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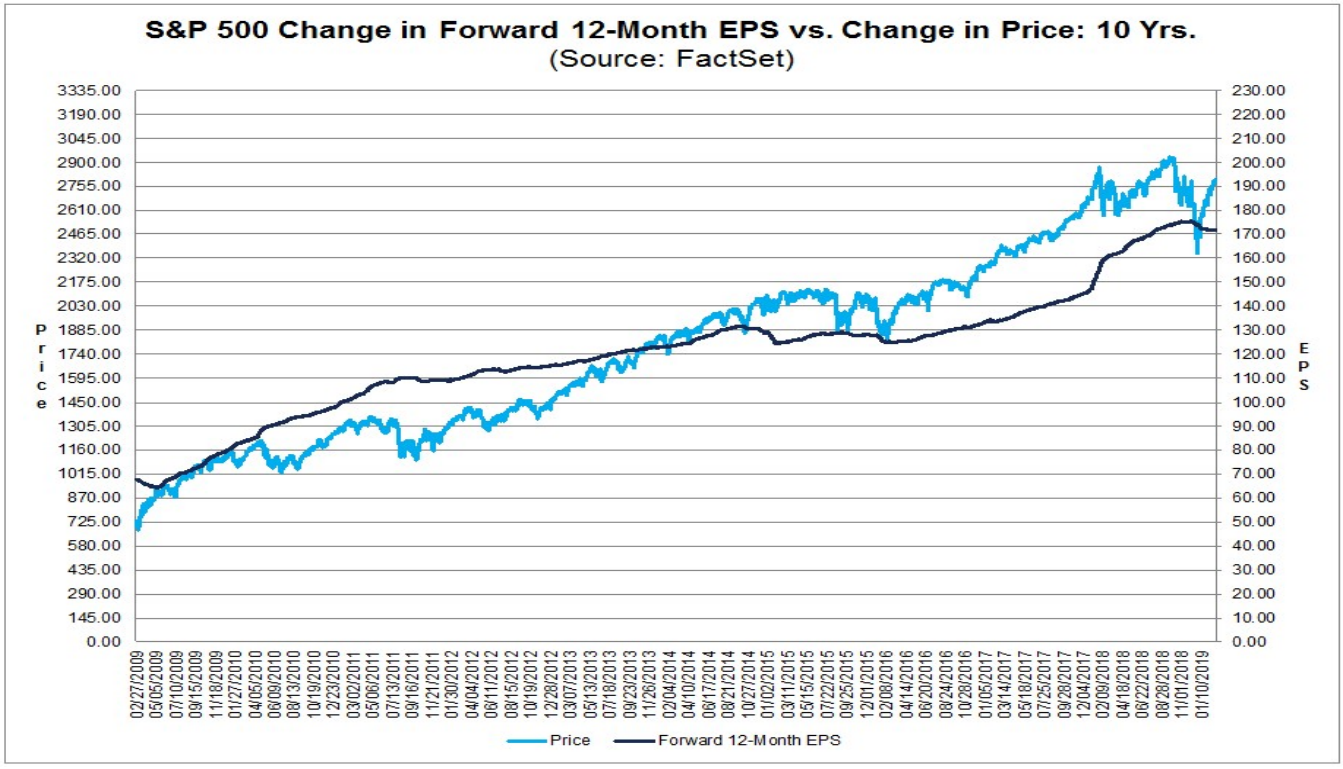
Key Metrics

- **Earnings Scorecard:** For Q4 2018 (with 96% of the companies in the S&P 500 reporting actual results for the quarter), 69% of S&P 500 companies have reported a positive EPS surprise and 61% have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2018, the blended earnings growth rate for the S&P 500 is 13.1%. If 13.1% 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 12.1%. Seven sectors have higher growth rates today (compared to December 31) due to upward revisions to EPS estimates and positive EPS surprises.
- **Earnings Guidance:** For Q1 2019, 73 S&P 500 companies have issued negative EPS guidance and 26 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 16.2. This P/E ratio is below the 5-year average (16.4) but above the 10-year average (14.7).



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Topic of the Week:

Largest Cuts to S&P 500 EPS Estimates Since Q1 2016

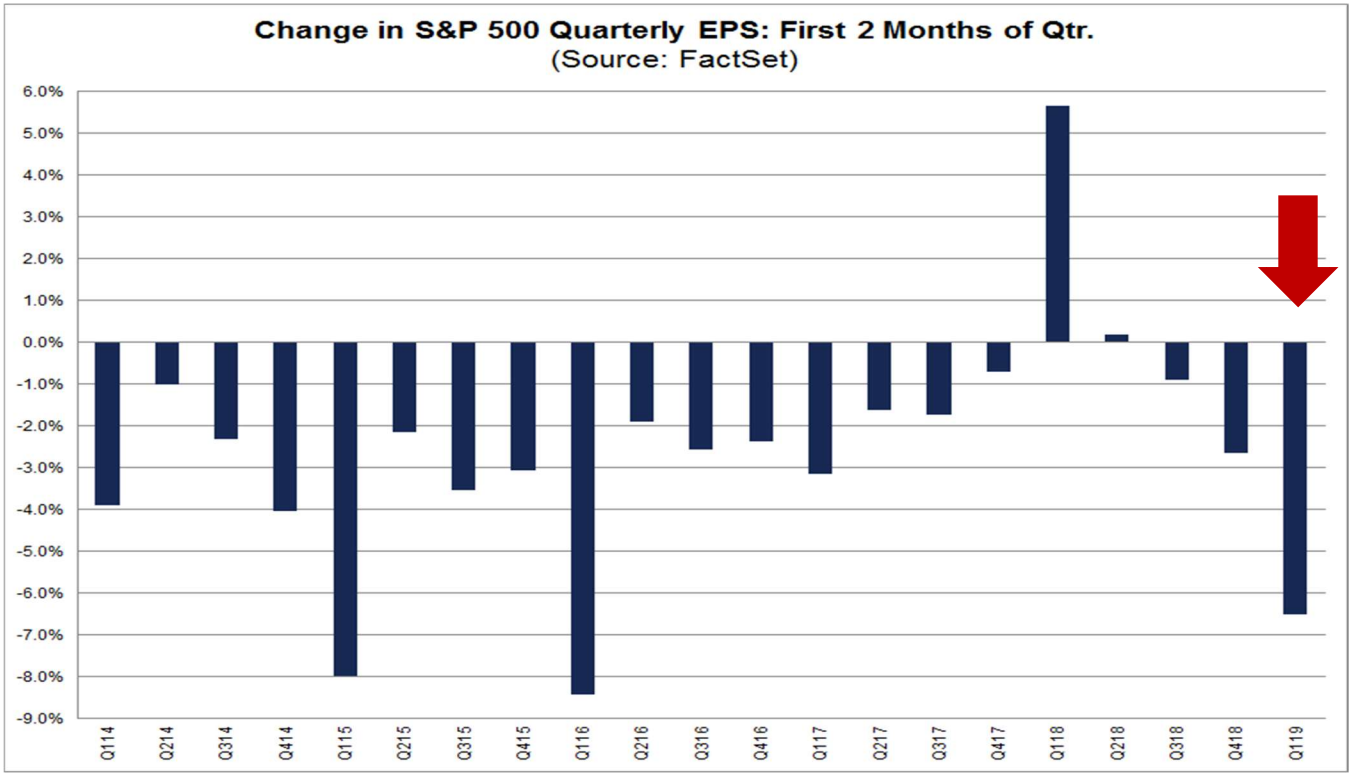
During the first two months of the first quarter, analysts lowered earnings estimates for companies in the S&P 500 for the quarter. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates of all the companies in the index) dropped by 6.5% (to $37.60 from $40.21) during this period. How significant is a 6.5% decline in the bottom-up EPS estimate during the first two months of a quarter? How does this decrease compare to recent quarters?

During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.4%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.8%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.9%. Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the first quarter was larger than the 5-year average, the 10-year average, and the 15-year average.

In fact, the first quarter marked the largest percentage decline in the bottom-up EPS estimate over the first two months of a quarter since Q1 2016 (-8.4%).

At the sector level, all eleven sectors recorded a decline in their bottom-up EPS estimate during the first two months of the quarter, led by the Energy (-32.3%), Materials (-15.2%), and Information Technology (-8.2%) sectors. Overall, nine sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 5-year average, eight sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 10-year average, and seven sectors recorded a larger decrease in their bottom-up EPS estimate relative to their 15-year average.

As the bottom-up EPS estimate for the index declined during the first two months of the quarter, the value of the S&P 500 increased during this same period. From December 31 through Feburary 28, the value of the index increased by 11.1% (to 2784.49 from 2506.85). The first quarter marked the 15th time in the past 20 quarters in which the bottom-up EPS estimate decreased while the value of the index increased during the first two months of the quarter.



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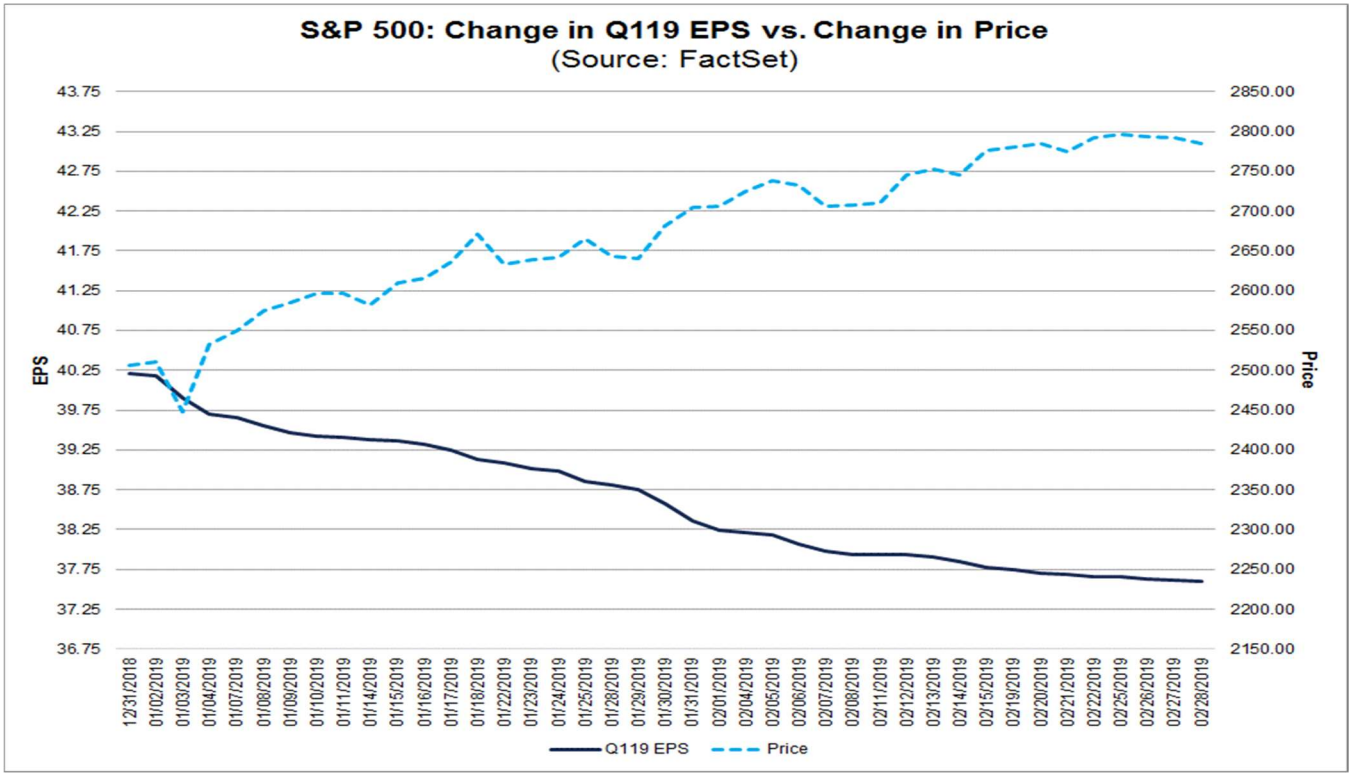

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Q4 Earnings Season: By The Numbers

Overview

To date, 96% of the companies in the S&P 500 have reported actual results for Q4 2018. In terms of earnings, the percentage of companies reporting actual EPS above estimates (69%) is below the 5-year average. In aggregate, companies are reporting earnings that are 3.3% above the estimates, which is also below the 5-year average. In terms of revenues, the percentage of companies reporting actual revenues above estimates (61%) is slightly above the 5-year average. In aggregate, companies are reporting revenues that are 0.3% above the 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 13.1% today, which is equal to the earnings growth rate of 13.1% last week. If 13.1% 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 for the index. All eleven sectors are reporting year-over-year earnings growth. Five sectors are reporting double-digit earnings growth, led by the Energy, Communication Services, and Consumer Discretionary sectors.

The blended, year-over-year revenue growth rate for the fourth quarter is 5.8% today, which is below the revenue growth rate of 6.6% last week. The negative revenue surprise reported by Berkshire Hathaway was mainly responsible for the decrease in the revenue growth rate during the week. Ten of the eleven sectors are reporting year-over-year growth in revenues. Three sectors are reporting double-digit growth in revenues: Communications Services, Real Estate, and Energy. The Financials sector is the only sector reporting a year-over-year decline in revenues.

Looking ahead, analysts predict a decline in earnings for the first quarter (-3.2%) of 2019 and low single-digit growth in earnings for the second (0.3%) and third (1.9%) quarters of 2019.

The forward 12-month P/E ratio is 16.2, which is below the 5-year average but above the 10-year average.

During the upcoming week, ten S&P 500 companies are scheduled to report results for the fourth quarter and one S&P 500 company is scheduled to report results for the first quarter.

Scorecard: Below Average Number and Magnitude of Positive EPS Surprises

Percentage of Companies Beating EPS Estimates (69%) is Below 5-Year Average

Overall, 96% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 69% have reported actual EPS above the mean EPS estimate, 9% 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 and below the 5-year (71%) average.

At the sector level, the Information Technology (85%) sector has the highest percentage of companies reporting earnings above estimates, while the Real Estate (44%) sector has the lowest percentage of companies reporting earnings (FFO for Real Estate) above estimates.

Earnings Surprise Percentage (+3.3%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.3% above expectations. This surprise percentage is below the 1-year (+6.0%) average and below the 5-year (+4.8%) average.

The Energy sector (+12.9%) is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Valero Energy ($2.12 vs. $1.13) and Phillips 66 ($4.87 vs. $2.86) have reported the largest positive EPS surprises.

The Communication Services (+8.2%) sector reported the second largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix ($0.30 vs. $0.24), Twitter ($0.31 vs. $0.25), News Corporation ($0.18 vs. $0.14), and Walt Disney ($1.84 vs. $1.54) have reported the largest positive EPS surprises.

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The Materials (-0.7%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, CF Industries Holdings ($0.21 vs. $0.44), Freeport-McMoRan ($0.11 vs. $0.18), and LyondellBasell Industries ($1.80 vs. $2.27) have reported the largest negative EPS surprises.

Market Rewarding Positive EPS Surprises More and Punishing Negative EPS Surprises Less

To date, the market is rewarding positive earnings surprises more than average and punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q4 2018 have seen an average price increase of +2.1% two days before the earnings release through two days after the earnings release. This percentage increase is larger than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2018 have seen an average price decrease of -0.8% two days before the earnings release through two days after the earnings release. This percentage decrease is much smaller than the 5-year average price decrease of -2.6% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (61%) is Above 5-Year Average

In terms of revenues, 61% of companies have reported actual sales above estimated sales and 39% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is below the 1-year average (72%) but slightly above the 5-year average (60%).

At the sector level, the Health Care (82%) sector has the highest percentage of companies reporting revenues above estimates, while the Materials (38%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.3%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.3% above expectations. This surprise percentage is below the 1-year (+1.4%) average and below the 5-year (+0.7%) average.

The Health Care (+1.9%) and Consumer Discretionary (+1.9%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues. Within the Health Care sector, Nektar Therapeutics (39.8 million vs. $25.9 million) and Cigna ($14.30 billion vs. $12.18 billion) have reported the largest positive revenue surprises. Within the Consumer Discretionary sector, Hilton Worldwide Holdings ($2.29 billion vs. $2.09 billion), Ford Motor ($41.80 billion vs. $38.73 billion), and General Motors ($38.40 billion vs. $36.01 billion) have reported the largest positive revenue surprises.

The Financials (-4.6%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues. Within this sector, Berkshire Hathaway ($28.21 billion vs. $48.45 billion) and Morgan Stanley ($8.55 billion vs. $9.30 billion) have reported the largest negative revenue surprises.

The Materials (-1.8%) sector is reporting the second largest negative (aggregate) difference between actual revenues and estimated revenues. Within this sector, CF Industries Holdings ($1.13 billion vs. $1.24 billion) and LyondellBasell Industries ($8.88 billion vs. $9.66 billion) have reported the largest negative revenue surprises.

Revisions: Decrease in Blended Revenue Growth Rate this Week

No Change in Blended Earnings Growth This Week

The blended, year-over-year earnings growth rate for the fourth quarter is 13.1% today, which is equal to the earnings growth rate of 13.1% last week.

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Decrease in Blended Revenue Growth This Week Due to Berkshire Hathaway

The blended, year-over-year revenue growth rate for the fourth quarter is 5.8% today, which is below the revenue growth rate of 6.6% last week. The negative revenue surprise reported by Berkshire Hathaway ($28.21 billion vs. $48.45 billion) was mainly responsible for the decrease in the revenue growth rate during the week. As a result, the blended revenue growth rate for the Financials sector dropped to -5.6% from 0.1% during this period.

Energy Sector Has Seen Largest Increase in Earnings Growth since December 31

The blended, year-over-year earnings growth rate for Q4 2018 of 13.1% is above the estimate of 12.1% at the end of the fourth quarter (December 31). Seven 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 Energy (to 93.5% from 75.7%) sector. Four 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 Financials (to 8.0% from 13.3%) sector.

Health Care Sector Has Seen Largest Increase in Revenue Growth since December 31

The blended, year-over-year revenue growth rate for Q4 2018 of 5.8% is below the estimate of 6.4% at the end of the fourth quarter (December 31). Seven 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 9.1% from 5.8%) sector. Four 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 Financials (to -5.6% from 4.1%) sector.

Earnings Growth: 13.1%

The blended (year-over-year) earnings growth rate for Q4 2018 is 13.1%. If 13.1% 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 year-over-year growth in earnings. Five sectors are reporting double-digit earnings growth, led by the Energy, Communication Services, and Consumer Discretionary sectors.

Energy: 4 of 6 Sub-Industries Reporting Growth Above 50%

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 93.5%. At the sub-industry level, five of the six sub-industries in the sector are reporting earnings growth for the quarter: Oil & Gas Drilling (N/A due to $0 earnings in year-ago), Oil & Gas Refining & Marketing (206%), Oil & Gas Exploration & Production (107%), Integrated Oil & Gas (86%), and Oil & Gas Storage & Transportation (54%). The Oil & Gas Equipment & Services (-23%) sub-industry is the only sub-industry that reported a year-over-year decline in earnings in the sector.

Communication Services: 3 of 4 Industries Reported Growth Above 20%

The Communication Services sector reported the second highest (year-over-year) earnings growth of all eleven sectors at 22.2%. At the industry level, all four industries in this sector reported earnings growth for the quarter. Three of these four industries reported earnings growth of more than 20%: Diversified Telecommunications Services (33%), Media (26%), and Interactive Media & Services (22%).

Consumer Discretionary: Amazon.com Leads Growth

The Consumer Discretionary sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 15.7%. At the industry level, 9 of the 11 industries in this sector are reporting earnings growth for the quarter. Six of these nine industries are reporting double-digit growth in earnings, led by the Leisure Products (367%) and Internet & Direct Marketing Retail (84%) industries. The Automobiles (-18%) and Auto Components (-7%) industries are the only two industries that reported year-over-year declines in earnings for the quarter.

At the company level, Amazon.com is the largest contributor to earnings growth for the sector. The company reported actual EPS of $6.04 for Q4 2018, compared to EPS of $2.16 in the year-ago quarter. If this company were excluded, the blended earnings growth rate for the sector would improve to 8.3% from 15.7%.

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Revenue Growth: 5.8%

The blended (year-over-year) revenue growth rate for Q4 2018 is 5.8%. Ten of the eleven sectors are reporting year-over-year growth in revenues. Three sectors are reporting double-digit growth in revenues: Communication Services, Real Estate, and Energy. The Financials sector is the only sector reporting a year-over-year decline in revenues.

