

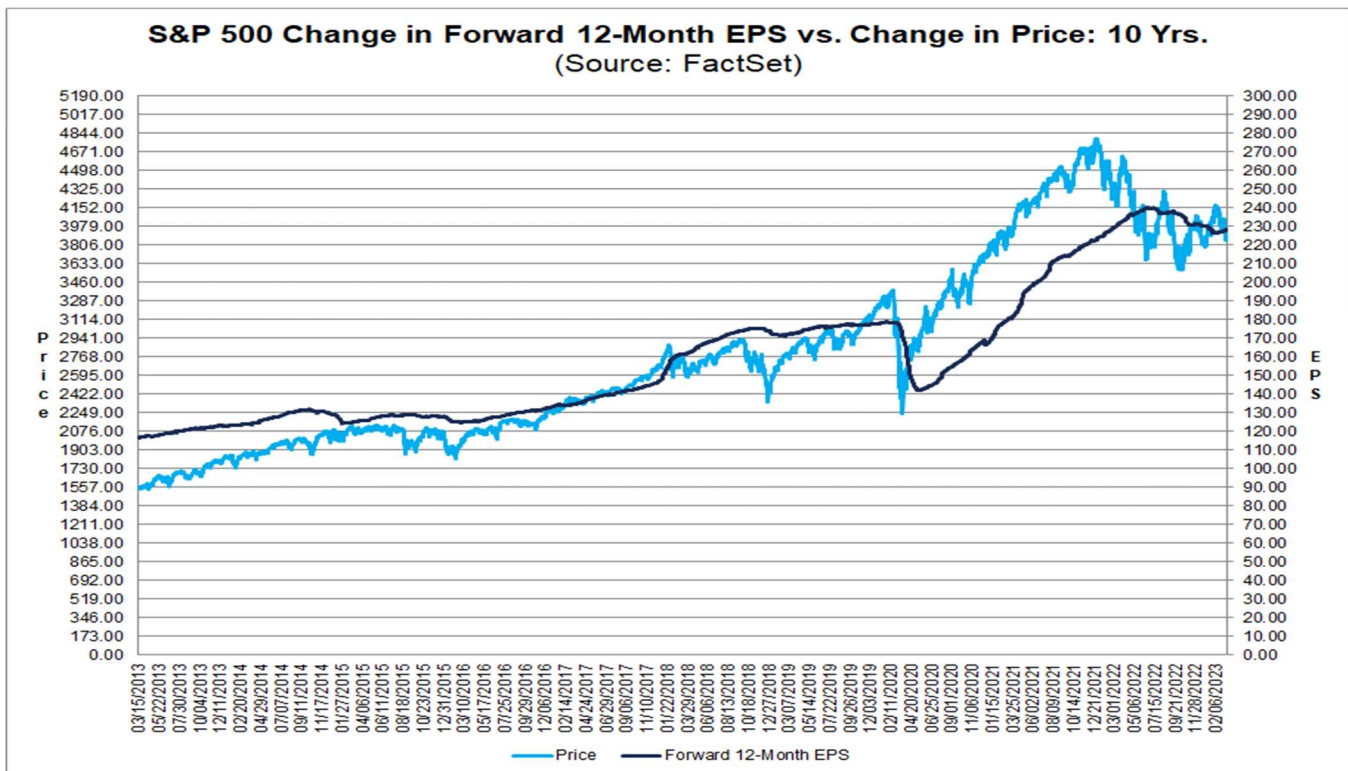
John Butters  
 VP, Senior Earnings Analyst  
[jbutters@factset.com](mailto:jbutters@factset.com)

Media Questions/Requests  
[media\\_request@factset.com](mailto:media_request@factset.com)

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## Key Metrics

- **Earnings Decline:** For Q1 2023, the estimated earnings decline for the S&P 500 is -6.1%. If -6.1% is the actual decline for the quarter, it will mark the largest earnings decline reported by the index since Q2 2020 (-31.8%).
- **Earnings Revisions:** On December 31, the estimated earnings decline for Q1 2023 was -0.3%. Ten sectors are expected to report lower earnings today (compared to December 31) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q1 2023, 83 S&P 500 companies have issued negative EPS guidance and 25 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.1. This P/E ratio is below the 5-year average (18.5) and below the 10-year average (17.3).
- **Earnings Scorecard:** For Q1 2023 (with 5 S&P 500 companies reporting actual results), 5 S&P 500 companies has reported a positive EPS surprise and 3 S&P 500 companies have reported a positive revenue surprise.



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## Topic of the Week:

## Where Are Analysts Most Optimistic on Ratings for S&amp;P 500 Companies Heading Into Q2 2023?

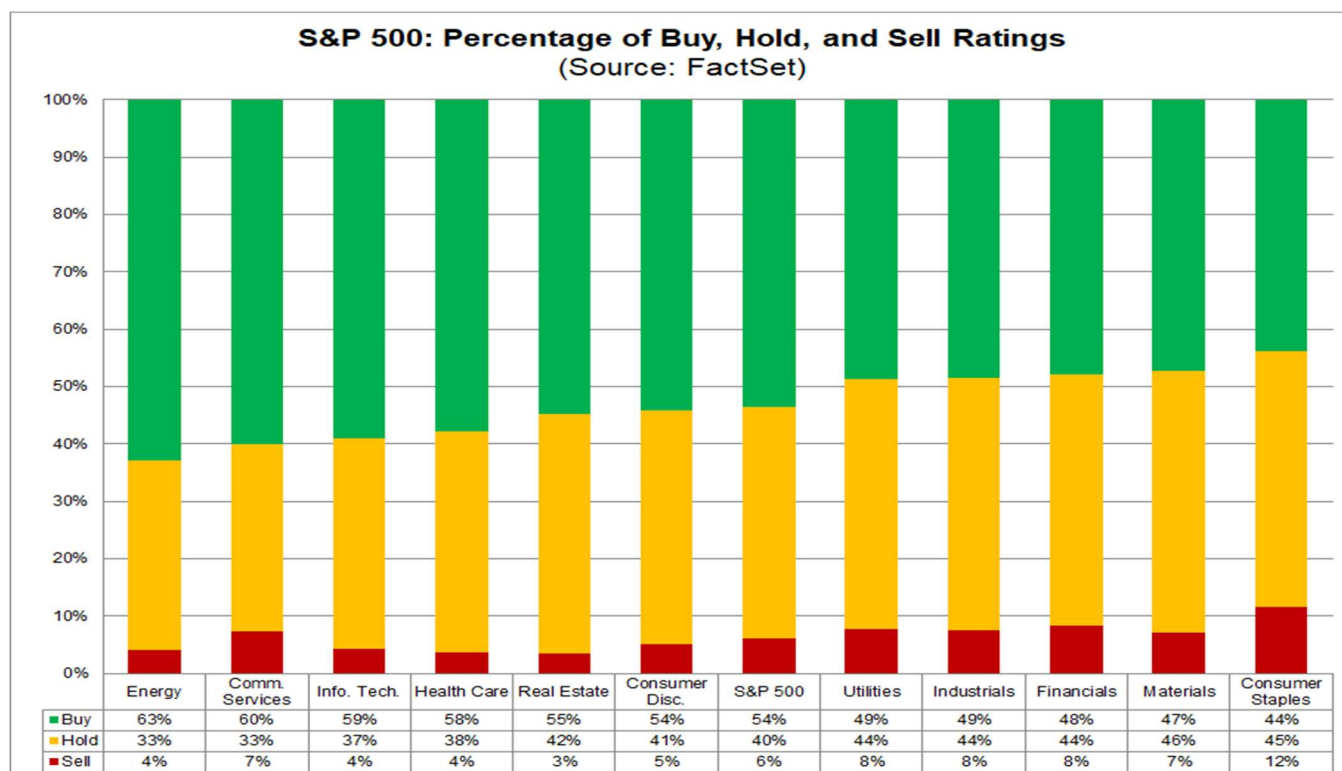
With the start of the second quarter approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500?

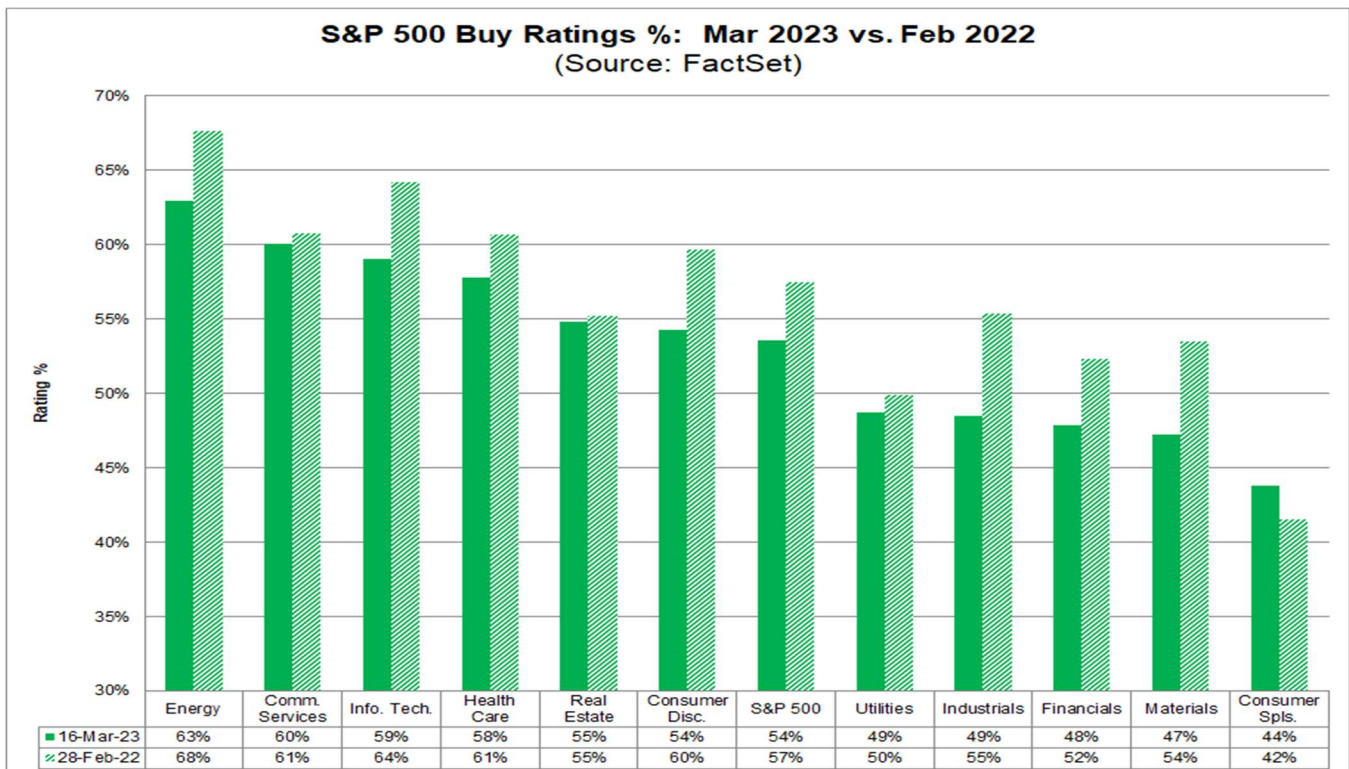
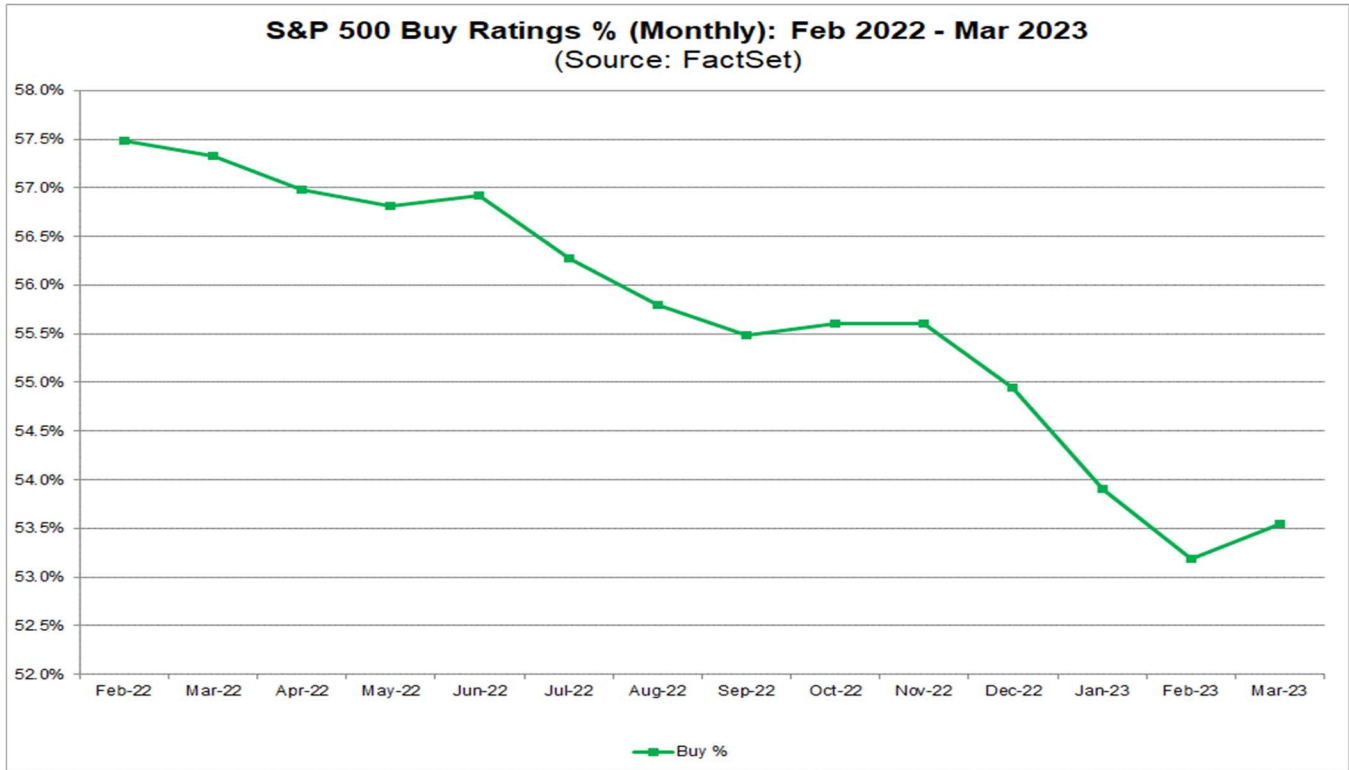
Overall, there are 10,966 ratings on stocks in the S&P 500. Of these ratings, 53.5% are Buy ratings, 40.3% are Hold ratings, and 6.2% are Sell ratings. The percentage of Buy ratings is below the 5-year (month-end) average of 54.2%, while the percentages of Hold ratings and Sell ratings are above their 5-year (month-end) averages of 39.8% and 6.0%, respectively.

At the sector level, analysts are most optimistic on the Energy (63%) and Communications Services (60%) sectors, as these two sectors have the highest percentages of Buy ratings. On the other hand, analysts are most pessimistic on the Consumer Staples (44%) sector, as this sector has the lowest percentage of Buy ratings. The Materials sector has the highest percentage of Hold ratings (46%), while the Consumer Staples sector has the highest percentage of Sell ratings (12%).

The ten S&P 500 companies with the highest percentages of Buy ratings and Sell ratings can be found on page 4.

The overall percentage of Buy ratings has declined over the past 13 months from a peak of 57.5% at the end of February 2022 to 53.5% today. At the sector level, ten of the eleven sectors have seen a decline in their percentage of Buy ratings since the February 2022 peak, led by the Industrials (to 49% from 55%) and Materials (to 47% from 54%) sectors. On the other hand, the Consumer Staples (to 44% from 42%) sector is the only sector that has seen an increase in its percentage of Buy ratings during this time.





## Highest % of Buy Ratings in S&amp;P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	Sell
Delta Air Lines, Inc.	<b>100%</b>	0%	0%
Synopsys, Inc.	<b>100%</b>	0%	0%
Bio-Rad Laboratories, Inc. Class A	<b>100%</b>	0%	0%
GE Healthcare Technologies Inc.	<b>100%</b>	0%	0%
Targa Resources Corp.	<b>95%</b>	5%	0%
VICI Properties Inc	<b>95%</b>	5%	0%
Jacobs Solutions Inc.	<b>95%</b>	5%	0%
Zoetis, Inc. Class A	<b>94%</b>	6%	0%
Alaska Air Group, Inc.	<b>93%</b>	7%	0%
Halliburton Company	<b>93%</b>	7%	0%

## Highest % of Sell Ratings in S&amp;P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	Sell
Principal Financial Group, Inc.	6%	41%	<b>53%</b>
T. Rowe Price Group	0%	50%	<b>50%</b>
Lumen Technologies, Inc.	14%	36%	<b>50%</b>
Robert Half International Inc.	27%	27%	<b>47%</b>
Franklin Resources, Inc.	0%	53%	<b>47%</b>
Clorox Company	9%	45%	<b>45%</b>
Paramount Global Class B	23%	33%	<b>43%</b>
Consolidated Edison, Inc.	0%	59%	<b>41%</b>
Expeditors Intl. of Washington, Inc.	7%	53%	<b>40%</b>
Snap-on Incorporated	9%	55%	<b>36%</b>

## Q1 Earnings Season: By The Numbers

### Overview

Analysts and companies have been more pessimistic in their earnings outlooks for the first quarter compared to historical averages. As a result, estimated earnings for the S&P 500 for the first quarter are lower today compared to expectations at the start of the quarter. The index is now expected to report its largest year-over-year decline in earnings since Q2 2020.

In terms of estimate revisions, analysts have lowered earnings estimates for Q1 2023 by a larger margin than average. On a per-share basis, estimated earnings for the first quarter have decreased by 5.8% since December 31. This decrease is larger than the 5-year average of -2.8% and larger than the 10-year average of -3.3%.

In terms of guidance, more S&P 500 companies have issued negative EPS guidance for Q1 2023 compared to recent averages as well. At this point in time, 108 companies in the index have issued EPS guidance for Q1 2023. Of these 108 companies, 83 have issued negative EPS guidance and 25 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2023 is above the 5-year average of 57 and above the 10-year average of 65.

Because of the higher number of companies issuing negative EPS guidance and the net downward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q1 2023 is larger today relative to the start of the first quarter. As of today, the S&P 500 is expected to report a (year-over-year) earnings decline of -6.1%, compared to the estimated (year-over-year) earnings decline of -0.3% on December 31.

If -6.1% is the actual decline for the quarter, it will mark the largest earnings decline reported by the index since Q2 2020 (-31.8%). It would also mark the second straight quarter in which the index has reported a decrease in earnings.

Five of the eleven sectors are projected to report year-over-year earnings growth, led by the Consumer Discretionary, Industrials, and Energy sectors. On the other hand, six sectors are predicted to report a year-over-year decline in earnings, led by the Materials, Health Care, Communication Services, and Information Technology sectors.

In terms of revenues, analysts have also lowered their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 1.9%, compared to the estimated (year-over-year) revenue growth rate of 3.4% on December 31.

If 1.9% is the actual growth rate for the quarter, it will mark the lowest revenue growth rate reported by the index since Q3 2020 (-1.1%). Seven sectors are projected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, four sectors are predicted to report a year-over-year decline in revenues, led by the Materials sector.

Looking ahead, analysts expect earnings declines for the first half of 2023, but earnings growth for the second half of 2023. For Q1 2023 and Q2 2023, analysts are projecting earnings declines of -6.1% and -3.8%, respectively. For Q3 2023 and Q4 2023, analysts are projecting earnings growth of 2.9% and 9.7%, respectively. For all of CY 2023, analysts predict earnings growth of 1.9%.

The forward 12-month P/E ratio is 17.1, which is below the 5-year average (18.5) and below the 10-year average (17.3). However, it is above the forward P/E ratio of 16.7 recorded at the end of the fourth quarter (December 31), as the price of the index has increased while the forward 12-month EPS estimate has decreased since December 31.

During the upcoming week, five S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.

## Earnings Revisions: Materials Sector Sees Largest Decrease in EPS Estimates

### No Change in Estimated Earnings Decline for Q1 This Week

During the past week, the estimated earnings decline for the S&P 500 for Q1 2023 remained unchanged at -6.1%.

The estimated earnings decline for the S&P 500 for Q1 2023 of -6.1% today is larger than the estimate of -0.3% at the start of the quarter (December 31), as estimated earnings for the index of \$440.4 billion today are 5.8% below the estimate of \$467.5 billion at the start of the quarter. Ten sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Materials, Consumer Discretionary, Industrials, and Health Care sectors. On the other hand, the Utilities sector is the only sector that has recorded an increase in expected (dollar-level) earnings due to upward revisions to earnings estimates.

