

S&P 500 Index Earnings & Revenue Growth Rate Projections (2020 & 2021)

S&P 500 & Sector Indices
(Estimated Y-O-Y Earnings & Revenue Growth Rates as of 12/6/19)

	2020 Earnings Est.	2021 Earnings Est.	2020 Revenue Est.	2021 Revenue Est.
S&P 500 Index	9.2%	10.5%	4.8%	4.7%
Comm. Services	10.3%	11.9%	7.8%	6.6%
Consumer Disc.	8.9%	14.0%	6.5%	5.7%
Consumer Staples	5.0%	6.7%	2.9%	3.3%
Energy	19.5%	11.5%	4.9%	2.4%
Financials	5.1%	7.7%	1.9%	3.4%
Health Care	7.9%	9.9%	5.8%	5.5%
Industrials	15.6%	10.1%	4.9%	3.4%
Info. Tech.	10.7%	13.9%	5.4%	7.3%
Materials	14.3%	14.4%	3.8%	4.3%
Real Estate	6.0%	5.3%	4.8%	5.0%
Utilities	5.0%	5.2%	3.2%	1.8%

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

View from the Observation Deck

1. On 12/11/19, the S&P 500 Index closed the trading session at 3,141.63, 0.38% below its all-time high of 3,153.63 (11/27/19), 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 1926-2018 (93 years), the S&P 500 Index posted an average annual total return of 9.99%, according to Morningstar/Ibbotson & Associates.
4. As indicated in the table, Bloomberg's 2020 and 2021 consensus year-over-year (y-o-y) earnings growth rate estimates for the index were 9.2% and 10.5%, respectively, as of 12/6/19.
5. Five of the 11 major sectors that comprise the index reflect a positive double-digit y-o-y earnings growth rate estimate for 2020, compared to six in 2021.
6. Bloomberg's 2020 and 2021 consensus y-o-y revenue growth rate estimates for the S&P 500 Index were 4.8% and 4.7%, respectively, as of 12/6/19.
7. Four of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2020, compared to five for 2021.
8. While the consensus y-o-y earnings growth rate estimate for the S&P 500 Index is slightly negative for Q4'19, all four quarters in 2020 reflect upside. The following is a breakdown of those quarterly estimates through 2020 (not in table): -1.0% (Q4'19); 3.8% (Q1'20); 4.9% (Q2'20); 9.3% (Q3'20); and 13.3% (Q4'20), according to Bloomberg.

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