

Figure 34: S&amp;P 500 Annual EPS Outlook and PE (based on current constituents in the index unless specified)

	2005A	2006A	2007A	2008A	2008A	2010A	2011A	2012A	2013A	2014A	EPS y/y	Bottom-up		DB US Equity Strategy		Normalized 2015						
												2015E	y/y	2016E	2015E	y/y	2016E	\$)	% of 2015			
<b>S&amp;P 500 EPS (historical index)</b>	<b>\$76.28</b>	<b>\$88.18</b>	<b>\$85.12</b>	<b>\$65.47</b>	<b>\$60.80</b>	<b>\$85.28</b>	<b>\$97.82</b>	<b>\$103.75</b>	<b>\$110.39</b>	<b>\$118.82</b>	<b>7.6%</b>											
<b>S&amp;P 500 EPS (current constituents)</b>	<b>\$79.49</b>	<b>\$91.21</b>	<b>\$93.84</b>	<b>\$71.95</b>	<b>\$64.28</b>	<b>\$88.36</b>	<b>\$99.52</b>	<b>\$105.07</b>	<b>\$111.24</b>	<b>\$117.99</b>	<b>6.1%</b>	<b>\$120.09</b>	<b>1.8%</b>	<b>\$134.61</b>	<b>12.1%</b>	<b>\$118</b>	<b>0.0%</b>	<b>\$128</b>	<b>8.5%</b>	<b>\$121</b>	<b>103%</b>	
<b>Sector (\$ bn)</b>	2007-14 shown below is aggr. net income, 2014 y/y is EPS growth.											All 2015/16 estimates are aggregate earnings representative of EPS										
Consumer Discretionary	55.9	65.4	53.8	42.3	49.8	76.1	86.4	92.0	101.3	106.3	5.0%	118.1	7.1%	136.6	15.7%	120.5	13.4%	131.0	8.7%	120.5	100%	
Consumer Staples	51.8	57.2	62.3	67.8	70.1	74.8	79.3	81.6	85.3	87.5	2.6%	88.8	1.5%	96.8	9.0%	90.0	2.8%	94.0	4.4%	90.0	100%	
Energy	94.8	115.5	120.5	143.6	59.9	95.5	130.9	124.1	116.0	114.5	-1.3%	51.2	-55.3%	69.2	35.3%	50.0	-56.3%	75.0	50.0%	85.0	170%	
Financials	135.5	175.4	145.3	-21.3	56.2	129.4	132.7	163.1	189.9	190.0	0.1%	221.8	16.7%	243.8	9.9%	217.0	14.2%	227.0	4.6%	217.0	100%	
Health Care	70.1	74.5	83.4	88.5	90.4	103.5	111.7	114.6	120.2	139.6	16.2%	152.6	9.3%	171.4	12.3%	147.5	5.6%	160.0	8.5%	144.6	98%	
Industrials	64.0	71.4	84.1	77.2	53.4	73.4	87.6	94.4	102.3	112.6	10.1%	116.3	3.3%	127.5	9.6%	118.0	4.8%	124.0	5.1%	115.6	98%	
Information Technology	84.3	98.3	121.8	122.6	105.1	150.7	174.5	185.0	191.4	205.5	7.9%	224.6	8.7%	249.0	10.9%	215.0	4.1%	232.7	8.2%	215.0	100%	
Materials	17.9	21.8	25.7	21.7	13.2	25.2	32.2	29.6	30.8	32.7	8.2%	33.4	2.0%	39.7	19.0%	33.5	2.4%	35.5	6.0%	33.5	100%	
Telecommunication Services	12.9	16.6	23.8	24.4	19.9	21.0	20.4	21.8	22.9	28.4	24.1%	29.5	3.9%	30.7	3.9%	29.5	3.8%	30.0	1.7%	29.5	100%	
Utilities	21.3	23.2	25.7	26.7	26.5	28.1	29.3	29.6	30.2	33.0	9.0%	33.5	1.7%	34.6	3.0%	33.8	2.5%	34.8	3.0%	33.8	100%	
S&P 500 (\$ bn)	608.4	709.3	746.4	593.6	544.4	777.7	885.0	936.0	990.3	1051.2	6.2%	1099.9	7.8%	1199.3	12.7%	1064.8	0.3%	1143.9	8.5%	1084.5	103%	
S&P ex. Financials (\$bn)	473.0	533.9	601.1	614.9	488.2	648.3	752.3	772.8	800.4	861.2	7.6%	848.1	-1.5%	955.5	12.7%	837.8	-2.7%	916.9	9.4%	867.5	104%	
S&P ex. Energy (\$bn)	513.6	590.8	625.9	449.9	484.4	682.2	754.2	811.8	874.2	935.8	7.2%	1018.7	8.7%	1130.1	10.9%	1004.8	7.3%	1058.9	6.4%	999.5	99%	
S&P ex. Tech (\$bn)	524.1	611.0	624.6	471.0	439.3	627.0	710.5	750.9	798.9	844.7	5.7%	945.3	0.1%	950.3	12.4%	839.8	-0.6%	911.2	8.5%	869.5	104%	
Energy & Financials (\$bn)	230.3	250.9	265.8	122.3	116.1	224.9	263.5	287.3	305.9	304.5	-0.9%	273.0	-10.3%	313.0	14.7%	267.0	-12.3%	302.0	13.7%	302.0	113%	
S&P ex. Energy and Financials (\$bn)	378.2	418.4	480.6	471.3	428.2	552.7	621.5	648.7	684.4	745.8	9.1%	796.9	6.7%	886.3	11.2%	787.8	5.5%	841.9	6.9%	782.5	99%	
<b>Key Macro Forecast</b>																						
Global GDP growth (real, DB est.)	4.7%	5.2%	5.3%	2.7%	-0.4%	5.2%	3.9%	3.2%	2.8%	3.4%					3.4%		3.7%					
US GDP growth (real, DB est.)	3.4%	2.7%	1.8%	-0.3%	-2.8%	2.5%	1.9%	2.8%	1.9%	2.6%					3.1%		3.2%					
US Bus. FI (Equip + IPP, DB est.)	8.4%	7.1%	3.8%	-3.1%	-14.1%	9.4%	9.2%	5.9%	4.1%	-0.5%					-4%		-5%					
US Unemployment Rate (year-end, DB est.)	4.9%	4.4%	5.0%	7.3%	9.9%	9.5%	8.6%	7.8%	7.0%	5.7%					4.7%		4.5%					
US 10yr Treasury Yield (year-end, Our est.)	4.4%	4.7%	3.9%	2.5%	3.8%	3.3%	1.9%	1.8%	3.0%	2.2%					2.5%		2.7%					
Bank Litigation (post-tax, \$bn)						5.7	8.9	8.4	14.3	23.3					4		1				-3.0%	
Loan Loss Provisioning (% of loans, Our est.)	0.6%	0.7%	1.3%	3.0%	4.2%	2.6%	1.2%	0.8%	0.4%	0.4%					0.6%		0.6%				0.8%	
US\$/Euro leverage (year-end, Our est.)	1.25/1.18	1.26/1.32	1.37/1.46	1.47/1.40	1.39/1.32	1.33/1.29	1.39/1.30	1.28/1.32	1.33/1.38	1.33/1.21					1.05/1.00		1.00					-\$1.10
Avg Oil Price (WTI/Brent, \$/bbl)	55/54	65/65	72/72	100/97	61/61	79/79	95/111	94/111	98/108	93/99					-35/55		-35/55					-85/70
Avg Natural Gas Price (Henry Hub \$/mmbtu)	8.67	6.74	6.96	8.88	3.95	4.40	3.99	2.75	3.73	4.25					-2.50		-3.00					-3.50

