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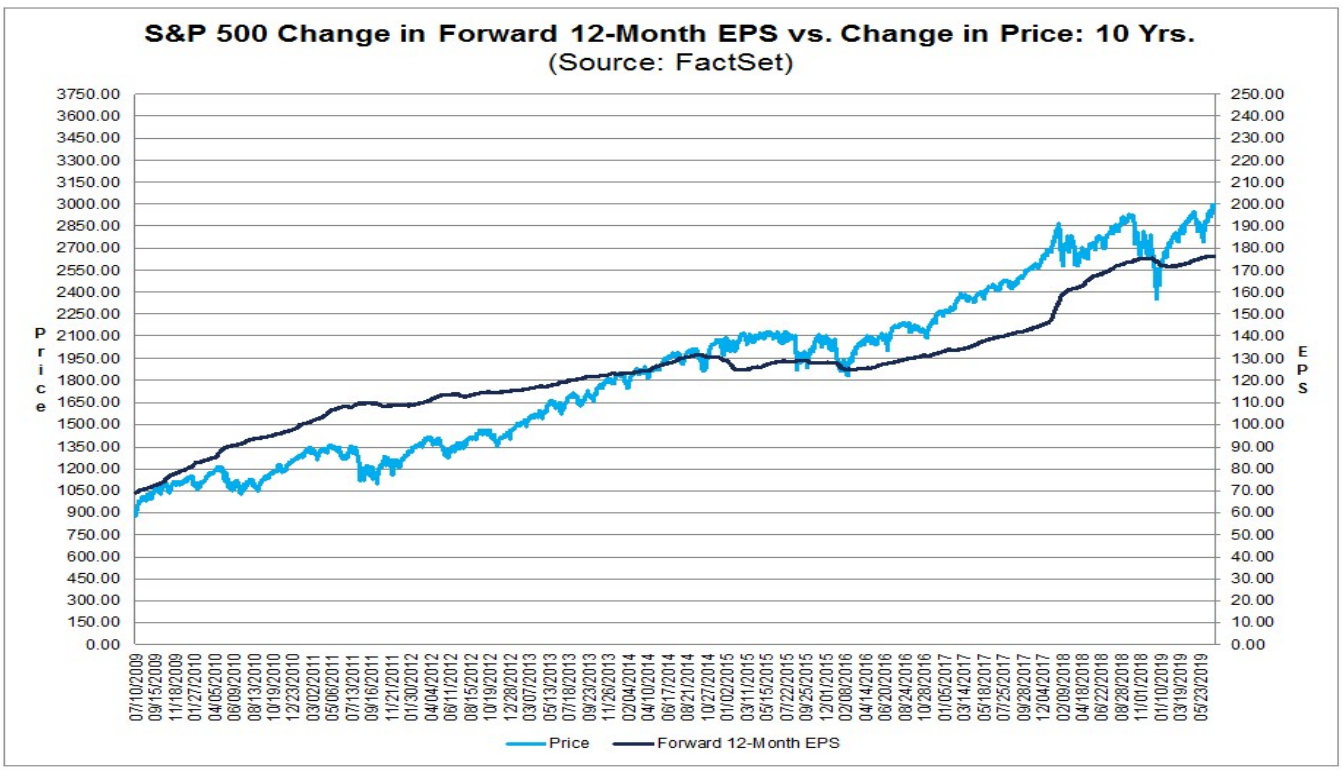
Key Metrics

- **Earnings Growth:** For Q2 2019, the estimated earnings decline for the S&P 500 is -3.0%. If -3.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016.
- **Earnings Revisions:** On March 31, the estimated earnings decline for Q2 2019 was -0.5%. Ten sectors have lower growth rates today (compared to March 31) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2019, 88 S&P 500 companies have issued negative EPS guidance and 26 S&P 500 companies have issued positive EPS guidance. If 88 is the final number for the quarter, it will mark the second highest number of S&P 500 companies issuing negative EPS guidance for a quarter since 2006.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.1. This P/E ratio is above the 5-year average (16.5) and above the 10-year average (14.8).
- **Earnings Scorecard:** For Q2 2019 (with 24 of the companies in the S&P 500 reporting actual results for the quarter), 20 companies have reported a positive EPS surprise and 17 companies have reported a positive revenue surprise.



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Topic of the Week: 1

S&P 500 Will Likely Report Earnings Growth in Q2 2019

As of today, the S&P 500 is expected to report a decline in earnings of -3.0% for the second quarter. What is the likelihood the index will report an actual decline in earnings of -3.0% for the quarter?

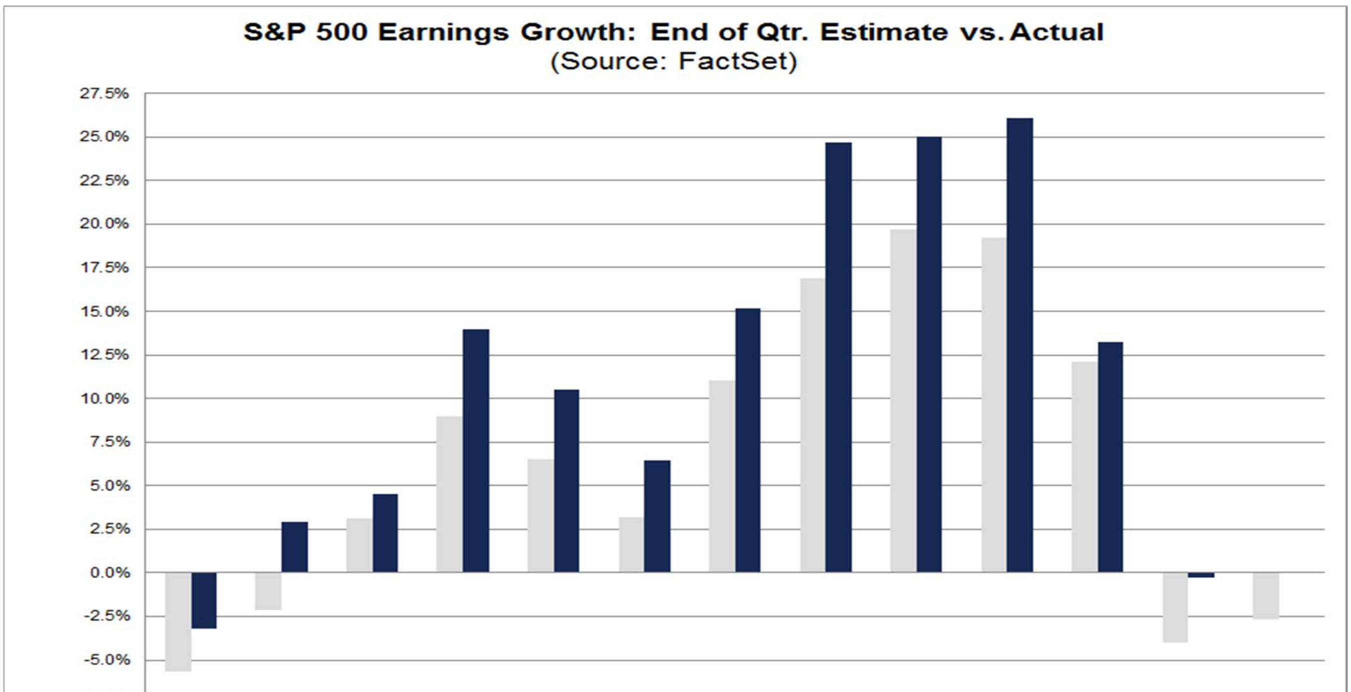
Based on the average change in earnings growth due to companies reporting positive earnings surprises during each earnings season, it is likely the index will report (year-over-year) growth in earnings for Q2.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year-ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth for the company for the quarter is now 10%, five percentage points above the estimated growth rate (10% - 5% = 5%).

Over the past five years on average, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 4.8%. During this same period, 72% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has typically increased by 3.7 percentage points on average (over the past 5 years) due to the number and magnitude of upside earnings surprises.

If this average increase is applied to the estimated earnings decline at the end of Q2 (June 30) of -2.7%, the actual earnings growth rate for the quarter would be 1.0% (-2.7% + 3.7% = 1.0%).

If the index does report earnings growth of 1.0% for Q2, it will mark the second lowest earnings growth reported by the index since Q2 2016, trailing only the previous quarter (-0.3%).



	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218	Q318	Q418	Q119	Q219
End of Qtr.	-5.7%	-2.1%	3.1%	9.0%	6.5%	3.2%	11.0%	16.9%	19.7%	19.2%	12.1%	-4.0%	-2.7%
Actual	-3.2%	3.0%	4.6%	14.0%	10.5%	6.5%	15.2%	24.7%	25.0%	26.1%	13.2%	-0.3%	

Topic of the Week: 2

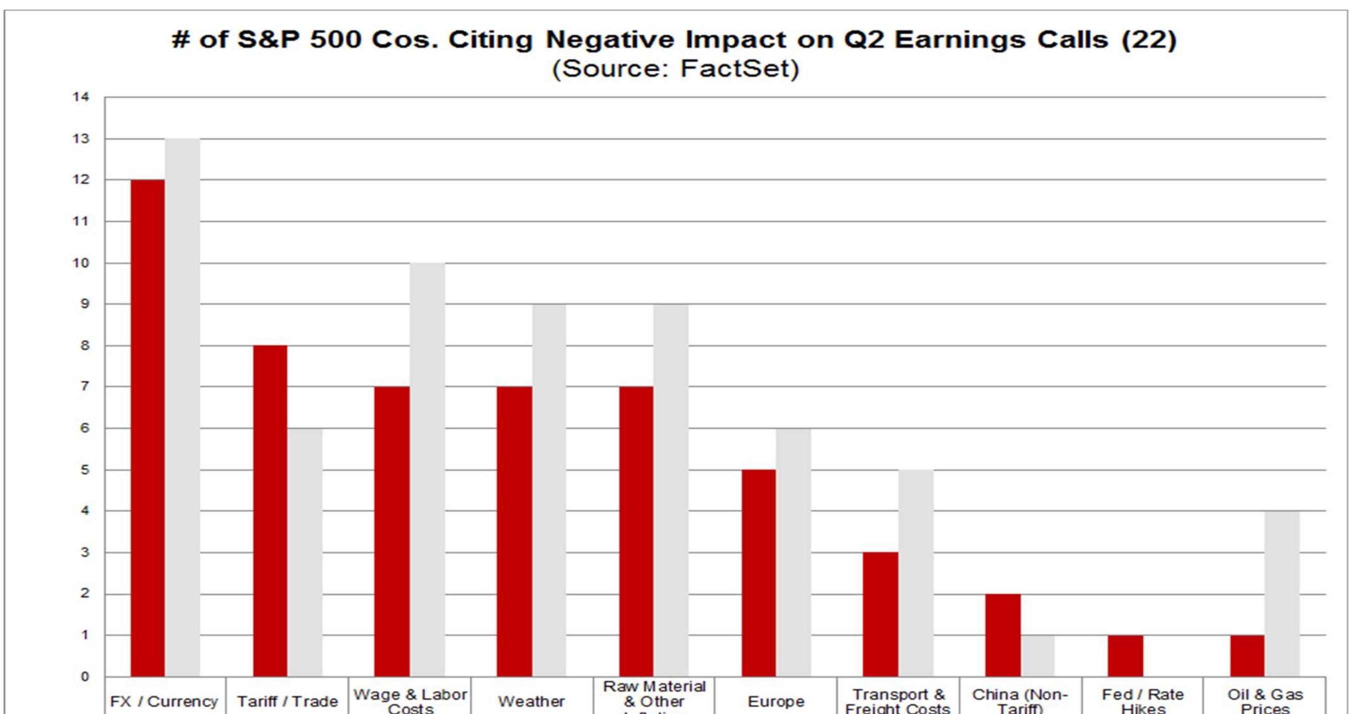
More Than Half of S&P 500 Companies Citing Negative Impact of FX on Q2 Earnings Calls

While most S&P 500 companies will report earnings results for Q2 2019 over the next few weeks, about 5% of the companies in the index (24 companies) had reported earnings results for the second quarter through yesterday. Given the current expectations for a year-over-year decline in earnings for Q2 (and for Q3), have these companies discussed specific factors that had a negative impact on earnings or revenues in the second 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 22 S&P 500 companies that had conducted second quarter earnings conference calls through yesterday (July 11) 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 second quarter to the number of companies that cited these same factors in the first quarter through approximately the same point in time (through April 11). The results are shown below.

Foreign exchange has again been cited on the most earnings calls to date (12) as a factor that either had a negative impact on earnings or revenues in Q2 or is expected to have a negative impact on earnings and revenues in future quarters. More than half (55%) of the S&P 500 companies that have conducted earnings conference calls to date for the second 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 Q2 (12) is about equal to the number of companies that cited a negative impact from this factor in Q1 (13) at about the same point in time.

After foreign exchange, the factors with the highest number of companies citing a negative impact included tariffs and trade (8), wage and labor costs (7), weather (7), and raw material and other general inflation (7).



	FX / Currency	Tariff / Trade	Wage & Labor Costs	Weather	Raw Material & Other Inflation	Europe	Transport & Freight Costs	China (Non-Tariff)	Fed / Rate Hikes	Oil & Gas Prices
Q219	12	8	7	7	7	5	3	2	1	1
Q119	13	6	10	9	9	6	5	1	0	4

Q2 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts made smaller cuts than average to EPS estimates for Q2 2019. On a per-share basis, estimated earnings for the second quarter fell by 2.6% during the quarter (from March 31 to June 30). This percentage decline was smaller than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.2%) for a quarter.

However, a larger percentage of S&P 500 companies have lowered the bar for earnings for Q2 2019 relative to recent quarters. Of the 114 companies that have issued EPS guidance for the second quarter, 88 have issued negative EPS guidance and 26 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 77% (88 out of 114), which is above the 5-year average of 70%.

Because of the net downward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q2 2019 is -3.0% today compared to the estimated (year-over-year) earnings decline of -0.5% on March 31. If -3.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. It will also mark the largest year-over-year decline in earnings reported by the index since Q2 2016 (-3.2%). Five sectors are predicted to report year-over-year earnings growth, led by the Health Care sector. Six sectors are projected to report a year-over-year decline in earnings, led by the Materials and Information Technology sectors.

Because of the net downward revisions to revenue estimates, the estimated (year-over-year) revenue growth rate for Q2 2019 is 3.7% today compared to the estimated (year-over-year) revenue growth rate of 4.5% on March 31. If 3.7% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%). Eight of the eleven sectors are projected to report year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Three sectors are predicted to report a year-over-year decline in revenues, led by the Materials sector.

Looking at the second half of 2019, analysts see a decline in earnings for the third quarter followed by mid-single-digit earnings growth in the fourth quarter.

The forward 12-month P/E ratio is 17.1, which is above the 5-year average and above the 10-year average.

During the upcoming week, 57 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the second quarter.

Estimate Revisions: Largest Decline in Materials Since March 31

Increase in Estimated Earnings Decline for Q2 This Week

The estimated earnings decline for the second quarter is -3.0% this week, which is larger than the estimated earnings decline of -2.7% last week. Downward revisions to estimates for companies in the Energy and Financials sectors were mainly responsible for the increase in the expected earnings decline during the week.

The estimated earnings decline for Q2 2019 of -3.0% today is larger than the estimated earnings decline of -0.5% at the start of the quarter (March 31). Ten sectors have recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Materials sector.

Materials: DuPont Leads Decrease Since March 31

The Materials sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to -16.6% from -3.2%). Despite the decline in expected earnings, this sector has witnessed an increase in price of 4.3% since March 31. Overall, 21 of the 28 companies (75%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 21 companies, 9 have recorded a decrease in their mean EPS estimate of more than 10%, led by Freeport-McMoRan (to -$0.02 from $0.13), DuPont (to $0.97 from $1.87) and Mosaic (to $0.32 from $0.58). DuPont has also been the largest contributor to the decrease in expected earnings for this sector since the start of the quarter. The stock price of DuPont has decreased by about 6% since March 31.

Industrials: Boeing Leads Decrease Since March 31

The Industrials sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to -1.7% from 5.5%). Despite the decline in expected earnings, this sector has witnessed an increase in price of 2.6% since March 31. Overall, 50 of the 69 companies (72%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 50 companies, 7 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to $1.75 from $4.63) and 3M (to $2.05 from $2.64). Boeing has also been the largest contributor to the decrease in expected earnings for this sector since the start of the quarter. The stock price of Boeing has decreased by about 5% since March 31.

Consumer Discretionary: Amazon and GM Lead Decrease Since March 31

The Consumer Discretionary sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to -3.4% from 1.7%). Despite the decline in expected earnings, this sector has witnessed an increase in price of 8.2% since March 31. Overall, 41 of the 62 companies (66%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 41 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by Under Armour (to -$0.06 from -$0.04) and V.F. Corporation (to $0.30 from $0.50). However, Amazon.com (to $5.56 from $6.38) and General Motors (to $1.44 from $1.70) have been the largest contributors to the decrease in expected earnings for this sector since the start of the quarter. The stock prices of both companies have increased since March 31.

Index-Level (Bottom-Up) EPS Estimate: Below Average Decline in Q2

The Q2 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 2.6% (to $40.39 from $41.46) during the second quarter (from March 31 to June 30). This percentage decline was smaller than the 5-year average (-3.3%), the 10-year average (-3.1%), and the 15-year average (-4.2%) for a quarter.

Guidance: 2nd Highest Number of S&P 500 Companies Issuing Negative Guidance since 2006

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, 114 companies in the index have issued EPS guidance for Q2 2019. Of these 114 companies, 88 have issued negative EPS guidance and 26 have issued positive EPS guidance. If 88 is the final number for the second quarter, it will mark the second highest number of S&P 500 companies issuing negative EPS guidance for a quarter since FactSet began tracking this data in 2006 (trailing only Q1 2016 at 92).

The percentage of companies issuing negative EPS guidance is 77% (88 out of 114), which is above the 5-year average of 70%. At the sector level, the Information Technology and Health Care sectors are the largest contributors to the overall increase in the number of S&P 500 companies issuing negative EPS guidance for Q2 relative to the 5-year average. In the Information Technology sector, 26 companies have issued negative EPS guidance for the second quarter, which is above the 5-year average for the sector of 20.4. In the Health Care sector, 14 companies have issued negative EPS guidance for the second quarter, which is above the 5-year average for the sector of 10.4.

For more details on guidance, please see our article at the following link: https://insight.factset.com/2nd-highest-number-of-sp-500-companies-issuing-negative-eps-guidance-for-q2-since-2006

Year-Over-Year Earnings Decline: -3.0%

The estimated (year-over-year) earnings decline for Q2 2019 is -3.0%. If -3.0% is the actual decline for the quarter, it will mark the first time the index has reported two straight quarters of year-over-year declines in earnings since Q1 2016 and Q2 2016. It will also mark the largest year-over-year decline in earnings reported by the index since Q2 2016 (-3.2%). Five sectors are predicted to report year-over-year earnings growth, led by the Health Care sector. Six sectors are projected to report a year-over-year decline in earnings, led by the Materials and Information Technology sectors.

Health Care: 5 of 6 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 2.1%. At the industry level, five of the six industries in this sector are predicted to report growth in earnings, led by the Health Care Providers & Services (15%) industry. On the other hand, the Pharmaceuticals (-5%) industry is the only industry expected to report a year-over-year decline in earnings.

Materials: Freeport-McMoRan and DuPont Lead Year-Over-Year Decline

The Materials sector is predicted to report the highest (year-over-year) earnings decline of all eleven sectors at -16.6%. At the industry level, three of the four industries in this sector are expected to report a decline in earnings: Metals & Mining (-64%), Chemicals (-8%), and Containers & Packaging (-8%). On the other hand, the Construction Materials (8%) industry is the only industry in the sector that is expected to report earnings growth.

