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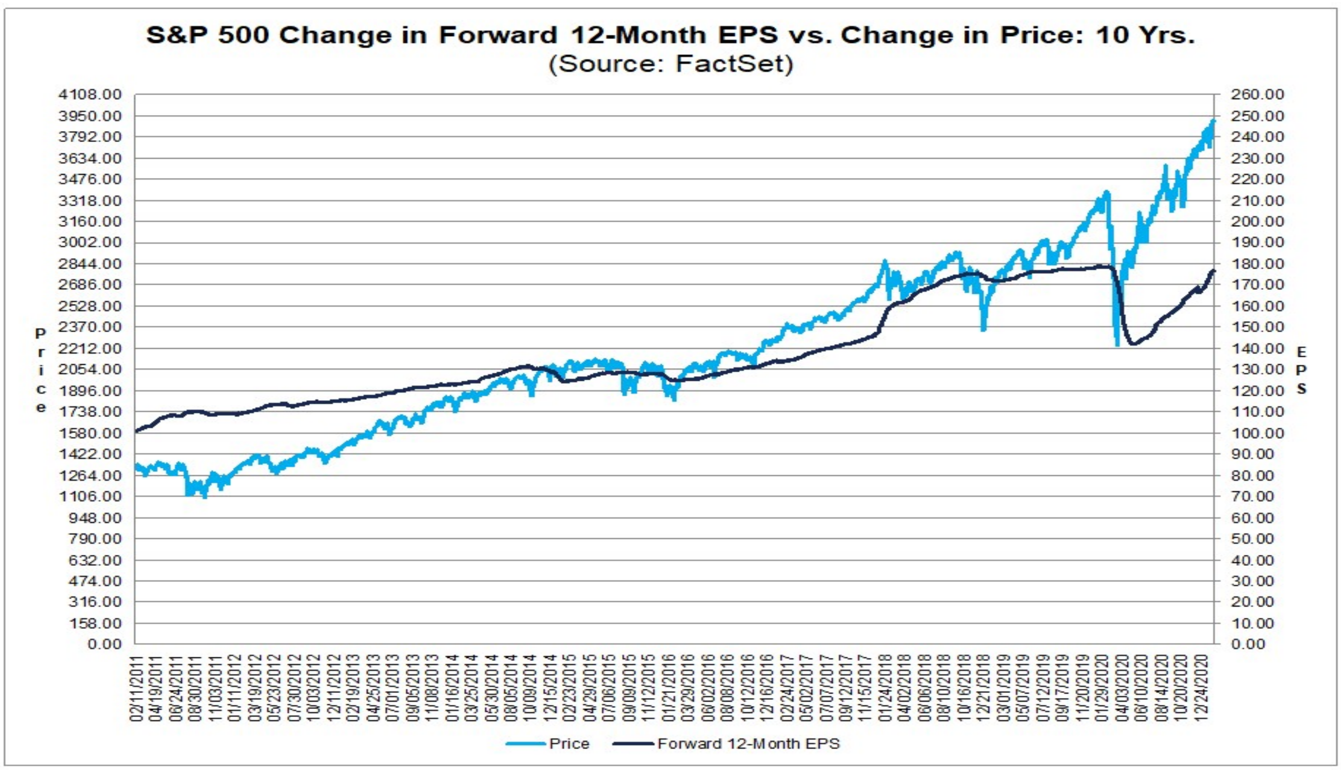
Key Metrics

- **Earnings Scorecard:** For Q4 2020 (with 74% of the companies in the S&P 500 reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 78% have reported a positive revenue surprise. If 80% is the final percentage, it will mark the third-highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.
- **Earnings Growth:** For Q4 2020, the blended earnings growth rate for the S&P 500 is 2.9%. If 2.9% is the actual growth rate for the quarter, it will mark the first quarter in which the index has reported a year-over-year earnings growth since Q4 2019.
- **Earnings Revisions:** On December 31, the estimated earnings decline for Q4 2020 was -9.3%. Nine sectors have higher earnings growth rates or smaller earnings declines today (compared to December 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q1 2021, 26 S&P 500 companies have issued negative EPS guidance and 46 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average (17.7) and above the 10-year average (15.8).



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Topic of the Week:

Climate Change is the Most-Cited Biden Policy on S&P 500 Earnings Calls for Q4

During each corporate earnings season, it is not unusual for companies to comment on subjects that had an impact on their earnings and revenues for a given quarter, or may have an impact on earnings and revenues for future quarters. Given the start of the Biden administration a few weeks ago, have companies in the S&P 500 been commenting on government policies that have changed or may change under the Biden administration during their earnings conference calls for the fourth quarter? How do these numbers compare to the start of the Trump administration four years ago?

To answer this question, FactSet searched for the terms “Biden” and “administration” in the transcripts of the Q4 2020 earnings calls conducted by S&P 500 companies through February 10 to see how many companies discussed these terms. FactSet then looked to see if the company cited or discussed a policy topic in conjunction with the citation of “Biden” or “administration.” FactSet then compared these results to a similar analysis done four years ago for S&P 500 companies citing “Trump” or “administration” in Q4 2016 earnings call transcripts over the same time frame.

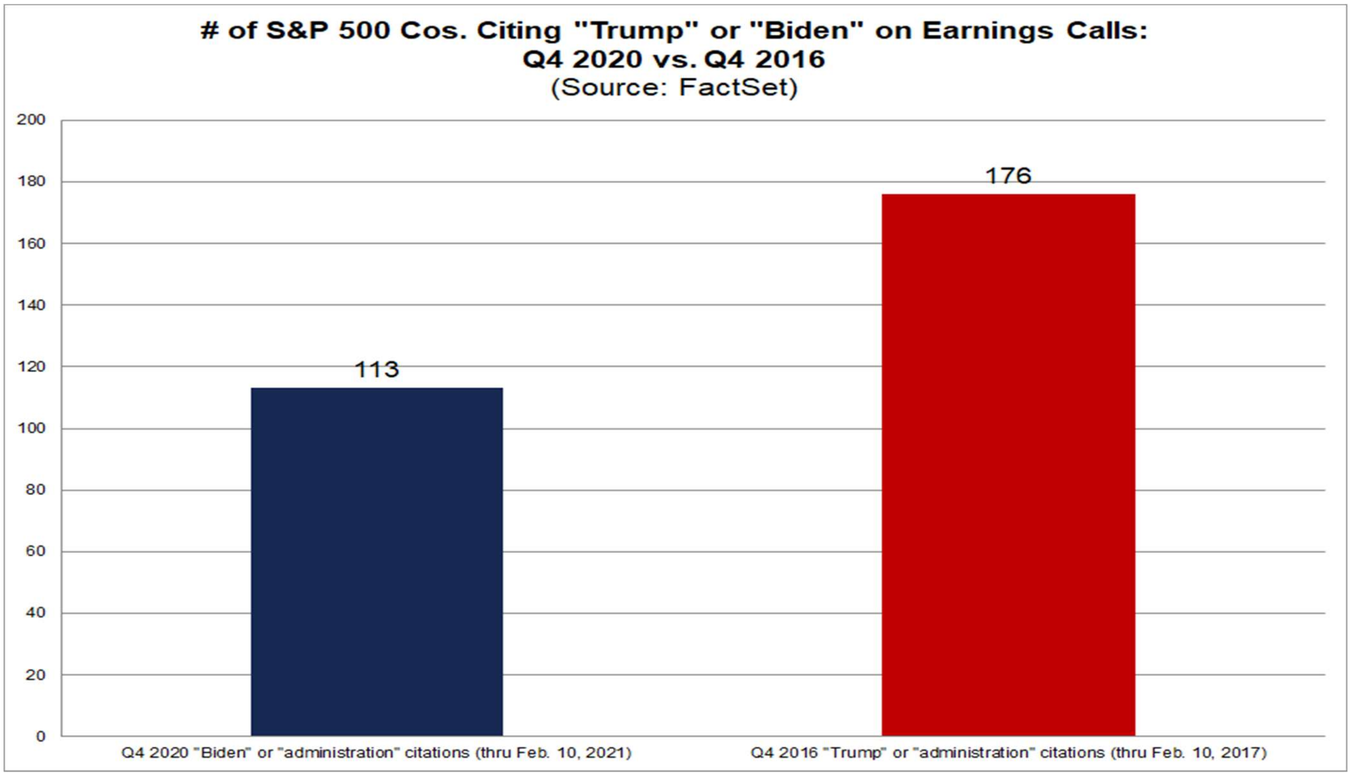
Of the 344 S&P 500 companies that had reported actual earnings for Q4 2020 through February 10, 113 (33%) cited the term “Biden” or “administration” during their earnings calls. The term “administration” was only counted if it was used to reference the Biden administration. At the same point in time four years ago (through February 10, 2017), 176 out of 358 S&P 500 companies (49%) cited the term “Trump” or “administration” during their Q4 2016 earnings calls. Again, the term “administration” was only counted if it was used to reference the Trump administration. Thus, both the number and percentage of S&P 500 companies citing “Biden” (or “administration”) are below the comparable figures for “Trump” (or “administration”) through the same point in time four years ago.

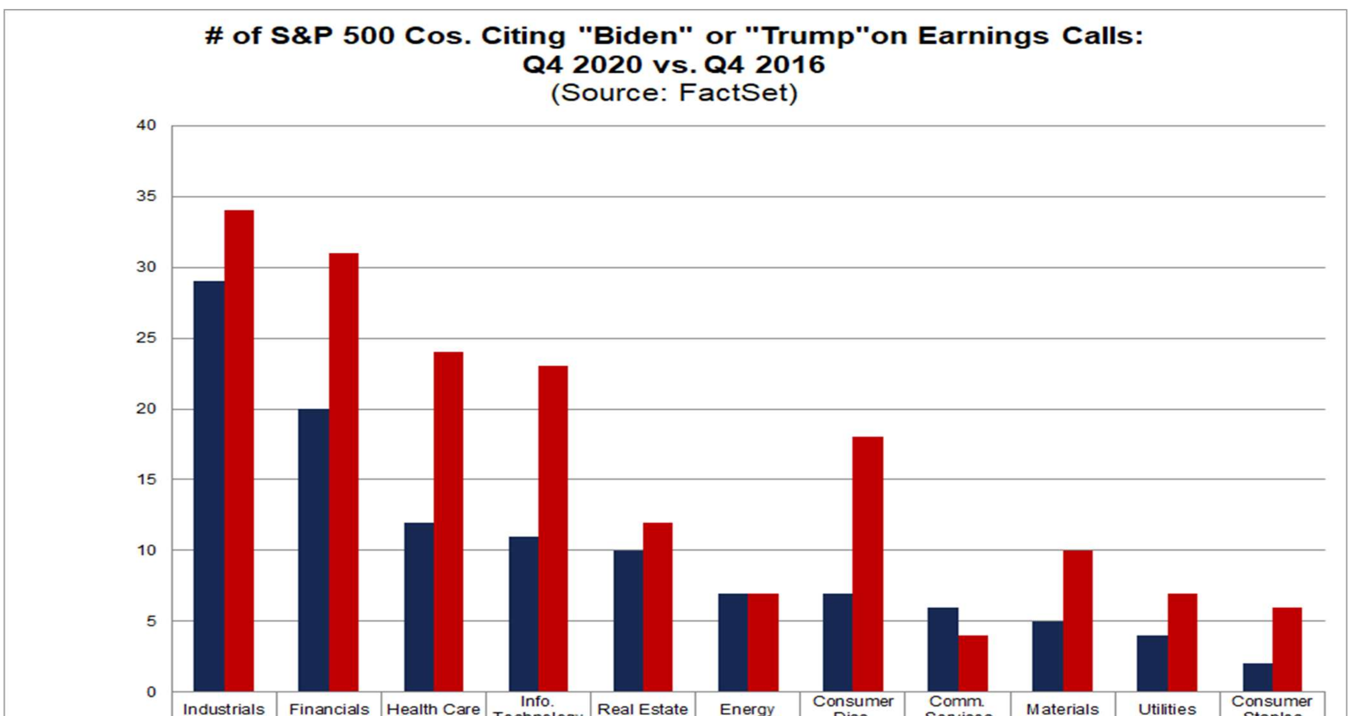
At the sector level, the Industrials (29) and Financials (20) sectors have the highest number of companies citing “Biden” or “administration” on earnings calls for Q4 2020 through February 10. These two sectors also had the highest number of S&P 500 companies citing “Trump” or “administration” through the same point in time four years ago. Again, the overall numbers for both sectors are lower today compared to four years ago.

In terms of government policies discussed in conjunction with the Biden administration, climate change and energy policy (28), tax policy (20), and COVID-19 policy (19) have been cited or discussed by the highest number of S&P 500 companies through this point in time in 2021. In terms of government policies discussed in conjunction with the Trump administration four years ago, tax policy (98), regulatory policy (68), and trade policy (65) were cited or discussed by the highest number of S&P 500 companies through the same point in time in 2017.

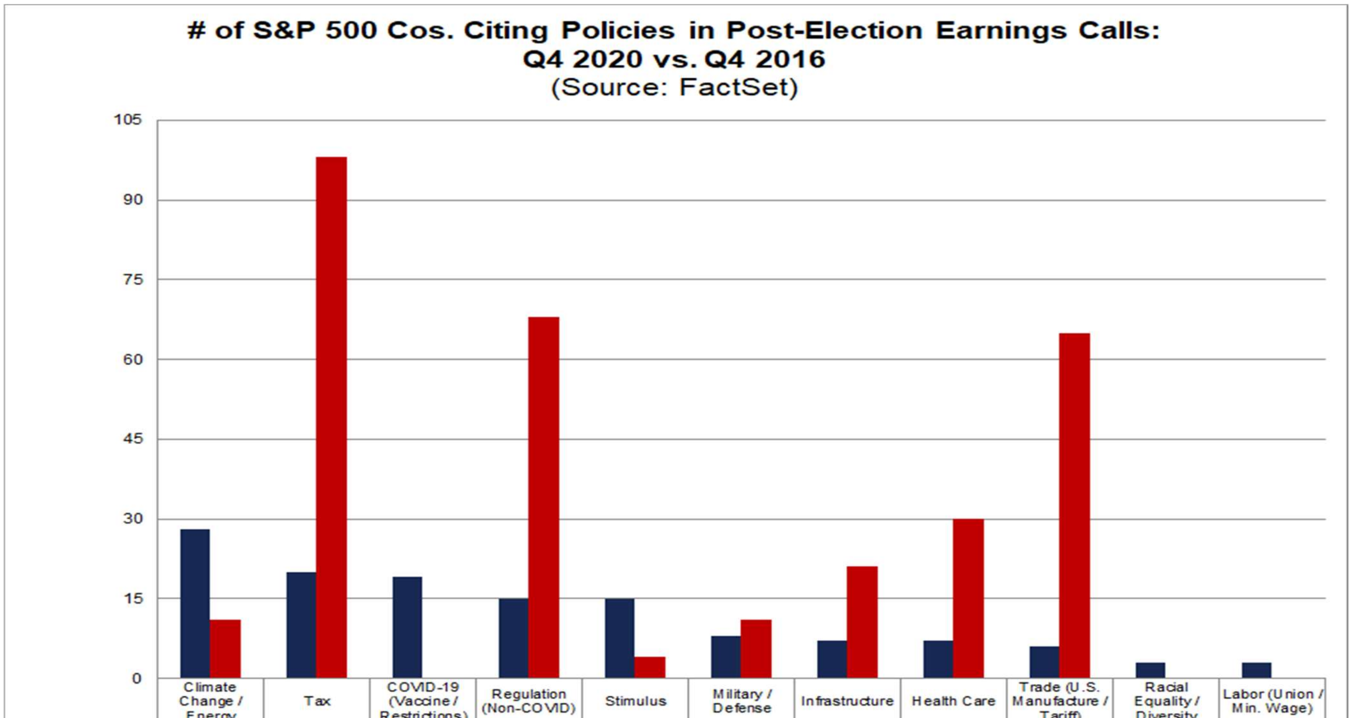
For climate change & energy policy, 28 S&P 500 companies have cited or discussed this policy in conjunction with the Biden administration on their Q4 2020 earnings calls. Of these 28 companies, 17 expressed support for (or a willingness to work with) the Biden administration on policies to reduce carbon and greenhouse gas emissions. These 17 companies either discussed initiatives to reduce their own carbon and greenhouse gas emissions or products or services they provide to help clients and customers reduce their carbon and greenhouse gas emissions. Five of these 28 companies specifically referenced the Paris Agreement during their earnings calls. However, four companies also expressed some concerns about the executive order establishing a moratorium on new oil and gas leases on federal lands (and offshore). Four years ago, 11 S&P 500 companies cited or discussed climate change & energy policy in conjunction with the Trump administration through this same point in time. Five of these eleven companies expressed support for the Trump administration’s policy on expanded pipeline construction, specifically the Keystone and Dakota Access pipelines.

The list of S&P 500 companies that cited climate change and energy policy, tax policy, and COVID-19 policy in conjunction with the Biden administration in their Q4 2020 earnings calls (and their comments) can be found in Appendix 1 on pages 32 through 43 of this report.





	Industrials	Financials	Health Care	Info. Technology	Real Estate	Energy	Consumer Disc.	Comm. Services	Materials	Utilities	Consumer Staples
Biden (Q420)	29	20	12	11	10	7	7	6	5	4	2
Trump (Q416)	34	31	24	23	12	7	18	4	10	7	6



	Climate Change / Energy	Tax	COVID-19 (Vaccine / Restrictions)	Regulation (Non-COVID)	Stimulus	Military / Defense	Infrastructure	Health Care	Trade (U.S. Manufacture / Tariff)	Racial Equality / Diversity	Labor (Union / Min. Wage)
Biden (Q420)	28	20	19	15	15	8	7	7	6	3	3
Trump (Q416)	11	98	0	68	4	11	21	30	65	0	0

Q4 Earnings Season: By The Numbers

Overview

At this point in time, more S&P 500 companies are beating EPS estimates for the fourth quarter than average, and beating EPS estimates by a wider margin than average. As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the quarter. Due to this increase in earnings over the past few weeks, the index is now reporting year-over-year growth in earnings in Q4 2020 for the first time since Q4 2019. Analysts expect double-digit earnings growth for all four quarters of 2021.

Overall, 74% of the companies in the S&P 500 have reported actual results for Q4 2020 to date. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 74%. If 80% is the final percentage for the quarter, it will mark for the third-highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 15.1% above the estimates, which is also above the 5-year average of 6.3%. If 15.1% is the final percentage for the quarter, it will mark the third-largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these positive EPS surprises, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the fourth quarter is 2.9% today, compared to an earnings growth rate of 1.8% last week and a year-over-year earnings decline of -9.3% at the end of the fourth quarter. Positive earnings surprises reported by companies in multiple sectors (led by the Communication Services sector) were responsible for the improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Financials, Information Technology, and Communication Services sectors have been the top contributors to the overall increase in earnings for the index since the end of the fourth quarter.

If 2.9% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year earnings growth since Q4 2019 (0.8%), and it will mark the highest year-over-year earnings growth reported by the index since Q4 2018 (13.2%). Seven sectors are reporting year-over-year earnings growth, led by the Materials, Financials, and Information Technology sectors. Four sectors are reporting a year-over-year decline in earnings, led by the Energy and Industrials sectors.

In terms of revenues, 78% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 62%. If 78% is the final percentage for the quarter, it will tie the mark for the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting revenues that are 3.3% above the estimates, which is also above the 5-year average of 0.9%. If 3.3% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these revenue surprises, the blended revenue growth rate for the fourth quarter is higher now relative to the end of last week and relative to the end of the fourth quarter. As of today, the S&P 500 is reporting year-over-year growth in revenues of 2.8%, compared to year-over-year growth in revenues of 2.7% last week and year-over-year growth in earnings of 0.1% at the end of the fourth quarter. Positive revenue surprises reported by companies in multiple sectors were responsible for the increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Financials, Information Technology, and Communication Services sectors have been the largest contributors to the increase in the overall revenues for the index since the end of the fourth quarter.

If 2.8% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020 (0.8%), and it will mark the highest year-over-year revenue growth reported by the index since Q4 2019 (3.4%). Eight sectors are reporting year-over-year growth in revenues, led by the Heath Care, Information Technology, and Consumer Discretionary sectors. Three sectors are reporting a year-over-year decline in revenues, led by the Energy sector.

Looking at future quarters, analysts project double-digit earnings growth for all four quarters of 2021.

The forward 12-month P/E ratio is 22.2, which is above the 5-year average and above the 10-year average.

During the upcoming week, 51 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

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

Percentage of Companies Beating EPS Estimates is Near Record-High Level

Overall, 74% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 80% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 16% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (75%) average and above the 5-year (74%) average.

If 80% is the final percentage for the quarter, it will mark the third-highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. The current record is 84%, which occurred in both Q3 2020 and Q2 2020.

At the sector level, the Communication Services (95%) and Information Technology (91%) sectors have the highest percentages of companies reporting earnings above estimates, while the Real Estate (55%) and Energy (67%) sectors has the lowest percentages of companies reporting earnings (or FFO for Real Estate) above estimates.

Earnings Surprise Percentage (+15.1%) is Well Above 5-Year Average

In aggregate, companies are reporting earnings that are 15.1% above expectations. This surprise percentage is above the 1-year (+11.9%) average and above the 5-year (+6.3%) average.

If 15.1% is the final percentage for the quarter, it will mark the third-largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 23.1%, which occurred in Q2 2020.

The Consumer Discretionary sector (+47.5%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ford Motor ($0.34 vs. -$0.05) and Amazon.com ($14.09 vs. $7.20) have reported some of the largest positive EPS surprises.

The Energy sector (+28.0%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Exxon Mobil ($0.03 vs. $0.01) and Marathon Petroleum (-$0.94 vs. -$1.37) have reported some of the largest positive EPS surprises.

The Financials sector (+26.1%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, SVB Financial Group ($7.40 vs. $3.80), Capital One Financial ($5.29 vs. $2.83), Goldman Sachs ($12.08 vs. $7.45), Zions Bancorporation ($1.66 vs. $1.02), Citigroup ($2.08 vs. $1.34), and Travelers Companies ($4.91 vs. $3.18) have reported some of the largest positive EPS surprises.

The Communication Services sector (+25.7%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Walt Disney ($0.32 vs. -$0.36), News Corporation ($0.34 vs. $0.10), Lumen Technologies ($0.48 vs. $0.29), Alphabet ($22.30 vs. $15.79), and Twitter ($0.38 vs. $0.29) have reported some of the largest positive EPS surprises.

The Information Technology sector (+16.4%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Gartner ($1.59 vs. $0.82), Skyworks Solutions ($3.36 vs. $2.09), DXC Technology ($0.84 vs. $0.54), and Intel ($1.52 vs. $1.11) have reported some of the largest positive EPS surprises.

The Industrials sector (-32.3%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Boeing (-$15.25 vs. -$1.78) has reported the largest negative EPS surprise.

Market Not Rewarding Positive Earnings Surprises

To date, the market is not rewarding positive earnings surprises and punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q4 2020 have seen no change in price (0.0%) on average two days before the earnings release through two days after the earnings release. This percentage is well below the 5-year average price increase of +0.9% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2020 have seen an average price decrease of -0.6% two days before the earnings release through two days after the earnings. This percentage decrease is much smaller than the 5-year average price decrease of -2.5% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (78%) is Near Record-High Level

In terms of revenues, 78% of companies have reported actual revenues above estimated revenues and 22% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (66%) and above the 5-year average (62%).

If 78% is the final percentage for the quarter, it will tie the mark for the second-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 79%, which occurred in Q3 2020.

At the sector level, the Communication Services (95%) and Health Care (88%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (15%) and Real Estate (55%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.3%) is at Record-High Level

In aggregate, companies are reporting revenues that are 3.3% above expectations. This surprise percentage is above the 1-year (+1.4%) average and above the 5-year (+0.9%) average.

If 3.3% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 2.6%, which occurred in Q3 2020.

At the sector level, the Information Technology (+5.3%), Communication Services (+4.5%), and Financials (+4.5%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-11.3%) sector is reporting the largest negative (aggregate) difference between actual revenue and estimated revenues.

Revisions: Increase in Earnings This Week

Increase in Earnings This Week Due to Multiple Sectors

The blended (year-over-year) earnings growth rate for the fourth quarter is 2.9%, which is above the earnings growth rate of 1.8% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Communications Services sectors) were responsible for the increase in earnings for the index during the week.

In the Communication Services sector, the positive EPS surprise reported by Walt Disney ($0.32 vs. -$0.36) was the largest contributor to the increase in the earnings for the index during the week. As a result, the blended earnings growth rate for the Communications Services sector increased to 10.0% from 5.9% over this period.

Increase in Revenues This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the fourth quarter is 2.8%, which is larger than the revenue growth rate of 2.7% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the increase in the overall revenue growth rate during the past week.

Financials Sector Has Seen Largest Increase in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2020 of 2.9% is larger than the estimate of -9.3% at the end of the fourth quarter (December 31). Nine sectors have recorded a decrease in their earnings decline or an increase in earnings growth since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Financials sector (to 17.6% from -9.4%), Communication Services (10.0% from -12.9%), and Consumer Discretionary (to 3.1% from -18.4%) sectors. Two sectors have recorded an increase in their earnings decline or a decrease in their earnings growth rate due to downward revisions to earnings estimates and negative earnings surprises, led by the Industrials sector (to -54.6% from -34.9%).

Tech Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2020 of 2.7% is larger than the estimate of 0.1% at the end of the fourth quarter (December 31). Nine sectors have recorded a decrease in their revenue decline or an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Information Technology (to 11.0% from 5.9%) and Communication Services (to 9.8% from 5.3%) sectors. Two sectors have recorded an increase in their revenue decline or a decrease in revenue growth since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Utilities (to 2.7% from 6.5%) sector.

Earnings Growth: 2.9%

The blended (year-over-year) earnings growth rate for Q4 2020 is 2.9%, which is below the 5-year average earnings growth rate of 3.8%. If 2.9% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year earnings growth since Q4 2019, and it will mark the highest year-over-year earnings growth reported by the index since Q4 2018 (13.2%). Seven sectors are reporting year-over-year earnings growth, led by the Materials, Financials, and Information Technology sectors. Four sectors are reporting a year-over-year decline in earnings, led by the Energy and Industrials sectors.

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

The Materials sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 18.4%. At the industry level, three of the four industries in this sector are reporting year-over-year growth in earnings: Metals & Mining (189%), Construction Materials (15%), and Chemicals (7%). On the other hand, the Containers & Packaging (-7%) industry is the only industry that is reporting a year-over-year decline in earnings.

