

Final Earnings Season Stats

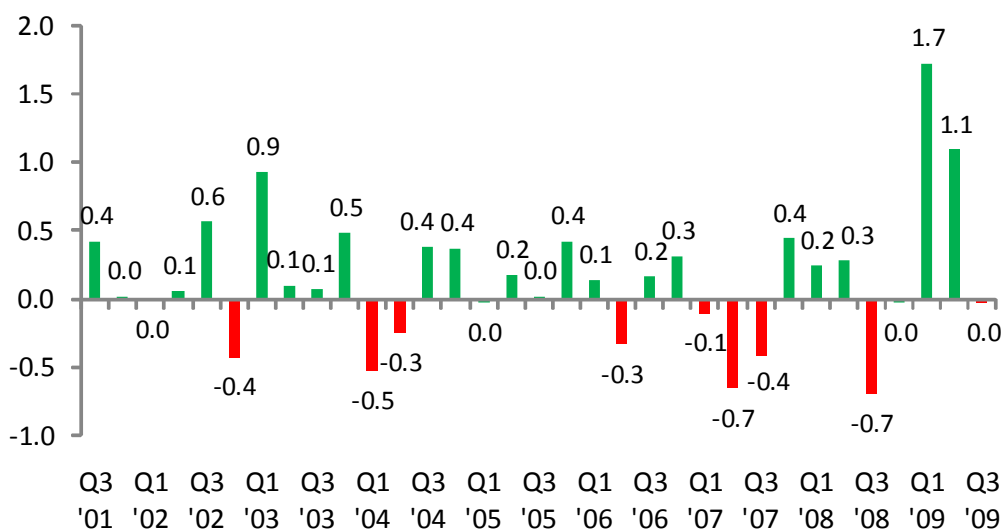
Earnings season came to an end on Thursday with Wal-Mart's report, and the S&P 500 rose 2.80% throughout the reporting period. While it's positive that the market rallied, it pales in comparison to the last two earnings seasons in which the S&P 500 rose 9.51% and 15.14%! This decade, the median return in the following off-season has been less when the market went up during earnings season than when it went down during earnings season.

The average stock that reported earnings two seasons ago rose a record 1.7% on its report day. Last earnings season, the average stock rose 1.1%. After two strong seasons, the average stock actually declined .03% this earnings season. Overall, it was a hard period to make money as stocks bounced back and forth, failing to establish the strong trends we saw in the prior two quarters.

S&P 500 Performance (%)

Quarter	Earnings		Quarter	Next Off-	
	Season	Season		Season	Season
Jul-09	15.14	4.43	Apr-06	-0.35	-1.91
Apr-09	9.51	-1.51	Jan-06	-0.55	1.06
Oct-02	7.76	4.58	Apr-05	-2.09	3.32
Apr-03	7.22	6.96	Jul-03	-2.36	5.61
Oct-01	6.23	2.26	Apr-02	-2.58	-9.87
Oct-04	3.96	1.26	Jan-08	-4.28	1.76
Oct-05	3.91	4.57	Apr-04	-4.50	2.00
Apr-07	3.65	2.04	Jul-04	-4.93	6.34
Jan-07	3.37	-0.77	Oct-07	-5.37	-4.86
Oct-06	2.94	1.36	Jul-07	-6.87	9.72
Oct-09	2.80	?	Jan-02	-7.00	3.97
Apr-08	2.22	-9.22	Jan-03	-7.78	3.25
Oct-03	1.84	6.95	Oct-08	-8.53	-4.50
Jul-05	1.79	-2.63	Jan-09	-9.32	3.34
Jul-08	1.51	-22.95	Jul-02	-10.60	-7.38
Jul-06	1.44	5.28	Median	2.00	
Jan-04	1.34	0.10			
Jan-05	0.88	-1.39			
Median	1.36				

