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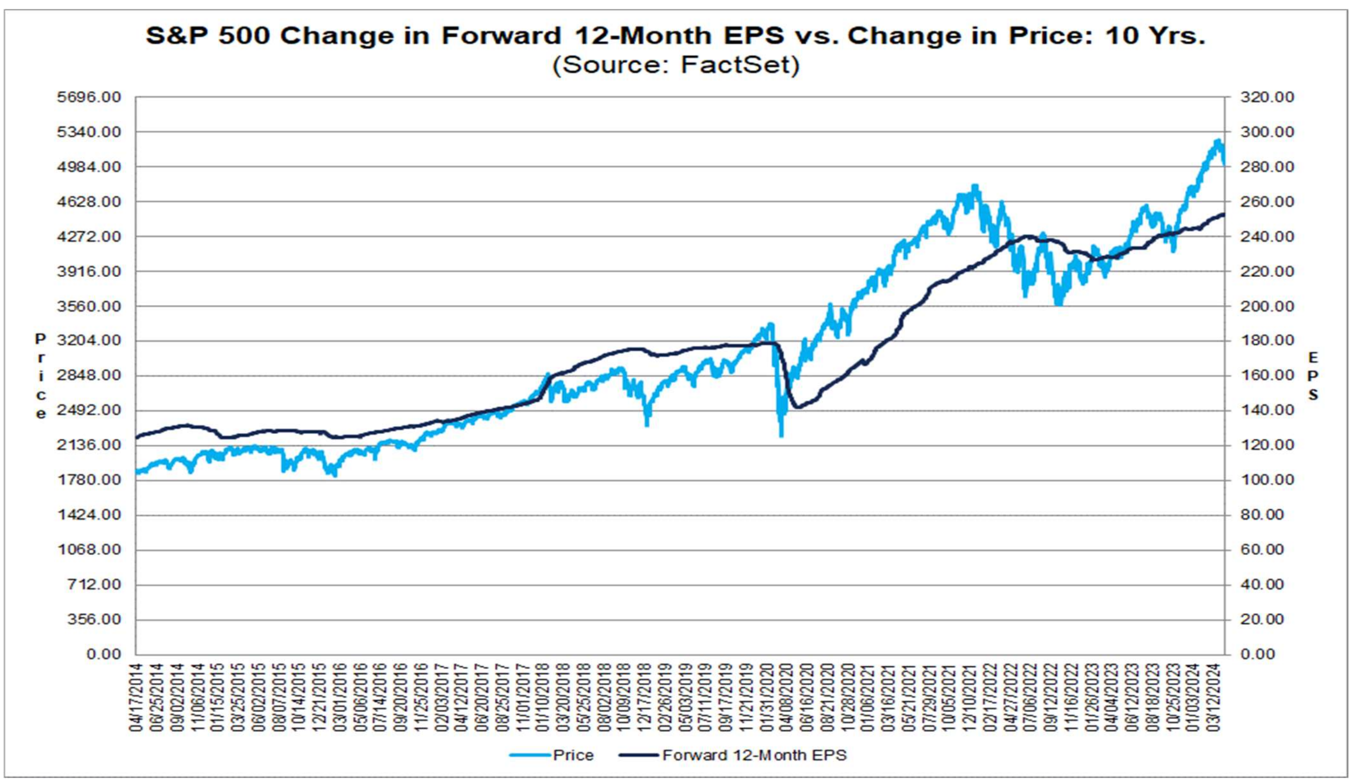
Key Metrics

- **Earnings Scorecard:** For Q1 2024 (with 14% of S&P 500 companies reporting actual results), 74% of S&P 500 companies have reported a positive EPS surprise and 58% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 0.5%. If 0.5% is the actual growth rate for the quarter, it will mark the third-straight quarter of year-over-year earnings growth for the index.
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 3.4%. Six sectors are reporting (or are expected to report) lower earnings today (compared to March 31) due to negative EPS surprises and downward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2024, 7 S&P 500 companies have issued negative EPS guidance and 5 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.9. This P/E ratio is above the 5-year average (19.1) and above the 10-year average (17.8).



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Topic of the Week: 1

Are the "Magnificent 7" the Top Contributors to Earnings Growth for the S&P 500 for Q1?

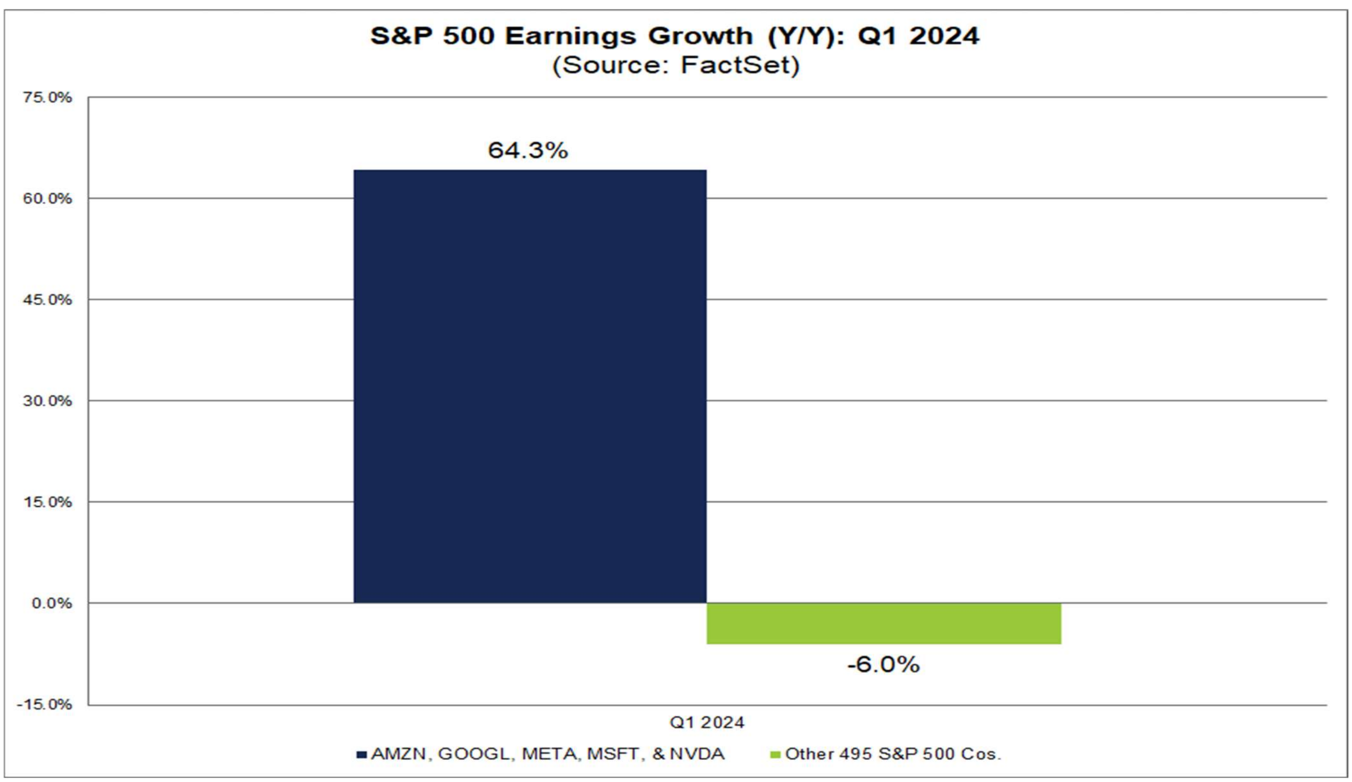
A number of the companies in the "Magnificent 7" saw their stock prices increase during the first quarter, which helped to drive the value of the S&P 500 higher during this period. Are companies in the "Magnificent 7" also expected to drive earnings higher for the S&P 500 for the first quarter?

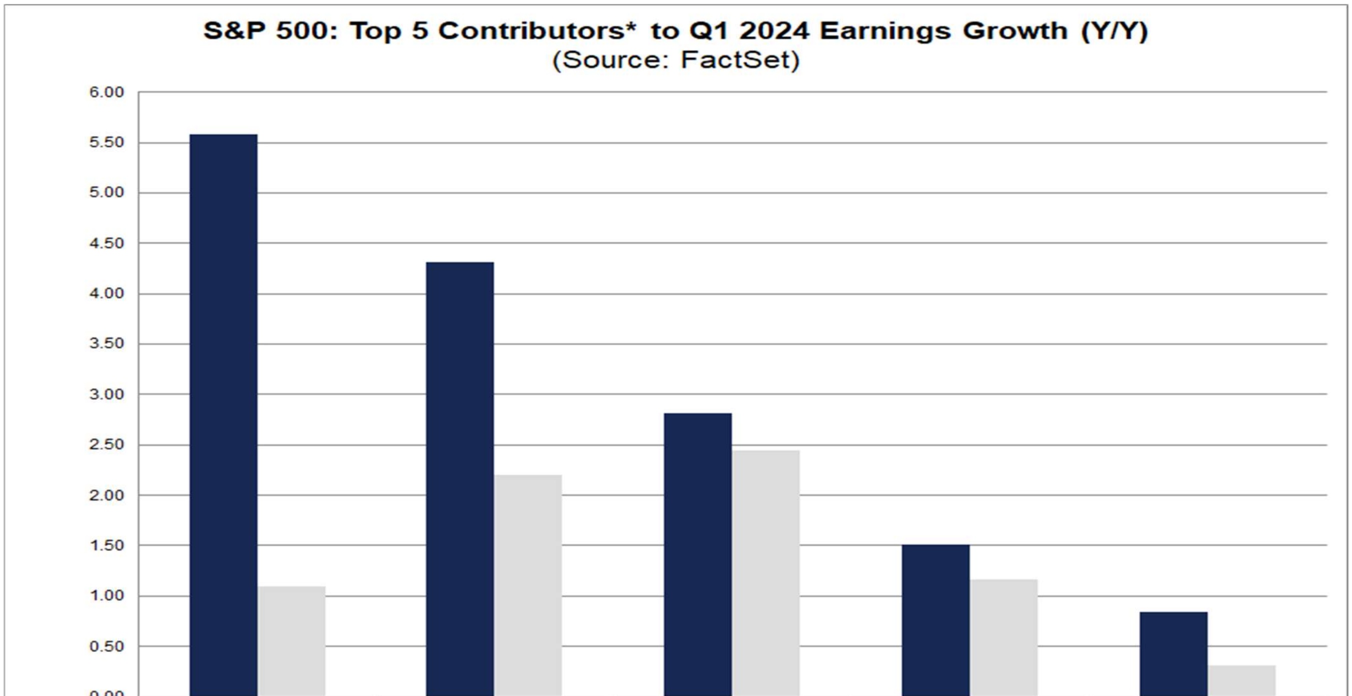
The answer is yes. Five of the seven companies in the "Magnificent 7" are projected to be the top five contributors to year-over-year earnings growth for the S&P 500 for Q1 2024. These five companies (in order of highest to lowest contribution) are NVIDIA, Amazon.com, Meta Platforms, Alphabet, and Microsoft.

In aggregate, these five "Magnificent 7" companies are expected to report year-over-year earnings growth of 64.3% for the first quarter. Excluding these five companies, the blended (combines actual and estimated results) earnings decline for the remaining 495 companies in the S&P 500 would be -6.0% for Q1 2024. Overall, the blended earnings growth rate for the entire S&P 500 for Q1 2024 is 0.5%.

Thee of these five companies are scheduled to report actual results for Q1 this week: Meta Platforms, Microsoft, and Alphabet.

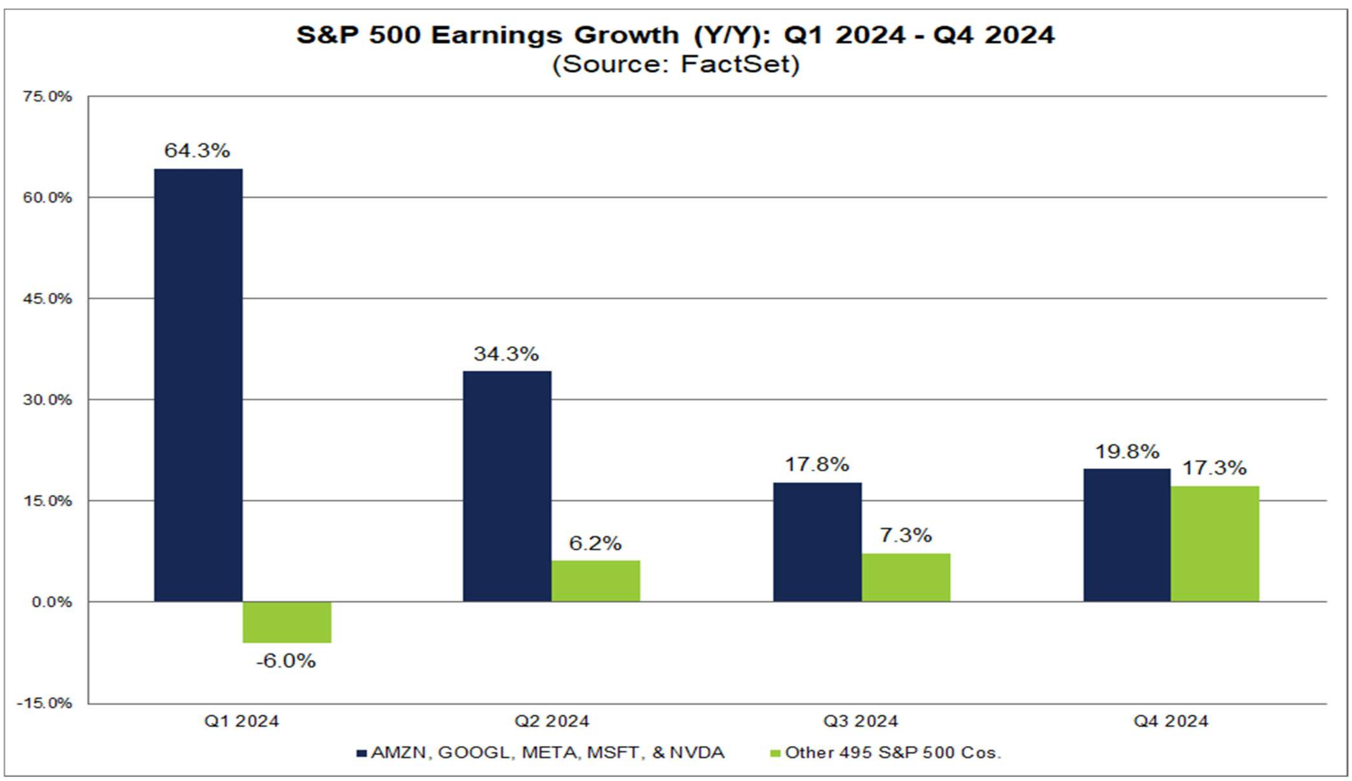
Analysts predict these five companies in aggregate will report year-over-year earnings growth of more than 15% for the remaining three quarters of 2024. However, it is interesting to note that analysts believe the other 495 companies in the index will see improving year-over-year earnings growth during the course of 2024. By Q4 2024, analysts expect the other 495 companies in the S&P 500 to report double-digit (year-over-year) earnings growth as well





	NVIDIA	Meta Platforms	Microsoft	Alphabet	Amazon.com
Q1 2024	5.58	4.32	2.82	1.51	0.84
Q1 2023	1.09	2.20	2.45	1.17	0.31

*Companies are not listed in order of contribution



Topic of the Week: 2

S&P 500 Q1 Energy Sector Earnings Preview: 3rd Largest Earnings Decline of All 11 Sectors

The Energy sector will be a focus for the market this week, as Exxon Mobil and Chevron are scheduled to report earnings on April 26. Despite a slight year-over-year increase in the average price of oil in Q1 2024 relative to Q1 2023, the Energy sector is reporting the third-largest (year-over-year) earnings decline of all eleven sectors in the S&P 500 for Q1 2024 at -25.6%.

At the sub-industry level, four of the five sub-industries in the sector are reporting (or are predicted to report) a year-over-year decrease in earnings: Oil & Gas Refining & Marketing (-62%), Integrated Oil & Gas (-23%), Oil & Gas Exploration & Production (-15%), and Oil & Gas Storage & Transportation (-3%). On the other hand, the Oil & Gas Equipment & Services (16%) sub-industry is the only sub-industry in the sector projected to report year-over-year earnings growth for the quarter.

Looking ahead for the sector, analysts are predicting inconsistent earnings growth. For Q2 2024, analysts are projecting earnings growth of 14.6%. For Q3 2024 and Q4 2024, analysts are calling for earnings declines of -2.7% and -0.2%, respectively. For Q1 2025, analysts are expecting earnings growth of 17.3%.

However, it is interesting to note that analysts have increased earnings estimates (in aggregate) for companies in the Energy sector for the remaining three quarters in 2024 over the past three weeks.

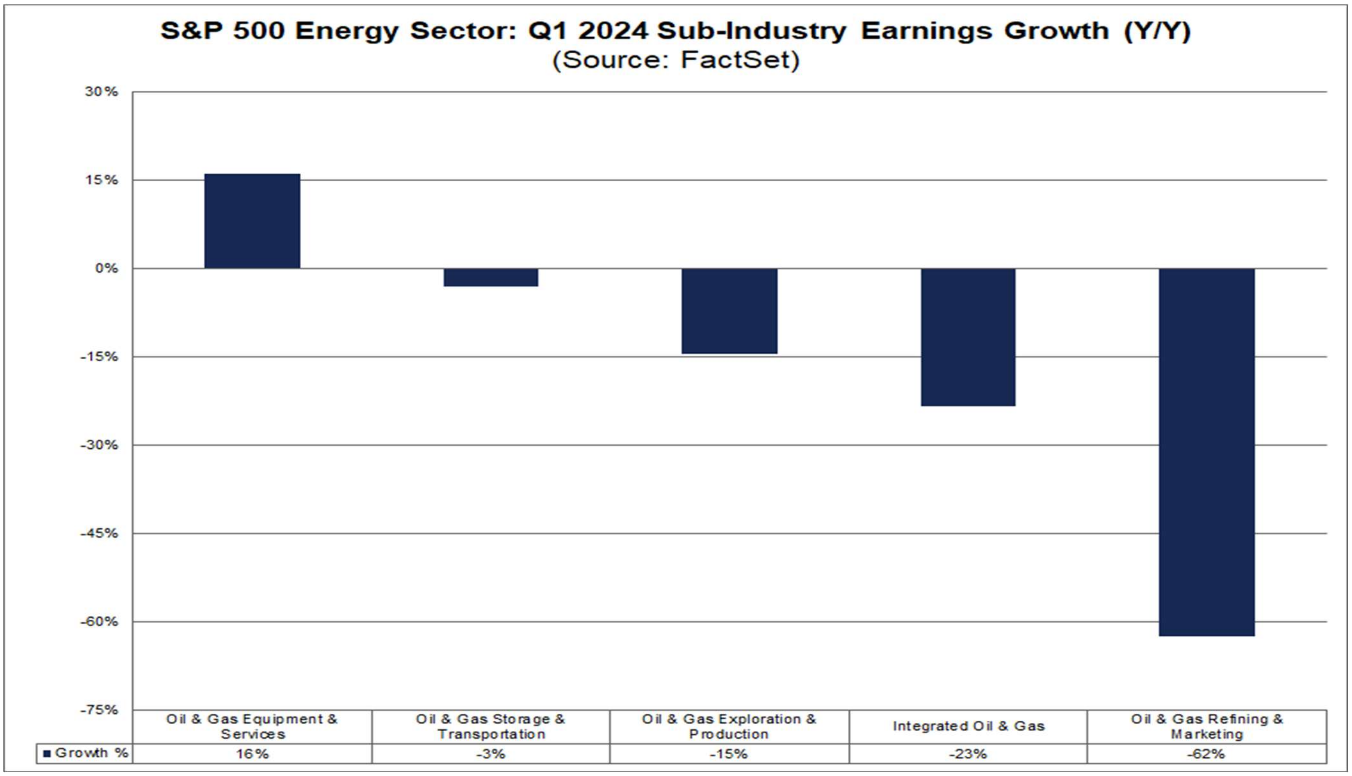
FactSet Senior Energy Analysts Connor McLean and Trevor Fugita provided commentary on key trends to watch going forward related to energy.

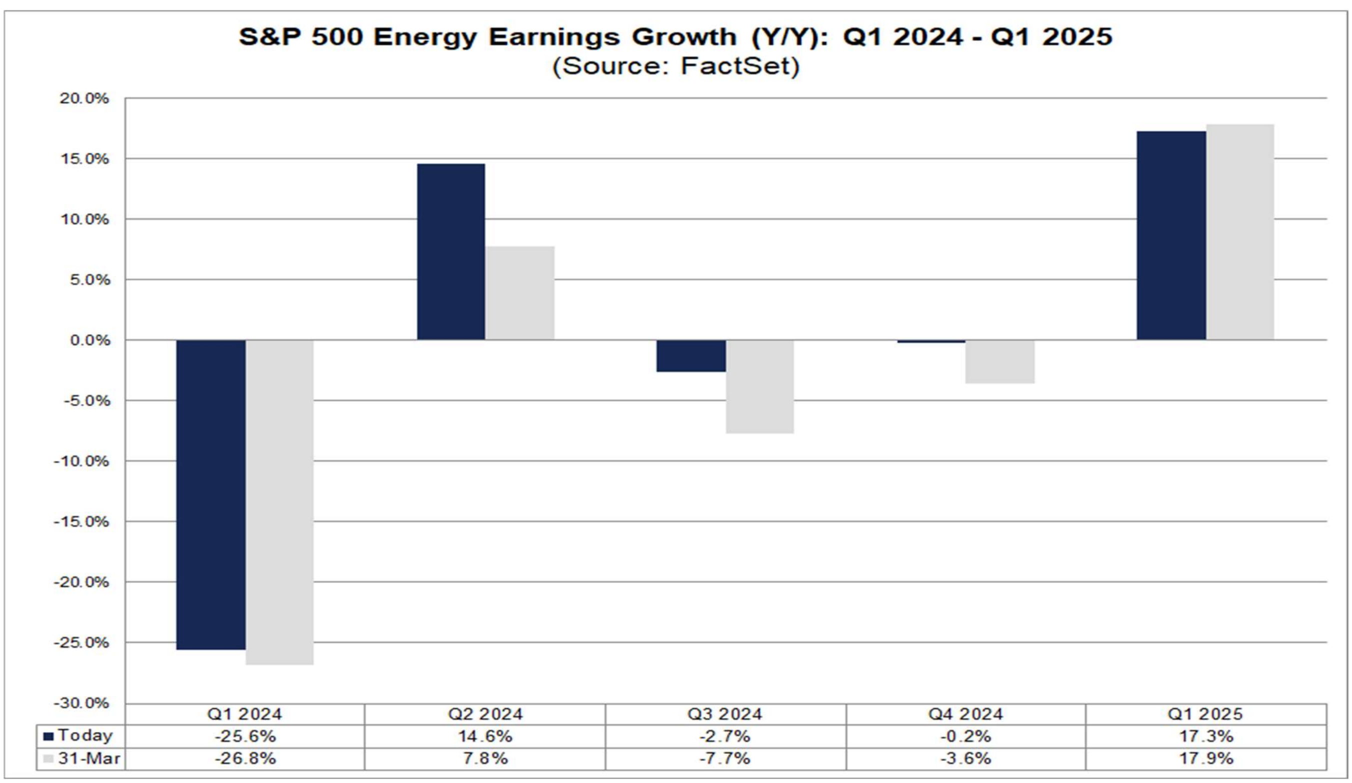
Connor McLean highlighted key themes related to oil and gas prices. For more commentary from Connor on energy, please go to: https://insight.factset.com/author/connor-mclean

"Geopolitical tensions continue to drive volatility in crude pricing, although OPEC spare capacity should put a cap on pricing upside barring a more significant expansion of hostilities. Strong WTI pricing comes at an unwelcome time for US gas producers who are already dealing with significant oversupply in the US gas market. Constructive oil prices will only serve to drive increased associated gas production in oil-directed plays, despite ongoing concerns around gas takeaway capacity. While comparatively weak natural gas prices have incentivized some operators to reduce activity in 2024 (CHK, CRK) or shut-in production (EQT, APA), prices may need to remain lower for longer to balance the US market or risk seeing the current weakness in the cash market extend into 2025. However, given the steep contango currently present in the gas forward curve, producers may be eager to bring production back before the end of the year to coincide with the expected startup of new LNG demand.

