Key Metrics

- **Earnings Scorecard:** For Q2 2021 (with 8% of S&P 500 companies reporting actual results), 85% of S&P 500 companies have reported a positive EPS surprise and 90% of S&P 500 companies have reported a positive revenue surprise.

- **Earnings Growth:** For Q2 2021, the blended earnings growth rate for the S&P 500 is 69.3%. If 69.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2009 (109.1%).

- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q2 2021 was 63.3%. Eight sectors have higher earnings growth rates today (compared to June 30) due to upward revisions to EPS estimates and positive EPS surprises.

- **Earnings Guidance:** For Q3 2021, 0 S&P 500 companies have issued negative EPS guidance and 3 S&P 500 companies have issued positive EPS guidance.

- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.4. This P/E ratio is above the 5-year average (18.1) and above the 10-year average (16.2).

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Topic of the Week:

S&P 500 Companies With More Global Exposure Expected To See Higher Earnings Growth in Q2

Given the uneven global economic recovery from the impact of COVID-19, are S&P 500 companies with more international revenue exposure expected to underperform S&P 500 companies with more domestic revenue exposure in terms of earnings and revenue growth for Q2 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.

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 Q2 2021 is 69.3%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 62.0%. For companies that generate more than 50% of sales outside the U.S., the blended earnings growth rate is 87.0%.

The blended revenue growth rate for the S&P 500 for Q2 2021 is 20.2%. For companies that generate more than 50% of sales inside the U.S., the blended revenue growth rate is 17.0%. For companies that generate more than 50% of sales outside the U.S., the blended revenue growth rate is 30.5%.

What is driving the outperformance of S&P 500 companies with higher international revenue exposure? At the sector level, the Energy sector is expected to be the largest contributor to the higher earnings and revenue growth rates for S&P 500 companies with more international exposure in Q2. Within the Energy sector, Exxon Mobil and Chevron are the largest contributors to earnings and revenue growth for S&P 500 companies with more international exposure. Exxon Mobil generates 65% of revenues outside the U.S., while Chevron generates 61% of revenues outside the U.S. If these two companies were excluded, the blended earnings growth rate for S&P 500 companies that generate more than 50% of revenues outside the U.S. would fall to 63.9% from 87.0%, while the blended revenue growth rate for S&P 500 companies that generate more than 50% of revenues outside the U.S. would fall to 24.5% from 30.5%. 

![S&P 500 Earnings Growth: Q2 2021](source: FactSet)
Q2 Earnings Season: By The Numbers

Overview

At this point in time, more S&P 500 companies are beating EPS estimates for the second quarter than average, and beating EPS estimates by a wider margin than average. As a result, the index is reporting higher earnings for the second quarter today relative to the end of last week and relative to the end of the quarter. The index is now reporting the highest year-over-year growth in earnings since Q4 2009. Analysts also expect double-digit earnings growth for the second half of 2021. These above-average growth rates are due to a combination of higher earnings for 2021 and an easier comparison to weaker earnings in 2020 due to the negative impact of COVID-19 on a number of industries.

Overall, 8% of the companies in the S&P 500 have reported actual results for Q2 2021 to date. Of these companies, 85% have reported actual EPS above estimates, which is above the 5-year average of 75%. If 85% is the final percentage for the quarter, it will mark the second-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 22.9% above estimates, which is also above the 5-year average of 7.8%. If 22.9% 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.

Due to the number and magnitude of these positive EPS surprises, the index is reporting higher earnings for the second quarter today relative to the end of last week and relative to the end of the second quarter. The blended earnings growth rate for the second quarter is 69.3% today, compared to an earnings growth rate of 63.9% last week and an earnings growth rate of 63.3% at the end of the second quarter (June 30). Positive earnings surprises reported by companies in the Financials sector (led by Bank of America, Citigroup, JPMorgan Chase, Wells Fargo, and Goldman Sachs) 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 sector (led by these same five companies) have also been the top contributors to the overall increase in earnings for the index since the end of the second quarter.

