

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 April 12, 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	7.0	4.5	4.9	5.9	0.1	0.1	0.2	0.1
Consumer Discretionary	5.2	7.2	5.7	6.2	6.6	0.0	0.0	0.1	0.0
Consumer Staples	3.0	4.0	4.0	3.8	3.7	0.2	0.2	0.2	0.2
Energy	22.6	15.6	0.7	4.2	10.1	0.5	-0.4	0.0	0.2
Financials	4.3	3.7	4.6	4.7	4.0	-0.2	-0.2	0.6	-0.2
Health Care	5.5	6.1	5.5	4.9	5.7	0.0	0.0	0.0	0.0
Industrials	4.1	6.5	4.9	4.8	5.7	0.3	0.4	0.3	0.3
Information Technology	10.2	11.0	6.9	7.0	8.5	0.1	0.1	0.2	0.1
Materials	8.1	7.9	2.7	4.9	6.0	0.2	0.3	0.3	0.3
Real Estate	6.9	5.8	5.1	4.8	5.6	-0.1	-0.2	0.2	-0.2
Telecommunication Services	-0.9	2.6	0.2	0.3	1.8	0.1	-0.1	0.1	0.0
Utilities	2.6	2.3	2.0	2.6	2.2	0.8	0.9	-0.3	0.8
S&P 500 ex-Energy	5.1	6.1	4.9	4.4	5.5	0.1	0.1	0.2	0.1
S&P 500 ex-Financials	6.8	7.5	4.5	4.4	6.2	0.2	0.1	0.1	0.1

	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	19.6	10.4	10.5	15.6	0.1	0.2	0.3	0.2
Consumer Discretionary	6.6	16.7	12.5	13.0	15.1	-0.2	-0.2	-0.4	-0.2
Consumer Staples	5.8	11.7	8.3	8.6	10.2	0.1	-0.1	-0.5	0.0
Energy	342.5	71.9	12.8	19.4	44.5	0.5	1.7	1.1	0.9
Financials	8.4	29.3	10.6	10.4	22.0	-0.1	-0.1	0.7	-0.1
Health Care	8.2	11.7	9.7	9.2	11.0	0.1	0.1	0.3	0.1
Industrials	4.7	18.3	12.7	10.9	16.1	-0.1	0.1	0.1	0.0
Information Technology	18.4	19.5	10.9	10.6	13.9	0.5	0.5	0.8	0.5
Materials	15.4	24.3	9.2	13.0	18.3	0.8	0.3	0.0	0.6
Real Estate	-12.9	-17.4	10.0	9.5	-9.3	-1.5	-1.1	-0.6	-1.3
Telecommunication Services	-0.2	14.5	1.9	-0.3	9.9	-0.4	0.2	0.6	-0.2
Utilities	2.8	5.3	5.3	4.7	5.3	0.5	0.4	-0.5	0.5
S&P 500 ex-Energy	8.9	17.7	10.3	9.4	14.3	0.1	0.1	0.3	0.1
S&P 500 ex-Financials	12.5	17.5	10.4	9.8	14.2	0.2	0.3	0.3	0.2

	Operating Profit Margin (%)				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	10.5	11.8	12.4	13.1	12.0
Consumer Discretionary	7.3	7.9	8.4	8.9	8.1
Consumer Staples	6.5	7.0	7.3	7.6	7.1
Energy	4.1	6.1	6.9	7.9	6.4
Financials	14.5	18.1	19.1	20.2	18.4
Health Care	10.5	11.0	11.5	11.9	11.2
Industrials	8.8	9.8	10.6	11.2	10.1
Information Technology	20.5	22.1	22.9	23.8	22.4
Materials	9.7	11.2	11.9	12.8	11.5
Real Estate	20.5	16.0	16.7	17.6	16.2
Telecommunication Services	11.8	13.2	13.4	13.3	13.2
Utilities	11.6	12.0	12.4	12.6	12.1
S&P 500 ex-Energy	11.2	12.4	13.0	13.6	12.6
S&P 500 ex-Financials	10.0	10.9	11.5	12.1	11.1

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 April 12, 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
Consumer Discretionary	15.8	15.8	16.0	16.2	15.8
Consumer Staples	12.7	12.4	12.3	12.2	12.4
Energy	8.9	9.6	9.2	9.2	9.5
Financials	12.7	12.3	12.3	12.3	12.3
Health Care	16.2	16.0	16.2	16.3	16.1
Industrials	12.0	11.9	12.0	12.0	11.9
Information Technology	11.8	12.2	12.5	12.5	12.4
Materials	3.1	3.2	3.1	3.1	3.1
Real Estate	5.6	5.6	5.5	5.5	5.5
Telecommunication Services	2.9	2.8	2.7	2.6	2.7
Utilities	3.1	2.9	2.9	2.8	2.9

	% of S&P 500 Earnings				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	100.0	100.0	100.0	100.0	100.0
