

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 November 8, 2018)

	Y/Y Sales Growth (%)					1-month % change in Sales Forecast			
	2017A	2018E	2019E	2020E	12-Month	2018E	2019E	2020E	FW
S&P 500	6.3	8.8	5.6	4.5	5.8	0.3	0.4	0.7	0.3
Communication Services	6.7	11.6	9.9	6.9	10.0	0.4	1.9	1.8	1.8
Consumer Discretionary	5.0	7.3	5.8	6.1	5.9	-0.2	-0.6	-1.1	-0.6
Consumer Staples	2.8	4.5	3.4	3.4	3.4	0.1	-0.1	-0.1	-0.1
Energy	22.2	22.4	10.6	1.3	11.4	0.5	2.5	4.3	2.4
Financials	4.0	5.2	3.6	3.9	3.8	0.7	-0.1	1.7	-0.1
Health Care	5.3	6.4	5.3	5.0	5.3	0.1	-0.1	0.0	0.0
Industrials	4.1	8.1	4.9	4.5	5.1	-0.1	-0.3	-0.3	-0.3
Information Technology	8.3	10.6	4.9	5.7	5.0	0.0	-0.5	-0.5	-0.5
Materials	8.1	16.5	3.2	4.1	4.1	5.2	5.2	5.1	5.2
Real Estate	7.1	12.8	4.2	5.2	4.9	0.4	-0.1	0.2	-0.1
Utilities	2.5	1.5	2.3	1.4	2.3	0.1	0.5	-0.2	0.4
S&P 500 ex-Energy	5.0	7.3	5.0	4.8	5.1	0.3	0.1	0.3	0.1
S&P 500 ex-Financials	6.7	9.3	5.8	4.6	6.0	0.3	0.4	0.5	0.4

	Y/Y Earnings Growth (%)					1-month % change in EPS Forecast			
	2017A	2018E	2019E	2020E	12-Month	2018E	2019E	2020E	FW
S&P 500	11.8	23.9	9.0	10.3	9.9	0.8	-0.5	-0.7	-0.5
Communication Services	5.7	21.5	6.3	10.7	7.4	2.0	-2.4	-2.5	-2.1
Consumer Discretionary	6.1	19.2	9.8	13.4	10.6	1.5	-0.5	-0.5	-0.3
Consumer Staples	6.3	10.8	5.0	7.3	5.5	0.0	-0.4	-0.5	-0.3
Energy	357.9	96.9	28.0	11.3	31.0	1.7	0.5	-0.5	0.6
Financials	7.0	31.9	9.4	9.8	10.8	0.2	0.0	-0.3	0.0
Health Care	8.2	16.0	7.0	9.0	7.7	1.1	-0.1	-0.4	0.0
Industrials	4.7	19.3	11.3	12.1	11.7	-0.6	-1.5	-0.7	-1.4
Information Technology	20.5	25.9	7.6	10.3	8.6	1.8	-0.4	-0.6	-0.4
Materials	14.6	26.3	6.6	12.0	7.8	-1.2	-1.1	-1.2	-1.1
Real Estate	-10.9	-8.8	-3.7	9.7	-4.2	0.0	-3.1	-1.2	-2.9
Utilities	2.8	7.2	4.8	5.3	5.0	0.4	0.8	1.2	0.8
S&P 500 ex-Energy	8.7	21.1	7.8	10.1	8.7	0.7	-0.6	-0.7	-0.5
S&P 500 ex-Financials	12.8	22.2	8.9	10.4	9.7	0.9	-0.6	-0.7	-0.6

	Operating Profit Margin (%)				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	10.5	11.9	12.3	13.0	12.3
Communication Services	14.0	15.3	14.8	15.3	14.8
Consumer Discretionary	6.5	7.2	7.5	8.0	7.5
Consumer Staples	7.0	7.4	7.5	7.8	7.5
Energy	4.3	6.9	8.0	8.8	7.9
Financials	14.4	18.2	19.2	20.3	19.1
Health Care	9.6	10.5	10.7	11.1	10.6
Industrials	8.8	9.7	10.3	11.0	10.2
Information Technology	19.5	22.2	22.8	23.8	22.9
Materials	9.8	10.7	11.0	11.8	11.0
Real Estate	20.6	16.7	15.4	16.1	15.5
Utilities	11.8	12.5	12.8	13.3	12.8
S&P 500 ex-Energy	11.1	12.5	12.8	13.5	12.8
S&P 500 ex-Financials	9.9	11.1	11.4	12.0	11.4

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 November 8, 2018)