### Materials: 83% of Companies Have Seen EPS Estimates Decrease Since December 31

The Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.9% (to \$11.4 billion from \$13.3 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -36.1% today from -25.7% on December 31. This sector has also witnessed a decline in price (-2.8%) since December 31. Overall, 24 of the 29 companies (83%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 24 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by WestRock (to \$0.51 from \$1.03), Dow (to \$0.38 from \$0.75), and Mosaic (to \$1.44 from \$2.58). Mosaic has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

### Consumer Discretionary: Amazon and Tesla Lead Earnings Decrease Since December 31

The Consumer Discretionary sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -10.3% (to \$28.4 billion from \$31.7 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 27.7% today from 42.4% on December 31. Despite the decrease in expected earnings, this sector has witnessed the third-largest increase in price (+8.5%) of all eleven sectors since December 31. Overall, 38 of the 56 companies (68%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 38 companies, 18 have recorded a decrease in their mean EPS estimate of more than 10%, led by Newell Brands (to -\$0.04 from \$0.22), Hasbro (to 0.12 from \$0.58), and MGM Resorts (to \$0.02 from \$0.06). However, Amazon.com (to \$0.21 from \$0.33) and Tesla (to \$0.86 from \$1.20) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

### Industrials: Boeing Leads Earnings Decrease Since December 31

The Industrials sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.0% (to \$31.1 billion from \$34.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 13.1% today from 24.3% on December 31. This sector has also witnessed a decrease in price (-1.6%) since December 31. Overall, 47 of the 70 companies (67%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 47 companies, 19 have recorded a decrease in their mean EPS estimate of more than 10%, led by United Airlines Holdings (to -\$0.14 from \$0.00), Alaska Air Group (to -\$0.40 from -\$0.12), Stanley Black & Decker (to -\$0.73 from -\$0.23), Boeing (to -\$0.69 from \$0.76), and Southwest Airlines (to -\$0.18 from \$0.31). Boeing has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

### Health Care: Pfizer Leads Earnings Decrease Since December 31

The Health Care sector has recorded the fourth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.9% (to \$66.7 billion from \$73.2 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -20.4% today from -12.6% on December 31. This sector has also witnessed the third-largest decrease in price (-7.4%) of all eleven sectors since December 31. Overall, 49 of the 65 companies (75%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 49 companies, 17 have recorded a decrease in their mean EPS estimate of more than 10%, led by Moderna (to -\$1.73 from -\$0.67) and Illumina (to \$0.04 from \$0.66). However, Pfizer (to \$0.99 from \$1.30), AbbVie (to \$2.56 from \$3.19), and Merck (to \$1.37 from \$1.76) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

### Utilities: NRG Energy Leads Earnings Increase Since December 31

The Utilities sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 2.7% (to \$14.4 billion from \$14.0 billion). As a result, the estimated (year-over-year) earnings decline for this sector has improved to -7.3% today from -10.6% on December 31. Despite the increase in expected earnings, this sector has witnessed the fourth-largest decrease in price (-5.5%) of all eleven sectors since December 31. Overall, 12 of the 30 companies (40%) in the Utilities sector have seen an increase in their mean EPS estimate during this time. Of these 12 companies, 3 have recorded an increase in their mean EPS estimate of more than 10%: NRG Energy (to \$1.60 from \$0.06), PG&E Corporation (to \$0.30 from \$0.26), and Duke Energy (to \$1.27 from \$1.13). NRG Energy has also been the largest contributor to the increase in estimated (dollar-level) earnings for this sector since December 31.

### Index-Level EPS Estimate: 5.8% Decrease Since December 31

The Q1 bottom-up EPS estimate (which is an aggregation of the median Q1 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has decreased by 5.8% (to \$51.01 from \$54.13) since December 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 2.8% on average during a quarter. Over the past ten years (40 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 4.6% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 3.8% on average during a quarter.

Thus, the decline in the bottom-up EPS estimate for the first quarter to date has been larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

### Guidance: More S&P 500 Companies Issuing Negative Guidance for Q1 Than Average

#### Quarterly Guidance: More S&P 500 Companies Issuing Negative Guidance for Q1 Than Average

At this point in time, 108 companies in the index have issued EPS guidance for Q1 2023. Of these 108 companies, 83 have issued negative EPS guidance and 25 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2023 (83) is above the 5-year average (57) and above the 10-year average (65). The Information Technology (29), Industrials (16), and Consumer Discretionary (11) sectors have the highest numbers of companies issuing negative EPS guidance for the quarter. The percentage of companies issuing negative EPS guidance for Q1 2023 is 77% (83 out of 108), which is above the 5-year average of 59% and above the 10-year average of 66%.

#### Annual Guidance: 56% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 256 companies in the index have issued EPS guidance for the current fiscal year (FY 2023 or FY 2024). Of these 256 companies, 144 have issued negative EPS guidance and 112 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 56% (144 out of 256).

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: -6.1%

The estimated (year-over-year) earnings decline for Q1 2023 is -6.1%, which is below the 5-year average earnings growth rate of 14.6% and below the 10-year average earnings growth rate of 8.8%. If -6.1% is the actual decline for the quarter, it will mark the largest (year-over-year) earnings decline reported by the index since Q2 2020 (-31.8%). It will also mark the second consecutive quarter in which earnings have declined year-over-year.

Five of the eleven sectors are expected to report year-over-year earnings growth, led by the Consumer Discretionary, Industrials, and Energy sectors. On the other hand, six sectors are expected to report a year-over-year decline in earnings, led by the Materials, Health Care, Communication Services, and Information Technology sectors.

### Consumer Discretionary: Amazon Is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 27.7%. At the industry level, 3 of the 10 industries in the sector are expected to report a year-over-year increase in earnings. A growth rate is not being calculated for the Internet & Direct Marketing Retail and Hotels, Restaurants, & Leisure industries due to the losses reported by both industries in the year-ago quarter. However, both industries are projected to report profits in Q1 2023. The Internet & Direct Marketing Retail industry is projected to report a profit of \$2.8 billion in Q1 2023 compared to a loss of -\$3.2 billion in Q1 2022, while the Hotels, Restaurants, & Leisure industry is projected to report a profit of \$3.7 billion in Q1 2023 compared to a loss of -829 million in Q1 2022. The other industry predicted to report (year-over-year) earnings growth is the Auto Components (18%) industry. On the other hand, seven industries are expected to report a (year-over-year) decline in earnings. Five of these seven industries are predicted to report a decrease in earnings of more than 10%: Leisure Products (-80%), Household Durables (-38%), Textiles, Apparel, & Luxury Goods (-37%), Multiline Retail (-17%), and Automobiles (-16%).

At the industry level, the Internet & Direct Marketing Retail and Hotels, Restaurants, & Leisure industries are predicted to be the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be projected to a (year-over-year) decline in earnings of -16.4% instead of year-over-year earnings growth if 27.7%.

At the company level, Amazon.com is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the expected earnings growth rate for the sector would fall to 0.8% from 27.7%

### Industrials: Airlines Industry Is Largest Contributor to Year-Over-Year Growth

The Industrials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 13.1%. At the industry level, 6 of the 12 industries in the sector are expected to report a year-over-year increase in earnings. A growth rate is not being calculated for the Airlines industry due to the loss reported by the industry in the year-ago quarter. However, the Airlines industry is projected to report a profit of \$31 million in Q1 2023 compared to a loss of -\$4.0 billion in Q1 2022. Three of the remaining five industries are predicted to report earnings growth at or above 10%: Trading Companies & Distributors (20%), Aerospace & Defense (19%), and Machinery (10%). On the other hand, six industries are expected to report a year-over-year decline in earnings. Four of these six industries are predicted to report a year-over-year decline of 10% or more: Air Freight & Logistics (-34%), Industrials Conglomerates (-24%), Professional Services (-16%), and Construction & Engineering (-13%).



At the industry level, the Airlines industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the Industrials sector would report a year-over-year decline in earnings of -1.4% rather than earnings growth of 13.1%.

### **Energy: 4 of 5 Sub-Industries Expected To Report Year-Over-Year Growth of More Than 10%**

The Energy sector is expected to report the third-highest (year-over-year) earnings growth of all eleven sectors at 12.3%. At the sub-industry level, four of the five sub-industries in the sector are expected to report a year-over-year increase in earnings of more than 10%: Oil & Gas Refining & Marketing (164%), Oil & Gas Equipment & Services (85%), Oil & Gas Storage & Transportation (50%), and Integrated Oil & Gas (12%). On the other hand, the Oil & Gas Exploration & Production (-23%) sub-industry is the only sub-industry expected to report a year-over-year decline in earnings.

### **Materials: 3 of 4 Industries Expected To Report Year-Over-Year Decline of More Than 25%**

The Materials sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -36.1%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in earnings of more than 25%: Metals & Mining (-53%), Containers & Packaging (-33%), and Chemicals (-29%). On the other hand, the Construction Materials (23%) industry is the only industry in the sector projected to report (year-over-year) earnings growth.

### **Health Care: 4 of 5 Industries Expected To Report Year-Over-Year Decline of More Than 15%**

The Health Care sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -20.4%. At the industry level, all five industries in this sector are predicted to report a year-over-year earnings decline: Biotechnology (-38%), Pharmaceuticals (-24%), Life Sciences, Tools, and Services (-24%), Health Care Equipment & Supplies (-18%), and Health Care Providers & Services (<-1%).

### **Communication Services: 4 of 5 Industries Expected To Report Year-Over-Year Decline**

The Communication Services sector is expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -15.8%. At the industry level, four of the five industries in this sector are predicted to report a year-over-year decline in earnings of more than 10%: Diversified Telecommunication Services (-22%), Entertainment (-19%), Interactive Media & Services (-19%), and Media (-12%). On the other hand, the Wireless Telecommunication Services (163%) industry is the only industry in the sector projected to report (year-over-year) earnings growth.

### **Information Technology: Semiconductors Industry is Largest Contributor to Year-Over-Year Decline**

The Information sector is expected to report the fourth-largest (year-over-year) earnings decline of all eleven sectors at -12.0%. At the industry level, three of the six industries in this sector are predicted to report a year-over-year earnings decline: Semiconductors & Semiconductor Equipment (-38%), Technology Hardware, Storage, & Peripherals (-14%), and Electronic Equipment, Instruments, & Components (-8%). On the other hand, three of the six industries in this sector are projected to report year-over-year earnings growth: Communications Equipment (14%), Software (6%), and IT Services (2%).

At the industry level, the Semiconductors & Semiconductor Equipment industry is predicted to be the largest contributor to the expected earnings decline for the sector. If this industry were excluded, the expected earnings decline for the sector would improve to -2.2 from -12.0%.

### **Revenue Growth: 1.9%**

The estimated (year-over-year) revenue growth rate for Q1 2023 is 1.9%, which is below the 5-year average revenue growth rate of 7.8% and below the 10-year average revenue growth rate of 4.6%. If 1.9% is the actual growth rate for the quarter, it will mark the lowest (year-over-year) revenue growth rate reported by the index since Q3 2020 (-1.1%).

At the sector level, seven sectors are expected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, four sectors are expected to report a year-over-year decline in revenues, led by the Materials sector.

### **Financials: 3 of 5 Industries Expected To Report Year-Over-Year Growth Above 10%**

The Financials sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 9.4%. At the industry level, four of the five industries in the sector are predicted to report (year-over-year) growth in revenues. Three of these four industries are projected to report revenue growth above 10%: Diversified Financial Services (18%), Consumer Finance (16%), and Banks (14%). On the other hand, the Capital Markets industry (<-1%) is the only industry expected to report a year-over-year decline in revenues.

### **Materials: Metals & Mining Industry Leads Year-Over-Year Decline**

The Materials sector is expected to report the highest (year-over-year) decline in revenues at -8.3%. At the industry level, three of the four industries in the sector are predicted to report a (year-over-year) decrease in revenues: Metals & Mining (-17%), Chemicals (-7%), and Containers & Packaging (-3%). On the other hand, the Construction Materials (4%) industry is the only industry expected to report a year-over-year growth in revenues.

### **Net Profit Margin: 11.3%**

The estimated net profit margin for the S&P 500 for Q1 2023 is 11.3%, which is equal to the previous quarter's net profit margin of 11.3%, but below the 5-year average of 11.4% and below the year-ago net profit margin of 12.2%.

At the sector level, three sectors are expected to report a year-over-year increase in their net profit margins in Q1 2023 compared to Q1 2022, led by the Energy (to 12.1% vs. 10.4%) sector. On the other hand, eight sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2023 compared to Q1 2022, led by the Materials (9.6% vs. 13.8%) sector.

Five sectors are expected to report net profit margins in Q1 2023 that are above their 5-year averages, led by the Energy (12.1% vs. 7.4%) sector. On the other hand, six sectors are expected to report net profit margins in Q1 2023 that are below their 5-year averages, led by the Communication Services (10.2% vs. 11.7%) and Health Care (9.2% vs. 10.6%) sectors.

## Looking Ahead: Forward Estimates and Valuation

### Earnings: S&P 500 Expected to Report Earnings Growth of 2% for CY 2023

For the first quarter, S&P 500 companies are expected to report a year-over-year earnings decline of -6.1% and revenue growth of 1.9%.

For Q2 2023, analysts are projecting an earnings decline of -3.8% and revenue growth of <0.1%.

For Q3 2023, analysts are projecting earnings growth of 2.9% and revenue growth of 1.6%.

For Q4 2023, analysts are projecting earnings growth of 9.7% and revenue growth of 3.8%.

For CY 2023, analysts are projecting earnings growth of 1.9% and revenue growth of 2.1%.

### Valuation: Forward P/E Ratio is 17.1, Below the 10-Year Average (17.3)

The forward 12-month P/E ratio for the S&P 500 is 17.1. This P/E ratio is below the 5-year average of 18.5 and below the 10-year average of 17.3. However, it is above the forward 12-month P/E ratio of 16.7 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 1.4%, while the forward 12-month EPS estimate has decreased by 1.0%. At the sector level, the Consumer Discretionary (23.3) and Information Technology (22.6) sectors have the highest forward 12-month P/E ratios, while the Energy (9.1) and Financials (11.2) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 19.4, which is below the 5-year average of 22.6 and below the 10-year average of 20.6.

### Targets & Ratings: Analysts Project 19% Increase in Price Over Next 12 Months

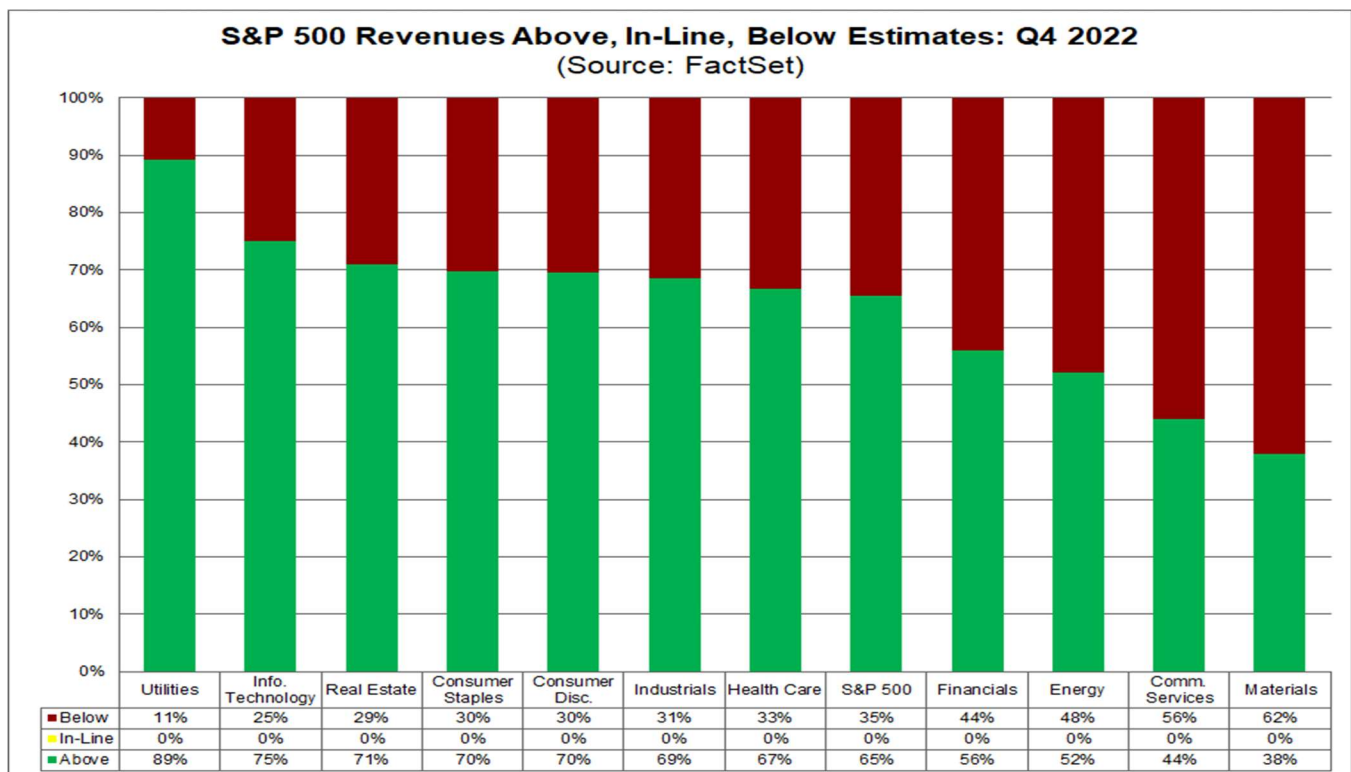
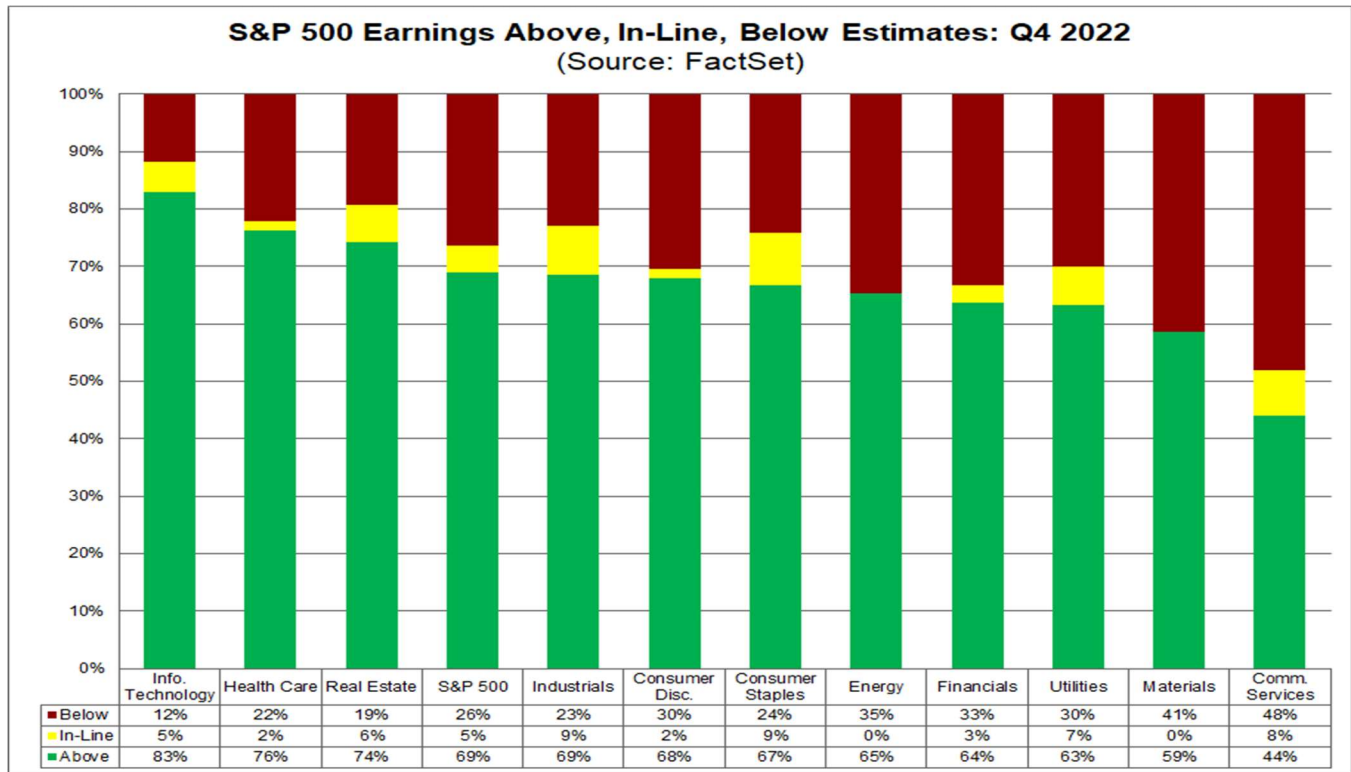
The bottom-up target price for the S&P 500 is 4630.88, which is 19.0% above the closing price of 3891.93. At the sector level, the Energy (+32.3%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+12.2%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 10,966 ratings on stocks in the S&P 500. Of these 10,966 ratings, 53.5% are Buy ratings, 40.3% are Hold ratings, and 6.2% are Sell ratings. At the sector level, the Energy (63%) and Communication Services (60%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