Trevor Fugita discussed key trends related to growing power demand.

"Grid operators within the U.S. are increasing their load forecasts as they attempt to keep up with data center buildout driven by wider adoption of AI. Most notably, PJM increased their annual load growth through 2030 up to 2.4% from 2023's forecast of 0.8%. On average, this represents an additional 10.5 TWh of load each year within PJM's electrical footprint, compared to the previous forecast. Changes from 2023's forecast were primarily driven by planned data centers, with 9 GW of data centers planned or under construction in Northern New Jersey, Northern Virginia, Columbus, and Chicago. This nearly doubles PJM's current fleet of 5.1 GW of data centers and makes up approximately half of the currently planned or under construction data centers within the U.S. Overall, this buildout, combined with other sectors such as electric vehicles, are increasing load forecasts and as such, improving the long-term outlook of natural gas consumption in the power sector. However, continued development of behind-the-meter solar and utility scale renewables and batteries will continue to represent both short and long-term risk to natural gas consumption.


S&P 500 Energy Sector: Q1 2024 Sub-Industry Earnings Growth (Y/Y)
(Source: FactSet)
30%
15%
0%
-15%
-30%
-45%
-60%
-75%
Oil & Gas Equipment & Services
Oil & Gas Storage & Transportation
Oil & Gas Exploration & Production
Integrated Oil & Gas
Oil & Gas Refining & Marketing
Growth %
16%
-3%
-15%
-23%
-62%


S&P 500 Energy Earnings Growth (Y/Y): Q1 2024 - Q1 2025
(Source: FactSet)
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
Q1 2024
Q2 2024
Q3 2024
Q4 2024
Q1 2025
Today
-25.6%
14.6%
-2.7%
-0.2%
17.3%
31-Mar
-26.8%
7.8%
-7.7%
-3.6%
17.9%

Q1 Earnings Season: By The Numbers

Overview

At this early stage, the first quarter earnings season for the S&P 500 is off to a mixed start. On the positive side, both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are at or above their 10-year averages. On the negative side, substantial downward revisions to EPS estimates for two companies in the Health Care sector have caused a decline in the earnings growth rate over the past two weeks. As a result, the index is reporting lower earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. However, the index is still reporting (year-over-year) earnings growth for the third-straight quarter.

Overall, 14% of the companies in the S&P 500 have reported actual results for Q1 2024 to date. Of these companies, 74% have reported actual EPS above estimates, which is below the 5-year average of 77% but equal to the 10-year average of 74%. In aggregate, companies are reporting earnings that are 7.8% above estimates, which is below the 5-year average of 8.5% but above the 10-year average of 6.7%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, downward revisions to EPS estimates for a company in the Health Care sector, partially offset by positive earnings surprises reported by companies in the Financials sector, were the largest contributor to the decrease in the overall growth rate for the index over this period. Since March 31, downward revisions to EPS estimates for two companies in the Health Care sector, partially offset by positive earnings surprises reported by companies in the Financials sector, have been the largest contributor to the decrease in the earnings growth rate for the index during this period.

As a result, the index is reporting lower earnings for the first quarter today relative to the end of last week and relative to the end of the 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 first quarter is 0.5% today, compared to an earnings growth rate of 0.9% last week and an earnings growth rate of 3.4% at the end of the first quarter (March 31).

If 0.5% is the actual growth rate for the quarter, it will mark the third consecutive quarter of year-over-year earnings growth for the index.

Six of the eleven sectors are reporting (or are projected to report) year-over-year earnings growth, led by the Utilities, Information Technology, Communication Services, and Consumer Discretionary sectors. On the other hand, five sectors are reporting a year-over-year decline in earnings, led by the Health Care, Materials, and Energy sectors.

In terms of revenues, 58% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.0% above the estimates, which is also below the 5-year average of 2.0% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive revenue surprises reported by companies in the Financials sector were mainly responsible for the slight increase in the overall growth rate for the index over this period. Since March 31, positive revenue surprises reported by companies in the Financials sector have been offset by downward revisions to revenue estimates for companies in the Energy, Consumer Discretionary, and Industrials sectors, resulting in no change to the revenue growth rate during this period.

As a result, the index is reporting slightly higher revenues for the first quarter today relative to the end of last week, but flat revenues relative to the end of the quarter. The blended revenue growth rate for the first quarter is 3.5% today, compared to a revenue growth rate of 3.4% last week and a revenue growth rate of 3.5% at the end of the first quarter (March 31).

If 3.5% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

Eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are reporting (or are predicted to report) a year-over-year decline in revenues, led by the Materials and Energy sectors.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 9.6%, 8.7%, and 17.7% for Q2 2024, Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 10.7%.

The forward 12-month P/E ratio is 19.9, which is above the 5-year average (19.1) and above the 10-year average (17.8). However, it is below the forward P/E ratio of 21.0 recorded at the end of the first quarter (March 31).

During the upcoming week, 158 S&P 500 companies (including 11 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Number & Magnitude of Positive EPS Surprises Are Below 5-Yerar Averages

Percentage of Companies Beating EPS Estimates (74%) is Below 5-Year Average

Overall, 14% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 74% have reported actual EPS above the mean EPS estimate, 11% have reported actual EPS equal to the mean EPS estimate, and 15% 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 average (78%) and below the 5-year average (77%), but equal to the 10-year average (74%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Communication Services (100%), Financials (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (0%), Materials (0%), and Real Estate (0%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.8%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.8% above expectations. This surprise percentage is above the 1-year average (+6.4%), below the 5-year average (+8.5%), and above the 10-year average (+6.7%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Consumer Discretionary (+17.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.98 vs. $0.75), Carnival (-$0.14 vs. -$0.18), Las Vegas Sands ($0.75 vs. $0.62), and Lennar ($2.57 vs. $2.21) have reported the largest positive EPS surprises.

The Communication Services (+15.6%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix ($5.28 vs. $4.52) has reported the largest positive EPS surprise.

The Information Technology (+12.8%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Micron Technology ($0.42 vs. -$0.25) has reported the largest positive EPS surprise.

The Consumer Staples (+9.6%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Walgreens Boots Alliance ($1.20 vs. $0.82) and General Mills ($1.17 vs. $1.05) have reported the largest positive EPS surprises.

Market Punishing Negative EPS Surprises More Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies less than average and punishing negative earnings surprises more than average.

Companies that have reported positive earnings surprises for Q1 2024 have seen no change in price (0.0%) on average two days before the earnings release through two days after the earnings release. This percentage is smaller than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2024 have seen an average price decrease of -6.1% two days before the earnings release through two days after the earnings. This percentage decrease is much 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 (58%) is Below 5-Year Average

In terms of revenues, 58% of companies have reported actual revenues above estimated revenues and 42% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (67%), below the 5-year average (69%), and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Communication Services (100%) and Financials (74%) sectors has the highest percentages of companies reporting revenues above estimates, while the Materials (0%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.0%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.0% above expectations. This surprise percentage is below the 1-year average (+1.4%), below the 5-year average (+2.0%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+2.6%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Energy (-3.9%) and Materials (-2.7%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings This Week Due to Health Care Sector

Decrease in Blended Earnings This Week Due to Health Care Sector

The blended (year-over-year) earnings growth rate for the first quarter is 0.5%, which is below the earnings growth rate of 0.9% last week. Downward revisions to EPS estimates for a company in the Health Care sector, partially offset by positive earnings surprises reported by companies in the Financials sector, were the largest contributor to the decrease in the overall growth rate for the index over this period.

In the Health Care sector, downward revisions to EPS estimates for Gilead Sciences were the largest contributor to the decrease in the earnings growth rate for the index during the past week. During the week of April 15, the majority of analysts covering Gilead Sciences updated their non-GAAP EPS estimates to reflect the acquisition of CymaBay. Prior to the week of April 15, the majority of analysts were not reflecting the acquisition of CymaBay in their EPS estimates. As a result, the mean EPS estimate for Gilead Sciences for Q1 has fallen to -$1.54 today from $1.58 on April 12. Due to the decrease in the mean EPS estimate for Gilead Sciences, the blended earnings decline for the Health Care sector increased to -30.8% from -25.4% over this period.

In the Financials sector, the positive EPS surprises reported by Goldman Sachs ($11.58 vs. $8.73) and Morgan Stanley ($2.02 vs. $1.67) were the largest positive contributors to earnings for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 5.1% from 3.4% over this period.

Slight Increase in Blended Revenues This Week Due to Financials Sector

The blended (year-over-year) revenue growth rate for the first quarter is 3.5%, which is slightly above the revenue growth rate of 3.4% last week. Positive revenue surprises reported by companies in the Financials sector were mainly responsible for the slight increase in the overall growth rate for the index over this period.

Health Care Sector Has Seen Largest Decrease in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2024 of 0.5% is smaller than the estimate of 3.4% at the end of the first quarter (March 31). Six sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to EPS estimates or negative earnings surprises, led by the Health Care (to -30.8% from -7.1%) sector. The Health Care sector has also been the largest contributor to the decrease in earnings for the index since March 31. On the other hand, five sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Financials (to 5.1% from 1.7%) sector. The Financials sector has also been the largest detractor to the decrease in earnings for the index since March 31.

In the Health Care sector, downward revisions to EPS estimates for Bristol-Myers Squibb and Gilead Sciences have been the largest contributors to the decrease in the earnings growth rate for the index since March 31. During the week of April 8, the majority of analysts covering Bristol-Myers Squibb lowered their non-GAAP EPS estimates to reflect IPR&D charges related to the acquisition of Karuna Therapeutics. As a result, the mean EPS estimate for Bristol-Myers Squibb for Q1 has fallen to -$4.48 today from $1.60 on April 5. During the week of April 15, the majority of analysts covering Gilead Sciences lowered their non-GAAP EPS estimates to reflect the acquisition of CymaBay. As a result, the mean EPS estimate for Gilead Sciences for Q1 has fallen to -$1.54 today from $1.58 on April 12. Mainly due to the decrease in the mean EPS estimates for Bristol-Myers Squibb and Gilead Sciences, the blended earnings decline for the Health Care sector increased to -30.8% from -7.1% over this period.

In the Financials sector, the positive EPS surprises reported by Goldman Sachs ($11.58 vs. $8.73), JPMorgan Chase ($4.44 vs. $4.17), Morgan Stanley ($2.02 vs. $1.67), and Citigroup ($1.58 vs. $1.18) have been the largest positive contributors to earnings for the index since March 31. As a result, the blended earnings growth rate for the Financials sector increased to 5.1% from 1.7% over this period.

Financials Sector Has Seen Largest Increase in Sales since March 31

The blended (year-over-year) revenue growth rate for Q1 2024 of 3.5% is equal to the estimate of 3.5% at the end of the first quarter (March 31). Two sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 4.6% from 3.2%) sectors. The Financials sector has also been the largest positive contributor to revenues for the index since the end of the quarter. On the other hand, eight sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to -4.9% from -3.9%) sector. The Energy sector has also been the largest negative contributor to revenues for the index since the end of the quarter. One sector (Communication Services) has recorded no change in its revenue growth rate (7.3%) since March 31.

In the Financials sector, the positive revenue surprises reported by Progressive ($18.96 billion vs. $17.0 billion) and Goldman Sachs ($14.21 billion vs. $12.94 billion) have been the largest positive contributors to revenues for the index since March 31. As a result, the blended revenue growth rate for the Financials sector increased to 4.6% from 3.2% over this period.

In the Energy sector, downward revisions to revenue estimates for Exxon Mobil (to $79.35 billion from $80.50 billion) and Chevron (to $48.30 billion from $49.19 billion) have been significant negative contributors to revenues for the index since March 31. As a result, the blended revenue decline for the Energy sector has increased to -4.9% from -3.9% over this period.

Earnings Growth: 0.5%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report), year-over-year earnings growth rate for Q1 2024 is 0.5%, which is below the 5-year average earnings growth rate of 9.1% and below the 10-year average earnings growth rate of 8.3%. If 0.5% is the actual growth rate for the quarter, it will mark the third consecutive quarter that the index has reported year-over-year earnings growth.

Six of the eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Utilities, Information Technology, Communication Services, and Consumer Discretionary sectors. On the other hand, five sectors are reporting (or are expected to report) a year-over-year decline in earnings, led by the Health Care, Materials, and Energy sectors.

Utilities: Electric Utilities Industry Is Largest Contributor to Year-Over-Year Growth

The Utilities sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 22.1%. At the industry level, 4 of 5 industries in this sector are predicted to report year-over-year earnings growth. Three of these four industries are projected to report double-digit growth: Independent Power and Renewable Electricity Producers (45%), Electric Utilities (41%), and Gas Utilities (12%). The Multi-Utilities industry (-2%) is the only industry expected to report a year-over-year decline in earnings.

At the industry level, the Electric Utilities industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Utilities sector would fall to 0.3% from 22.1%.

Information Technology: NVIDA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 20.3%. At the industry level, 3 of the 6 industries in the sector are reporting year-over-year earnings growth. Two of these three industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (75%) and Software (15%). On the other hand, three industries are reporting (or are projected to report) a year-over-year decline in earnings, led by the Communications Equipment (-11%) and Electronic Equipment, Instruments, & Components (-8%) industries.

At the company level, NVIDIA ($5.58 vs. $1.09) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Information Technology sector would fall to 7.5% from 20.3%.

Communication Services: Meta Platforms Is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 20.1%. At the industry level, 4 of the 5 industries in the sector are reporting (or are predicted) to report year-over-year earnings growth. Two of these four industries are projected to report double-digit growth: Interactive Media & Services (43%) and Wireless Telecommunication Services (15%). On the other hand, the Diversified Telecommunication Services (-9%) industry is the only industry expected to report a year-over-year decline in earnings.

At the company level, Meta Platforms ($4.32 vs. $2.20) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Communication Services sector would fall to 9.9% from 20.1%.

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

The Consumer Discretionary sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 15.4%. At the industry level, 6 of the 9 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth. Five of these six industries are reporting (or are projected to report) double-digit growth: Leisure Products (2,437%), Broadline Retail (146%), Hotels, Restaurants, & Leisure (41%), Household Durables (12%), and Textiles, Apparel, & Luxury Goods (10%). On the other hand, three industries are reporting (or are expected to report) a year-over-year decline in earnings. One of these three industries is predicted to report a double-digit decrease: Automobiles (-31%).

At the company level, Amazon.com ($0.84 vs. $0.31) is the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -2.7% instead of earnings growth of 14.6%.

Health Care: Bristol-Myers Squibb Is Largest Contributor to Year-Over-Year Decline

The Health Care sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -30.8%. At the industry level, 4 of the 5 industries in the sector are reporting (or are predicted to report) a year-over-year decline in earnings. Three of these four industries are reporting (or are projected to report) a double-digit decrease: Pharmaceuticals (-64%), Biotechnology (-47%), and Life Sciences Tools & Services (-12%). On the other hand, the Health Care Equipment & Supply (2%) industry is the only industry in the sector reporting year-over-year earnings growth.

At the company level, Bristol-Myers Squibb (-$4.48 vs. $2.05) is the largest contributor to the earnings decline for the sector. If these this company were excluded, the blended (year-over-year) earnings decline for the Health Care sector would improve to -12.5% from -30.8%.

Materials: All 4 Industries Reporting Year-Over-Year Decline of 15% or More

The Materials sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -25.7%. At the industry level, all four industries in this sector are reporting (or are predicted to report) a year-over-year decline in earnings of 15% or more: Chemicals (-27%), Containers & Packaging (-27%), Metals & Mining (-22%), and Construction Materials (-18%).

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline of 15% or More

The Energy sector is reporting the third-largest (year-over-year) earnings decline of all eleven sectors at -25.6%. At the sub-industry level, four of the five sub-industries in the sector are reporting (or are predicted to report) a year-over-year decrease in earnings: Oil & Gas Refining & Marketing (-62%), Integrated Oil & Gas (-23%), Oil & Gas Exploration & Production (-15%), and Oil & Gas Storage & Transportation (-3%). On the other hand, the Oil & Gas Equipment & Services (16%) sub-industry is the only sub-industry in the sector projected to report year-over-year earnings growth.

Revenue Growth: 3.5%

The blended (year-over-year) revenue growth rate for Q1 2024 is 3.5%, which is below the 5-year average revenue growth rate of 6.7% and below the 10-year average revenue growth rate of 5.1%. If 3.5% is the actual revenue growth rate for the quarter, it will mark the 14th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting year-over-year growth in revenues, led by the Communication Services and Information Technology sectors. On the other hand, three sectors are reporting (or are predicted to report) a year-over-year decline in revenues, led by the Energy and Materials sectors.

Communication Services: 4 of 5 Industries Reporting Year-Over-Year Growth

The Communication Services sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 7.3%. At the industry level, four of the five industries in this sector are reporting (or are predicted to report) year-over-year growth in revenues. However, the Interactive Media & Services (15%) industry is the only industry that is projected to report double-digit growth.

Information Technology: 3 of 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 7.1%. At the industry level, 3 of the 6 industries in the sector are reporting year-over-year revenue growth. Two of these three industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (27%) and Software (13%). On the other hand, 3 industries are reporting (or are predicted to report) a year-over-year decline in revenues, led by the Communications Equipment (-10%) and Electronic Equipment, Instruments, & Components (-8%) industries.

Materials: 3 of 4 Industries Reporting Year-Over-Year Decline

The Materials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -5.3%. At the industry level, three of the four industries in this sector are reporting (or are predicted to report) a year-over-year decline in revenues: Chemicals (-7%), Containers & Packaging (-6%), and Construction Materials (-6%). On the other hand, the Metals & Mining (3%) industry is the only industry projected to report year-over-year growth in revenues.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the second-largest (year-over-year) revenue decline of all eleven sectors at -4.9%. At the sub-industry level, three of the five sub-industries in the sector are predicted to report a year-over-year decrease in revenues: Integrated Oil & Gas (-7%), Oil & Gas Refining & Marketing (-7%), and Oil & Gas Exploration & Production (-1%). On the other hand, two sub-industries are reporting year-over-year revenue growth: Oil & Gas Equipment & Services (8%) and Oil & Gas Storage & Transportation (3%).

Net Profit Margin: 11.2%

The blended net profit margin for the S&P 500 for Q1 2024 is 11.2%, which is equal to the previous quarter's net profit margin of 11.2%, but below the 5-year average of 11.5% and below the year-ago net profit margin of 11.6%.

At the sector level, five sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q1 2024 compared to Q1 2023, led by the Utilities (13.0% vs. 10.3%) and Information Technology (25.1% vs. 22.4%) sectors. On the other hand, six sectors are reporting a year-over-year decrease in their net profit margins in Q1 2024 compared to Q1 2023, led by the Health Care (6.1% vs. 9.3%), Energy (9.8% vs. 12.5%), and Materials (8.8% vs. 11.2%) sectors.

Six sectors are reporting net profit margins in Q1 2024 that are above their 5-year averages, led by the Information Technology (25.1% vs. 23.4%) sector. On the other hand, five sectors are reporting (or are expected to report) net profit margins in Q1 2024 that are below their 5-year averages, led by the Health Care (6.1% vs. 10.0%) and Materials (8.8% vs. 10.9%) sectors.

Forward Estimates and Valuation

Quarterly Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q2 Below 5-Year Average

At this point in time, 12 companies in the index have issued EPS guidance for Q2 2024. Of these 12 companies, 7 have issued negative EPS guidance and 5 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2024 is 58% (7 out of 12), which is below the 5-year average of 59% and below the 10-year average of 63%.

At this point in time, 263 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 263 companies, 136 have issued negative EPS guidance and 127 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 52% (136 out of 263).

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: S&P 500 Expected to Report Earnings Growth of 11% for CY 2024

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 0.5% and year-over-year growth in revenues of 3.5%.

For Q2 2024, analysts are projecting earnings growth of 9.6% and revenue growth of 4.4%.

For Q3 2024, analysts are projecting earnings growth of 8.7% and revenue growth of 5.0%.

For Q4 2024, analysts are projecting earnings growth of 17.7% and revenue growth of 5.6%.

For CY 2024, analysts are projecting earnings growth of 10.7% and revenue growth of 5.0%.

For CY 2025, analysts are projecting earnings growth of 13.8% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 19.9, Above the 10-Year Average (17.8)

The forward 12-month P/E ratio for the S&P 500 is 19.9. This P/E ratio is above the 5-year average of 19.1 and above the 10-year average of 17.8. However, it is below the forward 12-month P/E ratio of 21.0 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 4.6%, while the forward 12-month EPS estimate has increased by 0.6%. At the sector level, the Information Technology (26.6) and Consumer Discretionary (24.1) sectors have the highest forward 12-month P/E ratios, while the Energy (12.6) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 24.7, which is above the 5-year average of 23.1 and above the 10-year average of 21.3.