If 69.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q4 2009 (109.1%). The unusually high growth rate is due to a combination of higher earnings in Q2 2021 and an easier comparison to lower earnings in Q2 2020 due to the negative impact of COVID-19 on a number of industries. All eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Energy, Industrials, Financials, Consumer Discretionary, and Materials sectors.

In terms of revenues, 90% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 65%. If 90% is the final percentage for the quarter, it will mark the 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 4.6% above the estimates, which is also above the 5-year average of 1.2%. If 4.6% 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 positive revenue surprises, the blended revenue growth rate for the second quarter is higher now relative to the end of last week and relative to the end of the second quarter. As of today, the S&P 500 is reporting year-over-year growth in revenues of 20.2%, compared to year-over-year growth in revenues of 19.7% last week and year-over-year growth in revenues of 19.5% at the end of the second quarter (June 30). Positive revenue surprises reported by companies in the Financials sector 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 sector have also been the largest contributors to the increase in the overall revenues for the index since the end of the second quarter.

If 20.2% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008. All eleven sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Energy, Materials, and Consumer Discretionary sectors.

Looking at future quarters, analysts also project double-digit earnings growth for the remaining two quarters of 2021.
The forward 12-month P/E ratio is 21.4, which is above the 5-year average and above the 10-year average.

During the upcoming week, 79 S&P 500 companies (including nine Dow 30 components) are scheduled to report results for the second quarter.

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

Percentage of Companies Beating EPS Estimates (85%) is Near Record-High Level

Overall, 8% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 85% have reported actual EPS above the mean EPS estimate, 0% have reported actual EPS equal to the mean EPS estimate, and 15% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (83%) average and above the 5-year (75%) average.

If 85% is the final percentage for the quarter, it will mark the second-highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. The current record is 86%, which occurred in Q1 2021.

At the sector level, the Information Technology (100%) and Health Care (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Industrials (67%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+22.9%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 22.9% above expectations. This surprise percentage is above the 1-year (+19.7%) average and above the 5-year (+7.8%) average.

If 22.9% 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 (+117.5%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.93 vs. $0.51) has reported the largest positive EPS surprise.

The Financials (+26.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, PNC Financial Services Group ($2.43 vs. $1.09), Goldman Sachs ($15.02 vs. $10.26), Citigroup ($2.85 vs. $1.97), and Wells Fargo ($1.38 vs. $0.98) have reported the largest positive EPS surprises.

Market Rewarding Positive Earnings Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q2 2021 have seen an average price increase of +0.5% two days before the earnings release through two days after the earnings release. This percentage increase is below 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 Q2 2021 have seen an average price decrease of -1.0% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.4% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (90%) is at Record-High Level

In terms of revenues, 90% of companies have reported actual revenues above estimated revenues and 10% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (74%) and above the 5-year average (65%).
If 90% is the final percentage for the quarter, it will mark the 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 Consumer Staples (100%), Health Care (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (83%) and Industrials (83%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+4.6%) is at Record-High Level

In aggregate, companies are reporting revenues that are 4.6% above expectations. This surprise percentage is above the 1-year (+2.8%) average and above the 5-year (+1.2%) average.

If 4.6% 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 3.8%, which occurred in Q1 2021.

At the sector level, the Consumer Discretionary (+12.1%), Industrials (+6.3%), and Financials (+5.6%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Consumer Staples (+2.5%), Health Care (+2.6%), and Information Technology (+2.8%) sectors are reporting the smallest positive (aggregate) differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth Due to Financials

Increase in Blended Earnings Growth Rate This Week Due to the Financials Sector

The blended (year-over-year) earnings growth rate for the second quarter is 69.3%, which is larger than the earnings growth rate of 63.9% last week. Positive earnings surprises reported by companies in the Financials sector were mainly responsible for the increase in the overall earnings growth rate for the index during the week.

