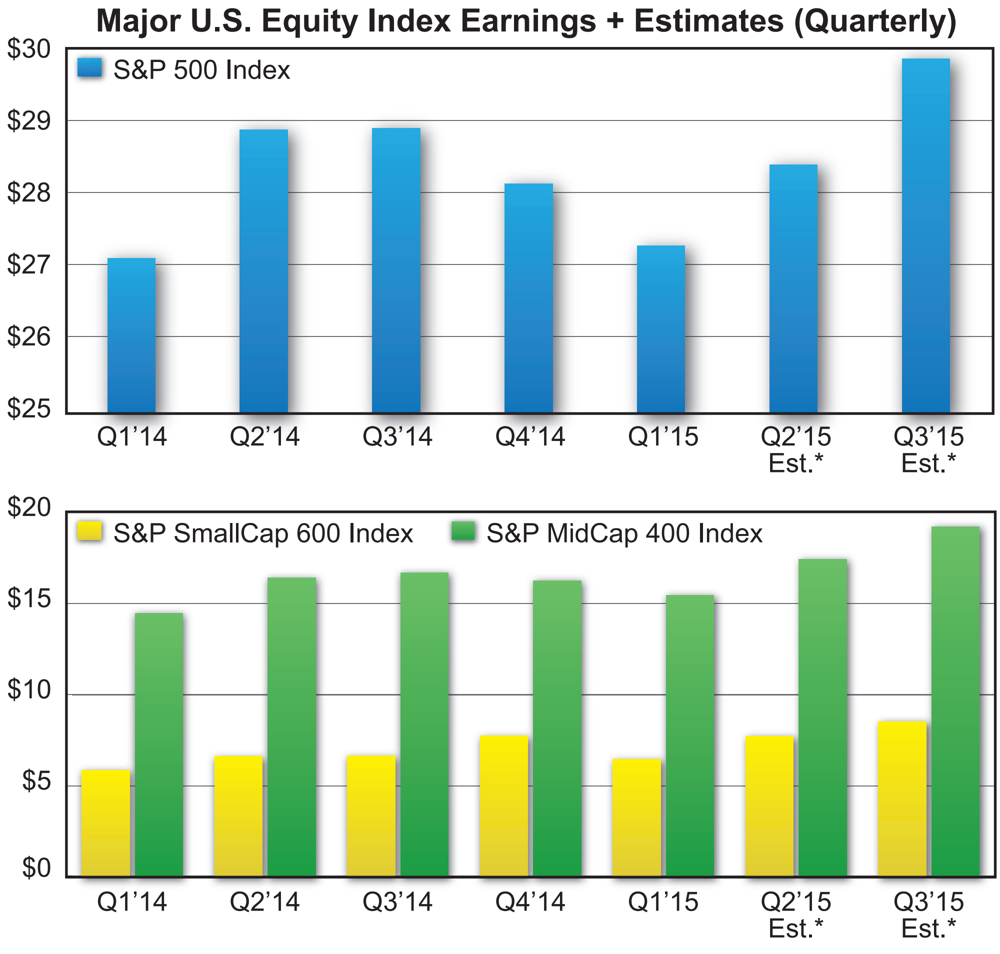
Corporate Earnings Look Poised To Rebound After Q1'15 Dip



*Source: Bloomberg. Data as of 6/24/15. *Represents concensus estimates.*

View from the Observation Deck

1. The S&P 500 and S&P MidCap 400 indices closed the 6/24/15 trading session 1.04% and 0.98%, respectively, below their all-time highs, according to Bloomberg. The S&P SmallCap 600 Index closed at its all-time high.
2. Today's chart is intended to give those investors concerned about stock indices trading at or near their record highs, factoring in the dip in Q1'15 earnings, some visual perspective on where equity analysts think earnings are headed.
3. One of the primary reasons cited by companies for the dip in Q1'15 earnings was the stronger U.S. dollar. The U.S. Dollar Index (DXY) was up 8.96% in Q1'15, according to Bloomberg. It is down 3.17%, however, in Q2'15, as of 6/24/15.
4. A secondary reason cited for weaker earnings, at least at an index level, was the ongoing slide in crude oil prices. The price of a barrel of oil fell 10.64% in Q1'15, according to Bloomberg. It is up 26.60%, however, in Q2'15, as of 6/24/15.
5. We believe that corporate earnings drive the direction of stock prices over time, especially when the major indices are trading at or near record highs.

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