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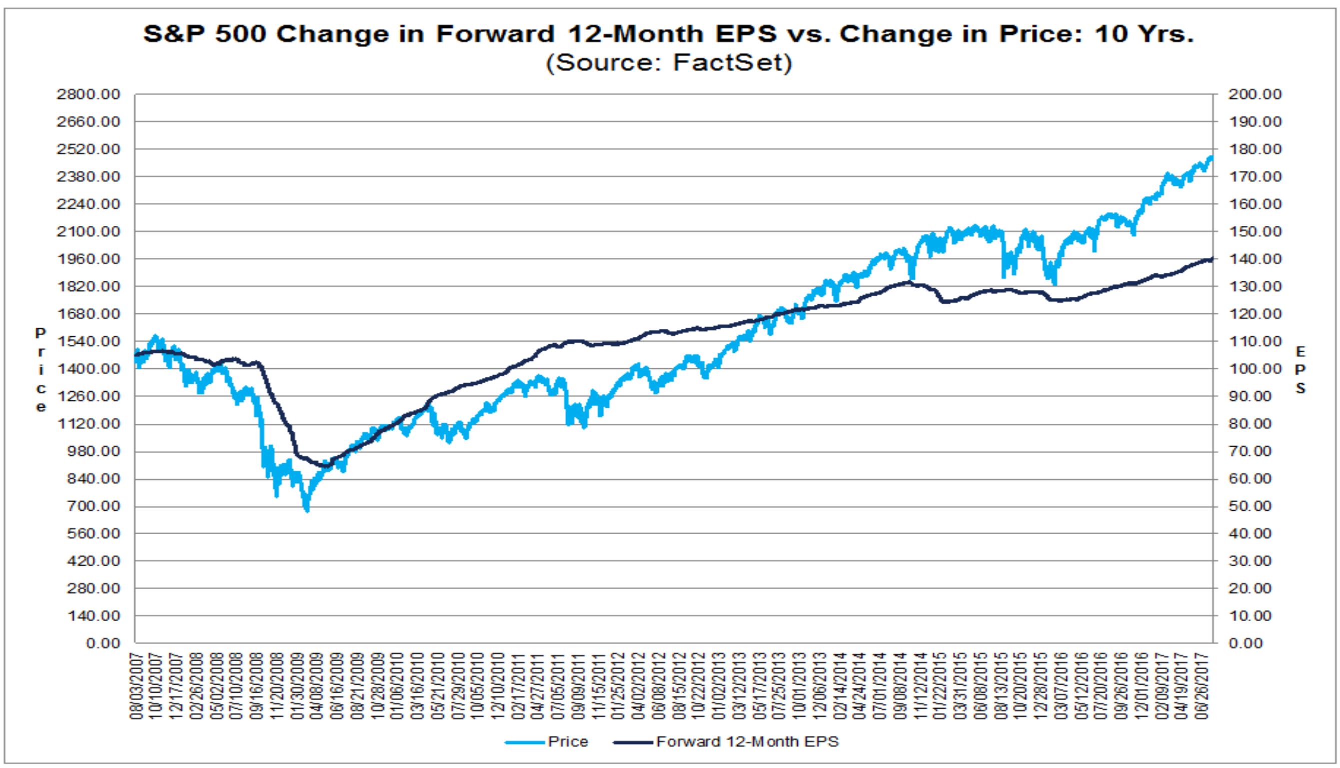
Key Metrics

- **Earnings Scorecard:** As of today (with 84% of the companies in the S&P 500 reporting actual results for Q2 2017), 72% of S&P 500 companies have beat the mean EPS estimate and 70% of S&P 500 companies have beat the mean sales estimate.
- **Earnings Growth:** For Q2 2017, the blended earnings growth rate for the S&P 500 is 10.1%. Ten sectors are reporting earnings growth for the quarter, led by the Energy sector.
- **Earnings Revisions:** On June 30, the estimated earnings growth rate for Q2 2017 was 6.4%. Ten sectors have higher growth rates today (compared to June 30) due to upside earnings surprises.
- **Earnings Guidance:** For Q3 2017, 50 S&P 500 companies have issued negative EPS guidance and 33 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.7. This P/E ratio is above the 5-year average (15.4) and above the 10-year average (14.0).



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Topic of the Week: 1

Fewer S&P 500 Companies Discussing "Trump" on Earnings Calls for Q2

During each corporate earnings season, it is not unusual for companies to comment on subjects 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. Through August 2, approximately 75% of the companies in the index (374 companies) had reported earnings results for the second quarter.

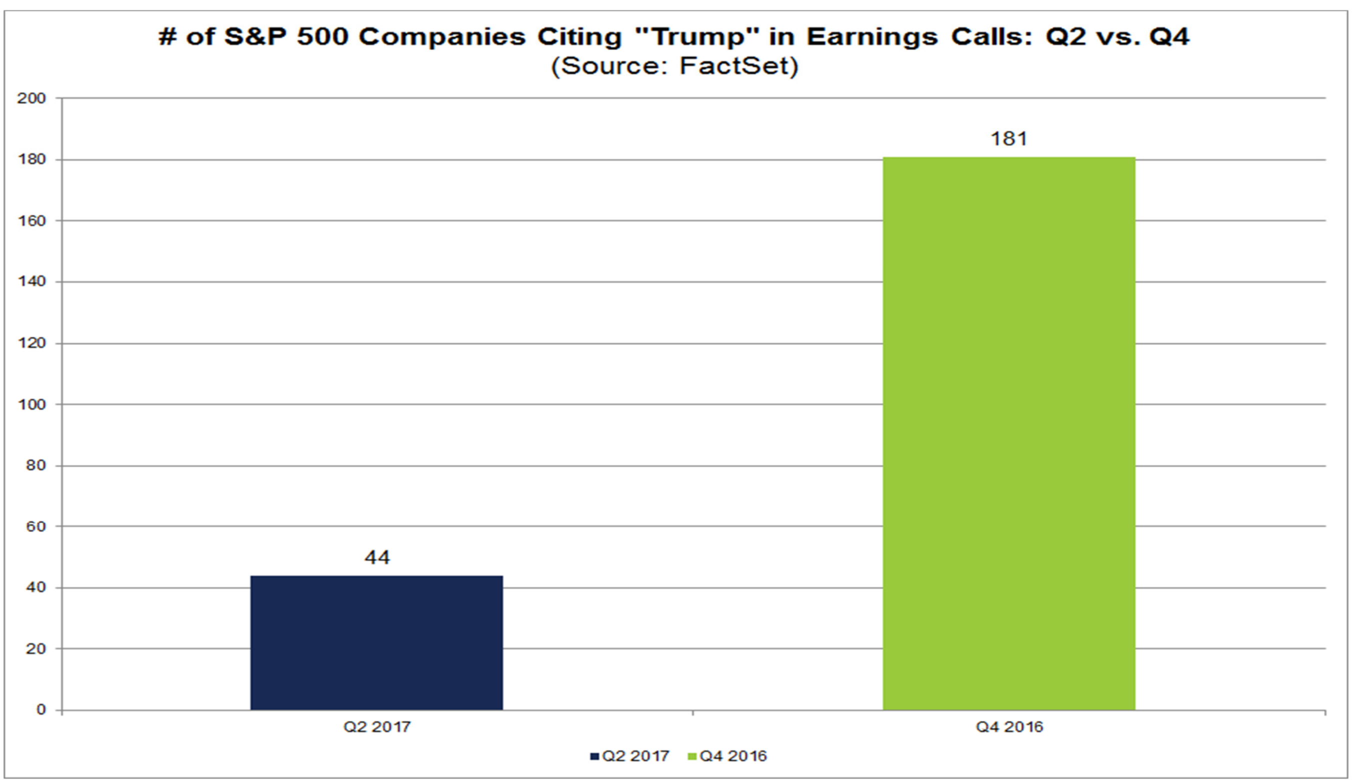
Back in January and February, a number of S&P 500 companies commented (during their earnings calls for the fourth quarter) on potential changes to government policies due to the election of Donald Trump as president. Given the Trump administration has now been in office for about six months, have companies in the S&P 500 continued to comment on the Trump administration during their earnings conference calls for the second quarter?

To answer this question, FactSet searched for the terms "Trump" and "administration" in the conference call transcripts of the S&P 500 companies that had conducted earnings conference calls for the second quarter through August 2 to see how many companies discussed these terms. FactSet then looked to see if the company cited or discussed a policy topic in conjunction with the citation of "Trump" or "administration." The term "administration" was only counted if it was used to reference the Trump administration.

Of the 374 S&P 500 companies that had reported actual results for Q2 2017 through August 2, 44 (or 12%) cited the term "Trump" or "administration" during their Q2 earnings calls (through August 2).

At the point in time during the Q4 earnings season when approximately the same number of companies had reported actual results (February 14), 181 of the 371 S&P 500 companies (or 49%) that had reported actual results for Q4 2016 cited the term "Trump" or "administration" during their Q4 earnings calls through February 14.

Thus, there has been a 76% decline in the number of S&P 500 companies citing "Trump" or "administration" (in reference to the Trump administration) during the Q2 earnings season relative to the Q4 earnings season.



The decline in "Trump" citations over the past six months may be a sign that corporations are less confident today relative to the start of the year that the policies proposed by President Trump will be enacted in the near future.

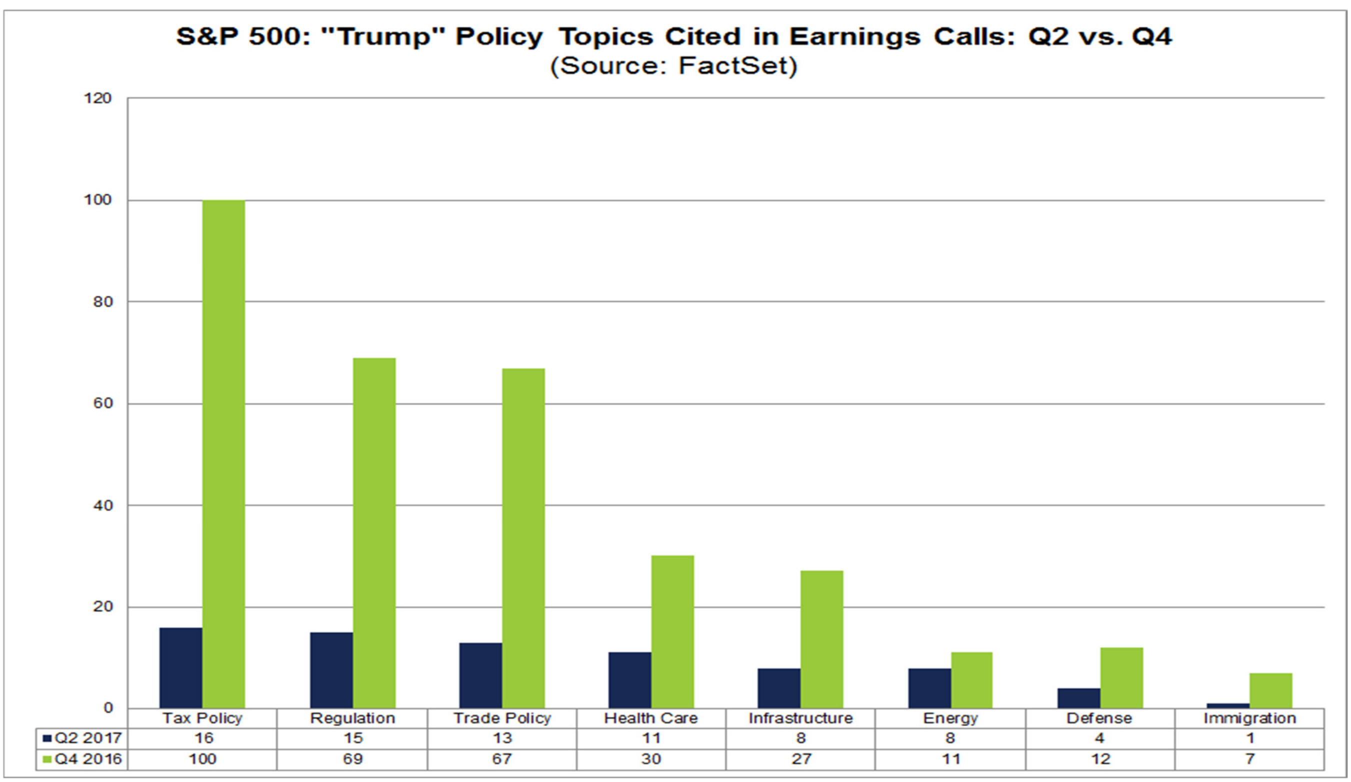
"But there is an expectation that indeed the new administration will launch critical reforms in order to boost the business and the economic growth. And this economic reform probably, I would set – the one which are the most important, the healthcare reform, the tax reform, the trade reform, and anything linked to the infrastructure investments….The fact of the matter is that would – I would say this to be honest, three months ago, because just reading the observers and all the analyses, we believe that these four reforms would happen reasonably rapidly in the U.S. And fact of the matter, they are not yet being announced or executed, and so we are in this zone where the business is still waiting." –Accenture (June 22)

"However, investor psyche remains fragile. The same questions that lingered around timing and achievability of the administration's policy initiatives at the end of the first quarter remain unresolved as we enter the third quarter." – Morgan Stanley (July 19)

"There was, I guess, the Trump bump and that has waned a little bit as you've had all the gridlock that you've had in the capital. And the simple things that they said they were going to focus on and the difficult things they said that they were going to focus on haven't really materialized…. There's nobody who can look out two or three years at this point and say with certainty that they're going to know what tax policy is, what healthcare costs are going to be." –Omnicom Group (July 20)

In terms of specific policies discussed in conjunction with the Trump administration, tax policy has been cited by the highest number of S&P 500 companies during the Q2 earnings season at 16. However, this number reflects an 84% decline relative to the number of companies citing tax policy during the Q4 earnings season (100). The numbers for citations of other policy topics during both the Q2 earnings season and the Q4 earnings season can be found in the chart below.

Please note that companies that cited or discussed a potential border tariff or tax were counted under "Trade Policy" and not "Tax Policy" in the chart. Please also note the numbers in the policy chart will not total to the overall company numbers for each period, as a number of companies discussed multiples policy topics, while others did not discuss any specific policy topics.



Even though fewer S&P 500 companies are discussing the Trump administration and policies on earnings calls for Q2, a number of the companies that have discussed the Trump administration during earnings calls for Q2 have made positive comments about the actual or potential benefits of the policy changes on their businesses and the economy as a whole.

“It's hurting the average American that we don't have these right policies. And so no, in spite of gridlock, we'll grow at maybe 1.5% or 2%. I don't buy the argument that we'll relegated to this forever. We're not, if this administration can make breakthroughs in taxes and infrastructure, regulatory reform….” –JPMorgan Chase (July 14)

“First, in terms of our interactions with the U.S. administration, we're pleased that senior officials are continuing to listen to business leaders when considering the impacts of legislation, and we'll continue to participate in these conversations as well as those with other world leaders to make sure our voices are heard on these vital issues. In fact, I'm here in Washington, D.C. today meeting with U.S. and global leaders, driving forward discussions on the important issues impacting healthcare today.” –Johnson & Johnson (July 18)

“Second, U.S. corporate taxes are too high. If the administration and congress can achieve a sensible realignment of tax rates with other major developed economies, then that would be a clear positive for our business and corporate America in general.” –Morgan Stanley (July 19)

“My comment being that, Washington is beginning to understand, our elected officials, the administration, beginning to have a better understanding of the consequences of imports, not only on our economy, but on our national security. And as a result, we are seeing more and more support of trade cases and for more holistic solutions. But, particularly, on the trade cases listing, much greater success than we have in the past. Quicker turnarounds, there's been several things that have come into effect, in terms of enforcement that are now supporting the trade cases as they get successfully prosecuted.” –Nucor (July 20)

“We are having a – we're seeing a much greater interest by officials in the U.S. government in this administration to be supportive of businesses generally, but particularly, our situation in Indonesia.” –Freeport-McMoRan (July 25)

“Well, let me answer it this way. I am delighted that we have the focus from the administration. I'm grateful for that. I'm delighted that we have the focus from Chairman Shuster. And we have wonderful alignment between the commercial airlines, Chairman Shuster and the administration.” –Southwest Airlines (July 27)

“When we compete internationally, when Raytheon competes internationally, we do not compete against companies. We compete against countries. So, having an administration that supports industry in going after international business changes the game. And we have an administration now that is significantly supporting international work for domestic – actually U.S. industry. And that has opened several doors for us. Now we've been very successful before those doors were opened. So it's bottom line just accelerating our ability to grow internationally. And so that's why we're very positive about the future of the company, especially relative to the international business. And we're also seeing, as was mentioned on another question before, a significant push by the Secretary of Defense to significantly increase the capabilities of our military in terms of readiness, which puts a significant demand signal on our missile systems, our sensors, precision munitions across the board. So Raytheon has a very healthy outlook for the future and we're just building on the international foundation we put in place before and are able to accelerate now with the support from an administration that does support international sales.” –Raytheon (July 27)

“Lastly, on the topic of public policy, we get a lot of questions seeking our perspective on the many initiatives being worked on by the Trump administration. While it's difficult for us to speculate on the range or probability of potential outcomes, we're pleased with the emphasis that President Trump and his administration have placed on the energy sector, and their willingness to discuss the issues.” –Valero Energy (July 27)

“But, as I said before, when this President got elected, I think we had deregulation just by no more new regulations coming forward. So that in and of itself was deregulation. Right now, I'm looking at tax policies that the administration is going to push hard for between now and the end of the year. That could be a great benefit for a lot of the corporations, especially since we got our taxes raised here in Illinois.” –CME Group (August 2)

Topic of the Week: 2

S&P 500 Reporting Double-Digit Earnings Growth For 2nd Straight Quarter

The blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings growth rate for the S&P 500 for the second quarter is 10.1% as of today. This growth rate is above the estimated earnings growth rate of 6.4% at the end of the quarter (June 30) and above the estimated earnings growth rate of 8.6% at the start of the quarter (March 31).

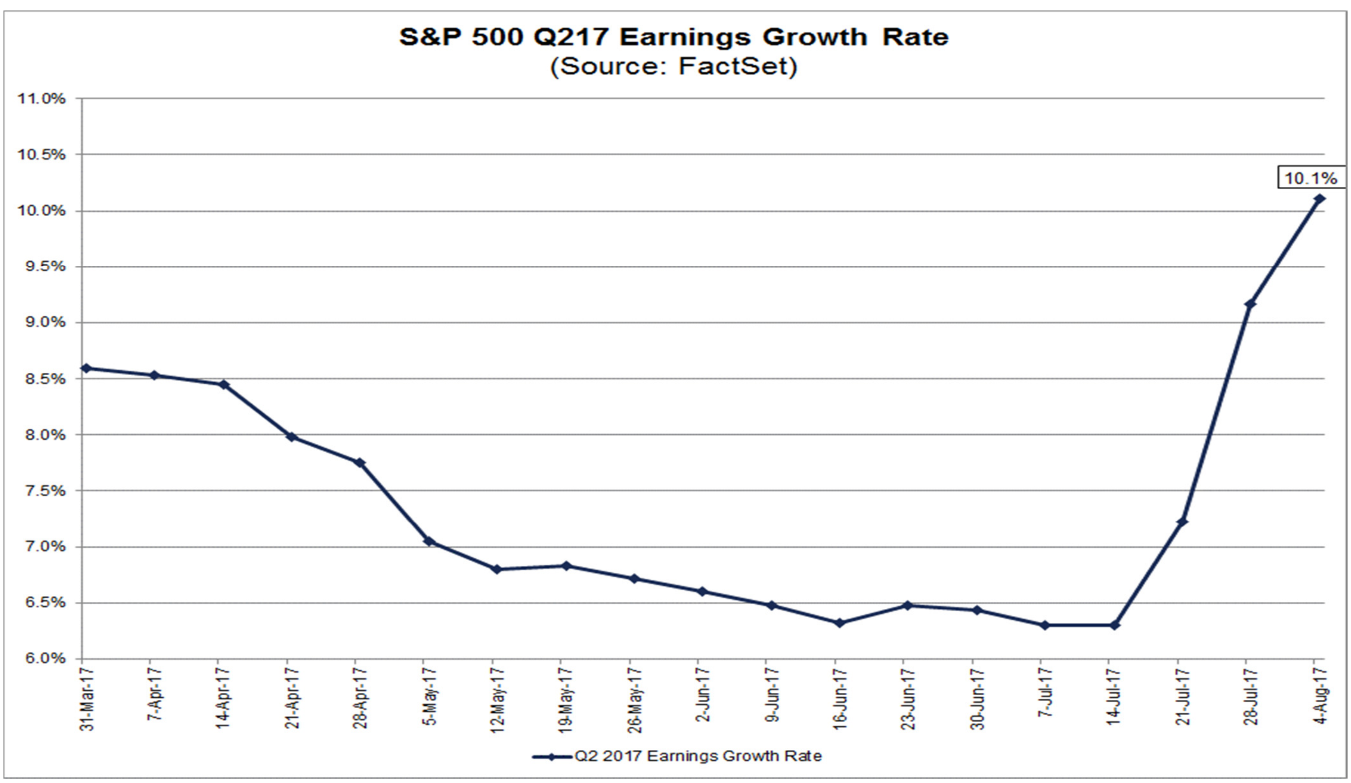
If 10.1% is the actual growth rate for the second quarter, it will mark the second highest (year-over-year) earnings growth for the index since Q4 2011 (11.6%), and it will mark the first time the index has seen two consecutive quarters of (year-over-year) double-digit earnings growth since Q3 2011 (16.7%) and Q4 2011 (11.6%).

