

Zacks Earnings Trends

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Q4 Earnings Season Kicks Off Positively

Here are the key points:

- We are off to a good start in the Q4 earnings season, with an above-average proportion of companies beating EPS estimates. On the flip side, companies appear to be struggling to beat revenue estimates.
 - Total Q4 earnings for the 36 S&P 500 members that have reported results are up +4.2% from the same period last year on +5.4% higher revenues, with 86.1% beating EPS estimates and 55.6% beating revenue estimates.
 - The Q4 earnings growth pace for these 36 index members is comparable to what we had seen from this group of companies in other recent periods, while the 86.1% EPS beats percentage is tracking above the 20-quarter average of 80.6%.
 - The revenue growth pace for this group of index members represents a deceleration relative to what we had seen from the group in other recent periods, while the 55.6% revenue beats percentage is a new 20-quarter low for this group of 36 index members.
 - For the Finance sector, we now have Q4 results for 35% of the sector's market capitalization in the index. Total earnings for these Finance companies are up +1.4% from the same period last year on +1.5% higher revenues, with 76.9% beating EPS estimates and 53.8% beating revenue estimates.
 - The Finance sector's Q4 performance is tracking below what we had seen from these companies in other recent comparable periods, with notable weakness on the revenues front.
 - Looking at Q4 as a whole, combining the actual results that have come out with estimates for the still-to-come companies, total S&P 500 index earnings are currently expected to be up +0.2% from the year-earlier level on +2.2% higher revenues, which would follow the +3.8% earnings growth in 2023 Q3 on +2.0% higher revenues.
 - Q4 earnings are expected to be above the year-earlier level for half of the 16 Zacks sectors, with the Technology, Retail, Consumer Discretionary, and Utilities sectors enjoying robust year-over-year earnings growth.
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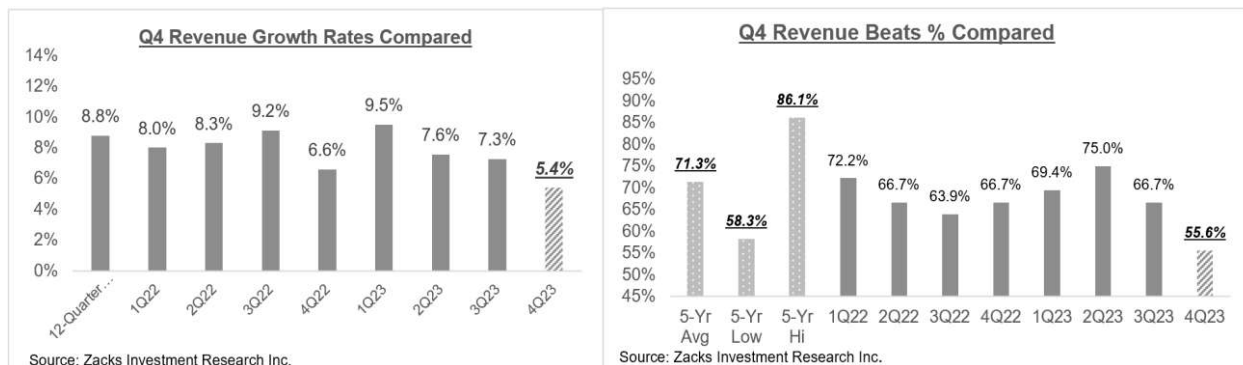
- Sectors expected to experience the biggest earnings declines in Q4 include Autos, Basic Materials, Medical, Energy, and Transportation.
- For the Finance sector, total Q4 earnings are expected to be up +8.2% from the same period last year on +3.9% higher revenues. This would follow the sector's +9.7% earnings growth on +6.0% higher revenues in 2023 Q3.
- For the Technology sector, total Q4 earnings are expected to be up +18.7% from the same period last year on +6.6% higher revenues. Had it not been for the strong Tech sector contribution, Q4 earnings for the remainder of the index would be down -6.4% (instead of up +0.2% as a whole).
- Looking at the calendar year picture, total S&P 500 earnings are expected to rebound by +11.4% next year after the expected -3.5% decline in 2023.
- Estimates for full-year 2024 have notably stabilized in recent days after starting to come down in October and November 2023. While estimates in the aggregate are still modestly coming down, estimates for a number of sectors, including Technology, Consumer Discretionary, and Retail, have moved higher over the last few weeks.
- The implied 'EPS' for the S&P 500 index, calculated using the current 2023 P/E of 22.5X and index close, as of January 16th, is \$211.68, compared to \$220.95 in 2022 and \$208.23 in 2021. Using the same methodology, the index 'EPS' works out to \$235.71 in 2024 (P/E of 20.2X). The multiples have been calculated using the index's total market cap and aggregate bottom-up earnings for each year.

While Citigroup (C) beat both EPS and revenue estimates, JPMorgan (JPM) and Bank of America (BAC) followed the emerging trend at this early stage in the Q4 reporting cycle of easily beating EPS estimates but coming up short concerning top-line estimates.

It may be premature to draw any firm conclusions from the 36 S&P 500 members, or a little over 7% of the index's total membership, that have reported December-quarter results at this stage. But the disparity between earnings and revenue performance is fairly pronounced, at least at this stage.

As noted earlier, we are off to a good start, with an above-average proportion of these companies beating EPS estimates. In fact, the 86.1% EPS beats percentage is notably above the 20-quarter average for this group of 36 index members of 80.6%. The earnings growth pace for this group of companies is also comparable to what we had seen from this group of companies in other recent quarters.

The Q4 performance picture isn't that reassuring on the revenues side, with the growth pace for these 36 index members showing a decelerating trend and the revenue beats percentage the lowest in the preceding 20-quarter period, as you can see in the comparison charts below.



We have noted some degree of revenue weakness in the preceding reporting cycle as well, though the magnitude of revenue underperformance this time around appears more pronounced. That's assuming the current trend is for real and not reflective of an unrepresentative sample.

Perhaps disinflation is at work in producing this revenue trend.

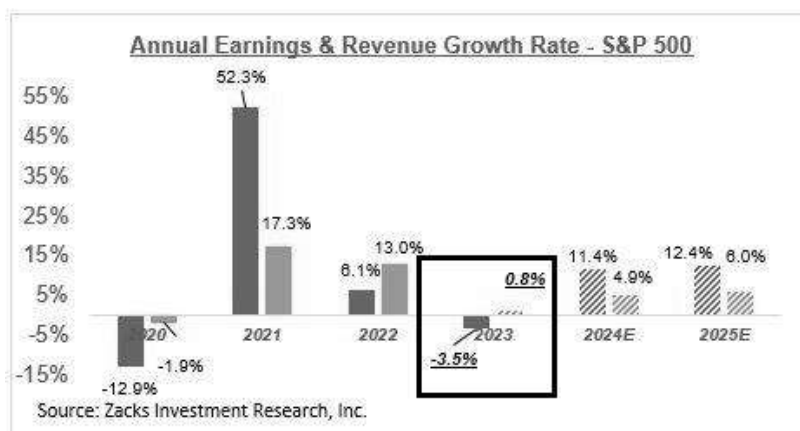
Beyond the results that have come out, total Q4 earnings are currently expected to be +0.2% above the year-earlier period on +2.2% higher revenues. This would follow the +3.8% increase in index earnings in 2023 Q3 on +2.0% higher revenues.

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



As you can see from these quarterly earnings-growth expectations, the growth picture is expected to steadily improve over the next few quarters.

Below, we show the overall earnings picture for the S&P 500 index on an annual basis.



Given the expected moderation in the U.S. economy's growth trajectory due to the cumulative effects of Fed tightening, these estimates likely need to come down. Some of that downward adjustment is already happening, as seen in the chart below.



As we have noted before, full-year 2024 estimates started coming down in October, with the trend continuing in November and early December, but appear to have stabilized in recent weeks.

The Report in Detail

Note: This report has six sections. The first section, titled Q4 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 Q4 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 Q4 Earnings Season Scorecard

For the 36 S&P 500 companies that have reported Q4 results, total earnings are up +4.2% from the same period last year on +5.4% higher revenues, with 86.1% beating earnings estimates and 55.6% beating revenue estimates.

	2023 Q4 Scorecard						
	% Reported		Earnings		Revenue		Blended Beat %
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	
Consumer Staples	12.9%	5.7%	5.8%	100.0%	2.5%	25.0%	25.0%
Consumer Discrt	6.7%	13.4%	465.8%	100.0%	9.5%	50.0%	50.0%
Retail	15.2%	9.7%	-4.2%	100.0%	6.7%	60.0%	60.0%
Medical	1.7%	9.6%	13.8%	100.0%	14.1%	100.0%	100.0%
Auto/Tires/Trks	0.0%	0.0%	-	-	-	-	-
Basic Materials	0.0%	0.0%	-	-	-	-	-
Industrial Prod	3.8%	6.1%	15.7%	100.0%	9.3%	100.0%	100.0%
Construction	7.7%	9.7%	0.1%	100.0%	7.8%	100.0%	100.0%
Conglomerates	0.0%	0.0%	-	-	-	-	-
Computer & Tech	5.2%	4.4%	-7.9%	75.0%	1.9%	75.0%	75.0%
Aerospace	0.0%	0.0%	-	-	-	-	-
Oils/Energy	0.0%	0.0%	-	-	-	-	-
Finance	14.4%	35.0%	1.4%	76.9%	1.5%	53.8%	53.8%
Utilities	0.0%	0.0%	-	-	-	-	-
Transportation	14.3%	13.5%	4.0%	50.0%	0.4%	50.0%	50.0%
Business Svcs	10.7%	13.6%	6.0%	100.0%	3.3%	33.3%	33.3%
S&P 500	7.2%	9.7%	4.2%	86.1%	5.4%	55.6%	55.6%
Excluding Finance	5.6%	6.2%	9.1%	91.3%	7.3%	56.5%	56.5%
Excluding Oil	7.6%	10.1%	4.2%	86.1%	5.4%	55.6%	55.6%

