

Zacks Earnings Trends

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The Earnings Picture Continues to Improve

Here are the key points:

- For the 146 S&P 500 companies that have reported Q3 results, total earnings are up +8.6% from the same period last year on +4.8% higher revenues, with 80.1% beating EPS estimates and 61.6% beating revenue estimates.
 - The earnings growth for this group of 146 S&P 500 members represents a notable improvement over what we had seen from this group of companies in other recent periods. Still, the revenue growth pace represents a clear decelerating trend.
 - The Q3 EPS beats percentage of 80.1% is tracking modestly below the last two reporting cycles for this group of index members but is otherwise in line with the 20-quarter average.
 - The Q3 revenue beats percentage of 61.6% for this group of 146 index members is below what we had seen from this group in the preceding two quarters and also below the 20-quarter average of 69.8%.
 - For the Tech sector, we now have Q3 results from 42.6% of the sector's market capitalization in the S&P 500 index. Total earnings for these Tech companies are up +15.3% from the same period last year on +3.8% higher revenues, with 76.5% beating EPS estimates and 58.8% beating revenue estimates.
 - The Q3 earnings and revenue growth pace for the Tech companies that have reported are tracking above what we had seen in other recent periods, but the EPS and revenue beats percentages are tracking below other recent periods and the historical averages.
 - For the Finance sector, we now have Q3 results for 54.0% of the sector's market capitalization in the S&P 500 index. Total earnings for these companies are up +4.4% from the same period last year on +8.0% higher revenues, with 80.0% beating EPS estimates and 65.0% beating revenue estimates.
 - This is a modestly better performance relative to what we have seen from these Finance sector companies in other recent periods.
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- Looking at Q3 as a whole, total S&P 500 earnings are currently expected to be down -0.3% from the same period last year on +1.0% higher revenues. If companies continue to surprise to the upside, the Q3 earnings growth rate will most likely turn positive in the next few days.
- The -0.3% decline in Q3 earnings would follow year-over-year declines of -7.1% in 2023 Q2, -3.4% in 2023 Q1, and -5.4% in 2022 Q4.
- Excluding the drag from the Energy sector, whose earnings are expected to decline -35.5% in Q3, earnings for the other 15 Zacks sectors in the S&P 500 index would be up +4.6% on +3.5% higher revenues.
- Q3 earnings are expected to be above the year-earlier level for 10 of the 16 Zacks sectors, with the strongest growth in the Aerospace, Consumer Discretionary, Retail, Finance, and Tech sectors.
- Looking at the calendar-year picture, total S&P 500 earnings are expected to rebound +12.3% next year after the modest decline in 2023.
- The implied 'EPS' for the S&P 500 index, calculated using the current 2023 P/E of 20.1X and index close, as of October 24th, is \$211.55, compared to \$220.45 in 2022 and \$208.23 in 2021. Using the same methodology, the index 'EPS' works out to \$237.55 in 2024 (P/E of 17.9X). On a forward 12-month basis, the implied 'EPS' works out to \$224.61 (P/E of 18.9X). The multiples have been calculated using the index's total market cap and aggregate bottom-up earnings for each year.

The market's contrasting reactions to the otherwise strong results from Microsoft (MSFT) and Alphabet (GOOGL) primarily reflected growth trends in the two companies' cloud operations.

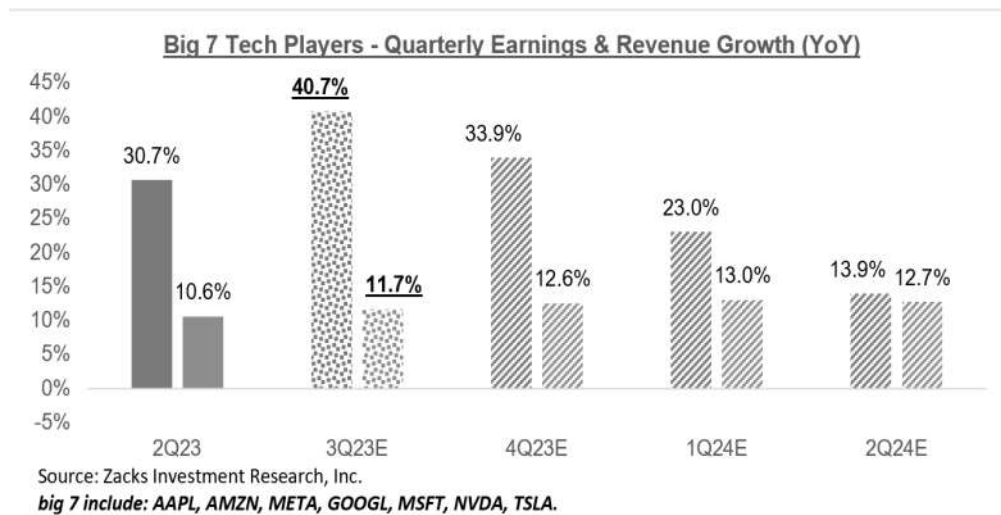
Alphabet's cloud revenues were a tad bit on the weak side and represented a modest deceleration from the June quarter's growth pace. Microsoft not only beat cloud revenue estimates but actually showed the growth trend accelerating.

Investor's disappointment with the Alphabet report notwithstanding, the search giant showed impressive gains in advertising revenues, with YouTube ad revenues particularly showing momentum. Alphabet's advertising performance likely offers a useful read-through for Meta (META) and Amazon (AMZN).

In terms of Q3 earnings and revenue results, Microsoft's earnings increased +27% from the same period last year on +12.8% higher revenues, while the same for Alphabet increased by +41.5% and +11.8%, respectively.

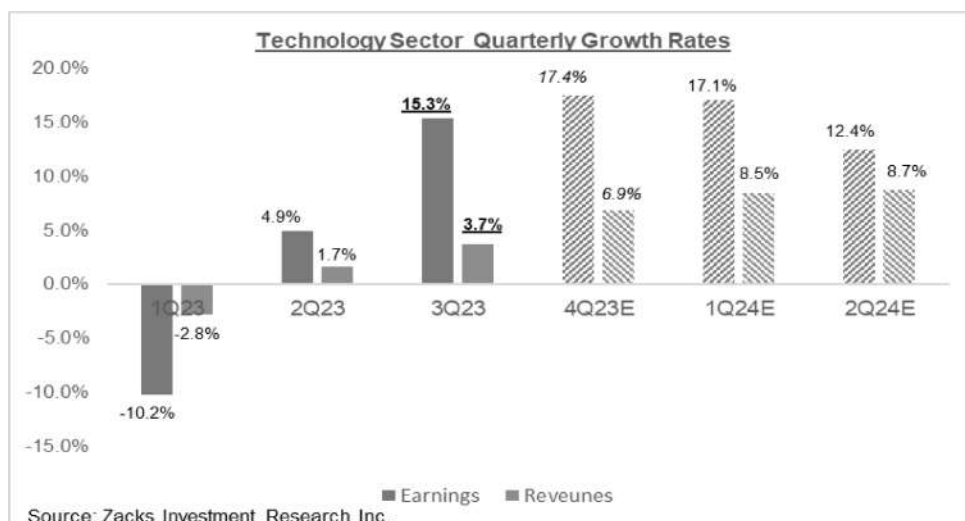
Microsoft and Alphabet are part of the 7 mega-cap stocks, most of which are from the Tech sector. We call this group the 'Big 7 Tech Players', which, besides Microsoft and Alphabet, includes Apple (AAPL), Nvidia (NVDA), Tesla (TSLA), Meta (META), and Amazon (AMZN).

Q3 earnings for this group of companies are expected to grow by +40.7% from the same period last year on +11.7% higher revenues.



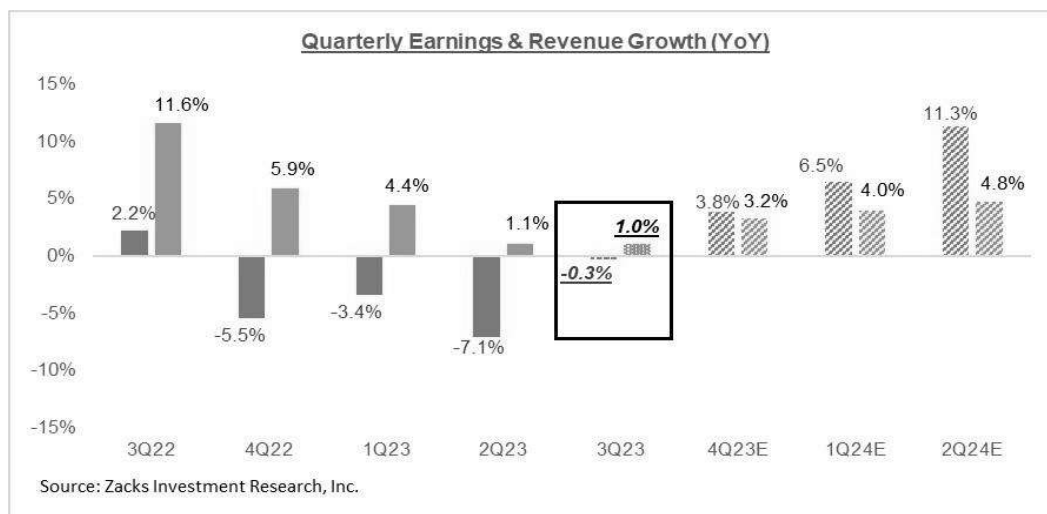
The 'Big 7 Tech Players' are a big contributor to overall index earnings now and going forward. Excluding the earnings contribution from the 'Big 7', S&P 500 earnings for the rest of the index would be down -6.3% (down -0.3% otherwise) in Q3.

Beyond these mega-cap stocks, the growth outlook for the Tech sector has notably improved as well. The sector has been operating in a constrained growth environment since 2021 Q4, but this is on track to change starting with the group's Q3 results, as you can see in the chart below.



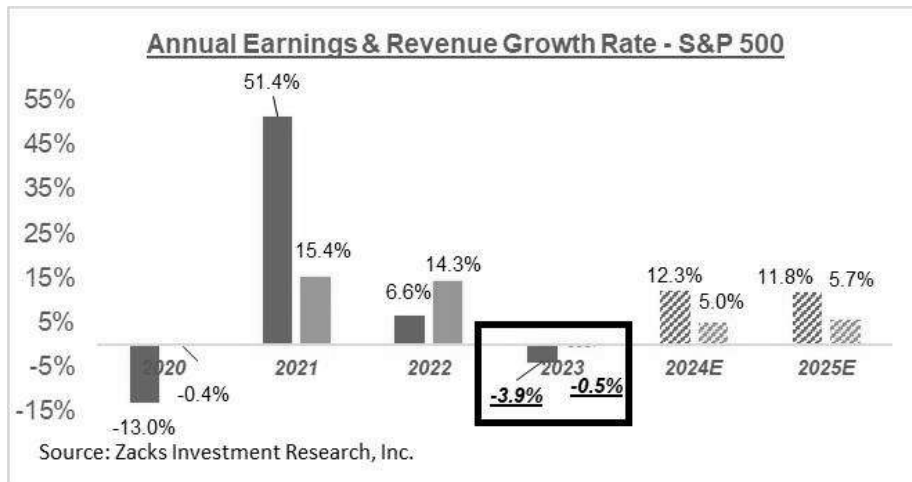
Looking at Q3 expectations as a whole, total S&P 500 earnings are expected to be down -0.3% from the same period last year on +1.0% higher revenues.

