EARNINGS INSIGHT

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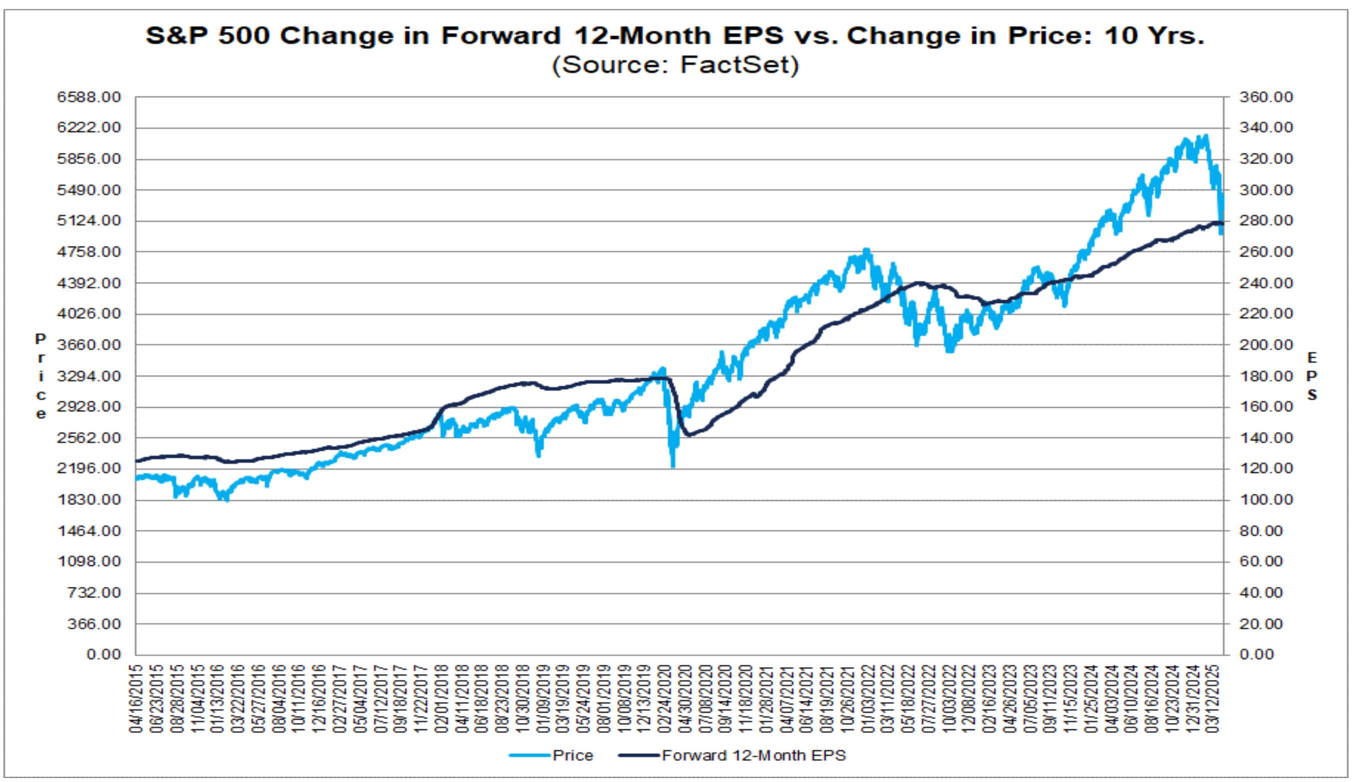
Author's Note: ***The FactSet Earnings Insight report is being published one day early this week.***

Key Metrics

- **Earnings Scorecard:** For Q1 2025 (with 12% of S&P 500 companies reporting actual results), 71% of S&P 500 companies have reported a positive EPS surprise and 61% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 7.2%. If 7.2% is the actual growth rate for the quarter, it will mark the seventh-straight quarter of (year-over-year) earnings growth reported by the index.
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was also 7.2%. Only two sectors are reporting higher earnings today (compared to March 31) due to upward revisions to EPS estimates and positive EPS surprises.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.0. This P/E ratio is below the 5-year average (19.9) but above the 10-year average (18.3).



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Topic of the Week:

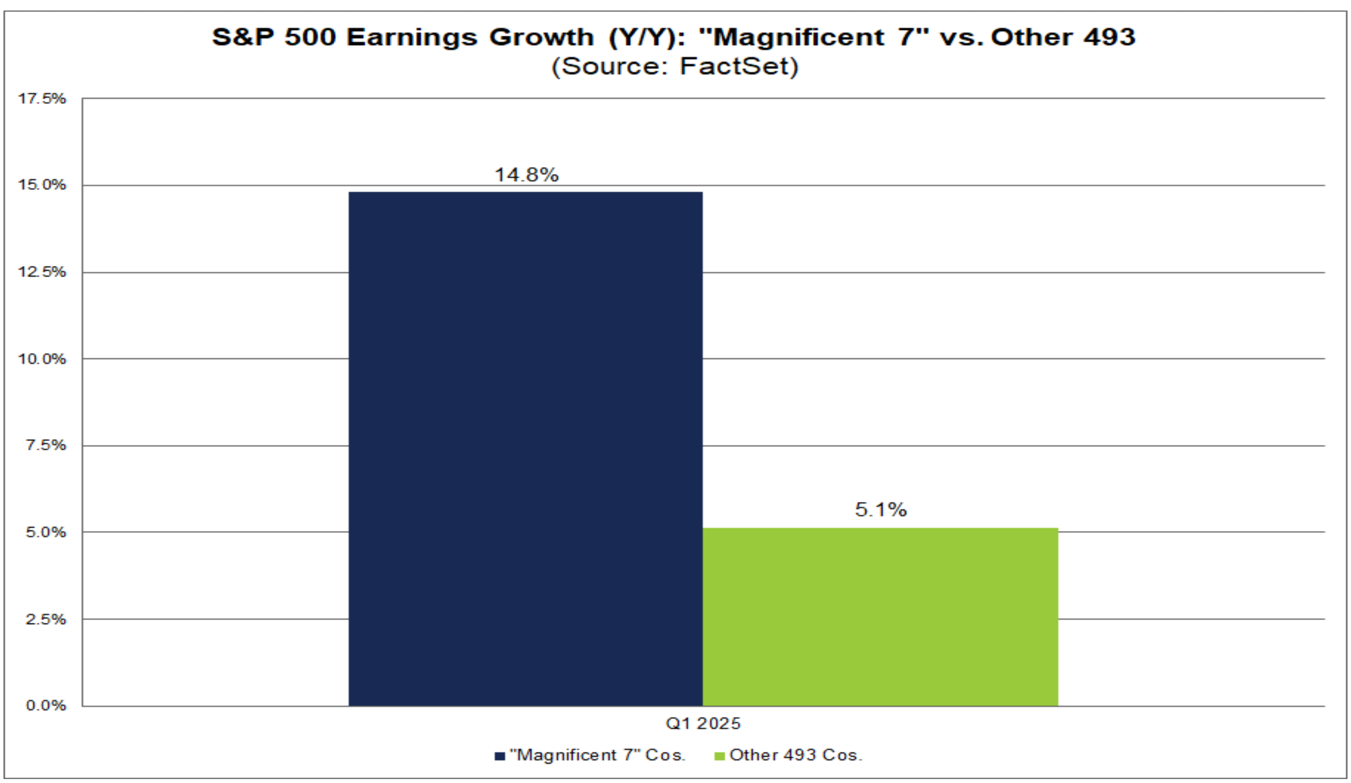
Are “Magnificent 7” Companies Still Top Contributors to Earnings Growth for the S&P 500 for Q1?

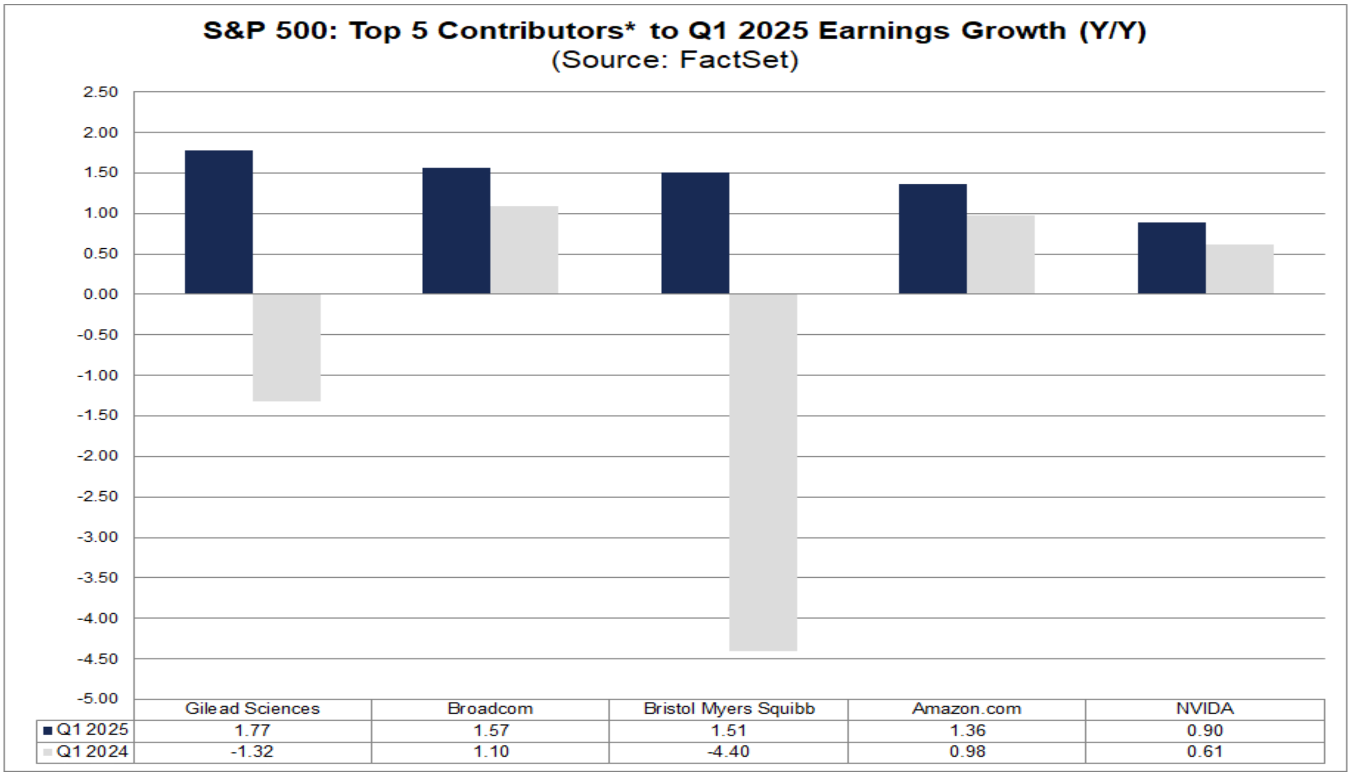
A number of the companies in the “Magnificent 7” have been top contributors to year-over-year earnings growth for the S&P 500 in recent quarters. Are companies in the “Magnificent 7” still expected to drive earnings higher for the S&P 500 for the first quarter?

Overall, the blended earnings growth rate for the S&P 500 for Q1 2025 is 7.2%. The top 5 contributors to year-over-year earnings growth for the S&P 500 for Q1 (in order of contribution) are Bristol Myers Squibb, NVIDIA, Gilead Sciences, Amazon.com, and Broadcom. Thus, two of the companies in the “Magnificent 7” are projected to be among the top 5 contributors to year-over-year earnings growth for the quarter. Outside of these two “Magnificent 7” companies, both Bristol Myers Squibb and Gilead Sciences are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to IPR&D and other charges that were included in their non-GAAP EPS.

In aggregate, the “Magnificent 7” companies are expected to report year-over-year earnings growth of 14.8% for the first quarter. Excluding these seven companies, the blended (combines actual and estimated results) earnings growth rate for the remaining 493 companies in the S&P 500 would be 5.1% for Q1 2025.

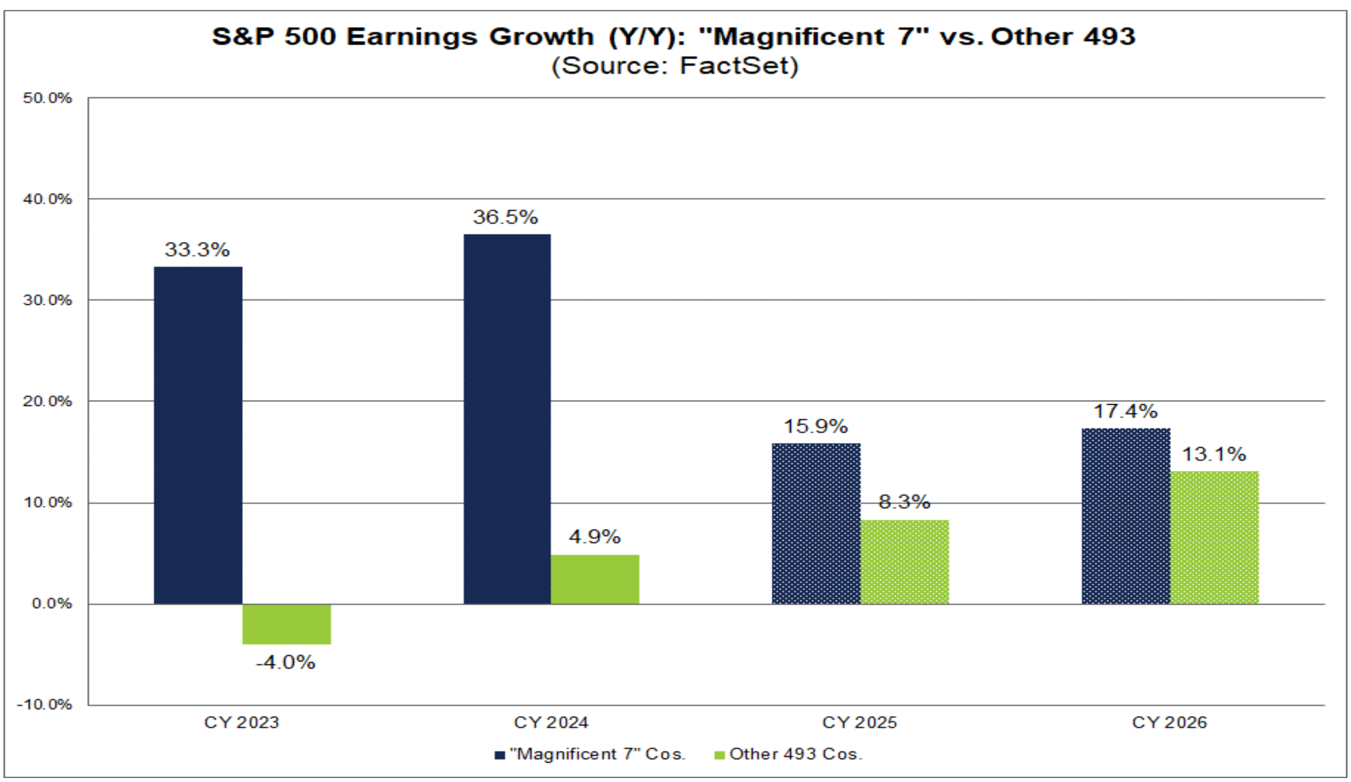
Overall, analysts expect the S&P 500 to report earnings growth of 10.0% for CY 2025 compared to earnings growth of 10.6% for CY 2024. Analysts predict the companies in the “Magnificent 7” in aggregate will report (year-over-year) earnings growth of 15.9% for CY 2025 compared to earnings growth of 36.5% for CY 2024. On the other hand, analysts project the other 493 companies will report (year-over-year) earnings growth of 8.3% for CY 2025 compared to earnings growth of 4.9% for CY 2024. Thus, analysts expect lower earnings growth from the “Magnificent 7” companies and higher earnings growth from the other 493 companies for 2025 relative to 2024.





	Gilead Sciences	Broadcom	Bristol Myers Squibb	Amazon.com	NVIDA
Q1 2025	1.77	1.57	1.51	1.36	0.90
Q1 2024	-1.32	1.10	-4.40	0.98	0.61

*Not in order of contribution



Q1 Earnings Season: By The Numbers

Overview

At this early stage, the first quarter earnings season for the S&P 500 is off to a weaker start than average compared to expectations. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are below recent averages. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week, but flat earnings relative to the end of the quarter. However, the index is reporting year-over-year earnings growth for the seventh consecutive quarter.

Overall, 12% of the companies in the S&P 500 have reported actual results for Q1 2025 to date. Of these companies, 71% have reported actual EPS above estimates, which is below the 5-year average of 77% and below the 10-year average of 75%. In aggregate, companies are reporting earnings that are 6.1% above estimates, which is below the 5-year average of 8.8% and below the 10-year average of 6.9%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for a company in the Information Technology sector, were the largest contributors to the slight increase in the overall earnings growth rate for the index over this period. Since March 31, positive EPS surprises reported by companies in the Financials sector have been offset by downward revisions to EPS estimates for companies in multiple sectors, resulting in no change to the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week, but flat earnings relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 7.2% today, compared to an earnings growth rate of 7.1% last week and an earnings growth rate of 7.2% at the end of the first quarter (March 31).

If 7.2% is the actual growth rate for the quarter, it will mark the seventh consecutive quarter of year-over-year earnings growth for the index.

Seven of the eleven sectors are reporting (or are projected to report) year-over-year growth, led by the Health Care, Information Technology, and Utilities sectors. On the other hand, four sectors are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Energy, Materials, and Consumer Staples sectors.

In terms of revenues, 61% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 0.5% above the estimates, which is below the 5-year average of 2.1% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive and negative revenue surprises reported by companies in multiple sectors offset each other, resulting in no change to the overall revenue growth rate for the index during this period. Since March 31, downward revisions to revenue estimates and negative revenue surprises have offset upward revisions to revenue estimates and positive revenue surprises, resulting in a slight decrease to the overall revenue growth rate for the index during this period.

As a result, the blended revenue growth rate for the first quarter is 4.3% today, compared to a revenue growth rate of 4.3% last week and a revenue growth rate of 4.4% at the end of the first quarter (March 31).

If 4.3% is the actual revenue growth rate for the quarter, it will mark the 18th consecutive quarter of revenue growth for the index.

Ten sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Information Technology and Health Care sectors. On the other hand, the Industrials sector is the only sector reporting a year-over-year decline in revenues.

For Q2 2025 through Q4 2025, analysts are calling for earnings growth rates of 7.2%, 9.7%, and 9.3%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 10.0%.

The forward 12-month P/E ratio is 19.0, which is below the 5-year average (19.9) but above the 10-year average (18.3). This P/E ratio is also below the forward P/E ratio of 20.2 recorded at the end of the first quarter (March 31).

During the upcoming week, 122 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Percentage and Magnitude of Positive EPS Surprises Are Below 5-Year Averages

Percentage of Companies Beating EPS Estimates (71%) is Below 5-Year Average

Overall, 12% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 71% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 24% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (77%), below the 5-year average (77%), and below the 10-year average (75%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Communication Services (100%), Real Estate (100%), and Financials (88%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (0%) and Consumer Discretionary (43%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 6.1% above expectations. This surprise percentage is equal to the 1-year average (+6.1%), but below the 5-year average (+8.8%) and below the 10-year average (+6.9%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Consumer Discretionary (+16.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival Corporation ($0.13 vs. $0.03) and NIKE ($0.54 vs. $0.30) have reported the largest positive EPS surprises.

The Financials (+8.0%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Travelers Companies ($1.91 vs. $0.79), Morgan Stanley ($2.60 vs. $2.21), Goldman Sachs ($14.12 vs. $12.32), Wells Fargo ($1.39 vs. $1.23), BlackRock ($11.30 vs. $10.08), Bank of America ($0.90 vs. $0.82), and JPMorgan Chase ($5.07 vs. $4.63) have reported the largest positive EPS surprises.

Market Punishing Positive EPS Surprises

To date, the market is punishing positive earnings surprises reported by S&P 500 companies for Q1 more than average but punishing negative earnings surprises reported by S&P 500 companies for Q1 less than average.

Companies that have reported positive earnings surprises for Q1 2025 have seen an average price decrease of -0.3% two days before the earnings release through two days after the earnings release. This percentage decrease is well below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2025 have seen an average price decrease of -1.6% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (61%) is Below 5-Year Average

In terms of revenues, 61% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 39% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is equal to the 1-year average (61%), but below the 5-year average (69%) and below the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Energy (100%) and Real Estate (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Communication Services (0%) and Health Care (33%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.5%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.5% above expectations. This surprise percentage is below the 1-year average (+0.9%), below the 5-year average (+2.1%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+1.3%), Real Estate (+1.2%), and Consumer Staples (+1.0%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Health Care (-1.2%) and Communication Services (-0.5%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Financials Sector

Increase in Blended Earnings This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the first quarter is 7.2%, which is above the earnings growth rate of 7.1% last week. Positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for a company in the Information Technology sector, were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Financials sector, the positive EPS surprises reported by Bank of America ($0.90 vs. $0.82) and Goldman Sachs ($14.12 vs. $12.32) were the largest contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 6.1% from 4.5% over this period.

