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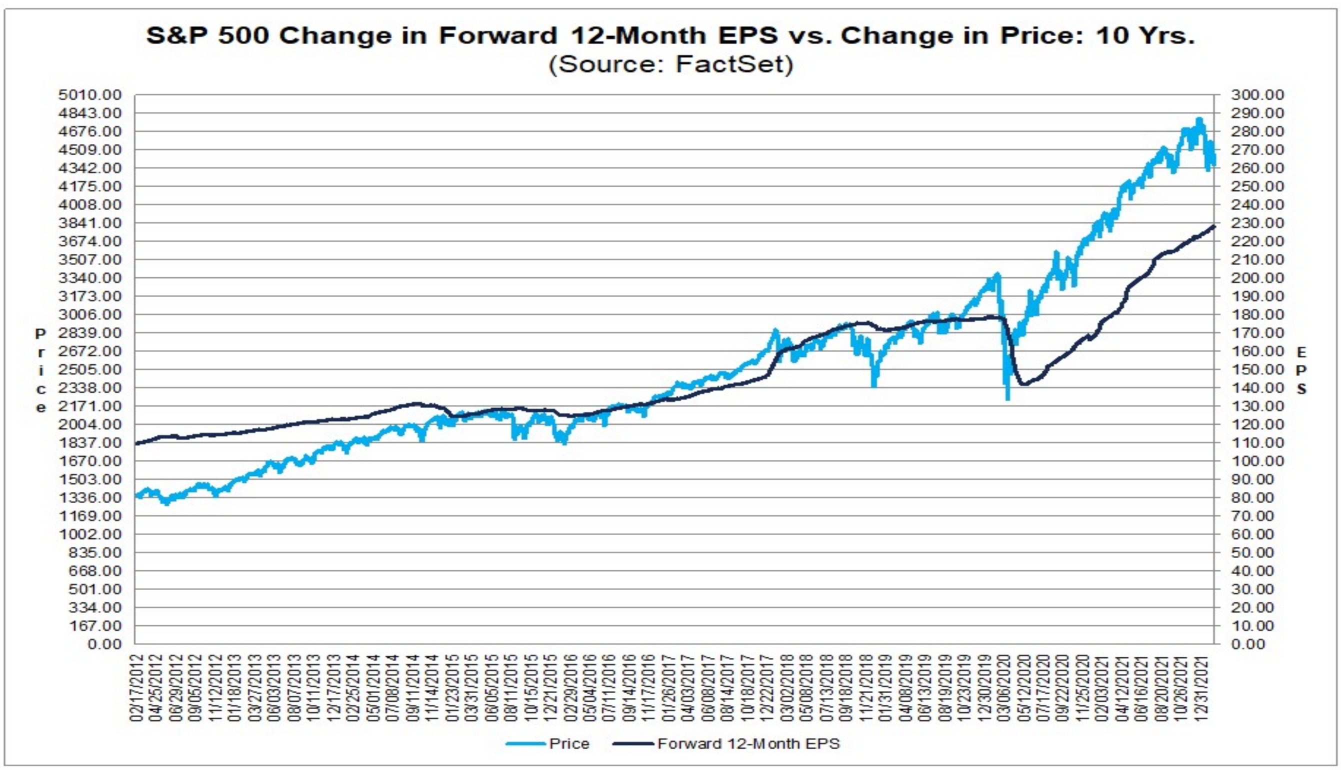
Key Metrics

- **Earnings Scorecard:** For Q4 2021 (with 84% of S&P 500 companies reporting actual results), 77% of S&P 500 companies have reported a positive EPS surprise and 78% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2021, the blended earnings growth rate for the S&P 500 is 30.9%. If 30.9% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth above 30%.
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2021 was 21.2%. Ten sectors are reporting higher earnings today (compared to December 31) due to upward revisions to EPS estimates and positive EPS surprises
- **Earnings Guidance:** For Q1 2022, 55 S&P 500 companies have issued negative EPS guidance and 22 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.2. This P/E ratio is above the 5-year average (18.6) and above the 10-year average (16.7).



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Topic of the Week: 1

Market Rewarding Positive EPS Surprises Less Than Average For S&P 500 Companies For Q4

To date, 84% of the companies in the S&P 500 have reported earnings for the fourth quarter. Of these companies, 77% have reported actual EPS above the mean EPS estimate, which is slightly above the 5-year average of 76%. In aggregate, earnings have exceeded estimates by 8.5%, which is slightly below the 5-year average of 8.6%.

Given this average performance relative to analyst expectations, how has the market responded to positive EPS surprises and negative EPS surprises reported by S&P 500 companies during the Q4 earnings season?

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

Companies that have reported positive earnings surprises for Q4 2021 have seen an average price increase of 0.2% two days before the earnings release through two days after the earnings release. This percentage increase is smaller than the 5-year average price increase of 0.8% during this same window for companies reporting positive earnings surprises. In fact, this is the smallest average price increase for S&P 500 companies reporting positive EPS surprises since Q4 2020 (+0.04%).

One example of a company that reported a positive EPS surprise in Q4 but witnessed a negative stock price reaction is Netflix. On January 20, the company reported actual EPS of $1.33 for Q4, which was well above the mean EPS estimate of $0.83. However, from January 18 to January 24, the stock price for Netflix decreased by 24.2% (to $387.15 from $510.80).

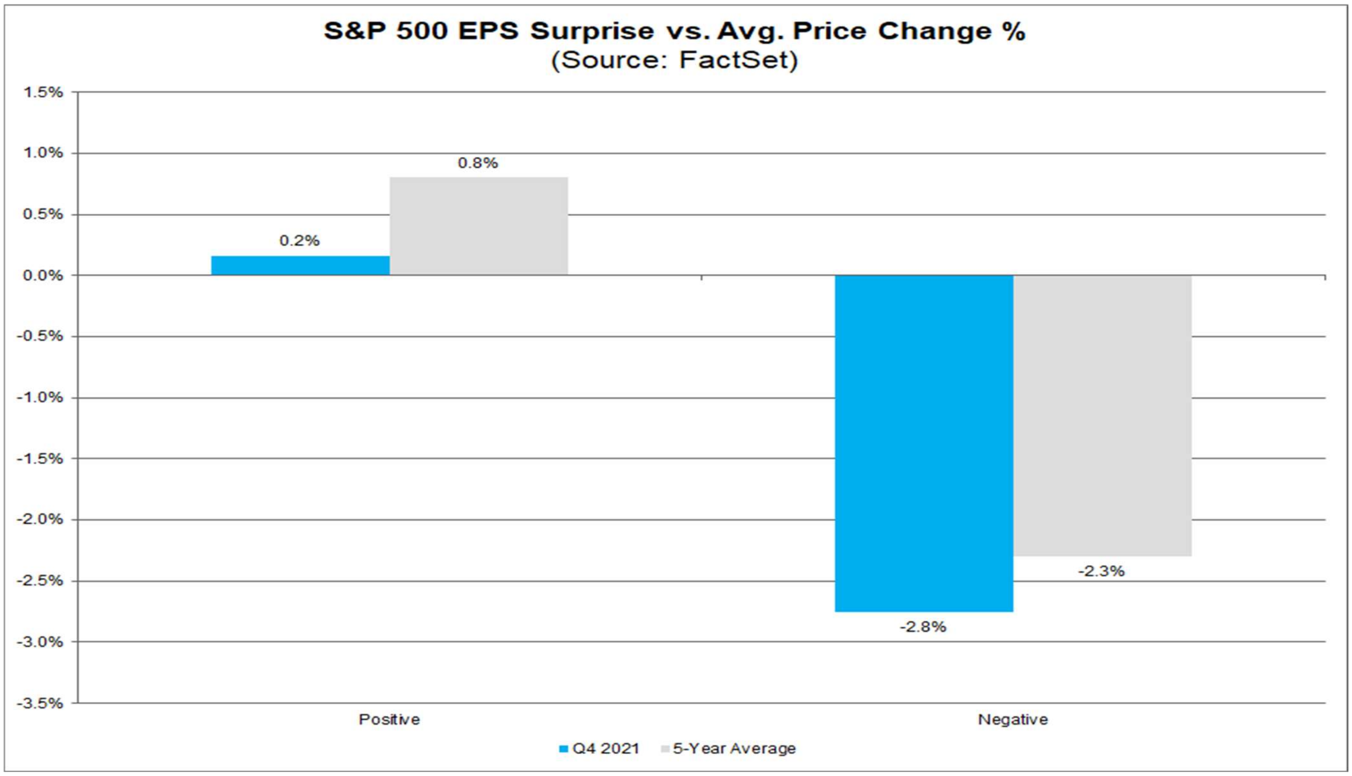
Companies that have reported negative earnings surprises for Q4 2021 have seen an average price decrease of 2.8% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of 2.3% during this same window for companies reporting negative earnings surprises.

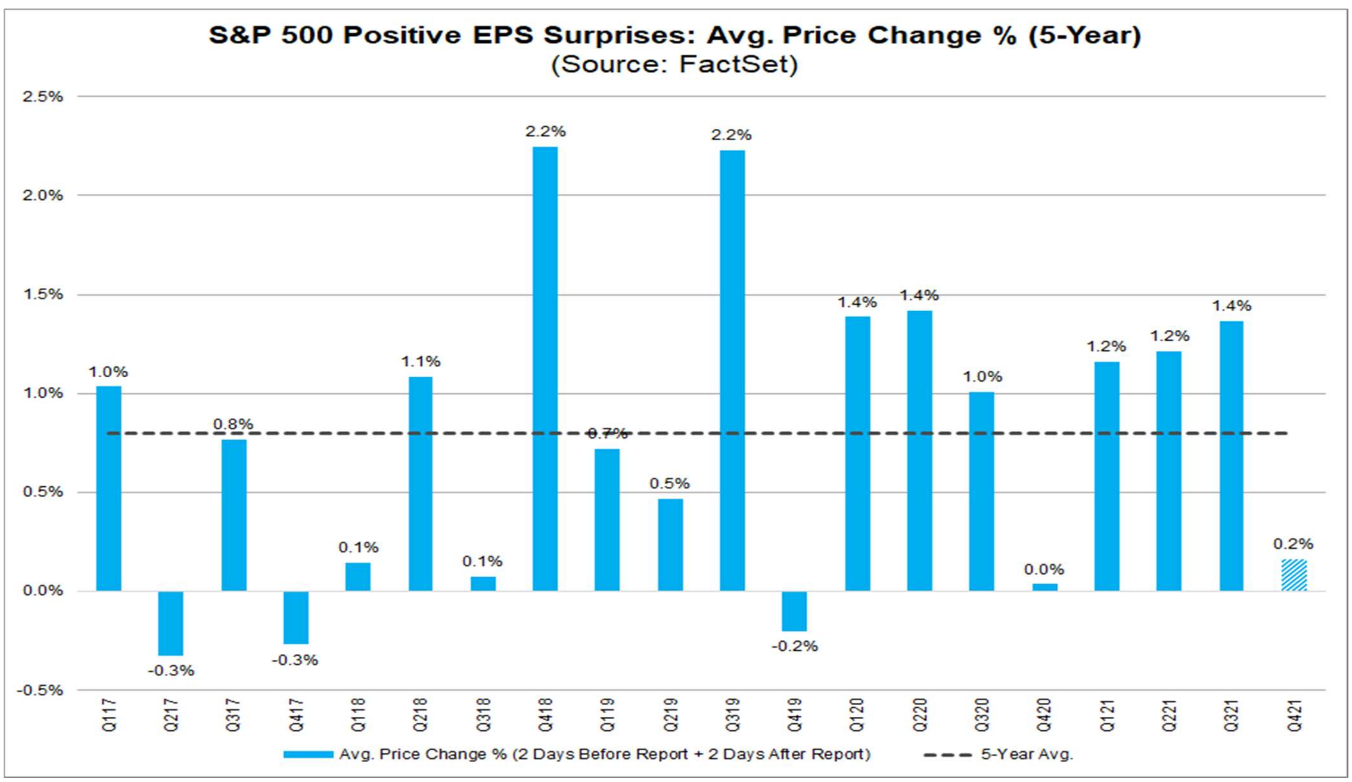
One example of a company that reported a negative EPS surprise in Q4 and saw a substantial negative stock price reaction is Meta Platforms. On February 2, the company reported actual EPS of $3.67 for Q4, which was below the mean EPS estimate of $3.84. From January 31 to February 4, the stock price for Meta Platforms decreased by 24.3% (to $237.09 from $313.26).

Why is the market rewarding positive EPS surprises less than average and punishing negative EPS surprises more than average?

While the earnings performance of S&P 500 companies relative to estimates for Q4 is in line with recent averages, it is weaker than the performance in recent quarters. From Q2 2020 through Q3 2021, 84% of S&P 500 companies reported a positive EPS surprise on average. In aggregate, actual earnings reported by S&P 500 companies over these six quarters exceeded estimated earnings by 17.5% on average. During these six quarters, companies that reported a positive EPS surprise saw an average price increase of 1.0% over the 4-day window, while companies that reported a negative EPS surprise saw an average price decrease of 1.4% over the 4-day window. Thus, given the above-average earnings numbers of the last six quarters, it appears the market is rewarding average positive EPS surprise numbers less than average and punishing average negative EPS surprise numbers more than average.

In addition, companies and analysts have been more negative in their outlooks and estimate revisions for Q1 2022 relative to recent quarters. In terms of earnings guidance from corporations, 71% of the S&P 500 companies (55 out of 77) that have issued EPS guidance for Q1 2022 have issued negative guidance. This is the highest percentage of S&P 500 companies issuing negative guidance since Q3 2019 (73%). In terms of revisions to EPS estimates, industry analysts cut EPS estimates in aggregate for S&P 500 companies during the month of January by 0.7%. This marked the first aggregate decline in expected earnings over the first month of a quarter since Q2 2020. For more details on estimate revisions, please see this FactSet Insight article: https://insight.factset.com/first-decrease-in-eps-estimates-for-sp-500-companies-for-q1-2022-since-q2-2020. Thus, the market may be reacting more to the negative earnings guidance and downward estimates revisions for the first quarter of 2022 than the earnings surprises being reported for the fourth quarter of 2021.


S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
1.5%
1.0%
0.5%
0.0%
-0.5%
-1.0%
-1.5%
-2.0%
-2.5%
-3.0%
-3.5%
0.2%
0.8%
-2.8%
-2.3%
Positive
Negative
Q4 2021
5-Year Average


S&P 500 Positive EPS Surprises: Avg. Price Change % (5-Year)
(Source: FactSet)
2.5%
2.0%
1.5%
1.0%
0.5%
0.0%
-0.5%
1.0%
-0.3%
0.8%
-0.3%
0.1%
1.1%
0.1%
2.2%
0.7%
0.5%
2.2%
-0.2%
1.4%
1.4%
1.0%
0.0%
1.2%
1.2%
1.4%
0.2%
Q117
Q217
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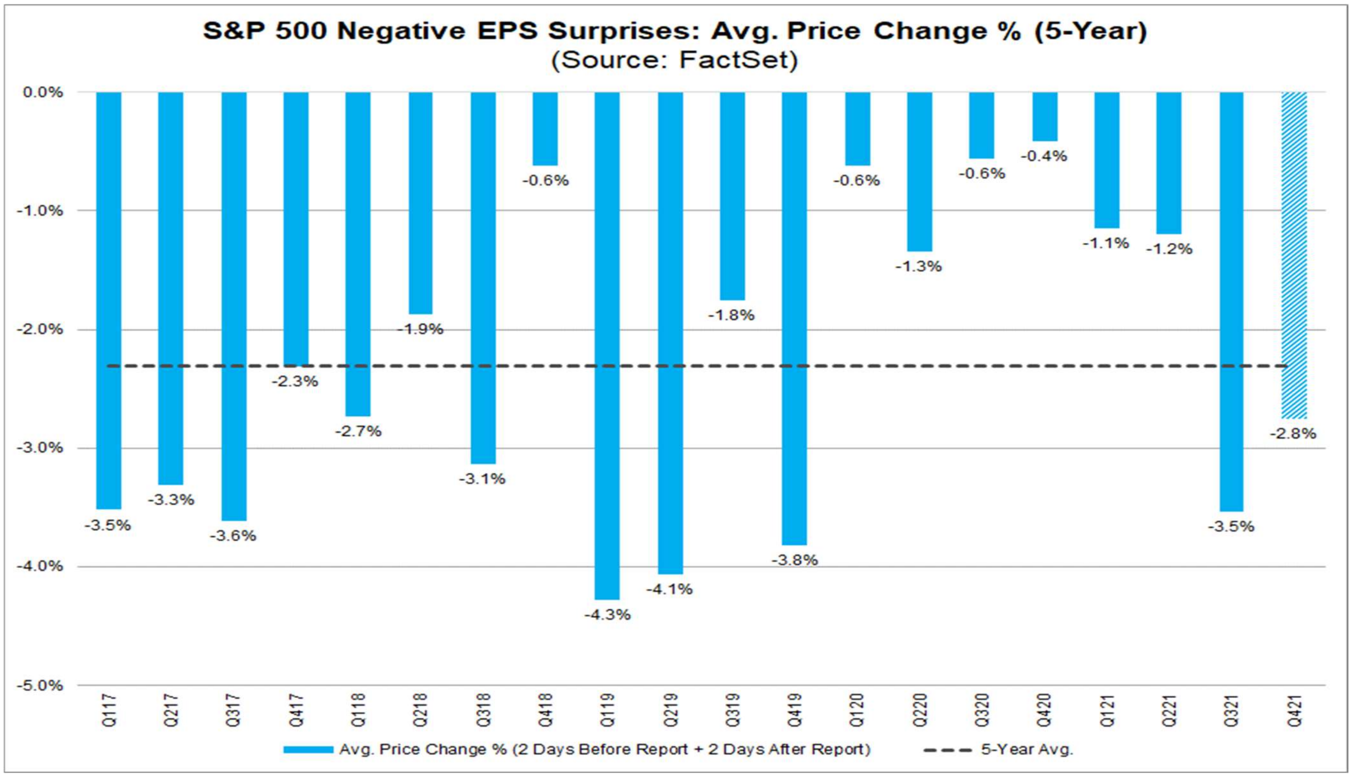
Q417
Q118
Q218
Q318
Q418
Q119
Q219
Q319
Q419
Q120
Q220
Q320
Q420
Q121
Q221
Q321
Q421
Avg. Price Change % (2 Days Before Report + 2 Days After Report)
5-Year Avg.


S&P 500 Negative EPS Surprises: Avg. Price Change % (5-Year)
(Source: FactSet)
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-5.0%
-3.5%
-3.3%
-3.6%
-2.3%
-2.7%
-1.9%
-3.1%
-0.6%
-4.3%
-4.1%
-1.8%
-3.8%
-0.6%
-1.3%
-0.6%
-0.4%
-1.1%
-1.2%
-3.5%
-2.8%
Q117
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Q318
Q418
Q119
Q219
Q319
Q419
Q120
Q220
Q320
Q420
Q121
Q221
Q321
Q421
Avg. Price Change % (2 Days Before Report + 2 Days After Report)
5-Year Avg.

Topic of the Week: 2

Few S&P 500 Companies Are Commenting on the Crisis in Ukraine

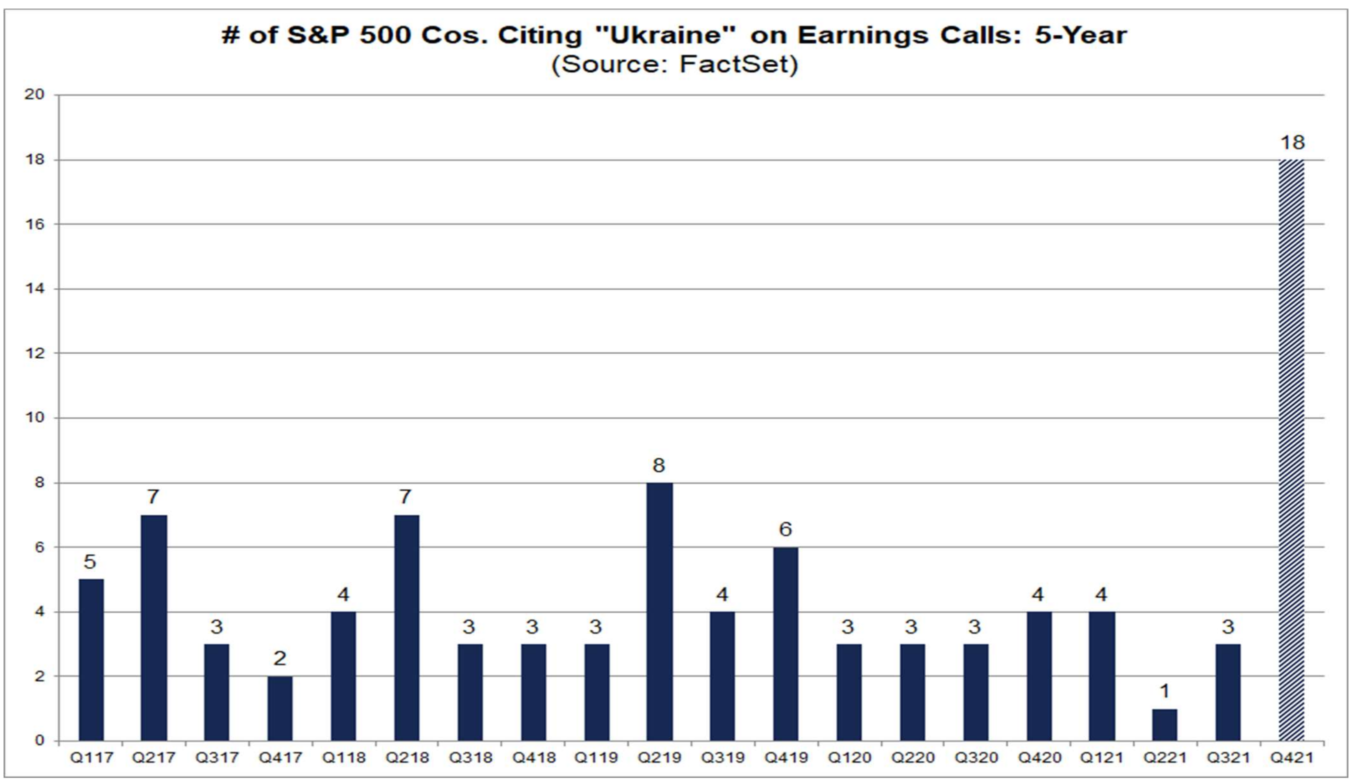
During each corporate earnings season, it is not unusual for companies to comment on subjects that had an impact on their earnings and revenues in a given quarter, or may have an impact on earnings and revenues in future quarters. Given the concerns in the market about a possible military invasion of Ukraine by Russia, have S&P 500 companies commented on the situation in Ukraine on their earnings calls for the fourth quarter?

FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term "Ukraine" in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from December 15 through February 17.

