

Quant Briefing: Revenues, Earnings, & Margins

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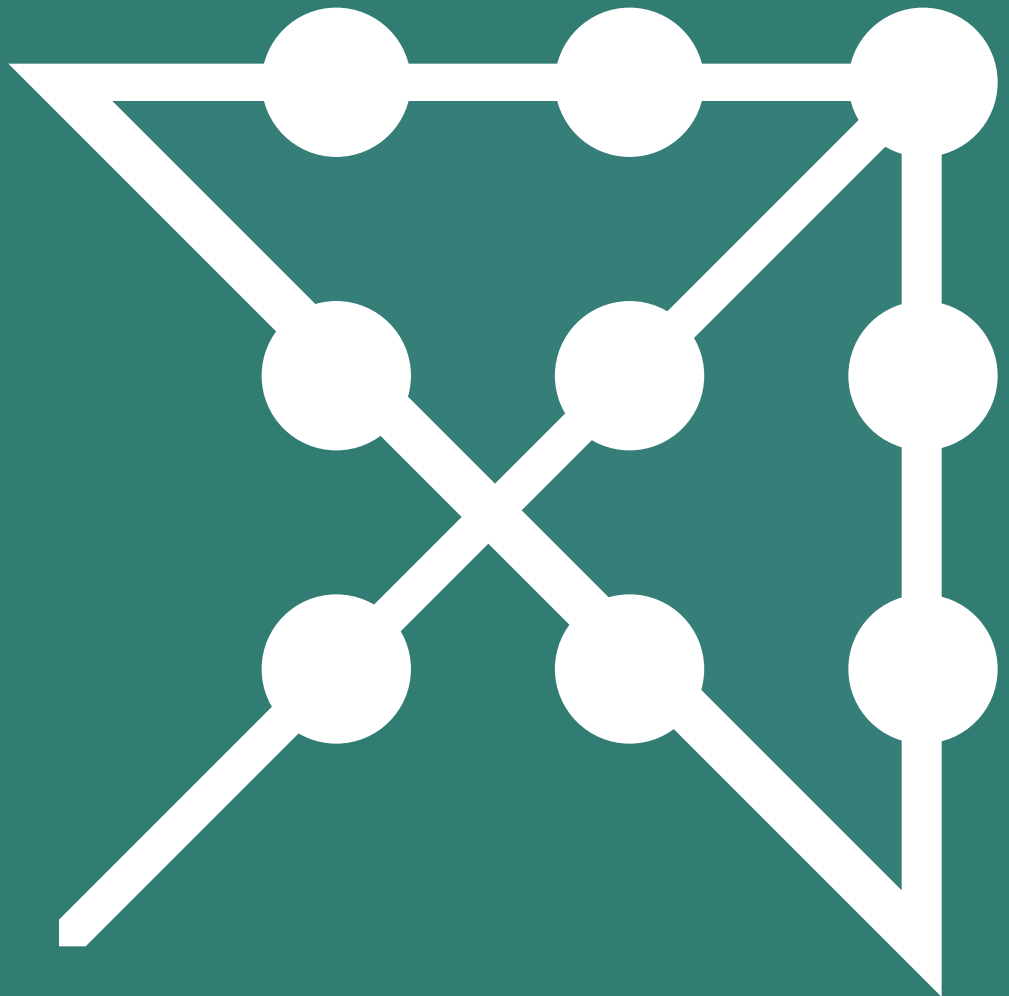
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thinking outside the box

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

Figure A: S&P 500 Projected Sales, Earnings, & Profit Margin (as of January 11, 2018)

	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	6.3	5.9	4.6	5.6	0.2	0.4	0.3	0.4
Consumer Discretionary	6.9	4.9	5.9	5.6	5.8	0.1	0.1	0.1	0.1
Consumer Staples	1.8	2.9	3.8	3.7	3.6	0.0	0.0	0.0	0.0
Energy	-17.2	24.5	8.9	3.0	8.4	0.9	2.5	1.6	2.4
Financials	2.9	4.0	3.7	4.4	3.7	-0.1	0.1	0.1	0.1
Health Care	8.3	5.0	5.7	5.5	5.6	0.0	0.3	0.4	0.3
Industrials	1.8	3.6	5.2	4.7	5.0	0.2	0.3	0.2	0.3
Information Technology	1.8	9.8	10.6	6.3	9.2	0.0	0.3	0.3	0.3
Materials	-3.6	7.8	6.2	2.8	5.8	0.0	0.1	0.0	0.1
Real Estate	6.5	6.1	5.8	4.9	5.8	0.0	0.0	0.0	0.0
Telecommunication Services	3.7	-1.3	2.6	0.1	2.4	0.0	-0.1	0.0	0.0
Utilities	-0.3	4.2	3.1	2.3	3.0	0.5	0.1	0.2	0.1
S&P 500 ex-Energy	3.8	5.8	5.6	4.7	5.2	0.1	0.2	0.2	0.2
S&P 500 ex-Financials	1.6	7.6	6.2	4.6	5.9	0.2	0.4	0.4	0.4

