

# Bespoke Earnings Estimate Revisions

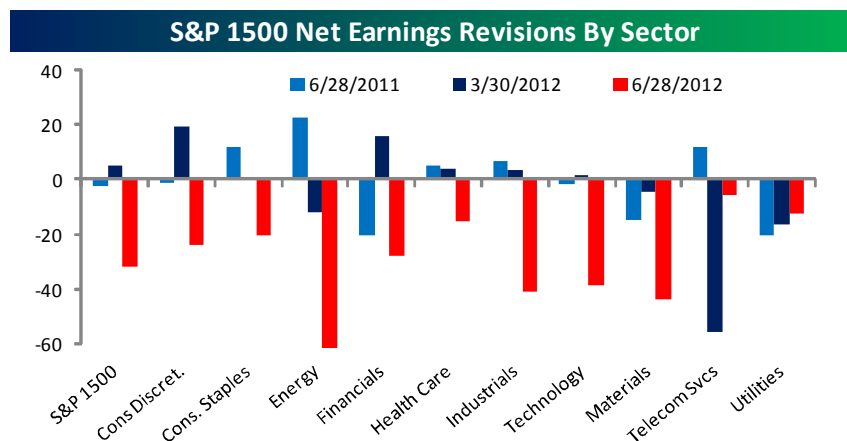
6/29/12

It just keeps getting worse. After nine straight weeks where the net revisions ratio for the S&P 1500 improved, we have now seen *ten* straight weeks where the net revisions ratio has declined. To put this in perspective, there has only been one other period since the start of 2008 that the net revisions ratio dropped ten weeks in a row. That came last year when we saw eleven straight weeks where the net revisions ratio declined.

Over the last four weeks, analysts have raised forecasts for 262 companies in the S&P 1500 and lowered forecasts for 736 companies. This works out to a net of negative 474, or -31.6% of the index. The current reading is now the lowest level we have seen since October 2011. What we said last week is just as applicable today— with the fiscal cliff looming on the horizon and the economy seemingly going over a cliff as we speak, analysts see no shortage of headwinds on the horizon.

In the last week alone, the net revisions ratio for the S&P 1500 and nine out of ten sectors declined. The only sector where the net revisions ratio increased was in Financials, but with news of bigger losses at JP Morgan (JPM) and possible criminal charges for Barclay's (BCS), sentiment in that sector is unlikely to see continued improvement.

Looking at the chart below, it is stunning to see how analyst sentiment has reversed since the start of the second quarter and this time last year. In both of those periods, most sectors had positive revisions ratios. Today all ten sectors are in the red.



## Analyst Earnings Revisions By Sector - Last Month

Sector	Net Estimate Revisions	Companies in Sector	Percentage of Companies	Most Positive Revisions	Most Negative Revisions
Cons. Discret.	-60	251	-23.9	CCL, ZUMZ, SONC	MCD, ORLY, DRI
Cons Staples	-16	78	-20.5	COST, UNFI, KR	PG, PM, GIS
Energy	-58	91	-63.7	TSO, HFC, ATW	HAL, SLB, APA
Financials	-73	264	-27.7	DFS, PNF, CME	PGR, GS, MS
Health Care	-24	154	-15.6	JNJ, QCOR, OMCL	CNC, MOH, FRX
Industrials	-90	219	-41.1	ALGT, ALK, LUV	KEX, R, JOY
Technology	-102	265	-38.5	CACI, ORCL, ENTR	MU, CRM, ADBE
Materials	-42	96	-43.8	ASH, LPX, CF	AKS, NUE, STLD
Telecom Svcs	-1	18	-5.6	VZ, WIN, TWTC	PCS, T, S
Utilities	-8	64	-12.5	CNP, PNY, NEE	EXC, OKE, NFG
<b>S&amp;P 1500</b>	<b>-474</b>	<b>1500</b>	<b>-31.6</b>	<b>DFS, CCL, ZUMZ</b>	<b>HAL, MCD, MU</b>

