Key Metrics

- **Earnings Scorecard:** For Q3 2021 (with 23% of S&P 500 companies reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 75% of S&P 500 companies have reported a positive revenue surprise.

- **Earnings Growth:** For Q3 2021, the blended earnings growth rate for the S&P 500 is 32.7%. If 32.7% is the actual growth rate for the quarter, it will mark the third-highest (year-over-year) earnings growth rate reported by the index since 2010.

- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q3 2021 was 27.5%. Eight sectors have higher earnings growth rates today (compared to September 30) due to positive EPS estimates and upward revisions to estimates.

- **Earnings Guidance:** For Q4 2021, 8 S&P 500 companies have issued negative EPS guidance and 4 S&P 500 companies have issued positive EPS guidance.

- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.0. This P/E ratio is above the 5-year average (18.3) and above the 10-year average (16.4).
Topic of the Week:

S&P 500 Companies With More Global Exposure Reporting Higher Earnings Growth in Q3

Given the uneven global economic recovery from COVID-19, are S&P 500 companies with more international revenue exposure underperforming S&P 500 companies with more domestic revenue exposure in terms of earnings and revenue growth for Q3 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 earnings and 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 Q3 2021 is 32.7%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 26.3%. For companies that generate more than 50% of sales outside the U.S., the blended earnings growth rate is 44.3%.

The blended revenue growth rate for the S&P 500 for Q3 2021 is 15.3%. For companies that generate more than 50% of sales inside the U.S., the blended revenue growth rate is 12.4%. For companies that generate more than 50% of sales outside the U.S., the blended revenue growth rate is 23.8%.

What is driving the outperformance of S&P 500 companies with higher international revenue exposure? At the company level, Alphabet, Apple, Chevron, and Exxon Mobil are the largest contributors to earnings growth and revenue growth for S&P 500 companies with more international exposure. If these four 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 29.9% from 44.3%, 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 16.6% from 23.8%.
Q3 Earnings Season: By The Numbers

Overview

At this point in time, more S&P 500 companies are beating EPS estimates for the third quarter than average, and beating EPS estimates by a wider margin than average. Due to these positive surprises, the index is reporting higher earnings for the third quarter today relative to the end of last week and relative to the end of the quarter. The index is now reporting the third-highest (year-over-year) growth in earnings since Q3 2010. Analysts also expect earnings growth of more than 20% for the fourth quarter and earnings growth of more than 40% for the full year. 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, 23% of the companies in the S&P 500 have reported actual results for Q3 2021 to date. Of these companies, 84% have reported actual EPS above estimates, which is above the 5-year average of 76%. If 84% is the final percentage for the quarter, it will tie the mark with Q2 2020 and Q3 2020 for the third-highest percentage of S&P 500 companies reporting a positive earnings surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 13.4% above estimates, which is also above the 5-year average of 8.4%.

Due to the number and magnitude of these positive EPS surprises, the index is reporting higher earnings for the third quarter today relative to the end of last week and relative to the end of the third 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 third quarter is 32.7% today, compared to an earnings growth rate of 30.0% last week and an earnings growth rate of 27.5% at the end of the third quarter (September 30). Positive earnings surprises reported by companies in the Information Technology, Health Care, Financials, and Communication Services 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 sector have been the top contributor to the overall increase in earnings for the index since the end of the third quarter.

If 32.7% is the actual growth rate for the quarter, it will mark the third-highest (year-over-year) earnings growth rate reported by the index since Q3 2010, trailing only the previous two quarters. The unusually high growth rate is due to a combination of higher earnings in Q3 2021 and an easier comparison to lower earnings in Q3 2020 due to the negative impact of COVID-19 on a number of industries. All eleven sectors are reporting year-over-year earnings growth, led by the Energy, Materials, Industrials, Financials, and Information Technology sectors.

In terms of revenues, 75% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 67%. In aggregate, companies are reporting revenues that are 2.2% above the estimates, which is also above the 5-year average of 1.4%.