At the company level, Freeport-McMoRan and DuPont are projected to be the largest contributors to the (year-over-year) decline in earnings for the sector. The mean EPS estimate for Freeport-McMoRan for Q2 2019 is -$0.02, compared to year-ago EPS of $0.58. The mean EPS estimate for DuPont for Q2 2019 is $0.97, compared to year-ago EPS of $1.95. If these two companies were excluded, the estimated earnings decline for the sector would improve to -0.1% from -16.6%.

Information Technology: Micron Technology Leads Year-Over-Year Decline

The Information Technology sector is expected to report the second highest (year-over-year) earnings decline of all eleven sectors at -11.9%. At the industry level, three of the six industries in this sector are predicted to report a decline in earnings, led by the Semiconductors & Semiconductor Equipment (-31%) and Technology Hardware, Storage, & Peripherals (-22%). On the other hand, three industries are projected to report earnings growth, led by the Communications Equipment (5%) industry.

At the company level, Micron Technology is projected to be the largest contributor to the decline in earnings for the sector. Micron Technology reported actual EPS of $1.05 for Q2 2019, compared to year-ago EPS of $3.15. If this company were excluded, the estimated earnings decline for the sector would improve to -8.7% from -11.9%.

Year-Over-Year Revenue Growth: 3.7%

The estimated (year-over-year) revenue growth rate for Q2 2019 is 3.7%. If 3.7% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate for the index since Q3 2016 (2.7%). Eight of the eleven sectors are expected to report year-over-year growth in revenues, led by the Communication Services and Health Care sectors. Three sectors are expected to report a year-over-year decline in revenues, led by the Materials sector.

Communication Services: 3 of 4 Industries Expected to Report (Year-Over-Year) Double-Digit Growth

The Communication Services sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 14.0%. At the industry level, all four industries in this sector are projected to report revenue growth. Three of these four industries are predicted to report double-digit revenue growth: Entertainment (29%), Interactive Media & Services (18%), and Media (10%).

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 second highest (year-over-year) revenue growth of all eleven sectors at 12.4%. At the industry level, five of the six industries in this sector are predicted to report revenue growth for the quarter. The Health Care Providers & Services is the only industry projected to report double-digit revenue growth (18%). On the other hand, the Pharmaceuticals (-3%) industry is the only industry projected to report a decline in revenue.

At the company level, Cigna and CVS Health are predicted to be the largest contributors to 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 Q2 2019 ($35.04 billion) reflects the combined revenues of Cigna and Express Scripts, while the actual revenue for Q2 2018 ($11.48 billion) reflects the standalone revenue for Cigna. The revenue estimate for CVS Health for Q2 2019 ($62.67 billion) reflects the combined revenues of CVS Health and Aetna, while the actual revenue for Q2 2018 ($46.71 billion) reflects 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 4.7% from 12.4%.

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 -15.0%. At the industry level, two of the four industries in this sector are predicted to report a decline in revenue for the quarter: Chemicals (-22%) and Metals & Mining (-11%).

At the company level, DuPont is predicted to be the largest contributor to the 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 Q2 2019 ($6.02 billion) reflects the standalone revenue for DuPont, while the actual revenue for Q2 2018 ($24.25 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 5.1% from -15.0%.

Looking Ahead: Forward Estimates and Valuation

Earnings: Low Single-Digit Earnings Growth Projected for 2019

For the second quarter, S&P 500 companies are expected to report a decline in earnings of -3.0% and growth in revenues of 3.7%. For the second half of 2019, analysts see a decline in earnings in the third quarter and mid-single-digit growth in earnings in the fourth quarter.

For Q3 2019, analysts are projecting a decline in earnings of -0.8% and revenue growth of 3.3%.

For Q4 2019, analysts are projecting earnings growth of 6.0% and revenue growth of 4.2%.

For CY 2019, analysts are projecting earnings growth of 2.4% and revenue growth of 4.3%.

For Q1 2020, analysts are projecting earnings growth of 9.8% and revenue growth of 5.8%.

For Q2 2020, analysts are projecting earnings growth of 13.5% and revenue growth of 6.6%.

Valuation: Forward P/E Ratio is 17.1, Above the 10-Year Average (14.8)

The forward 12-month P/E ratio is 17.1. This P/E ratio is above the 5-year average of 16.5 and above the 10-year average of 14.8. It is also above the forward 12-month P/E ratio of 16.7 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 5.8%, while the forward 12-month EPS estimate has increased by 0.1%.

At the sector level, the Consumer Discretionary (21.8) sector has the highest forward 12-month P/E ratio, while the Financials (12.2) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 8% Increase in Price Over Next 12 Months

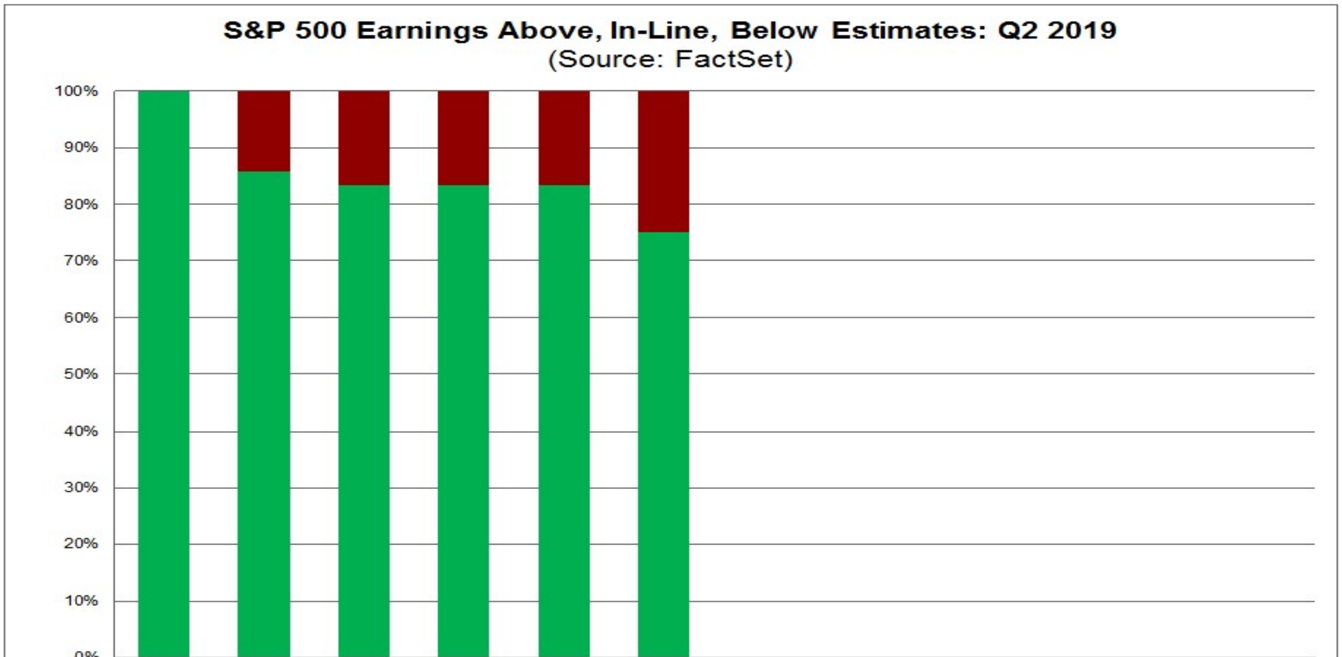
The bottom-up target price for the S&P 500 is 3228.18, which is 7.6% above the closing price of 2999.91. At the sector level, the Energy (+16.5%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+1.0%) and Real Estate (+1.5%) 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 10,430 ratings on stocks in the S&P 500. Of these 10,430 ratings, 52.2% are Buy ratings, 41.2% are Hold ratings, and 6.6% are Sell ratings. At the sector level, the Energy (64%) sector has the highest percentage of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

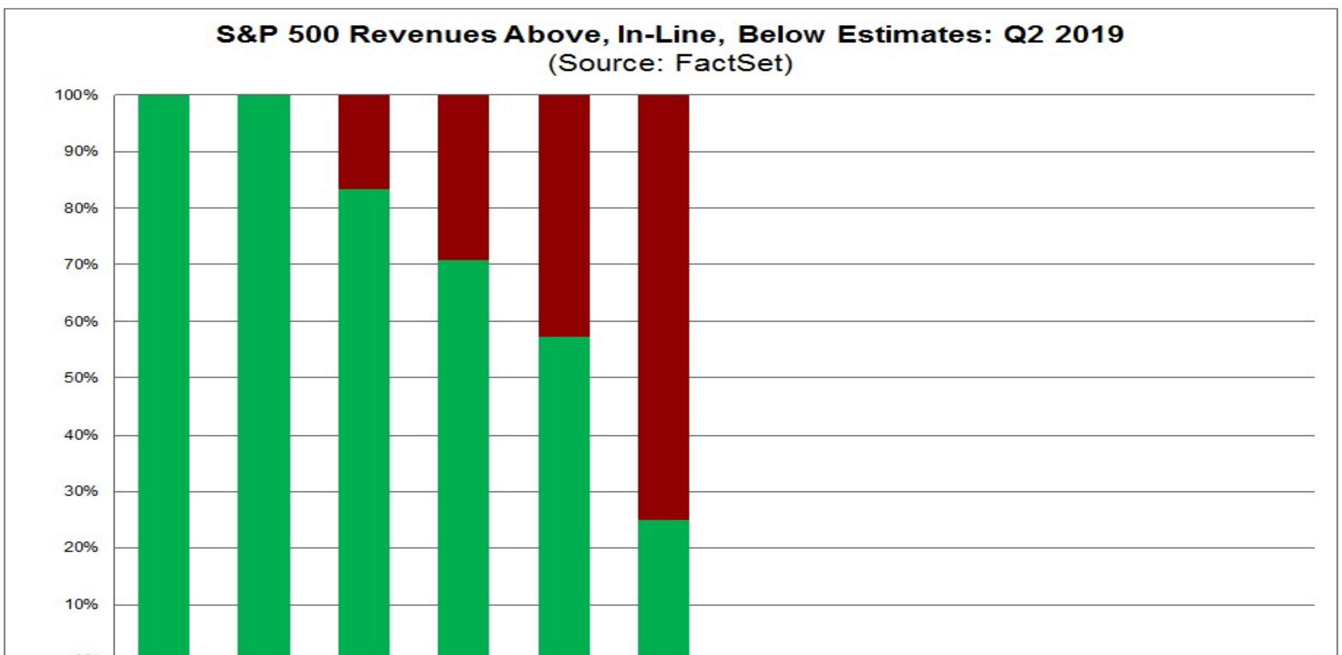
Companies Reporting Next Week: 57

During the upcoming week, 57 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the second quarter.

Q2 2019: Scorecard

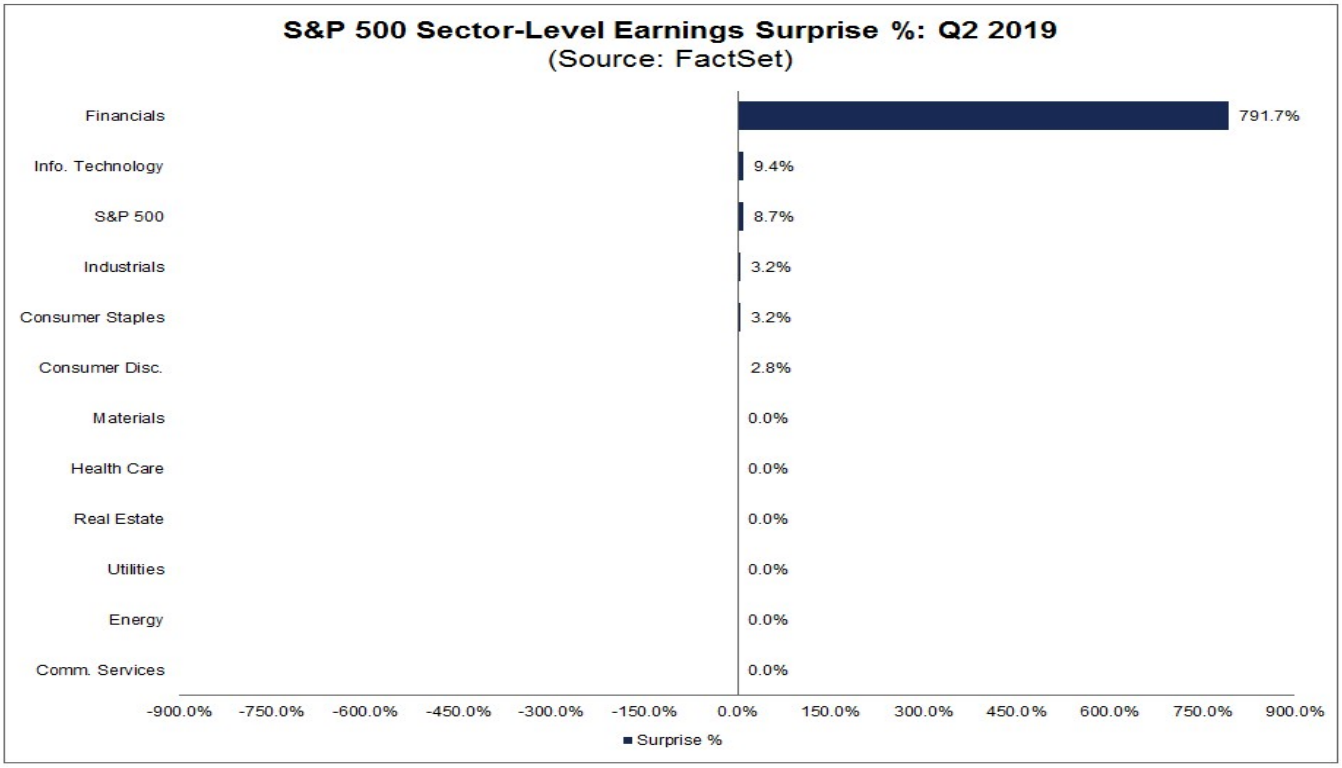


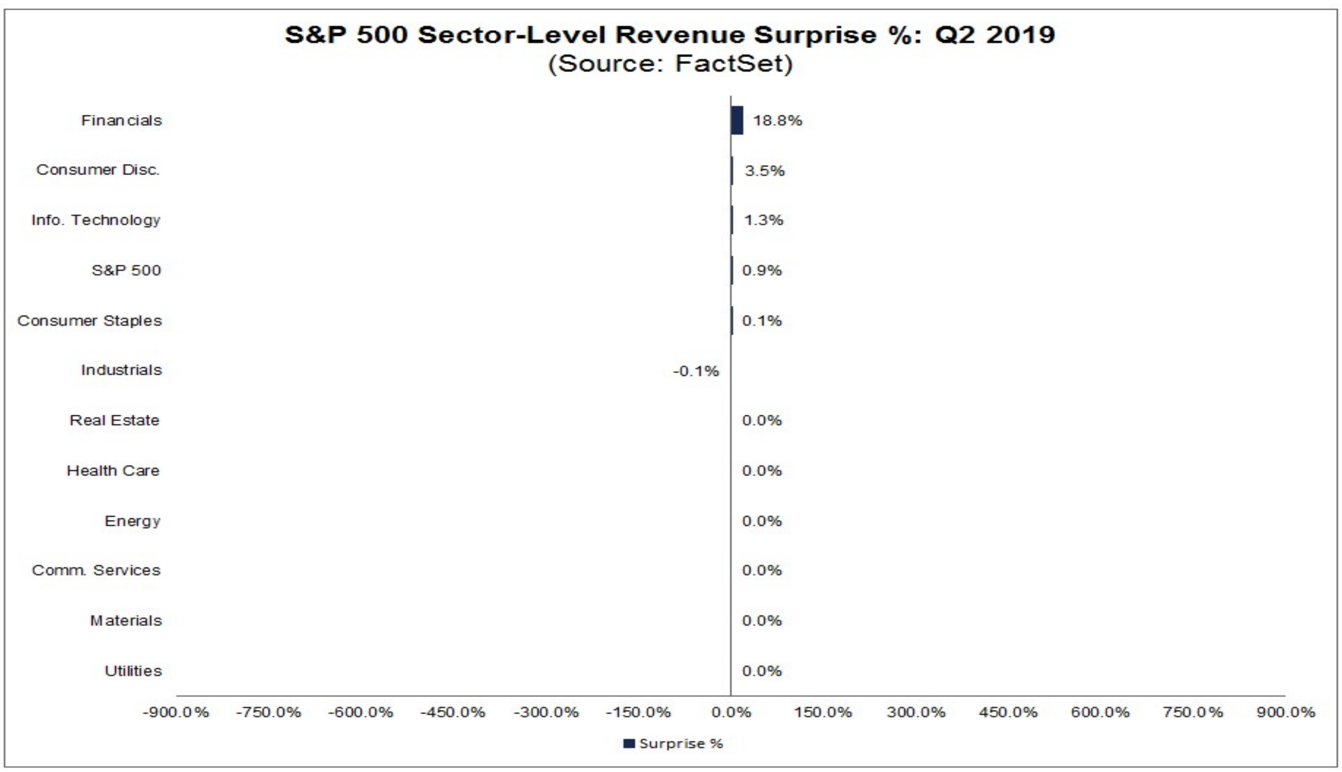
	Financials	Consumer Staples	S&P 500	Info. Technology	Consumer Disc.	Industrials	Health Care	Materials	Real Estate	Comm. Services	Energy	Utilities
Below	0%	14%	17%	17%	17%	25%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	86%	83%	83%	83%	75%	0%	0%	0%	0%	0%	0%



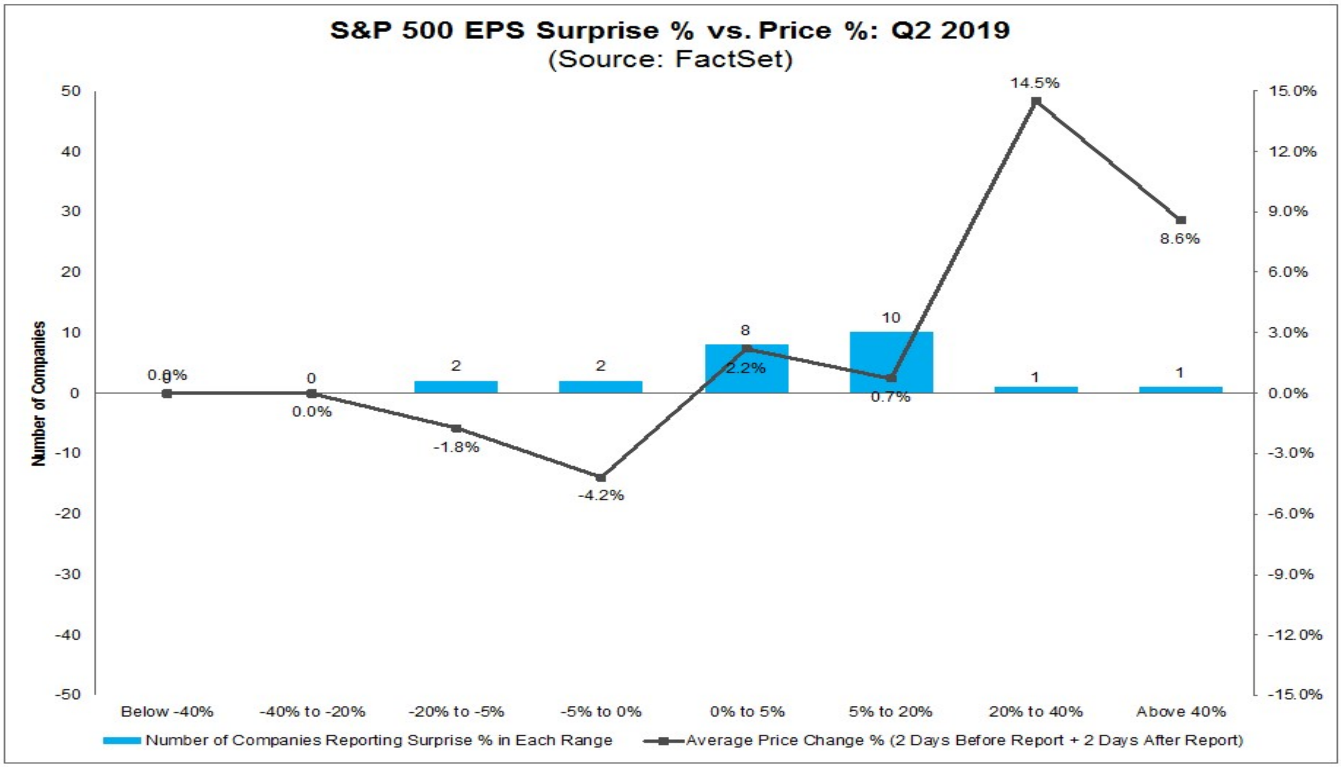
	Info. Technology	Financials	Consumer Disc.	S&P 500	Consumer Staples	Industrials	Real Estate	Health Care	Utilities	Comm. Services	Energy	Materials
Below	0%	0%	17%	29%	43%	75%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	83%	71%	57%	25%	0%	0%	0%	0%	0%	0%

