

Quant Briefing: Revenues, Earnings, & Margins

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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 February 15, 2018)

	Y/Y Sales Growth (%)					1-month % change in Sales Forecast			
	2017A	2018E	2019E	2020E	12-Month	2018E	2019E	2020E	FW
S&P 500	6.4	6.9	4.5	4.9	6.3	0.8	0.8	0.2	0.8
Consumer Discretionary	5.0	6.9	5.7	6.1	6.5	1.0	1.1	0.5	1.0
Consumer Staples	2.9	4.0	3.8	4.0	3.7	0.2	0.2	0.5	0.2
Energy	22.3	16.5	1.5	4.7	13.7	3.9	2.5	-2.0	3.7
Financials	4.3	3.8	4.6	4.5	4.0	0.4	0.6	-0.2	0.5
Health Care	5.4	6.0	5.4	5.1	5.8	0.6	0.5	0.2	0.6
Industrials	4.0	5.9	4.7	4.6	5.5	0.8	0.8	0.8	0.8
Information Technology	10.1	10.5	6.8	7.1	8.9	0.1	0.6	0.4	0.3
Materials	7.9	7.5	2.6	4.2	6.5	1.4	1.1	1.6	1.4
Real Estate	6.8	5.4	5.0	4.5	5.3	0.2	0.3	5.4	0.2
Telecommunication Services	-0.9	2.5	0.4	0.1	2.1	0.4	0.7	1.2	0.4
Utilities	4.2	1.7	1.9	1.9	1.7	-0.8	-1.3	0.2	-0.9
S&P 500 ex-Energy	5.0	5.9	4.7	1.3	5.5	0.5	0.6	0.5	0.6
S&P 500 ex-Financials	6.7	7.3	4.5	3.5	6.6	0.9	0.8	0.3	0.9

	Y/Y Earnings Growth (%)					1-month % change in EPS Forecast			
	2017A	2018E	2019E	2020E	12-Month	2018E	2019E	2020E	FW
S&P 500	11.7	19.2	10.3	10.5	16.8	3.6	3.5	3.1	3.6
Consumer Discretionary	6.1	16.2	12.3	13.5	15.3	3.8	4.1	4.7	3.9
Consumer Staples	5.9	11.3	8.2	8.7	10.6	1.8	1.7	3.5	1.9
Energy	355.8	69.8	11.3	21.2	54.9	10.9	7.9	5.5	10.3
Financials	8.8	28.8	10.9	10.2	25.2	1.4	1.3	-0.3	1.4
Health Care	8.2	11.2	9.8	8.9	10.9	3.2	3.2	2.6	3.2
Industrials	4.1	18.5	12.3	10.1	17.1	4.5	3.8	0.8	4.4
Information Technology	18.1	18.7	10.7	10.4	14.7	3.6	4.9	5.5	4.1
Materials	15.1	22.5	10.0	14.7	19.8	4.1	3.0	4.7	3.9
Real Estate	-12.3	-15.0	10.4	7.2	-11.3	-1.6	-1.4	-1.1	-1.6
Telecommunication Services	-0.2	15.4	1.4	-0.6	12.8	12.7	10.4	9.6	12.3
Utilities	1.7	5.8	5.5	4.6	5.8	1.0	1.1	0.6	1.0
S&P 500 ex-Energy	8.7	17.3	10.2	7.9	15.3	3.2	3.3	2.9	3.3
S&P 500 ex-Financials	12.3	17.1	10.2	8.2	15.0	4.1	4.1	3.9	4.2

	Operating Profit Margin (%)				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	10.6	11.8	12.4	13.1	11.9
Consumer Discretionary	7.3	7.9	8.4	9.0	8.0
Consumer Staples	6.5	7.0	7.3	7.6	7.1
Energy	4.2	6.1	6.7	7.7	6.2
Financials	14.6	18.2	19.4	21.4	18.5
Health Care	10.6	11.1	11.5	12.0	11.1
Industrials	8.8	9.9	10.6	11.1	10.0
Information Technology	20.5	22.0	22.8	23.5	22.2
Materials	9.7	11.1	11.9	13.1	11.2
Real Estate	20.6	16.6	17.5	18.3	16.8
Telecommunication Services	11.7	13.2	13.3	13.3	13.2
Utilities	11.3	11.7	12.2	12.9	11.8
S&P 500 ex-Energy	11.2	12.4	13.0	13.9	12.5
S&P 500 ex-Financials	10.0	10.9	11.5	12.0	11.0

