Key Metrics

- **Earnings Scorecard:** For Q4 2021 (with 33% of S&P 500 companies reporting actual results), 77% of S&P 500 companies have reported a positive EPS surprise and 75% of S&P 500 companies have reported a positive revenue surprise.

- **Earnings Growth:** For Q4 2021, the blended earnings growth rate for the S&P 500 is 24.3%. If 24.3% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth above 20%.

- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2021 was 21.4%. Nine sectors are reporting higher earnings today (compared to December 31) due to upward revisions to EPS estimates and positive EPS surprises.

- **Earnings Guidance:** For Q1 2022, 13 S&P 500 companies have issued negative EPS guidance and 7 S&P 500 companies have issued positive EPS guidance.

- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.2. This P/E ratio is above the 5-year average (18.5) and above the 10-year average (16.7).
Topic of the Week:

Is Q4 The Bottom For S&P 500 Net Profit Margins?

Given concerns in the market about inflation, what is the S&P 500 reporting for a net profit margin for the fourth quarter? The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) net profit margin for the S&P 500 for Q4 2021 is 12.0%, which is above the year-ago net profit margin of 11.0% and above the 5-year average net profit margin of 11.0%. However, it is below the previous quarter’s net profit margin of 12.9%.

If 12.0% is the actual net profit margin for the quarter, it will mark the second straight quarter in which the net profit margin for the index has declined. On the other hand, it will also tie the mark (with Q3 2018) for the fourth-highest net profit margin reported by the index since FactSet began tracking this metric in 2008.

At the sector level, five sectors are reporting a year-over-year increase in their net profit margins in Q4 2021 compared to Q4 2020, led by the Energy (9.8% vs. NA), Industrials (7.6% vs. 4.5%), and Materials (12.9% vs. 10.2%) sectors. A year-ago net profit margin was not calculated for the Energy sector due to the earnings loss reported by the sector in Q4 2020. Four sectors are reporting net profit margins in Q4 2021 that are above their 5-year averages, led by the Energy (9.8% vs. 5.3%), Information Technology (25.8% vs. 21.8%), and Materials (12.9% vs. 9.8%) sectors.

However, only two sectors are reporting a quarter-over-quarter increase in their net profit margins for Q4 2021 compared to Q3 2021: Energy (9.8% vs. 9.0%) and Information Technology (25.8% vs. 25.6%).

What is driving the sequential decline in net profit margins for the S&P 500? Higher costs are likely having a negative impact on profit margins. During the previous earnings season, 305 S&P 500 companies cited “inflation” on earnings calls for the third quarter, which was the highest number in at least 10 years.

It is interesting to note that analysts believe net profit margins for the S&P 500 will improve sequentially over the next three quarters. As of today, the estimated net profit margins for Q1 2022, Q2 2022, and Q3 2022 are 12.4%, 12.7%, and 13.0%, respectively.
S&P 500 Sector-Level Net Profit Margins: Q421 vs. Q321
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q421</th>
<th>Q321</th>
</tr>
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<tbody>
<tr>
<td>Real Estate</td>
<td>34.0%</td>
<td>36.3%</td>
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<td>Info. Tech</td>
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<td>Consumer Disc.</td>
<td>5.3%</td>
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</tbody>
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Q4 Earnings Season: By The Numbers

Overview

At this point in time, more companies are beating EPS estimates than average, but they are beating estimates by a smaller margin than average. As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the quarter. The index is reporting earnings growth of more than 20% for the fourth straight quarter and earnings growth of more than 40% for the full year. These above-average growth rates are due to a combination of higher earnings for 2021 and an easier comparison to weaker earnings in 2020 due to the negative impact of COVID-19 on a number of industries.

Overall, 33% of the companies in the S&P 500 have reported actual results for Q4 2021 to date. Of these companies, 77% have reported actual EPS above estimates, which is above the 5-year average of 76%. In aggregate, companies are reporting earnings that are 4.0% above estimates, which is below the 5-year average of 8.6%.

