

S&P 500 Index Top-Line Growth Estimates

S&P 500 & S&P 500 Sectors
(Estimated Annual Y-O-Y Revenue Growth Rates as of 7/7/17)

	2017	2018	2019
S&P 500 Index	5.9%	5.7%	5.3%
Consumer Discretionary	4.4%	4.7%	5.3%
Consumer Staples	1.8%	3.4%	3.4%
Energy	19.7%	8.5%	9.1%
Financials	3.3%	3.6%	4.5%
Health Care	4.5%	5.5%	5.2%
Industrials	3.3%	4.8%	3.9%
Information Technology	8.3%	7.8%	6.0%
Materials	6.1%	4.2%	3.3%
Real Estate	5.8%	5.2%	4.9%
Telecomm. Services	7.0%	7.1%	6.0%
Utilities	4.6%	2.9%	2.5%

Source: Bloomberg. Consensus estimates using fiscal year revenue from each company. Past performance is no guarantee of future results.

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. Here is a link to our last post ([click here to view](#)).
2. On 7/7/17, the S&P 500 Index stood at 2,425.18, or 1.15% below its all-time high of 2,453.46, set on 6/19/17, according to Bloomberg. The current bull market in stocks 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 7/7/17, the estimated revenue growth rate for the S&P 500 Index for 2017 was 5.9%, according to Bloomberg. Estimates were above the 5.00% level for 2018 and 2019 as well.
5. Energy has gone from a drag (2016) on the overall revenue growth of the S&P 500 Index to a contributor. If you were to exclude Energy in the S&P 500 Index's estimate for 2017, its 5.9% growth rate would drop to 5.1% (not shown in table).
6. Estimates for six of the 11 major sectors that comprise the index reflect stronger potential y-o-y revenue growth in 2018. Five sectors have 2018 estimates in excess of 5.0%.
7. With respect to 2019, three (Consumer Discretionary, Energy and Financials) of the 11 major sectors that comprise the index reflect stronger potential y-o-y revenue growth. Five sectors have 2019 estimates in excess of 5.0%.
8. 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 and 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.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.