Communication Services: Alphabet Led Growth on Easy Comparison to Year-Ago Revenues ex-TAC

The Communication Services sector reported the highest (year-over-year) revenue growth of all eleven sectors at 20.4%. At the industry level, all four industries in this sector reported revenue growth. Two of these four industries reported double-digit revenue growth: Interactive Media & Services (47%) and Media (17%).

At the company level, Alphabet was the largest contributor to revenue growth for this sector due to an unusual apple-to-orange comparison between revenues for Q4 2018 and Q4 2017. For Q4 2018, the majority of analysts provided estimates for total revenues (including traffic acquisition costs) for Alphabet. On this basis, Alphabet reported revenues of $39.276 billion in Q4 2018. For Q4 2017, the majority of analysts provided estimates for total revenues excluding traffic acquisition costs for Alphabet. On this basis, Alphabet reported revenues of $25.873 billion in Q4 2017. Thus, in the growth rate calculation, total revenues (including TAC) of $39.276 billion in Q4 2018 are being compared to total revenues excluding TAC of $25.873 billion in Q4 2017. In addition, the company's revenue numbers are counted twice in the growth rate calculation (once for GOOG and once for GOOGL) because the company is a dual-listed ticker in the index. As a result of the apple-to-orange comparison and the dual-listing, Alphabet was the largest contributor to revenue growth for the sector and the index as a whole. If this company were excluded, the blended revenue growth rate for the Communications Services sector would fall to 12.0% from 20.4%, and the blended revenue growth rate for the index would fall to 5.0% from 5.8%.

Real Estate: CBRE Group Led Growth

The Real Estate sector reported the second highest (year-over-year) revenue growth of all eleven sectors at 12.6%. At the company level, CBRE Group was the largest contributor to revenue growth for the sector. CBRE Group reported revenues of $6.29 billion for Q4 2018, compared to revenues of $4.34 billion in the year-ago quarter. If this company were excluded, the blended revenue growth rate for the sector would fall to 5.8% from 12.6%.

Energy: 4 of 6 Sub-Industries Reporting Double-Digit Growth

The Energy sector is reporting the third highest (year-over-year) revenue growth of all eleven sectors at 12.1%. At the sub-industry level, five of the six sub-industries in the sector are reporting revenue growth for the quarter. Four of these five sub-industries are reporting double-digit revenue growth: Oil & Gas Drilling (31%), Oil & Gas Exploration & Production (20%), Oil & Gas Refining & Marketing (17%), and Integrated Oil & Gas (11%).

Financials: Berkshire Hathaway Leads Decline

The Financials sector is the only sector reporting a year-over-year decline in revenues at -5.6%. At the industry level, four of the five industries are reporting revenue growth, led by the Consumer Finance (10%) industry. The only industry reporting a decline in revenues is the Diversified Financial Services (-53%).

At the company level, Berkshire Hathaway is the largest contributor to the revenue decline for this sector and the largest detractor to revenue growth for the index. Berkshire Hathaway reported revenues of $28.21 billion for Q4 2018, compared to revenues of $58.30 billion in the year-ago quarter. If this company were excluded, the blended revenue growth rate for the Financials sector would improve to 3.5% from -5.6%, and the blended revenue growth rate for the index would increase to 7.0% from 5.8%.

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Looking Ahead: Forward Estimates and Valuation

Guidance: More 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, 99 companies in the index have issued EPS guidance for Q1 2019. Of these 99 companies, 73 have issued negative EPS guidance and 26 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 74% (73 out of 99), which is above the 5-year average of 71%.

Earnings: Year-over-Year Decline Projected for Q1 2019

For the fourth quarter, companies are reporting earnings growth of 13.1% and revenue growth of 5.8%. For CY 2018, companies are reporting earnings growth of 20.0% and revenue growth of 8.7%. However, analysts expect a decline in earnings in Q1 2019 and low, single-digit growth in earnings in Q2 2019 and Q3 2019.

For Q1 2019, analysts are projecting a decline in earnings (-3.2%) and revenue growth of 5.2%.

For Q2 2019, analysts are projecting earnings growth of 0.3% and revenue growth of 4.8%.

For Q3 2019, analysts are projecting earnings growth of 1.9% and revenue growth of 4.6%.

For Q4 2019, analysts are projecting earnings growth of 8.5% and revenue growth of 6.2%.

For CY 2019, analysts are projecting earnings growth of 4.1% and revenue growth of 5.1%.

Valuation: Forward P/E Ratio is 16.2, Above the 10-Year Average (14.6)

The forward 12-month P/E ratio is 16.2. This P/E ratio is below the 5-year average of 16.4 but above the 10-year average of 14.7. 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 increased by 11.1%, while the forward 12-month EPS estimate has decreased by 1.2%.

At the sector level, the Consumer Discretionary (20.1) sector has the highest forward 12-month P/E ratio, while the Financials (11.6) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3061.58, which is 10.0% above the closing price of 2784.49. At the sector level, the Energy (16.0%) and Communication Services (+15.5%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+1.3%) and Real Estate (+3.8%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 10,992 ratings on stocks in the S&P 500. Of these 10,992 ratings, 53.5% are Buy ratings, 40.5% are Hold ratings, and 6.0% are Sell ratings. At the sector level, the Energy (67%) 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: 11

During the upcoming week, ten S&P 500 companies are scheduled to report results for the fourth quarter and one S&P 500 company is scheduled to report results for the first quarter.

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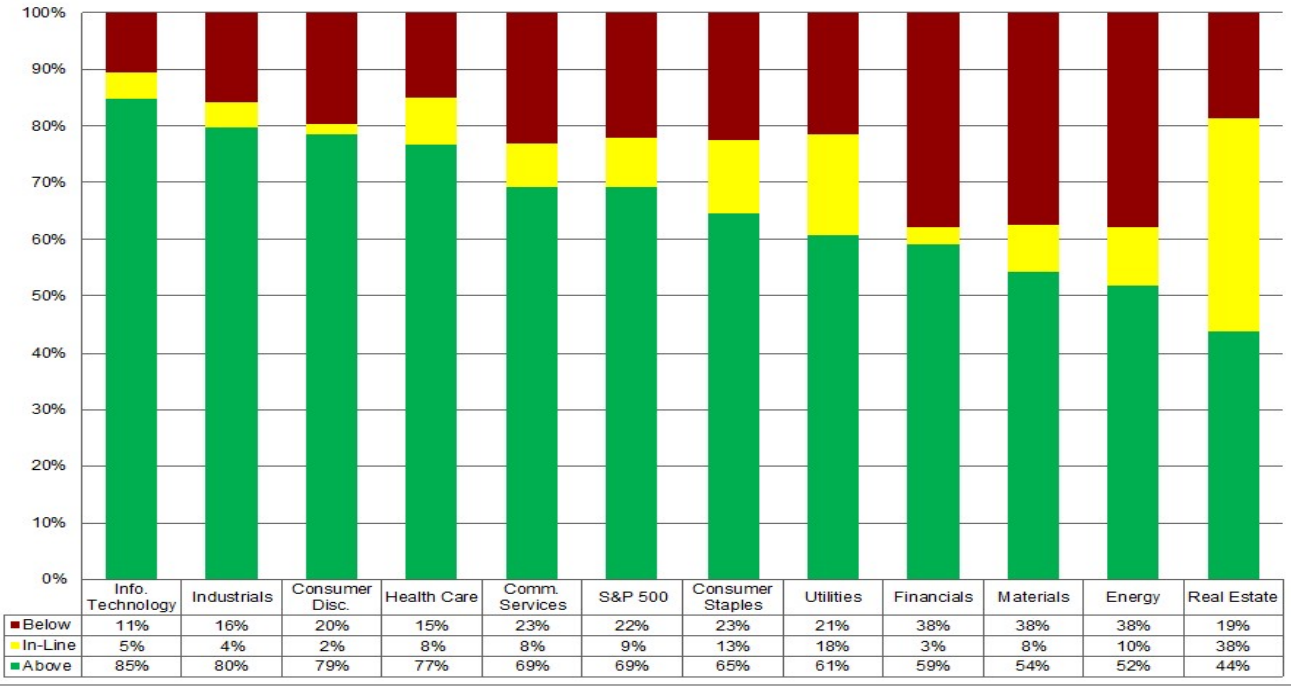
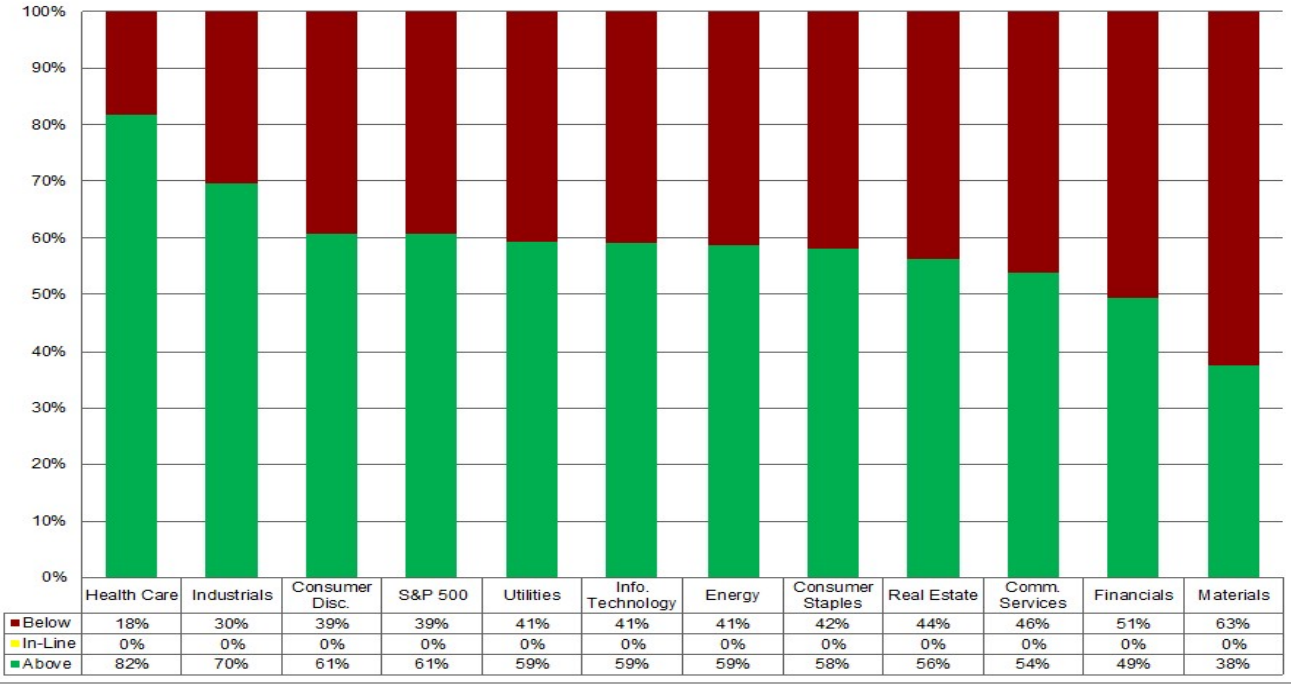
Q4 2018: Scorecard

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



	Info. Technology	Industrials	Consumer Disc.	Health Care	Comm. Services	S&P 500	Consumer Staples	Utilities	Financials	Materials	Energy	Real Estate
Below	11%	16%	20%	15%	23%	22%	23%	21%	38%	38%	38%	19%
In-Line	5%	4%	2%	8%	8%	9%	13%	18%	3%	8%	10%	38%
Above	85%	80%	79%	77%	69%	69%	65%	61%	59%	54%	52%	44%

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



	Health Care	Industrials	Consumer Disc.	S&P 500	Utilities	Info. Technology	Energy	Consumer Staples	Real Estate	Comm. Services	Financials	Materials
Below	18%	30%	39%	39%	41%	41%	41%	42%	44%	46%	51%	63%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	82%	70%	61%	61%	59%	59%	59%	58%	56%	54%	49%	38%

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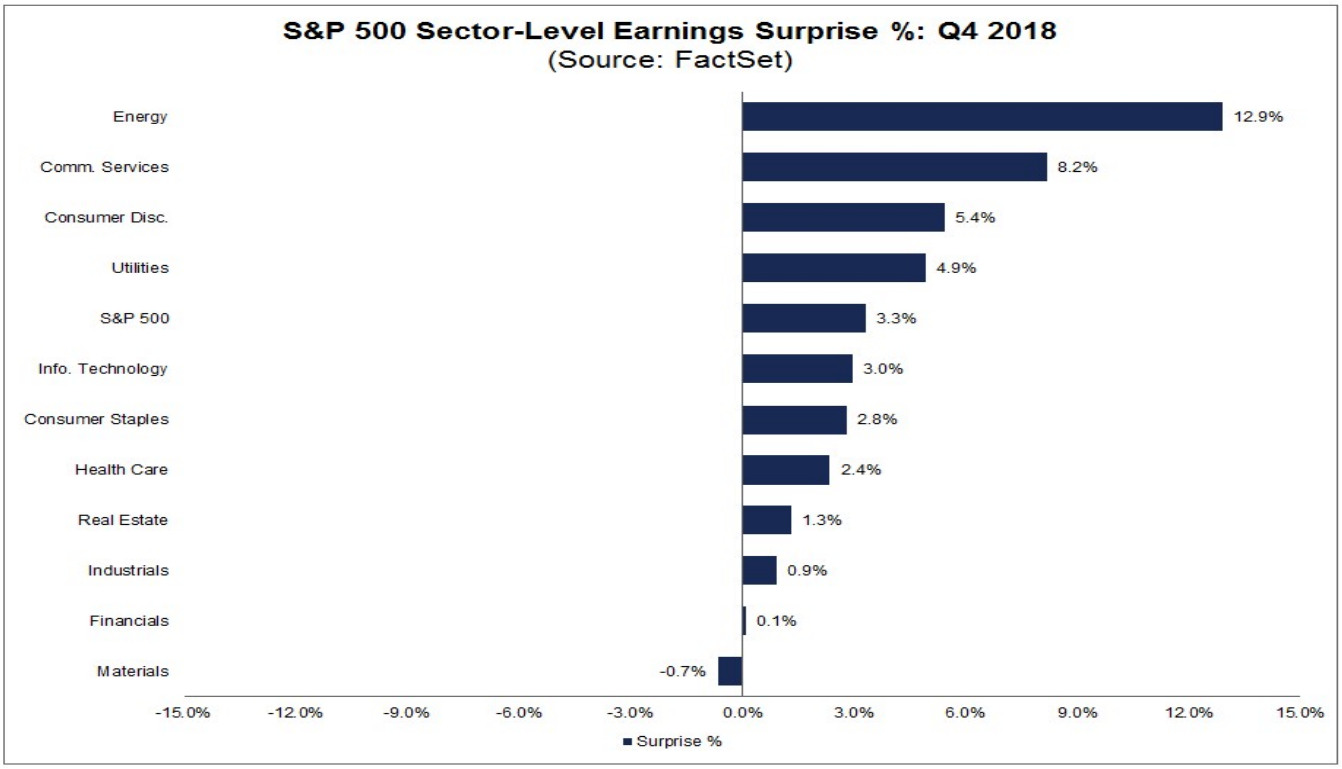
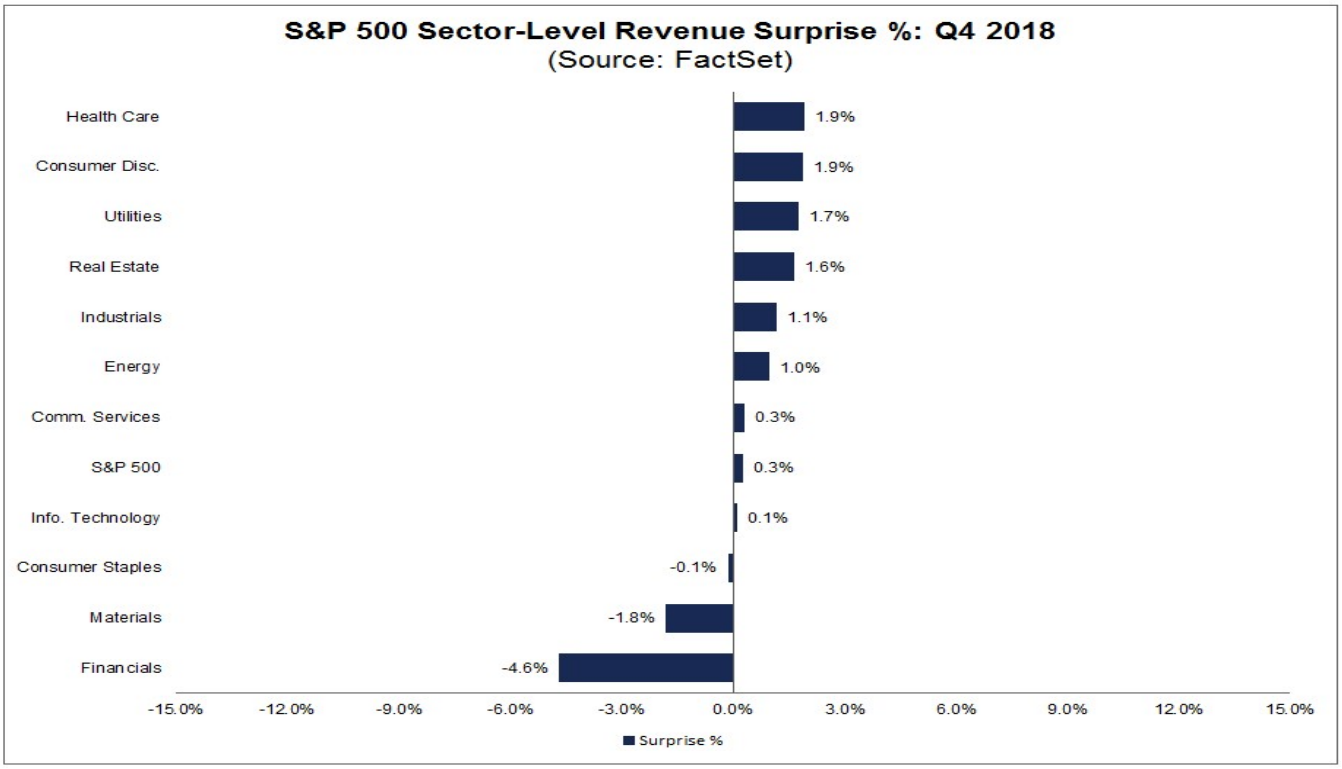
Q4 2018: Scorecard