	% of S&P 500 Sales				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	100.0	100.0	100.0	100.0	100.0
Communication Services	7.2	7.4	7.7	7.9	7.7
Consumer Discretionary	13.0	12.9	12.9	13.1	12.9
Consumer Staples	10.9	10.5	10.3	10.2	10.3
Energy	8.7	9.8	10.3	10.0	10.3
Financials	12.7	12.1	11.9	11.8	11.9
Health Care	18.1	17.8	17.7	17.8	17.7
Industrials	12.0	12.0	11.9	11.9	11.9
Information Technology	10.3	10.5	10.4	10.5	10.5
Materials	3.0	3.2	3.2	3.1	3.2
Real Estate	0.9	0.9	0.9	0.9	0.9
Utilities	3.1	2.9	2.8	2.7	2.8

	% of S&P 500 Earnings				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	100.0	100.0	100.0	100.0	100.0
Communication Services	9.7	9.5	9.2	9.3	9.2
Consumer Discretionary	8.1	7.8	7.9	8.1	7.8
Consumer Staples	7.3	6.5	6.3	6.1	6.3
Energy	3.6	5.7	6.7	6.7	6.6
Financials	17.4	18.6	18.6	18.5	18.5
Health Care	16.7	15.6	15.3	15.1	15.3
Industrials	10.0	9.7	9.9	10.0	9.8
Information Technology	19.2	19.5	19.2	19.3	19.5
Materials	2.8	2.9	2.8	2.9	2.8
Real Estate	1.7	1.3	1.1	1.1	1.1
Utilities	3.5	3.0	2.9	2.8	2.9

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

Figure C: S&P 500 Sectors \$ Contribution to Sales & Earnings (as of November 8, 2018)

	\$ Contribution to S&P 500 Sales				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	1232.27	1339.66	1414.32	1477.85	1410.70
Communication Services	88.84	99.18	109.01	116.57	108.36
Consumer Discretionary	160.57	172.39	182.45	193.54	181.35
Consumer Staples	134.65	140.84	145.62	150.64	145.92
Energy	107.69	131.87	145.85	147.75	144.69
Financials	155.90	162.57	168.49	174.72	168.01
Health Care	223.45	237.82	250.41	263.06	249.71
Industrials	148.10	160.20	168.02	175.58	167.40
Information Technology	126.66	140.23	147.09	155.52	148.05
Materials	2.68	3.20	3.44	3.67	3.43
Real Estate	10.88	12.28	12.80	13.46	12.76
Utilities	38.40	38.99	39.90	40.46	39.82

	\$ Contribution to S&P 500 Earnings				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	129.08	159.87	174.23	192.08	173.72
Communication Services	12.47	15.16	16.11	17.85	16.06
Consumer Discretionary	10.47	12.48	13.71	15.56	13.57
Consumer Staples	9.39	10.41	10.93	11.73	10.97
Energy	4.61	9.07	11.61	12.93	11.40
Financials	22.49	29.66	32.44	35.57	32.21
Health Care	21.51	24.94	26.69	29.09	26.55
Industrials	12.97	15.46	17.21	19.30	17.09
Information Technology	24.74	31.15	33.52	37.00	33.90
Materials	0.35	0.44	0.45	0.51	0.45
Real Estate	2.24	2.04	1.97	2.16	1.98
Utilities	4.54	4.87	5.11	5.38	5.09

