FACTSET

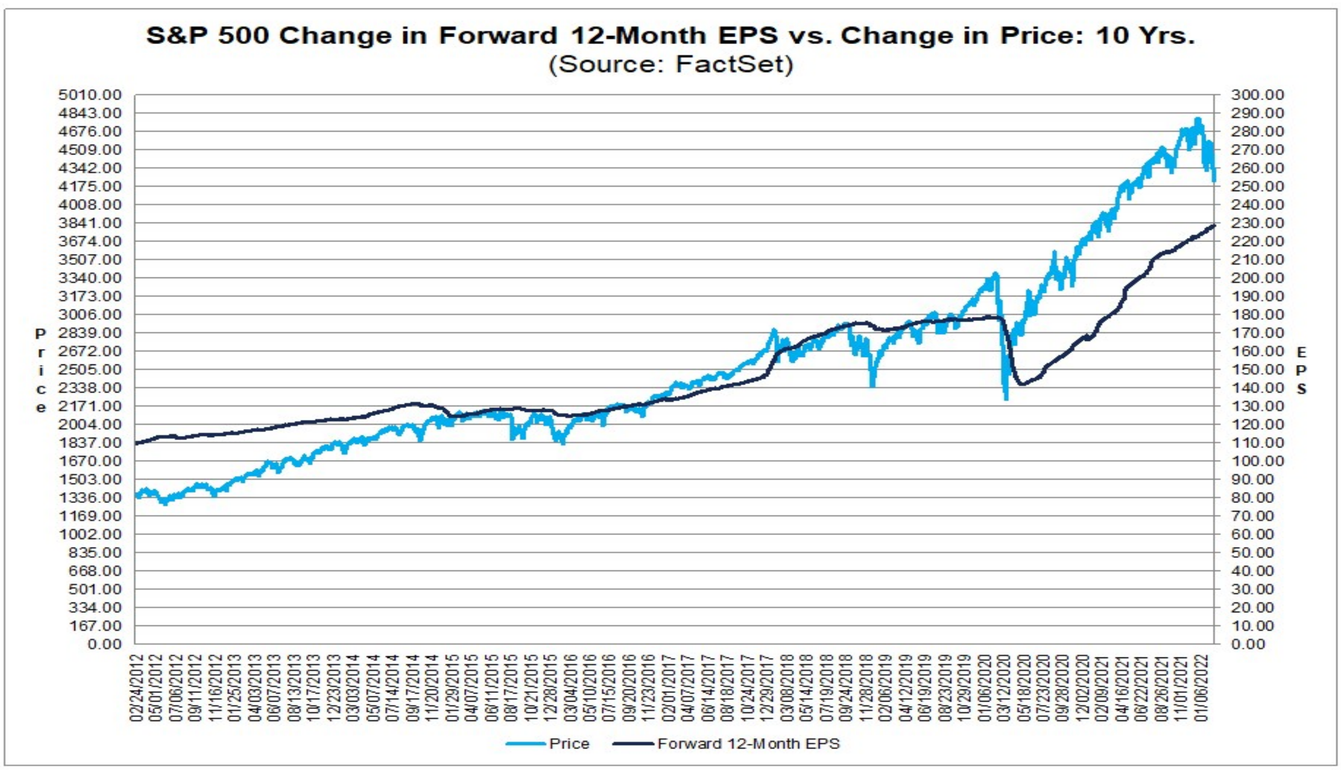
John Butters, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

February 25, 2022

Key Metrics

- **Earnings Scorecard:** For Q4 2021 (with 95% of S&P 500 companies reporting actual results), 76% of S&P 500 companies have reported a positive EPS surprise and 78% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2021, the blended earnings growth rate for the S&P 500 is 30.7%. If 30.7% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth above 30%.
- **Earnings Revisions:** On December 31, the estimated earnings growth rate for Q4 2021 was 21.2%. Nine sectors are reporting higher earnings today (compared to December 31) due to upward revisions to EPS estimates and positive EPS surprises
- **Earnings Guidance:** For Q1 2022, 62 S&P 500 companies have issued negative EPS guidance and 26 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 18.8. This P/E ratio is above the 5-year average (18.6) and above the 10-year average (16.7).



To receive this report via e-mail or view other articles with FactSet content, please go to: https://insight.factset.com/

All data published in this report is available on FactSet. Please contact media_request@factset.com or 1-877-FACTSET for more information.

Topic of the Week:

S&P 500 Forward P/E Ratio Falls Below 5-Year Average For First Time Since Q2 2020

On February 23, the closing price for the S&P 500 was 4225.50 and the forward 12-month EPS estimate for the index was $228.85. Based on this closing price and EPS estimate, the forward 12-month P/E ratio for the S&P 500 on that date was 18.5. How does this 18.5 P/E ratio compare to historical averages? How much has it changed in recent weeks?

The forward 12-month P/E ratio of 18.5 on February 23 was below the 5-year average of 18.6. However, it was still above the next four most recent historical averages: 10-year (16.7), 15-year (15.5), 20-year (15.5) and 25-year (16.5).

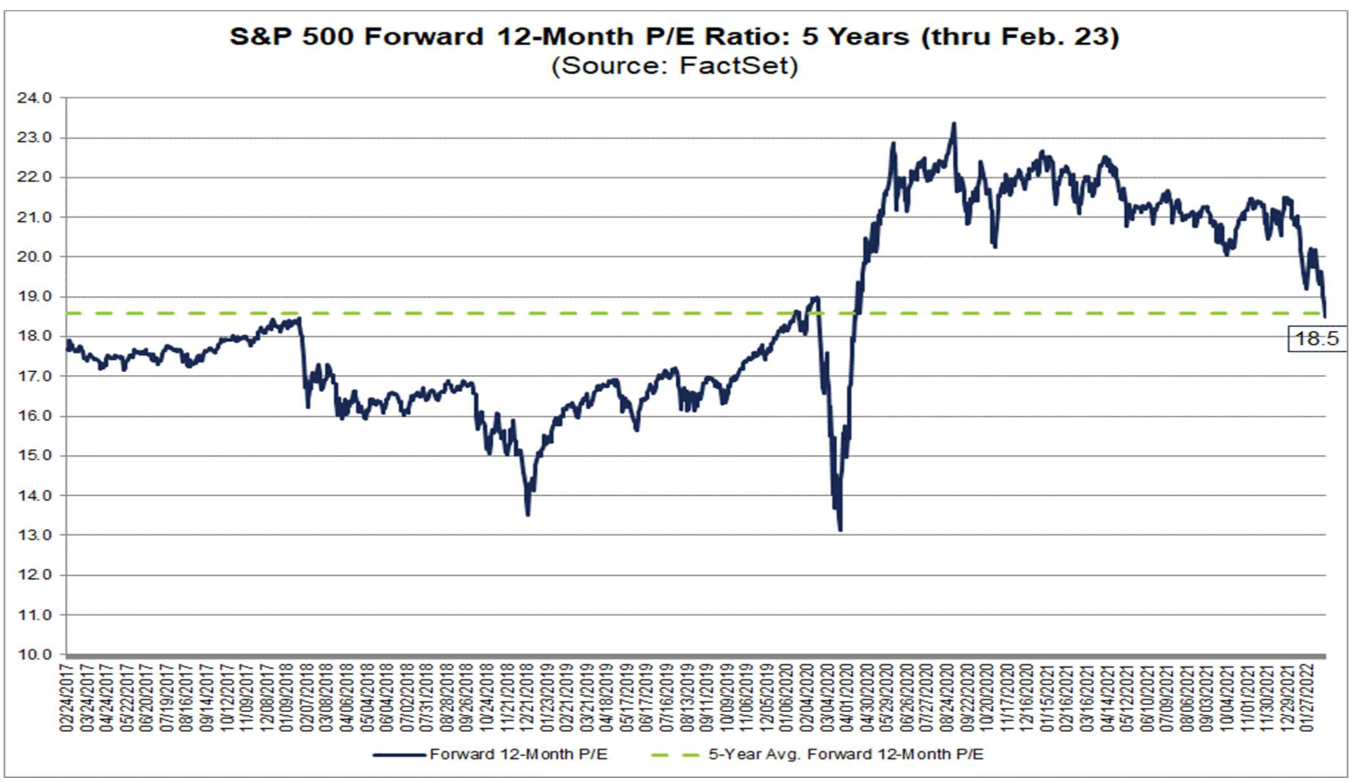
In fact, this marked the first time the forward 12-month P/E ratio was below the 5-year average of 18.6 since April 15, 2020 (18.4). However, the forward 12-month P/E ratio of 18.5 on this date was still well above the lowest P/E ratio of the past 9 years of 13.1 recorded on March 23, 2020.

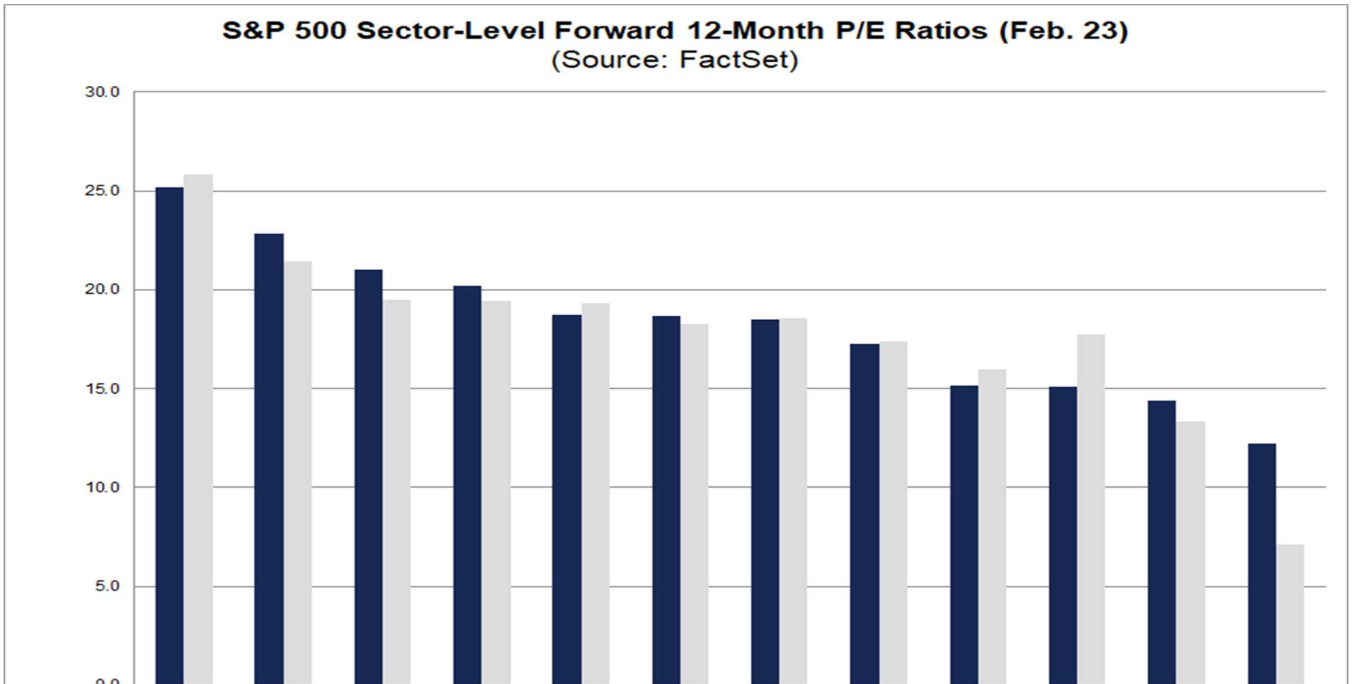
At the sector level, five sectors had forward 12-month P/E ratios on February 23 that were below their 5-year averages, led by the Materials (15.1 vs. 17.7) sector. On the other hand, six sectors had forward 12-month P/E ratios that were above their 5-year averages on that date, led by the Energy (12.2 vs. 7.1) sector.

On January 3, 2022, the S&P 500 closed at a record-high value of 4796.56. The forward 12-month P/E ratio on that date was 21.4. From January 3 through February 23, the price of the S&P 500 decreased by 11.9%, while the forward 12-month EPS estimate increased by 2.3%. Thus, the decrease in the "P" has been the main driver of the decrease in the P/E ratio since January 3.

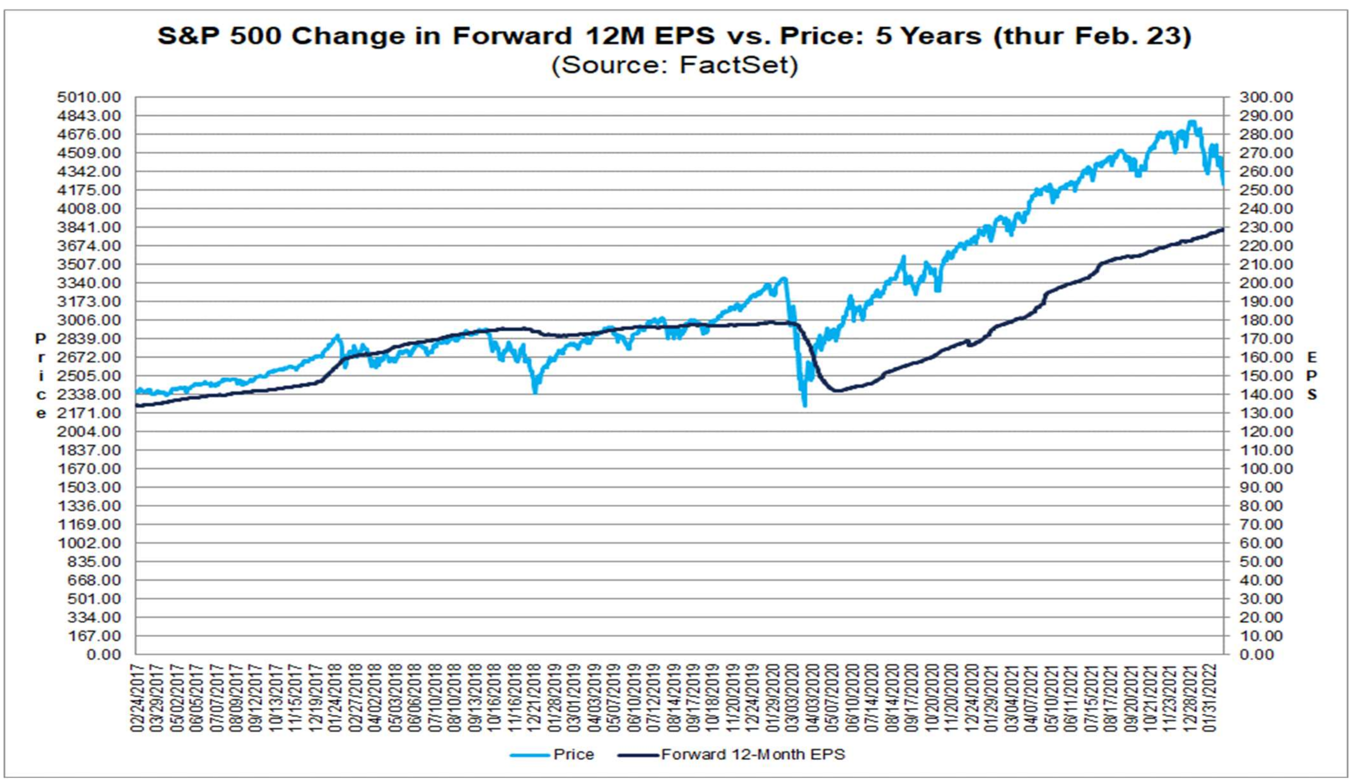
It is important to note that analysts were still projecting record-high EPS for the S&P 500 of $225.51 for CY 2022 and $248.10 for CY 2023 on February 23. If not, the forward 12-month P/E ratio would have been higher than 18.5.

In addition, it should be noted that with the increase in price of the S&P 500 on February 24, the forward 12-month P/E ratio is now 18.8 and back above the 5-year average.





	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	Industrials	Utilities	S&P 500	Comm. Services	Health Care	Materials	Financials	Energy
Fwd P/E	25.2	22.8	21.0	20.2	18.7	18.7	18.5	17.3	15.2	15.1	14.4	12.2
5-Yr Avg.	25.8	21.4	19.5	19.4	19.3	18.3	18.6	17.4	16.0	17.7	13.3	7.1



Q4 Earnings Season: By The Numbers

Overview

At this point in time, the number of companies beating EPS estimates is equal to the 5-year average, but the amount by which companies are beating estimates is below the 5-year average. As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of the quarter. The index is reporting earnings growth of more than 30% for the fourth straight quarter and earnings growth of more than 45% for the full year. These above-average growth rates are due to a combination of higher earnings in 2021 and an easier comparison to weaker earnings in 2020 due to the negative impact of COVID-19 on a number of industries.

Overall, 95% of the companies in the S&P 500 have reported actual results for Q4 2021 to date. Of these companies, 76% have reported actual EPS above estimates, which is equal to the 5-year average of 76%. In aggregate, companies are reporting earnings that are 7.8% above estimates, which is below the 5-year average of 8.6%.

Due to these positive EPS surprises, the index is reporting higher earnings for the fourth quarter today relative to the end of the fourth 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 fourth quarter is 30.7% today, compared to an earnings growth rate of 21.2% at the end of the fourth quarter (December 31).

Positive earnings surprises reported by companies in the Consumer Discretionary, Information Technology, Health Care, and Financials sectors have been the top contributors to the overall increase in earnings for the index since the end of the fourth quarter.

If 30.7% is the actual growth rate for the quarter, it will mark the fourth straight quarter of earnings growth above 30% for the index. The last time the index reported four straight quarters of earnings growth above 30% was Q4 2009 through Q3 2010. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten sectors are reporting (or have reported) year-over-year earnings growth, led by the Energy, Industrials, Materials, and Consumer Discretionary sectors.

In terms of revenues, 78% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 68%. If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the third-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 2.9% above the estimates, which is also above the 5-year average of 1.5%. If 2.9% is the final percentage for the quarter, it will mark the third-highest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

Due to these positive revenue surprises, the blended revenue growth rate for the fourth quarter is higher now relative to the end of the fourth quarter. The blended revenue growth rate for the fourth quarter is 15.9% today, compared to a revenue growth rate of 12.8% at the end of the fourth quarter (December 31).

Positive revenue surprises reported by companies in the Energy sector have been the largest contributor to the overall increase in revenues for the index since the end of the fourth quarter.

If 15.9% is the actual growth rate for the quarter, it will mark the third-highest (year-over-year) revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. All eleven sectors are reporting year-over-year growth in revenues, led by the Energy and Materials sectors.

For the full year, the blended earnings growth rate for CY 2021 is 47.6%. Looking ahead to the first half of CY 2022, analysts expect earnings growth of 4.7% for Q1 2022 and 4.4% for Q2 2022.

The forward 12-month P/E ratio is 18.8, which is above the 5-year average (18.6) and above the 10-year average (16.7). However, It is below the forward P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31), as prices have decreased while EPS estimates have increased since December 31.

During the upcoming week, 19 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Scorecard: More Companies Beating Revenue Estimates and By Wider Margins Than Average

Percentage of Companies Beating EPS Estimates (76%) is Equal to 5-Year Average

Overall, 95% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 19% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year (83%) average but equal to the 5-year (76%) average.

At the sector level, the Information Technology (88%), Health Care (85%), and Industrials (85%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (57%) and Communication Services (59%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.8%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.8% above expectations. This surprise percentage is below the 1-year (+15.7%) average and below the 5-year (+8.6%) average.

The Consumer Discretionary (+51.4%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, MGM Resorts ($0.12 vs. $0.01), Amazon.com ($27.75 vs. $3.61), and Under Armour ($.014 vs, $0.06) have reported the largest positive EPS surprises. It should be noted that the GAAP EPS number for Amazon.com of $27.75 included a pre-tax (valuation) gain of $11.8 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis.

The Financials (+7.7%) sector (along with the Information Technology sector) is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, MetLife ($2.17 vs. $1.48), Cincinnati Financial ($1.97 vs. $1.35), Prudential ($3.18 vs. $2.34), Travelers Companies ($5.20 vs. $3.86), AIG ($1.58 vs. $1.19), and Hartford Financial Services Group ($2.02 vs. $1.53) have reported the largest positive EPS surprises.

The Information Technology (+7.7%) sector (along with the Financials sector) is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ceridian HCM Holding ($0.06 vs, $0.03), Citrix Systems ($1.47 vs. $1.07), Gartner ($2.99 vs. $2.42), and Enphase Energy ($0.73 vs. $0.59) have reported the largest positive EPS surprises.