	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	10.9	14.6	10.3	13.8	0.0	2.8	2.9	2.8
Consumer Discretionary	12.4	5.5	11.4	11.9	11.3	0.1	2.4	2.7	2.4
Consumer Staples	4.2	5.4	9.3	8.0	9.2	0.1	1.7	1.9	1.7
Energy	-79.9	362.8	45.1	17.4	41.8	1.0	6.6	4.0	6.3
Financials	0.9	8.0	25.2	10.8	23.8	-0.3	7.7	7.5	7.7
Health Care	8.9	7.3	7.6	9.9	7.9	0.0	0.8	1.1	0.9
Industrials	2.4	3.6	12.6	12.9	12.5	0.3	3.3	3.6	3.3
Information Technology	5.8	17.1	15.4	9.2	13.0	0.1	1.0	1.0	1.0
Materials	-7.4	13.4	19.3	10.8	18.4	0.0	1.0	1.3	1.0
Real Estate	23.2	-15.9	-10.0	10.0	-8.5	-0.1	-0.1	-0.2	-0.1
Telecommunication Services	0.2	-2.1	2.4	3.5	2.5	-0.2	2.0	3.5	2.2
Utilities	5.9	1.7	4.6	5.2	4.7	-0.1	-0.1	-0.2	-0.1
S&P 500 ex-Energy	5.4	8.6	13.5	9.9	12.7	0.0	2.7	2.8	2.7
S&P 500 ex-Financials	1.9	12.5	12.4	10.2	11.6	0.1	1.7	1.8	1.8

	Operating Profit Margin (%)				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	10.1	10.5	11.4	12.0	11.4
Consumer Discretionary	7.2	7.2	7.6	8.1	7.7
Consumer Staples	6.4	6.5	6.9	7.1	6.9
Energy	1.1	4.1	5.5	6.3	5.6
Financials	14.1	14.6	17.6	18.8	17.8
Health Care	10.3	10.5	10.7	11.2	10.7
Industrials	8.8	8.8	9.4	10.2	9.5
Information Technology	19.2	20.4	21.3	21.8	21.4
Materials	9.0	9.5	10.7	11.5	10.8
Real Estate	25.1	19.9	16.9	17.8	17.0
Telecommunication Services	11.6	11.6	11.5	11.9	11.6
Utilities	11.5	11.3	11.4	11.8	11.5
S&P 500 ex-Energy	10.8	11.1	12.0	12.6	12.0
S&P 500 ex-Financials	9.5	9.9	10.5	11.0	10.5

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 January 11, 2018)

	% 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	15.9	16.0	15.9
Consumer Staples	13.2	12.7	12.4	12.3	12.5
Energy	7.8	9.0	9.3	9.2	9.3
Financials	13.0	12.6	12.4	12.3	12.3
Health Care	16.5	16.1	16.1	16.3	16.1
Industrials	12.3	11.9	11.9	11.9	11.8
Information Technology	11.4	11.8	12.3	12.5	12.4
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	2.7	2.8
Utilities	3.2	3.1	3.0	3.0	3.0

	% 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	11.6	11.0	10.6	10.8	10.6
Consumer Staples	8.3	7.9	7.5	7.3	7.5
Energy	0.8	3.6	4.5	4.8	4.5
Financials	18.2	17.6	19.2	19.2	19.1
Health Care	16.8	16.2	15.2	15.1	15.1
Industrials	10.8	10.0	9.8	10.1	9.8
Information Technology	21.8	22.8	23.0	22.8	23.1
Materials	2.1	2.8	2.9	3.0	2.9
Real Estate	19.1	15.2	12.3	12.1	12.3
Telecommunication Services	3.6	3.2	2.8	2.7	2.8
Utilities	3.7	3.3	3.0	2.9	3.0

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

Figure C: S&P 500 Sectors \$ Contribution to Sales & Earnings (as of January 11, 2018)

	\$ Contribution to S&P 500 Sales				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	1156.78	1230.01	1302.44	1361.73	1309.02
Consumer Discretionary	187.60	195.05	206.60	218.34	207.61
Consumer Staples	152.85	155.89	161.89	168.00	163.29
Energy	90.12	111.30	121.19	124.93	121.55
Financials	149.90	155.37	161.05	167.03	160.53
Health Care	190.47	198.38	209.71	221.35	211.14
Industrials	142.82	146.79	154.36	161.63	155.09
Information Technology	132.35	144.57	159.90	170.03	161.76
Materials	27.22	38.24	40.60	41.76	40.76
Real Estate	10.26	10.79	11.43	11.99	11.48
Telecommunication Services	36.12	35.34	36.25	36.30	36.27
Utilities	37.06	38.28	39.46	40.37	39.55

	\$ Contribution to S&P 500 Earnings				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	116.43	128.99	147.88	163.13	149.57
Consumer Discretionary	13.52	14.14	15.74	17.62	15.93
Consumer Staples	9.71	10.15	11.10	11.99	11.27
Energy	0.99	4.61	6.69	7.85	6.79
Financials	21.14	22.67	28.37	31.40	28.59
Health Care	19.60	20.86	22.45	24.69	22.65
Industrials	12.58	12.92	14.55	16.43	14.72
Information Technology	25.37	29.46	33.99	37.12	34.54
Materials	2.46	3.65	4.35	4.82	4.41
Real Estate	2.58	2.15	1.94	2.13	1.95
Telecommunication Services	4.21	4.09	4.18	4.33	4.20
Utilities	4.27	4.31	4.51	4.75	4.53

