

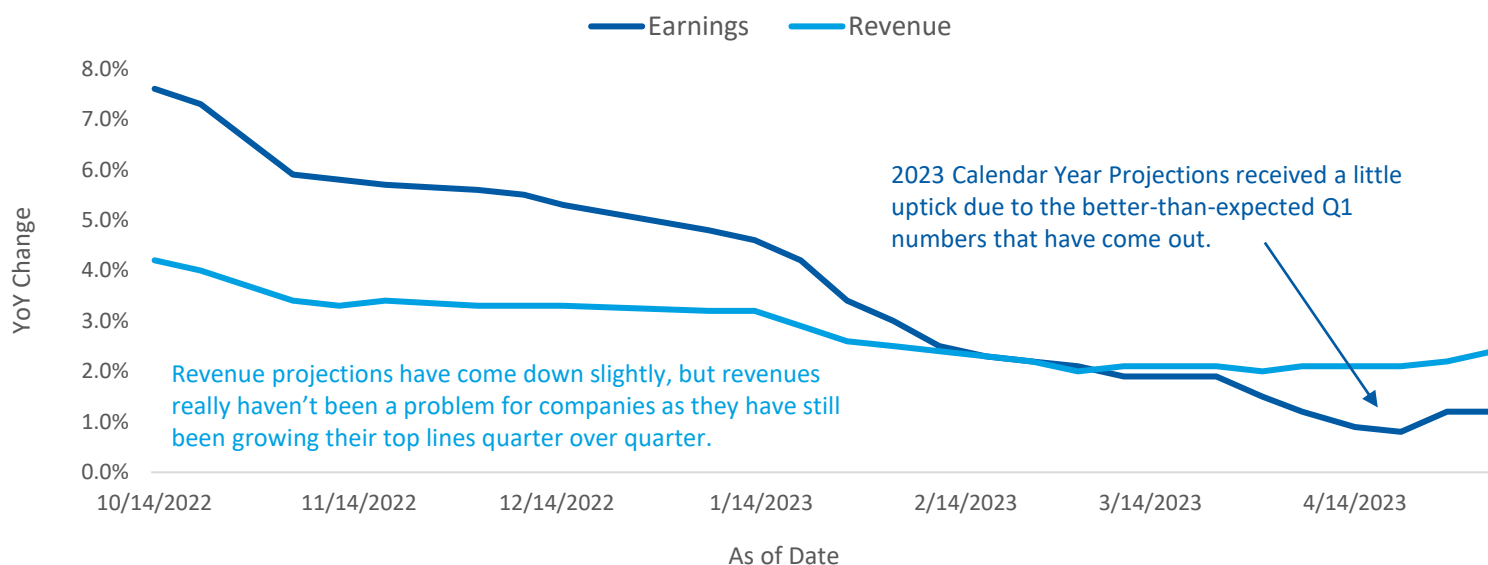
## The Balog Group at Morgan Stanley

### Earnings Insight – Data as of 05/05/2023

We have good news, and we have bad news. The bad news is that for two quarters in a row now we've seen earnings decline, and we're likely to see them decline again next quarter. The good news however is that analysts expect earnings to still be higher overall in 2023 when compared to 2022. In addition, the first quarter results are mostly in, and they are better than what analysts had expected. Unfortunately, investors have not been rewarding companies for beating expectations. In fact, the average price move after a positive earnings announcement this quarter has been negative (-0.1%). And for those who missed earnings? The punishments have been worse than normal.<sup>[1]</sup> See the charts below and on the next page for more details on the results thus far.

#### 2023 S&P 500 Growth Estimates From Analysts Over Time:

EPS estimates have been dropping faster than top-line estimates, but increased slightly from April as Q1 earnings have come in better than expected.