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 February 15, 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	15.9	15.9	16.1	16.3	15.9
Consumer Staples	12.7	12.3	12.3	12.4	12.4
Energy	8.9	9.7	9.4	9.7	9.6
Financials	12.7	12.3	12.2	10.6	12.2
Health Care	16.2	16.1	16.2	16.8	16.1
Industrials	12.0	11.8	11.9	12.1	11.8
Information Technology	11.8	12.2	12.5	12.8	12.3
Materials	3.1	3.1	3.1	3.2	3.1
Real Estate	5.6	5.5	5.5	4.9	5.5
Telecommunication Services	2.9	2.8	2.7	2.6	2.7
Utilities	3.1	3.0	2.9	2.7	2.9

	% 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	11.0	10.7	10.9	11.2	10.7
Consumer Staples	7.8	7.3	7.2	7.0	7.3
Energy	3.5	5.0	5.0	5.6	5.0
Financials	17.6	19.0	19.0	19.3	18.9
Health Care	16.2	15.1	15.0	15.1	15.0
Industrials	10.0	9.9	10.1	10.1	9.9
Information Technology	22.9	22.8	22.8	22.1	22.9
Materials	2.9	2.9	2.9	3.1	2.9
Real Estate	15.7	11.5	11.3	9.9	11.4
Telecommunication Services	3.2	3.1	2.9	2.6	3.0
Utilities	3.3	2.9	2.8	2.7	2.9

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

Figure C: S&P 500 Sectors \$ Contribution to Sales & Earnings (as of February 15, 2018)

	\$ Contribution to S&P 500 Sales				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	1230.09	1314.42	1373.13	1440.06	1326.13
Consumer Discretionary	195.25	208.63	220.57	235.02	210.66
Consumer Staples	155.87	162.02	168.26	178.66	163.98
Energy	109.30	127.35	129.34	139.85	127.73
Financials	155.74	161.66	167.95	152.38	161.78
Health Care	199.12	211.10	222.51	241.51	213.45
Industrials	147.01	155.70	163.02	174.07	157.05
Information Technology	144.90	160.06	171.04	184.80	163.08
Materials	38.36	41.25	42.32	45.53	41.49
Real Estate	10.87	11.45	12.03	11.45	11.55
Telecommunication Services	35.49	36.37	36.53	37.74	36.41
Utilities	38.18	38.82	39.56	39.04	38.95

	\$ Contribution to S&P 500 Earnings				
	2016A	2017E	2018E	2019E	12-Month
S&P 500	129.97	154.90	170.88	188.77	158.12
Consumer Discretionary	14.25	16.56	18.61	21.13	16.94
Consumer Staples	10.19	11.34	12.28	13.28	11.60
Energy	4.56	7.75	8.63	10.65	7.90
Financials	22.82	29.39	32.54	36.43	29.88
Health Care	21.02	23.38	25.69	28.47	23.78
Industrials	12.99	15.39	17.28	19.06	15.72
Information Technology	29.70	35.25	39.04	41.74	36.28
Materials	3.73	4.57	5.02	5.86	4.66
Real Estate	2.24	1.90	2.10	2.10	1.94
Telecommunication Services	4.16	4.80	4.87	4.93	4.82
Utilities	4.31	4.56	4.81	5.13	4.60