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 January 11, 2018)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward	Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	1.8	6.3	5.9	4.6	5.6	Consumer Staples	1.8	2.9	3.8	3.7	3.6
Consumer Discretionary	6.9	4.9	5.9	5.6	5.8	Agricultural Products	-7.9	-0.8	3.1	1.0	2.9
Advertising	2.3	-0.5	3.3	3.6	3.3	Brewers	207.9	0.5	1.7	0.6	1.6
Apparel & Accessories	0.7	1.6	7.2	3.8	5.4	Distillers & Vintners	-1.4	4.7	6.8	6.3	6.7
Apparel Retail	5.3	5.0	3.5	5.2	3.5	Drug Retail	14.9	2.6	5.7	5.3	5.2
Auto Parts & Equipment	10.9	-13.2	6.7	6.5	6.7	Food Distributors	3.5	9.9	4.5	3.7	4.0
Automobile Manufacturers	4.9	-5.7	-1.0	0.9	-0.8	Food Retail	5.0	5.9	1.4	3.4	1.4
Automotive Retail	3.8	4.1	4.8	5.5	4.9	Household Products	-10.0	0.5	3.0	2.9	3.0
Broadcasting	4.3	-2.0	4.9	4.7	4.9	Hypermarkets & Super Centers	1.2	4.7	4.3	3.9	4.2
Cable & Satellite	21.5	11.2	4.6	2.9	4.4	Packaged Foods	-8.8	0.9	3.4	1.9	2.9
Casinos & Gaming	4.7	20.7	10.1	8.5	9.9	Personal Products	3.4	18.9	13.5	4.8	8.2
Computer & Electronics Retail	-0.3	4.5	-0.9	1.1	-0.9	Soft Drinks	-1.8	-4.4	-1.2	3.4	-0.8
Consumer Electronics	7.0	1.7	-1.4	1.8	1.5	Tobacco	0.8	4.5	6.5	5.3	6.4
Department Stores	-2.8	-0.5	-1.2	-0.9	-1.2	Energy	-17.2	24.5	8.9	3.0	8.4
Distributors	6.5	7.7	11.4	3.4	10.6	Integrated Oil & Gas	-16.4	20.7	11.7	1.4	10.7
Footwear	6.1	4.3	6.8	7.7	6.0	Oil & Gas Drilling	-55.7	28.8	22.3	8.1	16.9
General Merchandise Stores	2.3	4.6	2.6	3.4	2.6	Oil & Gas Equipment & Services	-32.2	54.6	6.7	9.1	6.9
Home Furnishings	5.4	5.7	6.7	5.3	6.5	Oil & Gas Exploration & Production	-19.8	29.7	6.4	12.3	6.9
Home Improvement Retail	8.1	6.3	5.1	4.0	5.1	Oil & Gas Refining & Marketing	-13.9	21.8	6.6	0.1	6.0
Homebuilding	18.6	14.8	14.5	10.2	13.8	Oil & Gas Storage & Transportation	0.5	13.8	6.9	0.8	6.4
Hotels	7.6	9.5	6.6	5.9	6.5	Financials	2.9	4.0	3.7	4.4	3.7
Household Appliances	-0.8	3.3	3.2	3.6	3.3	Asset Management & Custody Banks	-2.3	5.8	6.4	5.0	6.3
Housewares & Specialties	124.2	11.5	-0.7	2.1	-0.5	Consumer Finance	3.7	6.3	7.0	6.3	6.9
Internet & Direct Marketing Retail	26.3	28.4	26.9	19.8	26.2	Diversified Banks	-0.1	2.8	4.0	4.3	4.0
Leisure Products	2.8	-1.5	0.8	4.0	1.1	Financial Exchanges & Data	11.8	7.2	7.3	5.9	7.2
Motorcycle Manufacturers	-0.7	-7.2	2.0	2.3	2.0	Insurance Brokers	13.5	-1.1	5.2	5.0	5.2
Movies & Entertainment	1.9	2.5	4.8	3.7	4.4	Investment Banking & Brokerage	-1.8	8.4	6.0	5.5	5.9
Publishing & Printing	-4.0	-1.8	1.1	-1.3	-0.3	Life & Health Insurance	2.6	-2.0	1.7	2.0	1.7
Restaurants	-8.3	0.2	-0.8	3.9	-0.1	Multi-Line Insurance	-4.6	-5.8	-0.2	1.4	-0.1
Specialty Stores	6.0	6.2	6.5	7.1	6.5	Multi-Sector Holdings	5.3	8.5	1.5	5.2	1.8
Specialized Consumer Services	-0.1	1.0	1.0	1.2	1.0	Property & Casualty Insurance	15.9	9.8	5.5	6.2	5.6
Tires & Rubber	-7.8	0.4	1.9	2.1	1.9	Regional Banks	5.9	9.3	3.4	4.4	3.5
Health Care	8.3	5.0	5.7	5.5	5.6	Reinsurance	-2.9	9.0	8.8	8.9	8.8
Biotechnology	6.2	1.9	3.0	5.9	3.2	Real Estate	6.5	6.1	5.8	4.9	5.8
Health Care Distributors	8.8	4.7	4.5	4.7	4.3	Health Care REIT's	1.7	-2.8	1.9	4.4	2.1