In the Information Technology sector, the downward revisions to EPS estimates for NVIDIA (to $0.90 from $0.93) were the largest detractor to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Information Technology sector decreased to 14.0% from 14.9% over this period.

No Change in Blended Revenues This Week

The blended (year-over-year) revenue growth rate for the first quarter is 4.3%, which is equal to the revenue growth rate of 4.3% last week.

Financials Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2025 of 7.2% is equal to the estimate of 7.2% at the end of the first quarter (March 31). Two sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to EPS estimates and positive earnings surprises, led by the Financials (to 6.1% from 2.6%) sector. The Financials sector has also been the largest positive contributor to earnings for the index since March 31. On the other hand, eight sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Energy (to -14.5% from -12.3%), Materials (to -11.5% from -9.8%), and Health Care (to 34.5% from 36.0%) sectors. The Information Technology (to 14.0% from 14.8%), Health Care, and Energy sectors have been the largest negative contributors to earnings for the index since March 31. The Utilities (10.7%) sector has seen no change in its earnings growth rate since March 31.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($5.07 vs. $4.63), Bank of America ($0.90 vs. $0.82), Goldman Sachs ($14.12 vs. 12.32), Wells Fargo ($1.39 vs. $1.23), and Morgan Stanley ($2.60 vs. $2.21) have been the largest positive contributors to earnings for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has increased to 6.1% from 2.6% over this period.

In the Information Technology sector, the downward revisions to EPS estimates for NVIDIA (to $0.90 from $0.93) have been the largest negative contributor to earnings for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector has decreased to 14.0% from 14.8% over this period.

In the Health Care sector, the downward revisions to EPS estimates for Eli Lilly (to $4.05 from $4.68) have been a significant negative contributor to earnings for the index since March 31. As a result, the blended earnings growth rate for the Health Care sector has decreased to 34.5% from 36.0% over this period.

In the Energy sector, the downward revisions to EPS estimates for Phillips 66 (to -$0.63 from $0.41) and Chevron (to $2.22 from $2.40) have been substantial negative contributors to earnings for the index since March 31. As a result, the blended earnings decline for the Energy sector has increased to -14.5% from -12.3% over this period.

Consumer Discretionary Sector Has Seen Largest Decrease in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2025 of 4.3% is slightly below the estimate of 4.4% at the end of the first quarter (March 31). Six sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Materials (to 1.7% from 2.3%) and Consumer Discretionary (to 2.4% from 2.8%) sectors. The Consumer Discretionary and Health Care sectors have been the largest contributors to the decrease in revenues for the index since March 31. On the other hand, four sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Utilities (to 5.9% from 5.2%) sector. However, the Financials (to 3.3% from 2.9%) sector has been the largest detractor to the decrease in revenues for the index since March 31. The Consumer Staples (1.1%) sector has seen no change in its earnings growth rate since March 31.

In the Consumer Discretionary sector, the downward revisions to revenue estimates for Tesla (to $21.45 billion from $22.69 billion) has been a significant contributor to the decrease in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Consumer Discretionary sector has decreased to 2.4% from 2.8% over this period.

In the Health Care sector, the negative revenue surprise reported by UnitedHealth Group ($109.58 billion vs. $111.53 billion) has been a substantial contributor to the decrease in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Health Care sector has decreased to 7.4% from 7.7% over this period.

In the Financials sector, the positive revenue surprises reported by JPMorgan Chase ($45.31 billion vs. $43.99 billion) and Morgan Stanley ($17.74 billion vs. $16.54 billion) have been significant detractors to the decrease in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 3.3% from 2.9% over this period.

Earnings Growth: 7.2%

The blended (year-over-year) earnings growth rate for Q1 2025 is 7.2%, which is below the 5-year average earnings growth rate of 11.3% and below the 10-year average earnings growth rate of 8.9%. If 7.2% is the actual growth rate for the quarter, it will mark the seventh consecutive quarter of year-over-year earnings growth for the index.

Seven of the eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Health Care, Information Technology, and Utilities sectors. On the other hand, four sectors are reporting (or are projected to report) a year-over-year decline in earnings, led by the Energy, Materials, and Consumer Staples sectors.

Health Care: Bristol Myers Squibb is Largest Contributor to Year-Over-Year Growth

The Health Care sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 34.5%. At the industry level, 4 of the 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Pharmaceuticals (112%), Biotechnology (61%), Health Care Providers & Services (7%), and Health Care Equipment & Supplies (3%). On the other hand, the Life Sciences, Tools, & Services (-7%) industry is the only industry predicted to report a year-over-year decline in earnings.

At the company level, Bristol Myers Squibb ($1.51 vs. -$4.40) and Gilead Sciences ($1.77 vs. -$1.32) are the largest contributors to earnings growth for the sector. Both companies are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to IPR&D and other charges that were included in their non-GAAP EPS. If these two companies were excluded, the estimated earnings growth rate for the Health Care sector would fall to 3.6% from 34.5%.

Information Technology: Semiconductors Industry Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 14.0%. At the industry level, 5 of the 6 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (32%), Electronic Equipment, Instruments, & Components (14%), Software (10%), Communication Services (6%), and Technology Hardware, Storage, & Peripherals (4%). On the other hand, the IT Services (-10%) industry is the only industry reporting a year-over-year decline in earnings.

The Semiconductors & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 6.4% from 14.0%.

Utilities: All 5 Industries Expected to Report Year-Over-Year Growth

The Utilities sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 10.7%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Energy Producers (130%), Water Utilities (13%), Multi-Utilities (10%), Electric Utilities (7%), and Gas Utilities (7%).

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -14.5%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q1 2025 ($71.38) was 7% below the average price for oil in Q1 2024 ($76.91). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-109%), Integrated Oil & Gas (-14%), and Oil & Gas Equipment & Services (-9%). On the other hand, two sub-industries are reporting (or are predicted to report) year-over-year growth in earnings: Oil & Gas Exploration & Production (13%) and Oil & Gas Storage & Transportation (12%).

The Oil & Gas Refining & Marketing sub-industry is also expected to be the largest contributor to the earnings decline for the sector. If this sub-industry were excluded, the estimated earnings decline for the Energy sector would improve to -3.7% from -14.5%.

Materials: 3 of 4 Industries Expected to Report Year-Over-Year Decline

The Materials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -11.5%. At the industry level, 3 of the 4 industries in the sector are projected to report a year-over-year earnings decline: Metals & Mining (-31%), Chemicals (-12%), and Construction Materials (-5%). On the other hand, the Containers & Packaging (37%) industry is the only industry predicted to report year-over-year growth in earnings.

Consumer Staples: 5 of 6 Industries Reporting Year-Over-Year Decline

The Consumer Staples sector is reporting the third-largest (year-over-year) earnings decline of all eleven sectors at -8.3%. At the industry level, 5 of the 6 industries in the sector are reporting (or are projected) to report a year-over-year earnings decline: Personal Care Products (-33%), Food Products (-26%), Consumer Staples Distribution & Retail (-8%), Beverages (-3%), and Household Products (-2%). On the other hand, the Tobacco (5%) industry is the only industry predicted to report year-over-year growth in earnings.

Revenue Growth: 4.3%

The blended (year-over-year) revenue growth rate for Q1 2025 is 4.3%, which is below the 5-year average revenue growth rate of 7.0% and below the 10-year average revenue growth rate of 5.2%. If 4.3% is the actual growth rate for the quarter. it will mark the 18th consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Information Technology and Health Care sectors. On the other hand, the Industrials sector is the only sector reporting a year-over-year decline in revenues.

Information Technology: All 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 10.9%. At the industry level, all 6 industries in the sector are reporting (or are predicted to report) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (26%), Communication Equipment (11%), Software (11%), Electronic Equipment, Instruments, & Components (6%), Technology Hardware, Storage, & Peripherals (4%), and IT Services (3%).

Health Care: 4 of 5 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 7.4%. At the industry level, 4 of the 5 industries in the sector are reporting (or are projected to report) year-over-year revenue growth: Health Care Providers & Services (9%), Biotechnology (5%), Health Care Equipment & Supplies (3%), and Pharmaceuticals (2%). On the other hand, the Life Sciences, Tools, & Services (-1%) industry is the only industry predicted to report a year-over-year decline in revenue.

Industrials: 5 of 12 Industries Reporting Year-Over-Year Decline

The Industrials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -1.1%. At the industry level, 5 of the 12 industries in the sector are reporting (or are predicted to report) a year-over-year decline in revenue, led by the Industrial Conglomerates (-9%), Building Products (-8%), and Machinery (-7%) industries. On the other hand, 7 of the 12 industries in the sector are reporting (or are projected to report) year-over-year revenue growth, led by the Construction & Engineering (17%) and Commercial Services & Supplies (11%) industries.

Net Profit Margin: 12.1%

The blended net profit margin for the S&P 500 for Q1 2025 is 12.1%, which is below the previous quarter's net profit margin of 12.6%, but above the year-ago net profit margin of 11.8% and above the 5-year average of 11.7%.

At the sector level, five sectors are reporting (or expected to report) a year-over-year increase in their net profit margins in Q1 2025 compared to Q1 2024, led by the Health Care (8.2% vs. 6.6%) sector. On the other hand, six sectors are reporting (or are expected to report) a year-over-year decrease in their net profit margins in Q1 2025 compared to Q1 2024, led by the Real Estate (34.6% vs. 36.2%), Energy (7.9% vs. 9.4%), and Materials (8.4% vs. 9.6%) sectors.

Six sectors are reporting (or are expected to report) net profit margins in Q1 2025 that are above their 5-year averages, led by the Financials (18.4% vs. 16.8%), Communication Services (13.3% vs. 11.9%), and Utilities (14.9% vs. 13.6%) sectors. On the other hand, five sectors are reporting (or are expected to report) net profit margins in Q1 2025 that are below their 5-year averages, led by the Materials (8.4% vs. 11.1%) sector.

Forward Estimates & Valuation

Guidance: Negative Guidance Percentage for Q2 is Above 5-Year and 10-Year Averages

At this point in time, 7 companies in the index have issued EPS guidance for Q2 2025. Of these 7 companies, 5 have issued negative EPS guidance and 2 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 71% (5 out of 7), which is above the 5-year average of 57% and above the 10-year average of 62%.

At this point in time, 256 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 256 companies, 151 have issued negative EPS guidance and 105 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 59% (151 out of 256).

The term "guidance" (or "preannouncement") is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

Earnings: S&P 500 Expected to Report Earnings Growth of 10% for CY 2025

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 7.2% and year-over-year growth in revenues of 4.3%.

For Q2 2025, analysts are projecting earnings growth of 7.2% and revenue growth of 4.2%.

For Q3 2025, analysts are projecting earnings growth of 9.7% and revenue growth of 5.0%.

For Q4 2025, analysts are projecting earnings growth of 9.3% and revenue growth of 5.6%.

For CY 2025, analysts are projecting earnings growth of 10.0% and revenue growth of 5.1%.

For CY 2026, analysts are projecting earnings growth of 14.1% and revenue growth of 6.4%.

Valuation: Forward P/E Ratio is 19.0, Above the 10-Year Average (18.3)

The forward 12-month P/E ratio for the S&P 500 is 19.0. This P/E ratio is below the 5-year average of 19.9 but above the 10-year average of 18.3. It is also below the forward 12-month P/E ratio of 20.2 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 10.3%, while the forward 12-month EPS estimate has decreased by 0.3%. At the sector level, the Consumer Discretionary (23.3) and Information Technology (22.9) and sectors have the highest forward 12-month P/E ratios, while the Energy (13.5) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 23.7, which is below the 5-year average of 24.7 but above the 10-year average of 22.3.

Targets & Ratings: Analysts Project 27% Increase in Price Over Next 12 Months

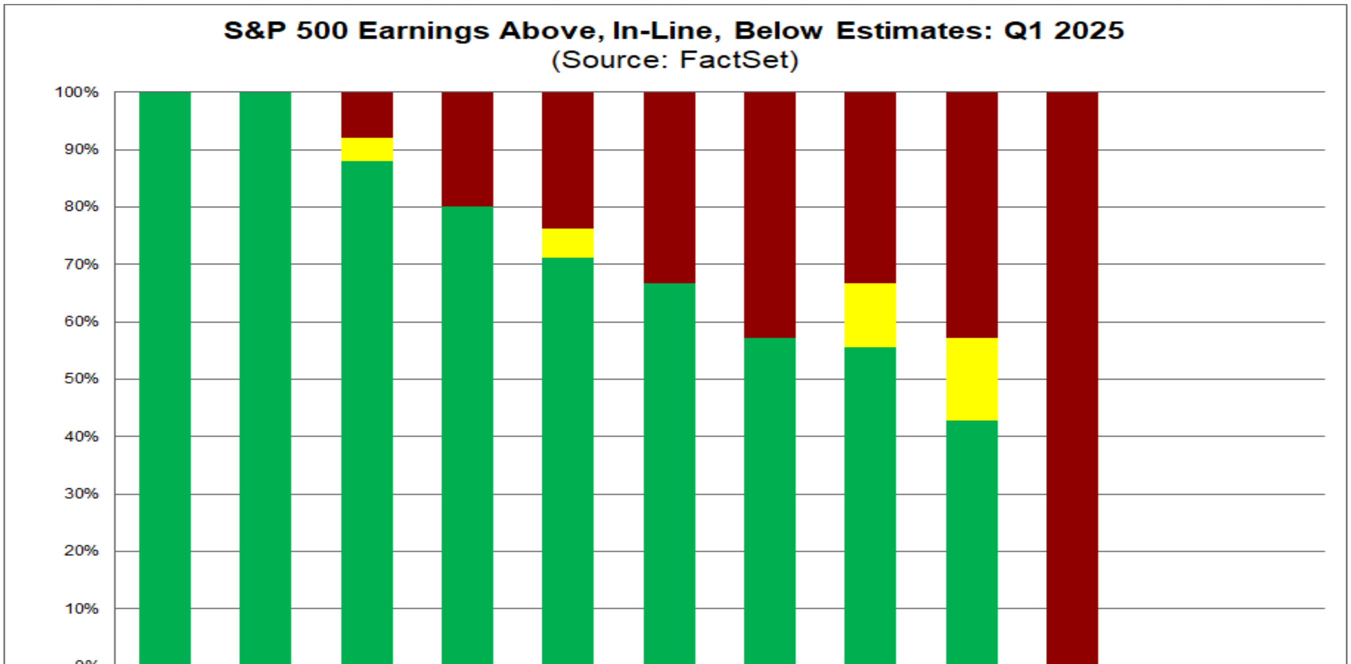
The bottom-up target price for the S&P 500 is 6704.67, which is 27.1% above the closing price of 5275.70. At the sector level, the Information Technology (+37.7%) and Consumer Discretionary (+36.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+10.5%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 12,408 ratings on stocks in the S&P 500. Of these 12,408 ratings, 56.1% are Buy ratings, 38.6% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (66%), Communication Services (64%), and Information Technology (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

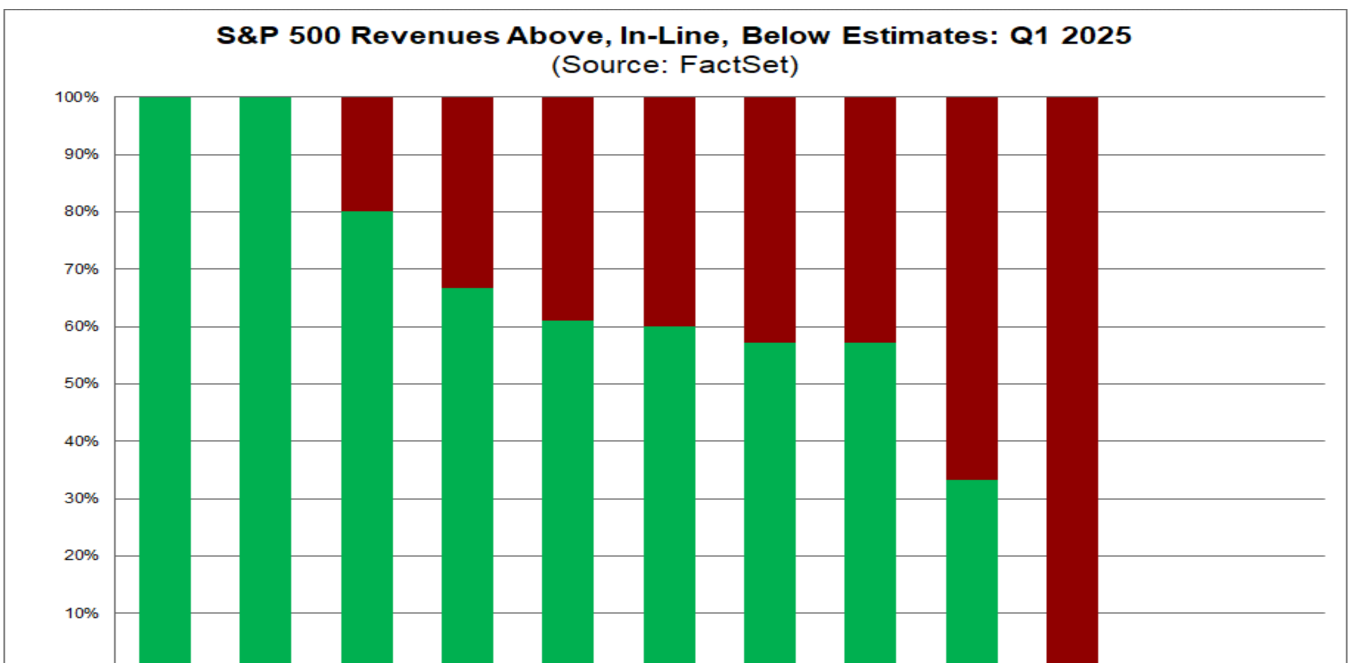
Companies Reporting Next Week: 122

During the upcoming week, 122 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