It is not surprising that the index is now reporting double-digit earnings growth for the second quarter. For more details, please see the Insight article generated from page 2 of the "FactSet Earnings Insight" report published on July 7 at the following link: https://insight.factset.com/earningsinsight_07.10.17

What is driving the increase in the earnings growth rate since June 30? As of today, more S&P companies are beating EPS estimates (72%) for Q2 2017 relative to the 5-year average (68%). Companies in aggregate are beating EPS estimates by a wider margin for Q2 2017 (+6.3%) relative to the 5-year average (+4.2%)

Because of the number and magnitude of these upside earnings surprises reported by S&P 500 companies for Q2, aggregate earnings for the index have increased by $9.7 billion since June 30 (as higher actual earnings replaced estimated earnings in the growth rate calculation). Three sectors account for $7.2 billion (or 74%) of this $9.7 billion increase in earnings since June 30: Health Care, Financials, and Information Technology.

In these three sectors, the upside earnings surprises reported by Microsoft ($0.98 vs. $0.71), JPMorgan Chase ($1.82 vs. $1.59), Gilead Sciences ($2.56 vs. $2.16), Facebook ($1.32 vs. $1.12), Apple ($1.67 vs. $1.57), Merck ($1.01 vs. $0.87), and Aetna ($3.42 vs. $2.47) were all substantial contributors to the increase in earnings growth for the index during this time.



Topic of the Week: 3

Below Average Cuts to Q3 EPS Estimates for S&P 500 Companies During Month of July

During the month of July, analysts lowered earnings estimates for companies in the S&P 500 for the third quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the EPS estimates for all the companies in the index) dropped by 1.2% (to $33.42 from $33.82) during this period. How significant is a 1.2% decline in the bottom-up EPS estimate during the first month of a quarter? How does this decrease compare to recent quarters?

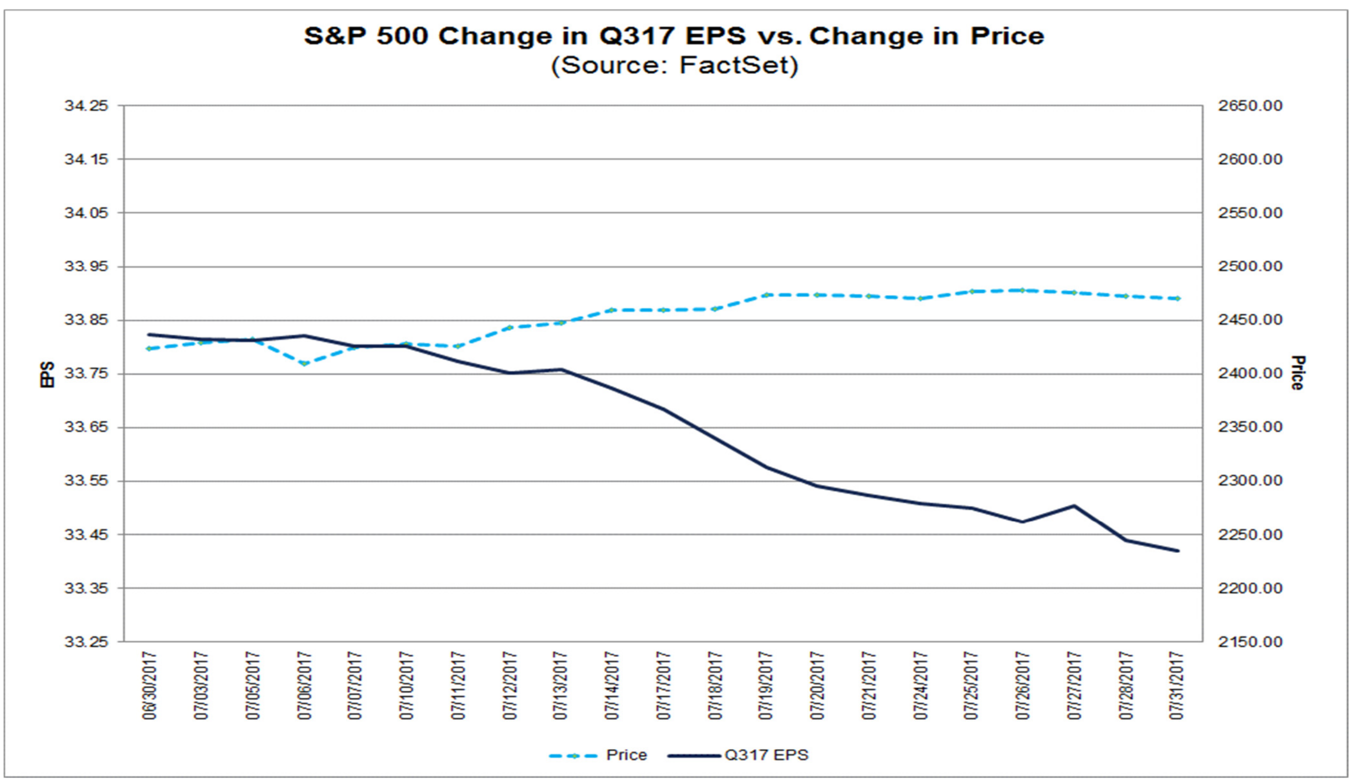
During the past year (4 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 1.4%. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 2.3%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first month of a quarter has been 2.5%. Thus, the decline in the bottom-up EPS estimate recorded during the first month of the third quarter was smaller than the 1-year, 5-year, and 10-year averages.

The third quarter marked a tie with Q4 2016 (-1.2%) for the second smallest decline in the bottom-up EPS estimate for the index for the first month of a quarter since Q2 2014 (-0.2%). The only quarter that recorded a smaller decline in the bottom-up EPS estimate over the first month of the quarter since Q2 2014 was last quarter (-0.8%).

At the sector level, seven of the eleven sectors recorded a decline in their bottom-up EPS estimates during the first month of the quarter that was smaller than the 5-year average and the 10-year average for that sector.

The only sector that witnessed a decline in the bottom-up EPS estimate during this time that exceeded both the 5-year average and the 10-year average for the first month of the quarter was the Energy sector. This sector recorded a decrease in the bottom-up EPS estimate of 17.3% (to $3.56 from $4.31) during the month of July. The 5-year average decline for this sector for the first month of the quarter is -9.2%, while the 10-year average decline for this sector for the same period is -5.6%.

As the bottom-up EPS estimate for the index declined during the first month of the quarter, the value of the S&P 500 increased during this same period. From June 30 through July 31, the value of the index increased by 1.9% (to 2470.30 from 2423.41). This quarter marked the 13th time in the past 20 quarters in which the bottom-up EPS estimate decreased during the first month of the quarter while the value of the index increased over this same period.



Q2 2017 Earnings Season: By the Numbers

Overview

To date, 84% of the companies in the S&P 500 have reported actual results for Q2 2017. In terms of earnings, more companies (72%) are reporting actual EPS above estimates compared to the 5-year average. In aggregate, companies are reporting earnings that are 6.3% above the estimates, which is also above the 5-year average. In terms of sales, more companies (70%) are reporting actual sales above estimates compared to the 5-year average. In aggregate, companies are reporting sales that are 0.7% above estimates, which is also above the 5-year average.

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 second quarter is 10.1% today, which is higher than the earnings growth rate of 9.0% last week. Upside earnings surprises reported by companies in the Health Care, Utilities, and Information Technology sectors were mainly responsible for the increase in the earnings growth rate for the index during the past week. Overall, ten sectors are reporting or have reported year-over-year earnings growth, led by the Energy, Information Technology, and Financials sectors. The only sector reporting a year-over-year decline in earnings is the Consumer Discretionary sector.

The blended sales growth rate for the second quarter is 5.1% today, which is slightly below the sales growth rate of 5.2% last week. During the past week, downside sales surprises reported by companies in the Energy sector were mainly responsible for the small decrease in the revenue growth rate for the index during the past week. Overall, ten sectors are reporting or have reported year-over-year growth in revenues, led by the Energy sector. The Telecom Services sector is the only sector that reported a year-over-year decline in revenues.

During the upcoming week, 36 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the second quarter.

For Q3 2017, 50 S&P 500 companies have issued negative EPS guidance and 33 S&P 500 companies have issued positive EPS guidance.

The forward 12-month P/E ratio is 17.7, which is above the 5-year average and the 10-year average.

Scorecard: More Companies Beating EPS and Revenue Estimates than Average

Percentage of Companies Beating EPS Estimates (72%) is Above 5-Year Average

Overall, 84% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 72% have reported actual EPS above the mean EPS estimate, 9% 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 above the 1-year (70%) average and above the 5-year (68%) average.

At the sector level, the Information Technology (85%) and Health Care (84%) sectors have the highest percentages of companies reporting earnings above estimates, while the Telecom Services (50%), Energy (53%), and Consumer Discretionary (56%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.3%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 6.3% above expectations. This surprise percentage is above the 1-year (+4.7%) average and above the 5-year (+4.2%) average.

The Utilities (+11.5%) and Information Technology (+11.4%) sectors are reporting the largest upside aggregate differences between actual earnings and estimated earnings.

Market Not Rewarding Earnings Beats

To date, the market is rewarding upside earnings surprises much less than average and punishing downside earnings surprises slightly more than average.

Companies that have reported upside earnings surprises for Q2 2017 have seen an average price decrease of -0.1% two days before the earnings release through two days after the earnings. This percentage decrease is well below the 5-year average price increase of +1.4% during this same window for companies reporting upside earnings surprises.

Companies that have reported downside earnings surprises for Q2 2017 have seen an average price decrease of -2.6% two days before the earnings release through two days after the earnings. This percentage decrease is slightly higher than the 5-year average price decrease of -2.4% during this same window for companies reporting downside earnings surprises.

Percentage of Companies Beating Revenue Estimates (70%) is Above 5-Year Average

In terms of revenues, 70% of companies have reported actual sales above estimated sales and 30% have reported actual sales below estimated sales. The percentage of companies reporting sales above estimates is well above the 1-year average (56%) and well above the 5-year average (53%).

At the sector level, the Telecom Services (100%), Information Technology (83%), and Materials (82%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (44%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.7%) is Above 5-Year Average

In aggregate, companies are reporting sales that are 0.7% above expectations. This surprise percentage is above the 1-year (+0.5%) average and above the 5-year (+0.5%) average.

The Financials (+2.0%) and Energy (+1.5%) sectors are reporting the largest upside aggregate differences between actual sales and estimated sales, while the Utilities (-0.5%) sector is reporting the largest downside aggregate difference between actual sales and estimated sales.

Increase in Blended Earnings Growth This Week Due to Multiple Sectors

Increase in Blended Earnings Growth This Week Due to Multiple Sectors

The blended earnings growth rate for the S&P 500 for the second quarter is 10.1% today, which is higher than the earnings growth rate of 9.0% last week. Upside earnings surprises reported by companies in the Health Care, Utilities, and Information Technology sectors were mainly responsible for the increase in the overall earnings growth rate for the index during the past week.

In the Health Care sector, the upside earnings surprises reported by Aetna ($3.42 vs. $2.47), Pfizer ($0.67 vs. $0.65), Cigna ($2.91 vs. $2.48), and Regeneron Pharmaceuticals ($4.17 vs. $3.17) were substantial contributors to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Health Care sector increased to 6.4% from 4.4% during this period.

In the Utilities sector, the upside earnings surprises reported by Entergy ($3.11 vs. $1.18) and NRG Energy ($0.63 vs. $0.05) were significant contributors to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Utilities sector increased to 10.5% from 0.8% during this period.

In the Information Technology, the upside earnings surprise reported by Apple ($1.67 from $1.57) was a significant contributor to the increase in the overall earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Information Technology sector increased to 14.3% from 12.9% during the week.

Utilities Sector Has Seen Largest Increase in Earnings Growth since June 30

The blended earnings growth rate for Q2 2017 of 10.1% is higher than the estimate of 6.4% at the end of the second quarter (June 30). Ten sectors have recorded an increase in earnings growth since the end of the quarter due to upside earnings surprises, led by the Utilities (to 10.5% from -0.1%) sector. The only sector that has recorded a decrease in earnings growth during this time due to downward revisions to estimates and downside earnings surprises is the Energy (to 330.2% from 388.6%) sector.

Slight Decrease in Blended Revenue Growth This Week Due to Energy

The blended sales growth rate for the S&P 500 for the second quarter is 5.1% today, which is slightly below the sales growth rate of 5.2% last week. During the past week, downside sales surprises reported by companies in the Energy sector were mainly responsible for the small decrease in the revenue growth rate over this period.

Financials Sector Has Seen Largest Increase in Revenue Growth since June 30

The blended revenue growth rate for Q2 2017 of 5.1% is higher than the estimate of 4.9% at the end of the second quarter (June 30). Seven sectors have recorded an increase in revenue growth since the end of the quarter due to upside revenue surprises, led by the Financials (to 4.8% from 2.7%) sector. Four sectors have recorded a decrease in revenue growth during this time frame due to downward revisions to estimates and downside revenue surprises, led by the Energy (to 15.8% from 17.5%) sector.

Earnings Growth: 10.1%

The blended (year-over-year) earnings growth rate for Q2 2017 is 10.1%. If 10.1% is the actual growth rate for the second quarter, it will mark the second highest (year-over-year) earnings growth for the index since Q4 2011 (11.6%), and it will mark the first time the index has seen two consecutive quarters of (year-over-year) double-digit earnings growth since Q3 2011 (16.7%) and Q4 2011 (11.6%).

Ten sectors are reporting year-over-year growth in earnings, led by the Energy, Information Technology, and Financials sectors. The only sector reporting a year-over-year decline in earnings is the Consumer Discretionary sector.

Energy: Highest Earnings Growth

The Energy sector is reporting the highest (year-over-year) earnings growth of all eleven sectors at 330.2%. The unusually high growth rate for the sector is mainly due to unusually low earnings in the year-ago quarter. On a dollar-level basis, the Energy sector is reporting earnings of $8.2 billion in Q2 2017, compared to earnings of 1.9 billion in Q2 2016. If this sector is excluded, the blended earnings growth rate for the remaining ten sectors would fall to 7.8% from 10.1%

At the sub-industry level, five of the six sub-industries in the sector are reporting or have reported earnings growth: Oil & Gas Exploration & Production (N/A due to year-ago loss), Oil & Gas Equipment & Services (N/A due to year-ago loss), Integrated Oil & Gas (133%), Oil & Gas Refining & Marketing (7%), and Oil & Gas Storage & Transportation (6%). On the other hand, the Oil & Gas Drilling (-340%) sub-industry is the only sub-industry that reported a year-over-year decline in earnings.

Information Technology: Semiconductor Industry Leads Growth

The Information Technology sector is reporting the second highest (year-over-year) earnings growth of all eleven sectors at 14.3%. At the industry level, five of the seven industries in this sector are reporting or have reported earnings growth. Four of these five industries are reporting double-digit earnings growth: Semiconductor & Semiconductor Equipment (45%), Software (25%), IT Services (11%) and Technology, Hardware, Storage, & Peripherals (10%). The Semiconductor & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry is excluded, the blended earnings growth rate for the Information Technology sector would fall to 8.1% from 14.3%. At the company level, Microsoft and Micron Technology are the largest contributors to earnings growth for the sector.

Financials: Insurance Industry Leads Growth

The Financials sector is reporting the third highest (year-over-year) earnings growth of all eleven sectors at 11.0%. At the industry level, four of the five industries in this sector are reporting or have reported earnings growth. Three of these four industries reported double-digit earnings growth: Insurance (23%), Capital Markets (12%), and Banks (11%).

Consumer Discretionary: Amazon.com Leads Decline

The Consumer Discretionary sector is the only sector reporting a (year-over-year) decline in earnings at -0.9%. At the industry level, seven of the twelve industries in this sector are reporting or have reported a decline in earnings, led by the Leisure Products (-59%) and Internet & Direct Marketing Retail (-36%) industries. At the company level, Amazon.com is the largest contributor to the earnings decline for the sector. The company reported actual EPS of $0.40 for Q2 2017, compared to actual EPS of $1.78 in the year-ago quarter. If Amazon.com is excluded, the blended earnings growth rate for this sector improves to 1.2% from -0.0%.

Revenue Growth: 5.1%

The blended (year-over-year) revenue growth rate for Q2 2017 is 5.1%. Ten sectors are reporting year-over-year growth in revenues, led by the Energy sector. The only sector that reported a decline in revenues is the Telecom Services sector.

Energy: Highest Revenue Growth

The Energy sector is reporting the highest (year-over-year) revenue growth of all eleven sectors at 15.8%. At the sub-industry level, five of the six sub-industries in the sector are reporting or have reported revenue growth: Oil & Gas Exploration & Production (30%), Oil & Gas Equipment & Services (25%), Oil & Gas Storage & Transportation (14%), Oil & Gas Refining & Marketing (14%), and Integrated Oil & Gas (12%). On the other hand, the Oil & Gas Drilling (-5%) sub-industry is the only sub-industry that reported a year-over-year decline in earnings.

This sector is also the largest contributor to revenue growth for the S&P 500. If the Energy sector is excluded, the blended revenue growth rate for the index would fall to 4.2% from 5.1%.

Telecom Services: 2 of 4 Companies Reported Sales Decline

The Telecom Services sector is the only sector that reported a (year-over-year) decline in revenues at -1.3%. Overall, two of the four companies in the sector reported a decline in sales for the quarter, led by CenturyLink (-7%).

Looking Ahead: Forward Estimates and Valuation

Earnings Guidance: Fewer Companies Issuing Negative EPS Guidance for Q3 than Average

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.

At this point in time, 83 companies in the index have issued EPS guidance for Q3 2017. Of these 83 companies, 50 have issued negative EPS guidance and 33 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 60% (50 out of 83), which is below the 5-year average of 75%.

In the Information Technology, Consumer Discretionary, and Health Care sectors, more companies have issued positive EPS guidance than negative EPS guidance to date for the third quarter.

Growth Expected to Continue for Remainder of 2017

For the second quarter, companies are reporting earnings growth of 10.1% and revenue growth rate of 5.1%. Analysts currently expect earnings and revenue growth to continue for the rest of 2017.

For Q3 2017, analysts are projecting earnings growth of 5.6% and revenue growth of 4.9%.

For Q4 2017, analysts are projecting earnings growth of 11.4% and revenue growth of 5.4%.

For all of 2017, analysts are projecting earnings growth of 9.5% and revenue growth of 5.5%.

Valuation: Forward P/E Ratio is 17.7, above the 10-Year Average (14.0)

The forward 12-month P/E ratio is 17.7. This P/E ratio is above the 5-year average of 15.4, and above the 10-year average of 14.0. It is also above the forward 12-month P/E ratio of 17.5 recorded at the start of the third quarter (June 30). Since the start of the third quarter, the price of the index has increased by 2.0%, while the forward 12-month EPS estimate has increased by 0.8%.