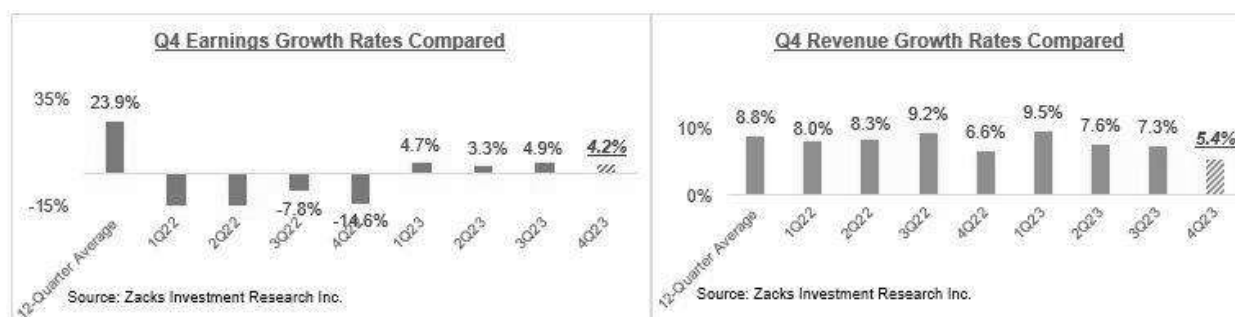
Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024 www.zacks.com

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 Q4 earnings and revenue growth rates in a historical context.



The comparison charts below put the Q4 EPS and revenue beats percentages for these 36 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.

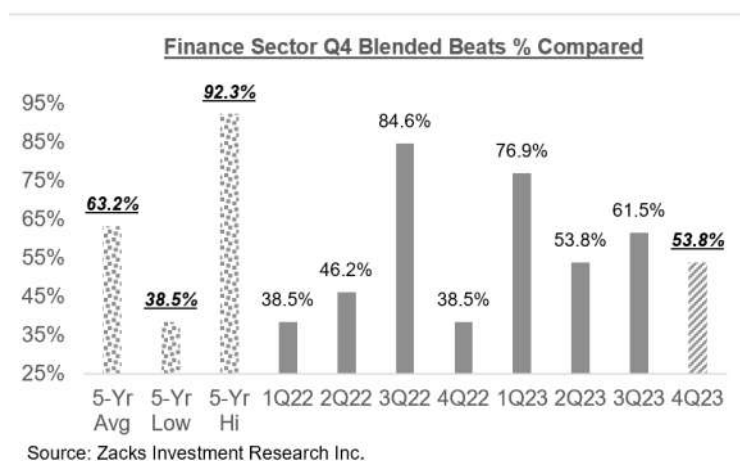
You can see this more clearly in the 'blended' beats percentage that shows the proportion of these companies that have beaten both EPS and revenue estimates.

For the 36 index members that have reported results thus far, only 55.6% have been able to beat both EPS and revenue estimates. The comparison charts below put the Q4 revenue growth pace and the blended beats percentage in a historical context.



For the **Finance sector**, we now have Q4 results from 35% of the sector's market capitalization in the S&P 500 index. Total earnings for these Finance companies are up +1.4% from the same period last year on +1.5% higher revenues, with 76.9% beating EPS estimates and 53.8% beating revenue estimates.

The comparison charts below put the sector's Q4 blended beats percentage in a historical context ('blended' beats mean companies that beat 'both' EPS and revenue estimates)



Section 2 – The Blended Picture

Total Q4 earnings or aggregate net income for the S&P 500 index are expected to be up +0.2% from the same period last year on +2.2% higher revenues. The summary table below shows the blended or composite Q4 expectations and the actuals for the preceding period (2023 Q3).

Zacks Sectors	S&P 500 Summary Picture Year-over-Year Growth					
	Earnings		Revenues		Margins	
	4Q23	3Q23	4Q23E	3Q23	4Q23E	3Q23
Cons. Staples	-0.3%	3.9%	2.8%	4.2%	-0.35%	0.0%
Cons. Discretionary	21.4%	49.7%	3.3%	8.3%	1.16%	2.9%
Retail/Wholesale	18.2%	25.2%	5.4%	5.9%	0.50%	0.84%
Medical	-21.8%	-16.7%	4.1%	6.6%	-2.49%	-2.5%
Autos	-43.0%	-6.3%	-4.1%	8.6%	-3.29%	-1.1%
Basic Materials	-27.7%	-23.9%	-7.5%	-12.5%	-2.21%	-1.4%
Industrial Products	3.3%	11.0%	1.4%	1.9%	0.22%	1.2%
Construction	-0.5%	0.9%	4.1%	5.4%	-0.56%	-0.6%
Conglomerates	-18.4%	1.2%	-13.3%	-7.6%	-0.81%	1.2%
Technology	18.7%	25.1%	6.6%	4.6%	2.33%	3.9%
Aerospace	3.7%	55.1%	5.1%	9.0%	-0.09%	1.7%
Oil/Energy	-27.4%	-34.4%	-9.4%	-18.0%	-2.46%	-2.8%
Finance	8.2%	9.7%	3.9%	6.0%	0.69%	0.6%
Utilities	14.0%	6.8%	1.7%	-6.0%	1.22%	1.9%
Transportation	-20.4%	-18.3%	-1.9%	-5.3%	-1.66%	-1.3%
Business Services	1.9%	8.2%	4.8%	6.1%	-0.59%	0.4%
S&P 500	0.2%	3.8%	2.2%	2.0%	-0.23%	0.22%
ex Finance	-1.3%	2.6%	2.0%	1.4%	-0.4%	0.1%
ex Oil/Energy	3.3%	9.1%	3.5%	4.4%	-0.01%	0.5%
ex Tech	-6.4%	-2.5%	2.8%	2.3%	0.00%	0.0%

Source: Zacks Investment Research, Inc.
Data as of: 1/17/24 www.zacks.com

Half of the 16 Zacks sectors are expected to earn less in 2023 Q4 relative to the year-earlier period. These include Cons. Staples (-0.3%), Medical (-21.8%), Autos (-43.0%), Basic Materials (-27.7%), Construction (-0.5%), Conglomerates (-18.4%), Oil/Energy (-27.4%), and Transportation (-20.4%).

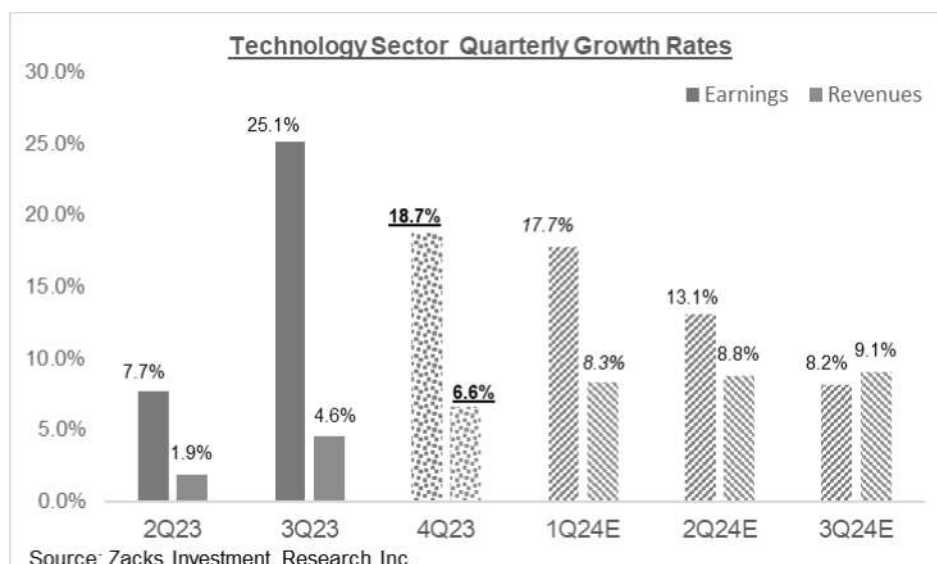
On the positive side, 8 of the 16 Zacks sectors are projected to post growth, including Cons. Discretionary (+21.4%), Retail (+18.2%), Industrial Products (+3.3%), Technology (+18.7%), Aerospace (+3.7%), Finance (+8.2%), Utilities (+14.0%), and Business Services (+1.9%).

The chart nearby shows the absolute quarterly dollar total for 2023 Q4 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.