Q1 2025: Scorecard

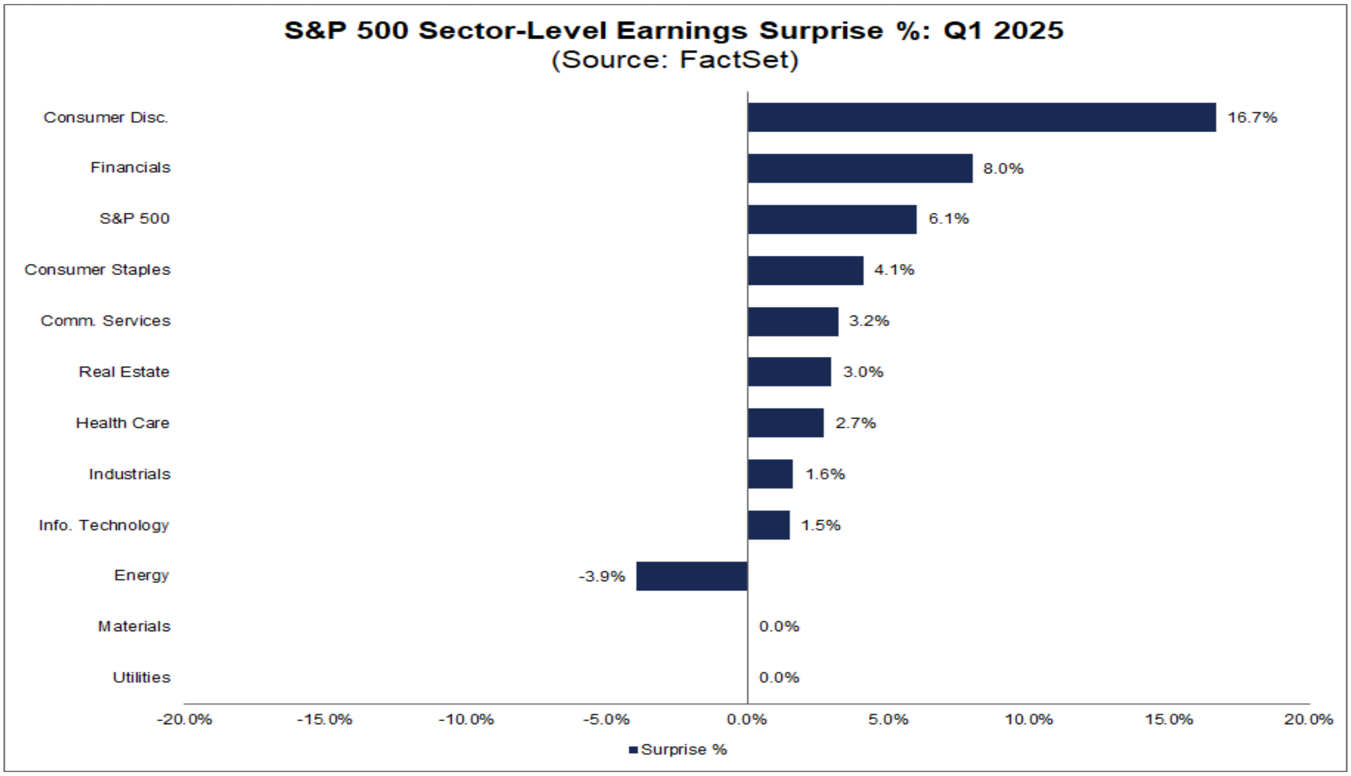


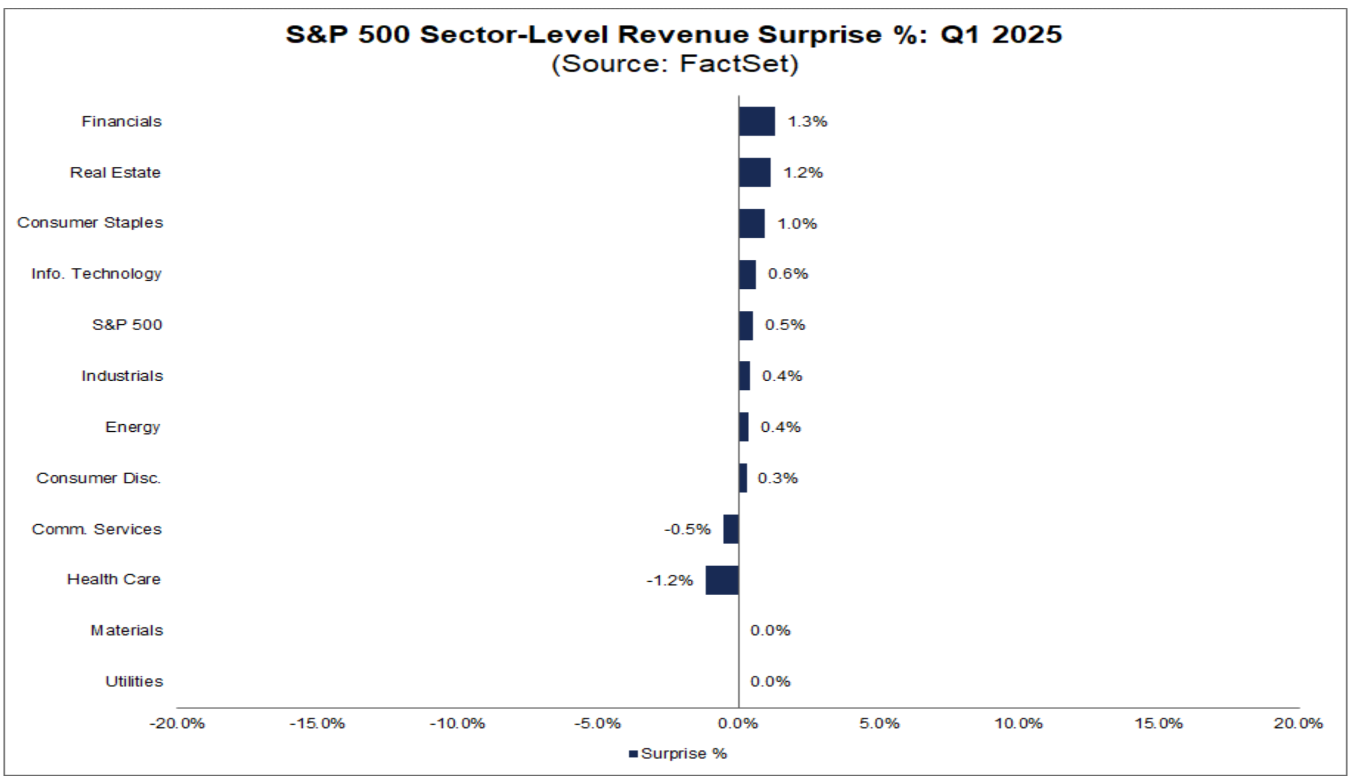
	Comm. Services	Real Estate	Financials	Info. Technology	S&P 500	Health Care	Consumer Staples	Industrials	Consumer Disc.	Energy	Materials	Utilities
Below	0%	0%	8%	20%	24%	33%	43%	33%	43%	100%	0%	0%
In-Line	0%	0%	4%	0%	5%	0%	0%	11%	14%	0%	0%	0%
Above	100%	100%	88%	80%	71%	67%	57%	56%	43%	0%	0%	0%



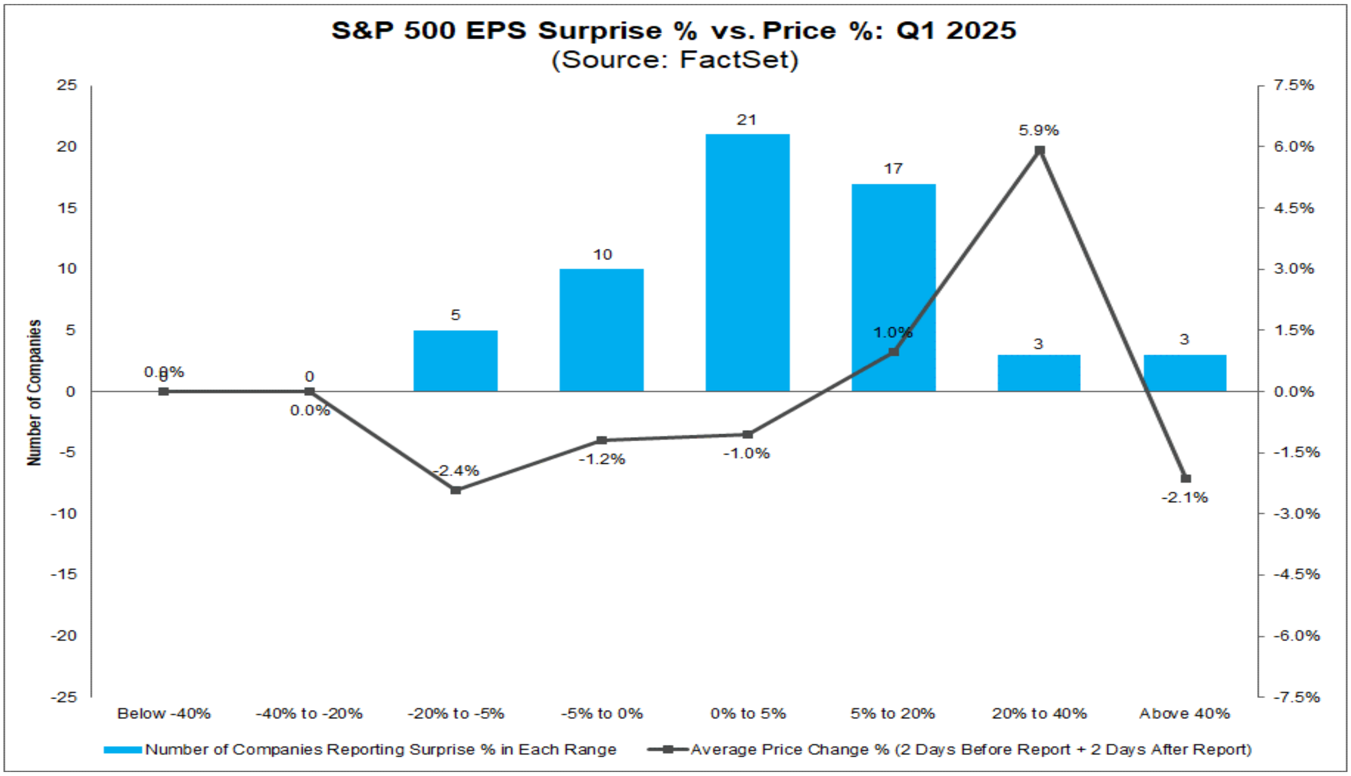
	Real Estate	Energy	Info. Technology	Industrials	S&P 500	Financials	Consumer Disc.	Consumer Staples	Health Care	Comm. Services	Materials	Utilities
Below	0%	0%	20%	33%	39%	40%	43%	43%	67%	100%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	80%	67%	61%	60%	57%	57%	33%	0%	0%	0%