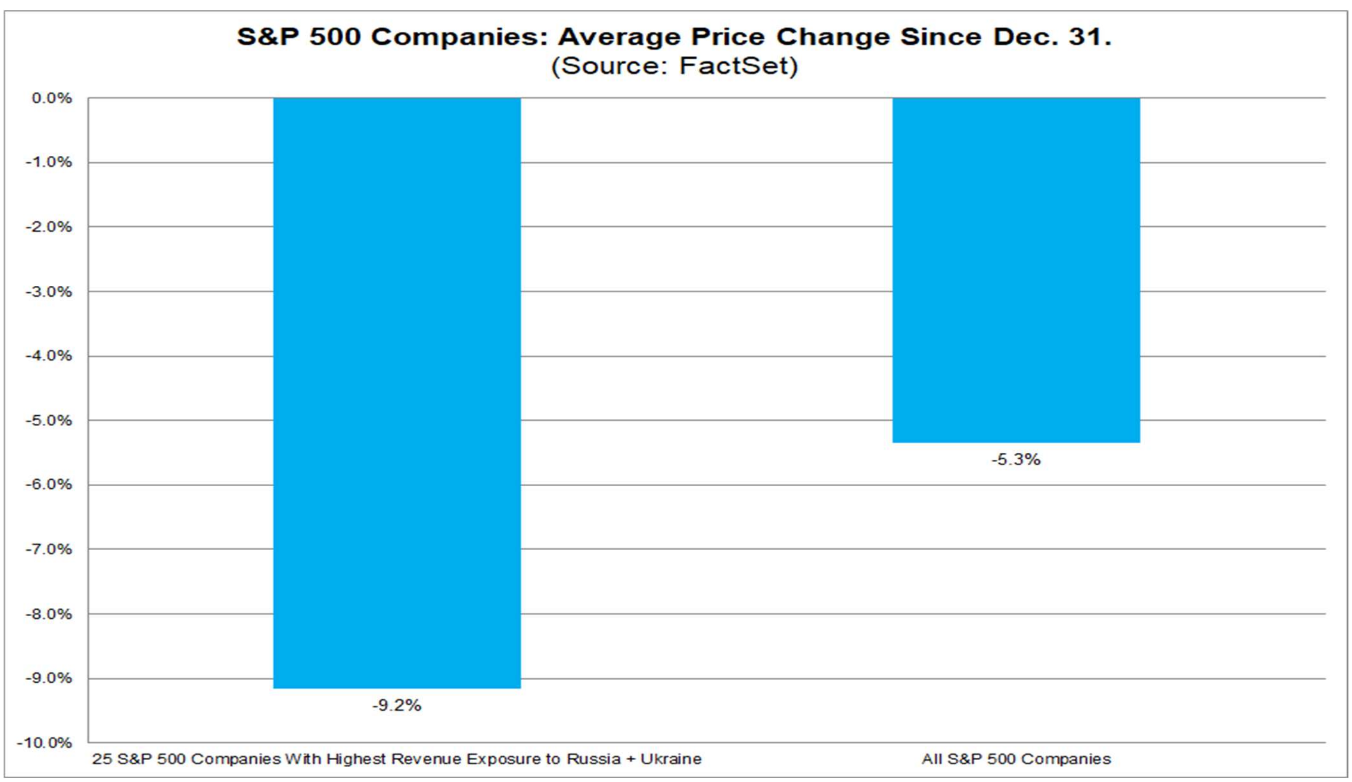
Of these companies, 18 have cited the term "Ukraine" on their earnings calls for the fourth quarter, which is well above the five-year average of four. In fact, this is the highest number of S&P 500 companies citing "Ukraine" on earnings calls since Q3 2014 (23). Over the past 10 years, the highest number of S&P 500 companies that have cited "Ukraine" on their quarterly earnings calls is 40, which occurred in Q1 2014.

However, it should be noted that this number only reflects 4% of the total number S&P 500 companies that have conducted earnings calls during this period. By contrast, 72% of S&P 500 companies have cited "inflation" on earnings calls over this same period. Of these 18 companies, eight have commented on the situation during the past week. The comments from all 18 companies that cited "Ukraine" on their earnings calls for the fourth quarter can be found on the pages 7 to 9.

On possible reason for the small number of companies commenting on the situation in Ukraine is that S&P 500 companies overall have little revenue exposure to Russia and Ukraine. The combined revenue exposure of the S&P 500 to Russia and Ukraine is about 1%. It is interesting to note that the 25 S&P 500 companies with the highest combined revenue exposure to Russia and Ukraine have seen an average price decline of 9.2% since December 31. Overall, all S&P 500 companies has seen an average price decline of 5.3% since December 31. A list of the ten S&P 500 companies with the highest combined revenue exposure to Russia and Ukraine can be seen on the next page.




S&P 500 Revenue Exposure to Russia + Ukraine: Top 10 Cos.
(Source: FactSet)
Philip Morris International Inc.
8.0%
PepsiCo, Inc.
4.4%
Mohawk Industries, Inc.
4.3%
McDonald's Corporation
4.2%
EPAM Systems, Inc.
4.0%
Carnival Corporation
3.6%
PVH Corp.
3.6%
Westinghouse Air Brake Technologies Corporation
3.5%
Mondelez International, Inc. Class A
3.5%
Deere & Company
2.9%
0.0%
1.0%
2.0%
3.0%
4.0%
5.0%
6.0%
7.0%
8.0%
9.0%


S&P 500 Companies: Average Price Change Since Dec. 31.
(Source: FactSet)
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-5.0%
-6.0%
-7.0%
-8.0%
-9.0%
-10.0%
-9.2%
-5.3%
25 S&P 500 Companies With Highest Revenue Exposure to Russia + Ukraine
All S&P 500 Companies

Ukraine (18)

[So I guess, first question…but can you give me a sense of your exposure to like Russia, Ukraine, the neighboring Soviet blocks, and I would think they're probably 5%, 10% of sales, but maybe just give us some sense of that? And have you seen activity tighten up yet there? Or is it like generally pretty healthy still?]

Healthy, less than that and healthy. -Copart (Feb. 17)

I know it feels like I'm missing one hot topic at this point, and I'm sure that you follow the news about Ukraine and Russia as much as we do. That is why I would like to share the following before passing on the microphone to Jason. 2021 was actually a very challenging year especially for us, first, due to fast growing geopolitical and social uncertainties across some of our key talent markets and the continued disruption of global pandemic too. That is exactly why we are very pleased with our outstanding first quarter and overall performance we delivered in 2021 despite on all of that. Our results demonstrate the level of maturity EPAM reached over the years and our ability to operate and leverage our performance during difficult times. We also should remember that this conflict is not new for the region. We too well remember 2014 and 2015 and then 2020 as well. We have built resource in the past and we also learned a lot since then. So, in 2021, to navigate this situation, we continued something which we started actively implementing since 2014, both organic and M&A-based efforts to improve our geographic talent diversification and to do it without any degradation in quality of our delivery. That was our key focus over those years as well as significantly maturing our portfolio of consulting industry and overall engineering capabilities. -EPAM Systems (Feb. 17)

Oil could easily go to $150. Demand is stronger than it ever has been in the world, and OPEC and OPEC+ is going to run out of capacity by the end of 2022. And that's even been stated by several OPEC and OPEC+ countries, so that's ignoring the Iran and the Ukraine situation. Both of them, obviously, there's no reason putting on a hedge when it's obvious that things could easily move up north. -Pioneer Natural Resources (Feb. 17)

So on the HSB side specifically, the markets we're seeing interest, there's a number of markets. But very specifically, down in South America, we're seeing it in Argentina, we're seeing it in Brazil. When you go kind of elsewhere, you expand your aperture to a global basis, we're seeing, obviously, Australia has been a market we've targeted for some time for HSB. We're starting to see growth there, which is very nice. Interest in Japan, which is interesting; we're seeing interest in Russia and Ukraine, which arguably might be related to some of the security concerns short term here. But typically, this product category benefits from a concern over your power quality. And whether that concern is driven by weather or whether it's driven by geopolitical concerns or something else, we have seen a really interesting increase in the interest level. -Generac Holdings (Feb. 16)

Let me start first with Russia, in specific. While it's an important part of our portfolio, and we're, I'll say, certainly concerned about the situation, with that being said, Russia accounts for less than 5% of our business. If you think about Kazakhstan, yes, we've followed that very closely. We have a significant operation there with employees, but there's really minimum disruption as we went through that process. And we continue to operate strongly there. -Westinghouse Air Brakes Technologies (Feb. 16)

Well, I hope that nothing is going to happen, obviously. So, too many human lives would be impacted. For us, it's a reasonably small business. It used to be much bigger when we had upstream energy, as you know. And today it's less than 0.5% for the whole company. So, for us, it's not so much a business issue. It could have an impact on energy costs, but that's an indirect impact. And for us, obviously, as a people company, it's making sure that everyone from our team is in a good place. Unfortunately, we had some experience a few years back when Crimea was in focus and we've managed that really well. We have a good team, even if it's a small one. So, Rosemarie, no big business impact, maybe on energy, and we want to make sure that our team is doing well. -Ecolab (Feb. 15)

We are closely monitoring the situation between Russia and the Ukraine. As we've disclosed before, we supply components between our major manufacturing operations in the US, Germany and Russia. At this time, it's unclear if sanctions would be put in place, and should they be, if they would cover components bought or sold from our Russian subsidiary. Sanctions could also target Russian banks and the banking system. In response to this uncertainty, we're developing contingency plans to mitigate possible disruptions, including increasing local inventory levels of key imported components and increasing production at other locations. -IPG Photonics (Feb. 15)

And you saw where we are in the guide, it's a nice range on the guide, we're going to do everything we can to get to the high end of that. But with the CR and Omicron and the Ukraine and everything else that's going on, we thought positioning ourselves where we did was the right thing to do. -Leidos Holdings (Feb. 15)

As we start to expand distribution and the consumable offering, we observed signs of increased uptake and clear positive consumer feedback relative to competitive product. We see encouraging success in Italy and the Czech Republic, reaching double-digit offtake shares of close to 10 points, with rapid progress also visible in Croatia within three months of launch. After launching in Canada and Ukraine in the fourth quarter, we plan to add more markets in 2022 with timing subject to device availability. -Philip Morris International (Feb. 10)

But look, when I look at that situation, again, this is what we do. This is what we do for living. We run customers' mission-critical systems. So, we've had business continuity plans in that region for a while. We've also operated in the Ukraine for 15 years and Russia for 20 years and we've managed through events like this. And we've done a nice job supporting both our customers and our colleagues and that's our focus. So, look, if need be, we're ready to support a movement of our folks to Poland. And when I say that, we've outfitted all of our folks with technologies, so think computers, cell phones, network connections. We've also secured lodging. We've also had multiple town halls communicating with them and getting their buy-in that that's a good plan. Now, in terms of stats, the stats are we have 4,000 colleagues in the Ukraine out of our 130,000-plus and they're across three main cities. These folks drive roughly about $250 million in annual revenues and 70% of those revenues come from 20 customers. And we obviously have been communicating with those customers and are coordinated around what to do there if we need to. -DXC Technology (Feb. 2)

But then I'll also leave you with a couple of wild cards that we're watching closely which could exasperate it as well in terms of nat gas costs. It's the Russia and Ukraine conflict, which we're all well aware of. And then ultimately it's Nord Stream 2 and what is the result that comes out of that. So, a tailwind could get much better, depending on how either one of these two plays out. It's just a little bit too early, Doug. -Marathon Petroleum (Feb. 2)

Well, I don't know if we'll be able to repeat the high watermark of 9.5 million square feet for 2021 on over 4 million square feet for 4Q. But as I think Peter and Steve have said, we have a huge wind at our back. We've got over 850 innovative tenants, most of whom we service for their current demand and future growth. So we're pretty comfortable about where we are and certainly our value-creation pipeline, super highly leased. So I don't think we're at risk. But we're mindful. I mean, if Russia invades the Ukraine, then things are going to change pretty rapidly for everybody, right? -Alexandria Real Estate Equities (Feb. 1)

One of the things you're pointing out is those conversations start with a point of view on what the world looks like. And so, two months ago, I don't think anybody anticipated what was going on in energy prices, for instance, and the Ukraine impact. So, we will have to have ongoing conversations as things in the world show up that none of us have anticipated or modeled. -Ball Corporation (Jan. 27)

On Russia, very, very early to tell how this is going to play out. This is certainly – it was one of the points that I referred to earlier, geopolitical uncertainties that we have to keep in focus. We have seen sanctions applied in previous years, and we basically managed through that. We'll have to see what it is. Russia is a substantial and important – and strategically important market for us, so we'll have to see how that plays out. -Mastercard (Jan. 27)

Well, for some time now, the Eastern European demand for combat vehicles has been at elevated level. But I have to tell you that speculation about the considerable tension in Eastern Europe and any subsequent impact on budget is just ill-advised, given the high-threat environment. So, we are hopeful for a peaceful resolution, but that is a national security issue for the US and its allies. -General Dynamics (Jan. 26)

Yeah, Ben, of course, you realize the supply of many commodities remain at their tightest levels in years. So I think any news around the world of disruption, whether it's weather or geopolitics, I mean it's going to prolong the high prices well into probably 2023. As you described, at this point in time, there are three things. We're all looking at the development of the crops in South America as they need to go through February rains, especially in Argentina and the harvest in Brazil. We are looking, of course, at geopolitical conflicts and like the one you described, and also the expectations of the crop in the US, all these in the middle of a very strong demand. So as you said, Ukraine is the big exporter, especially if you think about corn and the ability to supply China needs that you have the three main suppliers where there is the US and you have Ukraine and you have Brazil. So hopefully, Brazil, with this rains will have safrinha crop that is may be a little bit better than what we expected. But among these three countries need to cover the supply of corn. And corn today, is one of the best sources of energy, in fact, out there one of the cheapest ones. So it's a very demanded product. So we're all paying attention to what happened with ethanol. -Archer-Daniels-Midland (Jan. 25)

Look, these are things we've seen and done before. Always unfortunate in so many ways for so many people, but from a business perspective, we've managed these sorts of things up and down for, I hate to say, nearly 100 years. So, these are the kinds of things that we would manage through. -Halliburton (Jan. 24)

On the Russia point, I'm not going to speculate on that yet. United, as the flag carrier for the United States, lines up being exposed in a good way, exposed in a bad way to geopolitics around the world. And so, we follow them closely and pay attention to them, and have a good history of responding when something happens. But we're, like everyone, keeping a close eye on the situation in Ukraine and how it develops. -United Airlines Holding (Jan. 20)

Q4 Earnings Season: By The Numbers

Overview

At this point in time, the number of companies beating EPS estimates is slightly above the 5-year average, but the amount by which companies are beating estimates is slightly below the 5-year 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. The index is reporting earnings growth of more than 30% for the fourth straight quarter and earnings growth of more than 45% for the full year. These above-average growth rates are due to a combination of higher earnings in 2021 and an easier comparison to weaker earnings in 2020 due to the negative impact of COVID-19 on a number of industries.

Overall, 84% of the companies in the S&P 500 have reported actual results for Q4 2021 to date. Of these companies, 77% have reported actual EPS above estimates, which is slightly above the 5-year average of 76%. In aggregate, companies are reporting earnings that are 8.5% above estimates, which is slightly below the 5-year average of 8.6%.

Due to 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 fourth 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 30.9% today, compared to an earnings growth rate of 30.2% last week and an earnings growth rate of 21.2% at the end of the fourth quarter (December 31).

Positive earnings surprises reported by companies in multiple sectors were responsible for the improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Consumer Discretionary, Information Technology, Financials, and Health Care sectors have been the top contributors to the overall increase in earnings for the index since the end of the fourth quarter.

If 30.9% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth above 30% for the index. The last time the index reported four straight quarters of earnings growth above 30% was Q4 2009 through Q3 2010. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten sectors are reporting year-over-year earnings growth, led by the Energy, Industrials, Materials, and Consumer Discretionary 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 68%. If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the third-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 2.7% above the estimates, which is also above the 5-year average of 1.5%. If 2.7% is the final percentage for the quarter, it will tie the mark (with Q3 2021 and Q3 2020) for the fourth-highest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to these positive 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. The blended revenue growth rate for the fourth quarter is 15.5% today, compared to a revenue growth rate of 15.3% last week and a revenue growth rate of 12.8% at the end of the fourth quarter (December 31).

Positive revenue surprises reported by companies in multiple sectors were responsible for the small increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Energy sector have been the largest contributor to the increase in the overall revenues for the index since the end of the fourth quarter.

If 15.5% is the actual growth rate for the quarter, it will mark the third-highest (year-over-year) revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

For the full year, the blended earnings growth rate for CY 2021 is 47.5%. Looking ahead to the first half of CY 2022, analysts expect earnings growth of 5.2% for Q1 2022 and 4.7% for Q2 2022.

The forward 12-month P/E ratio is 19.2, which is above the 5-year average (18.6) and above the 10-year average (16.7). However, It is below the forward P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31), as prices have decreased while EPS estimates have increased since December 31.

During the upcoming week, 54 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating Revenue Estimates and By Wider Margins Than Average

Percentage of Companies Beating EPS Estimates (77%) is Above 5-Year Average

Overall, 84% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 77% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 18% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year (83%) average but above the 5-year (76%) average.

At the sector level, the Information Technology (88%), Energy (86%), Health Care (85%), and Industrials (84%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (50%) and Materials (58%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+8.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.5% above expectations. This surprise percentage is below the 1-year (+15.7%) average and below the 5-year (+8.6%) average.

The Consumer Discretionary (+72.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, MGM Resorts ($0.12 vs. $0.01), Amazon.com ($27.75 vs. $3.61), and Under Armour ($.014 vs, $0.06) have reported the largest positive EPS surprises. It should be noted that the GAAP EPS number for Amazon.com of $27.75 included a pre-tax (valuation) gain of $11.8 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis.

The Information Technology (+7.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ceridian HCM Holding ($0.06 vs, $0.03), Citrix Systems ($1.47 vs. $1.07), Gartner ($2.99 vs. $2.42), and Enphase Energy ($0.73 vs. $0.59) have reported the largest positive EPS surprises.

The Financials (+7.7%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, MetLife ($2.17 vs. $1.48), Cincinnati Financial ($1.97 vs. $1.35), Prudential ($3.18 vs. $2.34), Travelers Companies ($5.20 vs. $3.86), AIG ($1.58 vs. $1.19), and Hartford Financial Services Group ($2.02 vs. $1.53) have reported the largest positive EPS surprises.

The Communication Services (+6.8%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Fox Corporation ($0.13 vs. $0.04), T-Mobile ($0.34 vs. $0.13), Walt Disney ($1.06 vs. $0.61), Netflix ($1.33 vs. $0.83), and News Corporation ($0.44 vs. $0.28) have reported the largest positive EPS surprises.

The Industrials (-6.9%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Boeing (-$7.69 vs. -$0.38) has reported the largest negative EPS surprise. It should be noted that the non-GAAP EPS number for Boeing of -$7.69 included a pre-tax (non-cash) charge of $3.5 billion. The majority of analysts provide estimates for Boeing on a non-GAAP basis.

Market Rewarding Positive Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q4 2021 have seen an average price increase of +0.2% two days before the earnings release through two days after the earnings release. This percentage increase is smaller than the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2021 have seen an average price decrease of -2.8% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (78%) is Above 5-Year Average

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 equal to the 1-year average (78%) but above the 5-year average (68%).

If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the third-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008.

At the sector level, the Consumer Staples (96%), Information Technology (91%), and Real Estate (90%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (56%) and Communication Services (65%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.7%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.7% above expectations. This surprise percentage is below the 1-year (+3.5%) average but above the 5-year (+1.5%) average.

If 2.7% is the final percentage for the quarter, it will tie the mark (with Q3 2021 and Q3 2020) for the fourth-highest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

At the sector level, the Energy (+13.4%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Discretionary (-0.4%) sector is reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

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

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

The blended (year-over-year) earnings growth rate for the fourth quarter is 30.9%, which is larger than the earnings growth rate of 30.2% last week. Positive earnings surprises reported by companies in multiple sectors were responsible for the increase in the overall earnings growth rate for the index during the week.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the fourth quarter is 15.5%, which is larger than the revenue growth rate of 15.3% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the small increase in the overall revenue growth rate during the past week.

Consumer Discretionary Sector Has Seen Largest Increase in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2021 of 30.9% is larger than the estimate of 21.2% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Consumer Discretionary (to 49.6% from 0.4%), Health Care (to 26.1% from 17.4%), Information Technology (to 22.4% from 14.6%), and Financials (to 6.0% from -1.1%) sectors. These four sectors are also the largest contributors to the increase in the earnings growth rate for the index during this period. The Industrials sector (to 92.7% from 108.0%) is the only sector that has recorded a decrease in its earnings growth rate since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($27.75 vs. $3.61) has been the largest contributor to the increase in the earnings growth rate for the index since December 31. It should be noted that the GAAP EPS number for Amazon.com of $27.75 included a pre-tax (valuation) gain of $11.8 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis. As a result, the blended earnings growth rate for the Consumer Discretionary sector has increased to 49.6% from 0.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($2.10 vs. $1.90), Microsoft ($2.48 vs. $2.32) and Intel ($1.09 vs. $0.90) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 22.4% from 14.6% over this period.

In the Financials sector, the positive EPS surprises reported by Wells Fargo ($1.38 vs. $1.11) and JPMorgan Chase ($3.33 vs. $3.01) have been significant contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Financials sector has increased to 6.0% from -1.1% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($1.08 vs. $0.87), Merck ($1.80 vs. $1.53), and Thermo Fisher Scientific ($6.54 vs. $4.93) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Health Care sector has increased to 26.1% from 17.4% over this period.

In the Industrials sector, the negative EPS surprise reported by Boeing (-$7.69 vs. -$0.38) has been the largest detractor to the increase in the earnings growth rate for the index since December 31. It should be noted that the non-GAAP EPS number for Boeing of -$7.69 included a pre-tax (non-cash) charge of $3.5 billion. The majority of analysts provide estimates for Boeing on a non-GAAP basis. As a result, the blended earnings growth rate for the Industrials sector has decreased to 92.7% from 108.0% over this period.

Energy Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2021 of 15.5% is larger than the estimate of 12.8% at the end of the fourth quarter (December 31). Nine sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 87.7% from 66.3%) sector. The Consumer Discretionary (to 11.4% from 11.6%) is the only sector that has recorded a decrease in revenue growth since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises. The Industrials (12.3%) sector is the only sector that has recorded no change in its growth rate since December 31.

In the Energy sector, the positive revenue surprises reported by Marathon Petroleum ($35.6 billion vs. $21.2 billion), Valero Energy ($35.9 billion vs. $27.8 billion), Phillips 66 ($33.1 billion vs. $28.6 billion), and Chevron ($48.1 billion vs. $45.3 billion) have been substantial contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Energy sector has increased to 87.7% from 66.3% over this period.

Earnings Growth: 30.9%

The blended (year-over-year) earnings growth rate for Q4 2021 is 30.9%, which is above the 5-year average earnings growth rate of 13.7%. If 30.9% is the actual growth rate for the quarter, it will mark the fourth straight quarter of year-over-year earnings growth above 30%. The last time the index reported four straight quarters of earnings growth above 30% was Q4 2009 through Q3 2010. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten of the eleven sectors are reporting year-over-year earnings growth, led by the Energy, Industrials, Materials, and Consumer Discretionary sectors.