The chart below shows the overall earnings picture on a quarterly basis.



As you can see from these quarterly earnings-growth expectations, the long-feared recession doesn't show up in this near-term earnings outlook.

We show below the overall earnings picture for the S&P 500 index on an annual basis.



This big-picture view of corporate profitability doesn't leave much room for that development either, as shown in the chart above.

Given the emerging consensus on the 'soft-landing' outlook for the economy, one can expect this favorable turn in the overall earnings picture to strengthen further as companies report Q3 results and share trends in underlying business.

The Report in Detail

Note: This report has six sections. The first section, titled Q3 Earnings Season Scorecard, provides a real-time update of the earnings season, puts the results thus far in a historical context, and highlights the major sectors. The second section, titled the Blended Picture, presents the composite or blended Q3 expectations by combining the actual results that have come out with estimates for the still to come companies. The Third section, titled the Context, puts the blended Q3 expectations in the context of what was reported in the preceding quarters and what is expected in the coming quarter(s). This section provides both earnings and revenues on a quarterly basis, both the dollar amounts as well as the year-over-year growth rates. The fourth section, titled Annual Data, presents the earnings and revenues data on an annual basis. The fifth section, titled Small-Cap Earnings, presents the earnings picture for the S&P 600 index. The final section visually presents the market capitalization and earnings contribution of the 16 Zacks sectors.

Section 1 – 2023 Q3 Earnings Season Scorecard

For the 146 S&P 500 companies that have reported Q3 results, total earnings are up +8.6% from the same period last year on +4.8% higher revenues, with 80.1% beating earnings and 61.6% beating revenue estimates.

	<u>2023 Q3 Scorecard</u>						
	% Reported		Earnings		Revenue		Blended Beat %
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	
Consumer Staples	35.5%	62.3%	10.0%	90.9%	2.7%	45.5%	45.5%
Consumer Discrt	23.3%	37.8%	101.9%	85.7%	17.5%	85.7%	71.4%
Retail	21.9%	10.7%	7.4%	71.4%	7.6%	71.4%	42.9%
Medical	15.0%	33.2%	7.0%	88.9%	6.8%	77.8%	66.7%
Auto/Tires/Trks	50.0%	88.9%	-14.2%	75.0%	7.7%	50.0%	50.0%
Basic Materials	25.0%	25.5%	-26.5%	80.0%	-13.0%	100.0%	80.0%
Industrial Prod	22.2%	20.2%	-1.8%	83.3%	-1.9%	33.3%	33.3%
Construction	38.5%	45.0%	-5.9%	100.0%	-0.5%	60.0%	60.0%
Conglomerates	75.0%	72.6%	2.2%	100.0%	-10.3%	100.0%	100.0%
Computer & Tech	22.7%	42.6%	15.3%	76.5%	3.8%	58.8%	58.8%
Aerospace	45.5%	68.9%	151.8%	80.0%	8.3%	60.0%	60.0%
Oils/Energy	14.3%	11.6%	11.3%	75.0%	-1.5%	25.0%	25.0%
Finance	44.4%	54.0%	4.4%	80.0%	8.0%	65.0%	55.0%
Utilities	3.6%	13.4%	14.1%	100.0%	6.7%	0.0%	0.0%
Transportation	73.3%	70.9%	-6.2%	63.6%	0.0%	54.5%	36.4%
Business Svcs	39.3%	52.8%	11.0%	72.7%	4.7%	54.5%	45.5%
S&P 500	29.2%	40.5%	8.6%	80.1%	4.76%	61.6%	53.4%
Excluding Finance	25.9%	38.7%	10.3%	80.2%	4.0%	60.4%	52.8%
Excluding Oil	30.1%	41.9%	8.5%	80.3%	4.9%	62.7%	54.2%

Source: Zacks Investment Research, Inc.

Data as of:

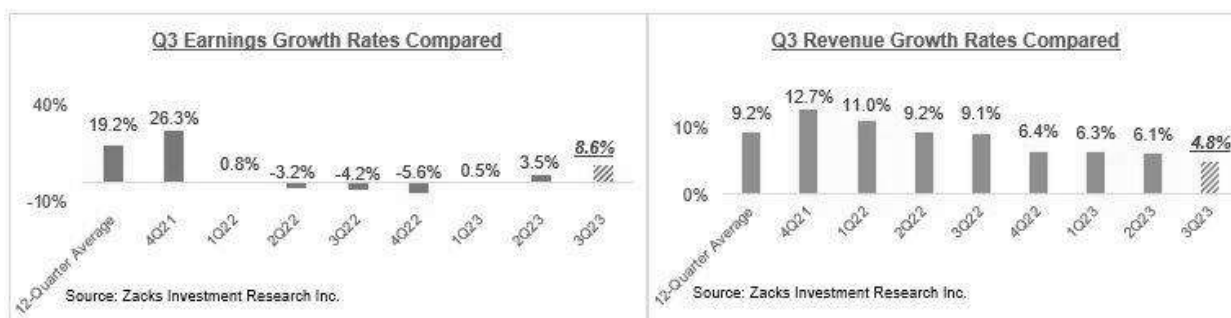
October 25, 2023

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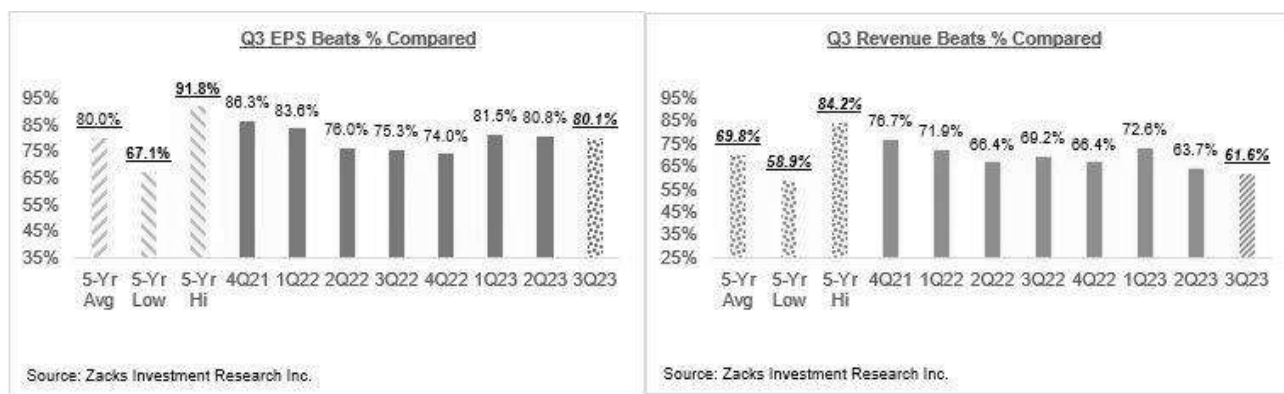
Note: Here are a few key points to keep in mind while reading this table.

- All the earnings analysis in this report pertains to the S&P 500 index, a handy proxy for the entire business world. We use the index's current membership as the basis for all period comparisons, meaning that even historical periods reflect the index's current membership.
- We divide the corporate world into 16 sectors compared to the official S&P 11 GICS. We have stand-alone sectors like Autos, Construction, Conglomerates, Aerospace, Transportation and Business Services that provide for a better understanding of trends in these key areas of the economy.
- All references to 'earnings' mean 'total earnings' or 'aggregate net income' and not 'mean or median EPS'.
- We make adjustments to reported GAAP earnings to account for non-recurring or one-time items, but we do consider employee stock options (ESOs) as a legitimate business expense. Unlike Zacks, Wall Street and all other data vendors don't treat ESO's as a recurring business expense.

The comparison charts below put the Q3 earnings and revenue growth rates in a historical context.



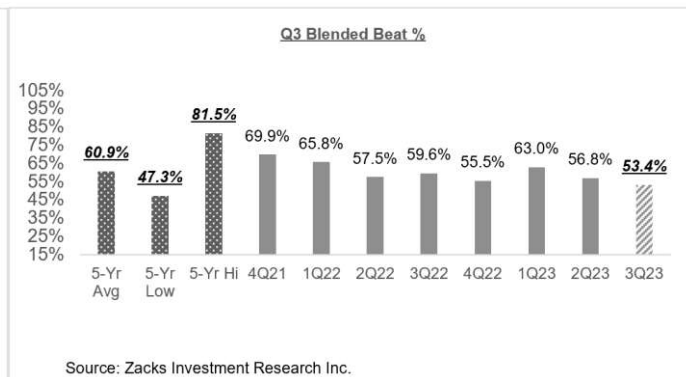
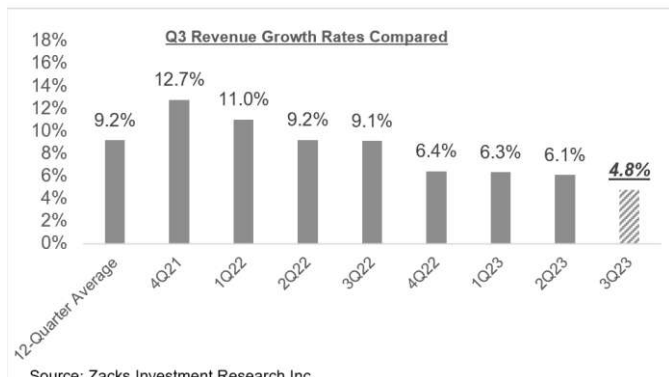
The comparison charts below put the Q3 EPS and revenue beats percentages for these 146 index members in a historical context.



As you can see above, revenue beats are tracking below other recent periods as well as the historical averages. You can see this more clearly in the 'blended' beats percentage that shows the proportion of these companies that have beaten both EPS and revenue

estimates. For the 146 index members that have reported results thus far, only 53.4% have been able to beat both EPS and revenue estimates.

The comparison charts below put the Q3 revenue growth pace and the blended beats percentage in a historical context.



Section 2 – The Blended Picture

Total Q3 earnings or aggregate net income for the S&P 500 index are expected to be down -0.3% from the same period last year on +1.0% higher revenues. The summary table below shows the blended or composite Q3 expectations and the actuals for the preceding period (2023 Q2).