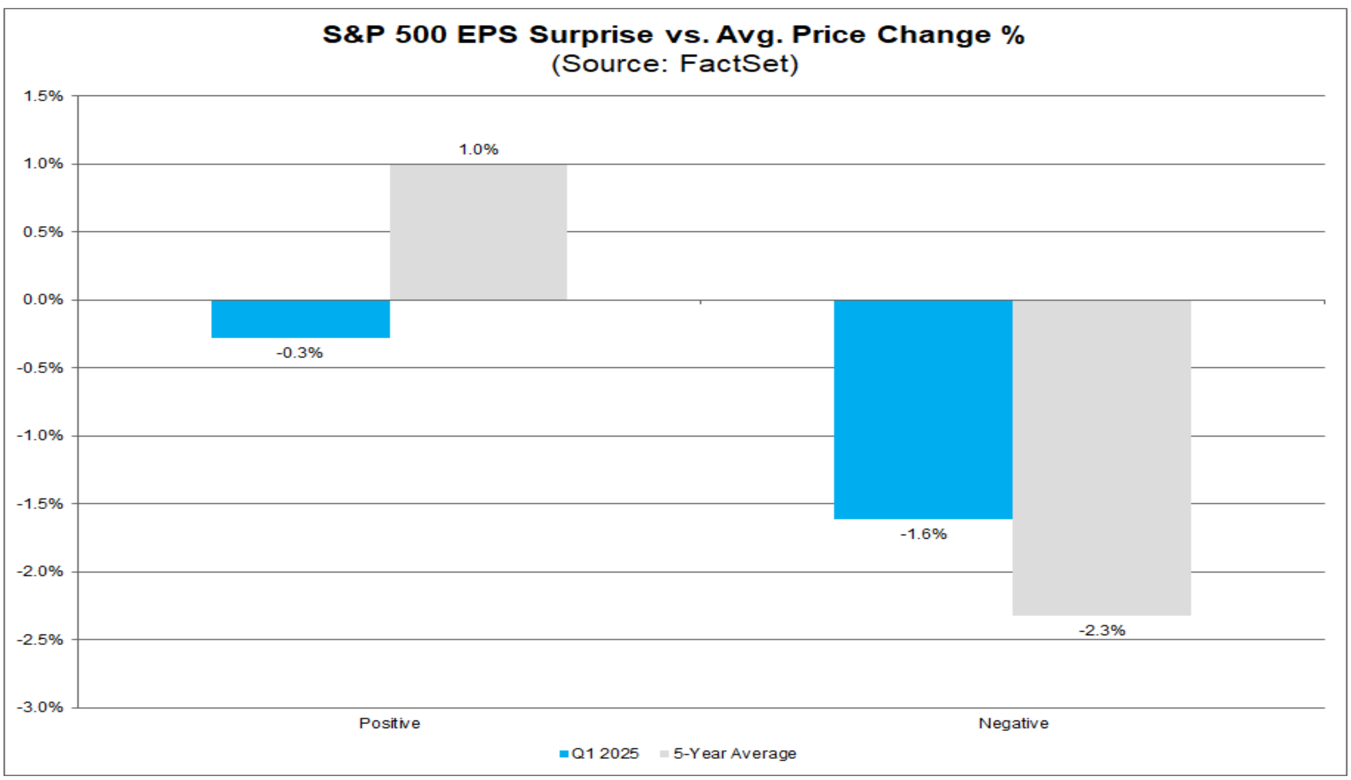
Q1 2025: Surprise



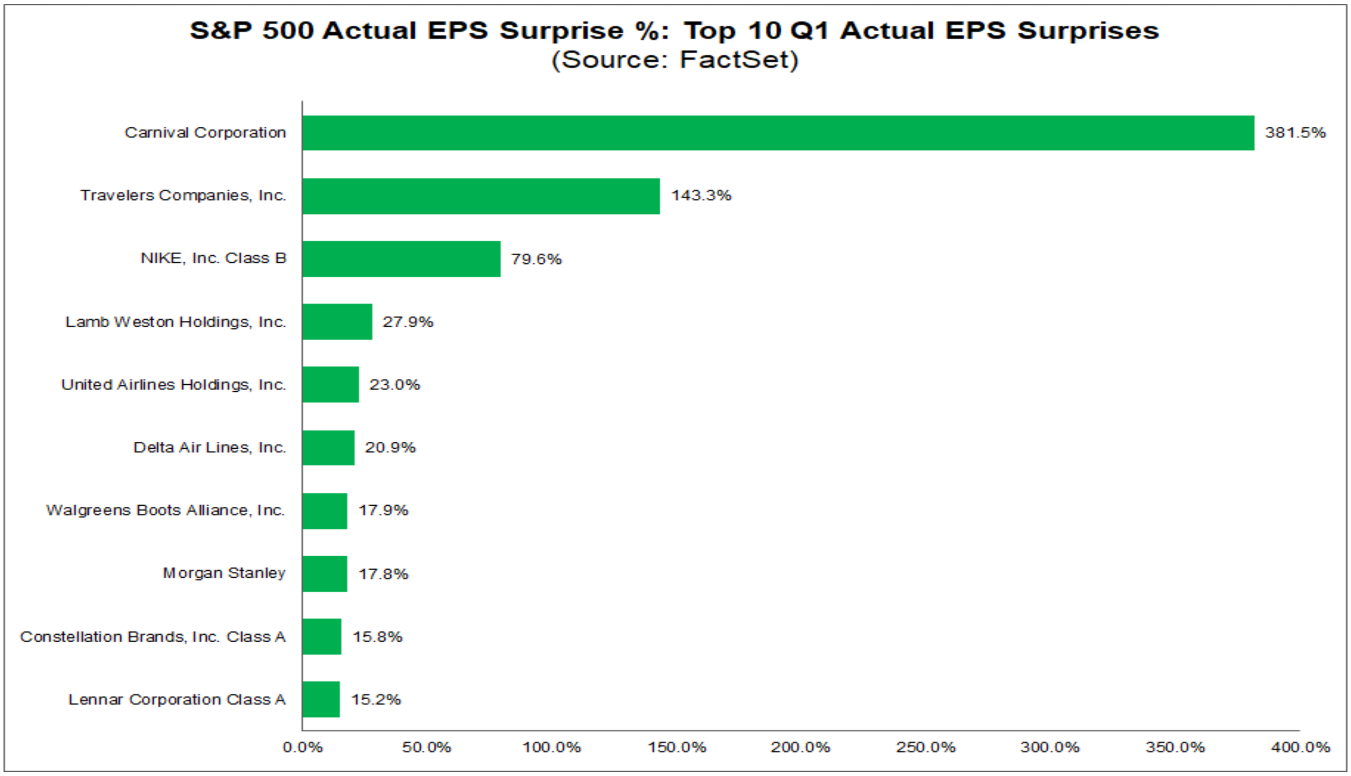


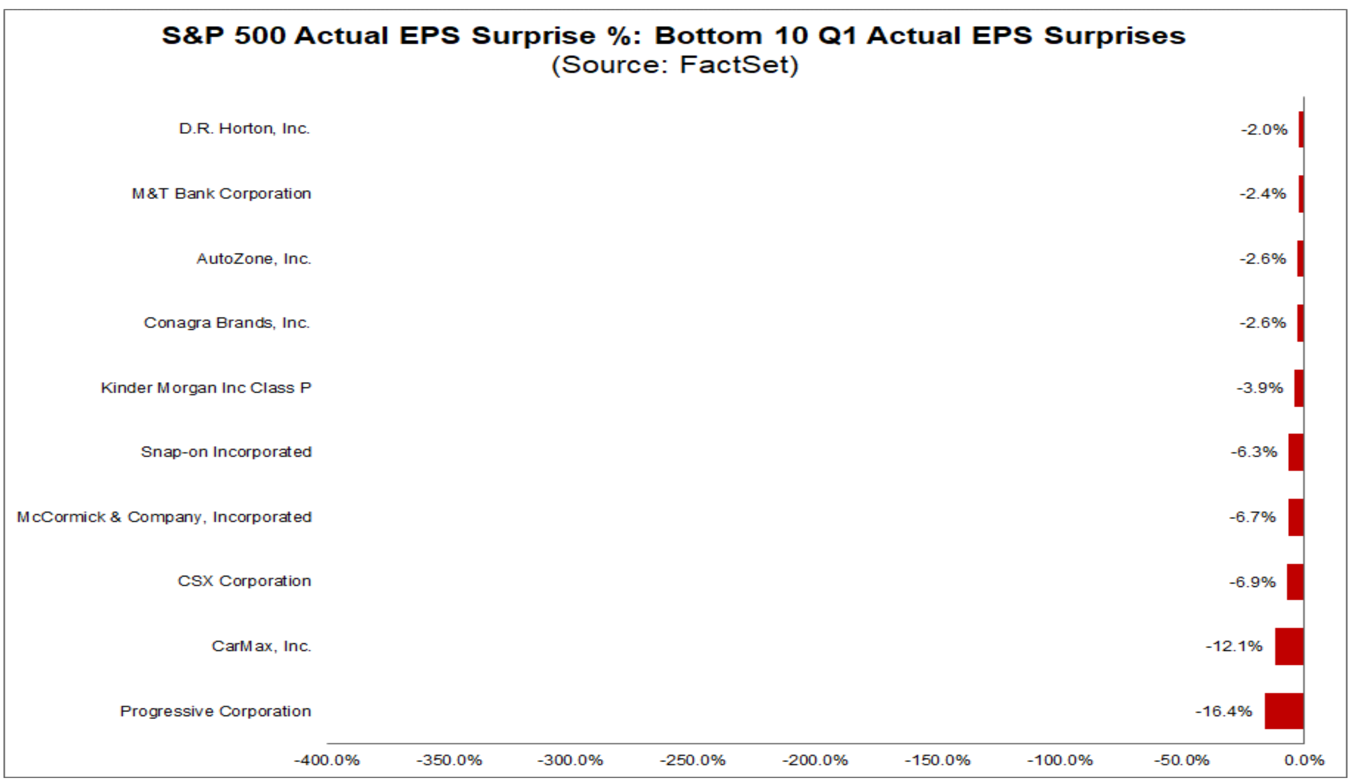
Q1 2025: Surprise



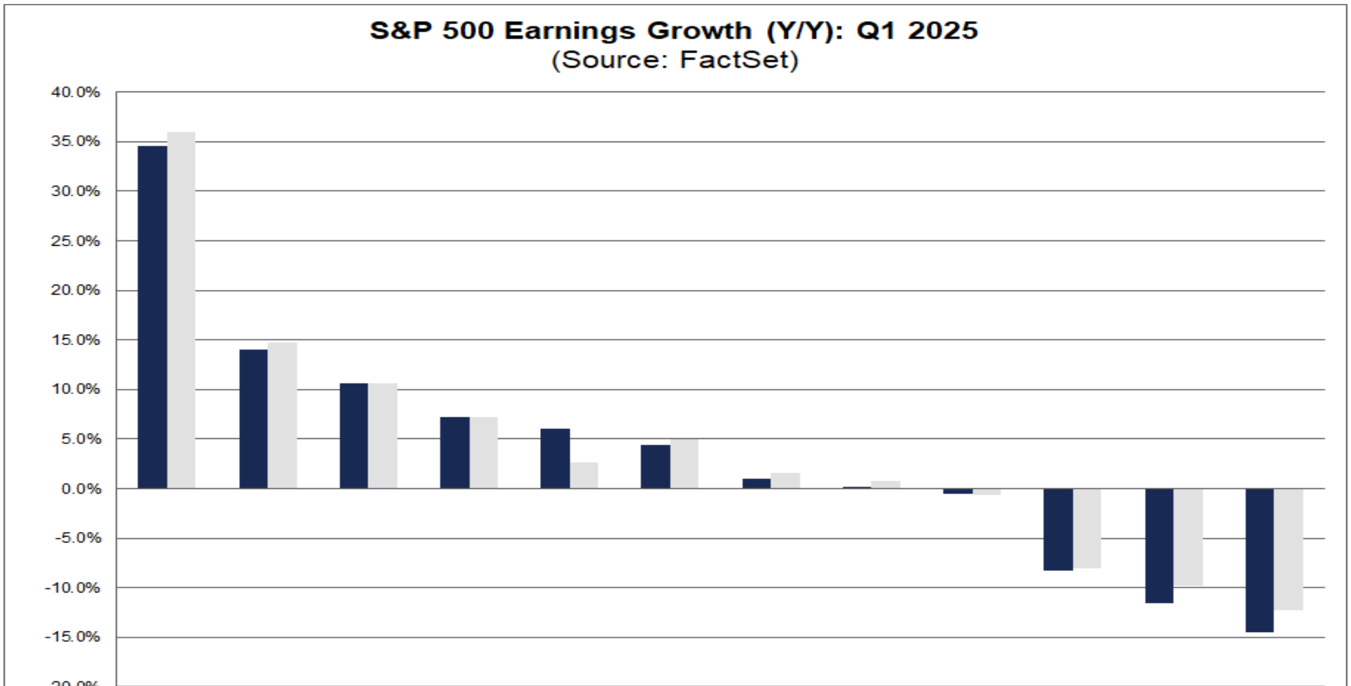


Q1 2025: Surprise

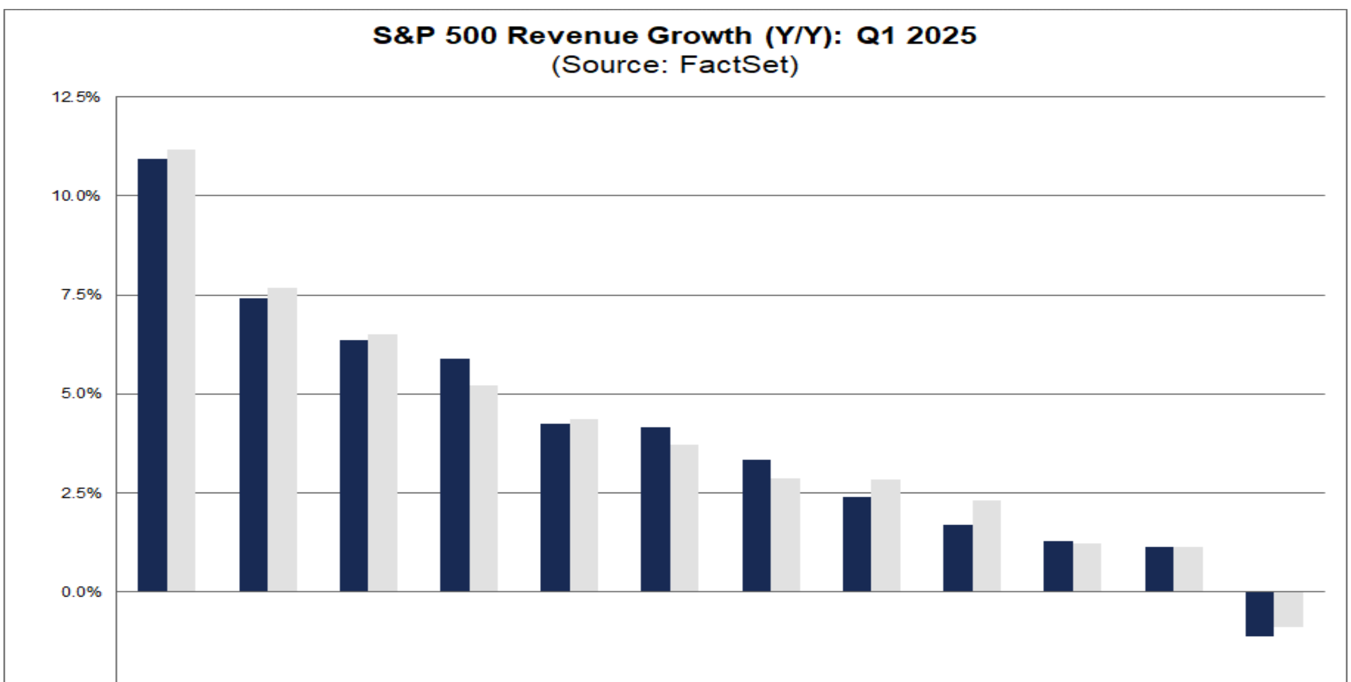




Q1 2025: Growth

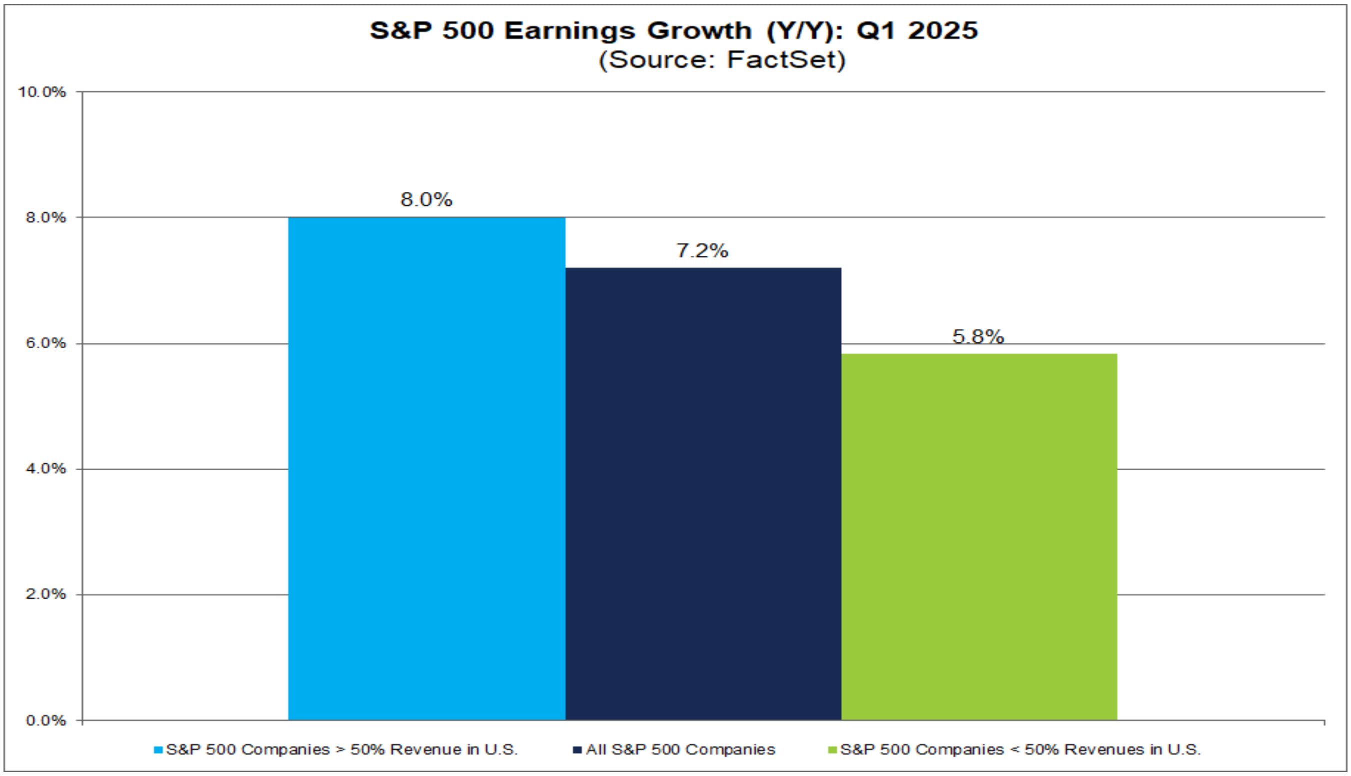


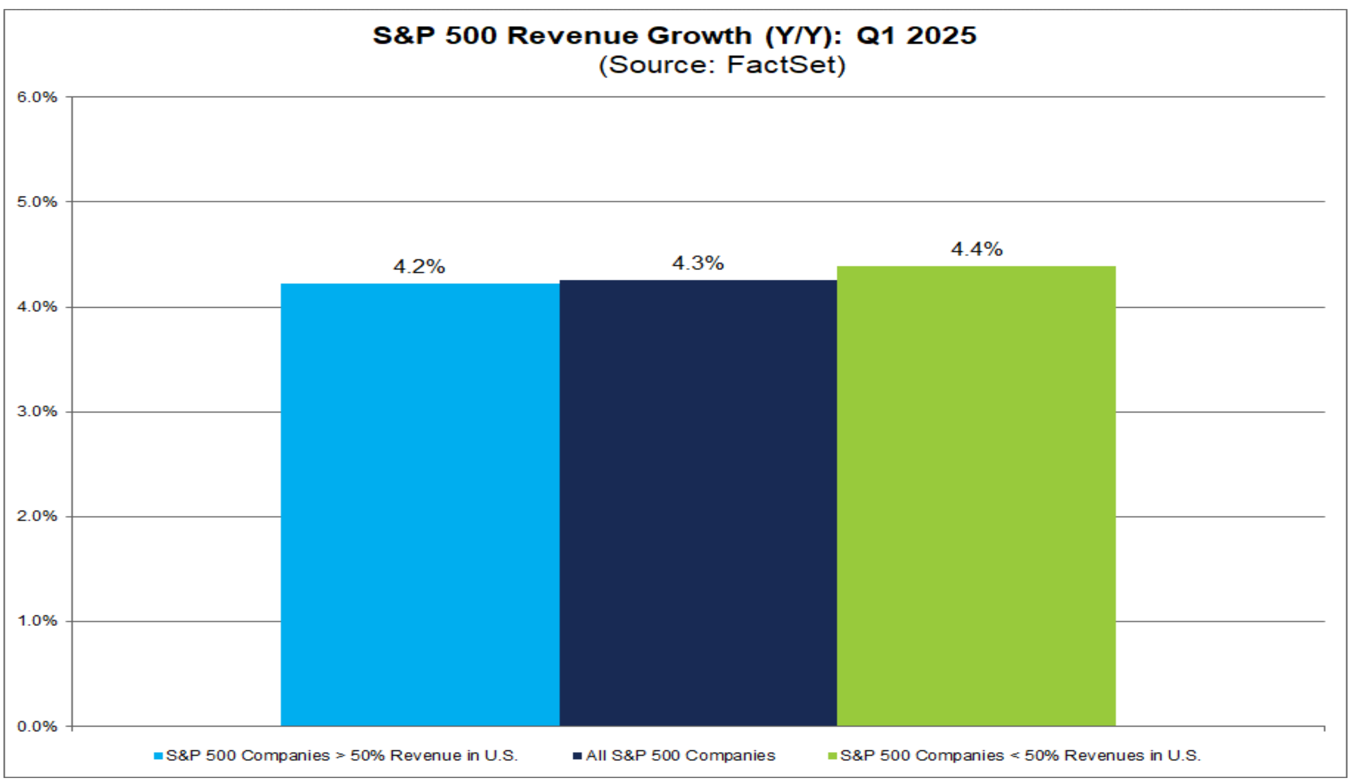
	Health Care	Info. Technology	Utilities	S&P 500	Financials	Comm. Services	Consumer Disc.	Industrials	Real Estate	Consumer Staples	Materials	Energy
Today	34.5%	14.0%	10.7%	7.2%	6.1%	4.4%	1.0%	0.2%	-0.5%	-8.3%	-11.5%	-14.5%
31-Mar	36.0%	14.8%	10.7%	7.2%	2.6%	4.9%	1.6%	0.7%	-0.6%	-8.1%	-9.8%	-12.3%



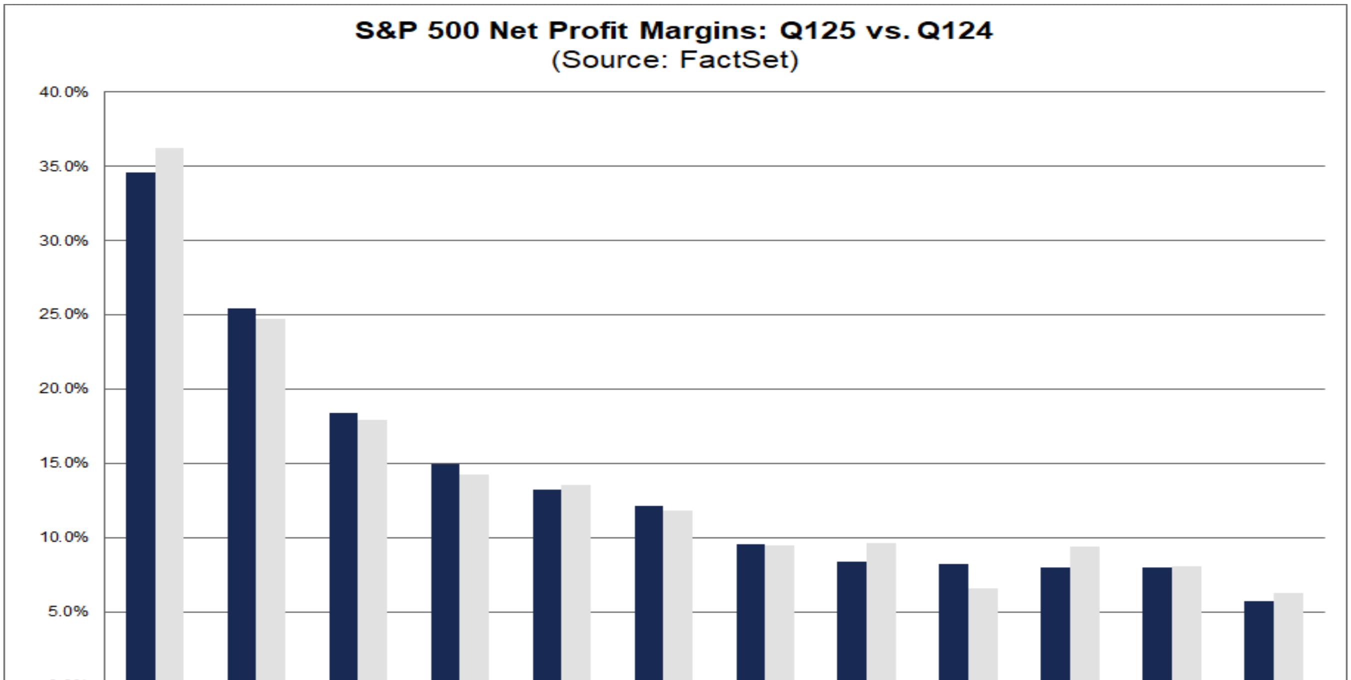
	Info. Technology	Health Care	Comm. Services	Utilities	S&P 500	Real Estate	Financials	Consumer Disc.	Materials	Energy	Consumer Staples	Industrials
Today	10.9%	7.4%	6.3%	5.9%	4.3%	4.2%	3.3%	2.4%	1.7%	1.3%	1.1%	-1.1%
31-Mar	11.2%	7.7%	6.5%	5.2%	4.4%	3.7%	2.9%	2.8%	2.3%	1.2%	1.1%	-0.9%

Q1 2025: Growth

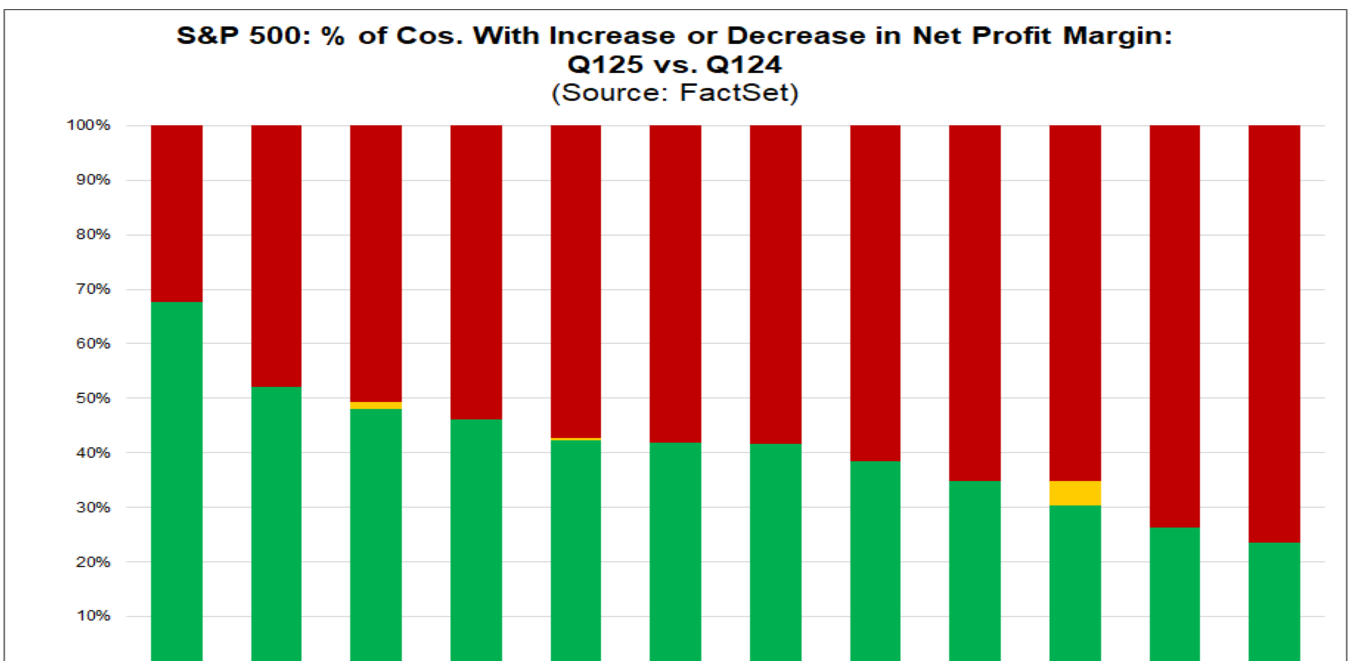




Q1 2025: Net Profit Margin

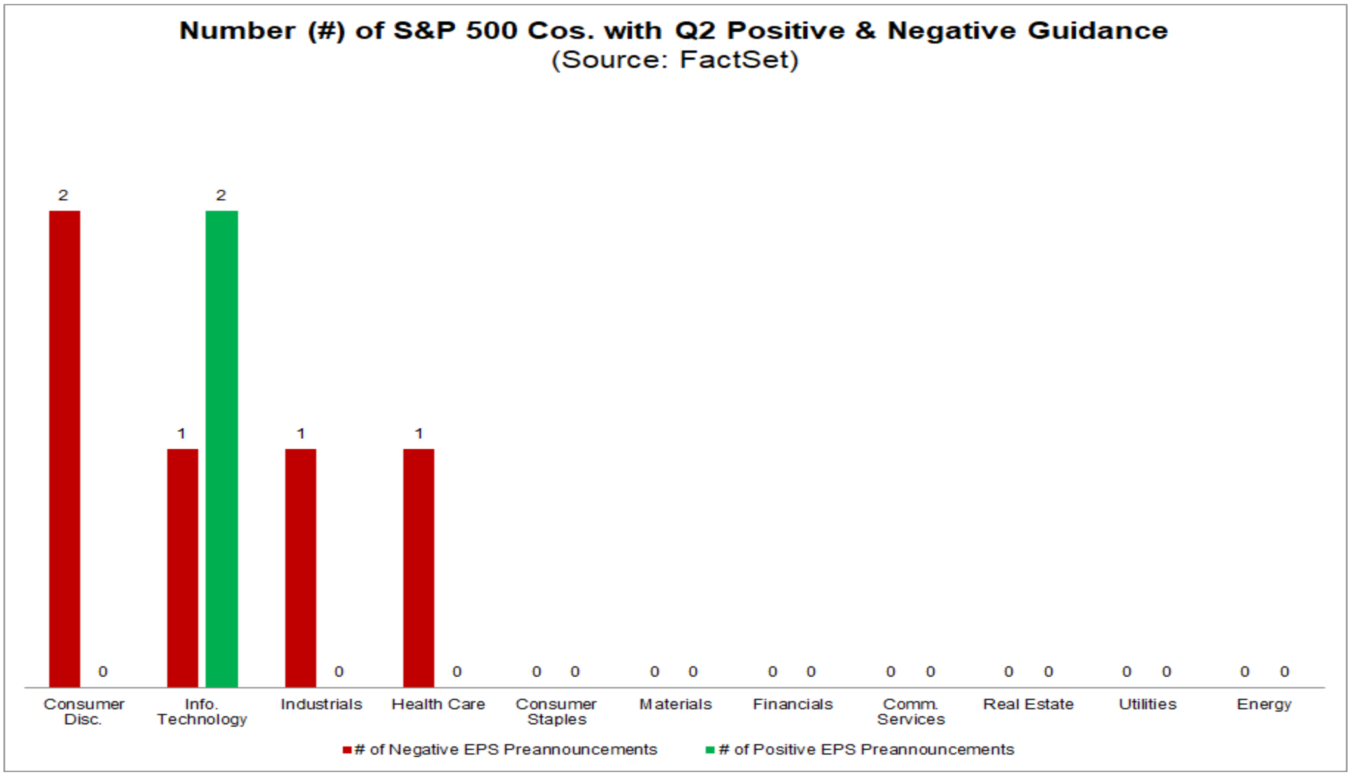


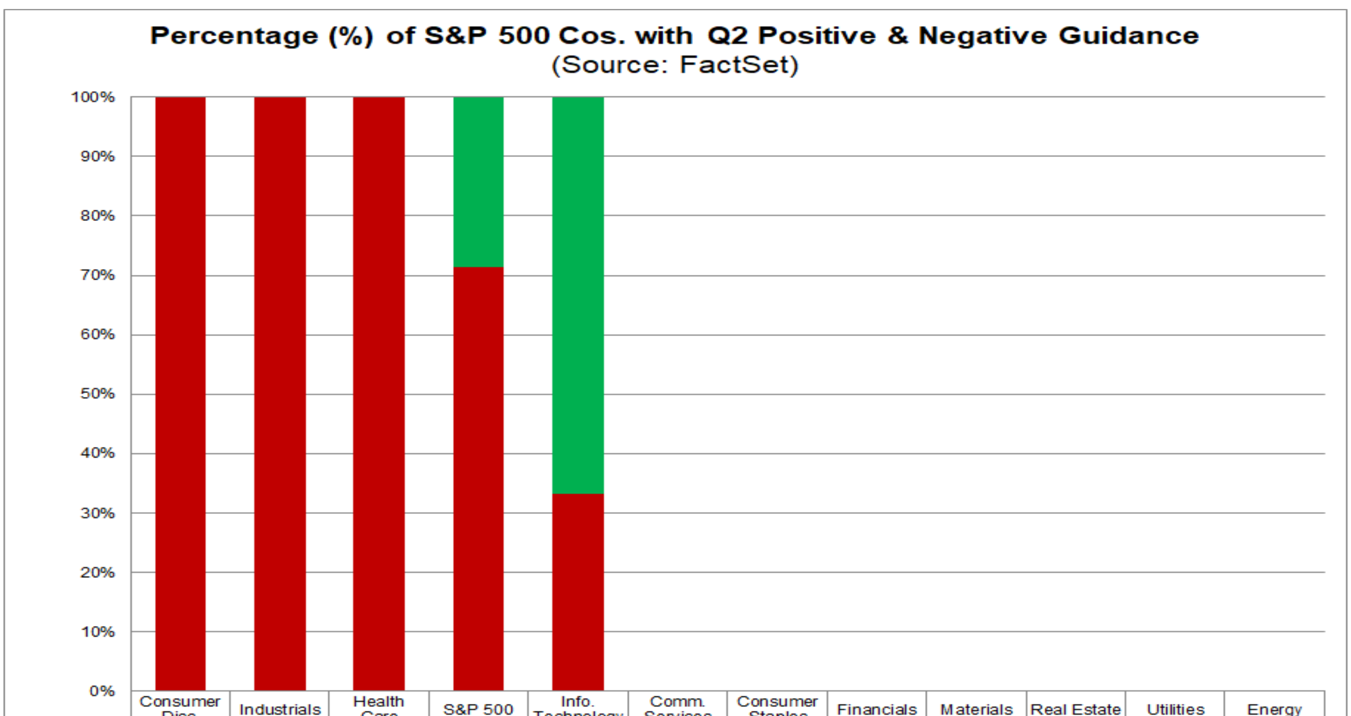
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Industrials	Materials	Health Care	Energy	Consumer Disc.	Consumer Staples
Q424	34.6%	25.4%	18.4%	14.9%	13.3%	12.1%	9.6%	8.4%	8.2%	7.9%	7.9%	5.7%
Q423	36.2%	24.7%	17.9%	14.3%	13.5%	11.8%	9.4%	9.6%	6.6%	9.4%	8.0%	6.3%



