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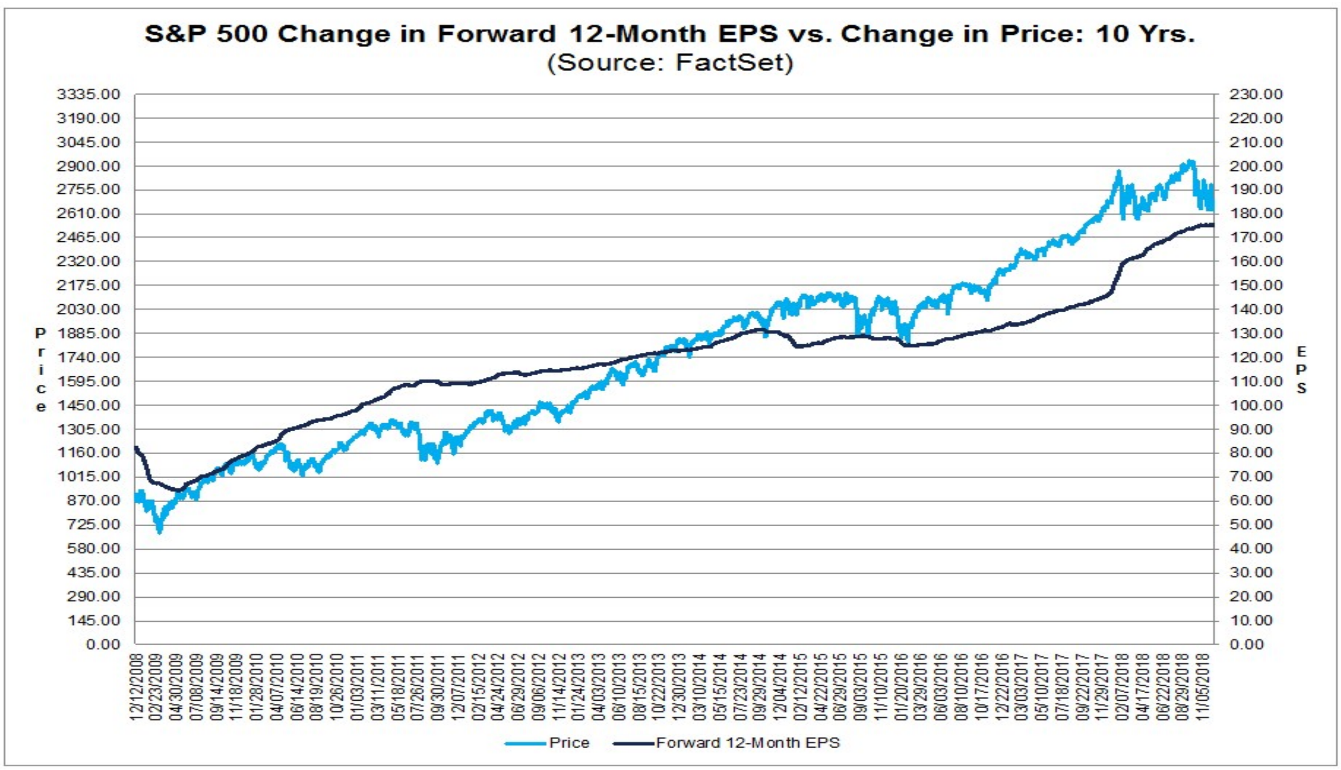
Key Metrics

- **Earnings Growth:** For Q4 2018, the estimated earnings growth rate for the S&P 500 is 12.8%. If 12.8% is the actual growth rate for the quarter, it will mark the fifth straight quarter of double-digit earnings growth for the index.
- **Earnings Revisions:** On September 30, the estimated earnings growth rate for Q4 2018 was 16.7%. All eleven sectors have lower growth rates today (compared to September 30) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2018, 71 S&P 500 companies have issued negative EPS guidance and 33 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 15.1. This P/E ratio is below the 5-year average (16.4) but above the 10-year average (14.6).
- **Earnings Scorecard:** For Q4 2018 (with 3 companies in the S&P 500 reporting actual results for the quarter), 1 S&P 500 company has reported a positive EPS surprise and 2 companies have reported a positive sales surprise.



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Topic of the Week: 1

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies For 2019?

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? How have their views changed over the past few months?

Overall, there are 11,136 ratings on stocks in the S&P 500. Of these 11,136 ratings, 53.9% are Buy ratings, 40.8% are Hold ratings, and 5.3% are Sell ratings.

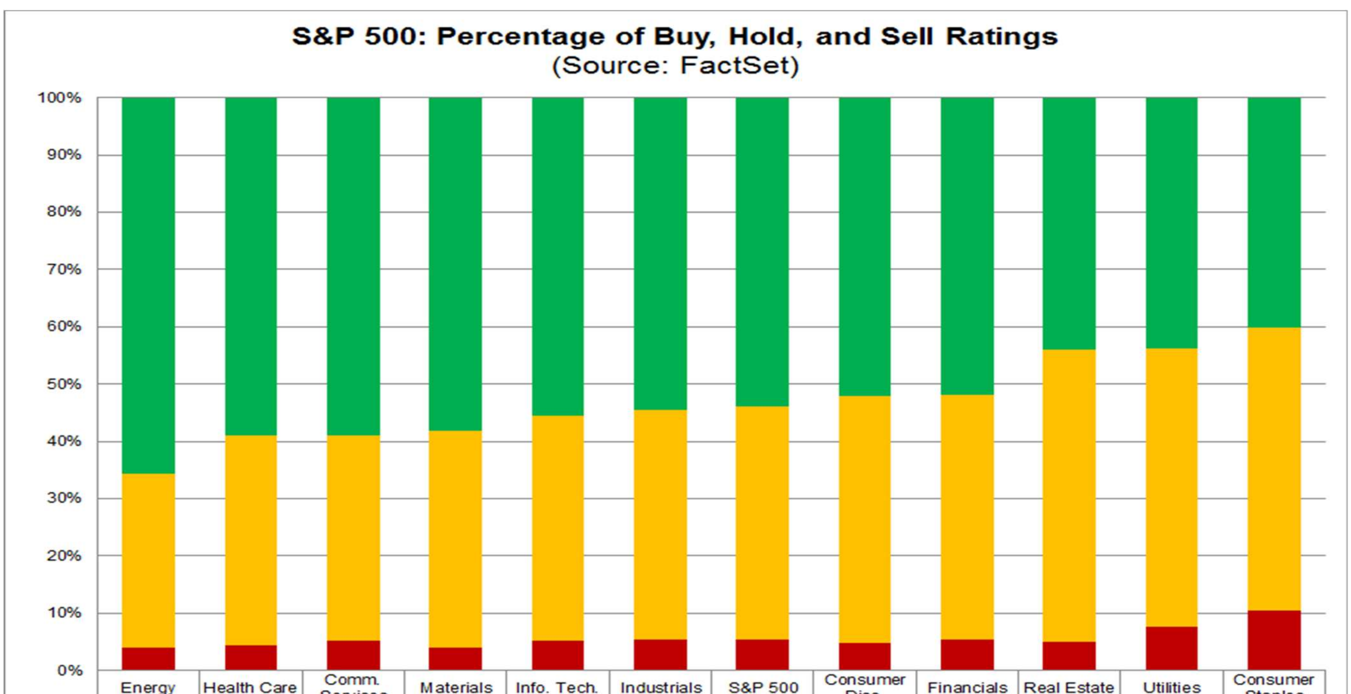
At the sector level, analysts are most optimistic on the Energy (66%), Health Care (59%), Communication Services (59%), and Materials (58%) sectors, as these four sectors have highest percentages of Buy ratings.

On the other hand, analysts are most pessimistic about the Consumer Staples (40%), Utilities (44%), and Real Estate (44%) sectors, as these three sectors have the lowest percentage of Buy ratings. The Real Estate sector also has the highest percentage of Hold ratings (51%), while the Consumer Staples sector has the highest percentage of Sell ratings (10%).

At the company level, the ten stocks in the S&P 500 with the highest percentages of Buy ratings and the highest percentages of Sell ratings are listed on the next page.

Since September 30, the total number of ratings on S&P 500 companies has increased by 1.6% (to 11,136 from 10,957).

The number of Buy ratings has increased by 4.2% (to 6,001 from 5,757). Ten sectors have witnessed an increase in Buy ratings, led by the Energy (+18%) sector. The Consumer Staples (-7%) sector is the only sector that has seen a decrease in Buy ratings. The number of Hold ratings has decreased by 0.6% (to 4,543 from 4,569). Seven sectors have recorded a decrease in Hold ratings, led by the Energy (-11%) sector. Four sectors have witnessed an increase in Hold ratings, led by the Information Technology (+11%) sector. The number of Sell ratings has decreased by 6.2% (to 592 from 631). Seven sectors have a recorded a decrease in Sell ratings, led by the Communication Services (-25%), Consumer Discretionary (-19%), and Energy (-13%) sectors. Three sectors have seen an increase in Sell ratings, led by the Real Estate (+15%) sector.



	Energy	Health Care	Comm. Services	Materials	Info. Tech.	Industrials	S&P 500	Consumer Disc.	Financials	Real Estate	Utilities	Consumer Staples
Buy	66%	59%	59%	58%	55%	55%	54%	52%	52%	44%	44%	40%
Hold	30%	37%	36%	38%	39%	40%	41%	43%	43%	51%	49%	49%
Sell	4%	4%	5%	4%	5%	5%	5%	5%	5%	5%	8%	10%

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

Company	**Buy**	Hold	Sell	Total
Marathon Petroleum Corporation	**100%**	0%	0%	100%
Keysight Technologies Inc	**100%**	0%	0%	100%
Jefferies Financial Group Inc.	**100%**	0%	0%	100%
Amazon.com, Inc.	**98%**	2%	0%	100%
LKQ Corporation	**94%**	6%	0%	100%
Diamondback Energy, Inc.	**94%**	6%	0%	100%
E*TRADE Financial Corporation	**94%**	6%	0%	100%
Alphabet Inc. Class A	**93%**	7%	0%	100%
Alphabet Inc. Class C	**93%**	7%	0%	100%
Pioneer Natural Resources Co.	**93%**	7%	0%	100%

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

Company	Buy	Hold	**Sell**	Total
Public Storage	6%	47%	**47%**	100%
Torchmark Corporation	18%	36%	**45%**	100%
Campbell Soup Company	17%	39%	**44%**	100%
Robert Half International Inc.	29%	36%	**36%**	100%
Southern Company	24%	43%	**33%**	100%
Franklin Resources, Inc.	0%	67%	**33%**	100%
Omnicom Group Inc	20%	47%	**33%**	100%
Consolidated Edison, Inc.	5%	63%	**32%**	100%
Expeditors Intl. of Washington, Inc.	13%	56%	**31%**	100%
Western Union Company	17%	52%	**30%**	100%

Topic of the Week: 2

S&P 500 Companies with Lowest % of Buy Ratings Are Top Performers in 2018

At the start of this year (December 31, 2017), there were 11,147 ratings on stocks in the S&P 500. Of these 11,147 ratings, 49.5% were Buy ratings, 45.3% were Hold ratings, and 5.2% were Sell ratings. How have analysts performed in terms of their Buy ratings on S&P 500 companies in 2018?

To analyze the performance, FactSet divided the stocks that were in the S&P 500 on December 31, 2017 into five equal-sized groups (quintiles) based on the percentage of Buy ratings at the start of the year (December 31, 2017). The 20% of S&P 500 companies with the highest percentage of Buy ratings were placed in the first group (Quintile 1). The 20% of S&P 500 companies with next highest percentage of Buy ratings were placed in the second group (Quintile 2). The 20% of S&P 500 companies with the lowest percentage of Buy ratings were placed in the last group (Quintile 5). FactSet then looked at the average total return and median total return for each group from December 31, 2017 through December 13, 2018 to measure performance. For companies that no longer were traded publicly as of December 13, the last available trading price was used in the analysis when available.

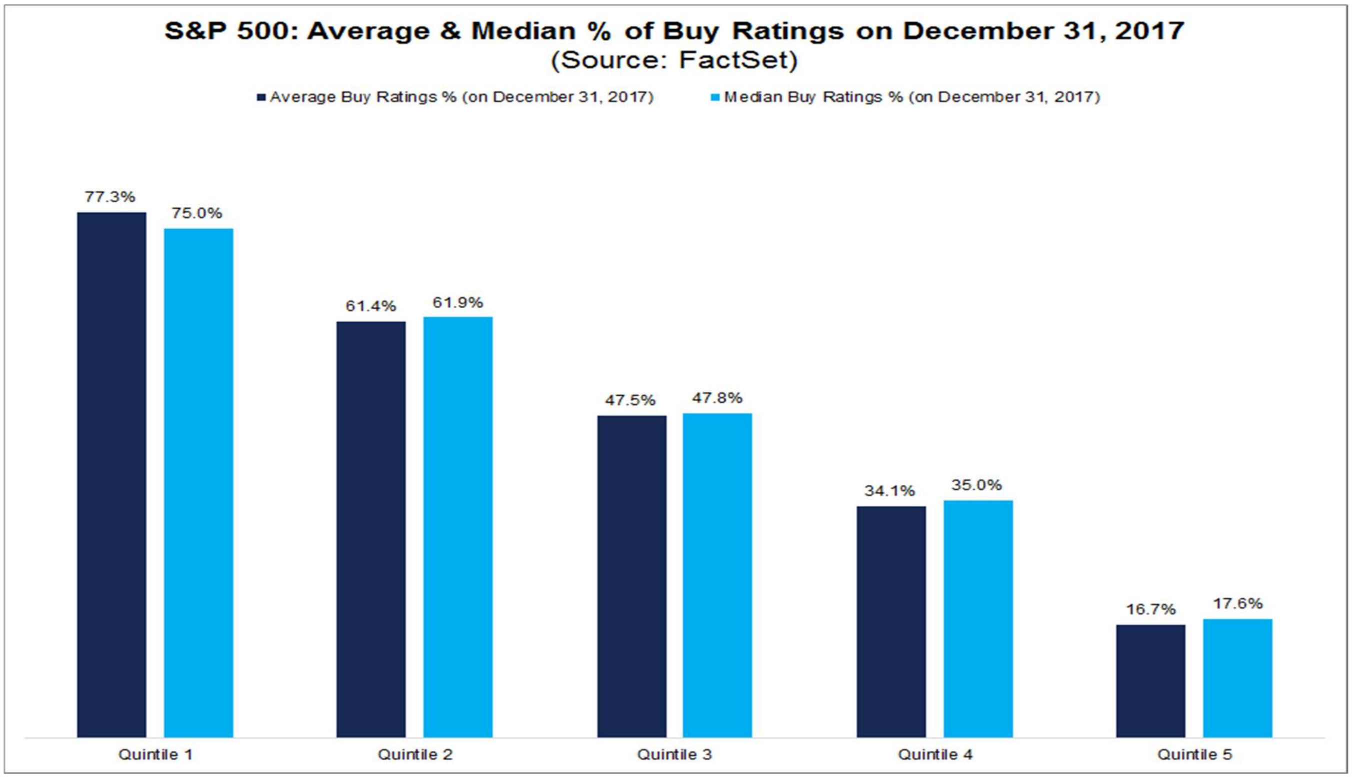
The quintile with the 20% of S&P 500 stocks with the lowest percentage of Buy ratings (Quintile 5) at the start of the year has recorded the highest average total return (+3.6%) and the highest median total return (+4.3%) to date of the five quintiles. In fact, this quintile is the only quintile to report a positive average total return and positive median total return during this period. The remaining four quintiles have all reported negative average and median totals returns since the start of the year. The average percentage of Buy ratings for a stock in the fifth quintile was 16.7%, while the median percentage of Buy ratings for a stock in the fifth quintile was 17.6%.

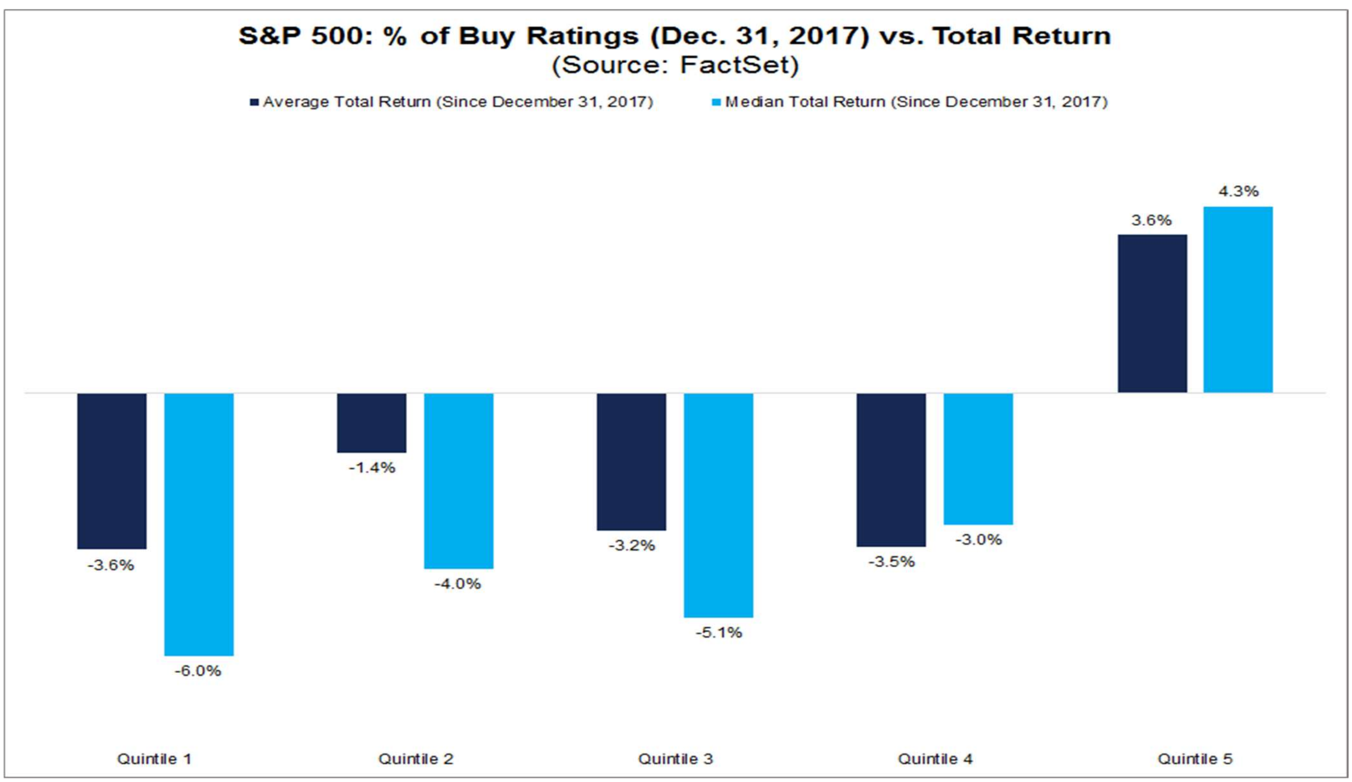
Of the stocks in this group, TripAdvisor has been the best performer to date. The price return and total return for TripAdvisor from December 31, 2017 through December 13, 2018 is 78.1%. The price of the stock has increased to $61.39 from $34.46 during this period. On December 31, 2017, 2 of the 26 ratings (8%) on TripAdvisor were Buy ratings. Other top performers in this quintile include Chipotle Mexican Grille, McCormick & Company, Under Armour, and Macy's.

