FACTSET

John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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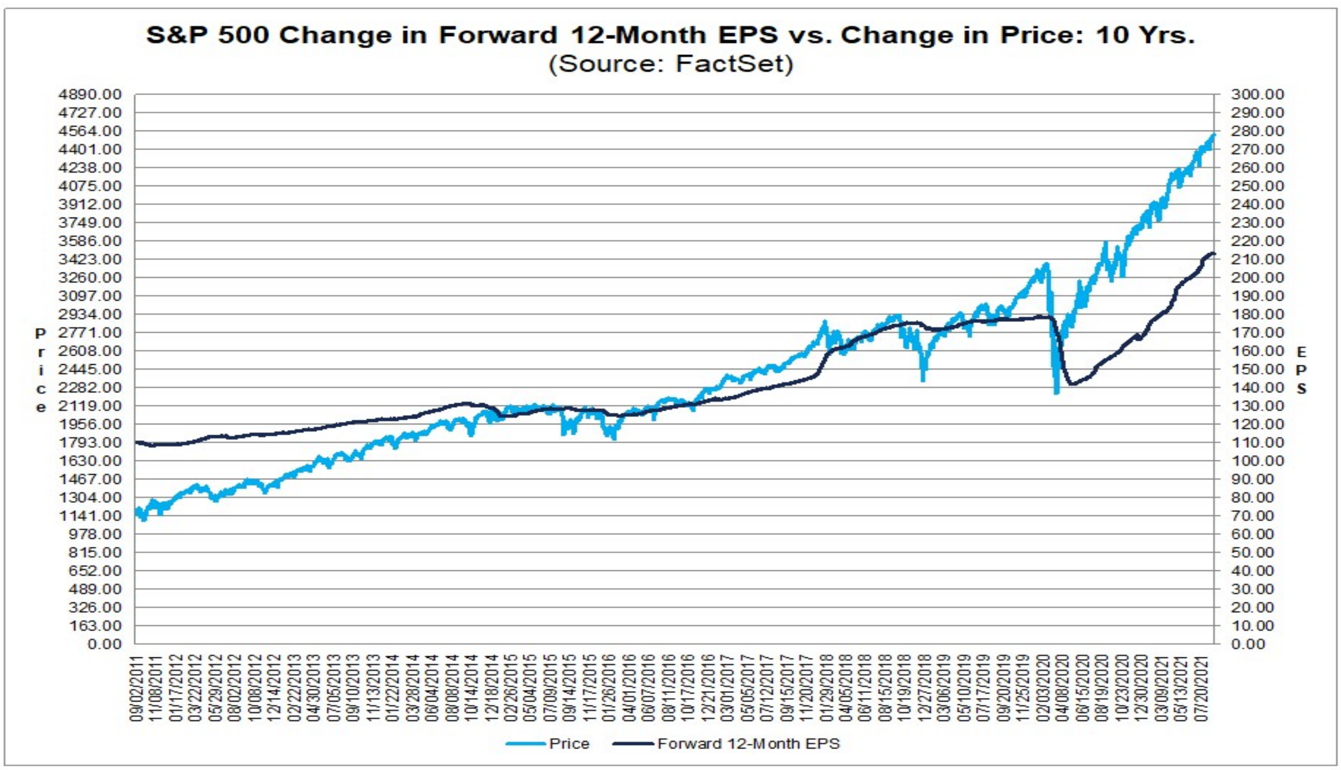
Key Metrics

- **Earnings Scorecard:** For Q2 2021 (with more than 99% of S&P 500 companies reporting actual results), 87% of S&P 500 companies have reported a positive EPS surprise and 87% of S&P 500 companies have reported a positive revenue surprise. These are the highest percentages of S&P 500 companies reporting positive EPS and positive revenue surprises since FactSet began tracking this metric in 2008.
- **Earnings Growth:** For Q2 2021, the blended earnings growth rate for the S&P 500 is 90.9%. This is 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 63.0%. Ten 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, 46 S&P 500 companies have issued negative EPS guidance and 55 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.3. This P/E ratio is above the 5-year average (18.2) and above the 10-year average (16.3).



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Topic of the Week:

4th Largest Increase in EPS Estimates for S&P 500 Companies Since 2009 For Q3

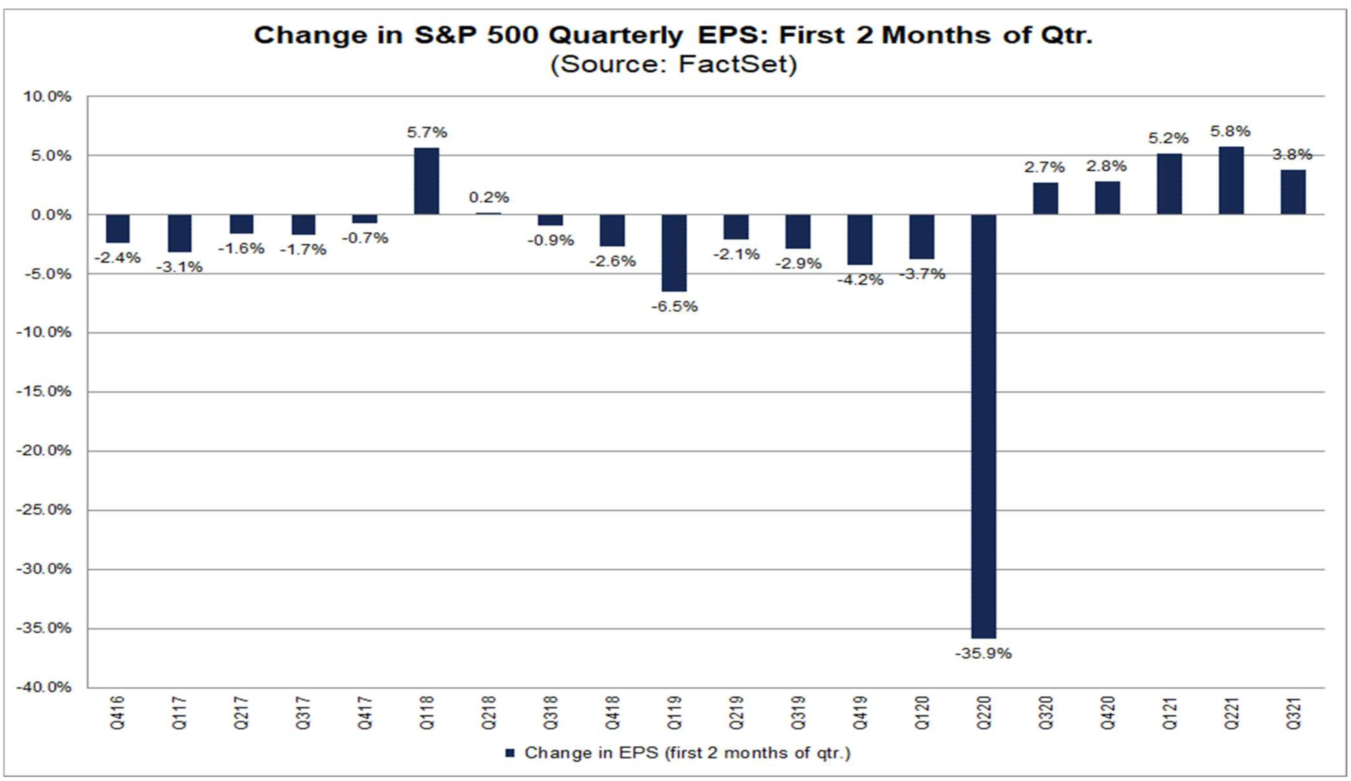
During the first two months of the third quarter, analysts increased earnings estimates for companies in the S&P 500 for the quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q3 for all the companies in the index) increased by 3.8% (to $49.31 from $47.50) during this period. How significant is a 3.8% increase in the bottom-up EPS estimate during the first two months of a quarter? How does this increase compare to recent quarters?

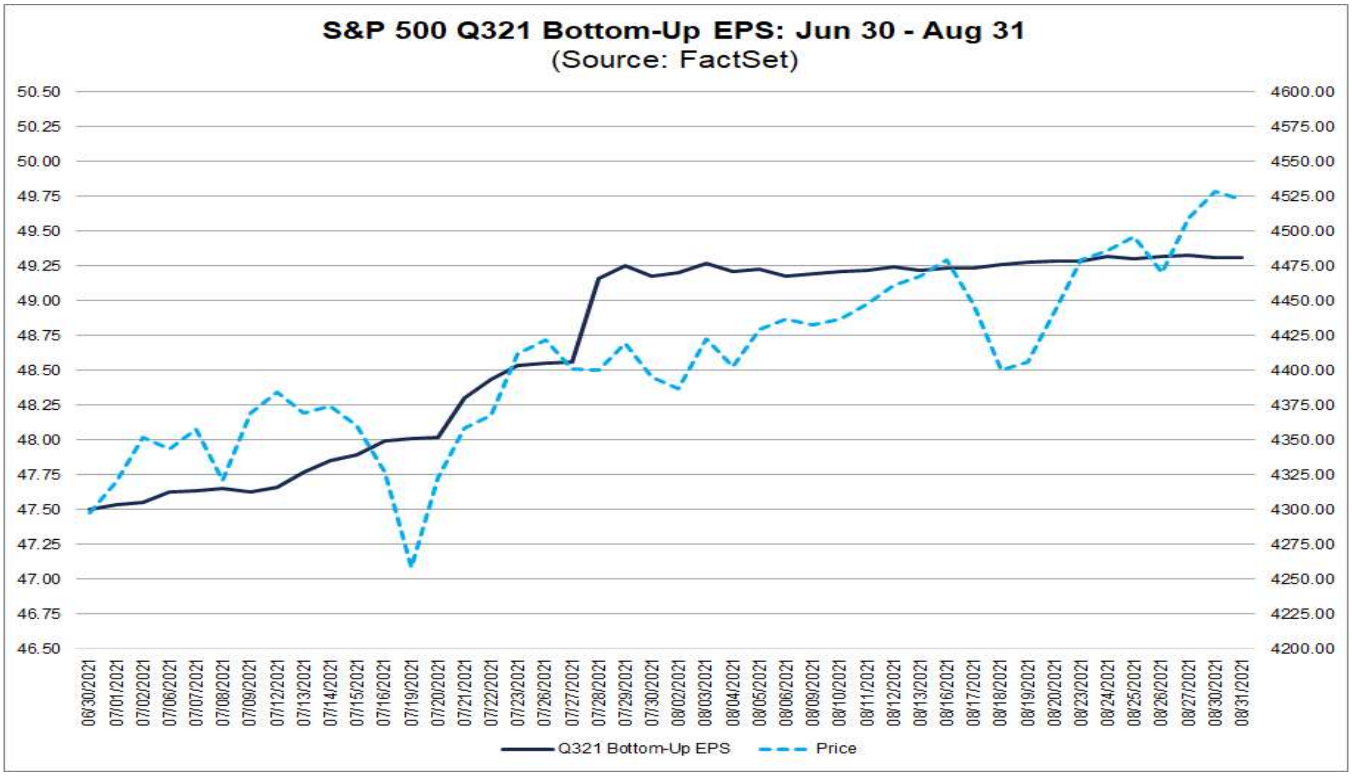
In a typical quarter, analysts usually reduce earnings estimates during the first two months of the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.4%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.0%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.6%.

In fact, the third quarter marked the fourth-largest increase in the bottom-up EPS estimate during the first two months of a quarter since 2009. It also marked the fifth straight quarter in which the bottom-up EPS estimate increased during the first two months of the quarter. However, the third quarter is also the first quarter during this current streak in which the percentage increase in the bottom-up EPS estimate was smaller than the previous quarter.

At the sector level, eight sectors recorded an increase in their bottom-up EPS estimate for Q3 during the first two months of the quarter, led by the Energy (+21.1%) and Materials (+12.1%) sectors. On the other hand, three sectors recorded a decline in their bottom-up estimate for Q3 during this period, led by the Consumer Discretionary (-3.9%) sector.

As the bottom-up EPS estimate for the index increased during the first two months of the quarter, the value of the S&P 500 also increased during this same period. From June 30 through August 31, the value of the index increased by 5.2% (to 4522.68 from 4297.50). The third quarter marked the seventh time in the past 20 quarters (5 years) in which both the bottom-up EPS estimate for the index and the value of the index increased during the first two months of a quarter.




S&P 500 Q321 Bottom-Up EPS: Jun 30 - Aug 31
(Source: FactSet)
50.50
50.25
50.00
49.75
49.50
49.25
49.00
48.75
48.50
48.25
48.00
47.75
47.50
47.25
47.00
46.75
46.50
4600.00
4575.00
4550.00
4525.00
4500.00
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4450.00
4425.00
4400.00
4375.00
4350.00
4325.00
4300.00
4275.00
4250.00
4225.00
4200.00
06/30/2021
07/01/2021
07/02/2021
07/06/2021
07/07/2021
07/08/2021
07/09/2021
07/12/2021
07/13/2021
07/14/2021
07/15/2021
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08/18/2021
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08/20/2021
08/23/2021
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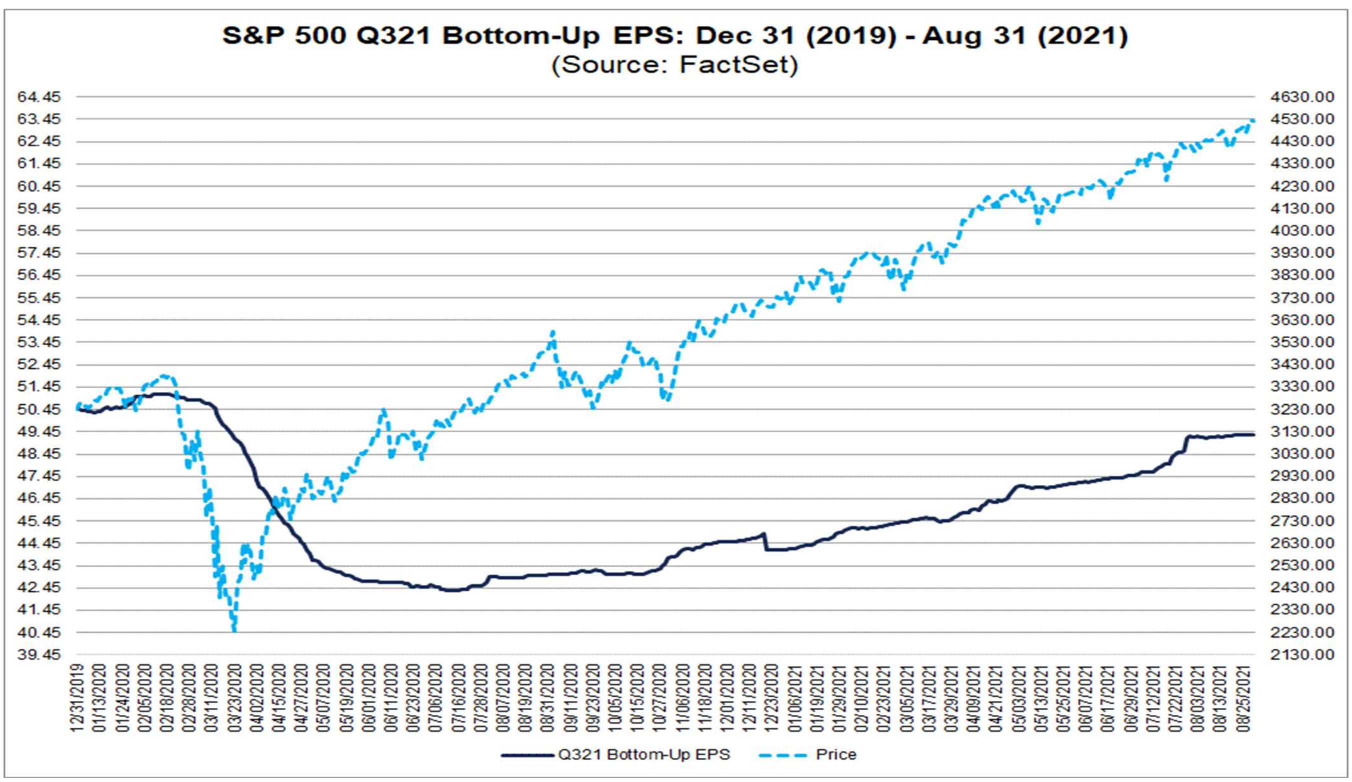
08/26/2021
08/27/2021
08/30/2021
08/31/2021
Q321 Bottom-Up EPS
Price


S&P 500 Q321 Bottom-Up EPS: Dec 31 (2019) - Aug 31 (2021)
(Source: FactSet)
64.45
63.45
62.45
61.45
60.45
59.45
58.45
57.45
56.45
55.45
54.45
53.45
52.45
51.45
50.45
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48.45
47.45
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43.45
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40.45
39.45
4630.00
4530.00
4430.00
4330.00
4230.00
4130.00
4030.00
3930.00
3830.00
3730.00
3630.00
3530.00
3430.00
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2930.00
2830.00
2730.00
2630.00
2530.00
2430.00
2330.00
2230.00
2130.00
12/31/2019
01/13/2020
01/24/2020
02/05/2020
02/18/2020
02/28/2020
03/11/2020
03/23/2020
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07/28/2020
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10/27/2020
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11/18/2020
12/01/2020
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06/07/2021
06/17/2021
06/29/2021
07/12/2021
07/22/2021
08/03/2021
08/13/2021
08/25/2021
Q321 Bottom-Up EPS
Price

Q2 Earnings Season: By The Numbers

Overview

For the second quarter, more S&P 500 companies beat EPS estimates than average and beat EPS estimates by a wider margin than average. As a result, the index reported higher actual earnings for the quarter relative to estimated earnings at the end of the quarter. In fact, the index reported the highest year-over-year growth in earnings since Q4 2009. Analysts expect earnings growth of more than 20% 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.

More than 99% of the companies in the S&P 500 have reported actual results for Q2 2021 to date. Of these companies, 87% have reported actual EPS above estimates, which is the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, companies reported earnings that were 16.4% above estimates, which is the fourth-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 reported higher actual earnings for the second quarter relative to estimated earnings at the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the second quarter is 90.9% today, compared to an earnings growth rate of 63.0% at the end of the second quarter (June 30**).** Positive earnings surprises reported by companies in the Financials, Information Technology, and Communication Services sectors were the largest contributors to the overall increase in earnings from June 30 through today.