Energy: Exxon Mobil is Largest Contributor to Higher Year-Over-Year Earnings

The Energy sector is reporting earnings of $30.0 billion for Q4 2021 compared to a loss of -$0.1 billion in Q4 2020. Thus, a year-over-year growth rate is not being calculated for the Energy sector due to the loss reported by the sector in Q4 2020. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting a year-over-year increase in earnings. A growth rate is not being calculated for two of these five sub-industries due to losses reported in the year-ago quarter. However, both are reporting profits in Q4 2021: Integrated Oil & Gas and Oil & Gas Refining & Marketing. The other three sub-industries that are reporting year-over-year earnings growth are the Oil & Gas Exploration & Production (2,863%), Oil & Gas Equipment & Services (170%), and Oil & Gas Storage & Transportation (9%) sub-industries. At the company level, Exxon Mobil, Chevron, and ConocoPhillips are the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these three companies account for $16.7 billion of the $30.2 billion year-over-year increase in earnings for the sector.

Industrials: Boeing and Airlines Industry Are Largest Contributors to Year-Over-Year Growth

The Industrials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 92.7%. At the industry level, all 12 industries in the sector are reporting a year-over-year increase in earnings. A growth rate is not being calculated for two of these industries due to losses reported in the year-ago quarter: Airlines and Aerospace & Defense. The Aerospace & Defense industry reported a profit in Q4 2021 ($2.3 billion) compared to a loss in Q4 2020 (-$2.3 billion), while the Airlines industry reported a smaller loss in Q4 2021 (-$1.2 billion) compared to Q4 2020 (-$7.3 billion). Seven of the remaining ten industries are reporting earnings growth at or above 10%: Trading Companies & Distributors (39%), Air Freight & Logistics (27%), Electrical Equipment (22%), Construction & Engineering (18%), Road & Rail (15%), Building Products (14%), and Commercial Services & Supplies (10%). Boeing and the five companies in the Airlines industry are the largest contributors to earnings growth for the sector. If these six companies were excluded, the blended earnings growth rate for the Industrials sector would fall to 11.1% from 92.7%.

Materials: Nucor is Largest Contributor to Year-over-Year Growth

The Materials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 61.4%. At the industry level, all four industries in this sector are reporting year-over-year earnings growth, led by the Metals & Mining (131%) and Chemicals (52%) industries. At the company level, Nucor is the largest contributor to year-over-year earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Materials sector would fall to 44.9% from 61.4%.

Consumer Discretionary: Amazon.com is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 49.6%. At the industry level, 7 of the 10 industries in the sector are reporting a year-over-year increase in earnings. A growth rate is not being calculated for the Hotels, Restaurants, & Leisure industry due to a loss reported in the year-ago quarter. This industry is reporting a profit in Q4 2021 ($630 million) compared to a loss in Q4 2020 (-$2.8 billion). The remaining six industries are reporting earnings growth above 10%: Internet & Direct Marketing Retail (90%), Textiles, Apparel, & Luxury Goods (28%), Distributors (25%), Household Durables (19%), Automobiles (14%), and Specialty Retail (14%). Three industries are reporting a year-over-year decline in earnings, led by the Auto Components (-32%) industry. At the company level, Amazon.com is the largest contributor to earnings growth for the sector. It should be noted that earnings for Amazon.com for Q4 2021 include a pre-tax (valuation) gain of $11.8 billion. If this company were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 31.6% from 49.6%.

Revenue Growth: 15.5%

The blended (year-over-year) revenue growth rate for Q4 2021 is 15.5%, which is well above the 5-year average revenue growth rate of 6.5%. If 15.5% is the actual growth rate for the quarter, it will mark the third-highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. The current record is 25.3%, which occurred in Q2 2021. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Growth Above 80%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 87.7%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting double-digit (year-over-year) growth in revenues: Oil & Gas Exploration & Production (138%), Oil & Gas Refining & Marketing (103%), Integrated Oil & Gas (85%), Oil & Gas Storage & Transportation (43%), and Oil & Gas Equipment & Services (12%).

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

The Materials sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 27.5%. At the industry level, all four industries in this sector are reporting year-over-year growth in revenues at or above 10%. Three of these four industries are reporting revenue growth above 25%: Metals & Mining (51%), Construction Materials (32%), and Chemicals (28%).

Net Profit Margin: 12.5%

The blended net profit margin for the S&P 500 for Q4 2021 is 12.5%, which is above the 5-year average of 11.0% and the year-ago net profit margin of 11.0%, but below the previous quarter's net profit margin of 12.9%.

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

At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q4 2021 compared to Q4 2020, led by the Energy (9.6% vs. N/A), Industrials (7.8% vs. 4.5%), and Materials (12.9% vs. 10.2%) sectors. Seven sectors are also reporting net profit margins in Q4 2021 that are above their 5-year averages, led by the Energy (9.6% vs. 5.3%) and Information Technology (26.0% vs. 21.8%) sectors.

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative EPS Guidance for Q1 is Above Average

At this point in time, 77 companies in the index have issued EPS guidance for Q1 2022. Of these 77 companies, 55 have issued negative EPS guidance and 22 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 71% (55 out of 77), which is above the 5-year average of 60%.

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 Growth of 48% for CY 2021

For the fourth quarter, S&P 500 companies are reporting earnings growth of 30.9% and revenue growth of 15.5%. For the full year, the index is reporting earnings growth of 47.5% and revenue growth of 16.5%

For Q1 2022, analysts are projecting earnings growth of 5.2% and revenue growth of 10.3%.

For Q2 2022, analysts are projecting earnings growth of 4.7% and revenue growth of 8.6%.

For CY 2022, analysts are projecting earnings growth of 8.6% and revenue growth of 8.1%.

Valuation: Forward P/E Ratio is 19.2, Above the 10-Year Average (16.7)

The forward 12-month P/E ratio is 19.2. This P/E ratio is above the 5-year average of 18.6 and above the 10-year average of 16.7. However, it is below the forward 12-month P/E ratio of 21.3 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 decreased by 8.1%, while the forward 12-month EPS estimate has increased by 2.2%. At the sector level, the Consumer Discretionary (27.1) and Information Technology (24.0) sectors have the highest forward 12-month P/E ratios, while the Energy (12.5) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 21.8, which is below the 5-year average of 23.1 but above the 10-year average of 20.0.

Targets & Ratings: Analysts Project 21% Increase in Price Over Next 12 Months

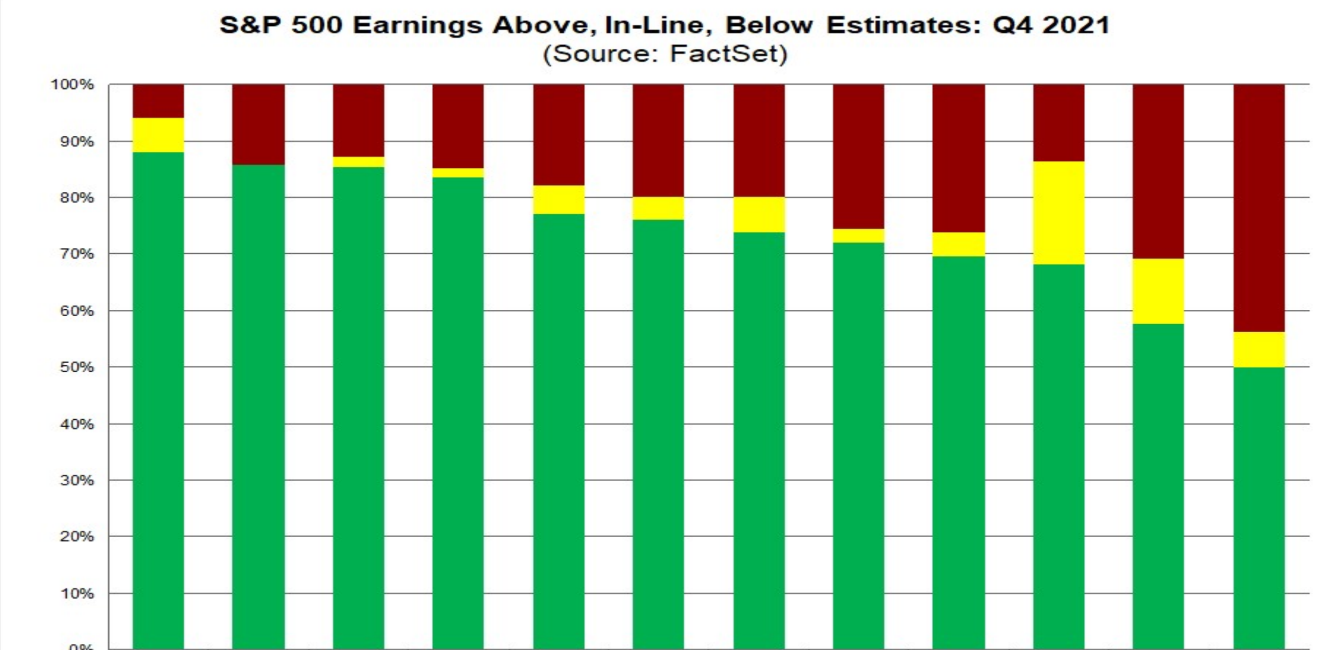
The bottom-up target price for the S&P 500 is 5312.70, which is 21.3% above the closing price of 4380.26. At the sector level, the Communication Services (+33.0%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Energy (+8.0%) and Consumer Staples (+9.2%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 10,837 ratings on stocks in the S&P 500. Of these 10,837 ratings, 57.1% are Buy ratings, 37.3% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Energy (67%) and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

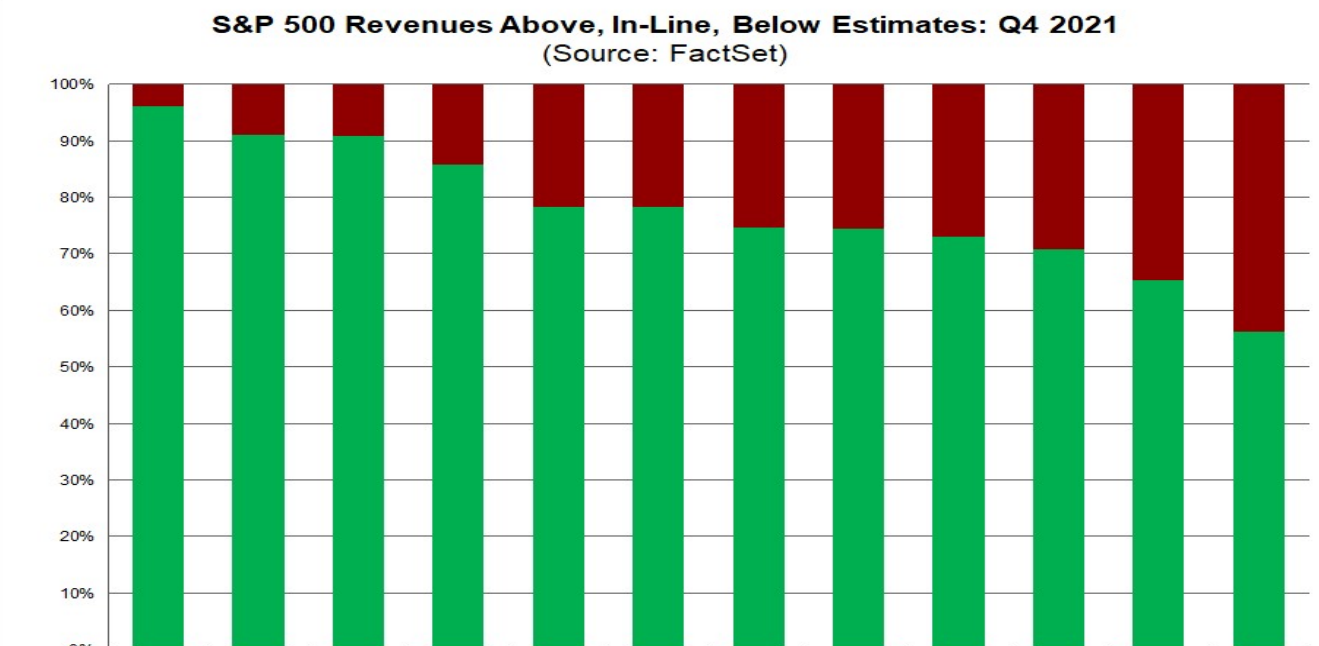
Companies Reporting Next Week: 54

During the upcoming week, 54 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Q4 2021: Scorecard

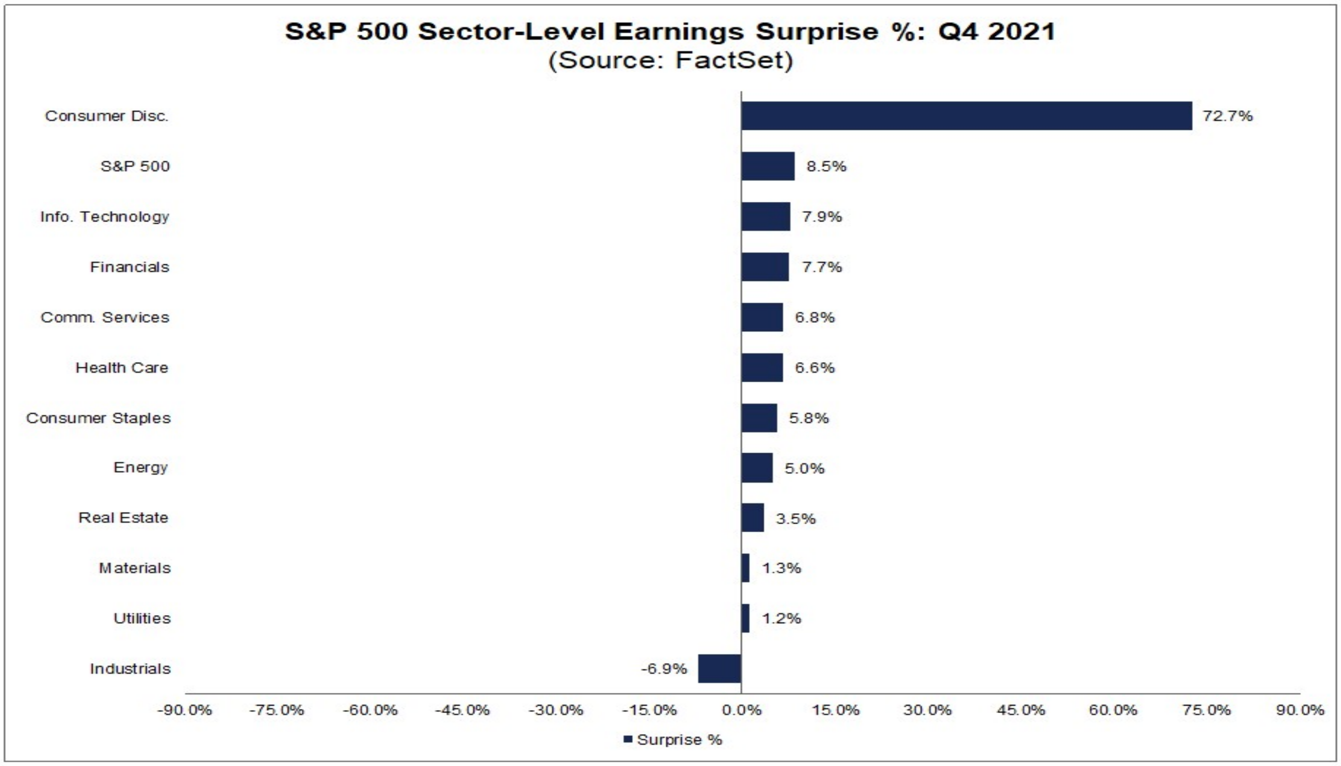


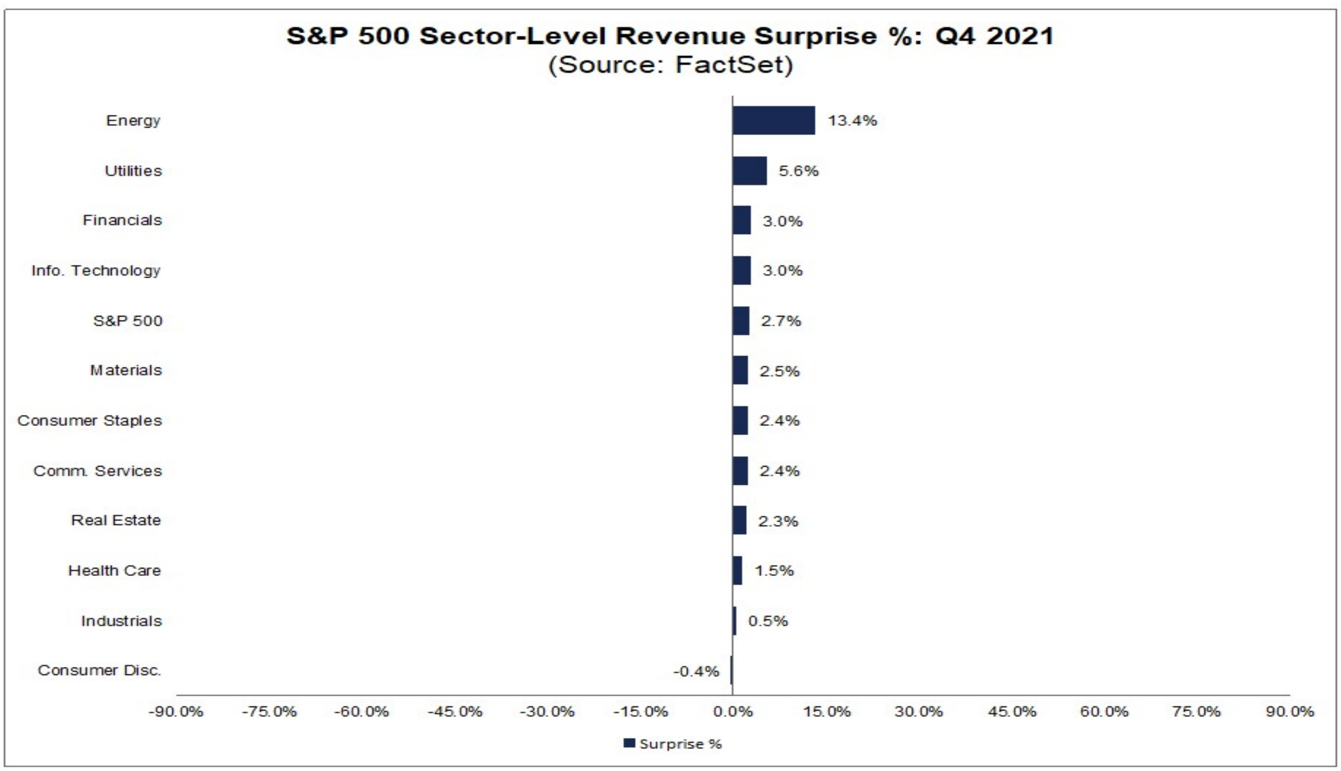
	Info. Technology	Energy	Health Care	Industrials	S&P 500	Consumer Staples	Financials	Consumer Disc.	Comm. Services	Real Estate	Materials	Utilities
Below	6%	14%	13%	15%	18%	20%	20%	26%	26%	14%	31%	44%
In-Line	6%	0%	2%	1%	5%	4%	6%	2%	4%	18%	12%	6%
Above	88%	86%	85%	84%	77%	76%	74%	72%	70%	68%	58%	50%



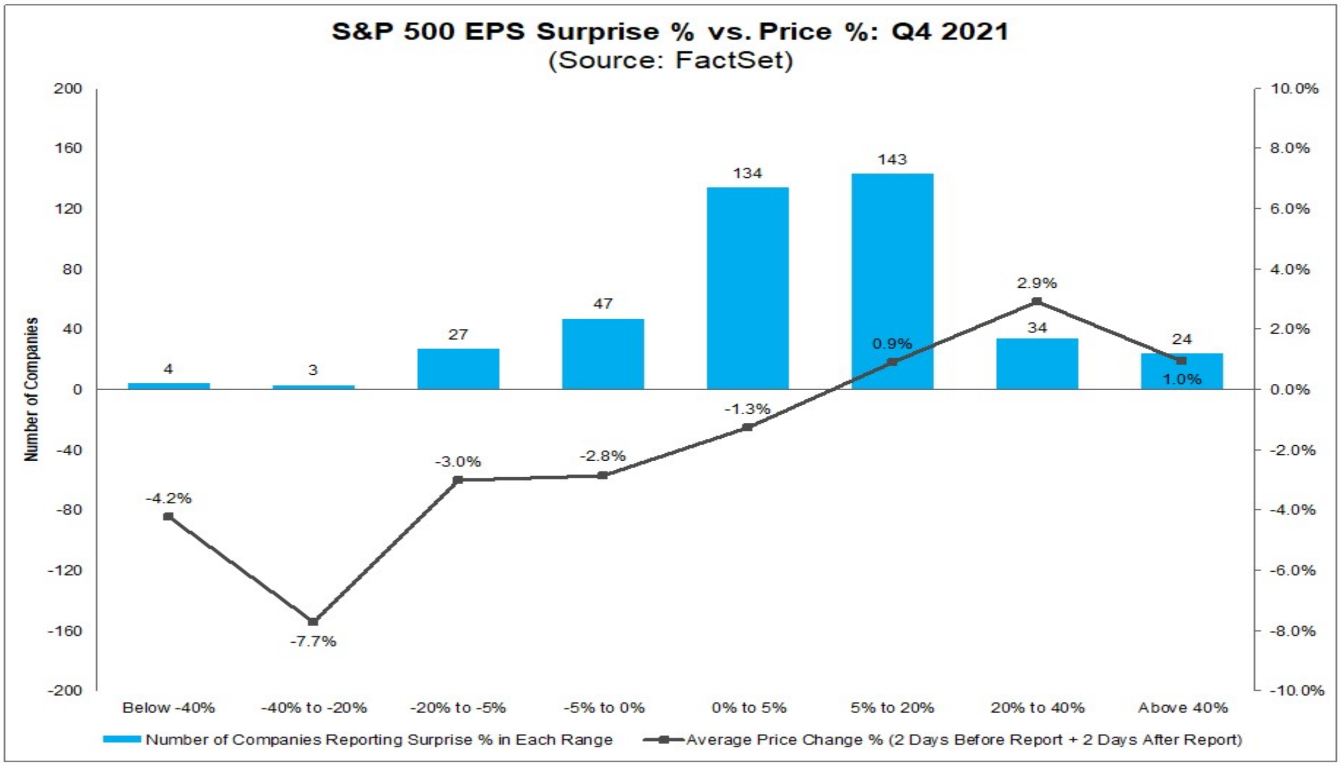
	Consumer Staples	Info. Technology	Real Estate	Energy	S&P 500	Health Care	Industrials	Consumer Disc.	Materials	Financials	Comm. Services	Utilities
Below	4%	9%	9%	14%	22%	22%	25%	26%	27%	29%	35%	44%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	96%	91%	91%	86%	78%	78%	75%	74%	73%	71%	65%	56%