The Industrials (-6.1%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Boeing (-$7.69 vs. -$0.38) has reported the largest negative EPS surprise. It should be noted that the non-GAAP EPS number for Boeing of -$7.69 included a pre-tax (non-cash) charge of $3.5 billion. The majority of analysts provide estimates for Boeing on a non-GAAP basis.

Market Rewarding Positive Surprises Less Than Average

To date, the market is rewarding positive earnings surprises less than average while punishing negative earnings surprises at average levels.

Companies that have reported positive earnings surprises for Q4 2021 have seen an average price increase of +0.1% two days before the earnings release through two days after the earnings release. This percentage increase is smaller 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 Q4 2021 have seen an average price decrease of -2.3% two days before the earnings release through two days after the earnings. This percentage decrease is equal to the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (78%) is Above 5-Year Average

In terms of revenues, 78% of companies have reported actual revenues above estimated revenues and 22% have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is equal to the 1-year average (78%) but above the 5-year average (68%).

If 78% is the final percentage for the quarter, it will tie the mark (with Q4 2017) for the third-highest percentage of S&P 500 companies reporting a positive revenue surprise since FactSet began tracking this metric in 2008.

At the sector level, the Consumer Staples (96%) sector has the highest percentage of companies reporting revenues above estimates, while the Utilities (62%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.9%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.9% above expectations. This surprise percentage is below the 1-year (+3.5%) average but above the 5-year (+1.5%) average.

If 2.9% is the final percentage for the quarter, it will mark the third-highest revenue surprise percentage reported by the index since FactSet began tracking this metric in 2008.

At the sector level, the Energy (+13.4%) and Utilities (+11.1%) sectors are reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Discretionary (-0.1%) sector is reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Consumer Discretionary Sector Leads Earnings Increase Since December 31

Consumer Discretionary Sector Has Seen Largest Increase in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2021 of 30.7% is larger than the estimate of 21.2% at the end of the fourth quarter (December 31). Eight sectors have recorded an increase in their earnings growth rate since the end of the quarter due to upward revisions to earnings estimates and positive earnings surprises, led by the Consumer Discretionary (to 48.5% from 0.4%), Health Care (to 27.1% from 17.4%), Information Technology (to 22.4% from 14.6%), and Financials (to 6.0% from -1.1%) sectors. These four sectors are also the largest contributors to the increase in the earnings growth rate for the index during this period. Two sectors have recorded a decrease in their earnings growth rates since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Industrials (to 93.8% from 108.0%) sector.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($27.75 vs. $3.61) has been the largest contributor to the increase in the earnings growth rate for the index since December 31. It should be noted that the GAAP EPS number for Amazon.com of $27.75 included a pre-tax (valuation) gain of $11.8 billion. The majority of analysts provide estimates for Amazon.com on a GAAP basis. As a result, the blended earnings growth rate for the Consumer Discretionary sector has increased to 48.5% from 0.4% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($2.10 vs. $1.90), Microsoft ($2.48 vs. $2.32) and Intel ($1.09 vs. $0.90) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 22.4% from 14.6% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($1.08 vs. $0.87) and Moderna ($11.29 vs. $9.96) have been significant contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Health Care sector has increased to 27.1% from 17.4% over this period.

In the Financials sector, the positive EPS surprises reported by Wells Fargo ($1.38 vs. $1.11) and JPMorgan Chase ($3.33 vs. $3.01) have been substantial contributors to the increase in the earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Financials sector has increased to 6.0% from -1.1% over this period.

In the Industrials sector, the negative EPS surprise reported by Boeing (-$7.69 vs. -$0.38) has been the largest detractor to the increase in the earnings growth rate for the index since December 31. It should be noted that the non-GAAP EPS number for Boeing of -$7.69 included a pre-tax (non-cash) charge of $3.5 billion. The majority of analysts provide estimates for Boeing on a non-GAAP basis. As a result, the blended earnings growth rate for the Industrials sector has decreased to 93.8% from 108.0% over this period.

Energy Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2021 of 15.9% is larger than the estimate of 12.8% at the end of the fourth quarter (December 31). Ten sectors have recorded an increase in revenue growth since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 89.5% from 66.3%) and Utilities (to 11.4% from 2.5%) sectors. The Consumer Discretionary (11.6%) sector is the only sector that has recorded no change in its growth rate since December 31.

In the Energy sector, the positive revenue surprises reported by Marathon Petroleum ($35.6 billion vs. $21.2 billion), Valero Energy ($35.9 billion vs. $27.8 billion), Phillips 66 ($33.1 billion vs. $28.6 billion), and Chevron ($48.1 billion vs. $45.3 billion) have been substantial contributors to the increase in the revenue growth rate for the index since December 31. As a result, the blended revenue growth rate for the Energy sector has increased to 89.5% from 66.3% over this period.

Earnings Growth: 30.7%

The blended (year-over-year) earnings growth rate for Q4 2021 is 30.7%, which is above the 5-year average earnings growth rate of 13.7%. If 30.7% is the actual growth rate for the quarter, it will mark the fourth straight quarter of year-over-year earnings growth above 30%. The last time the index reported four straight quarters of earnings growth above 30% was Q4 2009 through Q3 2010. The unusually high growth rate is due to a combination of higher earnings in Q4 2021 and an easier comparison to lower earnings in Q4 2020 due to the negative impact of COVID-19 on a number of industries. Ten of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Energy, Industrials, Materials, and Consumer Discretionary sectors.

Energy: Exxon Mobil is Largest Contributor to Higher Year-Over-Year Earnings

The Energy sector is reporting earnings of $30.1 billion for Q4 2021 compared to a loss of -$0.1 billion in Q4 2020. Thus, a year-over-year growth rate is not being calculated for the Energy sector due to the loss reported by the sector in Q4 2020. Higher year-over-year oil prices are contributing to the year-over-year improvement in earnings for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting (or have reported) a year-over-year increase in earnings. A growth rate is not being calculated for two of these five sub-industries due to losses reported in the year-ago quarter. However, both reported profits in Q4 2021: Integrated Oil & Gas and Oil & Gas Refining & Marketing. The other three sub-industries that are reporting (or have reported) year-over-year earnings growth are the Oil & Gas Exploration & Production (2,762%), Oil & Gas Equipment & Services (170%), and Oil & Gas Storage & Transportation (14%) sub-industries. At the company level, Exxon Mobil, Chevron, and ConocoPhillips are the largest contributors to the year-over-year improvement in earnings for the sector. Combined, these three companies account for $16.7 billion of the $30.2 billion year-over-year increase in earnings for the sector.

Industrials: Boeing and Airlines Industry Are Largest Contributors to Year-Over-Year Growth

The Industrials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 93.8%. At the industry level, all 12 industries in the sector are reporting (or have reported) a year-over-year increase in earnings. A growth rate is not being calculated for two of these industries due to losses reported in the year-ago quarter: Airlines and Aerospace & Defense. The Aerospace & Defense industry reported a profit in Q4 2021 ($2.3 billion) compared to a loss in Q4 2020 (-$2.3 billion), while the Airlines industry reported a smaller loss in Q4 2021 (-$1.2 billion) compared to Q4 2020 (-$7.3 billion). Seven of the remaining ten industries reported earnings growth at or above 10%: Trading Companies & Distributors (39%), Air Freight & Logistics (30%), Construction & Engineering (30%), Electrical Equipment (22%), Road & Rail (15%), Building Products (14%), and Commercial Services & Supplies (10%). Boeing and the five companies in the Airlines industry are the largest contributors to earnings growth for the sector. If these six companies were excluded, the blended earnings growth rate for the Industrials sector would fall to 11.6% from 93.8%.

Materials: Nucor Was Largest Contributor to Year-over-Year Growth

The Materials sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 61.3%. At the industry level, all four industries in this sector reported year-over-year earnings growth, led by the Metals & Mining (132%) and Chemicals (52%) industries. At the company level, Nucor was the largest contributor to year-over-year earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Materials sector would fall to 44.8% from 61.3%.

Consumer Discretionary: Amazon.com is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 48.5%. At the industry level, 7 of the 10 industries in the sector are reporting (or have reported) a year-over-year increase in earnings. A growth rate is not being calculated for the Hotels, Restaurants, & Leisure industry due to a loss reported in the year-ago quarter. This industry is reporting a profit in Q4 2021 ($341 million) compared to a loss in Q4 2020 (-$2.8 billion). The remaining six industries are reporting (or have reported) earnings growth above 10%: Internet & Direct Marketing Retail (91%), Textiles, Apparel, & Luxury Goods (28%), Distributors (24%), Household Durables (19%), Automobiles (14%), and Specialty Retail (13%). Three industries are reporting (or have reported) a year-over-year decline in earnings, led by the Auto Components (-32%) industry. At the company level, Amazon.com is the largest contributor to earnings growth for the sector. It should be noted that earnings for Amazon.com for Q4 2021 include a pre-tax (valuation) gain of $11.8 billion. If this company were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 30.1% from 48.5%.

Revenue Growth: 15.9%

The blended (year-over-year) revenue growth rate for Q4 2021 is 15.9%, which is well above the 5-year average revenue growth rate of 6.5%. If 15.9% is the actual growth rate for the quarter, it will mark the third-highest year-over-year revenue growth rate reported by the index since FactSet began tracking this metric in 2008, trailing only the previous two quarters. The current record is 25.3%, which occurred in Q2 2021. All eleven sectors are reporting (or have reported) year-over-year growth in revenues, led by the Energy and Materials sectors.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Growth Above 85%

The Energy sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 89.5%. Higher year-over-year oil prices are contributing to the year-over-year improvement in revenues for this sector, as the average price of oil in Q4 2021 ($77.10) was 81% above the average price for oil in Q4 2020 ($42.70). At the sub-industry level, all five sub-industries in the sector are reporting (or have reported) double-digit (year-over-year) growth in revenues: Oil & Gas Exploration & Production (147%), Oil & Gas Refining & Marketing (103%), Integrated Oil & Gas (86%), Oil & Gas Storage & Transportation (55%), and Oil & Gas Equipment & Services (12%).

Materials: Metals & Mining Industry Led Year-Over-Year Growth

The Materials sector reported the second-highest (year-over-year) revenue growth of all eleven sectors at 27.5%. At the industry level, all four industries in this sector reported year-over-year growth in revenues at or above 10%. Three of these four industries reported revenue growth above 25%: Metals & Mining (52%), Construction Materials (32%), and Chemicals (28%).

Net Profit Margin: 12.4%

The blended net profit margin for the S&P 500 for Q4 2021 is 12.4%, which is above the 5-year average of 11.0% and the year-ago net profit margin of 11.0%, but below the previous quarter's net profit margin of 12.9%.

If 12.4% is the actual net profit margin for the quarter, it will mark the fourth-highest net profit margin reported by the index since FactSet began tracking this metric in 2008. The current record is 13.1%, which occurred in Q2 2021.

At the sector level, six sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q4 2021 compared to Q4 2020, led by the Energy (9.6% vs. N/A), Industrials (7.8% vs. 4.5%), and Materials (12.9% vs. 10.2%) sectors. Seven sectors are reporting (or have reported) net profit margins in Q4 2021 that are above their 5-year averages, led by the Energy (9.6% vs. 5.3%) and Information Technology (26.0% vs. 21.8%) sectors.

Looking Ahead: Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative EPS Guidance for Q1 is Above Average

At this point in time, 88 companies in the index have issued EPS guidance for Q1 2022. Of these 88 companies, 62 have issued negative EPS guidance and 26 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 70% (62 out of 88), which is above the 5-year average of 60%.

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 Reporting Earnings Growth of 48% for CY 2021

For the fourth quarter, S&P 500 companies are reporting earnings growth of 30.7% and revenue growth of 15.9%. For the full year, the index is reporting earnings growth of 47.6% and revenue growth of 16.6%

For Q1 2022, analysts are projecting earnings growth of 4.6% and revenue growth of 10.2%.

For Q2 2022, analysts are projecting earnings growth of 4.4% and revenue growth of 8.6%.

For CY 2022, analysts are projecting earnings growth of 8.5% and revenue growth of 8.1%.

Valuation: Forward P/E Ratio is 18.8, Above the 10-Year Average (16.7)

The forward 12-month P/E ratio is 18.8. This P/E ratio is above the 5-year average of 18.6 and above the 10-year average of 16.7. However, it is below the forward 12-month P/E ratio of 21.3 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has decreased by 10.0%, while the forward 12-month EPS estimate has increased by 2.4%. At the sector level, the Consumer Discretionary (25.9) and Information Technology (23.6) sectors have the highest forward 12-month P/E ratios, while the Energy (12.1) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 21.1, which is below the 5-year average of 23.1 but above the 10-year average of 20.1.

Targets & Ratings: Analysts Project 24% Increase in Price Over Next 12 Months

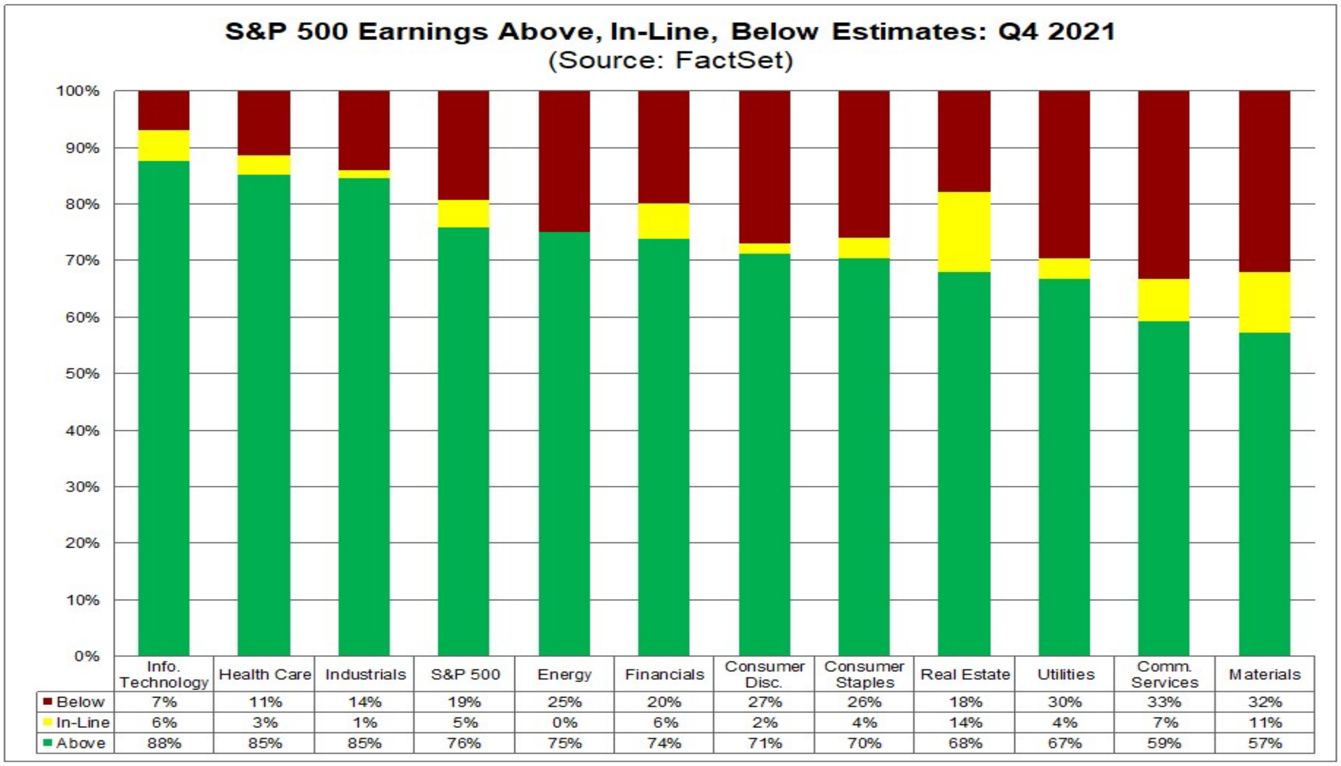
The bottom-up target price for the S&P 500 is 5300.12, which is 23.6% above the closing price of 4288.70. At the sector level, the Communication Services (+33.6%) and Consumer Discretionary (+30.7%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Energy (+11.1%) and Consumer Staples (+12.6%) 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 10,806 ratings on stocks in the S&P 500. Of these 10,806 ratings, 57.4% are Buy ratings, 37.3% are Hold ratings, and 5.4% are Sell ratings. At the sector level, the Energy (68%) and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (41%) and Utilities (50%) sectors have the lowest percentages of Buy ratings.

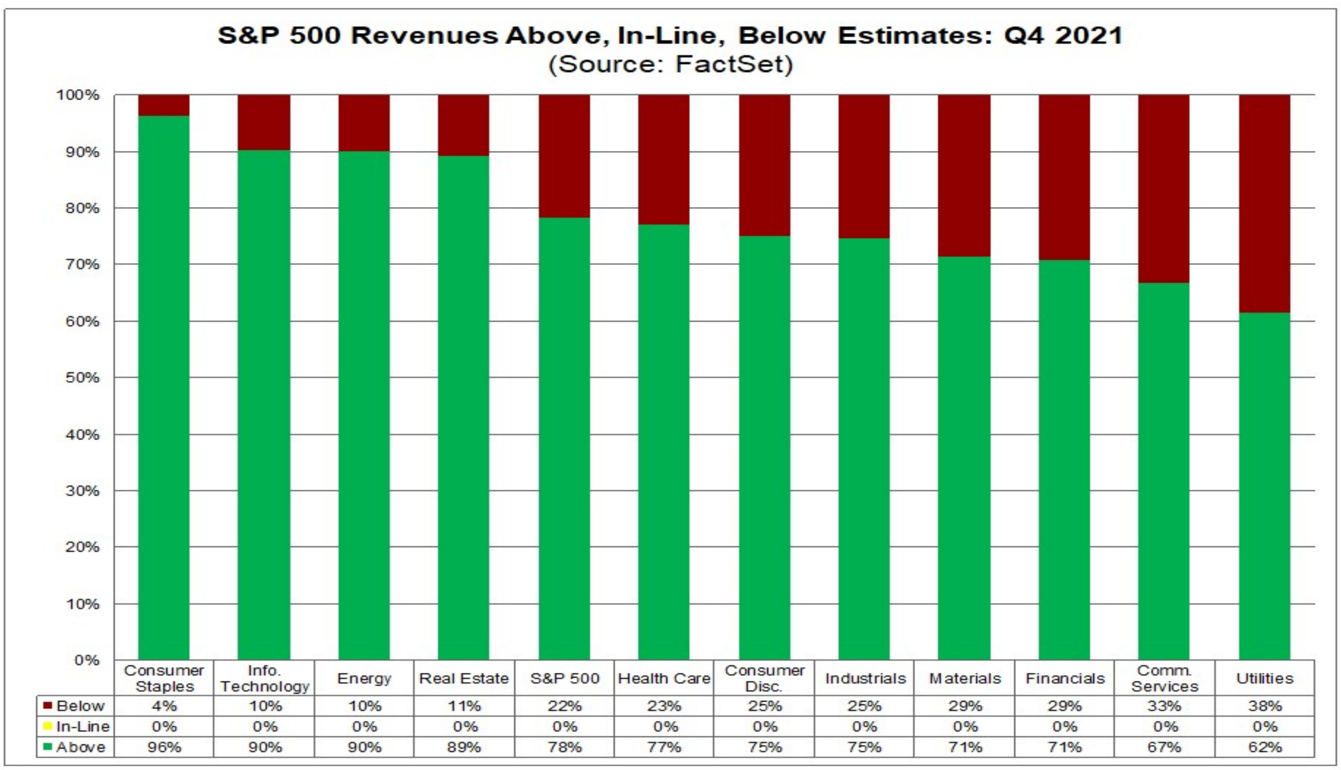
Companies Reporting Next Week: 19

During the upcoming week, 19 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the fourth quarter.

