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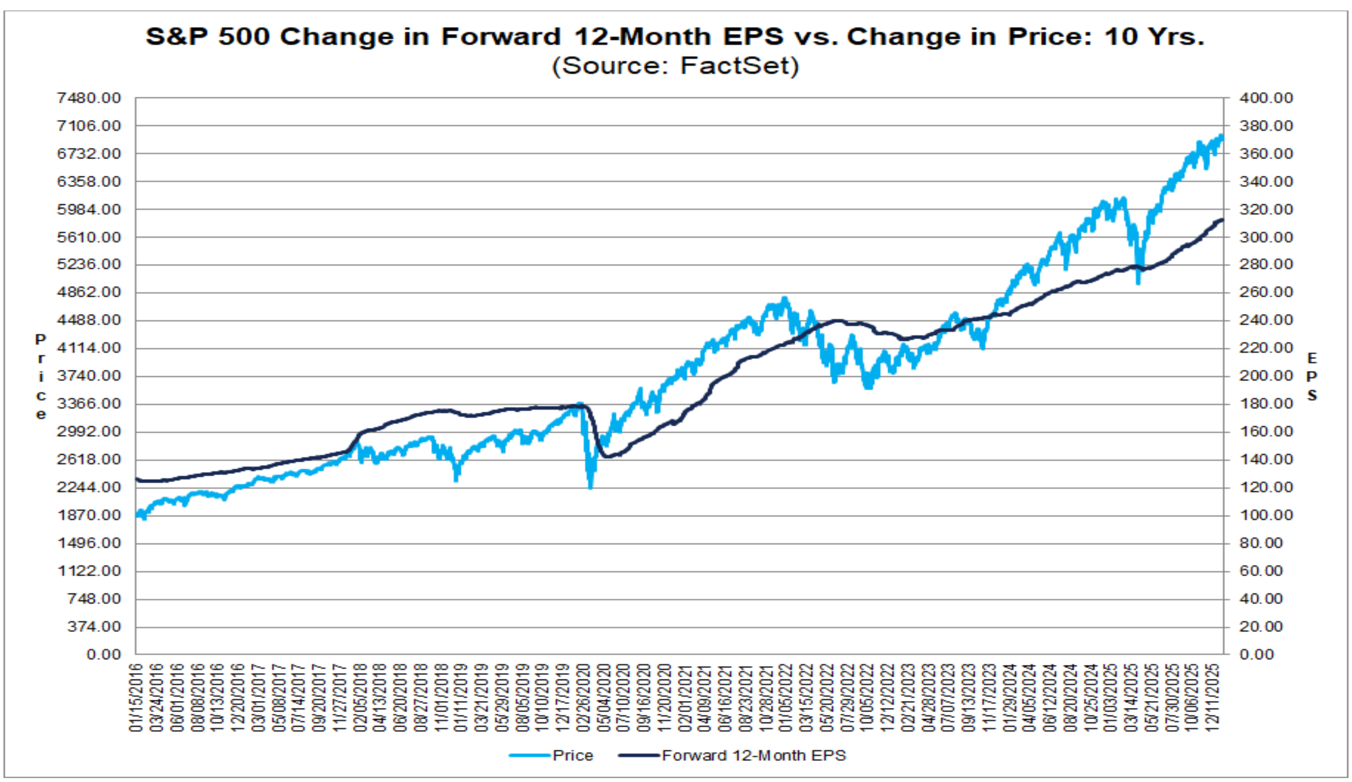
January 16, 2026

Key Metrics

- **Earnings Scorecard:** For Q4 2025 (with 7% of S&P 500 companies reporting actual results), 79% of S&P 500 companies have reported a positive EPS surprise and 67% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 8.2%. If 8.2% is the actual growth rate for the quarter, it will mark the 10th consecutive quarter of earnings growth for the index.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2025 was 8.3%. Six sectors are reporting (or are expected to report) lower earnings today (compared to December 31) due to downward revisions to EPS estimates and negative EPS surprises.
- **Earnings Guidance:** For Q1 2026, 2 S&P 500 companies have issued negative EPS guidance and 3 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average (20.0) and above the 10-year average (18.8).



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Topic of the Week: 1

S&P 500 Will Likely Report Double-Digit Earnings Growth For 5th Straight Quarter

The current earnings growth rate for the S&P 500 for the fourth quarter is 8.2%, which would mark the 10th consecutive quarter of (year-over-year) earnings growth reported by the index. Given that most S&P 500 companies report actual earnings above estimates, what is the likelihood the index will report earnings growth of 8.2% for the quarter?

Based on the average improvement in the earnings growth rate during the earnings season, the index will likely report earnings growth of at least 14% for the fourth quarter, which would mark the 5th straight quarter of double-digit growth.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is projected to report EPS of $1.05 compared to year ago EPS of $1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of $1.10 (a $0.05 upside earnings surprise compared to the estimate), the actual earnings growth rate for the company for the quarter is now 10%, five percentage points above the estimated growth rate (5% + 5% = 10%).

In fact, the actual earnings growth rate has exceeded the estimated earnings growth rate at the end of the quarter in 37 of the past 40 quarters for the S&P 500. The only exceptions were Q1 2020, Q3 2022, and Q4 2022.

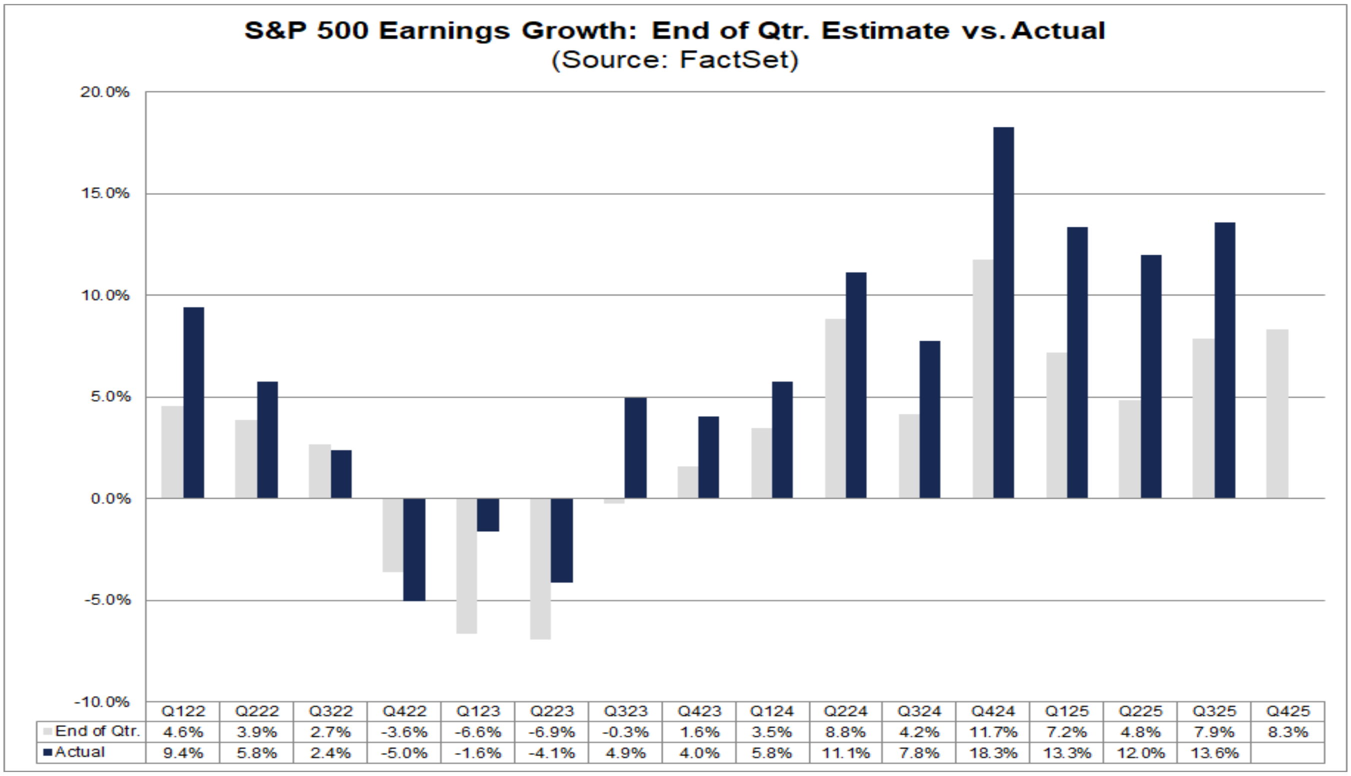
Over the past ten years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.0% on average. During this same period, 76% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 5.7 percentage points on average (over the past ten years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q4 (December 31) of 8.3%, the actual earnings growth rate for the quarter would be 14.0% (8.3% + 5.7% = 14.0%).

Over the past five years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.7% on average. During this same period, 78% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 7.4 percentage points on average (over the past five years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q4 (December 31) of 8.3%, the actual earnings growth rate for the quarter would be 15.7% (8.3% + 7.4% = 15.7%).

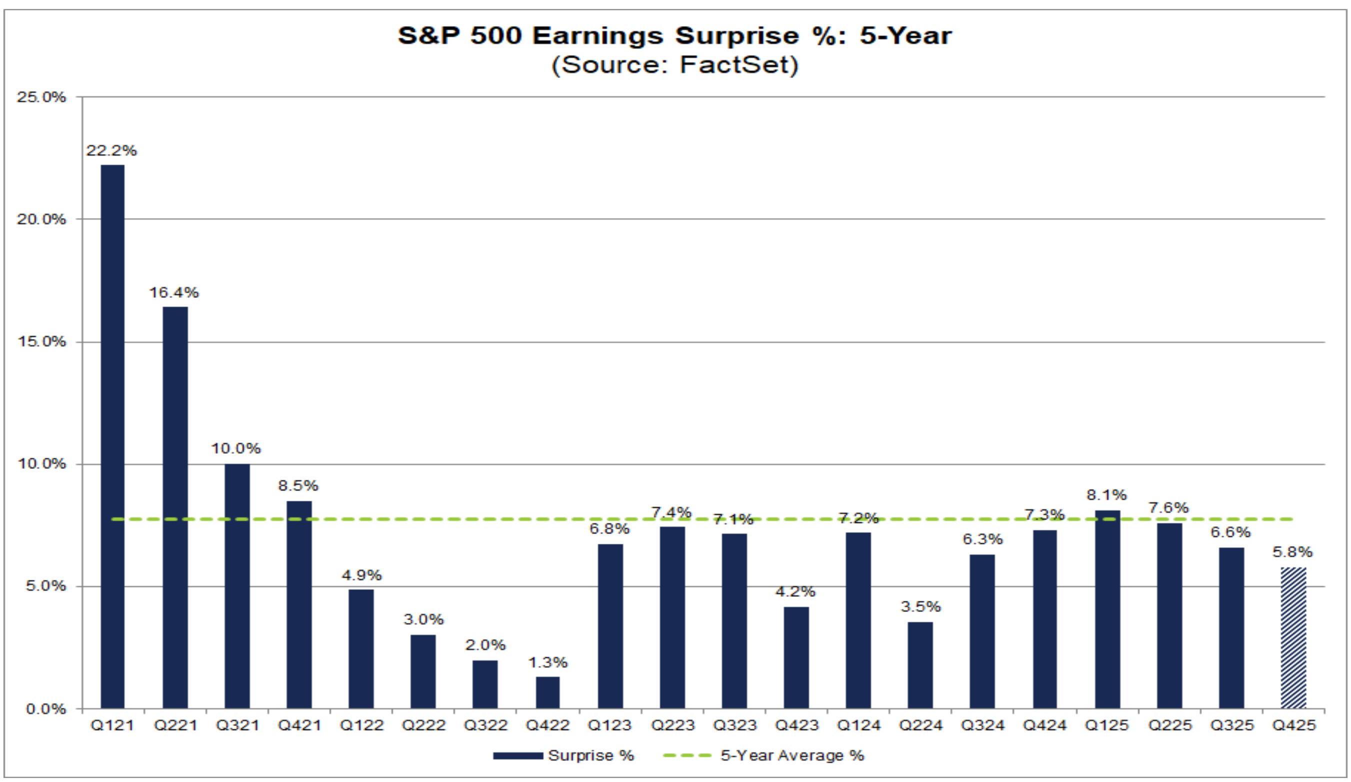
Over the past four quarters (Q4 2024 through Q3 2025), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.4% on average. During these four quarters, 79% of companies in the S&P 500 reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 6.4 percentage points on average (during the past four quarters) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q4 (December 31) of 8.3%, the actual earnings growth rate for the quarter would be 14.7% (8.3% + 6.4% = 14.7%).

Thus, using the most conservative average improvement of these three periods, the index will likely report year-over-year earnings growth of at least 14.0% for the fourth quarter.

How are the numbers trending to date? Of the 33 S&P 500 companies that have reported actual earnings for Q4 2025 through January 16, 79% have reported actual EPS above the mean EPS estimate. In aggregate, actual earnings reported by these 33 companies have exceeded estimated earnings by 5.8%. However, downward revisions to EPS estimates have offset these positive EPS surprises to date. As a result, the earnings growth rate for the S&P 500 has actually decreased by 0.1 percentage points since December 31 (to 8.2% from 8.3%).



	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425
End of Qtr.	4.6%	3.9%	2.7%	-3.6%	-6.6%	-6.9%	-0.3%	1.6%	3.5%	8.8%	4.2%	11.7%	7.2%	4.8%	7.9%	8.3%
Actual	9.4%	5.8%	2.4%	-5.0%	-1.6%	-4.1%	4.9%	4.0%	5.8%	11.1%	7.8%	18.3%	13.3%	12.0%	13.6%	



Topic of the Week: 2

S&P 500 Energy and Utilities Sectors Earnings Previews: Q4 2025

Energy Sector: 2nd Largest Year-Over-Year Earnings Decline of all 11 Sectors

With the Q4 earnings season kicking off this week, what are analysts expecting for earnings for Q4 for the Energy sector?

Overall, the Energy sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -2.8%. 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 Q4 2025 ($59.14) was 16% below the average price for oil in Q4 2024 ($70.32).

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: All 3 sub-industries are expected to report a double-digit decline: Oil & Gas Exploration & Production (-24%), Oil & Gas Equipment & Services (-14%), and Integrated Oil & Gas (-12%). On the other hand, two sub-industries are projected to report year-over-year growth in earnings. Both are expected to report growth above 10%: Oil & Gas Refining & Marketing (617%) and Oil & Gas Storage & Transportation (17%).

Looking ahead, analysts are predicting earnings growth for the sector starting in Q2 2026. For Q1 2026, analysts are expecting a year-over-year decline in earnings of -6.8%. Over the next 3 quarters (Q2 2026 to Q4 2026), analysts are projecting earnings growth rates of 6.6%, 1.4%, and 10.8%, respectively.

FactSet Energy Analyst Nathan Hasbrook provided commentary on key trends to watch for the Energy sector during this earnings season:

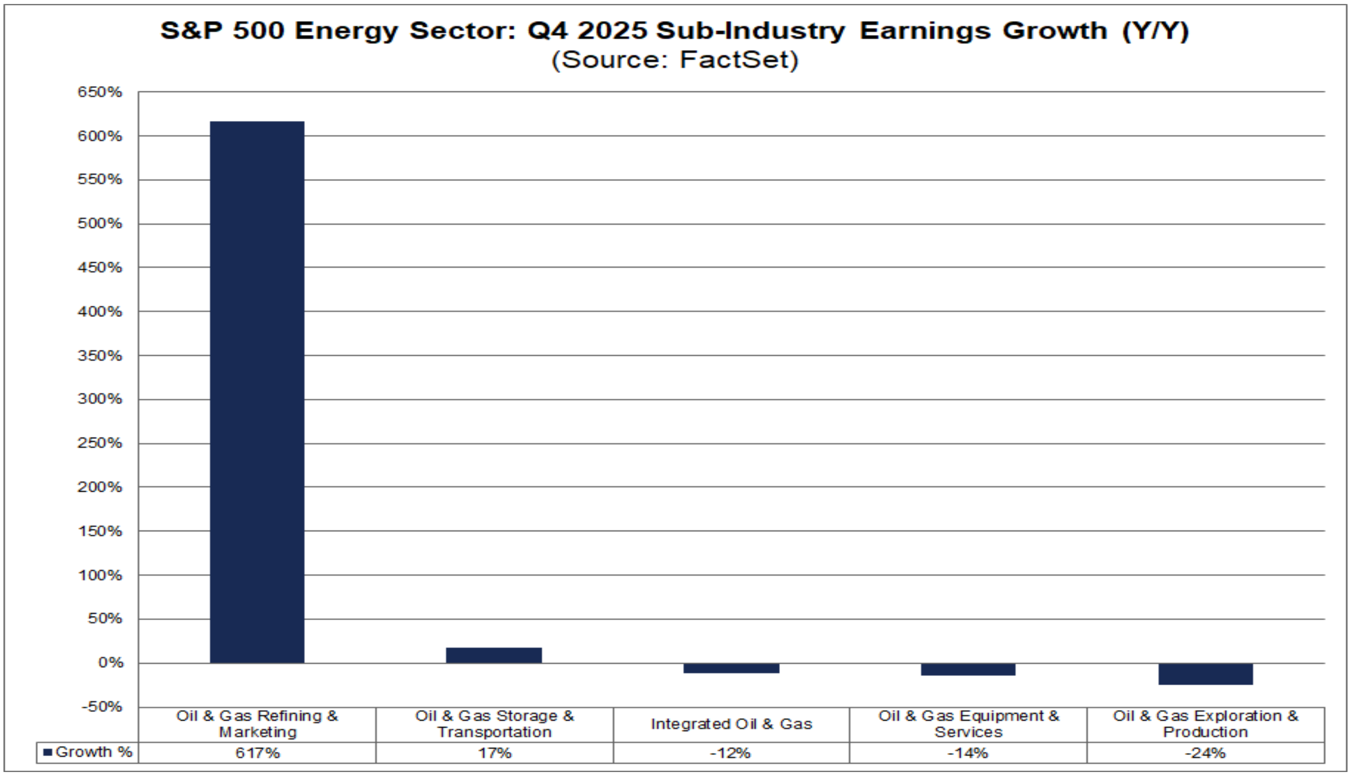
For U.S. producers, caution remains the prevailing sentiment as operators navigate ongoing uncertainty around near-term commodity prices.