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 February 15, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	6.4	6.9	4.5	4.9	6.3	Consumer Staples	2.9	4.0	3.8	4.0	3.7
Consumer Discretionary	5.0	6.9	5.7	6.1	6.5	Agricultural Products	-2.4	2.8	2.5	1.3	2.7
Advertising	-0.5	3.3	3.7	3.1	3.4	Brewers	0.2	2.2	1.1	0.7	2.0
Apparel & Accessories	2.0	7.8	3.5	3.8	5.7	Distillers & Vintners	4.6	6.9	6.4	6.3	7.0
Apparel Retail	5.1	3.6	4.5	8.5	3.7	Drug Retail	2.9	5.1	5.1	4.5	4.7
Auto Parts & Equipment	-12.3	7.9	5.5	7.8	7.5	Food Distributors	9.9	5.8	4.0	4.0	4.6
Automobile Manufacturers	-5.0	0.2	-0.2	-1.5	0.1	Food Retail	5.9	1.4	3.3	4.1	1.6
Automotive Retail	4.1	4.9	5.3	6.5	4.8	Household Products	0.5	3.2	2.9	3.4	3.2
Broadcasting	-1.2	4.8	4.8	4.3	4.8	Hypermarkets & Super Centers	4.7	4.3	3.9	4.6	4.2
Cable & Satellite	11.2	4.5	2.5	5.0	4.2	Packaged Foods	0.9	4.4	1.8	2.4	3.6
Casinos & Gaming	21.5	11.5	9.0	4.6	11.0	Personal Products	18.9	16.1	5.5	5.2	8.7
Computer & Electronics Retail	4.6	-0.9	1.2	1.2	-0.7	Soft Drinks	-4.4	-1.3	3.6	3.5	-0.5
Consumer Electronics	1.7	1.5	2.5	na	1.7	Tobacco	4.8	7.3	5.5	4.9	7.0
Department Stores	-0.3	-0.8	0.0	1.3	-0.7	Energy	22.3	16.5	1.5	4.7	13.7
Distributors	7.6	11.5	3.5	2.4	10.0	Integrated Oil & Gas	13.8	24.1	-2.2	1.1	18.9
Footwear	4.3	7.0	7.9	8.7	6.3	Oil & Gas Drilling	28.8	28.4	10.2	12.6	19.7
General Merchandise Stores	4.7	2.7	3.4	3.9	2.8	Oil & Gas Equipment & Services	55.6	7.7	9.9	9.7	8.1
Home Furnishings	5.7	7.6	4.8	5.4	7.1	Oil & Gas Exploration & Production	31.8	9.8	10.2	9.4	9.8
Home Improvement Retail	6.1	5.4	4.3	5.0	5.3	Oil & Gas Refining & Marketing	23.8	12.5	1.1	6.1	10.4
Homebuilding	14.7	32.2	12.1	8.0	25.9	Oil & Gas Storage & Transportation	14.3	7.7	2.5	6.9	6.8
Hotels	8.5	7.4	6.5	1.9	7.3	Financials	4.3	3.8	4.6	4.5	4.0
Household Appliances	2.6	4.0	3.0	3.9	3.8	Asset Management & Custody Banks	6.3	7.0	4.7	5.8	6.6
Housewares & Specialties	10.7	-1.9	1.8	3.0	-1.3	Consumer Finance	6.2	7.1	5.9	4.0	6.9
Internet & Direct Marketing Retail	28.7	29.2	20.6	19.4	27.4	Diversified Banks	3.2	3.3	4.3	6.0	3.4
Leisure Products	-4.0	1.1	3.3	0.8	1.5	Financial Exchanges & Data	8.2	7.7	5.9	5.6	7.4
Motorcycle Manufacturers	-6.8	0.8	1.2	3.4	0.9	Insurance Brokers	0.0	5.7	5.1	2.7	5.6
Movies & Entertainment	2.7	4.5	3.7	4.4	4.2	Investment Banking & Brokerage	9.1	6.6	5.7	3.8	6.3
Publishing & Printing	-1.8	2.4	0.2	0.2	0.9	Life & Health Insurance	-1.4	1.5	2.8	2.4	1.7
Restaurants	0.3	-0.1	4.7	5.8	0.8	Multi-Line Insurance	-7.3	2.7	3.1	1.8	2.8
Specialty Stores	6.4	6.2	6.6	7.3	6.3	Multi-Sector Holdings	8.5	1.8	5.3	na	2.5
Specialized Consumer Services	1.0	1.0	0.9	na	1.0	Property & Casualty Insurance	10.4	5.5	6.2	4.7	5.7
Tires & Rubber	1.4	3.5	2.8	1.7	3.4	Regional Banks	9.6	3.2	4.4	4.6	3.4
Health Care	5.4	6.0	5.4	5.1	5.8	Reinsurance	11.6	16.1	4.8	5.4	14.0
Biotechnology	2.6	2.6	5.8	7.0	3.2	Real Estate	6.8	5.4	5.0	4.5	5.3
Health Care Distributors	5.2	5.1	4.8	5.1	4.9	Health Care REIT's	-1.7	0.1	2.8	1.1	0.6