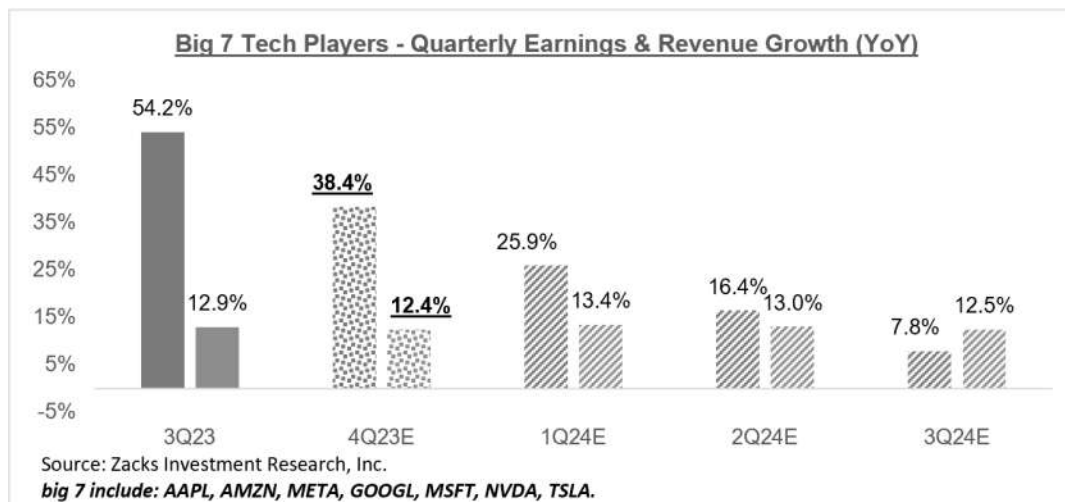
As you can see above, the quarterly earnings tally bottomed in 2023 Q1 and has been steadily on an uptrend since then.

Total **Tech sector** earnings are expected to grow +18.7% in Q4 on +6.6% higher revenues, which follows earnings growth of +25.1% on +4.6% higher revenues in the preceding quarter (2023 Q3). The Tech sector's growth pace is expected to continue and remain positive from 2023 Q4 onwards, as we can see below.

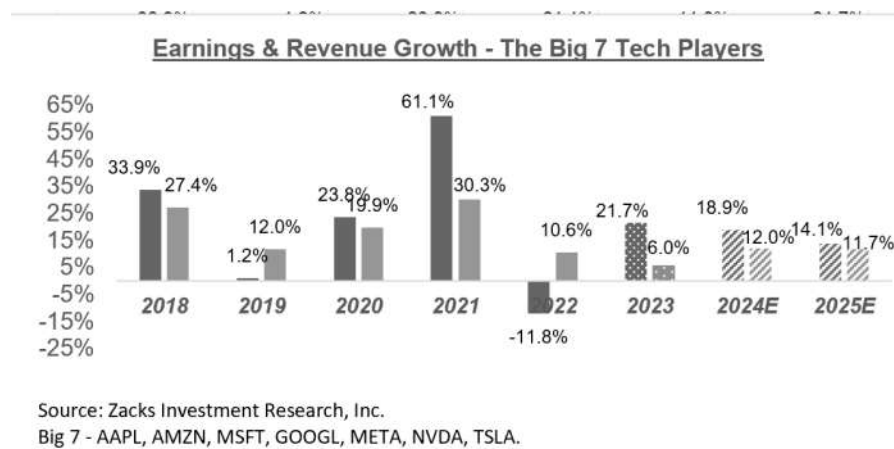


The Big 7 Tech Players

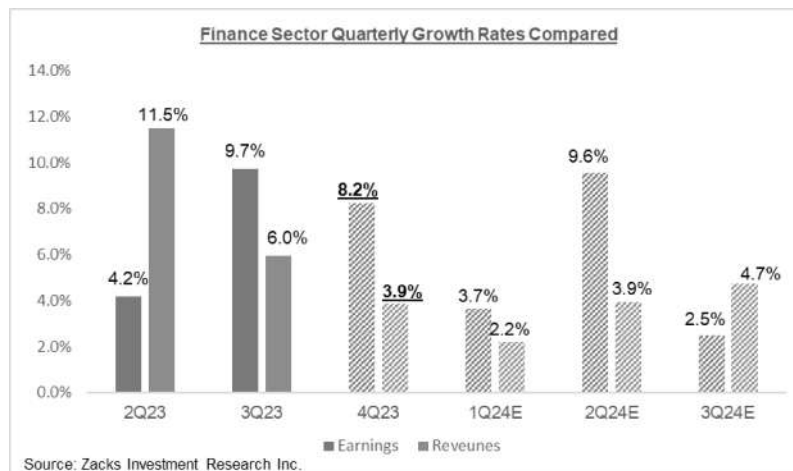
For the 'Big 7 Tech Players' - Microsoft, Alphabet, Meta, Nvidia, Apple, Tesla, and Amazon – total Q4 earnings are expected to be up +38.4% on +12.4% higher revenues in Q4. This would follow the +54.2% earnings growth for the group in Q3 on +12.9% higher revenues, as the chart below shows.



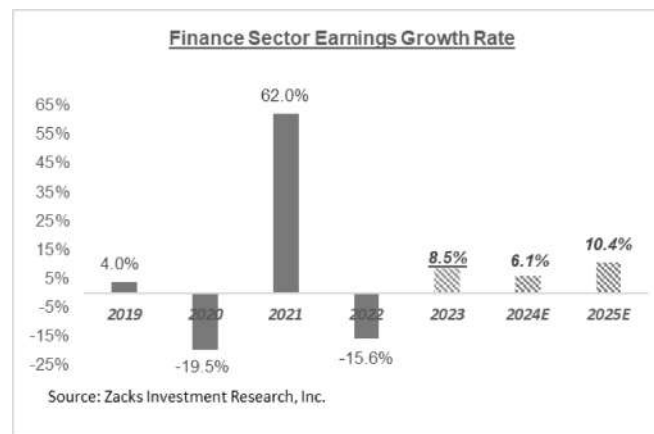
The chart below shows the group's earnings picture on an annual basis.



Finance sector earnings are expected to be up +8.2% on +3.9% higher revenues in Q3, which follows earnings growth of +9.7% on 6.0% 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 Q4 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)								
	3Q24E	2Q24E	1Q24E	4Q23	3Q23	2Q23	1Q23	4Q22	3Q22
Consumer Staples	5.8%	3.9%	4.1%	-0.3%	3.9%	4.2%	-2.0%	0.0%	3.8%
Consumer Discrt	10.3%	15.3%	8.2%	21.4%	49.7%	22.1%	33.0%	25.4%	25.6%
Retail	9.4%	8.7%	11.9%	18.2%	25.2%	18.9%	2.4%	-28.9%	-4.7%
Medical	15.2%	22.6%	-0.4%	-21.8%	-16.7%	-29.1%	-19.3%	-6.6%	-2.6%
Auto/Tires/Trks	7.6%	-12.8%	-13.3%	-43.0%	-6.3%	25.1%	10.4%	58.1%	31.4%
Basic Materials	6.8%	-7.0%	-16.2%	-27.7%	-23.9%	-34.3%	-29.4%	-26.9%	-18.0%
Industrial Prod	1.0%	-2.7%	-1.5%	3.3%	11.0%	20.6%	18.4%	17.0%	20.4%
Construction	0.6%	3.4%	3.8%	-0.5%	0.9%	-10.5%	-19.1%	6.1%	22.3%
Conglomerates	6.0%	11.1%	1.5%	-18.4%	1.2%	-14.2%	-9.2%	11.8%	2.3%
Computer & Tech	8.2%	13.1%	17.7%	18.7%	25.1%	7.7%	-5.9%	-16.7%	-14.3%
Aerospace	59.2%	19.8%	17.6%	3.7%	55.1%	-1.6%	15.7%	160.6%	-50.9%
Oils/Energy	-0.7%	12.9%	-15.9%	-27.4%	-34.4%	-49.4%	15.2%	N/M	N/M
Finance	2.5%	9.6%	3.7%	8.2%	9.7%	4.2%	2.7%	-17.6%	-9.2%
Utilities	2.9%	6.7%	6.0%	14.0%	6.8%	-2.6%	-0.8%	7.5%	-6.3%
Transportation	18.3%	-10.5%	-6.5%	-20.4%	-18.3%	3.3%	N/M	N/M	N/M
Business Svcs	9.1%	8.7%	6.2%	1.9%	8.2%	6.5%	2.4%	7.6%	10.6%
S&P 500	7.6%	10.1%	4.6%	0.2%	3.8%	-6.7%	-2.3%	-5.5%	2.4%
Excluding Finance	8.7%	10.2%	4.8%	-1.3%	2.6%	-8.8%	-3.4%	-2.7%	5.0%
Excluding Oil	8.3%	9.9%	6.7%	3.3%	9.1%	-0.4%	-3.8%	-9.4%	-4.9%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