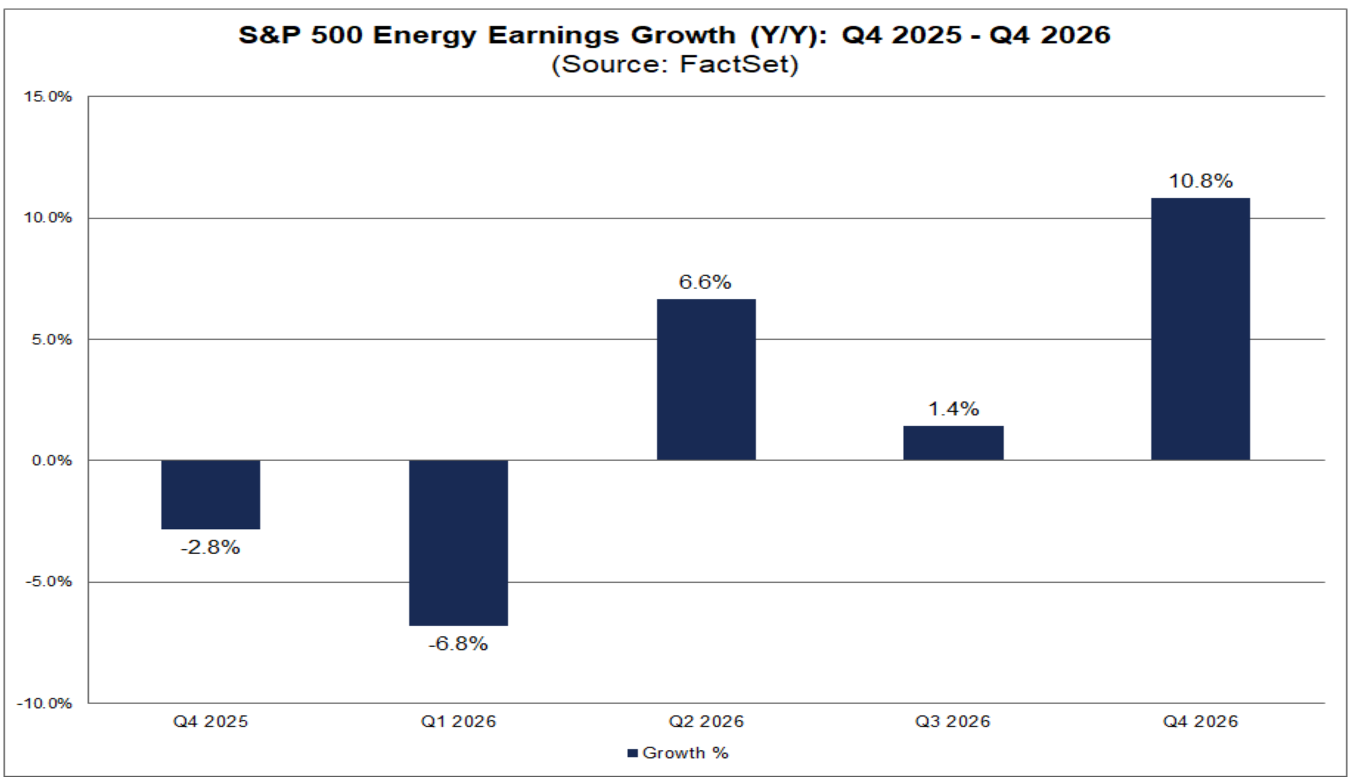
Front-month WTI dipped to around $55/bbl in late-December and is projected to stay subdued through the first half of 2026. Despite this low-price environment, producers are expected to hold steady on production and capital expenditures this year. Global markets continue to wrestle with a crude surplus that exerts downward pressure on prices, offset somewhat by persistent geopolitical tensions, which have kept crude range-bound, between $55 - $60/bbl.

On the natural gas front, Henry Hub briefly surged above $5/MMBtu in early-December amid a cold snap sweeping across the country. Since then, prices have retreated, driven by milder weather and a lingering storage overhang. Looking ahead, operators are anticipated to sustain robust dry gas output to meet growing demand from power generation and LNG exports. The timing of demand growth and the pace of supply response will be key factors in determining market volatility this year.

FactSet Energy Analyst Katrina Abuls provided commentary on key trends to watch for LNG projects during this earnings season. For more commentary from Katrina, please go to: https://insight.factset.com/author/katrina-abuls

After a record year in 2025 for the US LNG Industry, in which six projects achieved Final Investment Decision (FID), the focus this earnings cycle will shift to whether companies are continuing to make financing progress on additional LNG expansion projects, such as Chenerie's Sabine Pass Stage 5 and Corpus Christi Stage IV, and NextDecade's Rio Grande Train 6. Additionally, attention should be paid to companies' expectations for global demand growth and international pricing, given that the global market is set to be well-supplied through the end of the decade, posing some downward risk for international pricing and thus US LNG cargoes. As for current projects, eyes will be on ExxonMobil for additional guidance on first LNG from its long-awaited Golden Pass LNG project, which is expected to provide some support for Henry Hub through 2026. Additionally, as Cheniere's Corpus Christi Stage III project continues to ramp up, Cheniere may provide further guidance on when the remaining three trains will be brought online in 2026.


S&P 500 Energy Sector: Q4 2025 Sub-Industry Earnings Growth (Y/Y)
(Source: FactSet)
650%
600%
550%
500%
450%
400%
350%
300%
250%
200%
150%
100%
50%
0%
-50%
Growth %
Oil & Gas Refining & Marketing
617%
Oil & Gas Storage & Transportation
17%
Integrated Oil & Gas
-12%
Oil & Gas Equipment & Services
-14%
Oil & Gas Exploration & Production
-24%


S&P 500 Energy Earnings Growth (Y/Y): Q4 2025 - Q4 2026
(Source: FactSet)
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-2.8%
-6.8%
6.6%
1.4%
10.8%
Q4 2025
Q1 2026
Q2 2026
Q3 2026
Q4 2026
Growth %

Utilities Sector: 5th Highest Year-Over-Year Earnings Growth of all 11 Sectors

With the Q4 earnings season kicking off this week, what are analysts expecting for earnings for Q4 for the Utilities sector?

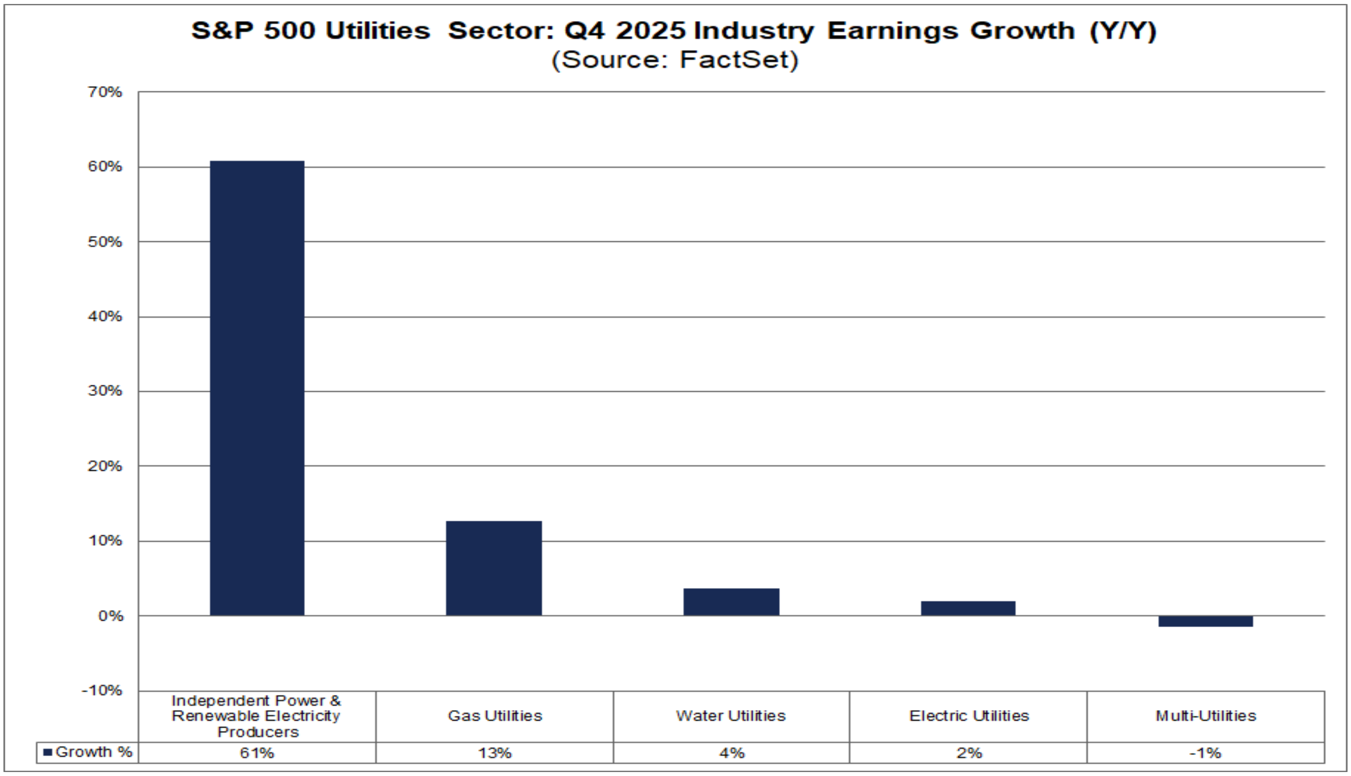
The Utilities sector is expected to report the fifth-highest (year-over-year) earnings growth rate of all eleven sectors at 4.6%. At the industry level,4 of the 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Electricity Producers (61%), Gas Utilities (13%), Water Utilities (4%), and Electric Utilities (2%). On the other hand, the Multi-Utilities (-1%) industry is the only industry predicted to report a year-over-year decline in earnings.

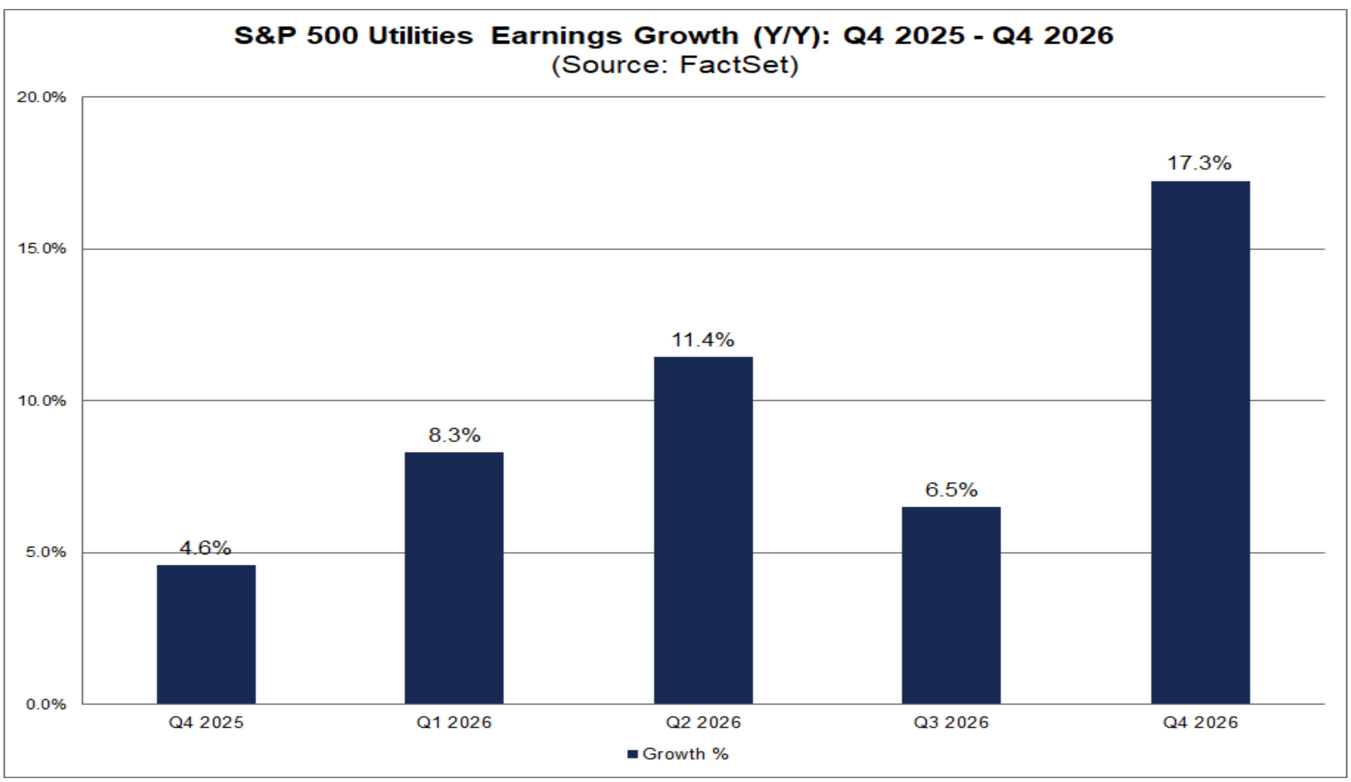
At the company level, Vistra Corp. ($2.29 vs. $1.10) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Utilities sector would fall to 1.7% from 4.6%.

Looking ahead, analysts are predicting double-digit earnings growth for the sector for two of the next four quarters. Over the next four quarters (Q1 2026 to Q4 2026), analysts are projecting earnings growth rates of 8.3%, 11.4%, 6.5%, and 17.3%, respectively.

FactSet Senior Energy Analyst Trevor Fugita discussed key trends to watch related to the Utilities sector during this earnings season. For more commentary from Trevor, please go to: https://insight.factset.com/author/trevor-fugita

Large loads from data centers coming will continue to shape U.S. power markets in 2026. OpenAI's 1.2 GW Stargate campus in Abilene, Texas, and Amazon's 1 GW New Carlisle data center in Indiana are just two notable facilities driving new demand next year. Overall, data centers that have already come online contributed to a 2.5% increase in load from 2024 to 2025 in the United States. While this would typically support growth in natural gas-fired generation, these generators produced 2.7% less power year-over-year. Part of this decrease is attributable to renewable development, as through October 2025, 28.3 GW of solar had been added to the grid, resulting in a 31% increase in solar generation in 2025. Additionally, elevated Henry Hub natural gas prices (over a dollar higher in 2025 than in 2024) reduced gas-fired generation, with coal generation increasing by 11.8% to fill the gap. In the short term, higher gas prices and rapid renewable adoption may continue to limit natural gas generation growth. However, the continued emergence of large loads and 42 GW of scheduled coal retirements through 2028 provide significant upside for natural gas generation.


S&P 500 Utilities Sector: Q4 2025 Industry Earnings Growth (Y/Y)
(Source: FactSet)
70%
60%
50%
40%
30%
20%
10%
0%
-10%
Independent Power & Renewable Electricity Producers
Gas Utilities
Water Utilities
Electric Utilities
Multi-Utilities
Growth %
61%
13%
4%
2%
-1%


S&P 500 Utilities Earnings Growth (Y/Y): Q4 2025 - Q4 2026
(Source: FactSet)
20.0%
15.0%
10.0%
5.0%
0.0%
4.6%
8.3%
11.4%
6.5%
17.3%
Q4 2025
Q1 2026
Q2 2026
Q3 2026
Q4 2026
Growth %

Q4 Earnings Season: By The Numbers

Overview

At this early stage, the fourth quarter earnings season for the S&P 500 is off to a mixed start relative to expectations. While the percentage of S&P 500 companies reporting positive earnings surprises is above recent averages, the magnitude of earnings surprises is below recent averages. As a result, the index is reporting flat earnings for the fourth quarter today relative to the end of last week and slightly lower earnings relative to the end of the quarter. However, the index is still reporting year-over-year earnings growth for the 10th straight quarter.

