth rates today (compared to December 31) due to downward revisions to EPS estimates and negative EPS surprises.

- **Earnings Guidance**: For Q1 2019, 6 S&P 500 companies have issued negative EPS guidance and 0 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 15.3. This P/E ratio is below the 5-year average (16.4) but above the 10-year average (14.6).
Topic of the Week:

Largest Cuts to S&P 500 EPS Estimates in 4 Years for 1st Half of 2019

Over the past three months (October 15 through January 15), analysts lowered earnings estimates for companies in the S&P 500 for the first half of 2019. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates of all the companies in the index for Q1) dropped by 5.0% (to $39.37 from $41.43) during this period. The Q2 bottom-up EPS estimate (which is an aggregation of the median EPS estimates of all the companies in the index for Q2) decreased by 4.0% (to $42.36 from $44.13) during this period. Combined (adding the Q1 2018 and Q2 2018 bottom-up EPS estimates), the bottom-up EPS estimate for the first half of 2019 (1H 2019) decreased by 4.5% (to $81.73 from $85.56) over the past three months. How significant is a 4.5% decline in the bottom-up EPS estimate for the first half of a year during this period? How does this decrease compare to previous years?

Over the past fifteen years (CY 2004 to CY 2018), the average decline in the 1H bottom-up EPS estimate from October 15 through January 15 has been 2.4%. Thus, the decline in the 1H 2019 bottom-up EPS estimate was larger than the average over this time frame. In fact, the 4.5% decline marked the largest decrease since 1H 2015 (-6.6%) and the fourth largest decrease since 1H 2004 over this period (October 15 to January 15).

At the sector level, nine of the eleven sectors recorded a decline in their 1H 2019 bottom-up EPS estimate during this time frame, led by the Energy sector. The 1H 2019 bottom-up EPS estimate for the Energy decreased by 29.7% (to $12.20 from $17.37) from October 15 through January 15. During this same period, the price of oil fell by 27.4% (to $52.11 from $71.78). Other sectors that witnessed significant declines in their 1H 2019 bottom-up EPS estimate during the past three months are the Information Technology (-7.2%) and Materials (-5.7%) sectors. It is interesting to note that these three sectors (Energy, Information Technology, and Materials) are three of the four sectors with the highest international revenue exposures in the index. The only two sectors that saw an increase in their 1H 2019 bottom-up EPS estimates over the past three months are the Utilities (+1.8%) and Health Care (+0.2%) sectors.

As the 1H 2019 bottom-up EPS estimate for the index declined during the past three months, the value of the S&P 500 also decreased during this same period. From October 15 through January 15, the value of the index decreased by 5.1% (to 2610.30 from 2750.79). Ten of the eleven sectors recorded a decrease in price during this period, led by the Energy sector (-14.4%).
Q4 Earnings Season: By The Numbers

Overview

To date, 11% of the companies in the S&P 500 have reported actual results for Q4 2018. In terms of earnings, more companies are reporting actual EPS above estimates (76%) compared to the 5-year average. In aggregate, companies are reporting earnings that are 3.2% above the estimates, which is below the 5-year average. In terms of sales, fewer companies (56%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are equal to estimates, which is below the 5-year average.

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for the fourth quarter is 10.6% today, which is slightly above the earnings growth rate of 10.5% last week. Positive earnings surprises reported companies in the Financials sector were mainly responsible for the small increase in the earnings growth rate during the week. If 10.6% is the actual growth rate for the quarter, it will mark the first time the index has not reported earnings growth above 20% since Q4 2017. However, it will also mark the fifth straight quarter of double-digit earnings growth. Ten of the eleven sectors are reporting (or are predicted to report) year-over-year earnings growth. Six sectors are reporting (or are expected to report) double-digit earnings growth, led by the Energy, Industrials, and Communication Services sectors.

The blended, year-over-year revenue growth rate for the fourth quarter is 6.0% today, which is slightly above the revenue growth rate of 5.8% last week. Upward revisions to revenue estimates for companies in the Health Care sector were mainly responsible for the small increase in the revenue growth rate during the week. Ten of the eleven sectors are reporting (or are projected to report) year-over-year growth in revenues. Two sectors are reporting (or are predicted to report) double-digit growth in revenues: Communications Services and Real Estate.

Looking at future quarters, analysts see low, single-digit earnings growth for the first three quarters of 2019.

The forward 12-month P/E ratio is 15.3, which is below the 5-year average but above the 10-year average.

During the upcoming week, 58 S&P 500 companies (including 6 Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: Fewer Companies Beating Revenue Estimates than Average

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

Overall, 11% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 2% have reported actual EPS equal to the mean EPS estimate, and 22% 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 (77%) average but above the 5-year (71%) average.

