

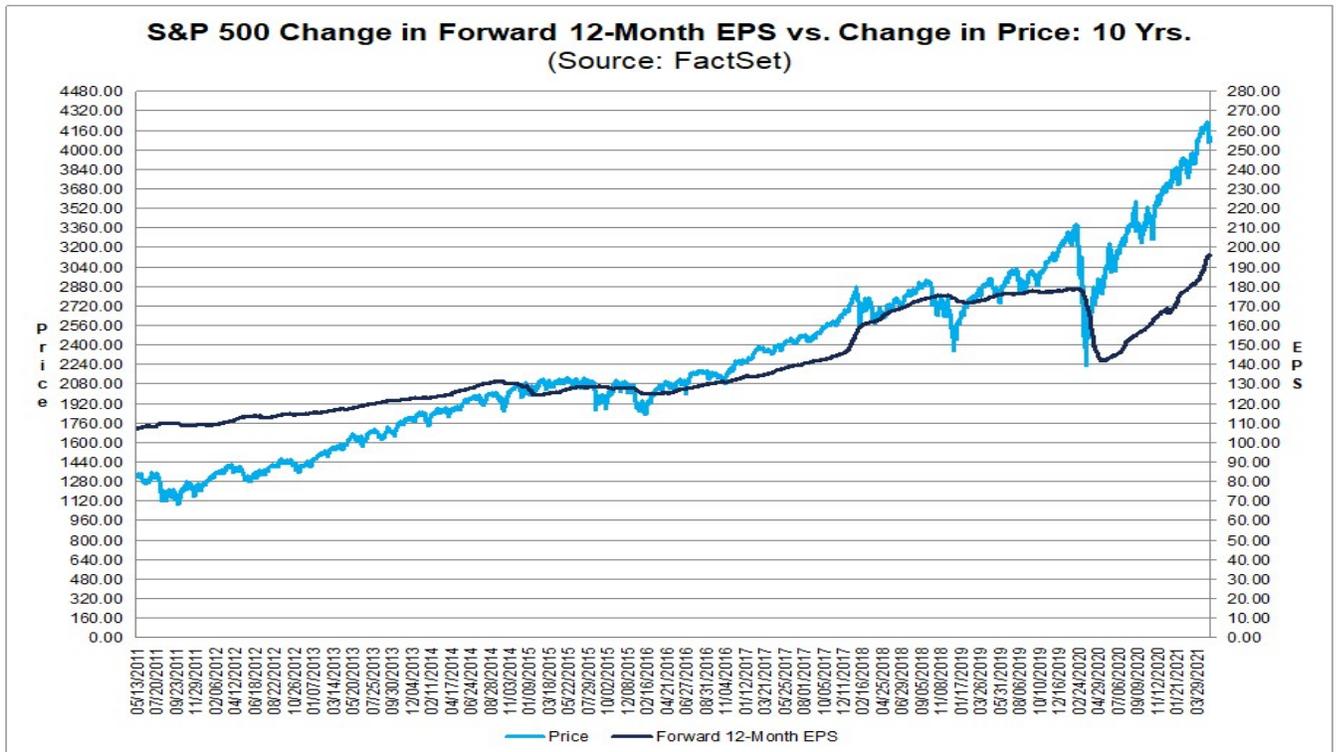
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Key Metrics

- Earnings Scorecard:** For Q1 2021 (with 91% of the companies in the S&P 500 reporting actual results), 86% of S&P 500 companies have reported a positive EPS surprise and 76% of S&P 500 companies have reported a positive revenue surprise. If 86% is the final percentage, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008.
- Earnings Growth:** For Q1 2021, the blended earnings growth rate for the S&P 500 is 50.3%. If 50.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q1 2010 (55.4%).
- Earnings Revisions:** On March 31, the estimated earnings growth rate for Q1 2021 was 23.7%. Ten sectors have higher earnings growth rates or smaller earnings declines today (compared to March 31) due to positive EPS surprises.
- Earnings Guidance:** For Q2 2021, 31 S&P 500 companies have issued negative EPS guidance and 44 S&P 500 companies have issued positive EPS guidance.
- Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.0. This P/E ratio is above the 5-year average (17.9) and above the 10-year average (16.0).



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Topic of the Week:

Highest Number of S&P 500 Companies Citing “Inflation” on Q1 Earnings Calls in Over 10 Years

Concerns about inflation are rising. Consumer prices increased 4.2% in April, which marked the largest year-over-year increase since September 2008 (5.0%). The rise in consumer inflation is being driven by higher energy prices, which jumped 25% compared to a year ago. Producer price inflation also came in higher than expected for the month. The April PPI was up 6.2%, which was the largest year-over-year increase since the U.S. Bureau of Labor Statistics began tracking this measure in 2010.

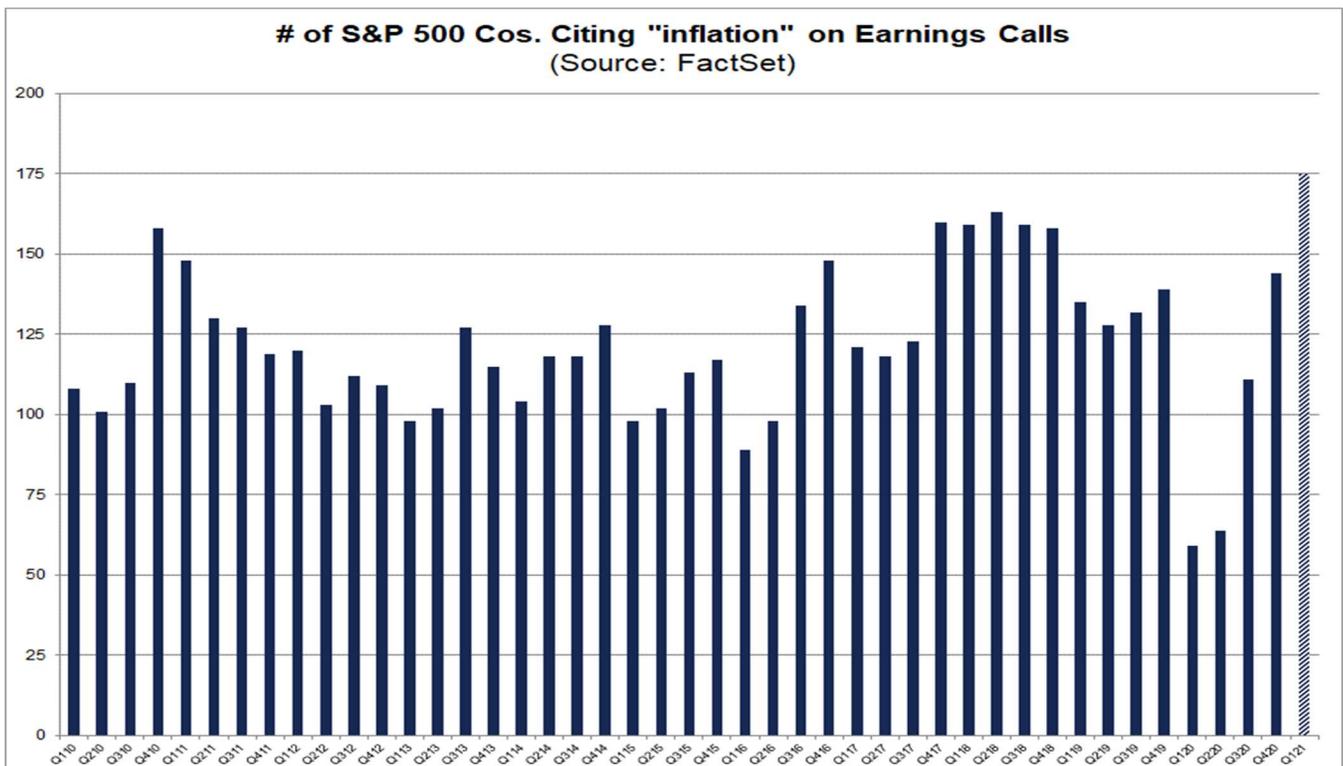
During each corporate earnings season, companies often comment on topics that had an impact on their earnings and revenues for a given quarter, or may have an impact on earnings and revenues for future quarters. Given these concerns, have companies in the S&P 500 commented on inflation during their earnings conference calls for Q1?

To answer this question, FactSet searched for the term “inflation” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from March 15 through May 14.

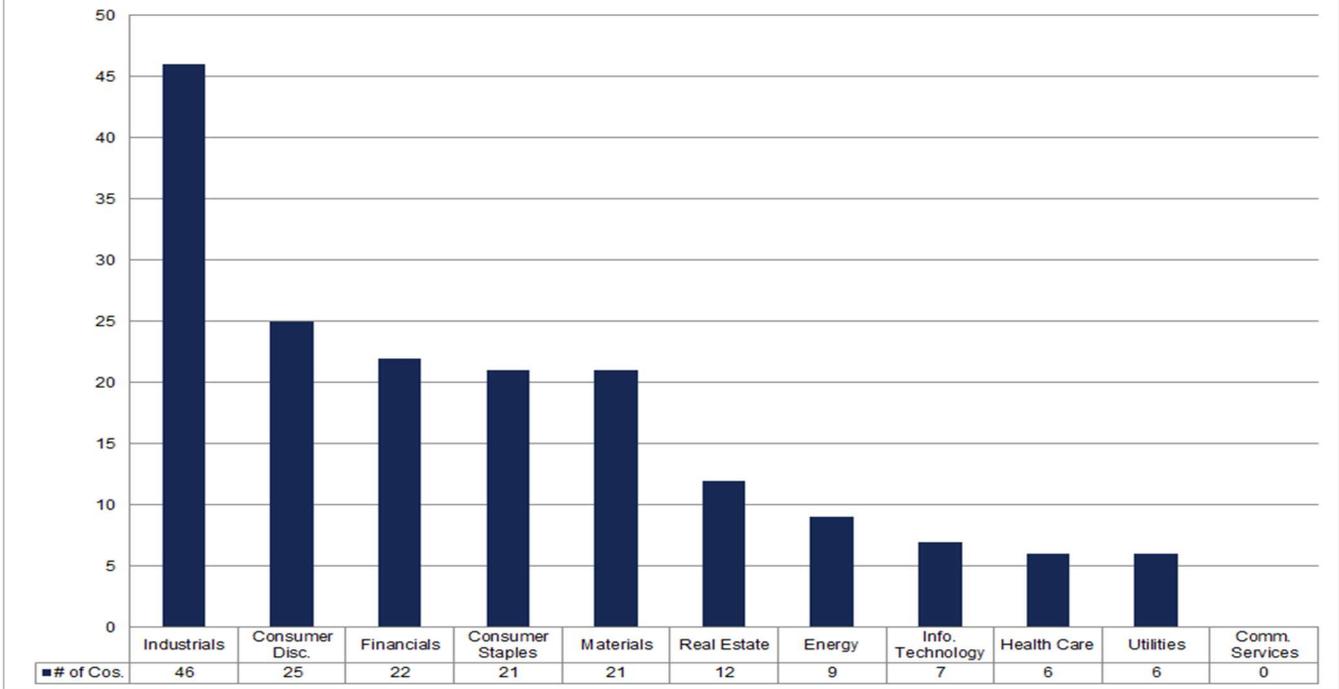
Of these companies, 175 have cited the term “inflation” during their earnings calls for the first quarter. This is the highest overall number of S&P 500 companies citing “inflation” on earnings calls going back to at least 2010 (using current index constituents going back in time). The previous record was 163, which occurred in Q2 2018. In addition, the first quarter marked the largest year-over-year increase (+116) in the number of S&P 500 companies citing “inflation” on quarterly earnings calls going back to at least 2010 as well. With about 9% of the companies in the S&P 500 yet to report actual results for the first quarter, the total number will likely be higher than 175 once all the companies in the index have reported actual earnings and conducted earnings conference calls for the quarter.

At the sector level, the Industrials sector has the highest number of companies citing “inflation” on earnings calls for Q1 2021 at 46, followed by the Consumer Discretionary (25), Financials (22), Consumer Staples (21), and Materials (21) sectors. However, the Consumer Staples (84%) and Materials (75%) sectors have the highest percentages of companies that have cited “inflation” on their Q1 earnings calls from March 15 through May 14.

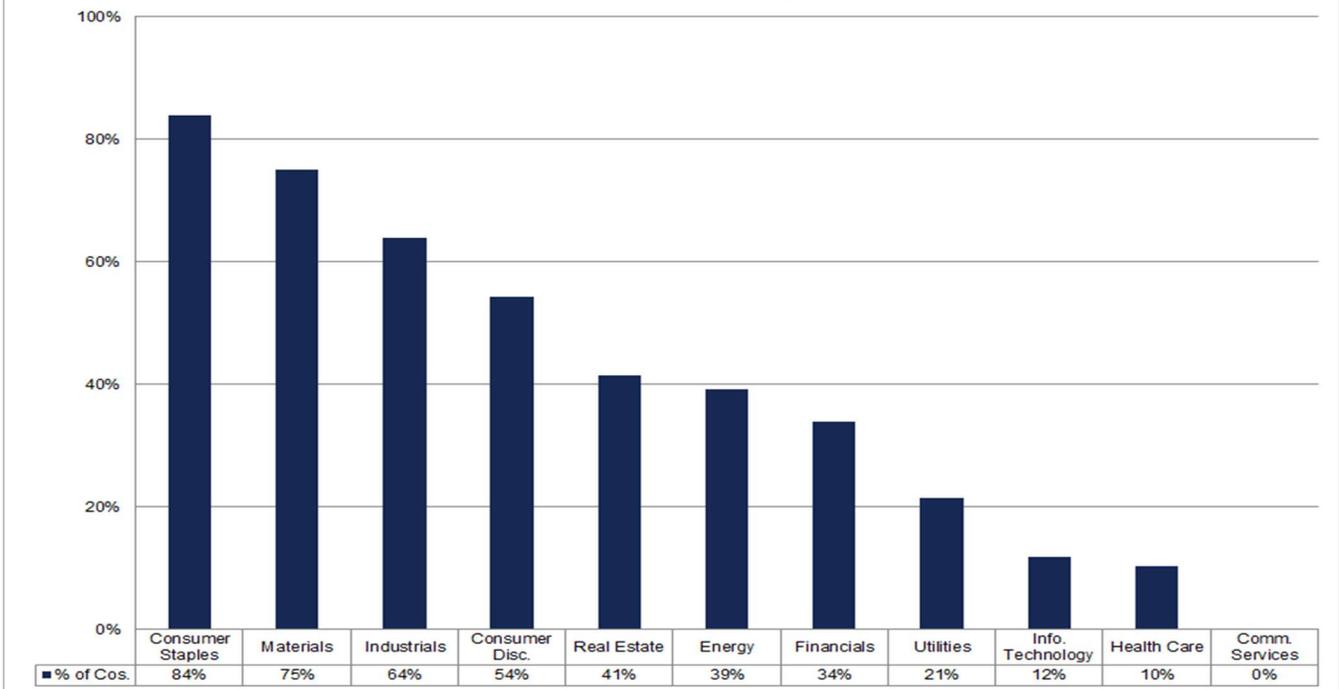
It is interesting to note that the estimated net profit margin for the S&P 500 for Q2 of 11.6% is above the estimate of 11.2% on March 31 but below the record-high net profit margin of 12.7% recorded in the previous quarter (Q1 2021).



of S&P 500 Cos. Citing "inflation" on Q121 Earnings Calls
(Source: FactSet)



% of S&P 500 Cos. Citing "inflation" on Q121 Earnings Calls
(Source: FactSet)



Q1 Earnings Season: By The Numbers

Overview

At this point in time, more S&P 500 companies are beating EPS estimates for the first quarter than average, and beating EPS estimates by a wider margin than average. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the first quarter. The index is now reporting the highest year-over-year growth in earnings since Q1 2010 for Q1. Analysts also expect double-digit earnings growth for the remaining three quarters of 2021. These above-average growth rates are due to a combination of higher earnings for 2021 and an easier comparison to unusually weak earnings in 2020 due to the negative impact of COVID-19 on numerous industries.

Overall, 91% of the companies in the S&P 500 have reported actual results for Q1 2021 to date. Of these companies, 86% have reported actual EPS above estimates, which is above the 5-year average of 74%. If 86% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting earnings that are 22.5% above the estimates, which is also above the 5-year average of 6.9%. If 22.5% is the final percentage for the quarter, it will mark the second-highest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these positive EPS surprises, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the first quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 50.3% today, compared to an earnings growth rate of 49.6% last week and an earnings growth rate of 23.7% at the end of the first quarter (March 31). Positive earnings surprises reported by companies in multiple sectors (led by the Communication Services sector) were responsible for the improvement in overall earnings for the index during the past week. Positive earnings surprises reported by companies in the Financials, Communications Services, Information Technology, and Consumer Discretionary sectors have been the top contributors to the increase in overall earnings for the index since the end of the first quarter.

If 50.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q1 2010 (55.4%). The unusually high growth rate is due to a combination of higher earnings in Q1 2021 and an easier comparison to unusually weak earnings in Q1 2020 due to the negative impact of COVID-19 on numerous industries. Ten sectors are reporting (or have reported) year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. The Industrials sector is the only sector reporting a year-over-year decline in earnings.

In terms of revenues, 76% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 64%. If 76% is the final percentage for the quarter, it will mark the fourth-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. In aggregate, companies are reporting revenues that are 3.6% above the estimates, which is above the 5-year average of 1.0%. If 3.6% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to the number and magnitude of these revenue surprises, the blended revenue growth rate for the first quarter is higher now relative to the end of last week and relative to the end of the first quarter. As of today, the S&P 500 is reporting year-over-year growth in revenues of 10.1%, compared to year-over-year growth in revenues of 10.0% last week and year-over-year growth in revenues of 6.2% at the end of the first quarter (March 31). Positive revenue surprises reported by companies in multiple sectors were responsible for the increase in overall revenues for the index over the past week. Positive revenue surprises reported by companies in the Financials, Energy, Information Technology, and Communication Services sectors have been the largest contributors to the increase in overall revenues for the index since the end of the first quarter.

If 10.1% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q2 2018 (10.5%). Ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services sectors. The Industrials sector is the only sector reporting a year-over-year decline in revenues.

Looking at future quarters, analysts project double-digit earnings growth for the remaining three quarters of 2021, with earnings growth expected to peak in Q2 2021 at 59.3%

The forward 12-month P/E ratio is 21.0, which is above the 5-year average and above the 10-year average.

During the upcoming week, 18 S&P 500 companies (including 3 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Companies Reporting Record or Near-Record Performances vs. Estimates

Percentage of Companies Beating EPS Estimates (86%) is at Record-High Level

Overall, 91% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 86% have reported actual EPS above the mean EPS estimate, 2% have reported actual EPS equal to the mean EPS estimate, and 12% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year (77%) average and above the 5-year (74%) average.