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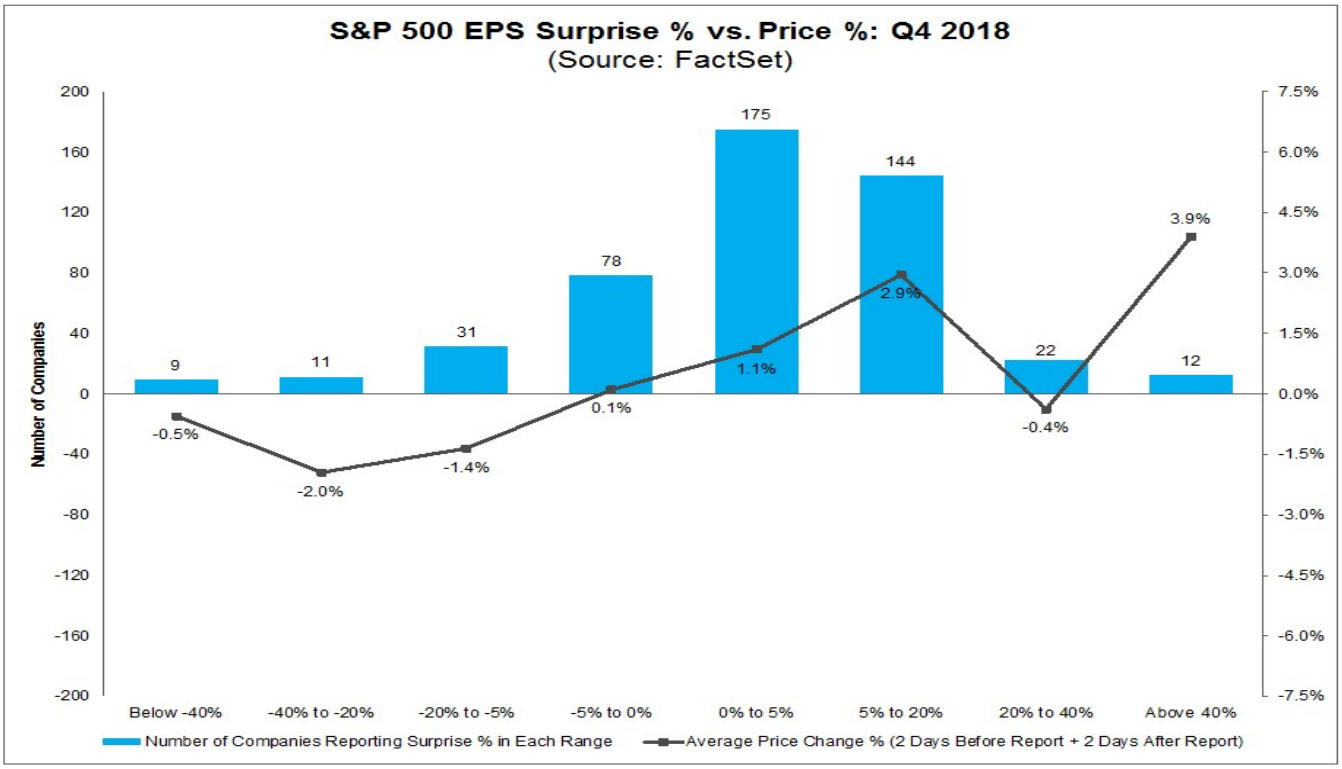
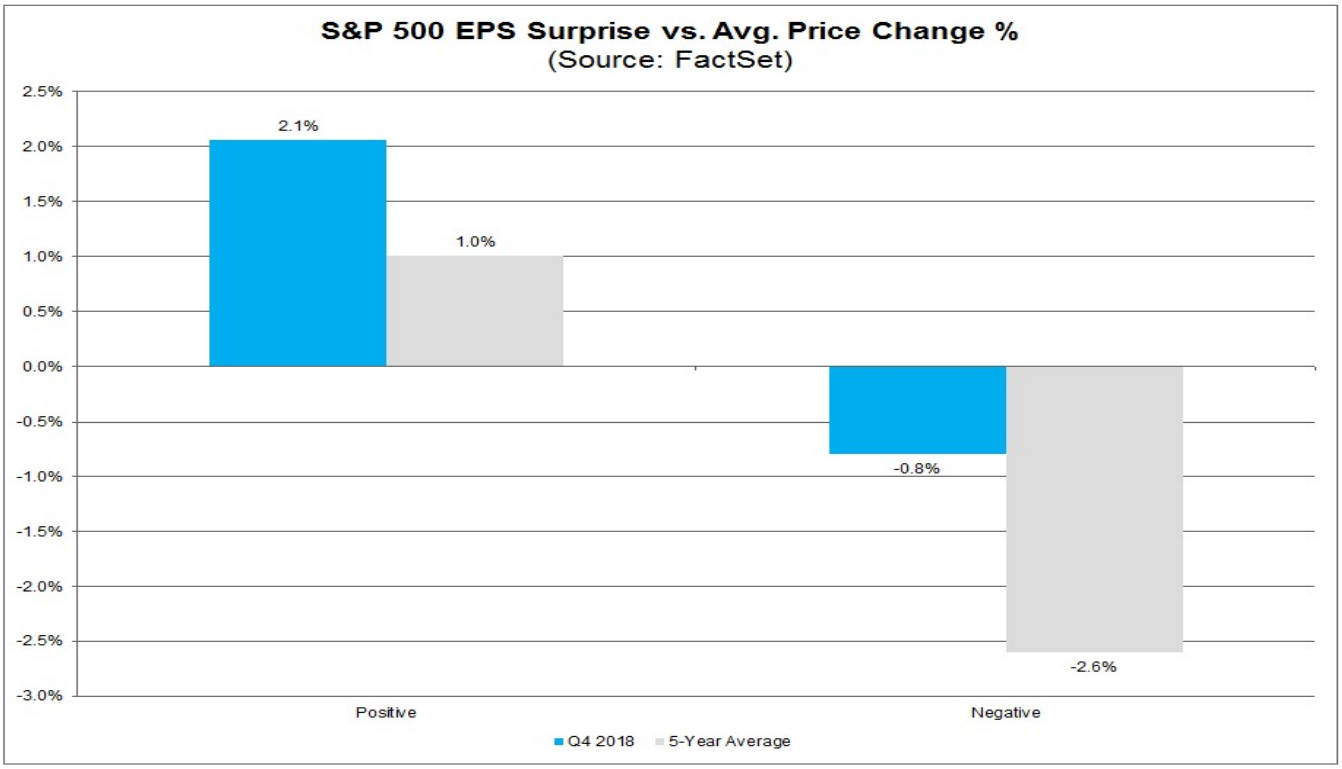
Q4 2018: Scorecard





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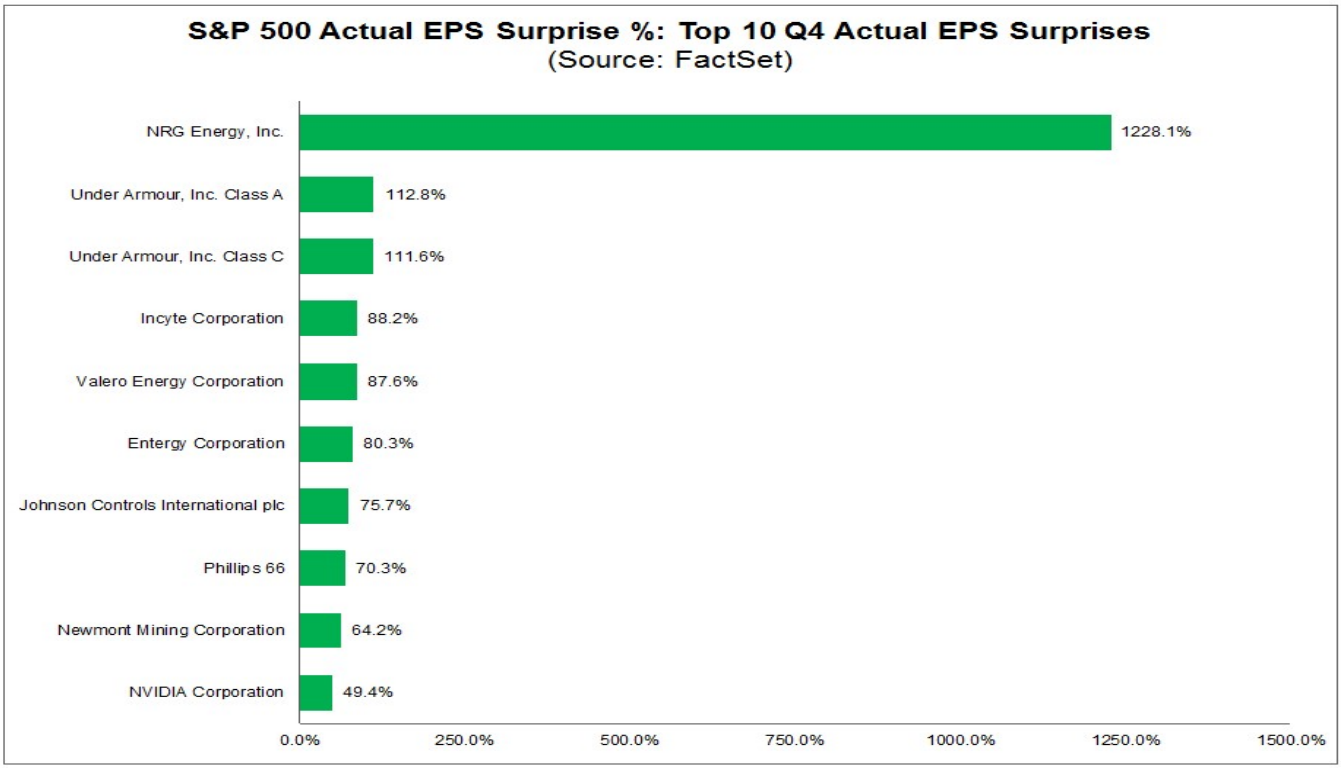
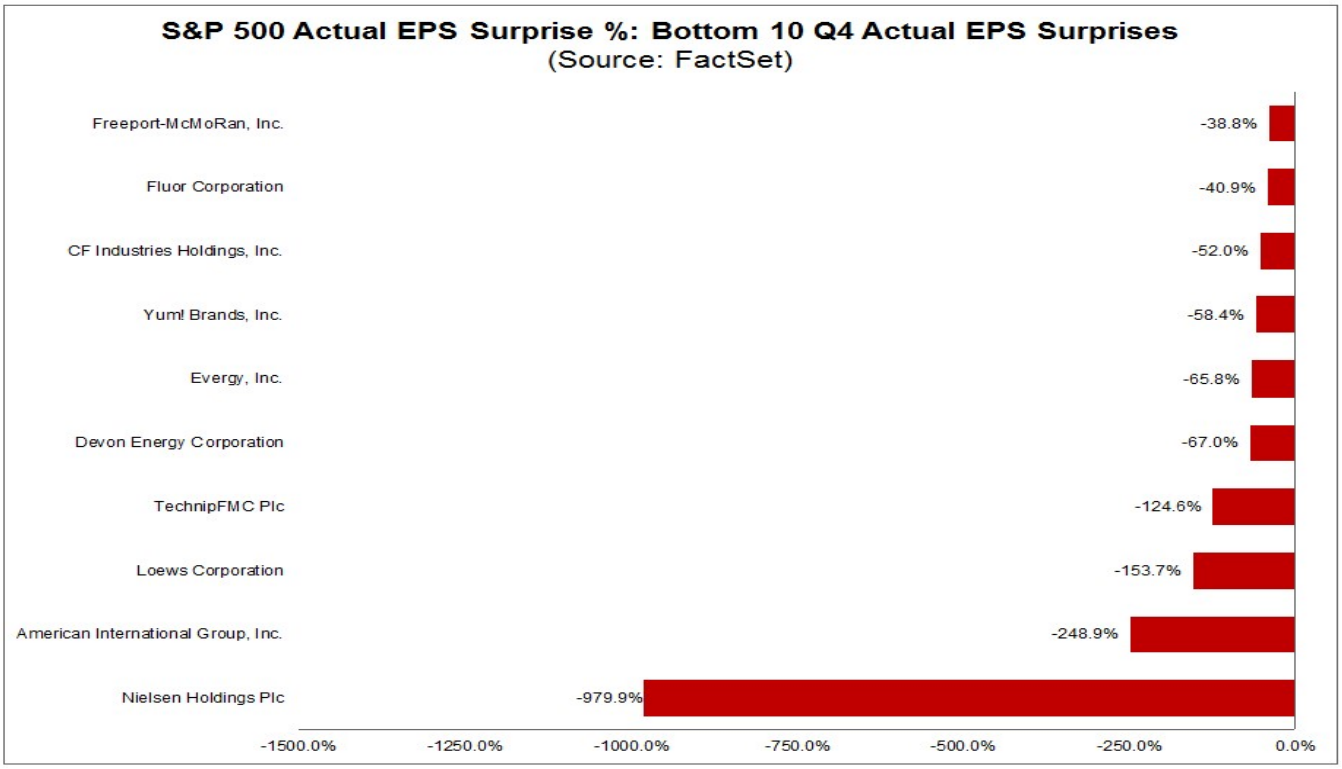
Q4 2018: Scorecard





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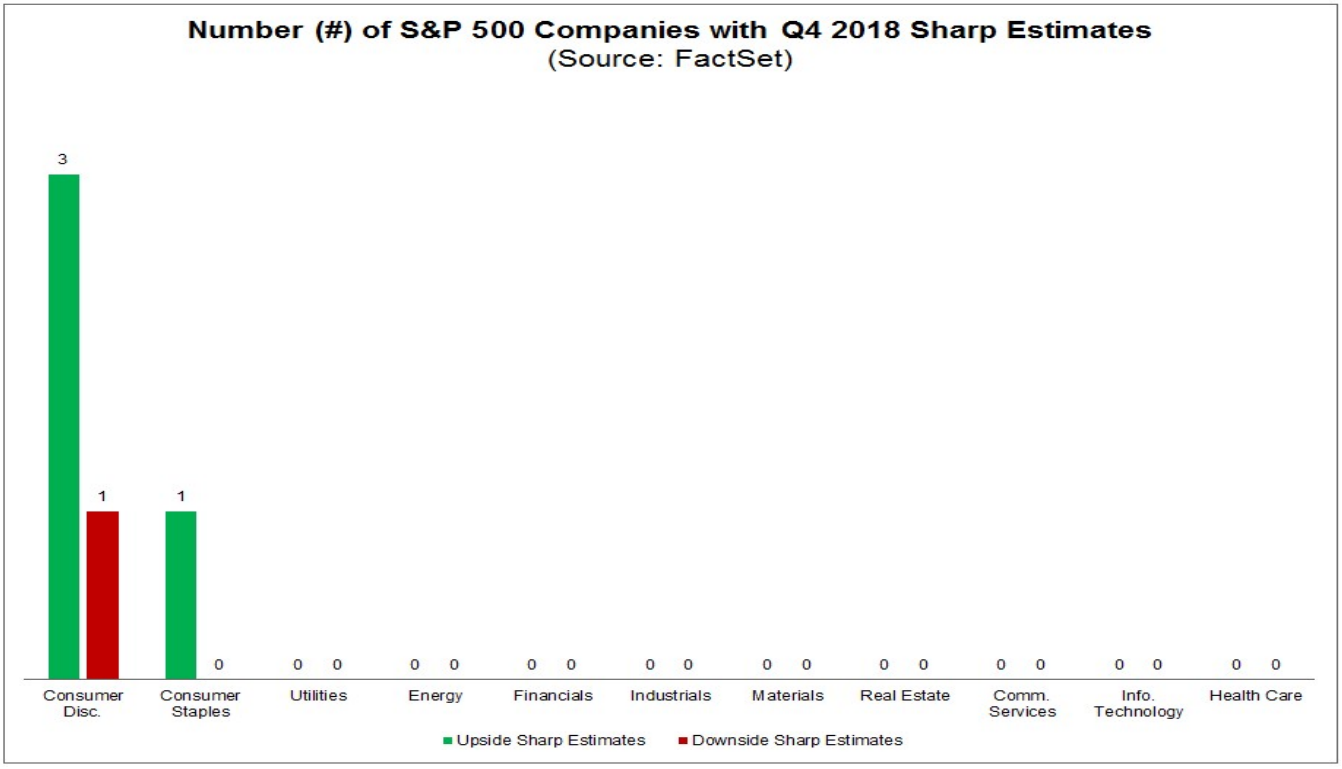
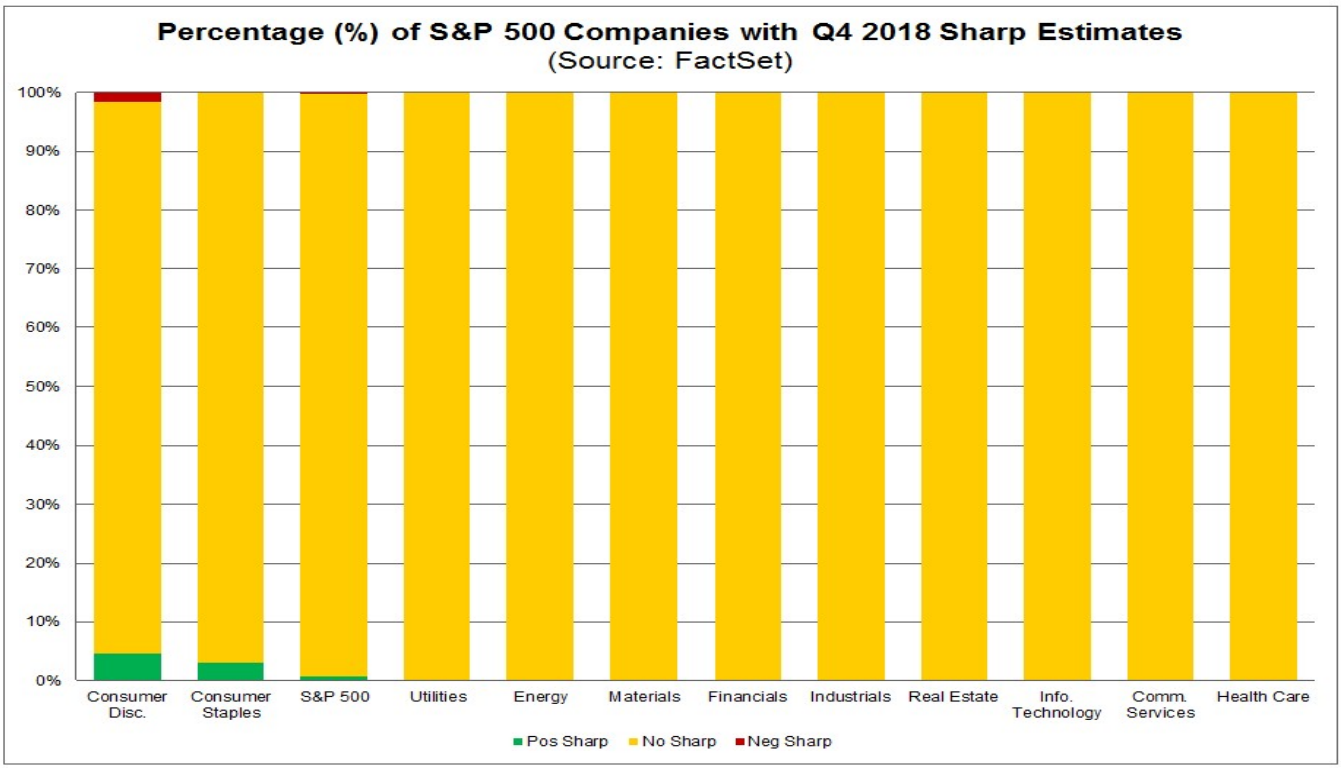
Q4 2018: Projected EPS Surprises (Sharp Estimates)