The second quarter marked the highest year-over-year earnings growth reported by the index since Q4 2009 (109.1%). The unusually high growth rate was 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 reported year-over-year earnings growth, led by the Energy, Industrials, Financials, Consumer Discretionary, and Materials sectors.

In terms of revenues, 87% of S&P 500 companies have reported actual revenues above estimates, which is the highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. In aggregate, companies reported revenues that were 4.6% above the estimates, which is 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 index reported higher actual revenues for the second quarter relative to estimated revenues at the end of the quarter. The blended revenue growth rate for the second quarter is 25.2% today, compared to a revenue growth rate of 19.4% at the end of the second quarter (June 30). Positive revenue surprises reported by companies in the Energy, Financials, Health Care, and Communication Services sectors were the largest contributors to the overall increase in revenues from June 30 through today.

The second quarter marked the highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008. All eleven sectors are reported year-over-year growth in revenues, led by the Energy, Materials, and Consumer Discretionary sectors.

Looking at future quarters, analysts expect earnings growth of more than 20% for the remaining two quarters of 2021.

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

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

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

Percentage of Companies Beating EPS Estimates (87%) is at Record-High Level

More than 99% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 87% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 10% 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 87% 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 86%, which occurred in Q1 2021.

At the sector level, the Communication Services (96%) and Information Technology (96%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (71%) and Materials (75%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+16.4%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 16.4% above expectations. This surprise percentage is below the 1-year (+19.7%) average but above the 5-year (+7.8%) average.

If 16.4% is the final percentage for the quarter, it will mark the fourth-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 Financials (+26.9%) sector reported the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, PNC Financial Services Group ($2.43 vs. $1.09), Cincinnati Financial Corporation ($1.79 vs. $0.99), Hartford Financial Services Group ($2.33 vs. $1.34), and American Express ($2.80 vs. $1.63) reported some of the largest positive EPS surprises.

The Communication Services (+24.1%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, News Corporation ($0.16 vs. $0.06), Twitter ($0.20 vs. $0.07), Interpublic Group of Companies ($0.70 vs. $0.44), T-Mobile ($0.78 vs. $0.51), Walt Disney ($0.80 vs. $0.55), and Alphabet ($27.26 vs. $19.33) reported some of the largest positive EPS surprises.

The Consumer Discretionary (+22.2%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Caesars Entertainment ($0.48 vs. -$0.05), Ford Motor ($0.13 vs. -$0.03), Under Armour ($0.24 vs. $0.06), Ralph Lauren ($2.29 vs. $0.88), V.F. Corporation ($0.27 vs. $0.11), PVH Corporation ($2.72 vs. $1.20), and Hasbro ($1.05 vs. $0.47) reported some of the largest positive EPS surprises.

Market Rewarded Positive Earnings Surprises More Than Average

The market has rewarded positive earnings surprises more than average and has punished negative earnings surprises less than average during the second quarter earnings season.

Companies that have reported positive earnings surprises for Q2 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 Q2 2021 have seen an average price decrease of -1.2% 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 (87%) is at Record-High Level

In terms of revenues, 87% of companies have reported actual revenues above estimated revenues and 13% 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 87% 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 Health Care (97%), Communication Services (96%), Consumer Staples (94%), and Information Technology (93%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (68%) and Utilities (68%) 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 Energy (+11.9%), Communication Services (+5.6%), and Financials (+4.9%) sectors reported the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Industrials (+2.3%) sector is reporting the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Earnings Since June 30 Led By Financials Sector

Financials Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings growth rate for Q2 2021 of 90.9% is larger than the estimate of 63.0% at the end of the second quarter (June 30). Ten 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 Consumer Discretionary (to 282.5% from 204.0%), Industrials (to 413.2% from 347.5%), and Financials (to 176.8% from 115.2%) sectors. However, the Financials, Information Technology, and Communication Services sectors have seen the largest increases in dollar-level earnings of all eleven sectors 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), Citigroup ($2.85 vs. $1.97), and Capital One Financial ($7.71 vs. $4.62) have been substantial contributors to the increase in earnings for the index since June 30. As a result, the blended earnings growth rate for the Financials increased to 176.8% from 115.2% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($1.30 vs. $1.01) and Microsoft ($2.17 vs $1.92) have been significant contributors to the increase in earnings for the index since June 30. As a result, the blended earnings growth rate for the Information Technology sector has increased to 48.6% from 30.5% over this period.

In the Communication Services sector, the positive EPS surprises reported by Alphabet ($27.26 vs. $19.33) and Facebook ($3.61 vs $3.04) have been substantial contributors to the increase in earnings for the index since June 30. As a result, the blended earnings growth rate for the Communication Services sector increased to 75.8% from 40.9% over this period.

Energy Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2021 of 25.2% is larger than the estimate of 19.4% at the end of the second quarter (June 30). All eleven 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 Energy (113.3% from 86.6%) sector. This sector also saw the largest increase in dollar-level revenues of all eleven sectors since June 30.

Earnings Growth: 90.9%

The blended (year-over-year) earnings growth rate for Q2 2021 is 90.9%, which is well above the 5-year average earnings growth rate of 7.1%. If 90.9% 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 have reported) year-over-year earnings growth, led by the Energy, Industrials, Consumer Discretionary, Financials, and Materials sectors.

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

The Energy sector reported earnings of $15.9 billion for Q2 2021 compared to a loss of -$10.6 billion in Q2 2020. Thus, a year-over-year growth rate was not calculated for the Energy sector due to the loss reported by the sector in Q2 2020. Higher year-over-year oil prices contributed 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 reported a year-over-year increase in earnings. A growth rate was not calculated for three of these five sub-industries due to losses reported in the year-ago quarter. However, all three reported profits in Q2 2021: Integrated Oil & Gas, Oil & Gas Exploration & Production, and Oil & Gas Refining & Marketing. The other two sub-industries that reported year-over-year growth are the Oil & Gas Equipment & Services (1,381%) and Oil & Gas Storage & Transportation (44%) sub-industries. At the company level, Exxon Mobil and Chevron were the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these two companies accounted for $13.9 billion of the $26.8 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 to the highest (year-over-year) earnings growth rate of all eleven sectors at 413.2%. At the industry level, all 12 industries in the sector are reporting (or have reported) a year-over-year increase in earnings. A growth rate was not calculated for the Airlines industry due to the loss reported in the year-ago quarter. However, this industry reported a smaller loss in Q2 2021 (-$3.3 billion) relative to Q2 2020 (-$11.5 billion). The remaining eleven industries are all reporting (or have reported) double-digit earnings growth. Five of these eleven industries reported earnings growth of more than 70%: Industrial Conglomerates (313%), Aerospace & Defense (222%), Machinery (100%), Road & Rail (72%), and Electrical Equipment (71%). 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 96.7% from 413.2%.

Consumer Discretionary: Hotels, Restaurants & Leisure Industry Was Largest Contributor to Growth

The Consumer Discretionary sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 282.5%. At the industry level, nine of the ten industries in this sector reported a year-over-year improvement in earnings. A growth rate was not calculated for four of these nine industries due to losses reported in the year-ago quarter. However, all four industries reported profits in Q2 2021: Automobiles, Textiles, Apparel & Luxury Goods, Auto Components, and Hotels, Restaurants, & Leisure. The other five industries reported double-digit earnings growth: Leisure Products (5,171%), Household Durables (94%), Distributors (67%), Specialty Retail (45%), and Internet & Direct Marketing Retail (41%). The only industry that reported a year-over-year decline in earnings was the Multiline Retail (-2%) industry. The Hotels, Restaurants, & Leisure industry was also the largest contributor to earnings growth for the sector, as this industry reported a profit of $123 million in Q2 2021 compared to a loss of $7.7 billion in Q2 2020. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 110.3% from 282.5%.

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

The Financials sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors at 176.8%. At the industry level, all five industries in this sector reported a year-over-year improvement in earnings. A growth rate was not calculated for the Consumer Finance industry due to a loss reported in the year-ago quarter. However, this industry reported a profit in Q2 2021 ($8.6 billion) relative to the loss in Q2 2020 (-$832 million). The other four industries reported earnings growth of more than 20%: Banks (417%), Insurance (99%), Capital Markets (41%), and Diversified Financial Services (23%) 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 98.1% from 176.8%.

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

The Materials sector reported the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 135.5%. At the industry level, all four industries in this sector reported year-over-year growth. Two of these four industries reported growth of more than 100%: Metals & Mining (708%) and Chemicals (131%). 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 101.2% from 135.5%.

Revenue Growth: 25.2%

The blended (year-over-year) revenue growth rate for Q2 2021 is 25.2%, which is well above the 5-year average revenue growth rate of 4.5%. If 25.2% 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. The unusually high growth rate is due to a combination of higher revenues in Q2 2021 and an easier comparison to lower revenues in Q2 2020 due to the negative impact of COVID-19 on a number of industries. All eleven sectors are reporting (or have reported) year-over-year growth in revenues, led by the Energy, Materials, and Consumer Discretionary sectors.

Energy: 3 of 5 Sub-Industries Reported Year-Over-Year Growth Above 125%

The Energy sector reported the highest (year-over-year) revenue growth rate of all eleven sectors at 113.3%. Higher year-over-year oil prices contributed 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 reported year-over-year growth in revenues. Three of these five sub-industries reported revenue growth above 125%: Oil & Gas Exploration & Production (193%), Oil & Gas Refining & Marketing (129%), and Integrated Oil & Gas (127%).

Materials: Metals & Mining Industry Led Year-Over-Year Growth

The Materials sector reported the second-highest (year-over-year) revenue growth of all eleven sectors at 37.9%. At the industry level, all four industries in this sector reported year-over-year growth in revenues, with three of these four industries reporting double-digit growth: Metals & Mining (81%), Chemicals (39%), and Containers & Packaging (18%).

Consumer Discretionary: 5 of 10 Industries Reported Year-Over-Year Growth Above 50%

The Consumer Discretionary sector reported the third-highest (year-over-year) revenue growth of all eleven sectors at 34.3%. At the industry level, all ten industries in this sector reported growth in revenues. Nine of these ten industries reported double-digit growth, with five of these nine industries reporting earnings growth above 50%: Auto Components (123%), Hotels, Restaurants, & Leisure (111%), Textiles, Apparel, & Luxury Goods (82%), Automobiles (73%), and Leisure Products (54%).

Net Profit Margin: 13.1%

The blended net profit margin for the S&P 500 for Q2 2021 is 13.1%, which is above the 5-year average of 10.6%, above the year-ago net profit margin of 8.6%, and above the previous quarter's net profit margin of 12.8%.

If 13.1% 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 12.8%, which occurred in the previous quarter.

At the sector level, all eleven sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q2 2021 compared to Q2 2020, led by the Financials sector (21.5% vs. 8.6%), Industrials (9.1% vs. 2.3%), and Materials (14.7% vs. 8.6%) sectors. Ten sectors are reporting net profit margins in Q2 2021 that are above their 5-year averages, led by the Financials (21.5% vs. 15.5%) and Materials (14.7% vs. 9.3%) 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, 101 companies in the index have issued EPS guidance for Q3 2021. Of these 101 companies, 46 have issued negative EPS guidance and 55 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 54% (55 out of 101), 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.

Earnings: S&P 500 Expected to Report Earnings Growth of 43% for CY 2021

For the second quarter, S&P 500 companies are reporting earnings growth of 90.9% and revenue growth of 25.2%.

For Q3 2021, analysts are projecting earnings growth of 28.1% and revenue growth of 14.8%.

For Q4 2021, analysts are projecting earnings growth of 21.6% and revenue growth of 11.3%.

For CY 2021, analysts are projecting earnings growth of 42.6% and revenue growth of 14.8%.

For CY 2022, analysts are projecting earnings growth of 9.3% and revenue growth of 6.5%.

Valuation: Forward P/E Ratio is 21.3, Above the 10-Year Average (16.3)

The forward 12-month P/E ratio is 21.3 This P/E ratio is above the 5-year average of 18.2 and above the 10-year average of 16.3. However, it is slightly below 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 5.6%, while the forward 12-month EPS estimate has increased by 5.8%.

At the sector level, the Consumer Discretionary (30.3) and Information Technology (26.8) sectors have the highest forward 12-month P/E ratios, while the Energy (13.0) and Financials (14.2) sectors have the lowest forward 12-month P/E ratios.

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

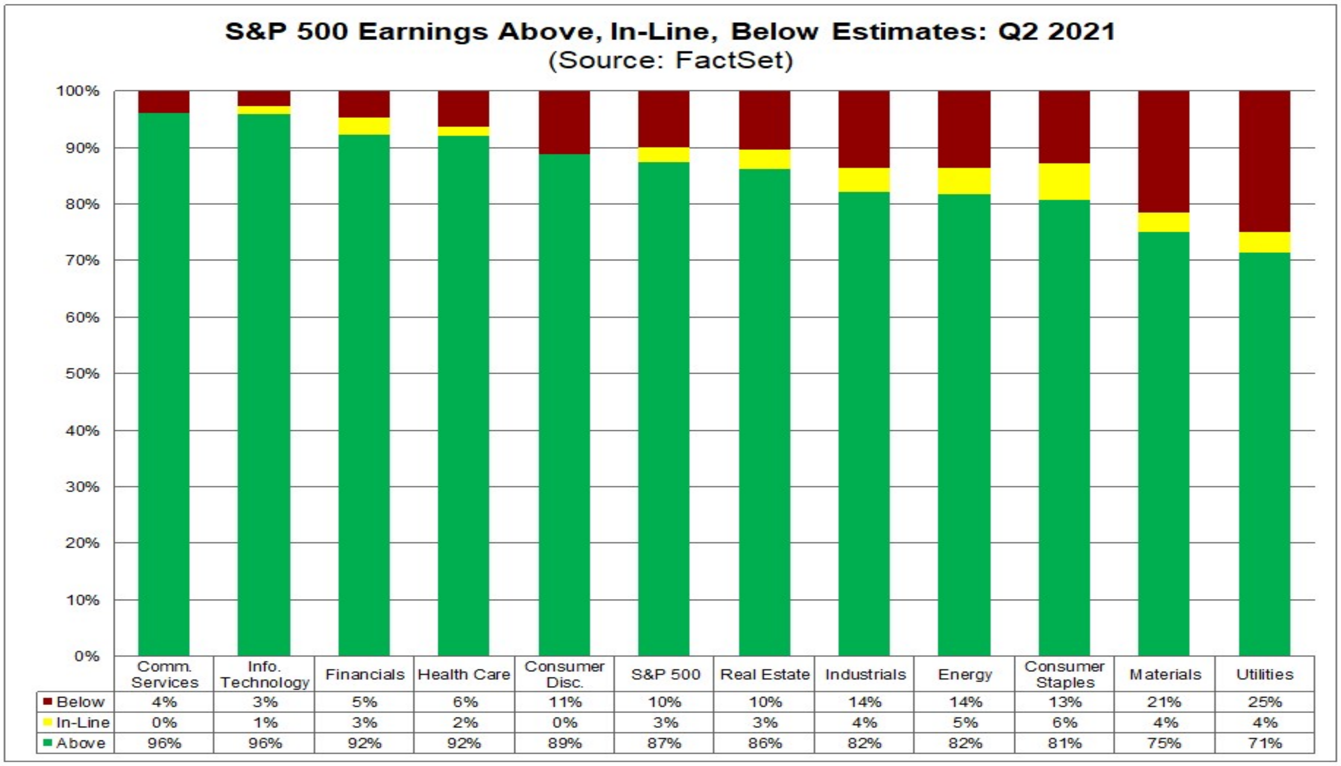
The bottom-up target price for the S&P 500 is 5011.15, which is 10.5% above the closing price of 4536.95. At the sector level, the Energy (+26.1%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Real Estate (+3.6%) and Utilities (+4.6%) 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 10,458 ratings on stocks in the S&P 500. Of these 10,458 ratings, 57.1% are Buy ratings, 36.6% are Hold ratings, and 6.3% are Sell ratings. At the sector level, the Energy (65%), Communication Services (64%), Health Care (63%), and Information Technology (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) sector has the lowest percentage of Buy ratings.

