

S&P 500 Index Earnings & Revenue Growth Rate Projections

S&P 500 & Sector Indices (Estimated Y-O-Y Earnings & Revenue Growth Rates as of 2/14/20)

	2020 Earnings Est.	2021 Earnings Est.	2020 Revenue Est.	2021 Revenue Est.
S&P 500 Index	8.0%	11.2%	4.7%	5.0%
Comm. Services	8.4%	12.4%	7.8%	6.3%
Consumer Disc.	6.8%	13.6%	5.7%	6.2%
Consumer Staples	4.2%	6.7%	2.8%	3.4%
Energy	17.3%	11.0%	4.6%	2.1%
Financials	2.2%	8.5%	1.4%	3.7%
Health Care	9.2%	10.2%	7.1%	5.6%
Industrials	7.3%	15.4%	2.5%	5.3%
Info. Tech.	14.4%	14.0%	6.6%	7.6%
Materials	5.9%	15.0%	2.6%	3.7%
Real Estate	5.4%	5.3%	4.4%	4.4%
Utilities	4.8%	4.8%	3.2%	2.0%

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

View from the Observation Deck

1. On 2/14/20, the S&P 500 Index closed the trading session at an all-time high of 3,380.16, 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 1926-2019 (94 years), the S&P 500 Index posted an average annual total return of 10.20%, according to Morningstar/Ibbotson & Associates.
4. As indicated in the table, Bloomberg's 2020 and 2021 consensus year-over-year (y-o-y) earnings growth rate estimates for the index were 8.0% and 11.2%, respectively, as of 2/14/20.
5. Two of the 11 major sectors that comprise the index reflect a positive double-digit y-o-y earnings growth rate estimate for 2020, compared to seven in 2021.
6. Bloomberg's 2020 and 2021 consensus y-o-y revenue growth rate estimates for the S&P 500 Index were 4.7% and 5.0%, respectively, as of 2/14/20.
7. Four of the 11 major sectors reflect y-o-y revenue growth rate estimates of 5.0% or more for 2020, compared to five for 2021.
8. The following is a breakdown of the quarterly earnings growth rate estimates for the S&P 500 Index through Q1'21 (not in table): 0.5% (Q1'20); 3.0% (Q2'20); 8.4% (Q3'20); 11.6% (Q4'20); and 12.7% (Q1'21), according to Bloomberg.

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 an unmanaged index of 500 stocks used to measure large-cap U.S. stock market performance. 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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