If 86% is the final percentage for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since FactSet began tracking this metric in 2008. The current record is 84%, which occurred in Q2 2020 and Q3 2020.

At the sector level, the Financials (94%), Information Technology (93%), and Energy (91%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (68%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+22.5%) is Near Record-High Level

In aggregate, companies are reporting earnings that are 22.5% above expectations. This surprise percentage is above the 1-year (+14.5%) average and above the 5-year (+6.9%) average.

If 22.5% is the final percentage for the quarter, it will mark the second-largest earnings surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 23.1%, which occurred in Q2 2020.

The Consumer Discretionary (+72.3%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Under Armour (\$0.16 vs. \$0.04), Marriott International (\$0.10 vs. \$0.04), Ford Motor (\$0.89 vs. \$0.35), Newell Brands (\$0.30 vs. \$0.13), Penn National Gaming (\$0.55 vs. \$0.26), and General Motors (\$2.25 vs. \$1.12) have reported some of the largest positive EPS surprises.

The Energy (+39.7%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hess Corporation (\$0.82 vs. \$0.33), Kinder Morgan (\$0.60 vs. \$0.24), and Marathon Oil Corporation (\$0.21 vs. \$0.11) have reported some of the largest positive EPS surprises.

The Communication Services (+34.9%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Interpublic Group of Companies (\$0.45 vs. \$0.15), Walt Disney (\$0.79 vs. \$0.26), Alphabet (\$26.29 vs. \$15.81), Fox Corporation (\$0.88 vs. \$0.58), News Corporation (\$0.09 vs. \$0.06), and Facebook (\$3.30 vs. \$2.35) have reported some of the largest positive EPS surprises.

The Financials (+34.5%) sector reported the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Goldman Sachs (\$18.60 vs. \$10.22), Discover Financial Services (\$5.04 vs. \$2.83), Comerica (\$2.43 vs. \$1.47), Capital One Financial (\$7.03 vs. \$4.12), and American Express (\$2.74 vs. \$1.61) have reported some of the largest positive EPS surprises.

Market Rewarding Positive Surprises More Than Average

To date, the market is rewarding positive earnings surprises more than average and punishing negative earnings surprises less than average.

Companies that have reported positive earnings surprises for Q1 2021 have seen an average price increase of +1.2% two days before the earnings release through two days after the earnings release. This percentage increase is larger than the 5-year average price increase of +0.8% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2021 have seen an average price decrease of -0.8% two days before the earnings release through two days after the earnings. This percentage decrease is much smaller than the 5-year average price decrease of -2.5% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (76%) is Near Record-High Level

In terms of revenues, 76% of companies have reported actual revenues above estimated revenues and 24% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (69%) and above the 5-year average (64%).

If 76% is the final percentage for the quarter, it will mark the fourth-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008. The current record is 79%, which occurred in Q3 2020.

At the sector level, the Information Technology (93%) and Communication Services (88%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (60%) and Utilities (61%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+3.6%) is at Record-High Level

In aggregate, companies are reporting revenues that are 3.6% above expectations. This surprise percentage is above the 1-year (+2.0%) average and above the 5-year (+1.0%) average.

If 3.6% is the final percentage for the quarter, it will mark the largest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008. The current record is 2.9%, which occurred in Q4 2020.

At the sector level, the Utilities (9.6%), Energy (+8.9%), and Information Technology (+6.3%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Health Care (+0.4%) sector is reporting the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Growth This Week Due to Multiple Sectors

Increase in Blended Earnings Growth Rate This Week Due to the Multiple Sectors

The blended (year-over-year) earnings growth rate for the first quarter is 50.3%, which is larger than the earnings growth rate of 49.6% last week. Positive earnings surprises reported by companies in multiple sectors (led by the Communication Services sector) were responsible for the improvement in overall earnings for the index during the past week.

In the Communication Services sector, the positive EPS surprise reported by Walt Disney (\$0.79 vs \$0.26) was the largest contributor to the increase in the earnings growth rate for the index during the week. As a result, the blended earnings growth rate for this sector increased to 53.6% from 50.5% over this period.

Increase in Blended Revenue Growth This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the first quarter is 10.1%, which is larger than the revenue growth rate of 10.0% last week. Positive revenue surprises reported by companies in multiple sectors were responsible for the small increase in overall revenues for the index over the past week.

Consumer Discretionary Sector Has Seen Largest Increase in Earnings Growth Rate since March 31

The blended (year-over-year) earnings growth rate for Q1 2021 of 50.3% is larger than the estimate of 23.7% at the end of the first quarter (March 31). Ten sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to positive earnings surprises, led by the Consumer Discretionary (to 206.3% from 103.4%) and Financials sector (to 144.3% from 72.3%) sectors.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com (\$15.79 vs \$9.54), Ford Motor (\$0.89 vs. \$0.35), and General Motors (\$2.25 vs. \$1.12) have been significant contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for this sector has increased to 206.3% from 103.4% over this period.

In the Financials sector, positive EPS surprises reported by JPMorgan Chase (\$4.50 vs \$3.10), Goldman Sachs (\$18.60 vs. \$10.22), Citigroup (\$3.62 vs. \$2.60), Bank of America (\$0.86 vs. \$0.66), Wells Fargo (\$1.05 vs. \$0.70), Capital One Financial (\$7.03 vs. \$4.12), Morgan Stanley (\$2.22 vs. \$1.72), and American Express (\$2.74 vs. \$1.61) have been substantial contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Financials sector has increased to 144.3% from 72.3% over this period.

In the Communication Services sector, the positive EPS surprises reported by Alphabet (\$26.29 vs. \$15.81), Facebook (\$3.30 vs. \$2.35), and Walt Disney (\$0.79 vs. \$0.26) have been significant contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Communication Services sector has increased to 53.6% from 13.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple (\$1.40 vs \$0.99), Microsoft (\$1.95 vs. \$1.78), and Intel (\$1.39 vs. \$1.15) have been substantial contributors to the increase in the earnings growth rate for the index since the end of the first quarter (March 31). As a result, the blended earnings growth rate for the Information Technology sector increased to 40.3% from 22.3% over this period.

Utilities Sector Has Seen Largest Increase in Revenue Growth Rate since March 31

The blended (year-over-year) revenue growth rate for Q1 2021 of 10.1% is larger than the estimate of 6.2% at the end of the first quarter (March 31). All eleven sectors have recorded an increase in revenue growth or a decrease in their revenue decline since the end of the quarter due to positive revenue surprises, led by the Utilities (to 15.6% from 2.6%) and Energy (to 4.3% from -6.4%) sectors.

Earnings Growth: 50.3%

The blended (year-over-year) earnings growth rate for Q1 2021 is 50.3%, which is well above the 5-year average earnings growth rate of 4.1%. If 50.3% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth reported by the index since Q1 2010 (55.4%). Ten sectors are reporting (or have reported) year-over-year earnings growth, led by the Consumer Discretionary, Financials, Materials, and Communication Services sectors. The Industrials sector is the only sector reporting a year-over-year decline in earnings.

Consumer Discretionary: 9 of 10 Industries Reporting Year-Over-Year Growth Above 50%

The Consumer Discretionary sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 206.3%. At the industry level, nine of the ten industries in this sector are reporting (or have reported) earnings growth above 50%: Automobiles (3,393%), Textiles, Apparel, & Luxury Goods (548%), Specialty Retail (265%), Internet & Direct Marketing Retail (183%), Household Durables (98%), Distributors (77%), Leisure Products (76%), Auto Components (73%), and Multiline Retail (62%). The Automobiles industry is also the largest contributor to growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 134.6% from 206.3%. On the other hand, the Hotels, Restaurants, & Leisure industry (-577%) is the only industry in this sector that reported a year-over-year decline in earnings and is the largest detractor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Consumer Discretionary sector would rise to 246.5% from 206.3%.

Financials: Banks Industry Was Largest Contributor to Year-Over-Year Growth

The Financials sector reported the second-highest (year-over-year) earnings growth of all eleven sectors at 144.3%. At the industry level, all five industries in this sector reported year-over-year growth in earnings: Consumer Finance (N/A due to year-ago loss), Banks (258%), Capital Markets (86%), Insurance (32%), and Diversified Financial Services (22%). The Banks industry was also the largest contributor to growth for the sector. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 90.5% from 144.3%. Lower provisions for loan losses boosted year-over-year earnings growth for companies in the Banks industry.

Materials: Metals & Mining Industry Was Largest Contributor to Year-Over-Year Growth

The Materials sector reported the third-highest (year-over-year) earnings growth of all eleven sectors at 63.7%. At the industry level, all four industries in this sector reported year-over-year growth above 20%: Metals & Mining (482%), Construction Materials (78%), Chemicals (43%), and Containers & Packaging (23%). The Metals & Mining industry was also the largest contributor to year-over-year growth in earnings for the sector. If this industry were excluded, the blended earnings growth rate for the Materials sector would fall to 39.7% from 63.7%.

Communication Services: Alphabet & Facebook Are Largest Contributors to Year-Over-Year Growth

The Communication Services sector is reporting the fourth-highest (year-over-year) earnings growth of all eleven sectors at 53.6%. At the industry level, four of the five industries in this sector are reporting (or have reported) year-over-year growth: Interactive Media & Services (133%), Entertainment (54%), Media (17%), and Diversified Telecommunication Services (3%). On the other hand, the Wireless Telecommunication Services (-2%) industry is the only industry in the sector that reported a year-over-year decline in earnings. At the company level, Alphabet and Facebook are the largest contributors to year-over-year growth in earnings for the sector. If these two companies were excluded, the blended earnings growth rate for the Communication Services sector would fall to 13.3% from 53.6%.

Revenue Growth: 10.1%

The blended (year-over-year) revenue growth rate for Q1 2021 is 10.1%, which is above the 5-year average revenue growth rate of 3.9%. If 10.1% is the actual growth rate for the quarter, it will mark the highest year-over-year revenue growth reported by the index since Q2 2018 (10.5%). Ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Consumer Discretionary, and Communication Services sectors. The Industrials sector is the only sector reporting a year-over-year decline in revenues.

Information Technology: 4 of 6 Industries Reporting Year-Over-Year Growth Above 15%

The Information Technology sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 21.4%. At the industry level, all six industries in this sector are reporting year-over-year growth in revenues. Four of these six industries are reporting growth above 15%: Technology Hardware, Storage, & Peripherals (40%), Semiconductors & Semiconductor Equipment (23%), Electronic Equipment, Instruments, & Components (20%), and Software (18%).

Consumer Discretionary: 5 of 10 Industries Reporting Year-Over-Year Growth Above 10%

The Consumer Discretionary sector is reporting the second-highest (year-over-year) revenue growth of all eleven sectors at 17.6%. At the industry level, nine of the ten industries in this sector are reporting (or have reported) growth in revenues. Five of these nine industries are reporting (or have reported) double-digit growth: Auto Components (46%), Internet & Direct Marketing Retail (44%), Specialty Retail (29%), Household Durables (25%), and Textiles, Apparel, & Luxury Goods (12%). On the other hand, the Hotels, Restaurants, & Leisure (-29%) industry is the only industry that reported a year-over-year decline in revenues.

Communication Services: Alphabet, Facebook, & T-Mobile Lead Year-Over-Year Growth

The Communication Services sector is reporting the third-highest (year-over-year) revenue growth of all eleven sectors at 17.2%. At the industry level, four of the five industries in this sector reported year-over-year growth in revenues. Two of these four industries reported double-digit growth: Wireless Communication Services (78%) and Interactive Media & Services (37%). On the other hand, the only industry that is reporting a decline in revenue is the Entertainment (-5%) industry. At the company level, Alphabet, Facebook, and T-Mobile are the largest contributors to revenue growth for the sector. If these three companies were excluded, the blended revenue growth rate for the sector would drop to 2.5% from 17.2%.

Net Profit Margin: 12.7%

The blended net profit margin for the S&P 500 for Q1 2021 is 12.7%, which is above the 5-year average of 10.6%, above the year-ago net profit margin of 9.3% and above the previous quarter's net profit margin of 11.0%.

If 12.7% is the actual net profit margin for the quarter, it will mark the highest net profit margin reported by the index since FactSet began tracking this metric in 2008. The current record is 12.0%, which occurred in Q3 2018.

At the sector level, nine sectors are reporting a year-over-year increase in their net profit margins in Q1 2021 compared to Q1 2020, led by the Financials sector (22.3% vs. 10.0%). Nine sectors are reporting net profit margins in Q1 2021 that are above their 5-year averages, again led by the Financials sector (22.3% vs. 15.1%).

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Positive EPS Guidance Above 5-Year Average

At this point in time, 75 companies in the index have issued EPS guidance for Q2 2021. Of these 75 companies, 31 have issued negative EPS guidance and 44 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 59% (44 out of 75), which is well above the 5-year average of 35%.

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Earnings: S&P 500 Expected to Report Earnings Growth of 33% for CY 2021

For the first quarter, S&P 500 companies are reporting growth in earnings of 50.3% and growth in revenue of 10.1%.

For Q2 2021, analysts are projecting earnings growth of 59.3% and revenue growth of 18.6%.

For Q3 2021, analysts are projecting earnings growth of 22.1% and revenue growth of 11.5%.

For Q4 2021, analysts are projecting earnings growth of 16.8% and revenue growth of 8.6%.

For CY 2021, analysts are projecting earnings growth of 33.2% and revenue growth of 11.6%.

Valuation: Forward P/E Ratio is 21.0, Above the 10-Year Average (16.0)

The forward 12-month P/E ratio is 21.0. This P/E ratio is above the 5-year average of 17.9 and above the 10-year average of 16.0. However, it is below the forward 12-month P/E ratio of 21.8 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has increased by 3.5%, while the forward 12-month EPS estimate has increased by 7.3%.

At the sector level, the Consumer Discretionary (32.9) sector has the highest forward 12-month P/E ratio, while the Financials (14.5) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 15% Increase in Price Over Next 12 Months

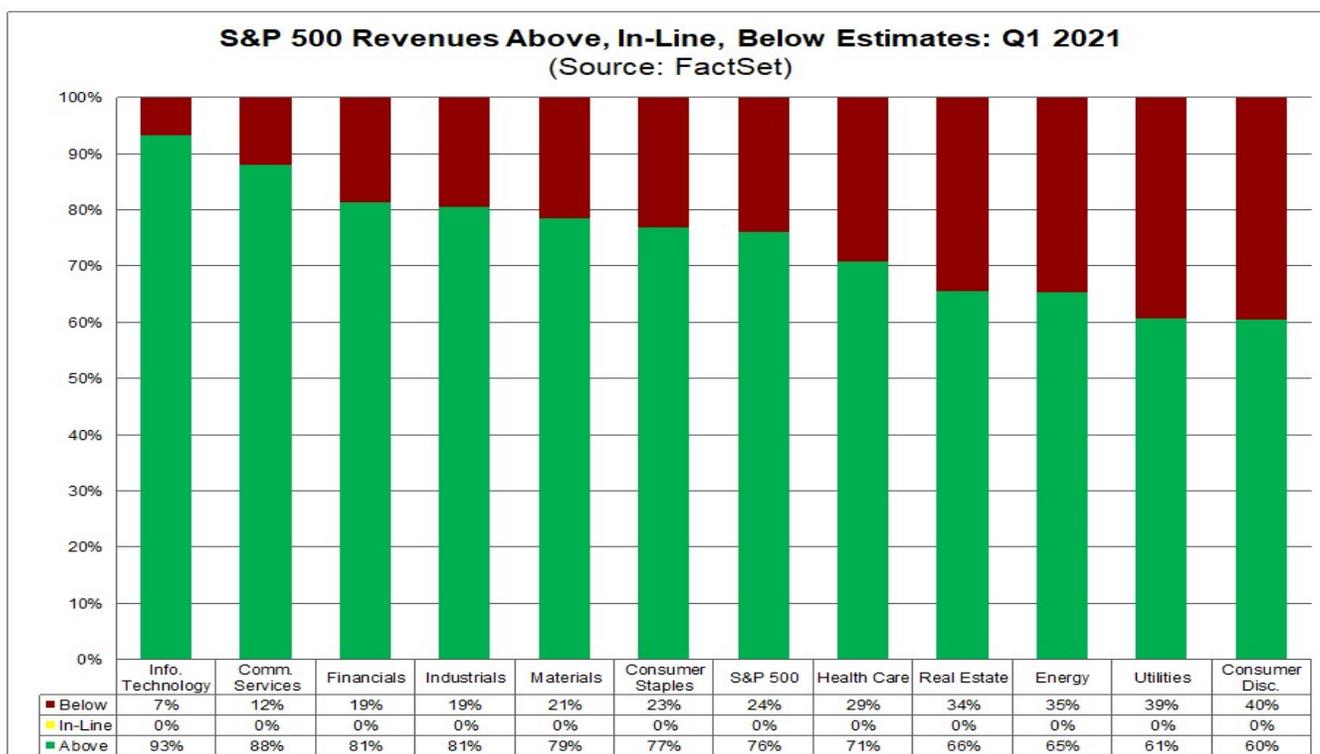
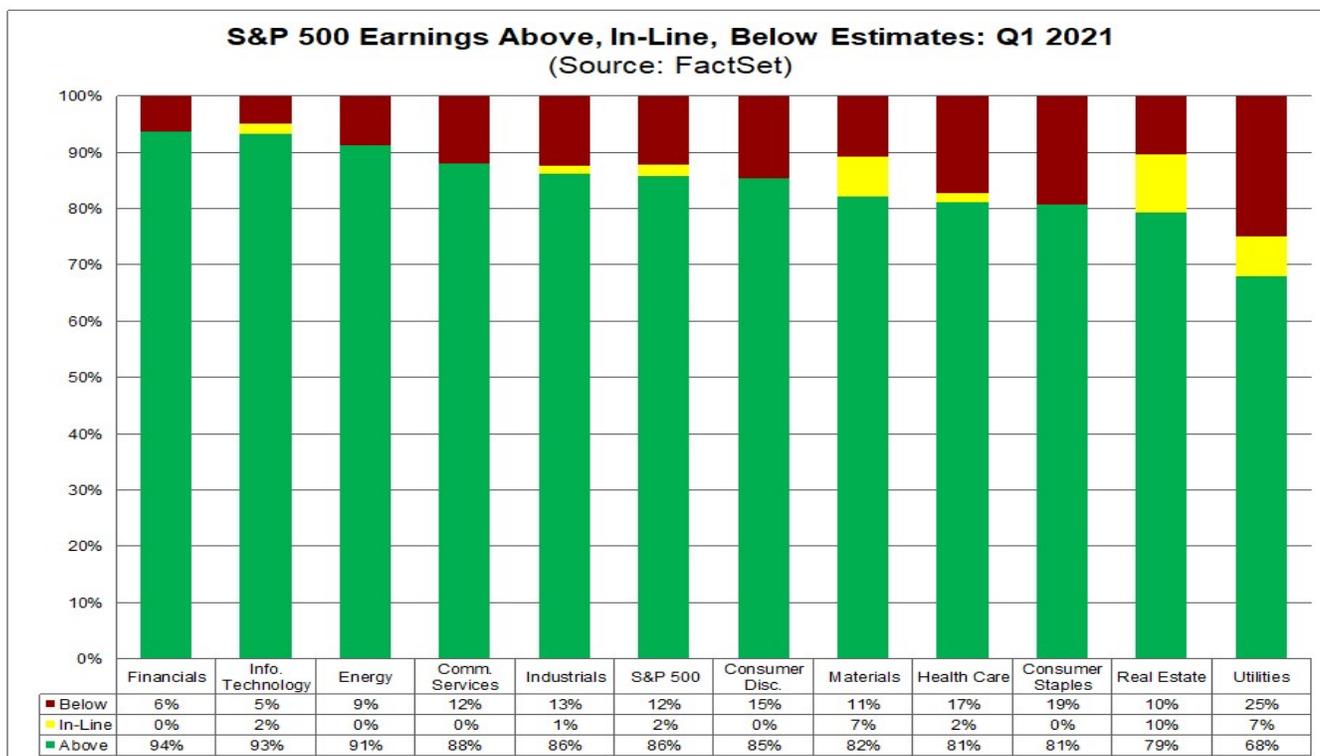
The bottom-up target price for the S&P 500 is 4732.02, which is 15.1% above the closing price of 4112.50. At the sector level, the Information Technology (+22.8%), Consumer Discretionary (+21.0%), and Communication Services (+20.3%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Financials (+5.3%) and Materials (+6.2%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 10,529 ratings on stocks in the S&P 500. Of these 10,529 ratings, 56.3% are Buy ratings, 37.1% are Hold ratings, and 6.6% are Sell ratings. At the sector level, the Information Technology (62%), Health Care (62%), and Energy (62%), and Communication Services (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

