

Quant Briefing: Revenues, Earnings, & Margins

Yardeni Research, Inc.

October 23, 2017

Dr. Edward Yardeni

516-972-7683
eyardeni@yardeni.com

Joe Abbott

732-497-5306
jabbott@yardeni.com

Please visit our sites at
www.yardeni.com
blog.yardeni.com



thinking outside the box

Table Of Contents

Tables

S&P 500 Sectors' Revenues, Earnings, & Margins	3
S&P 500 Sectors' Contribution to S&P 500	4
S&P 500 Sectors' & Industries Annual Revenue Growth	5
S&P 500 Sectors' & Industries Annual Earnings Growth	6
S&P 500 Sectors' & Industries Annual Profit Margin	7

S&P 500 Sectors' Revenues, Earnings, & Margins

Figure A: S&P 500 Projected Sales, Earnings, & Profit Margin (as of October 19, 2017)

	Y/Y Sales Growth (%)					1-month % change in Sales Forecast			
	2016A	2017E	2018E	2019E	12-Month	2017E	2018E	2019E	FW
S&P 500	1.8	5.8	5.1	4.9	5.5	0.2	0.2	0.3	0.2
Consumer Discretionary	6.9	4.8	5.6	5.6	5.5	-0.1	0.1	0.2	0.1
Consumer Staples	1.8	2.8	3.5	3.7	3.4	0.0	0.1	0.0	0.1
Energy	-17.2	21.3	6.0	6.6	8.2	1.0	0.4	0.5	0.5
Financials	2.9	3.7	3.4	4.5	3.5	0.2	0.1	-0.1	0.1
Health Care	8.3	5.1	5.4	5.5	5.4	0.1	0.2	0.2	0.2
Industrials	1.6	3.2	4.8	4.6	4.7	0.0	0.1	0.4	0.1
Information Technology	2.0	8.8	9.1	6.1	9.5	0.1	0.7	1.1	0.7
Materials	-3.6	6.8	5.7	2.8	10.1	1.2	0.5	0.3	0.6
Real Estate	6.5	5.8	5.3	4.7	5.4	0.1	0.7	0.4	0.6
Telecommunication Services	3.7	-1.6	0.5	0.0	0.2	0.1	0.1	0.0	0.1
Utilities	-0.3	4.5	2.7	2.4	3.0	-0.1	0.2	0.4	0.2
S&P 500 ex-Energy	3.8	5.5	5.1	4.6	5.2	0.1	0.2	0.3	0.2
S&P 500 ex-Financials	1.6	7.1	5.4	4.9	5.8	0.2	0.3	0.3	0.3

	Y/Y Earnings Growth (%)					1-month % change in EPS Forecast			
	2016A	2017E	2018E	2019E	12-Month	2017E	2018E	2019E	FW
S&P 500	1.7	10.1	11.8	10.0	11.5	-0.6	0.2	0.2	0.1
Consumer Discretionary	12.4	5.9	10.3	11.4	9.5	-0.3	-0.4	-0.6	-0.4
Consumer Staples	4.2	5.3	7.8	8.0	7.4	0.2	0.0	0.0	0.0
Energy	-80.0	336.0	35.8	24.4	49.1	3.7	2.5	2.0	2.6
Financials	0.9	8.8	14.9	9.8	14.1	-2.9	-0.1	-0.3	-0.6
Health Care	8.9	6.7	8.3	9.5	8.0	0.1	0.0	0.0	0.0
Industrials	2.2	5.8	10.7	10.8	10.0	-0.8	-0.9	-0.7	-1.0
Information Technology	5.8	14.0	13.4	9.2	12.9	0.1	1.3	1.6	1.3
Materials	-7.4	12.3	18.5	10.2	22.2	-1.3	0.4	-0.3	0.2
Real Estate	23.4	-22.7	-1.8	9.6	-6.1	-0.3	-0.9	-1.9	-0.8
Telecommunication Services	0.2	-1.1	1.4	0.2	1.0	-0.4	-0.2	0.3	-0.3
Utilities	5.9	1.3	4.7	5.7	4.1	0.2	-0.2	0.0	-0.1
S&P 500 ex-Energy	5.4	8.2	11.0	9.3	10.4	-0.7	0.1	0.1	0.0
S&P 500 ex-Financials	1.9	11.4	11.1	10.0	11.0	0.0	0.3	0.3	0.3

	Operating Profit Margin (%)				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	10.1	10.5	11.2	11.7	11.1
Consumer Discretionary	7.3	7.3	7.7	8.1	7.6
Consumer Staples	6.4	6.5	6.8	7.1	6.8
Energy	1.1	4.0	5.1	6.0	4.9
Financials	14.3	15.0	16.6	17.6	16.3
Health Care	10.3	10.5	10.8	11.2	10.7
Industrials	8.8	9.1	9.6	10.2	9.5
Information Technology	19.2	20.0	20.8	21.4	20.7
Materials	9.1	9.6	10.7	11.5	10.6
Real Estate	25.0	18.3	17.1	17.9	17.3
Telecommunication Services	11.6	11.7	11.8	11.8	11.8
Utilities	11.5	11.2	11.4	11.7	11.3
S&P 500 ex-Energy	10.9	11.2	11.8	12.3	11.7
S&P 500 ex-Financials	9.5	9.9	10.4	10.9	10.4

Source: Thomson Reuters I/B/E/S.

