

# **Consensus Earnings Report**

## **From S&P Global Market Intelligence**

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## S&P 500 EARNINGS

### Q2 2016 EPS & Growth Rate

	EPS (\$)	Growth (%)
Consumer Discretionary Sector Index	\$8.31	9.59%
Consumer Staples Sector Index	\$6.18	-3.64%
Energy Sector Index	\$1.04	-80.77%
Financials Sector Index	\$5.36	-7.95%
Healthcare Sector Index	\$12.75	2.97%
Industrials Sector Index	\$7.65	7.44%
Information Technology Sector Index	\$9.30	-5.25%
Materials Sector Index	\$4.52	-7.76%
Telecommunication Services Sector Index	\$3.01	-2.65%
Utilities Sector Index	\$3.05	3.33%
S&P 500	\$28.24	-5.19%

### Q2 Earnings for S&P 500 In Early Stages

- Aggregate Q2 2016 S&P 500 earnings are estimated at \$28.24, representing a decline of 5.2% year-over-year, for the fourth quarterly decline in a row.
- Walgreens Boots Alliance reported better than expected earnings as synergy goals were met with three months to spare. Retail sales lagged, but were offset by strength in the pharmacy business. Management raised its full year guidance by \$0.10 at the low end to \$4.45-\$4.55.
- Only four of 10 S&P sectors are projected to have positive earnings growth for Q2, with consumer discretionary (9.6%), industrials (7.4%), utilities (3.3%), and healthcare (3.0%) leading.
- The energy sector (-80.8%) once again is expected to post the largest decline in growth, though the decline is an improvement from first quarter results.
- Other sectors with large declines in growth are financials (-8.0%), materials (-7.8%), and information technology (-5.3%).
- Excluding the energy sector drag, S&P 500 EPS growth would still decline 0.7% in Q2.
- The earnings beat rate in the first quarter is currently 55%, below the historic average of 66%, though only 22 companies have reported results thus far.
- From a valuation perspective, the S&P 500 is trading at 17.3x on a forward 12 month price-to-earnings ratio, a premium to the fifteen year average.

### Earnings Calendar – Companies to Report Week of July 4<sup>th</sup>

Date	Company	Ticker	Qtr	Est	Yr Ago
7-Jul	Pepsico, Inc.	PEP	Q2 2016	\$1.30	\$1.32

## The Quarterly Outlook for S&P 500 Earnings

Estimated Earnings Growth for 2Q2016*						Estimated Earnings Growth for 3Q2016*					
	Today	1 April	1 Jan	1 Oct	1 July		Today	1 April	1 Jan	1 Oct	1 July
Cons. Disc.	9.59%	11.32%	14.17%	14.81%	19.07%	Cons. Disc.	10.35%	11.50%	13.04%	15.84%	14.64%
Cons. Stpls	-3.64%	-1.98%	1.43%	4.87%	9.32%	Cons. Stpls	5.52%	6.07%	8.52%	11.29%	10.39%
Energy	-80.77%	-80.03%	-26.20%	-14.91%	37.46%	Energy	-54.15%	-58.65%	-5.89%	29.21%	39.45%
Financials	-7.95%	-0.71%	3.60%	6.87%	12.23%	Financials	5.45%	12.67%	17.57%	17.13%	13.48%
Healthcare	2.97%	3.59%	5.12%	5.92%	14.08%	Healthcare	7.02%	6.95%	7.62%	15.92%	16.58%
Industrials	7.44%	5.22%	9.43%	12.53%	7.04%	Industrials	1.11%	9.95%	4.44%	11.20%	7.84%
Info. Tech.	-5.25%	1.59%	6.23%	8.10%	13.77%	Info. Tech.	1.90%	7.10%	9.02%	15.21%	12.17%
Materials	-7.76%	-6.90%	6.40%	9.94%	18.67%	Materials	14.99%	11.62%	25.53%	25.93%	22.65%
Telecom. Svcs	-2.65%	1.40%	0.85%	1.66%	2.95%	Telecom. Svcs	-1.80%	-1.45%	-1.67%	2.25%	1.44%
Utilities	3.33%	3.18%	4.69%	5.90%	7.00%	Utilities	5.06%	3.22%	6.47%	9.64%	7.88%
S&P 500	-5.19%	-2.51%	4.11%	6.78%	13.42%	S&P 500	2.16%	4.80%	9.12%	14.78%	13.46%