Consumer Discretionary	10.9	10.6	10.8	11.1	10.6
Consumer Staples	7.9	7.3	7.2	7.0	7.3
Energy	3.5	5.0	5.1	5.5	5.0
Financials	17.5	18.9	19.0	19.0	18.9
Health Care	16.1	15.0	14.9	14.8	14.9
Industrials	10.1	10.0	10.2	10.2	10.0
Information Technology	22.9	22.9	23.0	22.8	23.1
Materials	2.9	3.0	3.0	3.0	3.0
Real Estate	15.9	11.2	11.0	10.7	11.1
Telecommunication Services	3.2	3.1	2.9	2.6	3.0
Utilities	3.4	3.0	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 April 12, 2018)

	\$ Contribution to S&P 500 Sales				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	1230.95	1316.94	1376.66	1446.43	1339.47
Consumer Discretionary	193.89	207.76	219.60	233.65	211.68
Consumer Staples	156.47	162.72	169.18	175.85	165.78
Energy	109.47	126.50	127.34	133.65	126.78
Financials	156.59	162.38	169.90	177.94	164.90
Health Care	199.21	211.32	222.90	235.48	215.53
Industrials	147.57	157.14	164.91	173.31	159.80
Information Technology	145.06	160.96	172.12	181.09	165.92
Materials	38.51	41.54	42.66	45.07	41.97
Real Estate	10.91	11.55	12.13	12.80	11.74
Telecommunication Services	35.59	36.51	36.59	36.96	36.53
Utilities	37.69	38.56	39.34	40.62	38.82

	\$ Contribution to S&P 500 Earnings				
	2017A	2018E	2019E	2020E	12-Month
S&P 500	129.68	155.10	171.26	189.23	161.07
Consumer Discretionary	14.08	16.42	18.47	20.93	17.14
Consumer Staples	10.19	11.38	12.33	13.33	11.79
Energy	4.51	7.74	8.73	10.48	8.08
Financials	22.70	29.34	32.47	35.97	30.39
Health Care	20.88	23.32	25.57	28.09	24.07
Industrials	13.05	15.45	17.41	19.32	16.12
Information Technology	29.73	35.53	39.42	43.08	37.24
Materials	3.74	4.65	5.08	5.77	4.81
Real Estate	2.23	1.85	2.03	2.23	1.91
Telecommunication Services	4.20	4.80	4.89	4.90	4.83
Utilities	4.38	4.62	4.86	5.12	4.70

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 April 12, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	6.4	7.0	4.5	4.9	5.9	Consumer Staples	3.0	4.0	4.0	3.8	3.7
Consumer Discretionary	5.2	7.2	5.7	6.2	6.6	Agricultural Products	-2.4	2.6	2.3	1.6	2.5
Advertising	-0.5	3.5	3.0	3.2	3.3	Brewers	0.2	1.9	1.1	0.4	1.6
Apparel & Accessories	2.8	7.8	3.3	3.2	4.7	Distillers & Vintners	4.9	7.2	6.7	5.8	7.2
Apparel Retail	5.7	4.1	4.7	5.9	4.2	Drug Retail	2.9	5.7	5.0	4.2	4.8
Auto Parts & Equipment	-12.3	8.2	6.0	7.2	7.4	Food Distributors	9.9	5.8	4.0	4.0	4.3
Automobile Manufacturers	-5.0	0.2	-0.5	0.6	0.0	Food Retail	6.4	0.0	3.2	3.7	0.8
Automotive Retail	3.8	3.4	4.8	5.0	3.7	Household Products	0.5	3.2	3.0	3.4	3.2
Broadcasting	-1.6	22.9	6.7	4.7	16.7	Hypermarkets & Super Centers	4.9	4.1	4.3	4.2	4.1
Cable & Satellite	11.2	4.6	2.4	4.7	3.8	Packaged Foods	1.0	5.7	2.6	2.7	4.6
Casinos & Gaming	21.9	11.4	9.3	3.3	10.6	Personal Products	18.9	16.2	5.7	5.4	7.2
Computer & Electronics Retail	7.0	-0.9	1.2	1.7	-0.4	Soft Drinks	-4.2	-1.1	3.6	3.7	0.5
Consumer Electronics	2.3	3.5	1.6	0.7	2.9	Tobacco	4.8	7.2	5.5	5.2	6.6