Zacks Sectors	S&P 500 Summary Picture					
	Year-over-Year Growth					
	Earnings		Revenues		Margins	
	3Q23	2Q23	3Q23E	2Q23	3Q23E	2Q23
Cons. Staples	3.7%	4.2%	4.4%	5.6%	-0.09%	-0.2%
Cons. Discretionary	38.0%	22.1%	7.1%	7.9%	2.16%	1.0%
Retail/Wholesale	13.2%	21.4%	5.4%	5.0%	0.33%	0.72%
Medical	-20.9%	-29.1%	5.4%	5.7%	-2.82%	-3.9%
Autos	-5.9%	25.1%	6.1%	22.6%	-0.88%	0.2%
Basic Materials	-25.5%	-34.3%	-10.8%	-15.6%	-1.78%	-3.0%
Industrial Products	2.5%	20.1%	1.9%	5.9%	0.08%	1.7%
Construction	-3.4%	-10.5%	3.7%	4.5%	-0.98%	-2.2%
Conglomerates	0.5%	-14.2%	-7.7%	-8.1%	1.09%	-0.9%
Technology	15.3%	4.9%	3.7%	1.7%	2.30%	0.7%
Aerospace	47.9%	-1.6%	8.6%	11.7%	1.46%	-1.0%
Oil/Energy	-35.5%	-49.3%	-19.7%	-28.3%	-2.74%	-4.2%
Finance	12.3%	4.2%	2.8%	11.5%	1.61%	-1.2%
Utilities	4.4%	-2.6%	-1.9%	-3.9%	0.91%	0.2%
Transportation	-18.9%	4.0%	-4.6%	-4.8%	-1.41%	0.9%
Business Services	7.6%	6.5%	5.3%	5.7%	0.44%	0.2%
S&P 500	-0.3%	-7.1%	1.0%	1.1%	-0.16%	-1.05%
ex Finance	-2.9%	-9.3%	0.8%	-0.3%	-0.4%	-1.1%
ex Oil/Energy	4.6%	-0.9%	3.5%	4.9%	0.13%	-0.7%
ex Tech	-5.0%	-10.7%	1.3%	1.1%		

Source: Zacks Investment Research, Inc.

Data as of: 10/25/23

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6 of the 16 Zacks sectors are expected to earn less in 2023 Q3 relative to the year-earlier period. These include Medical (-20.9%), Autos (-5.9%), Basic Materials (-25.5%), Construction (-3.4%), Oil/Energy (-35.5%), and Transportation (-18.9%).

On the positive side, 10 of the 16 Zacks sectors are projected to post growth, including Cons. Staples (+3.7%), Cons. Discretionary (+38.0%), Retail (+13.2%), Industrial Products (+2.5%), Conglomerates (+0.5%), Technology (+15.3%), Aerospace (+47.9%), Finance (+12.3%), Utilities (+4.4%), and Business Services (+7.6%).

The chart nearby shows the absolute quarterly dollar total for 2023 Q3 for the index as a whole in the context of what was actually achieved in the last eight periods and what is expected in the following three quarters.



As you can see above, the quarterly earnings tally bottomed in 2023 Q1 and has been steadily on an uptrend since then.

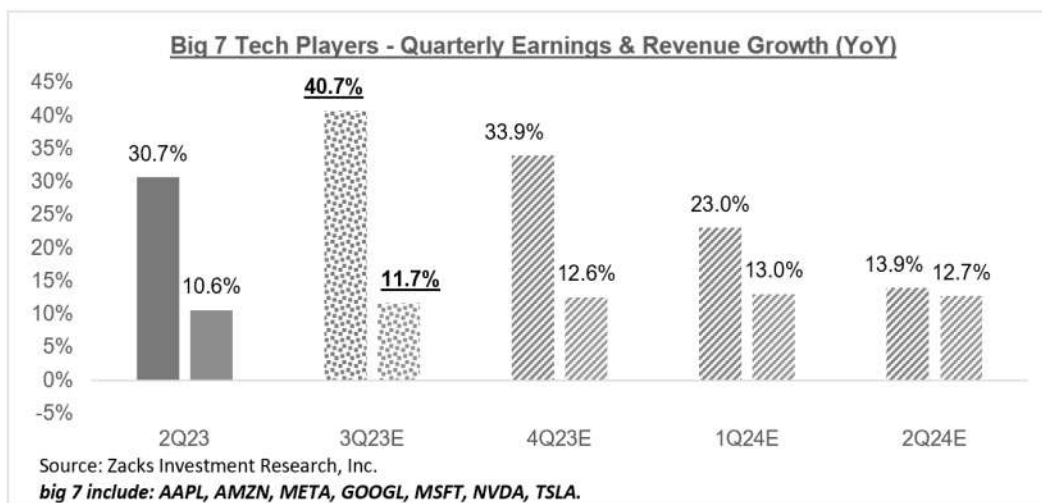
Total **Tech sector** earnings are expected to grow +15.3% in Q3 on +3.7% higher revenues, which follows earnings growth of +4.9% on +1.7% higher revenues in the preceding quarter (2023 Q2). The Tech sector's growth pace is expected to continue and remain positive from 2023 Q3 onwards, as we can see below.



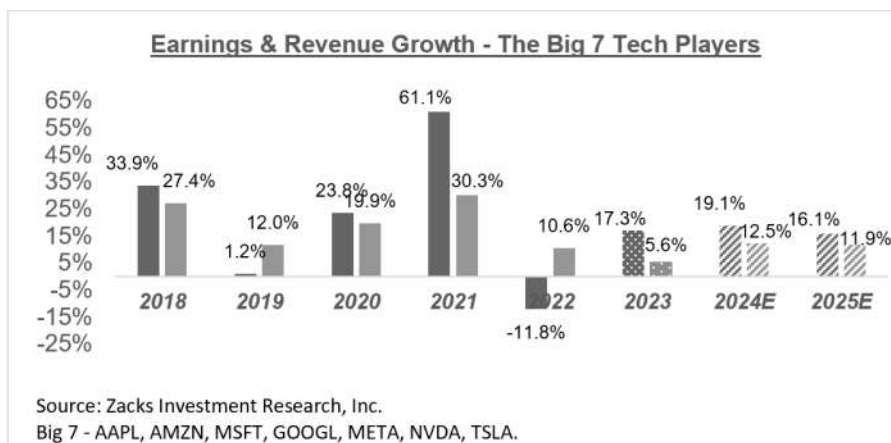
The Big 7 Tech Players

Microsoft, Alphabet, Meta, and Nvidia are part of what we call the ‘Big 7 Tech Players’, with Apple, Tesla, and Amazon as the remaining club members. These mega-cap players led the market’s surge this year, though the rally has recently expanded beyond these seven stocks.

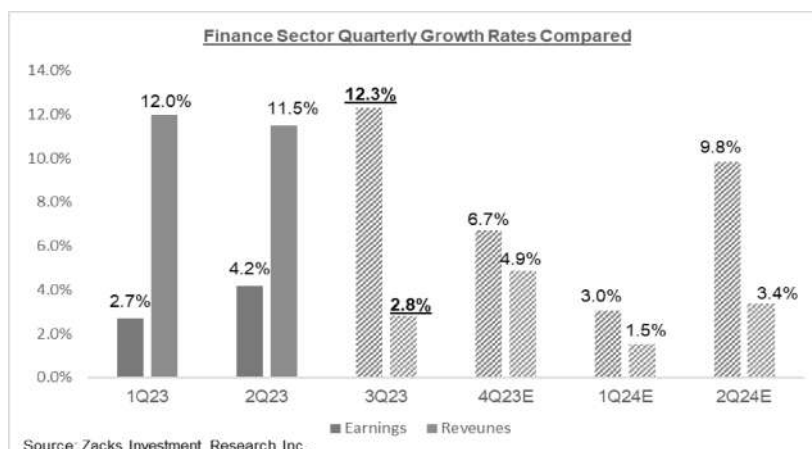
Q3 earnings for the group are expected to be up +40.7% from the same period last year on +11.7% higher revenues, as the chart below shows.



The chart below shows the group’s earnings picture on an annual basis.



Finance sector earnings are expected to be up +12.3% on +2.8% higher revenues in Q3, which follows earnings growth of +4.2% on +11.5% higher revenues in 2023 Q2.



The chart below shows the Finance sector’s earnings picture on an annual basis.



Section Three - The Context

Let's take a look at earnings expectations for 2023 Q3 compared to what companies earned in the last few quarters and what they are expected to earn in the coming quarters.

Table 2 – Earnings Growth Context

Zacks Sectors	Earnings Growth (YoY)								
	2Q24E	1Q24E	4Q23E	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22
Consumer Staples	5.4%	6.7%	4.4%	3.7%	4.2%	-2.0%	-1.5%	1.4%	4.8%
Consumer Discrt	18.3%	19.6%	27.2%	38.0%	22.1%	33.0%	25.4%	25.6%	25.3%
Retail	7.6%	11.0%	17.2%	13.2%	21.4%	3.5%	-29.2%	-5.2%	-20.7%
Medical	25.6%	4.2%	-8.2%	-20.9%	-29.1%	-19.3%	-6.6%	-3.2%	7.5%
Auto/Tires/Trks	-10.9%	-12.7%	-27.1%	-5.9%	25.1%	10.4%	58.1%	31.4%	37.2%
Basic Materials	-4.8%	-14.6%	-15.0%	-25.5%	-34.3%	-29.4%	-26.9%	-18.0%	19.3%
Industrial Prod	1.6%	5.9%	8.2%	2.5%	20.1%	17.5%	16.5%	20.3%	12.1%
Construction	3.6%	7.4%	-0.6%	-3.4%	-10.5%	-19.1%	6.1%	22.3%	21.4%
Conglomerates	13.8%	3.5%	-12.8%	0.5%	-14.2%	-9.2%	11.8%	2.3%	11.1%
Computer & Tech	12.4%	17.1%	17.4%	15.3%	4.9%	-10.2%	-16.6%	-13.8%	-7.9%
Aerospace	21.0%	20.5%	17.5%	47.9%	-1.6%	15.7%	160.6%	-50.9%	-7.3%
Oils/Energy	21.3%	-8.7%	-20.8%	-35.5%	-49.3%	15.5%	54.1%	N/M	N/M
Finance	9.8%	3.0%	6.7%	12.3%	4.2%	2.7%	-17.6%	-9.2%	-18.8%
Utilities	4.9%	4.8%	17.1%	4.4%	-2.6%	-0.8%	7.5%	-6.3%	-0.5%
Transportation	-8.4%	0.6%	-15.6%	-18.9%	4.0%	56.9%	N/M	N/M	N/M
Business Svcs	10.0%	8.5%	4.9%	7.6%	6.5%	2.4%	7.6%	9.3%	15.4%
S&P 500	11.3%	6.5%	3.8%	-0.3%	-7.1%	-3.4%	-5.5%	2.2%	8.1%
Excluding Finance	11.7%	7.3%	3.3%	-2.9%	-9.3%	-4.7%	-2.7%	4.9%	15.5%
Excluding Oil	10.6%	8.0%	6.6%	4.6%	-0.9%	-5.0%	-9.4%	-5.1%	-2.3%

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

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Note – N/M means 'not meaningful', reflecting that the year-over-year change from negative earnings in 2020 Q2 to positive earnings in 2021 Q2.