### Analyst Earnings Revisions By Group - Last Month

Group	Net Estimate Revisions	Companies in Group	Percentage of Companies	Most Positive Revisions	Most Negative Revisions
Autos & Parts	-8	12	-66.7	WGO	BWA, JCI, THO
Banks	-35	83	-42.2	PNFP, BBCN, TCBI	FNFG, PNC, ZION
Capital Goods	-68	142	-47.9	LNN, FLS, APOG	JOY, PCAR, PLL
Commercial Services	-17	50	-34.0	UNF, ASGN, ECPG	KFY, MAN, ABM
Consumer Durables	-12	57	-21.1	LEN, OXM, RYL	TPX, ZQK, NKE
Consumer Services	-13	60	-21.7	CCL, SONC, IGT	MCD, DRI, SBUX
Div. Financials	-31	51	-60.8	DFS, CME, CBOE	GS, MS, JPM
Energy	-58	91	-63.7	TSO, HFC, ATW	HAL, SLB, APA
Food & Staples Retail	-2	15	-13.3	COST, UNFI, KR	CASY, SWY, WAG
Food Bevg & Tobacco	-8	50	-16.0	CAG, MNST, BEAM	GIS, PM, CCE
HC Equip & Svcs	-14	104	-13.5	OMCL, CVH, CMN	CNC, MOH, ESRX
Hhold & Pers Prod.	-6	13	-46.2	MED, CLX	PG, CL, CHD
Insurance	-6	55	-10.9	FNF, ACE, XL	PGR, PRU, AON
Materials	-42	96	-43.8	ASH, LPX, POL	AKS, NUE, STLD
Media	-3	30	-10.0	CBS, DWA, SNI	TWC, CNK, OMC
Drugs & Biotech	-10	50	-20.0	JNJ, QCOR, A	FRX, PFE, BMY
Real Estate	-1	75	-1.3	AIV, UDR, VTR	BMR, SPG, JLL
Retailing	-24	92	-26.1	ZUMZ, HD, TJX	ORLY, KMX, BBBY
Semiconductors	-31	63	-49.2	ENTR, NVDA, AEIS	MU, TXN, INTC
Software & Services	-22	113	-19.5	CACI, ORCL, CLGX	CRM, ADBE, RHT
Tech Hardware	-49	89	-55.1	MEAS, ARRS, GLW	JBL, JNPR, CIEN
Telecom Services	-1	18	-5.6	VZ, WIN, TWTC	PCS, T, S
Transportation	-5	27	-18.5	ALGT, ALK, LUV	KEX, R, UTIW
Utilities	-8	64	-12.5	CNP, PNY, NEE	EXC, OKE, NFG
<b>S&amp;P 1500</b>	<b>-474</b>	<b>1500</b>	<b>-31.6</b>	<b>DFS, CCL, ZUMZ</b>	<b>HAL, MCD, MU</b>

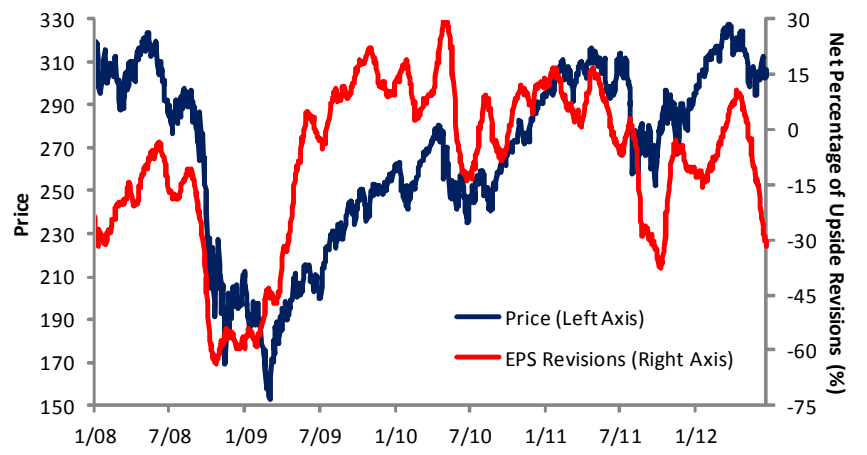
### Earnings Estimates Revision Report Fields Explained:

**Net Estimate Revisions:** Stocks with positive estimate revisions over the last four weeks minus stocks with negative estimate revisions over the last month.