The quintile with the 20% of S&P 500 stocks with the highest percentage of Buy ratings (Quintile 1) at the start of the year has recorded the lowest average total return (-3.6%) and the lowest median total return (-6.0%) of the five quintiles to date. The average percentage of Buy ratings for a stock in this quintile was 77.3%, while the median percentage of Buy ratings for a stock in this quintile was 75.0%.

Of the stocks in this group, Mohawk Industries has been the worst performer to date. The price return and total return for Mohawk Industries from December 31, 2017 through December 13, 2018 is -57.2%. The price of the stock has decreased to $118.20 from $275.90 during this period. On December 31, 2017, 18 of the 23 ratings (77%) on Mohawk Industries were Buy ratings. Other bottom performers in this quintile include Western Digital, Halliburton, Kraft Heinz, and Applied Materials.

It is interesting to note that in 2017, the 20% of S&P 500 companies with the highest percentage of Buy ratings at the start of the year were the top performers for the year and the 20% of S&P 500 companies with lowest percentage of Buy ratings at the start of the year were the worst performers. For more details on 2017, please see this article: https://insight.factset.com/sp-500-companies-with-highest-of-buy-ratings-are-top-performers-in-2017


S&P 500: Average & Median % of Buy Ratings on December 31, 2017
(Source: FactSet)
Average Buy Ratings % (on December 31, 2017)
Median Buy Ratings % (on December 31, 2017)
77.3%
75.0%
61.4%
61.9%
47.5%
47.8%
34.1%
35.0%
16.7%
17.6%
Quintile 1
Quintile 2
Quintile 3
Quintile 4
Quintile 5


S&P 500: % of Buy Ratings (Dec. 31, 2017) vs. Total Return
(Source: FactSet)
Average Total Return (Since December 31, 2017)
Median Total Return (Since December 31, 2017)
-3.6%
-6.0%
-1.4%
-4.0%
-3.2%
-5.1%
-3.5%
-3.0%
3.6%
4.3%
Quintile 1
Quintile 2
Quintile 3
Quintile 4
Quintile 5

Q4 Earnings Season: By The Numbers

Overview

In terms of estimate revisions for companies in the S&P 500, analysts have reduced EPS estimates within average levels for Q4 2018 to date. On a per-share basis, estimated earnings for the fourth quarter have fallen by 3.2% since September 30. This percentage decline is larger than the 5-year average (-3.1%) for a quarter, but smaller than the10-year average (-4.5%) and the 15-year average (-3.9%) for this period.

In addition, slightly fewer S&P 500 companies have lowered the bar for earnings for Q4 2018 relative to recent quarters. Of the 104 companies that have issued EPS guidance for the fourth quarter, 71 have issued negative EPS guidance and 33 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (71 out of 104), which is slightly below the 5-year average of 70%.

Because of the net downward revisions to earnings estimates, the estimated year-over-year earnings growth rate for Q4 2018 has decreased to 12.8% today from 16.7% on September 30. All eleven sectors are predicted to report year-over-year earnings growth. Six sectors are projected to report double-digit growth in earnings for the quarter, led by the Energy, Financials, and Industrials sectors.

Because of net downward revisions to revenue estimates, the estimated year-over-year revenue growth rate for Q4 2018 has decreased to 6.5% today from 6.8% on September 30. Ten of the eleven sectors are projected to report year-over-year growth in revenues. Four sectors are predicted to report double-digit growth in revenues: Communication Services, Energy, Real Estate, and Materials.

Looking at future quarters, analysts see single-digit earnings growth for the first three quarters of 2019.

The forward 12-month P/E ratio is 15.1, which is below the 5-year average but above the 10-year average.

During the upcoming week, 14 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the fourth quarter.

Earnings Revisions: Largest Declines in Energy, Utilities, and Materials Sectors

Decline in Estimated Earnings Growth Rate for Q4 This Week

The estimated earnings growth rate for the fourth quarter is 12.8% this week, which is below the estimated earnings growth rate of 13.2% last week. Downward revisions to estimates for companies in the Energy and Financials sectors were mainly responsible for the decrease in the overall growth rate during the week.

The estimated earnings growth rate for Q4 2018 of 12.8% today is below the estimated earnings growth rate of 16.7% at the start of the quarter (September 30). All eleven sectors have a recorded a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Energy, Utilities, and Materials sectors.

Energy: Exxon Mobil Leads Decline

The Energy sector has recorded the largest decrease in expected earnings growth since the start of the quarter (to 85.4% from 95.4%). This sector has also witnessed the largest decrease in price since September 30 at -16.7%. Overall, 17 of the 30 companies (57%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 17 companies, 9 have recorded a decrease in their mean EPS estimate of more than 10%, led by National Oilwell Varco (to $0.09 from $0.16) and Valero Energy (to $0.95 from $1.50). However, Exxon Mobil (to $1.21 from $1.36) has been the largest contributor to the decrease in earnings for this sector. The stock price for this company has fallen by 10.1% since September 30.

Utilities: 86% of Companies Have Seen a Decline in Earnings Expectations

The Utilities sector has recorded the second largest decrease in expected earnings growth since the start of the quarter (to 1.4% from 10.2%). Despite the decline in expected earnings, this sector has witnessed the largest increase in price since September 30 at 7.4%. Overall, 25 of the 29 companies (86%) in the Utilities sector have seen a decrease in their mean EPS estimate during this time. Of these 25 companies, 10 have recorded a decrease in their mean EPS estimate of more than 10%, led by NRG Energy (to $0.15 from $0.28), Entergy, (to $0.46 from $0.86), Evergy (to $0.21 from $0.35), SCANA (to $0.44 from $0.70), and Pinnacle West Capital (to $0.19 from $0.30).

Materials: 75% of Companies Have Seen a Decline in Earnings Expectations

The Materials sector has recorded the third largest decrease in expected earnings growth since the start of the quarter (to 9.6% from 17.6%). This sector has also witnessed a decrease in price of 11.2% since September 30. Overall, 18 of the 24 companies (75%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 18 companies, 7 have recorded a decrease in their mean EPS estimate of more than 10%, led by Freeport McMoRan (to $0.22 from $0.33), Martin Marietta Materials, (to $1.86 from $2.58), WestRock Company (to $0.84 from $1.13), and Newmont Mining (to $0.25 from $0.33).

Industrials: GE Leads Decline

The Industrials sector has recorded the fourth largest decrease in expected earnings growth since the start of the quarter (to 14.5% from 20.7%). This sector has also witnessed the second largest decrease in price since September 30 at -13.6%. Overall, 42 of the 69 companies (61%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 42 companies, 7 have recorded a decrease in their mean EPS estimate of more than 10%, led by General Electric (to $0.22 from $0.36), Johnson Controls (to $0.37 from $0.60), Fluor (to $0.61 from $0.84), and Alaska Air Group (to $0.62 from $0.79). General Electric has also been the largest contributor to the decrease in earnings for this sector. The stock price for this company has fallen by 36.7% since September 30.

Index-Level (Bottom-Up) EPS Estimate: Average Decline to Date

The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) has decreased by 3.2% (to $41.18 from $42.56) since September 30. This percentage decline is larger than the 5-year average (-3.1%) for a quarter, but smaller than the 10-year average (-4.5%) and the 15-year average (-3.9%) for a quarter.

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

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.

At this point in time, 104 companies in the index have issued EPS guidance for Q4 2018. Of these 104 companies, 71 have issued negative EPS guidance and 33 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 68% (71 out of 104), which is slightly below the 5-year average of 70%.

Earnings Growth: 12.8%

The estimated (year-over-year) earnings growth rate for Q4 2018 is 12.8%. If 12.8% is the final growth rate for the quarter, it will mark the fifth straight quarter of double-digit earnings growth for the index. All eleven sectors are expected to report year-over-year growth in earnings. Six sectors are projected to report double-digit earnings growth, led by the Energy, Financials, and Industrials sectors.

Energy: Higher Year-Over-Year Oil Prices Helping to Drive Broad-Based Growth

The Energy sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 85.0%. Higher oil prices are helping to drive the unusually high growth rate for the sector. Despite the recent decline in price, the average price of oil to date in Q4 2018 ($62.21) is still 12% higher than the average price of oil in Q4 2017 ($55.30). At the sub-industry level, five of the six sub-industries in the sector are projected to report earnings growth for the quarter: Oil & Gas Drilling (N/A due to $0 earnings in year-ago), Oil & Gas Exploration & Production (175%), Integrated Oil & Gas (89%), Oil & Gas Storage & Transportation (68%), and Oil & Gas Refining & Marketing (52%). The Oil & Gas Equipment & Services (-6%) sub-industry is the only sub-industry expected to report a year-over-year decline in earnings in the sector.

Financials: 4 of 5 Industries Expected to Report Double-Digit Growth

The Financials sector is expected to report the second highest (year-over-year) earnings growth of all eleven sectors at 15.2%. At the industry level, all five industries in this sector are predicted to report earnings growth for the quarter. Four of these five industries are projected to report double-digit growth in earnings: Diversified Financial Services (58%), Consumer Finance (26%), Banks (16%), and Capital Markets (16%).

Industrials: 8 of 12 Industries Expected to Report Double-Digit Growth

The Industrials sector is expected to report the third highest (year-over-year) earnings growth of all eleven sectors at 14.5%. At the industry level, 9 of the 12 industries in this sector are predicted to report earnings growth for the quarter. Eight of these nine industries are projected to report double-digit growth in earnings, led by the Construction & Engineering (54%), Trading Companies & Distributors (39%), and Road & Rail (32%) industries. At the company level, General Electric is the largest detractor to earnings growth for the sector. The mean EPS estimate for GE for Q4 2018 is $0.22, compared to actual EPS of $0.27 in the year-ago quarter. If this company were excluded, the estimated earnings growth rate for the sector would improve to 17.4% from 14.5%.

Revenue Growth: 6.5%

The estimated (year-over-year) revenue growth rate for Q4 2018 is 6.5%. Ten of the eleven sectors are expected to report year-over-year growth in revenues. Four sectors are projected to report double-digit growth in revenues: Communication Services, Energy, Real Estate, and Materials.

Communication Services: Alphabet Leads Growth

The Communication Services sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 20.0%. At the industry level, all four industries in this sector are predicted to report revenue growth. Two of these four industries are projected to report double-digit revenue growth: Interactive Media & Services (45%) and Media (16%). At the company level, Alphabet is projected to be the largest contributor to revenue growth for this sector. The mean revenue estimate for Alphabet for Q4 4018 is $38.9 billion, compared to revenue of $25.9 billion in the year-ago quarter. Because Alphabet is a dual-listed ticker in the index, the company's revenue numbers are counted twice in the growth rate calculation (once for GOOG and once for GOOGL). If this company were excluded, the estimated revenue growth rate for this sector would fall to 11.8% from 20.0%.

Energy: 4 of 6 Sub-Industries Expected to Report Double-Digit Growth

The Energy sector is expected to report the second highest (year-over-year) revenue growth of all eleven sectors at 13.7%. At the sub-industry level, five of the six sub-industries are predicted to report revenue growth. Four of these five sub-industries are projected to report double-digit revenue growth: Oil & Gas Drilling (27%), Oil & Gas Refining & Marketing (18%), Oil & Gas Exploration & Production (16%), and Integrated Oil & Gas (14%).

Real Estate: CBRE Group Leads Growth

The Real Estate sector is expected to report the third highest (year-over-year) revenue growth of all eleven sectors at 11.1%. At the company level, CBRE Group is projected to be the largest contributor to revenue growth for the sector. The mean revenue estimate for CBRE Group for Q4 2018 is $5.95 billion, compared to revenue of $4.34 billion in the year-ago quarter. If this company were excluded, the revenue growth rate for the sector would fall to 5.6% from 11.1%.

Materials: Linde Leads Growth on Easy Comparison to Standalone Revenue for Praxair

The Materials sector is expected to report the fourth highest (year-over-year) revenue growth of all eleven sectors at 10.4%. At the industry level, three of the four industries in this sector are predicted to report revenue growth, led by the Chemicals (14%) industry. At the company level, Linde plc is the projected to be the largest contributor to revenue growth for the sector. However, the estimated revenues for Q4 2018 ($7.25 billion) reflect the combination of Praxair and Linde, while the actual revenues for Q4 2017 ($2.95 billion) reflect the standalone Praxair company. This apple-to-orange comparison is the main reason Linde plc is expected to be the largest contributor to revenue growth for the sector. If this company were excluded, the estimated revenue growth rate for the sector would fall to 5.6% from 10.4%.

Looking Ahead: Forward Estimates and Valuation

Single-Digit Growth Projected for First 3 Quarters of 2019

For the fourth quarter, analysts expect companies to report earnings growth of 12.8% and revenue growth of 6.5%. For CY 2018, analysts are projecting companies to report earnings growth of 20.5% and revenue growth of 8.9%. However, analysts expect single-digit earnings growth for the first three quarters of 2019.

For Q1 2019, analysts are projecting earnings growth of 4.3% and revenue growth of 7.0%.

For Q2 2019, analysts are projecting earnings growth of 4.8% and revenue growth of 5.7%.

For Q3 2019, analysts are projecting earnings growth of 5.2% and revenue growth of 5.4%.

For Q4 2019, analysts are projecting earnings growth of 12.0% and revenue growth of 6.1%.

For CY 2019, analysts are projecting earnings growth of 8.3% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 15.1, above the 10-Year Average (14.6)

The forward 12-month P/E ratio is 15.1. This P/E ratio is below the 5-year average of 16.4, but above the 10-year average of 14.6. It is also below the forward 12-month P/E ratio of 16.8 recorded at the start of the fourth quarter (September 30). Since the start of the fourth quarter, the price of the index has decreased by 9.0%, while the forward 12-month EPS estimate has increased by 0.8%.

At the sector level, the Consumer Discretionary (19.3) sector has the highest forward 12-month P/E ratio, while the Financials (10.6) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 19% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 3146.63, which is 18.7% above the closing price of 2650.54. At the sector level, the Energy (+30.9%) 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 Utilities (+0.3%) 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 11,136 ratings on stocks in the S&P 500. Of these 11,136 ratings, 53.9% are Buy ratings, 40.8% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (66%) sector has the highest percentage of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

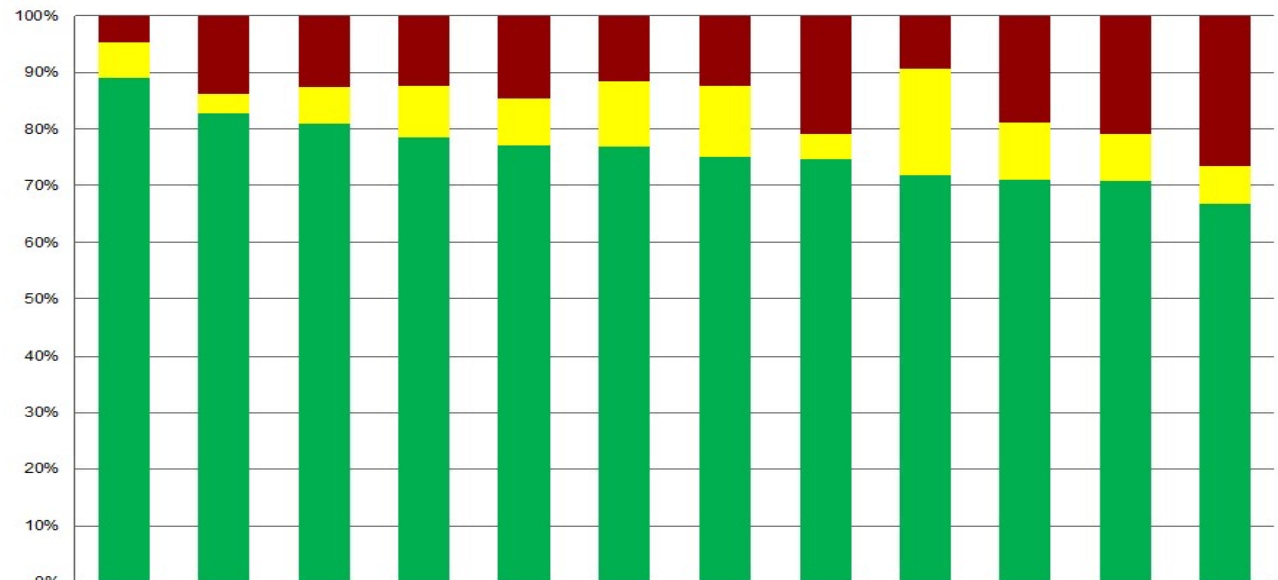
For more details, please see pages 2 – 5.

Companies Reporting Next Week: 14

During the upcoming week, 14 S&P 500 companies (including 2 Dow 30 components) are scheduled to report results for the fourth quarter.