In the Financials sector, the positive EPS surprises reported by Bank of America ($1.03 vs $0.77), Citigroup ($2.85 vs $1.97), JPMorgan Chase ($3.78 vs $3.20), Wells Fargo ($1.38 vs $0.98), and Goldman Sachs ($15.02 vs $10.26) were the largest contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Financials sector increased to 151.7% from 118.1% over this period.

Increase in Blended Revenue Growth This Week Due to Financials Sector

The blended (year-over-year) revenue growth rate for the second quarter is 20.2%, which is larger than the revenue growth rate of 19.7% last week. Positive revenue surprises reported by companies in the Financials sector were mainly responsible for the increase in the overall revenue growth rate during the past week.

Financials Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings growth rate for Q2 2021 of 69.3% is larger than the estimate of 63.3% at the end of the second quarter (June 30). Eight sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Financials sector (to 151.7% from 116.2%). This sector is also the largest contributor to the increase in the earnings growth rate for the index during this period. On the other hand, the Utilities sector (to 0.5% from 0.6%) is the only sector that has recorded a decrease in its earnings growth rate due to downward revisions to earnings estimates. The Health Care sector (11.5%) is the only sector that has witnessed no change in earnings growth since June 30.

In the Financials sector, the positive EPS surprises reported by Bank of America ($1.03 vs $0.77), JPMorgan Chase ($3.78 vs $3.20), Goldman Sachs ($15.02 vs $10.26), Wells Fargo ($1.38 vs $0.98), and Citigroup ($2.85 vs $1.97) have been the largest contributors to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Financials sector increased to 151.7% from 116.2% over this period.
Financials Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2021 of 20.2% is larger than the estimate of 19.5% at the end of the second quarter (June 30). Nine sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 7.1% from 4.4%) sector. Two sectors have recorded no change in revenue growth since June 30: Consumer Discretionary (32.1%) and Utilities (5.7%).

Earnings Growth: 69.3%

The blended (year-over-year) earnings growth rate for Q2 2021 is 69.3%, which is well above the 5-year average earnings growth rate of 7.1%. If 69.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q4 2009 (109.1%). All eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Energy, Industrials, Consumer Discretionary, Financials, and Materials sectors.

Energy: Exxon Mobil and Chevron Are Largest Contributors to Higher Year-Over-Year Earnings

The Energy sector is expected to report earnings of $13.6 billion for Q2 2021 compared to a loss of -$10.6 billion in Q2 2020. Thus, a year-over-year growth rate is not being calculated for the Energy sector due to the loss reported by the sector in Q2 2020. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q2 2021 ($66.17) was 136% above the average price for oil in Q2 2020 ($28.00). At the sub-industry level, all five sub-industries in the sector are projected to report a year-over-year increase in earnings. A growth rate is not being calculated for three of these five sub-industries due to losses reported in the year-ago quarter. However, all three are projected to report profits in Q2 2021: Integrated Oil & Gas, Oil & Gas Exploration & Production, and Oil & Gas Refining & Marketing. The other two sub-industries that are predicted to report year-over-year growth are the Oil & Gas Equipment & Services (1,191%) and Oil & Gas Storage & Transportation (34%) sub-industries. At the company level, Exxon Mobil and Chevron are expected to be the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these two companies account for $13.2 billion of the projected $24.2 billion year-over-year increase in earnings for the sector.

Industrials: Airlines Industry is Largest Contributor to Year-Over-Year Growth

The Industrials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 360.4%. At the industry level, all 12 industries in the sector are reporting (or are projected to report) a year-over-year increase in earnings. A growth rate is not being calculated for the Airlines industry due to a loss reported in the year ago quarter. However, this industry is reporting a smaller loss in Q2 2021 (-$3.5 billion) relative to Q2 2020 (-$11.5 billion). The remaining eleven industries are all reporting (or are expected to report) double-digit earnings growth. Six of these eleven industries are reporting (or are projected to report) earnings growth of more than 50%: Industrial Conglomerates (269%), Aerospace & Defense (176%), Machinery (82%), Road & Rail (62%), Electrical Equipment (56%), and Air Freight & Logistics (53%). The Airlines industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Industrials sector would fall to 79.8% from 360.4%.
Consumer Discretionary: Hotels, Restaurants & Leisure Industry Is Largest Contributor to Growth

