

Earnings Season Tracker

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Have a question
for the team?

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One of **the most important tasks of an investment firm is** to respond in a timely manner to the challenges of the economy and market conditions. While many risks of a geopolitical and financial nature cannot be predicted, it is worth staying informed to understand what is happening in a meaningful way.

Interest rates, the real estate market, employment and unemployment, inflation and corporate profits are just a few of the variety of factors affecting asset and security pricing.

Our goal is to provide a deeper and clearer understanding of what is happening in the markets with an emphasis on illustrations, charts and visuals.

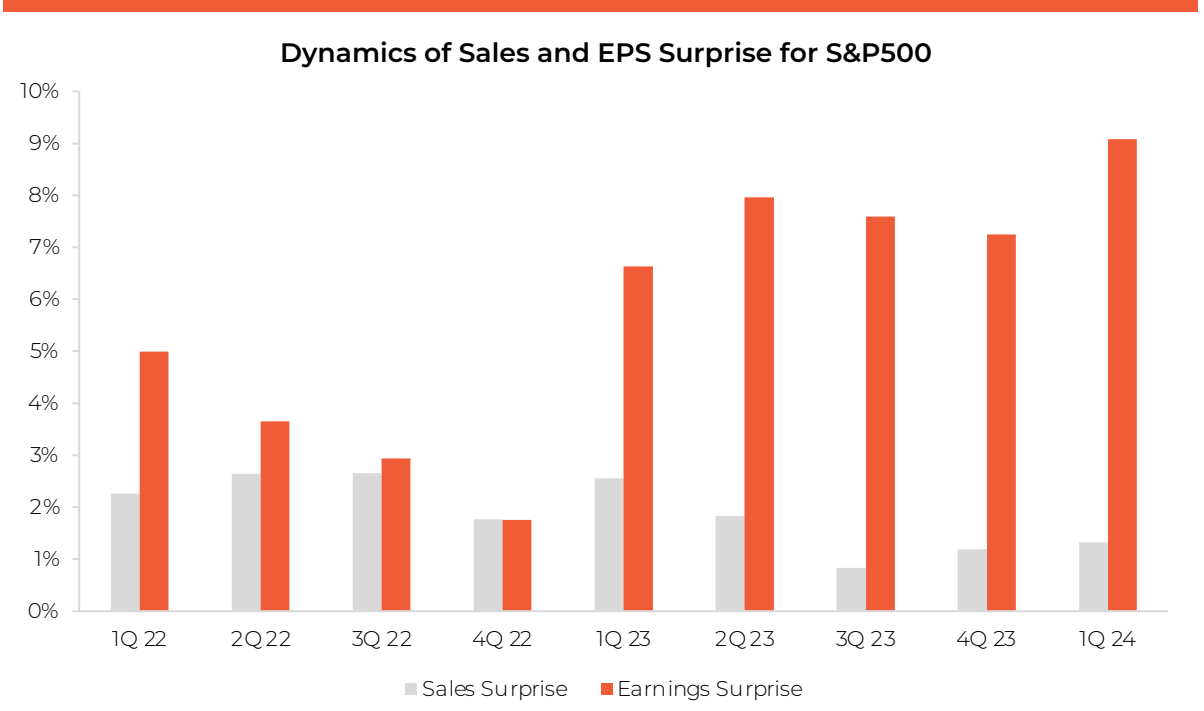
Earnings Season Tracker provides a deeper insight into the financial results of companies that drive stock market performance. Tracking the dynamics is fundamentally important for analyzing the long-term stability of not only companies or sectors, but also the entire stock market. It is the timely understanding of the latest dynamics that can help an investor to position himself in the market at the right time.

Earnings Season Tracker (22.04 – 26.04.2024)

Last week was one of the most active weeks on the stock market in terms of the number of companies that reported. Companies such as Google and Microsoft showed a high level of exceeding market expectations, which led to an increase in analysts' forecasts.

No. of S&P 500 companies that have reported and their EPS Surprise		
Sector	No. of companies that have reported	EPS Surprise
S&P500	228 / 500	
Communications	11 / 23	26.20%
Consumer Discretionary	23 / 52	4.70%
Consumer Staples	15/ 38	-3.50%
Energy	11 / 25	-1.10%
Financials	45/ 58	3.90%
Real Estate	7 / 30	0.20%
Health Care	25 / 63	-43.50%
Industrials	42 / 71	-5.70%
Materials	13 / 28	10.40%
Technology	29 / 81	3.00%
Utilities	7/ 30	1.40%