Due to these positive EPS surprises, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the third quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the fourth quarter is 24.3% today, compared to an earnings growth rate of 23.1% last week and an earnings growth rate of 21.4% at the end of the fourth quarter (December 31).

Positive earnings surprises reported by companies in the Information Technology sector, partially offset by a negative surprise reported by a company in the Industrials sector, were mainly responsible for the improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Information Technology and Financials sectors have been the top contributors to the overall increase in earnings for the index since the end of the fourth quarter. On the other hand, a negative surprise reported by a company in the Industrials sector has been the top detractor to the overall increase in earnings for the index since the end of the fourth quarter.

If 24.3% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth of 20% or more for the index. The last time the index reported four straight quarters of earnings growth above 20% was Q4 2009 through Q3 2010. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten sectors are reporting year-over-year earnings growth, led by the Energy, Industrials, and Materials sectors.

In terms of revenues, 75% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 68%. In aggregate, companies are reporting revenues that are 2.5% above the estimates, which is also above the 5-year average of 1.5%.

Due to these positive revenue surprises, the blended revenue growth rate for the fourth quarter is higher now relative to the end of last week and relative to the end of the fourth quarter. The blended revenue growth rate for the fourth quarter is 13.9% today, compared to a revenue growth rate of 13.1% last week and a revenue growth rate of 12.8% at the end of the fourth quarter (December 31).

Positive revenue surprises reported by companies in the Energy and Information Technology sectors were mainly responsible for the increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Energy and Information Technology sectors have also been the largest contributors to the increase in the overall revenues for the index since the end of the fourth quarter.

If 13.9% is the actual growth rate for the quarter, it will mark the third-highest (year-over-year) revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

For the full year, the blended earnings growth rate for CY 2021 is 45.5%. Looking ahead to the first half of CY 2022, analysts expect earnings growth of 5.6% for Q1 2022 and 4.3% for Q2 2022.

The forward 12-month P/E ratio is 19.2, which is above the 5-year average (18.5) and above the 10-year average (16.7). However, it is below the forward P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31), as prices have decreased while EPS estimates have increased over the past month.
During the upcoming week, 109 S&P 500 companies (including two Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating EPS Estimates, But By Smaller Margins Than Average

Percentage of Companies Beating EPS Estimates (77%) is Above 5-Year Average

Overall, 33% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 77% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 19% 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 (83%) average but above the 5-year (76%) average.

At the sector level, the Communication Services (100%), Information Technology (93%), and Industrials (90%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (45%) and Utilities (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+4.0%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 4.0% above expectations. This surprise percentage is below the 1-year (+15.7%) average and below the 5-year (+8.6%) average.

The Information Technology (+8.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Xilinx ($1.19 vs. $0.98), Intel ($1.09 vs. $0.90), Texas Instruments ($2.27 vs. $1.95), Paychex ($0.91 vs. $0.80), and Apple ($2.10 vs. $1.90) have reported the largest positive EPS surprises.

The Communication Services (+6.3%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix ($1.33 vs. $0.83) and Charter Communications ($8.93 vs. $7.00) have reported the largest positive EPS surprises.

The Financials (+5.9%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Travelers Companies ($5.20 vs. $3.86), Wells Fargo ($1.38 vs. $1.11), W. R. Berkley Corporation ($1.53 vs. $1.25), Raymond James Financial ($2.12 vs. $1.76), and American Express ($2.18 vs. $1.86) have reported the largest positive EPS surprises.

The Industrials (-20.5%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Boeing (-$7.69 vs. -$0.38) has reported the largest negative EPS surprise.

Market Punishing Positive and Negative Surprises

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

Companies that have reported positive earnings surprises for Q4 2021 have seen an average price decrease of -1.8% 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 increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2021 have seen an average price decrease of -3.7% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (75%) is Above 5-Year Average

In terms of revenues, 75% of companies have reported actual revenues above estimated revenues and 25% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (78%) but above the 5-year average (68%).

