Key Metrics

- **Earnings Growth:** For Q4 2020, the estimated earnings decline for the S&P 500 is -6.8%. If -6.8% is the actual decline for the quarter, it will mark the fourth-largest (year-over-year) decline in earnings reported by the index since Q3 2009.
- **Earnings Revisions:** On September 30, the estimated earnings decline for Q4 2020 was -12.7%. Seven sectors have smaller earnings declines or higher earnings growth rates today (compared to September 30) due to upward revisions to EPS estimates and positive EPS surprises.
- **Earnings Guidance:** For Q4 2020, 29 S&P 500 companies have issued negative EPS guidance and 56 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.4. This P/E ratio is above the 5-year average (17.5) and above the 10-year average (15.7).
- **Earnings Scorecard:** For Q4 2020 (with 26 of the companies in the S&P 500 reporting actual results), 25 S&P 500 companies have reported a positive EPS surprise and 22 have reported a positive revenue surprise.

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Topic of the Week: 1

Will the S&P 500 Report Year-Over-Year Earnings Growth in Q4?

As of today, the S&P 500 is expected to report a decline in earnings of -6.8% for the fourth quarter. What is the likelihood the index will report an actual decline in earnings of -6.8% for the quarter?

Based on the 5-year average improvement in earnings growth during each earnings season due to companies reporting positive earnings surprises, it is likely the index will still report a year-over-year decline in earnings for Q4. However, if S&P 500 companies repeat in the fourth quarter their unusually strong earnings performances relative to analyst expectations of the past two quarters, the S&P 500 will likely report earnings growth for Q4.

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 6.3%. During this same period, 74% 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 4.0 percentage points on average (over the past 5 years) due to the number and magnitude of positive earnings surprises.

If this average increase is applied to the estimated earnings decline at the end of Q4 (December 31) of -9.2%, the actual earnings decline for the quarter would be -5.2% (-9.2% + 4.0% = -5.2%). If the S&P 500 reports a year-over-year decline in earnings in Q4, it would mark the seventh time in the past eight quarters in which the index has reported a year-over-year decline in earnings.

However, during the past two quarters (Q2 2020 & Q3 2020), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 21.3% on average. During these two quarter, 84% 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 increased by 14.0 percentage points (on average) due to the number and magnitude of positive earnings surprises over these past two quarters.

If this average increase is applied to the estimated earnings decline at the end of Q4 (December 31) of -9.2%, the actual earnings growth rate for the quarter would be 4.8% (-9.2% + 14.0% = 4.8%). If the S&P 500 reports year-over-year growth in earnings of 4.8%, it would mark the first time the S&P 500 has reported year-over-year earnings growth since Q4 2019 (0.8%) and the highest year-over-year earnings growth reported by the index since Q4 2018 (13.2%).

Of the 26 S&P 500 companies that have reported actual earnings for Q4 2020 to date, 96% have reported actual EPS above the mean EPS estimate. In aggregate, actual earnings reported by these 26 companies have exceeded estimated earnings by 26.2%. Thus, at this very early stage of the Q4 earnings season, the performance of earnings relative to estimates is trending closer to the numbers of the previous two quarters rather than the 5-year average. Since December 31, the earnings decline for the S&P 500 has improved by 2.4 percentage points (to -6.8% from -9.2%).
Earnings Insight

Topic of the Week: 2

Record-High Number of S&P 500 Companies Issuing Positive EPS Guidance for Q4

Heading into the peak weeks of the fourth quarter earnings season, 85 S&P 500 companies have issued EPS guidance for the quarter. This number is below the 5-year average of 102. Of these 85 companies, 29 have issued negative EPS guidance and 56 have issued positive EPS guidance. The number of companies issuing negative EPS is below the 5-year average (68), while the number of companies issuing positive EPS guidance is above the 5-year average (34).

