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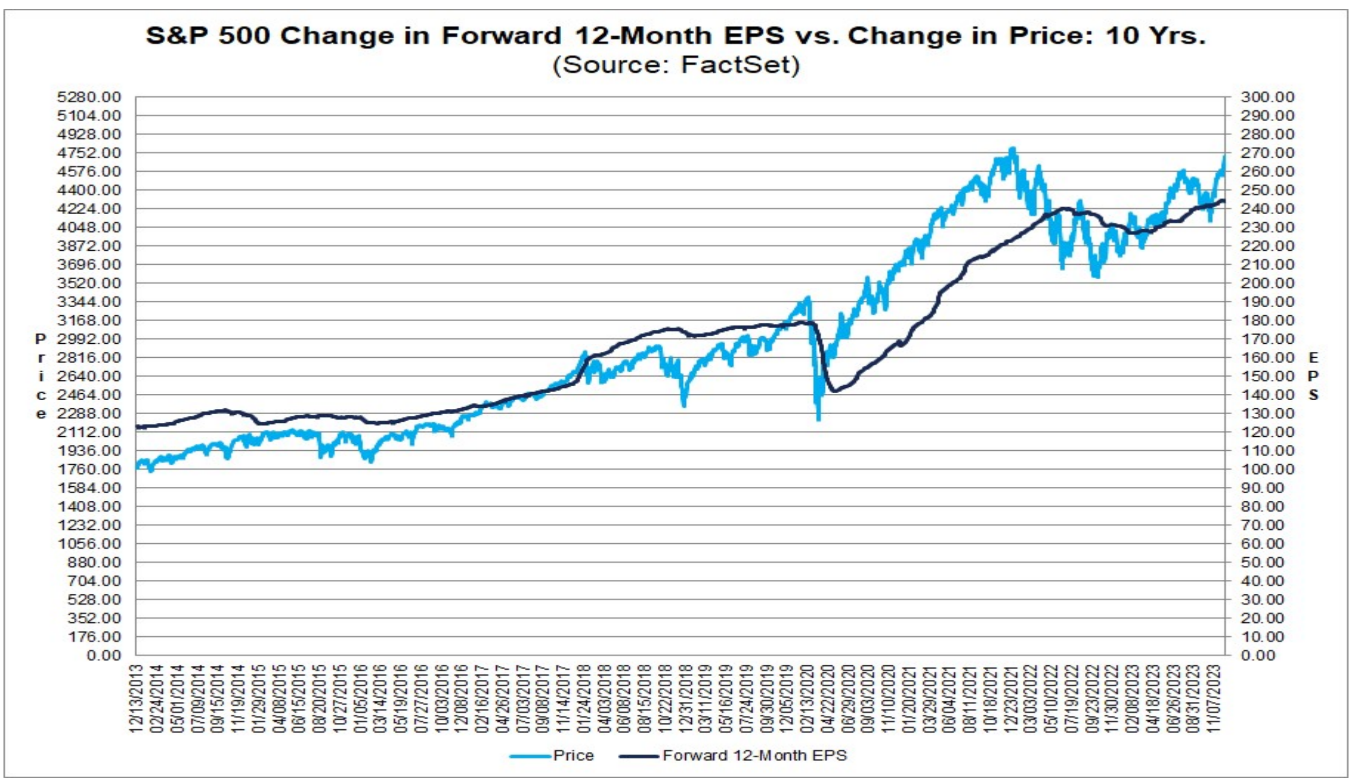
Author's Note: ***The FactSet Earnings Insight report will not be published on December 22 and December 29. The next edition of the report will be published on January 5.***

Key Metrics

- **Earnings Growth:** For Q4 2023, the estimated (year-over-year) earnings growth rate for the S&P 500 is 2.4%. If 2.4% is the actual growth rate for the quarter, it will mark the second straight quarter of year-over-year earnings growth for the index.
- **Earnings Revisions:** On September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2023 was 8.1%. Nine sectors are expected to report lower earnings today (compared to September 30) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2023, 72 S&P 500 companies have issued negative EPS guidance and 39 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.3. This P/E ratio is above the 5-year average (18.8) and above the 10-year average (17.6).



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Topic of the Week: 1

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies Heading Into 2024?

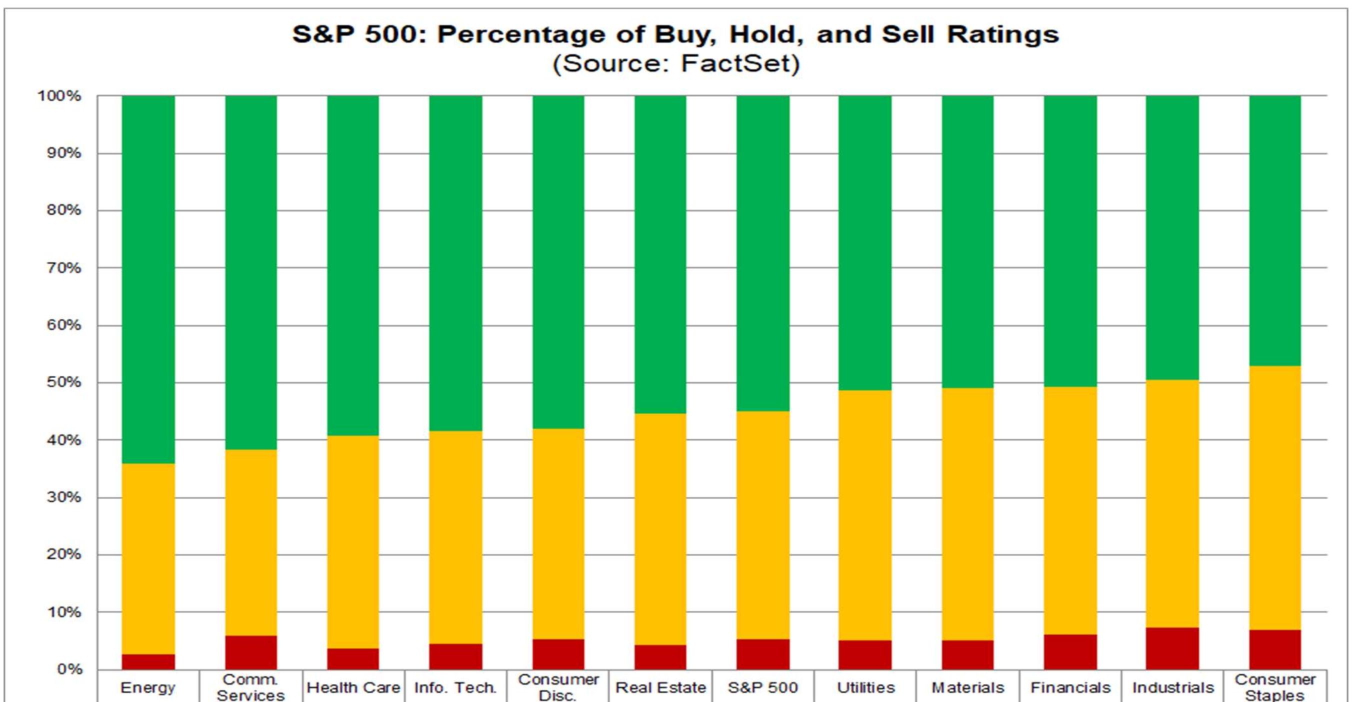
With the end of the year approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500?

Overall, there are 11,319 ratings on stocks in the S&P 500. Of these ratings, 54.9% are Buy ratings, 39.7% are Hold ratings, and 5.3% are Sell ratings. The percentage of Buy ratings is above the 5-year (month-end) average of 54.4%. The percentage of Hold rating is also above the 5-year (month-end) average of 39.5%. On the other hand, the percentage of Sell ratings is below the 5-year (month-end) average of 6.1%.

At the sector level, analysts are most optimistic on the Energy (64%) and Communication Services (62%) sectors, as these two sectors have the highest percentages of Buy ratings. On the other hand, analysts are most pessimistic on the Consumer Staples (47%) and Industrials (49%) sectors, as these two sectors have the lowest percentages of Buy ratings. The Consumer Staples sector also has the highest percentage of Hold ratings at 46%, while the Consumer Staples and Industrials sectors are tied for the highest percentage of Sell ratings at 7%.

The ten S&P 500 companies with the highest percentages of Buy ratings and Sell ratings can be found on page 4.

Since hitting a bottom of 53.2% during the month of February, the overall percentage of Buy ratings for S&P 500 companies has increased to 54.9% today.



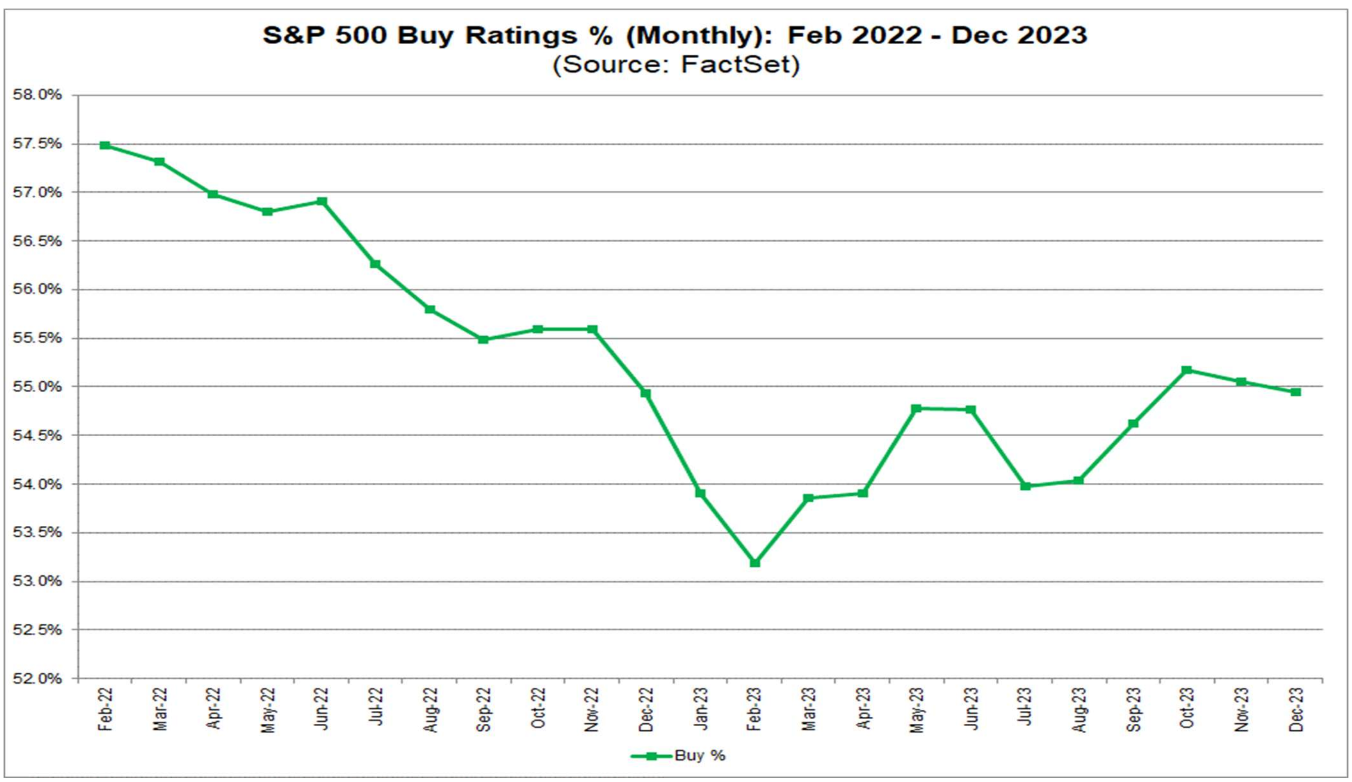
	Energy	Comm. Services	Health Care	Info. Tech.	Consumer Disc.	Real Estate	S&P 500	Utilities	Materials	Financials	Industrials	Consumer Staples
Buy	64%	62%	59%	58%	58%	55%	55%	51%	51%	51%	49%	47%
Hold	33%	32%	37%	37%	37%	40%	40%	44%	44%	43%	43%	46%
Sell	3%	6%	4%	5%	5%	4%	5%	5%	5%	6%	7%	7%

Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

Company	**Buy**	Hold	Sell
NiSource Inc	**100%**	0%	0%
Lamb Weston Holdings, Inc.	**100%**	0%	0%
Amazon.com, Inc.	**98%**	2%	0%
Schlumberger N.V.	**96%**	4%	0%
Delta Air Lines, Inc.	**96%**	4%	0%
NVIDIA Corporation	**94%**	6%	0%
Mondelez International, Inc. Class A	**92%**	8%	0%
Alexandria Real Estate Equities, Inc.	**92%**	8%	0%
ServiceNow, Inc.	**92%**	8%	0%
Axon Enterprise Inc	**92%**	8%	0%

Highest % of Sell Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	**Sell**
Franklin Resources, Inc.	0%	50%	**50%**
Robert Half Inc.	13%	40%	**47%**
Expeditors Intl. of Washington, Inc.	5%	53%	**42%**
T. Rowe Price Group	0%	60%	**40%**
Paramount Global Class B	24%	36%	**39%**
Consolidated Edison, Inc.	6%	56%	**38%**
Principal Financial Group, Inc.	0%	67%	**33%**
Hormel Foods Corporation	0%	67%	**33%**
Clorox Company	18%	50%	**32%**
Snap-on Incorporated	15%	54%	**31%**



Topic of the Week: 2

S&P 500 CY 2023 Earnings Preview: Less Than 1% Growth Expected

CY 2023 Earnings Growth: 0.6%

Analysts expect the S&P 500 to report earnings growth of less than 1% in CY 2023. The estimated (year-over-year) earnings growth rate for CY 2023 is 0.6%, which is below the trailing 10-year average (annual) earnings growth rate of 8.4% (2013 – 2022). On a quarterly basis, the S&P 500 reported earnings declines of -1.7% and -4.1% for Q1 2023 and Q2 2023. However, the index reported earnings growth of 4.9% for Q3 2023 and is projected to report an earnings growth of 2.4% for Q4 2023.

Eight sectors are predicted to report year-over-year growth in earnings in CY 2023, led by the Consumer Discretionary and Communication Services sectors. Three sectors are projected to report a year-over-year decline in earnings: Energy, Materials, and Health Care.

The Consumer Discretionary sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 43.9%. At the industry level, 4 of the 9 industries in the sector are projected to report a year-over-year increase in earnings. A growth rate is not being calculated for the Broadline Retail industry due to the loss reported by the industry in CY 2022. However, the Broadline Retail industry is expected to report earnings of $30.0 billion in CY 2023 compared to a loss of -$1.2 billion in CY 2022. The other three industries predicted to report year-over-year earnings growth are the Hotels, Restaurants, & Leisure (206%), Automobile Components (20%), and Textiles, Apparel, & Luxury Goods (1%) industries. On the other hand, five industries are expected to report a year-over-year decline in earnings. Three of these five industries are projected to report a decrease in earnings of more than 10%: Leisure Products (-36%), Automobiles (-12%), and Household Durables (-11%).

At the industry level, the Broadline Retail and Hotels, Restaurants, & Leisure industries are the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -7.1% instead of year-over-year earnings growth if 43.9%.

At the company level, Amazon.com ($2.67 vs. -$0.27) is the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Consumer Discretionary sector would fall to 16.2% from 43.9%.

The Communication Services sector is expected to report the second-largest (year-over-year) earnings growth rate of all eleven sectors at 23.4%. At the industry level, 3 of the 5 industries are projected to report a year-over-year increase in earnings of more than 30%: Wireless Telecommunication Services (226%), Entertainment (192%), and Interactive Media & Services (33%). On the other hand, the other two industries in the sector are expected to report a year-over-year decline in earnings: Diversified Telecommunication Services (-7%) and Media (-4%).

At the company level, Meta Platforms ($14.36 vs. $8.59) and Warner Bros. Discovery (-$1.12 vs. -$3.82) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the estimated earnings growth rate for Communication Services sector would fall to 11.3% from 23.4%.

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -29.0%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector. The average price of oil in CY 2023 ($77.78) is 18% below the average price for oil in CY 2022 ($94.33). At the sub-industry level, three of the five sub-industries in the sector are projected to report a year-over-year decrease in earnings of more than 25%: Integrated Oil & Gas (-36%), Oil & Gas Exploration & Production (-32%), and Oil & Gas Refining & Marketing (-27%). On the other hand, the other two sub-industries are predicted to report year-over-year earnings growth of 20% or more: Oil & Gas Equipment & Services (44%) and Oil & Gas Storage & Transportation (23%).

The Materials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -23.2%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in earnings of more than 20%: Metals & Mining (-34%), Containers & Packaging (-24%), and Chemicals (-21%). On the other hand, the Construction Materials (44%) industry is the only industry in the sector that is projected to report (year-over-year) earnings growth.

The Health Care sector is expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -21.1%. At the industry level, four of the five industries in this sector are predicted to report a year-over-year decline in earnings. Three of these four industries are projected to report a double-digit decline: Pharmaceuticals (-43%), Biotechnology (-28%), and Life Sciences, Tools, & Services (-10%) industries. On the other hand, the Health Care Providers & Services (5%) industry is the only industry in the sector expected to report (year-over-year) earnings growth.

At the industry level, the Pharmaceuticals industry is the largest contributor to the earnings decline for the sector. If this industry were excluded, the estimated earnings decline for the Health Care sector would improve to -8.8% from -21.1%.

CY 2023 Revenue Growth: 2.3%

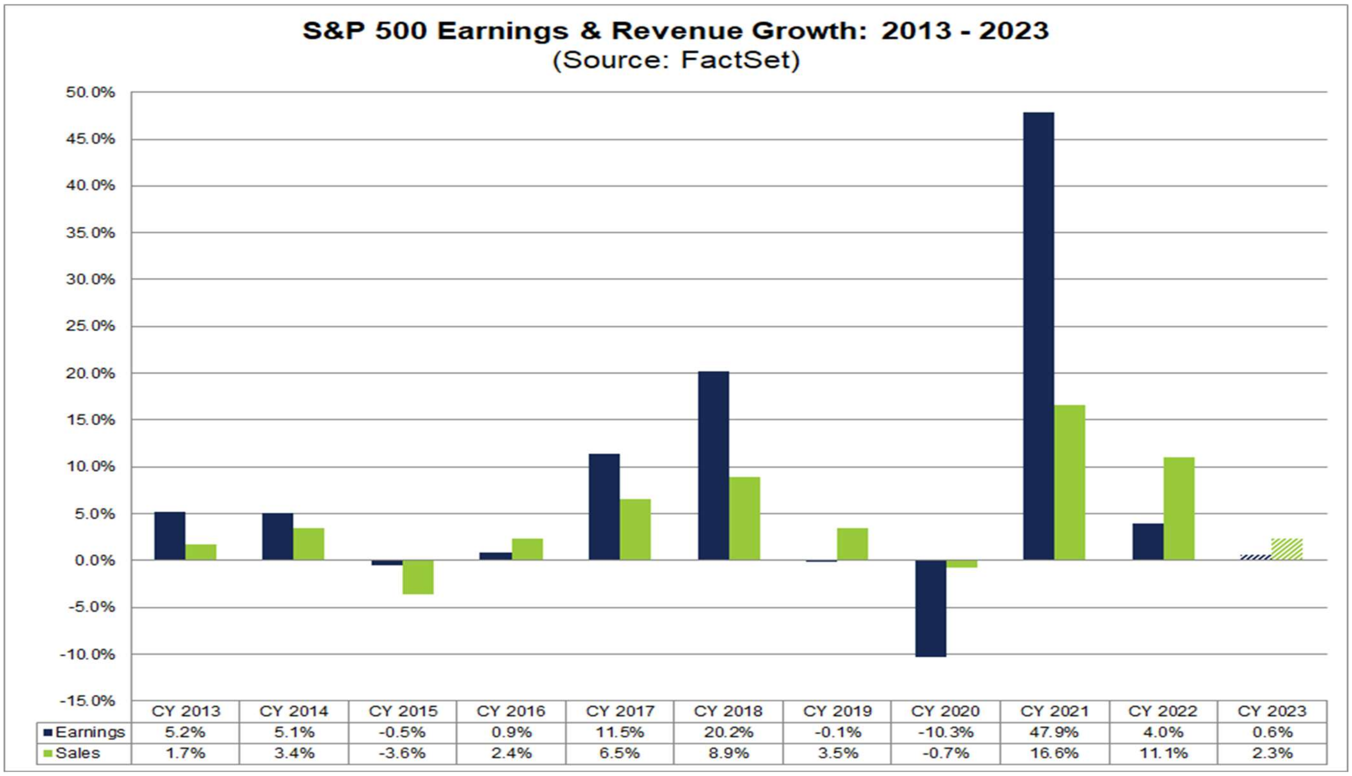
Analysts expect the S&P 500 will report single-digit revenue growth in CY 2023. The estimated (year-over-year) revenue growth rate for CY 2023 is 2.3%, which is below the trailing 10-year average (annual) revenue growth rate of 5.5% (2013 – 2022). On a quarterly basis, revenue growth has been inconsistent for all four quarters for CY 2023. For Q1 2023 through Q3 2023, the S&P 500 reported revenue growth of 4.1%, 0.9%, and 2.4%, respectively. For Q4 2023, the estimated revenue growth rate is 3.1%.

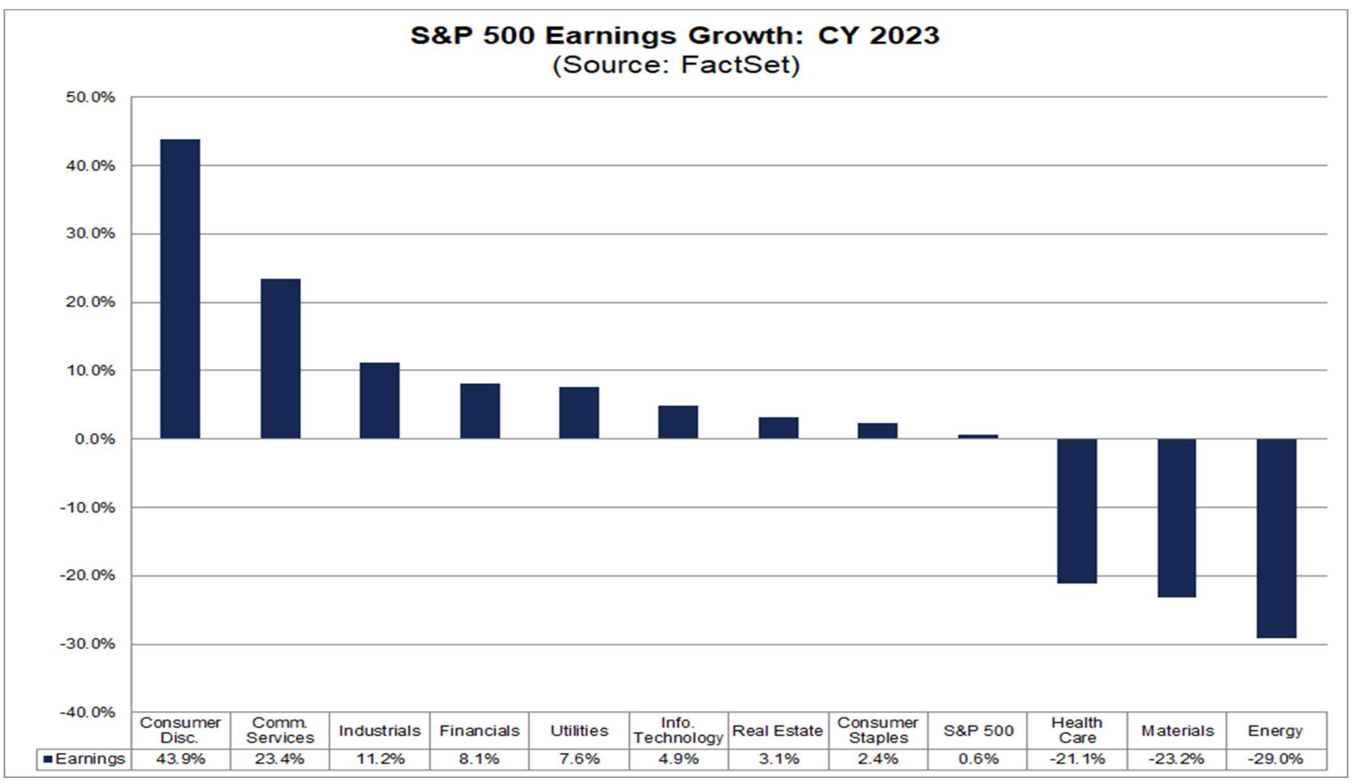
Nine sectors are predicted to report year-over-year growth in revenues in CY 2023, led by the Consumer Discretionary (7.5%) sector. Two sectors are projected to report a year-over-year decline in revenues: Energy (-14.9%) and Materials (-8.9%).