www.zacks.com

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)								
	3Q24E	2Q24E	1Q24E	4Q23E	3Q23	2Q23	1Q23	4Q22	3Q22
Cons. Staples	3.1%	2.3%	3.8%	2.8%	4.2%	5.6%	5.4%	6.4%	6.8%
Cons. Discretionary	5.1%	3.0%	3.1%	3.3%	8.3%	7.9%	17.6%	14.8%	12.3%
Retail/Wholesale	4.4%	4.4%	4.5%	5.4%	5.9%	4.5%	5.2%	5.9%	8.2%
Medical	6.5%	5.8%	4.8%	4.1%	6.6%	5.7%	4.1%	4.5%	4.1%
Autos	2.0%	-0.2%	3.8%	-4.1%	8.6%	22.6%	18.2%	24.4%	32.7%
Basic Materials	0.6%	-1.9%	-4.3%	-7.5%	-12.5%	-15.6%	-9.0%	-5.6%	5.9%
Industrial Products	1.7%	1.0%	-0.5%	1.4%	1.9%	6.0%	10.0%	10.2%	15.9%
Construction	3.7%	4.6%	4.4%	4.1%	5.4%	4.5%	2.8%	9.8%	19.6%
Conglomerates	4.6%	2.6%	0.6%	-13.3%	-7.6%	-8.1%	-8.1%	3.7%	2.9%
Technology	9.1%	8.8%	8.3%	6.6%	4.6%	1.9%	-2.2%	-2.2%	-4.9%
Aerospace	10.8%	7.6%	8.5%	5.1%	9.0%	11.7%	9.7%	12.5%	4.3%
Oil/Energy	0.5%	7.0%	-0.9%	-9.4%	-18.0%	-26.5%	-1.6%	32.0%	53.7%
Finance	4.7%	3.9%	2.2%	3.9%	6.0%	11.5%	12.0%	3.6%	7.8%
Utilities	6.9%	3.3%	2.3%	1.7%	-6.0%	-3.9%	11.8%	8.6%	14.5%
Transportation	5.4%	2.7%	0.8%	-1.9%	-5.3%	-5.1%	4.6%	8.6%	20.2%
Business Services	7.1%	5.6%	4.8%	4.8%	6.1%	5.7%	6.7%	6.8%	10.1%
S&P 500	5.1%	4.8%	3.8%	2.2%	2.0%	1.3%	4.7%	7.1%	10.2%
ex Finance	5.2%	5.0%	4.0%	2.0%	1.4%	0.0%	3.7%	7.5%	10.5%
ex Oil/Energy	5.6%	4.6%	4.2%	3.5%	4.4%	4.8%	5.3%	5.0%	6.5%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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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>3Q24E</u>	<u>2Q24E</u>	<u>1Q24E</u>	<u>4Q23</u>	<u>3Q23</u>	<u>2Q23</u>	<u>1Q23</u>	<u>4Q22</u>	<u>3Q22</u>
Cons. Staples	28.2	27.4	24.6	23.5	26.6	26.4	23.7	23.6	25.6
Cons. Discretionary	20.2	16.8	13.8	13.8	18.3	14.5	12.8	11.397	12.2
Retail/Wholesale	43.9	41.6	33.8	35.2	40.1	38.2	30.2	29.8	32.0
Medical	69.5	65.6	63.7	51.3	60.4	53.5	64.0	65.6	72.5
Autos	10.0	9.8	9.5	6.4	9.3	11.2	11.0	11.2	9.9
Basic Materials	10.3	10.6	9.4	8.0	9.7	11.4	11.2	11.1	12.7
Industrial Products	13.6	13.3	12.3	10.9	13.4	13.7	12.5	10.6	12.1
Construction	7.5	7.0	5.0	6.2	7.4	6.7	4.8	6.2	7.4
Conglomerates	5.8	5.6	4.8	5.4	5.5	5.0	4.7	6.6	5.4
Technology	152.2	140.2	134.0	147.4	140.7	124.0	113.8	124.1	112.5
Aerospace	8.5	7.8	6.9	7.0	5.3	6.5	5.9	6.7	3.4
Oil/Energy	39.4	37.3	35.4	34.6	39.6	33.0	42.1	47.7	60.4
Finance	93.5	94.4	91.0	83.0	91.2	86.2	87.8	76.7	83.1
Utilities	16.7	11.5	14.7	11.8	16.3	10.8	13.9	10.4	15.2
Transportation	11.4	11.8	6.6	8.7	9.6	13.2	7.0	10.9	11.8
Business Services	21.5	20.9	18.9	19.1	19.8	19.3	17.8	18.7	18.3
S&P 500	552.1	521.5	484.5	472.4	513.2	473.6	463.1	471.3	494.6
ex Finance	458.6	427.1	393.5	389.3	422.0	387.5	375.3	394.6	411.4
ex - Oil	512.8	484.2	449.2	437.8	473.6	440.6	421.1	423.7	434.2

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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Table 5 – Total Quarterly Revenues

<u>Zacks Sectors</u>	<u>Quarterly Revenues (billion dollars)</u>								
	<u>3Q24E</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>
Cons. Staples	208.7	210.4	197.5	209.3	202.4	205.7	190.4	203.6	194.3
Cons. Discretionary	185.9	176.7	170.2	177.1	176.9	171.5	165.1	171.5	163.3
Retail/Wholesale	774.1	744.0	718.5	765.8	741.5	712.9	687.5	726.8	700.5
Medical	723.7	712.0	690.8	682.9	679.4	673.2	659.2	656.1	637.5
Autos	141.1	142.8	137.2	131.7	138.3	143.1	132.2	137.4	127.4
Basic Materials	103.6	104.3	102.0	101.2	103.0	106.3	106.6	109.4	117.7
Industrial Products	95.1	95.7	92.7	88.4	93.6	94.8	93.2	87.2	91.9
Construction	56.7	54.9	47.1	52.1	54.6	52.5	45.1	50.0	51.8
Conglomerates	42.8	41.5	38.8	41.1	40.9	40.5	38.5	47.4	44.3
Technology	646.9	621.3	610.0	646.7	593.1	571.1	563.1	606.6	567.1
Aerospace	102.5	99.4	93.6	100.4	92.5	92.4	86.3	95.5	84.9
Oil/Energy	355.8	345.5	341.0	349.6	354.2	323.0	344.0	385.8	431.7
Finance	529.5	525.0	506.7	485.9	505.6	505.2	495.7	467.9	477.2
Utilities	107.3	90.8	111.1	103.8	100.4	87.9	108.6	102.0	106.7
Transportation	125.4	124.4	115.0	121.8	119.0	121.1	114.1	124.1	125.6
Business Services	98.5	97.1	92.4	91.9	92.0	91.9	88.1	87.7	86.7
S&P 500	4297.7	4185.9	4064.8	4149.7	4087.3	3993.1	3917.8	4059.0	4008.7
ex Finance	3768.2	3660.9	3558.1	3663.7	3581.7	3487.9	3422.1	3591.1	3531.5
ex Oil/Energy	3941.9	3840.4	3723.7	3800.1	3733.1	3670.1	3573.8	3673.2	3576.9

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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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 Q4 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 Q4 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 -3.5% on +0.8% higher revenues, with 2024 earnings expected to be up +11.4% on +4.9% 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	5.9%	0.8%	3.9%	2.3%	2.9%	9.9%	0.43%	-0.26%	-0.71%
Cons. Discretionary	22.4%	17.2%	43.7%	3.8%	9.5%	20.4%	1.44%	0.53%	1.22%
Retail/Wholesale	12.4%	14.3%	-16.4%	4.5%	5.2%	8.0%	0.37%	0.39%	-1.32%
Medical	18.2%	-23.2%	7.3%	7.3%	3.3%	8.9%	0.87%	-2.96%	-0.18%
Autos	3.7%	-10.1%	38.4%	4.9%	8.0%	22.4%	-0.08%	-1.36%	0.94%
Basic Materials	1.1%	-30.0%	3.1%	-1.1%	-11.3%	12.5%	0.21%	-2.55%	-1.10%
Industrial Products	2.5%	14.7%	12.5%	1.2%	6.4%	12.3%	0.17%	0.97%	0.02%
Construction	6.7%	-10.5%	21.5%	4.8%	3.2%	16.1%	0.22%	-1.83%	0.61%
Conglomerates	16.7%	-15.7%	6.6%	3.2%	-8.8%	2.5%	1.57%	-0.99%	0.50%
Technology	15.8%	5.8%	-4.7%	7.8%	0.5%	7.7%	1.59%	1.07%	-2.65%
Aerospace	33.0%	12.0%	-1.0%	8.2%	8.6%	3.3%	1.50%	0.20%	-0.27%
Oil/Energy	2.1%	-30.1%	N/M	2.4%	-15.2%	N/M	-0.02%	-2.29%	5.46%
Finance	6.1%	8.5%	-15.6%	4.2%	1.1%	7.7%	0.31%	1.22%	-4.55%
Utilities	8.3%	3.3%	2.5%	3.4%	0.6%	16.5%	0.63%	0.35%	-1.75%
Transportation	7.8%	-8.1%	N/M	2.5%	-1.6%	24.0%	0.40%	-0.55%	3.36%
Business Services	12.9%	0.7%	16.8%	6.1%	3.3%	13.7%	1.28%	-0.51%	0.54%
S&P 500	11.4%	-3.5%	6.1%	4.9%	0.8%	13.0%	0.72%	-0.53%	-0.79%
ex Finance	12.6%	-5.9%	11.9%	5.0%	0.8%	13.8%	0.79%	-0.78%	-0.19%
ex Oil/Energy	12.1%	-0.3%	-0.8%	5.1%	2.7%	10.1%	0.79%	-0.35%	-1.34%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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Table 8 – Annual Earnings Growth