The Consumer Discretionary sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 216.9%. At the industry level, nine of the ten industries in this sector are reporting (or are expected to report) a year-over-year improvement in earnings. A growth rate is not being calculated for four of these nine industries due to losses reported in the year-ago quarter. However, three of these four industries are reporting (or are predicted to report) profits in Q2 2021. The Hotels, Restaurants, & Leisure industry is reporting a smaller loss in Q2 2021 (-$514 million) relative to Q2 2020 (-$7.7 billion). The revenue growth rate for this industry is projected to be 86.9% from 2020.

The other five industries are reporting (or are expected to report) double-digit earnings growth: Leisure Products (2,264%), Household Durables (74%), Distributors (33%), Specialty Retail (31%), and Internet & Direct Marketing Retail (15%). The only industry expected to report a year-over-year decline in earnings is the Multiline Retail industry. The Hotels, Restaurants, & Leisure industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 78.0% from 216.9%.

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

The Financials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 151.7%. At the industry level, all five industries in this sector are reporting (or are expected to report) year-over-year improvement in earnings. A growth rate is not being calculated for the Consumer Finance industry due to a loss reported in the year-ago quarter. However, this industry is predicted to report a profit in Q2 2021 ($5.4 billion) relative to the loss in Q2 2020 (-$832 million). Three of the other four industries are reporting (or are predicted to report) earnings growth of more than 35%: Banks (414%), Insurance (53%), and Capital Markets (38%). The Banks 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 Financials sector would fall to 65.4% from 151.7%.

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

The Materials sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 120.5%. At the industry level, all four industries in this sector are projected to report year-over-year growth. Two of these four industries are projected to report growth of more than 110%: Metals & Mining (683%) and Chemicals (114%). The Metals & Mining industry is also projected to be the largest contributor to year-over-year growth in earnings for the sector. If this industry were excluded, the estimated earnings growth rate for the Materials sector would fall to 86.9% from 120.5%.

Revenue Growth: 20.2%

The blended (year-over-year) revenue growth rate for Q2 2021 is 20.2%, which is above the 5-year average revenue growth rate of 4.5%. If 20.2% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since FactSet began tracking this metric in 2008. The current record is 12.7%, which occurred in Q2 2011. All eleven sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Energy, Materials, and Consumer Discretionary sectors.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Growth Above 75%

The Energy sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 88.0%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q2 2021 ($66.17) was 136% above the average price for oil in Q2 2020 ($28.00). At the sub-industry level, all five sub-industries in the sector are projected to report year-over-year growth in revenues. Three of these five sub-industries are projected to report revenue growth above 75%: Oil & Gas Exploration & Production (179%), Integrated Oil & Gas (111%), and Oil & Gas Refining & Marketing (77%).
Materials: Metals & Mining Industry Leads Year-Over-Year Growth

The Materials sector is expected to report the second-highest (year-over-year) revenue growth of all eleven sectors at 33.2%. At the industry level, all four industries in this sector are predicted to report year-over-year growth in revenues, with three of these four industries projected to report double-digit growth: Metals & Mining (77%), Chemicals (34%), and Containers & Packaging (13%).

Consumer Discretionary: 4 of 10 Industries Expected to Report Year-Over-Year Growth Above 50%

The Consumer Discretionary sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 32.1%. At the industry level, all ten industries in this sector are reporting (or are predicted to report) growth in revenues. Nine of these ten industries are reporting (or are predicted to report) double-digit growth, with four of these nine industries reporting (or are projected to report) earnings growth above 75%: Auto Components (108%), Hotels, Restaurants, & Leisure (105%), Textiles, Apparel, & Luxury Goods (76%), and Automobiles (52%).