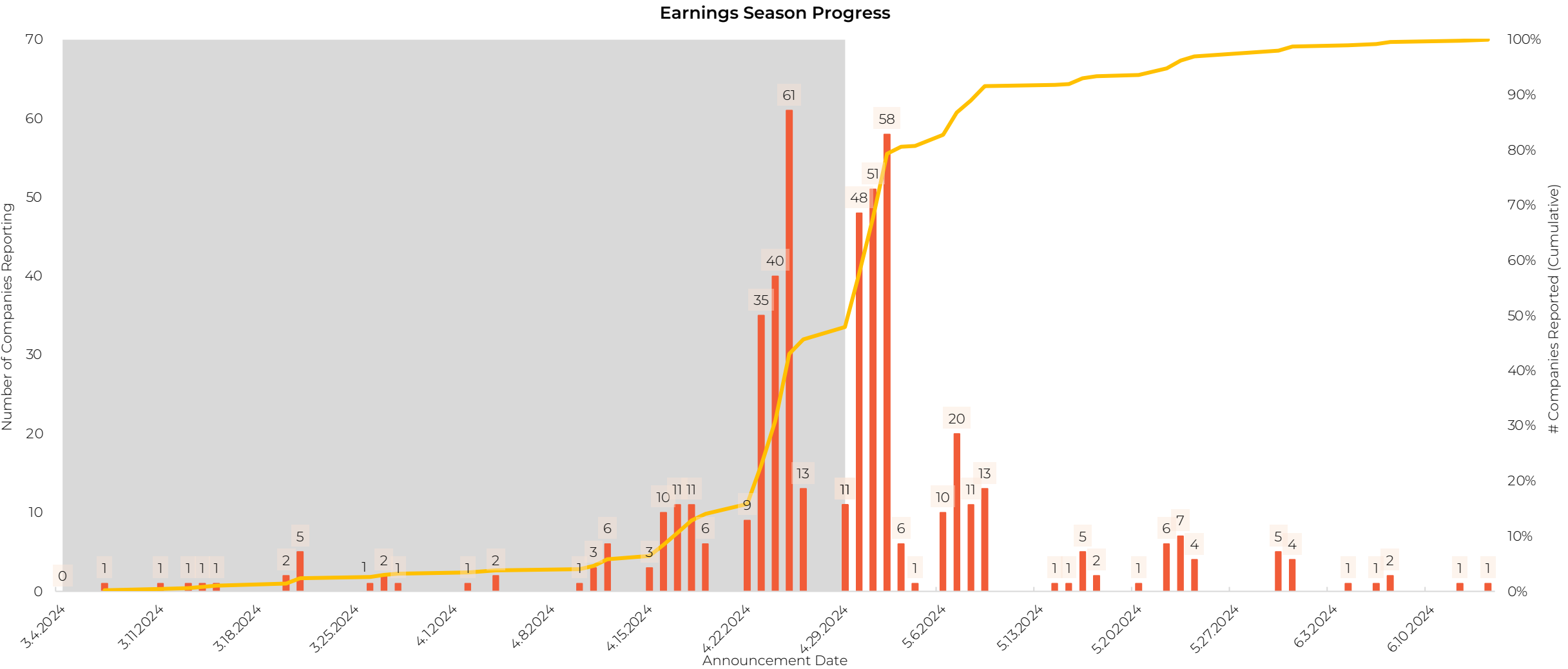
- As of the end of the third week of quarterly reporting for Q1 2024, 228 companies out of the 500 of the S&P 500 index have reported.
- This week was almost the largest number of companies for the entire season, as representatives of all sectors of the S&P 500 index have already started reporting.
- Currently, the biggest Earnings Surprise is observed in the Communications and IT sectors, where one of the most striking reports was from Google, which reported EPS growth in Q1 2024 by 27.4% more than the market expected. Microsoft, in turn, was also one of the best performers in the IT sector, as one of the largest software vendors reported EPS growth that was 3.9% higher than the market expected.



- EPS Surprise decreased slightly compared to last week, and unlike Sales Surprise, which, although it recorded a slight increase, still remains at the levels of previous quarters.
- This earnings season, companies are expected to exceed investors' expectations, but it should be added that the estimates of the companies' results are already based on a steady upward trajectory of earnings.
- Therefore, the current market environment, characterized by high multiples, peak stock market concentration and a recent reassessment of the macro situation, is reducing the opportunities for further growth amid positive reporting.