Due to the number and magnitude of these positive revenue surprises, the blended revenue growth rate for the third quarter is higher now relative to the end of last week and relative to the end of the third quarter. As of today, the S&P 500 is reporting year-over-year growth in revenues of 15.3%, compared to year-over-year growth in revenues of 15.1% last week and year-over-year growth in revenues of 14.9% at the end of the third quarter (September 30). Upward revisions to revenue estimates and positive revenue surprises reported by companies in the Energy and Health Care sectors were mainly responsible for the increase in overall revenues for the index over the past week. Upward revisions to revenue estimates and positive revenue surprises reported by companies in the Financials and Energy sectors sector have been the largest contributors to the increase in the overall revenues for the index since the end of the third quarter.

If 15.3% is the actual growth rate for the quarter, it will mark the second-highest (year-over-year) revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous quarter. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

Looking ahead, analysts project earnings growth of more than 20% for Q4 2021 and more than 40% for CY 2021.

The forward 12-month P/E ratio is 21.0, which is above the 5-year average and above the 10-year average. It is also above the forward P/E ratio of 20.1 at the end of the third quarter (September 30).
During the upcoming week, 164 S&P 500 companies (including ten Dow 30 components) are scheduled to report results for the third quarter.

**Scorecard: More Companies Beating EPS and Sales Estimates vs. 5-Year Averages**

Percentage of Companies Beating EPS Estimates (84%) is Near Record-High

Overall, 23% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 84% have reported actual EPS above the mean EPS estimate, 4% 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 equal to the 1-year average (84%) but above the 5-year average (76%).

If 84% is the final percentage for the quarter, it will tie the mark with Q2 20202 and Q3 2020 for the third-highest percentage of S&P 500 companies reporting a positive earnings surprise since FactSet began tracking this metric in 2008. The current record is 87%, which occurred in Q2 2021.

At the sector level, the Communication Services (100%), Health Care (100%), Materials (100%), Real Estate (100%), and Utilities (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (20%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+13.4%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 13.4% above expectations. This surprise percentage is below the 1-year average (+18.0%) but above the 5-year average (+8.4%).

The Financials (+19.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Goldman Sachs ($14.93 vs. $10.14), Travelers Companies ($2.60 vs. $1.83), W. R. Berkley Corporation ($1.32 vs. $0.94), and Synchrony Financial ($2.00 vs. $1.51) have reported the largest positive EPS surprises.

The Information Technology (+16.8%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Intel ($1.71 vs. $1.11) has reported the largest positive EPS surprise.

The Health Care (+12.3%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Abbott Laboratories ($1.40 vs. $0.94) and Quest Diagnostics ($3.96 vs. $2.88) have reported the largest positive EPS surprises.

Market Rewarding Positive Earnings Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q3 2021 have seen an average price increase of +1.5% 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 Q3 2021 have seen an average price decrease of -4.0% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (75%) is Above 5-Year Average

In terms of revenues, 75% of companies have reported actual revenues above estimated revenues and 25% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (80%) but above the 5-year average (67%).
At the sector level, the Real Estate (100%), Consumer Staples (100%), Health Care (100%), and Industrials (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (0%), Energy (40%), and Communication Services (40%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.2%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.2% above expectations. This surprise percentage is below the 1-year average (+3.5%) but above the 5-year average (+1.4%).

At the sector level, the Energy (+10.9%) and Financials (+3.7%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-19.6%) and Communication Services (-1.1%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

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

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

The blended (year-over-year) earnings growth rate for the third quarter is 32.7%, which is larger than the earnings growth rate of 30.0% last week. Positive earnings surprises reported by companies in the Information Technology, Health Care, Financials, and Communication Services sectors were mainly responsible for the increase in the overall earnings growth rate for the index during the week.

In the Information Technology sector, the positive EPS surprise reported by Intel ($1.71 vs. $1.11) 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 the Information Technology sector has increased to 32.1% from 28.6% over this period.

In the Health Care sector, the positive EPS surprises reported by Abbott Laboratories ($1.40 vs. $0.94) and Johnson & Johnson ($2.60 vs. $2.35) and were significant contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Health Care has increased to 19.5% from 15.9% over this period.

In the Financials sector, the positive EPS surprises reported by American Express ($2.27 vs. $1.80) and Synchrony Financial ($2.00 vs. $1.51) and 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 the Financials sector has increased to 32.7% from 30.3% over this period.