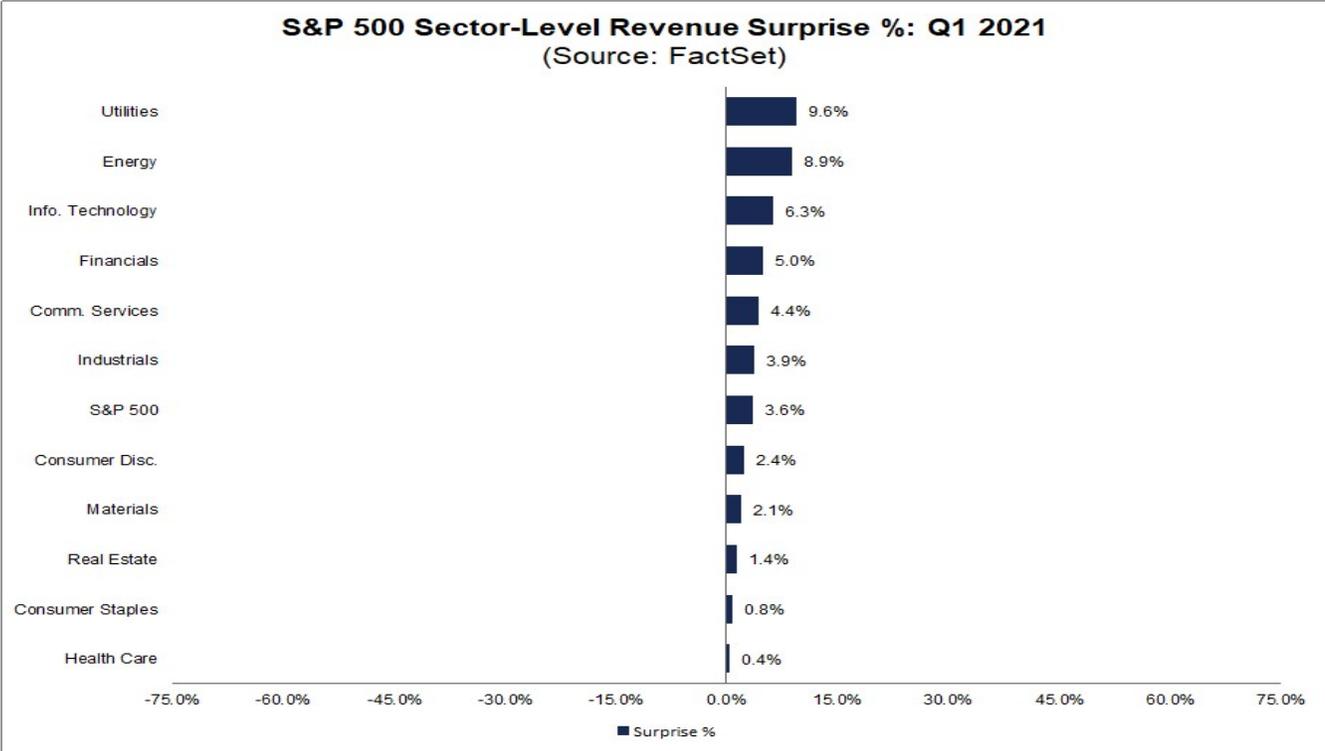
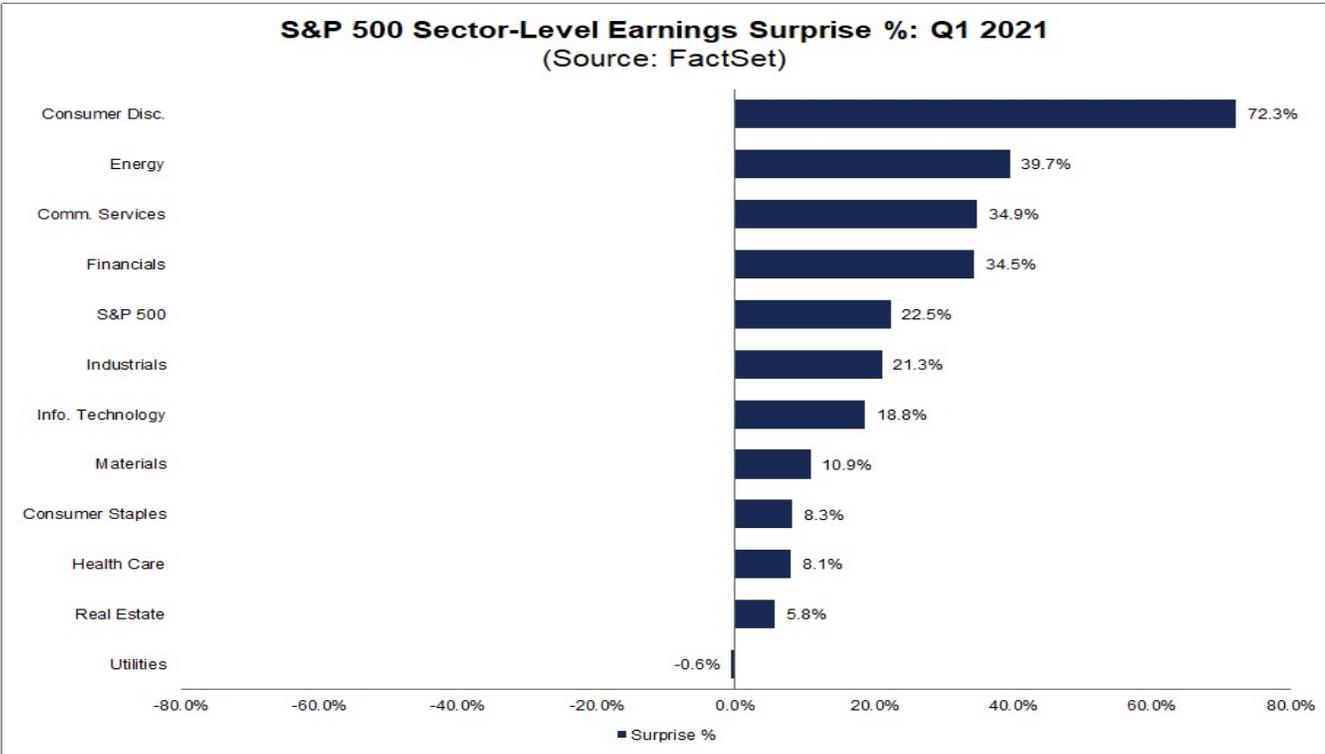
Companies Reporting Next Week: 18

During the upcoming week, 18 S&P 500 companies (including 3 Dow 30 components) are scheduled to report results for the first quarter.

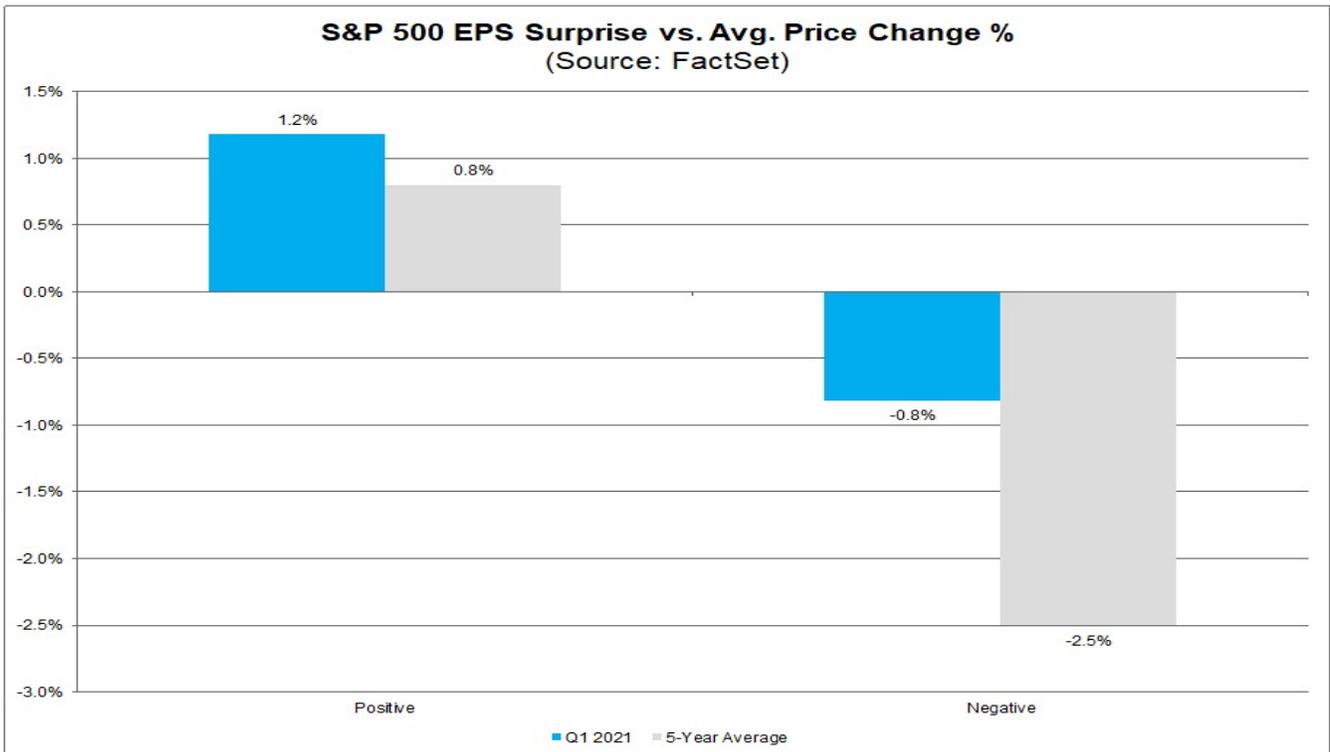
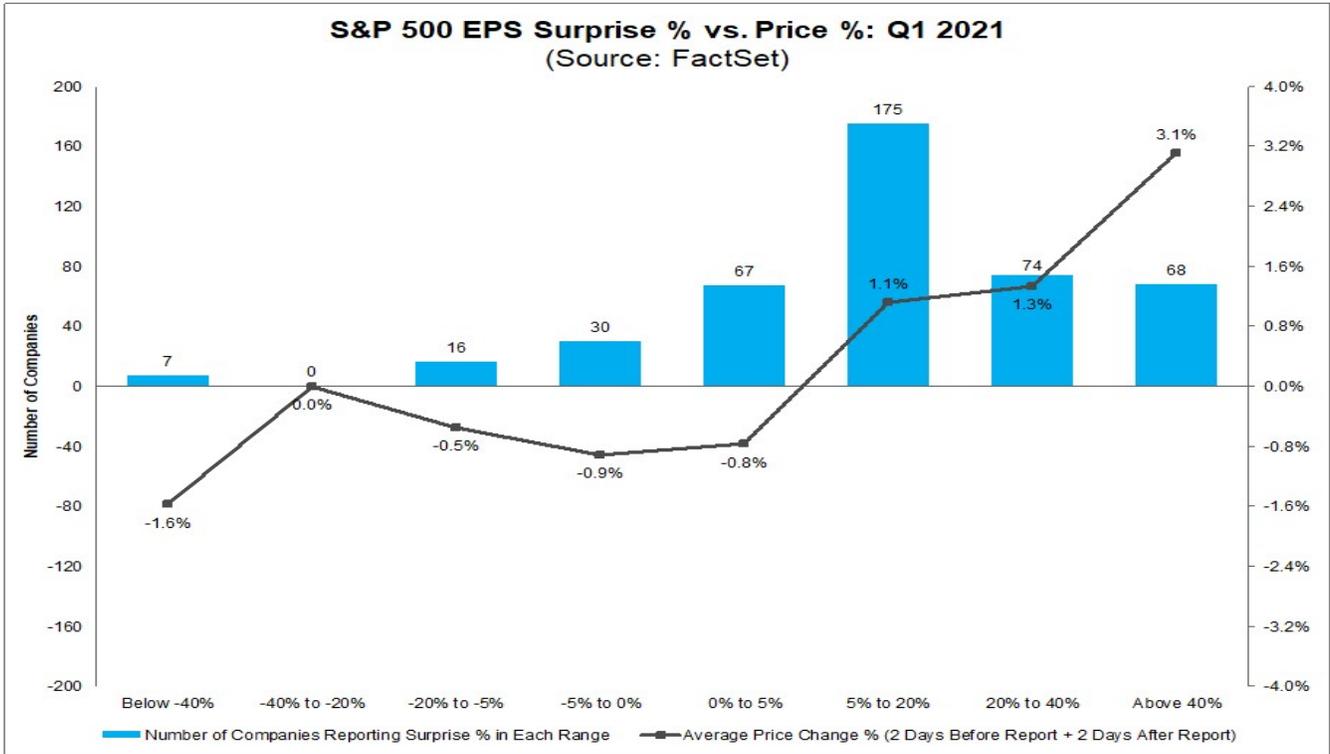
Q1 2021: Scorecard



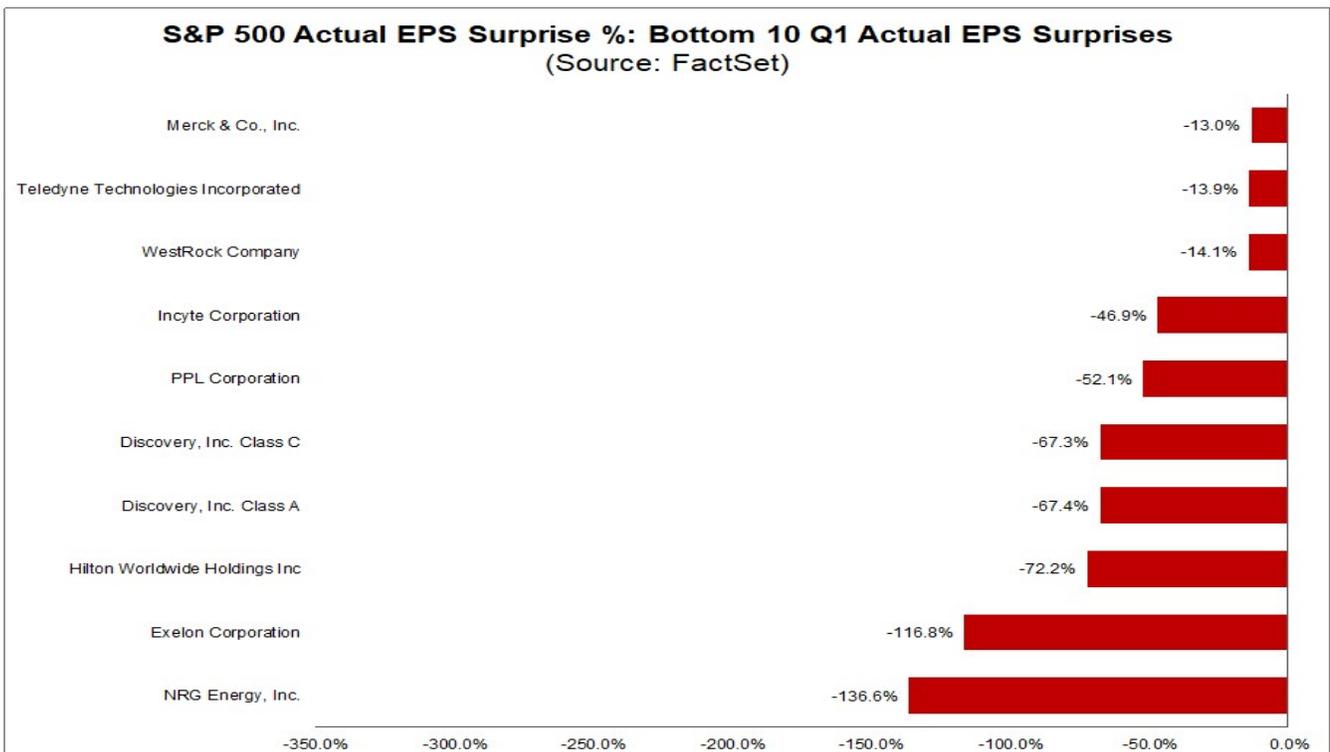
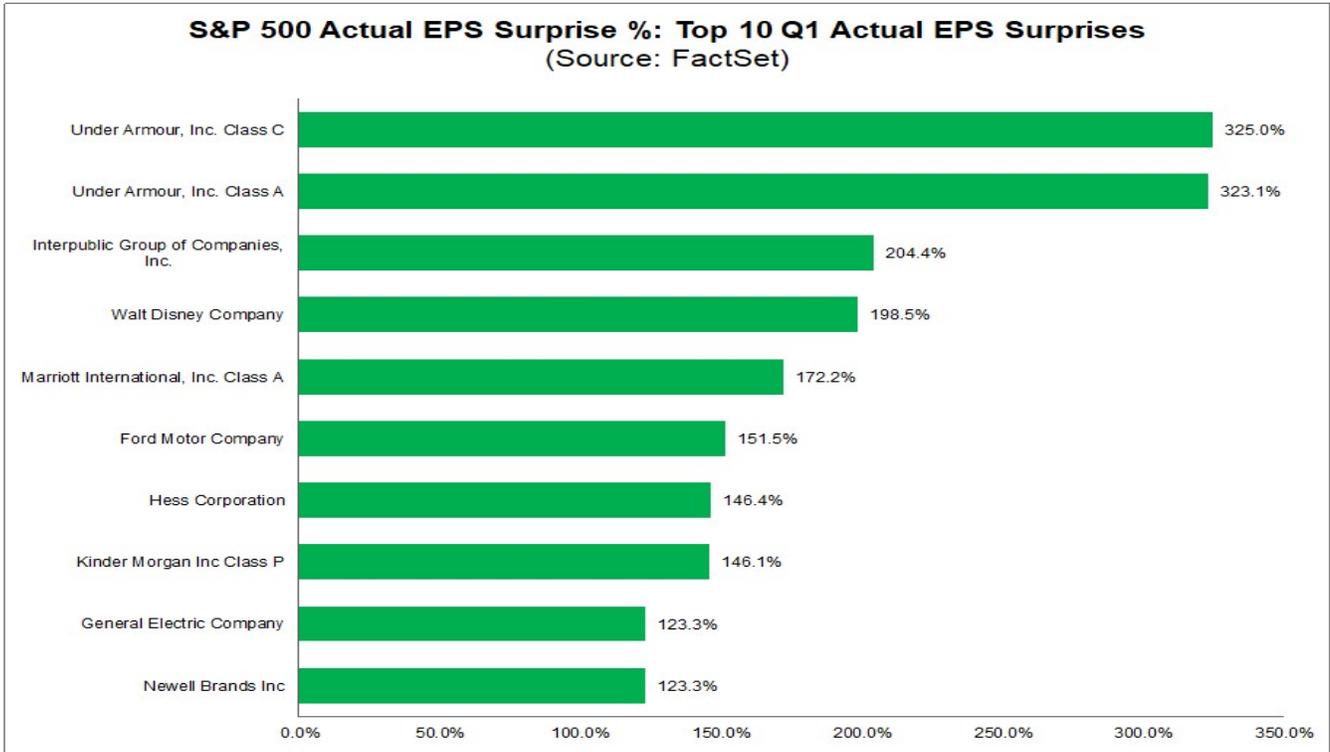
Q1 2021: Scorecard



