John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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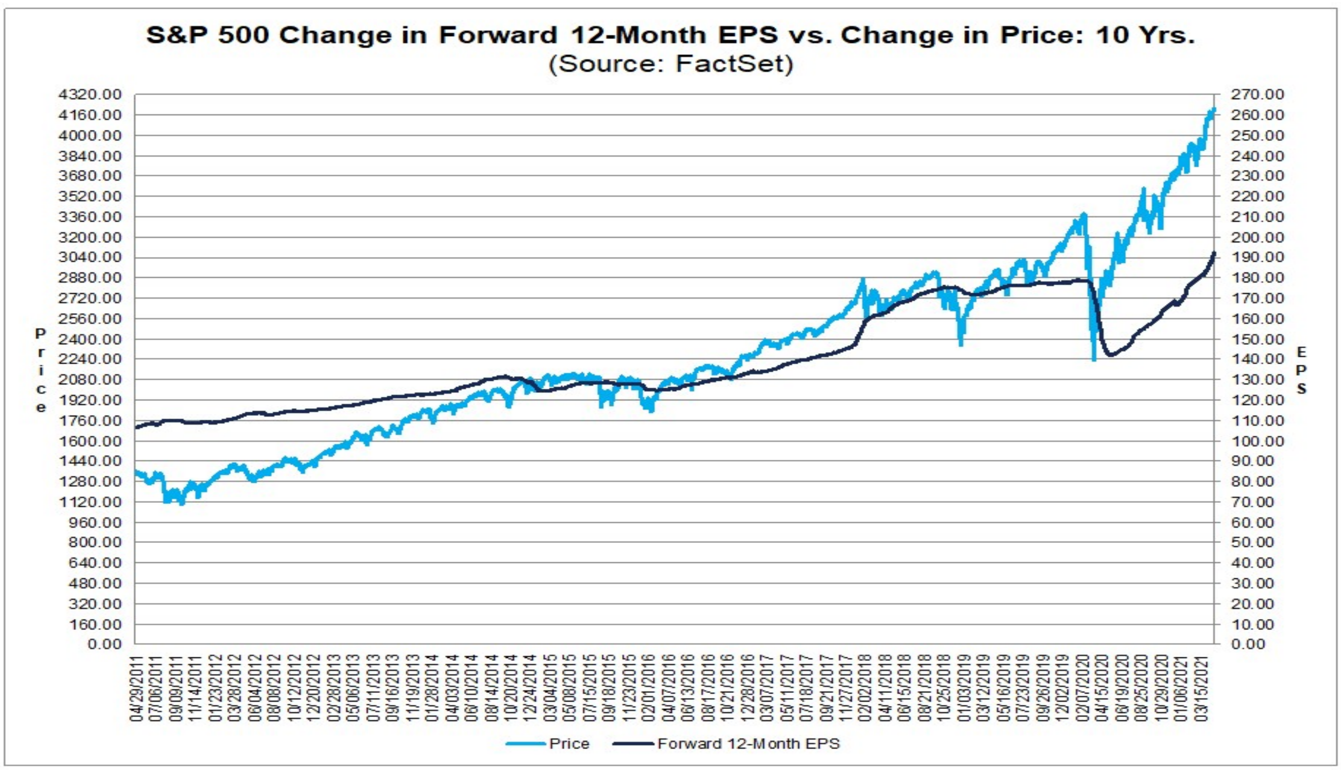
Key Metrics

- **Earnings Scorecard:** For Q1 2021 (with 60% of the companies in the S&P 500 reporting actual results), 86% of S&P 500 companies have reported a positive EPS surprise and 78% of S&P 500 companies have reported a positive revenue surprise. If 86% is the final percentage, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.
- **Earnings Growth:** For Q1 2021, the blended earnings growth rate for the S&P 500 is 45.8%. If 45.8% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2010 (55.4%).
- **Earnings Revisions:** On March 31, the estimated earnings growth rate for Q1 2021 was 23.8%. All eleven sectors have higher earnings growth rates or smaller earnings declines today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2021, 18 S&P 500 companies have issued negative EPS guidance and 30 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.0. This P/E ratio is above the 5-year average (17.9) and above the 10-year average (16.0).



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Topic of the Week:

Second-Highest Increase in S&P 500 EPS Estimates For Q2 2021 Since 2002

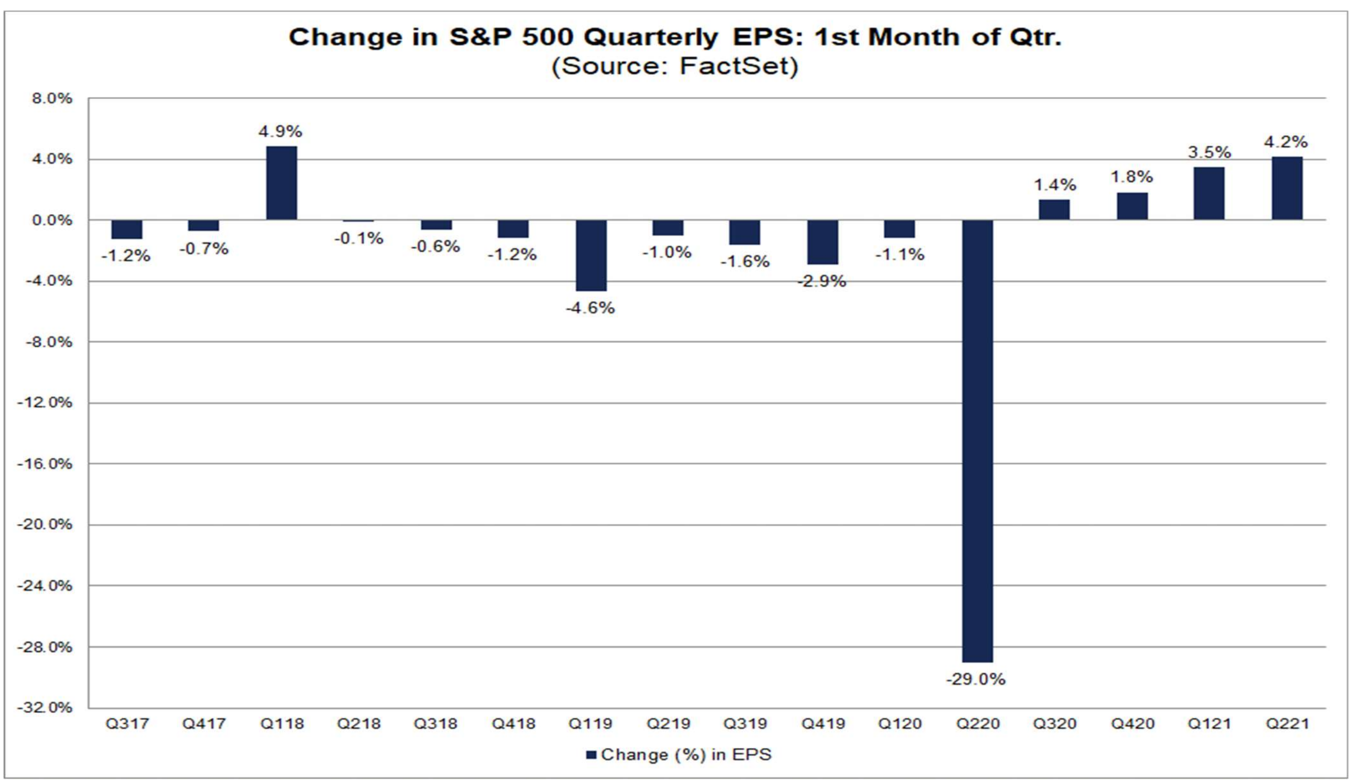
During the month of April, analysts increased earnings estimates for companies in the S&P 500 for the second quarter. The Q2 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q2 for all the companies in the index) increased by 4.2% (to $43.73 from $41.98) during this period. How significant is a 4.2% increase in the bottom-up EPS estimate during the first month of a quarter? How does this increase compare to recent quarters?

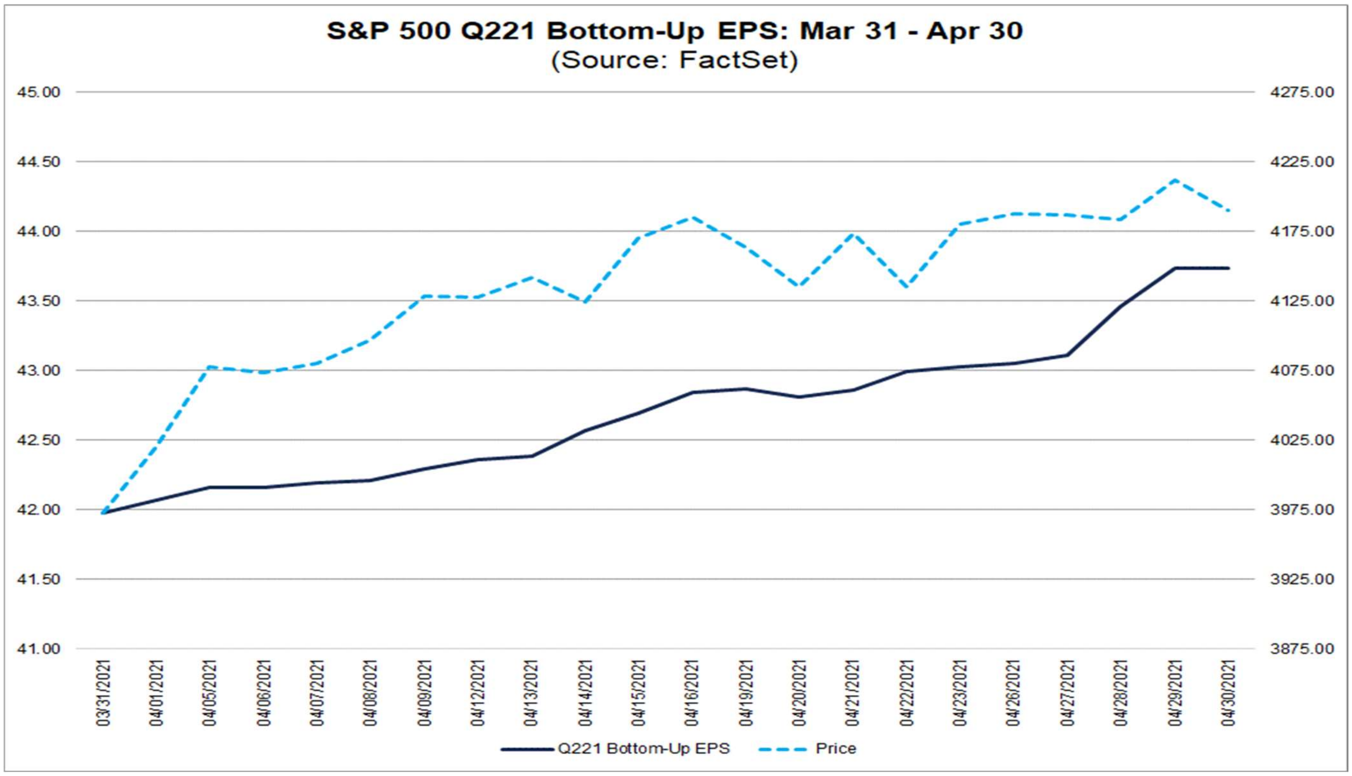
In a typical quarter, analysts usually reduce earnings estimates during the first month of the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 2.0%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 2.1%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 2.3%.

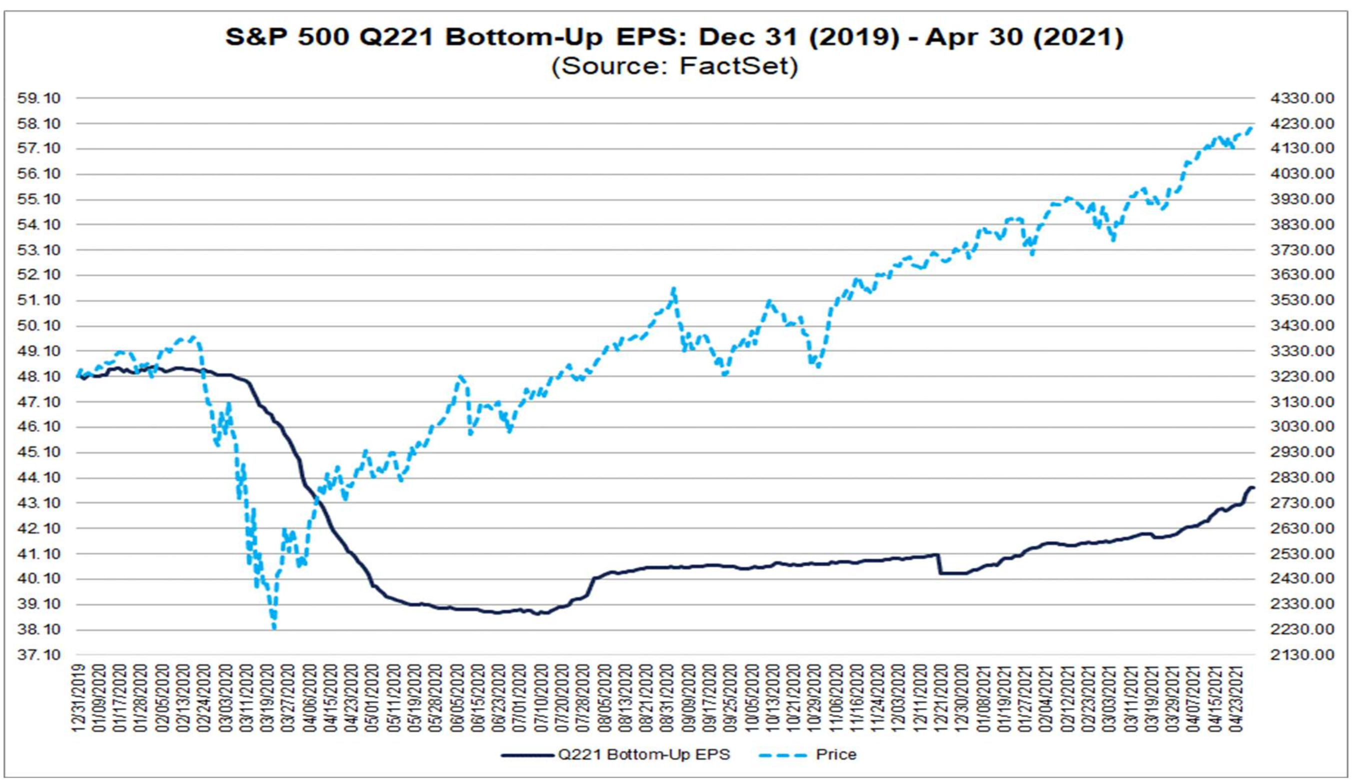
In fact, the second quarter marked the second-highest increase in the bottom-up EPS estimate during the first month of a quarter since FactSet began tracking this metric in 2002, trailing only Q1 2018 (+4.9%). It also marked the fourth straight quarter in which the bottom-up EPS estimate increased during the first month of the quarter. However, it should be noted that analysts made substantial cuts to EPS estimates for Q2 2021 during the first half of 2020 (December 31 to June 30). During this time, the Q2 bottom-up EPS estimate declined by 19.2% (to 38.85 from $48.11). Since June 30, analysts have been steadily increasing EPS estimates for companies for Q2 2021.

At the sector level, nine sectors recorded an increase in their bottom-up EPS estimate for Q2 during the first month of the quarter, led by the Energy (+16.0%), Financials (+9.2%), Communication Services (+8.9%), and Materials (+8.9%) sectors. On the other hand, two sectors recorded a decline in their bottom-up estimate for Q2 during the first month of the quarter: Consumer Discretionary (-5.7%) and Consumer Staples (-1.7%).

As the bottom-up EPS estimate for the index increased during the first month of the quarter, the value of the S&P 500 also increased during this same period. From March 31 through April 29, the value of the index increased by 6.0% (to 4211.47 from 3972.89). If the price of the index does not close below 3972.89 today, the second quarter will mark just the third time in the past 20 quarters (5 years) in which both the bottom-up EPS estimate for the index and the value of the index increased during the first month of a quarter.




S&P 500 Q221 Bottom-Up EPS: Mar 31 - Apr 30
(Source: FactSet)
Q221 Bottom-Up EPS
Price


S&P 500 Q221 Bottom-Up EPS: Dec 31 (2019) - Apr 30 (2021)
(Source: FactSet)
Q221 Bottom-Up EPS
Price

Q1 Earnings Season: By The Numbers

Overview

At this point in time, more S&P 500 companies are beating EPS estimates for the first quarter than average, and beating EPS estimates by a wider margin than average. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the first quarter. The index is now reporting the highest year-over-year growth in earnings since Q1 2010 for Q1. Analysts also expect double-digit earnings growth for the remaining three quarters of 2021. These above-average growth rates are due to a combination of higher earnings for 2021 and an easier comparison to unusually weak earnings in 2020 due to the negative impact of COVID-19 on numerous industries.

Overall, 60% of the companies in the S&P 500 have reported actual results for Q1 2021 to date. Of these companies, 86% have reported actual EPS above estimates, which is above the 5-year average of 74%. If 86% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 22.8% above the estimates, which is also above the 5-year average of 6.9%. If 22.8% is the final percentage for the quarter, it will mark the second-highest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these positive EPS surprises, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the first 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 45.8% today, compared to an earnings growth rate of 33.8% last week and an earnings growth rate of 23.8% at the end of the first quarter (March 31). Positive earnings surprises reported by companies in multiple sectors (led by the Information Technology, Communication Services, and Consumer Discretionary sectors) were responsible for the significant improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Financials, Information Technology, Communications Services, and Consumer Discretionary sectors have been the top contributors to the increase in overall earnings for the index since the end of the first quarter.

If 45.8% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q1 2010 (55.4%). The unusually high growth rate is due to a combination of higher earnings in Q1 2021 and an easier comparison to unusually weak earnings in Q1 2020 due to the negative impact of COVID-19 on numerous industries. Ten sectors are reporting year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. The Industrials sector is the only sector reporting a year-over-year decline in earnings.

In terms of revenues, 78% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 64%. If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting revenues that are 3.7% above the estimates, which is above the 5-year average of 1.0%. If 3.7% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these revenue surprises, the blended revenue growth rate for the first quarter is higher now relative to the end of last week and relative to the end of the first quarter. As of today, the S&P 500 is reporting year-over-year growth in revenues of 9.1%, compared to year-over-year growth in revenues of 7.5% last week and year-over-year growth in revenues of 6.2% at the end of the first quarter (March 31). Positive revenue surprises reported by companies in multiple sectors (led by the Information Technology and Communication Services sectors) were responsible for the substantial increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Financials, Information Technology, Communication Services, and Energy sectors have been the largest contributors to the increase in overall revenues for the index since the end of the first quarter.

If 9.1% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q2 2018 (10.5%). Nine sectors are reporting year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services sectors. Two sectors are reporting a year-over-year decline in revenues: Industrials and Energy.

Looking at future quarters, analysts project double-digit earnings growth for the remaining three quarters of 2021, with earnings growth expected to peak in Q2 2021 at 58.3%

The forward 12-month P/E ratio is 22.0, which is above the 5-year average and above the 10-year average.

During the upcoming week, 133 S&P 500 companies are scheduled to report results for the first quarter.