At the sector level, the Energy (100%), Consumer Staples (93%), and Information Technology (93%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (50%) and Health Care (55%) sectors have the lowest percentages of companies reporting revenues above estimates.
Revenue Surprise Percentage (+2.5%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.5% above expectations. This surprise percentage is below the 1-year (+3.5%) average but above the 5-year (+1.5%) average.

At the sector level, the Energy (+13.2%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Utilities (-10.2%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth Due to Technology Sector

Increase in Blended Earnings Growth Rate This Week Due to the Technology Sector

The blended (year-over-year) earnings growth rate for the fourth quarter is 24.3%, which is larger than the earnings growth rate of 23.1% last week. Positive earnings surprises reported by companies in the Information Technology sector, partially offset by a negative surprise reported by a company in the Industrials sector, were mainly responsible for the increase in the overall earnings growth rate for the index during the week.

In the Information Technology sector, the positive EPS surprises reported by Apple ($2.10 vs. $1.90), Microsoft ($2.48 vs. $2.32) and Intel ($1.09 vs. $0.90) were the largest contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Information Technology sector has increased to 21.0% from 14.7% over this period.

In the Industrials sector, the negative EPS surprise reported by Boeing (-$7.69 vs. -$0.38) was the largest detractor to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Industrials sector has decreased to 86.5% from 110.3% over this period.

Increase in Blended Revenue Growth This Week Due to Energy and Technology Sectors

The blended (year-over-year) revenue growth rate for the fourth quarter is 13.9%, which is larger than the revenue growth rate of 13.1% last week. Positive revenue surprises reported by companies in the Energy and Information Technology sectors were mainly responsible for the increase in the overall revenue growth rate during the past week.

In the Energy sector, the positive revenue surprises reported by Valero Energy ($35.9 billion vs. $27.8 billion) and Chevron ($48.1 billion vs. $45.3 billion) were substantial contributors to the increase in the revenue growth rate for the index during the week. As a result, the blended revenue growth rate for the Energy sector has increased to 74.9% from 67.3% over this period.

In the Information Technology sector, the positive revenue surprises reported by Apple ($123.9 billion vs. $119.0 billion), Intel ($19.5 billion vs. $18.3 billion), and Microsoft ($51.7 billion vs. $50.7 billion) were significant contributors to the increase in the revenue growth rate for the index during the week. As a result, the blended revenue growth rate for the Information Technology sector has increased to 13.1% from 10.8% over this period.

Financials and Technology Sectors Have Seen Largest Increases in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2021 of 24.3% is larger than the estimate of 21.4% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Information Technology (to 21.0% from 14.6%) and Financials (to 3.7% from -0.9%) sectors. These two sectors are also the largest contributors to the increase in the earnings growth rate for the index during this period. On the other hand, two sectors have recorded a decrease in its earnings growth rate due to downward revisions to earnings estimates and negative earnings surprises: Industrials (to 86.5% from 108.0%) and Materials (to 60.2% from 60.6%)

In the Information Technology sector, the positive EPS surprises reported by Apple ($2.10 vs. $1.90), Microsoft ($2.48 vs. $2.32) and Intel ($1.09 vs. $0.90) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 21.0% from 14.6% over this period.
In the Financials sector, the positive EPS surprises reported by Wells Fargo ($1.38 vs. $1.11) and JPMorgan Chase ($3.33 vs. $3.01) have been significant contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Financials sector has increased to 3.7% from -0.9% over this period.

In the Industrials sector, the negative EPS surprise reported by Boeing (-$7.69 vs. -$0.38) has been the largest detractor to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Industrials sector has decreased to 86.5% from 108.0% over this period.

Energy and Technology Sectors Have Seen Largest Increases in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2021 of 13.9% is larger than the estimate of 12.8% at the end of the fourth quarter (December 31). Nine 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 Energy (to 74.9% from 66.3%) and Information Technology (to 13.1% from 10.8%) sector. Two sectors have recorded a decrease in revenue growth since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises: Utilities (to 1.4% from 2.5%) and Industrials (to 11.8% from 12.3%).