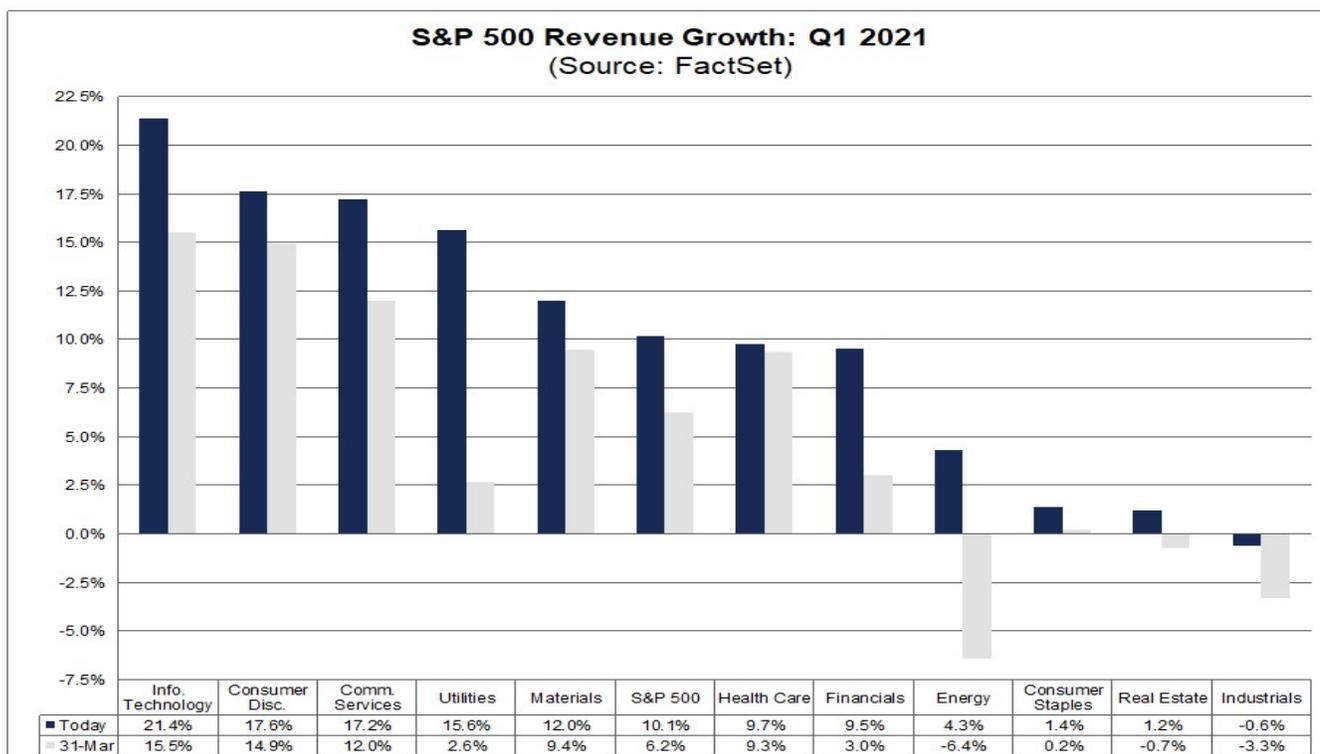
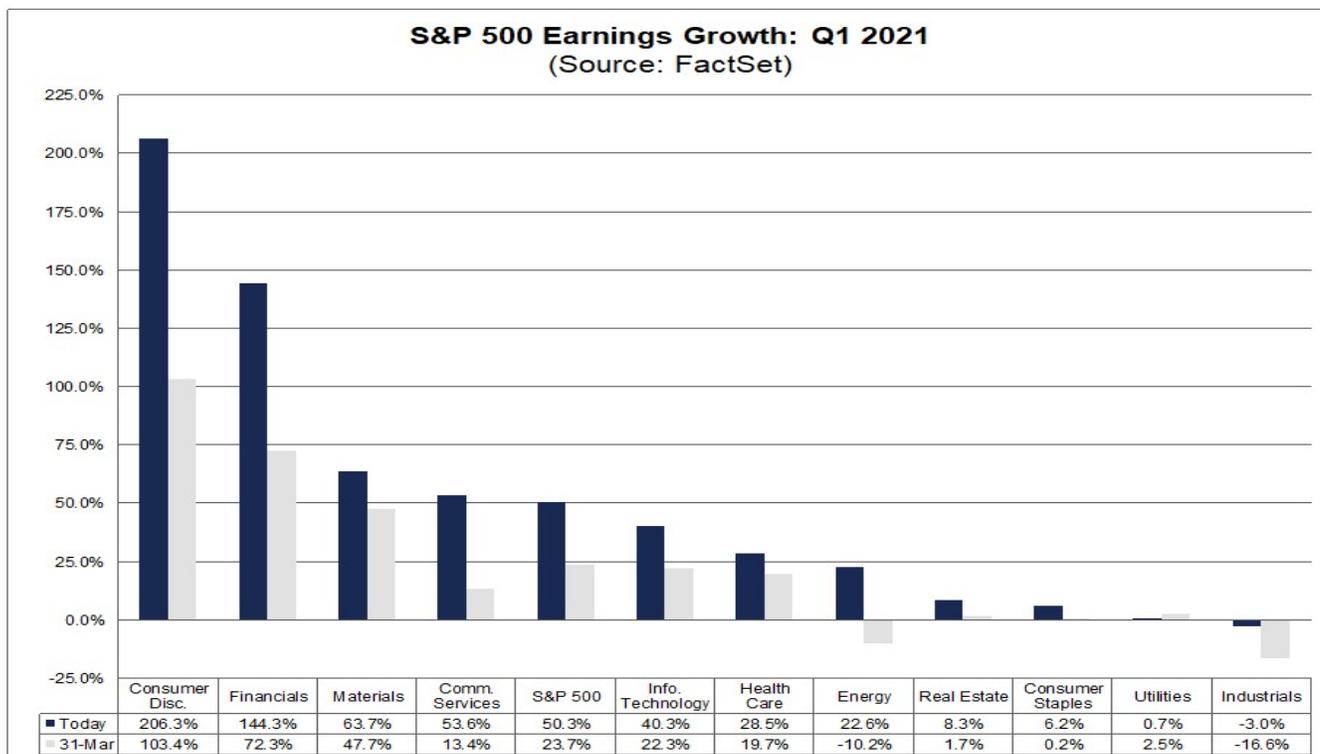
Q1 2021: Scorecard



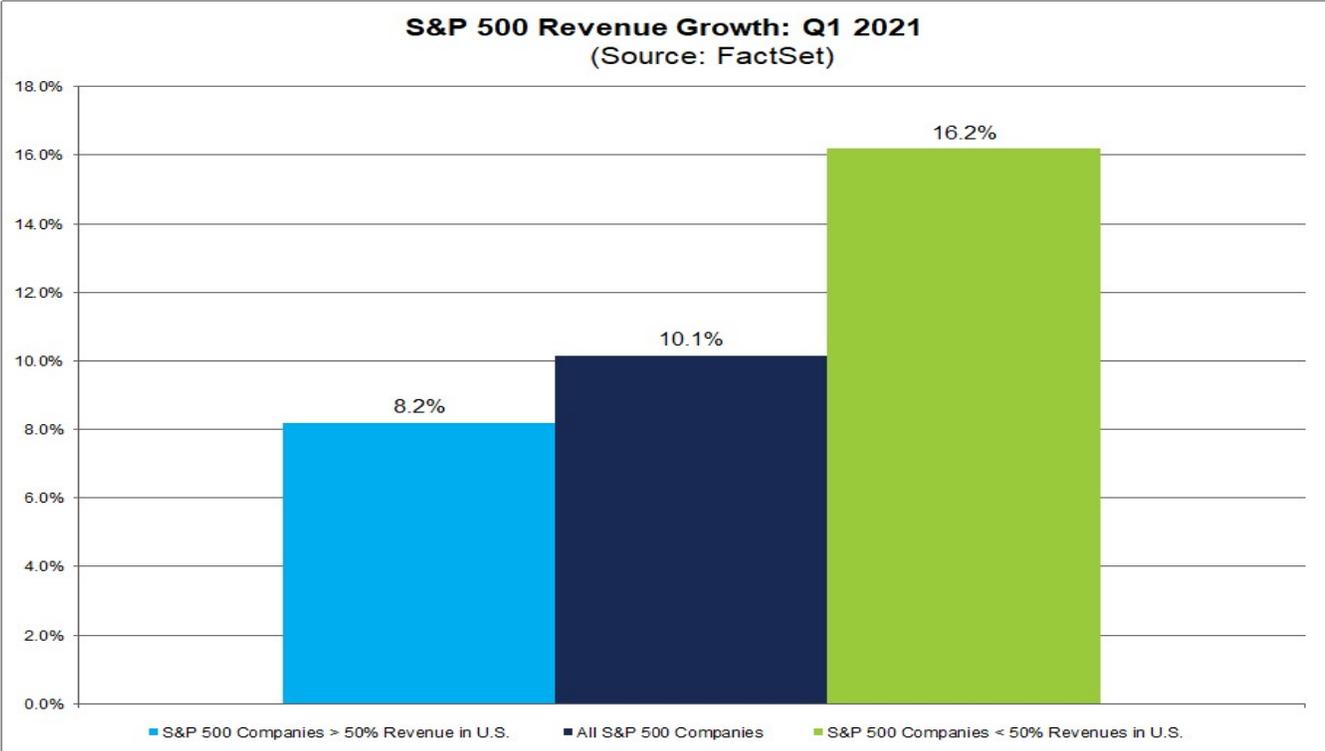
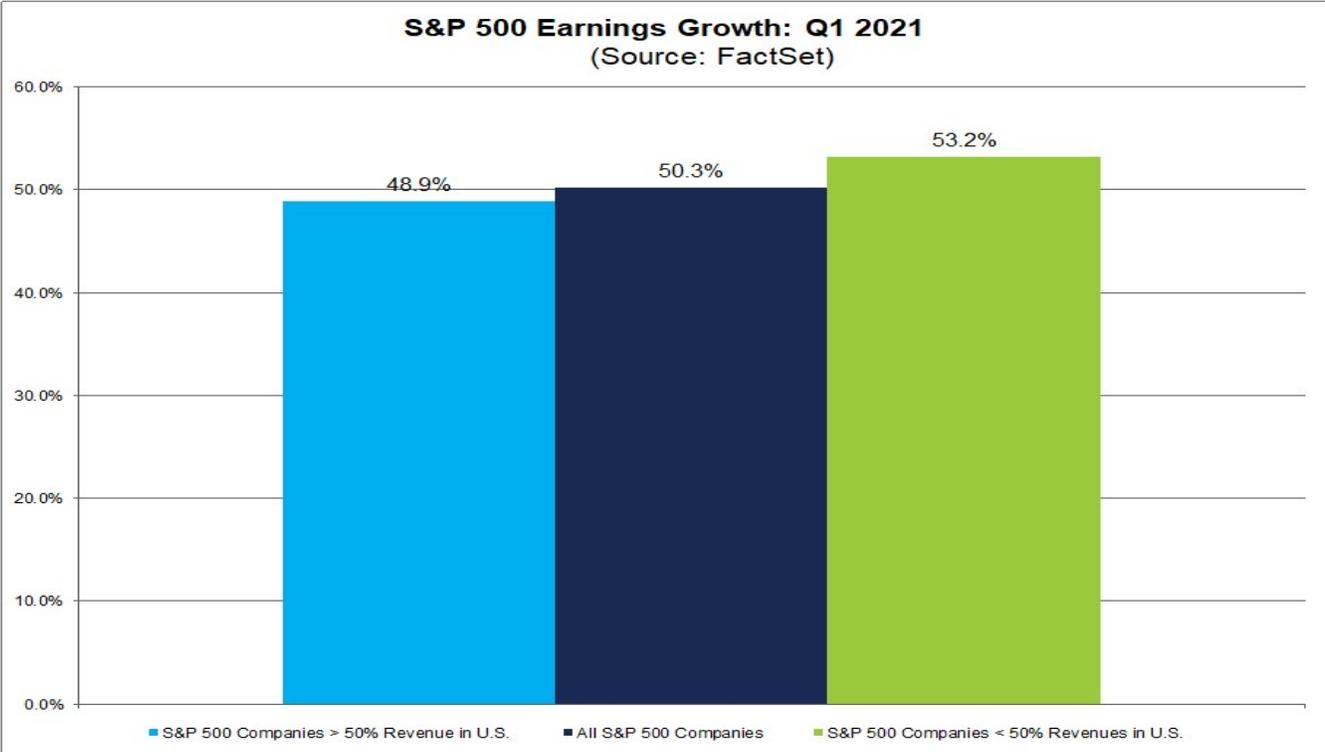
Q1 2021: Scorecard



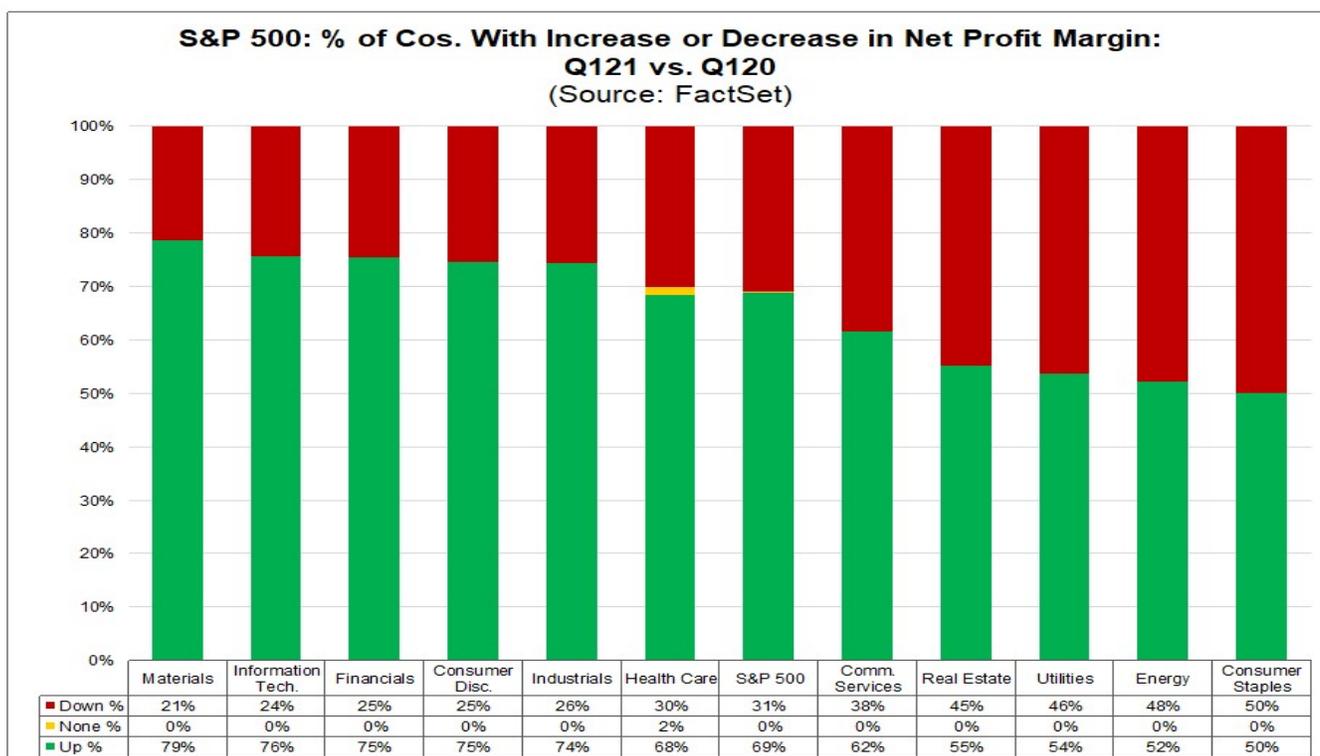
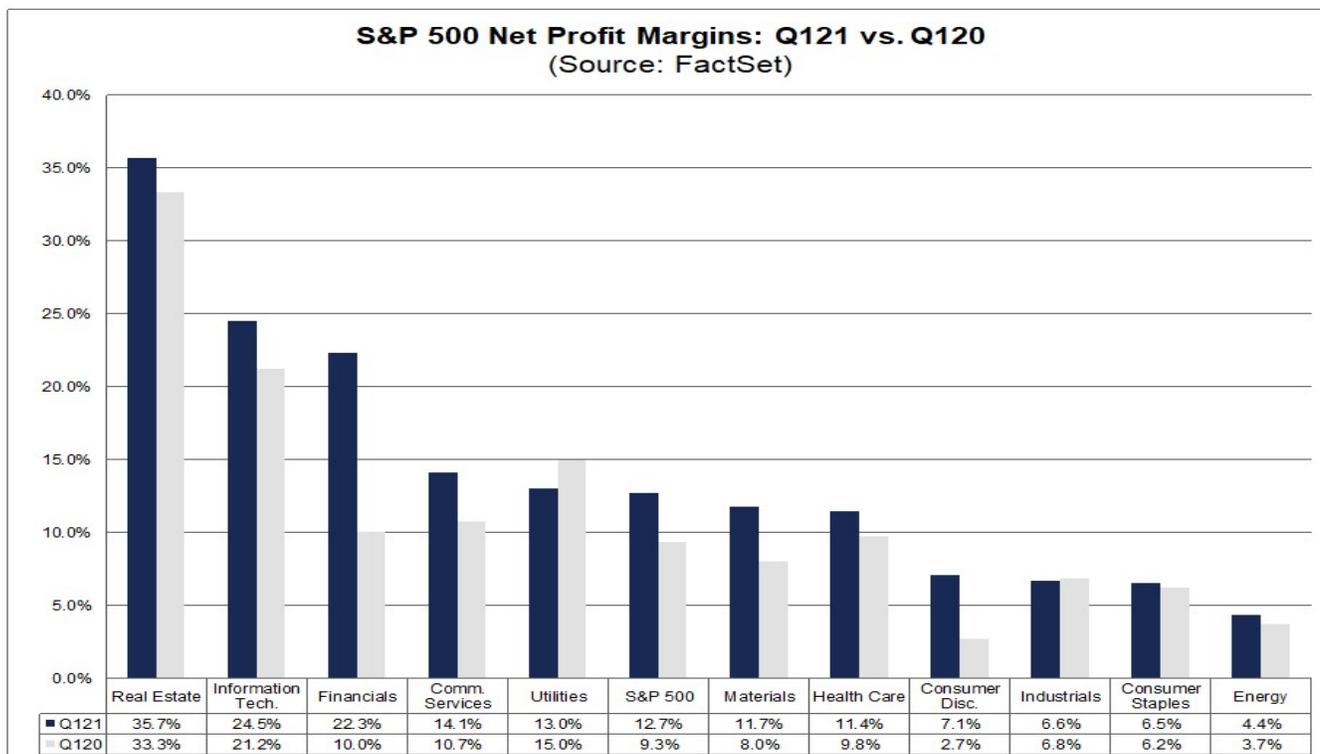
Q1 2021: Growth