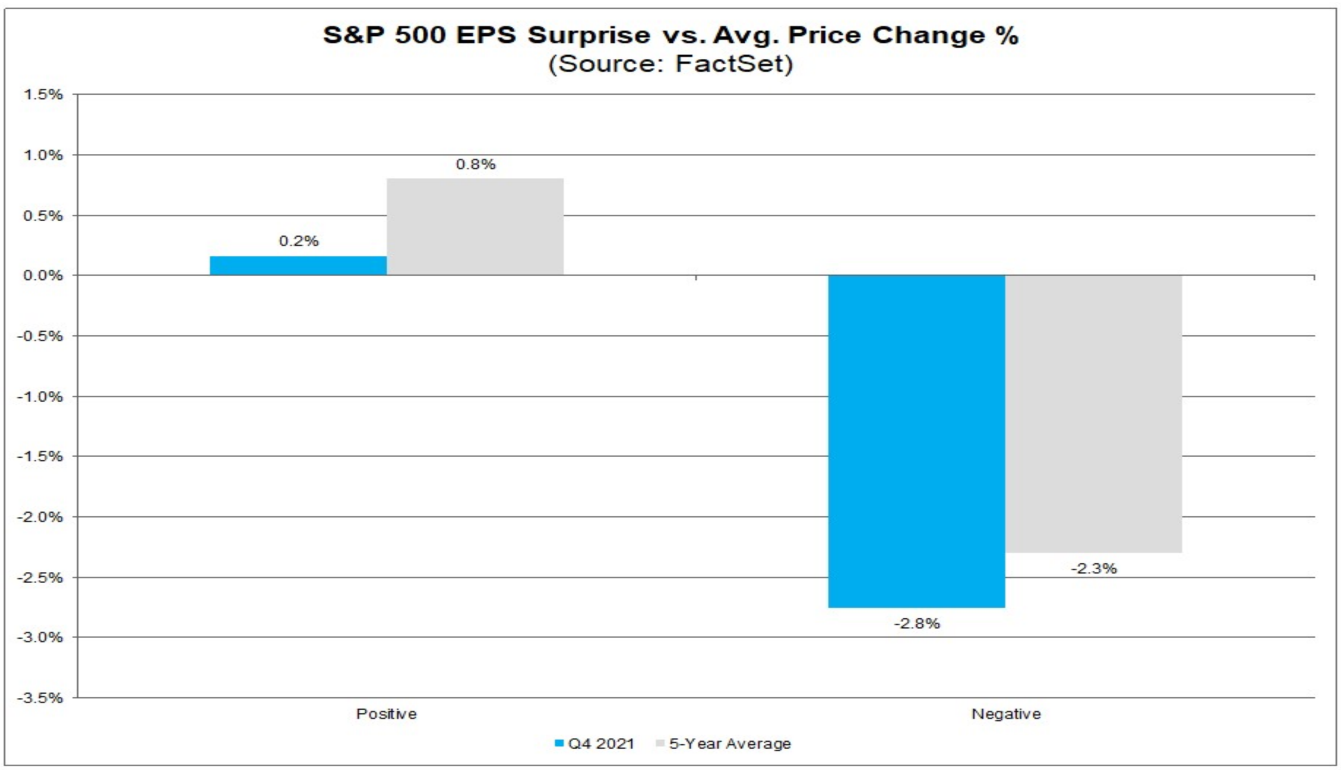
Q4 2021: Scorecard



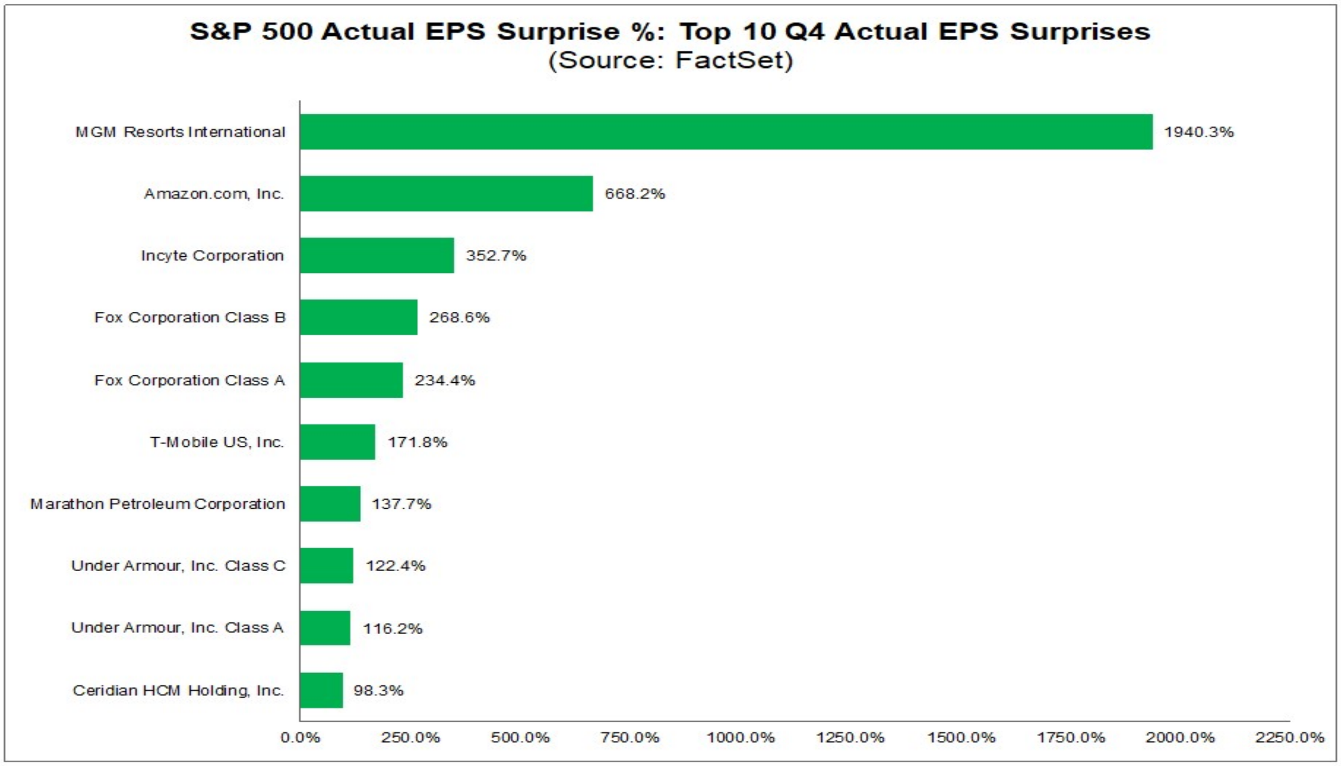


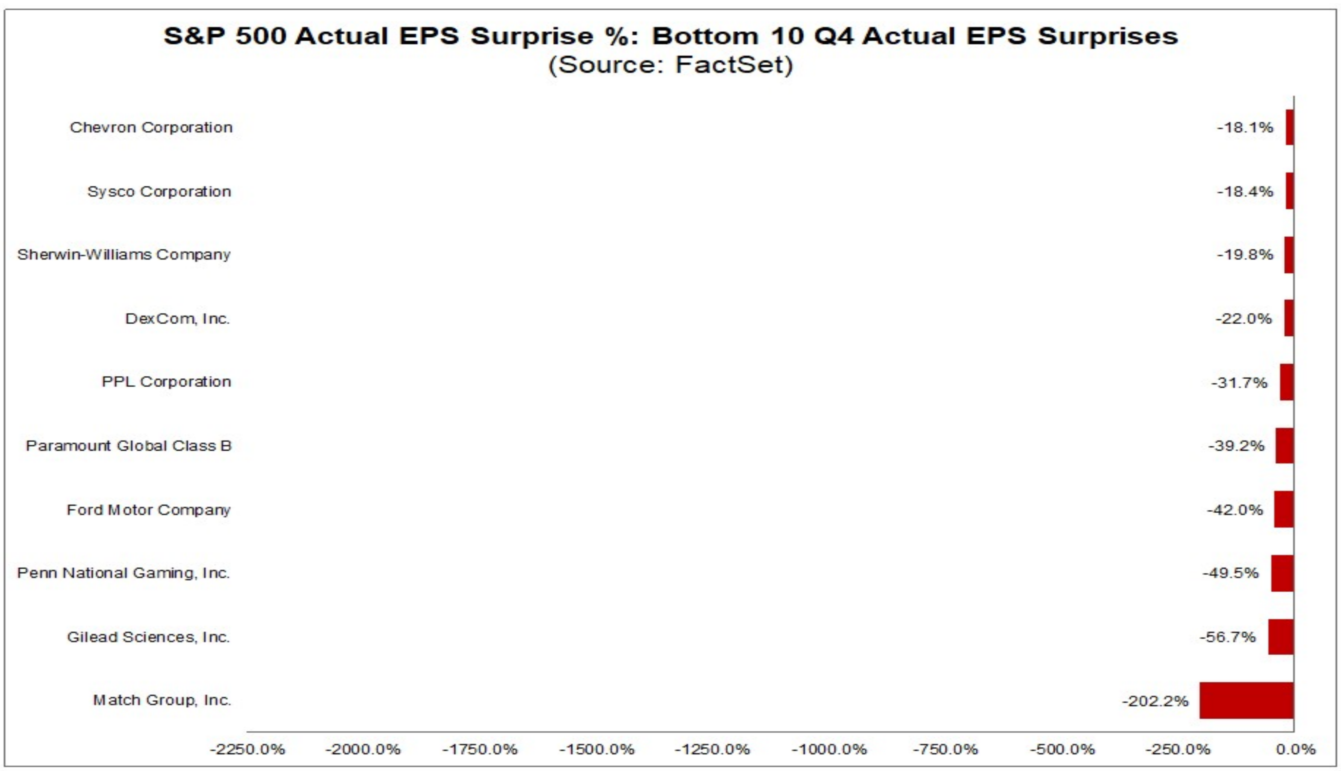
Q4 2021: Scorecard



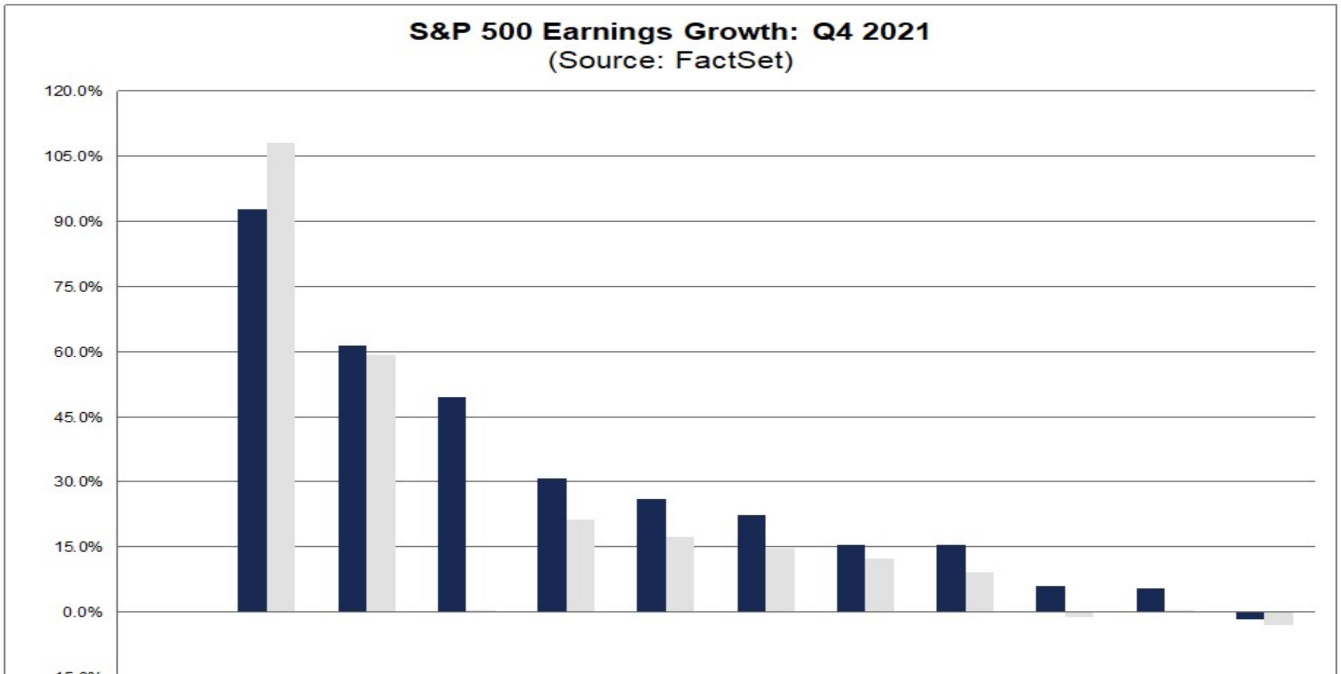


Q4 2021: Scorecard

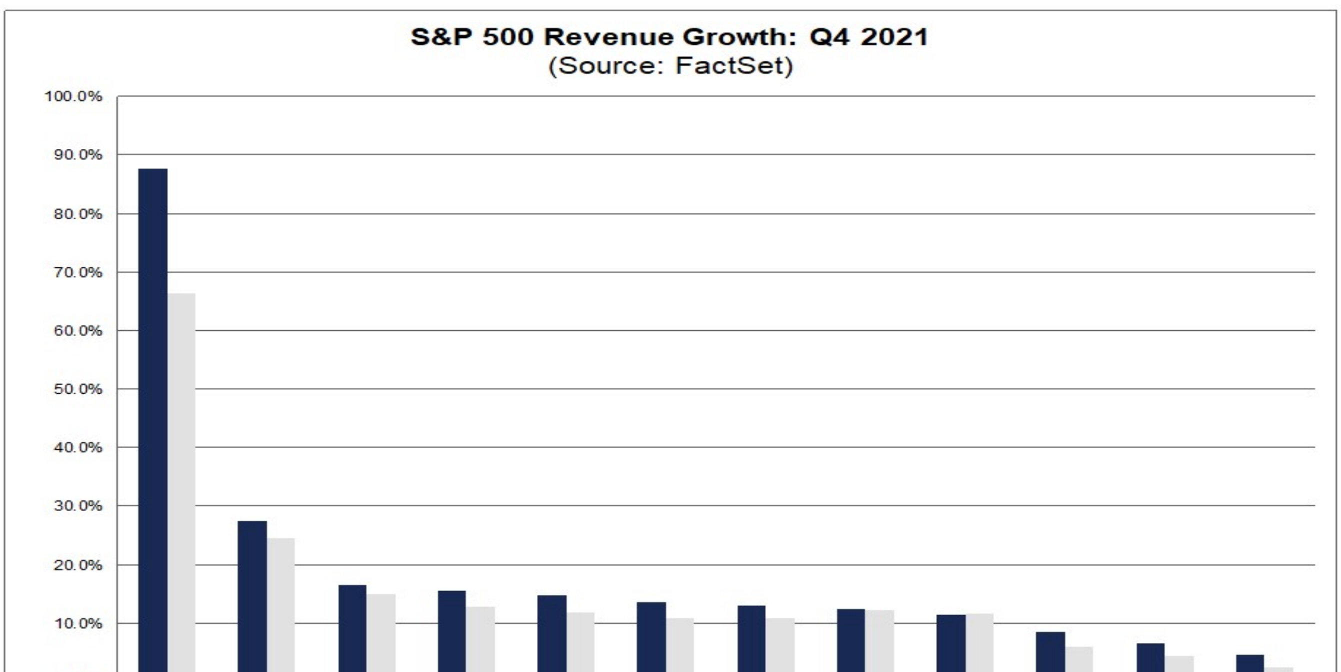




Q4 2021: Growth

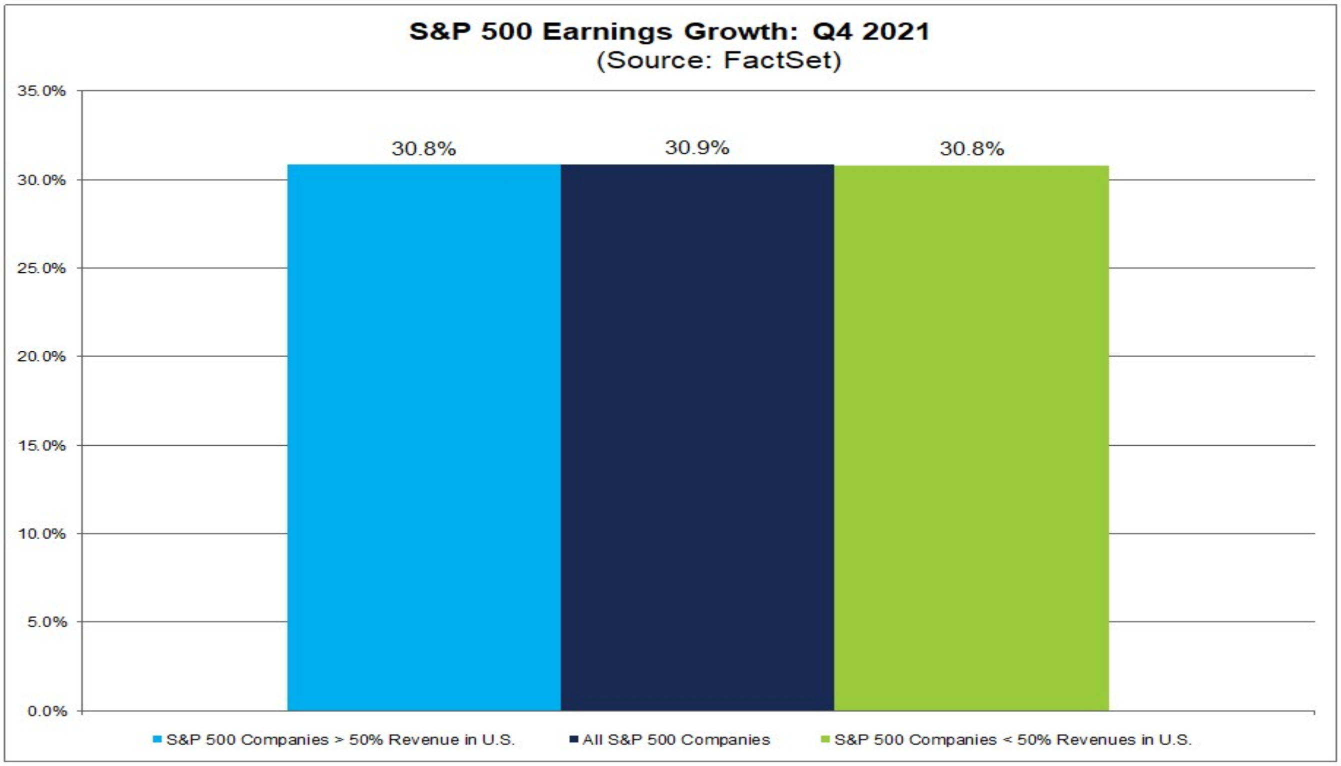


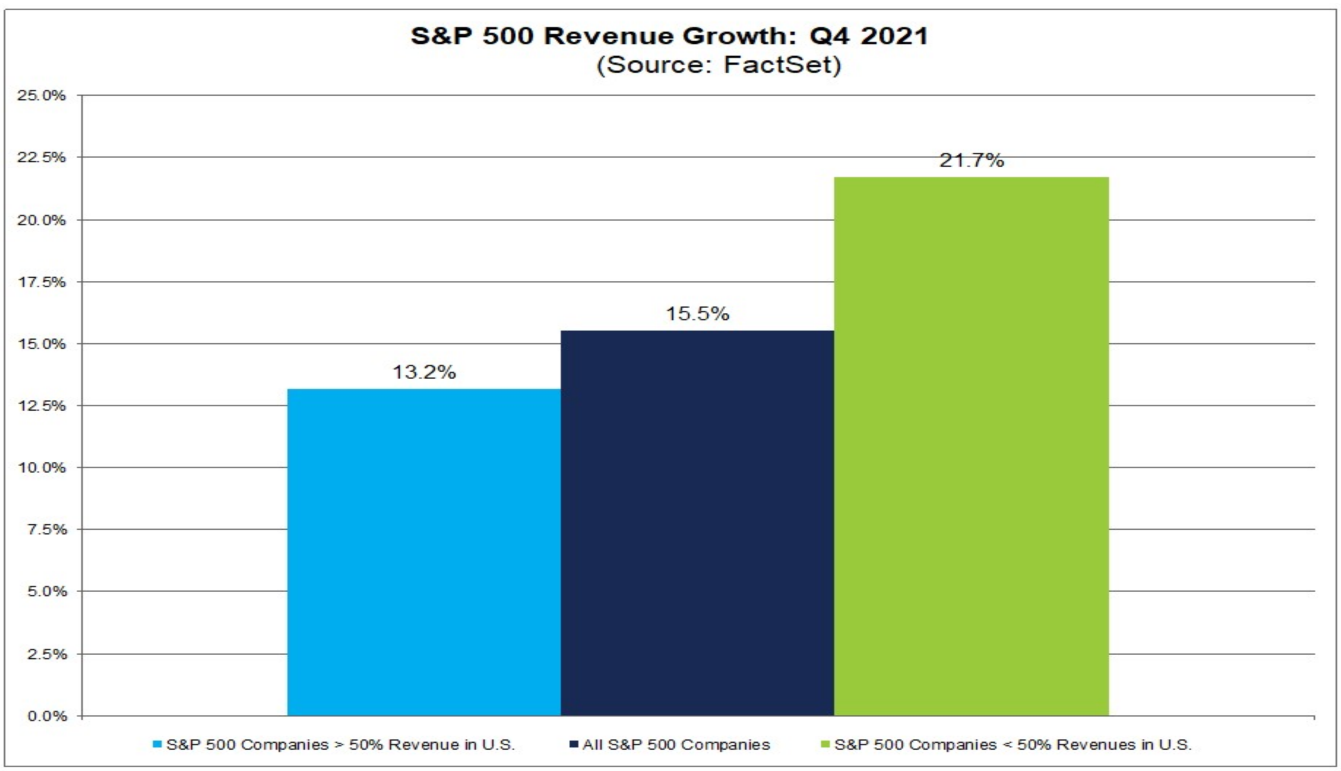
	Energy	Industrials	Materials	Consumer Disc.	S&P 500	Health Care	Info. Technology	Real Estate	Comm. Services	Financials	Consumer Staples	Utilities
Today		92.7%	61.4%	49.6%	30.9%	26.1%	22.4%	15.5%	15.4%	6.0%	5.4%	-1.8%
31-Dec		108.0%	59.3%	0.4%	21.2%	17.4%	14.6%	12.3%	9.0%	-1.1%	0.5%	-3.1%