S&P 500 Sectors' Contribution to S&P 500

Figure B: S&P 500 Sectors % Contribution to Sales & Earnings (as of October 19, 2017)

	% of S&P 500 Sales				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	100.0	100.0	100.0	100.0	100.0
Consumer Discretionary	16.2	15.9	16.0	16.1	16.0
Consumer Staples	13.2	12.7	12.5	12.4	12.6
Energy	7.8	8.9	8.9	9.1	8.9
Financials	13.0	12.7	12.4	12.3	12.5
Health Care	16.5	16.3	16.3	16.4	16.3
Industrials	12.2	11.8	11.8	11.7	11.7
Information Technology	11.5	11.8	12.2	12.4	12.2
Materials	2.4	3.1	3.1	3.1	3.1
Real Estate	5.5	5.5	5.5	5.5	5.5
Telecommunication Services	3.1	2.9	2.8	2.6	2.8
Utilities	3.2	3.1	3.1	3.0	3.1

	% of S&P 500 Earnings				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	100.0	100.0	100.0	100.0	100.0
Consumer Discretionary	11.7	11.1	11.0	11.1	11.0
Consumer Staples	8.3	7.9	7.6	7.5	7.7
Energy	0.8	3.4	4.1	4.6	4.0
Financials	18.3	18.0	18.5	18.4	18.3
Health Care	16.8	16.2	15.7	15.6	15.7
Industrials	10.7	10.2	10.1	10.1	10.0
Information Technology	21.8	22.4	22.7	22.6	22.9
Materials	2.1	2.8	3.0	3.0	3.0
Real Estate	18.9	13.8	12.3	12.1	12.5
Telecommunication Services	3.6	3.2	2.9	2.7	2.9
Utilities	3.6	3.3	3.1	3.0	3.1

Source: Thomson Reuters I/B/E/S.

Figure C: S&P 500 Sectors \$ Contribution to Sales & Earnings (as of October 19, 2017)

	\$ Contribution to S&P 500 Sales				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	1151.86	1219.13	1281.88	1343.81	1274.52
Consumer Discretionary	186.86	194.20	205.06	216.67	203.32
Consumer Staples	152.24	155.12	160.60	166.62	160.50
Energy	89.77	108.00	114.50	122.05	113.42
Financials	149.31	154.28	159.56	165.54	158.70
Health Care	190.16	198.15	208.93	220.55	207.58
Industrials	140.55	143.85	150.69	157.62	149.63
Information Technology	132.71	143.55	156.64	166.20	156.06
Materials	27.11	37.88	40.04	41.17	39.75
Real Estate	10.24	10.74	11.31	11.85	11.21
Telecommunication Services	35.98	35.12	35.30	35.30	35.27
Utilities	36.91	38.23	39.26	40.23	39.09

	\$ Contribution to S&P 500 Earnings				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	116.51	128.30	143.43	157.74	141.46
Consumer Discretionary	13.58	14.26	15.73	17.54	15.52
Consumer Staples	9.72	10.15	10.94	11.82	10.89
Energy	0.98	4.32	5.87	7.30	5.61
Financials	21.29	23.07	26.52	29.07	25.94
Health Care	19.62	20.75	22.48	24.63	22.18
Industrials	12.43	13.04	14.44	16.01	14.21
Information Technology	25.42	28.73	32.59	35.61	32.37
Materials	2.45	3.62	4.29	4.73	4.20
Real Estate	2.56	1.97	1.93	2.12	1.94
Telecommunication Services	4.19	4.11	4.17	4.18	4.16
Utilities	4.25	4.27	4.47	4.72	4.44

Source: Thomson Reuters I/B/E/S.