Overall, 7% of the companies in the S&P 500 have reported actual results for Q4 2025 to date. Of these companies, 79% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 76%. In aggregate, companies are reporting earnings that are 5.8% above estimates, which is below the 5-year average of 7.7% and below the 10-year average of 7.0%. 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 some companies in the Financials sector and upward revisions to EPS estimates for companies in the Consumer Discretionary sector were offset by downward revisions to EPS estimates for companies in the Energy and Health Care sectors, resulting in no change in the overall earnings growth rate for the index over this period. Since December 31, upward and downward revisions to EPS estimates and positive and negative EPS surprises have mostly offset each other, resulting in a slight decline in the earnings growth rate for the index over this period.

As a result, the index is reporting flat earnings for the fourth quarter today relative to the end of last week and slightly lower 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 fourth quarter is 8.2% today, compared to an earnings growth rate of 8.2% last week and an earnings growth rate of 8.3% at the end of the fourth quarter (December 31).

If 8.2% is the actual growth rate for the quarter, it will mark the tenth 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 Information Technology and Materials sectors. On the other hand, four sectors are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Consumer Discretionary and Energy sectors.

In terms of revenues, 67% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 70% but above the 10-year average of 66%. In aggregate, companies are reporting revenues that are 0.3% above the estimates, which is below the 5-year average of 2.0% 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 the Financials sector mostly offset each other, resulting in no change in the overall revenue growth rate for the index over this period. Since December 31, upward and downward revisions to revenue estimates and positive and negative revenue surprises have offset each other, resulting in no change in the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the fourth quarter is 7.8% today, compared to a revenue growth rate of 7.8% last week and a revenue growth rate of 7.8% at the end of the fourth quarter (December 31).

If 7.8% is the actual revenue growth rate for the quarter, it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st consecutive quarter of revenue growth for the index.

Ten sectors are reporting (are projected to report) year-over-year growth in revenues, led by the Information Technology and Communication Services sectors. On the other hand, the Energy sector is the only sector predicted to report a year-over-year decline in revenues.

For Q1 2026 and Q2 2026, analysts are calling for earnings growth rates of 12.2% and 14.6%, respectively. For CY 2026 analysts are projecting (year-over-year) earnings growth of 14.9%.

The forward 12-month P/E ratio is 22.2, which is above the 5-year average (20.0) and above the 10-year average (18.8). This P/E ratio is also above the forward P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 35 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: Magnitude of Positive EPS and Revenue Surprises Are Below Average

Percentage of Companies Beating EPS Estimates (79%) is Above 5-Year Average

Overall, 7% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 79% have reported actual EPS above the mean EPS estimate, 0% have reported actual EPS equal to the mean EPS estimate, and 21% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is equal to the 1-year average (79%), above the 5-year average (78%), and above the 10-year average (76%). 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 Consumer Staples (100%), Industrials (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Discretionary (40%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+5.8%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 5.8% above expectations. This surprise percentage is below the 1-year average (+7.4%), below the 5-year average (+7.7%), and below the 10-year average (+7.0%). 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 Information Technology (+20.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Oracle ($2.26 vs. $1.64) and Micron Technology ($4.78 vs. $3.96) have reported the largest positive EPS surprises.

The Consumer Discretionary (+9.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.53 vs. $0.37) and Carnival Corporation ($0.34 vs. $0.25) have reported the largest positive EPS surprises.

The Consumer Staples (+7.1%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Constellation Brands ($3.06 vs. $2.63) has reported the largest positive EPS surprise.

The Industrials (+6.7%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, FedEx Corporation ($4.82 vs. $4.12) has reported the largest positive EPS surprise.

Market Punishing Positive EPS Surprises More Than Average

To date, the market is punishing positive and negative earnings surprises reported by S&P 500 companies for Q4 more than average.

Companies that have reported positive earnings surprises for Q4 2025 have seen an average price decrease of -0.4% 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 +0.9% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2025 have seen an average price decrease of -4.0% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.8% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (67%) is Below 5-Year Average

In terms of revenues, 67% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 33% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (71%) and below the 5-year average (70%), but above the 10-year average (66%). 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 Consumer Staples (80%) and Information Technology (80%) sectors have the highest percentages of companies reporting revenues above estimates, while the Industrials (60%), Consumer Discretionary (60%), and Financials (62%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.3%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.3% above expectations. This surprise percentage is below the 1-year average (+1.3%), below the 5-year average (+2.0%), 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 Information Technology (+1.9%), Consumer Discretionary (+1.6%), and Industrials (+1.5%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Financials sector (-0.9%) sector is reporting the largest negative (aggregate difference between actual revenues and estimated revenues.

Revisions: No Change in Blended Earnings This Week

No Change in Blended Earnings This Week

The blended (year-over-year) earnings growth rate for the fourth quarter is 8.2%, which is equal to the earnings growth rate of 8.2% last week. During the past week, positive EPS surprises reported by some companies in the Financials sector and upward revisions to EPS estimates for companies in the Consumer Discretionary sector were offset by downward revisions to EPS estimates for companies in the Energy and Health Care sectors, resulting in no change in the overall earnings growth rate for the index over this period.

No Change in Blended Revenues This Week

The blended (year-over-year) revenue growth rate for the fourth quarter is 7.8%, which is equal to the revenue growth rate of 7.8% last week.

Energy and Health Care Sectors Have Seen Largest Decreases in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2024 of 8.2% is slightly below the estimate of 8.3% at the end of the fourth quarter (December 31). Six 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 -2.8% from 0.4%) and Health Care (to -0.8% from 0.2%) sectors. These two sectors have also been the largest contributors to the slight decrease in earnings for the index since December 31. On the other hand, four 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 Consumer Discretionary (to -2.9% from -3.6%) sector. The Consumer Discretionary sector has also been the largest detractor to the decrease in earnings for the index since December 31. One sector (Communication Services) has recorded no change in its growth rate (6.2%) since December 31.

Energy Sector Has Seen Largest Decrease in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2024 of 7.8% is equal to the estimate of 7.8% at the end of the fourth quarter (December 31). Five 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. On the other hand, four 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 Real Estate (to 6.3% from 6.6%) and Energy (to -2.3% from -1.9%) sectors. The Energy, Financials (to 8.7% from 8.8%), and Real Estate sectors have been the largest negative contributors to revenues for the index since December 31. Two sectors (Industrials and Utilities) have recorded no change in their revenue growth rates since December 31.

Earnings Growth: 8.2%

The blended (year-over-year) earnings growth rate for Q4 2024 is 8.2%, which is below the 5-year average earnings growth rate of 15.9% and below the 10-year average earnings growth rate of 9.9%. If 8.2% is the actual growth rate for the quarter, it will mark the tenth consecutive quarter of year-over-year earnings growth.

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

Information Technology: NVIDIA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 25.9%. At the industry level, all 6 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (46%), Electronic Equipment, Instruments, & Components (29%), Software (23%), Technology Hardware, Storage, & Peripherals (11%), Communication Equipment (8%), and IT Services (6%).

At the company level, NVIDIA ($1.52 vs. $0.89) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Information Technology sector would fall to 18.0% from 25.9%.

Materials: 2 of 4 Industries Expected to Report Year-Over-Year Growth At or Above 30%

The Materials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 8.7%. At the industry level, 3 of the 4 industries in the sector are projected to report year-over-year earnings growth: Containers & Packaging (38%), Metals & Mining (30%), and Construction Materials (2%). On the other hand, the Chemicals (-6%) industry is the only industry predicted to report a year-over-year decline in earnings.

Consumer Discretionary: 5 of 9 Industries Reporting to Year-Over-Year Decline

On the other hand, the Consumer Discretionary sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -2.9%. At the industry level, 5 of the 9 industries in the sector are reporting (or are projected to report) a year-over-year earnings decline. Three of these 5 industries are reporting (or are predicted to report) a double-digit decline: Household Durables (-35%), Automobiles (-31%), and Textiles, Apparel, & Luxury Goods (-19%). On the other hand, 4 of the 9 industries in the sector are reporting (or are expected to report) year-over-year growth in earnings. Three of these 4 industries are reporting (or are predicted to report) double-digit growth: Leisure Products (107%), Hotels, Restaurants, & Leisure (13%), and Distributors (10%).

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

The Energy sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -2.8%. 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 Q4 2025 ($59.14) was 16% below the average price for oil in Q4 2024 ($70.32). 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: All 3 sub-industries are expected to report a double-digit decline: Oil & Gas Exploration & Production (-24%), Oil & Gas Equipment & Services (-14%), and Integrated Oil & Gas (-12%). On the other hand, two sub-industries are projected to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (617%) and Oil & Gas Storage & Transportation (17%).

Revenue Growth: 7.8%

The blended (year-over-year) revenue growth rate for Q4 2025 is 7.8%, which is below the 5-year average revenue growth rate of 8.4% but above the 10-year average revenue growth rate of 6.0%. If 7.8% is the actual growth rate for the quarter. it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st 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 Communication Services sectors. On the other hand, the Energy sector is the only sector that is projected to report 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 18.0%. At the industry level, all 6 industries in the sector are reporting (or are projected to report) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (31%), Electronic Equipment, Instruments, & Components (17%), Software (15%), Technology Hardware, Storage, & Peripherals (15%), Communication Equipment (10%), and IT Services (7%).

Communication Services: All 5 Industries Expected to Report Year-Over-Year Growth

The Communication Services sector is expected to report the second-highest (year-over-year) revenue growth rate of all eleven sectors at 10.3%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (16%), Wireless Telecommunication Services (11%), Entertainment (7%), Diversified Telecommunication Services (1%), and Media (1%).

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

The Energy sector is expected to report the largest (year-over-year) decline in revenues of all eleven sectors at -2.3%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q4 2025 ($59.14) was 16% below the average price for oil in Q4 2024 ($70.09). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in revenues: Integrated Oil & Gas (-6%), Oil & Gas Refining & Marketing (-2%), and Oil & Gas Equipment & Services (-1%). On the other hand, two sub-industries are projected to report year-over-year growth in revenues: Oil & Gas Storage & Transportation (17%) and Oil & Gas Exploration & Production (2%).

Net Profit Margin: 12.8%

The blended net profit margin for the S&P 500 for Q4 2025 is 12.8%, which is below the previous quarter's net profit margin of 13.1%, but above the year-ago net profit margin of 12.7% and above the 5-year average of 12.1%.

At the sector level, two sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q4 2025 compared to Q4 2024: Information Technology (28.5% vs. 26.8%) and Materials (9.3% vs. 8.8%). On the other hand, eight sectors are reporting (or are expected to report) a year-over-year decrease in their net profit margins in Q4 2025 compared to Q4 2024, led by the Real Estate (33.8% vs. 35.1%) sector. One sector (Utilities) is predicted to report no year-over-year change in net profit margin (12.8%).

Five sectors are reporting (or are expected to report) net profit margins in Q4 2025 that are above their 5-year averages, led by the Information Technology (28.5% vs. 24.7%) sector. On the other hand, six sectors are reporting (or are expected to report) net profit margins in Q4 2025 that are below their 5-year averages, led by the Health Care (7.0% vs. 9.3%), and Energy (7.7% vs. 9.8%) sectors.

Forward Estimates & Valuation

Guidance: Negative Guidance Percentage for Q1 is Below 5-Year and 10-Year Averages

At this point in time, 5 companies in the index have issued EPS guidance for Q1 2026. Of these 5 companies, 2 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2026 is 40% (2 out of 5), which is below the 5-year average of 58% and below the 10-year average of 60%.

At this point in time, 268 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 268 companies, 103 have issued negative EPS guidance and 165 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 38% (103 out of 268).

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 15% for CY 2026

For the fourth quarter, S&P 500 companies are reporting year-over-year growth in earnings of 8.2% and year-over-year growth in revenues of 7.8%. For CY 2025, S&P 500 companies are reporting year-over-year growth in earnings of 12.4% and year-over-year growth in revenues of 7.2%.

For Q1 2026, analysts are projecting earnings growth of 12.2% and revenue growth of 8.3%.

For Q2 2026, analysts are projecting earnings growth of 14.6% and revenue growth of 7.5%.

For Q3 2026, analysts are projecting earnings growth of 14.8% and revenue growth of 6.7%.

For Q4 2026, analysts are projecting earnings growth of 18.4% and revenue growth of 7.3%.

For CY 2026, analysts are projecting earnings growth of 14.9% and revenue growth of 7.3%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (18.8)

The forward 12-month P/E ratio for the S&P 500 is 22.2. This P/E ratio is above the 5-year average of 20.0 and above the 10-year average of 18.8. It is also above the forward 12-month P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has increased by 1.4%, while the forward 12-month EPS estimate has increased by 0.5%. At the sector level, the Consumer Discretionary (29.3) and Information Technology (26.2) sectors have the highest forward 12-month P/E ratios, while the Financials (16.1) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 28.4, which is above the 5-year average of 25.0 and above the 10-year average of 23.0.

Targets & Ratings: Analysts Project 16% Increase in Price Over Next 12 Months

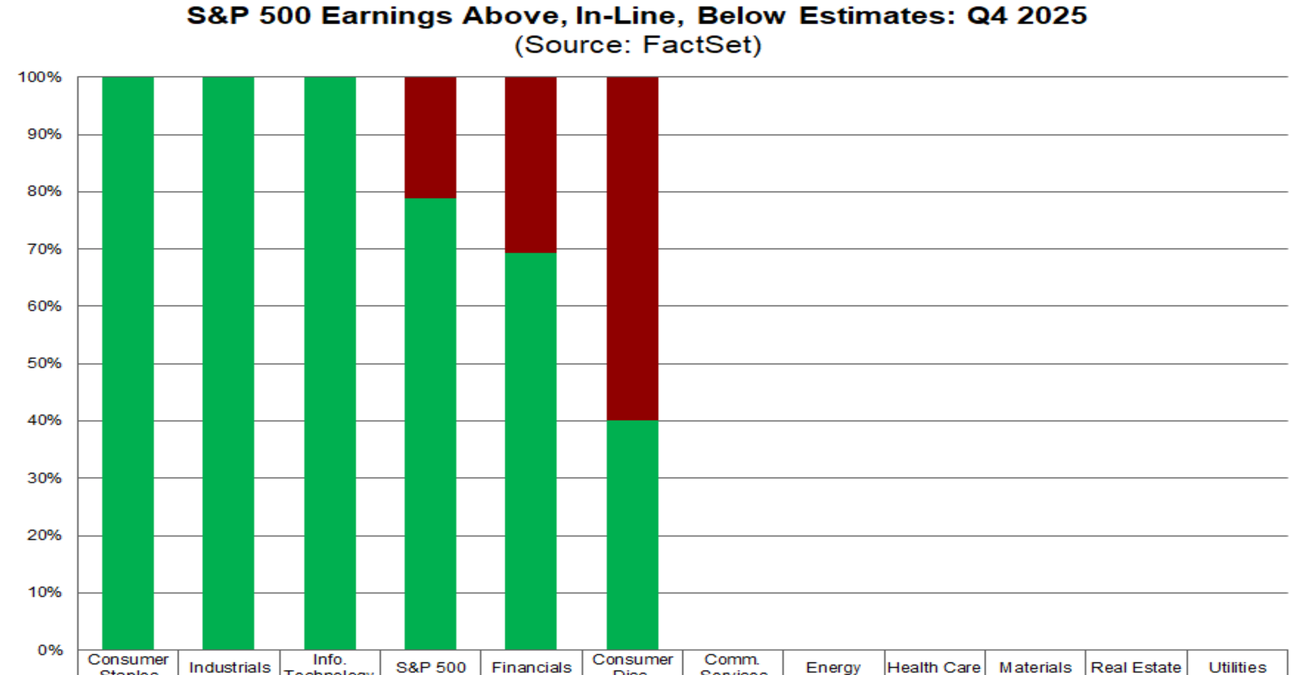
The bottom-up target price for the S&P 500 is 8084.56, which is 16.4% above the closing price of 6944.47. At the sector level, the Information Technology (+25.4%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Energy (+7.6%) and Materials (+7.8%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 12,818 ratings on stocks in the S&P 500. Of these 12,818 ratings, 57.7% are Buy ratings, 37.3% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Information Technology (68%), Energy (65%), Communication Services (64%), and Materials (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

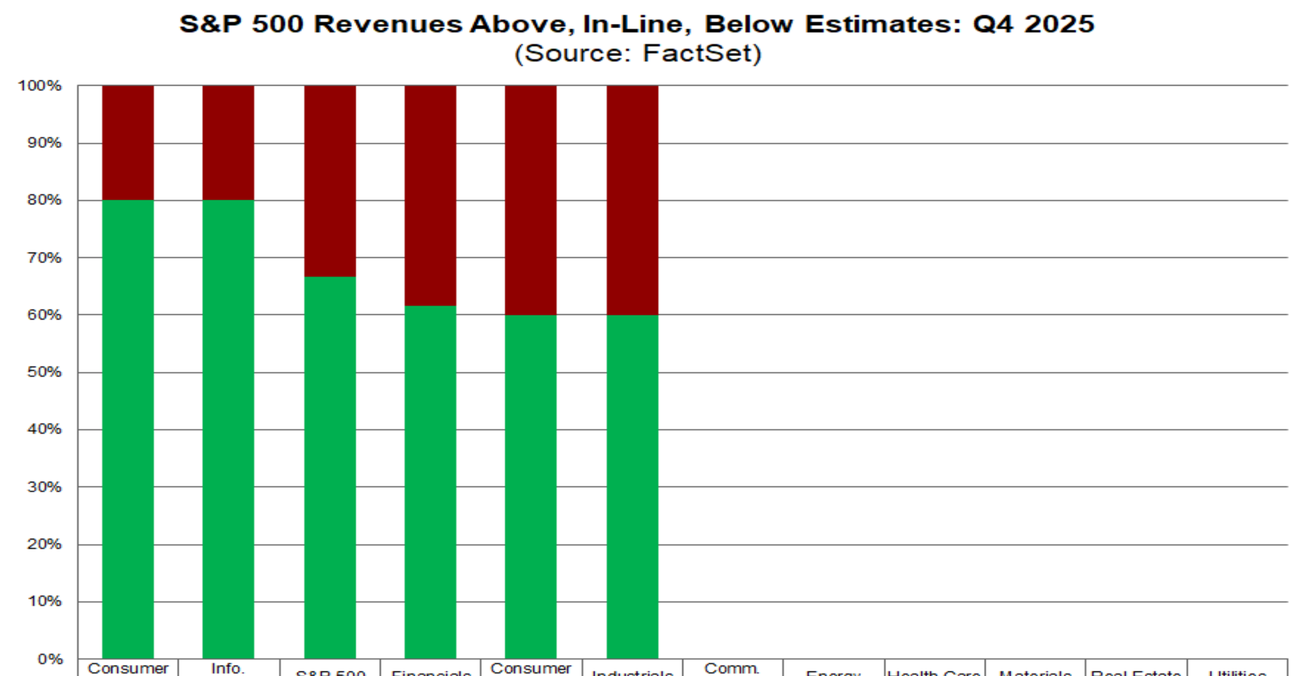
Companies Reporting Next Week: 35

During the upcoming week, 35 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the fourth quarter.