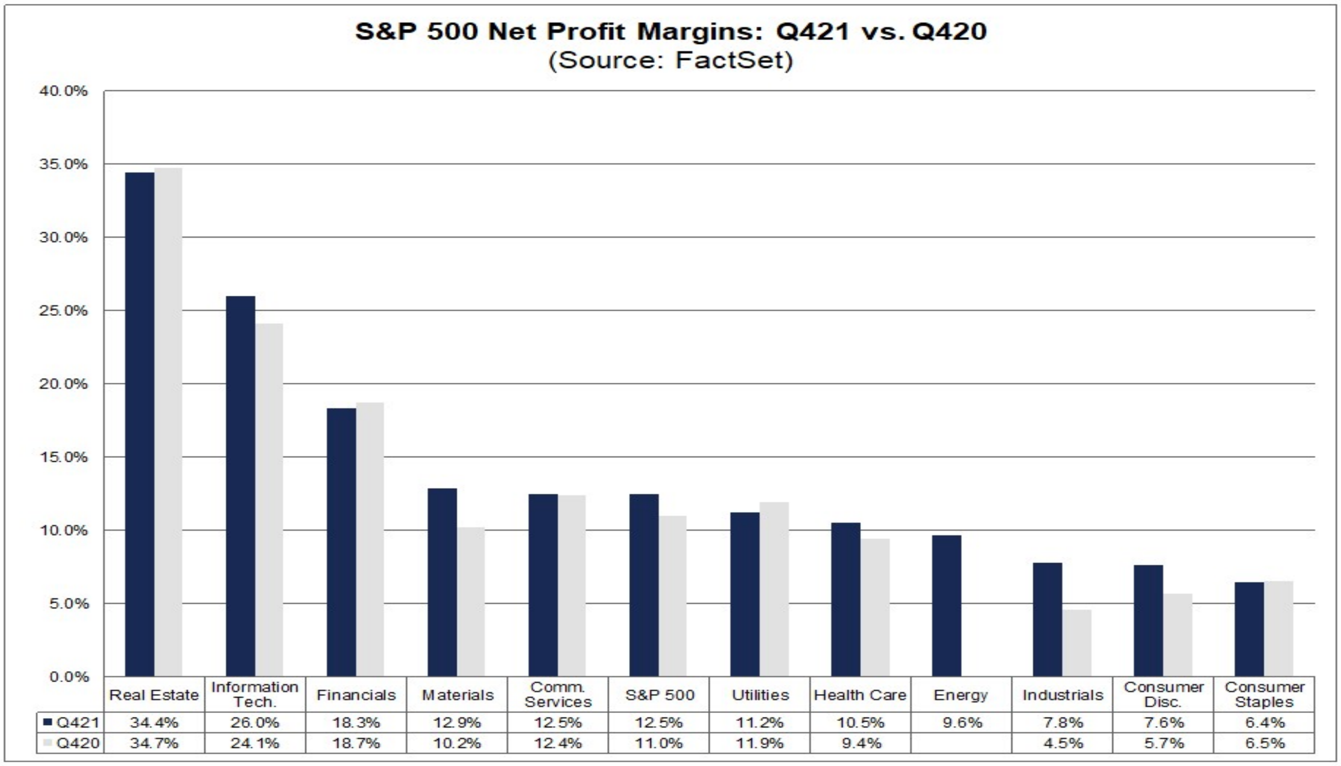
	Energy	Materials	Real Estate	S&P 500	Comm. Services	Info. Technology	Health Care	Industrials	Consumer Disc.	Financials	Consumer Staples	Utilities
Today	87.7%	27.5%	16.5%	15.5%	14.7%	13.6%	12.9%	12.3%	11.4%	8.5%	6.5%	4.5%
31-Dec	66.3%	24.6%	14.9%	12.8%	11.8%	10.8%	10.8%	12.3%	11.6%	5.9%	4.3%	2.5%

Q4 2021: Growth

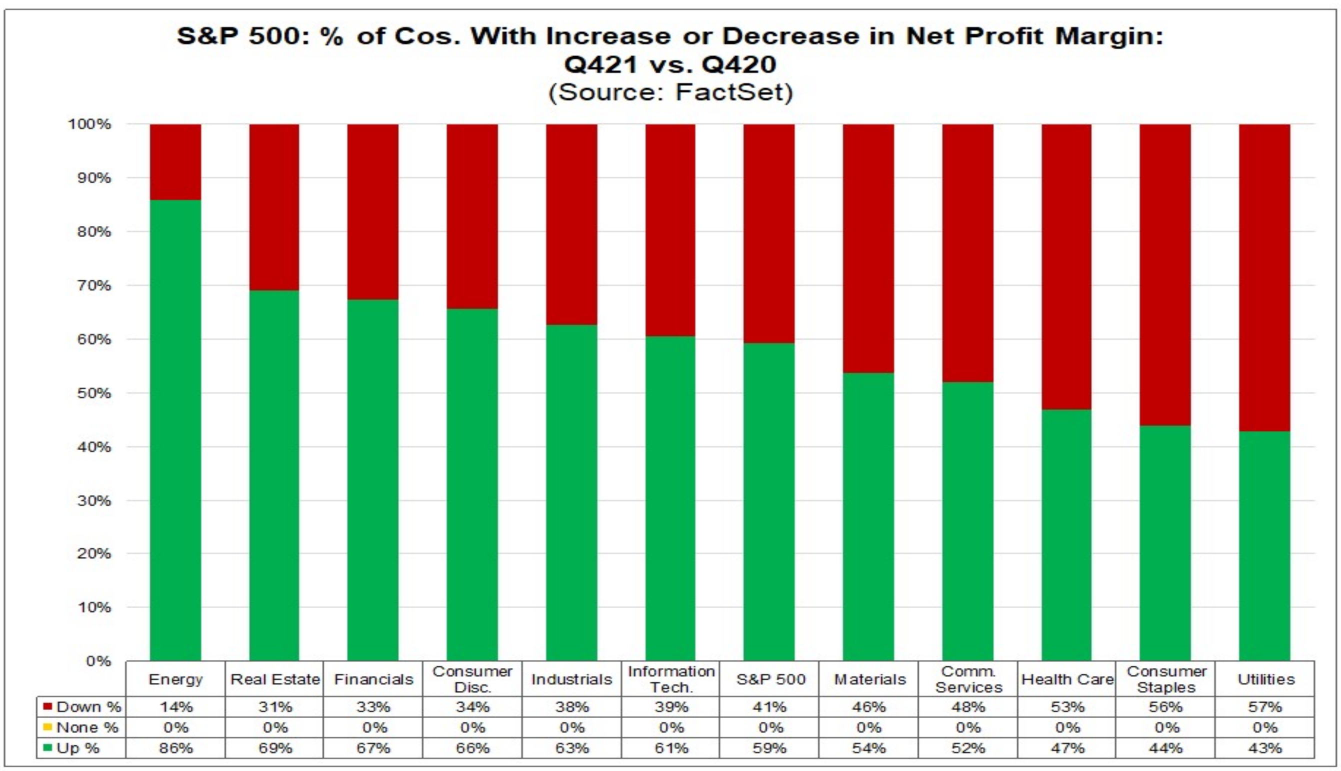




Q4 2021: Net Profit Margin

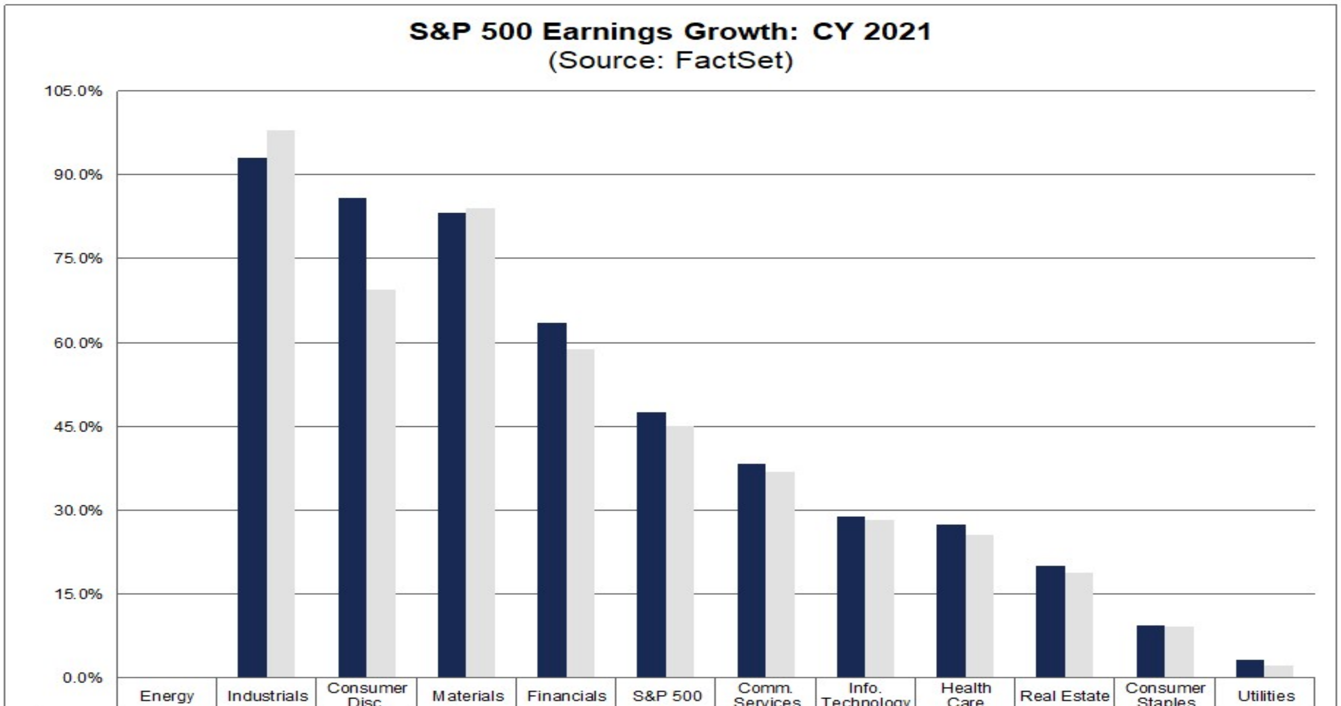


	Real Estate	Information Tech.	Financials	Materials	Comm. Services	S&P 500	Utilities	Health Care	Energy	Industrials	Consumer Disc.	Consumer Staples
Q421	34.4%	26.0%	18.3%	12.9%	12.5%	12.5%	11.2%	10.5%	9.6%	7.8%	7.6%	6.4%
Q420	34.7%	24.1%	18.7%	10.2%	12.4%	11.0%	11.9%	9.4%		4.5%	5.7%	6.5%

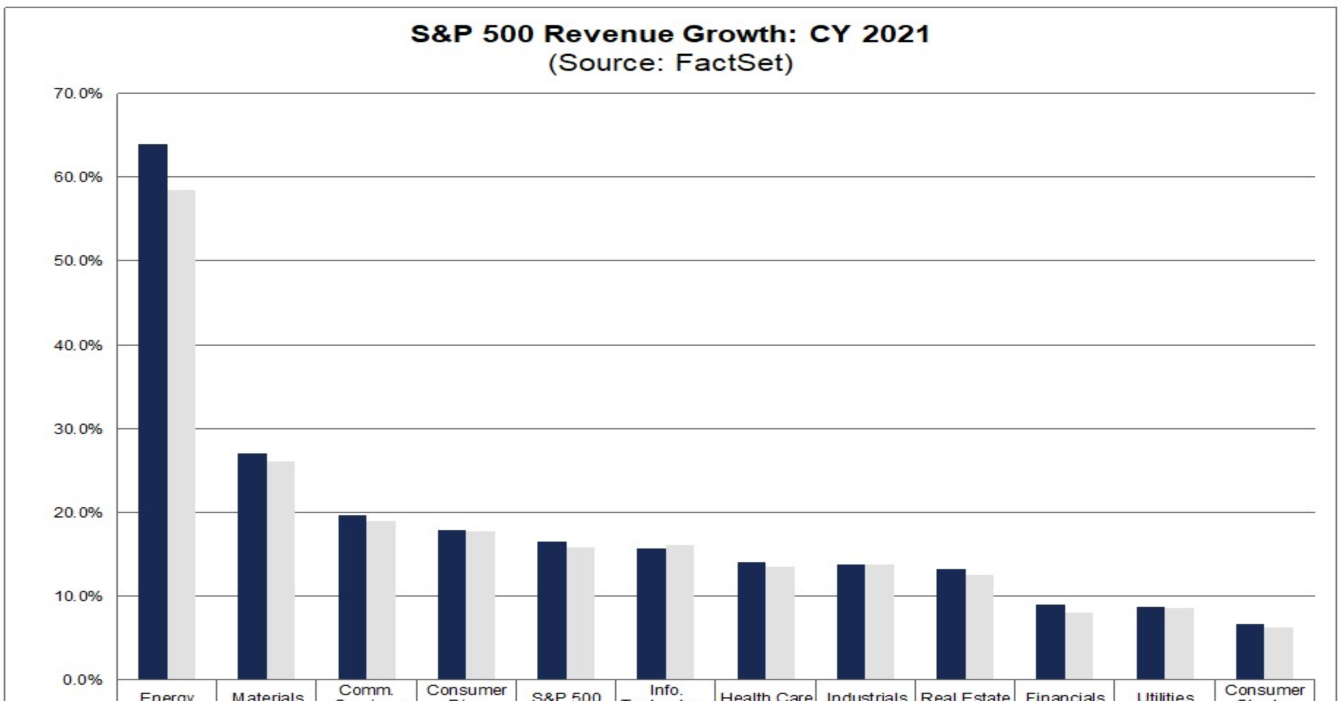


	Energy	Real Estate	Financials	Consumer Disc.	Industrials	Information Tech.	S&P 500	Materials	Comm. Services	Health Care	Consumer Staples	Utilities
Down %	14%	31%	33%	34%	38%	39%	41%	46%	48%	53%	56%	57%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	86%	69%	67%	66%	63%	61%	59%	54%	52%	47%	44%	43%

CY 2021: Growth

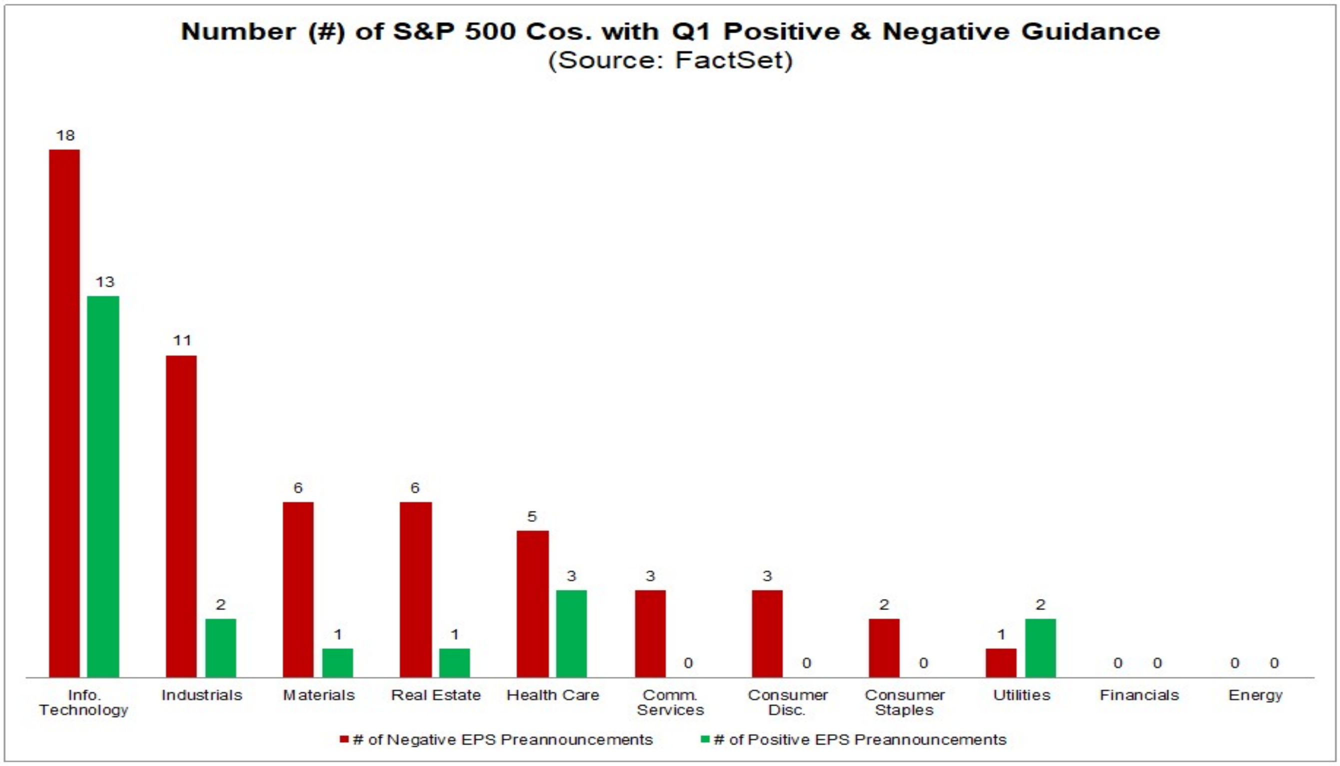


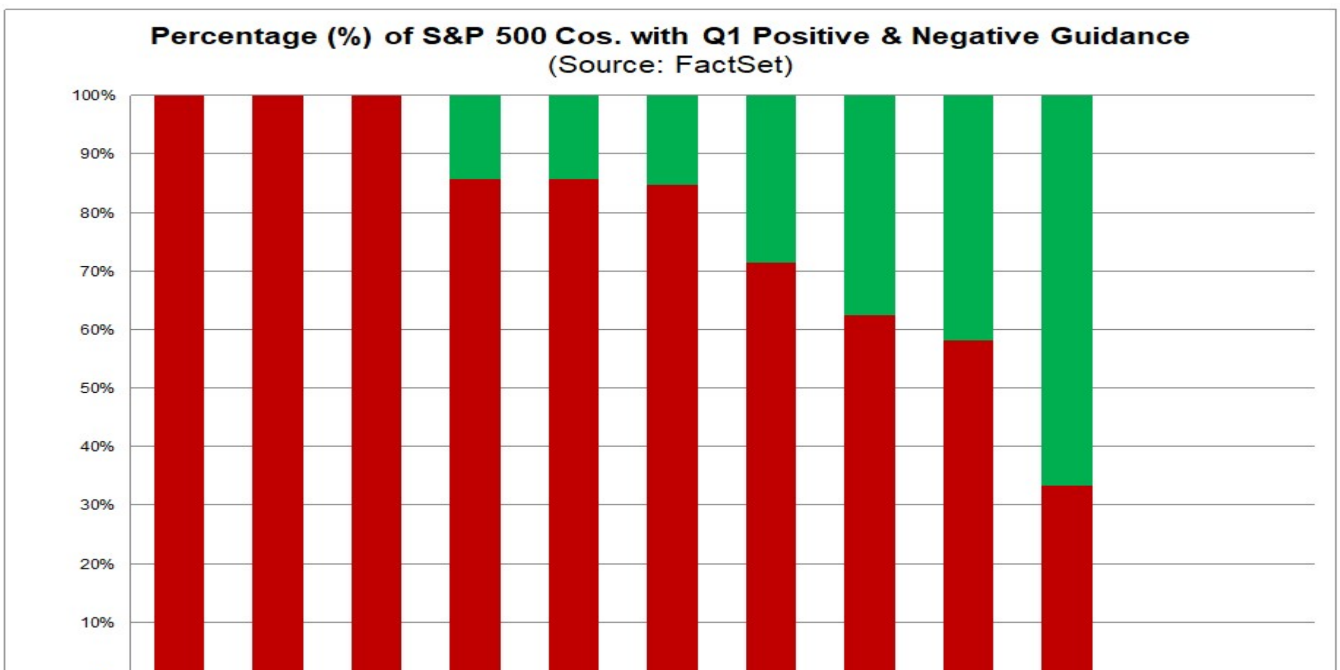
	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		93.1%	85.9%	83.2%	63.6%	47.5%	38.2%	28.9%	27.4%	19.9%	9.3%	3.1%
31-Dec		98.0%	69.5%	84.0%	58.8%	45.0%	36.9%	28.2%	25.6%	18.8%	9.1%	2.1%



	Energy	Materials	Comm. Services	Consumer Disc.	S&P 500	Info. Technology	Health Care	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Today	63.9%	27.0%	19.6%	17.8%	16.5%	15.7%	14.0%	13.7%	13.1%	8.9%	8.6%	6.7%
31-Dec	58.5%	26.0%	18.9%	17.7%	15.8%	16.1%	13.5%	13.8%	12.5%	8.0%	8.6%	6.2%