Scorecard: Companies Reporting Record or Near-Record Performances vs. Estimates

Percentage of Companies Beating EPS Estimates (86%) is at Record-High Level

Overall, 60% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 86% have reported actual EPS above the mean EPS estimate, 2% have reported actual EPS equal to the mean EPS estimate, and 12% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (77%) average and above the 5-year (74%) average.

If 86% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.

At the sector level, the Information Technology (94%), Financials (93%), Energy (92%), and Consumer Discretionary (90%) sectors have the highest percentages of companies reporting earnings above estimates, while the Real Estate (75%), Materials (77%), and Communication Services (79%) sectors have the lowest percentages of companies reporting earnings (or FFO for Real Estate) above estimates.

Earnings Surprise Percentage (+22.8%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 22.8% above expectations. This surprise percentage is above the 1-year (+14.5%) average and above the 5-year (+6.9%) average.

If 22.8% is the final percentage for the quarter, it will mark the second-largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 23.1%, which occurred in Q2 2020.

The Consumer Discretionary (+59.2%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ford Motor ($0.89 vs. $0.35), Newell Brands ($0.30 vs. $0.13), Pool Corporation ($2.32 vs. $1.17), Lennar ($3.20 vs. $1.71) and Amazon.com ($15.79 vs. $9.54) have reported some of the largest positive EPS surprises.

The Financials (+35.2%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Goldman Sachs ($18.60 vs. $10.22), Discover Financial Services ($5.04 vs. $2.83), Comerica ($2.43 vs. $1.47), Capital One Financial ($7.03 vs. $4.12), and American Express ($2.74 vs. $1.61) have reported some of the largest positive EPS surprises.

The Communication Services (+33.0%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Interpublic Group of Companies ($0.45 vs. $0.15), Alphabet ($26.29 vs. $15.81), and Facebook ($3.30 vs. $2.35) have reported some of the largest positive EPS surprises.

The Energy (+33.0%) sector is also reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hess Corporation ($0.82 vs. $0.33) and Kinder Morgan ($0.60 vs. $0.24) have reported some of the largest positive EPS surprises.

Market Punishing Negative Earnings Surprises Less Than Average

To date, the market is rewarding positive earnings surprises near average levels but punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q1 2021 have seen an average price increase of +0.9% two days before the earnings release through two days after the earnings release. This percentage increase is slightly above the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2021 have seen an average price decrease of -0.6% two days before the earnings release through two days after the earnings. This percentage decrease is much smaller than the 5-year average price decrease of -2.5% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (78%) is Near Record-High Level

In terms of revenues, 78% of companies have reported actual revenues above estimated revenues and 22% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (69%) and above the 5-year average (64%).

If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 79%, which occurred in Q3 2020.

At the sector level, the Communication Services (100%) and Information Technology (94%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (56%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.7%) is at Record-High Level

In aggregate, companies are reporting revenues that are 3.7% above expectations. This surprise percentage is above the 1-year (+2.0%) average and above the 5-year (+1.0%) average.

If 3.7% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

At the sector level, the Information Technology (+6.8%), Financials (+5.9%), Energy (+5.4%), and Communication Services (4.8%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Real Estates (+0.6%) and Health Care (+0.7%) sectors are reporting the smallest positive (aggregate) differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth This Week Due to Multiple Sectors

Increase in Blended Earnings Growth Rate This Week Due to the Multiple Sectors

The blended (year-over-year) earnings growth rate for the first quarter is 45.8%, which is larger than the earnings growth rate of 33.8% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Information Technology, Communication Services, and Consumer Discretionary sectors) were responsible for the improvement in overall earnings for the index during the past week.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.40 vs $0.99) and Microsoft ($1.95 vs. $1.78) were significant contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for this sector increased to 39.5% from 24.5% over this period.

In the Communication Services sector, the positive EPS surprises reported by Alphabet ($26.29 vs. $15.81), Facebook ($3.30 vs. $2.35), and Comcast ($0.76 vs $0.59) were substantial contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for this sector increased to 48.0% from 17.4% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($15.79 vs $9.54) and Ford Motor ($0.89 vs. $0.35) were significant contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for this sector increased to 181.6% from 113.5% over this period.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the first quarter is 9.1%, which is larger than the revenue growth rate of 7.5% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Information Technology and Communication Services sectors) were responsible for the substantial increase in overall revenues for the index over the past week.

Consumer Discretionary and Financials Sectors Have Seen Largest Increases in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2021 of 45.8% is larger than the estimate of 23.8% at the end of the first quarter (March 31). All eleven 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 positive earnings surprises, led by the Consumer Discretionary (to 181.6% from 103.4%), Financials sector (to 133.7% from 72.5%), and Communication Services (to 48.0% from 13.4%) sectors.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($15.79 vs $9.54) and Ford Motor ($0.89 vs. $0.35) have been significant contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for this sector has increased to 181.6% from 103.4% over this period.

In the Financials sector, positive EPS surprises reported by JPMorgan Chase ($4.50 vs $3.10), Goldman Sachs ($18.60 vs. $10.22), Citigroup ($3.62 vs. $2.60), Bank of America ($0.86 vs. $0.66), Wells Fargo ($1.05 vs. $0.70), Capital One Financial ($7.03 vs. $4.12), Morgan Stanley ($2.22 vs. $1.72), and American Express ($2.74 vs. $1.61) have been substantial contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Financials sector has increased to 133.7% from 72.5% over this period.

In the Communication Services sector, the positive EPS surprises reported by Alphabet ($26.29 vs. $15.81) and Facebook ($3.30 vs. $2.35) have been significant contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Communication Services sector has increased to 48.0% from 13.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.40 vs $0.99), Microsoft ($1.95 vs. $1.78), and Intel ($1.39 vs. $1.15) have been substantial contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Information Technology sector increased to 39.5% from 22.3% over this period.

Energy Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2021 of 9.1% is larger than the estimate of 6.2% at the end of the first quarter (March 31). All eleven sectors have recorded an increase in revenue growth or a decrease in their revenue decline since the end of the quarter due to positive revenue surprises, led by the Energy (to -0.1% from -6.5%), Information Technology (to 21.1% from 15.5%), Financials (to 8.2% from 3.0%), and Communication Services (to 16.6% from 12.0%) sectors.

Earnings Growth: 45.8%

The blended (year-over-year) earnings growth rate for Q1 2021 is 45.8%, which is well above the 5-year average earnings growth rate of 4.1%. If 45.8% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q1 2010 (55.4%). Ten sectors are reporting year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. The Industrials sectors is the only sector that is reporting a year-over-year decline in earnings.

Consumer Discretionary: 4 of 10 Industries Reporting to Year-Over-Year Growth Above 150%

The Consumer Discretionary sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 181.6%. At the industry level, nine of the ten industries in this sector are reporting (or are expected to report) earnings growth above 25%: Automobiles (2,594%), Textiles, Apparel, & Luxury Goods (485%), Specialty Retail (251%), Internet & Direct Marketing Retail (182%), Household Durables (96%), Distributors (77%), Leisure Products (76%), Multiline Retail (56%), and Auto Components (30%). The Automobiles industry is also the largest contributor to growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 127.3% from 181.6%. On the other hand, the Hotels, Restaurants, & Leisure industry (-576%) is the only industry in this sector that is reporting a year-over-year decline in earnings and is the largest detractor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would rise to 220.4% from 181.6%.

Financials: Banks Industry Is Largest Contributor to Year-Over-Year Growth

The Financials sector is reporting the second-highest (year-over-year) earnings growth of all eleven sectors at 133.7%. At the industry level, all five industries in this sector are reporting (or are predicted to report) year-over-year growth in earnings: Consumer Finance (N/A due to year-ago loss), Banks (259%), Capital Markets (86%), Insurance (9%), and Diversified Financial Services (2%). The Banks industry is also the largest contributor to growth for the sector. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 75.6% from 133.7%. Lower provisions for loan losses are boosting year-over-year earnings growth for companies in the Banks industry.

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

The Materials sector is reporting the third-highest (year-over-year) earnings growth of all eleven sectors at 57.1%. At the industry level, all four industries in this sector are reporting (or are predicted to report) year-over-year growth: Metals & Mining (482%), Chemicals (35%), Containers & Packaging (22%), and Construction Materials (4%). The Metals & Mining industry is also the largest contributor to year-over-year growth in earnings for the sector. If this industry were excluded, the blended earnings growth rate for the Materials sector would fall to 32.8% from 57.1%.

Communication Services: Alphabet & Facebook Are Largest Contributors to Year-Over-Year Growth

The Communication Services sector is reporting the fourth-highest (year-over-year) earnings growth of all eleven sectors at 48.0%. At the industry level, four of the five industries in this sector are reporting year-over-year growth: Interactive Media & Services (133%), Media (11%), Entertainment (10%), and Diversified Telecommunication Services (3%). On the other hand, the Wireless Telecommunication Services (-29%) industry is the only industry in the sector expected to report a year-over-year decline in earnings. At the company level, Alphabet and Facebook are the largest contributors to year-over-year growth in earnings for the sector. If these two companies were excluded, the blended earnings growth rate for the Communication Services sector would fall to 4.9% from 48.0%.

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

The Industrials sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -6.4%. At the industry level, three of the twelve industries in this sector are reporting a decline in earnings, led by the Airlines (N/A due to year-ago loss) industry. On the other hand, nine industries are reporting (or are projected to report) earnings growth, led by the Air Freight & Logistics (138%), Construction & Engineering (57%), and Machinery (51%) industries. The Airlines industry is also the largest contributor to the year-over-year decline in earnings for the sector. If this industry were excluded, year-over-year earnings for the Industrials sector would improve to 21.9% from -6.4%.

Revenue Growth: 9.1%

The blended (year-over-year) revenue growth rate for Q1 2021 is 9.1%, which is above the 5-year average revenue growth rate of 3.9%. If 9.1% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q2 2018 (10.5%). Nine sectors are reporting year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services sectors. Two sectors are reporting a year-over-year decline in revenues: Industrials and Energy.

Information Technology: 4 of 6 Industries Reporting Year-Over-Year Growth Above 15%

The Information Technology sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 21.1%. At the industry level, all six industries in this sector are reporting year-over-year growth in revenues. Four of these six industries are reporting growth above 15%: Technology Hardware, Storage, & Peripherals (40%), Semiconductors & Semiconductor Equipment (23%), Software (18%), and Electronic Equipment, Instruments, & Components (17%).

Consumer Discretionary: 5 of 10 Industries Reporting Year-Over-Year Growth At Or Above 10%

The Consumer Discretionary sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 16.9%. At the industry level, nine of the ten industries in this sector are reporting (or are predicted to report) growth in revenues. Five of these nine industries are reporting (or are projected to report) double-digit growth: Internet & Direct Marketing Retail (44%), Auto Components (32%), Specialty Retail (27%), Household Durables (25%), and Textiles, Apparel, & Luxury Goods (10%). On the other hand, the Hotels, Restaurants, & Leisure (-29%) industry is the only industry reporting a year-over-year decline in revenues.

Communication Services: Alphabet, Facebook, & T-Mobile Lead Year-Over-Year Growth

The Communication Services sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 16.6%. 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. Two of these four industries are reporting (or are projected to report) double-digit growth: Wireless Communication Services (69%) and Interactive Media & Services (37%). On the other hand, the only industry that is reporting a decline in revenue is the Entertainment (-5%) industry. At the company level, Alphabet, Facebook, and T-Mobile are the largest contributors to revenue growth for the sector. If these three companies were excluded, the blended revenue growth rate for the sector would drop to 2.2% from 16.6%.

Net Profit Margin: 12.5%

The blended net profit margin for the S&P 500 for Q1 2021 is 12.5%, which is above the 5-year average of 10.6%, the year-ago net profit margin of 9.3% and the previous quarter's net profit margin of 11.0%.

If 12.5% is the actual net profit margin for the quarter, it will mark the highest net profit margin reported by the index since FactSet began tracking this metric in 2008. The current record is 12.0%, which occurred in Q3 2018.

At the sector level, nine sectors are reporting a year-over-year increase in their net profit margins in Q1 2021 compared to Q1 2020, led by the Financials sector (22.1% vs. 10.2%). Seven sectors are reporting net profit margins in Q1 2021 that are above their 5-year averages, again led by the Financials sector (22.1% vs. 15.1%).

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Positive EPS Guidance Above 5-Year Average

At this point in time, 48 companies in the index have issued EPS guidance for Q2 2021. Of these 48 companies, 18 have issued negative EPS guidance and 30 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 63% (30 out of 48), which is well above the 5-year average of 35%.

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 32% for CY 2021

For the first quarter, S&P 500 companies are reporting growth in earnings of 45.8% and growth in revenue of 9.1%.

For Q2 2021, analysts are projecting earnings growth of 58.3% and revenue growth of 18.1%.

For Q3 2021, analysts are projecting earnings growth of 21.7% and revenue growth of 11.2%.

For Q4 2021, analysts are projecting earnings growth of 16.7% and revenue growth of 8.2%.

For CY 2021, analysts are projecting earnings growth of 31.7% and revenue growth of 10.9%.

Valuation: Forward P/E Ratio is 22.0, Above the 10-Year Average (16.0)

The forward 12-month P/E ratio is 22.0. This P/E ratio is above the 5-year average of 17.9 and above the 10-year average of 16.0. It is also above the forward 12-month P/E ratio of 21.8 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 increased by 6.0%, while the forward 12-month EPS estimate has increased by 5.4%.

At the sector level, the Consumer Discretionary (36.7) sector has the highest forward 12-month P/E ratio, while the Financials (14.4) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

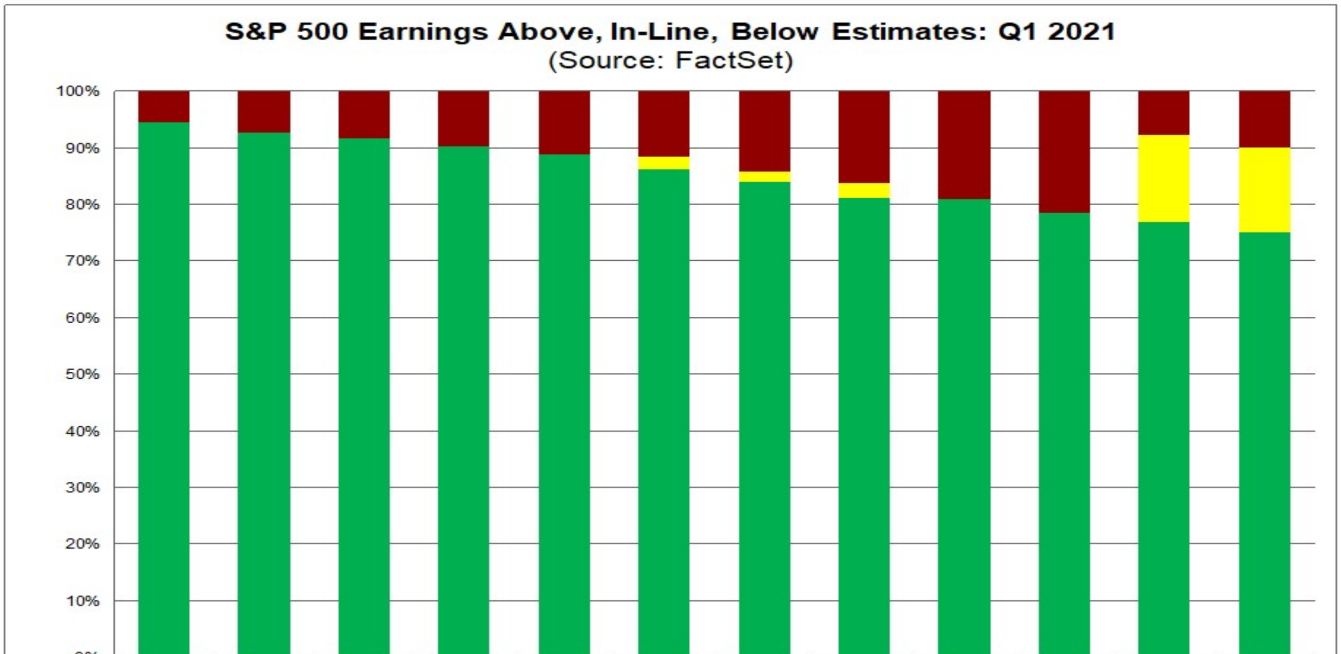
The bottom-up target price for the S&P 500 is 4649.34, which is 10.4% above the closing price of 4211.47. At the sector level, the Information Technology (+14.0%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Real Estate (+3.8%) 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 10,391 ratings on stocks in the S&P 500. Of these 10,391 ratings, 56.2% are Buy ratings, 37.0% are Hold ratings, and 6.8% are Sell ratings. At the sector level, the Health Care (63%), Information Technology (62%), and Energy (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) sector has the lowest percentage of Buy ratings.

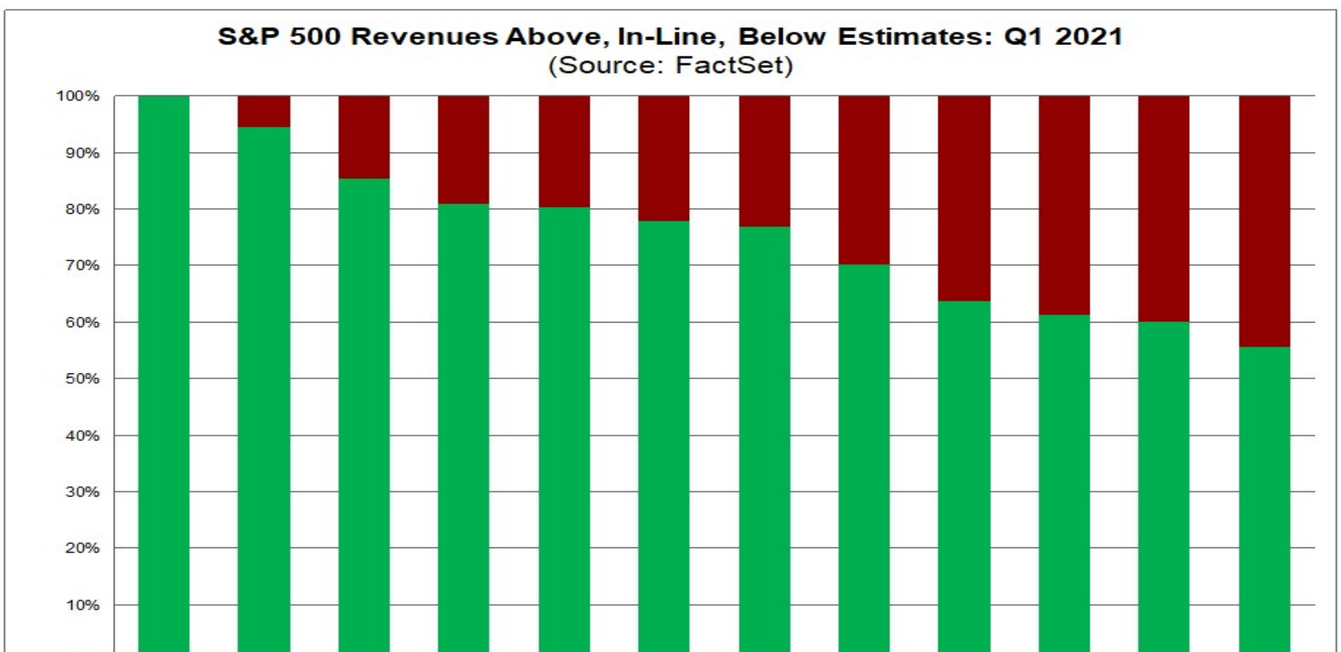
Companies Reporting Next Week: 133

During the upcoming week, 133 S&P 500 companies are scheduled to report results for the first quarter.