Health Care Equipment	4.6	7.6	8.7	6.3	7.8	Hotel & Resort REIT's	0.8	-0.8	0.0	1.0	0.1
Health Care Facilities	5.3	4.9	4.9	4.6	4.9	Industrial REITs	8.8	-3.2	0.8	8.6	1.5
Health Care Services	1.1	3.8	2.4	2.9	2.4	Office REITs	-0.4	-2.4	-0.1	5.3	0.3
Health Care Supplies	27.5	11.0	11.7	8.0	10.8	Real Estate Services	20.4	7.1	6.9	4.0	6.6
Health Care Technology	8.4	7.5	8.3	8.9	8.3	Residential REITs	1.8	7.6	3.8	4.1	3.8
Life Sciences Tools & Services	7.5	14.7	10.2	5.8	9.8	Retail REITs	1.1	4.2	4.0	4.9	4.1
Managed Health Care	13.8	5.5	8.3	7.7	8.3	Specialized REITs	9.7	13.0	10.3	5.7	9.9
Pharmaceuticals	4.9	3.9	3.4	3.2	3.4	Information Technology	1.8	9.8	10.6	6.3	9.2
Industrials	1.8	3.6	5.2	4.7	5.0	Application Software	12.4	13.3	14.8	14.6	14.6
Aerospace & Defense	-1.1	1.9	3.6	5.4	3.7	Communications Equipment	1.0	-1.3	1.2	2.2	1.6
Agricultural & Farm Machinery	-9.3	10.7	22.0	7.6	17.8	Data Processing & Outsourced Services	12.1	10.8	9.2	9.2	9.2
Air Freight & Couriers	8.7	7.6	5.5	5.1	5.7	Electronic Components	4.1	8.0	4.2	5.8	4.3
Airlines	-1.4	5.3	5.6	4.3	5.5	Electronic Equipment & Instruments	6.8	8.6	6.0	5.2	5.9
Building Products	109.5	-11.8	3.3	4.0	3.6	Electronic Manufacturing Services	0.0	7.2	6.7	4.3	5.9
Construction & Engineering	-0.4	2.8	5.1	8.4	5.2	Home Entertainment Software	25.6	5.3	7.0	7.6	6.8
Construction Machinery & Heavy Trucks	-14.6	14.2	8.9	5.5	8.6	Internet Software & Services	24.8	25.9	21.7	18.8	21.4
Diversified Support Services	8.5	20.5	5.5	5.8	9.9	IT Consulting & Other Services	1.3	14.7	3.6	3.1	5.2
Electrical Components & Equipment	-5.7	-6.3	6.0	3.9	5.3	Semiconductor Equipment	11.1	32.2	19.9	5.5	12.7
Environmental & Facilities Services	6.4	5.0	3.6	3.5	3.6	Semiconductors	6.7	15.1	9.7	4.2	7.4
Human Resource & Employment Services	3.1	-0.3	4.5	4.5	4.5	Systems Software	-0.1	5.9	8.3	7.2	7.8
Industrial Conglomerates	3.9	2.0	2.8	2.3	2.8	Technology Hardware, Storage & Peripherals	-8.6	2.1	11.7	1.6	7.9
Industrial Machinery	-3.7	6.8	6.7	4.5	5.7	Materials	-3.6	7.8	6.2	2.8	5.8
Railroads	-7.1	5.8	4.2	4.2	4.2	Commodity Chemicals	-10.9	16.4	-1.5	1.6	-1.3
Research & Consulting Services	5.2	9.9	4.6	5.0	4.7	Construction Materials	7.2	6.1	10.1	9.8	10.0
Trading Companies & Distributors	1.0	7.6	8.9	5.9	8.6	Copper	-6.6	8.2	11.0	-11.7	8.9
Trucking	5.9	8.7	11.1	9.2	10.9	Diversified Chemicals	-6.6	4.6	6.6	4.6	6.4
Telecommunications Services	3.7	-1.3	2.6	0.1	2.4	Fertilizers & Agricultural Chemicals	-12.2	3.9	9.5	5.0	9.2
Alternative Carriers	-2.4	2.3	33.9	-0.7	30.1	Gold	-13.2	9.0	1.2	0.8	1.1
Integrated Telecommunication Services	4.1	-1.5	0.8	0.2	0.7	Industrial Gasses	-3.0	-2.8	6.5	5.0	6.1
Utilities	-0.3	4.2	3.1	2.3	3.0	Metal & Glass Containers	14.0	19.2	3.3	3.1	3.3
Electric Utilities	1.4	3.4	2.6	2.1	2.5	Paper Packaging	2.7	2.8	4.8	2.3	3.9
Independent Power Producers & Energy Traders	-12.4	1.6	2.8	0.5	2.6	Specialty Chemicals	-3.1	8.9	8.5	4.6	8.1
Multi-Utilities	-0.3	6.6	4.1	3.0	4.0	Steel	-1.4	23.5	7.0	-2.6	6.1
Water Utilities	4.5	3.7	4.8	6.1	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 January 11, 2018)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward	Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	1.7	10.9	14.6	10.3	13.8	Consumer Staples	4.2	5.4	9.3	8.0	9.2