Earnings Growth: 24.3%

The blended (year-over-year) earnings growth rate for Q4 2021 is 24.3%, which is above the 5-year average earnings growth rate of 13.7%. If 24.3% is the actual growth rate for the quarter, it will mark the fourth straight quarter of year-over-year earnings growth above 20%. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten of the eleven sectors are reporting year-over-year earnings growth, led by the Energy, Industrials, and Materials sectors.

Energy: Exxon Mobil is Largest Contributor to Higher Year-Over-Year Earnings

The Energy sector is reporting earnings of $28.6 billion for Q4 2021 compared to a loss of -$0.1 billion in Q4 2020. Thus, a year-over-year growth rate is not being calculated for the Energy sector due to the loss reported by the sector in Q4 2020. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting a year-over-year increase in earnings. A growth rate is not being calculated for two of these five sub-industries due to losses reported in the year-ago quarter. However, both are reporting profits in Q4 2021: Integrated Oil & Gas and Oil & Gas Refining & Marketing. The other three sub-industries that are reporting year-over-year earnings growth are the Oil & Gas Exploration & Production (2,715%), Oil & Gas Equipment & Services (170%), and Oil & Gas Storage & Transportation (9%) sub-industries. At the company level, Exxon Mobil, Chevron, and ConocoPhillips are the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these three companies account for $16.1 billion of the $28.7 billion year-over-year increase in earnings for the sector.

Industrials: Boeing and Airlines Industry Are Largest Contributors to Year-Over-Year Growth

The Industrials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 86.5%. At the industry level, 11 of the 12 industries in the sector are reporting a year-over-year increase in earnings. A growth rate is not being calculated for two of these industries due to losses reported in the year-ago quarter: Airlines and Aerospace & Defense. The Aerospace & Defense industry is reporting a profit in Q4 2021 ($2.3 billion) compared to a loss in Q4 2020 (-$2.3 billion), while the Airlines industry reported a smaller loss in Q4 2021 (-$1.2 billion) compared to Q4 2020 (-$7.3 billion). Six of the remaining nine industries are reporting earnings growth at or above 10%: Trading Companies & Distributors (38%), Electrical Equipment (19%), Air Freight & Logistics (17%), Construction & Engineering (17%), Road & Rail (15%), and Commercial Services & Supplies (10%). The Machinery (-3%) industry is the only industry reporting a year-over-year decline in earnings in the sector. Boeing and the five companies in the Airlines industry are the largest contributors to earnings growth for the sector. If these six companies were excluded, the estimated earnings growth rate for the Industrials sector would fall to 8.2% from 86.5%.
Materials: Nucor is Largest Contributor to Year-over-Year Growth

The Materials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 60.2%. At the industry level, all four industries in this sector are reporting year-over-year earnings growth, led by the Metals & Mining (138%) and Chemicals (49%) industries. At the company level, Nucor is the largest contributor to year-over-year earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Materials sector would fall to 42.5% from 60.2%.

Revenue Growth: 13.9%

The blended (year-over-year) revenue growth rate for Q4 2021 is 13.9%, which is well above the 5-year average revenue growth rate of 6.5%. If 13.9% is the actual growth rate for the quarter, it will mark the third-highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. The current record is 25.3%, which occurred in Q2 2021. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Growth Above 50%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 74.9%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting double-digit (year-over-year) growth in revenues: Oil & Gas Exploration & Production (125%), Integrated Oil & Gas (85%), Oil & Gas Refining & Marketing (62%), Oil & Gas Storage & Transportation (42%), and Oil & Gas Equipment & Services (12%).

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

The Materials sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 25.9%. At the industry level, all four industries in this sector are reporting year-over-year growth in revenues. Three of these four industries are reporting revenue growth above 25%: Metals & Mining (52%), Construction Materials (28%), and Chemicals (26%).

