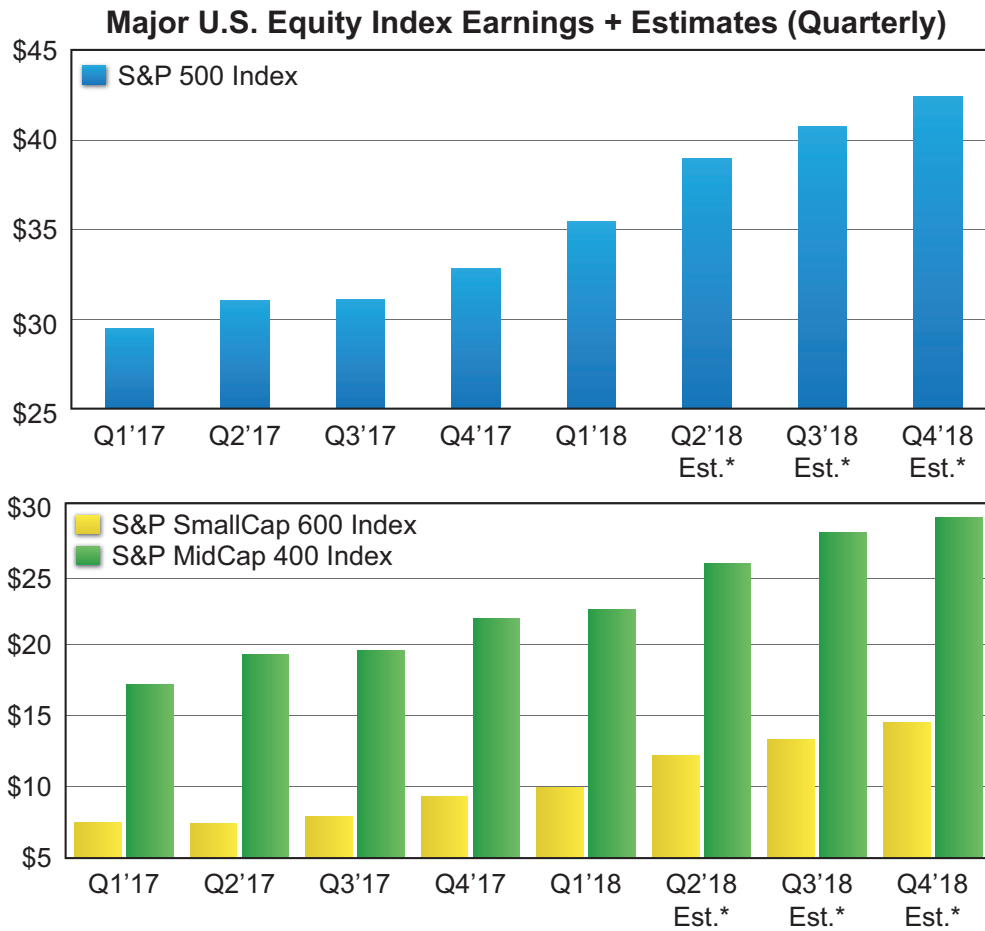


Corporate Earnings Estimates Reflect Strength



Source: Bloomberg. Data as of 6/30/18. *Represents consensus estimates using fiscal year revenue from each company. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's chart is intended to give investors some visual perspective on where equity analysts think earnings are headed.
2. [Click here](#) to compare these estimates to the projections from 1/9/18. You will find that they have been adjusted higher across the board.
3. With respect to the S&P 500 Index, as of 6/30/18, earnings were projected to rise from \$29.51 in Q1'17 to an estimated \$42.46 in Q4'18, or a potential increase of 43.88%.
4. The S&P MidCap 400 Index earnings were projected to rise from \$17.20 in Q1'17 to an estimated \$28.98 in Q4'18, or a potential increase of 68.49%.
5. The S&P SmallCap 600 Index earnings were projected to rise from \$7.45 in Q1'17 to an estimated \$14.50 in Q4'18, or a potential increase of 94.63%.
6. At the midpoint of 2018, the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices stood 5.38%, 2.61% and 3.33%, respectively, below their all-time highs, according to data from Bloomberg.
7. 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.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. There can be no assurance that any of the projections cited will occur. 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. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P Small Cap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.

