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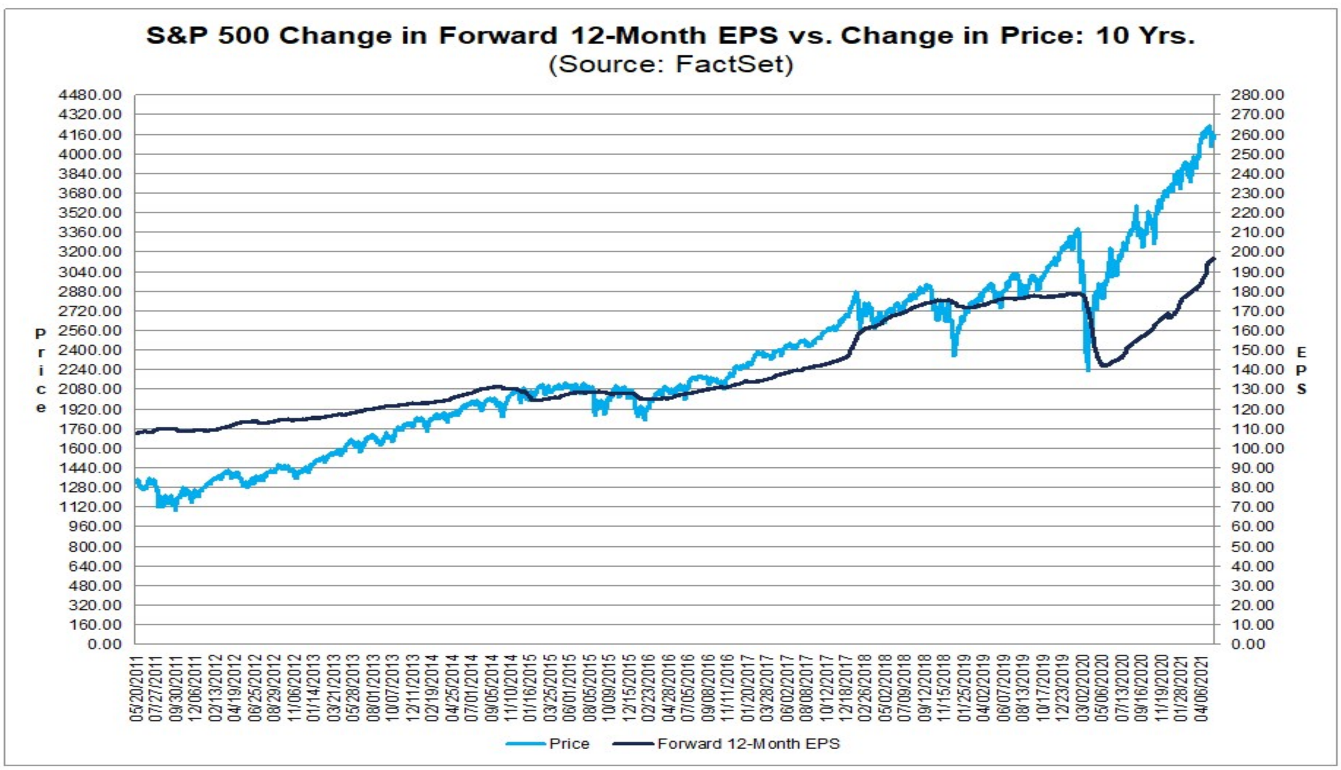
Author's Note: ***The FactSet Earnings Insight report will not be published on May 28. The next edition of the report will be published on June 4.***

Key Metrics

- **Earnings Scorecard:** For Q1 2021 (with 95% 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 51.9%. If 51.9% 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 Guidance:** For Q2 2021, 33 S&P 500 companies have issued negative EPS guidance and 54 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.2. This P/E ratio is above the 5-year average (18.0) and above the 10-year average (16.0).



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Topic of the Week:

S&P 500 Companies With More International Revenues See Higher Revenue Growth in Q1

With 95% of the companies in the S&P 500 reporting earnings for the quarter, the blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) revenue growth rate for the first quarter is 10.7%. If 10.7% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q3 2011 (12.5%). Given the uneven global economic recovery from COVID-19, did S&P 500 companies with higher international revenue exposure underperform S&P 500 companies with more domestic revenue exposure in terms of revenue growth for Q1 2021?

The answer is no. FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) was used to answer this question. For this analysis, the index was divided into two groups: companies that generate more than 50% of sales inside the U.S. (more domestic exposure) and companies that generate more than 50% of sales outside the U.S. (more international exposure). Aggregate revenue growth rates were then calculated based on these two groups.

For companies that generate more than 50% of revenues inside the U.S., the blended revenue growth rate is 8.9%. For companies that generate more than 50% of revenues outside the U.S., the blended revenue growth rate is 16.2%. What is driving the sharp difference in revenue growth between S&P 500 companies with more international revenue exposure and more domestic revenue exposure?

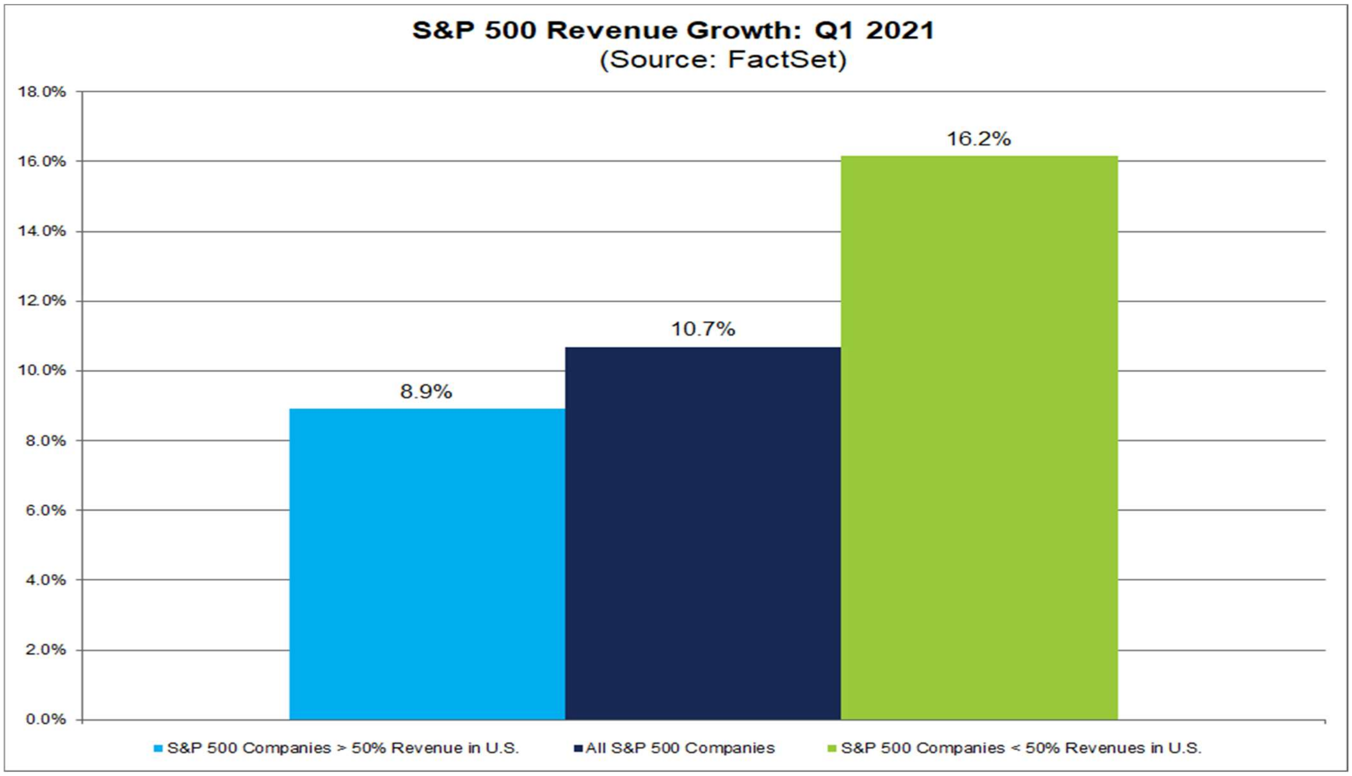
At the sector level, there was broad-based outperformance by companies with more international revenue exposure, led by the Information Technology and Communication Services sectors. In seven of the eleven sectors, the companies with more than 50% international revenue exposure had higher revenue growth rates than the companies with more than 50% domestic revenue exposure. The Information Technology and Communication Services sectors were the largest contributors to the 16.2% revenue growth rate for S&P 500 companies with more than 50% international revenue exposure. The Information Technology sector has the highest international revenue exposure of all eleven sectors at 57%, while the Communication Services sector is tied with the Energy sector for the fourth-highest international revenue exposure of all eleven sectors at 42%. If these two sectors were excluded, the revenue growth rate for companies with more than 50% international revenue exposure would fall to 7.0% from 16.2%.

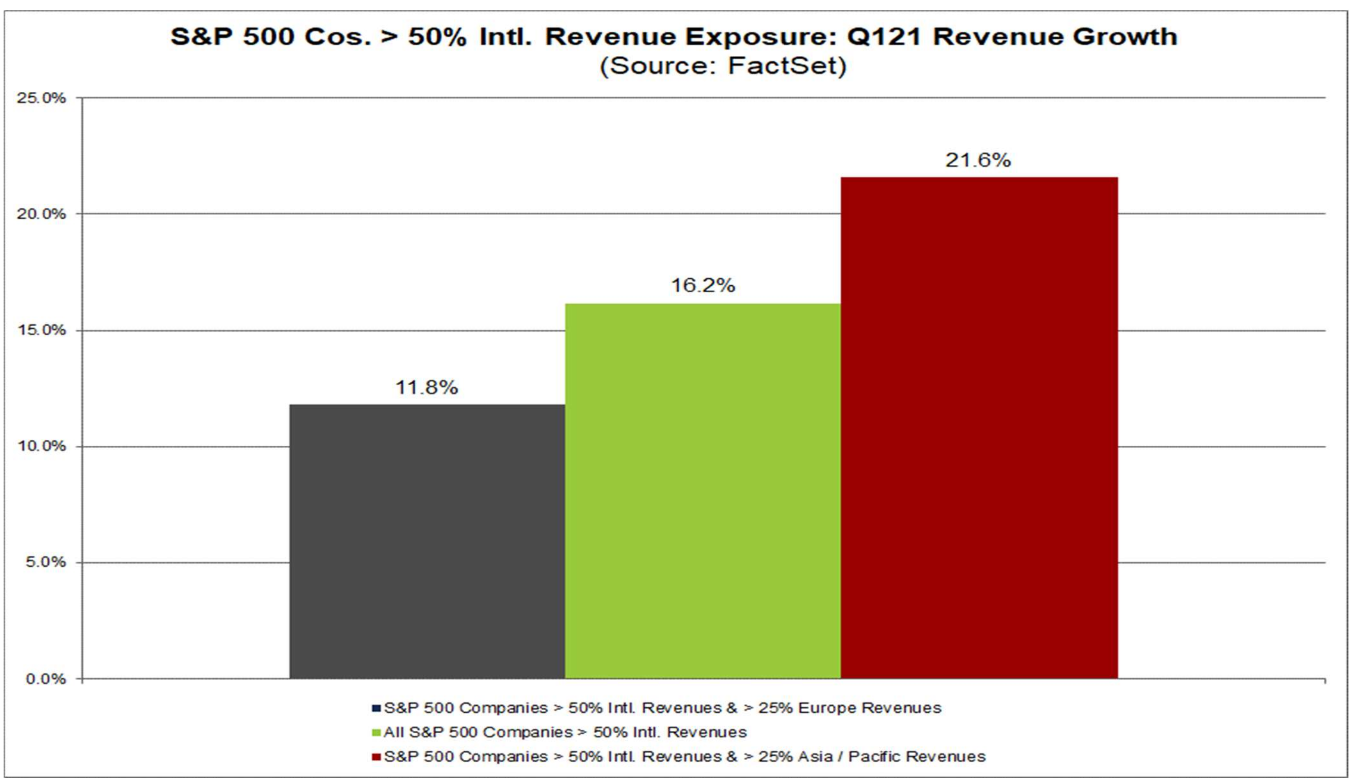
At the super-region level, companies with more revenue exposure to the Asia/Pacific region outperformed companies with more revenue exposure to Europe. Companies with more than 50% international revenue exposure that also had more than 25% revenue exposure to the Asia/Pacific region had revenue growth of 21.6%. On the other hand, companies with more than 50% international revenue exposure that also had more than 25% revenue exposure to Europe had revenue growth of 11.8%.

Apple is an example of a company with more than 50% international revenue exposure that witnessed higher revenue growth in the Asia/Pacific region compared to Europe in Q1 2021. Apple reported revenue growth of 78% in the Asia/Pacific region (combining revenues from Greater China, Japan, and the Rest of Asia Pacific) and revenue growth of 56% in Europe for the quarter.

It is interesting to note that there was a much smaller difference in earnings growth rates for S&P 500 companies with more than 50% international revenue exposure (53.7%) and more than 50% domestic revenue exposure (51.2%). This smaller difference was mainly due to the Financials sector. The Financials sector was the largest contributor to the 51.2% earnings growth rate for S&P 500 companies with more than 50% domestic revenue exposure. The Financials sector has the third-highest U.S. revenue exposure of all eleven sectors at 77%. If this sector were excluded, the earnings growth rate for companies with more than 50% domestic revenue exposure would drop to 30.3% from 51.2%.

Within the Financials sector, the Banks industry was the largest contributor to earnings growth for the sector. The Banks industry reported earnings growth of 258% but revenue growth of only 3%. This sharp difference between earnings and revenue growth was mainly due to companies in this industry reporting substantial year-over-year decreases in provisions for loan losses, which had no impact on revenue growth but significantly boosted earnings growth. For more details, please see our Insight article: https://insight.factset.com/lower-provisions-for-loan-losses-are-boosting-earnings-for-sp-500-banks-for-q1


S&P 500 Revenue Growth: Q1 2021
(Source: FactSet)
18.0%
16.0%
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
8.9%
10.7%
16.2%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.


S&P 500 Cos. > 50% Intl. Revenue Exposure: Q121 Revenue Growth
(Source: FactSet)
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
11.8%
16.2%
21.6%
S&P 500 Companies > 50% Intl. Revenues & > 25% Europe Revenues
All S&P 500 Companies > 50% Intl. Revenues
S&P 500 Companies > 50% Intl. Revenues & > 25% Asia / Pacific Revenues

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, 95% 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 22.5% above the estimates, which is also above the 5-year average of 6.9%. If 22.5% 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 51.9% today, compared to an earnings growth rate of 50.3% last week and an earnings growth rate of 23.7% at the end of the first quarter (March 31). Positive earnings surprises reported by companies in the Consumer Discretionary and Consumer Staples sectors were mainly responsible for the improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Financials, Consumer Discretionary, Communication Services, and Information Technology sectors have been the top contributors to the increase in overall earnings for the index since the end of the first quarter.

If 51.9% 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 (or have reported) 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, 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 3.8% above the estimates, which is above the 5-year average of 1.0%. If 3.8% 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 10.7%, compared to year-over-year growth in revenues of 10.1% 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 the Consumer Discretionary and Consumer Staples sectors were mainly responsible for the increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Financials, Energy, Information Technology, and Consumer Discretionary sectors have been the largest contributors to the increase in overall revenues for the index since the end of the first quarter.

If 10.7% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q3 2011 (12.5%). Ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services 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 59.9%

The forward 12-month P/E ratio is 21.2, which is above the 5-year average and above the 10-year average.

During the upcoming week, 13 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, 95% 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 Information Technology (94%), Financials (94%), 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 (+22.5%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 22.5% above expectations. This surprise percentage is above the 1-year (+14.5%) average and above the 5-year (+6.9%) average.

If 22.5% 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 (+57.3%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Under Armour ($0.16 vs. $0.04), Marriott International ($0.10 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 (+40.0%) sector reported 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 Communication Services (+35.1%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Interpublic Group of Companies ($0.45 vs. $0.15), Walt Disney ($0.79 vs. $0.26), Take-Two Interactive ($1.40 vs. $0.71), 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.

The Financials (+34.5%) sector reported the fourth-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.

Market Rewarding Positive Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q1 2021 have seen an average price increase of +1.2% two days before the earnings release through two days after the earnings release. This percentage increase is 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 -0.9% 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 (94%) and Communication Services (88%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (61%) and Energy (61%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.8%) is at Record-High Level

In aggregate, companies are reporting revenues that are 3.8% above expectations. This surprise percentage is above the 1-year (+2.0%) average and above the 5-year (+1.0%) average.

If 3.8% 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 (+9.6%), Energy (+8.6%), and Information Technology (+6.0%) 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 Two Sectors

Increase in Blended Earnings Growth Rate This Week Due to Two Sectors

The blended (year-over-year) earnings growth rate for the first quarter is 51.9%, which is larger than the earnings growth rate of 50.3% last week. Positive earnings surprises reported by companies in the Consumer Discretionary and Consumer Staples sectors were mainly responsible for the improvement in overall earnings for the index during the past week.

In the Consumer Discretionary sector, the positive EPS surprises reported by Home Depot ($3.86 vs $3.08), Target ($3.69 vs. $2.21), and Lowe’s Companies ($3.21 vs. $2.61) 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 230.4% from 206.6% over this period.

In the Consumer Staples sector, the positive EPS surprise reported by Walmart ($1.69 vs $1.21) was the largest 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 11.7% from 6.2% over this period.

Increase in Blended Revenue Growth This Week Due to Two Sectors

The blended (year-over-year) revenue growth rate for the first quarter is 10.7%, which is larger than the revenue growth rate of 10.1% last week. Positive revenue surprises reported by companies in the Consumer Discretionary and Consumer Staples sectors were mainly 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 51.9% is larger than the estimate of 23.7% 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 230.4% from 103.4%) and Financials sector (to 144.3% from 72.3%) 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 230.4% 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), and Morgan Stanley ($2.22 vs. $1.72) 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 144.3% from 72.3% 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 53.9% from 13.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.40 vs $0.99) and Microsoft ($1.95 vs. $1.78) 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 40.6% 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 10.7% 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 15.6% from 2.6%) and Energy (to 4.0% from -6.4%) sectors.

