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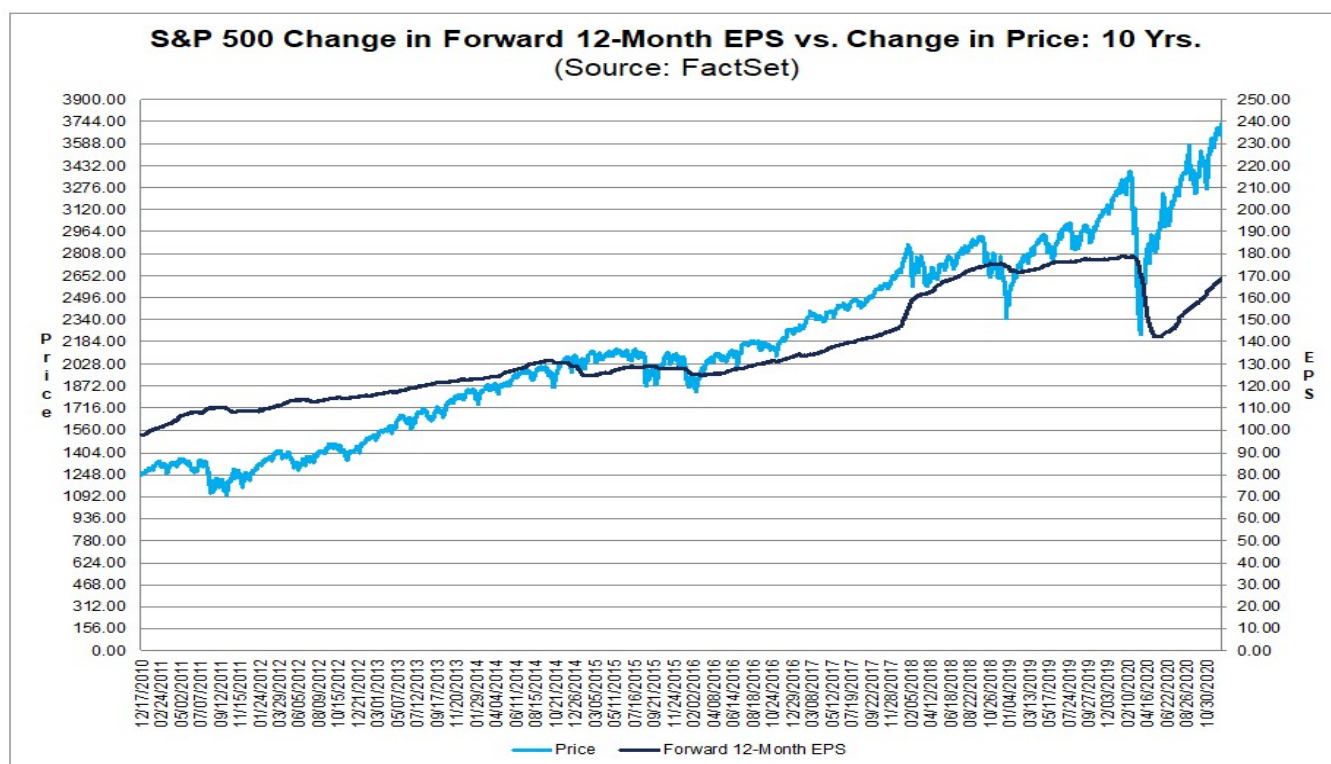
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Author's Note: *The FactSet Earnings Insight report will not be published on December 25 or January 1. The next edition of the report will be published on January 8.*

Key Metrics

- **Earnings Growth:** For Q4 2020, the estimated earnings decline for the S&P 500 is -9.7%. If -9.7% is the actual decline for the quarter, it will mark the third-largest (year-over-year) decline in earnings reported by the index since Q3 2009.
- **Earnings Revisions:** On September 30, the estimated earnings decline for Q4 2020 was -12.8%. Eight sectors have smaller earnings declines or higher earnings growth rates today (compared to September 30) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2020, 28 S&P 500 companies have issued negative EPS guidance and 56 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.1. This P/E ratio is above the 5-year average (17.4) and above the 10-year average (15.7).

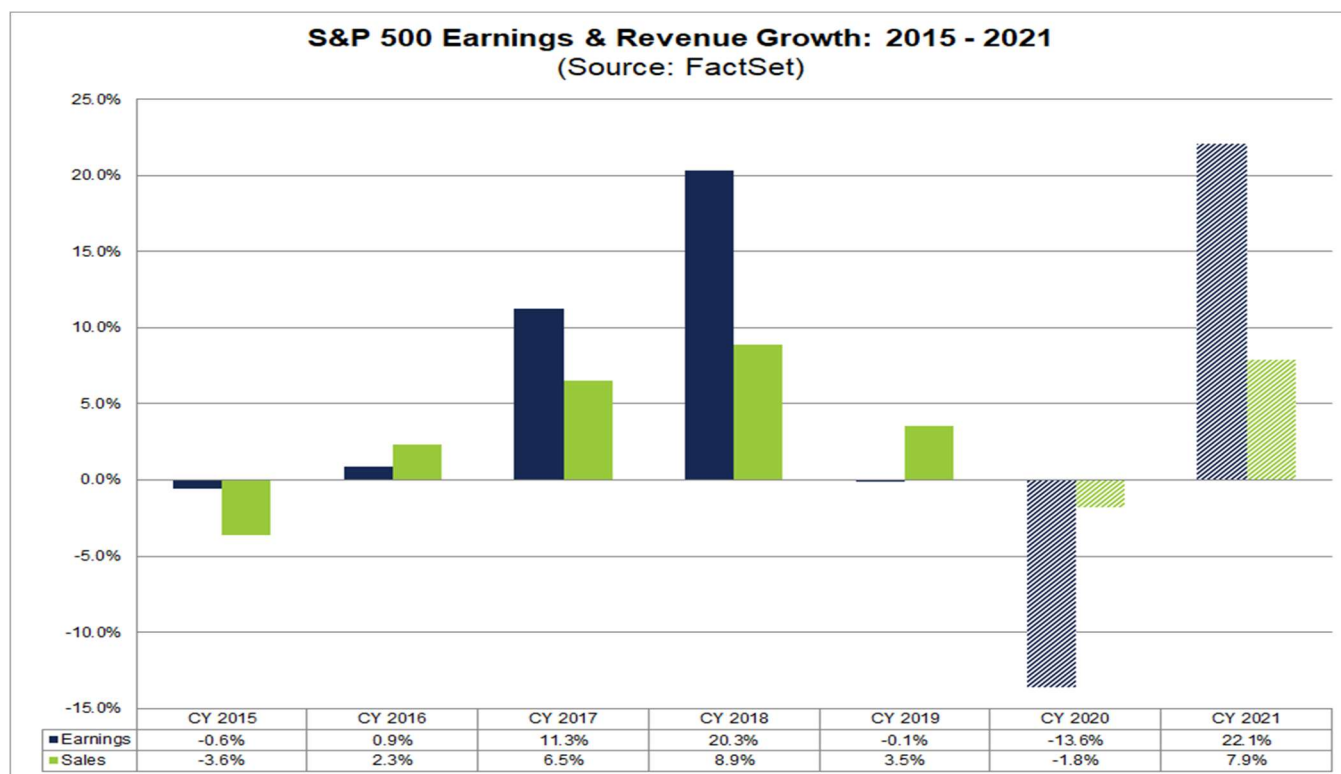


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Topic of the Week: 1

S&P 500 CY 2021 Earnings Preview: Largest Year-Over-Year Earnings Growth Since 2010



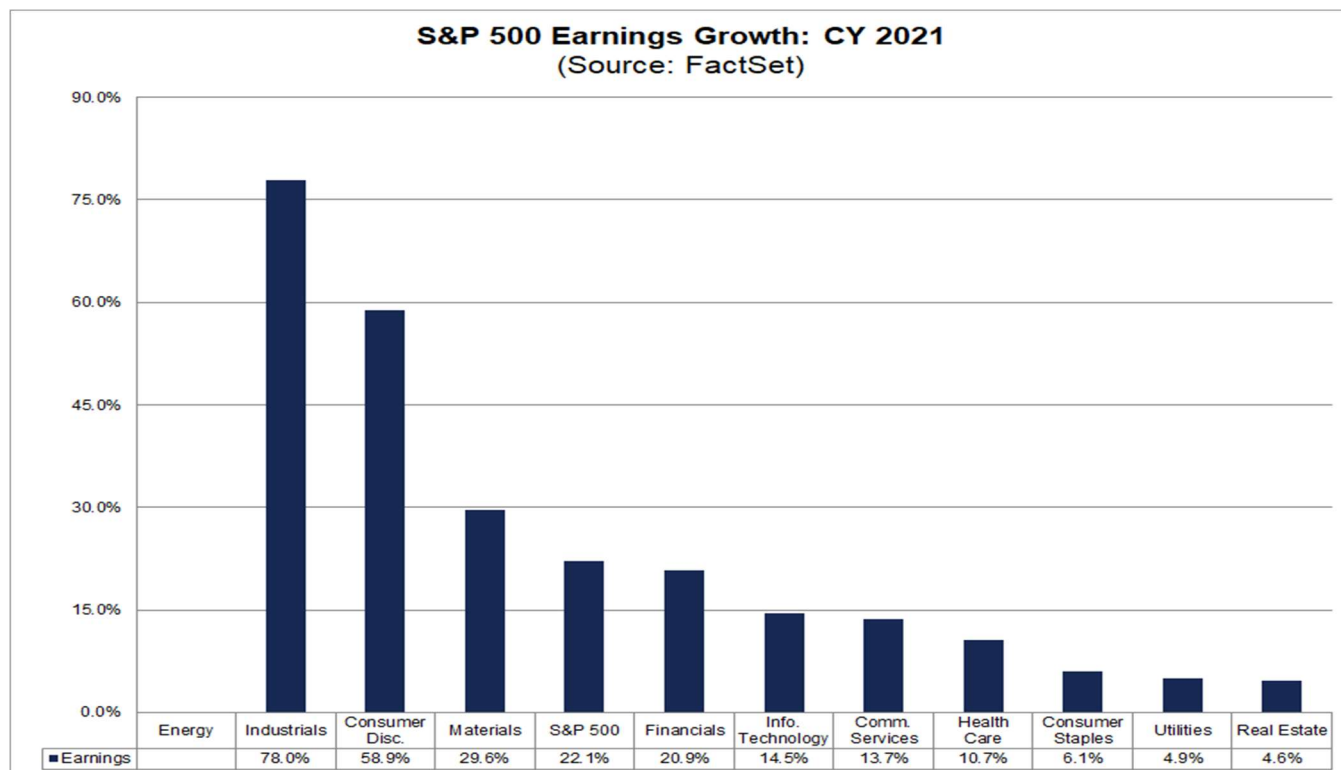
CY 2021 Earnings Growth: 22.1%

The estimated (year-over-year) earnings growth rate for the S&P 500 for CY 2021 is 22.1%, which is above the 10-year average (annual) earnings growth rate of 10.0%. If 22.1% is the actual growth rate for the year, it will mark the largest annual earnings growth rate for the index since CY 2010 (39.6%). The unusually large growth rate can be attributed to both an easy comparison to weak earnings in CY 2020 (due to the impact of COVID-19) and an expected improvement in earnings in 2021. At the sector level, all eleven sectors are projected to report year-over-year growth in earnings, led by the Energy (growth rate N/A due to a loss for the sector in CY 2020), Industrials (78.0%), and Consumer Discretionary (58.9%) sectors.

The Energy sector is expected to report a profit of \$24.0 billion in CY 2021 compared to an expected loss of \$3.7 billion in CY 2020. Due to this expected loss in CY 2020, a year-over-year growth rate can't be calculated for the sector. Higher expected oil prices are helping to drive the increase in earnings for the sector, as the estimated average price of oil in CY 2021 (\$45.75) is 17% higher than the average price of oil in CY 2020 (\$39.02) to date. At the sub-industry level, all five sub-industries in the sector are projected to report year-over-year growth in earnings. The three sub-industries projected to see the largest (year-over-year) dollar-level increases in earnings are Integrated Oil & Gas (+\$16.6 billion), Oil & Gas Exploration & Production (+\$5.4 billion), and Oil & Gas Refining & Marketing (+\$4.8 billion).

The Industrials sector is expected to report the largest earnings growth rate of all eleven sectors at 78.0%. All twelve industries in this sector are expected to report growth in earnings. Nine of these twelve industries are expected to report double-digit growth in earnings, led by the Aerospace & Defense (43%) and Industrial Conglomerates (37%). Due to projected losses in both CY 2021 and CY 2020, a growth rate can't be calculated for the Airlines industry. However, this industry is projected to see the largest (year-over-year) improvement in dollar-level earnings of all twelve industries in the sector at \$27.0 billion.

The Consumer Discretionary sector is expected to report the second-largest (year-over-year) earnings growth rate of all eleven sectors at 58.9%. Nine of the ten industries in this sector are expected to report earnings growth. Eight of these nine industries are expected to report double-digit growth in earnings, led by the Automobiles (91%) and Auto Components (91%). Due to a projected loss in CY 2020, a growth rate can't be calculated for the Hotels, Restaurants, & Leisure industry. However, this industry is projected to see the largest (year-over-year) improvement in dollar-level earnings of all ten industries in the sector at \$15.3 billion.



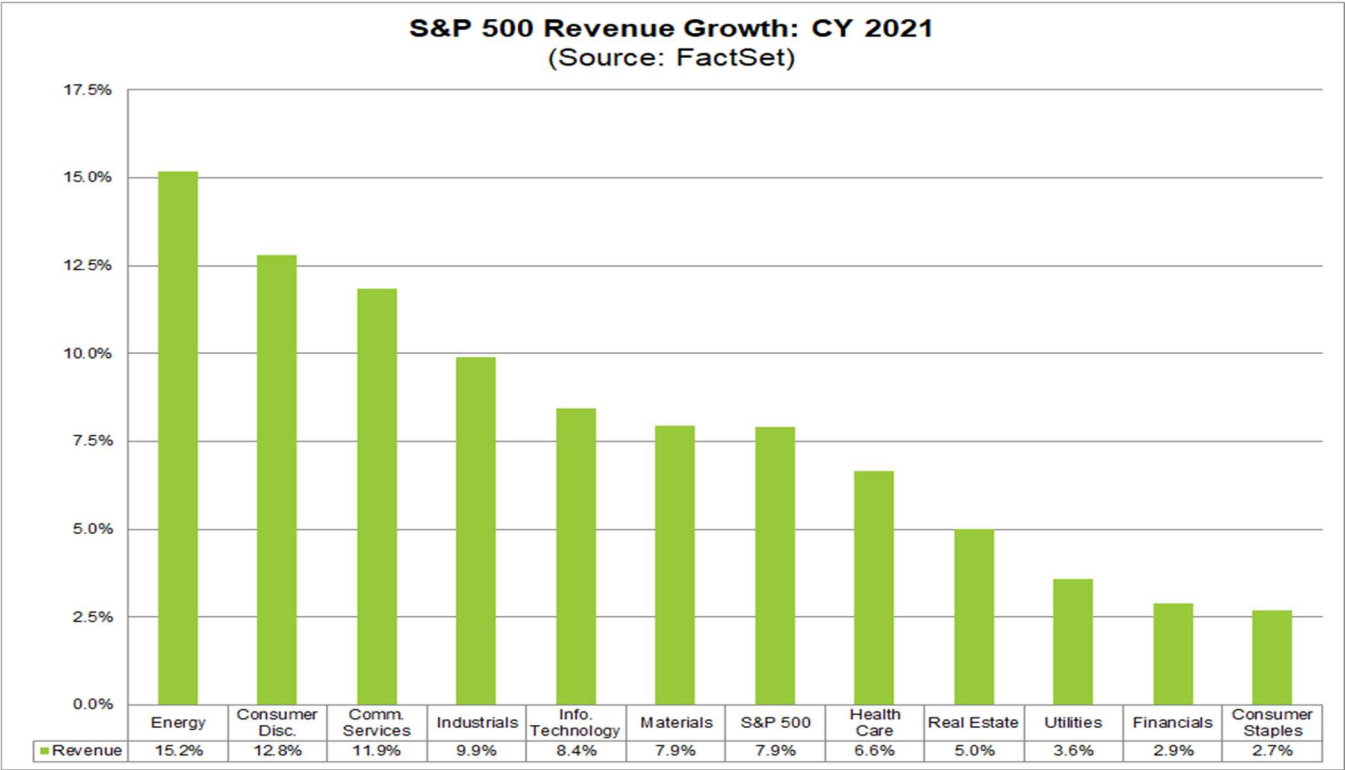
CY 2021 Revenue Growth: 7.9%

The estimated (year-over-year) revenue growth rate for CY 2021 is 7.9%, which is above the 10-year average (annual) revenue growth rate of 4.5%. If 7.9% is the actual decline for the year, it will mark the largest annual revenue growth rate for the index since CY 2018 (8.9%). The increase can be attributed to both an easy comparison to weak revenues in CY 2020 (due to the impact of COVID-19) and an expected improvement in revenue in 2021. At the sector level, all eleven sectors are expected to report year-over-year growth in revenues, led by the Energy, Consumer Discretionary, and Communication Services sectors.

The Energy sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 15.2%. Higher expected oil prices are helping to drive the increase in earnings for the sector, as the estimated price of oil in CY 2021 (\$45.75) is 17% higher than the average price of oil in CY 2020 (\$39.02) to date. At the sub-industry level, four of five sub-industries in the sector are projected to report growth in revenues. Three of these sub-industries are predicted to report double-digit growth: Oil & Gas Exploration & Production (24%), Integrated Oil & Gas (19%), and Oil & Gas Refining & Marketing (16%).

The Consumer Discretionary sector is expected to report the second-largest (year-over-year) revenue growth rate of all eleven sectors at 12.8%. All ten industries in this sector are expected to report revenue growth. Seven of these ten industries are expected to report double-digit growth in revenue, led by the Hotels, Restaurants, & Leisure (34%) and Auto Components (33%) industries.

The Communication Services sector is expected to report the third-largest (year-over-year) revenue growth rate of all eleven sectors at 11.9%. All five industries in this sector are expected to report revenue growth. Three of these industries are expected to report double-digit growth in revenue: Interactive Media & Services (21%), Entertainment (16%), and Wireless Telecommunication Services (11%).



Topic of the Week: 2

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies For 2021?

With the end of the year approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500? How have their views changed since the start of the COVID-19 pandemic?

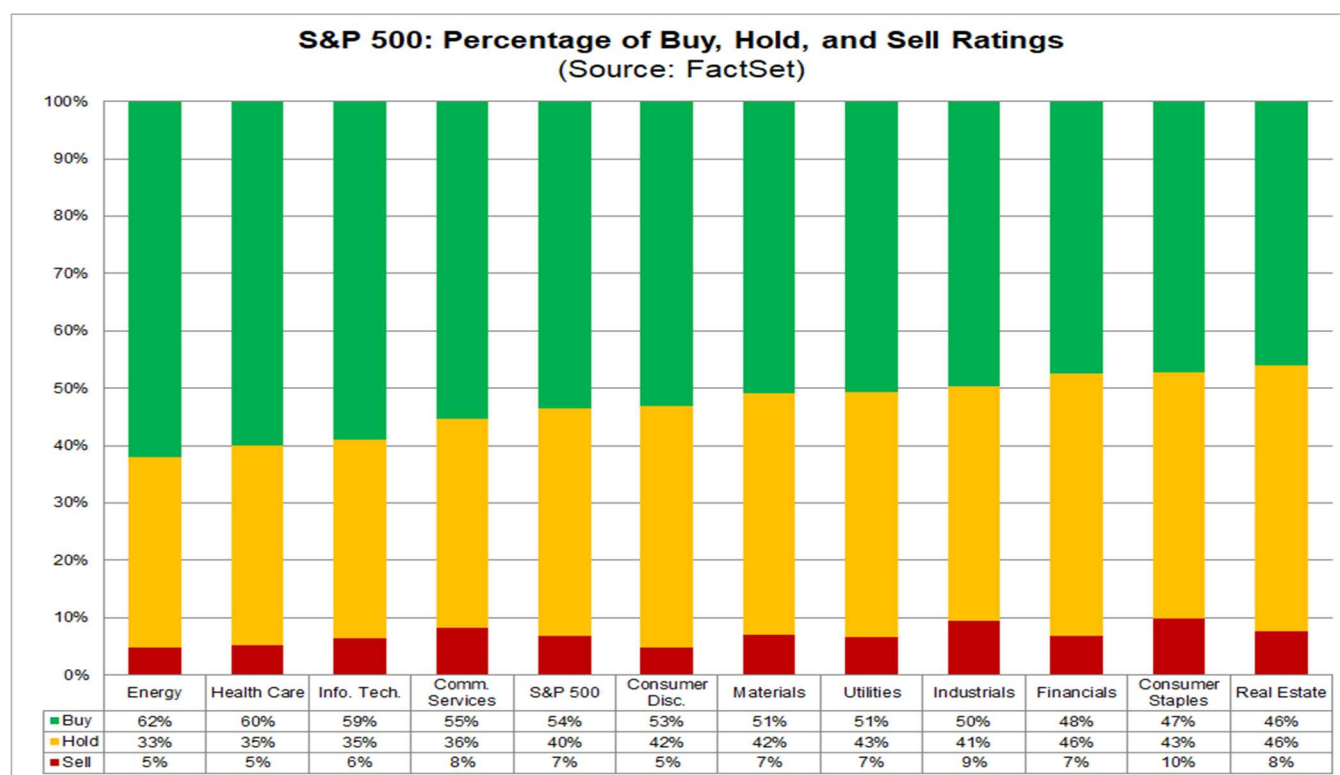
Overall, there are 10,361 ratings on stocks in the S&P 500. Of these 10,361 ratings, 53.6% are Buy ratings, 39.6% are Hold ratings, and 6.8% are Sell ratings.

