

REVISITING OUR EARNINGS PATH

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After a tumultuous 1Q earnings season amid numerous bank collapses, investors are continuing to closely monitor second-quarter earnings as the latest numbers pour in.

Blended Sales and Earnings Growth

With earnings season fully underway, the screenshot below was taken from the [Growth \(All\)](#) tab of the Earnings Path on July 31, when 255 out of 500 companies in the [S&P 500](#) had reported their 2Q earnings. The sales and earnings growth figures represent a combination of actual reported sales and earnings growth and analyst estimates.

Analysts expected the heavily weighted Information Technology sector to have a negative earnings growth of -3.5% against broader index-level estimates of -9.1%, partially driven by positive sentiment around artificial intelligence.

The Energy sector is expected to have a dramatically negative earnings growth of -52%—a stark difference in outlook compared to 1Q earnings of 14.4% as oil demand weakened.

| | | |
|--------------|-------------------|----------|
| GROWTH (ALL) | GROWTH (REPORTED) | SURPRISE |
|--------------|-------------------|----------|


| S&P 500 Q2-2023 (As of 07/28/23) | | | | |
|----------------------------------|----------------|-----------------------------|--------|----------|
| GROWTH (ALL) ENTITY | COUNT TOTAL | WEIGHT % WEIGHT OF INDEX | GROWTH | |
| | | | SALES | EARNINGS |
| Index | 500 | 100.0% | 0.0% | -7.5% |
| Communication Services | 20 | 8.7% | 3.4% | 18.3% |
| Consumer Discretionary | 53 | 10.5% | 8.8% | 36.5% |
| Consumer Staples | 37 | 6.6% | 3.4% | 3.4% |
| Energy | 23 | 4.2% | -29.0% | -52.0% |
| Financials | 72 | 12.6% | 8.5% | 4.1% |
| Health Care | 65 | 13.2% | 3.4% | -30.0% |
| Industrials | 75 | 8.5% | 3.9% | 9.4% |
| Information Technology | 65 | 28.1% | -0.9% | -0.9% |
| Materials | 29 | 2.5% | -11.6% | -31.2% |
| Real Estate | 31 | 2.5% | 4.1% | 8.8% |
| Utilities | 30 | 2.6% | -1.2% | 1.3% |

Sources: WisdomTree, FactSet, as of 7/31/23. Q2-2023 refers to companies with financial report periods between 5/16/23 and 8/15/23.

Reported Figures

The below screenshot was taken from the Growth (Reported) tab of the tool, which shows actual sales and earnings growth figures from reporting companies. As of July 28, 2023, 56 out of 72 companies in the Financials sector had reported 2Q figures, while only 9 out of 30 utilities companies had reported sales and earnings.

| | | |
|--------------|--------------------------|----------|
| GROWTH (ALL) | GROWTH (REPORTED) | SURPRISE |
|--------------|--------------------------|----------|

| S&P 500 Q2-2023 (As of 07/28/23) | | | | | |
|---|----------------|-------------------|-------------------|--------|----------|
|  | | | | | |
| GROWTH (REPORTED) | COUNT | WEIGHT | | GROWTH | |
| ENTITY | REPORTED/TOTAL | % WEIGHT REPORTED | % WEIGHT OF INDEX | SALES | EARNINGS |
| 📊 Index | 255 / 500 | 56.8% | 100.0% | 1.7% | -1.2% |
| 📞 Communication Services | 12 / 20 | 91.3% | 8.7% | 3.8% | 13.4% |
| 👤 Consumer Discretionary | 27 / 53 | 42.3% | 10.5% | 14.8% | 23.9% |
| 🛒 Consumer Staples | 19 / 37 | 71.5% | 6.6% | 4.1% | 7.7% |
| ⚡ Energy | 9 / 23 | 61.4% | 4.2% | -26.4% | -49.4% |
| 🏦 Financials | 56 / 72 | 77.3% | 12.6% | 11.9% | 7.7% |
| 🏥 Health Care | 24 / 65 | 52.0% | 13.2% | 6.5% | -3.8% |
| 🏭 Industrials | 43 / 75 | 61.0% | 8.5% | 5.0% | 15.3% |
| 💻 Information Technology | 27 / 65 | 40.9% | 28.1% | -1.6% | -5.5% |
| 🏗️ Materials | 13 / 29 | 59.0% | 2.5% | -11.7% | -26.7% |
| 🏠 Real Estate | 16 / 31 | 56.5% | 2.5% | 2.5% | 12.9% |
| ⚡ Utilities | 9 / 30 | 37.9% | 2.6% | 5.1% | 5.3% |

Sources: WisdomTree, FactSet, as of 7/31/23. Q2-2023 refers to companies with financial report periods between 5/16/23 and 8/15/23.