Q1 2021: Scorecard

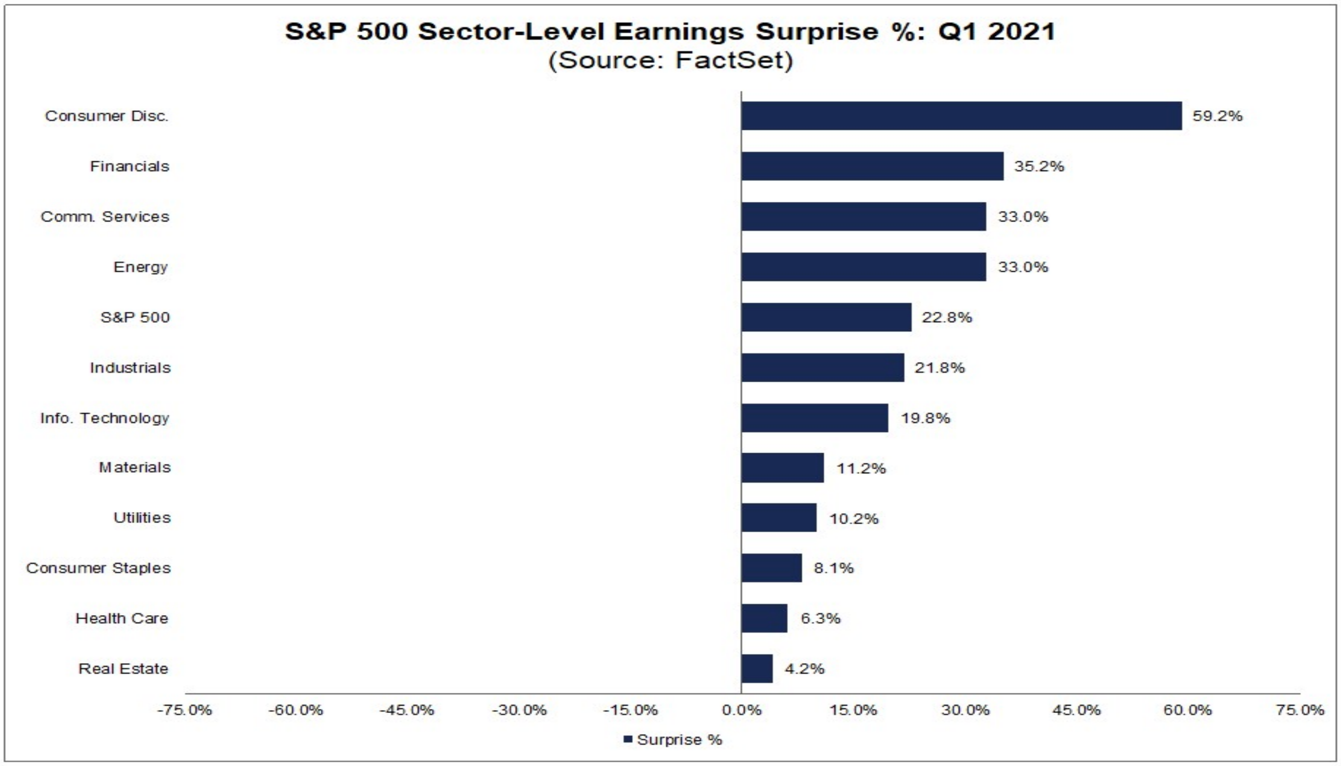


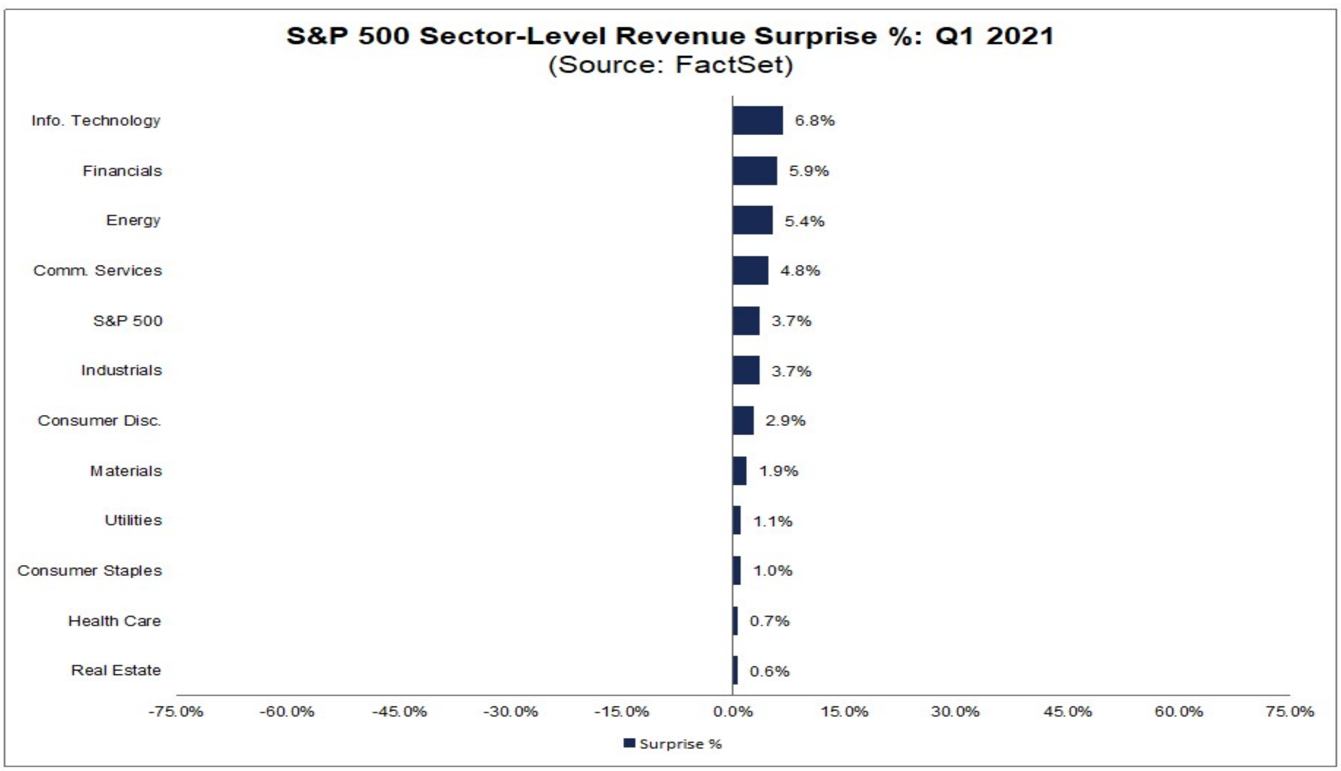
	Info. Technology	Financials	Energy	Consumer Disc.	Utilities	S&P 500	Industrials	Health Care	Consumer Staples	Comm. Services	Materials	Real Estate
Below	6%	7%	8%	10%	11%	12%	14%	16%	19%	21%	8%	10%
In-Line	0%	0%	0%	0%	0%	2%	2%	3%	0%	0%	15%	15%
Above	94%	93%	92%	90%	89%	86%	84%	81%	81%	79%	77%	75%



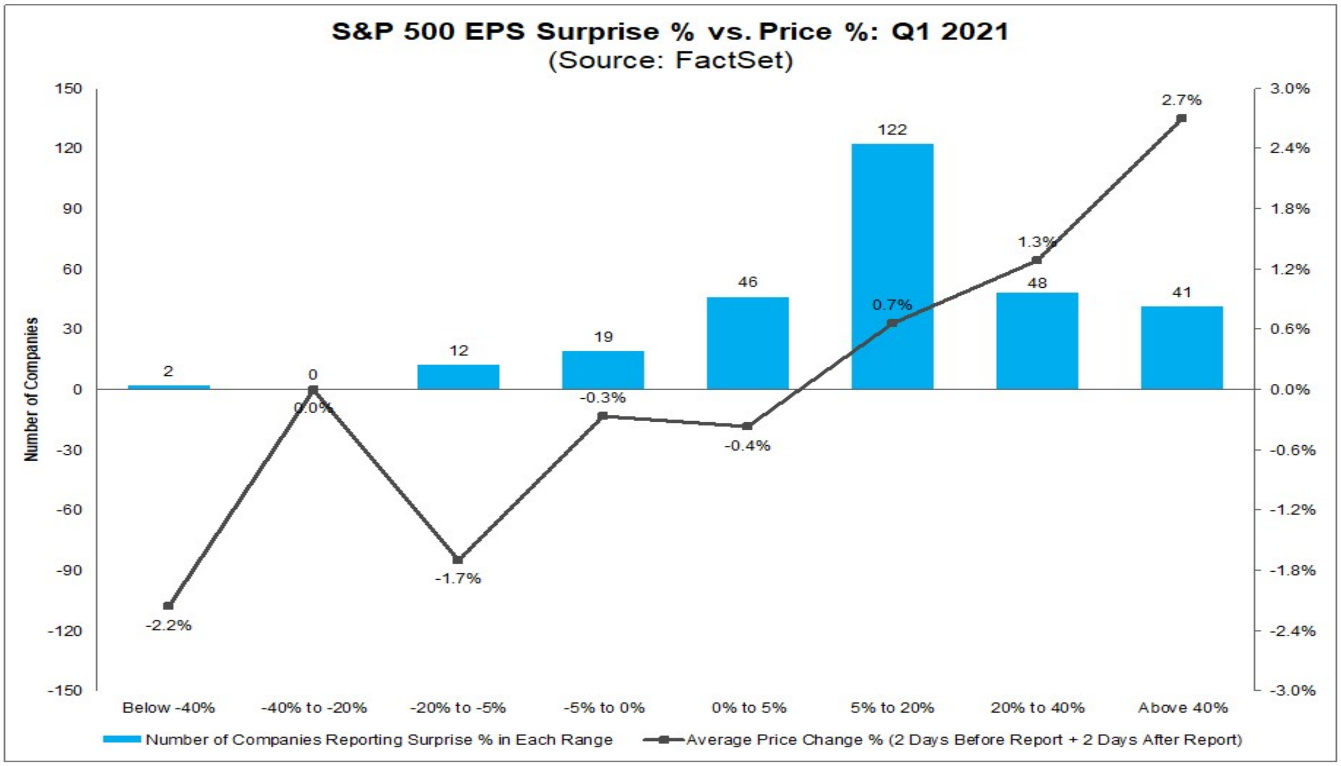
	Comm. Services	Info. Technology	Financials	Consumer Staples	Industrials	S&P 500	Materials	Health Care	Energy	Consumer Disc.	Real Estate	Utilities
Below	0%	6%	15%	19%	20%	22%	23%	30%	36%	39%	40%	44%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	94%	85%	81%	80%	78%	77%	70%	64%	61%	60%	56%