Estimated Earnings Growth for 4Q2016*					Estimated Earnings Growth for 1Q2017*			
	Today	1 April	1 Jan	1 Oct		Today	1 April	1 Jan
Cons. Disc.	11.03%	10.68%	14.10%	13.79%	Cons. Disc.	11.09%	15.44%	18.29%
Cons. Stpls	9.46%	8.74%	11.52%	10.92%	Cons. Stpls	11.29%	12.43%	9.59%
Energy	-2.20%	-12.59%	64.47%	62.38%	Energy	-1127.71%	-1427.18%	52.97%
Financials	13.54%	21.20%	19.24%	17.06%	Financials	11.38%	7.11%	15.35%
Healthcare	9.07%	9.59%	15.50%	14.34%	Healthcare	6.66%	12.56%	13.63%
Industrials	3.45%	4.36%	6.46%	6.54%	Industrials	6.69%	17.46%	17.33%
Info. Tech.	3.56%	6.65%	12.97%	11.76%	Info. Tech.	13.59%	17.91%	14.12%
Materials	23.84%	21.17%	38.86%	24.04%	Materials	22.76%	29.97%	24.95%
Telecom. Svcs	2.35%	2.86%	3.10%	1.10%	Telecom. Svcs	-1.53%	2.03%	14.60%
Utilities	13.14%	10.21%	10.99%	12.13%	Utilities	2.35%	5.28%	3.99%
S&P 500	8.08%	9.44%	15.17%	14.12%	S&P 500	16.17%	17.47%	14.79%

Earnings Growth for CY 2016*						Earnings Growth for CY 2017*				
	Today	1 April	1 Jan	1 Oct	1 July		Today	1 April	1 Jan	1 Oct
Cons. Disc.	12.64%	11.20%	14.21%	15.56%	16.21%	Cons. Disc.	13.13%	14.73%	16.25%	17.38%
Cons. Stpls	3.03%	2.43%	5.88%	8.22%	9.29%	Cons. Stpls	10.55%	10.24%	8.70%	9.72%
Energy	-71.00%	-72.82%	-11.95%	4.46%	28.10%	Energy	238.37%	257.11%	33.74%	26.48%
Financials	0.02%	7.62%	10.25%	11.73%	11.75%	Financials	12.67%	9.94%	14.59%	10.82%
Healthcare	6.74%	5.77%	8.49%	10.63%	13.14%	Healthcare	9.83%	11.29%	11.74%	16.82%
Industrials	2.31%	3.46%	5.20%	8.79%	7.75%	Industrials	8.07%	12.74%	15.04%	18.28%
Info. Tech.	-0.66%	2.59%	7.73%	10.31%	10.97%	Info. Tech.	13.65%	12.91%	11.28%	6.73%
Materials	2.44%	-0.61%	15.83%	17.32%	19.32%	Materials	16.19%	19.35%	18.75%	26.15%
Telecom. Svcs	1.63%	1.91%	1.95%	2.54%	3.50%	Telecom. Svcs	3.18%	2.10%	4.48%	0.65%
Utilities	4.43%	3.32%	5.80%	7.42%	5.61%	Utilities	3.37%	5.15%	4.82%	4.87%
S&P 500	-0.42%	1.13%	7.41%	10.21%	11.96%	S&P 500	14.66%	14.60%	12.54%	10.94%

### Latest Reported Quarter Earnings Statistics

Sectors	% with EPS & Revenue Beats	2Q'16 EPS Mix			2Q'16 Revenue Mix			% of Sector Reported
		Beat	In line	Miss	Beat	In line	Miss	
Consumer Discretionary	29%	4		3	2		5	8.0%
Consumer Staples	50%	5		1	3		3	16.7%
Energy	0%							0.0%
Financials	0%							0.0%
Healthcare	0%							0.0%
Industrials	100%	2			2			3.0%
Information Technology	0%	1	4	1	4		2	8.8%
Materials	0%			1			1	3.8%
Telecommunication Services	0%							0.0%
Utilities	0%							0.0%
<b>S&amp;P 500 Index</b>	<b>32%</b>	<b>12</b>	<b>5</b>	<b>5</b>	<b>11</b>		<b>11</b>	<b>4.4%</b>