Earnings Growth: 51.9%

The blended (year-over-year) earnings growth rate for Q1 2021 is 51.9%, which is well above the 5-year average earnings growth rate of 4.1%. If 51.9% 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 (or have reported) 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.

Consumer Discretionary: 9 of 10 Industries Reporting Year-Over-Year Growth Above 70%

The Consumer Discretionary sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 230.4%. At the industry level, nine of the ten industries in this sector are reporting (or have reported) earnings growth above 70%: Automobiles (3,393%), Textiles, Apparel, & Luxury Goods (567%), Specialty Retail (340%), Internet & Direct Marketing Retail (183%), Multiline Retail (125%), Household Durables (98%), Distributors (77%), Leisure Products (76%), and Auto Components (73%). 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 159.3% from 230.4%. On the other hand, the Hotels, Restaurants, & Leisure industry (-584%) is the only industry in this sector that reported 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 272.2% from 230.4%.

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 144.3%. 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 (258%), 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 90.5% from 144.3%. Lower provisions for loan losses boosted year-over-year earnings growth for companies in the Banks industry.

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

The Materials sector reported the third-highest (year-over-year) earnings growth of all eleven sectors at 63.7%. At the industry level, all four industries in this sector reported year-over-year growth above 20%: Metals & Mining (482%), Construction Materials (78%), Chemicals (43%), and Containers & Packaging (23%). The Metals & Mining industry was 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 39.7% from 63.7%.

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

The Communication Services sector reported the fourth-highest (year-over-year) earnings growth of all eleven sectors at 53.9%. At the industry level, four of the five industries in this sector reported year-over-year growth: Interactive Media & Services (133%), Entertainment (54%), Media (17%), and Diversified Telecommunication Services (3%). On the other hand, the Wireless Telecommunication Services (-2%) industry was the only industry in the sector that reported a year-over-year decline in earnings. At the company level, Alphabet and Facebook were 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 13.3% from 53.6%.

Revenue Growth: 10.7%

The blended (year-over-year) revenue growth rate for Q1 2021 is 10.7%, which is above the 5-year average revenue growth rate of 3.9%. If 10.7% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q3 2011 (12.5%). Ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services 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 21.5%. At the industry level, all six industries in this sector are reporting (or have reported) year-over-year growth in revenues. Four of these six industries are reporting (or have reported) growth above 15%: Technology Hardware, Storage, & Peripherals (40%), Semiconductors & Semiconductor Equipment (23%), Electronic Equipment, Instruments, & Components (20%), and Software (18%).

Consumer Discretionary: 6 of 10 Industries Reporting Year-Over-Year Growth Above 10%

The Consumer Discretionary sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 19.9%. At the industry level, nine of the ten industries in this sector are reporting (or have reported) growth in revenues. Six of these nine industries are reporting (or have reported) double-digit growth: Auto Components (46%), Internet & Direct Marketing Retail (44%), Specialty Retail (36%), Household Durables (25%), Multiline Retail (13%), and Textiles, Apparel, & Luxury Goods (12%). On the other hand, the Hotels, Restaurants, & Leisure (-29%) industry is the only industry that reported a year-over-year decline in revenues.

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

The Communication Services sector reported the third-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 reported 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 reported a decline in revenue is the Entertainment (-4%) industry. At the company level, Alphabet, Facebook, and T-Mobile were 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%.

Net Profit Margin: 12.8%

The blended net profit margin for the S&P 500 for Q1 2021 is 12.8%, 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 12.8% 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 (22.3% vs. 10.0%). Nine sectors are reporting net profit margins in Q1 2021 that are above their 5-year averages, again led by the Financials sector (22.3% 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, 87 companies in the index have issued EPS guidance for Q2 2021. Of these 87 companies, 33 have issued negative EPS guidance and 54 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 62% (54 out of 87), 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 34% for CY 2021

For the first quarter, S&P 500 companies are reporting growth in earnings of 51.9% and growth in revenue of 10.9%.

For Q2 2021, analysts are projecting earnings growth of 59.9% and revenue growth of 18.9%.

For Q3 2021, analysts are projecting earnings growth of 22.2% and revenue growth of 11.6%.

For Q4 2021, analysts are projecting earnings growth of 16.9% and revenue growth of 8.7%.

For CY 2021, analysts are projecting earnings growth of 33.7% and revenue growth of 11.8%.

Valuation: Forward P/E Ratio is 21.2, Above the 10-Year Average (16.0)

The forward 12-month P/E ratio is 21.2. This P/E ratio is above the 5-year average of 18.0 and above the 10-year average of 16.0. However, it is 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 4.7%, while the forward 12-month EPS estimate has increased by 7.9%.

At the sector level, the Consumer Discretionary (32.2) 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 14% Increase in Price Over Next 12 Months

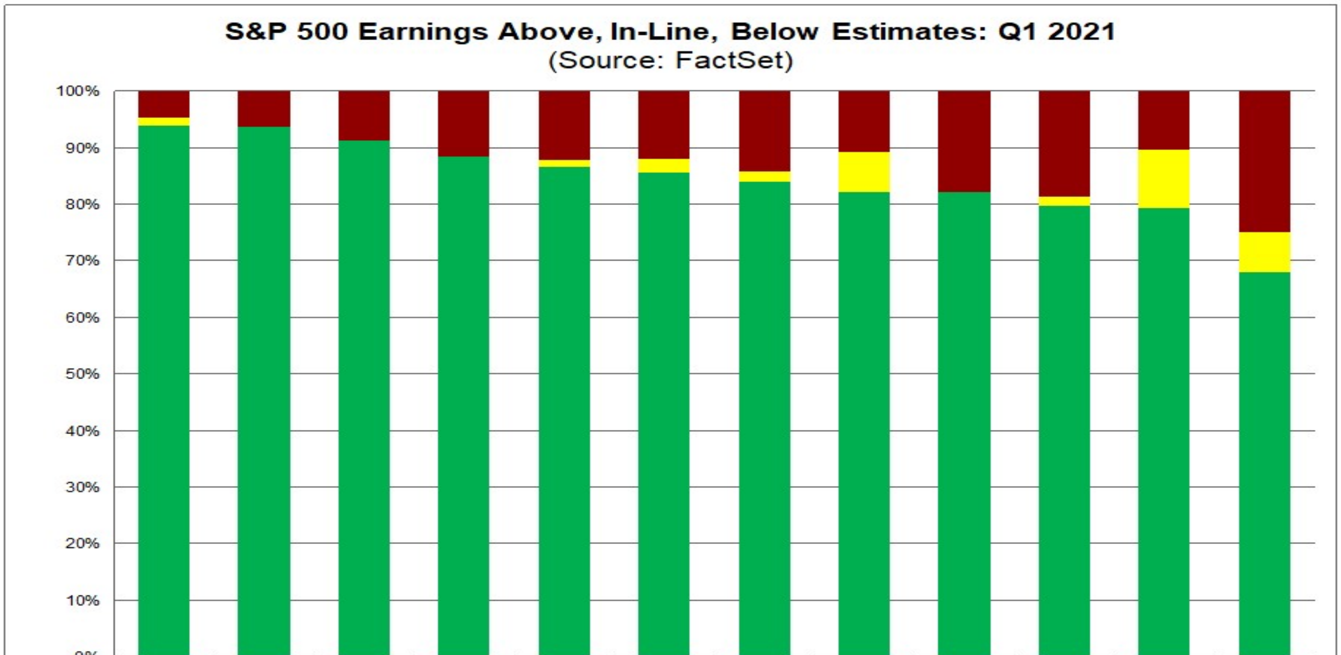
The bottom-up target price for the S&P 500 is 4746.07, which is 14.1% above the closing price of 4159.12. At the sector level, the Consumer Discretionary (+21.0%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Financials (+5.8%) 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 10,521 ratings on stocks in the S&P 500. Of these 10,521 ratings, 56.5% are Buy ratings, 36.9% are Hold ratings, and 6.6% are Sell ratings. At the sector level, the Information Technology (63%), Energy (62%), Health Care (62%), and Communication Services (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

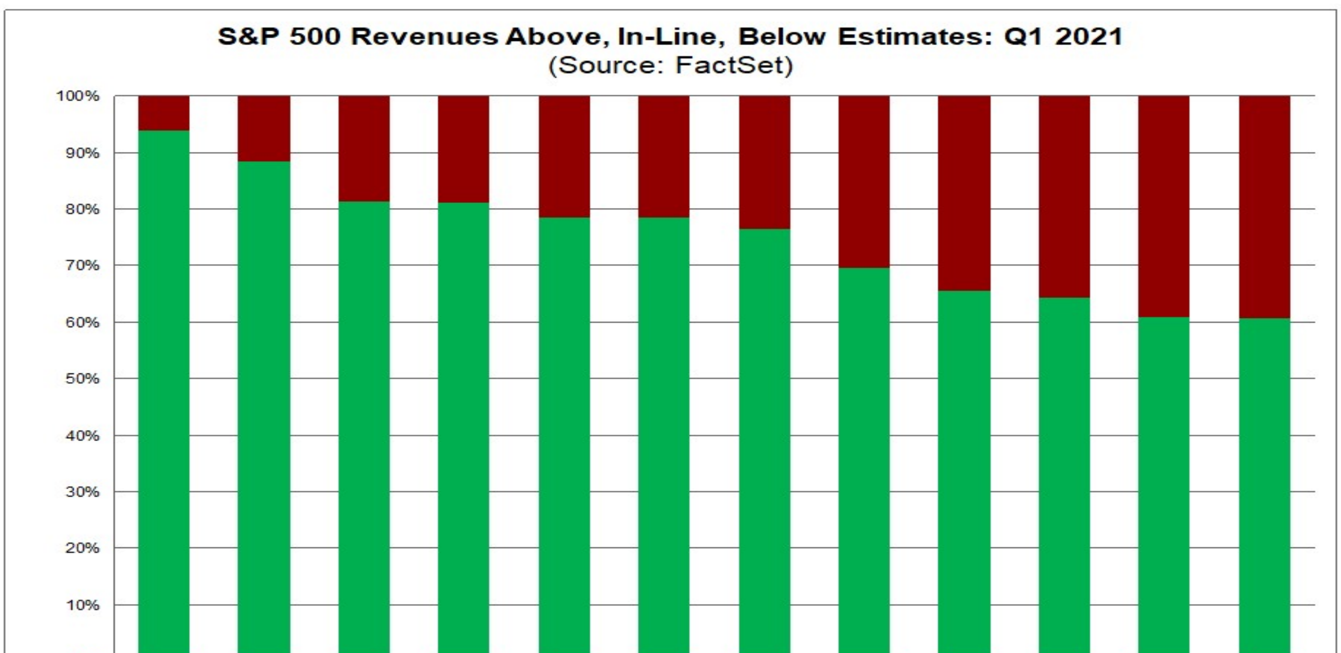
Companies Reporting Next Week: 13

During the upcoming week, 13 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Q1 2021: Scorecard

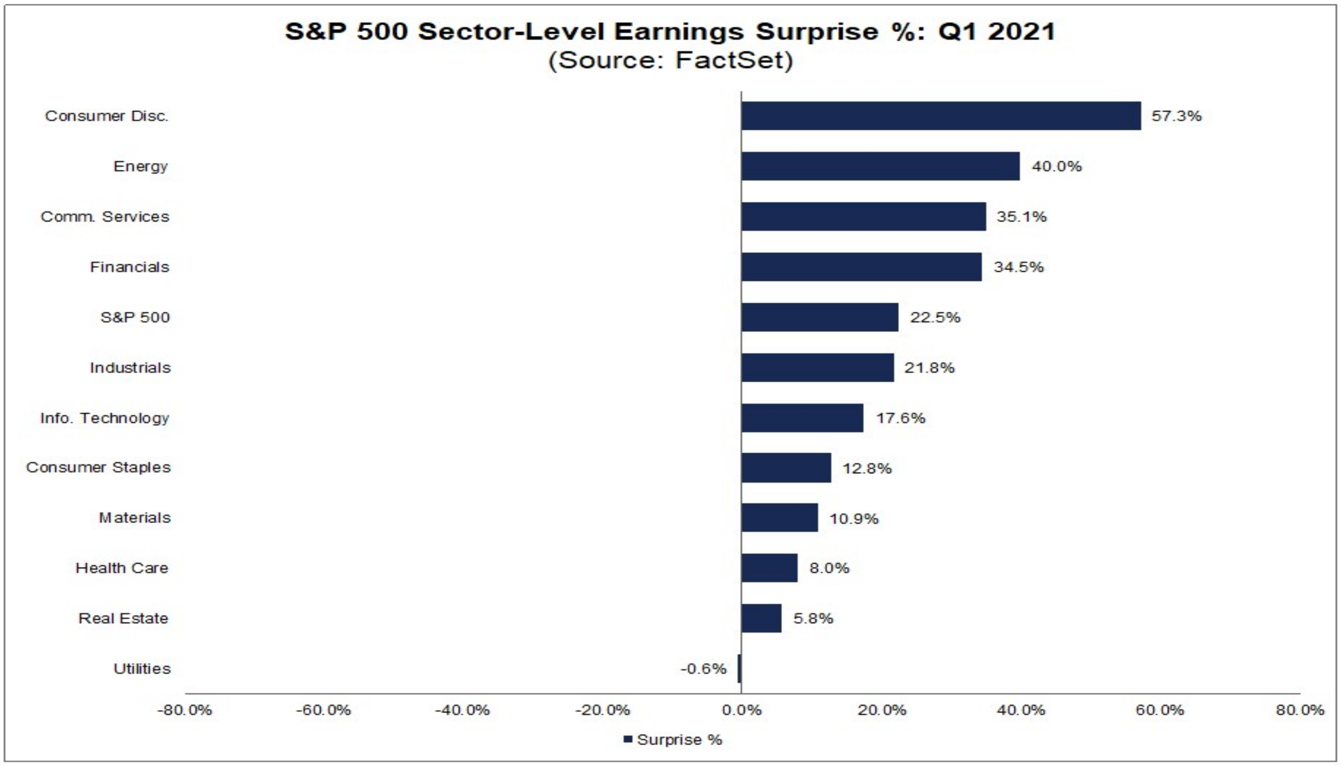


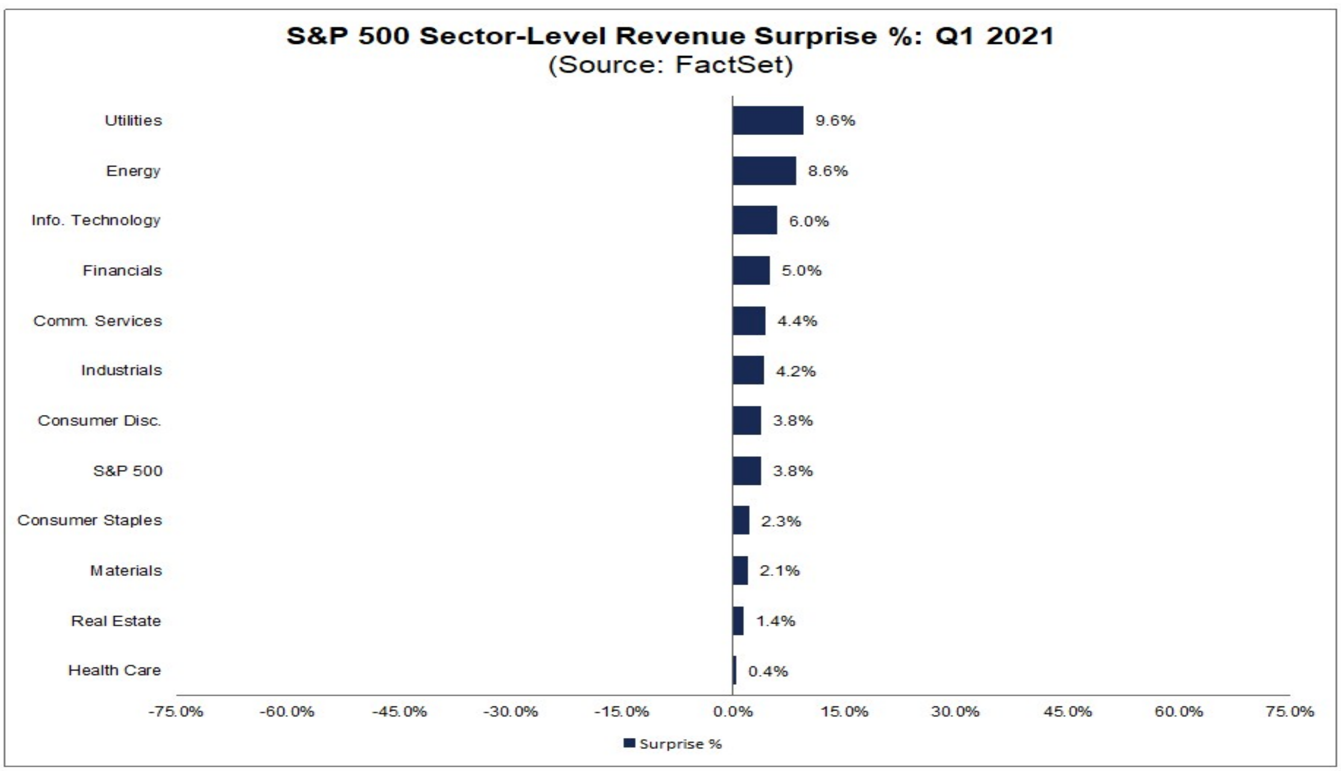
	Info. Technology	Financials	Energy	Comm. Services	Industrials	S&P 500	Consumer Disc.	Materials	Consumer Staples	Health Care	Real Estate	Utilities
Below	5%	6%	9%	12%	12%	12%	14%	11%	18%	19%	10%	25%
In-Line	2%	0%	0%	0%	1%	2%	2%	7%	0%	2%	10%	7%
Above	94%	94%	91%	88%	86%	86%	84%	82%	82%	80%	79%	68%