At the sector level, analysts are most optimistic on the Energy (62%), Health Care (60%), and Information Technology (59%) sectors, as these three sectors have highest percentages of Buy ratings. On the other hand, analysts are most pessimistic about the Real Estate (46%), Consumer Staples (47%), and Financials (48%) sectors, as these three sectors have the lowest percentages of Buy ratings. The Real Estate (46%) and Financials (46%) sectors also have the highest percentages of Hold ratings, while the Consumer Staples (10%) sector also have the highest percentage of Sell ratings.

At the company level, the ten stocks in the S&P 500 with the highest percentages of Buy ratings and the highest percentages of Sell ratings are listed on the next page.

Based on the percentage of Buy ratings on S&P 500 stocks, it is interesting to note that analysts are more optimistic on S&P 500 stocks today compared to the start of the 2020 (before the impact of COVID-19). On December 31, 50.6% of ratings on S&P 500 stocks were Buy ratings, compared to 53.6% today. Nine sectors have a higher percentage of Buy ratings today compared to the start of the year, led by the Utilities (to 51% from 42%) and Consumer Staples (to 47% from 39%) sectors. On the other hand, just two sectors have a lower percentage of Buy ratings today compared to the start of the year: Communication Services (to 55% from 60%) and Energy (to 62% from 66%).

However, there has been little change at the sector level in terms of ranking by Buy ratings. The same four sectors (Energy, Communication Services, Health Care, and Information Technology) that had the highest percentages of Buy ratings at the start of the year (before COVID-19) also have the highest percentages of Buy ratings today. Three of the four sectors (Consumer Staples, Financials, and Real Estate) that had the lowest percentages of Buy ratings at the start of the year also have the lowest percentages of Buy ratings today.

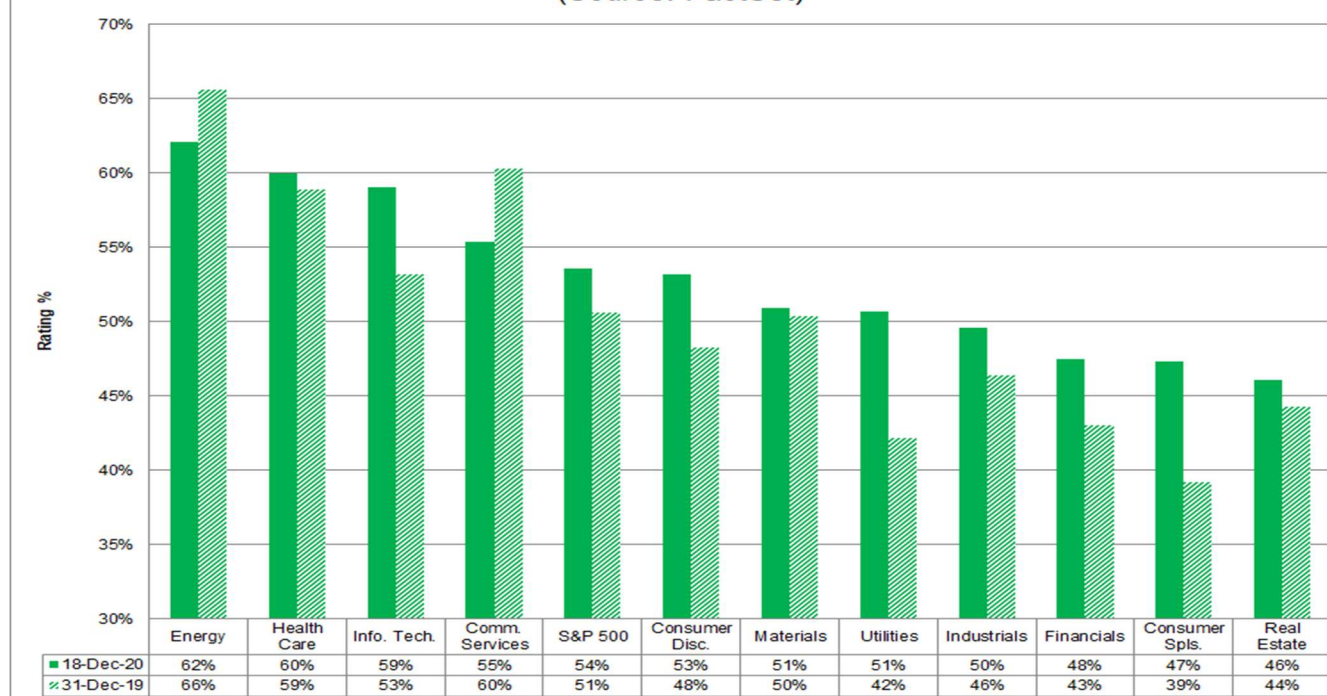


Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	Sell
Phillips 66	100%	0%	0%
Assurant, Inc.	100%	0%	0%
Jacobs Engineering Group Inc.	94%	6%	0%
Amazon.com, Inc.	94%	6%	0%
Keysight Technologies Inc	92%	8%	0%
ConocoPhillips	92%	8%	0%
Teleflex Incorporated	92%	0%	8%
Microsoft Corporation	91%	9%	0%
L3Harris Technologies Inc	91%	9%	0%
Valero Energy Corporation	91%	5%	5%

Highest % of Sell Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	Sell
American Airlines Group, Inc.	14%	32%	55%
Lumen Technologies, Inc.	19%	38%	44%
Brown-Forman Corporation Class B	6%	53%	41%
Mettler-Toledo International Inc.	0%	62%	38%
Expeditors International of Washington	7%	57%	36%
Robert Half International Inc.	29%	36%	36%
Consolidated Edison, Inc.	6%	59%	35%
Albemarle Corporation	30%	35%	35%
Equity Residential	14%	52%	33%
WEC Energy Group Inc	20%	47%	33%

S&P 500 Buy Ratings %: Dec 2020 vs. Dec 2019
(Source: FactSet)

Q4 Earnings Season: By The Numbers

Overview

Analysts and companies have been more optimistic than normal in their estimate revisions and earnings outlooks for the fourth quarter to date. As a result, expected earnings for the S&P 500 for the fourth quarter are higher today compared to the start of the quarter. Despite this increase, the index is still expected to report the third largest year-over-year decline in earnings over the past ten years, mainly due to the negative impact of COVID-19 on a number of industries. Earnings growth is projected to return in 2021.

In terms of estimate revisions for companies in the S&P 500, analysts have increased earnings estimates in aggregate for Q4 2020 to date. On a per-share basis, estimated earnings for the fourth quarter increased by 3.6%. In a typical quarter, analysts usually reduce earnings estimates during the quarter. Over the past five years (20 quarters), earnings estimates have fallen by 4.5% on average during a quarter. Over the past ten years, (40 quarters), earnings estimates have fallen by 4.2% on average during a quarter. Over the past fifteen years, (60 quarters), earnings expectations have fallen by 5.2% on average during a quarter.

More S&P 500 companies have issued positive EPS guidance for Q4 2020 than average as well. At this point in time, 84 companies in the index have issued EPS guidance for Q4 2020. Of these 84 companies, 28 have issued negative EPS guidance and 56 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 67% (56 out of 84), which is well above the 5-year average of 33%. However, the overall number of companies issuing EPS guidance for the fourth quarter of 84 is below the 5-year average of 102.

Because of the net upward revisions to earnings estimates, the estimated (year-over-year) earnings decline for Q4 2020 is smaller now relative to the start of the fourth quarter. As of today, the S&P 500 is expected to report a year-over-year decline in earnings of -9.7%, compared to a year-over-year decline in earnings of -12.8% on September 30.

If -9.7% is the actual decline for the quarter, it will mark the third-largest year-over-year decline in earnings reported by the index since Q3 2009, trailing only the first and second quarters of this year. It will also mark the seventh time in the past eight quarters in which the index has reported a year-over-year decline in earnings. Four sectors are projected to report year-over-year earnings growth, led by the Health Care and Materials sectors. Seven sectors are projected to report a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

Because of the net upward revisions to revenue estimates, the S&P 500 is now projected to report (year-over-year) revenue growth for Q4 2020 relative to an estimated (year-over-year) decline at the start of the fourth quarter. As of today, the S&P 500 is expected to report year-over-year growth in revenues of 0.1%, compared to a year-over-year decline in revenue of -1.1% on September 30.

If 0.1% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020. Six sectors are projected to report year-over-year growth in revenues, led by the Health Care sector. Five sectors are projected to report a year-over-year decline in revenues, led by the Energy and Industrials sectors.

Looking at future quarters, analysts project earnings growth to return starting in Q1 2021 (15.6%).

The forward 12-month P/E ratio is 22.1, which is above the 5-year average and above the 10-year average.

During the upcoming week, 3 S&P 500 companies are scheduled to report results for the fourth quarter.

Earnings Revisions: Financials Sector Sees Largest Estimate Increases

Small Decrease in Estimated Earnings Decline for Q4 This Week

During the past week, the estimated earnings decline for the S&P 500 decreased slightly to -9.7% from -10.0%. Upward revisions to EPS estimates and positive EPS surprises for companies in multiple sectors were responsible for the small decrease in the overall earnings decline for the index during the week.

Since the start of the quarter, the estimated earnings decline for the S&P 500 has decreased to -9.7% today from -12.8% on September 30. Eight sectors have recorded a decrease in their expected earnings declines or an increase in expected earnings growth due to upward revisions to earnings estimates, led by the Financials, Materials, and Communication Services sectors. On the other hand, three sectors have recorded an increase in their expected earnings declines or a decrease in expected earnings growth due to downward revisions to earnings estimates, led by the Energy sector.

Financials: JPMorgan Chase and Wells Fargo Lead Earnings Increase Since September 30

The Financials sector has recorded the largest decrease in its expected earnings decline of all eleven sectors since the start of the quarter (to -10.5% from -24.1%). This sector has also witnessed the second-largest increase in price (+18.9%) of all eleven sectors since September 30. Overall, 53 of the 65 companies (82%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 53 companies, 26 have recorded an increase in their mean EPS estimate of more than 10%, led by Capital One Financial (to \$2.47 from \$1.24) and Wells Fargo (to \$0.61 from \$0.33). However, JPMorgan Chase (to \$2.37 from \$1.83), Wells Fargo, Bank of America (to \$0.50 from \$0.40), Citigroup (to \$1.24 vs. \$0.88), Capital One Financial, and Goldman Sachs (to \$6.22 vs. \$4.61) have been the largest contributors to the increase in expected earnings for this sector since September 30.

Materials: 64% of Companies Have Seen Increase In Earnings Since September 30

The Materials sector has recorded the second-largest decrease in its expected earnings decline of all eleven sectors since the start of the quarter (to 4.5% from -2.0%). This sector has also witnessed the fifth-largest increase in price (+12.6%) of all eleven sectors since September 30. Overall, 18 of the 28 companies (64%) in the Materials sector have seen an increase in their mean EPS estimate during this time. Of these 18 companies, 11 have recorded an increase in their mean EPS estimate of more than 10%, led by Mosaic (to \$0.15 vs. \$0.07), Nucor (to \$1.02 from \$0.56), and Dow (to \$0.60 from \$0.40).

Communication Services: Alphabet and Facebook Lead Earnings Increase since September 30

The Communication Services sector has recorded the third-largest decrease in its expected earnings decline since the start of the quarter (to -12.9% from -18.2%). This sector has also witnessed the fourth-largest increase in price (+12.8%) of all eleven sectors since September 30. Overall, 14 of the 22 companies (64%) in the Communication Services sector have seen an increase in their mean EPS estimate during this time. Of these 14 companies, 7 have recorded an increase in their mean EPS estimate of more than 10%, led by Netflix (to \$1.35 from \$0.92) and DISH Network (to \$0.78 vs. \$0.56). However, Alphabet (to \$15.48 from \$13.51) and Facebook (to \$3.14 from \$2.64) have been the largest contributors to the increase in expected earnings for this sector since September 30.

Energy: Exxon Mobil and Chevron Lead Earnings Decrease Since September 30

The Energy sector has recorded the largest increase in its expected earnings decline since the start of the quarter (to -96.8% from -83.0%). Despite the decrease in expected earnings, this sector has witnessed the largest increase in price (+31.1%) of all eleven sectors since September 30. Overall, 13 of the 25 companies (52%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 13 companies, 11 have recorded a decrease in their mean EPS estimate of more than 10%, led by ConocoPhillips (to -\$0.17 from -\$0.03), Hess Corporation (to -\$0.29 from \$0.11), Phillips 66 (to -\$0.26 from \$0.32), Valero Energy (to -\$1.20 from -\$0.49), and Exxon Mobil (to \$0.00 from \$0.13). Exxon Mobil and Chevron (to \$0.09 from \$0.26) have been the largest contributors to the decrease in expected earnings for this sector since September 30.

Index-Level (Bottom-Up) EPS Estimate: 3.6% Increase Since September 30

The Q4 bottom-up EPS estimate (which is an aggregation of the median earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings for the index) has increased by 3.6% (to \$37.39 from \$36.10) to date. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 4.5% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 4.2% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 5.2% on average during a quarter.

Guidance: More S&P 500 Companies Issuing Positive EPS Guidance for Q4 to Date

To date, more S&P 500 companies are issuing positive earnings guidance than average. At this point in time, 84 companies in the index have issued EPS guidance for Q4 2020. Of these 84 companies, 28 have issued negative EPS guidance and 56 have issued positive EPS guidance. The percentage of companies issuing positive EPS guidance is 67% (56 out of 84), which is well above the 5-year average of 33%.

However, the total number of companies issuing EPS guidance to date for Q4 2020 of 84 is below the 5-year average for a quarter of 102.

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Earnings Decline: -9.7%

The estimated (year-over-year) earnings decline for Q4 2020 is -9.7%, which is below the 5-year average earnings growth rate of 4.0%. If -9.7% is the actual decline for the quarter, it will mark the third-largest (year-over-year) decline in earnings for the index since Q3 2009. It will also mark the seventh time in the past eight quarters in which the index has reported a year-over-year decline in earnings. Four sectors are projected to report year-over-year earnings growth, led by the Health Care and Materials sectors. Seven sectors are projected to report a year-over-year decline in earnings, led by the Energy, Industrials, and Consumer Discretionary sectors.

Health Care: AbbVie Largest Contributor to Year-Over-Year Growth

The Health Care sector is expected to report the highest (year-over-year) earnings growth of all eleven sectors at 6.3%. At the industry level, five of the six industries in this sector are predicted to report year-over-year growth in earnings. Four of these five industries are projected to report double-digit earnings growth: Life Sciences Tools & Services (42%), Biotechnology (15%), Pharmaceuticals (12%), and Health Care Equipment & Supplies (10%). The only industry projected to report a year-over-year decline in earnings is the Health Care Providers & Services (-20%) industry.

At the company level, AbbVie is the largest contributor to earnings growth for the sector. However, the earnings growth rate for this company is being boosted by an apples-to-oranges comparison of post-merger earnings in Q4 2020 to pre-merger earnings in Q4 2019. If this company were excluded, the estimated earnings growth rate for the sector would fall to 3.1% from 6.3%.

Materials: Metals & Mining Industry Largest Contributor to Year-Over-Year Growth

The Materials sector is expected to report the second-highest (year-over-year) earnings growth of all eleven sectors at 4.5%. At the industry level, the Metals & Mining industry (152%) is the only industry in this sector predicted to report year-over-year growth in earnings. The other three industries in this sector are projected to report year-over-year declines in earnings: Chemicals (-8%), Containers & Packaging (-6%), and Construction Materials (-3%).

The Metals & Mining industry is also projected to be the largest contributor to year-over-year growth in earnings for the sector. If the three companies in this industry were excluded, year-over-year earnings for this sector would fall to -7.6% from 4.5%.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of 90% or More

The Energy sector is expected to report the largest (year-over-year) decline in earnings of all eleven sectors at -96.8%. Lower year-over-year oil prices are contributing to the earnings decline for this sector, as the average price of oil in Q4 2020 to date (\$41.82) is 26% below the average price for oil in Q4 2019 (\$56.87). At the sub-industry level, four of the five sub-industries in the sector are expected to report a decline in earnings. Three of these four sub-industries are projected to report a decline in earnings of 90% or more: Oil & Gas Refining & Marketing (-146%), Integrated Oil & Gas (-111%), and Oil & Gas Exploration & Production (-90%). The only sub-industry in the sector that is predicted to report year-over-year growth in earnings is the Oil & Gas Storage & Transportation (3%) sub-industry.

Industrials: Airlines Industry Largest Contributor To Year-Over-Year Decline

The Industrials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -34.4%. At the industry level, seven of the twelve industries in this sector are expected to report a decline in earnings. Six of these seven industries are expected to report a double-digit decline in earnings: Airlines (-343%), Industrial Conglomerates (-19%), Trading Companies & Distributors (-14%), Electrical Equipment (-11%), Building Products (-11%), and Machinery (-10%). On the other hand, five industries are expected to report earnings growth in this sector, led by the Air Freight & Logistics (31%) and Aerospace & Defense (21%) industries.

The Airlines industry is also projected to be the largest contributor to the year-over-year decline in earnings for the sector. If the five companies in this industry were excluded, the estimated earnings decline for the sector would improve to -0.7% from -34.4%.

Consumer Discretionary: Hotels, Restaurants, & Leisure Industry Leads Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the third largest (year-over-year) earnings decline of all eleven sectors at -21.4%. At the industry level, five of the ten industries in this sector are expected to report a decline in earnings. Four of these five industries are projected to report a double-digit decline in earnings: Hotels, Restaurants, & Leisure (-128%), Textiles, Apparel, & Luxury Goods (-30%), Internet & Direct Marketing Retail (-24%), and Auto Components (-12%). On the other hand, five industries in this sector are expected to report earnings growth, led by the Automobiles (342%), Multiline Retail (26%), and Household Durables (24%) industries.

The Hotels, Restaurants, & Leisure industry is also projected to be the largest contributor to the year-over-year decline in earnings for the sector. If this industry were excluded, year-over-year earnings for the sector would improve to 5.7% from -21.4%.

Revenue Growth: 0.1%

The estimated (year-over-year) revenue growth rate for Q4 2020 is 0.1%, which is below the 5-year average revenue growth rate of 3.4%. If 0.1% is the actual growth rate for the quarter, it will mark the first time the index has reported year-over-year revenue growth since Q1 2020. Six sectors are expected to report year-over-year growth in revenues, led by Health Care sector. Five sectors are expected to report a year-over-year decline in revenues, led by the Energy and Industrials sectors.

Health Care: 5 of 6 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the highest (year-over-year) revenue growth of all eleven sectors at 10.0%. At the industry level, five of the six industries in this sector are expected to report year-over-year growth in revenues, led by the Life Sciences Tools & Services (21%) and Biotechnology (20%) industries. On the other hand, the only industry that is projected to report a decline in revenue is the Health Care Technology (-3%) industry.