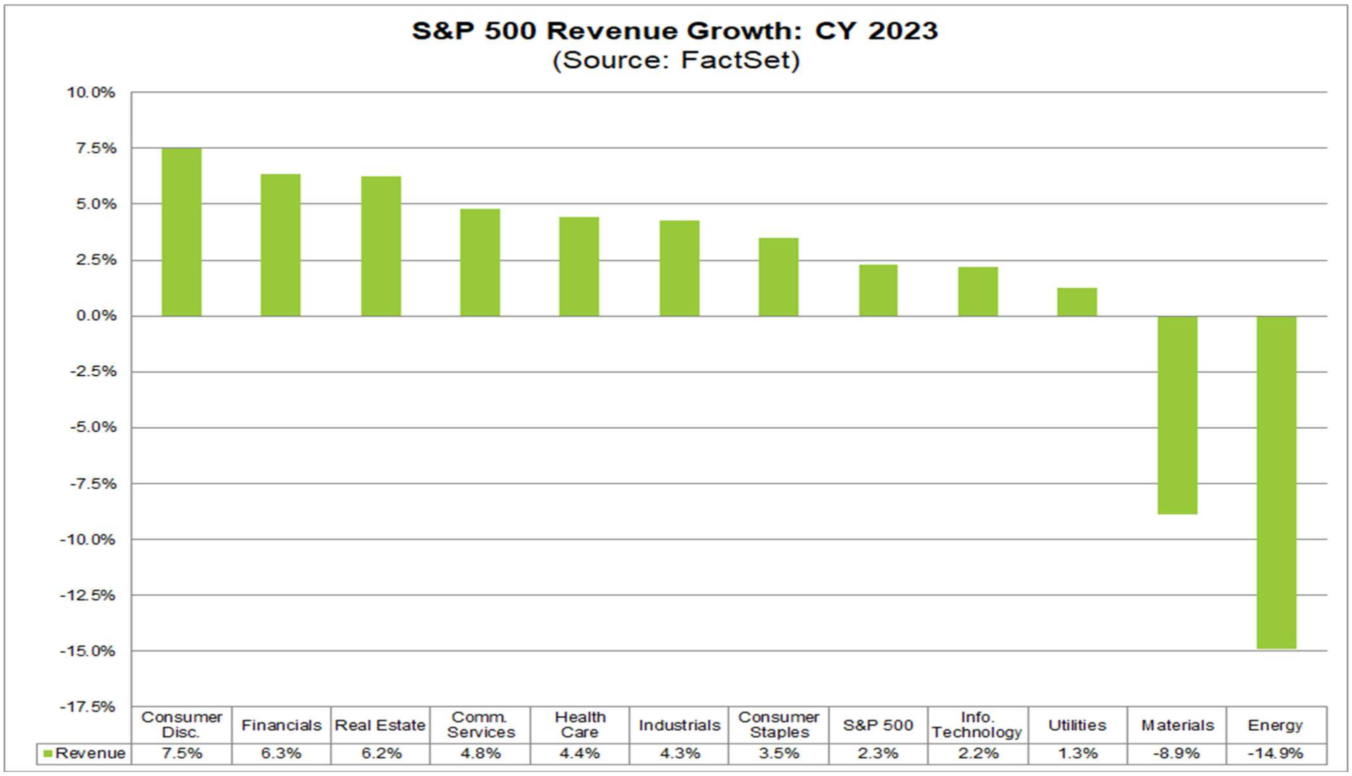
CY 2023 Net Profit Margin: 11.6%

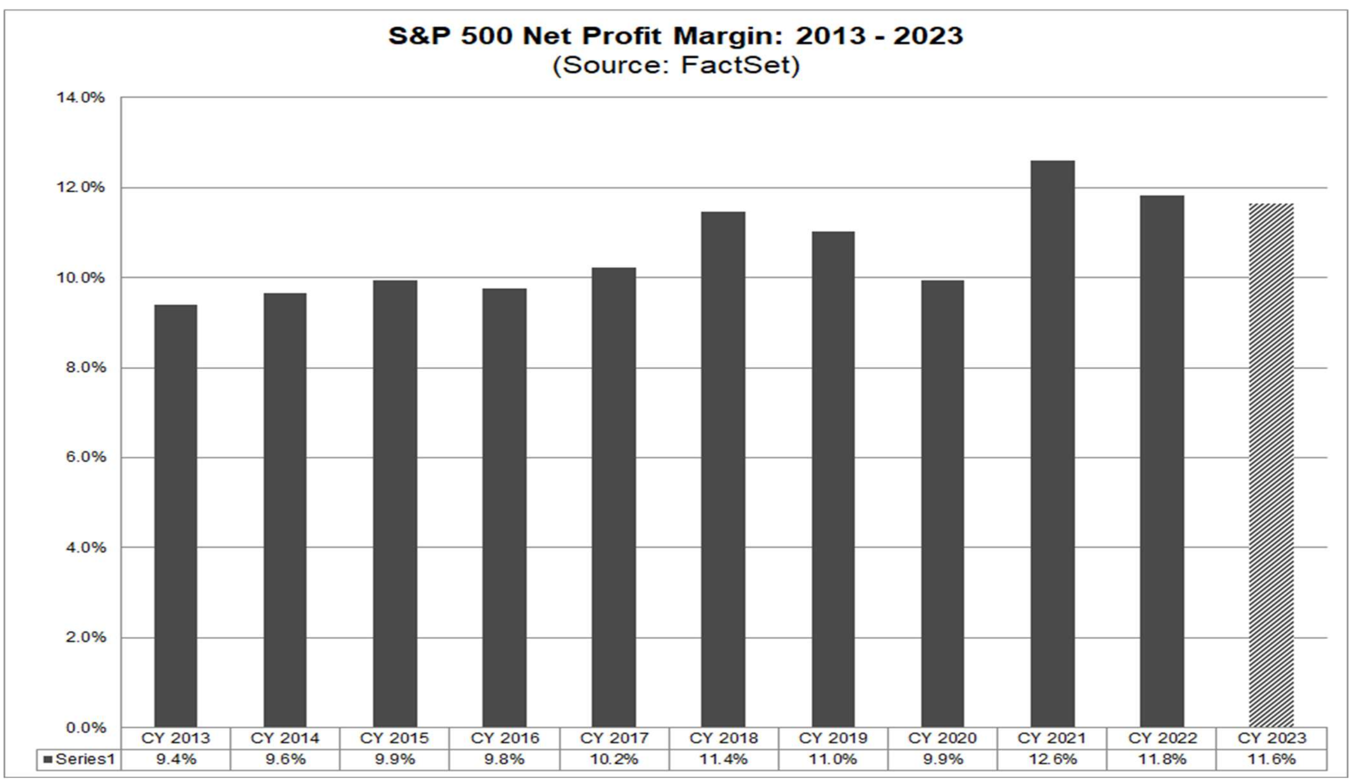
The estimated net profit margin (based on aggregate estimates for revenues and earnings) for the S&P 500 for CY 2023 is 11.6%, which is below the net profit margin of 11.8% for CY 2022 but above the 10-year average (annual) net profit margin of 10.6%.

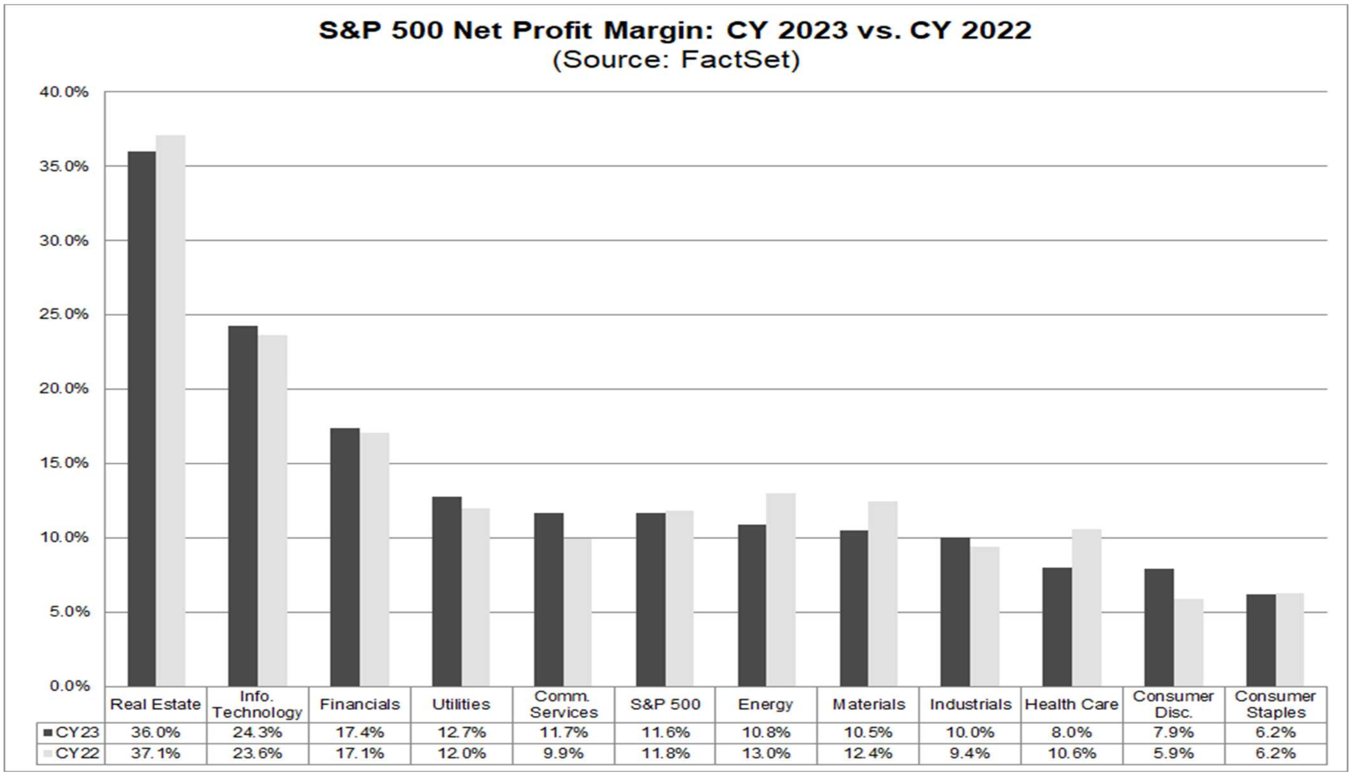
At the sector level, six of the eleven sectors are projected to report a higher net profit margin in CY 2023 relative to CY 2022, led by the Consumer Discretionary (7.9% vs. 5.9%) and Communication Services (11.7% vs. 9.9%) sectors. On the other hand, four sectors are predicted to a report a lower net profit margin in CY 2023 relative to CY 2022, led by the Health Care (8.0% vs. 10.6%) sector. The Consumer Staples (6.2% vs. 6.2%) sector is the only sector projected to report no change in its net profit margin in CY 2023 relative to CY 2022.


S&P 500 Earnings & Revenue Growth: 2013 - 2023
(Source: FactSet)
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
CY 2013 CY 2014 CY 2015 CY 2016 CY 2017 CY 2018 CY 2019 CY 2020 CY 2021 CY 2022 CY 2023
Earnings 5.2% 5.1% -0.5% 0.9% 11.5% 20.2% -0.1% -10.3% 47.9% 4.0% 0.6%
Sales 1.7% 3.4% -3.6% 2.4% 6.5% 8.9% 3.5% -0.7% 16.6% 11.1% 2.3%


S&P 500 Earnings Growth: CY 2023
(Source: FactSet)
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
-20.0%
-30.0%
-40.0%
Consumer Disc. Comm. Services Industrials Financials Utilities Info. Technology Real Estate Consumer Staples S&P 500 Health Care Materials Energy
Earnings 43.9% 23.4% 11.2% 8.1% 7.6% 4.9% 3.1% 2.4% 0.6% -21.1% -23.2% -29.0%


S&P 500 Revenue Growth: CY 2023
(Source: FactSet)
10.0%
7.5%
5.0%
2.5%
0.0%
-2.5%
-5.0%
-7.5%
-10.0%
-12.5%
-15.0%
-17.5%
Consumer Disc.
Financials
Real Estate
Comm. Services
Health Care
Industrials
Consumer Staples
S&P 500
Info. Technology
Utilities
Materials
Energy
Revenue
7.5%
6.3%
6.2%
4.8%
4.4%
4.3%
3.5%
2.3%
2.2%
1.3%
-8.9%
-14.9%


S&P 500 Net Profit Margin: 2013 - 2023
(Source: FactSet)
14.0%
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
CY 2013
CY 2014
CY 2015
CY 2016
CY 2017
CY 2018
CY 2019
CY 2020
CY 2021
CY 2022
CY 2023
Series1
9.4%
9.6%
9.9%
9.8%
10.2%
11.4%
11.0%
9.9%
12.6%
11.8%
11.6%


S&P 500 Net Profit Margin: CY 2023 vs. CY 2022
(Source: FactSet)
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
	Real Estate	Info. Technology	Financials	Utilities	Comm. Services	S&P 500	Energy	Materials	Industrials	Health Care	Consumer Disc.	Consumer Staples
CY23	36.0%	24.3%	17.4%	12.7%	11.7%	11.6%	10.8%	10.5%	10.0%	8.0%	7.9%	6.2%
CY22	37.1%	23.6%	17.1%	12.0%	9.9%	11.8%	13.0%	12.4%	9.4%	10.6%	5.9%	6.2%

Q4 Earnings Season: By The Numbers

Overview

Analysts and companies have been more pessimistic in their earnings outlooks for S&P 500 companies for the fourth quarter compared to historical averages. As a result, estimated earnings for the S&P 500 for the fourth quarter are lower today compared to expectations at the start of the quarter. On a year-over-year basis, the index is expected to report lower earnings growth for the fourth quarter relative to the third quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have lowered earnings estimates for Q4 2023 by a larger margin than average. On a per-share basis, estimated earnings for the fourth quarter have decreased by 5.8% since September 30. This decrease is larger than the 5-year average (-3.5%) and the 10-year average (-3.3%). It is also the largest decline in the quarterly EPS estimate for a quarter since Q1 2023 (-6.4%).

In terms of guidance, both the number and the percentage of S&P 500 companies issuing negative EPS guidance for Q4 2023 is higher than average. At this point in time, 111 companies in the index have issued EPS guidance for Q4 2023, Of these companies, 72 have issued negative EPS guidance and 39 have issued positive EPS guidance. The number of companies issuing negative EPS guidance is above the 5-year average (57) and above the 10-year average (62). The percentage of S&P 500 companies issuing negative EPS guidance for Q4 2023 is 65% (72 out of 111), which is also above the 5-year average of 59% and above the 10-year average of 63%.

Because of the downward revisions to earnings estimates by analysts and the negative EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q4 2023 is lower now relative to the start of the fourth quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 2.4%, compared to the estimated (year-over-year) earnings growth rate of 8.1% on September 30.

If 2.4% is the actual growth rate for the quarter, it will mark the second consecutive quarter of year-over-year earnings growth for the index. However, it will also mark a lower growth rate compared to the third quarter (4.9%).

Six of the eleven sectors are projected to report year-over-year earnings growth, led by the Communication Services, Utilities, and Consumer Discretionary sectors. On the other hand, five sectors are predicted to report a year-over-year decline in earnings, led by the Energy, Materials, and Health Care sectors.

In terms of revenues, analysts have also decreased their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 3.1%, compared to the expectations for revenue growth of 3.9% on September 30.

If 3.1% is the actual revenue growth rate for the quarter, it will mark the 12th consecutive quarter of revenue growth for the index.

Eight sectors are projected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, three sectors are predicted to report a year-over-year decline in revenues, led by the Materials and Energy sectors.

Looking ahead, analysts expect (year-over-year) earnings growth of 6.2% for Q1 2024 and 10.5% for Q2 2024. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.5%

The forward 12-month P/E ratio is 19.3, which is above the 5-year average (18.8) and above the 10-year average (17.6). It is also above the forward P/E ratio of 17.8 recorded at the end of the third quarter (September 30).

During the upcoming week, 10 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

Earnings Revisions: Health Sector Has Seen Largest Decrease in EPS Estimates

Decline in Estimated Earnings Growth Rate for Q4 This Week Due to Energy Sector

During the past week, the estimated earnings growth rate for the S&P 500 for Q4 2023 decreased to 2.4% from 2.6%. Downward revisions to EPS estimates for companies in multiple sectors (led by the Energy sector) were responsible for the slight decline in the overall earnings growth rate during the week.

The estimated earnings growth rate for the S&P 500 for Q4 2023 of 2.4% today is below the estimate of 8.1% at the start of the quarter (September 30), as estimated earnings for the index of $473.8 billion today are 5.3% below the estimate of $500.2 billion at the start of the quarter. Nine sectors have recorded a decrease in dollar-level earnings due to downward revisions to earnings estimates, led by the Health Care, Materials, and Industrials sectors. On the other hand, two sectors have recorded an increase in expected (dollar-level) earnings due upward revisions to earnings estimates: Utilities and Information Technology.

Health Care: Pfizer and Merck Lead Earnings Decrease Since September 30

The Health Care sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -18.9% (to $57.1 billion from $70.5 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -18.9% today from 0.0% on September 30. Despite the decrease in expected earnings, this sector has witnessed a price increase of 4.7% since September 30. Overall, 50 of the 64 companies (78%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 50 companies, 20 have recorded a decrease in their mean EPS estimate of more than 10%, led by Moderna (to -$1.40 from $1.33), Catalent (to -$0.02 from $0.05), Illumina (to -$0.05 from $0.27), Pfizer (to -$0.09 from $0.80), and Merck (to $0.12 from $1.73). Pfizer, Merck, and Moderna have also been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since September 30.

Materials: 79% of Companies Have Seen a Decline in EPS Since September 30

The Materials sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.7% (to $10.1 billion from $11.7 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -20.0% today from -7.3% on September 30. Despite the decrease in expected earnings, this sector has witnessed an increase in price of 8.3% since September 30. Overall, 23 of the 29 companies (79%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 23 companies, 14 have recorded a decrease in their mean EPS estimate of more than 10%, led by Corteva (to $0.07 from $0.28), Albemarle (to $1.62 from $5.07), and FMC Corporation (to $1.09 from $2.78). Albemarle has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since September 30.

Industrials: Boeing Leads Earnings Decrease Since September 30

The Industrials sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -6.7% (to $38.9 billion from $41.7 billion). As a result, the estimated (year-over-year) decline for this sector is -1.5% today compared to estimated earnings growth of 5.6% on September 30. Despite the decrease in expected earnings, this sector has witnessed an increase in price of 11.2% since September 30. Overall, 48 of the 77 companies (62%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 48 companies, 15 have recorded a decrease in their mean EPS estimate of more than 10%, led by Boeing (to -$0.86 from $0.35), American Airlines Group (to $0.06 from $0.41), Alaska Air Group (to $0.23 from $1.20), and Southwest Airlines (to $0.19 from $0.49). Boeing has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since September 30

Index-Level EPS Estimate: 5.8% Decrease Since September 30

The Q4 bottom-up EPS estimate (which is an aggregation of the median Q4 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has decreased by 5.8% (to $54.50 from $57.86) since September 30. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 3.5% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 4.2% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 3.8% on average during a quarter.

Thus, the decline in the bottom-up EPS estimate for the fourth quarter to date has been larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average. It is also the largest decline in the quarterly EPS estimate for a quarter since Q1 2023 (-6.4%).

Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q4 Above Average

Quarterly Guidance: Negative Guidance for Q4 is Above 5-Year and 10-Year Averages

At this point in time, 111 companies in the index have issued EPS guidance for Q4 2023. Of these 111 companies, 72 have issued negative EPS guidance and 39 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2023 is 65% (72 out of 111), which is above the 5-year average of 59% and above the 10-year average of 63%.

Annual Guidance: 48% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 273 companies in the index have issued EPS guidance for the current fiscal year (FY 2023 or FY 2024). Of these 273 companies, 130 have issued negative EPS guidance and 143 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 48% (130 out of 273).

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 Growth: 2.4%

The estimated (year-over-year) earnings growth rate for Q4 2023 is 2.4%, which is below the 5-year average earnings growth rate of 10.6% and below the 10-year average earnings growth rate of 8.4%. If 2.4% is the actual growth rate for the quarter, it will mark the second straight quarter of year-over-year earnings growth reported by the index. However, it will also mark a lower growth rate compared to the third quarter (4.9%).

Six of the eleven sectors are expected to report year-over-year earnings growth, led by the Communication Services, Utilities, and Consumer Discretionary sectors. On the other hand, five sectors are expected to report a year-over-year decline in earnings: Energy, Materials, and Health Care.

Communication Services: Meta Platforms is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is expected to report the largest (year-over-year) earnings growth rate of all eleven sectors at 41.8%. At the industry level, 3 of the 5 industries in the sector are expected to report a year-over-year increase in earnings of 50% or more: Entertainment (177%), Interactive Media & Services (77%), and Wireless Telecommunication Services (52%). On the other hand, two industries are expected to report a (year-over-year) decline in earnings: Diversified Telecommunication Services (-8%) and Media (-7%).

At the company level, Meta Platforms ($4.83 vs. $1.76) is predicted to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for Communication Services sector would fall to 25.3% from 41.8%.

Utilities: Electric Utilities Industry Is Largest Contributor to Year-Over-Year Growth

The Utilities sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 34.1%. At the industry level, 4 of the 5 industries in this sector are expected to report year-over-year earnings growth. Three of these four industries are projected to report double-digit growth: Electric Utilities (59%), Independent Power and Renewable Electricity Producers (42%), and Gas Utilities (13%). On the other hand, the Multi-Utilities (-5%) industry is the only industry expected to report a (year-over-year) decline in earnings.

At the industry level, the Electric Utilities industry is predicted to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Utilities sector would drop to 0.0% from 34.1%.

Consumer Discretionary: Amazon Is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 21.6%. At the industry level, 2 of the 9 industries in the sector are expected to report a year-over-year increase in earnings of 100% or more: Broadline Retail (772%) and Hotels, Restaurants, & Leisure (126%). On the other hand, seven industries are expected to report a (year-over-year) decline in earnings. Two of these seven industries are predicted to report a decrease in earnings of 10% or more: Leisure Products (-52%) and Automobiles (-51%).