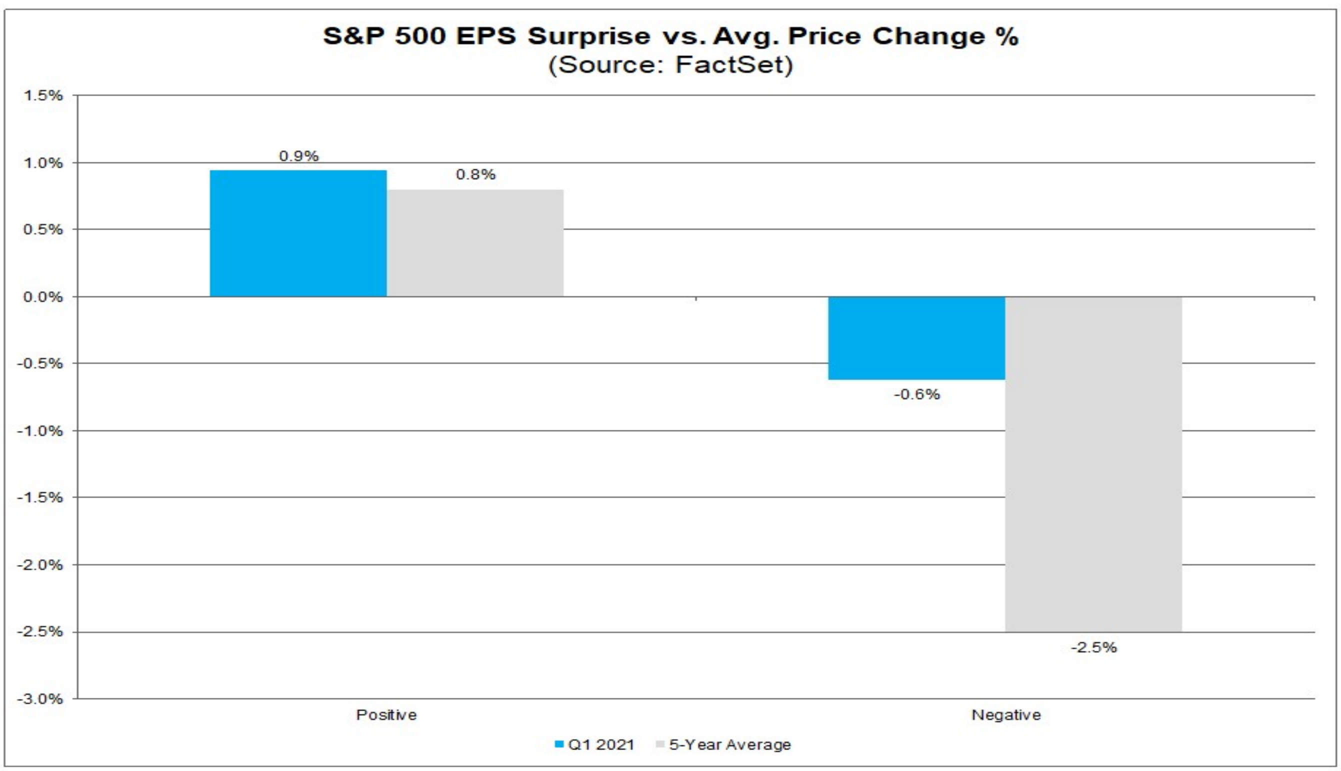
Q1 2021: Scorecard



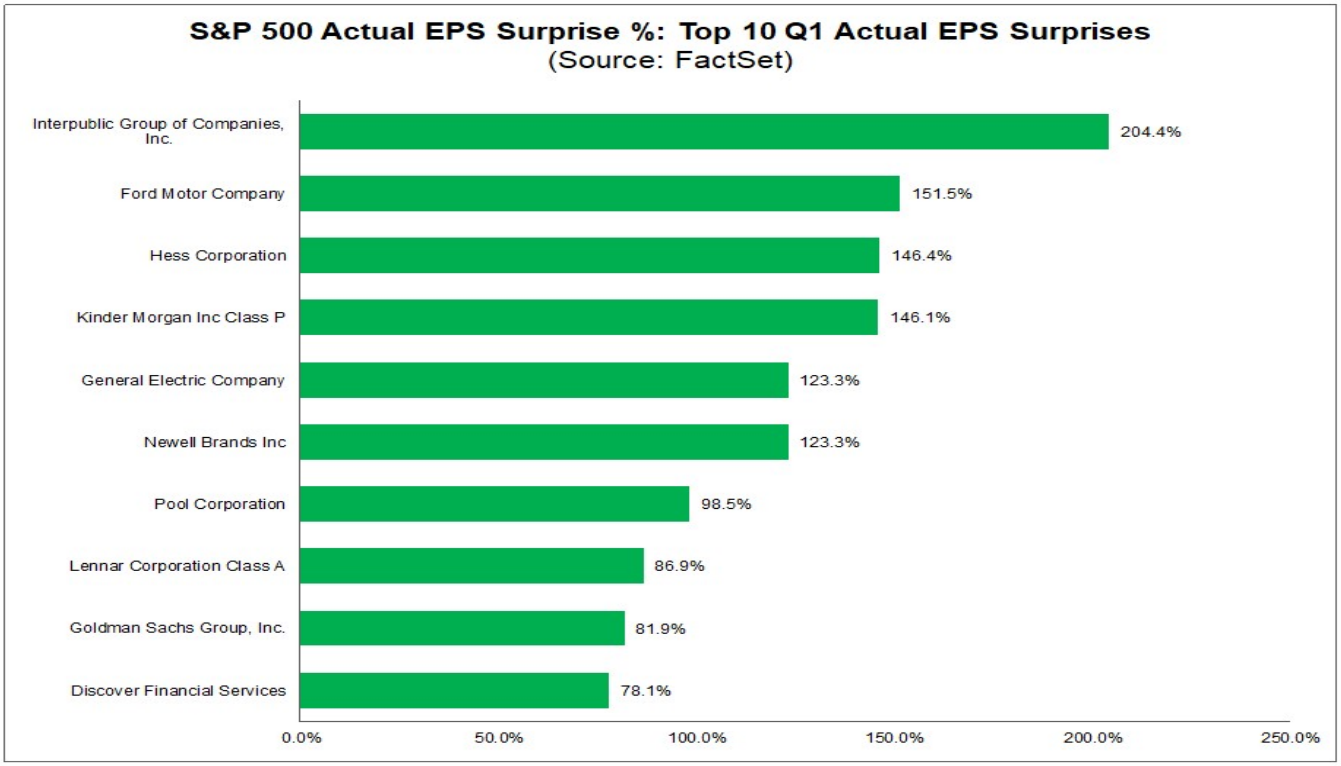


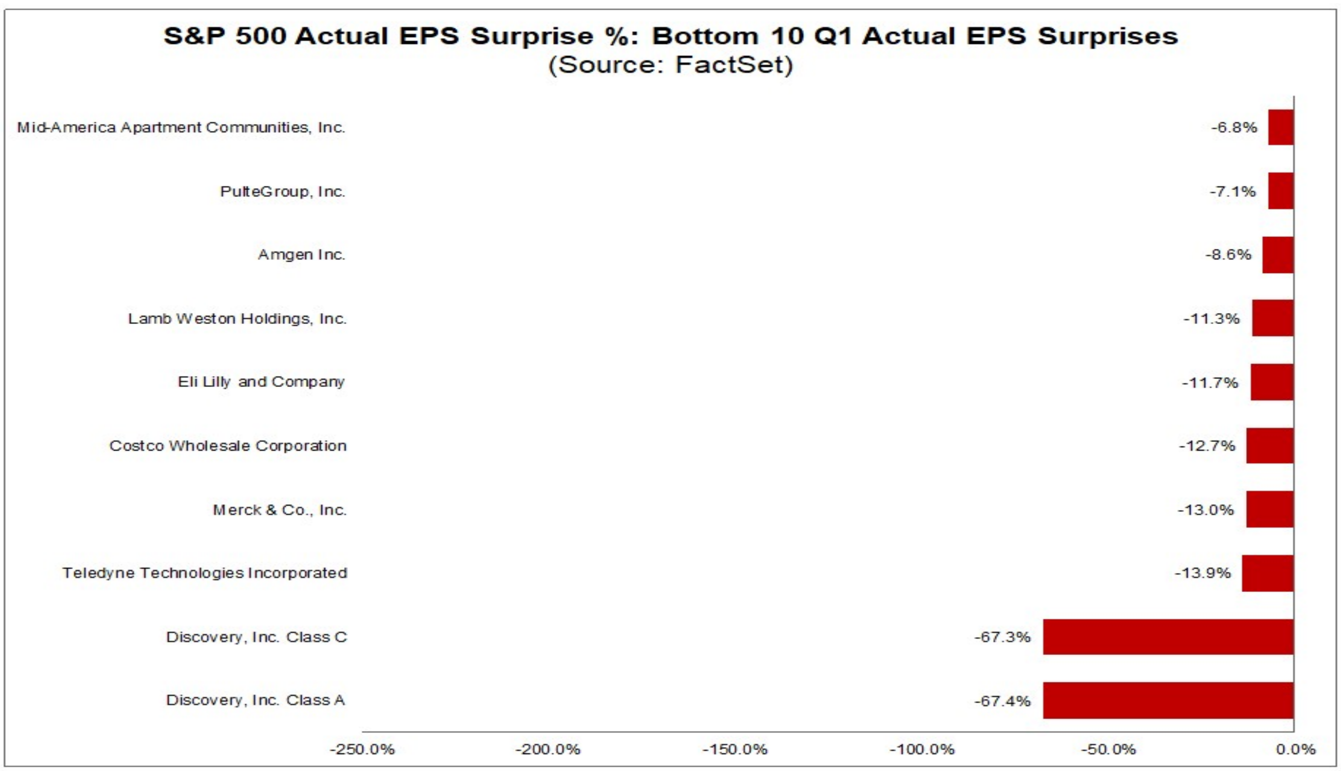
Q1 2021: Scorecard



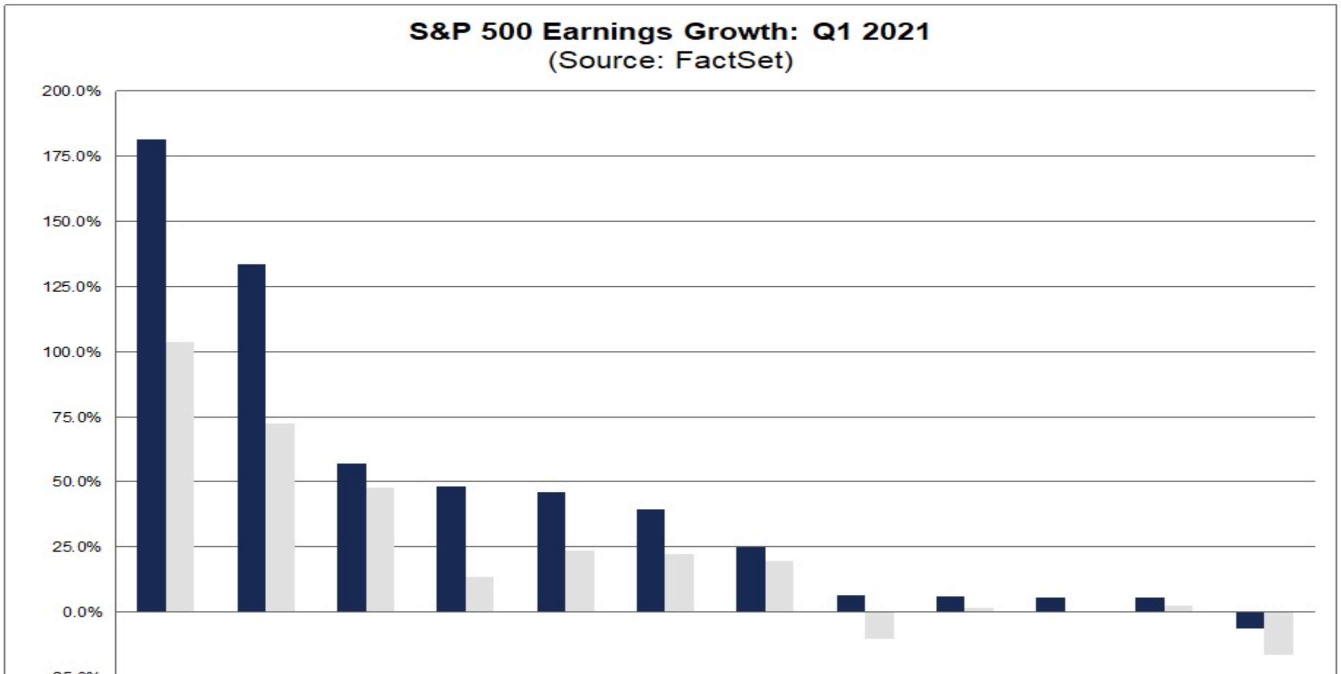


Q1 2021: Scorecard

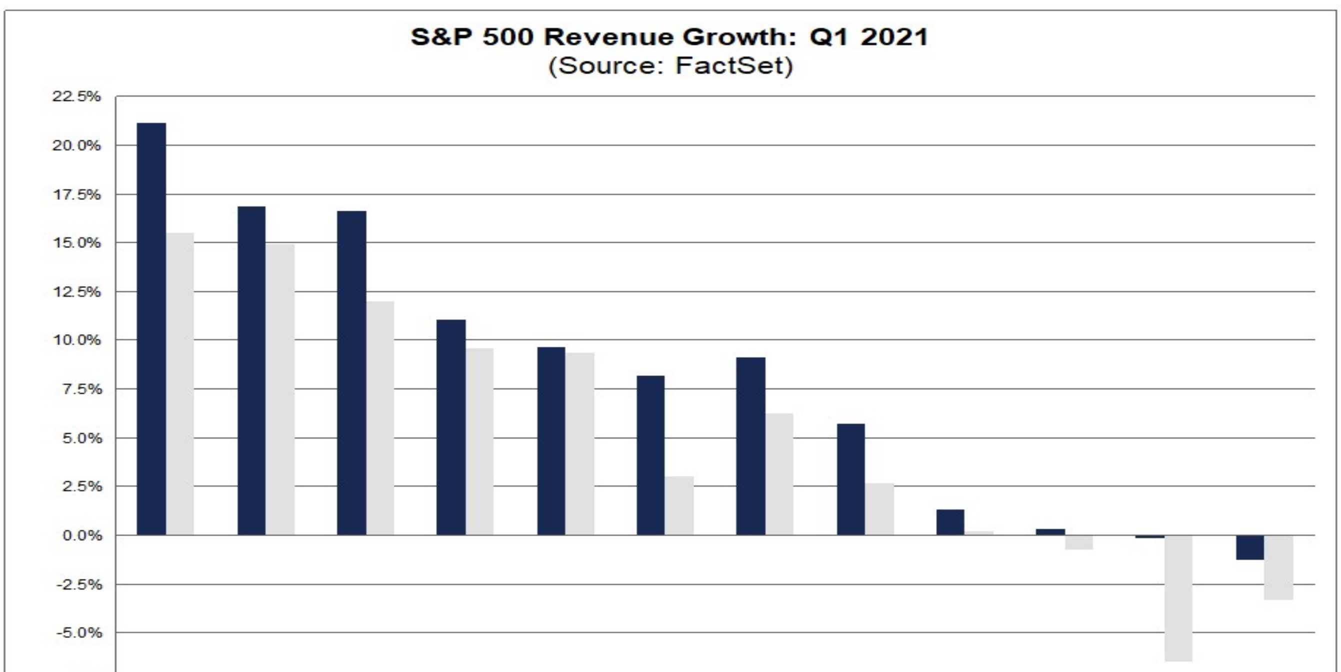




Q1 2021: Growth

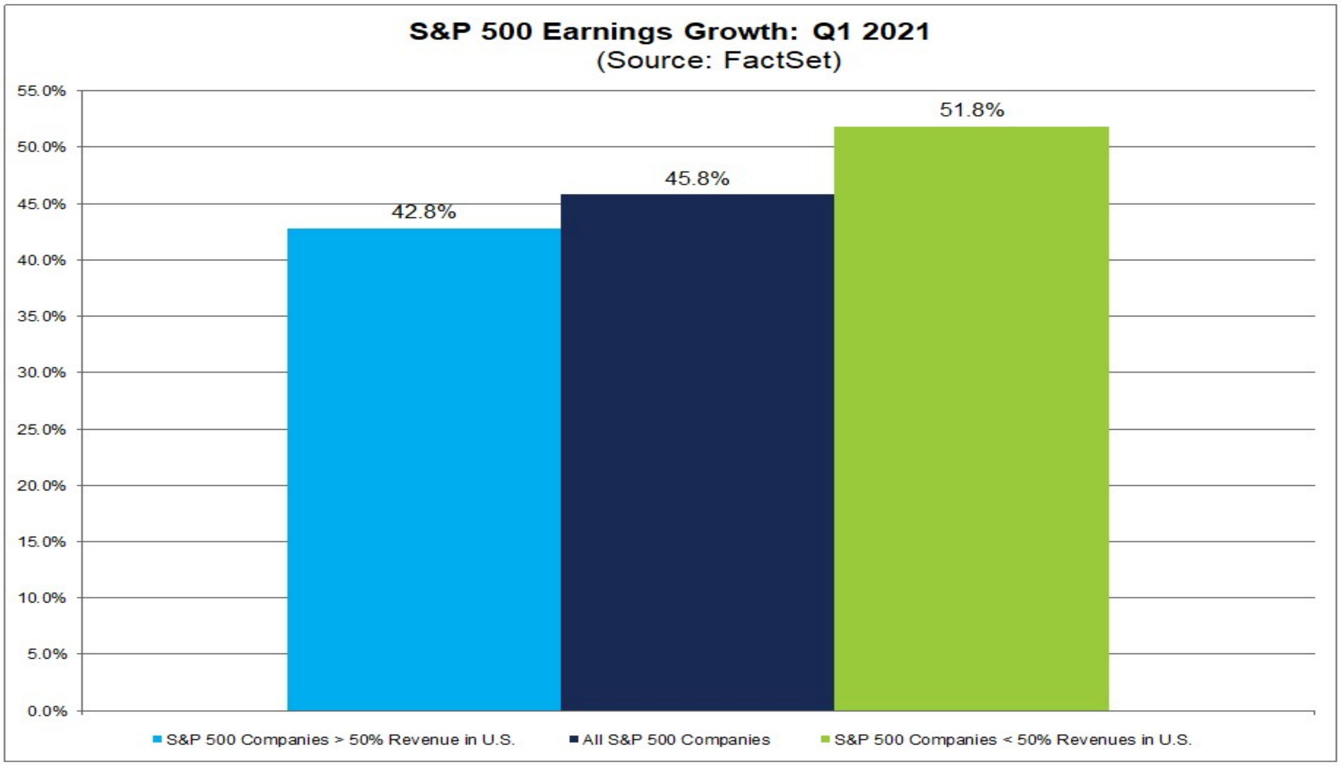


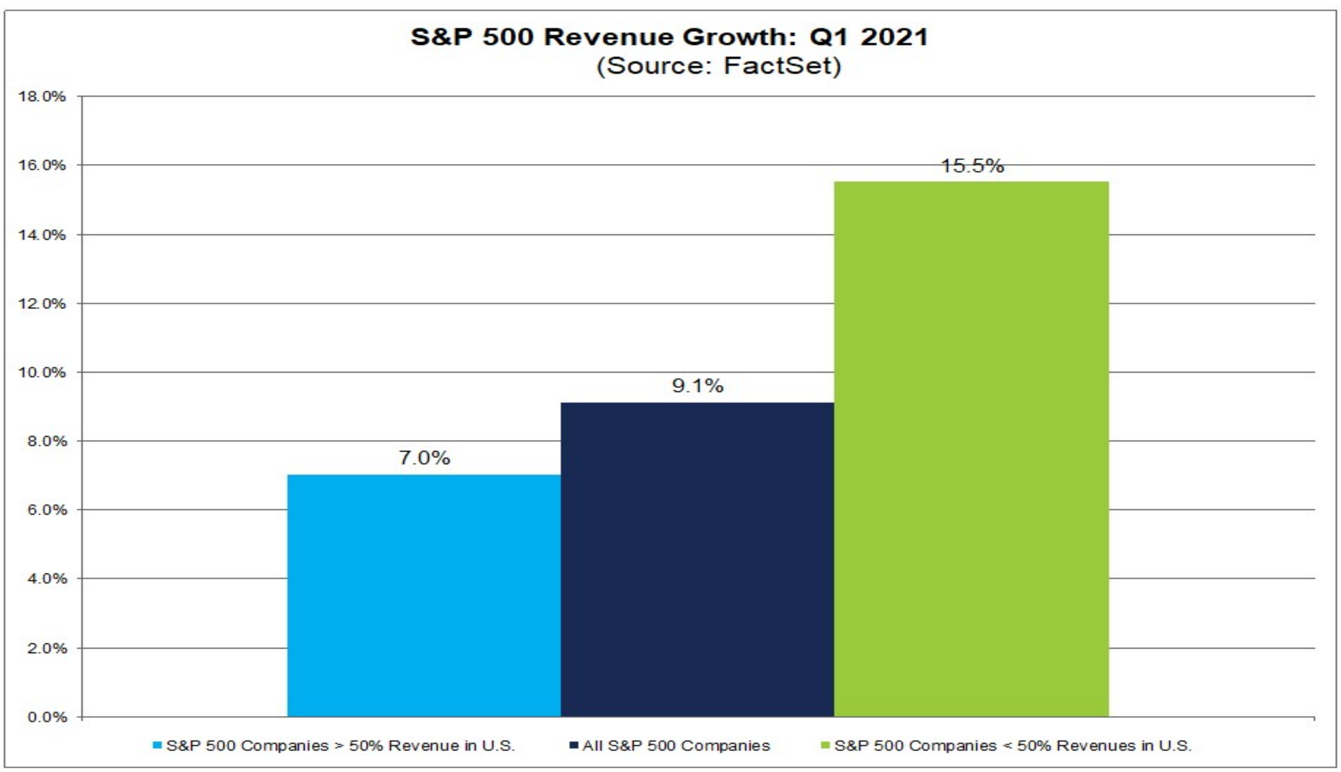
	Consumer Disc.	Financials	Materials	Comm. Services	S&P 500	Info. Technology	Health Care	Energy	Real Estate	Consumer Staples	Utilities	Industrials
Today	181.6%	133.7%	57.1%	48.0%	45.8%	39.5%	24.8%	6.5%	6.0%	5.5%	5.4%	-6.4%
31-Mar	103.4%	72.5%	47.7%	13.4%	23.8%	22.3%	19.7%	-10.2%	1.7%	0.2%	2.5%	-16.7%



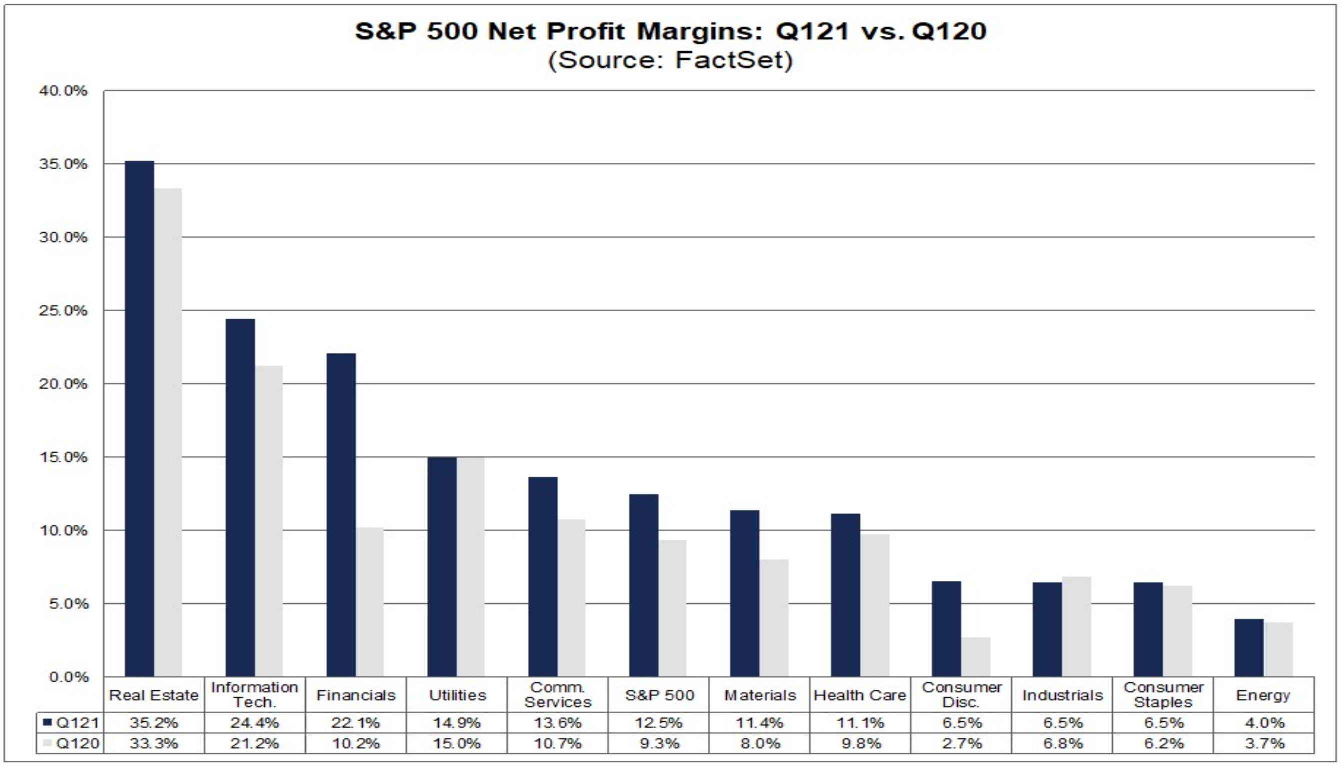
	Info. Technology	Consumer Disc.	Comm. Services	Materials	Health Care	Financials	S&P 500	Utilities	Consumer Staples	Real Estate	Energy	Industrials
Today	21.1%	16.9%	16.6%	11.1%	9.7%	8.2%	9.1%	5.7%	1.3%	0.3%	-0.1%	-1.3%
31-Mar	15.5%	14.9%	12.0%	9.6%	9.3%	3.0%	6.2%	2.6%	0.2%	-0.7%	-6.5%	-3.3%

