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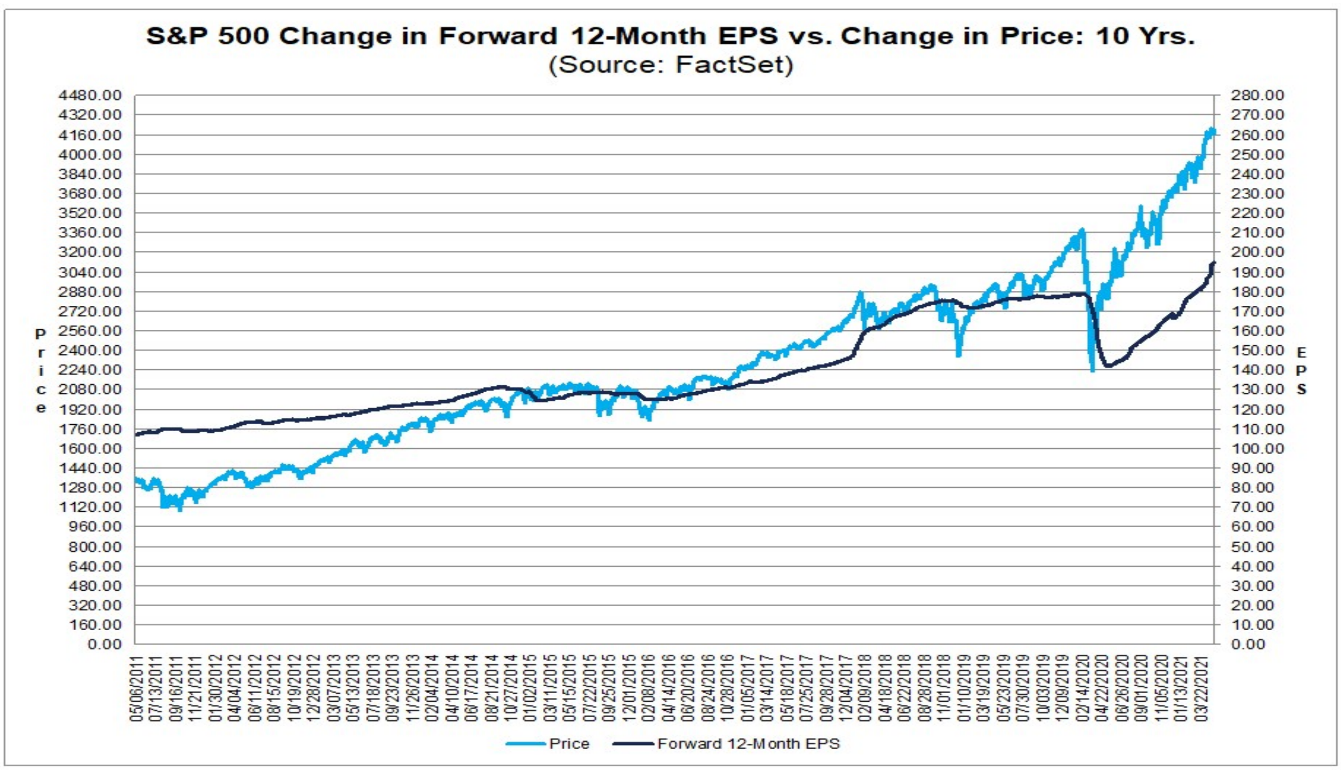
Key Metrics

- **Earnings Scorecard:** For Q1 2021 (with 88% of the companies in the S&P 500 reporting actual results), 86% of S&P 500 companies have reported a positive EPS surprise and 76% 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 49.4%. If 49.4% 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%. Ten 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, 29 S&P 500 companies have issued negative EPS guidance and 42 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.6. 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:

S&P 500 Earnings Growth Rate For Q1 Is Now More Than Double the Estimate on March 31

As of today, 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 S&P 500 for the first quarter is 49.4%, which is more than double the estimated earnings growth rate of 23.8% at the end of the first quarter (Mach 31). If 49.4% is the actual growth rate for the first quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2010 (55.4%).

What is driving the increase in earnings for the index since March 31?

During the first quarter earnings season, more companies have beaten EPS estimates than average and by a wider margin than average. To date, 88% of the companies in the S&P 500 have reported actual results for the first quarter. 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 for 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 22.1% above the estimates, which is also above the 5-year average of 6.9%. If 22.1% 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. It should be noted that S&P 500 companies are beating EPS estimates that increased during the first quarter. On December 31, the estimated earnings growth for Q1 2021 was 15.8%. By March 31, it had improved to 23.8%.

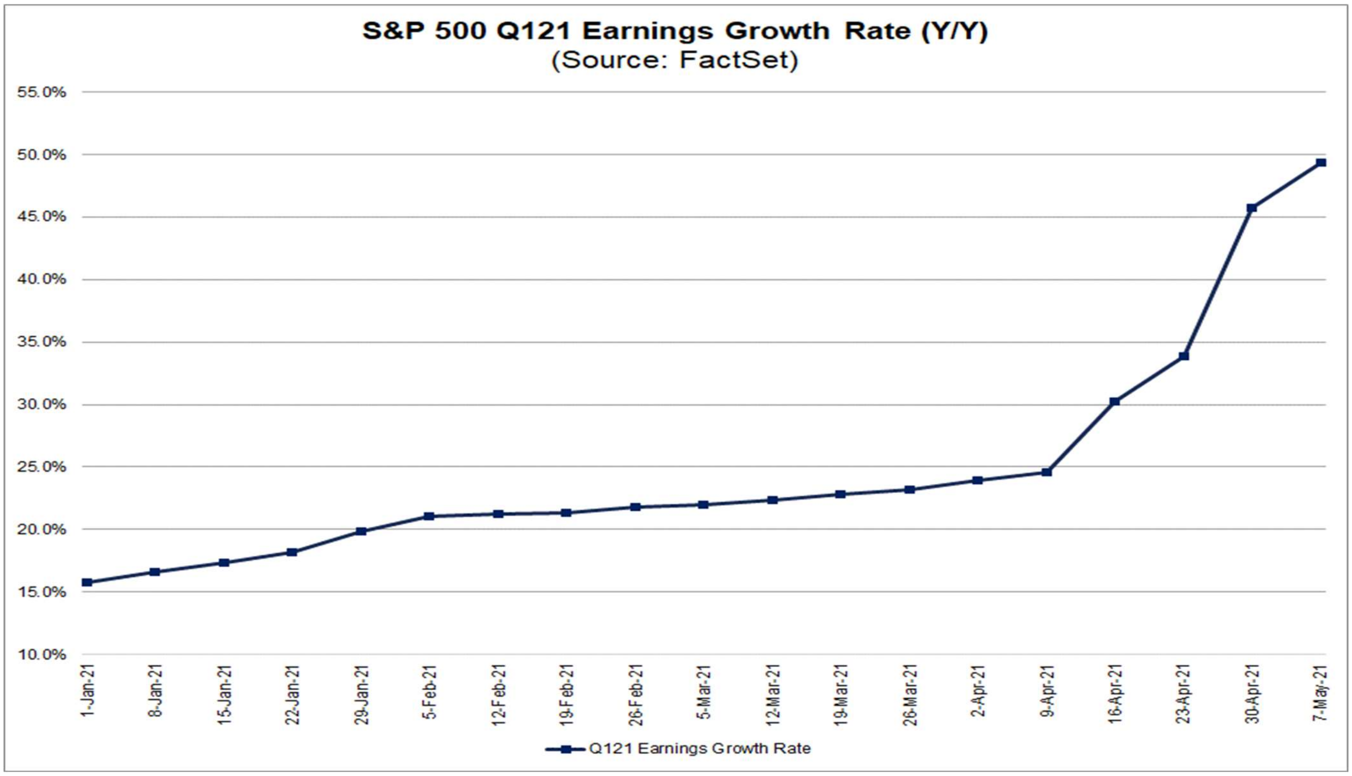
In aggregate, these positive earnings surprises have led to a net $71.5 billion increase in earnings (to $421.2 billion from 349.7 billion) for the index since March 31, as higher actual earnings have replaced estimated earnings in the growth rate calculation during the earning season. As a result, ten of the eleven sectors have higher earnings growth rates (or smaller earnings declines) today compared to March 31. However, four sectors have been the largest contributors to the $71.5 billion increase in earnings for the index over this period: Financials, Information Technology, Communication Services, and Consumer Discretionary. Combined, these four sectors account for $59.5 billion (83%) of the total $71.5 billion increase in earnings for the index since March 31.

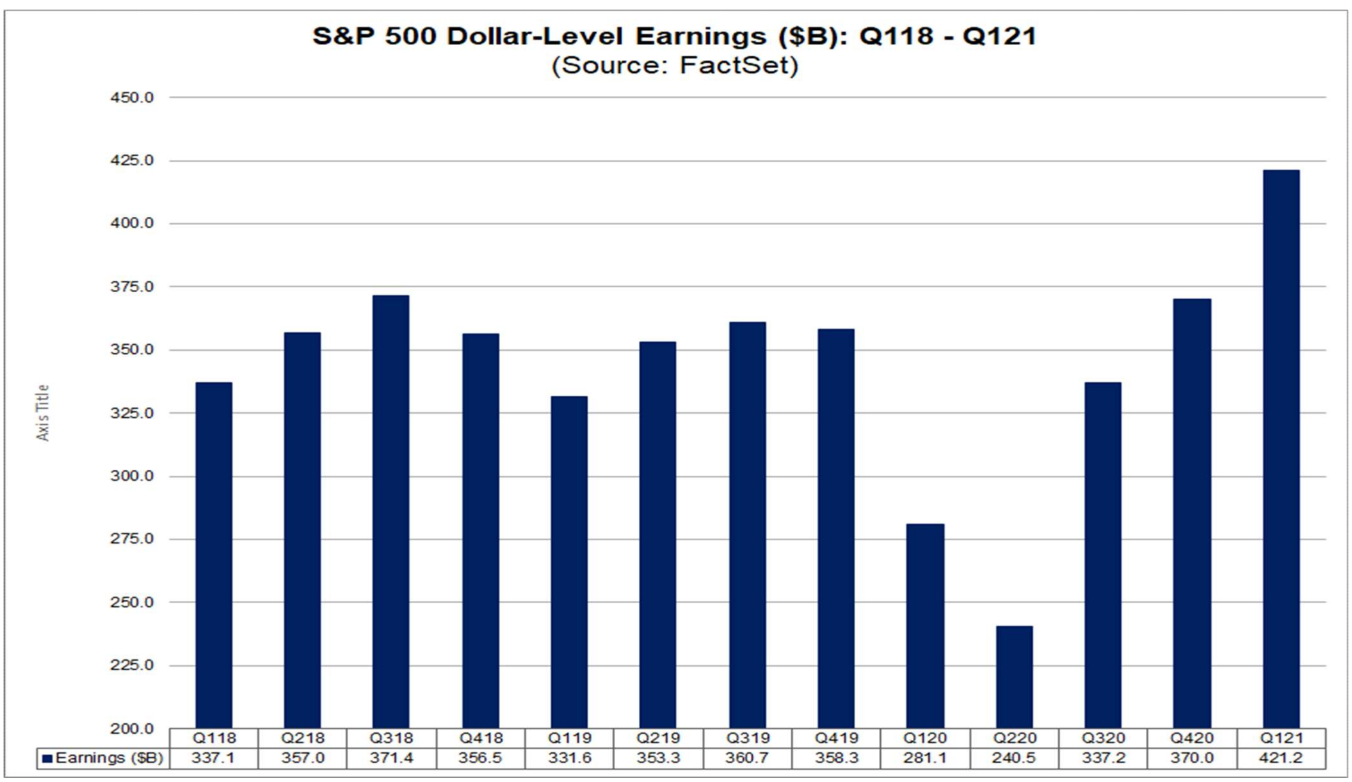
The Financials sector is the largest contributor to this increase in earnings, accounting for about $26.2 billion of the net $71.5 billion increase. The positive earnings surprises reported by JPMorgan Chase ($4.50 vs $3.10), Goldman Sachs ($18.60 vs. $10.22), Citigroup ($3.62 vs. $2.60), Bank of America ($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 144.7% from 72.7% over this period.

The Information Technology sector is the second-largest contributor to this increase in earnings, accounting for about $11.9 billion of the net $71.5 billion increase. The positive earnings surprises reported by Apple ($1.40 vs $0.99), Microsoft ($1.95 vs. $1.78), and Intel ($1.39 vs. $1.15) 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 Information Technology sector increased to 40.4% from 22.3% over this period.

The Communication Services sector is the third-largest contributor to this increase in earnings, accounting for about $11.6 billion of the net $71.5 billion increase. The positive earnings surprises reported by Alphabet ($26.29 vs. $15.81) and Facebook ($3.30 vs. $2.35) 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 Communication Services sector has increased to 50.5% from 13.4% over this period.

The Consumer Discretionary sector is the fourth-largest contributor to this increase in earnings, accounting for about $9.9 billion of the net $71.5 billion increase. The positive earnings surprises reported by Amazon.com ($15.79 vs $9.54), Ford Motor ($0.89 vs. $0.35), and General Motors ($2.25 vs. $1.12) 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 202.5% from 103.4% over this period.


S&P 500 Q121 Earnings Growth Rate (Y/Y)
(Source: FactSet)
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
1-Jan-21
8-Jan-21
15-Jan-21
22-Jan-21
29-Jan-21
5-Feb-21
12-Feb-21
19-Feb-21
26-Feb-21
5-Mar-21
12-Mar-21
19-Mar-21
26-Mar-21
2-Apr-21
9-Apr-21
16-Apr-21
23-Apr-21
30-Apr-21
7-May-21
Q121 Earnings Growth Rate


S&P 500 Dollar-Level Earnings ($B): Q118 - Q121
(Source: FactSet)
450.0
425.0
400.0
375.0
350.0
325.0
300.0
275.0
250.0
225.0
200.0
Axis Title
Q118 Q218 Q318 Q418 Q119 Q219 Q319 Q419 Q120 Q220 Q320 Q420 Q121
Earnings ($B) 337.1 357.0 371.4 356.5 331.6 353.3 360.7 358.3 281.1 240.5 337.2 370.0 421.2

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, 88% 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 22.1% above the estimates, which is also above the 5-year average of 6.9%. If 22.1% 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 49.4% today, compared to an earnings growth rate of 45.8% 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 Financials, Consumer Discretionary, and Health Care sectors) were responsible for the 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 49.4% 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. Nine sectors are reporting year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. Two sectors are reporting a year-over-year decline in earnings: Utilities and Industrials.

In terms of revenues, 76% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 64%. If 76% is the final percentage for the quarter, it will mark the fourth-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 10.0%, compared to year-over-year growth in revenues of 9.2% 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 Utilities, Financials, and Energy sectors) were responsible for the increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Financials, Energy, Information Technology, and Communication Services sectors have been the largest contributors to the increase in overall revenues for the index since the end of the first quarter.

If 10.0% 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%). Ten sectors are reporting year-over-year growth in revenues, led by the Information Technology, Communication Services, and Consumer Discretionary sectors. The Industrials sector is the only sector reporting a year-over-year decline in revenues.

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 59.5%

The forward 12-month P/E ratio is 21.6, which is above the 5-year average and above the 10-year average.

During the upcoming week, 18 S&P 500 companies (including 1 Dow 30 component) 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, 88% 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. The current record is 84%, which occurred in Q2 2020 and Q3 2020.

At the sector level, the Financials (94%), Information Technology (93%), and Energy (91%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (68%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+22.1%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 22.1% above expectations. This surprise percentage is above the 1-year (+14.5%) average and above the 5-year (+6.9%) average.

If 22.1% 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 (+71.5%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Under Armour ($0.16 vs. $0.04), Ford Motor ($0.89 vs. $0.35), Newell Brands ($0.30 vs. $0.13), Penn National Gaming ($0.55 vs. $0.26), and General Motors ($2.25 vs. $1.12) have reported some of the largest positive EPS surprises.

The Energy (+35.5%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hess Corporation ($0.82 vs. $0.33), Kinder Morgan ($0.60 vs. $0.24), and Marathon Oil Corporation ($0.21 vs. $0.11) have reported some of the largest positive EPS surprises.

The Financials (+34.5%) sector is reporting the third-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 (+32.9%) sector is reporting the fourth-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), Fox Corporation ($0.88 vs. $0.58), News Corporation ($0.09 vs. $0.06), and Facebook ($3.30 vs. $2.35) 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 larger than the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2021 have seen an average price decrease of -1.3% 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 (76%) is Near Record-High Level

In terms of revenues, 76% of companies have reported actual revenues above estimated revenues and 24% 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 76% is the final percentage for the quarter, it will mark the fourth-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 Information Technology (93%) and Communication Services (92%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (60%) and Consumer Discretionary (62%) sectors have the lowest percentages 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. The current record is 2.9%, which occurred in Q4 2020.

At the sector level, the Utilities (10.6%), Energy (+8.9%), and Information Technology (6.3%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Health Care (+0.4%) sector is reporting the smallest positive (aggregate) difference 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 49.4%, which is larger than the earnings growth rate of 45.8% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Financials, Consumer Discretionary, and Health Care sectors) were responsible for the improvement in overall earnings for the index during the past week.

In the Financials sector, the positive EPS surprises reported by Berkshire Hathaway ($3.05 vs $2.53), Allstate ($6.11 vs. $3.94), MetLife ($2.20 vs, $1.53), and Prudential Financial ($4.11 vs. $2.76) 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 144.7% from 133.8% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by General Motors ($2.25 vs $1.12) was a significant contributor 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 202.5% from 181.7% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($0.93 vs. $0.78) and CVS Health ($2.04 vs $1.73) 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 28.3% from 24.8% 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 10.0%, which is larger than the revenue growth rate of 9.2% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Utilities, Financials, and Energy sectors) were responsible for the increase in overall revenues for the index over the past week.