	Utilities	Information Tech.	Financials	Industrials	S&P 500	Real Estate	Health Care	Materials	Comm. Services	Energy	Consumer Staples	Consumer Disc.
Down %	32%	48%	51%	54%	57%	58%	58%	62%	65%	65%	74%	76%
None %	0%	0%	1%	0%	0%	0%	0%	0%	0%	4%	0%	0%
Up %	68%	52%	48%	46%	42%	42%	42%	38%	35%	30%	26%	24%

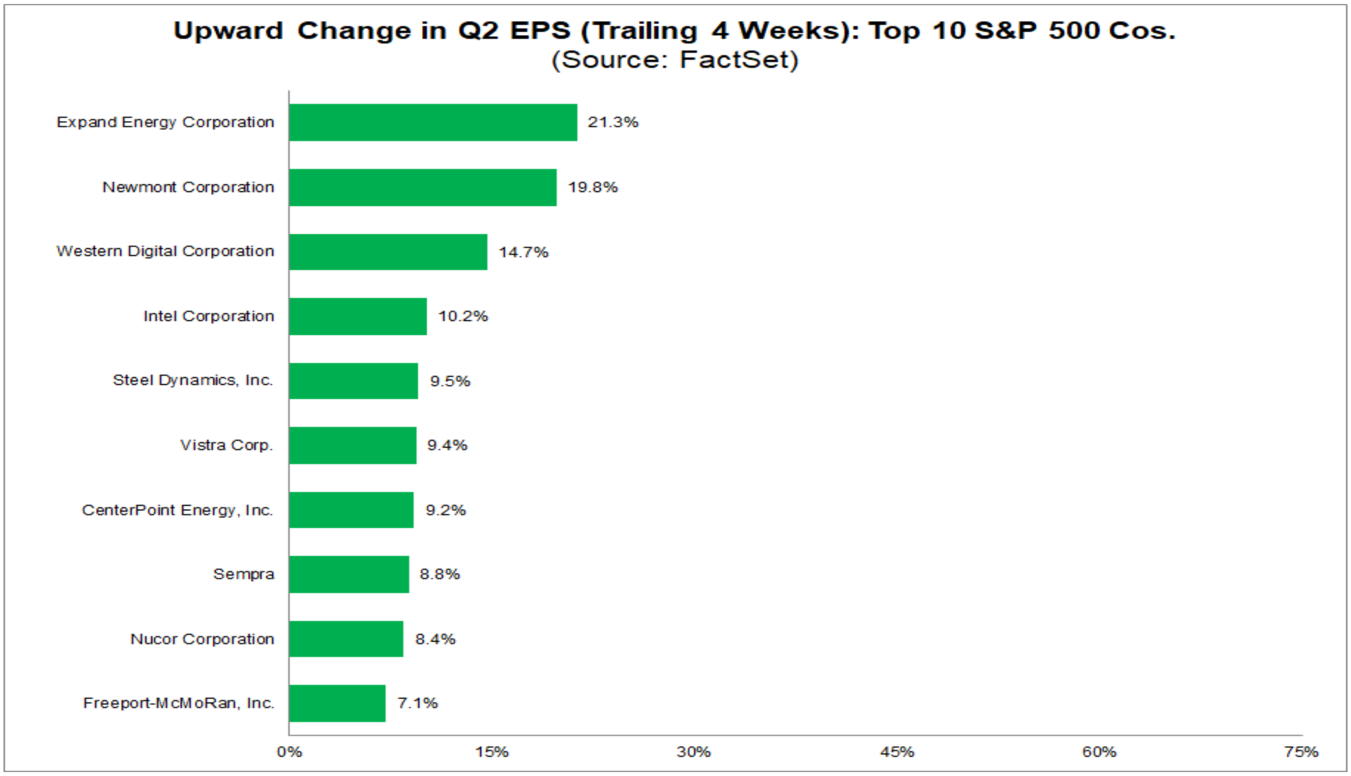
Q2 2025: Guidance

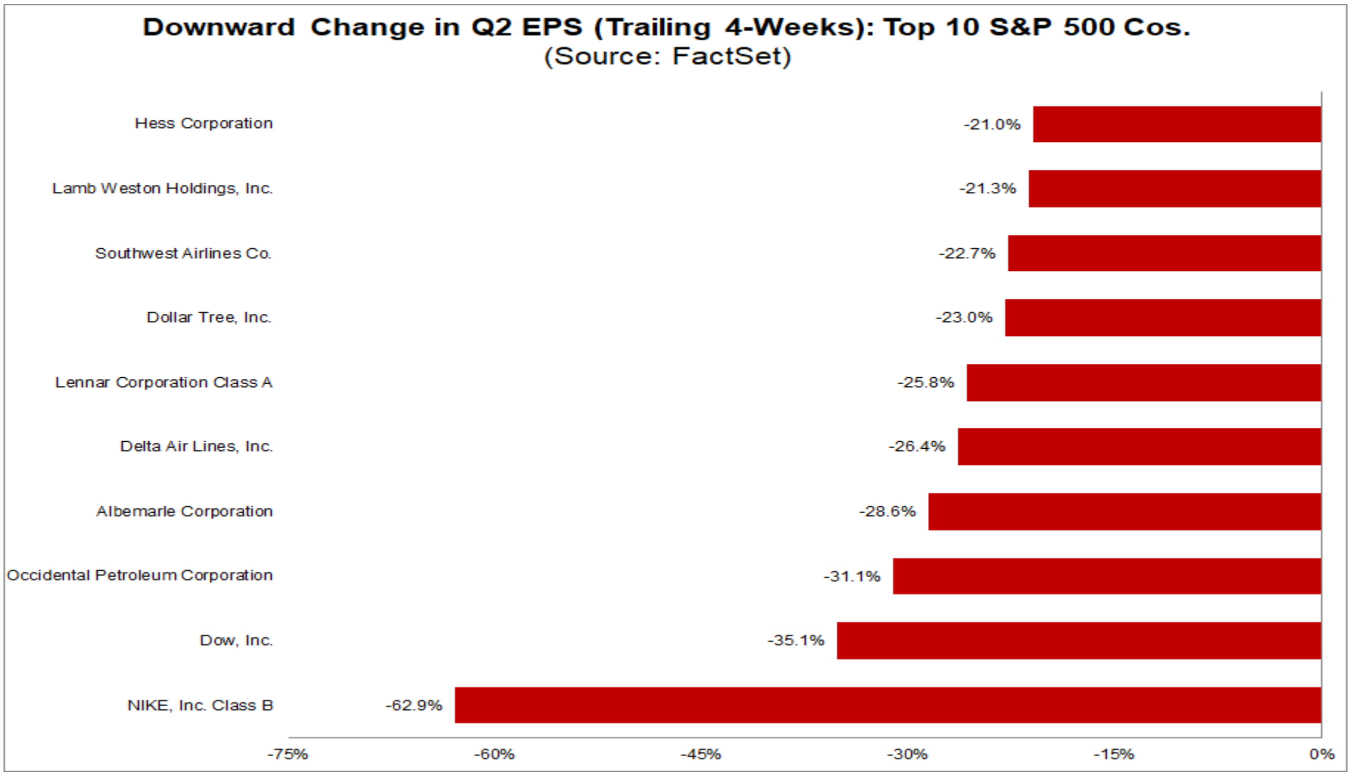




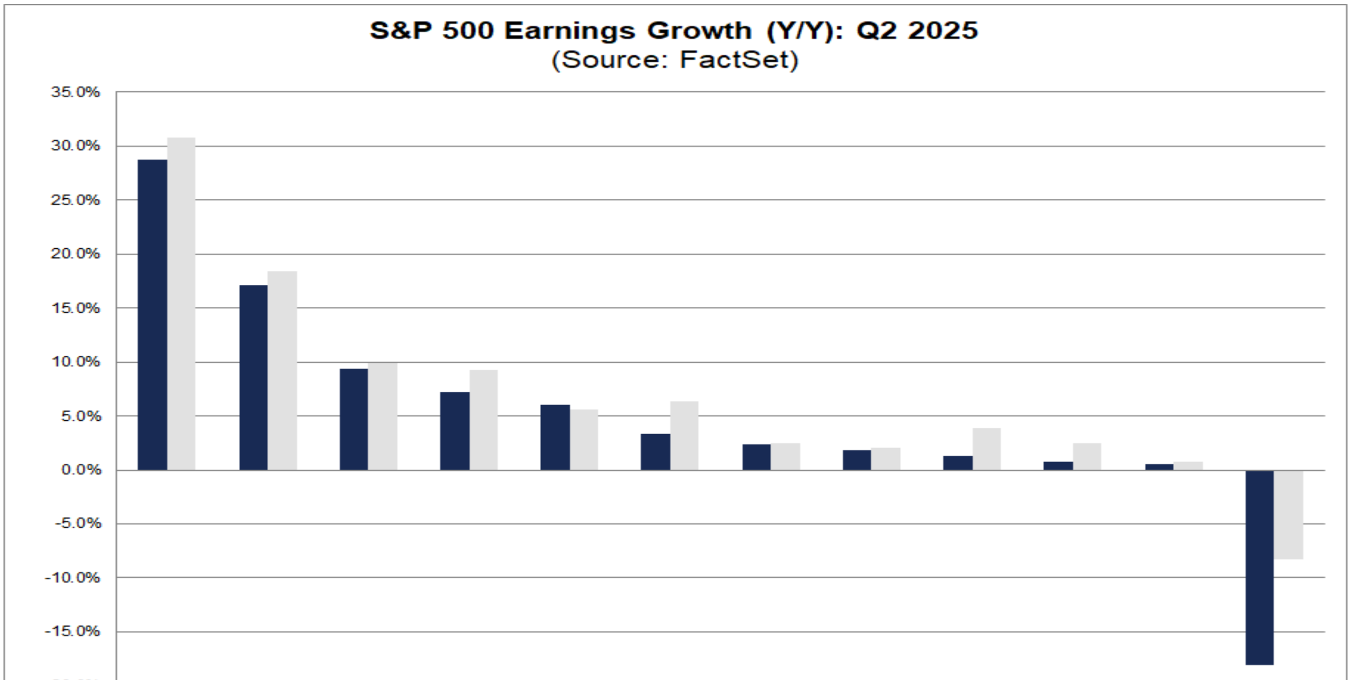
	Consumer Disc.	Industrials	Health Care	S&P 500	Info. Technology	Comm. Services	Consumer Staples	Financials	Materials	Real Estate	Utilities	Energy
Positive	0%	0%	0%	29%	67%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	100%	71%	33%	0%	0%	0%	0%	0%	0%	0%

Q2 2025: EPS Revisions

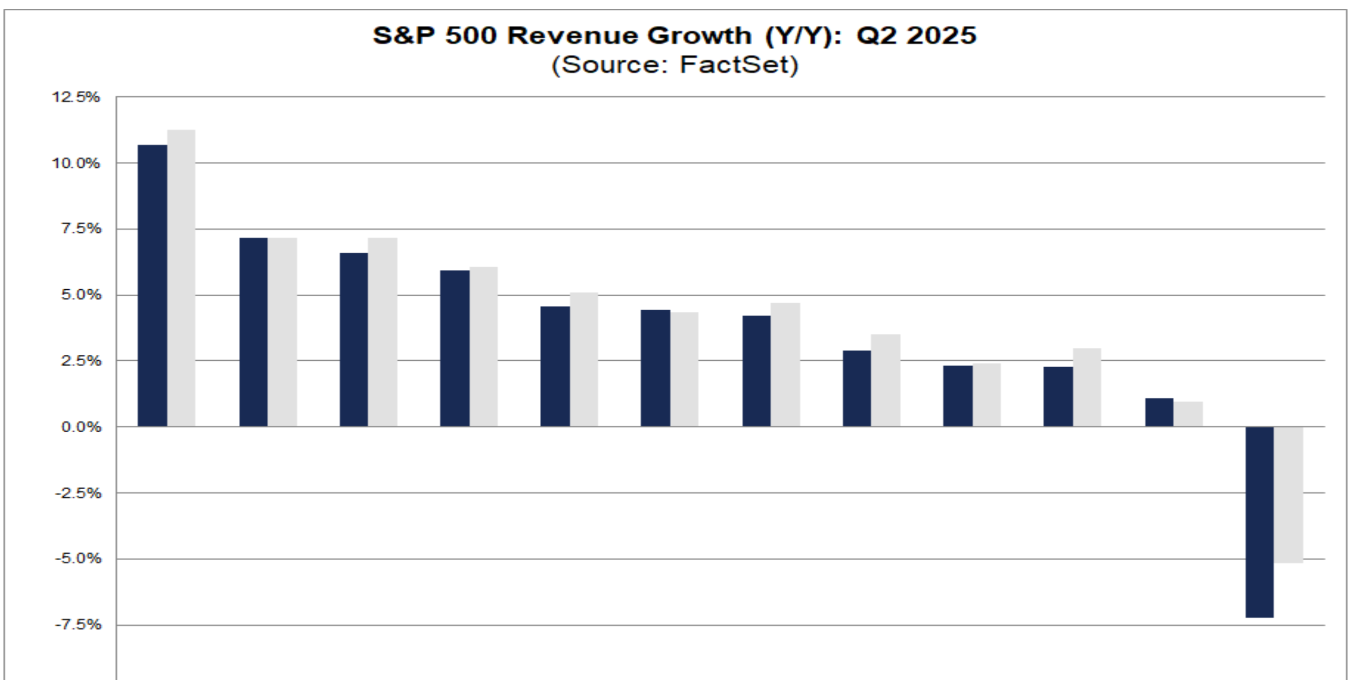




Q2 2025: Growth

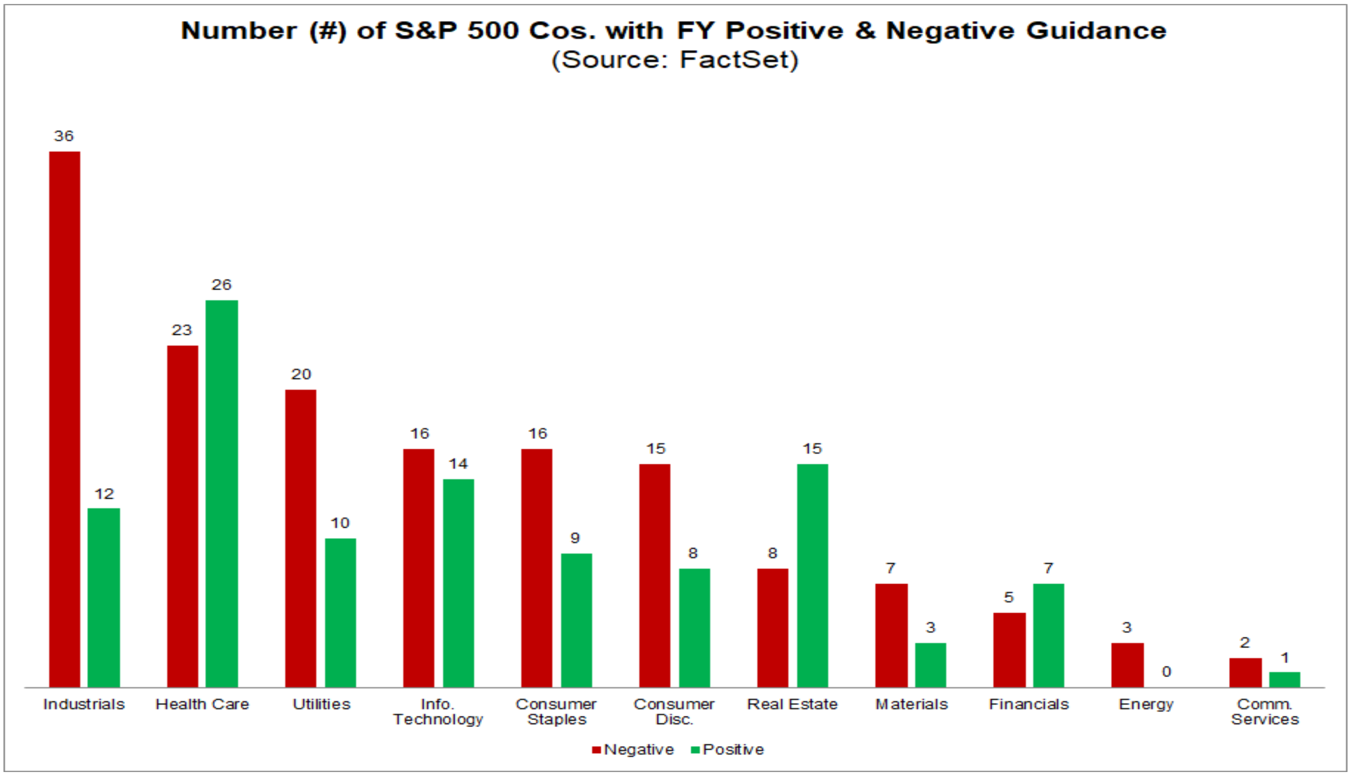


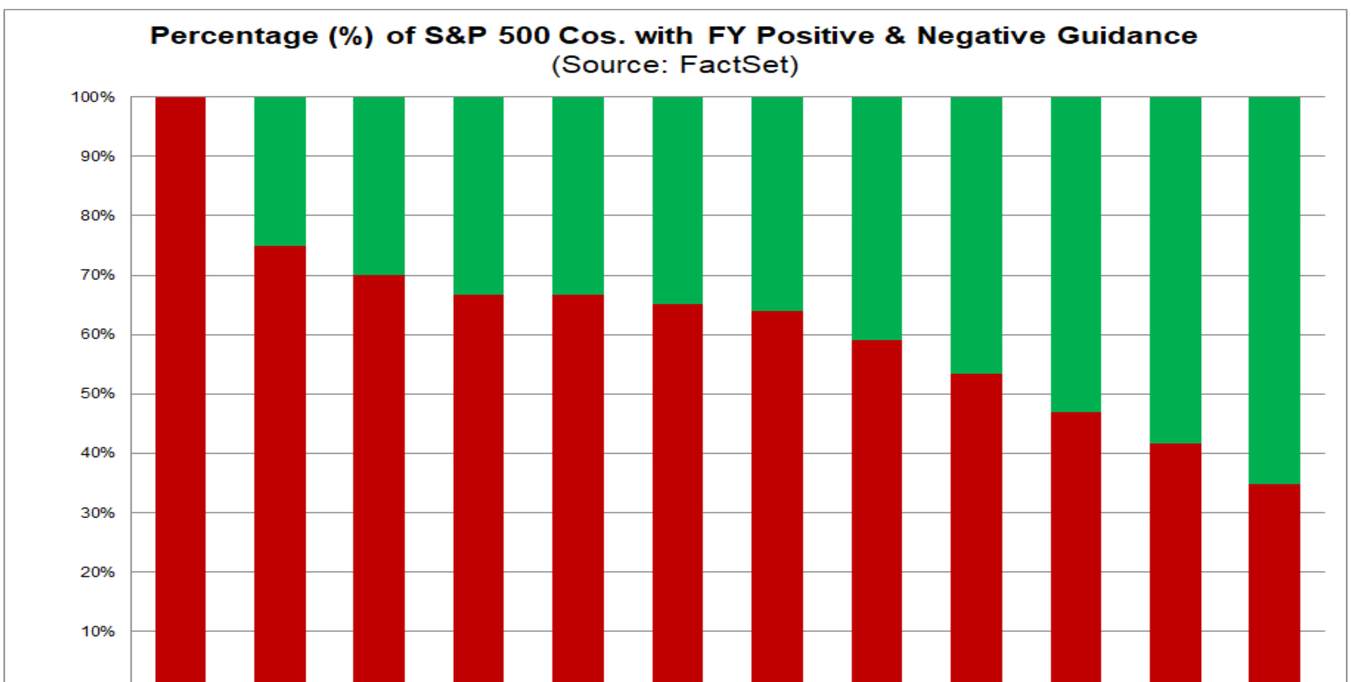
	Comm. Services	Info. Technology	Health Care	S&P 500	Utilities	Industrials	Real Estate	Materials	Financials	Consumer Disc.	Consumer Staples	Energy
Today	28.8%	17.1%	9.4%	7.2%	6.0%	3.3%	2.3%	1.8%	1.3%	0.7%	0.5%	-18.1%
31-Mar	30.7%	18.4%	9.9%	9.2%	5.6%	6.3%	2.5%	2.0%	3.8%	2.4%	0.8%	-8.3%