S&P 500 Sectors' & Industries Annual Revenue Growth

Figure D: Consensus Expected Revenue Growth (pct. change, as of October 19, 2017)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward	Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	1.8	5.8	5.1	4.9	5.4	Consumer Staples	1.8	2.8	3.5	3.7	3.4
Consumer Discretionary	6.9	4.9	5.5	5.6	5.4	Agricultural Products	-7.9	1.7	2.7	0.2	2.6
Advertising	2.3	-0.2	3.7	3.8	3.1	Brewers	207.9	1.3	1.7	0.2	1.6
Apparel & Accessories	0.7	0.8	6.9	5.0	5.2	Distillers & Vintners	-1.4	4.8	6.6	5.6	6.1
Apparel Retail	5.3	4.8	3.8	6.0	4.1	Drug Retail	14.9	2.5	5.1	5.4	5.0
Auto Parts & Equipment	10.9	2.7	5.4	6.6	5.0	Food Distributors	3.5	9.9	3.3	3.3	3.3
Automobile Manufacturers	4.9	-5.3	-1.9	1.7	-2.5	Food Retail	5.0	5.5	1.4	3.3	2.4
Automotive Retail	3.8	4.0	4.7	5.3	4.7	Household Products	-10.0	0.5	3.4	3.0	3.1
Broadcasting	4.3	-1.5	5.0	5.1	3.9	Hypermarkets & Super Centers	1.2	4.2	3.8	3.9	3.8
Cable & Satellite	21.5	11.4	4.9	3.4	5.9	Packaged Foods	-8.8	0.4	3.1	1.9	2.7
Casinos & Gaming	4.7	20.5	10.0	7.5	11.5	Personal Products	3.4	18.9	11.6	4.7	9.1
Computer & Electronics Retail	-0.3	4.6	-1.0	0.2	0.4	Soft Drinks	-1.8	-4.5	-1.1	3.5	-1.7
Consumer Electronics	7.0	0.7	0.7	2.0	0.7	Tobacco	0.8	5.2	6.6	5.4	6.3
Department Stores	-2.8	-1.4	-1.4	-0.5	-1.4	Energy	-17.2	21.1	5.8	6.8	8.0
Distributors	6.5	6.4	4.3	3.1	4.6	Integrated Oil & Gas	-16.4	17.2	7.4	3.4	8.8
Footwear	6.1	4.1	6.8	7.2	5.3	Oil & Gas Drilling	-55.7	24.5	12.0	9.3	11.7
General Merchandise Stores	2.3	3.7	2.0	2.9	2.4	Oil & Gas Equipment & Services	-32.2	54.8	8.5	9.7	13.8
Home Furnishings	5.4	5.7	6.2	5.0	6.1	Oil & Gas Exploration & Production	-19.8	25.9	6.5	13.9	9.1
Home Improvement Retail	8.1	5.4	4.8	3.5	5.0	Oil & Gas Refining & Marketing	-13.9	17.6	2.4	8.5	4.6
Homebuilding	18.6	14.4	13.5	8.0	13.4	Oil & Gas Storage & Transportation	0.5	10.9	4.3	2.1	5.3
Hotels	7.3	8.6	5.6	5.7	6.0	Financials	2.9	3.6	3.5	4.5	3.6
Household Appliances	-0.8	4.3	4.3	4.8	4.3	Asset Management & Custody Banks	-2.3	5.4	5.6	4.6	5.6
Housewares & Specialties	124.2	12.5	1.0	3.4	2.8	Consumer Finance	3.7	5.5	5.7	5.3	5.7
Internet & Direct Marketing Retail	26.3	26.6	26.0	18.6	26.1	Diversified Banks	-0.1	3.0	3.9	4.2	3.7
Leisure Products	2.8	3.9	2.1	4.6	2.4	Financial Exchanges & Data	11.8	6.8	6.9	5.8	6.9
Motorcycle Manufacturers	-0.7	-6.3	2.6	0.7	1.1	Insurance Brokers	13.5	-1.5	4.8	5.6	3.7
Movies & Entertainment	1.9	2.8	5.1	3.9	5.0	Investment Banking & Brokerage	-1.8	7.2	6.0	4.3	6.1
Publishing & Printing	-4.0	-1.8	0.0	-1.9	-0.6	Life & Health Insurance	2.6	-2.7	2.2	3.3	2.0
Restaurants	-8.3	0.0	-1.0	4.4	-0.2	Multi-Line Insurance	-4.6	-5.5	-0.9	0.4	-1.7
Specialty Stores	6.0	6.3	6.6	7.9	6.6	Multi-Sector Holdings	5.3	8.2	1.2	4.8	2.3
Specialized Consumer Services	-0.1	1.1	1.1	0.8	1.1	Property & Casualty Insurance	15.9	8.8	4.9	8.0	5.5
Tires & Rubber	-7.8	0.9	2.8	2.9	2.5	Regional Banks	5.9	8.0	4.8	4.3	5.3
Health Care	8.3	5.0	5.3	5.5	5.2	Reinsurance	-2.9	6.7	11.3	7.0	10.6
Biotechnology	6.2	2.1	3.9	5.7	3.6	Real Estate	6.5	5.8	5.1	5.1	5.2