Table 3 – Revenue Growth Context

Zacks Sectors	Revenue Growth (YoY)								
	2Q24E	1Q24E	4Q23E	3Q23E	2Q23	1Q23	4Q22	3Q22	2Q22
Cons. Staples	3.4%	4.8%	4.0%	4.4%	5.6%	5.4%	6.4%	7.7%	8.4%
Cons. Discretionary	3.9%	4.0%	4.8%	7.1%	7.9%	17.6%	14.8%	17.4%	22.0%
Retail/Wholesale	4.3%	4.5%	5.6%	5.4%	5.0%	5.5%	6.0%	8.3%	7.4%
Medical	5.2%	4.7%	3.9%	5.4%	5.7%	4.1%	4.5%	4.9%	8.6%
Autos	-1.6%	2.5%	-0.7%	6.1%	22.6%	18.2%	24.4%	32.7%	24.5%
Basic Materials	0.7%	-3.2%	-4.6%	-10.8%	-15.6%	-9.0%	-5.6%	5.9%	18.4%
Industrial Products	4.0%	3.1%	3.5%	1.9%	5.9%	9.8%	9.8%	14.5%	11.2%
Construction	4.4%	3.3%	2.9%	3.7%	4.5%	2.8%	9.8%	16.8%	17.3%
Conglomerates	3.6%	2.0%	-11.2%	-7.7%	-8.1%	-8.1%	3.7%	2.9%	1.8%
Technology	8.7%	8.5%	6.9%	3.7%	1.7%	-2.8%	-2.9%	1.4%	2.6%
Aerospace	6.9%	7.9%	5.9%	8.6%	11.7%	9.7%	12.5%	4.2%	-1.7%
Oil/Energy	6.0%	0.7%	-5.4%	-19.7%	-28.3%	-4.0%	16.1%	51.6%	78.4%
Finance	3.4%	1.5%	4.9%	2.8%	11.5%	12.0%	3.6%	7.8%	5.1%
Utilities	5.4%	1.8%	1.9%	-1.9%	-3.9%	11.8%	8.6%	15.0%	14.8%
Transportation	2.6%	2.1%	-1.0%	-4.6%	-4.8%	5.0%	9.0%	20.7%	32.5%
Business Services	5.8%	5.2%	5.7%	5.3%	5.7%	6.7%	6.8%	10.6%	13.4%
S&P 500	4.8%	4.0%	3.2%	1.0%	1.1%	4.4%	5.9%	11.6%	14.2%
ex Finance	5.0%	4.3%	3.0%	0.8%	-0.3%	3.4%	6.2%	12.2%	15.5%
ex Oil/Energy	4.7%	4.3%	4.1%	3.5%	4.9%	5.3%	4.9%	8.2%	9.0%

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

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The next two tables present the same data in a different format – instead of year-over-year growth rates, we have the dollar level of total earnings and revenues for each of these quarters.

Table 4 – Total Quarterly Earnings

<u>Zacks Sectors</u>	<u>Quarterly Earnings (billion dollars)</u>								
	<u>2Q24E</u>	<u>1Q24E</u>	<u>4Q23E</u>	<u>3Q23</u>	<u>2Q23</u>	<u>1Q23</u>	<u>4Q22</u>	<u>3Q22</u>	<u>2Q22</u>
Cons. Staples	27.8	25.2	24.3	26.0	26.4	23.7	23.2	25.1	25.3
Cons. Discretionary	17.2	15.3	14.5	16.9	14.5	12.8	11.4	12.225	11.9
Retail/Wholesale	40.6	33.1	34.4	35.3	37.7	29.8	29.3	31.2	31.1
Medical	67.2	66.7	60.2	57.0	53.5	64.0	65.6	72.0	75.5
Autos	10.0	9.6	8.1	9.3	11.2	11.0	11.2	9.9	9.0
Basic Materials	10.8	9.6	9.4	9.5	11.4	11.2	11.1	12.7	17.3
Industrial Products	14.0	13.4	11.6	12.5	13.8	12.6	10.7	12.2	11.5
Construction	7.0	5.2	6.2	7.1	6.7	4.8	6.2	7.4	7.5
Conglomerates	5.7	4.9	5.7	5.5	5.0	4.7	6.6	5.4	5.8
Technology	138.7	133.2	144.8	130.7	123.4	113.7	123.3	113.4	117.6
Aerospace	7.9	7.1	7.9	5.1	6.5	5.9	6.7	3.4	6.6
Oil/Energy	40.2	38.5	37.9	39.0	33.2	42.2	47.8	60.4	65.4
Finance	94.6	90.5	81.9	93.4	86.2	87.8	76.7	83.1	82.7
Utilities	11.3	14.5	12.2	15.9	10.8	13.9	10.4	15.2	11.1
Transportation	12.4	7.0	9.3	9.8	13.6	6.9	11.0	12.1	13.0
Business Services	21.2	19.4	19.6	19.4	19.3	17.8	18.7	18.0	18.1
S&P 500	526.7	492.9	488.0	492.3	473.1	462.8	470.1	493.8	509.4
ex Finance	432.1	402.4	406.1	398.9	386.9	375.0	393.3	410.7	426.7
ex - Oil	486.4	454.4	450.1	453.3	439.9	420.6	422.3	433.4	444.0

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

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Table 5 – Total Quarterly Revenues

<u>Zacks Sectors</u>	<u>Quarterly Revenues (billion dollars)</u>								
	<u>2Q24E</u>	<u>1Q24E</u>	<u>4Q23E</u>	<u>3Q23E</u>	<u>2Q23</u>	<u>1Q23</u>	<u>4Q22</u>	<u>3Q22</u>	<u>2Q22</u>
Cons. Staples	212.7	199.6	211.8	202.9	205.7	190.4	203.6	194.3	194.9
Cons. Discretionary	178.1	171.7	179.7	174.9	171.5	165.1	171.5	163.3	159.0
Retail/Wholesale	739.1	714.4	763.0	732.0	708.4	683.6	722.5	694.7	675.0
Medical	708.1	689.9	681.9	672.1	673.2	659.2	656.1	637.5	636.6
Autos	140.7	135.5	136.4	135.2	143.1	132.2	137.4	127.4	116.7
Basic Materials	107.1	103.2	104.3	104.9	106.3	106.6	109.4	117.7	126.0
Industrial Products	100.0	97.5	91.7	95.0	96.2	94.6	88.6	93.3	90.8
Construction	54.8	46.6	51.5	53.8	52.5	45.1	50.0	51.8	50.2
Conglomerates	42.0	39.3	42.1	40.9	40.5	38.5	47.4	44.3	44.1
Technology	601.5	592.5	628.8	570.3	553.4	546.2	588.4	549.7	544.3
Aerospace	98.8	93.1	101.2	92.2	92.4	86.3	95.5	84.9	82.7
Oil/Energy	344.0	341.5	358.4	347.0	324.7	339.1	378.8	432.0	453.0
Finance	522.3	503.3	490.6	490.5	505.2	495.7	467.9	477.2	453.2
Utilities	92.6	110.5	104.0	104.8	87.9	108.6	102.0	106.7	91.5
Transportation	127.1	118.8	125.4	122.5	123.9	116.3	126.6	128.4	130.2
Business Services	97.2	92.8	92.7	91.3	91.9	88.1	87.7	86.7	87.0
S&P 500	4166.1	4050.2	4163.5	4030.3	3976.7	3895.6	4033.3	3990.0	3935.2
ex Finance	3643.8	3546.9	3672.9	3539.8	3471.5	3399.9	3565.4	3512.9	3482.0
ex Oil/Energy	3822.1	3708.7	3805.0	3683.4	3652.0	3556.5	3654.5	3558.0	3482.2

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023www.zacks.com

It may be obvious, but it's still useful to explain what we mean by total earnings.

This means the sum of net income for all companies in the S&P 500. For historical periods through the reported 2023 Q3 results, we have taken the total earnings (net income, not EPS) for each company in the S&P 500 and added them up to arrive at the sector and index level totals (we do adjust reported GAAP earnings for non-recurring items, but consider employee stock options as a legitimate business expense).

For the coming quarters, including the still-to-come 2023 Q3 results, we have taken the Zacks Consensus EPS for each company in the index, multiplied that by the corresponding share count (from the last reported quarter) to arrive at the total earnings for each company. And then we aggregated them to arrive at the totals for each sector and the index as a whole. The lack of accuracy in real-time share count notwithstanding, this gives us a fairly accurate view of the total earnings picture.

Section 4 - Annual Earnings

Total earnings or aggregate net income for the S&P 500 index for 2023 are expected to be down -3.9% on -0.5% lower revenues, with 2024 earnings expected to be up 12.3% on +5.0% higher revenues. Table 6 provides a summary of annual earnings and revenue data.