At the sector level, the Energy (29.2) sector has the highest forward 12-month P/E ratio, while the Telecom Services (13.0) sector has the lowest forward 12-month P/E ratio. Nine sectors have forward 12-month P/E ratios that are above their 10-year averages, led by the Energy (29.2 vs. 18.6) sector. One sector (Telecom Services) has a forward 12-month P/E ratio that is below the 10-year average (13.0 vs. 14.2). Historical averages are not available for the Real Estate sector.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

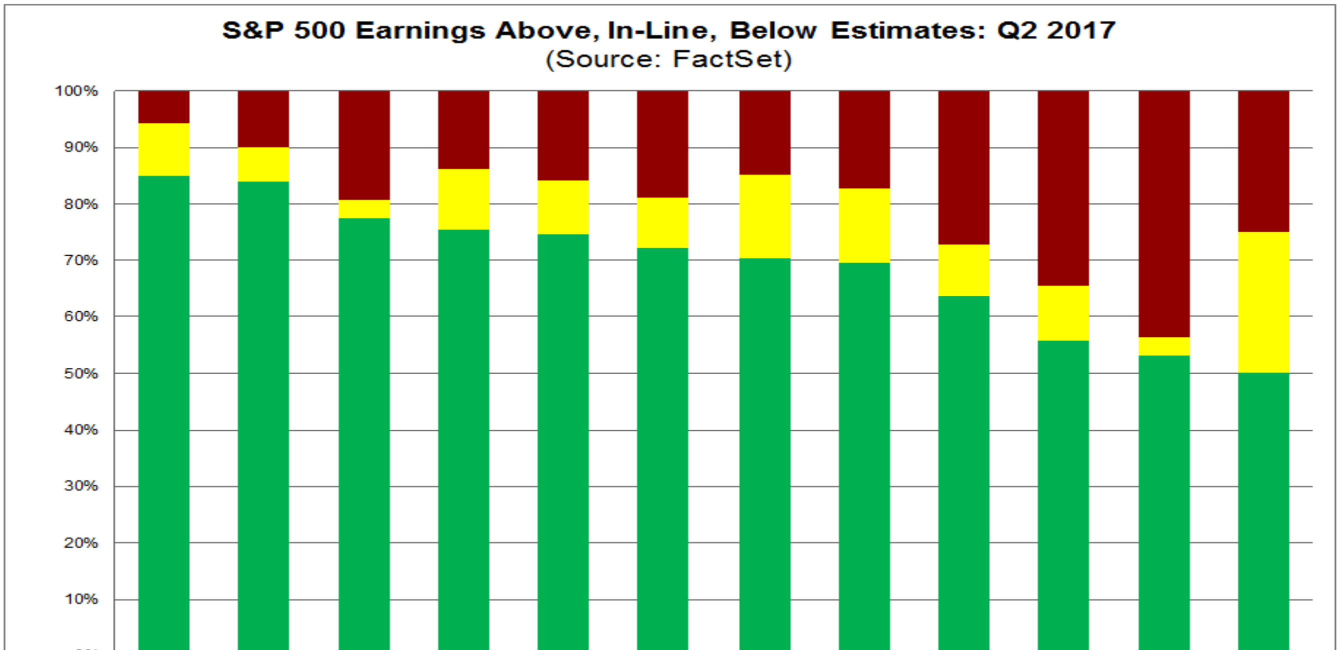
The bottom-up target price for the S&P 500 is 2697.22, which is 9.1% above the closing price of 2472.16. At the sector level, the Energy (+12.1%) and Consumer Discretionary (+12.0%) sectors have the largest upside differences between the bottom-up target price and the closing price, while the Utilities (+1.2%) sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 11,140 ratings on stocks in the S&P 500. Of these 11,140 ratings, 49.1% are Buy ratings, 45.5% are Hold ratings, and 5.4% are Sell ratings. At the sector level, the Information Technology and Energy sectors have the highest percentage of Buy ratings at 57%, while the Consumer Staples sector has the highest percentages of Sell ratings at 7%.

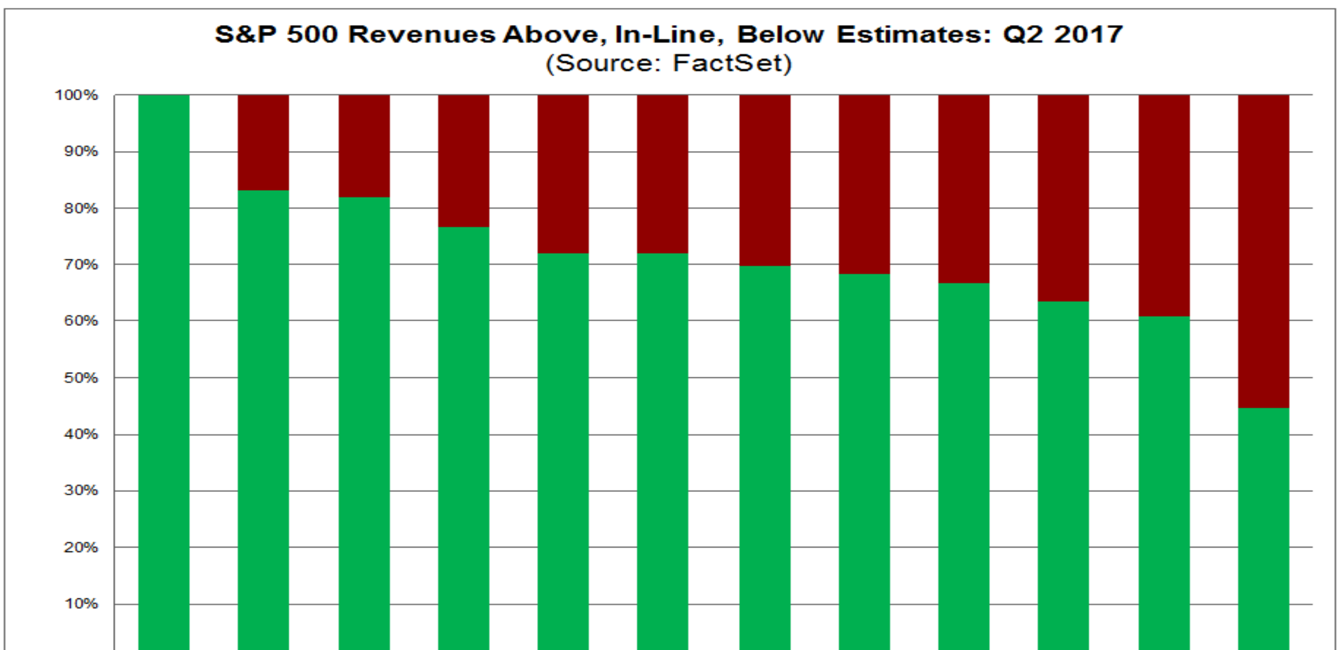
Companies Reporting Next Week: 36

During the upcoming week, 36 S&P 500 companies (including one Dow 30 component) are scheduled to report results for the second quarter.

Q2 2017: Scorecard

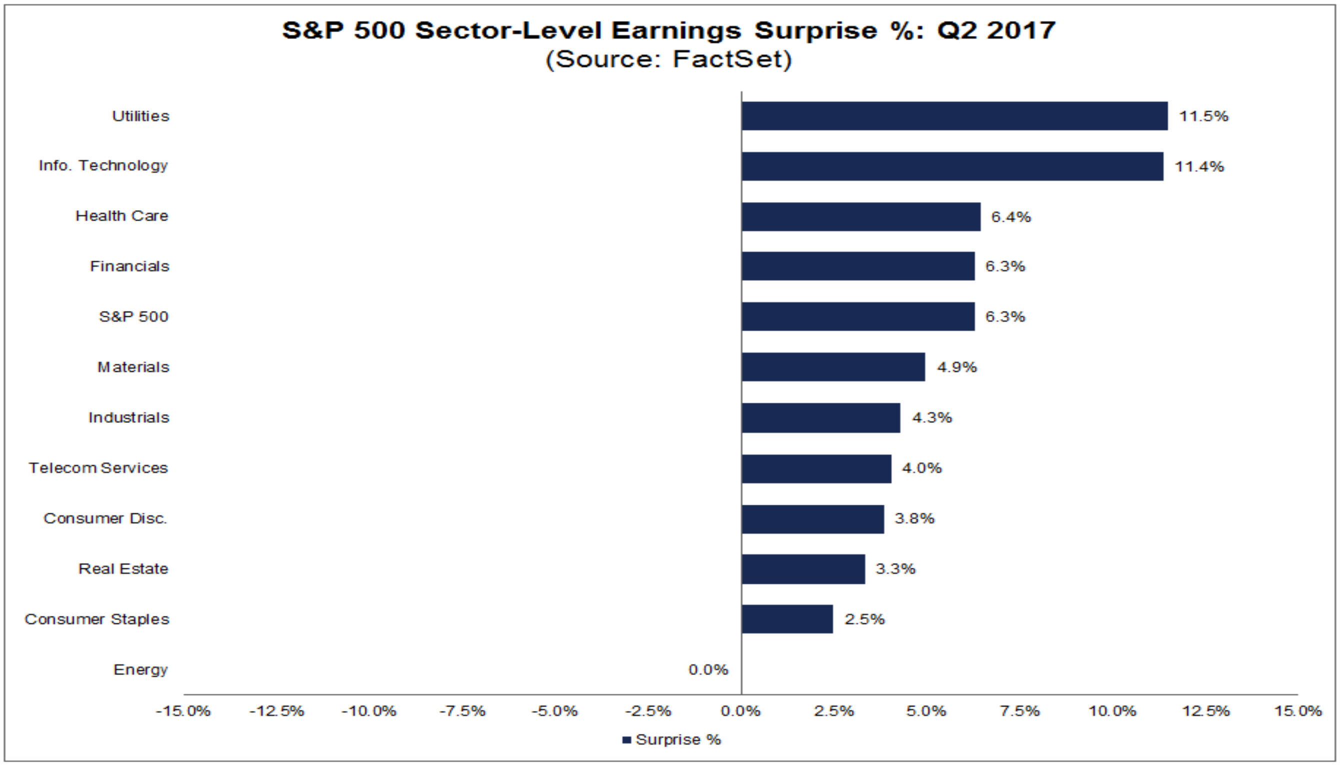


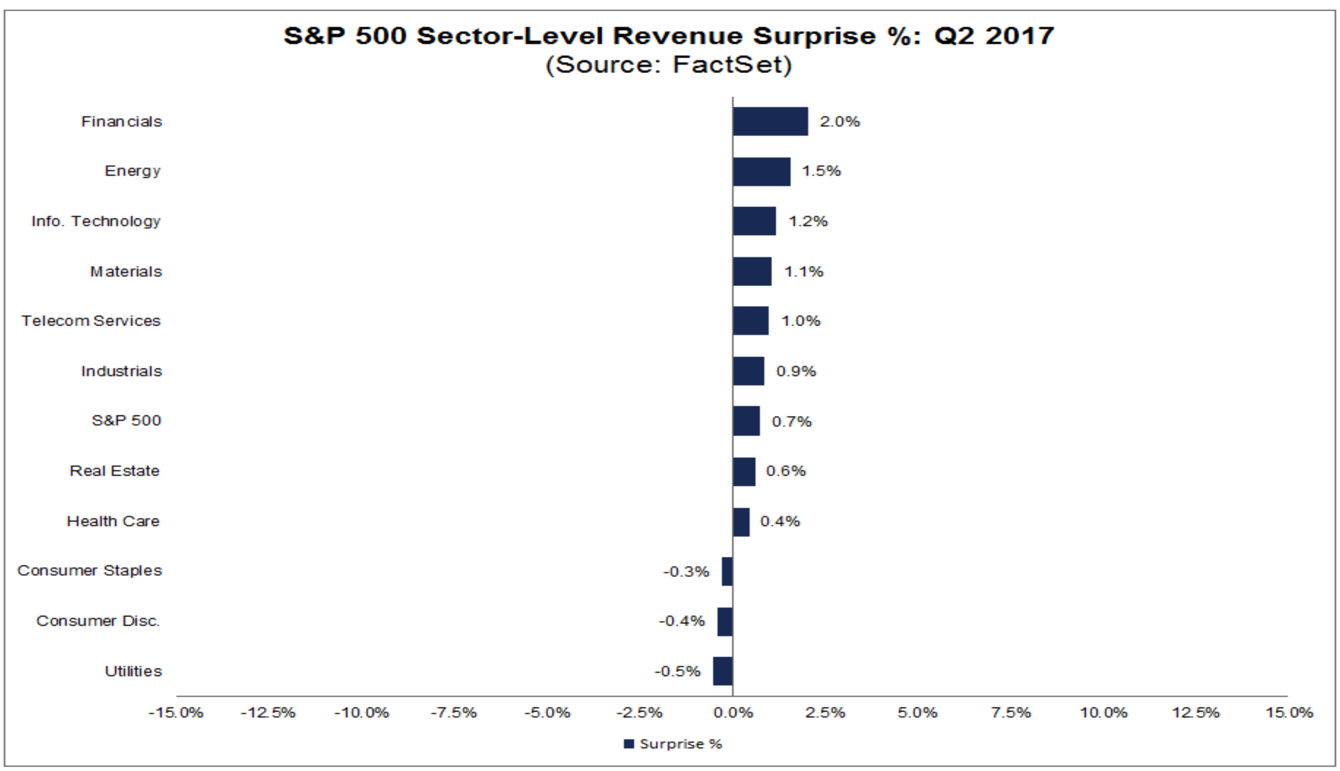
	Info. Technology	Health Care	Real Estate	Financials	Industrials	S&P 500	Utilities	Consumer Staples	Materials	Consumer Disc.	Energy	Telecom Services
Below	6%	10%	19%	14%	16%	19%	15%	17%	27%	35%	44%	25%
In-Line	9%	6%	3%	11%	10%	9%	15%	13%	9%	10%	3%	25%
Above	85%	84%	77%	75%	75%	72%	70%	70%	64%	56%	53%	50%



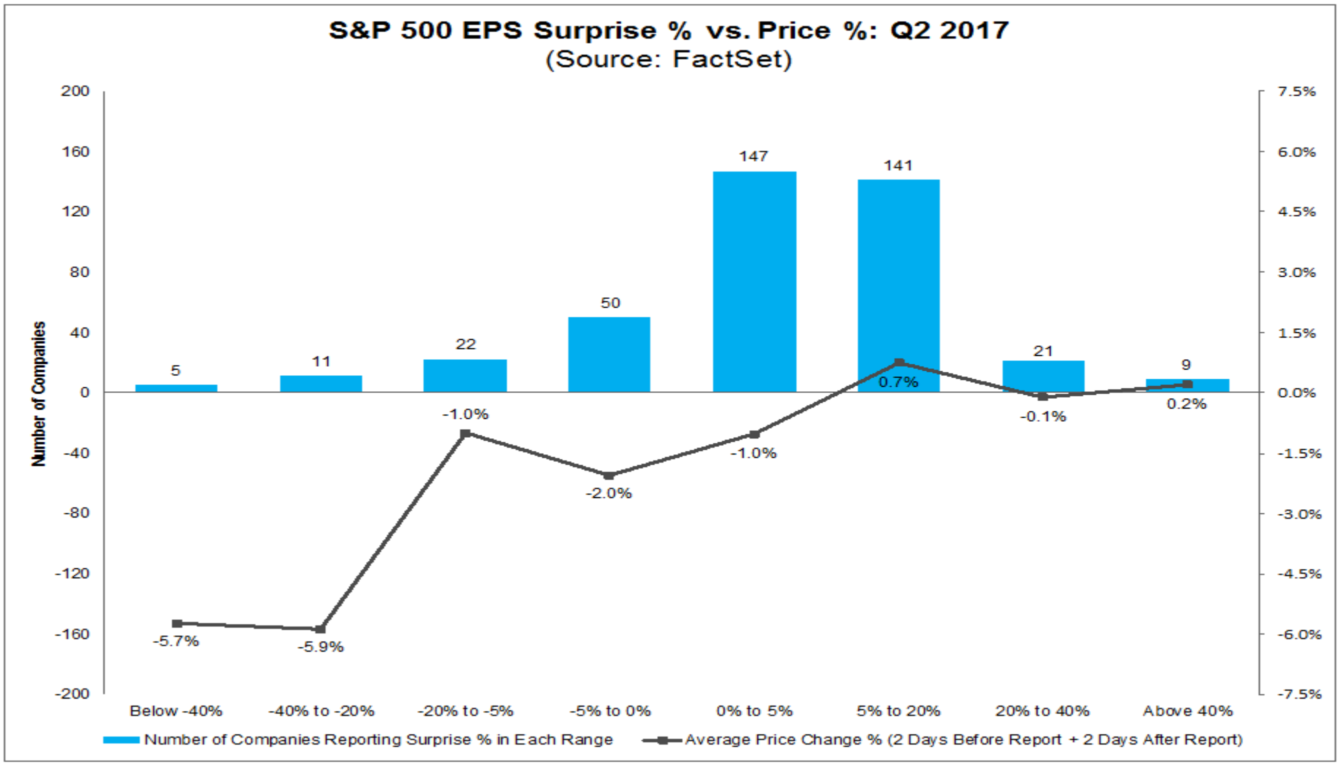
	Telecom Services	Info. Technology	Materials	Real Estate	Health Care	Energy	S&P 500	Financials	Industrials	Consumer Disc.	Consumer Staples	Utilities
Below	0%	17%	18%	23%	28%	28%	30%	32%	33%	37%	39%	56%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	83%	82%	77%	72%	72%	70%	68%	67%	63%	61%	44%