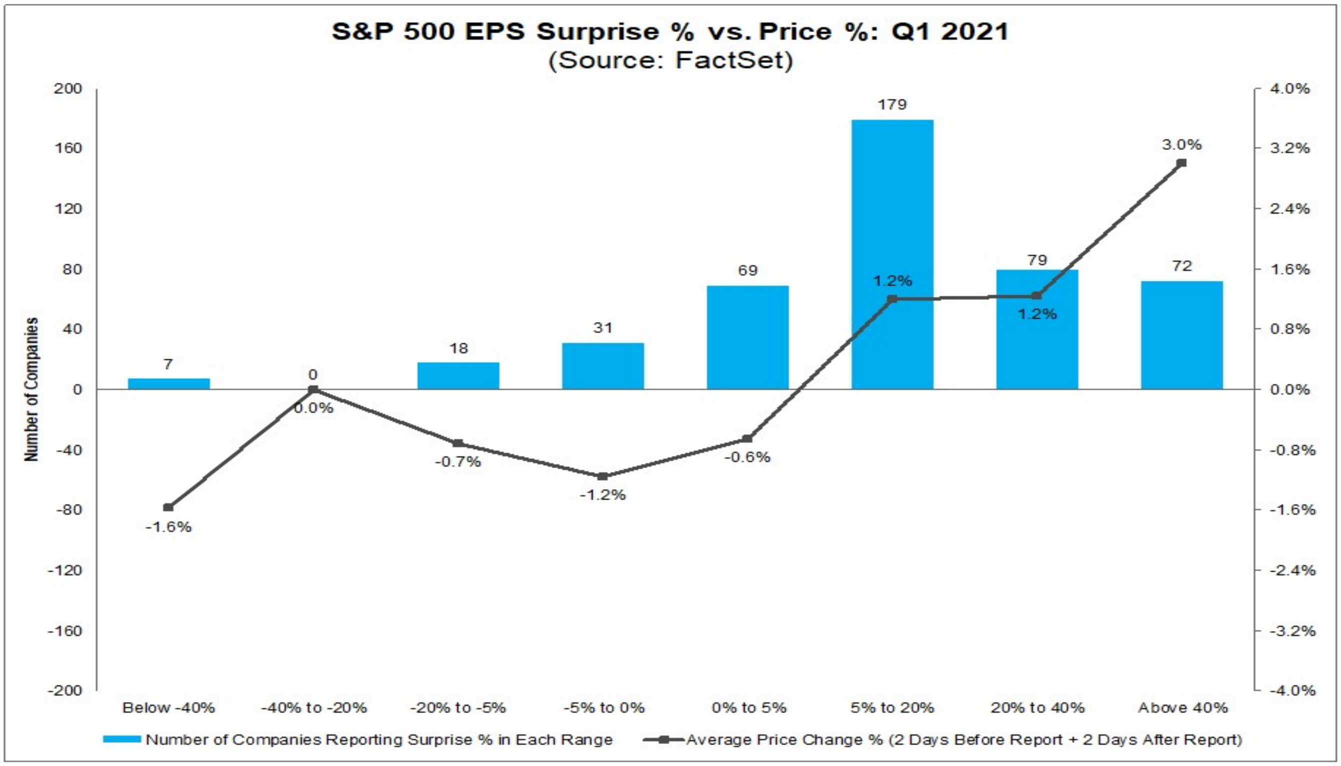
	Info. Technology	Comm. Services	Financials	Industrials	Materials	Consumer Staples	S&P 500	Health Care	Real Estate	Consumer Disc.	Energy	Utilities
Below	6%	12%	19%	19%	21%	21%	24%	31%	34%	36%	39%	39%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	94%	88%	81%	81%	79%	79%	76%	69%	66%	64%	61%	61%