	Info. Technology	Health Care	Comm. Services	Utilities	Financials	Real Estate	S&P 500	Consumer Disc.	Consumer Staples	Industrials	Materials	Energy
Today	10.7%	7.2%	6.6%	5.9%	4.6%	4.4%	4.2%	2.9%	2.3%	2.3%	1.1%	-7.2%
31-Mar	11.3%	7.2%	7.2%	6.1%	5.1%	4.3%	4.7%	3.5%	2.4%	3.0%	1.0%	-5.2%

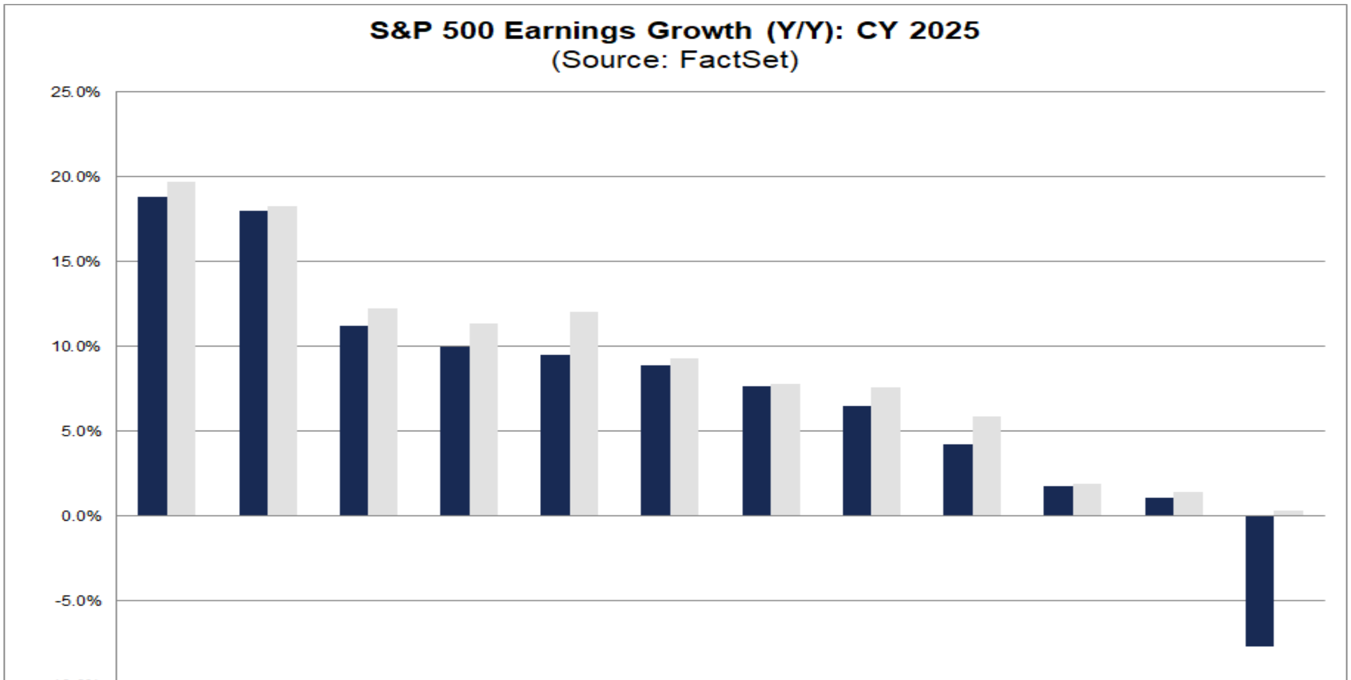
FY 2025 / 2026: EPS Guidance



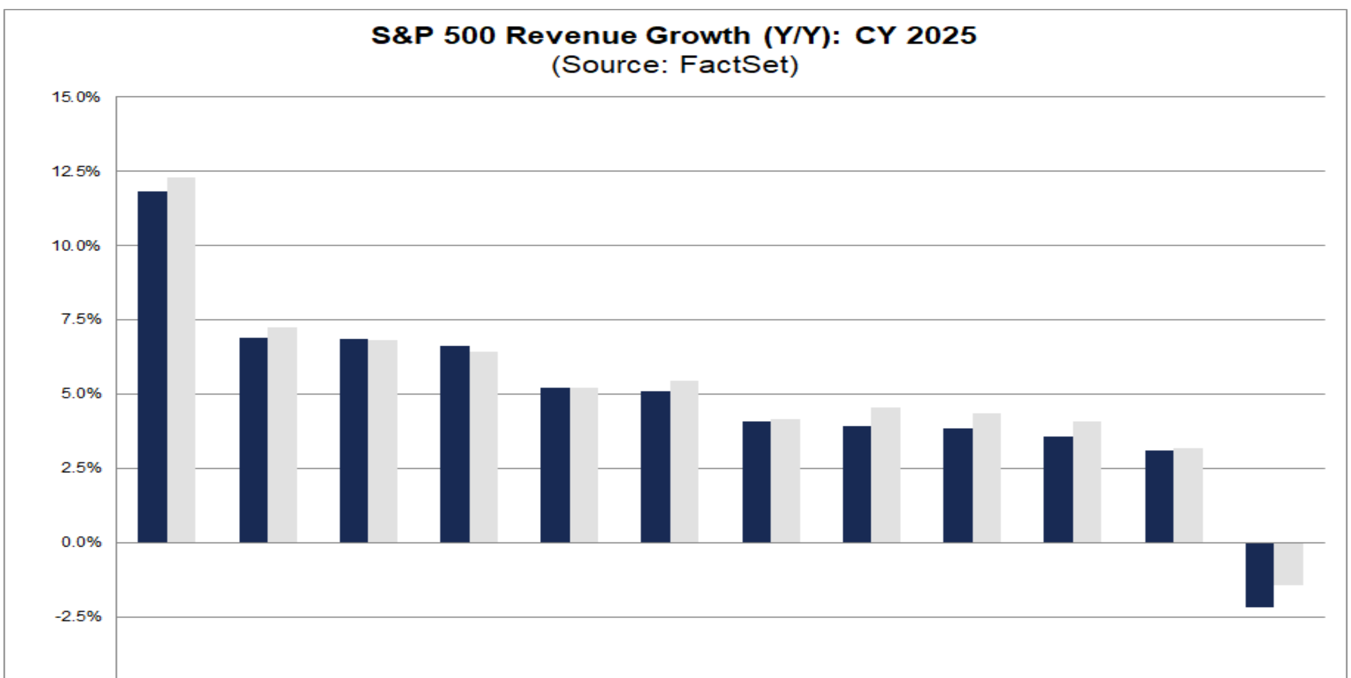


	Energy	Industrials	Materials	Utilities	Comm. Services	Consumer Disc.	Consumer Staples	S&P 500	Info. Technology	Health Care	Financials	Real Estate
Positive	0%	25%	30%	33%	33%	35%	36%	41%	47%	53%	58%	65%
Negative	100%	75%	70%	67%	67%	65%	64%	59%	53%	47%	42%	35%

CY 2025: Growth

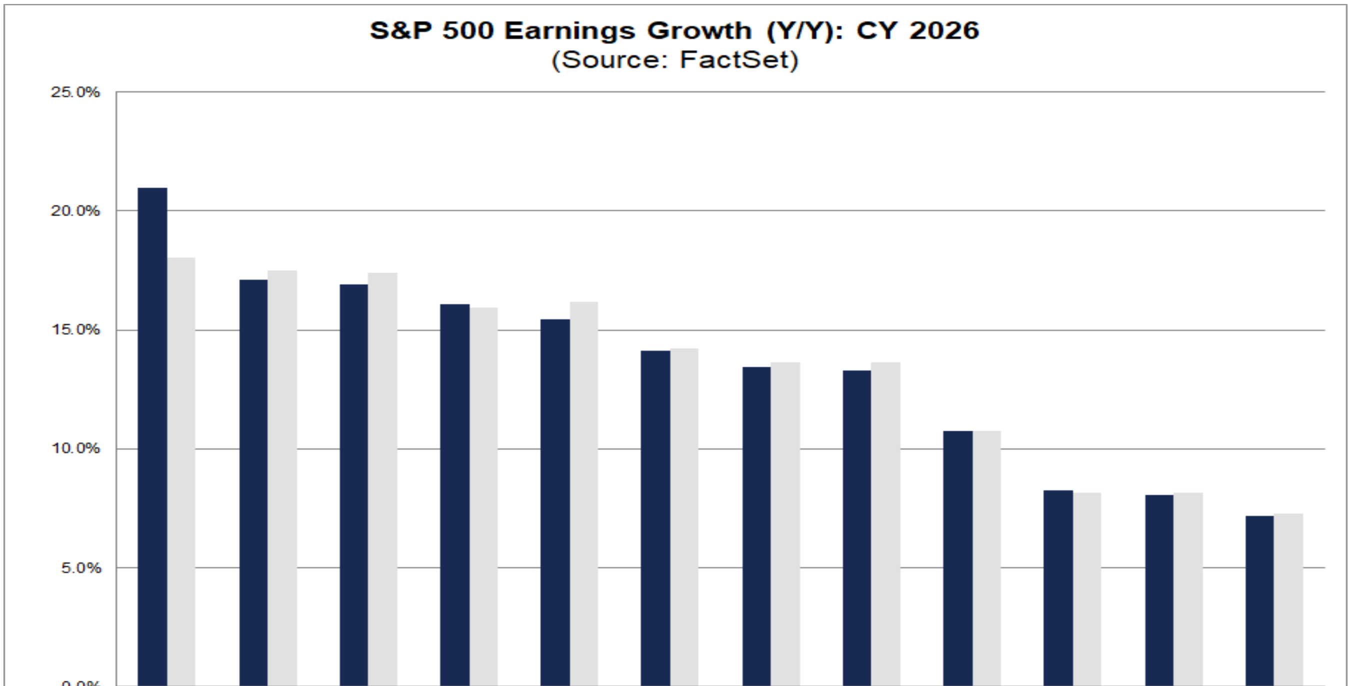


	Info. Technology	Health Care	Comm. Services	S&P 500	Industrials	Materials	Utilities	Financials	Consumer Disc.	Real Estate	Consumer Staples	Energy
Today	18.8%	18.0%	11.2%	10.0%	9.5%	8.9%	7.6%	6.5%	4.2%	1.8%	1.1%	-7.7%
31-Mar	19.7%	18.2%	12.3%	11.4%	12.0%	9.3%	7.8%	7.6%	5.9%	1.9%	1.4%	0.4%

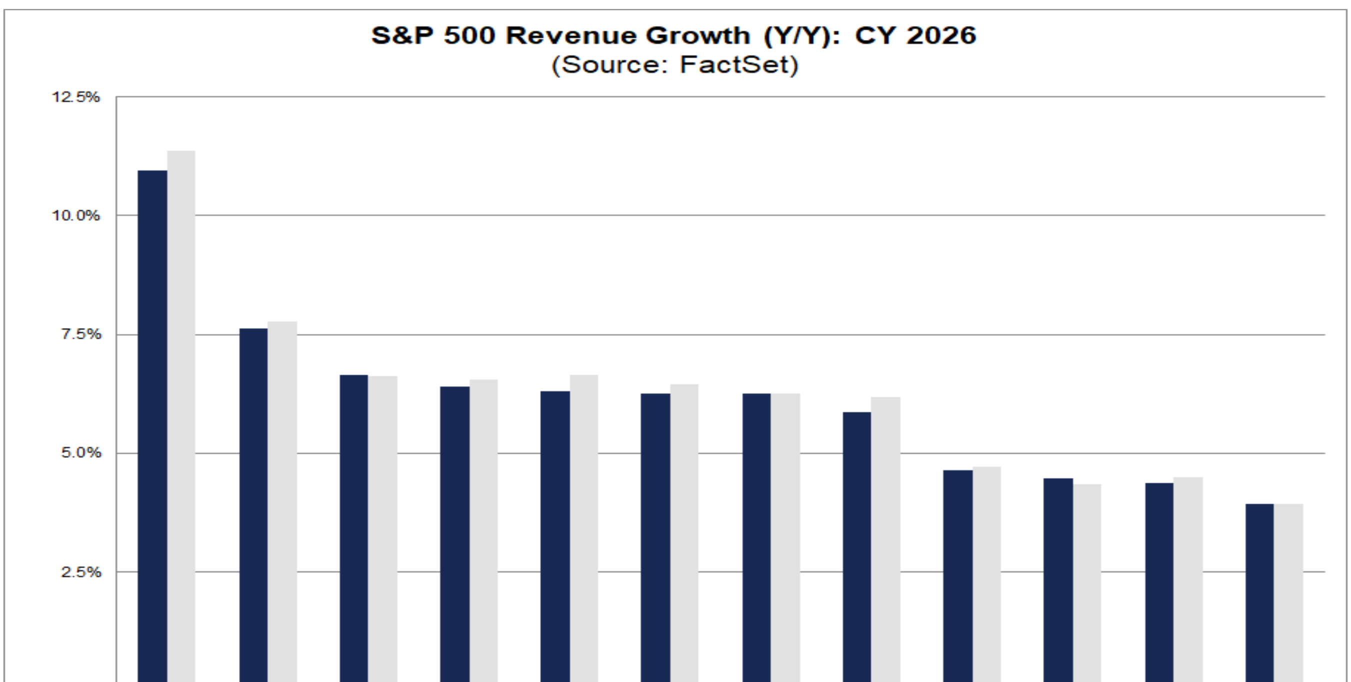


	Info. Technology	Comm. Services	Health Care	Utilities	Real Estate	S&P 500	Materials	Industrials	Consumer Disc.	Financials	Consumer Staples	Energy
Today	11.8%	6.9%	6.8%	6.6%	5.2%	5.1%	4.1%	3.9%	3.8%	3.6%	3.1%	-2.2%
31-Mar	12.3%	7.3%	6.8%	6.4%	5.2%	5.4%	4.2%	4.5%	4.4%	4.1%	3.2%	-1.4%

CY 2026: Growth

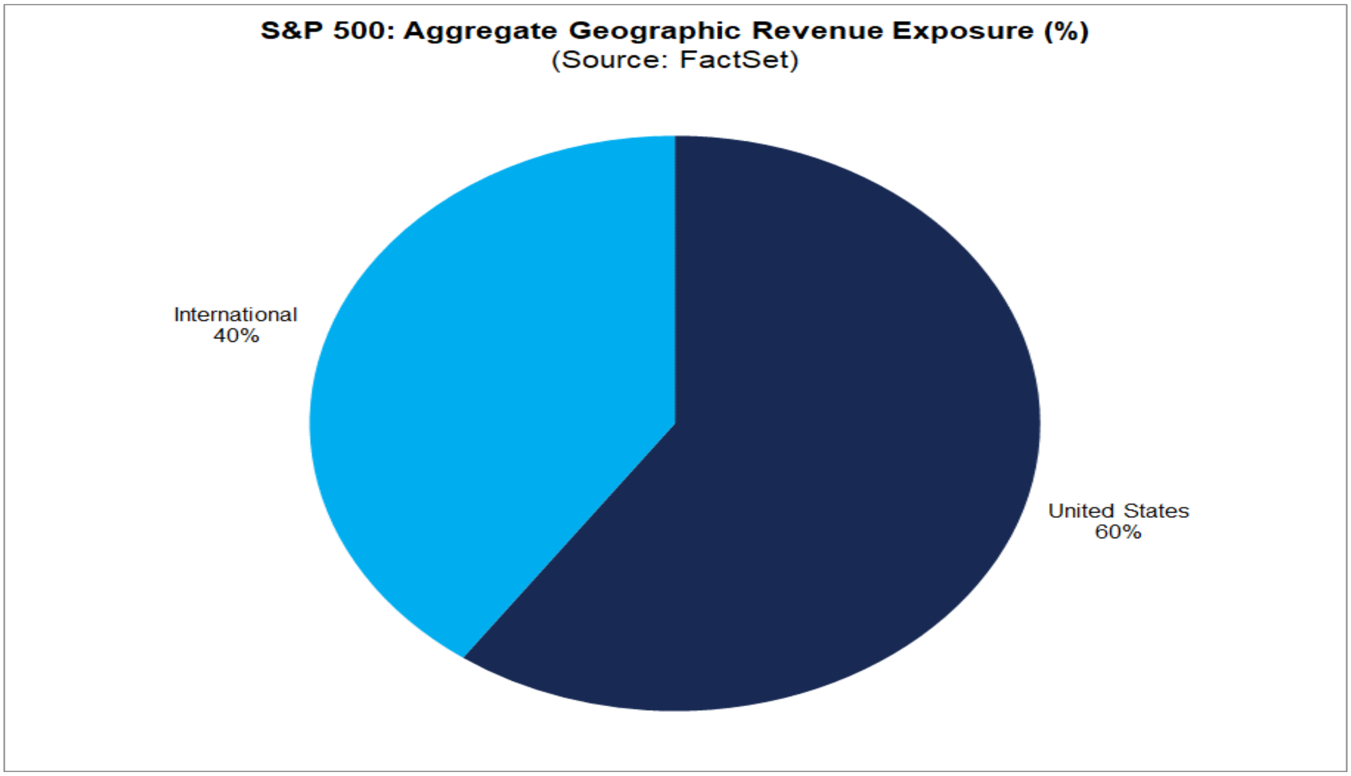


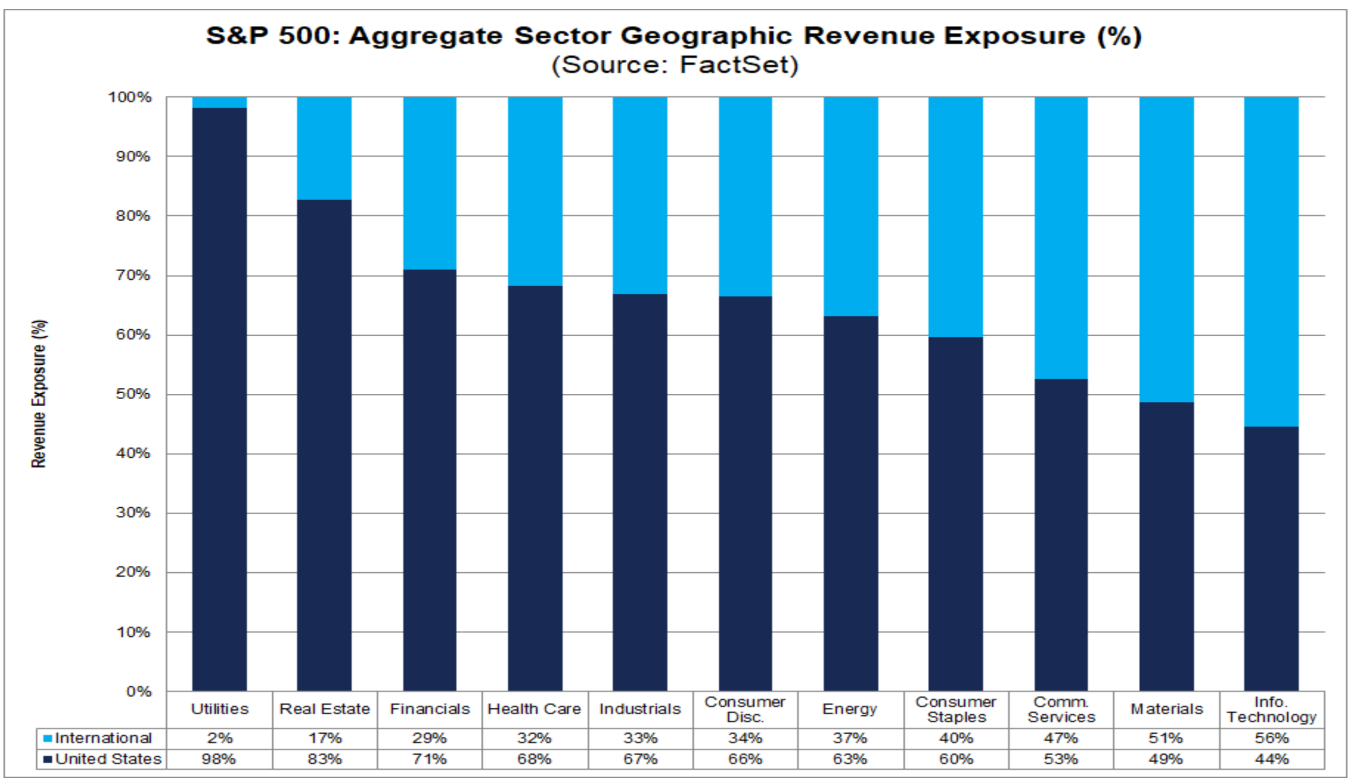
	Energy	Info. Technology	Materials	Industrials	Consumer Disc.	S&P 500	Comm. Services	Financials	Health Care	Utilities	Consumer Staples	Real Estate
Today	21.0%	17.1%	16.9%	16.1%	15.4%	14.1%	13.5%	13.3%	10.8%	8.3%	8.1%	7.2%
31-Mar	18.1%	17.5%	17.4%	15.9%	16.2%	14.2%	13.6%	13.6%	10.7%	8.2%	8.2%	7.3%