If 56 is the final number of S&P 500 companies issuing positive EPS guidance for the quarter, it will mark the highest number of S&P 500 companies issuing positive EPS guidance for a quarter since FactSet began tracking this data in 2006. The current record for the highest number of S&P 500 companies issuing positive EPS guidance for a quarter is 51, which was occurred in Q1 2018.

What is driving the positive EPS guidance for the fourth quarter? At the sector level, the Information Technology and Industrials sectors have the highest number of companies issuing positive EPS guidance for the quarter.

In the Information Technology sector, 29 companies have issued positive EPS guidance for the fourth quarter. This number is well above the 5-year average for the sector (16). If 29 is the final number for the quarter, it will mark the highest number of companies issuing positive EPS guidance for this sector since FactSet began tracking EPS guidance in 2006. Eleven of these 29 companies are in the Semiconductor & Semiconductor Equipment industry.

In the Industrials sector, 9 companies have issued positive EPS guidance for the fourth quarter. This number is well above the 5-year average for the sector (3). If 9 is the final number for the quarter, it will also mark the highest number of companies issuing positive EPS guidance for this sector since FactSet began tracking EPS guidance in 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.
Q4 Earnings Season: By The Numbers

Overview

Analysts and companies have been more optimistic than normal in their estimate revisions and earnings outlooks for the fourth quarter. As a result, expected earnings for the S&P 500 for the fourth quarter are higher today compared to the start of the quarter. Despite this increase, the index is still expected to report the fourth largest year-over-year decline in earnings over the past ten years, mainly due to the negative impact of COVID-19 on a number of industries. Earnings growth is projected to return in 2021.

In terms of estimate revisions for companies in the S&P 500, analysts increased earnings estimates in aggregate for Q4 2020 during the quarter. On a per-share basis, estimated earnings for the fourth quarter increased by 2.3% from September 30 to December 31. In a typical quarter, analysts usually reduce earnings estimates during the quarter. Over the past five years (20 quarters), earnings estimates have fallen by 4.5% on average during a quarter. Over the past ten years, (40 quarters), earnings estimates have fallen by 4.2% on average during a quarter. Over the past fifteen years, (60 quarters), earnings expectations have fallen by 5.2% on average during a quarter.

More S&P 500 companies have issued positive EPS guidance for Q4 2020 than average as well. At this point in time, 85 companies in the index have issued EPS guidance for Q4 2020, Of these 85 companies, 29 have issued negative EPS guidance and 56 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance for the quarter, it will mark the highest number since FactSet began tracking this metric in 2006. However, the overall number of companies issuing EPS guidance for the fourth quarter of 85 is below the 5-year average of 102.

Because of the net upward revisions to earnings estimates and some early positive earnings surprises, the estimated (year-over-year) earnings decline for Q4 2020 is smaller now relative to the start of the fourth quarter. As of today, the S&P 500 is expected to report a year-over-year decline in earnings of -6.8%, compared to a year-over-year decline in earnings of -12.7% on September 30.

If -6.8% is the actual decline for the quarter, it will mark the fourth-largest year-over-year decline in earnings reported by the index since Q3 2009. It will also mark the seventh time in the past eight quarters in which the index has reported a year-over-year decline in earnings. Five sectors are projected to report year-over-year earnings growth, led by the Materials and Health Care sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

Because of the net upward revisions to revenue estimates, the S&P 500 is now projected to report (year-over-year) revenue growth for Q4 2020 relative to an estimated (year-over-year) decline at the start of the fourth quarter. As of today, the S&P 500 is expected to report year-over-year growth in revenues of 0.3%, compared to a year-over-year decline in revenue of -1.1% on September 30.

If 0.3% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020. Six sectors are projected to report year-over-year growth in revenues, led by the Health Care sector. Five sectors are projected to report a year-over-year decline in revenues, led by the Energy and Industrials sectors.

Looking at future quarters, analysts project earnings growth to return starting in Q1 2021 (16.8%).

The forward 12-month P/E ratio is 22.4, which is above the 5-year average and above the 10-year average.