Health Care Equipment	8.0	9.5	6.4	5.4	8.3	Hotel & Resort REIT's	-0.8	0.2	1.1	2.4	0.3
Health Care Facilities	5.4	4.8	4.7	4.6	4.8	Industrial REITs	8.9	-7.3	7.1	4.5	-5.1
Health Care Services	4.0	-0.2	2.9	-4.3	0.3	Office REITs	-5.4	2.9	4.7	1.1	3.2
Health Care Supplies	11.4	12.2	8.4	6.2	11.0	Real Estate Services	8.7	8.3	6.3	2.0	7.9
Health Care Technology	7.2	7.7	8.6	12.3	7.9	Residential REITs	7.8	3.1	3.8	4.6	3.2
Life Sciences Tools & Services	16.0	14.1	5.8	5.8	12.5	Retail REITs	5.2	1.9	4.5	8.2	2.4
Managed Health Care	5.8	8.8	7.2	7.5	8.5	Specialized REITs	13.1	10.2	6.1	5.6	9.4
Pharmaceuticals	4.1	4.0	3.1	3.7	3.8	Information Technology	10.1	10.5	6.8	7.1	8.9
Industrials	4.0	5.9	4.7	4.6	5.5	Application Software	13.3	15.0	14.7	15.2	14.7
Aerospace & Defense	2.4	4.5	5.4	6.8	4.6	Communications Equipment	-1.2	2.0	2.9	3.0	2.3
Agricultural & Farm Machinery	10.7	22.0	7.8	5.6	16.6	Data Processing & Outsourced Services	11.0	8.5	9.4	9.4	8.7
Air Freight & Couriers	8.4	6.2	5.1	4.6	6.2	Electronic Components	9.6	5.4	6.0	5.6	5.5
Airlines	5.4	6.2	4.5	4.3	5.9	Electronic Equipment & Instruments	8.3	-0.1	4.3	1.0	0.6
Building Products	-11.8	4.9	4.3	4.0	4.9	Electronic Manufacturing Services	7.2	8.8	4.1	3.8	6.8
Construction & Engineering	3.3	9.6	6.9	7.3	7.5	Home Entertainment Software	6.7	6.7	7.2	6.6	6.8
Construction Machinery & Heavy Trucks	17.0	11.5	5.1	2.6	10.3	Internet Software & Services	26.7	24.1	19.1	17.7	23.1
Diversified Support Services	20.5	5.6	5.8	na	8.8	IT Consulting & Other Services	15.2	4.2	3.1	3.8	4.7
Electrical Components & Equipment	-6.0	7.2	4.5	4.7	6.2	Semiconductor Equipment	32.2	24.1	6.0	3.6	13.7
Environmental & Facilities Services	5.6	2.4	3.7	3.6	2.6	Semiconductors	15.7	10.8	4.2	5.1	7.9
Human Resource & Employment Services	0.3	6.1	4.7	1.3	5.9	Systems Software	5.8	8.9	7.6	8.0	7.9
Industrial Conglomerates	1.0	2.2	2.1	1.6	2.2	Technology Hardware, Storage & Peripherals	2.2	8.7	2.8	2.5	6.0
Industrial Machinery	7.4	7.7	4.4	4.3	6.2	Materials	7.9	7.5	2.6	4.2	6.5
Railroads	5.9	4.1	4.3	4.1	4.1	Commodity Chemicals	18.2	3.3	0.0	6.1	2.7
Research & Consulting Services	10.2	5.2	4.9	5.6	5.1	Construction Materials	5.5	10.2	8.3	7.1	9.8
Trading Companies & Distributors	8.3	9.3	6.1	5.0	8.7	Copper	10.6	15.0	-15.5	12.0	9.3
Trucking	9.7	13.7	10.0	9.0	13.0	Diversified Chemicals	6.0	5.2	4.5	6.0	5.1
Telecommunications Services	-0.9	2.5	0.4	0.1	2.1	Fertilizers & Agricultural Chemicals	4.5	14.1	5.6	-0.1	12.5
Alternative Carriers	1.1	35.7	-0.5	1.7	28.0	Gold	8.9	2.7	1.8	-3.7	2.6
Integrated Telecommunication Services	-1.0	0.6	0.5	-0.1	0.6	Industrial Gasses	-2.2	8.5	5.5	4.7	7.5
Utilities	4.2	1.7	1.9	1.9	1.7	Metal & Glass Containers	20.5	3.3	2.7	3.9	3.2
Electric Utilities	3.4	1.3	1.5	1.7	1.3	Paper Packaging	0.4	7.0	2.4	1.4	5.6
Independent Power Producers & Energy Traders	3.3	-1.4	0.6	-10.6	-1.1	Specialty Chemicals	9.2	9.2	4.5	4.2	8.4
Multi-Utilities	6.2	3.2	2.9	3.5	3.1	Steel	25.0	8.4	-1.3	4.0	6.7
Water Utilities	3.7	4.1	6.1	7.0	4.4						