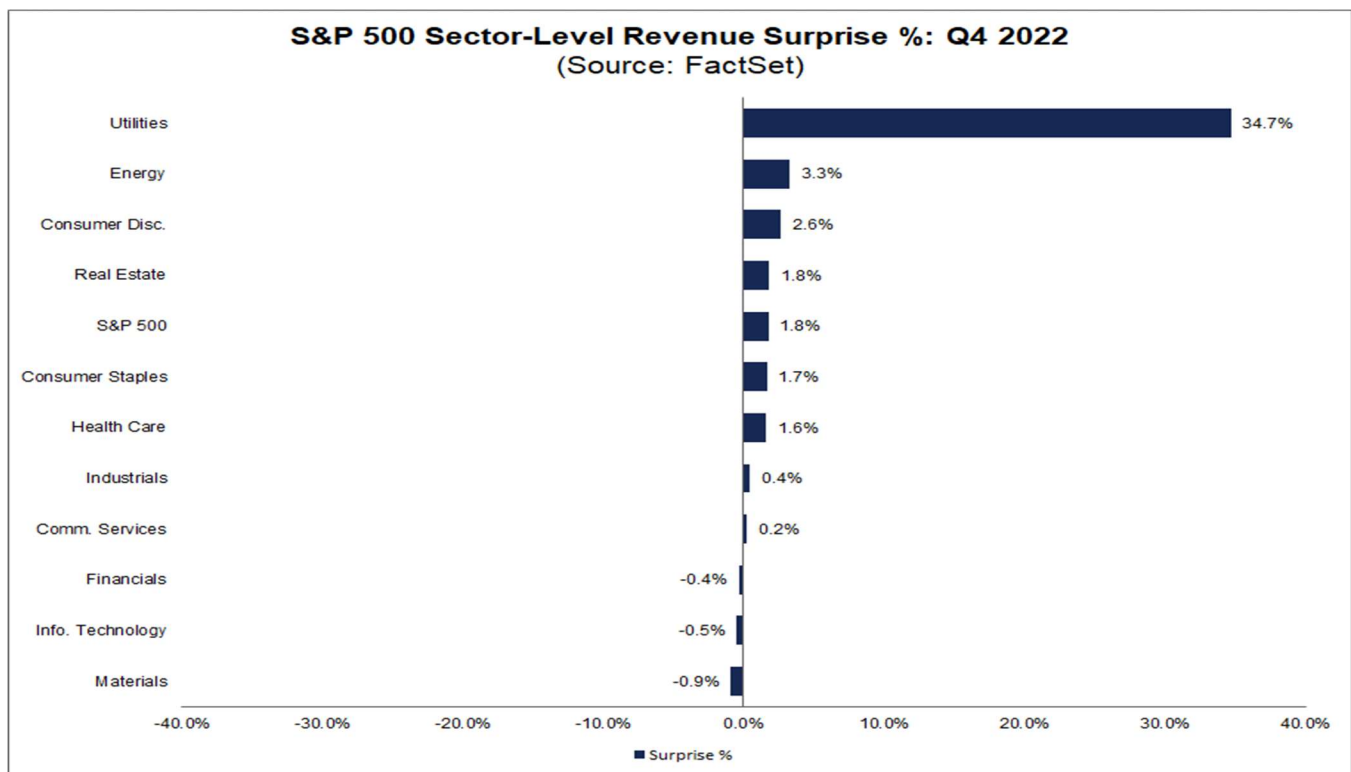
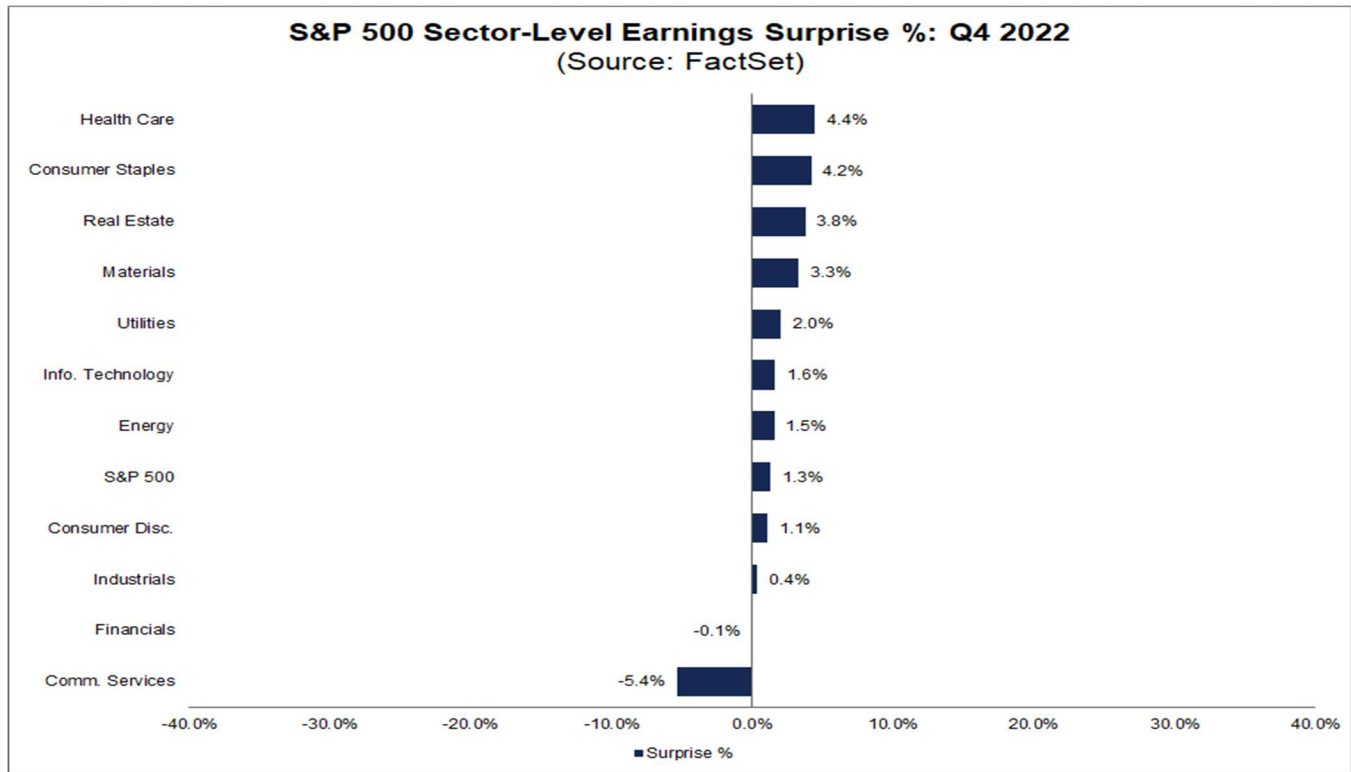
### Companies Reporting Next Week: 5

During the upcoming week, five S&P 500 companies (including one Dow 30 component) are scheduled to report results for the first quarter.

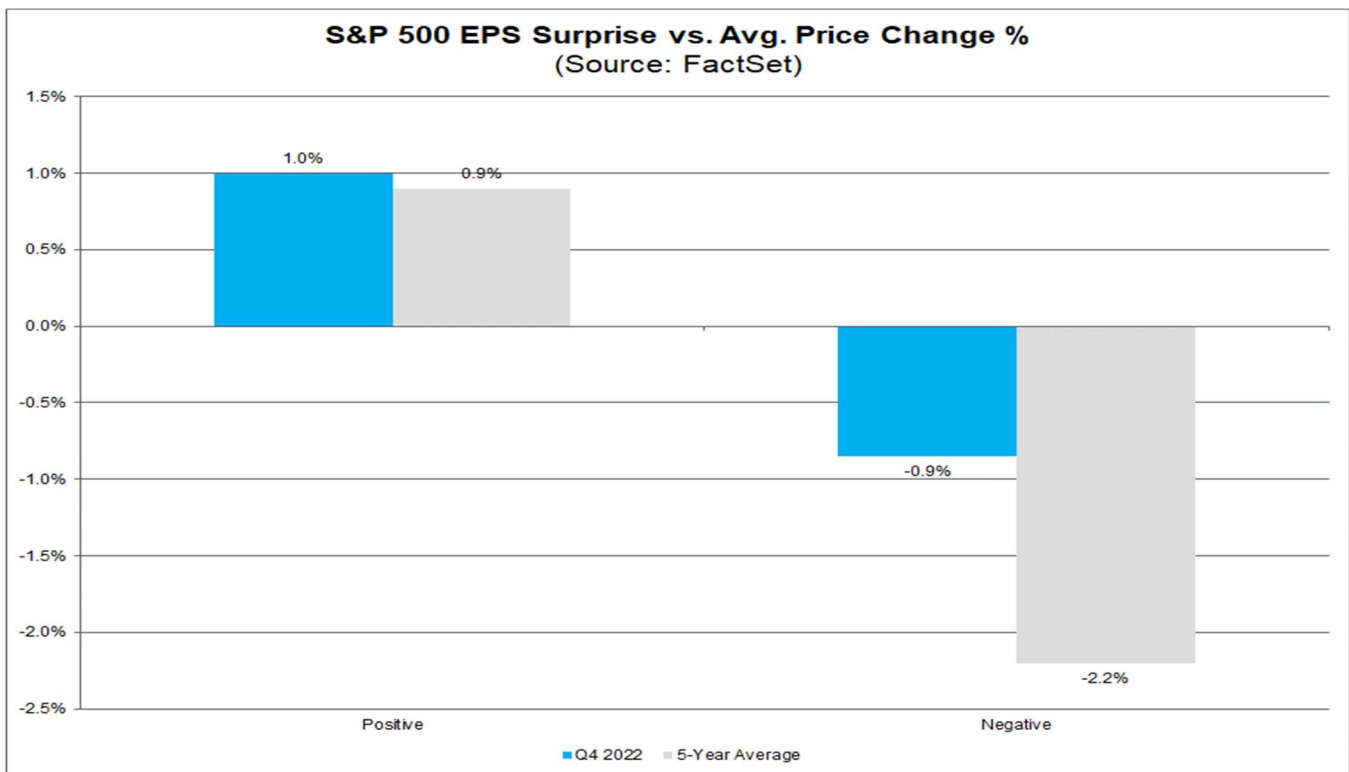
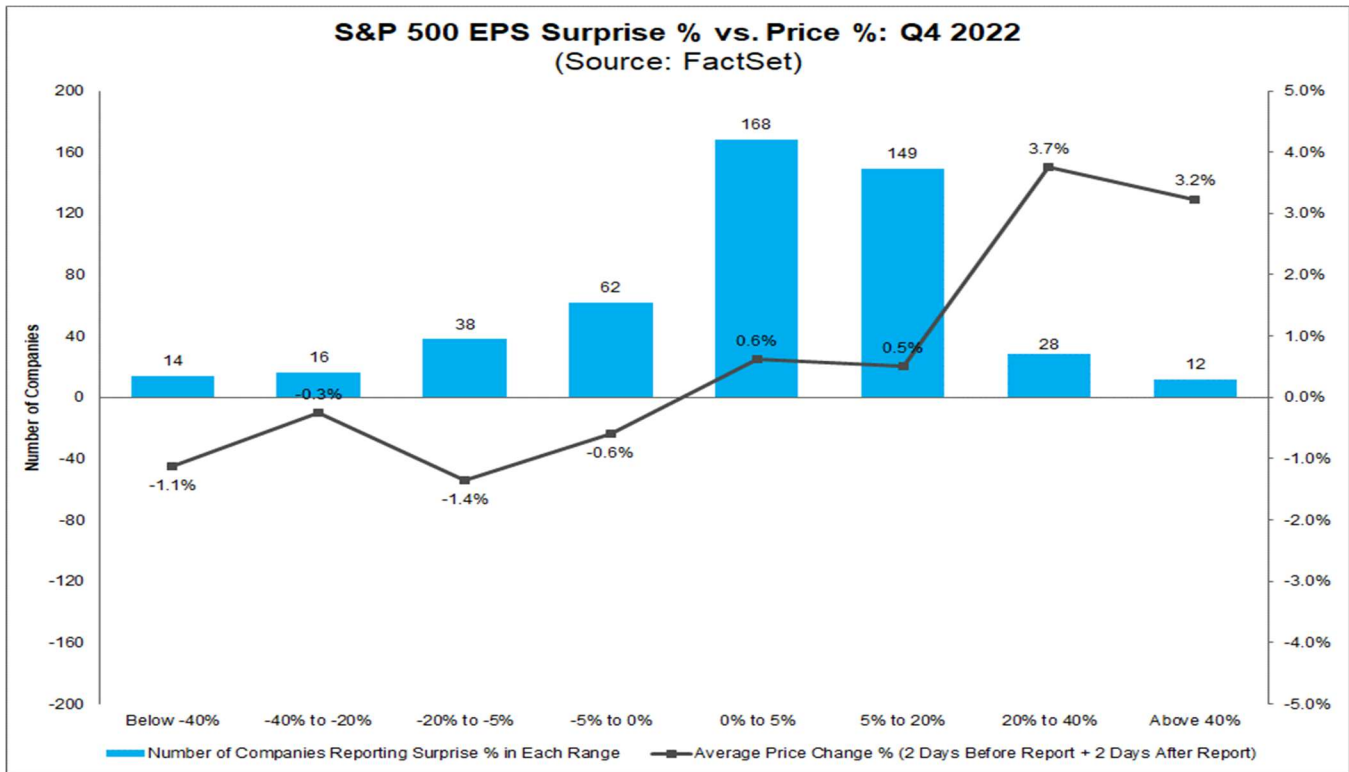
Q4 2022: Scorecard



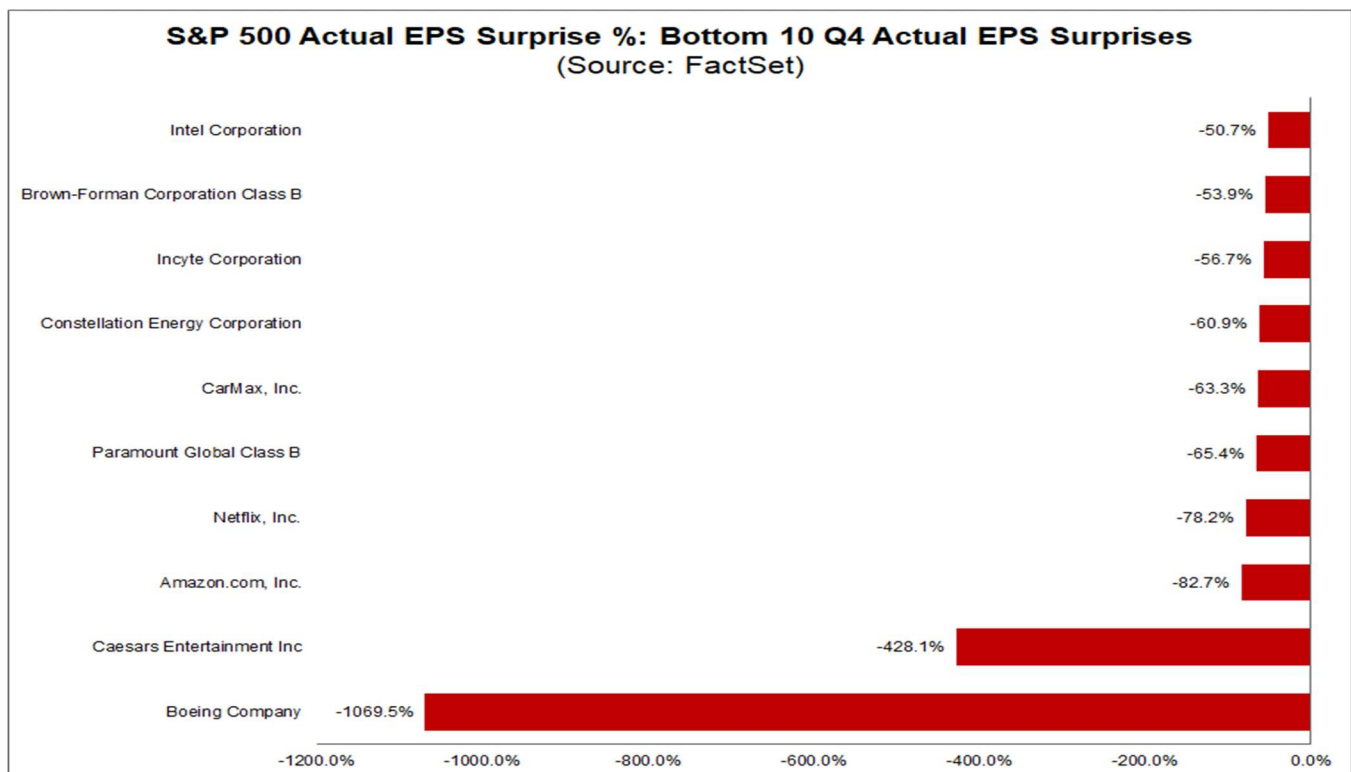
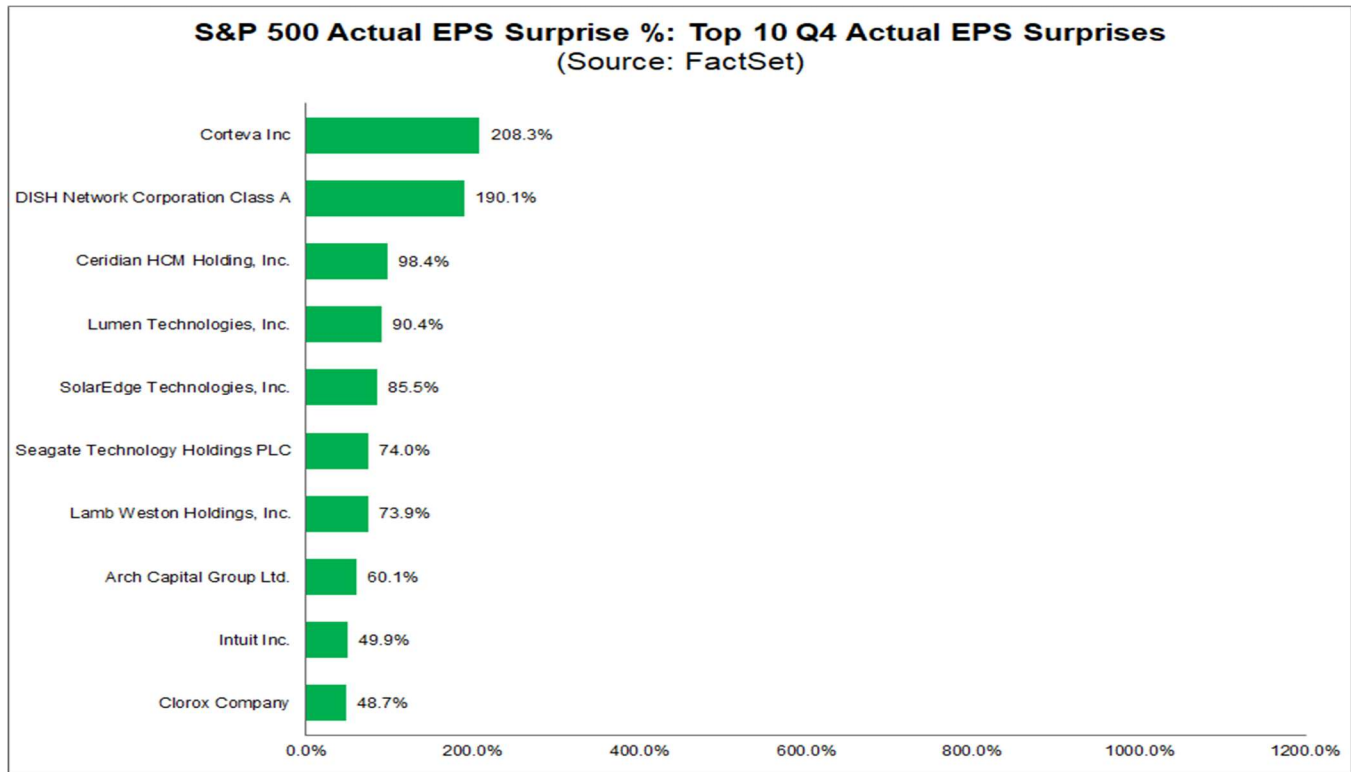
Q4 2022: Scorecard



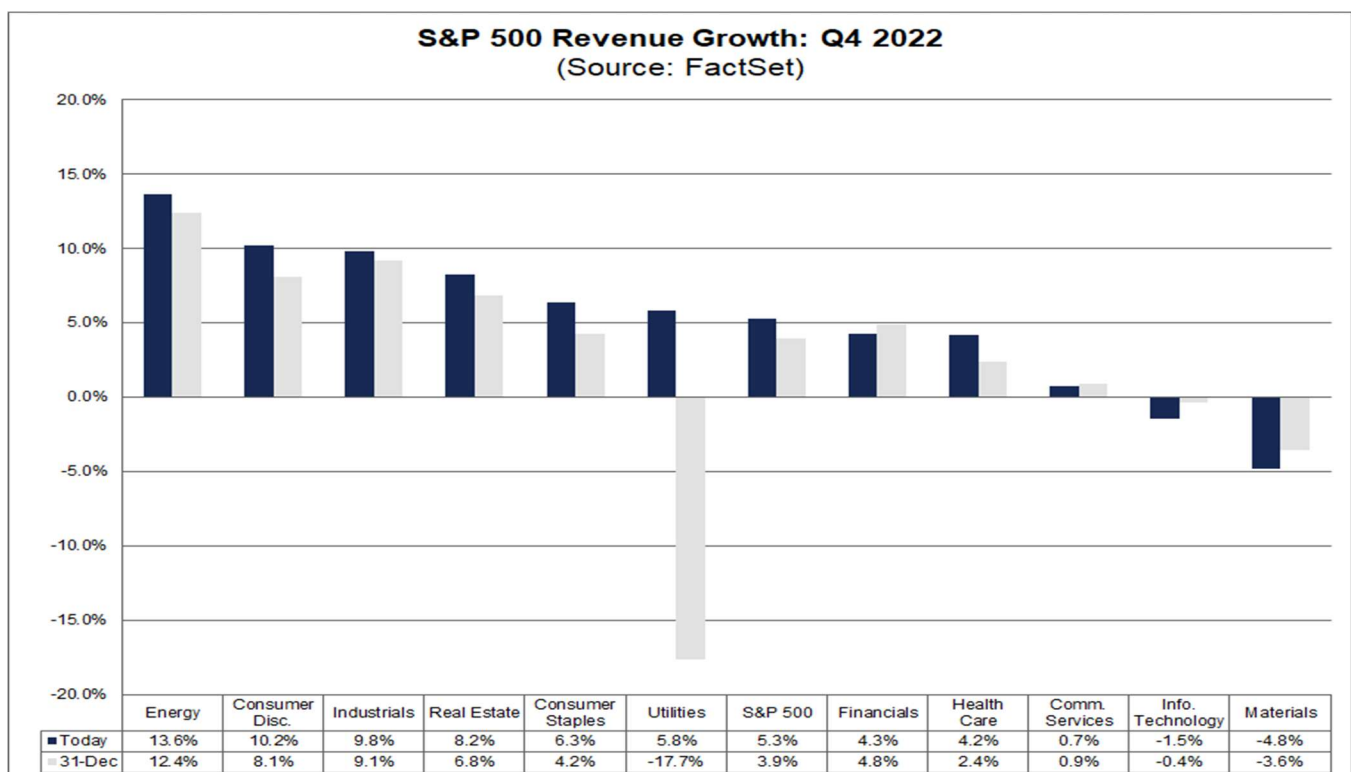
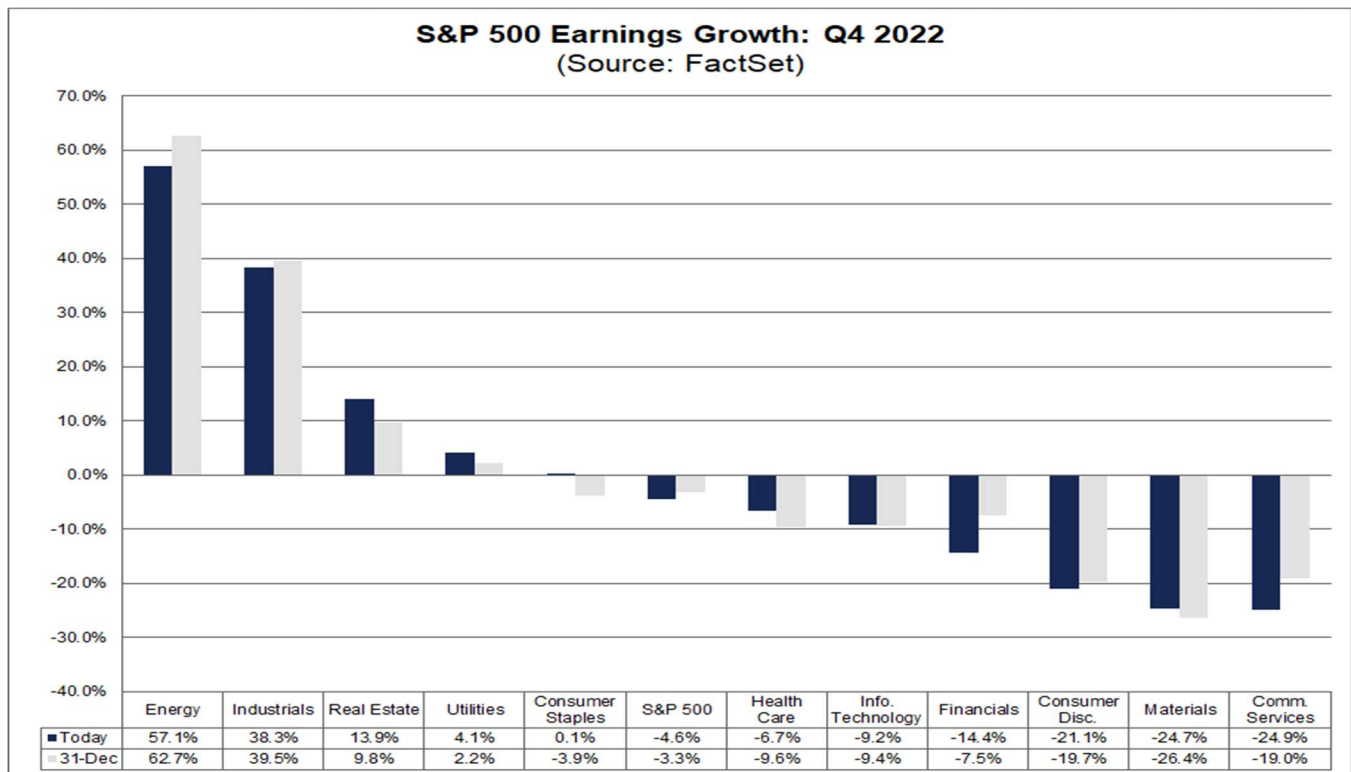
Q4 2022: Scorecard