### Historical/Current/Future Earnings Growth Rates

	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016
Consumer Discretionary Sector	8.49%	10.45%	16.40%	11.53%	21.31%	9.59%	10.35%	11.03%
Consumer Staples Sector	4.26%	1.70%	-1.47%	-1.75%	0.82%	-3.64%	5.52%	9.46%
Energy Sector	-54.57%	-55.76%	-58.62%	-73.00%	-106.57%	-80.77%	-54.15%	-2.20%
Financials Sector	18.33%	9.64%	1.22%	-5.13%	-8.61%	-7.95%	5.45%	13.54%
Healthcare Sector	21.42%	14.71%	15.13%	10.15%	8.03%	2.97%	7.02%	9.07%
Industrials Sector	8.74%	0.11%	5.35%	0.80%	-3.32%	7.44%	1.11%	3.45%
Information Technology Sector	9.07%	6.15%	5.15%	0.50%	-3.96%	-5.25%	1.90%	3.56%
Materials Sector	-0.69%	7.76%	-14.56%	-17.70%	-11.37%	-7.76%	14.99%	23.84%
Telecommunications Services	2.13%	11.84%	14.60%	21.78%	9.14%	-2.65%	-1.80%	2.35%
Utilities Sector	0.39%	4.45%	1.63%	-2.30%	-1.46%	3.33%	5.06%	13.14%
S&P 500	3.22%	0.14%	-1.39%	-4.18%	-6.84%	-5.19%	2.16%	8.08%

### S&P 500 Performance and Valuation Based on Close of July 5, 2016

	Market Cap Wgt	Current Div. Yield	YTD Price Change	2015 Price Change	Forward P/E	15 yr Avg Fwd P/E
Consumer Discretionary Sector	12.75%	1.68%	0.06%	8.43%	17.76	19.51
Consumer Staples Sector	11.76%	2.59%	9.20%	3.77%	21.67	16.94
Energy Sector	6.99%	2.86%	12.62%	-23.55%	55.24	13.70
Financials Sector	15.64%	2.49%	-6.10%	-3.48%	13.55	14.56
Healthcare Sector	14.05%	1.71%	0.07%	5.21%	15.87	17.53
Industrials Sector	9.85%	2.36%	4.62%	-4.72%	16.39	16.31
Information Technology Sector	20.05%	1.73%	-1.76%	4.27%	16.28	18.16
Materials Sector	2.72%	2.35%	4.28%	-10.36%	16.58	17.66
Telecommunications Services	2.81%	4.30%	22.61%	-1.73%	15.09	17.28
Utilities Sector	3.39%	3.31%	22.04%	-8.39%	18.83	14.27
S&P 500		2.23%	2.18%	-0.73%	17.26	15.98

### Current Earnings Per Share by Sector

	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016	CY2016	CY2017
Consumer Discretionary Sector	\$8.35	\$7.68	\$8.31	\$8.87	\$9.27	\$34.14	\$38.62
Consumer Staples Sector	\$6.20	\$5.85	\$6.18	\$6.66	\$6.78	\$25.47	\$28.15
Energy Sector	\$2.30	(\$0.35)	\$1.04	\$2.27	\$2.25	\$5.21	\$17.62
Financials Sector	\$4.98	\$5.21	\$5.36	\$5.49	\$5.65	\$21.71	\$24.46
Healthcare Sector	\$11.97	\$12.68	\$12.75	\$13.23	\$13.06	\$51.71	\$56.79
Industrials Sector	\$7.42	\$6.13	\$7.65	\$7.73	\$7.68	\$29.19	\$31.54
Information Technology Sector	\$12.55	\$9.72	\$9.30	\$10.20	\$13.00	\$42.22	\$47.98
Materials Sector	\$3.18	\$3.92	\$4.52	\$3.94	\$3.94	\$16.32	\$18.96
Telecommunications Services	\$2.81	\$3.21	\$3.01	\$3.14	\$2.88	\$12.23	\$12.62
Utilities Sector	\$2.58	\$3.67	\$3.05	\$4.53	\$2.92	\$14.17	\$14.65
S&P 500	\$29.28	\$26.54	\$28.24	\$30.28	\$31.65	\$116.70	\$133.81

### Major Index Valuation Metrics

Index	Close Date	Last Close	Total Trailing	Trailing P/E	Fwd 12Mo Total	Fwd 12Mo P/E
S&P 500	7/5/2016	2,088.55	\$ 115.25	18.12	\$ 121.00	17.26

### Current Earnings Margins by Sector

	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	CY2016
Consumer Discretionary	7.05%	7.14%	7.29%	7.35%	7.65%	8.00%	7.70%
Consumer Staples	5.67%	5.63%	5.43%	5.33%	5.56%	5.82%	5.62%
Energy	5.14%	5.20%	2.78%	-0.53%	1.31%	2.54%	1.60%
Financials	15.46%	13.71%	13.10%	14.08%	13.75%	14.15%	14.10%
Healthcare	10.59%	10.52%	9.60%	10.34%	10.24%	10.48%	10.33%
Industrials	9.25%	9.73%	9.53%	8.35%	9.75%	9.74%	9.36%
Information Technology	18.09%	18.27%	19.55%	18.06%	17.40%	18.45%	18.66%
Materials	9.75%	7.71%	7.65%	9.28%	10.19%	9.03%	9.44%
Telecomm. Services	11.35%	10.54%	8.75%	10.55%	9.82%	10.12%	9.85%
Utilities	9.55%	12.26%	8.65%	11.98%	9.49%	12.41%	10.51%
S&P 500	9.98%	9.86%	9.61%	9.35%	9.55%	9.95%	9.73%

