

S&P 500 Index Earnings & Revenue Growth Rate Projections

S&P 500 & Sector Indices (Estimated Y-O-Y Earnings & Revenue Growth Rates as of 11/26/21)

	2022 Earnings Est.	2023 Earnings Est.	2022 Revenue Est.	2023 Revenue Est.
S&P 500 Index	7.9%	9.8%	7.8%	5.5%
Communication Services	5.8%	14.5%	8.1%	7.9%
Consumer Discretionary	47.5%	22.4%	17.9%	10.2%
Consumer Staples	6.0%	7.5%	3.9%	3.8%
Energy	30.0%	-6.6%	6.6%	-1.2%
Financials	-10.5%	10.7%	1.3%	5.8%
Health Care	4.6%	2.3%	6.5%	3.6%
Industrials	36.9%	16.5%	11.8%	5.9%
Information Technology	5.4%	11.2%	9.3%	8.1%
Materials	2.7%	-2.4%	3.7%	-0.1%
Real Estate	6.7%	7.8%	8.5%	6.7%
Utilities	5.1%	6.6%	1.7%	3.1%

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

View from the Observation Deck

1. On 11/29/21, the S&P 500 Index closed the trading session at 4,655.27, which was 1.05% below its all-time closing high of 4,704.54 on 11/18/21, 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 1926-2020 (95 years), the S&P 500 Index posted an average annual total return of 10.28%, according to Morningstar/Ibbotson & Associates.
4. As indicated in the table, Bloomberg's 2022 and 2023 consensus year-over-year (y-o-y) earnings growth rate estimates for the index were 7.9% and 9.8%, respectively, as of 11/26/21.
5. Three of the 11 major sectors that comprise the index reflect a positive double-digit y-o-y earnings growth rate estimate for 2022, compared to five in 2023.
6. Bloomberg's 2022 and 2023 consensus y-o-y revenue growth rate estimates for the S&P 500 Index were 7.8% and 5.5%, respectively, as of 11/26/21.
7. Seven of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2022, compared to six for 2023.
8. The following is a breakdown of the quarterly earnings growth rate estimates for the S&P 500 Index from Q4'21 through Q4'22 as of 11/26/21 (not in table): 11.7% (Q4'21); 8.6% (Q1'22); 6.9% (Q2'22); 5.7% (Q3'22); and 6.1% (Q4'22), according to Bloomberg.

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 an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. The respective S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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