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 November 8, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	6.3	8.8	5.6	4.5	5.8	Health Care	5.3	6.4	5.3	5.0	5.3
Consumer Discretionary	5.0	7.3	5.8	6.1	5.9	Biotechnology	2.6	5.3	3.6	6.3	3.7
Apparel Retail	5.8	5.5	4.7	5.1	4.8	Health Care Distributors	5.4	5.3	3.9	4.1	4.0
Apparel, Accessories & Luxury Goods	3.0	9.1	3.9	3.8	4.5	Health Care Equipment	8.5	9.6	5.9	6.1	5.7
Auto Parts & Equipment	-11.8	9.7	5.6	6.4	5.9	Health Care Facilities	5.5	5.9	5.7	4.9	5.7
Automobile Manufacturers	-5.1	0.4	-0.2	1.6	-0.1	Health Care Services	2.8	1.2	3.2	-0.1	3.0
Automotive Retail	3.8	5.0	5.2	4.6	5.0	Health Care Supplies	11.9	11.0	8.2	9.0	8.2
Casinos & Gaming	22.4	7.1	8.6	6.3	8.5	Health Care Technology	7.2	4.9	7.6	8.1	7.4
Computer & Electronics Retail	7.0	1.4	1.5	1.8	1.5	Life Sciences Tools & Services	16.5	16.2	5.6	6.4	6.3
Consumer Electronics	2.3	7.5	3.5	2.5	3.8	Managed Health Care	6.2	9.8	9.1	8.3	9.2
Department Stores	-0.1	1.0	1.1	0.1	1.1	Pharmaceuticals	4.2	4.8	2.3	3.9	2.5
Distributors	8.9	17.5	6.2	3.8	7.0	Industrials	4.1	8.1	4.9	4.5	5.1
Footwear	6.0	7.6	7.6	7.6	7.6	Aerospace & Defense	2.4	8.4	6.9	5.8	6.9
General Merchandise Stores	4.8	5.2	4.2	3.9	4.3	Agricultural & Farm Machinery	10.7	29.9	7.3	3.9	7.0
Home Furnishings	5.7	5.9	6.2	1.4	6.2	Air Freight & Logistics	9.0	9.9	5.6	5.2	6.5
Home Improvement Retail	6.2	6.1	3.4	4.3	3.8	Airlines	5.5	6.8	6.1	4.5	6.2
Homebuilding	14.8	33.7	10.7	3.3	10.6	Building Products	-11.8	5.7	4.8	3.8	4.8
Hotels, Resorts & Cruise Lines	7.8	1.5	7.2	6.8	6.7	Construction & Engineering	4.2	14.4	7.7	6.3	7.2
Household Appliances	2.6	-0.6	-1.0	1.1	-0.9	Construction Machinery & Heavy Trucks	17.0	19.7	5.4	0.4	6.4
Housewares & Specialties	11.1	-40.9	1.1	1.7	-4.5	Diversified Support Services	20.1	9.3	6.6	6.0	6.5
Internet & Direct Marketing Retail	27.5	27.6	18.7	17.3	19.3	Electrical Components & Equipment	-6.8	9.1	6.1	3.8	6.0
Leisure Products	-4.0	-9.0	6.2	4.6	4.9	Environmental & Facilities Services	5.7	1.3	4.1	4.2	3.9
Motorcycle Manufacturers	-6.8	3.0	-0.6	3.0	-0.3	Human Resource & Employment Services	0.3	9.7	6.2	6.0	6.5
Restaurants	0.3	1.8	3.0	5.1	2.8	Industrial Conglomerates	1.0	0.8	-1.8	3.4	-1.6
Specialized Consumer Services	4.1	-2.4	0.8	2.0	-0.6	Industrial Machinery	7.4	4.1	4.4	3.6	4.3
Specialty Stores	10.7	10.6	8.6	8.3	8.9	Railroads	5.9	7.7	4.4	4.2	4.7
Tires & Rubber	1.4	2.1	3.2	1.9	3.1	Research & Consulting Services	10.2	4.1	4.6	4.8	4.5
Financials	4.0	5.2	3.6	3.9	3.8	Trading Companies & Distributors	8.6	12.9	7.2	5.7	7.7
Asset Management & Custody Banks	6.4	7.1	2.4	4.0	2.8	Trucking	9.7	19.8	11.3	7.7	11.9
Consumer Finance	6.8	10.5	5.9	5.7	6.3	Information Technology	8.3	10.6	4.9	5.7	5.0
Diversified Banks	3.2	3.2	3.3	3.3	3.3	Application Software	13.6	19.3	15.8	14.8	15.9
Financial Exchanges & Data	8.3	7.9	9.0	6.1	8.9	Communications Equipment	-0.7	3.7	4.9	3.8	4.5
Insurance Brokers	0.0	2.8	5.8	5.3	5.5	Data Processing & Outsourced Services	12.4	9.1	9.1	9.8	9.1