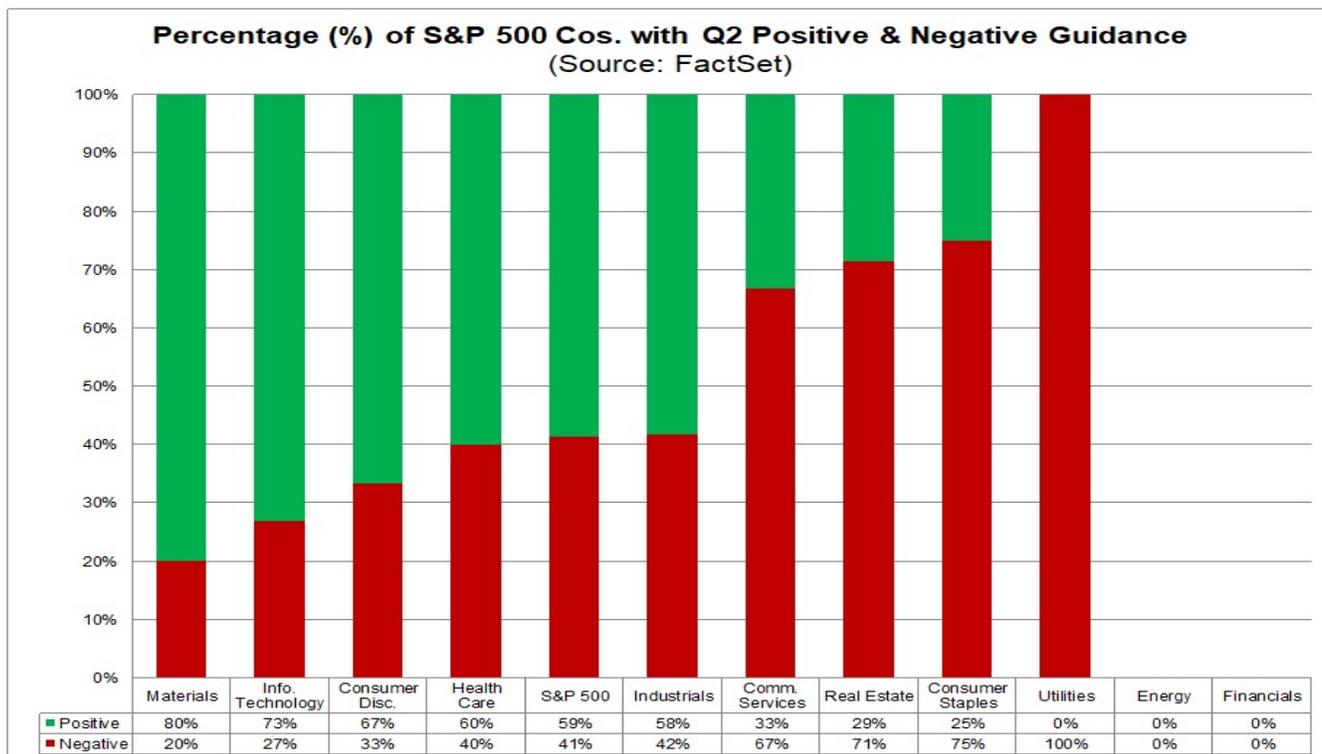
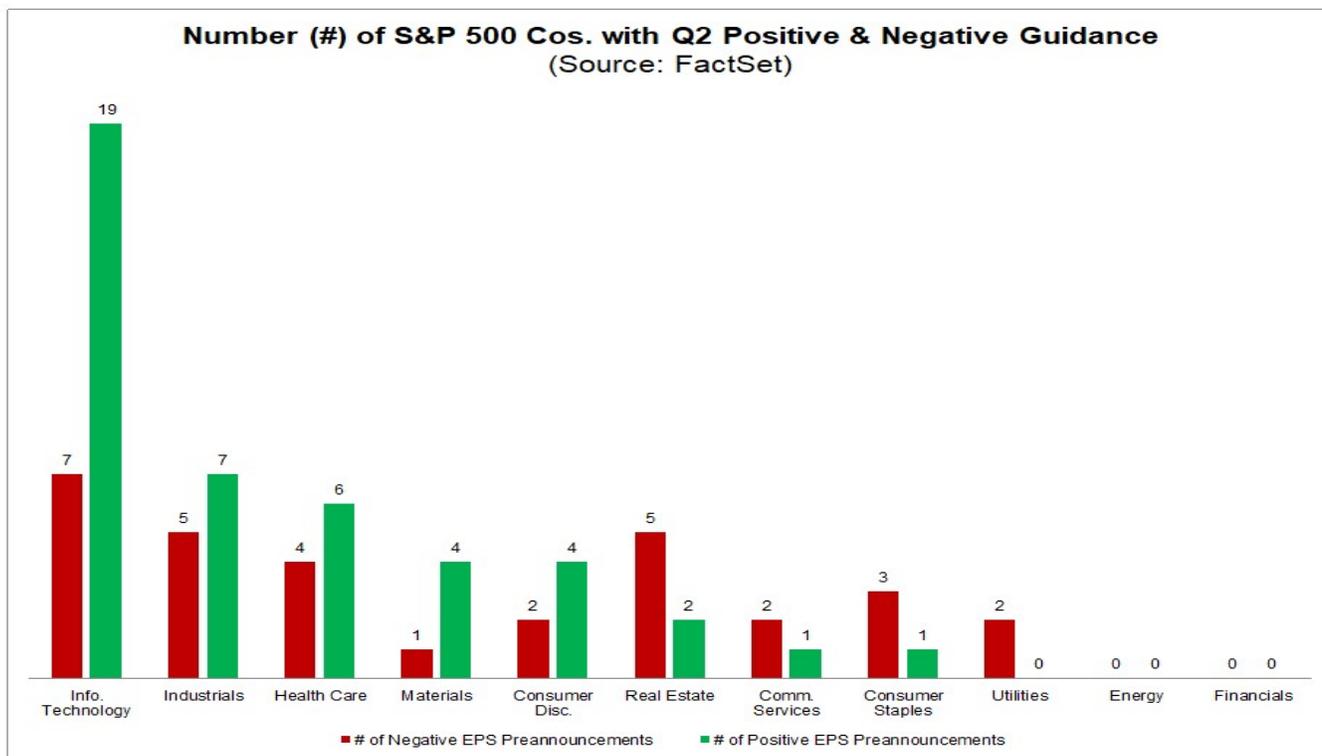
Q1 2021: Growth



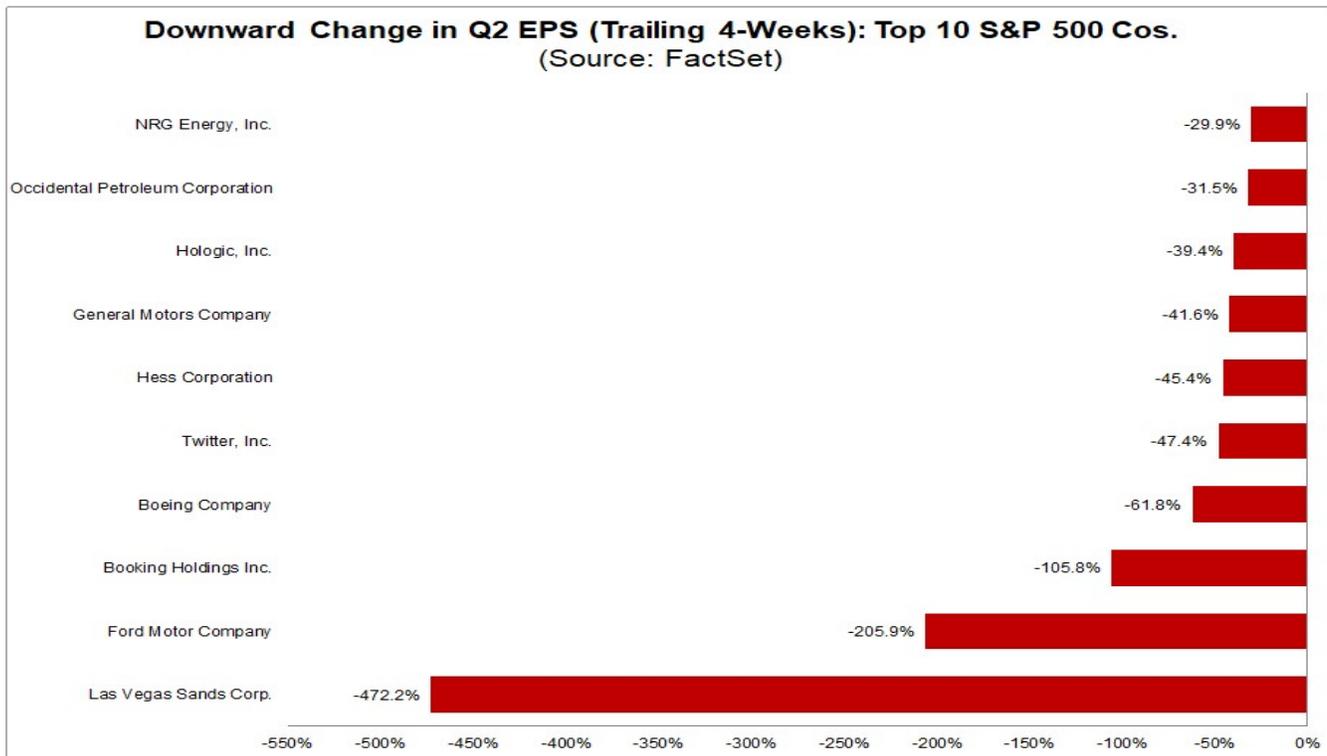
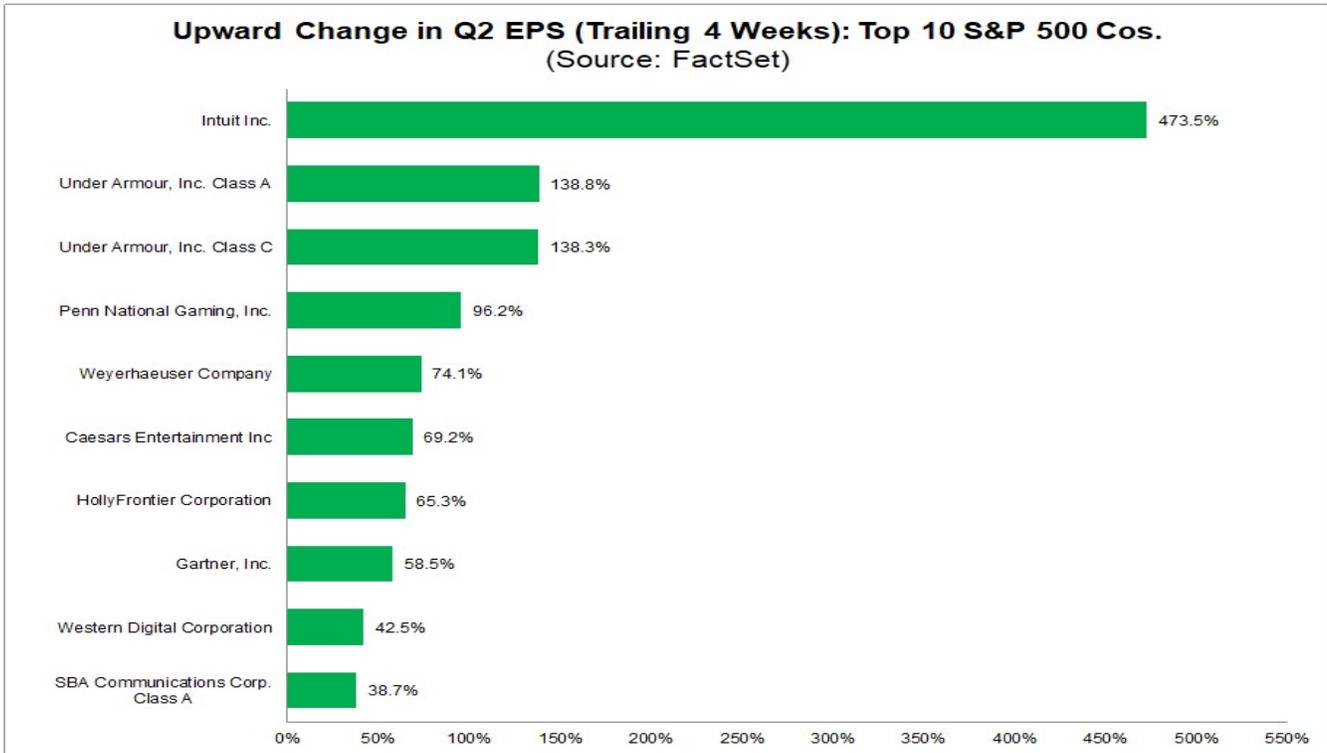
Q1 2021: Net Profit Margin



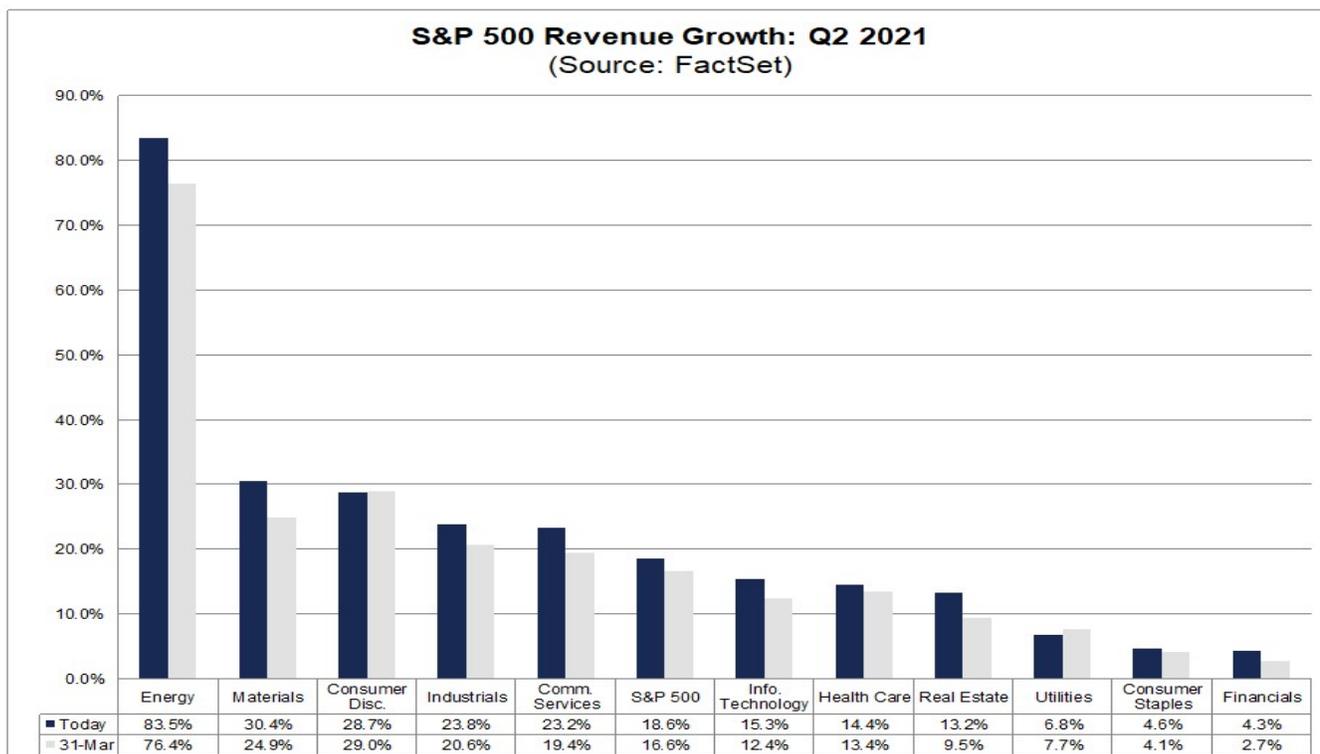
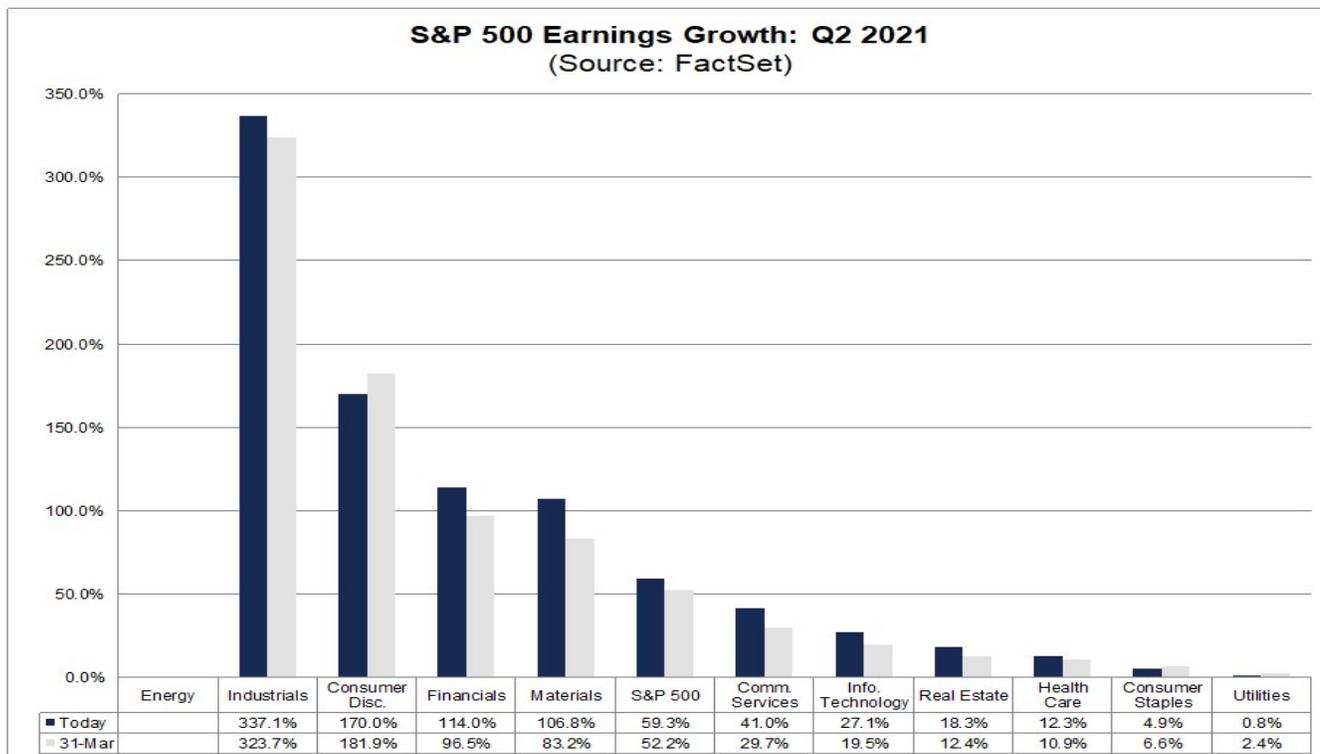
Q2 2021: EPS Guidance