	Earnings Growth (YoY)								
	2025E	2024E	2023	2022	2021	2020	2019	2018	2017
Consumer Staples	8.3%	5.9%	0.8%	3.9%	12.6%	4.5%	0.3%	9.7%	6.3%
Consumer Discrt	16.3%	22.4%	17.2%	43.7%	70.8%	-68.5%	13.4%	14.6%	9.8%
Retail	14.9%	12.4%	14.3%	-16.4%	39.7%	4.8%	5.7%	24.6%	4.4%
Medical	12.5%	18.2%	-23.2%	7.3%	26.3%	10.1%	8.8%	14.0%	6.5%
Auto/Tires/Trks	13.1%	3.7%	-10.1%	38.4%	101.1%	-19.1%	-11.8%	0.5%	-0.6%
Basic Materials	11.0%	1.1%	-30.0%	3.1%	114.8%	-10.0%	-16.6%	33.7%	13.2%
Industrial Prod	7.7%	2.5%	14.7%	12.5%	43.3%	-14.9%	-0.3%	27.5%	20.2%
Construction	10.7%	6.7%	-10.5%	21.5%	45.0%	24.5%	1.3%	40.4%	20.5%
Conglomerates	14.1%	16.7%	-15.7%	6.6%	44.9%	-26.3%	-4.6%	-9.8%	-10.6%
Computer & Tech	14.1%	15.8%	5.8%	-4.7%	45.1%	5.4%	-4.5%	27.3%	16.7%
Aerospace	19.8%	33.0%	12.0%	-1.0%	108.3%	-56.0%	-26.5%	27.9%	13.8%
Oils/Energy	10.4%	2.1%	-30.1%	N/M	-2627.3%	-106.3%	-30.4%	101.1%	206.4%
Finance	10.4%	6.1%	8.5%	-15.6%	62.0%	-19.5%	4.0%	22.6%	1.6%
Utilities	7.6%	8.3%	3.3%	2.5%	6.4%	3.1%	9.1%	11.3%	3.3%
Transportation	14.0%	7.8%	-8.1%	N/M	-584.2%	-110.7%	5.0%	23.4%	-2.5%
Business Svcs	13.8%	12.9%	0.7%	16.8%	20.3%	-3.4%	15.7%	24.8%	14.3%
S&P 500	12.4%	11.4%	-3.5%	6.1%	52.3%	-12.9%	-0.2%	23.4%	10.0%
Excluding Finance	12.9%	12.6%	-5.9%	11.9%	49.9%	-11.1%	-1.3%	23.6%	12.4%
Excluding Oil	12.6%	12.1%	-0.3%	-0.8%	45.0%	-9.2%	1.5%	20.7%	7.7%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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Table 8 (b) – Aggregate Annual Earnings Totals

<u>Zacks Sectors</u>	<u>Annual Earnings (billion dollars)</u>										
	2025E	2024E	<u>2023</u>	2022	2021	2020	2019	2018	2017	2016	2015
Cons. Staples	113.1	104.4	98.6	97.8	94.2	83.6	80.0	79.7	72.7	68.4	65.2
Cons. Discretionary	79.0	67.9	55.5	47.3	32.9	19.3	61.3	54.0	47.2	42.9	38.0
Retail/Wholesale	183.5	159.7	142.1	124.3	148.7	106.4	101.6	96.1	77.1	73.9	69.0
Medical	299.6	266.4	225.4	293.6	273.7	216.7	196.9	181.0	158.7	149.1	137.5
Autos	43.1	38.1	36.7	40.8	29.5	14.7	18.1	20.6	20.5	20.6	20.5
Basic Materials	44.5	40.1	39.7	56.7	55.0	25.6	28.4	34.1	25.5	22.5	24.1
Industrial Products	54.9	51.0	49.7	43.4	38.6	26.9	31.6	31.7	24.9	20.7	20.6
Construction	28.8	26.0	24.4	27.2	22.4	15.5	12.4	12.3	8.7	7.3	6.8
Conglomerates	25.9	22.7	19.4	23.0	21.6	14.9	20.2	21.2	23.5	26.3	25.9
Technology	669.2	586.4	506.4	478.8	502.3	346.3	328.5	344.1	270.3	231.6	224.7
Aerospace	38.7	32.3	24.3	21.7	21.9	10.5	23.9	32.4	25.4	22.3	21.5
Oil/Energy	165.3	149.8	146.7	209.7	83.3	-3.3	52.3	75.1	37.4	12.2	38.8
Finance	413.3	374.2	352.8	325.1	385.2	237.7	295.5	284.2	231.7	228.0	219.9
Utilities	61.0	56.7	52.3	50.6	49.4	46.4	45.0	41.3	37.1	35.9	33.0
Transportation	46.0	40.4	37.4	40.7	19.7	-4.1	38.1	36.3	29.4	30.2	34.7
Business Services	93.0	81.8	72.4	71.9	61.6	51.2	53.0	45.8	36.7	32.1	31.1
S&P 500	2358.9	2097.8	1883.9	1952.9	1840.0	1208.4	1386.9	1389.9	1126.7	1023.9	1011.2
ex Finance	1945.6	1723.6	1531.1	1627.8	1454.7	970.7	1091.4	1105.7	894.9	795.9	791.3
ex - Oil	2193.5	1948.0	1737.3	1743.2	1756.7	1211.7	1334.5	1314.7	1089.3	1011.7	972.5

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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Table 9 – Annual Revenues Growth

Zacks Sectors	Revenue Growth (YoY)								
	2025E	2024E	2023	2022	2021	2020	2019	2018	2017
Cons. Staples	3.5%	2.3%	2.9%	9.9%	10.4%	0.5%	5.8%	3.6%	3.0%
Cons. Discretionary	4.5%	3.8%	9.5%	20.4%	13.1%	-14.7%	11.1%	6.0%	14.9%
Retail/Wholesale	6.1%	4.5%	5.2%	8.0%	12.1%	10.7%	6.8%	7.4%	6.7%
Medical	6.5%	7.3%	3.3%	8.9%	14.6%	9.7%	13.4%	6.9%	5.7%
Autos	6.8%	4.9%	8.0%	22.4%	14.9%	-12.0%	-2.0%	6.5%	3.8%
Basic Materials	1.2%	-1.1%	-11.3%	12.5%	36.6%	-7.4%	-5.6%	14.0%	-5.1%
Industrial Products	3.0%	1.2%	6.4%	12.3%	13.0%	-7.2%	1.0%	13.4%	10.3%
Construction	5.8%	4.8%	3.2%	16.1%	19.4%	1.3%	5.1%	24.8%	11.9%
Conglomerates	6.8%	3.2%	-8.8%	2.5%	6.4%	-7.9%	-6.2%	0.9%	-9.1%
Technology	8.8%	7.8%	0.5%	7.7%	20.1%	3.9%	3.4%	12.4%	9.8%
Aerospace	6.6%	8.2%	8.6%	3.3%	5.1%	1.5%	2.7%	-1.0%	4.3%
Oil/Energy	4.8%	2.4%	-15.2%	N/M	62.4%	-32.8%	-2.0%	18.5%	21.2%
Finance	5.4%	4.2%	1.1%	7.7%	9.8%	-5.2%	5.8%	7.1%	6.9%
Utilities	3.2%	3.4%	0.6%	16.5%	15.4%	-7.6%	-0.3%	1.8%	4.4%
Transportation	4.6%	2.5%	-1.6%	24.0%	30.8%	-23.6%	3.7%	8.3%	8.7%
Business Services	7.7%	6.1%	3.3%	13.7%	12.1%	3.3%	8.4%	7.3%	4.6%
S&P 500	6.0%	4.9%	0.8%	13.0%	17.3%	-1.9%	5.0%	8.6%	7.4%
ex Finance	6.0%	5.0%	0.8%	13.8%	18.5%	-1.4%	4.9%	8.8%	7.4%
ex Oil/Energy	6.1%	5.1%	2.7%	10.1%	14.6%	0.8%	5.7%	7.7%	6.3%

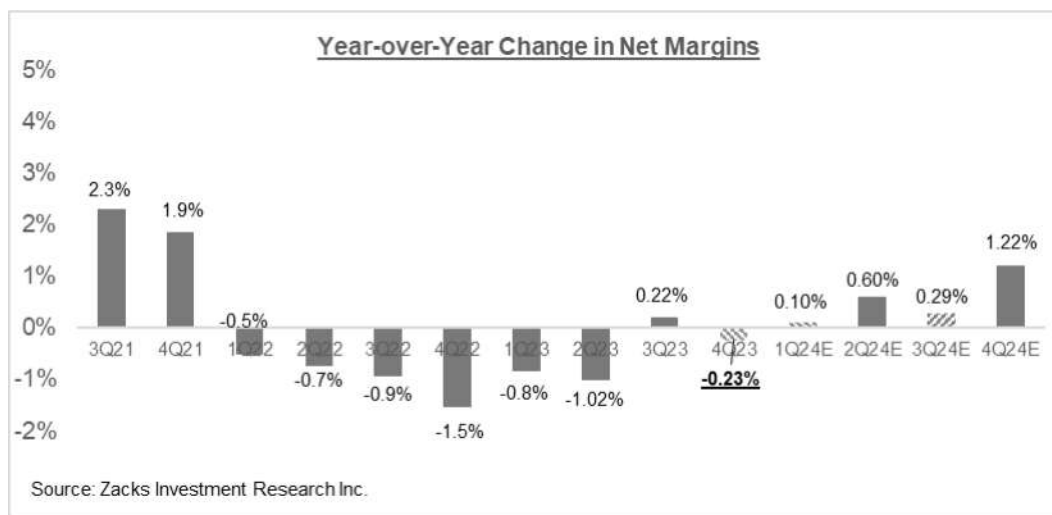
Source: Zacks Investment Research, Inc.

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The Margins Picture

Net margins (aggregate net income divided by aggregate revenues) are expected to be 11.4% in Q4, down from 12.6% in 2023 Q3 and 11.6% in 2022 Q4.

As you can see in the chart below showing the year-over-year changes in net margins, margins modestly turned positive in 2023 Q3 but are currently expected to be modestly down in 2023 Q4.