It should be noted that the revenue growth rates of some of the companies that are the largest contributors to revenue growth for this sector (including Centene and AbbVie) are being boosted by apples-to-oranges comparisons of post-merger revenues in Q4 2020 to pre-merger revenues in Q4 2019.

Energy: 4 of 5 Sub-Industries Expected to Report Year-Over-Year Decline of More Than 25%

The Energy sector is expected to report the largest (year-over-year) decline in revenue of all eleven sectors at -32.7%. Lower year-over-year oil prices are contributing to the revenue decline for this sector, as the average price of oil in Q4 2020 to date (\$41.82) is 26% below the average price for oil in Q4 2019 (\$56.87). At the sub-industry level, all five sub-industries in the sector are expected to report a year-over-year decline in revenue. Four sub-industries are projected to report a decline in revenue of more than 25%: Oil & Gas Refining & Marketing (-37%), Integrated Oil & Gas (-32%), Oil & Gas Exploration & Production (-31%), and Oil & Gas Equipment & Services (-28%).

Industrials: Airlines Industry Largest Contributor to Year-Over-Year Decline

The Industrials sector is expected to report the second-largest (year-over-year) revenue decline of all eleven sectors at -10.3%. At the industry level, ten of the twelve industries in this sector are predicted to report a decline in revenues, led by the Airlines (-66%) industry. On the other hand, the Air Freight & Logistics (14%) industry is projected to report the largest year-over-year revenue growth in the sector.

The Airlines industry is also the projected to be the largest contributor to the year-over-year decline in revenue for the sector. If the five companies in this industry were excluded, the estimated revenue decline for the sector would improve to -2.8% from -10.3%.

Looking Ahead: Forward Estimates and Valuation

Earnings: Analysts Expect Earnings Decline of -14% for CY 2020

For the fourth quarter, S&P 500 companies are expected to report a decline in earnings of -9.7% and growth in revenues of 0.1%. For all of 2020, S&P 500 companies are expected to report a decline in earnings of -13.6% and a decline in revenue of -1.8%.

For CY 2020, analysts are projecting an earnings decline of -13.6% and a revenue decline of -1.8%.

For Q1 2021, analysts are projecting earnings growth of 15.6% and revenue growth of 3.6%.

For Q2 2021, analysts are projecting earnings growth of 45.0% and revenue growth of 13.7%.

For CY 2021, analysts are projecting earnings growth of 22.1% and revenue growth of 7.9%.

Valuation: Forward P/E Ratio is 22.1, Above the 10-Year Average (15.7)

The forward 12-month P/E ratio is 22.1. This P/E ratio is above the 5-year average of 17.4 and above the 10-year average of 15.7. It is also above the forward 12-month P/E ratio of 21.5 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has decreased by 10.7%, while the forward 12-month EPS estimate has increased by 7.0%.

At the sector level, the Consumer Discretionary (32.7) sector has the highest forward 12-month P/E ratio, while the Financials (14.6) sector has the lowest forward 12-month P/E ratio.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 4,040.43, which is 8.5% above the closing price of 3722.48. At the sector level, the Health Care (+12.1%) and Consumer Discretionary (+11.6%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Financials (+5.3%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

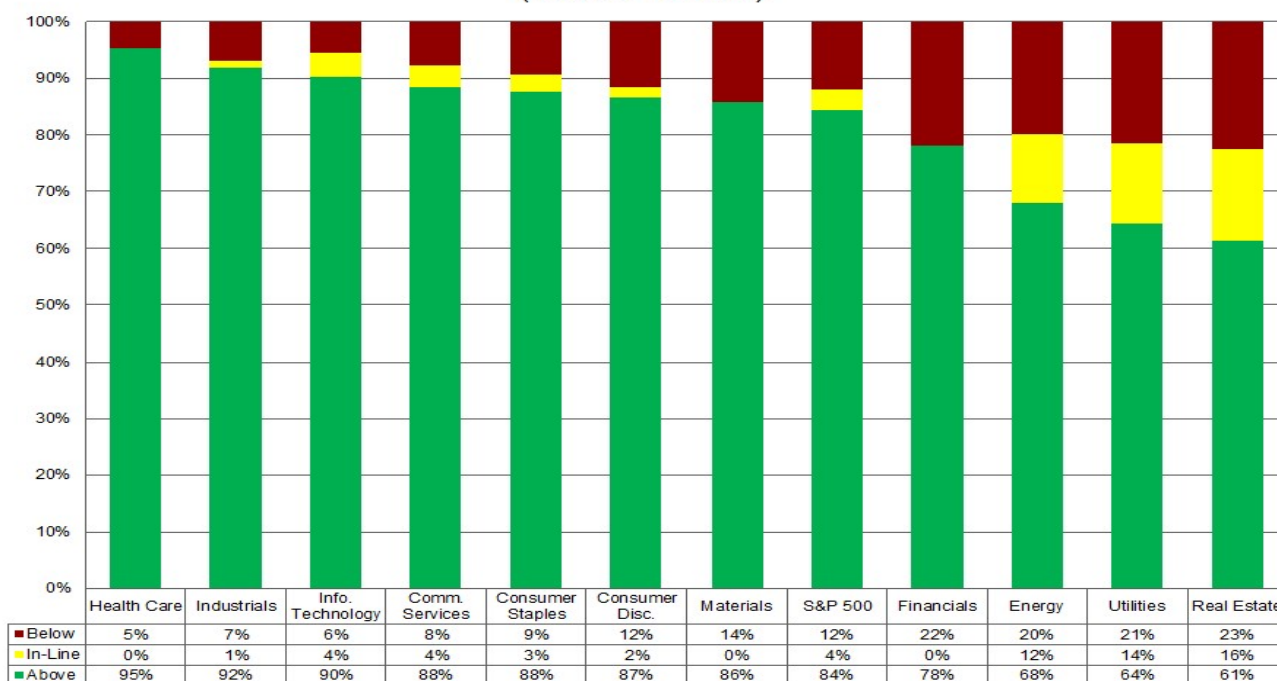
Overall, there are 10,361 ratings on stocks in the S&P 500. Of these 10,361 ratings, 53.6% are Buy ratings, 39.6% are Hold ratings, and 6.8% are Sell ratings. At the sector level, the Energy (62%) and Health Care (60%) sectors have the highest percentages of Buy ratings, while the Real Estate (46%), Consumer Staples (47%), and Financials (48%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 3

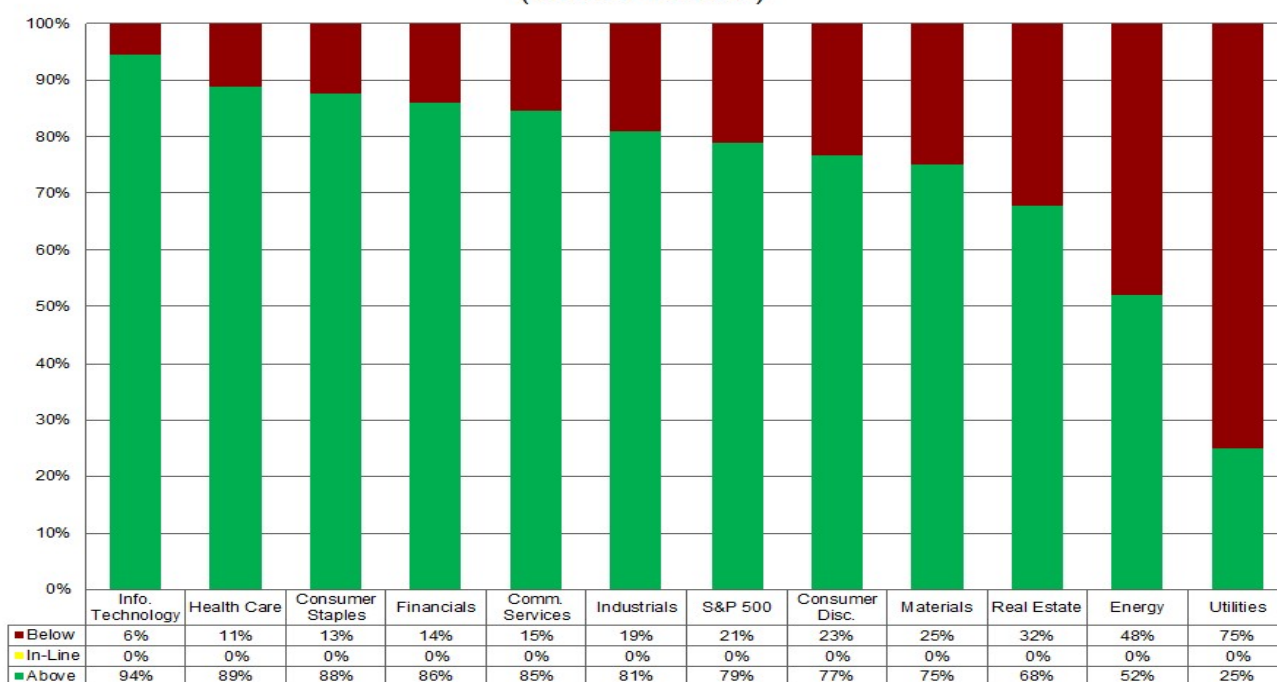
During the upcoming week, 3 S&P 500 companies are scheduled to report results for the fourth quarter.

Q3 2020: Scorecard

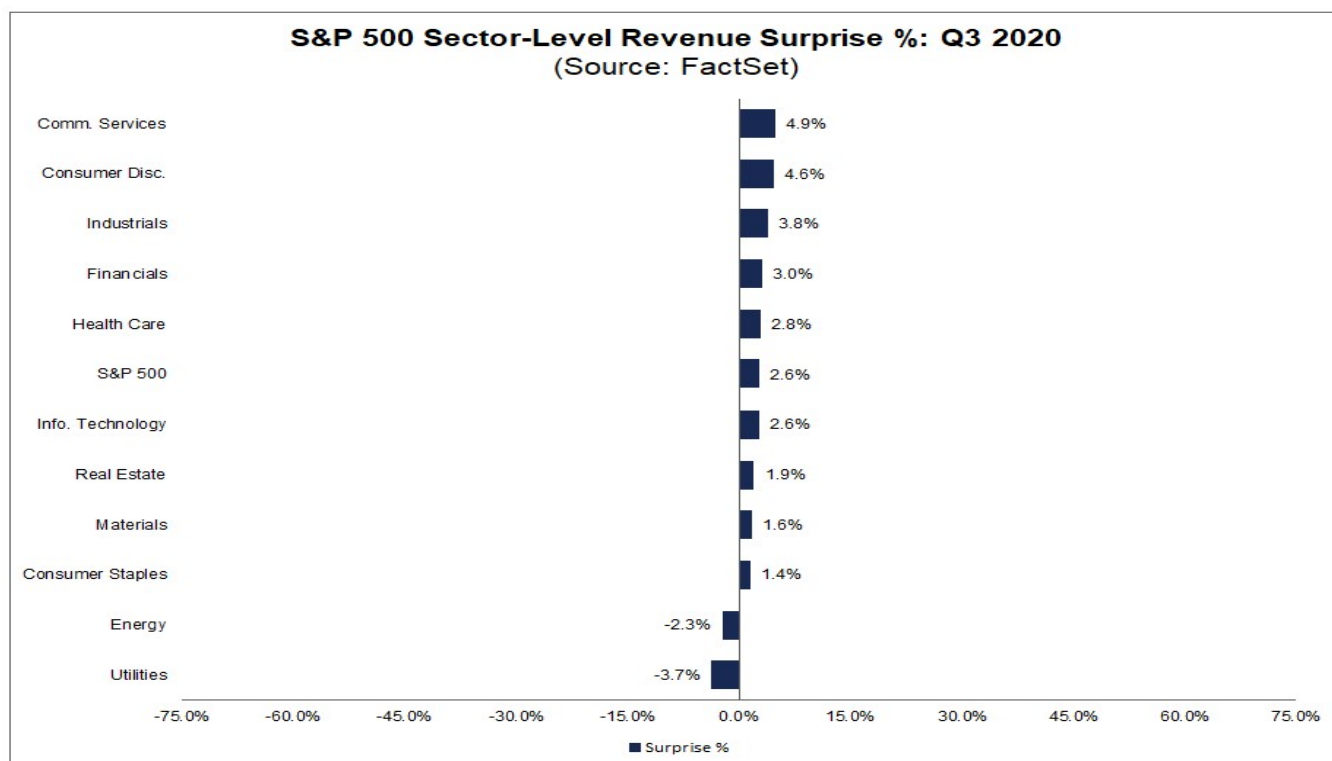
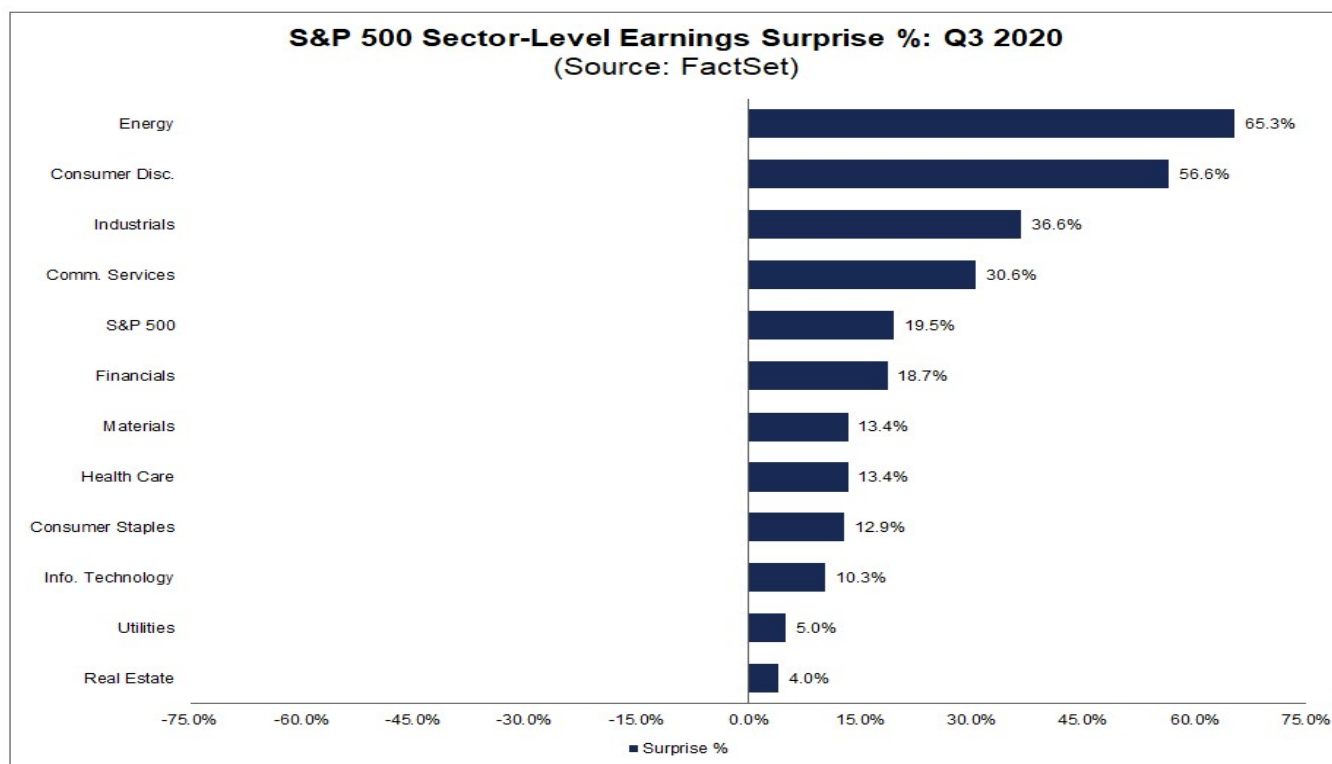
S&P 500 Earnings Above, In-Line, Below Estimates: Q3 2020
(Source: FactSet)



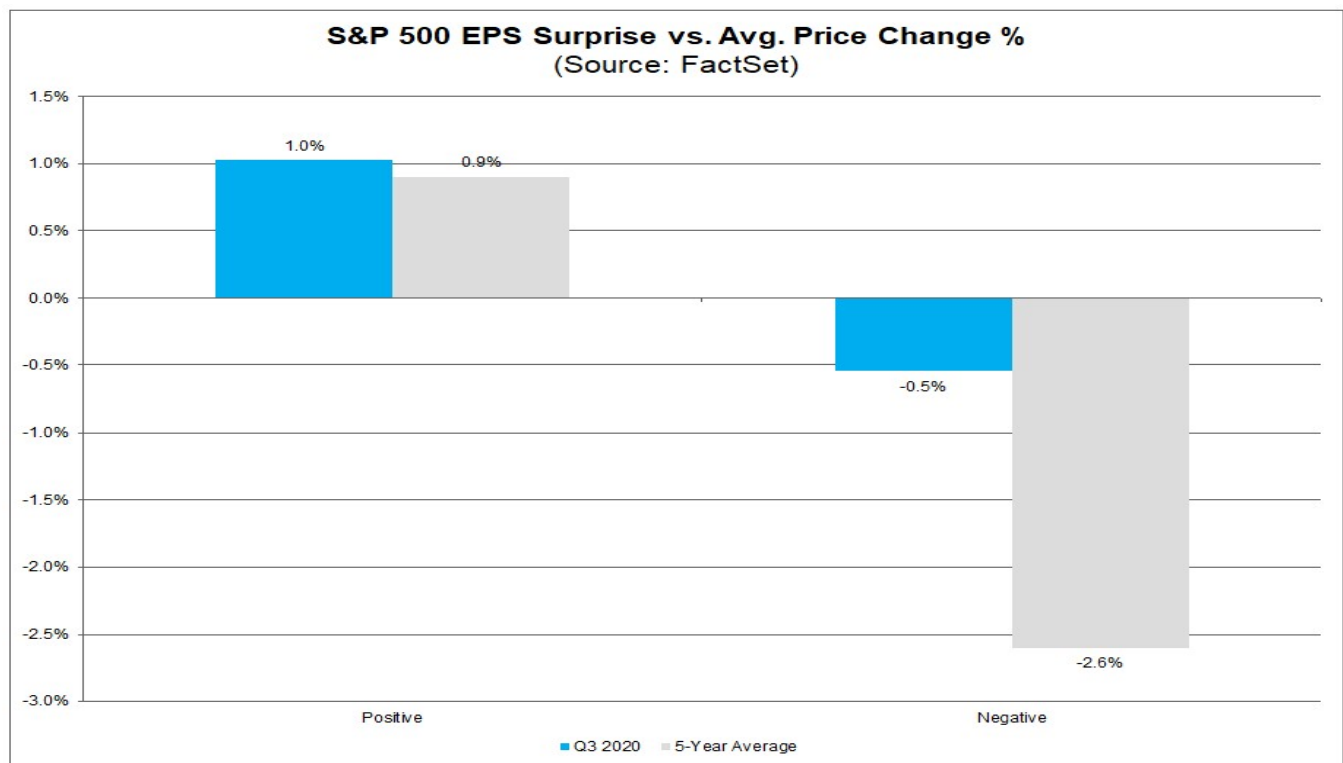
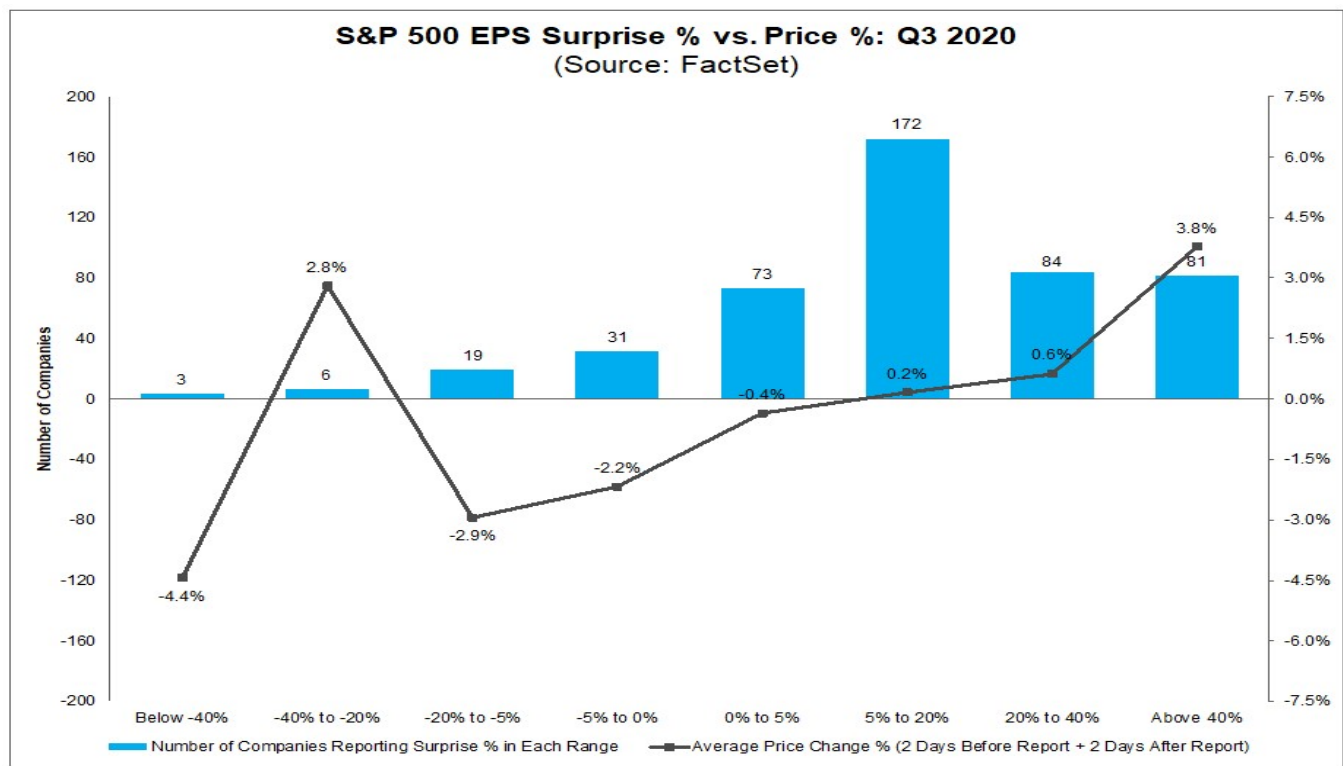
S&P 500 Revenues Above, In-Line, Below Estimates: Q3 2020
(Source: FactSet)