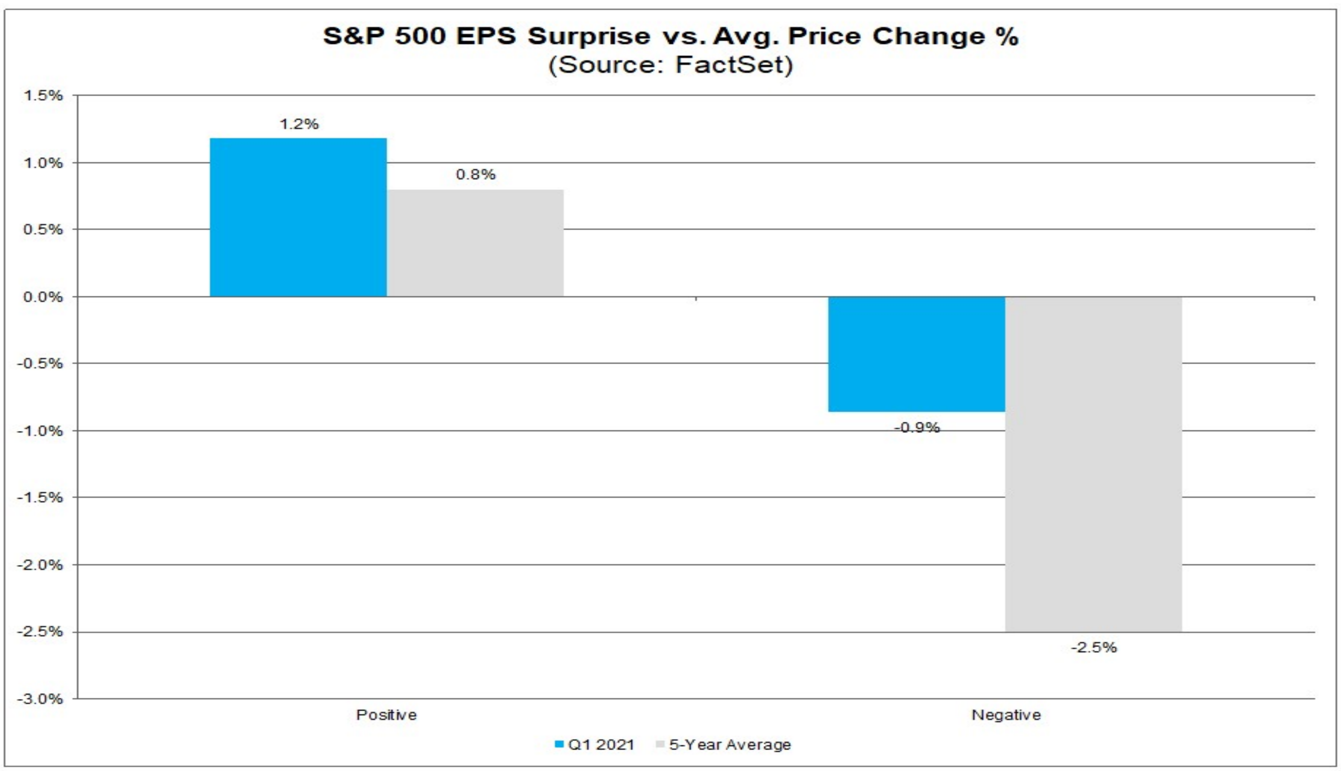
Q1 2021: Scorecard



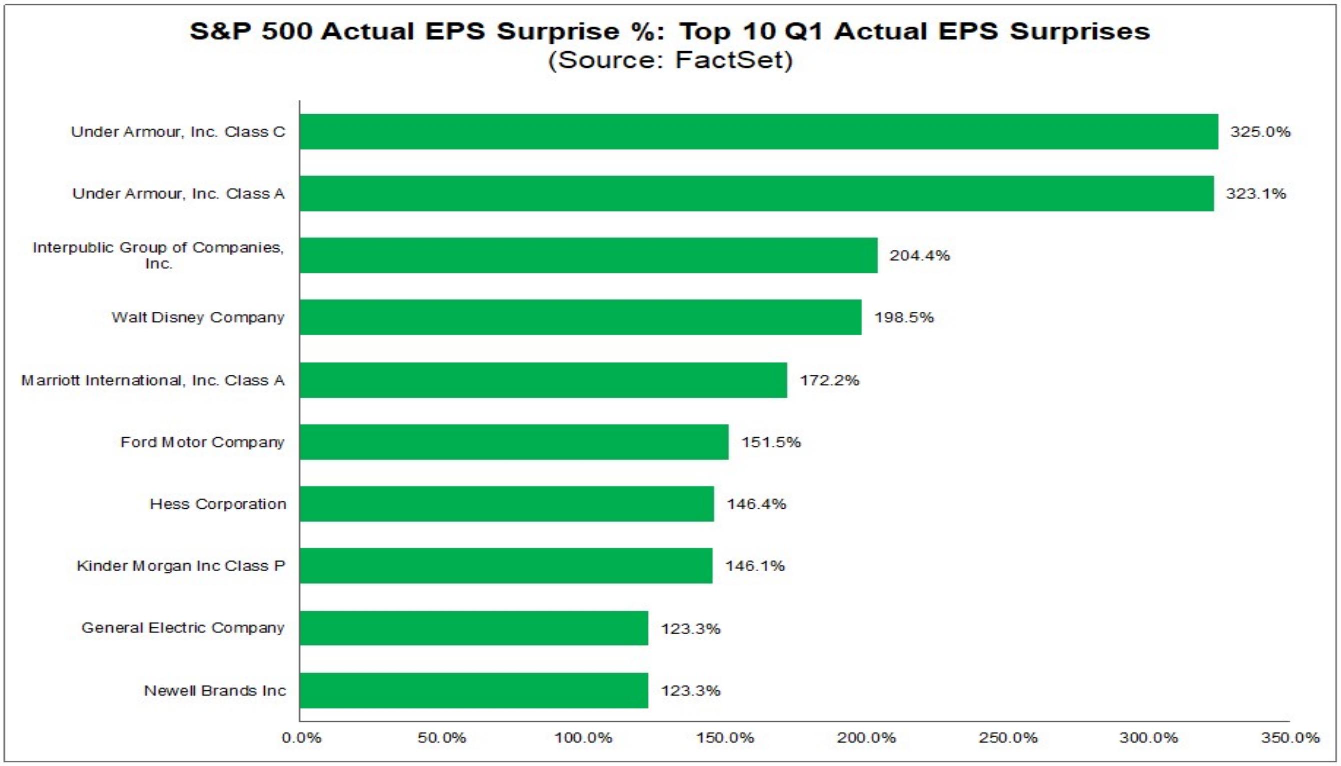


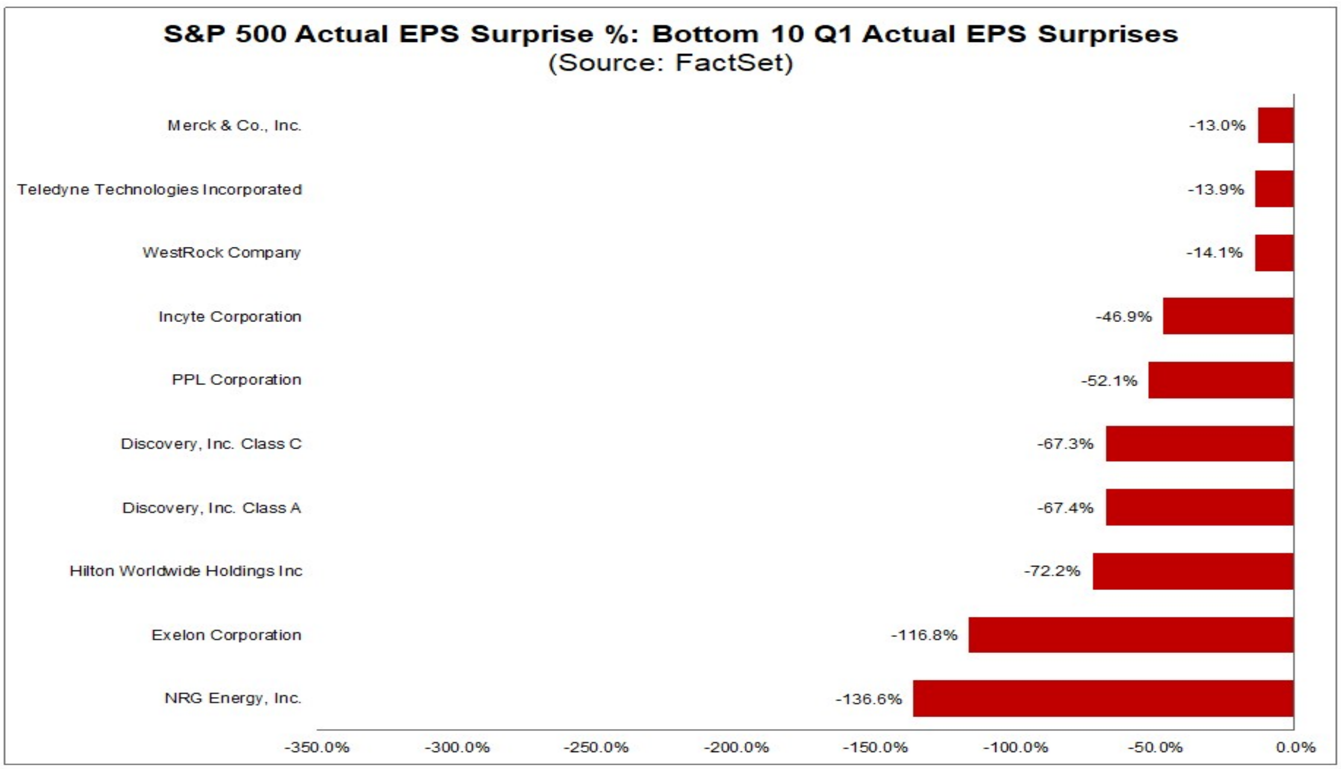
Q1 2021: Scorecard



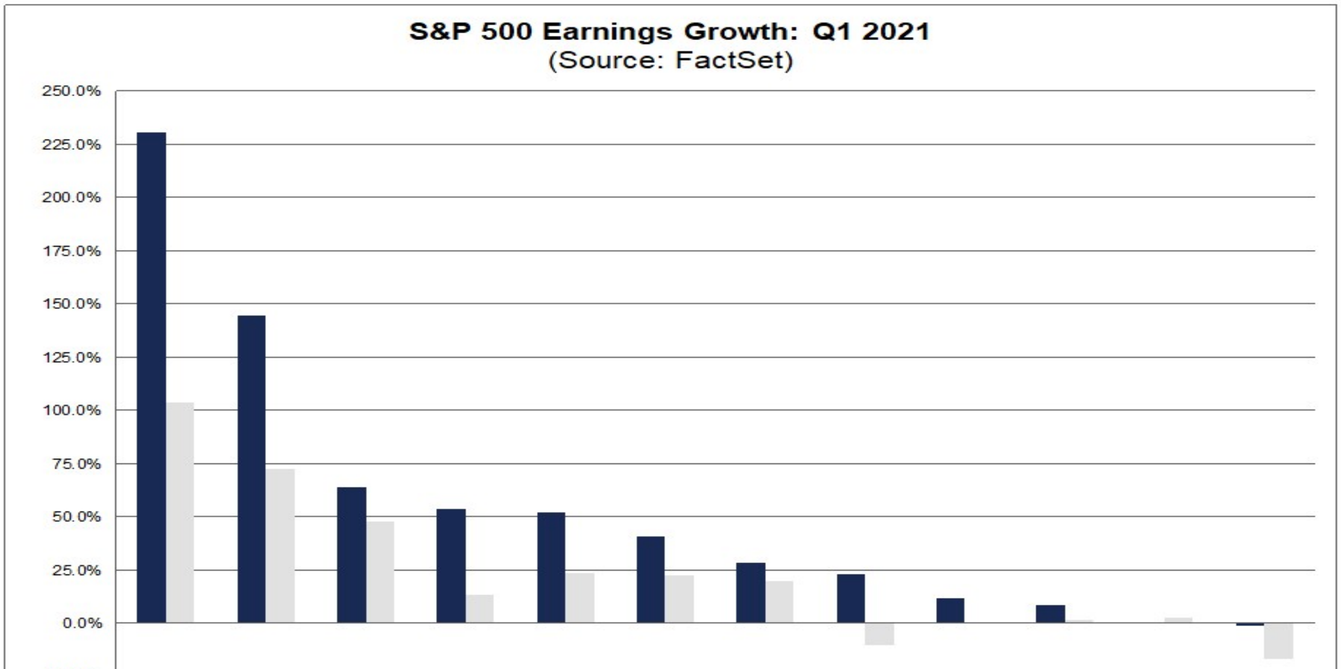


Q1 2021: Scorecard

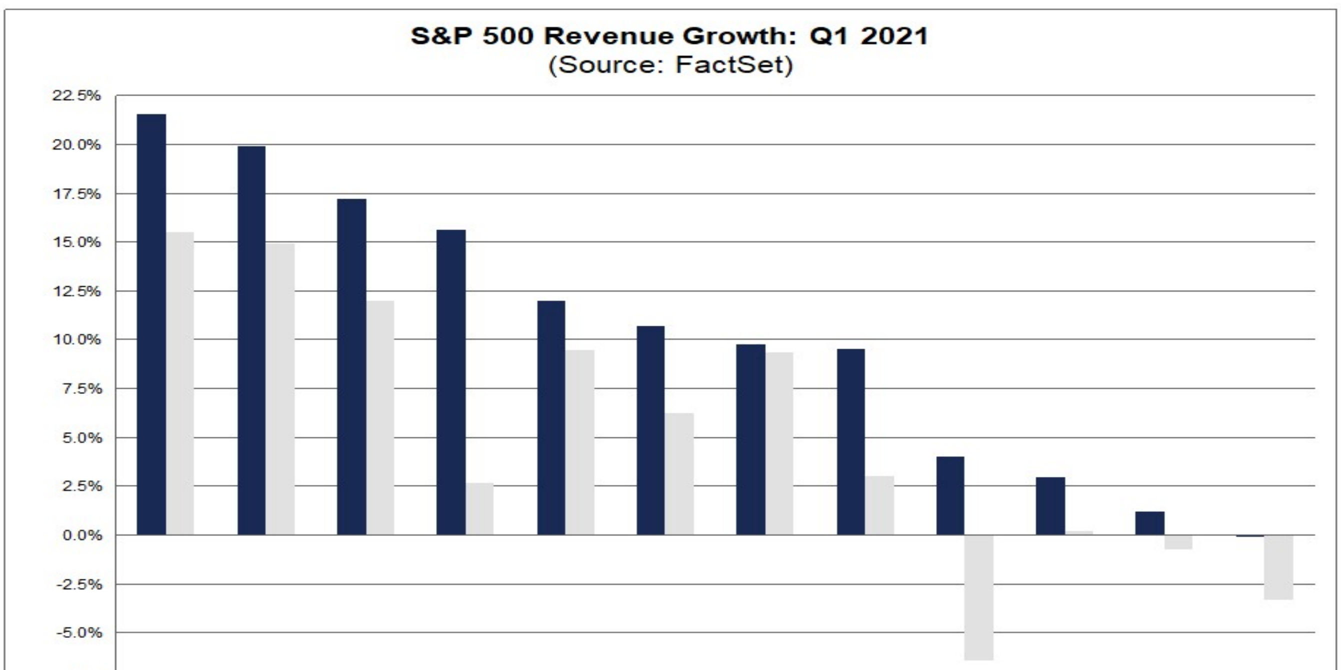




Q1 2021: Growth

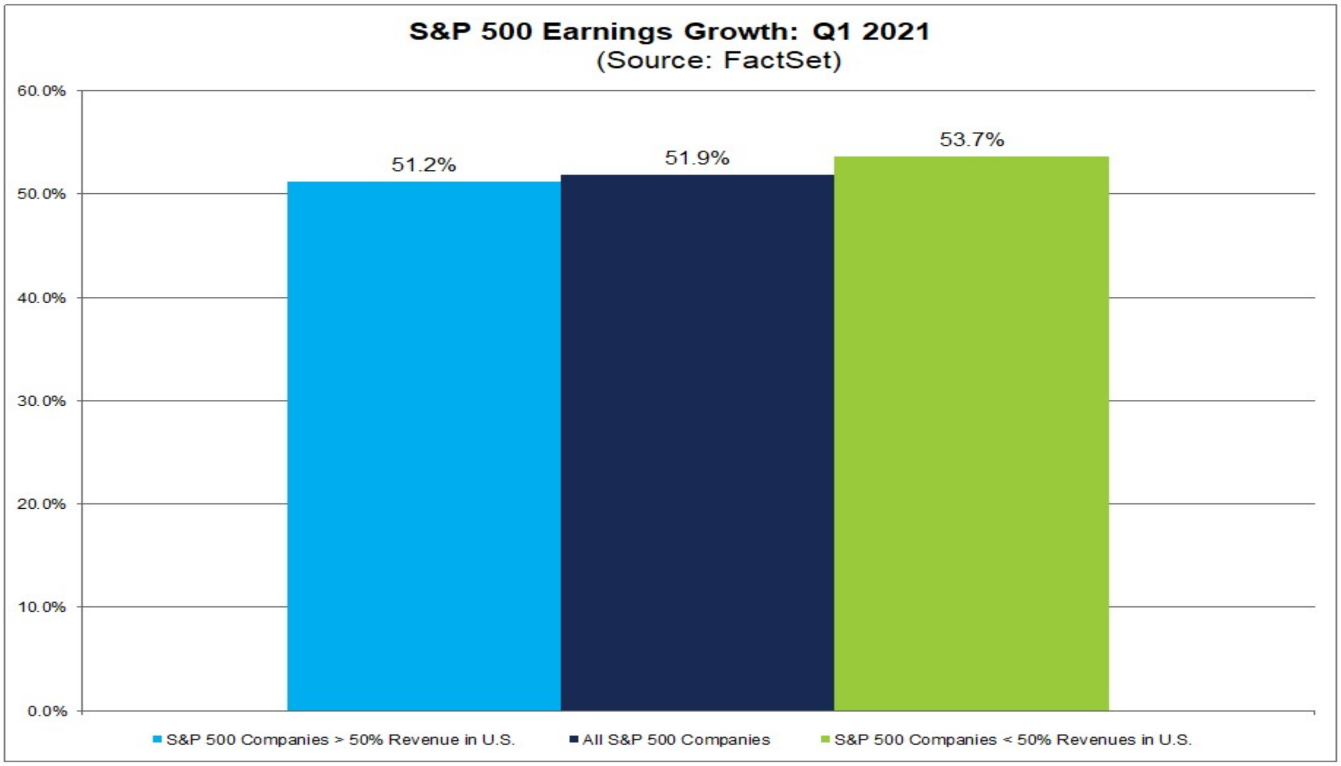


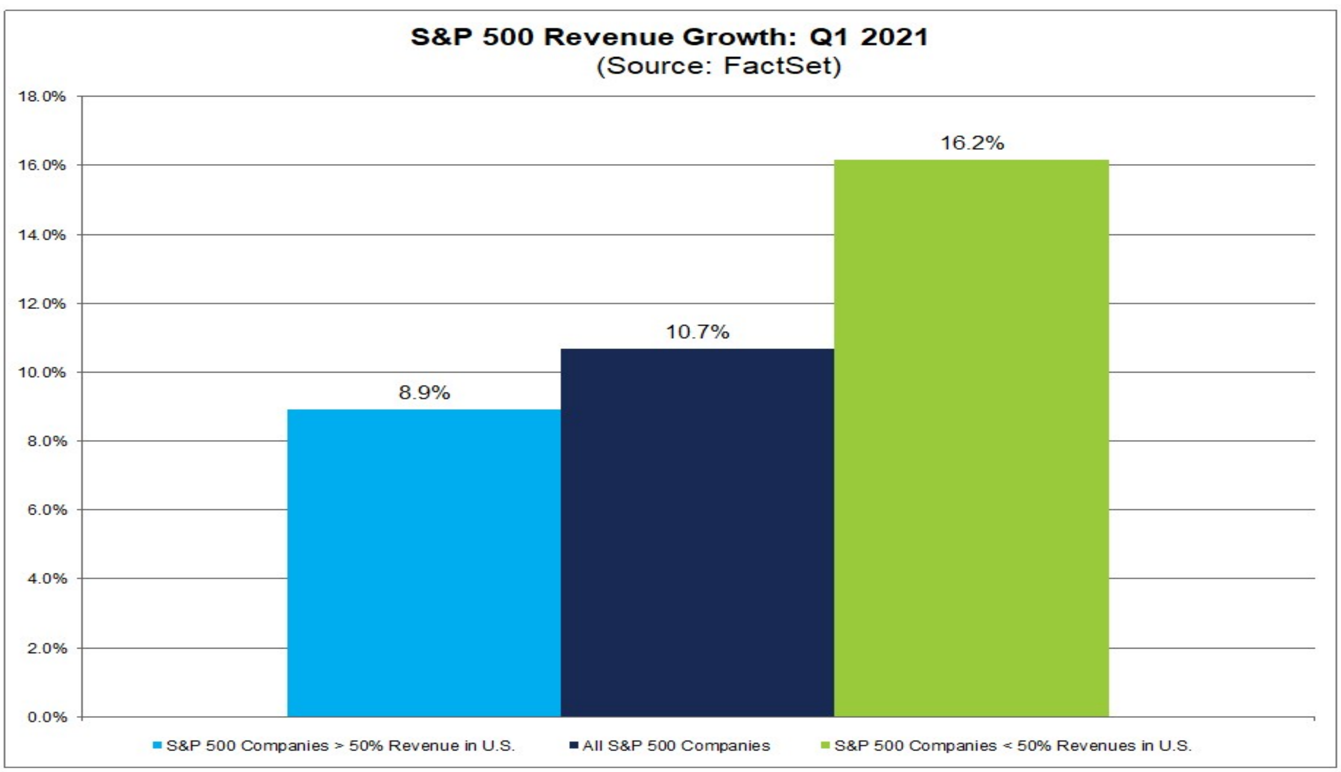
	Consumer Disc.	Financials	Materials	Comm. Services	S&P 500	Info. Technology	Health Care	Energy	Consumer Staples	Real Estate	Utilities	Industrials
Today	230.4%	144.3%	63.7%	53.9%	51.9%	40.6%	28.5%	22.9%	11.7%	8.3%	0.7%	-1.0%
31-Mar	103.4%	72.3%	47.7%	13.4%	23.7%	22.3%	19.7%	-10.2%	0.2%	1.7%	2.5%	-16.6%



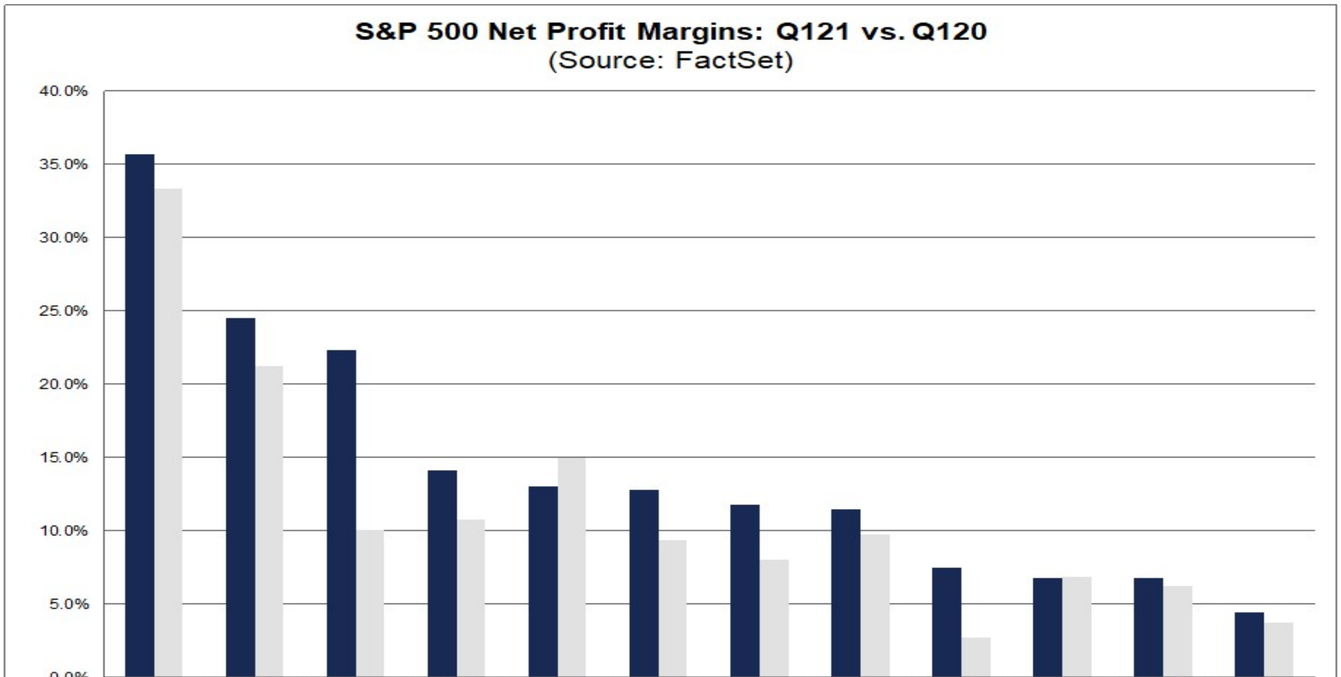
	Info. Technology	Consumer Disc.	Comm. Services	Utilities	Materials	S&P 500	Health Care	Financials	Energy	Consumer Staples	Real Estate	Industrials
Today	21.5%	19.9%	17.2%	15.6%	12.0%	10.7%	9.7%	9.5%	4.0%	2.9%	1.2%	-0.1%
31-Mar	15.5%	14.9%	12.0%	2.6%	9.4%	6.2%	9.3%	3.0%	-6.4%	0.2%	-0.7%	-3.3%

Q1 2021: Growth

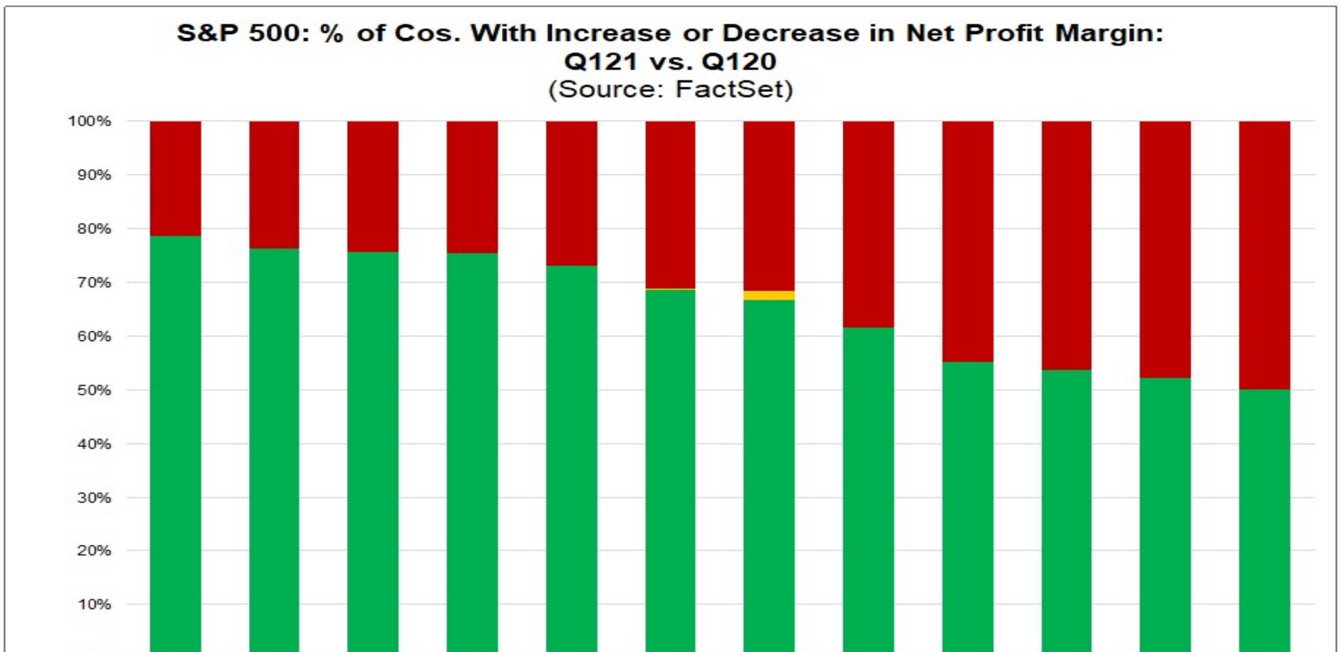




Q1 2021: Net Profit Margin

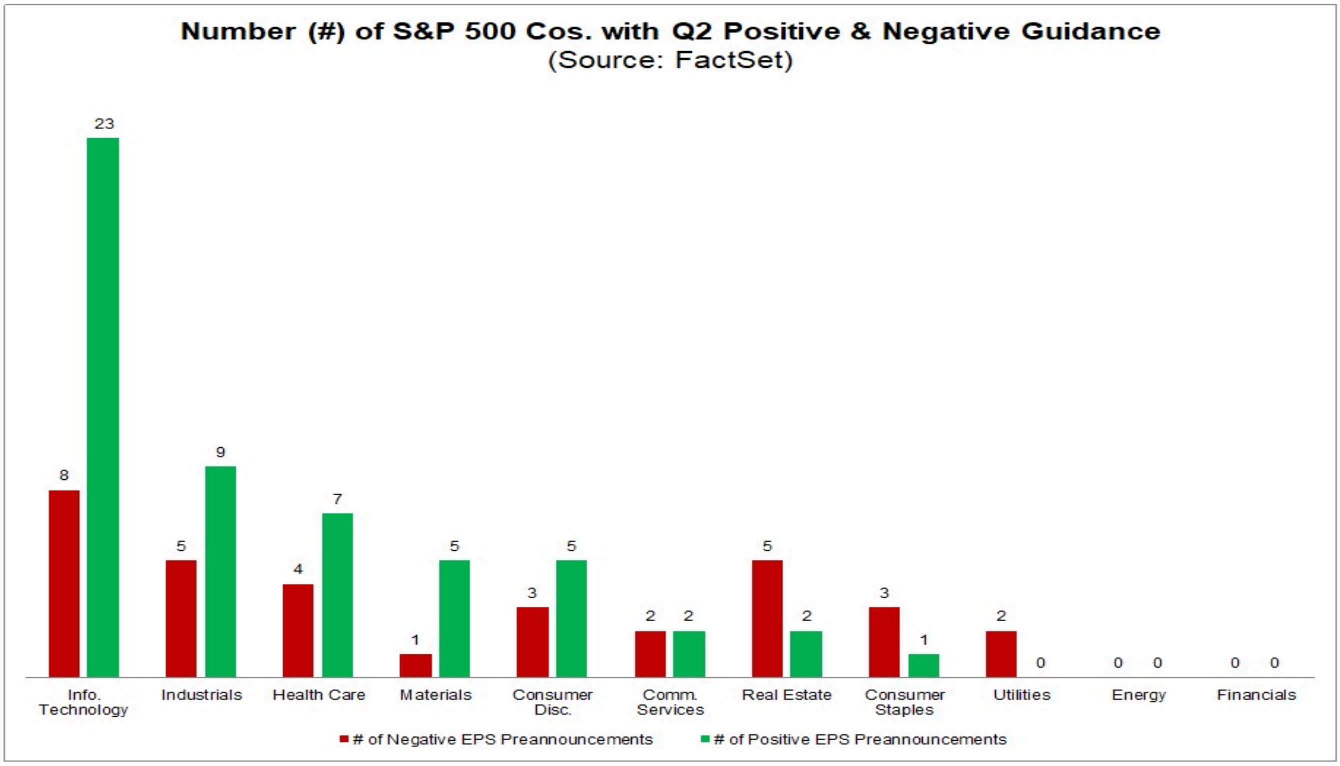


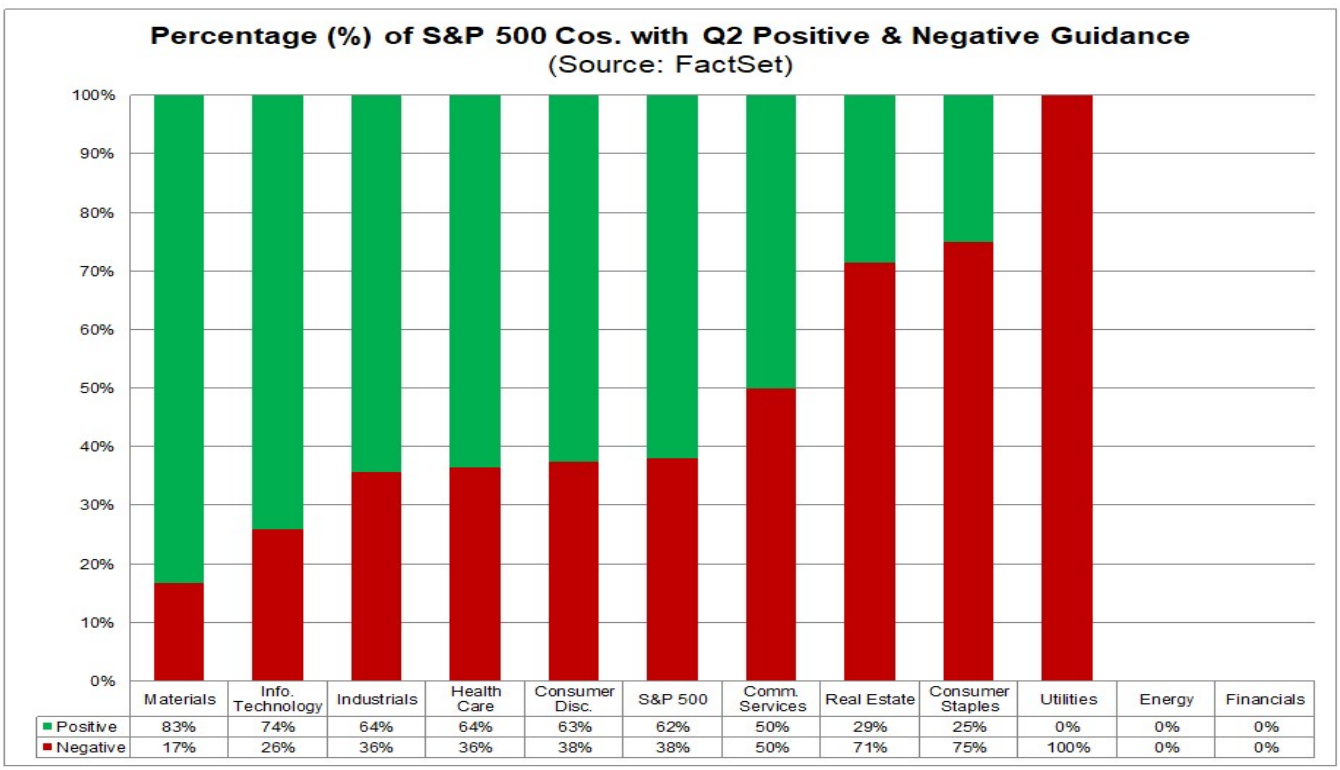
	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Materials	Health Care	Consumer Disc.	Industrials	Consumer Staples	Energy
Q121	35.7%	24.5%	22.3%	14.1%	13.0%	12.8%	11.7%	11.4%	7.5%	6.8%	6.7%	4.4%
Q120	33.3%	21.2%	10.0%	10.7%	15.0%	9.3%	8.0%	9.8%	2.7%	6.8%	6.2%	3.7%