Consumer Discretionary	12.4	5.5	11.4	11.9	11.3	Agricultural Products	-16.9	7.4	16.8	7.8	16.0
Advertising	9.9	5.5	8.3	8.2	8.3	Brewers	15.2	-0.3	13.7	9.2	13.3
Apparel & Accessories	-0.4	-0.2	9.7	11.6	9.8	Distillers & Vintners	17.1	23.9	11.7	12.1	12.7
Apparel Retail	3.2	3.8	10.8	11.4	10.8	Drug Retail	15.2	5.0	11.1	7.9	10.4
Auto Parts & Equipment	16.7	-11.8	7.9	9.8	8.0	Food Distributors	14.1	18.1	12.9	12.4	12.6
Automobile Manufacturers	5.3	3.6	-8.1	1.1	-7.4	Food Retail	2.9	-4.3	0.6	3.5	0.6
Automotive Retail	8.6	5.0	13.3	10.0	13.2	Household Products	-4.6	5.6	6.9	7.0	7.1
Broadcasting	20.5	4.5	11.4	9.4	11.2	Hypermarkets & Super Centers	-4.1	4.4	9.3	8.0	9.2
Cable & Satellite	25.8	8.9	15.3	18.7	15.6	Packaged Foods	16.6	7.9	8.0	6.0	7.6
Casinos & Gaming	53.3	16.6	30.9	19.7	29.7	Personal Products	24.1	-21.2	17.2	18.7	18.2
Computer & Electronics Retail	28.1	12.9	11.4	5.4	11.4	Soft Drinks	1.6	4.0	7.8	8.1	7.8
Consumer Electronics	13.7	2.7	2.3	3.2	2.4	Tobacco	4.4	7.0	13.1	9.4	12.8
Department Stores	-12.5	9.8	-7.9	-0.8	-7.9	Energy	-79.9	362.8	45.1	17.4	41.8
Distributors	10.0	1.9	19.1	4.8	17.7	Integrated Oil & Gas	-51.6	118.1	25.1	8.5	23.4
Footwear	16.2	-8.7	18.3	17.0	7.5	Oil & Gas Drilling	-135.9	+/-	-/-	neg	0.0
General Merchandise Stores	12.3	1.7	10.6	6.2	10.6	Oil & Gas Equipment & Services	-100.4	+/-	63.9	42.3	61.1
Home Furnishings	18.1	5.0	10.6	11.4	10.7	Oil & Gas Exploration & Production	neg	-/-	281.9	44.9	+/-
Home Improvement Retail	20.0	14.1	16.7	7.8	16.7	Oil & Gas Refining & Marketing	-63.1	53.7	39.7	8.0	36.1
Homebuilding	16.2	6.9	37.2	13.3	32.1	Oil & Gas Storage & Transportation	-40.6	79.8	16.1	8.7	15.4
Hotels	17.8	12.0	16.5	14.4	16.4	Financials	0.9	8.0	25.2	10.8	23.8
Household Appliances	13.6	-3.2	13.6	13.5	13.6	Asset Management & Custody Banks	1.4	18.0	16.7	8.9	16.0
Housewares & Specialties	32.6	-2.6	5.6	10.1	6.0	Consumer Finance	3.3	3.3	22.9	12.8	21.9
Internet & Direct Marketing Retail	46.5	8.9	36.5	40.6	37.0	Diversified Banks	-0.1	9.4	22.2	12.2	21.2
Leisure Products	4.7	-41.0	39.3	28.9	38.1	Financial Exchanges & Data	13.4	14.4	18.5	10.3	17.7
Motorcycle Manufacturers	3.8	-10.7	10.3	8.4	10.2	Insurance Brokers	27.0	5.8	16.8	11.4	16.3
Movies & Entertainment	4.9	5.4	7.4	7.3	7.6	Investment Banking & Brokerage	11.1	19.7	20.5	12.5	19.6
Publishing & Printing	-14.9	-10.0	34.8	16.5	22.8	Life & Health Insurance	-1.0	6.9	17.0	7.7	16.1
Restaurants	6.3	14.1	11.9	12.0	12.0	Multi-Line Insurance	-40.3	72.8	79.7	12.0	70.2
Specialty Stores	10.3	4.3	12.3	12.6	12.2	Multi-Sector Holdings	-0.2	-9.5	37.4	12.1	35.8
Specialized Consumer Services	23.3	0.8	1.4	1.6	1.3	Property & Casualty Insurance	-5.9	-21.2	60.9	5.2	53.8
Tires & Rubber	20.5	-27.9	30.0	19.1	28.9	Regional Banks	5.0	19.3	20.4	9.2	19.3
Health Care	8.9	7.3	7.6	9.9	7.9	Reinsurance	-5.7	-95.0	1624.3	7.8	637.4
Biotechnology	6.3	0.3	3.8	11.2	4.4	Real Estate	23.2	-15.9	-10.0	10.0	-8.5
Health Care Distributors	7.9	-0.2	2.8	9.9	5.2	Health Care REIT's	217.1	5.9	-31.0	1.7	-29.1