Q4 2025: Scorecard

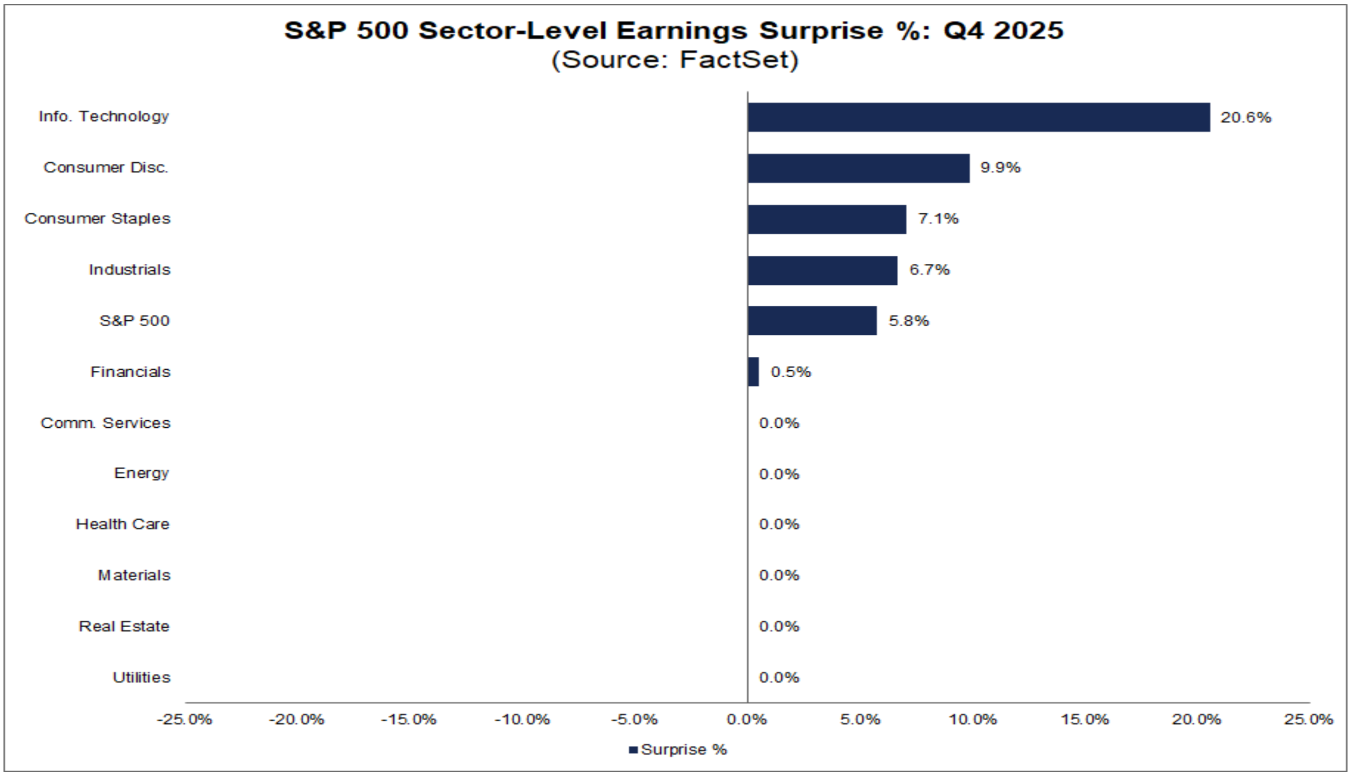


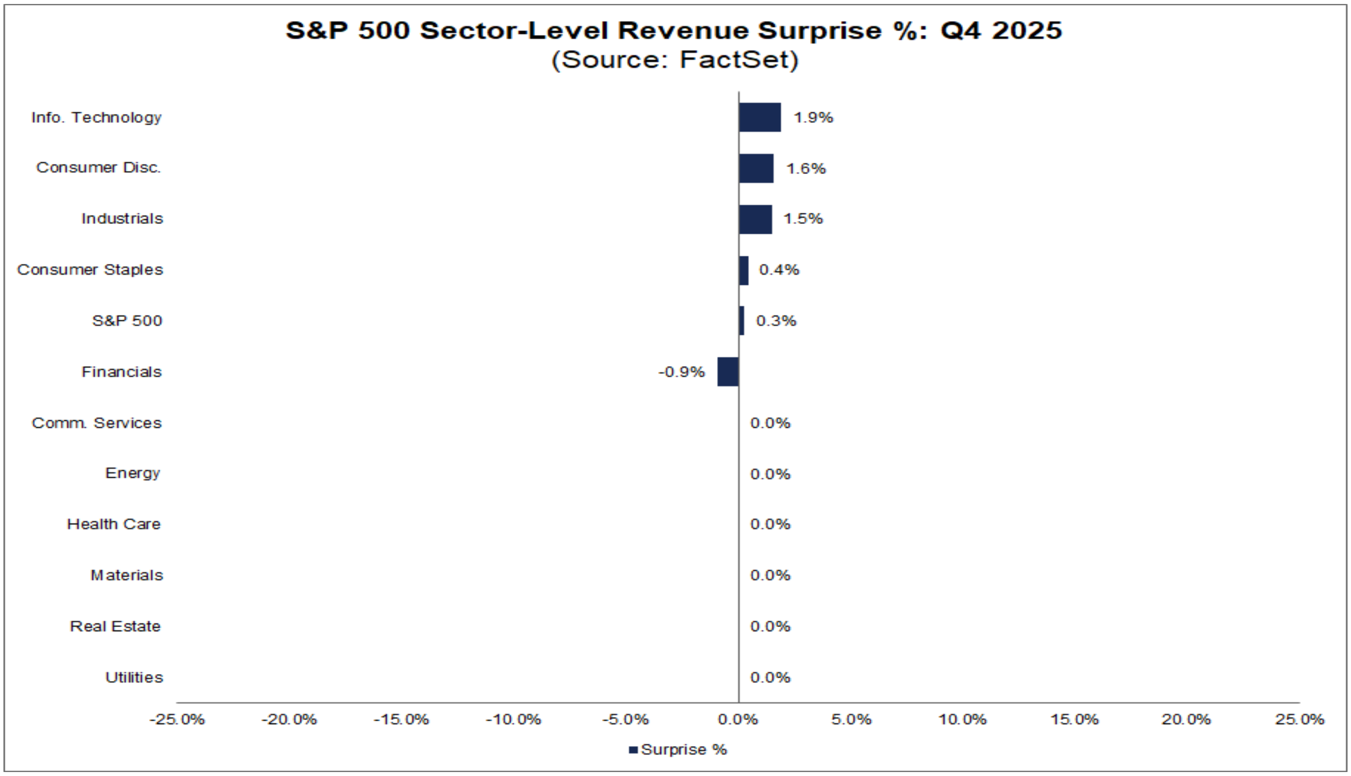
	Consumer Staples	Industrials	Info. Technology	S&P 500	Financials	Consumer Disc.	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	0%	0%	0%	21%	31%	60%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	79%	69%	40%	0%	0%	0%	0%	0%	0%



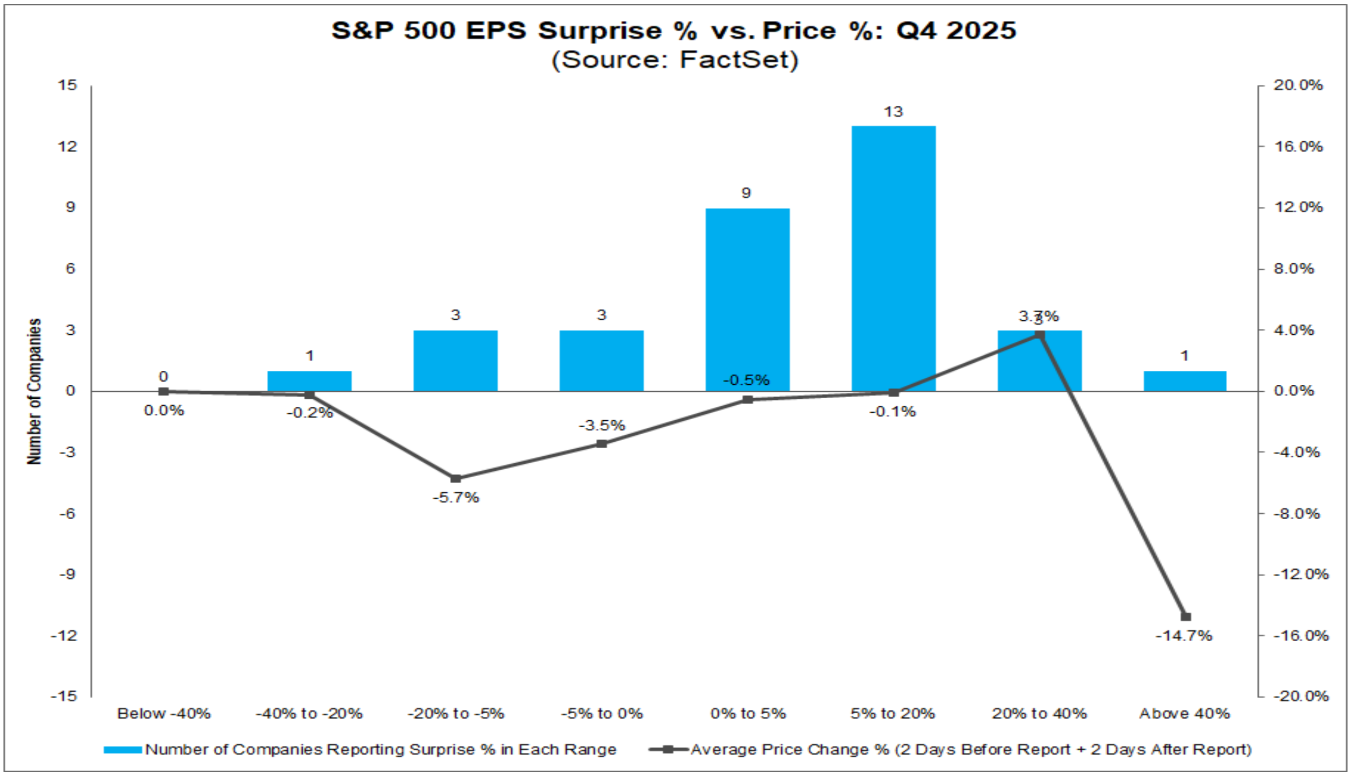
	Consumer Staples	Info. Technology	S&P 500	Financials	Consumer Disc.	Industrials	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	20%	20%	33%	38%	40%	40%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	80%	80%	67%	62%	60%	60%	0%	0%	0%	0%	0%	0%