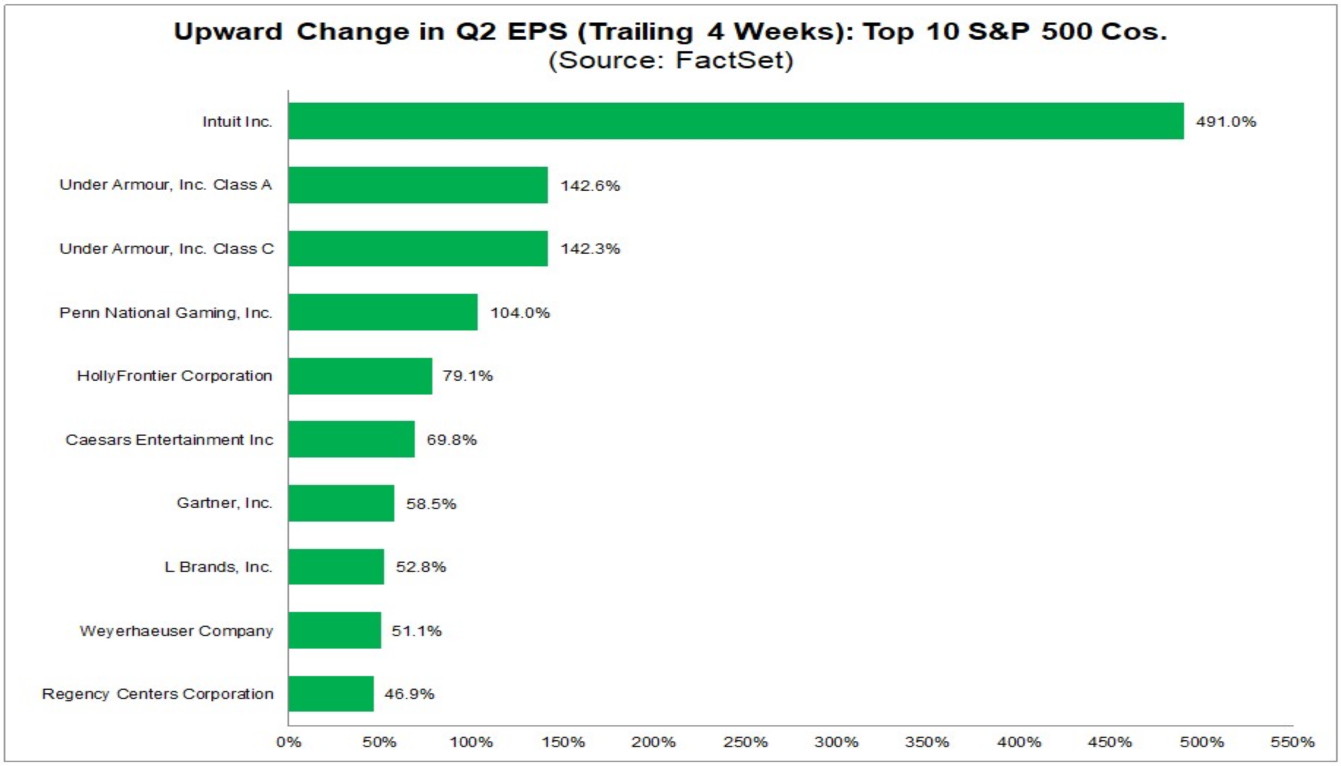
	Materials	Consumer Disc.	Information Tech.	Financials	Industrials	S&P 500	Health Care	Comm. Services	Real Estate	Utilities	Energy	Consumer Staples
Down %	21%	24%	24%	25%	27%	31%	32%	38%	45%	46%	48%	50%
None %	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%
Up %	79%	76%	76%	75%	73%	69%	67%	62%	55%	54%	52%	50%

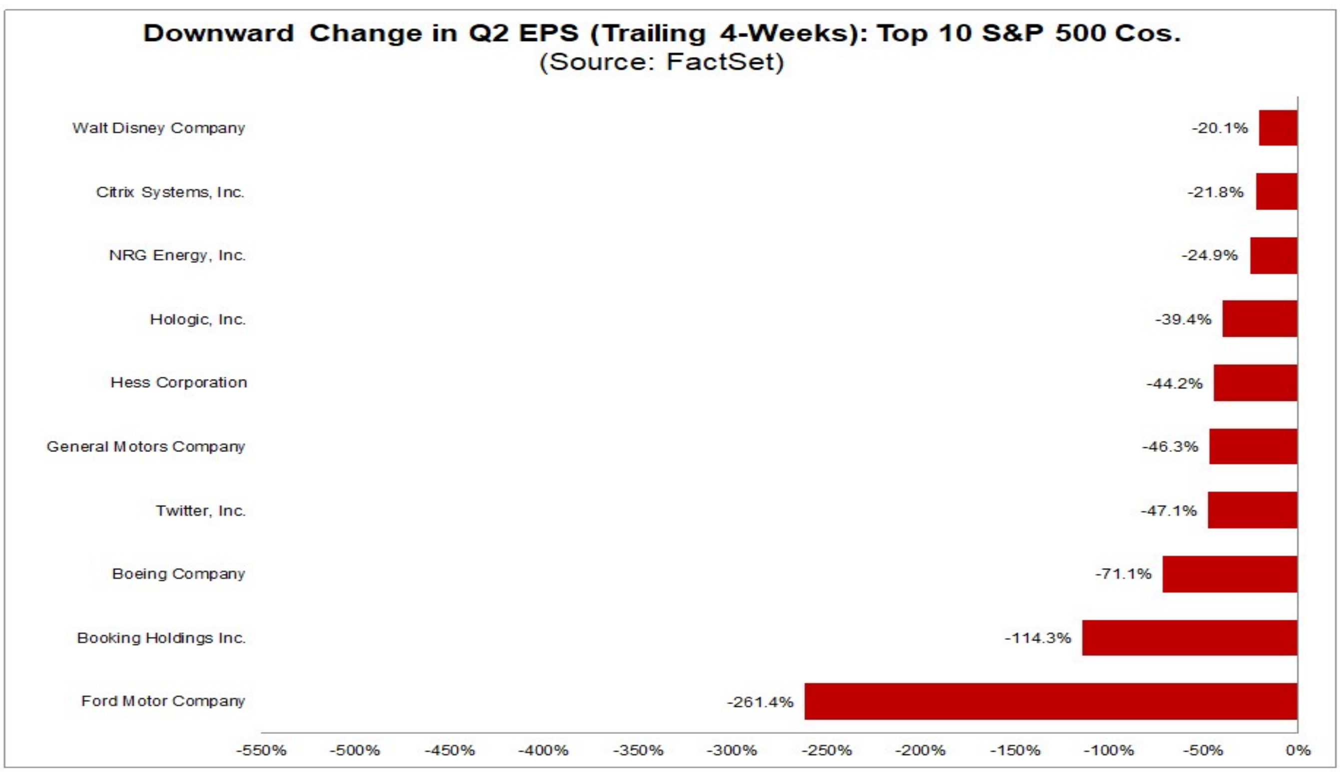
Q2 2021: EPS Guidance



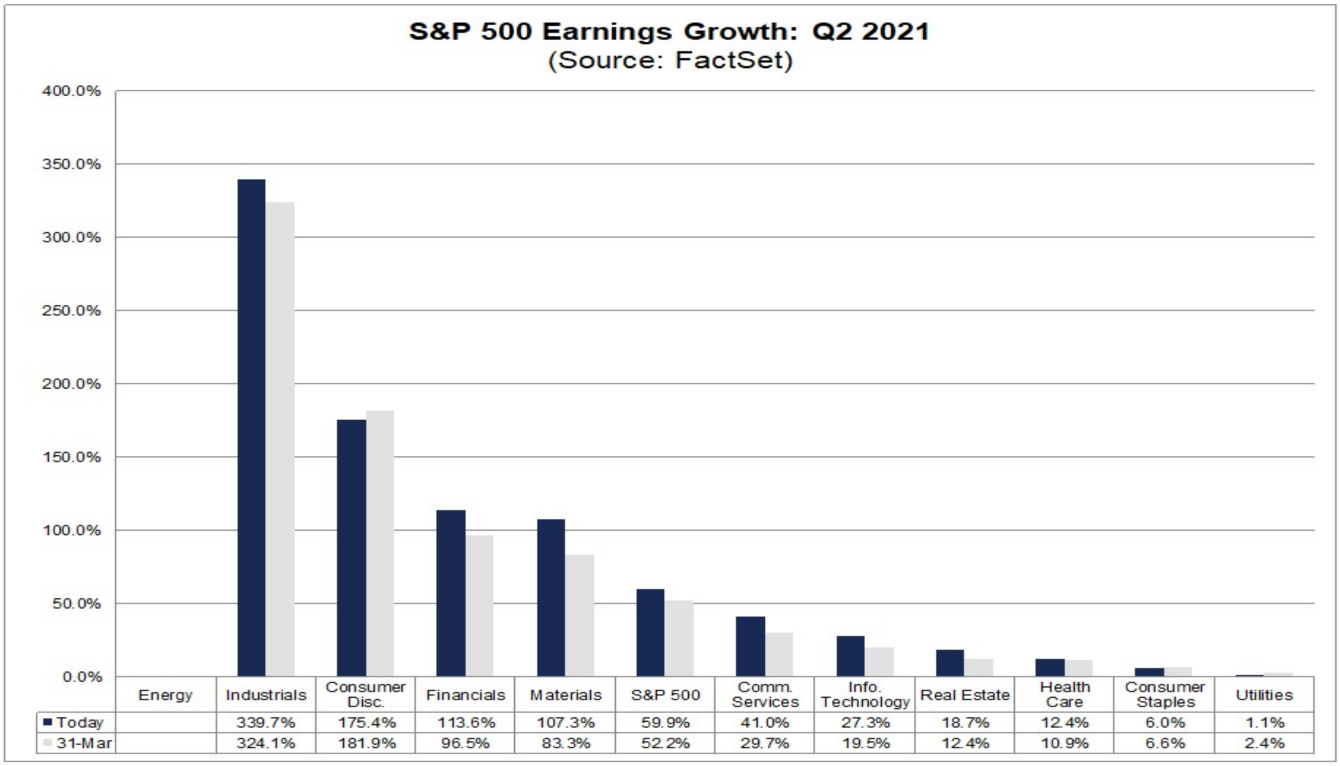


Q2 2021: EPS Revisions

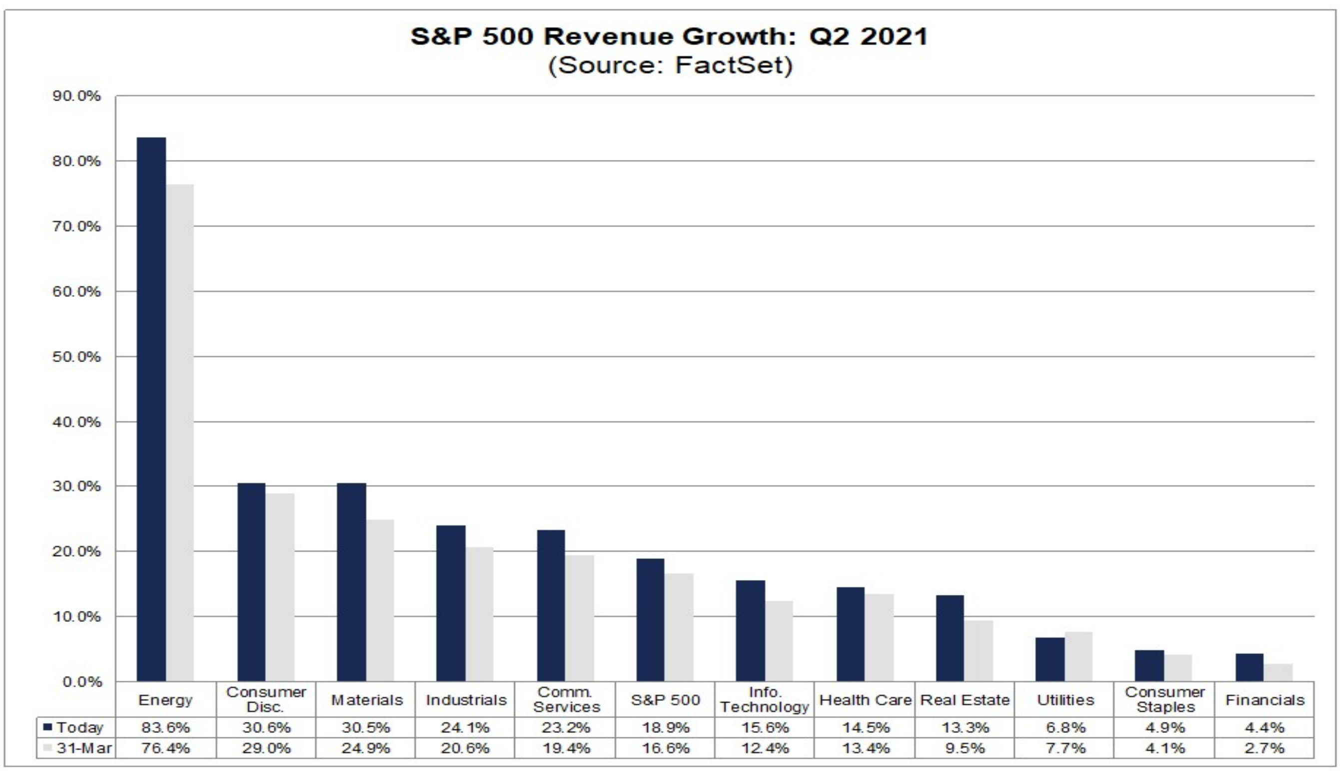




Q2 2021: Growth



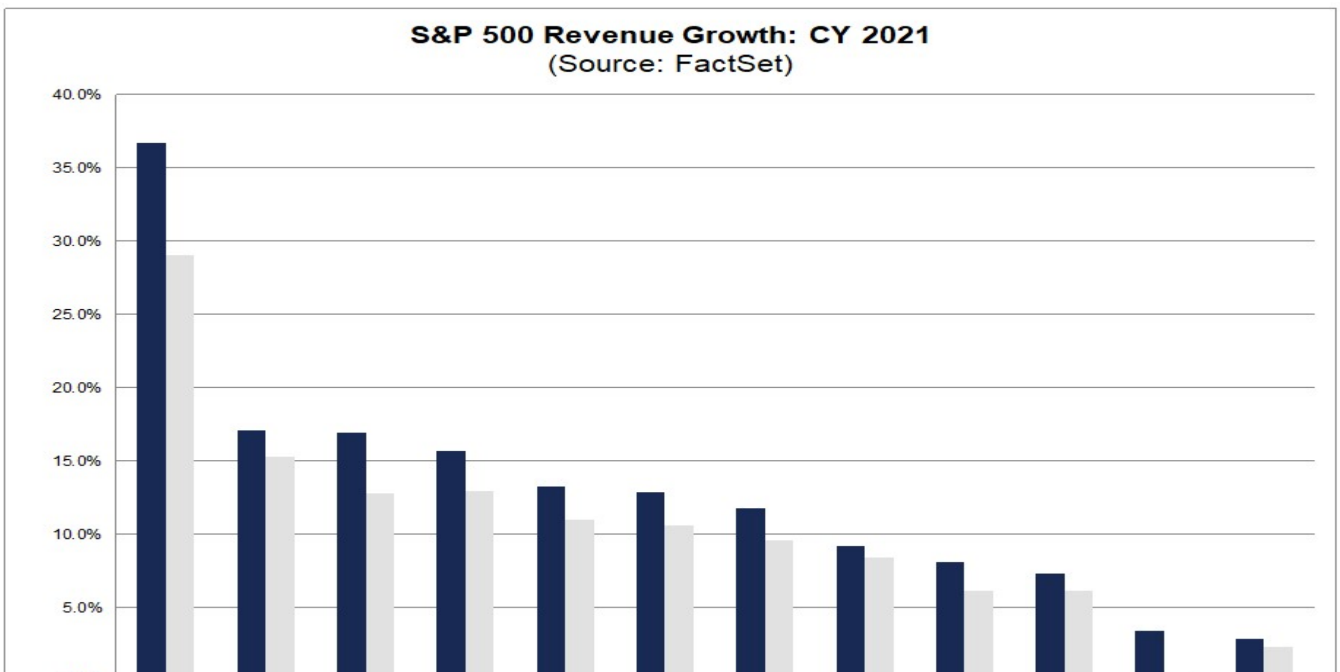
	Energy	Industrials	Consumer Disc.	Financials	Materials	S&P 500	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Staples	Utilities
Today		339.7%	175.4%	113.6%	107.3%	59.9%	41.0%	27.3%	18.7%	12.4%	6.0%	1.1%
31-Mar		324.1%	181.9%	96.5%	83.3%	52.2%	29.7%	19.5%	12.4%	10.9%	6.6%	2.4%