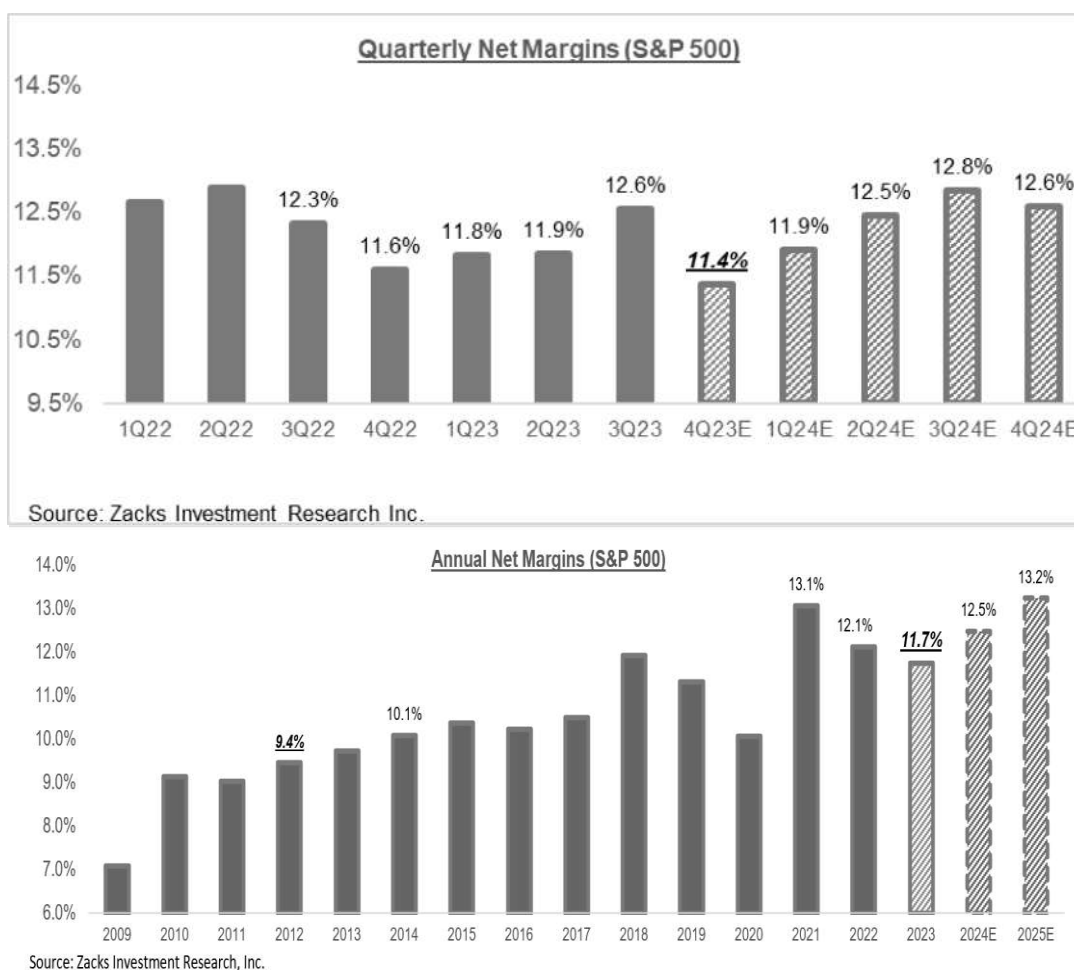


Looking at net margins on an annual basis, full-year 2023 margins are expected to reach 11.7%, down from 2022's 12.4% and 2021's 13.1%. The expectation is for margins to rise next year to 12.5%.

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.



What we saw in the ongoing inflation cycle is management teams' ability to pass on higher expenses to end consumers and protect margins. That said, not all companies in every industry have the same degree of pricing power. Also, management teams have to be mindful of the demand implications of ever-rising prices. On the whole, with the inflation question expected to continue moving in the right direction, analysts see margins start to expand again, as you can see in the chart above.

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

For the 23 S&P 600 companies that have reported results for their fiscal quarters ending in November which we count as part of our Q4 tally, total earnings are down -22.6% from the same period last year on +1.2% higher revenues, with 34.8% beating both earnings and revenue estimates.

	2023 Q4 Scorecard						
	% Reported		Earnings		Revenue		
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	Blended Beat %
Consumer Staples	10.7%	12.9%	3.9%	66.7%	-0.2%	33.3%	33.3%
Consumer Discrt	2.8%	2.8%	-	-	-	-	-
Retail	2.4%	2.7%	15.2%	100.0%	10.5%	100.0%	100.0%
Medical	0.0%	0.0%	-	-	-	-	-
Auto/Tires/Trks	0.0%	0.0%	-	-	-	-	-
Basic Materials	7.1%	7.1%	-88.9%	50.0%	66.0%	100.0%	50.0%
Industrial Prod	13.5%	10.8%	17.1%	100.0%	1.3%	60.0%	60.0%
Construction	5.3%	3.0%	-50.7%	0.0%	-19.9%	100.0%	0.0%
Conglomerates	20.0%	21.4%	-	-	-	-	-
Computer & Tech	4.3%	3.1%	-40.8%	66.7%	-26.7%	66.7%	33.3%
Aerospace	20.0%	17.4%	20.8%	0.0%	16.0%	0.0%	0.0%
Oils/Energy	0.0%	0.0%	-	-	-	-	-
Finance	1.8%	2.0%	-19.1%	66.7%	-8.5%	33.3%	0.0%
Utilities	0.0%	0.0%	-	-	-	-	-
Transportation	6.3%	4.4%	1450.0%	100.0%	5.6%	0.0%	0.0%
Business Svcs	3.0%	0.8%	-	-	-	-	-
S&P 600	3.8%	3.6%	-22.6%	69.6%	1.2%	56.5%	34.8%
Excluding Finance	4.6%	4.2%	-23.6%	70.0%	1.8%	60.0%	40.0%
Excluding Oil	4.0%	3.9%	-22.6%	69.6%	1.2%	56.5%	34.8%
Source: Zacks Investment Research, Inc.							
Data as of:	January 17, 2024					www.zacks.com	

For the S&P 600 index, total 2023 Q4 earnings or aggregate net income are expected to be down -10.7% from the same period last year on -0.7% lower revenues, as the summary table below shows.

Zacks Sectors	Year-over-Year Growth - S&P 600					
	Earnings		Revenues		Margins	
	4Q23E	3Q23	4Q23E	3Q23	4Q23E	3Q23
Cons. Staples	-14.4%	-10.0%	4.9%	2.1%	-0.7%	-0.5%
Cons. Discretionary	-9.3%	-5.4%	-3.9%	1.2%	-0.3%	-0.4%
Retail/Wholesale	5.8%	-19.0%	0.7%	0.0%	0.2%	-0.8%
Medical	-12.3%	-36.2%	6.6%	5.3%	-0.8%	-2.6%
Autos	-9.9%	-25.9%	-0.9%	10.1%	-0.2%	-1.6%
Basic Materials	-31.5%	-30.8%	-1.4%	-9.1%	-1.7%	-1.5%
Industrial Products	-11.5%	-5.6%	-1.7%	-3.3%	-0.6%	-0.2%
Construction	-17.7%	-13.9%	-10.5%	-9.2%	-0.7%	-0.5%
Conglomerates	5.0%	23.4%	-3.9%	-6.4%	0.5%	2.4%
Technology	-26.0%	-66.2%	-3.6%	-2.6%	-1.5%	-4.1%
Aerospace	7.3%	56.3%	9.5%	18.5%	-0.1%	1.4%
Oil/Energy	-35.4%	-28.5%	-6.5%	-12.4%	-2.1%	-1.2%
Finance	12.3%	14.0%	5.0%	-0.1%	1.0%	1.4%
Utilities	31.1%	6.7%	0.7%	1.5%	1.7%	0.2%
Transportation	-58.4%	-52.6%	-3.1%	-5.5%	-2.8%	-3.6%
Business Services	-55.5%	-28.4%	-2.7%	-3.9%	-2.6%	-1.3%
S&P 600	-10.7%	-17.2%	-0.7%	-2.4%	-0.6%	-1.0%
ex Finance	-20.1%	-25.7%	-1.5%	-2.8%	-1.0%	-1.4%
ex Oil/Energy	-7.7%	-15.7%	-0.1%	-1.2%	-0.5%	-1.0%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

www.zacks.com

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

Let's take a look at how consensus earnings expectations for 2023 Q4 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)								
	3Q24E	2Q24E	1Q24E	4Q23E	3Q23	2Q23	1Q23	4Q22	3Q22
Consumer Staples	8.6%	15.9%	7.4%	-14.4%	-10.0%	-16.1%	-26.4%	-9.8%	-1.6%
Consumer Discret	11.2%	5.3%	9.8%	-9.3%	-5.4%	-19%	-36.4%	-20.7%	-22.4%
Retail	12.6%	-6.0%	-5.2%	5.8%	-19.0%	-12.7%	-19.2%	-22.7%	-22.5%
Medical	11.2%	-10.2%	2.4%	-12.3%	-36.2%	-14.0%	-61.2%	-66.9%	-20.4%
Auto/Tires/Trks	22.0%	9.6%	40.6%	-9.9%	-25.9%	-2.2%	-47.3%	-25.7%	35.5%
Basic Materials	15.7%	11.0%	14.7%	-31.5%	-30.8%	-43.2%	-1.2%	14.9%	70.9%
Industrial Prod	5.8%	0.7%	-11.8%	-11.5%	-5.6%	-8.8%	4.2%	-5.1%	0.4%
Construction	-4.7%	0.1%	-9.6%	-17.7%	-13.9%	-27.3%	-32.3%	-4.6%	29.3%
Conglomerates	5.1%	-19.3%	-0.6%	5.0%	23.4%	36.8%	5.0%	-22.5%	-6.4%
Computer & Tech	182.1%	14.2%	-57.5%	-26.0%	-66.2%	-35.2%	52.2%	-14.8%	-7.9%
Aerospace	11.3%	27.9%	-0.5%	7.3%	56.3%	5.4%	23.1%	2.2%	-16.7%
Oils/Energy	17.1%	-1.0%	-26.5%	-35.4%	-28.5%	N/M	N/M	247.4%	383.1%
Finance	37.6%	46.9%	22.1%	12.3%	14.0%	-25.5%	-4.4%	-19.6%	-40.0%
Utilities	5.9%	-5.7%	-1.2%	31.1%	6.7%	-21.7%	-25.6%	-10.5%	-26.2%
Transportation	71.4%	-7.3%	2.5%	-58.4%	-52.6%	-13.2%	-20.7%	10.3%	31.2%
Business Svcs	-2.1%	-19.7%	-48.1%	-55.5%	-28.4%	-15.1%	-28.9%	-37.1%	-32.0%
S&P 600	24.6%	11.8%	-6.8%	-10.7%	-17.2%	-18.7%	-8.2%	-15.1%	-8.2%
Excluding Finance	19.2%	0.1%	-17.4%	-20.1%	-25.7%	-16.2%	-9.5%	-13.1%	7.3%
Excluding Oil	25.4%	13.1%	-4.3%	-7.7%	-15.7%	-21.6%	-14.3%	-22.3%	-16.7%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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Quarterly Revenue Growth