**Companies in Sector/Group:** Number of companies in each sector or group.

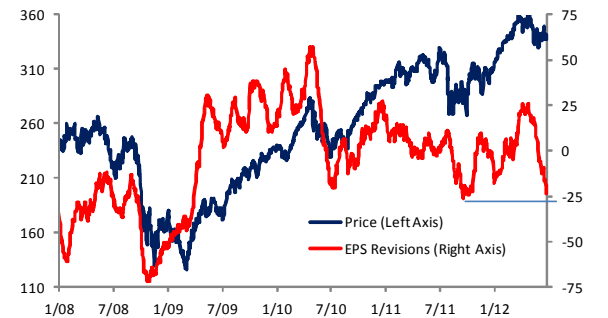
**Percentage of Companies:** Net Estimate Revisions divided by total number of companies in sector/group.

## S&P 1500 vs Net Earnings Estimate Revisions



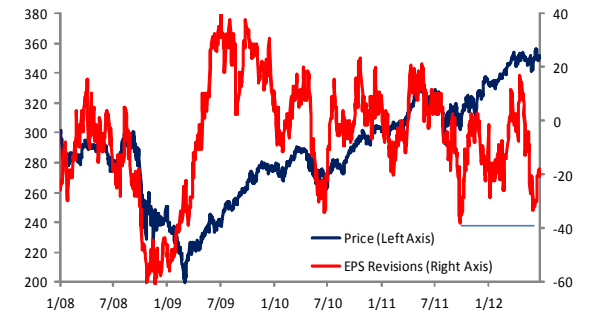
Another week, another decline. Lowest levels since October 2011.

## Consumer Discretionary vs Net Earnings Estimate Revisions



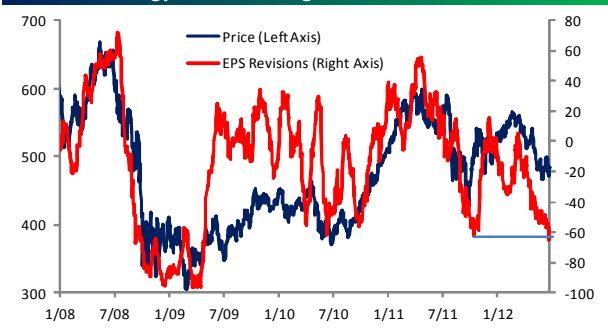
Approaching 2011 lows.

## Consumer Staples vs Net Earnings Estimate Revisions



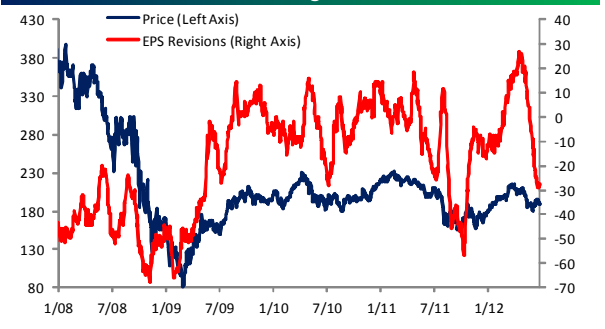
Sharp reversal following broken uptrend last week.

## Energy vs Net Earnings Estimate Revisions



Right at lows from 2011.

## Financials vs Net Earnings Estimate Revisions

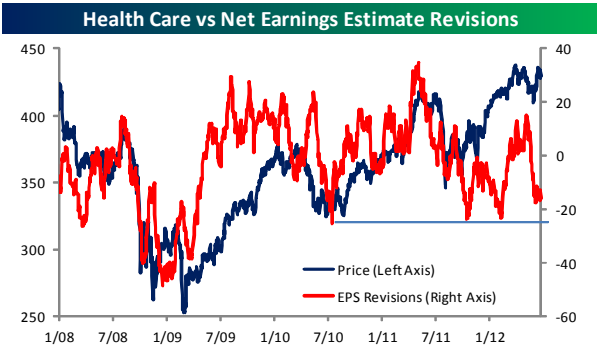


For now, it's an endless drop, and sentiment only seems to be getting worse.