Q4 2022: Scorecard

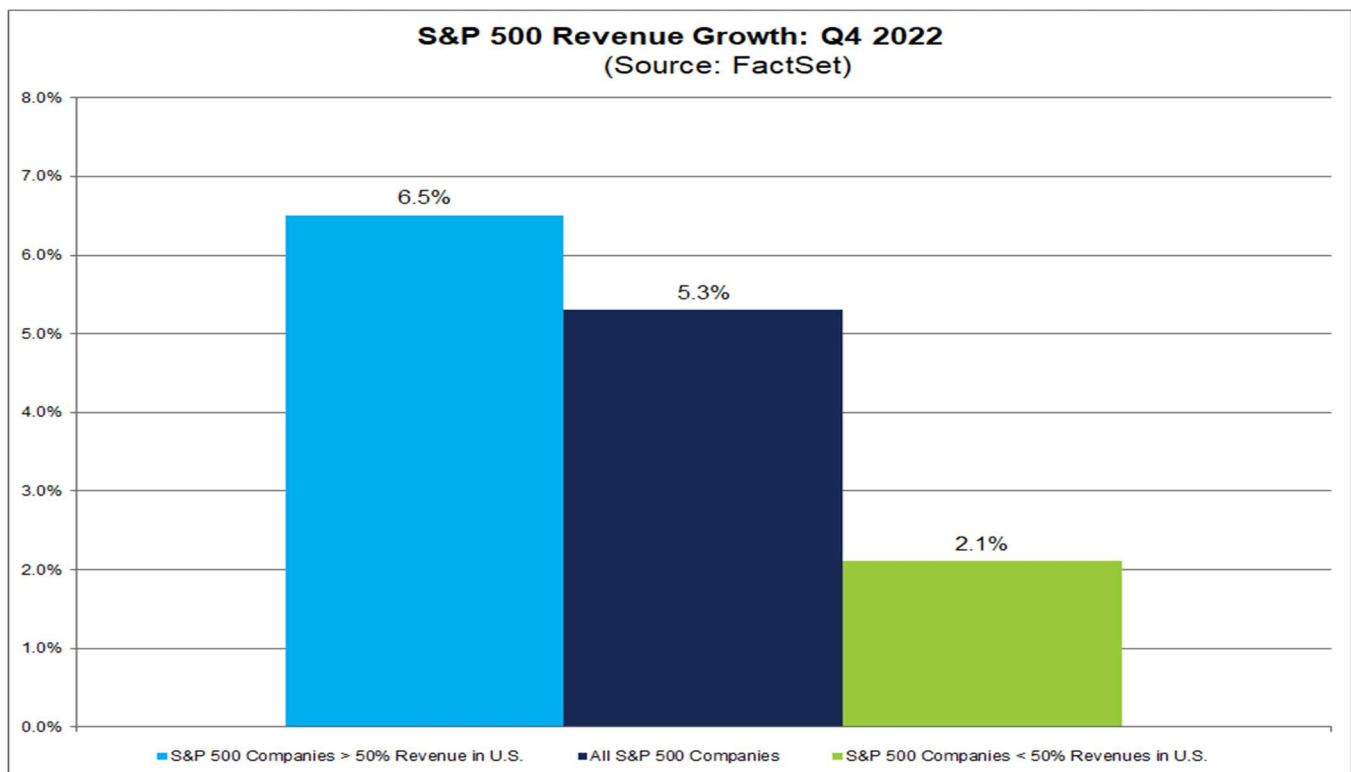
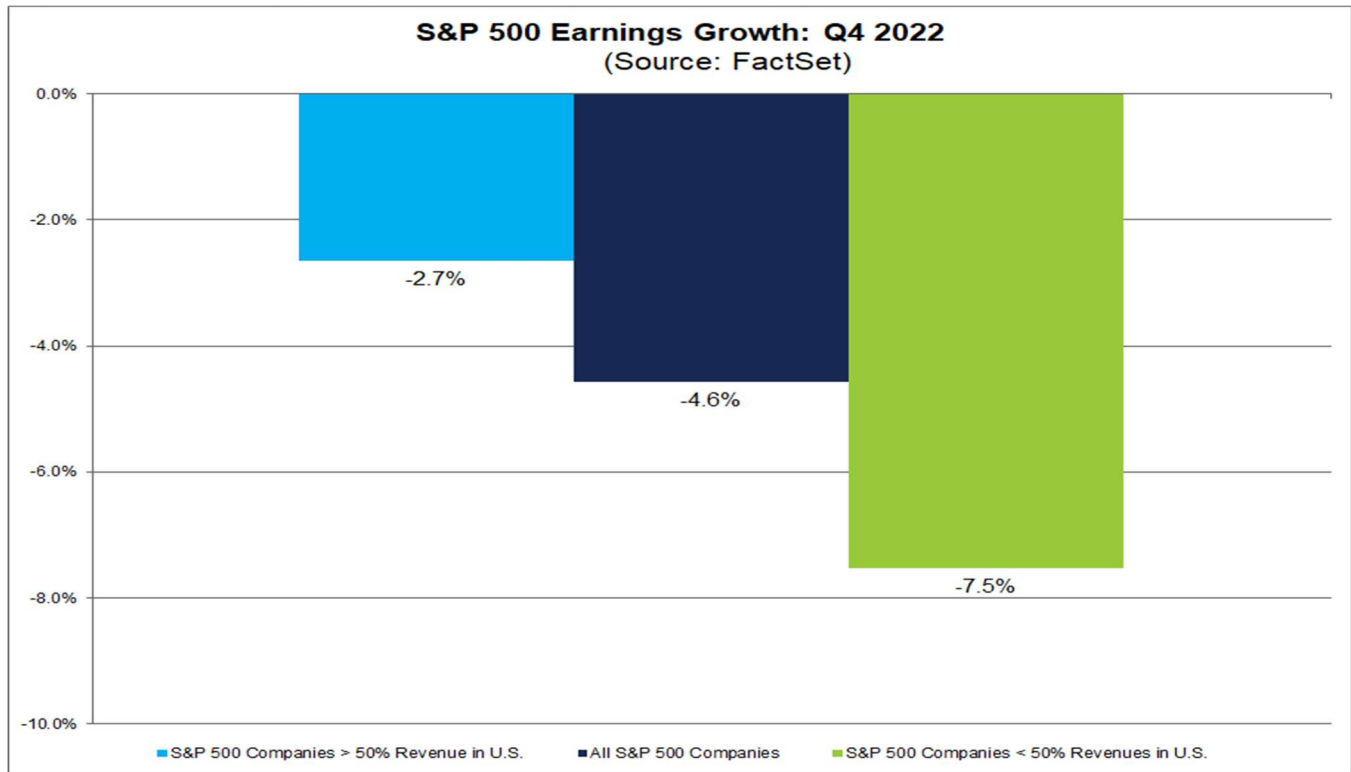


Q4 2022: Growth

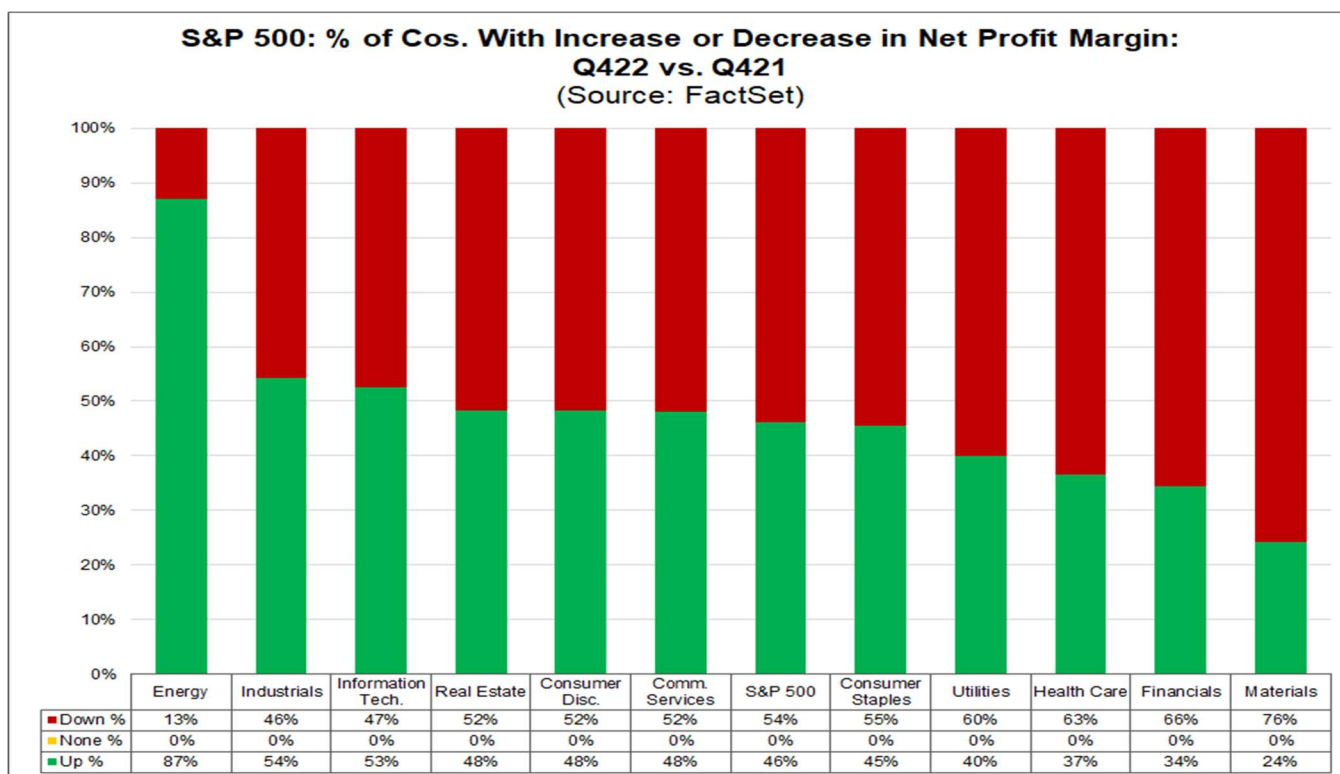
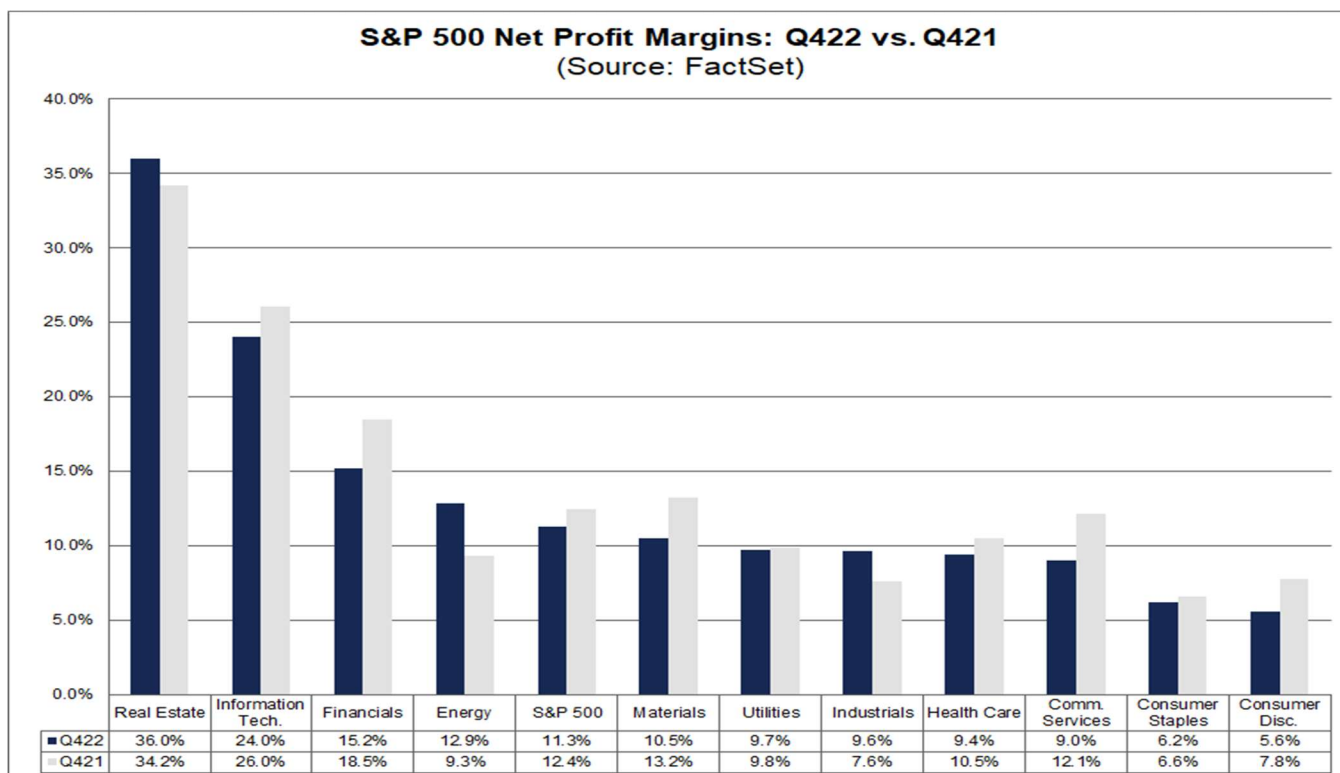




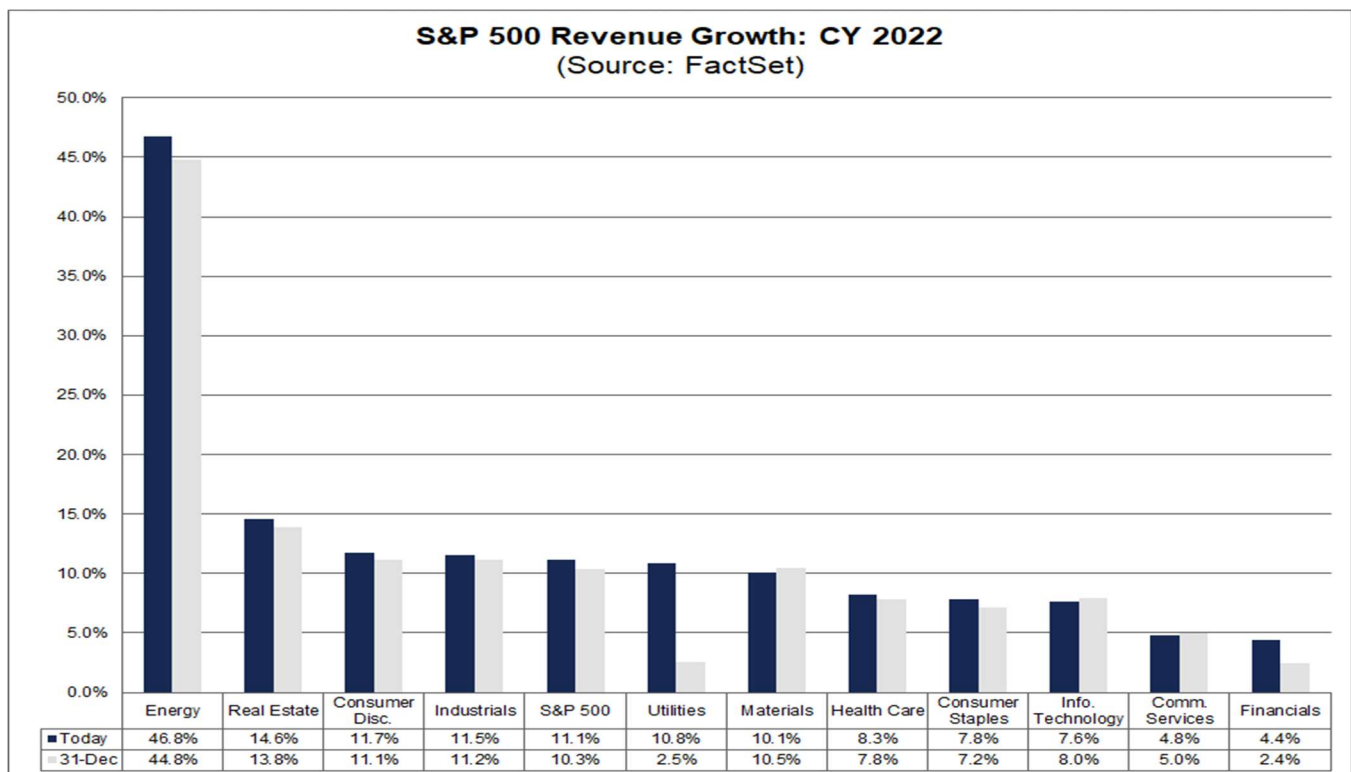
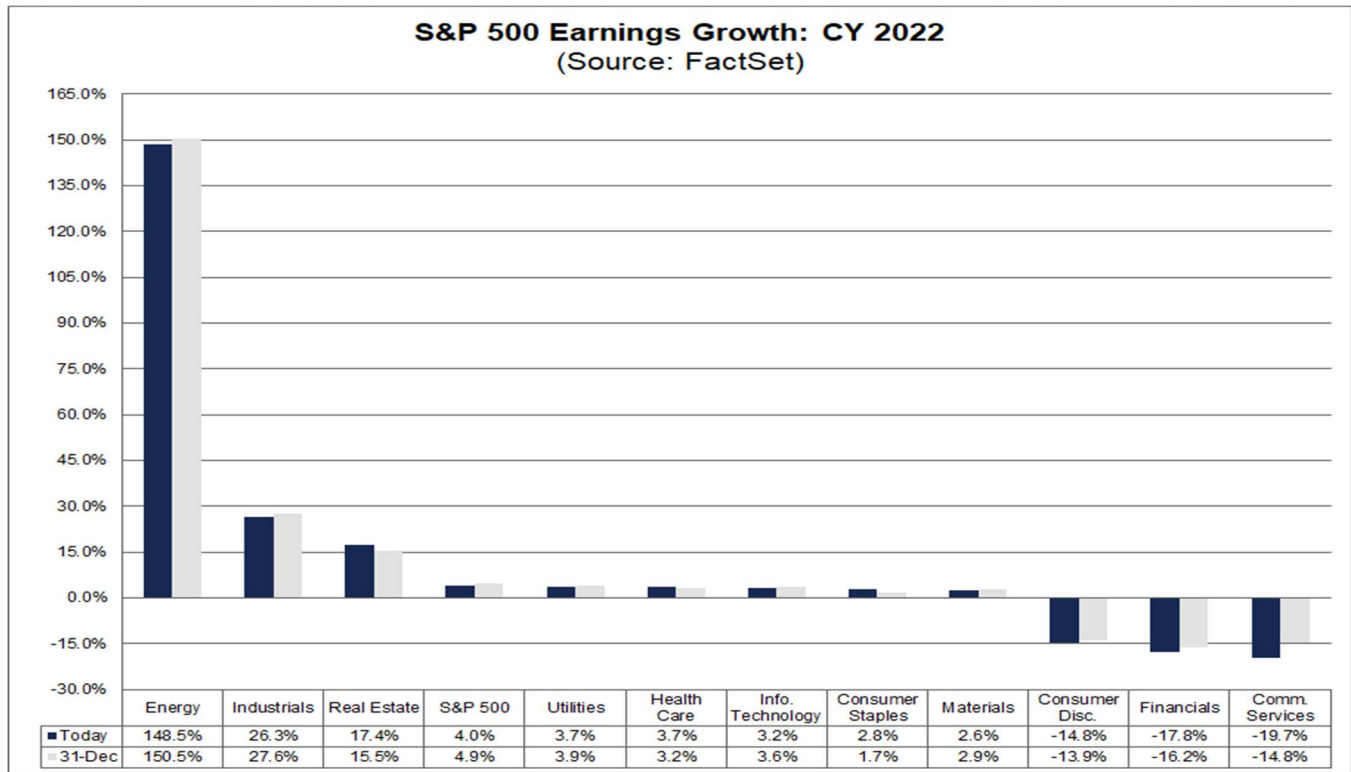
Q4 2022: Growth