	Revenue Growth (YoY)								
	3Q24E	2Q24E	1Q24E	4Q23E	3Q23	2Q23	1Q23	4Q22	3Q22
Cons. Staples	5.1%	9.2%	7.7%	4.9%	2.1%	-1.7%	-1.9%	0.7%	1.8%
Cons. Discretionary	2.1%	0.8%	-0.7%	-3.9%	1.2%	0.7%	0.0%	3.3%	-0.9%
Retail/Wholesale	2.7%	2.5%	1.8%	0.7%	0.0%	-0.4%	0.5%	7.0%	9.3%
Medical	4.0%	2.0%	5.5%	6.6%	5.3%	7.0%	-0.5%	-2.1%	11.9%
Autos	4.4%	3.4%	2.4%	-0.9%	10.1%	-2.8%	-4.3%	3.9%	15.2%
Basic Materials	2.7%	4.8%	1.9%	-1.4%	-9.1%	-4.5%	6.3%	17.4%	27.3%
Industrial Products	3.3%	2.0%	-0.5%	-1.7%	-3.3%	-2.9%	1.8%	5.4%	7.7%
Construction	5.8%	4.3%	-0.6%	-10.5%	-9.2%	-12.6%	-10.2%	6.9%	14.0%
Conglomerates	1.3%	1.2%	11.7%	-3.9%	-6.4%	-10.3%	-8.6%	6.1%	6.2%
Technology	18.8%	17.0%	13.3%	-3.6%	-2.6%	-2.7%	-0.8%	1.3%	4.0%
Aerospace	7.1%	7.8%	4.9%	9.5%	18.5%	11.2%	12.2%	8.3%	0.3%
Oil/Energy	2.9%	9.3%	-0.3%	-6.5%	-12.4%	-21.9%	12.3%	31.6%	66.0%
Finance	1.4%	5.5%	9.6%	5.0%	-0.1%	-12.6%	-12.8%	-5.6%	5.9%
Utilities	3.2%	1.4%	0.3%	0.7%	1.5%	2.3%	6.8%	10.3%	11.6%
Transportation	5.9%	1.1%	-3.0%	-3.1%	-5.5%	5.6%	20.6%	23.7%	38.0%
Business Services	0.0%	-1.7%	-4.7%	-2.7%	-3.9%	-3.3%	-0.9%	-2.8%	4.1%
S&P 600	4.3%	4.9%	3.3%	-0.7%	-2.4%	-5.3%	-0.3%	5.8%	13.4%
ex Finance	4.8%	4.8%	2.3%	-1.5%	-2.8%	-4.1%	1.9%	7.7%	14.7%
ex Oil/Energy	4.4%	4.5%	3.6%	-0.1%	-1.2%	-3.2%	-1.5%	3.5%	9.1%

Source: Zacks Investment Research, Inc.

Data as of: January 17, 2024

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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.

Total Quarterly Earnings

<u>Zacks Sectors</u>	<u>Quarterly Earnings (billion dollars)</u>								
	<u>3Q24E</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>
Cons. Staples	0.89	0.97	0.58	0.65	0.82	0.83	0.54	0.76	0.91
Cons. Discretionary	1.27	1.47	1.03	1.17	1.14	1.40	0.94	1.30	1.21
Retail/Wholesale	1.78	1.93	1.66	2.05	1.58	2.05	1.75	1.94	1.95
Medical	0.96	0.95	0.81	0.85	0.86	1.06	0.79	0.97	1.35
Autos	0.36	0.39	0.26	0.14	0.29	0.36	0.19	0.16	0.40
Basic Materials	0.90	1.06	1.32	0.68	0.78	0.95	1.15	0.99	1.13
Industrial Products	1.41	1.50	1.27	1.03	1.33	1.49	1.44	1.16	1.41
Construction	1.42	1.31	0.90	1.10	1.49	1.31	1.00	1.34	1.73
Conglomerates	0.28	0.25	0.19	0.16	0.27	0.31	0.19	0.16	0.22
Technology	1.53	1.39	1.07	1.24	0.54	1.22	2.51	1.68	1.61
Aerospace	0.14	0.13	0.13	0.10	0.13	0.10	0.13	0.09	0.08
Oil/Energy	1.97	1.82	1.63	1.45	1.68	1.84	2.22	2.25	2.35
Finance	7.09	7.21	6.48	6.65	5.15	4.91	5.31	5.93	4.52
Utilities	0.22	0.18	0.27	0.34	0.21	0.19	0.28	0.26	0.19
Transportation	0.88	0.83	0.22	0.28	0.51	0.90	0.22	0.68	1.09
Business Services	0.67	0.64	0.57	0.36	0.68	0.80	1.09	0.82	0.95
S&P 600	21.77	22.03	18.38	18.28	17.47	19.71	19.72	20.48	21.09
ex Finance	14.68	14.81	11.91	11.63	12.32	14.80	14.42	14.56	16.57
ex - Oil	19.80	20.21	16.75	16.83	15.79	17.87	17.50	18.23	18.75

Source: Zacks Investment Research, Inc.

Data as of:

January 17, 2024

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Total Quarterly Revenues

	<u>Quarterly Revenues (billion dollars)</u>								
	<u>3Q24E</u>	<u>2Q24E</u>	<u>1Q24E</u>	<u>4Q23E</u>	<u>Q421</u>	<u>2Q23</u>	<u>1Q23</u>	<u>4Q22</u>	<u>3Q22</u>
Cons. Staples	21.87	22.68	21.29	22.03	20.80	20.77	19.77	21.00	20.37
Cons. Discretionary	21.18	21.72	20.31	21.56	20.76	21.54	20.46	22.44	20.52
Retail/Wholesale	50.28	50.16	49.76	53.02	48.95	48.94	48.87	52.64	48.95
Medical	22.68	22.53	22.08	21.95	21.81	22.10	20.92	20.59	20.71
Autos	9.07	8.26	7.81	7.32	8.69	7.99	7.63	7.39	7.89
Basic Materials	16.88	18.58	18.30	17.99	16.43	17.73	17.96	18.24	18.08
Industrial Products	20.23	20.85	19.85	19.77	19.59	20.44	19.95	20.10	20.26
Construction	16.11	15.53	13.25	14.46	15.23	14.89	13.34	16.15	16.77
Conglomerates	2.76	2.83	2.92	2.59	2.73	2.80	2.61	2.70	2.91
Technology	29.87	29.53	28.36	25.13	25.15	25.24	25.03	26.07	25.81
Aerospace	2.29	2.24	2.24	2.07	2.14	2.08	2.13	1.89	1.81
Oil/Energy	31.99	31.29	30.48	30.36	31.10	28.62	30.57	32.46	35.52
Finance	45.82	44.37	42.03	42.58	45.21	42.05	38.36	40.56	45.27
Utilities	4.49	4.31	4.66	4.69	4.35	4.25	4.64	4.66	4.28
Transportation	14.86	14.35	12.99	13.38	14.04	14.18	13.39	13.80	14.86
Business Services	17.32	16.89	16.70	16.86	17.32	17.19	17.53	17.33	18.02
S&P 600	327.71	326.11	313.04	315.76	314.29	310.82	303.18	318.03	322.03
ex Finance	281.88	281.74	271.02	273.18	269.08	268.77	264.82	277.46	276.76
ex Oil/Energy	295.72	294.82	282.56	285.40	283.19	282.20	272.61	285.56	286.51

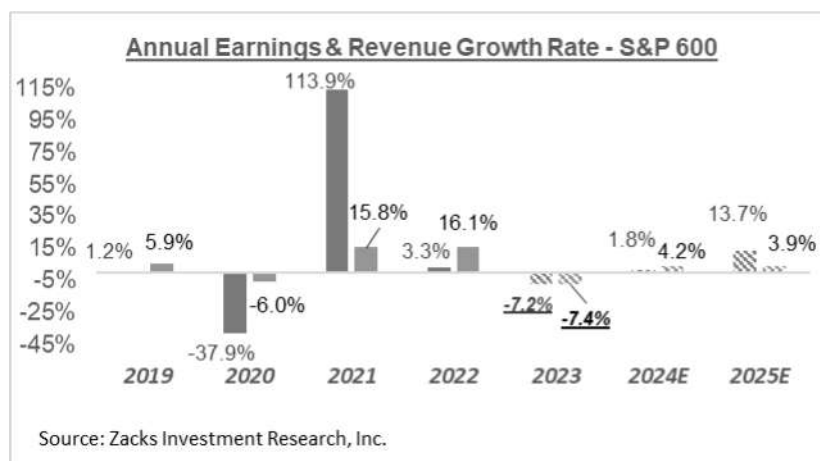
Source: Zacks Investment Research, Inc.