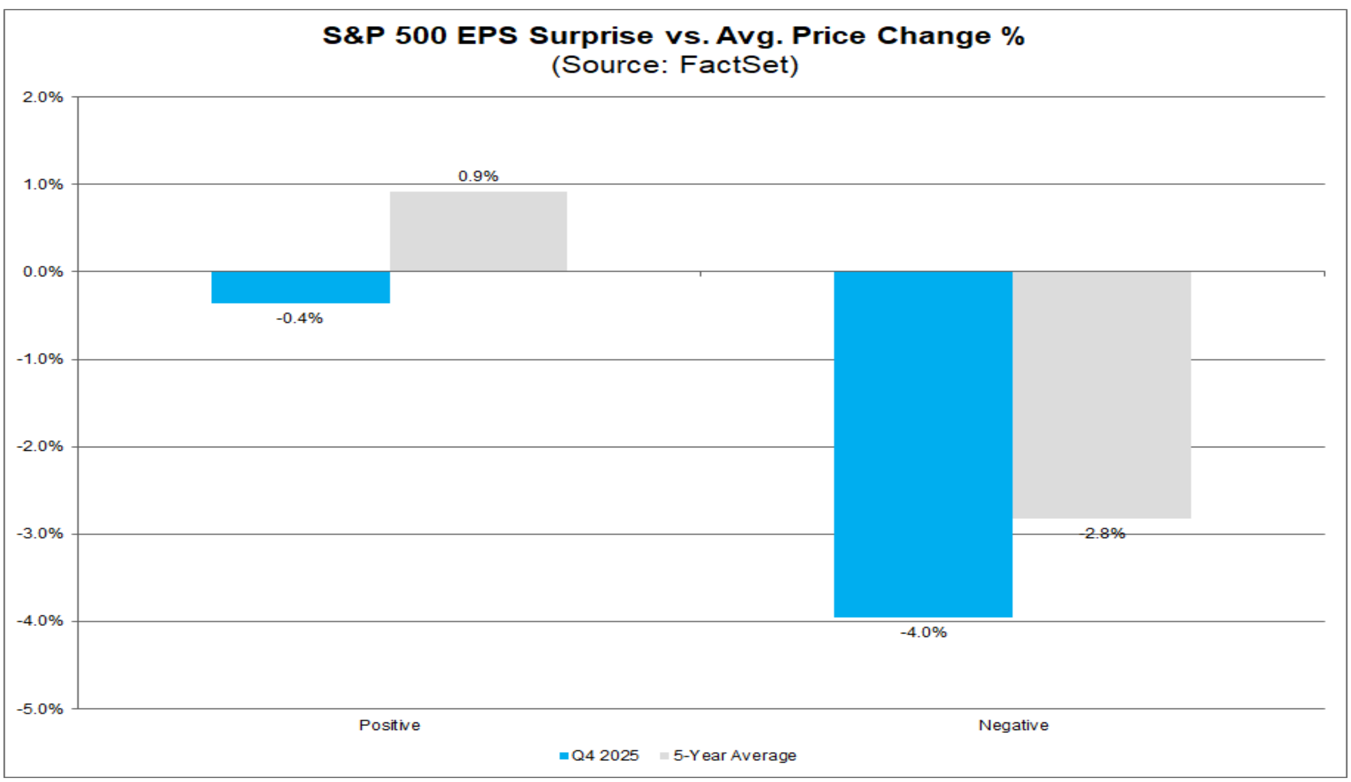
Q4 2025: Surprise



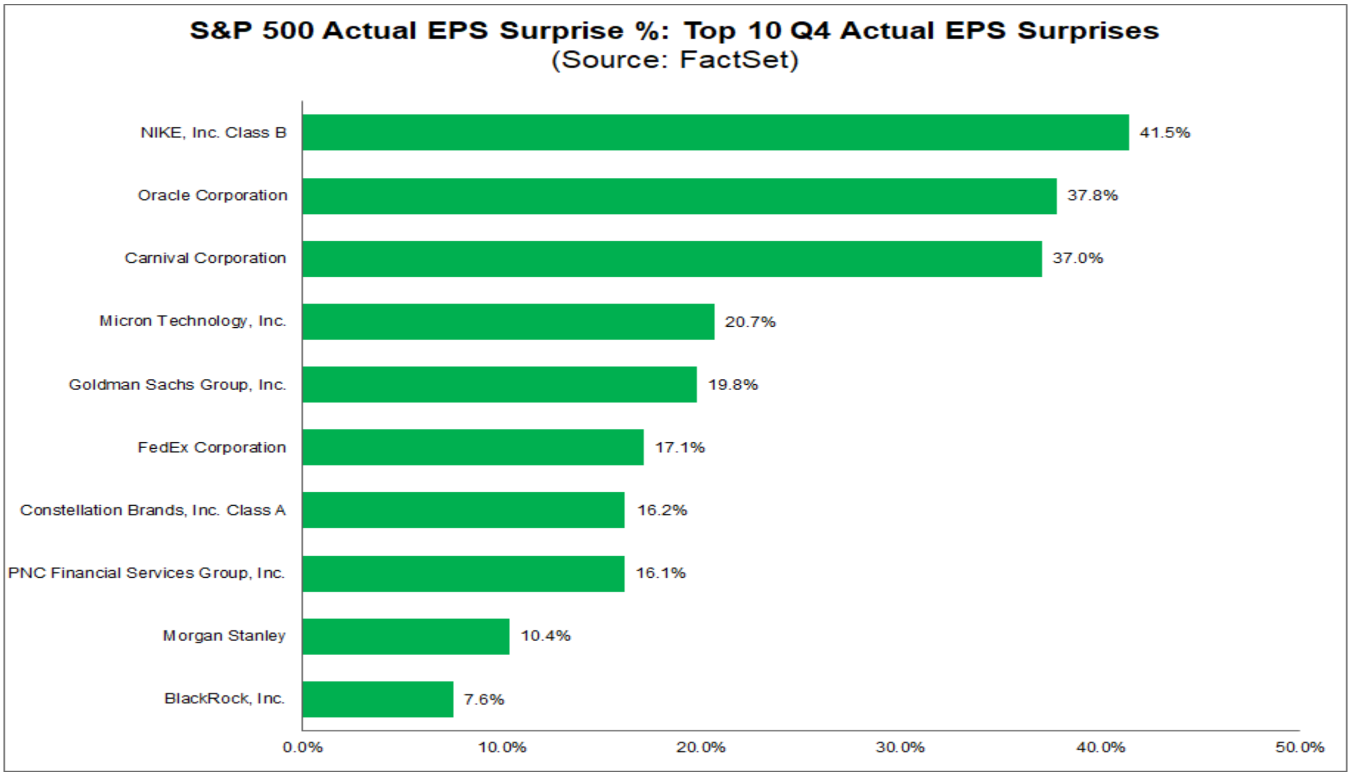


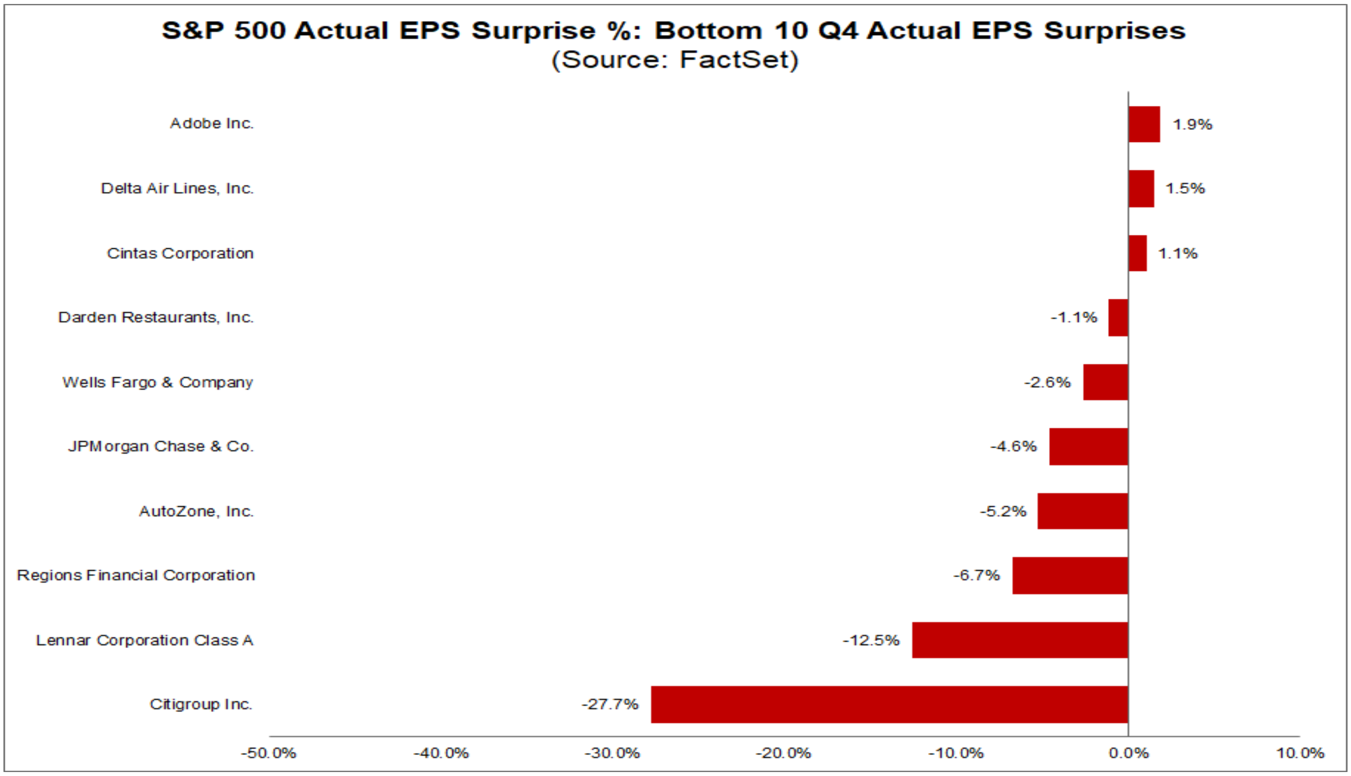
Q4 2025: Surprise



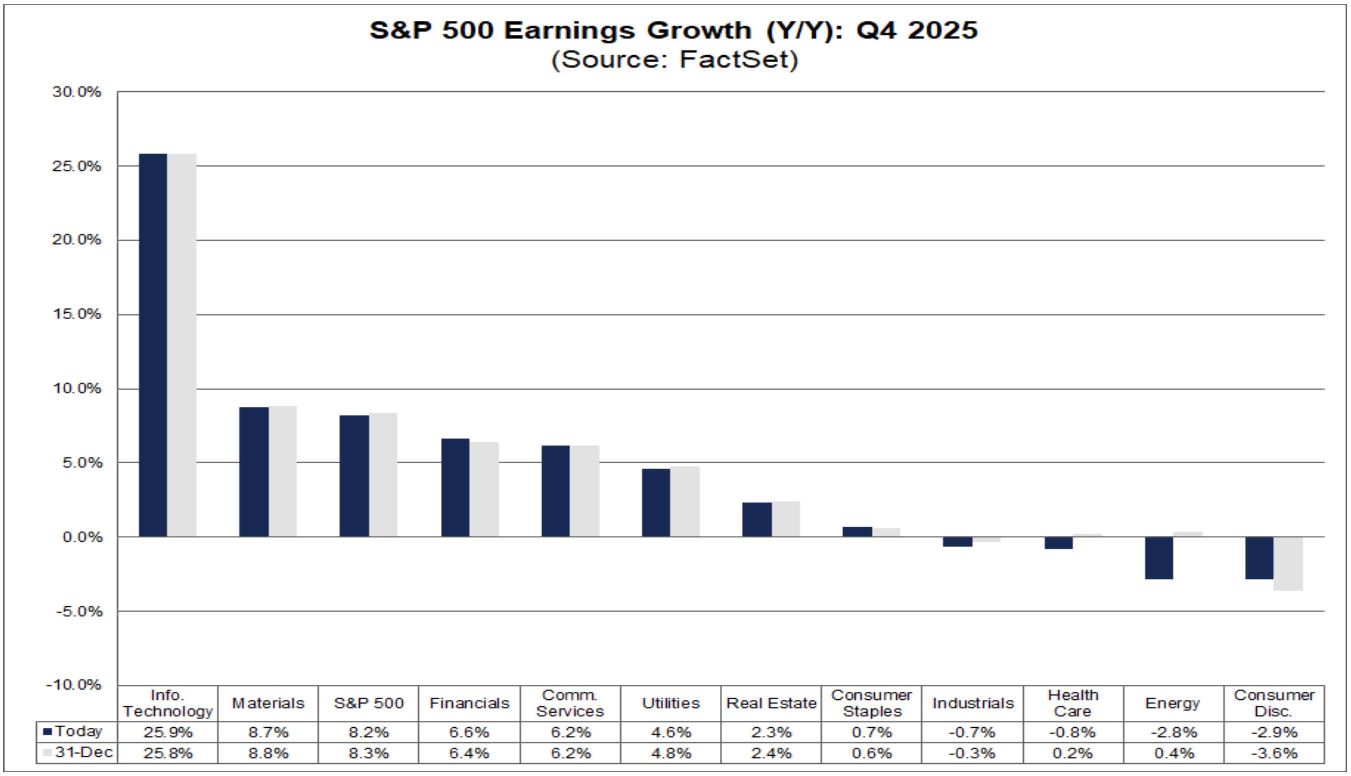


Q4 2025: Surprise

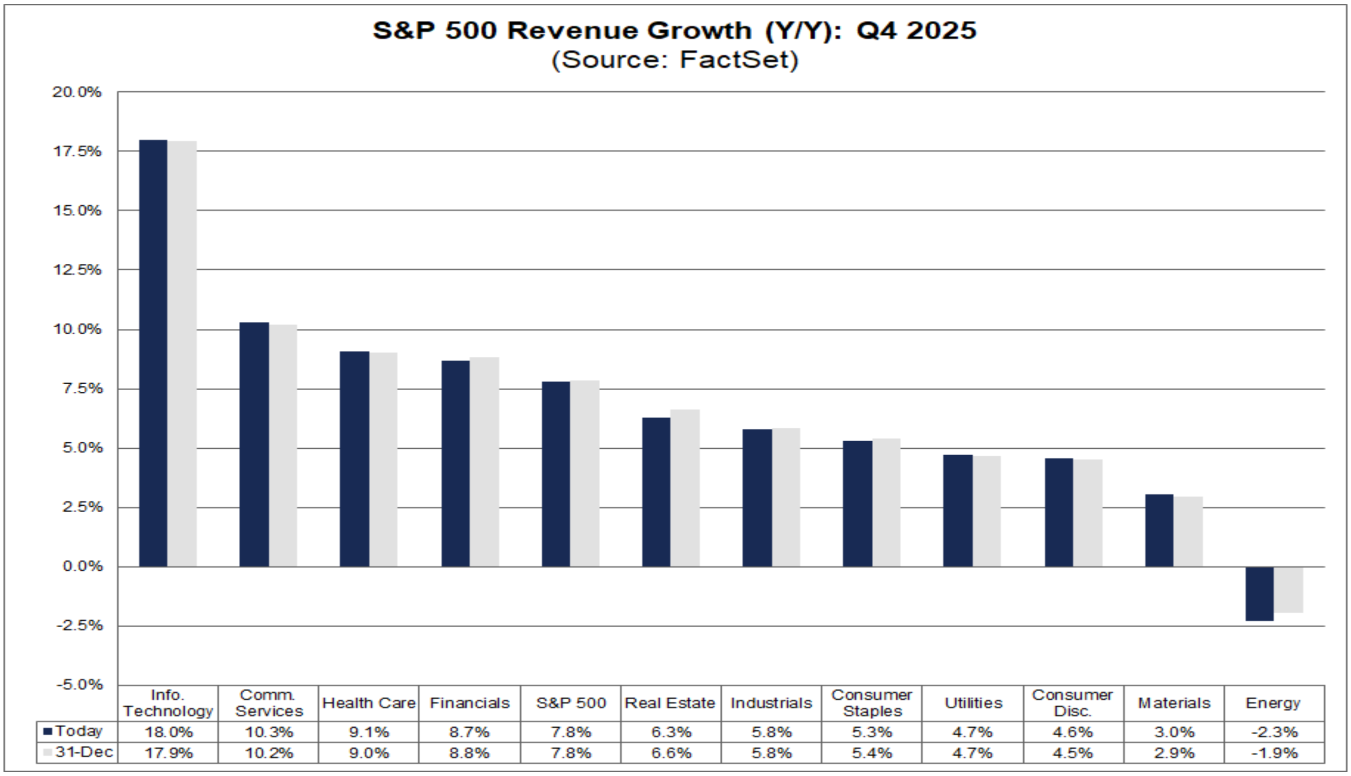




Q4 2025: Growth

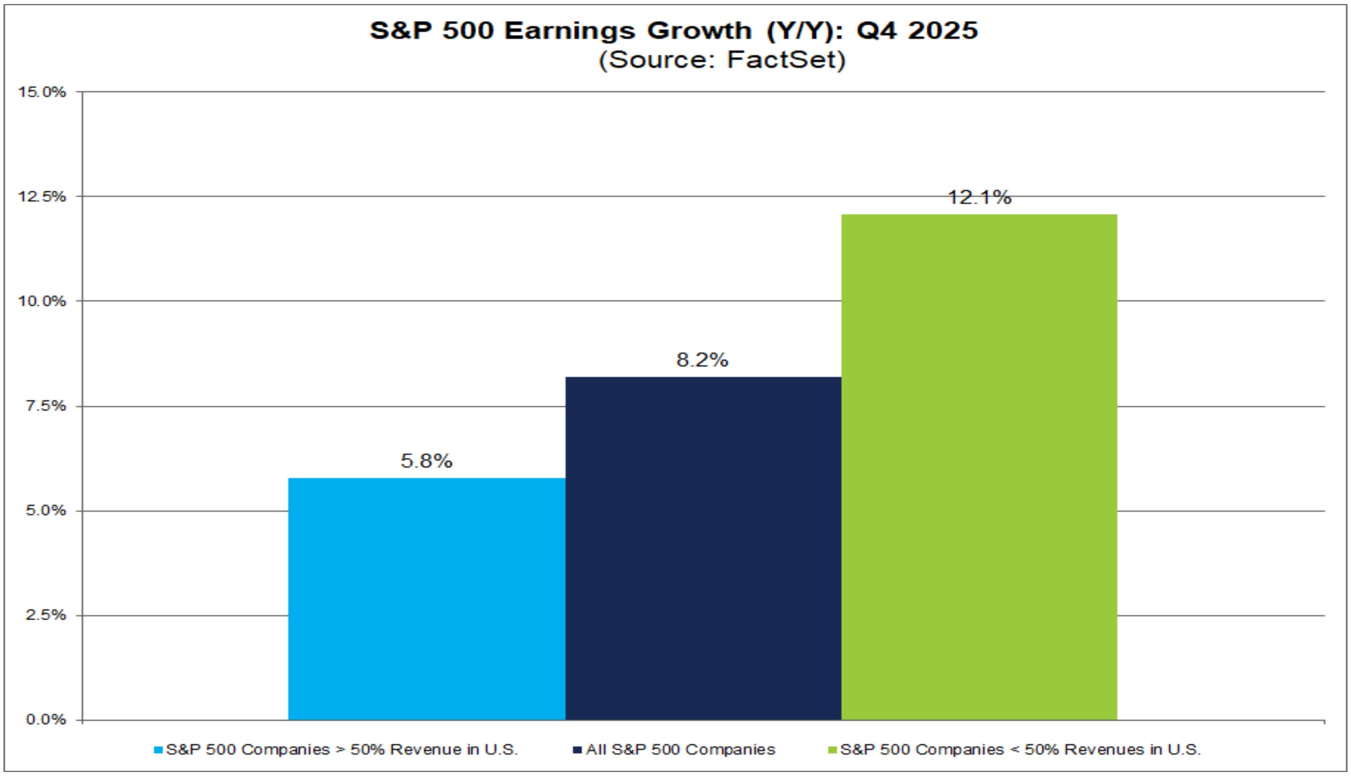


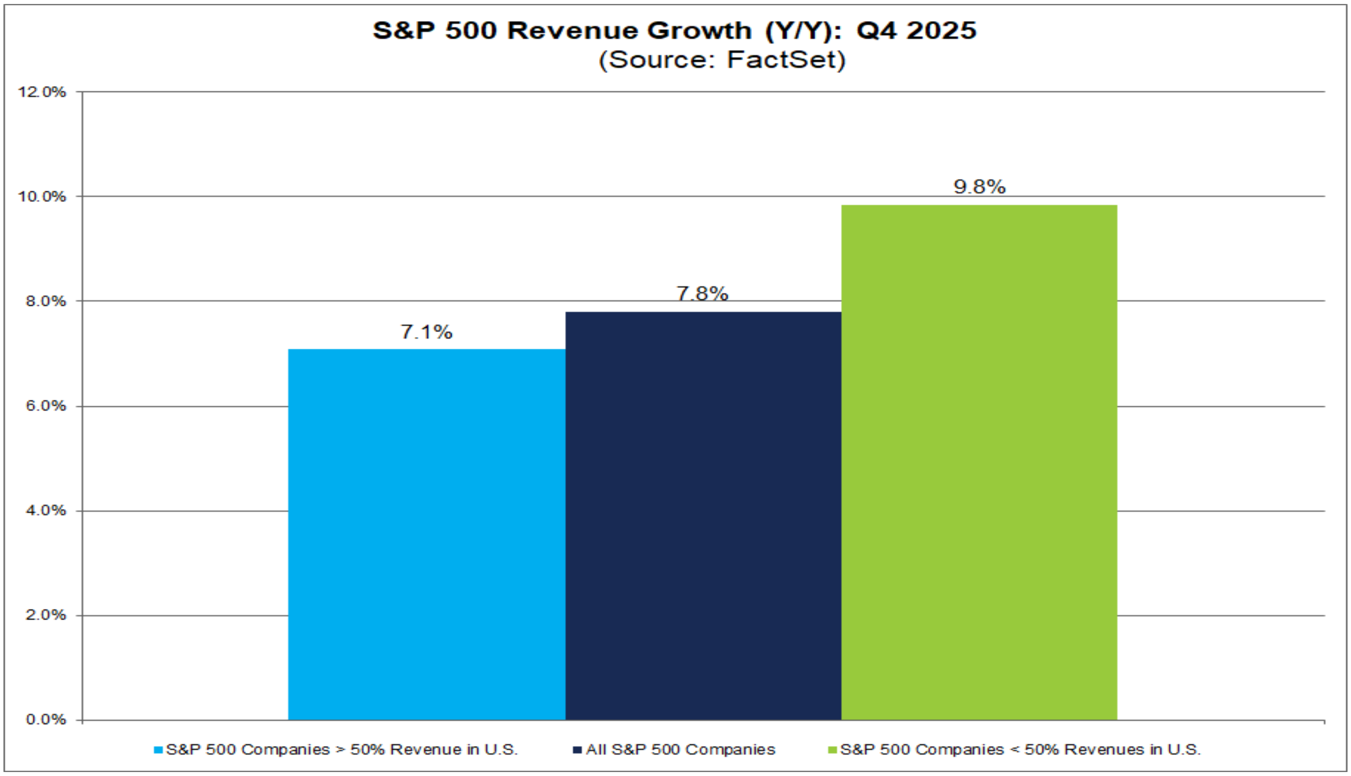
	Info. Technology	Materials	S&P 500	Financials	Comm. Services	Utilities	Real Estate	Consumer Staples	Industrials	Health Care	Energy	Consumer Disc.
Today	25.9%	8.7%	8.2%	6.6%	6.2%	4.6%	2.3%	0.7%	-0.7%	-0.8%	-2.8%	-2.9%
31-Dec	25.8%	8.8%	8.3%	6.4%	6.2%	4.8%	2.4%	0.6%	-0.3%	0.2%	0.4%	-3.6%



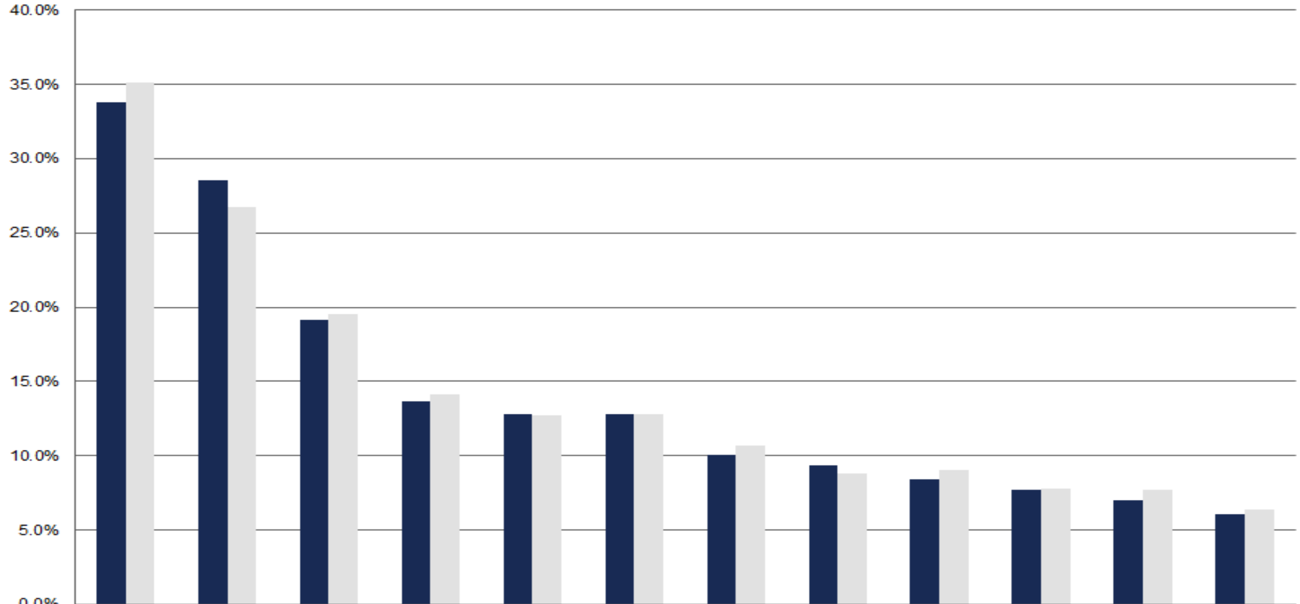
	Info. Technology	Comm. Services	Health Care	Financials	S&P 500	Real Estate	Industrials	Consumer Staples	Utilities	Consumer Disc.	Materials	Energy
Today	18.0%	10.3%	9.1%	8.7%	7.8%	6.3%	5.8%	5.3%	4.7%	4.6%	3.0%	-2.3%