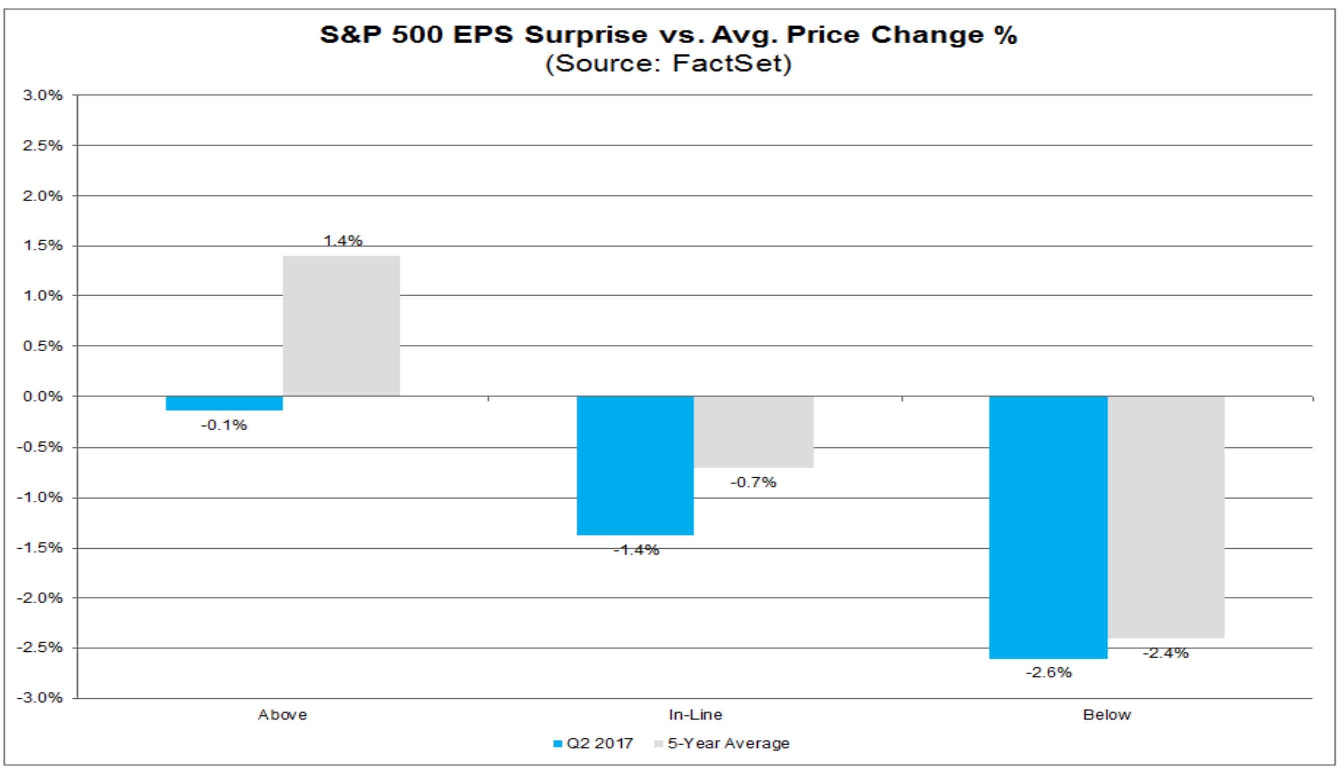
Q2 2017: Scorecard



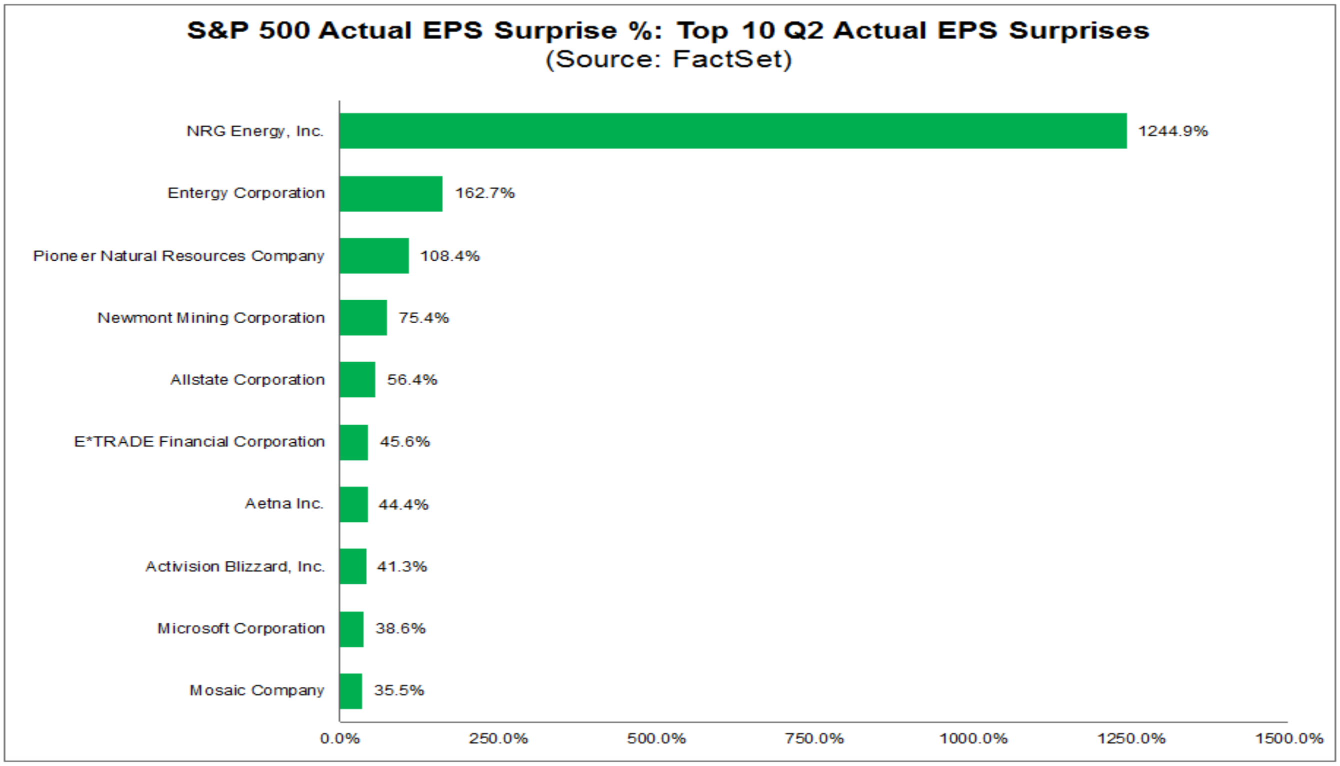


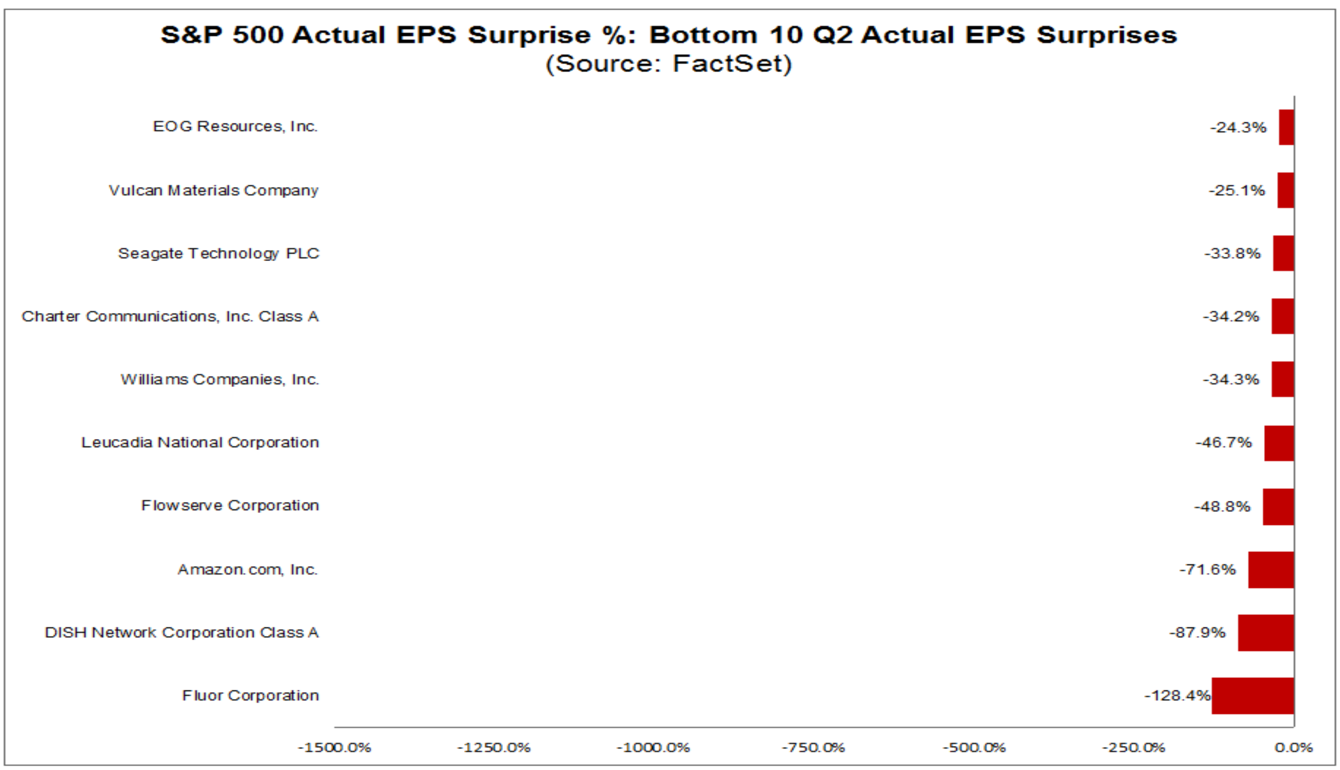
Q2 2017: Scorecard



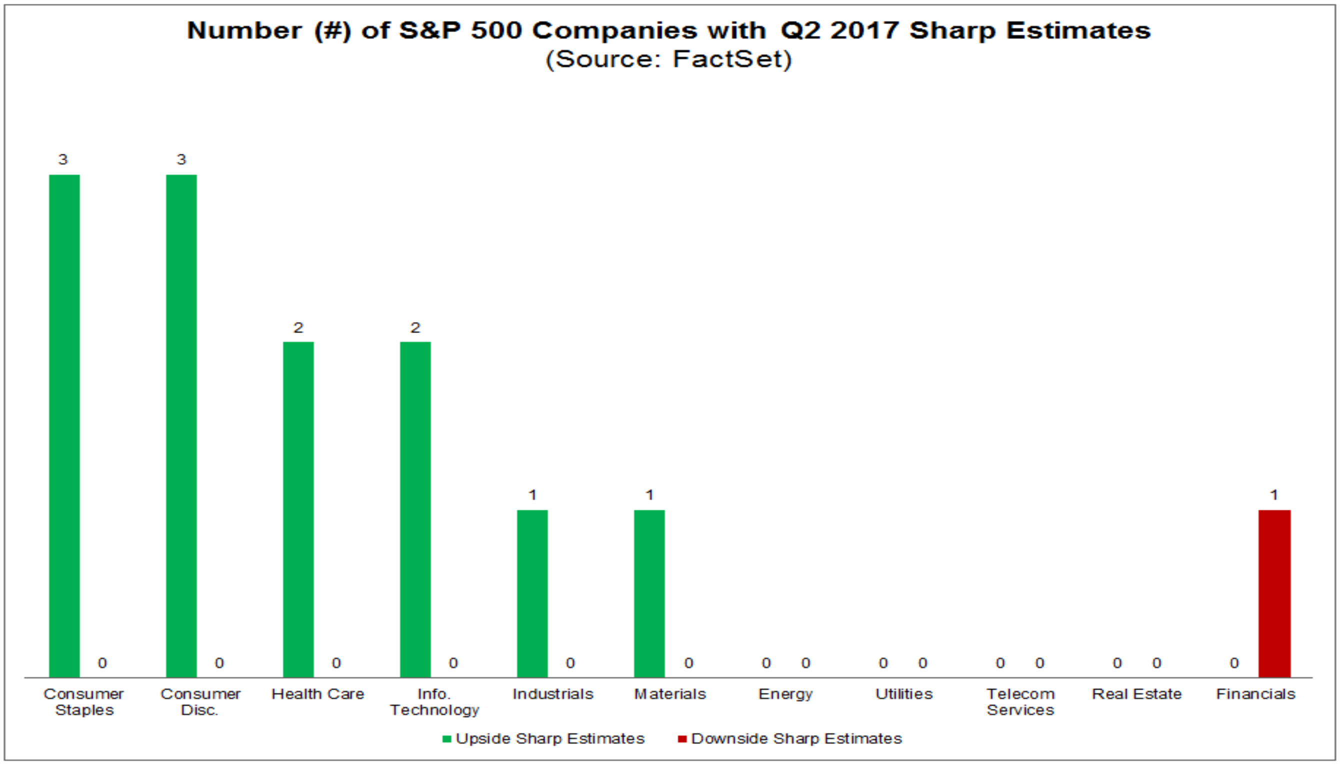


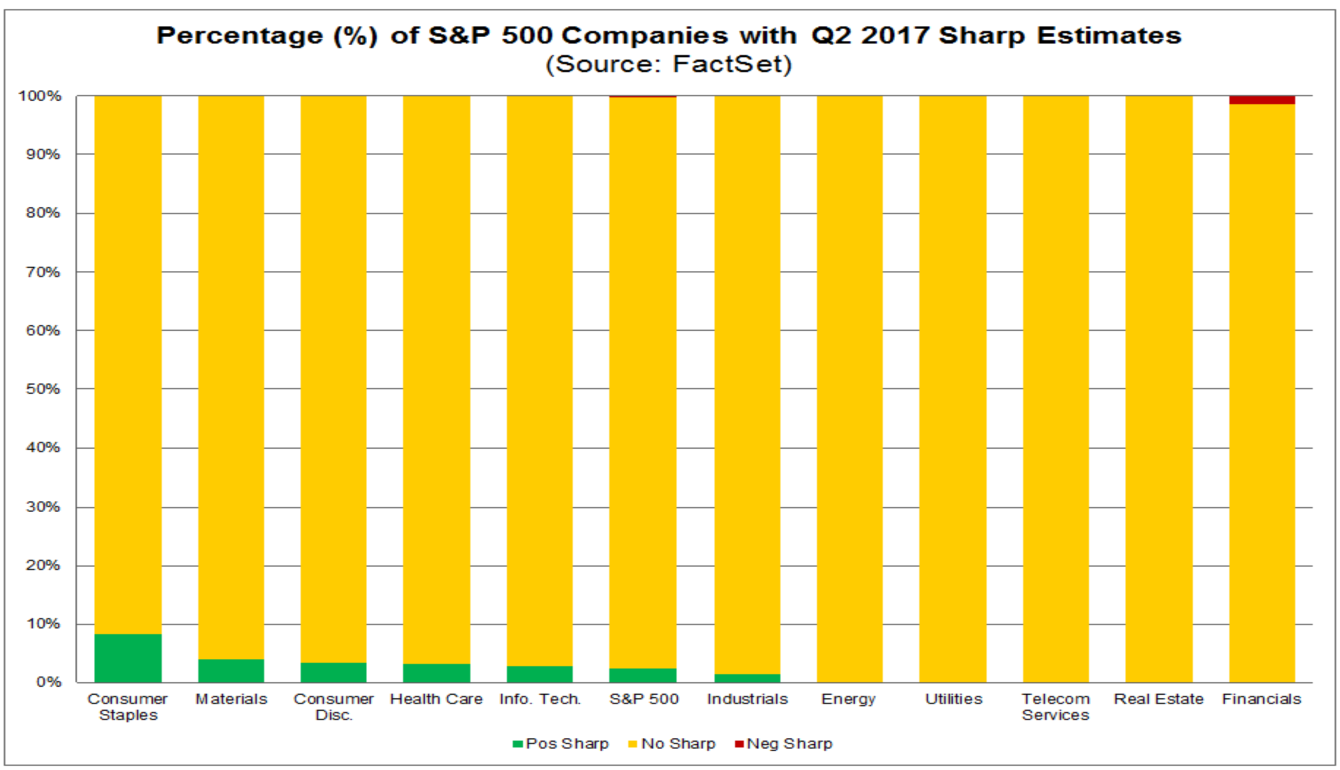
Q2 2017: Scorecard



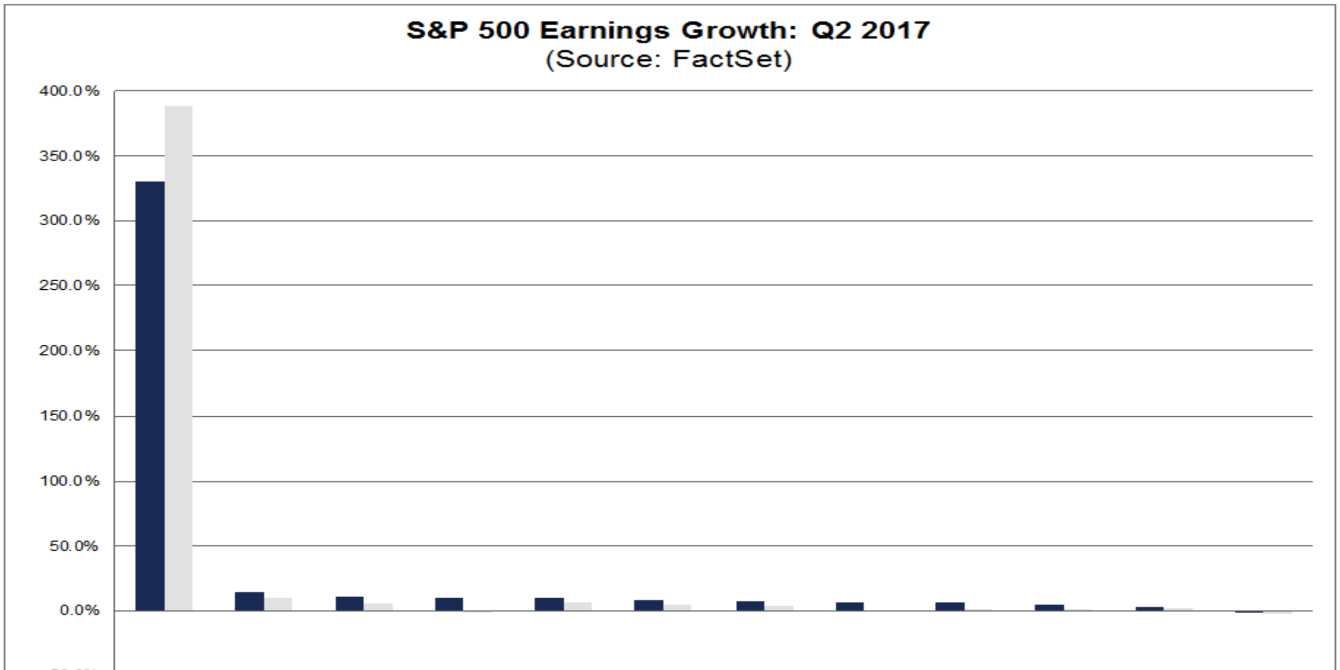


Q2 2017: Projected EPS Surprises (Sharp Estimates)

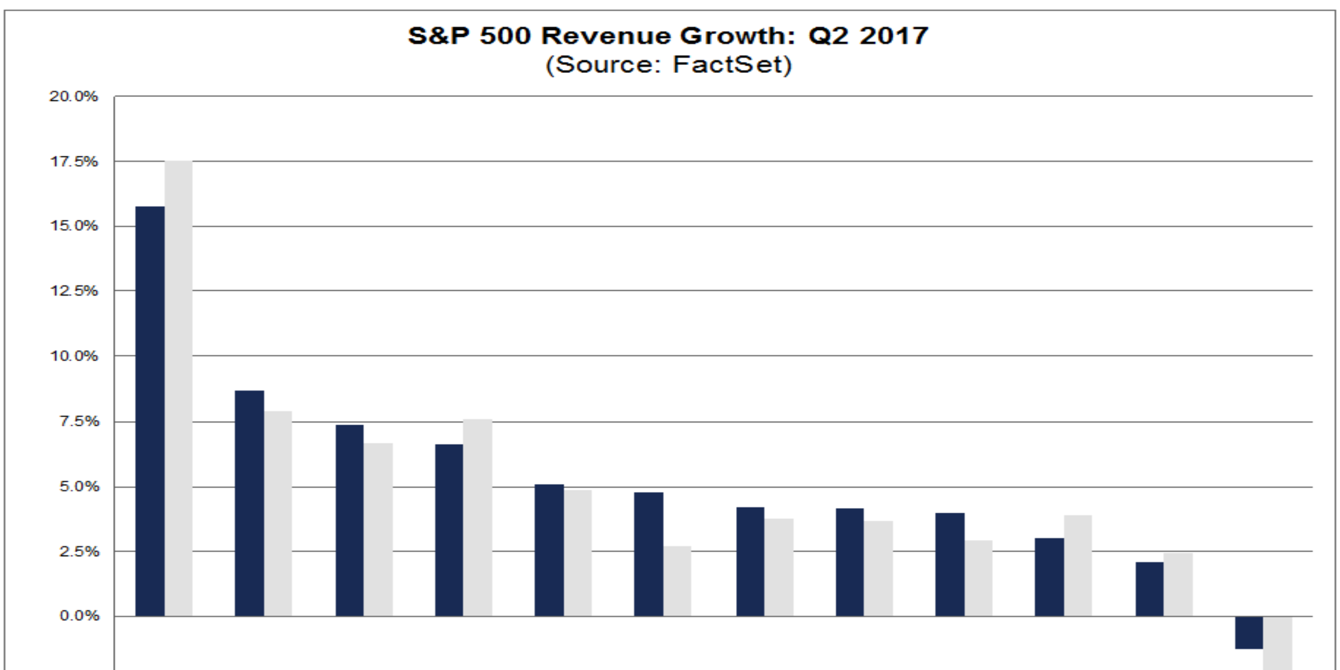




Q2 2017: Growth



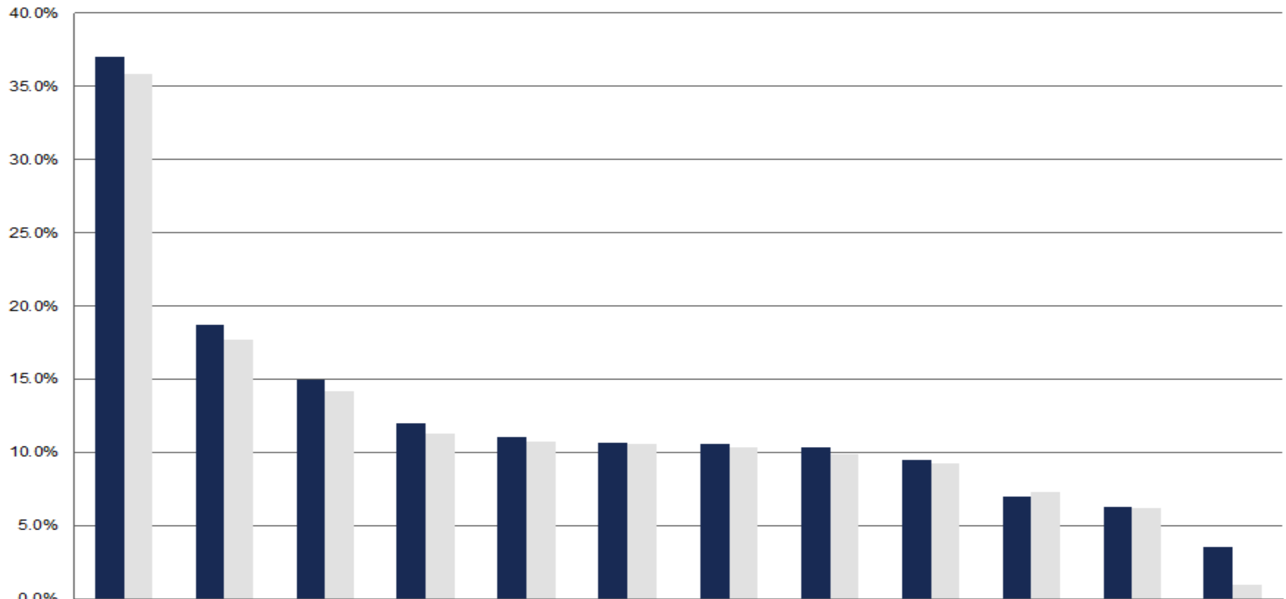
	Energy	Info. Technology	Financials	Utilities	S&P 500	Materials	Real Estate	Health Care	Industrials	Telecom Services	Consumer Staples	Consumer Disc.
Today	330.2%	14.3%	11.0%	10.5%	10.1%	8.0%	7.6%	6.4%	6.4%	4.8%	3.3%	-0.9%
30-Jun	388.6%	10.2%	5.9%	-0.1%	6.4%	4.9%	3.7%	0.4%	1.7%	1.1%	2.5%	-2.1%



