

S&P 500 Index Top-Line Growth Estimates

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

	As of 3/18/16		As of 5/6/16	
	2016	2017	2016	2017
S&P 500 Index	2.0%	6.2%	1.8%	6.2%
Consumer Discretionary	4.8%	4.3%	5.6%	5.1%
Consumer Staples	1.5%	3.9%	1.5%	3.8%
Energy	-17.8%	26.8%	-18.1%	23.0%
Financials	4.0%	4.5%	3.5%	4.6%
Health Care	6.4%	7.2%	7.7%	7.4%
Industrials	0.9%	3.0%	0.5%	2.9%
Information Technology	1.6%	6.0%	0.2%	5.9%
Materials	-1.8%	5.6%	-1.5%	5.4%
Telecomm. Services	4.0%	5.6%	3.4%	5.9%
Utilities	4.8%	2.3%	3.4%	2.7%

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

View from the Observation Deck

1. Today's blog post is one we do on an ongoing basis so that investors can monitor changes in the expected revenue growth of the companies that comprise the S&P 500 Index. Our last post was on 3/24/16 ([click here to view](#)).
2. The S&P 500 Index closed the trading session on 5/9/16 at 2,058.69. It stood 3.39% below its all-time high of 2,130.82 (5/21/15), according to Bloomberg.
3. While several sectors show a downward adjustment to 2016 revenue projections from the last time we checked on 3/18/16, the biggest downgrades were in Information Technology and Utilities. The 2017 revenue projection for Information Technology, however, was much stronger relative to that of 2016.
4. As indicated in the chart, as of 5/6/16, the estimated revenue growth rate for the S&P 500 Index for 2016 was 1.8%. When you exclude Energy, the rate bumps to 2.9% (not in chart), according to Bloomberg.
5. Current estimates for the S&P 500 Index and 8 of the 10 major sectors that comprise the index reflect stronger year-over-year revenue growth in 2017.
6. With the exception of the weakness in Energy, which began in the second half of 2014 with the plunge in the price of crude oil, the overall climate for revenue growth remains relatively optimistic, 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.