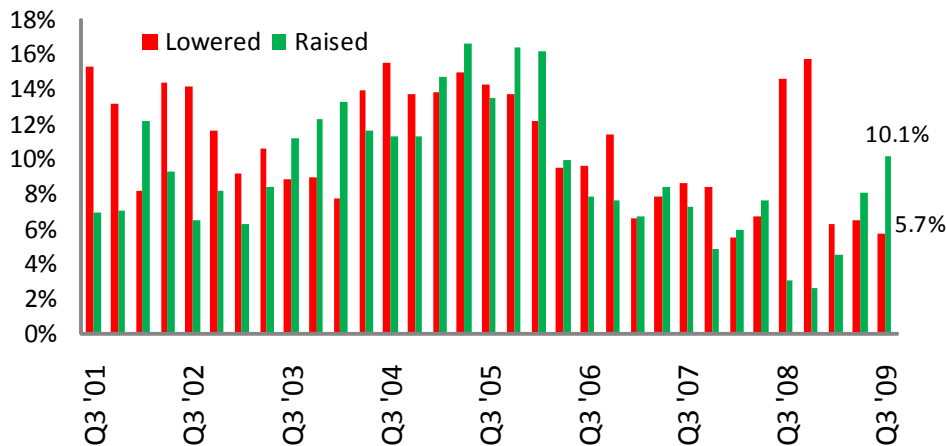
Average 1-Day % Chg of Stocks in Reaction to Earnings Reports



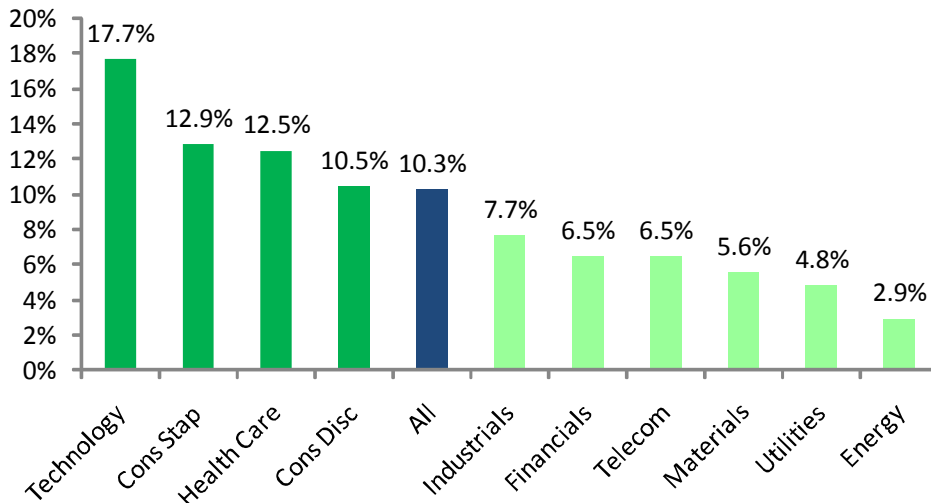
Probably the best thing to come out of this earnings season was guidance. For the first time in five quarters, more companies raised guidance than lowered guidance, signifying a positive outlook from the companies themselves. As shown below, 10.1% of companies raised guidance, while 5.7% of companies lowered guidance. This should definitely be treated as a bullish data point.

The technology sector saw the bulk of increased forecasts, as 17.7% of companies raised guidance in the sector. This is a positive number for now, but it also means expectations will be high heading into next earnings season. Both Consumer sectors and Health Care also saw better guidance than the overall average, while guidance was very weak in Energy and Materials.

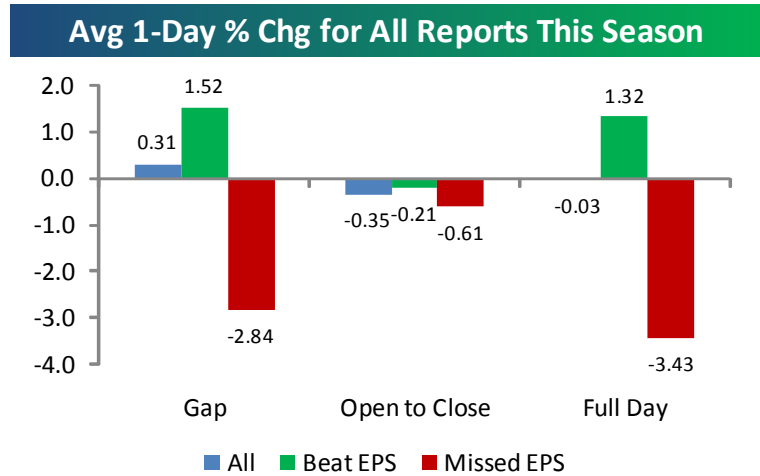
Historical Quarterly Guidance Percentages



% of Stocks Raising Guidance by Sector



There wasn't much opportunity to make money on stocks reporting earnings this season. The average stock that beat estimates gapped up 1.52%. But stocks that beat averaged a decline of 0.21% from the open to the close on their report days, so unless you owned the stock prior to the report (which is a risky proposition), you would have lost money by buying positive reports. And stocks that missed estimates didn't bounce after their initial down gaps. The average stock that missed opened down 2.84%, and went down an additional 0.61% from the open to the close.