During the upcoming week, 40 S&P 500 companies (including six Dow 30 components) are scheduled to report results for the fourth quarter.
**Earnings Revisions: Financials Sector Sees Largest Estimate Increases**

**Decrease in Estimated Earnings Decline for Q4 This Week Due to Financials**

During the past week, the estimated earnings decline for the S&P 500 decreased to -6.8% from -8.5%. The positive earnings surprises reported by JPMorgan Chase ($3.79 vs. $2.62) and Citigroup ($2.08 vs. $1.34) were mainly responsible for the decrease in the overall earnings decline for the index during the week.

Since the start of the quarter, the estimated earnings decline for the S&P 500 has decreased to -6.8% today from -12.7% on September 30. Seven sectors have recorded a decrease in their expected earnings declines or an increase in expected earnings growth due to upward revisions to earnings estimates and some positive earnings surprises, led by the Financials, Materials, and Communication Services sectors. On the other hand, four sectors have recorded an increase in their expected earnings declines or a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Energy sector.

**Financials: JPMorgan Chase Leads Earnings Increase Since September 30**

The Financials sector has recorded the largest decrease in its expected earnings decline of all eleven sectors since the start of the quarter (to 3.5% from -24.1%). This sector has also witnessed the second-largest increase in price (+30.6%) of all eleven sectors since September 30. Overall, 55 of the 65 companies (85%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 55 companies, 33 have recorded an increase in their mean EPS estimate (or actual EPS) of more than 10% since September 30, led by Citigroup (to $2.08 from $0.88), Capital One Financial (to $2.74 from $1.24), JPMorgan Chase (to $3.79 from $1.83), PNC Financial Services Group (to $3.26 from $1.61), and Wells Fargo (to $0.64 from $0.33). JPMorgan Chase, Citigroup, Bank of America (to $0.55 from $0.40), Wells Fargo, Goldman Sachs (to $7.39 vs. $4.61), PNC Financial Services Group, and Capital One Financial have been the largest contributors to the increase in expected earnings for this sector since September 30.

**Materials: 71% of Companies Have Seen Increase In Earnings Since September 30**

The Materials sector has recorded the second-largest decrease in its expected earnings decline of all eleven sectors since the start of the quarter (to 8.6% from -2.0%). This sector has also witnessed the third-largest increase in price (+20.3%) of all eleven sectors since September 30. Overall, 20 of the 28 companies (71%) in the Materials sector have seen an increase in their mean EPS estimate during this time. Of these 20 companies, 11 have recorded an increase in their mean EPS estimate of more than 10%, led by Mosaic (to $0.19 vs. $0.07), Nucor (to $1.16 from $0.56), and Dow (to $0.65 from $0.40).

**Communication Services: Alphabet and Facebook Lead Earnings Increase since September 30**

The Communication Services sector has recorded the third-largest decrease in its expected earnings decline since the start of the quarter (to -12.7% from -18.2%). This sector has also witnessed an increase in price of 9.0% since September 30. Overall, 15 of the 22 companies (68%) in the Communication Services sector have seen an increase in their mean EPS estimate during this time. Of these 15 companies, 8 have recorded an increase in their mean EPS estimate of more than 10%, led by Netflix (to $1.35 from $0.92). However, Alphabet (to $15.59 from $13.51) and Facebook (to $3.15 from $2.64) have been the largest contributors to the increase in expected earnings for this sector since September 30.