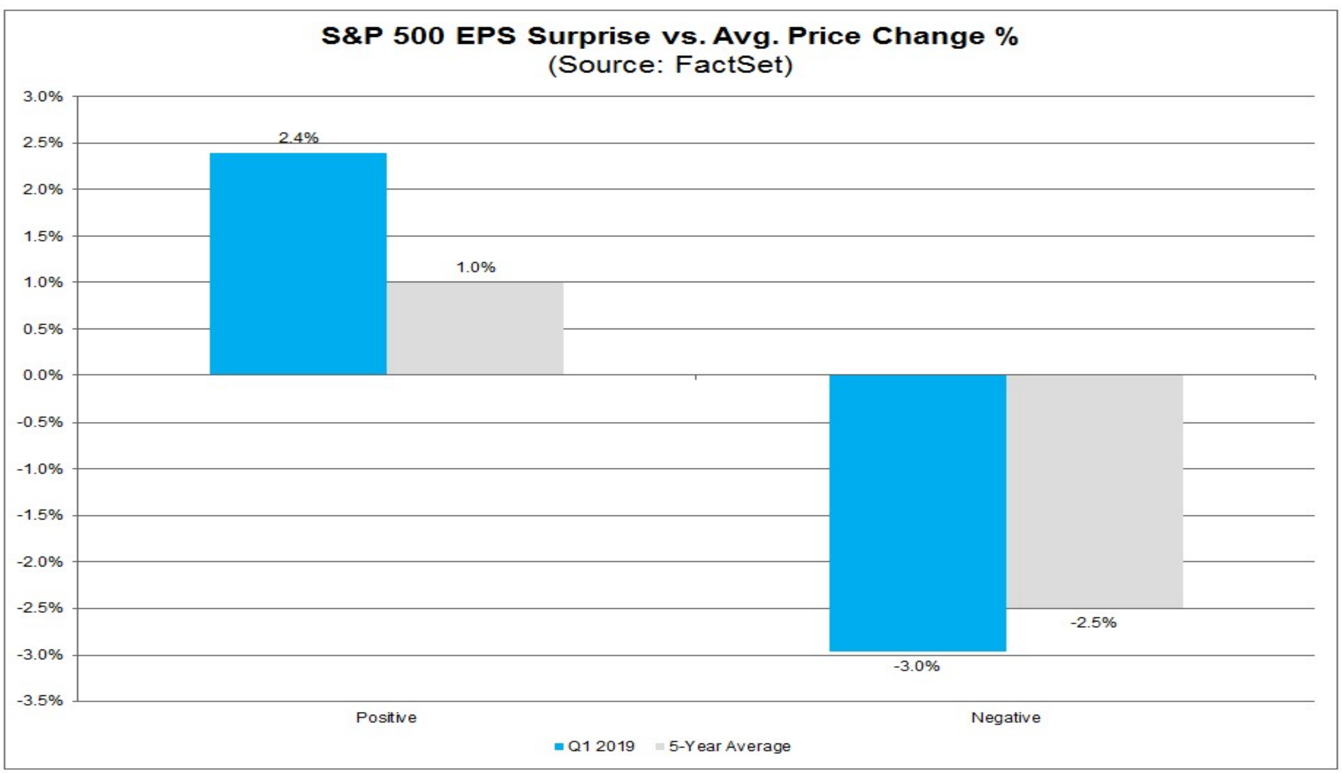
Q2 2019: Scorecard



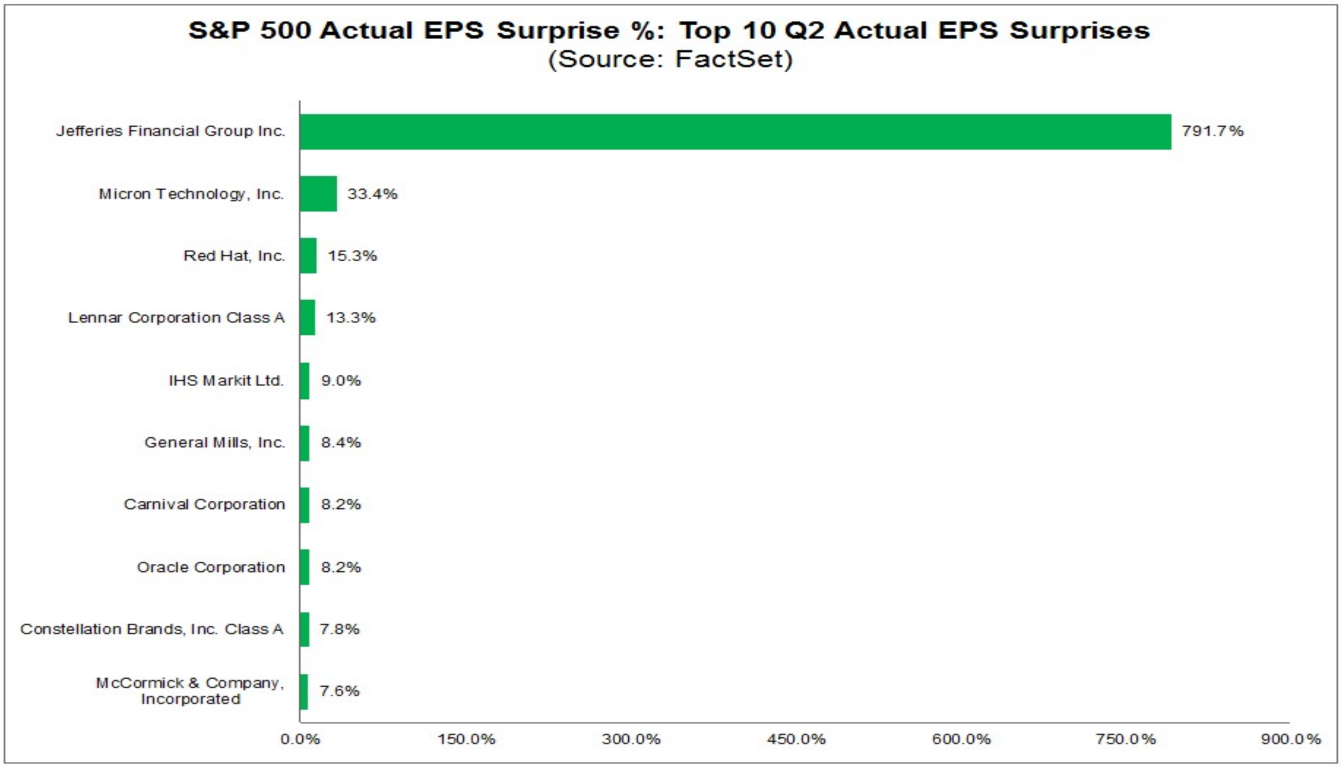


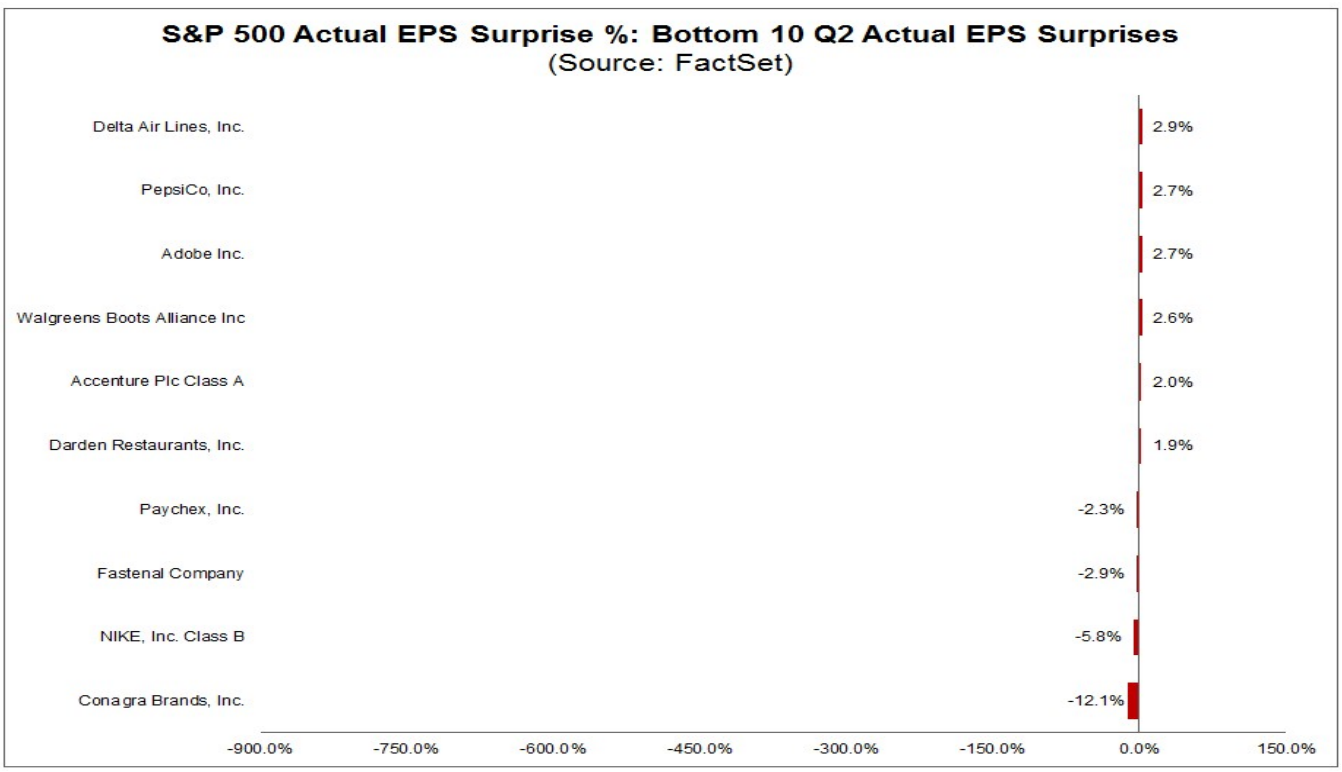
Q2 2019: Scorecard



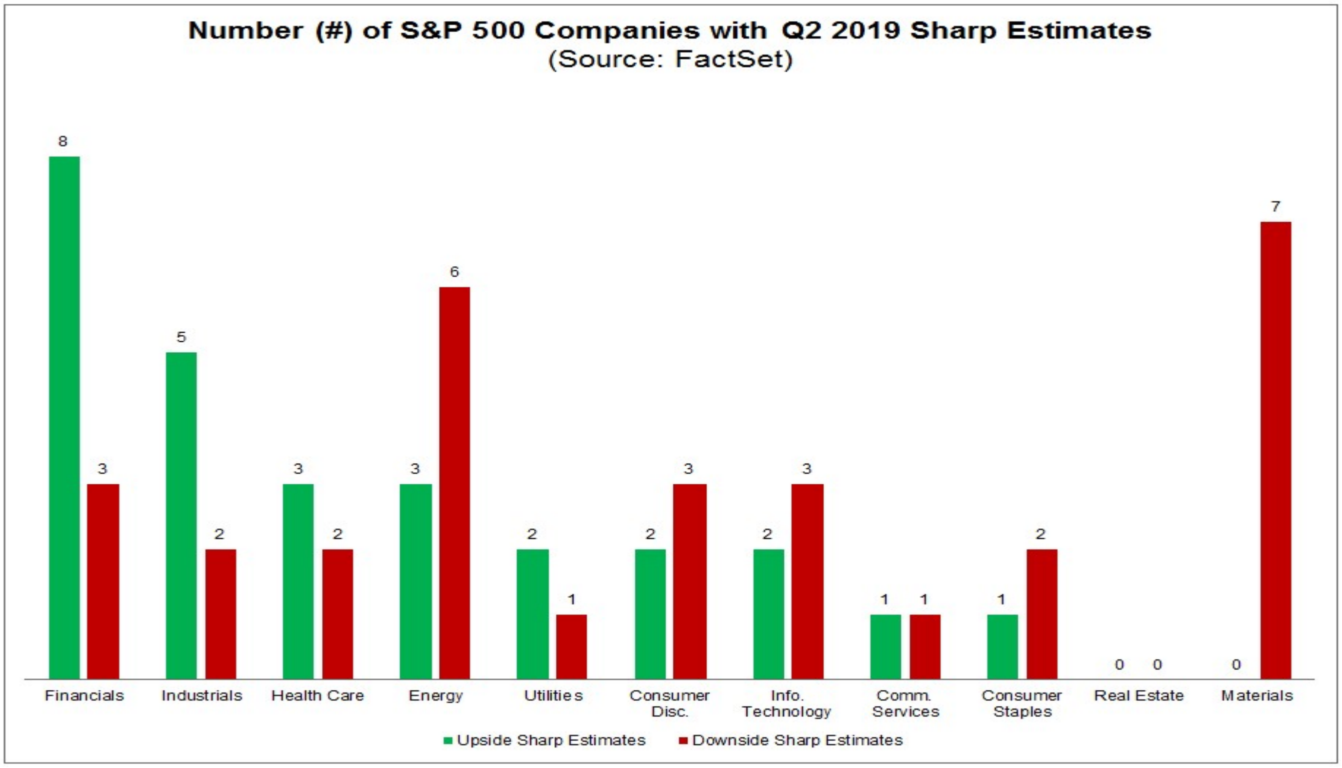


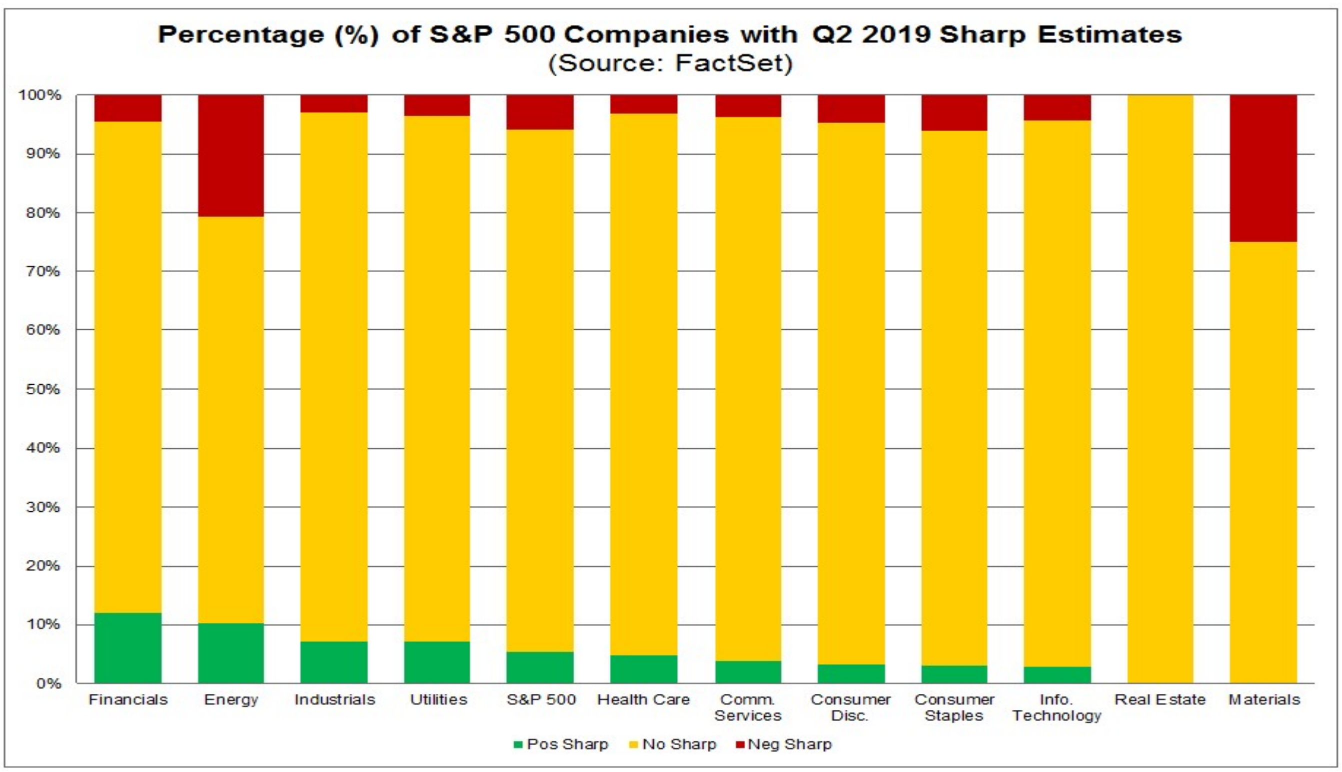
Q2 2019: Scorecard





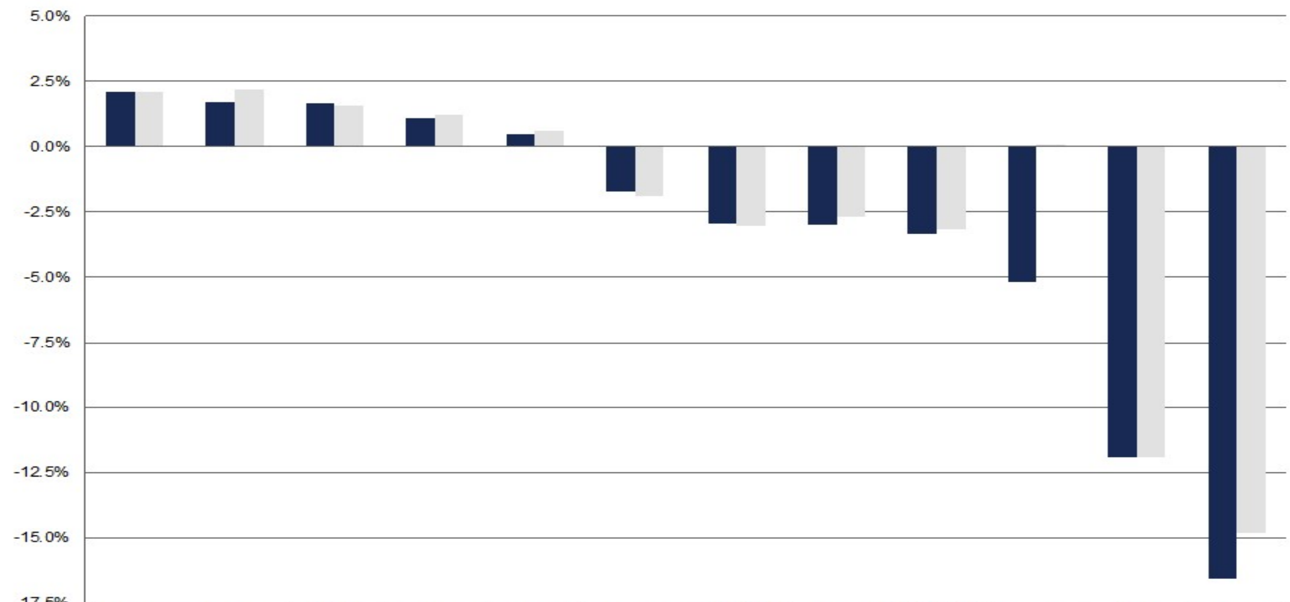
Q2 2019: Projected EPS Surprises (Sharp Estimates)