Consumer Discretionary Sector Has Seen Largest Increase in Earnings Growth Rate since March 31

The blended (year-over-year) earnings growth rate for Q1 2021 of 49.4% is larger than the estimate of 23.8% at the end of the first quarter (March 31). Ten 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 202.5% from 103.4%) and Financials sector (to 144.7% from 72.7%) sectors.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com ($15.79 vs $9.54), Ford Motor ($0.89 vs. $0.35), and General Motors ($2.25 vs. $1.12) 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 202.5% 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 144.7% from 72.7% 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 50.5% 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 40.4% from 22.3% over this period.

Utilities Sector Has Seen Largest Increase in Revenue Growth Rate since March 31

The blended (year-over-year) revenue growth rate for Q1 2021 of 10.0% 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 Utilities (to 15.2% from 2.6%) and Energy (to 4.0% from -6.4%) sectors.

Earnings Growth: 49.4%

The blended (year-over-year) earnings growth rate for Q1 2021 is 49.4%, which is well above the 5-year average earnings growth rate of 4.1%. If 49.4% 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%). Nine sectors are reporting year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. Two sectors are reporting a year-over-year decline in earnings: Utilities and Industrials.

Consumer Discretionary: 9 of 10 Industries Reporting Year-Over-Year Growth Above 50%

The Consumer Discretionary sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 202.5%. At the industry level, nine of the ten industries in this sector are reporting earnings growth above 50%: Automobiles (3,383%), Textiles, Apparel, & Luxury Goods (528%), Specialty Retail (253%), Internet & Direct Marketing Retail (183%), Household Durables (98%), Distributors (77%), Leisure Products (76%), Auto Components (73%), and Multiline Retail (56%). 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 131.0% from 202.5%. On the other hand, the Hotels, Restaurants, & Leisure industry (-572%) 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 242.2% from 202.5%.

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

The Financials sector reported the second-highest (year-over-year) earnings growth of all eleven sectors at 144.7%. At the industry level, all five industries in this sector reported year-over-year growth in earnings: Consumer Finance (N/A due to year-ago loss), Banks (259%), Capital Markets (86%), Insurance (32%), and Diversified Financial Services (22%). The Banks industry was 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 90.7% from 144.7%. Lower provisions for loan losses boosted 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 63.6%. At the industry level, all four industries in this sector are reporting year-over-year growth above 20%: Metals & Mining (482%), Construction Materials (78%), Chemicals (42%), and Containers & Packaging (24%). 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 39.6% from 63.6%.

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 50.5%. At the industry level, four of the five industries in this sector are reporting year-over-year growth: Interactive Media & Services (133%), Media (18%), Entertainment (15%), and Diversified Telecommunication Services (3%). On the other hand, the Wireless Telecommunication Services (-2%) industry is the only industry in the sector that reported 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 8.6% from 50.5%.

Revenue Growth: 10.0%

The blended (year-over-year) revenue growth rate for Q1 2021 is 10.0%, which is above the 5-year average revenue growth rate of 3.9%. If 10.0% 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%). Ten sectors are reporting year-over-year growth in revenues, led by the Information Technology, Communication Services, and Consumer Discretionary sectors. The Industrials sector is the only sector reporting a year-over-year decline in revenues.

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 21.4%. 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%), Electronic Equipment, Instruments, & Components (20%), and Software (18%).

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

The Communication Services sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 17.2%. At the industry level, four of the five industries in this sector are reporting year-over-year growth in revenues. Two of these four industries reported double-digit growth: Wireless Communication Services (78%) and Interactive Media & Services (37%). On the other hand, the only industry that is reporting a decline in revenue is the Entertainment (-4%) 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 2.6% from 17.2%.

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

The Consumer Discretionary sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 17.1%. At the industry level, nine of the ten industries in this sector are reporting growth in revenues. Five of these nine industries are reporting double-digit growth: Auto Components (46%), Internet & Direct Marketing Retail (44%), Specialty Retail (28%), Household Durables (25%), and Textiles, Apparel, & Luxury Goods (12%). On the other hand, the Hotels, Restaurants, & Leisure (-29%) industry is the only industry reporting a year-over-year decline in revenues.

Net Profit Margin: 12.6%

The blended net profit margin for the S&P 500 for Q1 2021 is 12.6%, which is above the 5-year average of 10.6%, above the year-ago net profit margin of 9.3% and above the previous quarter's net profit margin of 11.0%.

If 12.6% 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 (22.5% vs. 10.0%). Seven sectors are reporting net profit margins in Q1 2021 that are above their 5-year averages, again led by the Financials sector (22.5% 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, 71 companies in the index have issued EPS guidance for Q2 2021. Of these 71 companies, 29 have issued negative EPS guidance and 42 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 59% (42 out of 71), 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 33% for CY 2021

For the first quarter, S&P 500 companies are reporting growth in earnings of 49.4% and growth in revenue of 10.0%.

For Q2 2021, analysts are projecting earnings growth of 59.5% and revenue growth of 18.7%.

For Q3 2021, analysts are projecting earnings growth of 22.7% and revenue growth of 11.4%.

For Q4 2021, analysts are projecting earnings growth of 16.7% and revenue growth of 8.6%.

For CY 2021, analysts are projecting earnings growth of 32.9% and revenue growth of 11.5%.

Valuation: Forward P/E Ratio is 21.6, Above the 10-Year Average (16.0)

The forward 12-month P/E ratio is 21.6. This P/E ratio is above the 5-year average of 17.9 and above the 10-year average of 16.0. However, it is also below 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 5.8%, while the forward 12-month EPS estimate has increased by 6.7%.

At the sector level, the Consumer Discretionary (34.9) sector has the highest forward 12-month P/E ratio, while the Financials (14.6) sector has the lowest forward 12-month P/E ratio.

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

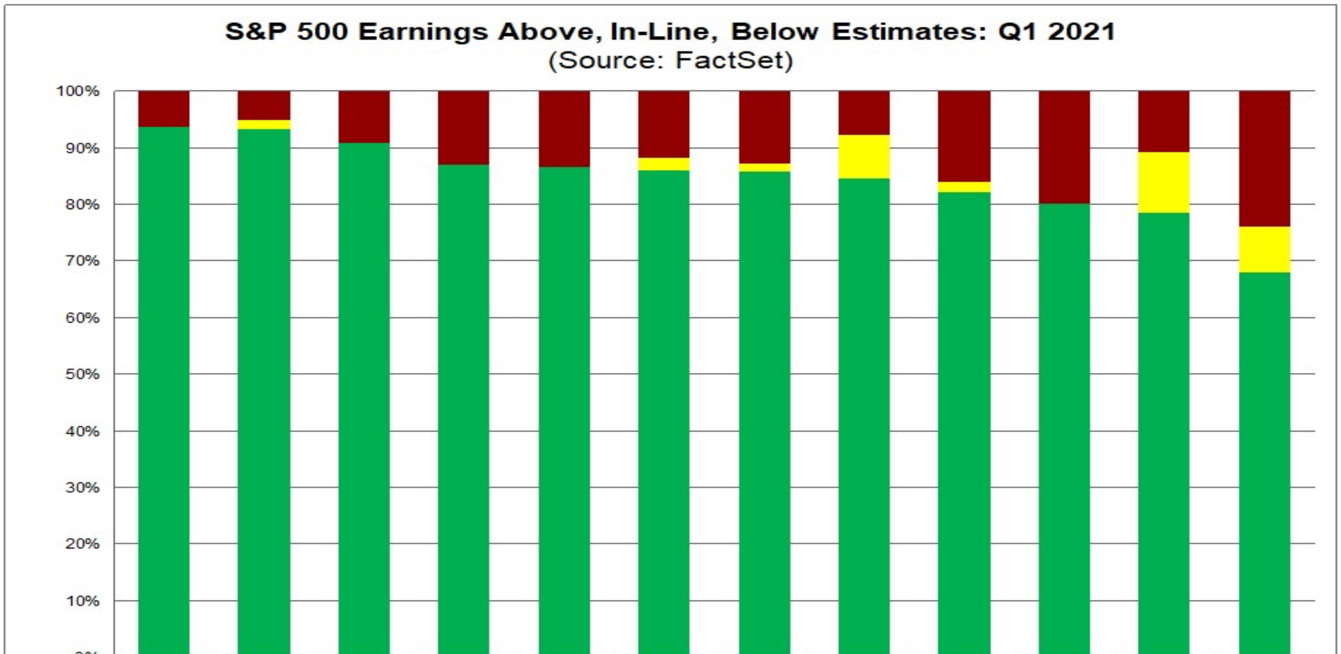
The bottom-up target price for the S&P 500 is 4705.99, which is 12.0% above the closing price of 4201.62. At the sector level, the Information Technology (+18.3%) and Communication Services (+16.3%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Materials (+3.0%) and Financials (+4.1%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 10,505 ratings on stocks in the S&P 500. Of these 10,505 ratings, 56.2% are Buy ratings, 37.1% are Hold ratings, and 6.7% are Sell ratings. At the sector level, the Health Care (62%), 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.

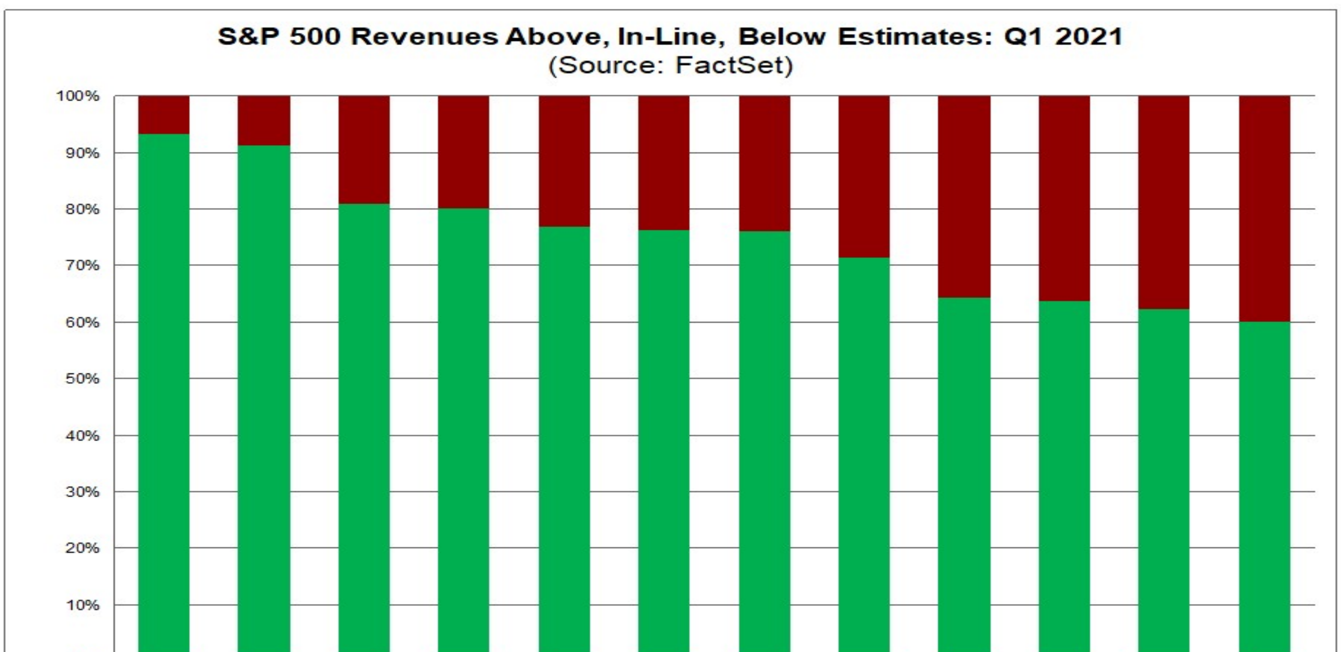
Companies Reporting Next Week: 18

During the upcoming week, 18 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Q1 2021: Scorecard

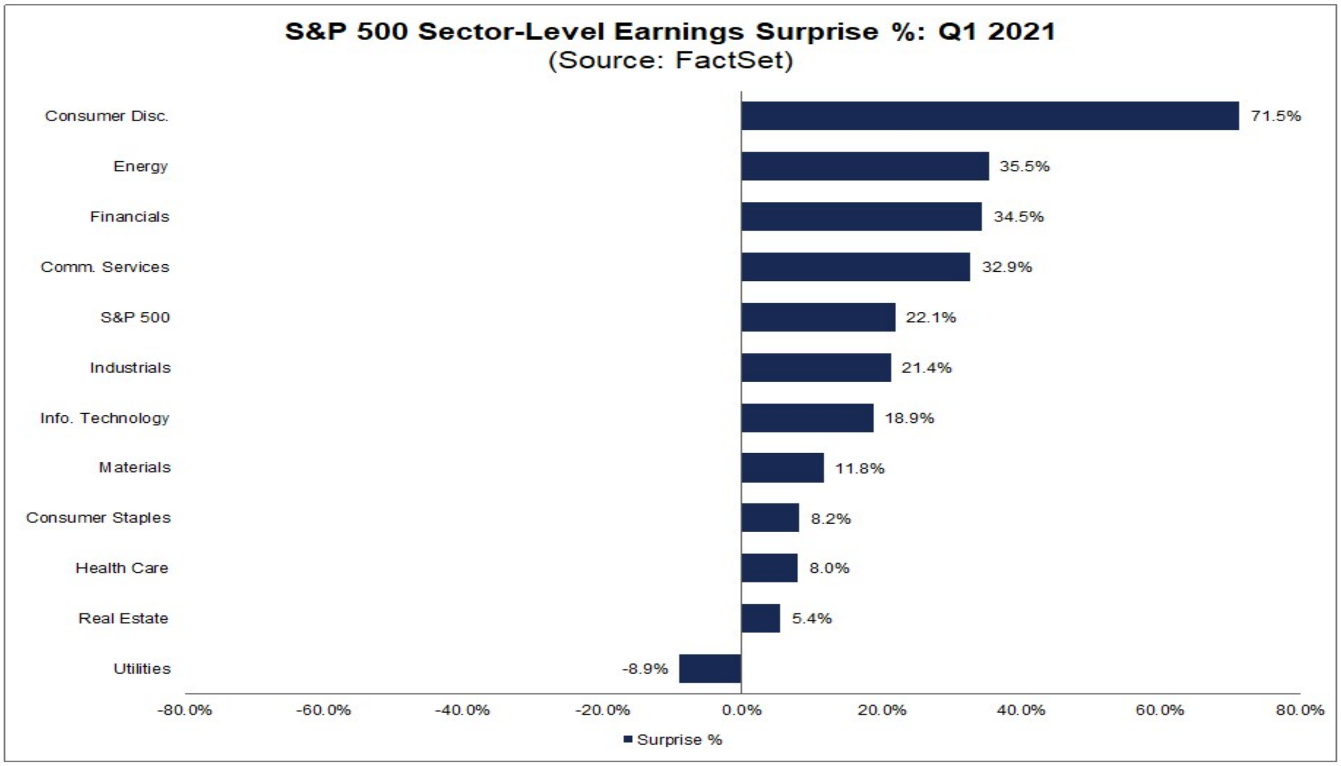


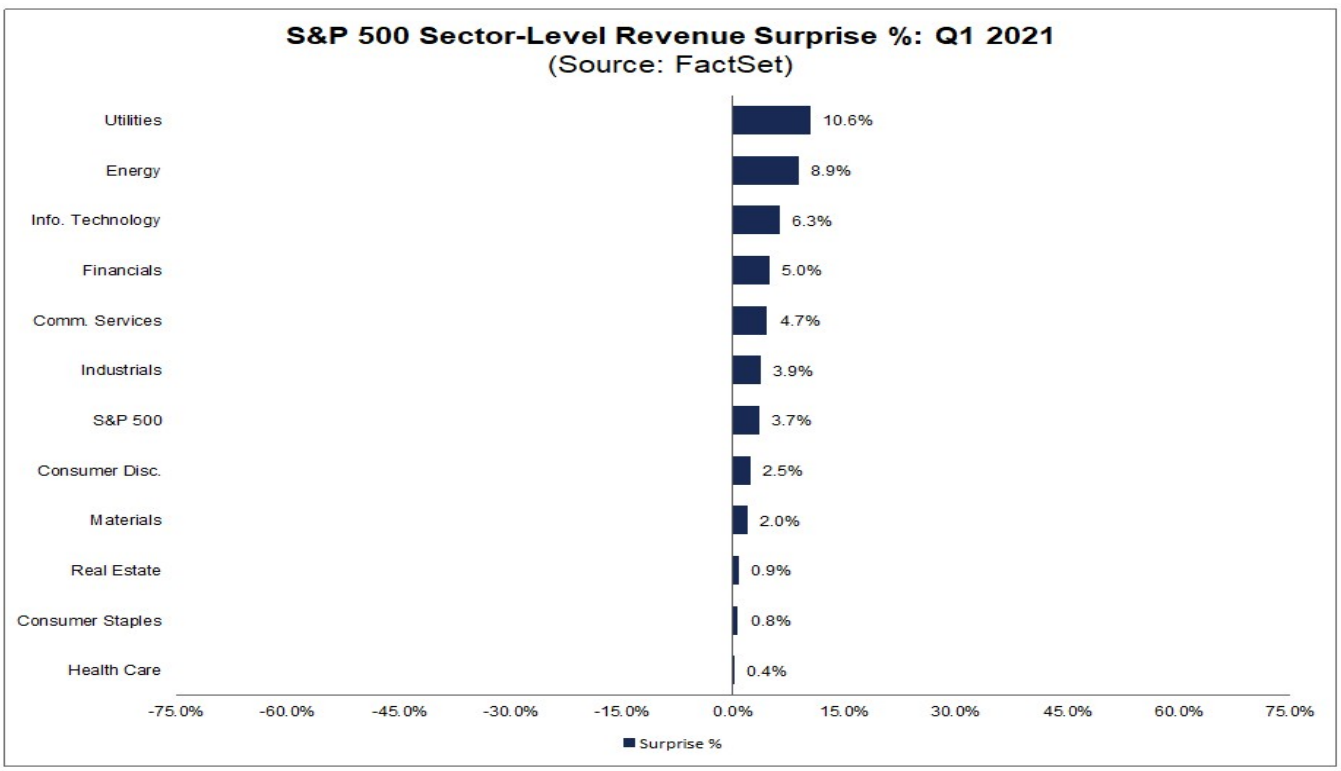
	Financials	Info. Technology	Energy	Comm. Services	Consumer Disc.	S&P 500	Industrials	Materials	Health Care	Consumer Staples	Real Estate	Utilities
Below	6%	5%	9%	13%	13%	12%	13%	8%	16%	20%	11%	24%
In-Line	0%	2%	0%	0%	0%	2%	1%	8%	2%	0%	11%	8%
Above	94%	93%	91%	87%	87%	86%	86%	85%	82%	80%	79%	68%