Health Care Equipment	7.9	9.5	10.1	11.3	10.0	Hotel & Resort REIT's	37.8	-23.9	-12.6	2.0	-11.6
Health Care Facilities	18.9	-3.2	12.5	11.1	12.4	Industrial REITs	1.2	94.8	-69.6	9.8	-67.4
Health Care Services	12.4	4.1	16.6	10.0	16.0	Office REITs	-17.3	-30.8	21.9	11.0	20.9
Health Care Supplies	12.1	10.1	14.7	13.4	13.9	Real Estate Services	12.2	15.3	7.2	5.2	7.0
Health Care Technology	9.0	5.2	9.1	11.4	9.3	Residential REITs	129.4	-68.3	-12.8	6.2	-11.5
Life Sciences Tools & Services	11.5	14.1	13.4	11.6	13.2	Retail REITs	-9.6	-16.7	1.8	8.6	2.4
Managed Health Care	15.2	20.6	11.6	13.8	11.8	Specialized REITs	-17.6	18.4	21.1	15.7	20.5
Pharmaceuticals	8.5	8.3	6.5	6.8	6.5	Information Technology	5.8	17.1	15.4	9.2	13.0
Industrials	2.4	3.6	12.6	12.9	12.5	Application Software	21.2	22.8	25.1	23.3	24.6
Aerospace & Defense	5.4	9.5	9.1	13.6	9.5	Communications Equipment	8.4	2.2	3.1	5.7	4.4
Agricultural & Farm Machinery	-16.6	38.9	25.5	19.1	23.6	Data Processing & Outsourced Services	10.9	18.7	16.2	15.2	16.0
Air Freight & Couriers	8.1	5.1	19.9	12.7	17.6	Electronic Components	11.2	13.5	6.3	10.1	6.6
Airlines	-12.5	-12.5	18.5	16.0	18.3	Electronic Equipment & Instruments	-3.8	22.9	12.6	9.3	12.3
Building Products	52.8	-18.2	9.0	11.5	10.2	Electronic Manufacturing Services	13.3	18.4	9.3	8.1	8.9
Construction & Engineering	-17.9	-2.0	27.9	15.3	26.8	Home Entertainment Software	46.2	4.4	15.3	14.3	14.7
Construction Machinery & Heavy Trucks	-18.6	48.1	20.2	12.2	19.4	Internet Software & Services	29.7	8.4	21.5	18.7	21.3
Diversified Support Services	2.0	30.5	21.5	9.7	24.0	IT Consulting & Other Services	-2.3	11.1	6.6	7.1	7.2
Electrical Components & Equipment	-3.2	2.7	11.1	10.4	11.1	Semiconductor Equipment	42.1	65.7	29.5	6.6	17.7
Environmental & Facilities Services	8.8	7.4	9.7	7.7	9.5	Semiconductors	5.5	40.2	15.7	2.8	9.6
Human Resource & Employment Services	-0.7	-6.6	21.7	5.7	20.1	Systems Software	10.9	15.8	4.4	10.4	8.1
Industrial Conglomerates	10.7	-10.4	3.3	12.5	4.1	Technology Hardware, Storage & Peripherals	-10.7	11.1	22.2	5.3	15.0
Industrial Machinery	0.2	14.9	12.3	10.5	11.7	Materials	-7.4	13.4	19.3	10.8	18.4
Railroads	-4.4	16.5	25.3	13.3	24.1	Commodity Chemicals	-10.5	8.4	-5.4	1.1	-4.9
Research & Consulting Services	5.7	6.4	4.4	11.6	5.2	Construction Materials	38.9	3.7	33.6	23.6	32.6
Trading Companies & Distributors	1.3	8.9	13.8	9.9	13.4	Copper	0.0	392.2	49.6	-28.8	40.2
Trucking	1.9	-2.6	34.7	17.4	32.9	Diversified Chemicals	-7.1	4.4	24.2	17.9	23.6
Telecommunications Services	0.2	-2.1	2.4	3.5	2.5	Fertilizers & Agricultural Chemicals	-42.1	9.6	21.0	16.2	21.6
Alternative Carriers	-9.6	-31.4	-26.9	21.9	-23.9	Gold	19.4	23.6	-5.7	16.9	-3.9
Integrated Telecommunication Services	0.9	0.0	3.8	2.9	3.7	Industrial Gases	3.9	-5.5	10.5	9.2	10.2
Utilities	5.9	1.7	4.6	5.2	4.7	Metal & Glass Containers	0.3	11.9	18.7	20.3	18.9
Electric Utilities	6.2	1.0	2.7	4.2	2.8	Paper Packaging	-10.1	3.6	26.7	11.9	23.6
Independent Power Producers & Energy Traders	12.1	16.5	49.4	7.5	44.4	Specialty Chemicals	2.7	9.1	15.5	13.0	15.2
Multi-Utilities	4.8	2.1	4.8	7.0	5.0	Steel	27.7	57.0	32.9	1.7	29.5
Water Utilities	7.6	5.9	9.3	7.6	9.1						