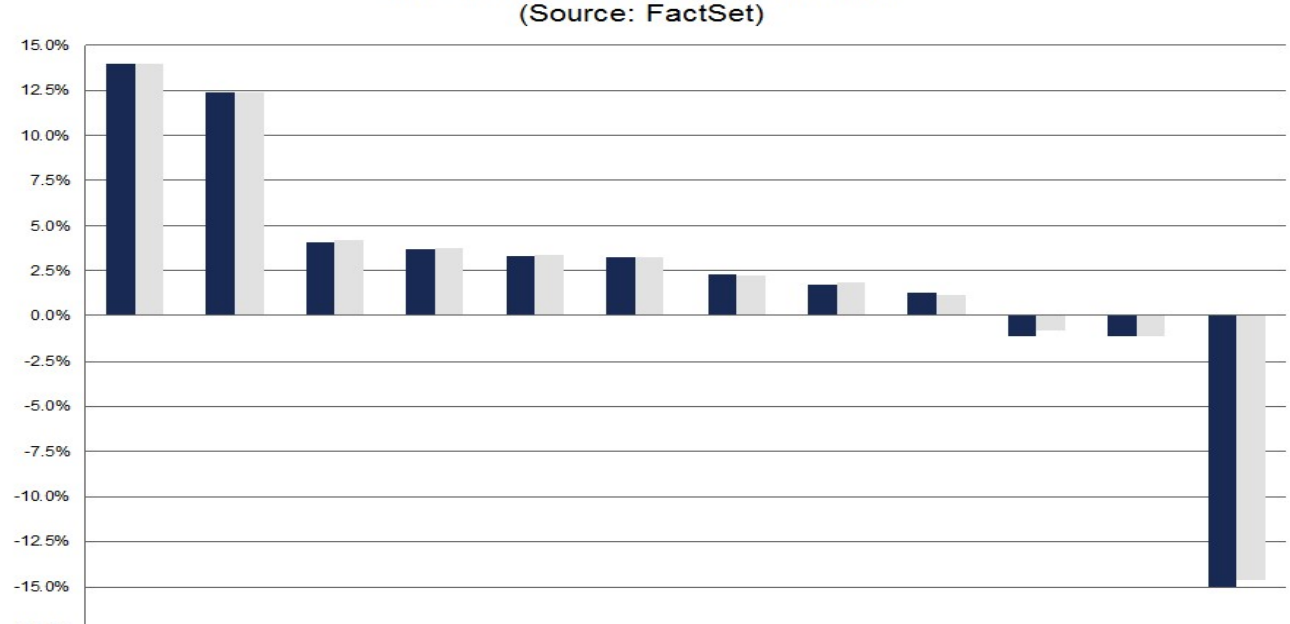
Q2 2019: Growth

S&P 500 Earnings Growth: Q2 2019
(Source: FactSet)



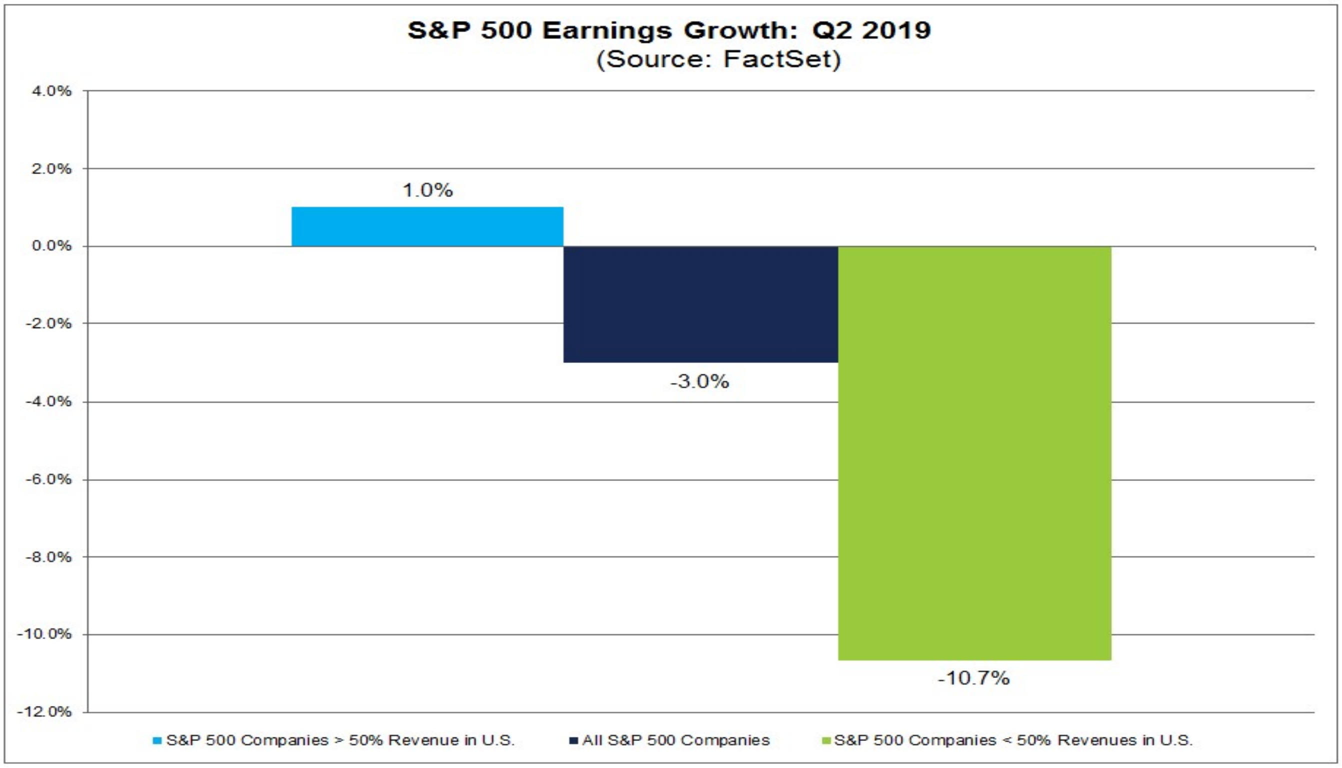
	Health Care	Utilities	Comm. Services	Real Estate	Financials	Industrials	Consumer Staples	S&P 500	Consumer Disc.	Energy	Info. Technology	Materials
Today	2.1%	1.7%	1.7%	1.1%	0.5%	-1.7%	-3.0%	-3.0%	-3.4%	-5.2%	-11.9%	-16.6%
30-Jun	2.1%	2.2%	1.6%	1.2%	0.6%	-1.9%	-3.1%	-2.7%	-3.2%	0.1%	-11.9%	-14.8%

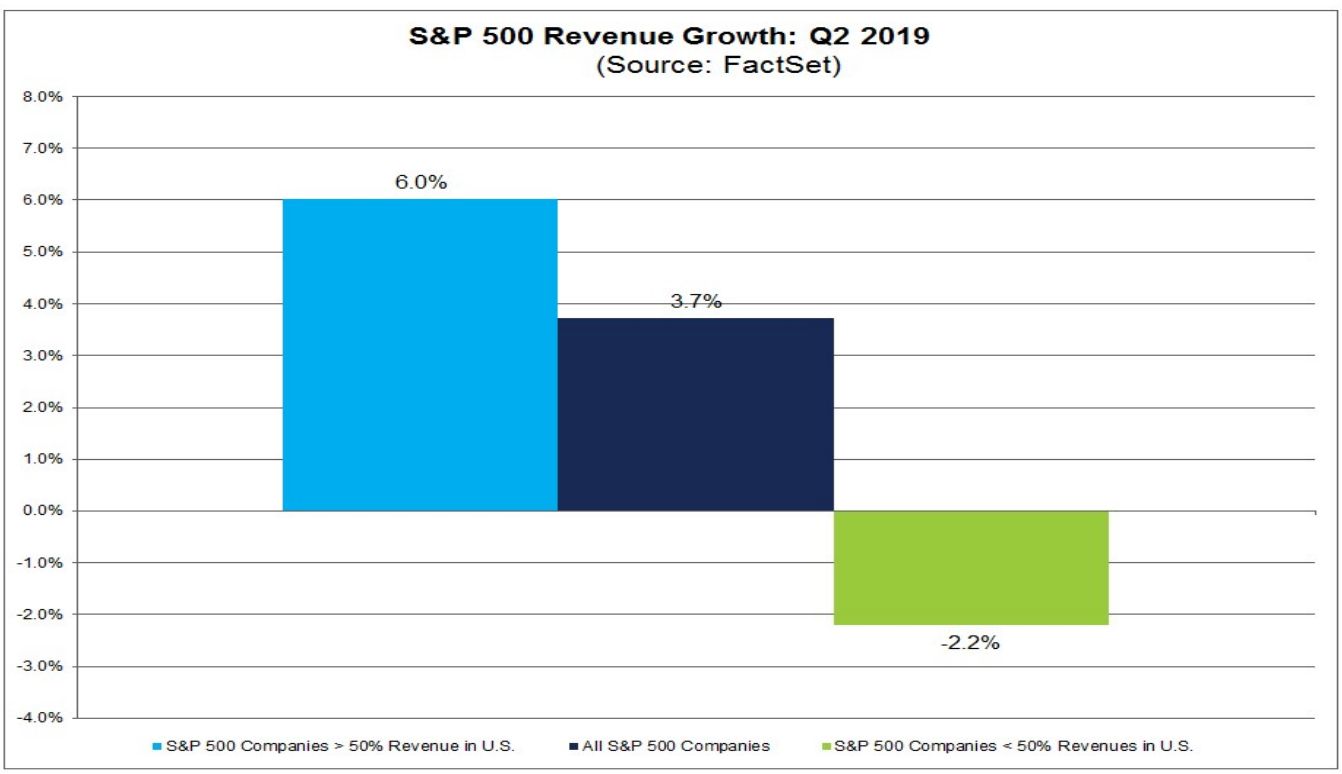
S&P 500 Revenue Growth: Q2 2019
(Source: FactSet)



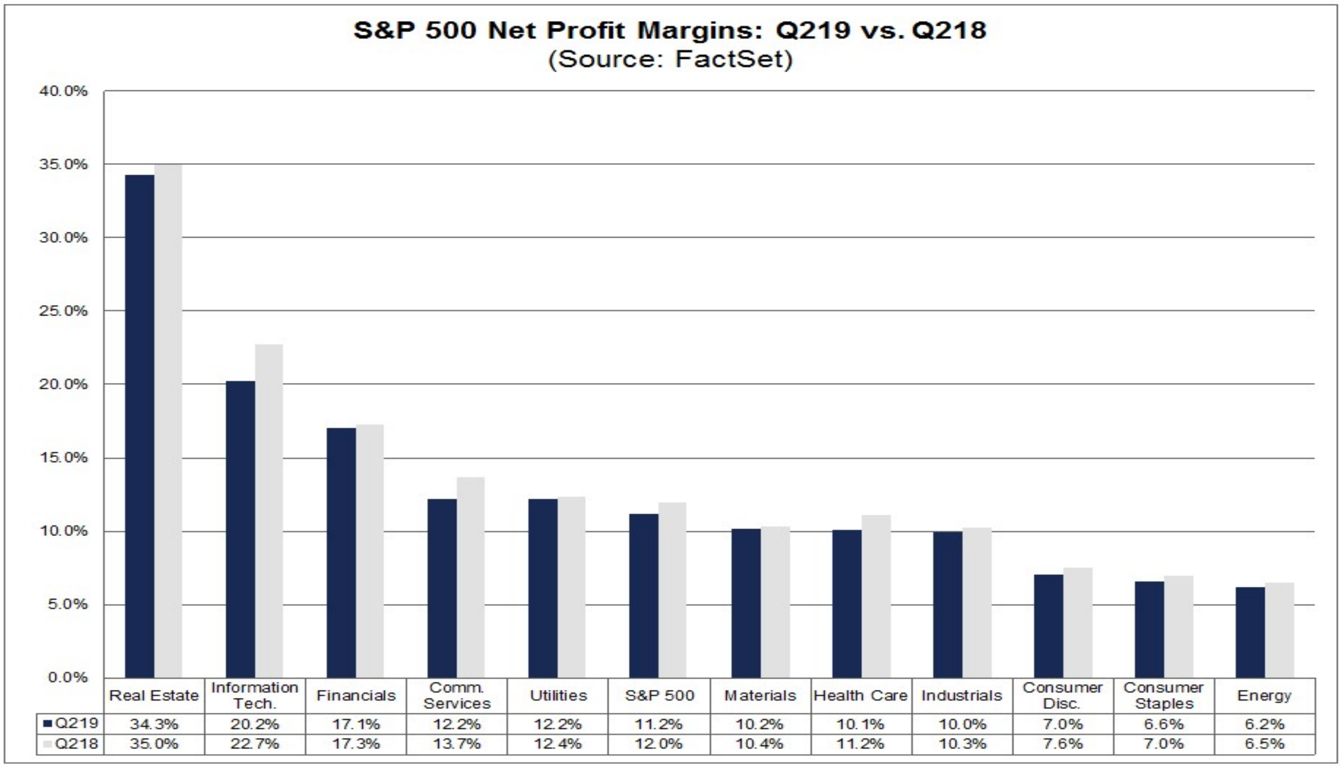
	Comm. Services	Health Care	Consumer Disc.	S&P 500	Utilities	Real Estate	Consumer Staples	Financials	Industrials	Energy	Info. Technology	Materials
Today	14.0%	12.4%	4.0%	3.7%	3.3%	3.3%	2.3%	1.7%	1.3%	-1.1%	-1.1%	-15.0%
30-Jun	14.0%	12.4%	4.2%	3.8%	3.3%	3.2%	2.2%	1.8%	1.2%	-0.8%	-1.1%	-14.6%