At the industry level, the Broadline Retail and Hotels, Restaurants, & Leisure industries are predicted to be the largest contributors to earnings growth for the sector. If these two industries were excluded, the Consumer Discretionary sector would be projected to report a (year-over-year) decline in earnings of -21.3% instead of year-over-year earnings growth of 21.6%. On the other hand, the Automobiles industry is projected to be the largest detractor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Consumer Discretionary sector would improve to 51.6% from 21.6%

At the company level, Amazon.com ($0.77 vs. $0.03) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be projected to report a (year-over-year) decline in earnings of -4.0% instead of earnings growth of 21.6%.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -27.1%. At the sub-industry level, three of the five sub-industries in the sector are expected to report a (year-over-year) decrease in earnings: Oil & Gas Refining & Marketing (-59%), Integrated Oil & Gas (-32%), and Oil & Gas Exploration & Production (-8%). On the other hand, two sub-industries are predicted to report (year-over-year) earnings growth: Oil & Gas Equipment & Services (17%) and Oil & Gas Storage & Transportation (7%).

Materials: 3 of 4 Industries Expected To Report Year-Over-Year Decline of More Than 15%

The Materials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -20.0%. At the industry level, three of the four industries in this sector are predicted to report a year-over-year decline in earnings of more than 15%: Metals & Mining (-27%), Chemicals (-20%), and Containers & Packaging (-19%). On the other hand, the Construction Materials (30%) industry is the only industry in the sector projected to report (year-over-year) earnings growth.

Health Care: Pfizer, Merck, and Moderna Are Largest Contributors to Year-Over-Year Decline

The Health Care sector is expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -18.9%. At the industry level, three of the five industries in this sector are predicted to report a year-over-year decline in earnings of 10% or more: Pharmaceuticals (-46%), Biotechnology (-18%), and Life Sciences, Tools, & Services (-11%). On the other hand, two industries are projected to report year-over-year earnings growth: Health Care Providers & Services (5%) and Health Care Equipment & Supplies (4%).

At the company level, Pfizer (-$0.09 vs. $1.14), Merck ($0.12 vs. $1.62), and Moderna (-$1.40 vs. $3.61) are the largest contributors to the earnings decline for the sector. If these three companies were excluded, the estimated earnings decline for the Health Care sector would improve to -1.2% from -18.9%.

The Health Care sector is also expected to be the largest detractor to overall earnings growth for the S&P 500. If this sector were excluded, the estimated earnings growth rate for S&P 500 would improve to 6.2% from 2.4%.

Revenue Growth: 3.1%

The estimated (year-over-year) revenue growth rate for Q4 2023 is 3.1%, which is below the 5-year average revenue growth rate of 7.7% and below the 10-year average revenue growth rate of 5.0%. If 3.1% is the actual revenue growth rate for the quarter, it will mark the 12th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are expected to report year-over-year growth in revenues, led by the Financials sector. On the other hand, three sectors are expected to report a year-over-year decline in revenues, led by the Materials and Energy sectors.

Financials: All 5 Industries Expected to Report Year-Over-Year Growth

The Financials sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 7.0%. At the industry level, all 5 industries in the sector are expected to report a year-over-year increase in revenues. Two of these five industries are projected to report revenue growth at or above 10%: Financials Services (10%) and Consumer Finance (10%).

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

The Materials sector is expected to report the highest (year-over-year) decline in revenues at -5.5%. At the industry level, three of the four industries in the sector are predicted to report a (year-over-year) decrease in revenues: Metals & Mining (-7%), Chemicals (-6%), and Containers & Packaging (-4%). On the other hand, the Construction Materials (12%) industry is the only industry expected to report a year-over-year growth in revenues.

Energy: 4 of 5 Sub-Industries Expected To Report Year-Over-Year Decline

The Energy sector is expected to report the second-largest (year-over-year) revenue decline of all eleven sectors at -5.3%. At the sub-industry level, four of the five sub-industries in the sector are expected to report a (year-over-year) decrease in revenues: Oil & Gas Refining & Marketing (-9%), Oil & Gas Exploration & Production (-8%), Integrated Oil & Gas (-4%), and Oil & Gas Storage & Transportation (<-1%). On the other hand, the Oil & Gas Equipment & Services (12%) sub-industry is the only sub-industry predicted to report (year-over-year) revenue growth in the sector.

Net Profit Margin: 11.1%

The estimated net profit margin for the S&P 500 for Q4 2023 is 11.1%, which is below the previous quarter's net profit margin of 12.2% below the 5-year average of 11.4%, and below the year-ago net profit margin of 11.2%.

At the sector level, four sectors are expected to report a year-over-year increase in their net profit margins in Q4 2023 compared to Q4 2022, led by the Utilities (12.3% vs. 9.1%) and Communication Services (11.7% vs. 8.8%) sectors. On the other hand, seven sectors are expected to report a year-over-year decrease in their net profit margins in Q4 2023 compared to Q4 2022, led by the Energy (10.0% vs. 13.0%) sector.

Five sectors are expected to report net profit margins in Q4 2023 that are above their 5-year averages, led by the Information Technology (25.5% vs. 23.1%) sector. On the other hand, six sectors are expected to report net profit margins in Q4 2023 that are below their 5-year averages, led by the Health Care (7.3% vs. 10.3%) sector.

Forward Estimates and Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 12% for CY 2024

For the fourth quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 2.4% and year-over-year growth in revenues of 3.1%. For CY 2023, S&P 500 companies are expected to report year-over-year growth in earnings of 0.6% and year-over-year growth in revenues of 2.3%

For Q1 2024, analysts are projecting earnings growth of 6.2% and revenue growth of 4.3%.

For Q2 2024, analysts are projecting earnings growth of 10.5% and revenue growth of 5.2%.

For Q3 2024, analysts are projecting earnings growth of 8.7% and revenue growth of 5.2%.

For Q4 2024, analysts are projecting earnings growth of 18.1% and revenue growth of 5.8%.

For CY 2024, analysts are projecting earnings growth of 11.5% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 19.3, Above the 10-Year Average (17.6)

The forward 12-month P/E ratio for the S&P 500 is 19.3. This P/E ratio is above the 5-year average of 18.8 and above the 10-year average of 17.6. It is also above the forward 12-month P/E ratio of 17.8 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 10.1%, while the forward 12-month EPS estimate has increased by 1.4%. At the sector level, the Information Technology (26.7) and Consumer Discretionary (25.4) sectors have the highest forward 12-month P/E ratios, while the Energy (10.8) and Financials (14.6) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 23.3, which is above the 5-year average of 22.4 and above the 10-year average of 20.9.

Targets & Ratings: Analysts Project 8% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 5090.17, which is 7.9% above the closing price of 4719.55. At the sector level, the Energy (+20.5%) 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 (+0.1%) 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.

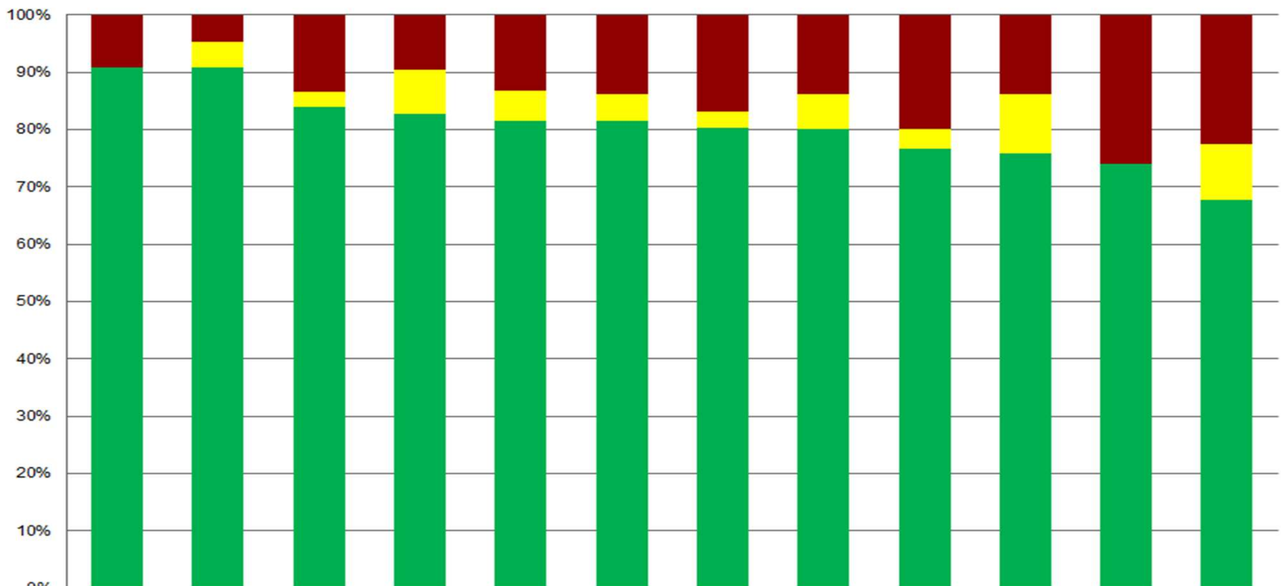
Overall, there are 11,319 ratings on stocks in the S&P 500. Of these 11,319 ratings, 54.9% are Buy ratings, 39.7% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (64%) and Communication Service (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (47%) and Industrials (49%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 10

During the upcoming week, 10 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

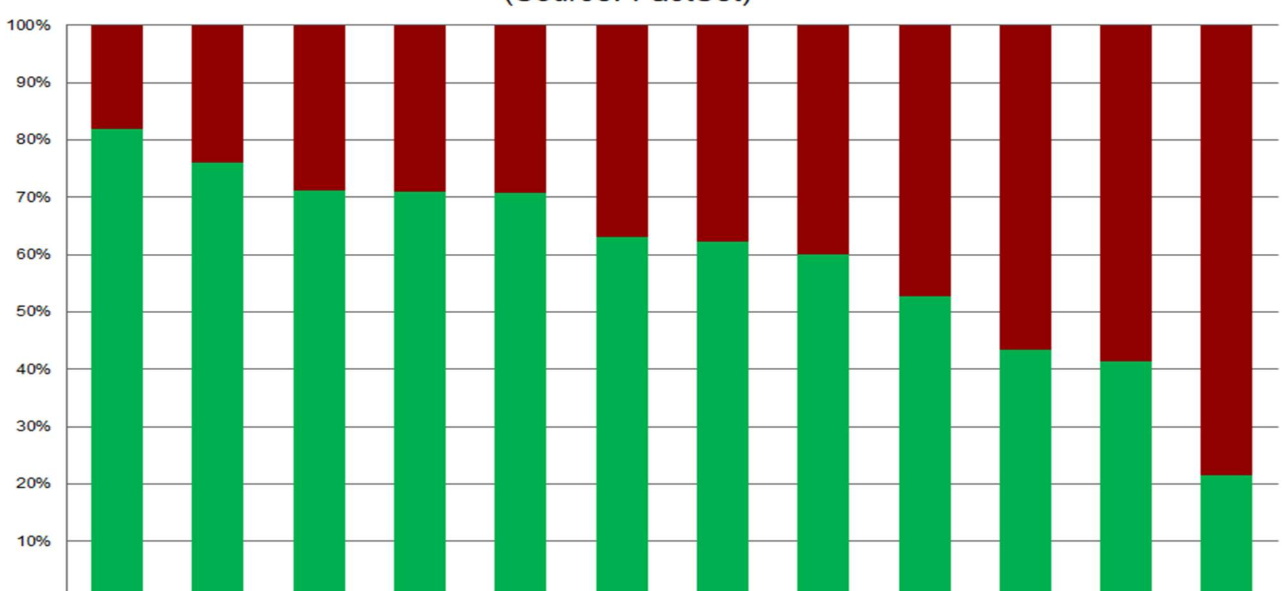
Q3 2023: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2023
(Source: FactSet)



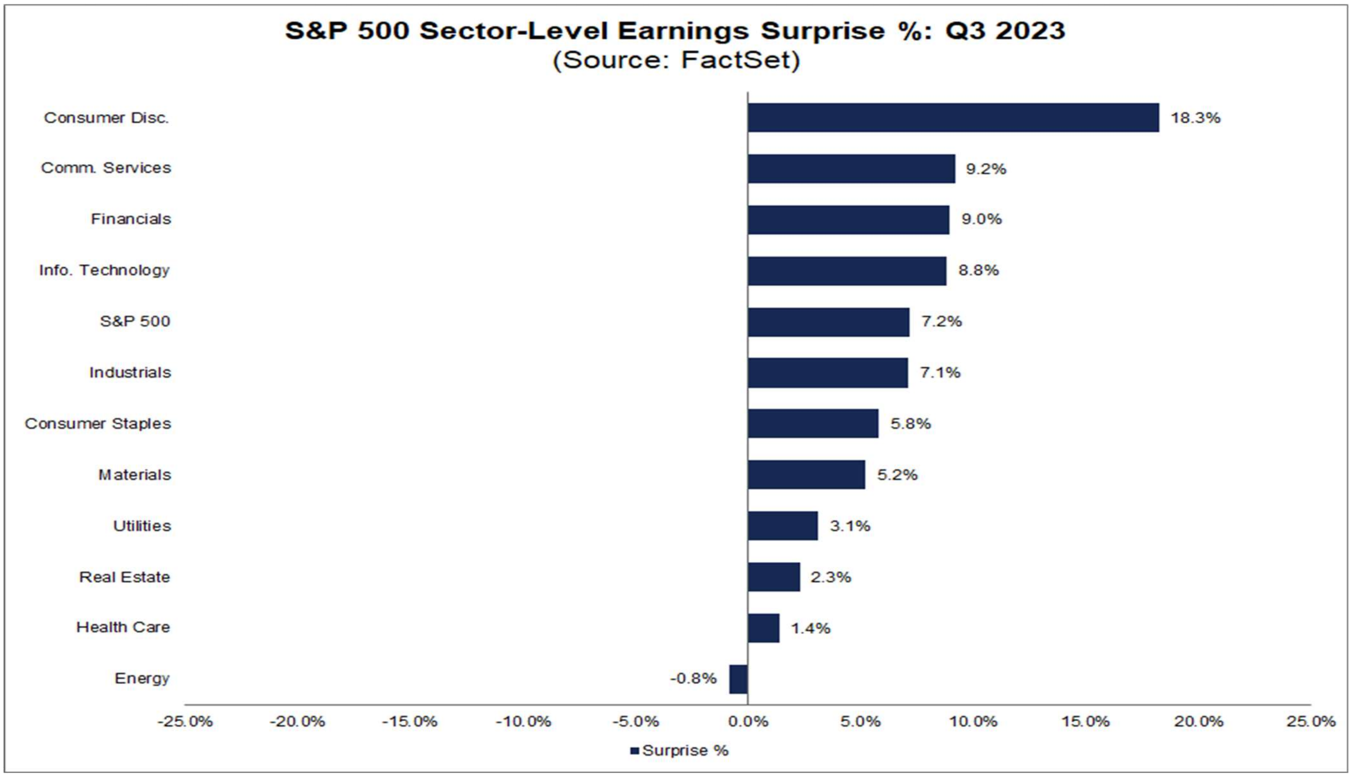
	Comm. Services	Info. Technology	Industrials	Consumer Disc.	Consumer Staples	S&P 500	Financials	Health Care	Utilities	Materials	Energy	Real Estate
Below	9%	5%	13%	10%	13%	14%	17%	14%	20%	14%	26%	23%
In-Line	0%	5%	3%	8%	5%	5%	3%	6%	3%	10%	0%	10%
Above	91%	91%	84%	83%	82%	81%	80%	80%	77%	76%	74%	68%

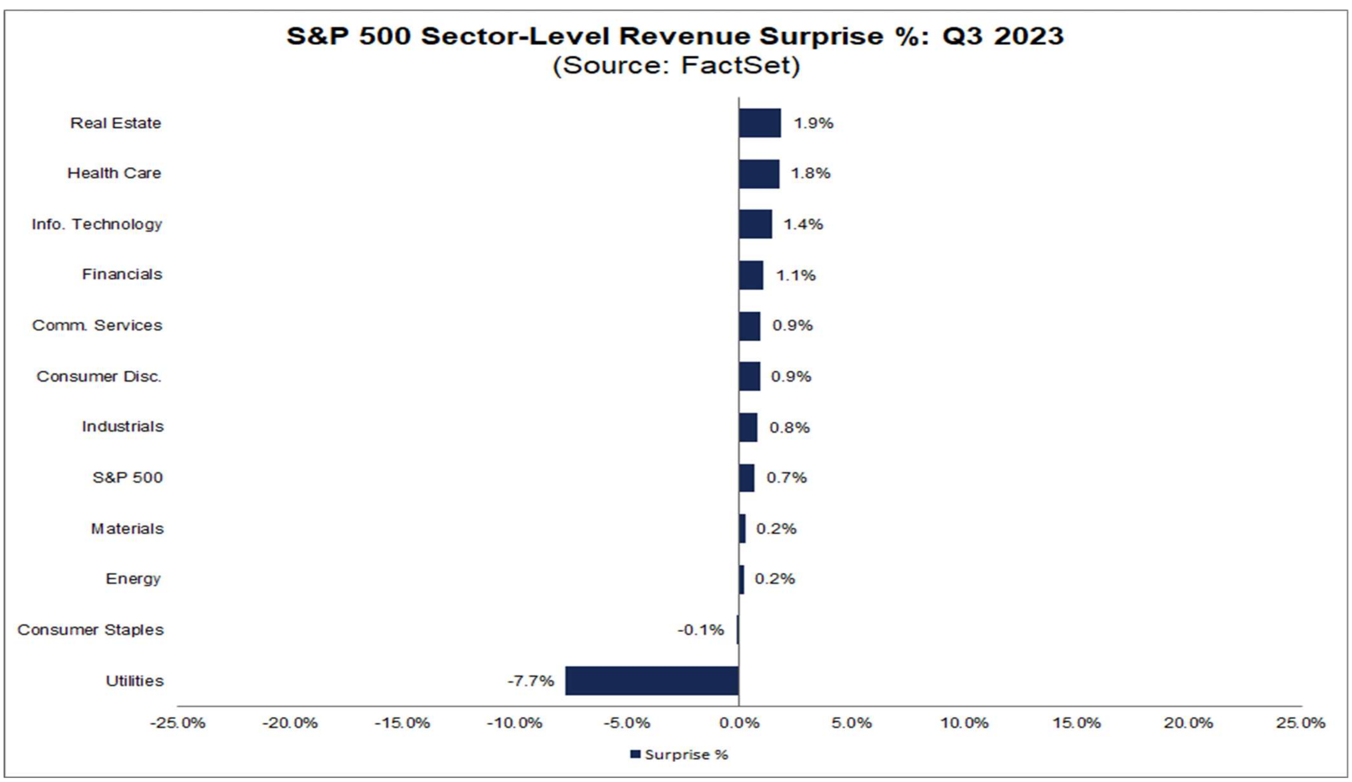
S&P 500 Revenues Above, In-Line, Below Estimates: Q3 2023
(Source: FactSet)



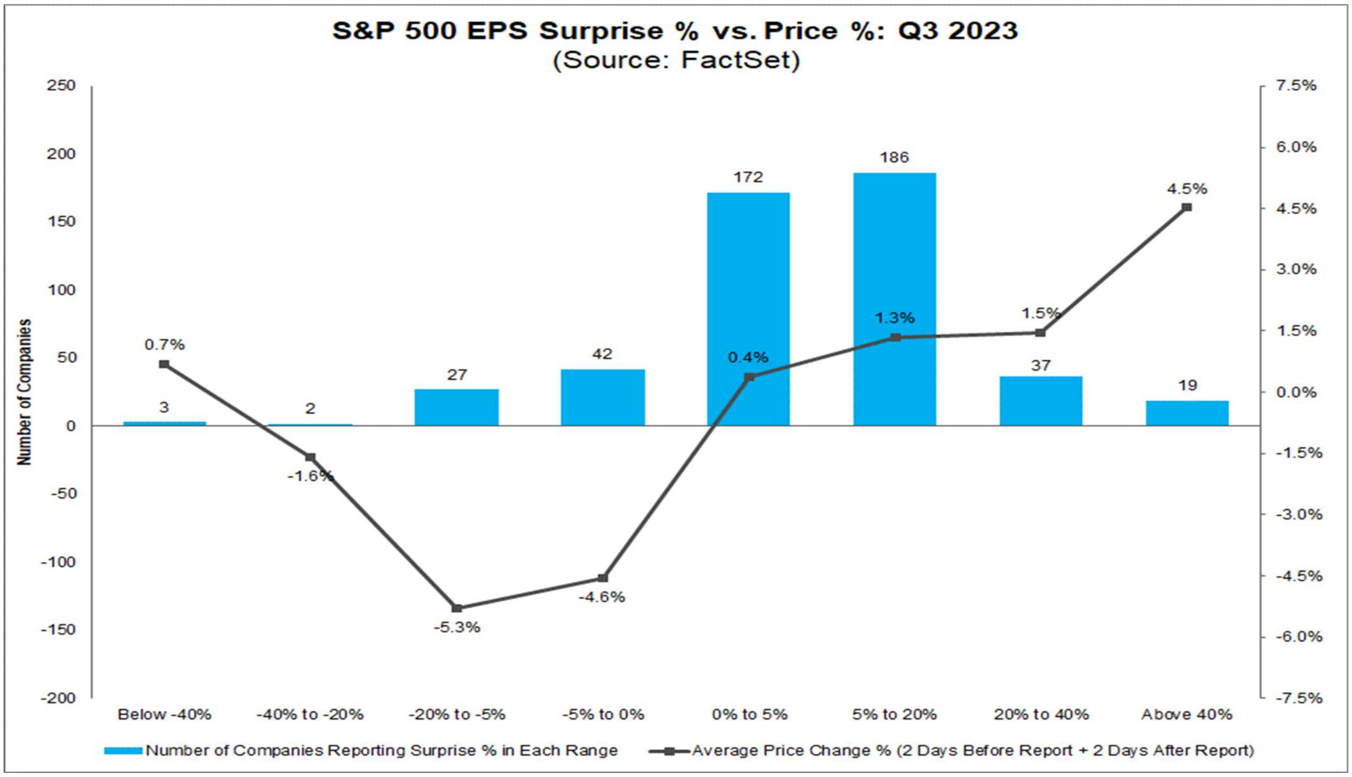
	Comm. Services	Financials	Consumer Disc.	Real Estate	Info. Technology	Health Care	S&P 500	Industrials	Consumer Staples	Energy	Materials	Utilities
Below	18%	24%	29%	29%	29%	37%	38%	40%	47%	57%	59%	79%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	82%	76%	71%	71%	71%	63%	62%	60%	53%	43%	41%	21%