The Metals & Mining industry is also the largest contributor to year-over-year growth in earnings for the sector. If the three companies in this industry were excluded, the earnings growth rate for this sector would fall to 4.5% from 18.4%.

Financials: JPMorgan Chase is Largest Contributor to Year-Over-Year Growth

The Financials sector is reporting the second-highest (year-over-year) earnings growth of all eleven sectors at 17.6%. At the industry level, all five industries in this sector are reporting year-over-year growth in earnings. Four of these five industries are reporting double-digit earnings growth: Capital Markets (36%), Consumer Finance (25%), Diversified Financial Services (25%), and Insurance (17%).

At the company level, JPMorgan Chase, Goldman Sachs, Morgan Stanley, and Capital One Financial are the largest contributors to earnings growth for the sector. If these four companies were excluded, the earnings growth rate for the sector would fall to 4.2% from 17.6%.

Information Technology: Apple and Microsoft Are Largest Contributors to Year-Over-Year Growth

The Information Technology sector is reporting the third-highest (year-over-year) earnings growth of all eleven sectors at 16.0%. At the industry level, five of the six industries in this sector are reporting earnings growth. Four of these five industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (28%), Software (26%), Technology Hardware, Storage, & Peripherals (23%), and Electronic Equipment, Instruments, & Components (19%). The IT Services industry (-15%) is the only industry in this sector reporting a year-over-year decline in earnings.

At the company level, Apple and Microsoft are the largest contributors to earnings growth for the sector. If these two companies were excluded, the earnings growth rate for the sector would fall to 6.6% from 16.0%.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline of More Than 90%

The Energy sector is reporting the largest (year-over-year) decline in earnings of all eleven sectors at -101.8%. Lower year-over-year oil prices are contributing to the earnings decline for this sector, as the average price of oil in Q4 2020 ($41.94) was 26% below the average price for oil in Q4 2019 ($56.87). At the sub-industry level, four of the five sub-industries in the sector are reporting a decline in earnings. Three of these four sub-industries are reporting a decline in earnings of more than 90%: Oil & Gas Refining & Marketing (-163%), Integrated Oil & Gas (-111%), and Oil & Gas Exploration & Production (-94%). The only sub-industry in the sector that is reporting year-over-year growth in earnings is the Oil & Gas Storage & Transportation (9%) sub-industry.

Industrials: Boeing and Airlines Industry Are Largest Contributors To Year-Over-Year Decline

The Industrials sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -54.6%. At the industry level, five of the twelve industries in this sector are reporting a decline in earnings. Three of these five industries are reporting a double-digit decline in earnings: Airlines (-345%), Aerospace & Defense (-152%), and Industrial Conglomerates (-18%). On the other hand, seven industries are reporting earnings growth in this sector, led by the Air Freight & Logistics (48%), Professional Services (12%), and Construction & Engineering (10%) industries.

Boeing and the five companies in the Airlines industry are also the largest contributors to the year-over-year decline in earnings for the sector. If these six companies were excluded, year-over-year earnings for the sector would improve to 4.9% from -54.6%.

Revenue Growth: 2.8%

The blended (year-over-year) revenue growth rate for Q4 2020 is 2.8%, which is below the 5-year average revenue growth rate of 3.5%. If 2.8% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020 (0.8%), and it will mark the highest year-over-year revenue growth reported by the index since Q4 2019 (3.4%). Eight sectors are reporting year-over-year growth in revenues, led by Health Care, Information Technology, and Consumer Discretionary sectors. Three sectors are reporting a year-over-year decline in revenues, led by the Energy sector.

Health Care: 5 of 6 Industries Reporting Year-Over-Year Growth At or Above 10%

The Health Care sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 12.1%. At the industry level, five of the six industries in this sector are reporting year-over-year growth in revenues at or above 10%: Life Sciences Tools & Services (34%), Biotechnology (25%), Health Care Equipment & Supplies (14%), Pharmaceuticals (11%), and Health Care Providers & Services (10%). On the other hand, the only industry that is reporting a decline in revenue is the Health Care Technology (-3%) industry.

It should be noted that the revenue growth rates of some of the companies that are the largest contributors to revenue growth for this sector (including Centene and AbbVie) are being boosted by apples-to-oranges comparisons of post-merger revenues in Q4 2020 to pre-merger revenues in Q4 2019.

Information Technology: 4 of 6 Industries Reporting Year-Over-Year Growth Above 10%

The Information Technology sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 11.0%. At the industry level, four of the six industries in this sector are reporting double-digit revenue growth: Semiconductors & Semiconductor Equipment (19%), Technology Hardware, Storage, & Peripherals (15%), Software (14%), and Electronic Equipment, Instruments, & Components (11%). The other two industries in the sector are reporting year-over-year declines in revenue: IT Services (-1%) and Communications Equipment (<-1%).

Consumer Discretionary: 6 of 10 Industries Reporting Year-Over-Year Growth Above 10%

The Consumer Discretionary sector is reporting the third-largest (year-over-year) revenue growth of all eleven sectors at 10.2%. At the industry level, seven of the ten industries in this sector are reporting growth in revenues. Six these seven industries are reporting double-digit growth in revenues: Internet & Direct Marketing Retail (36%), Auto Components (32%), Leisure Products (21%), Multiline Retail (15%), Household Durables (11%), and Specialty Retail (11%). On the other hand, three industries are reporting a year-over-year decline in revenues, led by the Hotels, Restaurants, & Leisure (-42%) industry.

Energy: 4 of 5 Sub-Industries Reporting Year-Over-Year Decline of More Than 25%

The Energy sector is reporting the largest (year-over-year) decline in revenue of all eleven sectors at -33.3%. Lower year-over-year oil prices are contributing to the revenue decline for this sector, as the average price of oil in Q4 2020 ($41.94) was 26% below the average price for oil in Q4 2019 ($56.87). At the sub-industry level, all five sub-industries in the sector are reporting a year-over-year decline in revenue. Four sub-industries are reporting a decline in revenue of more than 25%: Oil & Gas Refining & Marketing (-42%), Integrated Oil & Gas (-31%), Oil & Gas Exploration & Production (-28%), and Oil & Gas Equipment & Services (-26%).

Net Profit Margin: 10.9%

The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) net profit margin for the S&P 500 for Q4 2020 is 10.9%, which is above the 5-year average of 10.5% and equal to the year-ago net profit margin of 10.9%. If 10.9% is the actual net profit margin for the quarter, it will mark the first time the index has reported a net profit margin above 10% for two consecutive quarters since Q3 2019 and Q4 2019.

At the sector level, five sectors are reporting net profit margins that are above their 5-year averages, led by the Financials (18.6% vs. 14.9%) and information Technology (23.8% vs. 20.6%) sectors. Seven sectors are also reporting a year-over-year increase in their net profit margins in Q4 2020 compared to Q4 2019, led by the Financials (18.6% vs. 15.9%) sector. It should be noted that the Energy sector is reporting a loss for the quarter, so a net profit margin can't be calculated for this sector (due to negative earnings). For this analysis, the Energy sector is counted as reporting a net profit margin below its 5-year average net profit margin and below its year-ago net profit margin due to the loss.

Looking Ahead: Forward Estimates and Valuation

Guidance: More S&P 500 Companies Issuing Positive EPS Guidance for Q1 Than Average

At this point in time, 72 companies in the index have issued EPS guidance for Q1 2021. Of these 72 companies, 26 have issued negative EPS guidance and 46 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 64% (46 out of 72), which is well above the 5-year average of 33%.

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 Reporting Earnings Decline of -11% for CY 2020

For the fourth quarter, S&P 500 companies are reporting growth in earnings of 2.9% and growth in revenues of 2.8%. For all of 2020, S&P 500 companies are reporting a decline in earnings of -11.4% and a decline in revenue of -1.1%.

For Q1 2021, analysts are projecting earnings growth of 21.2% and revenue growth of 5.6%.

For Q2 2021, analysts are projecting earnings growth of 49.4% and revenue growth of 15.6%.

For Q3 2021, analysts are projecting earnings growth of 16.7% and revenue growth of 9.5%.

For Q4 2021, analysts are projecting earnings growth of 13.4% and revenue growth of 6.9%.

For CY 2021, analysts are projecting earnings growth of 23.6% and revenue growth of 9.1%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (15.8)

The forward 12-month P/E ratio is 22.2. This P/E ratio is above the 5-year average of 17.7 and above the 10-year average of 15.8. However, it is below the forward 12-month P/E ratio of 22.4 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has increased by 4.3%, while the forward 12-month EPS estimate has increased by 5.8%.

At the sector level, the Consumer Discretionary (36.6) sector has the highest forward 12-month P/E ratio, while the Financials (14.2) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 11% Increase in Price Over Next 12 Months

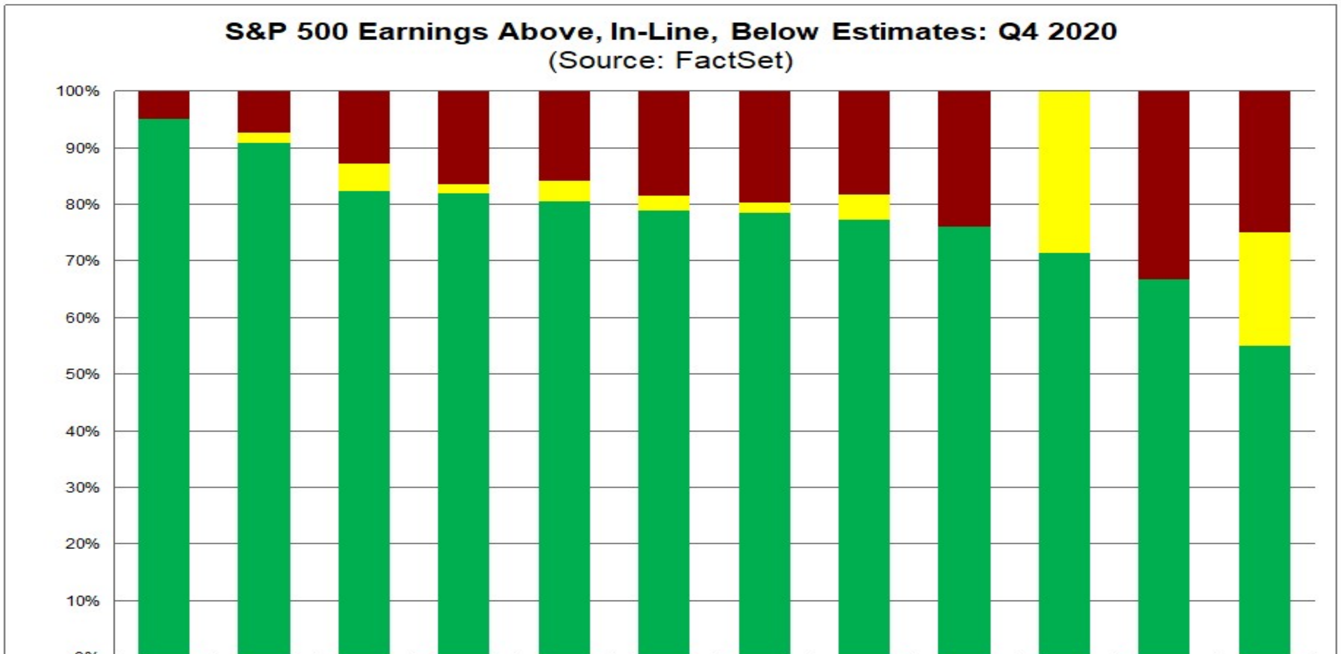
The bottom-up target price for the S&P 500 is 4364.36, which is 11.4% above the closing price of 3916.38. At the sector level, the Consumer Staples (+13.9%), Communication Services (+13.7%), and Health Care (+13.6%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Real Estate (+7.7%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 10,387 ratings on stocks in the S&P 500. Of these 10,387 ratings, 54.8% are Buy ratings, 38.3% are Hold ratings, and 6.9% are Sell ratings. At the sector level, the Energy (64%) and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Real Estate (47%) sectors have the lowest percentages of Buy ratings.

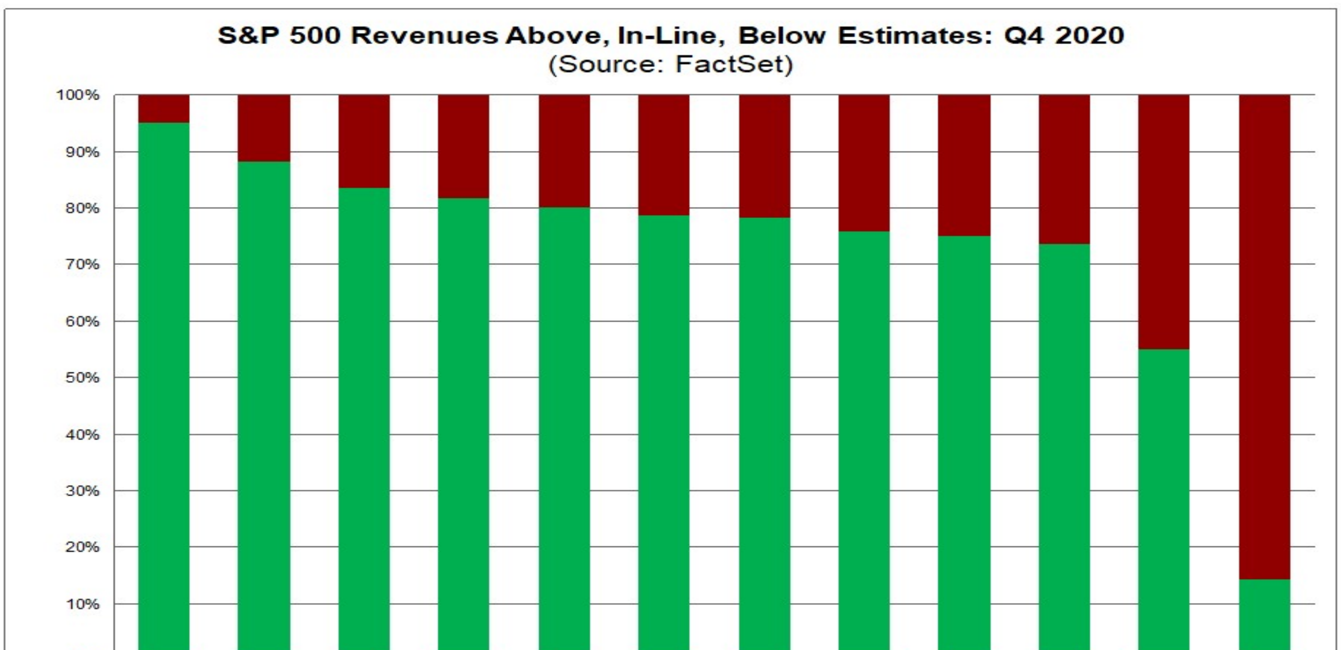
Companies Reporting Next Week: 51

During the upcoming week, 51 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Q4 2020: Scorecard

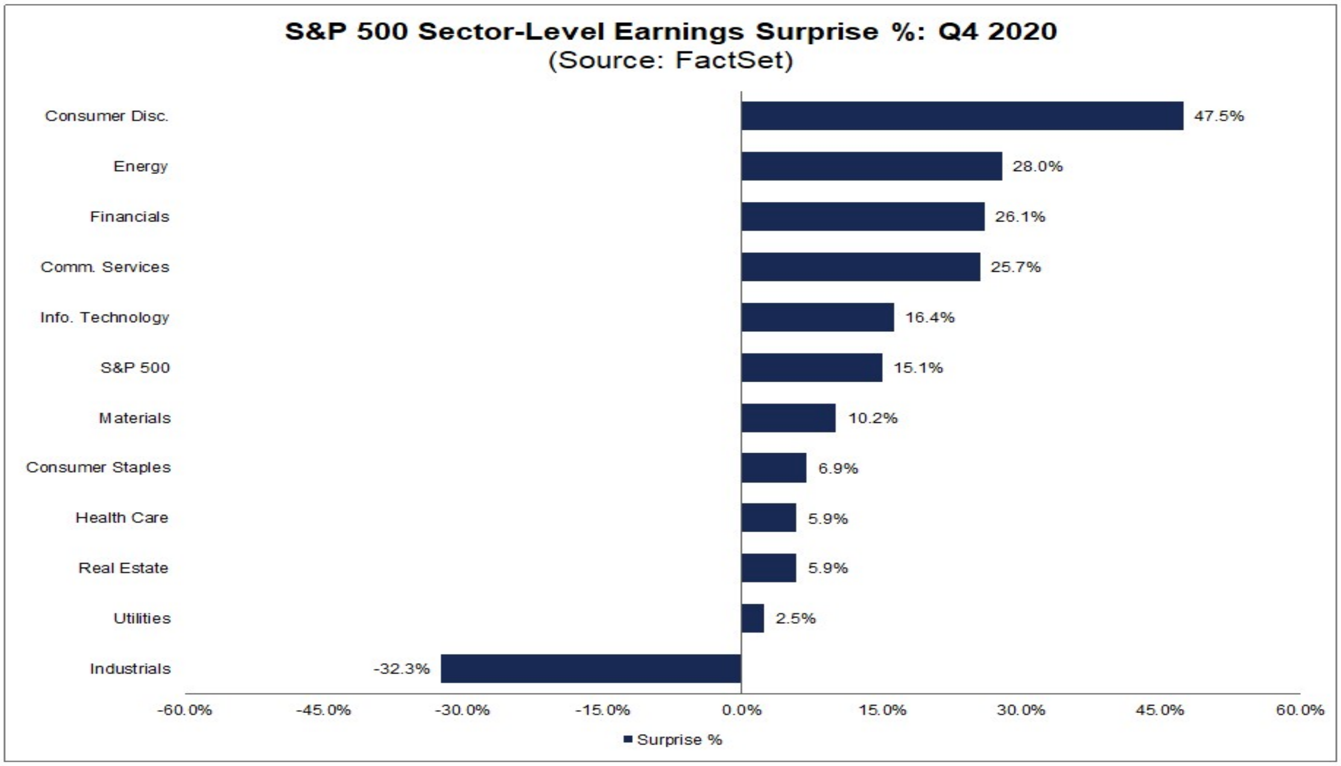


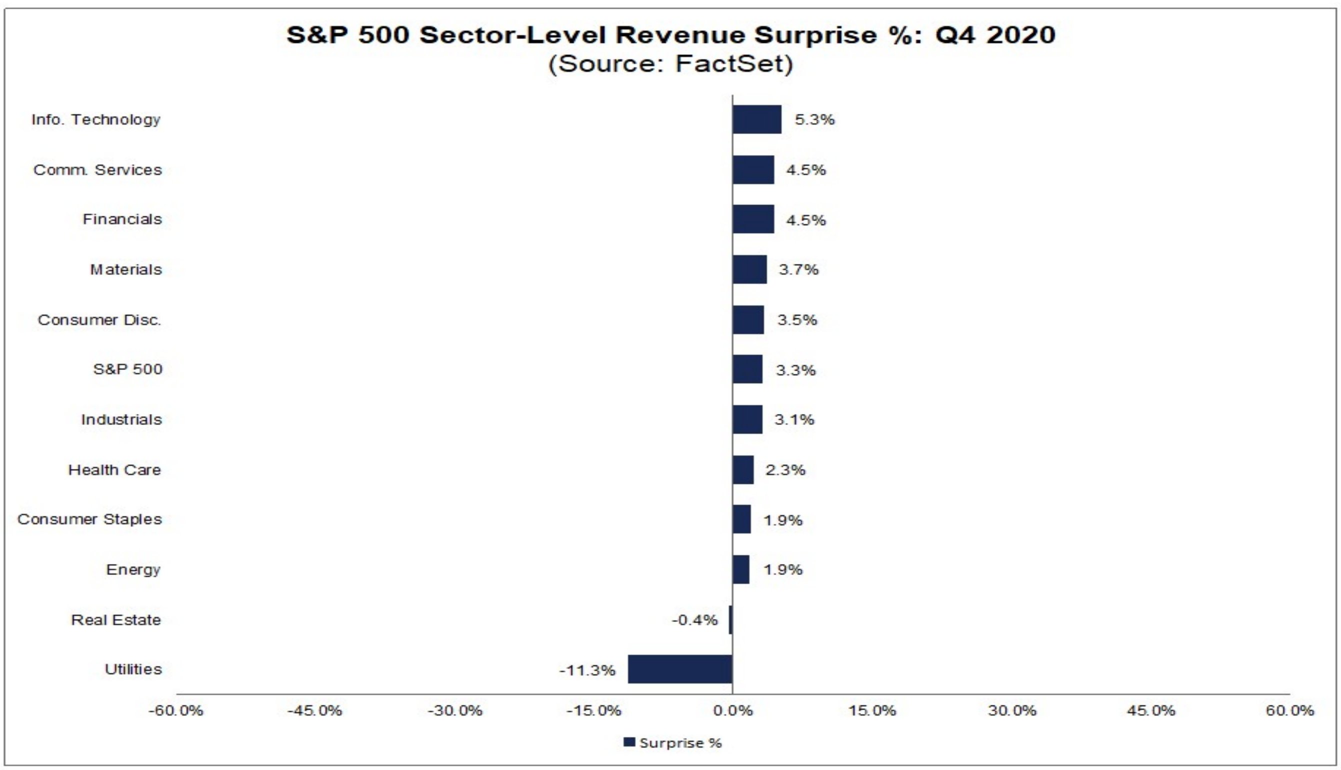
	Comm. Services	Info. Technology	Financials	Industrials	S&P 500	Consumer Disc.	Health Care	Materials	Consumer Staples	Utilities	Energy	Real Estate
Below	5%	7%	13%	16%	16%	18%	20%	18%	24%	0%	33%	25%
In-Line	0%	2%	5%	2%	4%	3%	2%	5%	0%	29%	0%	20%
Above	95%	91%	82%	82%	80%	79%	78%	77%	76%	71%	67%	55%



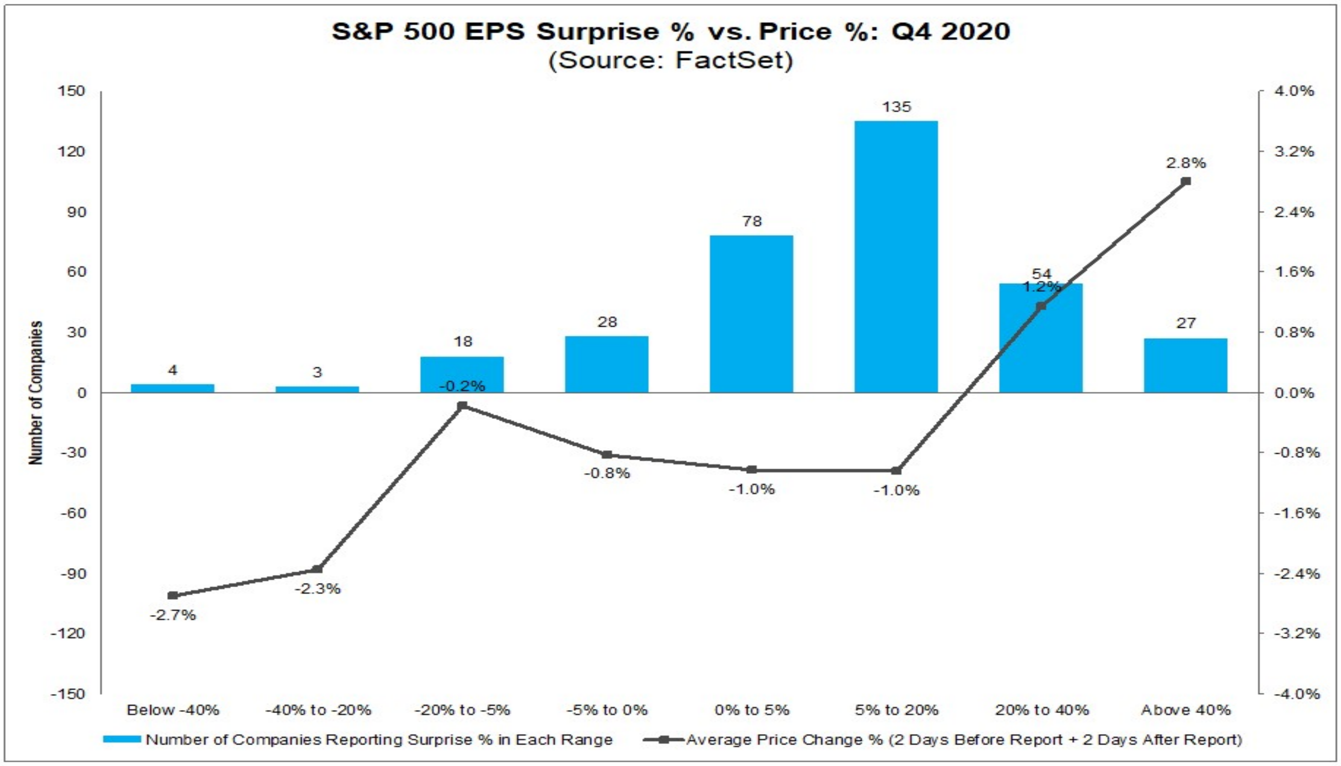
	Comm. Services	Health Care	Info. Technology	Materials	Consumer Staples	Industrials	S&P 500	Financials	Energy	Consumer Disc.	Real Estate	Utilities
Below	5%	12%	16%	18%	20%	21%	22%	24%	25%	26%	45%	86%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	95%	88%	84%	82%	80%	79%	78%	76%	75%	74%	55%	14%