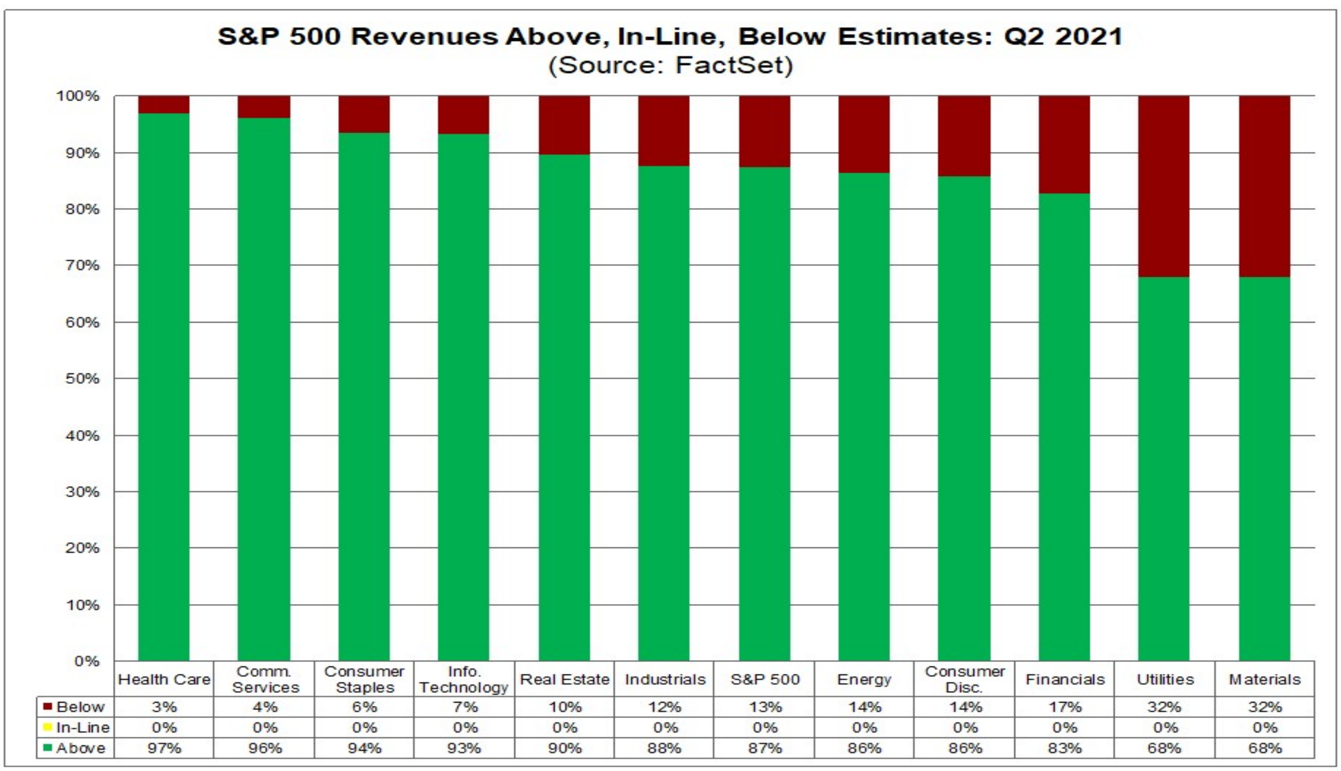
Companies Reporting Next Week: 2

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

Q2 2021: Scorecard

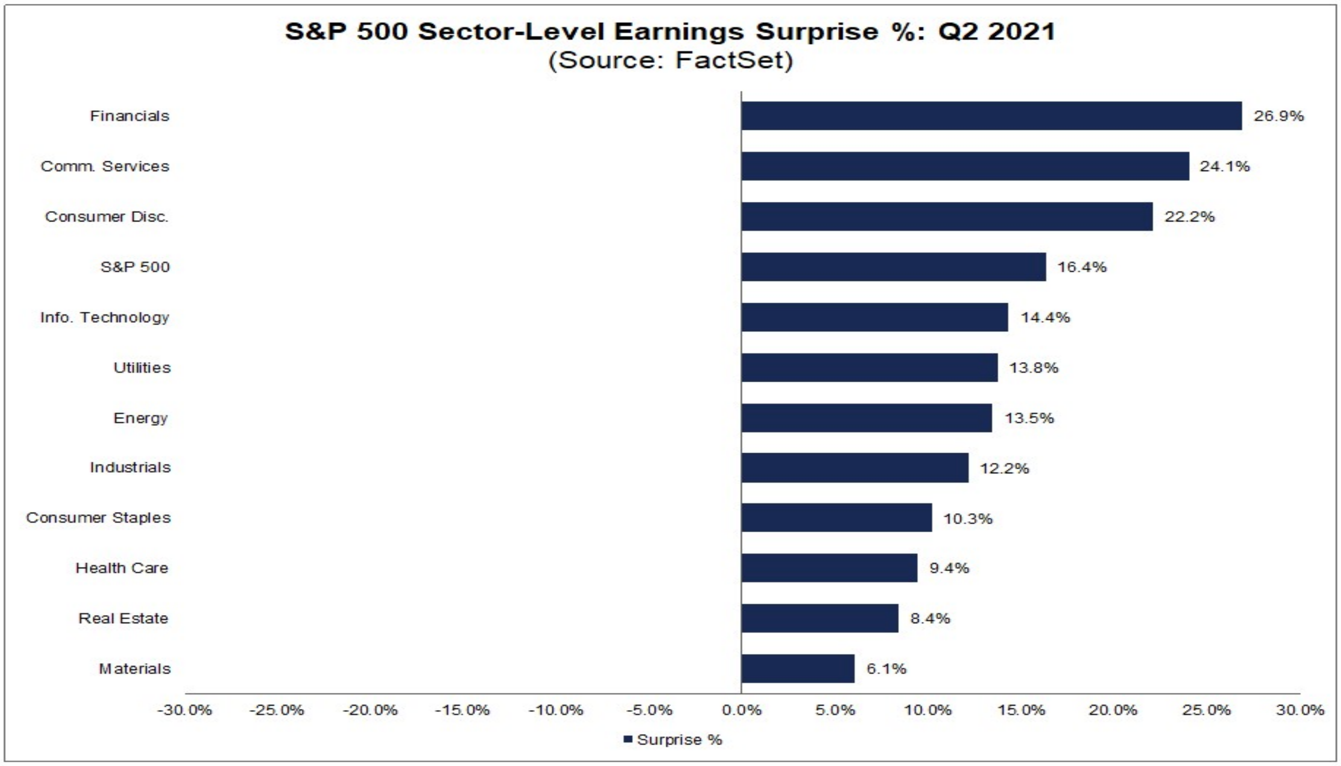


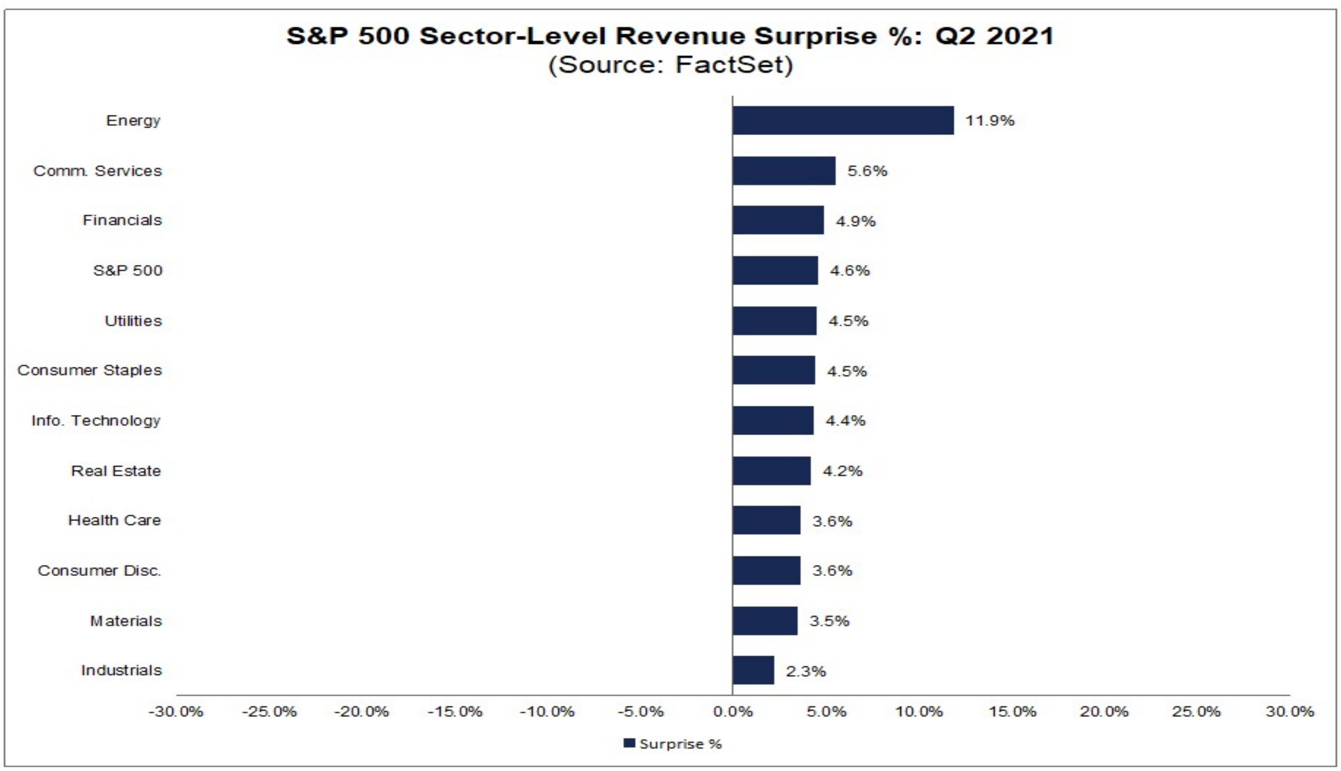
	Comm. Services	Info. Technology	Financials	Health Care	Consumer Disc.	S&P 500	Real Estate	Industrials	Energy	Consumer Staples	Materials	Utilities
Below	4%	3%	5%	6%	11%	10%	10%	14%	14%	13%	21%	25%
In-Line	0%	1%	3%	2%	0%	3%	3%	4%	5%	6%	4%	4%
Above	96%	96%	92%	92%	89%	87%	86%	82%	82%	81%	75%	71%



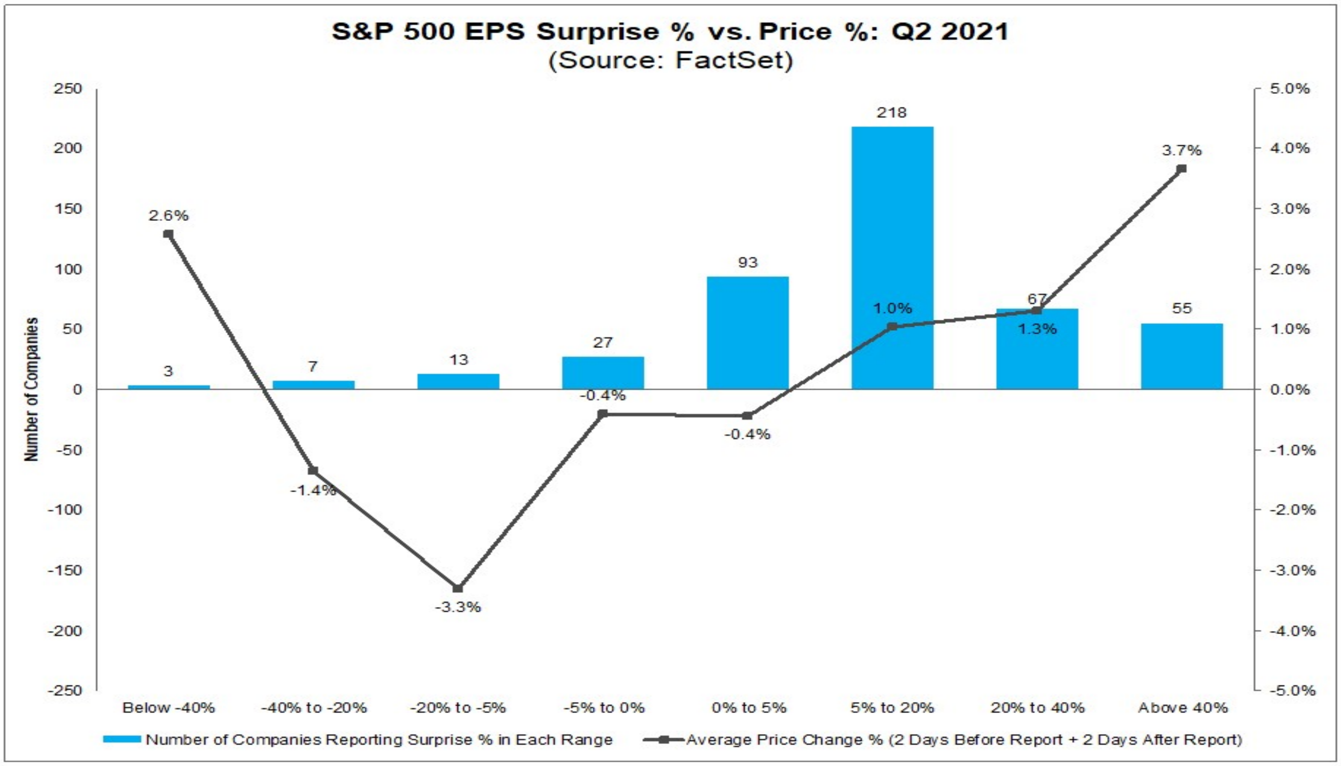
	Health Care	Comm. Services	Consumer Staples	Info. Technology	Real Estate	Industrials	S&P 500	Energy	Consumer Disc.	Financials	Utilities	Materials
Below	3%	4%	6%	7%	10%	12%	13%	14%	14%	17%	32%	32%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	97%	96%	94%	93%	90%	88%	87%	86%	86%	83%	68%	68%