Q2 2019: Growth

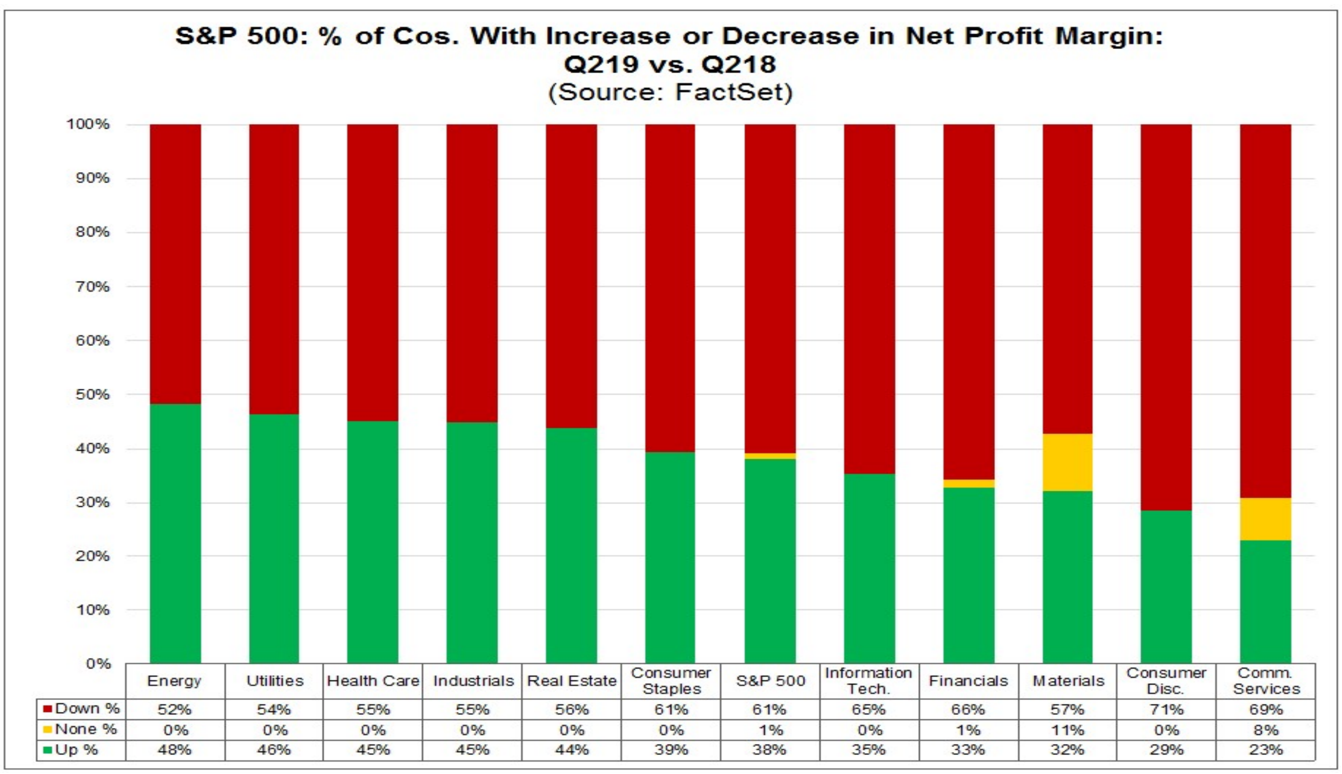




Q2 2019: Net Profit Margin

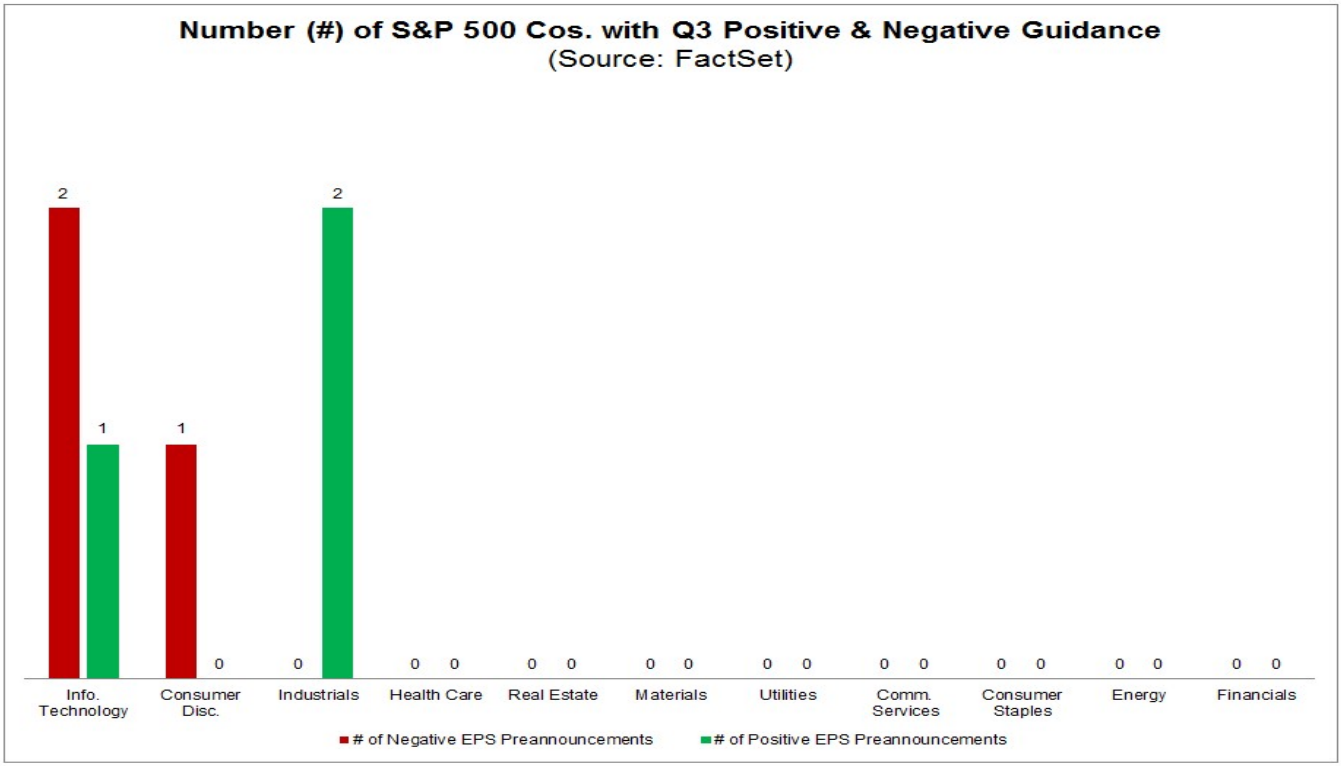


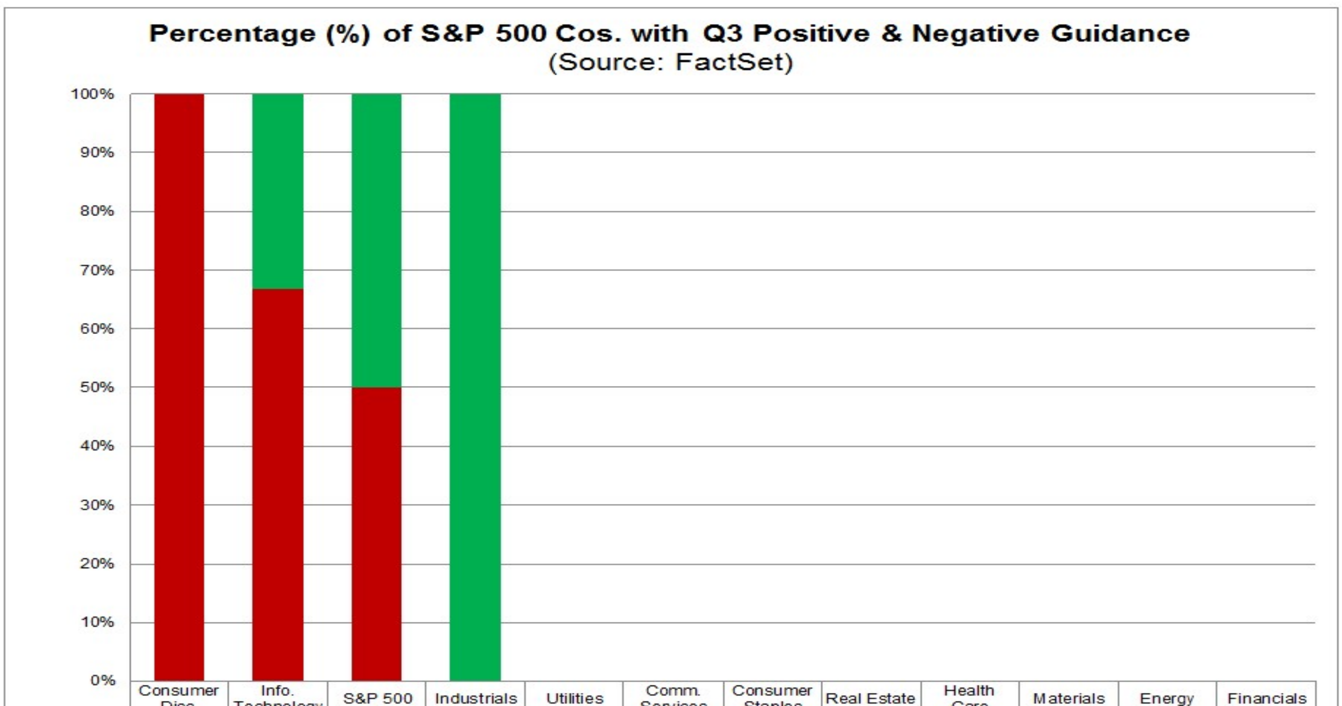
	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Materials	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q219	34.3%	20.2%	17.1%	12.2%	12.2%	11.2%	10.2%	10.1%	10.0%	7.0%	6.6%	6.2%
Q218	35.0%	22.7%	17.3%	13.7%	12.4%	12.0%	10.4%	11.2%	10.3%	7.6%	7.0%	6.5%



	Energy	Utilities	Health Care	Industrials	Real Estate	Consumer Staples	S&P 500	Information Tech.	Financials	Materials	Consumer Disc.	Comm. Services
Down %	52%	54%	55%	55%	56%	61%	61%	65%	66%	57%	71%	69%
None %	0%	0%	0%	0%	0%	0%	1%	0%	1%	11%	0%	8%
Up %	48%	46%	45%	45%	44%	39%	38%	35%	33%	32%	29%	23%

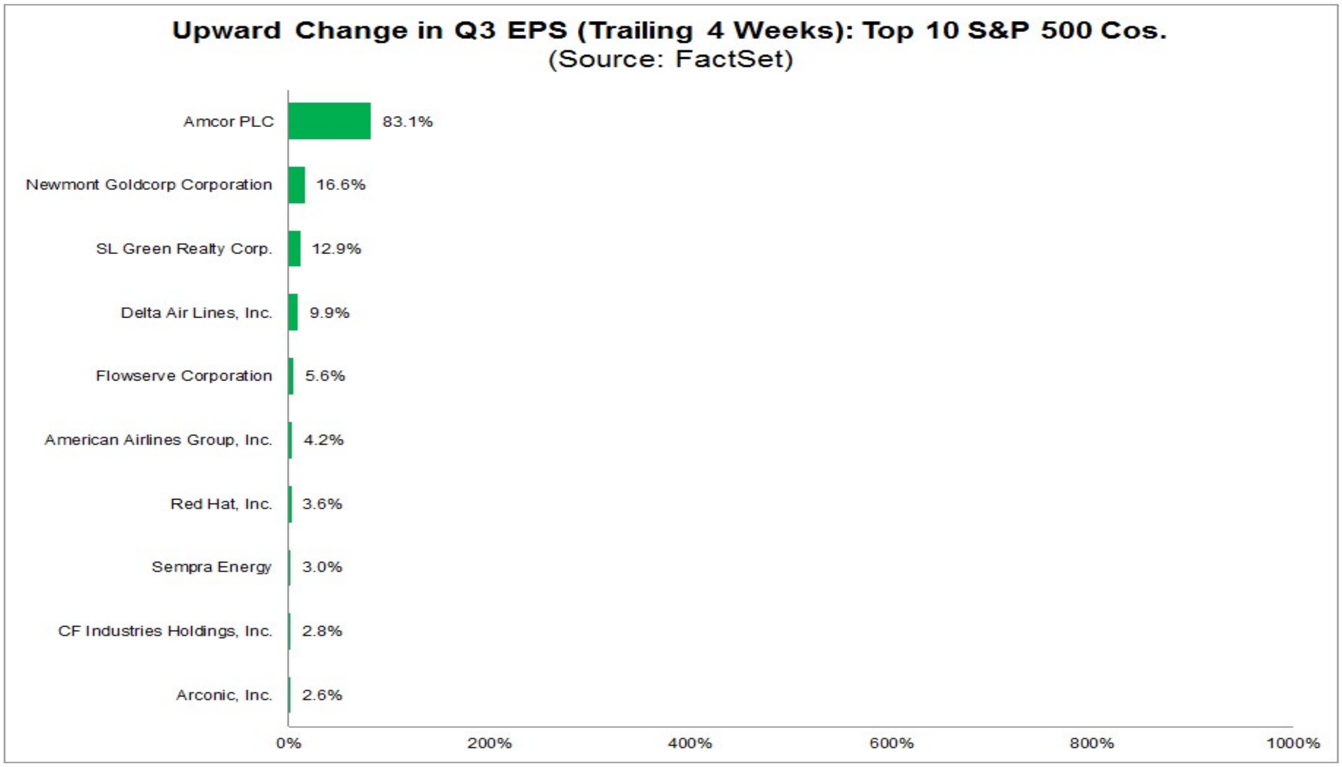
Q3 2019: EPS Guidance

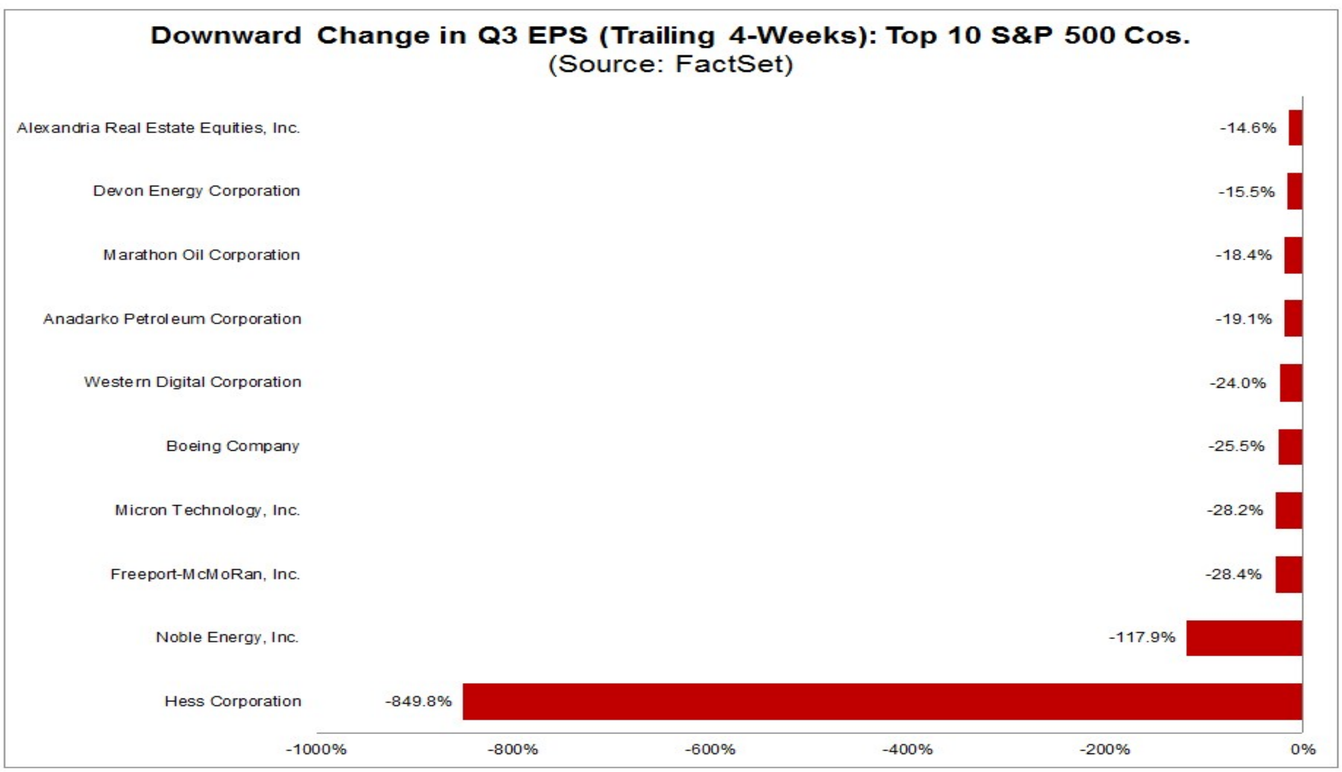




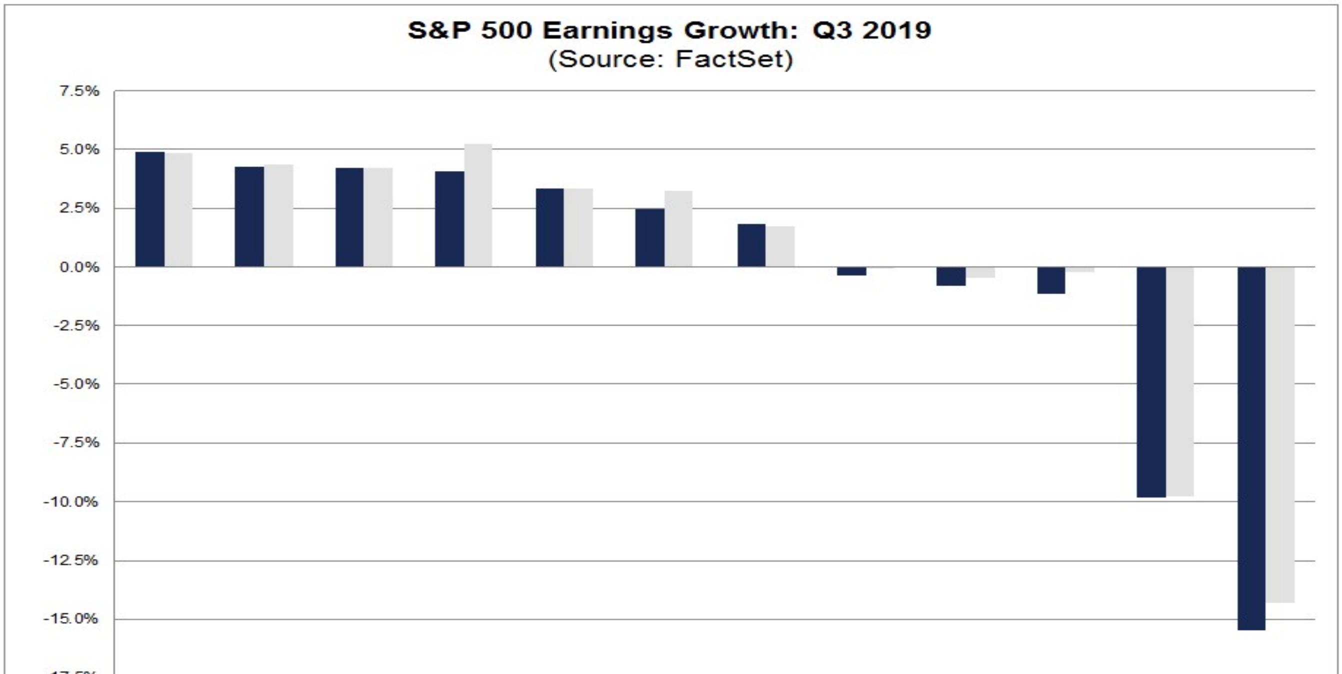
	Consumer Disc.	Info. Technology	S&P 500	Industrials	Utilities	Comm. Services	Consumer Staples	Real Estate	Health Care	Materials	Energy	Financials
Positive	0%	33%	50%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	67%	50%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Q3 2019: EPS Revisions

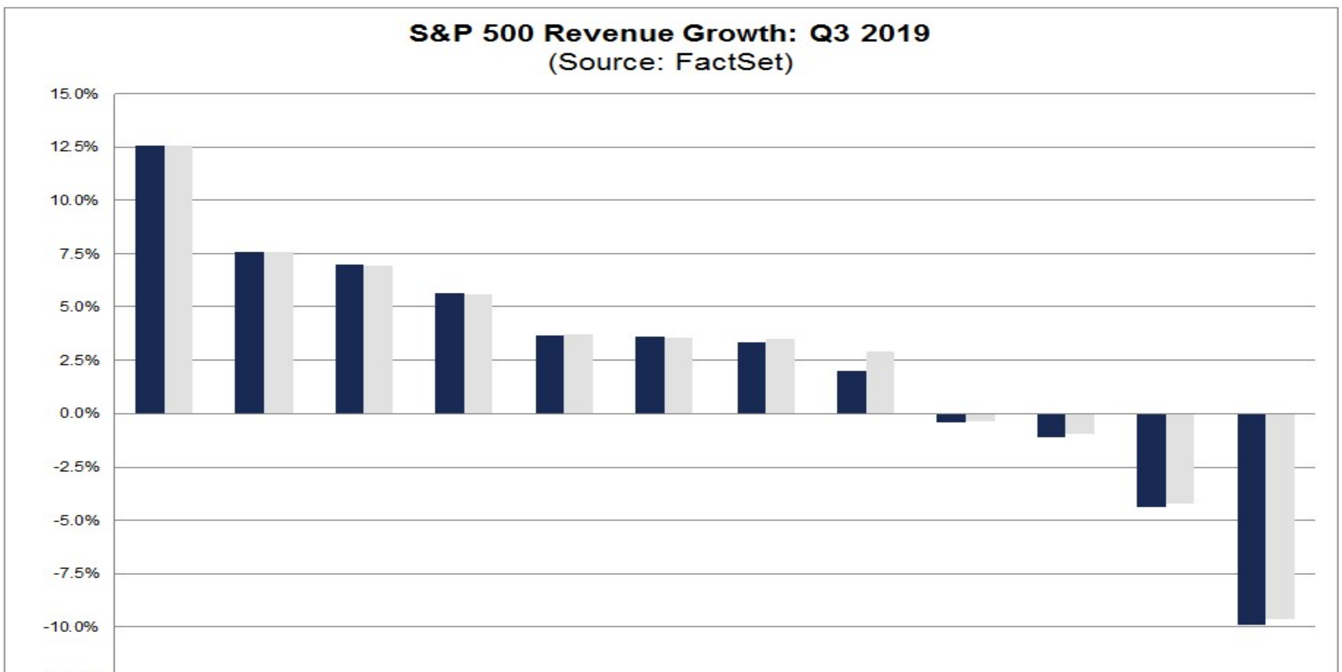




Q3 2019: Growth

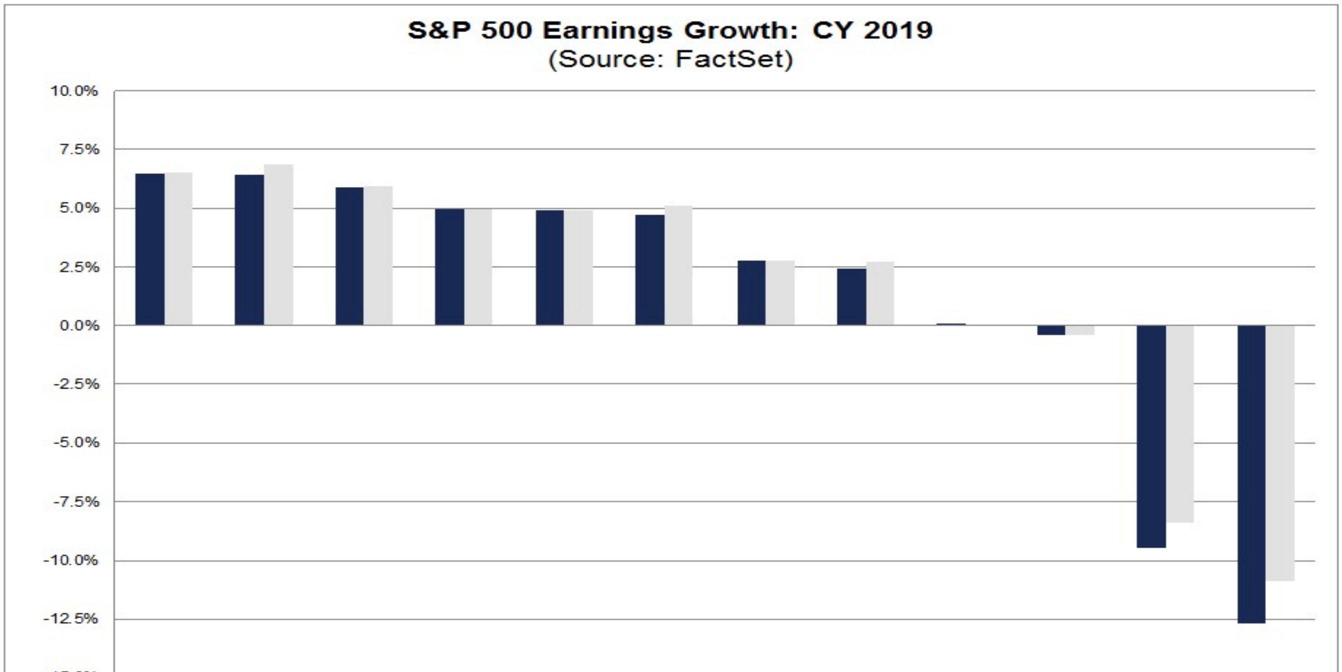


	Utilities	Real Estate	Consumer Disc.	Industrials	Health Care	Financials	Comm. Services	Consumer Staples	S&P 500	Materials	Info. Technology	Energy
Today	4.9%	4.3%	4.2%	4.1%	3.3%	2.5%	1.8%	-0.4%	-0.8%	-1.2%	-9.8%	-15.5%
30-Jun	4.8%	4.4%	4.2%	5.2%	3.3%	3.2%	1.7%	-0.1%	-0.5%	-0.2%	-9.7%	-14.3%