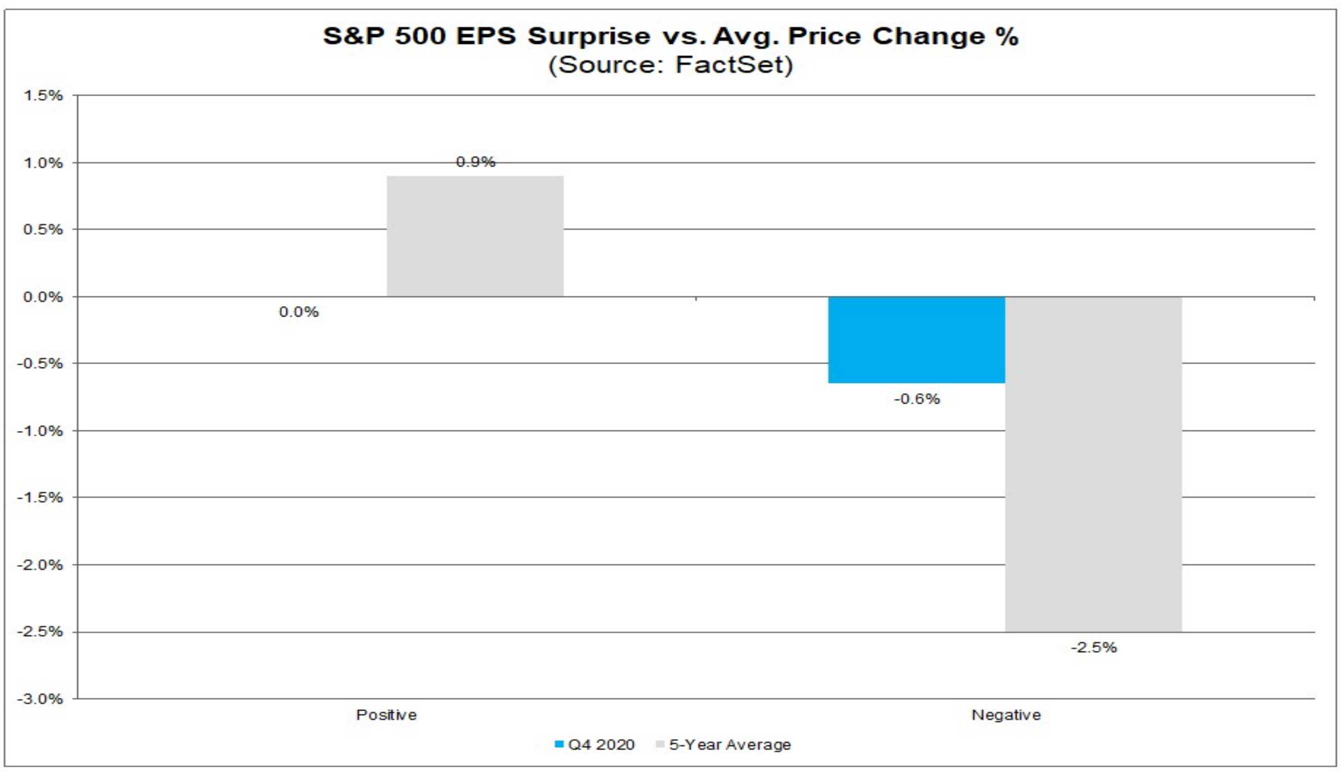
Q4 2020: Scorecard



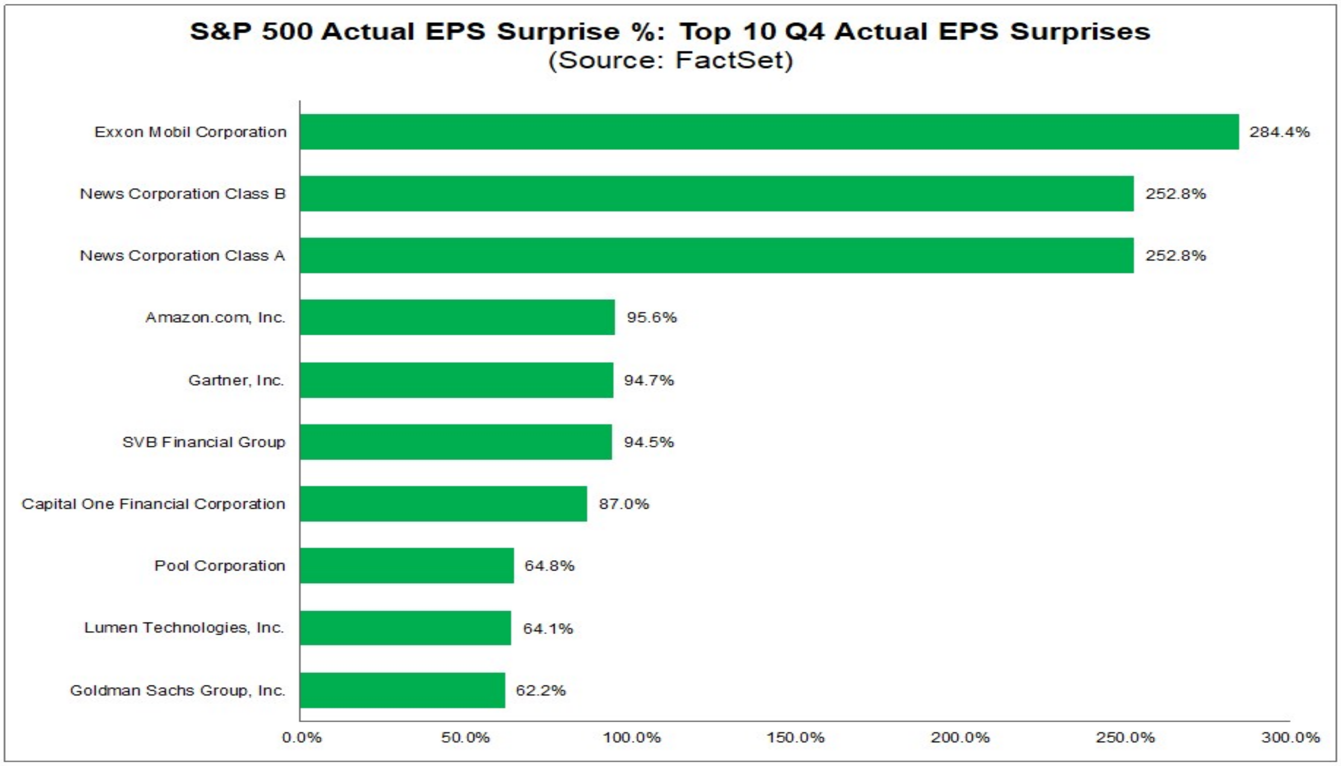


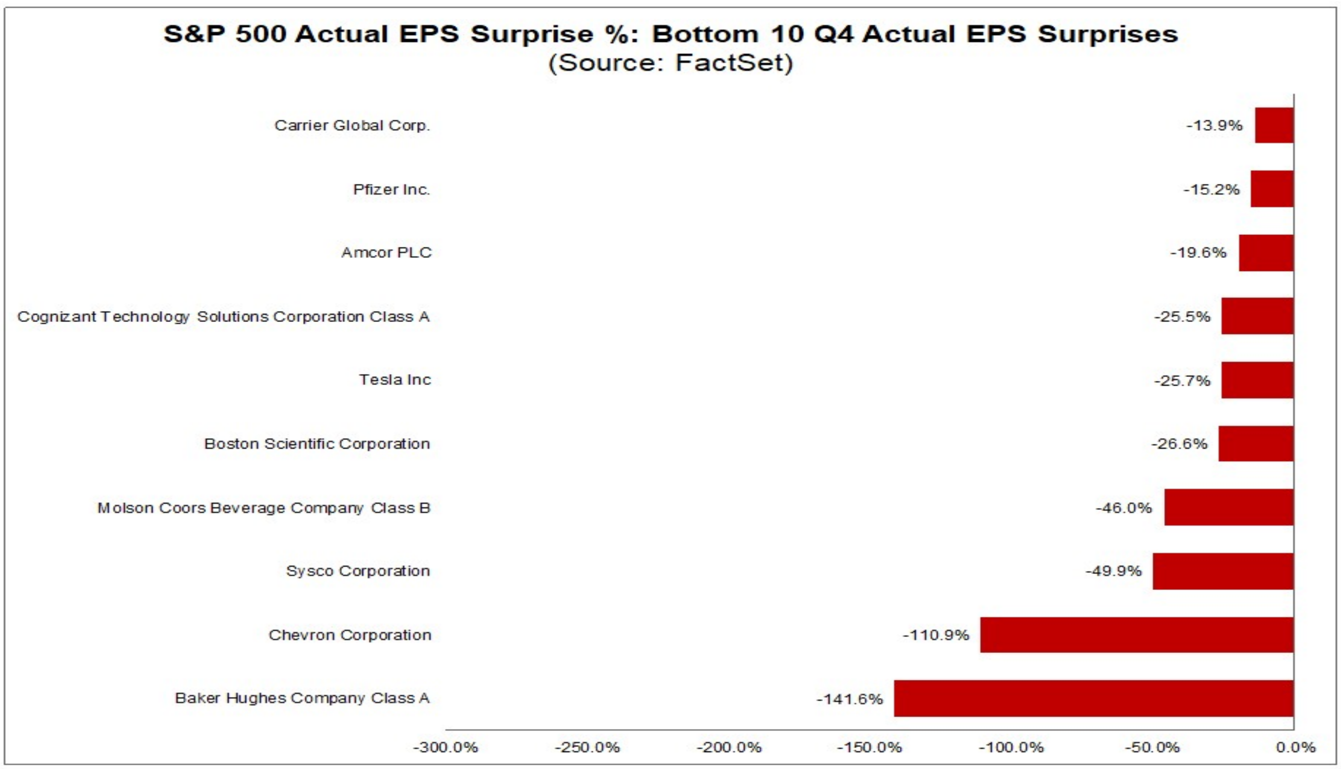
Q4 2020: Scorecard



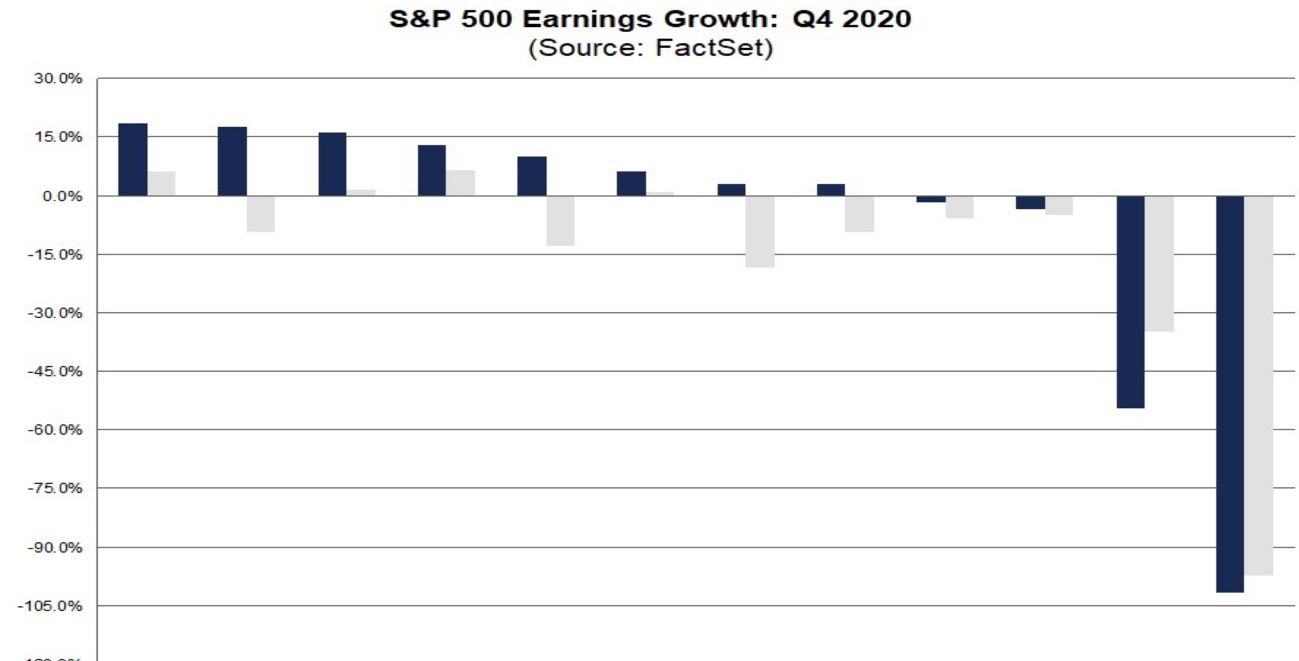


Q4 2020: Scorecard

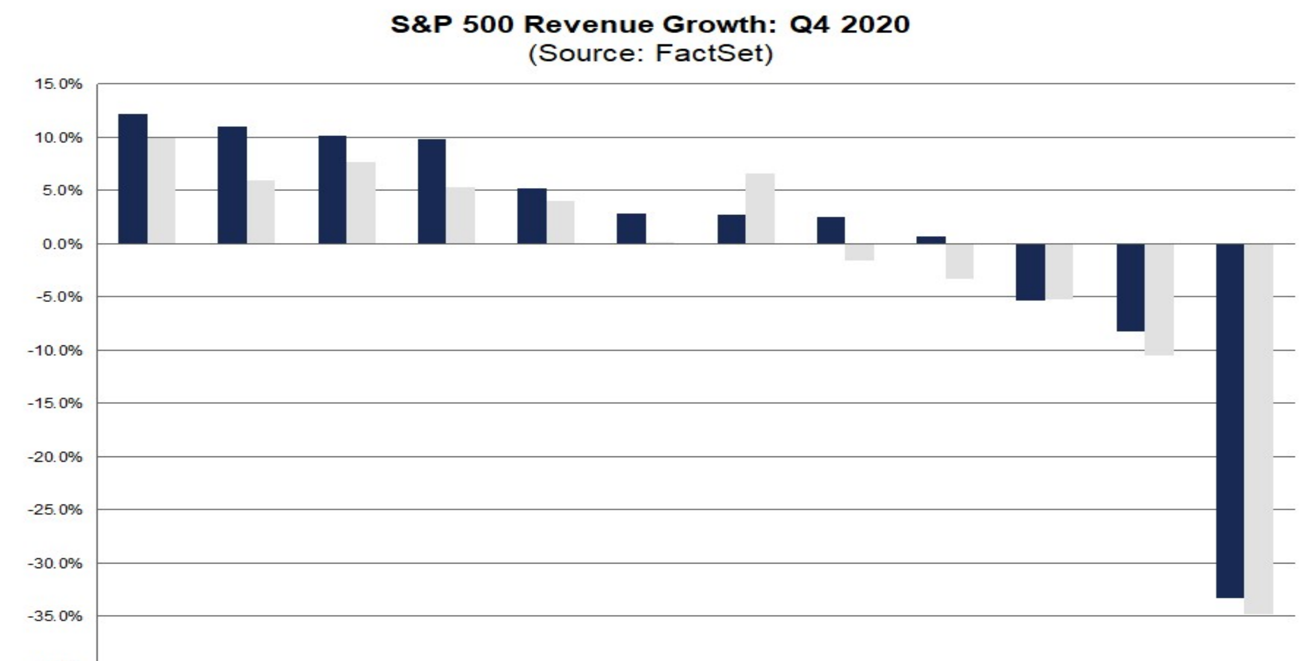




Q4 2020: Growth

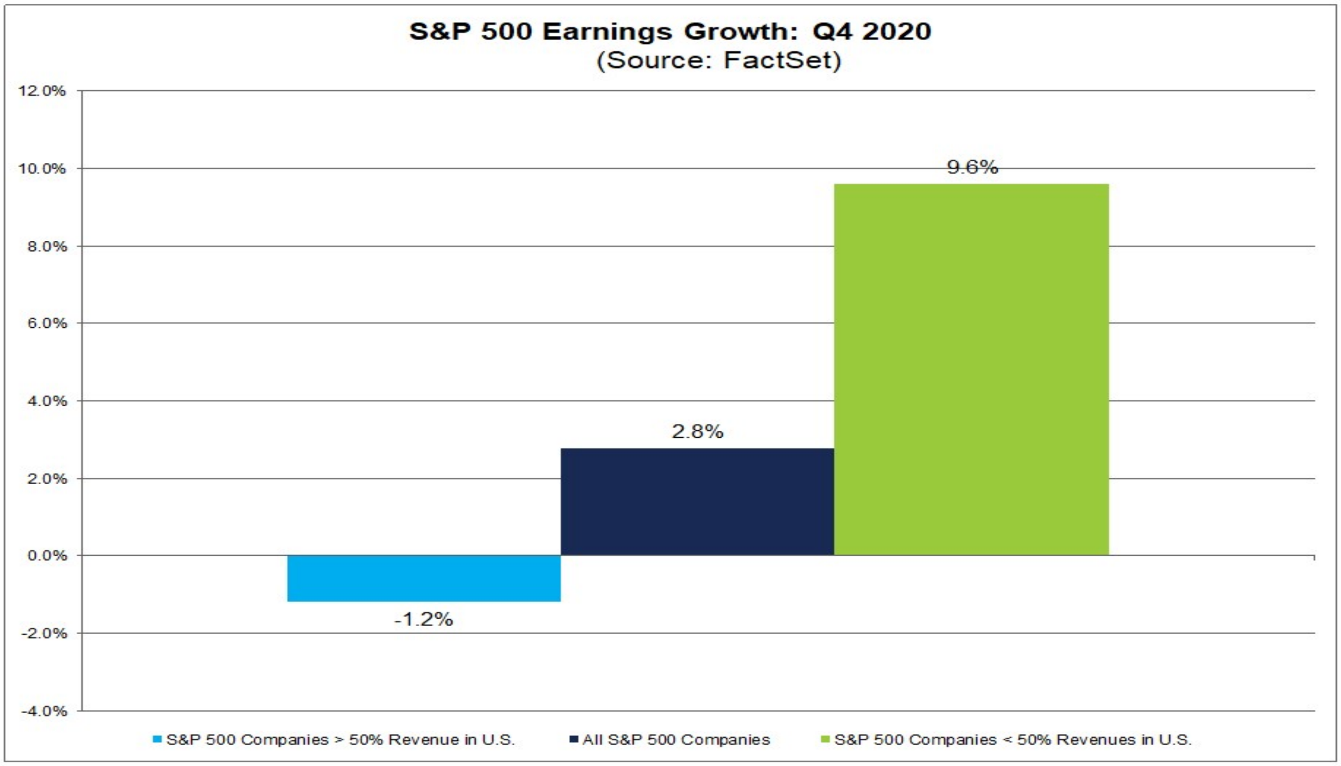


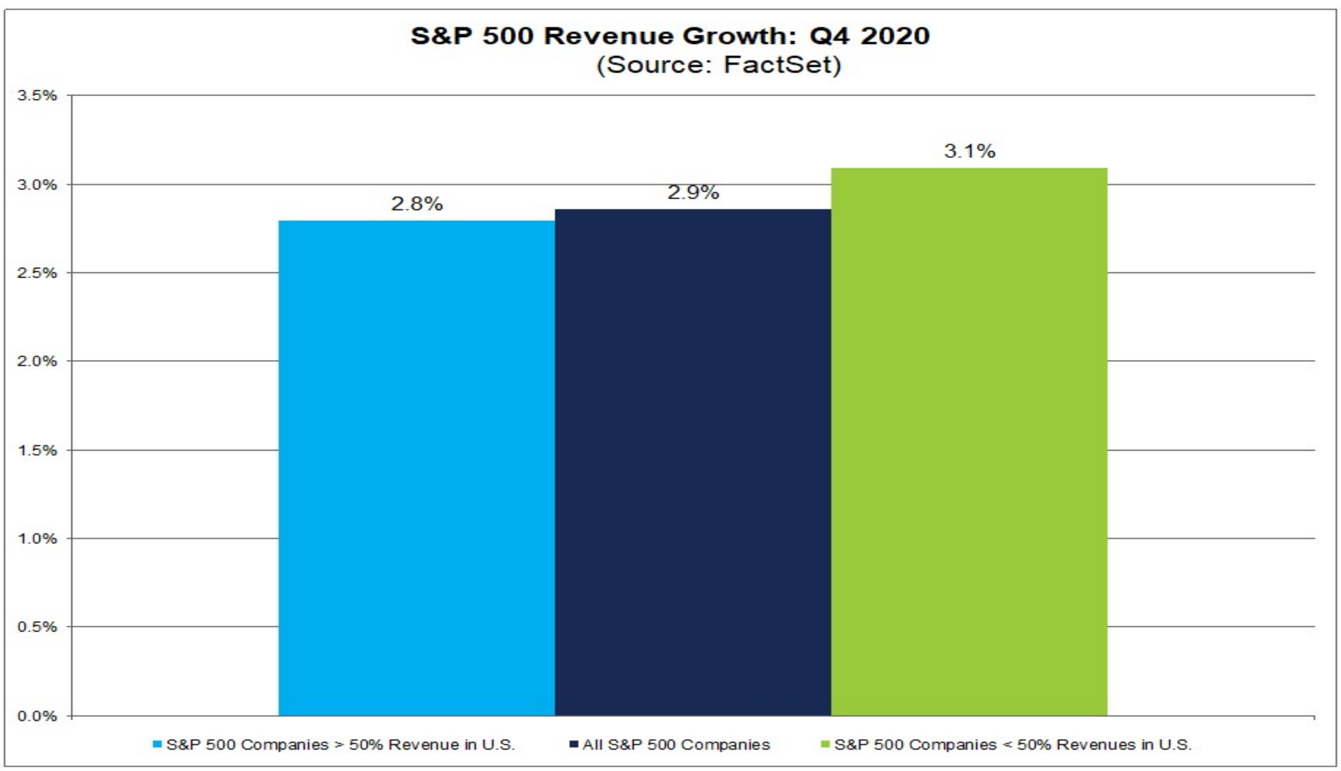
	Materials	Financials	Info. Technology	Health Care	Comm. Services	Consumer Staples	Consumer Disc.	S&P 500	Real Estate	Utilities	Industrials	Energy
Today	18.4%	17.6%	16.0%	12.9%	10.0%	6.3%	3.1%	2.9%	-1.9%	-3.4%	-54.6%	-101.8%
31-Dec	6.1%	-9.4%	1.5%	6.4%	-12.9%	0.9%	-18.4%	-9.3%	-5.8%	-5.0%	-34.9%	-97.3%



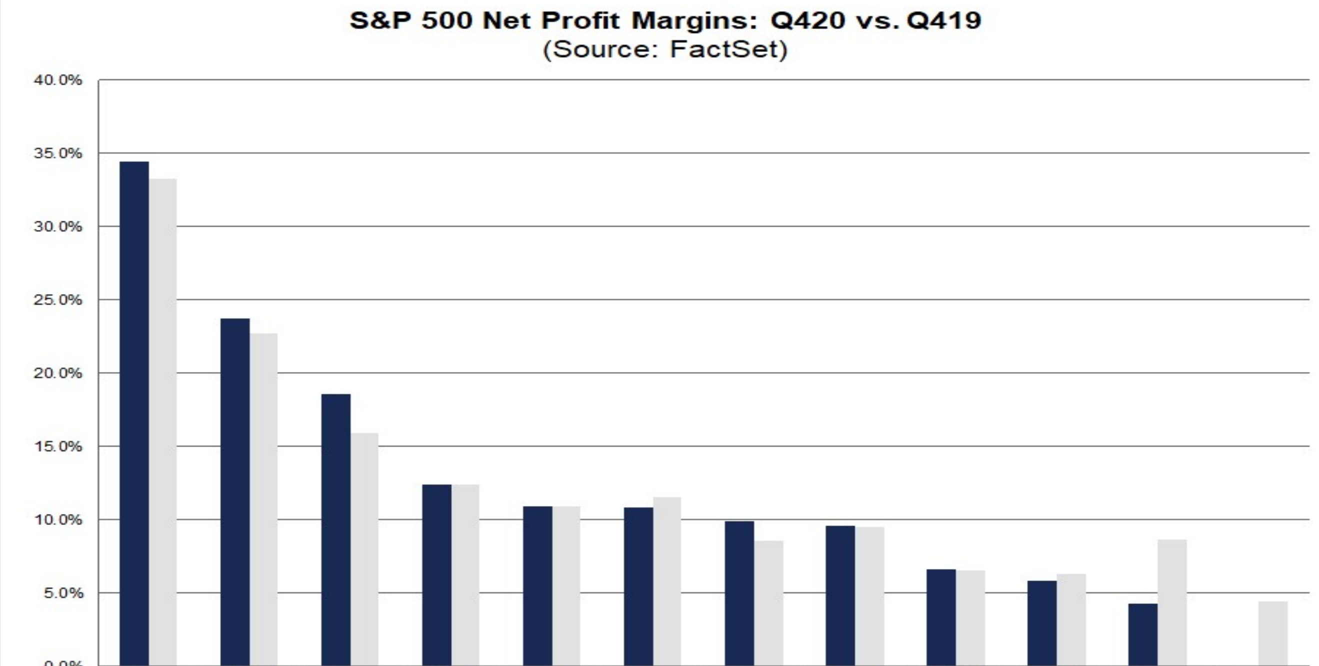
	Health Care	Info. Technology	Consumer Disc.	Comm. Services	Consumer Staples	S&P 500	Utilities	Materials	Financials	Real Estate	Industrials	Energy
Today	12.1%	11.0%	10.2%	9.8%	5.2%	2.8%	2.7%	2.5%	0.7%	-5.3%	-8.2%	-33.3%
31-Dec	9.9%	5.9%	7.6%	5.3%	4.0%	0.1%	6.5%	-1.6%	-3.3%	-5.2%	-10.5%	-34.8%