Net Profit Margin: 12.1%

The blended net profit margin for the S&P 500 for Q2 2021 is 12.1%, which is above the 5-year average of 10.6% and the year-ago net profit margin of 8.6%, but below the previous quarter’s record-high net profit margin of 12.8%.

At the sector level, nine sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q2 2021 compared to Q2 2020, led by the Financials sector (20.3% vs. 8.6%), Industrials (8.3% vs. 2.3%), and Materials (14.3% vs. 8.6%) sectors. Nine sectors are reporting (or are expected to report) net profit margins in Q2 2021 that are above their 5-year averages, led by the Materials (14.3% vs. 9.1%) and Financials (20.3% vs. 15.1%) sectors.
Looking Ahead: Forward Estimates and Valuation

Guidance: Above-Average % of S&P 500 Companies Issuing Positive EPS Guidance for Q3

At this point in time, 3 companies in the index have issued EPS guidance for Q3 2021. Of these 3 companies, 0 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 100% (3 out of 3), which is well above the 5-year average of 37%.

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.


For the second quarter, S&P 500 companies are reporting earnings growth of 69.3% and revenue growth of 20.2%.

For Q3 2021, analysts are projecting earnings growth of 24.2% and revenue growth of 12.7%.

For Q4 2021, analysts are projecting earnings growth of 18.6% and revenue growth of 9.5%.

For CY 2021, analysts are projecting earnings growth of 36.7% and revenue growth of 12.8%.

For CY 2022, analysts are projecting earnings growth of 11.0% and revenue growth of 6.8%.

Valuation: Forward P/E Ratio is 21.4, Above the 10-Year Average (16.2)

The forward 12-month P/E ratio is 21.4 This P/E ratio is above the 5-year average of 18.1 and above the 10-year average of 16.2. However, it is equal to the forward 12-month P/E ratio of 21.4 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 1.5%, while the forward 12-month EPS estimate has increased by 1.1%.

At the sector level, the Consumer Discretionary (31.9) sector has the highest forward 12-month P/E ratio, while the Financials (13.9) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 10.5% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 4819.76, which is 10.5% above the closing price of 4360.03. At the sector level, the Energy (+21.6%) and Materials (+15.0%) 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 Real Estate (+3.1%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 10,554 ratings on stocks in the S&P 500. Of these 10,554 ratings, 57.1% are Buy ratings, 36.7% are Hold ratings, and 6.2% are Sell ratings. At the sector level, the Energy (64%), Health Care (63%) Information Technology (62%), and Communication Services (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) and Real Estate (49%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 79

During the upcoming week, 79 S&P 500 companies (including nine Dow 30 components) are scheduled to report results for the second quarter.
Q2 2021: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q2 2021
(Source: FactSet)

S&P 500 Revenues Above, In-Line, Below Estimates: Q2 2021
(Source: FactSet)
Q2 2021: Scorecard

S&P 500 Sector-Level Earnings Surprise %: Q2 2021
(Source: FactSet)

- Consumer Disc: 117.5%
- Financials: 26.9%
- S&P 500: 22.9%
- Industrials: 14.7%
- Consumer Staples: 14.5%
- Info. Technology: 12.3%
- Health Care: 8.0%
- Energy: 0.0%
- Comm. Services: 0.0%
- Materials: 0.0%
- Real Estate: 0.0%
- Utilities: 0.0%

S&P 500 Sector-Level Revenue Surprise %: Q2 2021
(Source: FactSet)

- Consumer Disc: 12.1%
- Industrials: 5.3%
- Financials: 5.6%
- S&P 500: 4.6%
- Info. Technology: 2.8%
- Health Care: 2.6%
- Consumer Staples: 2.5%
- Utilities: 0.0%
- Energy: 0.0%
- Comm. Services: 0.0%
- Materials: 0.0%
- Real Estate: 0.0%
Q2 2021: Scorecard

![S&P 500 EPS Surprise % vs. Price %: Q2 2021](chart1)