Q3 2020: Scorecard

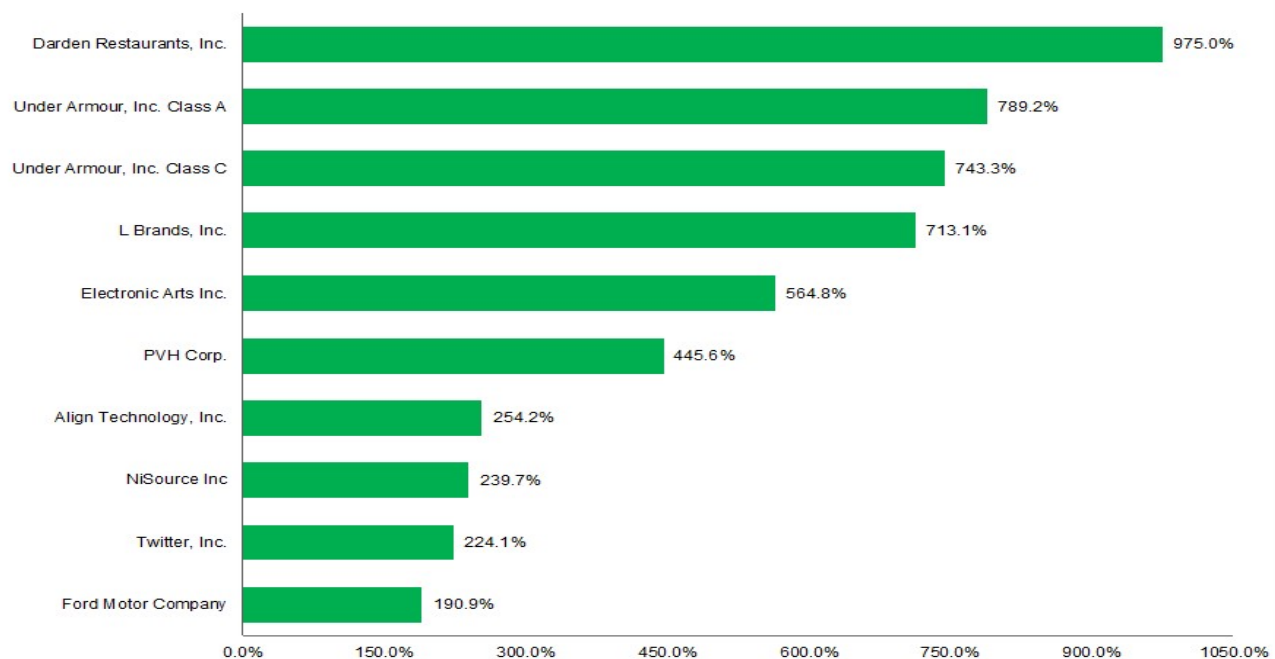


Q3 2020: Scorecard

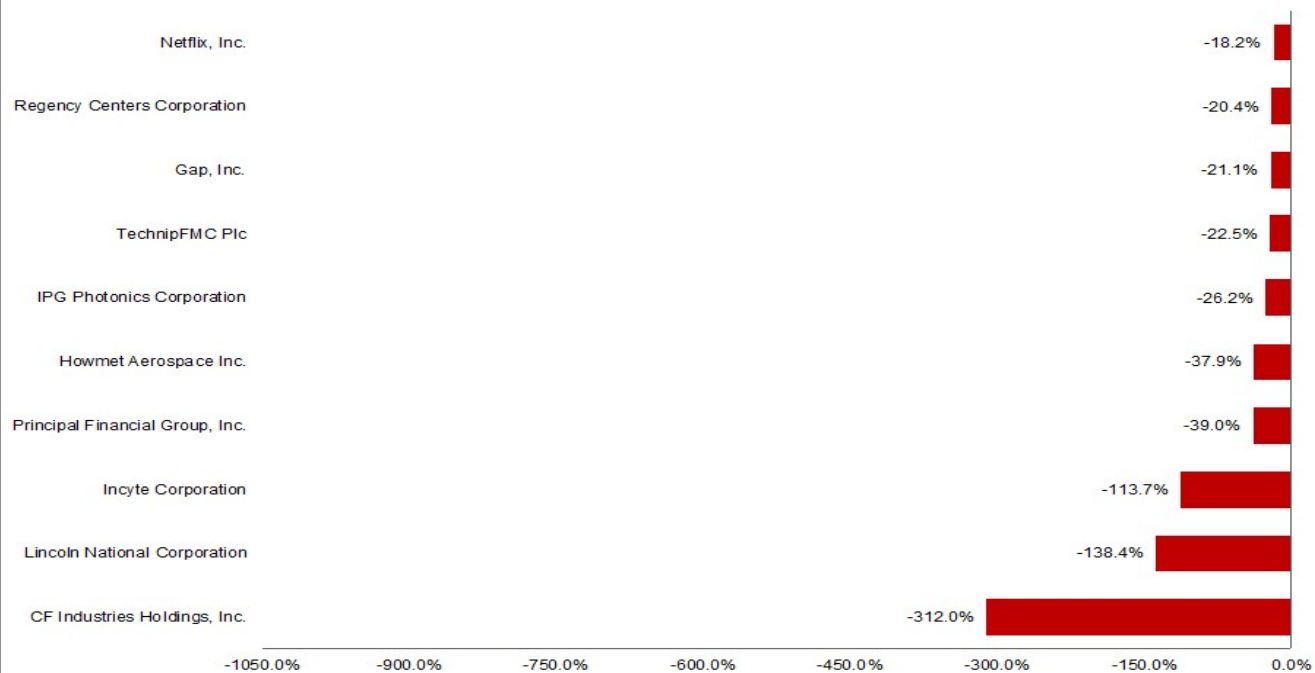


Q3 2020: Scorecard

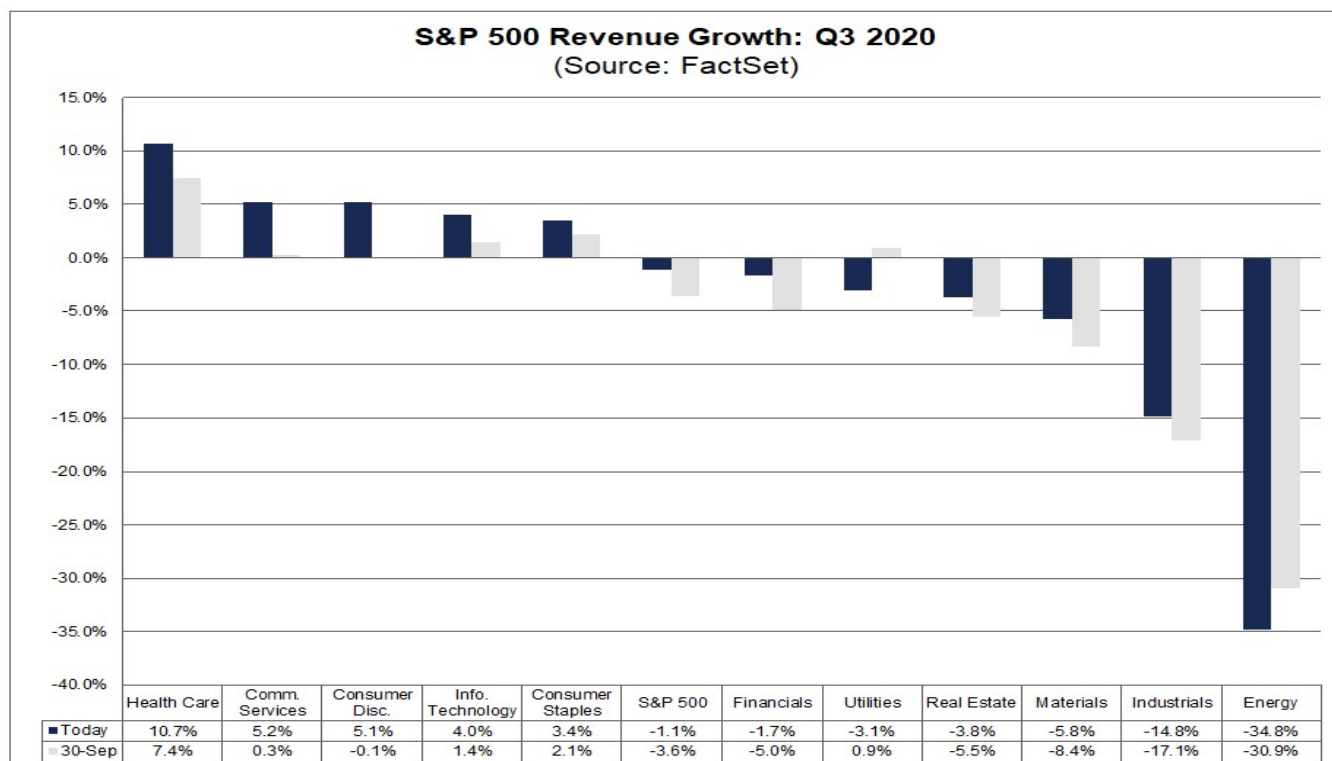
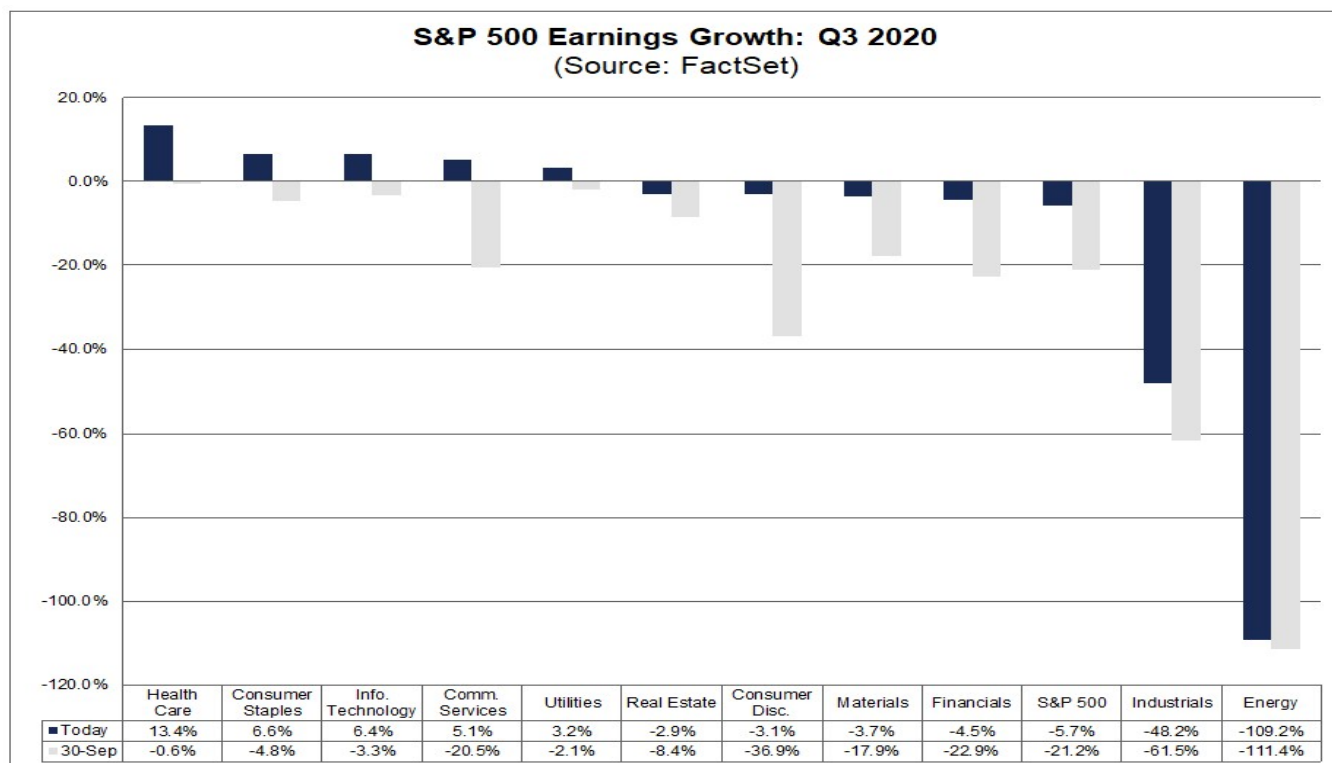
S&P 500 Actual EPS Surprise %: Top 10 Q3 Actual EPS Surprises
(Source: FactSet)



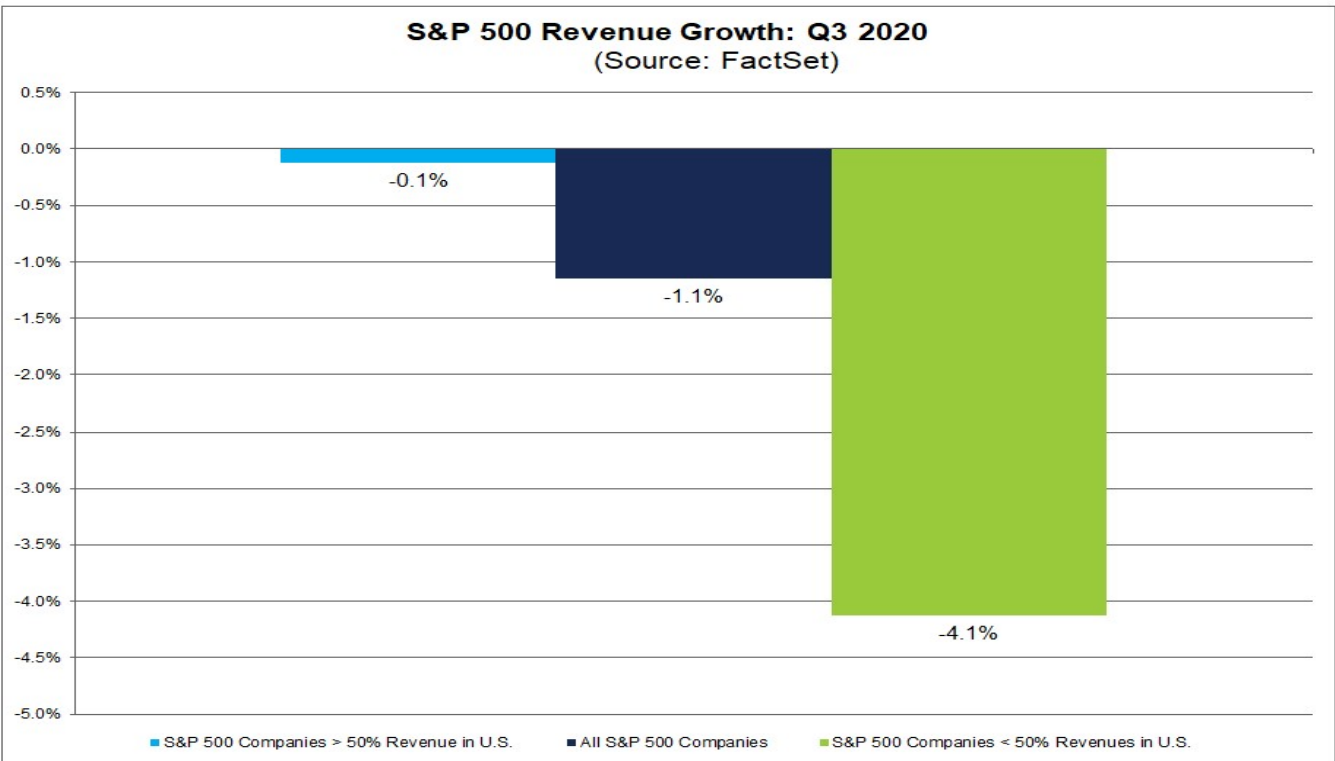
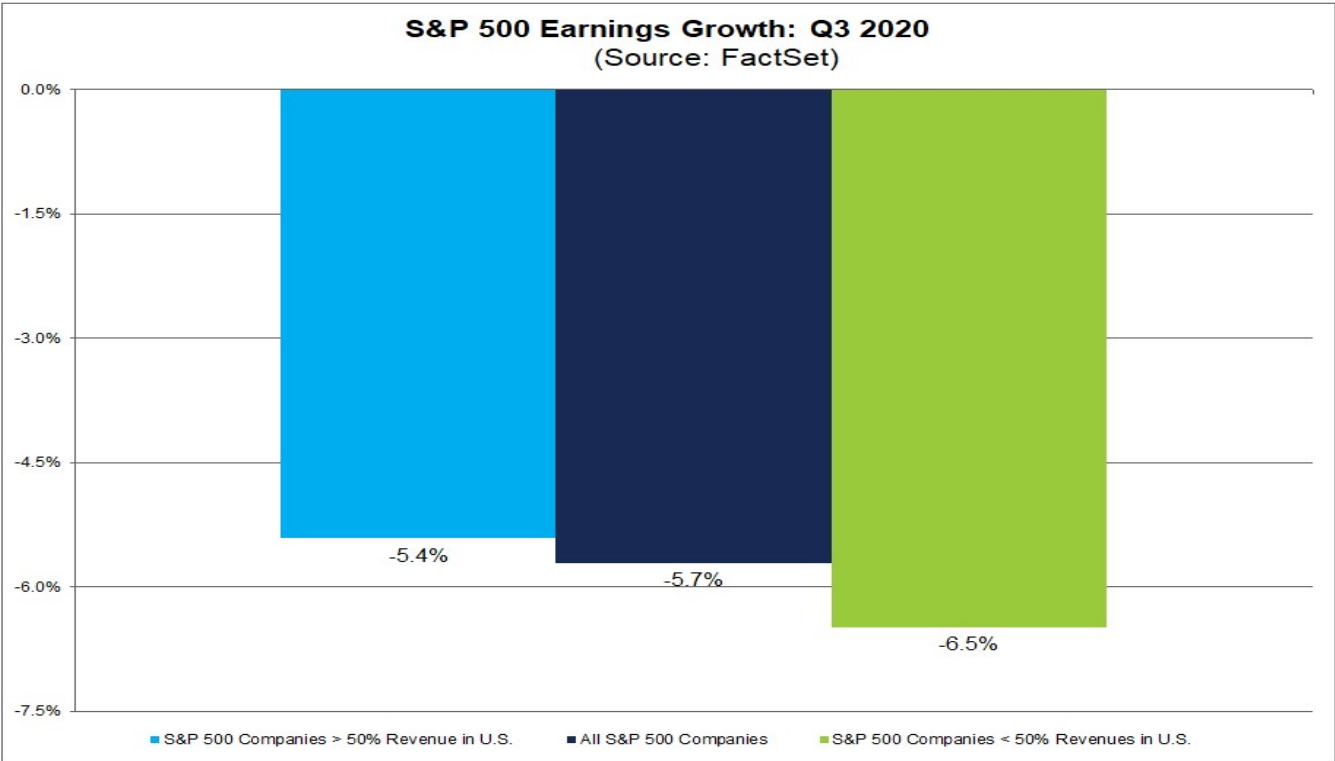
S&P 500 Actual EPS Surprise %: Bottom 10 Q3 Actual EPS Surprises
(Source: FactSet)