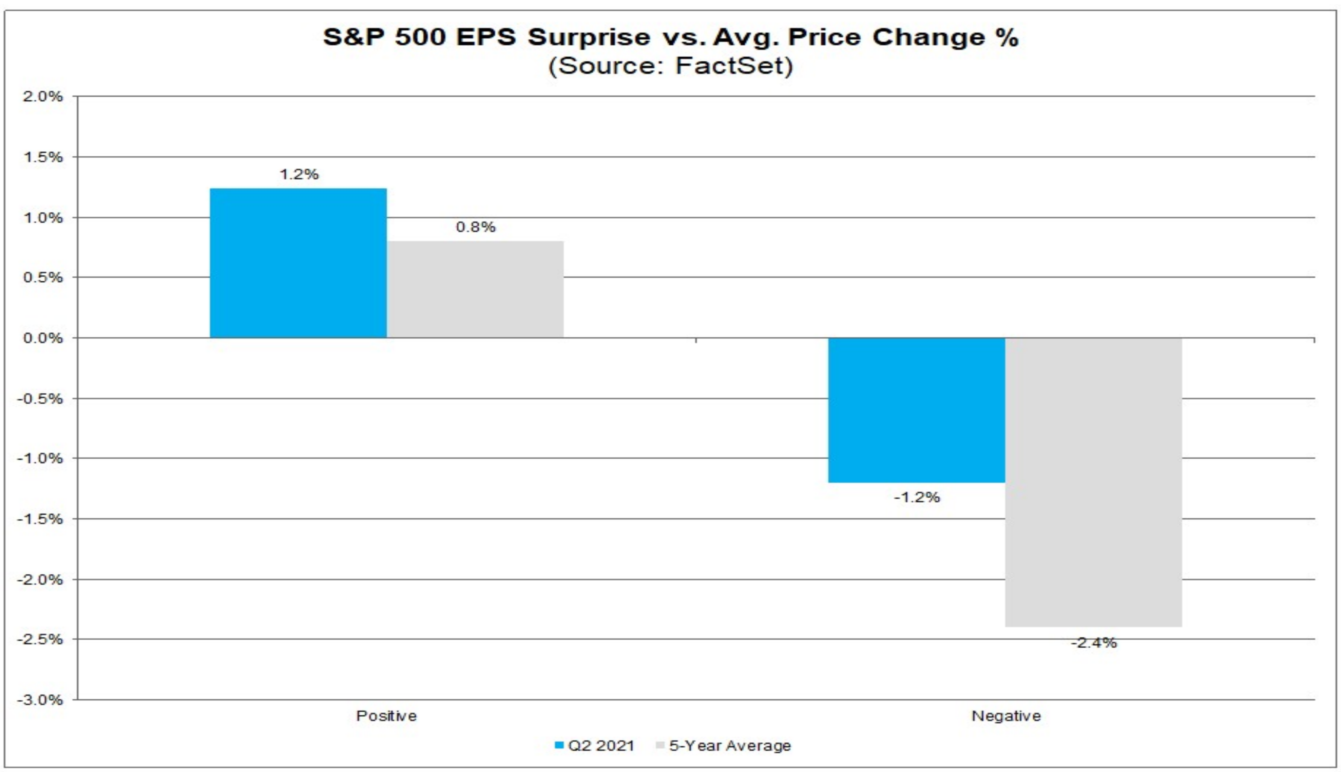
Q2 2021: Scorecard



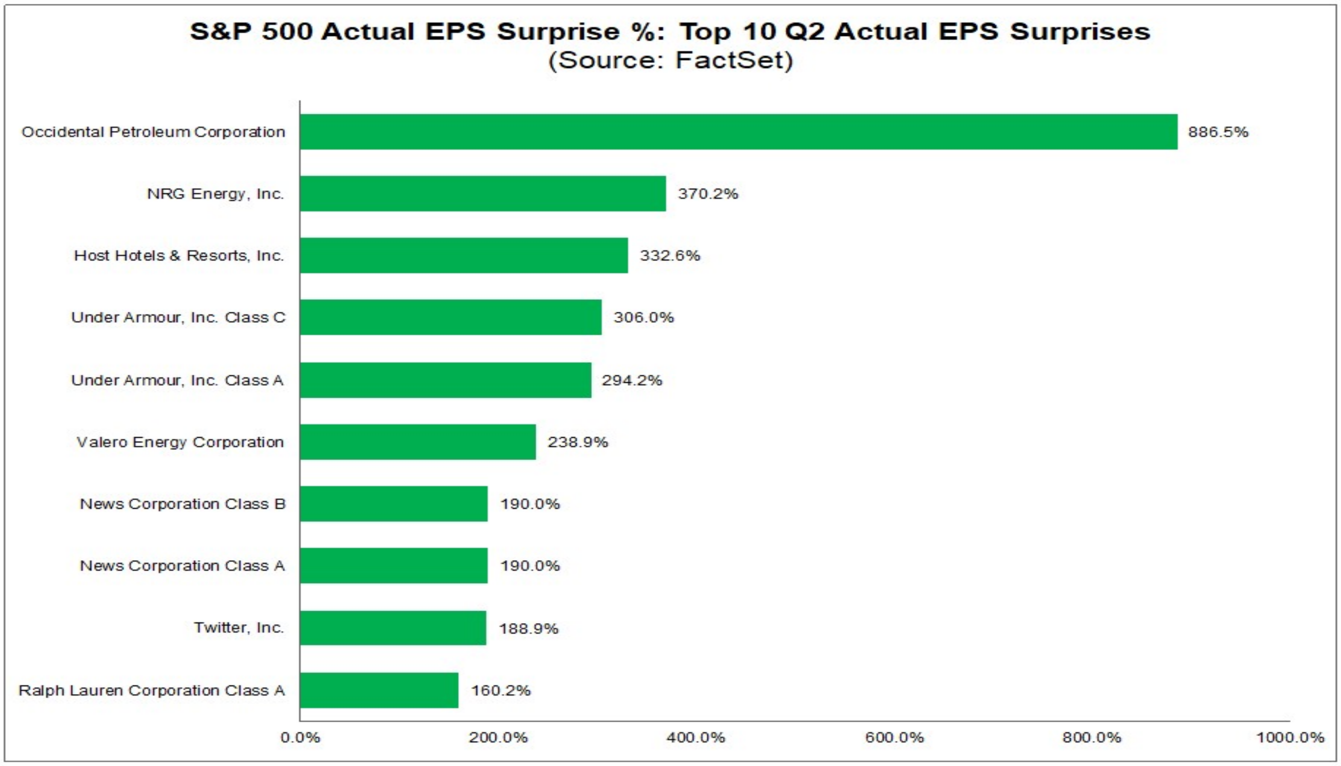


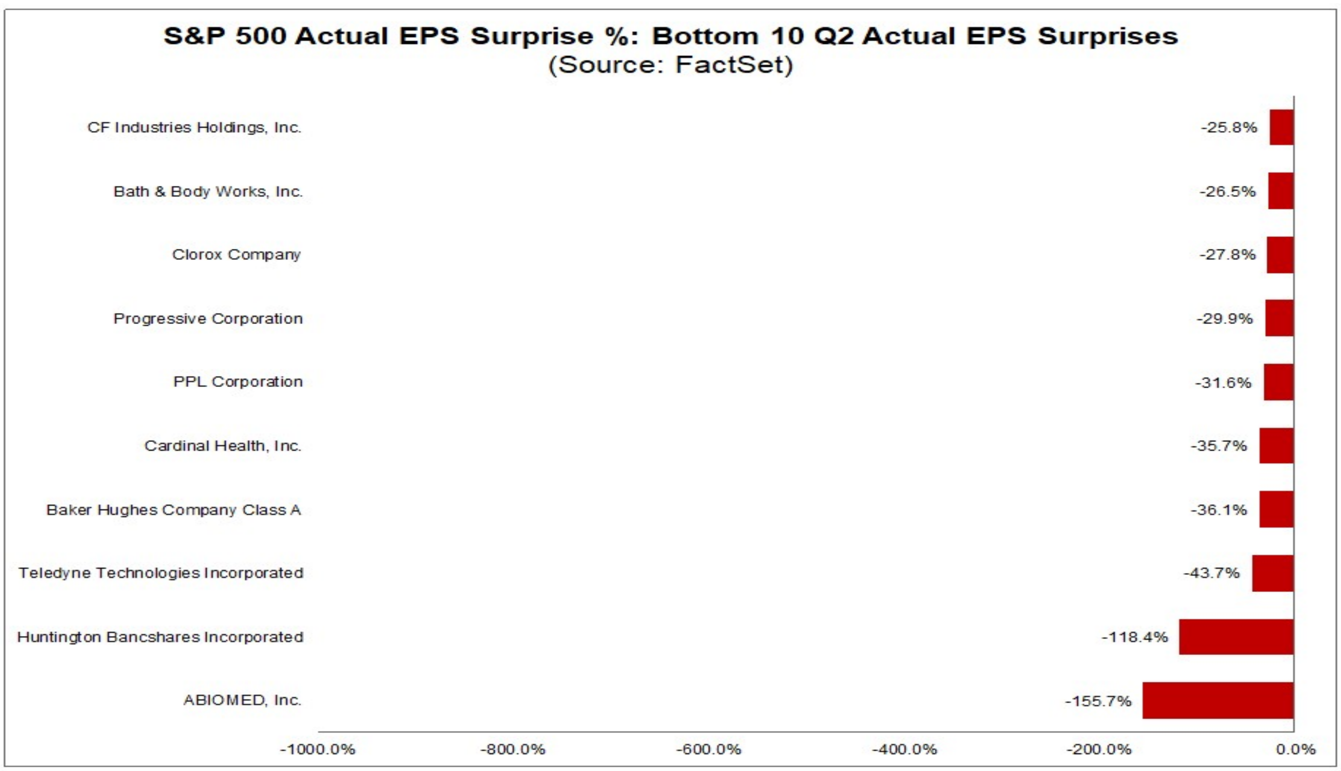
Q2 2021: Scorecard





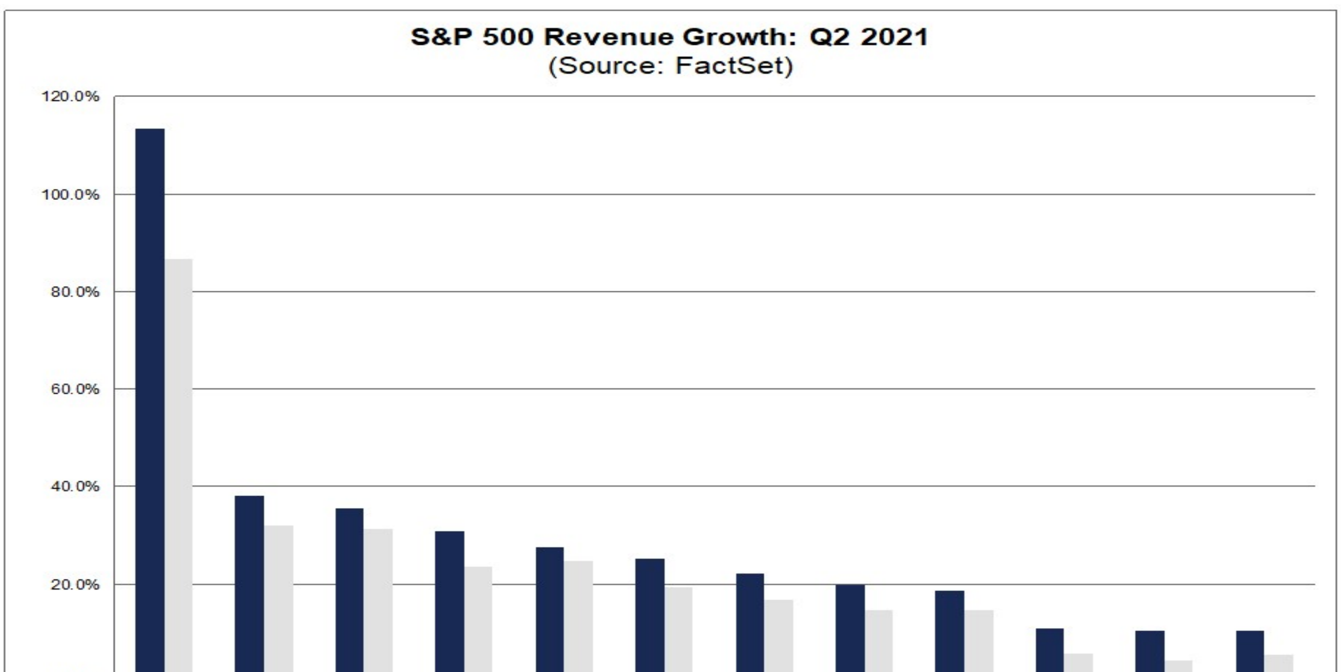
Q2 2021: Scorecard





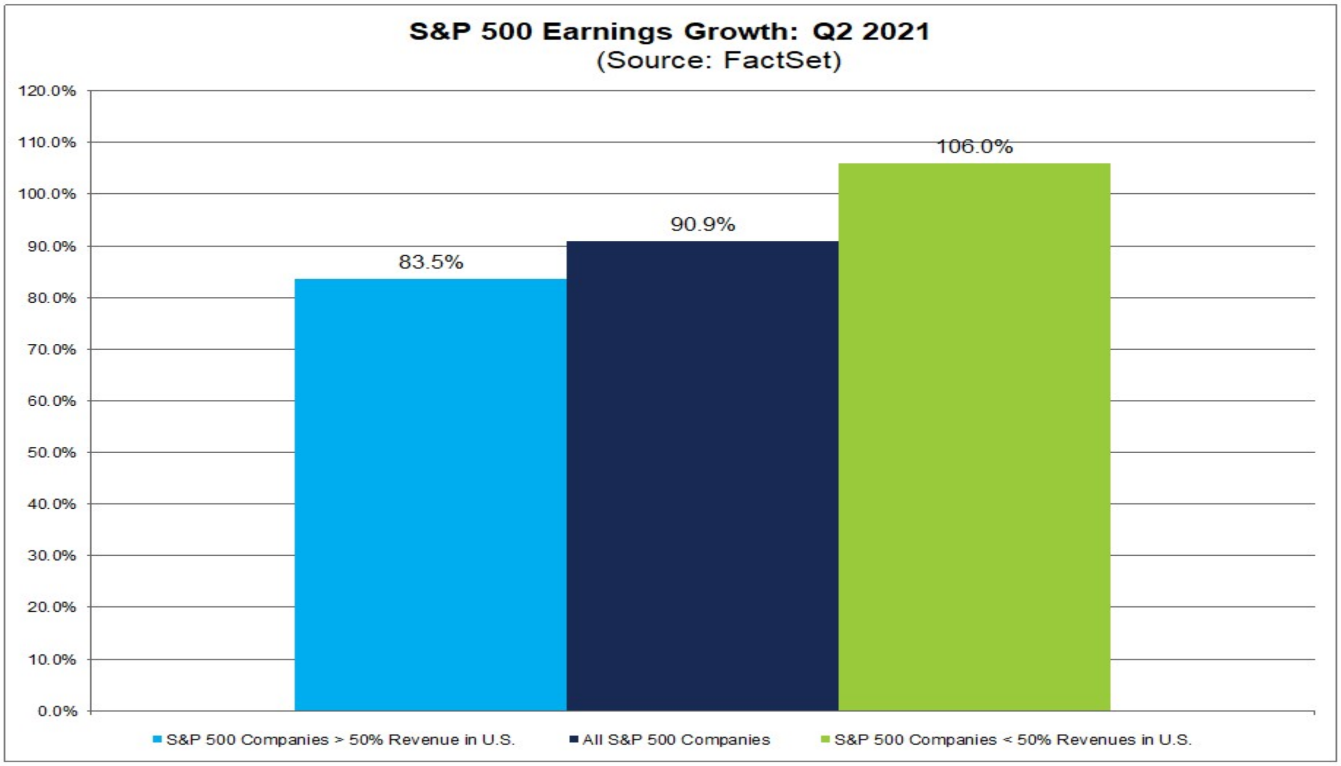
Q2 2021: Growth

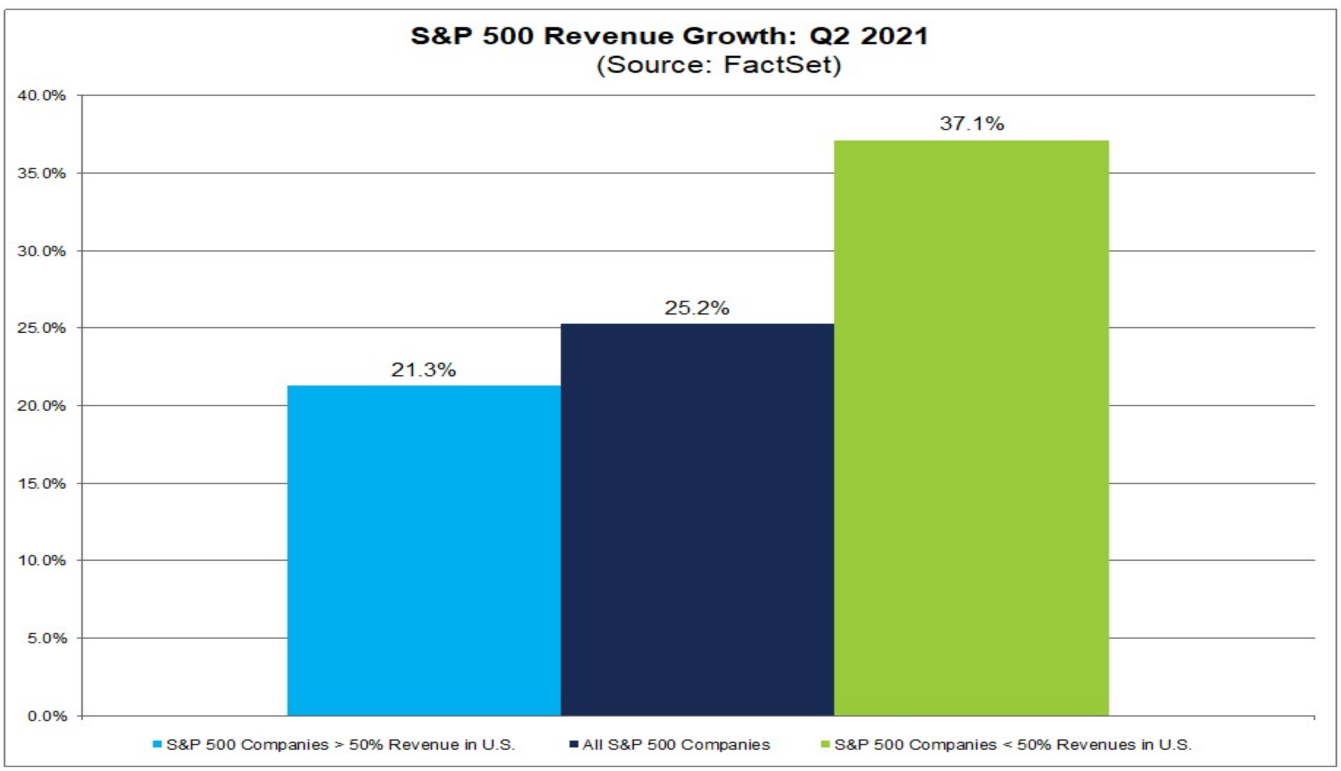
	Energy	Industrials	Consumer Disc.	Financials	Materials	S&P 500	Comm. Services	Info. Technology	Real Estate	Health Care	Consumer Staples	Utilities
Today		413.2%	282.5%	176.8%	135.5%	90.9%	75.8%	48.6%	32.5%	21.1%	17.7%	14.1%
30-Jun		347.5%	204.0%	115.2%	116.1%	63.0%	40.9%	30.5%	21.1%	11.3%	7.0%	0.6%



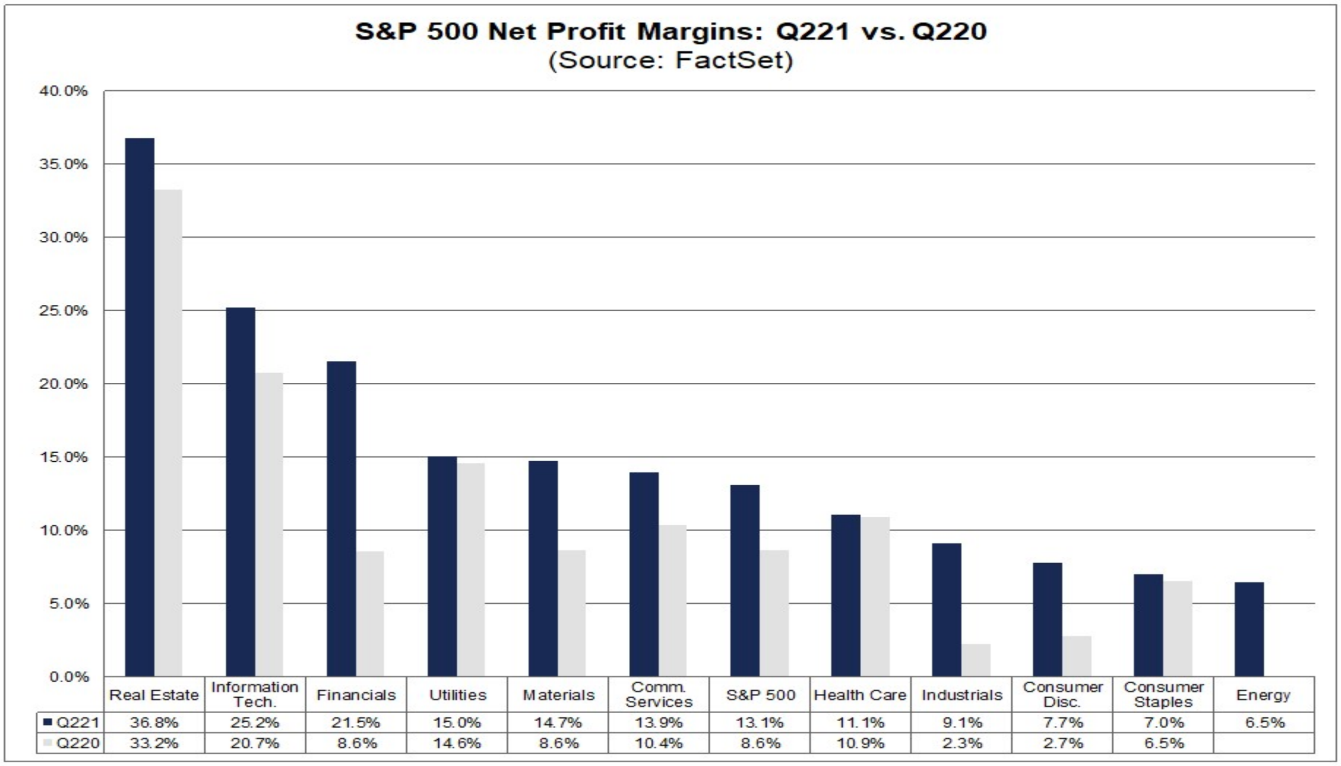
	Energy	Materials	Consumer Disc.	Comm. Services	Industrials	S&P 500	Info. Technology	Real Estate	Health Care	Utilities	Financials	Consumer Staples
Today	113.3%	38.1%	35.5%	30.7%	27.5%	25.2%	22.1%	19.9%	18.7%	10.8%	10.4%	10.4%
30-Jun	86.6%	32.0%	31.3%	23.5%	24.8%	19.4%	16.9%	14.6%	14.6%	5.7%	4.4%	5.4%