Department Stores	-0.1	0.2	0.7	-1.3	0.3	Energy	22.6	15.6	0.7	4.2	10.1
Distributors	8.9	11.3	3.6	3.6	8.5	Integrated Oil & Gas	13.8	19.6	-2.3	-0.5	11.4
Footwear	4.9	7.6	7.5	7.4	7.4	Oil & Gas Drilling	28.8	28.7	10.6	12.6	17.1
General Merchandise Stores	4.8	2.8	3.5	2.7	3.0	Oil & Gas Equipment & Services	55.4	7.7	10.1	9.0	8.5
Home Furnishings	5.7	7.6	5.2	4.8	6.8	Oil & Gas Exploration & Production	35.1	12.5	8.7	10.0	11.1
Home Improvement Retail	6.2	5.7	3.9	5.2	5.2	Oil & Gas Refining & Marketing	23.8	13.9	-1.5	7.5	8.3
Homebuilding	14.7	31.1	14.1	8.6	22.7	Oil & Gas Storage & Transportation	15.7	13.9	6.4	-0.8	11.1
Hotels	8.5	6.8	6.7	5.4	6.8	Financials	4.3	3.7	4.6	4.7	4.0
Household Appliances	2.6	4.2	2.8	3.1	3.7	Asset Management & Custody Banks	6.3	7.4	4.6	5.5	6.4
Housewares & Specialties	11.1	-1.7	1.4	2.9	-0.7	Consumer Finance	6.2	8.8	6.1	5.6	7.9
Internet & Direct Marketing Retail	28.8	29.4	20.7	19.4	26.0	Diversified Banks	3.2	3.5	4.0	4.0	3.6
Leisure Products	-4.0	-1.4	4.4	1.7	0.5	Financial Exchanges & Data	8.3	9.2	5.7	6.0	8.0
Motorcycle Manufacturers	-6.8	-1.0	1.9	4.4	0.0	Insurance Brokers	0.0	5.7	5.2	4.8	5.5
Movies & Entertainment	2.7	4.4	3.6	4.6	4.0	Investment Banking & Brokerage	9.1	7.0	5.6	4.3	6.4
Publishing & Printing	-1.8	2.0	0.3	0.5	0.6	Life & Health Insurance	-1.4	1.5	3.6	1.6	2.2
Restaurants	0.3	-0.1	4.5	5.8	1.4	Multi-Line Insurance	-7.3	2.8	3.1	5.2	2.9
Specialty Stores	10.9	8.6	8.2	7.6	8.5	Multi-Sector Holdings	8.5	-0.7	4.4	5.0	1.0
Specialized Consumer Services	2.0	1.0	1.5	na	1.0	Property & Casualty Insurance	10.4	5.8	7.1	8.7	6.3
Tires & Rubber	1.4	4.1	2.7	2.0	3.6	Regional Banks	9.9	3.7	4.7	4.6	4.0
Health Care	5.5	6.1	5.5	4.9	5.7	Reinsurance	11.6	11.6	7.4	7.0	10.1
Biotechnology	2.6	2.6	5.8	7.0	3.7	Real Estate	6.9	5.8	5.1	4.8	5.6
Health Care Distributors	5.3	5.1	4.7	4.7	4.7	Health Care REIT's	-1.2	-0.6	2.8	2.4	0.5
Health Care Equipment	8.2	9.7	6.4	5.6	8.1	Hotel & Resort REIT's	-0.8	1.5	1.5	-0.3	1.5
Health Care Facilities	5.5	4.9	4.5	4.4	4.7	Industrial REITs	8.9	-8.5	6.1	5.3	-3.9
Health Care Services	4.2	-0.3	4.7	-6.4	1.3	Office REITs	-5.4	2.8	4.9	3.2	3.5
Health Care Supplies	11.8	13.0	8.6	7.5	10.9	Real Estate Services	8.7	9.7	6.3	6.6	8.5
Health Care Technology	7.2	7.6	8.3	11.4	7.9	Residential REITs	7.8	2.9	3.6	3.8	3.1
Life Sciences Tools & Services	16.0	14.2	5.9	5.9	11.1	Retail REITs	5.3	2.0	4.0	5.5	2.7
Managed Health Care	5.8	8.8	7.2	7.8	8.3	Specialized REITs	13.3	11.1	6.4	5.8	9.4
Pharmaceuticals	4.2	4.1	3.1	3.6	3.8	Information Technology	10.2	11.0	6.9	7.0	8.5
Industrials	4.1	6.5	4.9	4.8	5.7	Application Software	13.5	15.6	14.9	15.0	15.1
Aerospace & Defense	2.4	5.6	6.1	6.3	5.6	Communications Equipment	-1.2	2.3	3.1	3.2	2.7
Agricultural & Farm Machinery	10.7	29.3	7.5	6.5	17.0	Data Processing & Outsourced Services	11.0	8.4	9.3	9.6	8.8
Air Freight & Couriers	8.9	6.3	5.4	4.3	6.1	Electronic Components	9.6	5.6	5.8	5.6	5.7
Airlines	5.4	6.3	4.5	4.5	5.7	Electronic Equipment & Instruments	8.3	-2.7	5.1	5.4	-0.1