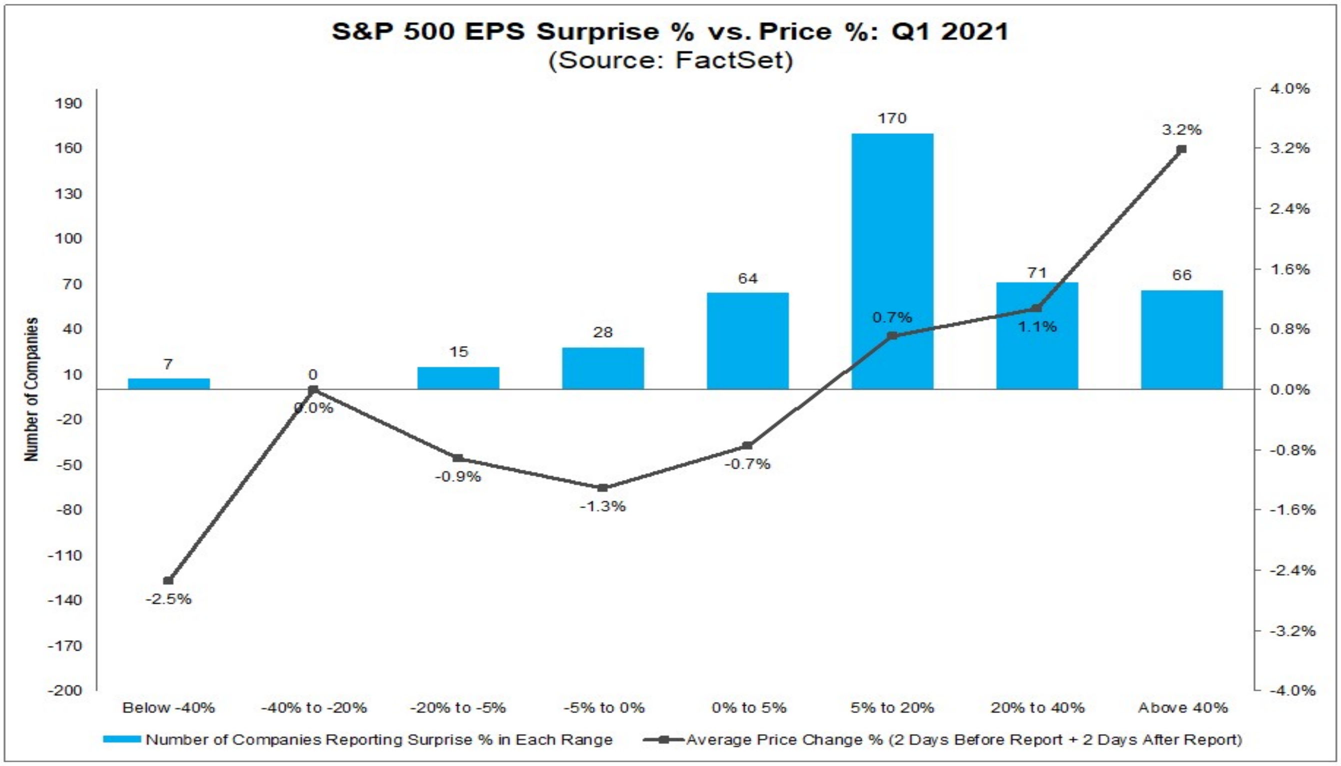
	Info. Technology	Comm. Services	Financials	Industrials	Materials	S&P 500	Consumer Staples	Health Care	Real Estate	Energy	Consumer Disc.	Utilities
Below	7%	9%	19%	20%	23%	24%	24%	29%	36%	36%	38%	40%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	93%	91%	81%	80%	77%	76%	76%	71%	64%	64%	62%	60%