Source: Factset



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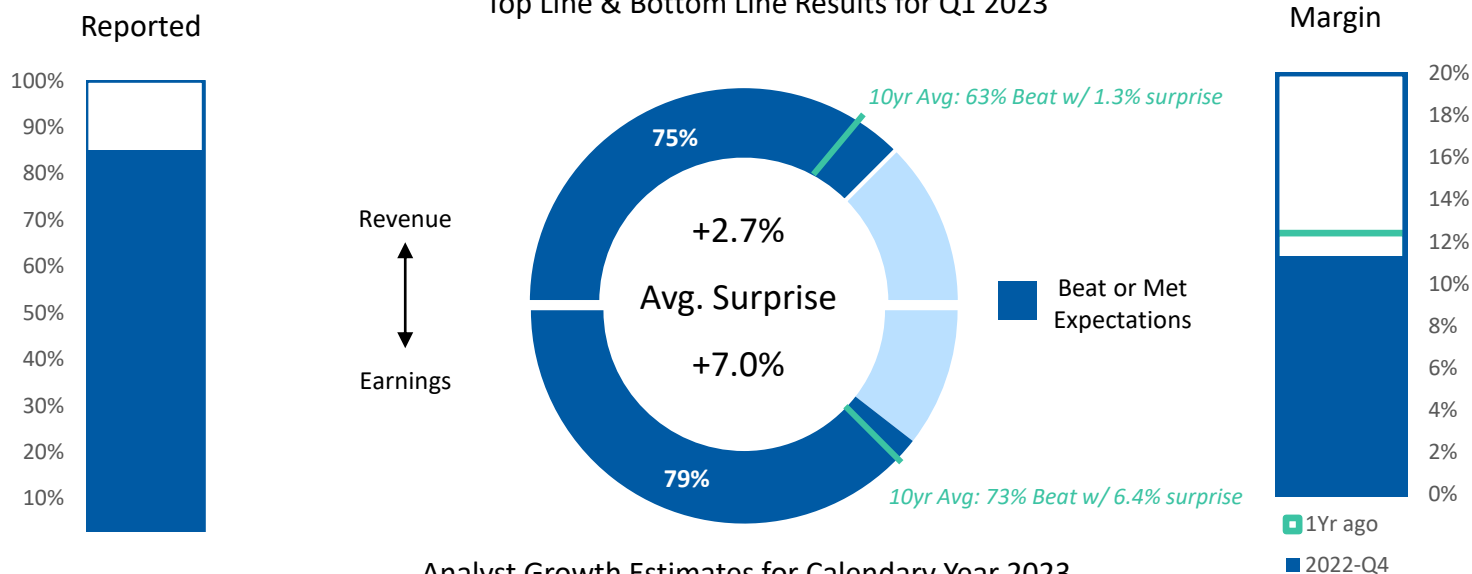
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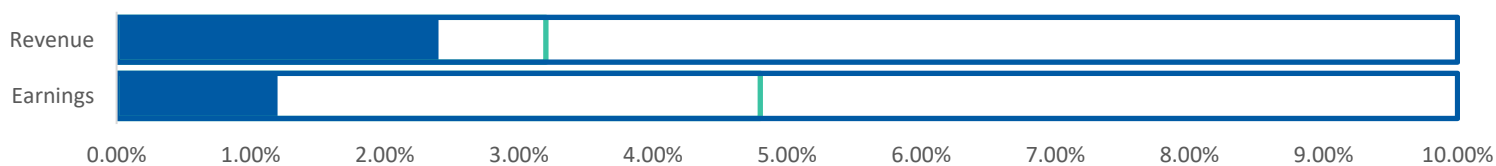
Earnings Insight – Data as of 05/05/2023

Top Line & Bottom Line Results for Q1 2023



Analyst Growth Estimates for Calendar Year 2023

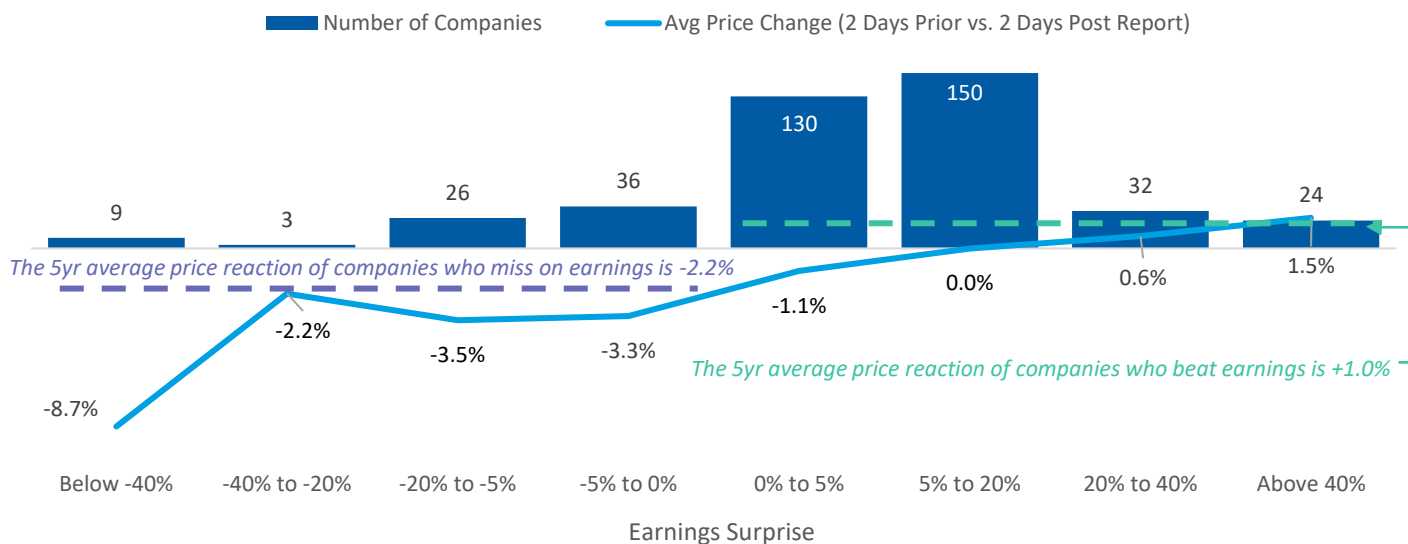
As of 01/06/2023 As of 05/05/2023



Source: Factset

## S&P 500 EPS Surprise vs. Price Reaction from Q1 Announcements in Q2 2023:

Investors have been punishing companies who miss on earnings more than usual, and not rewarding those who beat.



## Sources:

### 1. Factset

#### Disclosures

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