Investment Banking & Brokerage	9.1	12.7	3.7	3.8	4.3	Electronic Components	9.6	10.8	6.1	5.8	6.4
Life & Health Insurance	-1.4	5.1	1.0	2.1	1.3	Electronic Equipment & Instruments	10.0	12.4	6.5	7.0	6.4
Multi-line Insurance	-7.1	2.3	6.2	4.3	5.9	Electronic Manufacturing Services	8.9	6.4	1.5	6.0	2.0
Multi-Sector Holdings	8.5	3.0	1.9	4.1	2.0	Internet Services & Infrastructure	5.5	6.9	7.0	7.4	7.0
Property & Casualty Insurance	6.8	7.8	6.5	5.8	6.6	IT Consulting & Other Services	14.9	2.3	2.9	3.2	2.2
Regional Banks	9.9	4.2	5.0	4.1	5.0	Semiconductor Equipment	32.2	24.3	-4.0	8.3	-1.2
Reinsurance	11.6	16.4	9.1	5.8	9.6	Semiconductors	15.8	17.4	2.5	5.5	3.5
Communication Services	6.7	11.6	9.9	6.9	10.0	Systems Software	6.0	10.6	10.7	9.2	9.7
Advertising	-0.5	0.5	3.6	3.2	3.3	Technology Hardware, Storage & Peripherals	2.1	11.1	3.2	3.2	3.5
Alternative Carriers	1.1	33.6	-1.5	-1.7	0.8	Consumer Staples	2.8	4.5	3.4	3.4	3.4
Broadcasting	-1.5	23.0	6.9	3.9	8.0	Agricultural Products	-2.4	7.2	2.2	1.3	2.6
Cable & Satellite	11.1	8.1	12.3	4.6	11.9	Brewers	0.2	-0.8	-0.1	0.2	-0.2
Interactive Home Entertainment	6.6	9.1	4.6	10.2	6.2	Distillers & Vintners	4.4	6.8	6.8	6.4	6.8
Integrated Telecommunication Services	-1.0	5.3	5.3	0.6	5.3	Drug Retail	0.7	11.3	4.7	3.4	4.4
Interactive Media & Services	27.9	26.5	20.8	18.6	21.2	Food Distributors	9.9	6.1	3.4	4.0	3.6
Movies & Entertainment	4.1	9.2	5.7	7.5	6.1	Food Retail	6.4	-0.5	2.5	3.0	2.0
Publishing	-1.8	10.9	15.4	0.9	8.9	Household Products	0.5	2.3	0.2	2.8	1.0
Energy	22.2	22.4	10.6	1.3	11.4	Hypermarkets & Super Centers	4.9	5.4	4.7	4.4	4.6
Integrated Oil & Gas	13.8	30.0	5.6	-3.1	7.2	Packaged Foods & Meats	1.0	5.9	3.1	1.7	3.6
Oil & Gas Drilling	28.8	37.1	18.6	11.2	17.2	Personal Products	18.3	17.7	2.3	5.2	3.5
Oil & Gas Equipment & Services	55.4	5.6	8.1	12.2	7.9	Soft Drinks	-4.7	-1.8	3.3	4.0	2.8
Oil & Gas Exploration & Production	35.3	18.9	10.0	7.6	10.6	Tobacco	4.8	2.0	2.2	4.0	2.1
Oil & Gas Refining & Marketing	22.5	20.3	19.8	2.0	19.9	Real Estate	7.1	12.8	4.2	5.2	4.9
Oil & Gas Storage & Transportation	15.7	6.0	6.0	1.6	6.0	Health Care REITs	-1.2	5.1	3.2	4.3	3.3
Materials	8.1	16.5	3.2	4.1	4.1	Hotel & Resort REITs	-0.8	2.8	0.2	0.5	0.4
Commodity Chemicals	18.2	15.3	1.9	5.1	2.9	Industrial REITs	8.9	-2.5	12.9	4.4	11.6
Construction Materials	6.2	10.6	9.5	7.5	9.6	Office REITs	-5.4	3.5	4.5	6.9	4.4
Copper	10.6	14.4	-20.2	9.1	-17.6	Real Estate Services	8.7	47.8	5.8	5.4	8.2
Diversified Chemicals	6.0	9.0	4.0	5.0	4.4	Residential REITs	7.8	3.3	3.2	3.9	3.2
Fertilizers & Agricultural Chemicals	2.0	29.8	6.0	2.5	7.5	Retail REITs	6.7	2.7	3.4	3.2	3.3
Gold	9.5	-4.1	4.4	-1.6	3.7	Specialized REITs	13.3	12.0	4.0	6.5	4.6
Industrial Gases	-2.2	92.1	3.8	6.0	7.8	Utilities	2.5	1.5	2.3	1.4	2.3
Metal & Glass Containers	20.5	4.7	-0.4	3.6	0.0	Electric Utilities	2.9	1.1	2.1	1.3	2.1
Paper Packaging	0.4	8.3	7.4	2.1	6.9	Indep Power Producers & Energy Traders	-18.4	1.0	-2.5	-3.4	-2.3
Specialty Chemicals	9.5	9.9	7.1	4.4	7.3	Multi-Utilities	7.7	2.2	3.7	2.4	3.6
Steel	25.0	24.0	-1.6	-0.3	0.1	Water Utilities	1.7	1.3	6.6	5.3	6.1