Health Care Distributors	8.8	4.9	4.5	4.8	4.6	Health Care REIT's	1.7	-2.5	2.6	5.8	1.7
Health Care Equipment	4.7	6.7	5.4	5.3	5.5	Hotel & Resort REIT's	0.8	-0.3	0.6	0.8	0.5
Health Care Facilities	5.3	4.9	5.1	5.1	5.0	Industrial REITs	8.8	0.0	3.6	3.7	3.0
Health Care Services	1.1	4.9	2.9	3.5	3.2	Office REITs	-0.4	-2.3	1.1	4.9	0.5
Health Care Supplies	27.5	10.5	8.6	7.4	8.9	Real Estate Services	20.4	6.5	5.8	3.5	5.9
Health Care Technology	8.4	8.6	8.3	9.2	8.3	Residential REITs	1.8	7.4	4.1	4.4	4.6
Life Sciences Tools & Services	7.5	14.2	9.3	5.9	10.1	Retail REITs	1.1	3.8	4.6	5.4	4.5
Managed Health Care	13.8	5.3	7.3	7.8	7.0	Specialized REITs	9.7	12.1	7.7	6.4	8.4
Pharmaceuticals	4.9	3.7	3.8	3.3	3.8	Information Technology	2.0	8.7	8.9	6.0	9.3
Industrials	1.6	3.2	4.8	4.7	4.7	Application Software	12.4	12.7	14.8	14.8	14.2
Aerospace & Defense	-1.9	2.5	4.3	5.4	3.9	Communications Equipment	4.5	-3.3	1.1	2.4	1.5
Agricultural & Farm Machinery	-9.3	9.9	7.5	6.4	7.5	Data Processing & Outsourced Services	12.1	10.3	9.1	9.2	9.7
Air Freight & Couriers	8.7	6.0	5.2	4.6	5.3	Electronic Components	4.1	5.6	3.5	5.8	3.8
Airlines	-1.4	4.8	4.4	3.9	4.5	Electronic Equipment & Instruments	6.8	8.2	5.1	5.4	5.6
Building Products	109.5	-11.8	4.0	3.9	4.0	Electronic Manufacturing Services	0.0	5.7	4.1	4.0	4.1
Construction & Engineering	-0.4	0.4	2.2	4.1	2.6	Home Entertainment Software	25.6	3.8	8.5	6.7	7.3
Construction Machinery & Heavy Trucks	-14.6	10.7	6.4	5.2	7.1	Internet Software & Services	24.8	24.1	19.9	17.9	20.5
Diversified Support Services	8.5	20.0	5.5	6.1	13.3	IT Consulting & Other Services	1.3	13.9	3.4	3.0	7.9
Electrical Components & Equipment	-5.7	-6.7	5.9	3.6	5.7	Internet Software & Services	11.1	32.2	14.0	3.1	11.6
Environmental & Facilities Services	6.4	5.1	3.6	3.5	3.9	Semiconductors	6.7	13.8	6.7	4.3	6.6
Human Resource & Employment Services	3.1	-0.3	3.9	4.3	3.2	Systems Software	-0.1	5.9	7.1	7.2	7.4
Industrial Conglomerates	3.9	2.1	4.0	4.2	3.7	Technology Hardware, Storage & Peripherals	-8.6	1.0	9.3	1.1	8.4
Industrial Machinery	-3.7	6.3	6.1	4.2	5.8	Materials	-3.6	6.7	6.9	2.9	11.0
Railroads	-7.1	5.4	4.2	4.4	4.4	Commodity Chemicals	-10.9	13.1	-1.2	4.9	1.0
Research & Consulting Services	5.2	9.8	5.1	5.2	5.4	Construction Materials	7.2	7.7	11.2	8.6	10.7
Trading Companies & Distributors	1.0	6.8	8.9	5.2	8.6	Copper	-6.6	3.5	9.9	-11.0	8.8
Trucking	5.9	8.0	10.2	9.0	9.8	Diversified Chemicals	-6.6	3.4	9.0	4.0	26.3
Telecommunications Services	3.6	-1.6	0.6	0.0	0.2	Fertilizers & Agricultural Chemicals	-12.2	2.5	11.5	6.0	9.7
Alternative Carriers	-0.7	1.0	2.6	3.2	2.3	Gold	-13.2	8.5	0.2	1.2	1.5
Integrated Telecommunication Services	3.7	-1.6	0.5	-0.1	0.2	Industrial Gasses	-3.0	-4.1	5.7	4.6	5.7
Utilities	-0.3	4.5	2.4	2.2	2.7	Metal & Glass Containers	14.0	19.1	3.3	3.6	5.6
Electric Utilities	1.4	3.7	2.5	1.8	2.7	Paper Packaging	2.7	2.7	5.2	1.8	4.8
Independent Power Producers & Energy Traders	-12.4	5.0	-6.5	4.2	-4.7	Specialty Chemicals	-3.1	8.2	8.5	4.6	8.4
Multi-Utilities	-0.3	6.0	4.5	2.5	4.7	Steel	-1.4	23.2	4.4	-3.0	7.0
Water Utilities	4.5	4.5	5.0	5.3	4.9						