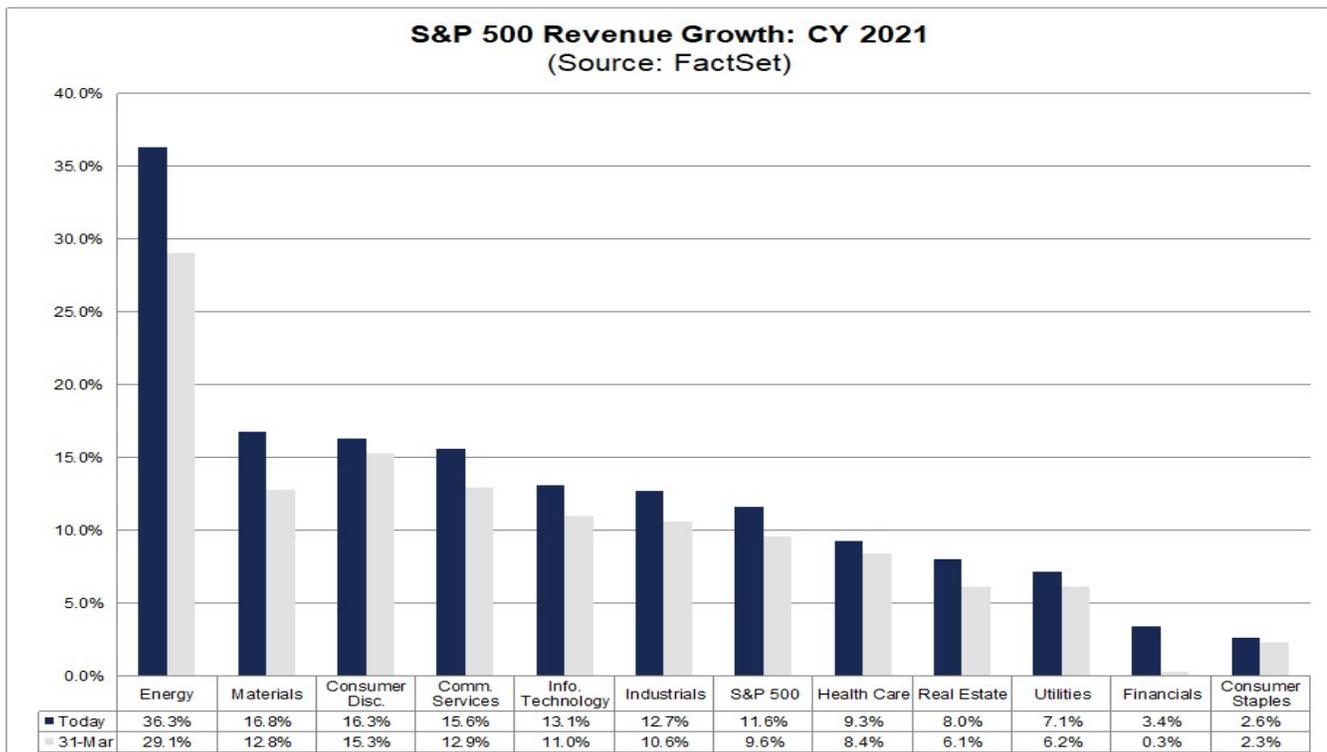
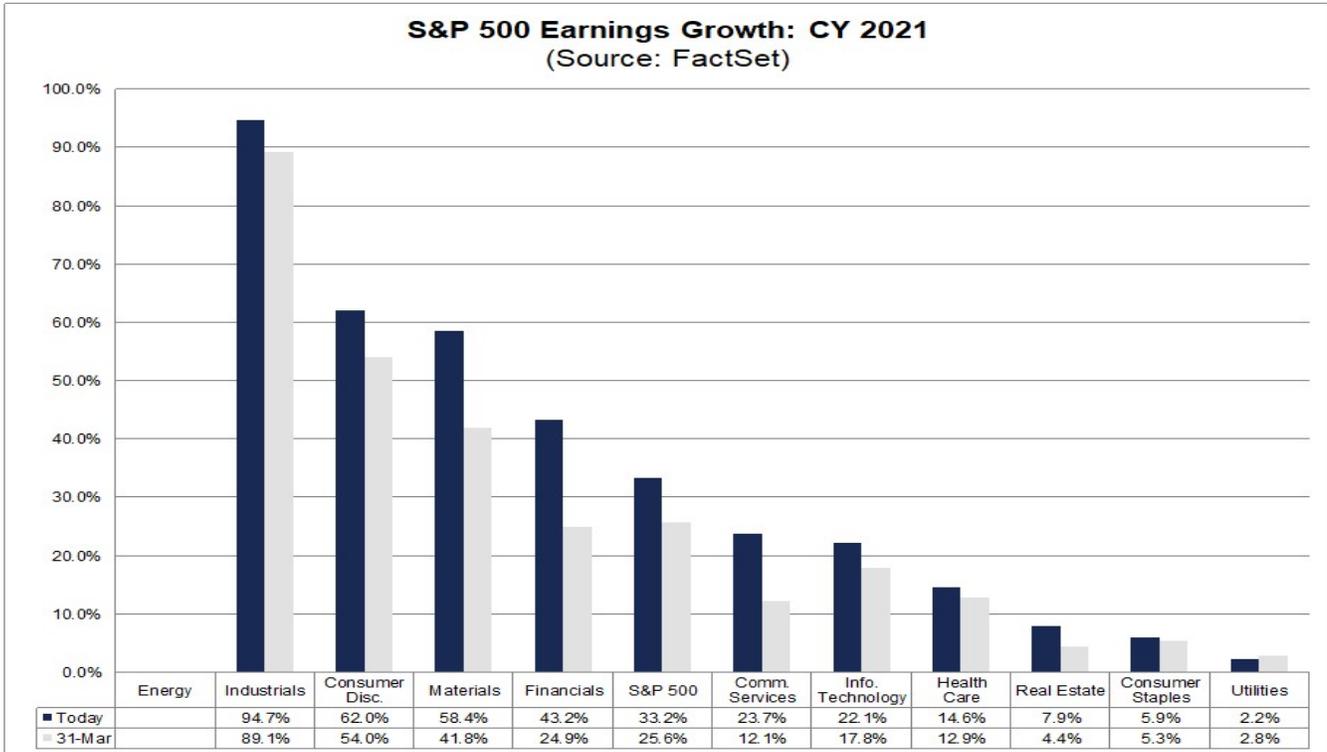
Q2 2021: EPS Revisions



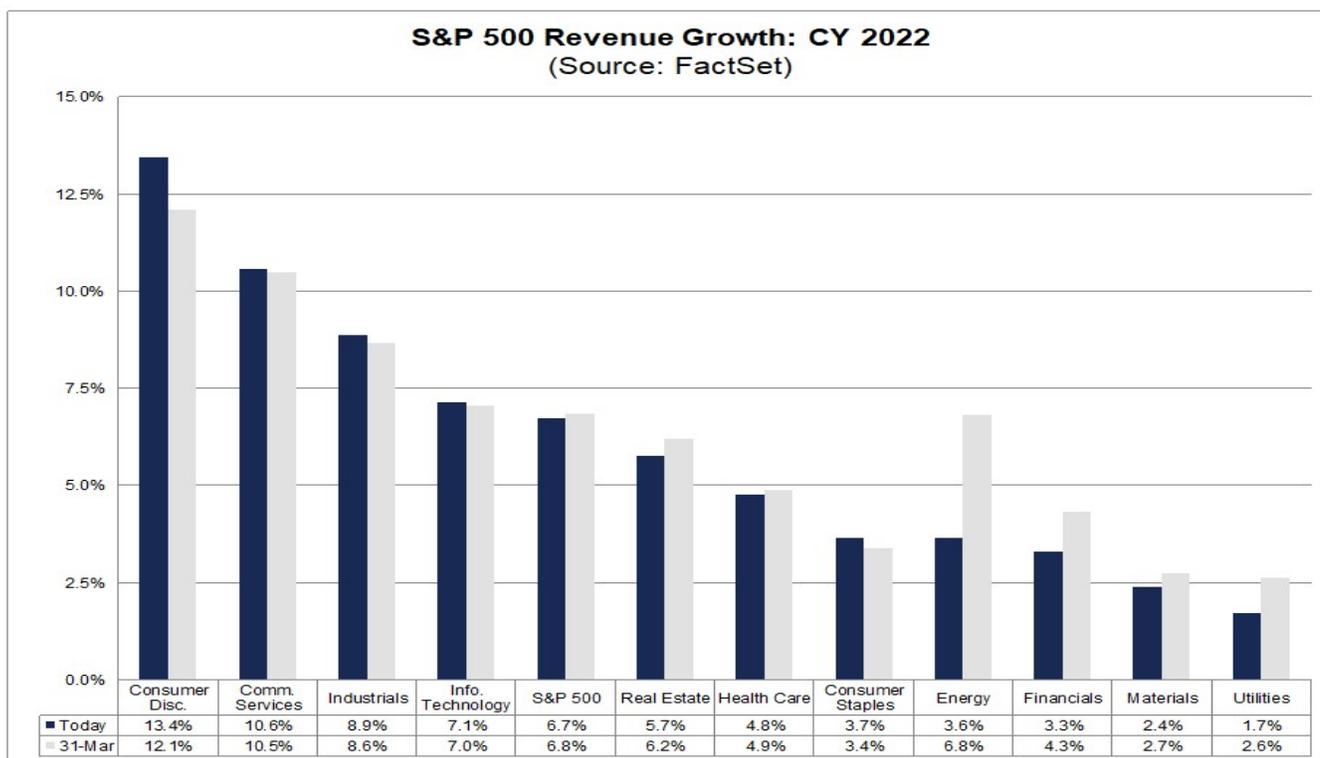
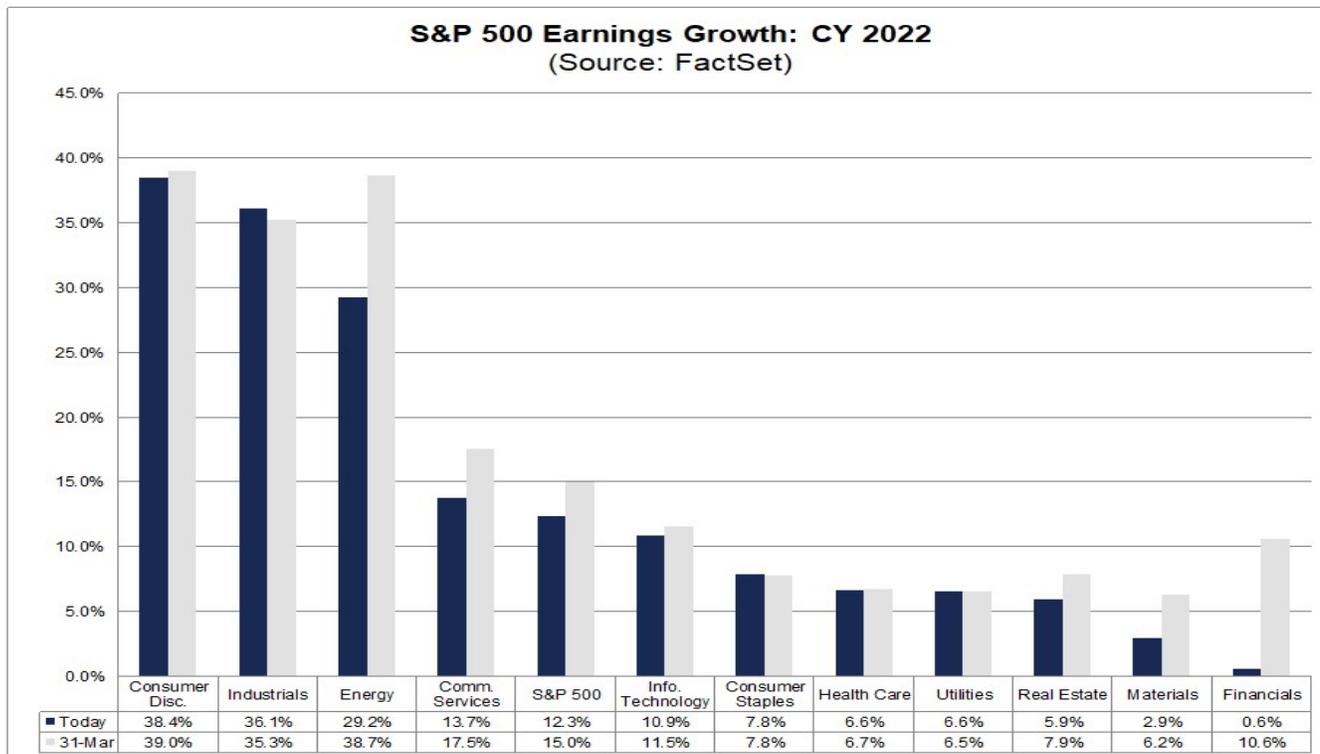
Q2 2021: Growth



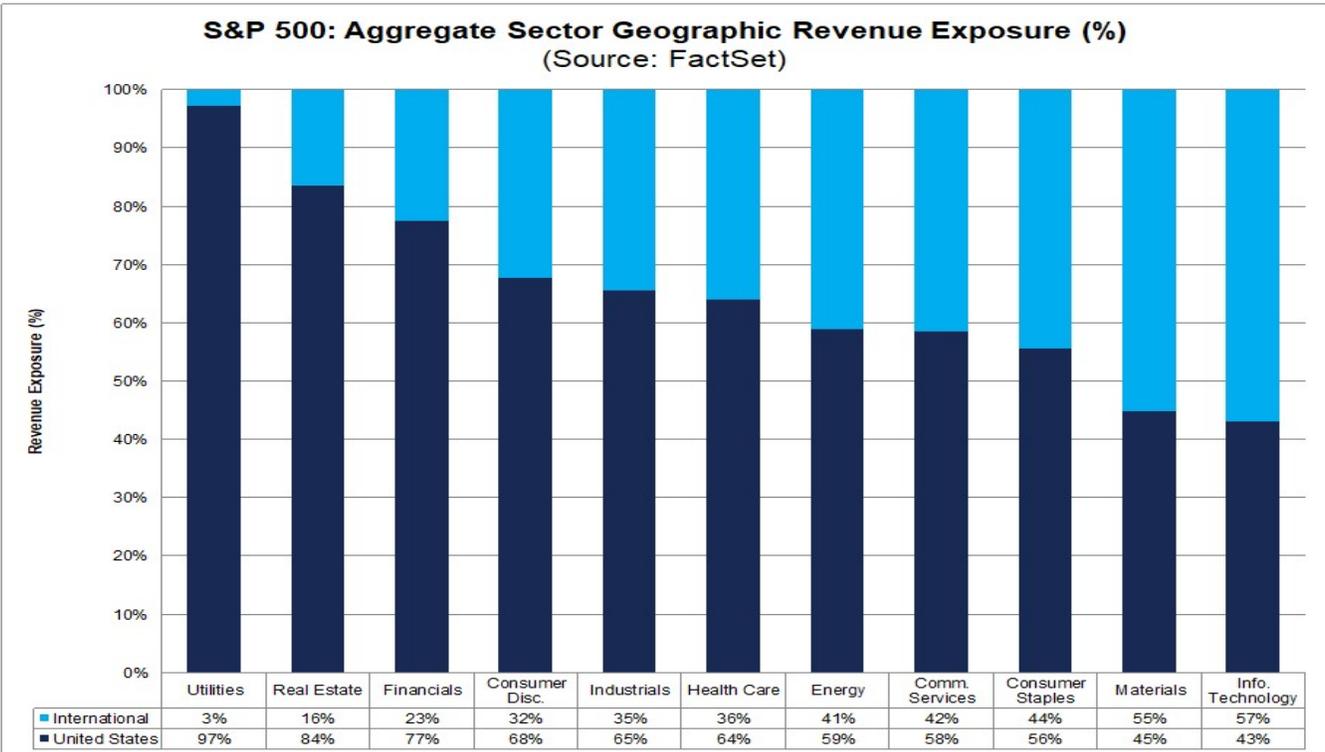
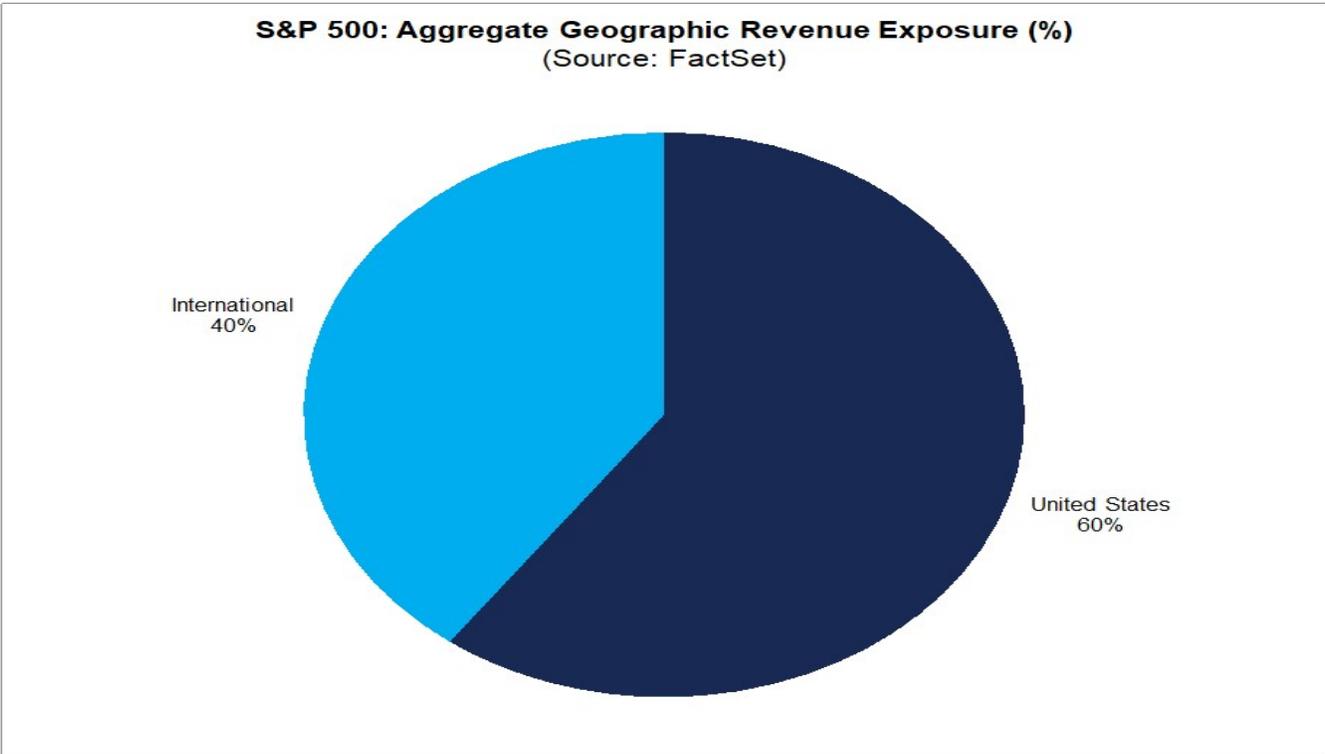
CY 2021: Growth



