

S&P 500 Index Top-Line Growth Estimates

S&P 500 & Sector Indices
(Estimated Annual Y-O-Y Revenue Growth Rates as of 12/8/17)

	2017	2018	2019
S&P 500 Index	5.5%	5.9%	4.8%
Consumer Discretionary	4.6%	6.8%	5.7%
Consumer Staples	1.8%	4.0%	3.5%
Energy	18.3%	8.4%	6.6%
Financials	3.5%	3.2%	4.2%
Health Care	5.0%	5.3%	5.1%
Industrials	4.2%	5.1%	5.0%
Information Technology	9.6%	11.1%	6.2%
Materials	8.3%	5.7%	3.1%
Real Estate	5.6%	10.8%	-0.2%
Telecomm. Services	-1.3%	3.2%	0.0%
Utilities	3.7%	2.5%	1.7%

Source: Bloomberg. Consensus estimates using fiscal year revenue from each company.

View from the Observation Deck

1. Today's blog post provides investors with a three-year look into the expected revenue growth rates of the sectors that comprise the S&P 500 Index.
2. On 12/8/17, the S&P 500 Index closed the trading session at an all-time high of 2,651.50, according to Bloomberg. The current bull market in stocks, which commenced in March 2009, is in its 9th year.
3. For the market to trend higher, we believe that corporate earnings will need to grow, and perhaps the best catalyst for growing earnings is to increase revenues.
4. As indicated in the table, as of 12/8/17, the estimated year-over-year (y-o-y) revenue growth rate for the S&P 500 Index for 2017 was 5.5%, according to Bloomberg. The estimate for 2018 was 5.9%.
5. Estimates for seven of the 11 major sectors that comprise the index reflect stronger potential y-o-y revenue growth in 2018. Seven sectors have 2018 estimates in excess of 5.0%.
6. With respect to 2019, Financials is the only sector that reflects a stronger y-o-y revenue growth projection. Five sectors have 2019 estimates 5.0% or higher.
7. Overall, the forecast for revenue growth is encouraging, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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