Q4 2021: Scorecard

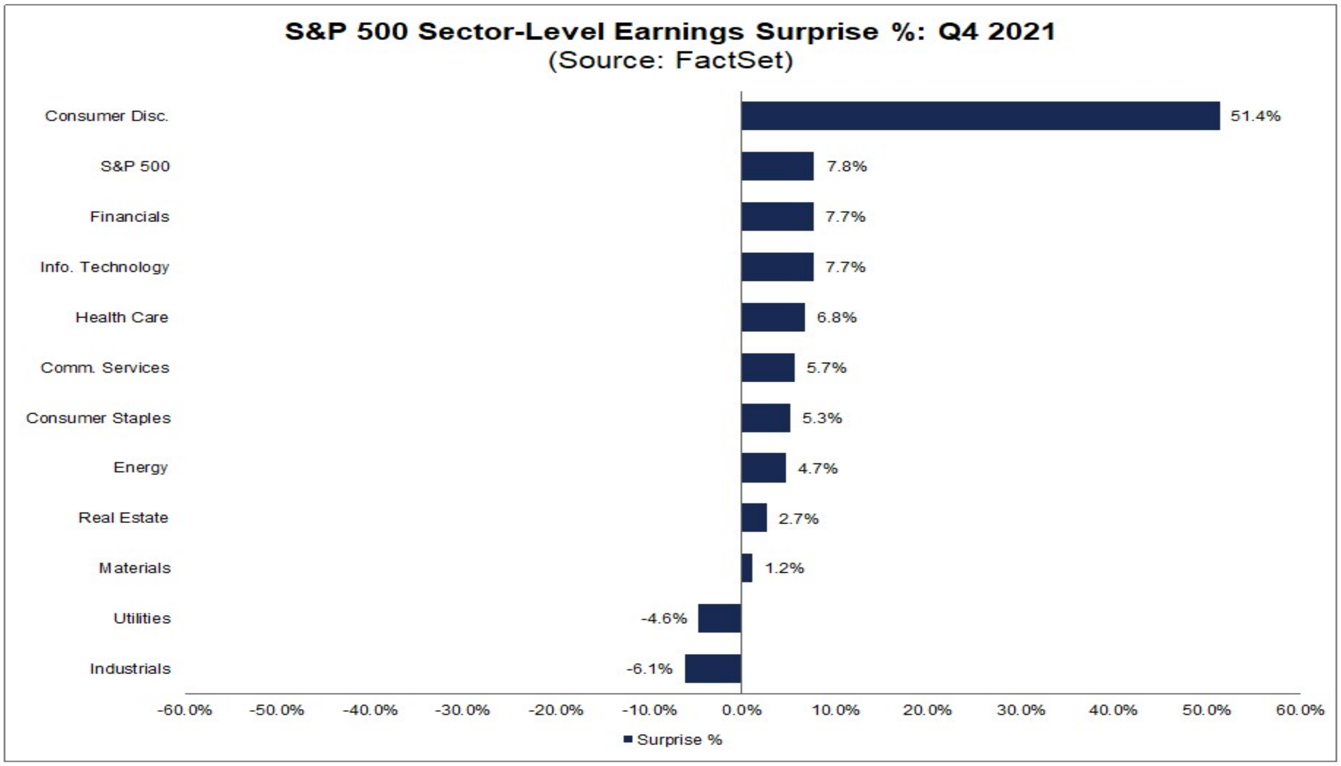


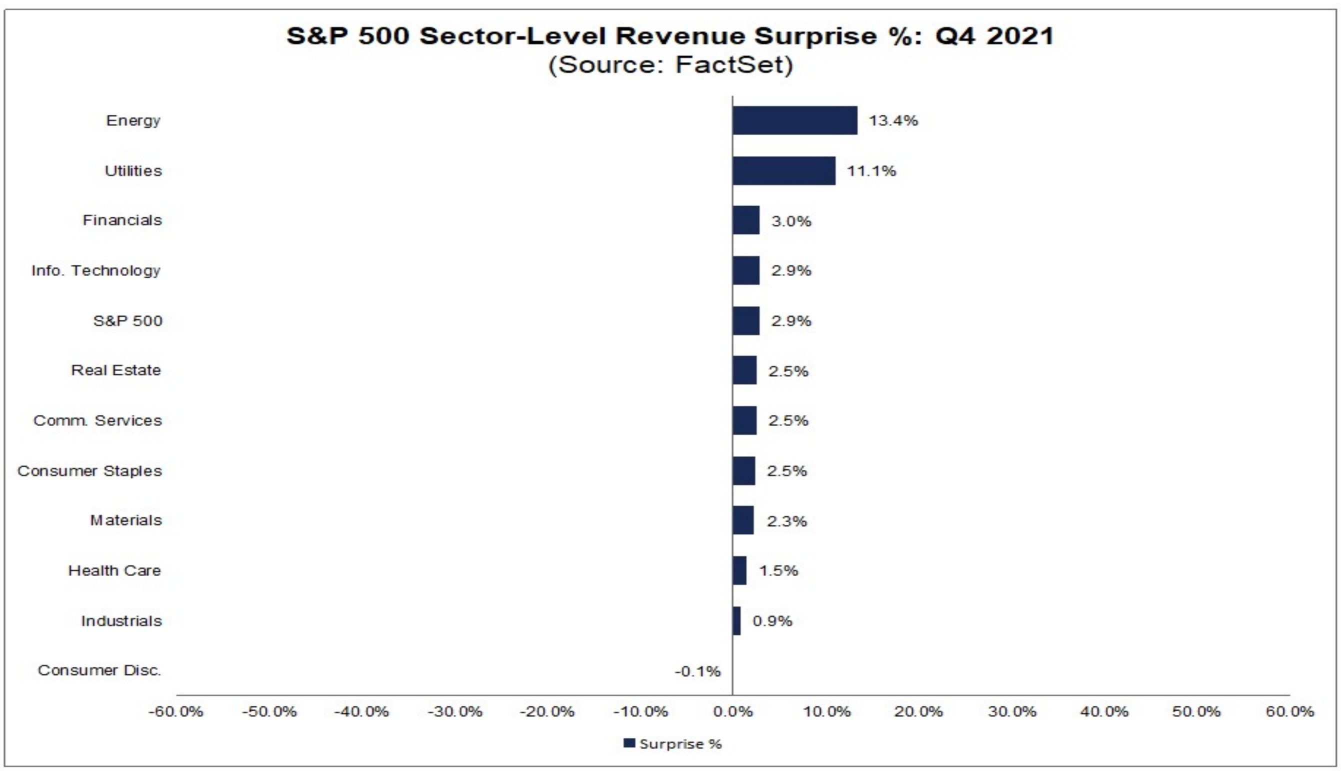
	Info. Technology	Health Care	Industrials	S&P 500	Energy	Financials	Consumer Disc.	Consumer Staples	Real Estate	Utilities	Comm. Services	Materials
Below	7%	11%	14%	19%	25%	20%	27%	26%	18%	30%	33%	32%
In-Line	6%	3%	1%	5%	0%	6%	2%	4%	14%	4%	7%	11%
Above	88%	85%	85%	76%	75%	74%	71%	70%	68%	67%	59%	57%



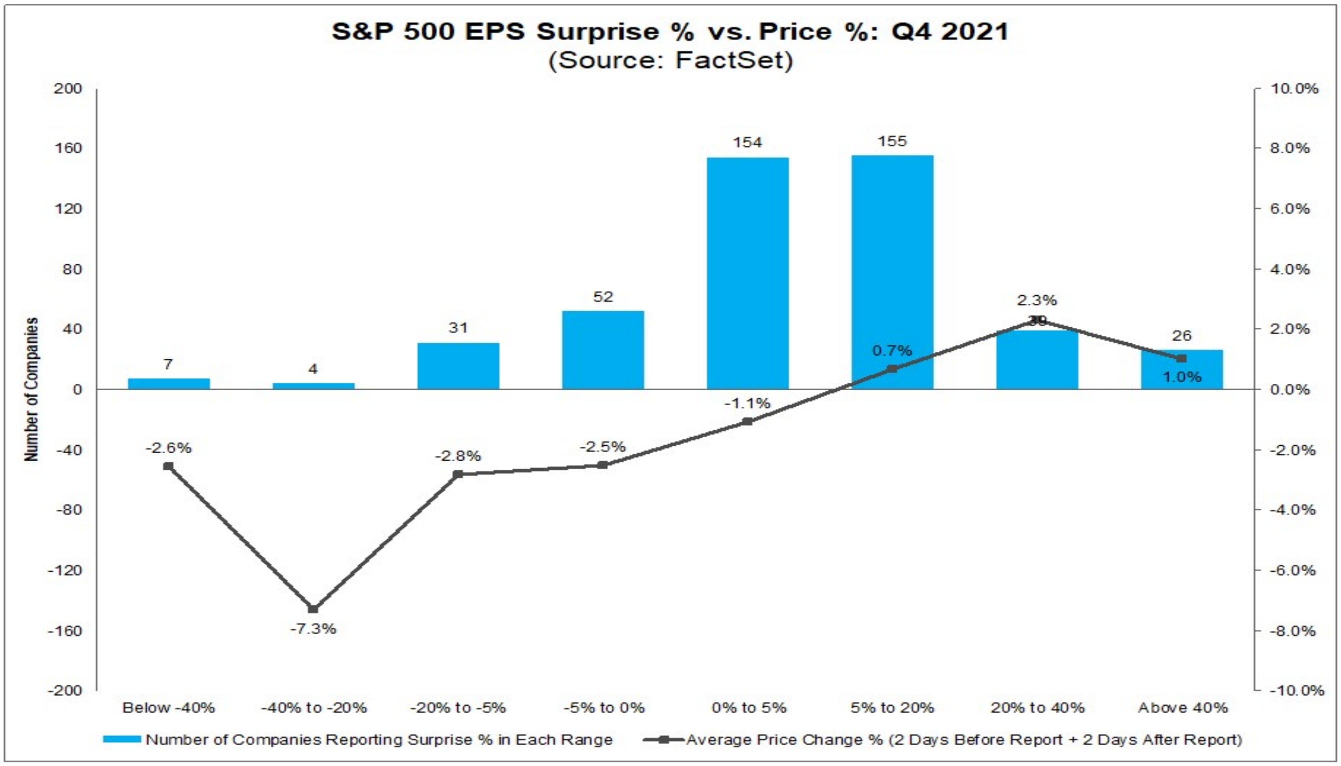
	Consumer Staples	Info. Technology	Energy	Real Estate	S&P 500	Health Care	Consumer Disc.	Industrials	Materials	Financials	Comm. Services	Utilities
Below	4%	10%	10%	11%	22%	23%	25%	25%	29%	29%	33%	38%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	96%	90%	90%	89%	78%	77%	75%	75%	71%	71%	67%	62%