Looking at sectors once again, Consumer Staples and Technology had the highest earnings "beat" rates, while Telecom and Energy had the worst. Health Care and Industrial stocks averaged the biggest gains on their report days, while Consumer Staples, Technology, Utilities, Financials, Energy, and Telecom averaged declines on their report days. Aside from a smaller than normal number of stocks that did very well on their reports, the majority of stocks traded either up slightly or down this earnings season.

Third Quarter Sector Earnings Season Stats

	# Reported	Avg 1-Day % Chg	Avg 1-Day Beat EPS	Avg 1-Day % Chg	Avg 1-Day Missed EPS	Avg 1-Day % Chg
All Companies	2013	-0.03	68.4%	1.32	23.3%	-3.43
S&P 500	428	-0.04	80.4%	0.47	13.6%	-2.08
Cons. Discret.	277	0.18	66.8%	2.04	24.9%	-3.66
Cons. Staples	70	-0.95	78.6%	0.40	17.1%	-7.02
Energy	171	-0.23	53.2%	1.54	39.8%	-2.36
Financials	293	-0.15	62.8%	1.81	25.9%	-4.66
Health Care	288	0.60	70.1%	1.46	20.8%	-2.27
Industrials	313	0.46	70.0%	1.75	23.0%	-3.17
Info. Tech.	401	-0.44	78.3%	0.62	14.0%	-5.07
Materials	107	-0.05	69.2%	1.03	23.4%	-2.20
Telecom	31	-2.58	48.4%	-0.93	35.5%	-2.86
Utilities	62	-0.35	59.7%	0.12	33.9%	-1.27

Below we highlight the 62 companies that reported triple plays (beat EPS and revenue estimates and raised guidance) and also went up at least 5% on their report days. These companies can be considered the biggest winners of the third quarter earnings season, and they should continue to see positive momentum during the off-season. Stocks highlighted in yellow are in the S&P 500.

Top Triple Plays This Earnings Season

Stock	Company	1-Day %	Stock	Company	1-Day %
ABVT	Abovenet	5.31	KMT	Kennametal	8.26
ALGN	Align Tech	15.08	LAMR	Lamar Advertising	14.92
AMSC	Am Superconductor	22.54	LFUS	Littelfuse	13.89
AMZN	Amazon.com	26.80	LINC	Lincoln Educational	8.11
ASIA	Asialnfo	17.27	LRN	K12	13.54
AXTI	AXT Inc	20.31	LSI	LSI Logic	6.21
BFRM	Bioform Medical	5.39	LXK	Lexmark	15.91
BPI	Bridgepoint Education	5.69	MSPD	Mindspeed	9.60
CATM	Cardtronics	21.92	NVDA	NVIDIA	7.25
CR	Crane	15.52	ONNN	ON Semiconductor	6.73
CREE	Cree	11.49	PEET	Peet's Coffee	13.97
CTSH	Cognizant Tech	8.17	PLD	ProLogis	9.13
CYT	Cytec	10.27	PNRA	Panera Bread	6.61
DECK	Deckers Outdoor	5.93	POWI	Power Integrations	6.78
DLLR	Dollar Financial	18.18	PSEM	Pericom Semi	10.51
DOX	Amdocs	9.28	SAM	Boston Beer Co	7.35
DSCM	Drugstore.com	5.26	SBUX	Starbucks	7.21
EXLS	ExlService	22.08	SLH	Solera	10.98
FFIV	F5 Networks	15.58	SNDK	SanDisk	9.54
FIRE	Sourcefire	10.88	SNHY	Sun Hydraulics	5.11
FOSL	Fossil	9.03	STE	Steris	6.28
FR	First Ind. Rlty	6.90	SWKS	Skyworks	9.48
FSYS	Fuel Systems Solutions	31.09	SXE	Stanley Inc.	9.54
HITT	Hittite Microwave	5.13	TER	Teradyne	5.08
HLF	Herbalife	8.34	TNB	Thomas & Betts	6.93
HMIN	Home Inns	10.46	TNC	Tennant	11.73
HRS	Harris	9.80	TNDM	Neutral Tandem	5.50
HSII	Heidrick & Struggles	10.87	TPX	Tempur-Pedic	7.44
HST	Host Hotels	7.54	TRW	TRW Automotive	7.48
JDSU	JDS Uniphase	6.43	TUP	Tupperware	8.07
KMB	Kimberly-Clark	5.70	VECO	Veeco Instruments	5.15