Net Profit Margin: 12.0%

The blended net profit margin for the S&P 500 for Q4 2021 is 12.0%, which is above the 5-year average of 11.0% and the year-ago net profit margin of 11.0%, but below the previous quarter’s net profit margin of 12.9%.

If 12.0% is the actual net profit margin for the quarter, it will tie the mark (with Q3 2018) for the fourth-highest net profit margin reported by the index since FactSet began tracking this metric in 2008. The current record is 13.1%, which occurred in Q2 2021.

At the sector level, five sectors are reporting a year-over-year increase in their net profit margins in Q4 2021 compared to Q4 2020, led by the Energy (9.8% vs. N/A) sector. Four sectors are reporting net profit margins in Q4 2021 that are above their 5-year averages, also led by the Energy (9.8% vs. 5.3%) sector.
Looking Ahead: Forward Estimates and Valuation

**Guidance:** % of S&P 500 Companies Issuing Negative EPS Guidance for Q1 is Above Average

At this point in time, 20 companies in the index have issued EPS guidance for Q1 2022. Of these 20 companies, 13 have issued negative EPS guidance and 7 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 65% (13 out of 20), which is above the 5-year average of 60%.

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 of 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:** S&P 500 Reporting Earnings Growth of 46% for CY 2021

For the fourth quarter, S&P 500 companies are reporting earnings growth of 24.3% and revenue growth of 13.9%. For the full year, the index is reporting earnings growth of 45.5% and revenue growth of 16.0%

For Q1 2022, analysts are projecting earnings growth of 5.6% and revenue growth of 9.8%

For Q2 2022, analysts are projecting earnings growth of 4.3% and revenue growth of 8.0%

For CY 2022, analysts are projecting earnings growth of 9.5% and revenue growth of 7.9%

**Valuation:** Forward P/E Ratio is 19.2, Above the 10-Year Average (16.7)

The forward 12-month P/E ratio is 19.2. This P/E ratio is above the 5-year average of 18.5 and above the 10-year average of 16.7. However, it is below the forward 12-month P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has decreased by 9.2%, while the forward 12-month EPS estimate has increased by 1.0%. At the sector level, the Consumer Discretionary (26.2) and Information Technology (24.2) sectors have the highest forward 12-month P/E ratios, while the Energy (12.5) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 22.9, which is below the 5-year average of 23.1 but above the 10-year average of 20.0.

**Targets & Ratings:** Analysts Project 23% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 5318.24, which is 22.9% above the closing price of 4326.51. At the sector level, the Communication Services (+32.4%) and Consumer Discretionary (+31.4%) 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 (+6.4%) and Consumer Staples (+9.6%) 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 10,946 ratings on stocks in the S&P 500. Of these 10,946 ratings, 56.9% are Buy ratings, 37.5% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Energy (66%) and Information Technology (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Utilities (50%) sectors have the lowest percentages of Buy ratings.

**Companies Reporting Next Week: 109**

During the upcoming week, 109 S&P 500 companies (including two Dow 30 components) are scheduled to report results for the fourth quarter.
Q4 2021: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q4 2021
(Source: FactSet)

- Info. Technology: 8.0%
- Comm. Services: 6.3%
- Financials: 5.9%
- Consumer Staples: 4.7%
- S&P 500: 4.0%
- Utilities: 3.9%
- Health Care: 2.5%
- Consumer Disc.: 2.5%
- Real Estate: 2.1%
- Materials: -0.5%
- Energy: -3.1%
- Industrials: -20.5%

S&P 500 Sector-Level Revenue Surprise %: Q4 2021
(Source: FactSet)

- Energy: 13.2%
- Info. Technology: 3.4%
- Consumer Staples: 3.3%
- Consumer Disc.: 2.7%
- S&P 500: 2.5%
- Materials: 2.0%
- Financials: 1.7%
- Comm. Services: 1.1%
- Real Estate: 0.6%
- Health Care: 0.3%
- Industrials: 0.2%
- Utilities: -10.2%
Q4 2021: Scorecard