+/- = 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 January 11, 2018)

Sector/Industry Group	2016A	2017E	2018E	2019E	Forward	Sector/Industry Group	2016A	2017E	2018E	2019E	Forward
S&P 500	10.1	10.5	11.4	12.0	11.4	Consumer Staples	6.4	6.5	6.9	7.1	6.9
Consumer Discretionary	7.2	7.2	7.6	8.1	7.7	Agricultural Products	1.9	2.1	2.4	2.5	2.4
Advertising	7.0	7.4	7.8	8.2	7.8	Brewers	8.3	8.2	9.2	10.0	9.2
Apparel & Accessories	8.8	8.7	8.9	9.5	9.0	Distillers & Vintners	14.9	17.7	18.5	19.5	18.4
Apparel Retail	7.2	7.1	7.6	8.1	7.6	Drug Retail	3.6	3.6	3.8	3.9	3.9
Auto Parts & Equipment	9.2	9.3	9.5	9.7	9.5	Food Distributors	2.2	2.3	2.5	2.7	2.6
Automobile Manufacturers	5.0	5.5	5.1	5.1	5.1	Food Retail	1.6	1.5	1.5	1.5	1.5
Automotive Retail	7.1	7.1	7.7	8.0	7.8	Household Products	13.9	14.6	15.2	15.8	15.4
Broadcasting	11.2	12.0	12.7	13.3	12.8	Hypermarkets & Super Centers	2.4	2.4	2.5	2.6	2.5
Cable & Satellite	8.2	8.0	8.8	10.2	8.9	Packaged Foods	9.1	9.8	10.2	10.6	10.2
Casinos & Gaming	7.1	6.9	8.2	9.0	8.2	Personal Products	9.7	6.5	6.7	7.6	7.2
Computer & Electronics Retail	2.6	2.9	3.2	3.3	3.2	Soft Drinks	14.2	15.5	16.9	17.7	17.0
Consumer Electronics	17.6	17.8	18.0	18.2	18.0	Tobacco	27.7	28.3	30.1	31.3	30.2
Department Stores	3.5	3.9	3.6	3.6	3.6	Energy	1.1	4.1	5.5	6.3	5.6
Distributors	5.1	4.9	5.2	5.3	5.2	Integrated Oil & Gas	3.1	5.7	6.4	6.8	6.4
Footwear	9.6	8.4	9.2	9.9	8.9	Oil & Gas Drilling	-8.4	-7.6	-1.7	0.9	-0.8
General Merchandise Stores	4.3	4.2	4.5	4.6	4.5	Oil & Gas Equipment & Services	0.0	4.0	6.1	7.9	6.2
Home Furnishings	9.9	9.8	10.2	10.8	10.2	Oil & Gas Exploration & Production	-9.6	1.9	6.8	8.7	6.9
Home Improvement Retail	6.8	7.3	8.1	8.4	8.1	Oil & Gas Refining & Marketing	1.9	2.4	3.2	3.4	3.2
Homebuilding	7.0	6.5	7.8	8.1	7.9	Oil & Gas Storage & Transportation	5.2	8.2	8.9	9.6	8.9
Hotels	10.3	10.6	11.5	12.5	11.6	Financials	14.1	14.6	17.6	18.8	17.8
Household Appliances	4.9	4.6	5.0	5.5	5.1	Asset Management & Custody Banks	20.8	23.2	25.4	26.4	25.5
Housewares & Specialties	10.7	9.3	9.9	10.7	10.0	Consumer Finance	15.8	15.4	17.7	18.8	17.8
Internet & Direct Marketing Retail	4.3	3.6	3.9	4.6	4.0	Diversified Banks	20.6	22.0	25.8	27.7	26.0
Leisure Products	8.7	5.2	7.2	8.9	7.3	Financial Exchanges & Data	31.5	33.7	37.2	38.7	37.3
Motorcycle Manufacturers	12.2	11.8	12.7	13.5	12.8	Insurance Brokers	12.9	13.8	15.3	16.2	15.4
Movies & Entertainment	14.0	14.4	14.8	15.3	15.0	Investment Banking & Brokerage	18.0	19.9	22.6	24.1	22.7
Publishing & Printing	1.8	1.7	2.3	2.7	2.5	Life & Health Insurance	8.3	8.8	10.2	10.7	10.2
Restaurants	13.7	15.6	17.6	19.0	17.7	Multi-Line Insurance	2.8	5.1	9.2	10.1	9.2
Specialty Stores	7.7	7.6	8.0	8.4	8.0	Multi-Sector Holdings	7.5	6.3	8.5	9.3	8.7
Specialized Consumer Services	13.5	13.5	13.5	13.6	13.5	Property & Casualty Insurance	9.1	6.5	10.0	9.9	10.0
Tires & Rubber	6.5	4.7	6.0	6.9	6.0	Regional Banks	20.8	22.8	26.5	27.7	26.6
Health Care	10.3	10.5	10.7	11.2	10.7	Reinsurance	18.2	0.8	13.4	13.2	13.3
Biotechnology	38.3	37.7	38.0	39.8	38.1	Real Estate	25.1	19.9	16.9	17.8	17.0
Health Care Distributors	1.3	1.3	1.3	1.3	1.3	Health Care REIT's	24.0	26.1	17.7	17.2	17.6
Health Care Equipment	18.3	18.6	18.9	19.8	18.9	Hotel & Resort REIT's	13.9	10.7	9.3	9.4	9.3