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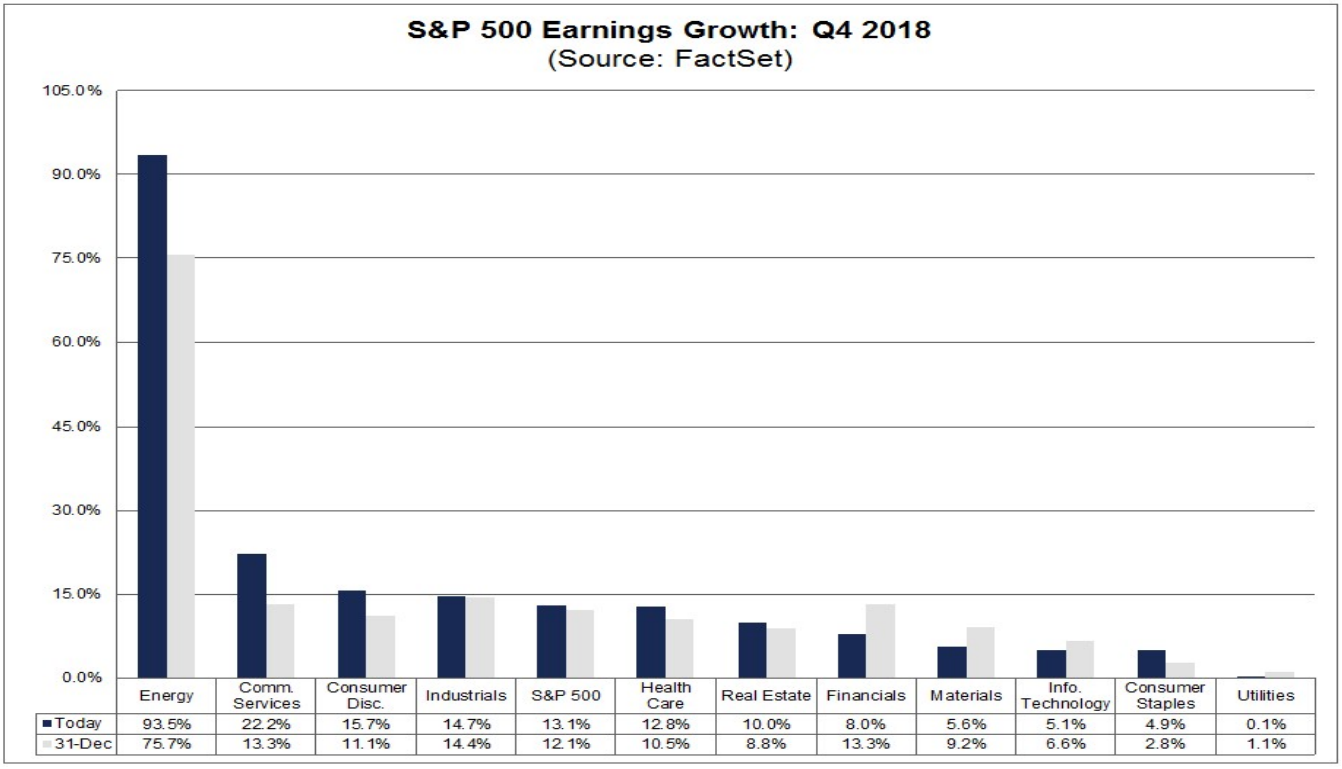
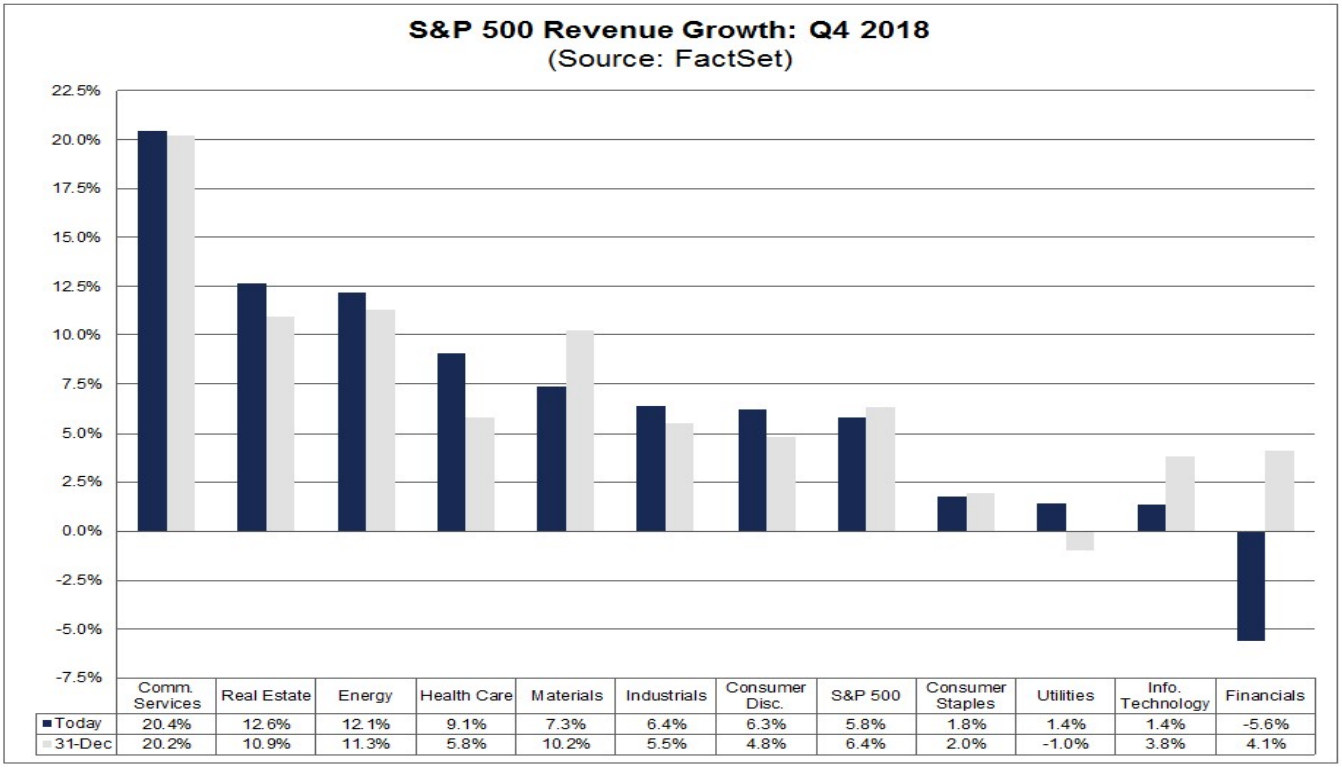
Q4 2018: Growth



	Energy	Comm. Services	Consumer Disc.	Industrials	S&P 500	Health Care	Real Estate	Financials	Materials	Info. Technology	Consumer Staples	Utilities
Today	93.5%	22.2%	15.7%	14.7%	13.1%	12.8%	10.0%	8.0%	5.6%	5.1%	4.9%	0.1%
31-Dec	75.7%	13.3%	11.1%	14.4%	12.1%	10.5%	8.8%	13.3%	9.2%	6.6%	2.8%	1.1%



	Comm. Services	Real Estate	Energy	Health Care	Materials	Industrials	Consumer Disc.	S&P 500	Consumer Staples	Utilities	Info. Technology	Financials
Today	20.4%	12.6%	12.1%	9.1%	7.3%	6.4%	6.3%	5.8%	1.8%	1.4%	1.4%	-5.6%
31-Dec	20.2%	10.9%	11.3%	5.8%	10.2%	5.5%	4.8%	6.4%	2.0%	-1.0%	3.8%	4.1%

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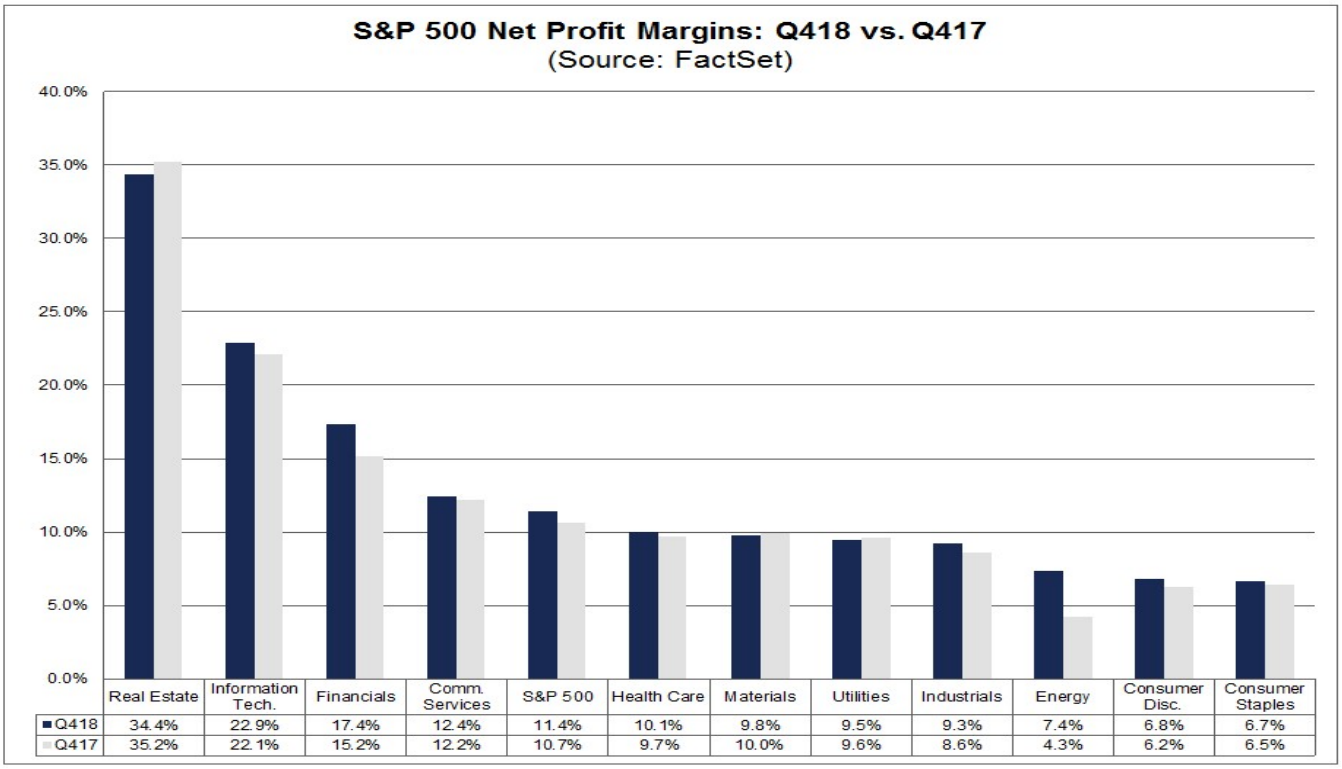
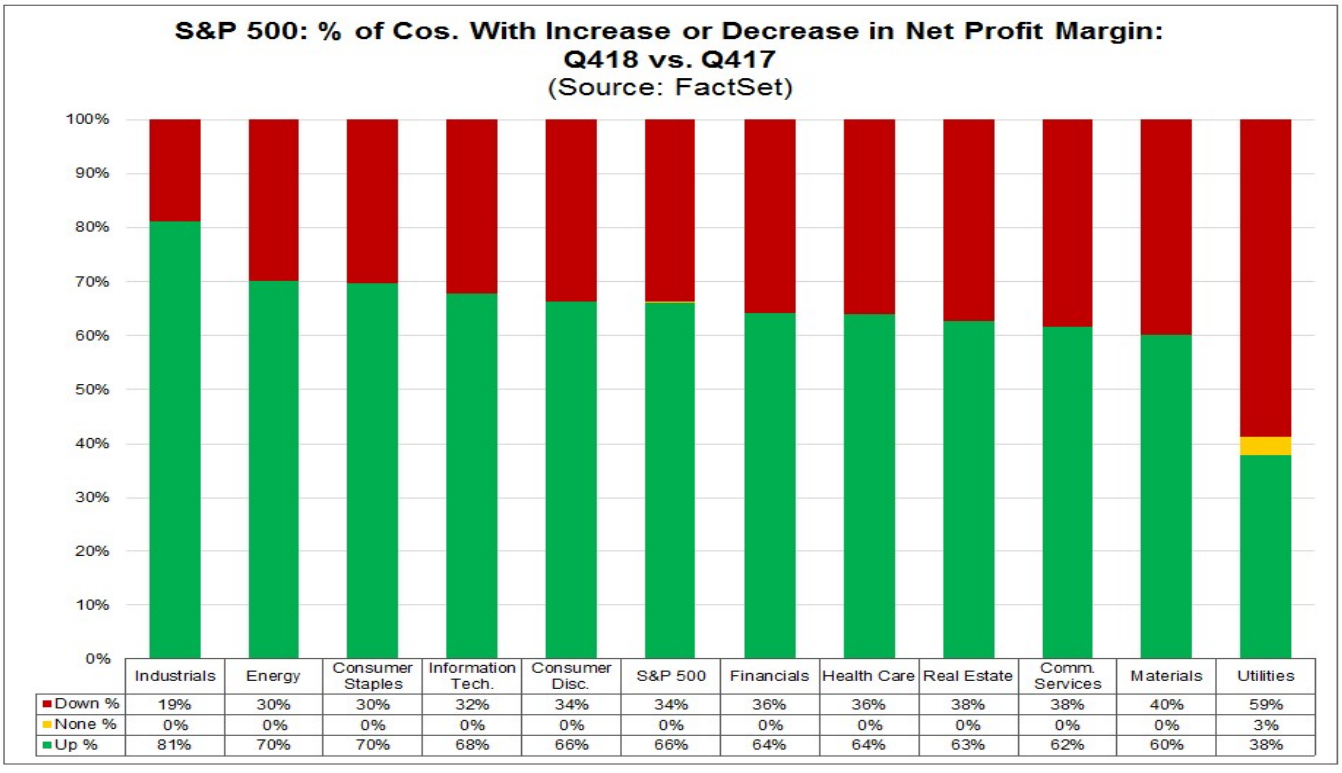
Q4 2018: Net Profit Margin



	Real Estate	Information Tech.	Financials	Comm. Services	S&P 500	Health Care	Materials	Utilities	Industrials	Energy	Consumer Disc.	Consumer Staples
Q418	34.4%	22.9%	17.4%	12.4%	11.4%	10.1%	9.8%	9.5%	9.3%	7.4%	6.8%	6.7%
Q417	35.2%	22.1%	15.2%	12.2%	10.7%	9.7%	10.0%	9.6%	8.6%	4.3%	6.2%	6.5%



	Industrials	Energy	Consumer Staples	Information Tech.	Consumer Disc.	S&P 500	Financials	Health Care	Real Estate	Comm. Services	Materials	Utilities
Down %	19%	30%	30%	32%	34%	34%	36%	36%	38%	38%	40%	59%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	3%
Up %	81%	70%	70%	68%	66%	66%	64%	64%	63%	62%	60%	38%

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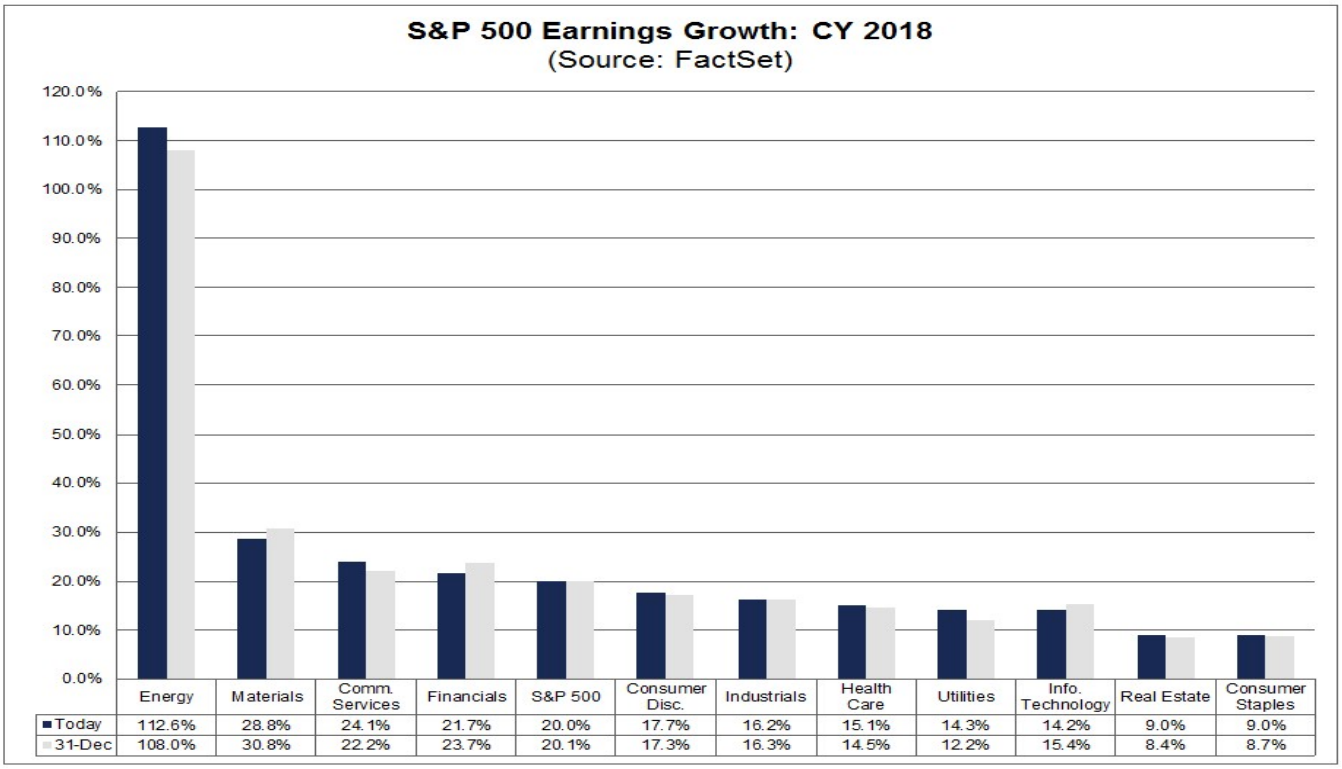
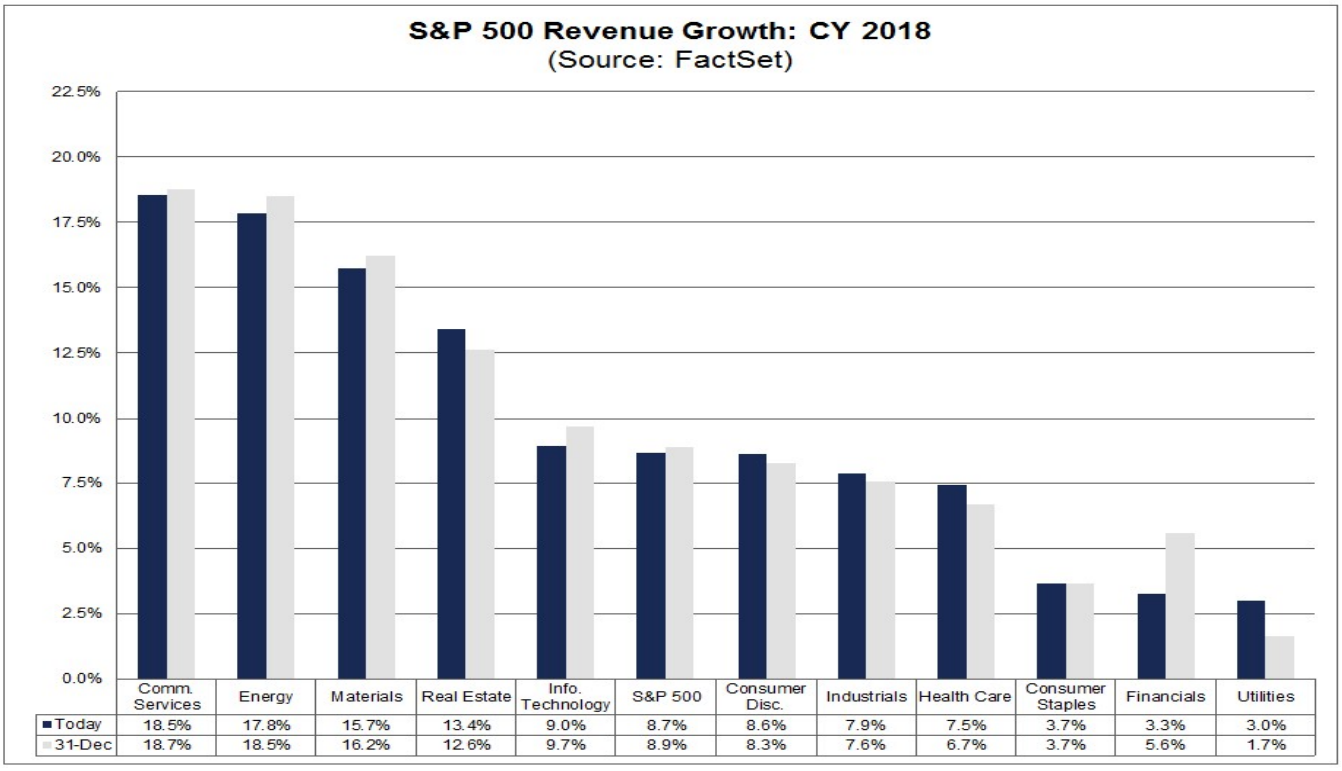
CY 2018: Growth



	Energy	Materials	Comm. Services	Financials	S&P 500	Consumer Disc.	Industrials	Health Care	Utilities	Info. Technology	Real Estate	Consumer Staples
Today	112.6%	28.8%	24.1%	21.7%	20.0%	17.7%	16.2%	15.1%	14.3%	14.2%	9.0%	9.0%
31-Dec	108.0%	30.8%	22.2%	23.7%	20.1%	17.3%	16.3%	14.5%	12.2%	15.4%	8.4%	8.7%



	Comm. Services	Energy	Materials	Real Estate	Info. Technology	S&P 500	Consumer Disc.	Industrials	Health Care	Consumer Staples	Financials	Utilities
Today	18.5%	17.8%	15.7%	13.4%	9.0%	8.7%	8.6%	7.9%	7.5%	3.7%	3.3%	3.0%
31-Dec	18.7%	18.5%	16.2%	12.6%	9.7%	8.9%	8.3%	7.6%	6.7%	3.7%	5.6%	1.7%