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 February 15, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	11.7	19.2	10.3	10.5	16.8	Consumer Staples	5.9	11.3	8.2	8.7	10.6
Consumer Discretionary	6.1	16.2	12.3	13.5	15.3	Agricultural Products	12.5	15.3	9.2	4.7	14.2
Advertising	5.5	13.0	8.5	8.0	12.2	Brewers	3.2	13.2	7.0	7.7	12.1
Apparel & Accessories	2.2	8.6	11.3	6.6	8.4	Distillers & Vintners	24.2	11.8	12.3	19.4	11.9
Apparel Retail	4.0	14.4	10.4	10.3	14.0	Drug Retail	5.1	10.7	7.5	7.2	9.9
Auto Parts & Equipment	-13.5	11.4	9.1	13.6	11.0	Food Distributors	18.1	19.3	18.7	10.9	18.8
Automobile Manufacturers	4.9	-7.5	-1.6	-1.3	-6.6	Food Retail	-3.7	3.8	3.3	8.8	3.7
Automotive Retail	5.2	20.6	11.1	12.9	18.7	Household Products	5.7	9.1	7.5	7.2	8.7
Broadcasting	4.5	13.5	9.9	12.6	12.8	Hypermarkets & Super Centers	4.6	13.4	8.3	10.4	12.3
Cable & Satellite	10.0	24.0	15.3	19.3	22.3	Packaged Foods	8.1	11.8	5.9	8.0	10.1
Casinos & Gaming	18.1	34.0	21.4	11.8	31.4	Personal Products	-21.2	21.4	17.9	15.2	19.0
Computer & Electronics Retail	13.4	15.0	6.5	3.2	14.2	Soft Drinks	4.0	8.4	8.0	8.8	8.3
Consumer Electronics	2.7	2.9	4.2	na	3.1	Tobacco	8.3	14.8	10.1	9.1	13.9
Department Stores	10.1	-3.2	1.9	7.8	-2.7	Energy	355.8	69.8	11.3	21.2	54.9
Distributors	1.9	23.5	6.1	3.2	20.1	Integrated Oil & Gas	107.3	46.4	0.9	10.8	36.1
Footwear	-8.6	16.6	17.4	21.7	9.8	Oil & Gas Drilling	+	neg	+	104.6	0.0
General Merchandise Stores	2.2	16.4	6.0	5.7	15.4	Oil & Gas Equipment & Services	-+	64.9	45.2	32.8	60.0
Home Furnishings	5.3	14.2	9.4	13.9	13.3	Oil & Gas Exploration & Production	-+	363.9	22.1	37.4	199.4
Home Improvement Retail	14.0	25.5	10.7	9.9	24.0	Oil & Gas Refining & Marketing	53.2	50.7	11.2	22.1	41.6
Homebuilding	5.0	47.6	19.7	13.4	38.3	Oil & Gas Storage & Transportation	86.0	21.6	9.7	17.0	19.3
Hotels	12.6	19.0	14.6	15.8	18.2	Financials	8.8	28.8	10.9	10.2	25.2
Household Appliances	-2.3	11.2	13.6	11.2	11.7	Asset Management & Custody Banks	19.4	18.1	9.8	5.9	16.5
Housewares & Specialties	-5.3	-0.9	8.8	13.1	0.7	Consumer Finance	2.7	27.6	12.5	9.2	24.5
Internet & Direct Marketing Retail	9.6	39.7	45.3	47.6	40.9	Diversified Banks	10.1	26.0	12.9	14.0	23.4
Leisure Products	-71.5	154.4	37.8	14.9	115.1	Financial Exchanges & Data	15.6	25.6	10.3	10.0	22.5
Motorcycle Manufacturers	-10.4	-2.6	15.9	12.2	0.4	Insurance Brokers	7.5	16.2	11.4	8.8	15.3
Movies & Entertainment	6.3	16.9	8.9	7.9	14.5	Investment Banking & Brokerage	23.2	21.5	12.6	8.3	19.5
Publishing & Printing	-10.0	43.4	16.5	8.7	23.4	Life & Health Insurance	4.2	21.6	7.2	7.7	18.8
Restaurants	16.0	15.8	11.1	10.9	14.3	Multi-Line Insurance	60.8	98.0	8.4	1.8	72.6
Specialty Stores	5.5	14.2	13.8	6.3	13.8	Multi-Sector Holdings	-9.3	43.8	9.7	7.6	37.5
Specialized Consumer Services	37.3	-12.7	-0.9	na	-6.4	Property & Casualty Insurance	-17.7	59.7	5.3	5.5	46.6
Tires & Rubber	-22.0	21.4	16.1	16.1	20.3	Regional Banks	20.5	24.9	9.8	9.7	21.9
Health Care	8.2	11.2	9.8	8.9	10.9	Reinsurance	-61.5	143.9	4.2	5.6	98.1
Biotechnology	1.1	6.7	11.7	10.9	7.6	Real Estate	-12.3	-15.0	10.4	7.2	-11.3
Health Care Distributors	1.6	5.8	10.4	5.0	7.7	Health Care REIT's	7.0	-33.9	-2.6	-5.4	-30.3
