

Cash Flow and Carey



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12/7/23

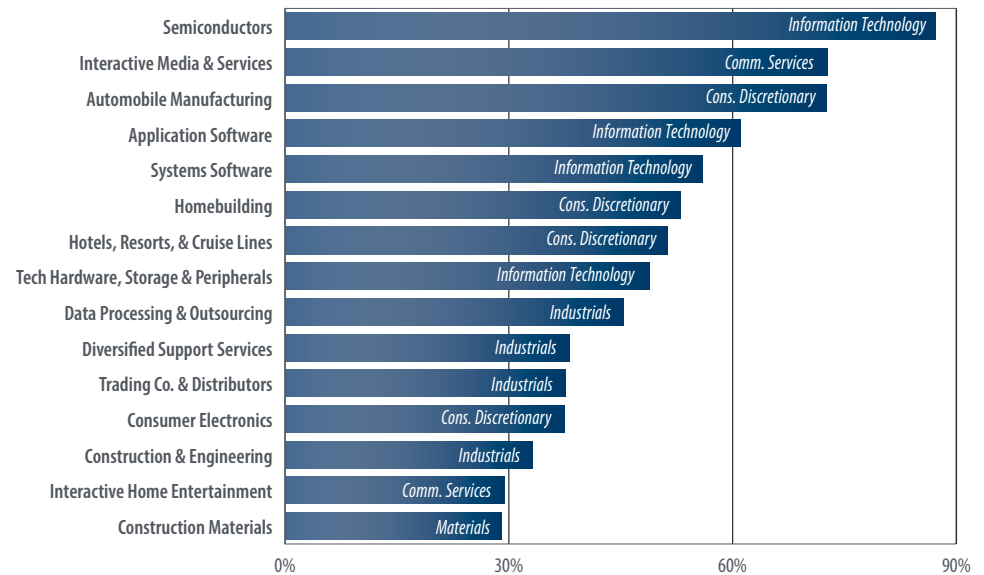


This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance, while the S&P sector and subsector indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector or industry.

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Top-Performing S&P 500 Index Subsectors YTD (Thru 12/5)

Top 15 S&P 500 Index Subsector Total Returns 12/30/22 – 12/5/23



Source: Bloomberg. Past Performance is no guarantee of future results.

View from the Observation Deck

Today's blog post is for those investors who want to drill down below the sector level to see what is performing well in the stock market. The S&P 500 Index was comprised of 11 sectors and 125 subsectors as of 12/1/23, according to S&P Dow Jones Indices. The 15 top-performing subsectors in the chart posted total returns ranging from 29.07% (Construction Materials) to 87.16% (Semiconductors). [Click here](#) to view our last post on the top performing subsectors.

- As indicated in the chart above, the Consumer Discretionary, Industrials, and Information Technology sectors each had four subsectors represented in the top 15 performers on a year-to-date basis. Communication Services and Materials had two subsectors, and one subsector, respectively, in the top 15 over the same time frame.
- With respect to the 11 major sectors that comprise the S&P 500 Index, Information Technology posted the highest total return for the period captured in the chart, increasing by 51.52%, according to data from Bloomberg. The second and third-best performers were Communication Services and Consumer Discretionary, with total returns of 46.61% and 35.65%, respectively. The S&P 500 Index posted a total return of 20.79% for the period.
- As of 12/1/23, the most heavily weighted sector in the S&P 500 Index was Information Technology at 28.95%, according to S&P Dow Jones Indices. For comparison, the Communication Services sector had a weighting of 8.54%.
- Of the 11 major sectors that comprise the S&P 500 Index, Energy had the lowest estimated year-end price-to-earnings (P/E) ratio (10.90 as of 11/30), according to S&P Dow Jones Indices. Financials were second-to-last with a year-end P/E ratio of 14.21. Not including Real Estate, Information Technology has the highest 2023 estimated P/E ratio for the sectors that comprise the S&P 500 Index, coming in at 32.30 as of 11/30.

Takeaway

The Information Technology, Communication Services, and Consumer Discretionary sectors accounted for 61.62%, 17.29%, and 16.14%, respectively, of the total return of the S&P 500 Index YTD through 11/30, according to data from S&P Dow Jones Indices. With a total return of 51.52%, technology stocks are the top-performer in the S&P 500 Index YTD through 12/5, followed closely by communication services companies (46.61%). Notably, four of the 15 subsectors in today's chart come from the S&P 500 Industrials sector. In our view, the sector may be reaping the benefits of renewed governmental funding via the CHIPS Act, as well as development related to the merger of artificial intelligence and data processing workloads. For those investors who may have an interest, there are a growing number of packaged products, such as exchange-traded funds, that feature S&P 500 Index subsectors.