Q3 2020: Growth



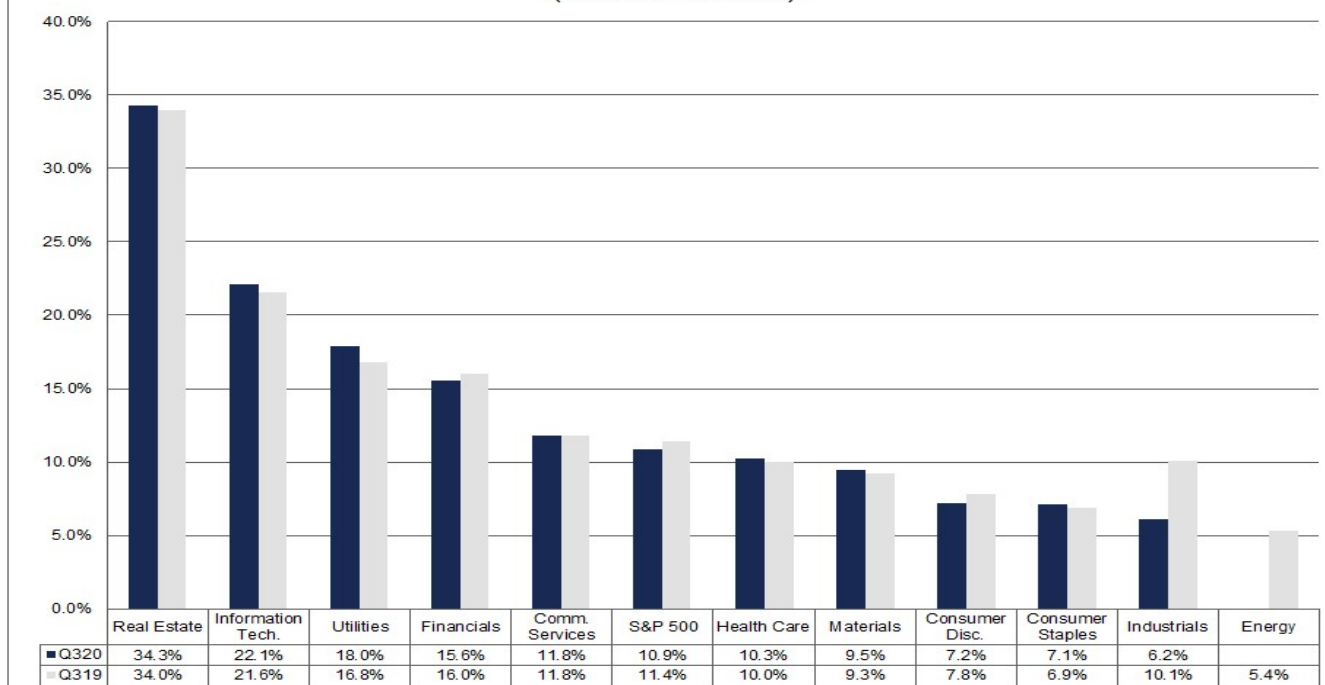
Q3 2020: Growth



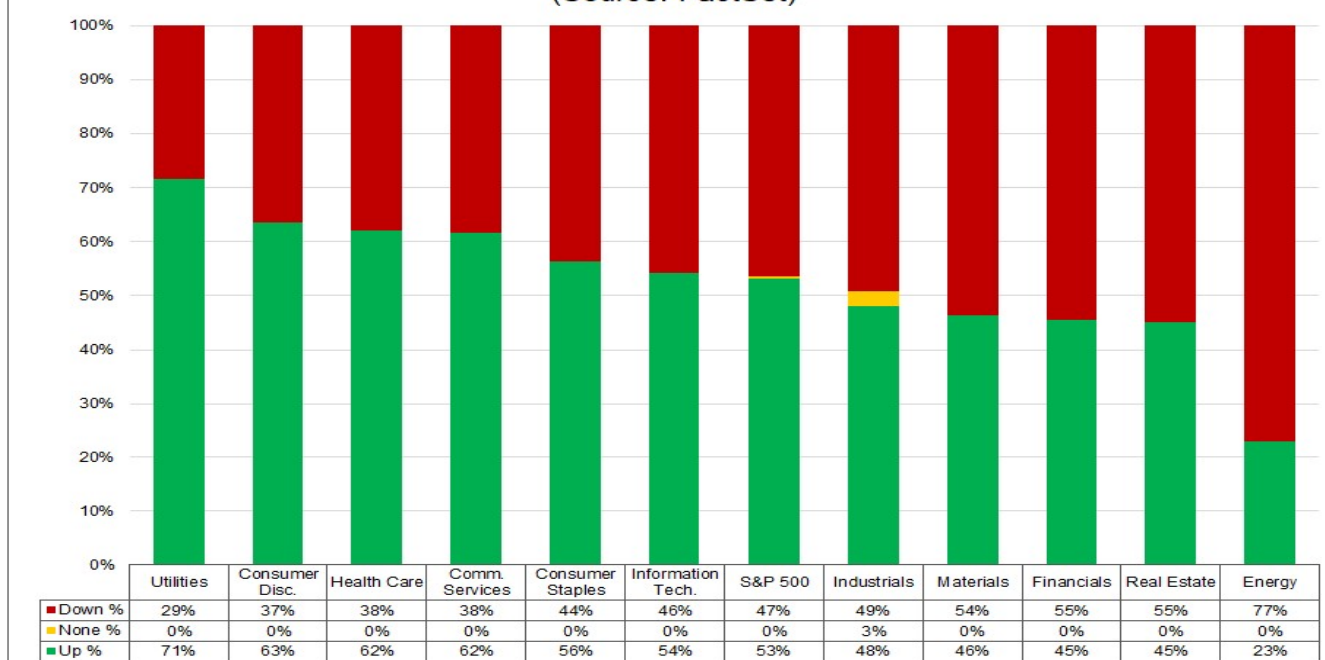
Q3 2020: Net Profit Margin

S&P 500 Net Profit Margins: Q320 vs. Q319

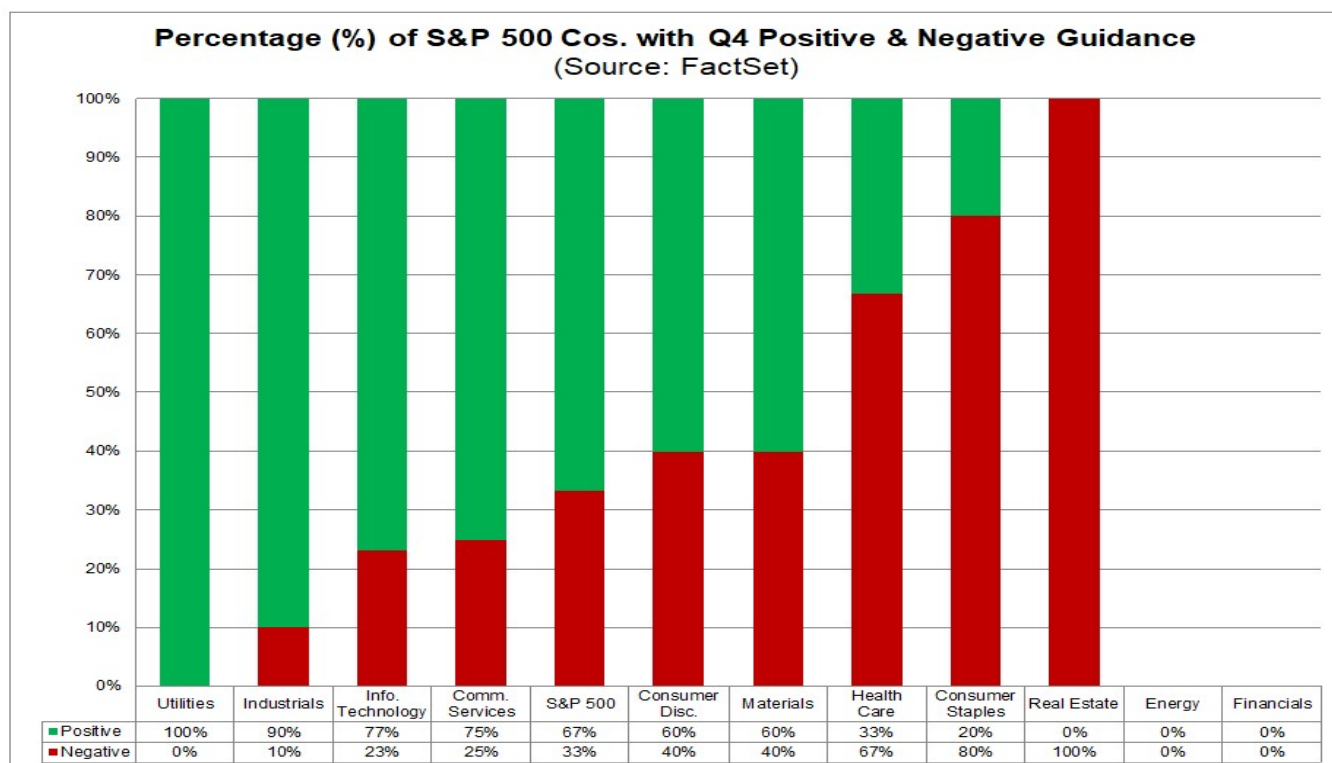
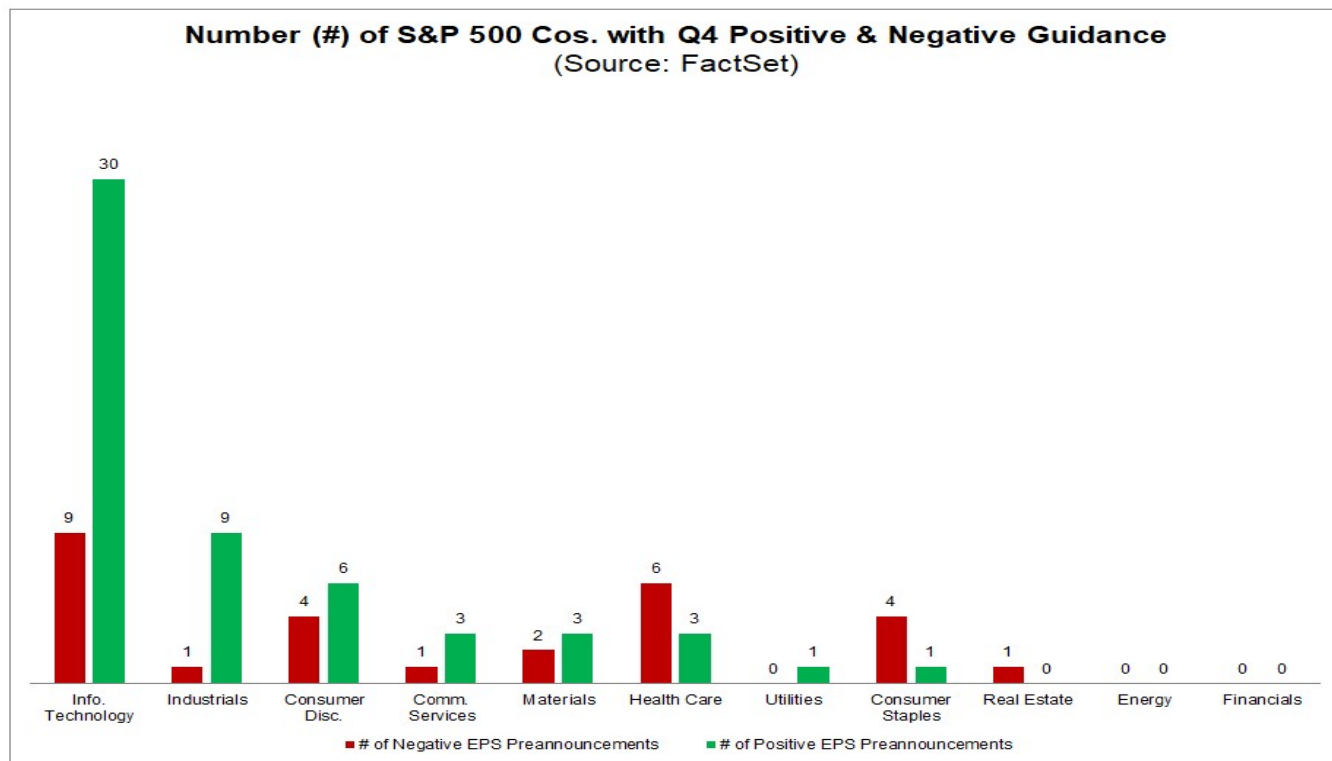
(Source: FactSet)

**S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin: Q320 vs. Q319**

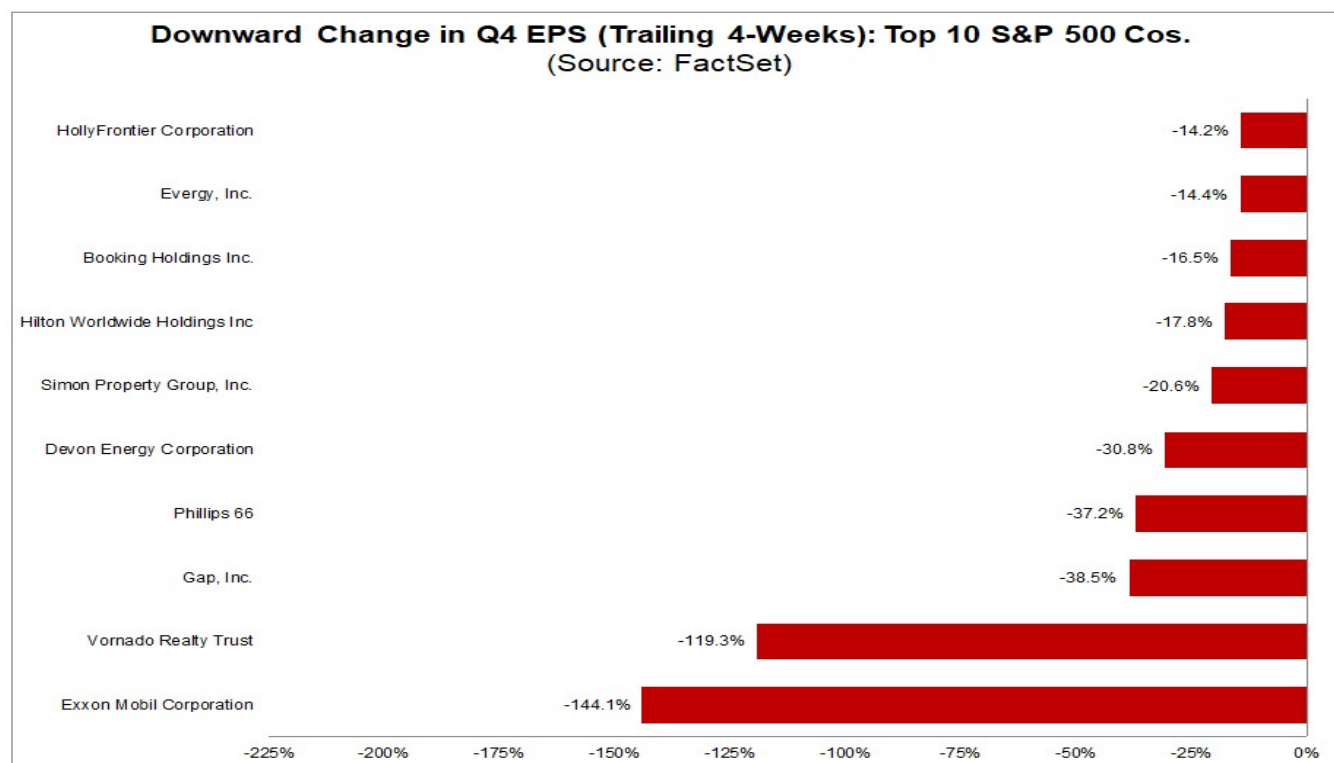
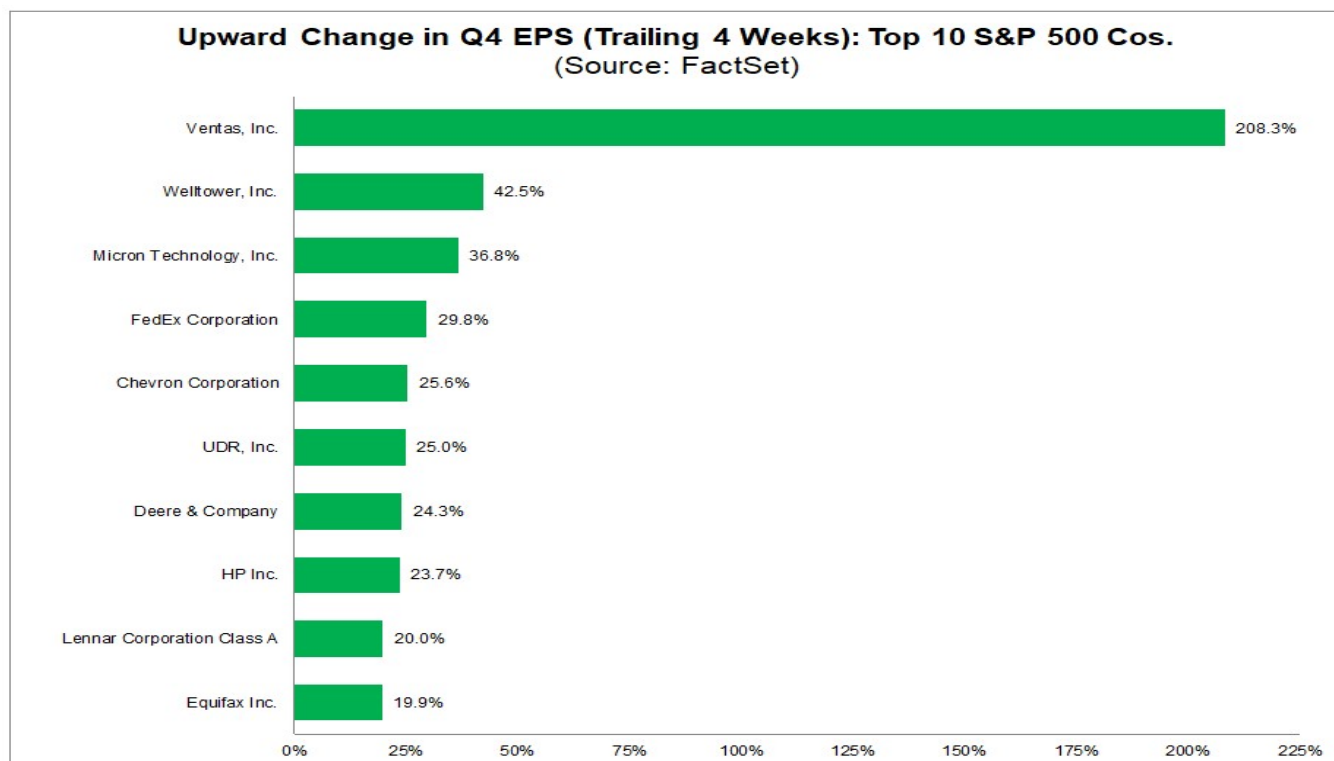
(Source: FactSet)