Q4 2020: Growth

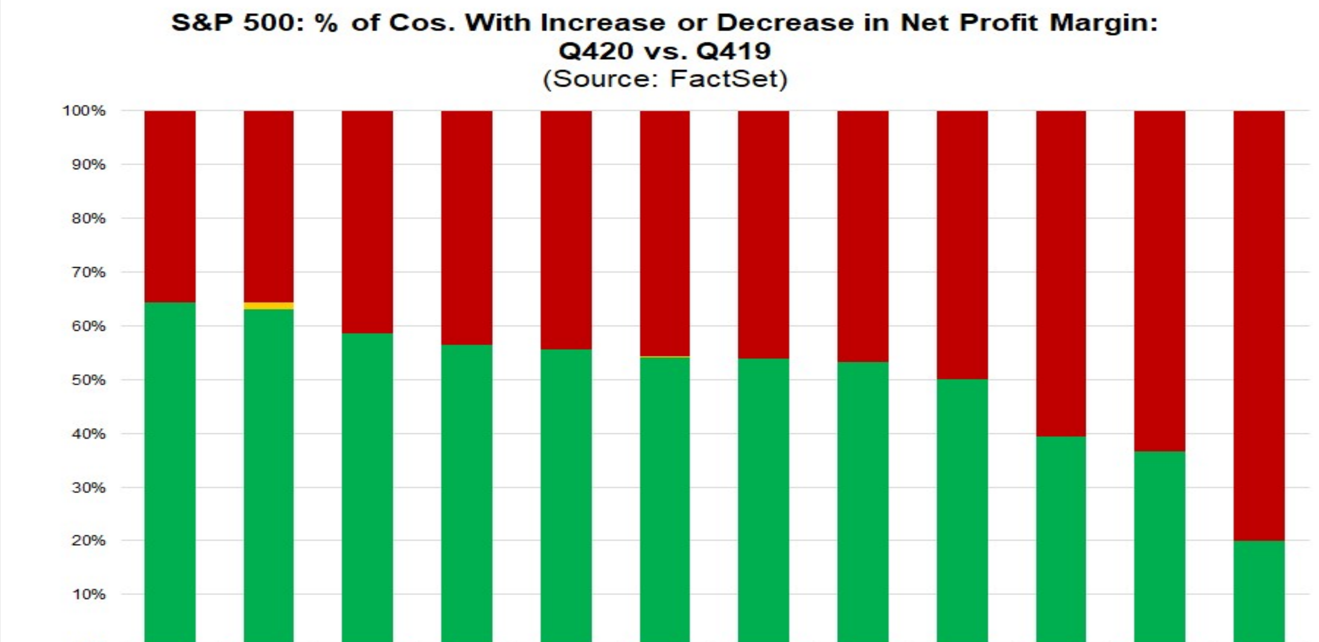




Q4 2020: Net Profit Margin

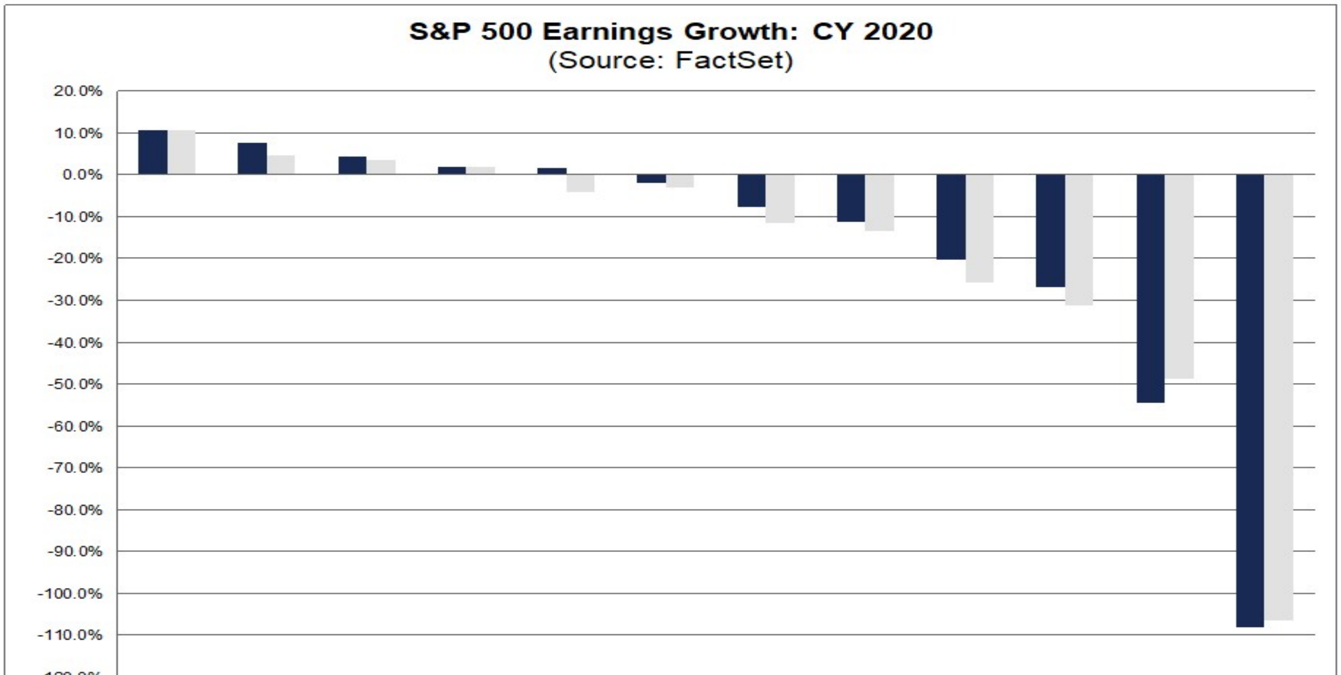


	Real Estate	Information Tech.	Financials	Comm. Services	S&P 500	Utilities	Materials	Health Care	Consumer Staples	Consumer Disc.	Industrials	Energy
Q420	34.5%	23.8%	18.6%	12.4%	10.9%	10.9%	9.9%	9.6%	6.6%	5.8%	4.3%	
Q419	33.3%	22.7%	15.9%	12.3%	10.9%	11.5%	8.6%	9.5%	6.5%	6.2%	8.6%	4.4%

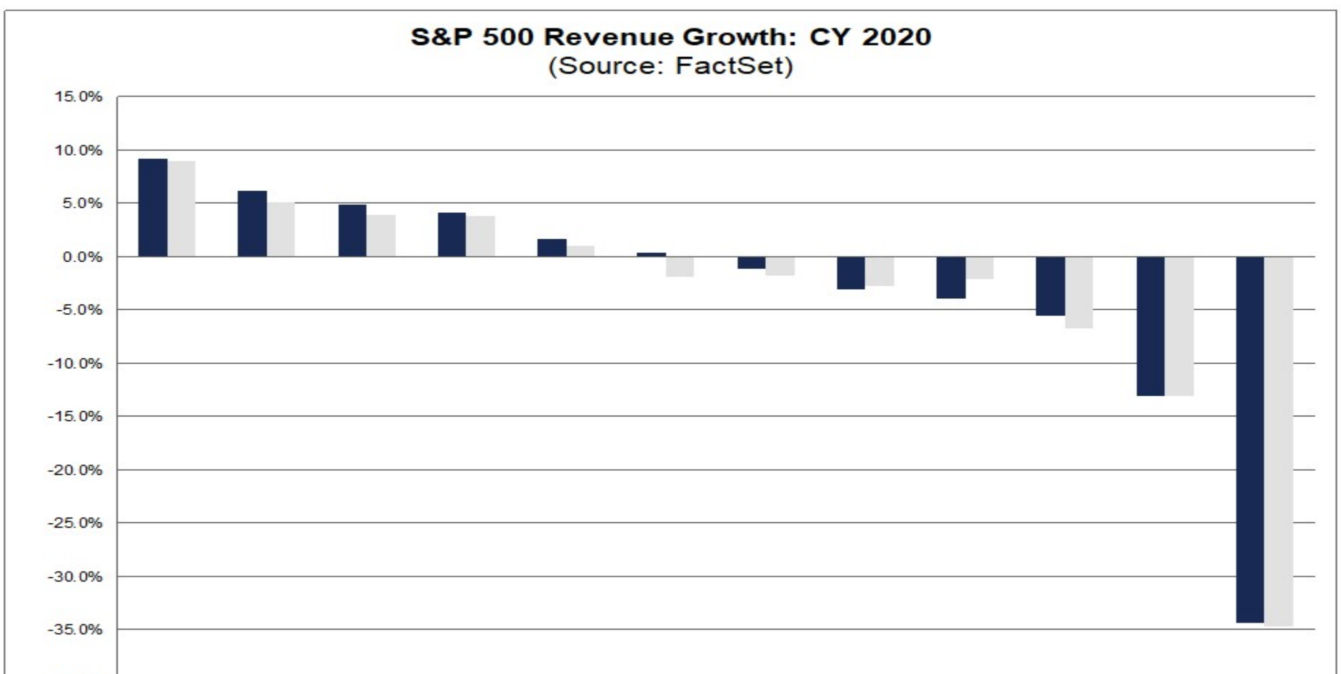


	Industrials	Information Tech.	Financials	Consumer Disc.	Health Care	S&P 500	Comm. Services	Consumer Staples	Materials	Utilities	Real Estate	Energy
Down %	36%	36%	42%	44%	44%	46%	46%	47%	50%	61%	63%	80%
None %	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	64%	63%	58%	56%	56%	54%	54%	53%	50%	39%	37%	20%

CY 2020: Growth

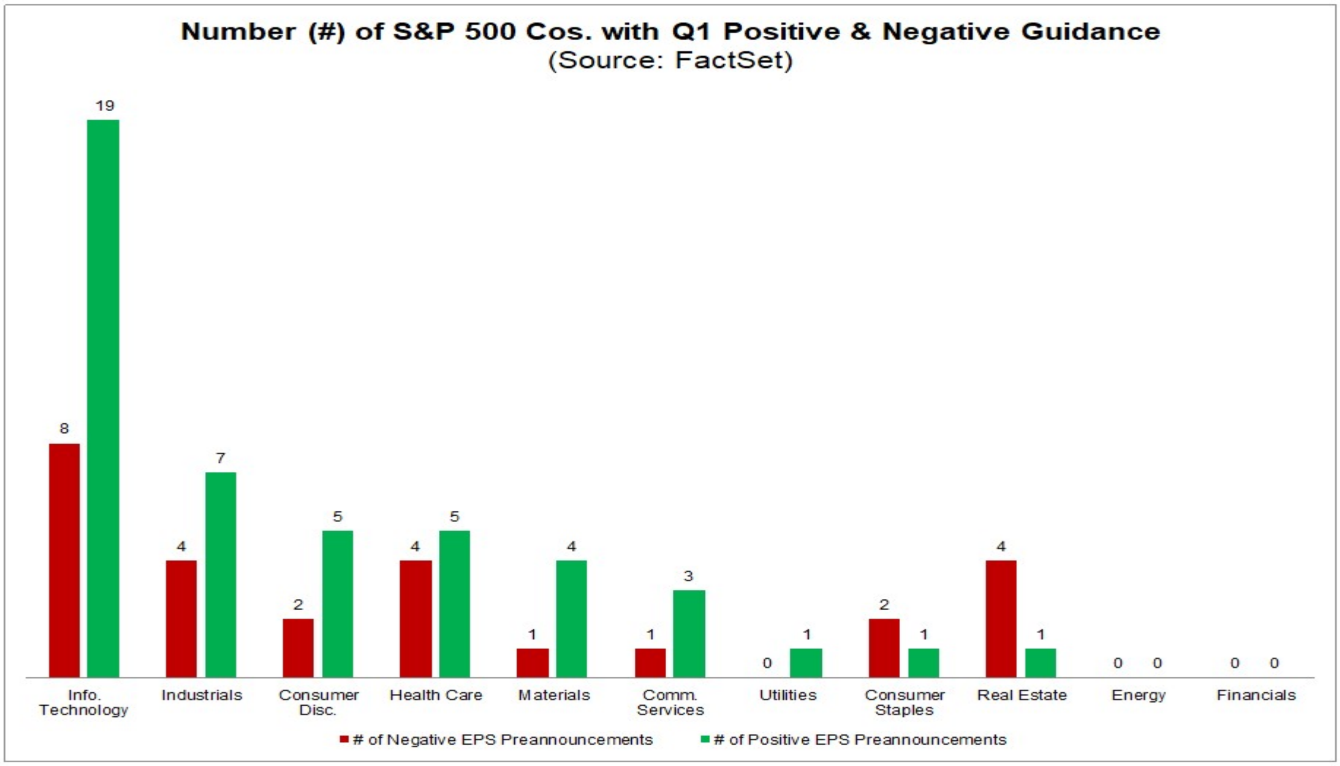


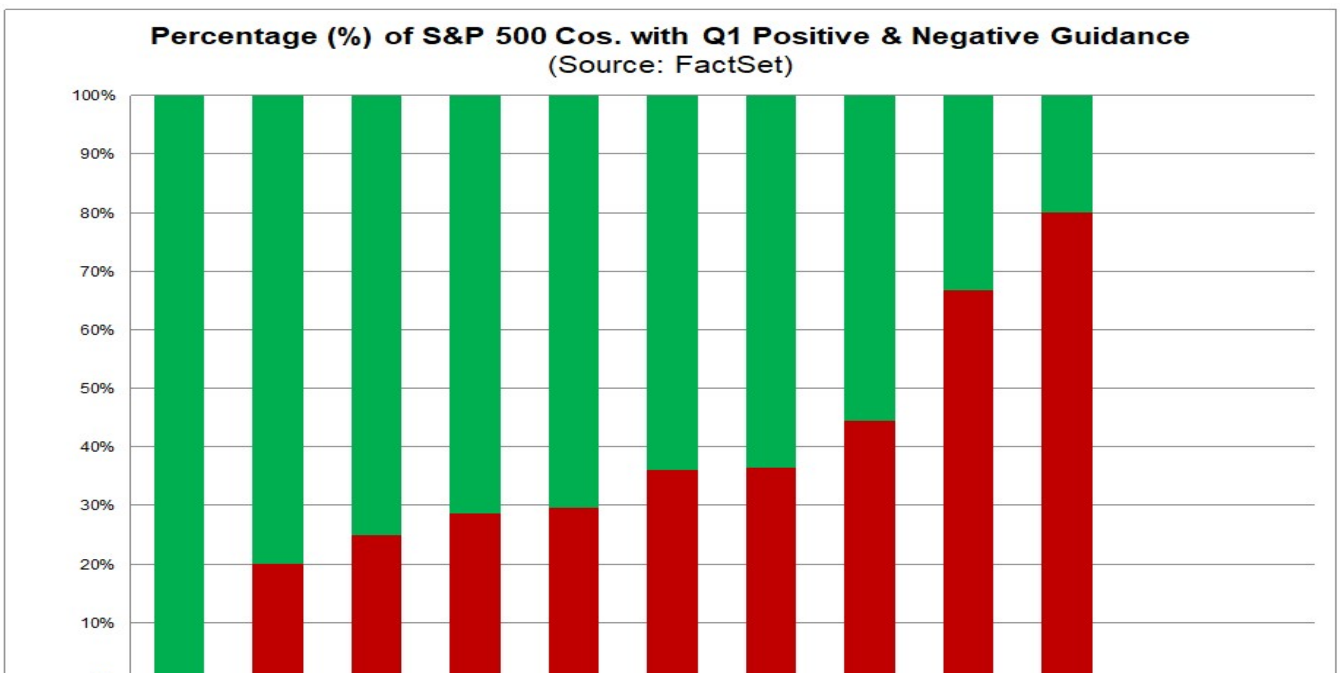
	Health Care	Info. Technology	Consumer Staples	Utilities	Comm. Services	Real Estate	Materials	S&P 500	Financials	Consumer Disc.	Industrials	Energy
Today	10.7%	7.6%	4.3%	2.0%	1.5%	-2.0%	-7.7%	-11.4%	-20.2%	-26.9%	-54.5%	-108.1%
31-Dec	10.6%	4.7%	3.5%	1.9%	-4.1%	-3.1%	-11.5%	-13.5%	-25.7%	-31.2%	-48.6%	-106.6%



	Health Care	Info. Technology	Comm. Services	Consumer Staples	Consumer Disc.	Financials	S&P 500	Real Estate	Utilities	Materials	Industrials	Energy
Today	9.1%	6.1%	4.8%	4.1%	1.7%	0.4%	-1.1%	-3.1%	-3.9%	-5.6%	-13.0%	-34.4%
31-Dec	8.9%	5.1%	3.9%	3.8%	1.0%	-1.9%	-1.8%	-2.8%	-2.1%	-6.8%	-13.1%	-34.7%

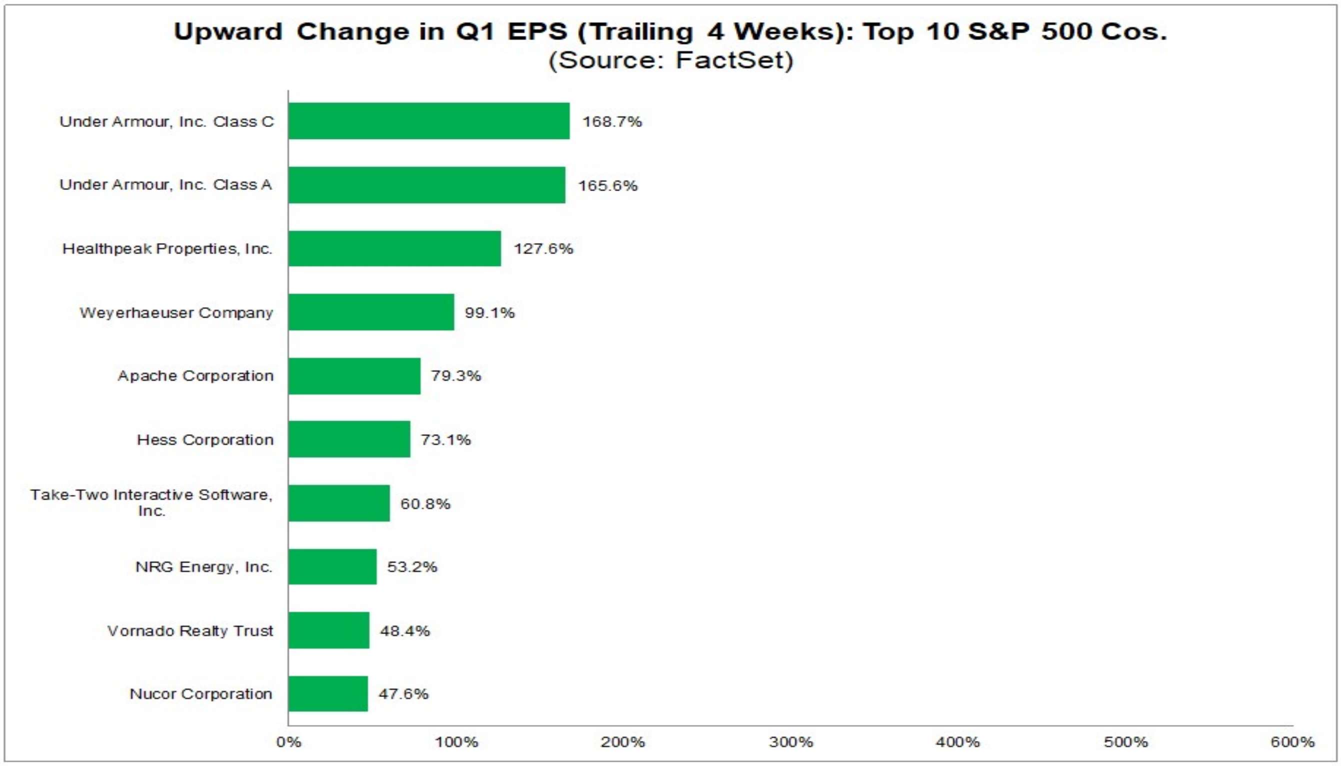
Q1 2021: EPS Guidance

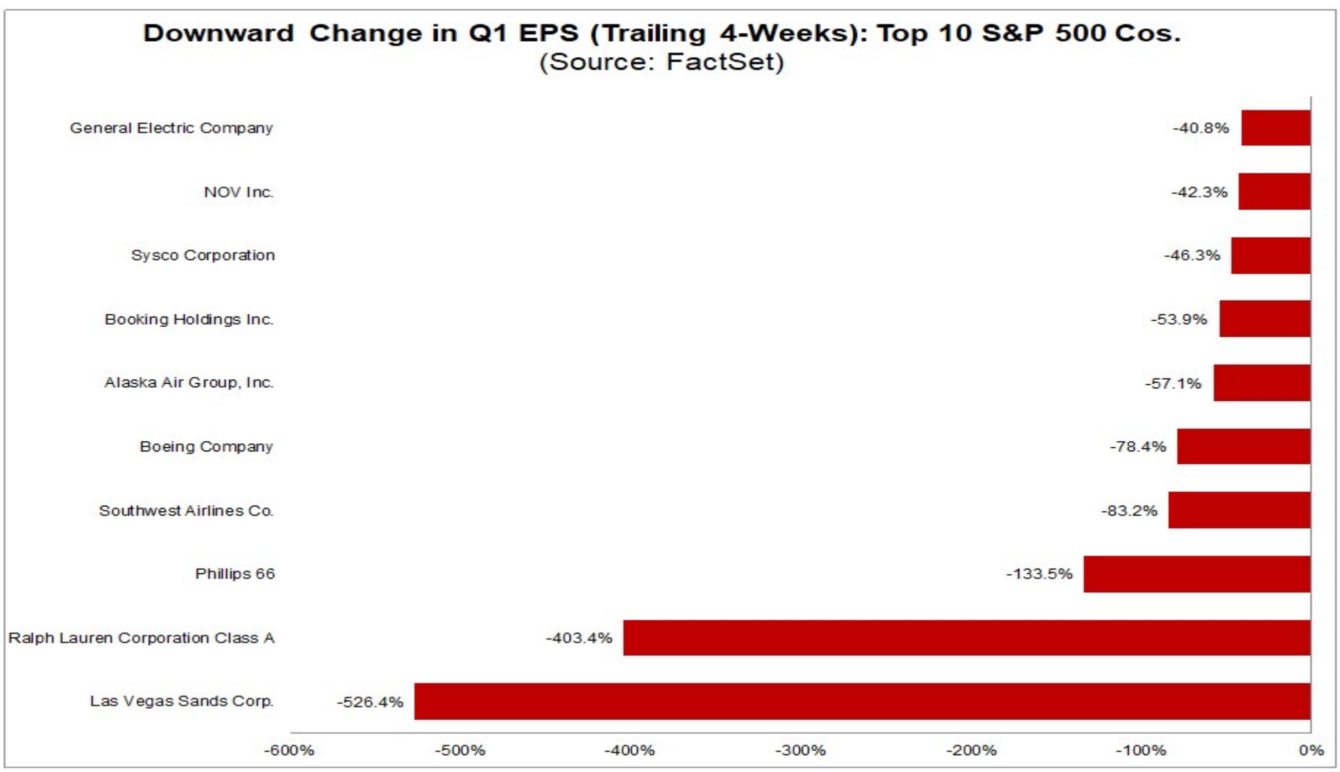




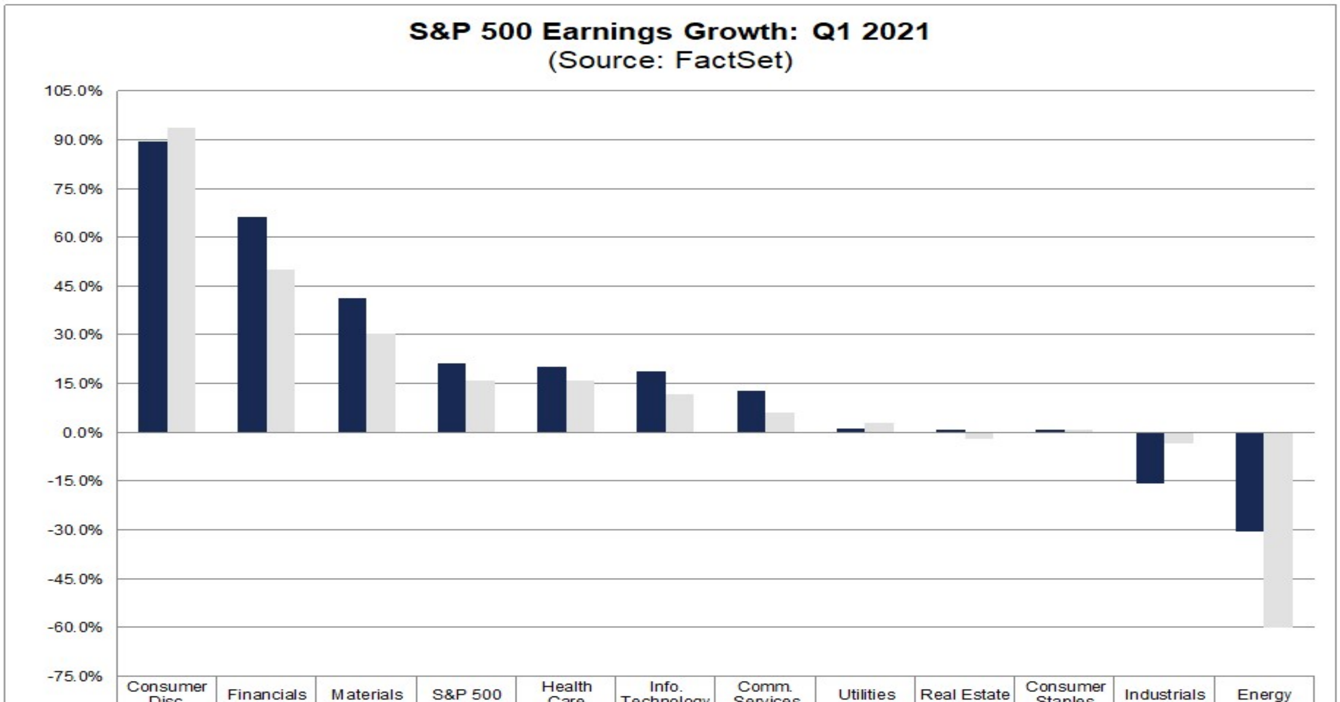
	Utilities	Materials	Comm. Services	Consumer Disc.	Info. Technology	S&P 500	Industrials	Health Care	Consumer Staples	Real Estate	Energy	Financials
Positive	100%	80%	75%	71%	70%	64%	64%	56%	33%	20%	0%	0%
Negative	0%	20%	25%	29%	30%	36%	36%	44%	67%	80%	0%	0%