Q2 2021: Growth

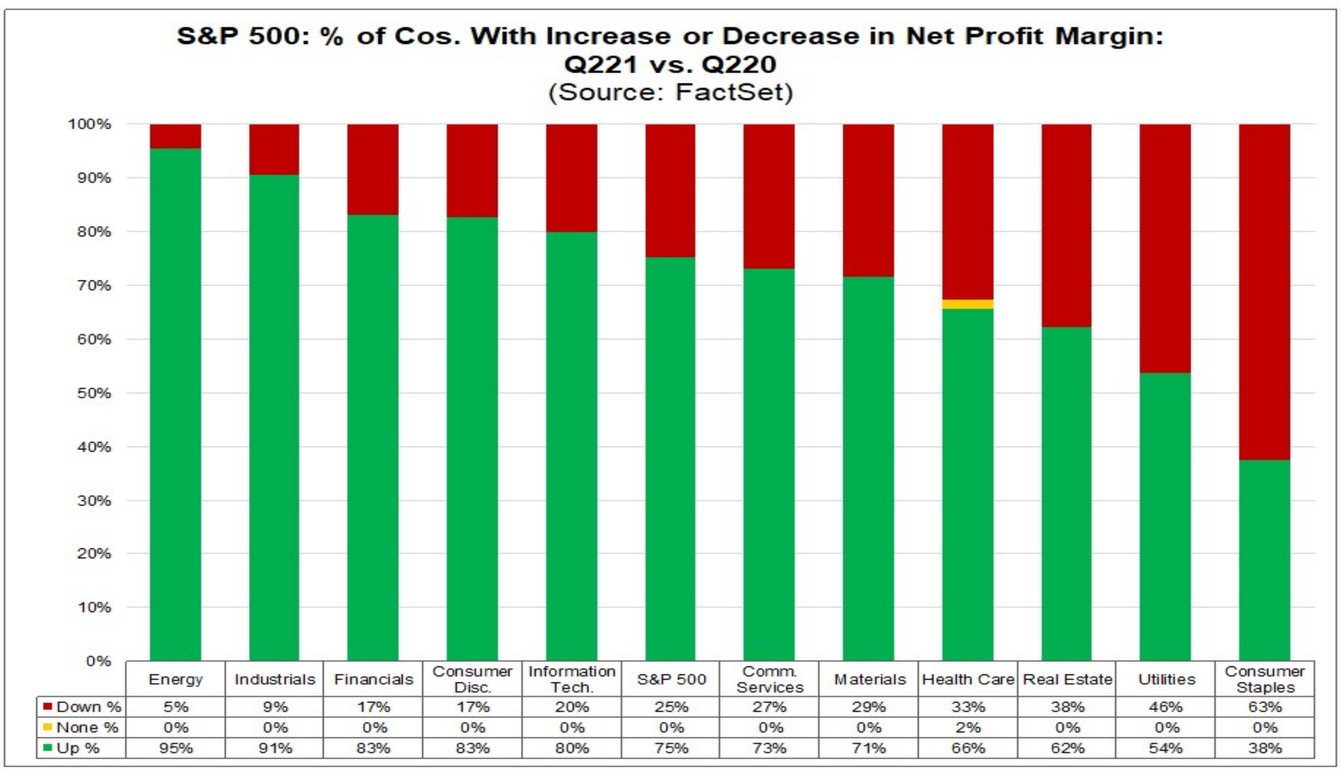




Q2 2021: Net Profit Margin

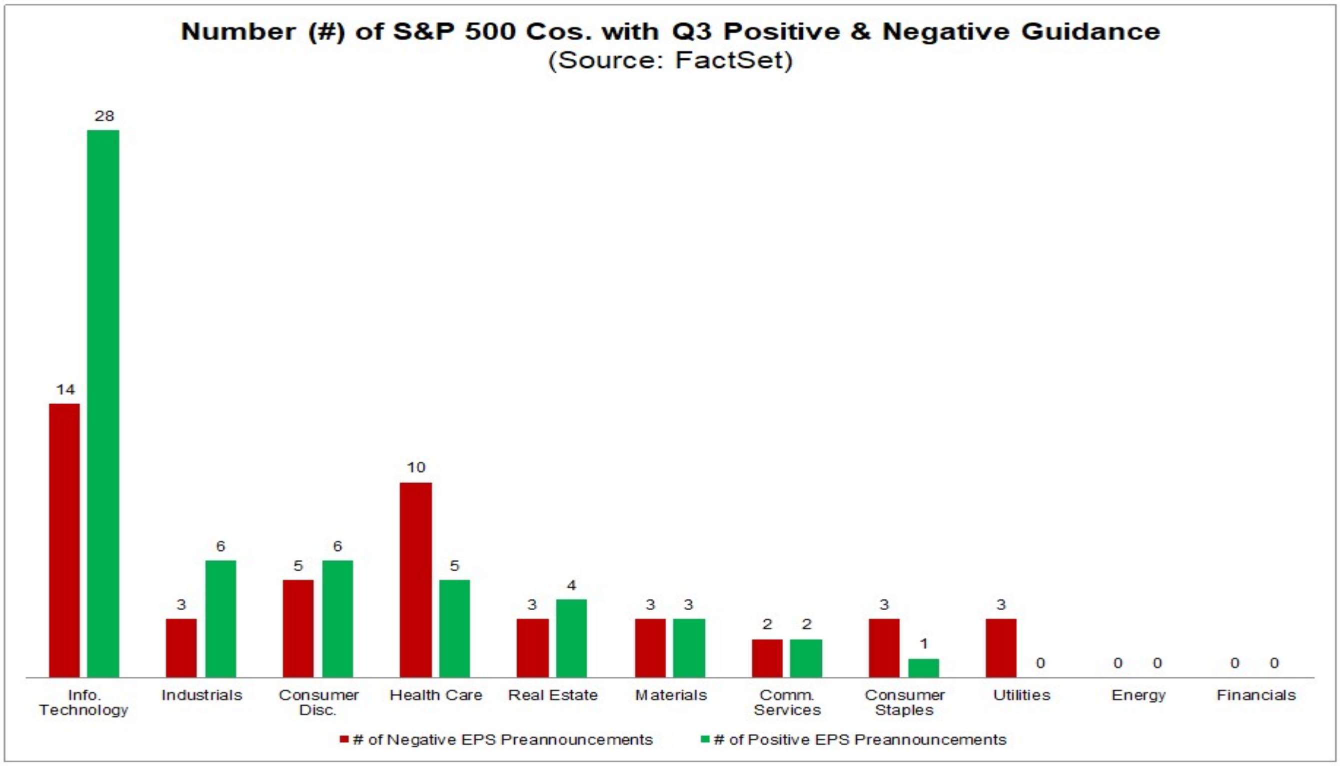


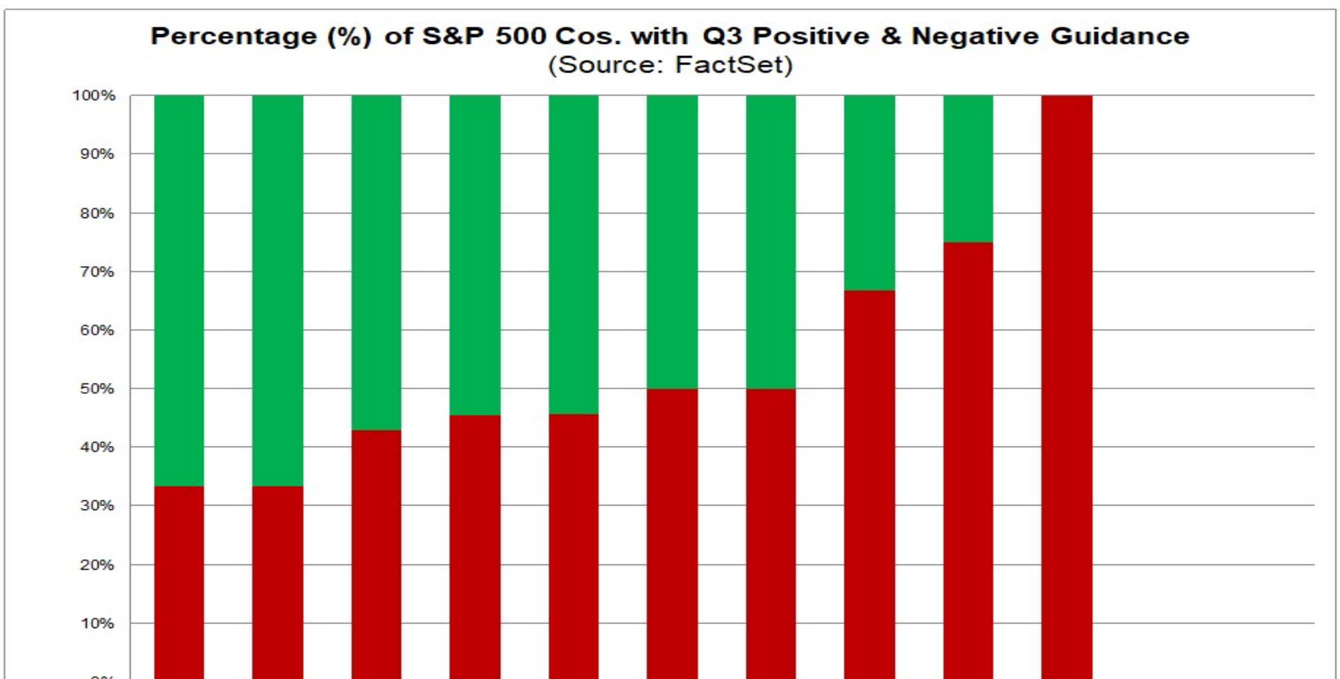
	Real Estate	Information Tech.	Financials	Utilities	Materials	Comm. Services	S&P 500	Health Care	Industrials	Consumer Disc.	Consumer Staples	Energy
Q221	36.8%	25.2%	21.5%	15.0%	14.7%	13.9%	13.1%	11.1%	9.1%	7.7%	7.0%	6.5%
Q220	33.2%	20.7%	8.6%	14.6%	8.6%	10.4%	8.6%	10.9%	2.3%	2.7%	6.5%	



	Energy	Industrials	Financials	Consumer Disc.	Information Tech.	S&P 500	Comm. Services	Materials	Health Care	Real Estate	Utilities	Consumer Staples
Down %	5%	9%	17%	17%	20%	25%	27%	29%	33%	38%	46%	63%
None %	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	0%	0%
Up %	95%	91%	83%	83%	80%	75%	73%	71%	66%	62%	54%	38%

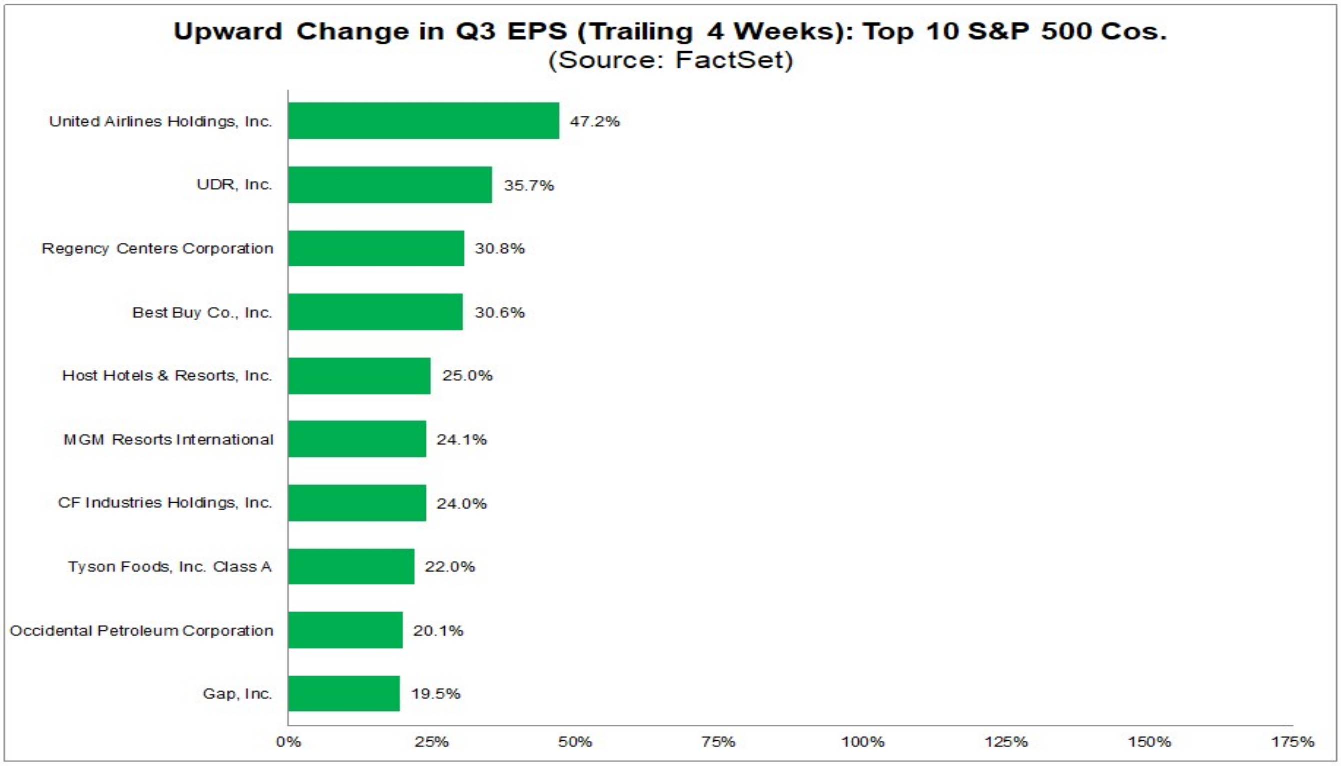
Q3 2021: EPS Guidance

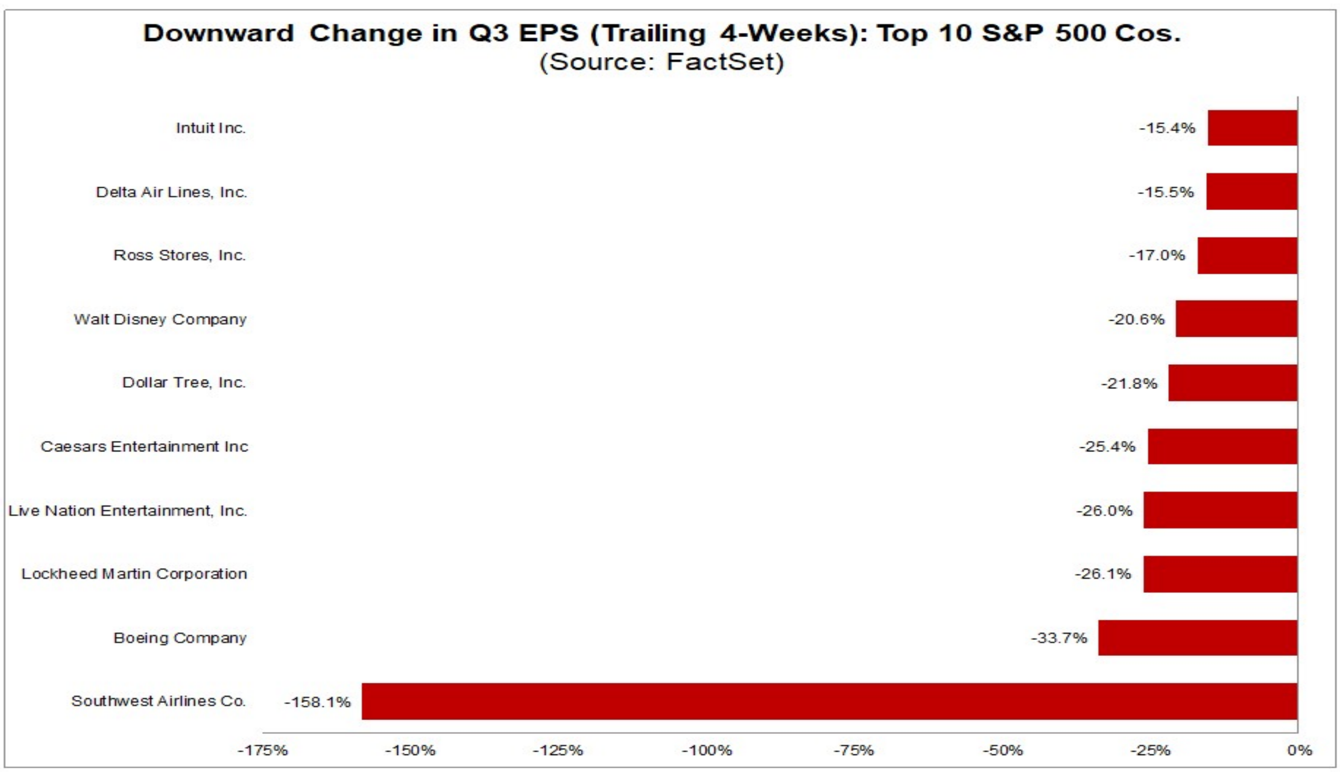




	Info. Technology	Industrials	Real Estate	Consumer Disc.	S&P 500	Materials	Comm. Services	Health Care	Consumer Staples	Utilities	Energy	Financials
Positive	67%	67%	57%	55%	54%	50%	50%	33%	25%	0%	0%	0%
Negative	33%	33%	43%	45%	46%	50%	50%	67%	75%	100%	0%	0%