**S&P 500 EPS Surprise % vs. Price %: Q4 2021**
(Source: FactSet)

**S&P 500 EPS Surprise vs. Avg. Price Change %**
(Source: FactSet)
Q4 2021: Scorecard

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

- Southwest Airlines Co: 96.2%
- Netflix, Inc: 59.7%
- Lamb Weston Holdings, Inc: 53.7%
- Philips 66: 50.9%
- Delta Air Lines, Inc: 34.8%
- Travelers Companies, Inc: 34.7%
- Valero Energy Corporation: 34.4%
- Packaging Corporation of America: 33.3%
- NIKE, Inc. Class B: 31.6%
- Charter Communications, Inc Class A: 27.0%

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

- Progress Energy Corporation: -8.3%
- PTC Inc: -4.4%
- Rollins, Inc: -10.3%
- Baker Hughes Company Class A: -10.4%
- PNC Financial Services Group, Inc: -11.8%
- International Paper Company: -12.4%
- Huntington Bancshares Incorporated: -12.5%
- Regions Financial Corporation: -12.9%
- Chevron Corporation: -18.1%
- Shawano Williams Company: -19.8%
Q4 2021: Growth

S&P 500 Earnings Growth: Q4 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2021
(Source: FactSet)
Earnings Insight

Q4 2021: Growth

S&P 500 Earnings Growth: Q4 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q4 2021
(Source: FactSet)
Earnings Insight

Q4 2021: Net Profit Margin

S&P 500 Net Profit Margins: Q421 vs. Q420
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q421 vs. Q420
(Source: FactSet)
CY 2021: Growth

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

S&P 500 Revenue Growth: CY 2021
(Source: FactSet)
Q1 2022: 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 2022: EPS Revisions

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marathon Petroleum Corporation</td>
<td>111.3%</td>
</tr>
<tr>
<td>Waymaauau Corporation</td>
<td>81.2%</td>
</tr>
<tr>
<td>Incyte Corporation</td>
<td>30.3%</td>
</tr>
<tr>
<td>Abbott Laboratories</td>
<td>31.1%</td>
</tr>
<tr>
<td>Valero Energy Corporation</td>
<td>30.8%</td>
</tr>
<tr>
<td>Teal Inc</td>
<td>19.7%</td>
</tr>
<tr>
<td>Alexandria Real Estate Equities, Inc.</td>
<td>16.7%</td>
</tr>
<tr>
<td>Crown Castle International Corp</td>
<td>15.0%</td>
</tr>
<tr>
<td>Phillips 66</td>
<td>15.4%</td>
</tr>
<tr>
<td>Quest Diagnostics Incorporated</td>
<td>19.0%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Airlines Holdings, Inc.</td>
<td>-64.1%</td>
</tr>
<tr>
<td>Host Hotels &amp; Resorts, Inc.</td>
<td>-66.7%</td>
</tr>
<tr>
<td>Pinnacle West Capital Corporation</td>
<td>-71.5%</td>
</tr>
<tr>
<td>Boeing Company</td>
<td>-72.1%</td>
</tr>
<tr>
<td>American Airlines Group, Inc.</td>
<td>-83.1%</td>
</tr>
<tr>
<td>MGM Resorts International</td>
<td>-87.4%</td>
</tr>
<tr>
<td>Delta Air Lines, Inc.</td>
<td>-104.8%</td>
</tr>
<tr>
<td>Southwest Airlines Co.</td>
<td>-131.7%</td>
</tr>
<tr>
<td>Alaska Air Group, Inc.</td>
<td>-167.1%</td>
</tr>
<tr>
<td>Las Vegas Sands Corp.</td>
<td>-1708.6%</td>
</tr>
</tbody>
</table>
Q1 2022: Growth