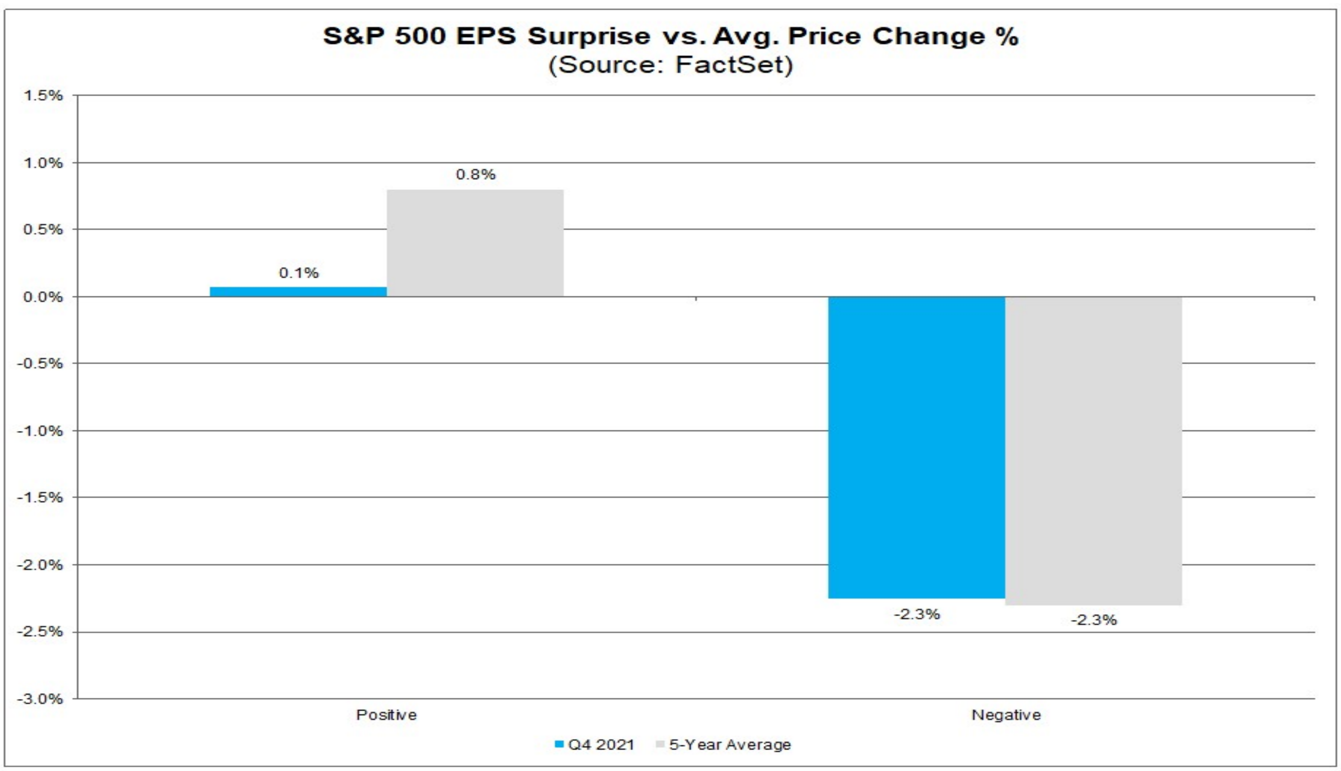
Q4 2021: Scorecard



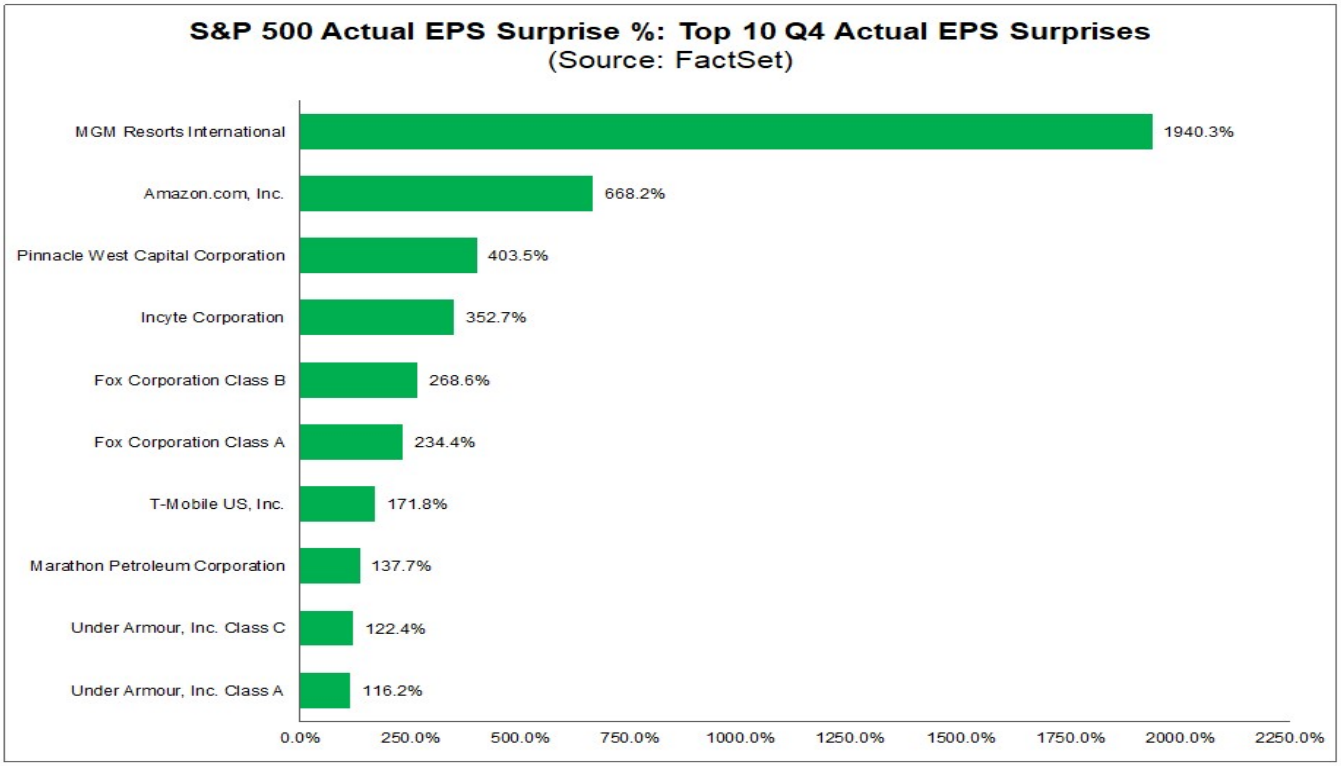


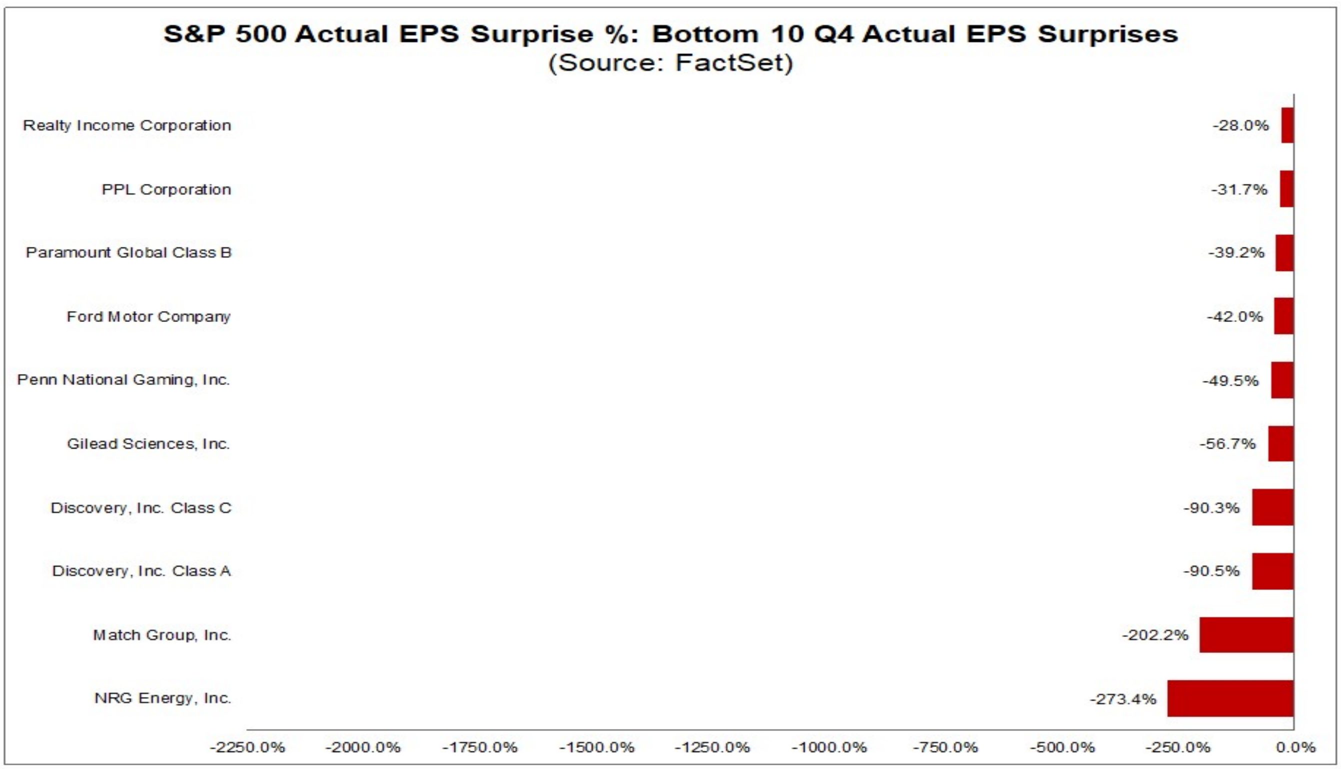
Q4 2021: Scorecard



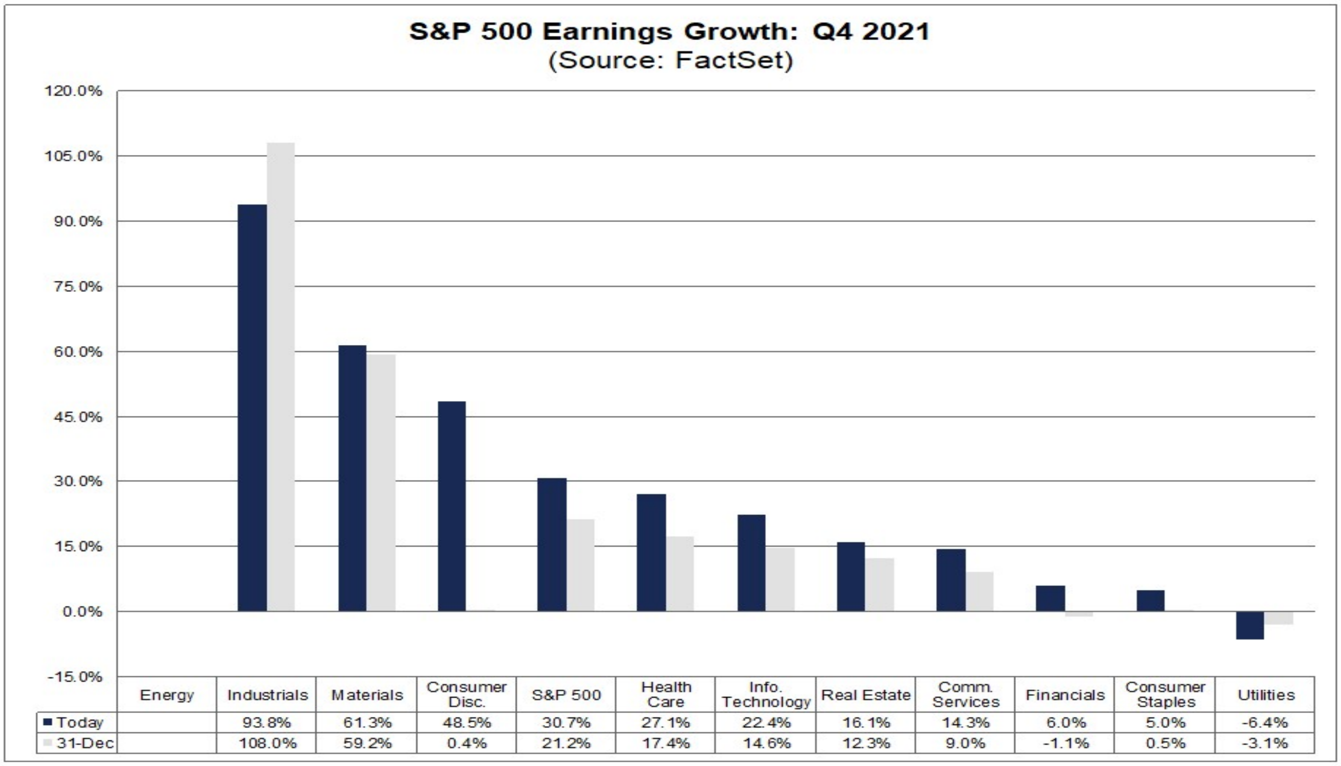


Q4 2021: Scorecard

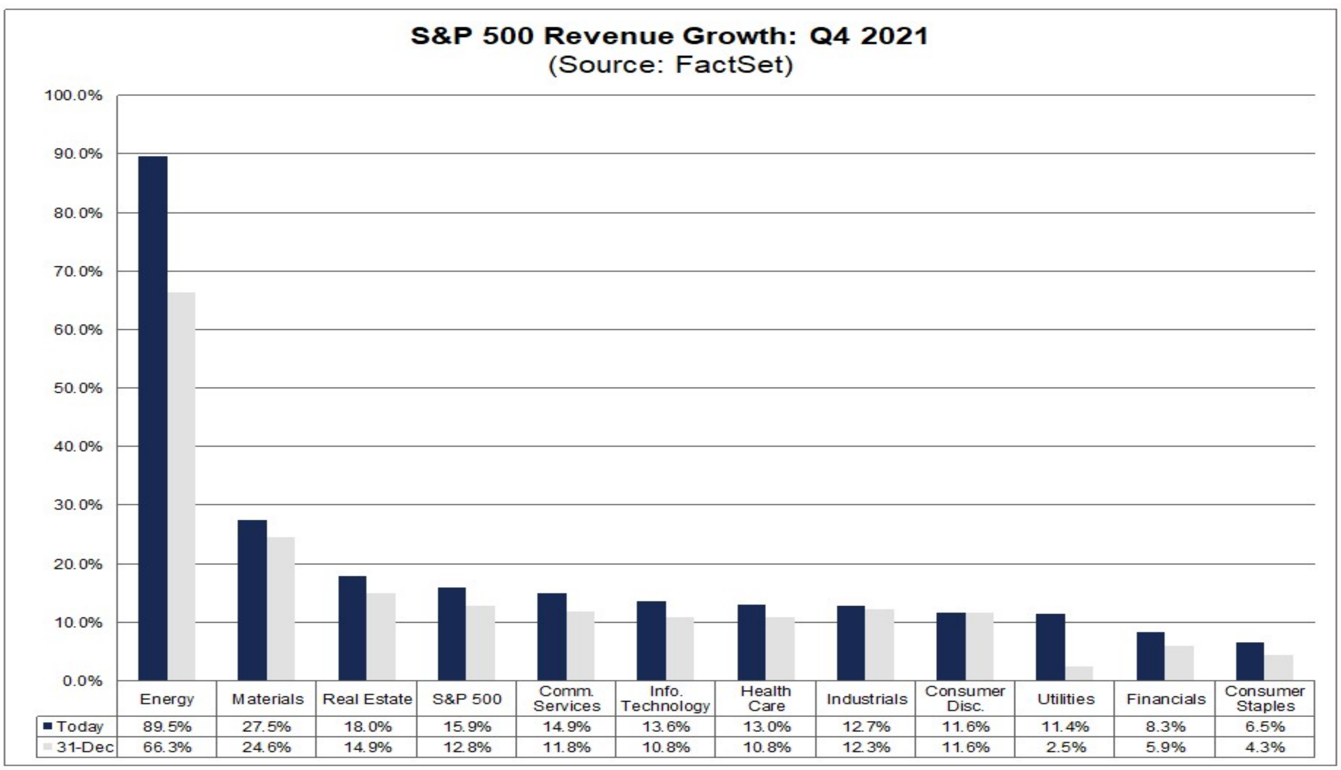




Q4 2021: Growth

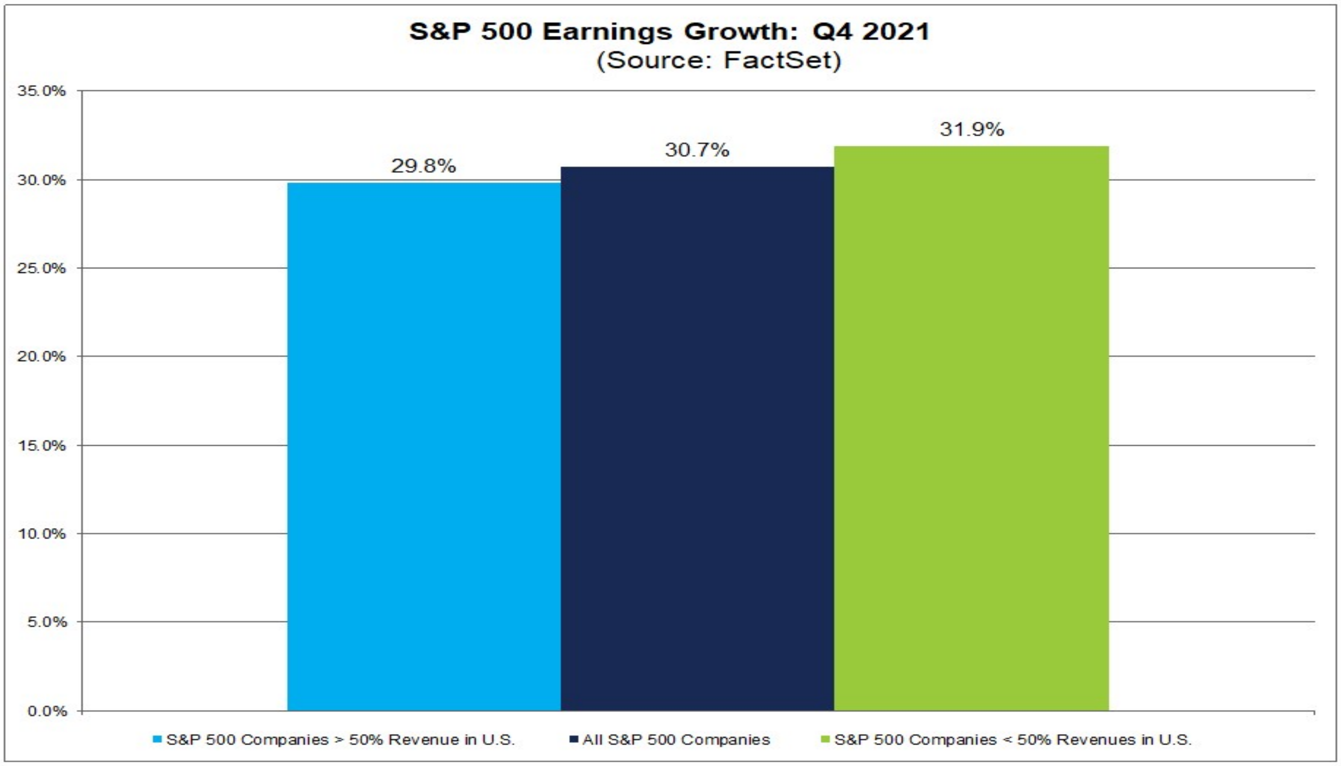


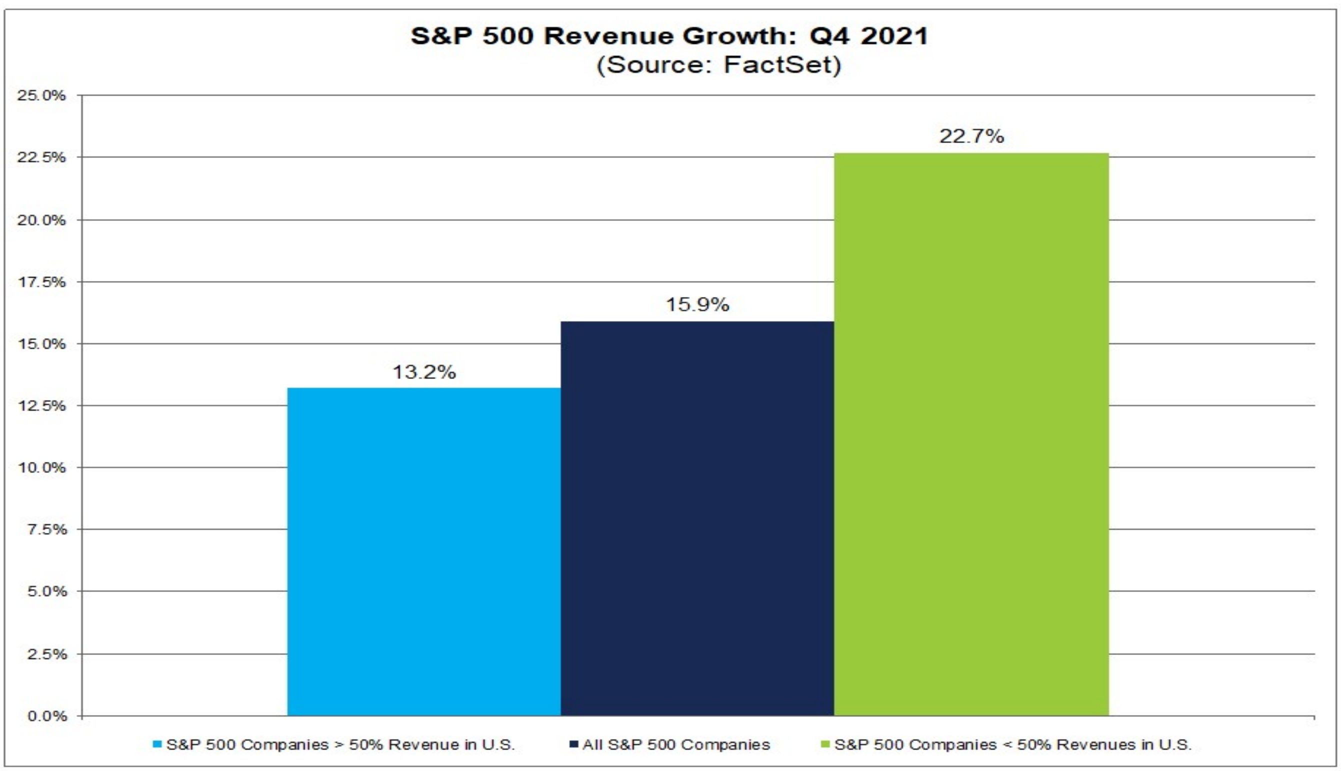
	Energy	Industrials	Materials	Consumer Disc.	S&P 500	Health Care	Info. Technology	Real Estate	Comm. Services	Financials	Consumer Staples	Utilities
Today		93.8%	61.3%	48.5%	30.7%	27.1%	22.4%	16.1%	14.3%	6.0%	5.0%	-6.4%
31-Dec		108.0%	59.2%	0.4%	21.2%	17.4%	14.6%	12.3%	9.0%	-1.1%	0.5%	-3.1%



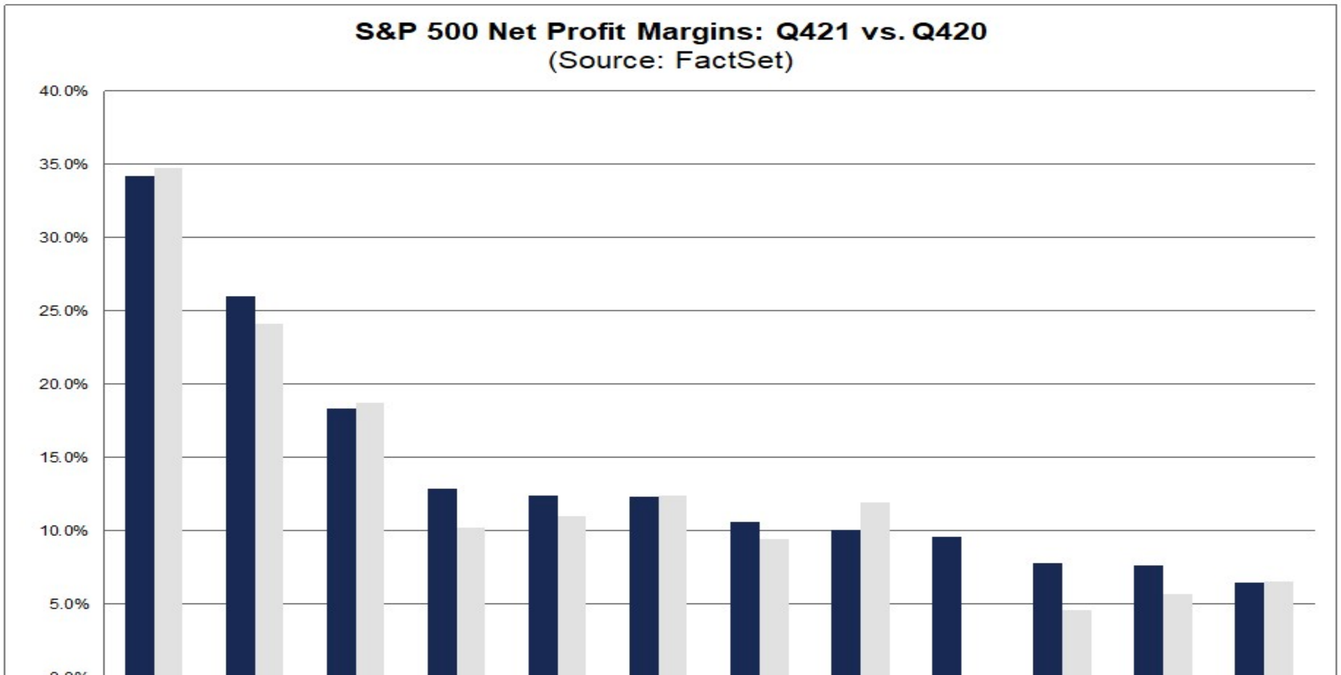
	Energy	Materials	Real Estate	S&P 500	Comm. Services	Info. Technology	Health Care	Industrials	Consumer Disc.	Utilities	Financials	Consumer Staples
Today	89.5%	27.5%	18.0%	15.9%	14.9%	13.6%	13.0%	12.7%	11.6%	11.4%	8.3%	6.5%
31-Dec	66.3%	24.6%	14.9%	12.8%	11.8%	10.8%	10.8%	12.3%	11.6%	2.5%	5.9%	4.3%

Q4 2021: Growth

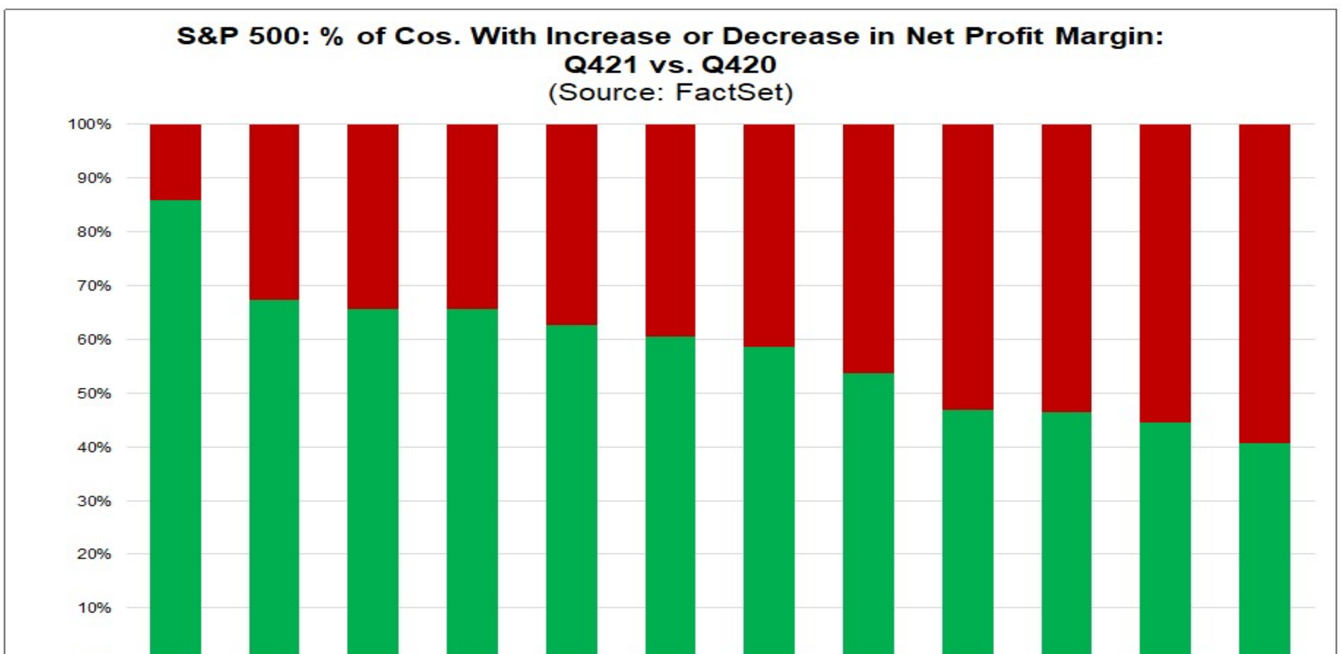




Q4 2021: Net Profit Margin



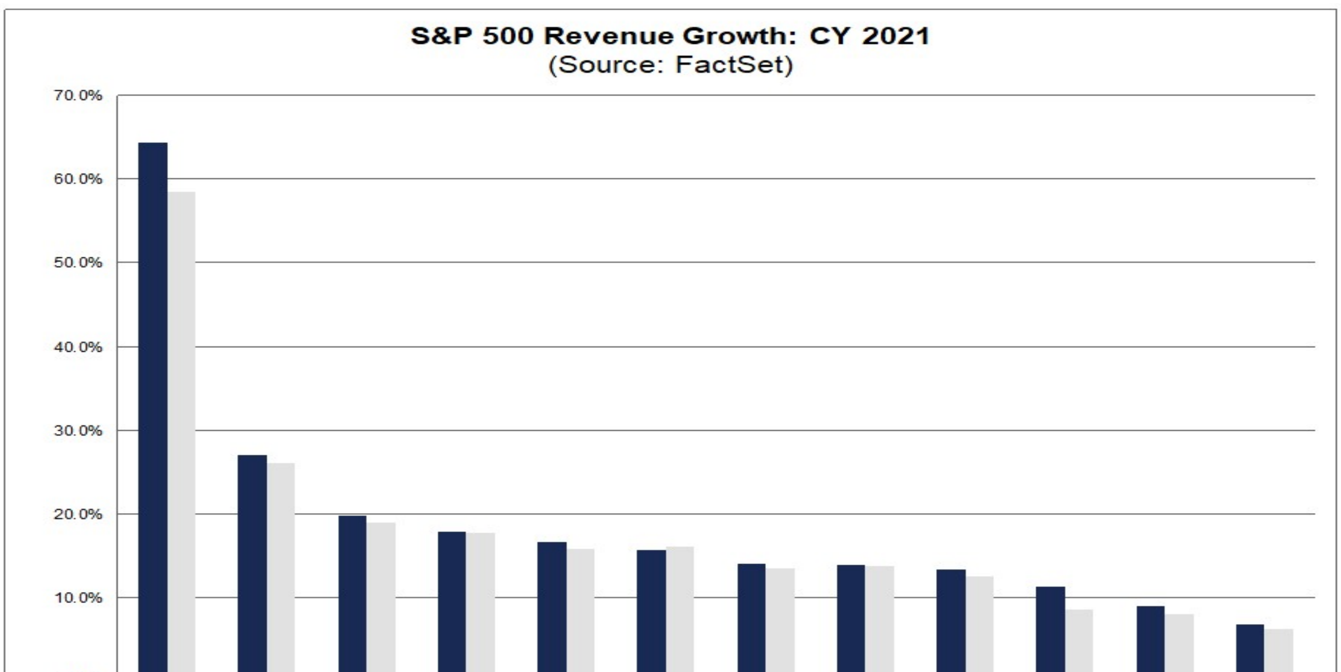
	Real Estate	Information Tech.	Financials	Materials	S&P 500	Comm. Services	Health Care	Utilities	Energy	Industrials	Consumer Disc.	Consumer Staples
Q421	34.2%	26.0%	18.3%	12.9%	12.4%	12.3%	10.6%	10.0%	9.6%	7.8%	7.6%	6.4%
Q420	34.7%	24.1%	18.7%	10.2%	11.0%	12.4%	9.4%	11.9%		4.5%	5.7%	6.5%