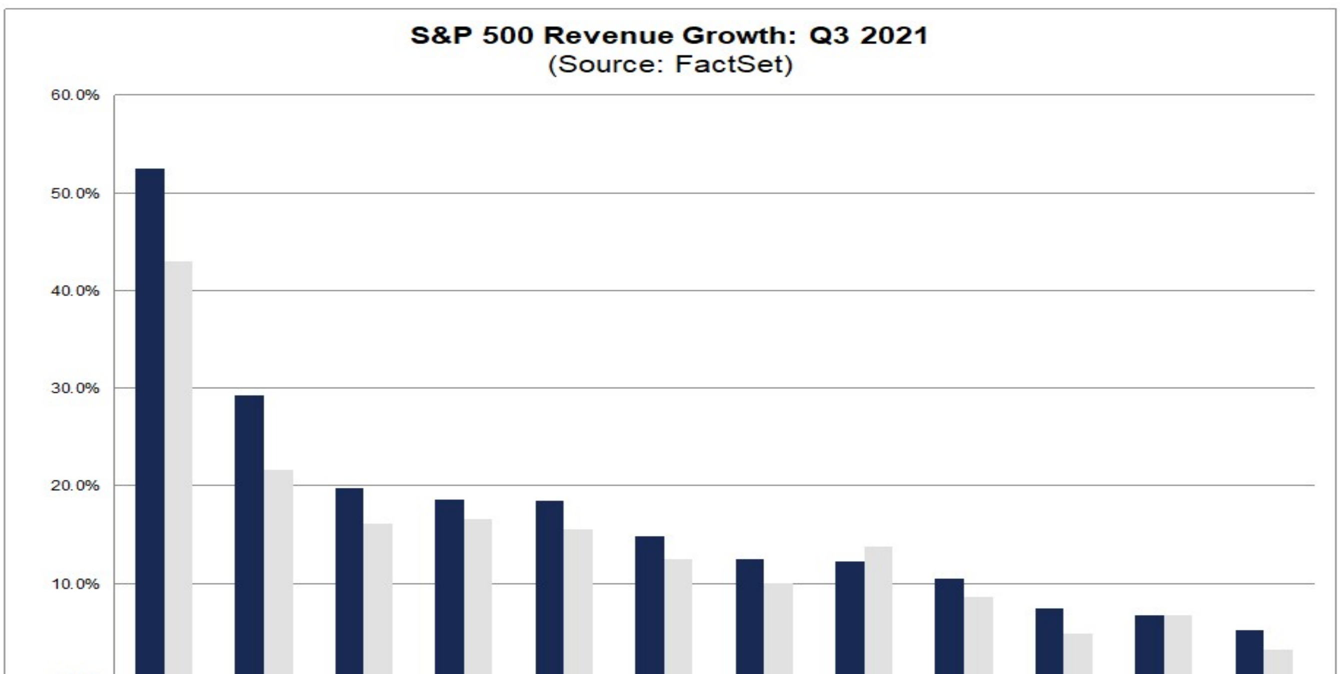
Q3 2021: EPS Revisions





Q3 2021: Growth

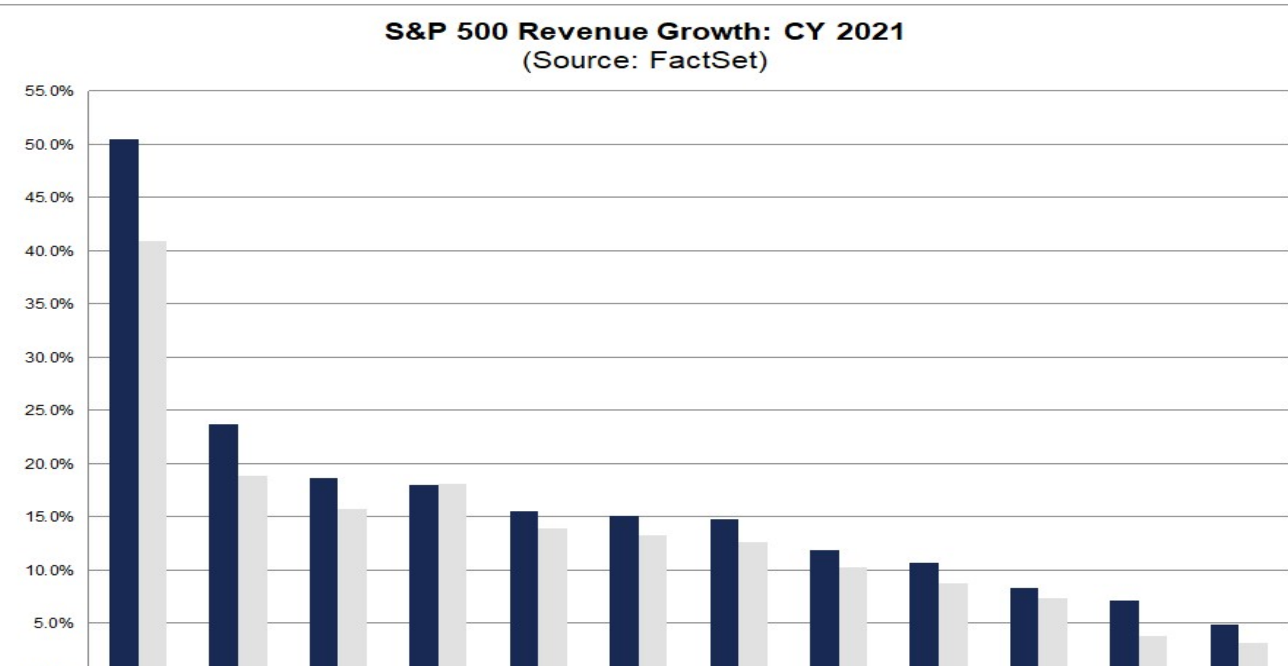
	Energy	Materials	Industrials	S&P 500	Info. Technology	Comm. Services	Financials	Health Care	Real Estate	Consumer Disc.	Consumer Staples	Utilities
Today		92.1%	73.6%	28.1%	28.1%	22.9%	18.2%	15.7%	13.9%	4.9%	0.3%	-0.1%
30-Jun		71.3%	69.7%	24.2%	21.7%	14.4%	14.7%	15.2%	11.7%	11.4%	2.2%	1.6%



	Energy	Materials	Comm. Services	Industrials	Info. Technology	S&P 500	Real Estate	Consumer Disc.	Health Care	Financials	Utilities	Consumer Staples
Today	52.4%	29.3%	19.8%	18.5%	18.4%	14.8%	12.5%	12.2%	10.5%	7.4%	6.7%	5.2%
30-Jun	43.0%	21.7%	16.2%	16.6%	15.5%	12.5%	10.0%	13.8%	8.6%	4.9%	6.7%	3.2%

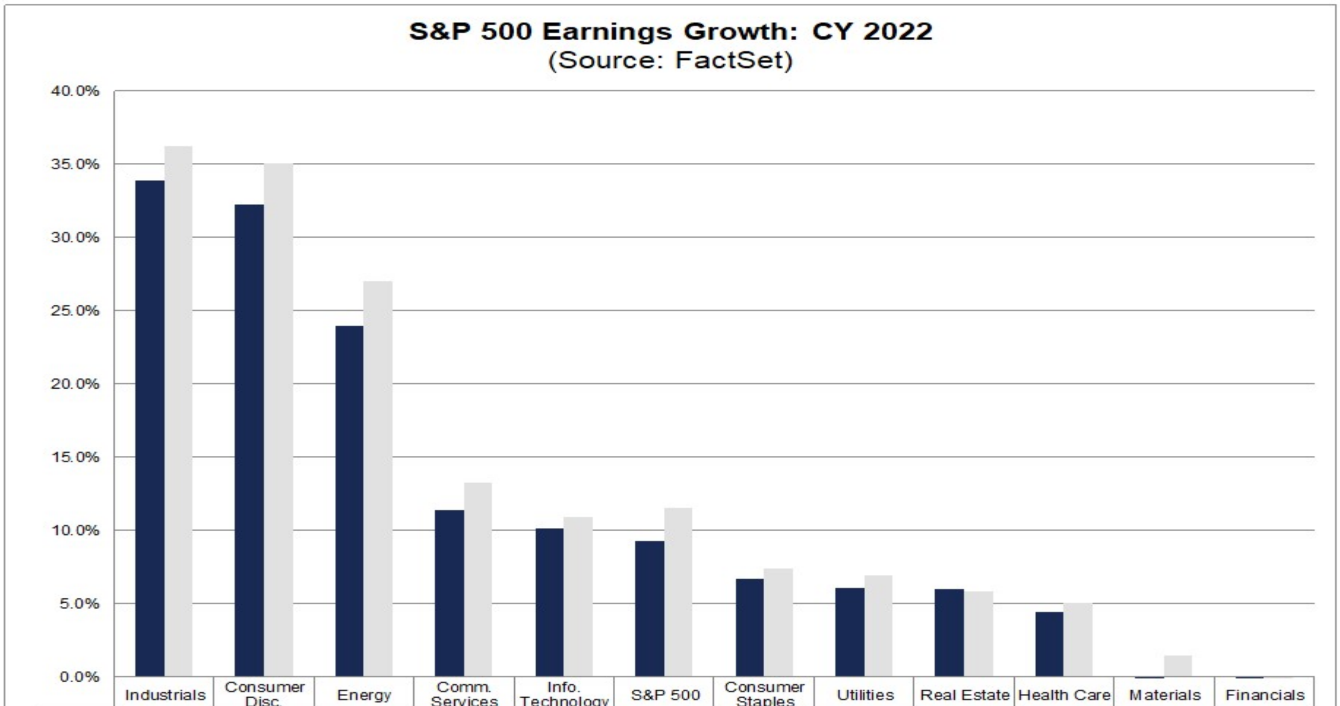
CY 2021: Growth

	Energy	Industrials	Materials	Consumer Disc.	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		105.3%	83.3%	75.9%	56.0%	42.6%	33.7%	26.6%	22.3%	14.0%	8.7%	1.9%
30-Jun		96.3%	66.7%	70.9%	43.9%	36.0%	23.7%	22.8%	19.3%	10.6%	7.2%	2.7%

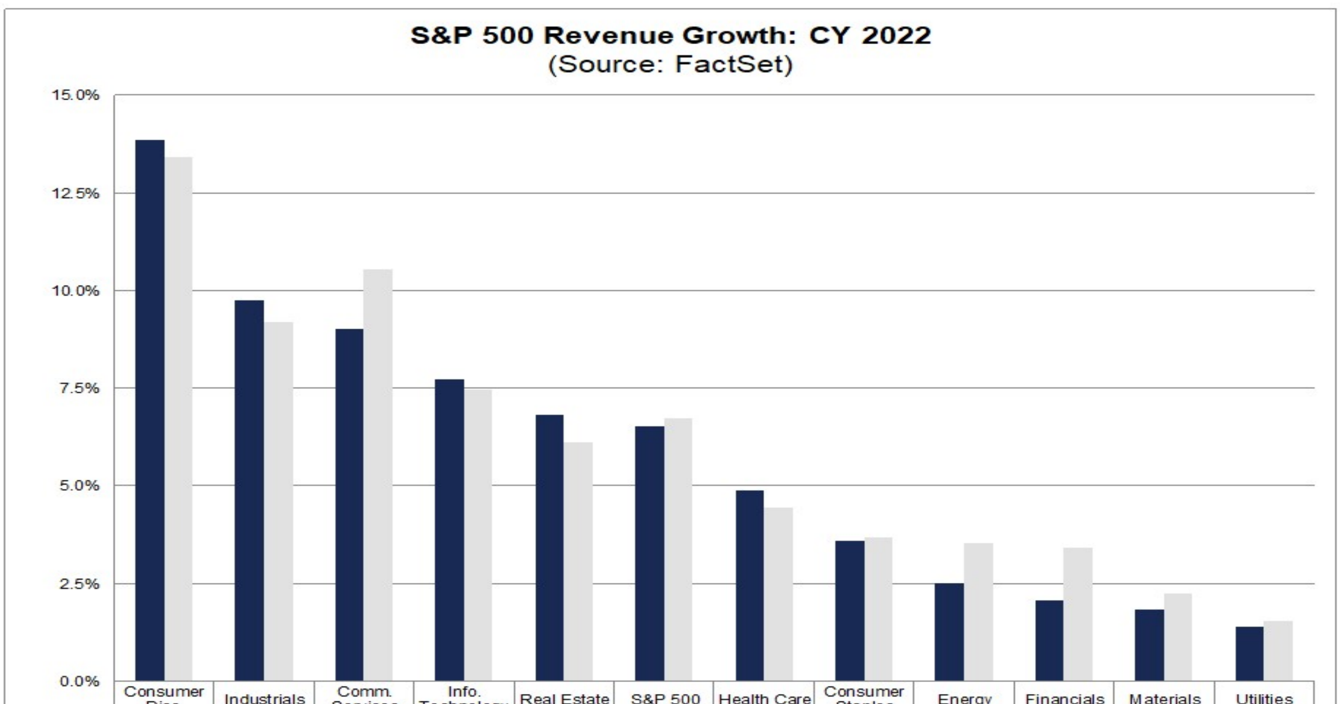


	Energy	Materials	Comm. Services	Consumer Disc.	Info. Technology	Industrials	S&P 500	Health Care	Real Estate	Utilities	Financials	Consumer Staples
Today	50.4%	23.7%	18.6%	18.0%	15.5%	15.1%	14.8%	11.9%	10.7%	8.3%	7.1%	4.8%
30-Jun	40.9%	18.9%	15.7%	18.1%	13.9%	13.3%	12.6%	10.2%	8.7%	7.3%	3.8%	3.2%

CY 2022: Growth

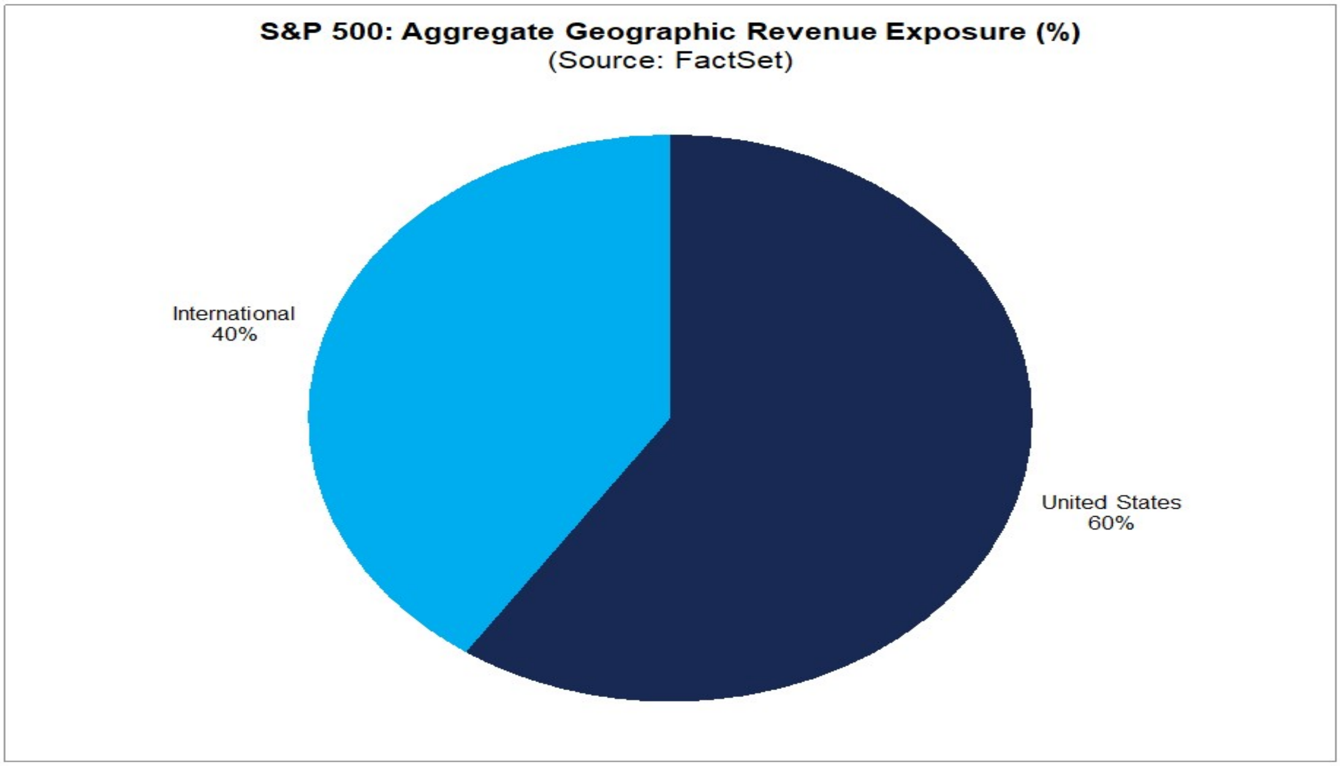


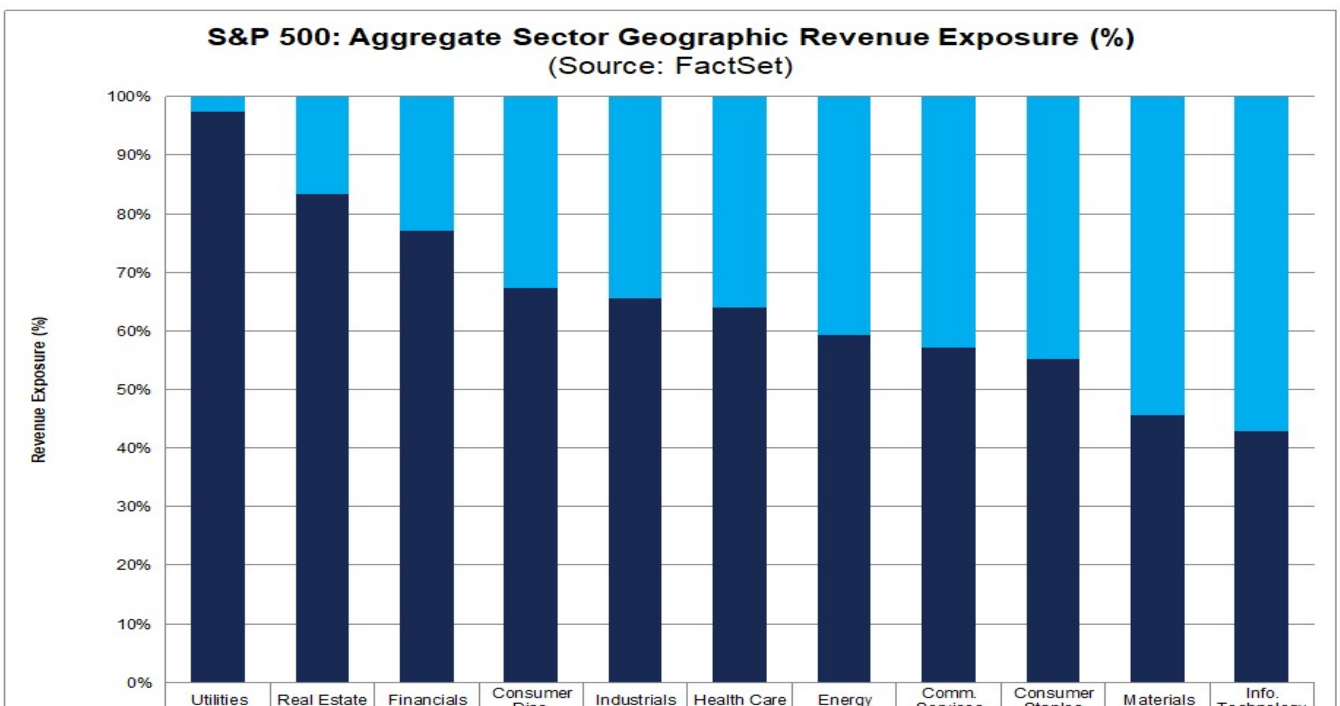
	Industrials	Consumer Disc.	Energy	Comm. Services	Info. Technology	S&P 500	Consumer Staples	Utilities	Real Estate	Health Care	Materials	Financials
Today	33.9%	32.2%	23.9%	11.4%	10.1%	9.3%	6.7%	6.1%	6.0%	4.4%	-1.4%	-6.7%
30-Jun	36.2%	35.1%	27.0%	13.2%	10.9%	11.6%	7.4%	6.9%	5.8%	5.0%	1.4%	-0.3%



	Consumer Disc.	Industrials	Comm. Services	Info. Technology	Real Estate	S&P 500	Health Care	Consumer Staples	Energy	Financials	Materials	Utilities
Today	13.8%	9.7%	9.0%	7.7%	6.8%	6.5%	4.9%	3.6%	2.5%	2.1%	1.8%	1.4%
30-Jun	13.4%	9.2%	10.5%	7.5%	6.1%	6.7%	4.4%	3.7%	3.5%	3.4%	2.2%	1.5%