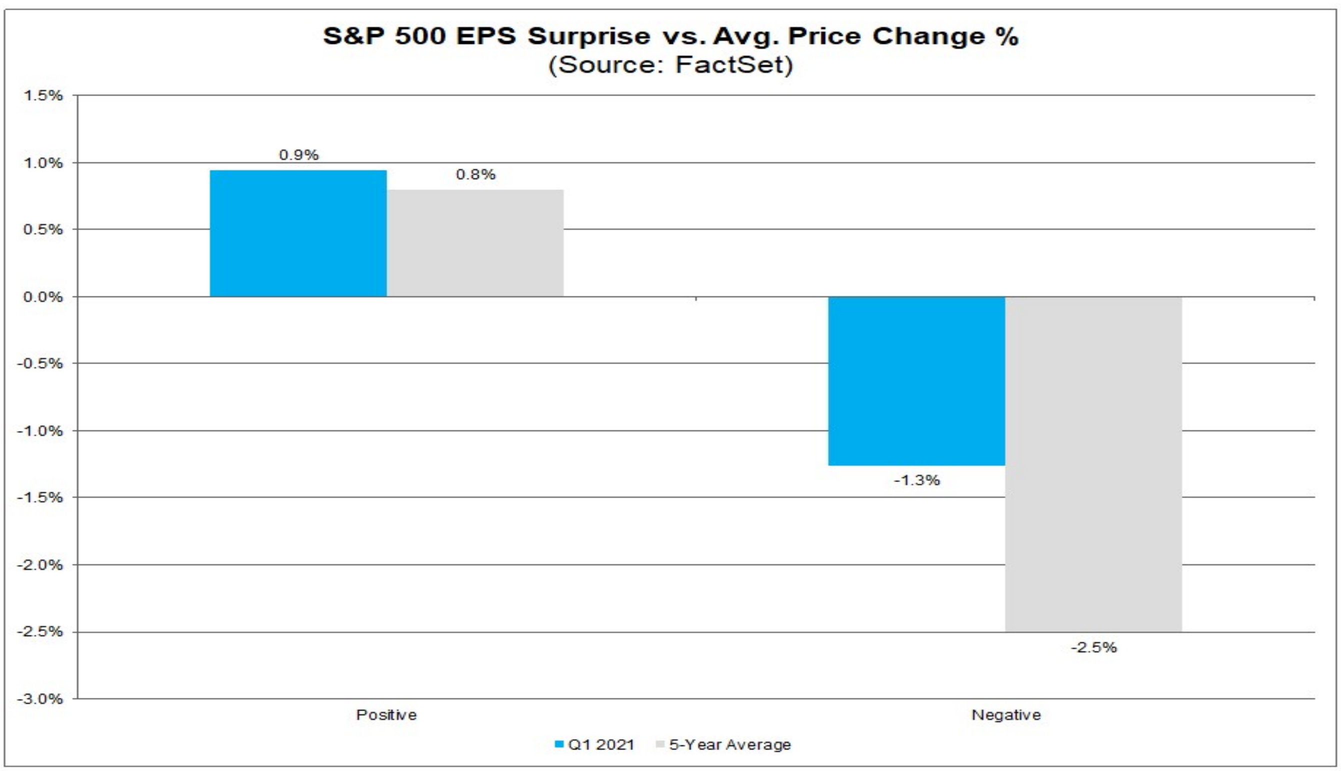
Q1 2021: Scorecard



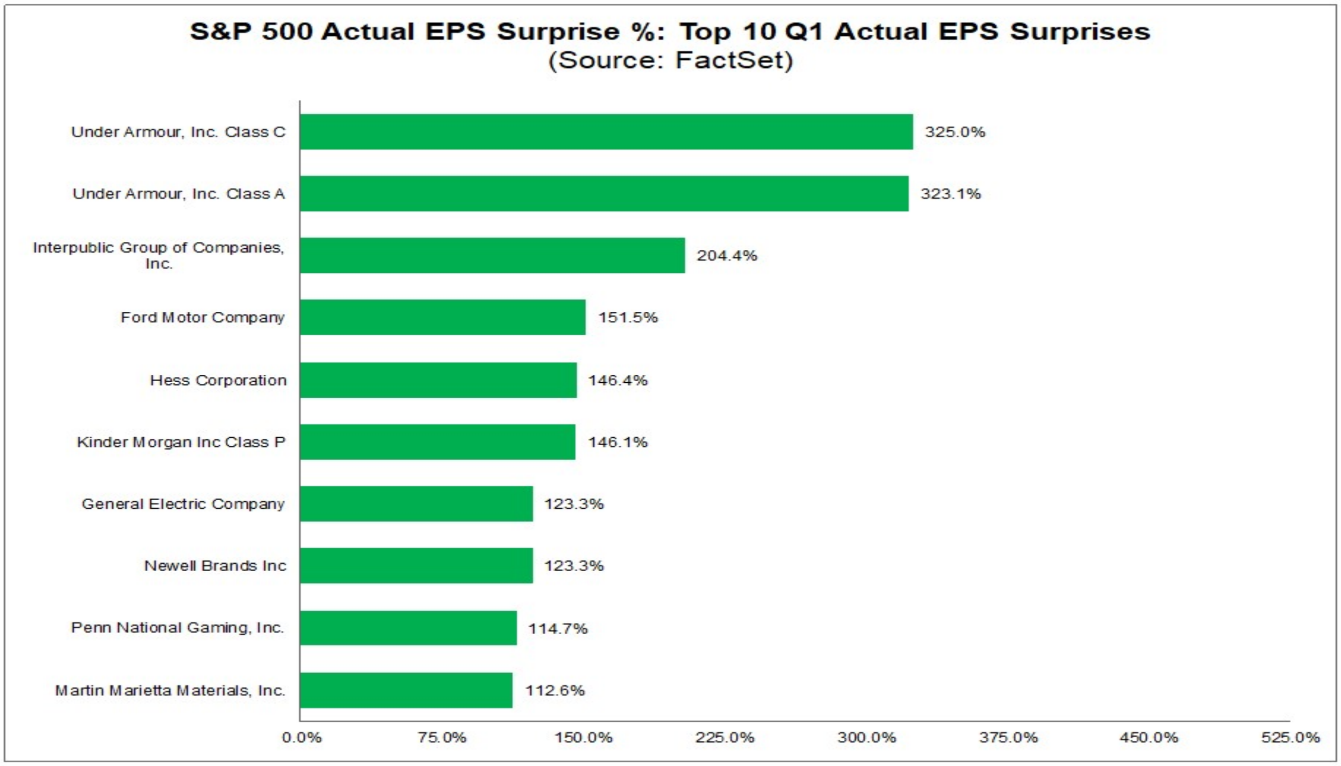


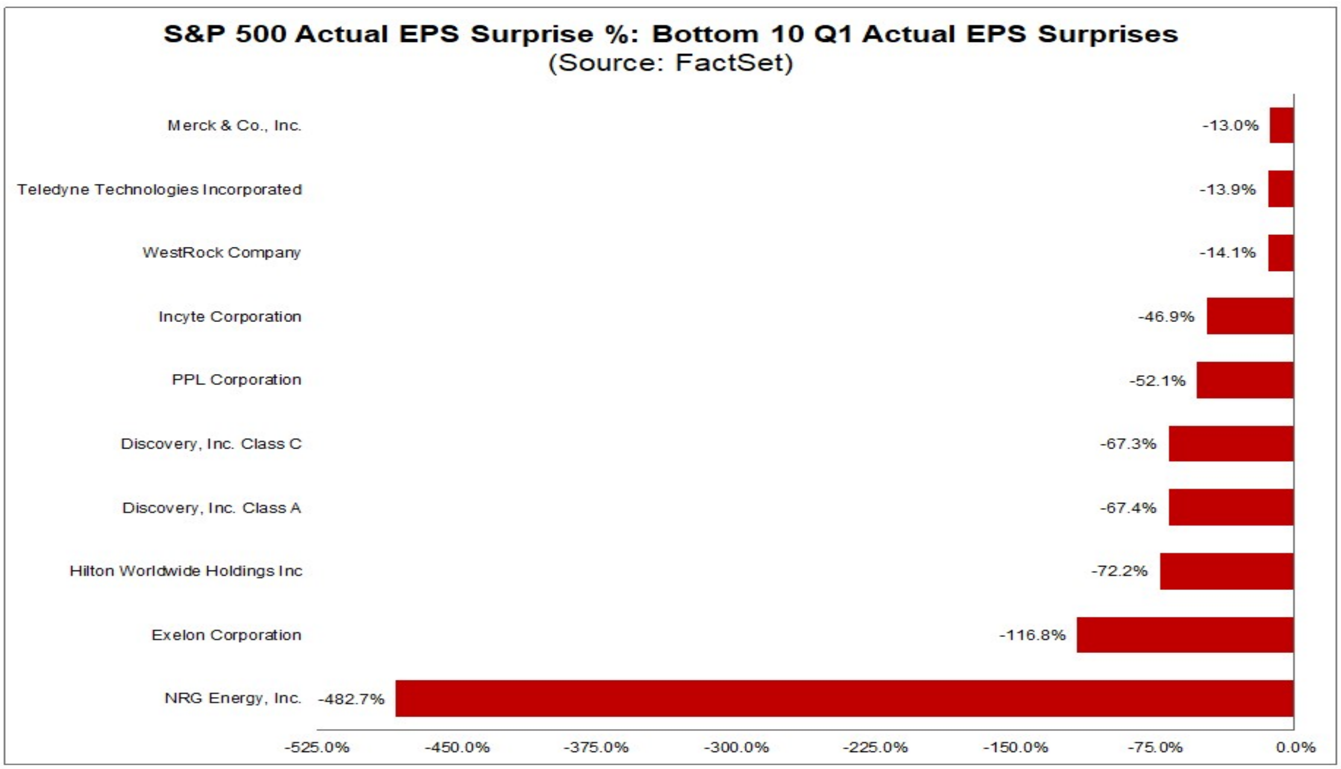
Q1 2021: Scorecard



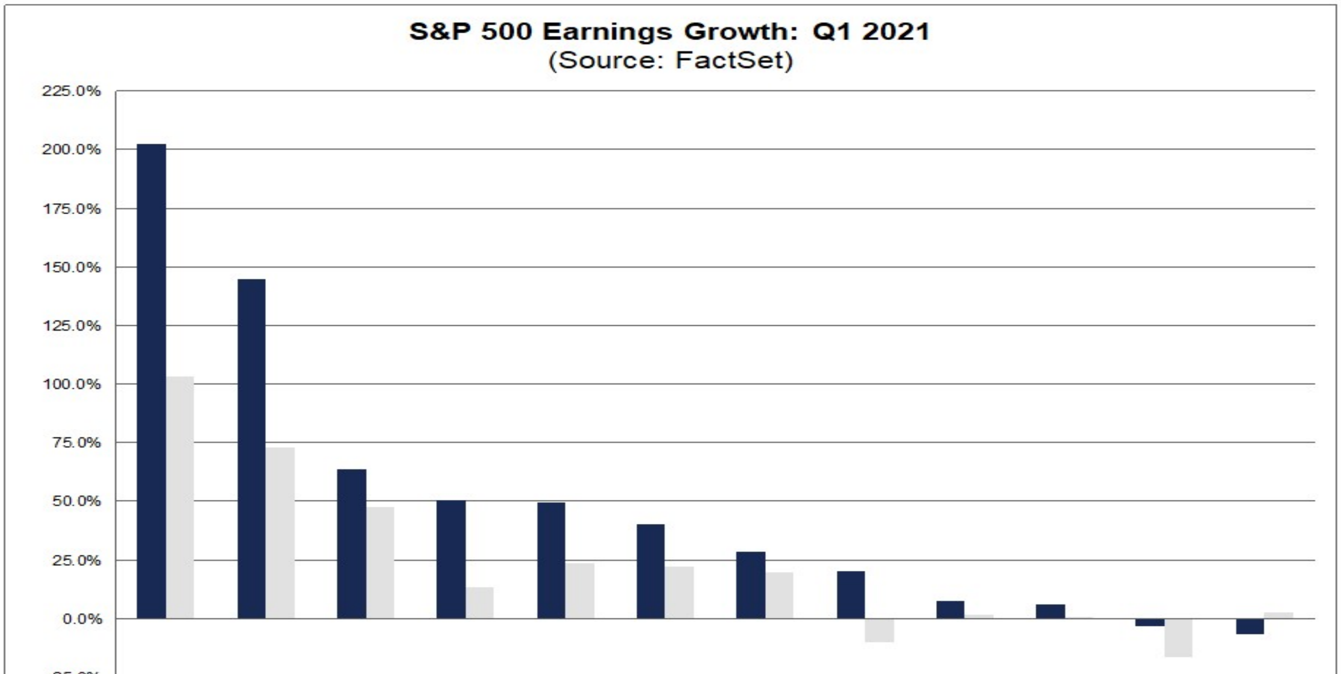


Q1 2021: Scorecard

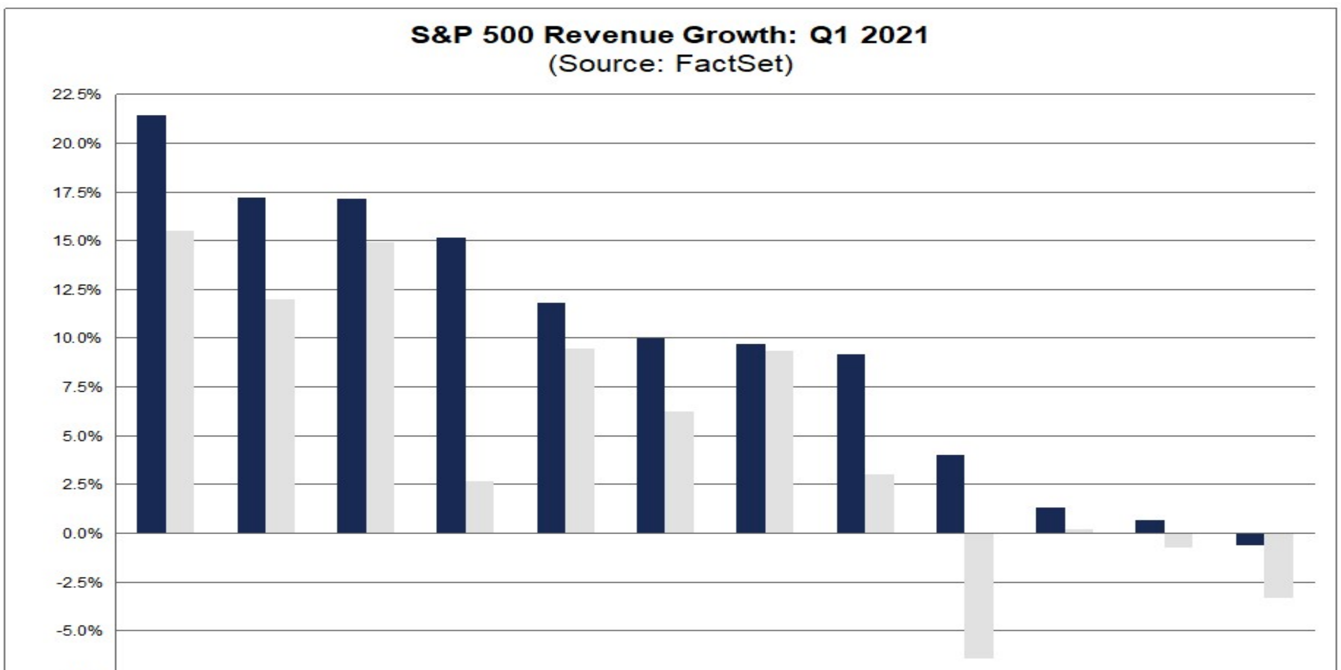




Q1 2021: Growth

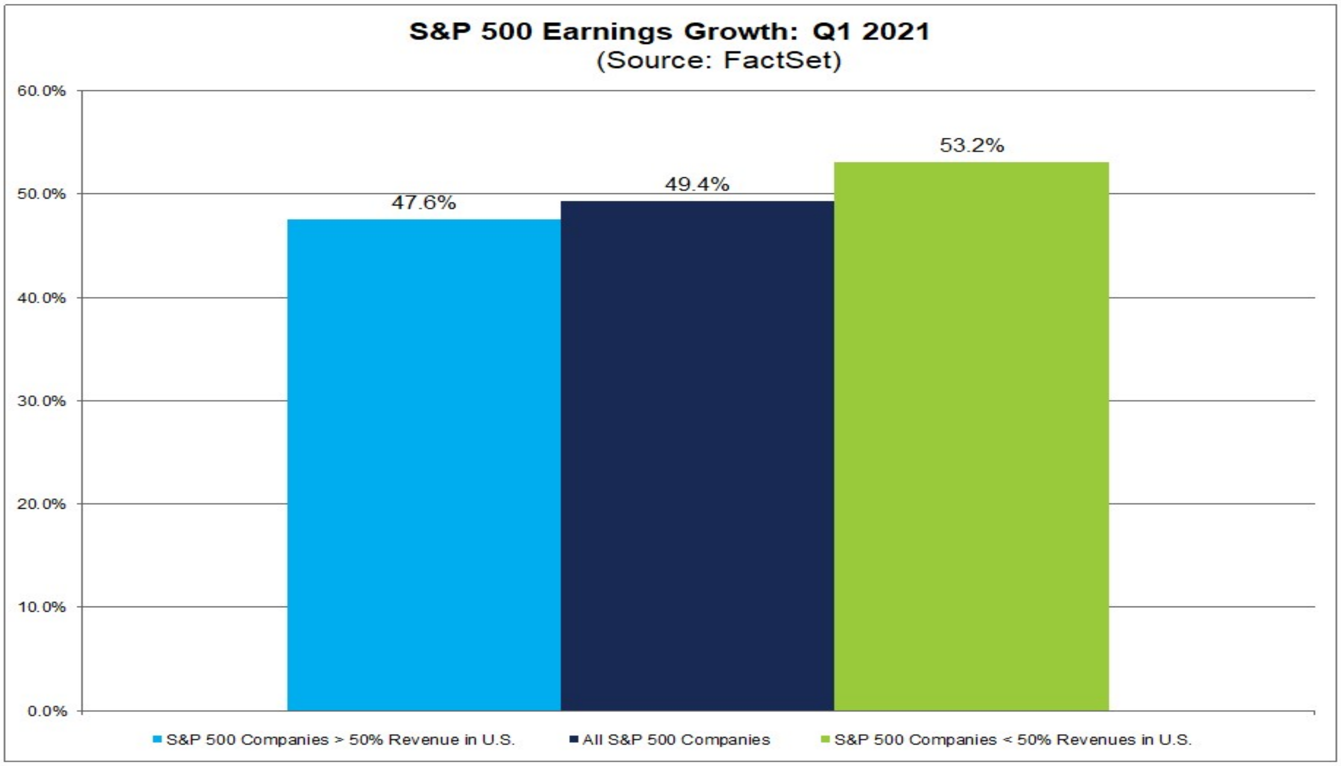


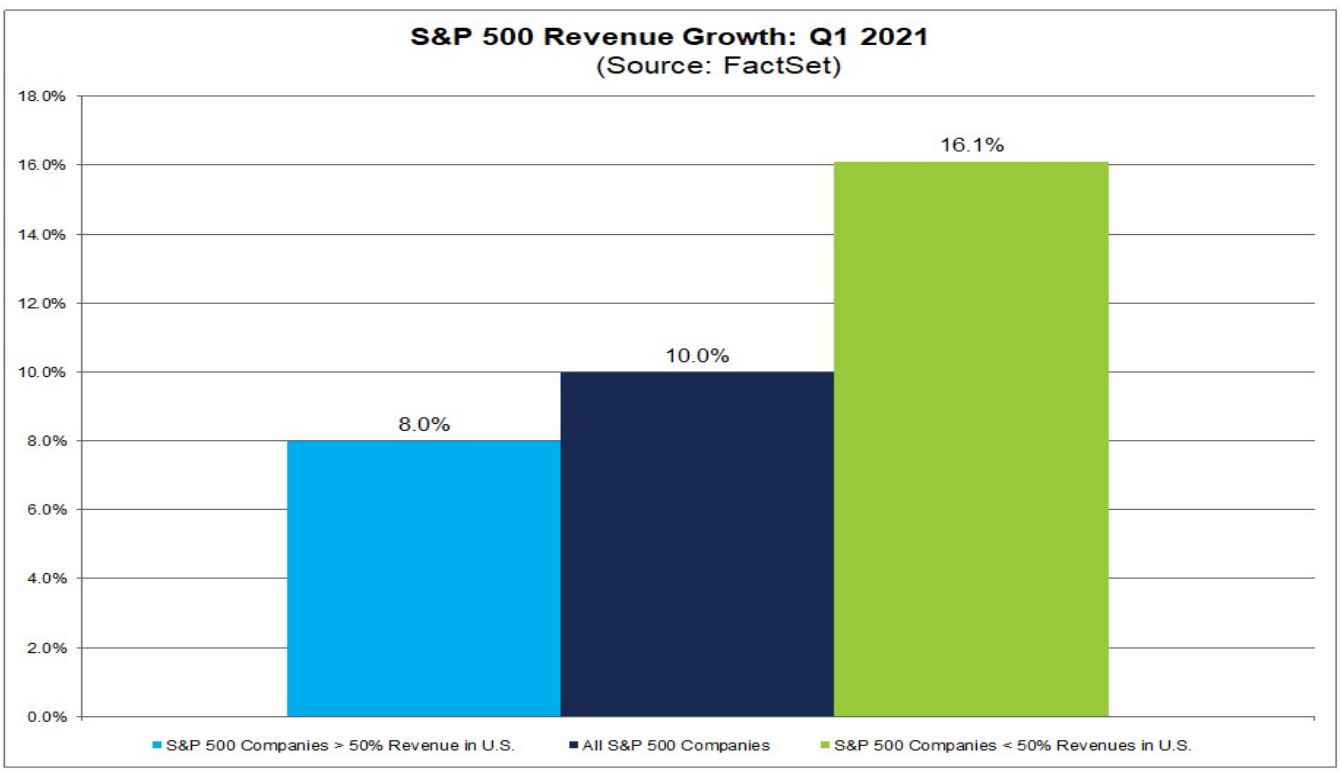
	Consumer Disc.	Financials	Materials	Comm. Services	S&P 500	Info. Technology	Health Care	Energy	Real Estate	Consumer Staples	Industrials	Utilities
Today	202.5%	144.7%	63.6%	50.5%	49.4%	40.4%	28.3%	20.4%	7.6%	6.0%	-3.4%	-6.8%
31-Mar	103.4%	72.7%	47.7%	13.4%	23.8%	22.3%	19.7%	-10.2%	1.7%	0.2%	-16.6%	2.5%



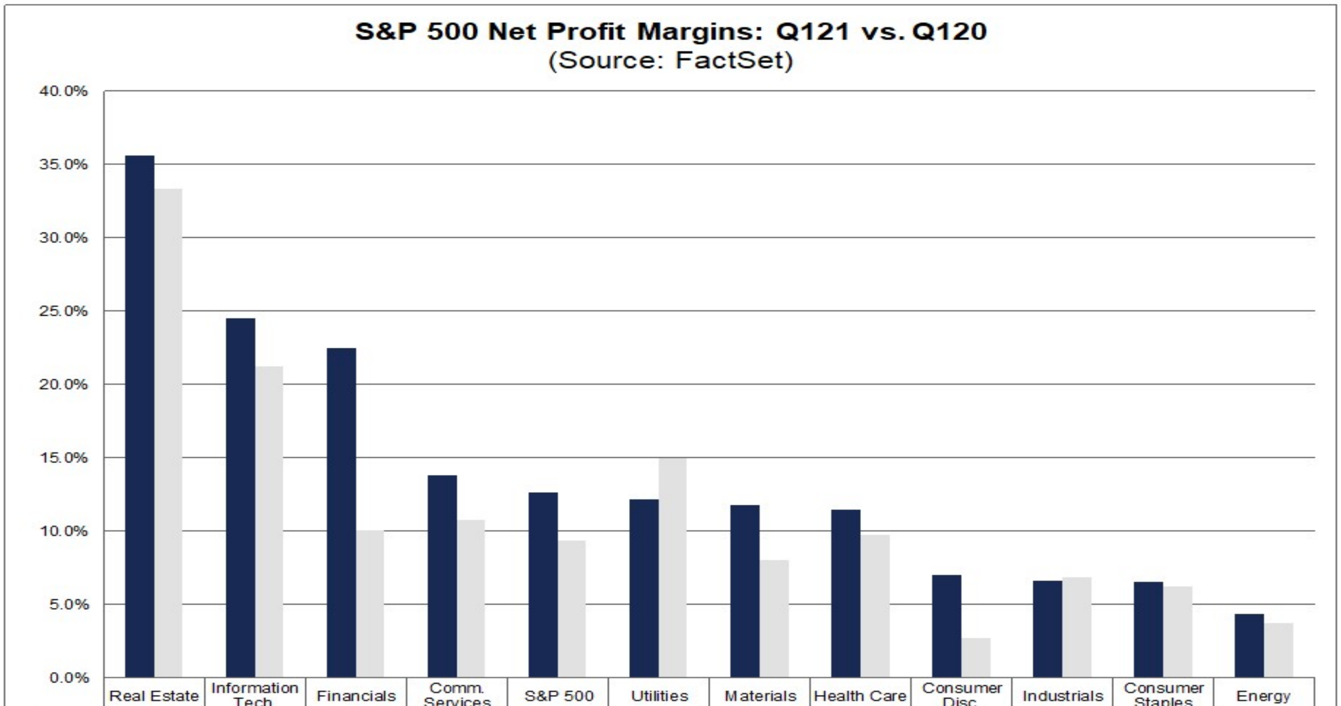
	Info. Technology	Comm. Services	Consumer Disc.	Utilities	Materials	S&P 500	Health Care	Financials	Energy	Consumer Staples	Real Estate	Industrials
Today	21.4%	17.2%	17.1%	15.2%	11.8%	10.0%	9.7%	9.2%	4.0%	1.3%	0.7%	-0.6%
31-Mar	15.5%	12.0%	14.9%	2.6%	9.5%	6.2%	9.3%	3.0%	-6.4%	0.2%	-0.7%	-3.3%