Targets & Ratings: Analysts Project 15% Increase in Price Over Next 12 Months

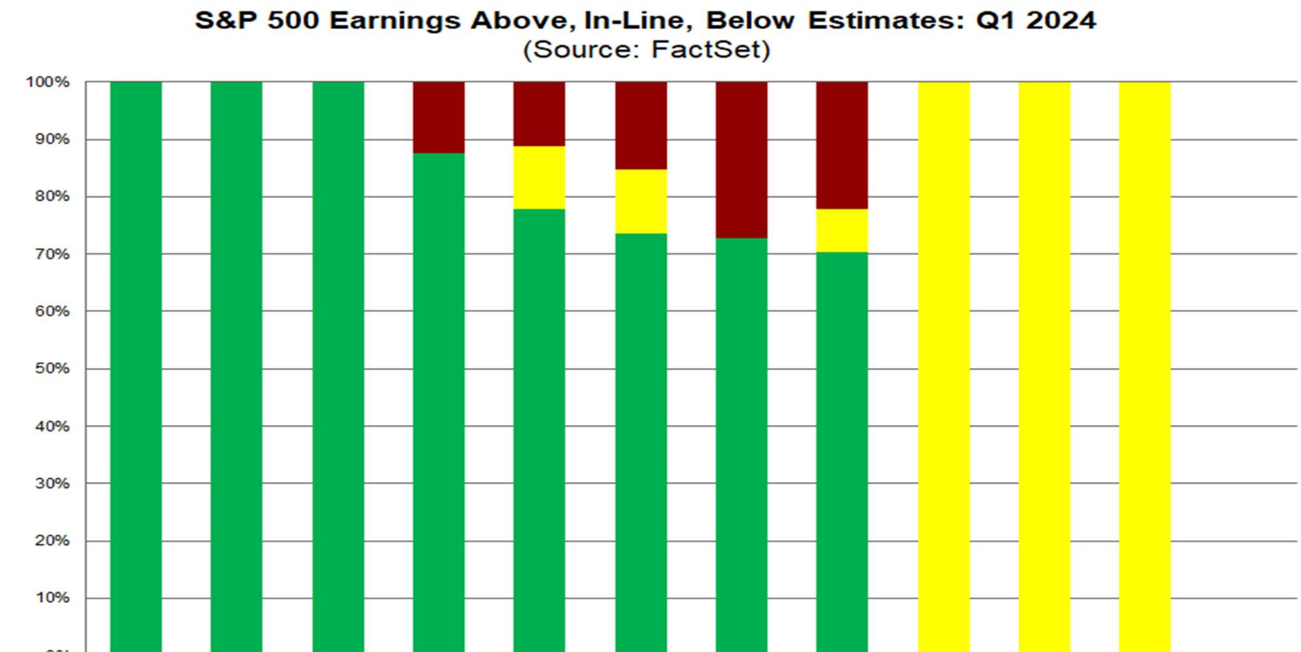
The bottom-up target price for the S&P 500 is 5750.86, which is 14.8% above the closing price of 5011.12. At the sector level, the Real Estate (+21.2%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Materials (+8.1%) 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 11,726 ratings on stocks in the S&P 500. Of these 11,726 ratings, 53.8% are Buy ratings, 40.6% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Communication Services (64%) and Energy (61%) sectors have the highest percentages of Buy ratings, while the Materials (44%) and Consumer Staples (46%) sectors have the lowest percentages of Buy ratings.

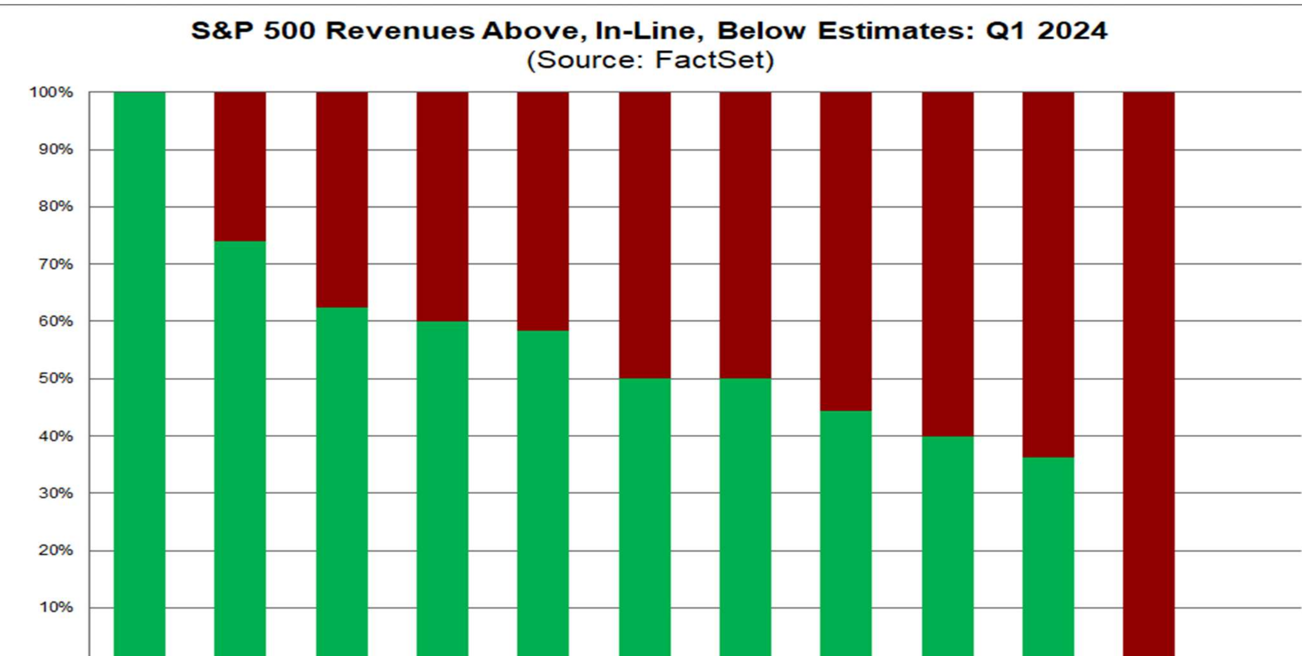
Companies Reporting Next Week: 158

During the upcoming week, 158 S&P 500 companies (including 11 Dow 30 components) are scheduled to report results for the first quarter.

Q1 2024: Scorecard

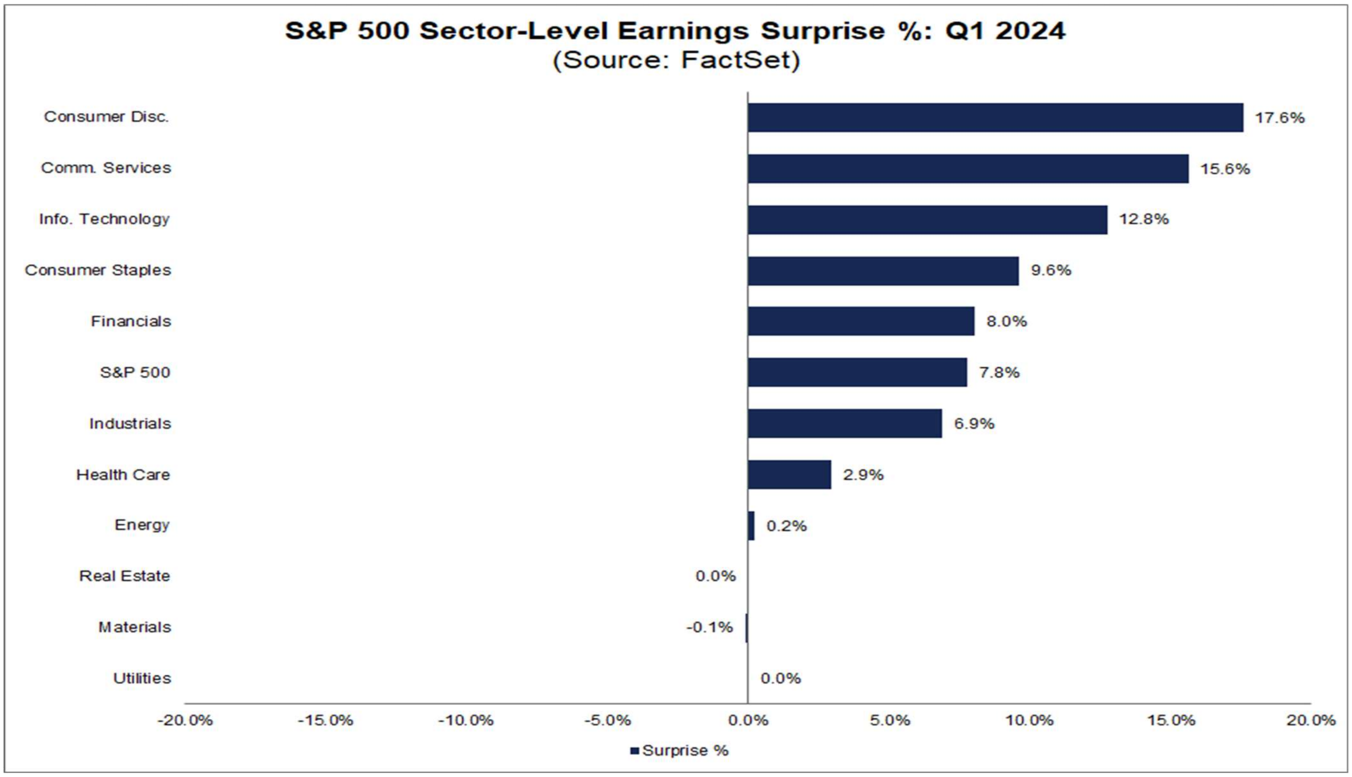


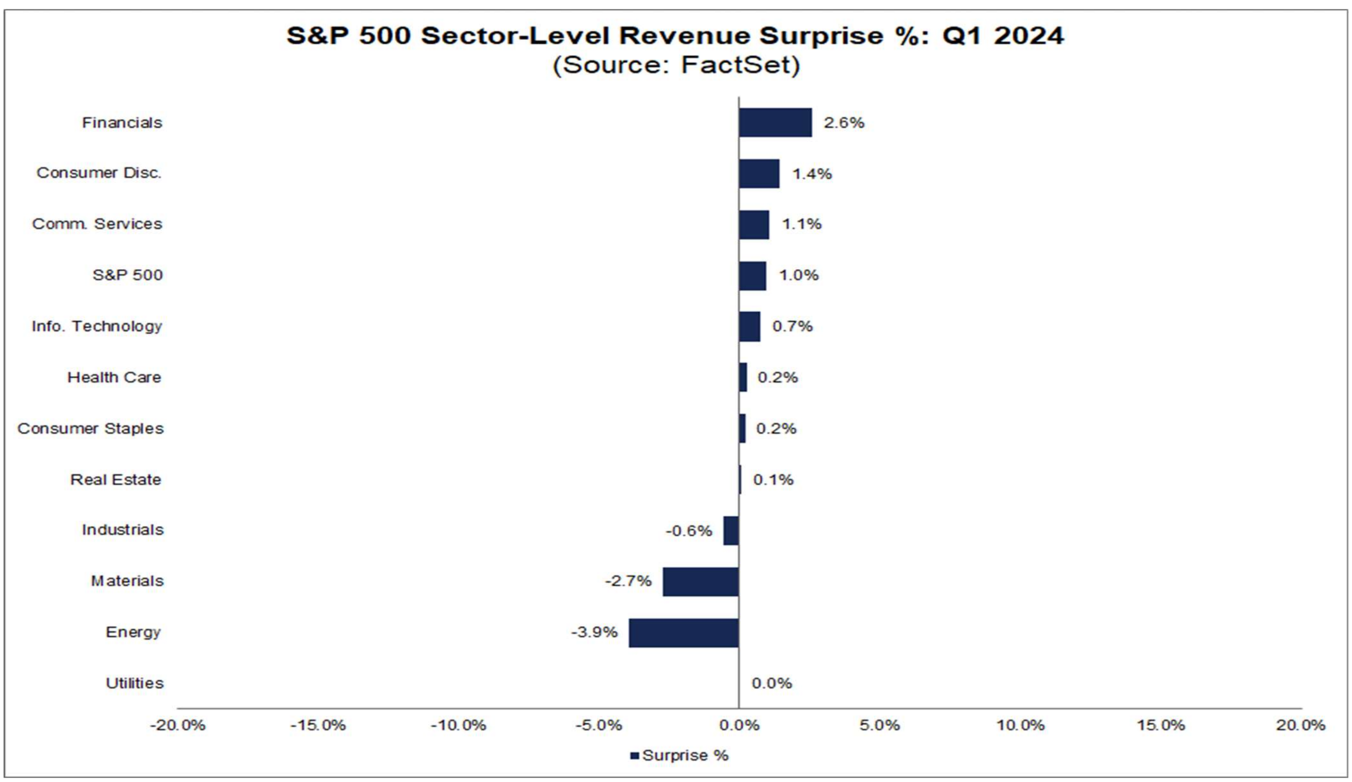
	Comm. Services	Health Care	Info. Technology	Consumer Staples	Consumer Disc.	S&P 500	Industrials	Financials	Energy	Materials	Real Estate	Utilities
Below	0%	0%	0%	13%	11%	15%	27%	22%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	11%	11%	0%	7%	100%	100%	100%	0%
Above	100%	100%	100%	88%	78%	74%	73%	70%	0%	0%	0%	0%



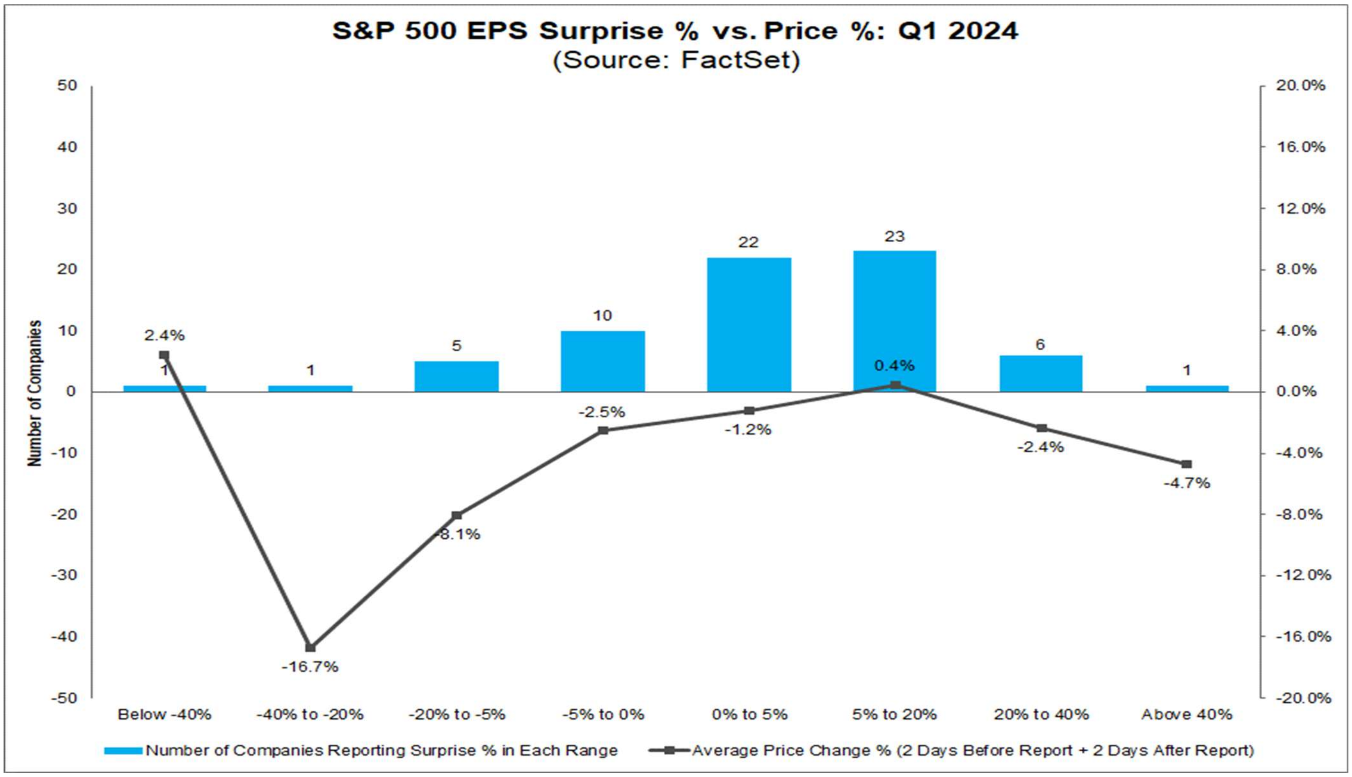
	Comm. Services	Financials	Consumer Staples	Health Care	S&P 500	Energy	Real Estate	Consumer Disc.	Info. Technology	Industrials	Materials	Utilities
Below	0%	26%	38%	40%	42%	50%	50%	56%	60%	64%	100%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	74%	63%	60%	58%	50%	50%	44%	40%	36%	0%	0%