**Energy: Exxon Mobil Leads Earnings Decrease Since September 30**

The Energy sector has recorded the largest increase in its expected earnings decline since the start of the quarter (to -101.6% from -83.0%). Despite the decrease in expected earnings, this sector has witnessed the largest increase in price (+47.8%) of all eleven sectors since September 30. Overall, 12 of the 25 companies (48%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 12 companies, 11 have recorded a decrease in their mean EPS estimate of more than 10%, led by ConocoPhillips (to -$0.19 from -$0.03), Hess Corporation (to -$0.41 from $0.11), and Phillips 66 (to -$0.84 from $0.32). However, Exxon Mobil (to -$0.01 from $0.13) and Phillips 66 have been the largest contributors to the decrease in expected earnings for this sector since September 30.
Index-Level (Bottom-Up) EPS Estimate: 2.3% Increase During Q4

The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) increased by 2.3% (to $36.93 from $36.10) from September 30 to December 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 4.5% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 4.2% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 5.2% on average during a quarter.

Guidance: Record-High Number of S&P 500 Companies Issuing Positive EPS Guidance for Q4

To date, more S&P 500 companies are issuing positive earnings guidance than average. At this point in time, 85 companies in the index have issued EPS guidance for Q4 2020. Of these 85 companies, 29 have issued negative EPS guidance and 56 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 66% (56 out of 85), which is well above the 5-year average of 33%.

If 56 is the final number of companies issuing positive EPS guidance for the quarter, it will mark the highest number since FactSet began tracking this metric in 2006.

However, the total number of companies issuing EPS guidance to date for Q4 2020 of 85 is below the 5-year average for a quarter of 102.

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.

Earnings Decline: -6.8%

The estimated (year-over-year) earnings decline for Q4 2020 is -6.8%, which is below the 5-year average earnings growth rate of 3.8%. If -6.8% is the actual decline for the quarter, it will mark the fourth-largest (year-over-year) decline in earnings for the index since Q3 2009. It will also mark the seventh time in the past eight quarters in which the index has reported a year-over-year decline in earnings. Five sectors are projected to report year-over-year earnings growth, led by the Materials and Health Care sectors. Six sectors are projected to report a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

Materials: Metals & Mining Industry Largest Contributor to Year-Over-Year Growth

The Materials sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 8.6%. At the industry level, the Metals & Mining industry (180%) is the only industry in this sector predicted to report year-over-year growth in earnings. The other three industries in this sector are projected to report year-over-year declines in earnings: Chemicals (-6%), Containers & Packaging (-5%), and Construction Materials (-2%).

The Metals & Mining industry is also projected to be the largest contributor to year-over-year growth in earnings for the sector. If the three companies in this industry were excluded, year-over-year earnings for this sector would fall to -5.4% from 8.6%.

Health Care: AbbVie Largest Contributor to Year-Over-Year Growth

The Health Care sector is expected to report the second-highest (year-over-year) earnings growth of all eleven sectors at 7.3%. At the industry level, five of the six industries in this sector are predicted to report year-over-year growth in earnings. Four of these five industries are projected to report double-digit earnings growth: Life Sciences Tools & Services (46%), Biotechnology (17%), Pharmaceuticals (13%), and Health Care Equipment & Supplies (11%). The only industry projected to report a year-over-year decline in earnings is the Health Care Providers & Services (-19%) industry.
At the company level, AbbVie is the largest contributor to earnings growth for the sector. However, the earnings growth rate for this company is being boosted by an apples-to-oranges comparison of post-merger earnings in Q4 2020 to pre-merger earnings in Q4 2019. If this company were excluded, the estimated earnings growth rate for the sector would fall to 4.2% from 7.3%.

**Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of More Than 90%**

The Energy sector is expected to report the largest (year-over-year) decline in earnings of all eleven sectors at -101.6%. Lower year-over-year oil prices are contributing to the earnings decline for this sector, as the average price of oil in Q4 2020 ($41.94) was 26% below the average price for oil in Q4 2019 ($56.87). At the sub-industry level, four of the five sub-industries in the sector are expected to report a decline in earnings. Three of these four sub-industries are projected to report a decline in earnings of 90% or more: Oil & Gas Refining & Marketing (-166%), Integrated Oil & Gas (-112%), and Oil & Gas Exploration & Production (-91%). The only sub-industry in the sector that is predicted to report year-over-year growth in earnings is the Oil & Gas Storage & Transportation (4%) sub-industry.