Q1 2021: Growth

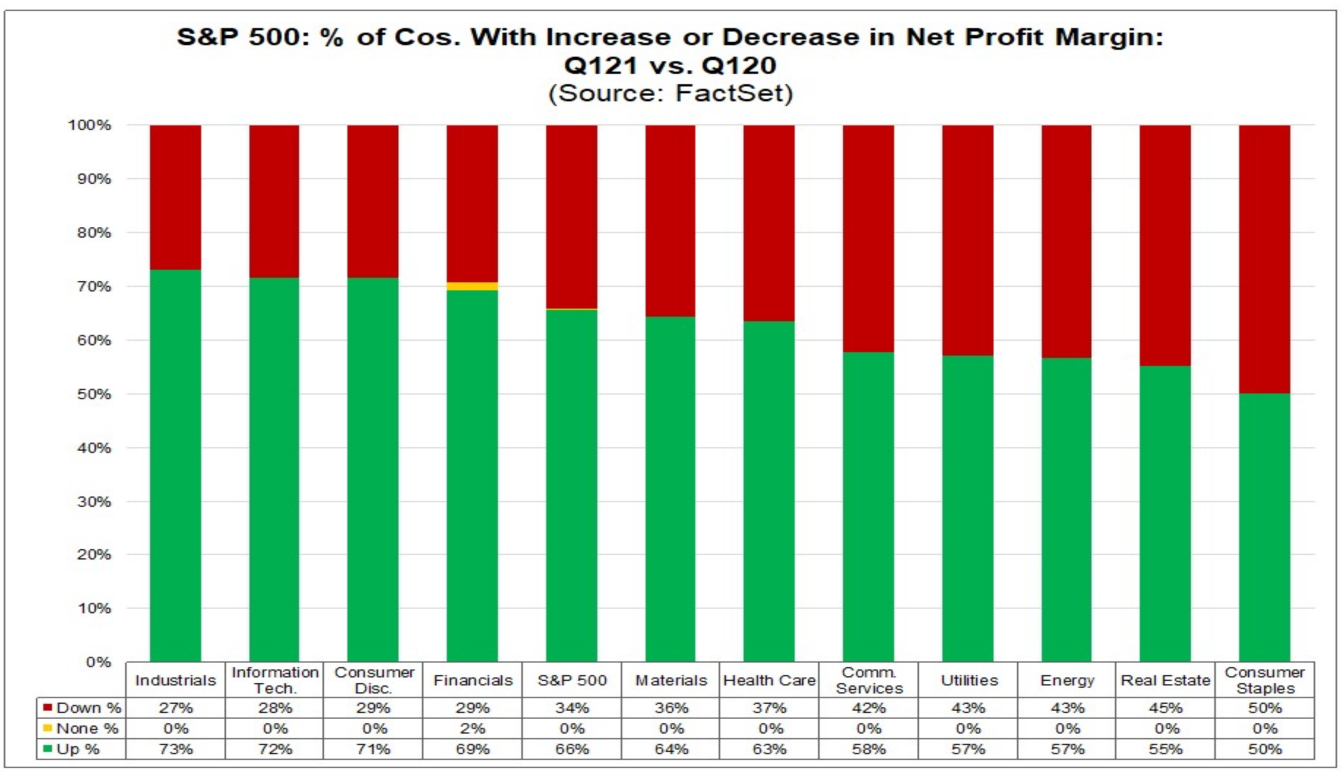




Q1 2021: Net Profit Margin

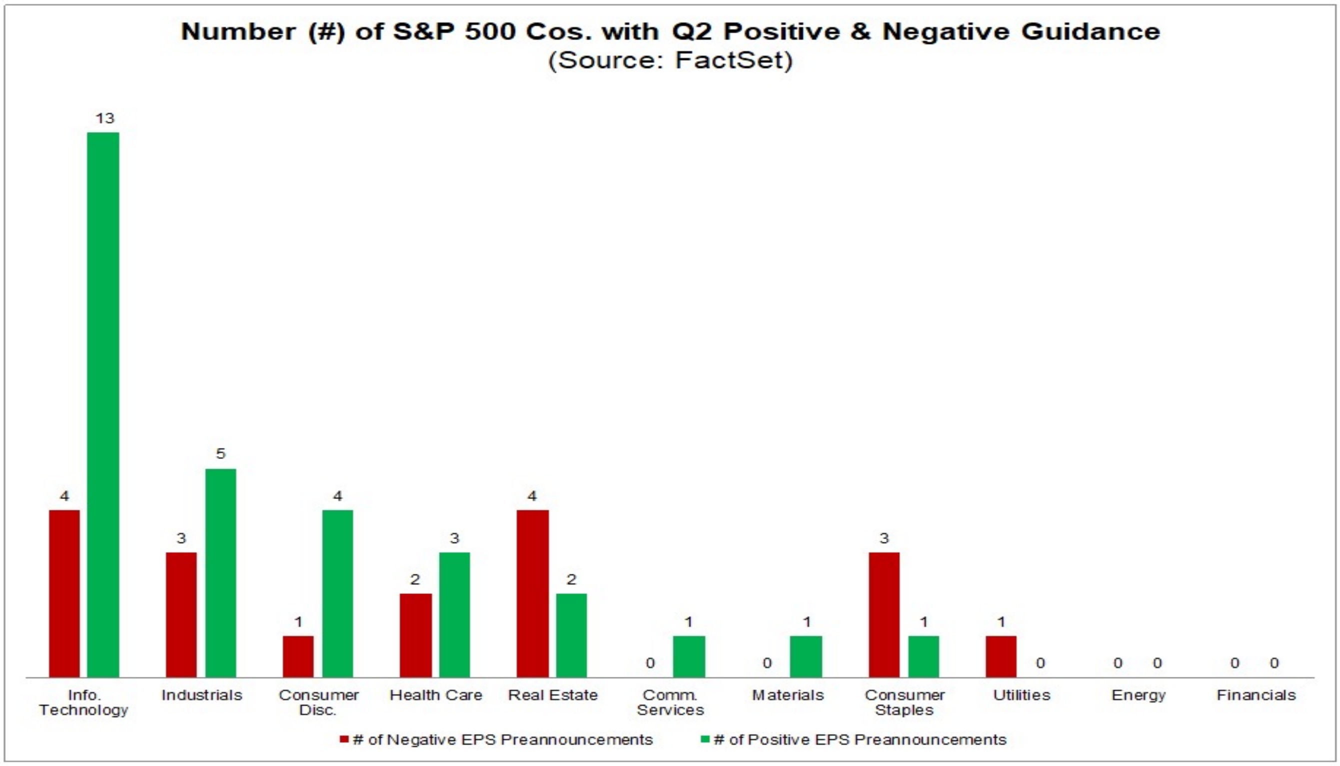


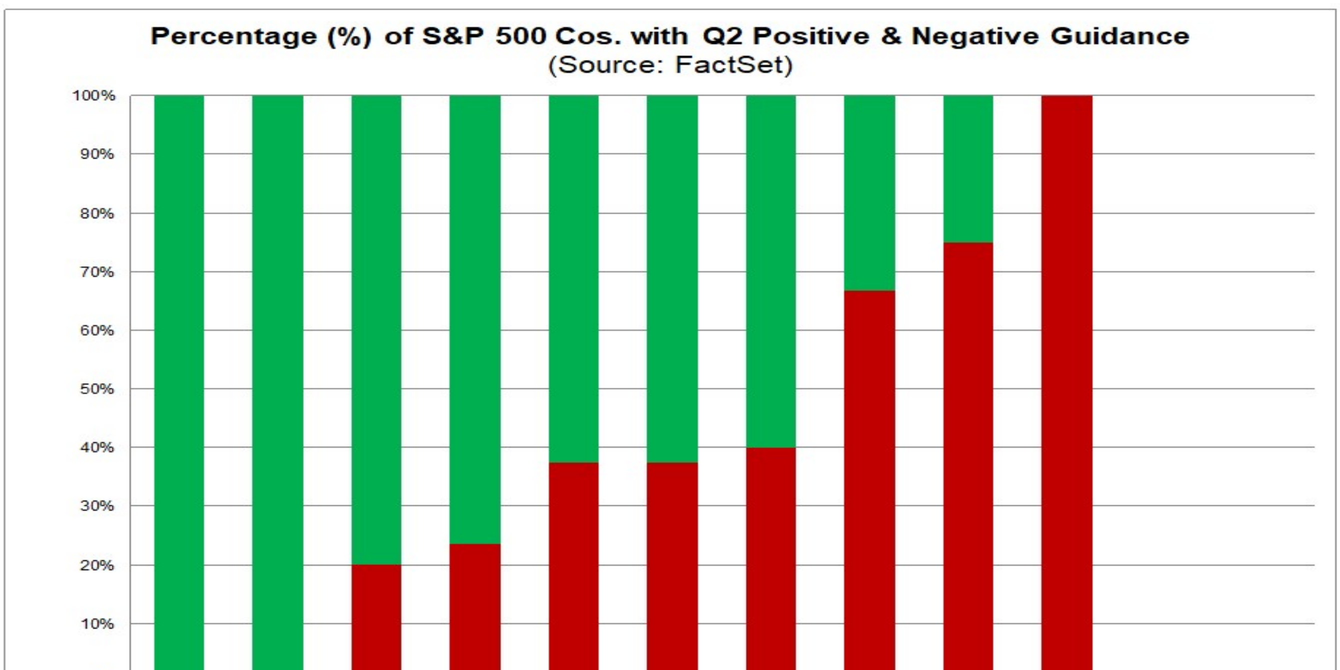
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Materials	Health Care	Consumer Disc.	Industrials	Consumer Staples	Energy
Q121	35.2%	24.4%	22.1%	14.9%	13.6%	12.5%	11.4%	11.1%	6.5%	6.5%	6.5%	4.0%
Q120	33.3%	21.2%	10.2%	15.0%	10.7%	9.3%	8.0%	9.8%	2.7%	6.8%	6.2%	3.7%



	Industrials	Information Tech.	Consumer Disc.	Financials	S&P 500	Materials	Health Care	Comm. Services	Utilities	Energy	Real Estate	Consumer Staples
Down %	27%	28%	29%	29%	34%	36%	37%	42%	43%	43%	45%	50%
None %	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	73%	72%	71%	69%	66%	64%	63%	58%	57%	57%	55%	50%

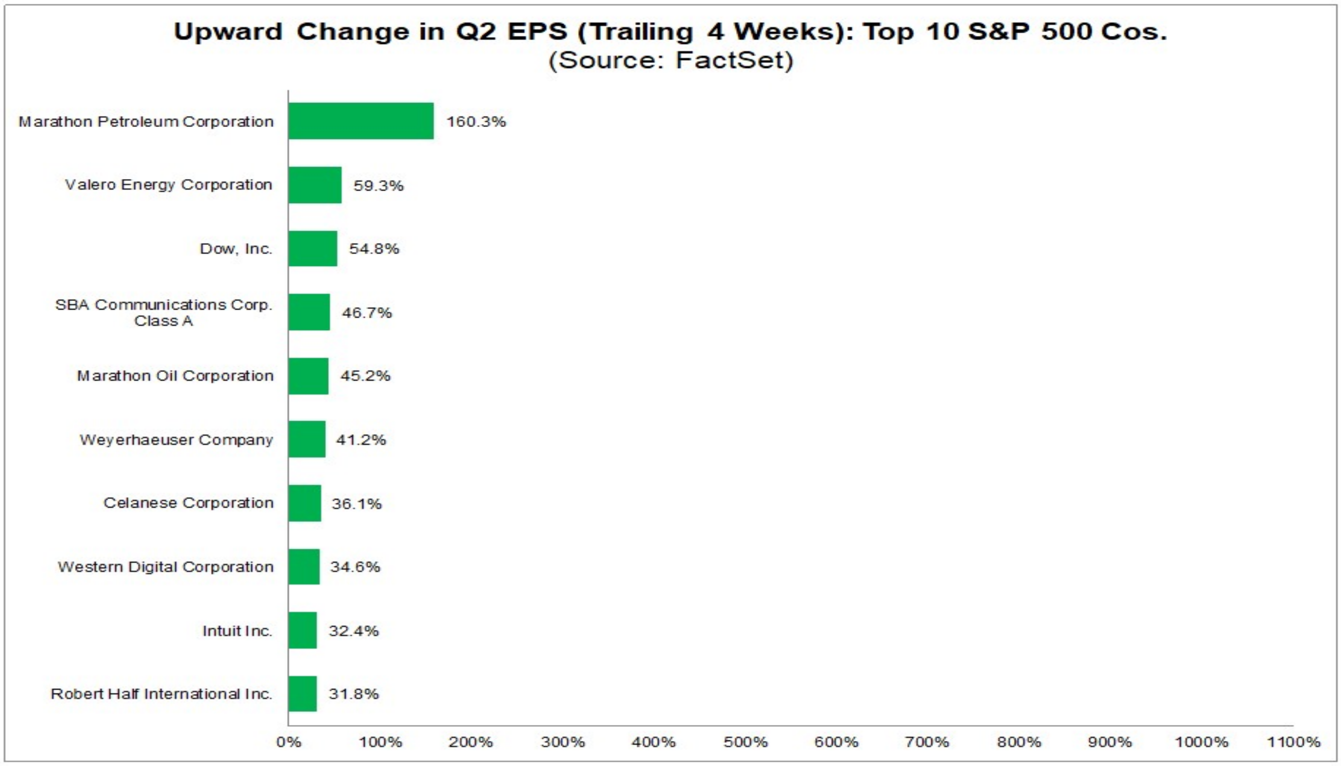
Q2 2021: EPS Guidance

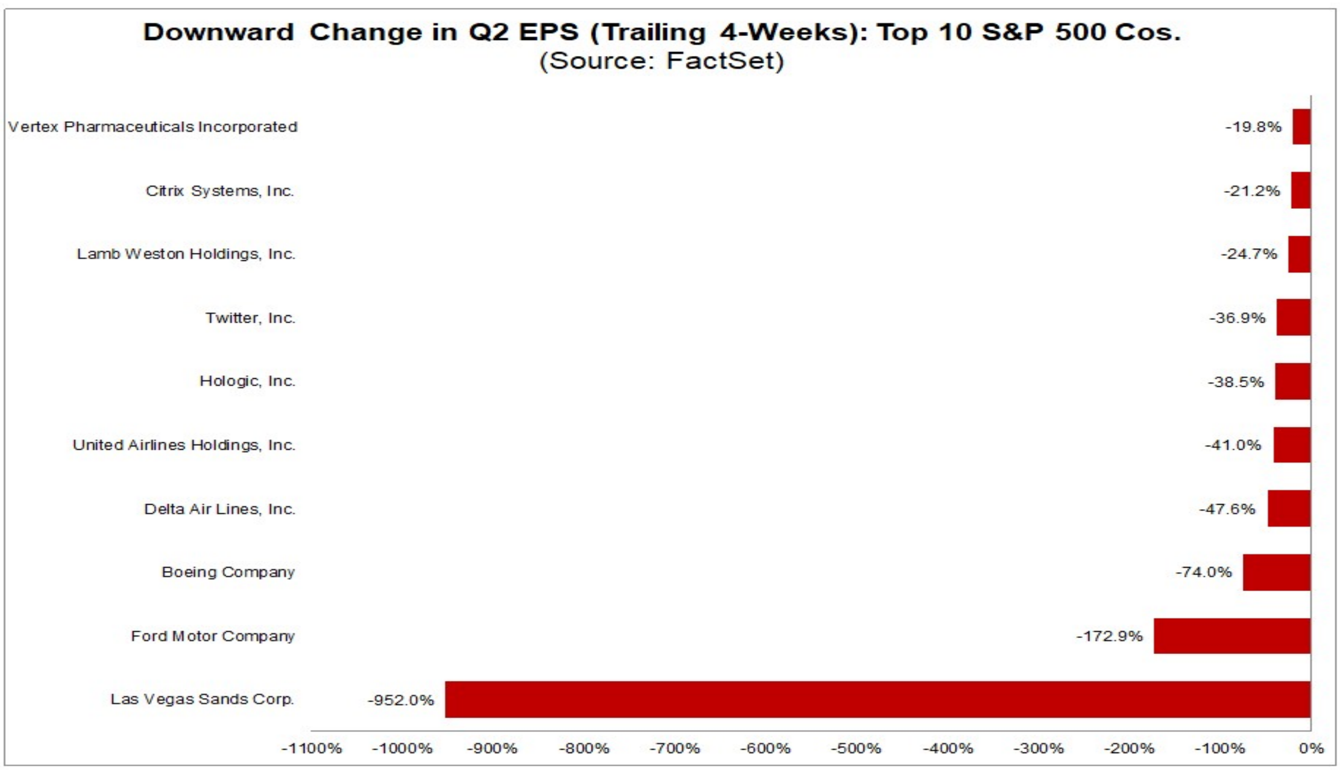




	Materials	Comm. Services	Consumer Disc.	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Consumer Staples	Utilities	Energy	Financials
Positive	100%	100%	80%	76%	63%	63%	60%	33%	25%	0%	0%	0%
Negative	0%	0%	20%	24%	38%	38%	40%	67%	75%	100%	0%	0%