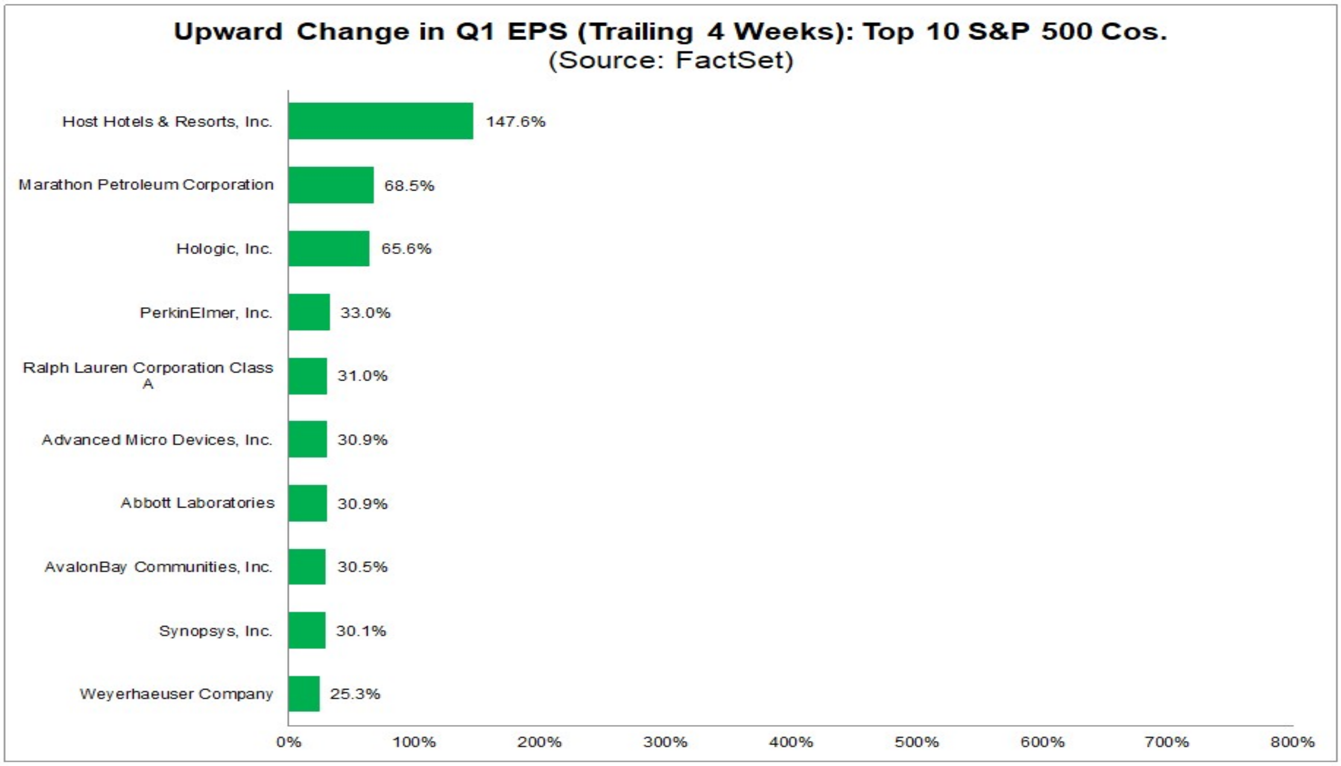
Q1 2022: EPS Guidance

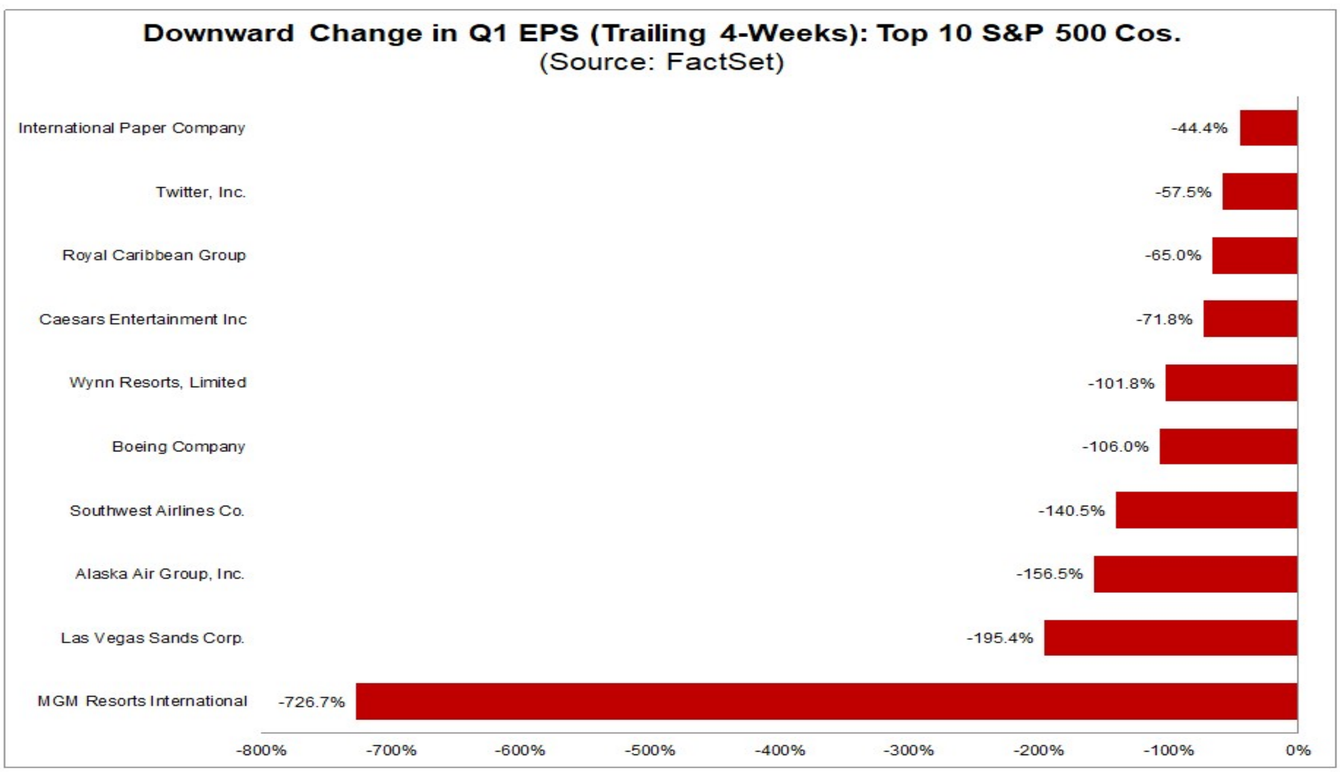




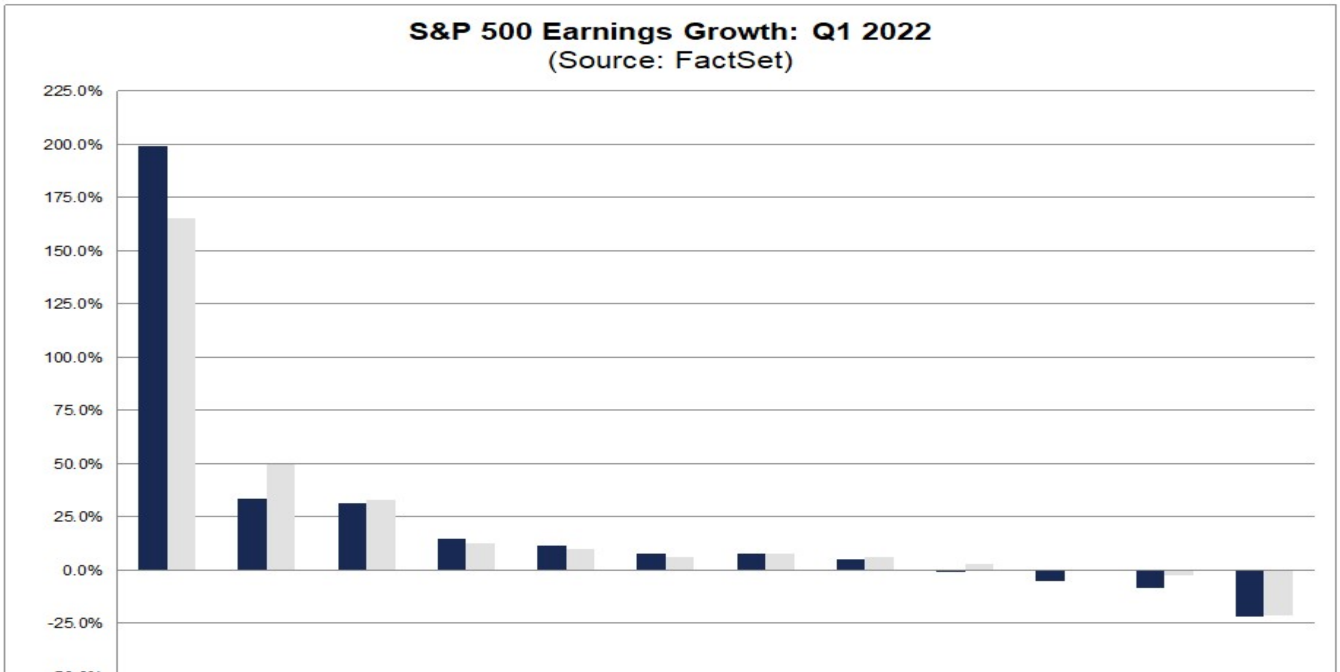
	Comm. Services	Consumer Disc.	Consumer Staples	Real Estate	Materials	Industrials	S&P 500	Health Care	Info. Technology	Utilities	Financials	Energy
Positive	0%	0%	0%	14%	14%	15%	29%	38%	42%	67%	0%	0%
Negative	100%	100%	100%	86%	86%	85%	71%	63%	58%	33%	0%	0%

Q1 2022: EPS Revisions

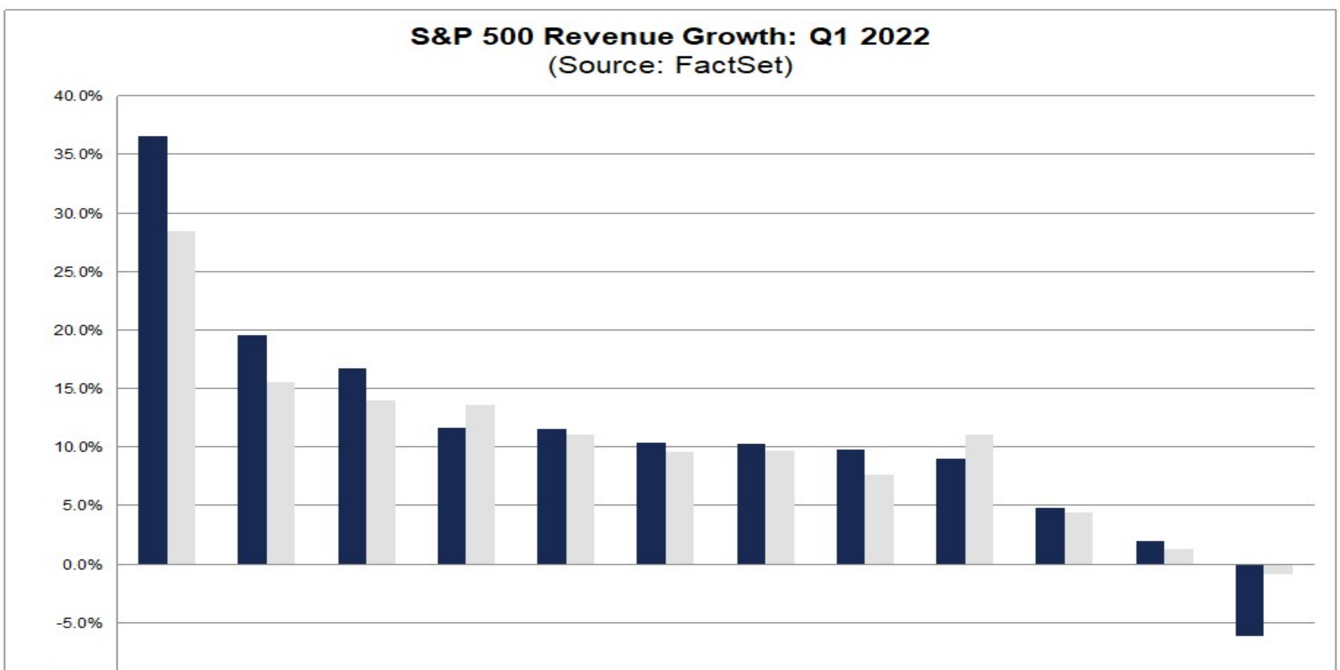




Q1 2022: Growth

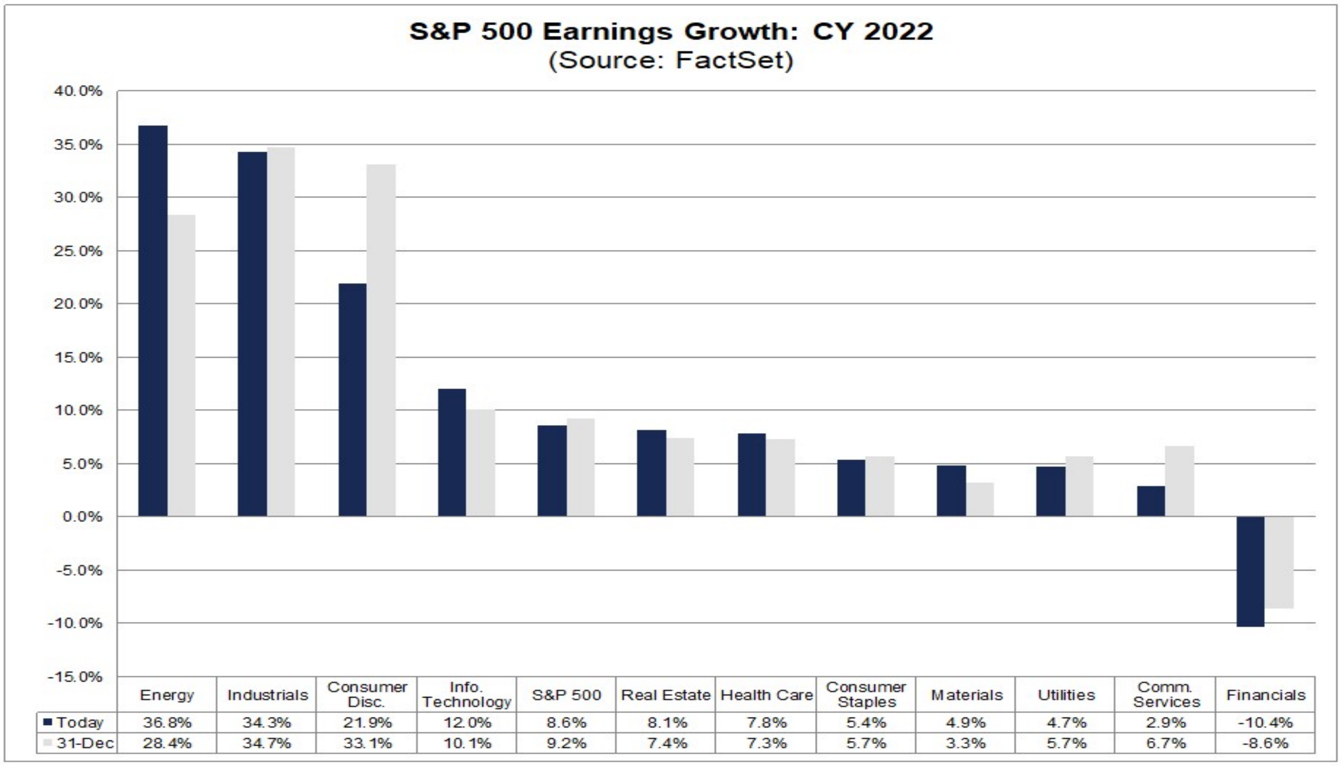


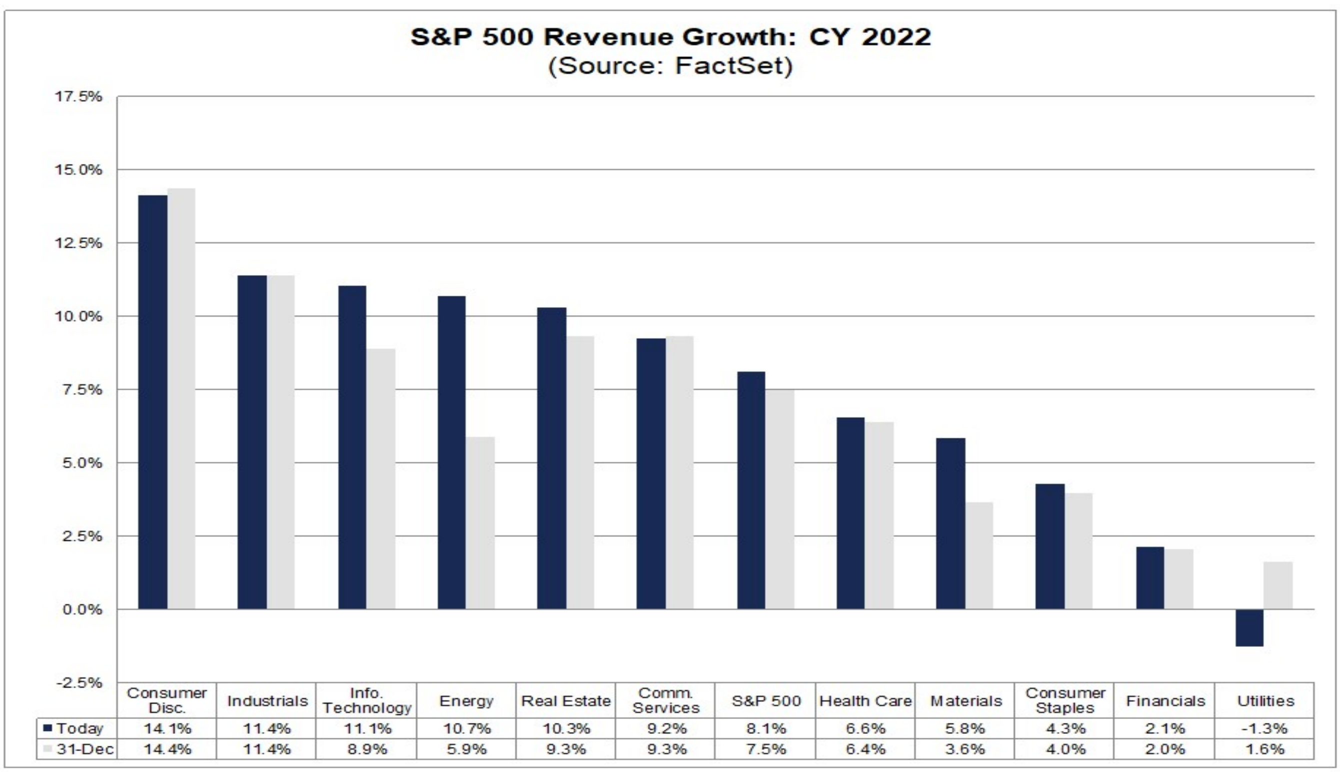
	Energy	Industrials	Materials	Real Estate	Health Care	Info. Technology	Utilities	S&P 500	Consumer Staples	Comm. Services	Consumer Disc.	Financials
Today	198.8%	33.5%	31.3%	14.8%	11.3%	8.0%	7.6%	5.2%	-1.0%	-4.9%	-8.5%	-21.8%
31-Dec	165.4%	49.8%	33.2%	12.4%	10.1%	6.0%	7.6%	6.0%	3.1%	-0.5%	-2.6%	-21.3%



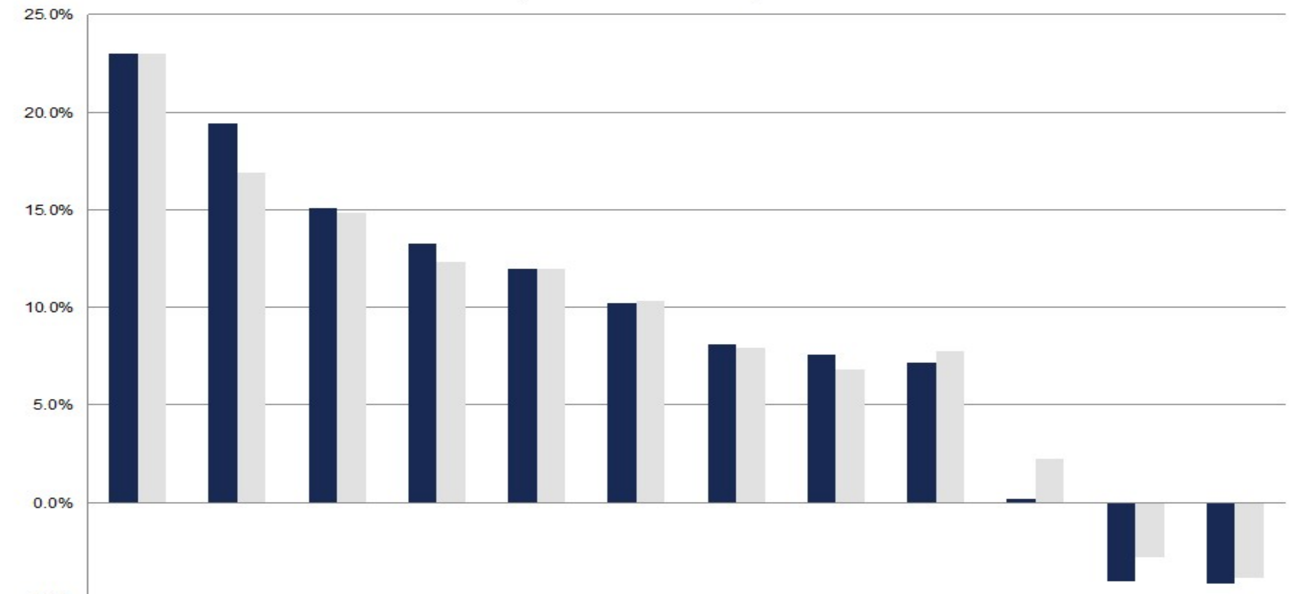
	Energy	Materials	Real Estate	Industrials	Health Care	Comm. Services	S&P 500	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	36.6%	19.5%	16.7%	11.6%	11.5%	10.4%	10.3%	9.8%	9.0%	4.8%	1.9%	-6.1%
31-Dec	28.5%	15.5%	14.0%	13.6%	11.0%	9.6%	9.7%	7.6%	11.0%	4.4%	1.3%	-0.9%