Health Care Facilities	6.0	5.6	6.0	6.3	6.0	Industrial REITs	50.1	100.9	30.5	30.8	30.5
Health Care Services	4.8	4.8	5.4	5.8	5.5	Office REITs	18.9	13.4	16.3	17.2	16.4
Health Care Supplies	18.4	18.2	18.7	19.6	18.8	Real Estate Services	6.0	6.4	6.4	6.5	6.5
Health Care Technology	15.9	15.6	15.7	16.1	15.8	Residential REITs	76.8	22.6	19.0	19.4	19.0
Life Sciences Tools & Services	17.5	17.4	18.0	18.9	18.1	Retail REITs	37.7	30.1	29.5	30.6	29.6
Managed Health Care	3.7	4.3	4.4	4.6	4.4	Specialized REITs	13.9	14.5	16.0	17.5	16.1
Pharmaceuticals	25.0	26.1	26.8	27.8	26.9	Information Technology	19.1	20.4	21.3	21.8	21.4
Industrials	8.8	8.8	9.4	10.2	9.5	Application Software	16.8	18.2	19.8	21.3	20.1
Aerospace & Defense	7.4	7.9	8.3	9.0	8.4	Communications Equipment	22.0	22.8	23.2	24.0	23.6
Agricultural & Farm Machinery	6.6	8.3	8.5	9.4	8.7	Data Processing & Outsourced Services	21.4	22.6	24.1	25.4	24.3
Air Freight & Couriers	5.8	5.7	6.5	6.9	6.4	Electronic Components	13.6	14.3	14.6	15.2	14.6
Airlines	8.6	7.2	8.0	9.0	8.1	Electronic Equipment & Instruments	12.6	14.2	15.1	15.7	15.2
Building Products	9.4	8.7	9.2	9.9	9.4	Electronic Manufacturing Services	11.7	13.0	13.3	13.8	13.4
Construction & Engineering	2.5	2.4	2.9	3.0	2.9	Home Entertainment Software	24.9	24.7	26.6	28.3	26.5
Construction Machinery & Heavy Trucks	6.6	8.6	9.4	10.0	9.5	Internet Software & Services	27.0	23.2	23.2	23.2	23.2
Diversified Support Services	8.3	9.0	10.4	10.8	9.9	IT Consulting & Other Services	13.6	13.2	13.6	14.1	13.5
Electrical Components & Equipment	10.2	11.2	11.7	12.4	11.9	Semiconductor Equipment	18.4	23.1	25.0	25.2	25.0
Environmental & Facilities Services	9.1	9.3	9.9	10.3	9.9	Semiconductors	22.3	27.1	28.6	28.2	28.3
Human Resource & Employment Services	6.4	6.0	7.0	7.0	7.0	Systems Software	24.6	26.9	25.9	26.7	26.1
Industrial Conglomerates	11.9	10.5	10.5	11.6	10.6	Technology Hardware, Storage & Peripherals	14.8	16.1	17.6	18.2	17.7
Industrial Machinery	9.9	10.7	11.2	11.9	11.3	Materials	9.0	9.5	10.7	11.5	10.8
Railroads	17.8	19.6	23.5	25.6	23.7	Commodity Chemicals	12.5	11.7	11.2	11.1	11.2
Research & Consulting Services	19.8	19.2	19.1	20.3	19.3	Construction Materials	11.1	10.8	13.2	14.8	13.3
Trading Companies & Distributors	9.7	9.8	10.2	10.6	10.2	Copper	2.2	10.2	13.8	11.1	13.6
Trucking	6.2	5.6	6.8	7.3	6.8	Diversified Chemicals	10.8	9.8	11.4	12.8	11.5
Telecommunications Services	11.6	11.6	11.5	11.9	11.6	Fertilizers & Agricultural Chemicals	10.0	10.6	11.7	12.9	11.9
Alternative Carriers	15.0	10.1	5.5	6.7	5.6	Gold	9.3	10.5	9.8	11.4	10.0
Integrated Telecommunication Services	11.5	11.6	12.0	12.3	12.0	Industrial Gasses	16.0	15.6	16.2	16.8	16.3
Utilities	11.5	11.3	11.4	11.8	11.5	Metal & Glass Containers	6.7	6.3	7.2	8.4	7.3
Electric Utilities	12.2	12.0	12.0	12.2	12.0	Paper Packaging	6.2	6.2	7.5	8.2	7.6
Independent Power Producers & Energy Traders	3.1	3.6	5.2	5.5	5.2	Specialty Chemicals	10.4	10.5	11.1	12.0	11.2
Multi-Utilities	12.2	11.7	11.8	12.2	11.8	Steel	4.4	5.6	7.0	7.3	7.0
Water Utilities	15.3	15.7	16.3	16.6	16.3						

na = not available.

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

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