Q4 2020: EPS Guidance

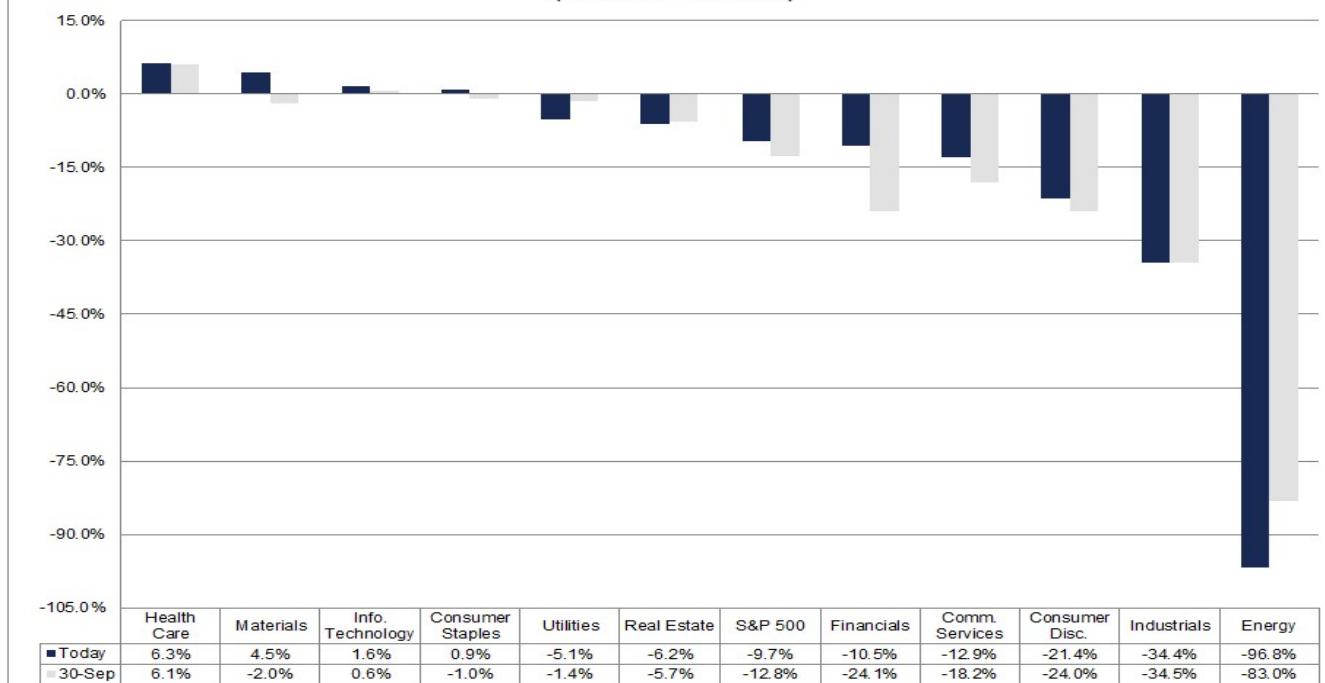


Q4 2020: EPS Revisions

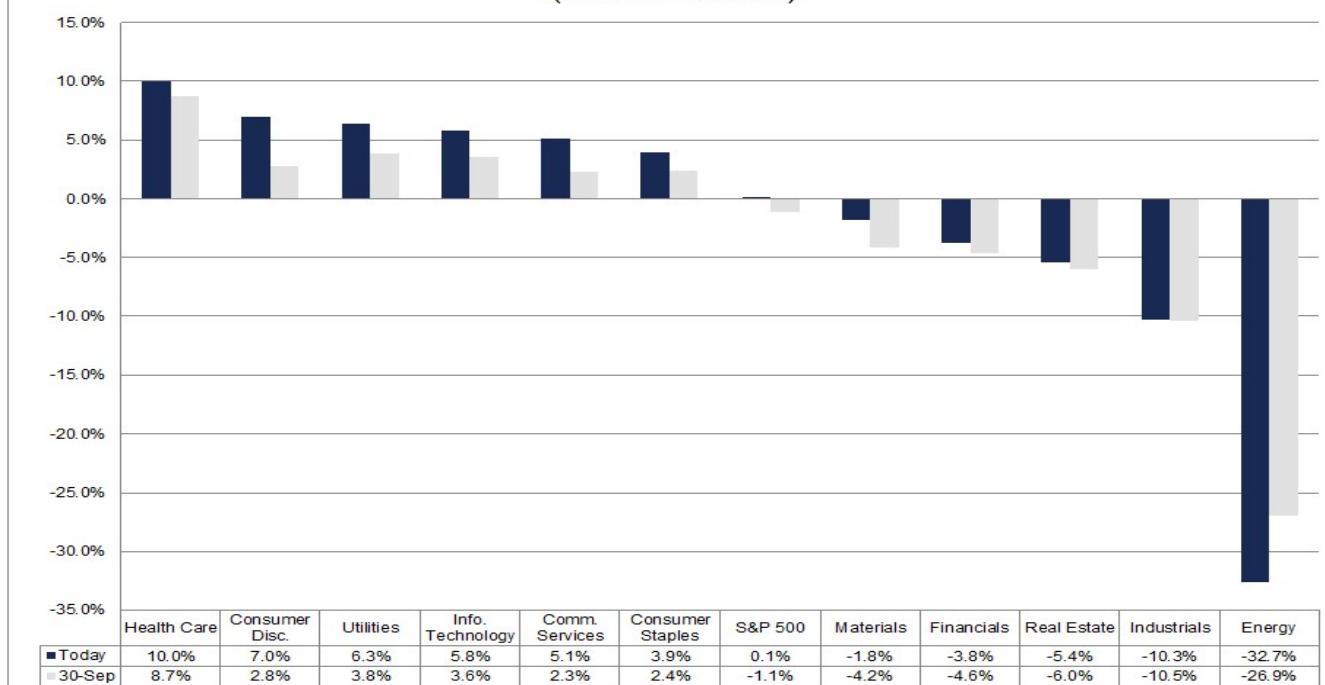


Q4 2020: Growth

S&P 500 Earnings Growth: Q4 2020
(Source: FactSet)



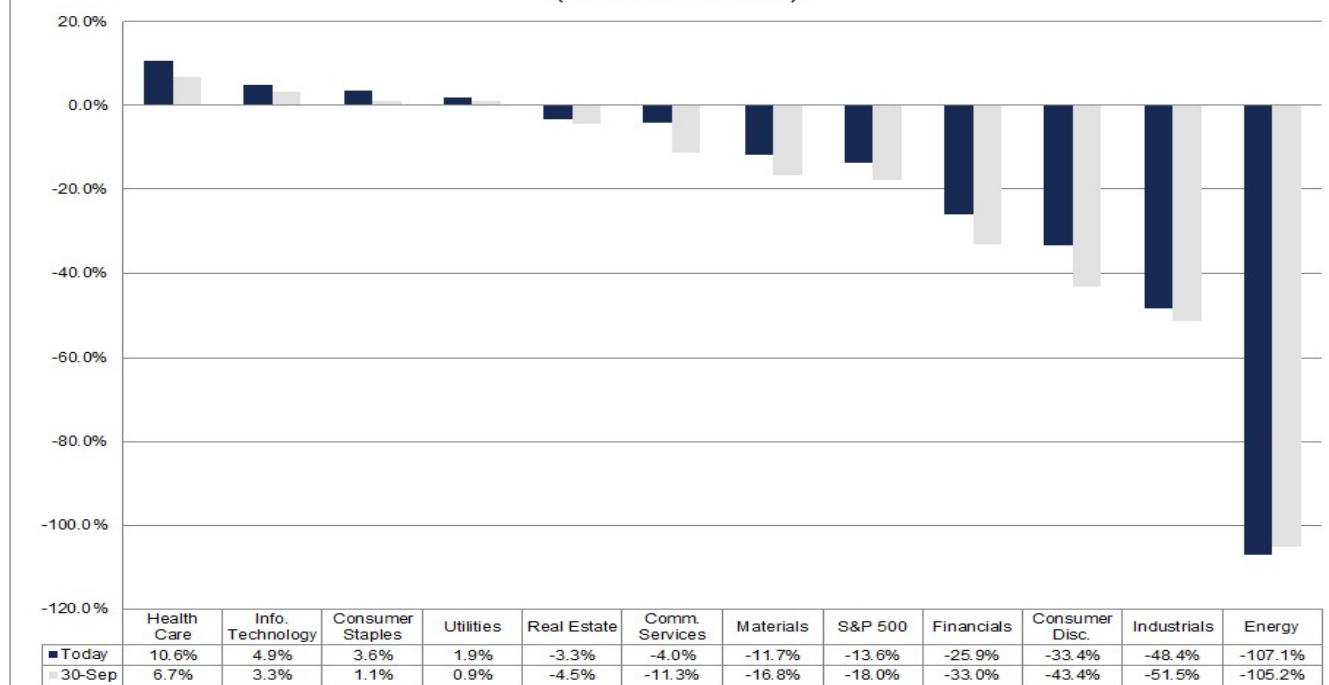
S&P 500 Revenue Growth: Q4 2020
(Source: FactSet)



CY 2020: Growth

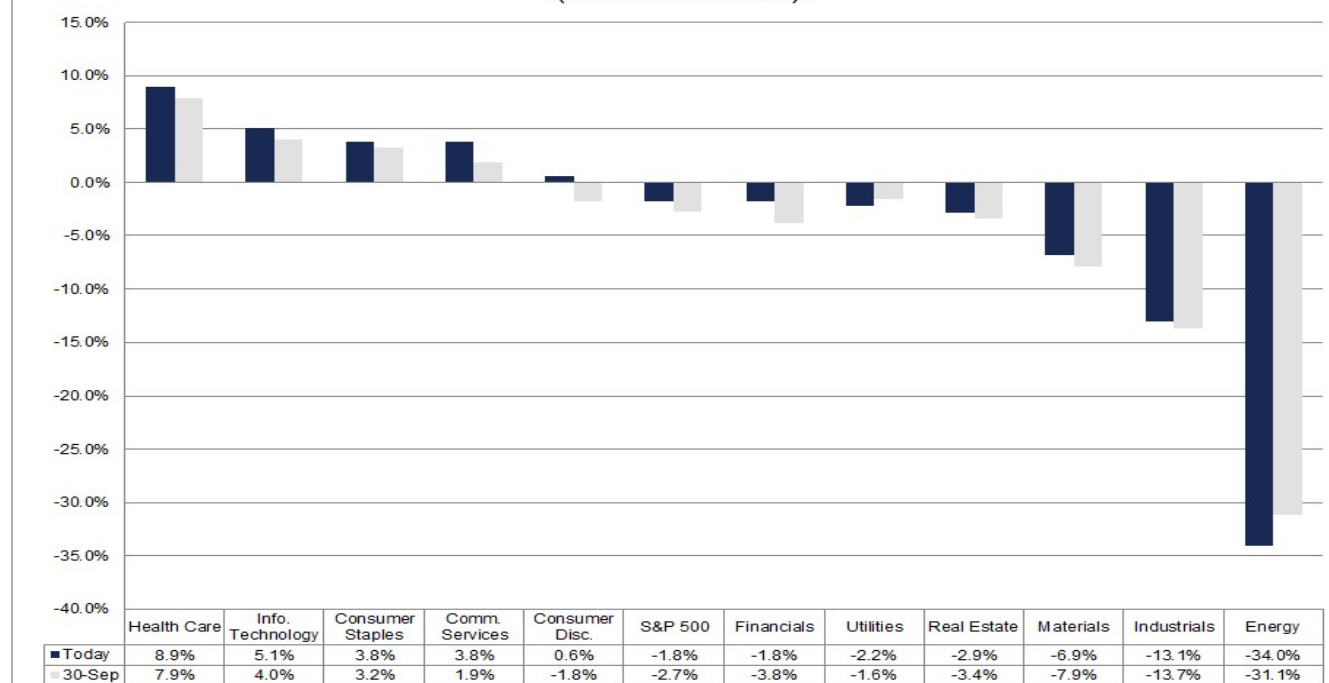
S&P 500 Earnings Growth: CY 2020

(Source: FactSet)



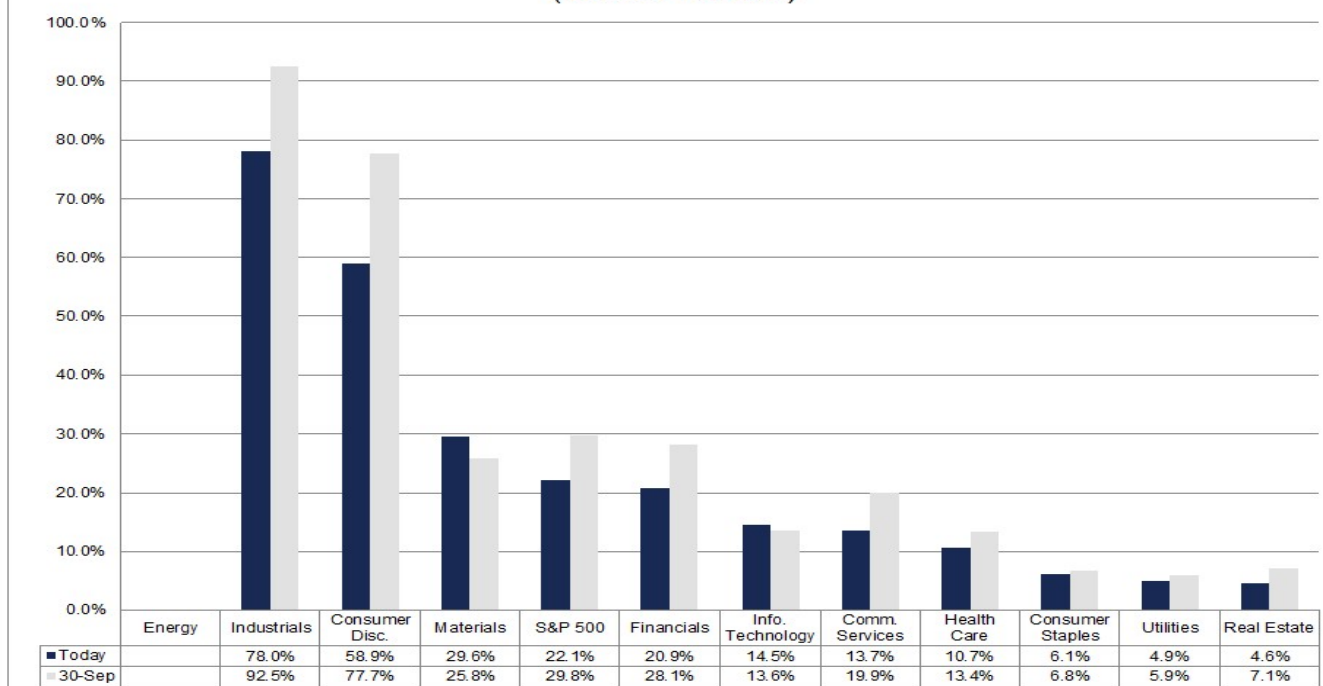
S&P 500 Revenue Growth: CY 2020

(Source: FactSet)

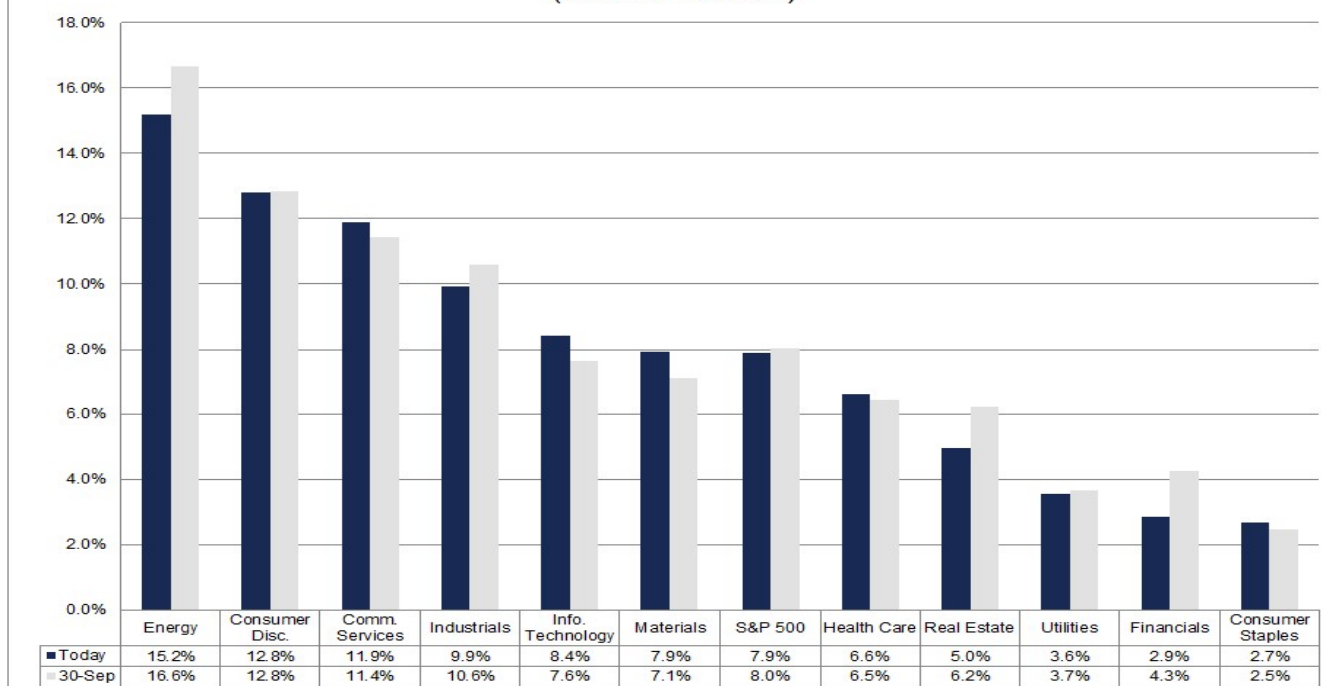


CY 2021: Growth

S&P 500 Earnings Growth: CY 2021
(Source: FactSet)

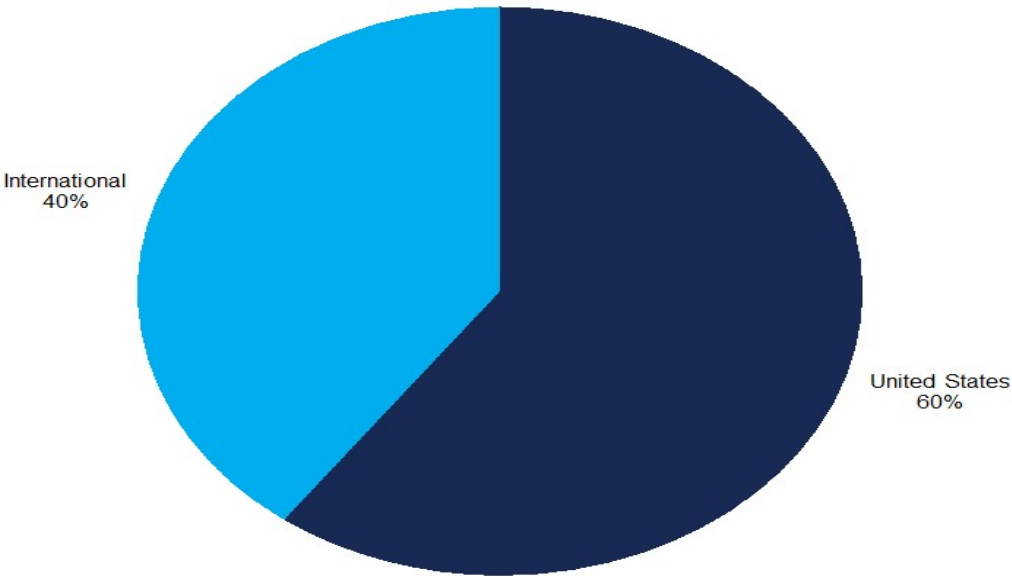


S&P 500 Revenue Growth: CY 2021
(Source: FactSet)