Table 6 – Summary Annual Earnings Picture

Zacks Sectors	Annual Summary - Year-over-Year Change								
	Earnings			Revenues			Margins		
	2024E	2023	2022	2024E	2023	2022	2024E	2023	2022
Cons. Staples	6.8%	1.0%	3.9%	3.1%	3.3%	9.9%	0.43%	-0.28%	-0.71%
Cons. Discretionary	26.8%	17.2%	43.7%	4.3%	9.6%	20.4%	1.73%	0.52%	1.22%
Retail/Wholesale	13.4%	12.5%	-17.3%	4.4%	5.4%	8.0%	0.41%	0.30%	-1.35%
Medical	19.3%	-20.9%	7.3%	6.9%	3.2%	8.9%	1.03%	-2.69%	-0.18%
Autos	3.1%	-8.1%	38.4%	5.3%	8.5%	22.4%	-0.14%	-1.24%	0.94%
Basic Materials	2.2%	-28.0%	3.1%	0.3%	-10.4%	12.5%	0.19%	-2.37%	-1.10%
Industrial Products	7.0%	13.8%	12.5%	3.5%	5.0%	12.1%	0.44%	1.03%	0.04%
Construction	8.3%	-10.3%	21.5%	5.3%	3.1%	16.1%	0.34%	-1.80%	0.61%
Conglomerates	14.9%	-12.4%	6.6%	4.5%	-10.0%	2.5%	1.26%	-0.34%	0.50%
Technology	15.6%	1.8%	-3.0%	7.9%	-8.2%	16.4%	1.54%	2.11%	-3.93%
Aerospace	30.9%	17.3%	-1.0%	8.5%	8.5%	3.3%	1.41%	0.51%	-0.27%
Oil/Energy	7.8%	-28.4%	N/M	1.6%	-15.3%	N/M	0.68%	-2.02%	5.44%
Finance	6.3%	8.3%	-15.6%	4.2%	0.7%	7.3%	0.36%	1.24%	-4.49%
Utilities	7.7%	3.7%	2.5%	3.8%	1.9%	16.5%	0.48%	0.23%	-1.75%
Transportation	10.4%	-6.0%	N/M	3.5%	-1.4%	24.5%	0.53%	-0.39%	3.45%
Business Services	12.4%	1.9%	16.8%	6.0%	4.8%	13.7%	1.20%	-0.56%	0.54%
S&P 500	12.3%	-3.9%	6.6%	5.0%	-0.5%	14.3%	0.82%	-0.42%	-0.88%
ex Finance	13.7%	-6.3%	12.5%	5.1%	-0.6%	15.3%	0.89%	-0.66%	-0.29%
ex Oil/Energy	12.7%	-0.9%	-0.3%	5.3%	1.2%	11.5%	0.83%	-0.25%	-1.44%

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

www.zacks.com

Table 8 – Annual Earnings Growth

	Earnings Growth (YoY)								
	2025E	2024E	2023	2022	2021	2020	2019	2018	2017
Consumer Staples	8.7%	6.8%	1.0%	3.9%	12.6%	4.5%	0.3%	9.7%	6.3%
Consumer Discrt	16.7%	26.8%	17.2%	43.7%	70.8%	-68.5%	13.4%	14.6%	9.8%
Retail	17.0%	13.4%	12.5%	-17.3%	38.2%	4.7%	5.7%	24.6%	4.3%
Medical	11.9%	19.3%	-20.9%	7.3%	26.3%	10.1%	8.8%	14.0%	6.5%
Auto/Tires/Trks	14.9%	3.1%	-8.1%	38.4%	101.1%	-19.1%	-11.8%	0.5%	-0.6%
Basic Materials	9.9%	2.2%	-28.0%	3.1%	114.8%	-10.0%	-16.6%	33.7%	13.2%
Industrial Prod	8.1%	7.0%	13.8%	12.5%	42.6%	-14.5%	-0.2%	27.3%	18.9%
Construction	6.9%	8.3%	-10.3%	21.5%	45.0%	24.5%	1.3%	40.4%	20.5%
Conglomerates	13.4%	14.9%	-12.4%	6.6%	44.9%	-26.3%	-4.6%	-9.8%	-10.6%
Computer & Tech	13.8%	15.6%	1.8%	-3.0%	42.2%	4.8%	-2.0%	27.3%	16.7%
Aerospace	17.2%	30.9%	17.3%	-1.0%	108.3%	-56.0%	-26.5%	27.9%	13.8%
Oils/Energy	2.5%	7.8%	-28.4%	N/M	#####	-106.0%	-30.3%	100.9%	205.5%
Finance	10.7%	6.3%	8.3%	-15.6%	62.0%	-19.5%	4.0%	22.6%	1.6%
Utilities	7.2%	7.7%	3.7%	2.5%	6.4%	3.1%	9.1%	11.3%	3.3%
Transportation	10.7%	10.4%	-6.0%	N/M	-465.1%	-113.7%	5.6%	21.8%	-2.7%
Business Svcs	14.5%	12.4%	1.9%	16.8%	20.3%	-3.4%	15.7%	24.8%	14.3%
S&P 500	11.8%	12.3%	-3.9%	6.6%	51.4%	-13.0%	0.4%	23.3%	10.0%
Excluding Finance	12.0%	13.7%	-6.3%	12.5%	48.8%	-11.3%	-0.5%	23.5%	12.4%
Excluding Oil	12.5%	12.7%	-0.9%	-0.3%	44.1%	-9.4%	2.2%	20.7%	7.6%

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

www.zacks.com

Table 8 (b) – Aggregate Annual Earnings Totals

Zacks Sectors	Annual Earnings (billion dollars)										
	2025E	2024E	2023	2022	2021	2020	2019	2018	2017	2016	2015
Cons. Staples	114.8	105.6	98.8	97.8	94.2	83.6	80.0	79.7	72.7	68.4	45.1
Cons. Discretionary	82.1	70.3	55.5	47.3	32.9	19.3	61.3	54.0	47.2	42.9	32.2
Retail/Wholesale	181.0	154.7	136.4	121.3	146.6	106.1	101.4	95.9	76.9	73.8	60.0
Medical	310.0	277.0	232.1	293.6	273.7	216.7	196.9	181.0	158.7	149.1	127.8
Autos	44.5	38.7	37.5	40.8	29.5	14.7	18.1	20.6	20.5	20.6	20.5
Basic Materials	45.9	41.7	40.8	56.7	55.0	25.6	28.4	34.1	25.5	22.5	24.1
Industrial Products	57.9	53.6	50.1	44.0	39.1	27.4	32.1	32.1	25.2	21.2	19.4
Construction	28.3	26.5	24.4	27.2	22.4	15.5	12.4	12.3	8.7	7.3	6.8
Conglomerates	26.3	23.2	20.2	23.0	21.6	14.9	20.2	21.2	23.5	26.3	25.9
Technology	651.5	572.8	495.5	486.9	502.1	353.0	336.7	343.7	269.9	231.3	172.9
Aerospace	39.0	33.3	25.4	21.7	21.9	10.5	23.9	32.4	25.4	22.3	21.5
Oil/Energy	166.0	162.0	150.2	210.0	83.4	-3.2	52.5	75.3	37.5	12.3	38.8
Finance	414.0	374.1	352.0	325.1	385.2	237.7	295.5	284.2	231.7	228.0	219.9
Utilities	60.6	56.5	52.5	50.6	49.4	46.4	45.0	41.3	37.1	35.9	33.0
Transportation	47.4	42.9	38.8	41.3	19.4	-5.3	38.9	36.8	30.2	31.1	33.0
Business Services	94.3	82.4	73.3	71.9	61.6	51.2	53.0	45.8	36.7	32.1	22.5
S&P 500	2363.6	2115.1	1883.6	1959.4	1838.1	1214.2	1396.2	1390.4	1127.4	1025.0	903.4
ex Finance	1949.6	1741.0	1531.6	1634.3	1452.9	976.4	1100.8	1106.2	895.7	797.0	683.5
ex - Oil	2197.6	1953.1	1733.3	1749.4	1754.7	1217.3	1343.8	1315.1	1090.0	1012.7	864.6

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

www.zacks.com

Table 9 – Annual Revenues Growth

Zacks Sectors	Revenue Growth (YoY)								
	2025E	2024E	2023	2022	2021	2020	2019	2018	2017
Cons. Staples	3.6%	3.1%	3.3%	9.9%	10.4%	0.5%	5.8%	3.6%	3.0%
Cons. Discretionary	4.6%	4.3%	9.6%	20.4%	13.1%	-14.7%	11.1%	6.0%	14.9%
Retail/Wholesale	6.2%	4.4%	5.4%	8.0%	11.6%	10.7%	6.9%	7.4%	6.7%
Medical	6.7%	6.9%	3.2%	8.9%	14.6%	9.7%	13.4%	6.9%	5.7%
Autos	9.3%	5.3%	8.5%	22.4%	14.9%	-12.0%	-2.0%	6.5%	3.8%
Basic Materials	1.0%	0.3%	-10.4%	12.5%	36.6%	-7.4%	-5.6%	14.0%	-5.1%
Industrial Products	3.3%	3.5%	5.0%	12.1%	14.9%	-7.0%	2.9%	11.3%	10.2%
Construction	3.8%	5.3%	3.1%	16.1%	19.4%	1.3%	5.1%	24.8%	11.9%
Conglomerates	6.0%	4.5%	-10.0%	2.5%	6.4%	-7.9%	-6.2%	0.9%	-9.1%
Technology	8.4%	7.9%	-8.2%	16.4%	20.0%	4.0%	3.1%	12.2%	9.6%
Aerospace	5.9%	8.5%	8.5%	3.3%	6.9%	-0.1%	2.7%	-1.0%	4.3%
Oil/Energy	1.8%	1.6%	-15.3%	N/M	62.4%	-32.7%	-1.9%	18.6%	21.3%
Finance	5.0%	4.2%	0.7%	7.3%	-2.1%	6.3%	6.1%	6.7%	6.9%
Utilities	3.2%	3.8%	1.9%	16.5%	15.4%	-7.6%	-0.3%	1.8%	4.4%
Transportation	3.9%	3.5%	-1.4%	24.5%	31.3%	-24.3%	3.8%	8.2%	9.2%
Business Services	7.6%	6.0%	4.8%	13.7%	12.1%	3.3%	8.4%	7.3%	4.6%
S&P 500	5.7%	5.0%	-0.5%	14.3%	15.4%	-0.4%	5.1%	8.5%	7.3%
ex Finance	5.7%	5.1%	-0.6%	15.3%	18.5%	-1.5%	4.9%	8.8%	7.4%
ex Oil/Energy	6.0%	5.3%	1.2%	11.5%	12.6%	2.5%	5.8%	7.6%	6.3%

Source: Zacks Investment Research, Inc.

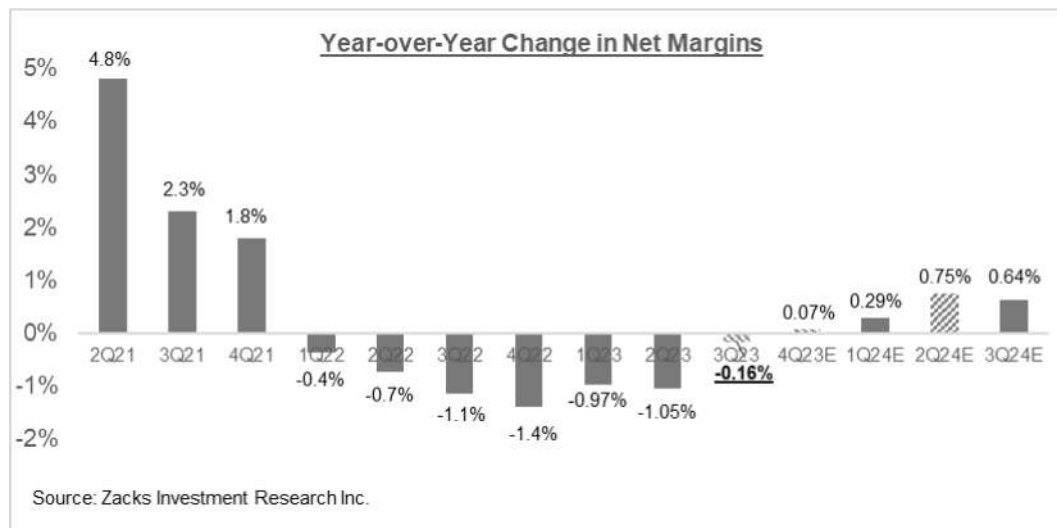
Data as of: October 25, 2023

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The Margins Picture

Net margins (aggregate net income divided by aggregate revenues) are expected to be 12.2% in Q3, up from 11.9% in 2023 Q2 and below 12.4% in 2022 Q3.