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 November 8, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	11.8	23.9	9.0	10.3	9.9	Health Care	8.2	16.0	7.0	9.0	7.7
Consumer Discretionary	6.1	19.2	9.8	13.4	10.6	Biotechnology	0.5	13.8	7.4	10.2	7.9
Apparel Retail	5.4	16.8	8.6	8.0	9.8	Health Care Distributors	1.4	3.7	4.7	8.1	5.6
Apparel, Accessories & Luxury Goods	4.4	11.9	9.6	10.8	10.6	Health Care Equipment	10.1	12.8	9.3	10.9	9.6
Auto Parts & Equipment	-13.0	11.6	7.7	11.3	8.0	Health Care Facilities	0.3	34.1	7.8	10.7	9.5
Automobile Manufacturers	4.9	-14.1	-5.2	5.4	-6.0	Health Care Services	4.7	21.7	5.1	-2.1	6.2
Automotive Retail	4.6	24.4	11.9	9.1	12.5	Health Care Supplies	11.9	2.7	12.0	14.6	11.0
Casinos & Gaming	13.8	20.3	8.4	22.5	9.2	Health Care Technology	3.5	3.3	9.4	10.3	8.9
Computer & Electronics Retail	24.2	15.6	7.5	5.8	8.7	Life Sciences Tools & Services	15.8	18.3	11.3	12.8	11.8
Consumer Electronics	3.9	17.7	1.2	6.0	2.4	Managed Health Care	21.7	27.1	13.3	12.7	14.2
Department Stores	13.4	17.9	-3.1	2.2	-0.1	Pharmaceuticals	9.6	14.3	3.5	7.4	4.3
Distributors	2.6	20.0	9.4	6.2	10.1	Industrials	4.7	19.3	11.3	12.1	11.7
Footwear	-4.8	11.0	18.3	16.7	14.8	Aerospace & Defense	9.3	29.5	10.8	14.9	12.0
General Merchandise Stores	2.6	19.2	7.4	7.4	9.1	Agricultural & Farm Machinery	38.9	42.7	22.0	13.6	21.2
Home Furnishings	5.3	-7.1	1.7	10.3	0.9	Air Freight & Logistics	11.4	18.9	11.2	10.2	11.3
Home Improvement Retail	13.9	25.0	9.7	10.5	11.8	Airlines	-11.7	7.1	15.5	17.1	14.8
Homebuilding	4.2	51.6	18.6	2.3	18.8	Building Products	-18.1	10.8	9.2	10.6	9.8
Hotels, Resorts & Cruise Lines	12.6	23.1	9.3	13.2	10.2	Construction & Engineering	-1.0	31.6	30.1	16.6	28.7
Household Appliances	-2.3	6.6	8.6	12.1	8.4	Construction Machinery & Heavy Trucks	55.4	54.8	9.1	4.4	11.7
Housewares & Specialties	-4.8	-4.2	-12.5	7.8	-11.8	Diversified Support Services	34.7	26.2	16.5	12.9	17.7
Internet & Direct Marketing Retail	6.6	92.2	24.7	33.5	27.7	Electrical Components & Equipment	3.0	21.3	9.7	9.6	10.1
Leisure Products	-70.0	-53.6	393.3	41.4	320.1	Environmental & Facilities Services	7.7	23.3	5.8	9.6	7.0
Motorcycle Manufacturers	-10.4	12.0	-2.2	8.4	-1.2	Human Resource & Employment Services	-2.6	36.4	10.1	7.3	11.7
Restaurants	16.2	17.9	7.4	10.0	8.4	Industrial Conglomerates	-11.0	-7.1	9.3	12.9	7.9
Specialized Consumer Services	52.0	-35.0	6.2	8.6	-15.3	Industrial Machinery	16.3	11.7	11.3	8.8	11.0
Specialty Stores	12.8	26.0	13.3	13.7	14.6	Railroads	17.7	42.1	12.5	12.3	14.3
Tires & Rubber	-22.0	-16.3	14.7	18.7	11.7	Research & Consulting Services	7.4	-13.9	10.9	13.3	8.6
Financials	7.0	31.9	9.4	9.8	10.8	Trading Companies & Distributors	12.1	45.6	9.9	8.4	12.0
Asset Management & Custody Banks	19.6	18.3	3.2	9.4	4.3	Trucking	-4.0	50.8	18.8	12.1	20.6
Consumer Finance	2.9	39.4	7.8	8.6	9.7	Information Technology	20.5	25.9	7.6	10.3	8.6
Diversified Banks	10.0	26.8	12.6	12.0	13.5	Application Software	23.4	51.5	17.8	20.7	19.2
Financial Exchanges & Data	16.2	27.4	9.2	10.5	10.4	Communications Equipment	3.2	10.0	14.1	9.5	12.4
Insurance Brokers	7.5	15.7	11.3	10.4	11.6	Data Processing & Outsourced Services	19.4	28.4	15.1	15.6	15.5