Health Care Equipment	9.9	10.7	11.1	10.0	10.4	Hotel & Resort REIT's	-23.8	-12.4	3.7	11.9	-10.0
Health Care Facilities	-0.2	24.6	8.3	4.5	21.3	Industrial REITs	113.8	-73.8	14.0	1.4	-69.5
Health Care Services	4.0	22.8	12.3	-9.0	20.7	Office REITs	-30.9	26.8	10.8	12.7	23.6
Health Care Supplies	11.4	13.7	13.2	10.3	12.9	Real Estate Services	17.8	12.4	5.6	6.7	11.2
Health Care Technology	3.5	10.4	13.0	13.5	10.9	Residential REITs	-61.1	-31.9	6.2	2.5	-27.4
Life Sciences Tools & Services	15.8	14.1	11.9	12.4	13.6	Retail REITs	-15.3	-3.0	9.0	0.7	-1.1
Managed Health Care	21.5	22.4	12.4	12.8	20.4	Specialized REITs	15.6	22.3	17.1	13.0	21.3
Pharmaceuticals	9.3	9.2	6.5	7.8	8.7	Information Technology	18.1	18.7	10.7	10.4	14.7
Industrials	4.1	18.5	12.3	10.1	17.1	Application Software	22.9	32.5	20.3	18.8	28.6
Aerospace & Defense	9.5	20.9	14.0	14.6	19.2	Communications Equipment	2.3	7.3	10.3	6.5	8.8
Agricultural & Farm Machinery	38.9	25.7	20.1	12.1	23.6	Data Processing & Outsourced Services	19.1	23.1	16.3	12.5	21.1
Air Freight & Couriers	5.7	22.7	11.5	8.4	19.9	Electronic Components	15.3	0.6	12.6	7.6	2.6
Airlines	-11.8	22.9	16.3	9.3	21.6	Electronic Equipment & Instruments	24.5	13.0	9.0	8.0	12.2
Building Products	-18.1	11.7	10.3	11.6	12.0	Electronic Manufacturing Services	18.4	13.4	7.8	7.6	10.9
Construction & Engineering	-2.0	35.7	17.8	7.4	30.9	Home Entertainment Software	5.8	15.5	14.5	7.2	15.3
Construction Machinery & Heavy Trucks	55.1	27.7	11.3	7.4	24.4	Internet Software & Services	10.5	23.3	18.5	18.5	22.4
Diversified Support Services	30.6	23.1	11.7	na	24.7	IT Consulting & Other Services	11.8	6.7	6.2	5.7	6.9
Electrical Components & Equipment	3.3	14.4	11.5	9.4	13.5	Semiconductor Equipment	65.7	43.2	2.6	10.5	18.6
Environmental & Facilities Services	8.2	16.3	9.5	1.7	15.0	Semiconductors	43.5	19.2	4.0	5.3	11.3
Human Resource & Employment Services	-2.6	25.4	8.9	1.7	22.1	Systems Software	15.9	9.8	8.1	14.6	8.6
Industrial Conglomerates	-10.8	4.2	9.2	6.4	5.1	Technology Hardware, Storage & Peripherals	11.2	23.6	11.7	7.3	17.1
Industrial Machinery	16.5	17.0	10.9	8.3	15.3	Materials	15.1	22.5	10.0	14.7	19.8
Railroads	17.8	31.0	12.1	11.1	27.1	Commodity Chemicals	10.5	2.2	1.3	13.7	2.1
Research & Consulting Services	2.0	10.1	11.7	15.2	10.5	Construction Materials	6.9	31.8	25.2	15.6	30.4
Trading Companies & Distributors	11.6	31.0	10.5	7.3	26.7	Copper	408.7	77.1	-33.3	32.4	48.2
Trucking	-4.0	47.2	18.7	12.1	40.7	Diversified Chemicals	12.6	21.1	18.2	18.9	20.5
Telecommunications Services	-0.2	15.4	1.4	-0.6	12.8	Fertilizers & Agricultural Chemicals	11.4	24.0	17.6	22.0	23.6
Alternative Carriers	-35.1	-25.9	23.3	18.3	-19.6	Gold	24.5	-3.6	15.8	-3.0	-0.5
Integrated Telecommunication Services	2.3	17.3	0.8	-1.3	14.2	Industrial Gasses	-5.1	14.9	9.0	7.7	13.0
Utilities	1.7	5.8	5.5	4.6	5.8	Metal & Glass Containers	16.9	15.9	16.3	10.1	15.9
Electric Utilities	0.7	4.0	4.4	3.6	4.1	Paper Packaging	3.7	35.2	10.8	8.5	27.8
Independent Power Producers & Energy Traders	19.3	54.6	12.1	11.6	44.5	Specialty Chemicals	9.9	16.0	12.1	12.3	15.3
Multi-Utilities	2.4	5.5	6.8	5.8	5.7	Steel	58.0	39.2	5.1	-0.1	31.8
Water Utilities	6.2	8.9	7.6	7.3	8.6						