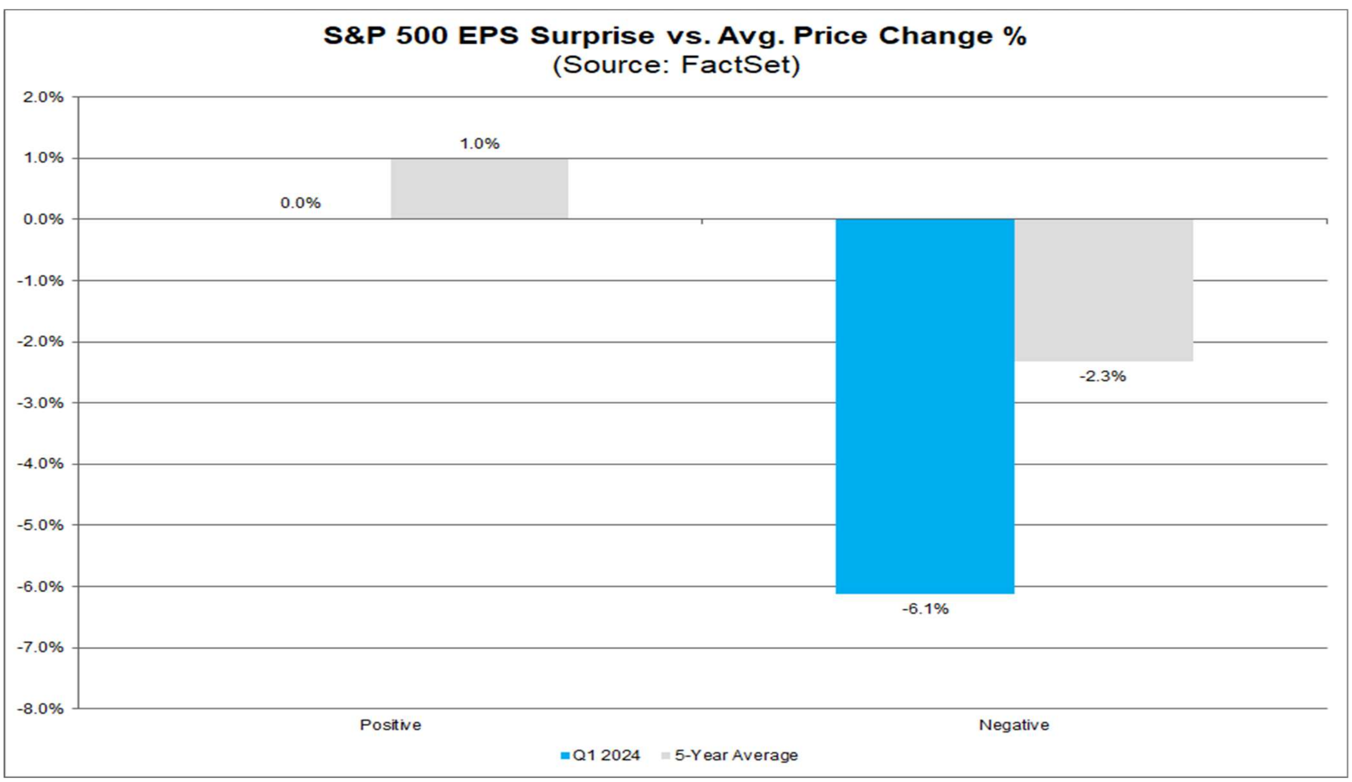
Q1 2024: Surprise



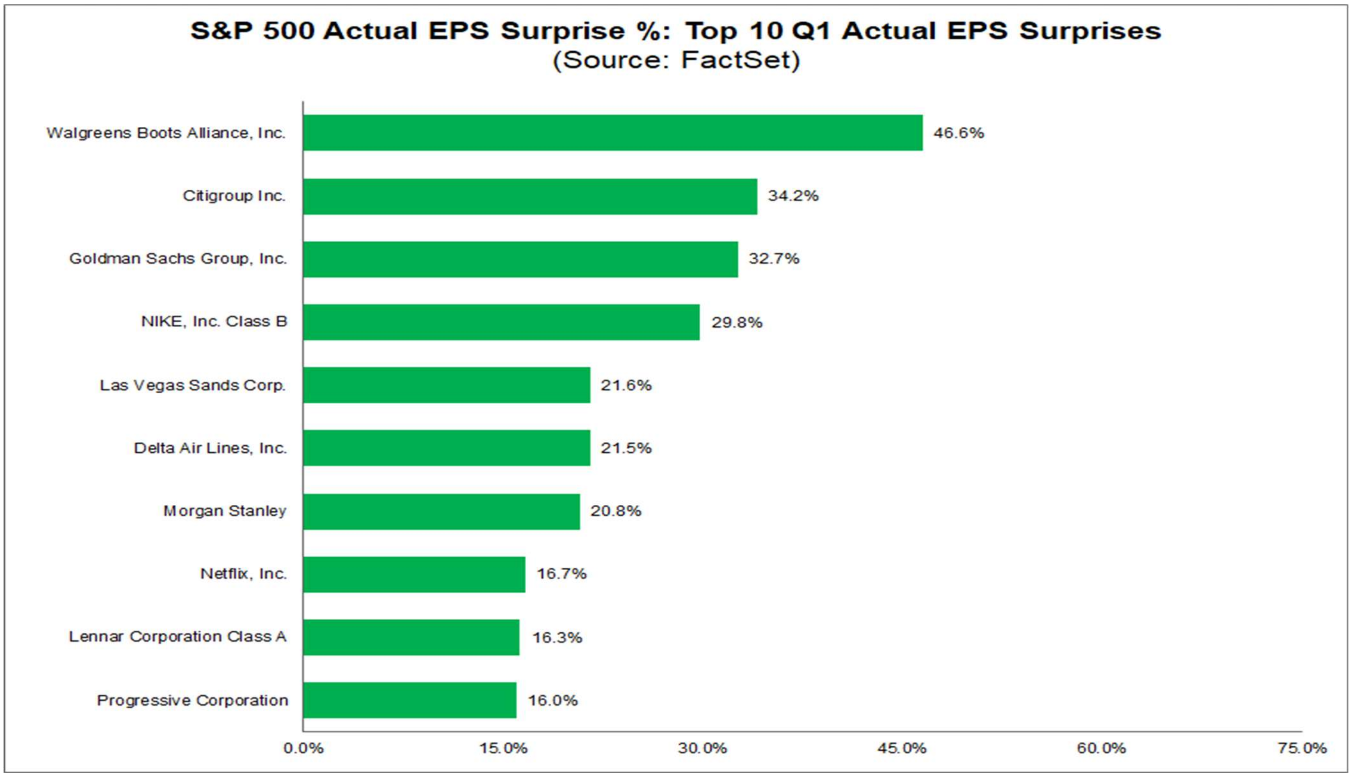


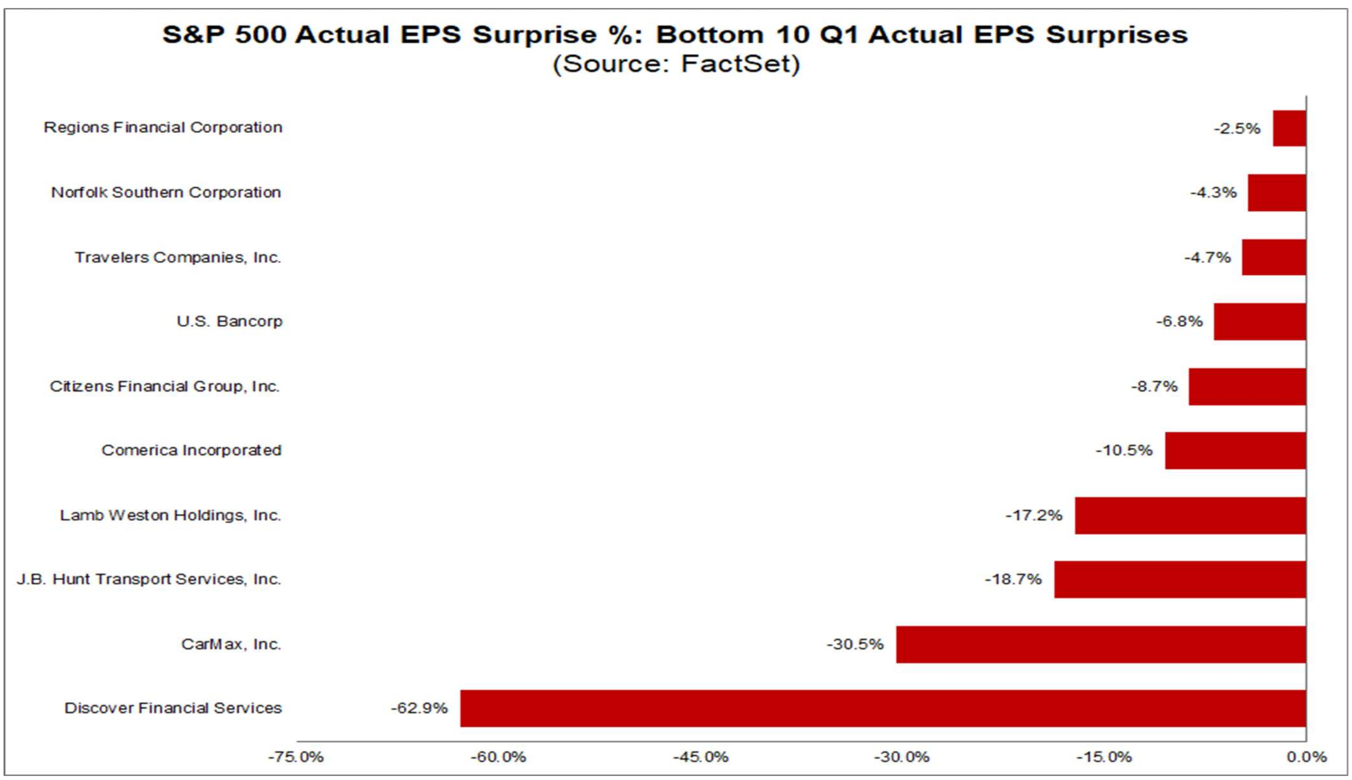
Q1 2024: Surprise



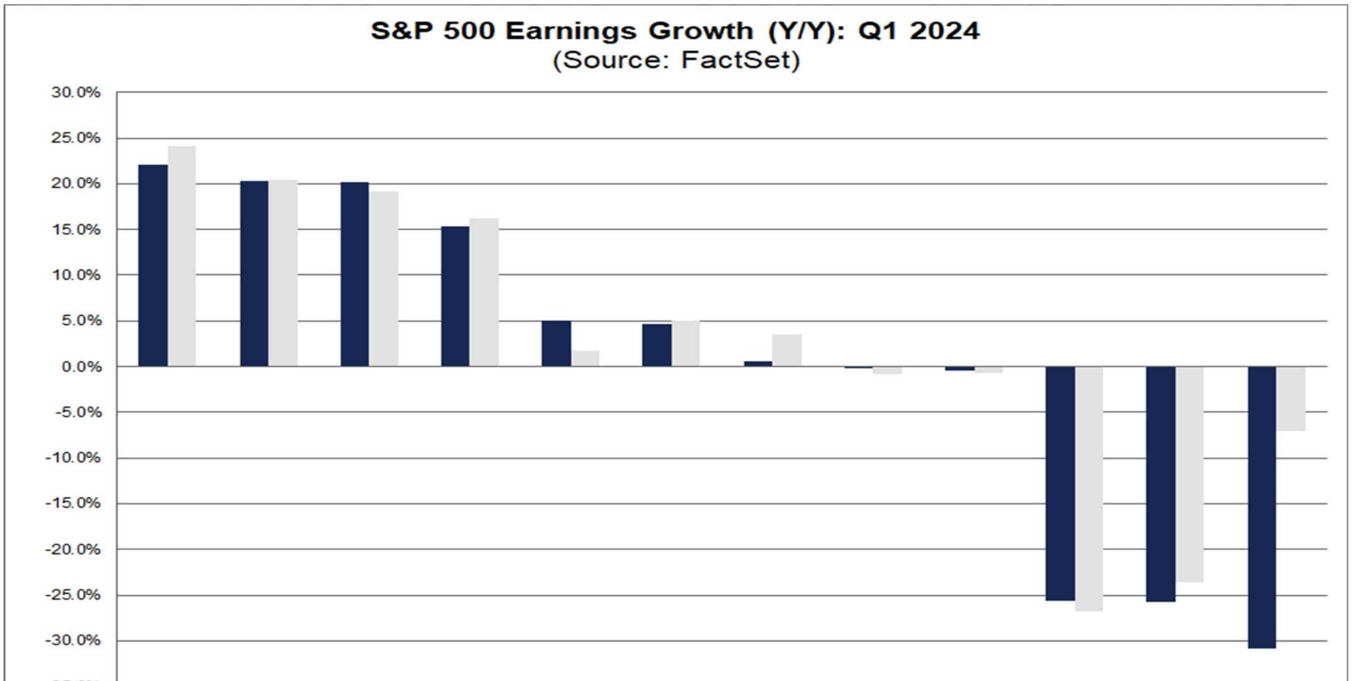


Q1 2024: Surprise

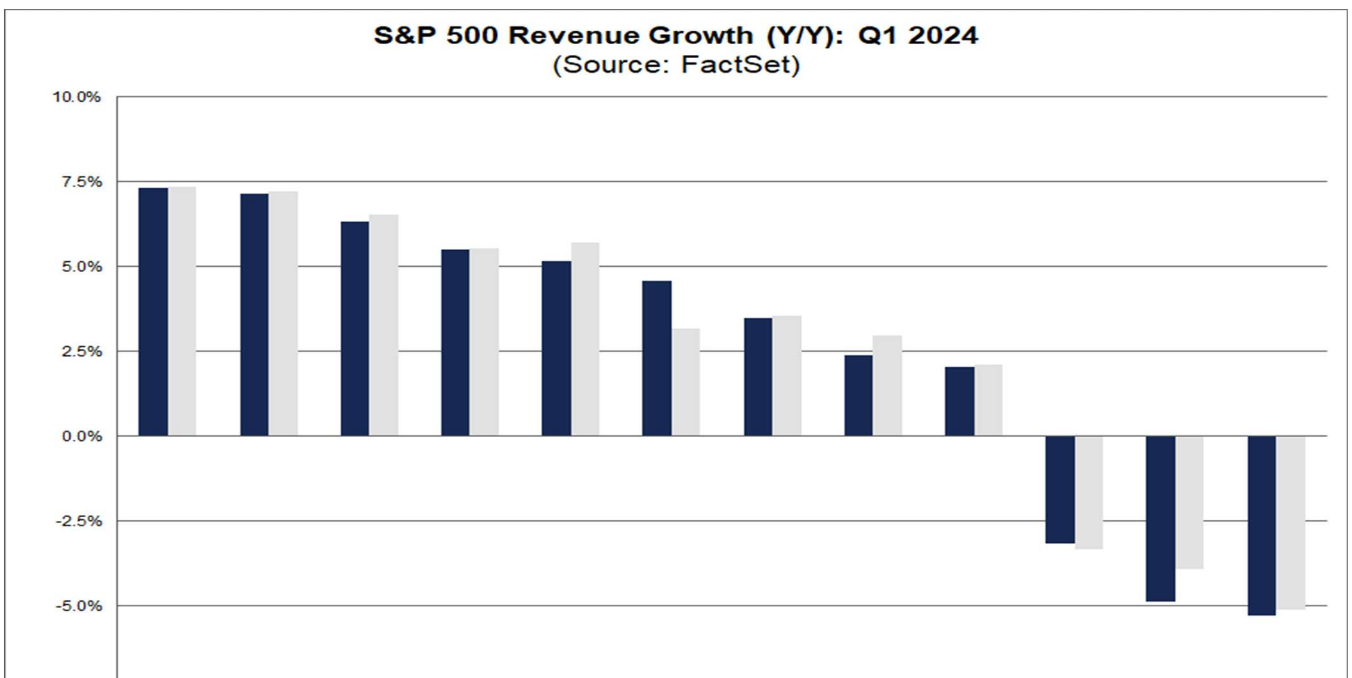




Q1 2024: Growth

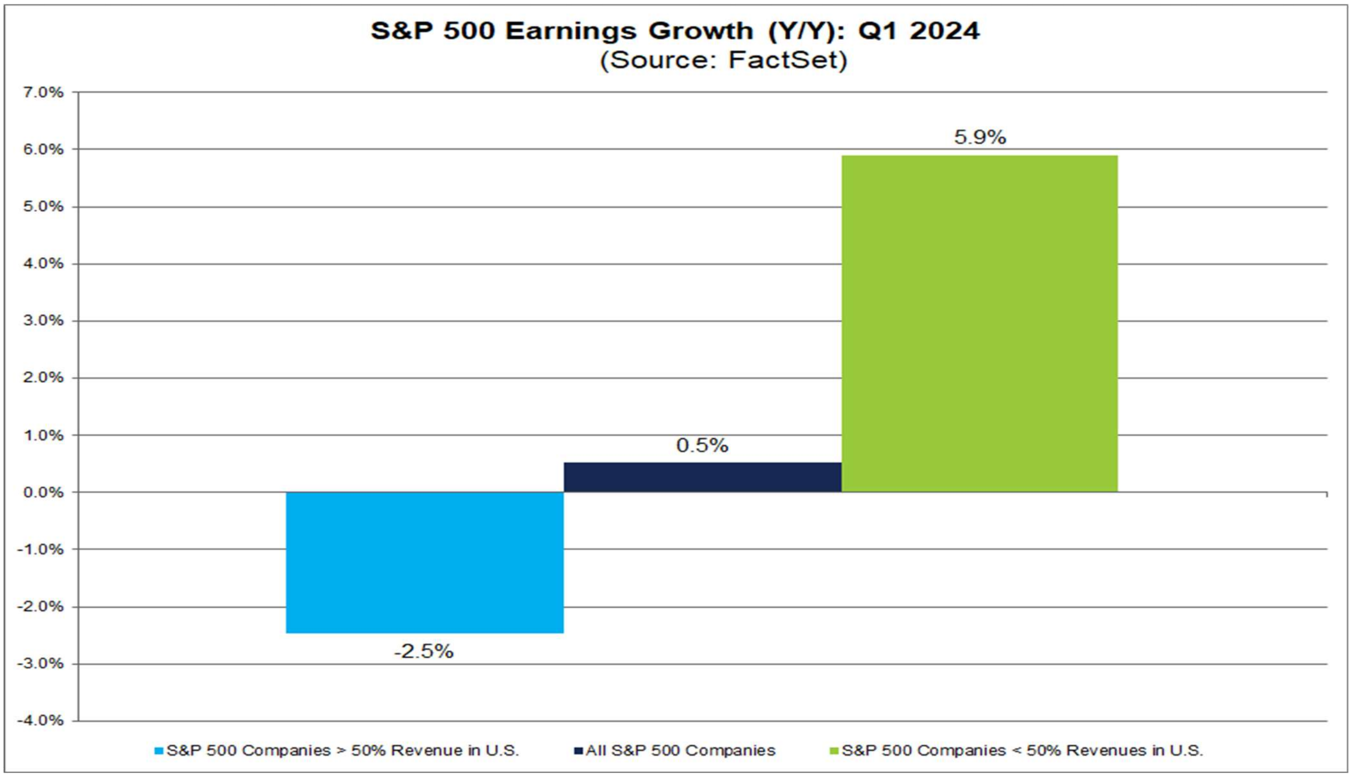


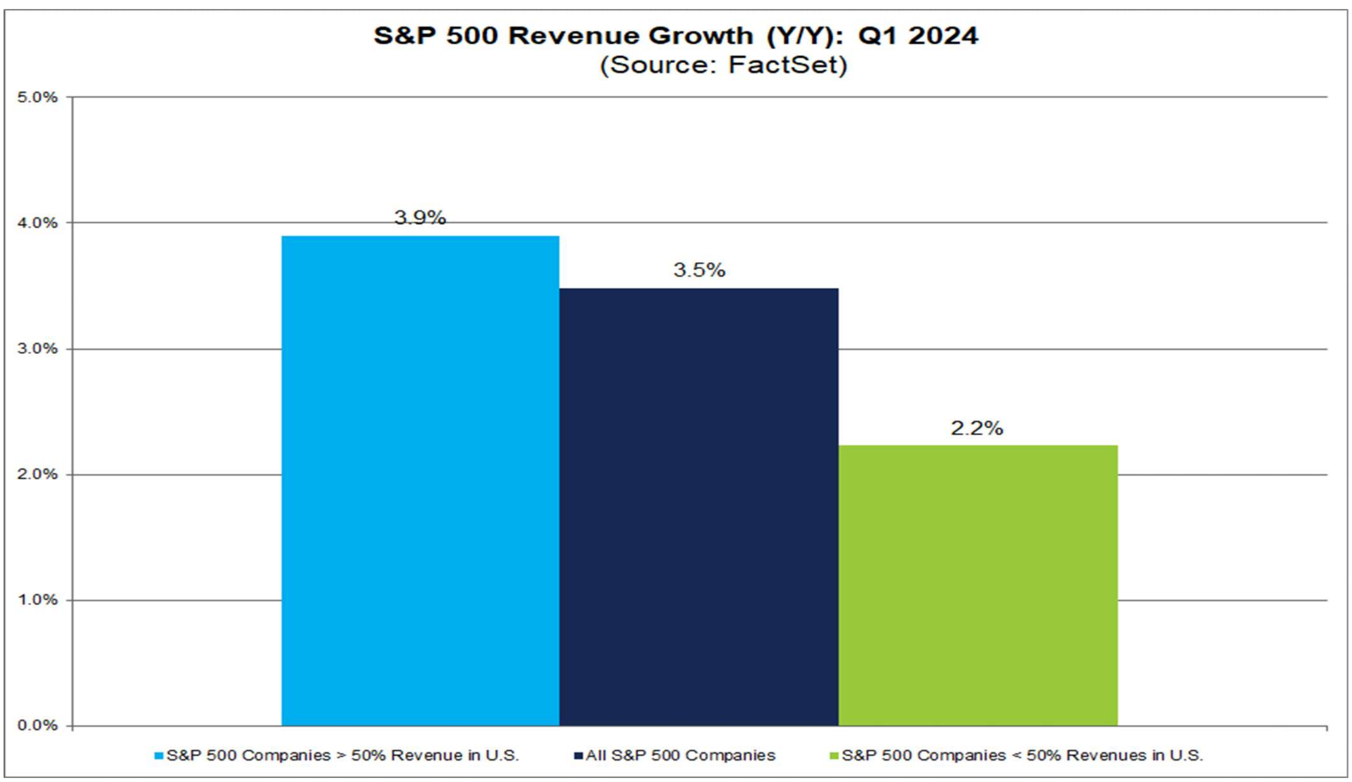
	Utilities	Info. Technology	Comm. Services	Consumer Disc.	Financials	Real Estate	S&P 500	Consumer Staples	Industrials	Energy	Materials	Health Care
Today	22.1%	20.3%	20.1%	15.4%	5.1%	4.6%	0.5%	0.0%	-0.5%	-25.6%	-25.7%	-30.8%
31-Mar	24.1%	20.4%	19.2%	16.2%	1.7%	5.1%	3.4%	-0.8%	-0.6%	-26.8%	-23.6%	-7.1%



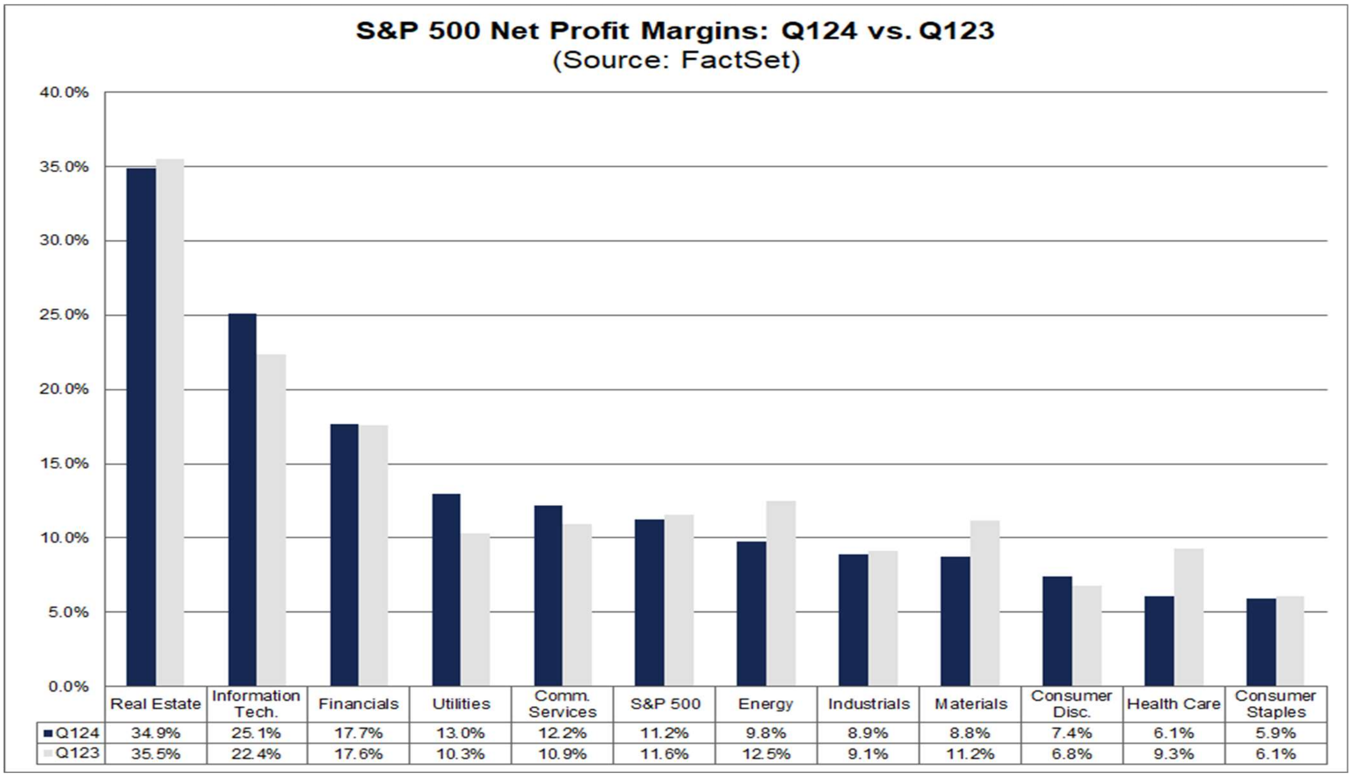
	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Disc.	Financials	S&P 500	Industrials	Consumer Staples	Utilities	Energy	Materials
Today	7.3%	7.1%	6.3%	5.5%	5.2%	4.6%	3.5%	2.4%	2.0%	-3.2%	-4.9%	-5.3%
31-Mar	7.3%	7.2%	6.5%	5.6%	5.7%	3.2%	3.5%	3.0%	2.1%	-3.3%	-3.9%	-5.1%