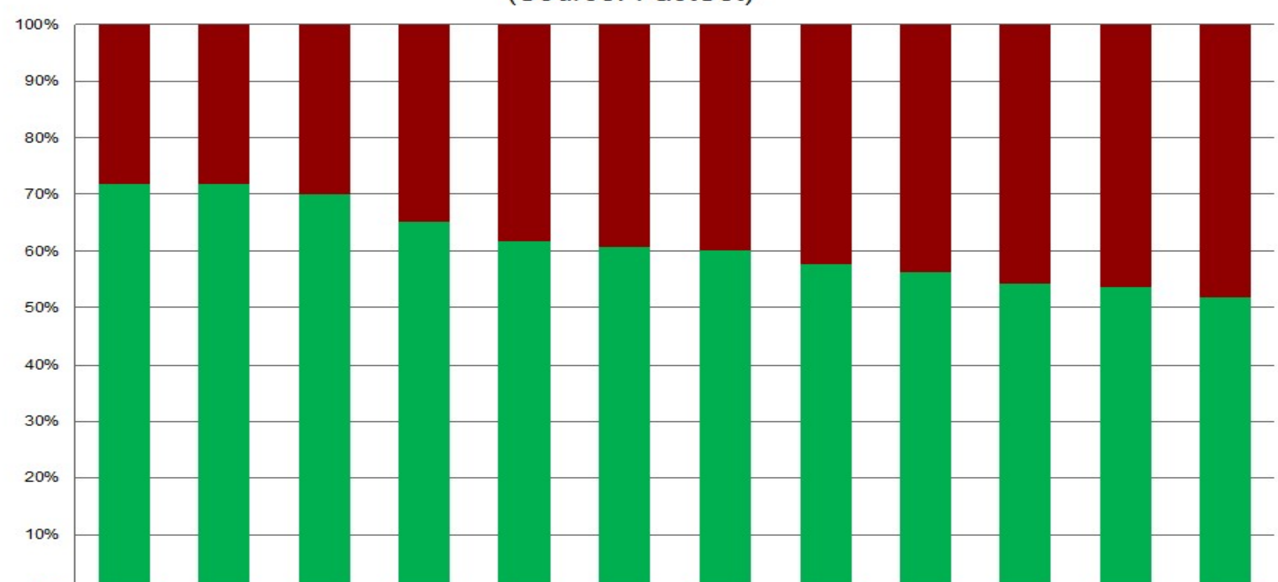
Q3 2018: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2018
(Source: FactSet)



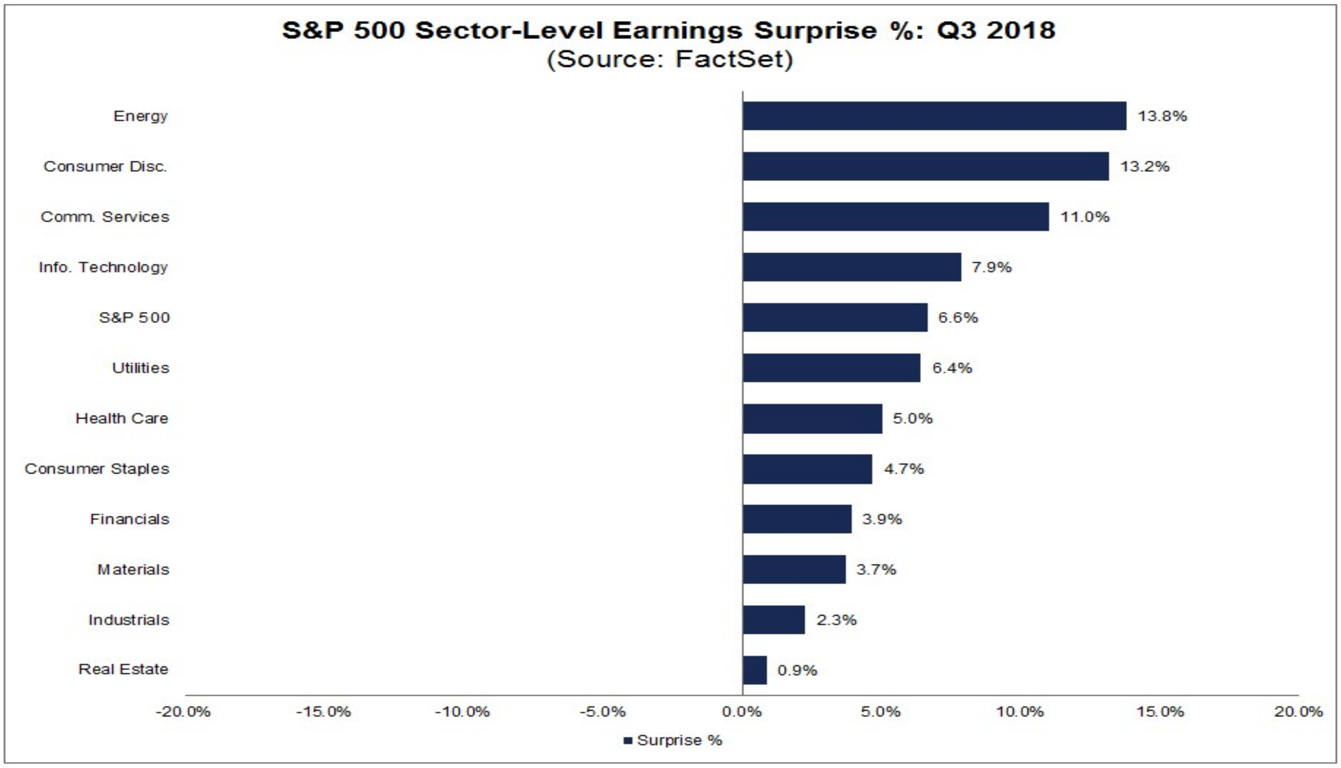
	Info. Technology	Utilities	Health Care	Consumer Disc.	S&P 500	Comm. Services	Consumer Staples	Financials	Real Estate	Industrials	Materials	Energy
Below	5%	14%	13%	12%	15%	12%	13%	21%	9%	19%	21%	27%
In-Line	6%	3%	6%	9%	8%	12%	13%	4%	19%	10%	8%	7%
Above	89%	83%	81%	78%	77%	77%	75%	75%	72%	71%	71%	67%

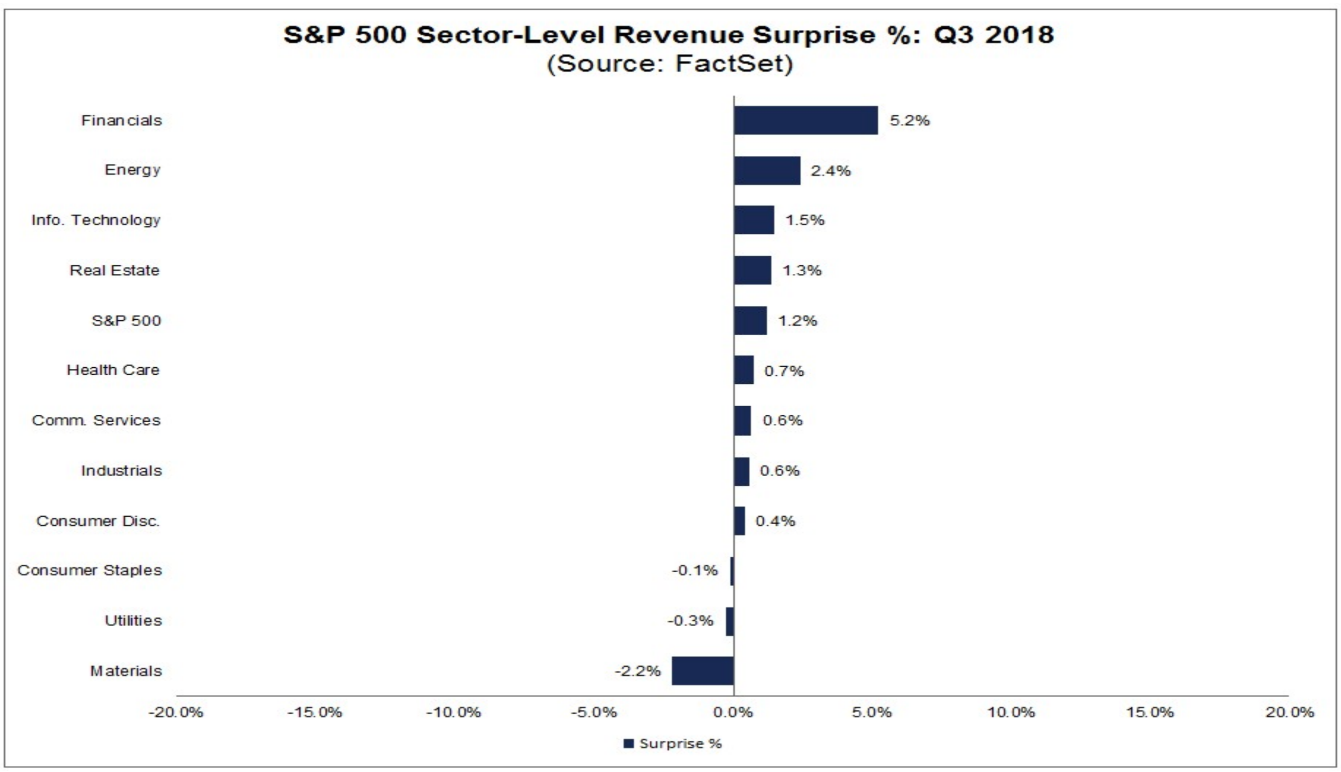
S&P 500 Revenues Above, In-Line, Below Estimates: Q3 2018
(Source: FactSet)



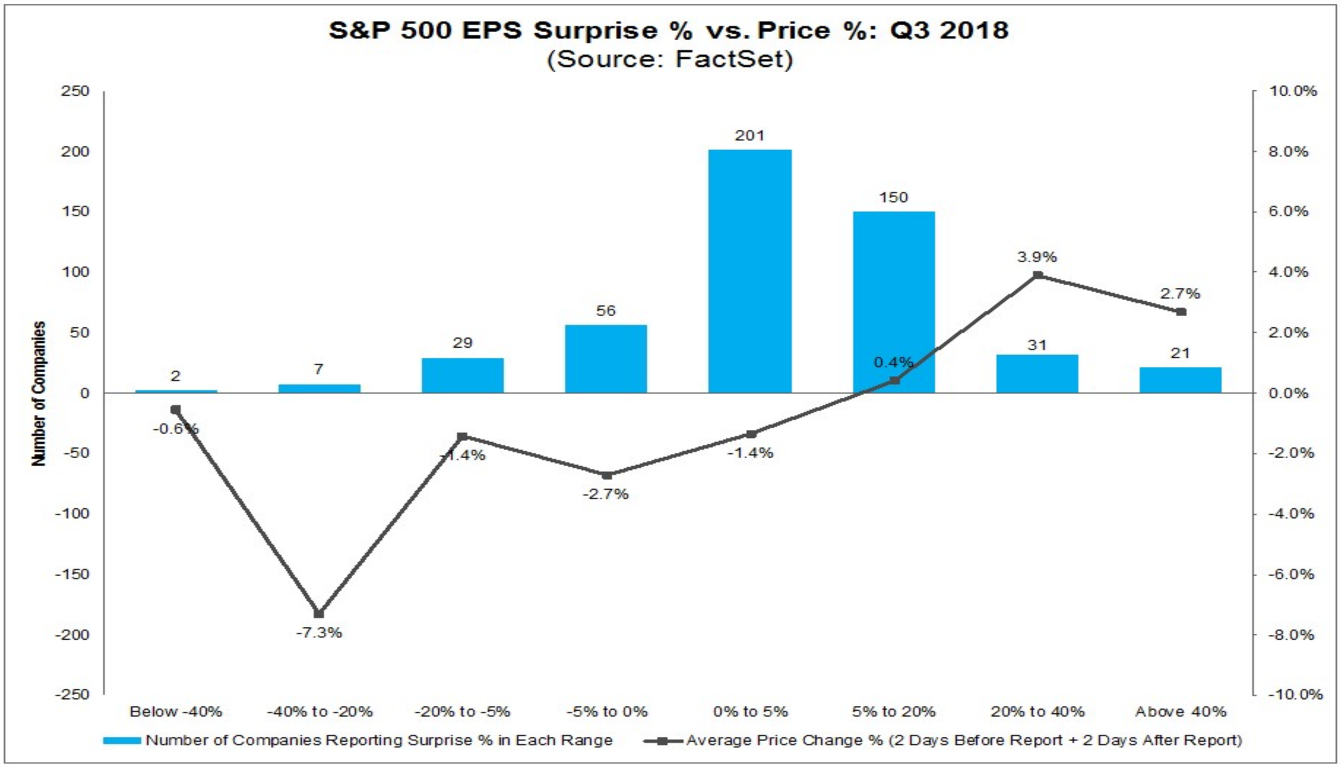
	Real Estate	Info. Technology	Energy	Health Care	S&P 500	Financials	Consumer Disc.	Comm. Services	Consumer Staples	Materials	Industrials	Utilities
Below	28%	28%	30%	35%	38%	39%	40%	42%	44%	46%	46%	48%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	72%	72%	70%	65%	62%	61%	60%	58%	56%	54%	54%	52%