+/- = 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 February 15, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	10.6	11.8	12.4	13.1	11.9
Consumer Discretionary	7.3	7.9	8.4	9.0	8.0
Advertising	7.4	8.1	8.5	8.9	8.2
Apparel & Accessories	8.9	8.9	9.6	10.4	9.1
Apparel Retail	7.1	7.9	8.3	8.7	7.9
Auto Parts & Equipment	9.1	9.4	9.7	10.2	9.4
Automobile Manufacturers	5.6	5.1	5.1	5.1	5.1
Automotive Retail	7.1	8.2	8.7	9.2	8.4
Broadcasting	11.9	12.9	13.5	14.6	13.0
Cable & Satellite	8.1	9.6	10.8	12.3	9.8
Casinos & Gaming	6.9	8.3	9.3	9.9	8.5
Computer & Electronics Retail	2.9	3.3	3.5	3.6	3.3
Consumer Electronics	17.8	18.1	18.4	na	18.1
Department Stores	3.9	3.8	3.9	4.1	3.8
Distributors	4.9	5.4	5.5	5.6	5.4
Footwear	8.4	9.2	10.0	11.2	9.0
General Merchandise Stores	4.2	4.8	4.9	5.0	4.8
Home Furnishings	9.9	10.5	10.9	11.8	10.5
Home Improvement Retail	7.3	8.7	9.2	9.7	8.8
Homebuilding	7.4	8.3	8.8	9.3	8.4
Hotels	10.7	11.9	12.7	14.8	12.0
Household Appliances	4.6	5.0	5.5	5.9	5.1
Housewares & Specialties	9.1	9.2	9.9	10.8	9.3
Internet & Direct Marketing Retail	3.6	3.9	4.7	5.9	4.1
Leisure Products	2.6	6.5	8.6	9.8	6.8
Motorcycle Manufacturers	11.7	11.3	13.0	14.1	11.6
Movies & Entertainment	14.5	16.2	17.0	17.6	16.6
Publishing & Printing	1.7	2.4	2.8	3.0	2.6
Restaurants	15.8	18.3	19.5	20.4	18.5
Specialty Stores	7.6	8.2	8.8	8.5	8.3
Specialized Consumer Services	18.3	15.9	15.6	na	16.3
Tires & Rubber	5.0	5.9	6.6	7.5	6.0
Health Care	10.6	11.1	11.5	12.0	11.1
Biotechnology	37.7	39.2	41.4	42.9	39.6
Health Care Distributors	1.3	1.3	1.4	1.4	1.3
Health Care Equipment	18.6	18.9	19.7	20.6	18.9
Health Care Facilities	5.7	6.8	7.0	7.0	6.8
Health Care Services	4.8	5.9	6.4	6.1	5.9
Health Care Supplies	18.4	18.6	19.4	20.2	18.8
Health Care Technology	15.4	15.8	16.4	16.6	15.9
Life Sciences Tools & Services	17.5	17.5	18.5	19.7	17.7
Managed Health Care	4.3	4.8	5.1	5.3	4.9
Pharmaceuticals	26.3	27.6	28.5	29.6	27.7
Industrials	8.8	9.9	10.6	11.1	10.0
Aerospace & Defense	7.9	9.1	9.8	10.6	9.3
Agricultural & Farm Machinery	8.3	8.5	9.5	10.1	8.8
Air Freight & Couriers	5.7	6.6	7.0	7.2	6.5
Airlines	7.2	8.4	9.3	9.7	8.5
Building Products	8.7	9.3	9.8	10.5	9.5
Construction & Engineering	2.4	3.0	3.3	3.3	3.1
Construction Machinery & Heavy Trucks	8.7	10.0	10.6	11.1	10.1
Diversified Support Services	9.0	10.5	11.1	na	10.2
Electrical Components & Equipment	11.2	11.9	12.7	13.3	12.2
Environmental & Facilities Services	9.4	10.6	11.2	10.6	10.7
Human Resource & Employment Services	6.2	7.3	7.6	7.6	7.4
Industrial Conglomerates	10.5	10.7	11.5	12.0	10.9
Industrial Machinery	10.8	11.7	12.4	12.9	11.9
Railroads	19.8	24.9	26.7	28.5	25.2
Research & Consulting Services	18.4	19.2	20.4	21.1	19.5
Trading Companies & Distributors	9.9	11.9	12.4	12.7	12.0
Trucking	5.5	7.1	7.6	7.9	7.2
Telecommunications Services	11.7	13.2	13.3	13.3	13.2
Alternative Carriers	9.6	5.3	6.5	7.6	5.5
Integrated Telecommunication Services	11.8	13.8	13.8	13.7	13.8
Utilities	11.3	11.7	12.2	12.9	11.8
Electric Utilities	12.0	12.3	12.7	12.9	12.4
Independent Power Producers & Energy Traders	3.6	5.6	6.3	9.2	5.7
Multi-Utilities	11.8	12.0	12.5	12.8	12.1
Water Utilities	15.7	16.4	16.7	16.7	16.5