na = not available.

Source: Thomson Reuters I/B/E/S.

S&P 500 Sectors' & Industries Annual Earnings Growth

Figure E: Consensus Expected Earnings Growth (pct. change, as of October 19, 2017)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	1.7	10.1	11.8	10.0	11.5
Consumer Discretionary	12.4	5.9	10.3	11.4	9.5
Advertising	9.9	6.1	8.0	8.6	7.7
Apparel & Accessories	-0.4	-0.1	9.6	10.5	7.4
Apparel Retail	3.2	3.0	6.7	10.5	5.8
Auto Parts & Equipment	16.7	8.5	7.9	8.6	8.0
Automobile Manufacturers	5.5	-0.1	-8.0	-4.8	-6.6
Automotive Retail	8.7	4.6	9.1	11.4	8.8
Broadcasting	20.5	8.7	11.0	10.4	10.7
Cable & Satellite	26.4	12.0	14.9	16.1	14.4
Casinos & Gaming	53.8	23.5	22.9	18.6	23.0
Computer & Electronics Retail	28.1	14.2	4.9	6.9	7.0
Consumer Electronics	13.7	-0.9	1.5	3.8	1.1
Department Stores	-12.5	4.0	-10.9	-1.3	-7.2
Distributors	10.0	3.0	13.0	6.0	11.4
Footwear	16.2	-7.4	14.4	16.0	13.3
General Merchandise Stores	12.2	-1.1	3.7	6.5	2.5
Home Furnishings	18.0	4.2	10.8	12.3	9.7
Home Improvement Retail	20.0	13.3	13.7	10.5	13.6
Homebuilding	16.2	10.0	24.6	6.9	23.0
Hotels	17.7	10.7	15.9	14.7	15.3
Household Appliances	13.6	4.0	17.4	12.1	15.3
Housewares & Specialties	32.6	3.8	11.4	13.9	10.2
Internet & Direct Marketing Retail	46.3	5.4	42.9	45.7	36.9
Leisure Products	4.8	-4.8	11.2	11.9	8.4
Motorcycle Manufacturers	3.8	-10.5	8.8	4.8	5.2
Movies & Entertainment	5.0	5.7	8.3	7.0	8.6
Publishing & Printing	-14.9	-10.0	31.4	12.4	23.9
Restaurants	6.3	14.3	10.2	11.8	11.2
Specialty Stores	10.3	6.3	10.9	10.9	10.0
Specialized Consumer Services	23.3	0.3	4.5	1.8	2.4
Tires & Rubber	20.5	-23.8	39.0	15.1	26.0
Health Care	8.9	6.7	8.3	9.5	8.0
Biotechnology	6.3	-0.1	6.2	10.7	5.2
Health Care Distributors	7.9	-0.3	2.2	9.3	1.6
Health Care Equipment	7.9	8.5	10.7	10.6	9.7
Health Care Facilities	18.9	2.3	9.0	11.9	7.9
Health Care Services	12.5	5.3	9.0	9.8	8.4
Health Care Supplies	12.1	9.1	12.5	12.4	11.8
Health Care Technology	9.0	8.7	11.1	11.7	10.8
Life Sciences Tools & Services	11.5	13.4	13.6	11.8	13.5
Managed Health Care	15.1	19.1	9.3	12.1	10.7
Pharmaceuticals	8.5	7.4	8.2	7.0	8.1
Industrials	2.2	5.8	10.7	10.8	10.0
Aerospace & Defense	4.6	8.5	9.0	12.9	9.0
Agricultural & Farm Machinery	-16.6	35.6	9.6	15.9	9.6
Air Freight & Couriers	8.1	2.1	13.3	11.3	8.3
Airlines	-12.6	-11.9	12.4	10.7	7.9
Building Products	52.9	-19.2	12.8	11.4	13.1
Construction & Engineering	-18.1	-4.2	27.9	11.5	23.0
Construction Machinery & Heavy Trucks	-18.5	30.9	18.9	16.3	20.5
Diversified Support Services	2.0	28.4	13.2	13.7	21.2
Electrical Components & Equipment	-3.2	2.1	10.7	9.6	10.5
Environmental & Facilities Services	8.8	7.5	8.7	7.2	8.5
Human Resource & Employment Services	-0.7	-2.0	9.7	4.8	7.7
Industrial Conglomerates	10.7	6.4	6.7	6.9	6.7
Industrial Machinery	0.3	13.6	11.9	10.7	11.9
Railroads	-4.4	15.5	14.0	12.2	14.2
Research & Consulting Services	5.7	5.9	7.8	9.7	7.5
Trading Companies & Distributors	1.3	7.8	12.0	9.6	11.3
Trucking	1.9	-0.2	18.9	16.9	15.7
Telecommunications Services	0.2	-1.1	1.4	0.2	1.0
Alternative Carriers	-9.6	-21.0	-4.5	-6.6	-7.8
Integrated Telecommunication Services	0.9	0.4	1.8	0.6	1.5
Utilities	5.9	1.3	4.7	5.7	4.1
Electric Utilities	6.2	0.6	2.8	4.3	2.5