Surprises

The Surprise tab shows the difference between actual reported sales and earnings versus median analyst estimates. So far, 27 of the 65 companies in the Information Technology sector have reported Q2 earnings, with an earnings surprise of 9.2% and a sales surprise of 1.6%. As of July 28, all 11 sectors of the S&P 500 Index show positive earnings surprises, while 8 out of 11 sectors show positive sales surprises.

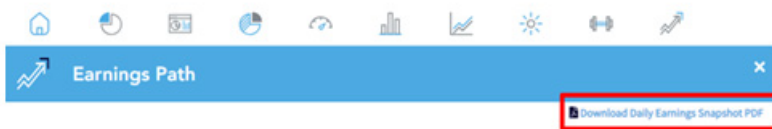
| | | |
|--------------|-------------------|-----------------|
| GROWTH (ALL) | GROWTH (REPORTED) | SURPRISE |
|--------------|-------------------|-----------------|

| S&P 500 Q2-2023 (As of 07/28/23) | | | | | | |
|----------------------------------|-----------|--------|----------------|-------------------|-------------------|-------|
| EARNINGS SURPRISE | COUNT | WEIGHT | | SURPRISE | | |
| | | ENTITY | REPORTED/TOTAL | % WEIGHT REPORTED | % WEIGHT OF INDEX | SALES |
| Index | 255 / 500 | | 56.8% | 100.0% | 1.2% | 6.1% |
| Communication Services | 12 / 20 | | 91.3% | 8.7% | 1.0% | 6.7% |
| Consumer Discretionary | 27 / 53 | | 42.3% | 10.5% | 3.6% | 14.0% |
| Consumer Staples | 19 / 37 | | 71.5% | 6.6% | 0.8% | 5.3% |
| Energy | 9 / 23 | | 61.4% | 4.2% | -1.2% | 1.8% |
| Financials | 56 / 72 | | 77.3% | 12.6% | 1.7% | 5.6% |
| Health Care | 24 / 65 | | 52.0% | 13.2% | 1.8% | 1.8% |
| Industrials | 43 / 75 | | 61.0% | 8.5% | 2.0% | 7.0% |
| Information Technology | 27 / 65 | | 40.9% | 28.1% | 1.6% | 9.2% |
| Materials | 13 / 29 | | 59.0% | 2.5% | -1.8% | 5.6% |
| Real Estate | 16 / 31 | | 56.5% | 2.5% | 1.6% | 4.6% |
| Utilities | 9 / 30 | | 37.9% | 2.6% | -8.4% | 3.5% |

Sources: WisdomTree, FactSet, as of 7/31/23. Q2-2023 refers to companies with financial report periods between 5/16/23 and 8/15/23.

New Feature Highlight: Daily Earnings Snapshot

A new feature of the Earnings Path lets users download a PDF version of our Daily Earnings Snapshot by clicking on the “Download Daily Earnings Snapshot PDF” button, shown in the below screenshot.



The Snapshot displays information from the Earnings Path tool in a concise format for benchmark indexes, including the S&P 500 and the [Russell 1000](#), as well as their [mid-cap](#) and [small-cap](#) counterparts and style indexes (e.g., the [S&P 400 Value Index](#)).

| WisdomTree Earnings / Sales Dashboard | | | | | | | | | | |
|---------------------------------------|---------------|---------------|--------------------|---------------|---------------|--------------------|--------------|--------------|--------------|--|
| S&P Style Indexes as of 7/28/23 | | | | | | | | | | |
| Estimated+Reported Earnings | | | Earnings: Reported | | | Earnings: Surprise | | | | |
| Value | Blend | Growth | Value | Blend | Growth | Value | Blend | Growth | | |
| Expected | 2.8% | -7.5% | -11.8% | | | | | | | |
| % Reported | 59% | 57% | 55% | 5.5% | -1.2% | -3.5% | 7.3% | 6.1% | 4.0% | |
| Count Reported | 209/401 | 255/500 | 120/232 | | | | | | | |
| Expected | -21.2% | -24.8% | -28.1% | | | | | | | |
| % Reported | 39% | 41% | 42% | -12.6% | -16.2% | -12.2% | 8.2% | 7.4% | 4.9% | |
| Count Reported | 112/298 | 152/400 | 97/243 | | | | | | | |
| Expected | -25.1% | -25.4% | -20.8% | | | | | | | |
| % Reported | 34% | 35% | 35% | -14.5% | -10.6% | 1.0% | 3.8% | 4.7% | 3.0% | |
| Count Reported | 144/451 | 192/598 | 116/346 | | | | | | | |
| Estimated+Reported Sales | | | Sales: Reported | | | Sales: Surprise | | | | |
| Value | Blend | Growth | Value | Blend | Growth | Value | Blend | Growth | | |
| Expected | 2.1% | 0.0% | -1.9% | | | | | | | |
| % Reported | 59% | 57% | 55% | 3.7% | 1.7% | 0.6% | 1.3% | 1.2% | 1.0% | |
| Count Reported | 209/401 | 255/500 | 120/232 | | | | | | | |
| Expected | -1.0% | -3.9% | -6.2% | | | | | | | |
| % Reported | 39% | 41% | 42% | -1.8% | -2.9% | -2.0% | 0.7% | 0.6% | 0.0% | |
| Count Reported | 112/298 | 152/400 | 97/243 | | | | | | | |
| Expected | -6.2% | -6.4% | -5.0% | | | | | | | |
| % Reported | 34% | 35% | 35% | -9.5% | -7.9% | 0.0% | -2.1% | -1.9% | -1.2% | |
| Count Reported | 144/451 | 192/598 | 116/346 | | | | | | | |