	Energy	Consumer Disc.	Materials	Industrials	Comm. Services	S&P 500	Info. Technology	Health Care	Real Estate	Utilities	Consumer Staples	Financials
Today	83.6%	30.6%	30.5%	24.1%	23.2%	18.9%	15.6%	14.5%	13.3%	6.8%	4.9%	4.4%
31-Mar	76.4%	29.0%	24.9%	20.6%	19.4%	16.6%	12.4%	13.4%	9.5%	7.7%	4.1%	2.7%

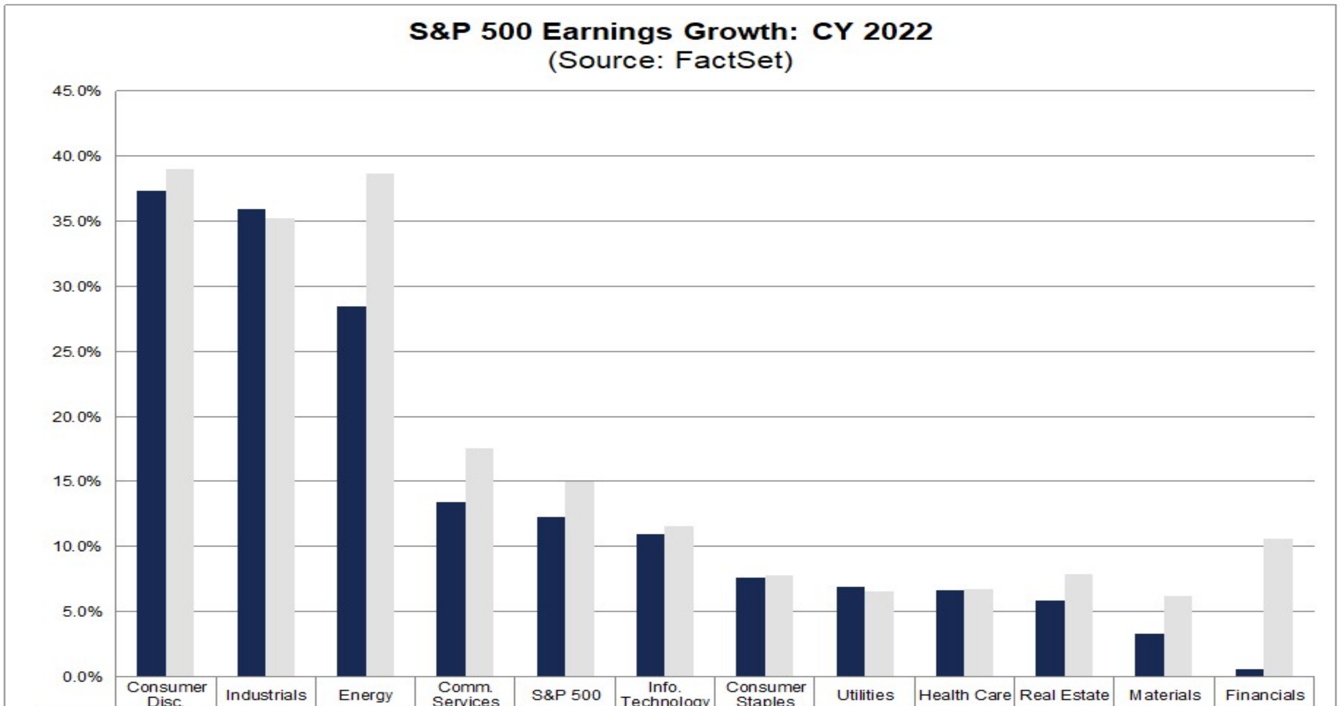
CY 2021: Growth

	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		95.3%	65.9%	58.9%	43.2%	33.7%	23.9%	22.1%	14.7%	8.1%	7.1%	1.9%
31-Mar		89.3%	54.0%	41.8%	25.0%	25.7%	12.1%	17.8%	12.9%	4.4%	5.3%	2.8%

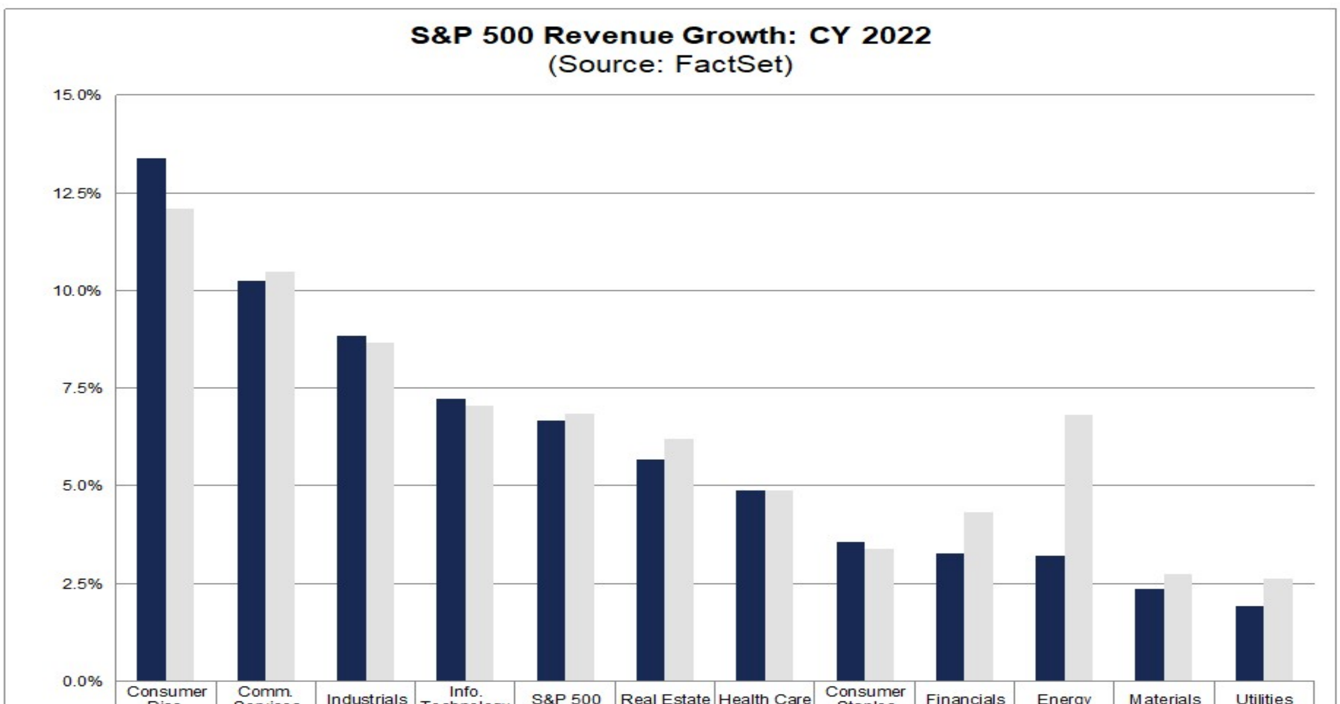


	Energy	Consumer Disc.	Materials	Comm. Services	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Utilities	Financials	Consumer Staples
Today	36.7%	17.1%	17.0%	15.7%	13.2%	12.9%	11.8%	9.2%	8.1%	7.3%	3.4%	2.9%
31-Mar	29.1%	15.3%	12.8%	12.9%	11.0%	10.6%	9.6%	8.4%	6.1%	6.2%	0.3%	2.3%

CY 2022: Growth

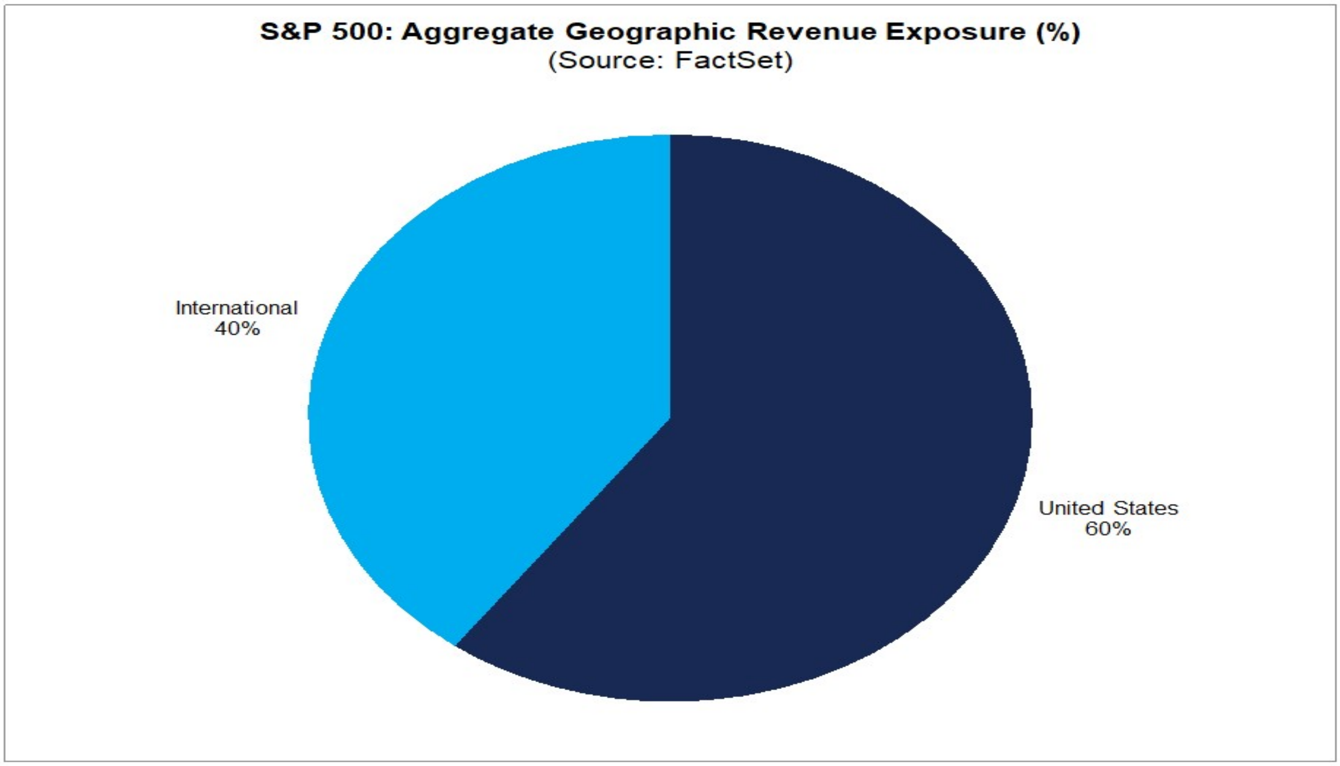


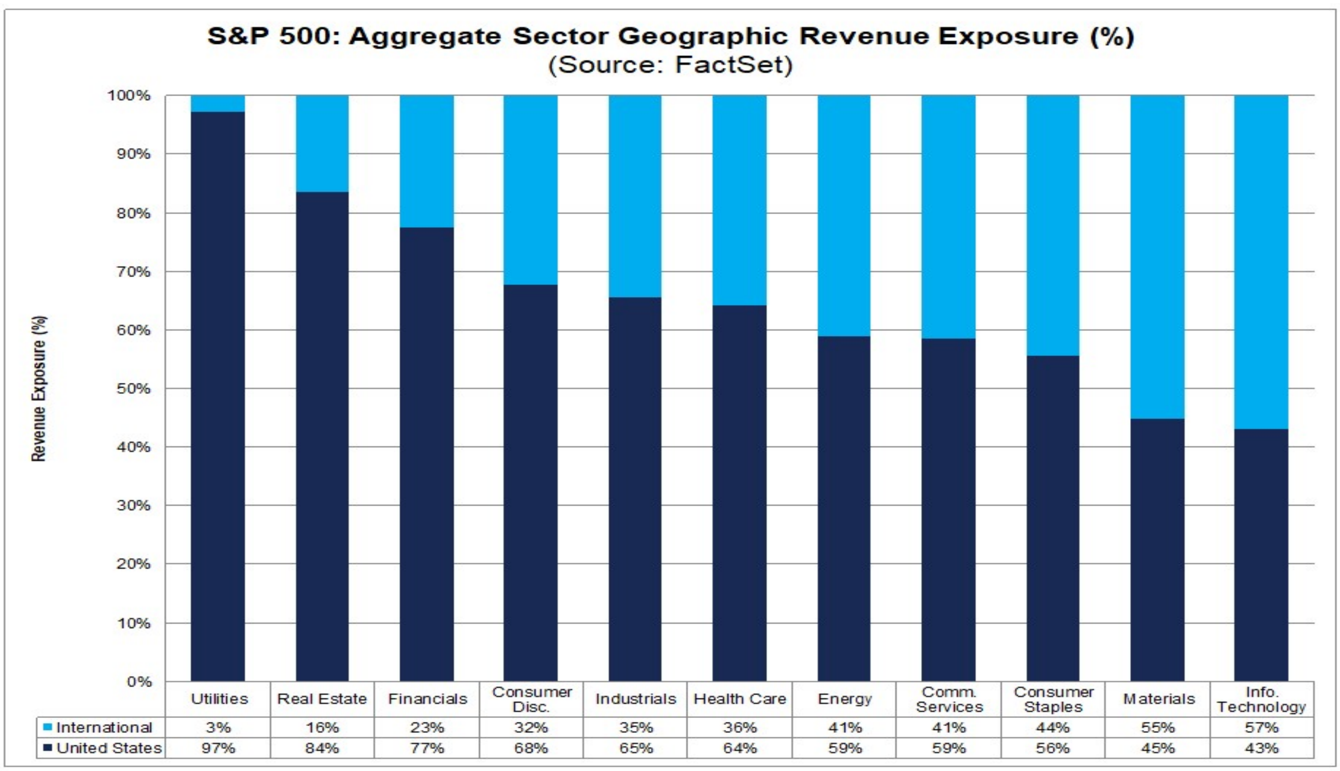
	Consumer Disc.	Industrials	Energy	Comm. Services	S&P 500	Info. Technology	Consumer Staples	Utilities	Health Care	Real Estate	Materials	Financials
Today	37.3%	35.9%	28.4%	13.4%	12.2%	10.9%	7.6%	6.9%	6.6%	5.8%	3.3%	0.6%
31-Mar	39.0%	35.2%	38.7%	17.5%	15.0%	11.5%	7.8%	6.5%	6.7%	7.9%	6.2%	10.6%



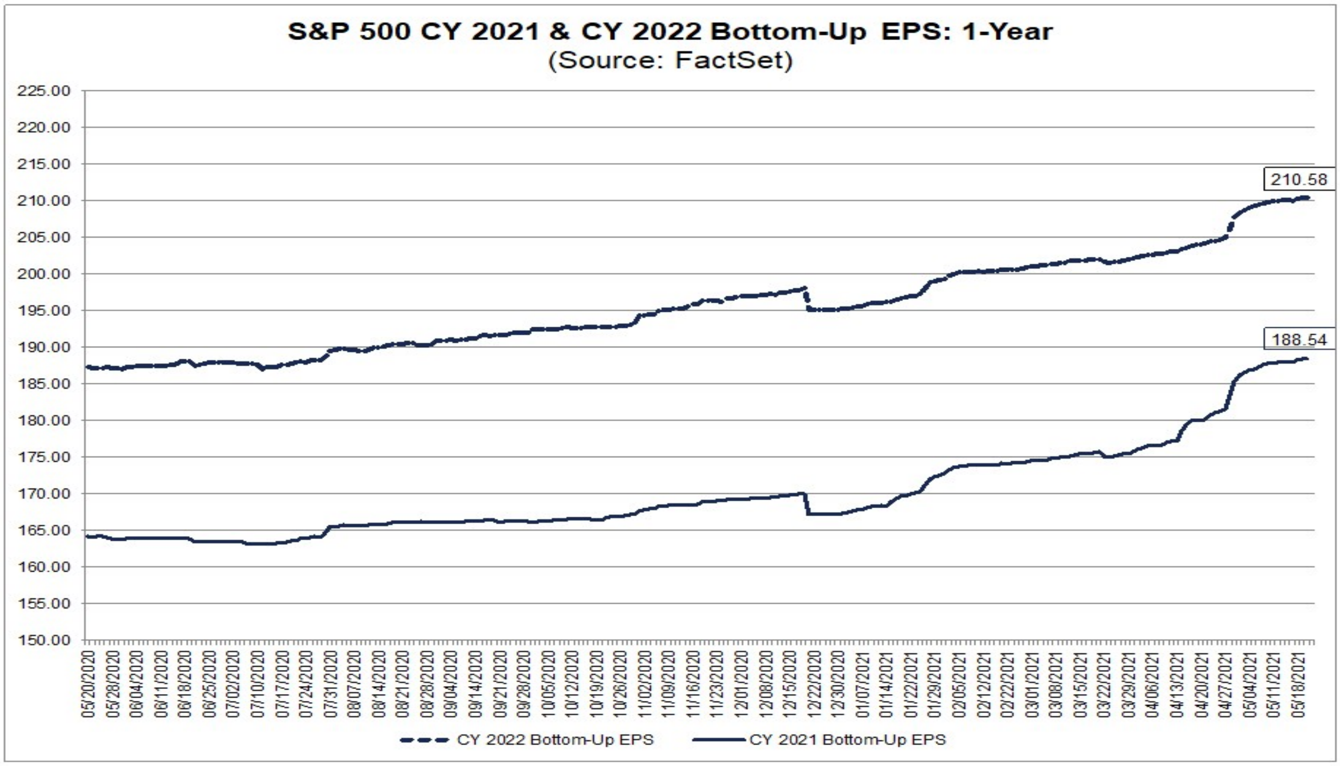
	Consumer Disc.	Comm. Services	Industrials	Info. Technology	S&P 500	Real Estate	Health Care	Consumer Staples	Financials	Energy	Materials	Utilities
Today	13.4%	10.2%	8.8%	7.2%	6.7%	5.7%	4.9%	3.5%	3.3%	3.2%	2.4%	1.9%
31-Mar	12.1%	10.5%	8.6%	7.1%	6.8%	6.2%	4.9%	3.4%	4.3%	6.8%	2.7%	2.6%