CY 2022: Growth

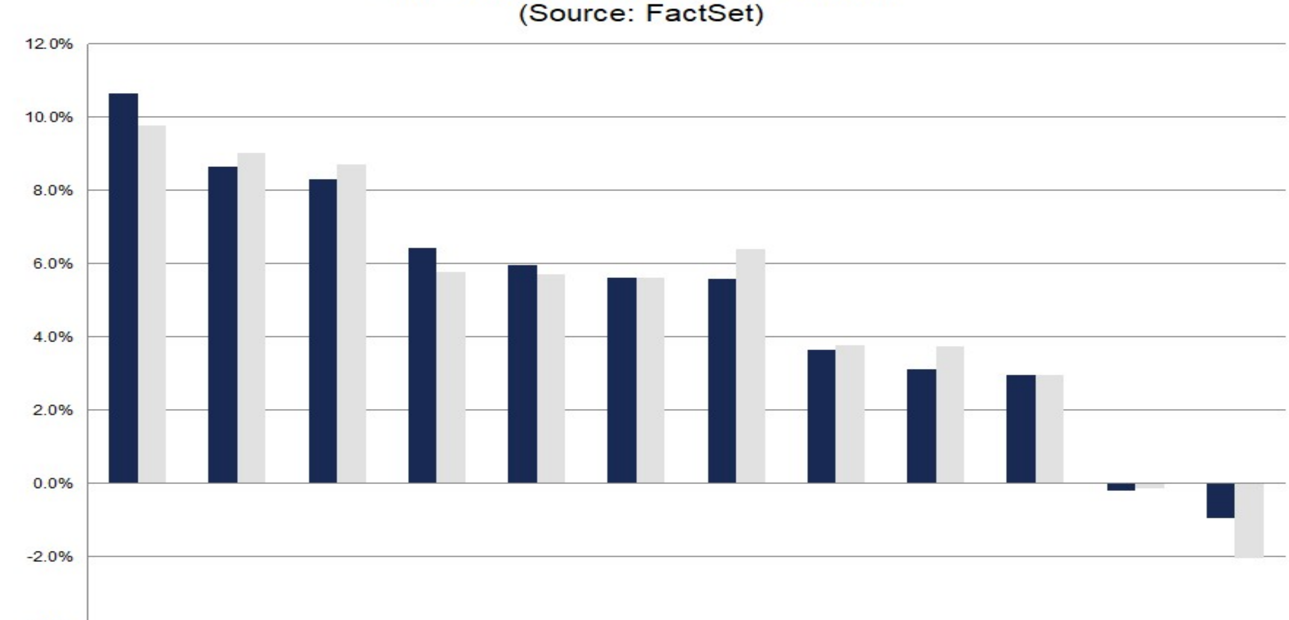




CY 2023: Growth

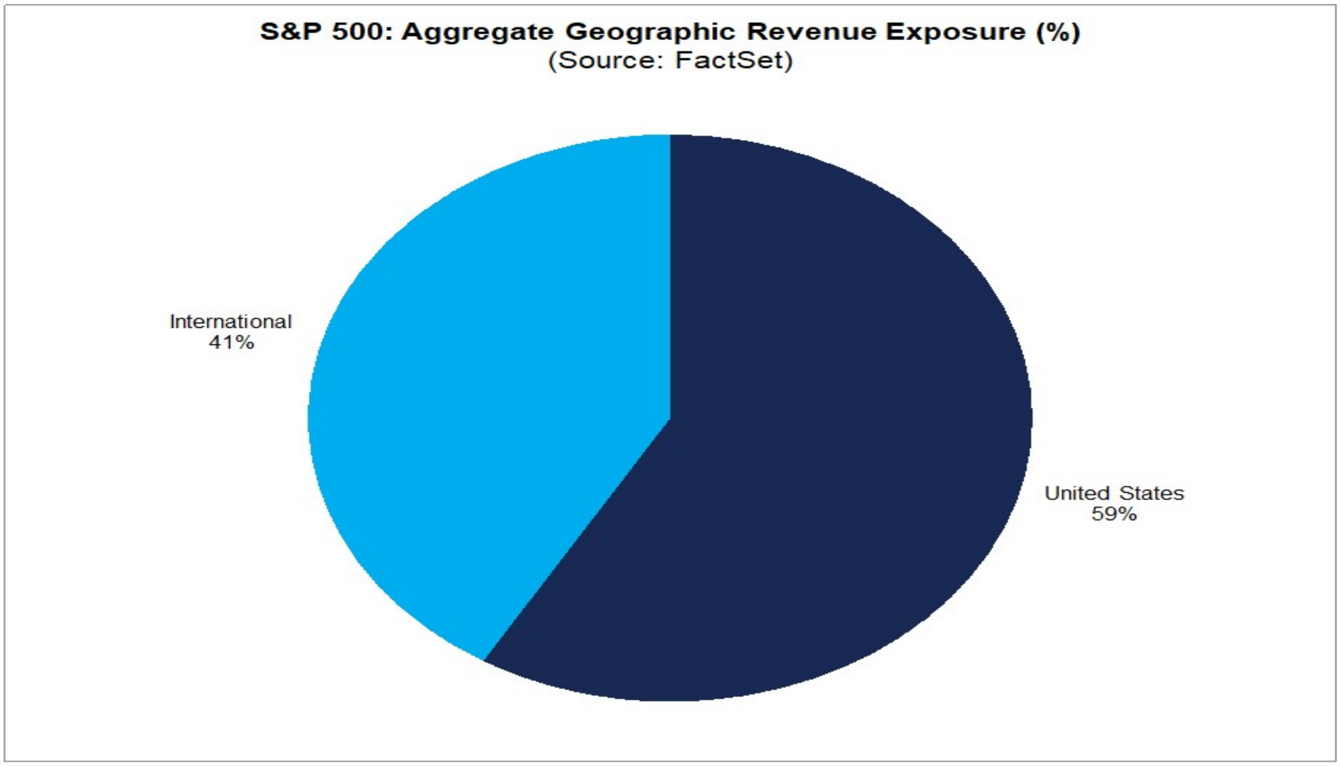


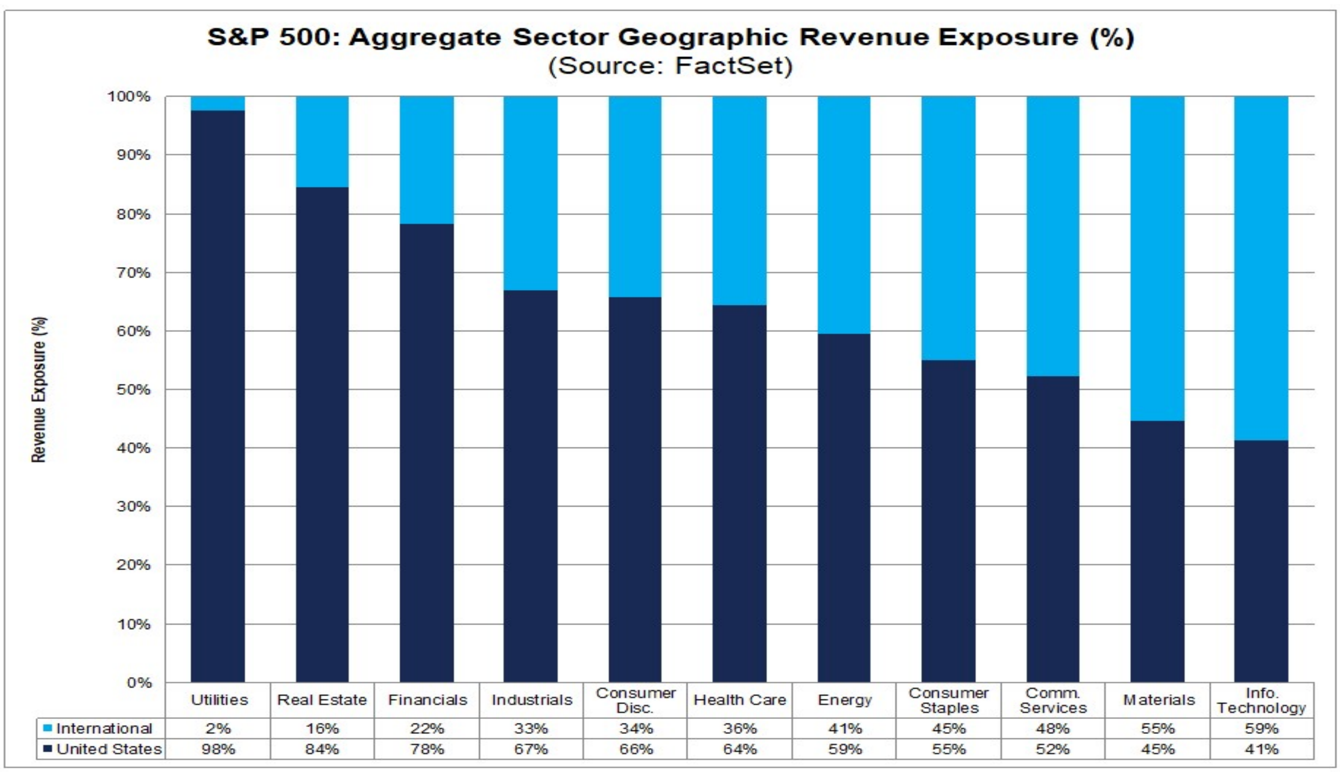
	Consumer Disc.	Industrials	Comm. Services	Financials	Info. Technology	S&P 500	Consumer Staples	Utilities	Real Estate	Health Care	Materials	Energy
Today	23.0%	19.4%	15.1%	13.3%	12.0%	10.2%	8.1%	7.6%	7.2%	0.2%	-4.0%	-4.2%
31-Dec	23.0%	16.9%	14.9%	12.3%	12.0%	10.3%	7.9%	6.8%	7.7%	2.2%	-2.8%	-3.9%



	Consumer Disc.	Comm. Services	Info. Technology	Industrials	Financials	S&P 500	Real Estate	Consumer Staples	Health Care	Utilities	Materials	Energy
Today	10.6%	8.7%	8.3%	6.4%	6.0%	5.6%	5.6%	3.7%	3.1%	3.0%	-0.2%	-1.0%
31-Dec	9.8%	9.0%	8.7%	5.8%	5.7%	5.6%	6.4%	3.8%	3.7%	3.0%	-0.1%	-2.0%

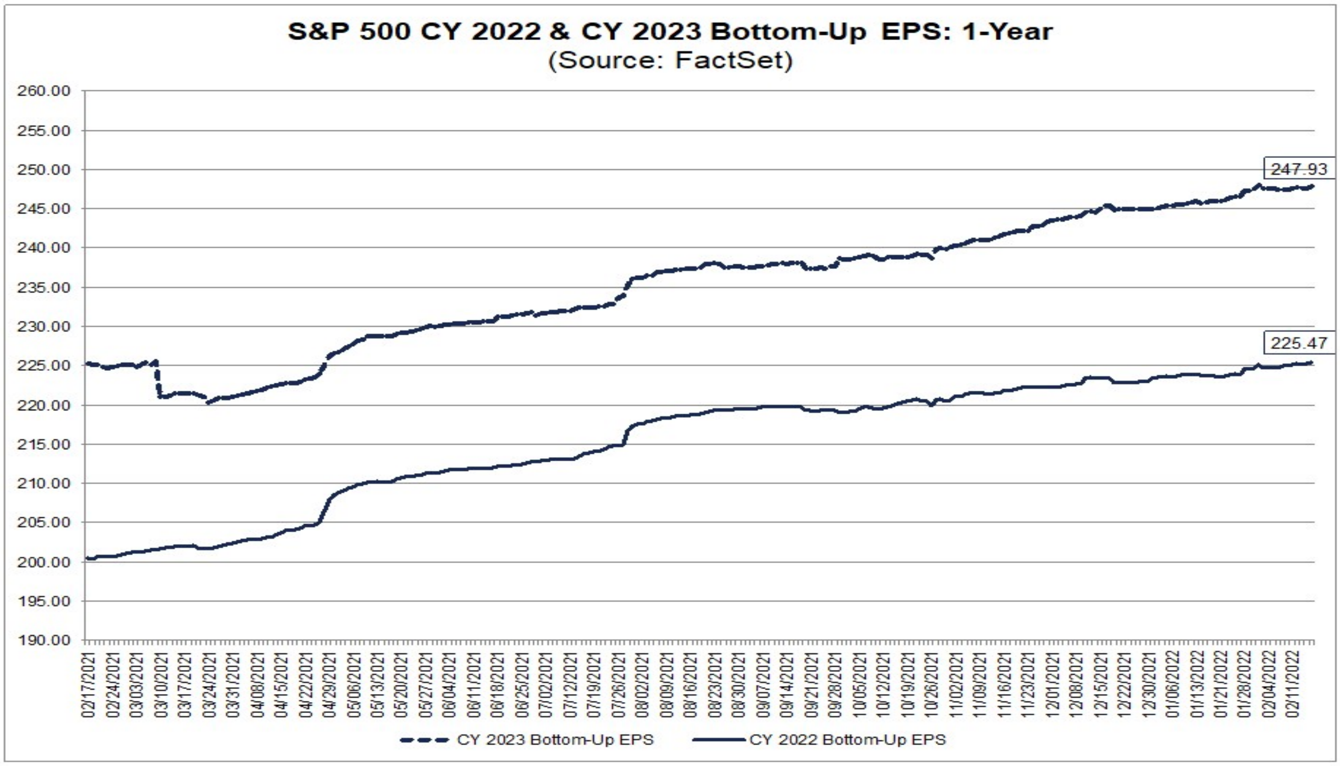
Geographic Revenue Exposure

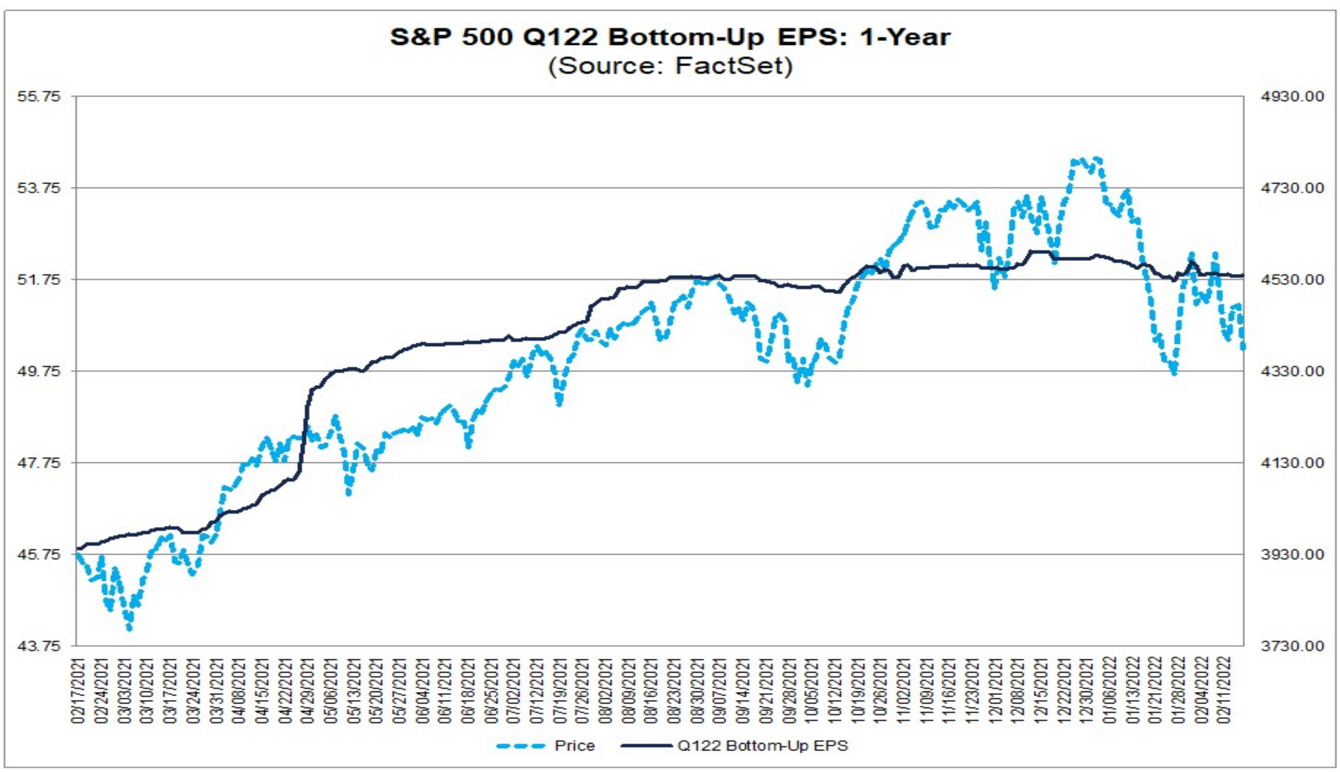




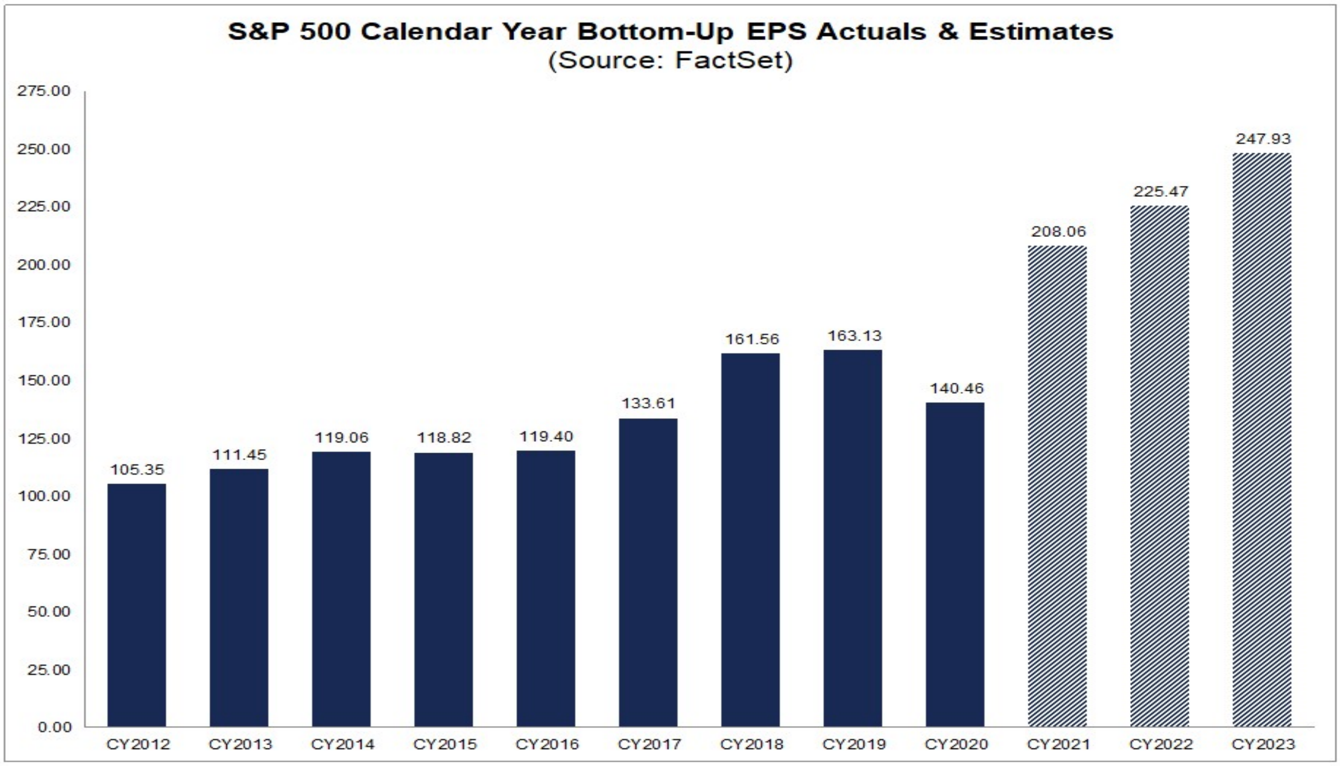
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	16%	22%	33%	34%	36%	41%	45%	48%	55%	59%
United States	98%	84%	78%	67%	66%	64%	59%	55%	52%	45%	41%