	Energy	Info. Technology	Materials	Utilities	S&P 500	Financials	Real Estate	Health Care	Industrials	Consumer Disc.	Consumer Staples	Telecom Services
Today	15.8%	8.7%	7.4%	6.6%	5.1%	4.8%	4.2%	4.2%	4.0%	3.0%	2.1%	-1.3%
30-Jun	17.5%	7.9%	6.7%	7.6%	4.9%	2.7%	3.8%	3.7%	2.9%	3.9%	2.5%	-2.1%

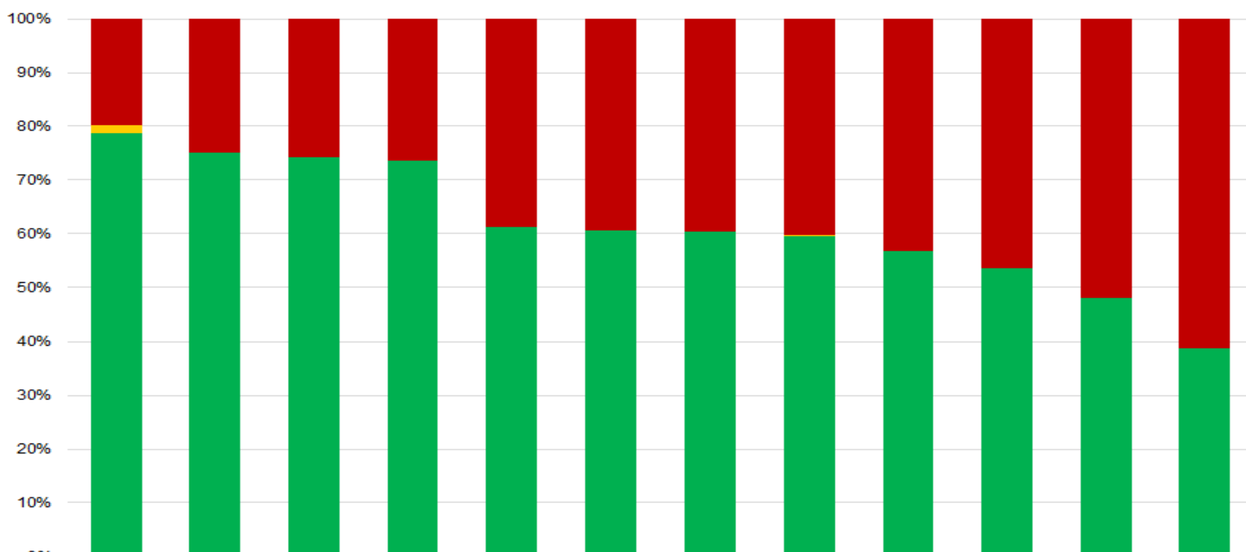
Q2 2017: Net Profit Margin

S&P 500 Net Profit Margins: Q217 vs. Q216
(Source: FactSet)



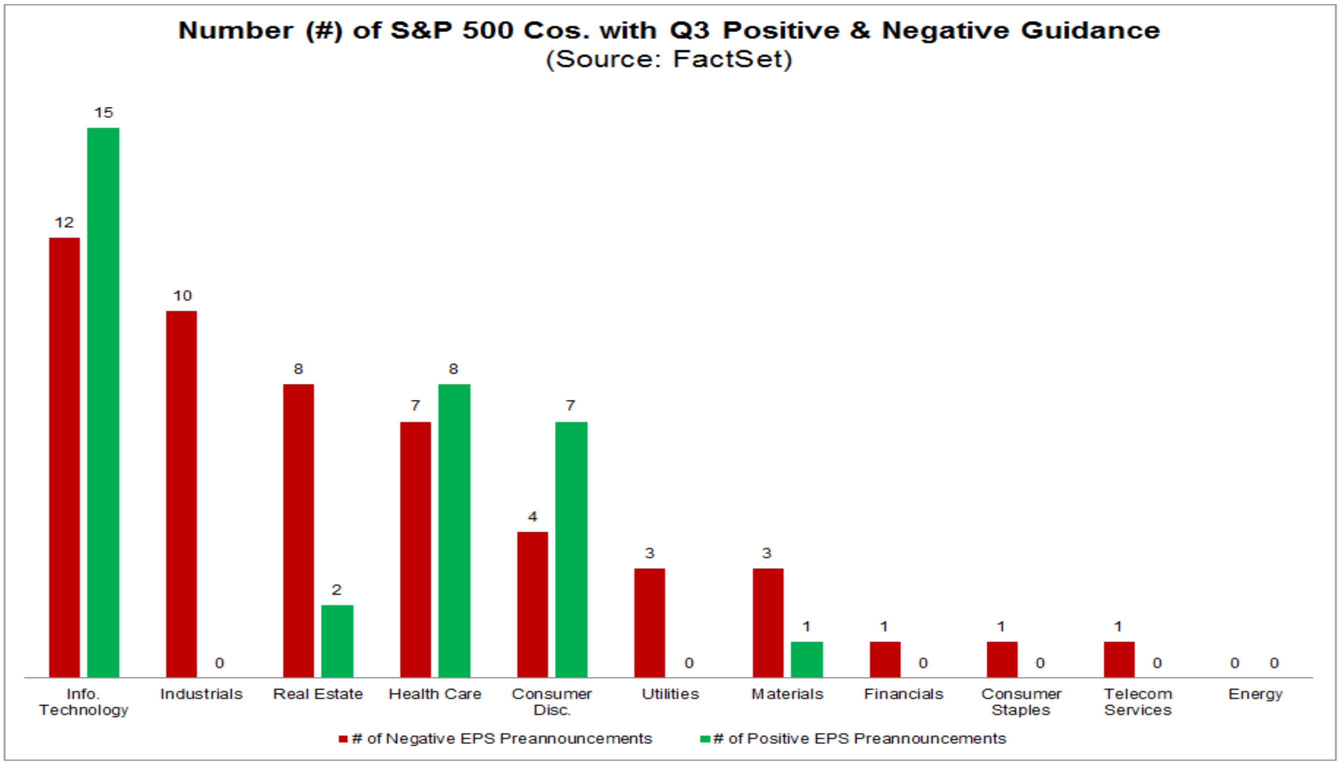
	Real Estate	Information Tech	Financials	Telecom Services	Utilities	Materials	Health Care	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Energy
Q217	37.0%	18.7%	15.0%	12.0%	11.1%	10.7%	10.6%	10.4%	9.5%	7.0%	6.3%	3.5%
Q216	35.9%	17.7%	14.2%	11.3%	10.7%	10.6%	10.4%	9.9%	9.3%	7.3%	6.2%	1.0%

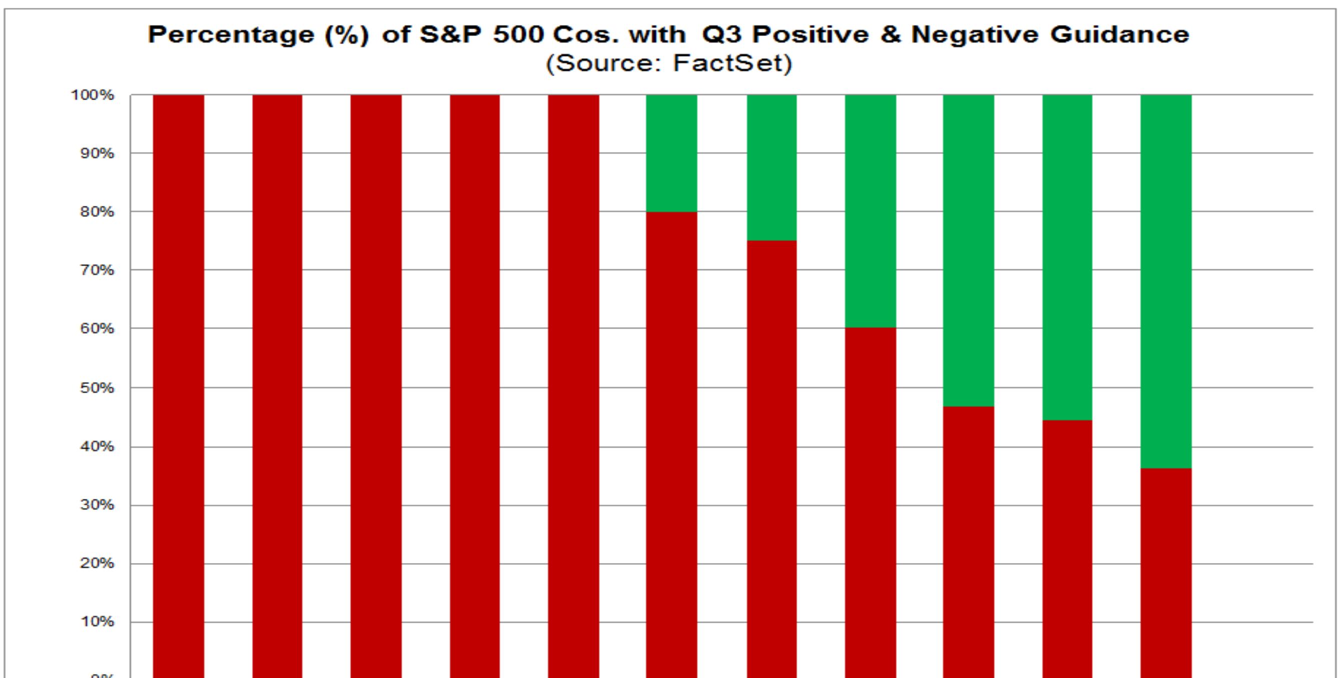
S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin: Q217 vs. Q216
(Source: FactSet)



	Financials	Telecom Services	Real Estate	Energy	Consumer Staples	Health Care	Information Tech.	S&P 500	Industrials	Utilities	Materials	Consumer Disc.
Down %	20%	25%	26%	26%	39%	39%	40%	40%	43%	46%	52%	61%
None %	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	79%	75%	74%	74%	61%	61%	60%	60%	57%	54%	48%	39%

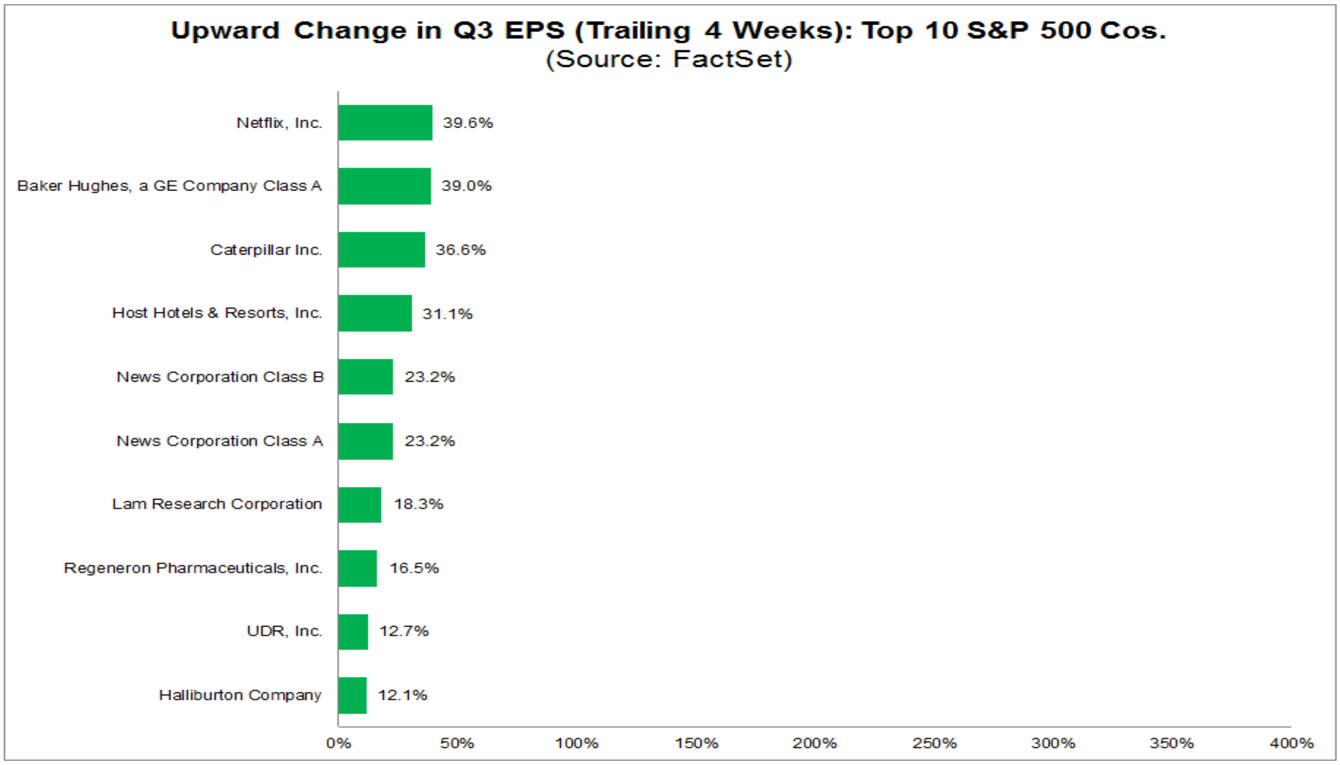
Q3 2017: Guidance

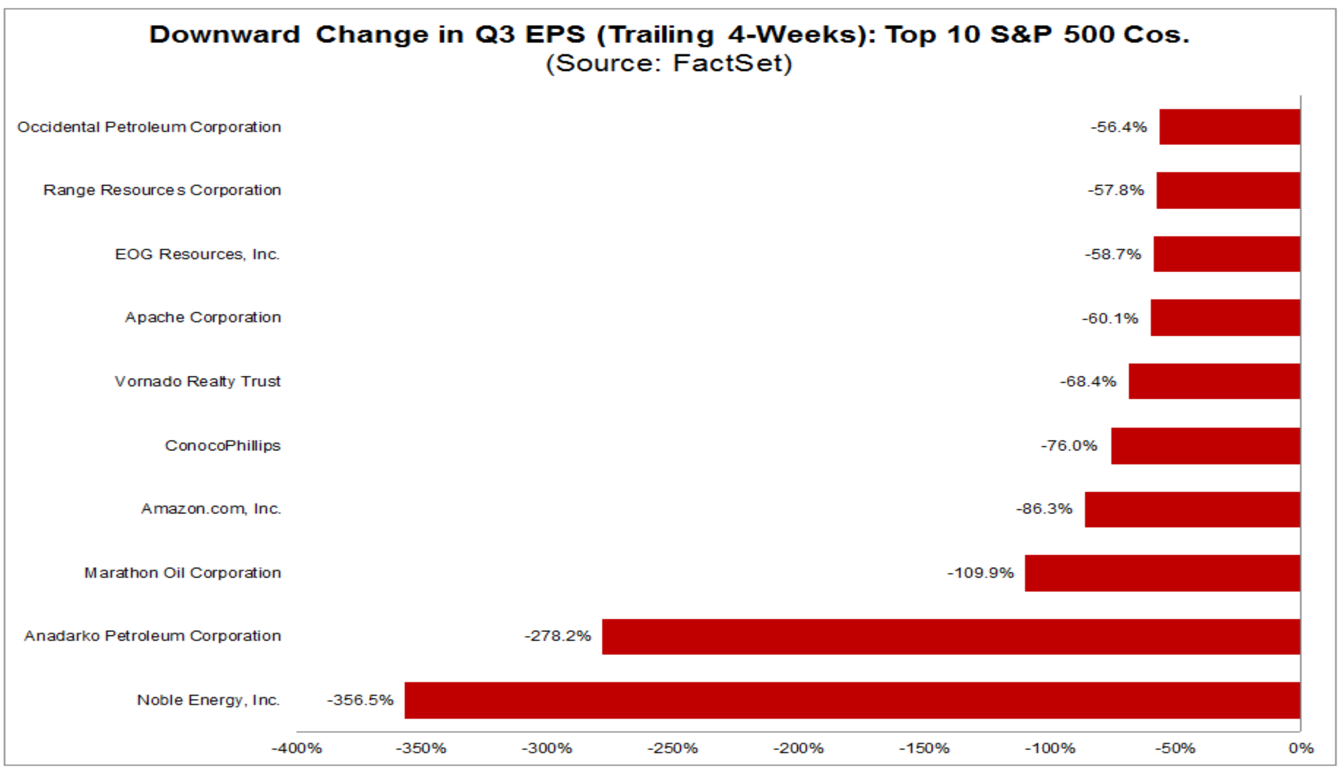




	Industrials	Utilities	Financials	Consumer Staples	Telecom Services	Real Estate	Materials	S&P 500	Health Care	Info. Technology	Consumer Disc.	Energy
Positive	0%	0%	0%	0%	0%	20%	25%	40%	53%	56%	64%	0%
Negative	100%	100%	100%	100%	100%	80%	75%	60%	47%	44%	36%	0%

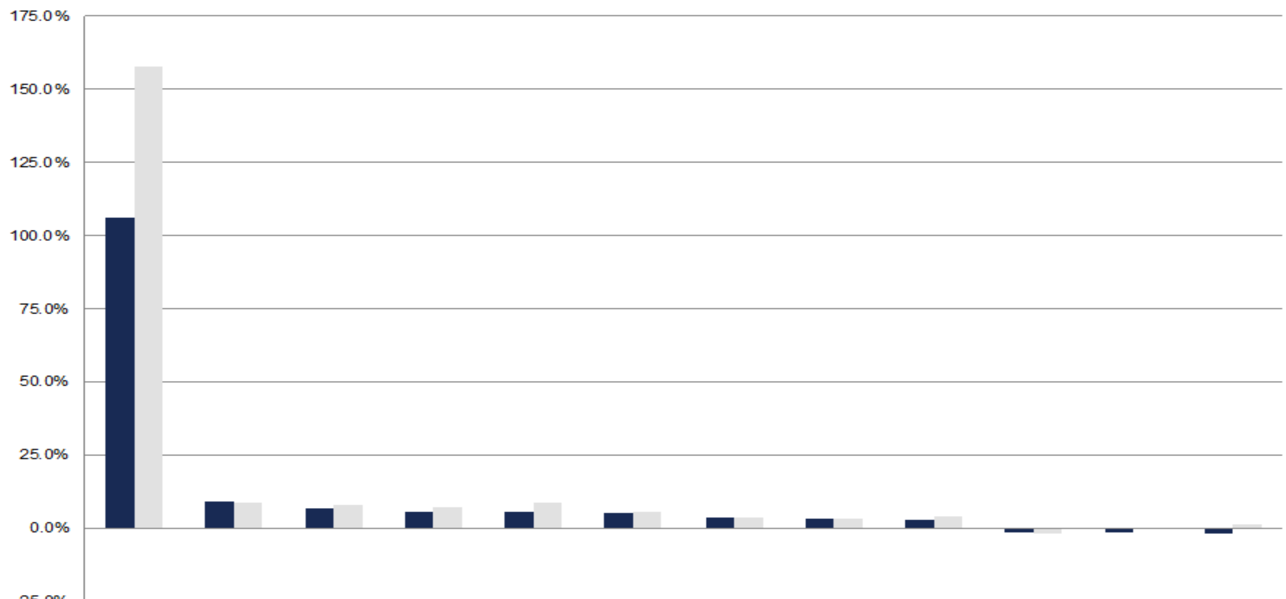
Q3 2017: EPS Revisions





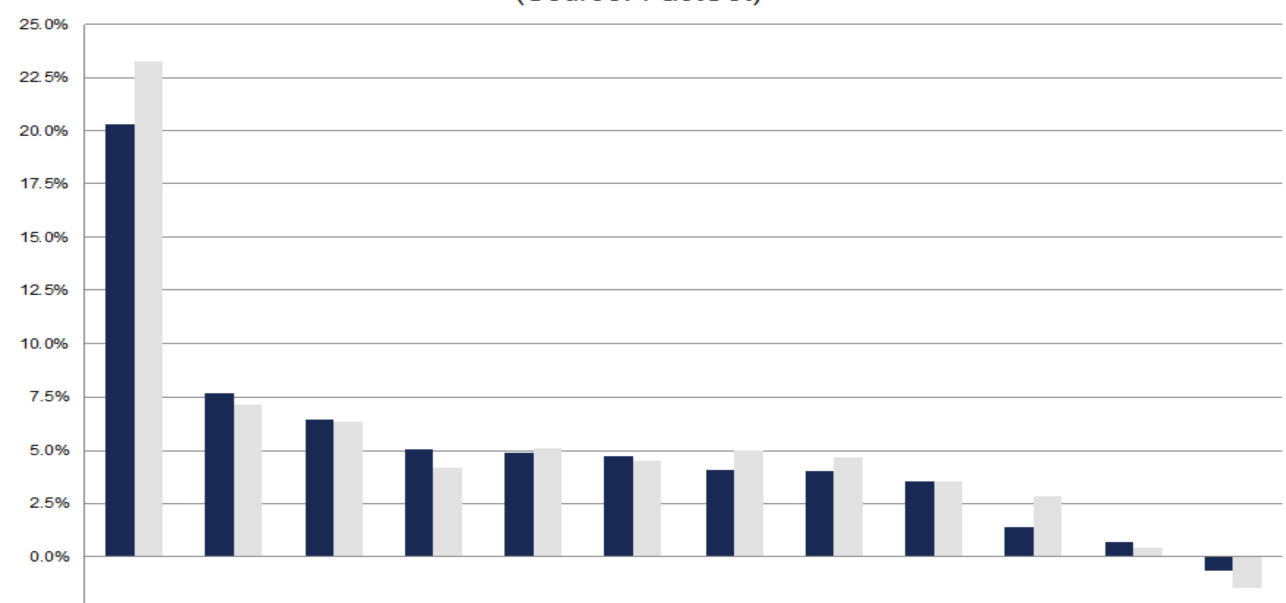
Q3 2017: Growth

S&P 500 Earnings Growth: Q3 2017
(Source: FactSet)



