

S&P 500 Index Earnings And Revenue Growth Rate Projections

S&P 500 & Sector Indices

(Estimated Y-O-Y Earnings & Revenue Growth Rates as of 5/11/18)

	2018 Earnings Est.	2019 Earnings Est.	2018 Revenue Est.	2019 Revenue Est.
S&P 500 Index	22.1%	10.7%	7.7%	4.9%
Consumer Disc.	12.0%	14.3%	8.3%	6.3%
Consumer Staples	9.2%	6.7%	4.6%	3.4%
Energy	82.9%	13.8%	16.6%	3.2%
Financials	25.6%	10.3%	4.0%	5.1%
Health Care	14.4%	9.1%	6.8%	5.4%
Industrials	18.6%	12.3%	7.3%	5.0%
Info. Tech.	32.1%	12.9%	12.2%	7.2%
Materials	25.2%	7.6%	9.6%	2.4%
Real Estate	8.1%	6.3%	9.2%	5.1%
Telecom. Svcs.	16.1%	2.2%	2.0%	0.7%
Utilities	10.8%	5.4%	1.4%	2.3%

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

View from the Observation Deck

1. On 5/14/18, the S&P 500 Index closed the trading session at 2,730.13, 4.97% below its all-time high of 2,872.87 set on 1/26/18, according to Bloomberg.
2. 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.
3. From 1926-2017 (92 years), the S&P 500 Index posted an average annual total return of 10.2%, according to Ibbotson & Associates/Morningstar.
4. As indicated in the table, Bloomberg's 2018 and 2019 consensus year-over-year (y-o-y) earnings growth rate estimates for the index were 22.1% and 10.7%, respectively, as of 5/11/18.
5. Nine of the 11 major sectors that comprise the index reflect double-digit y-o-y earnings growth rate estimates for 2018, compared to five for 2019.
6. Bloomberg's 2018 and 2019 consensus y-o-y revenue growth rate estimates for the index were 7.7% and 4.9%, respectively, as of 5/11/18.
7. Seven of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2018, compared to six for 2019.
8. Overall, the forecast for earnings and 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 (currently 505) 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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