Q1 2021: Growth

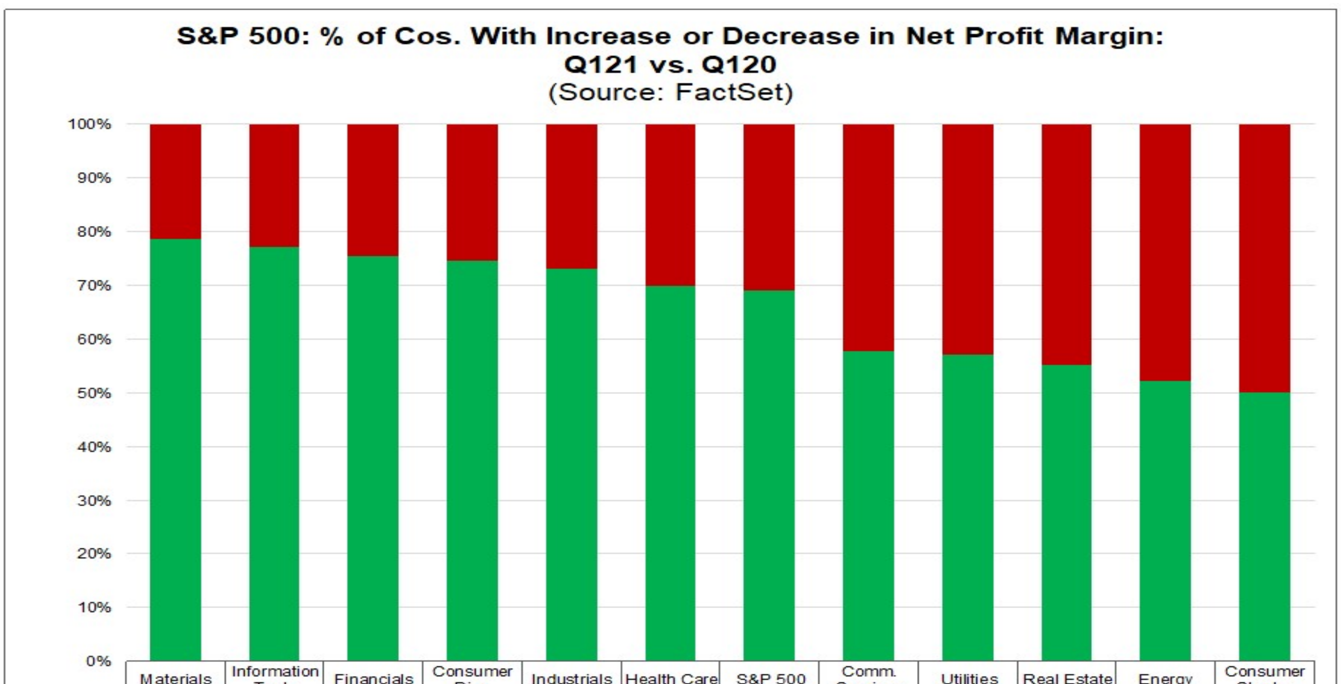




Q1 2021: Net Profit Margin

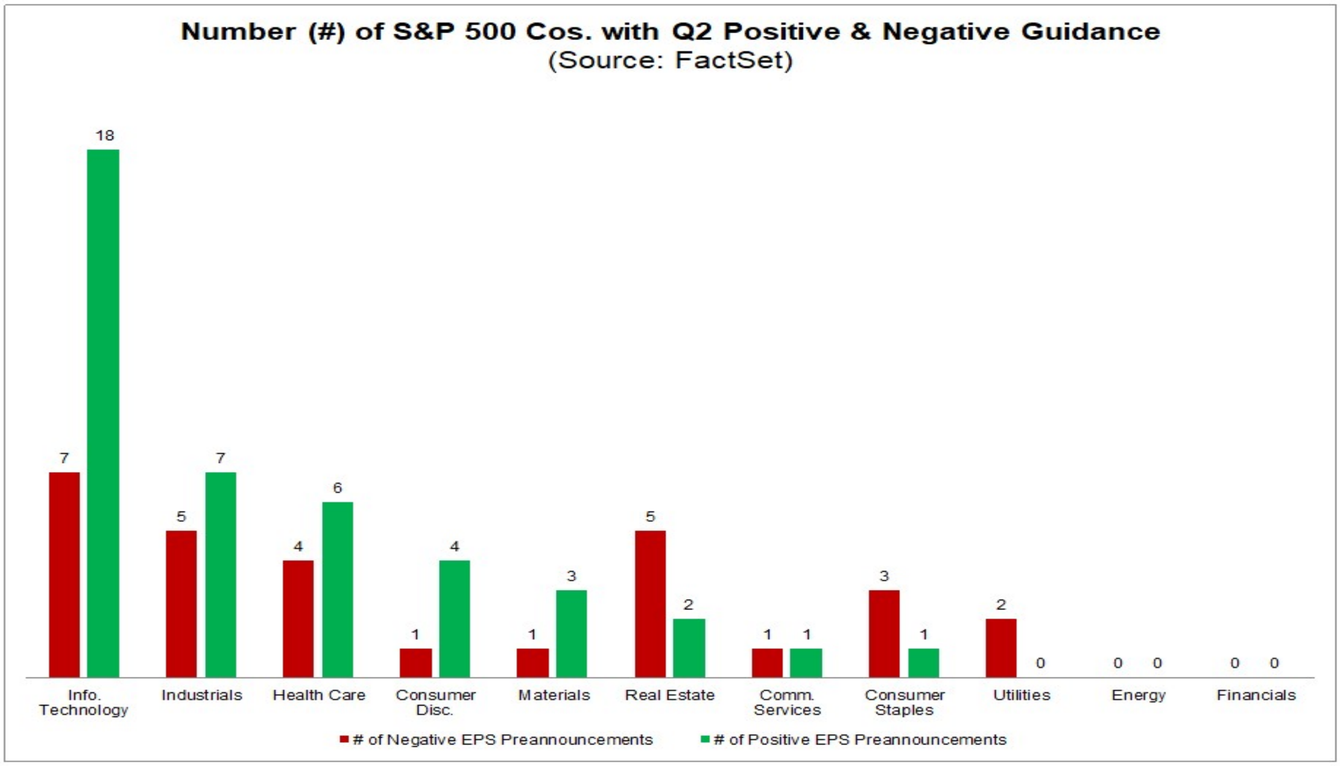


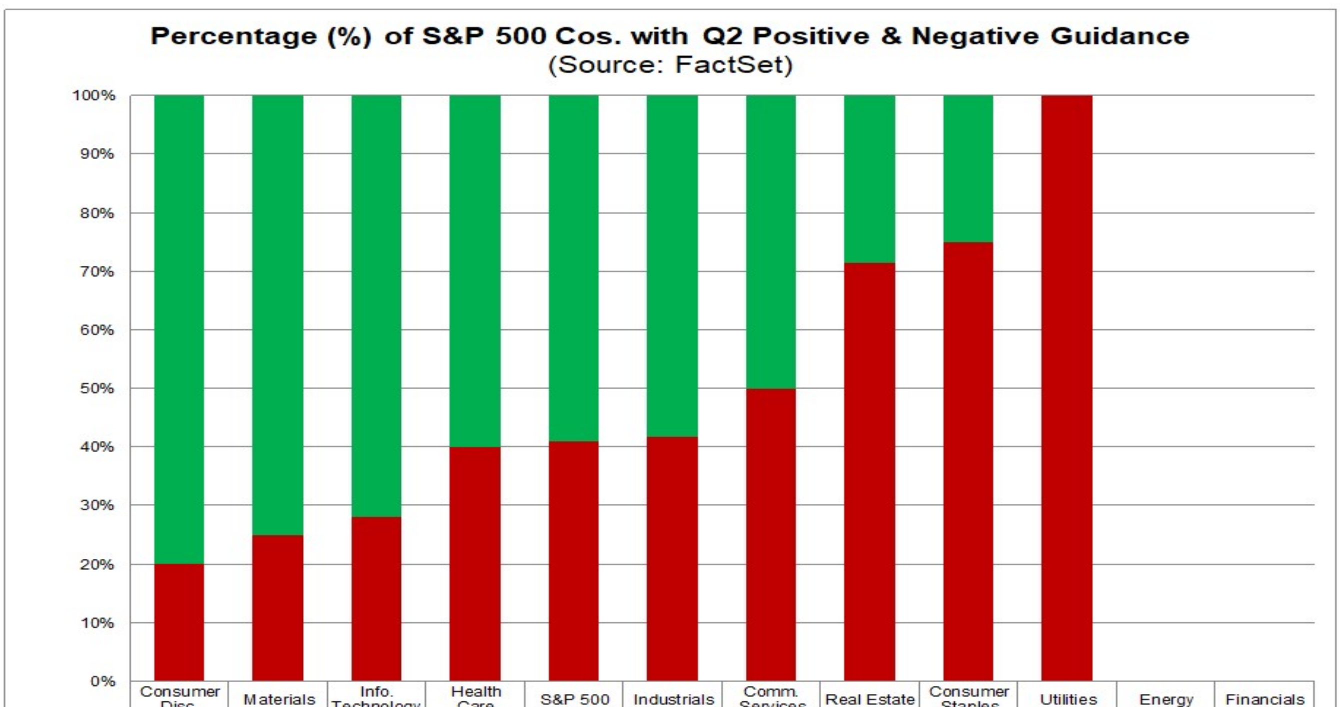
	Real Estate	Information Tech.	Financials	Comm. Services	S&P 500	Utilities	Materials	Health Care	Consumer Disc.	Industrials	Consumer Staples	Energy
Q121	35.6%	24.5%	22.5%	13.8%	12.6%	12.1%	11.7%	11.4%	7.0%	6.6%	6.5%	4.3%
Q120	33.3%	21.2%	10.0%	10.7%	9.3%	15.0%	8.0%	9.8%	2.7%	6.8%	6.2%	3.7%



	Materials	Information Tech.	Financials	Consumer Disc.	Industrials	Health Care	S&P 500	Comm. Services	Utilities	Real Estate	Energy	Consumer Staples
Down %	21%	23%	25%	25%	27%	30%	31%	42%	43%	45%	48%	50%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	79%	77%	75%	75%	73%	70%	69%	58%	57%	55%	52%	50%

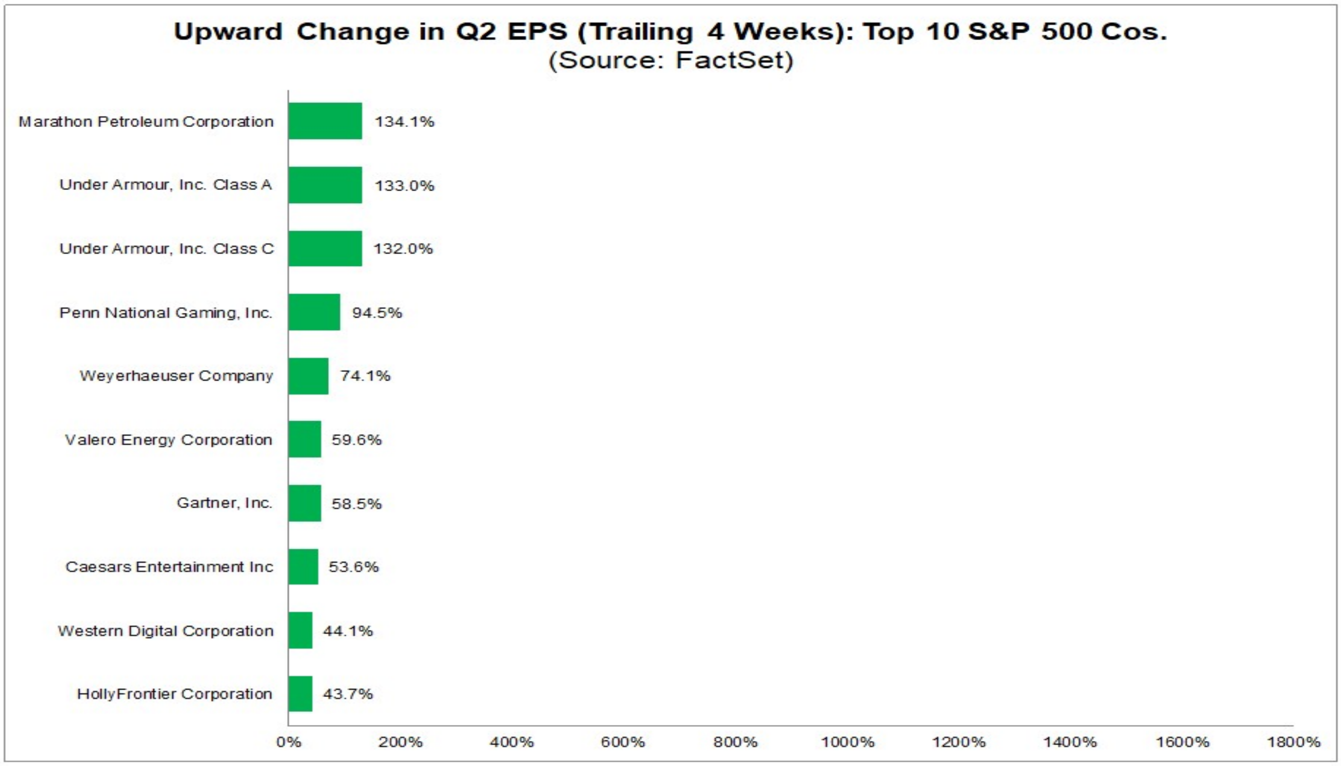
Q2 2021: EPS Guidance

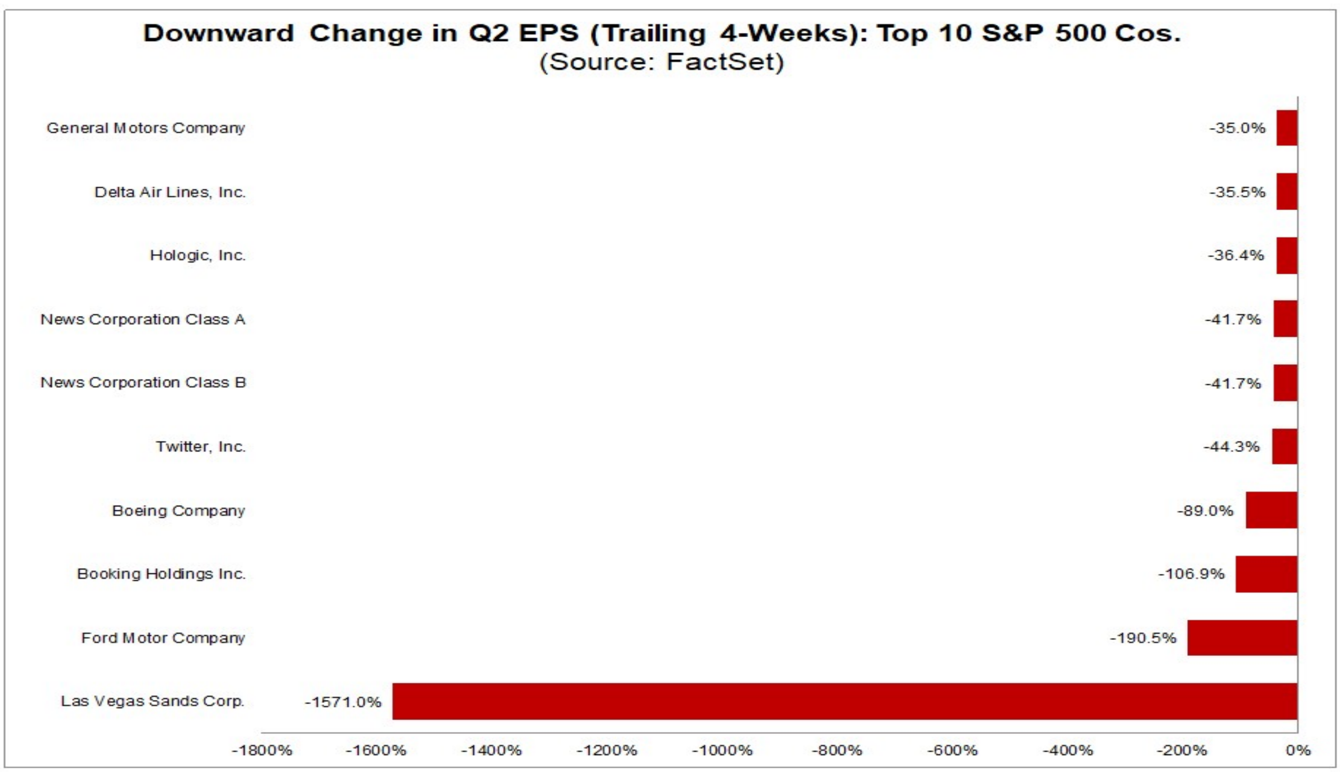




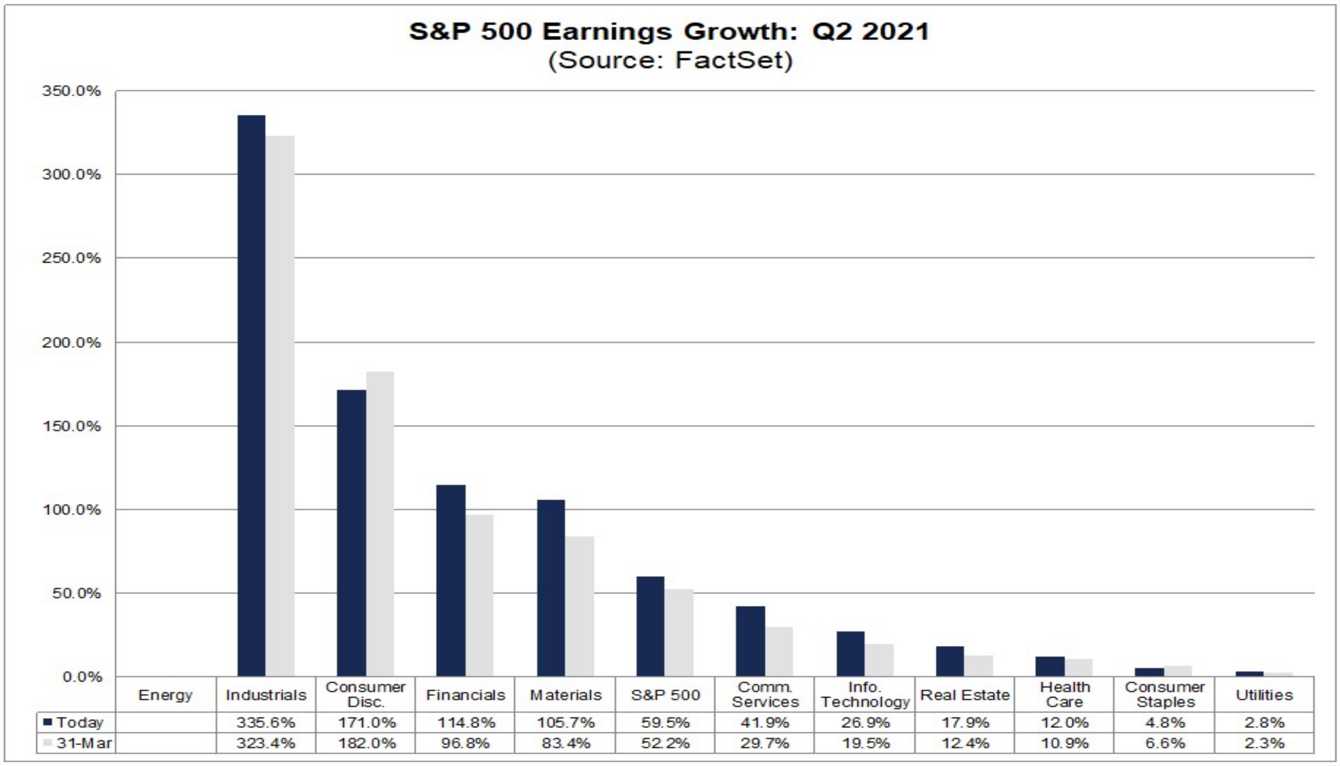
	Consumer Disc.	Materials	Info. Technology	Health Care	S&P 500	Industrials	Comm. Services	Real Estate	Consumer Staples	Utilities	Energy	Financials
Positive	80%	75%	72%	60%	59%	58%	50%	29%	25%	0%	0%	0%
Negative	20%	25%	28%	40%	41%	42%	50%	71%	75%	100%	0%	0%