Building Products	-11.8	5.2	4.4	4.0	5.0	Electronic Manufacturing Services	8.9	9.3	5.0	4.5	6.7
Construction & Engineering	4.2	9.3	6.8	5.3	6.9	Home Entertainment Software	6.7	11.8	4.4	10.0	11.4
Construction Machinery & Heavy Trucks	17.0	11.9	5.0	2.6	9.4	Internet Software & Services	26.7	23.9	19.1	17.5	22.1
Diversified Support Services	21.1	5.5	5.6	na	6.6	IT Consulting & Other Services	15.6	4.8	3.0	3.6	3.8
Electrical Components & Equipment	-6.0	7.2	4.4	4.4	5.8	Semiconductor Equipment	32.2	24.4	6.5	5.7	11.4
Environmental & Facilities Services	5.6	2.7	3.8	3.7	3.1	Semiconductors	15.7	11.5	5.0	5.3	7.6
Human Resource & Employment Services	0.3	6.0	5.2	2.8	5.7	Systems Software	5.8	8.8	7.6	6.7	7.6
Industrial Conglomerates	1.0	2.6	2.6	4.2	2.6	Technology Hardware, Storage & Peripherals	2.2	9.5	2.8	2.4	5.3
Industrial Machinery	7.4	7.9	4.4	4.0	5.8	Materials	8.1	7.9	2.7	4.9	6.0
Railroads	5.9	3.9	4.2	4.3	4.0	Commodity Chemicals	18.2	4.1	0.2	8.4	2.7
Research & Consulting Services	10.4	5.8	5.0	5.0	5.5	Construction Materials	6.2	9.8	9.3	7.3	9.6
Trading Companies & Distributors	8.3	9.8	6.1	5.1	8.5	Copper	10.6	14.7	-14.1	12.6	4.2
Trucking	9.7	13.8	9.9	8.3	12.4	Diversified Chemicals	6.0	5.4	4.4	5.6	5.1
Telecommunications Services	-0.9	2.6	0.2	0.3	1.8	Fertilizers & Agricultural Chemicals	5.2	12.0	5.6	4.8	10.1
Alternative Carriers	1.1	35.1	-0.7	0.6	20.7	Gold	9.5	2.7	1.3	-5.1	2.2
Integrated Telecommunication Services	-1.0	0.8	0.3	0.3	0.6	Industrial Gasses	-2.2	8.5	5.8	5.0	7.1
Utilities	2.6	2.3	2.0	2.6	2.2	Metal & Glass Containers	20.5	3.3	2.7	3.9	3.1
Electric Utilities	2.9	0.6	2.1	2.6	1.1	Paper Packaging	0.4	7.5	2.3	2.0	5.0
Independent Power Producers & Energy Traders	-18.5	13.8	-3.0	-0.8	7.7	Specialty Chemicals	9.5	9.3	4.7	4.0	7.6
Multi-Utilities	7.7	3.4	2.9	3.1	3.2	Steel	25.0	13.9	-0.7	5.7	8.6
Water Utilities	1.7	2.1	5.2	6.5	3.1						

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 April 12, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	11.8	19.6	10.4	10.5	15.6	Consumer Staples	5.8	11.7	8.3	8.6	10.2
Consumer Discretionary	6.6	16.7	12.5	13.0	15.1	Agricultural Products	12.5	19.9	7.4	7.8	15.2
Advertising	5.5	13.9	7.1	6.7	11.5	Brewers	3.2	15.6	6.7	6.0	12.3
Apparel & Accessories	4.1	6.6	10.9	7.9	7.2	Distillers & Vintners	24.0	14.1	11.2	11.8	14.1
Apparel Retail	5.2	17.7	8.9	8.7	15.2	Drug Retail	5.0	10.0	8.2	6.2	8.3
Auto Parts & Equipment	-13.5	11.9	9.9	12.0	11.2	Food Distributors	18.1	18.6	18.3	11.3	18.3
Automobile Manufacturers	4.9	-7.8	-1.1	-0.3	-5.7	Food Retail	-3.8	1.1	8.6	13.8	3.0
Automotive Retail	4.8	20.1	12.8	11.3	18.2	Household Products	5.7	9.0	7.3	7.0	8.4
Broadcasting	3.1	24.7	19.8	11.9	22.8	Hypermarkets & Super Centers	4.2	14.1	7.4	8.7	11.0
Cable & Satellite	9.9	22.6	13.7	19.4	19.3	Packaged Foods	8.5	12.1	6.4	8.3	9.6
Casinos & Gaming	11.4	41.3	27.8	12.8	35.7	Personal Products	-21.1	22.3	17.7	15.5	18.3
