

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 8/12/16)

	2016	2017	2018
S&P 500 Index	1.8%	6.1%	5.9%
Consumer Discretionary	5.8%	5.0%	5.9%
Consumer Staples	1.1%	3.9%	4.0%
Energy	-17.7%	23.3%	12.8%
Financials	1.7%	4.1%	4.0%
Health Care	8.2%	7.2%	5.7%
Industrials	-0.1%	2.8%	4.2%
Information Technology	1.0%	5.8%	6.3%
Materials	-2.5%	4.7%	3.4%
Telecomm. Services	3.9%	5.8%	6.7%
Utilities	2.3%	3.1%	2.4%

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

View from the Observation Deck

1. Today's blog post provides investors with a three-year look into the expected revenue growth rates of the companies that comprise the S&P 500 Index.
2. The S&P 500 Index closed the trading session on 8/15/16 at an all-time high of 2,190.15, according to Bloomberg.
3. As indicated in the chart, as of 8/12/16, 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.
4. Energy, Materials, and Industrials, which had negative growth rate estimates for 2016 as of 8/12/16, are expected to rebound in 2017.
5. Estimates for the S&P 500 Index and 8 of the 10 major sectors that comprise the index reflect stronger year-over-year (y-o-y) revenue growth for 2017, and five out of the 10 sectors have higher y-o-y estimates for 2018.
6. The forecast for revenue growth is 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.