Q2 2021: EPS Revisions

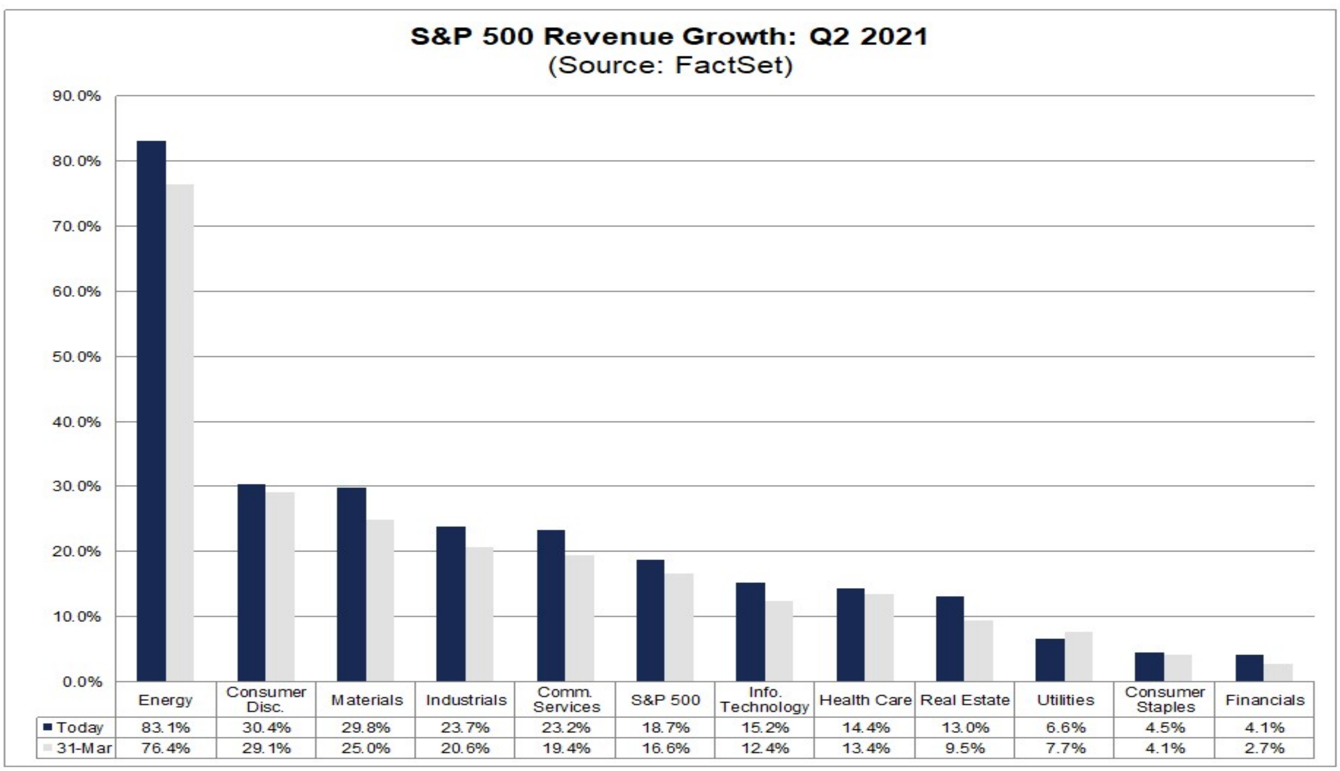




Q2 2021: Growth

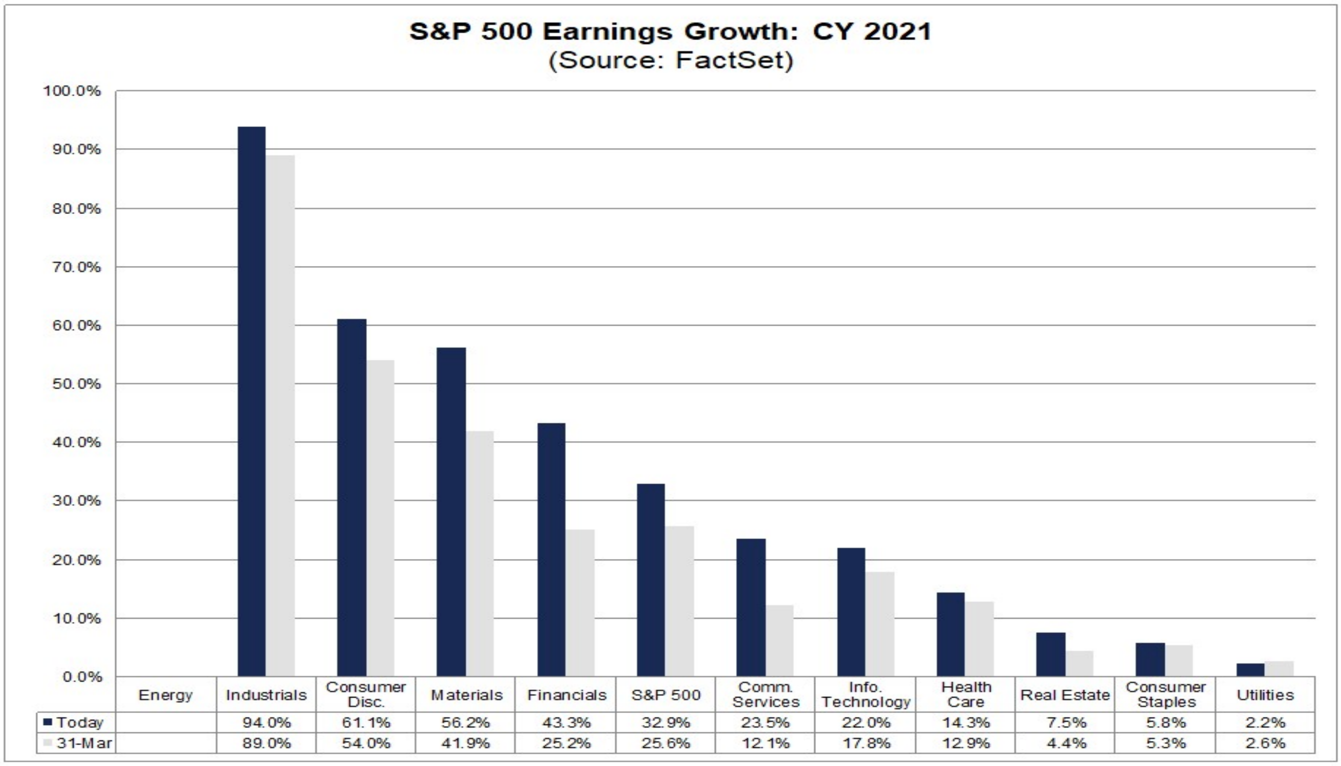


	Energy	Industrials	Consumer Disc.	Financials	Materials	S&P 500	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Staples	Utilities
Today		335.6%	171.0%	114.8%	105.7%	59.5%	41.9%	26.9%	17.9%	12.0%	4.8%	2.8%
31-Mar		323.4%	182.0%	96.8%	83.4%	52.2%	29.7%	19.5%	12.4%	10.9%	6.6%	2.3%

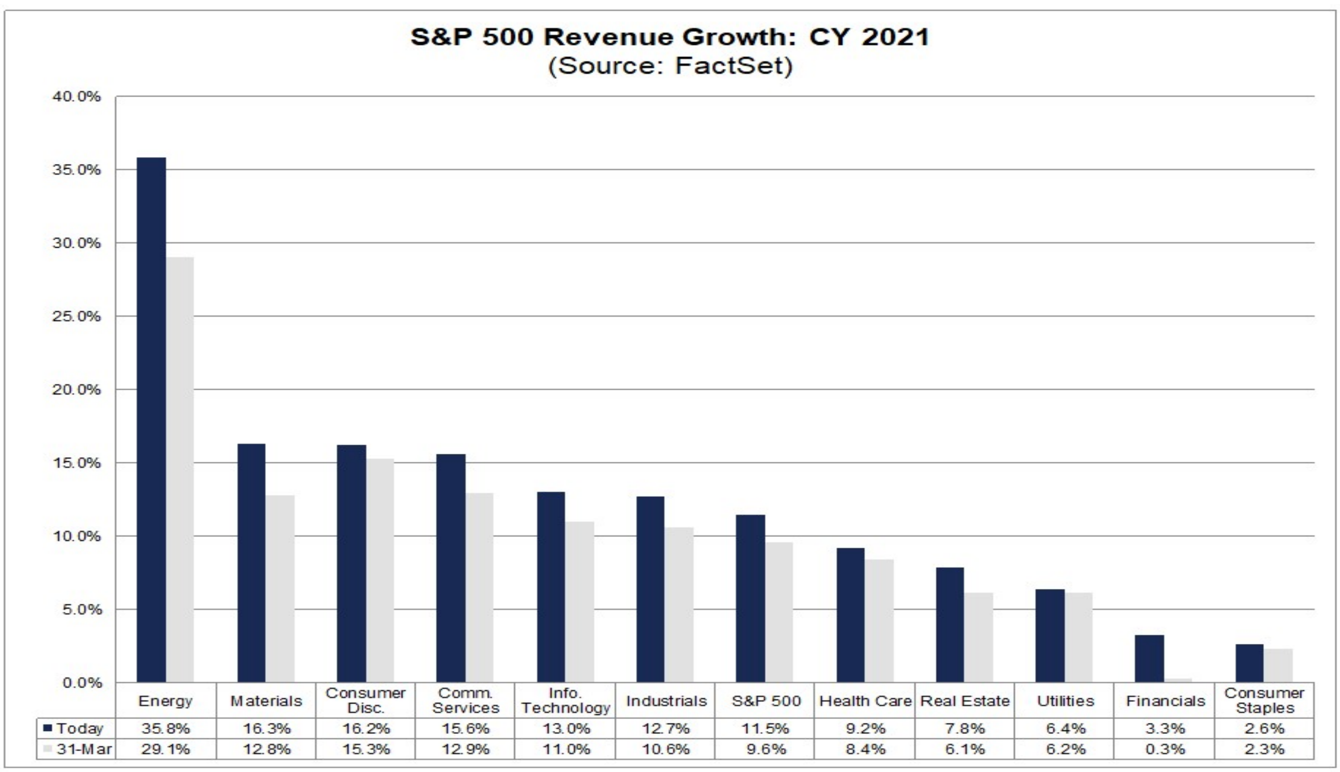


	Energy	Consumer Disc.	Materials	Industrials	Comm. Services	S&P 500	Info. Technology	Health Care	Real Estate	Utilities	Consumer Staples	Financials
Today	83.1%	30.4%	29.8%	23.7%	23.2%	18.7%	15.2%	14.4%	13.0%	6.6%	4.5%	4.1%
31-Mar	76.4%	29.1%	25.0%	20.6%	19.4%	16.6%	12.4%	13.4%	9.5%	7.7%	4.1%	2.7%

CY 2021: Growth

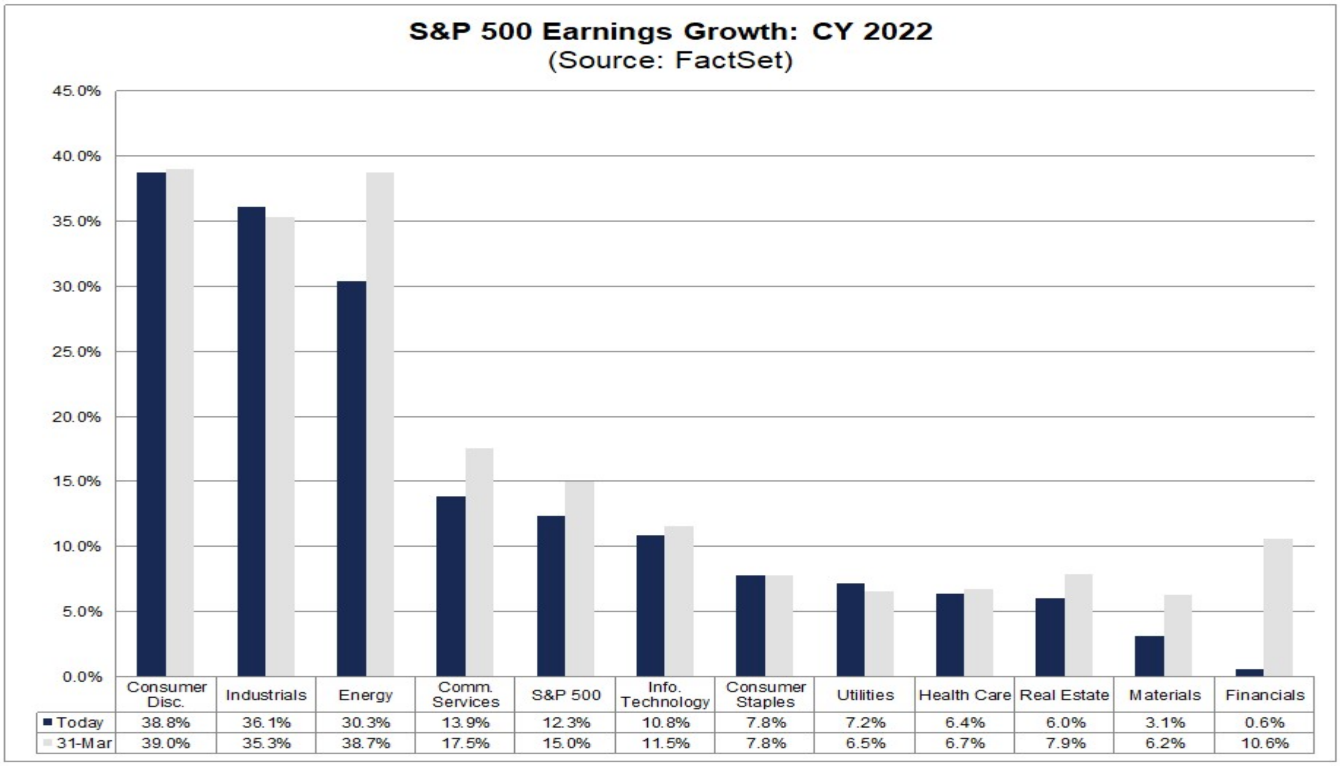


	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		94.0%	61.1%	56.2%	43.3%	32.9%	23.5%	22.0%	14.3%	7.5%	5.8%	2.2%
31-Mar		89.0%	54.0%	41.9%	25.2%	25.6%	12.1%	17.8%	12.9%	4.4%	5.3%	2.6%

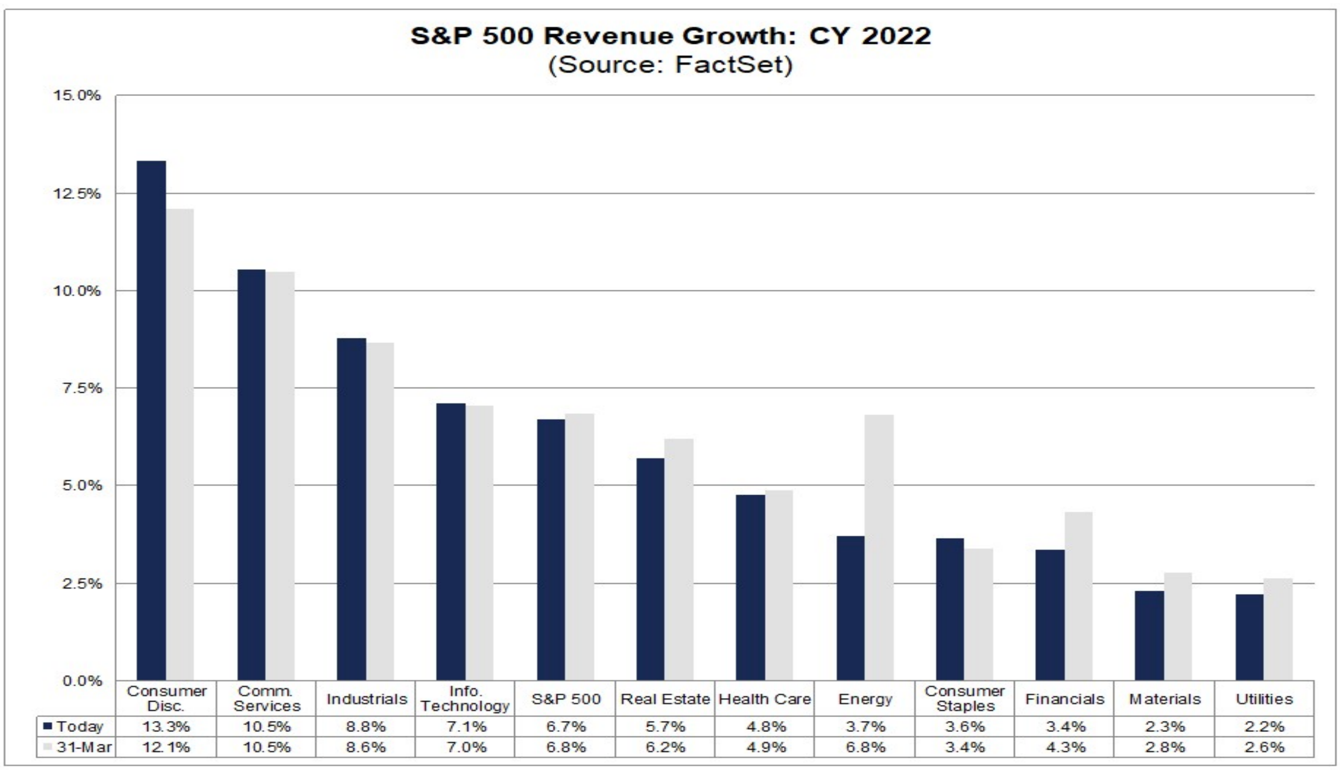


	Energy	Materials	Consumer Disc.	Comm. Services	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Utilities	Financials	Consumer Staples
Today	35.8%	16.3%	16.2%	15.6%	13.0%	12.7%	11.5%	9.2%	7.8%	6.4%	3.3%	2.6%
31-Mar	29.1%	12.8%	15.3%	12.9%	11.0%	10.6%	9.6%	8.4%	6.1%	6.2%	0.3%	2.3%

