S&P 500 Industry Briefing: Oil & Gas Drilling

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March 12, 2020

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thinking outside the box
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Figure 1.

S&P 500 OIL & GAS DRILLING STOCK PRICE INDEX*

(HP)

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200-day moving average.

* Ratio scale.

Source: Standard & Poor’s and Haver Analytics.

Figure 2.

S&P 500 OIL & GAS DRILLING INDEX, FORWARD EARNINGS, & VALUATION

Oil & Gas Drilling Index
03/12/20

Blue Angels Implied Price Index*
03/05/20

Implied price capped at $60 because forward earnings was very low or negative.

* Implied price index calculated using forward earnings times forward P/Es.

Source: Standard & Poor’s and I/B/E/S data by Refinitiv.
Forward Revenues & Earnings with Annual Squiggles

Figure 3.

S&P 500 OIL & GAS DRILLING REVENUES PER SHARE
(Analysts' average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward revenues*


Figure 4.

S&P 500 OIL & GAS DRILLING OPERATING EARNINGS PER SHARE
(Analysts' average forecasts, ratio scale)

Consensus Forecasts
- Annual estimates
- Forward earnings*

Annual Growth Squiggles

**Figure 5.**

S&P 500 OIL & GAS DRILLING ANNUAL REVENUE GROWTH FORECASTS*  
(based on analysts’ consensus estimates, percent, weekly)

Latest data thru 03/05/20

Source: I/B/E/S data by Refinitiv.

**Figure 6.**

S&P 500 OIL & GAS DRILLING ANNUAL EARNINGS GROWTH FORECASTS*  
(based on analysts’ consensus estimates, percent, weekly)

Latest data thru 03/05/20

Source: I/B/E/S data by Refinitiv.
Figure 7.

S&P 500 OIL & GAS DRILLING PROJECTED PROFIT MARGIN
(using analysts’ average earnings and revenues forecasts)

Consensus Forecasts
- Annual estimates
- Forward profit margin* (2.6)

* Time-weighted average of the consensus estimates for current year and next year. Monthly through December 2005, weekly thereafter.
Source: I/B/E/S data by Refinitiv.

Figure 8.

S&P 500 OIL & GAS DRILLING NET EARNINGS REVISIONS*

* Three-month moving average of the number of forward earnings estimates up less number of estimates down, expressed as a percentage of the total number of forward earnings estimates.
Source: I/B/E/S data by Refinitiv.
**S&P 500 OIL & GAS DRILLING STRG, STEG, & LTEG**
(Percent)

- STEG is year-ahead forward consensus expected short-term earnings growth.
- STRG is year-ahead forward consensus expected short-term revenue growth.
- LTEG is five-year consensus expected long-term earnings growth.

Monthly data through 2005, weekly thereafter.

Source: I/B/E/S data by Refinitiv.

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**S&P 500 OIL & GAS DRILLING VALUATION**

- P/E capped at 60
- Forward P/E* (60.0)
- Relative P/E** (2.0)
- PEG Ratio*** (1.2)

* Price divided by 12-month forward consensus expected operating earnings per share.
** Sector or industry forward P/E relative to S&P 500 forward P/E.
*** Sector or industry forward P/E relative to sector or industry consensus 5-year LTEG forecast.

Source: I/B/E/S data by Refinitiv.