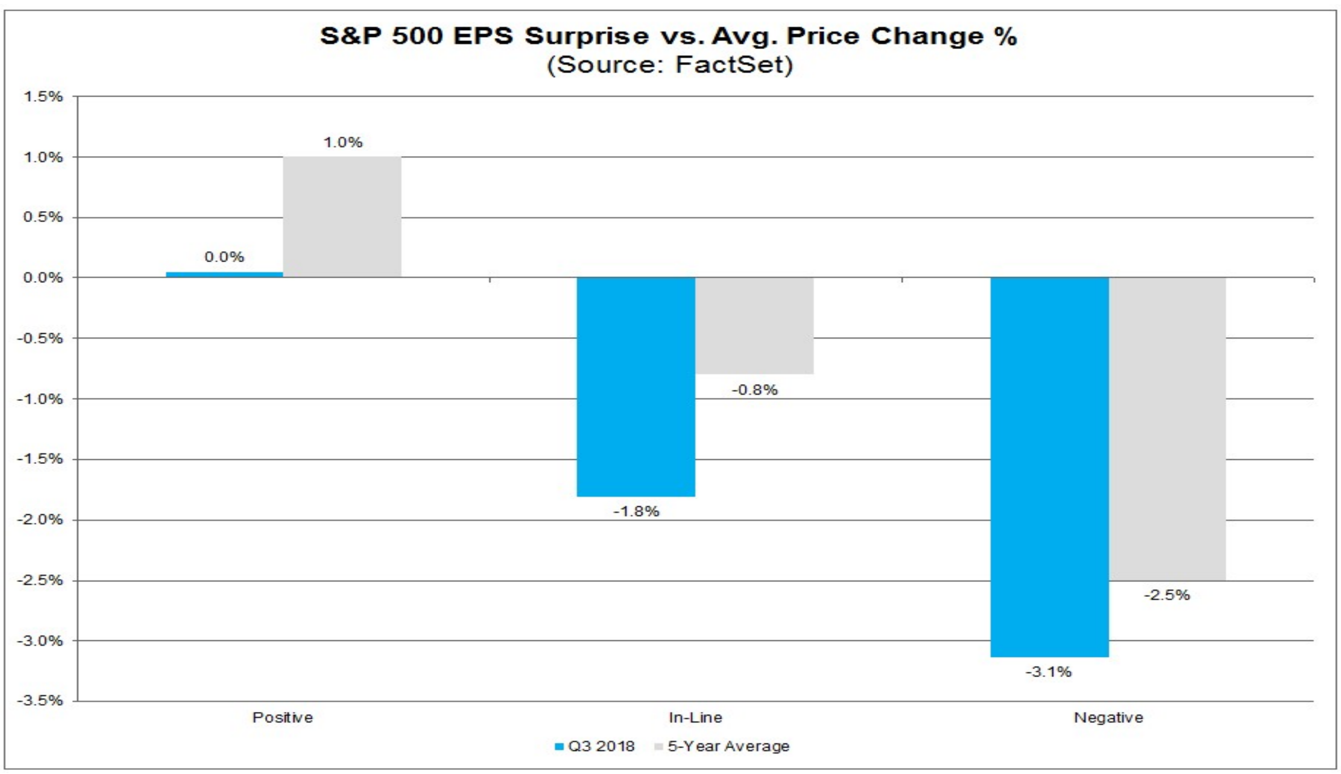
Q3 2018: Scorecard



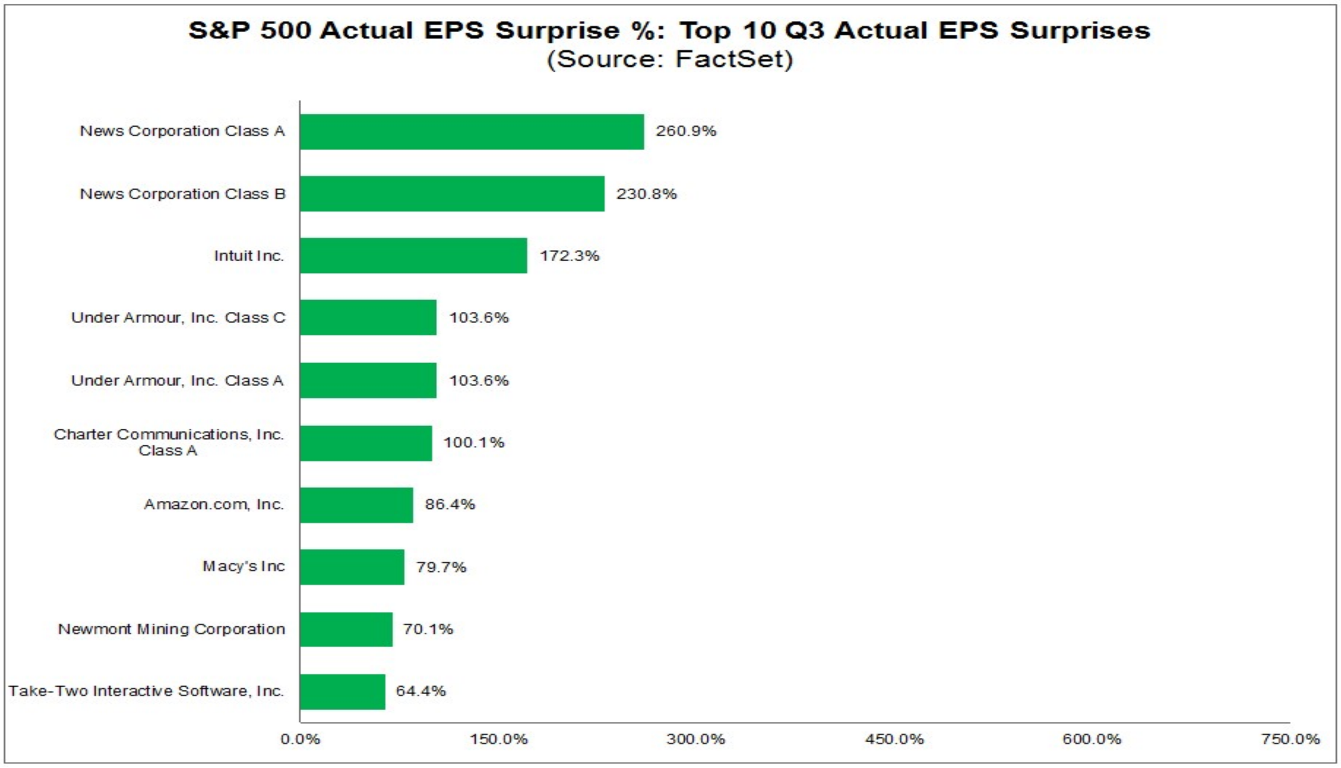


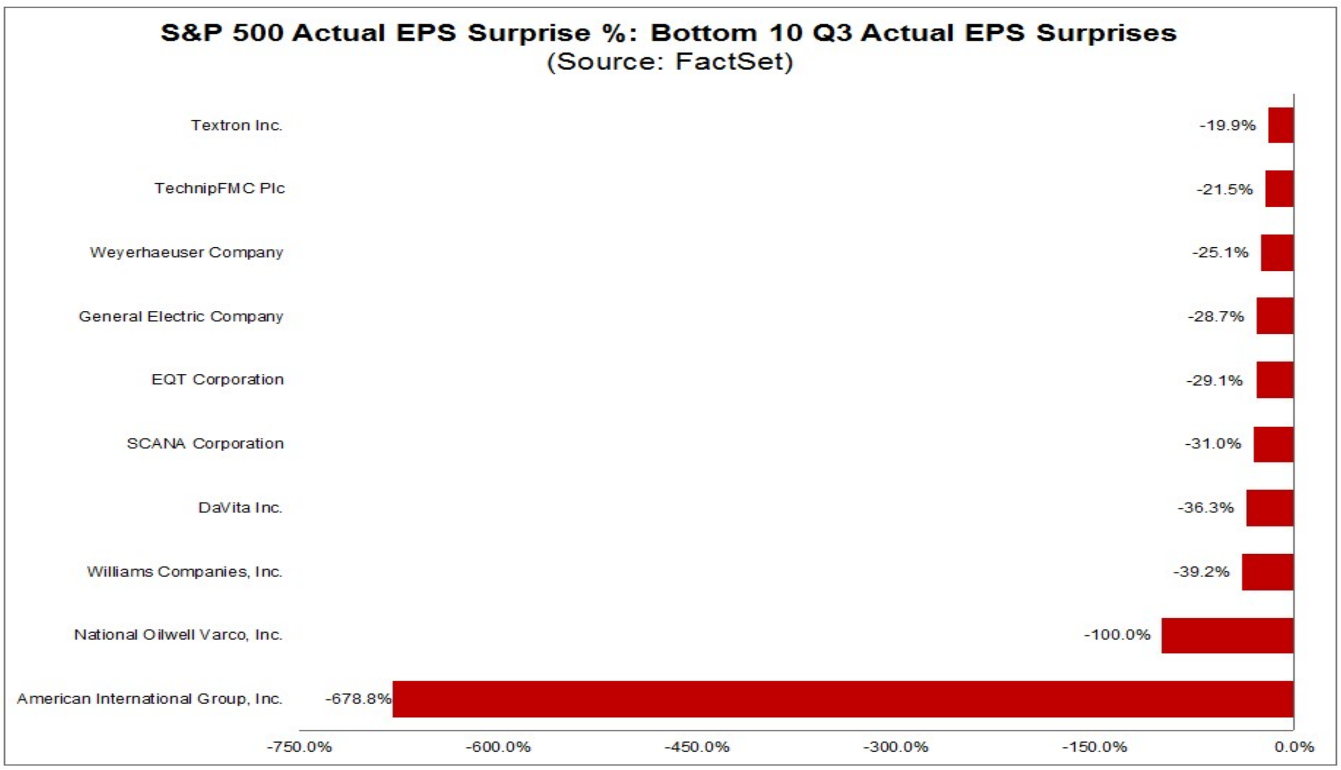
Q3 2018: Scorecard



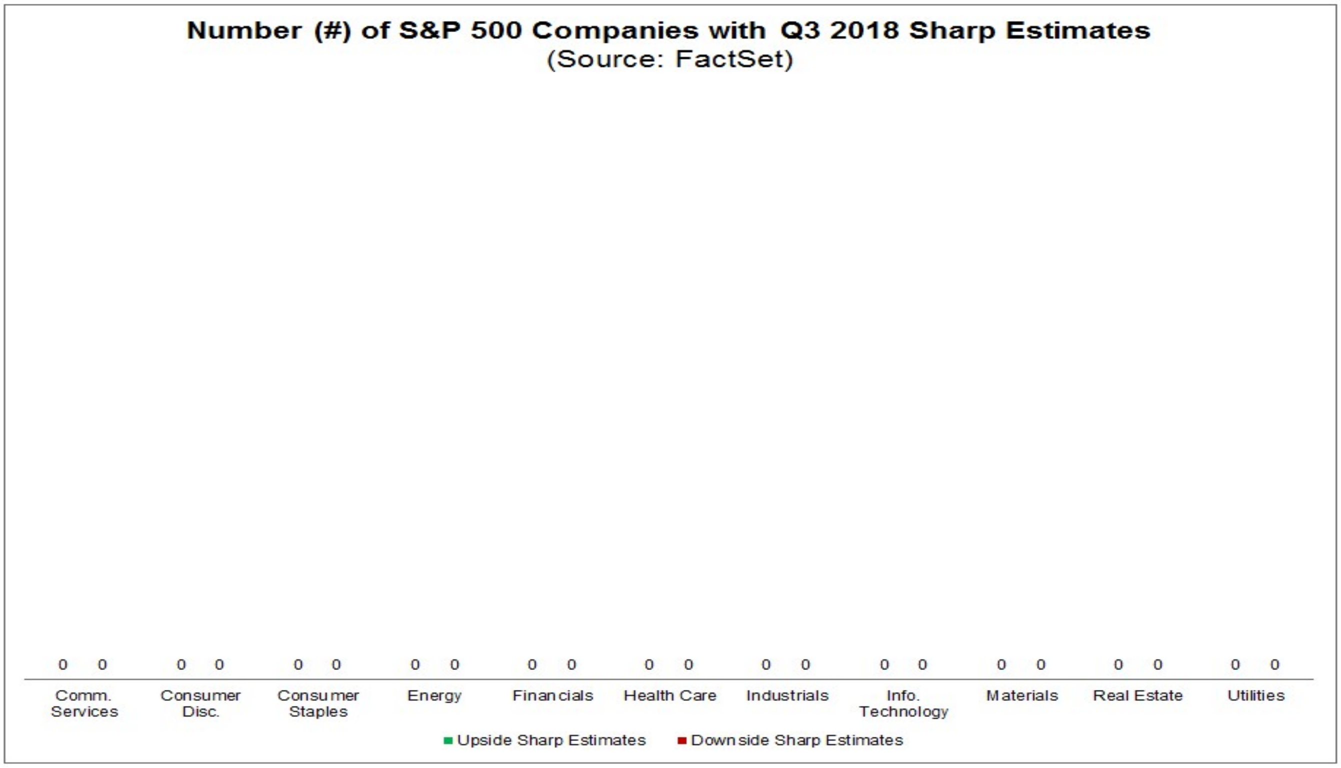


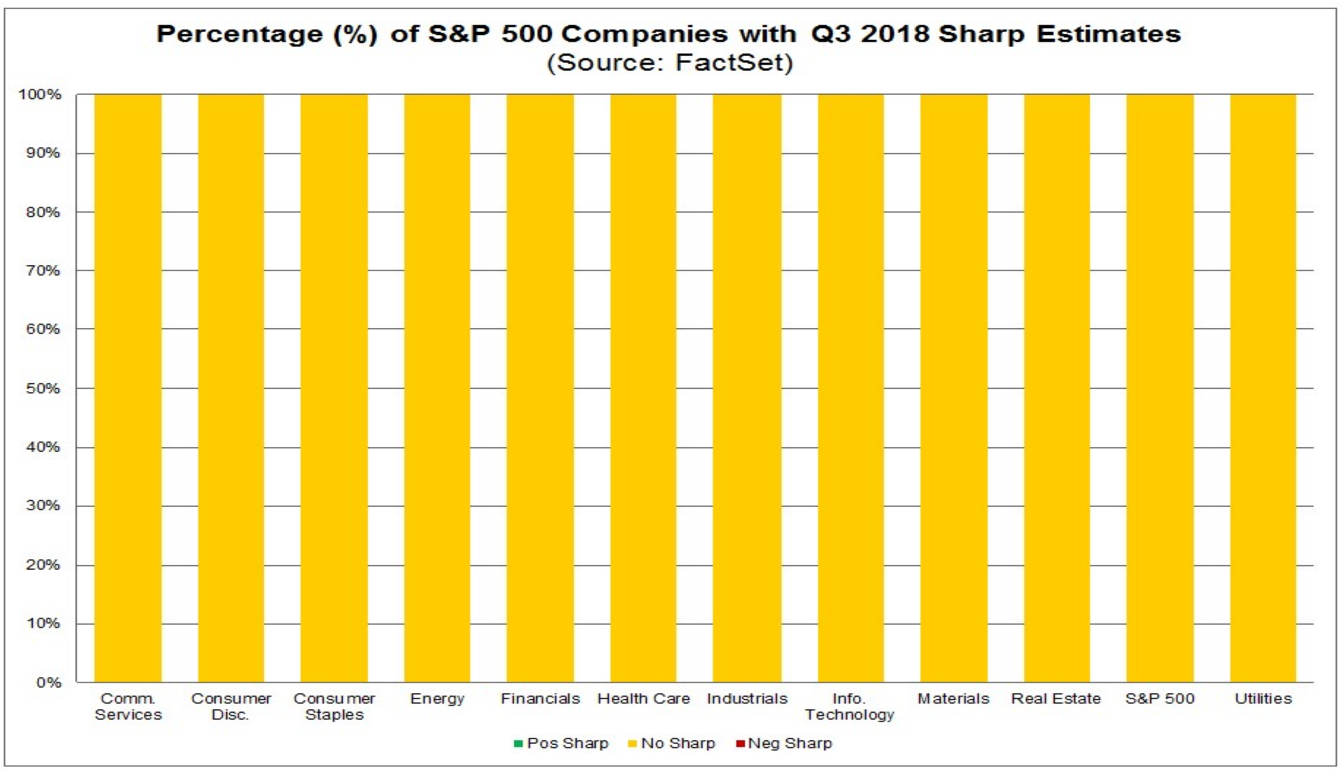
Q3 2018: Scorecard



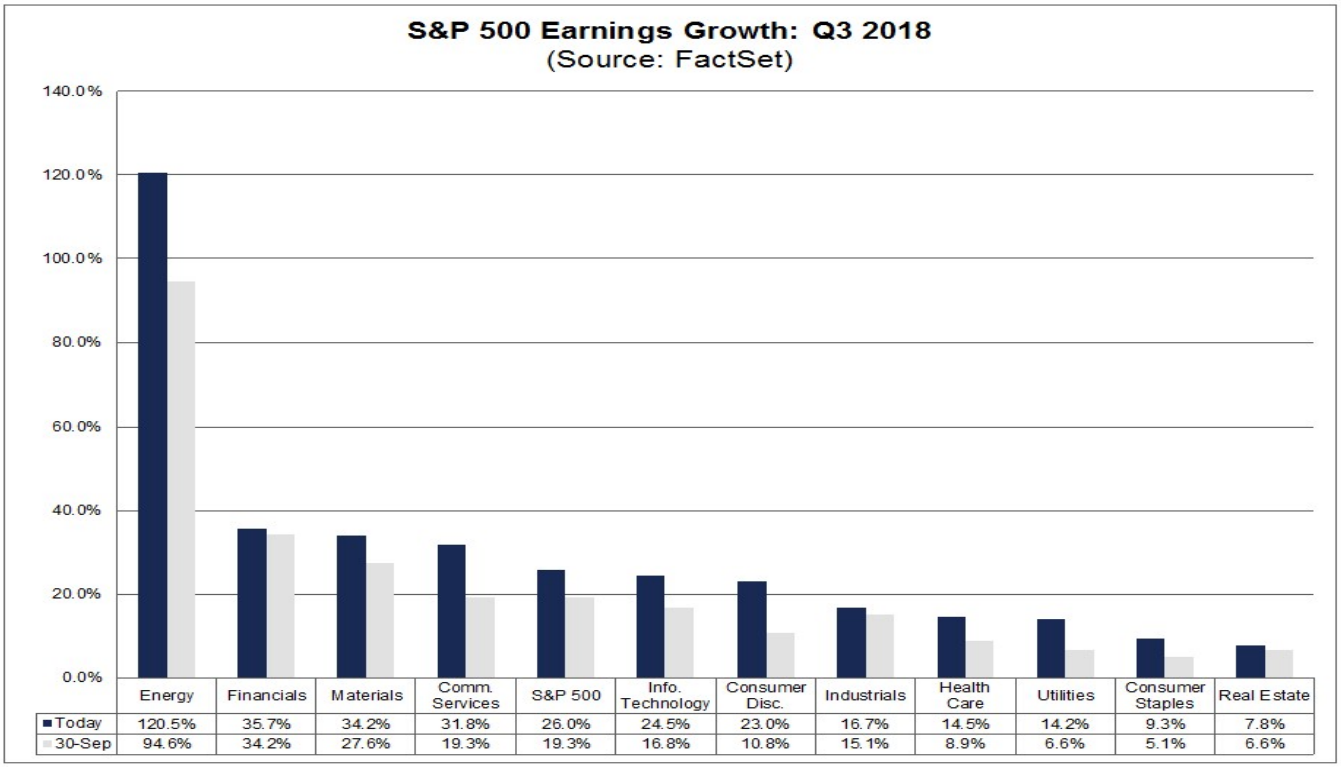


Q3 2018: Projected EPS Surprises (Sharp Estimates)

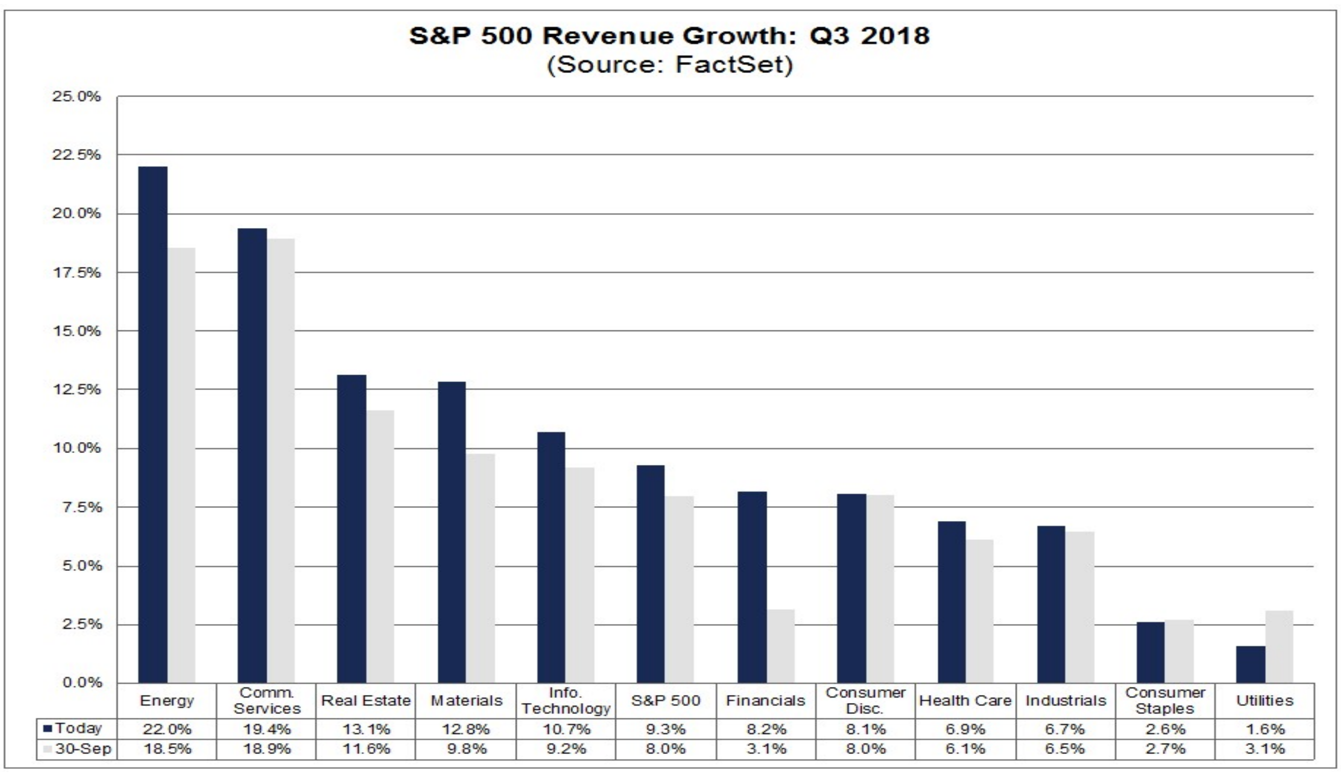




Q3 2018: Growth

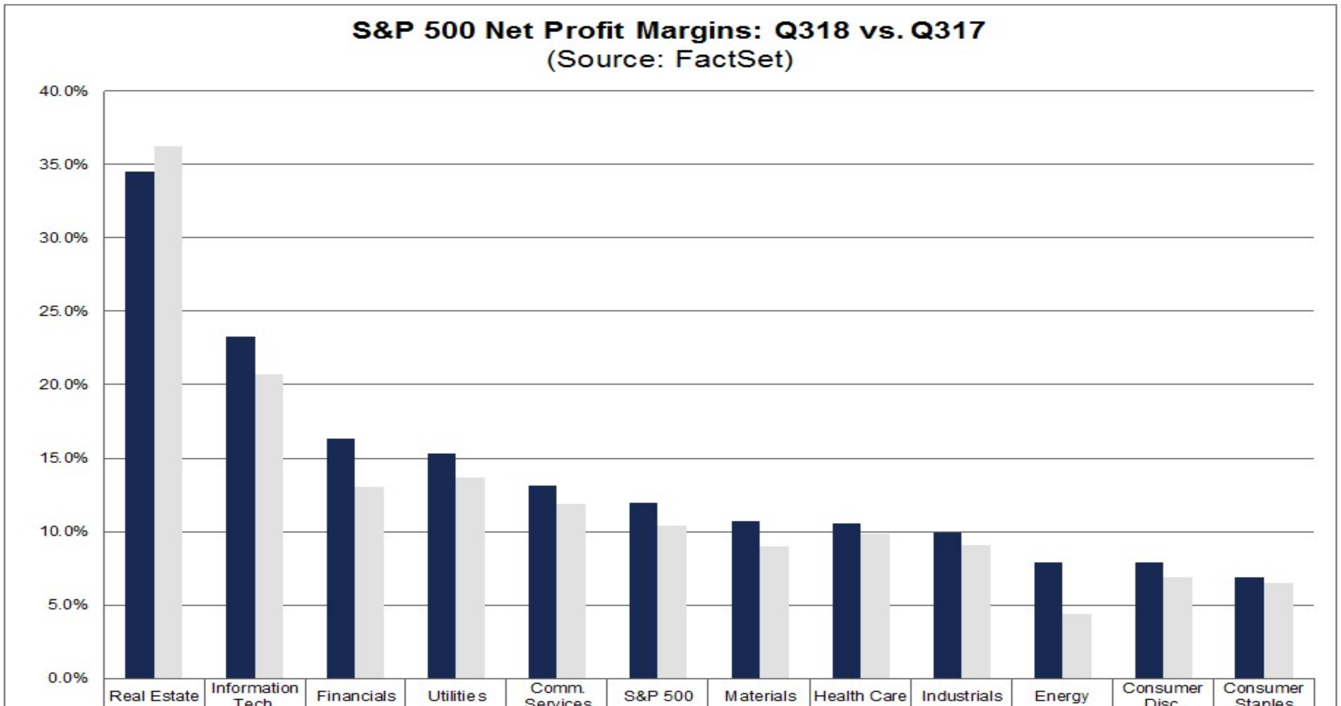


	Energy	Financials	Materials	Comm. Services	S&P 500	Info. Technology	Consumer Disc.	Industrials	Health Care	Utilities	Consumer Staples	Real Estate
Today	120.5%	35.7%	34.2%	31.8%	26.0%	24.5%	23.0%	16.7%	14.5%	14.2%	9.3%	7.8%
30-Sep	94.6%	34.2%	27.6%	19.3%	19.3%	16.8%	10.8%	15.1%	8.9%	6.6%	5.1%	6.6%