**Industrials: Airlines Industry Largest Contributor To Year-Over-Year Decline**

The Industrials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -35.6%. At the industry level, six of the twelve industries in this sector are expected to report a decline in earnings. Five of these six industries are expected to report a double-digit decline in earnings: Airlines (-348%), Industrial Conglomerates (-222%), Trading Companies & Distributors (-132%), Electrical Equipment (-111%), and Building Products (-100%). On the other hand, five industries are expected to report earnings growth in this sector, led by the Air Freight & Logistics (31%) and Aerospace & Defense (14%) industries. One industry (Commercial Services & Supplies) is expected to report flat year-over-year earnings (0%).

The Airlines industry is also projected to be the largest contributor to the year-over-year decline in earnings for the sector. If the five companies in this industry were excluded, the estimated earnings decline for the sector would improve to -1.4% from -35.6%.

**Consumer Discretionary: Hotels, Restaurants, & Leisure Industry Leads Year-Over-Year Decline**

The Consumer Discretionary sector is expected to report the third largest (year-over-year) earnings decline of all eleven sectors at -17.6%. At the industry level, five of the ten industries in this sector are expected to report a decline in earnings. Four of these five industries are projected to report a double-digit decline in earnings: Hotels, Restaurants, & Leisure (-130%), Internet & Direct Marketing Retail (-25%), Textiles, Apparel, & Luxury Goods (-21%), and Auto Components (-11%). On the other hand, five industries in this sector are expected to report earnings growth, led by the Automobiles (248%), Multiline Retail (32%), and Household Durables (24%) industries.

The Hotels, Restaurants, & Leisure industry is also projected to be the largest contributor to the year-over-year decline in earnings for the sector. If this industry were excluded, year-over-year earnings for the sector would improve to 10.4% from -17.6%.

**Revenue Growth: 0.3%**

The estimated (year-over-year) revenue growth rate for Q4 2020 is 0.3%, which is below the 5-year average revenue growth rate of 3.5%. If 0.3% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020. Six sectors are expected to report year-over-year growth in revenues, led by the Health Care sector. Five sectors are expected to report a year-over-year decline in revenues, led by the Energy and Industrials 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) revenue growth of all eleven sectors at 10.2%. At the industry level, five of the six industries in this sector are expected to report year-over-year growth in revenues, led by the Life Sciences Tools & Services (23%) and Biotechnology (21%) industries. On the other hand, the only industry that is projected to report a decline in revenue is the Health Care Technology (-3%) industry.
Earnings Insight

It should be noted that the revenue growth rates of some of the companies that are the largest contributors to revenue growth for this sector (including Centene and AbbVie) are being boosted by apples-to-oranges comparisons of post-merger revenues in Q4 2020 to pre-merger revenues in Q4 2019.

Energy: 4 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of More Than 25%

The Energy sector is expected to report the largest (year-over-year) decline in revenue of all eleven sectors at -35.3%. Lower year-over-year oil prices are contributing to the revenue decline for this sector, as the average price of oil in Q4 2020 ($41.94) was 26% below the average price for oil in Q4 2019 ($56.87). At the sub-industry level, all five sub-industries in the sector are expected to report a year-over-year decline in revenue. Four sub-industries are projected to report a decline in revenue of more than 25%: Oil & Gas Refining & Marketing (-45%), Integrated Oil & Gas (-32%), Oil & Gas Exploration & Production (-31%), and Oil & Gas Equipment & Services (-28%).

Industrials: Airlines Industry Largest Contributor to Year-Over-Year Decline

The Industrials sector is expected to report the second-largest (year-over-year) revenue decline of all eleven sectors at -10.5%. At the industry level, ten of the twelve industries in this sector are predicted to report a decline in revenues, led by the Airlines (-66%) industry. On the other hand, the Air Freight & Logistics (15%) industry is projected to report the largest year-over-year revenue growth in the sector.

