Factoids for the week of August 12-16, 2013

On the horizon of 450 companies in the S&P 500 that have reported Q2/13 earnings, 65% topped their bottom-line estimates, but only 54% beat top-line estimates, according to S&P Capital IQ. At this stage of the recovery, companies have cut costs about as much as they possibly can, according to Jeffery Saut, chief investment strategist at Raymond James Financial. Saut believes that the economic activity is going to pick up moving forward. Thomson Reuters expects revenue growth among S&P 500 companies to rise 2.2% in the second half of 2013, and 3.9% in the first half of 2014, according to ChiefExecutive.net. That compares favorably to the 0.8% growth posted in the first half of 2013.

S&P 500 companies reported that 46.6% of their sales came from outside the U.S. in 2012, up slightly from 46.1% in 2011 and 46.3% in 2010, according to S&P Dow Jones Indices. Foreign sales reached a record-high of 47.9% in 2008. European sales declined from 11.5% of total foreign sales in 2011 to 9.7% in 2012. The sectors that reported foreign sales in excess of 50% were Information Technology (58.32% vs. 56.52% in ’11), Energy (52.57% vs. 39.29% in ’11), Materials (50.70% vs. 54.71% in ’11) and Health Care (50.23% vs. 52.42% in ’11).

A monthly survey of portfolio managers by BoA Merrill Lynch found that money managers’ confidence level in Europe reached a 9-year high in August, according to MarketWatch.com. A net 88% of managers expect to see Europe’s economy improve in the next 12 months. With respect to the outlook for corporate earnings, a different BoA Merrill Lynch survey of European fund managers revealed that 64% of those polled expect earnings to rise, but not likely achieve double-digit gains. On the whole, a net 72% of fund managers expect global growth to accelerate moving forward, the most bullish reading since December 2009.

Fitch Ratings reported that late payments for commercial mortgage-backed securities (CMBS) fell 40 basis points to 6.78% in July, according to REIT.com. The delinquency rate peaked at 9.01% in July 2011. Office loans showed the most improvement with late payments declining 60 basis points. Fitch noted that CMBS loans becoming delinquent are decreasing in size. Mary McNeil, managing director at Fitch Ratings, expects the delinquency rate to fall further in the months ahead.

Friday, August 16, 2013

Karl Brauer, senior analyst at Kelley Blue Book, reported that U.S. automakers plan to spend $434 million to boost production capacity in order to meet rising demand, according to Yahoo! Finance. With new car sales climbing to an annualized pace of roughly 15.5 million in 2013, which is closing in on pre-recession levels, most of the auto factories in the U.S. are currently operating near full capacity, according to The Wall Street Journal. New assembly plants are going up in the U.S. and in Mexico. Car companies have been able to increase sales despite higher prices, fewer incentives and lower inventory levels.