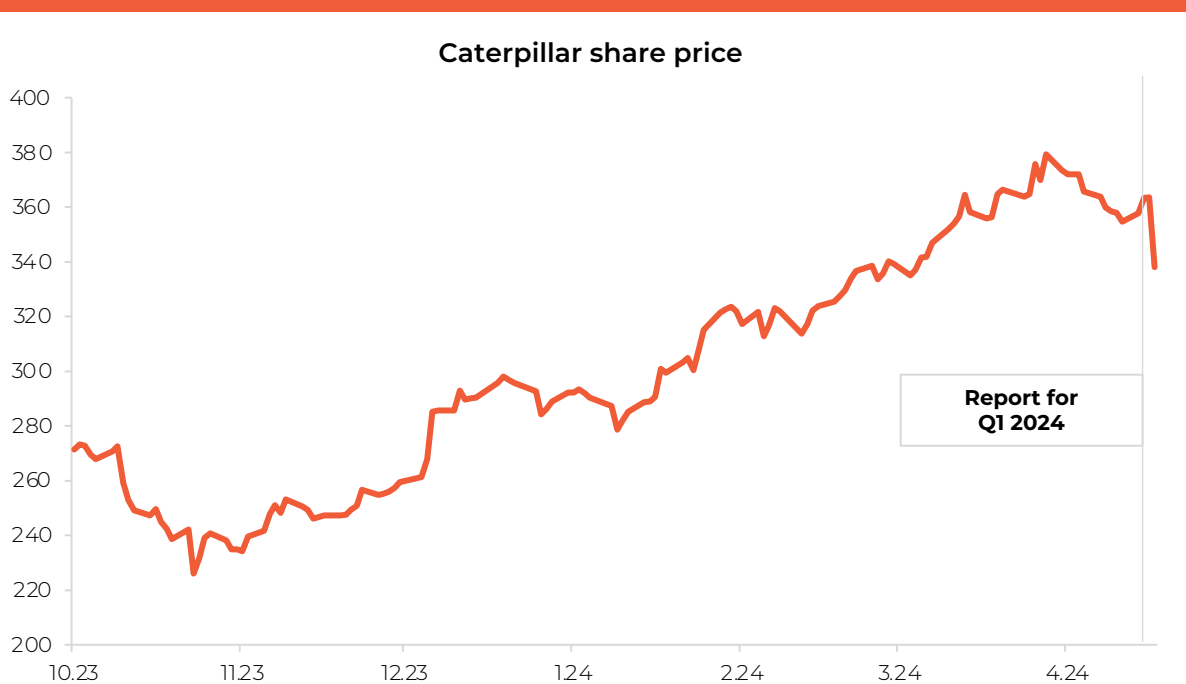
Earnings Season Tracker – Earnings Season Progress

We are currently at the equator of the reporting season - 46% of S&P 500 companies have already reported for the first quarter, making this week one of the busiest of the season. On Thursday alone, 12.5% of the S&P 500 published their reports.

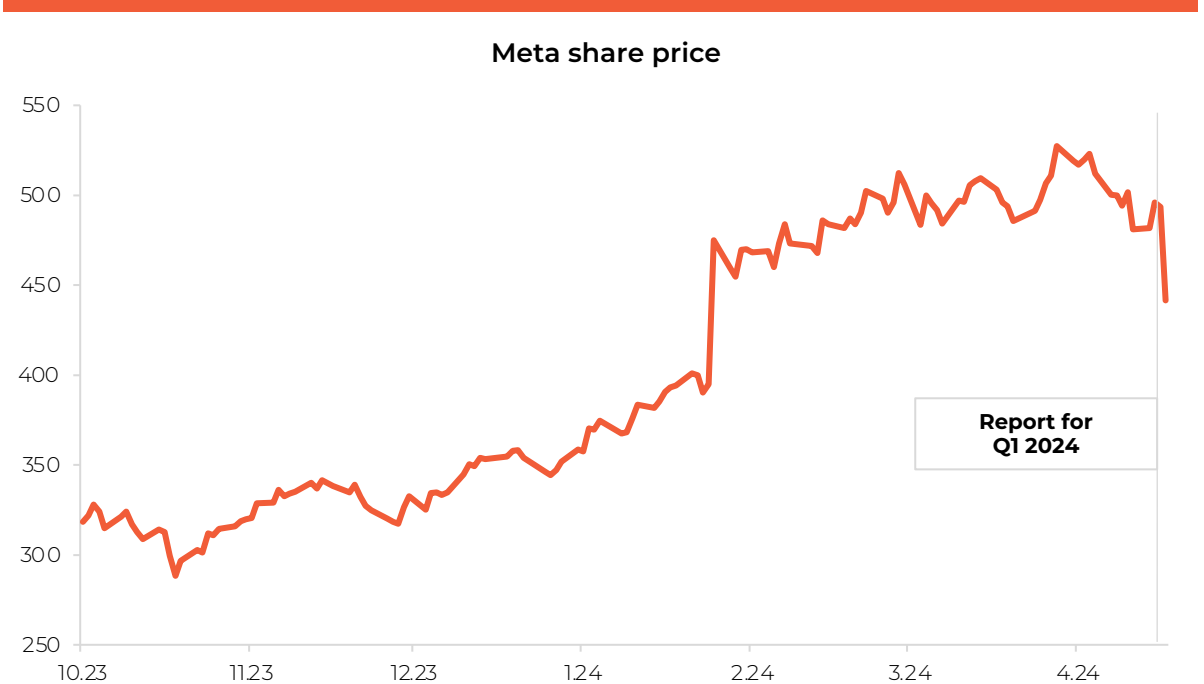


Earnings Season Tracker – Highly Watched Companies

Overall, the week was rather positive for most companies. However, in our opinion, the most interesting reports to capture the current state of the market and economy are Meta and Caterpillar, whose reactions to the reports were negative.