Computer & Electronics Retail	24.2	12.5	7.6	3.6	11.2	Soft Drinks	3.8	10.4	8.1	8.4	9.6
Consumer Electronics	3.9	4.5	4.5	1.5	4.5	Tobacco	8.3	14.4	10.1	10.5	12.8
Department Stores	13.3	8.8	-2.6	-5.2	5.8	Energy	342.5	71.9	12.8	19.4	44.5
Distributors	2.6	23.8	7.8	7.5	17.7	Integrated Oil & Gas	107.5	49.2	1.5	10.1	28.8
Footwear	-6.3	14.4	17.7	14.4	12.5	Oil & Gas Drilling	+	neg	+	90.2	0.0
General Merchandise Stores	2.4	17.9	7.7	7.3	15.0	Oil & Gas Equipment & Services	-+	64.4	47.8	31.7	56.9
Home Furnishings	5.3	14.4	9.4	11.6	12.6	Oil & Gas Exploration & Production	-+	452.6	21.6	37.7	136.1
Home Improvement Retail	13.9	26.0	9.3	11.2	21.1	Oil & Gas Refining & Marketing	53.1	42.7	18.9	16.2	32.8
Homebuilding	4.8	42.5	23.4	9.6	32.7	Oil & Gas Storage & Transportation	88.8	21.7	9.8	9.2	17.2
Hotels	12.7	19.9	14.4	13.6	17.8	Financials	8.4	29.3	10.6	10.4	22.0
Household Appliances	-2.3	10.6	13.6	12.4	11.7	Asset Management & Custody Banks	19.4	17.0	9.9	7.8	14.4
Housewares & Specialties	-4.8	-2.8	8.1	5.3	0.8	Consumer Finance	2.7	27.4	12.4	10.0	21.6
Internet & Direct Marketing Retail	11.7	39.9	45.1	47.8	42.0	Diversified Banks	10.0	26.6	12.0	12.4	21.0
Leisure Products	-71.7	111.8	56.4	23.6	83.3	Financial Exchanges & Data	16.3	27.9	10.0	10.4	20.9
Motorcycle Manufacturers	-10.4	-3.2	17.3	8.0	3.5	Insurance Brokers	7.5	15.8	11.6	9.3	14.3
Movies & Entertainment	6.3	16.5	9.0	7.1	13.0	Investment Banking & Brokerage	23.2	22.1	12.2	9.6	18.1
Publishing & Printing	-10.0	42.5	15.3	8.4	18.6	Life & Health Insurance	4.2	21.3	7.5	7.3	16.1
Restaurants	16.1	15.9	11.0	11.2	13.6	Multi-Line Insurance	61.4	92.0	10.0	9.6	51.8
Specialty Stores	12.8	20.3	13.2	11.7	17.9	Multi-Sector Holdings	-14.7	49.3	8.9	11.9	32.0
Specialized Consumer Services	41.6	-15.7	4.1	na	-15.7	Property & Casualty Insurance	-17.8	58.9	6.0	5.4	35.5
Tires & Rubber	-22.0	19.7	16.0	15.2	18.3	Regional Banks	20.9	26.4	10.1	9.4	20.1
Health Care	8.2	11.7	9.7	9.2	11.0	Reinsurance	-61.5	140.6	7.8	8.0	68.1
Biotechnology	0.8	7.0	11.8	11.5	8.7	Real Estate	-12.9	-17.4	10.0	9.5	-9.3
Health Care Distributors	1.5	5.9	10.5	5.5	8.9	Health Care REIT's	-1.4	-35.4	-1.8	7.3	-27.2
Health Care Equipment	9.7	10.8	11.1	10.5	10.6	Hotel & Resort REIT's	-25.5	-1.0	-7.6	3.5	-3.2
Health Care Facilities	0.3	27.3	8.8	6.8	20.1	Industrial REITs	113.8	-72.7	13.7	5.8	-62.3
Health Care Services	4.8	27.2	9.2	-7.0	20.2	Office REITs	-30.8	21.2	12.2	11.8	17.8
Health Care Supplies	11.5	12.0	12.6	13.9	11.3	Real Estate Services	17.8	13.6	7.1	7.6	11.2
Health Care Technology	3.5	10.5	12.6	11.7	11.2	Residential REITs	-61.1	-35.3	7.5	6.2	-24.8
Life Sciences Tools & Services	15.8	14.3	11.9	12.3	13.4	Retail REITs	-16.0	-2.0	7.0	3.3	1.0
Managed Health Care	21.5	22.6	12.6	13.0	18.8	Specialized REITs	17.9	12.2	17.2	15.5	14.0
Pharmaceuticals	9.6	9.5	6.4	7.5	8.4	Information Technology	18.4	19.5	10.9	10.6	13.9
Industrials	4.7	18.3	12.7	10.9	16.1	Application Software	23.8	39.1	21.6	20.6	30.6