In the Communication Services sector, the positive EPS surprises reported by AT&T ($0.87 vs. $0.78) and Netflix ($3.19 vs. $2.57) and were significant contributors to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for the Communication Services sector has increased to 26.1% from 22.9% over this period.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the third quarter is 15.3%, which is larger than the revenue growth rate of 15.1% last week. Upward revisions to revenue estimates and positive revenue surprises reported by companies in the Energy and Health Care sectors 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 September 30

The blended (year-over-year) earnings growth rate for Q3 2021 of 32.7% is larger than the estimate of 27.5% at the end of the third quarter (September 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 32.7% from 16.8%). 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 Industrials sector (to 62.9% from 64.6%) is the only sector that has recorded a decrease in its earnings growth rate due to downward revisions to earnings estimates and negative earnings surprises. The Real Estate sector (13.6%) is the only sector that has the same earnings growth rate today compared to September 30.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($3.74 vs. $3.00), Goldman Sachs ($14.93 vs. $10.14), Bank of America ($0.85 vs. $0.71), Citigroup ($2.15 vs. $1.71), Morgan Stanley ($2.04 vs. $1.69), and Wells Fargo ($1.17 vs. $1.00) have been substantial contributors to the increase in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Financials sector has increased to 32.7% from 16.8% over this period.

Energy Sector Has Seen Largest Increase in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q3 2021 of 15.3% is larger than the estimate of 14.9% at the end of the third quarter (September 30). Six sectors have recorded an increase in their revenue growth rates since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 56.5% from 53.1%) and Financials (to 9.8% from 7.6%) sectors. Five sectors have recorded a decrease in their revenue growth rates since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Utilities (to 5.1% from 6.4%) and Consumer Discretionary (to 11.0% from 12.2%) sectors.

Earnings Growth: 32.7%

The blended (year-over-year) earnings growth rate for Q3 2021 is 32.7%, which is well above the 5-year average earnings growth rate of 11.8%. If 32.7% is the actual growth rate for the quarter, it will mark the third-highest year-over-year earnings growth rate reported by the index since Q3 2010 (34.0%). The unusually high growth rate is due to a combination of higher earnings in Q3 2021 and an easier comparison to lower earnings in Q3 2020 due to the negative impact of COVID-19 on a number of industries. All eleven sectors are reporting year-over-year earnings growth, led by the Energy, Materials, Industrials, Financials, and Information Technology sectors.

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

The Energy sector is reporting earnings of $21.5 billion for Q3 2021 compared to a loss of -$1.5 billion in Q3 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 Q3 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 Q3 2021 ($70.52) was 72% above the average price for oil in Q3 2020 ($40.92). At the sub-industry level, all five sub-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 three of these five sub-industries due to losses reported in the year-ago quarter. However, all three are reporting (or are projected to report) profits in Q3 2021: Integrated Oil & Gas, Oil & Gas Exploration & Production, and Oil & Gas Refining & Marketing. The other two sub-industries that are reporting year-over-year growth are the Oil & Gas Equipment & Services (158%) and the Oil & Gas Storage & Transportation (11%) sub-industries. At the company level, Exxon Mobil and Chevron are the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these two companies account for $11.4 billion of the $23.0 billion year-over-year increase in earnings for the sector.
Materials: 2 of 4 Industries Reporting Year-over-Year Growth Above 85%.

The Materials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 93.4%. At the industry level, two of the four industries in this sector are reporting year-over-year earnings growth above 85%: Metals & Mining (209%) and Chemicals (89%). On the other hand, the only industry expected to report a year-over-year decline in earnings is the Construction Materials (-3%) industry. At the company level, Nucor, Dow, and LyondellBasell Industries are the largest contributors to year-over-year earnings growth for the sector. If these three companies were excluded, the blended earnings growth rate for the Materials sector would fall to 38.0% from 93.4%.

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

The Industrials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 62.9%. 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 reported a much smaller loss in Q3 2021 (-$731 million) relative to Q3 2020 (-$8.9 billion). Five of the remaining eleven industries are reporting (or are expected to report) double-digit earnings growth: Machinery (22%), Road & Rail (22%), Electrical Equipment (21%), Trading Companies & Distributors (19%), and Commercial Services & Supplies (17%). 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 13.7% from 62.9%.