Q1 2021: EPS Revisions

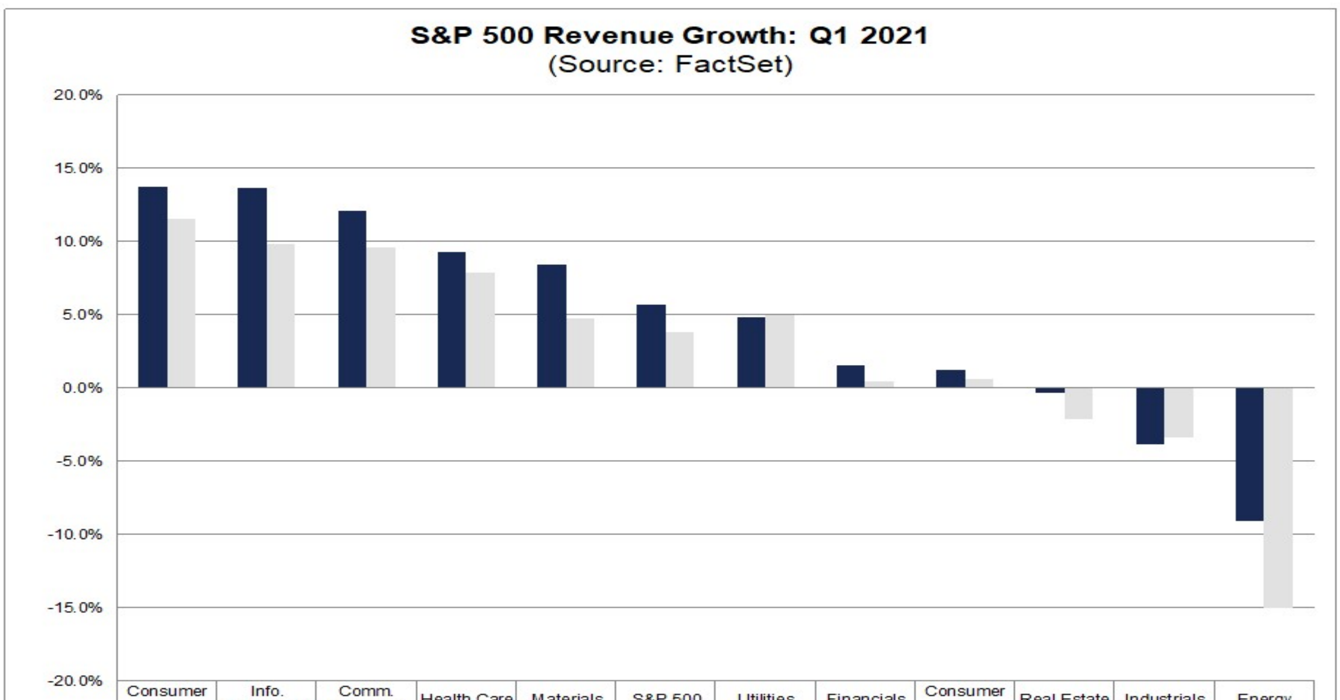




Q1 2021: Growth

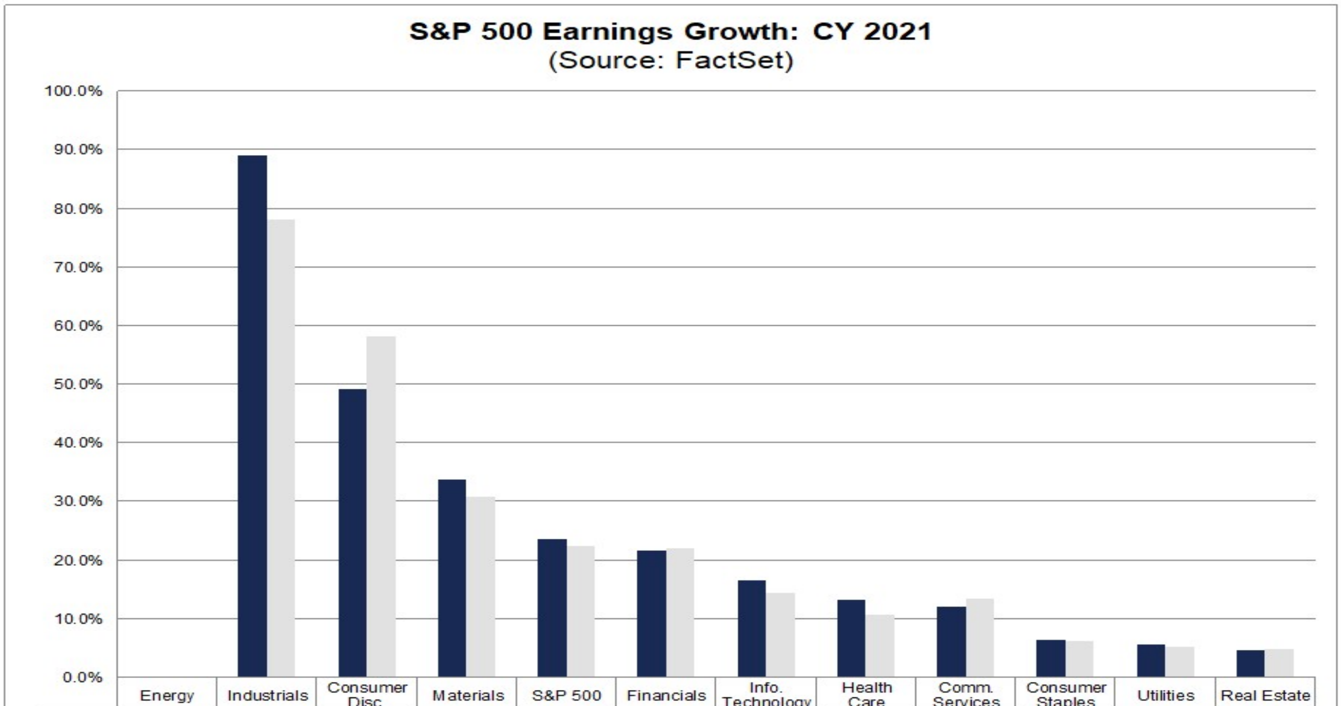


	Consumer Disc.	Financials	Materials	S&P 500	Health Care	Info. Technology	Comm. Services	Utilities	Real Estate	Consumer Staples	Industrials	Energy
Today	89.4%	66.1%	41.4%	21.2%	20.3%	18.7%	12.6%	1.2%	0.9%	0.9%	-15.9%	-30.4%
31-Dec	93.7%	50.1%	30.4%	15.8%	15.8%	11.8%	6.1%	2.8%	-2.0%	0.9%	-3.6%	-60.2%

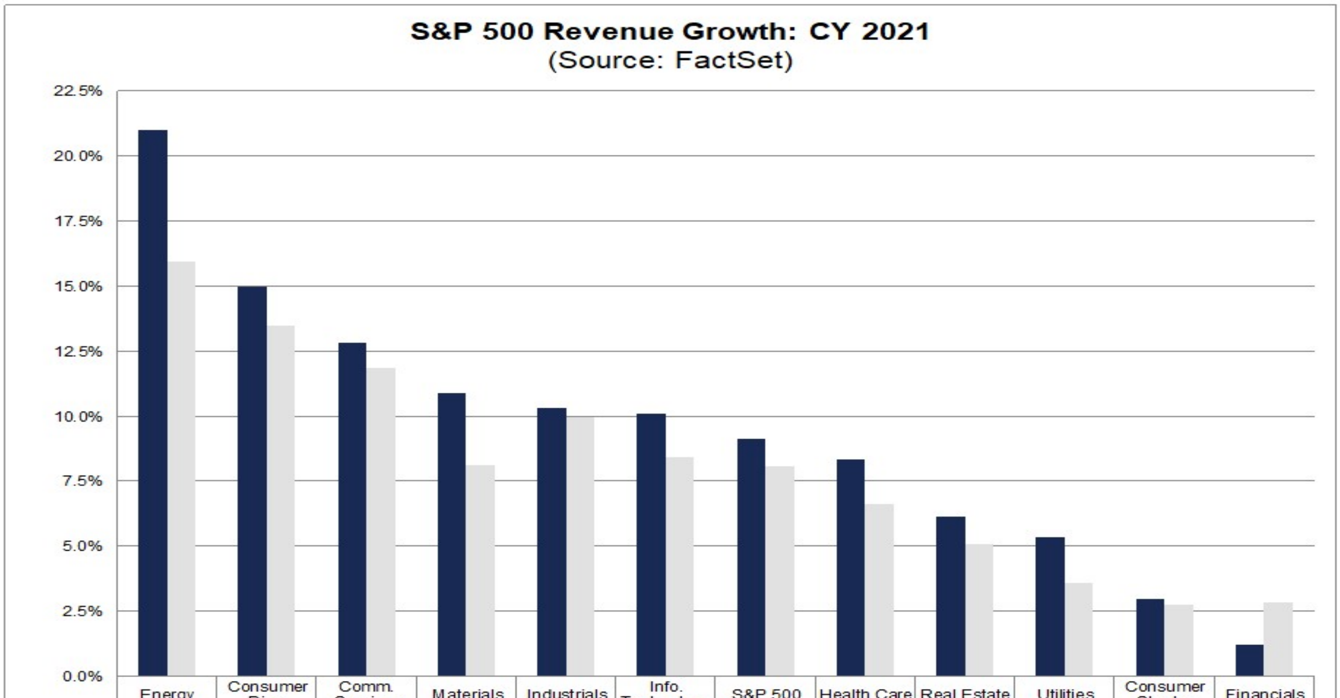


	Consumer Disc.	Info. Technology	Comm. Services	Health Care	Materials	S&P 500	Utilities	Financials	Consumer Staples	Real Estate	Industrials	Energy
Today	13.7%	13.7%	12.1%	9.2%	8.4%	5.6%	4.8%	1.5%	1.2%	-0.4%	-3.9%	-9.1%
31-Dec	11.5%	9.8%	9.6%	7.8%	4.7%	3.8%	4.9%	0.4%	0.6%	-2.2%	-3.4%	-15.0%

CY 2021: Growth

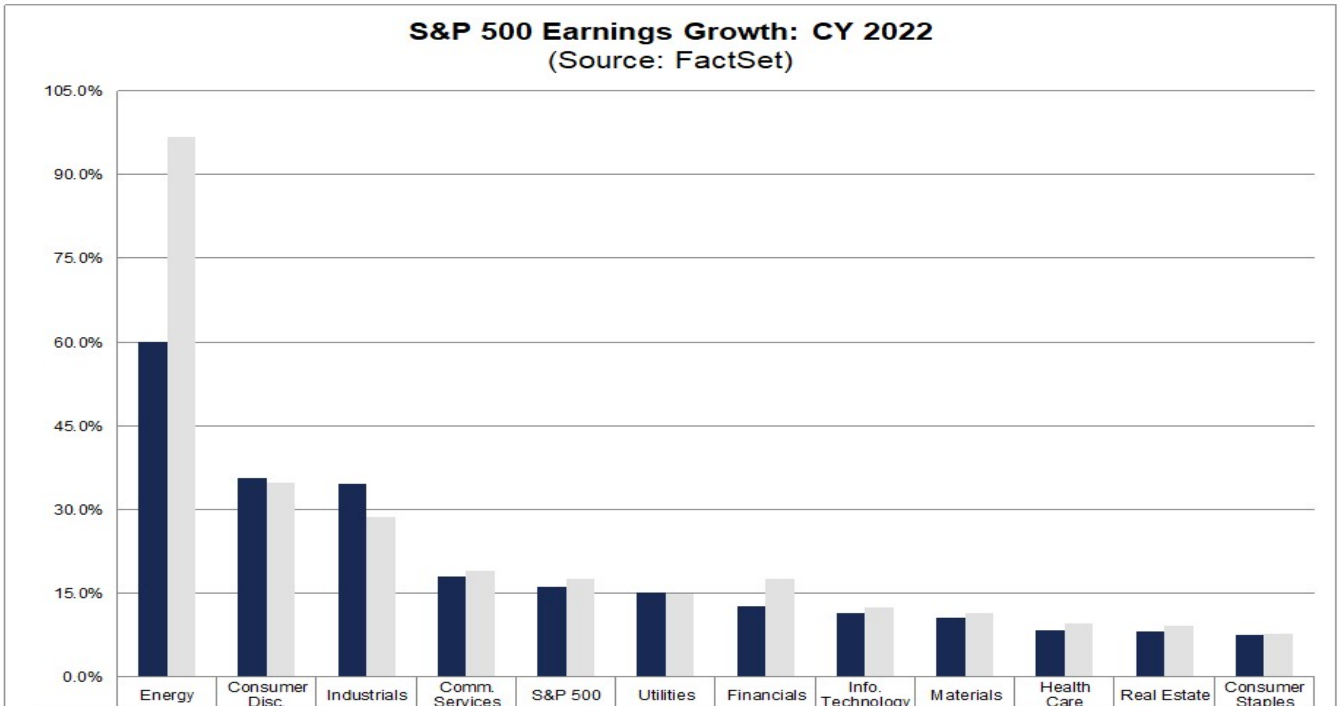


	Energy	Industrials	Consumer Disc.	Materials	S&P 500	Financials	Info. Technology	Health Care	Comm. Services	Consumer Staples	Utilities	Real Estate
Today		89.0%	49.2%	33.7%	23.6%	21.6%	16.6%	13.2%	12.1%	6.4%	5.5%	4.6%
31-Dec		78.1%	58.1%	30.8%	22.3%	22.0%	14.3%	10.5%	13.5%	6.1%	5.2%	4.8%

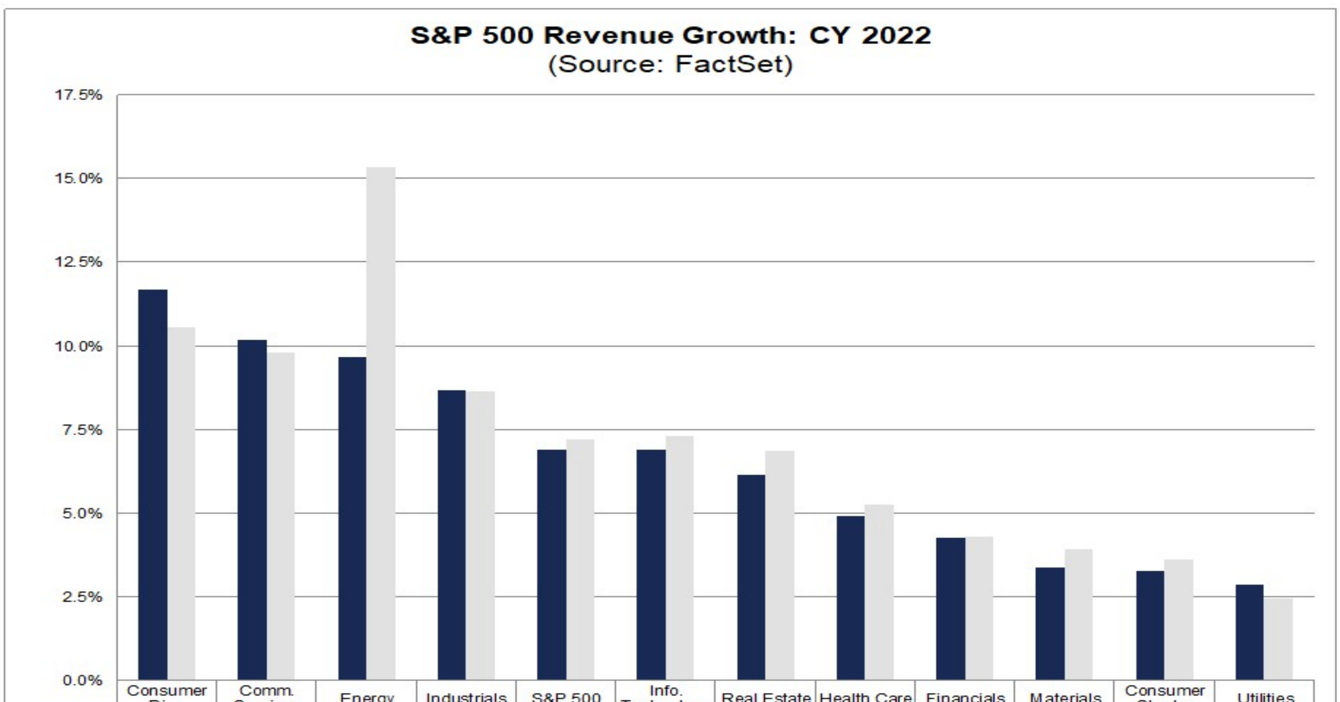


	Energy	Consumer Disc.	Comm. Services	Materials	Industrials	Info. Technology	S&P 500	Health Care	Real Estate	Utilities	Consumer Staples	Financials
Today	21.0%	15.0%	12.8%	10.9%	10.3%	10.1%	9.1%	8.3%	6.1%	5.3%	3.0%	1.2%
31-Dec	15.9%	13.5%	11.9%	8.1%	9.9%	8.4%	8.1%	6.6%	5.1%	3.6%	2.7%	2.8%

CY 2022: Growth

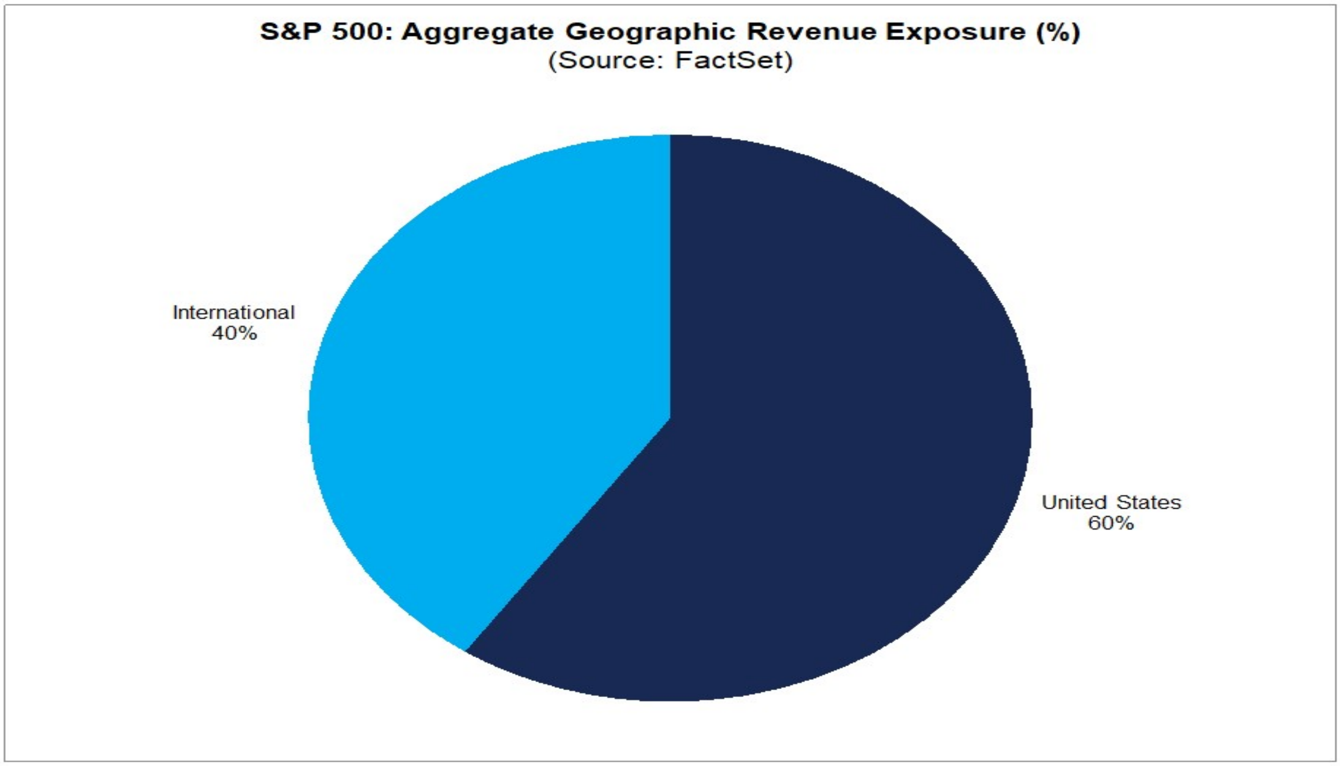


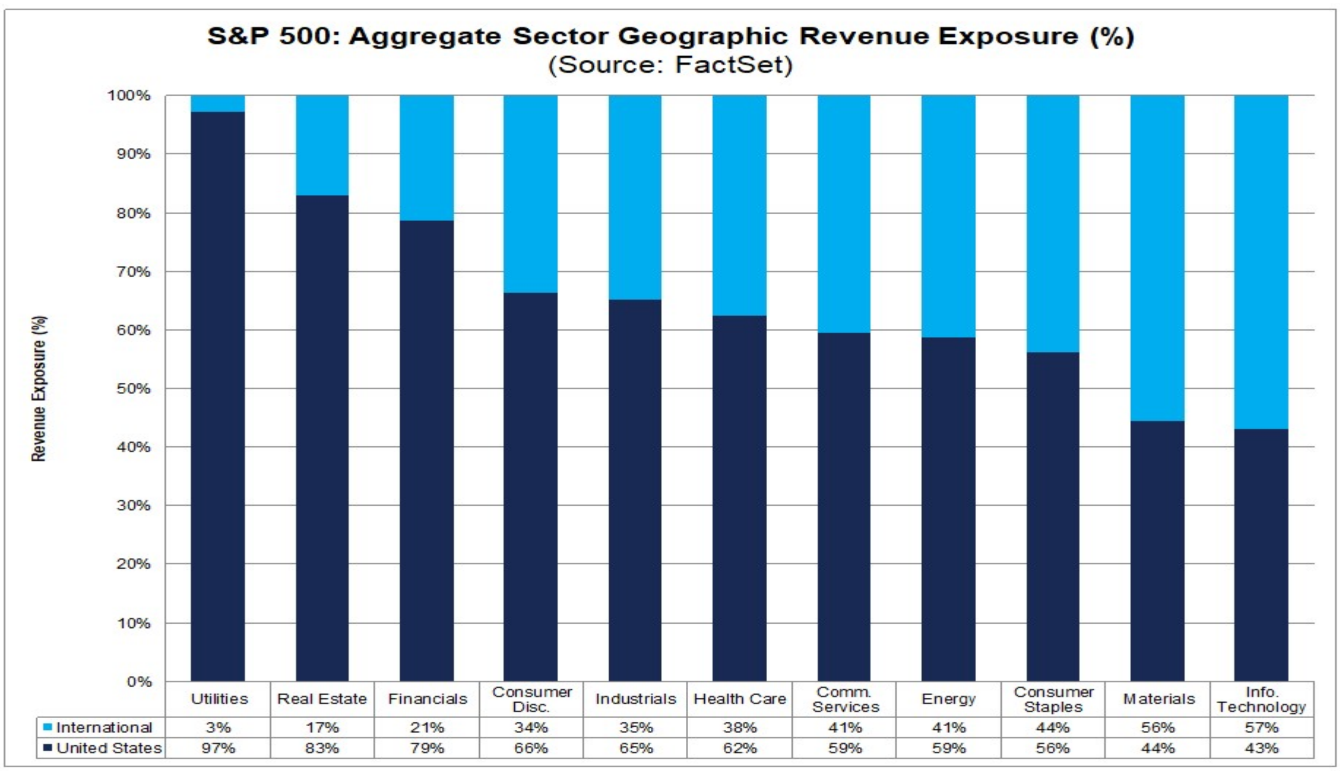
	Energy	Consumer Disc.	Industrials	Comm. Services	S&P 500	Utilities	Financials	Info. Technology	Materials	Health Care	Real Estate	Consumer Staples
Today	60.0%	35.6%	34.6%	17.8%	16.0%	15.0%	12.7%	11.4%	10.5%	8.2%	8.1%	7.6%
31-Dec	96.8%	34.7%	28.6%	19.0%	17.4%	14.8%	17.6%	12.4%	11.4%	9.6%	9.0%	7.7%



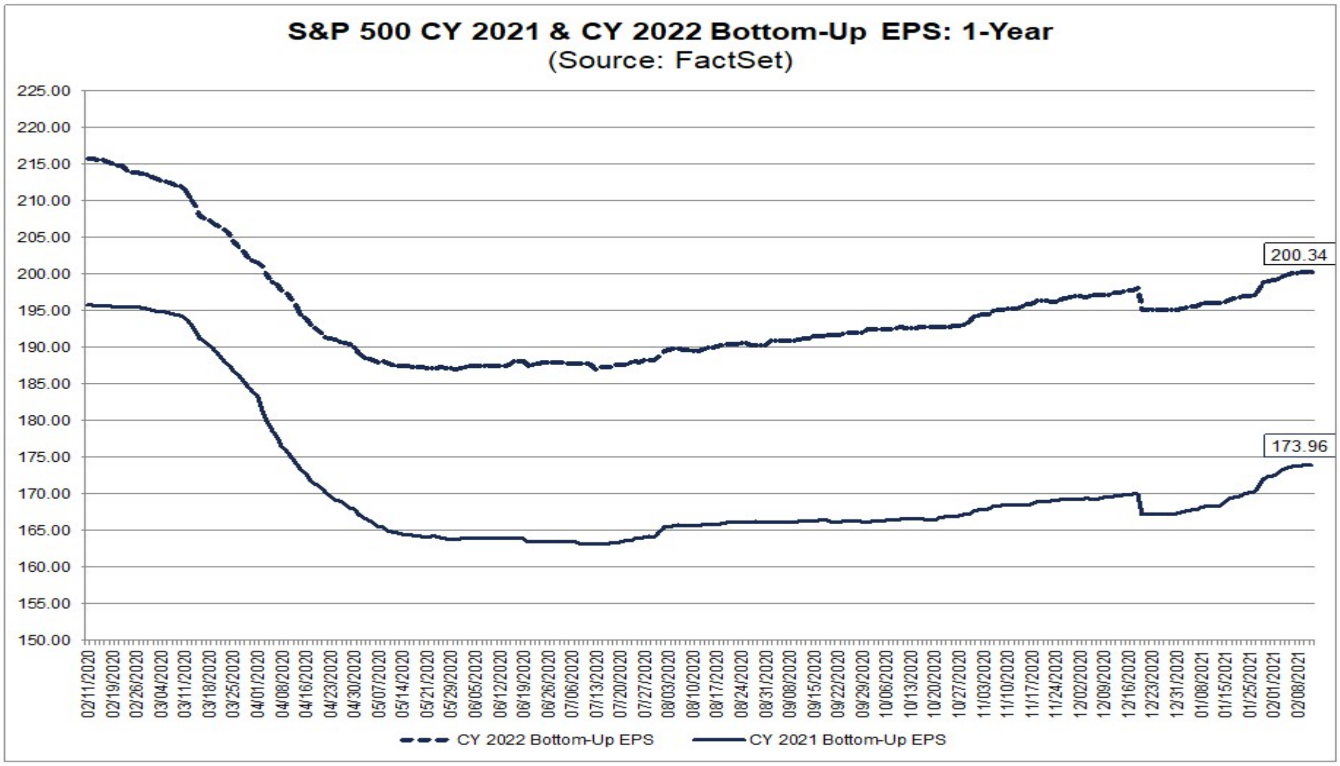
	Consumer Disc.	Comm. Services	Energy	Industrials	S&P 500	Info. Technology	Real Estate	Health Care	Financials	Materials	Consumer Staples	Utilities
Today	11.7%	10.2%	9.7%	8.7%	6.9%	6.9%	6.1%	4.9%	4.3%	3.4%	3.3%	2.9%
31-Dec	10.5%	9.8%	15.3%	8.6%	7.2%	7.3%	6.8%	5.2%	4.3%	3.9%	3.6%	2.4%