Independent Power Producers & Energy Traders	12.1	9.2	46.5	20.3	40.7
Multi-Utilities	4.8	2.0	5.2	6.8	4.7
Water Utilities	7.6	5.6	9.1	7.8	8.5
Consumer Staples	4.2	5.3	7.8	8.0	7.4
Agricultural Products	-16.9	16.1	13.6	5.0	13.9
Brewers	15.2	-0.5	11.4	7.5	9.4
Distillers & Vintners	17.1	21.7	9.5	10.9	13.1
Drug Retail	15.3	4.1	8.7	9.5	8.0
Food Distributors	14.1	18.1	11.2	8.2	10.1
Food Retail	2.9	-7.1	-1.6	4.2	-3.1
Household Products	-4.6	5.7	6.8	7.0	6.7
Hypermarkets & Super Centers	-4.1	3.4	7.1	7.2	6.3
Packaged Foods	16.5	7.2	7.4	5.7	6.9
Personal Products	24.1	-21.2	13.4	19.3	15.5
Soft Drinks	1.6	3.9	6.1	8.1	5.8
Tobacco	4.4	7.7	10.5	10.0	10.1
Energy	-80.0	336.0	35.8	24.4	49.1
Integrated Oil & Gas	-51.6	108.6	18.2	13.8	26.1
Oil & Gas Drilling	-135.9	+/	-/	neg	0.0
Oil & Gas Equipment & Services	-100.3	+/	67.3	43.1	87.5
Oil & Gas Exploration & Production	neg	-/	339.9	82.7	-/
Oil & Gas Refining & Marketing	-63.1	42.6	29.4	11.0	31.1
Oil & Gas Storage & Transportation	-40.7	81.8	13.1	10.7	19.9
Financials	0.9	8.8	14.9	9.8	14.1
Asset Management & Custody Banks	1.4	15.9	10.1	9.0	11.0
Consumer Finance	3.4	3.1	12.8	11.2	11.2
Diversified Banks	-0.1	9.7	12.0	11.1	11.7
Financial Exchanges & Data	13.4	12.7	12.1	10.2	12.2
Insurance Brokers	27.2	5.7	15.9	11.5	14.3
Investment Banking & Brokerage	11.0	19.8	11.3	11.5	12.4
Life & Health Insurance	-1.0	8.0	3.8	6.9	5.3
Multi-Line Insurance	-40.2	114.7	41.0	7.9	47.2
Multi-Sector Holdings	-0.2	-6.0	23.8	9.1	18.5
Property & Casualty Insurance	-5.9	-18.8	47.5	5.6	34.4
Regional Banks	5.1	15.6	13.5	8.3	13.8
Reinsurance	-5.7	-93.5	1196.4	4.3	224.4
Real Estate	23.4	-22.7	-1.8	9.6	-6.1
Health Care REITs	217.9	-9.0	-19.2	3.5	-17.4
Hotel & Resort REITs	37.8	-23.2	-15.7	-3.4	-17.3
Industrial REITs	1.2	39.8	-55.9	12.6	-43.9
Office REITs	-16.9	-37.5	12.6	13.4	0.4
Real Estate Services	12.2	11.7	4.3	5.1	5.4
Residential REITs	129.4	-70.7	-4.1	6.4	-31.1
Retail REITs	-9.7	-19.8	7.1	6.9	1.7
Specialized REITs	-17.6	21.2	21.7	14.7	21.6
Information Technology	5.8	14.0	13.4	9.2	12.9
Application Software	21.2	20.3	26.4	23.1	24.4
Communications Equipment	8.5	1.9	2.9	5.4	3.6
Data Processing & Outsourced Services	10.9	16.6	15.1	14.3	15.3
Electronic Components	11.2	10.8	7.8	9.2	8.3
Electronic Equipment & Instruments	-3.8	22.6	9.0	9.0	10.9
Electronic Manufacturing Services	13.3	16.3	6.4	6.6	6.4
Home Entertainment Software	46.2	1.3	18.4	13.3	14.5
Internet Software & Services	29.6	1.6	26.0	19.4	22.0
IT Consulting & Other Services	-2.3	9.9	6.7	7.1	8.1
Semiconductor Equipment	42.1	64.6	22.4	6.4	17.5
Semiconductors	5.8	33.4	9.3	4.5	9.1
Systems Software	10.9	16.0	0.1	11.5	4.0
Technology Hardware, Storage & Peripherals	-10.6	8.8	20.3	3.5	18.1
Materials	-7.4	12.3	18.5	10.2	22.2
Commodity Chemicals	-10.5	7.9	-6.7	-1.4	-4.4
Construction Materials	38.9	11.3	38.6	20.1	34.4
Copper	0.0	343.9	49.8	-28.5	62.5
Diversified Chemicals	-7.1	8.5	22.5	16.7	39.3
Fertilizers & Agricultural Chemicals	-42.1	3.0	25.9	17.2	20.3
Gold	19.4	21.7	-5.6	7.9	-1.7
Industrial Gases	3.9	-6.8	10.3	8.1	9.7
Metal & Glass Containers	0.3	16.2	19.0	18.3	18.6
Paper Packaging	-10.0	2.3	26.2	11.2	23.0
Specialty Chemicals	2.7	9.6	15.1	12.2	14.2
Steel	27.7	66.3	16.5	6.5	21.8

