

S&P 500 Index Earnings & Revenue Growth Rate Projections

S&P 500 & Sector Indices
(Estimated Y-O-Y Earnings & Revenue Growth Rates as of 9/20/19)

	2019 Earnings Est.	2020 Earnings Est.	2019 Revenue Est.	2020 Revenue Est.
S&P 500 Index	2.5%	10.0%	3.9%	5.0%
Comm. Services	10.5%	10.7%	9.7%	7.6%
Consumer Disc.	9.1%	8.5%	5.9%	5.5%
Consumer Staples	0.9%	5.2%	3.1%	3.0%
Energy	-21.6%	32.0%	-2.6%	7.6%
Financials	5.0%	5.8%	3.7%	2.5%
Health Care	9.5%	7.8%	7.9%	5.6%
Industrials	0.2%	16.1%	2.8%	4.8%
Info. Tech.	-2.5%	10.8%	0.7%	5.4%
Materials	-11.7%	17.0%	-2.1%	4.9%
Real Estate	4.3%	6.2%	3.9%	5.0%
Utilities	8.5%	5.7%	3.8%	3.2%

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

View from the Observation Deck

1. On 9/25/19, the S&P 500 Index closed the trading session at 2,984.87, 1.35% below its all-time high of 3,025.86 (7/26/19), according to Bloomberg.
2. 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.
3. From 1926-2018 (93 years), the S&P 500 Index posted an average annual total return of 9.99%, according to Morningstar/Ibbotson & Associates.
4. As indicated in the table, Bloomberg's 2019 and 2020 consensus year-over-year (y-o-y) earnings growth rate estimates for the index were 2.5% and 10.0%, respectively, as of 9/20/19.
5. Only one (Communication Services) of the 11 major sectors that comprise the index reflects a positive double-digit y-o-y earnings growth rate estimate for 2019, compared to five in 2020.
6. Bloomberg's 2019 and 2020 consensus y-o-y revenue growth rate estimates for the S&P 500 Index were 3.9% and 5.0%, respectively, as of 9/20/19.
7. Three of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2019, compared to six for 2020.
8. While consensus y-o-y earnings growth rate estimates for the S&P 500 Index are negative for Q3'19 and soft for Q4'19, the outlook for 2020 is encouraging. The following is a breakdown of those quarterly estimates through 2020 (not in table): -3.3% (Q3'19); 3.4% (Q4'19); 6.5% (Q1'20); 7.2% (Q2'20); 13.1% (Q3'20); and 12.5% (Q4'20), according to Bloomberg.

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