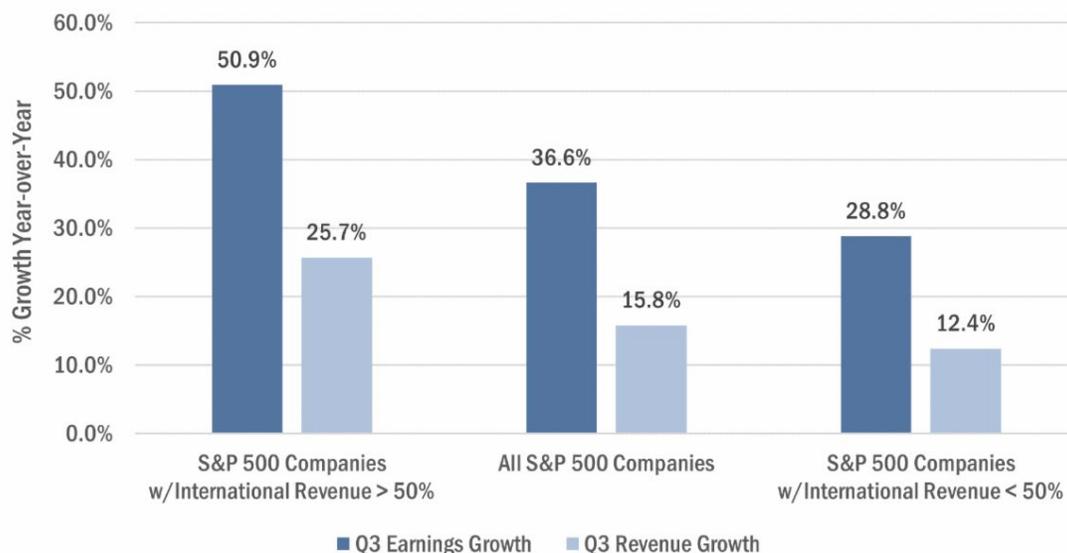


MARKET COMMENTARY

FIG. 1 Q3 Earnings and Revenue Growth Percentages Year-over-Year



Sources: FactSet, Mill Creek.

Corporate earnings growth for 2021 is on pace to exceed the growth rate of 2010 (post-Great Financial Crisis) following the cyclical lows created by the Covid-19 induced recession. Consensus expectations for the full year of 2021 are currently estimated at 44% year-over-year which would exceed the growth rate of 40.3% achieved in 2010. The combination of strong earnings and easy comparisons to the same period one year ago is leading to the well-above-average growth rates. Equity prices have continued to climb higher as third-quarter earnings have exceeded analyst expectations who had predicted earnings growth of about 27% but actual results thus far show growth of over 36% which marks the third-highest growth rate since the second quarter of 2010.

S&P 500 companies that generate significant revenue (greater than 50%) overseas have experienced very strong year-over-year growth relative to those companies with more of a domestically focused revenue base. The recovery in the energy sector, where average oil prices are up about \$30 year-over-year, has been a key driver of the growth from companies with significant international revenue. Oil and gas giants, Exxon Mobil and Chevron, are the largest contributors to higher year-over-year earnings. Despite higher oil prices, the airline industry led by Delta Airlines has reported a much smaller loss this quarter compared to the same period one year ago as people have been eager to resume traveling. Expectations for the fourth quarter remain above trend, but similar to 2011, we expect earnings growth rates to normalize in 2022 with consensus expectations currently around 9%.

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- [House View Summary](#)
- [Q3'21 Macroeconomic Outlook](#)
- [Q3'21 Equity Outlook](#)
- [Q3'21 Fixed Income Outlook](#)
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