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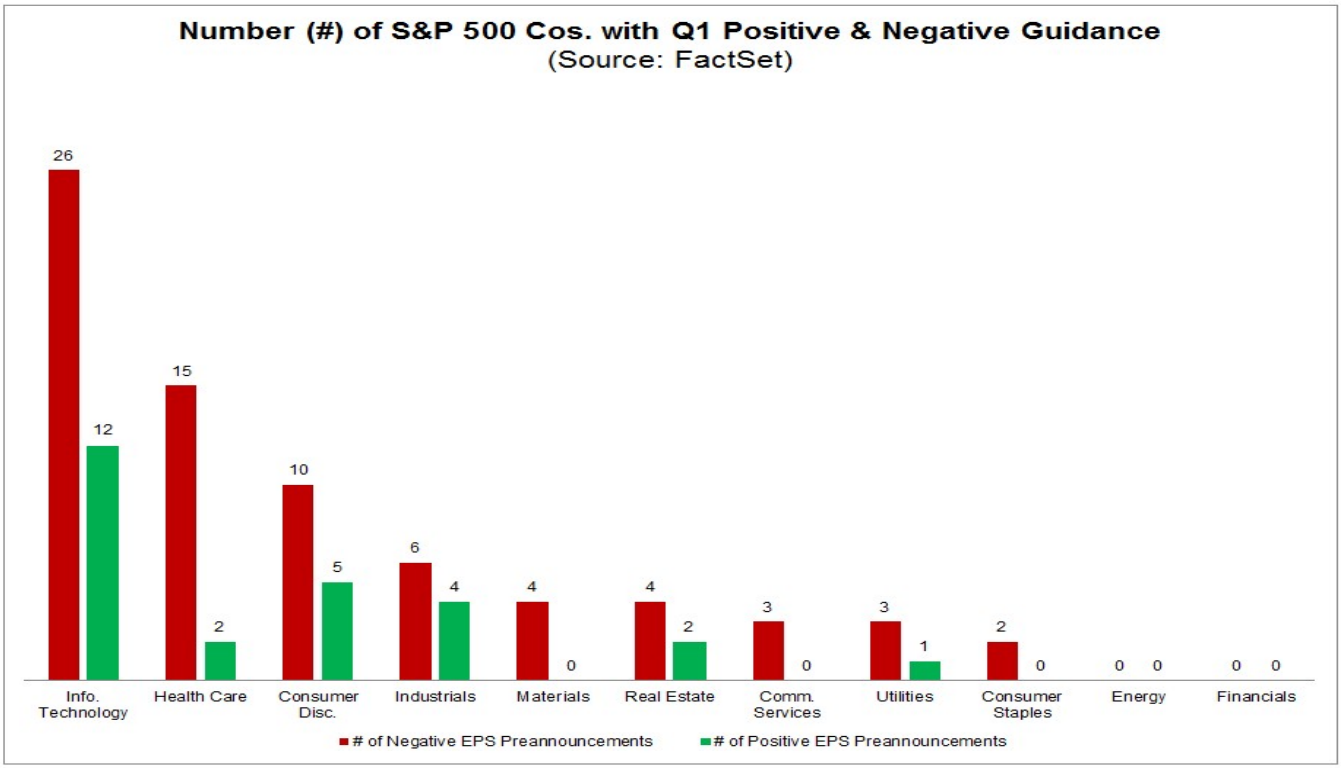
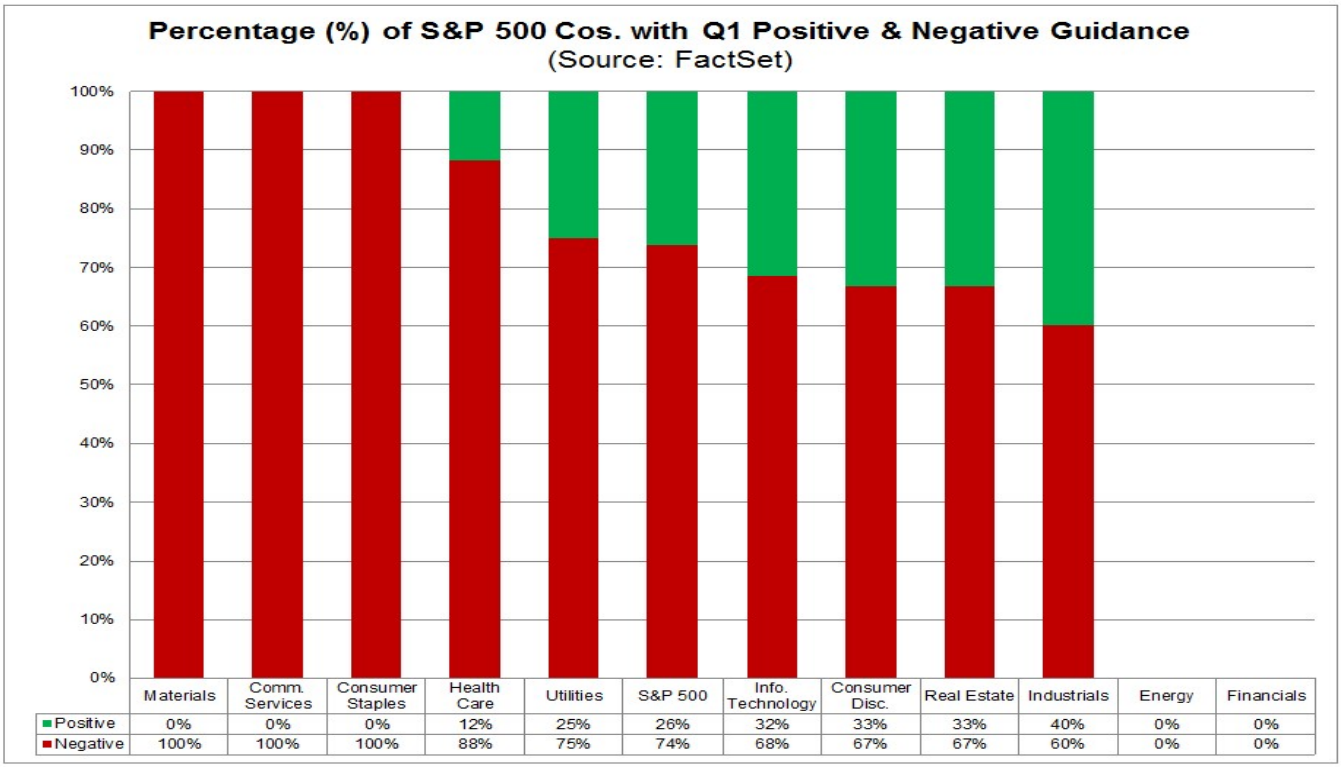
Q1 2019: EPS Guidance





	Materials	Comm. Services	Consumer Staples	Health Care	Utilities	S&P 500	Info. Technology	Consumer Disc.	Real Estate	Industrials	Energy	Financials
Positive	0%	0%	0%	12%	25%	26%	32%	33%	33%	40%	0%	0%
Negative	100%	100%	100%	88%	75%	74%	68%	67%	67%	60%	0%	0%

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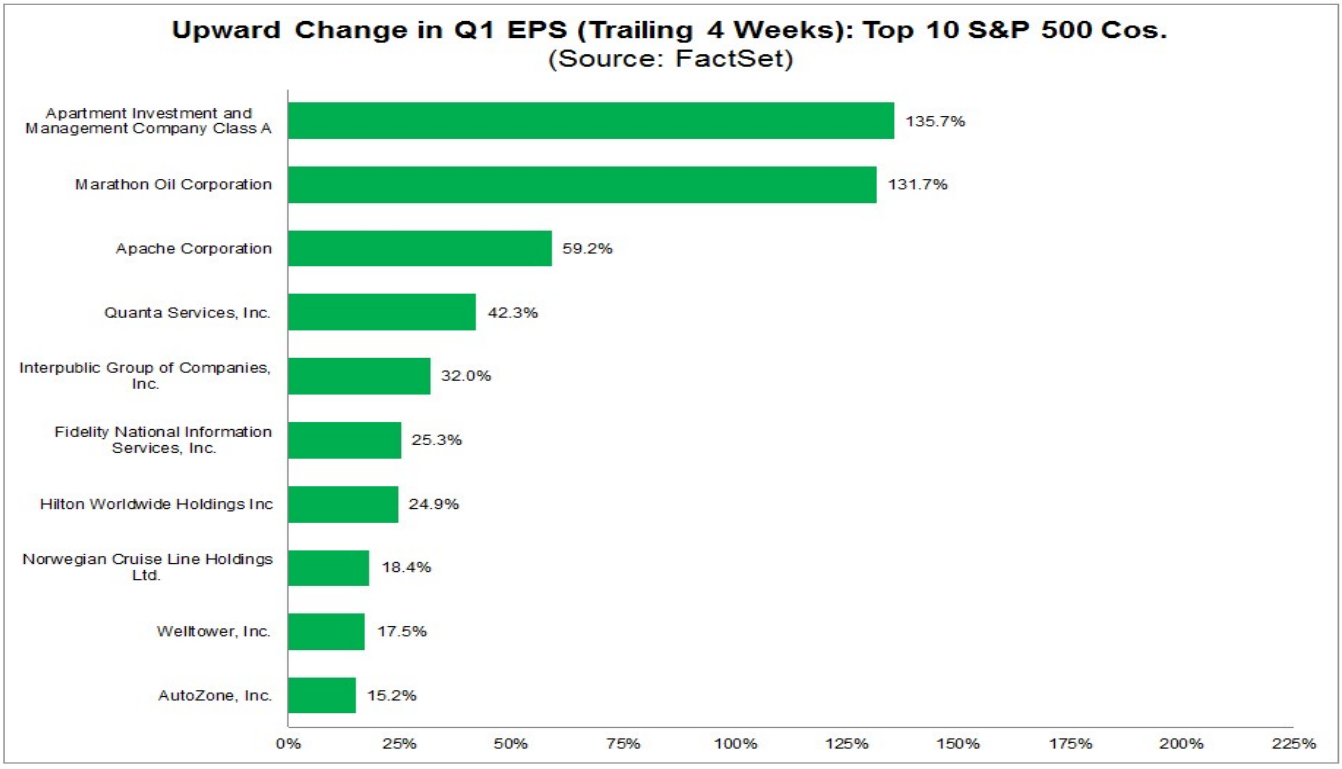
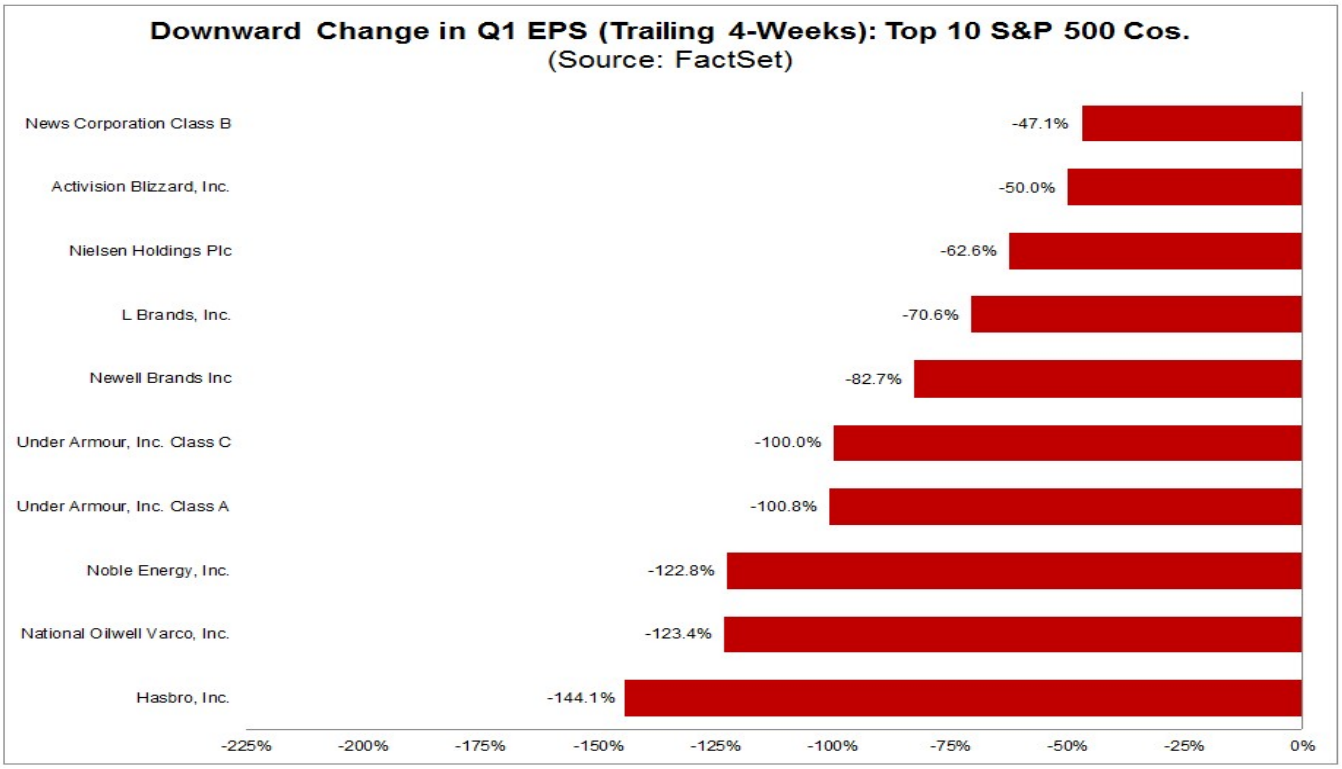
Q1 2019: EPS Revisions





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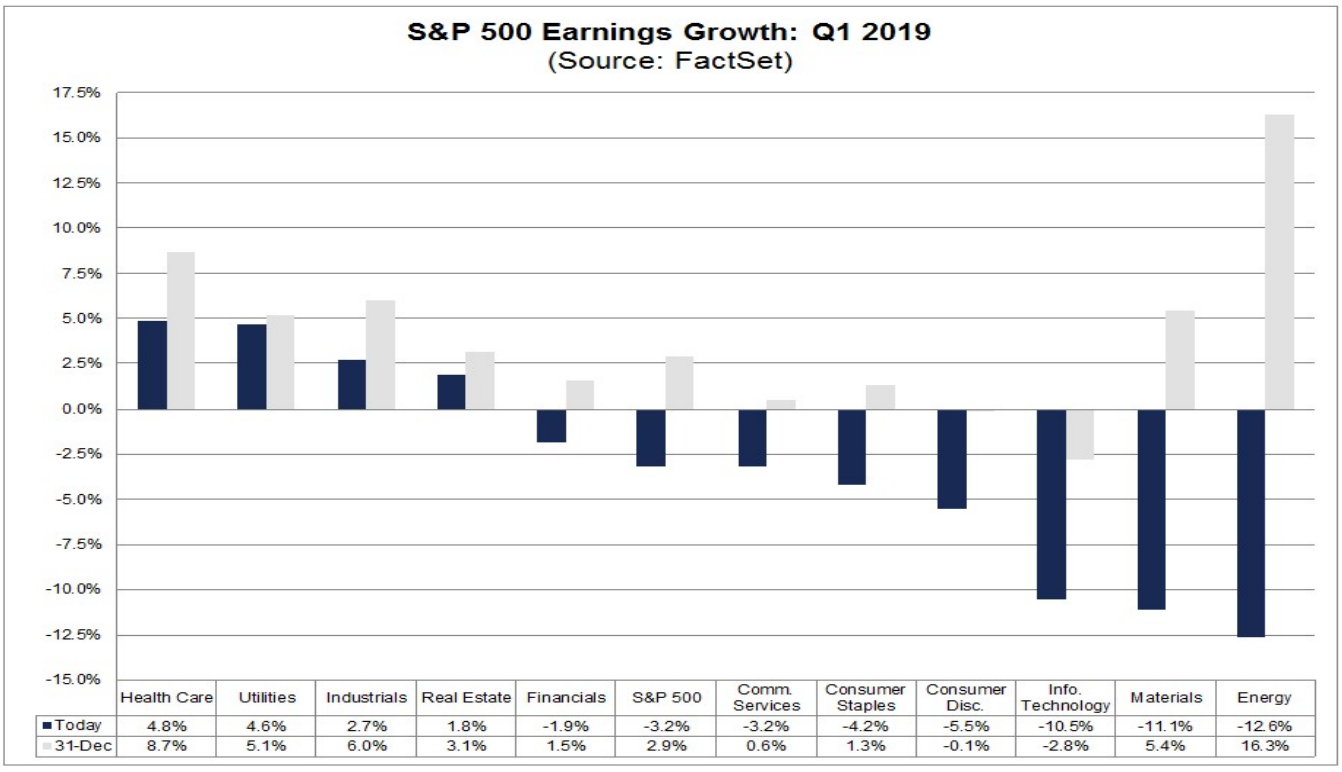
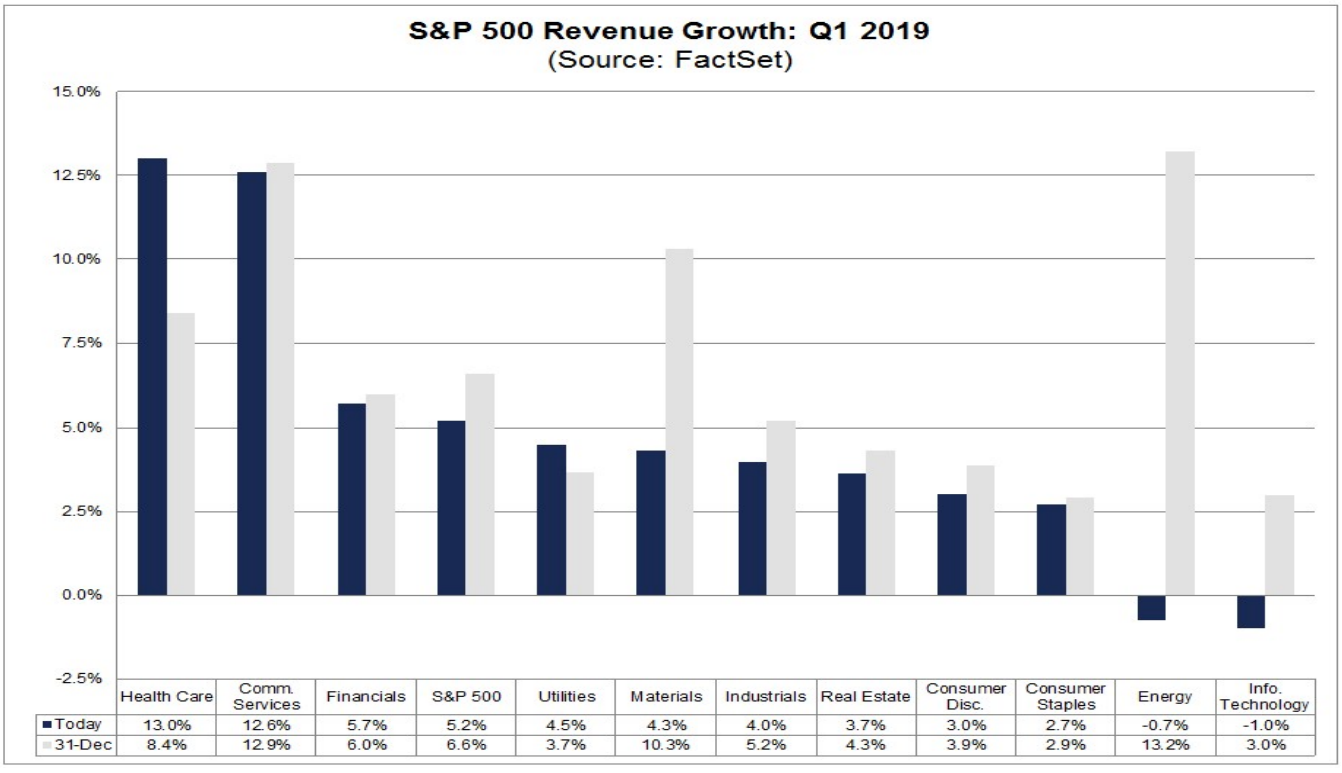
Q1 2019: Growth



	Health Care	Utilities	Industrials	Real Estate	Financials	S&P 500	Comm. Services	Consumer Staples	Consumer Disc.	Info. Technology	Materials	Energy
Today	4.8%	4.6%	2.7%	1.8%	-1.9%	-3.2%	-3.2%	-4.2%	-5.5%	-10.5%	-11.1%	-12.6%
31-Dec	8.7%	5.1%	6.0%	3.1%	1.5%	2.9%	0.6%	1.3%	-0.1%	-2.8%	5.4%	16.3%



	Health Care	Comm. Services	Financials	S&P 500	Utilities	Materials	Industrials	Real Estate	Consumer Disc.	Consumer Staples	Energy	Info. Technology
Today	13.0%	12.6%	5.7%	5.2%	4.5%	4.3%	4.0%	3.7%	3.0%	2.7%	-0.7%	-1.0%
31-Dec	8.4%	12.9%	6.0%	6.6%	3.7%	10.3%	5.2%	4.3%	3.9%	2.9%	13.2%	3.0%