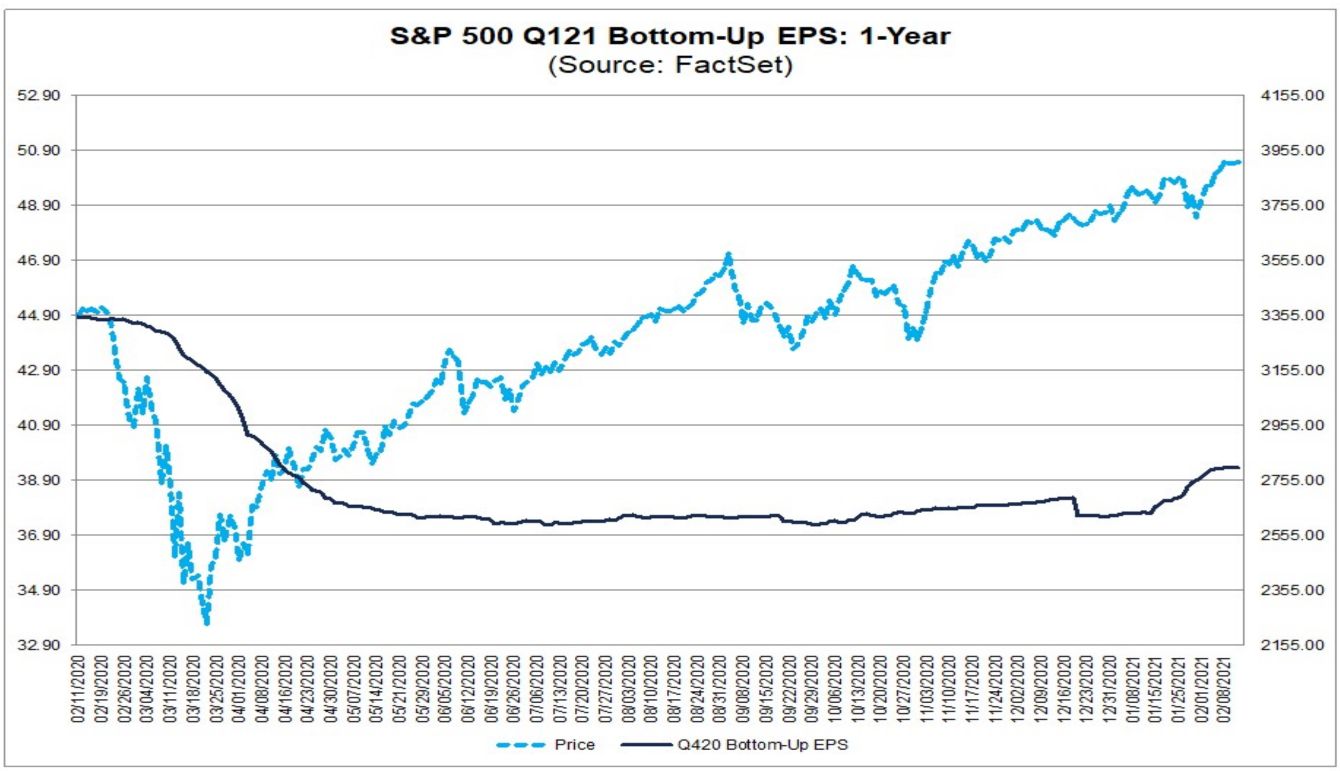
Geographic Revenue Exposure



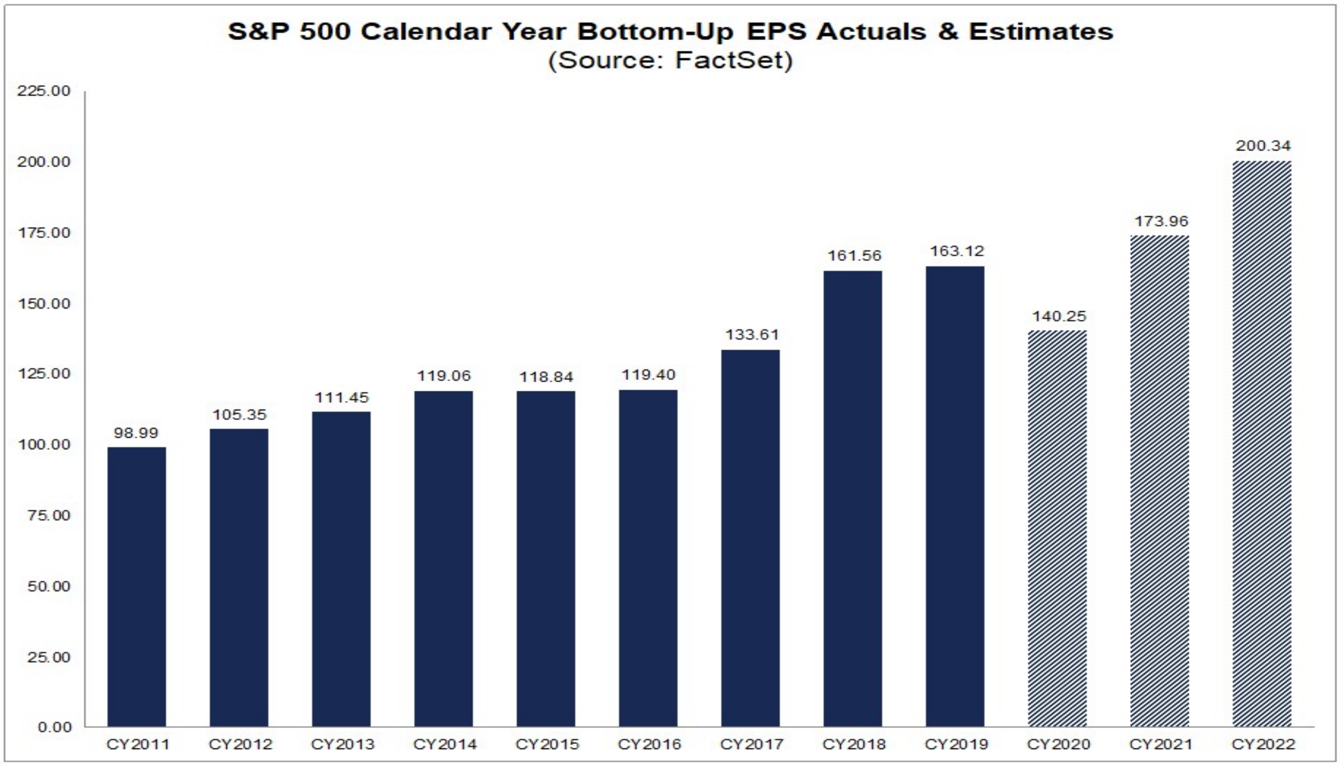


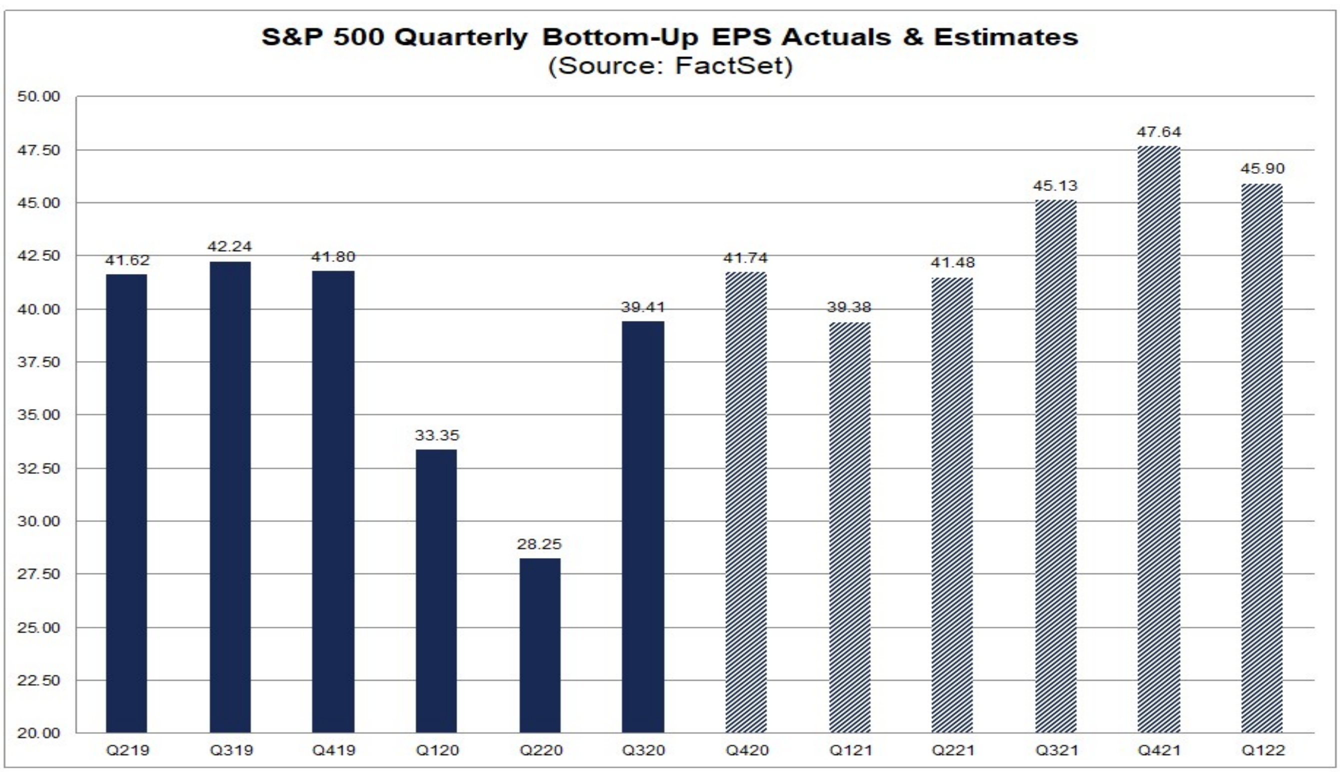
Bottom-up EPS Estimates: Revisions



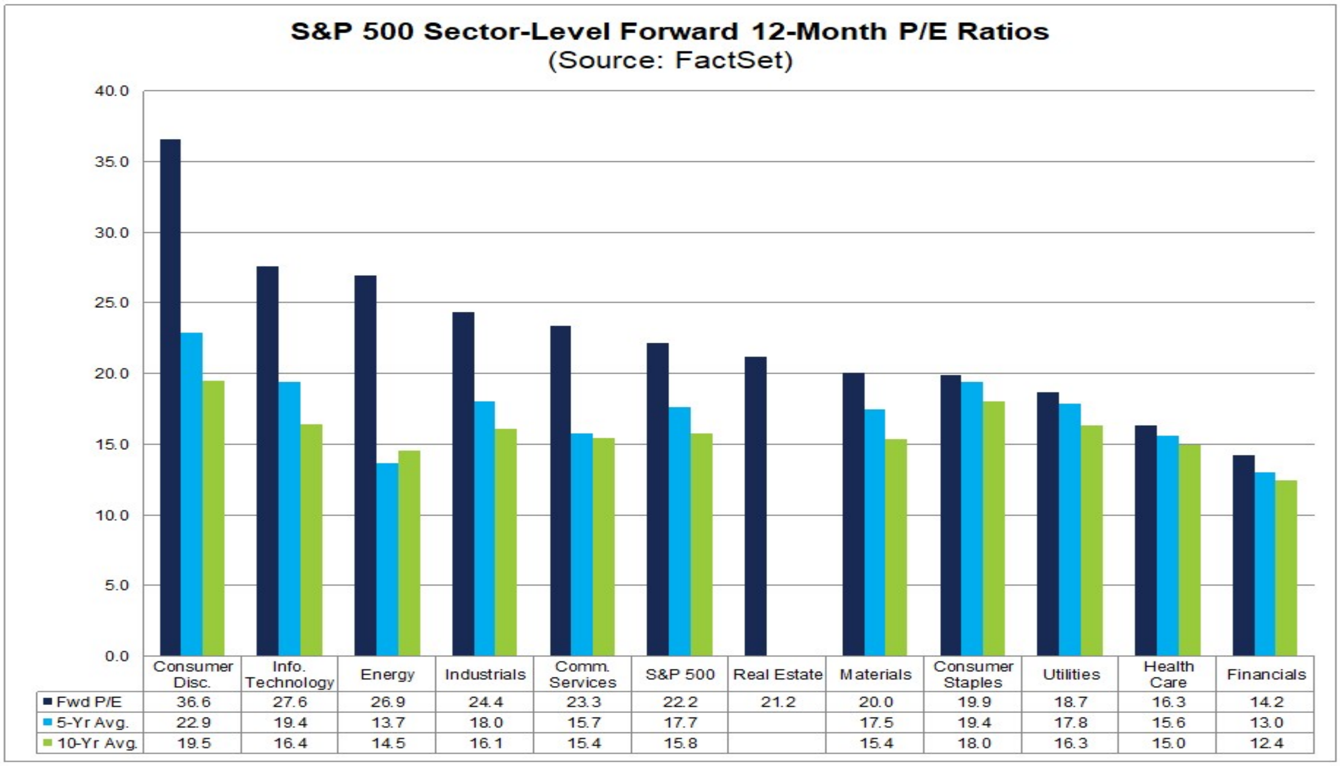


Bottom-up EPS Estimates: Current & Historical

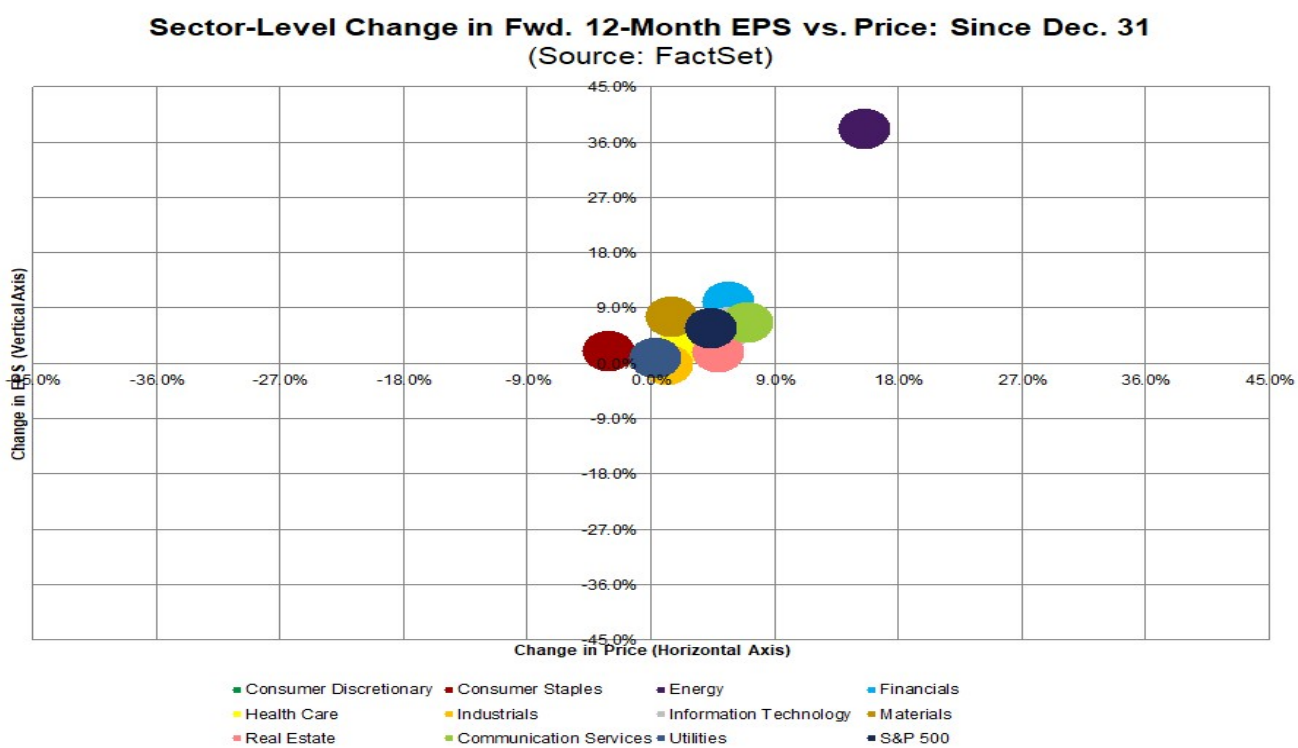




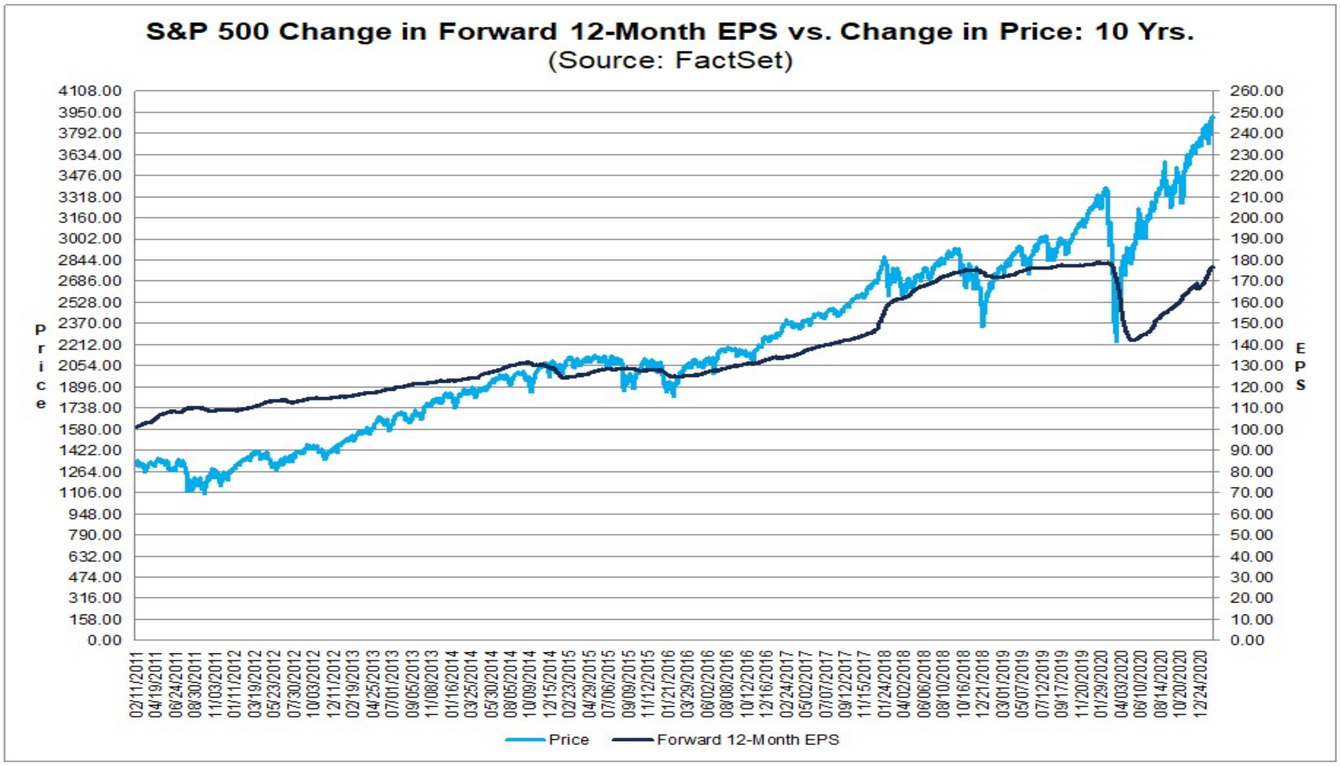
Forward 12M P/E Ratio: Sector Level

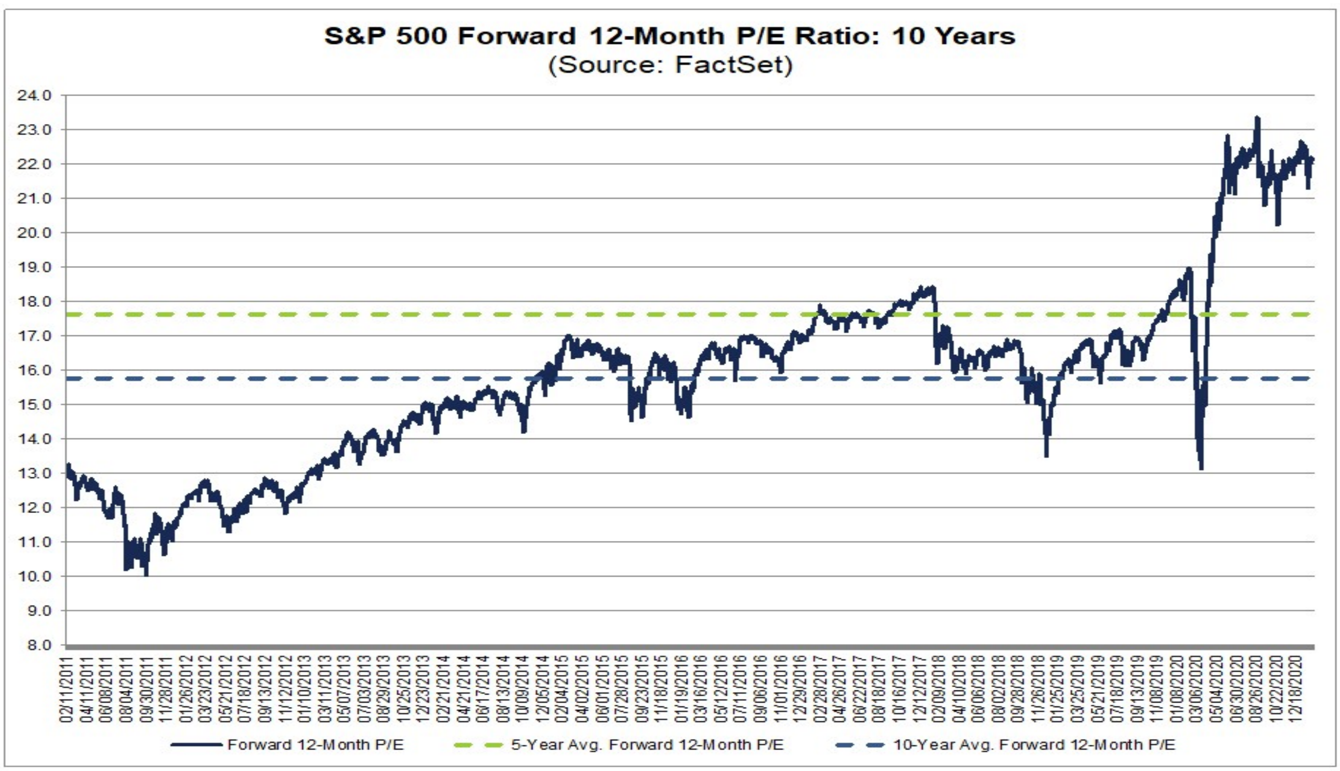


	Consumer Disc.	Info. Technology	Energy	Industrials	Comm. Services	S&P 500	Real Estate	Materials	Consumer Staples	Utilities	Health Care	Financials
Fwd P/E	36.6	27.6	26.9	24.4	23.3	22.2	21.2	20.0	19.9	18.7	16.3	14.2
5-Yr Avg.	22.9	19.4	13.7	18.0	15.7	17.7		17.5	19.4	17.8	15.6	13.0
10-Yr Avg.	19.5	16.4	14.5	16.1	15.4	15.8		15.4	18.0	16.3	15.0	12.4