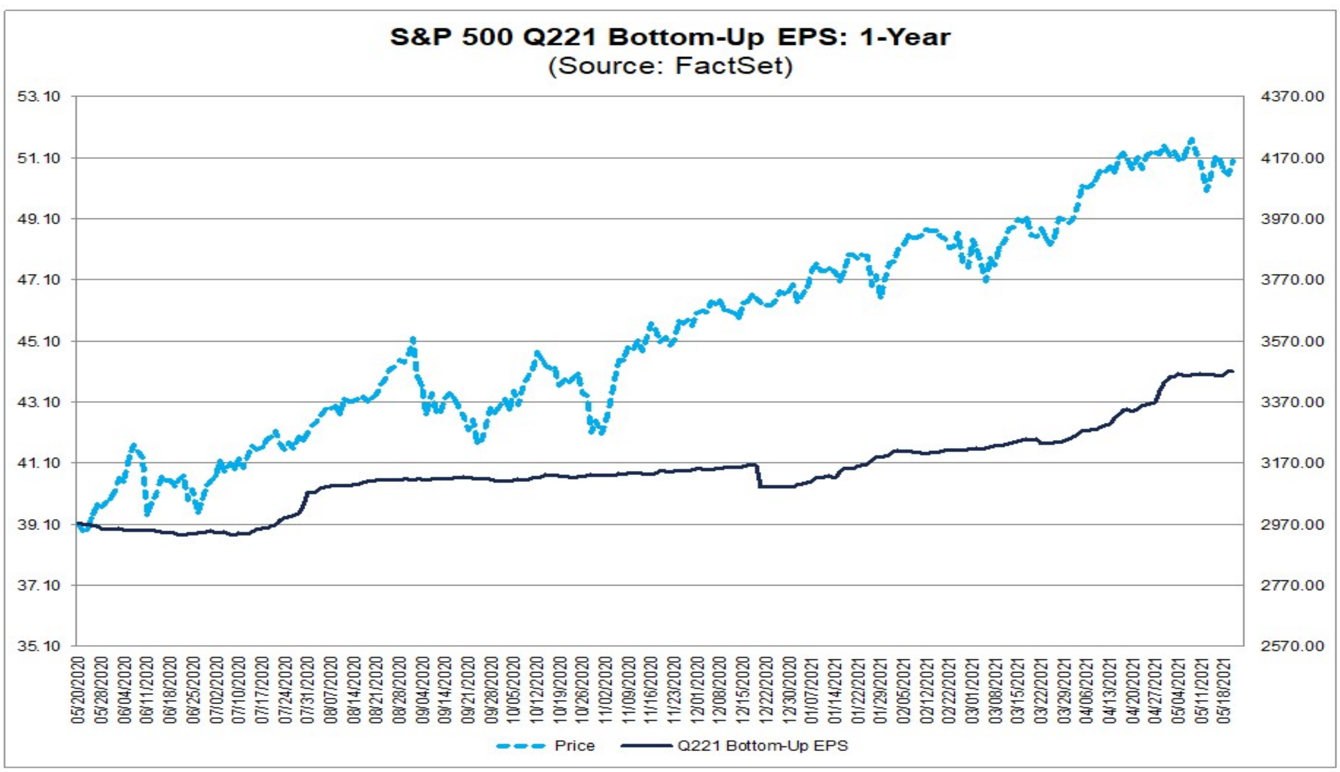
Geographic Revenue Exposure



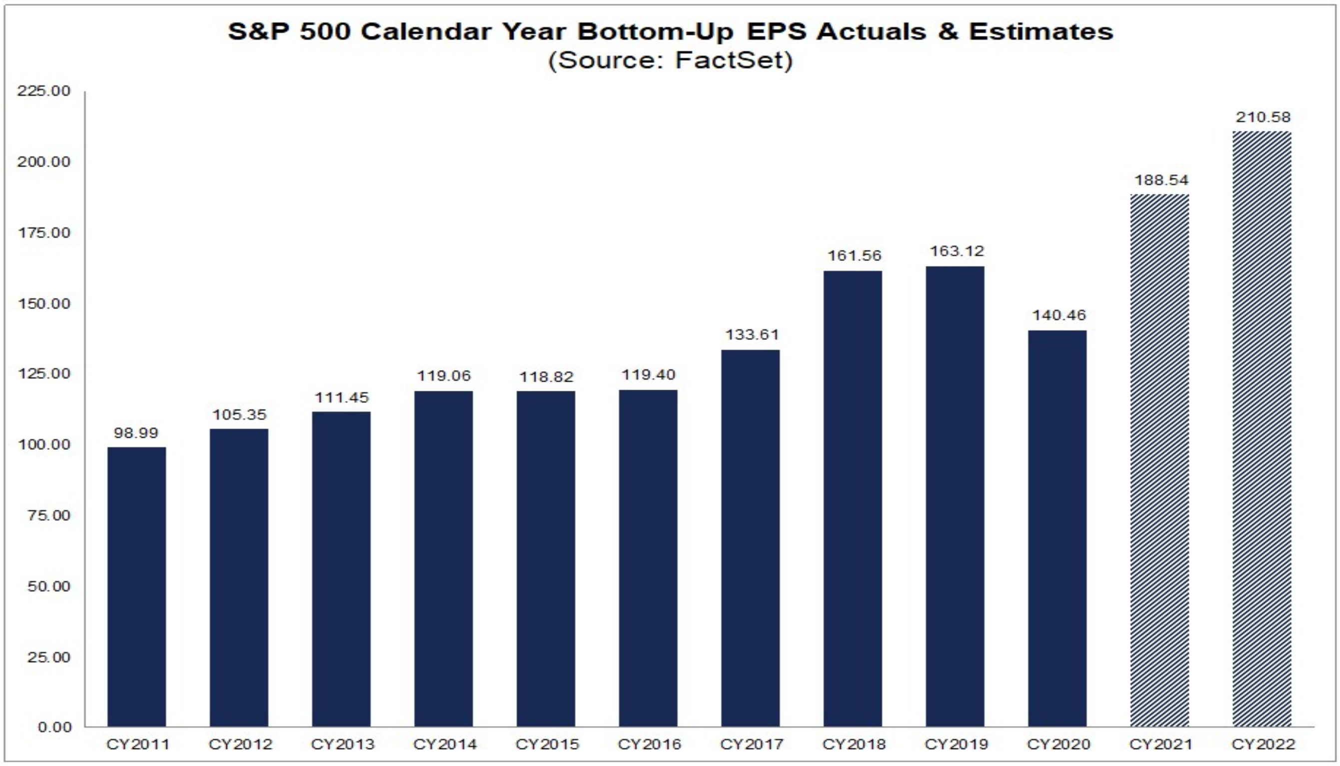


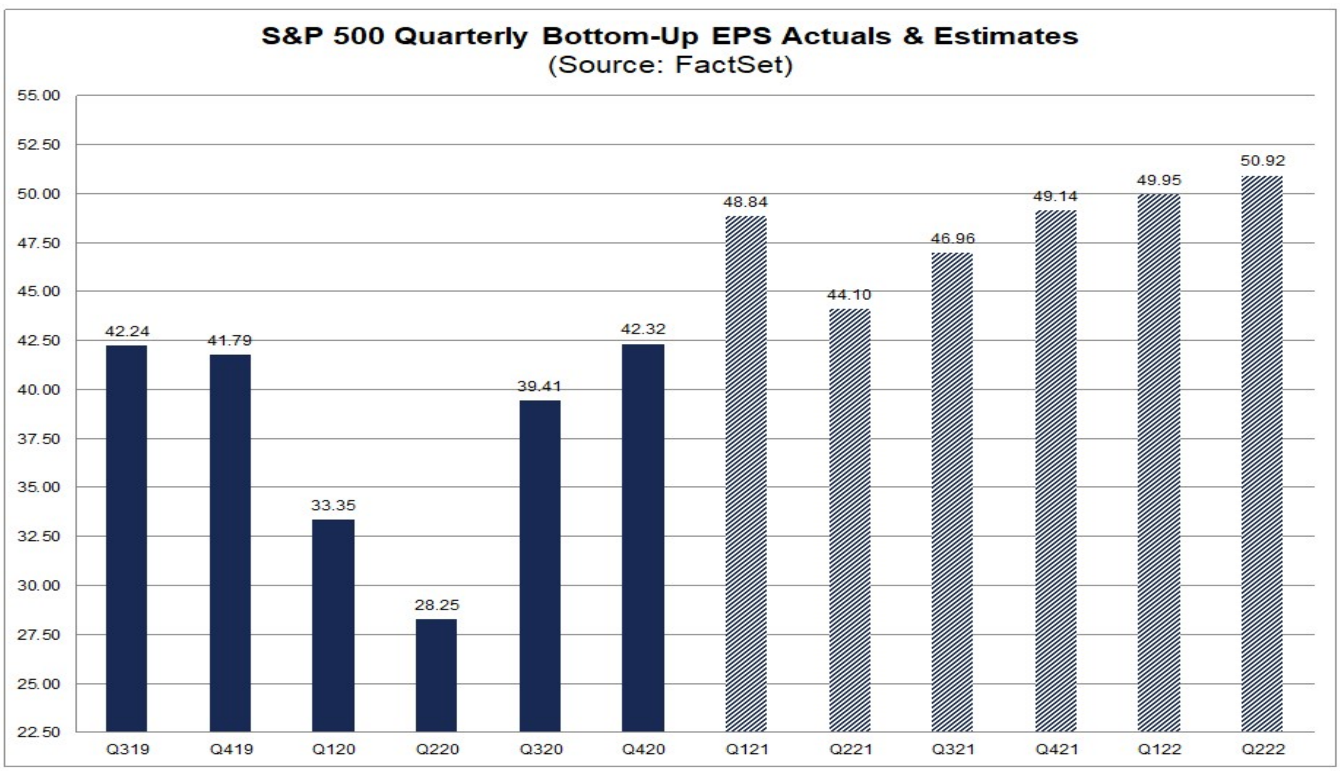
Bottom-up EPS Estimates: Revisions



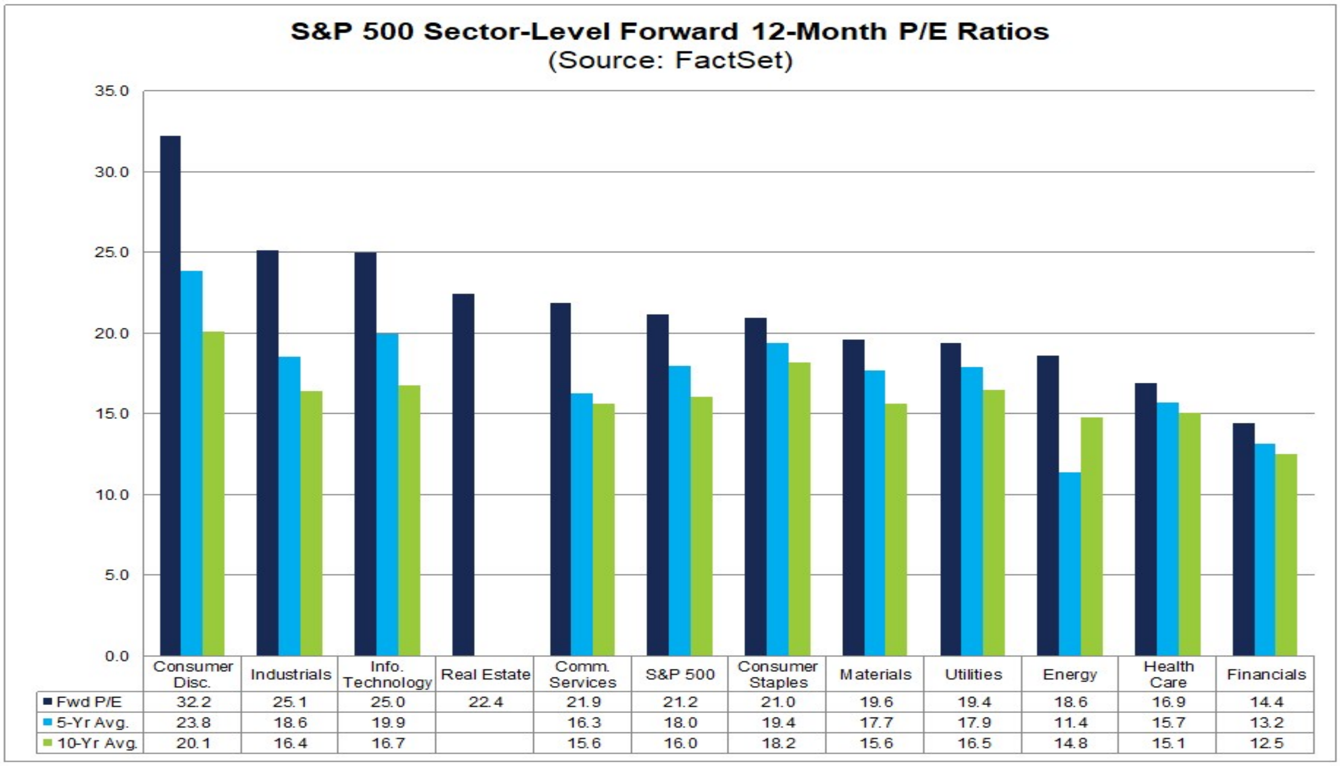


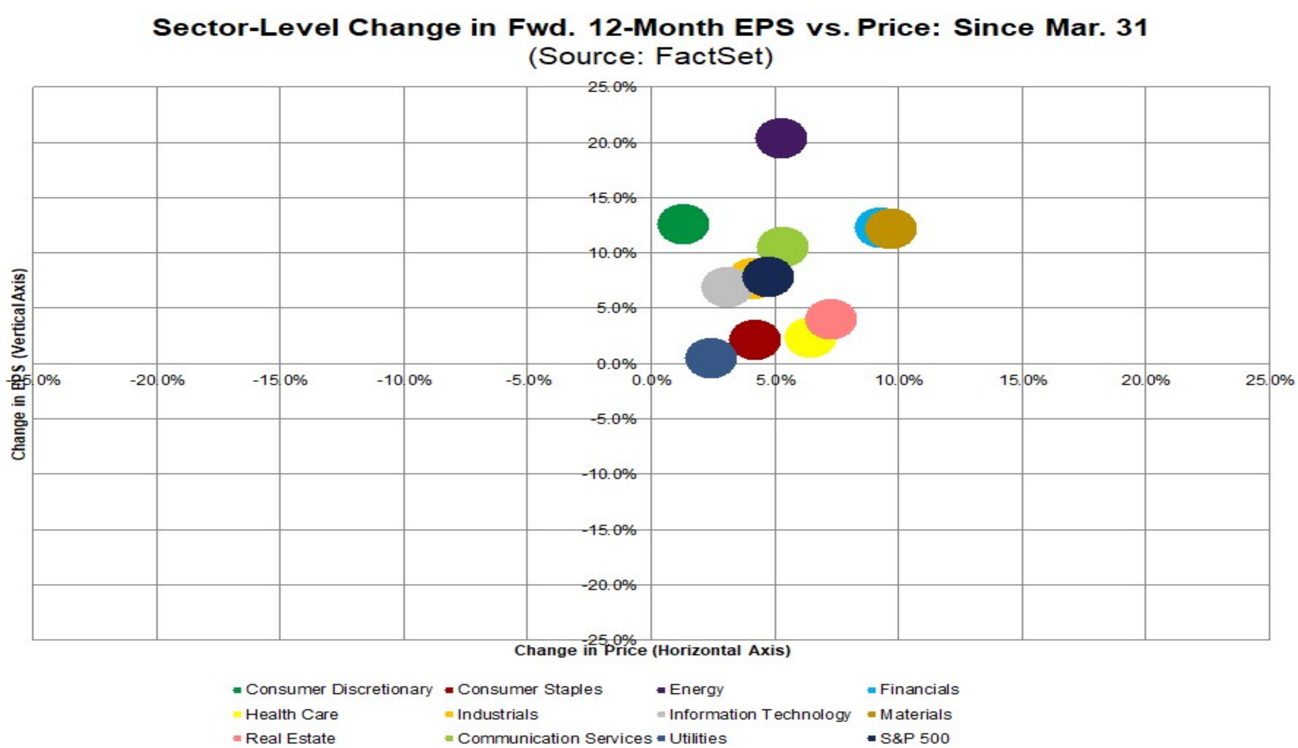
Bottom-up EPS Estimates: Current & Historical