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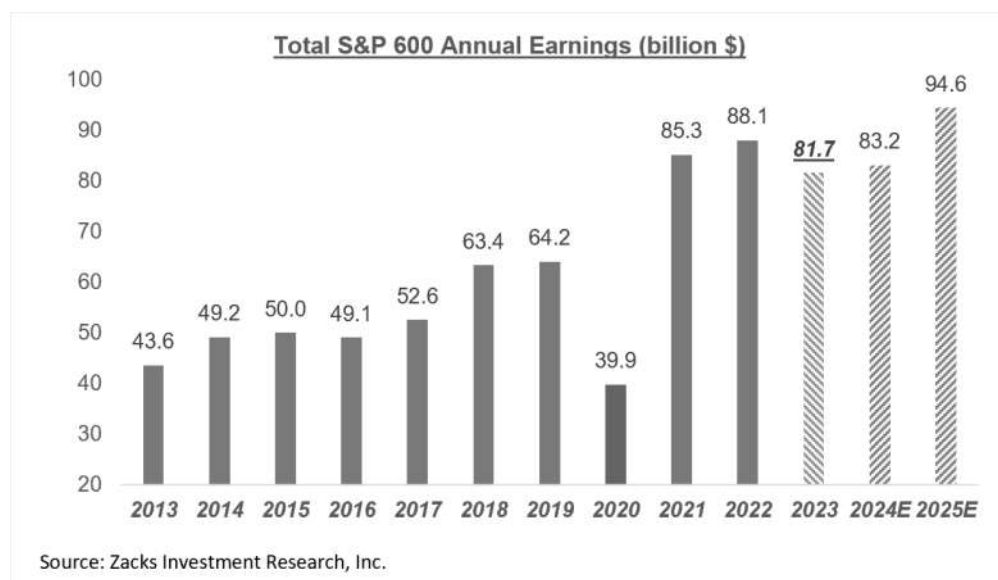
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Looking at the small-cap index on an annual basis, total 2023 earnings are currently expected to be down -7.2% on -7.4% lower revenues.

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.

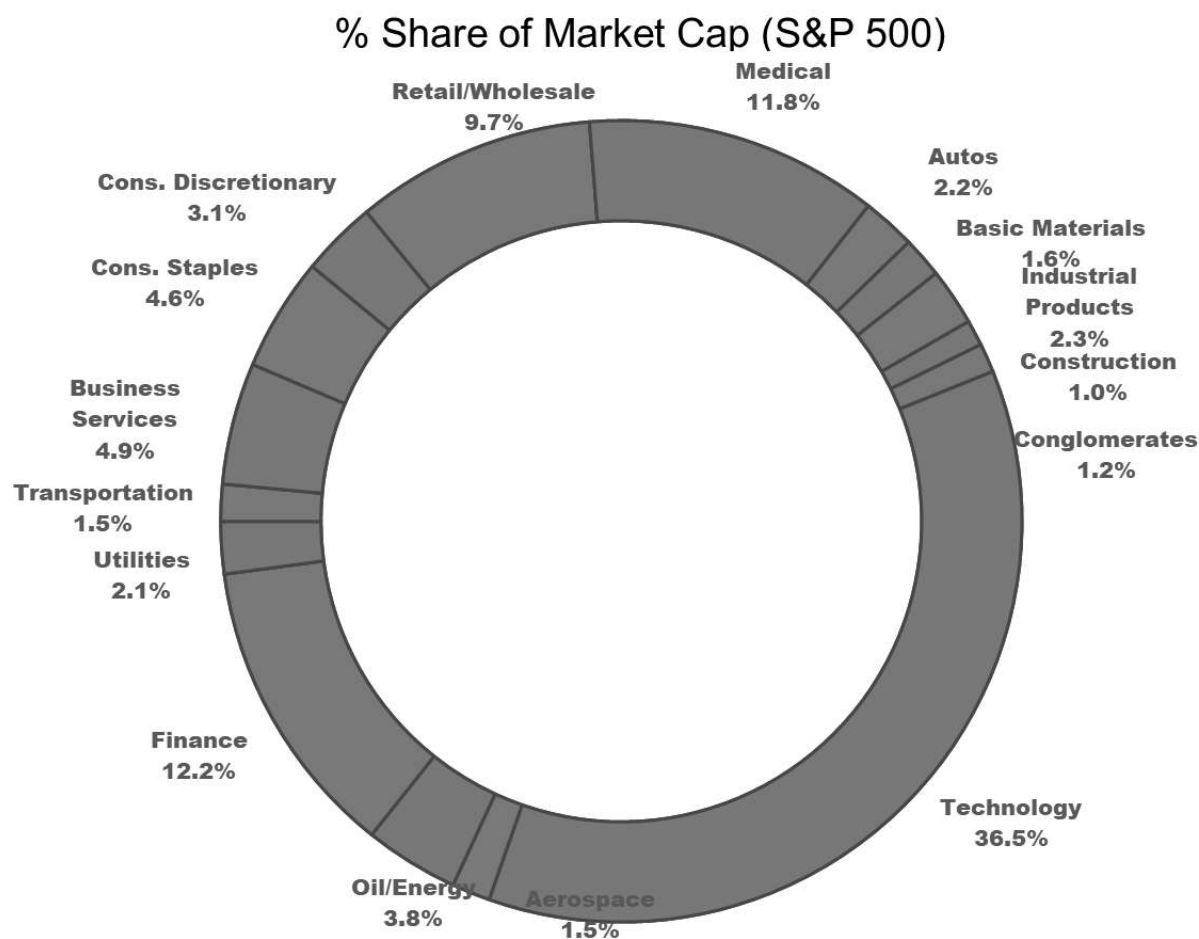


Section 6: Market Cap vs. Total Earnings

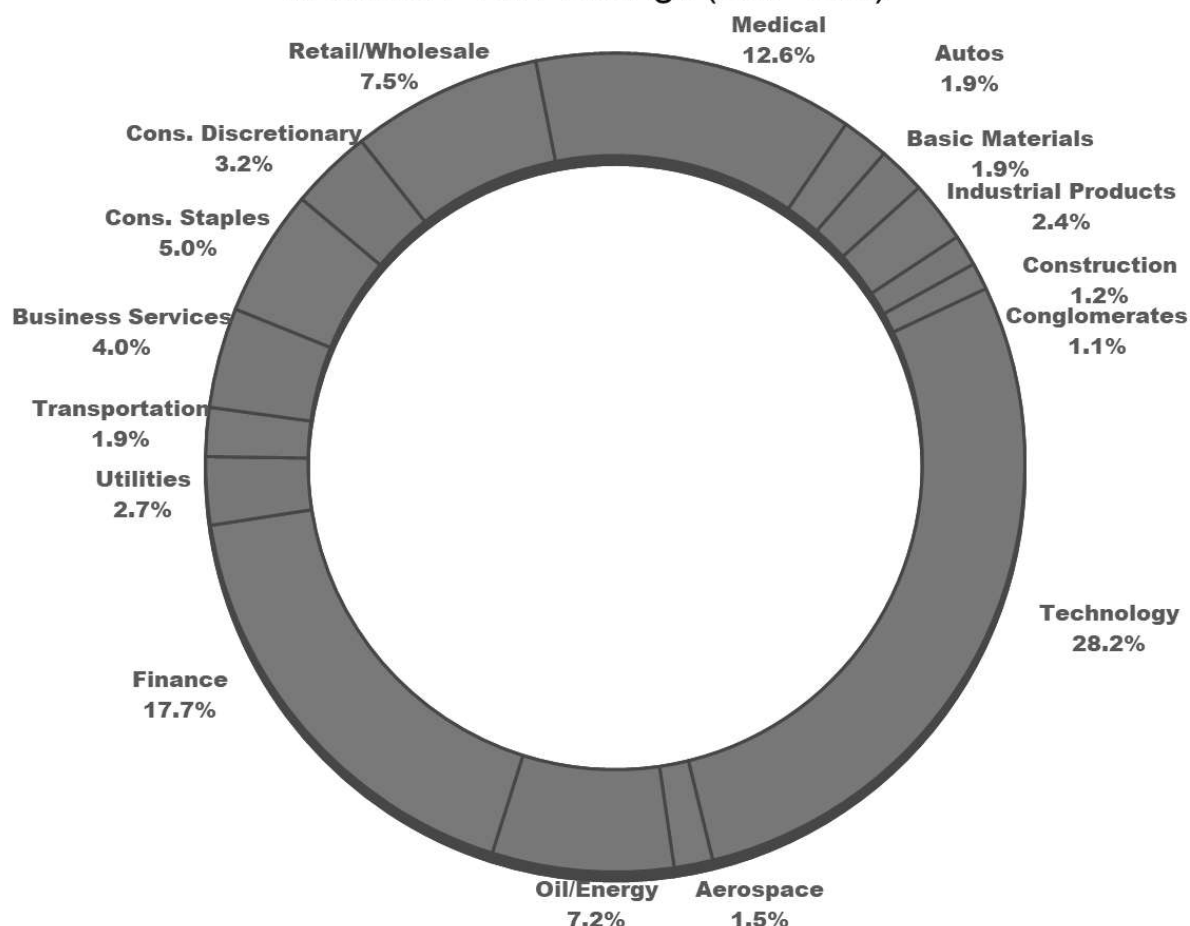
The charts below show the share of total forward 12-month earnings (next four quarters) as well as the share of total market capitalization for each of the 16 Zacks sectors in the S&P 500 index. Since the S&P 500 is a market-cap-weighted index, each sector's market cap share is also its index weight.

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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