Aerospace & Defense	9.5	22.2	14.1	13.9	18.8	Communications Equipment	2.3	7.7	10.8	6.7	9.7
Agricultural & Farm Machinery	38.9	41.6	20.4	11.0	29.2	Data Processing & Outsourced Services	19.3	22.8	16.2	13.9	19.8
Air Freight & Couriers	10.5	19.1	11.8	9.5	16.5	Electronic Components	15.3	1.0	12.1	7.6	4.7
Airlines	-11.8	21.8	17.7	12.0	20.2	Electronic Equipment & Instruments	24.5	11.4	9.1	12.8	10.6
Building Products	-17.9	11.9	10.6	11.6	12.1	Electronic Manufacturing Services	21.9	13.9	8.9	8.4	10.9
Construction & Engineering	-0.7	45.5	15.5	12.6	32.1	Home Entertainment Software	7.7	19.6	11.7	10.5	18.7
Construction Machinery & Heavy Trucks	55.2	28.8	11.0	7.2	21.8	Internet Software & Services	10.5	23.0	18.5	19.0	21.3
Diversified Support Services	39.6	21.1	11.3	na	22.2	IT Consulting & Other Services	11.9	6.8	6.4	5.3	6.5
Electrical Components & Equipment	3.4	13.8	11.7	9.0	13.0	Semiconductor Equipment	65.6	44.5	3.4	11.4	13.5
Environmental & Facilities Services	7.6	21.8	9.2	8.8	17.0	Semiconductors	43.5	21.9	4.8	5.9	10.2
Human Resource & Employment Services	-2.6	25.5	9.4	5.6	19.3	Systems Software	17.2	10.1	7.8	10.8	8.4
Industrial Conglomerates	-10.8	4.0	9.6	9.4	5.9	Technology Hardware, Storage & Peripherals	11.2	23.9	12.1	8.0	15.6
Industrial Machinery	16.4	16.4	11.3	7.9	14.1	Materials	15.4	24.3	9.2	13.0	18.3
Railroads	17.8	30.2	13.1	12.1	23.4	Commodity Chemicals	10.5	3.0	1.4	13.0	2.5
Research & Consulting Services	7.5	-6.8	13.1	13.1	-0.4	Construction Materials	7.3	30.3	25.7	15.7	28.5
Trading Companies & Distributors	11.7	31.3	10.9	6.4	23.2	Copper	408.7	82.3	-32.6	32.0	27.5
Trucking	-4.0	47.2	18.6	10.8	35.1	Diversified Chemicals	12.6	21.5	17.4	18.8	19.9
Telecommunications Services	-0.2	14.5	1.9	-0.3	9.9	Fertilizers & Agricultural Chemicals	12.3	28.1	14.8	11.7	23.7
Alternative Carriers	-35.1	-41.4	25.6	1.1	-26.2	Gold	24.8	-1.0	17.8	-4.2	5.2
Integrated Telecommunication Services	2.3	17.0	1.3	-0.4	11.2	Industrial Gases	-5.1	15.2	9.2	7.5	12.2
Utilities	2.8	5.3	5.3	4.7	5.3	Metal & Glass Containers	16.9	15.8	16.4	10.0	16.0
Electric Utilities	1.8	2.4	4.8	3.9	3.2	Paper Packaging	4.0	37.3	11.1	7.9	24.5
Independent Power Producers & Energy Traders	23.7	79.9	5.8	1.5	44.8	Specialty Chemicals	10.2	15.5	12.2	10.7	14.3
Multi-Utilities	3.2	5.1	6.3	6.8	5.5	Steel	58.0	58.9	-3.2	-3.1	31.4
Water Utilities	7.4	7.5	7.5	7.2	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 April 12, 2018)

Sector/Industry Group	2017A	2018E	2019E	2020E	Forward	Sector/Industry Group	2017A	2018E	2019E	2020E	Forward
S&P 500	10.5	11.8	12.4	13.1	12.0	Consumer Staples	6.5	7.0	7.3	7.6	7.1
Consumer Discretionary	7.3	7.9	8.4	8.9	8.1	Agricultural Products	2.2	2.6	2.7	2.9	2.7
Advertising	7.4	8.2	8.5	8.8	8.3	Brewers	8.5	9.7	10.2	10.8	9.9
Apparel & Accessories	8.5	8.4	9.0	9.4	8.7	Distillers & Vintners	18.2	19.4	20.2	21.3	19.5
Apparel Retail	7.1	8.1	8.4	8.6	8.1	Drug Retail	3.6	3.8	3.9	3.9	3.8