CY 2022: Growth

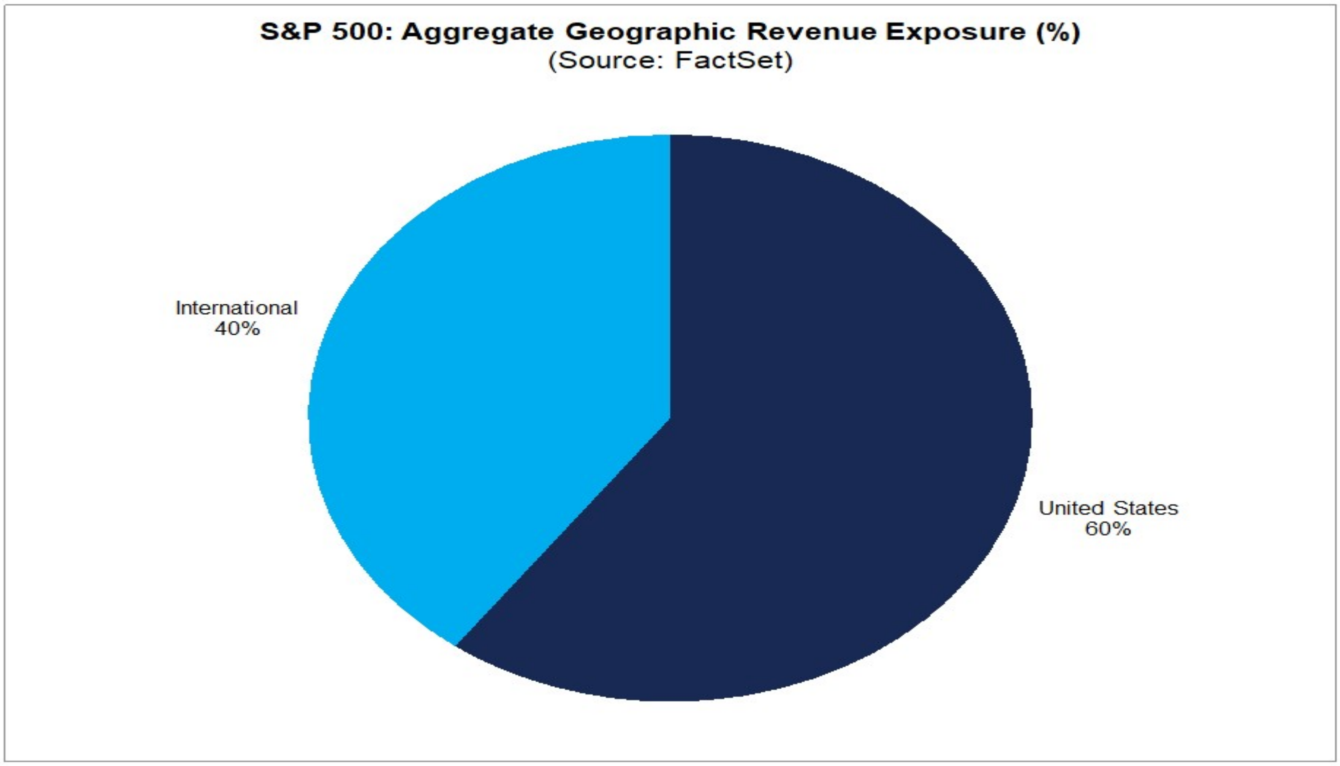


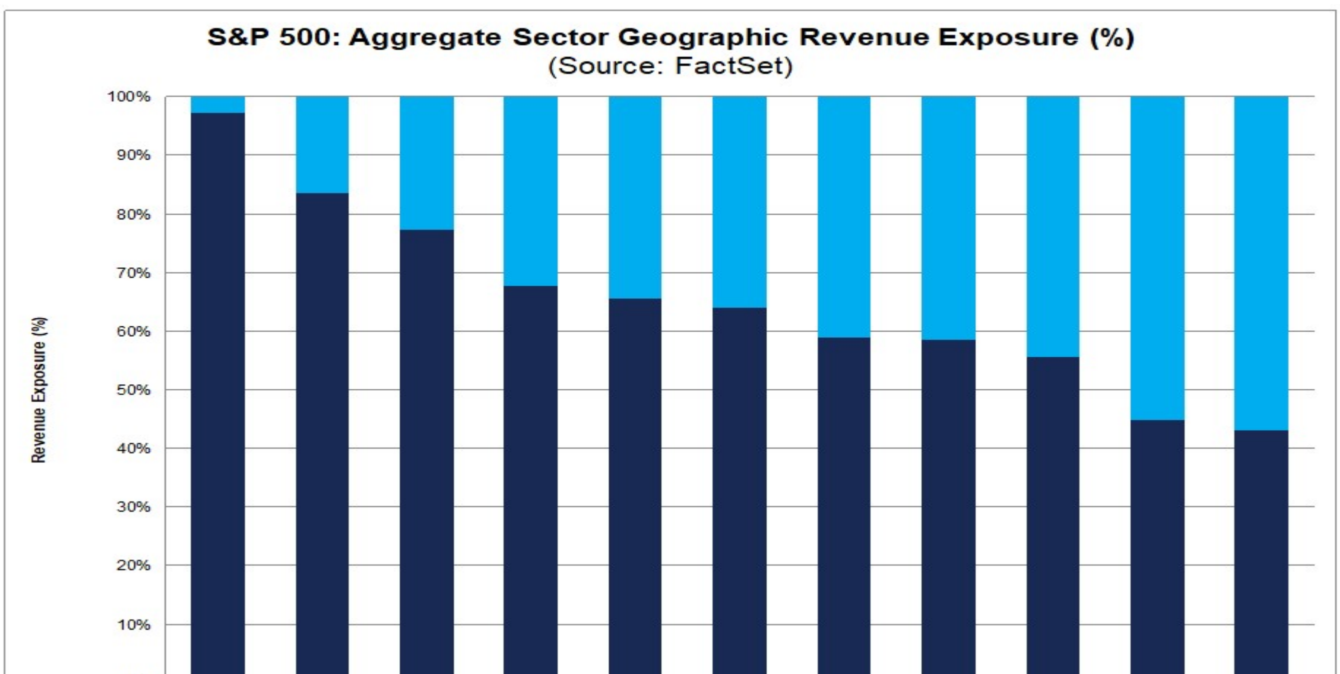
	Consumer Disc.	Industrials	Energy	Comm. Services	S&P 500	Info. Technology	Consumer Staples	Utilities	Health Care	Real Estate	Materials	Financials
Today	38.8%	36.1%	30.3%	13.9%	12.3%	10.8%	7.8%	7.2%	6.4%	6.0%	3.1%	0.6%
31-Mar	39.0%	35.3%	38.7%	17.5%	15.0%	11.5%	7.8%	6.5%	6.7%	7.9%	6.2%	10.6%



	Consumer Disc.	Comm. Services	Industrials	Info. Technology	S&P 500	Real Estate	Health Care	Energy	Consumer Staples	Financials	Materials	Utilities
Today	13.3%	10.5%	8.8%	7.1%	6.7%	5.7%	4.8%	3.7%	3.6%	3.4%	2.3%	2.2%
31-Mar	12.1%	10.5%	8.6%	7.0%	6.8%	6.2%	4.9%	6.8%	3.4%	4.3%	2.8%	2.6%

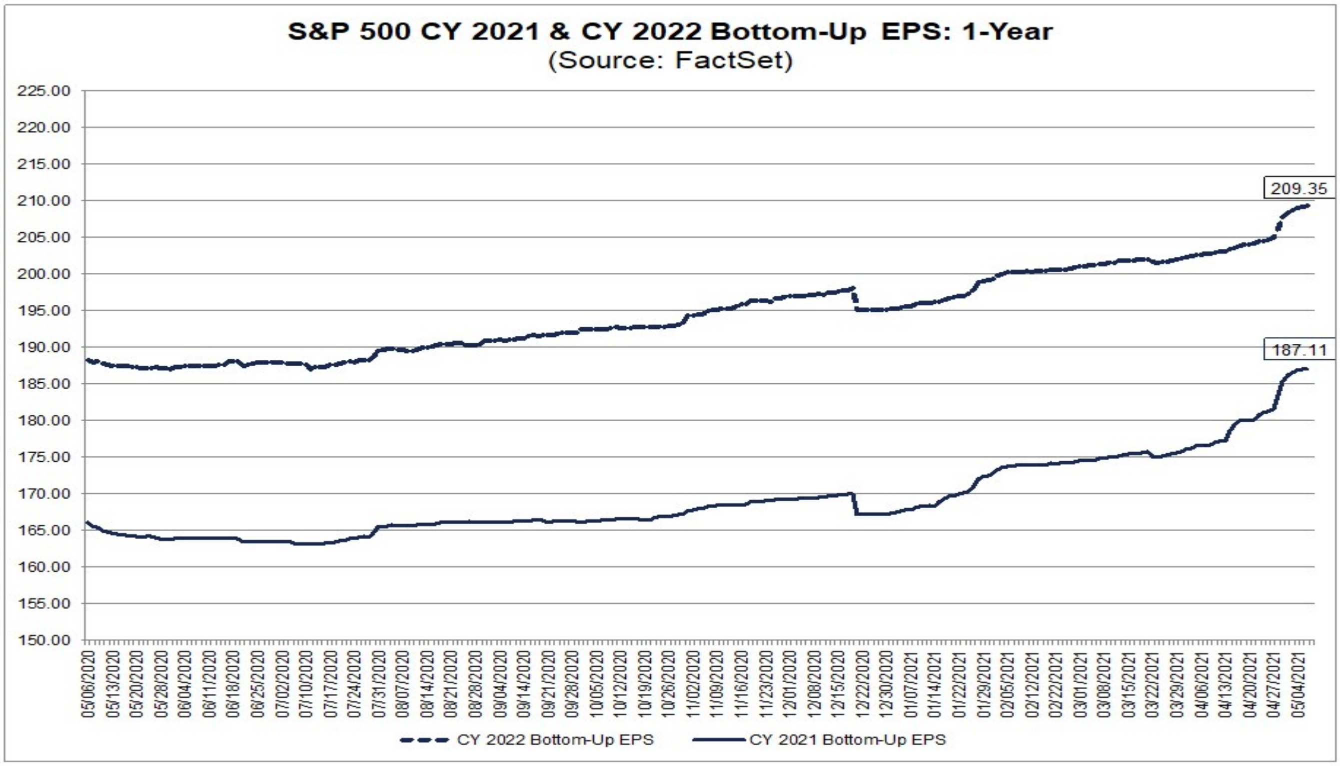
Geographic Revenue Exposure

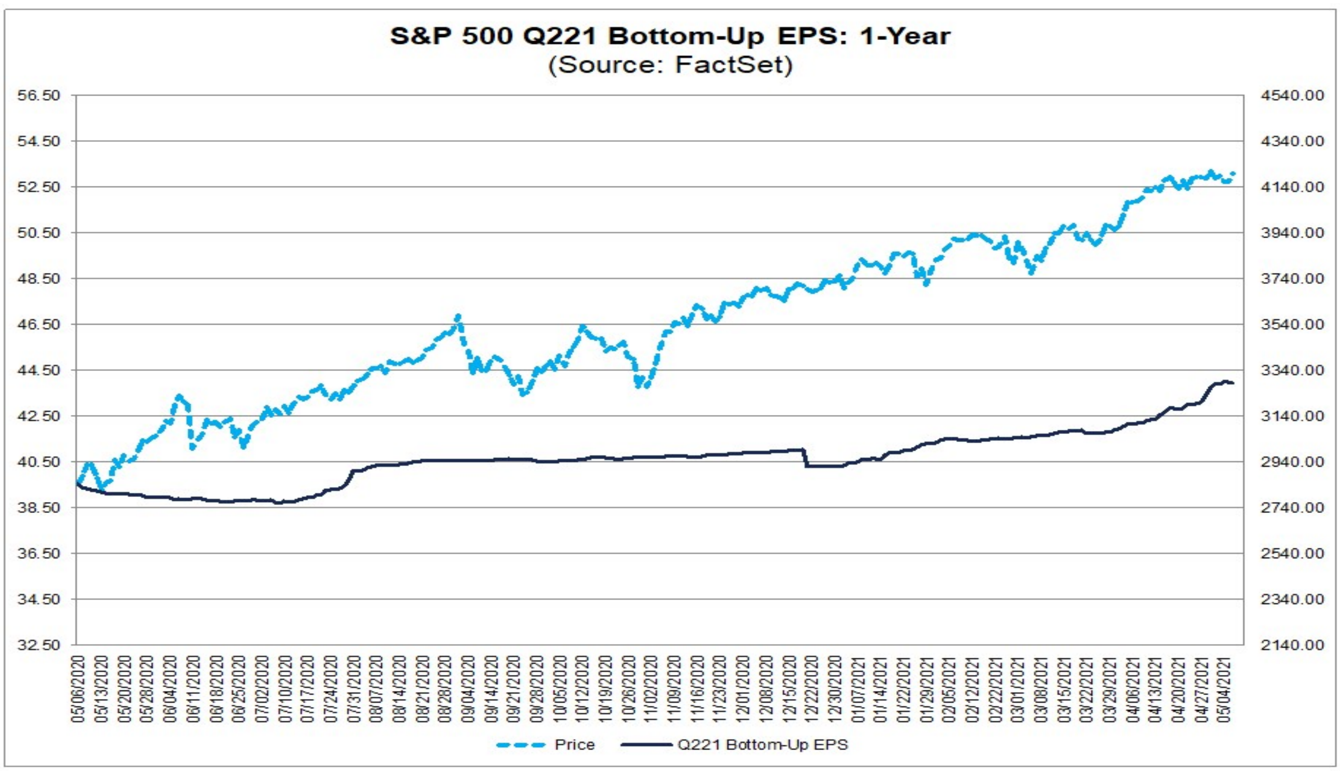




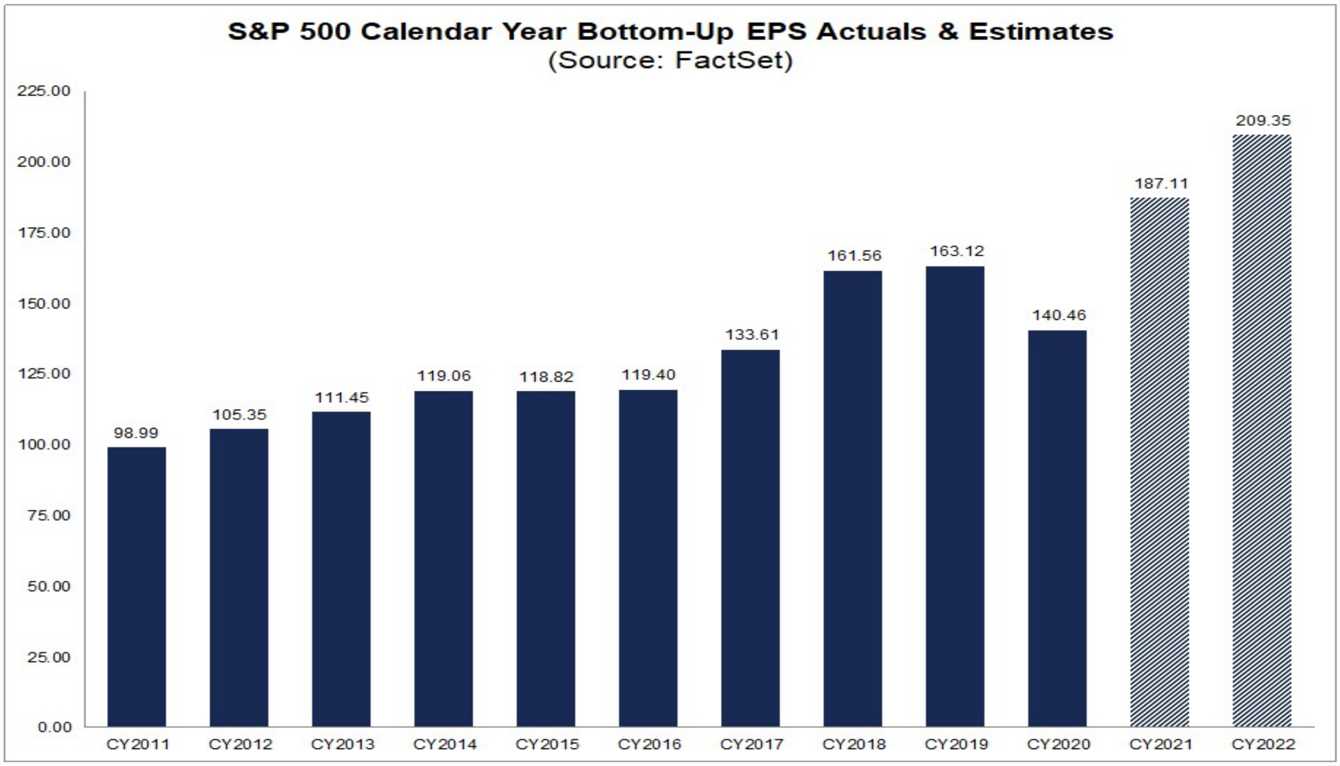
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Health Care	Energy	Comm. Services	Consumer Staples	Materials	Info. Technology
International	3%	16%	23%	32%	35%	36%	41%	42%	44%	55%	57%
United States	97%	84%	77%	68%	65%	64%	59%	58%	56%	45%	43%