Q1 2024: Growth

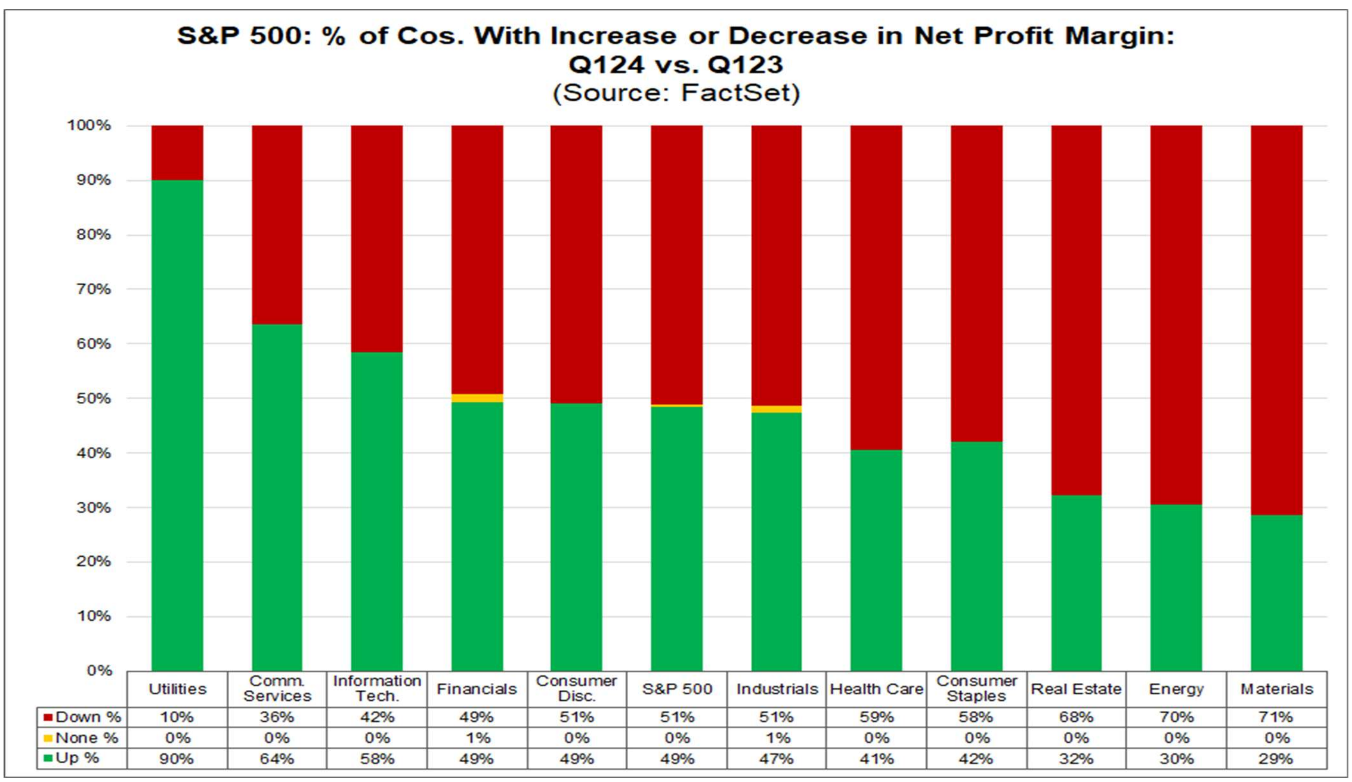




Q1 2024: Net Profit Margin

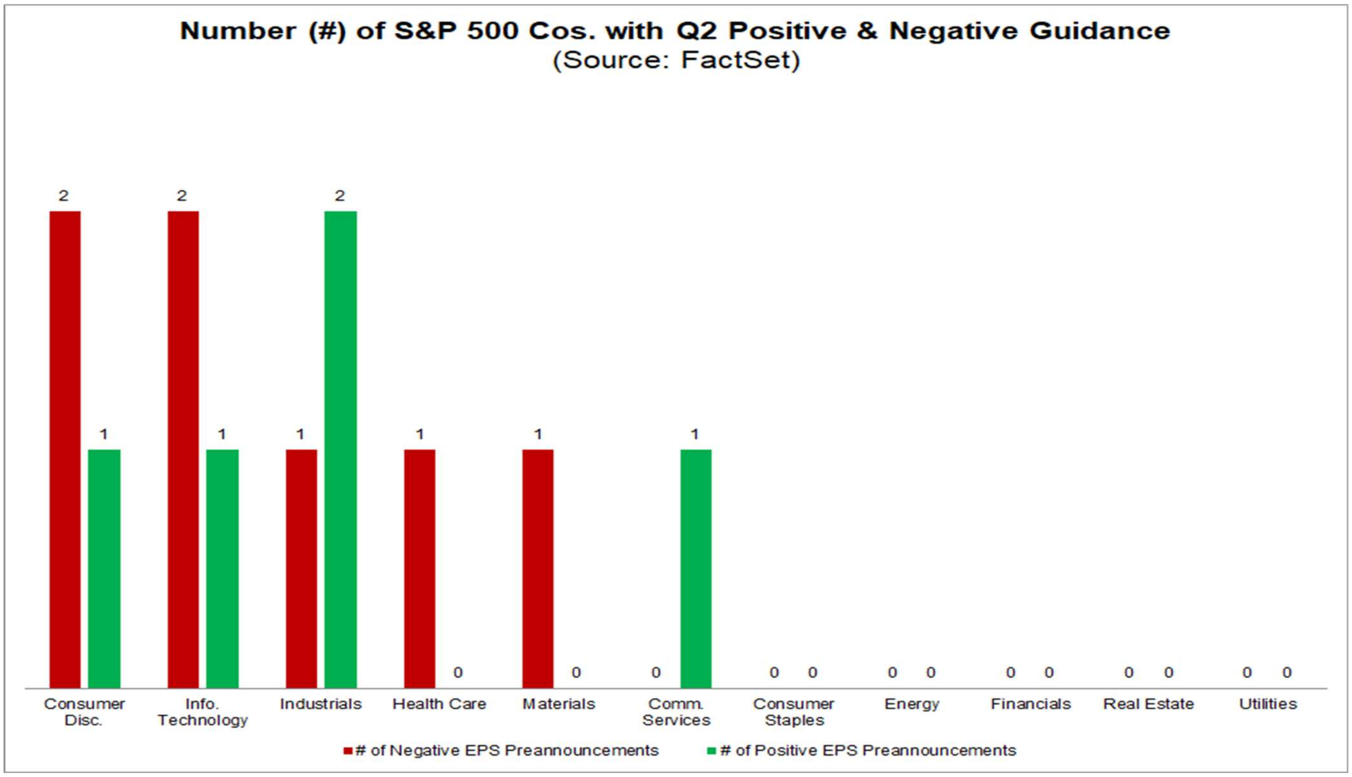


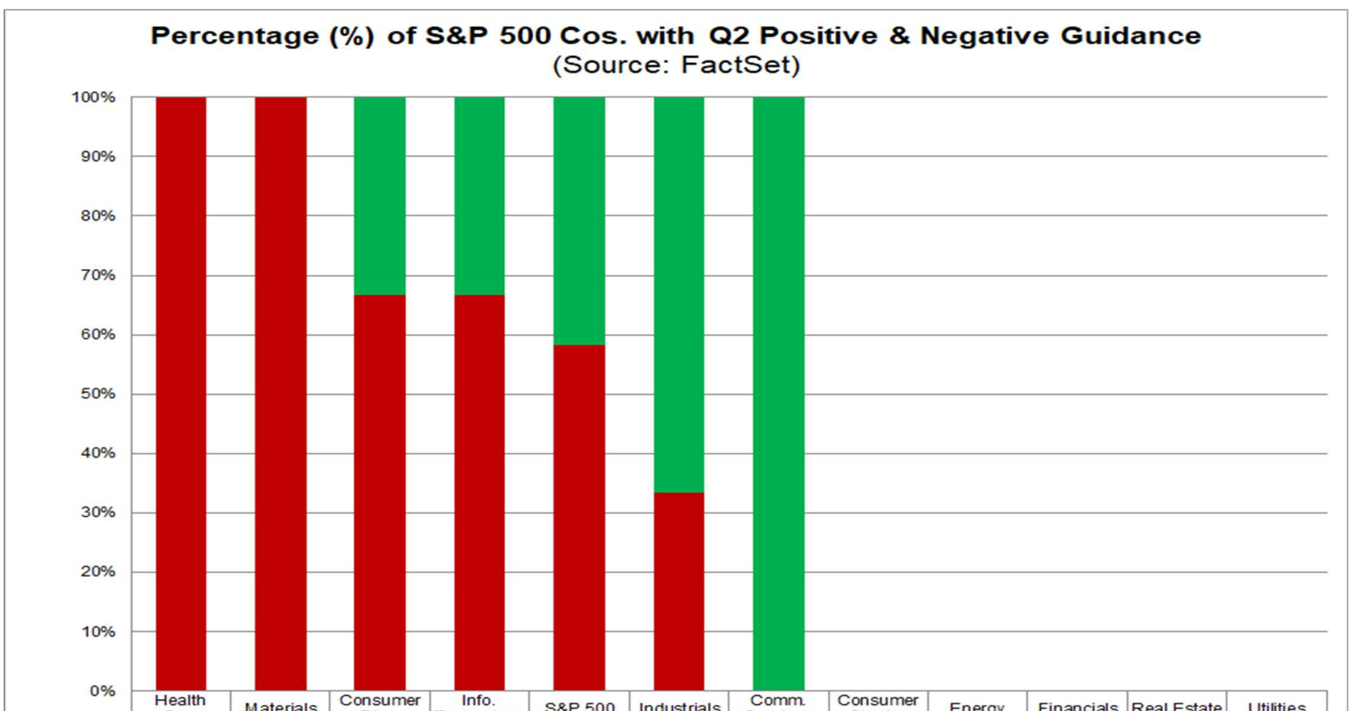
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Consumer Disc.	Health Care	Consumer Staples
Q124	34.9%	25.1%	17.7%	13.0%	12.2%	11.2%	9.8%	8.9%	8.8%	7.4%	6.1%	5.9%
Q123	35.5%	22.4%	17.6%	10.3%	10.9%	11.6%	12.5%	9.1%	11.2%	6.8%	9.3%	6.1%



	Utilities	Comm. Services	Information Tech.	Financials	Consumer Disc.	S&P 500	Industrials	Health Care	Consumer Staples	Real Estate	Energy	Materials
Down %	10%	36%	42%	49%	51%	51%	51%	59%	58%	68%	70%	71%
None %	0%	0%	0%	1%	0%	0%	1%	0%	0%	0%	0%	0%
Up %	90%	64%	58%	49%	49%	49%	47%	41%	42%	32%	30%	29%

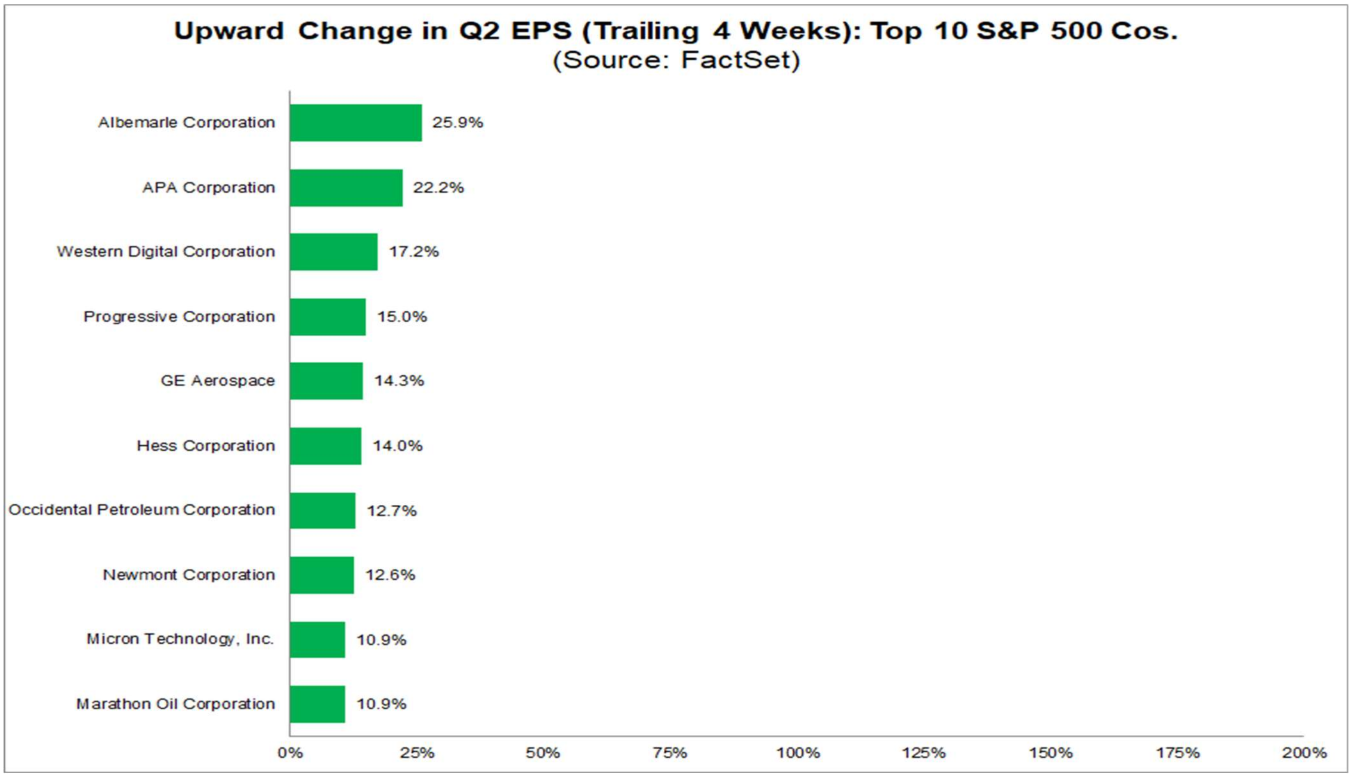
Q2 2024: Guidance

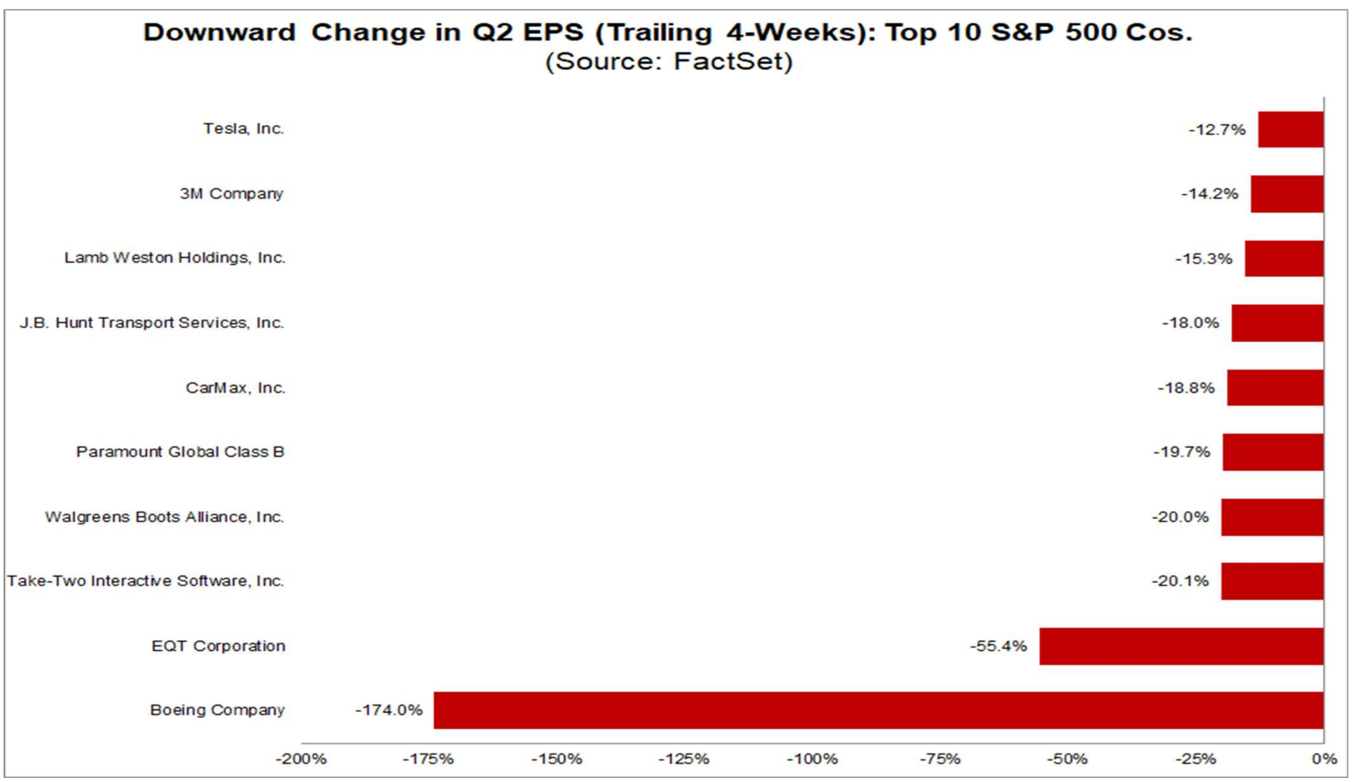




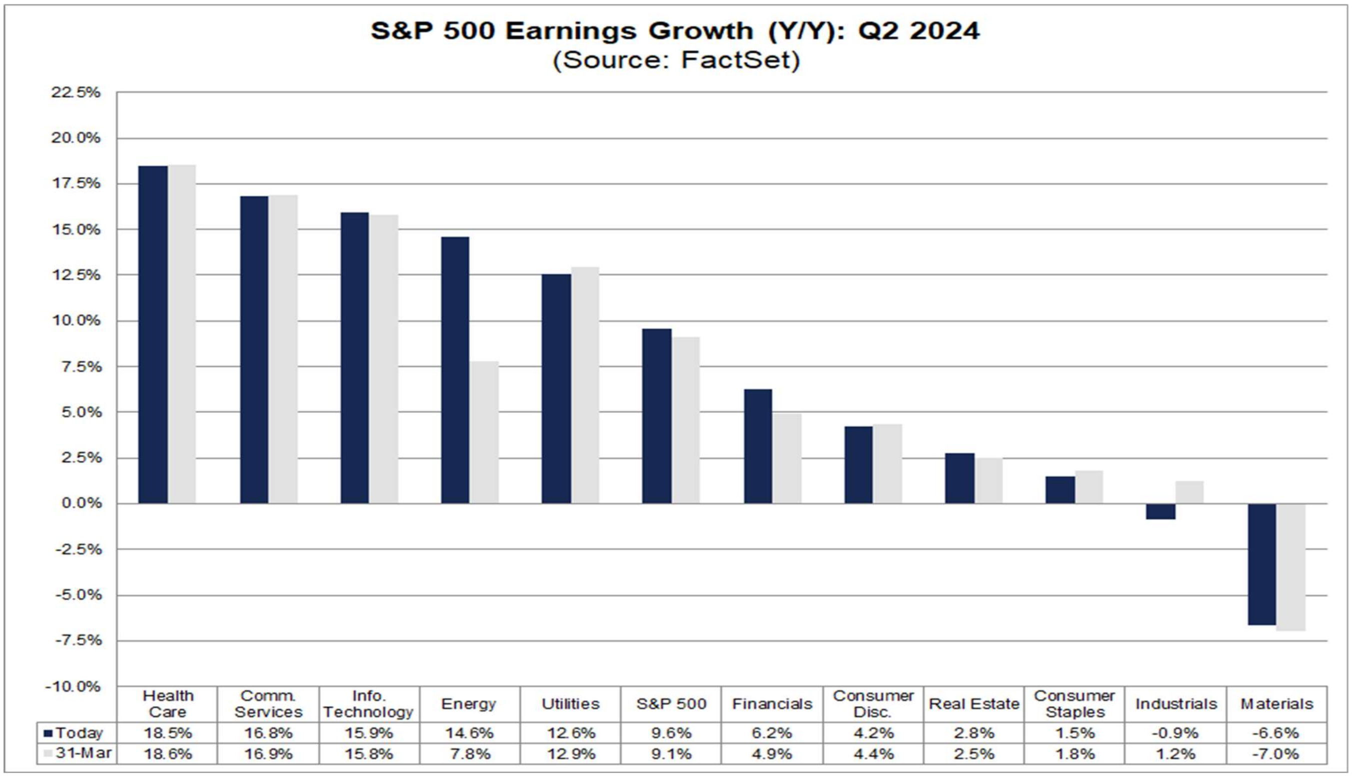
	Health Care	Materials	Consumer Disc.	Info. Technology	S&P 500	Industrials	Comm. Services	Consumer Staples	Energy	Financials	Real Estate	Utilities
Positive	0%	0%	33%	33%	42%	67%	100%	0%	0%	0%	0%	0%
Negative	100%	100%	67%	67%	58%	33%	0%	0%	0%	0%	0%	0%