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
Consumer Staples	6.5	7.0	7.3	7.6	7.1
Agricultural Products	2.2	2.5	2.7	2.8	2.5
Brewers	8.5	9.4	10.0	10.7	9.5
Distillers & Vintners	17.7	18.5	19.5	23.7	18.5
Drug Retail	3.6	3.8	3.9	4.0	3.9
Food Distributors	2.3	2.6	3.0	3.2	2.9
Food Retail	1.5	1.5	1.5	1.6	1.5
Household Products	14.6	15.5	16.1	16.7	15.8
Hypermarkets & Super Centers	2.4	2.6	2.7	2.9	2.7
Packaged Foods	9.8	10.5	10.9	11.4	10.5
Personal Products	6.5	6.7	7.5	8.3	7.3
Soft Drinks	15.5	17.0	17.7	18.6	17.1
Tobacco	28.6	30.6	32.0	33.2	30.8
Energy	4.2	6.1	6.7	7.7	6.2
Integrated Oil & Gas	5.7	6.8	7.0	7.7	6.8
Oil & Gas Drilling	-7.6	0.1	3.4	6.2	1.6
Oil & Gas Equipment & Services	4.0	6.2	8.2	9.9	6.6
Oil & Gas Exploration & Production	2.3	9.8	10.9	13.7	10.0
Oil & Gas Refining & Marketing	2.4	3.2	3.5	4.0	3.2
Oil & Gas Storage & Transportation	8.7	9.8	10.5	11.5	9.9
Financials	14.6	18.2	19.4	21.4	18.5
Asset Management & Custody Banks	23.4	25.8	27.0	27.1	26.0
Consumer Finance	15.3	18.2	19.4	20.2	18.4
Diversified Banks	22.0	26.9	29.1	31.2	27.2
Financial Exchanges & Data	33.7	39.3	40.9	42.6	39.6
Insurance Brokers	13.8	15.2	16.1	17.1	15.4
Investment Banking & Brokerage	20.3	23.2	24.7	25.8	23.5
Life & Health Insurance	8.5	10.2	10.7	11.2	10.3
Multi-Line Insurance	4.8	9.3	9.7	9.8	9.4
Multi-Sector Holdings	6.3	8.9	9.5	na	9.2
Property & Casualty Insurance	6.8	10.3	10.2	10.1	10.3
Regional Banks	22.9	27.7	29.2	30.6	28.0
Reinsurance	6.3	13.2	13.1	13.2	13.2
Real Estate	20.6	16.6	17.5	18.3	16.8
Health Care REIT's	26.1	17.2	16.3	16.2	17.0
Hotel & Resort REIT's	10.7	9.3	9.6	10.5	9.4
Industrial REITs	98.4	27.8	29.6	28.7	28.1
Office REITs	13.5	16.7	17.6	19.7	16.8
Real Estate Services	6.5	6.7	6.7	7.0	6.7
Residential REITs	27.7	18.3	18.7	18.9	18.4
Retail REITs	30.3	28.9	30.1	27.9	29.1
Specialized REITs	14.2	15.7	17.4	19.5	16.0
Information Technology	20.5	22.0	22.8	23.5	22.2
Application Software	18.2	21.0	22.0	22.7	21.3
Communications Equipment	22.8	24.0	25.7	26.6	24.9
Data Processing & Outsourced Services	22.7	25.7	27.3	28.0	26.2
Electronic Components	14.3	13.7	14.5	14.8	13.8
Electronic Equipment & Instruments	14.5	16.4	17.1	18.3	16.5
Electronic Manufacturing Services	13.0	13.5	14.0	14.5	13.7
Home Entertainment Software	24.7	26.7	28.6	28.7	28.8
Internet Software & Services	23.5	23.4	23.3	23.4	23.4
IT Consulting & Other Services	13.2	13.5	13.9	14.5	13.5
Semiconductor Equipment	23.1	26.6	25.8	27.5	26.2
Semiconductors	27.6	29.7	29.7	29.6	29.4
Systems Software	26.9	27.2	27.3	26.4	26.9
Technology Hardware, Storage & Peripherals	16.1	18.3	19.8	20.8	18.9
Materials	9.7	11.1	11.9	13.1	11.2
Commodity Chemicals	11.7	11.6	11.7	12.6	11.6
Construction Materials	11.2	13.4	15.5	16.8	13.8
Copper	10.3	15.9	12.5	14.8	15.4
Diversified Chemicals	10.1	11.6	13.1	14.7	11.8
Fertilizers & Agricultural Chemicals	10.9	11.9	13.2	16.1	12.2
Gold	10.6	10.0	11.4	11.4	10.2
Industrial Gases	15.5	16.5	17.0	17.5	16.6
Metal & Glass Containers	6.5	7.3	8.3	8.7	7.5
Paper Packaging	6.4	8.0	8.7	9.3	8.2
Specialty Chemicals	10.5	11.2	12.0	12.9	11.3
Steel	5.6	7.2	7.7	7.4	7.3

na = not available.

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

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