Earning Pattern

I have identified a correlation between the PEG ratio and earnings report results, specifically observing a pattern in which a lower PEG ratio tends to indicate a higher probability of a positive earnings report. To conduct this study, I collected and analysed the most recent quarterly earnings reports of the 30 DOW companies. Based on my analysis, it is evident that this relationship is due to the industry-wide nature of the price-growth ratio, which enables a comprehensive evaluation of companies. Essentially, a lower valuation implies a lower benchmark to meet, allowing companies with cheaper valuations to more easily impress investors on earnings day. Below is a summary of the findings, which clearly demonstrate a direct correlation between lower PEG ratios and achieving higher results.

0-2 PEG average earnings beat = 55%

0-3 PEG average earnings beat = 53%

4-∞ PEG average earnings beat = 44%

PEG average earnings beat = 51%