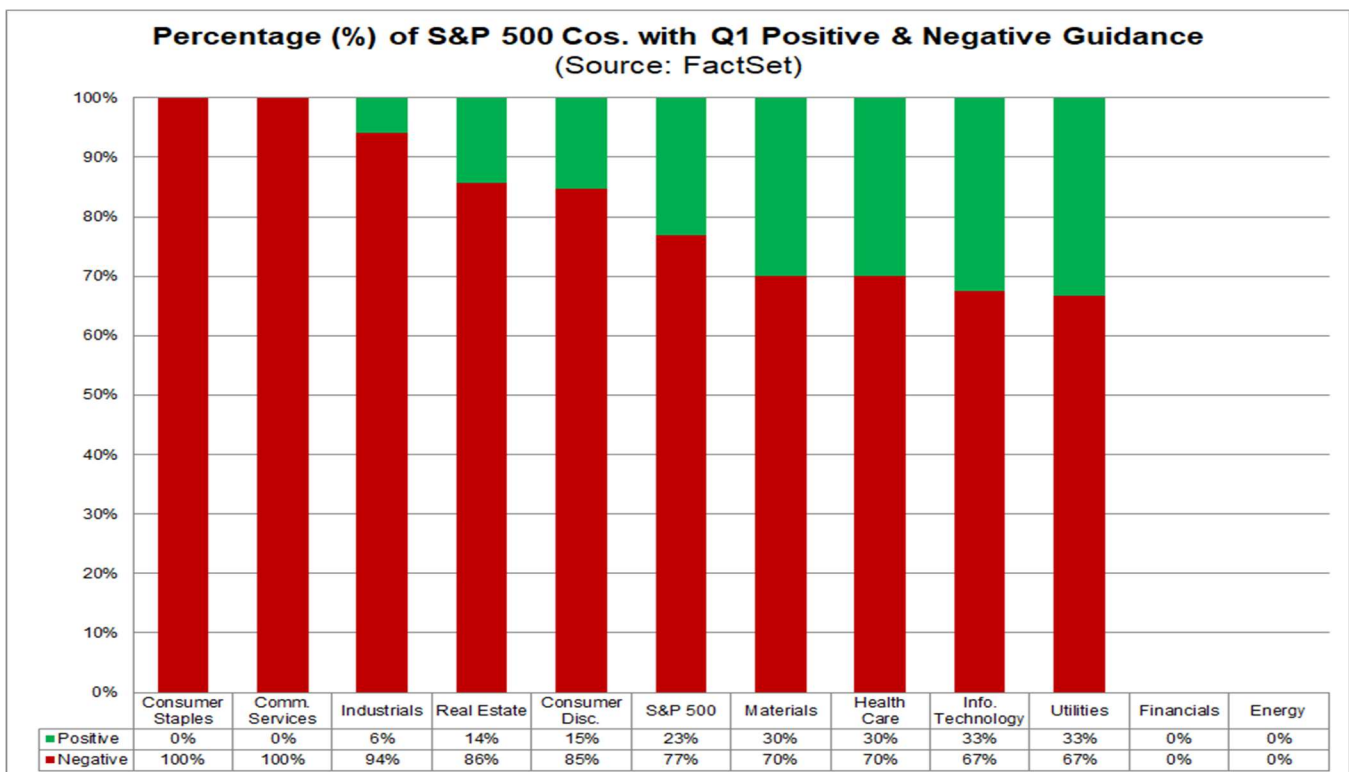
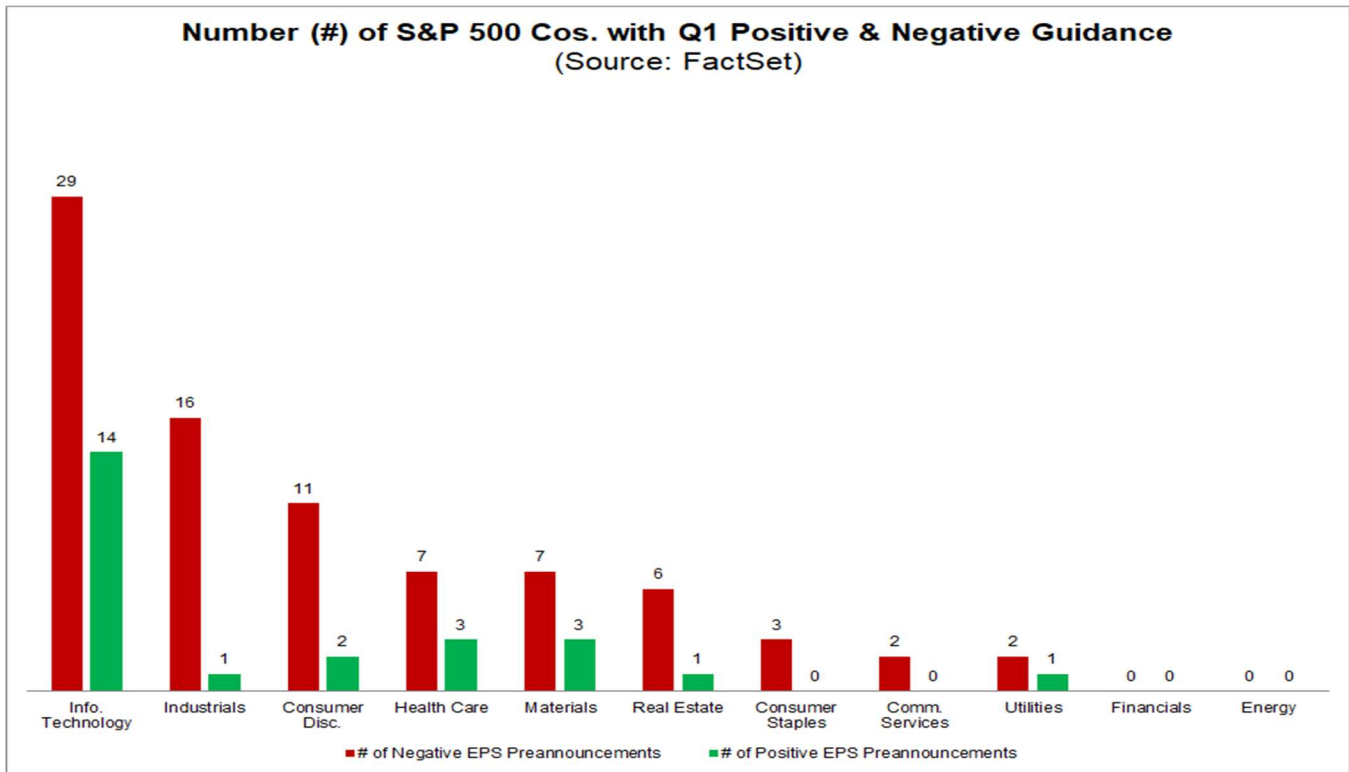
Q4 2022: Net Profit Margin



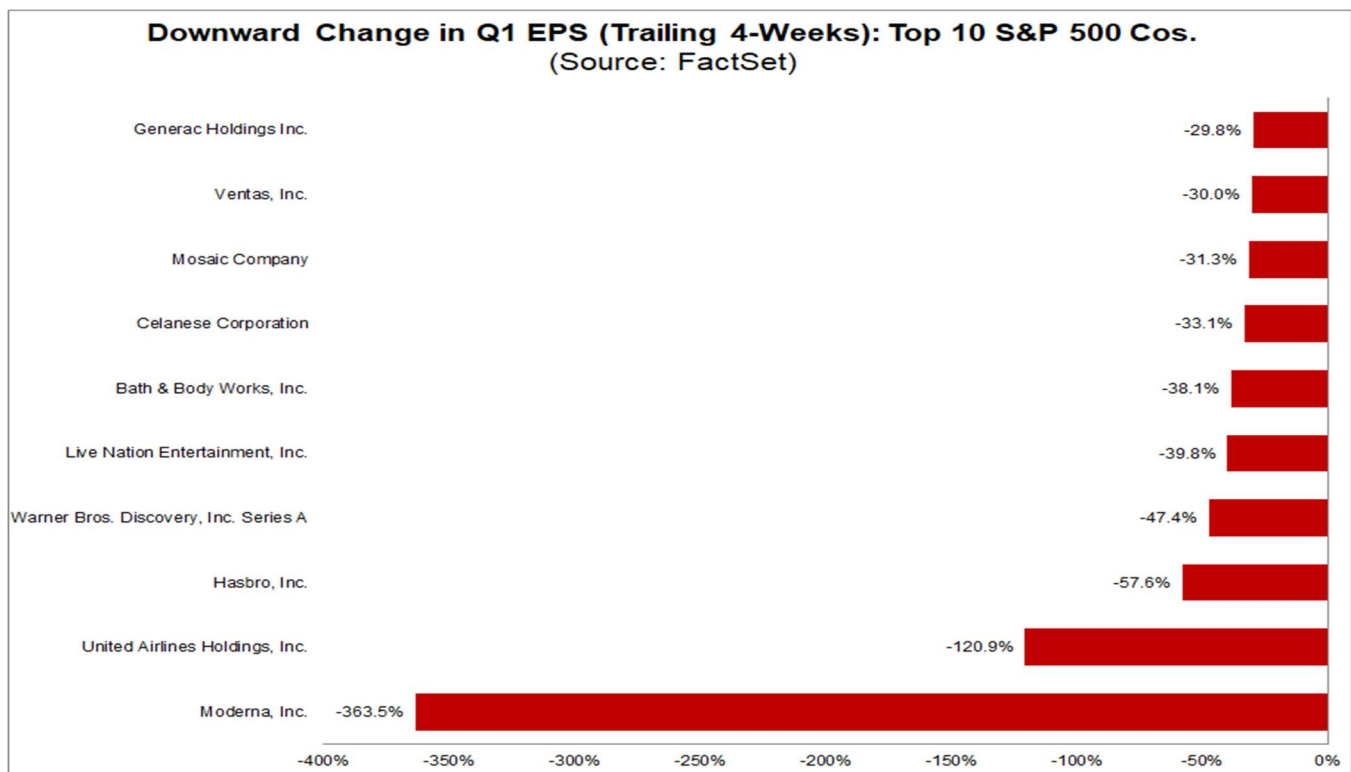
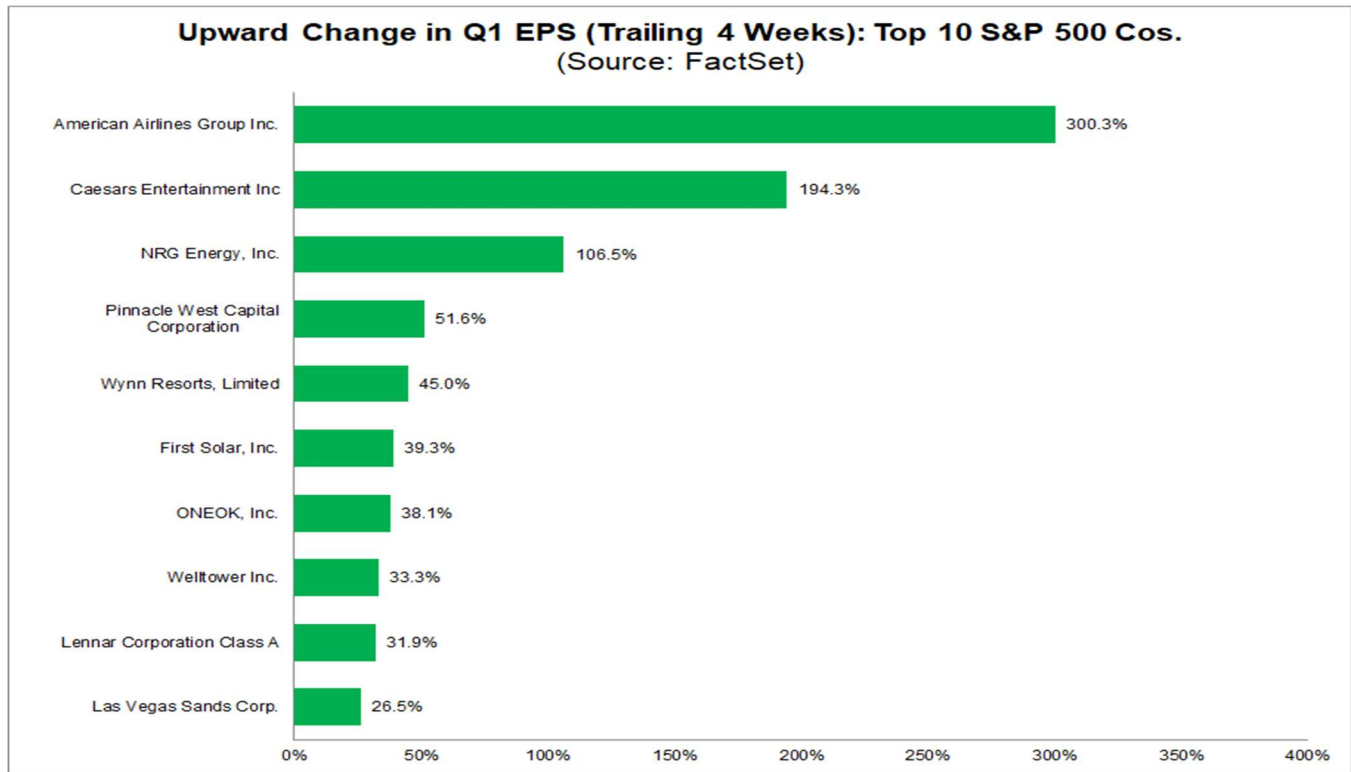
CY 2022: Growth



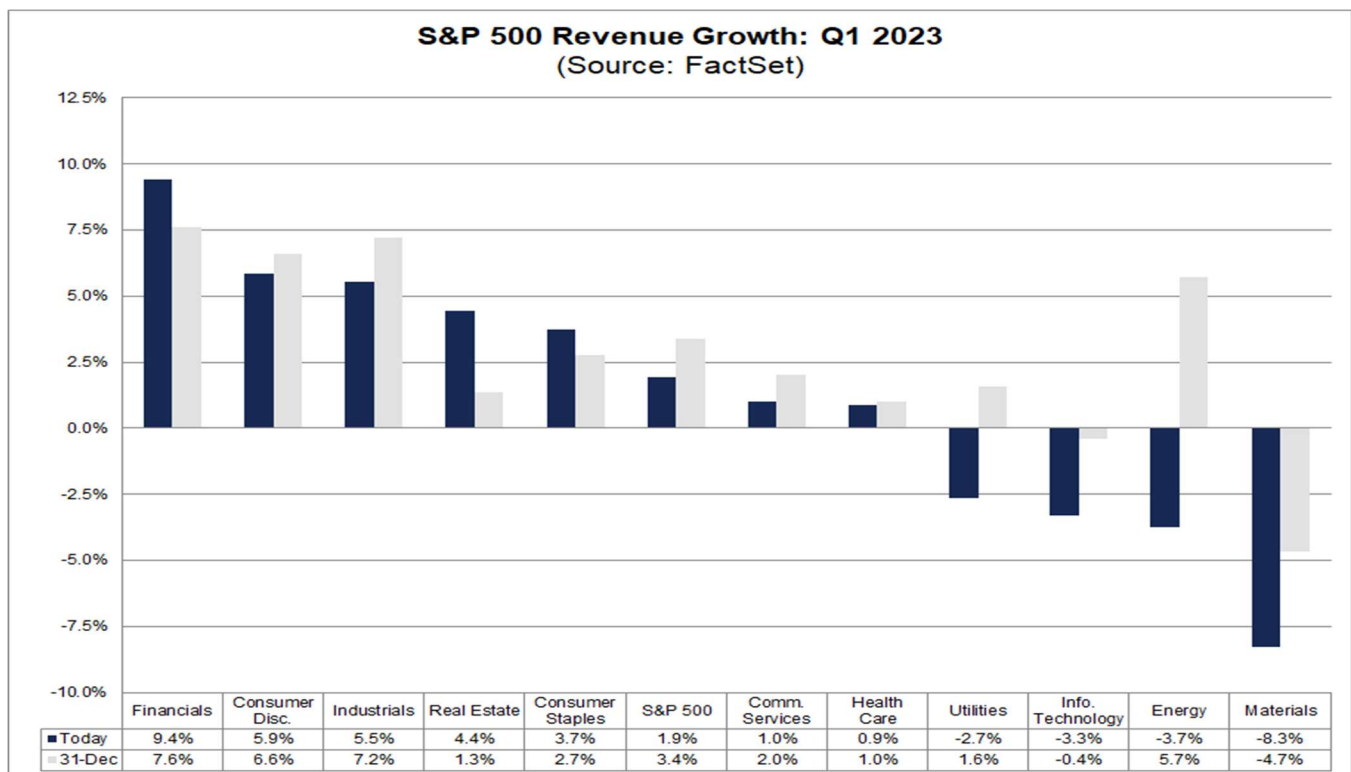
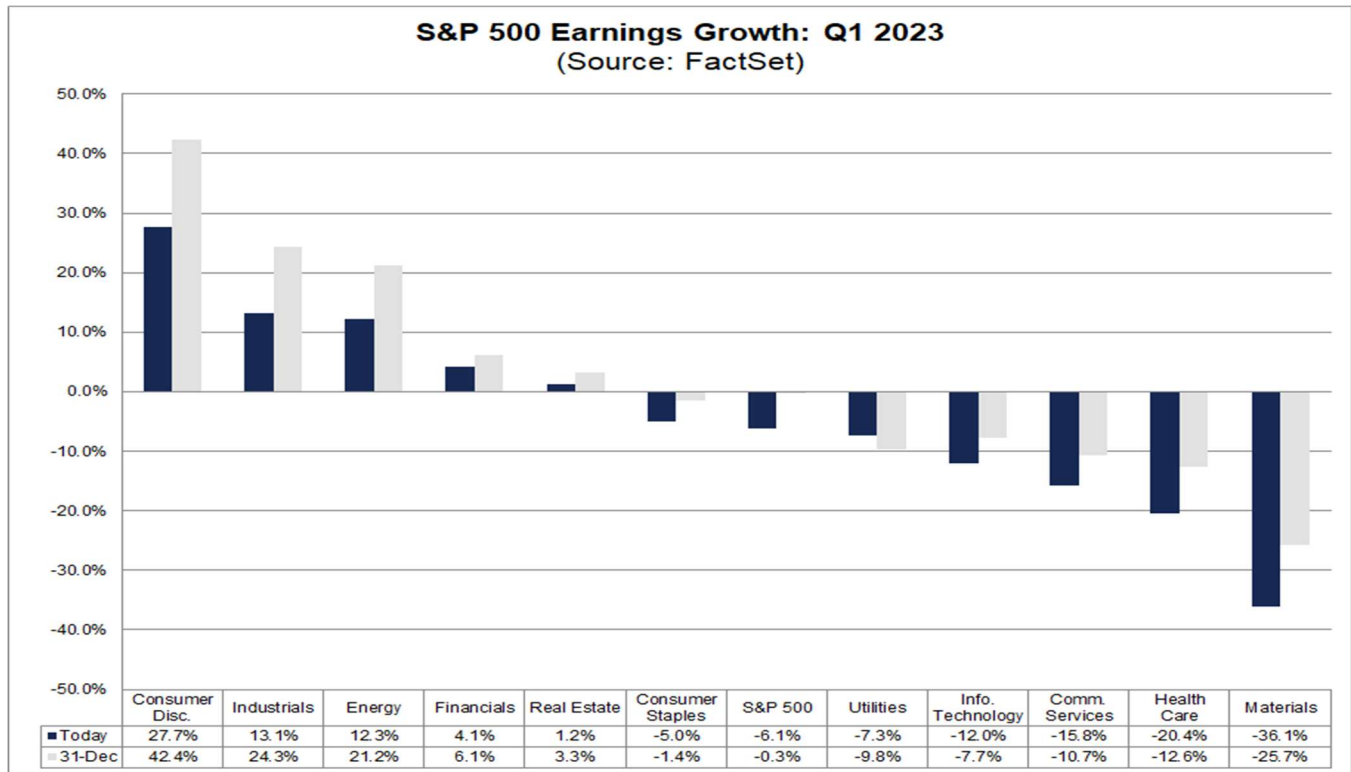
Q1 2023: Guidance