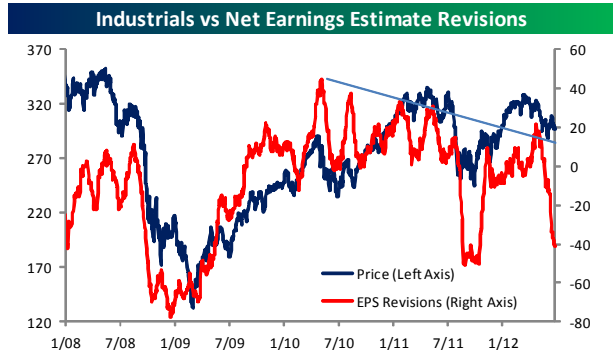
# Bespoke Earnings Estimate Revisions

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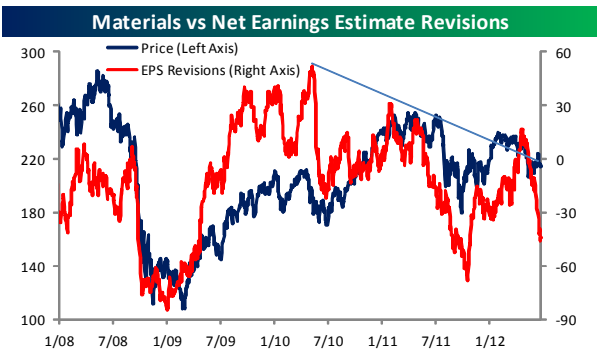
Bespoke Investment Group



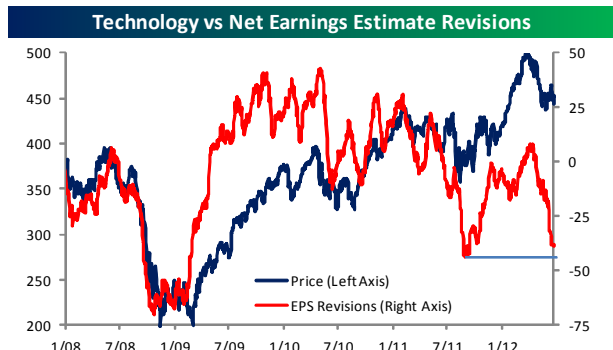
Nearing lows from 2010 and 2011.



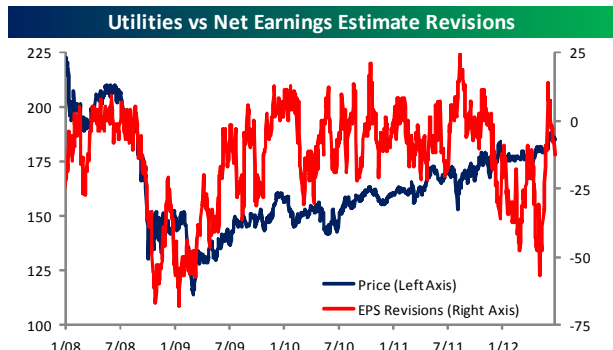
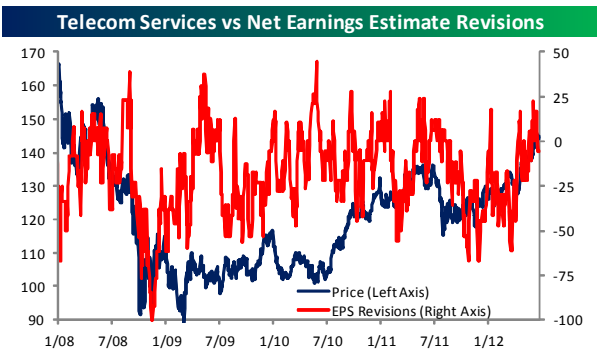
Quickly approaching lows from 2011.



A seemingly endless decline in revisions.



Nearing lows from 2011.



Pullback into negative territory.

Bespoke Investment Group