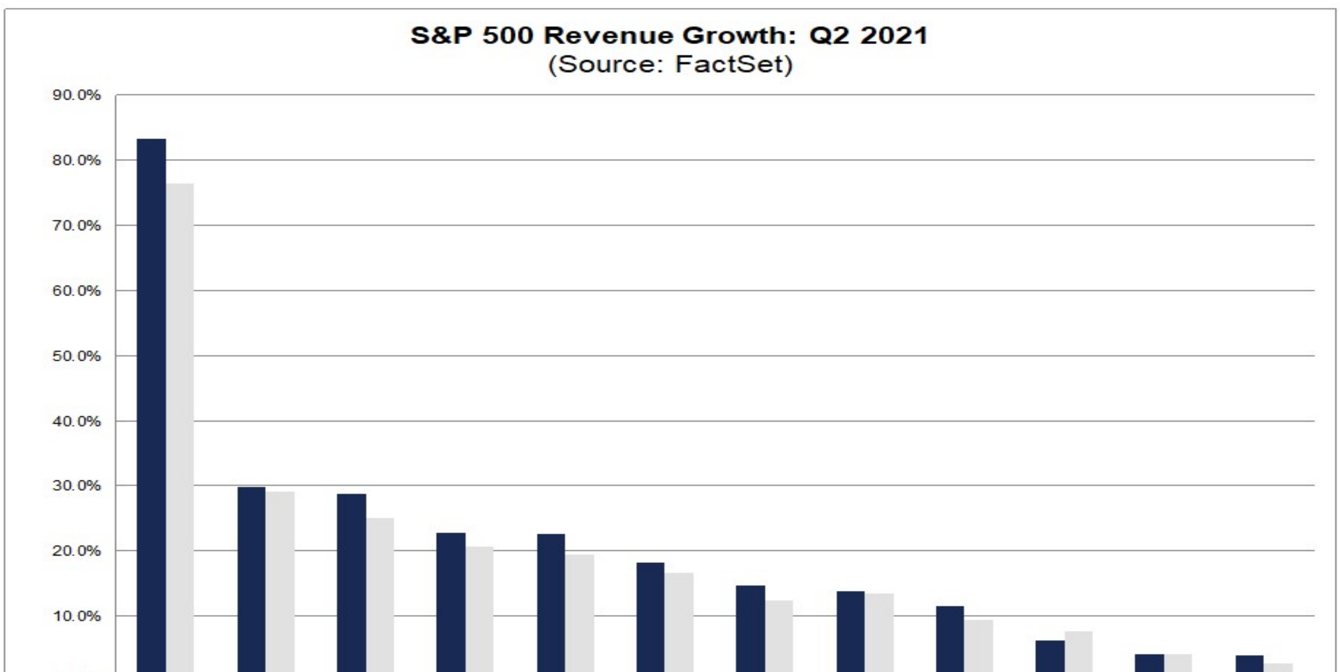
Q2 2021: EPS Revisions





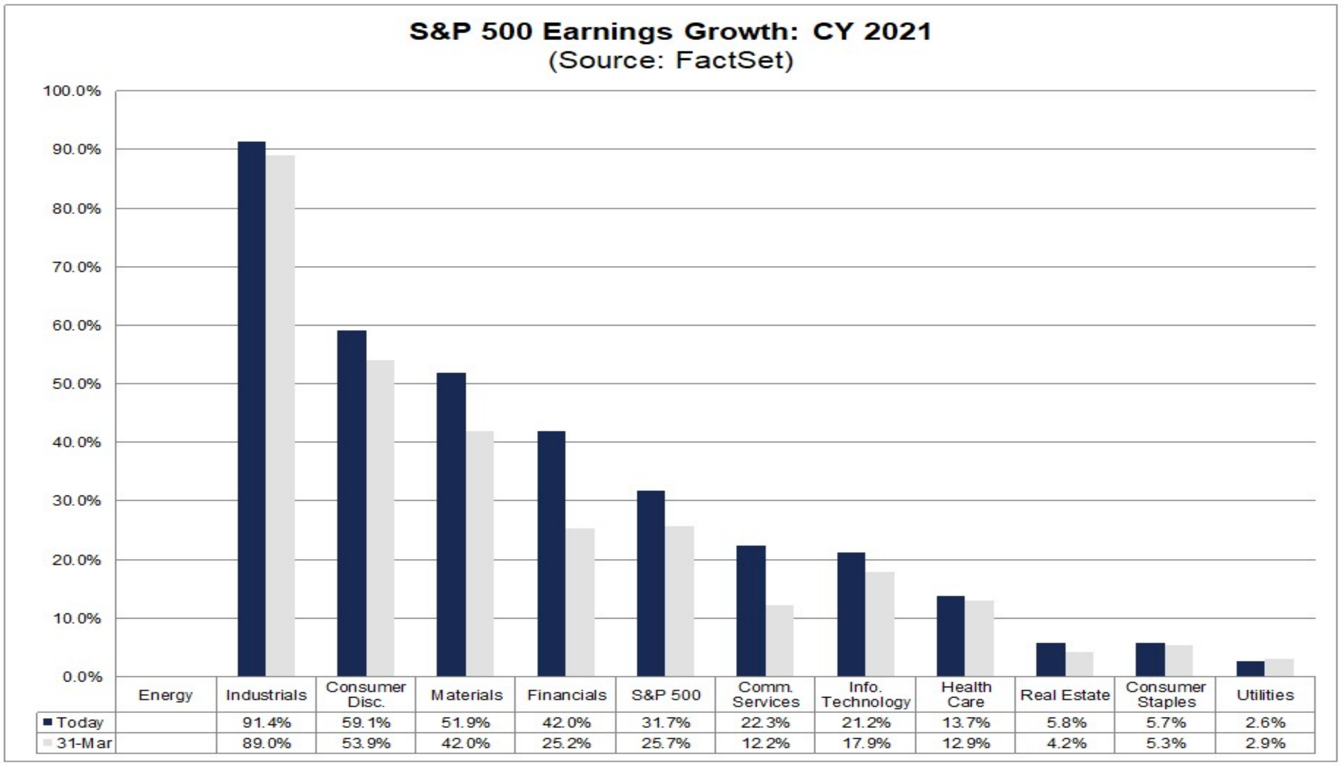
Q2 2021: Growth

	Energy	Industrials	Consumer Disc.	Financials	Materials	S&P 500	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Staples	Utilities
Today		328.6%	175.2%	113.9%	101.0%	58.3%	41.1%	25.9%	14.9%	11.0%	5.1%	2.7%
31-Mar		323.3%	181.7%	97.0%	83.5%	52.3%	29.9%	19.6%	12.1%	10.9%	6.6%	2.6%

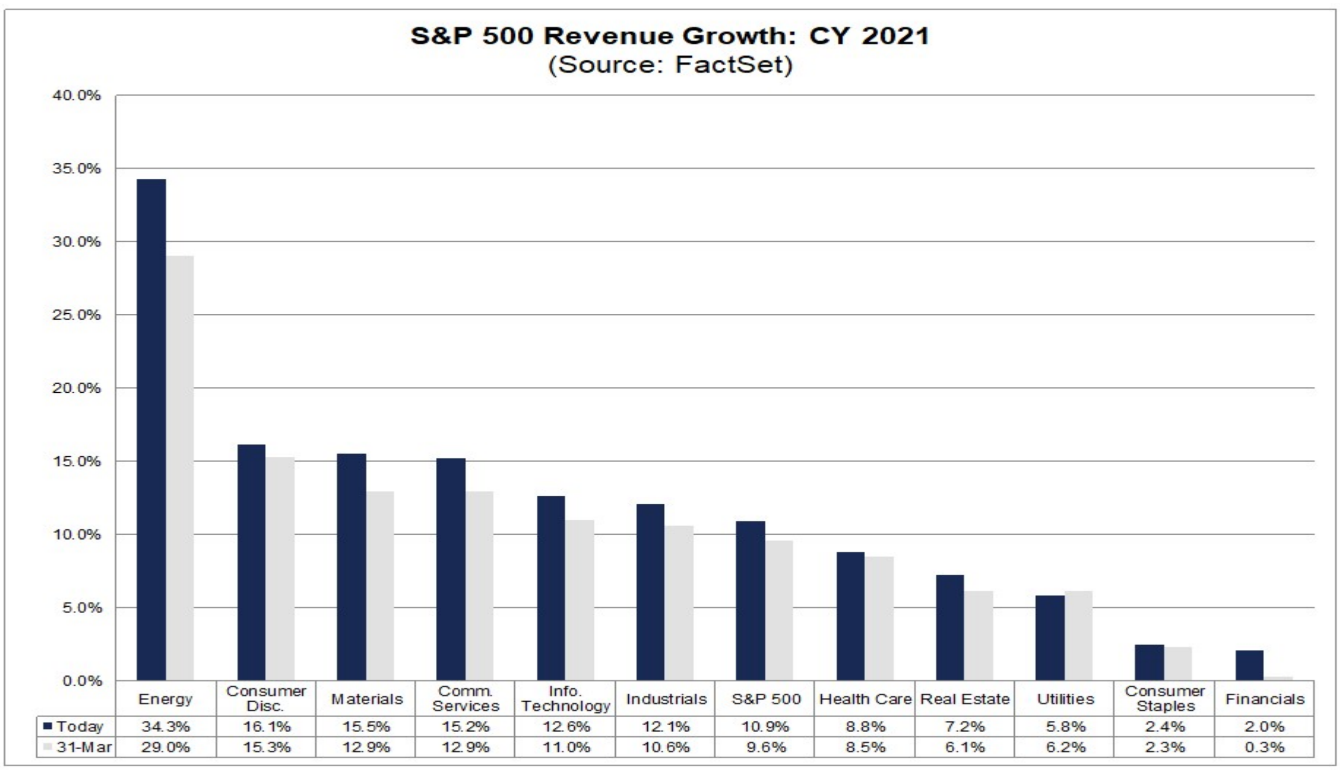


	Energy	Consumer Disc.	Materials	Industrials	Comm. Services	S&P 500	Info. Technology	Health Care	Real Estate	Utilities	Consumer Staples	Financials
Today	83.3%	29.8%	28.7%	22.8%	22.7%	18.1%	14.6%	13.8%	11.5%	6.3%	4.1%	4.0%
31-Mar	76.3%	29.1%	25.1%	20.6%	19.4%	16.6%	12.4%	13.4%	9.5%	7.7%	4.1%	2.7%

CY 2021: Growth

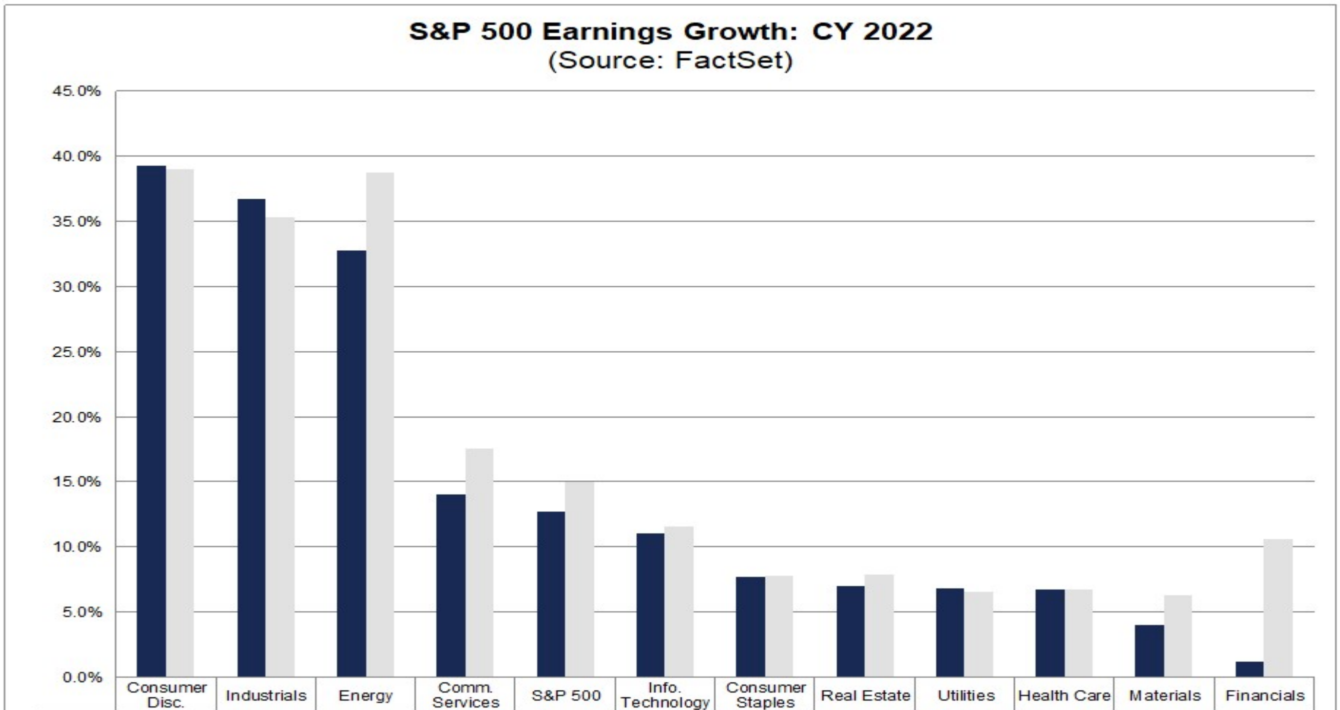


	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		91.4%	59.1%	51.9%	42.0%	31.7%	22.3%	21.2%	13.7%	5.8%	5.7%	2.6%
31-Mar		89.0%	53.9%	42.0%	25.2%	25.7%	12.2%	17.9%	12.9%	4.2%	5.3%	2.9%

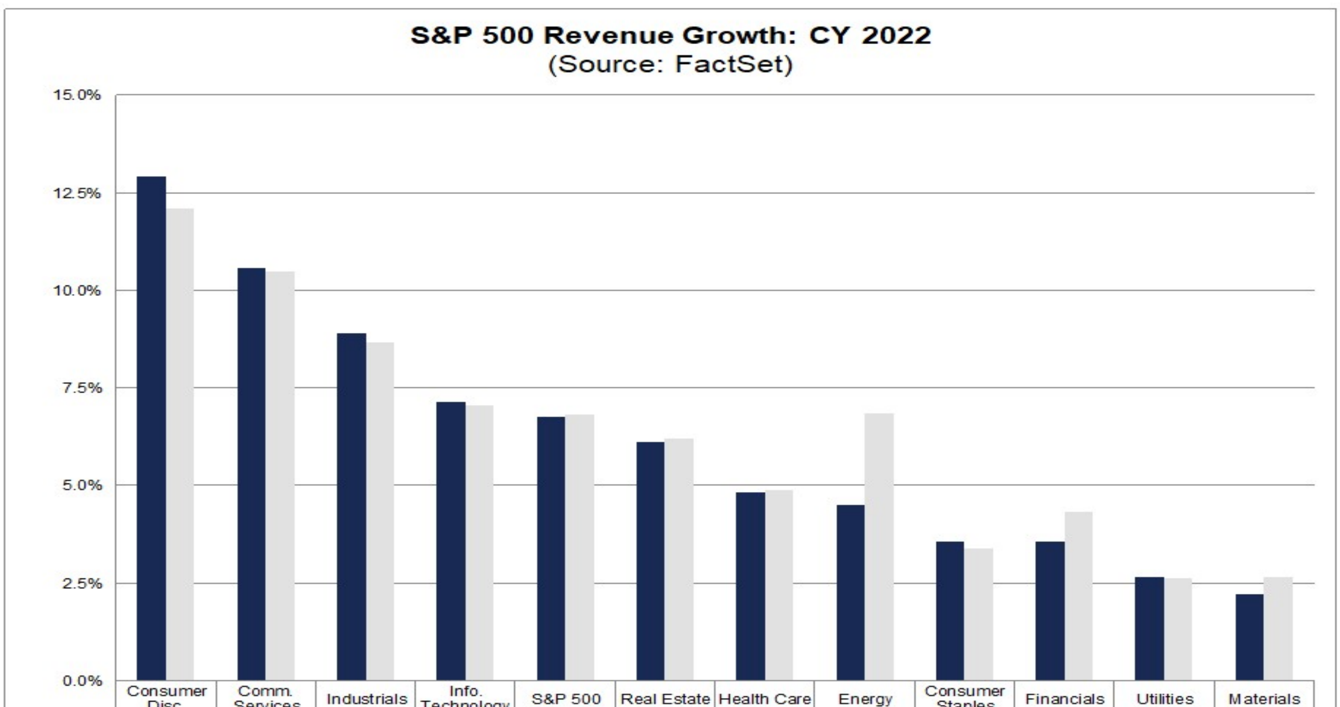


	Energy	Consumer Disc.	Materials	Comm. Services	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Utilities	Consumer Staples	Financials
Today	34.3%	16.1%	15.5%	15.2%	12.6%	12.1%	10.9%	8.8%	7.2%	5.8%	2.4%	2.0%
31-Mar	29.0%	15.3%	12.9%	12.9%	11.0%	10.6%	9.6%	8.5%	6.1%	6.2%	2.3%	0.3%

CY 2022: Growth

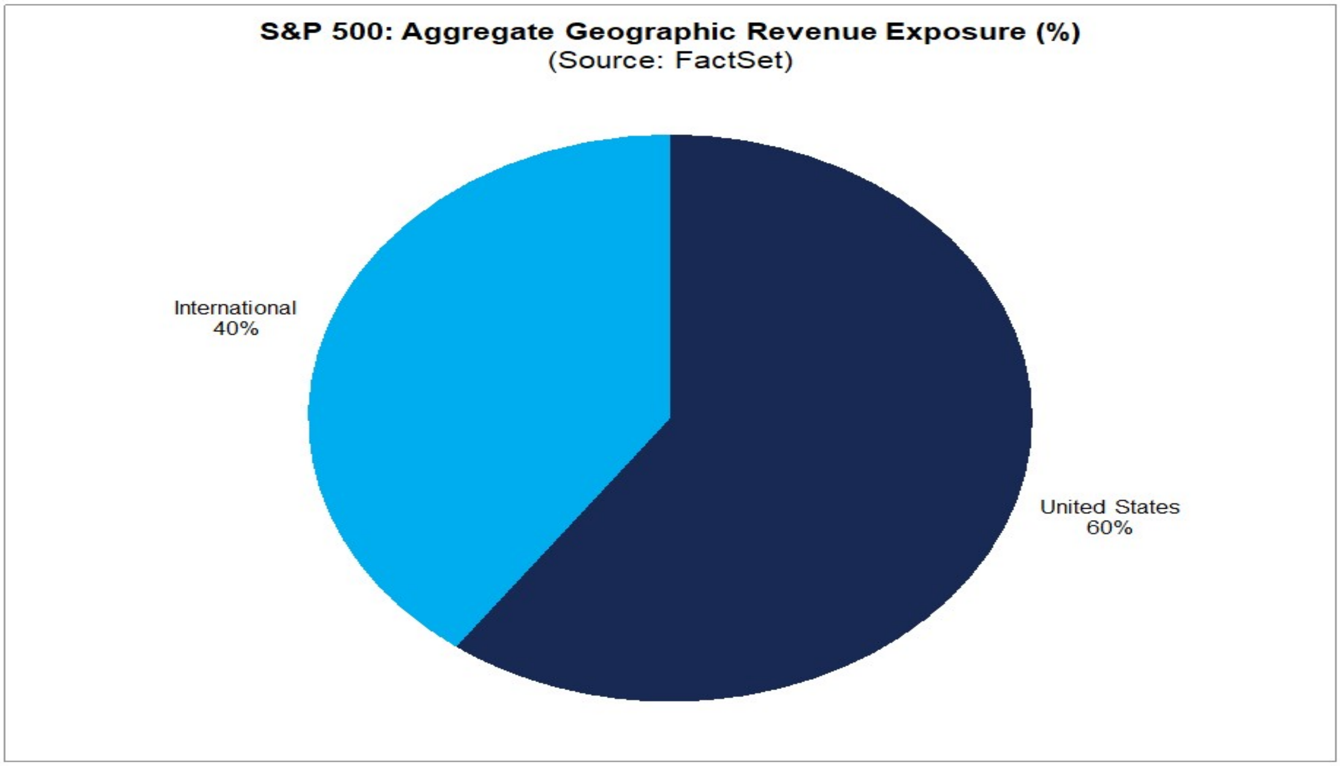


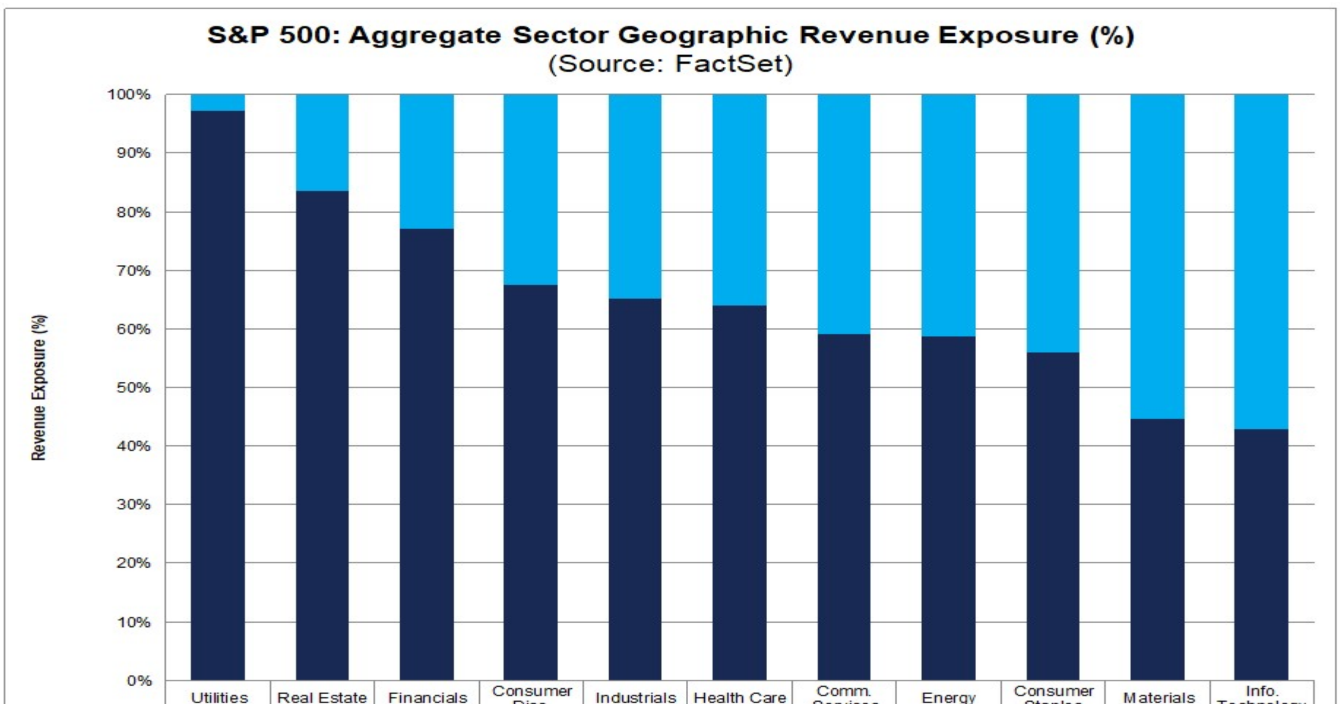
	Consumer Disc.	Industrials	Energy	Comm. Services	S&P 500	Info. Technology	Consumer Staples	Real Estate	Utilities	Health Care	Materials	Financials
Today	39.2%	36.7%	32.8%	14.0%	12.7%	11.1%	7.7%	7.0%	6.8%	6.7%	4.0%	1.2%
31-Mar	39.0%	35.3%	38.7%	17.6%	15.0%	11.5%	7.8%	7.9%	6.5%	6.7%	6.2%	10.6%