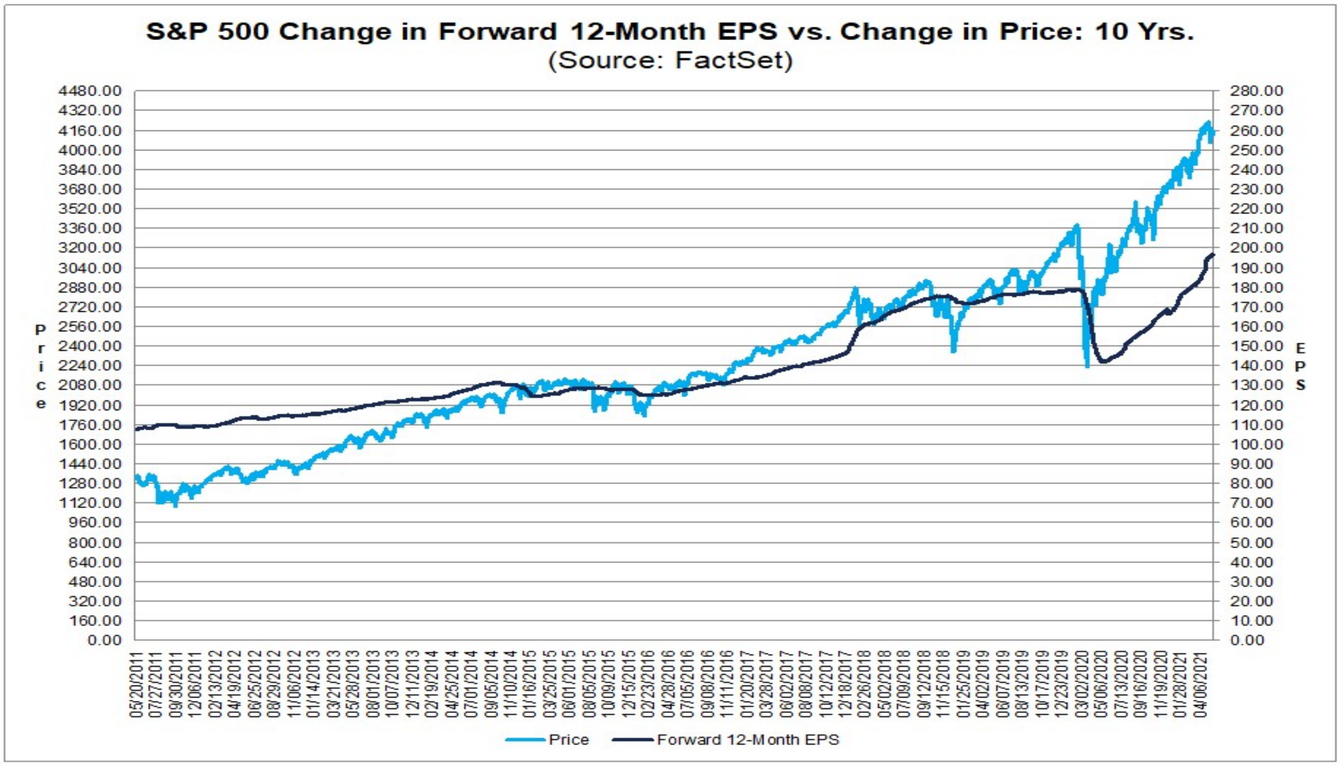


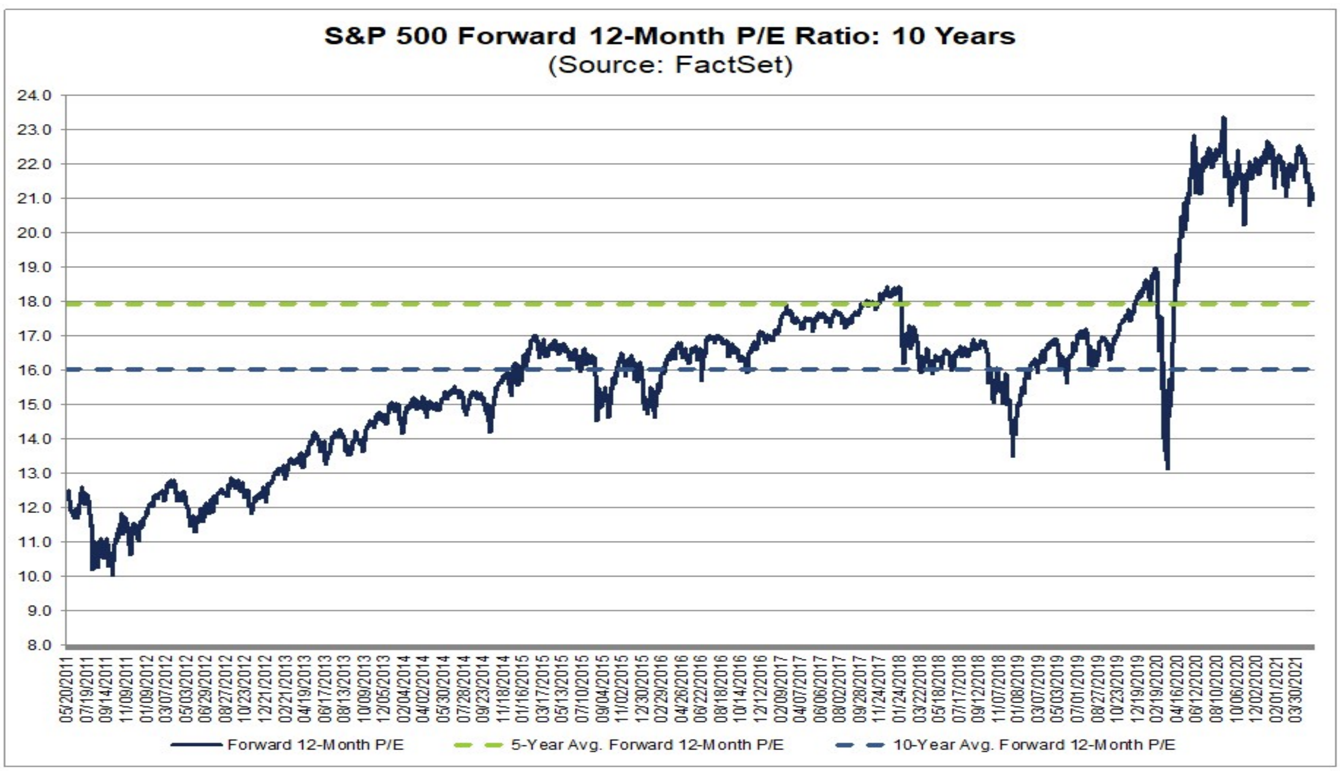
Forward 12M P/E Ratio: Sector Level



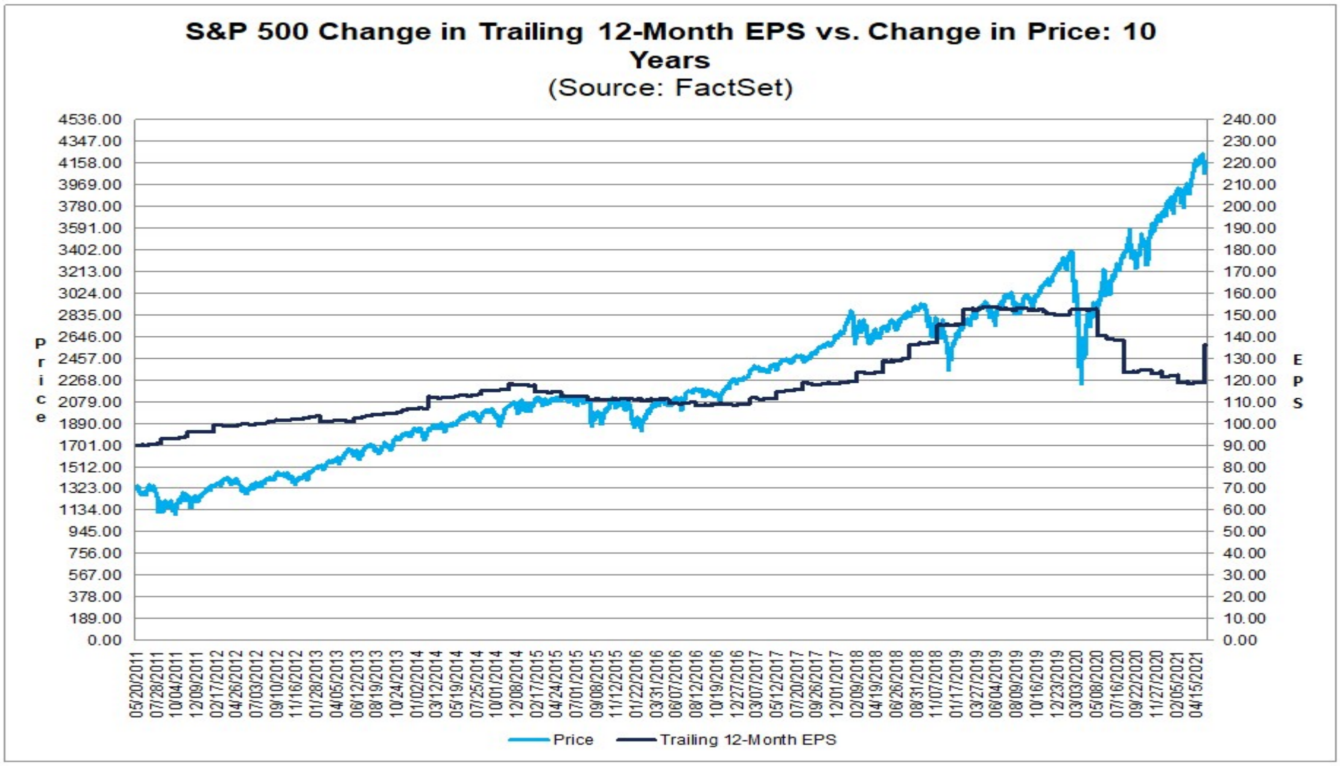


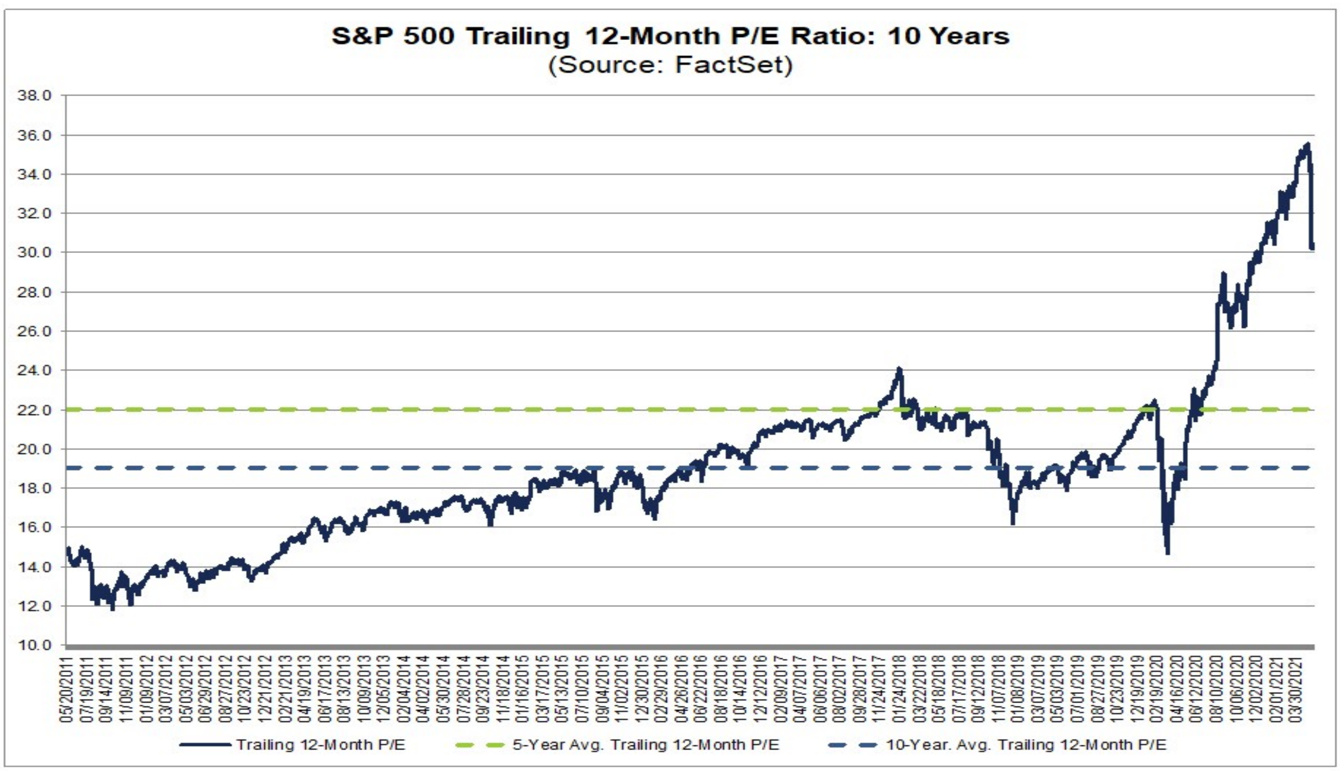
Forward 12M P/E Ratio: 10-Years



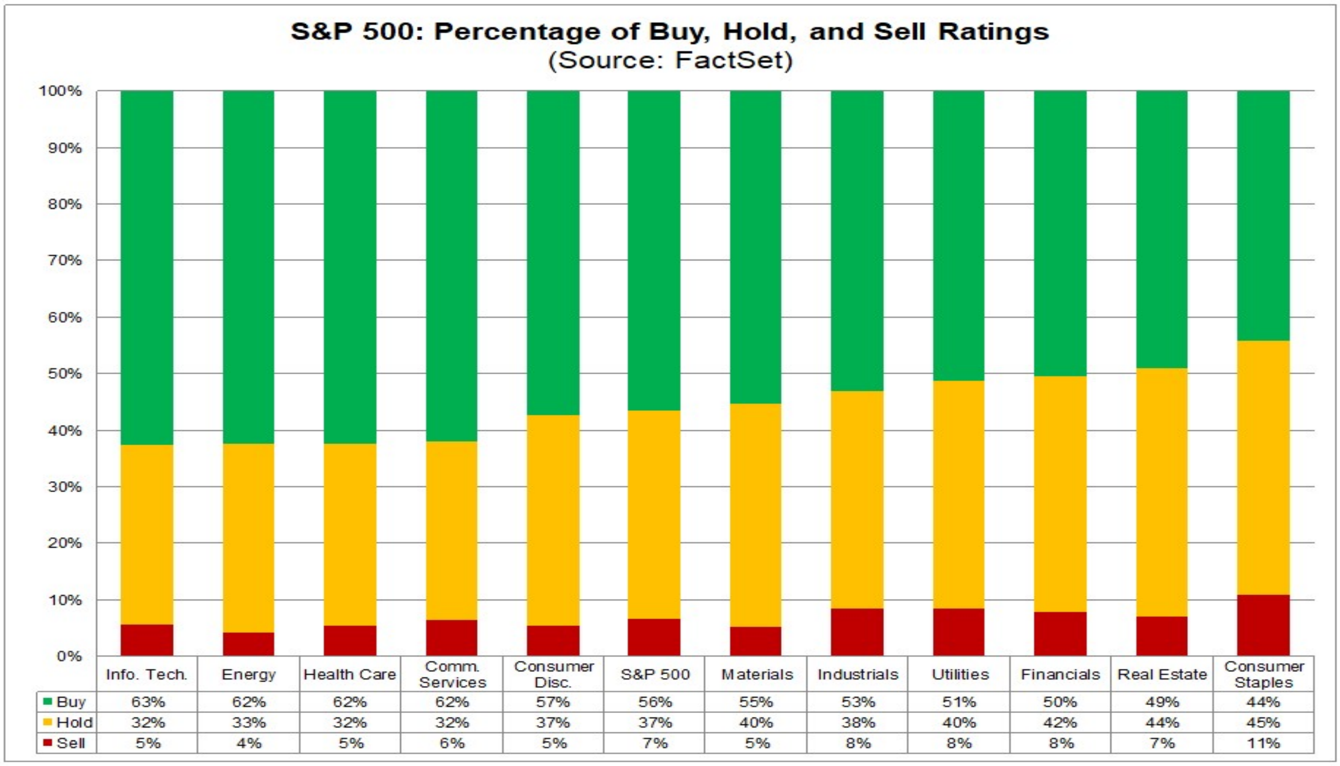


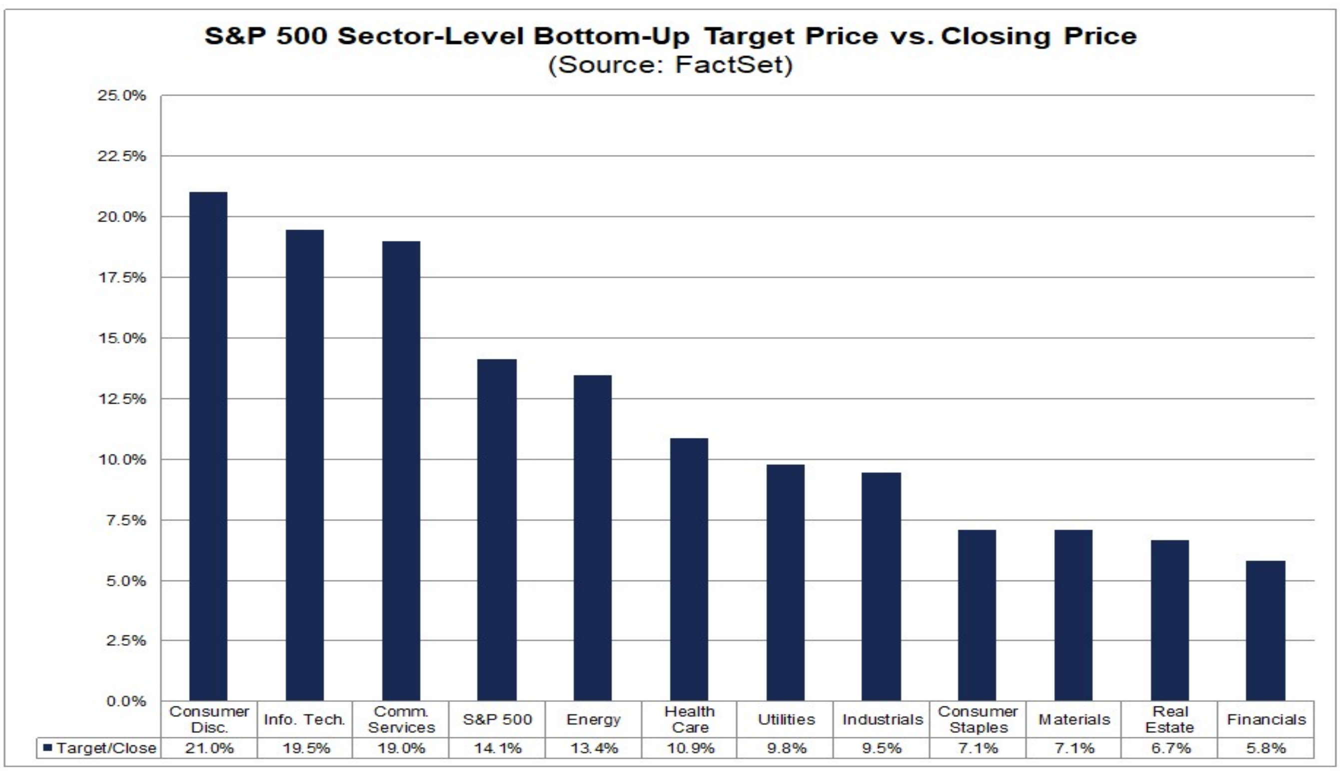
Trailing 12M P/E Ratio: 10-Years





Targets & Ratings





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