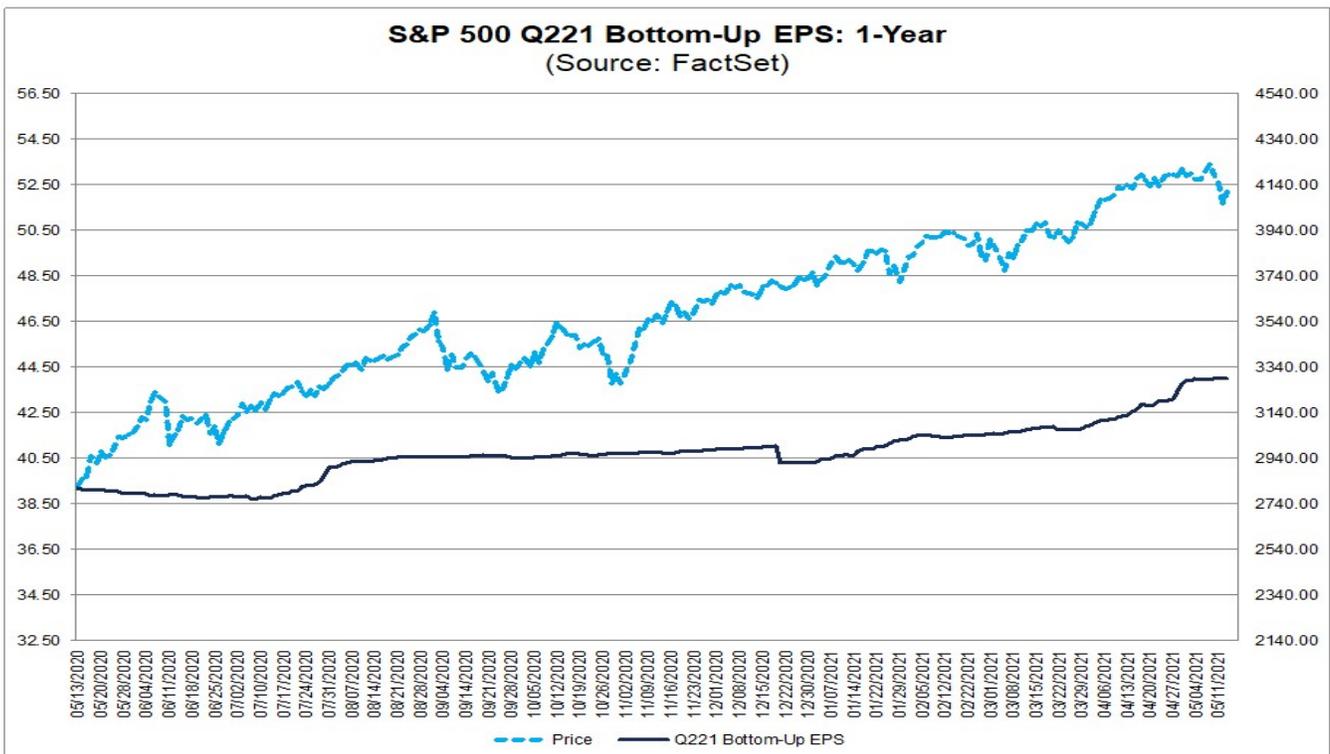
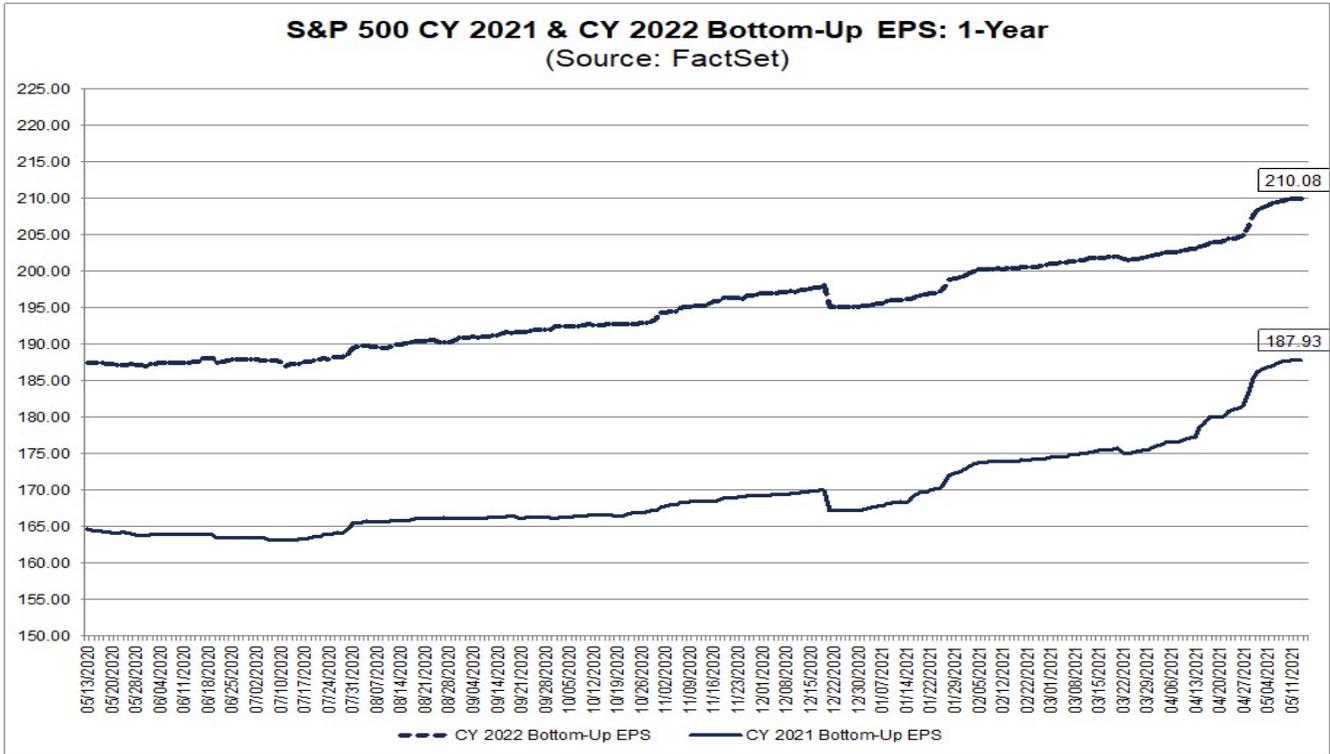
CY 2022: Growth



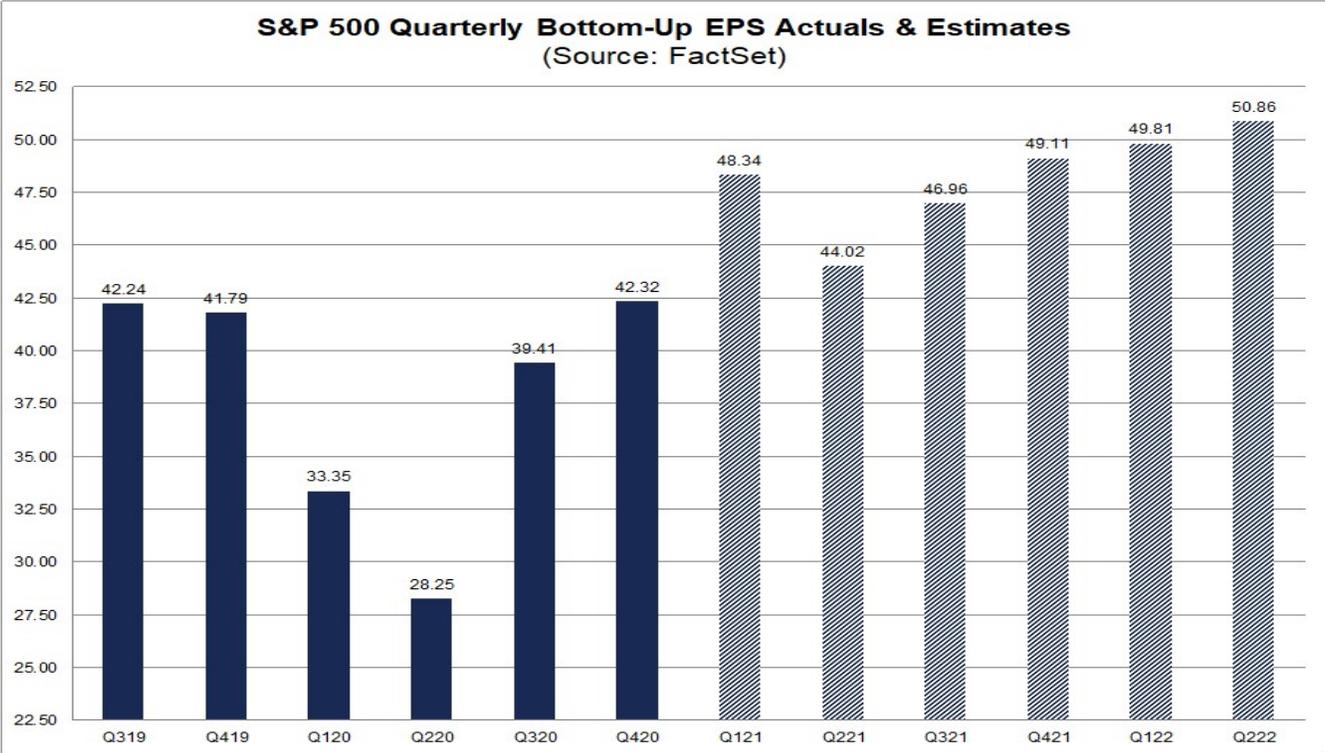
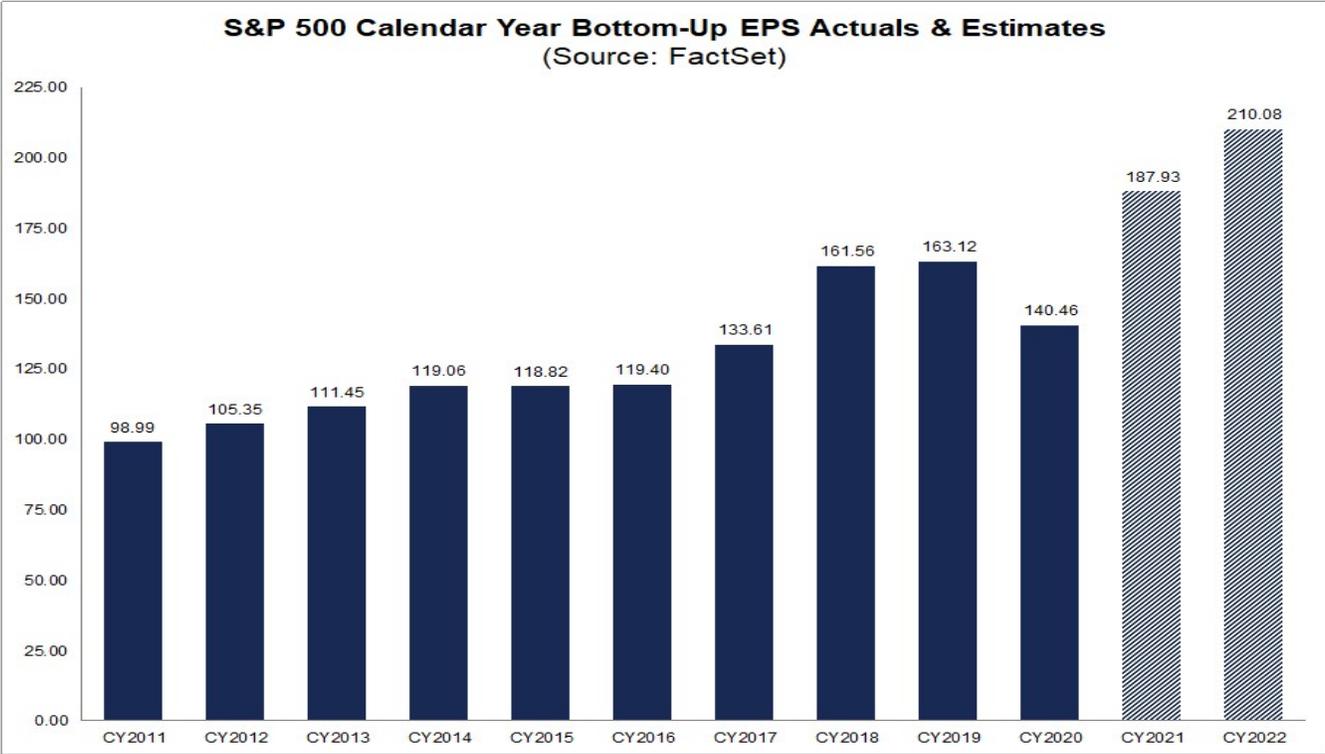
Geographic Revenue Exposure