Auto Parts & Equipment	9.1	9.4	9.7	10.2	9.5	Food Distributors	2.3	2.6	3.0	3.2	2.9
Automobile Manufacturers	5.5	5.1	5.1	5.0	5.1	Food Retail	1.5	1.5	1.6	1.7	1.5
Automotive Retail	7.1	8.2	8.8	9.4	8.6	Household Products	14.5	15.3	16.0	16.5	15.8
Broadcasting	11.8	12.0	13.4	14.3	12.5	Hypermarkets & Super Centers	2.4	2.6	2.7	2.8	2.7
Cable & Satellite	8.0	9.4	10.4	11.9	9.7	Packaged Foods	9.8	10.4	10.8	11.3	10.5
Casinos & Gaming	6.6	8.4	9.8	10.7	8.9	Personal Products	6.5	6.8	7.6	8.3	7.5
Computer & Electronics Retail	3.1	3.5	3.7	3.8	3.5	Soft Drinks	15.5	17.2	18.0	18.8	17.5
Consumer Electronics	17.9	18.0	18.5	18.7	18.2	Tobacco	28.6	30.5	31.8	33.4	30.9
Department Stores	4.0	4.3	4.2	4.0	4.3	Energy	4.1	6.1	6.9	7.9	6.4
Distributors	4.8	5.4	5.6	5.8	5.5	Integrated Oil & Gas	5.7	7.2	7.5	8.2	7.3
Footwear	8.5	9.0	9.9	10.5	9.0	Oil & Gas Drilling	-7.7	0.2	3.8	6.5	2.4
General Merchandise Stores	4.2	4.8	5.0	5.2	4.9	Oil & Gas Equipment & Services	4.0	6.0	8.1	9.8	6.8
Home Furnishings	9.9	10.5	10.9	11.6	10.6	Oil & Gas Exploration & Production	2.1	10.3	11.5	14.4	10.7
Home Improvement Retail	7.3	8.7	9.1	9.7	8.8	Oil & Gas Refining & Marketing	2.3	2.9	3.5	3.7	3.1
Homebuilding	7.4	8.0	8.7	8.7	8.3	Oil & Gas Storage & Transportation	8.6	9.2	9.5	10.5	9.3
Hotels	10.7	12.0	12.9	13.9	12.3	Financials	14.5	18.1	19.1	20.2	18.4
Household Appliances	4.6	4.9	5.4	5.9	5.0	Asset Management & Custody Banks	23.2	25.3	26.6	27.1	25.7
Housewares & Specialties	9.1	9.0	9.5	9.8	9.2	Consumer Finance	16.2	17.8	18.8	19.6	18.1
Internet & Direct Marketing Retail	3.7	4.0	4.8	6.0	4.3	Diversified Banks	21.7	26.5	28.6	30.9	27.3
Leisure Products	2.6	5.5	8.2	10.0	6.4	Financial Exchanges & Data	33.3	39.0	40.6	42.3	39.6
Motorcycle Manufacturers	11.8	11.5	13.2	13.7	12.1	Insurance Brokers	13.7	15.1	16.0	16.6	15.4
Movies & Entertainment	14.5	16.2	17.0	17.4	16.7	Investment Banking & Brokerage	20.4	23.2	24.7	25.9	23.7
Publishing & Printing	1.7	2.4	2.7	2.9	2.7	Life & Health Insurance	8.5	10.1	10.5	11.1	10.3
Restaurants	15.8	18.3	19.4	20.4	18.7	Multi-Line Insurance	4.8	8.9	9.5	9.9	9.1
Specialty Stores	8.1	9.0	9.4	9.8	9.1	Multi-Sector Holdings	5.9	8.9	9.3	9.8	9.1
Specialized Consumer Services	18.7	15.6	16.0	na	15.6	Property & Casualty Insurance	6.8	10.2	10.1	9.6	10.1
Tires & Rubber	4.9	5.6	6.3	7.2	5.9	Regional Banks	22.8	27.8	29.2	30.5	28.3
Health Care	10.5	11.0	11.5	11.9	11.2	Reinsurance	6.3	13.5	13.5	13.7	13.5
Biotechnology	36.9	38.4	40.6	42.4	39.2	Real Estate	20.5	16.0	16.7	17.6	16.2
Health Care Distributors	1.3	1.3	1.3	1.3	1.3	Health Care REIT's	23.9	15.5	14.8	15.5	15.3
Health Care Equipment	18.6	18.8	19.6	20.5	19.0	Hotel & Resort REIT's	10.4	10.1	9.2	9.5	9.8
Health Care Facilities	5.7	6.9	7.2	7.3	7.0	Industrial REITs	98.6	29.4	31.5	31.7	30.2
Health Care Services	4.8	6.1	6.3	6.3	6.2	Office REITs	13.5	15.9	17.0	18.4	16.3
Health Care Supplies	18.3	18.2	18.8	19.9	18.4	Real Estate Services	6.5	6.7	6.7	6.8	6.7