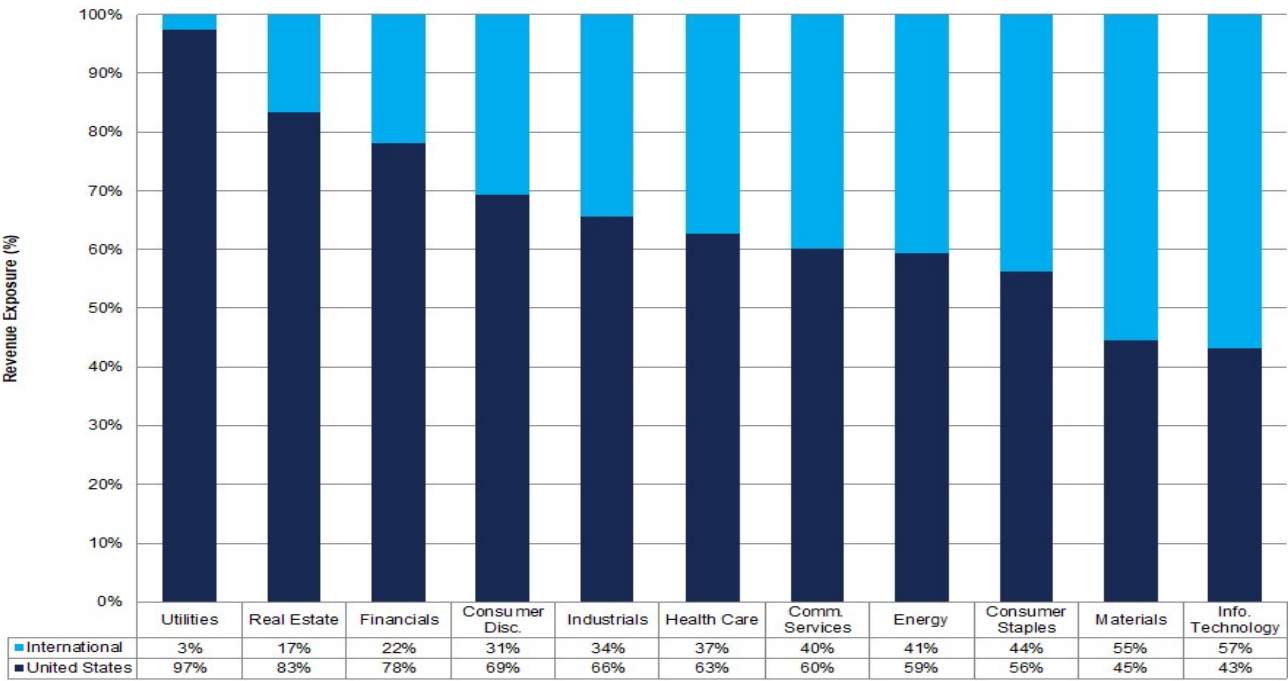


Geographic Revenue Exposure

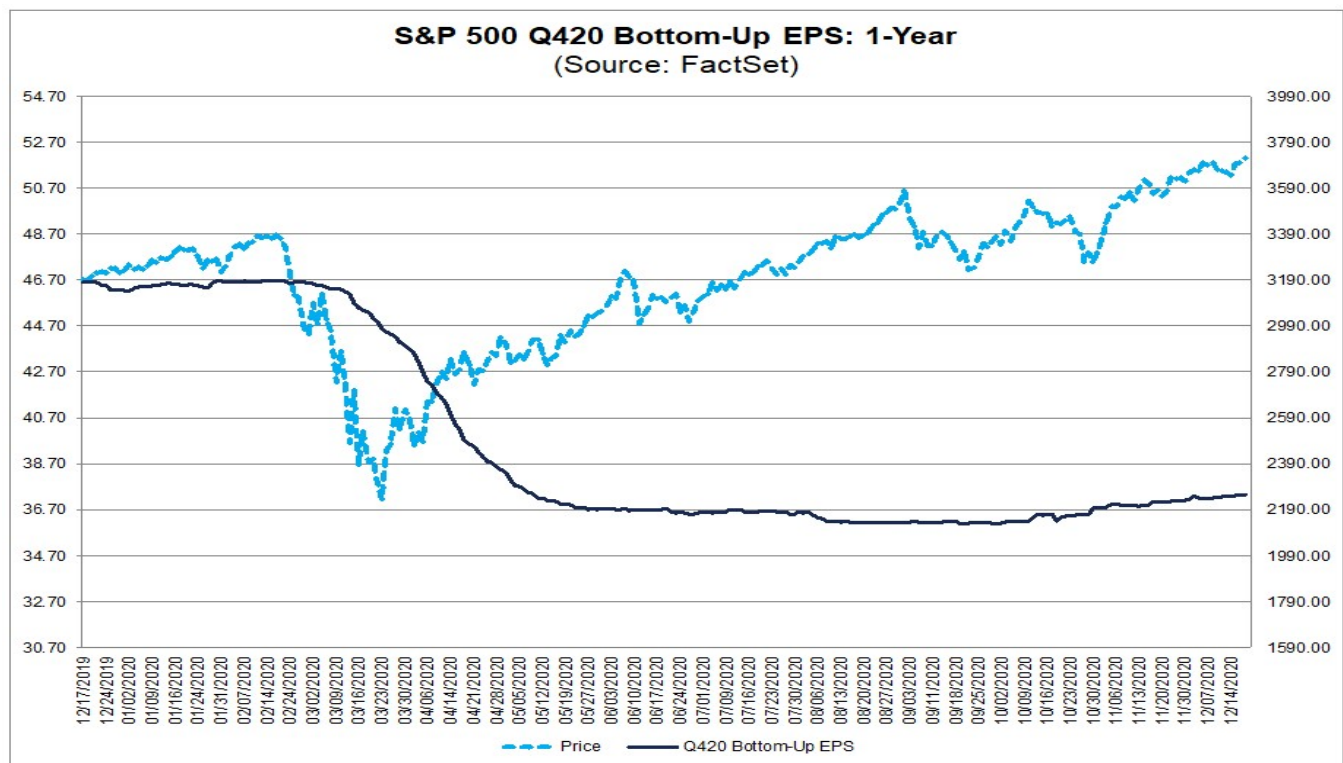
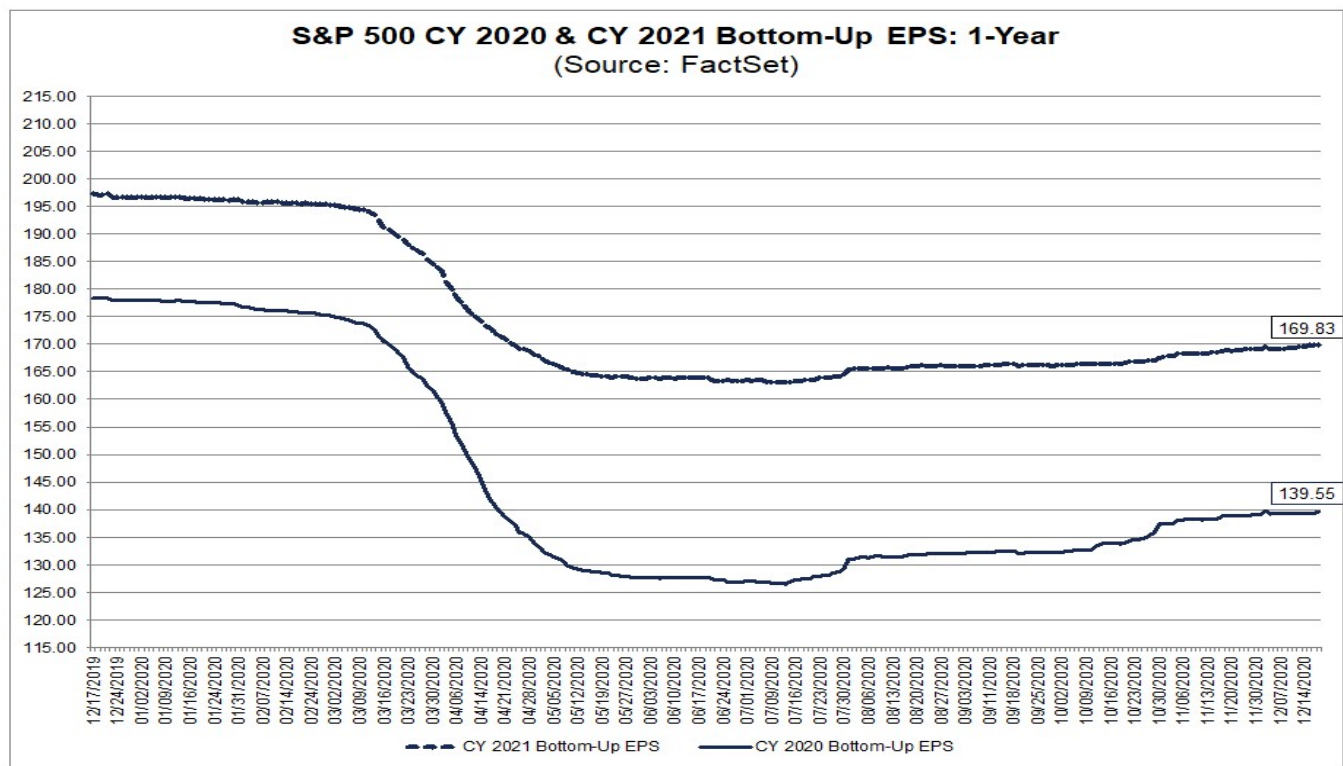
S&P 500: Aggregate Geographic Revenue Exposure (%)
(Source: FactSet)



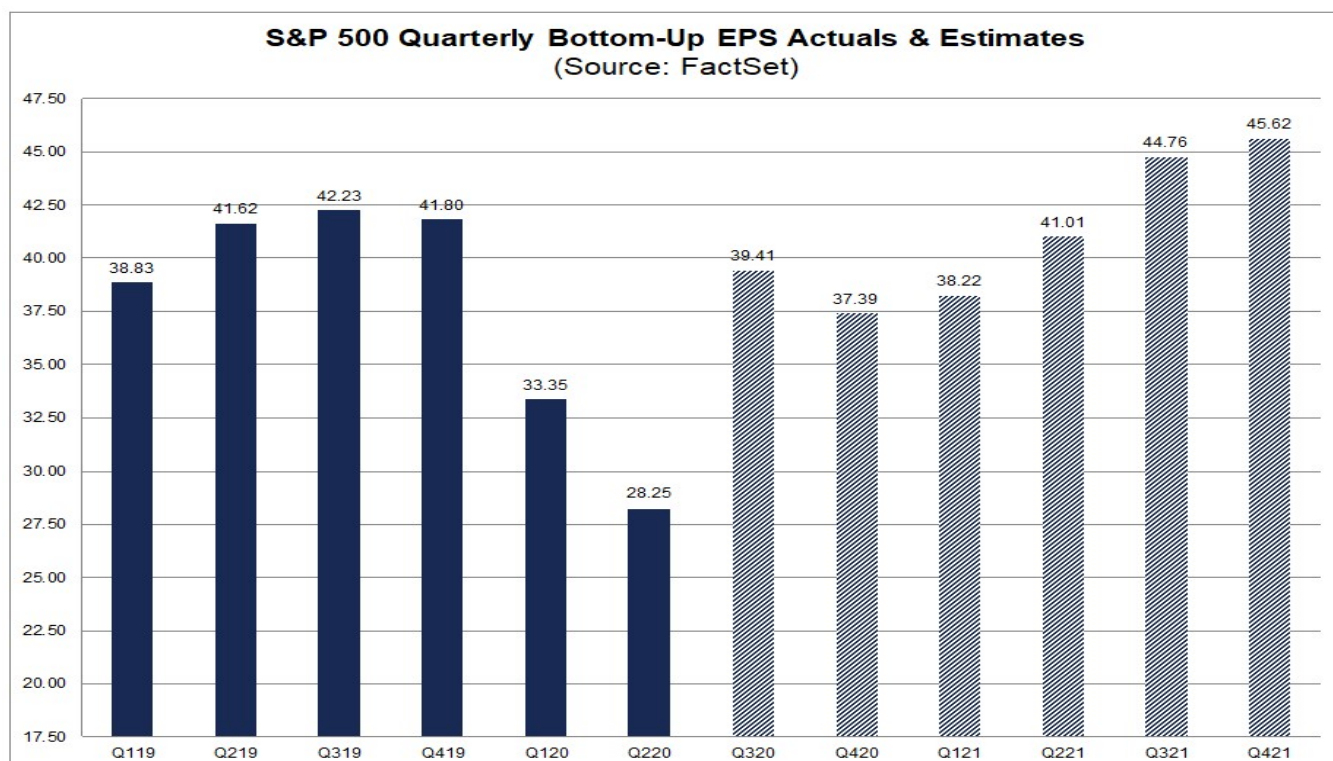
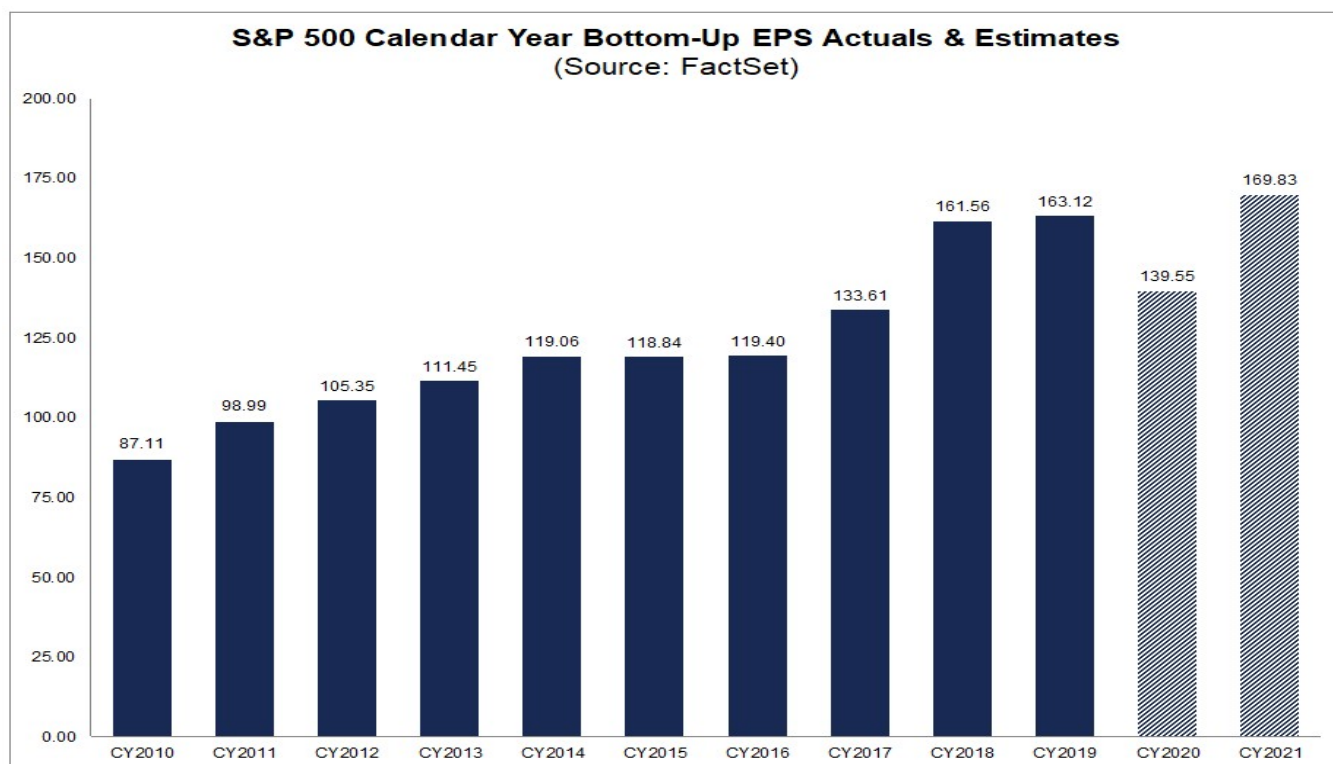
S&P 500: Aggregate Sector Geographic Revenue Exposure (%)
(Source: FactSet)



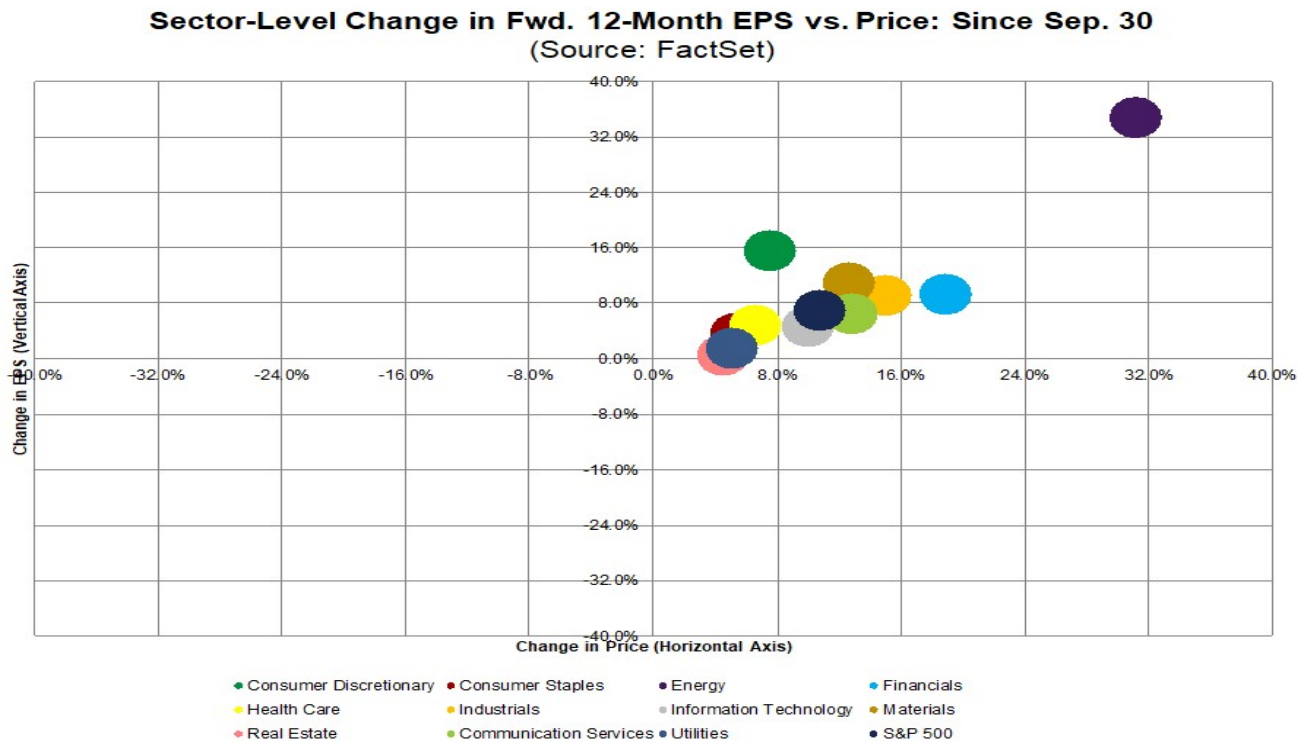
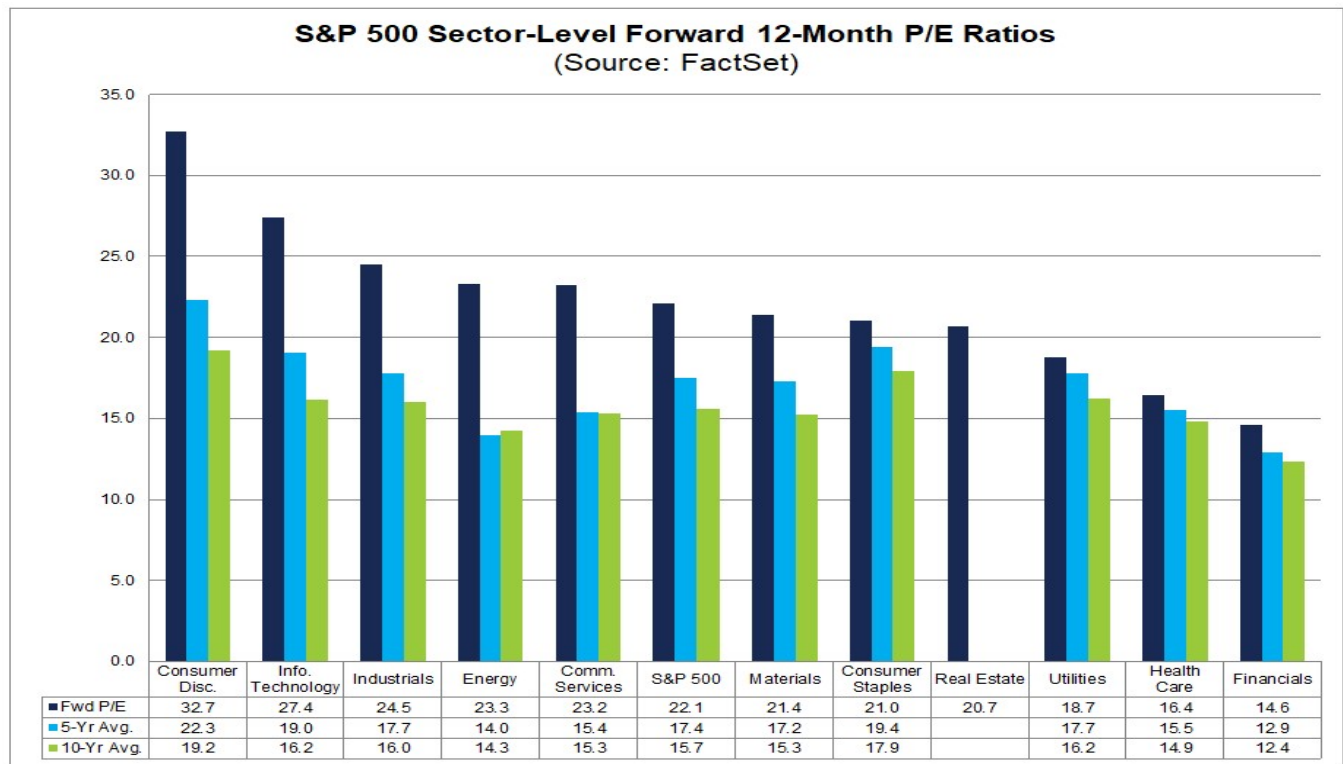
Bottom-up EPS Estimates: Revisions