![S&P 500 EPS Surprise vs. Avg. Price Change %](chart2)
Q2 2021: Scorecard

S&P 500 Actual EPS Surprise %: Top 10 Q2 Actual EPS Surprises
(Source: FactSet)

- PNC Financial Services Group, Inc.: 122.2%
- Nike, Inc. Class B: 82.0%
- CarMax, Inc.: 60.9%
- Goldman Sachs Group, Inc.: 48.4%
- Citigroup Inc.: 44.8%
- Wells Fargo & Company: 41.5%
- Bank of America Corp: 33.7%
- AutoZone, Inc.: 31.5%
- Walgreens Boots Alliance Inc.: 30.0%
- JPMorgan Chase & Co: 18.1%

S&P 500 Actual EPS Surprise %: Bottom 10 Q2 Actual EPS Surprises
(Source: FactSet)

- BlackRock, Inc.: 6.3%
- UnitedHealth Group Incorporated: 5.0%
- Conagra Brands, Inc.: 4.1%
- Fastenal Company: 1.8%
- IHS Markit Ltd.: 1.3%
- FedEx Corporation: 0.2%
- Constellation Brands, Inc. Class A: 0.7%
- Charles Schwab Corporation: 1.2%
- Kansas City Southern: 0.6%
- Progressive Corporation: -29.0%
Q2 2021: Growth

S&P 500 Earnings Growth: Q2 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q2 2021
(Source: FactSet)
Q2 2021: Growth

**S&P 500 Earnings Growth: Q2 2021**
(Source: FactSet)

- S&P 500 Companies > 50% Revenue in U.S.: 62.0%
- All S&P 500 Companies: 69.3%
- S&P 500 Companies < 50% Revenues in U.S.: 87.6%

**S&P 500 Revenue Growth: Q2 2021**
(Source: FactSet)

- S&P 500 Companies > 50% Revenue in U.S.: 17.0%
- All S&P 500 Companies: 20.2%
- S&P 500 Companies < 50% Revenues in U.S.: 30.5%
Q2 2021: Net Profit Margin

### S&P 500 Net Profit Margins: Q221 vs. Q220
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q221</th>
<th>Q220</th>
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<td>Real Estate</td>
<td>35.2%</td>
<td>33.2%</td>
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<tr>
<td>Information</td>
<td>23.2%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Financials</td>
<td>20.3%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Materials</td>
<td>14.3%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Utilities</td>
<td>13.9%</td>
<td>14.6%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>12.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>11.9%</td>
<td>19.4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>10.6%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Industrials</td>
<td>8.3%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>6.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Consumer Docc</td>
<td>6.6%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Energy</td>
<td>6.3%</td>
<td></td>
</tr>
</tbody>
</table>

### S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q221 vs. Q220
(Source: FactSet)

- **Down %**: 5%, 14%, 25%, 27%, 30%, 29%, 32%, 30%, 42%, 45%, 66%, 68%
- **Note %**: 0%, 0%, 0%, 0%, 0%, 2%, 0%, 2%, 0%, 0%, 0%, 0%
- **Up %**: 91%, 86%, 75%, 73%, 70%, 69%, 67%, 61%, 58%, 55%, 34%, 32%
Q3 2021: EPS Guidance

Number (#) of S&P 500 Cos. with Q3 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q3 Positive & Negative Guidance
(Source: FactSet)
Q3 2021: EPS Revisions

**Upward Change in Q3 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- Vornado Realty Trust: 176.1%
- Occidental Petroleum Corporation: 195.3%
- Delta Air Lines, Inc.: 46.2%
- CF Industries Holdings, Inc.: 33.6%
- United Airlines Holdings, Inc.: 28.5%
- Nucor Corporation: 28.3%
- Southwest Airlines Co.: 27.0%
- Marathon Oil Corporation: 26.8%
- Hess Corporation: 26.3%
- MGM Resorts International: 21.8%