	Trailing Pro-forma PE (year-end prices)										Bottom-up		DB US Equity Strategy		Indicated Dividend	
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2015	2016	Yield	Payout (2015)
Consumer Discretionary	17.6	20.8	19.1	15.7	18.7	16.6	14.8	16.5	20.9	21.1	20.1	17.4	19.7	18.2	1.5%	29.5%
Consumer Staples	15.9	16.5	17.2	13.8	14.8	15.2	15.6	16.3	18.8	20.4	20.4	18.7	20.1	19.2	2.7%	53.4%
Energy	10.1	10.4	12.8	7.0	18.1	13.5	10.6	11.5	14.8	13.4	29.6	21.9	30.3	20.2	2.9%	87.6%
Financials	14.9	13.8	14.8	NA	26.3	14.4	12.2	12.6	14.3	16.2	13.9	12.7	14.2	13.6	1.9%	27.0%
Health Care	17.9	17.6	16.4	11.2	12.5	11.3	11.5	13.2	17.6	18.4	18.5	16.4	19.1	17.6	1.5%	29.8%
Industrials	18.4	18.2	17.0	10.6	18.1	16.6	13.5	14.0	18.0	17.4	16.9	15.4	16.7	15.9	2.2%	36.2%
Information Technology	19.8	18.7	17.9	10.2	18.9	14.4	12.5	13.4	16.4	17.5	16.9	15.2	17.6	16.3	1.6%	27.6%
Materials	16.7	15.3	16.3	10.6	26.7	17.9	12.5	15.7	18.5	17.9	18.4	15.4	18.3	17.3	2.0%	36.3%
Telecommunication Services	13.1	15.7	16.6	11.1	13.6	14.5	16.0	16.4	18.0	14.3	14.3	13.7	14.3	14.1	4.8%	68.6%
Utilities	15.1	16.6	17.3	11.6	12.7	12.3	13.7	14.0	15.5	17.8	16.5	16.0	16.4	15.9	3.7%	60.3%
S&P 500	15.9	15.7	16.1	12.8	17.6	14.4	12.7	13.8	16.8	17.5	17.7	15.8	18.0	16.6	2.0%	36.5%
S&P ex. Financials	14.6	14.3	15.8	13.7	18.4	14.9	13.6	14.4	17.4	18.1	18.7	16.6	18.9	17.3	2.1%	39.0%
S&P ex. Energy	17.0	16.8	16.7	14.7	17.5	14.5	13.1	14.1	17.1	18.0	17.1	15.4	17.4	16.3	2.0%	34.0%
S&P ex. Tech	15.3	15.2	15.8	13.5	17.3	14.4	12.8	13.9	16.9	17.4	17.9	16.0	18.1	16.6	2.1%	38.8%
Energy & Financials	12.9	12.4	13.9	17.4	22.1	14.0	11.4	12.1	14.5	15.1	16.9	14.7	17.2	15.2	2.2%	
S&P ex. Energy & Financials	17.7	18.0	17.3	11.6	16.4	14.6	13.3	14.5	17.9	18.4	18.0	16.2	18.2	17.0	2.0%	

Note: 2005-2013 PE based on year end prices, 2014/2015 PE based on current prices and FC and DB US Equity Strategy EPS estimates for 2014 and 2015. Dividend yield and payout is based on indicated dividend.  
Source: Company reports, First Call, Deutsche Bank Markets Research