At the sector level, the Communication Services (100%), Consumer Discretionary (100%), Health Care (100%), and Materials (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (0%) and Financials (62%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+3.2%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.2% above expectations. This surprise percentage is below the 1-year (+6.0%) average and below the 5-year (+4.8%) average.

The Communication Services sector (+26.6%) is reporting the largest upside aggregate difference between actual earnings and estimated earnings. Within this sector, Netflix ($0.30 vs. $0.24) has reported the largest positive EPS surprise.

The Consumer Discretionary (+14.1%) sector is reporting the second largest upside aggregate difference between actual earnings and estimated earnings. Within this sector, Lennar ($2.42 vs. $1.93), V.F. Corporation ($1.31 vs. $1.10), and NIKE ($0.52 vs. $0.46) have reported large positive EPS surprises.
Market Rewarding Positive and Negative Earnings Surprises

To date, the market is rewarding both positive and negative earnings surprises. Companies that have reported positive earnings surprises for Q4 2018 have seen an average price increase of +1.0% two days before the earnings release through two days after the earnings. This percentage increase is equal to the 5-year average price increase of +1.0% during this same window for companies reporting upside earnings surprises.

Companies that have reported negative earnings surprises for Q4 2018 have seen an average price increase of +1.5% two days before the earnings release through two days after the earnings. This percentage increase is an improvement relative to the 5-year average price decrease of -2.6% during this same window for companies reporting downside earnings surprises.

Percentage of Companies Beating Revenue Estimates (56%) is Below 5-Year Average

In terms of revenues, 56% of companies have reported actual sales above estimated sales and 44% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1-year average (72%) and below the 5-year average (60%).

At the sector level, the Health Care (100%), Industrials (89%), and Information Technology (83%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (0%), Communication Services (0%), and Financial (38%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (0.0%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are equal (0.0%) to expectations. This surprise percentage is below the 1-year (+1.4%) average and below the 5-year (+0.7%) average.

The Energy (+0.8%) and Health Care (+0.8%) sectors are reporting the largest upside aggregate differences between actual revenues and estimated revenues. On the other hand, the Communication Services (-0.6%) and Materials (-0.5%) sectors are reporting the largest downside aggregate differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth Rate this Week Due to Financials Sector

Increase in Blended Earnings Growth This Week Due to Financials

The blended, year-over-year earnings growth rate for the fourth quarter is 10.6% today, which is slightly above the earnings growth rate of 10.5% last week. Positive earnings surprises reported by companies in the Financials sector were mainly responsible for the small increase in the earnings growth rate during the week.

In the Financials sector, positive EPS surprises reported by Bank of America ($0.70 vs. $0.63), Goldman Sachs ($6.04 vs. $4.30), American Express ($2.32 vs. $1.80), and Citigroup ($1.64 vs. $1.55), partially offset by negative EPS surprises reported by JPMorgan Chase ($1.98 vs. $2.20) and Morgan Stanley ($0.73 vs. $0.89) were significant contributors to the increase in the overall earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Financials sector improved to 10.7% from 9.5% during the week.

Increase in Blended Revenue Growth This Week due to Health Care

The blended, year-over-year revenue growth rate for the fourth quarter is 6.0% today, which is slightly above the revenue growth rate of 5.8% last week. Upward revisions to revenue estimates for companies in the Health Care sector were mainly responsible for the slight increase in the revenue growth rate during the week. In the Health Care sector, the increase in the mean revenue estimate for CVS Health (to $55.53 billion from $49.17 billion) was the largest contributor to the increase in the overall revenue growth rate during the week. As a result, the blended earnings growth rate for the Health Care sector improved to 7.3% from 5.9% during the week.
Utilities Sector Has Seen Largest Decrease in Earnings Growth since December 31

The blended, year-over-year earnings growth rate for Q4 2018 of 10.6% is below the estimate of 12.2% at the end of the fourth quarter (December 31). Four sectors have recorded an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Consumer Discretionary (to 11.9% from 11.1%) sector. Six sectors have recorded a decrease in earnings growth during this time due to downward revisions to earnings estimates and negative earnings surprises, led by the Utilities (to -6.4% from 0.9%) sector. The Health Care sector has recorded no change in earnings growth (10.8%) since December 31.