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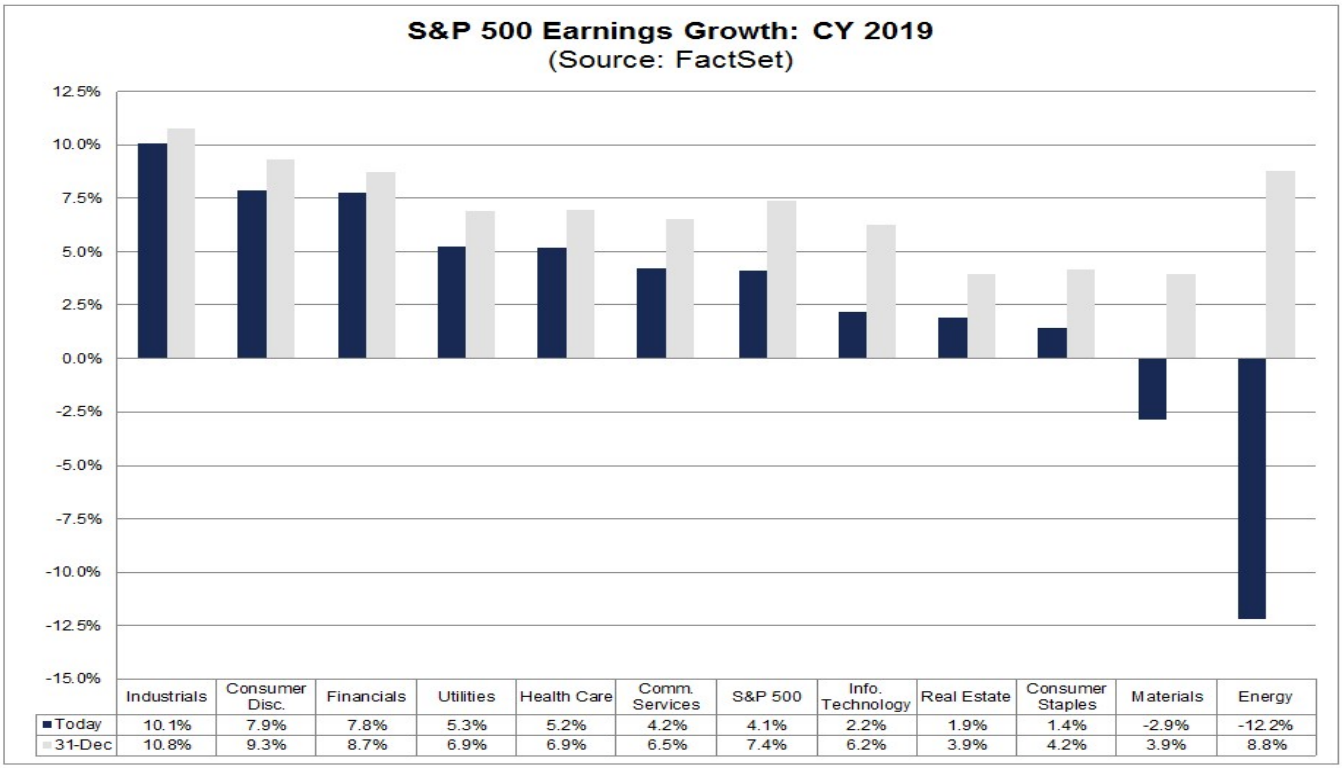
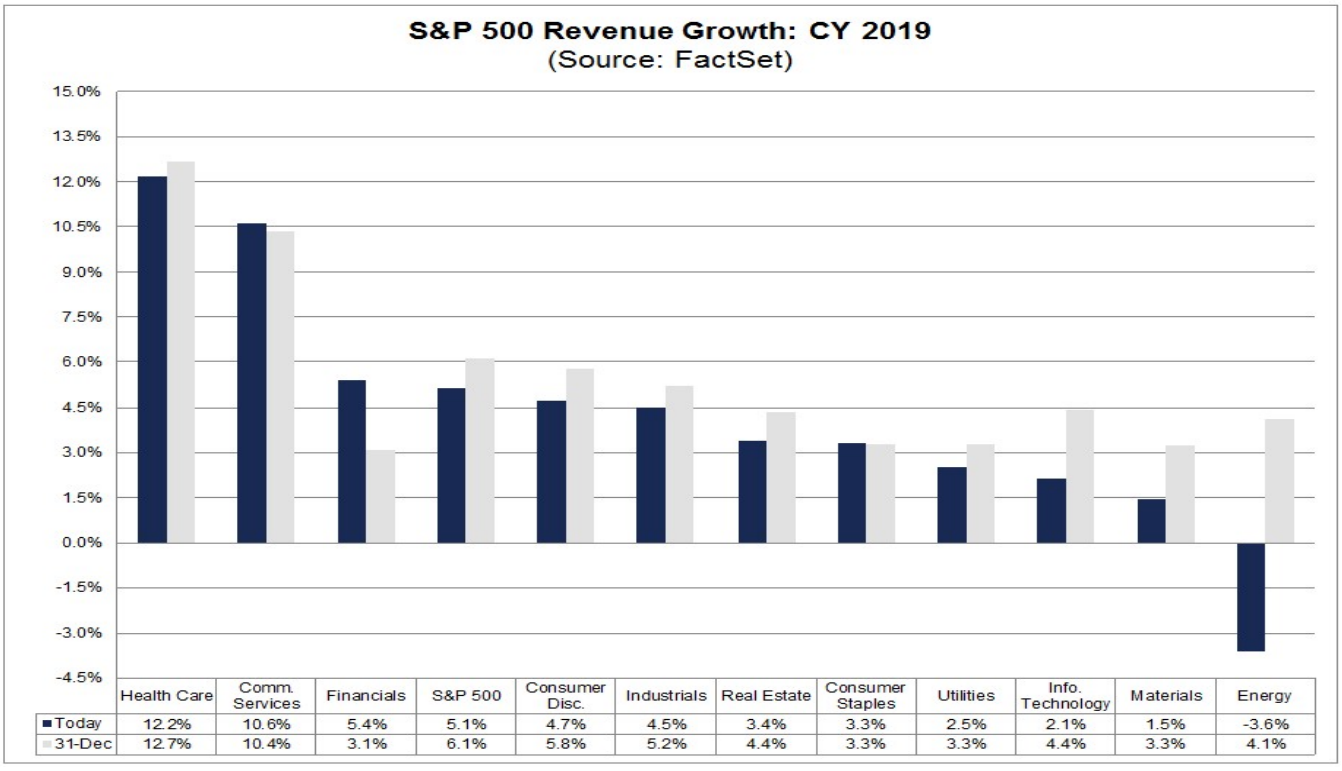
CY 2019: Growth



	Industrials	Consumer Disc.	Financials	Utilities	Health Care	Comm. Services	S&P 500	Info. Technology	Real Estate	Consumer Staples	Materials	Energy
Today	10.1%	7.9%	7.8%	5.3%	5.2%	4.2%	4.1%	2.2%	1.9%	1.4%	-2.9%	-12.2%
31-Dec	10.8%	9.3%	8.7%	6.9%	6.9%	6.5%	7.4%	6.2%	3.9%	4.2%	3.9%	8.8%



	Health Care	Comm. Services	Financials	S&P 500	Consumer Disc.	Industrials	Real Estate	Consumer Staples	Utilities	Info. Technology	Materials	Energy
Today	12.2%	10.6%	5.4%	5.1%	4.7%	4.5%	3.4%	3.3%	2.5%	2.1%	1.5%	-3.6%
31-Dec	12.7%	10.4%	3.1%	6.1%	5.8%	5.2%	4.4%	3.3%	3.3%	4.4%	3.3%	4.1%

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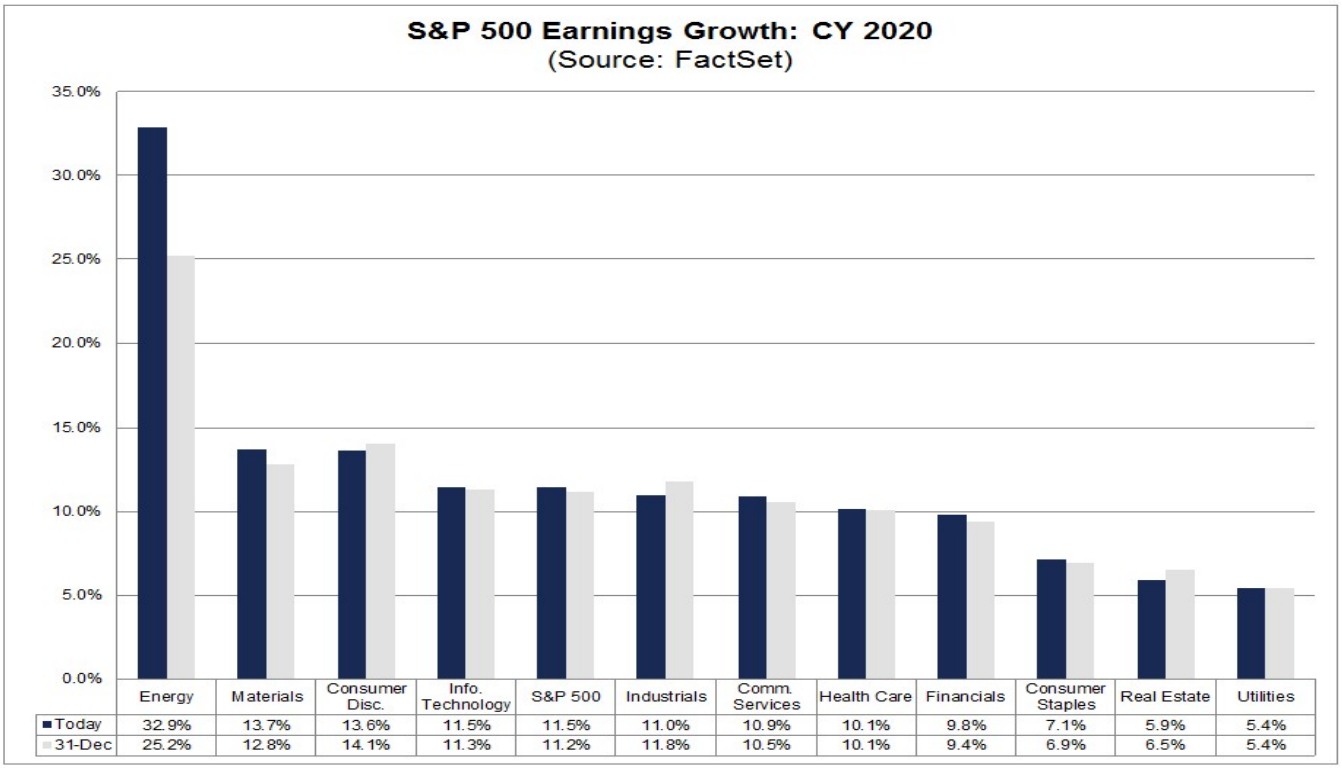
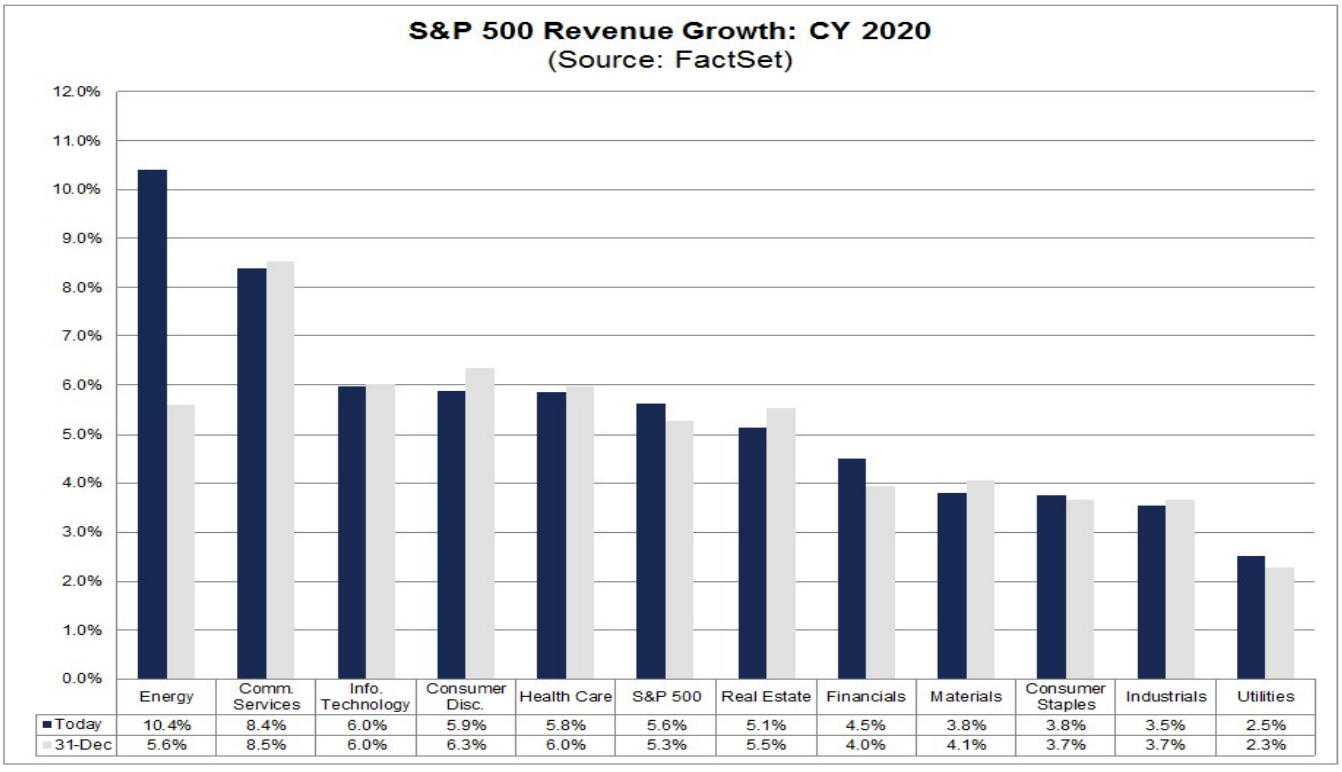
CY 2020: Growth



	Energy	Materials	Consumer Disc.	Info. Technology	S&P 500	Industrials	Comm. Services	Health Care	Financials	Consumer Staples	Real Estate	Utilities
Today	32.9%	13.7%	13.6%	11.5%	11.5%	11.0%	10.9%	10.1%	9.8%	7.1%	5.9%	5.4%
31-Dec	25.2%	12.8%	14.1%	11.3%	11.2%	11.8%	10.5%	10.1%	9.4%	6.9%	6.5%	5.4%



	Energy	Comm. Services	Info. Technology	Consumer Disc.	Health Care	S&P 500	Real Estate	Financials	Materials	Consumer Staples	Industrials	Utilities
Today	10.4%	8.4%	6.0%	5.9%	5.8%	5.6%	5.1%	4.5%	3.8%	3.8%	3.5%	2.5%
31-Dec	5.6%	8.5%	6.0%	6.3%	6.0%	5.3%	5.5%	4.0%	4.1%	3.7%	3.7%	2.3%

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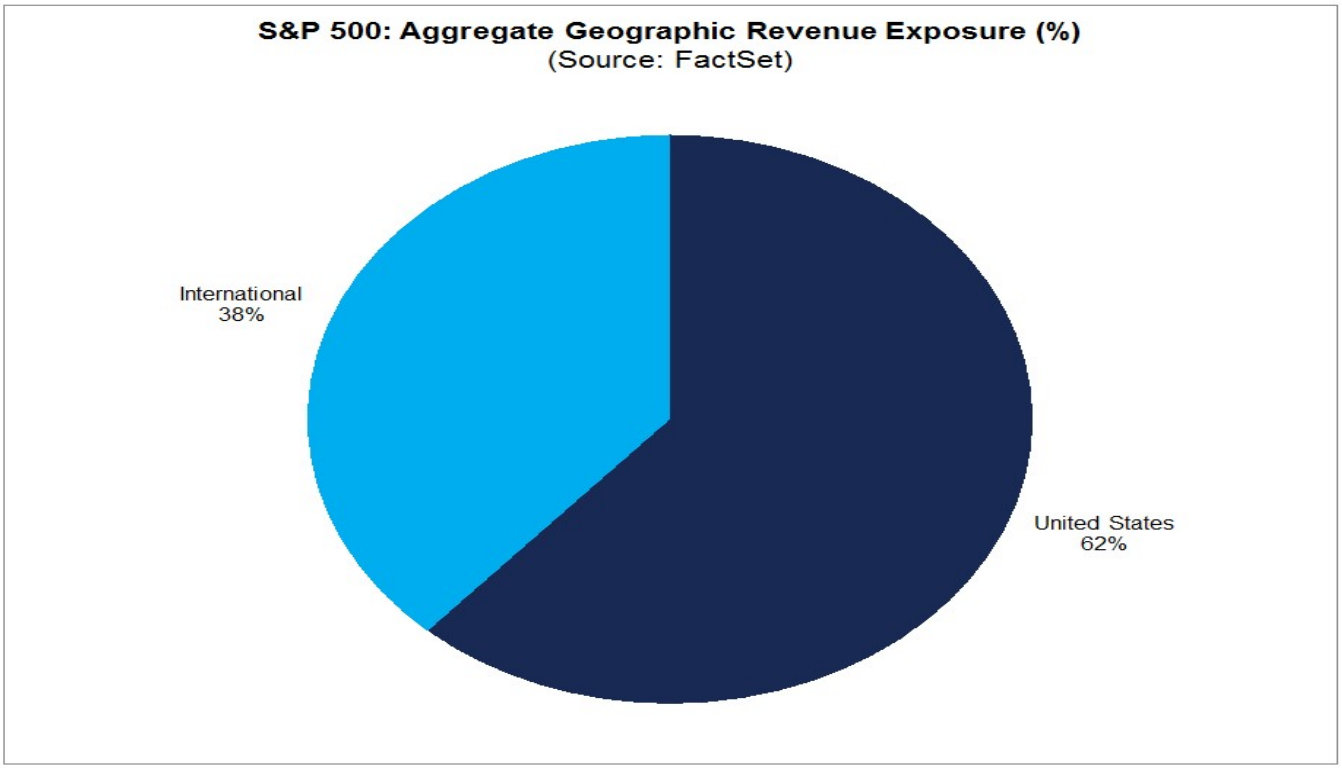
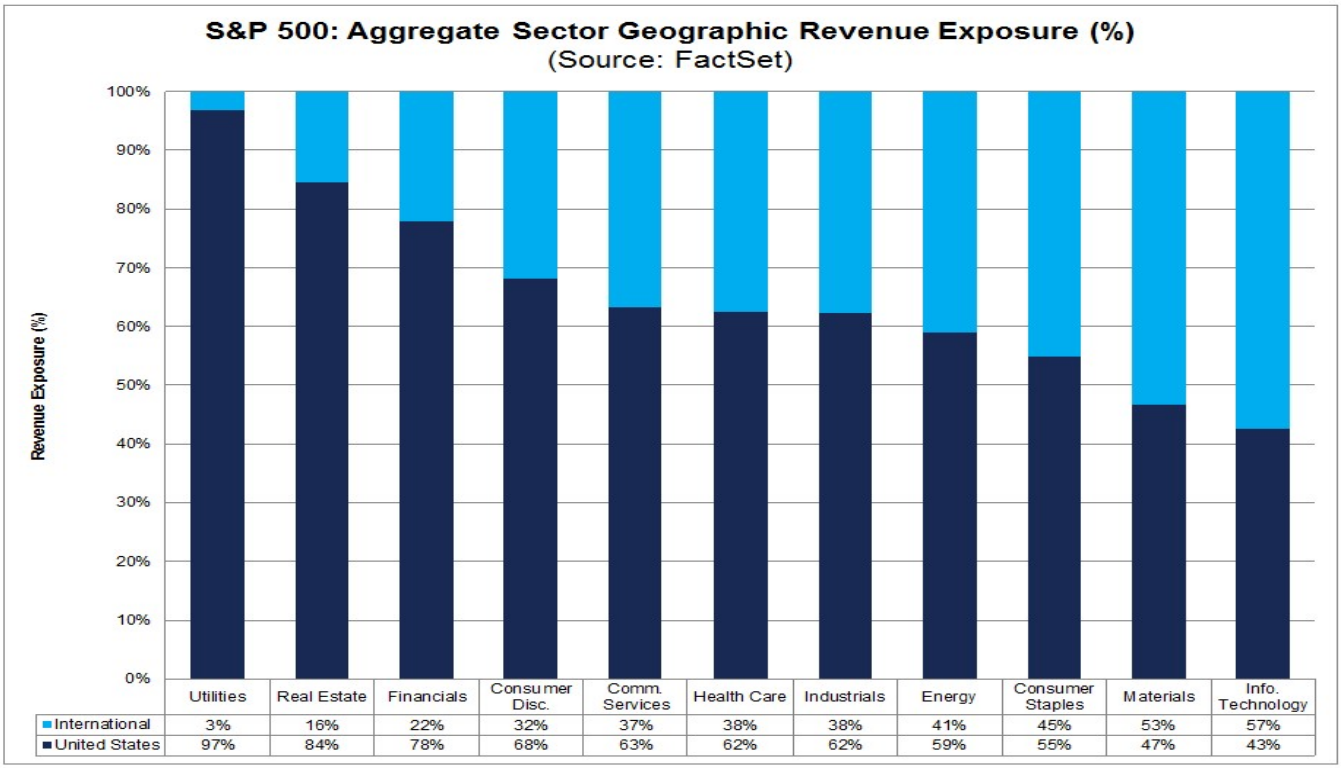
Geographic Revenue Exposure