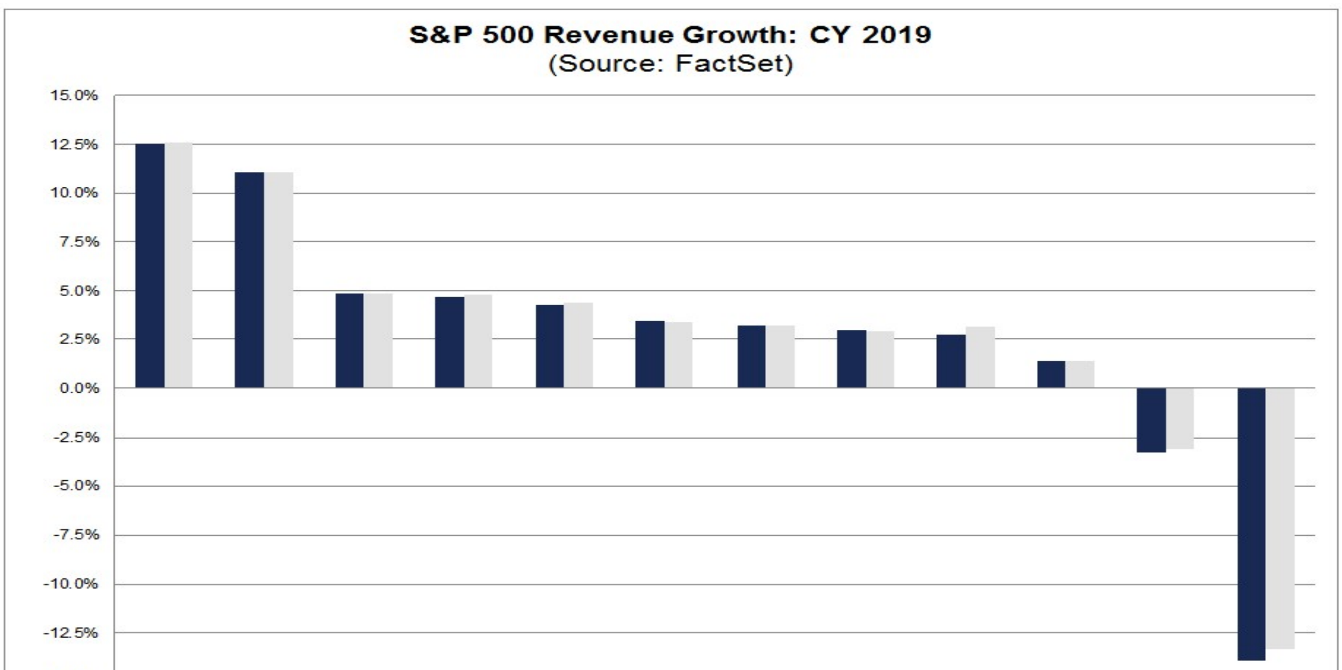


	Health Care	Utilities	Comm. Services	Consumer Disc.	Real Estate	Consumer Staples	S&P 500	Industrials	Info. Technology	Financials	Energy	Materials
Today	12.6%	7.6%	7.0%	5.6%	3.7%	3.6%	3.3%	2.0%	-0.4%	-1.1%	-4.4%	-9.9%
30-Jun	12.6%	7.6%	6.9%	5.6%	3.7%	3.6%	3.5%	2.9%	-0.3%	-0.9%	-4.2%	-9.6%

CY 2019: Growth

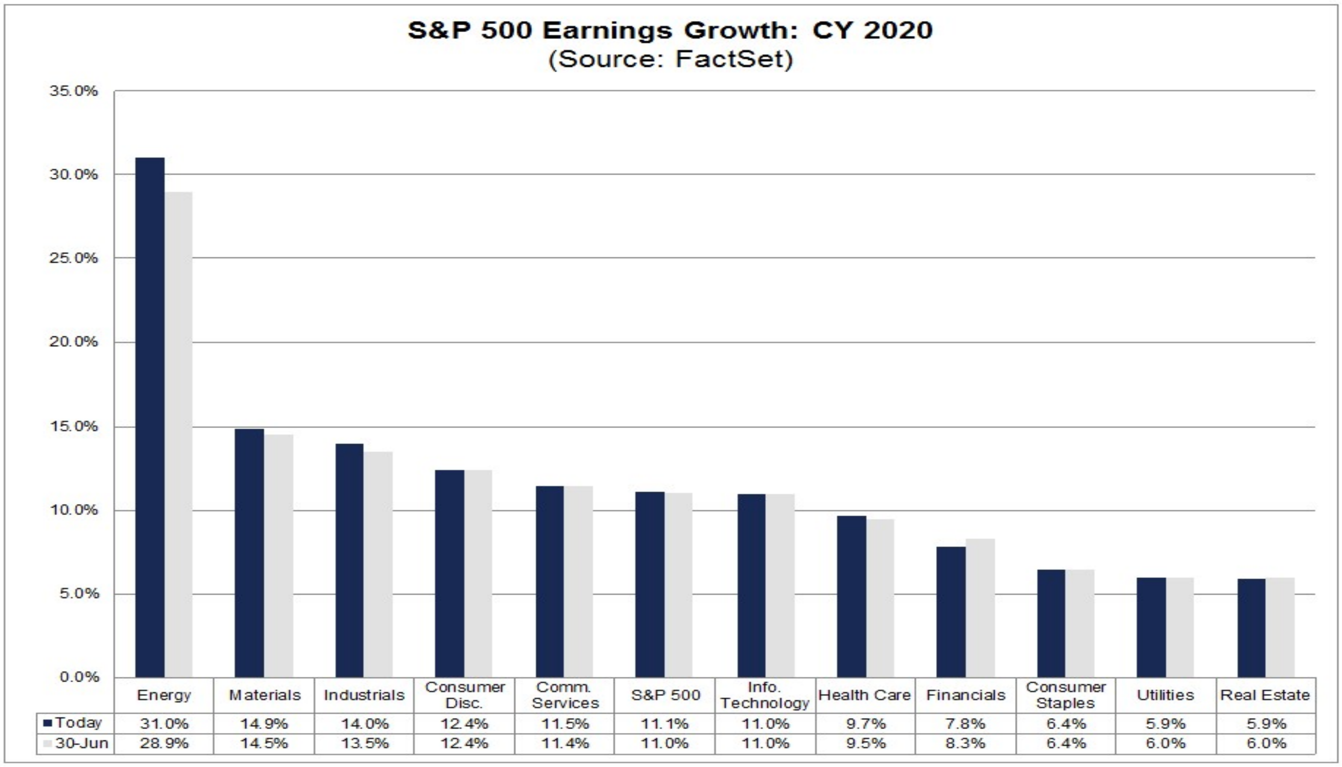


	Utilities	Financials	Consumer Disc.	Comm. Services	Health Care	Industrials	Real Estate	S&P 500	Consumer Staples	Info. Technology	Materials	Energy
Today	6.5%	6.4%	5.9%	4.9%	4.9%	4.7%	2.8%	2.4%	0.0%	-0.4%	-9.5%	-12.7%
30-Jun	6.5%	6.8%	5.9%	4.9%	4.9%	5.1%	2.8%	2.7%	0.0%	-0.4%	-8.4%	-10.9%

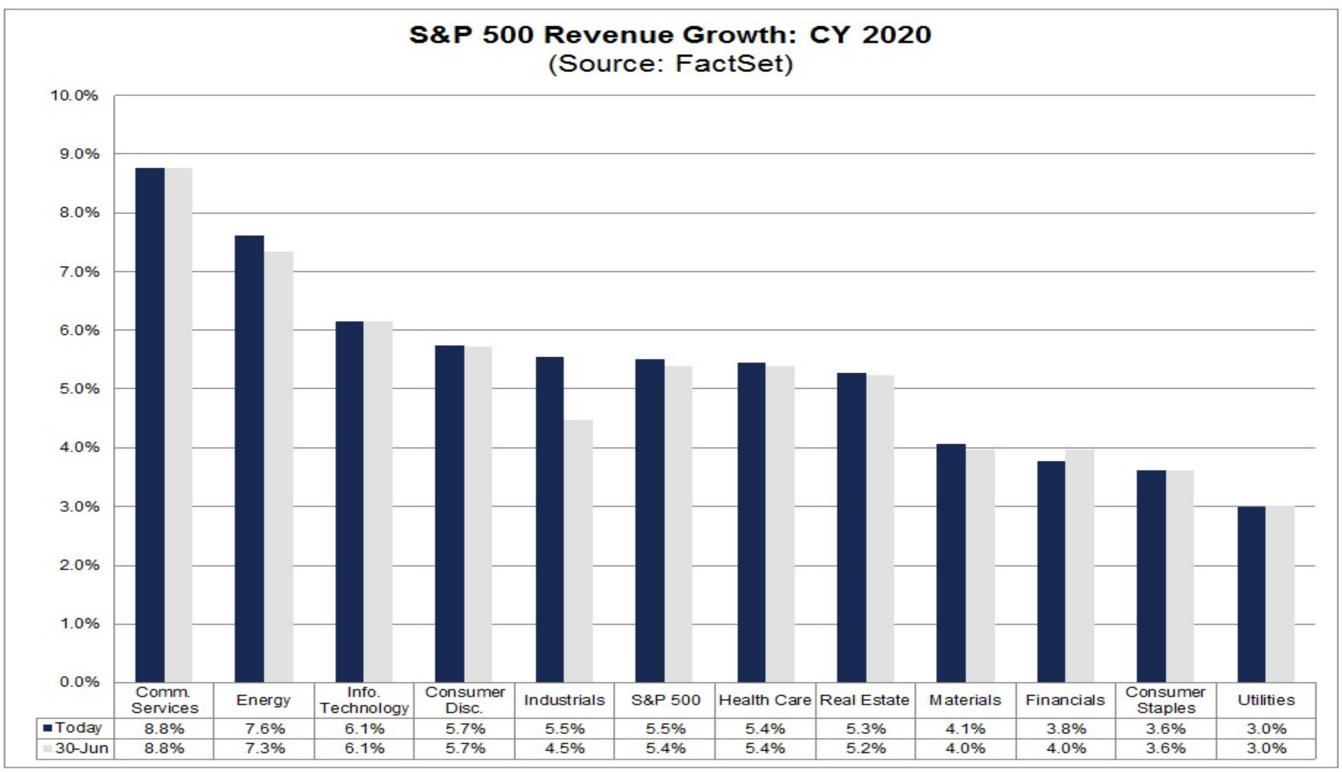


	Health Care	Comm. Services	Consumer Disc.	Financials	S&P 500	Utilities	Real Estate	Consumer Staples	Industrials	Info. Technology	Energy	Materials
Today	12.5%	11.0%	4.8%	4.7%	4.3%	3.5%	3.2%	3.0%	2.7%	1.4%	-3.2%	-13.9%
30-Jun	12.6%	11.1%	4.8%	4.8%	4.4%	3.4%	3.2%	2.9%	3.1%	1.4%	-3.1%	-13.3%

CY 2020: Growth



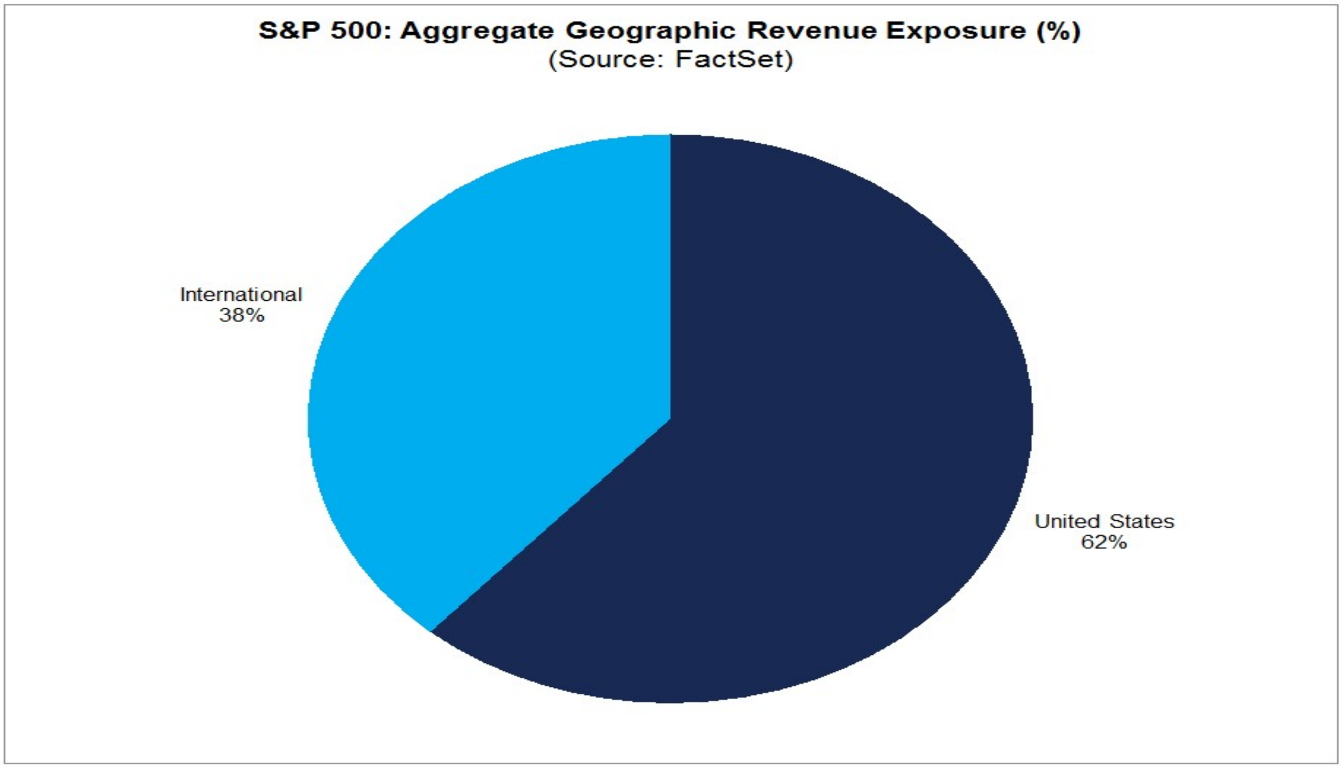
	Energy	Materials	Industrials	Consumer Disc.	Comm. Services	S&P 500	Info. Technology	Health Care	Financials	Consumer Staples	Utilities	Real Estate
Today	31.0%	14.9%	14.0%	12.4%	11.5%	11.1%	11.0%	9.7%	7.8%	6.4%	5.9%	5.9%
30-Jun	28.9%	14.5%	13.5%	12.4%	11.4%	11.0%	11.0%	9.5%	8.3%	6.4%	6.0%	6.0%

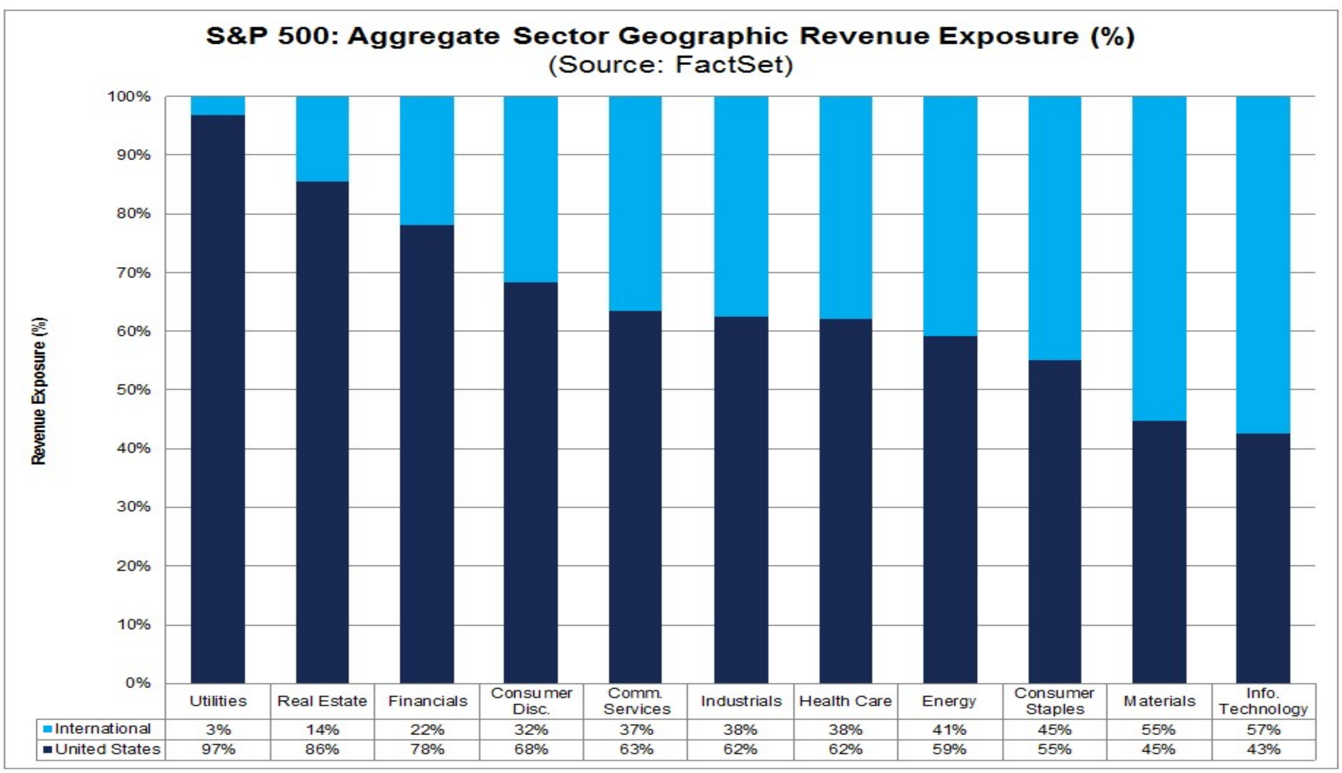


	Comm. Services	Energy	Info. Technology	Consumer Disc.	Industrials	S&P 500	Health Care	Real Estate	Materials	Financials	Consumer Staples	Utilities
Today	8.8%	7.6%	6.1%	5.7%	5.5%	5.5%	5.4%	5.3%	4.1%	3.8%	3.6%	3.0%
30-Jun	8.8%	7.3%	6.1%	5.7%	4.5%	5.4%	5.4%	5.2%	4.0%	4.0%	3.6%	3.0%