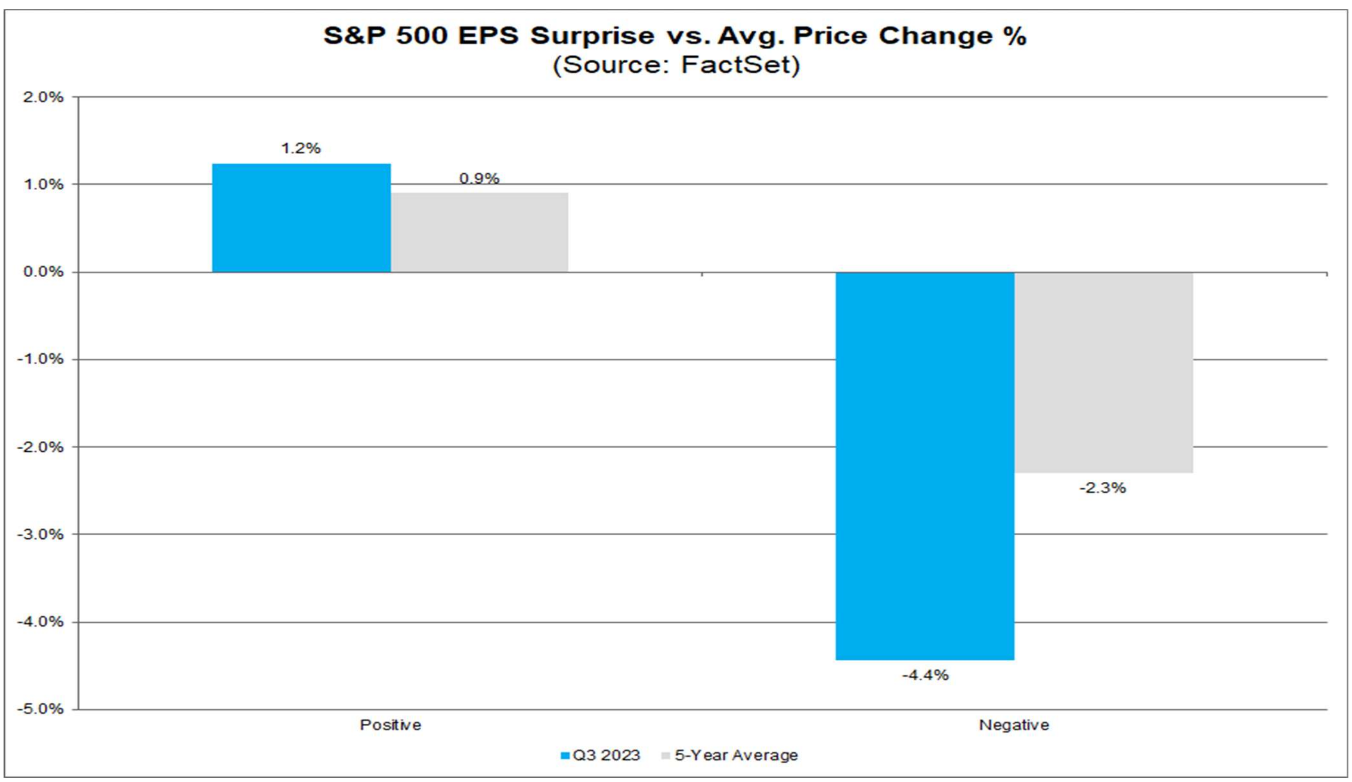
Q3 2023: Scorecard



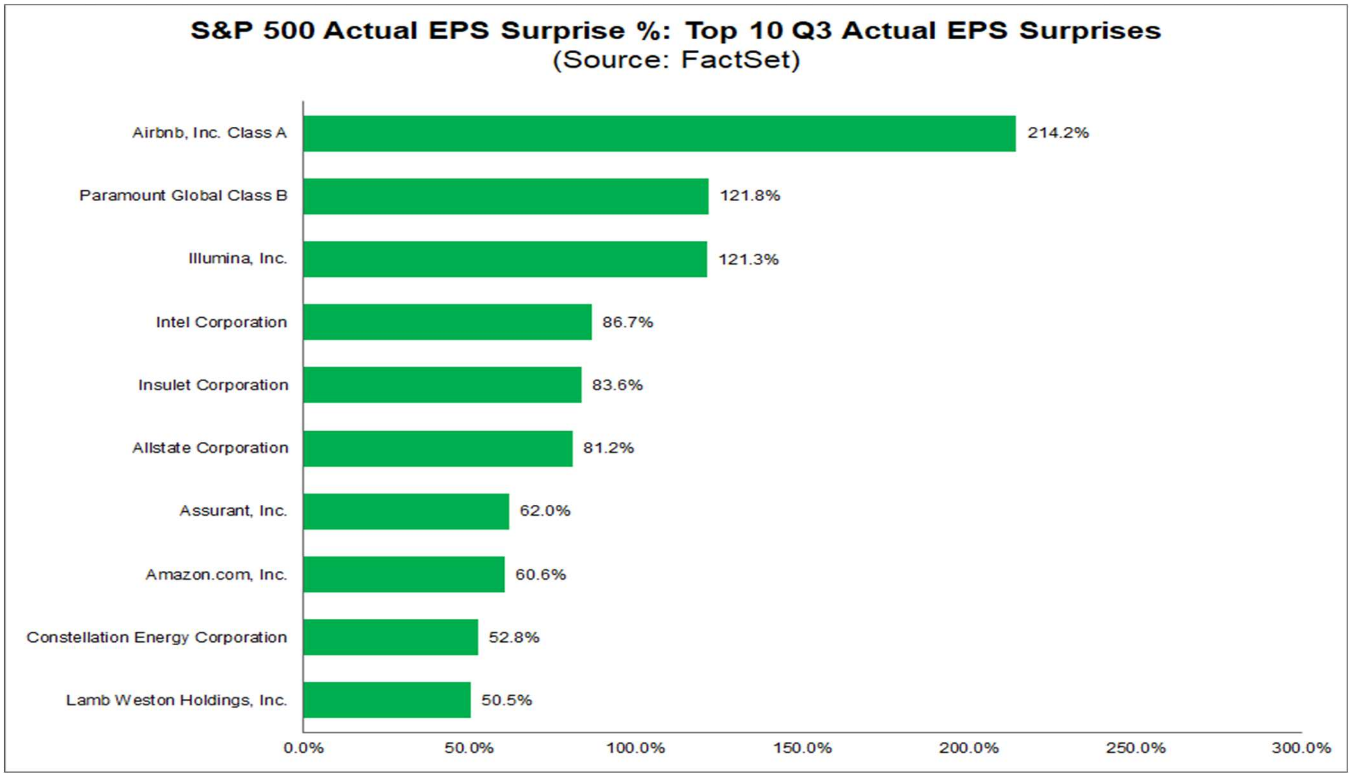


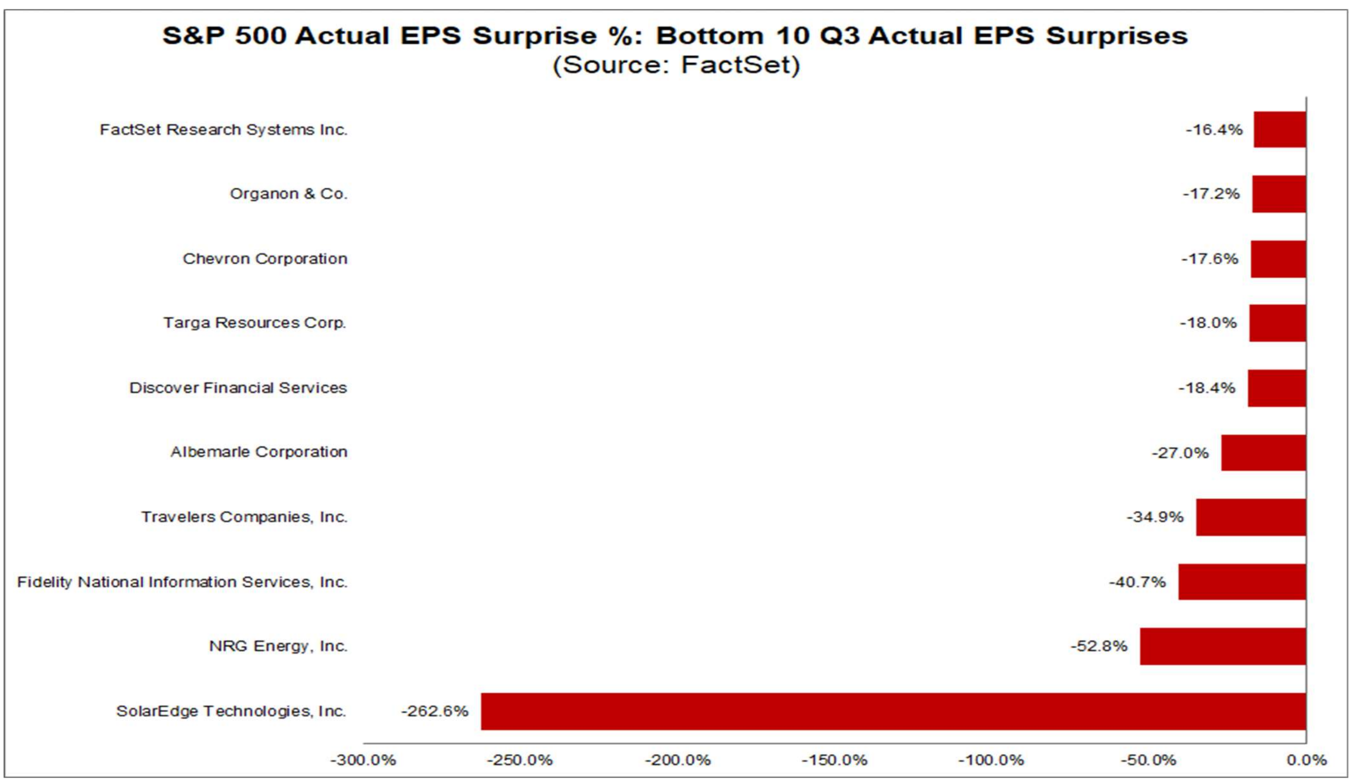
Q3 2023: Scorecard



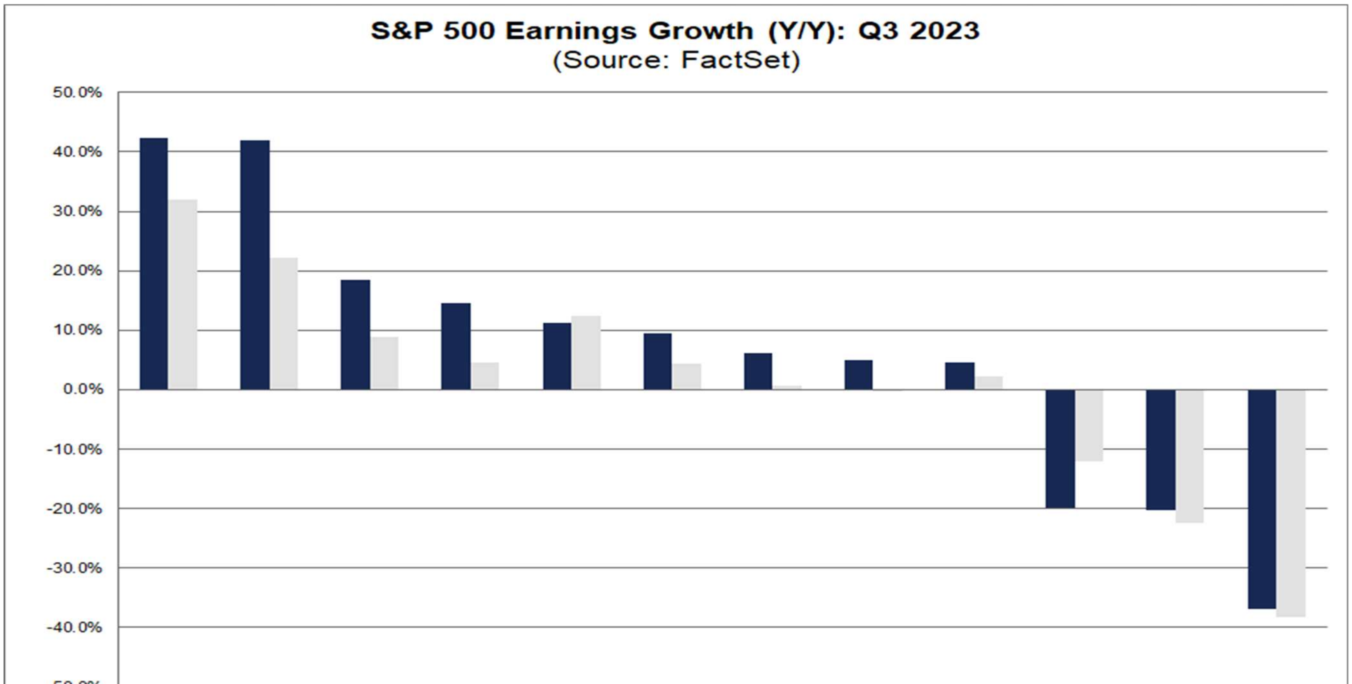


Q3 2023: Scorecard

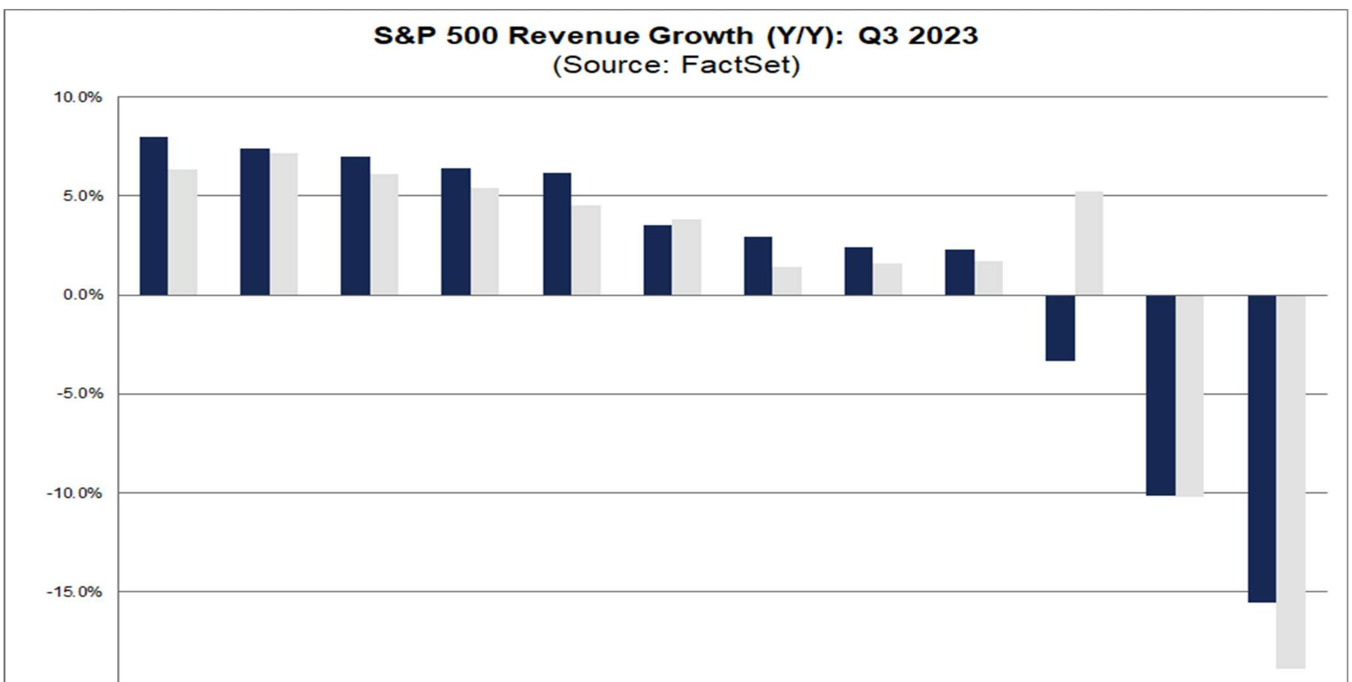




Q3 2023: Growth

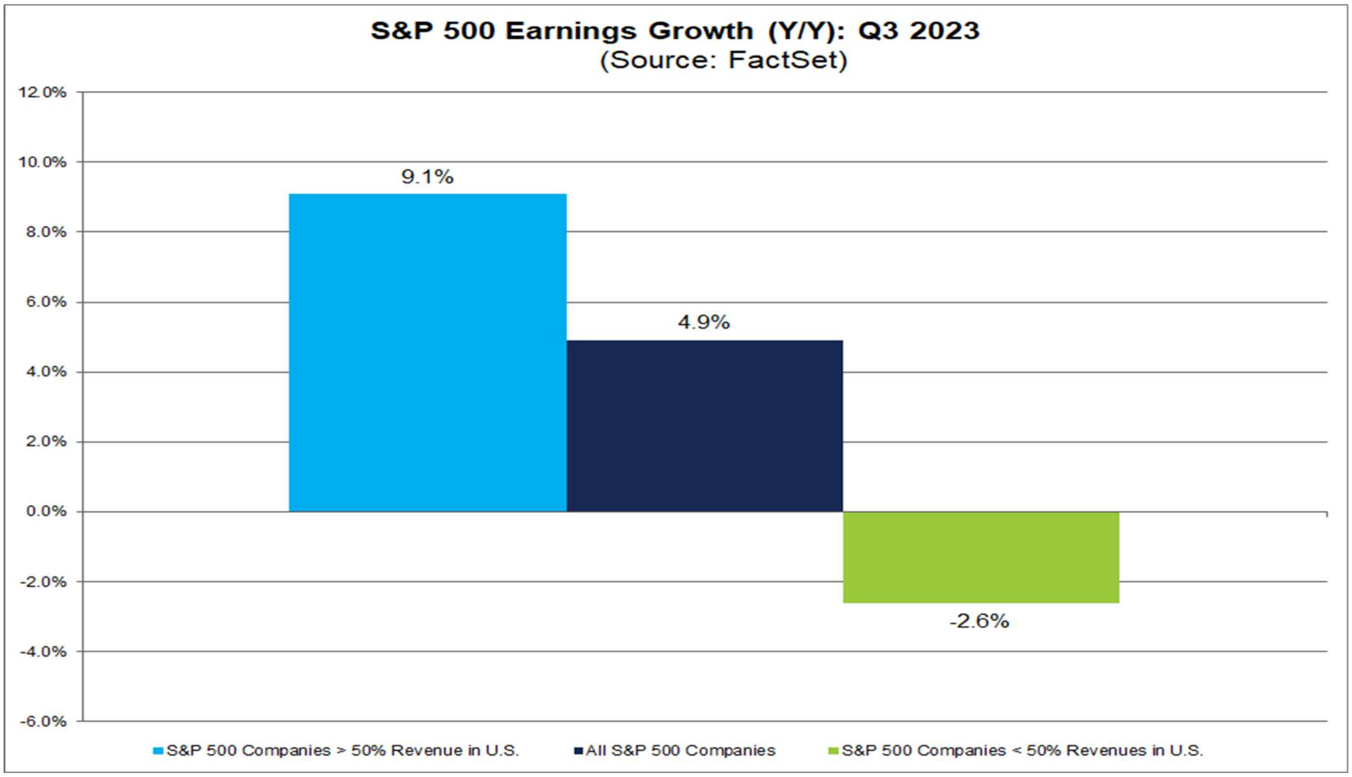


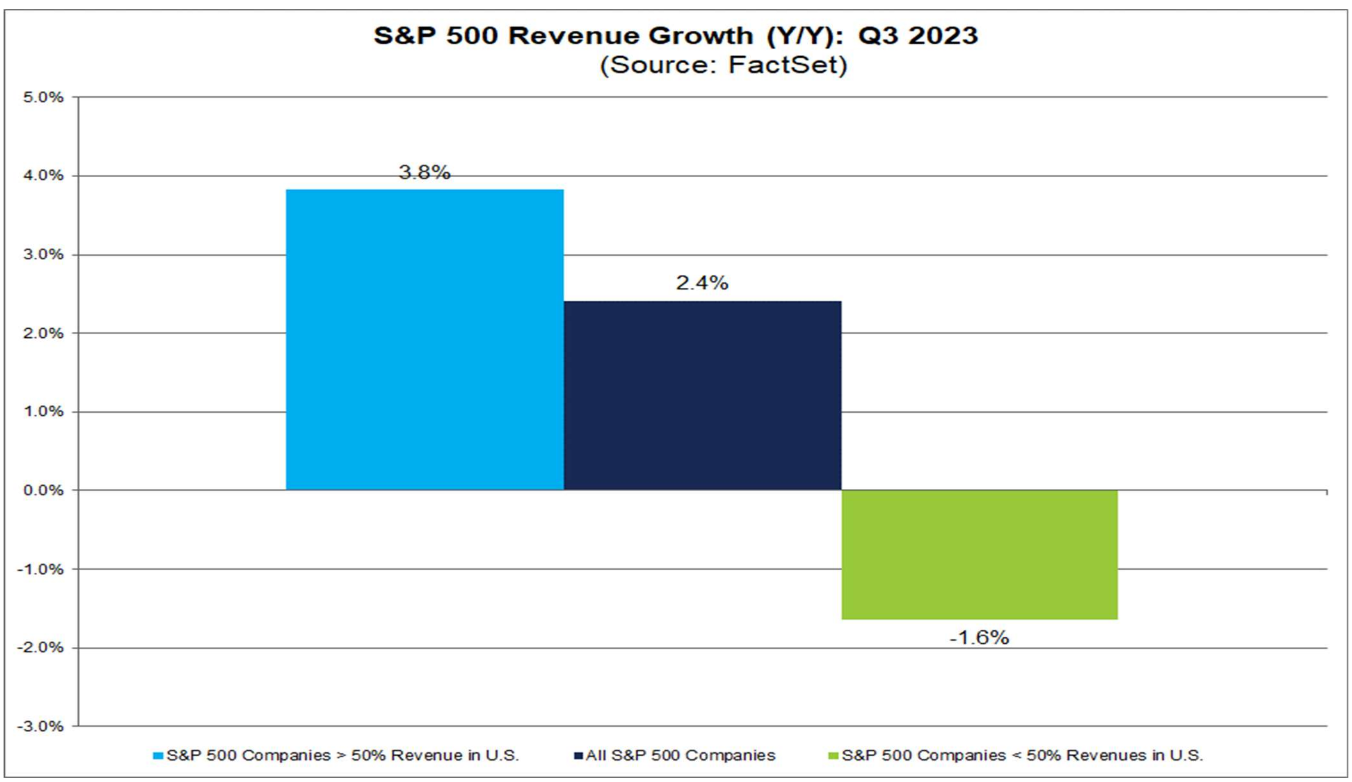
	Comm. Services	Consumer Disc.	Financials	Info. Technology	Utilities	Industrials	Consumer Staples	S&P 500	Real Estate	Health Care	Materials	Energy
Today	42.4%	41.9%	18.4%	14.5%	11.3%	9.5%	6.1%	4.9%	4.5%	-19.9%	-20.3%	-36.9%
30-Sep	32.0%	22.1%	8.9%	4.6%	12.4%	4.3%	0.7%	-0.3%	2.2%	-12.0%	-22.4%	-38.2%