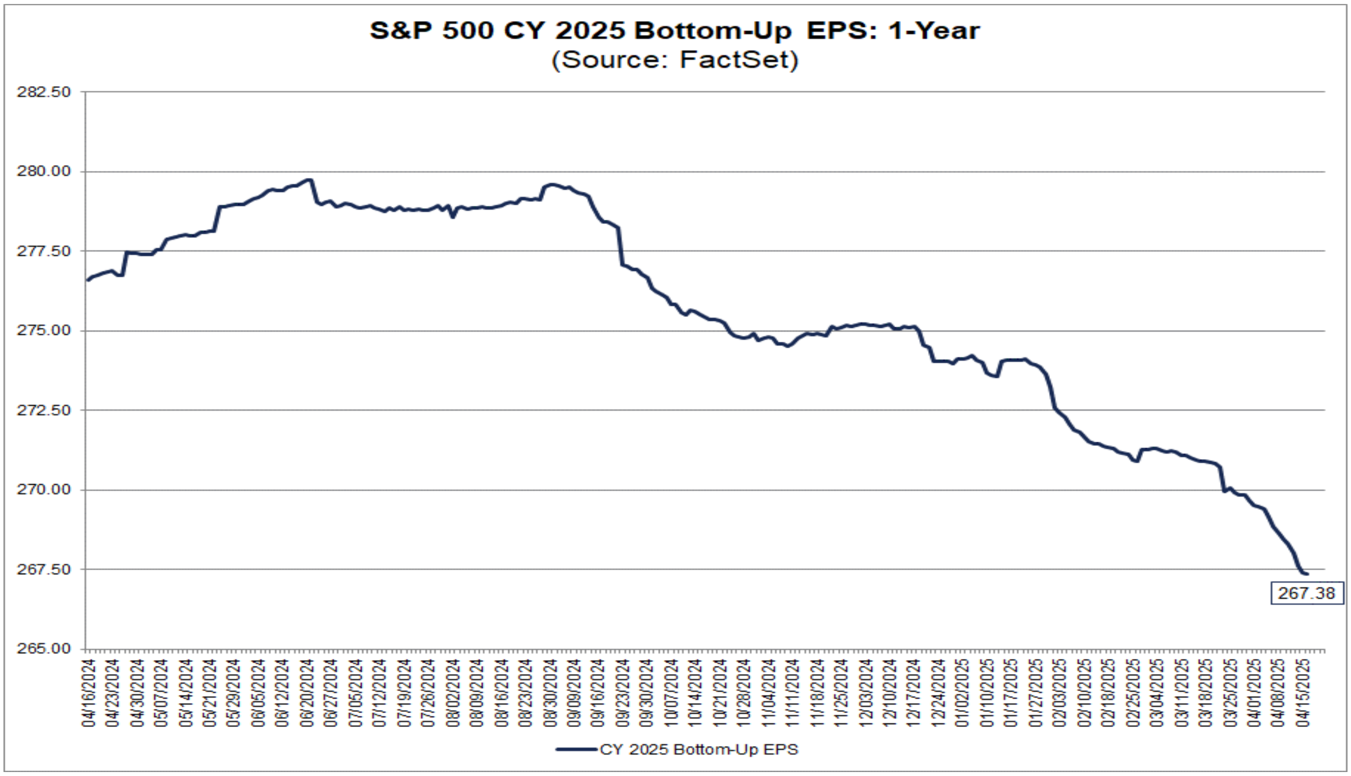
	Info. Technology	Comm. Services	Real Estate	S&P 500	Consumer Disc.	Industrials	Health Care	Financials	Materials	Utilities	Energy	Consumer Staples
Today	11.0%	7.6%	6.7%	6.4%	6.3%	6.3%	6.3%	5.9%	4.7%	4.5%	4.4%	3.9%
31-Mar	11.4%	7.8%	6.6%	6.6%	6.6%	6.5%	6.3%	6.2%	4.7%	4.3%	4.5%	3.9%