FACTSET

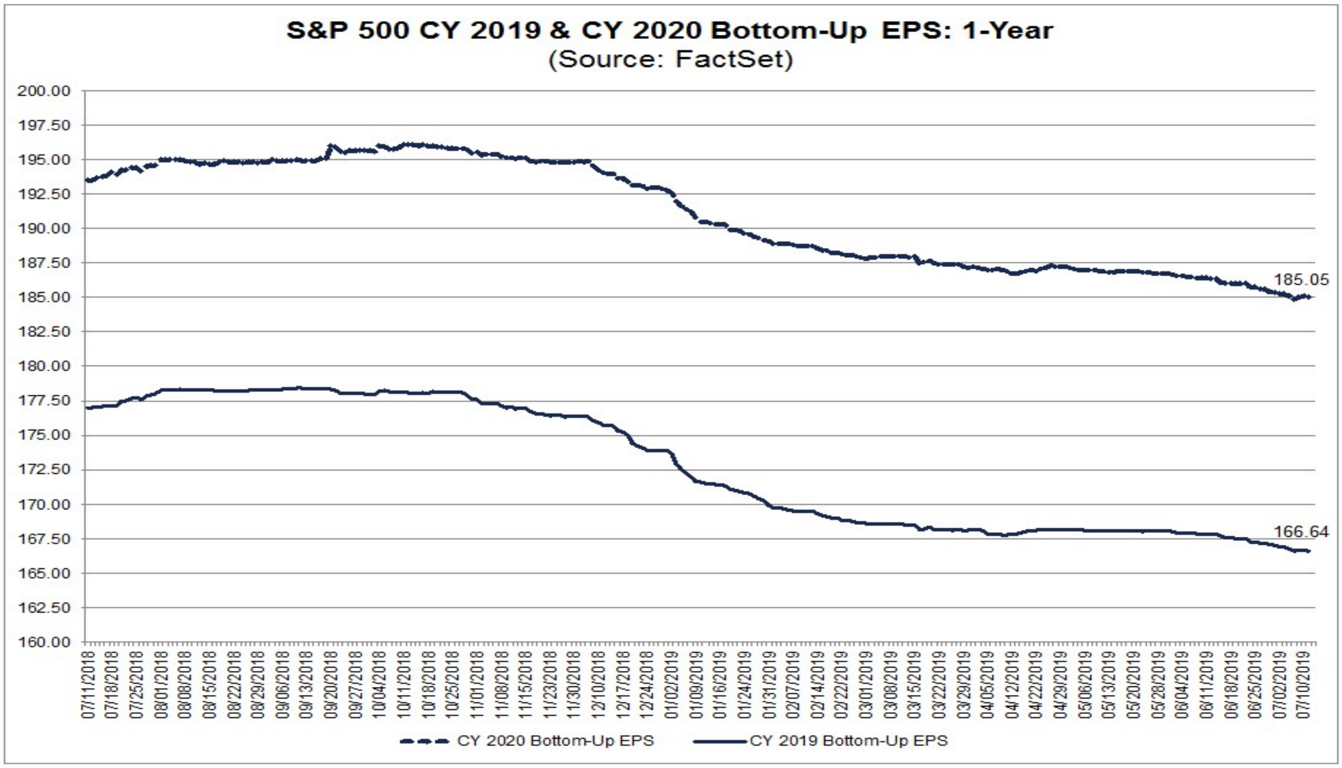
Geographic Revenue Exposure

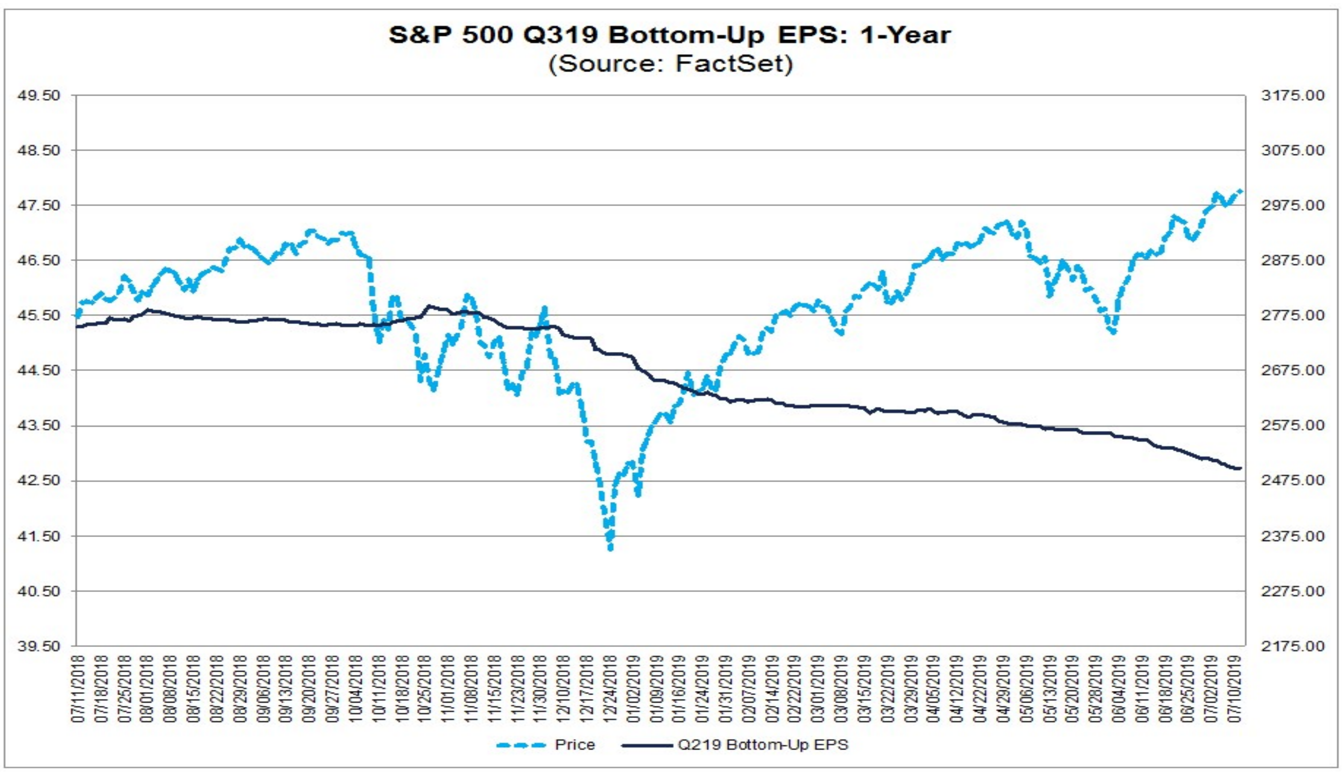




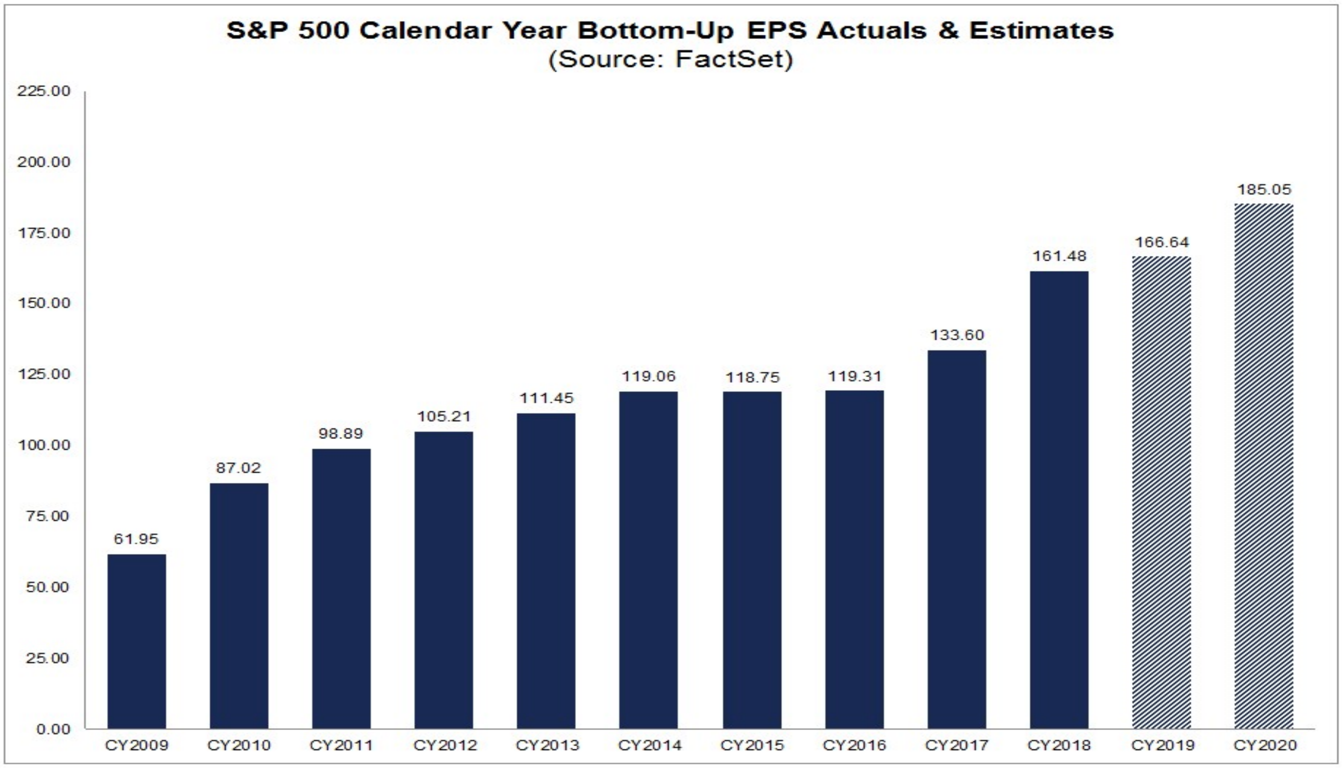
	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Industrials	Health Care	Energy	Consumer Staples	Materials	Info. Technology
International	3%	14%	22%	32%	37%	38%	38%	41%	45%	55%	57%
United States	97%	86%	78%	68%	63%	62%	62%	59%	55%	45%	43%