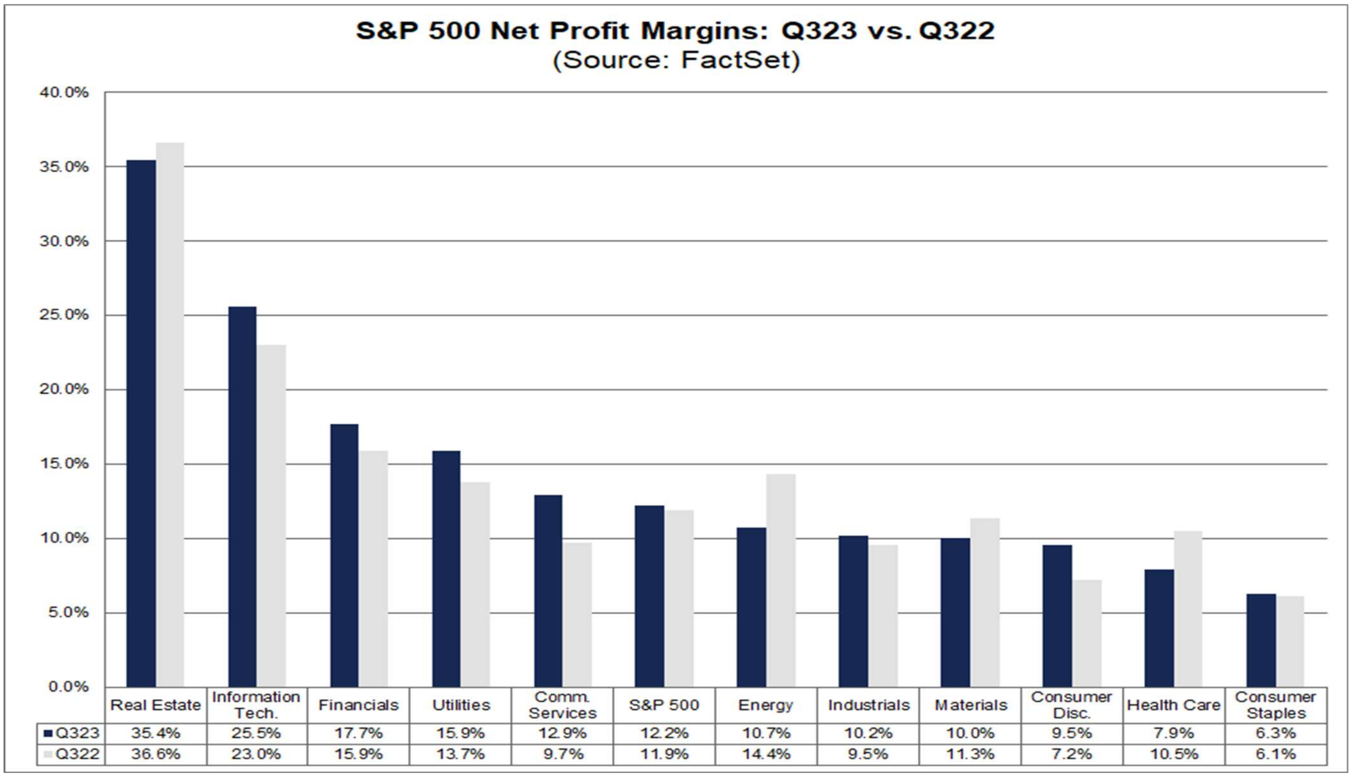
	Real Estate	Consumer Disc.	Comm. Services	Financials	Health Care	Consumer Staples	Info. Technology	S&P 500	Industrials	Utilities	Materials	Energy
Today	8.0%	7.4%	7.0%	6.4%	6.2%	3.5%	2.9%	2.4%	2.3%	-3.3%	-10.2%	-15.5%
30-Sep	6.4%	7.2%	6.1%	5.4%	4.5%	3.8%	1.4%	1.6%	1.7%	5.2%	-10.2%	-18.9%

Q3 2023: Growth

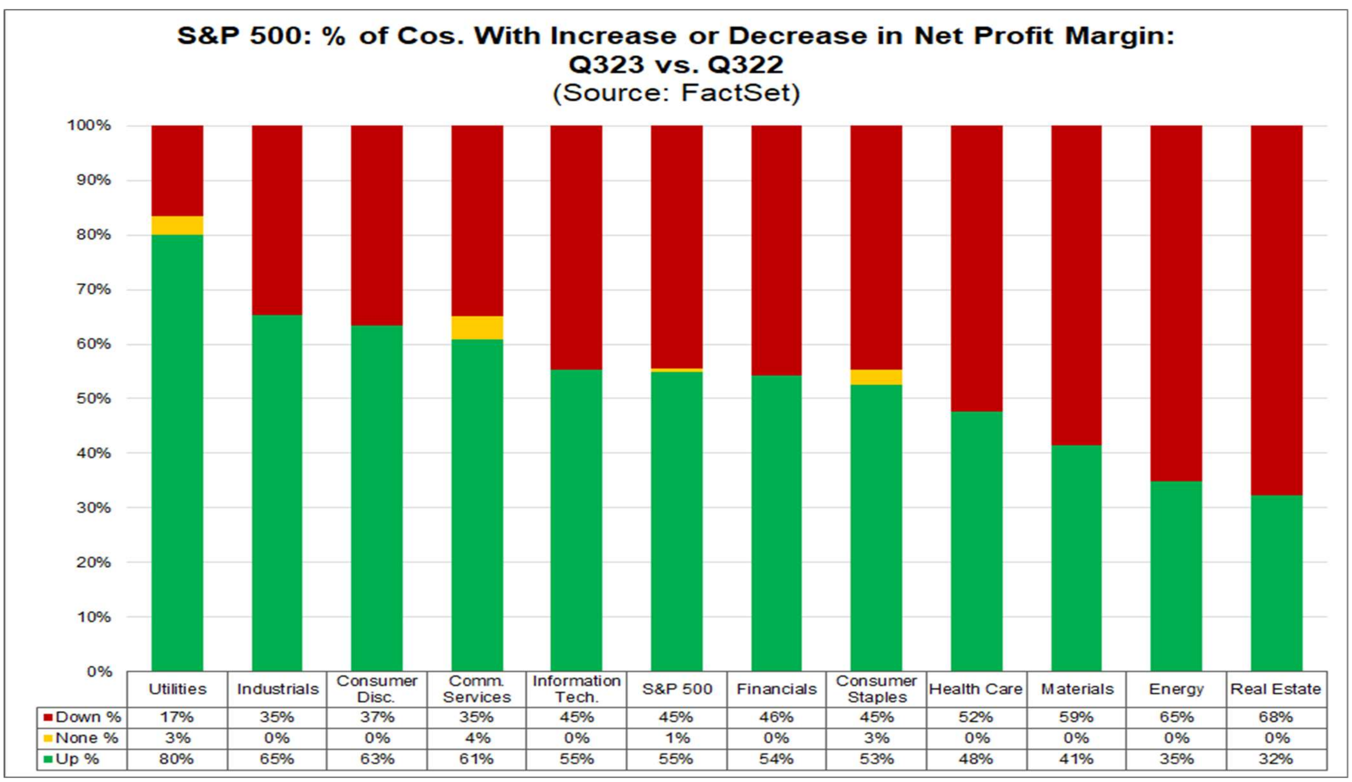




Q3 2023: Net Profit Margin

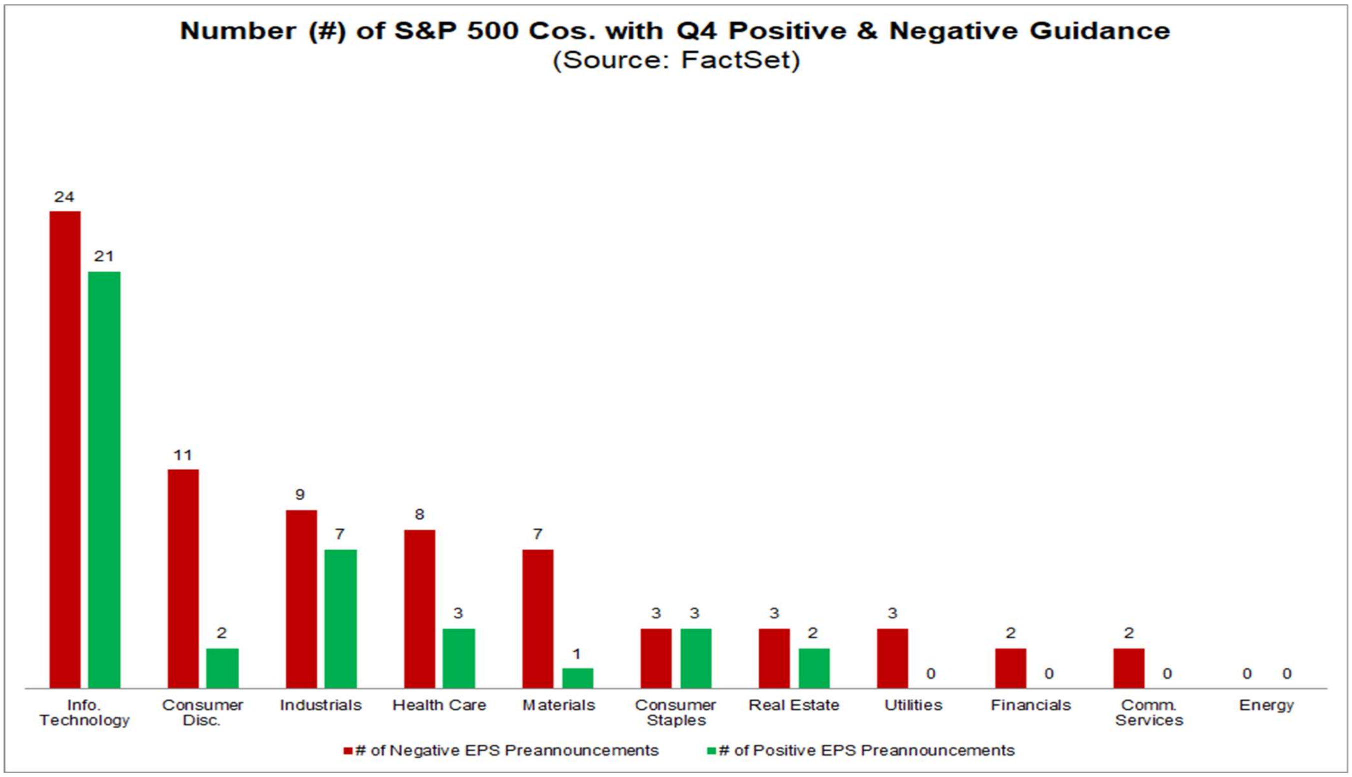


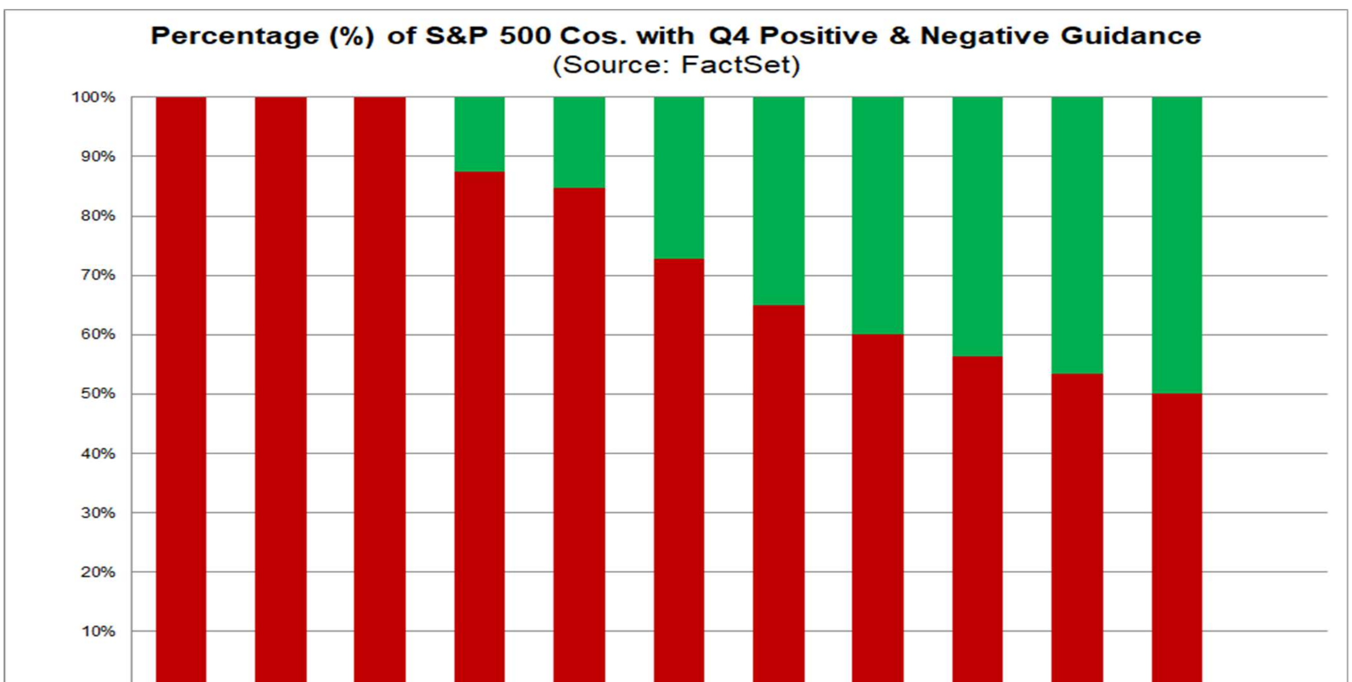
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Energy	Industrials	Materials	Consumer Disc.	Health Care	Consumer Staples
Q323	35.4%	25.5%	17.7%	15.9%	12.9%	12.2%	10.7%	10.2%	10.0%	9.5%	7.9%	6.3%
Q322	36.6%	23.0%	15.9%	13.7%	9.7%	11.9%	14.4%	9.5%	11.3%	7.2%	10.5%	6.1%



	Utilities	Industrials	Consumer Disc.	Comm. Services	Information Tech.	S&P 500	Financials	Consumer Staples	Health Care	Materials	Energy	Real Estate
Down %	17%	35%	37%	35%	45%	45%	46%	45%	52%	59%	65%	68%
None %	3%	0%	0%	4%	0%	1%	0%	3%	0%	0%	0%	0%
Up %	80%	65%	63%	61%	55%	55%	54%	53%	48%	41%	35%	32%

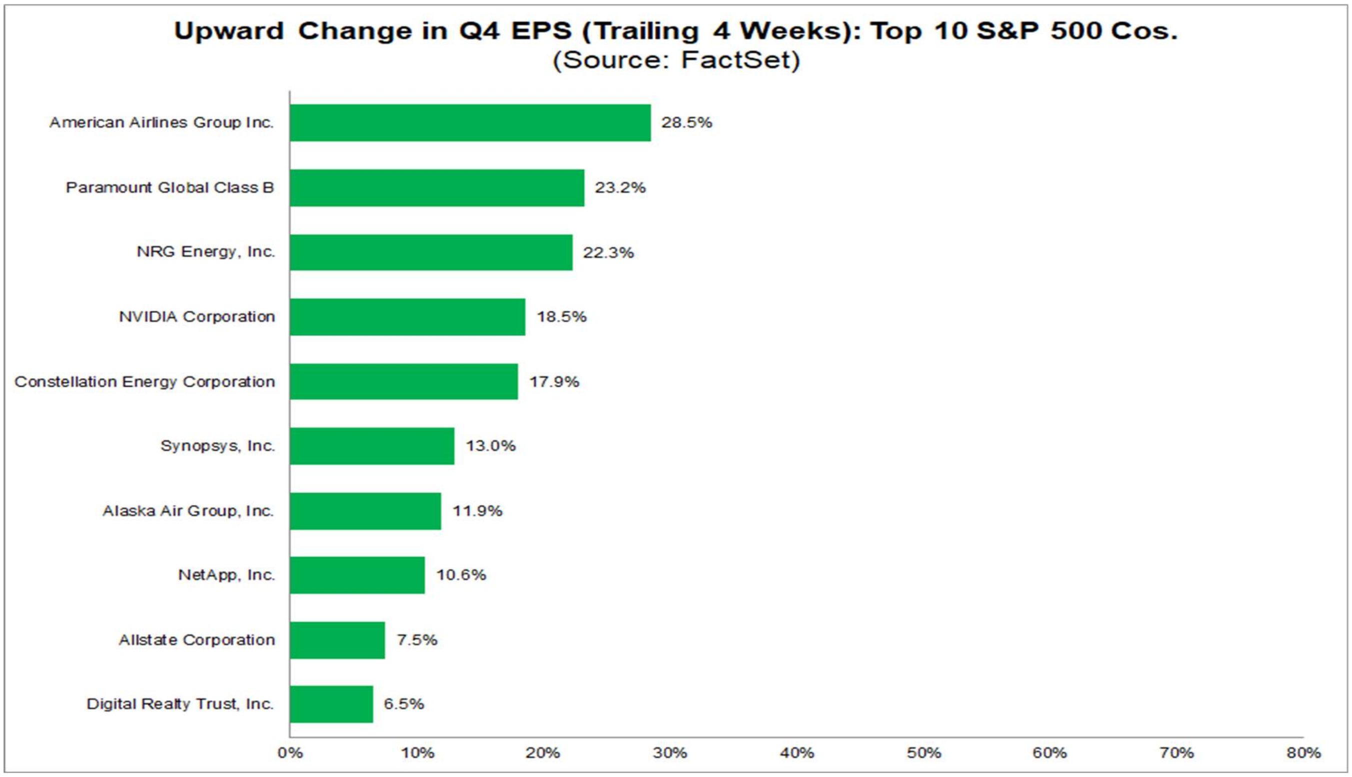
Q4 2023: Guidance

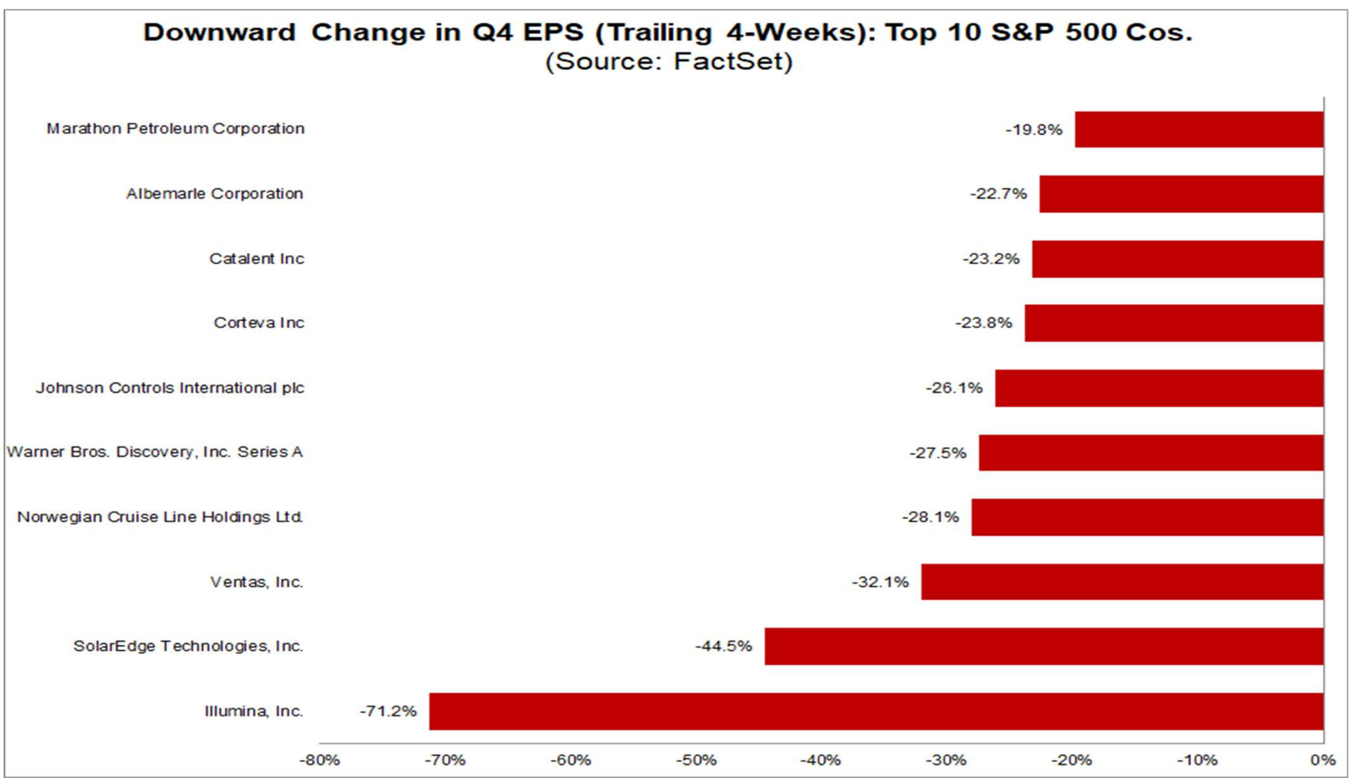




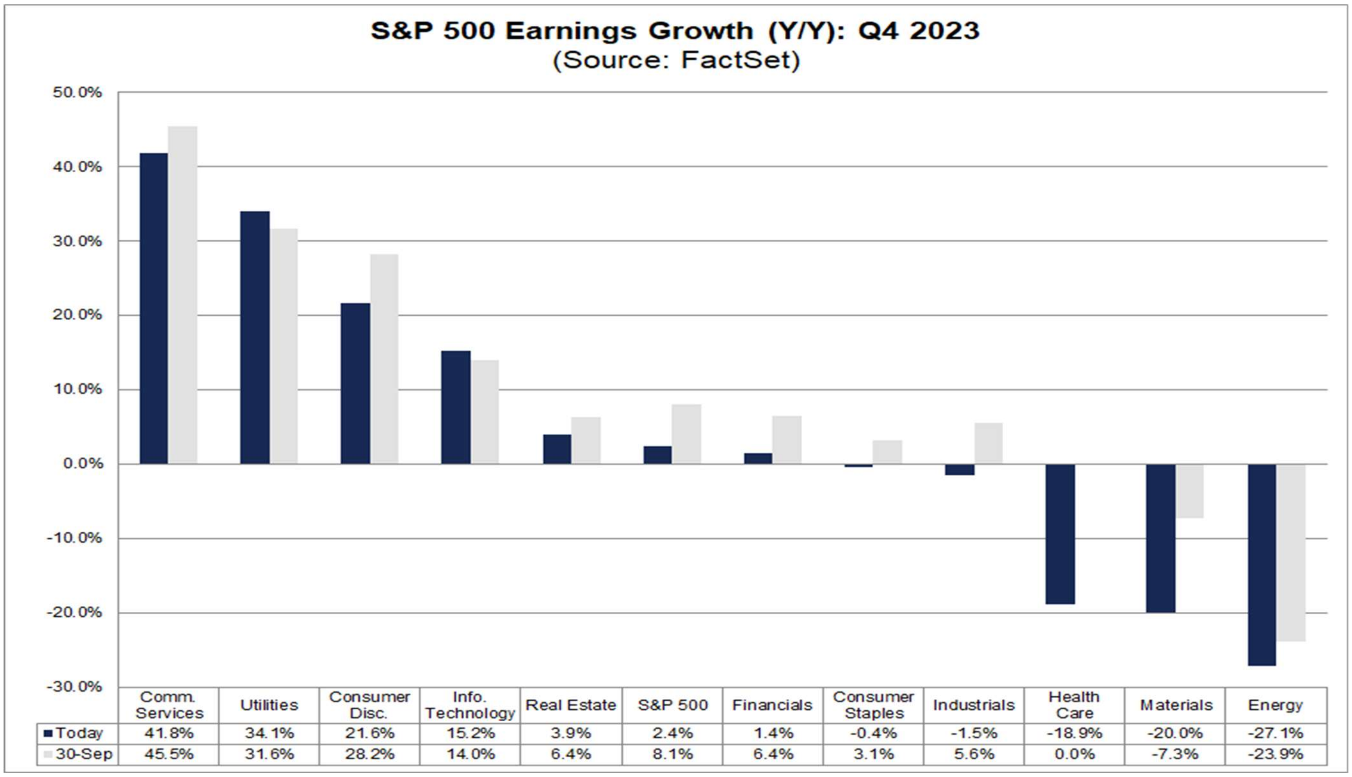
	Utilities	Comm. Services	Financials	Materials	Consumer Disc.	Health Care	S&P 500	Real Estate	Industrials	Info. Technology	Consumer Staples	Energy
Positive	0%	0%	0%	13%	15%	27%	35%	40%	44%	47%	50%	0%
Negative	100%	100%	100%	88%	85%	73%	65%	60%	56%	53%	50%	0%