+/- = a loss is expected, -/ = forecasted loss is larger, neg = forecasted loss is smaller, -/+ = forecasted earnings are now positive, na = not available.
Source: Thomson Reuters I/B/E/S.

S&P 500 Sectors' & Industries Annual Profit Margin

Figure F: Consensus Expected Profit Margin (percent, as of October 19, 2017)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	10.1	10.5	11.2	11.7	11.1
Consumer Discretionary	7.3	7.3	7.7	8.1	7.6
Advertising	7.1	7.5	7.8	8.2	7.8
Apparel & Accessories	8.8	8.7	9.0	9.4	8.9
Apparel Retail	7.2	7.1	7.3	7.6	7.3
Auto Parts & Equipment	9.2	9.8	10.0	10.2	9.9
Automobile Manufacturers	5.1	5.4	5.1	4.7	5.1
Automotive Retail	7.2	7.2	7.5	8.0	7.5
Broadcasting	11.3	12.4	13.1	13.8	13.0
Cable & Satellite	8.2	8.3	9.1	10.2	8.9
Casinos & Gaming	7.2	7.4	8.2	9.1	8.1
Computer & Electronics Retail	2.8	3.0	3.2	3.4	3.1
Consumer Electronics	17.6	17.4	17.5	17.8	17.5
Department Stores	3.5	3.7	3.4	3.3	3.5
Distributors	5.1	5.0	5.4	5.5	5.3
Footwear	9.6	8.5	9.1	9.9	8.8
General Merchandise Stores	4.3	4.1	4.2	4.3	4.2
Home Furnishings	9.9	9.8	10.2	10.9	10.1
Home Improvement Retail	6.9	7.4	8.0	8.6	7.9
Homebuilding	7.0	6.8	7.4	7.4	7.4
Hotels	10.3	10.5	11.5	12.5	11.3
Household Appliances	5.0	4.9	5.6	6.0	5.5
Housewares & Specialties	10.7	9.9	10.9	12.0	10.7
Internet & Direct Marketing Retail	4.3	3.6	4.0	5.0	4.0
Leisure Products	8.7	8.0	8.7	9.3	8.6
Motorcycle Manufacturers	12.4	11.8	12.5	13.1	12.4
Movies & Entertainment	14.2	14.6	15.0	15.5	15.1
Publishing & Printing	1.8	1.7	2.2	2.6	2.3
Restaurants	13.9	15.9	17.7	19.0	17.4
Specialty Stores	7.7	7.7	8.0	8.2	8.0
Specialized Consumer Services	13.5	13.4	13.8	14.0	13.6
Tires & Rubber	6.6	5.0	6.8	7.6	6.5
Health Care	10.3	10.5	10.8	11.2	10.7
Biotechnology	38.3	37.4	38.3	40.1	38.2
Health Care Distributors	1.3	1.3	1.2	1.3	1.2
Health Care Equipment	18.1	18.4	19.4	20.3	19.1
Health Care Facilities	6.1	6.0	6.2	6.6	6.2
Health Care Services	4.8	4.8	5.1	5.4	5.1
Health Care Supplies	18.4	18.1	18.8	19.6	18.7
Health Care Technology	15.9	15.9	16.3	16.7	16.3
Life Sciences Tools & Services	17.6	17.5	18.1	19.2	18.1
Managed Health Care	3.8	4.3	4.3	4.5	4.3
Pharmaceuticals	25.0	25.9	27.0	28.0	26.8
Industrials	8.8	9.1	9.6	10.1	9.5
Aerospace & Defense	7.3	7.7	8.1	8.7	8.0
Agricultural & Farm Machinery	6.6	8.1	8.3	9.0	8.3
Air Freight & Couriers	5.8	5.6	6.1	6.4	5.9
Airlines	8.8	7.4	7.9	8.4	7.8
Building Products	9.5	8.7	9.4	10.1	9.4
Construction & Engineering	2.5	2.3	2.9	3.1	2.9
Construction Machinery & Heavy Trucks	6.6	7.8	8.7	9.6	8.6
Diversified Support Services	8.3	8.8	9.5	10.2	9.1
Electrical Components & Equipment	10.2	11.2	11.7	12.4	11.6
Environmental & Facilities Services	9.2	9.4	9.9	10.2	9.8
Human Resource & Employment Services	6.4	6.3	6.7	6.7	6.6
Industrial Conglomerates	11.9	12.4	12.7	13.1	12.7
Industrial Machinery	10.0	10.6	11.2	11.9	11.2
Railroads	18.0	19.8	21.6	23.3	21.3
Research & Consulting Services	19.9	19.1	19.7	20.5	19.6
Trading Companies & Distributors	9.7	9.8	10.1	10.5	10.0
Trucking	6.2	5.8	6.2	6.7	6.1
Telecommunications Services	11.5	11.6	11.7	11.7	11.7
Alternative Carriers	29.6	23.2	21.6	19.5	21.8
Integrated Telecommunication Services	11.1	11.3	11.5	11.5	11.4
Utilities	11.5	11.2	11.4	11.8	11.4
Electric Utilities	12.2	11.9	11.9	12.2	11.9
Independent Power Producers & Energy Traders	3.1	3.2	5.1	5.9	4.8
Multi-Utilities	12.2	11.7	11.8	12.3	11.8
Water Utilities	15.3	15.5	16.1	16.5	16.0