	Energy	Info. Technology	Real Estate	S&P 500	Materials	Industrials	Financials	Health Care	Consumer Staples	Telecom Services	Utilities	Consumer Disc.
Today	106.0%	9.1%	6.7%	5.6%	5.6%	5.3%	3.6%	3.3%	2.8%	-1.2%	-1.4%	-1.6%
30-Jun	157.6%	8.6%	8.1%	7.1%	8.9%	5.7%	3.9%	3.5%	4.2%	-1.7%	-0.2%	1.3%

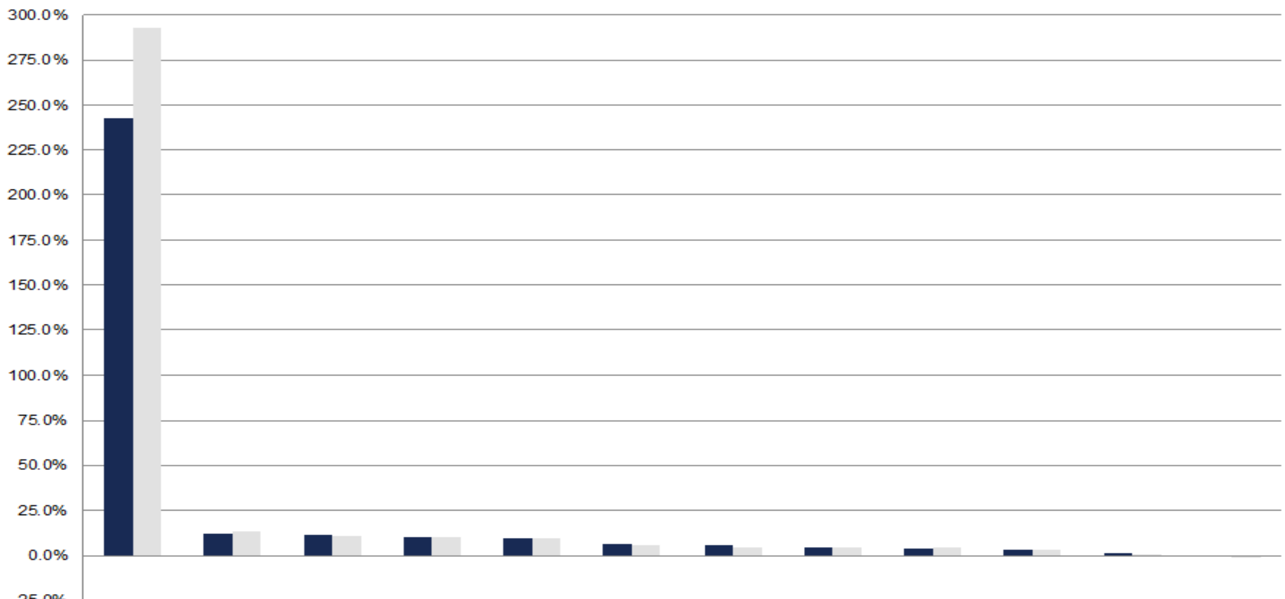
S&P 500 Revenue Growth: Q3 2017
(Source: FactSet)



	Energy	Info. Technology	Materials	Industrials	S&P 500	Health Care	Utilities	Real Estate	Consumer Staples	Consumer Disc.	Financials	Telecom Services
Today	20.3%	7.7%	6.5%	5.1%	4.9%	4.7%	4.1%	4.1%	3.6%	1.4%	0.7%	-0.7%
30-Jun	23.3%	7.1%	6.4%	4.2%	5.1%	4.5%	5.0%	4.7%	3.6%	2.8%	0.4%	-1.5%

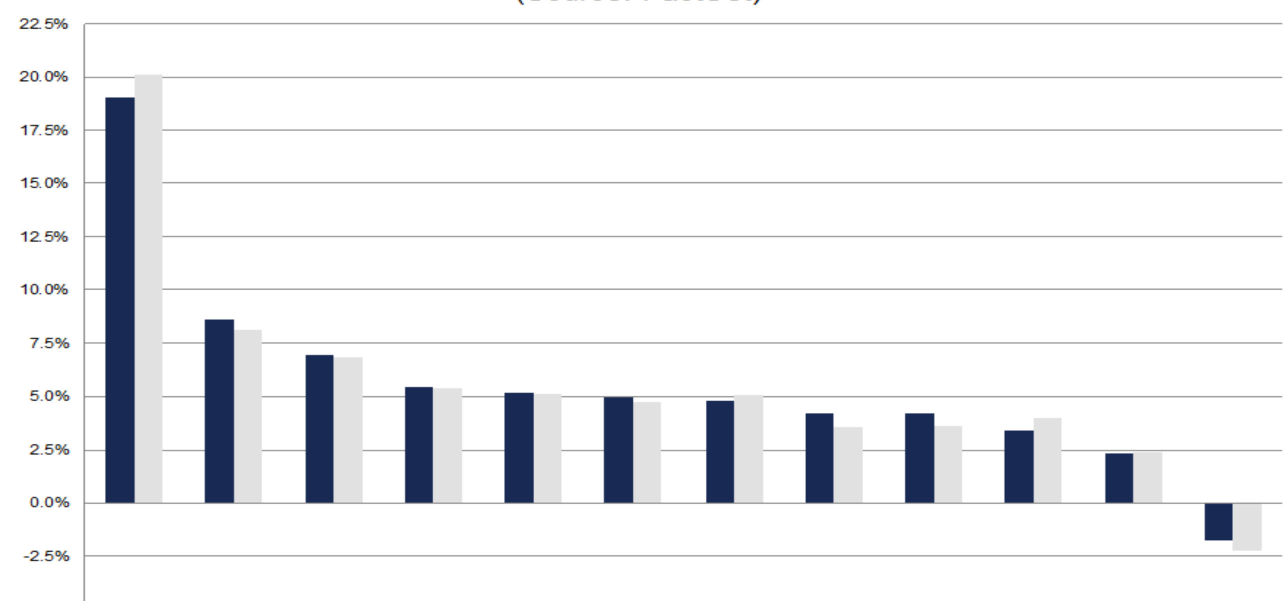
CY 2017: Growth

S&P 500 Earnings Growth: CY 2017
(Source: FactSet)



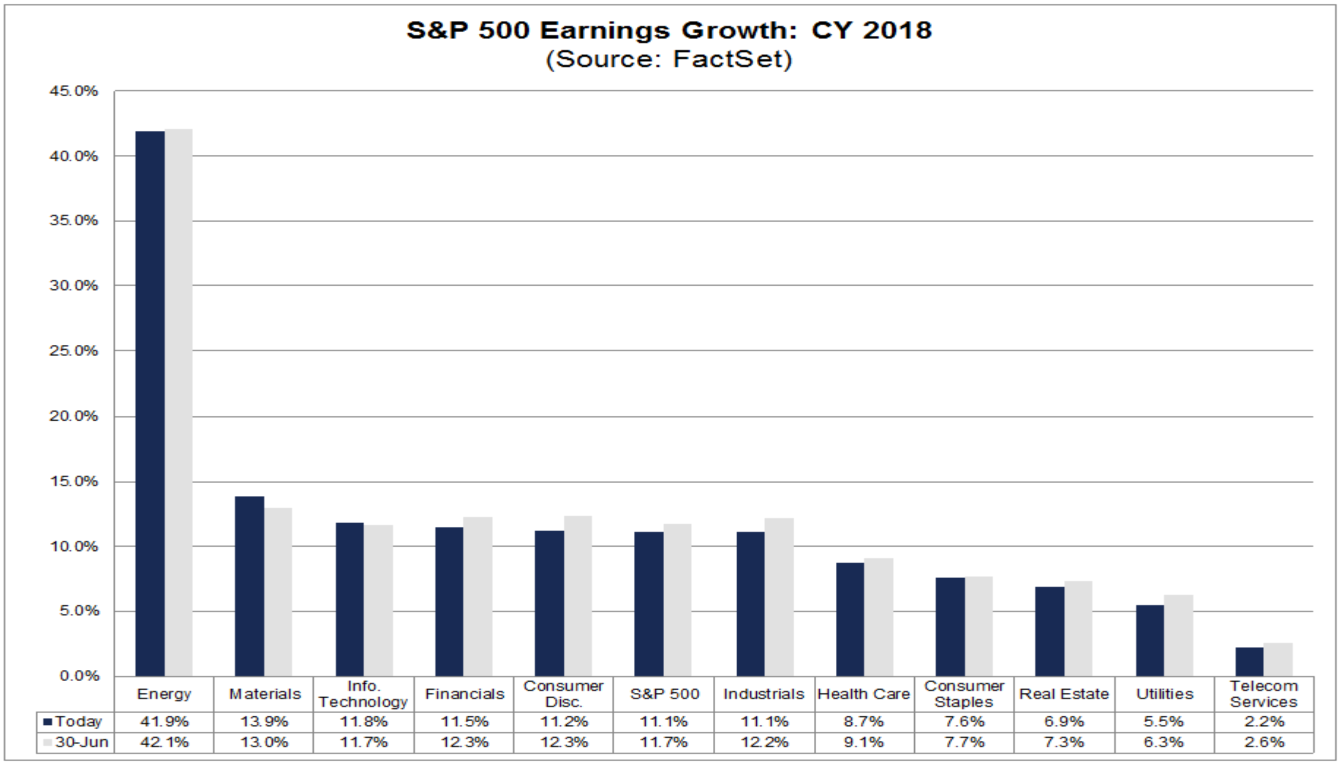
	Energy	Materials	Financials	Info. Technology	S&P 500	Industrials	Health Care	Real Estate	Consumer Disc.	Consumer Staples	Utilities	Telecom Services
Today	242.4%	12.3%	11.7%	10.4%	9.5%	6.3%	5.5%	4.5%	4.1%	3.0%	1.4%	-0.6%
30-Jun	292.8%	13.2%	10.7%	10.2%	9.6%	5.5%	4.4%	4.5%	4.5%	3.3%	0.6%	-1.5%

S&P 500 Revenue Growth: CY 2017
(Source: FactSet)

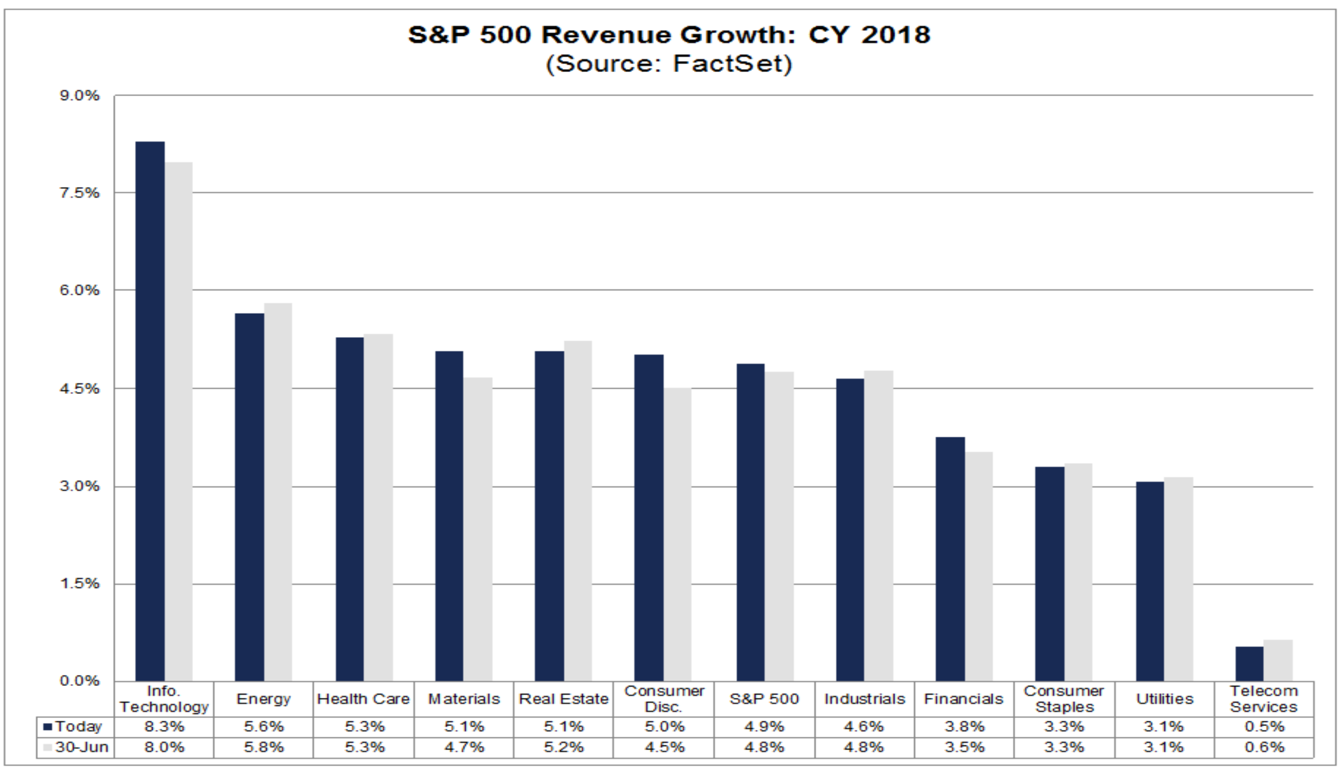


	Energy	Info. Technology	Materials	S&P 500	Utilities	Health Care	Real Estate	Financials	Industrials	Consumer Disc.	Consumer Staples	Telecom Services
Today	19.1%	8.6%	7.0%	5.5%	5.2%	5.0%	4.8%	4.2%	4.2%	3.4%	2.3%	-1.7%
30-Jun	20.1%	8.1%	6.9%	5.4%	5.2%	4.8%	5.1%	3.6%	3.6%	4.0%	2.4%	-2.2%

CY 2018: Growth

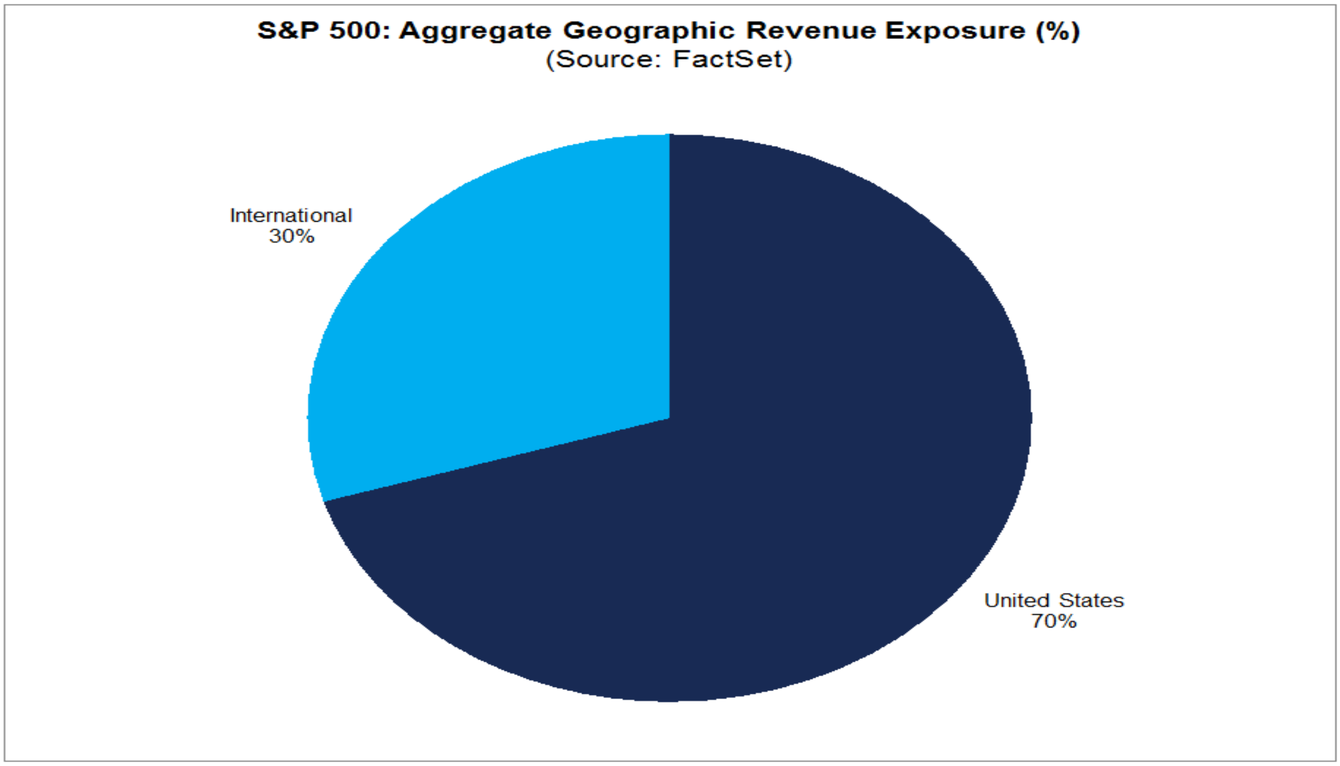


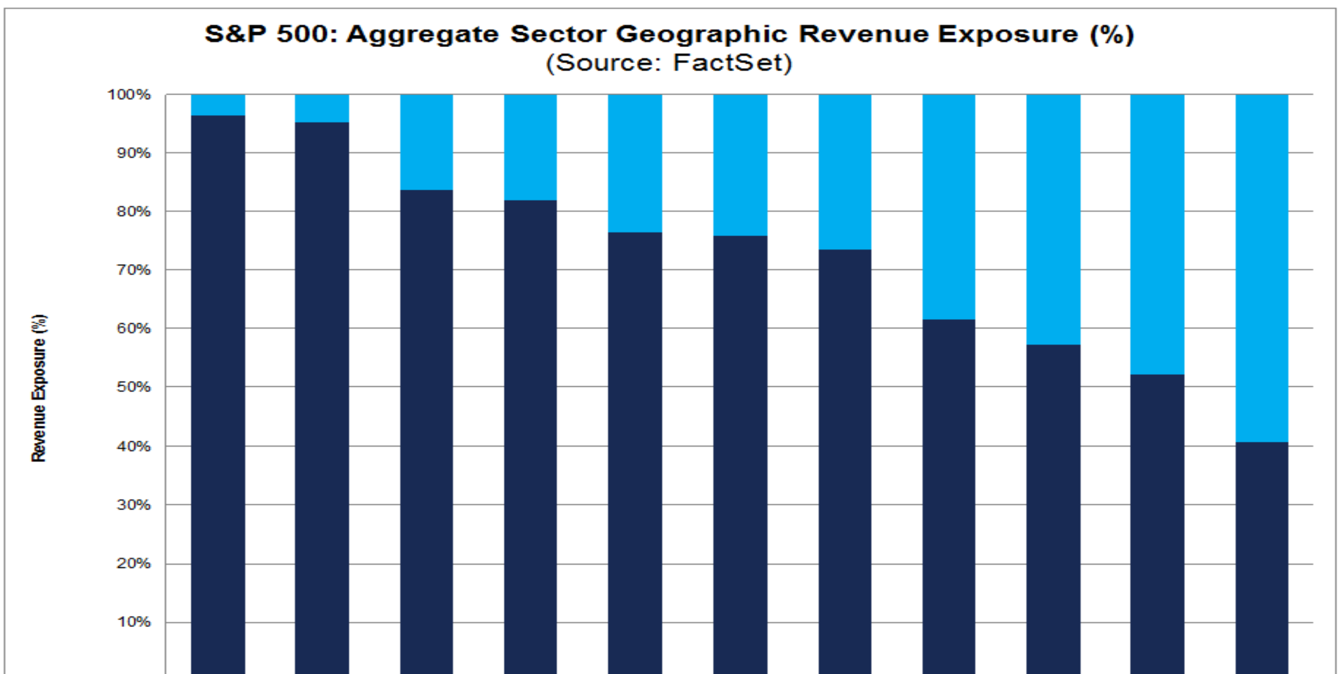
	Energy	Materials	Info. Technology	Financials	Consumer Disc.	S&P 500	Industrials	Health Care	Consumer Staples	Real Estate	Utilities	Telecom Services
Today	41.9%	13.9%	11.8%	11.5%	11.2%	11.1%	11.1%	8.7%	7.6%	6.9%	5.5%	2.2%
30-Jun	42.1%	13.0%	11.7%	12.3%	12.3%	11.7%	12.2%	9.1%	7.7%	7.3%	6.3%	2.6%