Q4 2023: EPS Revisions

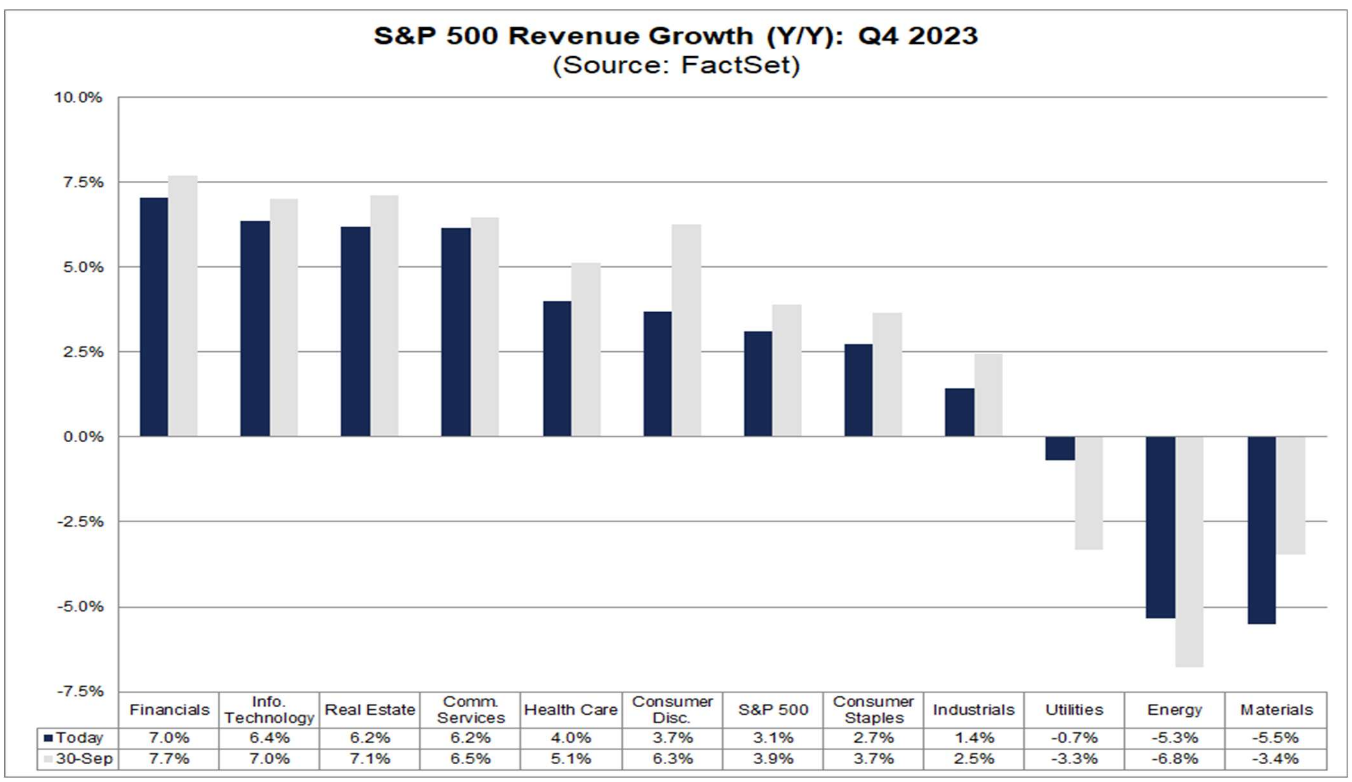




Q4 2023: Growth

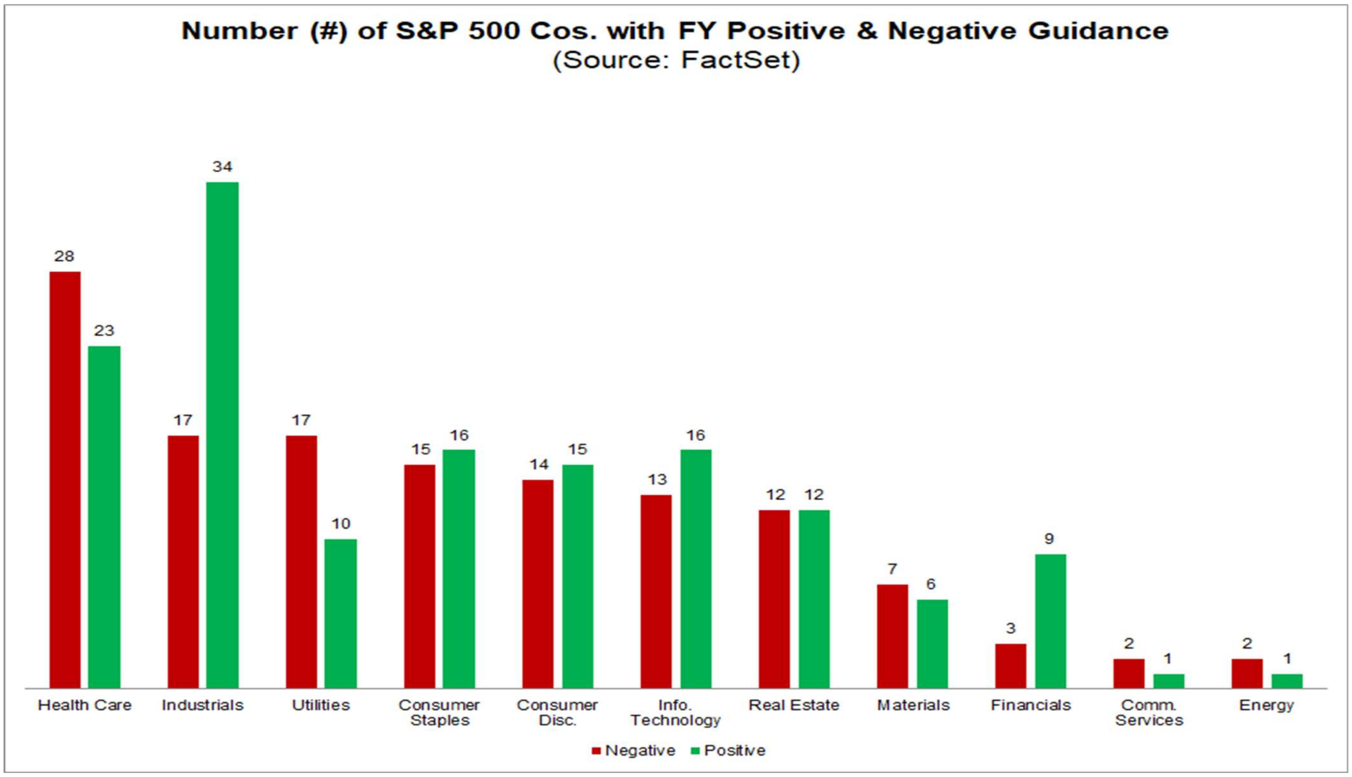


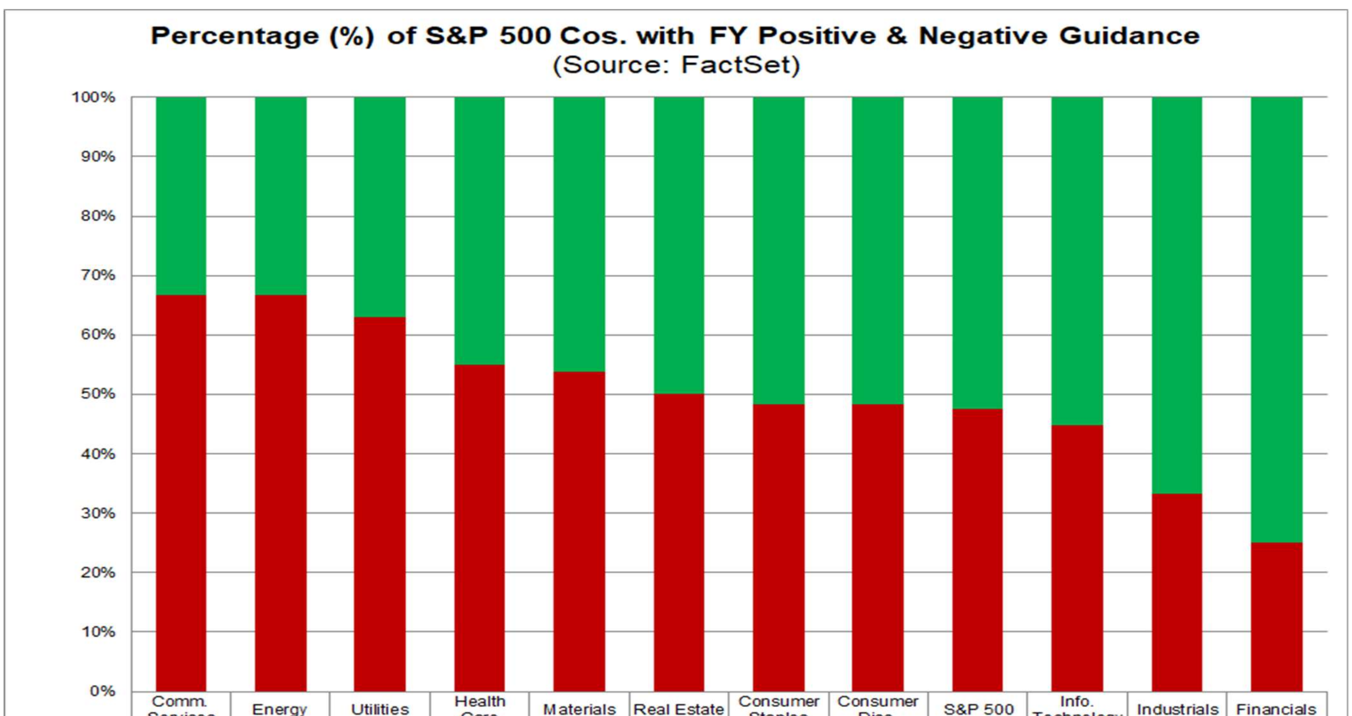
	Comm. Services	Utilities	Consumer Disc.	Info. Technology	Real Estate	S&P 500	Financials	Consumer Staples	Industrials	Health Care	Materials	Energy
Today	41.8%	34.1%	21.6%	15.2%	3.9%	2.4%	1.4%	-0.4%	-1.5%	-18.9%	-20.0%	-27.1%
30-Sep	45.5%	31.6%	28.2%	14.0%	6.4%	8.1%	6.4%	3.1%	5.6%	0.0%	-7.3%	-23.9%



	Financials	Info. Technology	Real Estate	Comm. Services	Health Care	Consumer Disc.	S&P 500	Consumer Staples	Industrials	Utilities	Energy	Materials
Today	7.0%	6.4%	6.2%	6.2%	4.0%	3.7%	3.1%	2.7%	1.4%	-0.7%	-5.3%	-5.5%
30-Sep	7.7%	7.0%	7.1%	6.5%	5.1%	6.3%	3.9%	3.7%	2.5%	-3.3%	-6.8%	-3.4%

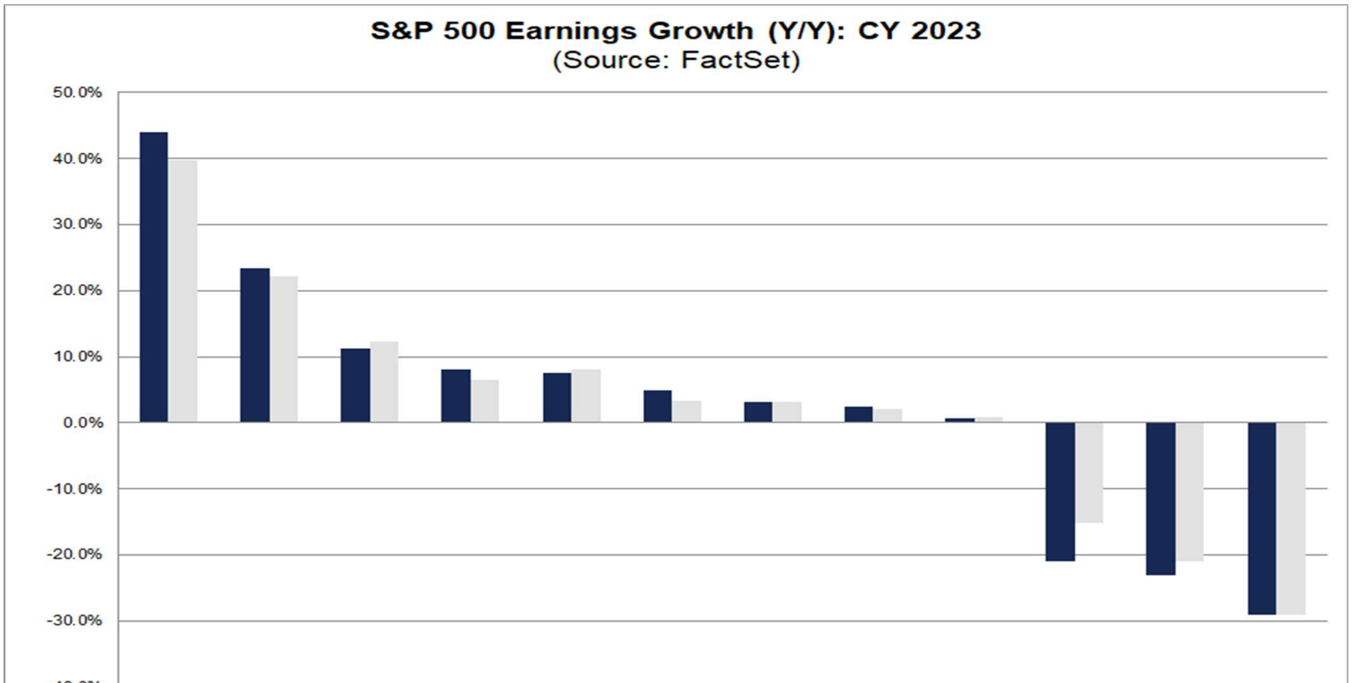
FY 2023 / 2024: EPS Guidance



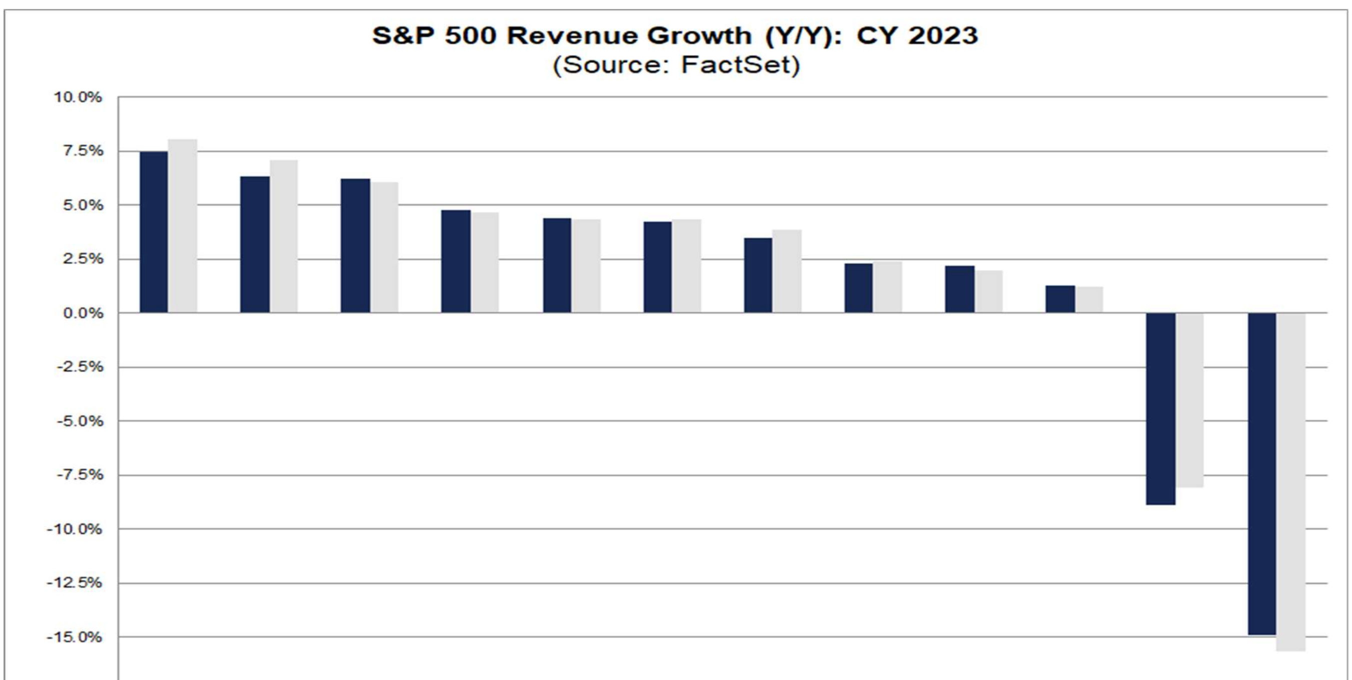


	Comm. Services	Energy	Utilities	Health Care	Materials	Real Estate	Consumer Staples	Consumer Disc.	S&P 500	Info. Technology	Industrials	Financials
Positive	33%	33%	37%	45%	46%	50%	52%	52%	52%	55%	67%	75%
Negative	67%	67%	63%	55%	54%	50%	48%	48%	48%	45%	33%	25%

CY 2023: Growth

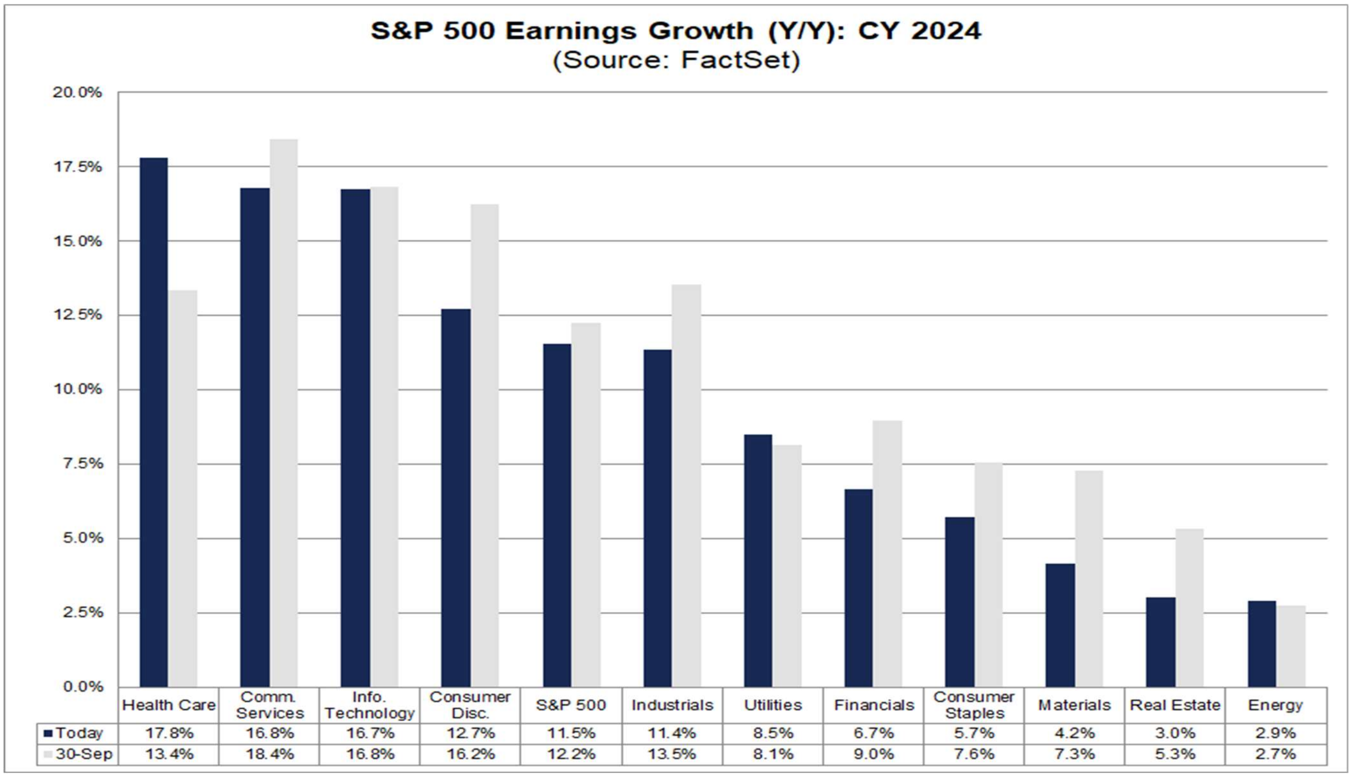


	Consumer Disc.	Comm. Services	Industrials	Financials	Utilities	Info. Technology	Real Estate	Consumer Staples	S&P 500	Health Care	Materials	Energy
Today	43.9%	23.4%	11.2%	8.1%	7.6%	4.9%	3.1%	2.4%	0.6%	-21.1%	-23.2%	-29.0%
30-Sep	39.8%	22.1%	12.2%	6.5%	8.1%	3.3%	3.1%	2.1%	0.9%	-15.1%	-20.9%	-29.0%

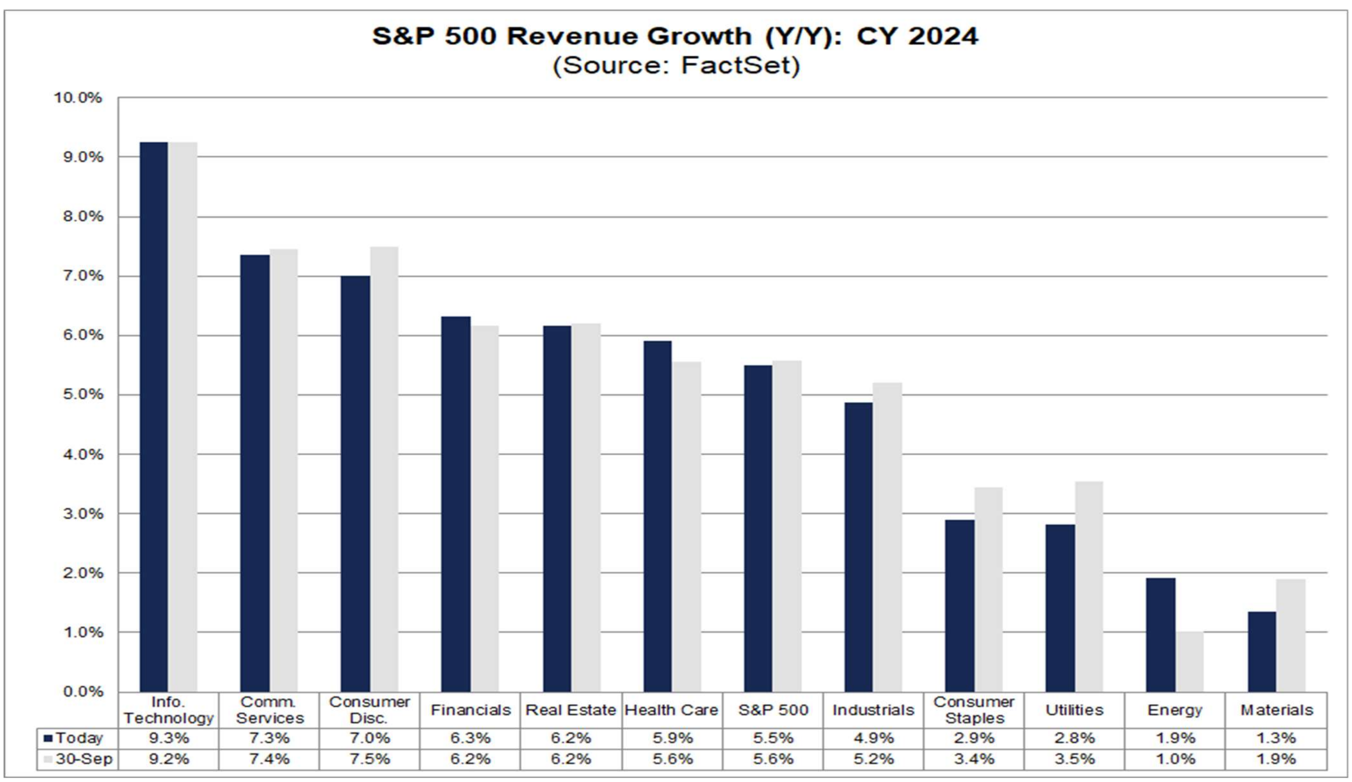


	Consumer Disc.	Financials	Real Estate	Comm. Services	Health Care	Industrials	Consumer Staples	S&P 500	Info. Technology	Utilities	Materials	Energy
Today	7.5%	6.3%	6.2%	4.8%	4.4%	4.3%	3.5%	2.3%	2.2%	1.3%	-8.9%	-14.9%
30-Sep	8.1%	7.1%	6.1%	4.6%	4.3%	4.4%	3.9%	2.4%	2.0%	1.2%	-8.1%	-15.7%