Q2 2024: EPS Revisions

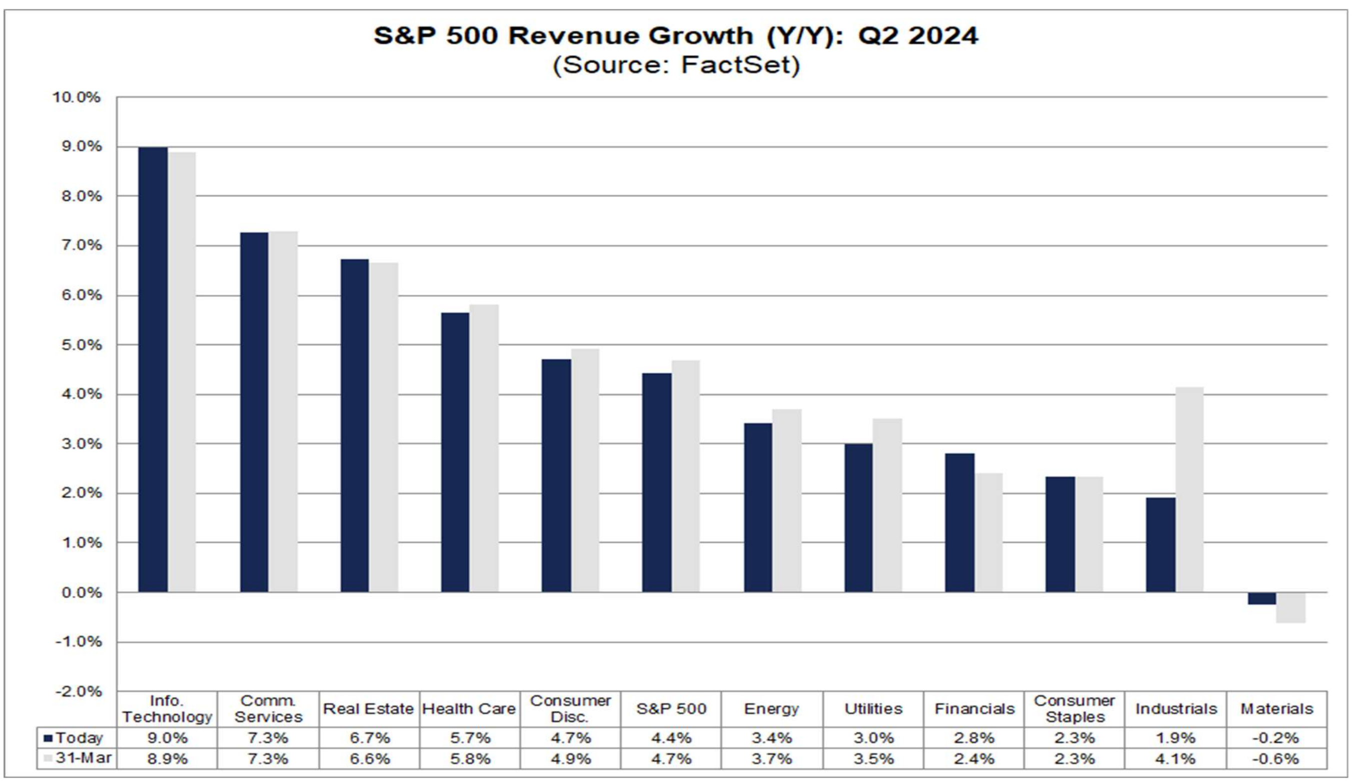




Q2 2024: Growth

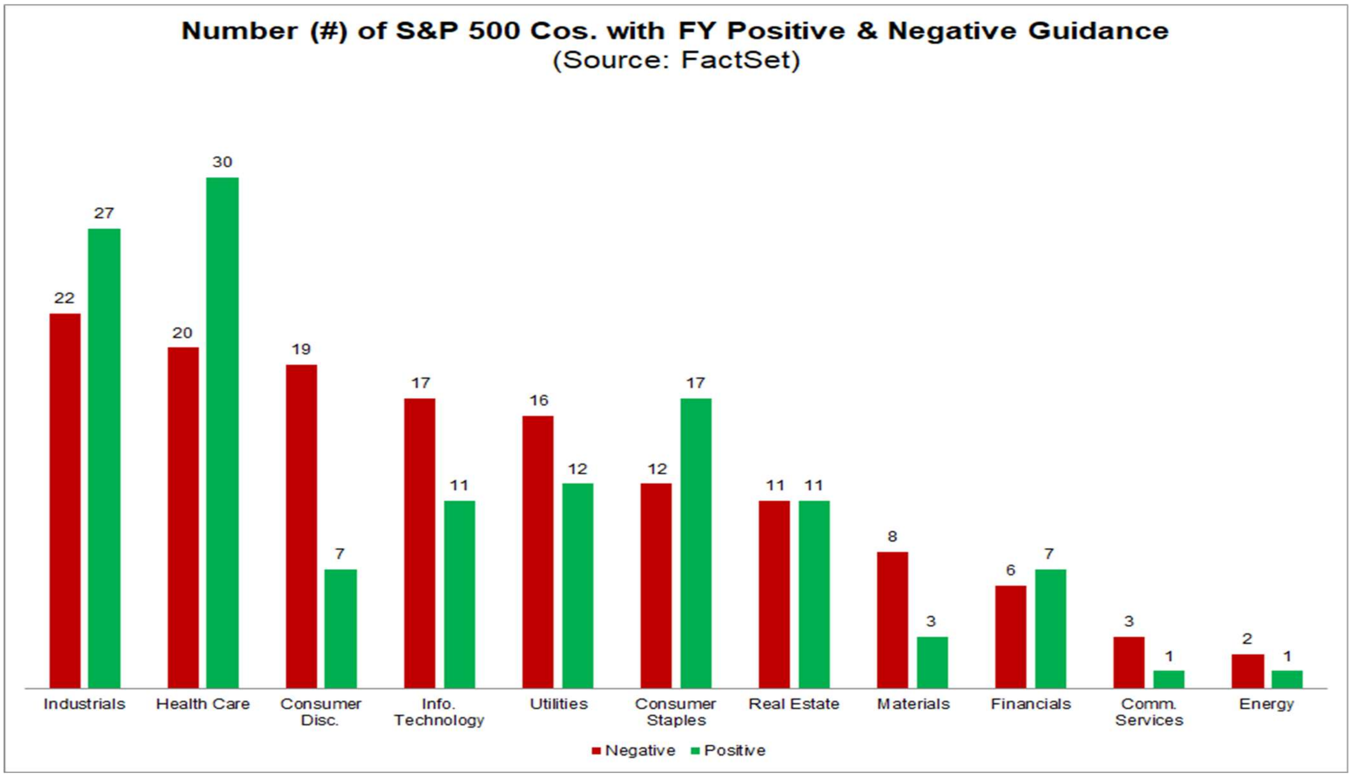


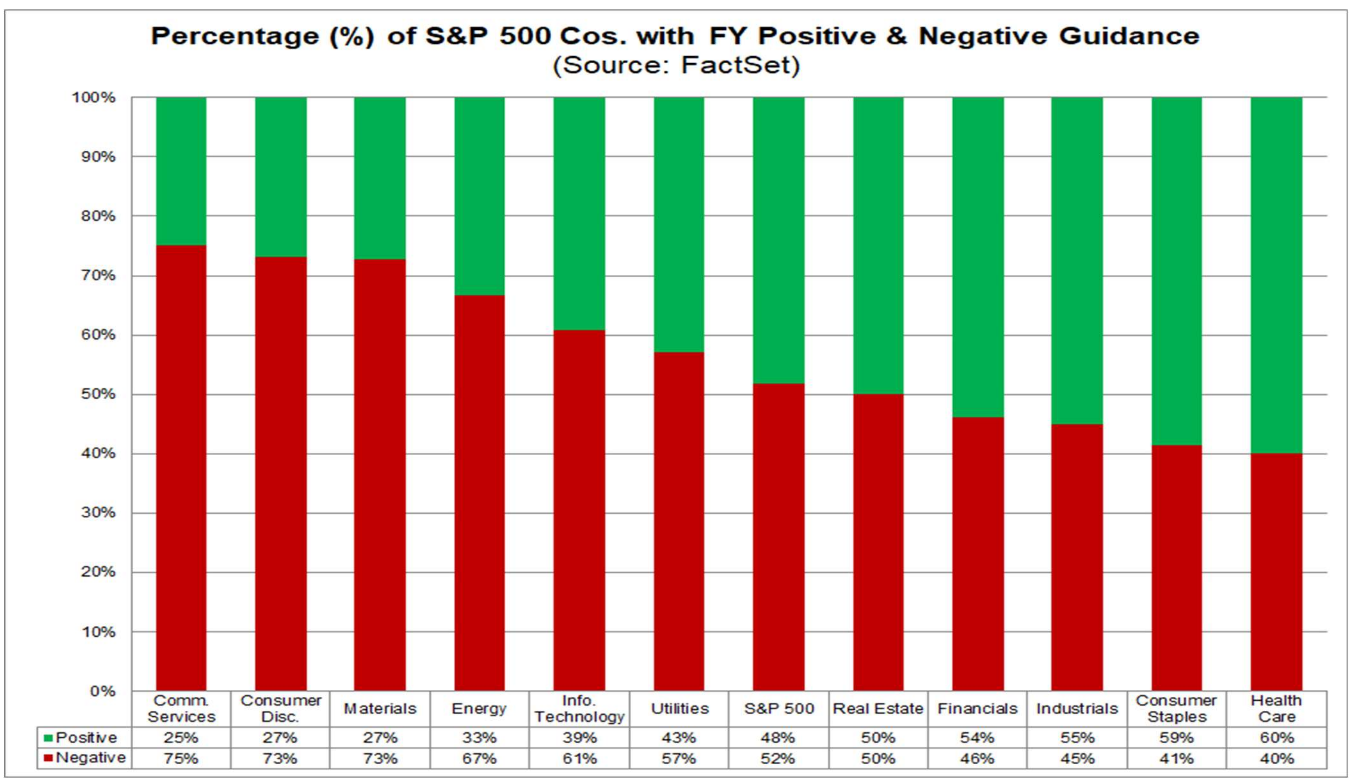
	Health Care	Comm. Services	Info. Technology	Energy	Utilities	S&P 500	Financials	Consumer Disc.	Real Estate	Consumer Staples	Industrials	Materials
Today	18.5%	16.8%	15.9%	14.6%	12.6%	9.6%	6.2%	4.2%	2.8%	1.5%	-0.9%	-6.6%
31-Mar	18.6%	16.9%	15.8%	7.8%	12.9%	9.1%	4.9%	4.4%	2.5%	1.8%	1.2%	-7.0%



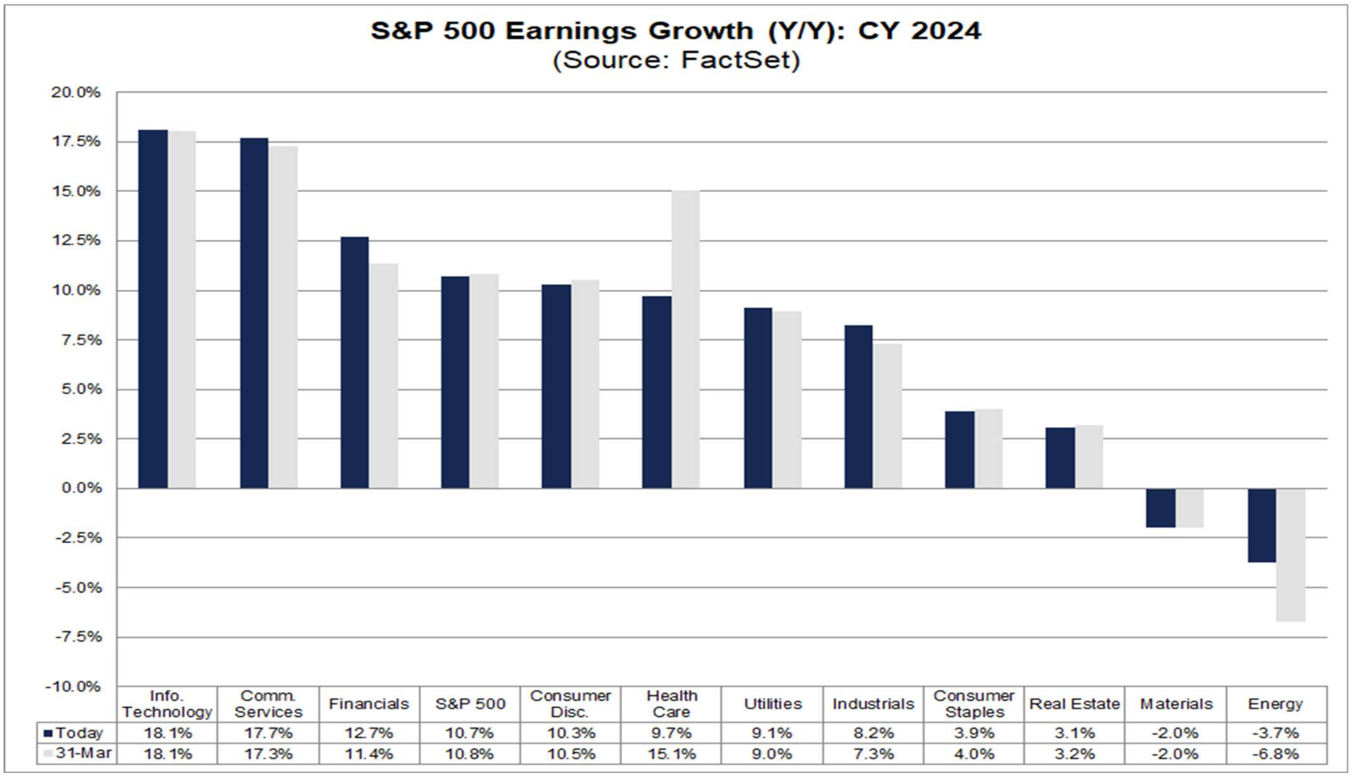
	Info. Technology	Comm. Services	Real Estate	Health Care	Consumer Disc.	S&P 500	Energy	Utilities	Financials	Consumer Staples	Industrials	Materials
Today	9.0%	7.3%	6.7%	5.7%	4.7%	4.4%	3.4%	3.0%	2.8%	2.3%	1.9%	-0.2%
31-Mar	8.9%	7.3%	6.6%	5.8%	4.9%	4.7%	3.7%	3.5%	2.4%	2.3%	4.1%	-0.6%

FY 2024 / 2025: EPS Guidance

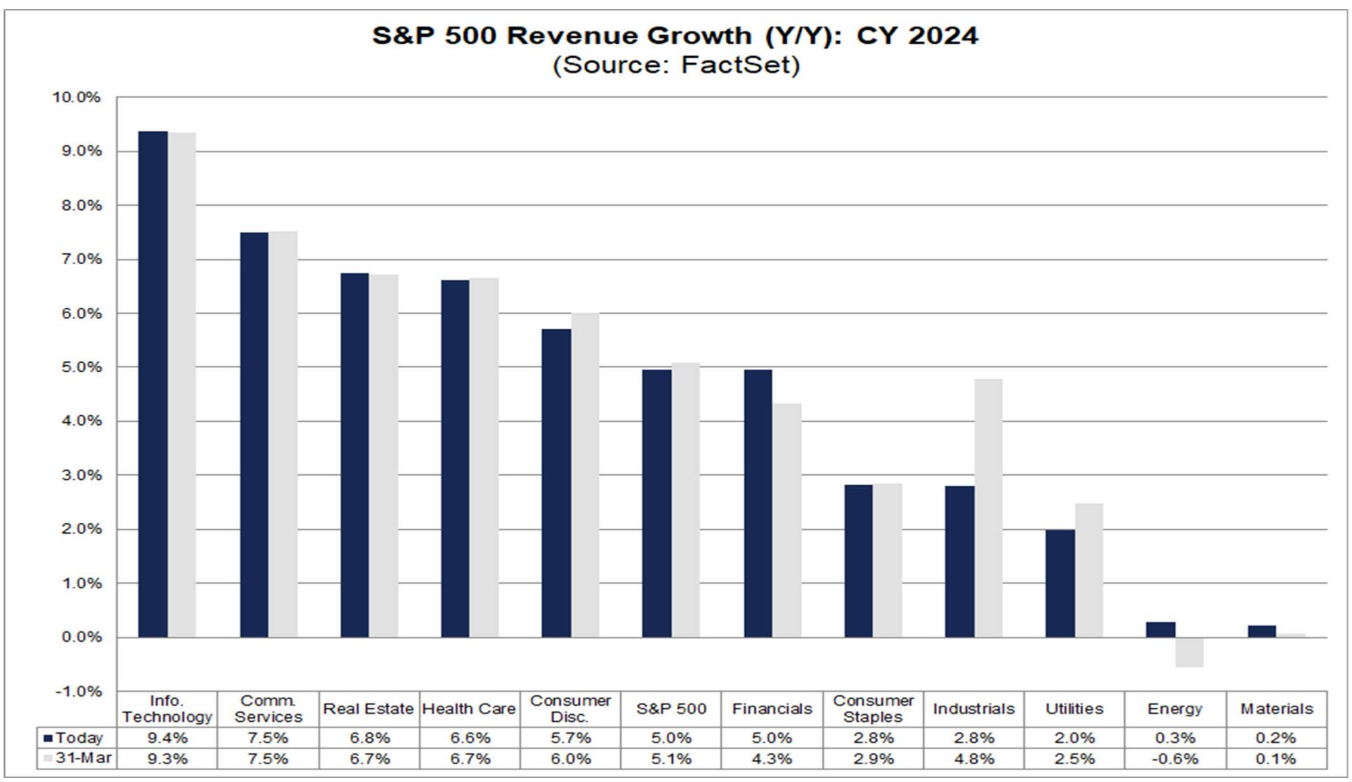




CY 2024: Growth

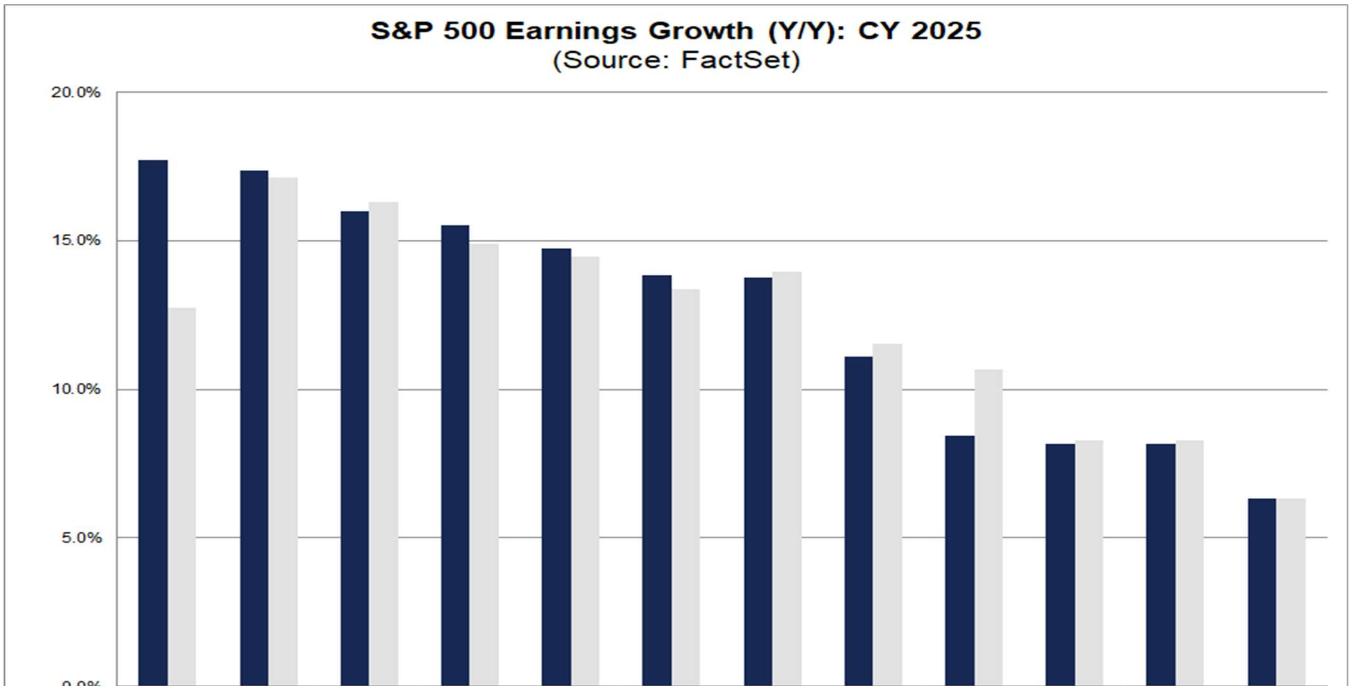


	Info. Technology	Comm. Services	Financials	S&P 500	Consumer Disc.	Health Care	Utilities	Industrials	Consumer Staples	Real Estate	Materials	Energy
Today	18.1%	17.7%	12.7%	10.7%	10.3%	9.7%	9.1%	8.2%	3.9%	3.1%	-2.0%	-3.7%
31-Mar	18.1%	17.3%	11.4%	10.8%	10.5%	15.1%	9.0%	7.3%	4.0%	3.2%	-2.0%	-6.8%

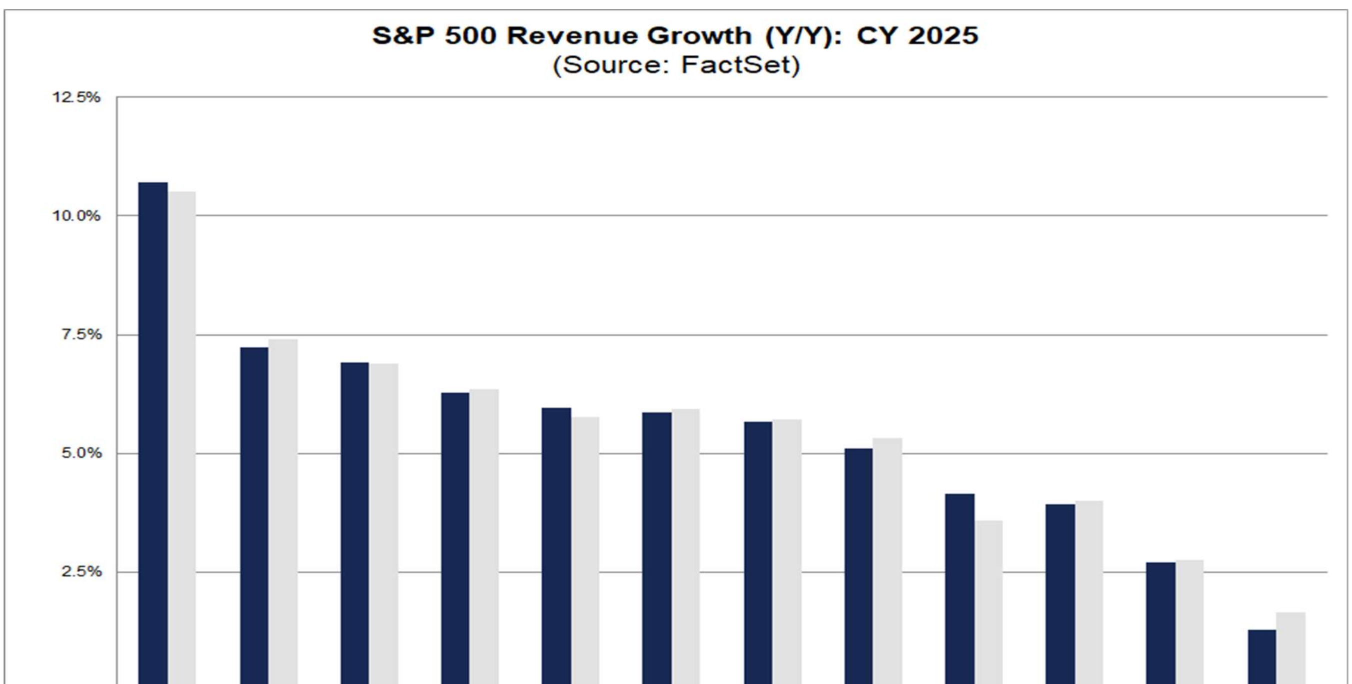


	Info. Technology	Comm. Services	Real Estate	Health Care	Consumer Disc.	S&P 500	Financials	Consumer Staples	Industrials	Utilities	Energy	Materials
Today	9.4%	7.5%	6.8%	6.6%	5.7%	5.0%	5.0%	2.8%	2.8%	2.0%	0.3%	0.2%
31-Mar	9.3%	7.5%	6.7%	6.7%	6.0%	5.1%	4.3%	2.9%	4.8%	2.5%	-0.6%	0.1%