Sources: WisdomTree, FactSet, as of 7/31/23. Q2-2023 refers to companies with financial report periods between 5/16/23 and 8/15/23.

The same information is also available for U.S., developed international and [emerging markets](#) indexes within the Snapshot.

| WisdomTree Earnings / Sales Dashboard | | | | | | | | | | |
|--|---------------|---------------|--------------------|---------------|--------------|--------------------|--------------|-------------|--------------|--|
| WisdomTree Developed International Indexes as of 7/28/23 | | | | | | | | | | |
| Estimated+Reported Earnings | | | Earnings: Reported | | | Earnings: Surprise | | | | |
| Intl. | Europe | Japan | Intl. | Europe | Japan | Intl. | Europe | Japan | | |
| Expected | -14.1% | -12.6% | -10.8% | | | | | | | |
| % Reported | 39% | 53% | 14% | -16.9% | -1.9% | 2.1% | -0.1% | 1.8% | 5.9% | |
| Count Reported | 86/255 | 49/110 | 68/516 | | | | | | | |
| Expected | -3.5% | -1.2% | -5.7% | | | | | | | |
| % Reported | 23% | 36% | 16% | 4.7% | 9.5% | -17.4% | 3.0% | 3.1% | 12.9% | |
| Count Reported | 244/1122 | 69/190 | 157/830 | | | | | | | |
| Estimated+Reported Sales | | | Sales: Reported | | | Sales: Surprise | | | | |
| Intl. | Europe | Japan | Intl. | Europe | Japan | Intl. | Europe | Japan | | |
| Expected | -5.7% | -1.0% | 1.9% | | | | | | | |
| % Reported | 39% | 53% | 14% | -6.4% | 1.9% | 13.6% | 0.6% | 0.2% | 3.3% | |
| Count Reported | 86/255 | 49/110 | 68/516 | | | | | | | |
| Expected | 0.9% | 0.7% | 0.5% | | | | | | | |
| % Reported | 23% | 36% | 16% | 8.2% | 6.4% | 4.0% | 1.0% | 0.5% | 0.7% | |
| Count Reported | 244/1122 | 69/190 | 157/830 | | | | | | | |

Sources: WisdomTree, FactSet, as of 7/31/23. Q2-2023 refers to companies with financial report periods between 5/16/23 and 8/15/23.

The Earnings Snapshot also shows other useful information, including but not limited to valuation information for benchmarks and WisdomTree Indexes.

Conclusion

We hope the Earnings Path tool continues to help investors keep a close eye on earnings and that the Daily Earnings Snapshot will be another useful tool to track earnings trends in a concise, easily digestible format. Bookmark [this link](#) for easy access to daily data updates.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

Related Funds

+ [Introducing the Earnings Path](#)

View the online version of this article [here](#).

IMPORTANT INFORMATION

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DEFINITIONS

Growth: Characterized by higher price levels relative to fundamentals, such as dividends or earnings. Price levels are higher because investors are willing to pay more due to their expectations of future improvements in these fundamentals.

S&P 500 Index: Market capitalization-weighted benchmark of 500 stocks selected by the Standard and Poor's Index Committee designed to represent the performance of the leading industries in the United States economy.

Russell 1000 Index: A measure of the performance of the 1,000 largest companies by market capitalization in the Russell 3000 Index.

Mid-Cap: Characterized by exposure to the next 20% of market capitalization (after the top 70% have been removed) within the Value, Blend or Growth style zones with the majority of the fund's weight.

Small caps: new or relatively young companies that typically have a market capitalization between \$200 million to \$2 billion.

S&P MidCap 400 Value Index: Provides investors with a measure of the performance of the value segment of the S&P MidCap 400 Index.

Emerging market: Characterized by greater market access and less potential for operational risks when compared to frontier markets, which leads to a larger base of potentially eligible investors.