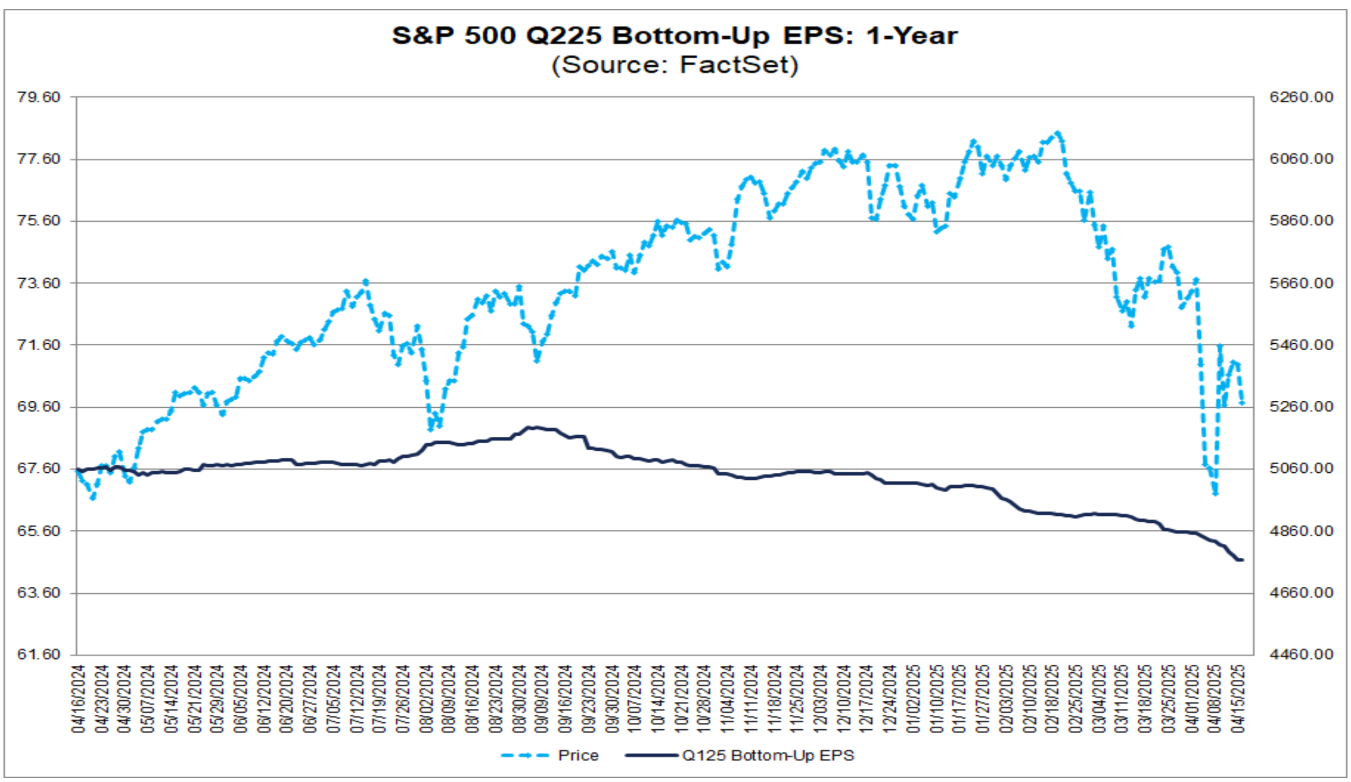
Geographic Revenue Exposure



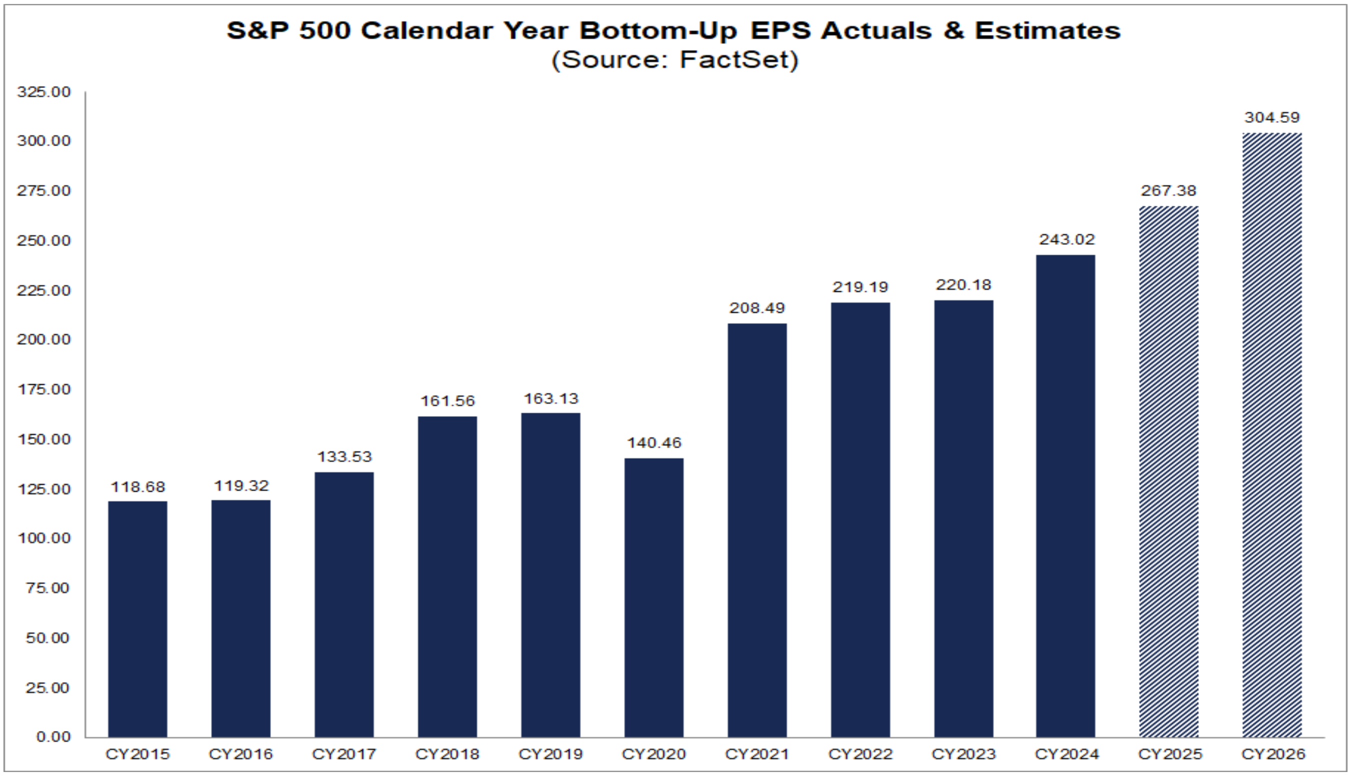


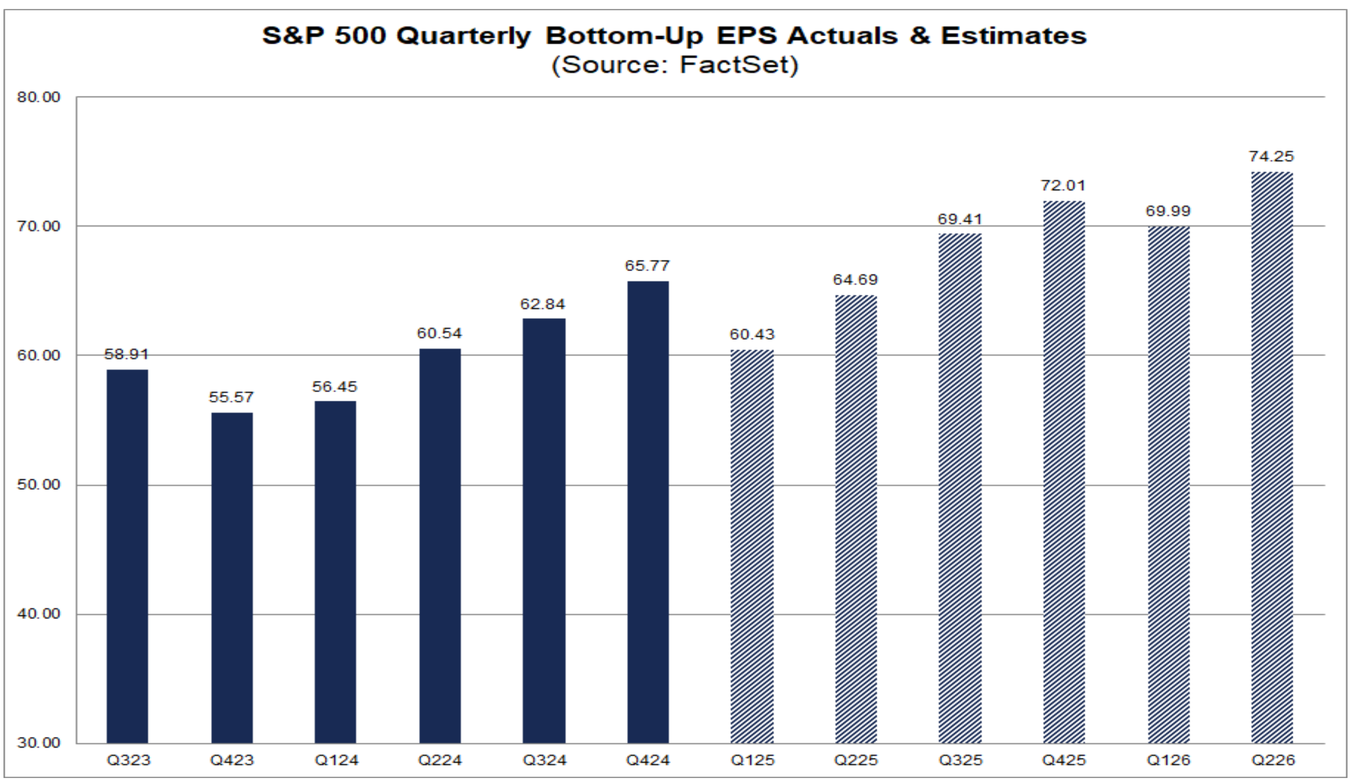
Bottom-Up EPS Estimates



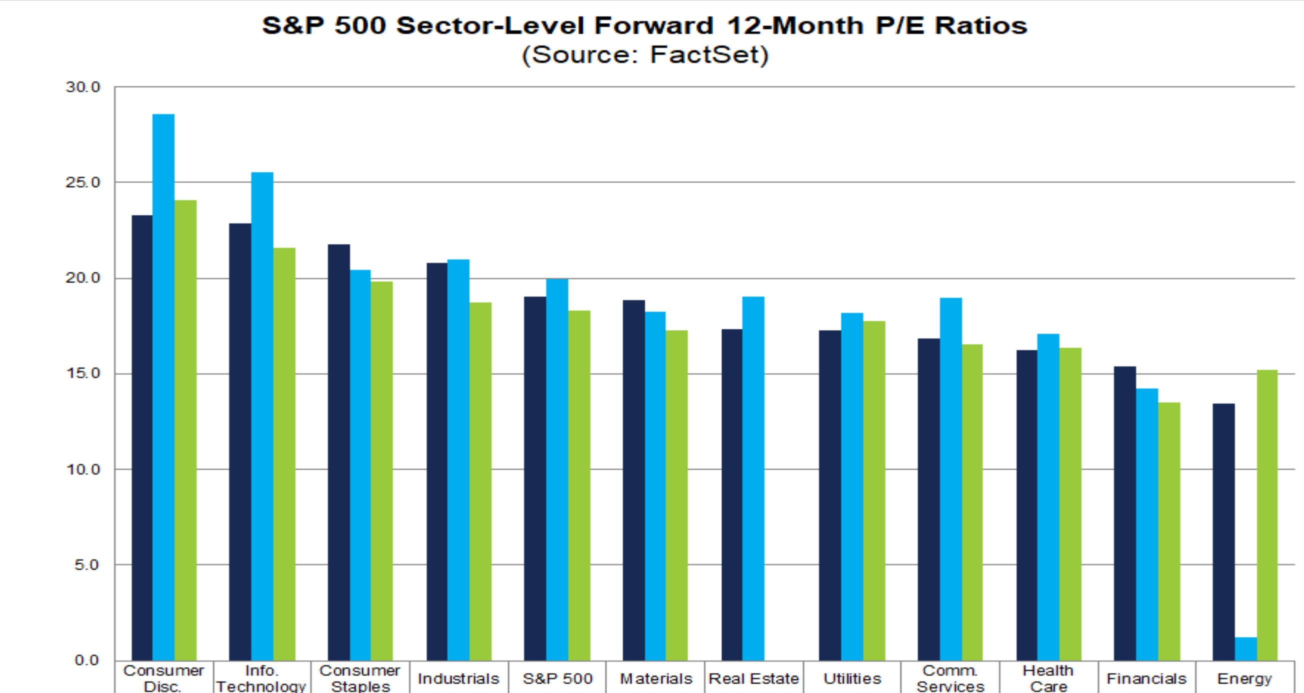


Bottom-Up EPS Estimates: Current & Historical

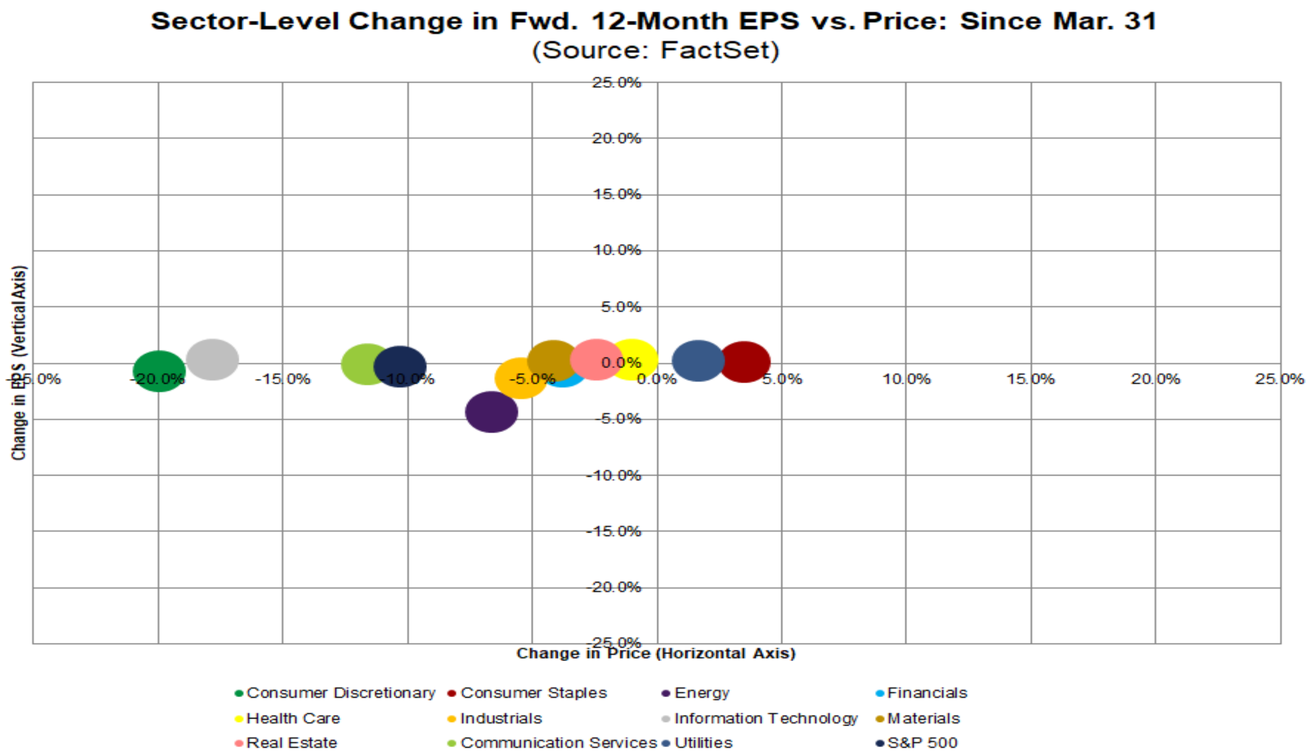




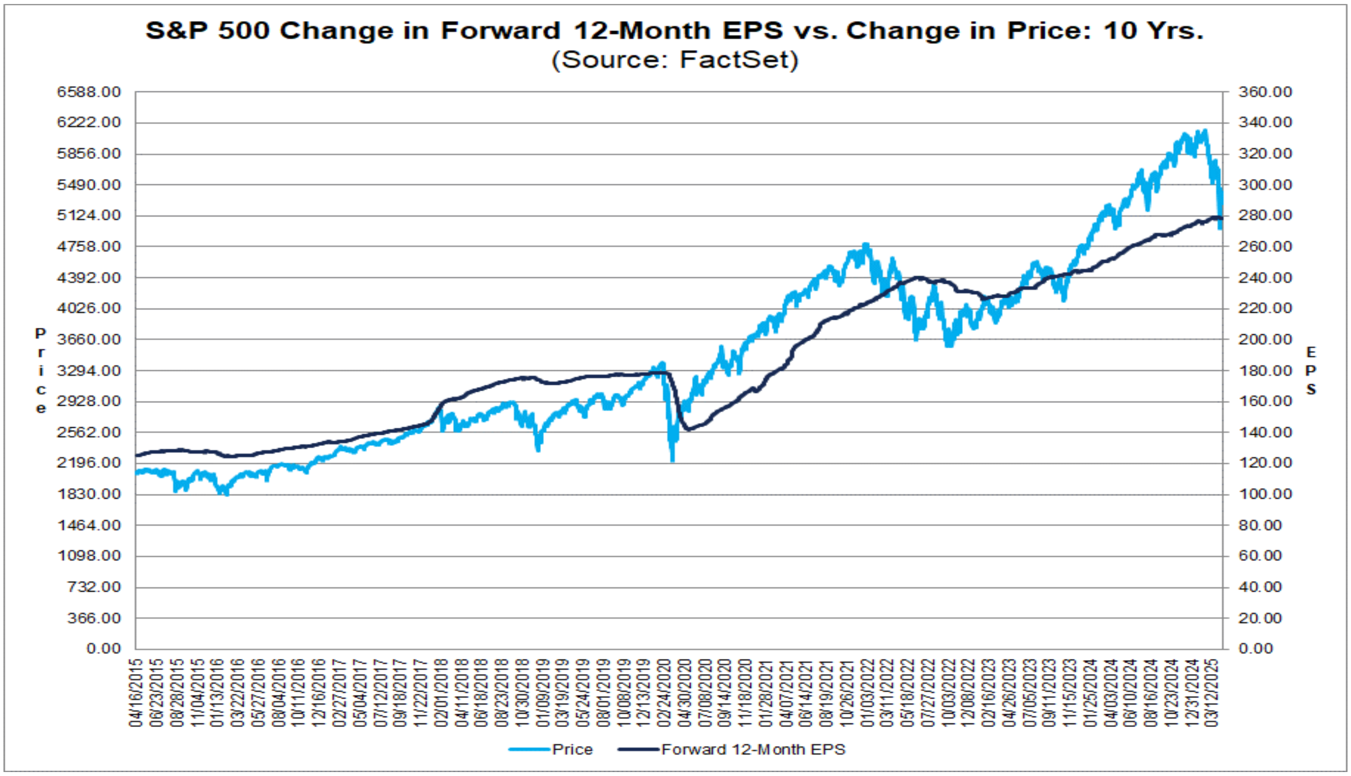
Forward 12M P/E Ratio: Sector Level

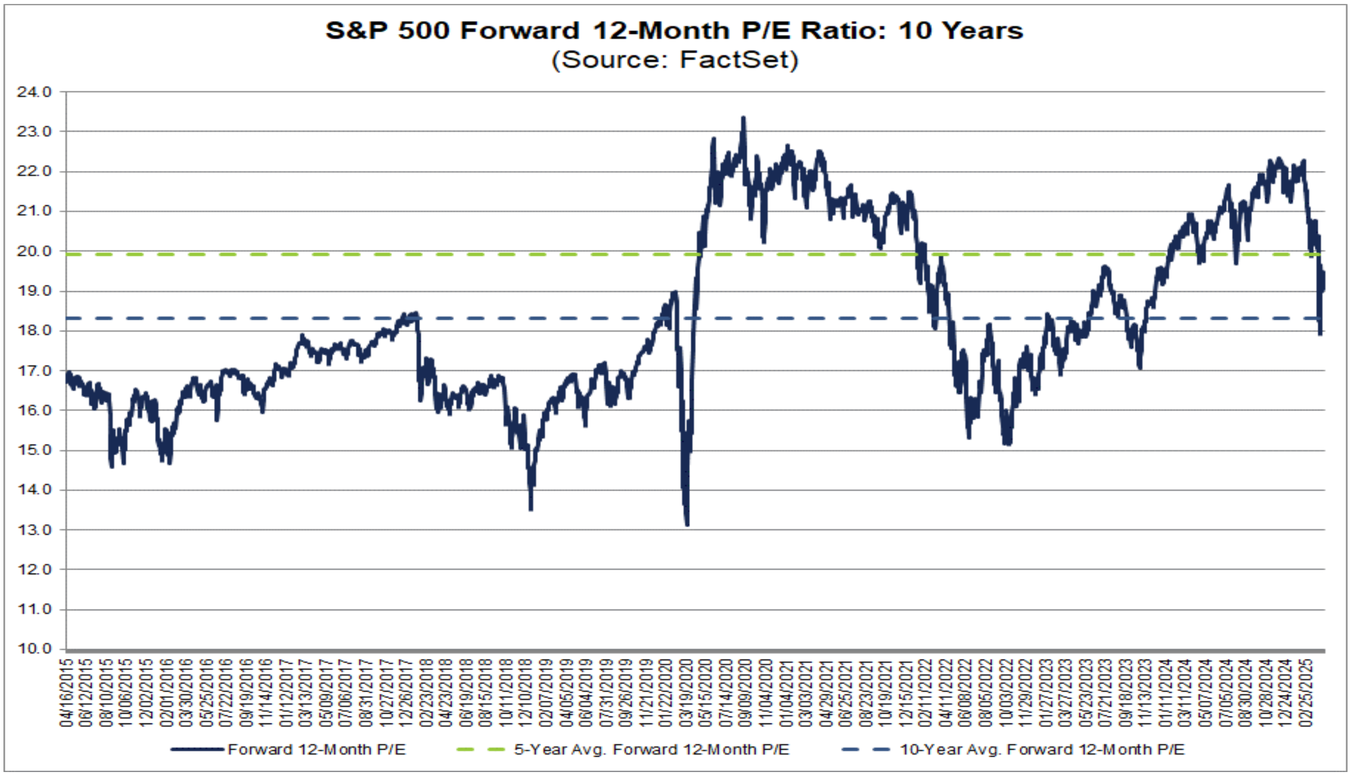


	Consumer Disc.	Info. Technology	Consumer Staples	Industrials	S&P 500	Materials	Real Estate	Utilities	Comm. Services	Health Care	Financials	Energy
Fwd P/E	23.3	22.9	21.7	20.8	19.0	18.9	17.4	17.3	16.9	16.3	15.4	13.5
5-Yr Avg.	28.6	25.5	20.4	21.0	19.9	18.3	19.1	18.2	19.0	17.1	14.2	1.2
10-Yr Avg.	24.1	21.6	19.8	18.7	18.3	17.3		17.8	16.5	16.3	13.5	15.2

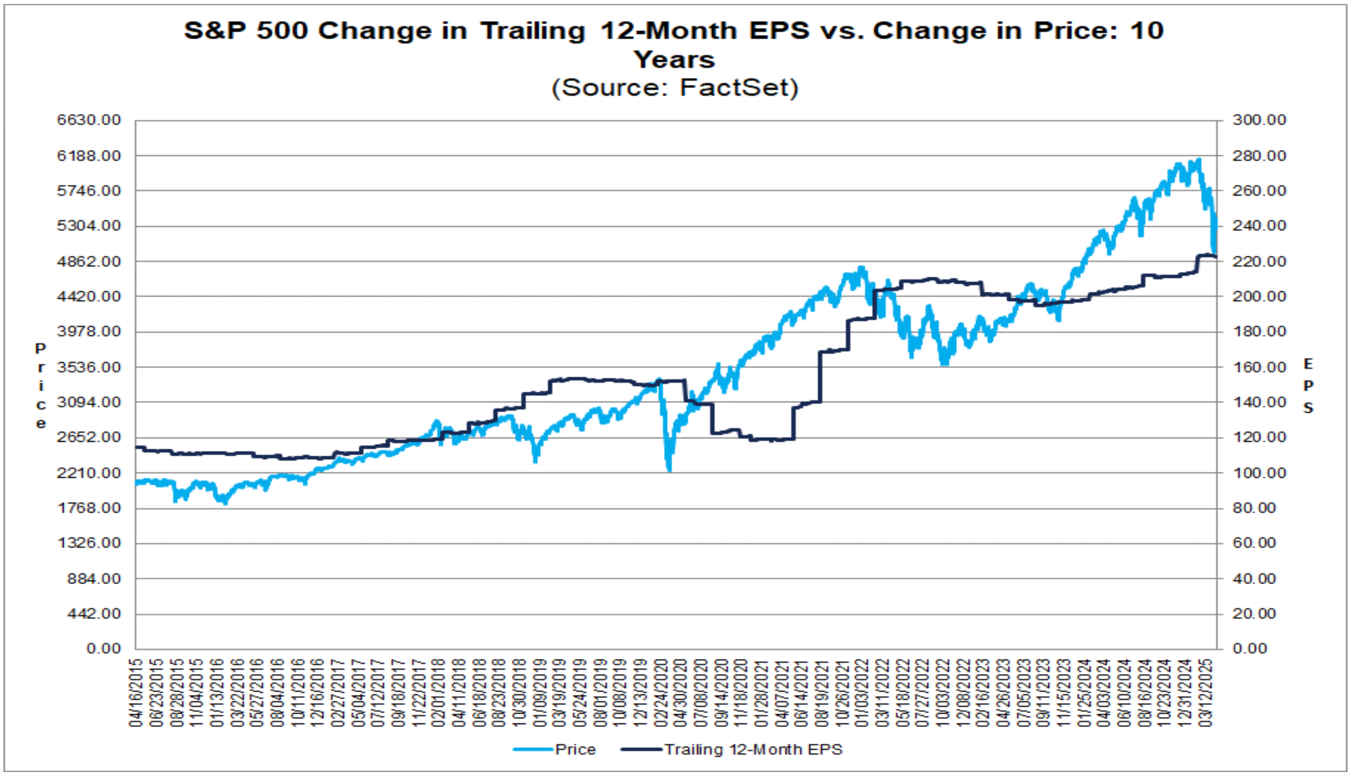


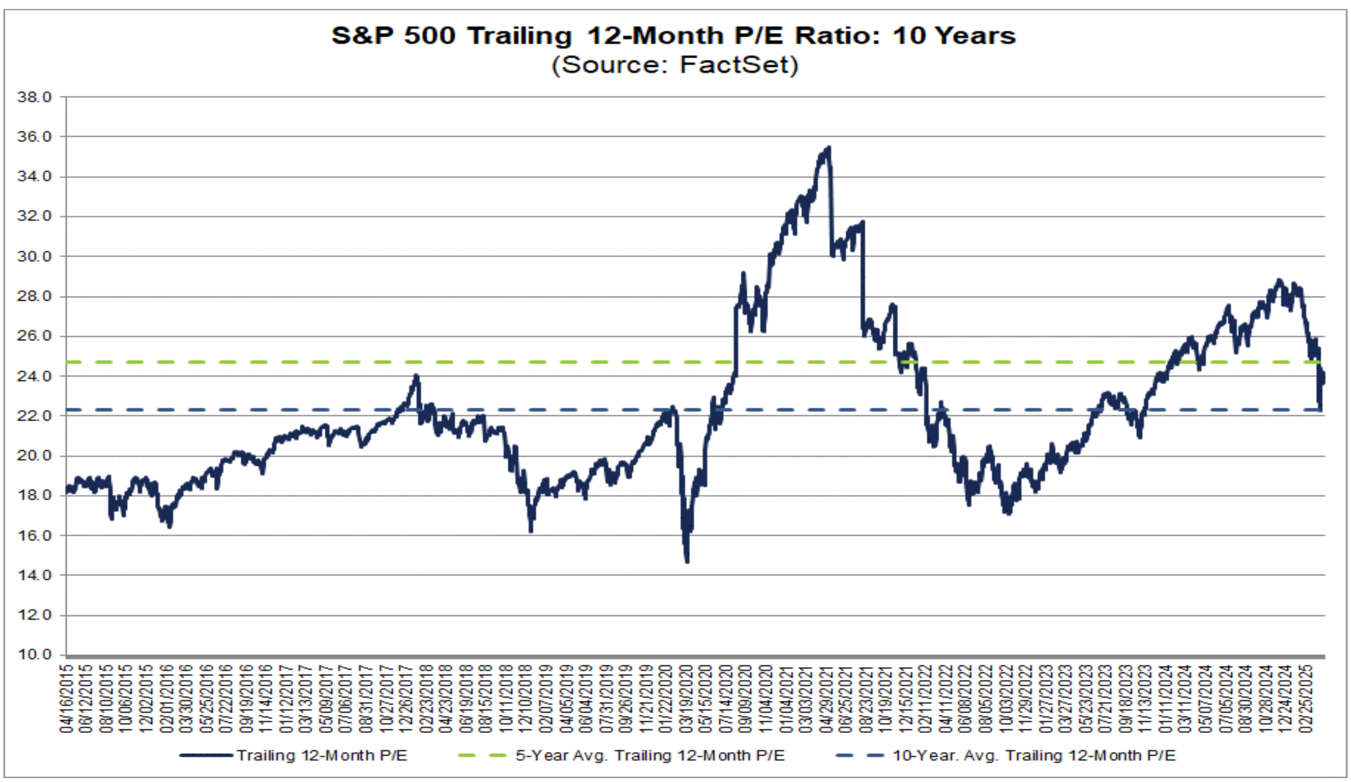
Forward 12M P/E Ratio: 10-Years





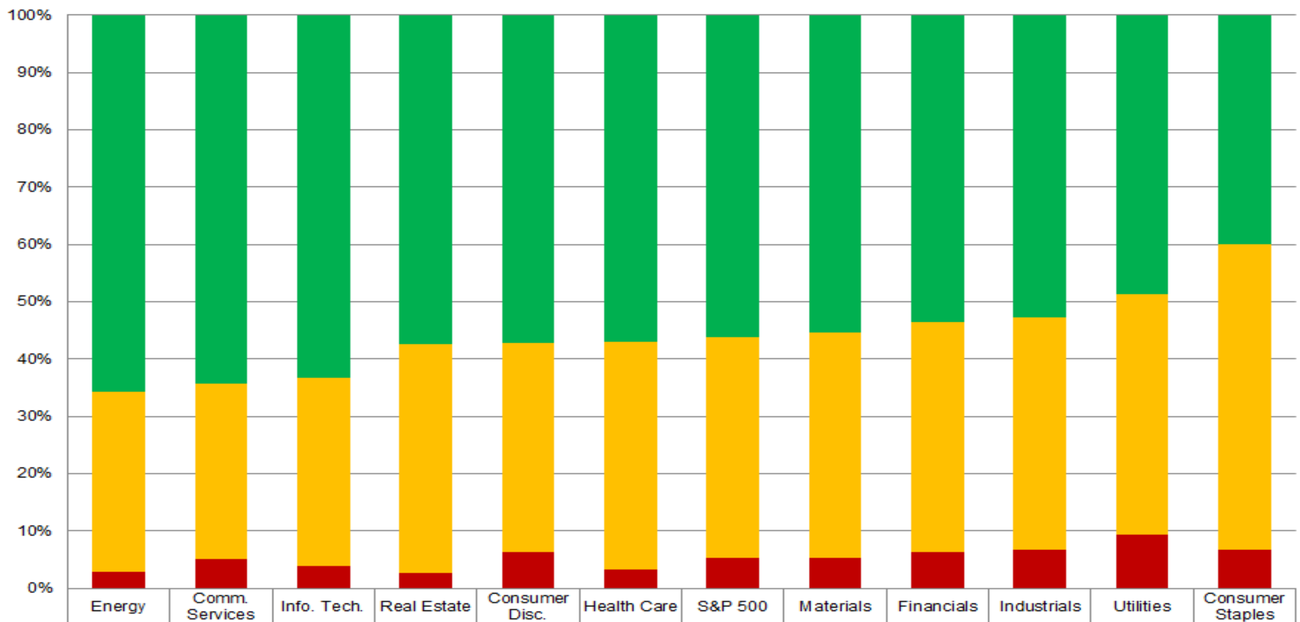
Trailing 12M P/E Ratio: 10-Years





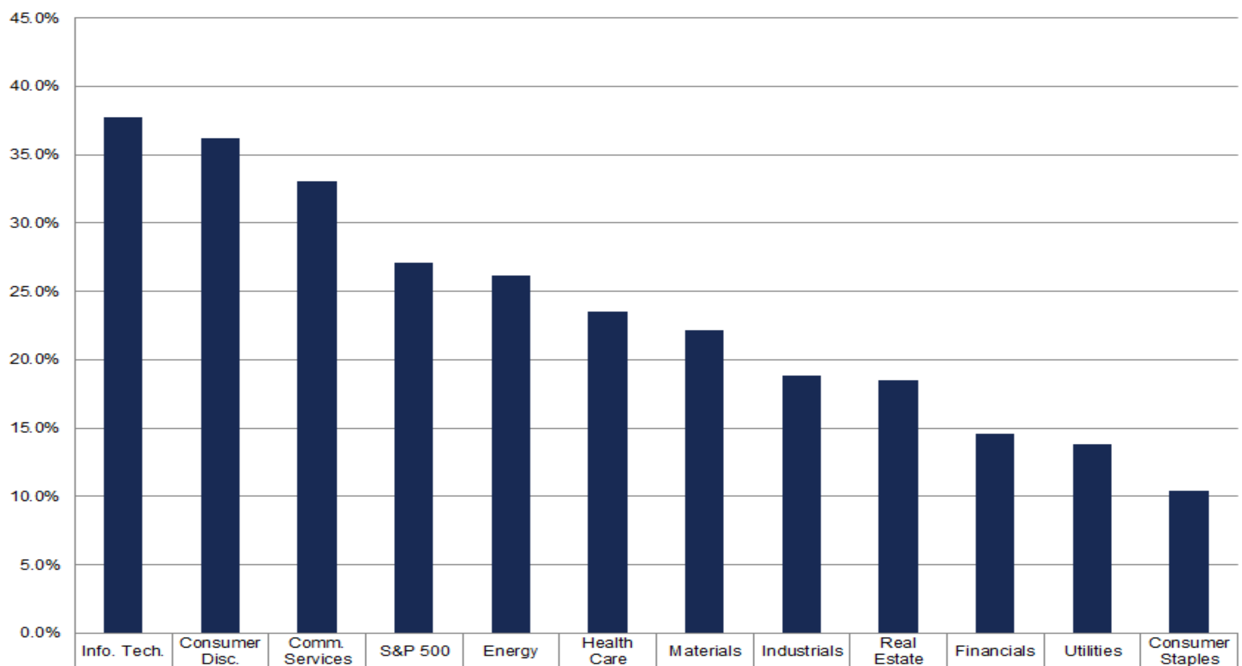
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)



	Energy	Comm. Services	Info. Tech.	Real Estate	Consumer Disc.	Health Care	S&P 500	Materials	Financials	Industrials	Utilities	Consumer Staples
Buy	66%	64%	63%	58%	57%	57%	56%	55%	54%	53%	49%	40%
Hold	31%	31%	33%	40%	37%	40%	39%	39%	40%	41%	42%	53%
Sell	3%	5%	4%	3%	6%	3%	5%	5%	6%	7%	9%	7%

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)



	Info. Tech.	Consumer Disc.	Comm. Services	S&P 500	Energy	Health Care	Materials	Industrials	Real Estate	Financials	Utilities	Consumer Staples
Target/Close	37.7%	36.2%	33.1%	27.1%	26.2%	23.5%	22.2%	18.8%	18.5%	14.6%	13.8%	10.5%

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