- Shares of Caterpillar fell by 4.2% after its own reporting due to lower sales and overall weakness in revenues outside North America. Since CAT's sales are a barometer of the entire industrial sector, such disappointing dynamics indicate a further decline in economic activity.
- Revenues for this quarter fell by 7.45% y/y (to \$15.799 billion), which was below the forecast by 2.26%. However, EPS grew by 4.9% y/y, which was higher than the expectations of 9.20%.
- Also, it reduced its sales forecasts for Q2 2024. This decline was caused by a decline in orders from Europe, Asia and Latin America.



- Meta's report brought mixed results. Revenues for the quarter significantly exceeded market expectations, but despite that, the stock fell by 14.7% after the earnings. The main drivers were weaker-than-expected sales forecasts for the next quarter and higher AI costs.
- Revenues for the quarter decreased by 9.1% y/y (to \$36.455 billion), which was 0.91% higher than forecasts, and EPS decreased by 20.4% y/y (to \$4.782), which was 3.42% higher than expectations.
- Additionally, the announcement of a possible ban of TikTok in the United States had a negative impact, which indirectly puts at risk the revenue from the Chinese market.

Earnings Season Tracker – Upcoming Release Calendar

Next week will be the busiest for the reporting season, as 175 companies will report, which is 33% of the S&P 500 index. The focus will be on the so-called Magnificent 7 companies, as it was last week, as well as the Healthcare and Consumer Staples sectors.

Upcoming highly watched companies					Brief description:
Company Name	Ticker	Sector	Ann Date	Time	
PayPal	PYPL	Financials	04/30/2024	15:30	<ul style="list-style-type: none">• PYPL: the company's report is important for understanding consumer activity, payment dynamics, and credit indebtedness, which directly indicates the state of consumers in the US economy.• LLY, PFE: as one of the largest pharmaceutical companies, their reports will show to what extent Healthcare, as a non-cyclical sector, remains resilient. Also, LLY's reporting will be important in the context of the dynamics of new drug sales, as it is one of the fastest growing companies in its sector. As for PFE, it will be important to see news about the portfolio of new drugs in development, which is extremely important for the company's future growth.• KO, MDLZ, KHC, HSY: the reports are useful in the context of consumer resilience at the global level, the impact of inflation and the growth of sales volumes of Consumer Staples sector goods.• PCAR, AGCO: reports will demonstrate levels of capital investment of companies within the economy. From the point of view of PCAR, one of the largest truck manufacturers, their dynamics will indicate the general state of business activity, while AGCO report will be representative of the dynamics in the agricultural sector.• AMZN: the report is important not only because the company belongs to the Magnificent 7, but also as an indicator of consumer demand levels, activity and savings dynamics.• QCOM: is a semiconductor company, so after ASML's lower-than-expected order volume last week, it is important to see if this trend will be followed by other companies in the industry.• AAPL: important in the context of its stagnation compared to the other Magnificent 7 companies, as well as the forecasts for sales dynamics, which fell by 10% in March, pricing policy, and in terms of finding new growth drivers.• ICE, CBOE: as operators of the derivatives market, their reporting results are indicative of the dynamics of trading in financial instruments and overall activity in the financial markets.
Coca-Cola	KO	Consumer Staples	04/30/2004	15:30	
Eli Lilly	LLY	Healthcare	04/30/2024	17:00	
Paccar	PCAR	Industrials	04/30/2024	18:00	
Mondelez	MDLZ	Consumer Staples	05/01/2024	Bef-mkt	
Amazon	AMZN	Consumer Discretionary	05/01/2024	Bef-mkt	
The Kraft Heinz	KHC	Consumer Staples	05/01/2024	16:00	
Pfizer	PFE	Healthcare	05/01/2024	17:00	
Qualcomm	QCOM	Information Technology	05/01/2024	Aft-mkt	
Intercontinental Exchange	ICE	Financials	05/02/2024	15:30	
AGCO	AGCO	Industrials	05/02/2024	17:00	
Apple	AAPL	Information Technology	05/03/2024	Bef-mkt	
Hershey's	HSY	Consumer Staples	05/03/2024	15:30	
CBOE Global Markets	CBOE	Financials	05/03/2024	15:30	

LET US HELP YOU TO FOCUS **ON WHAT MATTERS MOST**

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