	Energy	Financials	Consumer Disc.	Real Estate	Industrials	Information Tech.	S&P 500	Materials	Health Care	Utilities	Comm. Services	Consumer Staples
Down %	14%	33%	34%	34%	38%	39%	41%	46%	53%	54%	56%	59%
None %	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	86%	67%	66%	66%	63%	61%	59%	54%	47%	46%	44%	41%

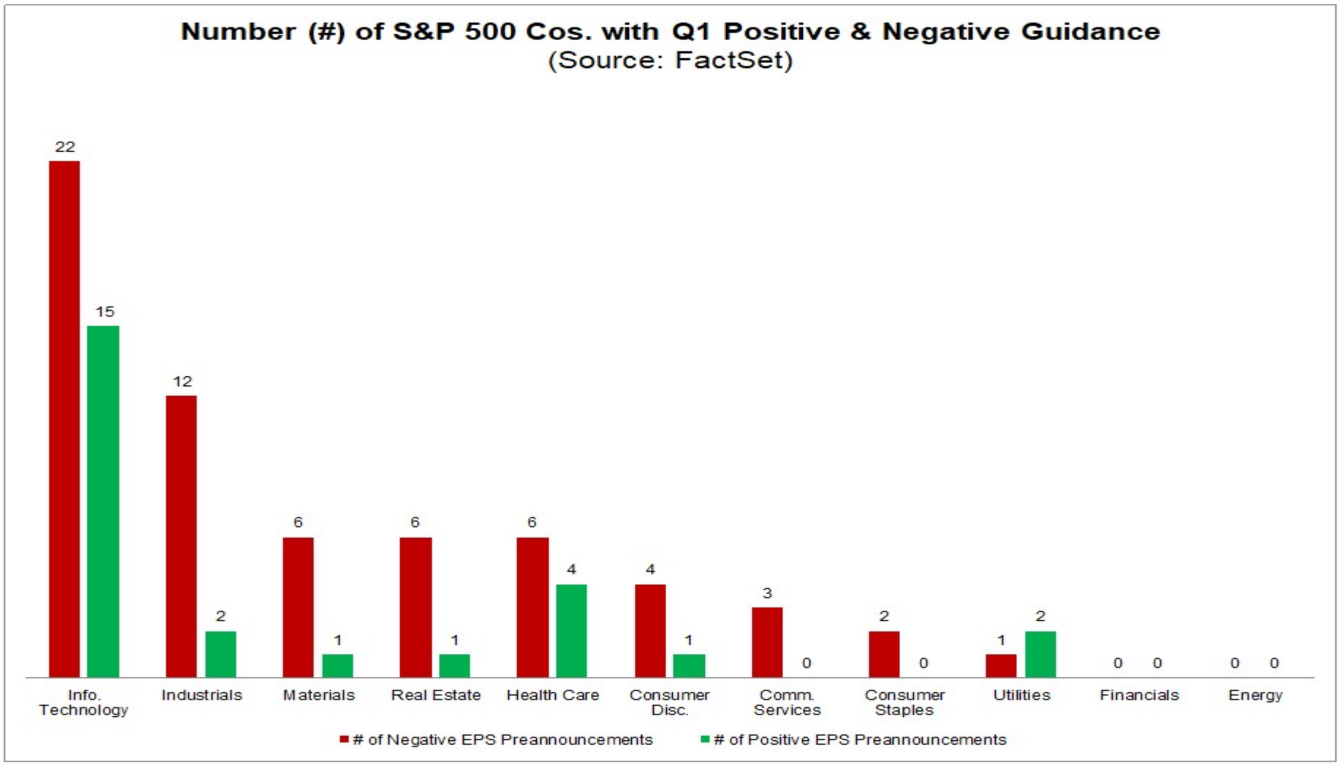
CY 2021: Growth

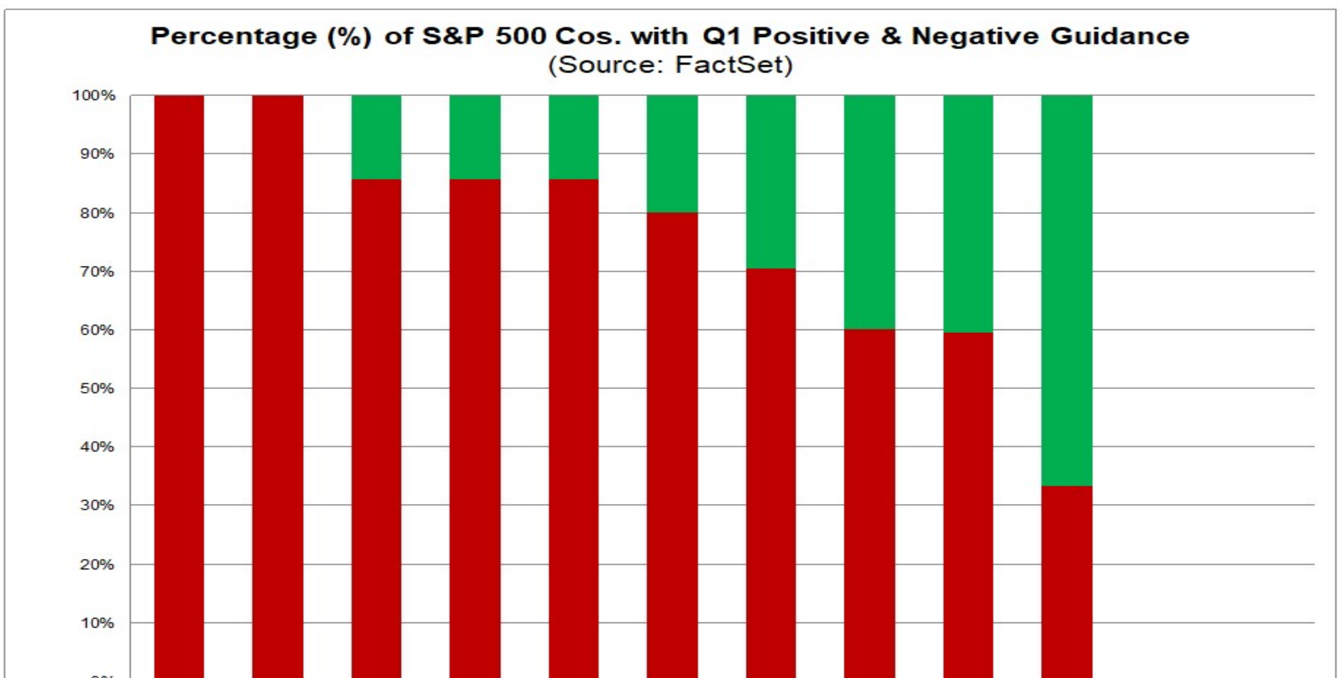
	Energy	Industrials	Consumer Disc.	Materials	Financials	S&P 500	Comm. Services	Info. Technology	Health Care	Real Estate	Consumer Staples	Utilities
Today		93.4%	85.3%	83.1%	63.6%	47.6%	37.7%	28.9%	27.6%	20.1%	9.4%	6.5%
31-Dec		98.0%	69.5%	83.8%	58.8%	45.0%	36.9%	28.2%	25.6%	18.8%	9.1%	2.1%



	Energy	Materials	Comm. Services	Consumer Disc.	S&P 500	Info. Technology	Health Care	Industrials	Real Estate	Utilities	Financials	Consumer Staples
Today	64.3%	27.0%	19.7%	17.9%	16.6%	15.7%	14.0%	13.8%	13.4%	11.2%	8.9%	6.7%
31-Dec	58.5%	26.0%	18.9%	17.7%	15.8%	16.1%	13.5%	13.8%	12.5%	8.6%	8.0%	6.2%

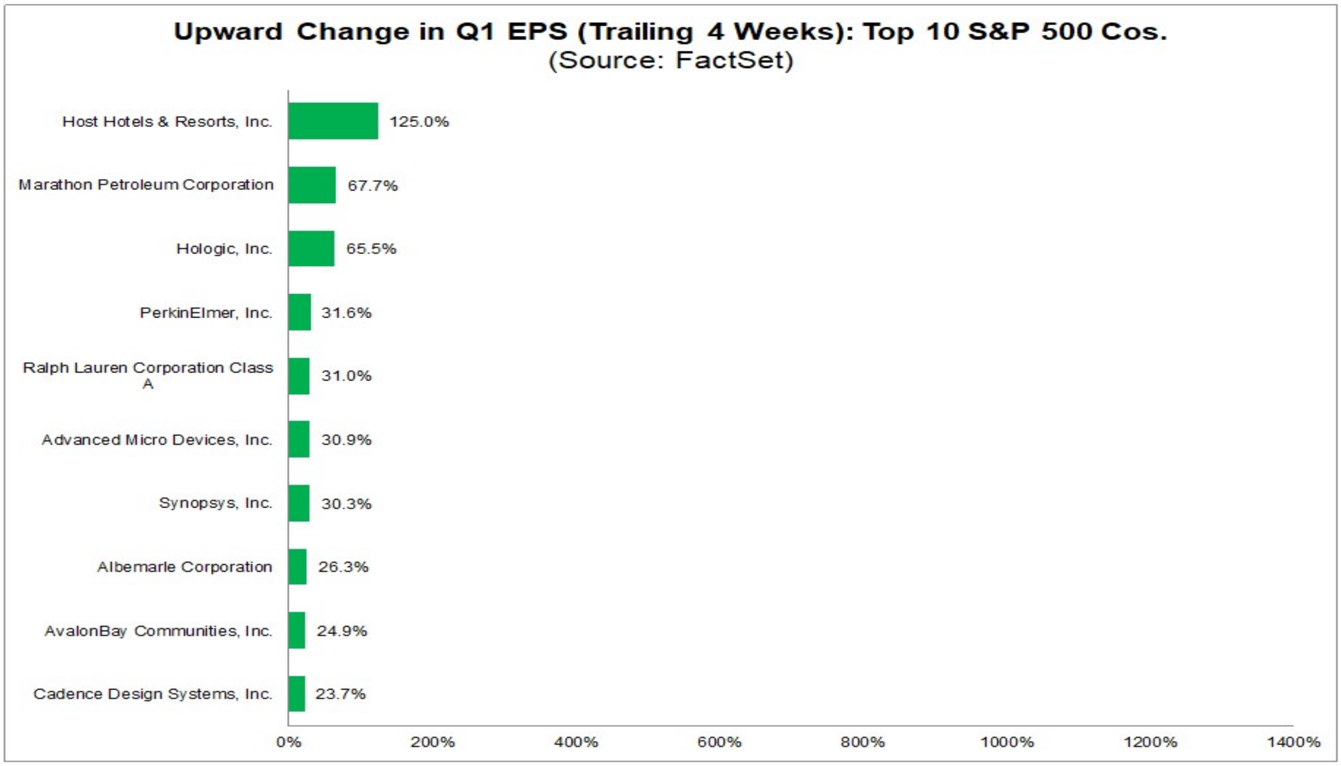
Q1 2022: EPS Guidance

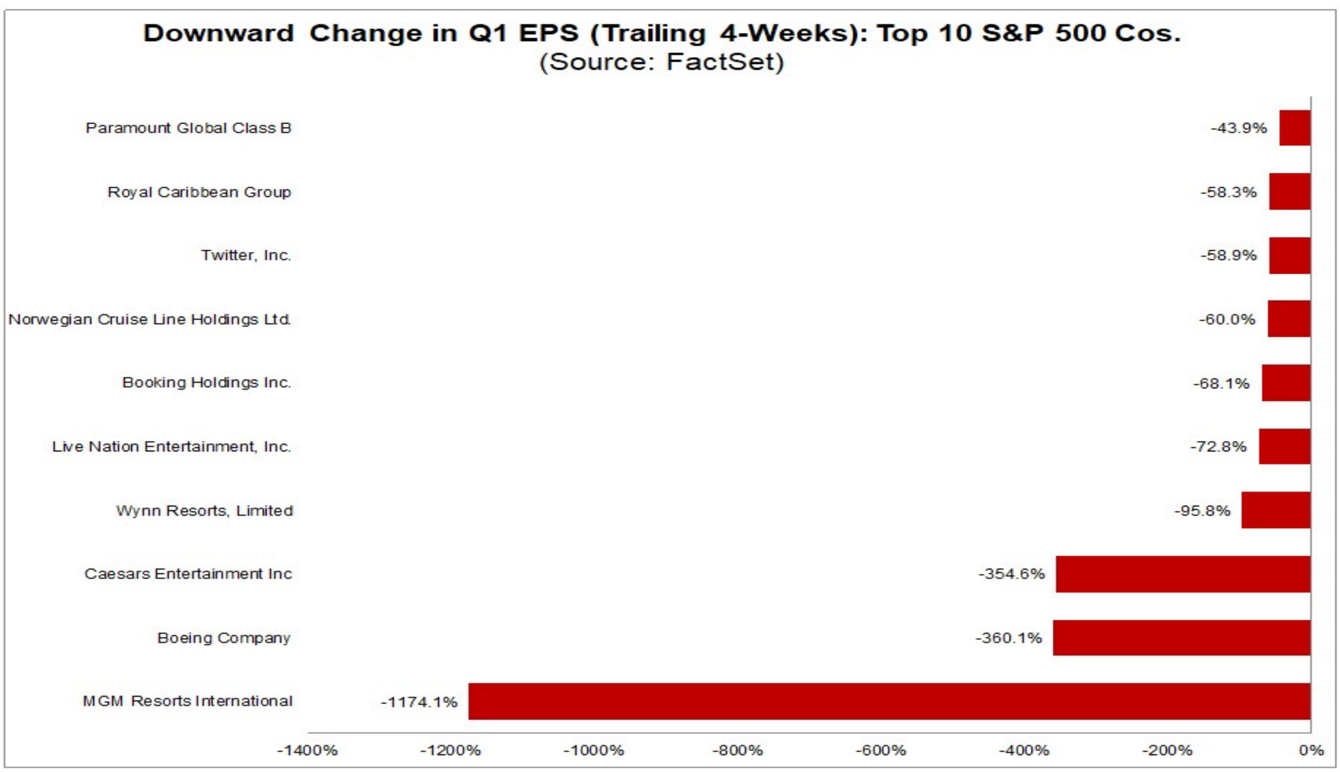




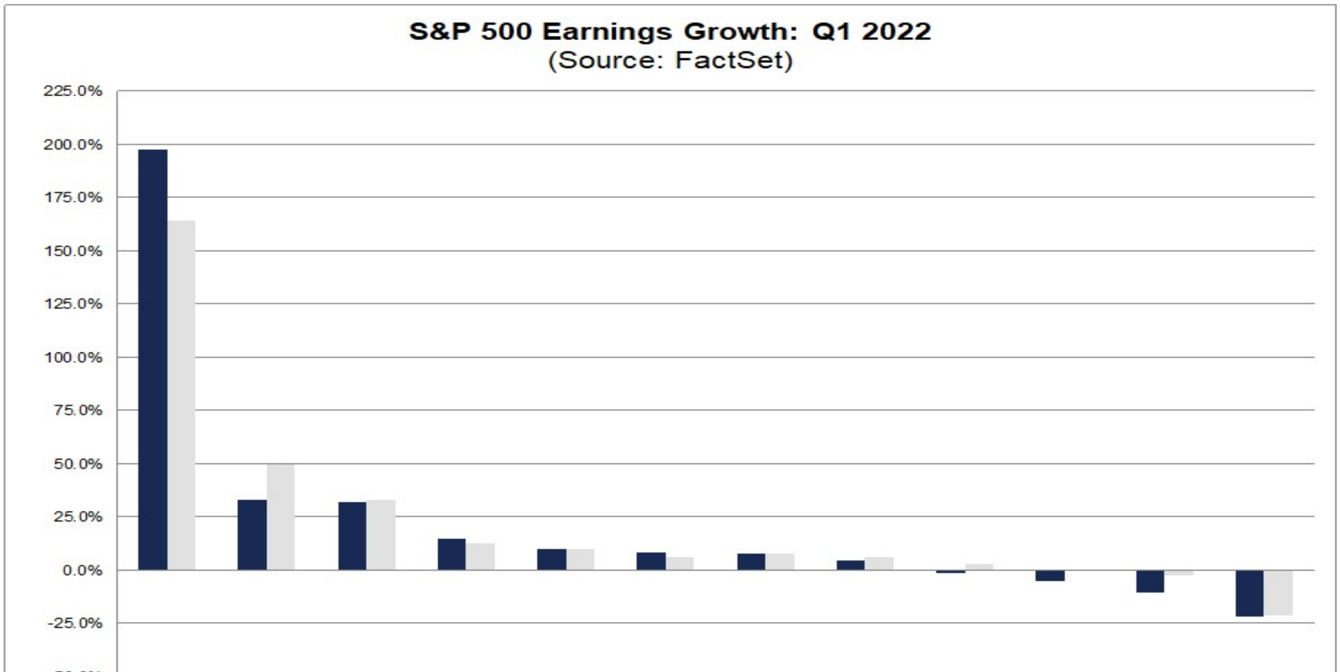
	Comm. Services	Consumer Staples	Industrials	Real Estate	Materials	Consumer Disc.	S&P 500	Health Care	Info. Technology	Utilities	Financials	Energy
Positive	0%	0%	14%	14%	14%	20%	30%	40%	41%	67%	0%	0%
Negative	100%	100%	86%	86%	86%	80%	70%	60%	59%	33%	0%	0%