31-Dec	17.9%	10.2%	9.0%	8.8%	7.8%	6.6%	5.8%	5.4%	4.7%	4.5%	2.9%	-1.9%

Q4 2025: Growth

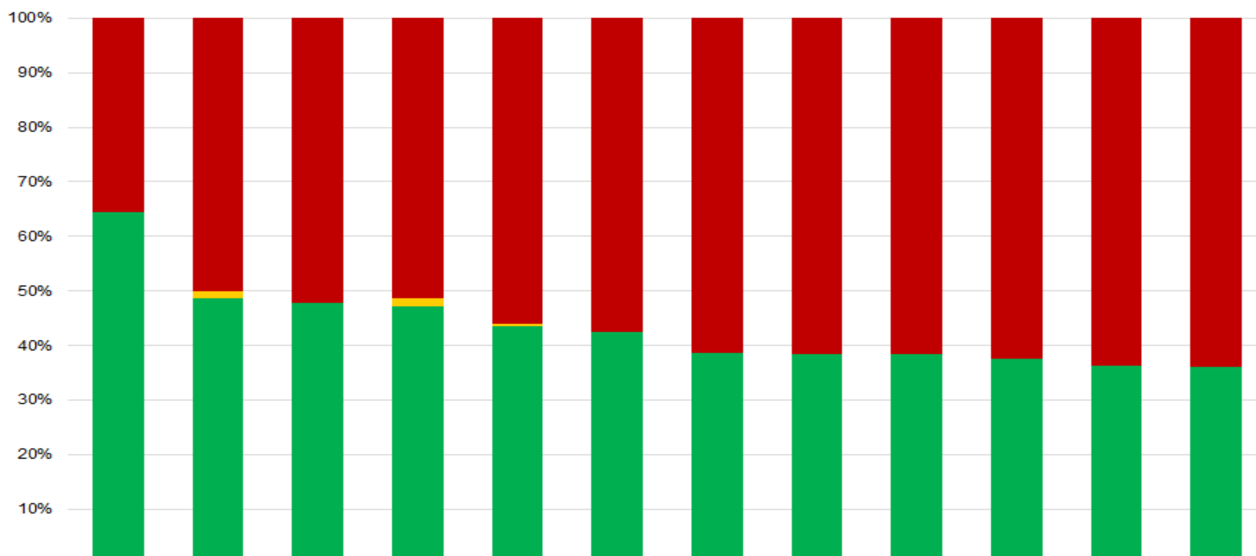




Q4 2025: Net Profit Margin

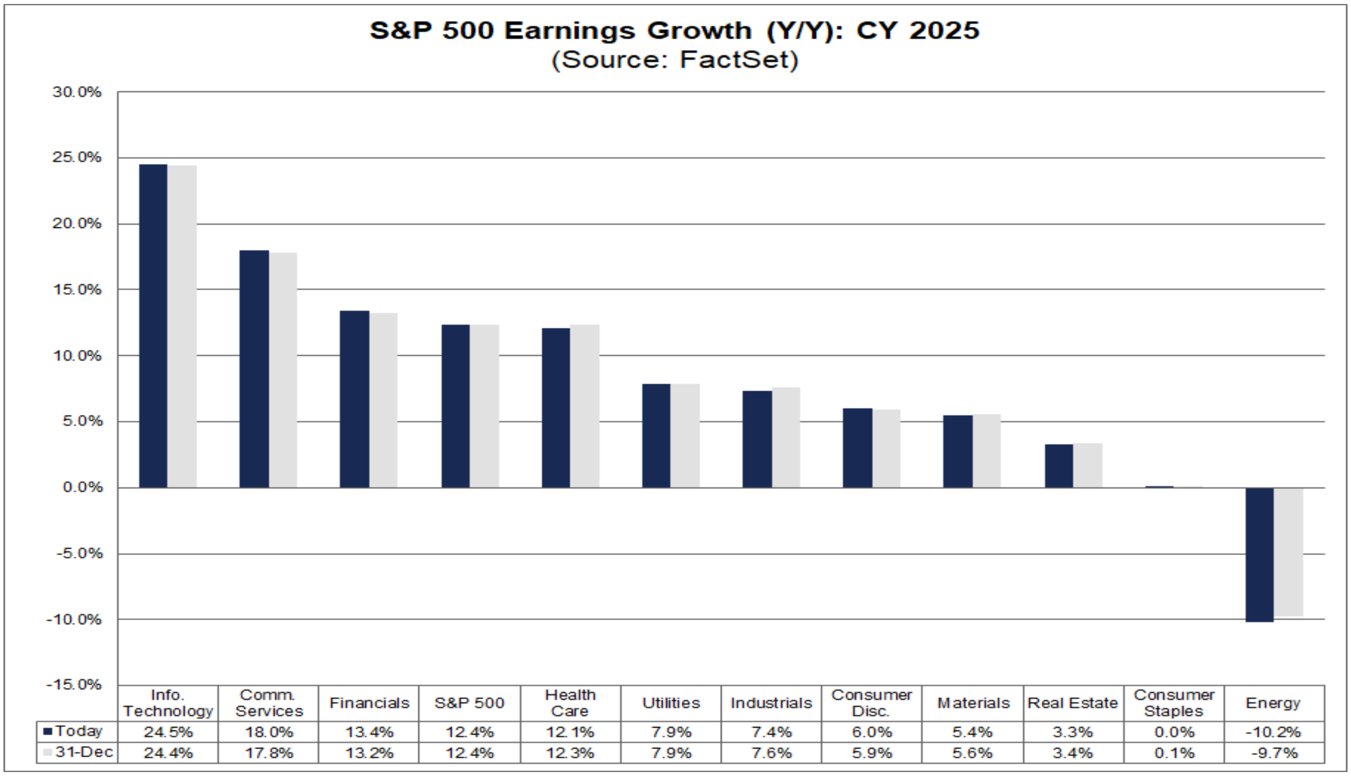


	Real Estate	Information Tech.	Financials	Comm. Services	S&P 500	Utilities	Industrials	Materials	Consumer Disc.	Energy	Health Care	Consumer Staples
Q425	33.8%	28.5%	19.2%	13.6%	12.8%	12.8%	10.0%	9.3%	8.4%	7.7%	7.0%	6.1%
Q424	35.1%	26.8%	19.5%	14.2%	12.7%	12.8%	10.7%	8.8%	9.1%	7.8%	7.7%	6.4%

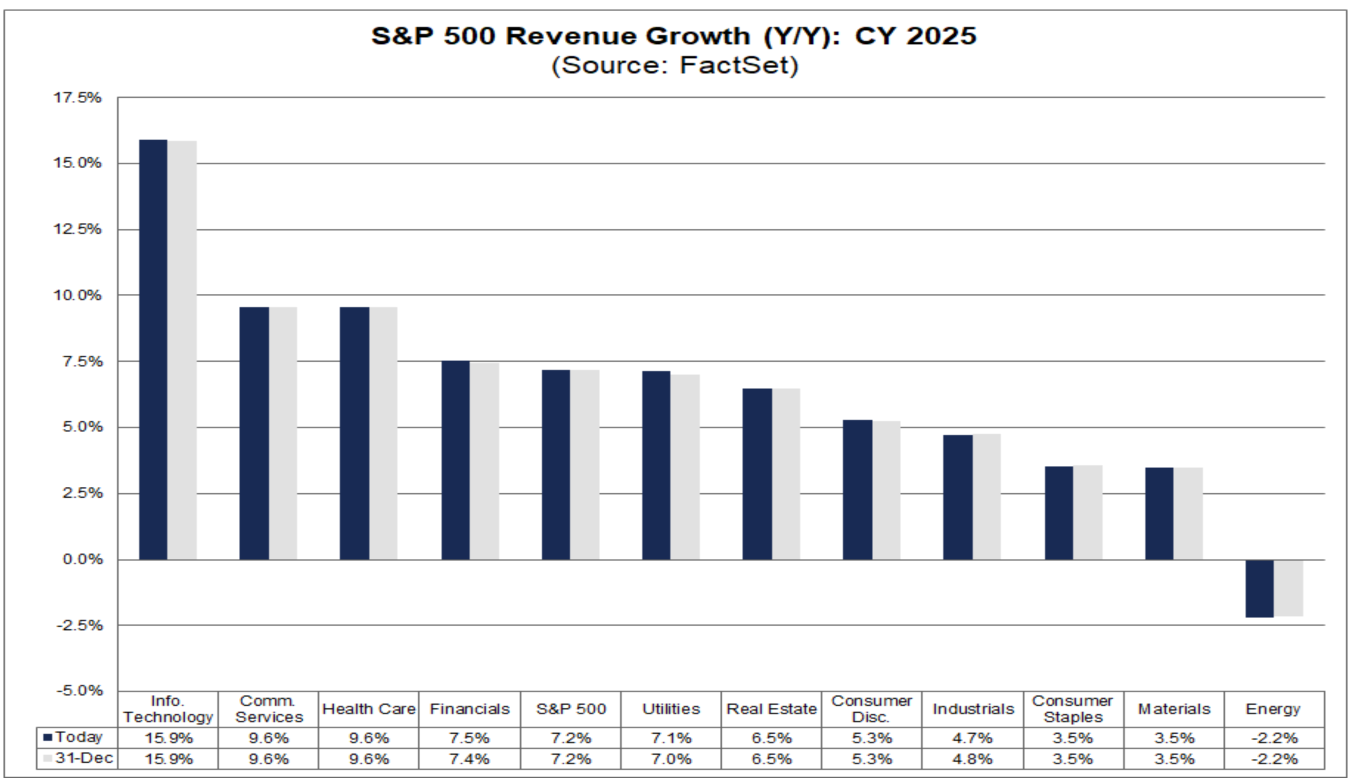


	Utilities	Financials	Comm. Services	Information Tech.	S&P 500	Industrials	Real Estate	Materials	Health Care	Consumer Disc.	Energy	Consumer Staples
Down %	35%	50%	52%	51%	56%	58%	61%	62%	62%	63%	64%	64%
None %	0%	1%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%
Up %	65%	49%	48%	47%	44%	43%	39%	38%	38%	38%	36%	36%