	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Health Care	Industrials	Energy	Consumer Staples	Materials	Info. Technology
International	3%	16%	22%	32%	37%	38%	38%	41%	45%	53%	57%
United States	97%	84%	78%	68%	63%	62%	62%	59%	55%	47%	43%

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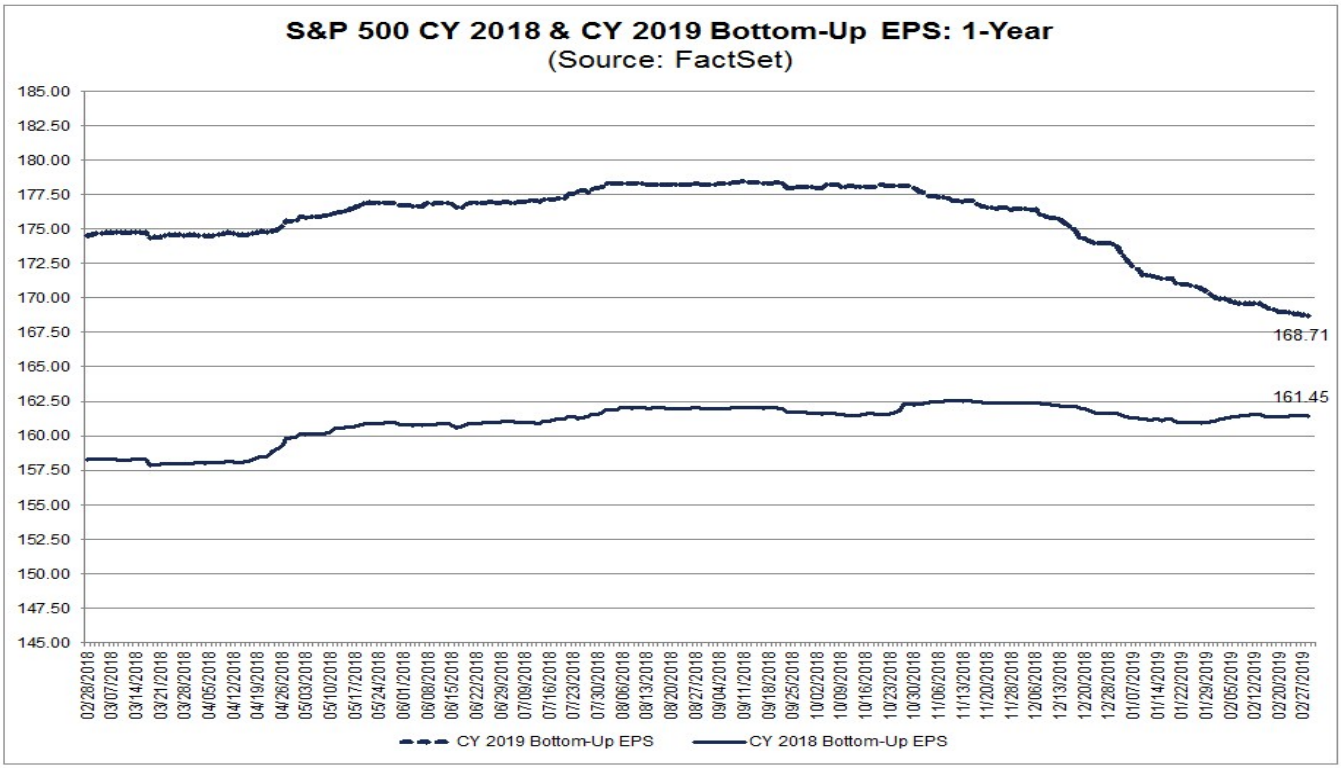
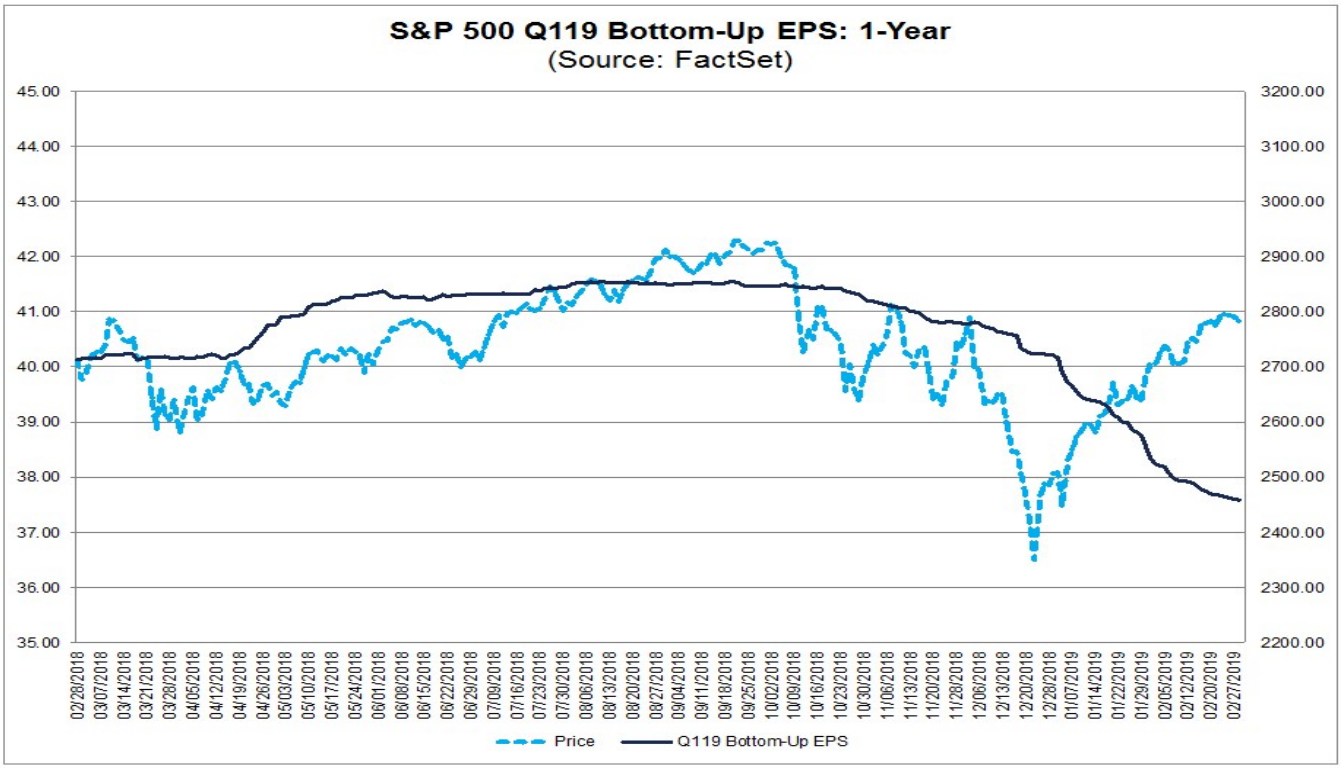
Bottom-up EPS Estimates: Revisions





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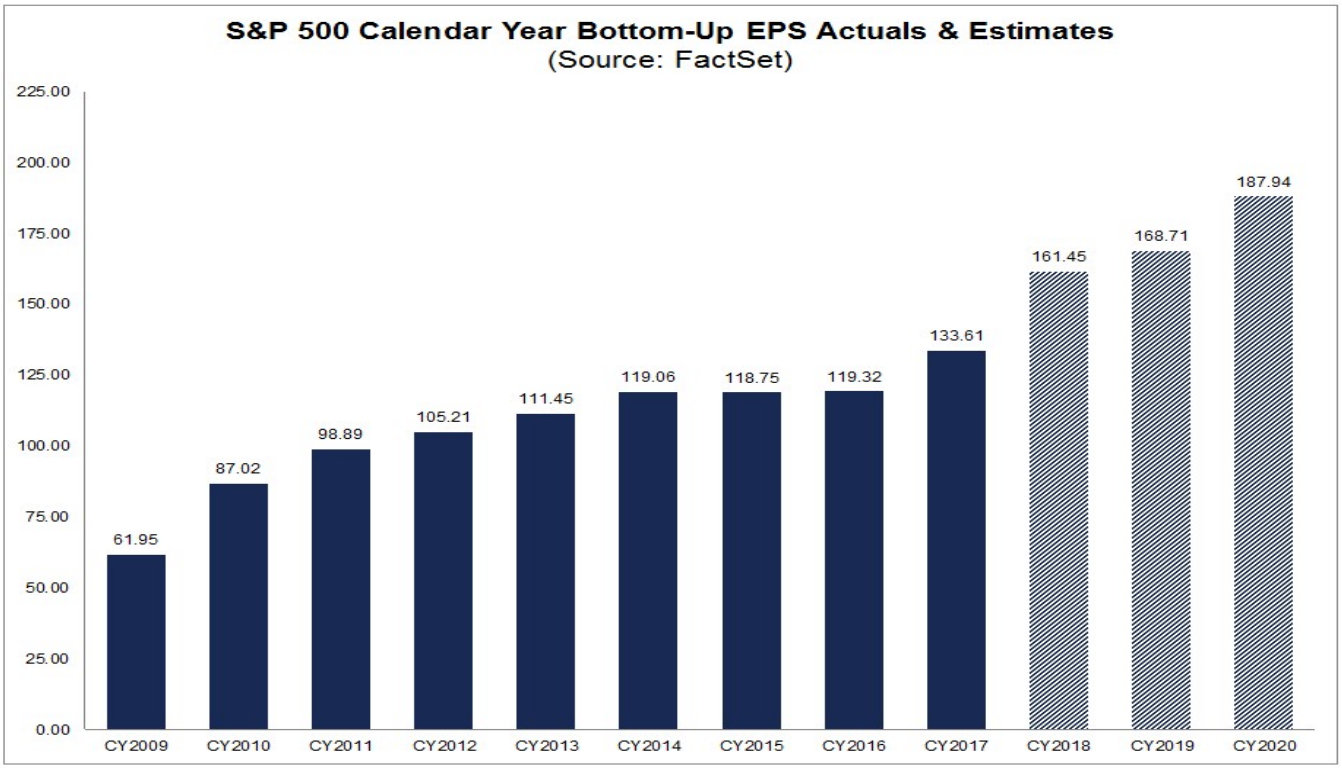
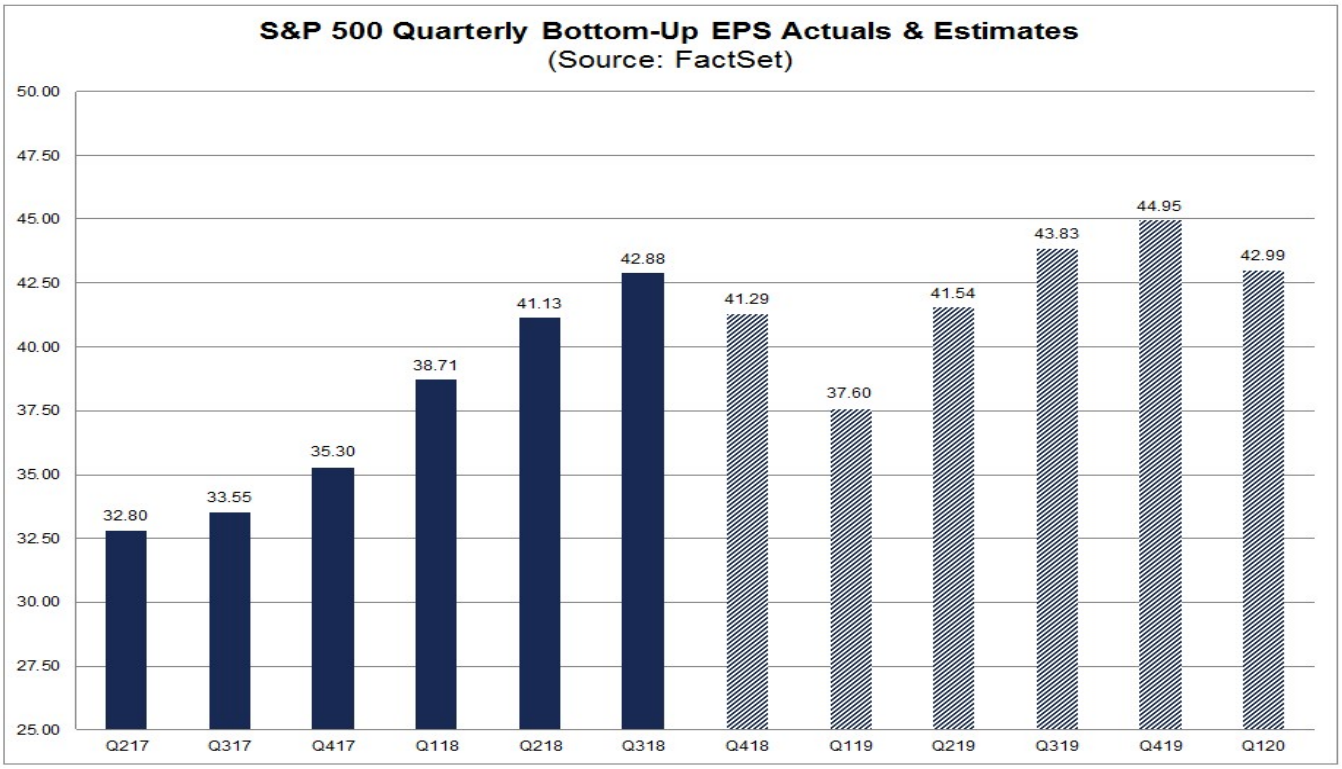
Bottom-up EPS Estimates: Current & Historical





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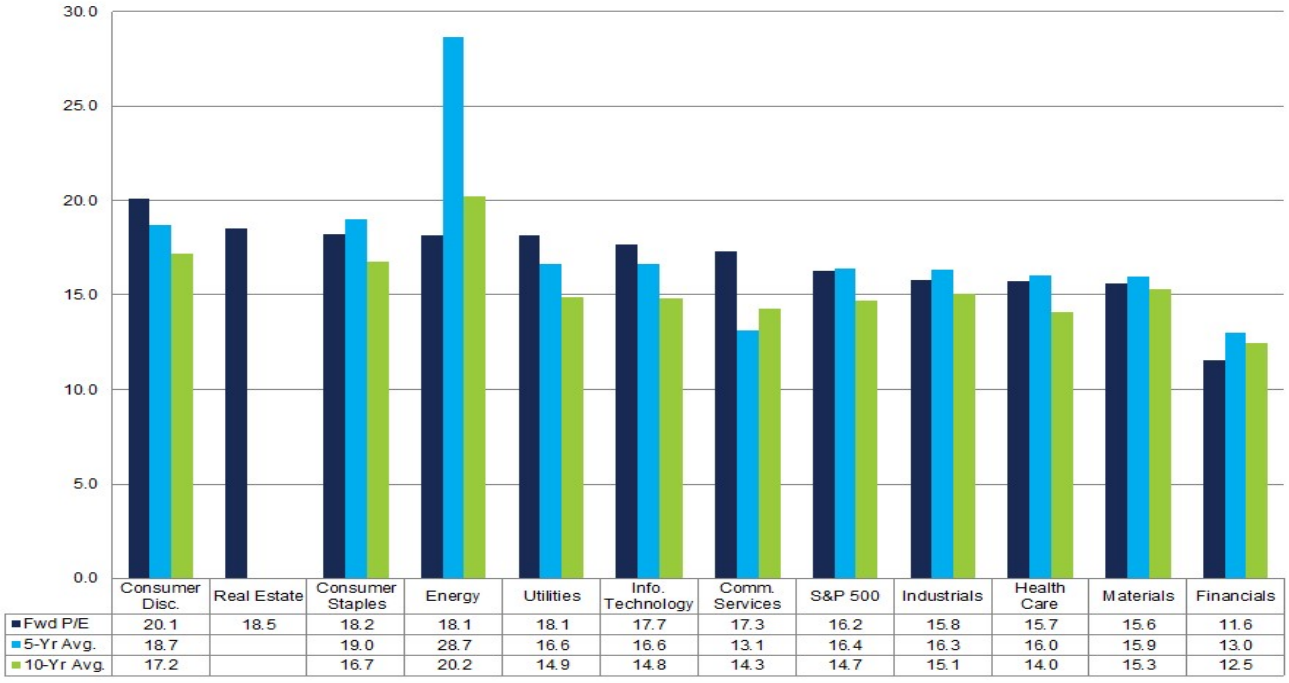
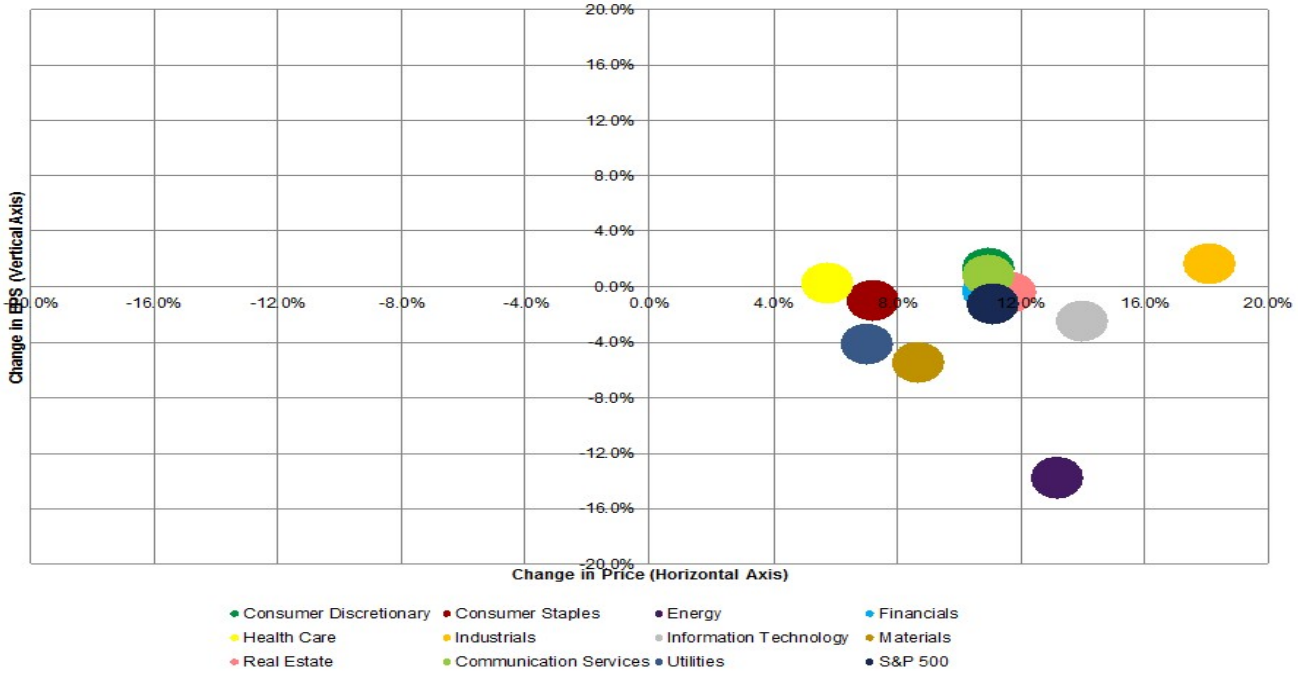
Forward 12M P/E Ratio: Sector Level

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



	Consumer Disc.	Real Estate	Consumer Staples	Energy	Utilities	Info. Technology	Comm. Services	S&P 500	Industrials	Health Care	Materials	Financials
Fwd P/E	20.1	18.5	18.2	18.1	18.1	17.7	17.3	16.2	15.8	15.7	15.6	11.6
5-Yr Avg.	18.7		19.0	28.7	16.6	16.6	13.1	16.4	16.3	16.0	15.9	13.0
10-Yr Avg.	17.2		16.7	20.2	14.9	14.8	14.3	14.7	15.1	14.0	15.3	12.5