Q1 2022: EPS Revisions

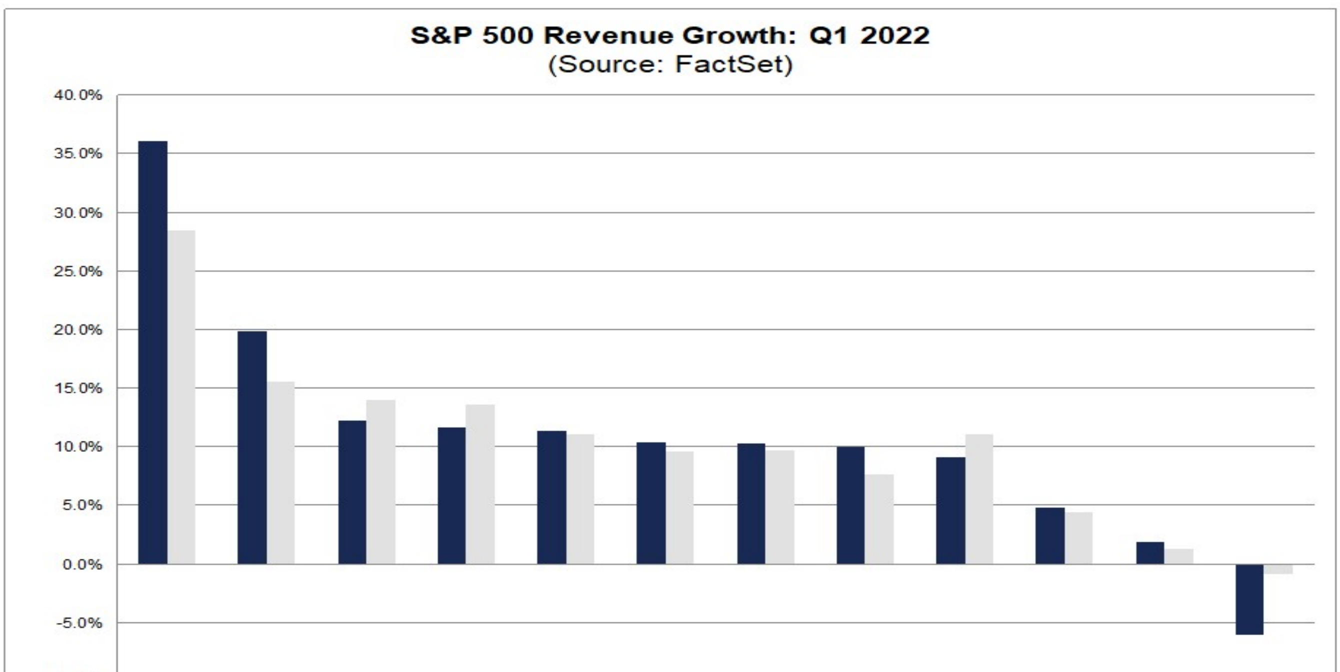




Q1 2022: Growth

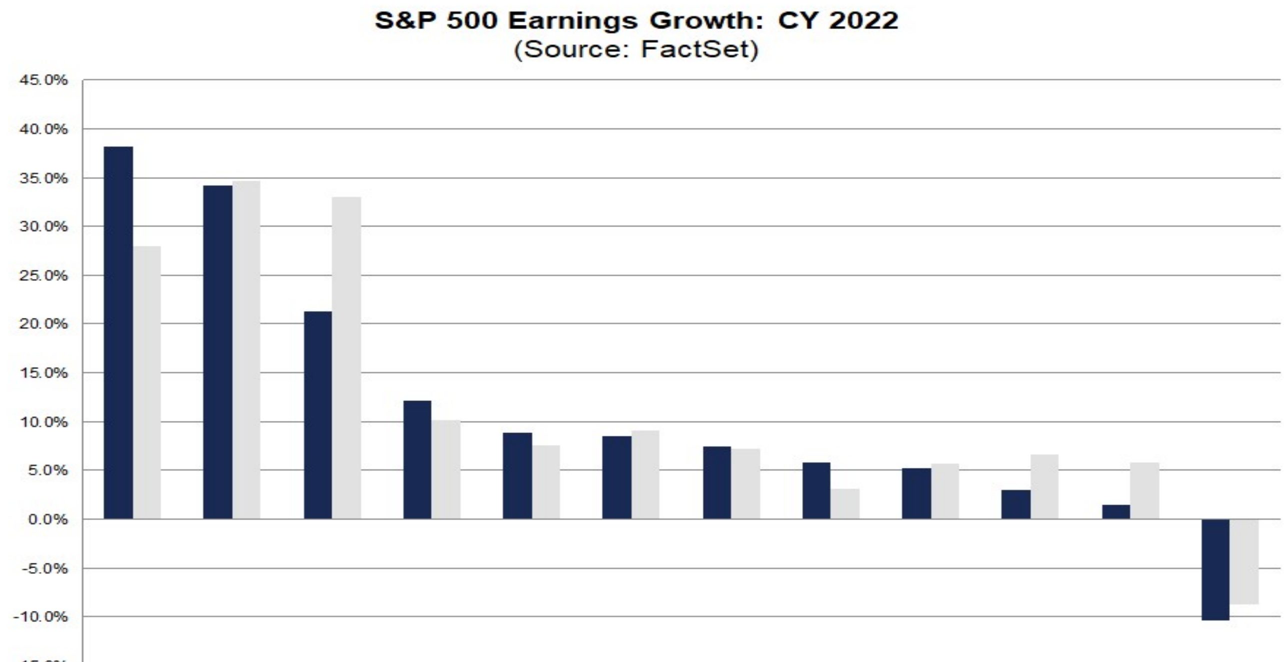


	Energy	Industrials	Materials	Real Estate	Health Care	Info. Technology	Utilities	S&P 500	Consumer Staples	Comm. Services	Consumer Disc.	Financials
Today	197.6%	33.0%	31.8%	14.7%	9.6%	8.1%	7.7%	4.7%	-1.3%	-5.3%	-10.6%	-22.0%
31-Dec	164.3%	49.7%	32.9%	12.6%	10.0%	5.9%	7.7%	5.9%	3.1%	-0.5%	-2.7%	-21.4%

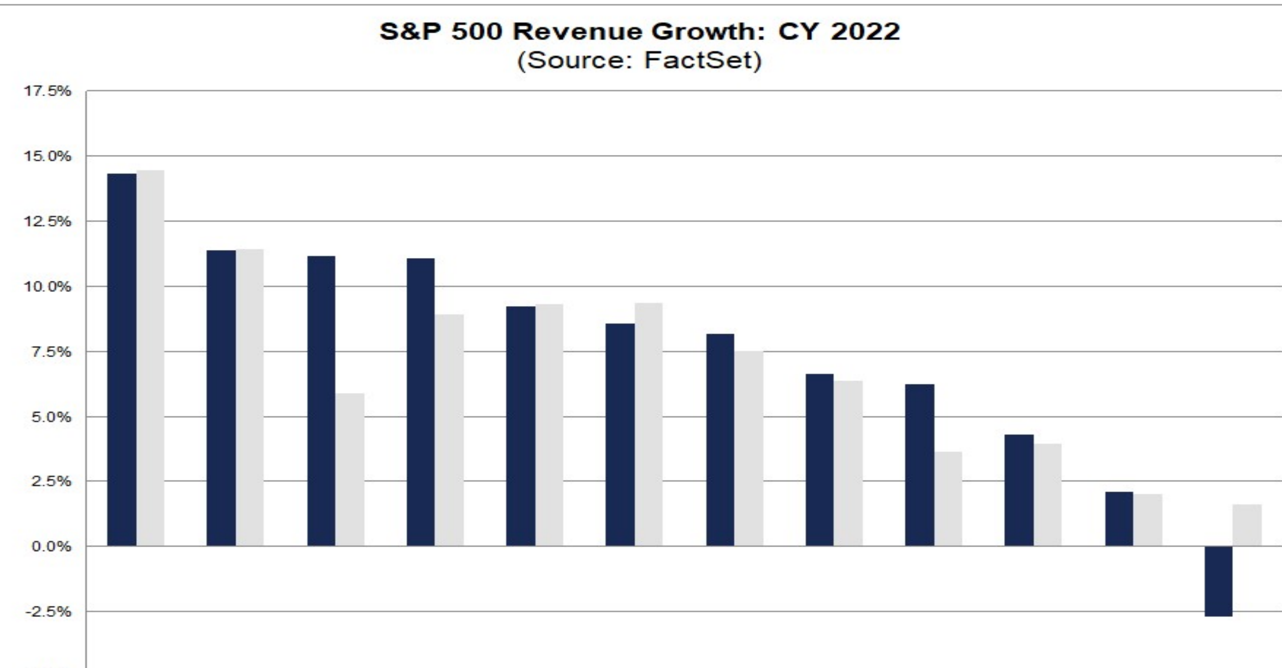


	Energy	Materials	Real Estate	Industrials	Health Care	Comm. Services	S&P 500	Info. Technology	Consumer Disc.	Consumer Staples	Financials	Utilities
Today	36.1%	19.8%	12.2%	11.6%	11.4%	10.4%	10.2%	9.9%	9.0%	4.8%	1.9%	-6.0%
31-Dec	28.5%	15.5%	14.0%	13.6%	11.0%	9.6%	9.7%	7.6%	11.0%	4.4%	1.3%	-0.9%

CY 2022: Growth



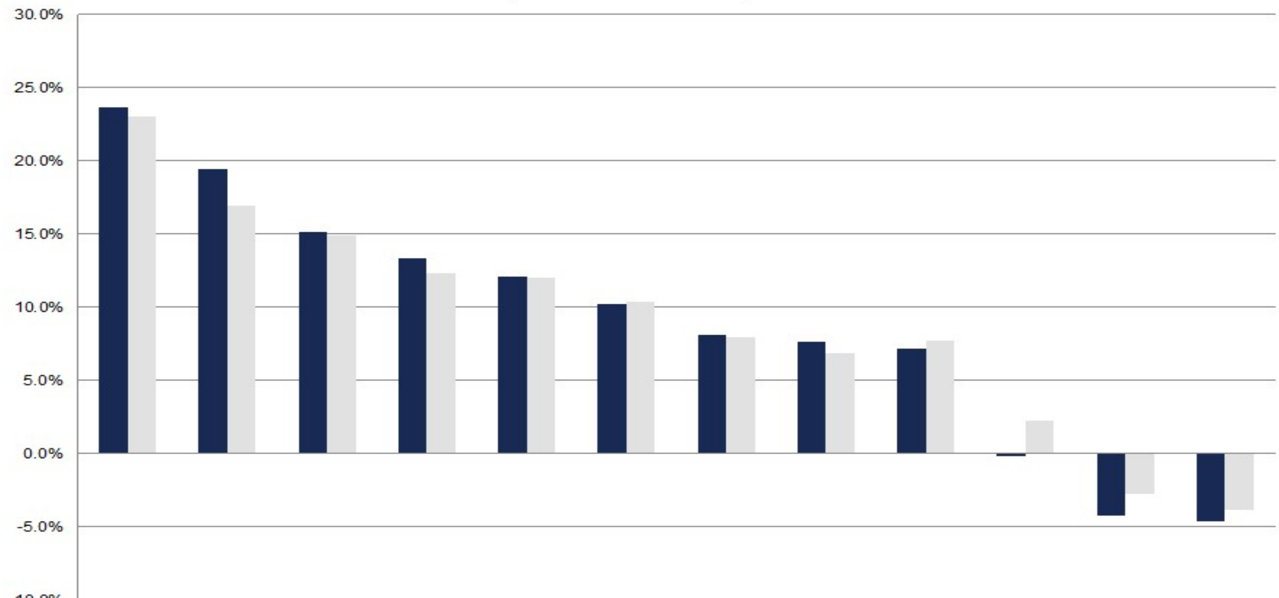
	Energy	Industrials	Consumer Disc.	Info. Technology	Real Estate	S&P 500	Health Care	Materials	Consumer Staples	Comm. Services	Utilities	Financials
Today	38.2%	34.2%	21.2%	12.1%	8.9%	8.5%	7.5%	5.8%	5.2%	3.0%	1.5%	-10.4%
31-Dec	27.9%	34.6%	33.0%	10.1%	7.6%	9.1%	7.2%	3.1%	5.7%	6.7%	5.8%	-8.7%



	Consumer Disc.	Industrials	Energy	Info. Technology	Comm. Services	Real Estate	S&P 500	Health Care	Materials	Consumer Staples	Financials	Utilities
Today	14.3%	11.4%	11.1%	11.1%	9.2%	8.5%	8.1%	6.6%	6.3%	4.3%	2.1%	-2.7%
31-Dec	14.4%	11.4%	5.9%	8.9%	9.3%	9.3%	7.5%	6.4%	3.6%	4.0%	2.0%	1.6%

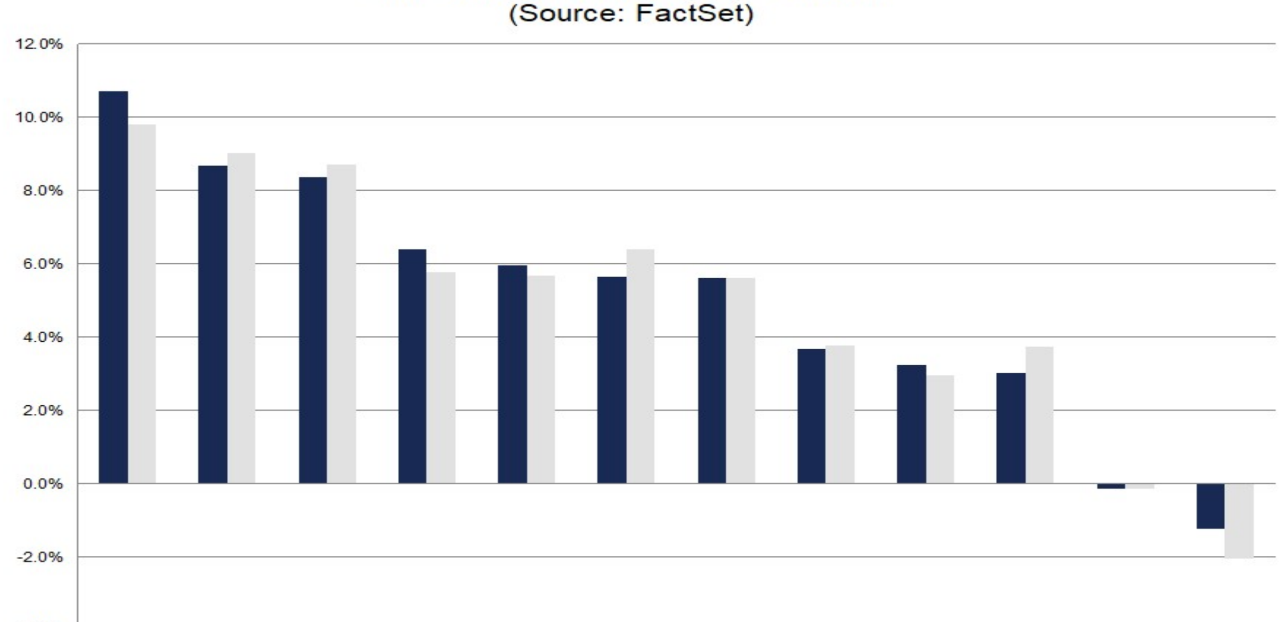
CY 2023: Growth

S&P 500 Earnings Growth: CY 2023
(Source: FactSet)



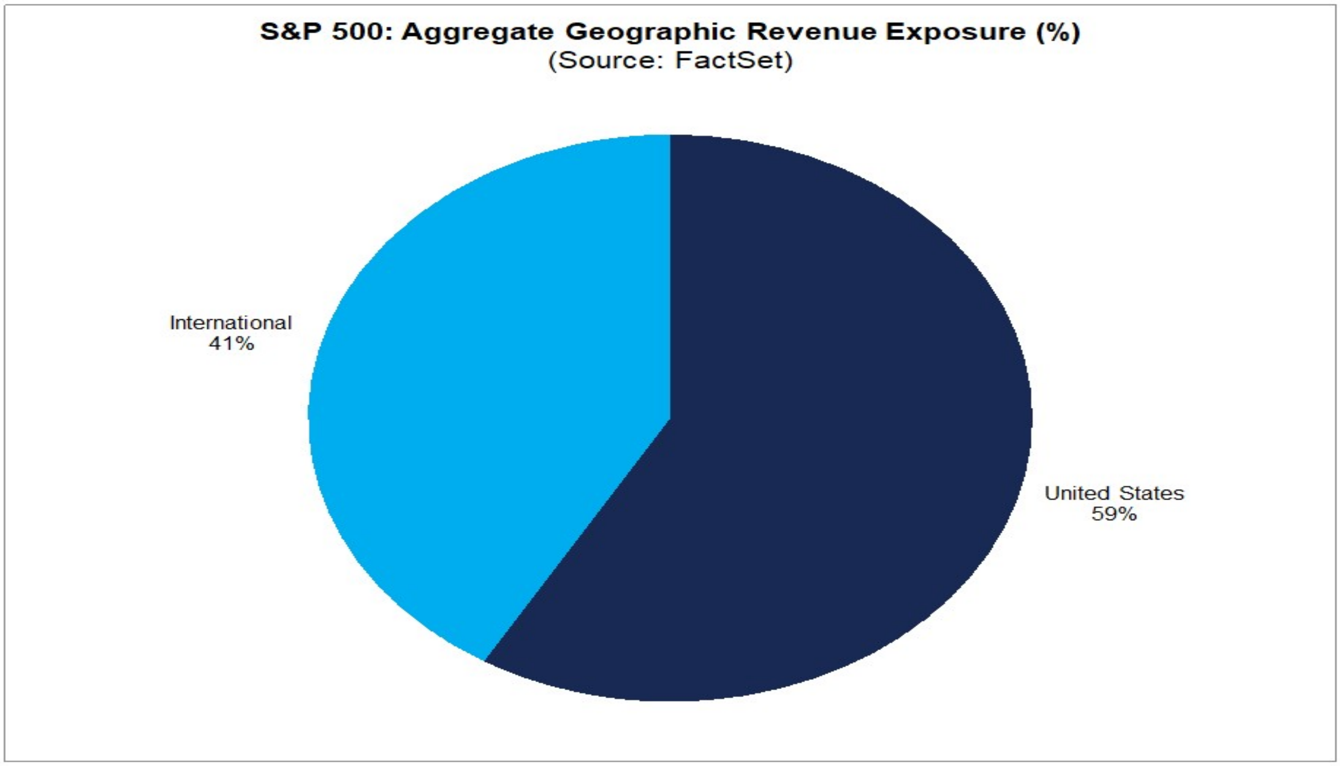
	Consumer Disc.	Industrials	Comm. Services	Financials	Info. Technology	S&P 500	Consumer Staples	Utilities	Real Estate	Health Care	Materials	Energy
Today	23.6%	19.4%	15.1%	13.3%	12.1%	10.2%	8.1%	7.6%	7.2%	-0.2%	-4.2%	-4.6%
31-Dec	23.0%	16.9%	14.9%	12.3%	12.0%	10.3%	7.9%	6.8%	7.7%	2.2%	-2.8%	-3.9%

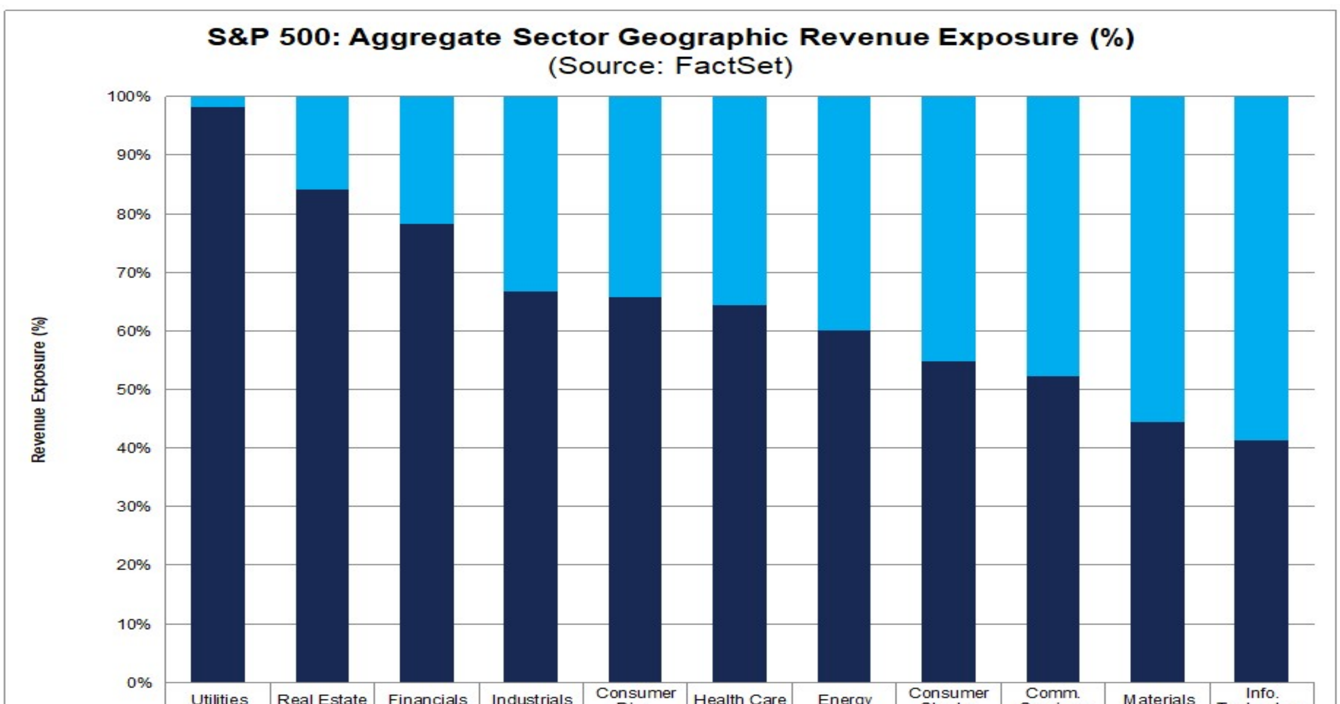
S&P 500 Revenue Growth: CY 2023
(Source: FactSet)