Technology & Energy Sectors Have Seen Largest Decreases in Revenue Growth since December 31

The blended, year-over-year revenue growth rate for Q4 2018 of 6.0% is below the estimate of 6.4% at the end of the fourth quarter (December 31). Three sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Health Care (to 7.3% from 5.9%) and Utilities (to 0.1% from -1.0%) sectors. Six sectors have recorded a decrease in revenue growth during this time due to downward revisions to revenue estimates and negative revenue surprises, led by the Information Technology (to 1.5% from 3.8%) and Energy (to 9.0% from 11.3%) sectors. The Consumer Staples sector has recorded no change in earnings growth (2.0%) since December 31.

Earnings Growth: 10.6%

The blended (year-over-year) earnings growth rate for Q4 2018 is 10.6%. If 10.6% is the final growth rate for the quarter, it will mark the first time the index has not reported earnings growth above 20% since Q4 2017. However, it will also mark the fifth straight quarter of double-digit earnings growth for the index. Ten of the eleven sectors are reporting (or are expected to report) year-over-year growth in earnings. Six sectors are reporting (or are projected to report) double-digit earnings growth, led by the Energy, Industrials, and Communication Services sectors.

Energy: Broad-Based Growth Expected

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 70.7%. At the sub-industry level, five of the six sub-industries in the sector are reporting (or are projected to report) earnings growth for the quarter: Oil & Gas Drilling (N/A due to $0 earnings in year-ago), Oil & Gas Exploration & Production (135%), Oil & Gas Refining & Marketing (94%), Oil & Gas Storage & Transportation (64%), and Integrated Oil & Gas (62%). The Oil & Gas Equipment & Services (-9%) sub-industry is the only sub-industry reporting a year-over-year decline in earnings in the sector.

Industrials: 8 of 12 Industries Reporting Double-Digit Growth

The Industrials sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 15.1%. At the industry level, 9 of the 12 industries in this sector are reporting (or are predicted to report) earnings growth for the quarter. Eight of these nine industries are reporting (or are projected to report) double-digit growth in earnings, led by the Construction & Engineering (54%), Trading Companies & Distributors (39%), and Road & Rail (33%) industries.

At the company level, General Electric is the largest detractor to earnings growth for the sector. The mean EPS estimate for GE for Q4 2018 is $0.22, compared to actual EPS of $0.27 in the year-ago quarter. If this company were excluded, the blended earnings growth rate for the sector would improve to 18.0% from 15.1%.

Communication Services: 2 of 4 Industries Expected to Report Double-Digit Growth

The Communication Services sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 13.7%. At the industry level, three of the four industries in this sector are predicted to report earnings growth for the quarter. Two of these three industries are projected to report double-digit growth in earnings: Diversified Telecommunications Services (31%) and Media (25%).
Revenue Growth: 6.0%

The blended (year-over-year) revenue growth rate for Q4 2018 is 6.0%. Ten of the eleven sectors are reporting (or are expected to report) year-over-year growth in revenues. Two sectors are reporting (or are projected to report) double-digit growth in revenues: Communication Services and Real Estate.

Communication Services: Alphabet Leads Growth

The Communication Services sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 20.2%. At the industry level, all four industries in this sector are reporting (or are predicted to report) revenue growth. Three of these four industries are reporting (or are projected to report) double-digit revenue growth: Interactive Media & Services (45%), Media (16%), and Diversified Telecommunication Services (10%).

At the company level, Alphabet is projected to be the largest contributor to revenue growth for this sector. The mean revenue estimate for Alphabet for Q4 4018 is $39.1 billion, compared to revenue of $25.9 billion in the year-ago quarter. Because Alphabet is a dual-listed ticker in the index, the company’s revenue numbers are counted twice in the growth rate calculation (once for GOOG and once for GOOGL). If this company were excluded, the blended revenue growth rate for this sector would fall to 11.9% from 20.2%.

Real Estate: CBRE Group Leads Growth

The Real Estate sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 10.8%. At the company level, CBRE Group is projected to be the largest contributor to revenue growth for the sector. The mean revenue estimate for CBRE Group for Q4 2018 is $5.97 billion, compared to revenue of $4.34 billion in the year-ago quarter. If this company were excluded, the estimated revenue growth rate for the sector would fall to 5.2% from 10.8%.
Looking Ahead: Forward Estimates and Valuation

Guidance: Higher % of S&P 500 Companies Issuing Negative EPS Guidance for Q1 than Average

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, 6 companies in the index have issued EPS guidance for Q1 2019. Of these 6 companies, 6 have issued negative EPS guidance and 0 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 100% (6 out of 6), which is above the 5-year average of 71%.

Low, Single-Digit Growth Projected for First 3 Quarters of 2019

For the fourth quarter, companies are reporting earnings growth of 10.6% and revenue growth of 6.0%. For CY 2018, companies are reporting earnings growth of 19.9% and revenue growth of 8.8%. However, analysts expect low, single-digit earnings growth for the first three quarters of 2019.