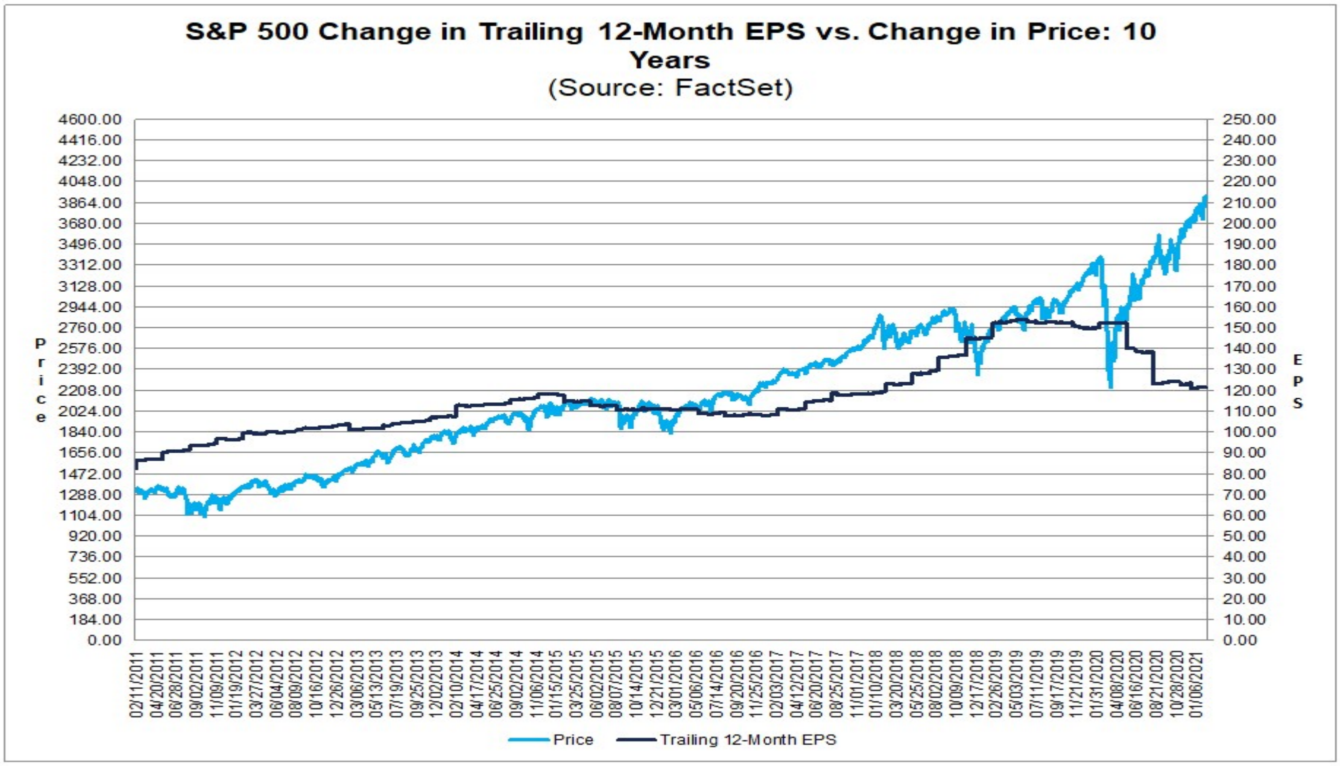


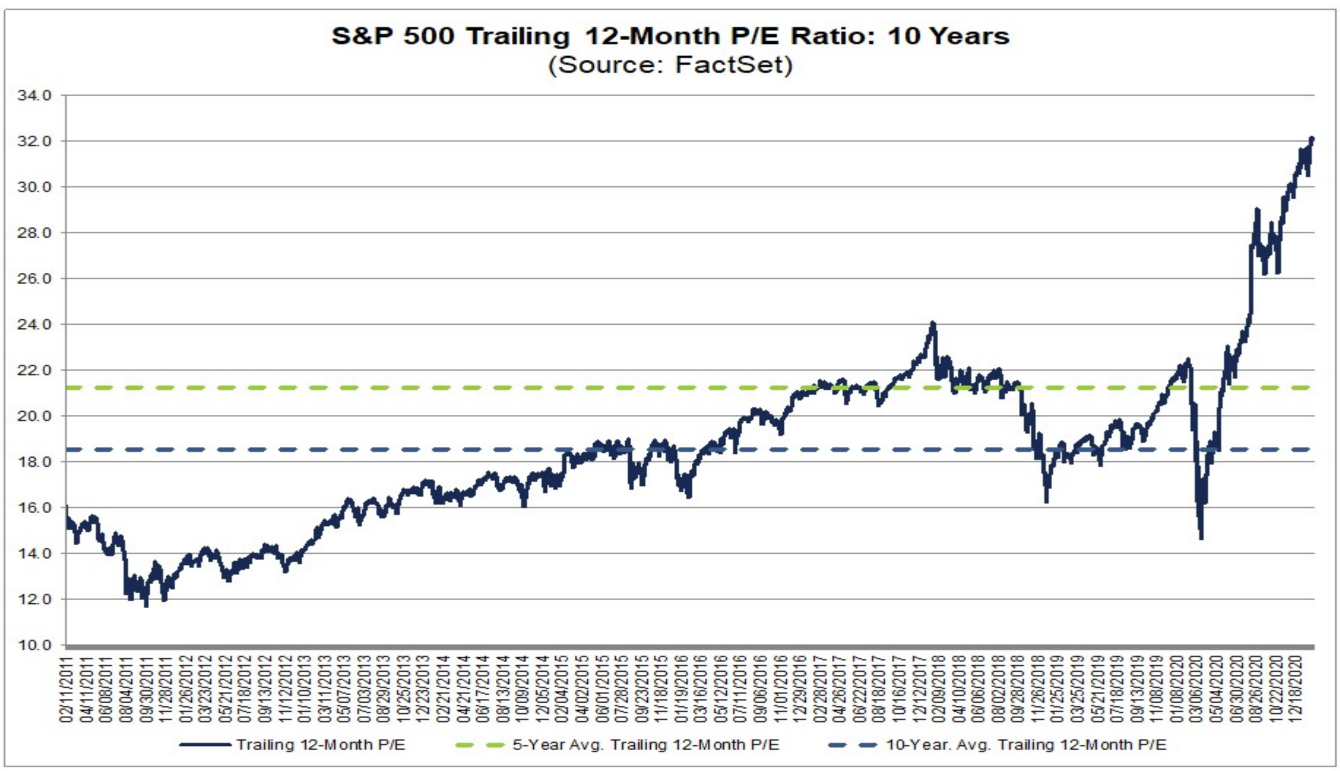
Forward 12M P/E Ratio: 10-Years



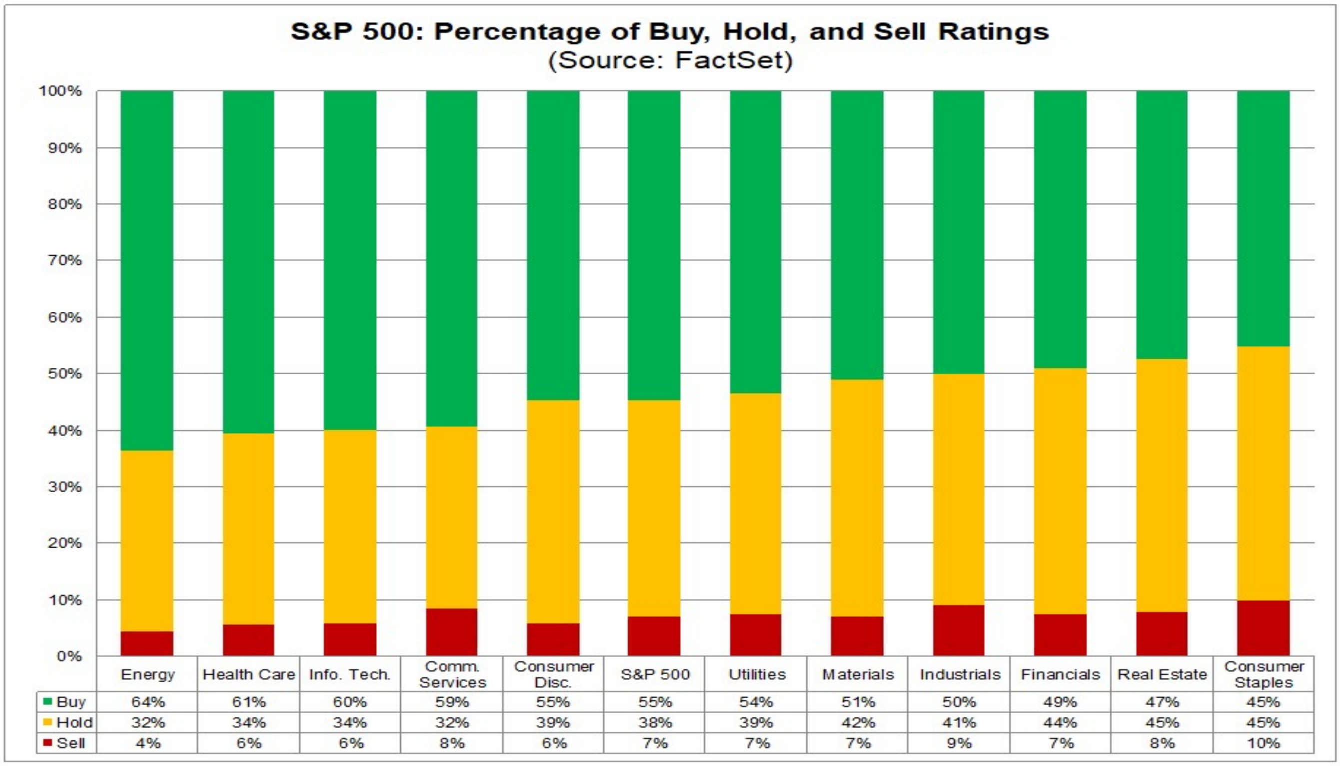


Trailing 12M P/E Ratio: 10-Years

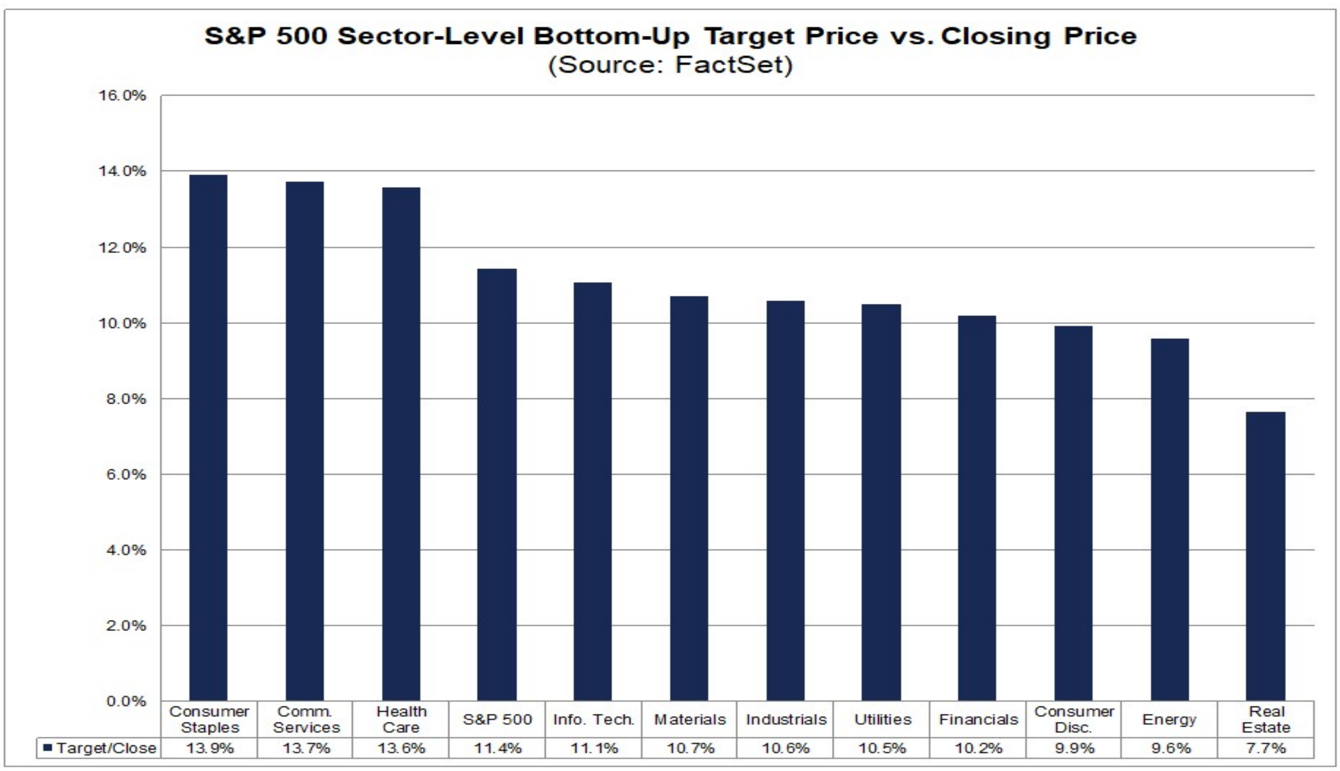




Targets & Ratings



	Energy	Health Care	Info. Tech.	Comm. Services	Consumer Disc.	S&P 500	Utilities	Materials	Industrials	Financials	Real Estate	Consumer Staples
Buy	64%	61%	60%	59%	55%	55%	54%	51%	50%	49%	47%	45%
Hold	32%	34%	34%	32%	39%	38%	39%	42%	41%	44%	45%	45%
Sell	4%	6%	6%	8%	6%	7%	7%	7%	9%	7%	8%	10%



	Consumer Staples	Comm. Services	Health Care	S&P 500	Info. Tech.	Materials	Industrials	Utilities	Financials	Consumer Disc.	Energy	Real Estate
Target/Close	13.9%	13.7%	13.6%	11.4%	11.1%	10.7%	10.6%	10.5%	10.2%	9.9%	9.6%	7.7%

Appendix 1: Q4 2020 Earnings Call Comments (thru Feb. 10)

Climate Change / Energy Policy (28)

“Obviously, we want to satisfy all of our regulators. So, I do expect that there'll be a new set of regulators, a new set of demands. Some we agree with. We want to do a better job in climate for the world. We want to be more green…And so, I don't think it's going to change our life that much and competitively, everyone's in the same kind of boat. And so, it will be fine and we want the new President to be successful.” -JPMorgan Chase (Jan. 15)

“On another top United policy priority, we commend President Biden for his decision to reenter the US into the Paris climate agreement. Realizing the ambition set forth under the Paris Accord is a responsibility we all own, including United Airlines. Last month, we pledged to be 100% green by 2050, which means getting to net zero carbon emissions without relying on traditional carbon offsets. We'll focus on investments in new carbon capture technology, and continue our global leadership on sustainable aviation fuel. And we're genuinely excited about the prospect of partnering with the new administration on efforts to find new long-term sustainable solutions for tackling the emissions from flying, and advancing a clean energy economy.” -United Airlines Holding (Jan. 21)

“Yeah, Dave, we are seeing increased traction from the customer base, and irrespective of the administration, just the whole aspect of emissions management and people focusing on the emissions. You saw it happen earlier also during the Obama administration. Now, with the conversations with our customers, we've got the technology in place. It'd be drone-based, it'd be – we've got the sensors, LUMEN. So, again, conversations are increasing with our customers. And it's both, a point solution as well as a service that we can provide. So, we see an opportunity as we look at energy transition to really help our customers decrease their emissions…And as you know, methane is around 80 times worse for the environment than carbon emissions. So, this is an area that is important in the world, and we think we've got a great offering and do expect to see more uptake of that in the coming years.” -Baker Hughes Company (Jan. 21)

“On environmental stewardship, we share a common goal with governments of improving water quality and doing so in a way that is based on sound science, established regulatory processes and collaboration with a broad range of stakeholders. We look forward to working with President Biden's administration and Congressional leaders to pursue these shared goals, including through the remediation of PFAS, where appropriate.” -3M (Jan. 26)

“NextEra Energy remains well-positioned to capitalize on the disruptive forces reshaping our industry, which have expanded and accelerated over the past two years even beyond what we had anticipated. The combination of low cost renewables with low cost storage in the form of batteries today and hydrogen in the longer-term has substantially increased the total addressable market for NextEra Energy. We now believe that a substantial and economic decarbonization of the electricity, transportation, and industrial sectors is possible which represents the potential investment opportunity of trillions of dollars in the coming decades. In the electricity sector, we expect that older and more inefficient generation will continue to be retired and replaced with cleaner and more affordable alternatives. In the transportation sector, we believe it will be increasingly economic to replace fossil fuel vehicles with vehicles powered by fuel cells and batteries charged with renewable energy. And in the industrial sector, grey hydrogen and other high carbon feedstocks can be replaced with green hydrogen. We believe these trends have already been put into motion driven by economics. In addition, we believe it is possible that the Biden administration, supported by a significant shift in public support towards taking action to address climate change, may act to further accelerate these shifts through the extension of existing incentives as well as initiating other forms of policy support.” -NextEra Energy (Jan. 26)

“Obviously, we also understand the President will make an announcement later today on federal lands and also some points I think about climate. I think it's important for everyone to realize that only about 2% of our Bakken acreage is on federal land. So, this pronouncement will not have an impact on our Bakken activities. And in the deep water Gulf of Mexico, as you heard Greg say earlier that we have no drilling planned for this year in the deep water Gulf. And it remains to be seen what he's going to say about existing acreage and drilling permits for the deep water, but we have no drilling plan this year. I think the most important point here is that the administration, as it makes these decisions to address climate change that they have to be not only climate literate, but energy literate. And they have to realize that oil and gas are a strategic engine for the US economy, especially at a time that we're trying to recover the economy from COVID and that importance is in jobs. We have over 12 million direct and indirect jobs. In terms of low energy costs for working class families, our power costs in large part because of shale gas are half what they are in Europe; and in terms of national security where we're energy independent in large part because of shale oil and shale gas. So, it's just a question of finding the balance here. And hopefully, as the administration moves forward, they will extend a hand as what we defined common ground to make sure we do everything we can to address climate change, but also that oil and gas play a key role in the economy's recovery.” -Hess Corporation (Jan. 27)

“I'd also add that we are a little bit concerned about rail costs going up going forward as a result of this new administration's taken out the pipeline and being less interested in piping oil which could lead back to the shortage of boxcars that we had at one time when the railcar – when the rail industry all went to shipping oil.” -Packaging Corporation of America (Jan. 28)

“So, all in all, I think, our services are very relevant for the times. We're watching, of course, the agenda from the Biden administration, but we think that we are well-positioned there. In particular, we are very strong in ESG like diversity and inclusion consulting and also on responsible investment and helping clients address the transition to a low-carbon economy. So, I think, as soon as the economy comes back, I think we should see a good rebound.” -Marsh & McLennan (Jan. 28)

“We are cautiously optimistic that a significant infrastructure spending bill will be passed by Congress and signed by the new President this year. After years of talk, this must get done. We are still driving on roads and bridges designed and built during the Eisenhower administration. This is not sustainable. We would not be surprised if a funding bill focus in part on green infrastructure spending, including renewable power generation and transmission. Nucor is well-positioned to meet our country's needs of environmentally friendly steel and steel products.” -Nucor (Jan. 28)

“What we're starting to see is an environmental movement globally. And certainly our current administration is leaning in to try to do things that are going to help our greenhouse gases over time. So, we see an opportunity outside of Europe now and we want to make sure we've got the sales force, the engineering capability and move more to a standard product offering that's more of a plug and play with global partners that can help promote what we do.” -Pentair (Jan 28)

“I mean, we – of course, you see a lot of headlines on it. I mean, yesterday, they came out with an announcement on moving the federal fleet to EVs. But we point out, that's very similar to the order that – the executive order Obama issued in 2015, mandating that half of the fleet become EVs and we didn't see a lot of movement in the federal fleet to EVs under that order. And it's a lot more difficult than you think to do that. The other thing that I would really like to emphasize is our renewable diesel can drop in today - and on a lifecycle basis outperforms an equivalent diesel electric truck. So, we can help the administration address this climate issue straight away. His order did call for clean and zero-emission vehicles, and ours are certainly clean. The other thing I'd point out even in that order, you have to read the fine print, it requires that it'd be made in America and meet the federal procurement standards. And I'm not sure there's a lot of electric vehicles that can meet those requirements, but our renewable diesel is 100% American made, and it's ready to go now. So, we actually think that a lot of this will be, in the end, the economics are overwhelming for our products. And they're ready to go now. So, we think we can work with the administration. We think there is going to be demand and policy drivers for lower carbon fuels, but we think that's a good thing for us, so.” -Valero Energy (Jan. 28)

“Well, I mean, first of all, pretty pleased that Xcel, and our whole industry now, is really on board achieving a net zero goal. And for us, we think we can do zero carbon, not net zero, but zero carbon by 2050 with an important interim goal of 80% by 2030. But if you heard me talk before, I will tell you that that last 20% is going to take technologies to become commercially viable. Because, Jeremy, I think it's incredibly important that this transition is based on economics so that you do have the opportunities to electrify other sectors with economics combined. You get a lot of bipartisan support when economics can drive the decisions. So, could we go faster than our goal of 2050? Well, it's possible. But I think that would mean that those technologies that we refer to whether it's the next-generation nuclear, whether it's the development of hydrogen, whether it's carbon capture working economically, whether it's long-term storage, they have to come into the money much sooner than I think they will. But, Brian, you've heard me say before, I never bet against technology, so more to come on that… But just to move completely away from fossil would require an incredible emergence and acceleration of technologies that I think are still a ways away. So, I mean, again, technology can emerge, but 2035 is like tomorrow in utility land as far as technologies go. So, I think there's going to be – I mean, I think there's going to be an element of pragmatism that gets taken into those goals. And I've always said, we'll move as fast as the speed of technology and that's what we'll do. But honestly, I think it's a very much of a stretched goal based upon the way I see the horizon in front of us. I mean, that said, I mean – but there's a lot of good things that come with that goal. We support 100% carbon-free. So, we're aligned with that. I think under the Biden administration, you'll see an acceleration of EVs and an acceleration of transmission build. I think you'll see an acceleration of the R&D in the technologies that we need to achieve those goals whether it's 2035, 2040, or 2050. And I think that is the key to me. And if we can all pull together on that and develop the right frameworks, invest in R&D, have the right tax policies, I think we're going to do amazing things. And nobody would have thought that we'd be where we are today as an industry and certainly not at Xcel Energy just five years ago. So, I'm excited about what the future possibilities hold.” -Xcel Energy (Jan. 28)

“As we look at some of the announcements of this week and developments that seem to be unfolding here in the US, it's early days to understand exactly how these will play out. The executive order was sweeping and broad, but it also lacked some specificity. And I think, certainly, as you listen to some of the members of the new administration comment as they introduced this and answered some questions, I think they're looking to flesh out the details here in the coming weeks and months. And we certainly hope to be engaged in those conversations. Onshore in the Permian, we're weighted towards Texas more so than New Mexico. We're weighted toward private land more so than federal land. So we've got a fair degree of flexibility there, and that remains a highly attractive place for us to step capital up as we have the capacity to do so and the market conditions support it. So, I think that the Permian equation looks pretty similar to what it did at the time we made those statements. Deepwater Gulf of Mexico, I think we just have to see how this unfolds. And certainly, we like the projects that we're advancing here, and there's been, I think, general signaling that existing leases are secure. And we would presume the permitting that would go with those leases is also likely to proceed, but there are questions about this that I think we're just going to have to work our way through. So the risks are probably greater in the Gulf of Mexico. That was probably the lower part of the capital step up that we might've envisioned at any rate. So I think we'll be able to manage our way through it. But stay tuned. We'll keep talking to you about this as we go forward. And of course, we got options outside of the US as well, and I think that's important to just bear in mind. If conditions in the US become so onerous that it really dis-incentivizes investment, we've got other places where we can take those dollars.” -Chevron (Jan. 29)

“We launched seven new offerings this quarter, the most significant of which is OpenBlue Healthy Buildings, the industry's most comprehensive suite of connected solutions. This particular launch leverages the strength of our core capabilities which, together with data-driven AI technologies enables our customers to transform how people interact with their buildings; create intelligent, safe, dynamic environments; achieve their own green building goals; and maximize return on investment with shorter paybacks. By combining these solutions, we create a holistic menu of offerings that prevent customers from having to choose between efficiency and sustainability. We now have 27 offerings available that solve the unique customer problems and serve a new market opportunity, which we size at $10 billion to $15 billion and is growing at a double-digit CAGR over at least the next five years. We are ideally positioned with technologies and solutions that accelerate the transformation and reinvention of Healthy Buildings, which is directly aligned with the priorities of the incoming US administration.” -Johnson Controls (Jan. 29)

"I think as we look at the Bakken pipeline, it's operated extremely well. We think it should continue to operate, as we're working through the environmental impact statement. I think it's hard to speculate on how the legal proceedings are going to play out. We review and analyze many scenarios and how we will react, as depending on how this plays out. But the courts are going to have to continue to work through the process, and we'll react accordingly." -Phillips 66 (Jan. 29)

"And then, I think the big thing is really just around the environmental policies that come out of the administration around global warming and climate change, and that's certainly something that I think will find its way into every aspect of policy under the new administration. And I think that's something that could have some incrementally positive benefits for us. Since that falls squarely within Russell's new responsibilities, maybe I'll ask Russell. Anything you want to mention specifically on the carbon side…Sure. I mean, clearly, the Biden administration is going to focus on climate change and we're seeing some of the policies specific to carbon starting to get framed up and discussed. The early actions that they've taken demonstrates that this is going to be a focal point for them. So, I would say at a federal level, I'd be surprised if we saw a carbon tax or a cap-and-trade type structure. I just don't think the political will is there to pull something off like that. But I do think we'll see policies supporting climate change mitigation across all the federal agencies, and that could come in the form of purchasing preferences for wood-based building because of the environmental benefits of that, solutions aimed at forest health, and then recognizing the benefits of carbon stored in wood. And so, I think those are all very positive not only for Weyerhaeuser, but for the industry as a whole. So, again, as they continue to focus on this area, we'll see more innovation and we'll see markets continue to mature. And I think that's beneficial again for the industry and for Weyerhaeuser in particular." -Weyerhaeuser (Jan. 29)

"Now let me take a moment to address our thoughts about the administration's recent pronouncements of a temporary moratorium on leasing and permitting on federal lands. I have to say we were not entirely surprised by the announcement. In fact, President Biden said during the campaign that he would issue a temporary moratorium on new leasing. As for the permitting moratorium, the administration has publicly indicated this is a temporary pause and that they will continue to issue permits. Obviously, we hope these temporary actions are resolved in a timely fashion and we are certainly watching the situation closely. Now, from our perspective, some of the recent executive actions targeting US oil and gas production will have a negative economic and environmental consequences to the American people. If the moratoriums become permanent, they will eliminate well-paying jobs mainly in rural America, slow our economic recovery, negatively impact energy and national security and increase our reliance on higher GHG foreign barrels. We certainly want to avoid these outcomes. So we stand ready to work with the Biden team, as we did successfully with the Obama/Biden administration, to find balanced solutions to address the issues. As for the questions of what a permitting moratorium could mean for ConocoPhillips specifically, let me take that head on. While we certainly are going to engage to protect our interests, ConocoPhillips has the flexibility, the diversity and the depth of low cost of supply and low GHG resource to manage through this issue without materially impacting our plans… …Doug, it's really good, lot of external pressures right now certainly on the industry and on what's happening with the new administration. I guess I go back to kind of our three areas that we think are really critical for success of an E&P company and I think it starts with returns on and returns of capital. You've got to generate a competitive return for our shareholders in this business. You got to do that sustainably and through the cycles and we think that's critically important and we're well bought into that, as you know, for a number of years. And to do that, we've got to also deliver this low greenhouse gas affordable energy all around the world and that's going to be a part as we go through this transition that's really important. I think it's maybe lost in some the rhetoric today just how important oil and gas is to this transition that we're going to be going through over the next number of years and decades. And finally, you have to do that sustainably. We have to do that with the environment in mind. We can't put the planet through a great experiment. We've been an advocate of this and a supporter for a period of time. And as I described in our opening remarks, it's about taking care of our Scope 1 and Scope 2 emissions and we're on a pathway to reduce that intensity by 2030 that puts us on a pathway to 2050 and a goal that's consistent with the Paris agreement. So we think everybody needs to be focused on your Scope 1 and Scope 2 emissions and then for Scope 3, we advocate for a price on carbon. We think that's the best way. It's the most economical way. It's the best way that the market can deal with this issue and drive consumer behavior that puts us on the pathway that's consistent with the Paris agreement as well. So that's how we've come up with our climate strategy and that's how we're dealing with this kind of mantra around how do you get energy and make it affordable." -ConocoPhillips (Feb. 2)