The Airlines industry is also projected to be the largest contributor to the year-over-year decline in revenue for the sector. If the five companies in this industry were excluded, the estimated revenue decline for the sector would improve to -3.0% from -10.5%.
Looking Ahead: Forward Estimates and Valuation

Earnings: Analysts Expect Earnings Decline of -13% for CY 2020

For the fourth quarter, S&P 500 companies are expected to report a decline in earnings of -7.2% and growth in revenues of 0.2%. For all of 2020, S&P 500 companies are expected to report a decline in earnings of -12.9% and a decline in revenue of -1.7%.

For CY 2020, analysts are projecting an earnings decline of -12.9% and a revenue decline of -1.7%.

For Q1 2021, analysts are projecting earnings growth of 16.8% and revenue growth of 3.9%.

For Q2 2021, analysts are projecting earnings growth of 46.3% and revenue growth of 14.2%.

For CY 2021, analysts are projecting earnings growth of 22.5% and revenue growth of 8.1%.

Valuation: Forward P/E Ratio is 22.4, Above the 10-Year Average (15.7)

The forward 12-month P/E ratio is 22.4. This P/E ratio is above the 5-year average of 17.5 and above the 10-year average of 15.7. It is also equal to the forward 12-month P/E ratio of 22.4 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 1.1%, while the forward 12-month EPS estimate has increased by 1.2%.

At the sector level, the Consumer Discretionary (37.1) and Energy (32.6) sectors have the highest forward 12-month P/E ratios, while the Financials (15.3) 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 4111.82, which is 8.3% above the closing price of 3795.54. At the sector level, the Communication Services (+15.0%) and Real Estate (+14.2%) 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 Energy (+3.2%) and Materials (+3.4%) 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 10,360 ratings on stocks in the S&P 500. Of these 10,360 ratings, 54.1% are Buy ratings, 38.7% are Hold ratings, and 7.2% are Sell ratings. At the sector level, the Energy (64%) and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (46%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 40

During the upcoming week, 40 S&P 500 companies (including six Dow 30 components) are scheduled to report results for the fourth quarter.
Earnings Insight

Q4 2020: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q4 2020
(Source: FactSet)

(Source: FactSet)
Q4 2020: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q4 2020
(Source: FactSet)

Industrials: 566.7%
Financials: 35.8%
S&P 500: 26.2%
Consumer Disc: 19.5%
Consumer Staples: 13.9%
Info. Technology: 7.1%
Energy: 0.0%
Comm. Services: 0.0%
Materials: 0.0%
Health Care: 0.0%
Utilities: 0.0%
Real Estate: 0.0%

S&P 500 Sector-Level Revenue Surprise %: Q4 2020
(Source: FactSet)

Industrials: 0.2%
Consumer Disc: 4.1%
S&P 500: 2.6%
Info. Technology: 2.3%
Consumer Staples: 2.0%
Financials: 2.0%
Comm. Services: 0.0%
Health Care: 0.0%
Real Estate: 0.0%
Materials: 0.0%
Energy: 0.0%
Utilities: 0.0%
Q4 2020: Scorecard

1. S&P 500 EPS Surprise % vs. Price %: Q4 2020
   
   (Source: FactSet)