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 32.7%. At the industry level, four of the five industries in this sector are reporting (or are expected to report) year-over-year earnings growth above 25%: Banks (45%), Consumer Finance (41%), Capital Markets (41%), and Diversified Financial Services (26%). On the other hand, the only industry reporting a year-over-year decline in earnings is the Insurance (-8%) industry. The Banks industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 23.1% from 32.7%.

Information Technology: Apple Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 32.1%. At the industry level, all six industries in this sector are reporting (or are predicted to report) a year-over-year improvement in earnings. Four of these six industries are reporting (or are predicted to report) double-digit earnings growth: Technology Hardware, Storage, & Peripherals (64%), Semiconductors & Semiconductor Equipment (52%), Electronic Equipment, Instruments, & Components (24%), and IT Services (18%). At the company level, Apple is the largest contributor to year-over-year earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Information Technology sector would fall to 25.4% from 32.1%.

Revenue Growth: 15.3%

The blended (year-over-year) revenue growth rate for Q3 2021 is 15.3%, which is above the 5-year average revenue growth rate of 5.8%. If 15.3% is the actual growth rate for the quarter, it will mark the second-highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008. The current record is 25.3%, which occurred in Q2 2021. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Growth Above 50%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 56.5%. 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 Q3 2021 ($70.52) was 72% above the average price for oil in Q3 2020 ($40.92). At the sub-industry level, all five sub-industries in the sector are reporting (or are projected to report) double-digit (year-over-year) growth in revenues: Oil & Gas Exploration & Production (119%), Integrated Oil & Gas (57%), Oil & Gas Refining & Marketing (53%), Oil & Gas Storage & Transportation (38%), and Oil & Gas Equipment & Services (11%).
Earnings Insight

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

The Materials sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 29.7%. At the industry level, all four industries in this sector are reporting (or are predicted to report) double-digit (year-over-year) growth in revenues: Metals & Mining (64%), Chemicals (29%), Construction Materials (13%), and Containers & Packaging (13%).

Net Profit Margin: 12.5%

The blended (combines actual results for companies that have reported and estimated results for companies yet to report) net profit margin for the S&P 500 for Q3 2021 is 12.5%, which is above the 5-year average of 10.9% and the year-ago net profit margin of 10.9%, but below the previous quarter’s record-high net profit margin of 13.1%.

If 12.5% is the actual net profit margin for the quarter, it will mark the third-highest net profit margin reported by the index since FactSet began tracking this metric in 2008. The current record is 13.1%, which occurred in Q2 2021.

At the sector level, eight sectors are reporting a year-over-year increase in their net profit margins in Q3 2021 compared to Q3 2020, led by the Energy (8.7% vs. N/A) and Materials (14.1% vs. 9.5%) sectors. Nine sectors are reporting net profit margins in Q3 2021 that are above their 5-year averages, led by the Materials (14.1% vs. 9.5%), Utilities (17.1% vs. 12.9%), and Energy (8.7% vs. 4.9%) sectors.
Looking Ahead: Forward Estimates and Valuation

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

At this point in time, 12 companies in the index have issued EPS guidance for Q4 2021. Of these 12 companies, 8 have issued negative EPS guidance and 4 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 67% (8 out of 12), which is above the 5-year average of 61%.

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 44% for CY 2021

For the third quarter, S&P 500 companies are reporting earnings growth of 32.7% and revenue growth of 15.3%.
For Q4 2021, analysts are projecting earnings growth of 22.4% and revenue growth of 11.9%.
For CY 2021, analysts are projecting earnings growth of 44.1% and revenue growth of 15.2%.
For Q1 2022, analysts are projecting earnings growth of 6.2% and revenue growth of 8.6%.
For CY 2022, analysts are projecting earnings growth of 9.0% and revenue growth of 6.8%.