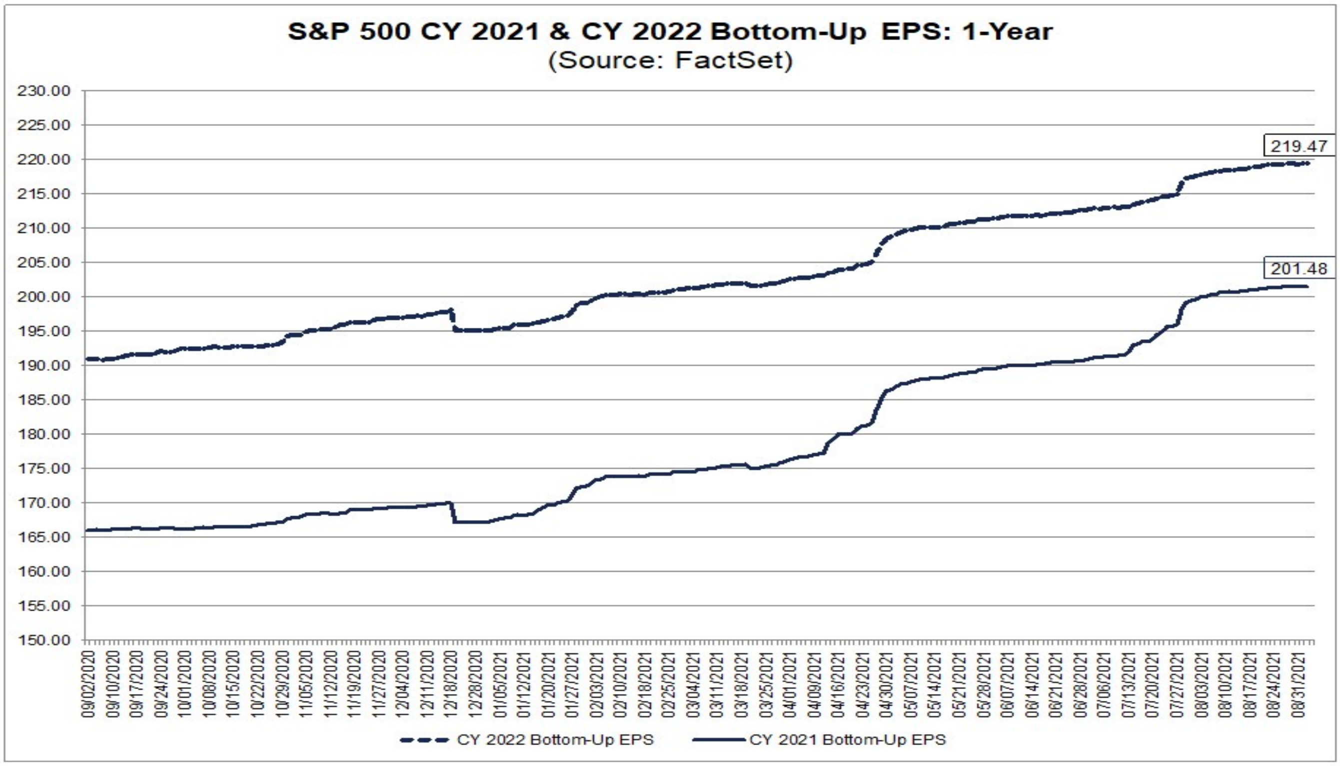
Geographic Revenue Exposure

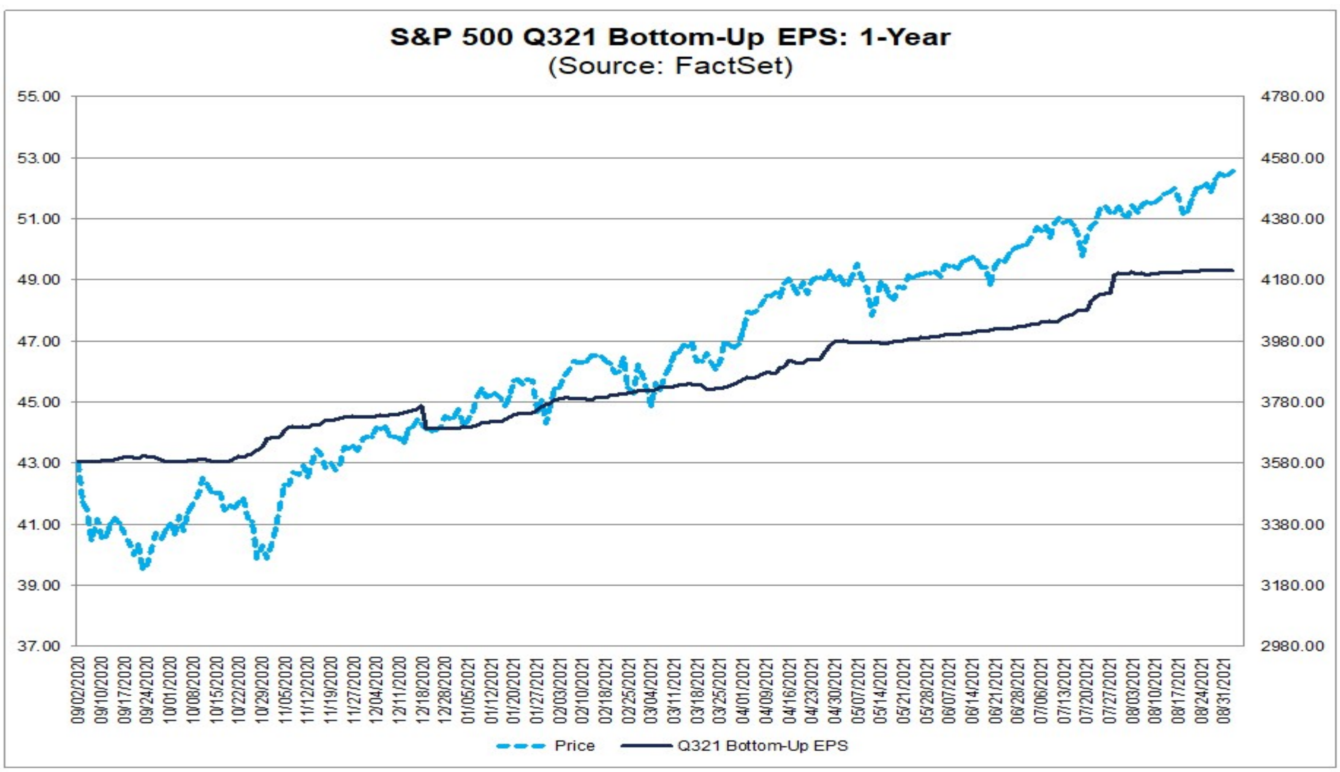




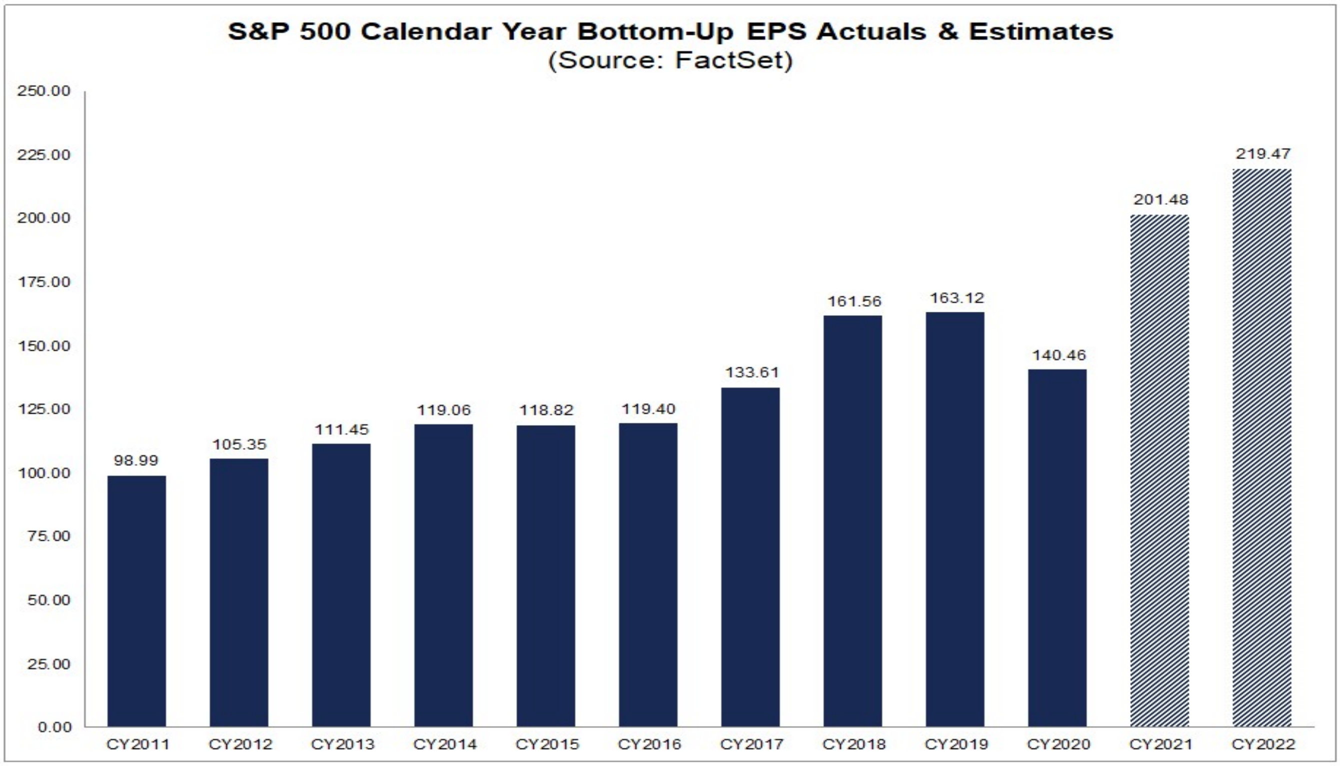
	Utilities	Real Estate	Financials	Consumer Disc.	Industrials	Health Care	Energy	Comm. Services	Consumer Staples	Materials	Info. Technology
International	3%	17%	23%	33%	34%	36%	41%	43%	45%	54%	57%
United States	97%	83%	77%	67%	66%	64%	59%	57%	55%	46%	43%