**Downward Change in Q3 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- DTE Energy Company: -13.8%
- Live Nation Entertainment, Inc.: -15.5%
- Phillips 66: -16.3%
- Conagra Brands, Inc.: -17.8%
- Progressive Corporation: -20.1%
- Marathon Petroleum Corporation: -21.3%
- Las Vegas Sands Corp.: -21.9%
- Valero Energy Corporation: -36.6%
- Boeing Company: -64.3%
- Ventas, Inc.: -399.0%
Q3 2021: Growth

S&P 500 Earnings Growth: Q3 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q3 2021
(Source: FactSet)
CY 2021: Growth

S&P 500 Earnings Growth: CY 2021
(Source: FactSet)

S&P 500 Revenue Growth: CY 2021
(Source: FactSet)
CY 2022: Growth

S&P 500 Earnings Growth: CY 2022
(Source: FactSet)

S&P 500 Revenue Growth: CY 2022
(Source: FactSet)
Geographic Revenue Exposure

S&P 500: Aggregate Geographic Revenue Exposure (%)
(Source: FactSet)

United States 60%
International 40%

S&P 500: Aggregate Sector Geographic Revenue Exposure (%)
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>International (%)</th>
<th>United States (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>3%</td>
<td>97%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>17%</td>
<td>83%</td>
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<tr>
<td>Financials</td>
<td>23%</td>
<td>77%</td>
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<tr>
<td>Consumer Dis.</td>
<td>32%</td>
<td>68%</td>
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<tr>
<td>Industrials</td>
<td>35%</td>
<td>95%</td>
</tr>
<tr>
<td>Health Care</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Energy</td>
<td>41%</td>
<td>59%</td>
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<tr>
<td>Comm. Services</td>
<td>42%</td>
<td>55%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>45%</td>
<td>45%</td>
</tr>
<tr>
<td>Materials</td>
<td>55%</td>
<td>45%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Bottom-up EPS Estimates: Revisions

S&P 500 CY 2021 & CY 2022 Bottom-Up EPS: 1-Year
(Source: FactSet)

S&P 500 Q321 Bottom-Up EPS: 1-Year
(Source: FactSet)
Bottom-up EPS Estimates: Current & Historical

S&P 500 Calendar Year Bottom-Up EPS Actuals & Estimates
(Source: FactSet)

S&P 500 Quarterly Bottom-Up EPS Actuals & Estimates
(Source: FactSet)
Forward 12M P/E Ratio: Sector Level

S&P 500 Sector-Level Forward 12-Month P/E Ratios
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Forward P/E</th>
<th>5-Yr Avg</th>
<th>10-Yr Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Disc.</td>
<td>31.9</td>
<td>24.3</td>
<td>20.4</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>28.9</td>
<td>20.2</td>
<td>17.0</td>
</tr>
<tr>
<td>Real Estate</td>
<td>23.0</td>
<td>16.8</td>
<td>16.6</td>
</tr>
<tr>
<td>Industrials</td>
<td>23.6</td>
<td>16.5</td>
<td>15.7</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>22.6</td>
<td>18.1</td>
<td>16.2</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>21.4</td>
<td>19.4</td>
<td>18.3</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>20.7</td>
<td>19.0</td>
<td>16.5</td>
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<tr>
<td>Utilities</td>
<td>19.4</td>
<td>17.7</td>
<td>15.7</td>
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<tr>
<td>Materials</td>
<td>17.9</td>
<td>17.3</td>
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<tr>
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<td>15.3</td>
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<tr>
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<tr>
<td>Financials</td>
<td>13.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun. 30
(Source: FactSet)
Forward 12M P/E Ratio: 10-Years

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs.
(Source: FactSet)

S&P 500 Forward 12-Month P/E Ratio: 10 Years
(Source: FactSet)
Trailing 12M P/E Ratio: 10-Years

S&P 500 Change in Trailing 12-Month EPS vs. Change in Price: 10 Years
(Source: FactSet)

S&P 500 Trailing 12-Month P/E Ratio: 10 Years
(Source: FactSet)
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)
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