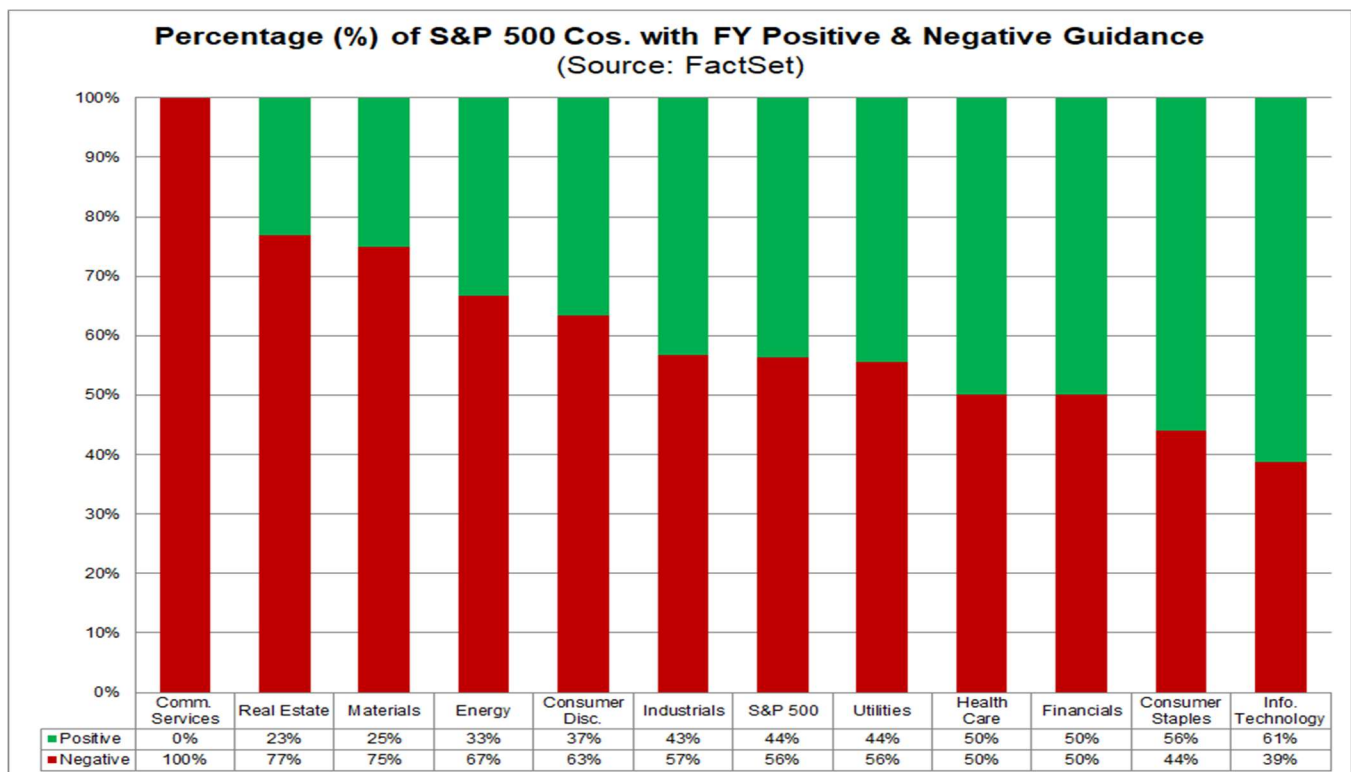
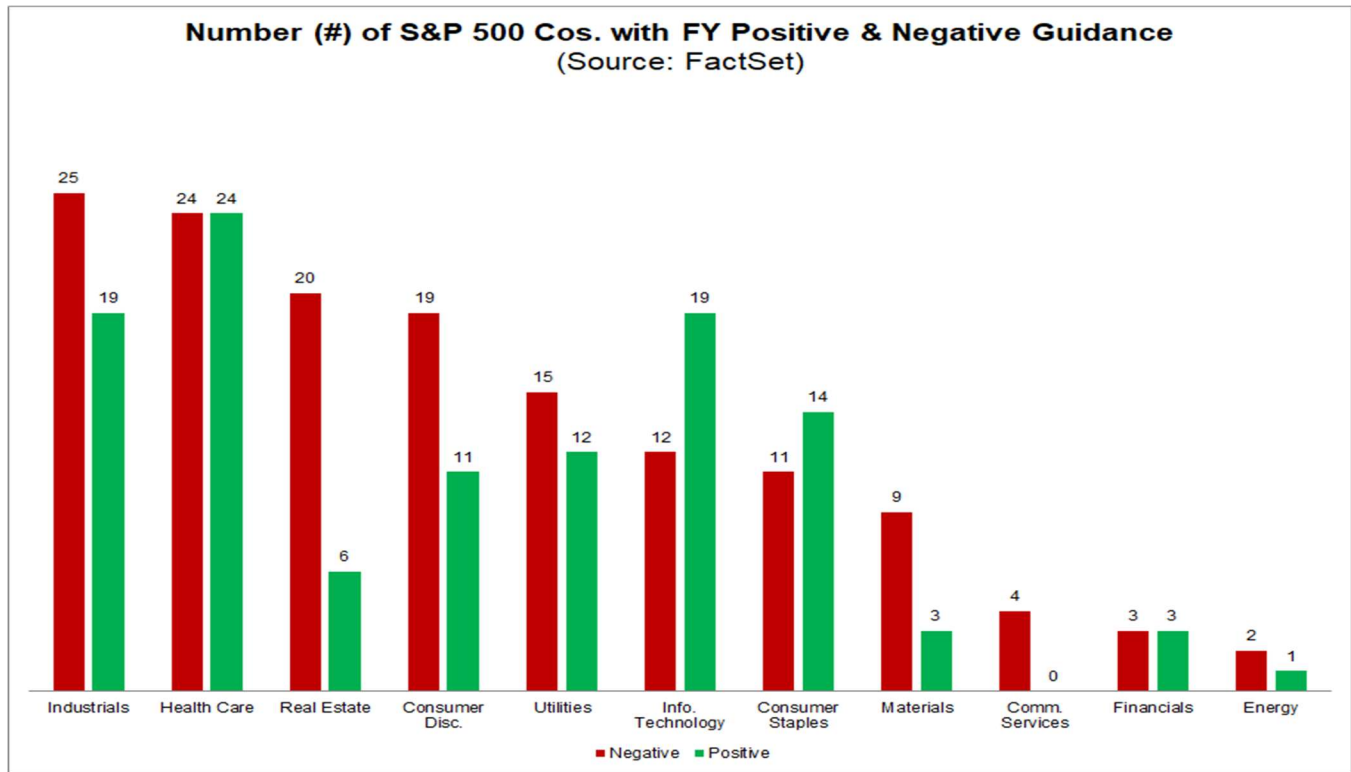
Q1 2023: EPS Revisions



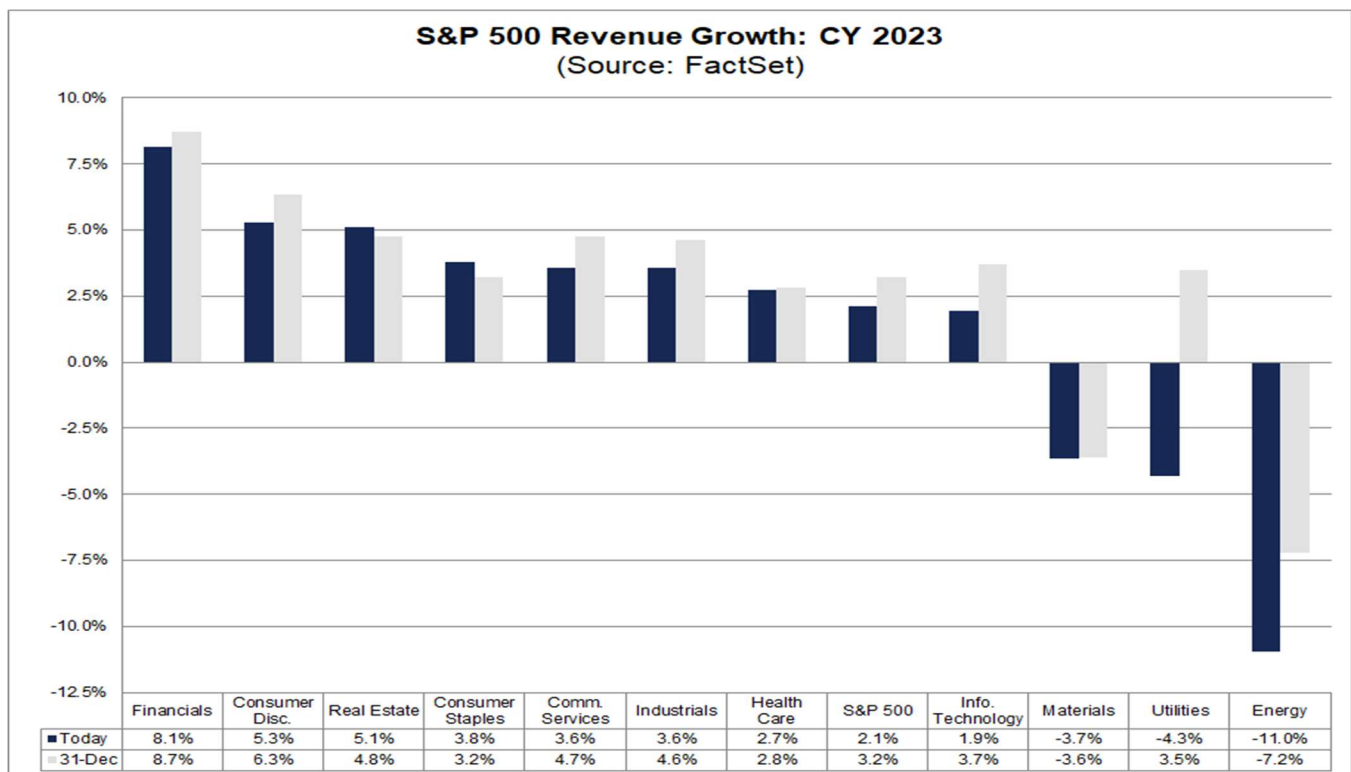
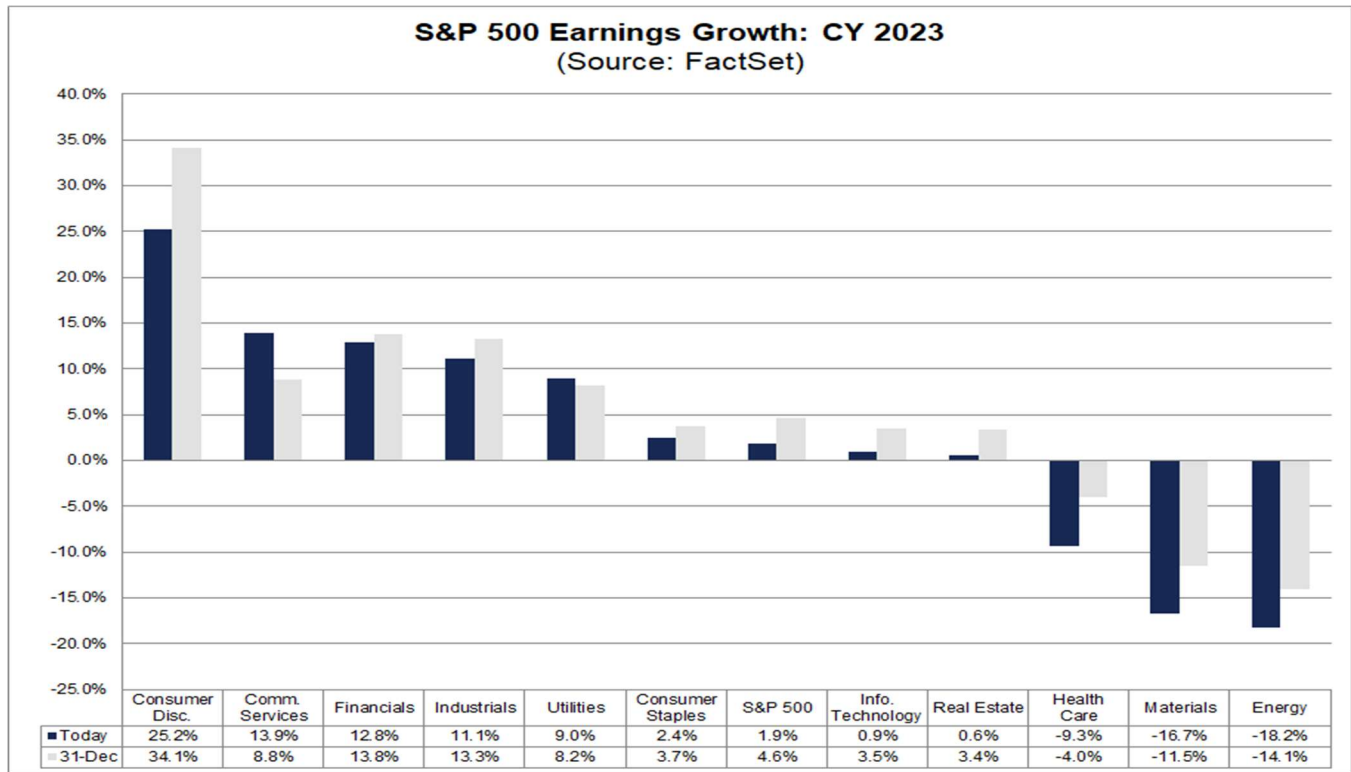
Q1 2023: Growth



FY 2023 / 2024: EPS Guidance

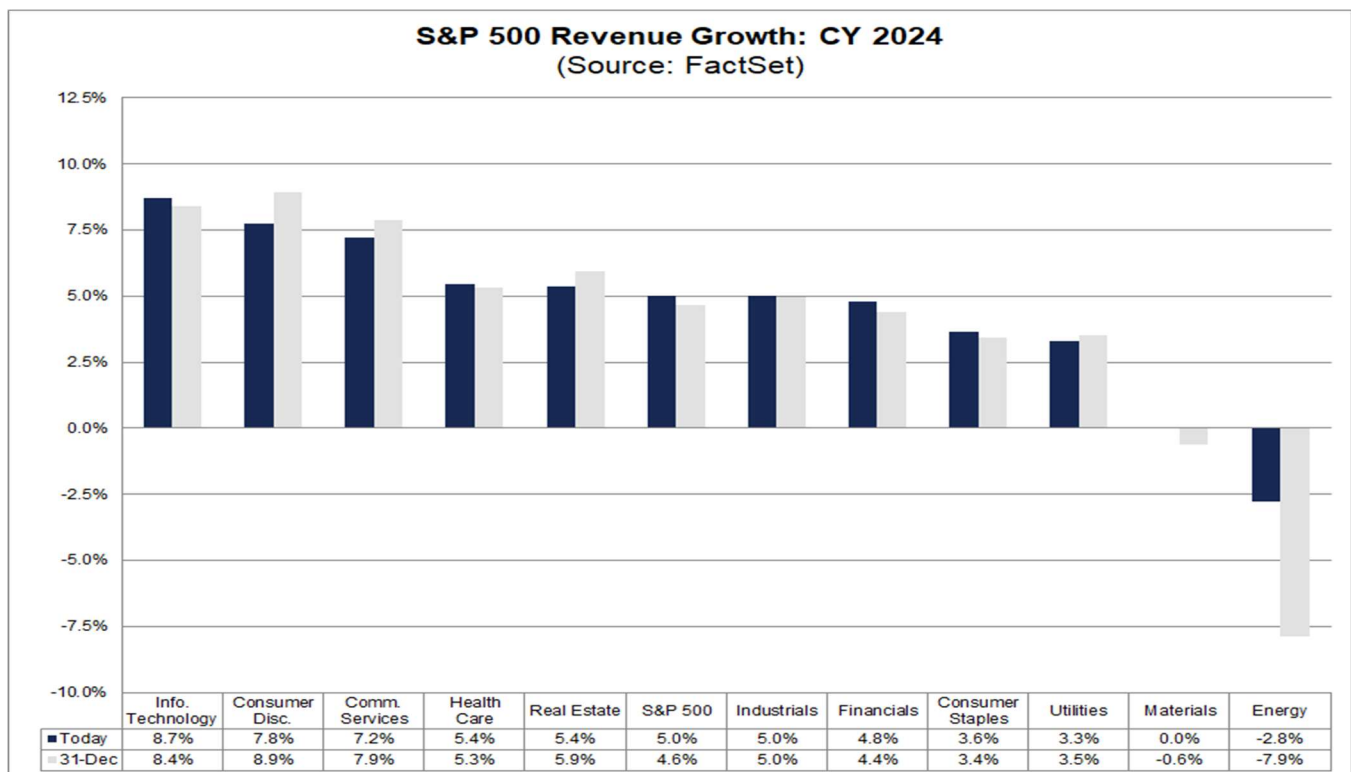
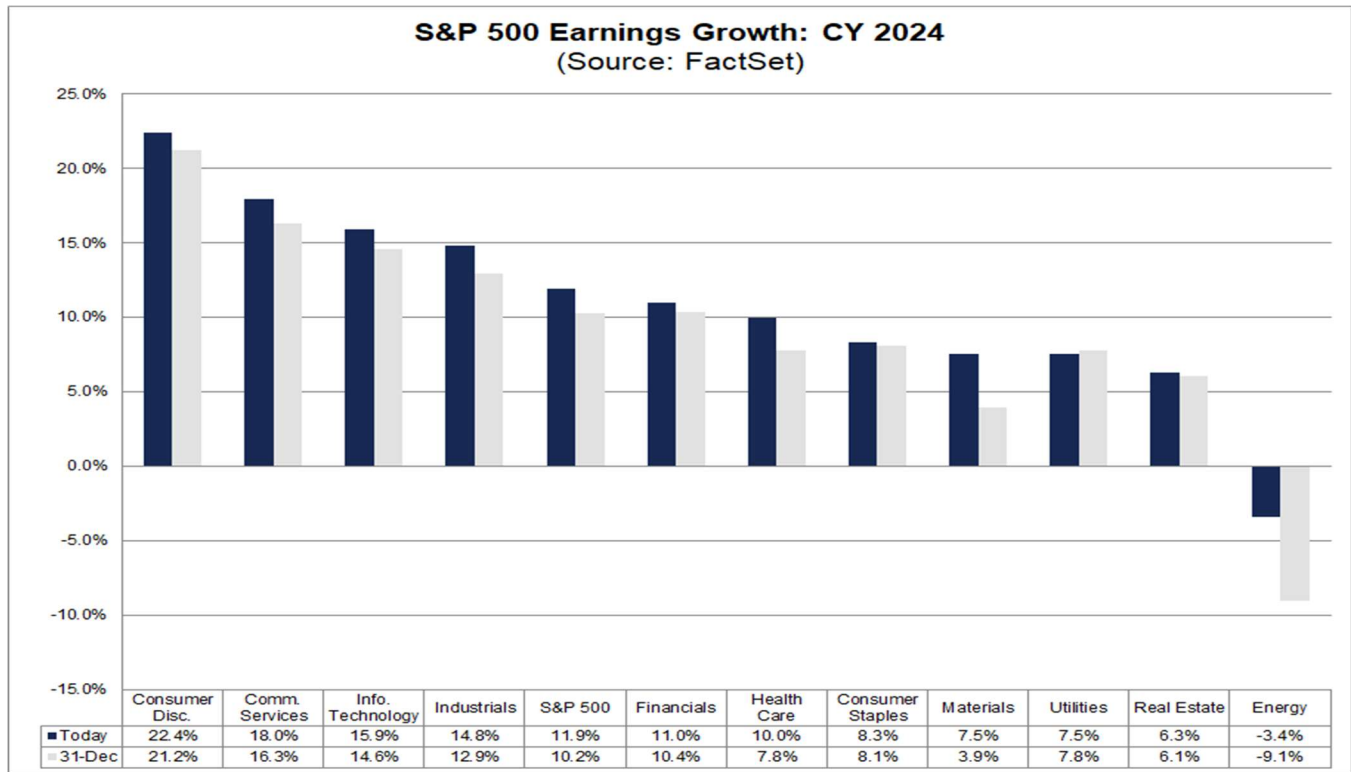