S&P 500 Earnings Growth: Q1 2022
(Source: FactSet)

S&P 500 Revenue Growth: Q1 2022
(Source: FactSet)
CY 2022: Growth

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Today</th>
<th>31-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrials</td>
<td>38.0%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Consumer Dis.</td>
<td>33.2%</td>
<td>33.1%</td>
</tr>
<tr>
<td>Energy</td>
<td>10.0%</td>
<td>28.3%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>0.5%</td>
<td>9.3%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>6.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Health Care</td>
<td>8.6%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>8.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>5.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>5.2%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Materials</td>
<td>5.2%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>5.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Financials</td>
<td>-9.7%</td>
<td>-8.5%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Industry</th>
<th>Today</th>
<th>31-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Dis.</td>
<td>14.4%</td>
<td>14.2%</td>
</tr>
<tr>
<td>Industrials</td>
<td>11.2%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>9.0%</td>
<td>9.8%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>9.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>9.6%</td>
<td>9.3%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>7.6%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Energy</td>
<td>6.9%</td>
<td>6.4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>6.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Materials</td>
<td>4.4%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>4.0%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Financials</td>
<td>2.4%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.6%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>
Earnings Insight

CY 2023: Growth

**S&P 500 Earnings Growth: CY 2023**
(Source: FactSet)

**S&P 500 Revenue Growth: CY 2023**
(Source: FactSet)
Geographic Revenue Exposure

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

- United States: 59%
- International: 41%

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Revenue Exposure %</th>
<th>International</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>2%</td>
<td>1%</td>
<td>98%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>16%</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>Financials</td>
<td>22%</td>
<td>2%</td>
<td>98%</td>
</tr>
<tr>
<td>Industrials</td>
<td>33%</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>33%</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Health Care</td>
<td>36%</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Energy</td>
<td>40%</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>44%</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Comm Services</td>
<td>48%</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>Materials</td>
<td>54%</td>
<td>5%</td>
<td>95%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>59%</td>
<td>6%</td>
<td>94%</td>
</tr>
</tbody>
</table>
Bottom-up EPS Estimates: Revisions

S&P 500 CY 2022 & CY 2023 Bottom-Up EPS: 1-Year
(Source: FactSet)

S&P 500 Q122 Bottom-Up EPS: 1-Year
(Source: FactSet)
Bottom-up EPS Estimates: Current & Historical
Forward 12M P/E Ratio: Sector Level

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Fwd P/E</th>
<th>5-Yr Avg</th>
<th>10-Yr Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Disc</td>
<td>26.2</td>
<td>25.7</td>
<td>21.3</td>
</tr>
<tr>
<td>Info Technology</td>
<td>24.2</td>
<td>21.3</td>
<td>17.8</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>21.1</td>
<td>19.5</td>
<td>18.7</td>
</tr>
<tr>
<td>Real Estate</td>
<td>21.0</td>
<td>19.4</td>
<td>17.1</td>
</tr>
<tr>
<td>Industrials</td>
<td>19.7</td>
<td>19.3</td>
<td>16.9</td>
</tr>
<tr>
<td>Utilities</td>
<td>19.4</td>
<td>18.2</td>
<td>16.7</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>18.2</td>
<td>18.5</td>
<td>16.0</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>18.3</td>
<td>17.3</td>
<td>15.5</td>
</tr>
<tr>
<td>Health Care</td>
<td>15.4</td>
<td>19.9</td>
<td>16.1</td>
</tr>
<tr>
<td>Materials</td>
<td>15.4</td>
<td>17.8</td>
<td>12.8</td>
</tr>
<tr>
<td>Financials</td>
<td>14.4</td>
<td>13.3</td>
<td>15.3</td>
</tr>
<tr>
<td>Energy</td>
<td>12.5</td>
<td>7.4</td>
<td></td>
</tr>
</tbody>
</table>

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

Change in EPS (Vertical Axis)

Change in Price (Horizontal Axis)
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

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

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