As you can see in the chart below showing the year-over-year changes in net margins, 2023 Q3 is on track to be the 7th consecutive quarter of compressed margins.

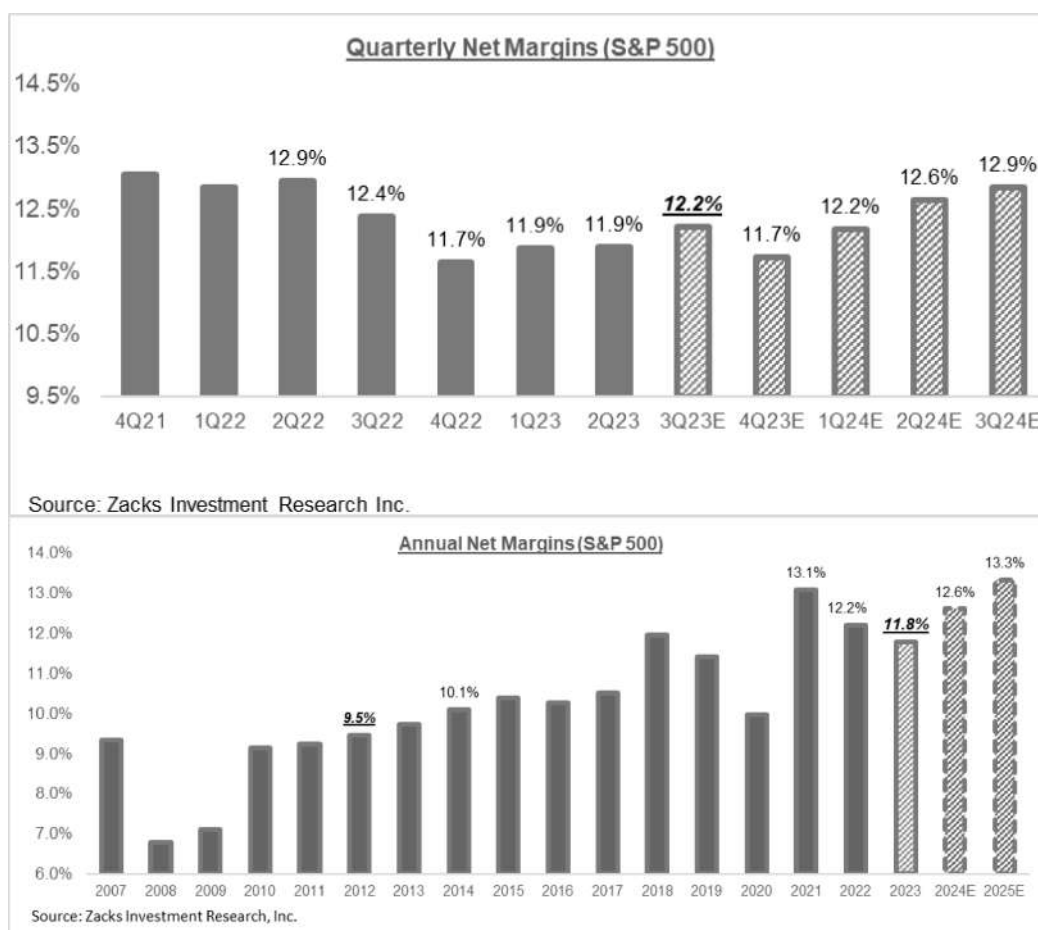


Looking at net margins on an annual basis, full-year 2023 margins are expected to reach 11.8%, down from 2022's 12.2% and 2021's 13.1%. The expectation is for margins to rise next year to 12.6%.

The charts below show current margins expectations in a historical context. The first chart shows margins on a quarterly basis, while the second shows annual margins since 2007.

As you can see in the annual chart, margins reached the cyclical high point in 2018 as a result of the tax cut legislation but modestly contracted the following year (2019) and pulled back massively as a result of the pandemic in 2020. Margins bounced back impressively in 2021, reaching a new all-time record.

The expectation is that the ongoing inflationary pressures ease over time, with margins remaining stable in 2023 and starting to expand in 2024.



The ongoing macroeconomic debate about inflation has relevance for the above consensus margins outlook. To the extent that companies are unable to pass on the higher cost of business (inputs, labor, etc.) to end consumers through higher prices, it will result in pressuring margins. As such, the inflation debate has implications for the earnings outlook.

Section 5 - The Small-Cap Data – S&P 600 Index

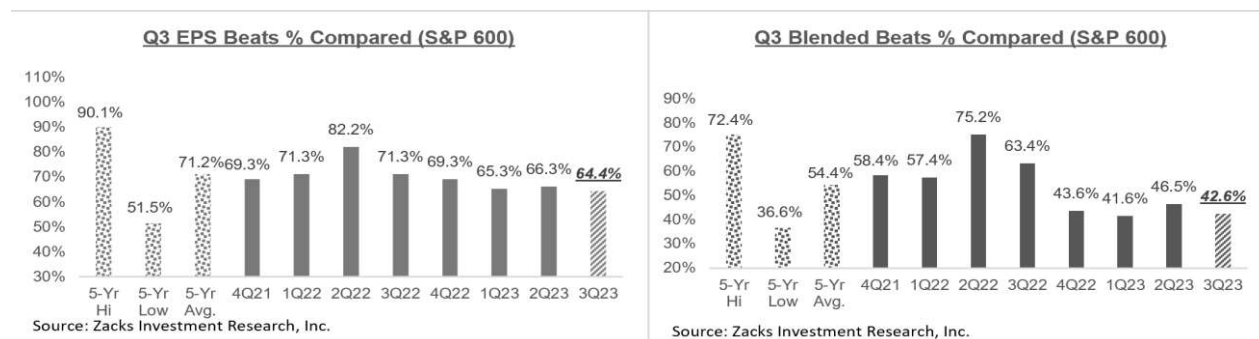
For the 101 S&P 600 companies that have reported their fiscal August-quarter results, total earnings are down -17.3% from the same period last year on -4.0% lower revenues, with 42.6% beating both earnings and revenue estimates.

	2023 Q3 Scorecard - S&P 600 Index						
	% Reported		Earnings		Revenue		Blended Beat %
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	
Consumer Staples	10.7%	13.3%	-550.0%	0.0%	3.1%	66.7%	0.0%
Consumer Disc.	10.8%	9.9%	43.1%	75.0%	-5.8%	50.0%	50.0%
Retail	4.9%	9.9%	-14.0%	50.0%	4.3%	50.0%	50.0%
Medical	3.1%	2.7%	0.0%	50.0%	-0.8%	100.0%	50.0%
Autos	9.1%	5.6%	52.8%	100.0%	-3.4%	0.0%	0.0%
Basic Materials	14.3%	19.5%	-59.6%	50.0%	-14.7%	50.0%	50.0%
Industrial Prod	29.7%	34.4%	-16.3%	81.8%	-8.5%	54.5%	54.5%
Construction	10.5%	7.8%	-14.9%	100.0%	-17.1%	0.0%	0.0%
Conglomerates	0.0%	0.0%	-	-	-	-	-
Tech	7.1%	4.6%	-7.3%	80.0%	-5.4%	60.0%	60.0%
Aerospace	20.0%	20.7%	22.7%	100.0%	23.3%	100.0%	100.0%
Oil/Energy	10.7%	11.6%	-2.0%	33.3%	1.1%	66.7%	33.3%
Finance	34.3%	33.6%	-16.5%	65.5%	-4.3%	58.6%	44.8%
Utilities	0.0%	0.0%	-	-	-	-	-
Transportation	13.3%	11.1%	-4.3%	0.0%	1.7%	0.0%	0.0%
Business Svcs	9.7%	3.3%	-46.5%	66.7%	-11.7%	0.0%	0.0%
S&P 600	16.8%	16.3%	-17.3%	64.4%	-4.0%	54.5%	42.6%
Excluding Finance	10.0%	10.6%	-18.3%	62.8%	-3.9%	48.8%	39.5%
Excluding Oil	17.1%	16.6%	-17.9%	65.3%	-4.3%	54.1%	42.9%

Source: Zacks Investment Research, Inc.

Data as of: *October 25, 2023* www.zacks.com

The comparison charts below put the Q3 EPS and blended beats percentages in a historical context.



For the S&P 600 index, total 2023 Q3 earnings or aggregate net income are expected to be down -8.0% from the same period last year on -3.8% lower revenues, as the summary table below shows.

Zacks Sectors	Year-over-Year Growth - S&P 600					
	Earnings		Revenues		Margins	
	3Q23	2Q23	3Q23E	2Q23	3Q23E	2Q23
Cons. Staples	-21.1%	-14.9%	3.8%	-1.6%	-1.1%	-0.6%
Cons. Discretionary	-29.9%	-30.5%	-3.0%	-1.2%	-1.8%	-2.6%
Retail/Wholesale	-17.5%	-13.3%	-0.4%	-0.9%	-0.7%	-0.6%
Medical	-26.5%	1.1%	8.2%	6.6%	-1.3%	-0.1%
Autos	-17.3%	-2.2%	-0.9%	-2.8%	-0.6%	0.0%
Basic Materials	-25.9%	-26.0%	-5.2%	-4.2%	-1.2%	-1.5%
Industrial Products	-9.5%	-7.9%	-3.7%	-3.2%	-0.4%	-0.4%
Construction	-26.5%	-26.2%	-11.3%	-10.6%	-1.7%	-1.8%
Conglomerates	7.6%	15.9%	2.9%	-1.8%	0.4%	1.6%
Technology	-31.2%	-38.3%	-3.2%	-2.7%	-1.9%	-2.8%
Aerospace	28.0%	5.4%	13.6%	11.2%	0.6%	-0.3%
Oil/Energy	-22.4%	-30.1%	-13.6%	-23.8%	-0.7%	-0.5%
Finance	46.2%	-27.0%	-5.4%	-13.1%	5.5%	-2.2%
Utilities	-12.7%	-21.7%	-2.7%	2.3%	-0.5%	-1.4%
Transportation	-57.2%	-32.2%	-8.7%	5.3%	-3.4%	-2.5%
Business Services	-23.0%	-16.4%	-5.9%	-3.9%	-0.9%	-0.7%
S&P 600	-8.0%	-23.6%	-3.8%	-5.8%	-0.3%	-1.4%
ex Finance	-24.2%	-22.3%	-3.5%	-4.5%	-1.2%	-1.2%
ex Oil/Energy	-6.2%	-22.9%	-2.6%	-3.5%	-0.2%	-1.5%

Source: Zacks Investment Research, Inc.