"So, on the CCS, I think as I indicated and as I've talked, I think, for as long as I've been publicly speaking about this is we've recognized that carbon capture and storage is a critical element to achieving the ambitions of the Paris Agreement. And one of the things that we've noticed over time is – and I think the IEA described it as momentum in this space – is that we're beginning to see a broader recognition of the importance of that technology. I think the industry for a long time has recognized, but I think more broadly it's being recognized as an important part of the solutions in terms of achieving the ambitions of the Paris Agreement. So we've been working for quite some time on the technology and trying to address the cost side of that, to find a technology that was lower cost, which would then make the opportunities more attractive and accelerate the deployment of CCS. And so a lot of work in the years on what I'd say the fundamental process technology and the way that can actually concentrate CO2. And as we look at that portfolio we've been advancing, there's more work to be done there for sure, still technology developments that we've got to progress. But we're now seeing I think with the increased recognition of the need for this technology, governments being more amenable to and understanding and recognizing the need for policy frameworks and regulatory frameworks, legal frameworks, to support establishing CCS. We're seeing investor demand where people are interested in investing those types of projects. So I think there's money that's looking for opportunities to reduce carbon emissions. And then there's a market growing for reduction credits. We see a lot of things, a lot of market developments and momentum in the market as a whole, which all contribute to building a sustainable business. And so we felt like given where things have evolved to, now is the time to bring a more concerted effort in this space and start making sure that we're staffed and we've got people working hard engaging with governments to help move all those things along. If you look at that portfolio project that we've got today, one of the biggest challenges in the policy and regulatory framework space, so that's a real focus area. I think certainly here in the US, we've got an administration that's interested in progressing in this space, and we're there ready to talk with them and help provide some perspective from an industry standpoint. We think the timing is right and we think we've got – we've put the right people in this new organization to kind of move that forward. But it will be, I think – this is a complex area. There are a lot of variables at play that we've got to bring together, and we need to make sure that we've got our senior management focused on bringing those things together." -Exxon Mobil (Feb. 2)

"We've already had several conversations with members of the Biden administration or transition people about trying to put together a more comprehensive energy strategy that – for a low-carbon future. So I'm optimistic that not only will we have a more comprehensive plan, but that hydrogen will play a role in it. And we're trying, of course, to impact that. I think we do believe that, for the kind of commercial and industrial applications that we are involved with anyway, that hydrogen-based technologies can have a big role, so – which is why we're investing in it." -Cummins (Feb. 4)

"But we've got an aggressive plan, it's net zero by 2040. And obviously, we're looking at the potential to accelerate part of that plan with Campbell 1 and 2 as part of this plan. But we're also – in the broader context of the Biden administration in the 2035 and even our governor's goals within the state of Michigan, we're also considering what does that mean and what does that look like. And so, right now, Campbell 3 is at 2039. And so we will continue to take a look at what it means for Campbell 3. But again, there's a lot that goes into this modeling. And there's a ton of analysis that needs to go into this. I mean in addition to what I shared earlier, we're looking at what is the cost of renewables out in the future. We want to feather in those renewables over time to take advantage of the costs as those costs come down. We want to take a look at storage. Right now, storage is not at the right price. And so, how do the storage come in and how do we feather that in over time? Because if we go too fast in this, there's going to be risk from a reliability perspective. And frankly, when you get out to the end part of that plan, it counts on – it counts on technology in terms of capturing carbon sequestration to make up the balance. And so, important part of this is making sure that we also not only decarbonize, but we ensure affordability and we ensure reliability, both affordability – and I think we can answer all three. It's just that we have to pace it and allow technology. And so, when it comes to the Biden administration, not only we'll see a mass but our industry will push in for more R&D and more technology advancements to be able to have the aspirations and meet the aspirations that the new administration is putting out, which frankly we support from a planet perspective. And so, I'll offer that in terms of the plan." -CMS Energy (Feb. 4)

"In the third quarter, we reaffirmed our commitment to achieving our science-based greenhouse gas emissions target and joined hundreds of other organizations in calling on the US federal government to reenter the Paris Climate Agreement, which the new administration recommitted to just a few weeks ago. We look forward to sharing further progress, including our greenhouse gas reduction road map in our 2021 report update this June." -Ralph Lauren (Feb. 4)

“Well, first of all, I think if you asked anyone in our industry, you never say never but that is a tall order. I would kind of analogize it to a moonshot actually. When you think about what it would take, and again the pace of technology development can change all of this. If you think about what it would practically take to get to a full carbon-free grid by 2035, you would frankly have to have enormous technological change. If you think about what levers could you pull to get there and they're probably four. One might be huge advancement in modular nuclear, one might be continuing advancement in the cost effectiveness of carbon capture, one might be a breakthrough in long duration battery storage, the other would be hydrogen. Again, when you look at where hydrogen is at in terms of its stage of development, hard to think that that could be widely available as a tool in 2035. Modular nuclear is a long way away of being widely available. So that kind of leaves you with carbon capture. It also leaves you with can there be some more significant advancement in battery technology for longer duration storage? I think those are the elements that we would continue to look at. If I were a betting man, I would say carbon capture is probably further along, but long story short, it's a tall order. And in the meantime, I think the good news is our industry has done so much already. Our company has done so much already in emission reduction that our goals mirror the goals in the Paris Climate Accord. So regardless of whether we're totally there in 2035, I think we can continue on the path of reducing emissions. We don't need any change of technology to hit our 2030 goal of a 70% reduction. So I'm still optimistic about the path of emission reductions and we'll see about 2035, but I guess my bottom line message is, never say never but it would take very significant technology evolution.” -WEC Energy Group (Feb. 4)

“I mean, there are several projects we have in our sites that we're close to closing, where we need the CO2 for commercial purposes. So the customer has an incentive with the cost of CO2 emissions going up. They have an incentive to have us capture that carbon and we have a use for it in terms of commercial, whether it's for greenhouses, whether it's to make dry ice, pH control, carbonation of beverages, all of those are our uses of CO2. So we have specific projects which I think certainly help with the economics where you have an end market use for the CO2. We have several projects like that. We have others that we have worked on or working on with, say, coal-fired utilities that are looking at carbon capture. We, obviously, have solutions around – we have multiple solutions around carbon capture, but it can be post-combustion, it can be pre-combustion. And I think, for some of those to move forward, particularly in a place like the United States, you need a more defined cost of carbon, of CO2. But I think when that happens, and you have to think that this administration is very determined to make that happen, you will see some of these projects move forward.” -Linde (Feb. 5)

“So we're looking at how the new administration will handle a number of issues over the long term. First off, the administration's climate agenda has created some new risks for the natural gas sector by implementing a pause on new natural gas leases on federal lands and also on offshore waters. In my view, natural gas is an important transition fuel to cleaner energy in the US, and it's also a growing export opportunity to help the rest of the world meet their similar climate change goals. The recent executive orders in my mind are a troubling sign of new federal restrictions that may make it more difficult to access this plentiful American resource. Additionally, the Federal Energy Regulatory Commission that regulates Boardwalk is changing. While it's too early to know exactly what impact these changes will have, we believe that there will continue to be increased pressure on the industry's ability to build pipelines. However, the administration's focus on the environment could be beneficial for Envision, Altium's packaging recycled resin business, as well as for Dura-Lite, the plastic packaging Altium has designed that uses significantly less resin without compromising the strength of the container.” -Loews Corporation (Feb. 8)

“The whole climate change arena is clearly going to be ramping up with the change in administration in the US, but just the global priority that's going on there. And when we talk about climate change, it's the things we're already doing in solar, wind and now hydrogen is kicking in and the energy storage with batteries and the whole resiliency strength that we have which we've been doing for the last several years around flooding and sea level rise and a whole host of other things, PFAS, et cetera.” -Jacobs Engineering Group (Feb. 9)

“The other thing that I would tell you, you can go and look at the sustainability report that we put out, what you'll find out is that to the extent that we have greenhouse gases, we have 400 operations across the United States, really only four of them have any degree of notable GHG issues. And that means 84% of our GHG issues come from four locations which tell us that we've already set out really robust targets between now and 2030 on how we intend to deal with those. And we publish those annually.” -Martin Marietta Materials (Feb. 9)

“When you look at the – what's actually driving the uncertainty around US energy policy and the Biden-Administration and the increased flow of exports to the US, they're actually seeing the energy curve in WTI right now in what's called backwardation, where the front end of the curve is more expensive than the back end of the curve. And why is that important? That's hugely important, because that actually feeds into the narrative, that we're seeing more broadly play out in both, metals and particularly in Ags with an overall price rising cycle.” -CME Group (Feb. 10)

“As we look to the future, we are well positioned from a policy standpoint. I personally and members of our senior leadership team have had discussions with President Biden, Vice President Harris, and several key cabinet appointees. The Biden administration is increasingly aligned around the importance of domestic manufacturing and the need for widespread adoption of EVs. We look forward to working with the administration on policies that support safer transportation with zero emissions.” -General Motors (Feb. 10)

Tax Policy (20)

“Finally, we had some discrete items in the fourth quarter which lowered our effective tax rate, ending the full year 2020 with a rate of 24%. As of today, we're expecting our 2021 effective rate to be in the range of 24% to 25%, but we'll continue to watch for new administration changes.” -J.B. Hunt Transport Services (Jan. 19)

“And I guess one of the questions as we go forward is, even with the tax rate where it is, how much tax using capacity will there be with us making less money than we did a year ago. But maybe there'll be more capacity to use taxes depending on if there's any changes with the new administration.” -M&T Bank (Jan. 21)

“Corporate taxes, our assumption as you heard from the guide, 23% to 25% is where we've been the last few years. Obviously, we do our outlook based off of what is on the legislative books. And so, we do it based on what's there right now. We look forward to seeing how the new administration works on a number of different issues. And if that changes the way we look at the business going forward, we'll obviously talk about that at the appropriate time.” -Verizon (Jan. 26)

“Obviously, we're conscious that the new administration has – likely to be raising taxes in any way it possibly can and corporate taxes are likely a piece of that. We are conscious of that and trying to analyze it appropriately.” -W. R. Berkley (Jan. 26)

“We guided 23%, 24%, we're not going to change that guidance right now. We know that there is tax law being debated and whether the federal statutory rate moves up to 28%, which is what the current administration is aiming for, we don't know the timing, we don't know if there'll be some compromise at a lower rate.” -Norfolk Southern (Jan. 27)

“There are other things, of course, that will affect us which would be interest rates, if they went up, and of course, taxes will hit all corporations if they were to go up.” -Teledyne Technologies (Jan. 27)

“No, I don't think we saw any change in – as you know, George, there's always end of the year tax driven regardless of administrations or tax policies. It's always best to get that first year tax, regardless of what the depreciation schedules are. So, we've always seen that, a certain amount of that activity as we get into Q4 and that's why Q4 has always been our strongest delivery quarter.” -Textron (Jan. 27)

“The other one is the uncertainty about tax changes and whether there's a major overhaul of the tax code or there's some smaller things done through a budget reconciliation. The other thing that, obviously, would be a concern to us is the elimination or further changes to 1031 Tax-Free Exchanges, and we monitor that situation. But the Real Estate Roundtable and NAREIT consistently does a pretty good job working with the administration and both Houses on what the impact of that would be, and that's survived for many, many years. And so our hope is that would continue to survive.” -Duke Realty (Jan. 28)

“As we've discussed in the past, we will have fluctuations in tax rate from quarter-to-quarter and you should continue to expect the ongoing tax rate to be in the low-teens level for the 2021 calendar year. I would mention we are monitoring potential tax changes that may arise from the new administration in the United States.” -Lam Research (Jan. 27)

“So, what does that mean for Gallagher is that we've said this for years, we still pay taxes. People sometimes think that we're not paying our fair share. That's not the case at all. We still pay taxes. It runs about, I've said this, if you go back to when tax changed that we think that we're going to pay in that 5% to 6% to 7% of EBITDA range just as a proxy. We're probably at that same range. Even if tax rates go up to 28% from 21%, it would be a book rate differential. It wouldn't really be a cash difference. If the Biden tax measures were put in place, it might cost us $10 million a year in taxes more, Paul, but it wouldn't be a huge number.” -Arthur J. Gallagher (Jan. 28)

“Our tax rate is expected to be between 23.5% to 24.5% on both a GAAP and base business basis. We point out that our guidance range does not account for any changes in US corporate tax rates given the recent change in administration.” -Colgate-Palmolive (Jan. 29)

“As we progressed into 2021, we expect numerous macroeconomic tailwinds will continue to drive favorable US housing activity including a post-COVID preference for larger single-family homes supported by ongoing work from home flexibility, mortgage interest rates near record lows, strong homebuilder confidence, record low inventory for existing home sales, demographic trends that support growing millennial homeownership while older adults are deciding to age in place and the possibility of a federal tax credit for first time homebuyers under the Biden administration… Yeah. As with any administration, there are going to be some puts and takes, and we're watching that closely. Tax, regulatory policy, those are things that we look for really in any administration to see how that's going to impact our business.” -Weyerhaeuser (Jan. 29)

“So we don't fully know what the health side of the administration is going to look like. We have some indication, but I would say it's too early to tell. I think though that when it comes to the enormous substrate which exists in the NIH and in much of the funding that goes on at really the basic research level that, that has remained I think very favorably bipartisan for four decades now. And I don't think there'll be any change in the increase, the rate of increase with respect to that. I think the biggest worry would be a kneejerk reaction by some to raise corporate taxes to try to somewhat either address deficits or just because it seems fairer. But the challenge with that and policymakers and lawmakers should really know better and understand that plants can revert back to Ireland or more favorable tax havens and cash can go overseas if the incentives aren't made to do those things in America. So I hope that people take a long-term view of that. But at the moment, I think, by and large, it looks, I'd say, favorable but still too early to tell.” -Alexandria Real Estate Equities (Feb. 2)

“For fiscal 2021, we estimate our underlying effective tax rate to be in the 25% to 27% range, though it may vary based on discrete items such as stock option exercises. This range assumes no change to current income tax rates. And if corporate tax rates change as a result of tax reform under the Biden administration, we will revisit our estimated effective tax rate.” -Chipotle Mexican Grill (Feb. 2)

“We've really tailored our appetite, no pun intended, for growing the Infrastructure business. We've tailored that to two things; the availability of very high quality projects with strong credit quality off-takers, but also our own tax appetite. So to the extent that our tax appetite is what we projected it to be then the pace of that business growth will be exactly what we've talked about. On the other hand, we were just talking about this the other day actually. If we see an increase in the corporate income tax which some have proposed, as you know, as part of the Biden plan, then we might have a stronger tax appetite. And if you couple that meaning a stronger tax appetite with the extension of these ITCs and PTCs, there may be a greater opportunity there.” -WEC Energy Group (Feb. 4)

“We are currently evaluating potential changes in taxes under the new administration in the US, though it's too early to provide an assessment. At this time, we believe the 21% to 23% range we provided last year remains appropriate for an effective tax rate for 2021, excluding any potential impact of special items.” -Yum! Brands (Feb. 4)

“What we've put in here is the tax rate of 14% going forward. And that reflects our businesses as it is and the tax rules as we understand them going forward. What we haven't done is tried to factor in any potential changes around the Biden administration might do. I would expect that those would – changes if and when they come would be 2022. But if they do something interim, we'll, of course, react to that.” -Fortive (Feb. 4)

"For example, changes to the corporate tax code would affect Loews and our subsidiaries, but such changes aren't expected until later in the year when there is more evidence of economic recovery. And from what we understand, corporate taxes probably will not go back to their pre-2017 levels. We're going to continue to watch these issues as they develop. It's only been a few weeks now, and we've just got to wait and see what happens." -Loews Corporation (Feb. 8)

"There are many wild cards, though, including: COVID-19 government restrictions and vaccine rollouts; policies from the new administration, including stimulus programs and tax changes; and supply constraints, in particular for Chromebooks." -CDW Corp. (Feb. 10)

"We do want to see the EV tax credit. We think there's a period of time where that's still important. And, frankly, we'd like to see that not penalize first-movers." -General Motors (Feb. 10)

COVID-19 Policy (19)

"Let me go back to being able to administer these vaccines inside of our facilities, which happens in 1b and that really starts about now. We are very confident that we'll be able to speed and be able to keep up through this demand and therefore move forward. The whole program, I believe, will accelerate as we go through the spring. That's all that we're hearing from the new administration, in particular. And we're in close contact with both Operation Warp Speed and the incoming Biden Administration to make sure that we are ready to do our job for America and also to make sure that we do it in a most efficient way for our shareholders as well." -Walgreens Boots Alliance (Jan. 7)

"We're still working with the CDC on the specific testing strategy and deployment. This is something that we – Delta endorse, and I know our industry similarly endorses. We would like to see the travel restrictions lifted once the testing protocols are in place, and that will be a decision by the new administration is my understanding when they take office. And – but I think by having the testing protocols in place, it then gives confidence to the regulatory authorities to start to lift the bans, which is why we endorse the testing strategy. Your question relative to vaccines, yes, obviously once vaccines are at scale, we would hope that vaccination evidence would supplant the need to show a test result, but of course we're still working with the authorities on that." -Delta Air Lines (Jan. 14)

"We are actively lobbying here in the US and in places like London and Brussels, and around the world to get borders open again with a combination of testing and vaccines. We've incorporated all of these themes in a proposal to President Biden and his team. It involves standing up a White House task force to safely restore air travel, which would bring together government, the private sector and labor partners to address what needs to be done to get this vital industry back on its feet, and bring back the thousands of good-paying jobs that have been lost… Obviously, with the activity yesterday and what we expect to see today, it's going to be, in the first run, a pretty active environment, but it will be focused on addressing immediate issues. So in that respect, we're very supportive of it, even with respect to any mandate that may come down related, for instance, to testing and the rest. We've had ample time to build a really strong infrastructure for testing, and we've set up programs in various parts of the country and we can replicate that and create a seamless environment. It's going to take direct engagement with the government here in the U.S. and, quite frankly, some of these executive orders may certainly require direct engagement on from a foreign government perspective as well, to make them work seamlessly. But we are actively engaged in those discussions…So, while we anticipate an active regulatory environment from the outset and what might be unusual for an airline that is not a bad thing initially, especially because of our engagement with both sides of the aisle, both in Congress and with the administration. So, we're prepared for whatever may happen in the early months of the administration, and we feel very good about our ability to have an influence on that process as well." -United Airlines Holding (Jan. 14)

"In terms of transcon and spring break, Helane, I think we have to see what happens with the vaccine rollout and with how people are feeling and relaxation of restrictions. I think I'm optimistic with the Biden administration. He just announced 1.5 million vaccines a day, which in 100 days it could mean 75 million – maybe we have 100 million people in the country vaccinated. I think you might start seeing people venturing out at spring break. So, I think we're going to be cautious. I think we're going to be on our toes and react appropriately." -Alaska Air Group (Jan. 26)

"Two vaccines with high efficacy rates have been FDA-approved. 5.8% of Americans have already received at least one dose of the vaccine. The more easily refrigerated Johnson & Johnson vaccine is near approval. And health authorities are advising that anyone who wants to be vaccinated will be accommodated by this summer. The Biden Administration is aggressively pursuing a more rapid vaccine rollout, as well as economic stimulus to help bridge the economic damage caused by the pandemic." -Boston Properties (Jan. 27)

"In terms of your second question, the policy issue on testing, we agree that testing is probably one of the most critical parts of controlling the spread of COVID, and we've been strongly supportive of wide availability of testing offerings. It is unprecedented in terms of the situation, trying to understand the additional support for all types of testing and expanding that capacity and also finding it, quite frankly, new, reliable, rapid and inexpensive ways to do this. If you think about our industry, health plan benefits have always traditionally covered medical tests as appropriate to diagnose and treat individuals that were ordered by a physician. This is consistent with the long-held insurance practices or contracts and quite frankly, federal guidance. And so as we think about workplace testing, examples of that, as that have happened over certainly drug testing or other traditional ways employers have paid for that outside of the health benefit." -Anthem (Jan. 27)

"I think in terms of the new variants, right now, we feel very good that the way we've designed our test, they have – we basically design ours with two targets to ensure there's a backup target in case the virus mutates. So we continue to watch that but feel very good. And this is part of the many advantages of having an incredibly sensitive and specific test to begin with that targets the genomic regions that are less likely to mutate. So I think we feel very good about our ability to continue to catch those very well. I think at least in the short term, we're probably still reasonable. I think over the long run, we've got to assume both of those will eventually come down. But I think, at this point, particularly with the Biden administration extending the public health emergency through the end of 2021, we don't see any real near-term pressure on reimbursement. I'm sure, again, that will probably start to evolve as we go forward. And it may evolve at different paces with different governments around the world as well. But – so there ultimately will be some downward pressure, certainly probably on pricing, but feel pretty good about where we are right now."

"President Biden has declared the distribution of COVID vaccines a top priority for his administration. This is one of the great workflow challenges of our time. As we are doing right now in Scotland, North Carolina and many other places, ServiceNow is ready to ensure vaccine distribution, administration and monitoring that is simple, is fast and is effective. It will be so at the federal, state and local level." -ServiceNow (Jan. 27)

"Shelter-in-place and lockdown conditions are constantly changing across the country. And with a new Federal administration in place, we expect that guidelines and requirements will continue to evolve." -Packaging Corporation of America (Jan. 28)

"We – what we know is what Robert said about international testing and we're getting that to work. As Robert said, it's had an impact on demand, certainly on short-haul international flying, but we're supportive of that. Anyway, domestic testing is, for the reasons you stated, I mean, it seems like something that would both be difficult and would have us testing Americans on airplanes that we all know are safe to be on. So, we'll obviously work with the administration on what they think makes sense, and do our best to make sure that we're all doing everything we can to make sure that people are safe and also that we get through this pandemic as quickly as possible, which is all of our best interest; but also let them know what kind of impact that would have on travel. But again, the bigger point is we have – while you say it's been floated, not have been floated to us. And so, we haven't heard anything directly from regulators or others about that possibility." -American Airline Group (Jan. 28)

"So the high-volume antigen test – you're right. We just launched that here in December and, in fact, that will be available on our installed base of about 16,000 instruments. So it is a broadly applicable test for us here in our installed base at Beckman. Having said that, we've been very moderate in our planning assumptions here as it relates to including higher volumes of antigen tests until it becomes much clearer how those will be applied here; not just under the Biden Administration in the US, but throughout the world as people start setting standards as to what the test results for antigens mean from a diagnostic perspective, but also in terms of how you might think of large-volume serial testing for schools opening up and other institutions." -Danaher (Jan. 28)

“So specific to your question, I'm not aware that the CDC has reached out to us, and by extension I'm not aware that they've reached out to the Airlines for America. But, yeah. I think it would be a mistake. It's very costly, as Tammy was pointing out in an earlier interview, to administer the test. We don't have adequate testing capacity for the country in the first place. Where our emphasis needs to be is on the two vaccines that are available and getting them rolled out and getting the country vaccinated. And I would hate for us to take our eye off of that ball. But I would just make the argument that, why pick on air travel? If you want to test people, test them. But test them before they go to grocery store. Test them before they go to a restaurant. Test them before they go to a sporting event. I think, it's been well recognized that the air cabin is extremely clean and healthy and safe. And with the new administration mandating masks in the transportation sector, that's what we need the most, which is hygiene, wearing masks, social distancing, which should now better extend in the airport and beyond. That's the right approach here. And I just think with the millions of customers who fly or ride buses or trains or whatever, it's just unrealistic to expect that we can efficiently and effectively do testing on a large scale.” -Southwest Airlines (Jan. 28)

“McKesson has also been hard at work preparing and distributing the ancillary kits needed to administer all of the COVID-19 vaccines, including for the Pfizer ultra-frozen vaccine, even though Pfizer's vaccine itself is not distributed by McKesson. Each week we are producing enough kits to support 10 million to 15 million doses and to-date we have assembled enough kits to support over 250 million doses. It's our great privilege to have been selected to serve the US Government for these roles and we've been engaged with the new administration's transition team and stand ready to fulfill our commitments in the ongoing battle against COVID-19.” -McKesson (Feb. 2)

“Humana's pandemic response continues to evolve and we are actively engaged with the Biden administration, including HHS and CMS as well as state and local governments regarding our role in the vaccination process as both a primary care provider and as a health plan, representing a significant portion of the nation's most vulnerable population. As such, our role is multifaceted and we stand ready to assist further as the nationwide distribution progresses to later phases and more and more individuals become eligible for the vaccine. Driven by our strong care coordination capabilities, our role includes identification of eligible members utilizing our analytics, vaccination education and concierge services, second dose reminders and ensuring we follow-up on any complications.” -Humana (Feb. 3)

“As it relates to what I would describe as occ-med or worksite support, the posture has been, thus far, in term, and good collaboration with HHS and administration staff that, that is outside of what an insurance or a service relationship should be. To the extent it's revisited, we revisit it dynamically, but that's typically carried by the employer through an occ-med relationship or otherwise. I'd also remind you that 85% of our commercial business is self-funded. So, we act as a fiduciary. And, if cases, where individual employers want assistance relative to that, we're proactively supporting through that lens. But we do not see that as either, A, likely in the immediate future, even relative to engagement on these topics this week, or, B, a needle mover for us given the makeup of our portfolio of businesses.” -Cigna (Feb. 4)

“So, before we get into the details of the quarter and the full year 2020, we wanted to share our perspective on the new strategy for fighting the COVID-19 pandemic proposed by the new administration. We are pleased by the efforts to expand access to testing across the country, especially in the underserved communities where there are known disparities in healthcare. We support the new administration's approach to controlling the pandemic by expanding the availability of testing supplies, enhancing laboratory-testing capacity and ensuring a clarity of messaging about the use of test in insurance coverage. We also support the efforts of COVID-19 Pandemic Testing Board and we look forward to additional details in days and weeks ahead.” -Quest Diagnostics (Feb. 4)

“Certainly, the Biden administration's focus on stemming the tide of the virus should be beneficial to Loews Hotels and help increase demand for the travel and tourism industry. While our largest subsidiary CNA is mostly regulated through the states, the new administration and Congress pose some policy challenges and opportunities.” -Loews Corporation (Feb. 8)

“The other head and tailwinds are difficult to quantify with certainty at this point in time. But taken together, we expect they will tend or trend to the positive. And with a new administration in place, the government's approach to additional pandemic measures may change, and we may see a more supportive environment for expansion of care.” -Centene (Feb. 9)

"In the US, the current administration is pursuing an aggressive agenda that aligns directly with the long-term growth of our market. We have every reason to believe that focus will continue as the administration and Congress address COVID relief, climate change, environmental justice, resilience and the need to create long-term job growth and economic recovery through infrastructure modernization. As activity on these issues progress, we anticipate funding to support our clients' projects at the federal, state and local level, which we are uniquely positioned to support through long-term historical framework agreements." -Jacobs Engineering Group (Feb. 9)

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