	Consumer Disc.	Comm. Services	Industrials	Info. Technology	S&P 500	Real Estate	Health Care	Energy	Consumer Staples	Financials	Utilities	Materials
Today	12.9%	10.6%	8.9%	7.1%	6.8%	6.1%	4.8%	4.5%	3.6%	3.6%	2.7%	2.2%
31-Mar	12.1%	10.5%	8.6%	7.0%	6.8%	6.2%	4.9%	6.8%	3.4%	4.3%	2.6%	2.7%

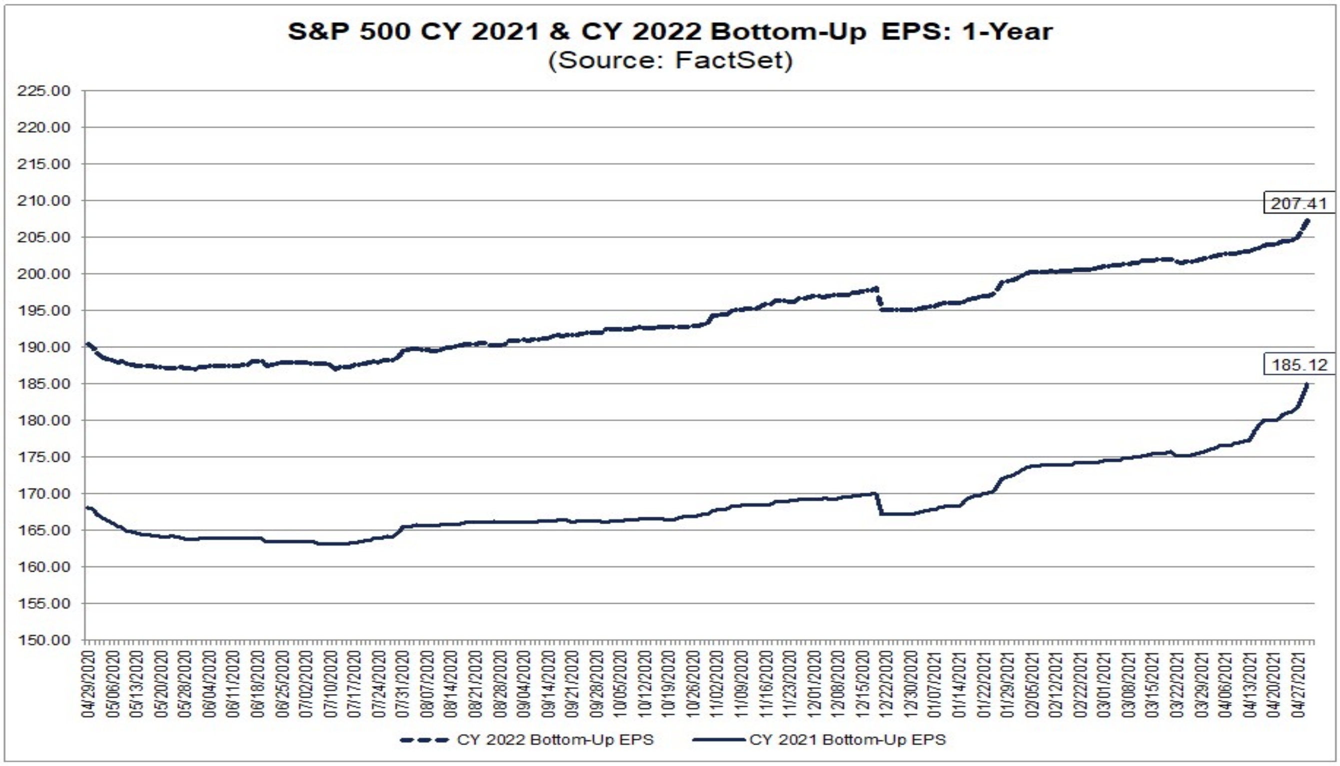
Geographic Revenue Exposure

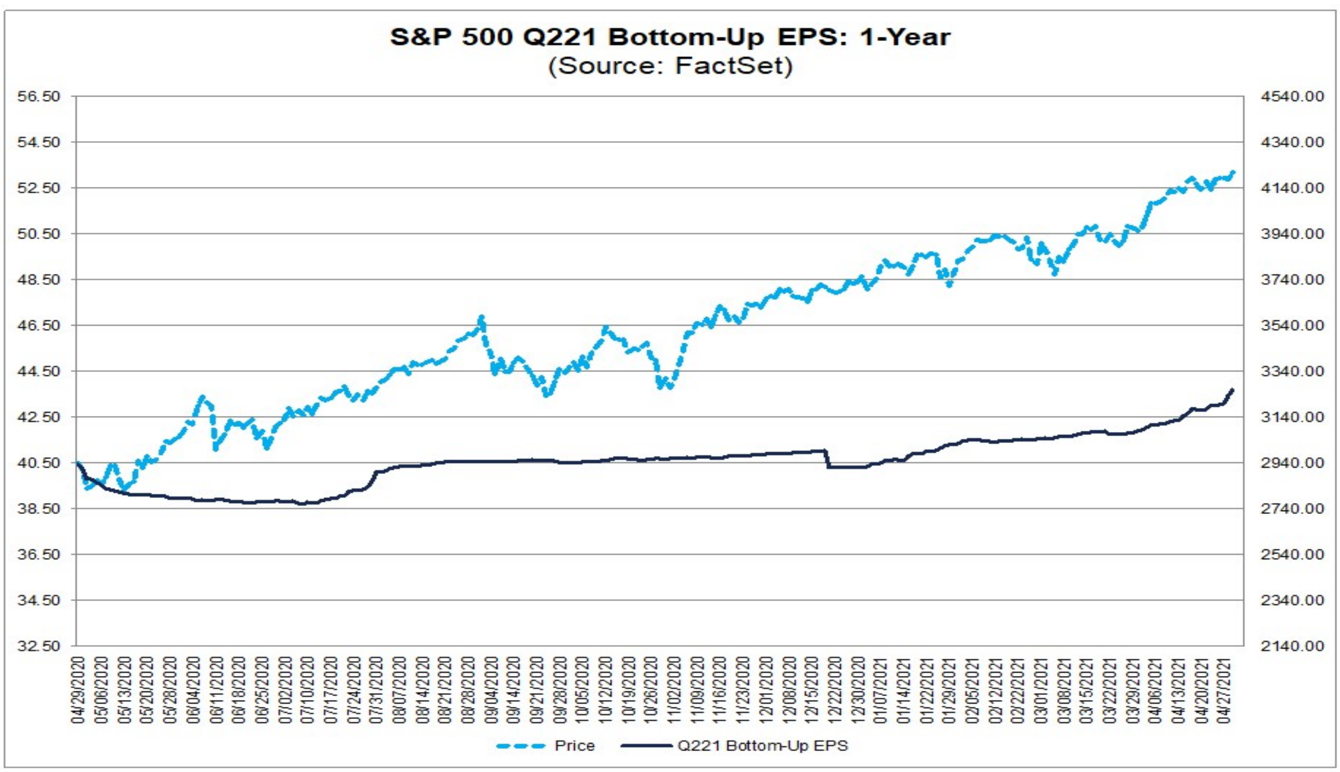




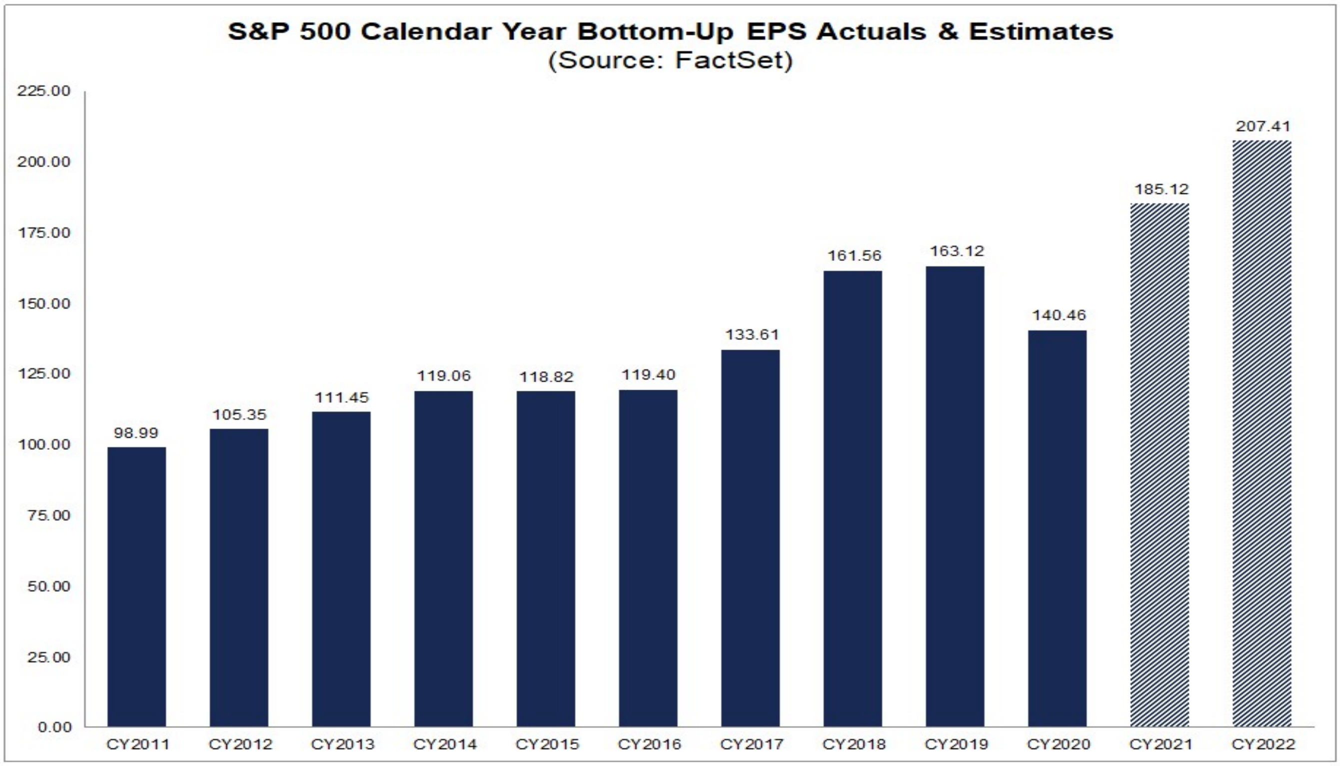
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Health Care	Comm. Services	Energy	Consumer Staples	Materials	Info. Technology
International	3%	17%	23%	32%	35%	36%	41%	41%	44%	55%	57%
United States	97%	83%	77%	68%	65%	64%	59%	59%	56%	45%	43%