CY 2025: Growth

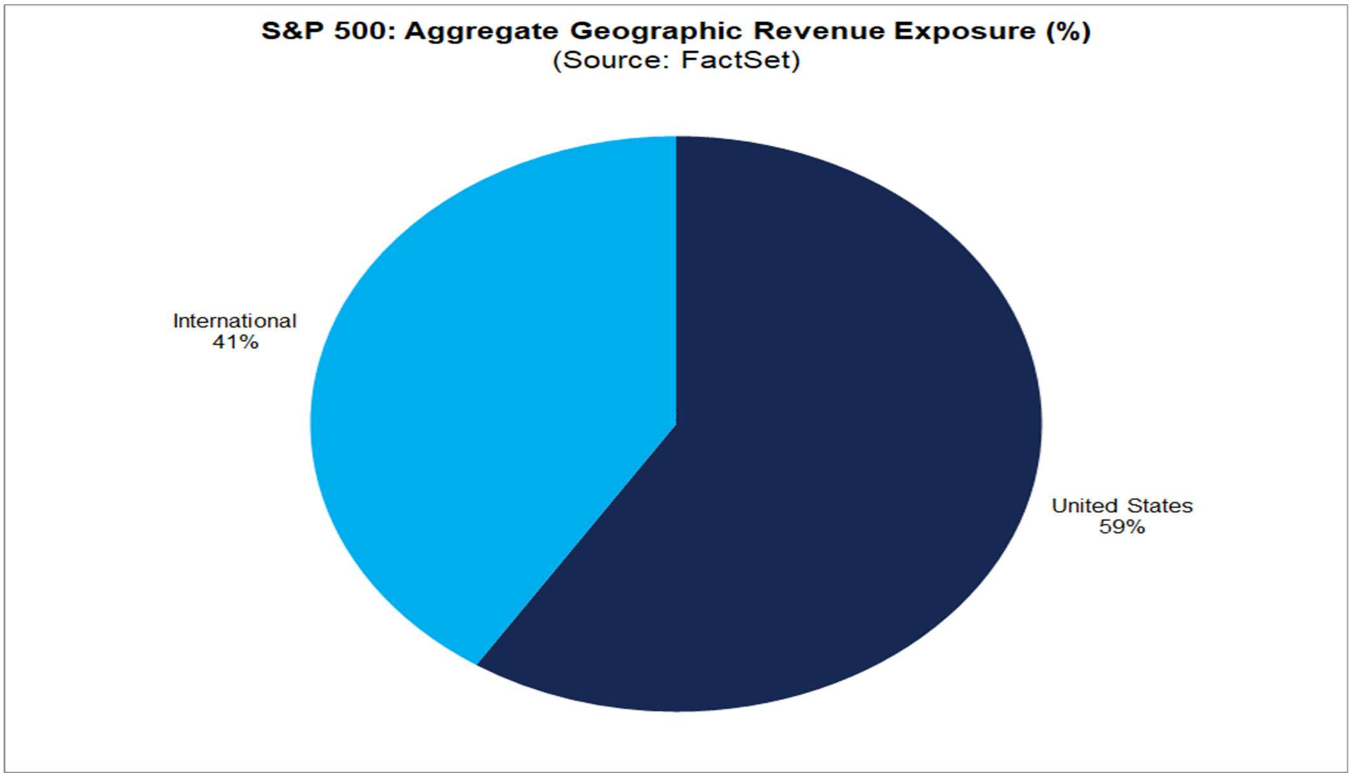


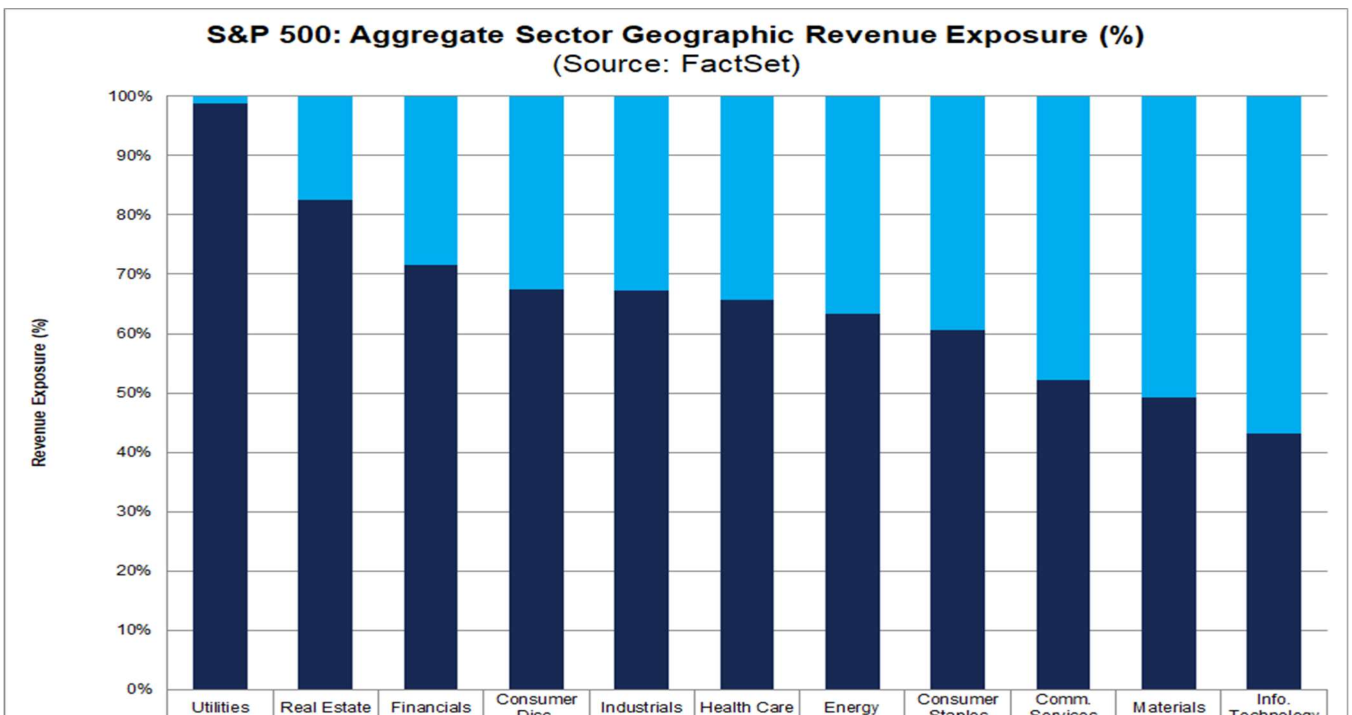
	Health Care	Info. Technology	Consumer Disc.	Materials	Industrials	S&P 500	Comm. Services	Financials	Energy	Consumer Staples	Utilities	Real Estate
Today	17.7%	17.4%	16.0%	15.5%	14.7%	13.8%	13.8%	11.1%	8.4%	8.2%	8.2%	6.3%
31-Mar	12.7%	17.1%	16.3%	14.9%	14.5%	13.4%	14.0%	11.5%	10.7%	8.3%	8.3%	6.3%



	Info. Technology	Consumer Disc.	Comm. Services	Health Care	Real Estate	S&P 500	Industrials	Financials	Utilities	Consumer Staples	Materials	Energy
Today	10.7%	7.2%	6.9%	6.3%	6.0%	5.9%	5.7%	5.1%	4.1%	3.9%	2.7%	1.3%
31-Mar	10.5%	7.4%	6.9%	6.3%	5.8%	5.9%	5.7%	5.3%	3.6%	4.0%	2.8%	1.7%

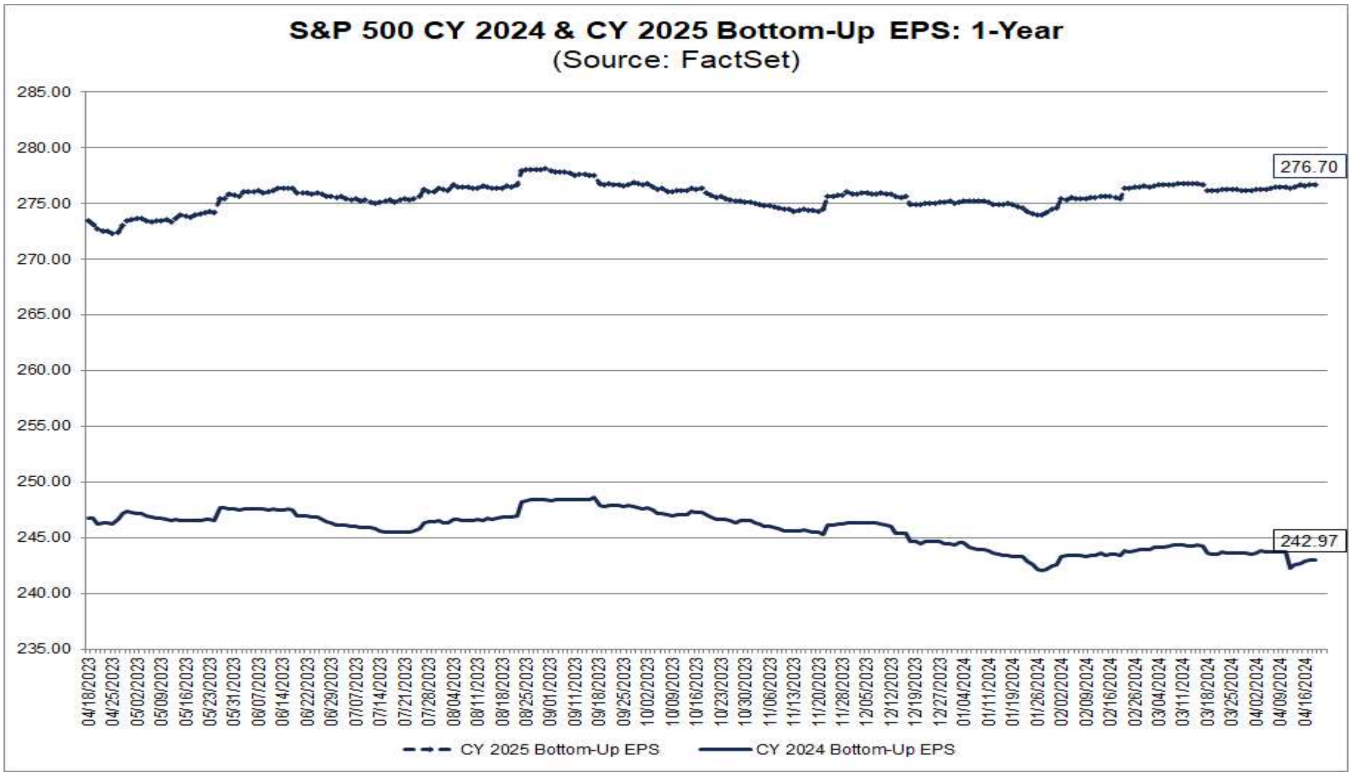
Geographic Revenue Exposure

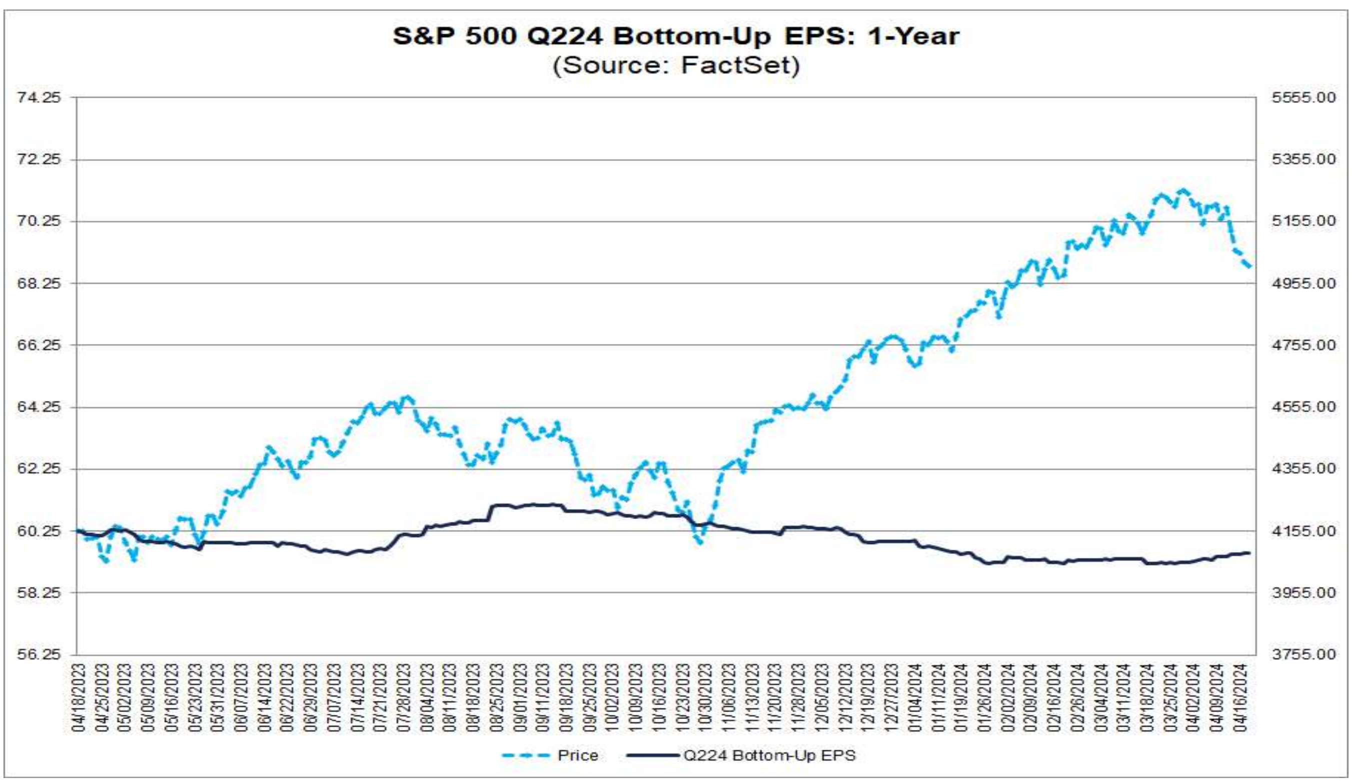




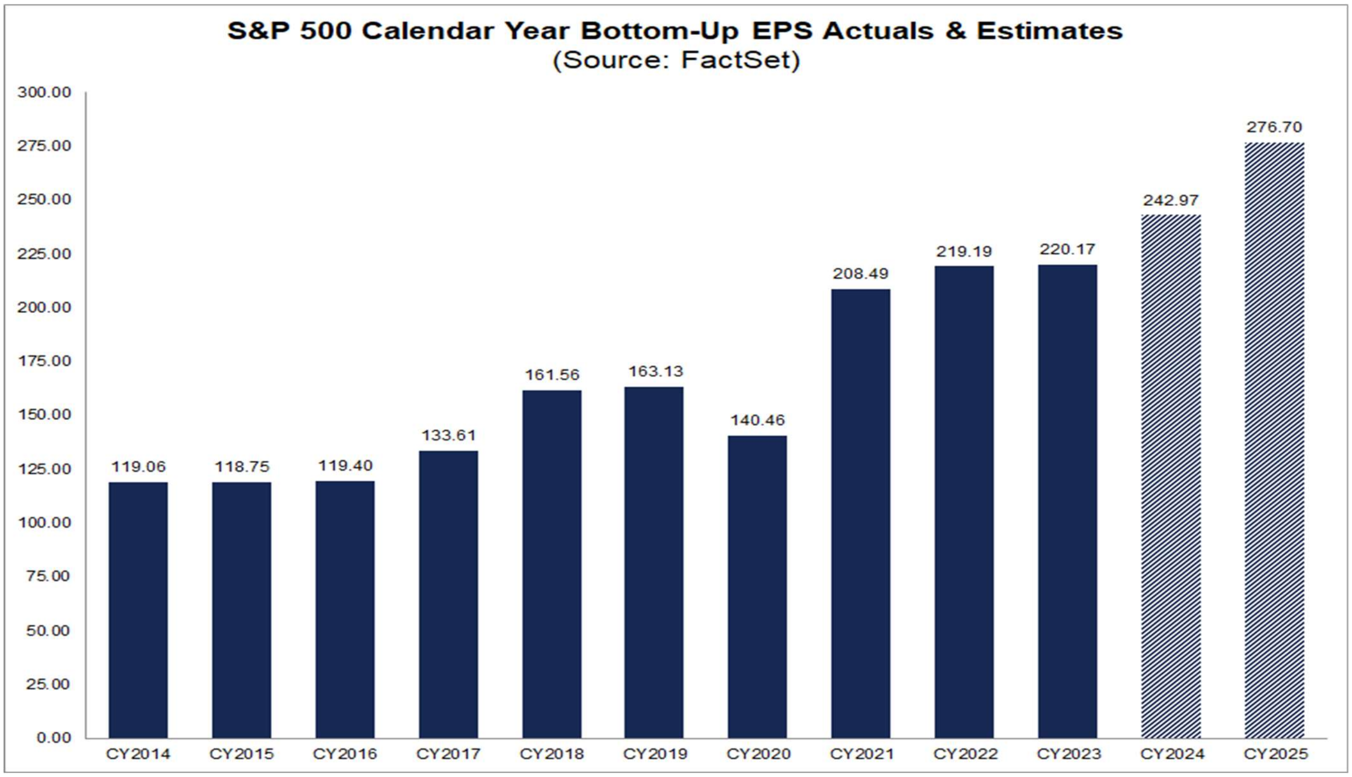
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	17%	28%	33%	33%	34%	37%	39%	48%	51%	57%
United States	99%	83%	72%	67%	67%	66%	63%	61%	52%	49%	43%