Investment Banking & Brokerage	23.2	35.3	5.8	8.7	7.6	Electronic Components	15.5	6.3	13.7	10.6	13.1
Life & Health Insurance	4.4	26.3	5.4	7.5	6.8	Electronic Equipment & Instruments	10.5	21.7	13.0	10.8	13.0
Multi-line Insurance	-28.2	34.9	43.9	10.5	43.4	Electronic Manufacturing Services	21.8	14.4	1.6	12.6	2.9
Multi-Sector Holdings	-15.0	72.1	1.1	7.0	4.6	Internet Services & Infrastructure	2.8	26.8	13.2	11.6	14.1
Property & Casualty Insurance	-9.7	46.1	5.9	5.5	8.3	IT Consulting & Other Services	11.5	5.1	4.7	6.6	4.6
Regional Banks	20.9	33.3	8.6	8.6	10.1	Semiconductor Equipment	65.0	48.1	-8.6	14.7	-3.9
Reinsurance	-61.5	87.5	41.4	6.4	43.5	Semiconductors	44.3	39.2	0.3	6.8	2.3
Communication Services	5.7	21.5	6.3	10.7	7.4	Systems Software	18.3	14.5	12.9	11.5	12.5
Advertising	5.5	14.8	3.2	7.2	4.0	Technology Hardware, Storage & Peripherals	11.3	29.3	8.4	9.8	9.8
Alternative Carriers	-35.1	-30.1	12.2	9.4	7.4	Consumer Staples	6.3	10.8	5.0	7.3	5.5
Broadcasting	2.8	17.3	28.9	13.2	28.0	Agricultural Products	12.5	46.9	2.3	3.7	4.9
Cable & Satellite	9.9	28.4	10.6	19.1	11.8	Brewers	3.2	11.3	0.6	5.3	1.4
Interactive Home Entertainment	12.0	11.5	11.0	14.8	10.6	Distillers & Vintners	25.5	9.5	8.5	11.4	8.8
Integrated Telecommunication Services	2.7	19.3	1.4	1.5	2.7	Drug Retail	11.1	18.0	8.4	8.1	8.3
Interactive Media & Services	10.3	25.8	7.8	16.2	9.0	Food Distributors	18.1	26.6	9.0	10.1	9.4
Movies & Entertainment	6.2	21.3	7.2	12.1	8.2	Food Retail	-3.8	3.9	6.6	8.7	6.2
Publishing	-10.0	22.2	-12.2	20.3	0.3	Household Products	5.7	7.5	3.8	6.6	4.7
Energy	357.9	96.9	28.0	11.3	31.0	Hypermarkets & Super Centers	4.2	12.2	1.3	6.3	2.5
Integrated Oil & Gas	107.6	72.9	20.9	-0.7	23.5	Packaged Foods & Meats	8.7	7.1	3.6	5.6	3.3
Oil & Gas Drilling	+/-	-/-	969.0	89.2	369.6	Personal Products	-20.4	24.5	6.2	12.1	8.7
Oil & Gas Equipment & Services	+/-	28.3	36.1	48.5	35.5	Soft Drinks	3.9	9.3	6.6	7.7	6.8
Oil & Gas Exploration & Production	+/-	657.9	39.0	15.2	46.4	Tobacco	8.3	11.9	6.9	8.6	7.2
Oil & Gas Refining & Marketing	61.8	55.8	36.8	27.3	37.8	Real Estate	-10.9	-8.8	-3.7	9.7	-4.2
Oil & Gas Storage & Transportation	150.8	24.4	12.8	9.1	13.6	Health Care REITs	-1.5	-31.6	-12.2	4.9	-14.5
Materials	14.6	26.3	6.6	12.0	7.8	Hotel & Resort REITs	-25.5	39.3	-27.1	2.8	-23.0
Commodity Chemicals	10.5	15.7	-4.3	10.9	-2.8	Industrial REITs	103.9	-54.9	-28.4	7.5	-32.8
Construction Materials	7.3	22.9	21.4	18.4	21.5	Office REITs	-29.5	52.4	-17.5	9.9	-13.5
Copper	408.7	41.1	-45.7	47.3	-40.4	Real Estate Services	17.8	17.8	6.2	9.5	7.0
Diversified Chemicals	12.6	21.9	14.3	16.1	14.8	Residential REITs	-61.1	-19.1	-12.1	10.0	-12.8
Fertilizers & Agricultural Chemicals	-13.5	165.9	26.6	14.8	31.2	Retail REITs	-7.9	13.2	-1.8	1.7	-0.7
Gold	24.8	-17.2	11.2	10.8	8.4	Specialized REITs	17.9	5.5	13.8	16.7	13.1
Industrial Gases	-1.5	8.5	13.0	7.4	12.4	Utilities	2.8	7.2	4.8	5.3	5.0
Metal & Glass Containers	16.9	8.2	22.5	13.3	21.4	Electric Utilities	1.7	4.9	3.7	4.6	3.8
Paper Packaging	4.3	44.2	8.2	6.0	9.7	Indep Power Producers & Energy Traders	23.7	73.3	28.4	0.3	30.7
Specialty Chemicals	10.2	11.8	11.2	12.7	11.3	Multi-Utilities	3.4	6.8	3.9	7.5	4.1
Steel	58.0	110.9	-14.0	-15.3	-8.8	Water Utilities	7.4	8.3	7.5	7.9	7.5