Data as of:

October 25, 2023

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The Detailed Small-Cap Earnings Picture (S&P 600)

Let's take a look at how consensus earnings expectations for 2023 Q3 compared to what companies earned in the last few quarters and what they are expected to earn in the coming quarters.

Quarterly Earnings Growth

	Earnings Growth (YoY)								
	2Q24E	1Q24E	4Q23E	3Q23E	2Q23	1Q23	4Q22	3Q22	2Q22
Consumer Staples	18.0%	13.2%	10.3%	-21.1%	-14.9%	-25.1%	-9.4%	-3.7%	-9.1%
Consumer Discret	1.1%	-0.9%	-30.3%	-29.9%	-30.5%	-38%	2.0%	-28.6%	-3.4%
Retail	-5.4%	-2.6%	13.6%	-17.5%	-13.3%	-19.8%	-24.6%	-23.6%	-23.1%
Medical	68.5%	113.4%	-4.7%	-26.5%	1.1%	-77.6%	-66.8%	-36.5%	-56.5%
Auto/Tires/Trks	14.3%	49.1%	58.0%	-17.3%	-2.2%	-47.3%	-25.7%	5.1%	0.8%
Basic Materials	1.3%	8.1%	8.2%	-25.9%	-26.0%	18.5%	30.5%	57.5%	88.2%
Industrial Prod	4.3%	-5.2%	12.0%	-9.5%	-7.9%	9.8%	-3.1%	0.2%	25.4%
Construction	2.3%	-2.7%	-14.3%	-26.5%	-26.2%	-31.4%	-3.2%	30.0%	24.8%
Conglomerates	0.0%	-6.3%	1.4%	7.6%	15.9%	11.3%	46.2%	32.4%	-8.8%
Computer & Tech	38.1%	-49.8%	-11.0%	-31.2%	-38.3%	54.2%	-16.3%	-5.9%	24.5%
Aerospace	19.8%	-2.4%	4.5%	28.0%	5.4%	23.1%	2.2%	-16.7%	31.0%
Oils/Energy	14.5%	-8.4%	-17.0%	-22.4%	-30.1%	N/M	N/M	479.5%	-2991.4%
Finance	49.6%	21.8%	14.2%	46.2%	-27.0%	-4.8%	-16.8%	-39.9%	-17.5%
Utilities	-5.3%	3.5%	28.4%	-12.7%	-21.7%	-25.6%	-10.5%	-26.2%	8.6%
Transportation	9.0%	18.8%	-52.1%	-57.2%	-32.2%	-32.8%	-4.1%	18.8%	165.6%
Business Svcs	9.1%	-28.4%	-33.2%	-23.0%	-16.4%	-30.7%	-42.8%	-33.2%	-40.7%
S&P 600	20.8%	0.2%	-2.0%	-8.0%	-23.6%	-8.9%	-12.5%	-11.3%	4.0%
Excluding Finance	10.2%	-8.4%	-8.7%	-24.2%	-22.3%	-10.4%	-10.5%	3.3%	15.8%
Excluding Oil	21.4%	1.2%	-0.3%	-6.2%	-22.9%	-14.4%	-19.1%	-20.0%	-6.5%

Source: Zacks Investment Research, Inc.

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Quarterly Revenue Growth

	Revenue Growth (YoY)								
	2Q24E	1Q24E	4Q23E	3Q23E	2Q23	1Q23	4Q22	3Q22	2Q22
Cons. Staples	7.1%	5.7%	4.6%	3.8%	-1.6%	-1.8%	0.9%	2.1%	6.6%
Cons. Discretionary	1.2%	0.0%	-1.0%	-3.0%	-1.2%	-2.1%	0.7%	-1.3%	4.7%
Retail/Wholesale	2.5%	1.7%	0.9%	-0.4%	-0.9%	-0.3%	6.0%	9.1%	8.0%
Medical	11.7%	10.9%	11.9%	8.2%	6.6%	-0.4%	-3.0%	11.4%	12.2%
Autos	4.8%	2.7%	2.2%	-0.9%	-2.8%	-4.3%	3.9%	15.2%	20.5%
Basic Materials	1.5%	0.1%	-2.5%	-5.2%	-4.2%	4.7%	14.4%	24.6%	35.2%
Industrial Products	1.9%	0.1%	-0.7%	-3.7%	-3.2%	2.0%	6.4%	7.8%	13.5%
Construction	5.7%	1.8%	-8.3%	-11.3%	-10.6%	-8.1%	8.2%	15.7%	14.7%
Conglomerates	3.3%	-2.2%	4.7%	2.9%	-1.8%	1.9%	16.2%	-6.5%	-11.1%
Technology	5.6%	3.4%	1.1%	-3.2%	-2.7%	-0.4%	1.8%	5.9%	8.4%
Aerospace	5.6%	2.8%	7.3%	13.6%	11.2%	12.2%	8.3%	-1.7%	4.6%
Oil/Energy	12.3%	1.6%	-4.1%	-13.6%	-23.8%	11.1%	32.2%	69.1%	99.5%
Finance	5.9%	9.4%	4.9%	-5.4%	-13.1%	-12.8%	-5.5%	6.2%	21.2%
Utilities	0.8%	-0.4%	-0.4%	-2.7%	2.3%	6.8%	10.3%	11.6%	8.9%
Transportation	2.6%	-0.8%	-2.8%	-8.7%	5.3%	18.8%	22.4%	36.6%	42.2%
Business Services	1.6%	-1.5%	-1.0%	-5.9%	-3.9%	-1.4%	-4.9%	3.0%	7.5%
S&P 600	5.0%	3.1%	0.8%	-3.8%	-5.8%	-0.8%	5.2%	13.1%	19.1%
ex Finance	4.9%	2.1%	0.1%	-3.5%	-4.5%	1.3%	7.0%	14.4%	18.8%
ex Oil/Energy	4.3%	3.3%	1.3%	-2.6%	-3.5%	-1.9%	2.9%	8.8%	13.5%

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023www.zacks.com

The next two tables present the same data in a different format – instead of year-over-year growth rates, we have the dollar level of total earnings and revenues for each of these quarters.

Total Quarterly Earnings

Zacks Sectors	Quarterly Earnings (billion dollars)								
	2Q24E	1Q24E	4Q23E	3Q23E	2Q23	1Q23	4Q22	3Q22	2Q22
Cons. Staples	1.03	0.65	0.88	0.73	0.87	0.58	0.80	0.92	1.02
Cons. Discretionary	1.54	1.13	1.59	1.07	1.52	1.14	2.28	1.53	2.19
Retail/Wholesale	1.88	1.66	2.10	1.55	1.99	1.70	1.85	1.88	2.29
Medical	0.93	0.72	0.83	0.60	0.55	0.34	0.87	0.82	0.54
Autos	0.41	0.28	0.25	0.25	0.36	0.19	0.16	0.31	0.36
Basic Materials	0.98	1.18	1.00	0.78	0.96	1.09	0.92	1.05	1.30
Industrial Products	1.47	1.30	1.17	1.18	1.41	1.37	1.05	1.31	1.53
Construction	1.35	0.97	1.15	1.27	1.32	1.00	1.35	1.73	1.79
Conglomerates	0.17	0.13	0.13	0.15	0.17	0.14	0.13	0.14	0.15
Technology	1.51	1.24	1.32	1.05	1.09	2.47	1.48	1.53	1.77
Aerospace	0.12	0.13	0.10	0.10	0.10	0.13	0.09	0.08	0.09
Oil/Energy	1.88	1.91	1.74	1.76	1.64	2.08	2.09	2.27	2.34
Finance	7.40	6.65	7.03	6.73	4.95	5.46	6.15	4.61	6.78
Utilities	0.18	0.29	0.34	0.17	0.19	0.28	0.26	0.19	0.24
Transportation	0.56	0.35	0.27	0.33	0.51	0.30	0.56	0.76	0.76
Business Services	0.82	0.74	0.52	0.71	0.75	1.03	0.77	0.92	0.90
S&P 600	22.19	19.32	20.41	18.43	18.37	19.29	20.82	20.03	24.05
ex Finance	14.79	12.67	13.38	11.70	13.42	13.83	14.67	15.43	17.27
ex - Oil	20.32	17.42	18.68	16.67	16.73	17.21	18.73	17.77	21.71

Source: Zacks Investment Research, Inc.

Data as of: October 25, 2023

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Total Quarterly Revenues

	<u>Quarterly Revenues (billion dollars)</u>								
	<u>2Q24E</u>	<u>1Q24E</u>	<u>4Q23E</u>	<u>3Q23E</u>	<u>Q421</u>	<u>1Q23</u>	<u>4Q22</u>	<u>3Q22</u>	<u>2Q22</u>
Cons. Staples	22.63	21.26	22.33	21.51	21.13	20.11	21.34	20.72	21.48
Cons. Discretionary	25.03	23.78	25.88	23.44	24.73	23.78	26.13	24.17	25.04
Retail/Wholesale	48.68	48.33	51.73	47.41	47.49	47.50	51.28	47.61	47.92
Medical	23.45	22.23	22.19	21.39	20.98	20.04	19.82	19.76	19.67
Autos	8.37	7.84	7.55	7.82	7.99	7.63	7.39	7.89	8.22
Basic Materials	19.43	19.41	19.32	18.85	19.14	19.39	19.82	19.88	19.98
Industrial Products	19.70	18.91	18.83	18.44	19.34	18.89	18.97	19.14	19.98
Construction	16.77	14.46	15.56	15.58	15.86	14.20	16.96	17.56	17.74
Conglomerates	1.62	1.48	1.59	1.55	1.57	1.51	1.52	1.50	1.60
Technology	24.00	23.46	23.67	22.58	22.74	22.69	23.42	23.33	23.38
Aerospace	2.19	2.19	2.03	2.05	2.08	2.13	1.89	1.81	1.87
Oil/Energy	30.13	29.51	29.76	29.38	26.82	29.05	31.04	34.00	35.20
Finance	44.92	42.63	43.15	43.36	42.42	38.96	41.11	45.84	48.79
Utilities	4.28	4.62	4.64	4.17	4.25	4.64	4.66	4.28	4.15
Transportation	11.64	11.10	11.00	10.99	11.35	11.19	11.32	12.03	10.77
Business Services	16.87	16.70	16.60	16.55	16.60	16.95	16.77	17.58	17.28
S&P 600	319.70	307.91	315.82	305.04	304.47	298.67	313.43	317.10	323.06
ex Finance	274.79	265.28	272.67	261.68	262.05	259.70	272.32	271.26	274.28
ex Oil/Energy	289.58	278.39	286.06	275.66	277.65	269.61	282.40	283.10	287.86

Source: Zacks Investment Research, Inc.