Valuation: Forward P/E Ratio is 21.0, Above the 10-Year Average (16.4)

The forward 12-month P/E ratio is 21.0. This P/E ratio is above the 5-year average of 18.3 and above the 10-year average of 16.4. It is also above the forward 12-month P/E ratio of 20.1 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has increased by 5.6%, while the forward 12-month EPS estimate has increased by 1.2%. At the sector level, the Consumer Discretionary (30.9) and Information Technology (26.6) sectors have the highest forward 12-month P/E ratios, while the Energy (13.0) and Financials (15.0) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 26.8, which is above the 5-year average of 22.8 and above the 10-year average of 19.7.

Targets & Ratings: Analysts Project 11.5% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 5071.96, which is 11.5% above the closing price of 4549.78. At the sector level, the Communication Services (17.3%) 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 (+6.5%) and Real Estate (+7.2%) 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 10,616 ratings on stocks in the S&P 500. Of these 10,616 ratings, 56.5% are Buy ratings, 37.4% are Hold ratings, and 6.1% are Sell ratings. At the sector level, the Energy (65%), Communication Services (62%), Health Care (62%), and Information Technology (61%) 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: 164

During the upcoming week, 164 S&P 500 companies (including ten Dow 30 components) are scheduled to report results for the third quarter.
Q3 2021: Scorecard

**S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2021**
(Source: FactSet)

**S&P 500 Revenues Above, In-Line, Below Estimates: Q3 2021**
(Source: FactSet)
Q3 2021: Scorecard

**S&P 500 Sector-Level Earnings Surprise %: Q3 2021**
(Source: FactSet)

- Financials: 19.6%
- Info. Technology: 15.8%
- S&P 500: 13.4%
- Health Care: 12.3%
- Comm. Services: 9.9%
- Consumer Disc.: 8.9%
- Industrials: 8.4%
- Materials: 6.3%
- Utilities: 5.1%
- Consumer Staples: 3.3%
- Energy: 2.5%
- Real Estate: 2.1%

**S&P 500 Sector-Level Revenue Surprise %: Q3 2021**
(Source: FactSet)

- Energy: 10.9%
- Financials: 3.7%
- Consumer Staples: 2.9%
- Materials: 2.2%
- S&P 500: 2.2%
- Health Care: 2.1%
- Industrials: 1.7%
- Consumer Disc.: 0.2%
- Real Estate: 0.2%
- Info. Technology: -0.3%
- Comm. Services: -1.1%
- Utilities: -15.0%
Q3 2021: Scorecard

S&P 500 EPS Surprise % vs. Price %: Q3 2021
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q3 2021: Scorecard

S&P 500 Actual EPS Surprise %: Top 10 Q3 Actual EPS Surprises
(Source: FactSet)

- Delta Air Lines, Inc: 96.6%
- Intel Corporation: 54.0%
- Abbott Laboratories: 46.2%
- Goldman Sachs Group, Inc: 47.3%
- Travelers Companies, Inc: 42.3%
- W. R. Berly Corporation: 39.7%
- Lennar Corporation Class A: 38.8%
- Quest Diagnostics Incorporated: 37.7%
- Synchrony Financial: 32.8%
- Valero Energy Corporation: 32.4%

S&P 500 Actual EPS Surprise %: Bottom 10 Q3 Actual EPS Surprises
(Source: FactSet)

- NVR, Inc: -2.6%
- V.F. Corporation: -3.5%
- Globe Life Inc: -5.5%
- Kinder Morgan Inc Class P: -7.2%
- CanMax, Inc: -8.8%
- FedEx Corporation: -10.4%
- Constellation Brands, Inc. Class A: -14.3%
- Baker Hughes Company Class A: -25.1%
- Progressive Corporation: -38.9%
- Lamb Weston Holdings, Inc: -48.4%
Q3 2021: Growth

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

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

Q3 2021: Net Profit Margin

S&P 500 Net Profit Margins: Q321 vs. Q320
(Source: FactSet)

S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:
Q321 vs. Q320
(Source: FactSet)
Earnings Insight

Q4 2021: EPS Guidance

Number (#) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q4 Positive & Negative Guidance
(Source: FactSet)
Q4 2021: EPS Revisions