	Info. Technology	Energy	Health Care	Materials	Real Estate	Consumer Disc.	S&P 500	Industrials	Financials	Consumer Staples	Utilities	Telecom Services
Today	8.3%	5.6%	5.3%	5.1%	5.1%	5.0%	4.9%	4.6%	3.8%	3.3%	3.1%	0.5%
30-Jun	8.0%	5.8%	5.3%	4.7%	5.2%	4.5%	4.8%	4.8%	3.5%	3.3%	3.1%	0.6%

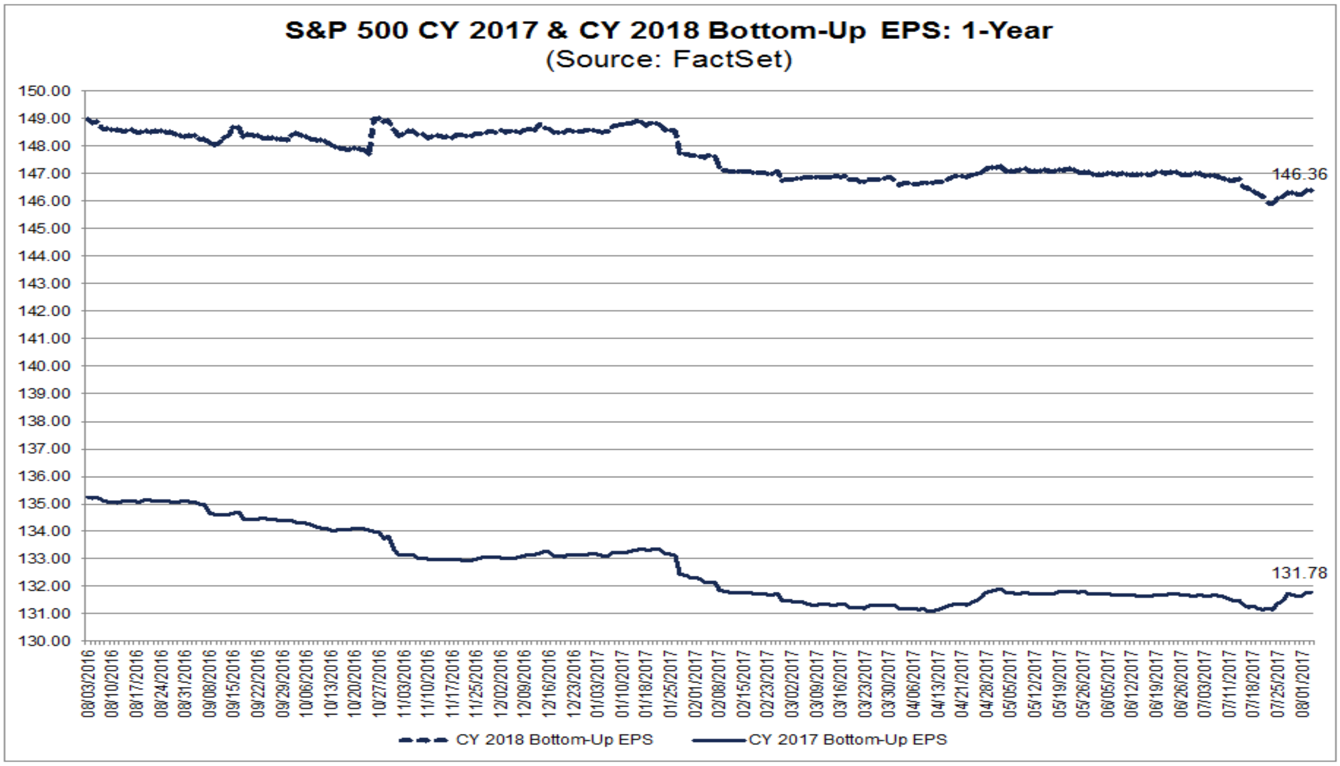
Geographic Revenue Exposure

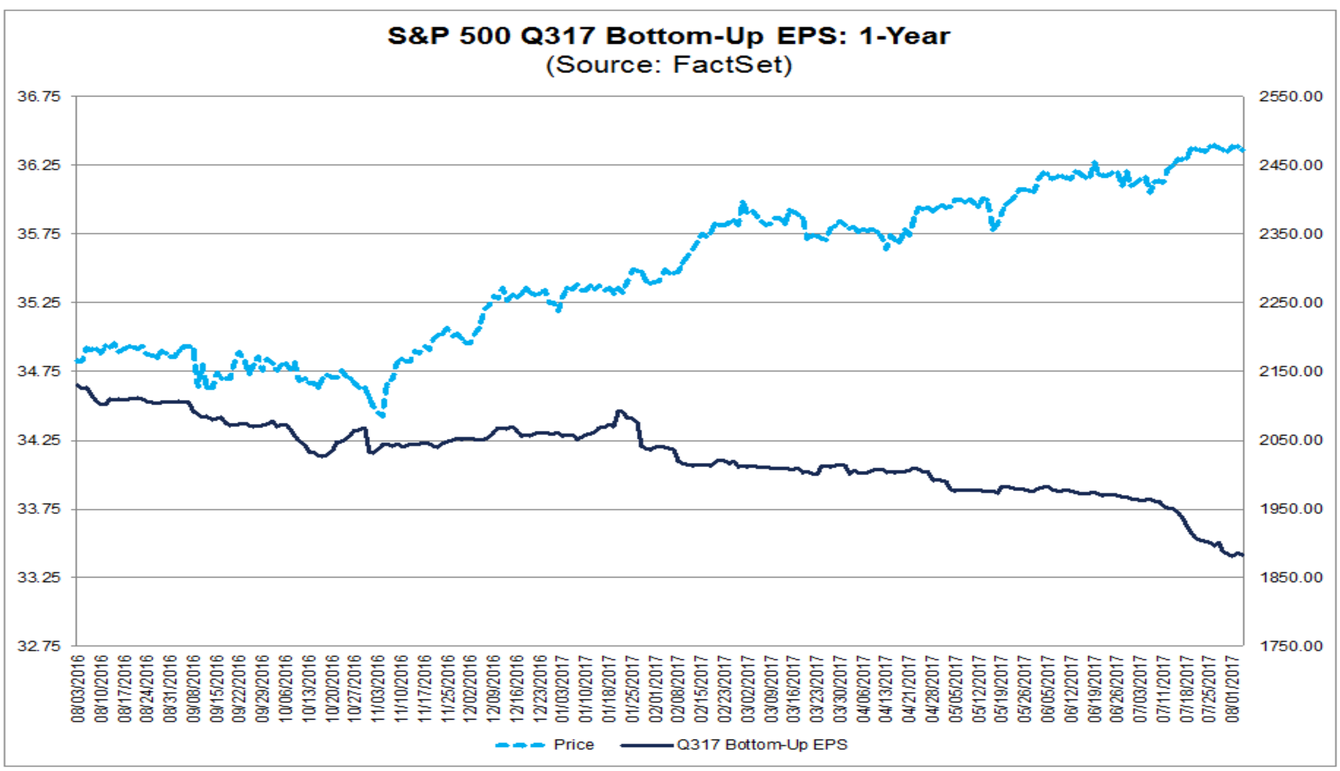




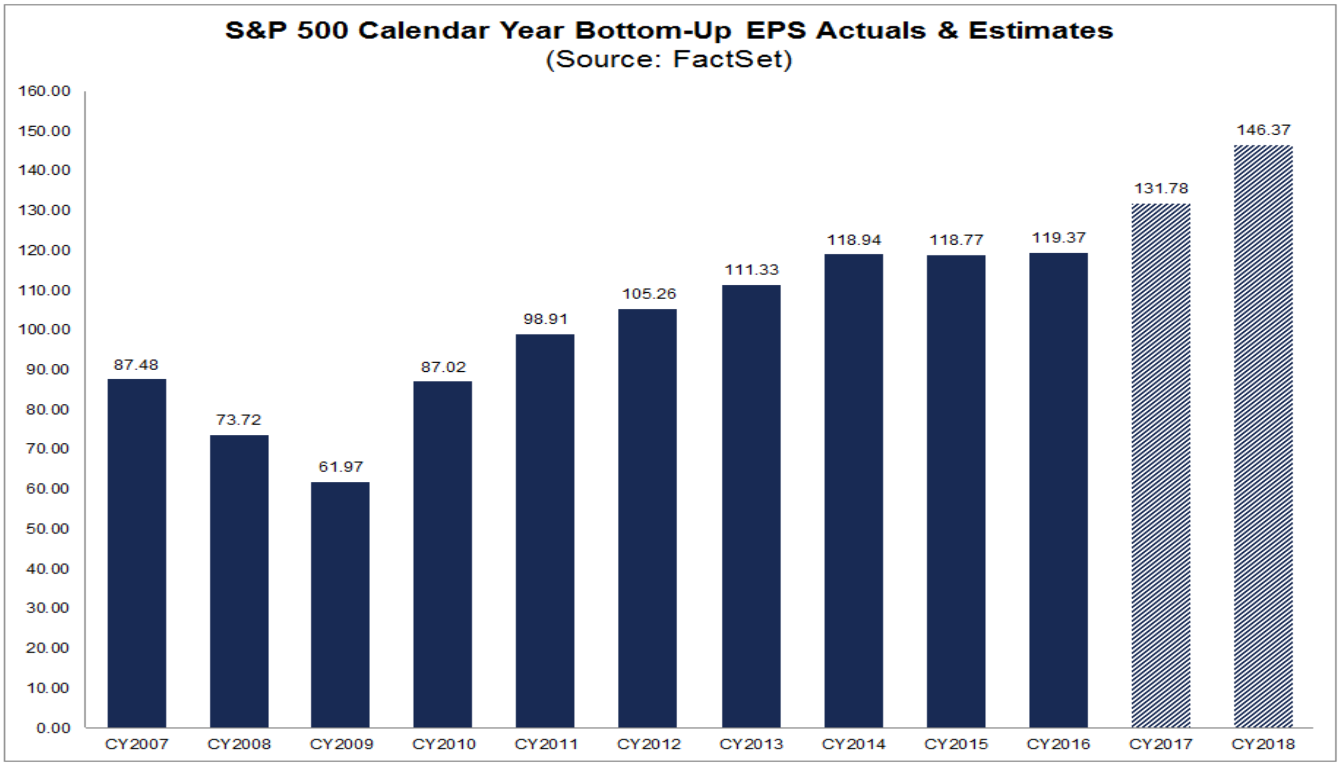
	Telecom Services	Utilities	Real Estate	Health Care	Financials	Consumer Disc.	Consumer Staples	Industrials	Energy	Materials	Info. Technology
International	4%	5%	16%	18%	24%	24%	27%	38%	43%	48%	59%
United States	96%	95%	84%	82%	76%	76%	73%	62%	57%	52%	41%