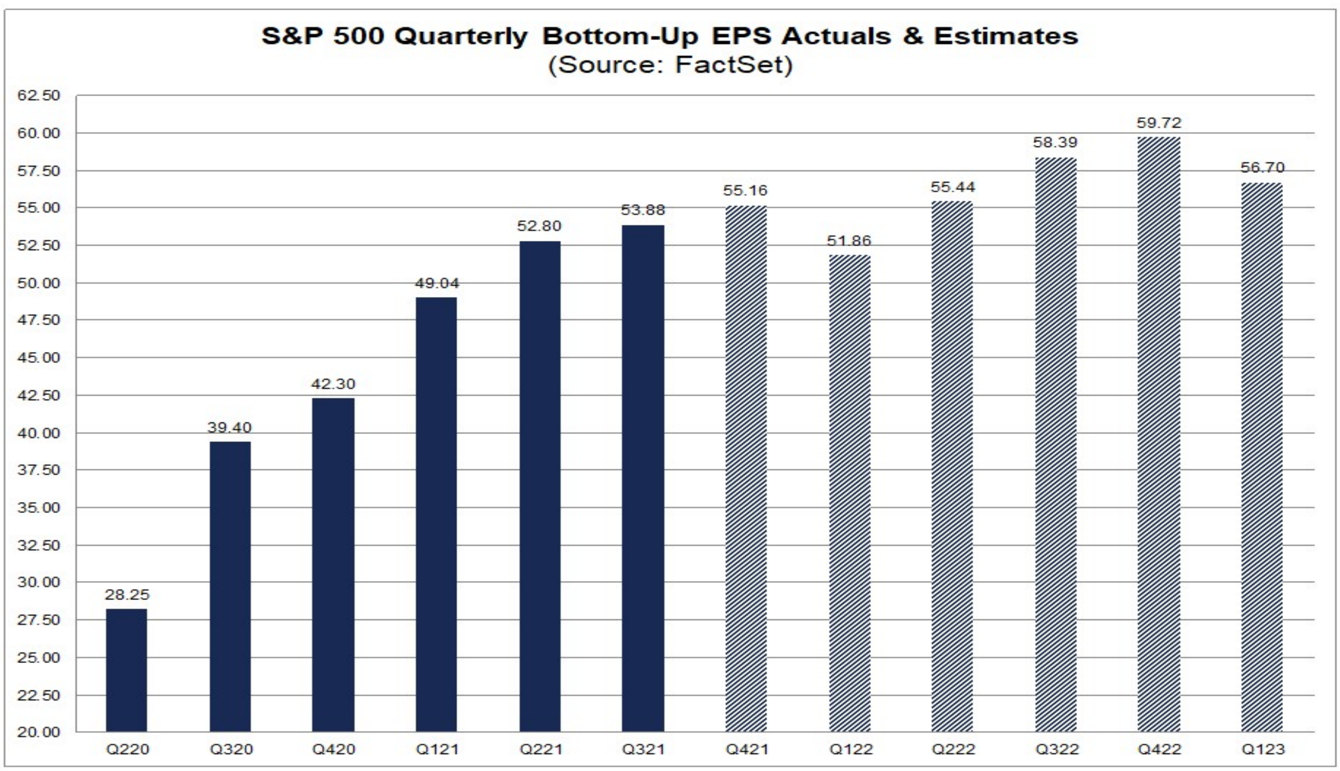
Bottom-up EPS Estimates: Revisions



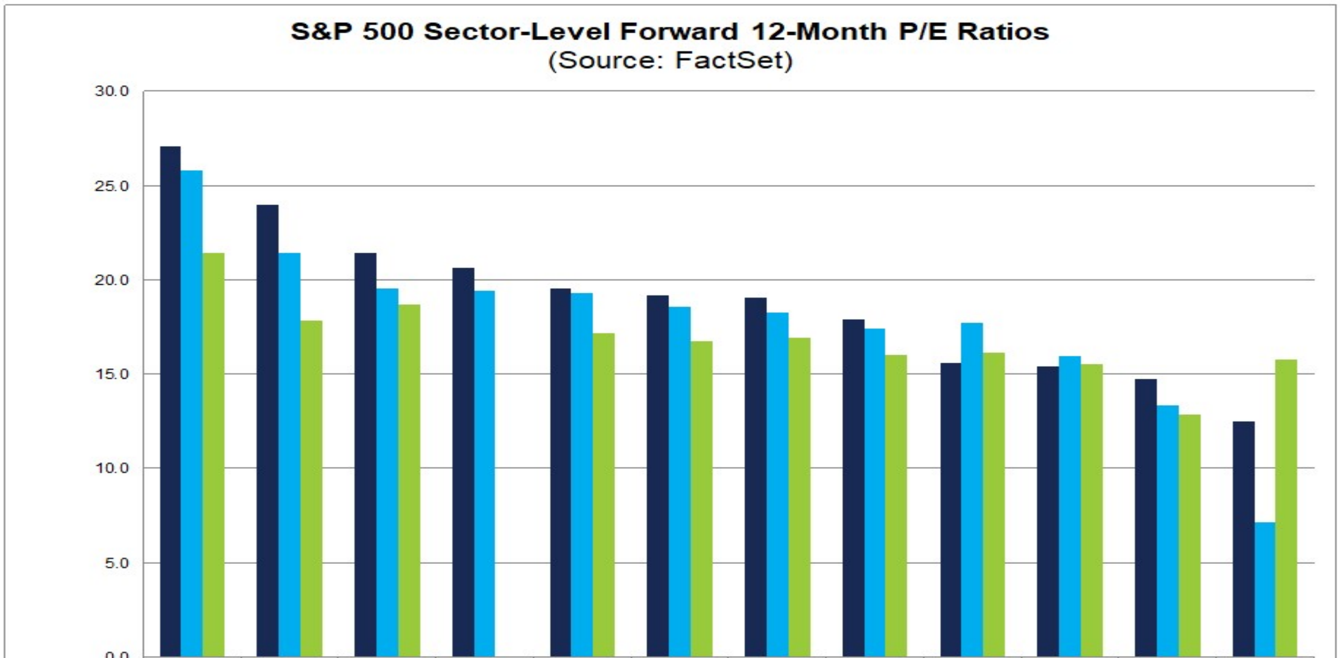


Bottom-up EPS Estimates: Current & Historical

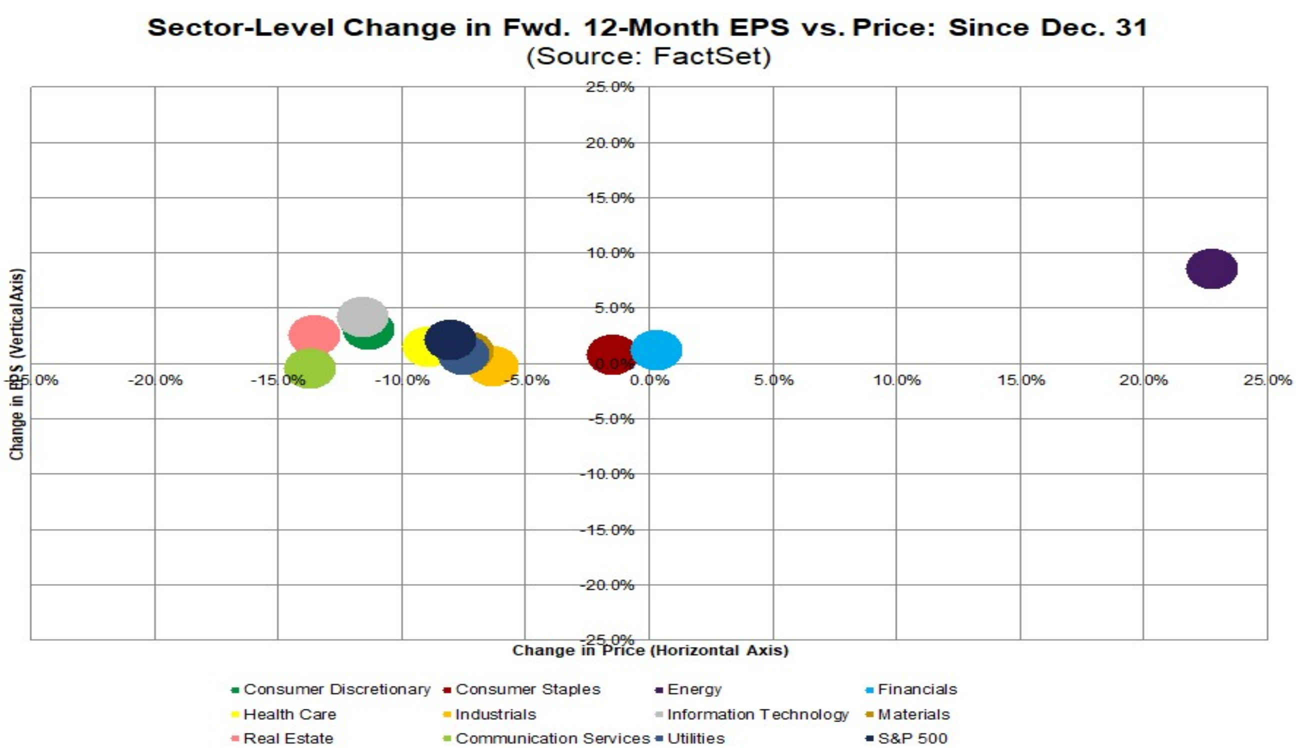




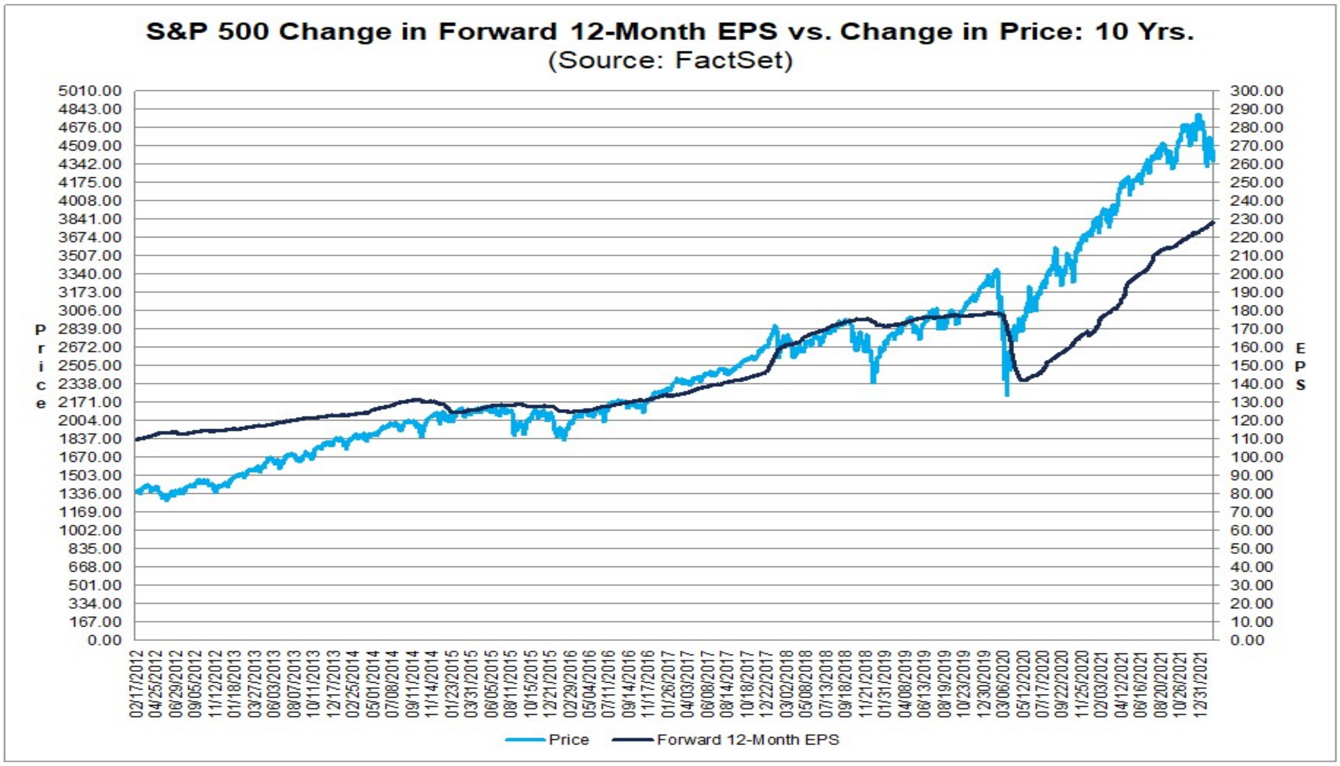
Forward 12M P/E Ratio: Sector Level

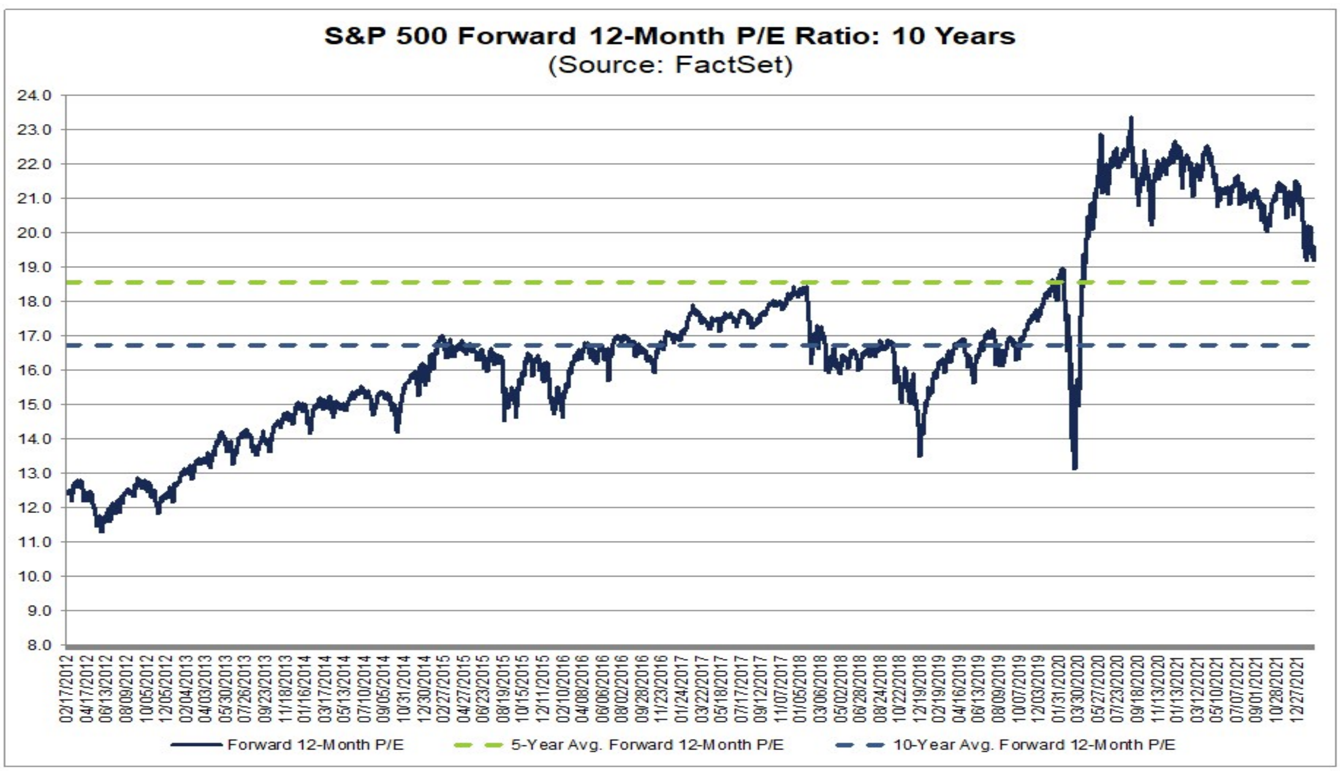


	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	Industrials	S&P 500	Utilities	Comm. Services	Materials	Health Care	Financials	Energy
Fwd P/E	27.1	24.0	21.4	20.6	19.5	19.2	19.1	17.9	15.6	15.4	14.7	12.5
5-Yr Avg.	25.8	21.4	19.5	19.4	19.3	18.6	18.3	17.4	17.7	16.0	13.3	7.1
10-Yr Avg.	21.4	17.9	18.7		17.1	16.7	16.9	16.0	16.1	15.5	12.8	15.8

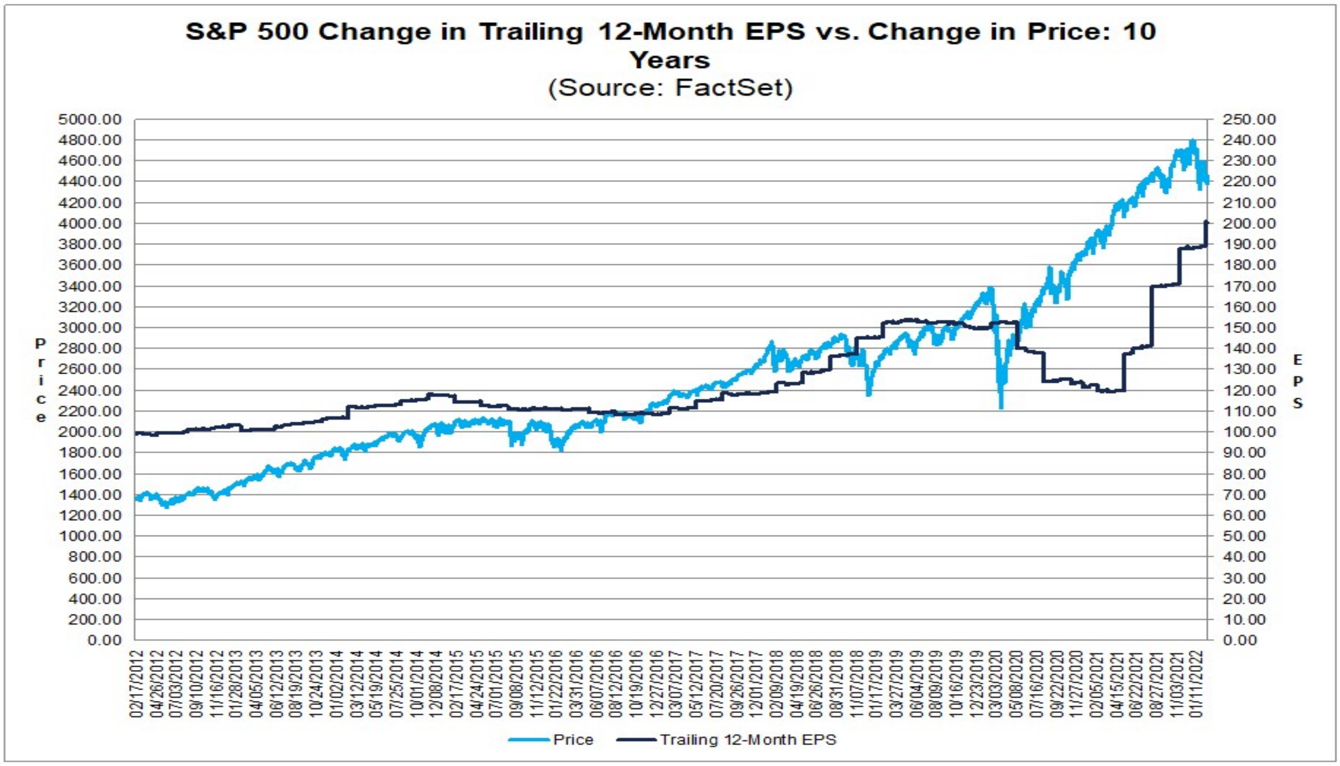


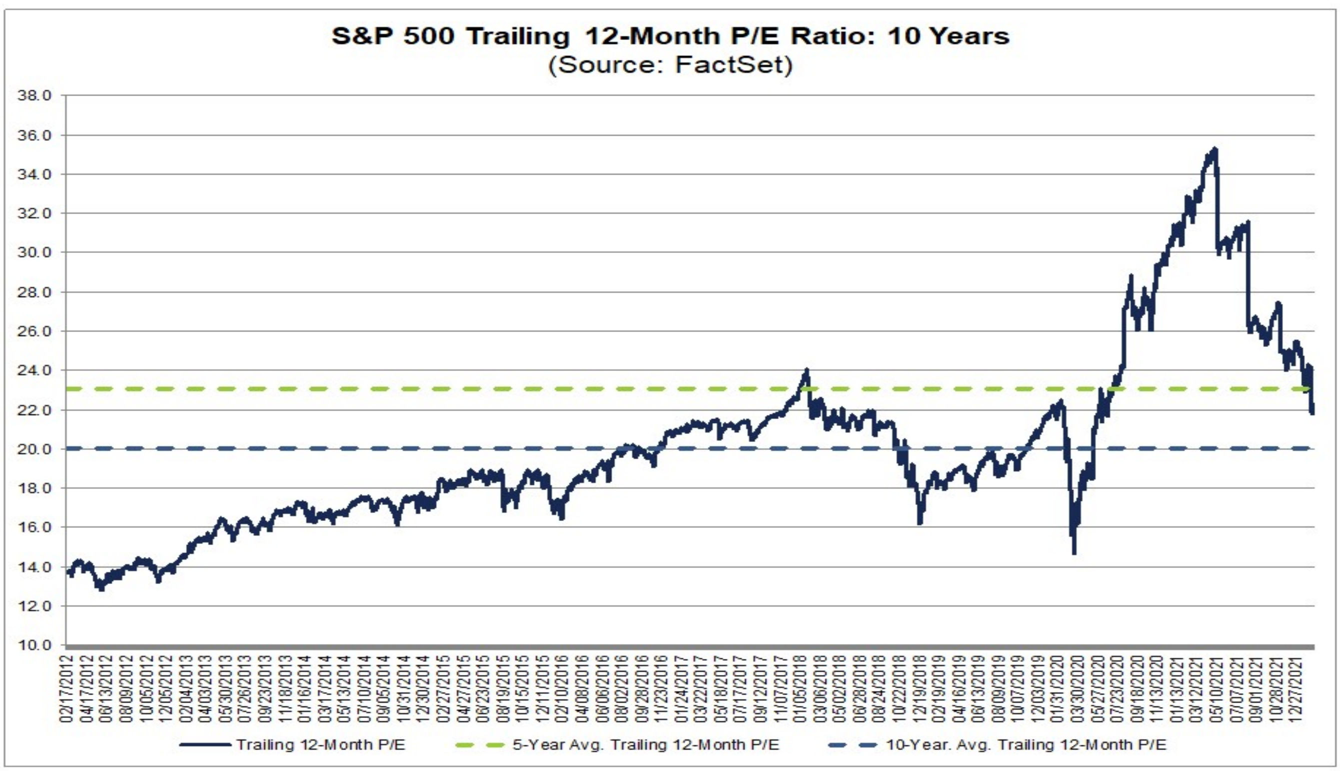
Forward 12M P/E Ratio: 10-Years





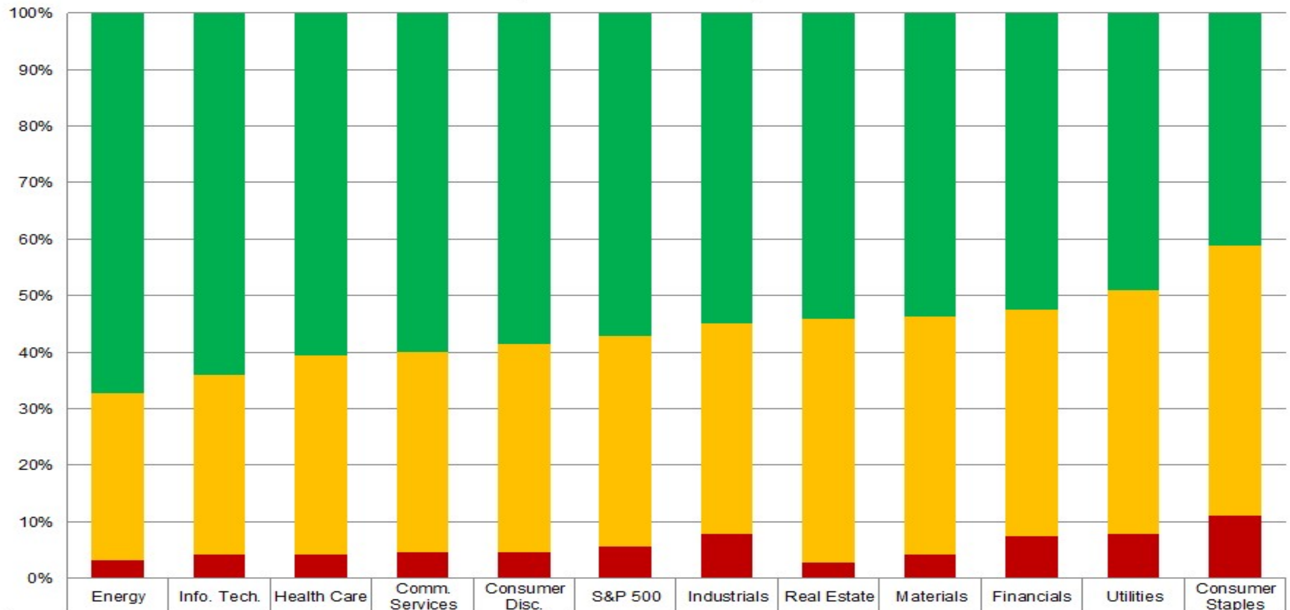
Trailing 12M P/E Ratio: 10-Years





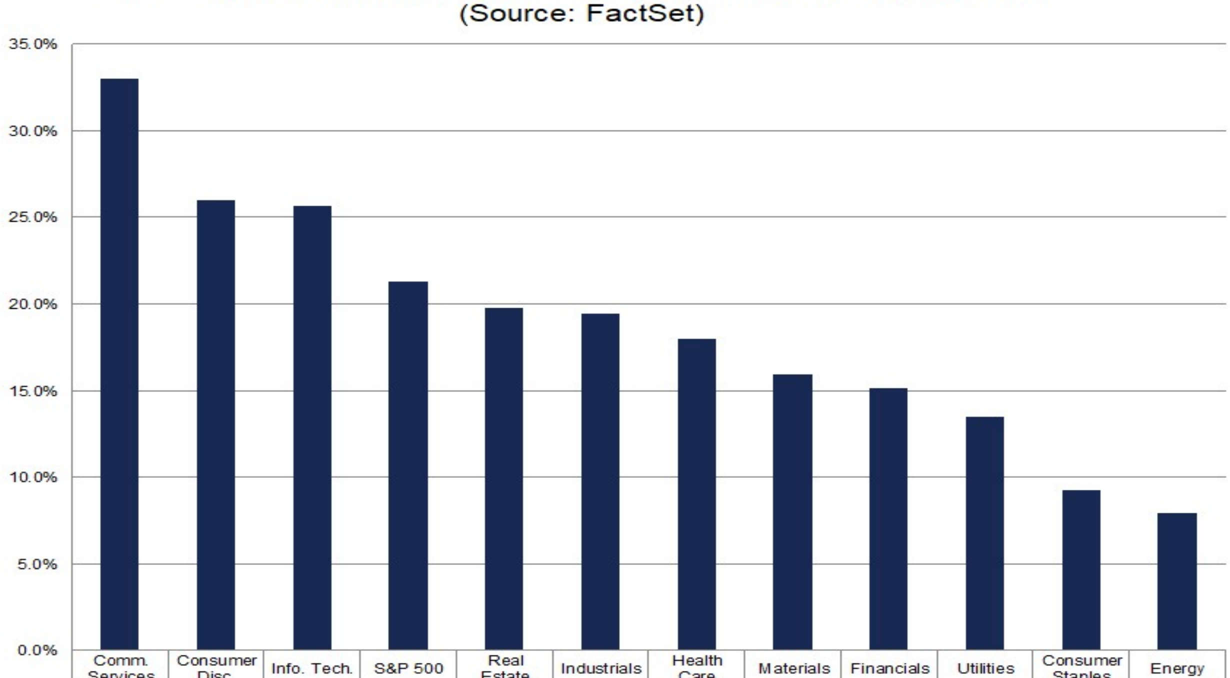
Targets & Ratings

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



	Energy	Info. Tech.	Health Care	Comm. Services	Consumer Disc.	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	67%	64%	61%	60%	59%	57%	55%	54%	54%	53%	49%	41%
Hold	29%	32%	35%	35%	37%	37%	37%	43%	42%	40%	43%	48%
Sell	3%	4%	4%	5%	5%	6%	8%	3%	4%	7%	8%	11%

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



	Comm. Services	Consumer Disc.	Info. Tech.	S&P 500	Real Estate	Industrials	Health Care	Materials	Financials	Utilities	Consumer Staples	Energy
Target/Close	33.0%	26.0%	25.7%	21.3%	19.8%	19.4%	18.0%	15.9%	15.1%	13.5%	9.2%	8.0%

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