### Current Revenue Per Share Expectations

	1Q2016	2Q2016	3Q2016	CY2014	CY2015	CY2016
Consumer Discretionary	\$104.56	\$103.48	\$108.61	\$418.79	\$431.94	\$443.29
Consumer Staples Sector	\$109.59	\$109.17	\$111.03	\$454.18	\$453.63	\$453.53
Energy Sector	\$66.03	\$66.03	\$79.03	\$584.04	\$378.64	\$325.01
Financials Sector	\$36.98	\$37.18	\$38.96	\$146.56	\$150.23	\$153.92
Healthcare Sector	\$122.59	\$120.01	\$124.48	\$417.05	\$471.81	\$500.64
Industrials Sector	\$73.42	\$73.84	\$78.40	\$306.57	\$307.18	\$311.95
Information Technology	\$53.81	\$53.64	\$53.47	\$221.49	\$227.70	\$226.30
Materials Sector	\$42.28	\$41.61	\$44.33	\$213.39	\$187.10	\$172.88
Telecommunications Svcs	\$30.43	\$30.43	\$30.63	\$108.70	\$114.01	\$124.20
Utilities Sector	\$30.63	\$32.15	\$32.18	\$142.49	\$133.23	\$134.79
<b>S&amp;P 500</b>	<b>\$283.72</b>	<b>\$282.68</b>	<b>\$295.55</b>	<b>\$1,226.76</b>	<b>\$1,191.73</b>	<b>\$1,199.27</b>

### Expected Revenue Growth Rates

	1Q2016	2Q2016	3Q2016	CY2014	CY2015	CY2016
Consumer Discretionary Sector	3.6%	1.0%	1.8%	6.7%	3.1%	-0.5%
Consumer Staples Sector	-0.5%	-1.8%	-1.5%	3.9%	-0.1%	0.1%
Energy Sector	-31.0%	-24.7%	-6.0%	-2.7%	-35.2%	-14.0%
Financials Sector	0.0%	3.5%	3.2%	1.6%	2.5%	6.9%
Healthcare Sector	9.7%	6.5%	6.6%	11.1%	13.1%	6.7%
Industrials Sector	-0.5%	1.9%	1.0%	5.0%	0.2%	1.4%
Information Technology Sector	-1.7%	-1.5%	1.5%	1.6%	2.8%	0.7%
Materials Sector	-12.1%	-11.7%	-7.6%	-0.8%	-12.3%	-7.3%
Telecommunications Services	12.6%	12.6%	12.1%	-7.9%	4.9%	9.2%
Utilities Sector	-17.5%	4.0%	3.2%	10.1%	-6.5%	1.2%
<b>S&amp;P 500</b>	<b>-2.0%</b>	<b>-1.0%</b>	<b>1.7%</b>	<b>3.3%</b>	<b>-2.9%</b>	<b>0.9%</b>

### Historical Revenue Growth Rates

	4Q2013	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015
Consumer Discretionary Sector	12.7%	14.0%	5.2%	3.7%	5.1%	2.8%	3.7%	5.1%	1.1%
Consumer Staples Sector	2.5%	2.6%	4.6%	4.8%	3.4%	1.7%	0.6%	1.7%	-4.2%
Energy Sector	-1.9%	1.4%	4.1%	-1.3%	-14.7%	-35.2%	-32.6%	-37.4%	-35.7%
Financials Sector	-8.8%	-1.5%	1.8%	4.9%	1.3%	3.0%	2.1%	1.6%	3.3%
Healthcare Sector	6.3%	6.4%	11.8%	13.0%	13.2%	14.8%	12.5%	12.0%	13.3%
Industrials Sector	4.9%	3.5%	6.0%	5.3%	5.0%	2.6%	-0.2%	1.4%	-2.7%
Information Technology Sector	-1.6%	-3.0%	0.3%	0.8%	7.8%	4.3%	1.6%	1.1%	4.0%
Materials Sector	1.0%	-0.8%	1.3%	0.1%	-3.9%	-11.0%	-11.1%	-9.6%	-17.9%
Telecommunications Services	-2.4%	-10.5%	-11.0%	-5.6%	-4.2%	1.6%	1.1%	2.2%	14.2%
Utilities Sector	1.2%	19.5%	5.6%	6.0%	9.2%	-4.6%	-5.4%	-2.3%	-14.0%
<b>S&amp;P 500</b>	<b>1.5%</b>	<b>3.2%</b>	<b>4.2%</b>	<b>3.6%</b>	<b>2.3%</b>	<b>-2.3%</b>	<b>-3.0%</b>	<b>-3.0%</b>	<b>-3.1%</b>

