

S&P 500 Top-Line Growth Estimates (Updated)

S&P 500 & S&P 500 Sectors (Estimated Annual Y-O-Y Revenue Growth Rates)

	As of 3/14/14		As of 9/12/14		11/21/14	
	2015	2016	2015	2016	2015	2016
S&P 500 Index	4.5%	4.9%	5.0%	5.3%	4.6%	5.2%
Consumer Discretionary	6.3%	6.1%	5.8%	6.4%	5.5%	6.1%
Consumer Staples	4.1%	6.1%	4.5%	6.1%	4.3%	5.3%
Energy	1.5%	3.2%	-1.4%	2.4%	-3.3%	3.1%
Financials	4.3%	5.5%	4.2%	4.5%	3.5%	4.4%
Health Care	6.9%	4.5%	7.8%	5.4%	8.4%	5.7%
Industrials	3.9%	4.1%	3.9%	4.6%	3.4%	3.9%
Information Technology	5.7%	5.4%	7.2%	6.0%	7.3%	6.0%
Materials	4.7%	5.8%	5.0%	6.7%	3.6%	6.2%
Telecomm. Services	2.2%	1.7%	6.6%	6.0%	6.6%	5.9%
Utilities	2.2%	3.4%	1.6%	2.7%	1.4%	3.7%

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

View from the Observation Deck

1. When the stock market is setting new all-time highs, as it did yesterday (S&P 500 at 2069.41), investors are naturally going to wonder what catalysts are potentially capable of pushing equity prices higher.
2. We believe that corporate earnings determine the direction of the stock market over time.
3. World events, geopolitics, and corporate cost-cutting, to name just three, are also potential catalysts, in our opinion, but tend to be more short-term in scope.
4. We believe investors should be looking for estimated top-line revenue growth rates that are positive and accelerating. At this stage of the bull market (68-plus months), many corporations have likely exhausted their cost-cutting opportunities.
5. The following sectors have higher 2015 and 2016 revenue growth rate estimates (as of 11/21/14) than the S&P 500: Consumer Discretionary; Health Care; Information Technology and Telecommunication Services.
6. The latest estimates in the chart are encouraging looking out through 2016, in our opinion.

This chart is for illustrative purposes only and not indicative of any actual investment. There can be no assurance that any of the projections cited will occur. The illustration excludes the effects of taxes and brokerage commissions or other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks used to measure large-cap U.S. stock market performance, while the 10 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.