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
Consumer Staples	6.4	6.5	6.8	7.1	6.8
Agricultural Products	1.9	2.2	2.5	2.6	2.4
Brewers	8.3	8.1	8.9	9.6	8.8
Distillers & Vintners	14.9	17.3	17.7	18.6	17.6
Drug Retail	3.6	3.7	3.8	4.0	3.8
Food Distributors	2.2	2.4	2.5	2.7	2.6
Food Retail	1.6	1.5	1.4	1.4	1.4
Household Products	13.9	14.7	15.1	15.7	15.3
Hypermarkets & Super Centers	2.4	2.4	2.5	2.6	2.5
Packaged Foods	9.2	9.8	10.2	10.6	10.1
Personal Products	9.7	6.5	6.6	7.5	6.9
Soft Drinks	14.3	15.6	16.7	17.4	16.5
Tobacco	27.8	28.4	29.5	30.8	29.3
Energy	1.1	4.0	5.1	6.0	5.0
Integrated Oil & Gas	3.1	5.6	6.2	6.8	6.1
Oil & Gas Drilling	-8.4	-8.3	-3.3	-0.3	-3.1
Oil & Gas Equipment & Services	0.0	4.0	6.2	8.1	5.9
Oil & Gas Exploration & Production	-9.7	1.1	4.5	7.3	4.0
Oil & Gas Refining & Marketing	2.0	2.4	3.0	3.1	2.9
Oil & Gas Storage & Transportation	5.2	8.5	9.2	9.9	9.1
Financials	14.3	15.0	16.6	17.6	16.4
Asset Management & Custody Banks	20.9	23.0	24.0	25.0	23.8
Consumer Finance	16.1	15.7	16.7	17.7	16.6
Diversified Banks	20.9	22.3	24.0	25.6	23.8
Financial Exchanges & Data	31.6	33.4	35.0	36.5	34.8
Insurance Brokers	13.0	13.9	15.4	16.3	15.2
Investment Banking & Brokerage	18.3	20.5	21.5	23.0	21.4
Life & Health Insurance	8.4	9.5	9.6	10.0	9.6
Multi-Line Insurance	2.8	6.4	9.1	9.7	8.6
Multi-Sector Holdings	7.6	6.6	8.0	8.5	7.8
Property & Casualty Insurance	9.2	6.8	9.6	9.4	9.2
Regional Banks	21.2	22.7	24.6	25.5	24.3
Reinsurance	18.2	1.1	13.0	12.7	11.2
Real Estate	25.0	18.3	17.1	17.8	17.3
Health Care REIT's	23.9	22.3	17.6	17.2	18.3
Hotel & Resort REIT's	13.9	10.7	9.0	8.6	9.3
Industrial REITs	50.1	70.1	29.8	32.4	36.3
Office REITs	19.0	12.1	13.5	14.6	13.3
Real Estate Services	5.9	6.2	6.2	6.2	6.2
Residential REITs	76.7	20.9	19.3	19.7	19.6
Retail REITs	37.3	28.8	29.5	29.9	29.4
Specialized REITs	13.8	14.9	16.9	18.2	16.6
Information Technology	19.1	20.0	20.9	21.5	20.8
Application Software	16.8	17.9	19.7	21.2	19.6
Communications Equipment	20.9	22.0	22.4	23.0	22.5
Data Processing & Outsourced Services	21.5	22.4	23.7	24.8	23.6
Electronic Components	13.9	14.6	15.2	15.7	15.1
Electronic Equipment & Instruments	12.5	14.1	14.6	15.1	14.6
Electronic Manufacturing Services	11.8	13.0	13.3	13.6	13.3
Home Entertainment Software	24.9	24.3	26.5	28.1	26.0
Internet Software & Services	27.0	22.1	23.2	23.5	23.0
IT Consulting & Other Services	13.7	13.2	13.6	14.2	13.5
Semiconductor Equipment	18.4	23.0	24.7	25.4	24.6
Semiconductors	22.3	26.1	26.8	26.8	26.7
Systems Software	24.5	26.9	25.1	26.1	25.2
Technology Hardware, Storage & Peripherals	14.9	16.0	17.6	18.0	17.6
Materials	9.0	9.7	10.7	11.5	10.6
Commodity Chemicals	12.6	12.0	11.3	10.6	11.4
Construction Materials	11.1	11.5	14.3	15.8	13.8
Copper	2.2	9.6	13.1	10.5	12.6
Diversified Chemicals	10.8	10.3	11.6	13.0	11.4
Fertilizers & Agricultural Chemicals	10.0	10.1	11.4	12.5	11.3
Gold	9.3	10.4	9.8	10.5	9.9
Industrial Gases	16.0	15.6	16.2	16.8	16.2
Metal & Glass Containers	6.7	6.6	7.6	8.6	7.4
Paper Packaging	6.2	6.2	7.4	8.1	7.3
Specialty Chemicals	10.5	10.6	11.2	12.1	11.1
Steel	4.5	6.0	6.7	7.4	6.6

na = not available.

Source: Thomson Reuters I/B/E/S.

Copyright (c) Yardeni Research, Inc. 2017. All rights reserved. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein. The views and the other information provided are subject to change without notice. All reports posted on www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, and estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments.

The text, images, and other materials contained or displayed on any Yardeni Research, Inc. product, service, report, email or website are proprietary to Yardeni Research, Inc. and constitute valuable intellectual property. No material from any part of www.yardeni.com, blog.yardeni.com, and YRI's Apps for iPads and iPhones may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of Yardeni Research, Inc. All unauthorized reproduction or other use of material from Yardeni Research, Inc. shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. Yardeni Research, Inc. expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. Yardeni Research, Inc. reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights.

The recipient should check any email and any attachments for the presence of viruses. Yardeni Research, Inc. accepts no liability for any damage caused by any virus transmitted by this company's emails, website, blog and Apps. Additional information available on [request](#).