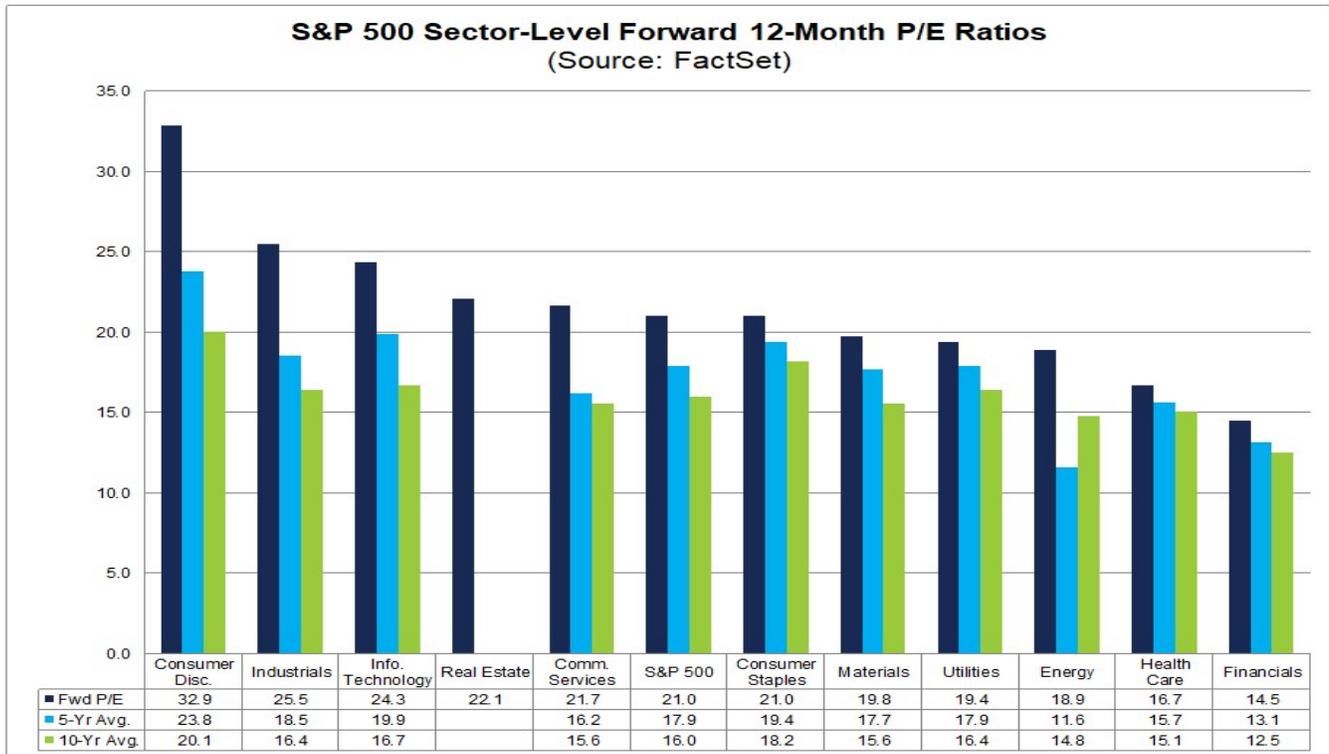
Bottom-up EPS Estimates: Revisions



Bottom-up EPS Estimates: Current & Historical

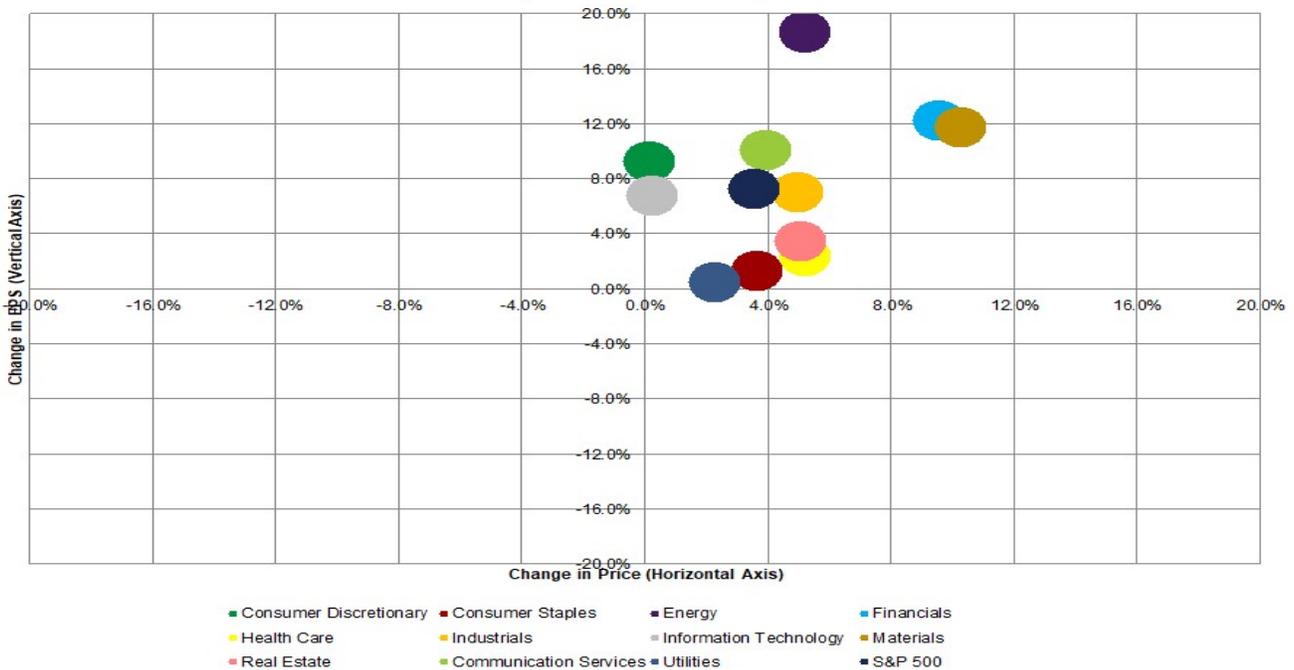


Forward 12M P/E Ratio: Sector Level

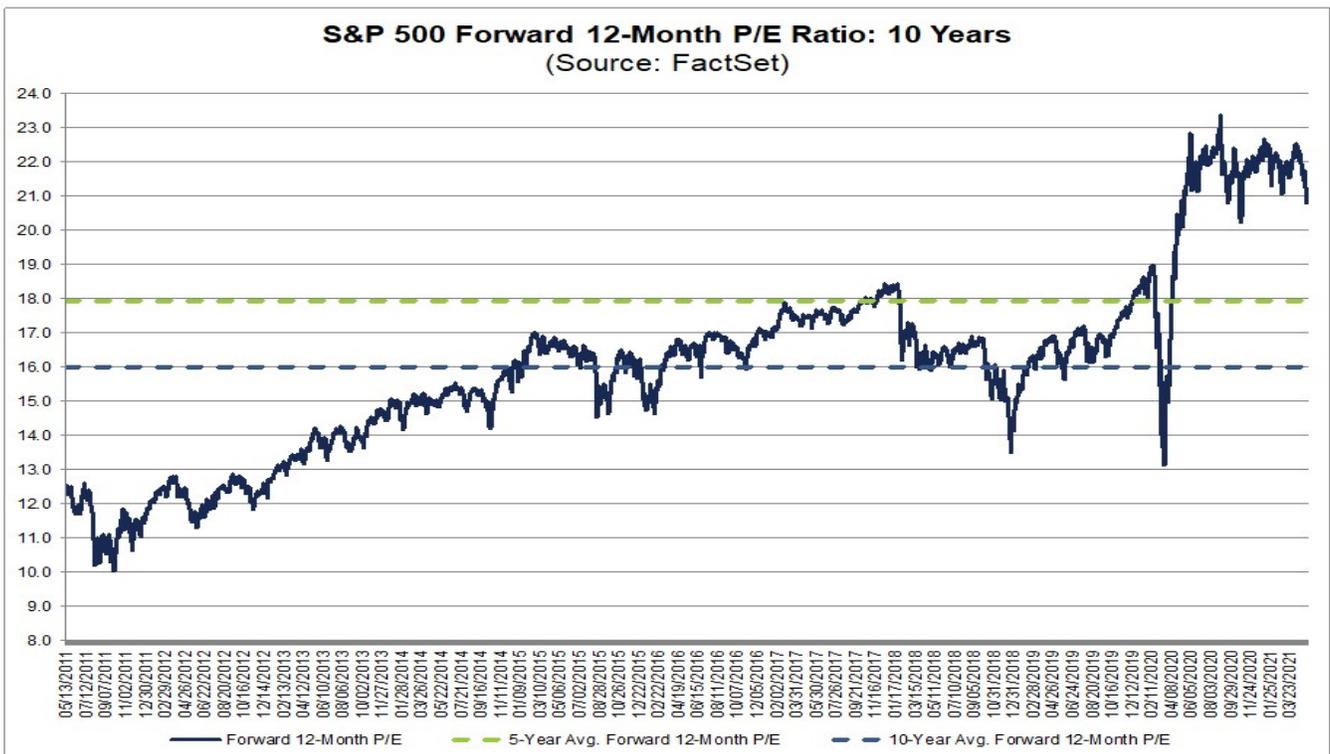
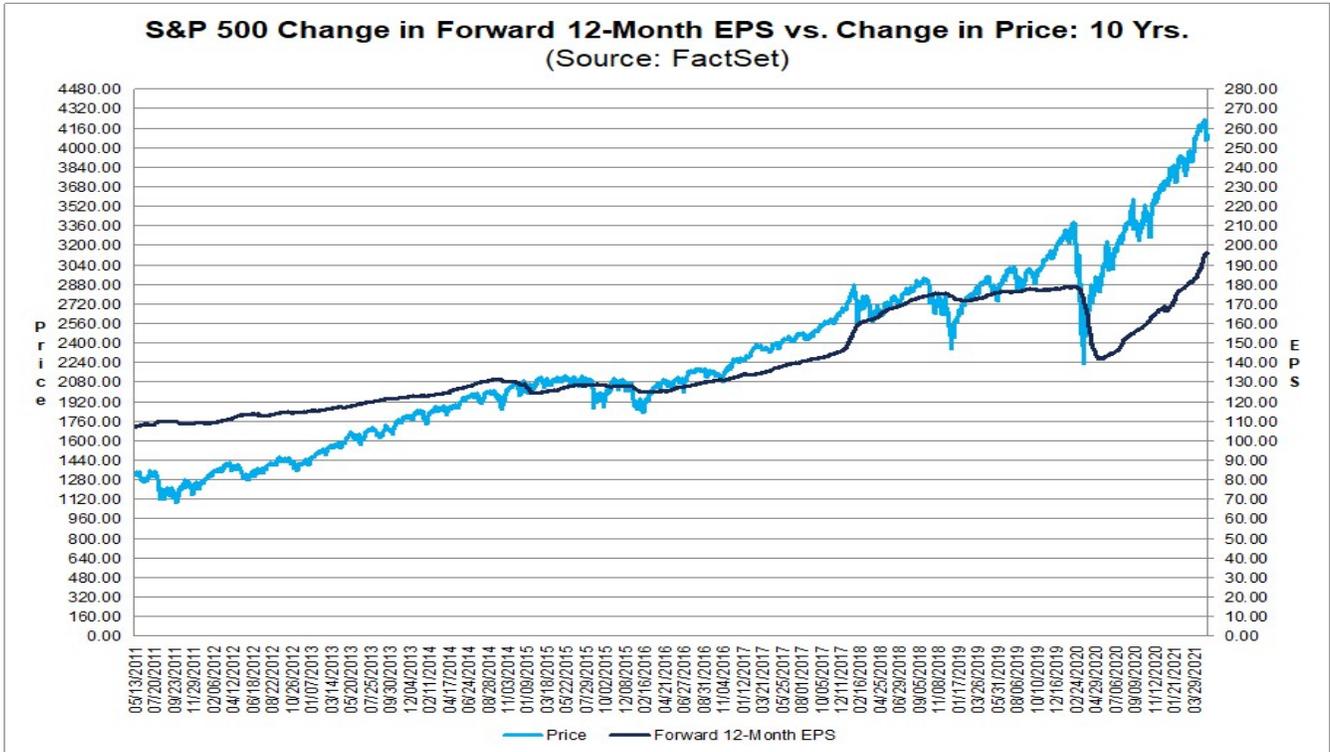


Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar. 31

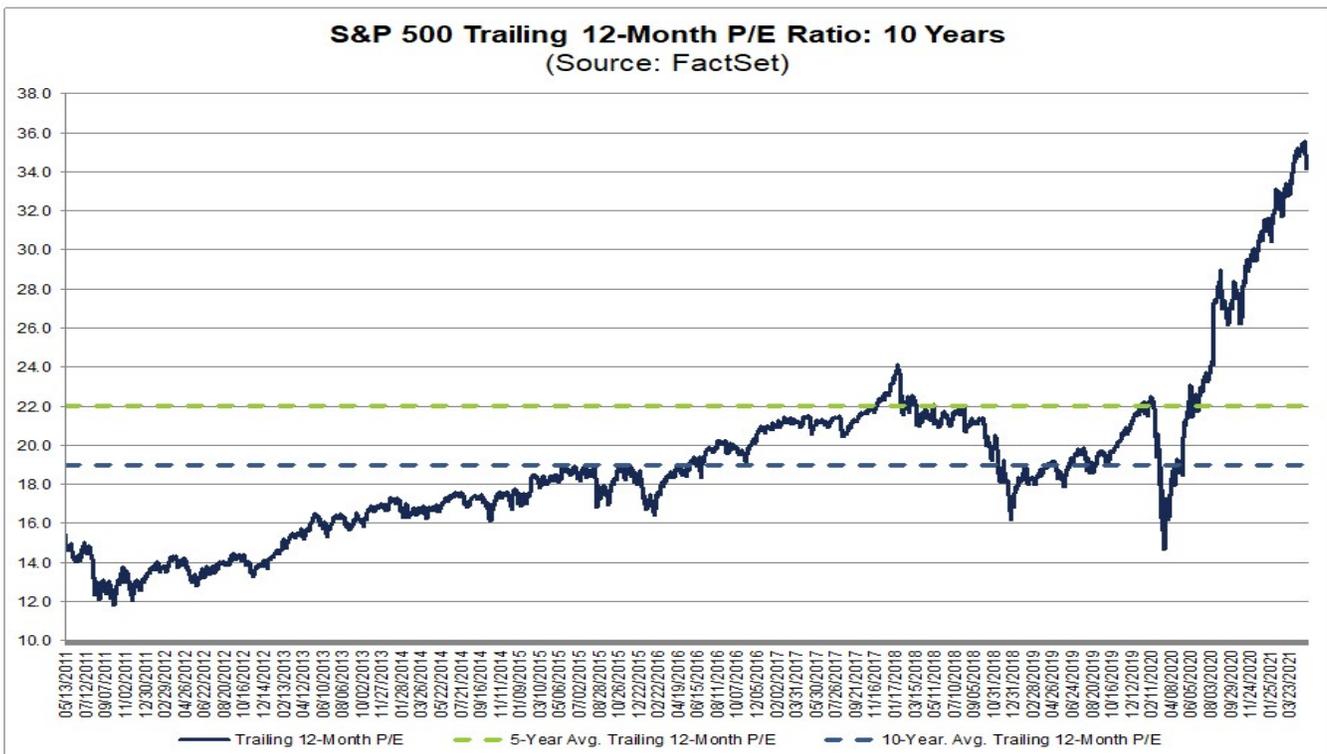
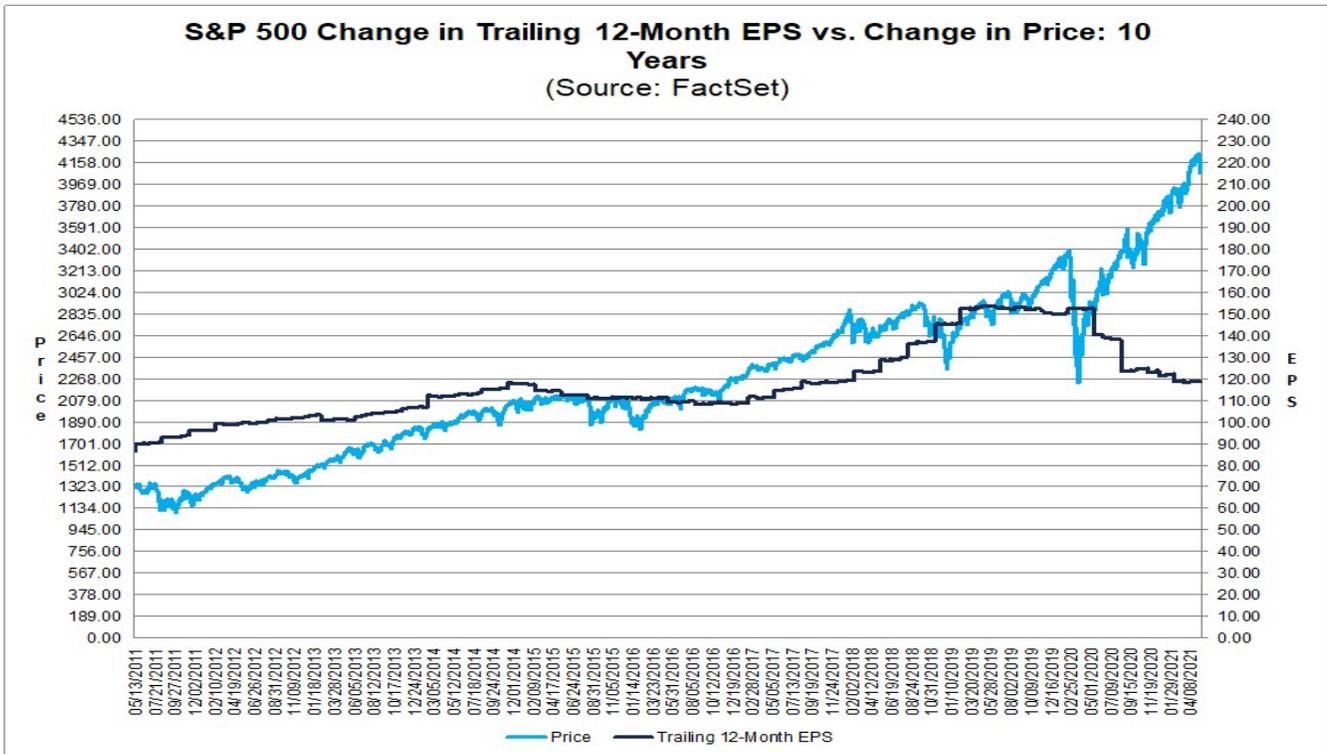
(Source: FactSet)



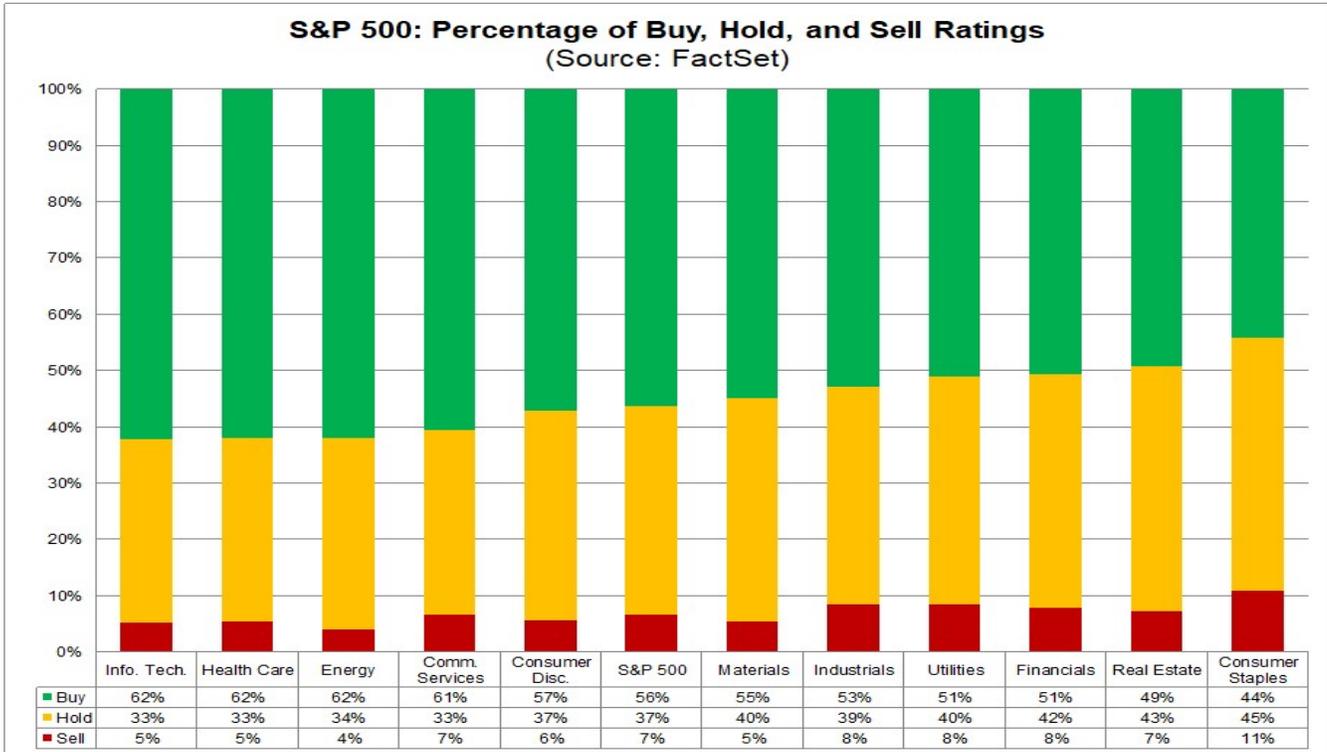
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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