2. S&P 500 EPS Surprise vs. Avg. Price Change %
   
   (Source: FactSet)
Q4 2020: Scorecard

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Actual EPS Surprise %</th>
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<tbody>
<tr>
<td>Citigroup Inc.</td>
<td>54.9%</td>
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<tr>
<td>JPMorgan Chase &amp; Co.</td>
<td>44.6%</td>
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<tr>
<td>Constellation Brands, Inc.: Class A</td>
<td>27.8%</td>
</tr>
<tr>
<td>CarMax, Inc.</td>
<td>25.6%</td>
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<tr>
<td>PNC Financial Services Group, Inc.</td>
<td>24.8%</td>
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<tr>
<td>Nike, Inc. Class B</td>
<td>24.7%</td>
</tr>
<tr>
<td>FedEx Corporation</td>
<td>20.5%</td>
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<tr>
<td>Clintas Corporation</td>
<td>19.9%</td>
</tr>
<tr>
<td>Lennar Corporation Class A</td>
<td>19.7%</td>
</tr>
<tr>
<td>Walgreens Boots Alliance Inc.</td>
<td>18.5%</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Actual EPS Surprise %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conagra Brands, Inc.</td>
<td>8.7%</td>
</tr>
<tr>
<td>Wells Fargo &amp; Company</td>
<td>7.9%</td>
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<tr>
<td>IHS Market Ltd.</td>
<td>7.1%</td>
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<tr>
<td>Oracle Corporation</td>
<td>6.2%</td>
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<tr>
<td>Adobe Inc.</td>
<td>5.7%</td>
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<tr>
<td>Accenture Plc Class A</td>
<td>5.7%</td>
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<tr>
<td>Lamb Weston Holdings, Inc.</td>
<td>5.3%</td>
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<tr>
<td>First Republic Bank</td>
<td>5.2%</td>
</tr>
<tr>
<td>AutoZone, Inc.</td>
<td>4.5%</td>
</tr>
<tr>
<td>Darden Restaurants, Inc.</td>
<td>3.6%</td>
</tr>
</tbody>
</table>
Q4 2020: Growth

S&P 500 Earnings Growth: Q4 2020
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2020
(Source: FactSet)
Q4 2020: Growth

S&P 500 Earnings Growth: Q4 2020
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2020
(Source: FactSet)
Earnings Insight

Q4 2020: Net Profit Margin

S&P 500 Net Profit Margins: Q420 vs. Q419
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q420 vs. Q419
(Source: FactSet)
CY 2020: Growth

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

S&P 500 Revenue Growth: CY 2020
(Source: FactSet)
Q1 2021: 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 2021: EPS Revisions

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

- Apache Corporation: 771.7%
- L Brands, Inc.: 176.1%
- ConocoPhillips: 62.3%
- Devon Energy Corporation: 33.5%
- Charles Schwab Corporation: 32.8%
- Wayfair Inc.: 31.8%
- Micron Technology, Inc.: 24.4%
- CF Industries Holdings, Inc.: 24.2%
- Pioneer Natural Resources Company: 23.0%
- Nucor Corporation: 20.2%

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

- Alaska Air Group, Inc.: -13.2%
- Marriott International, Inc. Class A: -13.3%
- American Airlines Group, Inc.: -16.4%
- Constellation Brands, Inc. Class A: -29.2%
- Ford Motor Company: -23.5%
- HollyFrontier Corporation: -26.2%
- Southwest Airlines Co.: -26.3%
- Phillips 66: -26.4%
- Las Vegas Sands Corp.: -55.1%
- Delta Air Lines, Inc.: -58.0%
Q1 2021: Growth

S&P 500 Earnings Growth: Q1 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q1 2021
(Source: FactSet)
CY 2021: Growth

S&P 500 Earnings Growth: CY 2021
(Source: FactSet)

S&P 500 Revenue Growth: CY 2021
(Source: FactSet)
Earnings Insight

CY 2022: Growth

S&P 500 Earnings Growth: CY 2022
(Source: FactSet)

S&P 500 Revenue Growth: CY 2022
(Source: FactSet)
Geographic Revenue Exposure

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

United States 60%
International 40%

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>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Financials</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Industrials</td>
<td>35%</td>
<td>65%</td>
</tr>
<tr>
<td>Health Care</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Energy</td>
<td>41%</td>
<td>69%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Materials</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Bottom-up EPS Estimates: Revisions

S&P 500 CY 2021 & CY 2022 Bottom-Up EPS: 1-Year
(Source: FactSet)

S&P 500 Q121 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)
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
Earnings Insight

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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