

S&P 500 Index Top-Line Growth Estimates

S&P 500 & Sector Indices
(Estimated Annual Y-O-Y Revenue Growth Rates as of 9/22/17)

	2017	2018	2019
S&P 500 Index	5.0%	5.2%	4.7%
Consumer Discretionary	4.2%	6.0%	5.7%
Consumer Staples	1.8%	3.3%	3.6%
Energy	16.0%	7.0%	6.1%
Financials	2.9%	3.3%	4.0%
Health Care	5.0%	5.5%	5.2%
Industrials	3.8%	4.7%	4.5%
Information Technology	8.8%	8.8%	5.7%
Materials	6.3%	6.3%	2.7%
Real Estate	5.1%	5.2%	5.2%
Telecomm. Services	-1.6%	0.9%	0.5%
Utilities	4.3%	2.9%	2.6%

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 sectors that comprise the S&P 500 Index.
2. Here is a link to our last post on 7/13/17 ([click here to view](#)). With respect to the decline in the estimates for revenue growth in Telecomm. Services, we would like to note that only four companies comprise this sector index.
3. On 9/25/17, the S&P 500 Index stood at 2,496.66, or 0.46% below its all-time high of 2,508.24, set on 9/20/17, according to Bloomberg. The current bull market in stocks is in its 9th year.
4. For the market to trend higher, we believe that corporate earnings will need to grow, and perhaps the best catalyst for growing earnings is to increase revenues.
5. As indicated in the table, as of 9/22/17, the estimated revenue growth rate for the S&P 500 Index for 2017 was 5.0%, according to Bloomberg. Estimates were in the vicinity of 5.00% for 2018 and 2019 as well.
6. Energy has gone from a drag (2016) on the overall revenue growth of the S&P 500 Index to a contributor. If you were to exclude Energy in the S&P 500 Index's estimate for 2017, its 5.0% growth rate would drop to 4.1% (not shown in table).
7. Estimates for seven of the 11 major sectors that comprise the index reflect stronger potential y-o-y revenue growth in 2018. Six sectors have 2018 estimates in excess of 5.0%.
8. With respect to 2019, two (Consumer Staples and Financials) of the 11 major sectors that comprise the index reflect stronger potential y-o-y revenue growth. Five sectors have 2019 estimates in excess of 5.0%.
9. The forecast for revenue growth is encouraging, 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 11 major S&P 500 Sector Indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector.

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