CY 2024: Growth

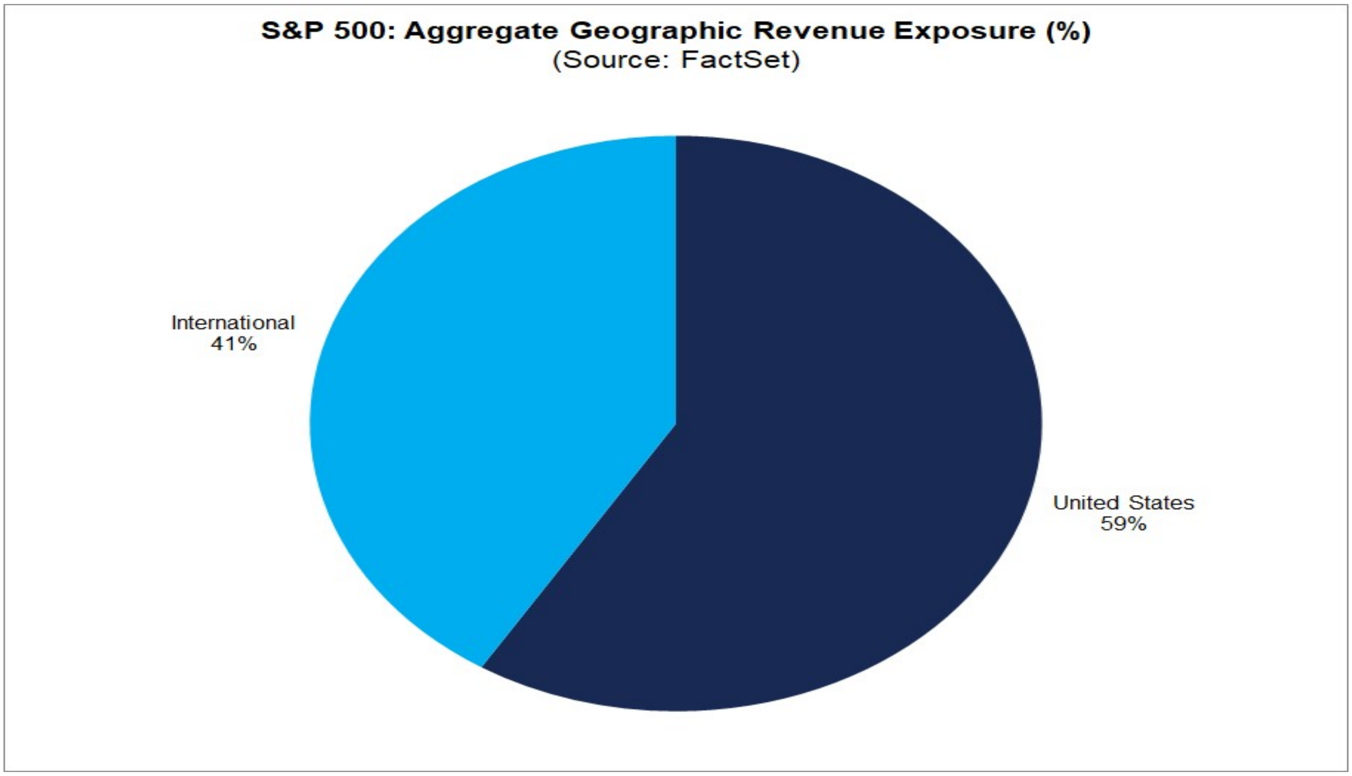


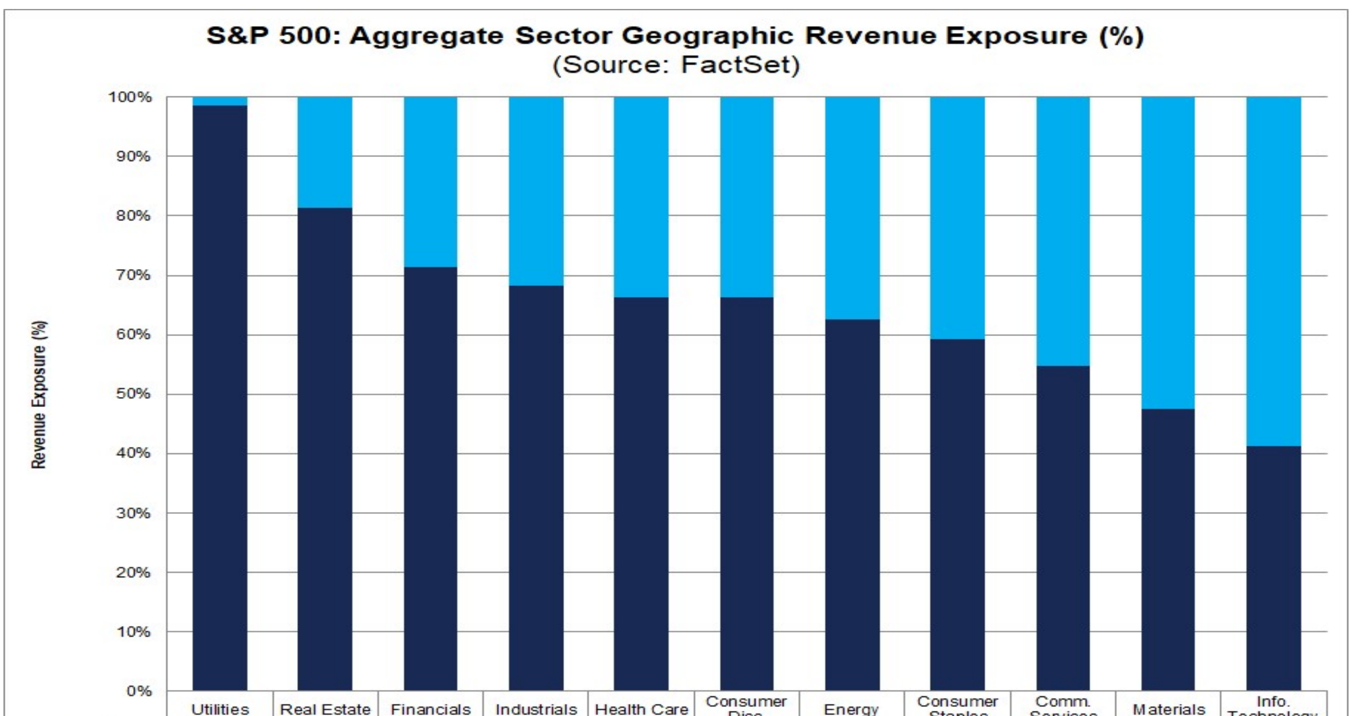
	Health Care	Comm. Services	Info. Technology	Consumer Disc.	S&P 500	Industrials	Utilities	Financials	Consumer Staples	Materials	Real Estate	Energy
Today	17.8%	16.8%	16.7%	12.7%	11.5%	11.4%	8.5%	6.7%	5.7%	4.2%	3.0%	2.9%
30-Sep	13.4%	18.4%	16.8%	16.2%	12.2%	13.5%	8.1%	9.0%	7.6%	7.3%	5.3%	2.7%



	Info. Technology	Comm. Services	Consumer Disc.	Financials	Real Estate	Health Care	S&P 500	Industrials	Consumer Staples	Utilities	Energy	Materials
Today	9.3%	7.3%	7.0%	6.3%	6.2%	5.9%	5.5%	4.9%	2.9%	2.8%	1.9%	1.3%
30-Sep	9.2%	7.4%	7.5%	6.2%	6.2%	5.6%	5.6%	5.2%	3.4%	3.5%	1.0%	1.9%

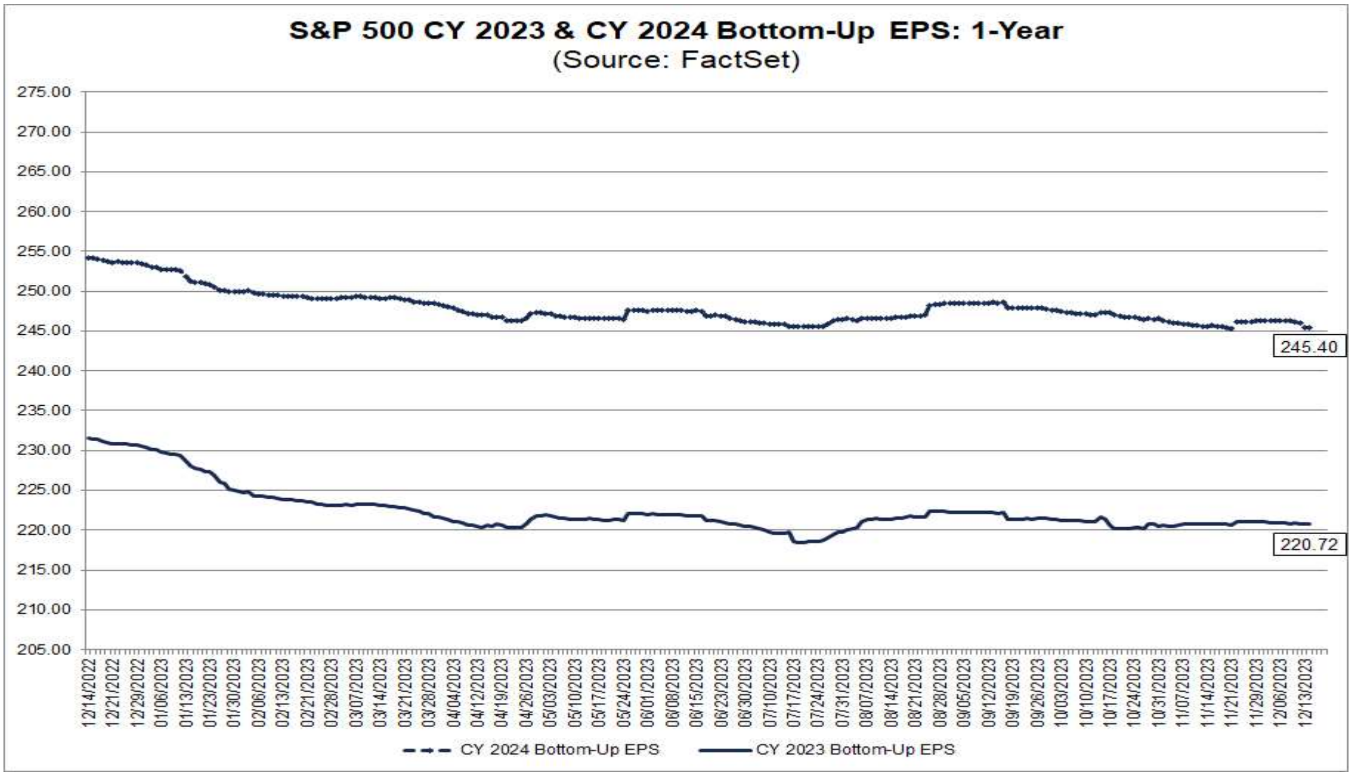
Geographic Revenue Exposure

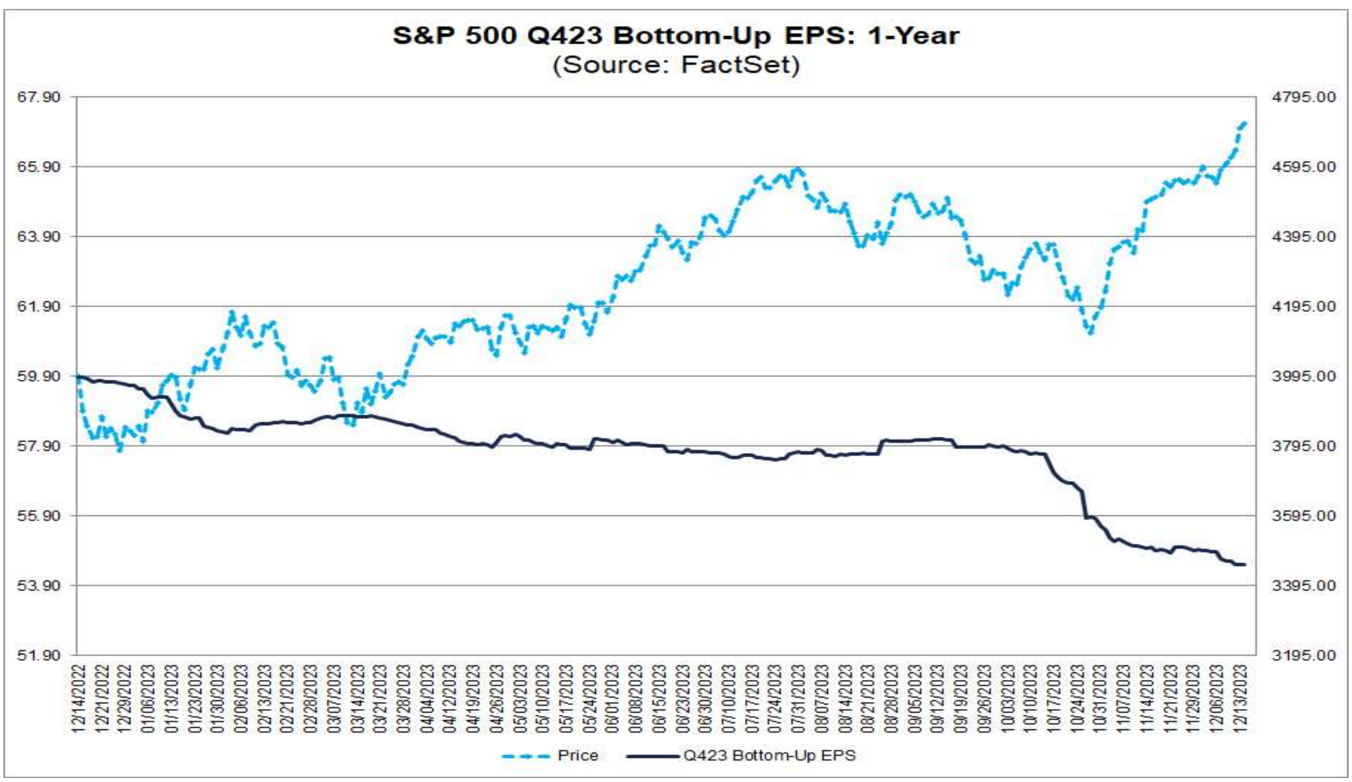




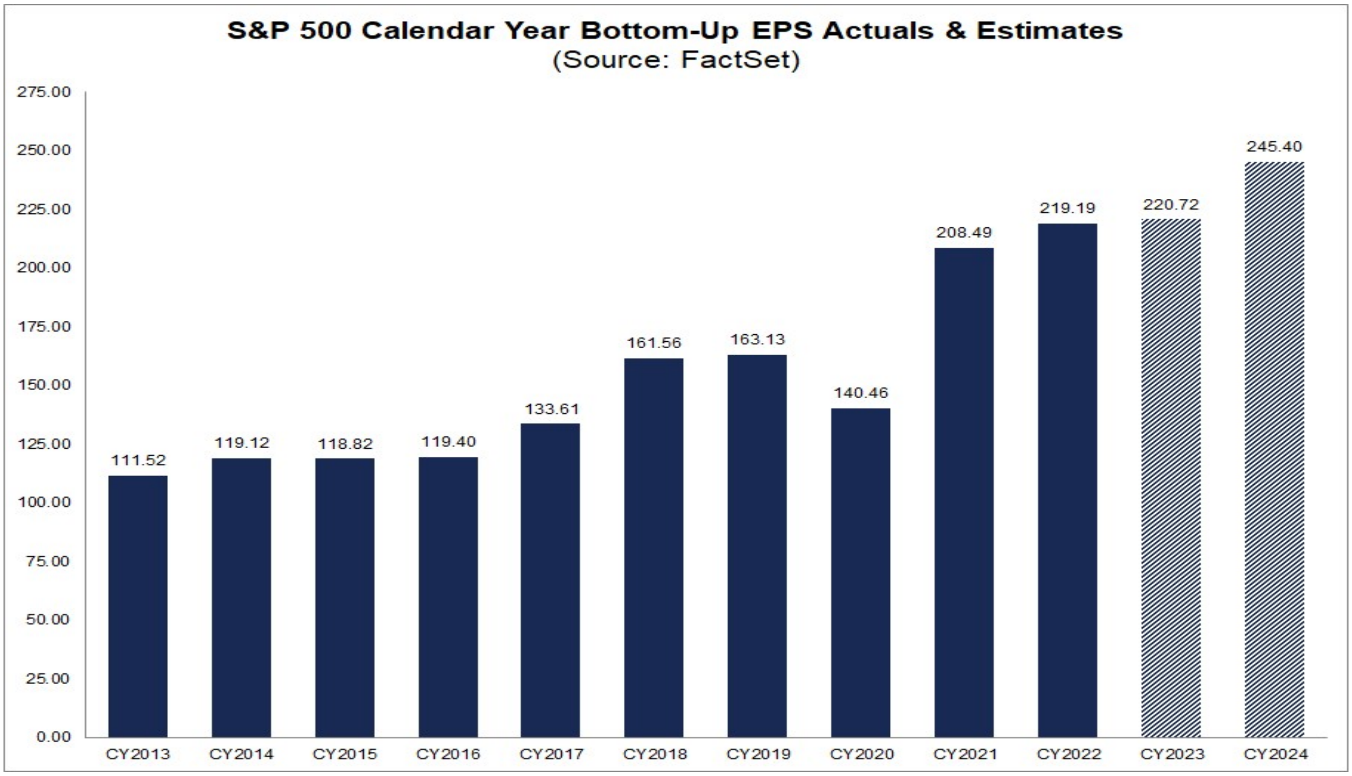
	Utilities	Real Estate	Financials	Industrials	Health Care	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	19%	29%	32%	34%	34%	37%	41%	45%	52%	59%
United States	99%	81%	71%	68%	66%	66%	63%	59%	55%	48%	41%