	Consumer Disc.	Comm. Services	Info. Technology	Industrials	Financials	Real Estate	S&P 500	Consumer Staples	Utilities	Health Care	Materials	Energy
Today	10.7%	8.7%	8.4%	6.4%	5.9%	5.7%	5.6%	3.7%	3.2%	3.0%	-0.1%	-1.2%
31-Dec	9.8%	9.0%	8.7%	5.8%	5.7%	6.4%	5.6%	3.8%	3.0%	3.7%	-0.1%	-2.0%

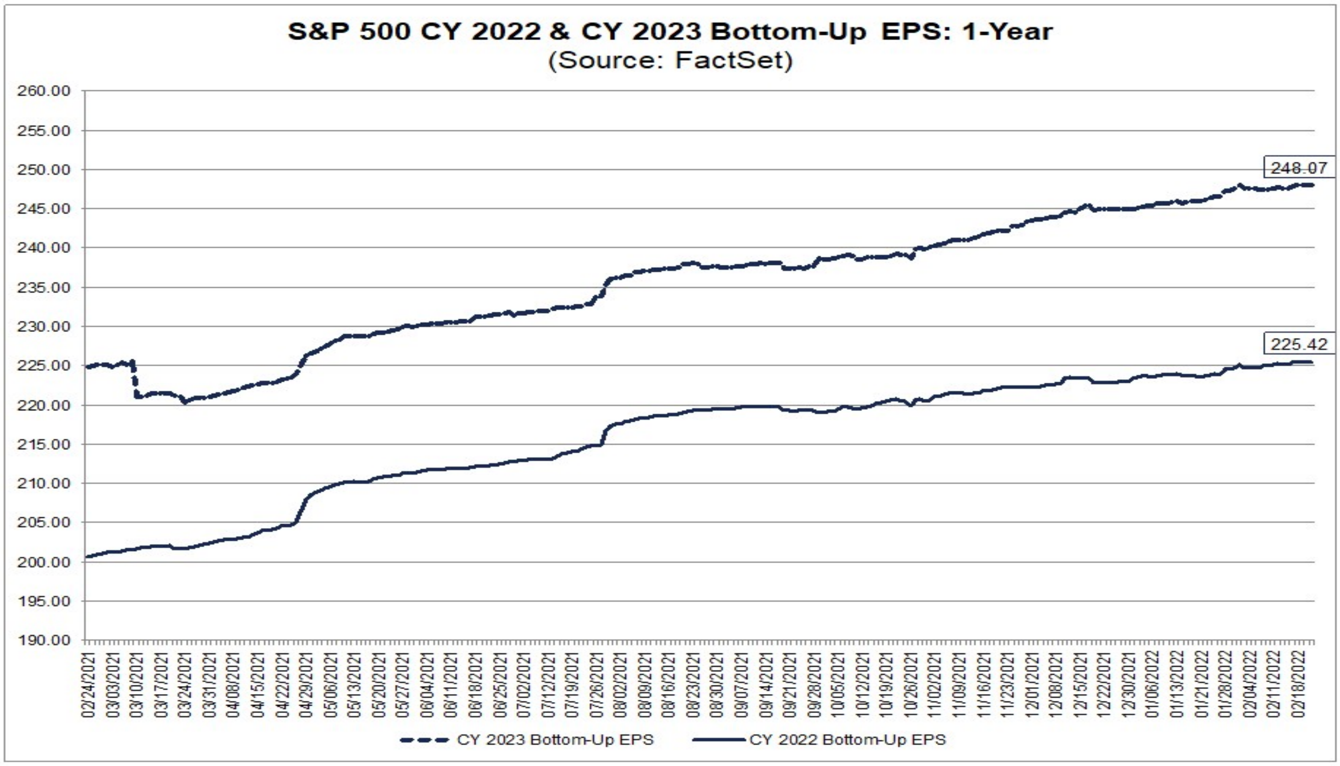
Geographic Revenue Exposure

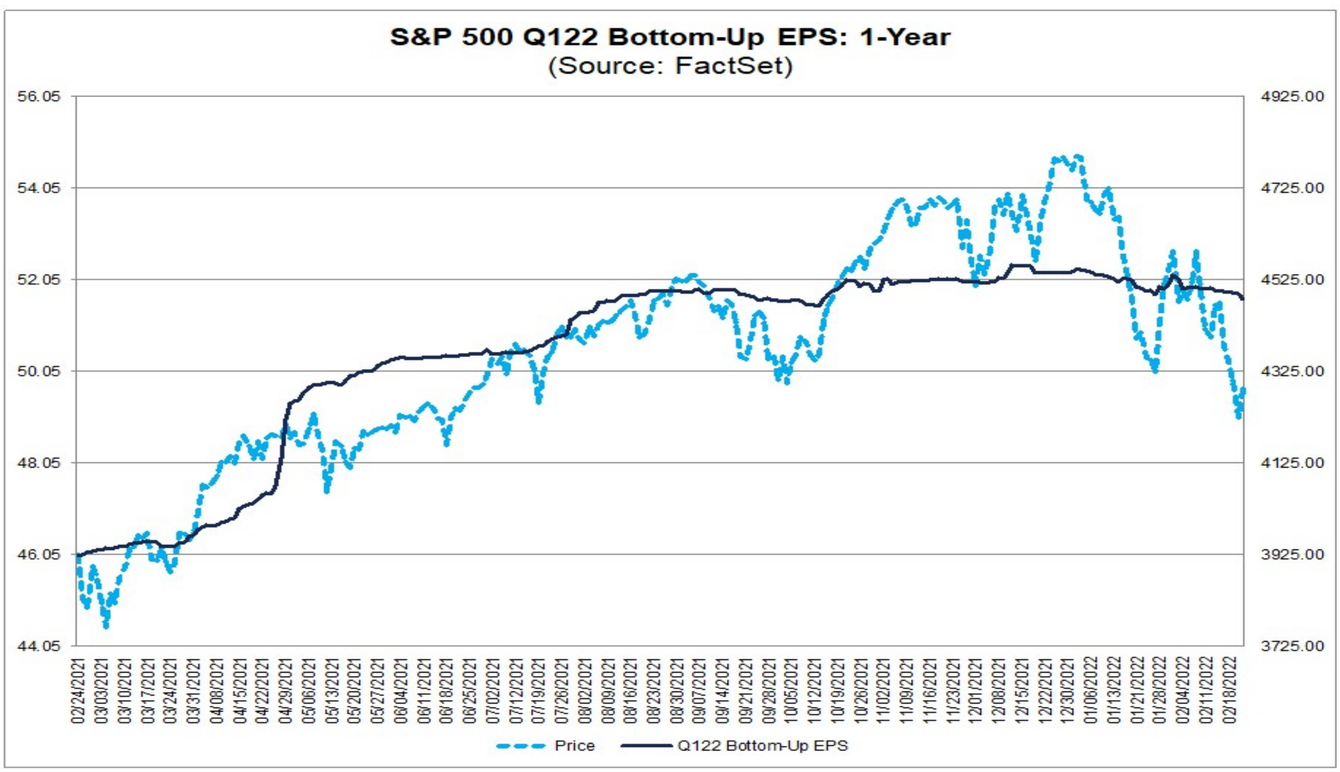




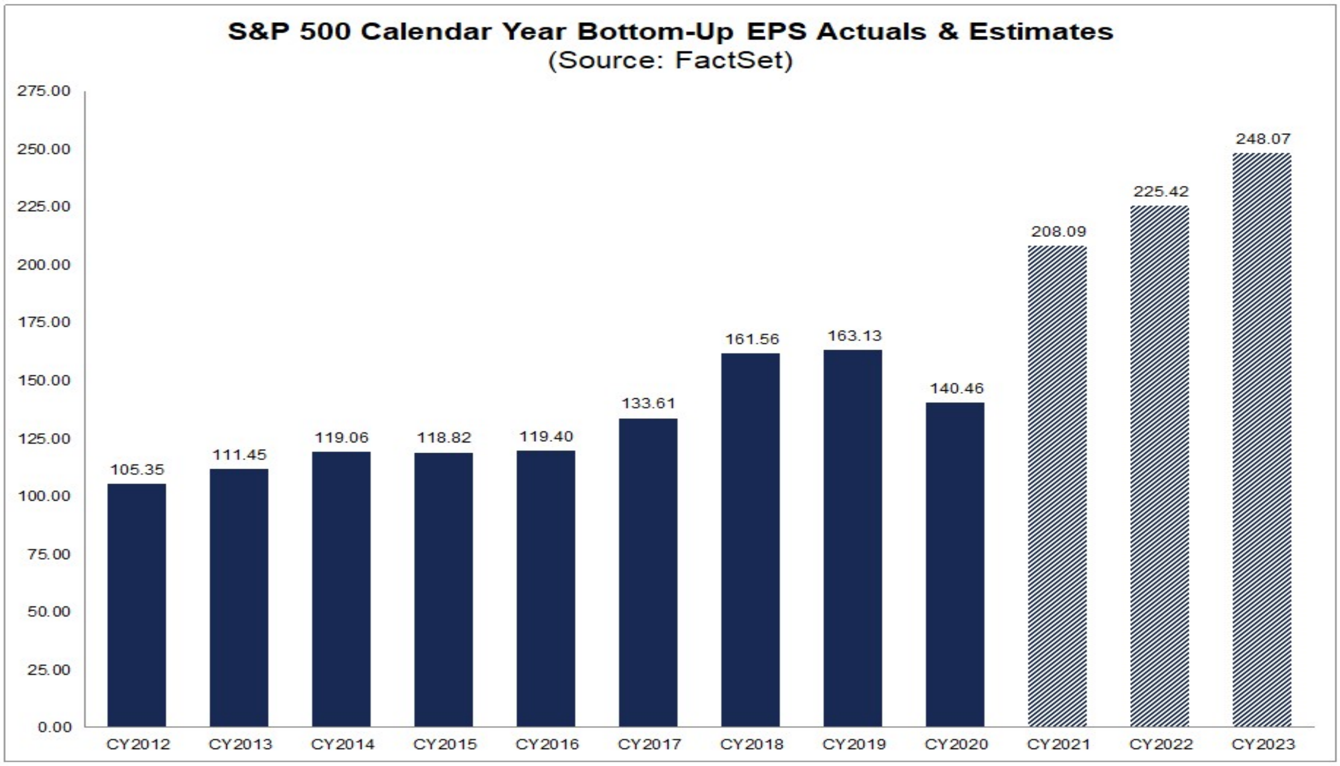
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	16%	22%	33%	34%	36%	40%	45%	48%	55%	59%
United States	98%	84%	78%	67%	66%	64%	60%	55%	52%	45%	41%