\*Note: All revenue per share and revenue growth rates are based on index weighted revenue per share figures, not equally weighted total dollar revenues.

## EUROPEAN EARNINGS

### Calendar Year 2016 & 2017 EPS & Growth Rate

	CY 2016		CY 2017	
	EPS (€)	Growth (%)	EPS (€)	Growth (%)
Consumer Discretionary Sector Index	€ 126.10	1.7%	€ 139.53	10.6%
Consumer Staples Sector Index	€ 151.43	-1.6%	€ 166.72	10.1%
Energy Sector Index	€ 53.33	-26.1%	€ 84.91	59.2%
Financials Sector Index	€ 58.73	-15.6%	€ 67.16	14.4%
Healthcare Sector Index	€ 127.40	2.6%	€ 137.21	7.7%
Industrials Sector Index	€ 103.95	-2.6%	€ 116.95	12.5%
Information Technology Sector Index	€ 62.02	-7.7%	€ 73.96	19.2%
Materials Sector Index	€ 105.99	-6.1%	€ 123.37	16.4%
Telecommunication Services Sector Index	€ 71.33	1.4%	€ 78.39	9.9%
Utilities Sector Index	€ 85.76	-11.6%	€ 87.35	1.9%
S&P 350	€ 86.49	-4.9%	€ 98.77	14.2%

### S&P Euro 350 CY 2016 & 2017 Earnings Expectations

- Analysts currently expect earnings growth for calendar year 2016 and 2017 to come in at -4.9% and 14.2%, respectively. Since last Wednesday, growth estimates improved by 10 bps for 2016 but contracted by 20 bps for 2017. These growth rates correspond to earnings per share of €86.49 and €98.77, respectively.
- Three of 10 sectors within the S&P Euro 350 are expecting earnings growth in 2016, with healthcare (2.6%) leading, followed by consumer discretionary (1.7%) and telecommunications (1.4%). Energy (-26.1%) and financials (-15.6%) are expected to have the largest contractions in growth.

### Historical, Current, And Future Earnings and Growth Rates

	Earnings					Growth Rates			
	2013	2014	2015	2016	2017	2014	2015	2016	2017
Consumer Discretionary Sector	€ 95.58	€ 102.38	€ 124.00	€ 126.10	€ 139.53	7.1%	21.1%	1.7%	10.6%
Consumer Staples Sector	€ 148.21	€ 144.89	€ 153.87	€ 151.43	€ 166.72	-2.2%	6.2%	-1.6%	10.1%
Energy Sector	€ 112.44	€ 120.74	€ 72.20	€ 53.33	€ 84.91	7.4%	-40.2%	-26.1%	59.2%
Financials Sector	€ 51.55	€ 61.01	€ 69.54	€ 58.73	€ 67.16	18.3%	14.0%	-15.6%	14.4%
Healthcare Sector	€ 104.61	€ 112.59	€ 124.18	€ 127.40	€ 137.21	7.6%	10.3%	2.6%	7.7%
Industrials Sector	€ 88.91	€ 92.44	€ 106.70	€ 103.95	€ 116.95	4.0%	15.4%	-2.6%	12.5%
Information Technology Sector	€ 32.56	€ 48.84	€ 67.19	€ 62.02	€ 73.96	50.0%	37.6%	-7.7%	19.2%
Materials Sector	€ 132.63	€ 139.58	€ 112.91	€ 105.99	€ 123.37	5.2%	-19.1%	-6.1%	16.4%
Telecommunication Services	€ 77.15	€ 64.34	€ 70.35	€ 71.33	€ 78.39	-16.6%	9.3%	1.4%	9.9%
Utilities Sector	€ 98.39	€ 85.71	€ 97.01	€ 85.76	€ 87.35	-12.9%	13.2%	-11.6%	1.9%
S&P 350	€ 84.93	€ 88.32	€ 90.95	€ 86.49	€ 98.77	4.0%	3.0%	-4.9%	14.2%

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