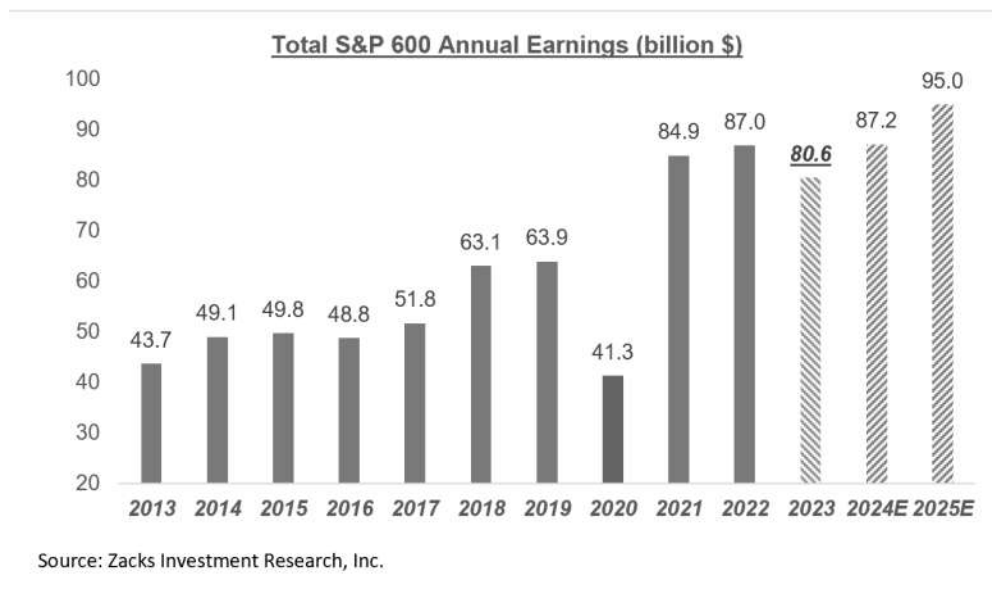
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Looking at the small-cap index on an annual basis, total 2023 earnings are currently expected to be down -7.4% on -7.2% lower revenues.

The chart below shows the small-cap index's annual earnings and revenue growth.



The chart below represents the small-cap index's total earnings instead of the growth rates as a way to show the hit to earnings as a result of the pandemic.

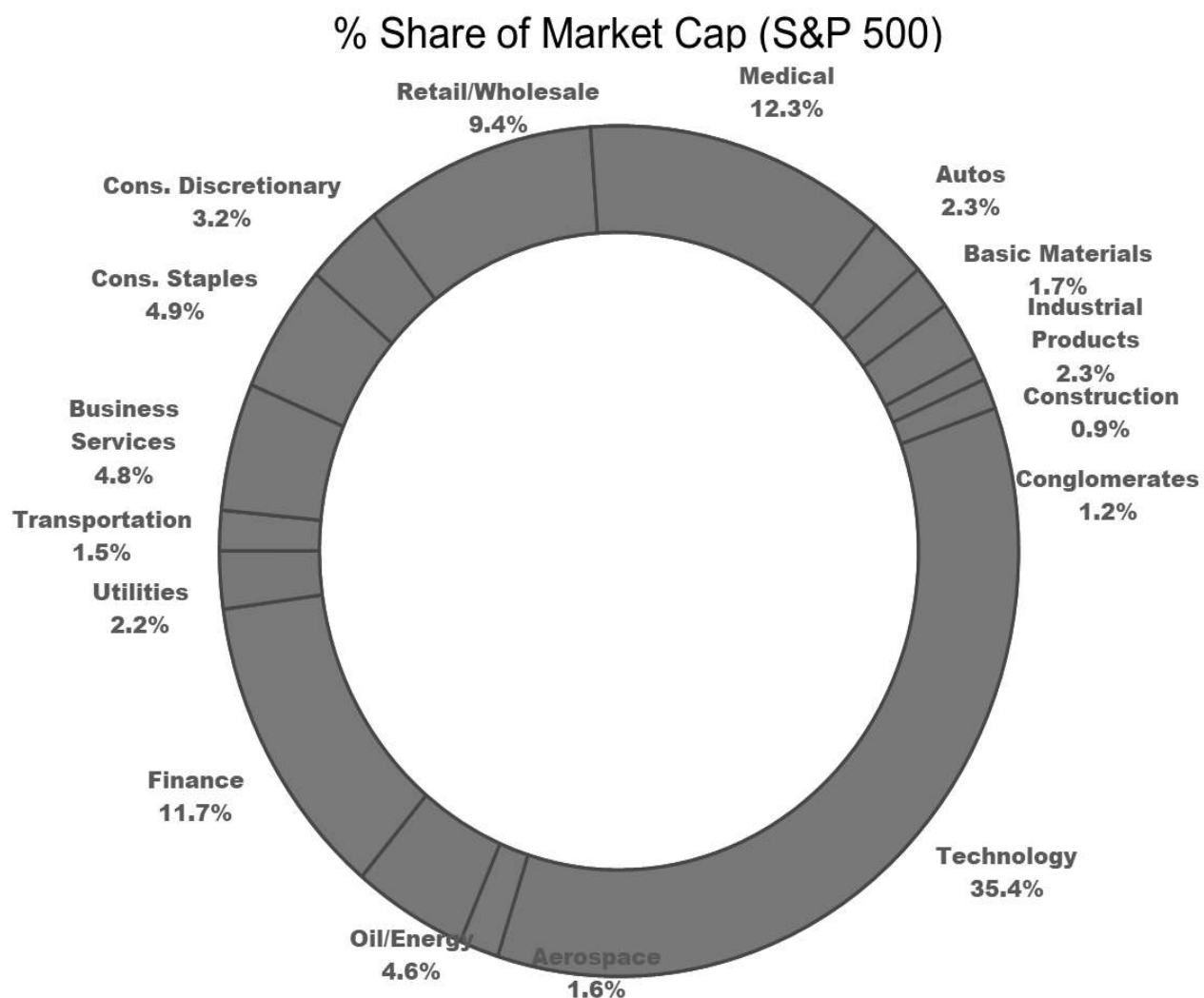


Section 6: Market Cap vs. Total Earnings

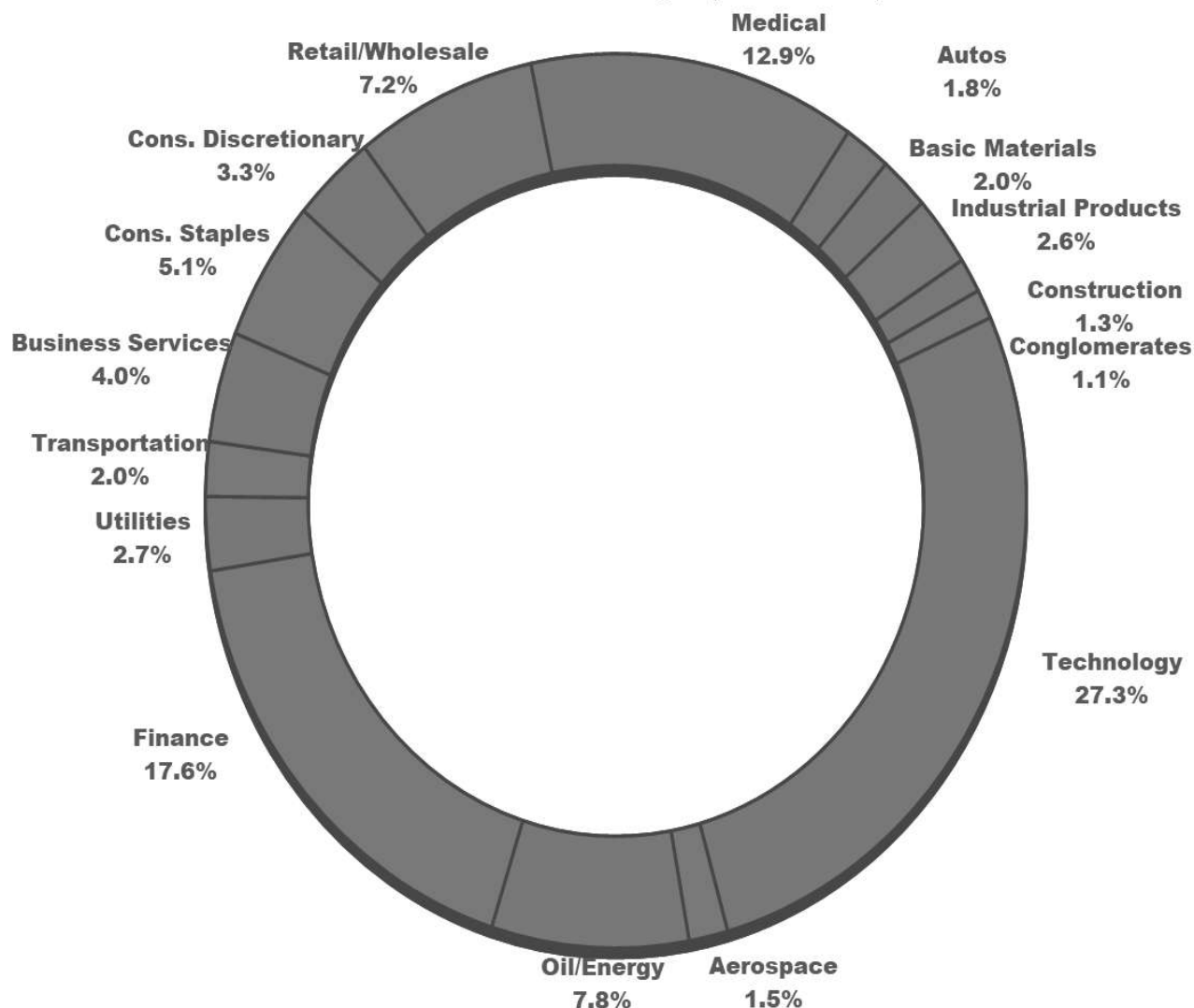
The charts below show the share of total forward 12-month earnings (next four quarters) as well as the share of total market capitalization for each of the 16 Zacks sectors in the S&P 500 index. Since the S&P 500 is a market-cap-weighted index, each sector’s market cap share is also its index weight.

The Finance and Technology sectors account for the lion’s share of the index’s total market capitalization and also bring in a big proportion of its total earnings. Technology is by far the biggest earnings contributor, as you can see in the charts below.

Relative market cap weights in the small-cap S&P 600 index are totally different from the large-cap index. The Finance sector is a much bigger part of the small-cap index, while the Tech sector is a significantly smaller part.



% Share FTM Earnings (S&P 500)



Want more information about this report or about Zacks Investment Research?

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