For Q1 2019, analysts are projecting earnings growth of 1.3% and revenue growth of 6.2%.
For Q2 2019, analysts are projecting earnings growth of 2.6% and revenue growth of 5.3%.
For Q3 2019, analysts are projecting earnings growth of 3.4% and revenue growth of 5.1%.
For Q4 2019, analysts are projecting earnings growth of 11.4% and revenue growth of 6.4%.
For CY 2019, analysts are projecting earnings growth of 6.5% and revenue growth of 5.3%.

Valuation: Forward P/E Ratio is 15.3, Above the 10-Year Average (14.6)

The forward 12-month P/E ratio is 15.3. This P/E ratio is below the 5-year average of 16.4 but above the 10-year average of 14.6. It is also above the forward 12-month P/E ratio of 14.4 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has decreased by 5.2%, while the forward 12-month EPS estimate has decreased by 0.9%.

At the sector level, the Consumer Discretionary (19.5) sector has the highest forward 12-month P/E ratio, while the Financials (11.3) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 16% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3048.93, which is 15.8% above the closing price of 2635.96. At the sector level, the Energy (+22.0%) 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 Utilities (+5.1%) 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 11,133 ratings on stocks in the S&P 500. Of these 11,133 ratings, 54.8% are Buy ratings, 39.8% are Hold ratings, and 5.4% are Sell ratings. At the sector level, the Energy (67%) sector has the highest percentage of Buy ratings, while the Consumer Staples (41%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 58

During the upcoming week, 58 S&P 500 companies (including 6 Dow 30 components) are scheduled to report results for the fourth quarter.
Q4 2018: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q4 2018
(Source: FactSet)

S&P 500 Revenues Above, In-Line, Below Estimates: Q4 2018
(Source: FactSet)
Q4 2018: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q4 2018
(Source: FactSet)

- Comm. Services: 20.6%
- Consumer Disc.: 14.1%
- Materials: 5.0%
- Industrials: 4.0%
- Consumer Staples: 4.7%
- S&P 500: 3.2%
- Financials: 2.8%
- Health Care: 2.2%
- Info. Technology: 1.8%
- Energy: -1.4%
- Utilities: 0.0%
- Real Estate: 0.0%

S&P 500 Sector-Level Revenue Surprise %: Q4 2018
(Source: FactSet)

- Energy: 0.8%
- Health Care: 0.6%
- Consumer Disc.: 0.7%
- Industrials: 0.5%
- Info. Technology: 0.3%
- S&P 500: 0.0%
- Consumer Staples: 0.0%
- Materials: -0.1%
- Comm. Services: -0.5%
- Financials: -0.6%
- Real Estate: 0.0%
- Utilities: 0.0%
Q4 2018: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q4 2018
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Earnings Insight

Q4 2018: Scorecard

**S&P 500 Actual EPS Surprise %: Top 10 Q4 Actual EPS Surprises**  
(Source: FactSet)

- Goldman Sachs Group, Inc.: 40.4%
- American Express Company: 29.1%
- Netflix, Inc.: 26.8%
- Lennar Corporation Class A: 25.4%
- J.B. Hunt Transport Services, Inc.: 20.0%
- V.F. Corporation: 19.3%
- Conagra Brands, Inc.: 18.5%
- United Continental Holdings, Inc.: 18.2%
- Constellation Brands, Inc. Class A: 14.6%
- NIKE, Inc. Class B: 12.7%

**S&P 500 Actual EPS Surprise %: Bottom 10 Q4 Actual EPS Surprises**  
(Source: FactSet)

- Costco Wholesale Corporation: -1.5%
- Adobe Inc.: -2.9%
- Kinder Morgan Inc Class P: -2.0%
- BlackRock, Inc.: -3.2%
- Regions Financial Corporation: -3.3%
- KeyCorp: -4.9%
- BB&T Corporation: -7.0%
- Bank of New York Mellon Corporation: -9.1%
- JPMorgan Chase & Co.: -10.0%
- Morgan Stanley: -11.0%
Q4 2018: Projected EPS Surprises (Sharp Estimates)

Number (#) of S&P 500 Companies with Q4 2018 Sharp Estimates
(Source: FactSet)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Upside Sharp Estimates</th>
<th>Downside Sharp Estimates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>10</td>
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<tr>
<td>Consumer Disc</td>
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<td>1</td>
</tr>
<tr>
<td>Industrials</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Energy</td>
<td>10</td>
<td>5</td>
</tr>
<tr>
<td>Financials</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Comm Services</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Utilities</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Materials</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Percentage (%) of S&P 500 Companies with Q4 2018 Sharp Estimates
(Source: FactSet)