+/- = 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 November 8, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	10.5	11.9	12.3	13.0	12.3	Health Care	9.6	10.5	10.7	11.1	10.6
Consumer Discretionary	6.5	7.2	7.5	8.0	7.5	Biotechnology	35.6	38.5	39.9	41.4	39.8
Apparel Retail	7.0	7.8	8.1	8.3	8.0	Health Care Distributors	1.2	1.2	1.2	1.3	1.2
Apparel, Accessories & Luxury Goods	8.9	9.1	9.6	10.2	9.5	Health Care Equipment	18.6	19.2	19.8	20.7	19.7
Auto Parts & Equipment	9.0	9.2	9.3	9.8	9.3	Health Care Facilities	5.6	7.1	7.2	7.6	7.2
Automobile Manufacturers	5.6	4.8	4.5	4.7	4.6	Health Care Services	3.9	4.7	4.7	4.6	4.7
Automotive Retail	6.9	8.1	8.7	9.0	8.7	Health Care Supplies	18.1	16.7	17.3	18.2	17.3
Casinos & Gaming	6.5	7.3	7.3	8.4	7.3	Health Care Technology	15.2	15.0	15.2	15.5	15.2
Computer & Electronics Retail	2.9	3.3	3.5	3.7	3.5	Life Sciences Tools & Services	17.3	17.6	18.6	19.7	18.5
Consumer Electronics	18.0	19.7	19.3	19.9	19.3	Managed Health Care	4.2	4.9	5.1	5.3	5.1
Department Stores	4.0	4.7	4.5	4.6	4.5	Pharmaceuticals	25.9	28.2	28.5	29.5	28.5
Distributors	4.9	5.0	5.2	5.3	5.2	Industrials	8.8	9.7	10.3	11.0	10.2
Footwear	8.4	8.7	9.5	10.3	9.1	Aerospace & Defense	7.8	9.3	9.6	10.5	9.6
General Merchandise Stores	4.1	4.7	4.8	5.0	4.8	Agricultural & Farm Machinery	8.3	9.1	10.4	11.3	10.5
Home Furnishings	9.9	8.6	8.3	9.0	8.3	Air Freight & Logistics	5.9	6.4	6.8	7.1	6.6
Home Improvement Retail	7.1	8.4	8.9	9.4	8.8	Airlines	6.9	6.9	7.6	8.5	7.5
Homebuilding	7.4	8.4	9.0	8.9	9.0	Building Products	8.7	9.1	9.5	10.1	9.5
Hotels, Resorts & Cruise Lines	10.2	12.4	12.7	13.4	12.6	Construction & Engineering	2.4	2.8	3.4	3.7	3.4
Household Appliances	4.2	4.5	4.9	5.4	4.9	Construction Machinery & Heavy Trucks	8.7	11.3	11.7	12.1	11.6
Housewares & Specialties	8.8	14.3	12.4	13.1	12.5	Diversified Support Services	11.9	13.7	15.0	16.0	14.9
Internet & Direct Marketing Retail	4.4	6.6	6.9	7.9	6.9	Electrical Components & Equipment	11.0	12.3	12.7	13.4	12.7
Leisure Products	2.7	1.4	6.5	8.8	6.1	Environmental & Facilities Services	9.3	11.3	11.5	12.1	11.4
Motorcycle Manufacturers	11.6	12.6	12.4	13.1	12.4	Human Resource & Employment Services	6.0	7.5	7.8	7.9	7.8
Restaurants	15.3	17.7	18.5	19.3	18.4	Industrial Conglomerates	10.4	9.6	10.7	11.7	10.6
Specialized Consumer Services	19.4	12.9	13.6	14.5	13.3	Industrial Machinery	10.6	11.4	12.1	12.7	12.1
Specialty Stores	8.0	9.1	9.5	10.0	9.5	Railroads	18.9	24.9	26.9	29.0	26.7
Tires & Rubber	4.8	3.9	4.4	5.1	4.3	Research & Consulting Services	19.2	15.8	16.8	18.2	16.7
Financials	14.4	18.2	19.2	20.3	19.1	Trading Companies & Distributors	10.0	12.9	13.2	13.6	13.2
Asset Management & Custody Banks	23.0	25.5	25.7	27.0	25.6	Trucking	5.4	6.9	7.3	7.6	7.3
Consumer Finance	14.6	18.4	18.7	19.2	18.7	Information Technology	19.5	22.2	22.8	23.8	22.9
Diversified Banks	21.3	26.1	28.5	30.9	28.3	Application Software	18.0	22.9	23.3	24.5	23.4
Financial Exchanges & Data	33.4	39.5	39.6	41.2	39.5	Communications Equipment	21.3	22.6	24.6	25.9	25.0
Insurance Brokers	13.6	15.3	16.1	16.9	16.1	Data Processing & Outsourced Services	22.0	25.8	27.3	28.7	27.4
Investment Banking & Brokerage	20.1	24.2	24.6	25.8	24.6	Electronic Components	13.7	13.1	14.1	14.7	14.0