### Upward Change in Q4 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td>Marathon Petroleum Corporation</td>
<td>2285.8%</td>
</tr>
<tr>
<td>Valero Energy Corporation</td>
<td>182.1%</td>
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<tr>
<td>Occidental Petroleum Corporation</td>
<td>73.6%</td>
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<td>Phillips 66</td>
<td>71.2%</td>
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<td>Canadian National Energy Inc.</td>
<td>45.4%</td>
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<td>APA Corp.</td>
<td>43.8%</td>
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<td>MGM Resorts International</td>
<td>41.4%</td>
</tr>
<tr>
<td>Hess Corporation</td>
<td>34.0%</td>
</tr>
<tr>
<td>Marathon Oil Corporation</td>
<td>32.7%</td>
</tr>
<tr>
<td>ConocoPhillips</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

### Downward Change in Q4 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.
(Source: FactSet)

<table>
<thead>
<tr>
<th>Company</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska Air Group, Inc.</td>
<td>-55.6%</td>
</tr>
<tr>
<td>Under Armour, Inc. Class A</td>
<td>-55.3%</td>
</tr>
<tr>
<td>Under Armour, Inc. Class C</td>
<td>-52.1%</td>
</tr>
<tr>
<td>American Airlines Group, Inc.</td>
<td>-104.5%</td>
</tr>
<tr>
<td>Pinnacle West Capital Corporation</td>
<td>-119.4%</td>
</tr>
<tr>
<td>Delta Air Lines, Inc.</td>
<td>-125.6%</td>
</tr>
<tr>
<td>Caesars Entertainment Inc.</td>
<td>-278.3%</td>
</tr>
<tr>
<td>United Airlines Holdings, Inc.</td>
<td>-349.8%</td>
</tr>
<tr>
<td>Southwest Airlines Co.</td>
<td>-419.4%</td>
</tr>
<tr>
<td>Las Vegas Sands Corp.</td>
<td>-668.1%</td>
</tr>
</tbody>
</table>
Q4 2021: Growth

S&P 500 Earnings Growth: Q4 2021
(Source: FactSet)

S&P 500 Revenue Growth: Q4 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)

International 40%
United States 60%

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

Revenue Exposure (%)

<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>
</tr>
<tr>
<td>Financials</td>
<td>23%</td>
<td>77%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>33%</td>
<td>97%</td>
</tr>
<tr>
<td>Industrials</td>
<td>34%</td>
<td>95%</td>
</tr>
<tr>
<td>Health Care</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Energy</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>43%</td>
<td>47%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>4%</td>
<td>54%</td>
</tr>
<tr>
<td>Materials</td>
<td>54%</td>
<td>49%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>57%</td>
<td>43%</td>
</tr>
</tbody>
</table>
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)

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

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Buy</th>
<th>Hold</th>
<th>Sell</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>65%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>Comm. Services</td>
<td>62%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>Health Care</td>
<td>62%</td>
<td>32%</td>
<td>3%</td>
</tr>
<tr>
<td>Info. Tech</td>
<td>61%</td>
<td>33%</td>
<td>3%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>57%</td>
<td>36%</td>
<td>4%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>57%</td>
<td>37%</td>
<td>4%</td>
</tr>
<tr>
<td>Materials</td>
<td>55%</td>
<td>38%</td>
<td>3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>53%</td>
<td>44%</td>
<td>2%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>60%</td>
<td>42%</td>
<td>3%</td>
</tr>
<tr>
<td>Financials</td>
<td>61%</td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>57%</td>
<td>41%</td>
<td>3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>48%</td>
<td>47%</td>
<td>3%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>Target/Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comm. Services</td>
<td>17.3%</td>
</tr>
<tr>
<td>Health Care</td>
<td>13.4%</td>
</tr>
<tr>
<td>Info. Tech</td>
<td>11.9%</td>
</tr>
<tr>
<td>Materials</td>
<td>11.6%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>11.5%</td>
</tr>
<tr>
<td>Industrials</td>
<td>11.4%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>11.3%</td>
</tr>
<tr>
<td>Energy</td>
<td>10.1%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>9.9%</td>
</tr>
<tr>
<td>Utilities</td>
<td>8.1%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>7.2%</td>
</tr>
<tr>
<td>Financials</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
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