CY 2023: Growth

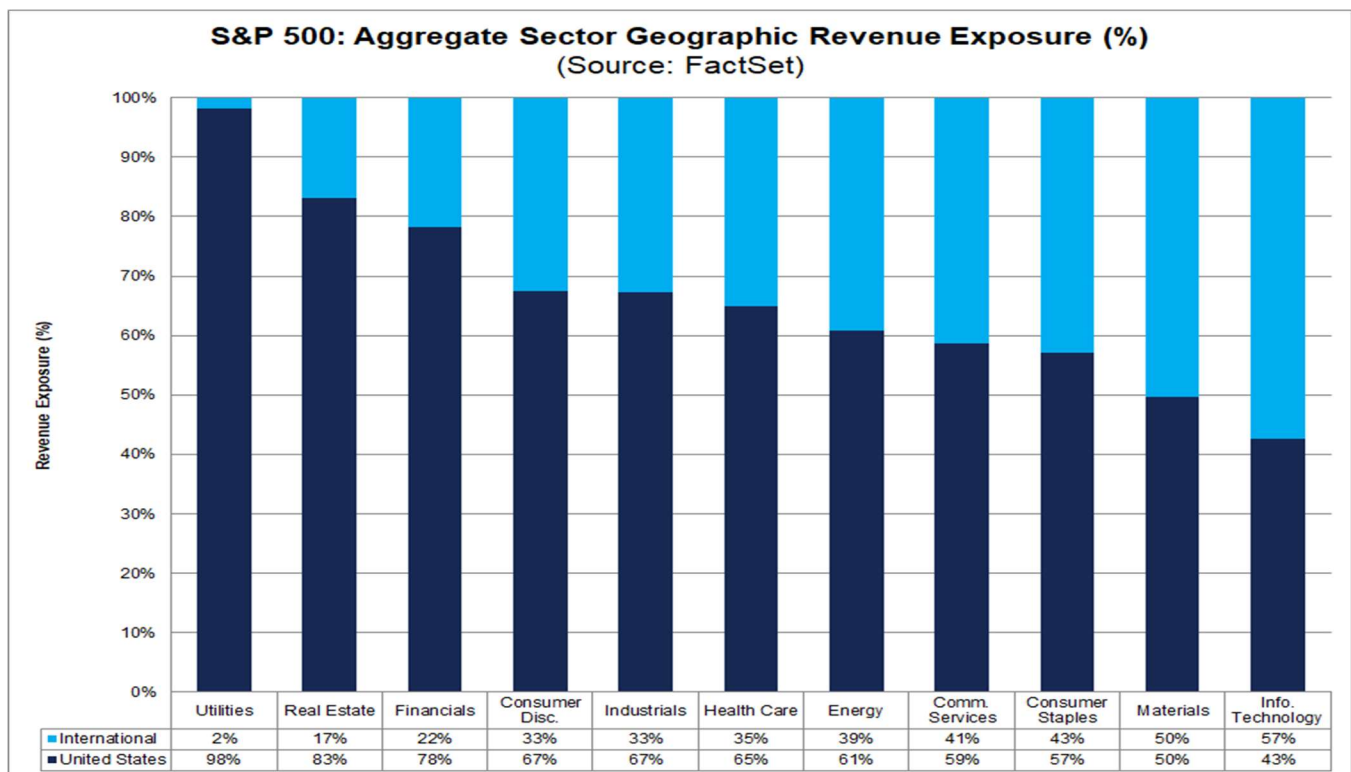
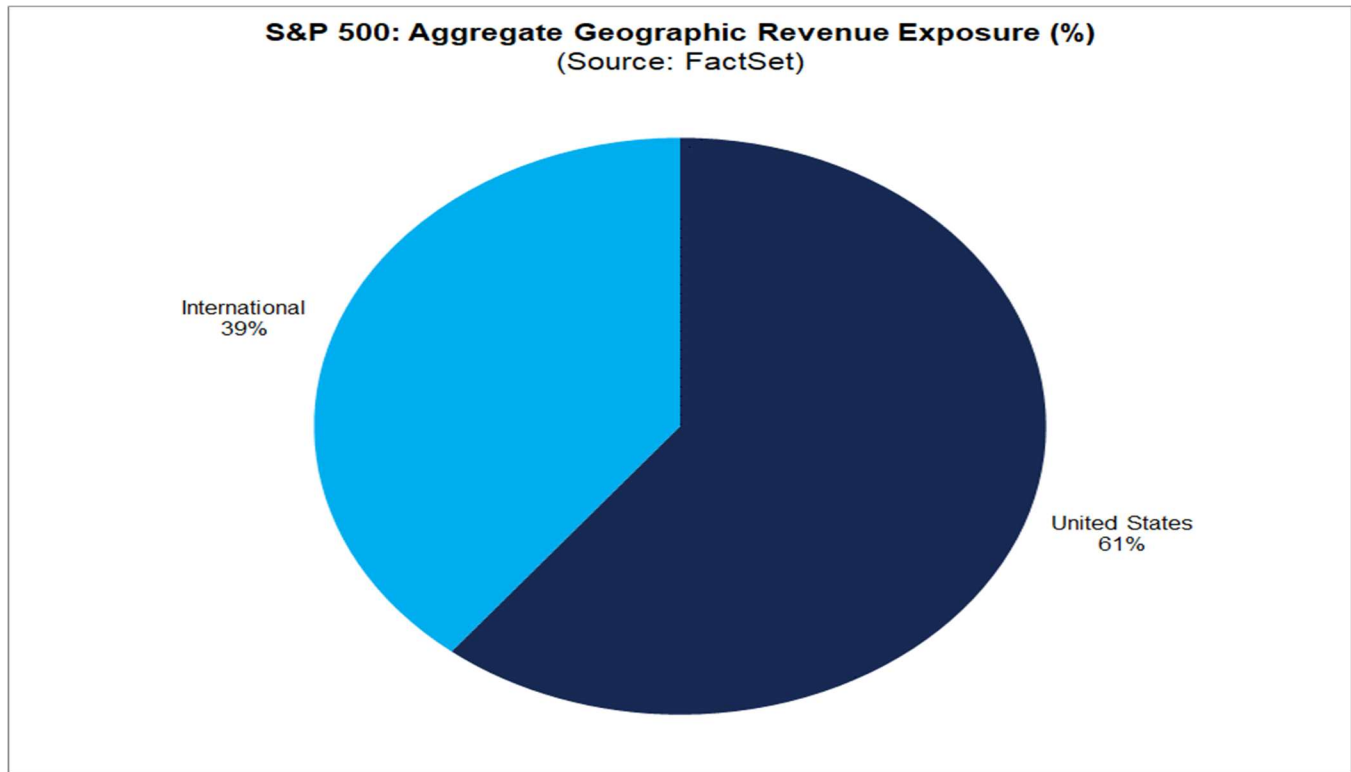




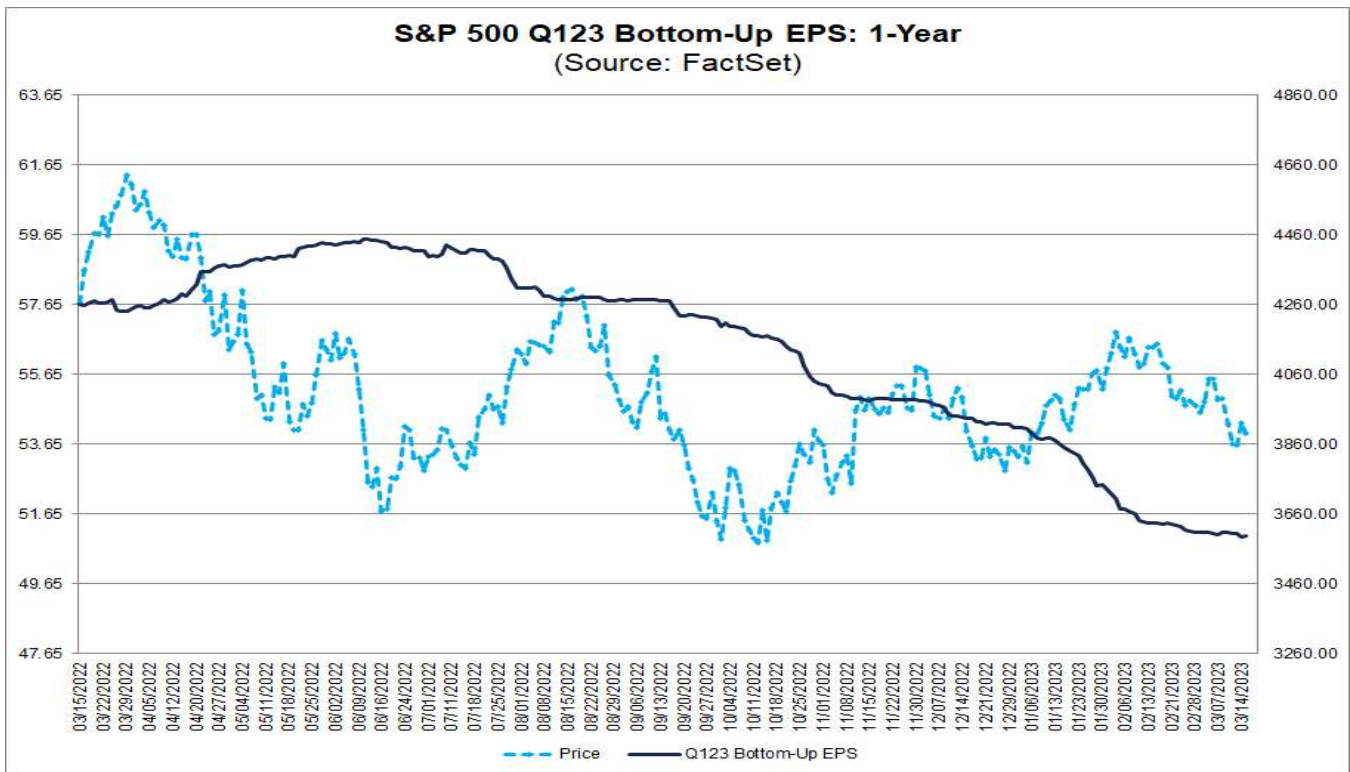
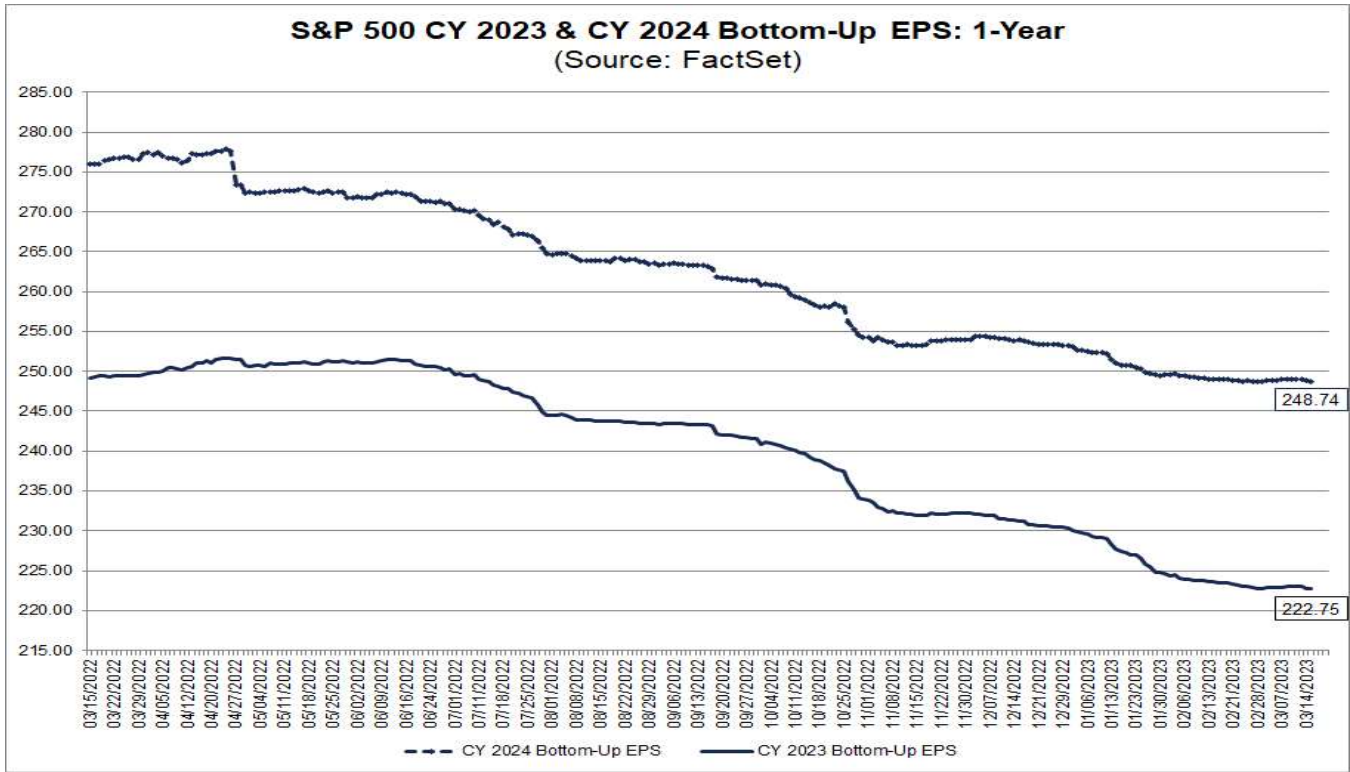
CY 2024: Growth



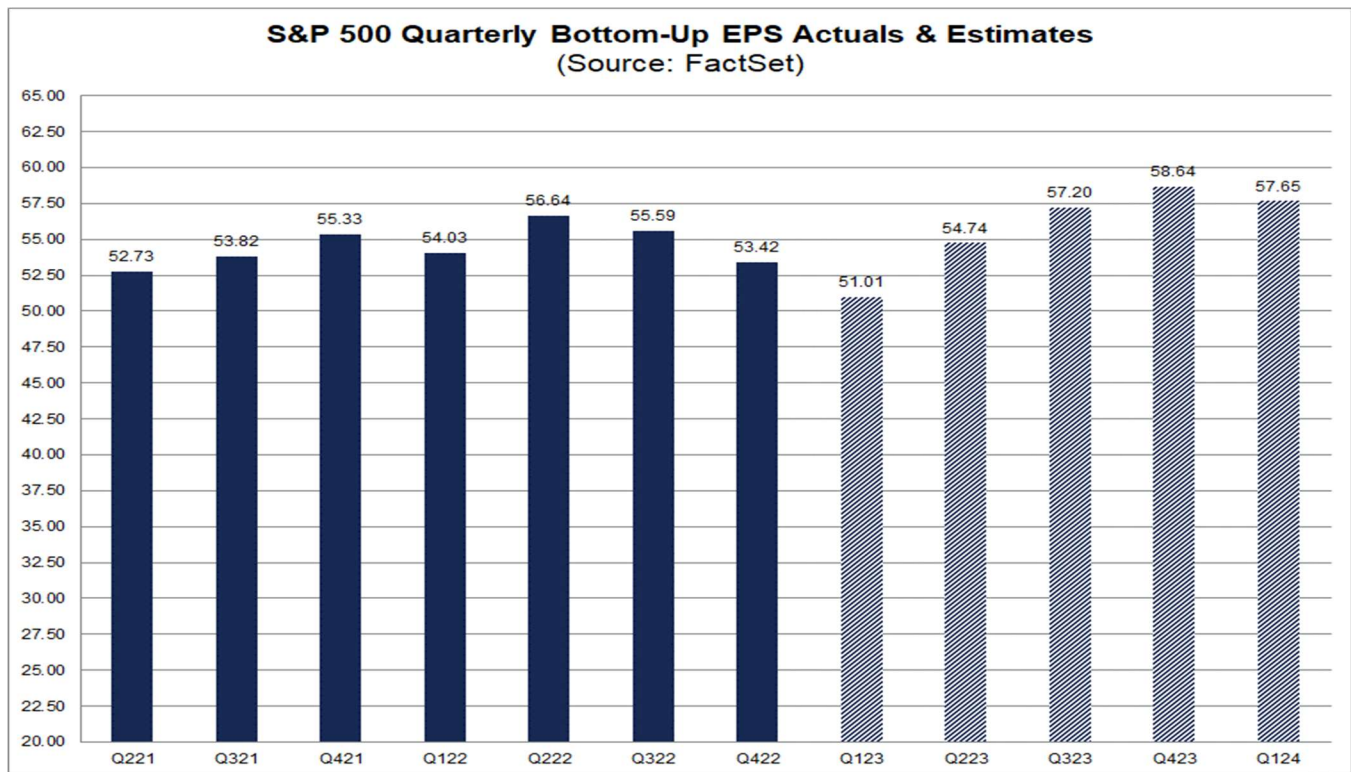
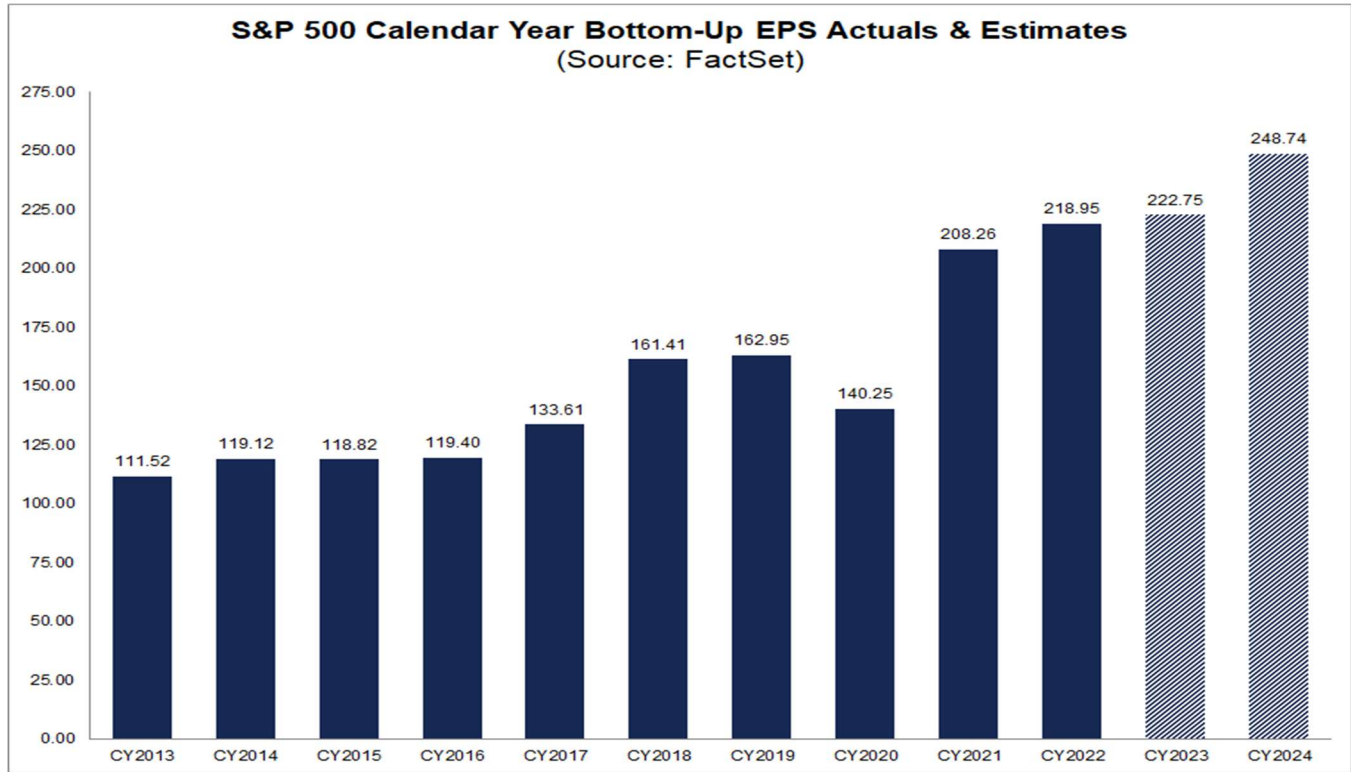
Geographic Revenue Exposure



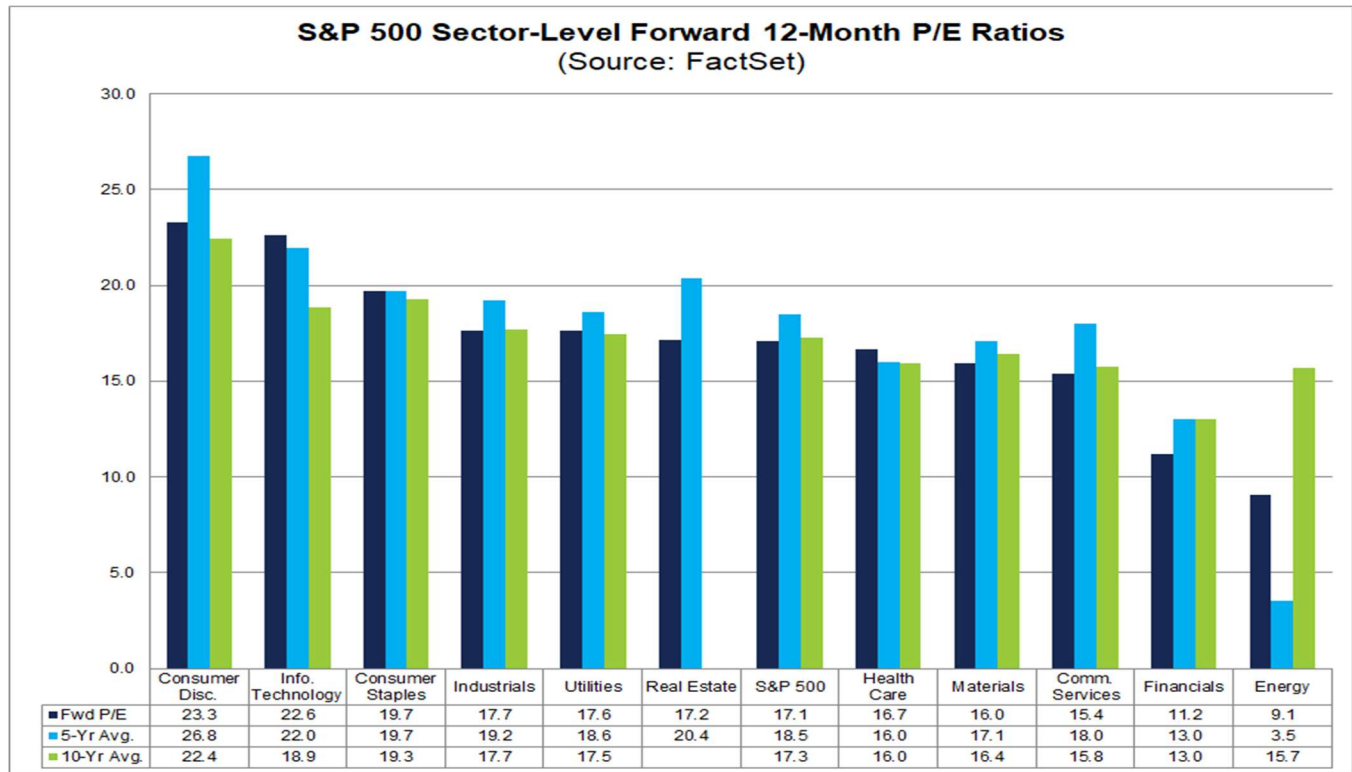
Bottom-Up EPS Estimates



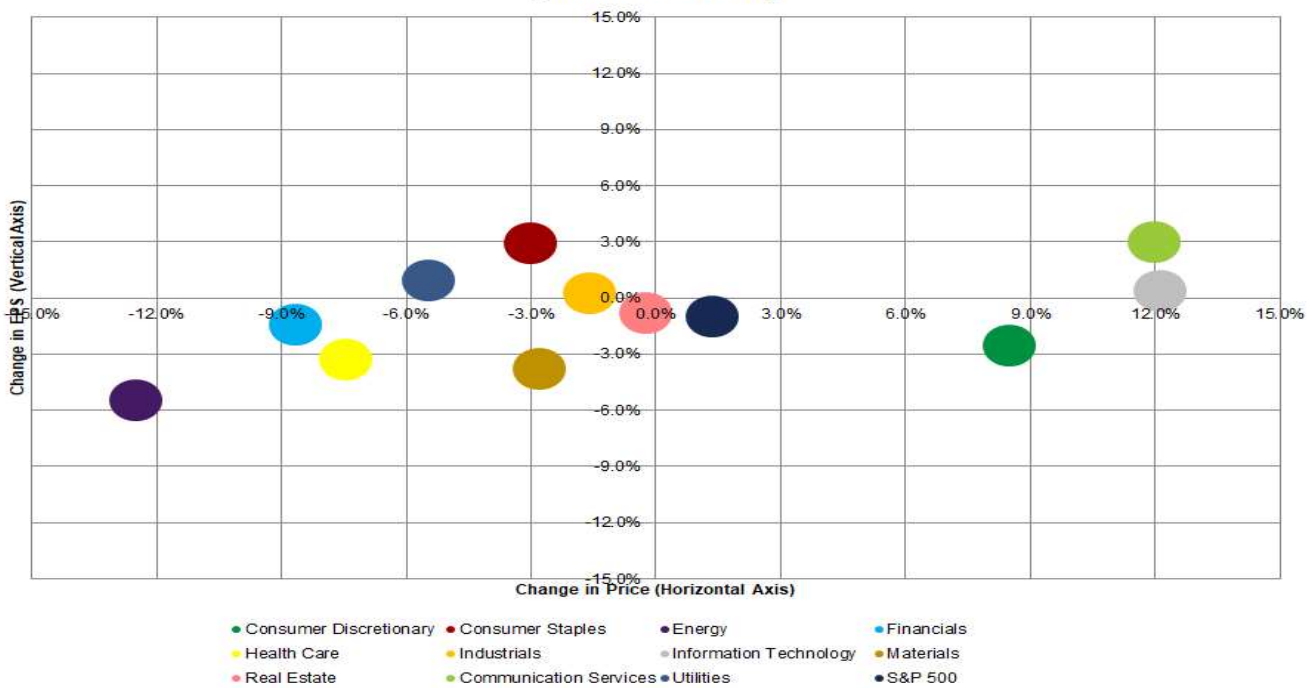
Bottom-Up EPS Estimates: Current & Historical