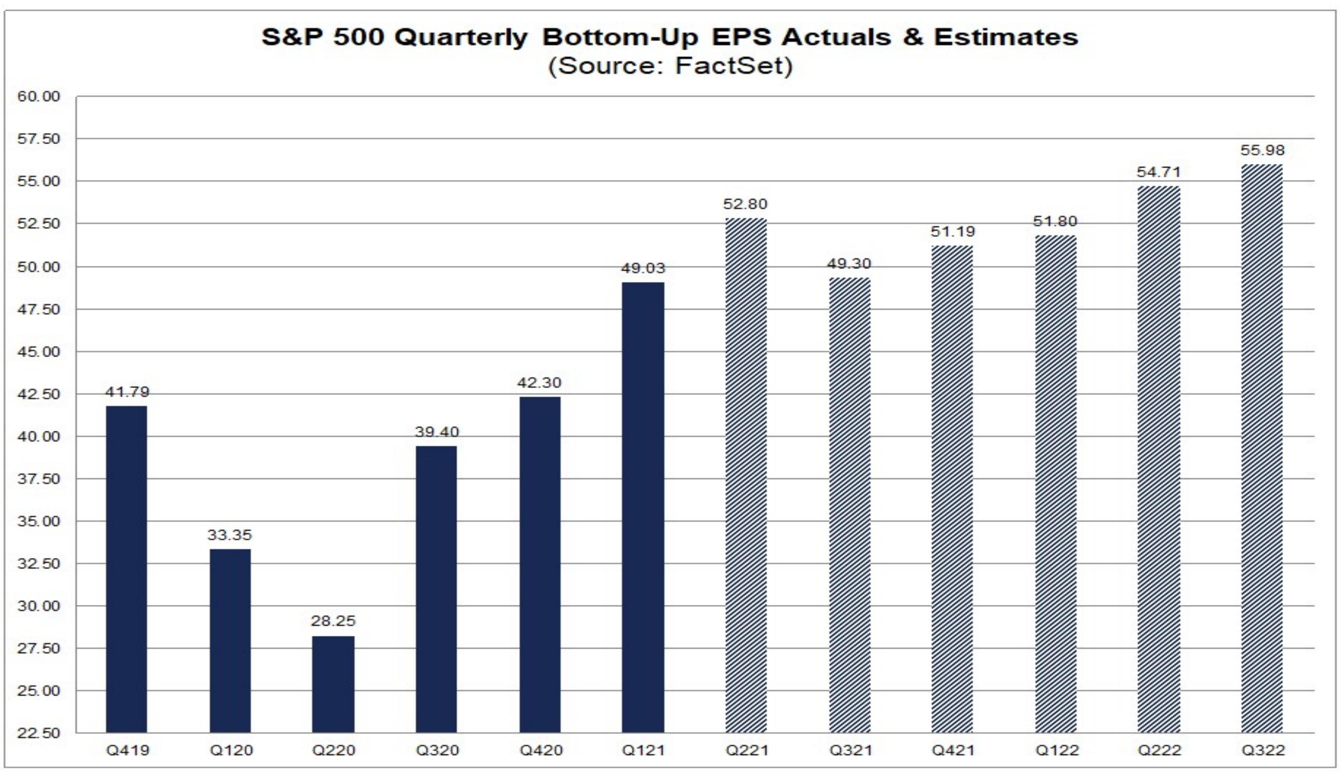
Bottom-up EPS Estimates: Revisions



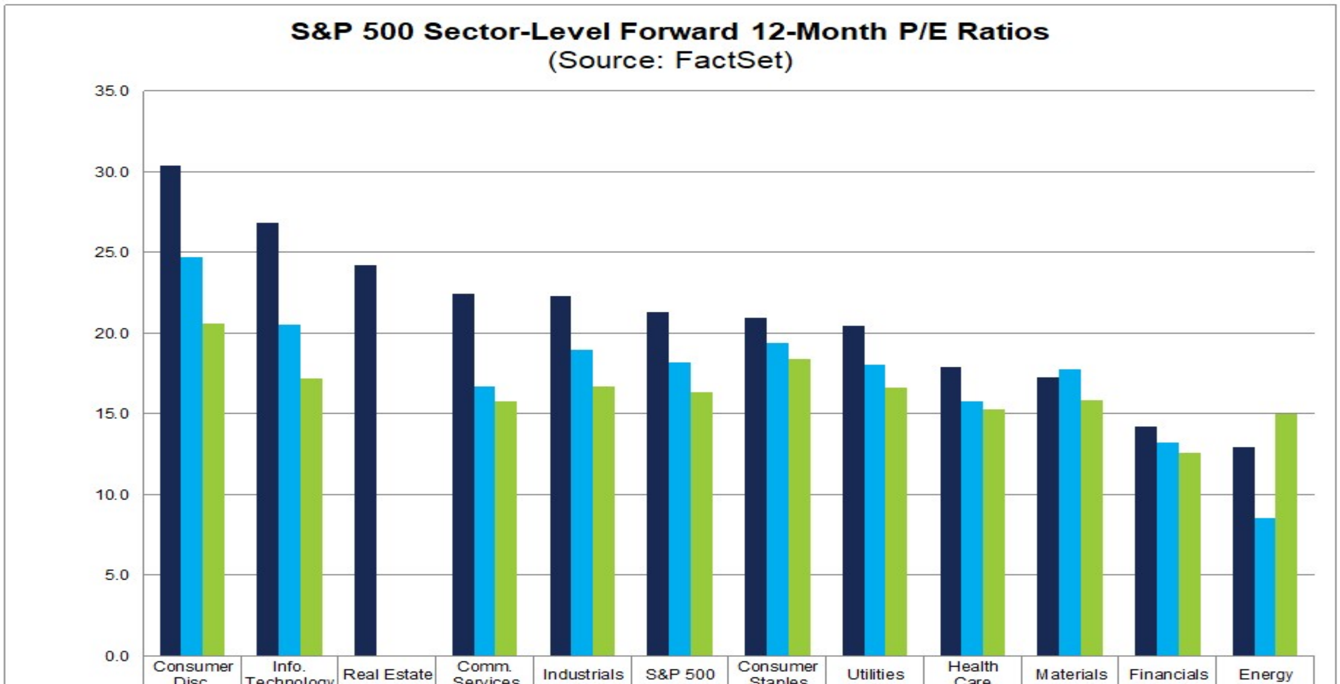


Bottom-up EPS Estimates: Current & Historical

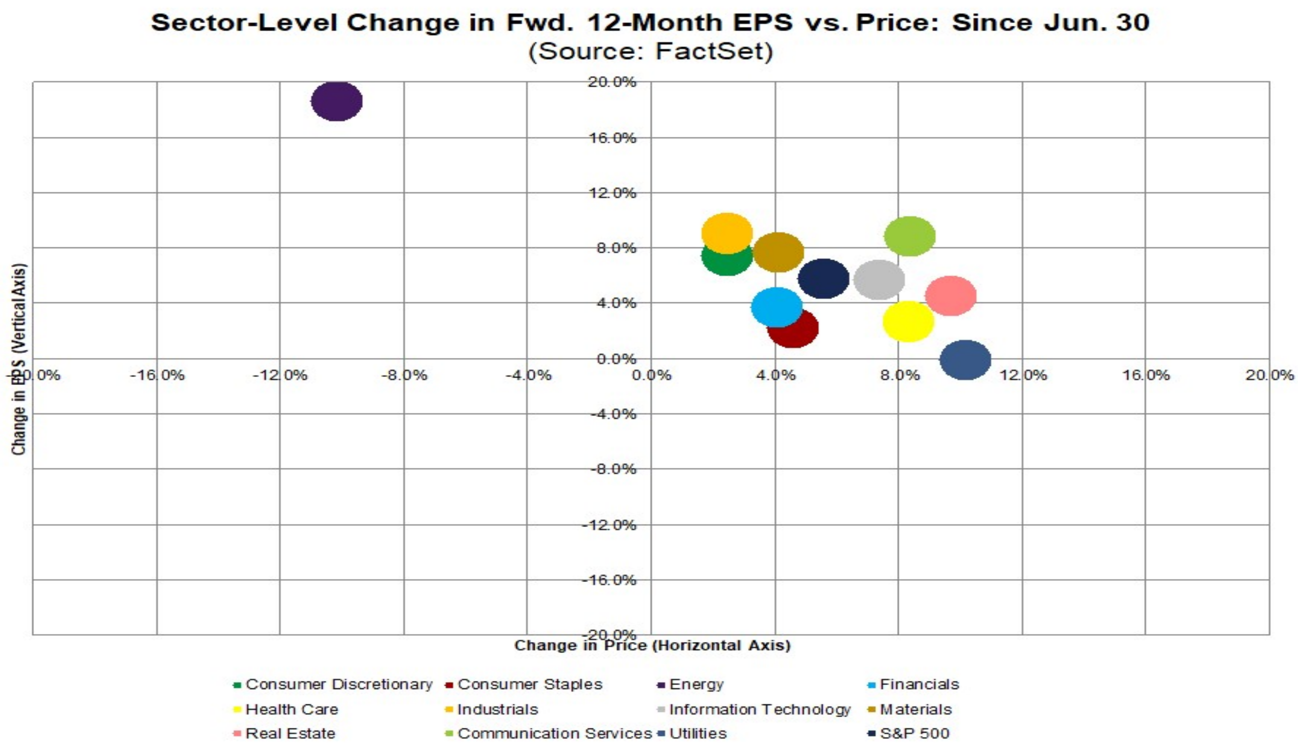




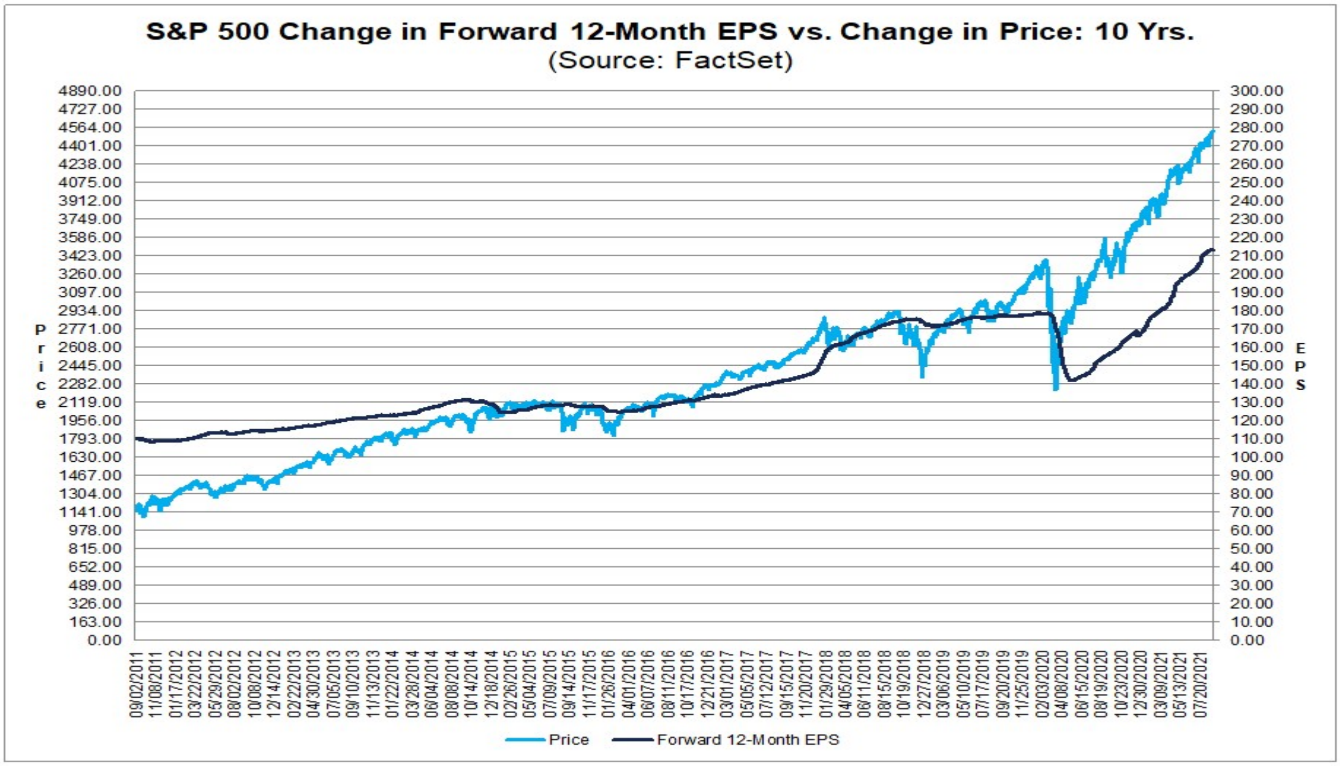
Forward 12M P/E Ratio: Sector Level

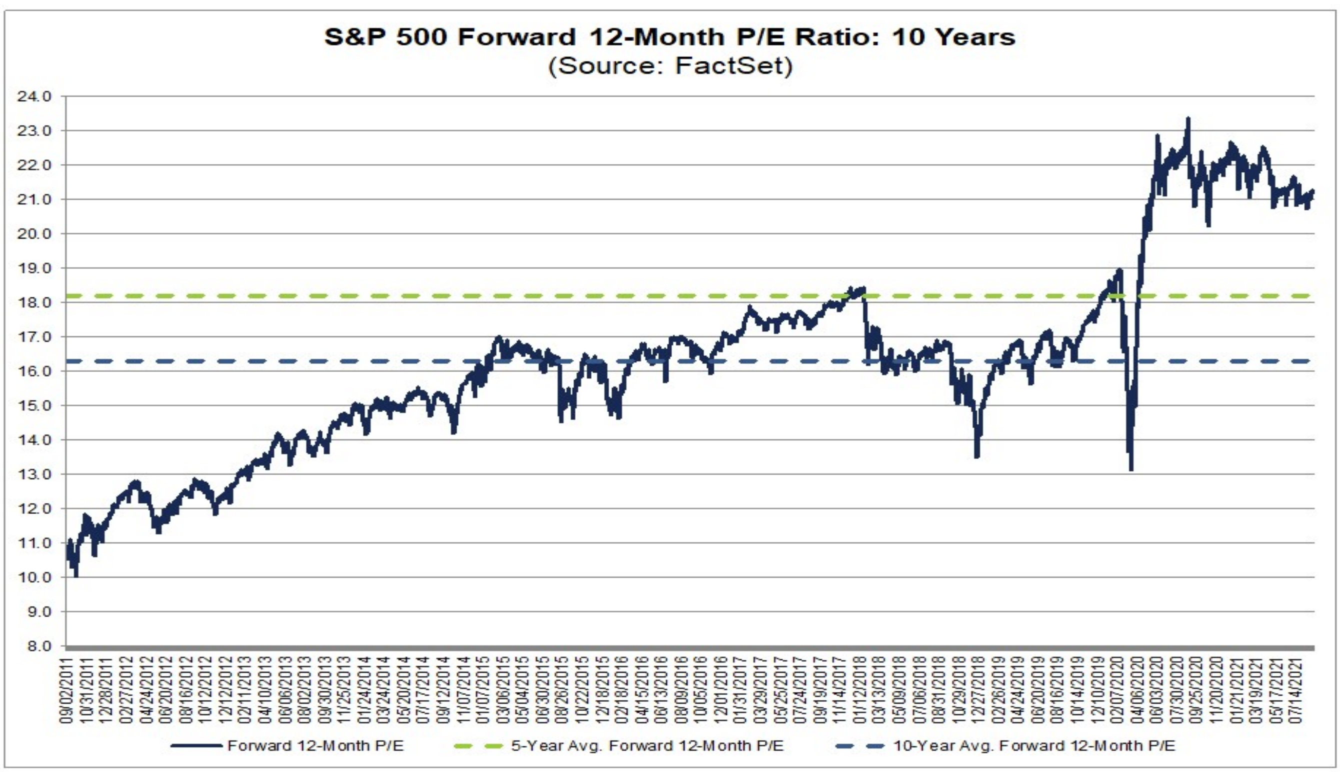


	Consumer Disc.	Info. Technology	Real Estate	Comm. Services	Industrials	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Financials	Energy
Fwd P/E	30.3	26.8	24.2	22.5	22.3	21.3	21.0	20.5	17.9	17.2	14.2	13.0
5-Yr Avg.	24.7	20.5		16.7	19.0	18.2	19.4	18.0	15.8	17.8	13.2	8.5
10-Yr Avg.	20.6	17.2		15.8	16.7	16.3	18.4	16.6	15.3	15.8	12.6	15.0

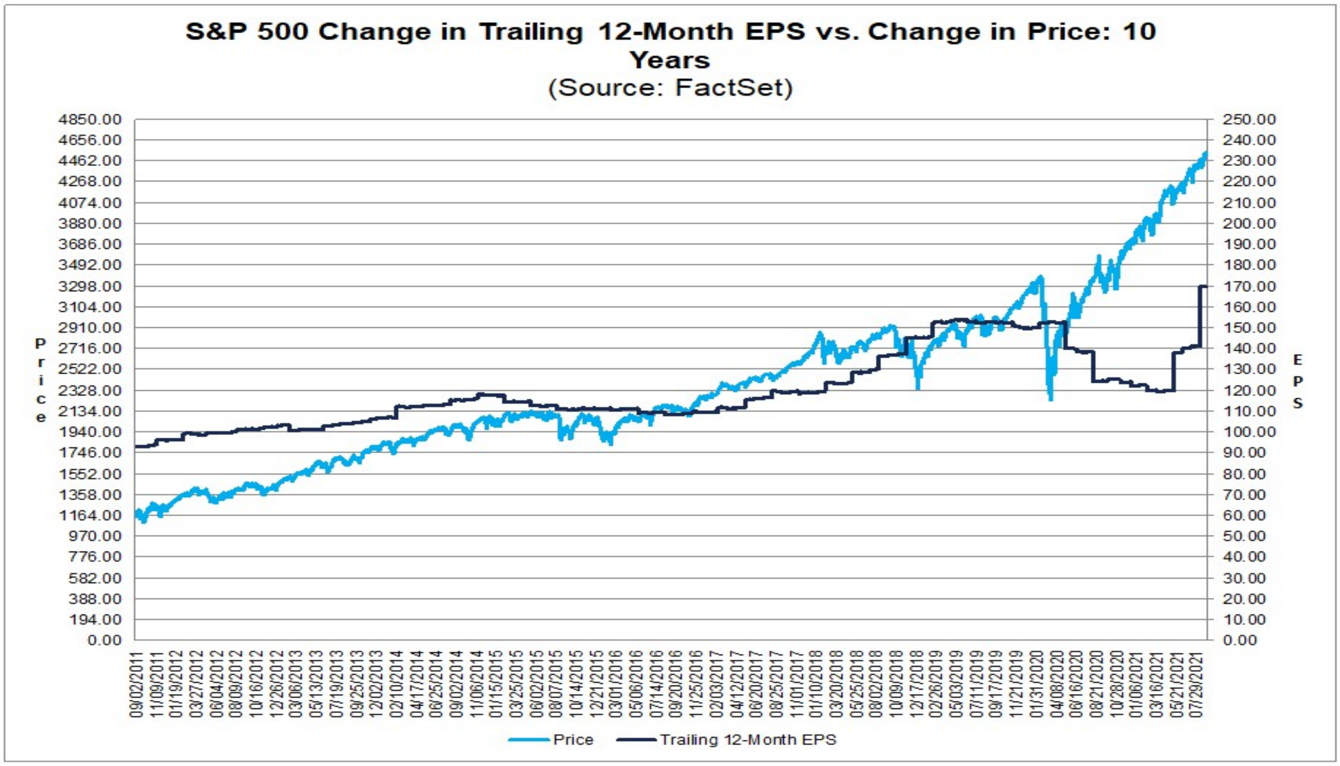


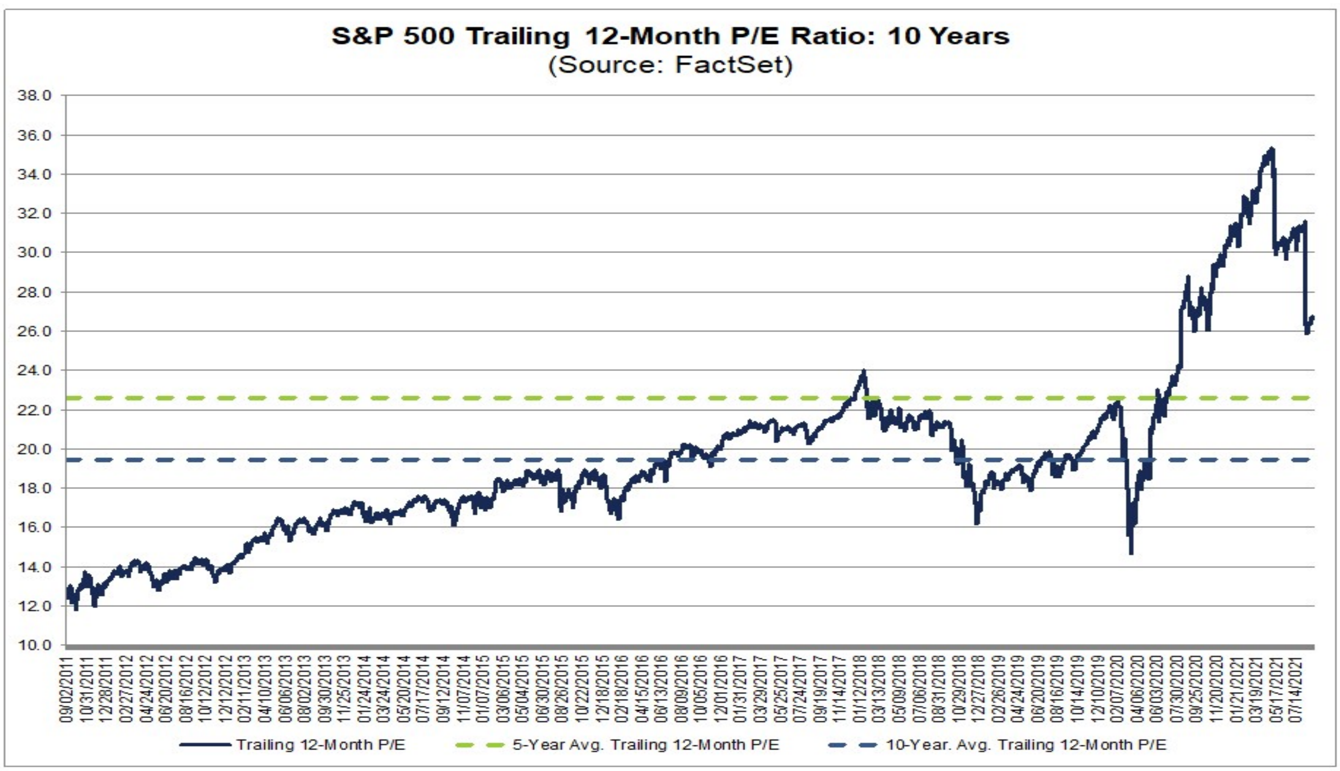
Forward 12M P/E Ratio: 10-Years



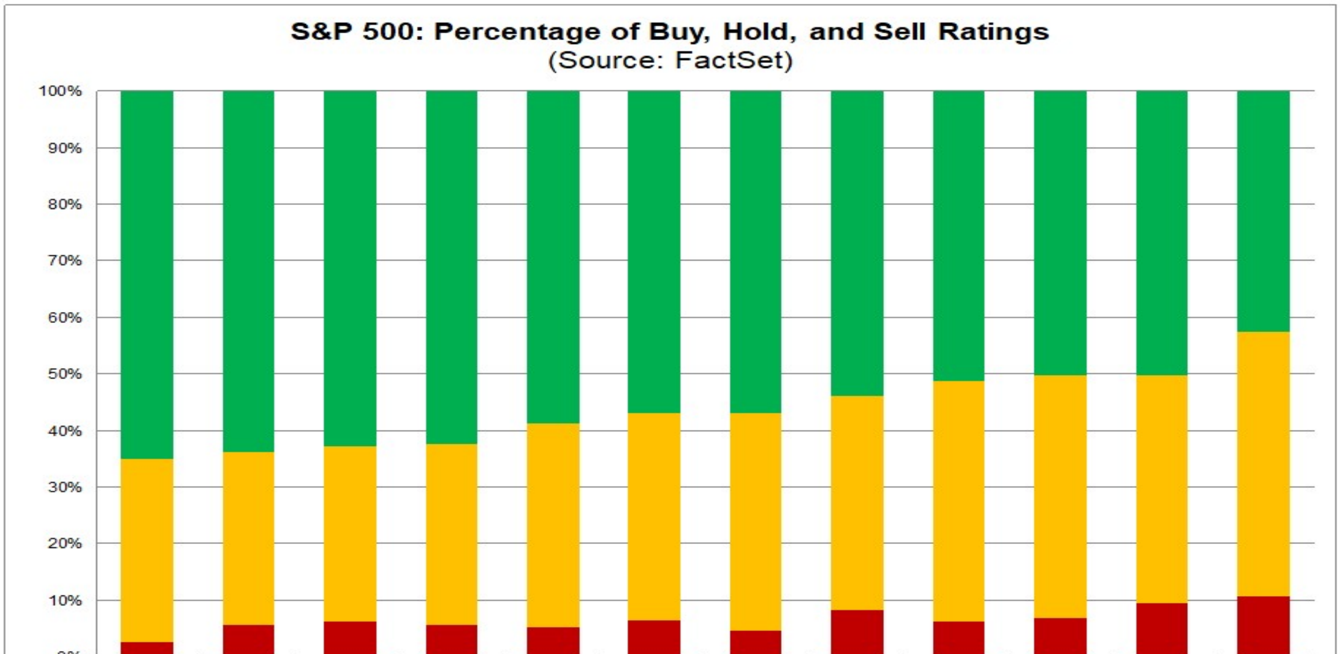


Trailing 12M P/E Ratio: 10-Years





Targets & Ratings



	Energy	Comm. Services	Health Care	Info. Tech.	Consumer Disc.	S&P 500	Materials	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Buy	65%	64%	63%	62%	59%	57%	57%	54%	51%	50%	50%	43%
Hold	32%	31%	31%	32%	36%	37%	38%	38%	43%	43%	40%	47%
Sell	3%	6%	6%	6%	5%	6%	5%	8%	6%	7%	9%	11%

	Energy	Consumer Disc.	Comm. Services	Industrials	Materials	Info. Tech.	S&P 500	Financials	Consumer Staples	Health Care	Utilities	Real Estate
Target/Close	26.1%	13.9%	12.0%	11.9%	11.5%	10.6%	10.5%	8.6%	8.1%	7.0%	4.6%	3.6%

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