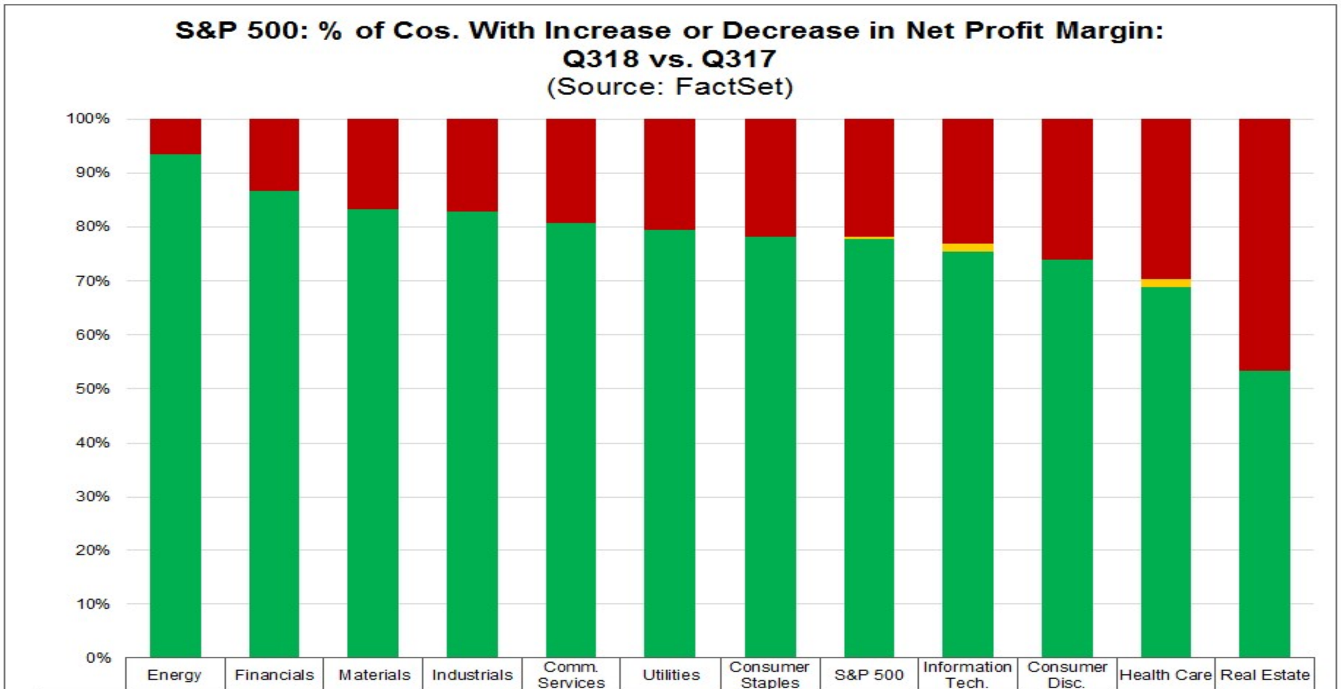


	Energy	Comm. Services	Real Estate	Materials	Info. Technology	S&P 500	Financials	Consumer Disc.	Health Care	Industrials	Consumer Staples	Utilities
Today	22.0%	19.4%	13.1%	12.8%	10.7%	9.3%	8.2%	8.1%	6.9%	6.7%	2.6%	1.6%
30-Sep	18.5%	18.9%	11.6%	9.8%	9.2%	8.0%	3.1%	8.0%	6.1%	6.5%	2.7%	3.1%

Q3 2018: Net Profit Margin

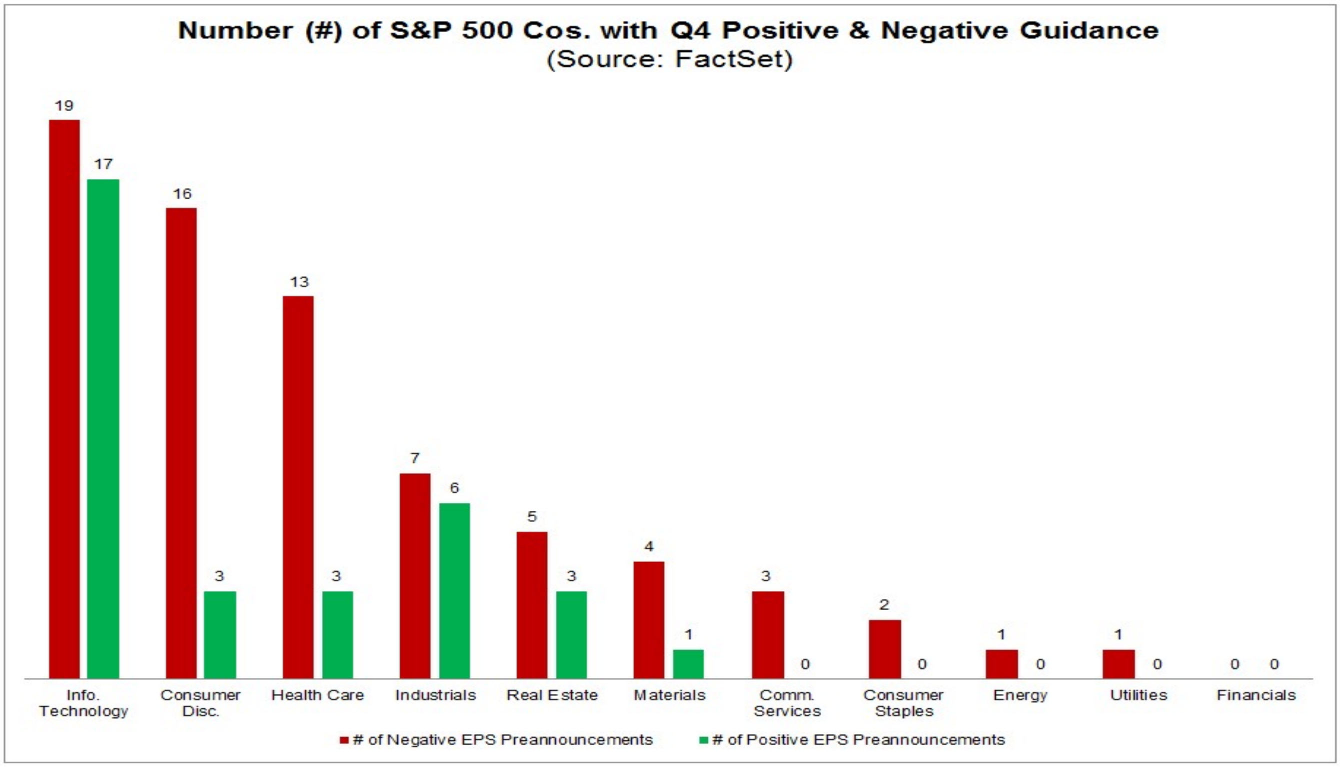


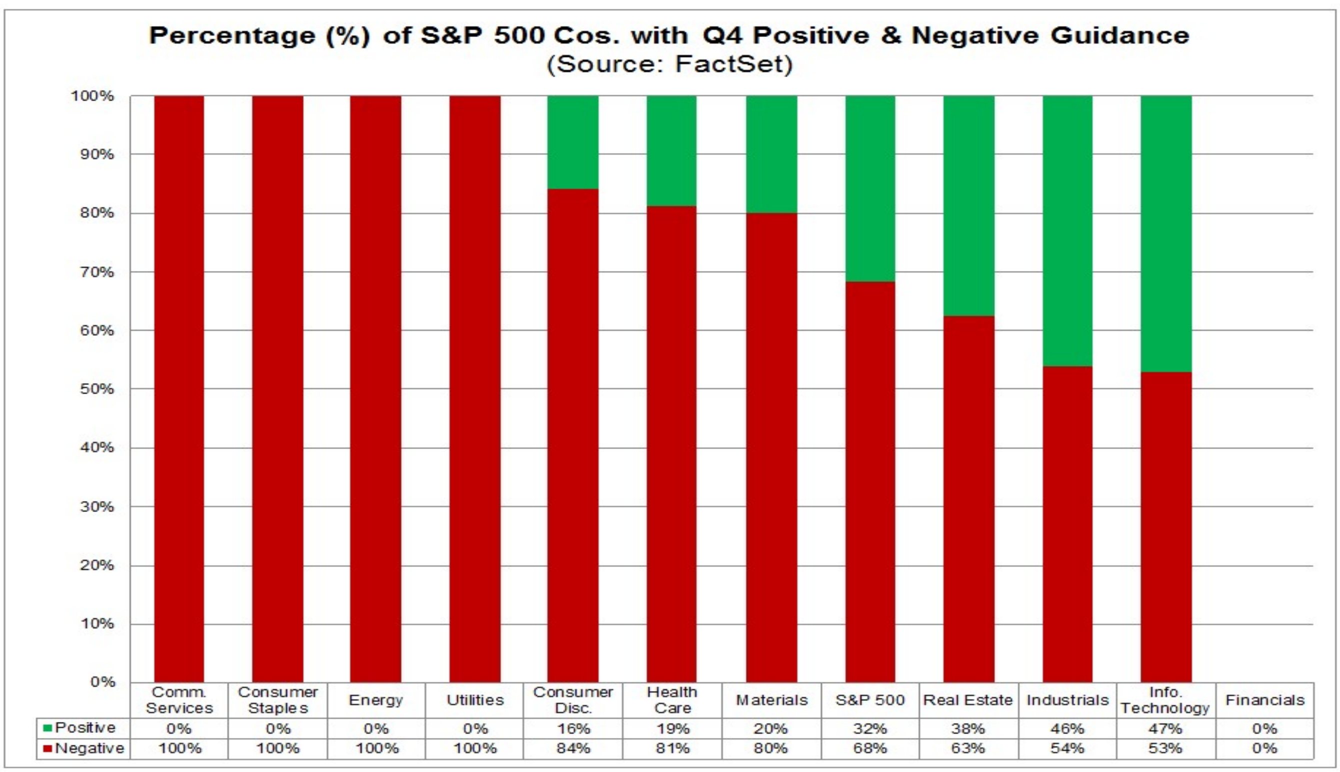
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Materials	Health Care	Industrials	Energy	Consumer Disc.	Consumer Staples
Q318	34.5%	23.2%	16.4%	15.4%	13.2%	12.0%	10.7%	10.6%	10.0%	7.9%	7.9%	6.9%
Q317	36.2%	20.7%	13.1%	13.7%	11.9%	10.4%	9.0%	9.9%	9.1%	4.4%	7.0%	6.5%



	Energy	Financials	Materials	Industrials	Comm. Services	Utilities	Consumer Staples	S&P 500	Information Tech.	Consumer Disc.	Health Care	Real Estate
Down %	6%	13%	17%	17%	19%	21%	22%	22%	23%	26%	30%	47%
None %	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%	2%	0%
Up %	94%	87%	83%	83%	81%	79%	78%	78%	75%	74%	69%	53%

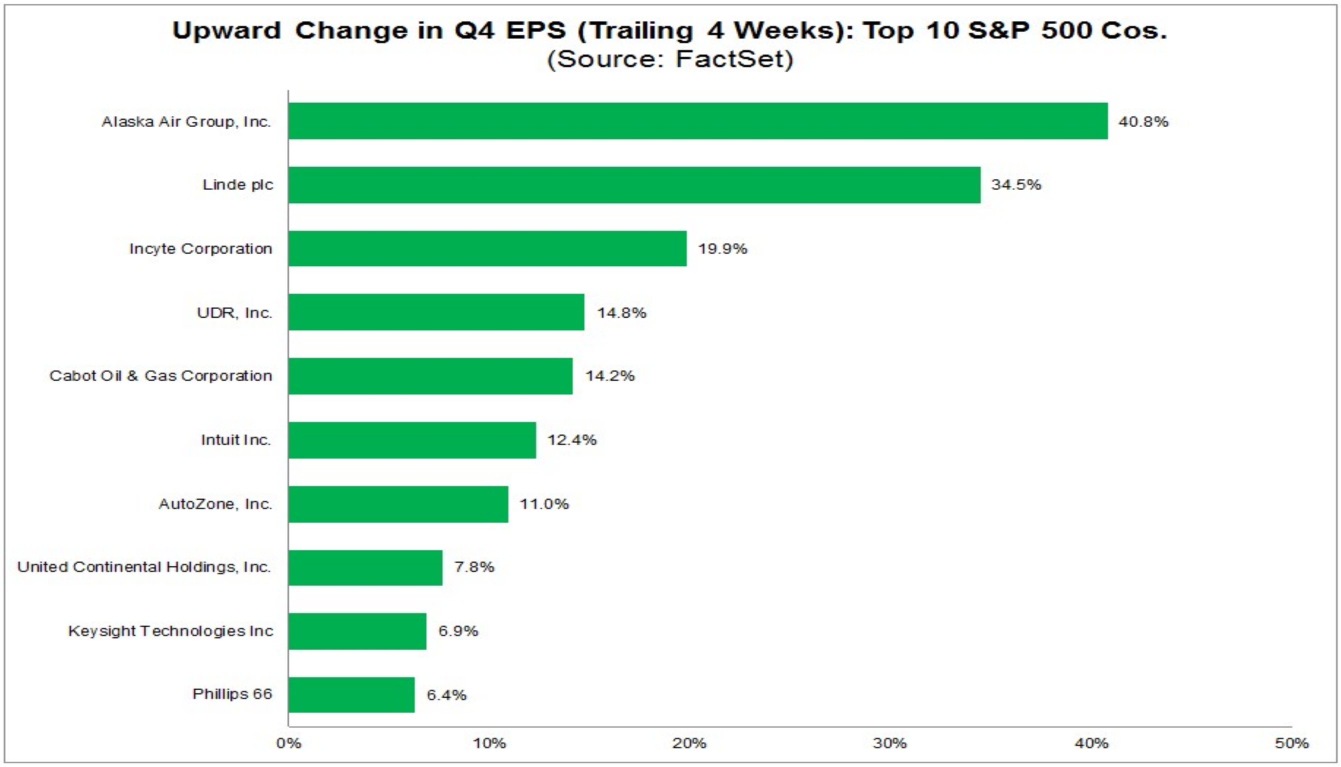
Q4 2018: EPS Guidance

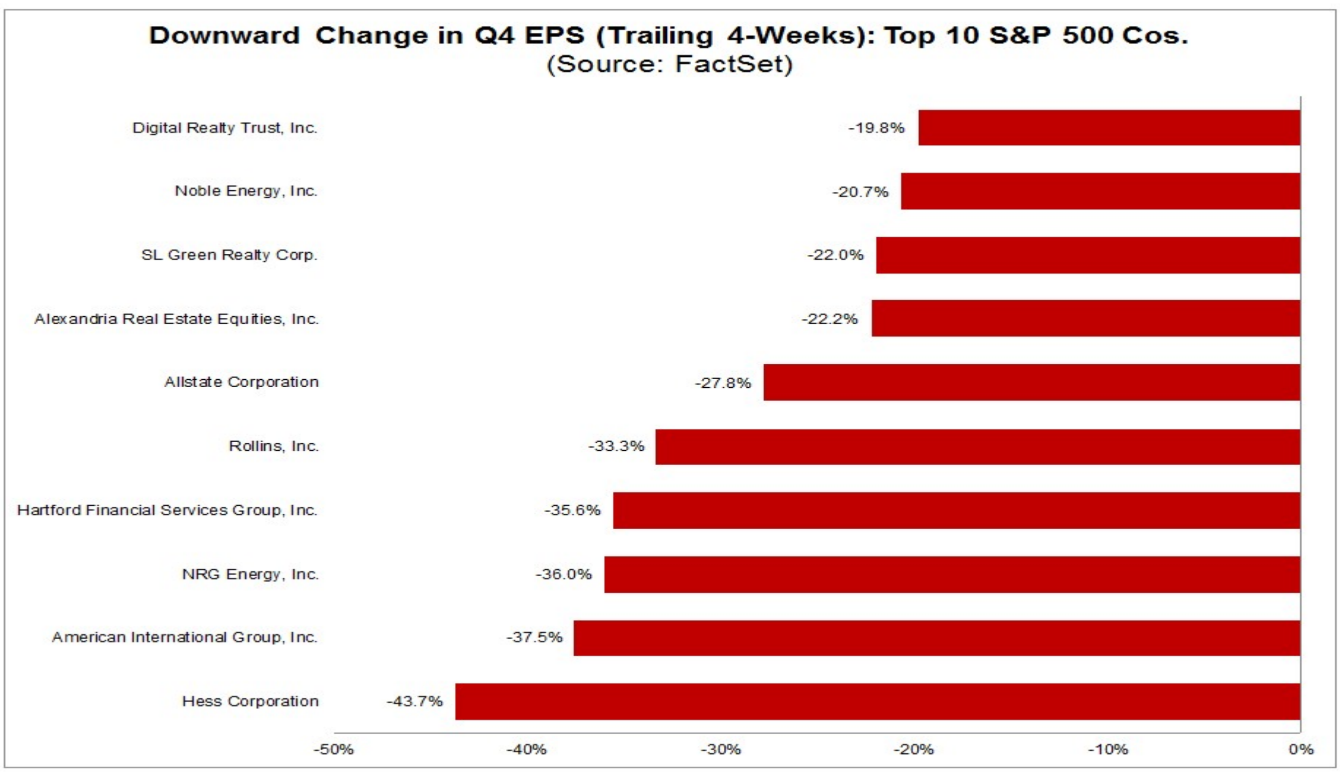




	Comm. Services	Consumer Staples	Energy	Utilities	Consumer Disc.	Health Care	Materials	S&P 500	Real Estate	Industrials	Info. Technology	Financials
Positive	0%	0%	0%	0%	16%	19%	20%	32%	38%	46%	47%	0%
Negative	100%	100%	100%	100%	84%	81%	80%	68%	63%	54%	53%	0%