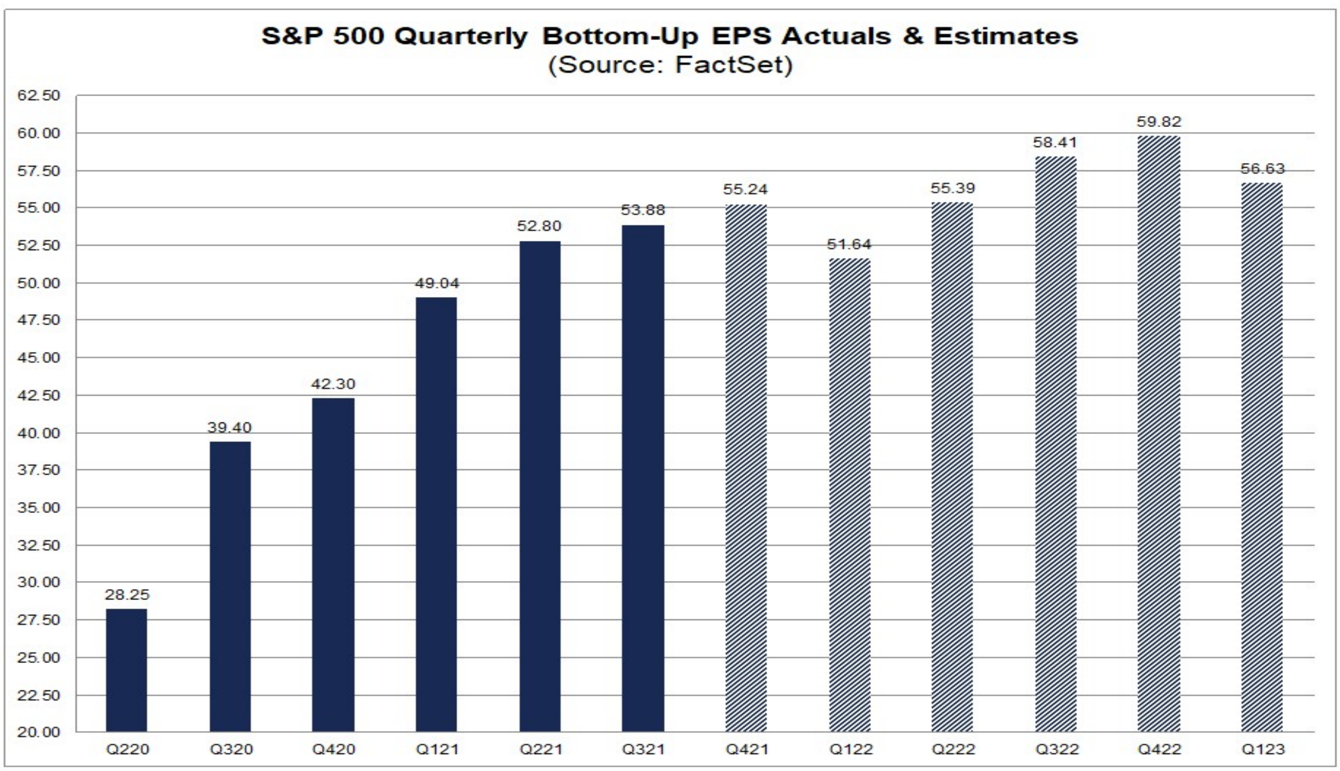
Bottom-up EPS Estimates: Revisions



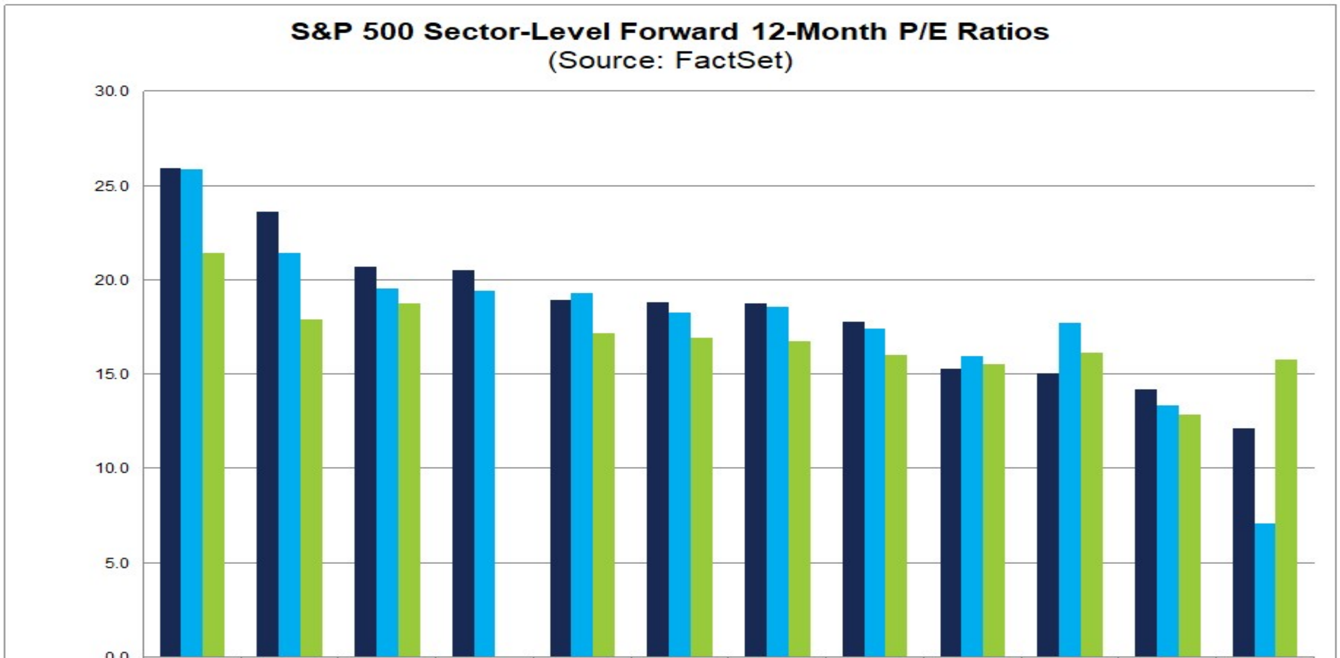


Bottom-up EPS Estimates: Current & Historical

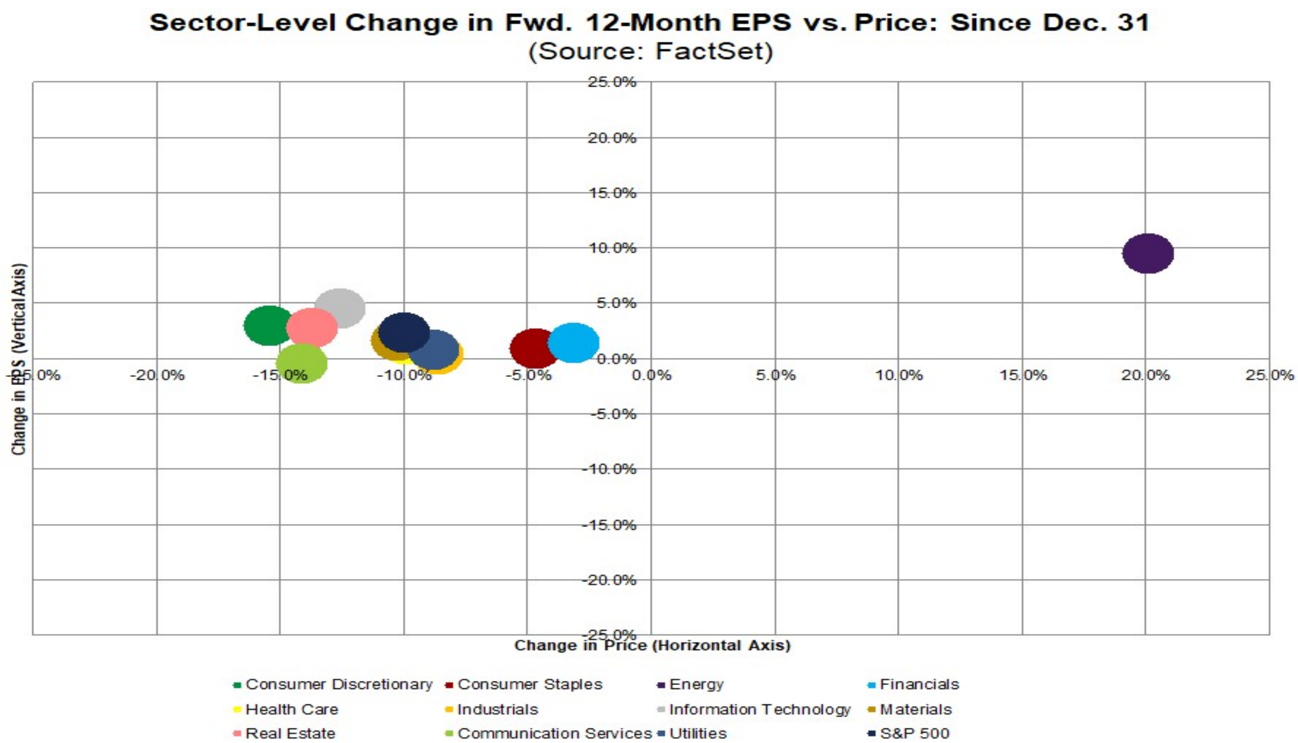




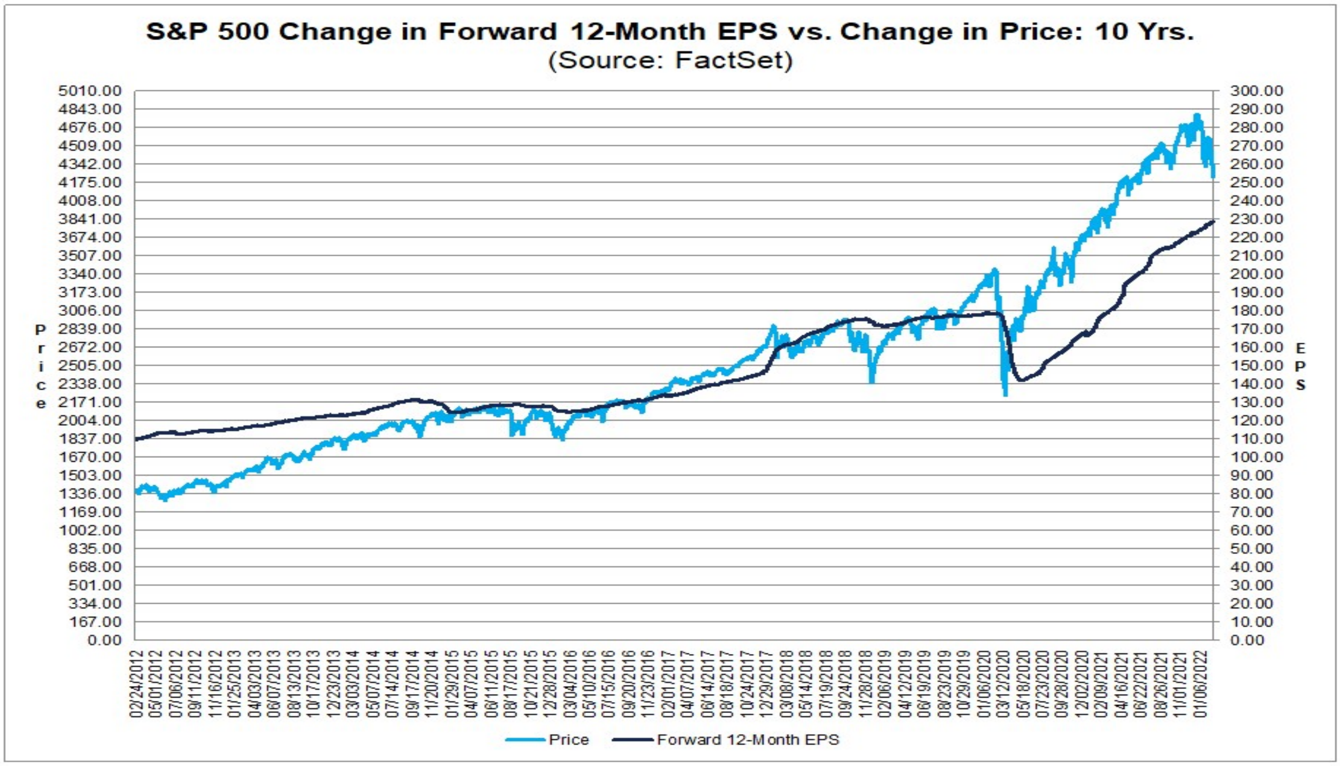
Forward 12M P/E Ratio: Sector Level

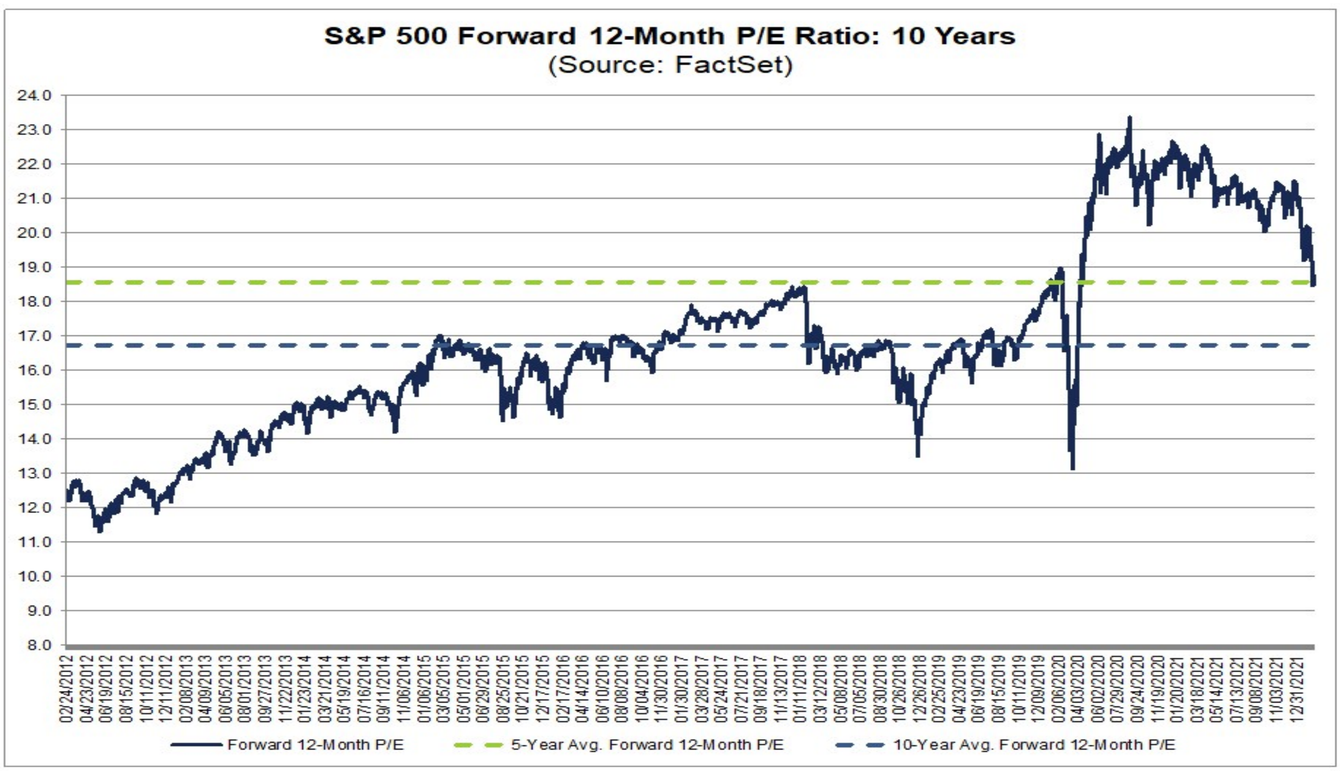


	Consumer Disc.	Info. Technology	Consumer Staples	Real Estate	Industrials	Utilities	S&P 500	Comm. Services	Health Care	Materials	Financials	Energy
Fwd P/E	25.9	23.6	20.7	20.5	18.9	18.8	18.8	17.8	15.3	15.0	14.2	12.1
5-Yr Avg.	25.8	21.4	19.5	19.4	19.3	18.3	18.6	17.4	16.0	17.7	13.3	7.1
10-Yr Avg.	21.4	17.9	18.7		17.2	16.9	16.7	16.0	15.5	16.1	12.8	15.8

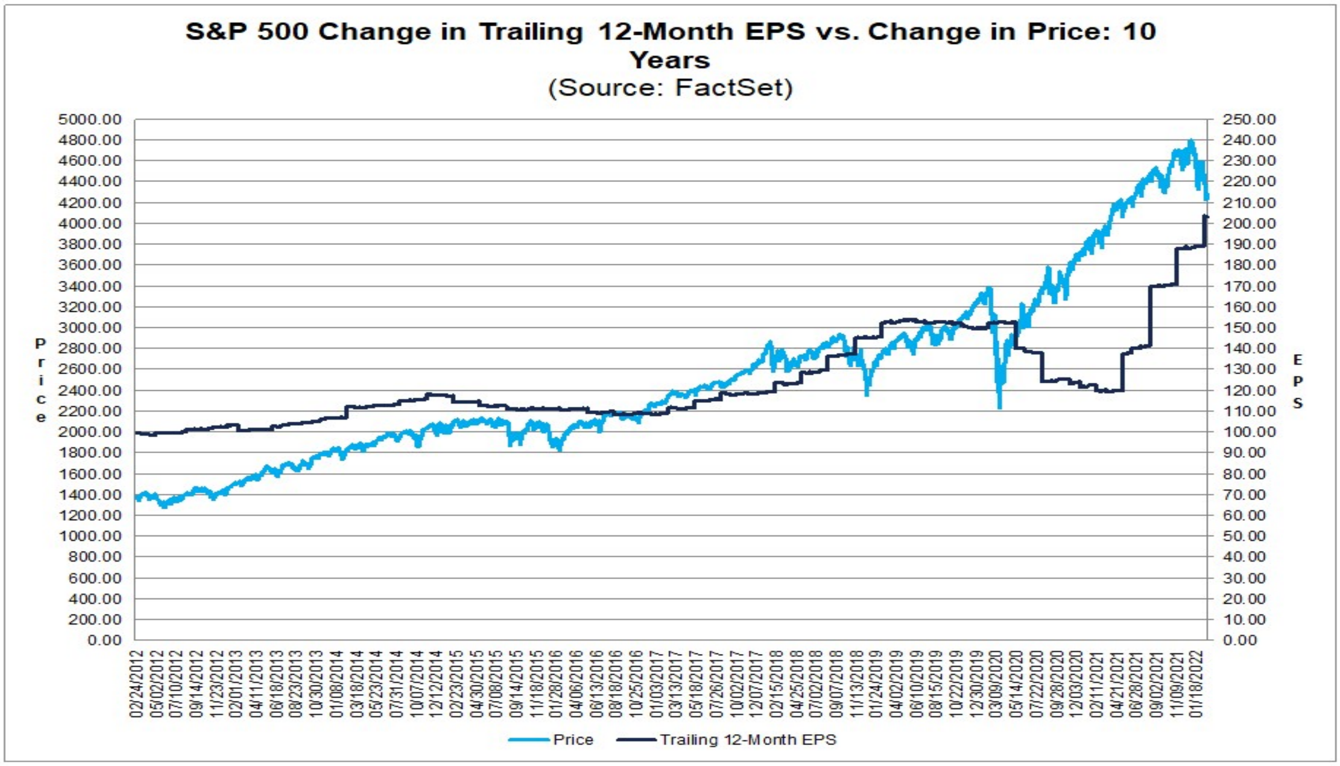


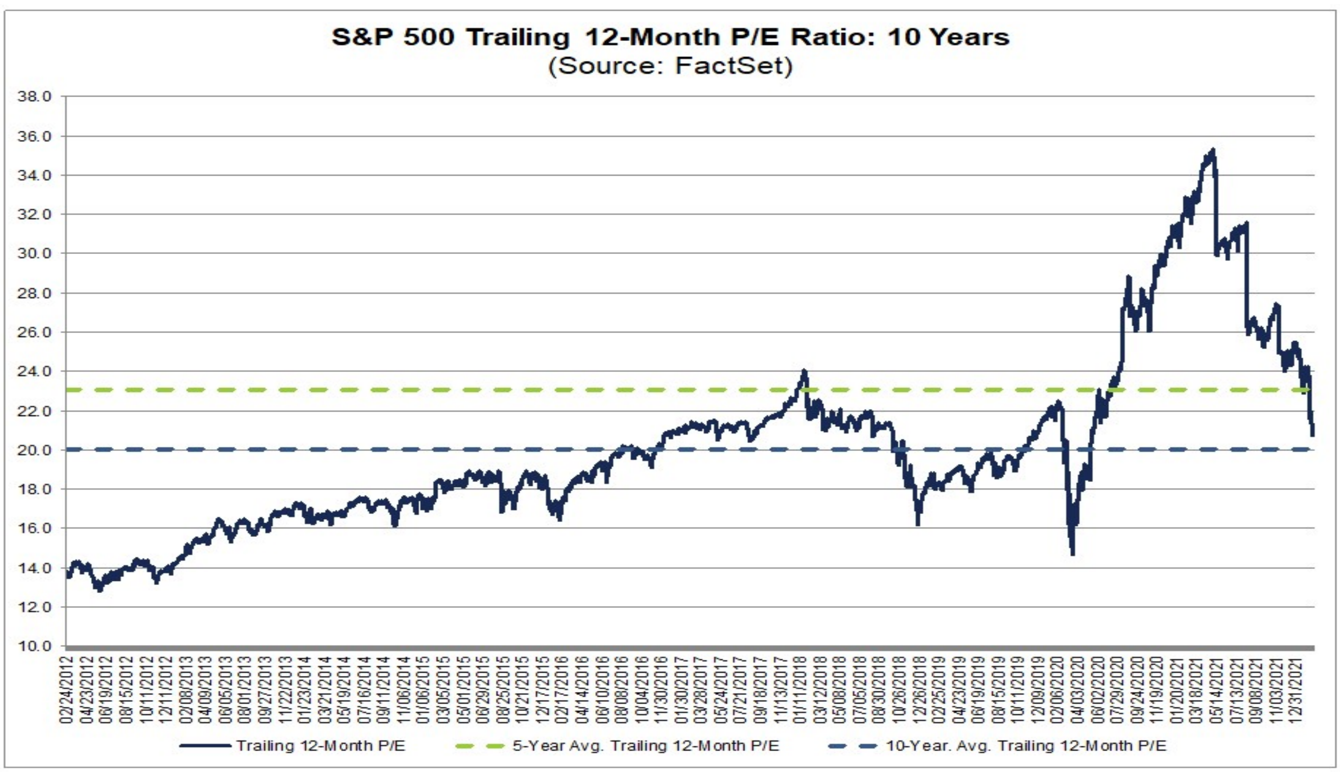
Forward 12M P/E Ratio: 10-Years



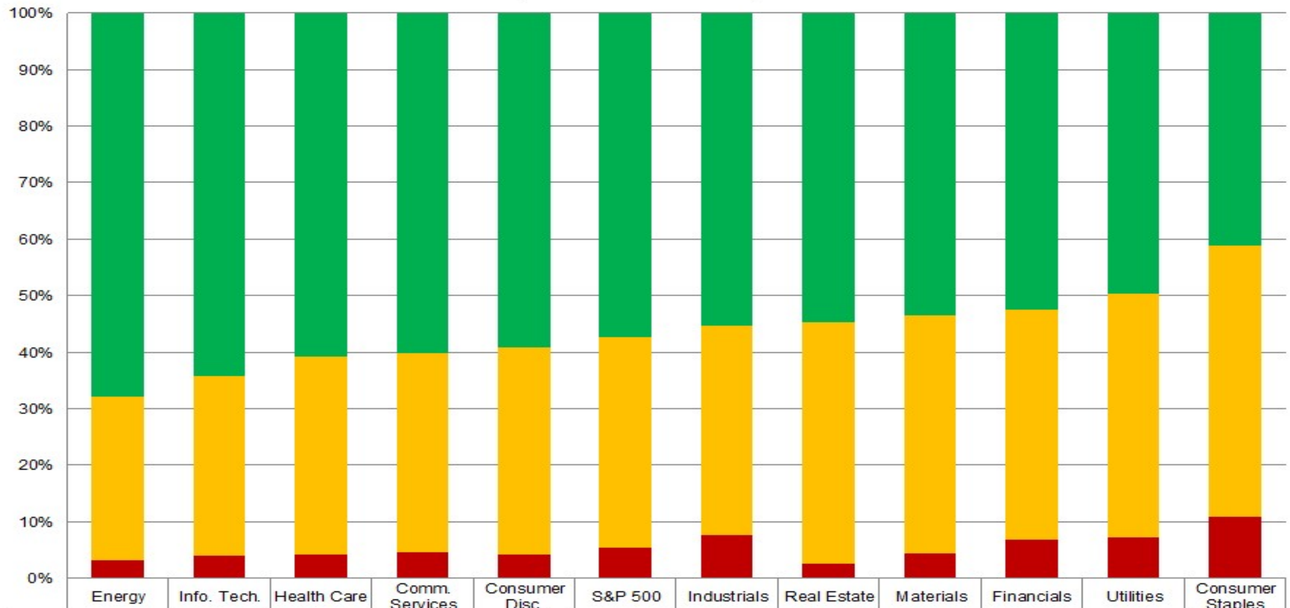


Trailing 12M P/E Ratio: 10-Years

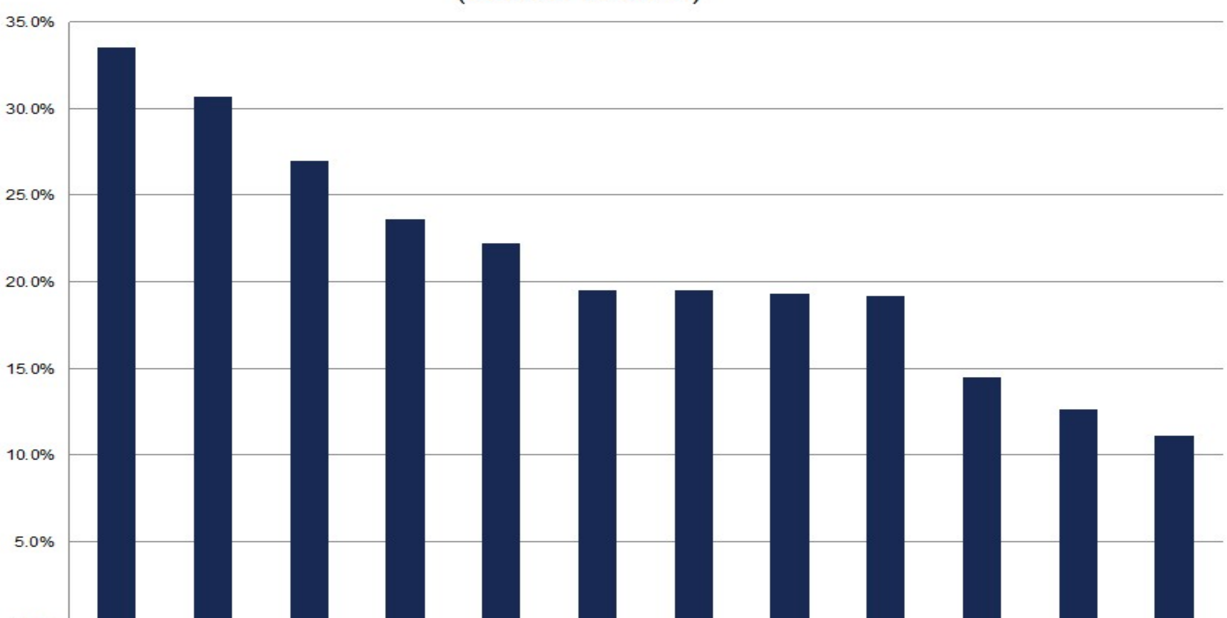




Targets & Ratings



	Energy	Info. Tech.	Health Care	Comm. Services	Consumer Disc.	S&P 500	Industrials	Real Estate	Materials	Financials	Utilities	Consumer Staples
Buy	68%	64%	61%	60%	59%	57%	55%	55%	54%	52%	50%	41%
Hold	29%	32%	35%	35%	37%	37%	37%	43%	42%	41%	43%	48%
Sell	3%	4%	4%	5%	4%	5%	8%	3%	4%	7%	7%	11%



	Comm. Services	Consumer Disc.	Info. Tech.	S&P 500	Industrials	Real Estate	Materials	Financials	Health Care	Utilities	Consumer Staples	Energy
Target/Close	33.6%	30.7%	27.0%	23.6%	22.2%	19.5%	19.5%	19.3%	19.1%	14.5%	12.6%	11.1%

Important Notice

The information contained in this report is provided "as is" and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

FactSet aggregates and redistributes estimates data and does not conduct any independent research. Nothing in our service constitutes investment advice or FactSet recommendations of any kind. Estimates data is provided for information purposes only.

FactSet has no relationship with creators of estimates that may reasonably be expected to impair its objective presentation of such estimate or recommendation. FactSet redistributes estimates as promptly as reasonably practicable from research providers.

About FactSet

FactSet (NYSE:FDS | NASDAQ:FDS) delivers superior content, analytics, and flexible technology to help more than 162,000 users see and seize opportunity sooner. We give investment professionals the edge to outperform with informed insights, workflow solutions across the portfolio lifecycle, and industry-leading support from dedicated specialists.

We're proud to have been recognized with multiple awards for our analytical and data-driven solutions and repeatedly scored 100 by the Human Rights Campaign® Corporate Equality Index for our LGBTQ+ inclusive policies and practices. Subscribe to our thought leadership blog to get fresh insight delivered daily at insight.factset.com. Learn more at www.factset.com and follow us on Twitter: www.twitter.com/factset.