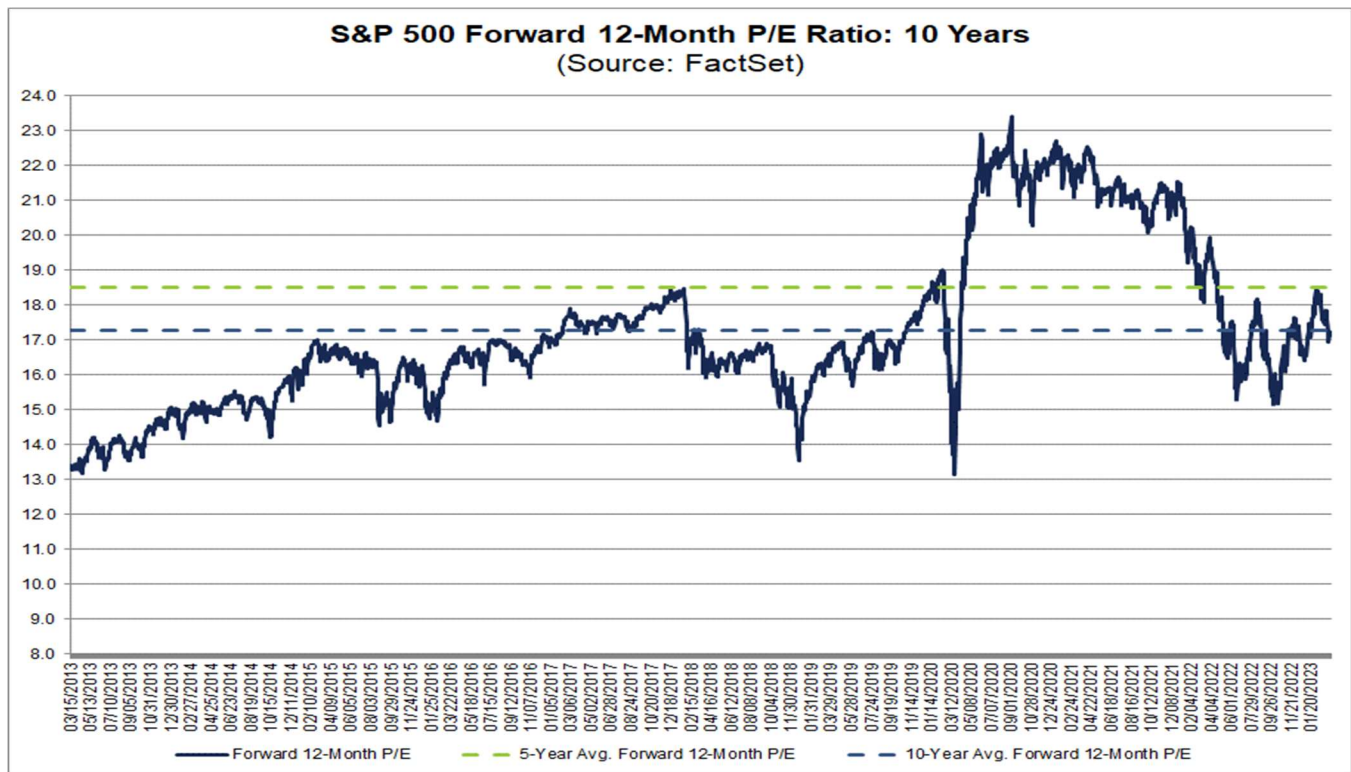
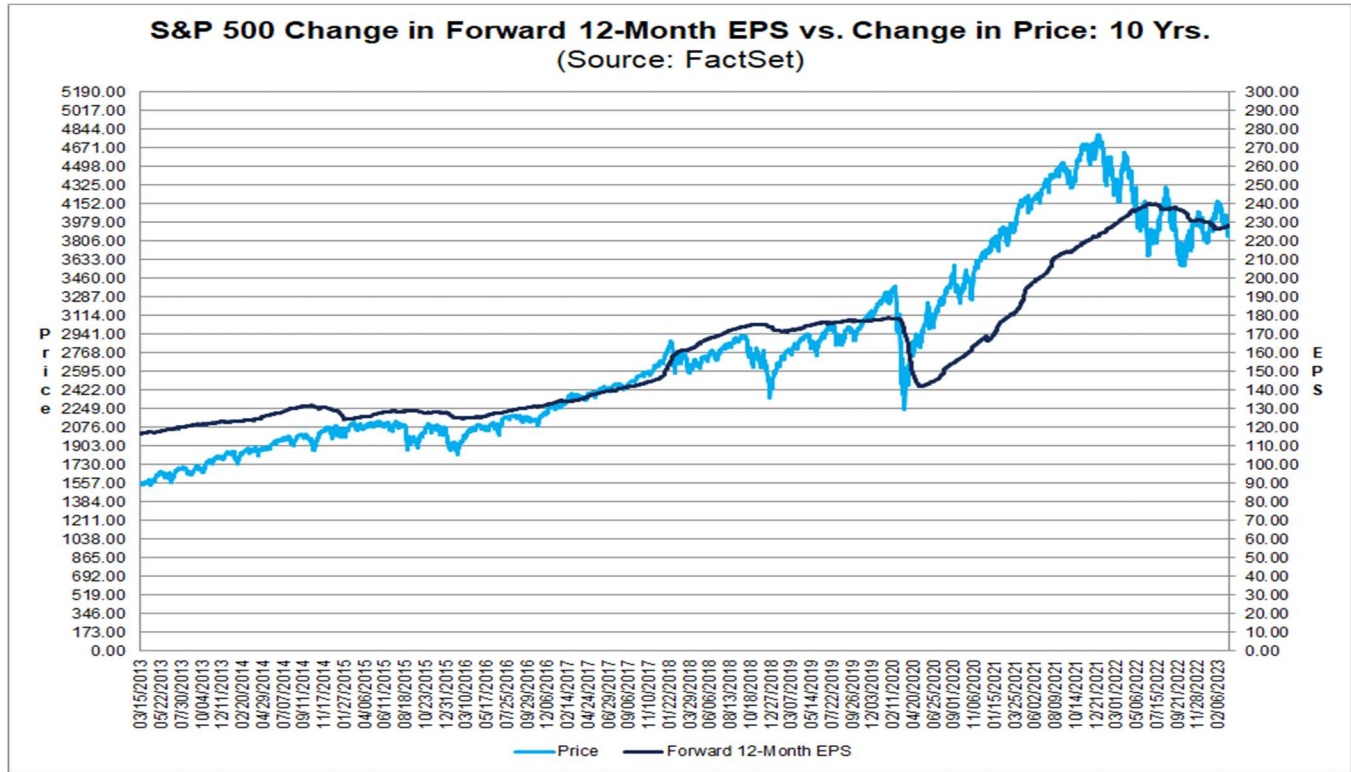
Forward 12M P/E Ratio: Sector Level



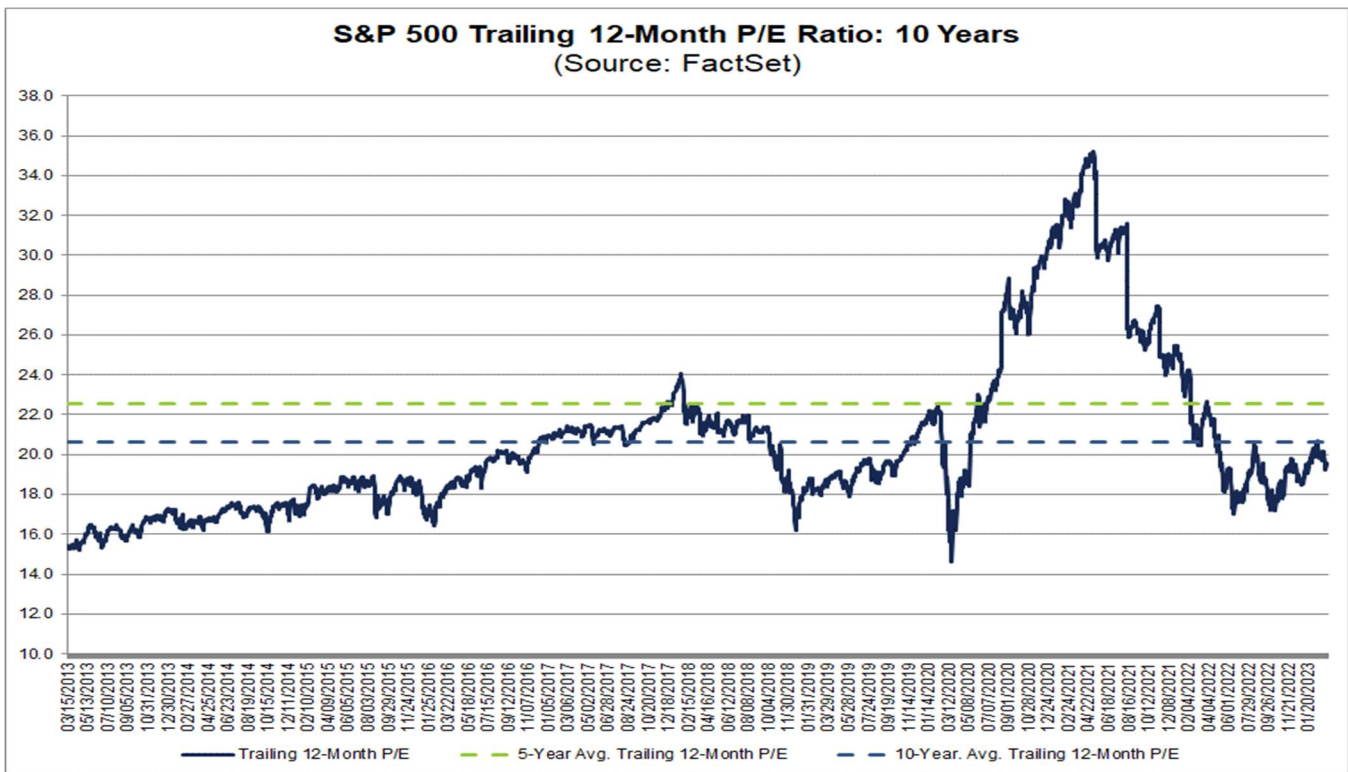
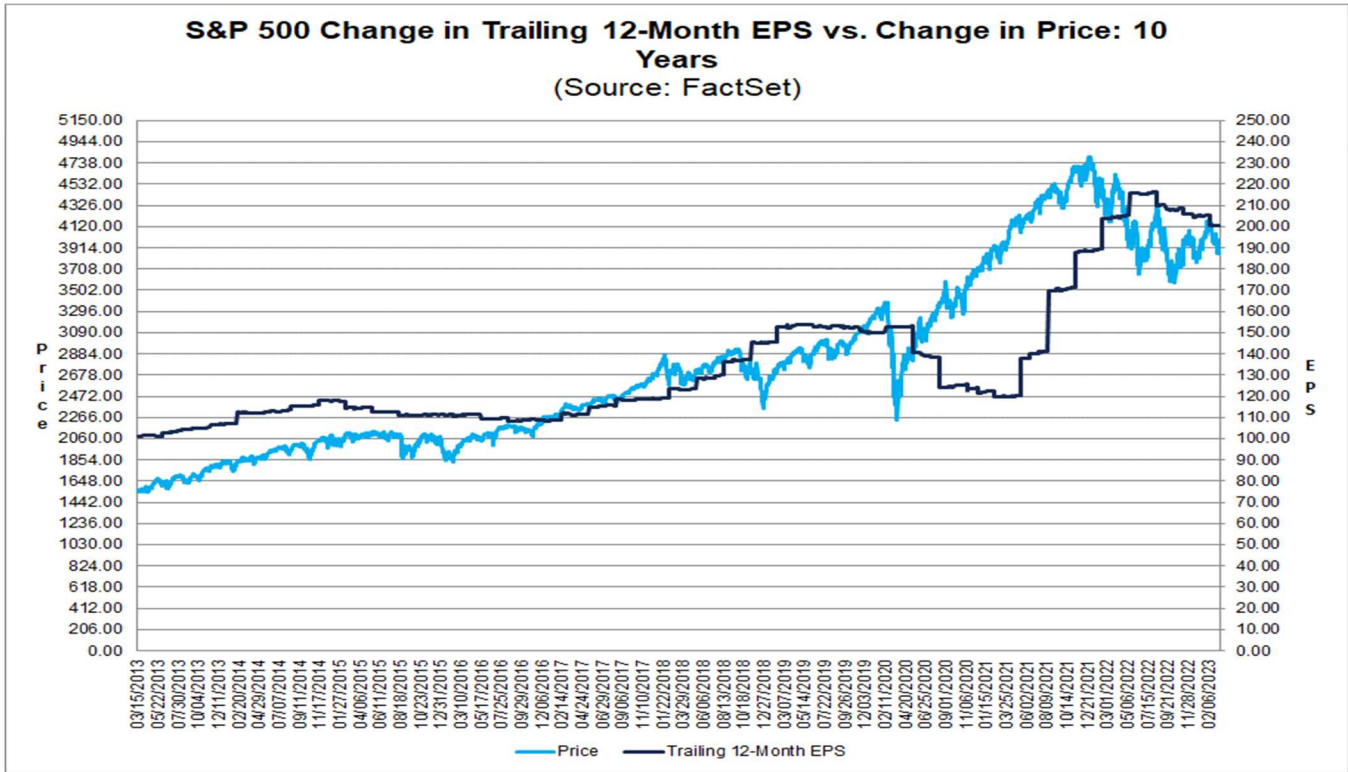
### Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Dec. 31 (Source: FactSet)



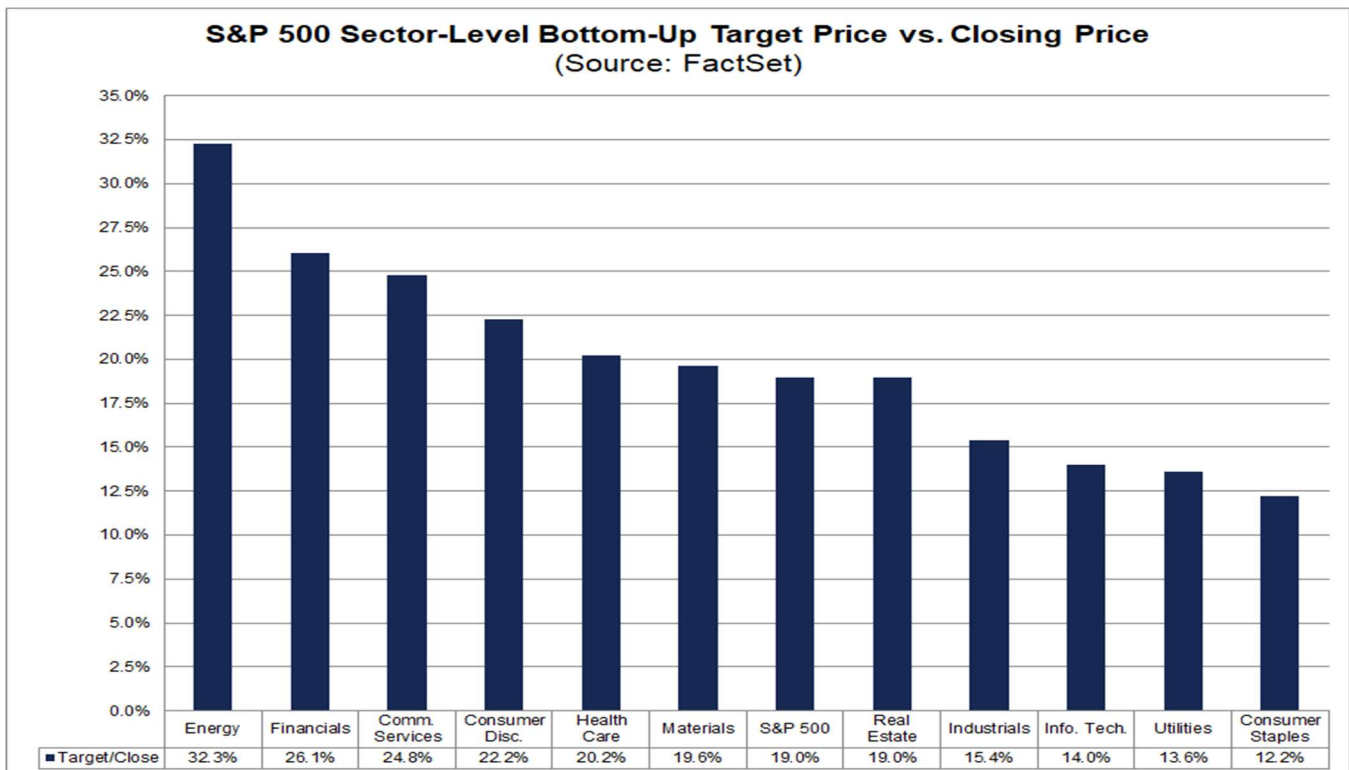
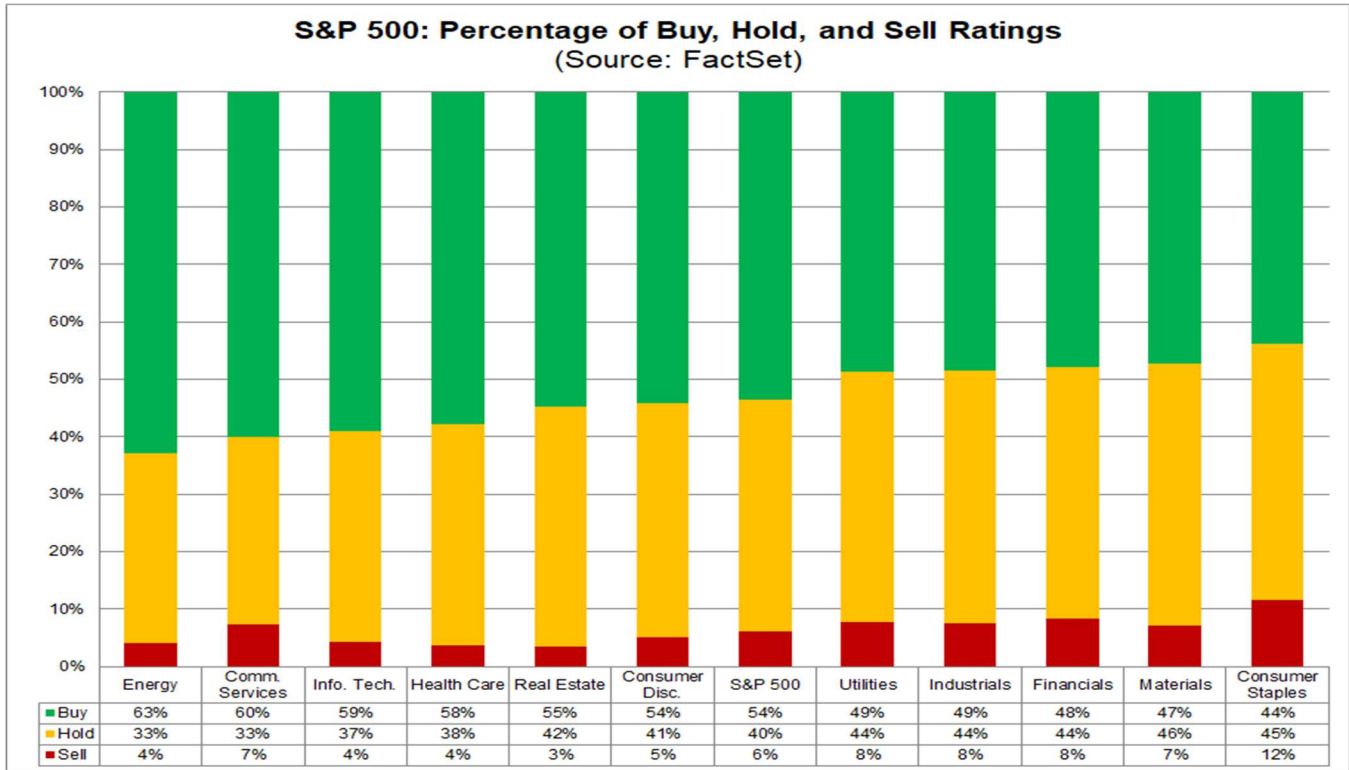
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings





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