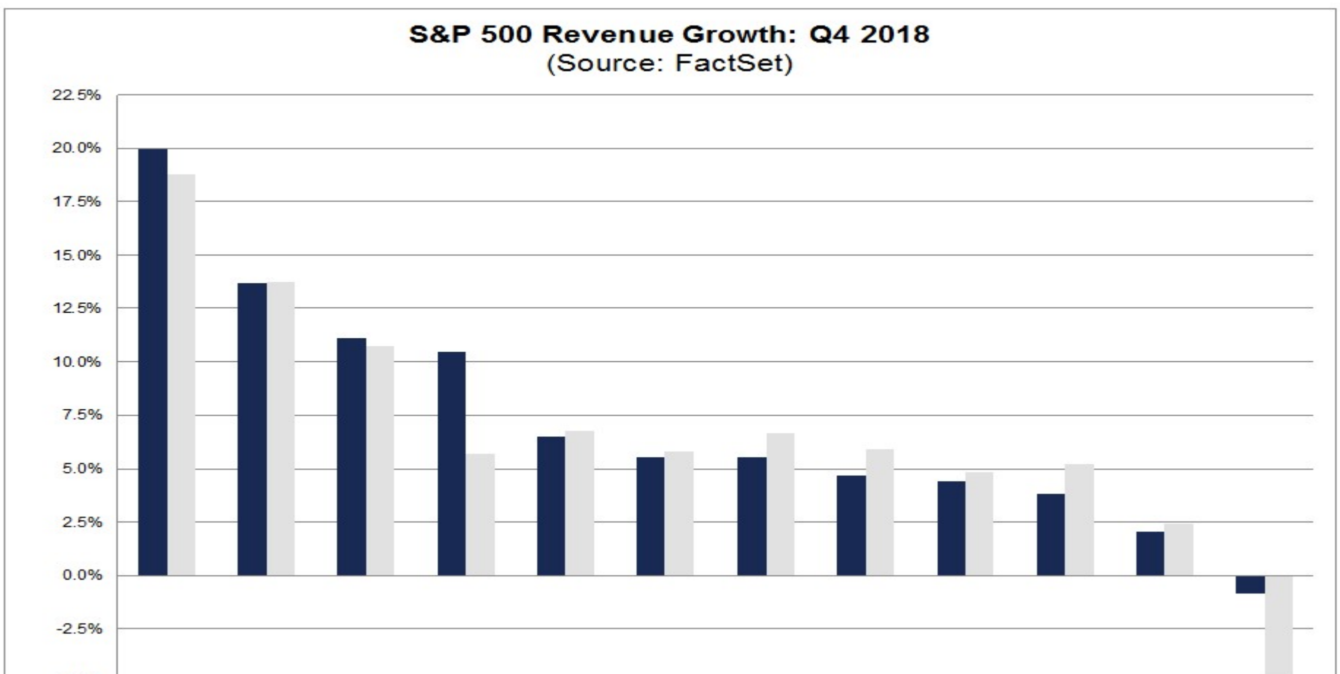
Q4 2018: EPS Revisions





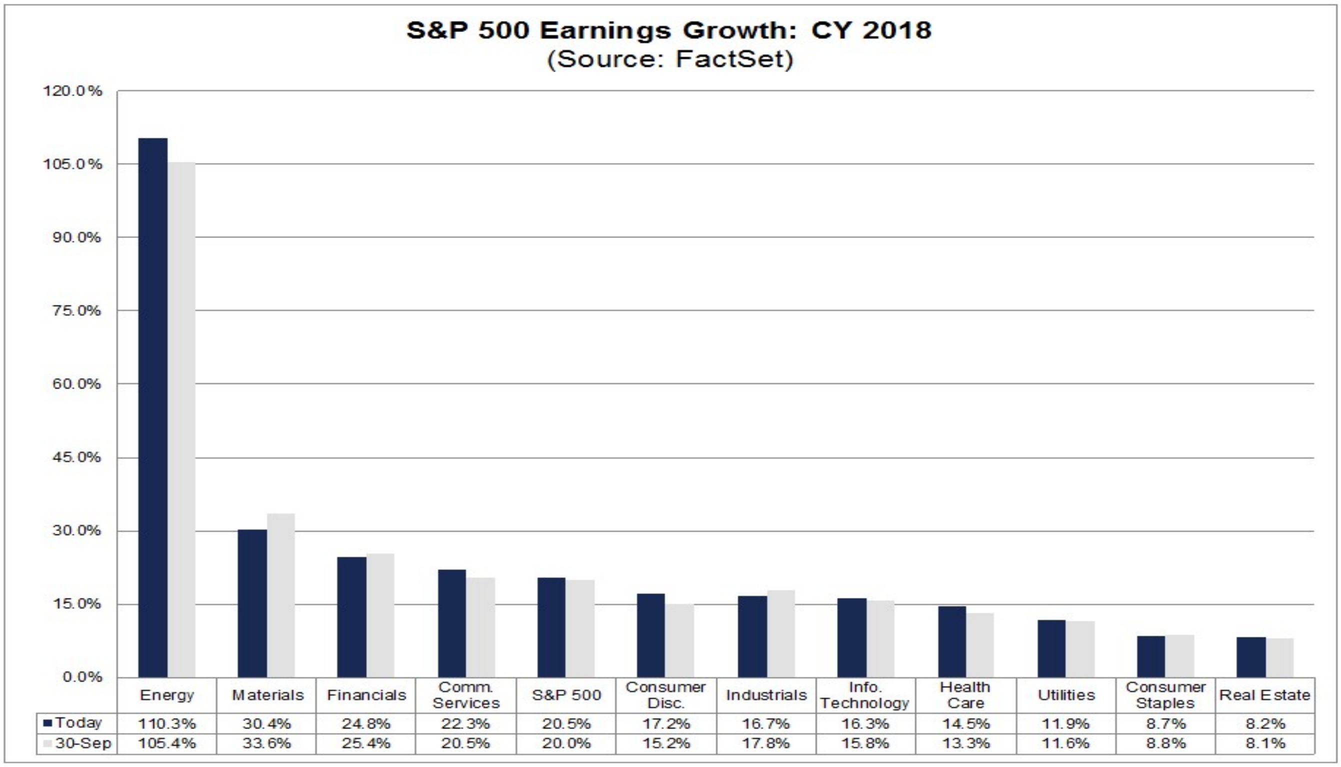
Q4 2018: Growth

	Energy	Financials	Industrials	Comm. Services	S&P 500	Consumer Disc.	Health Care	Materials	Real Estate	Info. Technology	Consumer Staples	Utilities
Today	85.0%	15.2%	14.5%	13.4%	12.8%	11.2%	10.5%	9.6%	8.7%	7.0%	2.4%	1.4%
30-Sep	95.4%	19.9%	20.7%	16.4%	16.7%	16.1%	11.7%	17.6%	9.1%	9.3%	6.7%	10.2%

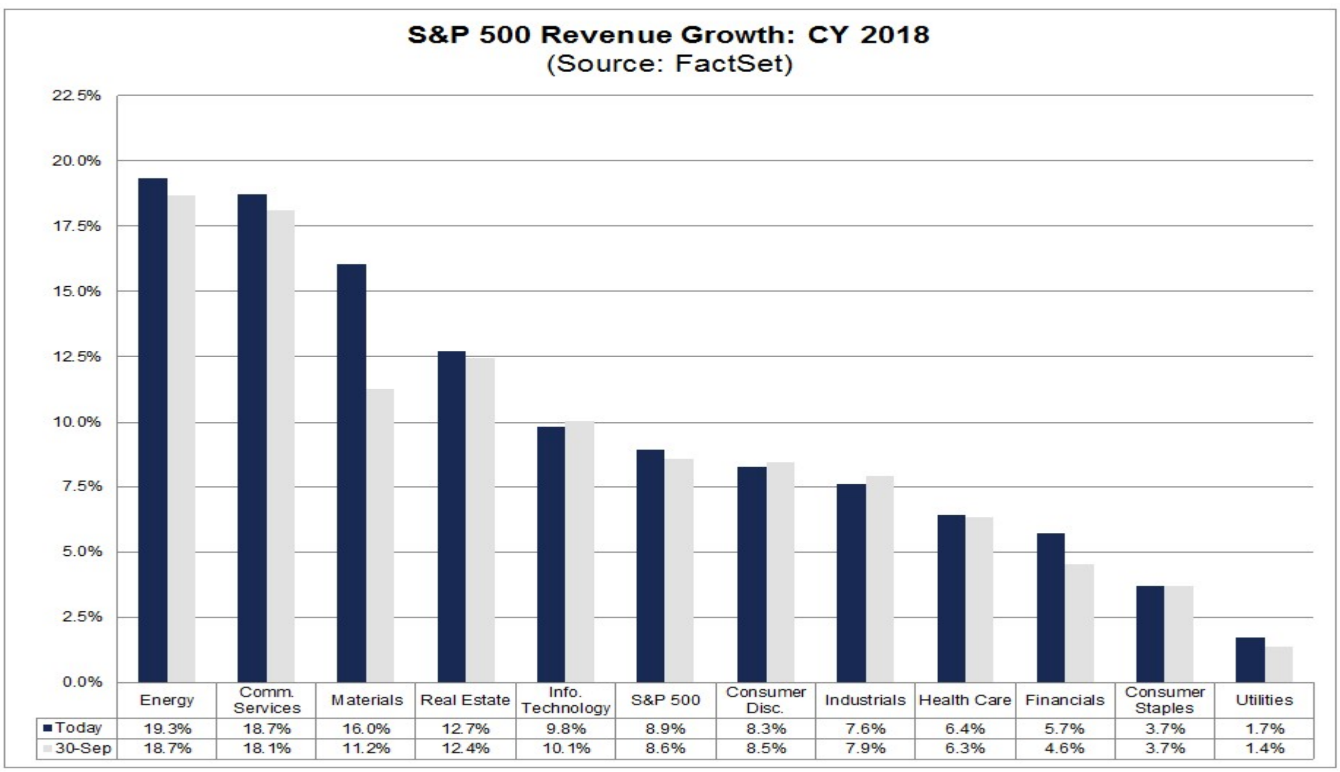


	Comm. Services	Energy	Real Estate	Materials	S&P 500	Health Care	Industrials	Consumer Disc.	Financials	Info. Technology	Consumer Staples	Utilities
Today	20.0%	13.7%	11.1%	10.4%	6.5%	5.5%	5.5%	4.7%	4.4%	3.9%	2.0%	-0.8%
30-Sep	18.8%	13.7%	10.7%	5.7%	6.8%	5.8%	6.7%	5.9%	4.9%	5.2%	2.5%	-4.8%

CY 2018: Growth

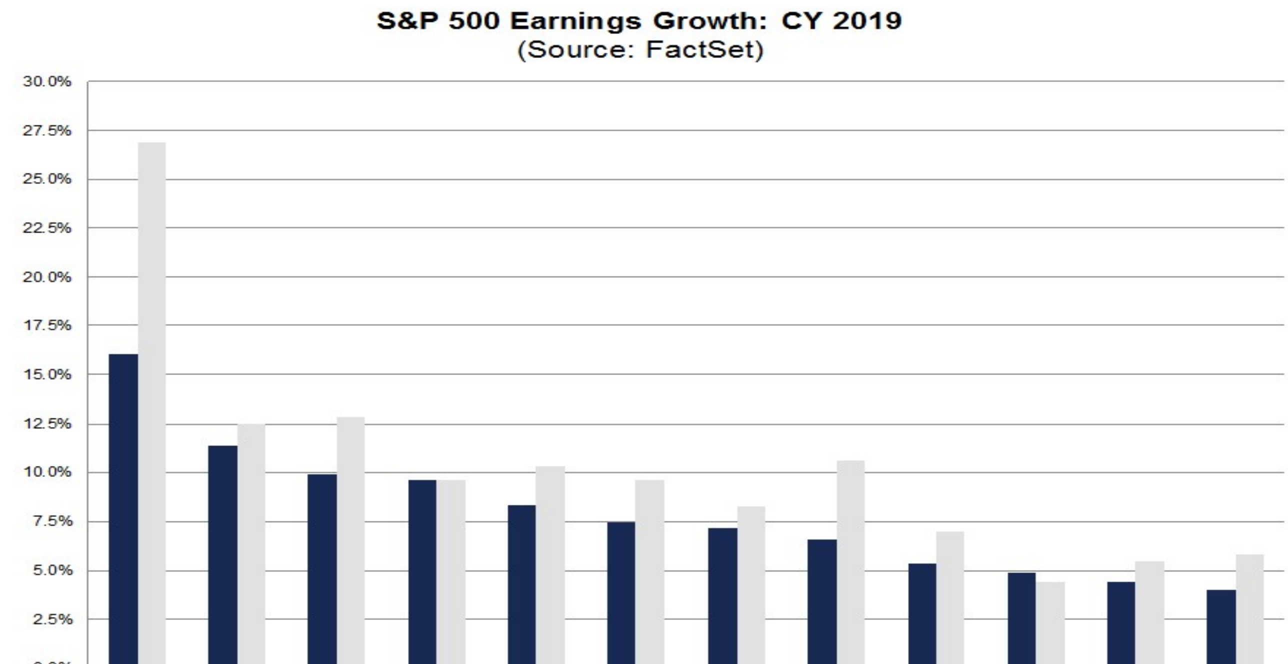


	Energy	Materials	Financials	Comm. Services	S&P 500	Consumer Disc.	Industrials	Info. Technology	Health Care	Utilities	Consumer Staples	Real Estate
Today	110.3%	30.4%	24.8%	22.3%	20.5%	17.2%	16.7%	16.3%	14.5%	11.9%	8.7%	8.2%
30-Sep	105.4%	33.6%	25.4%	20.5%	20.0%	15.2%	17.8%	15.8%	13.3%	11.6%	8.8%	8.1%

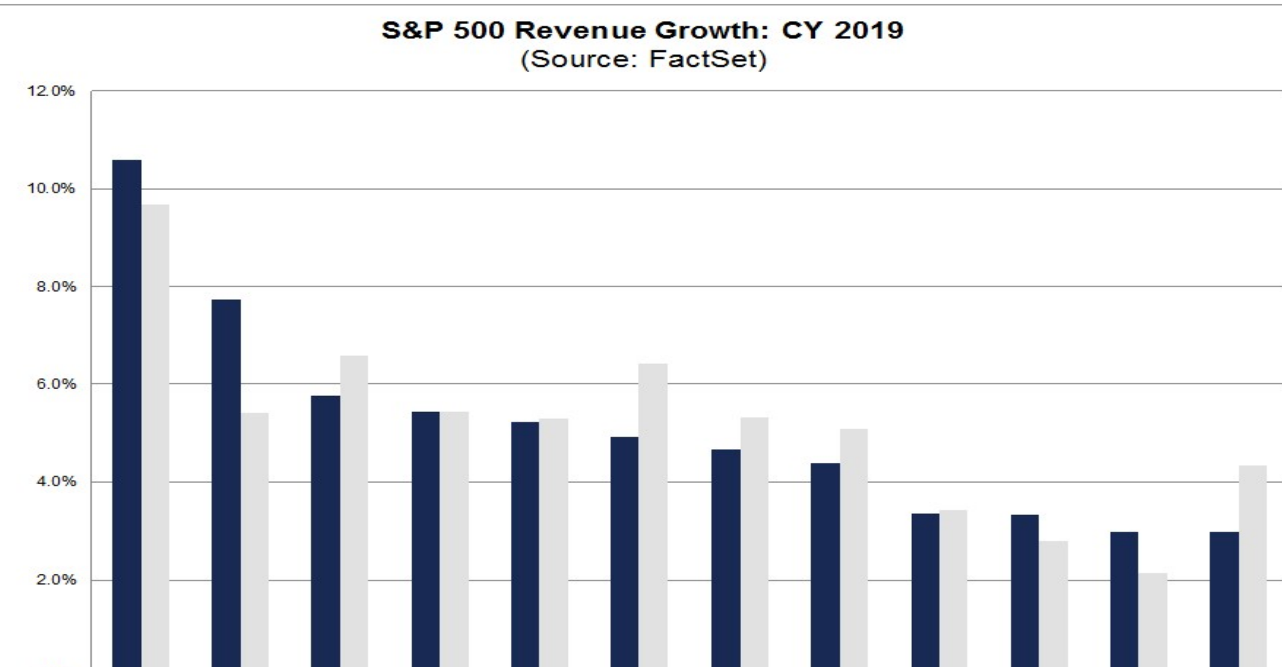


	Energy	Comm. Services	Materials	Real Estate	Info. Technology	S&P 500	Consumer Disc.	Industrials	Health Care	Financials	Consumer Staples	Utilities
Today	19.3%	18.7%	16.0%	12.7%	9.8%	8.9%	8.3%	7.6%	6.4%	5.7%	3.7%	1.7%
30-Sep	18.7%	18.1%	11.2%	12.4%	10.1%	8.6%	8.5%	7.9%	6.3%	4.6%	3.7%	1.4%

CY 2019: Growth



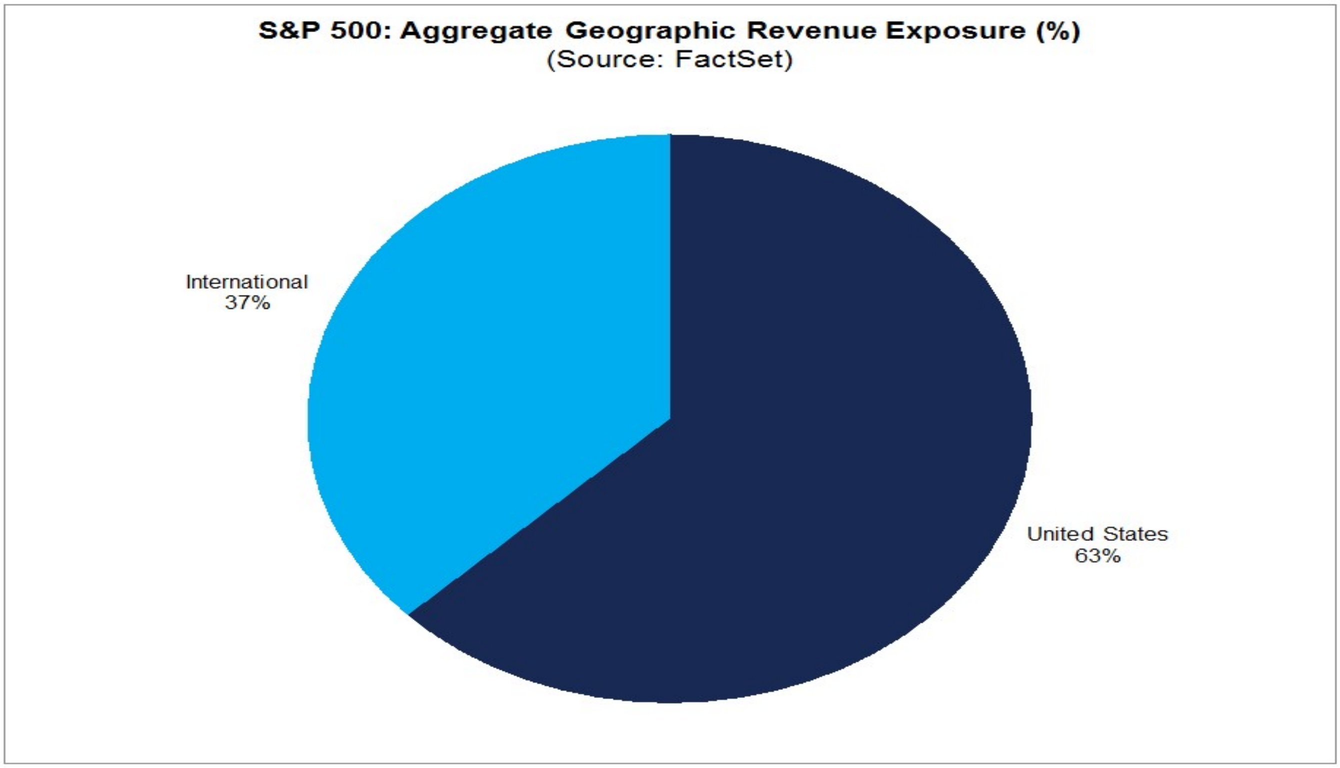
	Energy	Industrials	Consumer Disc.	Financials	S&P 500	Info. Technology	Health Care	Comm. Services	Materials	Utilities	Consumer Staples	Real Estate
Today	16.0%	11.4%	9.9%	9.6%	8.3%	7.5%	7.2%	6.6%	5.3%	4.9%	4.4%	4.0%
30-Sep	26.9%	12.5%	12.9%	9.7%	10.4%	9.6%	8.3%	10.6%	7.0%	4.4%	5.5%	5.8%

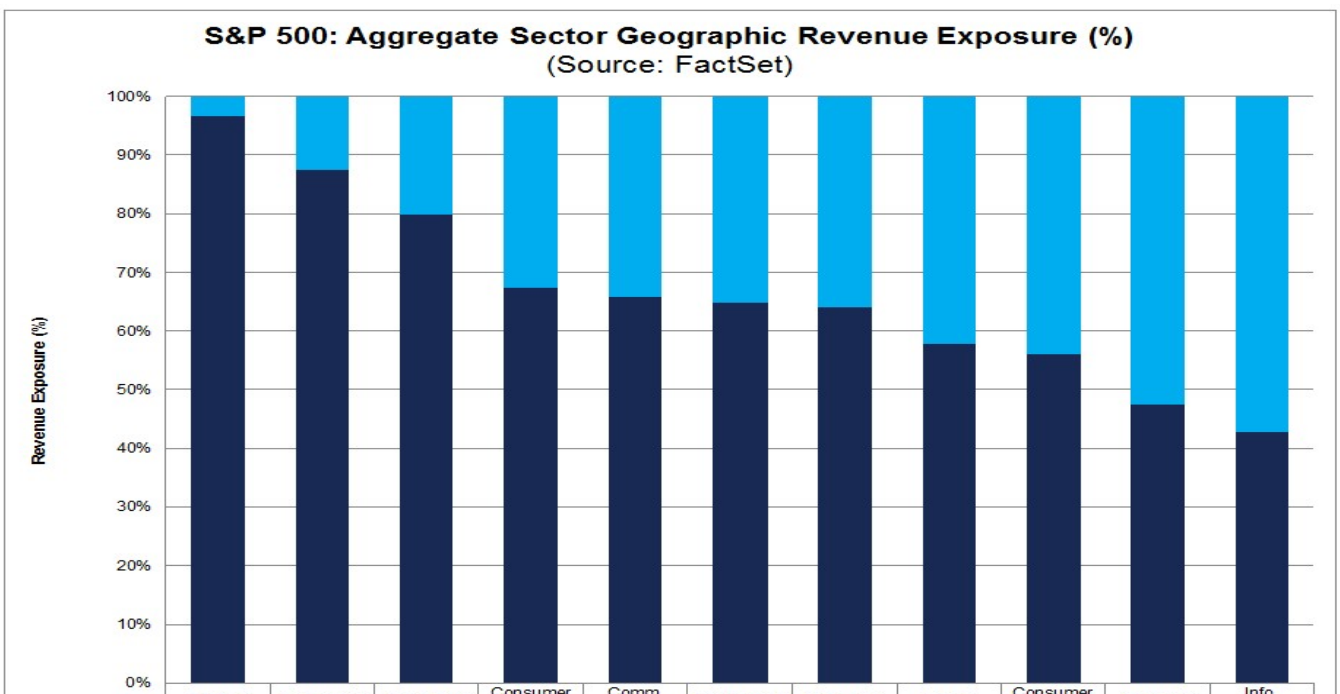


	Comm. Services	Health Care	Consumer Disc.	S&P 500	Industrials	Energy	Info. Technology	Real Estate	Consumer Staples	Materials	Utilities	Financials
Today	10.6%	7.7%	5.7%	5.5%	5.2%	4.9%	4.7%	4.4%	3.4%	3.3%	3.0%	3.0%
30-Sep	9.7%	5.4%	6.6%	5.5%	5.3%	6.4%	5.3%	5.1%	3.4%	2.8%	2.1%	4.3%