[Graph showing percentage distribution across different industries]
Earnings Insight

Q4 2018: Growth

S&P 500 Earnings Growth: Q4 2018
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2018
(Source: FactSet)
Earnings Insight

Q4 2018: Net Profit Margin

S&P 500 Net Profit Margins: Q418 vs. Q417
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q418 vs. Q417
(Source: FactSet)
CY 2018: Growth

S&P 500 Earnings Growth: CY 2018
(Source: FactSet)

S&P 500 Revenue Growth: CY 2018
(Source: FactSet)
Q1 2019: EPS Guidance

Number (#) of S&P 500 Cos. with Q1 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q1 Positive & Negative Guidance
(Source: FactSet)
### Q1 2019: EPS Revisions

#### Upward Change in Q1 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apartment Investment and Management Company</td>
<td>55.6%</td>
</tr>
<tr>
<td>Incyte Corporation</td>
<td>36.6%</td>
</tr>
<tr>
<td>United Continental Holdings, Inc.</td>
<td>35.0%</td>
</tr>
<tr>
<td>Alaska Air Group, Inc.</td>
<td>21.3%</td>
</tr>
<tr>
<td>News Corporation Class A</td>
<td>14.5%</td>
</tr>
<tr>
<td>News Corporation Class B</td>
<td>14.5%</td>
</tr>
<tr>
<td>Linde plc</td>
<td>11.4%</td>
</tr>
<tr>
<td>Newell Brands Inc</td>
<td>6.4%</td>
</tr>
<tr>
<td>DTE Energy Company</td>
<td>6.1%</td>
</tr>
<tr>
<td>Northrop Grumman Corporation</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

#### Downward Change in Q1 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>EQG Resources, Inc.</td>
<td>-20.5%</td>
</tr>
<tr>
<td>Valero Energy Corporation</td>
<td>-31.9%</td>
</tr>
<tr>
<td>Nettie, Inc.</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Marathon Petroleum Corporation</td>
<td>-33.5%</td>
</tr>
<tr>
<td>ConocoPhillips</td>
<td>-34.2%</td>
</tr>
<tr>
<td>Noble Energy, Inc.</td>
<td>-54.7%</td>
</tr>
<tr>
<td>Anadarko Petroleum Corporation</td>
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<td>Marathon Oil Corporation</td>
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<td>Apache Corporation</td>
<td>-92.2%</td>
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<tr>
<td>Hess Corporation</td>
<td>-1389.3%</td>
</tr>
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Q1 2019: Growth

S&P 500 Earnings Growth: Q1 2019
(Source: FactSet)

S&P 500 Revenue Growth: Q1 2019
(Source: FactSet)
CY 2019: Growth

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>12/31</th>
<th>12/31-Dec</th>
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</thead>
<tbody>
<tr>
<td>Industrials</td>
<td>11.2%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>9.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Financials</td>
<td>8.4%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>7.4%</td>
<td>7.5%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Comm Services</td>
<td>6.1%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>6.0%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>4.9%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>3.9%</td>
<td>4.3%</td>
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<tr>
<td>Materials</td>
<td>3.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>3.5%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Energy</td>
<td>-3.1%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>12/31</th>
<th>12/31-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>12.2%</td>
<td>12.7%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>10.1%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>5.5%</td>
<td>5.7%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>5.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Industrials</td>
<td>4.9%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>4.3%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Financials</td>
<td>3.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Utilities</td>
<td>3.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>3.2%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Materials</td>
<td>3.0%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Energy</td>
<td>-2.5%</td>
<td>-4.0%</td>
</tr>
</tbody>
</table>
CY 2020: Growth

S&P 500 Earnings Growth: CY 2020
(Source: FactSet)

S&P 500 Revenue Growth: CY 2020
(Source: FactSet)
Geographic Revenue Exposure

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

- United States: 63%
- International: 37%

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>International</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>13%</td>
<td>87%</td>
</tr>
<tr>
<td>Financials</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>32%</td>
<td>68%</td>
</tr>
<tr>
<td>Comm Services</td>
<td>35%</td>
<td>95%</td>
</tr>
<tr>
<td>Industrials</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Health Care</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Energy</td>
<td>42%</td>
<td>50%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>Materials</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>59%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Bottom-up EPS Estimates: Revisions

(Source: FactSet)

S&P 500 Q119 Bottom-Up EPS: 1-Year
(Source: FactSet)
Bottom-up EPS Estimates: Current & Historical

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

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

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

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec. 31
(Source: FactSet)
Earnings Insight

Forward 12M P/E Ratio: 10-Years

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

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

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

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