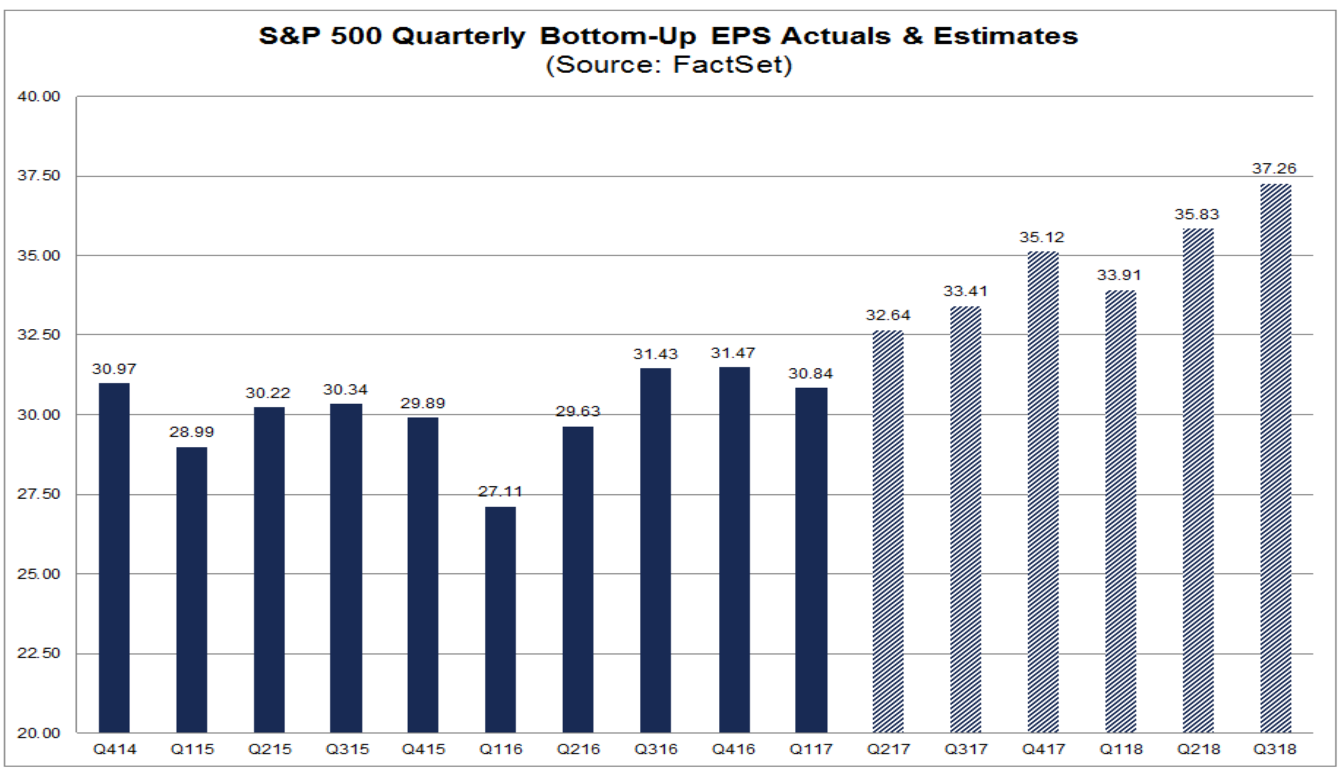
Bottom-up EPS Estimates: Revisions



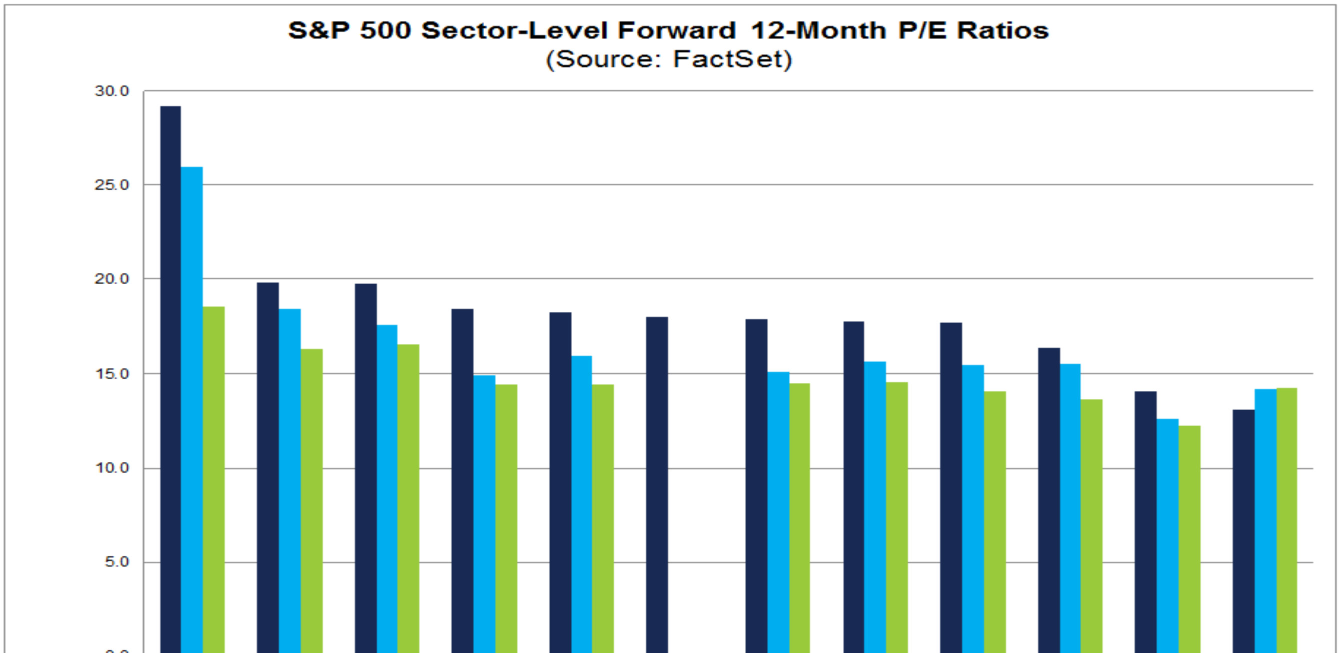


Bottom-up EPS Estimates: Current & Historical

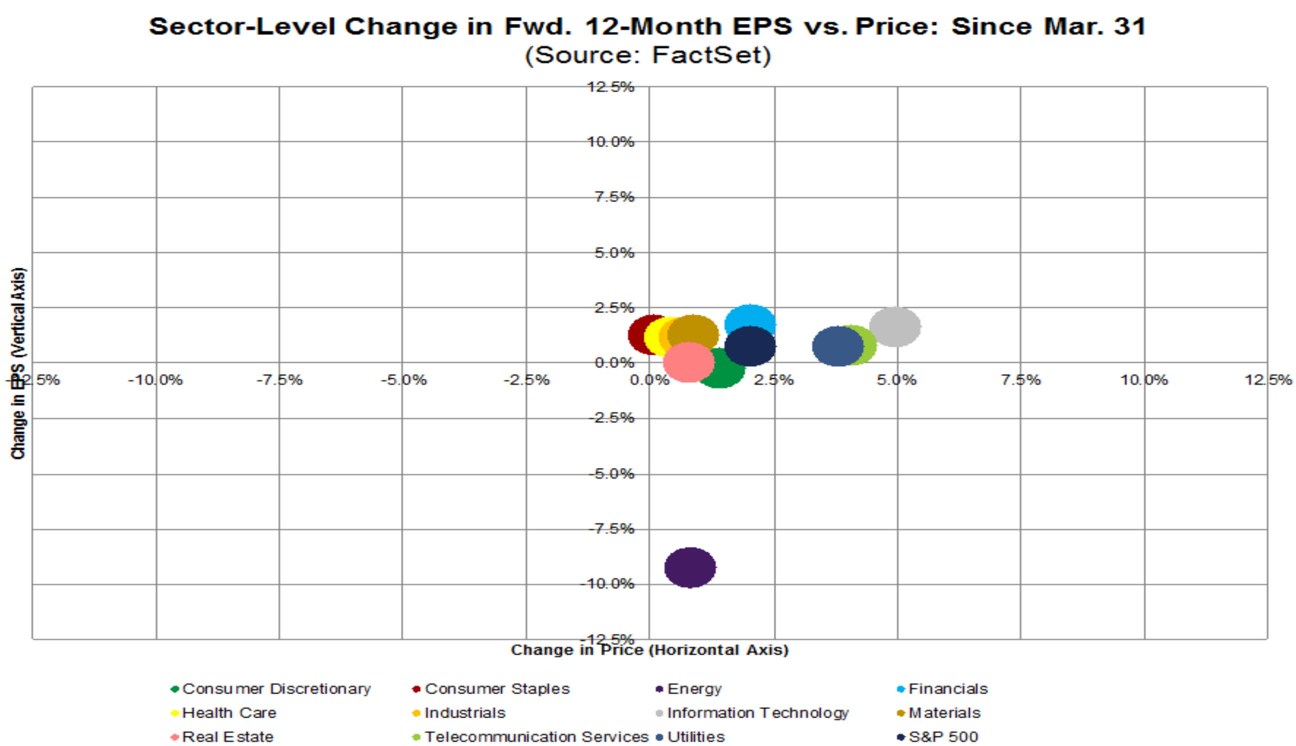




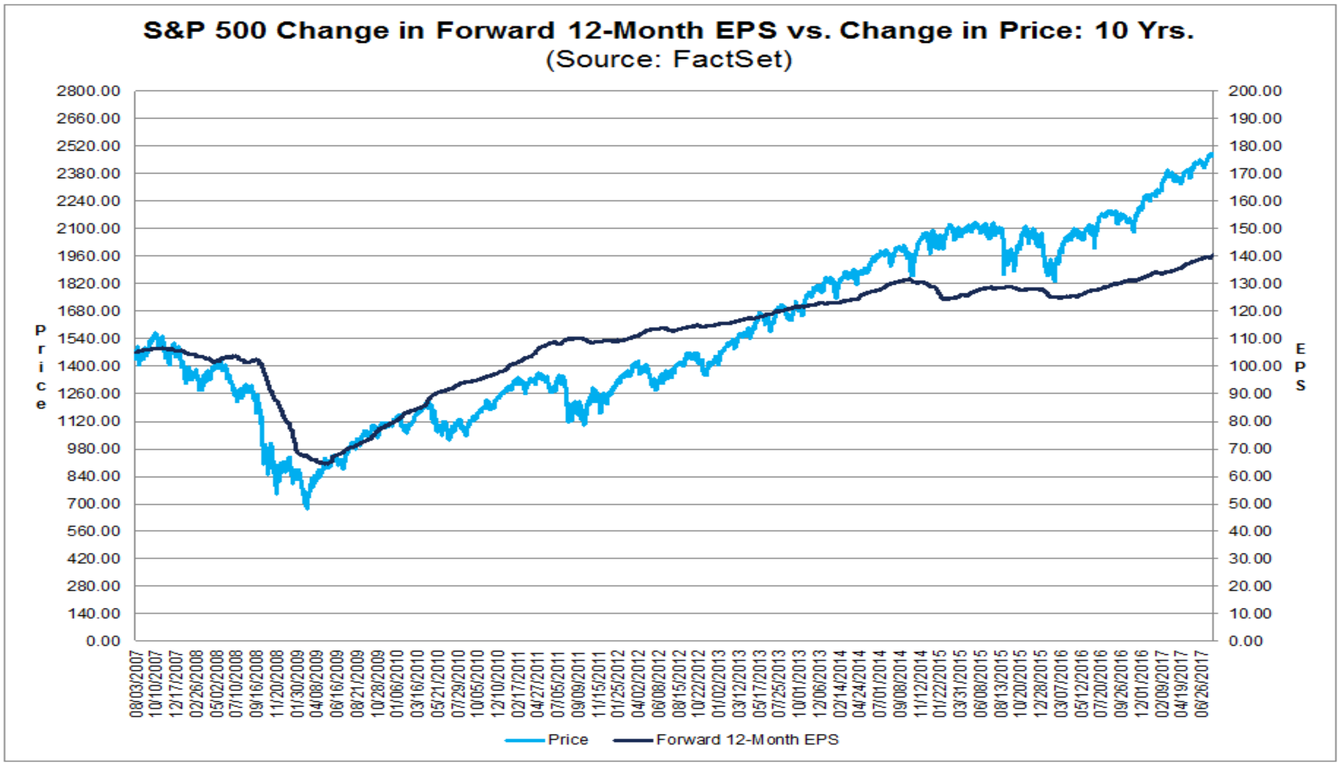
Forward 12M P/E Ratio: Sector Level

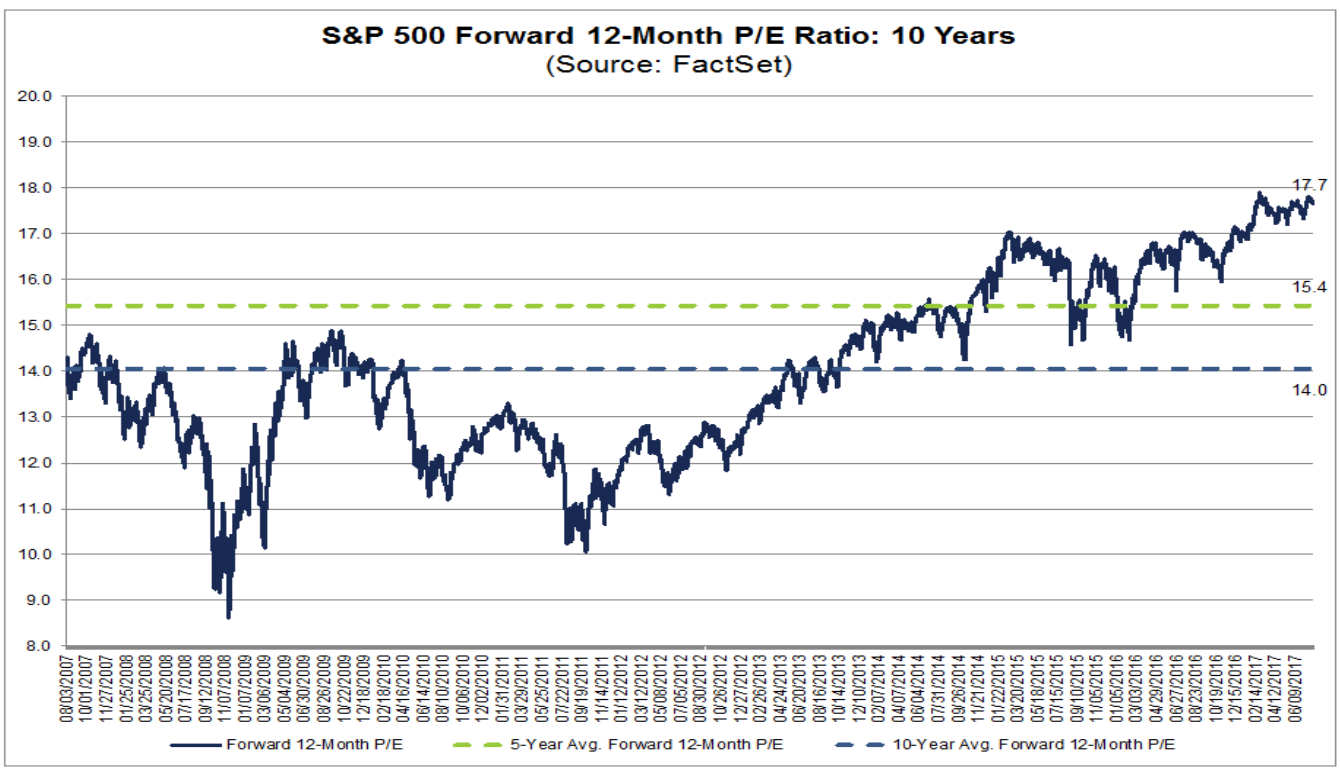


	Energy	Consumer Staples	Consumer Disc.	Info. Technology	Utilities	Real Estate	Materials	Industrials	S&P 500	Health Care	Financials	Telecom Services
Fwd P/E	29.2	19.8	19.8	18.4	18.2	18.0	17.9	17.7	17.7	16.3	14.0	13.0
5-Yr Avg.	26.0	18.4	17.6	14.9	15.9		15.1	15.6	15.4	15.5	12.6	14.2
10-Yr Avg.	18.6	16.3	16.5	14.4	14.4		14.5	14.5	14.0	13.6	12.3	14.2

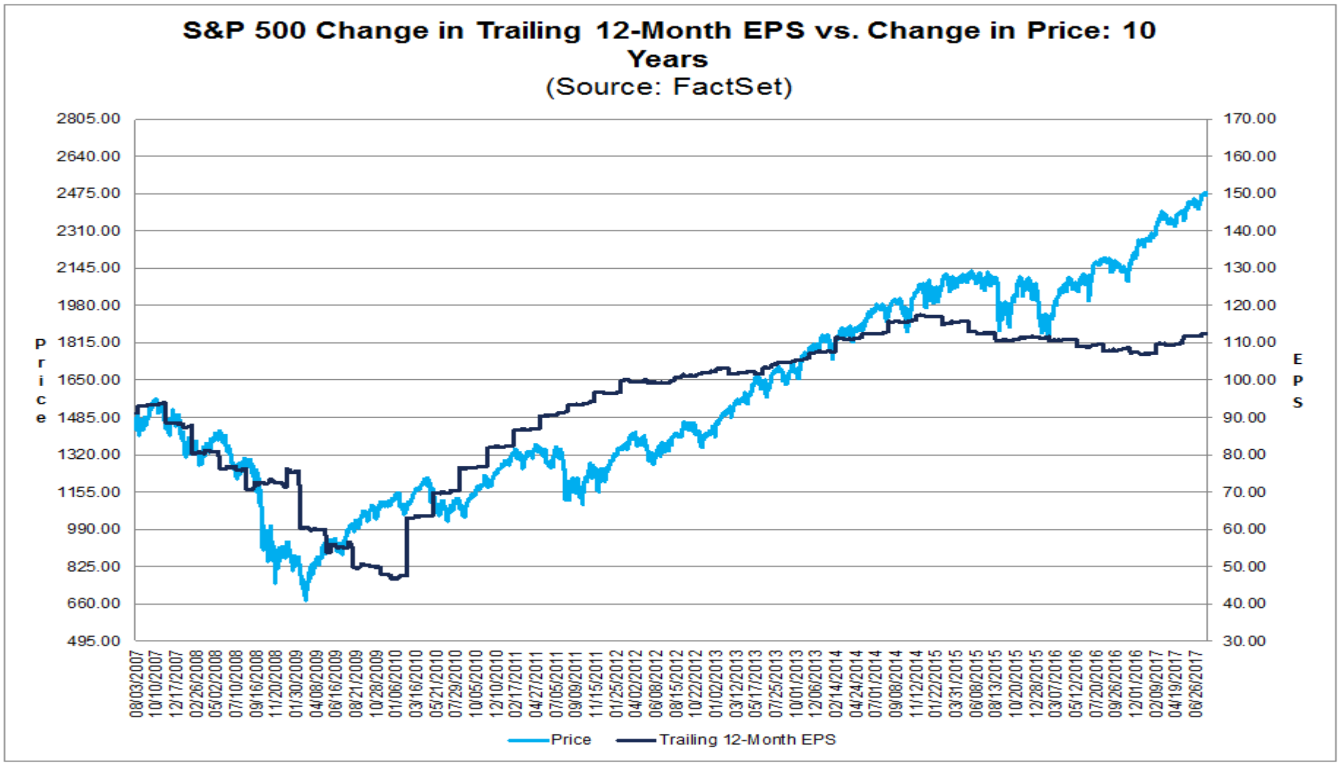


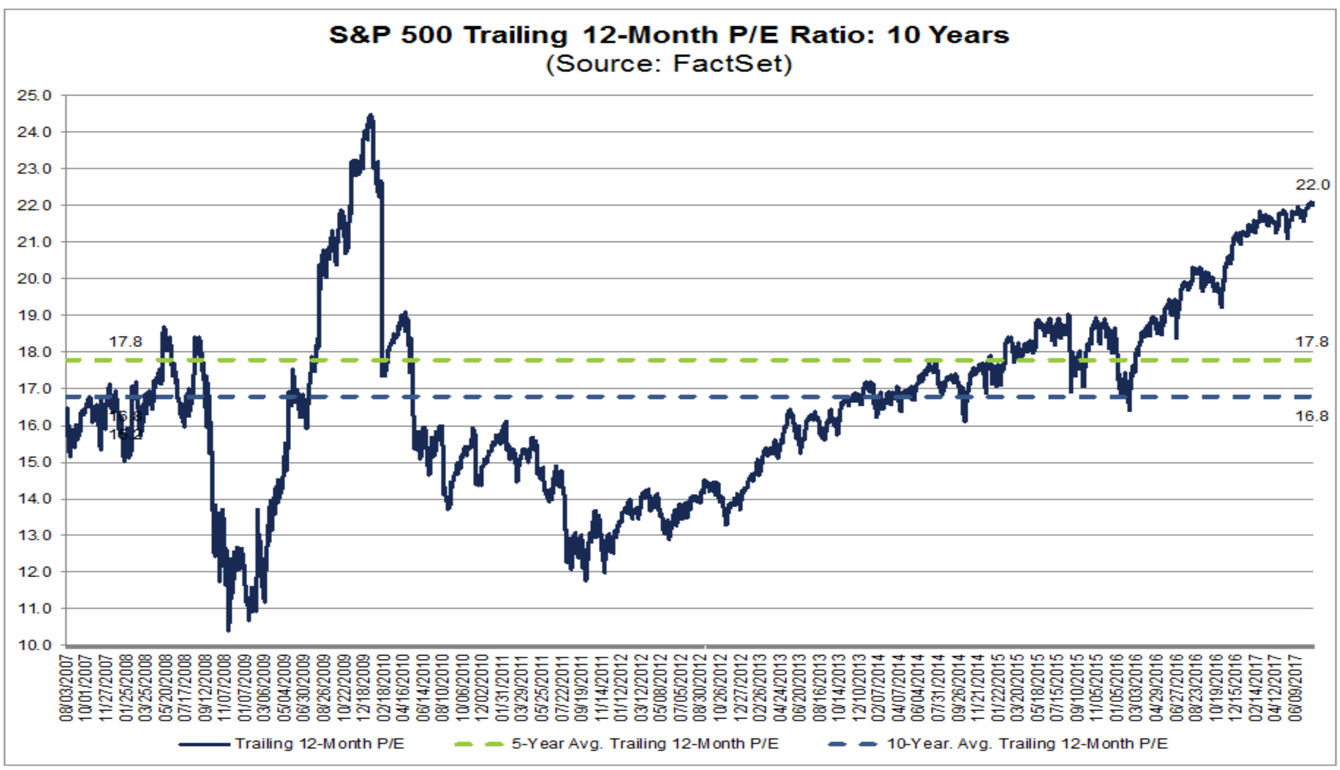
Forward 12M P/E Ratio: Long-Term Averages



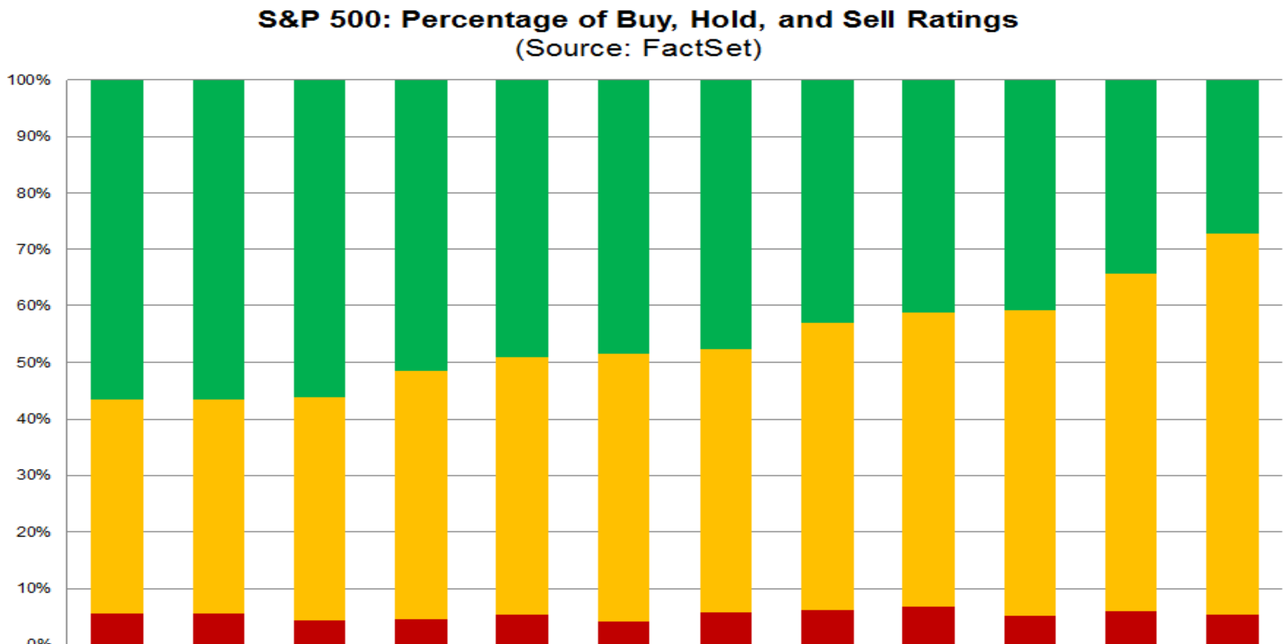


Trailing 12M P/E Ratio: Long-Term Averages

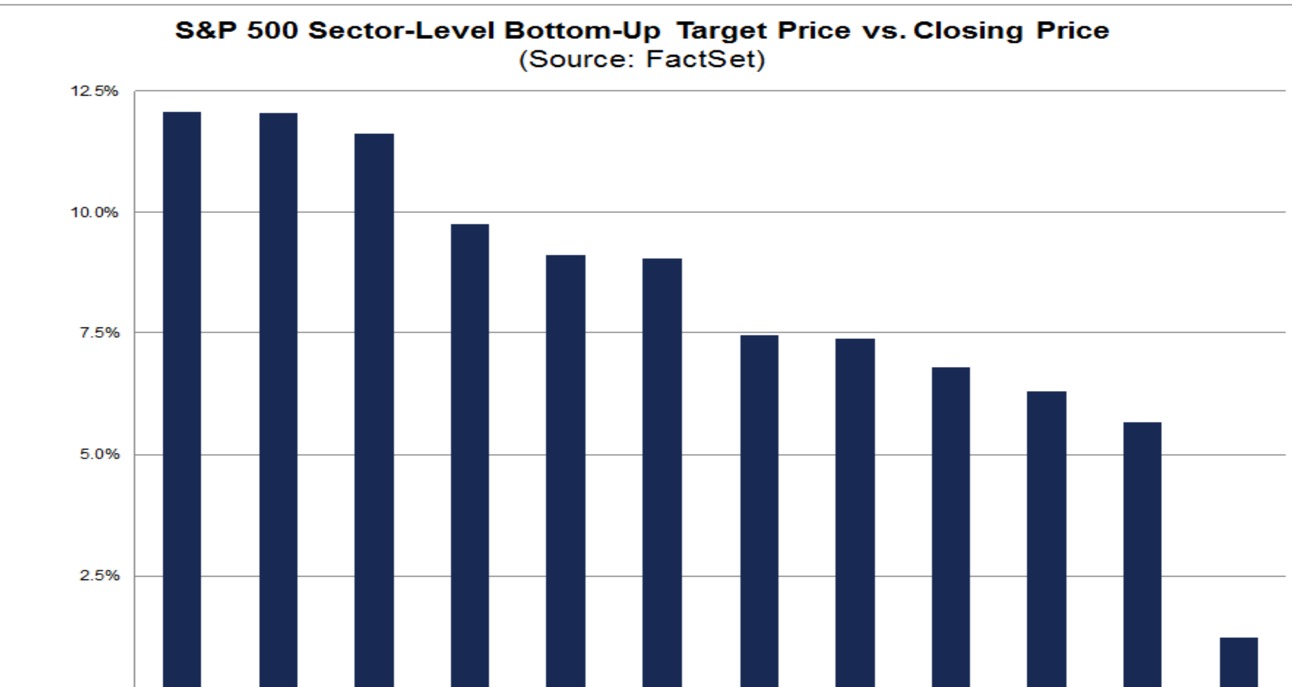




Targets & Ratings



	Info. Tech.	Energy	Health Care	Materials	S&P 500	Industrials	Consumer Disc.	Financials	Consumer Staples	Real Estate	Utilities	Telecom Services
Buy	57%	57%	56%	52%	49%	49%	48%	43%	41%	41%	34%	27%
Hold	38%	38%	39%	44%	45%	47%	46%	51%	52%	54%	60%	67%
Sell	6%	6%	4%	4%	5%	4%	6%	6%	7%	5%	6%	5%



	Energy	Consumer Disc.	Info. Tech.	Materials	S&P 500	Health Care	Industrials	Consumer Staples	Real Estate	Financials	Telecom Services	Utilities
Target/Close	12.1%	12.0%	11.6%	9.8%	9.1%	9.0%	7.4%	7.4%	6.8%	6.3%	5.7%	1.2%

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