FACTSET

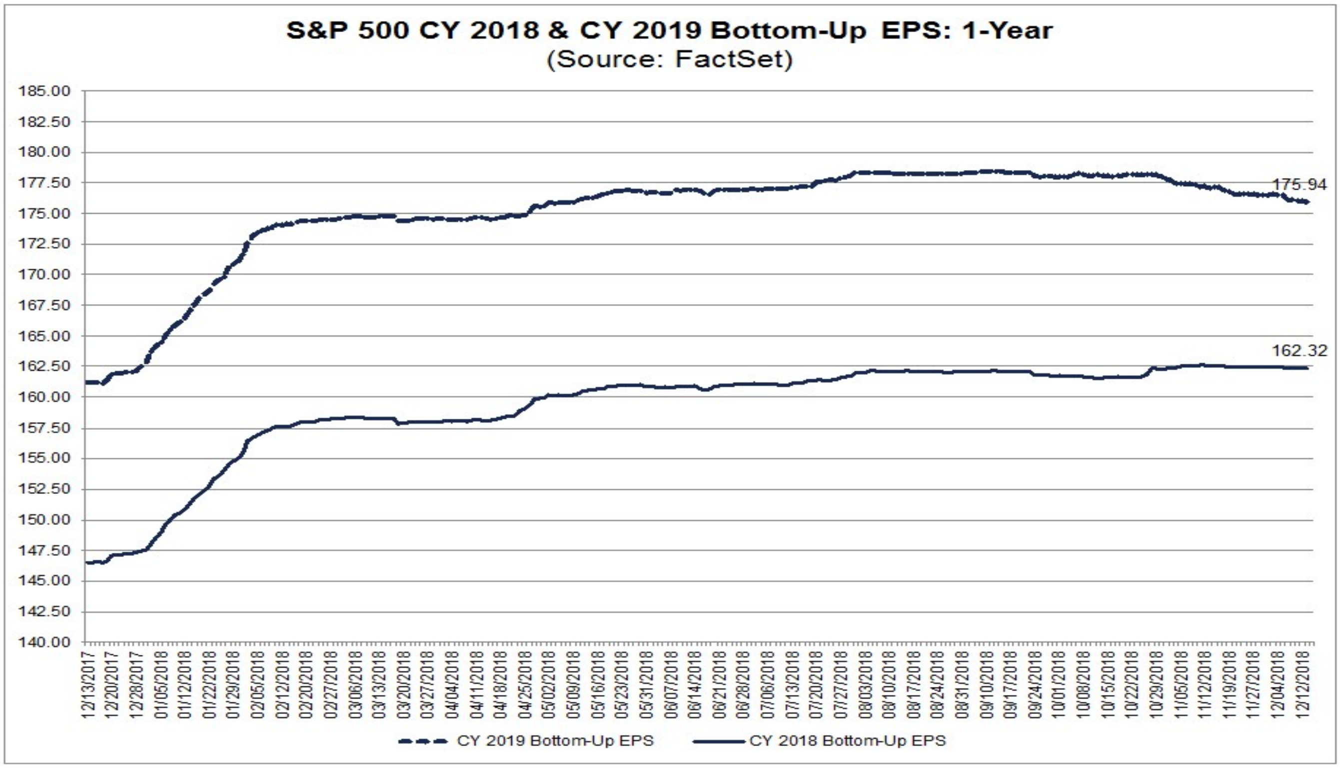
Geographic Revenue Exposure

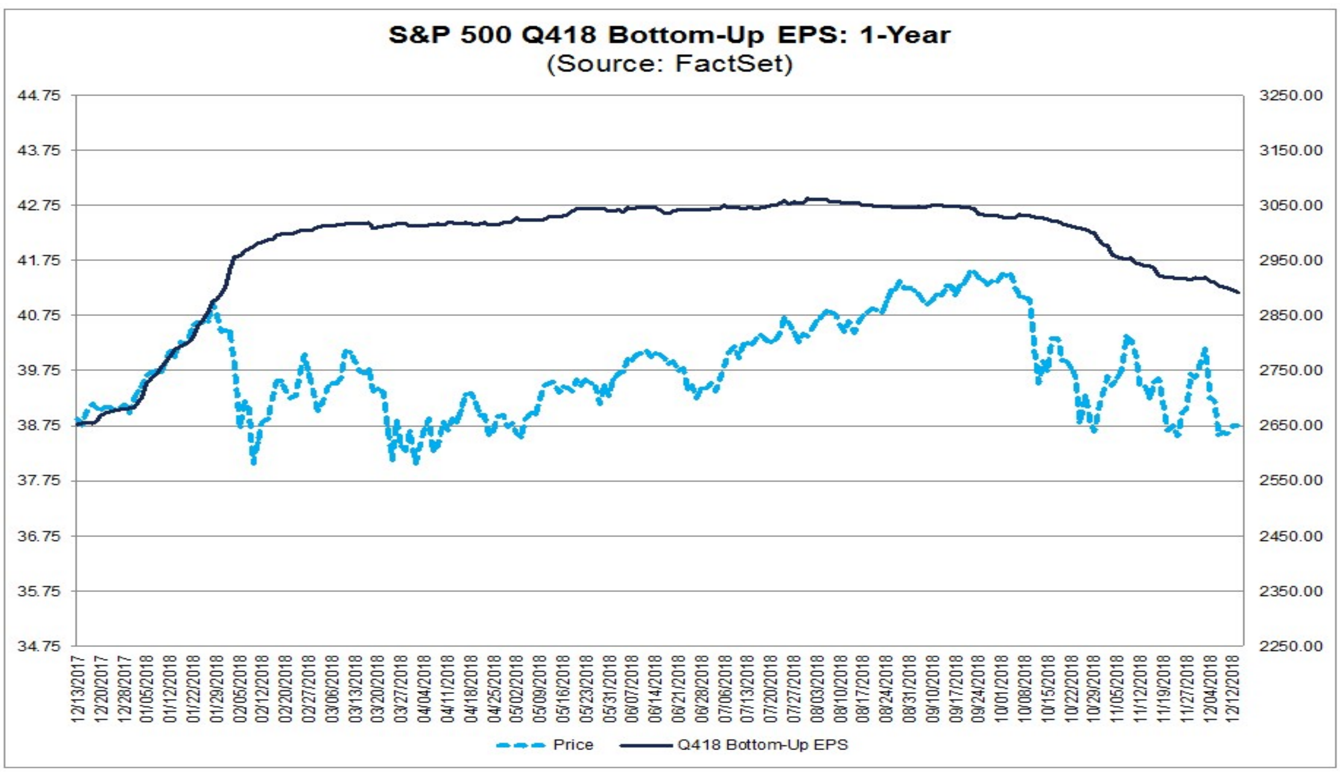




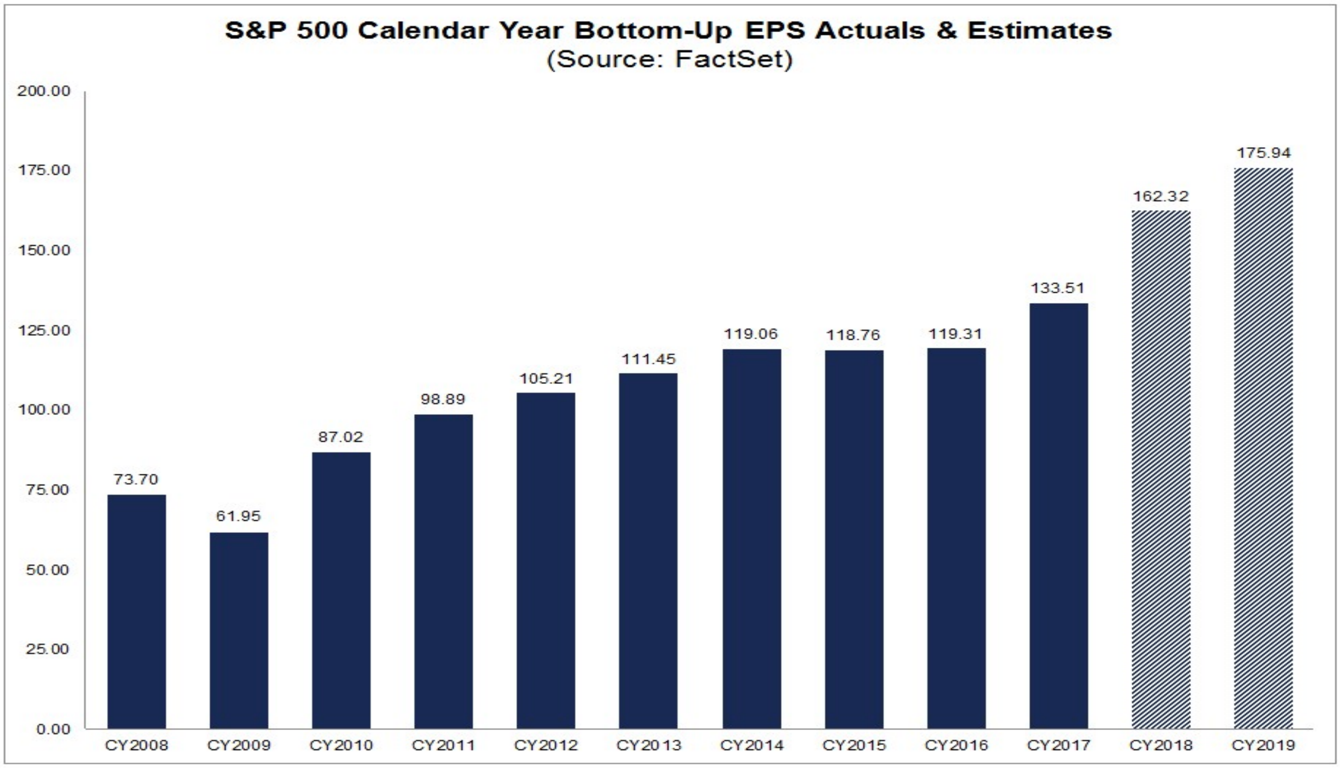
	Utilities	Real Estate	Financials	Consumer Disc.	Comm. Services	Health Care	Industrials	Energy	Consumer Staples	Materials	Info. Technology
International	3%	13%	20%	33%	34%	35%	36%	42%	44%	53%	57%
United States	97%	87%	80%	67%	66%	65%	64%	58%	56%	47%	43%