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



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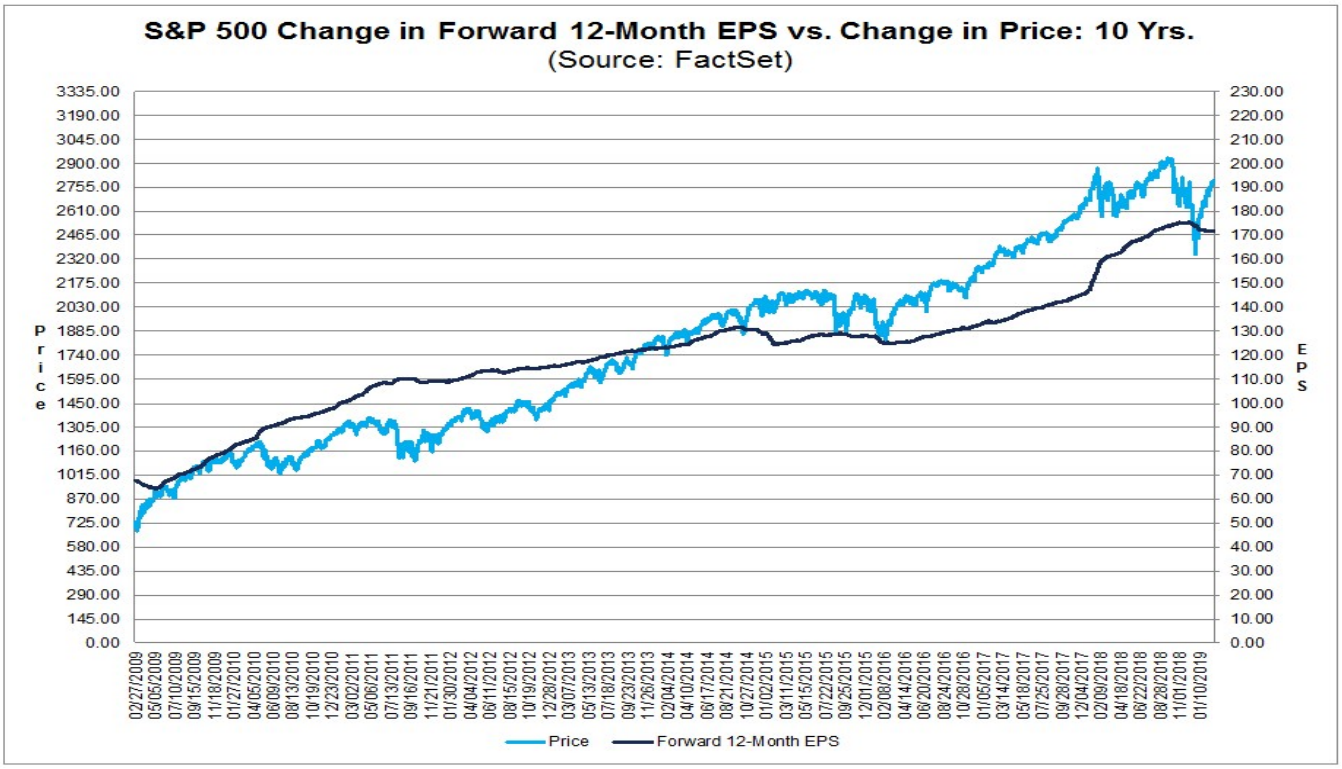
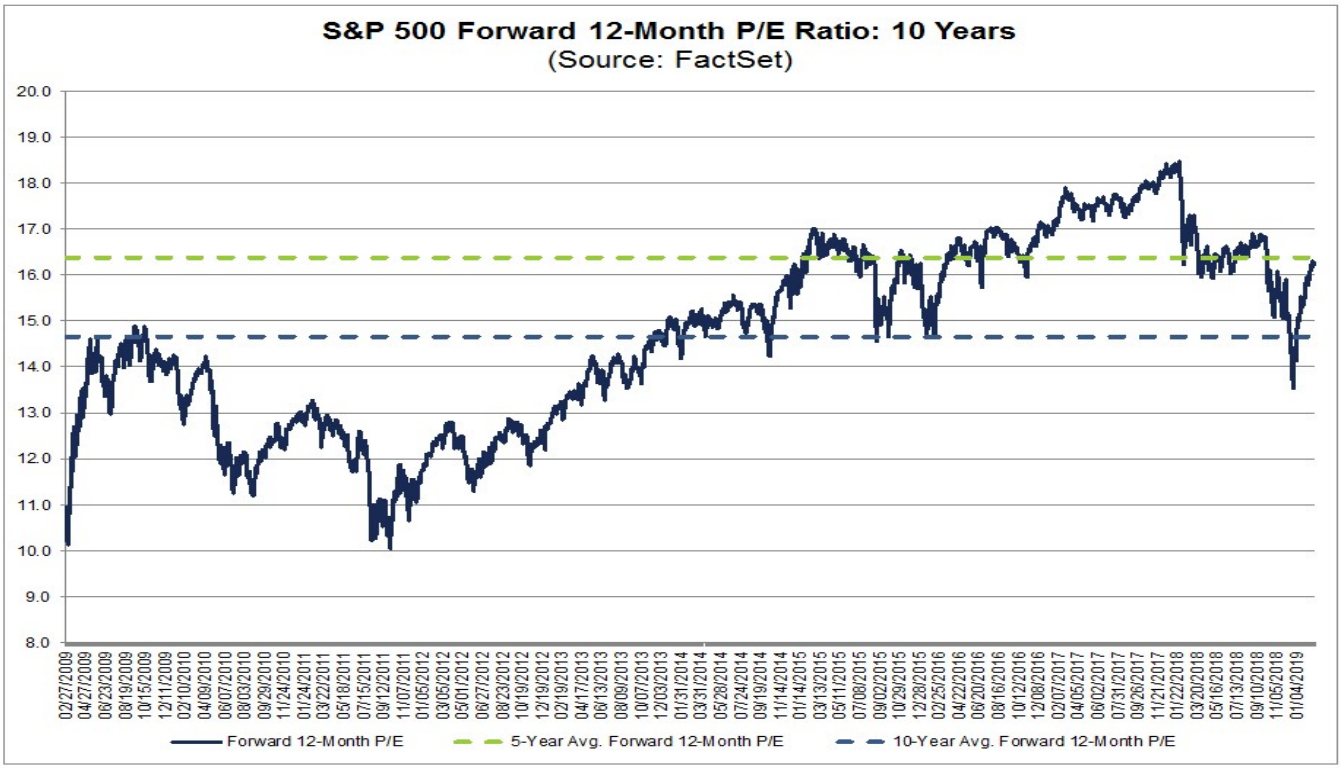
Forward 12M P/E Ratio: 10-Years





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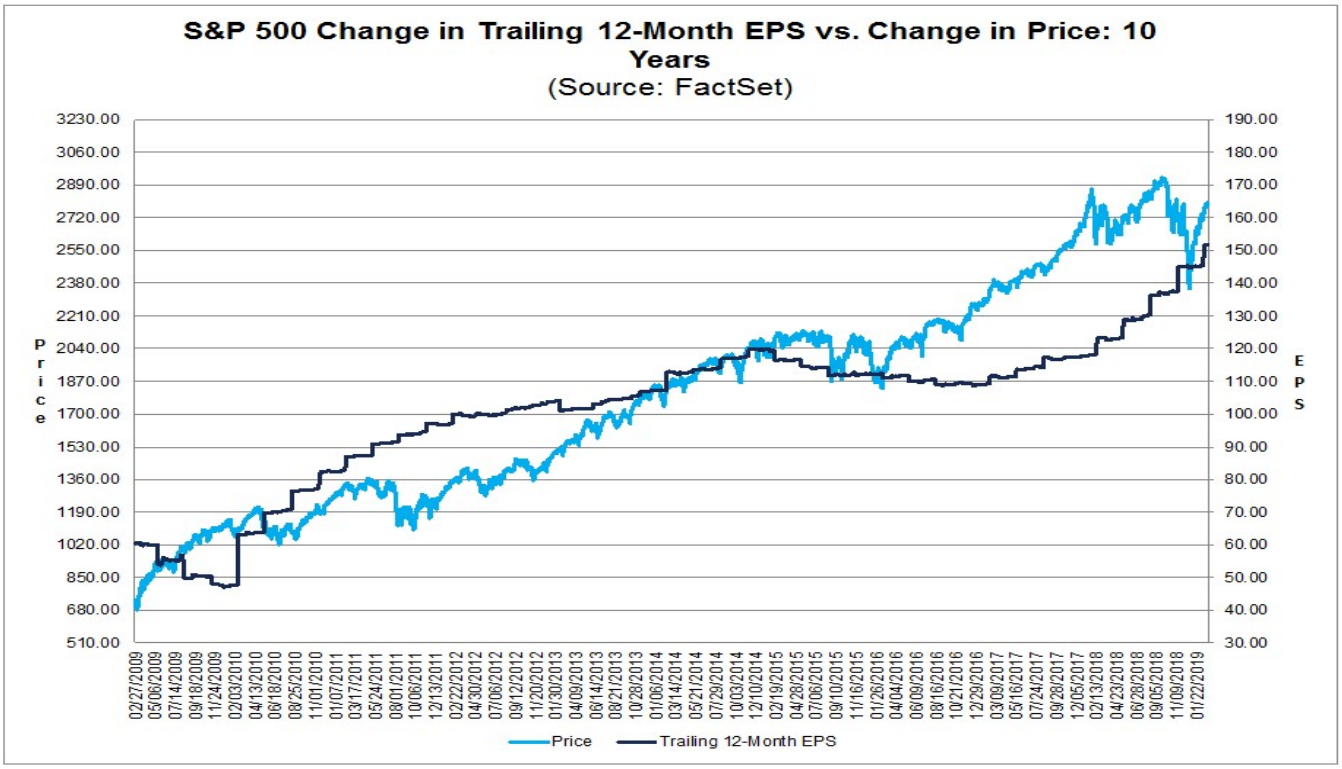
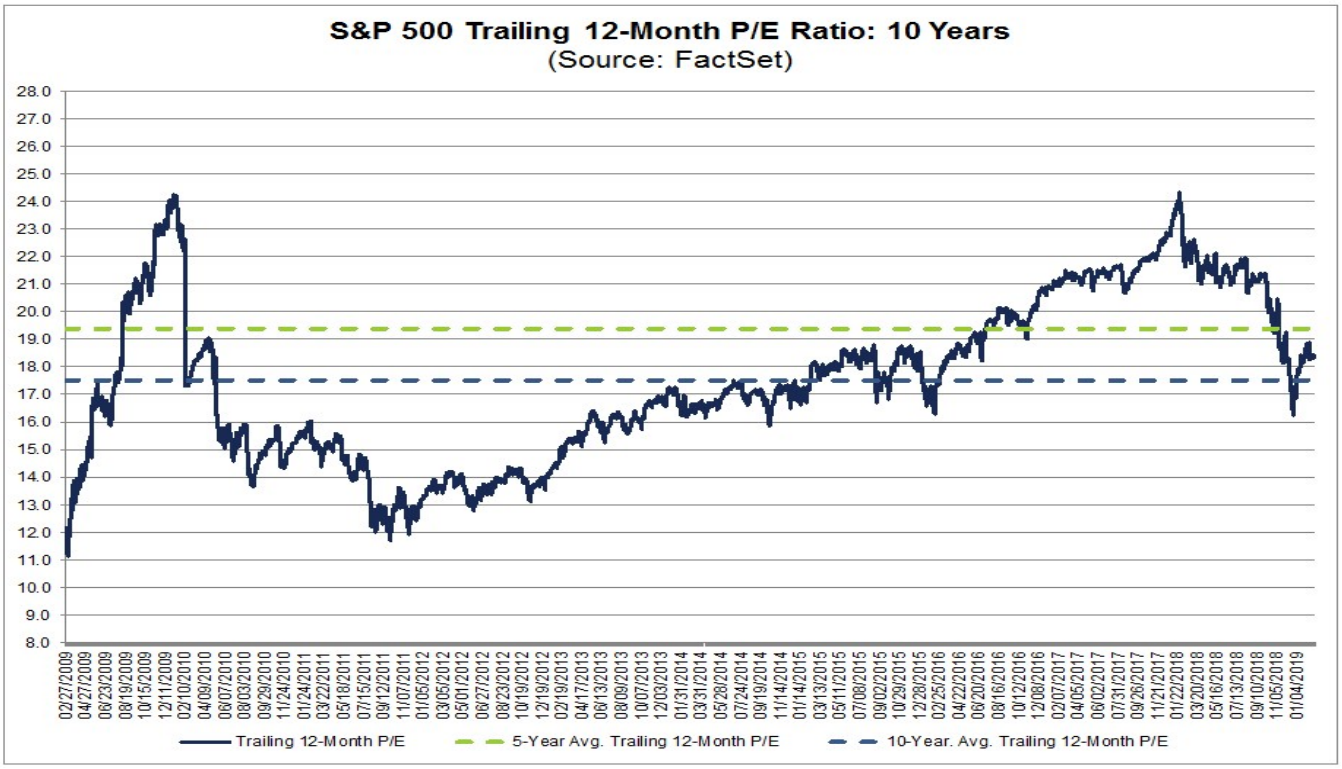
Trailing 12M P/E Ratio: 10-Years





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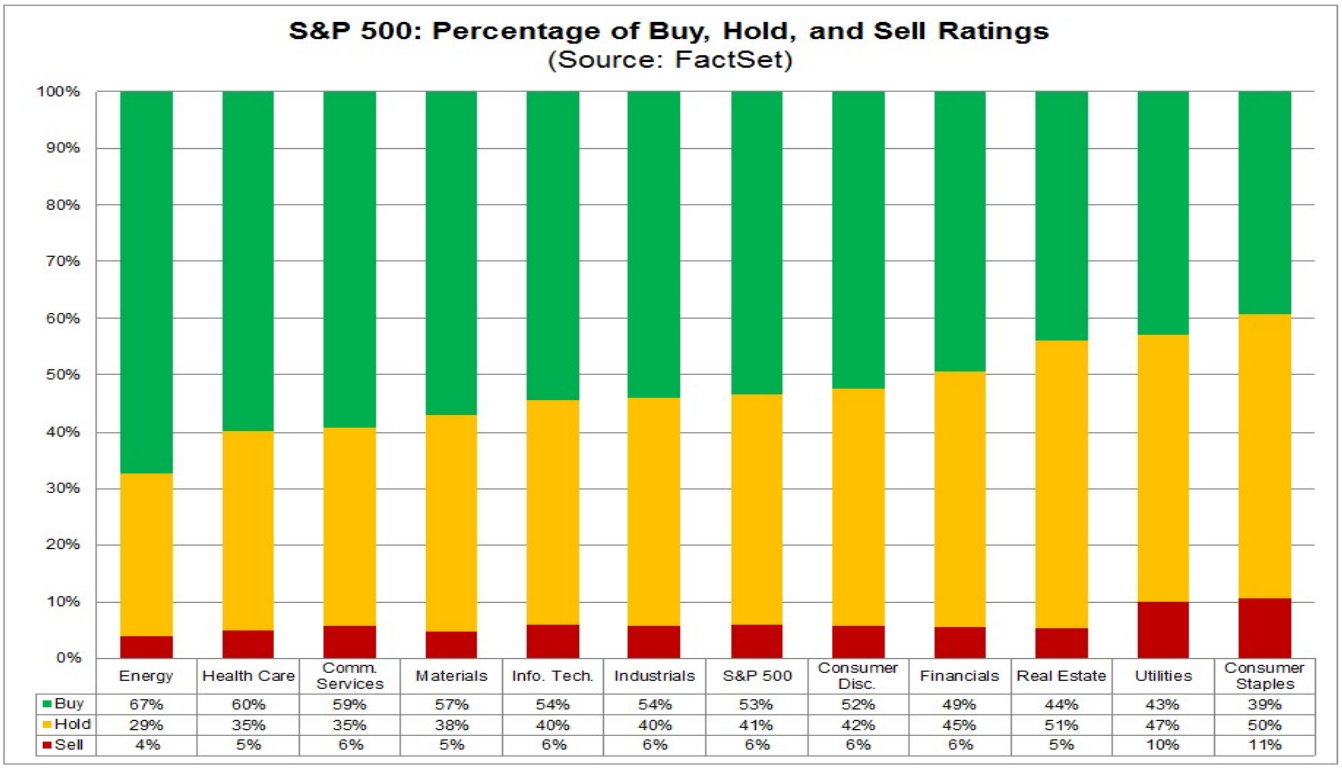
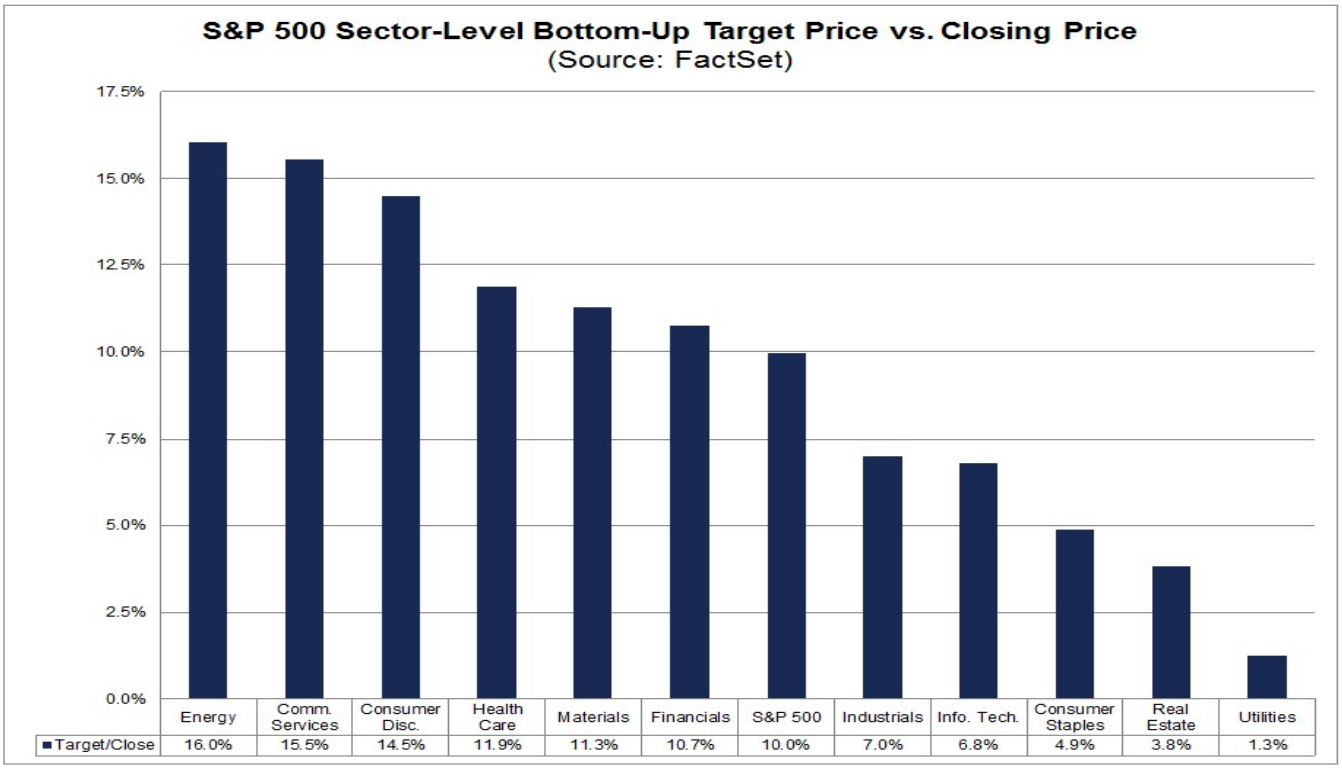
Targets & Ratings



	Energy	Health Care	Comm. Services	Materials	Info. Tech.	Industrials	S&P 500	Consumer Disc.	Financials	Real Estate	Utilities	Consumer Staples
Buy	67%	60%	59%	57%	54%	54%	53%	52%	49%	44%	43%	39%
Hold	29%	35%	35%	38%	40%	40%	41%	42%	45%	51%	47%	50%
Sell	4%	5%	6%	5%	6%	6%	6%	6%	6%	5%	10%	11%



	Energy	Comm. Services	Consumer Disc.	Health Care	Materials	Financials	S&P 500	Industrials	Info. Tech.	Consumer Staples	Real Estate	Utilities
Target/Close	16.0%	15.5%	14.5%	11.9%	11.3%	10.7%	10.0%	7.0%	6.8%	4.9%	3.8%	1.3%

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