Health Care Technology	15.4	15.8	16.4	16.5	16.0	Residential REITs	27.7	17.4	18.1	19.4	17.7
Life Sciences Tools & Services	17.5	17.6	18.5	19.7	17.9	Retail REITs	30.2	29.0	29.9	29.2	29.3
Managed Health Care	4.3	4.8	5.0	5.3	4.9	Specialized REITs	14.6	14.7	16.2	17.7	15.2
Pharmaceuticals	26.0	27.4	28.3	29.4	27.7	Information Technology	20.5	22.1	22.9	23.8	22.4
Industrials	8.8	9.8	10.6	11.2	10.1	Application Software	18.0	21.6	22.9	24.0	22.2
Aerospace & Defense	7.8	9.1	9.8	10.5	9.3	Communications Equipment	22.2	23.4	25.1	26.0	24.6
Agricultural & Farm Machinery	8.4	9.1	10.2	10.7	9.7	Data Processing & Outsourced Services	22.6	25.6	27.2	28.2	26.4
Air Freight & Couriers	5.9	6.6	7.0	7.4	6.6	Electronic Components	14.3	13.7	14.5	14.8	14.0
Airlines	7.1	8.1	9.2	9.8	8.5	Electronic Equipment & Instruments	14.5	16.6	17.2	18.4	16.8
Building Products	8.8	9.3	9.9	10.6	9.6	Electronic Manufacturing Services	14.0	14.6	15.1	14.5	14.9
Construction & Engineering	2.5	3.3	3.5	3.8	3.4	Home Entertainment Software	23.8	25.5	27.2	27.4	25.8
Construction Machinery & Heavy Trucks	8.8	10.1	10.7	11.1	10.3	Internet Software & Services	23.6	23.4	23.3	23.5	23.4
Diversified Support Services	9.6	11.0	11.6	na	10.9	IT Consulting & Other Services	13.4	13.6	14.1	14.7	13.7
Electrical Components & Equipment	11.1	11.8	12.6	13.2	12.2	Semiconductor Equipment	22.9	26.6	25.9	27.3	26.1
Environmental & Facilities Services	9.3	11.0	11.6	12.1	11.2	Semiconductors	27.7	30.2	30.2	30.3	30.0
Human Resource & Employment Services	6.1	7.3	7.6	7.8	7.4	Systems Software	27.2	27.5	27.5	28.6	27.2
Industrial Conglomerates	10.5	10.6	11.4	11.9	10.9	Technology Hardware, Storage & Peripherals	15.9	18.0	19.6	20.7	18.9
Industrial Machinery	10.7	11.6	12.4	12.8	11.9	Materials	9.7	11.2	11.9	12.8	11.5
Railroads	19.7	24.7	26.8	28.8	25.4	Commodity Chemicals	11.7	11.6	11.7	12.2	11.6
Research & Consulting Services	19.3	17.0	18.3	19.7	17.5	Construction Materials	11.2	13.3	15.3	16.5	14.0
Trading Companies & Distributors	9.9	11.9	12.4	12.5	12.0	Copper	10.3	16.4	12.9	15.1	15.4
Trucking	5.5	7.1	7.6	7.8	7.3	Diversified Chemicals	10.0	11.6	13.0	14.7	12.1
Telecommunications Services	11.8	13.2	13.4	13.3	13.2	Fertilizers & Agricultural Chemicals	11.0	12.5	13.6	14.5	13.0
Alternative Carriers	9.6	4.2	5.3	5.3	4.5	Gold	10.6	10.2	11.9	12.0	10.8
Integrated Telecommunication Services	11.9	13.8	14.0	13.9	13.9	Industrial Gasses	15.6	16.6	17.1	17.5	16.8
Utilities	11.6	12.0	12.4	12.6	12.1	Metal & Glass Containers	6.5	7.3	8.3	8.7	7.6
Electric Utilities	12.2	12.4	12.8	12.9	12.5	Paper Packaging	6.3	8.1	8.8	9.3	8.4
Independent Power Producers & Energy Traders	4.7	7.5	8.2	8.4	7.7	Specialty Chemicals	10.5	11.1	11.9	12.7	11.4
Multi-Utilities	11.7	11.9	12.3	12.8	12.1	Steel	5.6	7.8	7.6	7.0	7.8
Water Utilities	16.2	17.1	17.5	17.6	17.2						

na = not available.

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

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