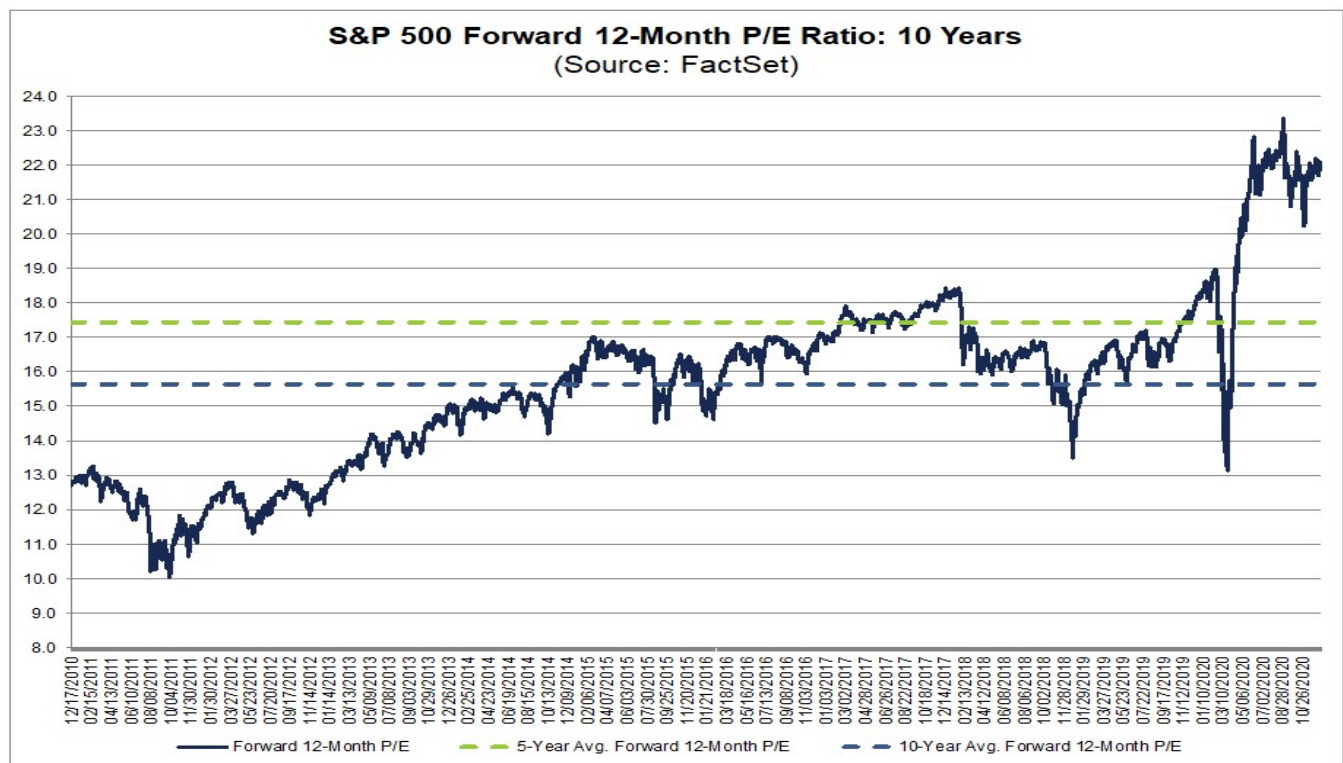
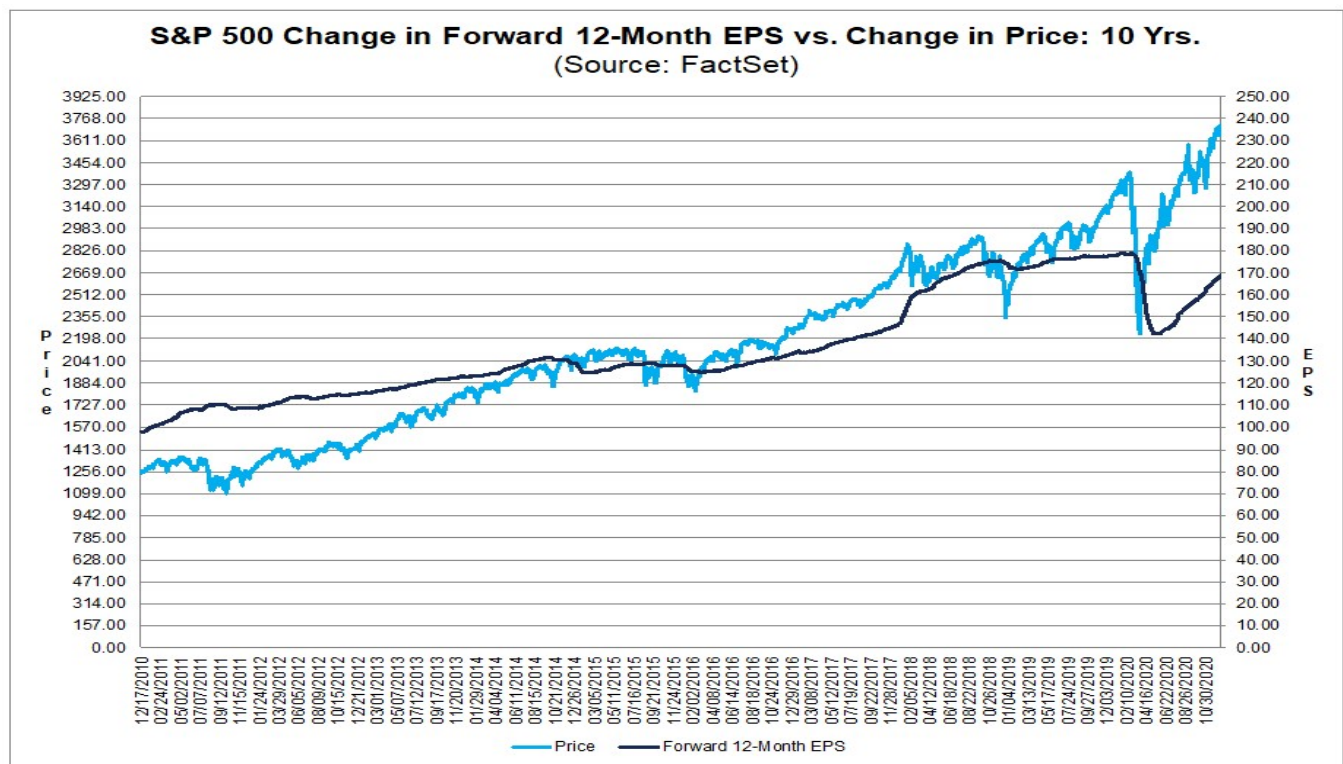
Bottom-up EPS Estimates: Current & Historical



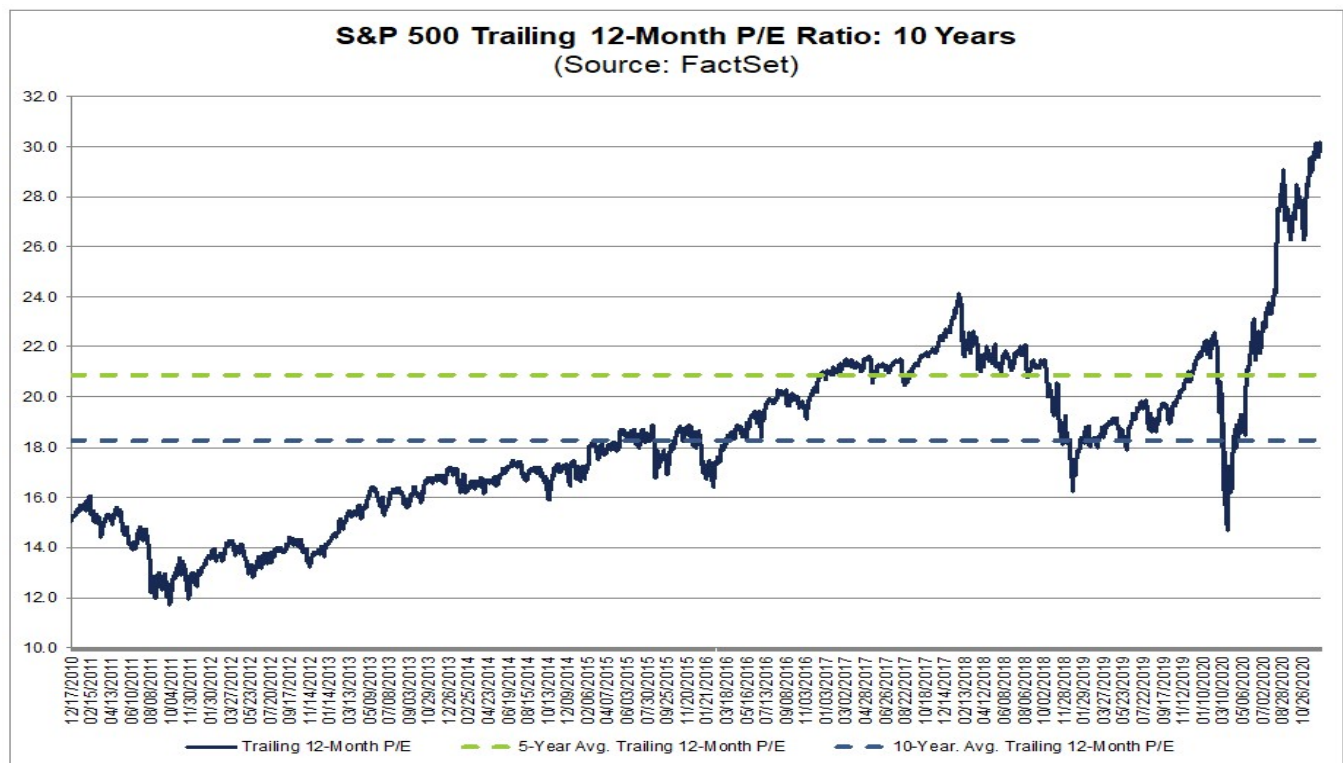
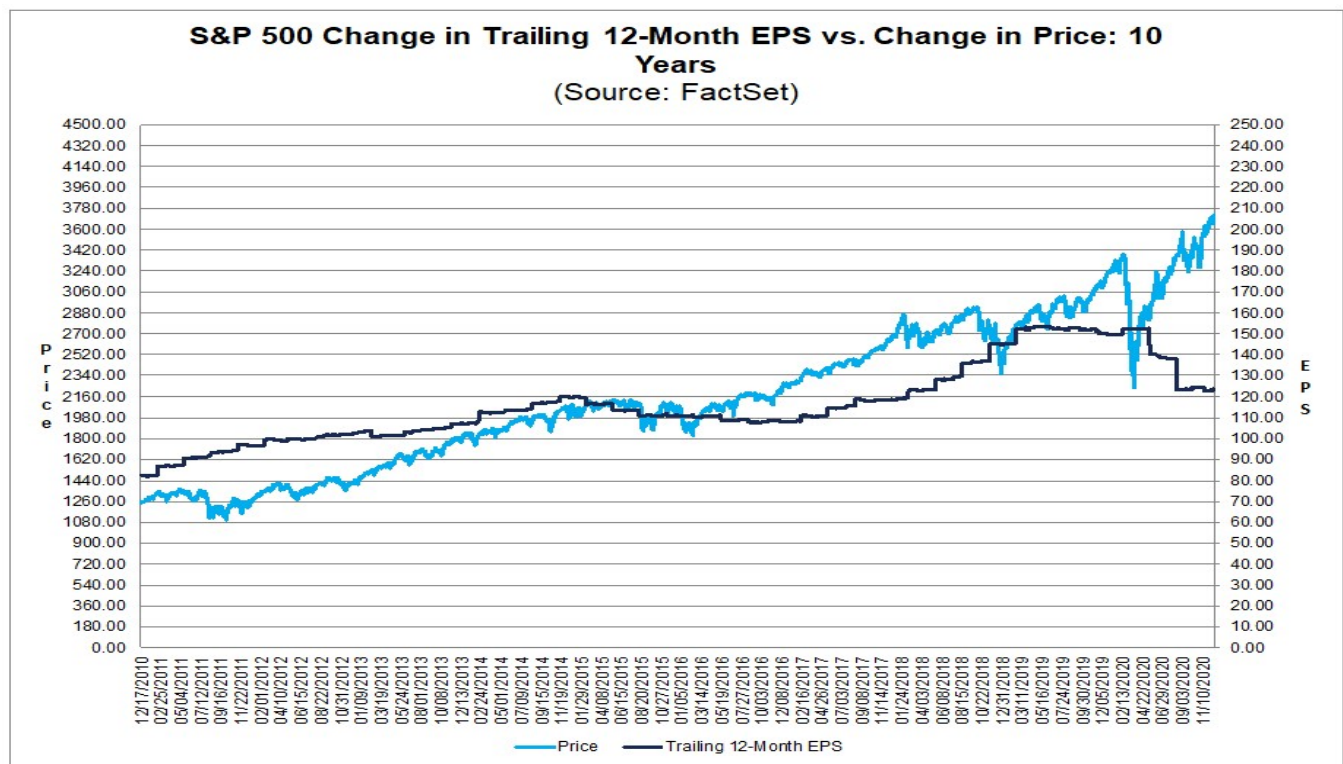
Forward 12M P/E Ratio: Sector Level



Forward 12M P/E Ratio: 10-Years



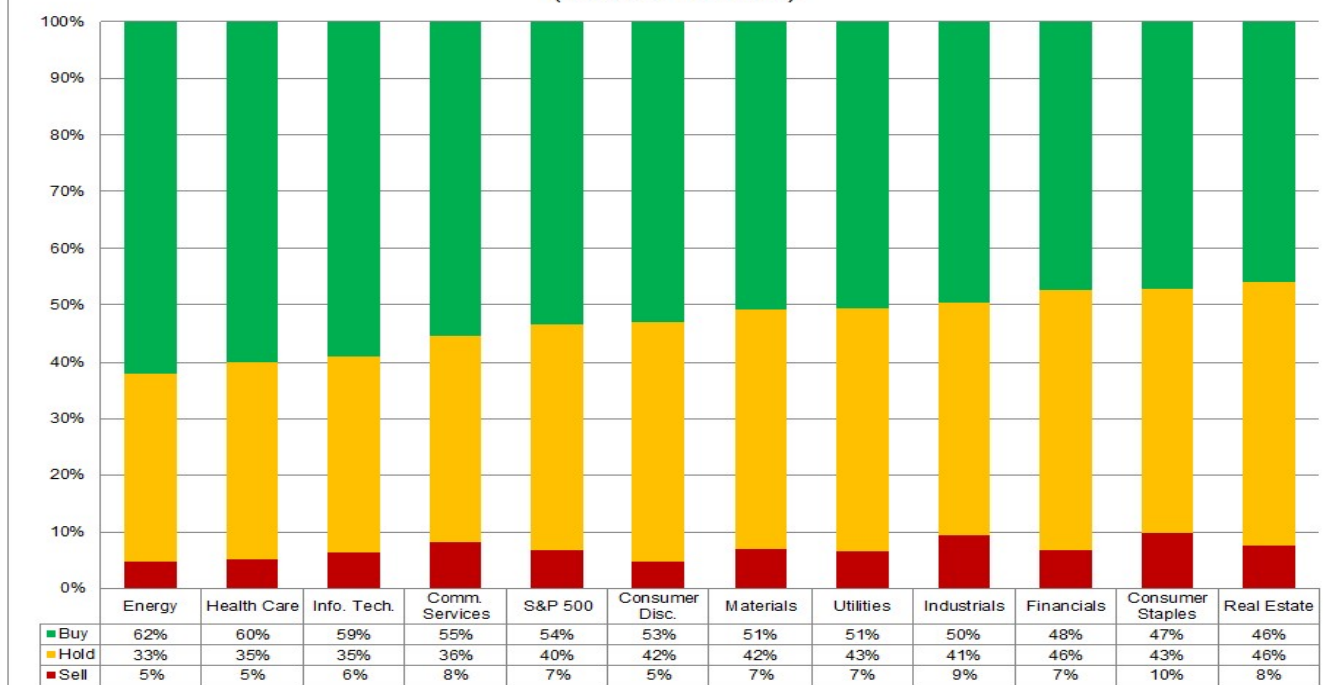
Trailing 12M P/E Ratio: 10-Years



Targets & Ratings

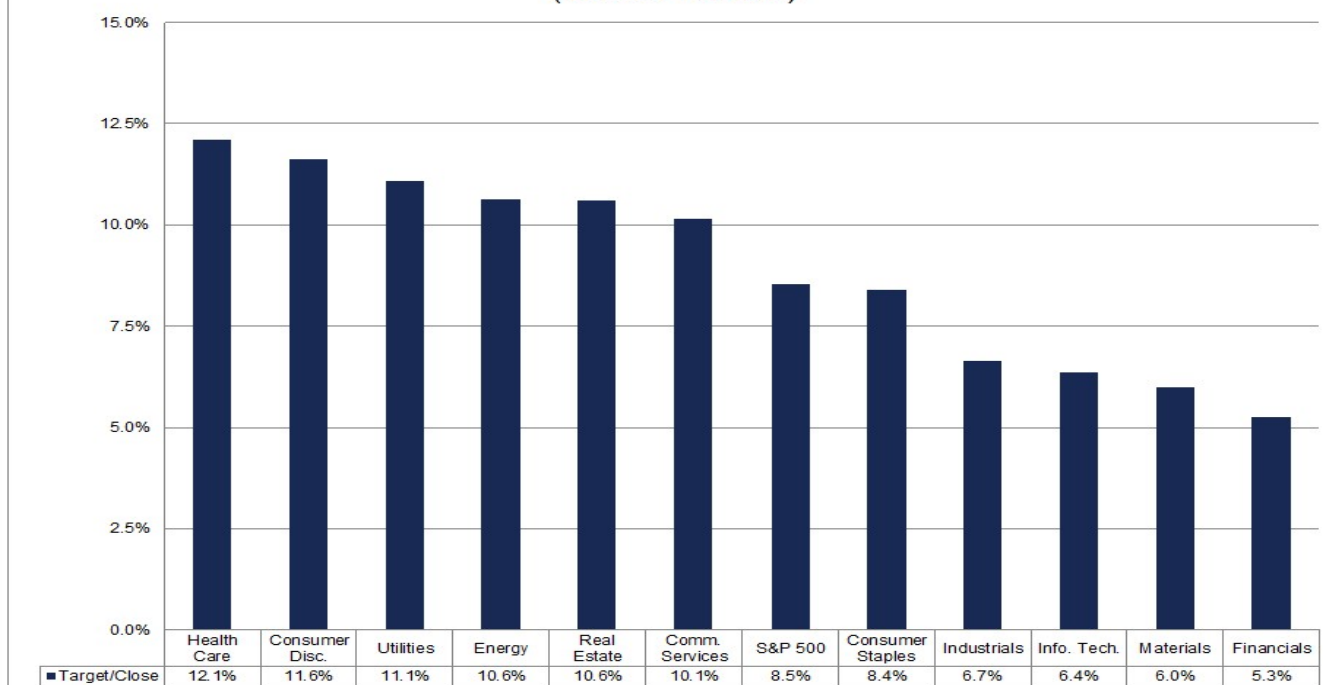
S&P 500: Percentage of Buy, Hold, and Sell Ratings

(Source: FactSet)



S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price

(Source: FactSet)



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