Life & Health Insurance	8.2	9.9	10.3	10.9	10.3	Electronic Equipment & Instruments	14.5	15.7	16.7	17.3	16.7
Multi-line Insurance	4.8	6.0	8.2	8.7	8.0	Electronic Manufacturing Services	13.8	14.9	14.9	15.8	15.0
Multi-Sector Holdings	5.9	9.9	9.8	10.0	9.8	Internet Services & Infrastructure	24.6	29.2	30.9	32.1	30.7
Property & Casualty Insurance	8.0	10.8	10.7	10.7	10.7	IT Consulting & Other Services	13.5	13.8	14.1	14.5	14.0
Regional Banks	22.4	28.7	29.6	30.9	29.6	Semiconductor Equipment	21.9	26.1	24.8	26.3	25.1
Reinsurance	6.3	10.1	13.1	13.1	12.8	Semiconductors	27.5	32.6	31.9	32.3	31.9
Communication Services	14.0	15.3	14.8	15.3	14.8	Systems Software	26.8	27.7	28.3	28.9	28.3
Advertising	7.3	8.3	8.3	8.6	8.3	Technology Hardware, Storage & Peripherals	15.0	17.5	18.4	19.6	18.6
Alternative Carriers	9.7	5.1	5.8	6.5	5.7	Consumer Staples	7.0	7.4	7.5	7.8	7.5
Broadcasting	12.0	11.4	13.8	15.0	13.6	Agricultural Products	2.2	3.1	3.1	3.1	3.1
Cable & Satellite	7.9	9.4	9.3	10.5	9.3	Brewers	8.5	9.6	9.7	10.2	9.7
Interactive Home Entertainment	24.8	25.3	26.9	28.0	26.5	Distillers & Vintners	18.3	18.8	19.1	20.0	19.0
Integrated Telecommunication Services	13.1	14.9	14.3	14.4	14.4	Drug Retail	4.3	4.5	4.7	4.9	4.8
Interactive Media & Services	23.6	23.4	20.9	20.5	21.1	Food Distributors	2.3	2.8	2.9	3.1	3.0
Movies & Entertainment	12.8	14.3	14.5	15.1	14.5	Food Retail	1.3	1.4	1.4	1.5	1.4
Publishing	1.7	1.9	1.4	1.7	1.5	Household Products	14.4	15.1	15.6	16.2	15.8
Energy	4.3	6.9	8.0	8.8	7.9	Hypermarkets & Super Centers	2.4	2.5	2.4	2.5	2.5
Integrated Oil & Gas	5.8	7.7	8.8	9.0	8.7	Packaged Foods & Meats	10.0	10.1	10.1	10.5	10.1
Oil & Gas Drilling	-7.7	0.6	5.3	9.0	5.9	Personal Products	6.5	6.8	7.1	7.6	7.3
Oil & Gas Equipment & Services	3.9	4.8	6.0	8.0	5.9	Soft Drinks	15.6	17.4	17.9	18.6	17.9
Oil & Gas Exploration & Production	2.2	13.8	17.4	18.6	17.1	Tobacco	28.5	31.2	32.7	34.1	32.5
Oil & Gas Refining & Marketing	2.5	3.3	3.7	4.7	3.7	Real Estate	20.6	16.7	15.4	16.1	15.5
Oil & Gas Storage & Transportation	9.8	11.5	12.2	13.1	12.1	Health Care REITs	23.9	15.6	13.3	13.3	13.5
Materials	9.8	10.7	11.0	11.8	11.0	Hotel & Resort REITs	10.5	14.2	10.3	10.6	10.6
Commodity Chemicals	11.5	11.6	10.9	11.5	10.9	Industrial REITs	107.6	49.7	31.5	32.5	32.9
Construction Materials	11.2	12.5	13.8	15.2	13.7	Office REITs	13.6	20.0	15.8	16.2	16.1
Copper	10.3	12.7	8.7	11.7	9.1	Real Estate Services	6.5	5.2	5.2	5.4	5.2
Diversified Chemicals	9.9	11.1	12.2	13.5	12.1	Residential REITs	27.8	21.7	18.5	19.6	18.8
Fertilizers & Agricultural Chemicals	5.0	10.3	12.3	13.7	12.1	Retail REITs	30.3	33.4	31.7	31.3	31.9
Gold	10.6	9.2	9.7	11.0	9.7	Specialized REITs	14.6	13.7	15.0	16.5	14.9
Industrial Gases	23.5	13.3	14.4	14.6	14.4	Utilities	11.8	12.5	12.8	13.3	12.8
Metal & Glass Containers	6.4	6.6	8.1	8.9	8.0	Electric Utilities	12.4	12.9	13.1	13.5	13.1
Paper Packaging	6.3	8.3	8.4	8.7	8.4	Indep Power Producers & Energy Traders	4.6	7.9	10.5	10.9	10.2
Specialty Chemicals	10.7	10.8	11.3	12.2	11.2	Multi-Utilities	12.0	12.5	12.6	13.2	12.6
Steel	5.6	9.5	8.3	7.0	8.4	Water Utilities	16.4	17.5	17.7	18.1	17.7

na = not available.

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

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