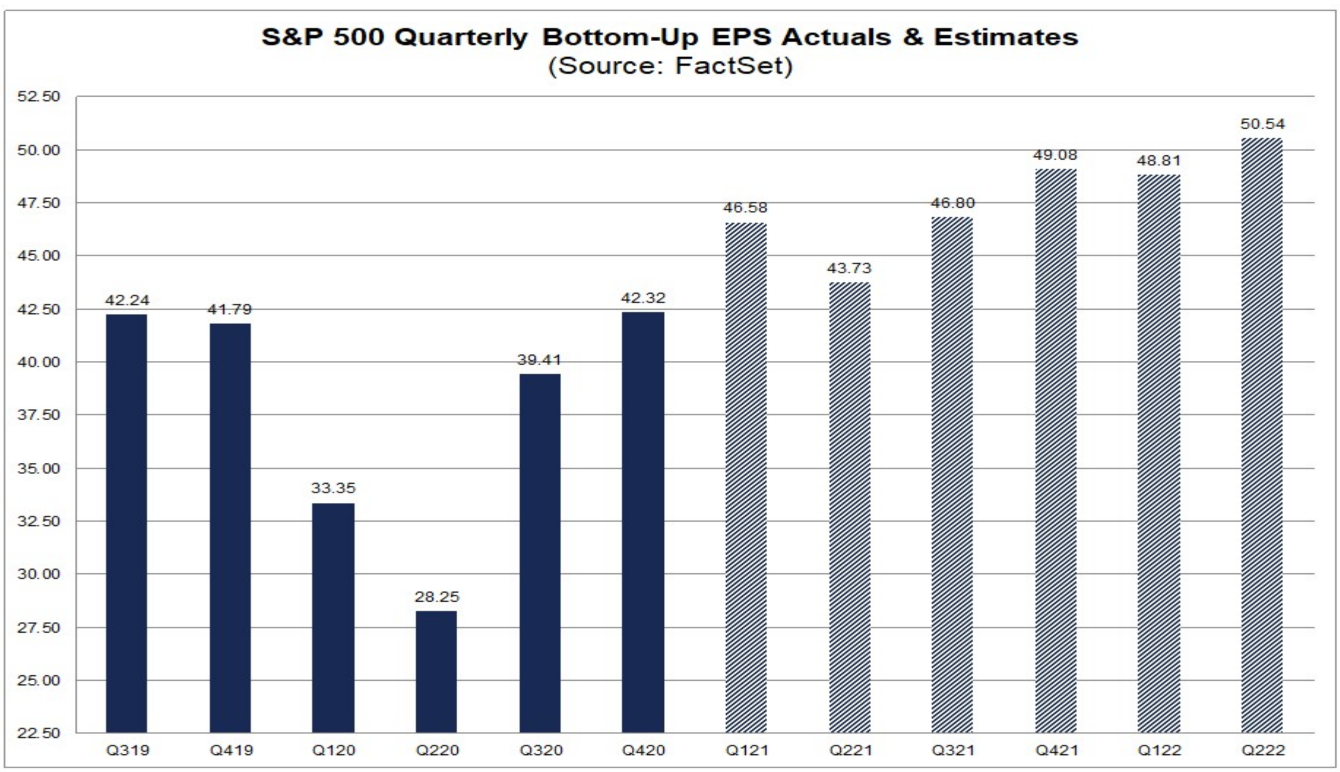
Bottom-up EPS Estimates: Revisions



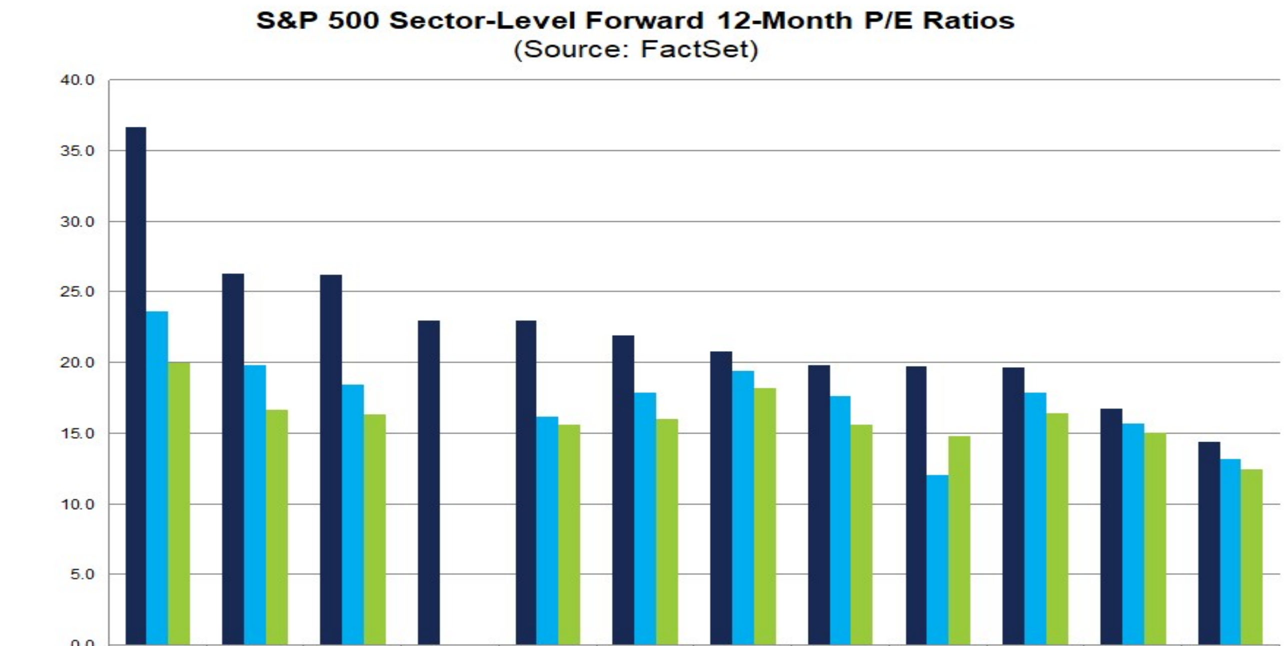


Bottom-up EPS Estimates: Current & Historical

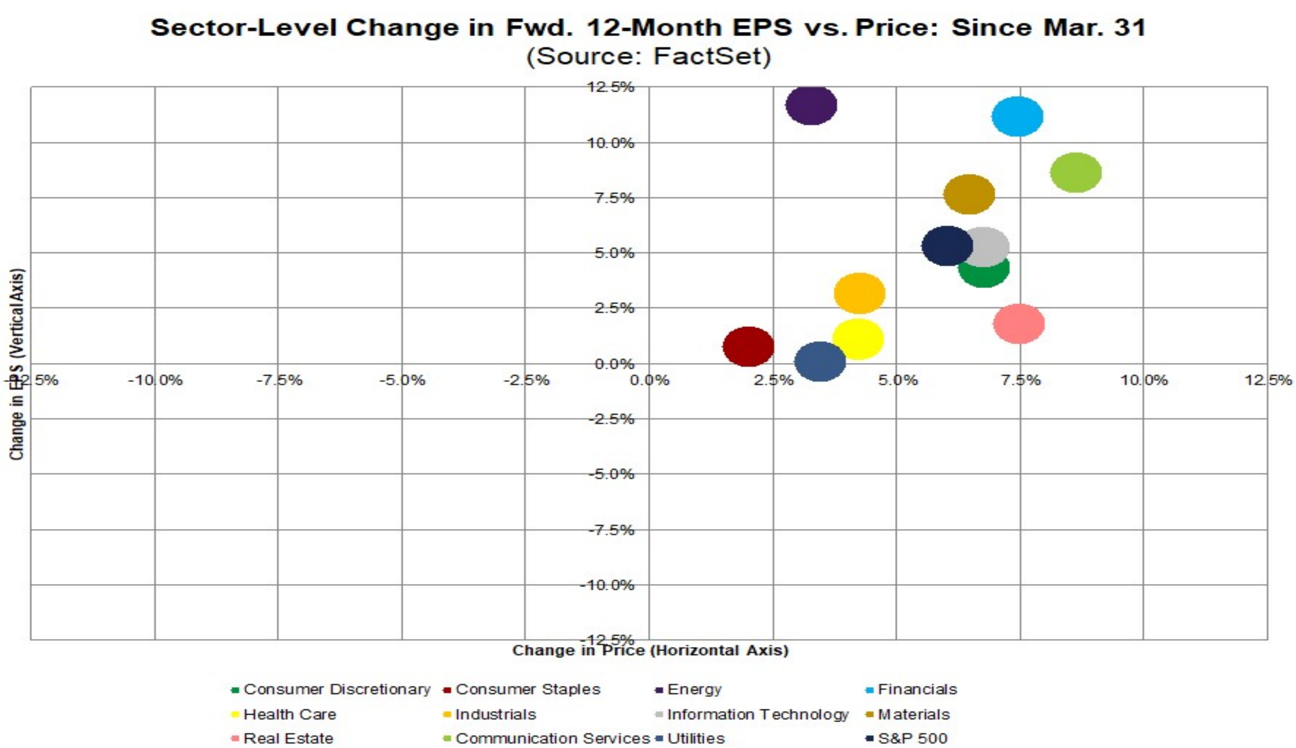




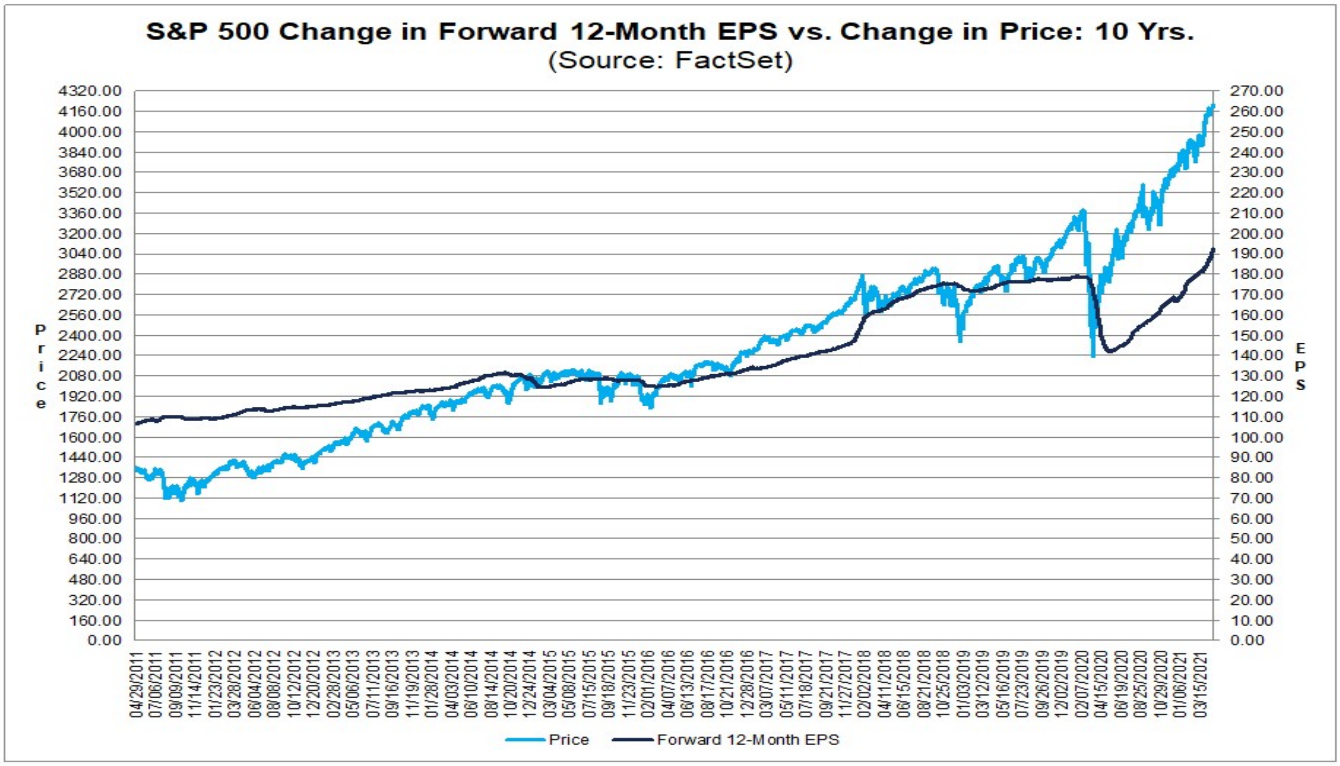
Forward 12M P/E Ratio: Sector Level

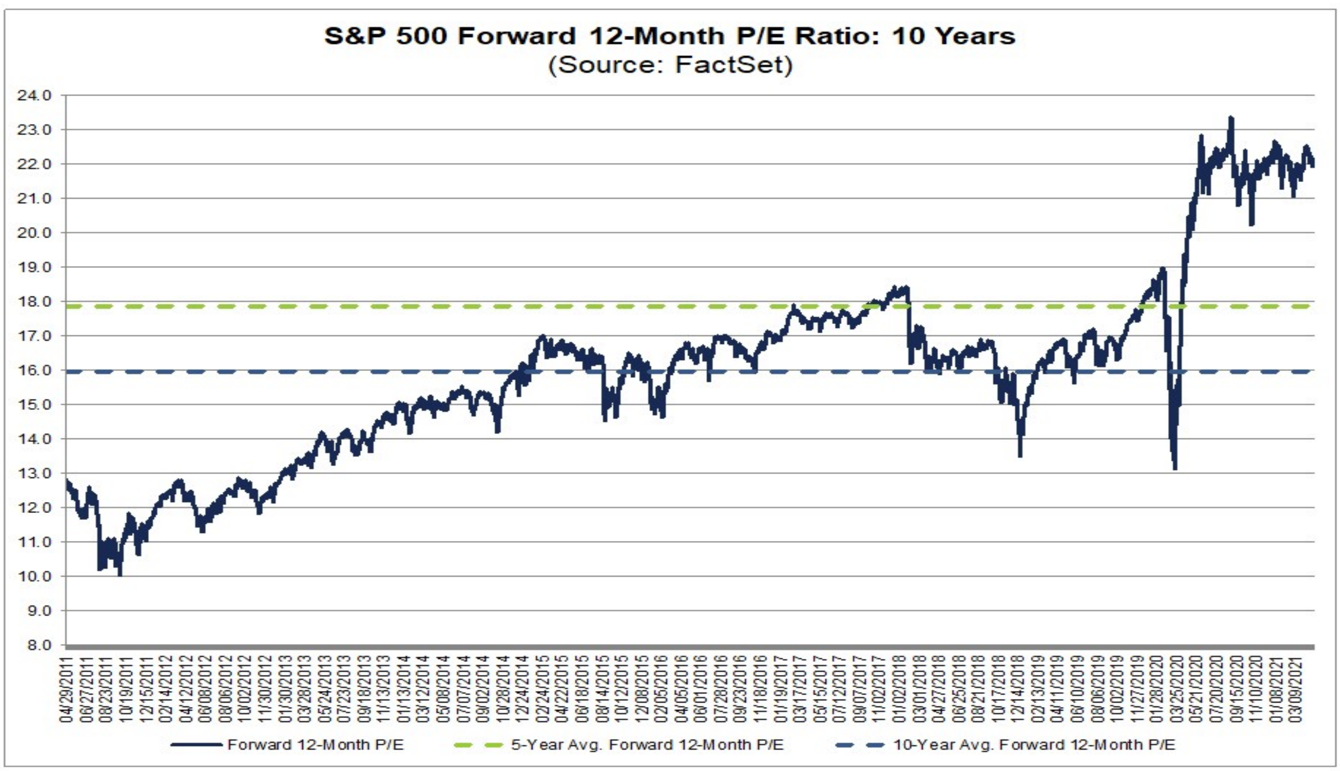


	Consumer Disc.	Info. Technology	Industrials	Real Estate	Comm. Services	S&P 500	Consumer Staples	Materials	Energy	Utilities	Health Care	Financials
Fwd P/E	36.7	26.3	26.2	23.0	22.9	22.0	20.8	19.8	19.7	19.7	16.7	14.4
5-Yr Avg.	23.6	19.8	18.4		16.1	17.9	19.4	17.6	12.0	17.9	15.7	13.1
10-Yr Avg.	20.0	16.7	16.3		15.6	16.0	18.2	15.6	14.8	16.4	15.1	12.5

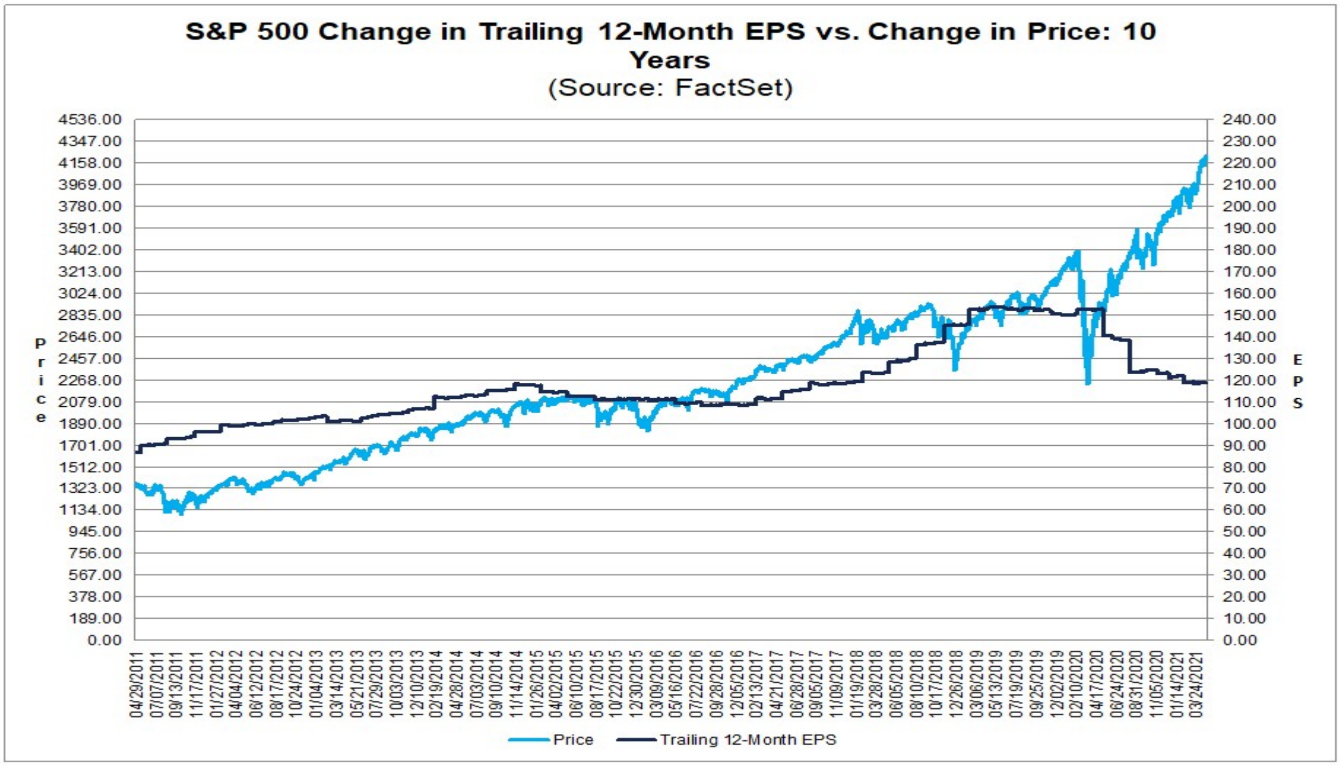


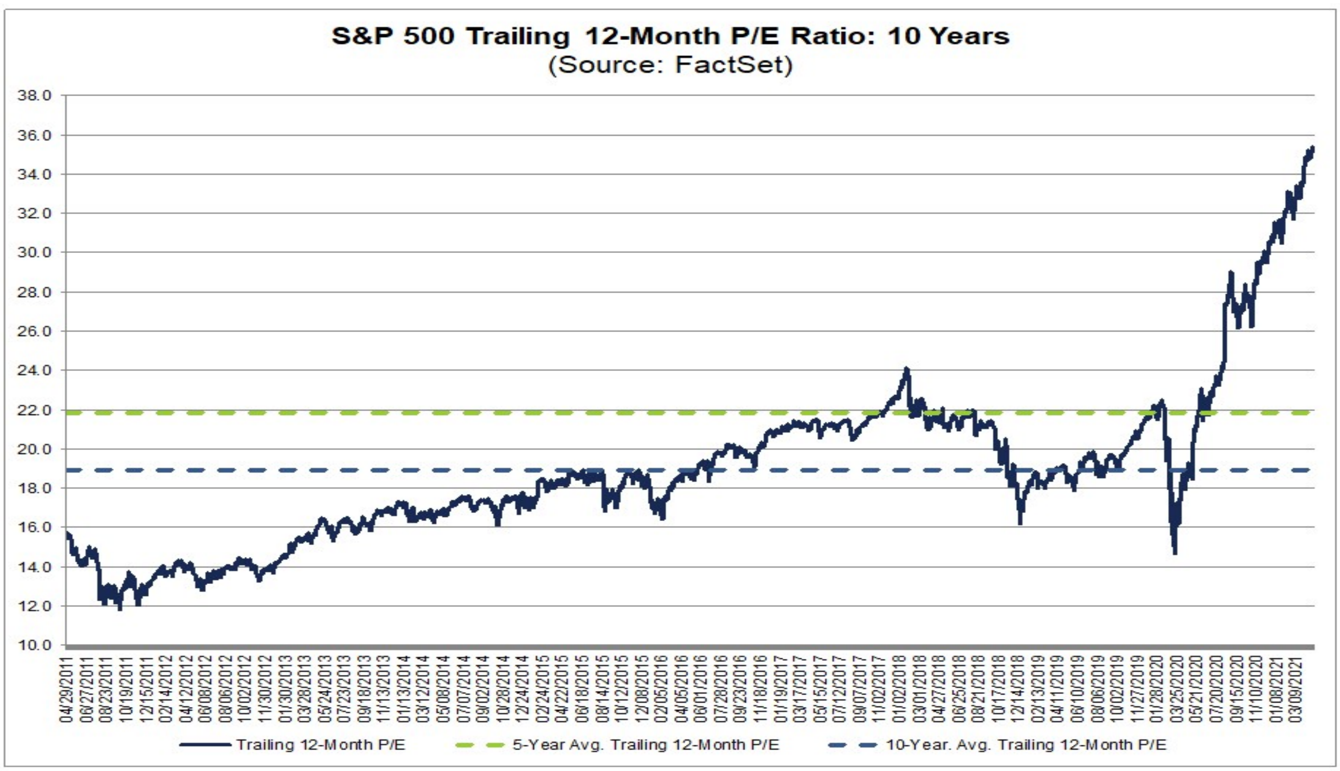
Forward 12M P/E Ratio: 10-Years



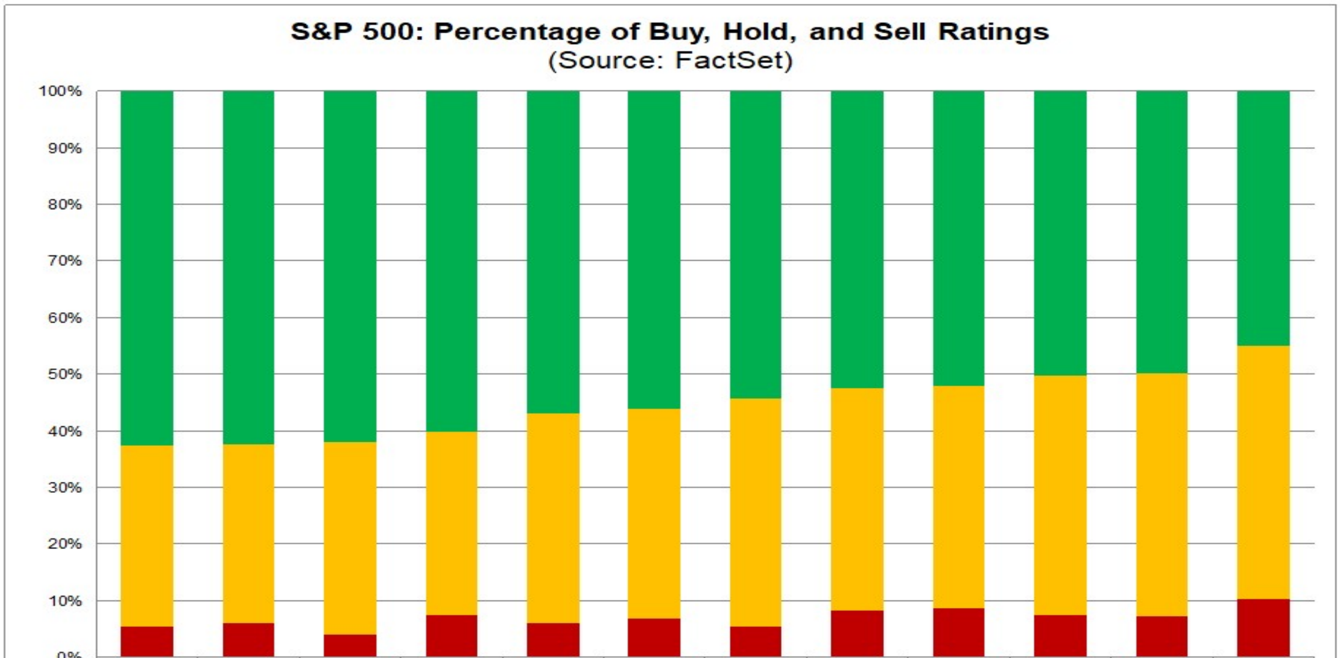


Trailing 12M P/E Ratio: 10-Years





Targets & Ratings



	Health Care	Info. Tech.	Energy	Comm. Services	Consumer Disc.	S&P 500	Materials	Utilities	Industrials	Financials	Real Estate	Consumer Staples
Buy	63%	62%	62%	60%	57%	56%	54%	52%	52%	50%	50%	45%
Hold	32%	32%	34%	33%	37%	37%	40%	39%	39%	42%	43%	45%
Sell	5%	6%	4%	7%	6%	7%	5%	8%	9%	7%	7%	10%

	Info. Tech.	Comm. Services	Energy	Health Care	S&P 500	Consumer Disc.	Consumer Staples	Utilities	Industrials	Financials	Materials	Real Estate
Target/Close	14.0%	13.3%	12.7%	11.7%	10.4%	9.6%	8.4%	7.4%	6.5%	5.3%	5.1%	3.8%

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