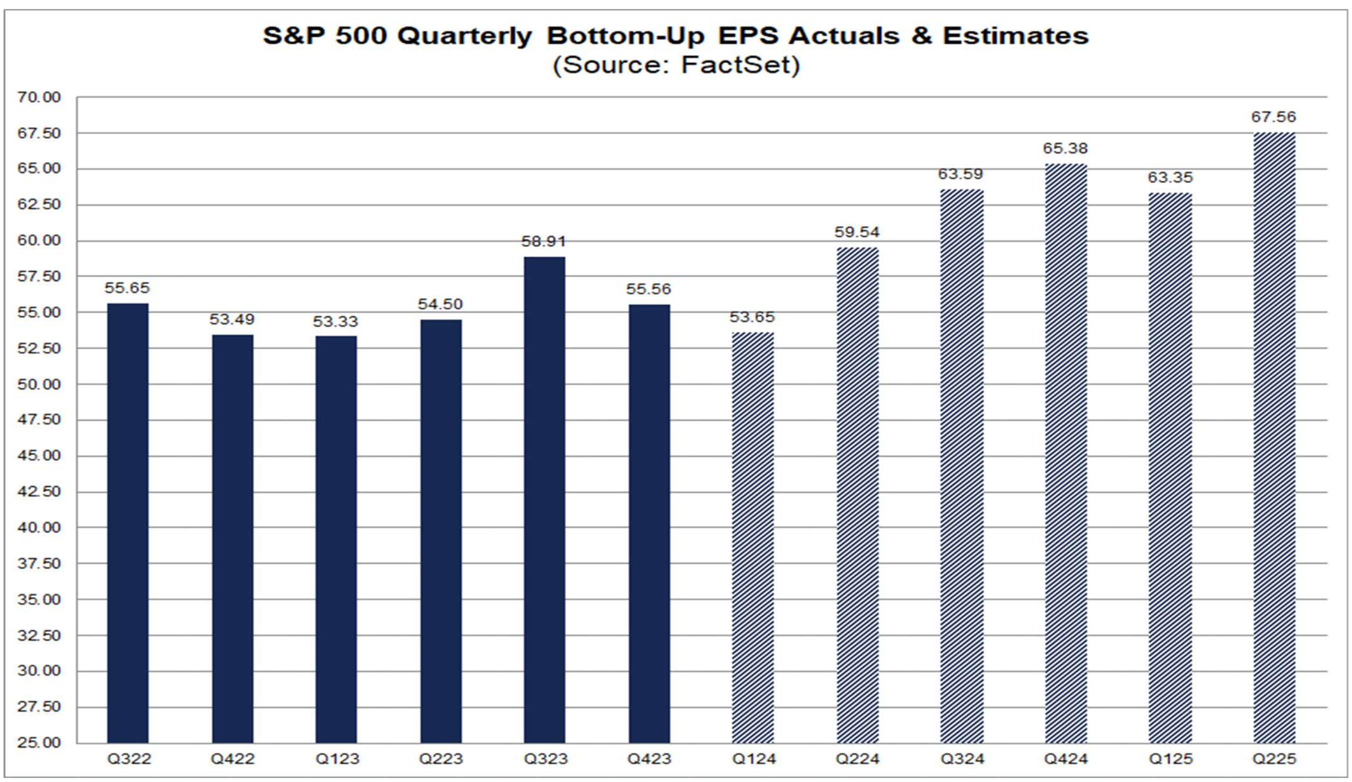
Bottom-Up EPS Estimates



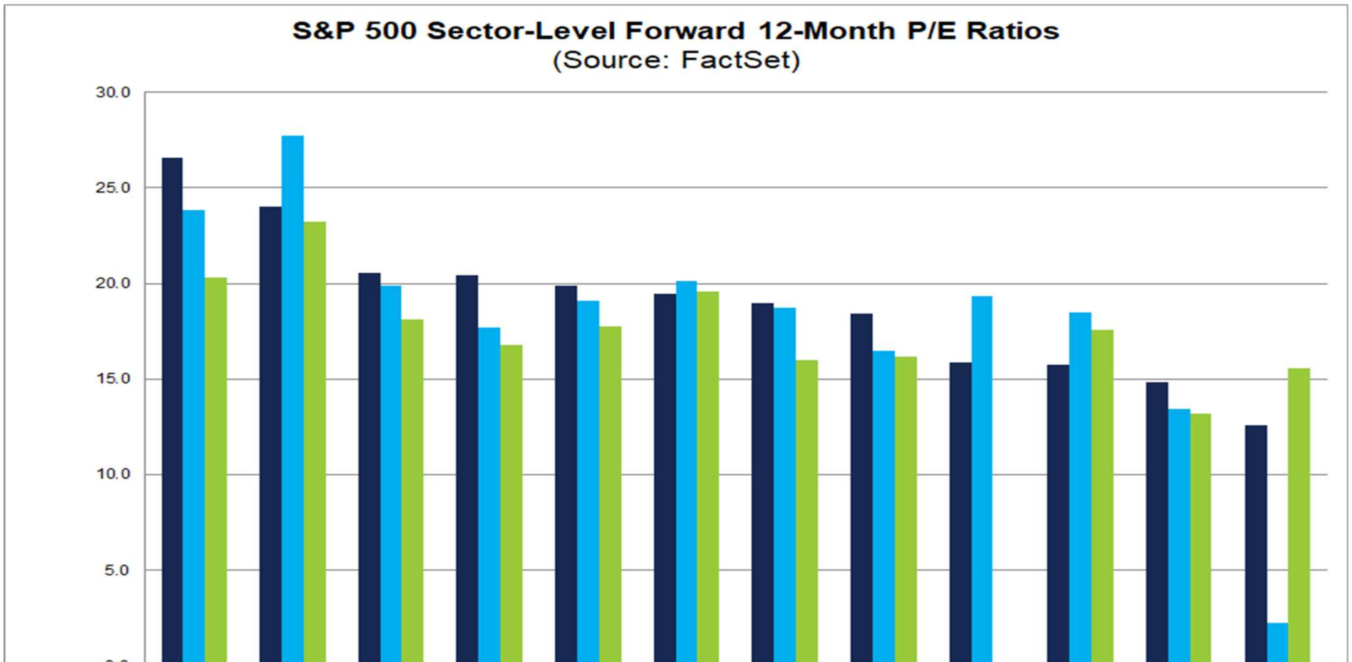


Bottom-Up EPS Estimates: Current & Historical

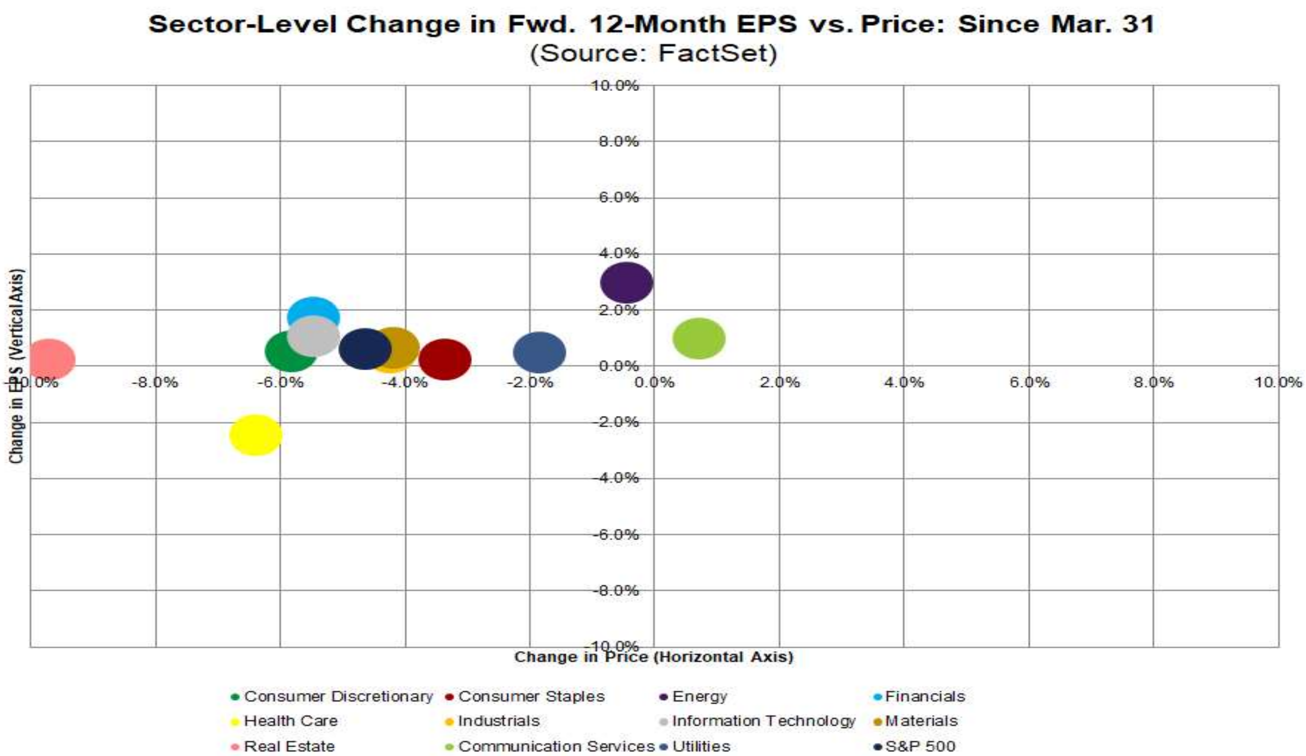




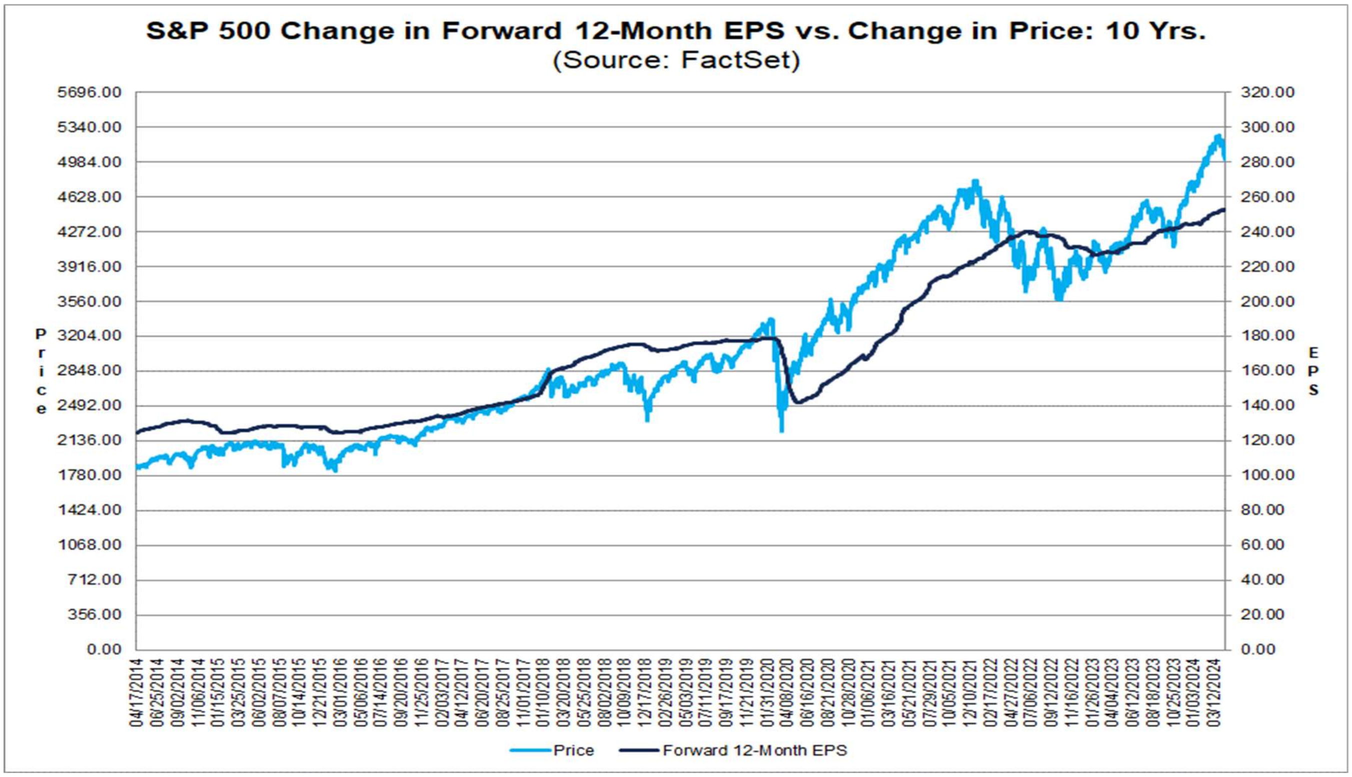
Forward 12M P/E Ratio: Sector Level

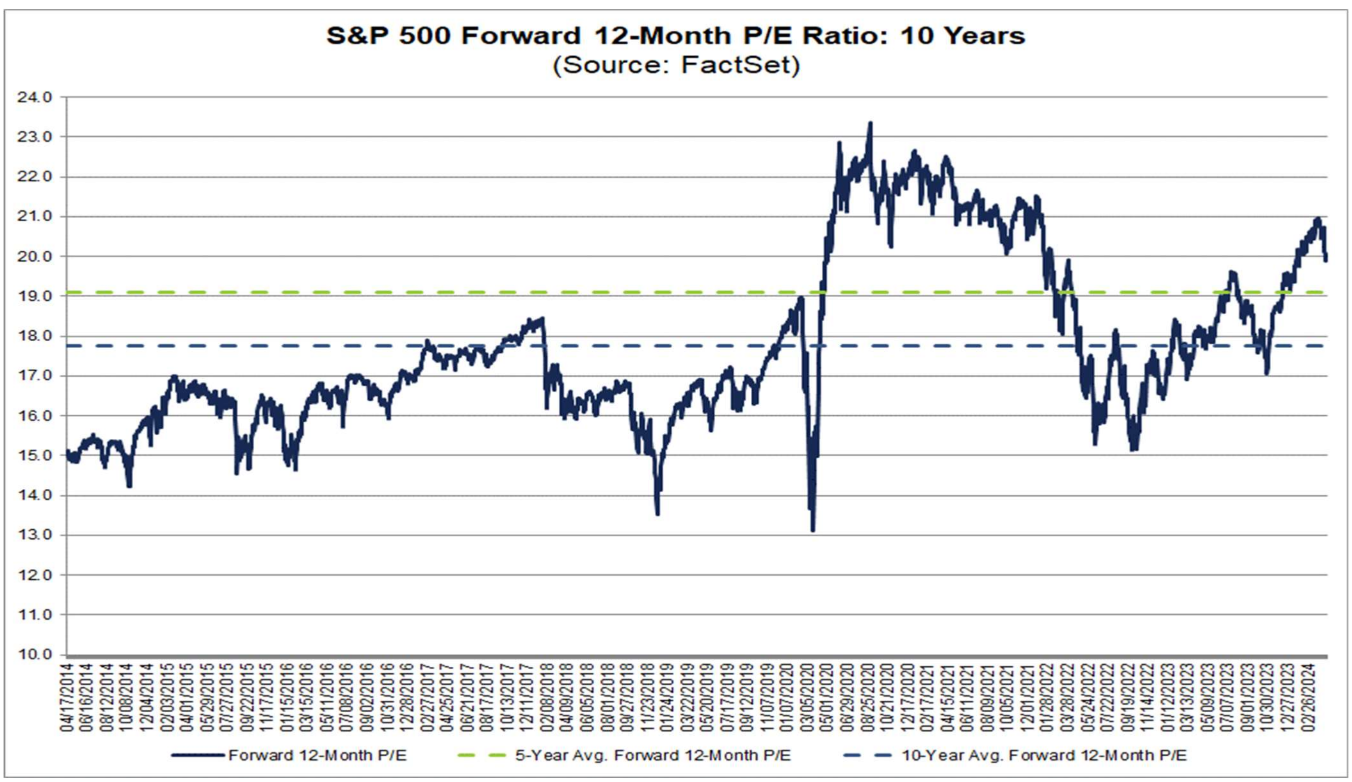


	Info. Technology	Consumer Disc.	Industrials	Materials	S&P 500	Consumer Staples	Comm. Services	Health Care	Real Estate	Utilities	Financials	Energy
Fwd P/E	26.6	24.1	20.6	20.4	19.9	19.5	19.0	18.4	15.9	15.8	14.8	12.6
5-Yr Avg.	23.9	27.7	19.9	17.7	19.1	20.1	18.7	16.5	19.4	18.5	13.4	2.3
10-Yr Avg.	20.3	23.3	18.1	16.8	17.8	19.6	16.0	16.2	0.0	17.6	13.2	15.5

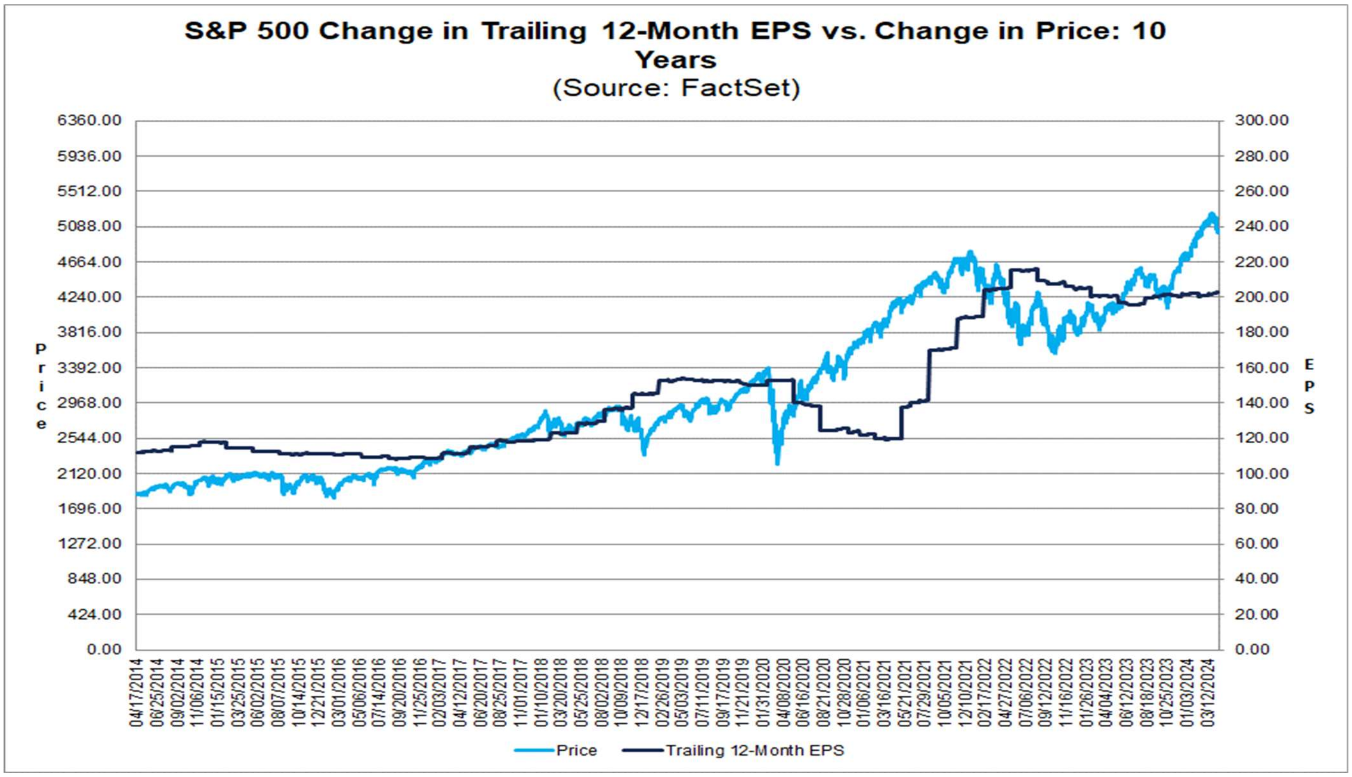


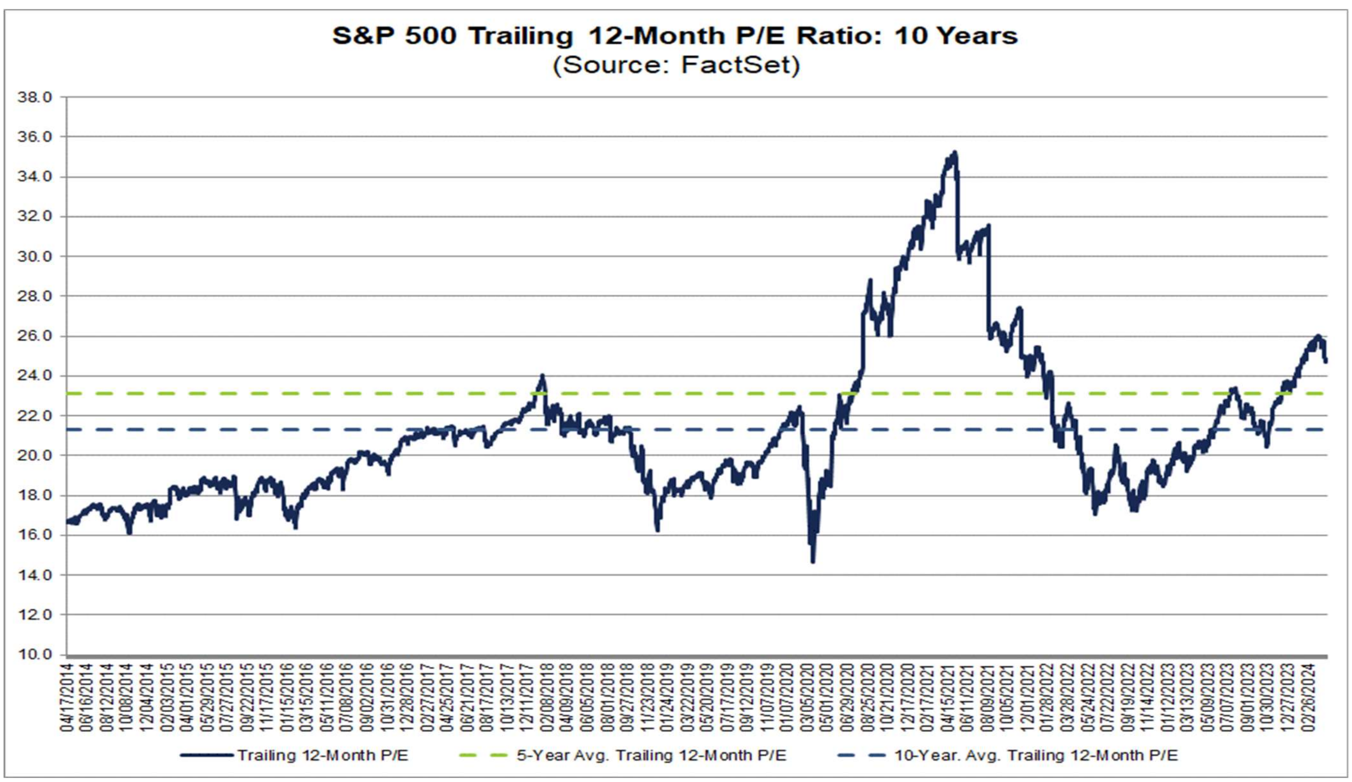
Forward 12M P/E Ratio: 10-Years



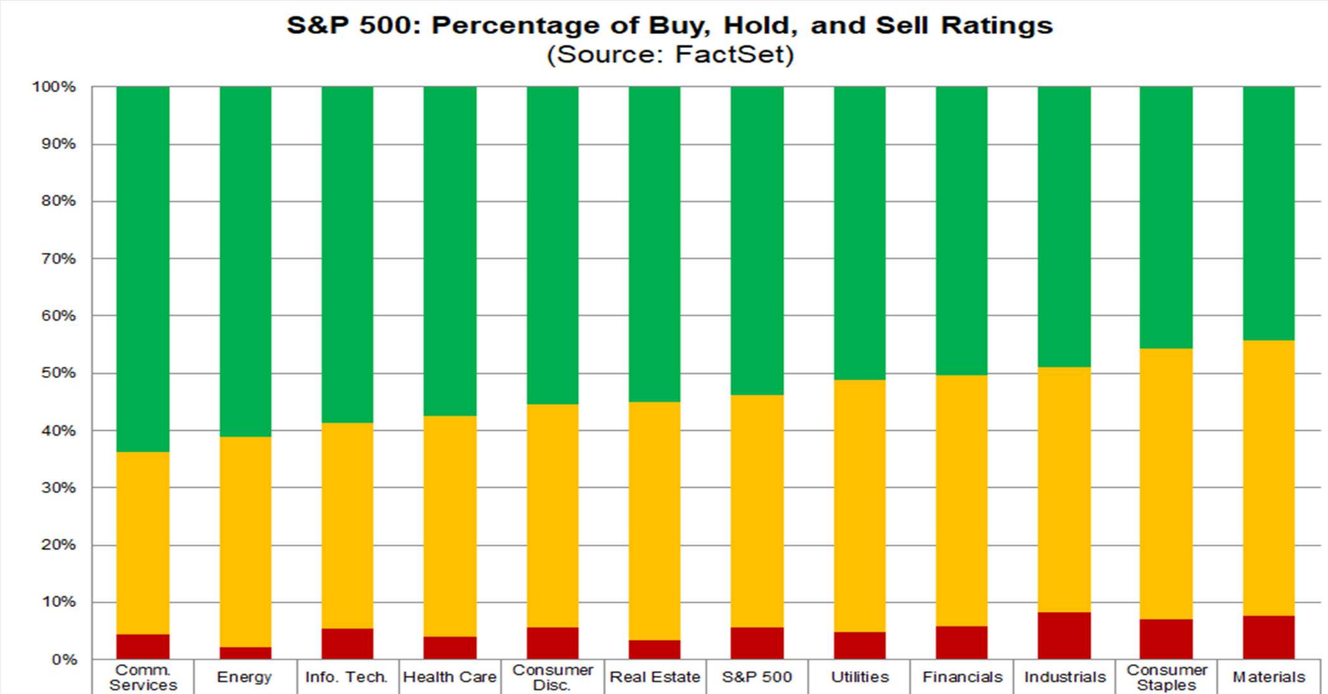


Trailing 12M P/E Ratio: 10-Years

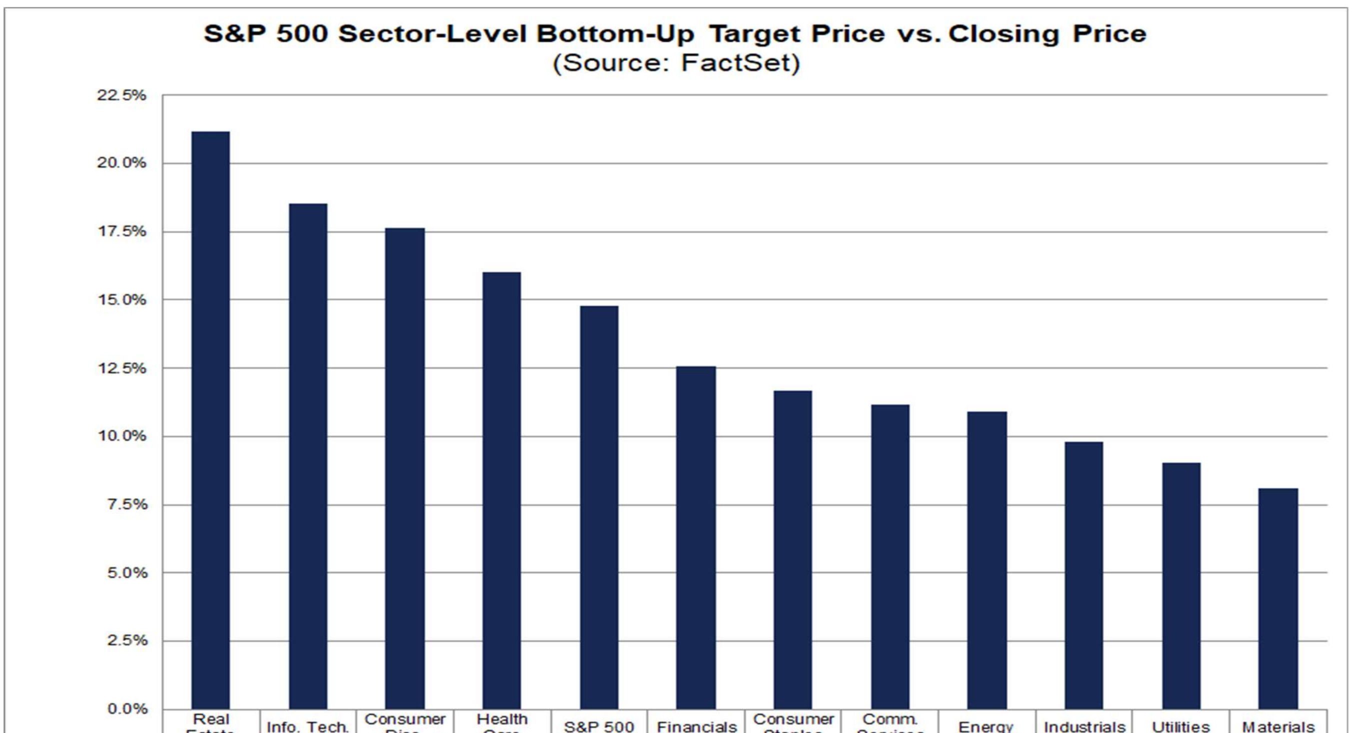




Targets & Ratings



	Comm. Services	Energy	Info. Tech.	Health Care	Consumer Disc.	Real Estate	S&P 500	Utilities	Financials	Industrials	Consumer Staples	Materials
Buy	64%	61%	59%	57%	55%	55%	54%	51%	50%	49%	46%	44%
Hold	32%	37%	36%	39%	39%	41%	41%	44%	44%	43%	47%	48%
Sell	4%	2%	6%	4%	6%	3%	6%	5%	6%	8%	7%	8%



	Real Estate	Info. Tech.	Consumer Disc.	Health Care	S&P 500	Financials	Consumer Staples	Comm. Services	Energy	Industrials	Utilities	Materials
Target/Close	21.2%	18.5%	17.6%	16.0%	14.8%	12.6%	11.7%	11.2%	10.9%	9.8%	9.0%	8.1%

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