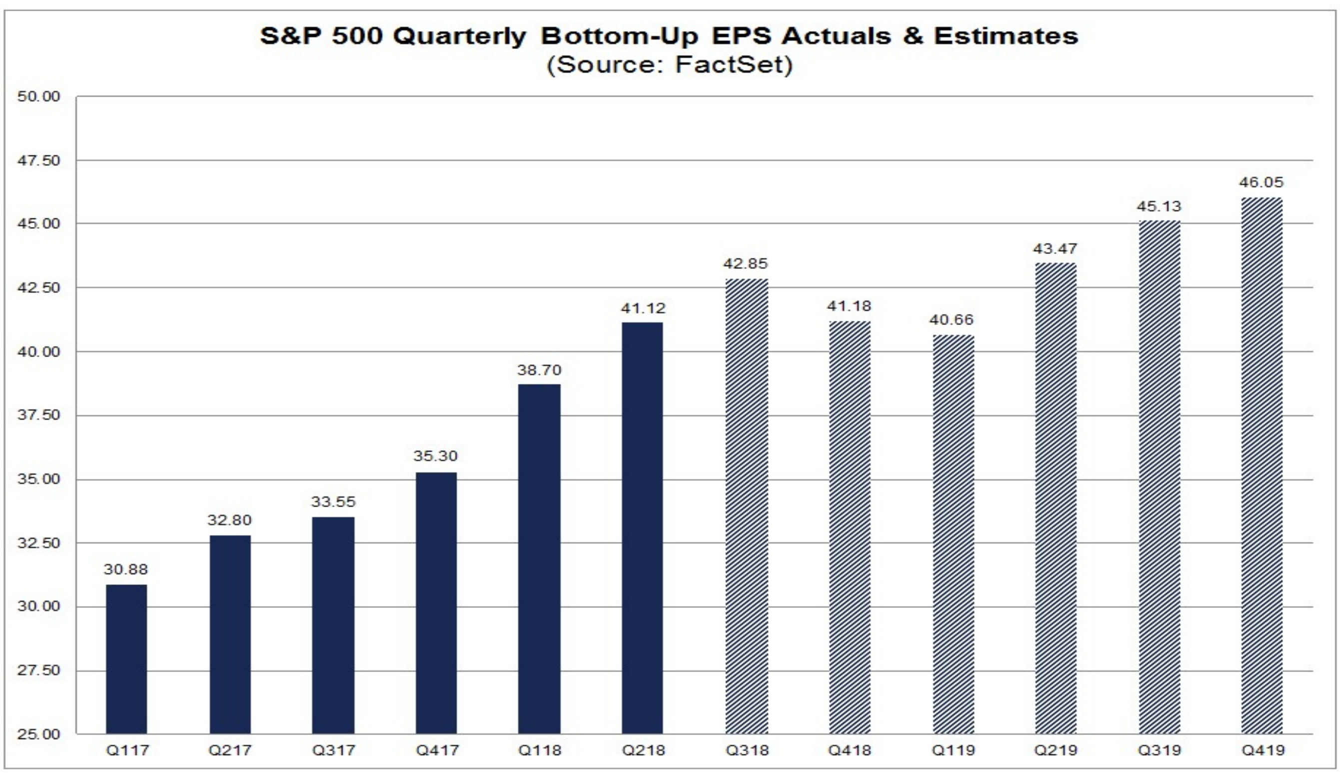
Bottom-up EPS Estimates: Revisions



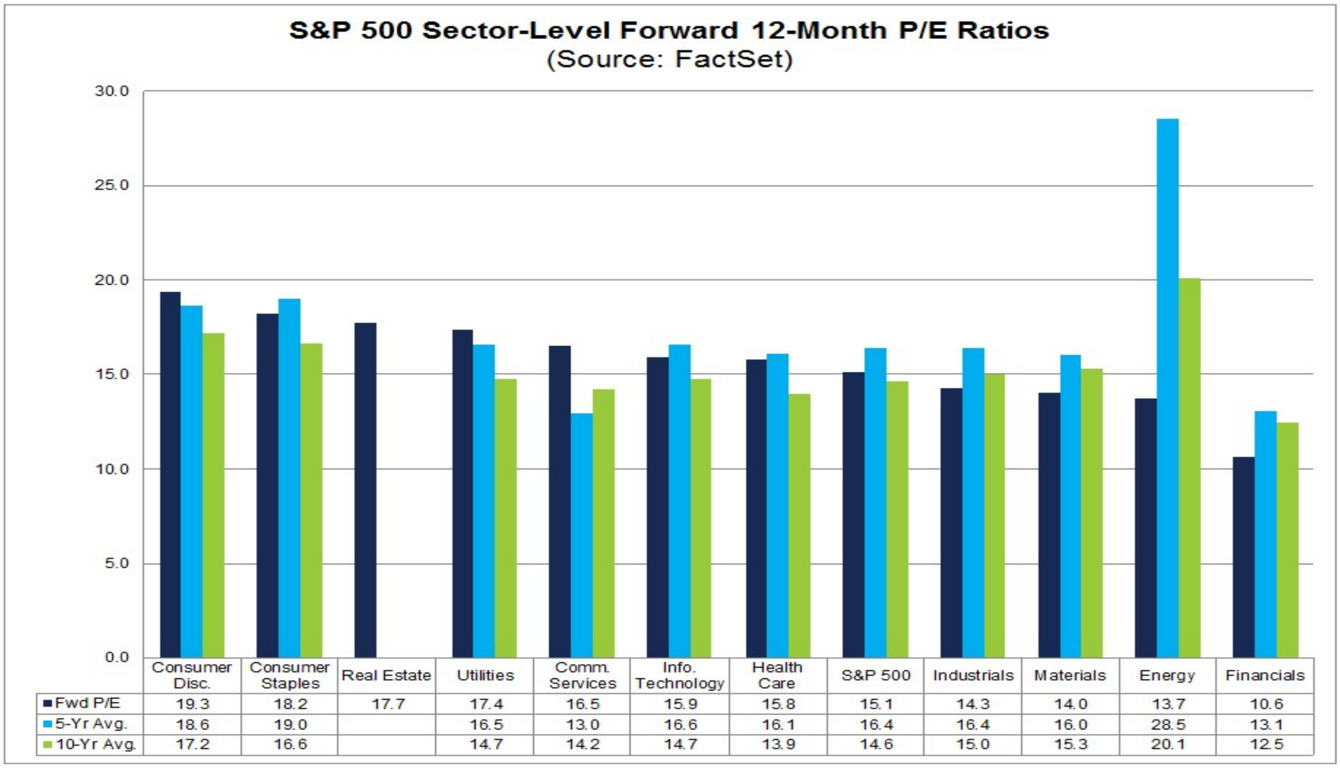


Bottom-up EPS Estimates: Current & Historical

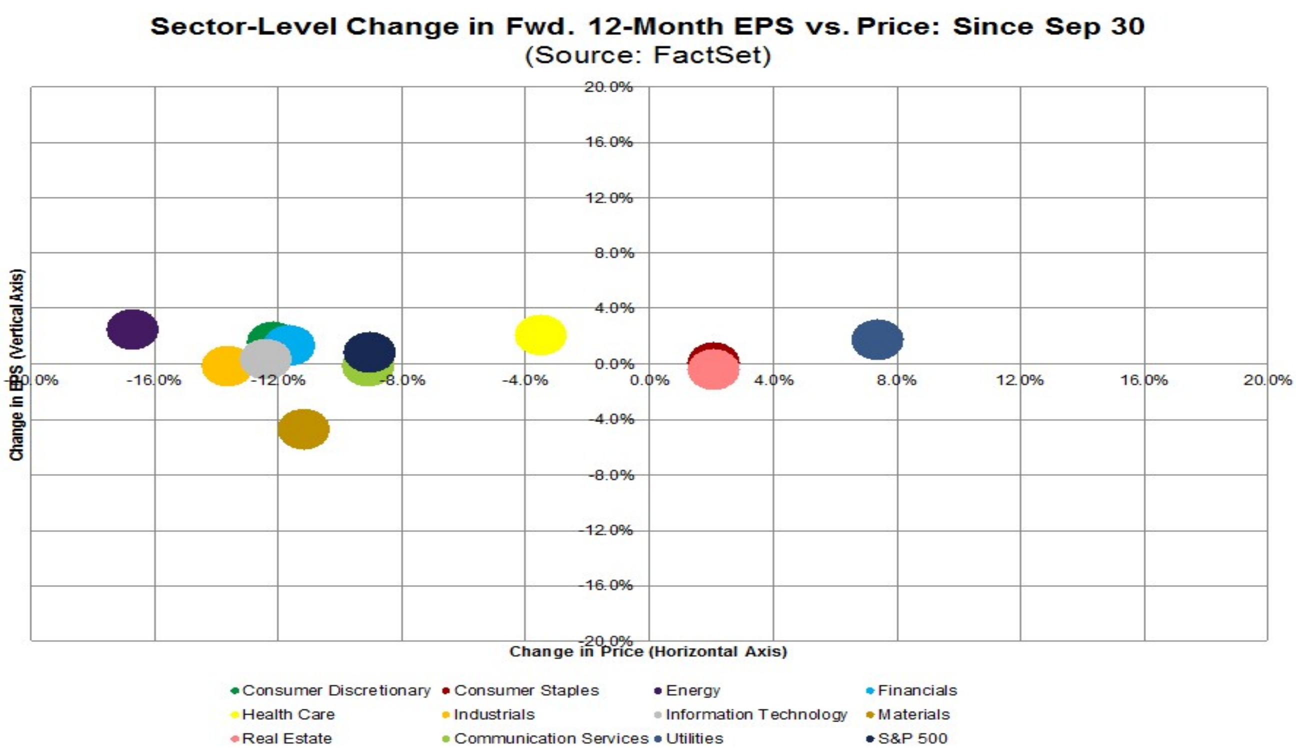




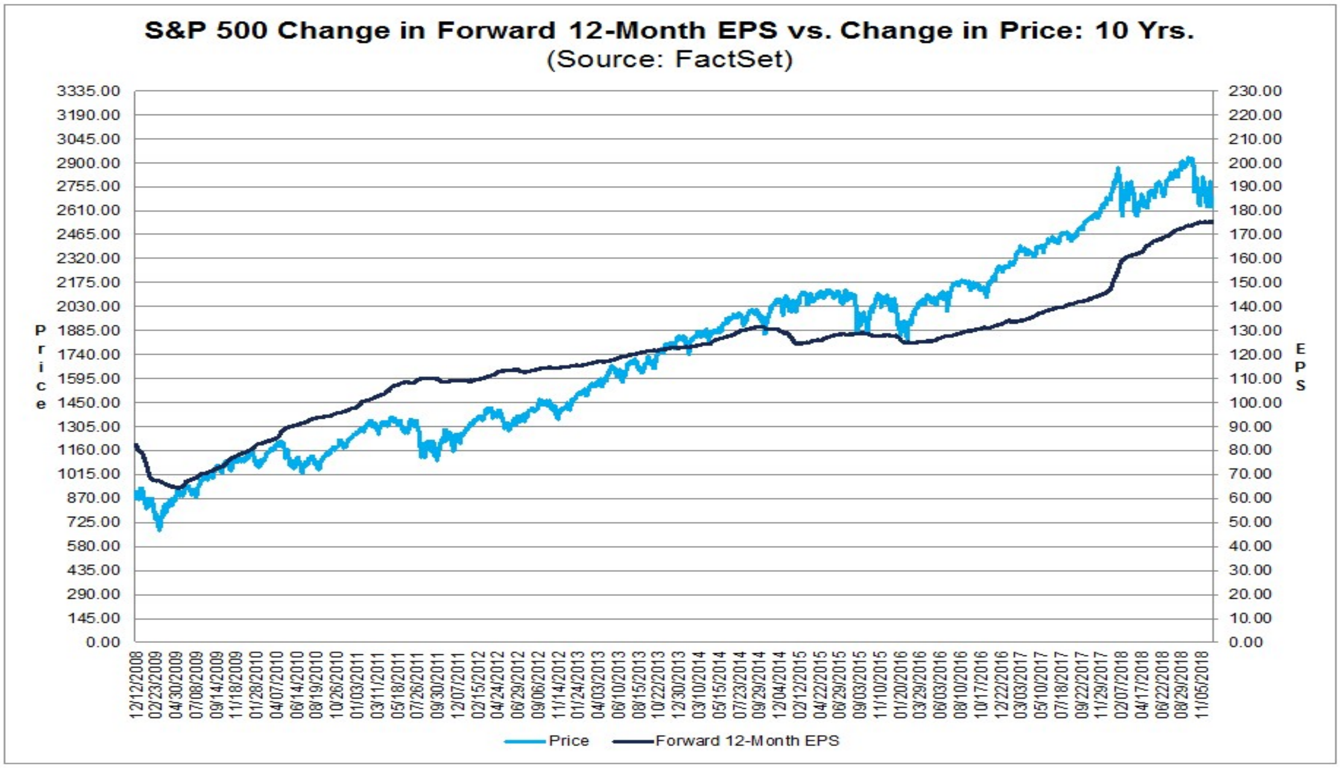
Forward 12M P/E Ratio: Sector Level

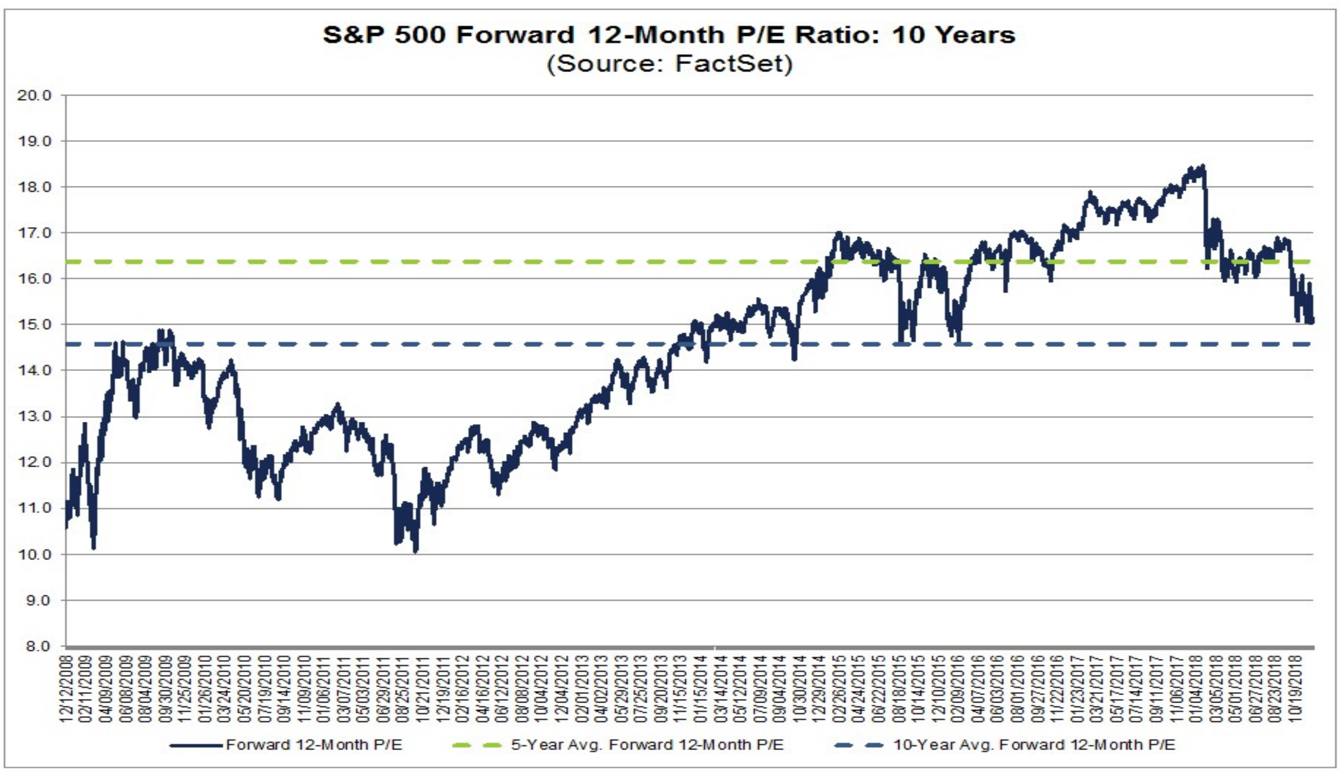


	Consumer Disc.	Consumer Staples	Real Estate	Utilities	Comm. Services	Info. Technology	Health Care	S&P 500	Industrials	Materials	Energy	Financials
Fwd P/E	19.3	18.2	17.7	17.4	16.5	15.9	15.8	15.1	14.3	14.0	13.7	10.6
5-Yr Avg.	18.6	19.0		16.5	13.0	16.6	16.1	16.4	16.4	16.0	28.5	13.1
10-Yr Avg.	17.2	16.6		14.7	14.2	14.7	13.9	14.6	15.0	15.3	20.1	12.5

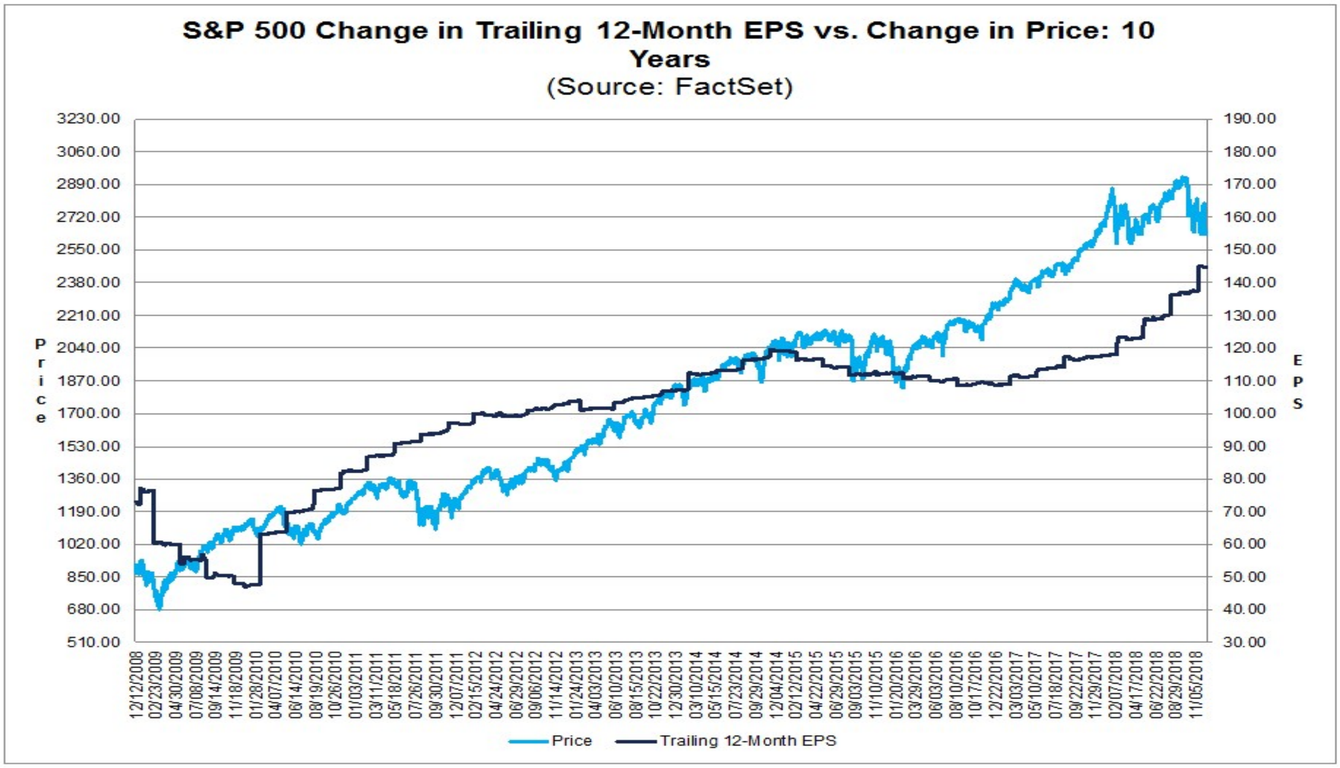


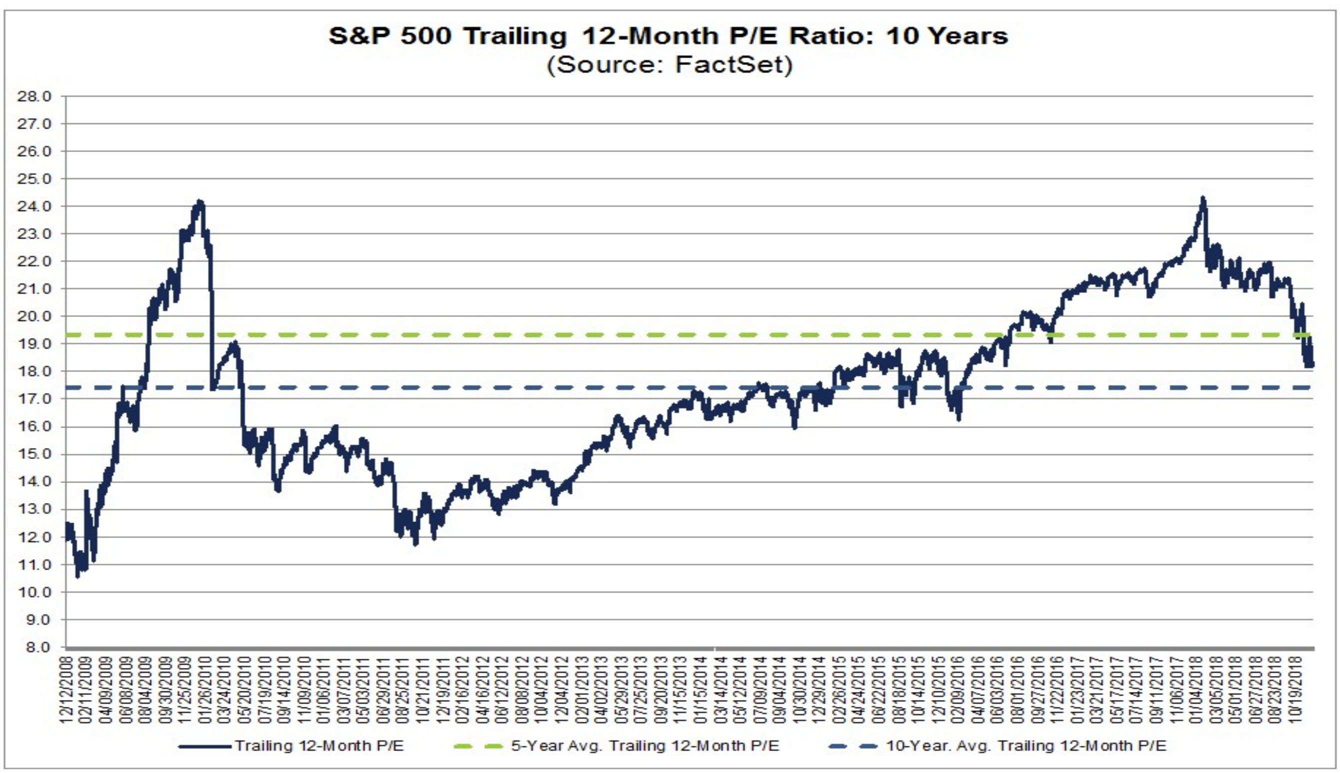
Forward 12M P/E Ratio: Long-Term Averages



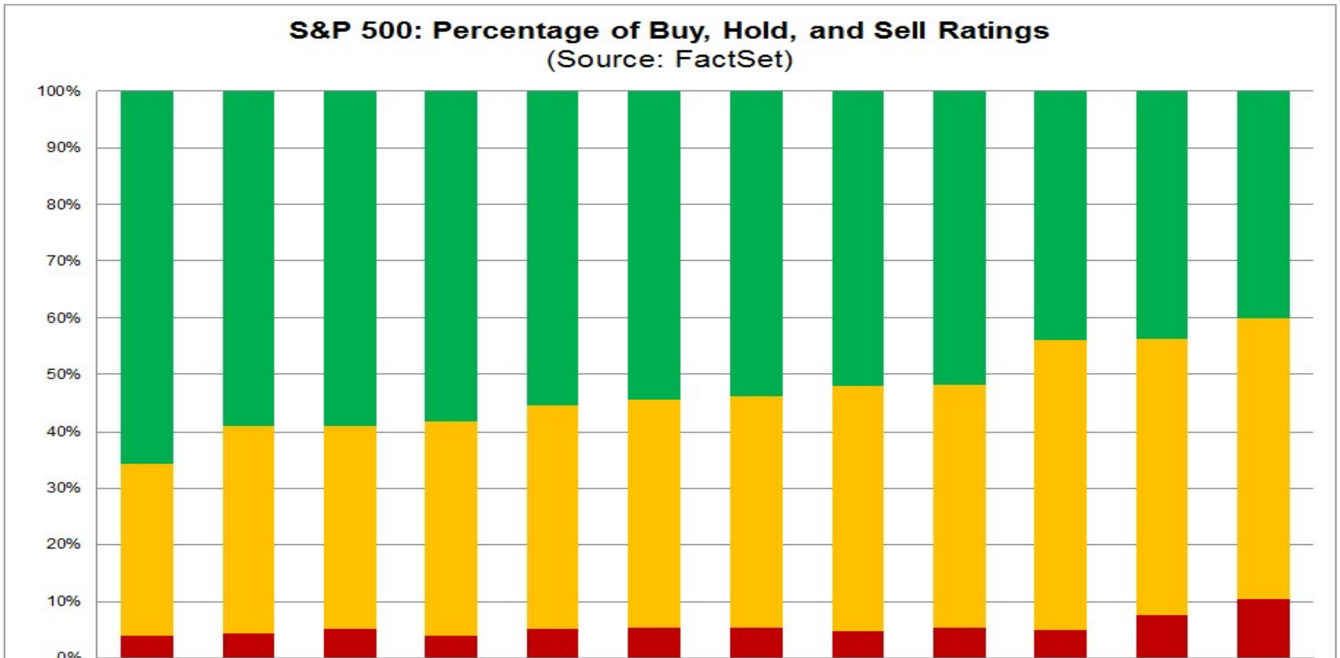


Trailing 12M P/E Ratio: Long-Term Averages





Targets & Ratings



	Energy	Health Care	Comm. Services	Materials	Info. Tech.	Industrials	S&P 500	Consumer Disc.	Financials	Real Estate	Utilities	Consumer Staples
Buy	66%	59%	59%	58%	55%	55%	54%	52%	52%	44%	44%	40%
Hold	30%	37%	36%	38%	39%	40%	41%	43%	43%	51%	49%	49%
Sell	4%	4%	5%	4%	5%	5%	5%	5%	5%	5%	8%	10%

	Energy	Financials	Industrials	Comm. Services	Materials	Consumer Disc.	Info. Tech.	S&P 500	Health Care	Real Estate	Consumer Staples	Utilities
Target/Close	30.9%	26.8%	23.0%	23.0%	22.3%	20.6%	20.4%	18.7%	11.5%	6.5%	4.9%	0.3%

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