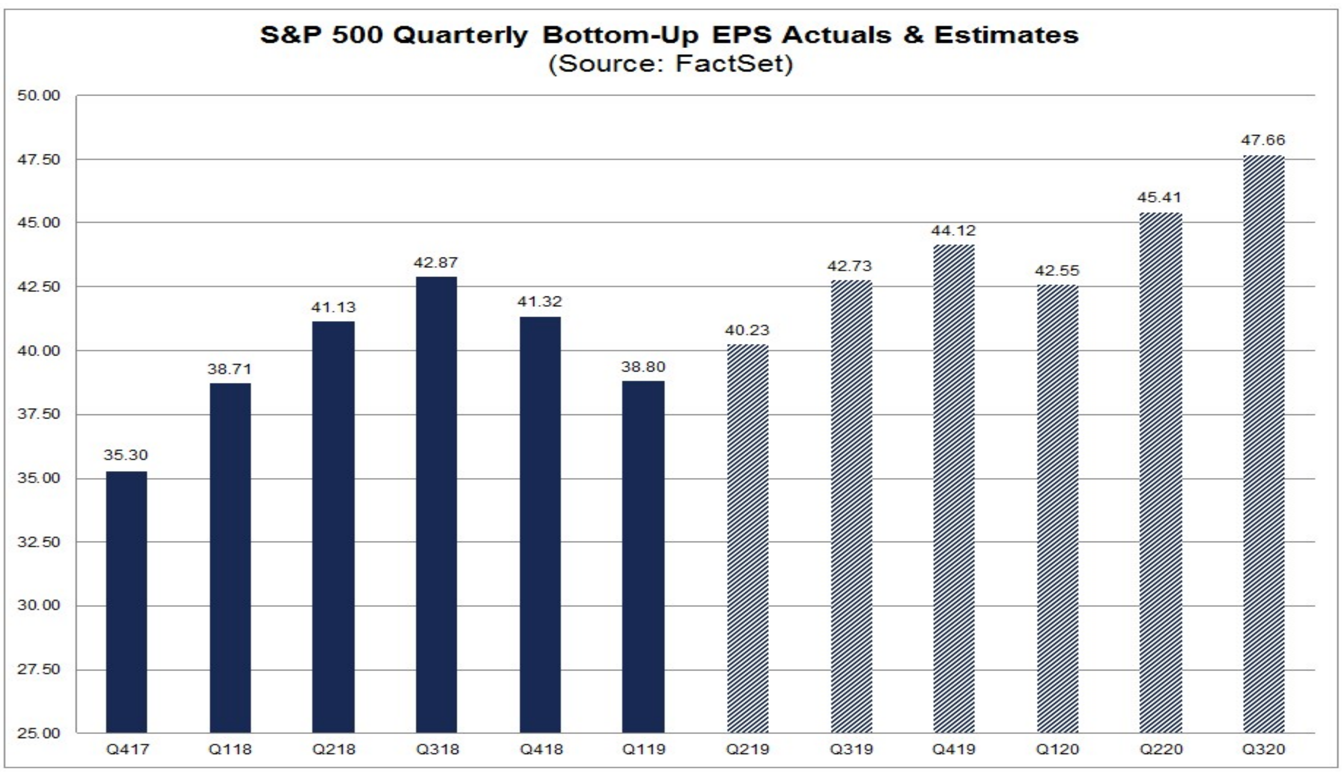
Bottom-up EPS Estimates: Revisions



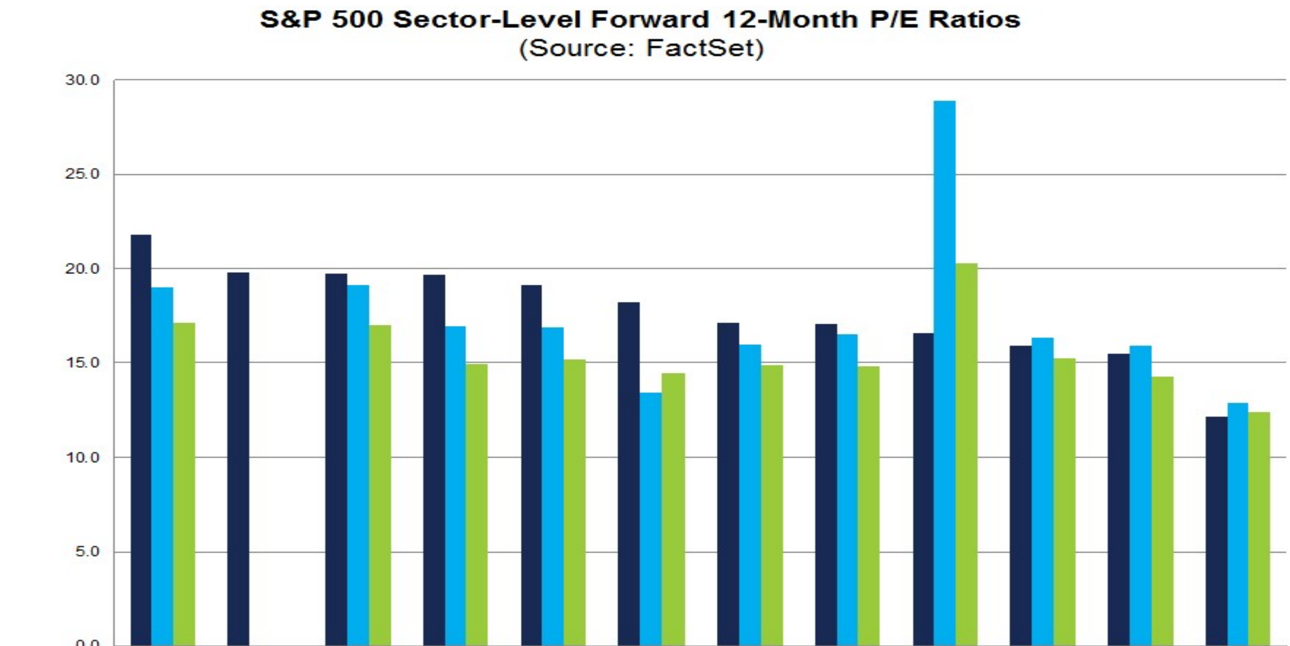


Bottom-up EPS Estimates: Current & Historical

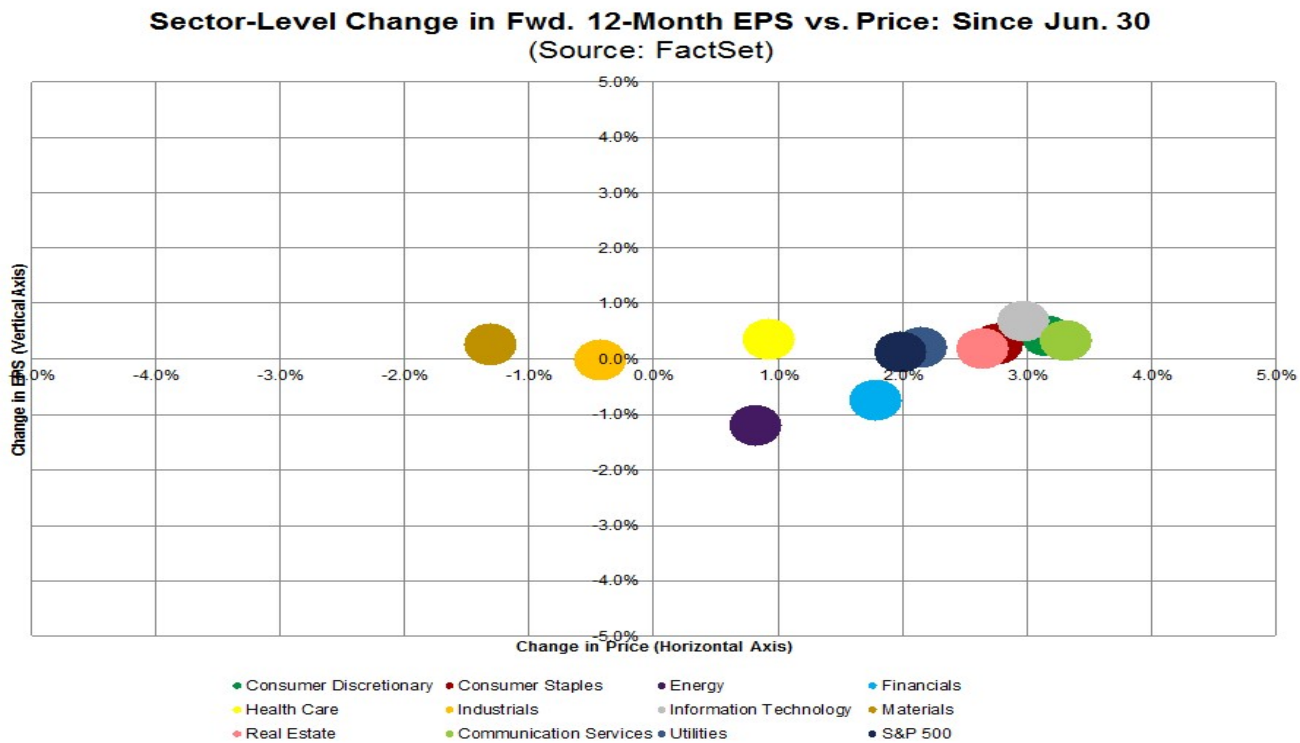




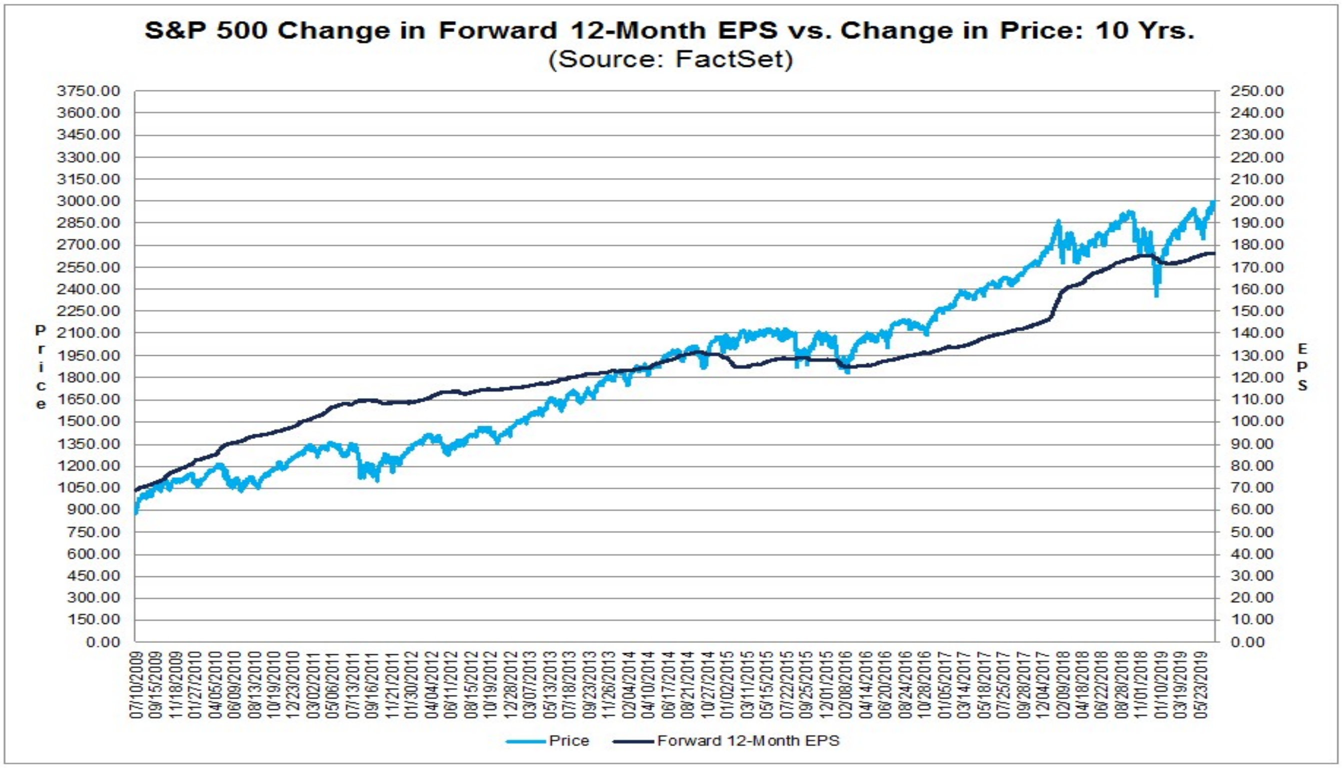
Forward 12M P/E Ratio: Sector Level

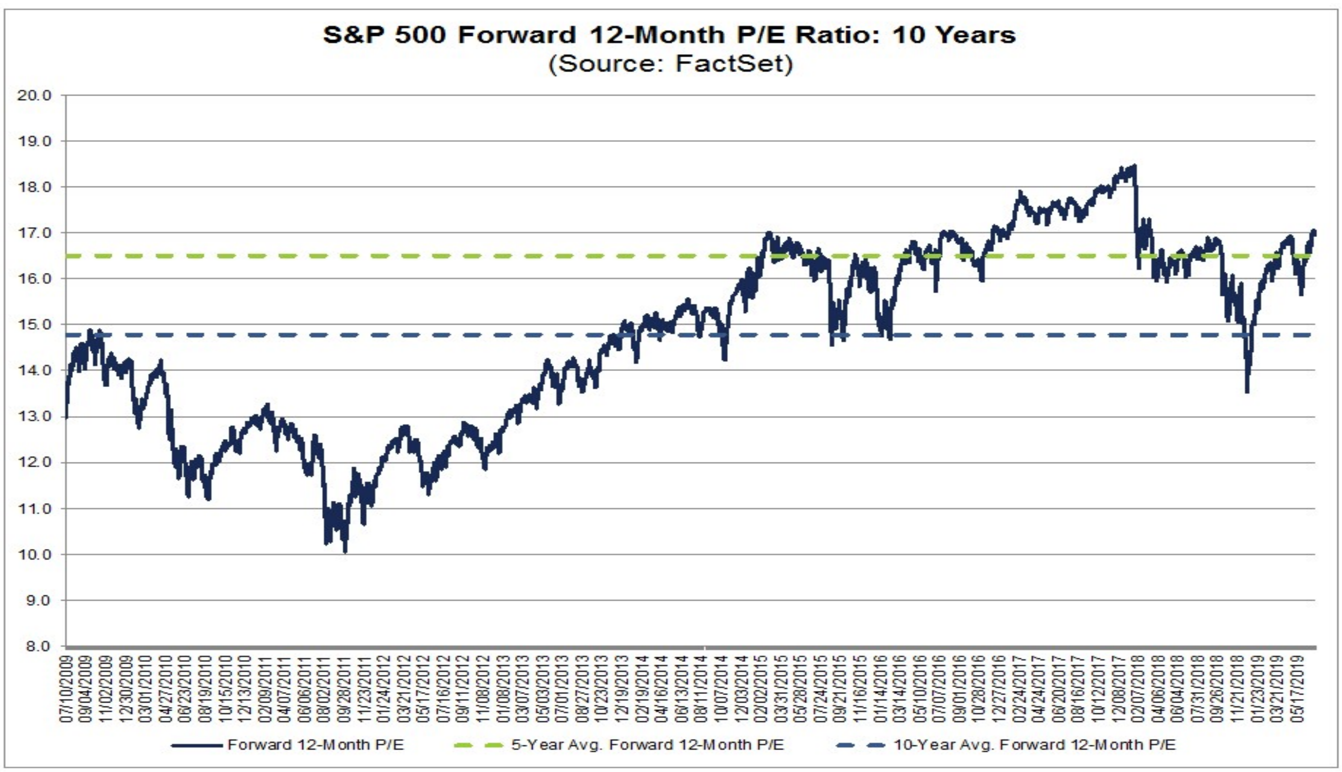


	Consumer Disc.	Real Estate	Consumer Staples	Info. Technology	Utilities	Comm. Services	Materials	S&P 500	Energy	Industrials	Health Care	Financials
Fwd P/E	21.8	19.7	19.7	19.7	19.1	18.2	17.1	17.1	16.5	15.9	15.5	12.2
5-Yr Avg.	19.0		19.1	16.9	16.8	13.5	15.9	16.5	28.9	16.3	15.9	12.9
10-Yr Avg.	17.1		17.0	14.9	15.2	14.5	14.8	14.8	20.3	15.2	14.2	12.4

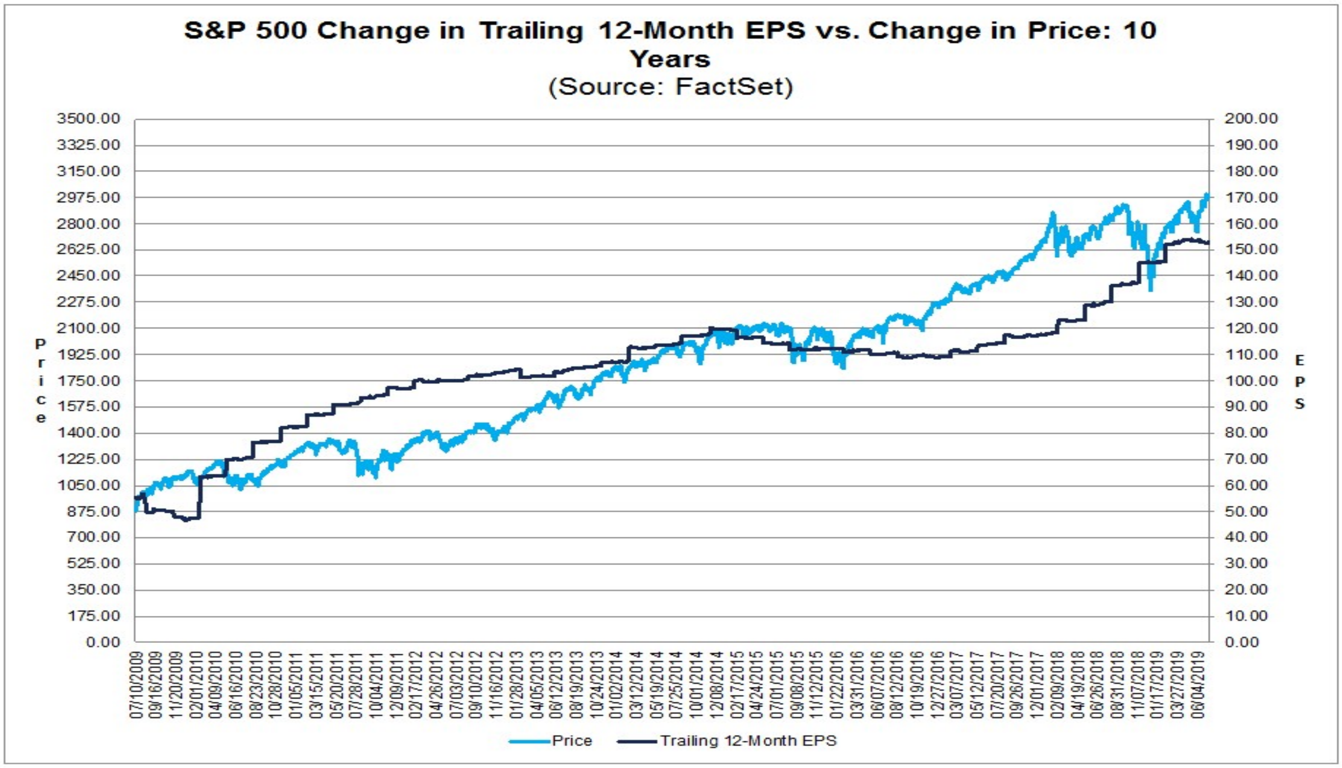


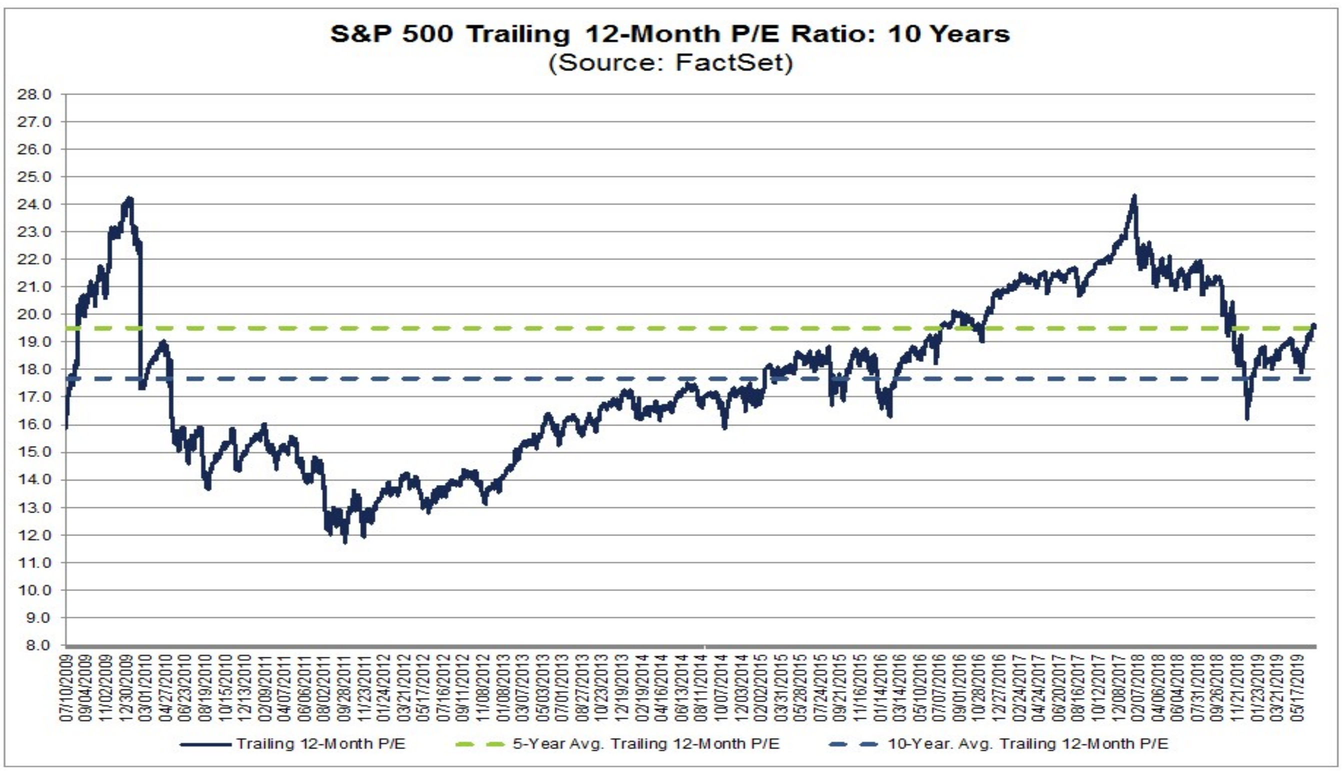
Forward 12M P/E Ratio: 10-Years



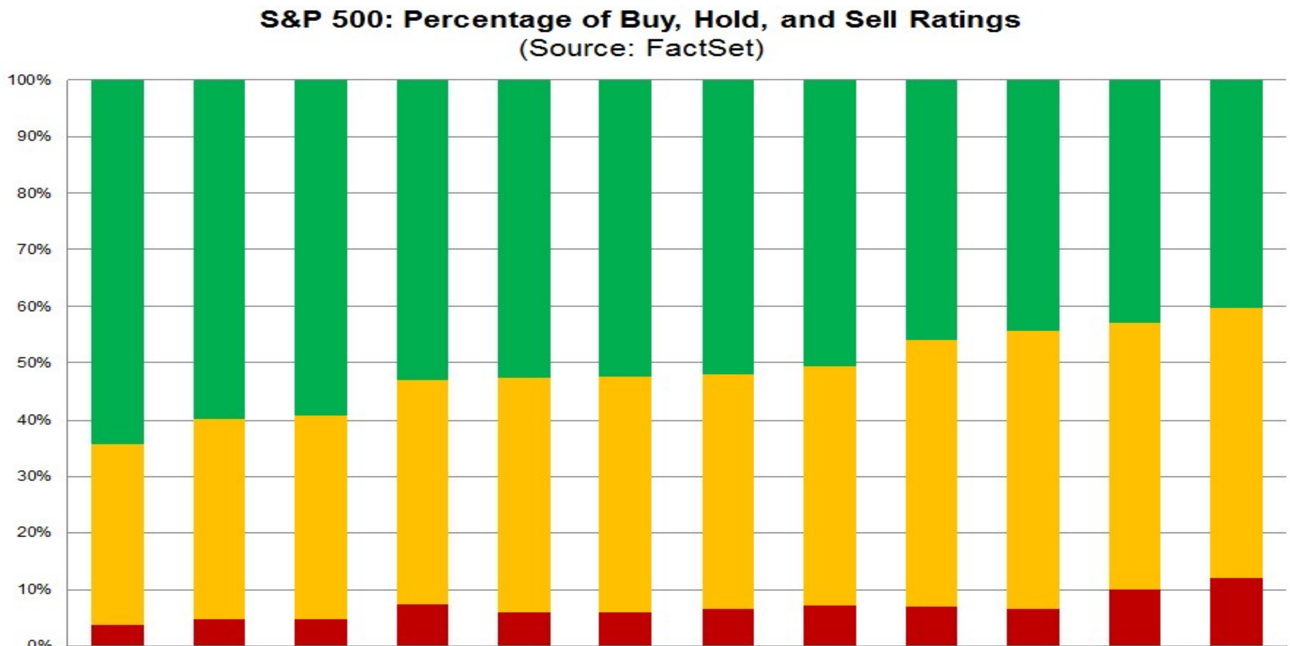


Trailing 12M P/E Ratio: 10-Years

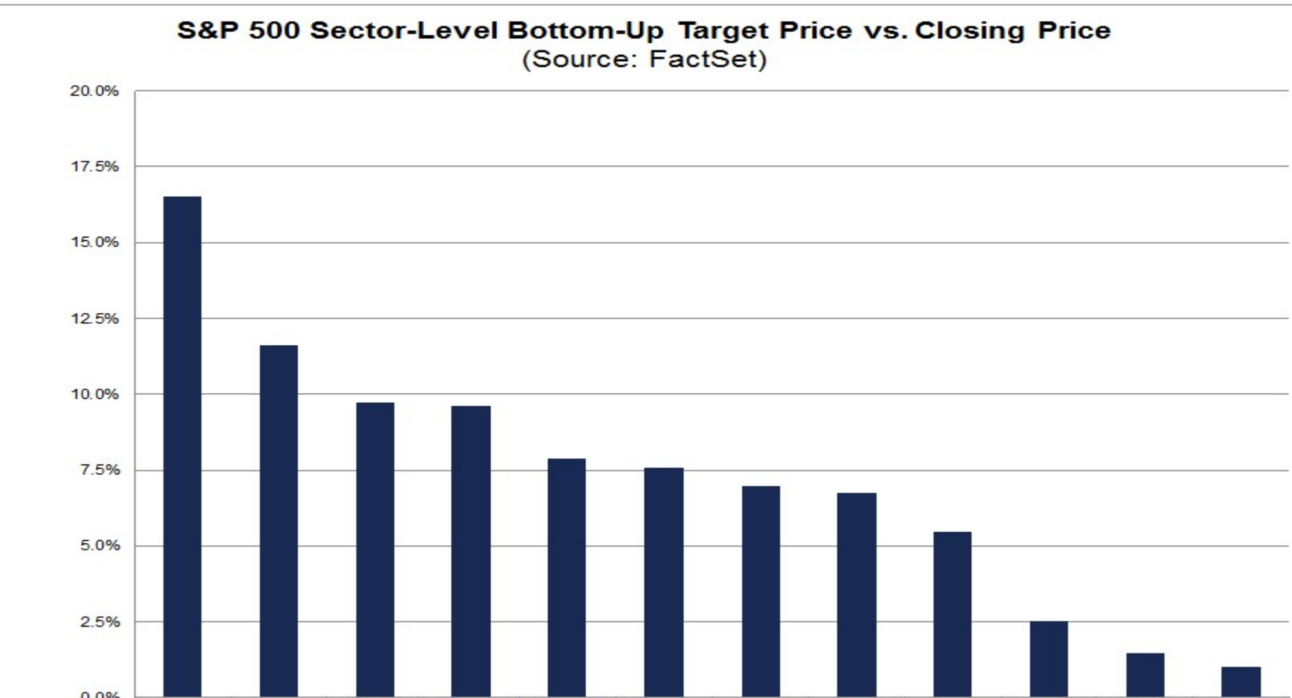




Targets & Ratings



	Energy	Health Care	Comm. Services	Info. Tech.	Consumer Disc.	Materials	S&P 500	Industrials	Financials	Real Estate	Utilities	Consumer Staples
Buy	64%	60%	59%	53%	53%	52%	52%	51%	46%	44%	43%	40%
Hold	32%	36%	36%	40%	41%	42%	41%	42%	47%	49%	47%	48%
Sell	4%	5%	5%	7%	6%	6%	7%	7%	7%	7%	10%	12%



	Energy	Comm. Services	Health Care	Industrials	Consumer Disc.	S&P 500	Materials	Financials	Info. Tech.	Consumer Staples	Real Estate	Utilities
Target/Close	16.5%	11.6%	9.8%	9.6%	7.9%	7.6%	7.0%	6.8%	5.5%	2.5%	1.5%	1.0%

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