CY 2025: Growth

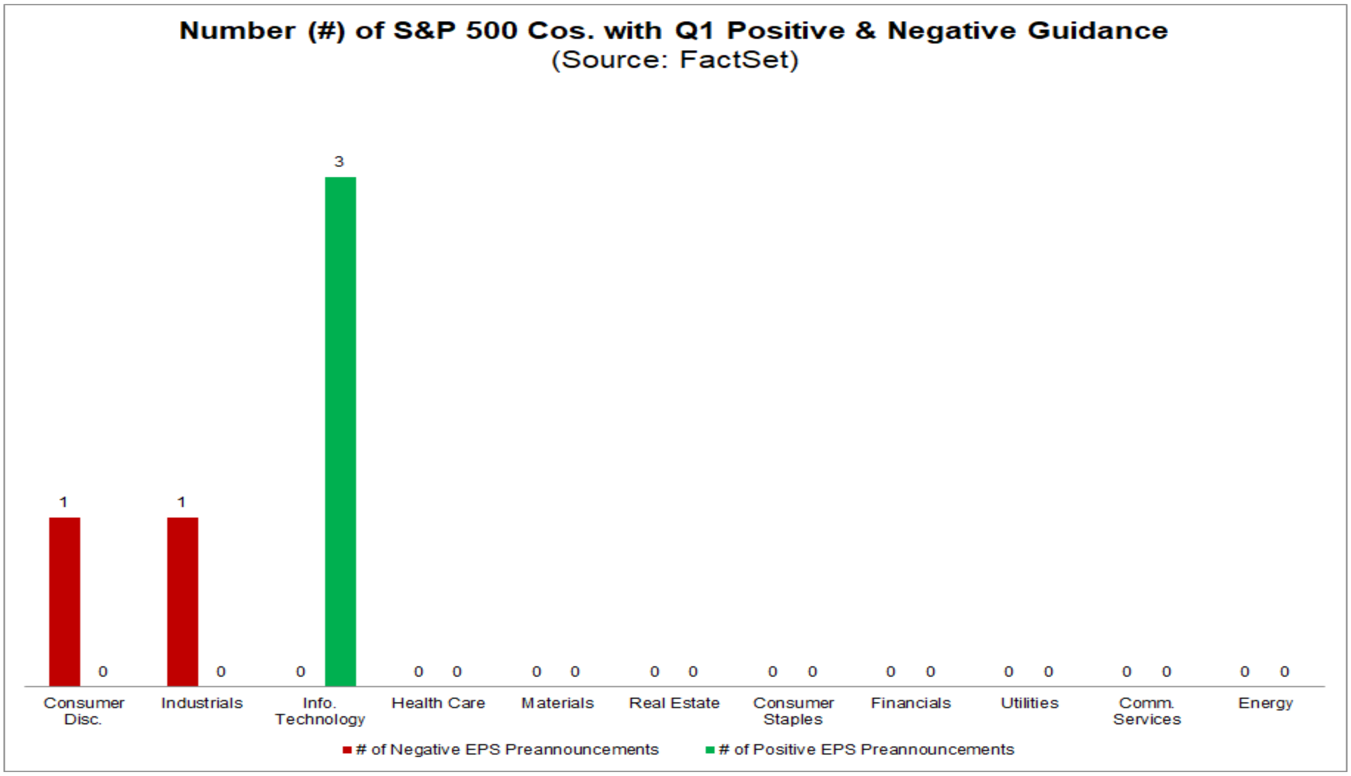


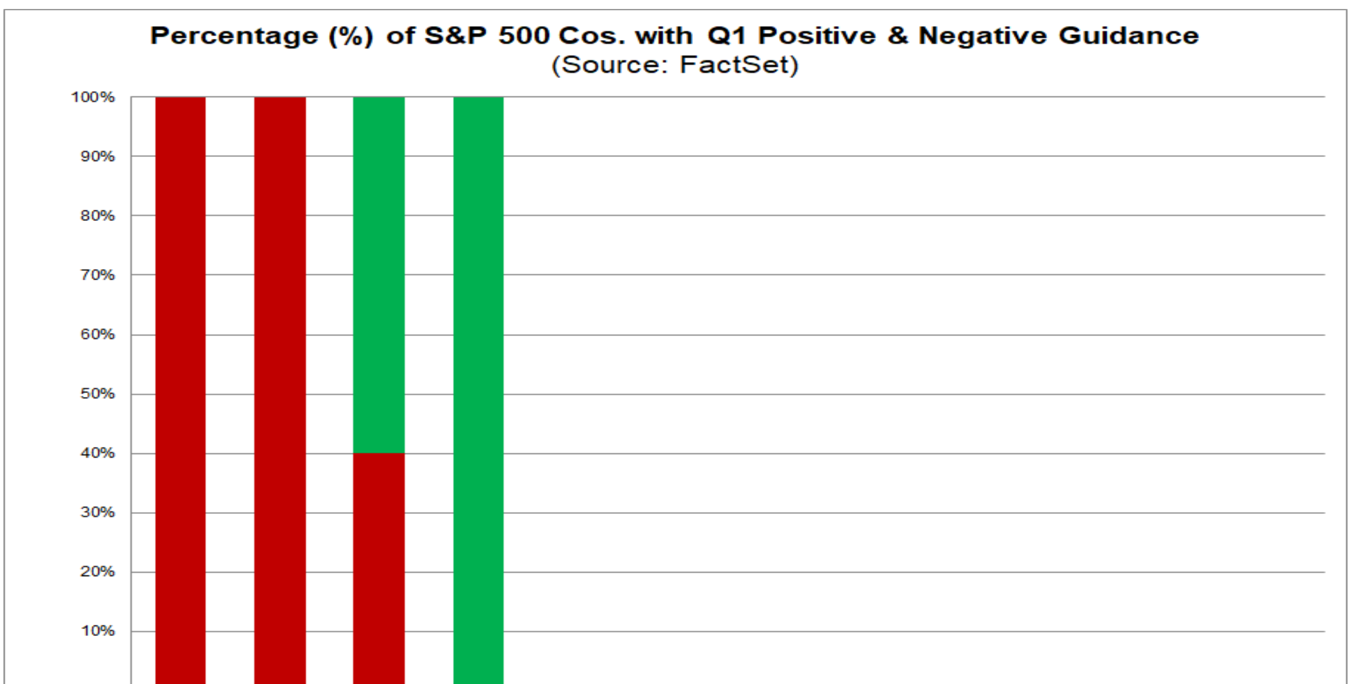
	Info. Technology	Comm. Services	Financials	S&P 500	Health Care	Utilities	Industrials	Consumer Disc.	Materials	Real Estate	Consumer Staples	Energy
Today	24.5%	18.0%	13.4%	12.4%	12.1%	7.9%	7.4%	6.0%	5.4%	3.3%	0.0%	-10.2%
31-Dec	24.4%	17.8%	13.2%	12.4%	12.3%	7.9%	7.6%	5.9%	5.6%	3.4%	0.1%	-9.7%



	Info. Technology	Comm. Services	Health Care	Financials	S&P 500	Utilities	Real Estate	Consumer Disc.	Industrials	Consumer Staples	Materials	Energy
Today	15.9%	9.6%	9.6%	7.5%	7.2%	7.1%	6.5%	5.3%	4.7%	3.5%	3.5%	-2.2%
31-Dec	15.9%	9.6%	9.6%	7.4%	7.2%	7.0%	6.5%	5.3%	4.8%	3.5%	3.5%	-2.2%

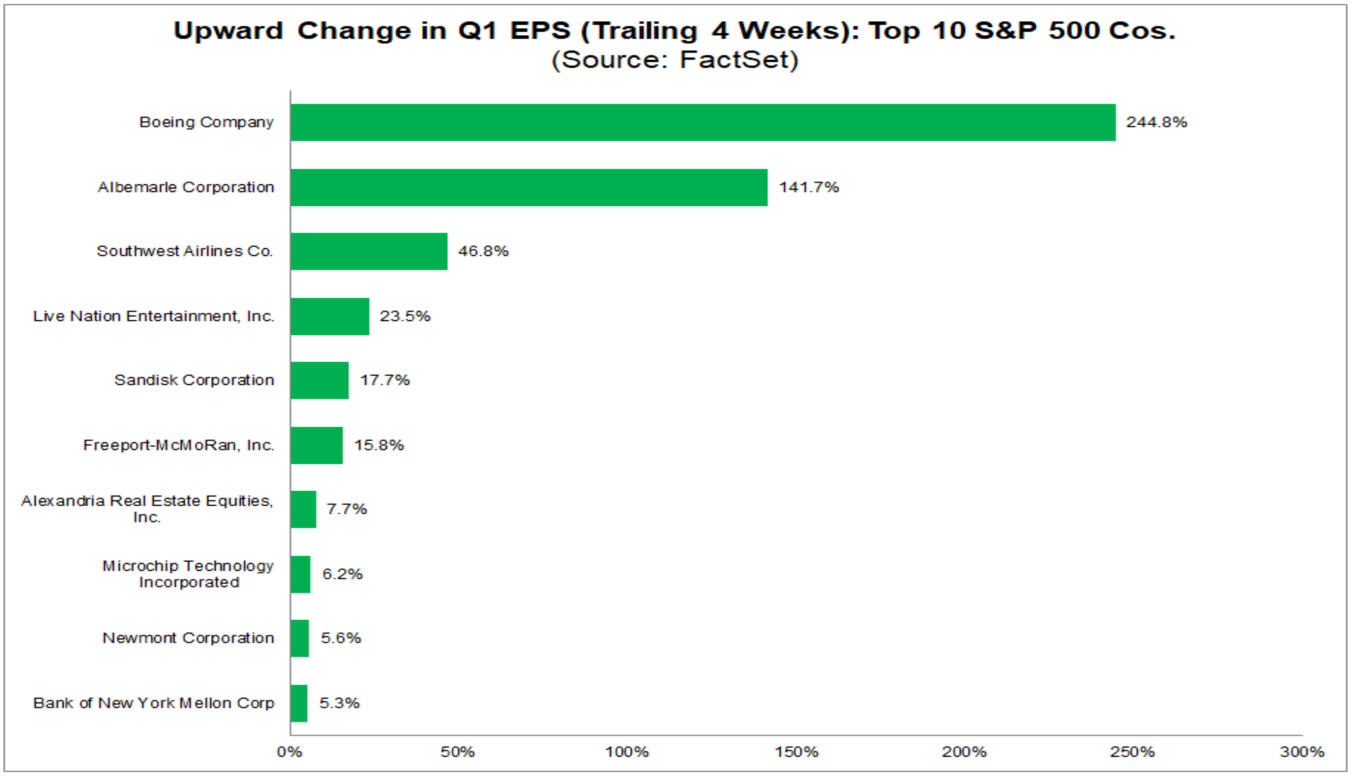
Q1 2026: Guidance

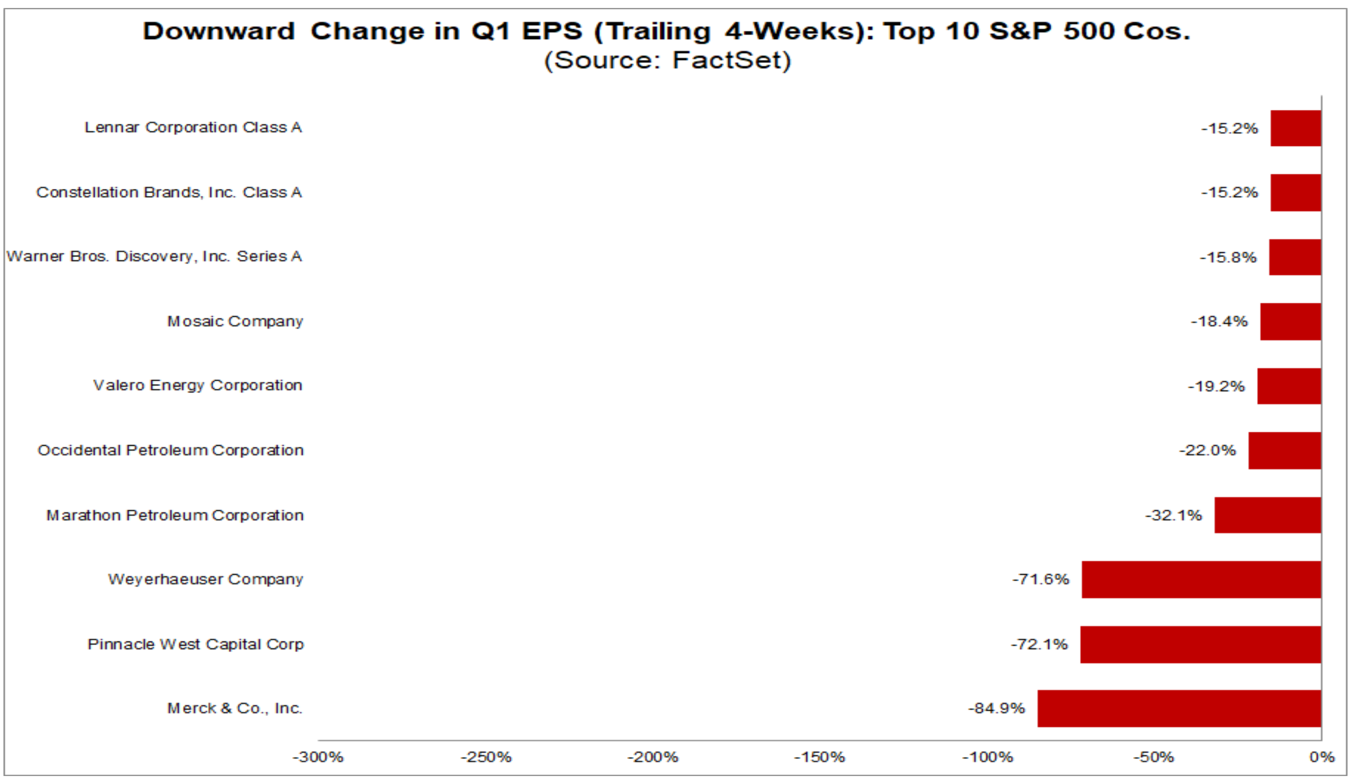




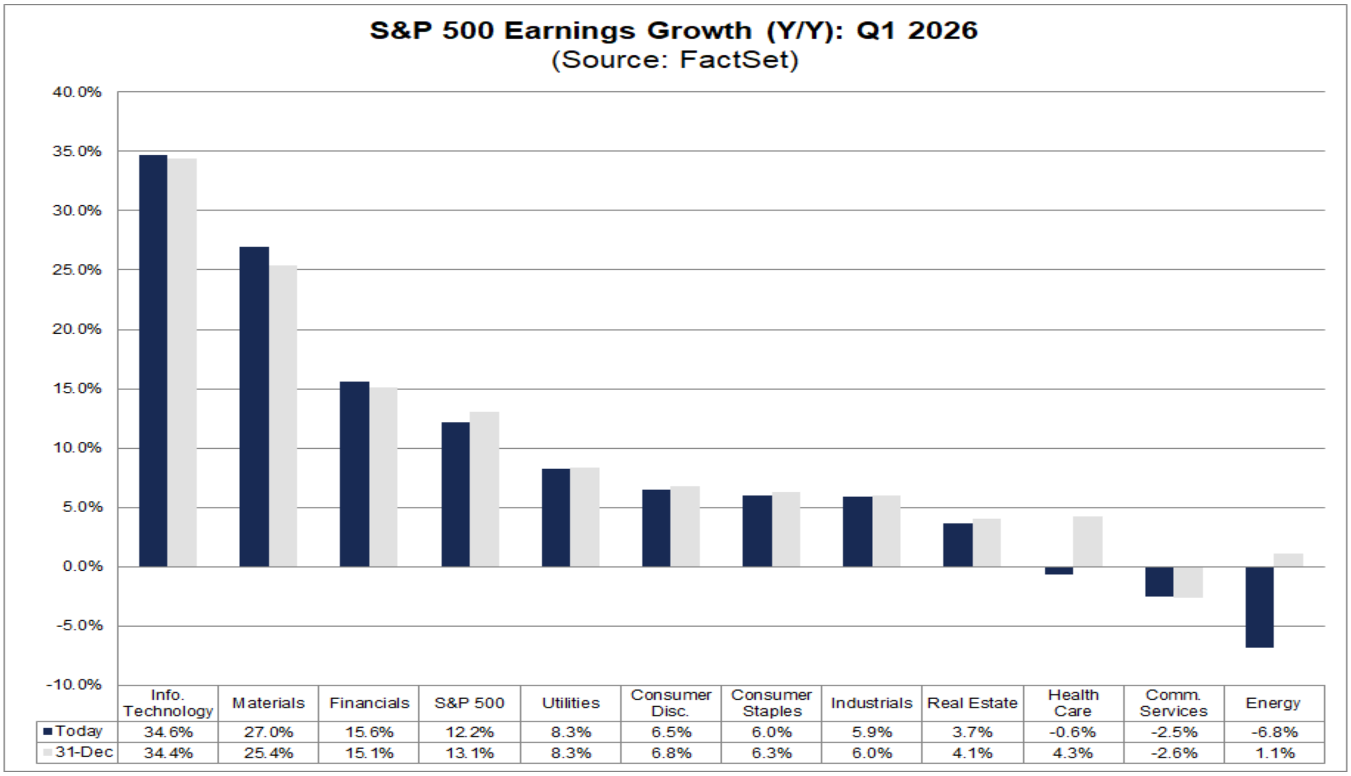
	Consumer Disc.	Industrials	S&P 500	Info. Technology	Materials	Utilities	Real Estate	Consumer Staples	Health Care	Financials	Comm. Services	Energy
Positive	0%	0%	60%	100%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	40%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Q1 2026: EPS Revisions

