Corporate Earnings Are Expected To Increase In 2019

View from the Observation Deck

1. Today's chart is intended to give investors some visual perspective on where equity analysts think earnings are headed. It provides a two-year window into earnings and earnings estimates.

2. With respect to the S&P 500 Index, as of 1/9/19, earnings were projected to rise from $35.51 in Q1’18 to an estimated $45.05 in Q4’19, or a potential increase of 26.87%.

3. The S&P MidCap 400 Index earnings were projected to rise from $22.58 in Q1’18 to an estimated $31.09 in Q4’19, or a potential increase of 37.69%.

4. The S&P SmallCap 600 Index earnings were projected to rise from $10.11 in Q1’18 to an estimated $15.68 in Q4’19, or a potential increase of 55.09%.

5. As of 1/9/19, the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices stood 11.80%, 14.77% and 18.36%, respectively, below their all-time highs set in Q3’18, according to data from Bloomberg.

6. We believe that corporate earnings drive the direction of stock prices over time, especially when the major indices are trading at or near record highs.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. There can be no assurance that any of the projections cited will occur. 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. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization.

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