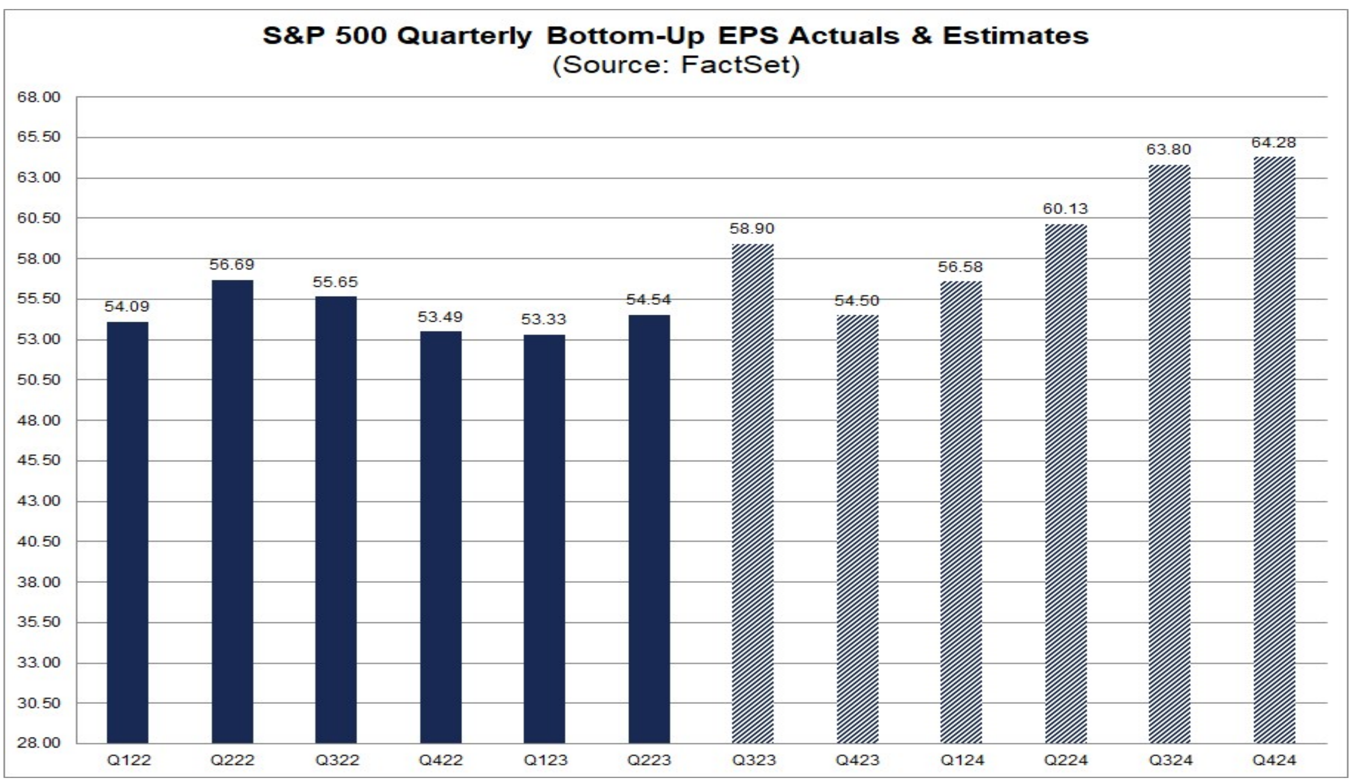
Bottom-Up EPS Estimates



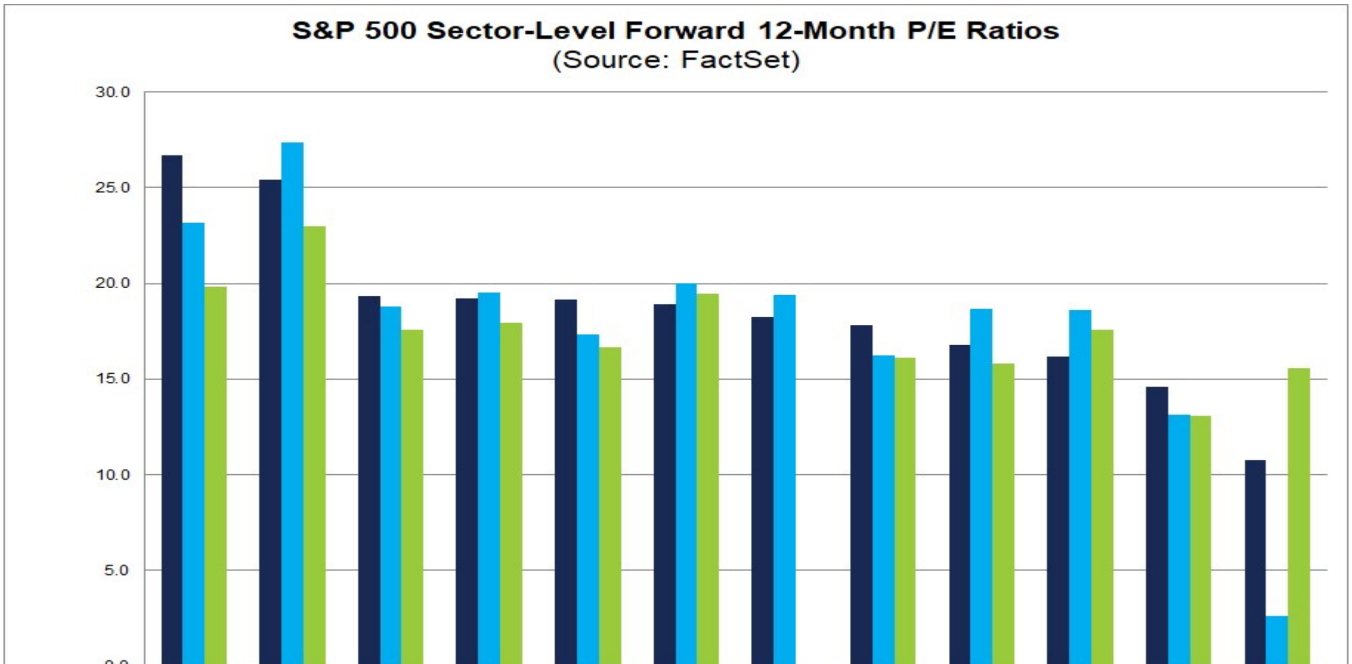


Bottom-Up EPS Estimates: Current & Historical

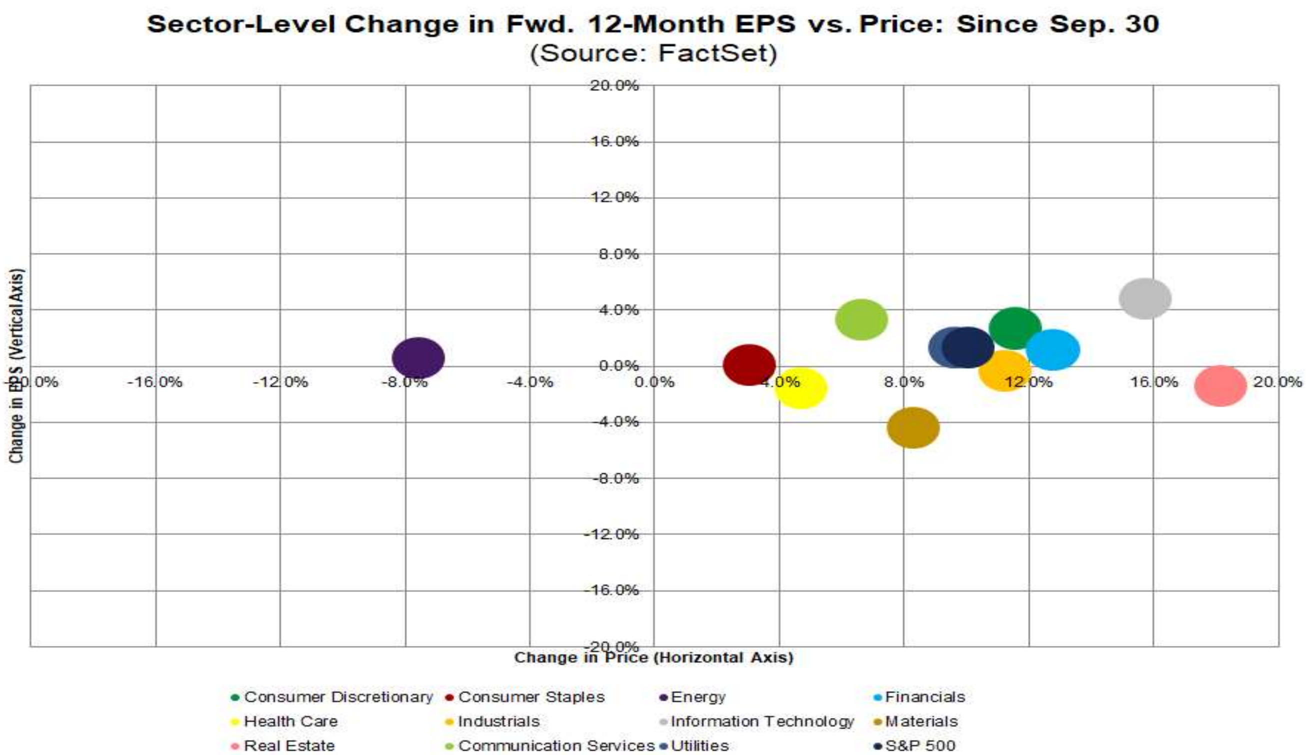




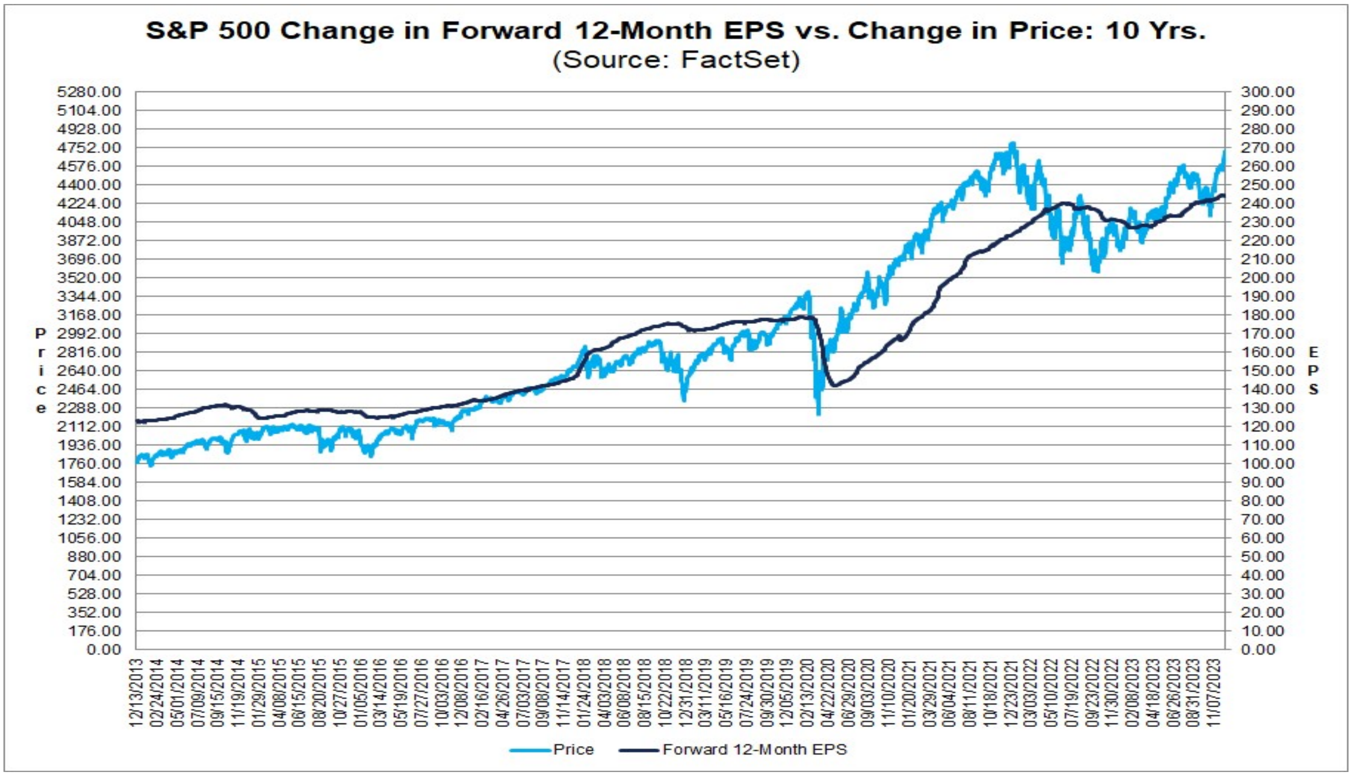
Forward 12M P/E Ratio: Sector Level

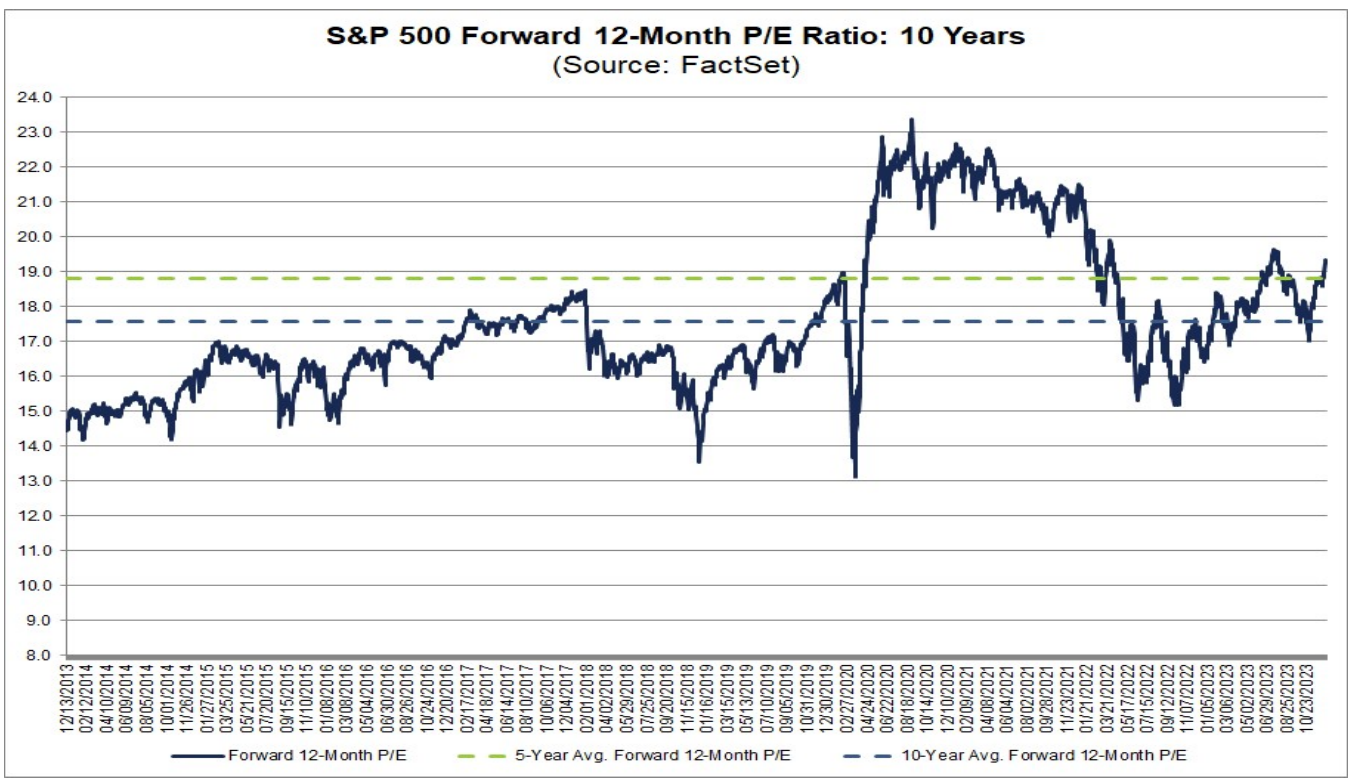


	Info. Technology	Consumer Disc.	S&P 500	Industrials	Materials	Consumer Staples	Real Estate	Health Care	Comm. Services	Utilities	Financials	Energy
Fwd P/E	26.7	25.4	19.3	19.2	19.2	18.9	18.2	17.8	16.8	16.2	14.6	10.8
5-Yr Avg.	23.1	27.4	18.8	19.5	17.4	20.0	19.4	16.2	18.7	18.6	13.1	2.6
10-Yr Avg.	19.8	23.0	17.6	18.0	16.7	19.5	0.0	16.1	15.8	17.6	13.1	15.6

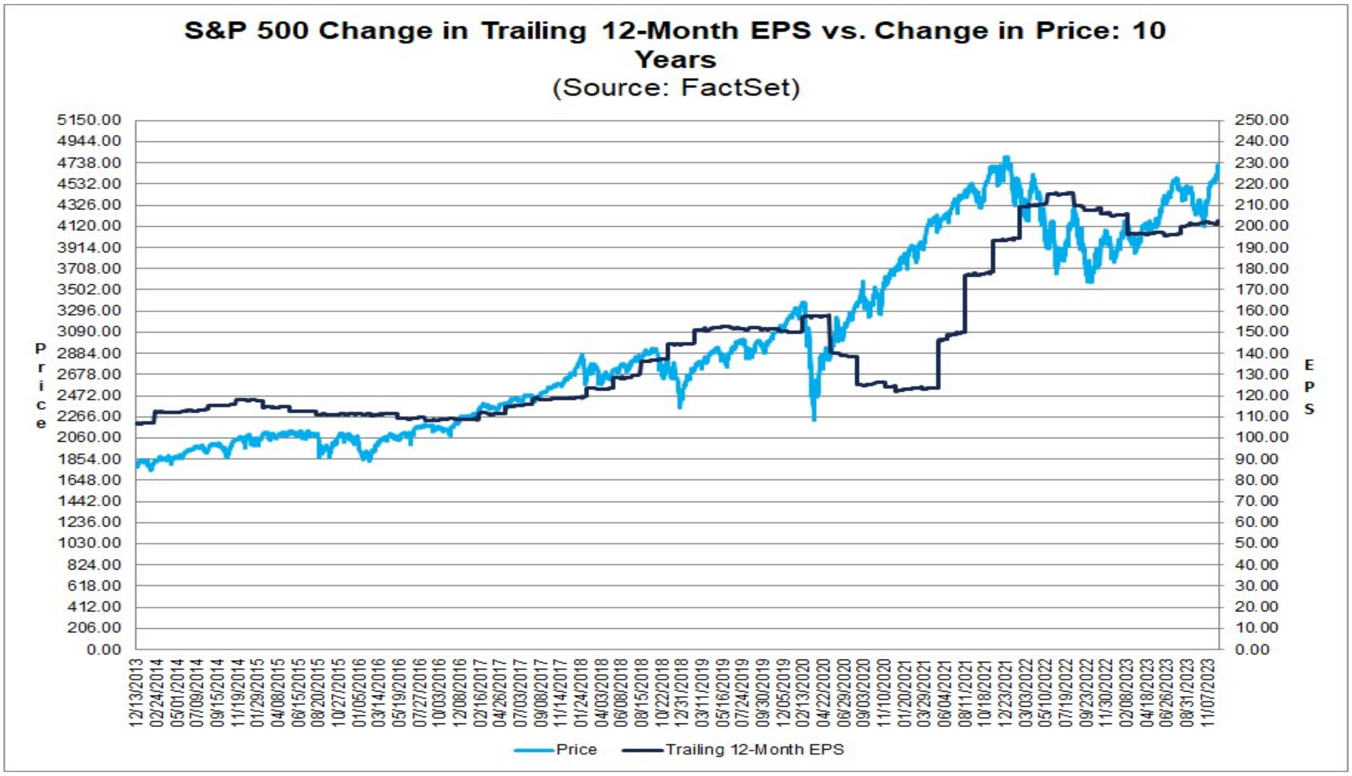


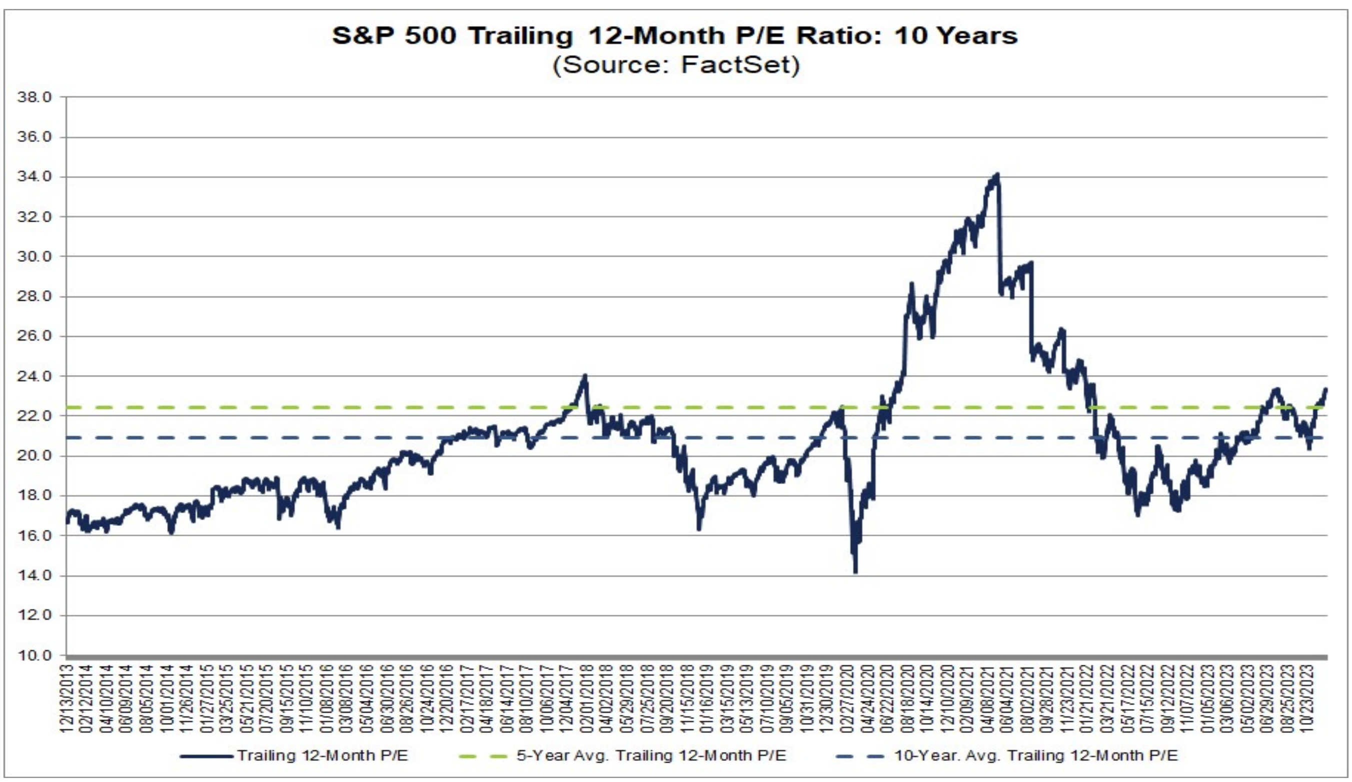
Forward 12M P/E Ratio: 10-Years





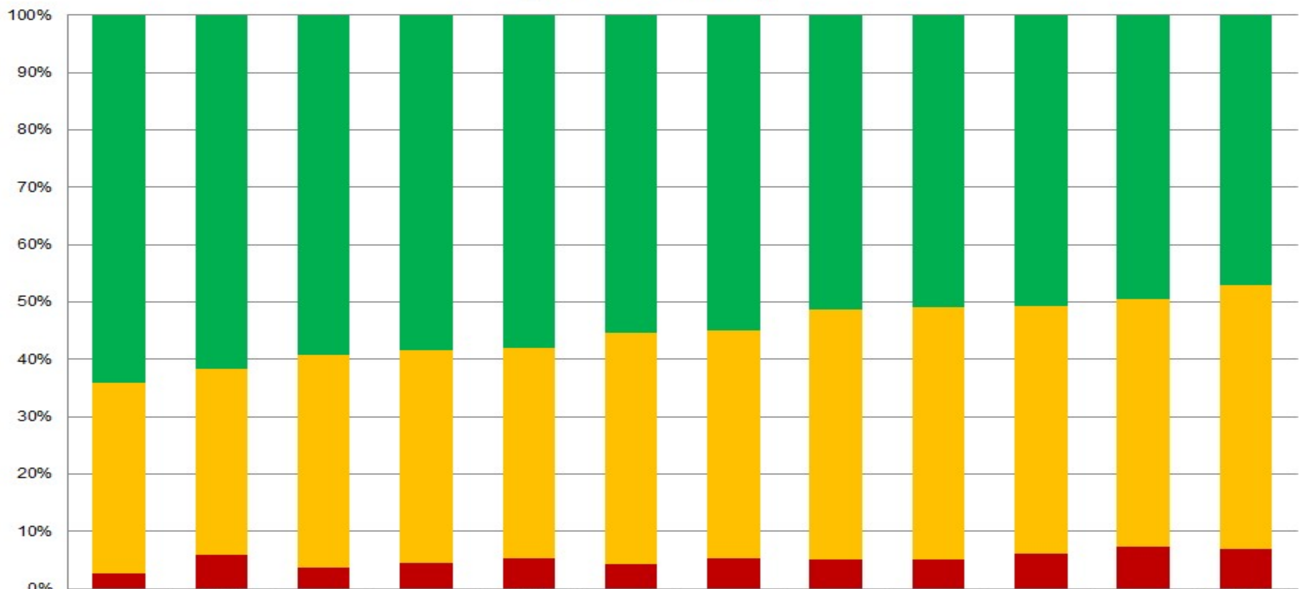
Trailing 12M P/E Ratio: 10-Years





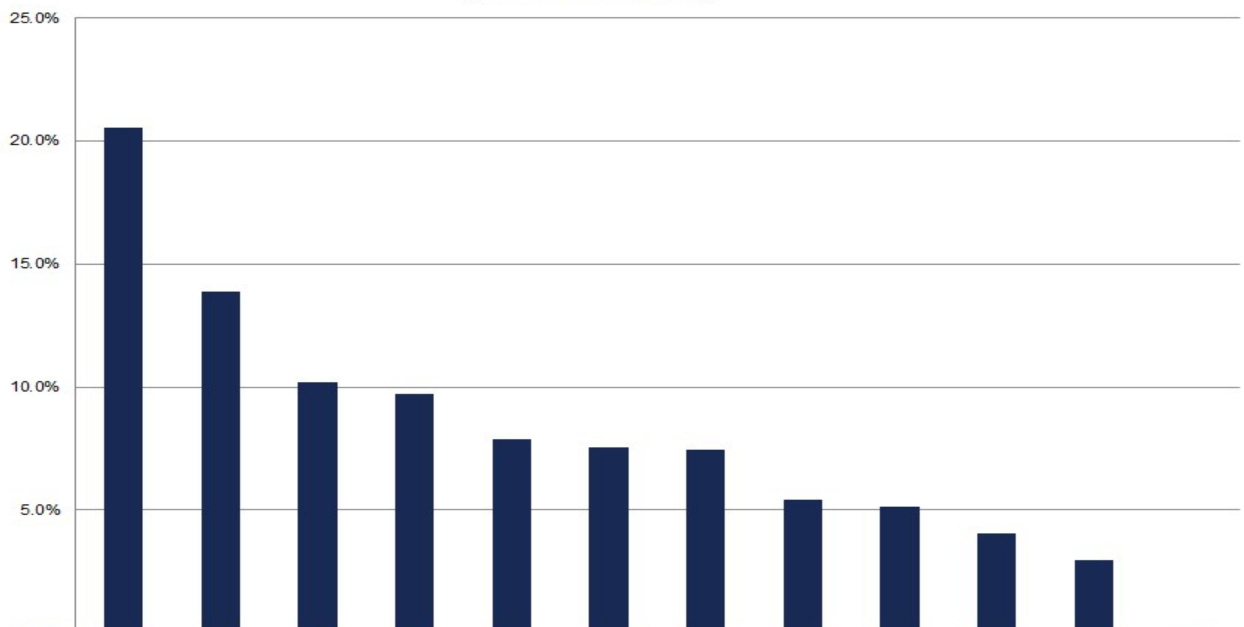
Targets & Ratings

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



	Energy	Comm. Services	Health Care	Info. Tech.	Consumer Disc.	Real Estate	S&P 500	Utilities	Materials	Financials	Industrials	Consumer Staples
Buy	64%	62%	59%	58%	58%	55%	55%	51%	51%	51%	49%	47%
Hold	33%	32%	37%	37%	37%	40%	40%	44%	44%	43%	43%	46%
Sell	3%	6%	4%	5%	5%	4%	5%	5%	5%	6%	7%	7%

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



	Energy	Comm. Services	Consumer Staples	Health Care	S&P 500	Consumer Disc.	Info. Tech.	Materials	Utilities	Financials	Industrials	Real Estate
Target/Close	20.5%	13.9%	10.2%	9.7%	7.9%	7.5%	7.4%	5.4%	5.1%	4.1%	3.0%	0.1%

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