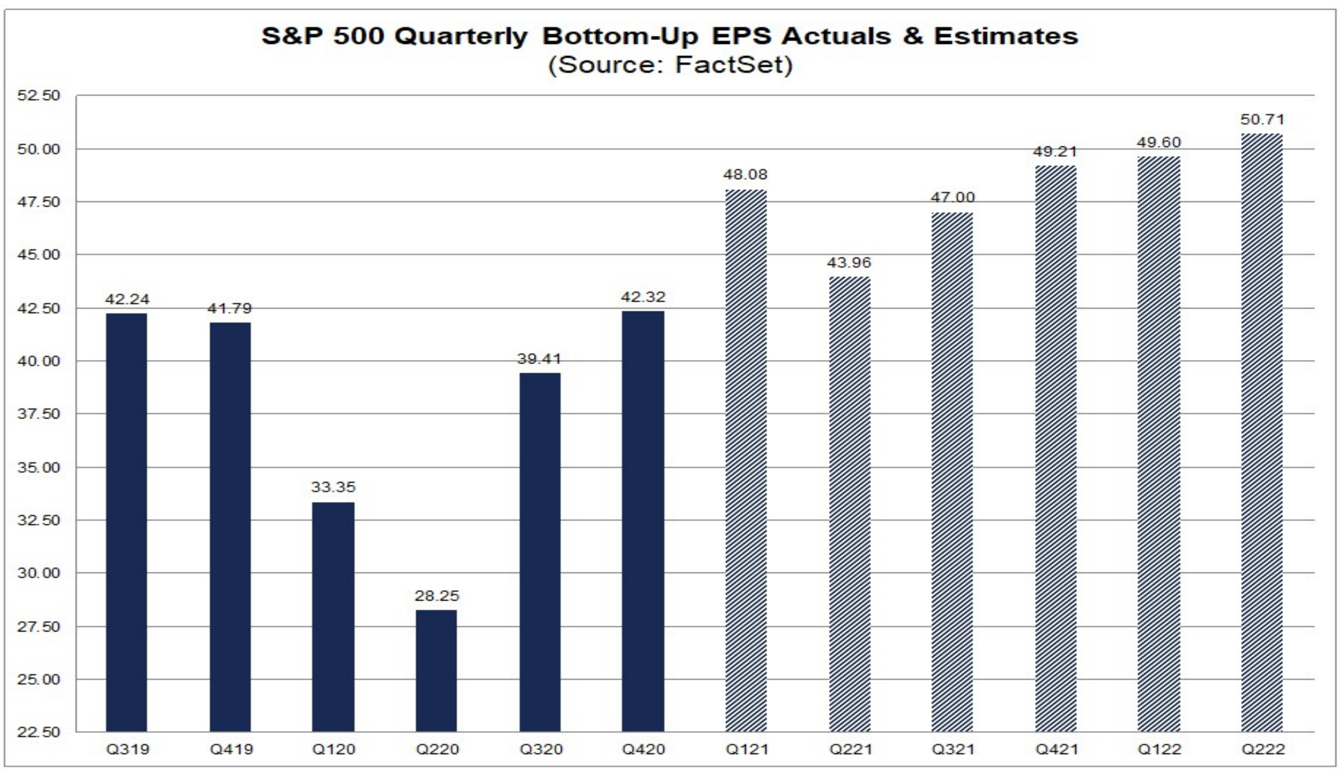
Bottom-up EPS Estimates: Revisions



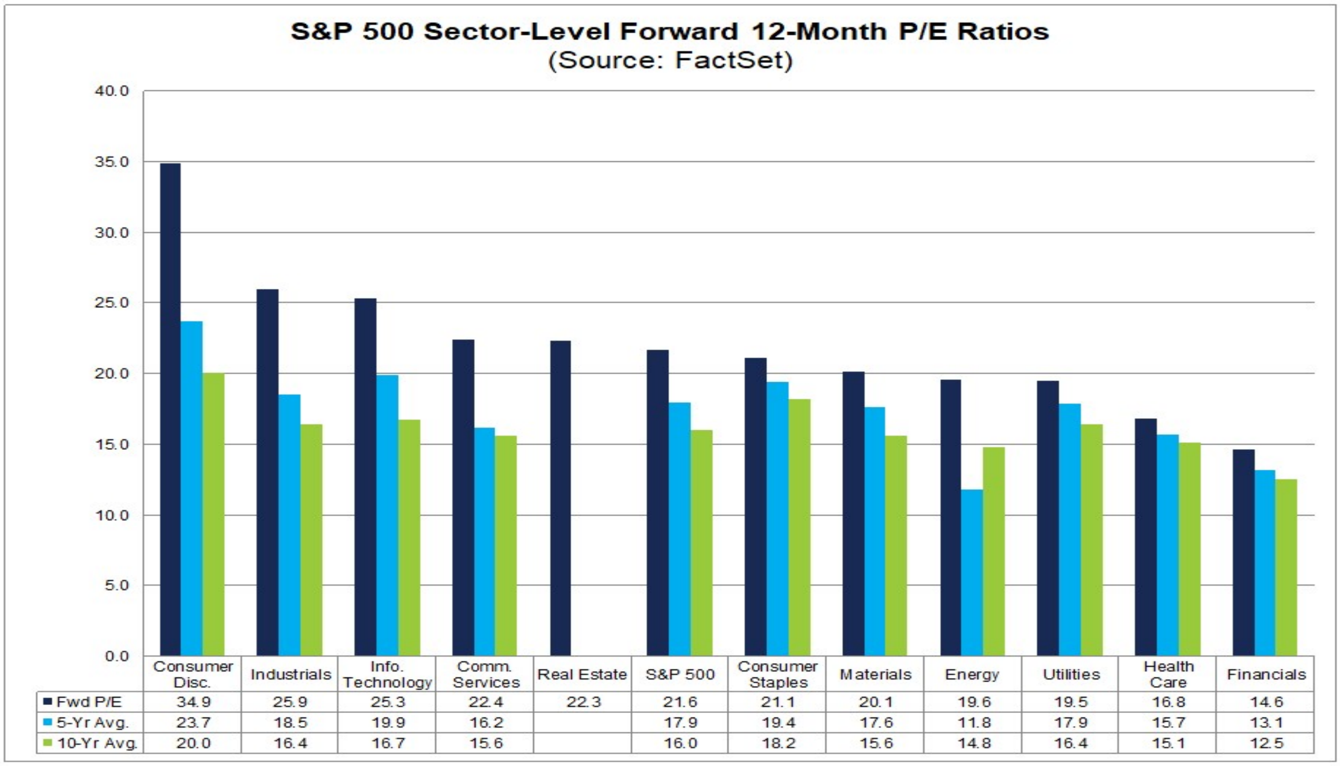


Bottom-up EPS Estimates: Current & Historical

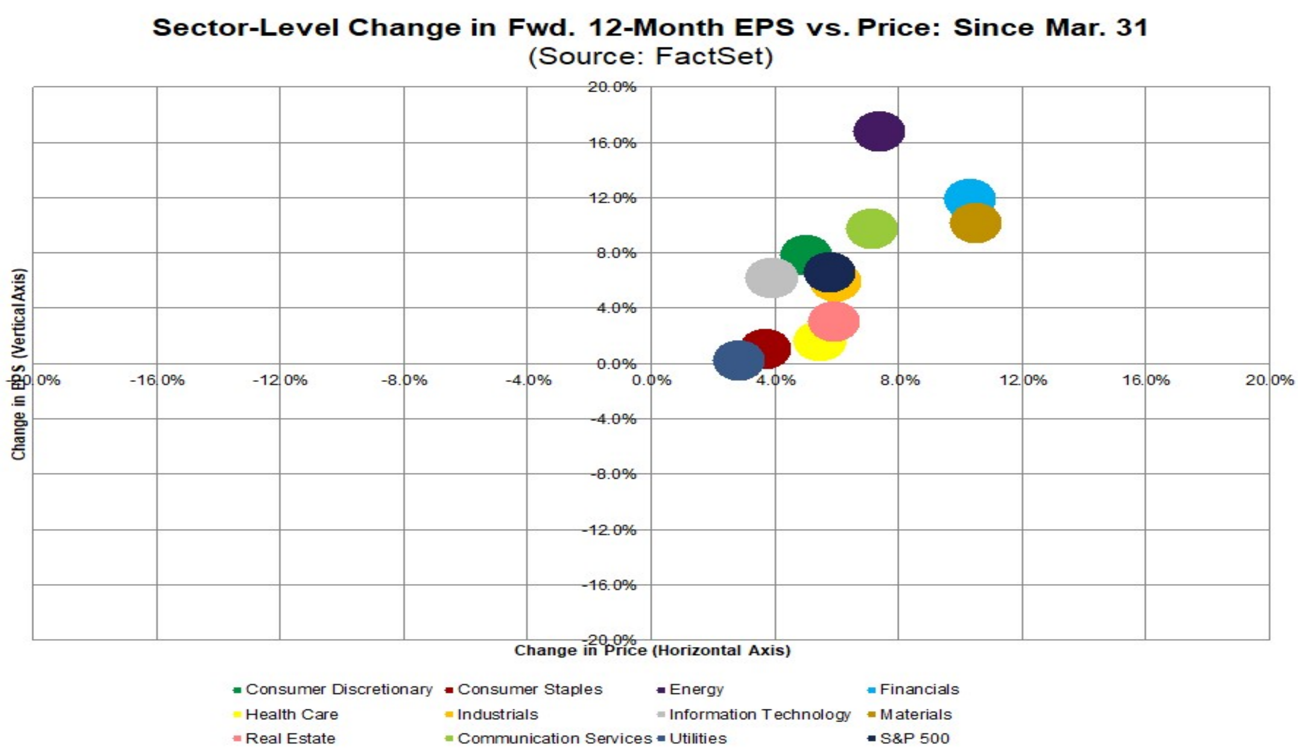




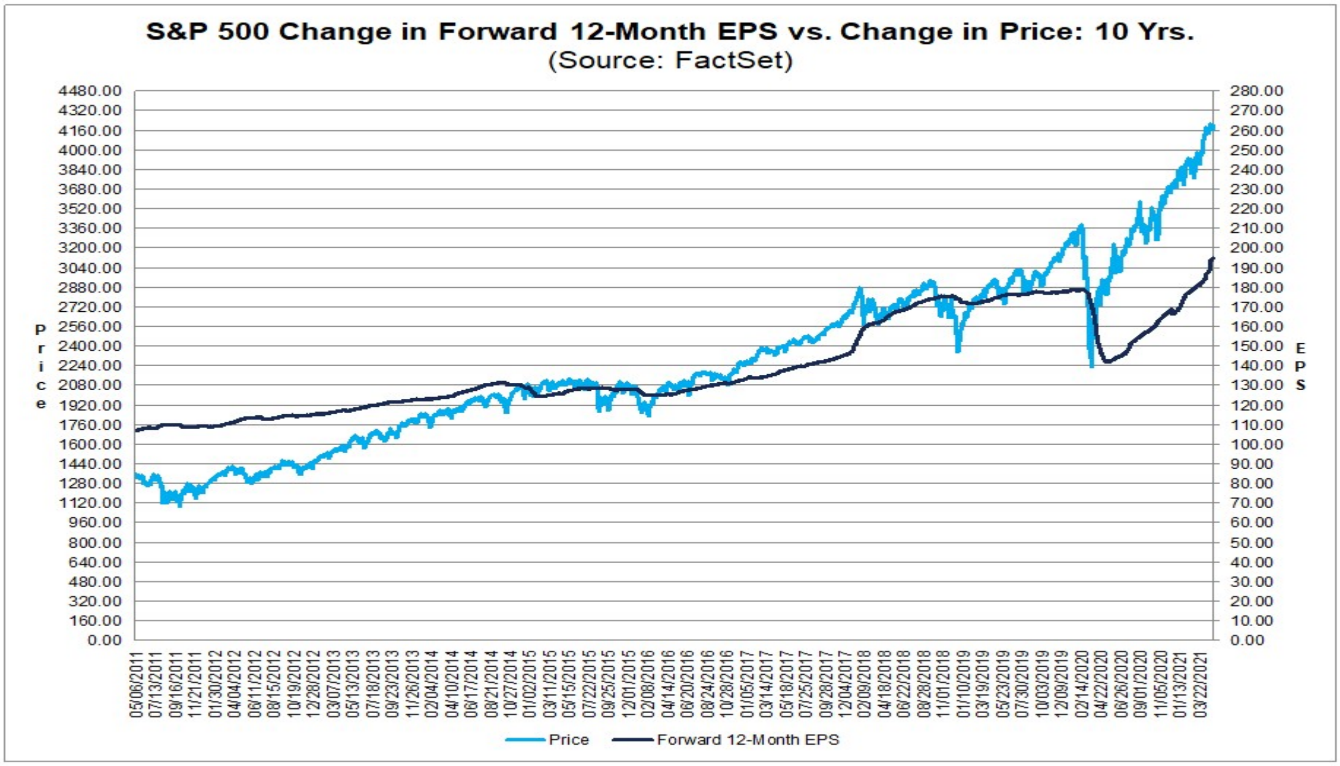
Forward 12M P/E Ratio: Sector Level

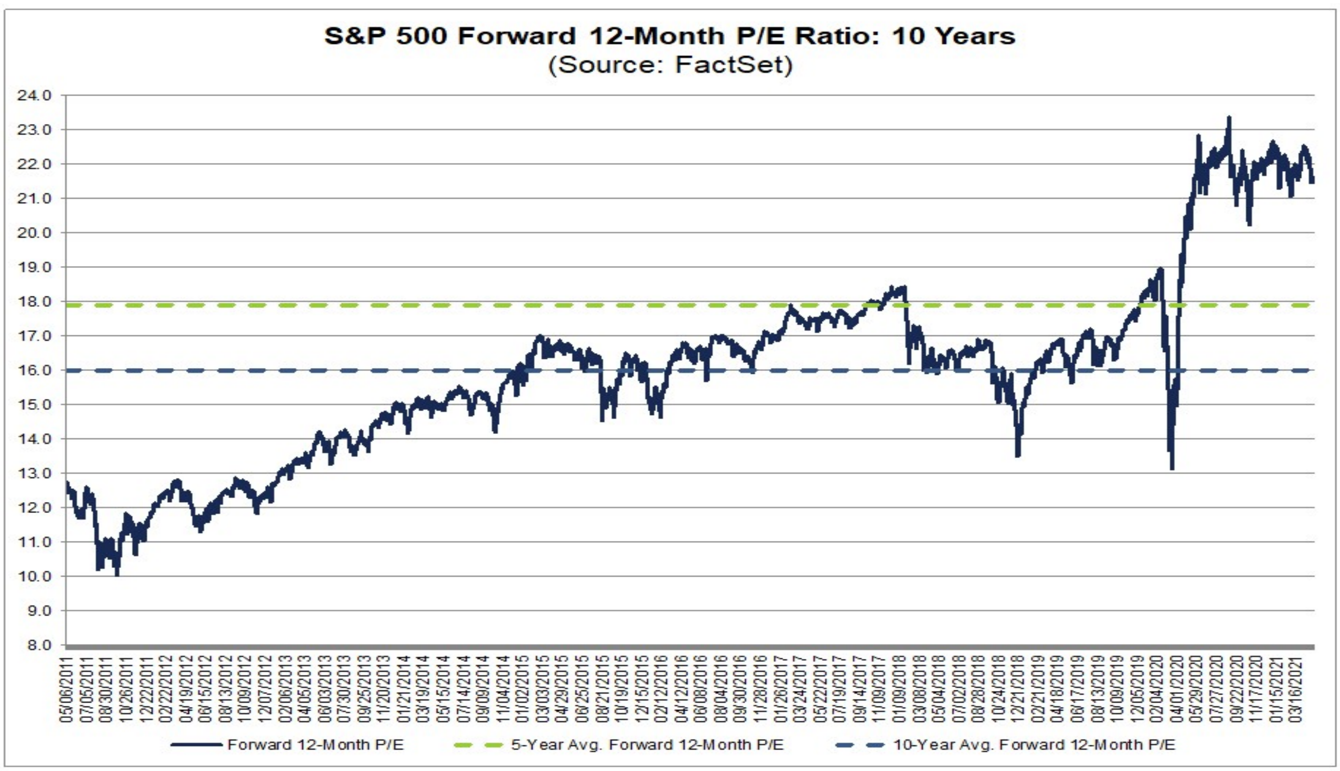


	Consumer Disc.	Industrials	Info. Technology	Comm. Services	Real Estate	S&P 500	Consumer Staples	Materials	Energy	Utilities	Health Care	Financials
Fwd P/E	34.9	25.9	25.3	22.4	22.3	21.6	21.1	20.1	19.6	19.5	16.8	14.6
5-Yr Avg.	23.7	18.5	19.9	16.2		17.9	19.4	17.6	11.8	17.9	15.7	13.1
10-Yr Avg.	20.0	16.4	16.7	15.6		16.0	18.2	15.6	14.8	16.4	15.1	12.5

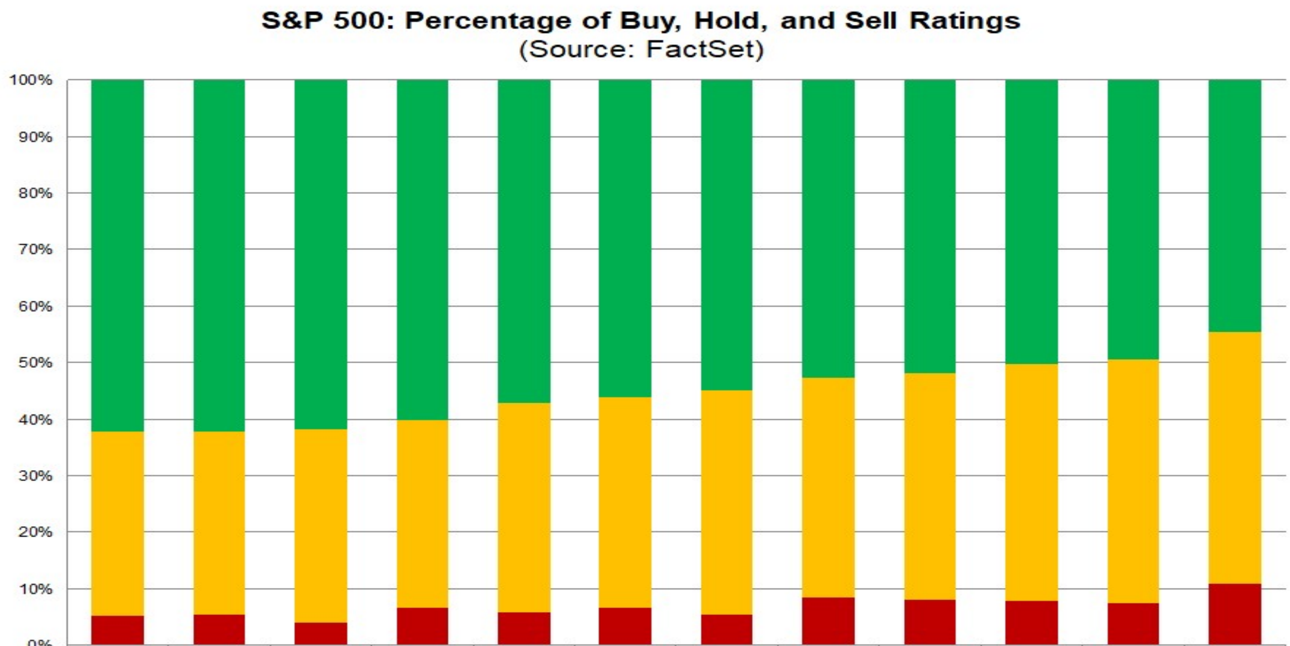


Forward 12M P/E Ratio: 10-Years





Targets & Ratings



	Health Care	Info. Tech.	Energy	Comm. Services	Consumer Disc.	S&P 500	Materials	Industrials	Utilities	Financials	Real Estate	Consumer Staples
Buy	62%	62%	62%	60%	57%	56%	55%	53%	52%	50%	50%	45%
Hold	32%	32%	34%	33%	37%	37%	40%	39%	40%	42%	43%	45%
Sell	5%	5%	4%	7%	6%	7%	5%	8%	8%	8%	7%	11%

	Info. Tech.	Comm. Services	Consumer Disc.	S&P 500	Health Care	Energy	Utilities	Consumer Staples	Industrials	Real Estate	Financials	Materials
Target/Close	18.3%	16.6%	13.9%	12.0%	11.0%	9.1%	8.6%	7.0%	6.8%	6.5%	4.1%	3.0%

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