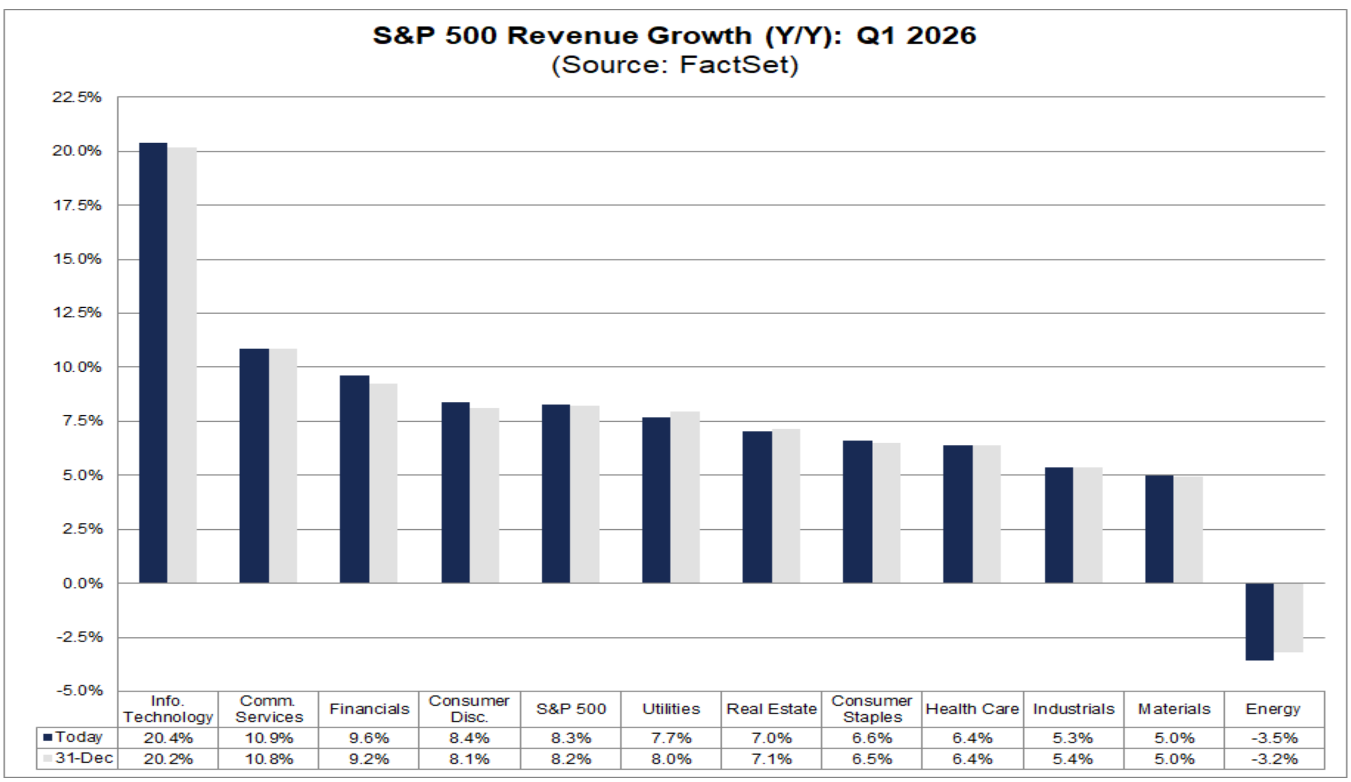




Q1 2026: Growth

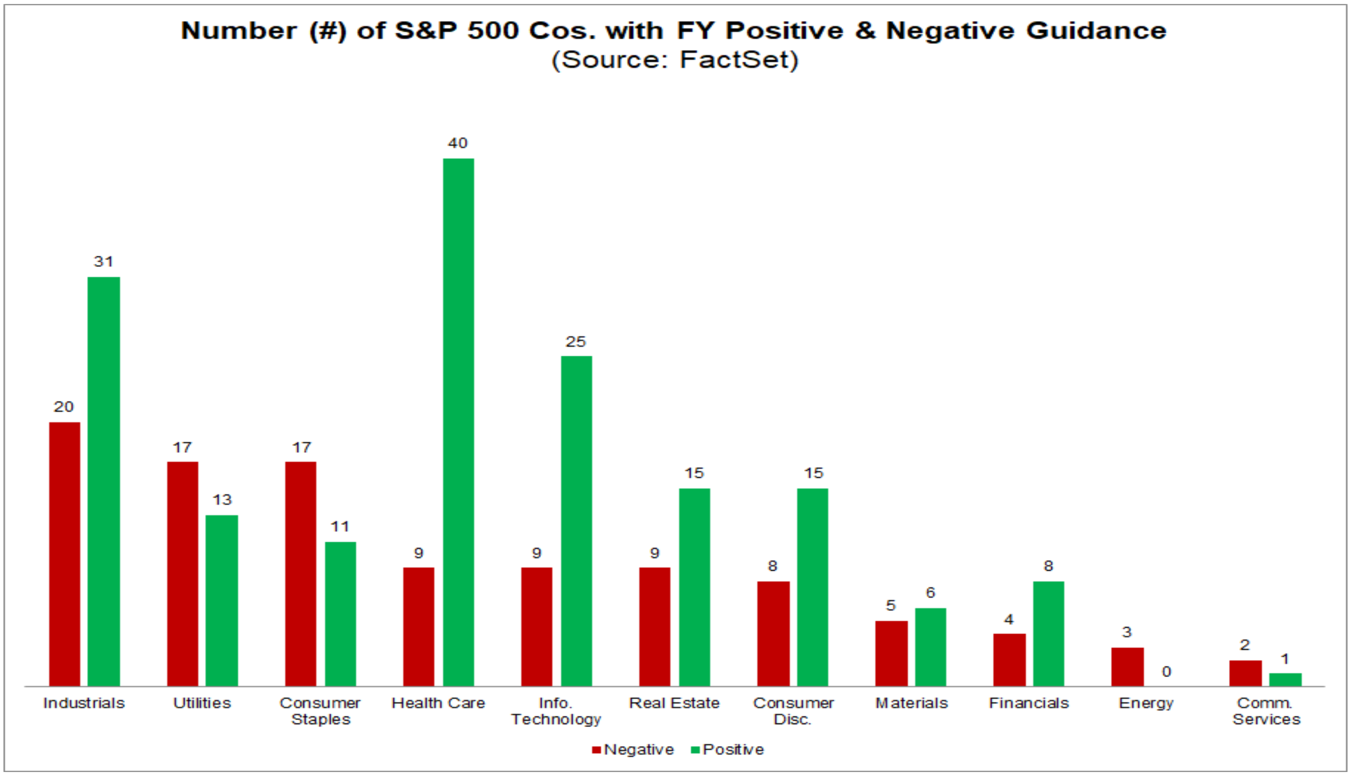


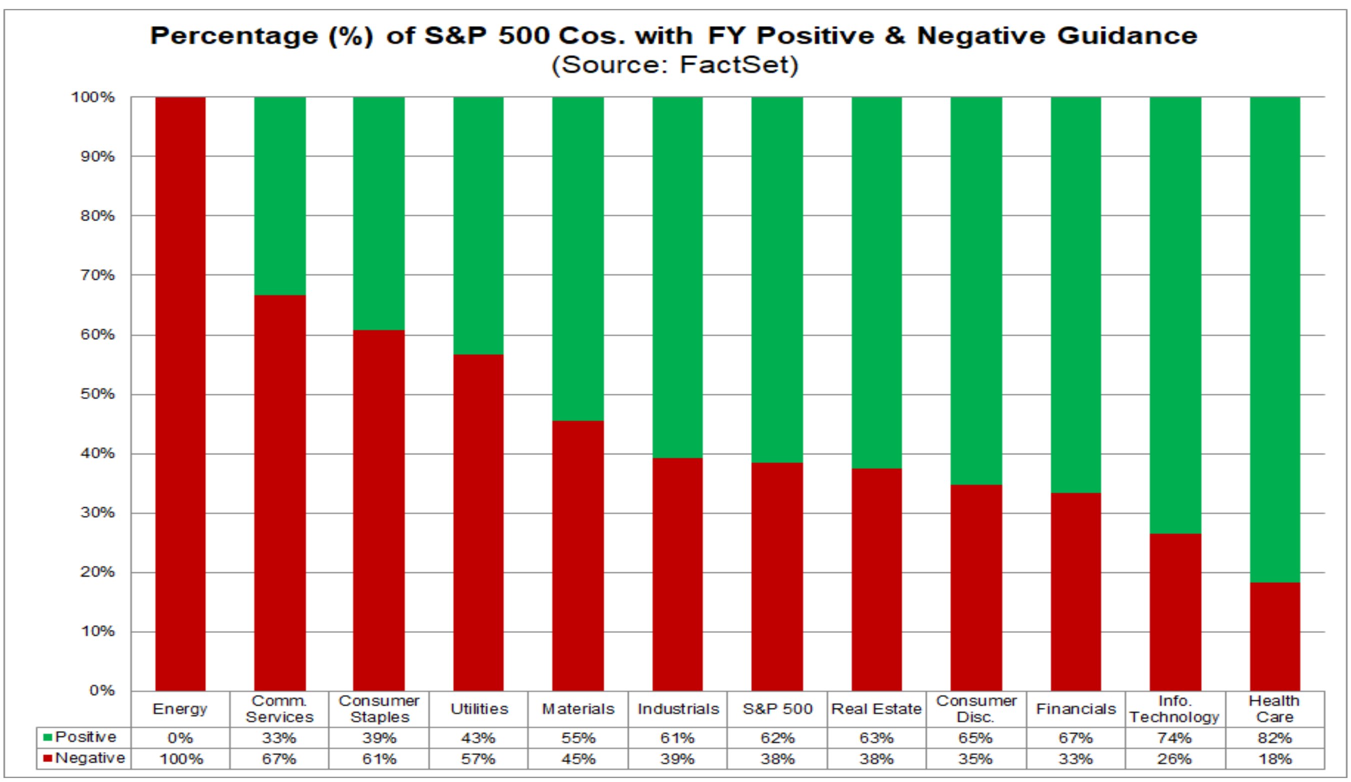
	Info. Technology	Materials	Financials	S&P 500	Utilities	Consumer Disc.	Consumer Staples	Industrials	Real Estate	Health Care	Comm. Services	Energy
Today	34.6%	27.0%	15.6%	12.2%	8.3%	6.5%	6.0%	5.9%	3.7%	-0.6%	-2.5%	-6.8%
31-Dec	34.4%	25.4%	15.1%	13.1%	8.3%	6.8%	6.3%	6.0%	4.1%	4.3%	-2.6%	1.1%



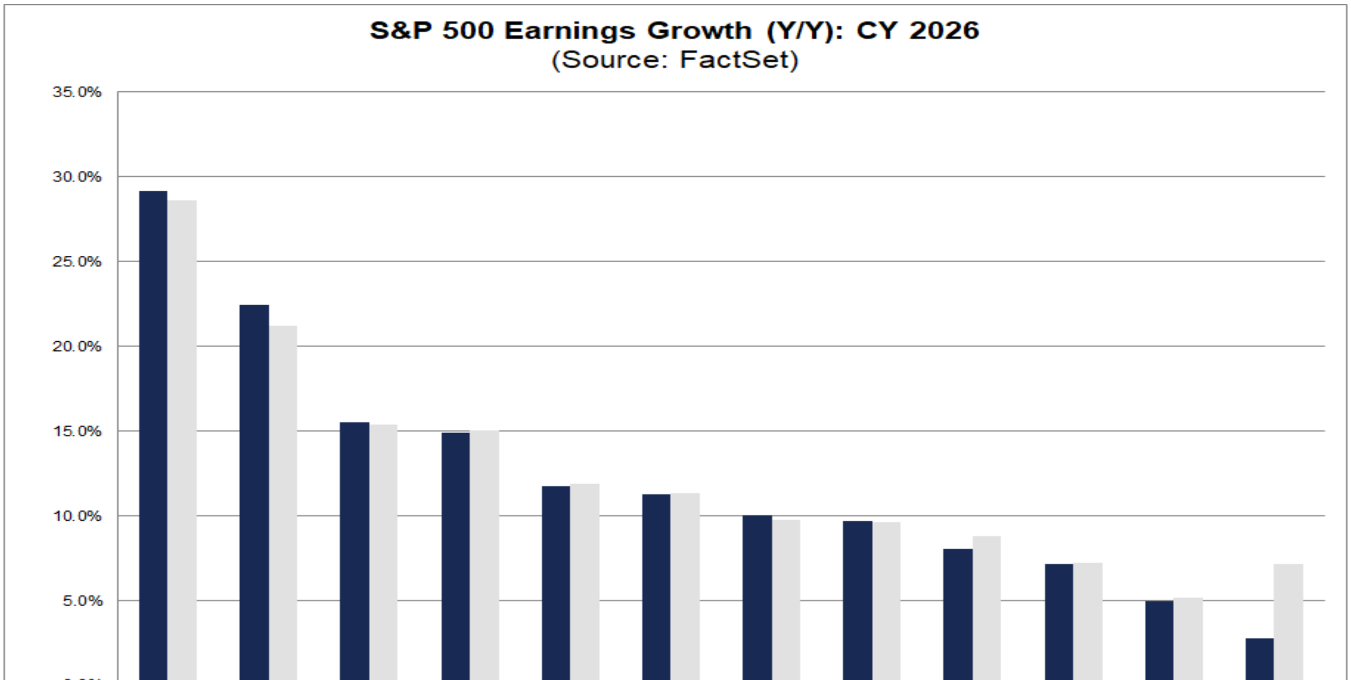
	Info. Technology	Comm. Services	Financials	Consumer Disc.	S&P 500	Utilities	Real Estate	Consumer Staples	Health Care	Industrials	Materials	Energy
Today	20.4%	10.9%	9.6%	8.4%	8.3%	7.7%	7.0%	6.6%	6.4%	5.3%	5.0%	-3.5%
31-Dec	20.2%	10.8%	9.2%	8.1%	8.2%	8.0%	7.1%	6.5%	6.4%	5.4%	5.0%	-3.2%

FY 2025 / 2026: EPS Guidance

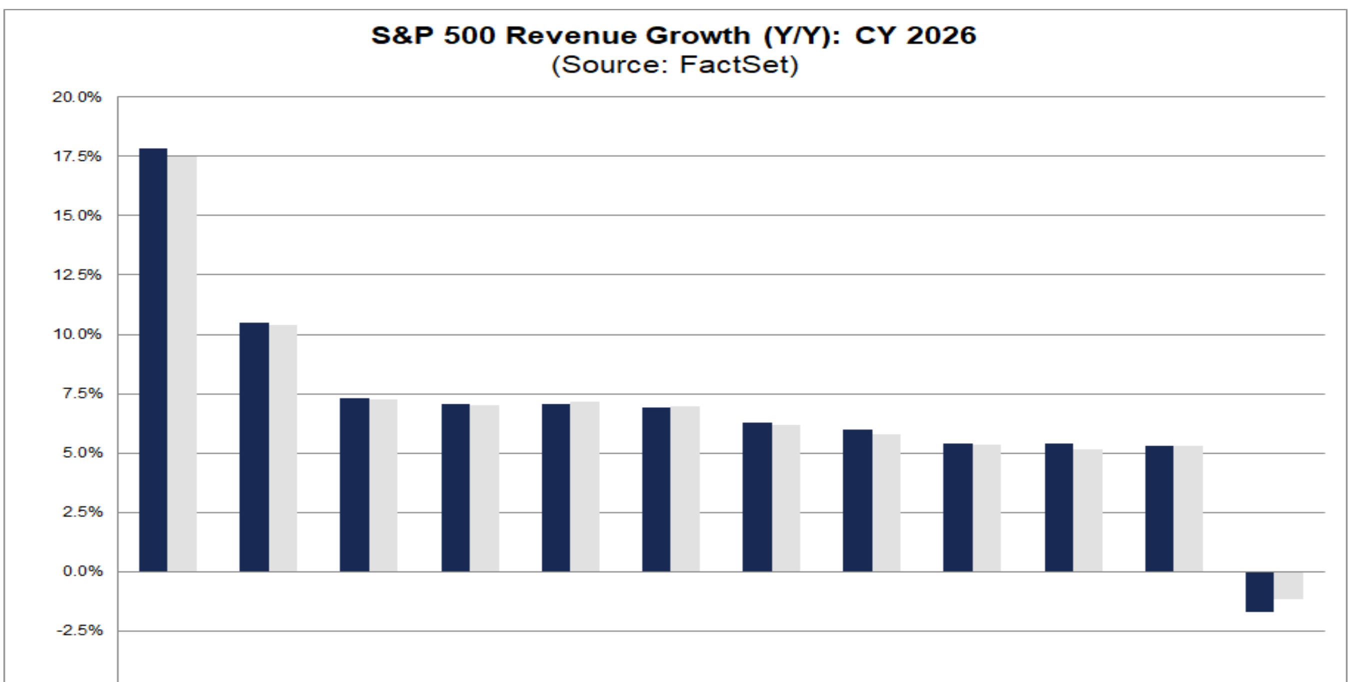




CY 2026: Growth

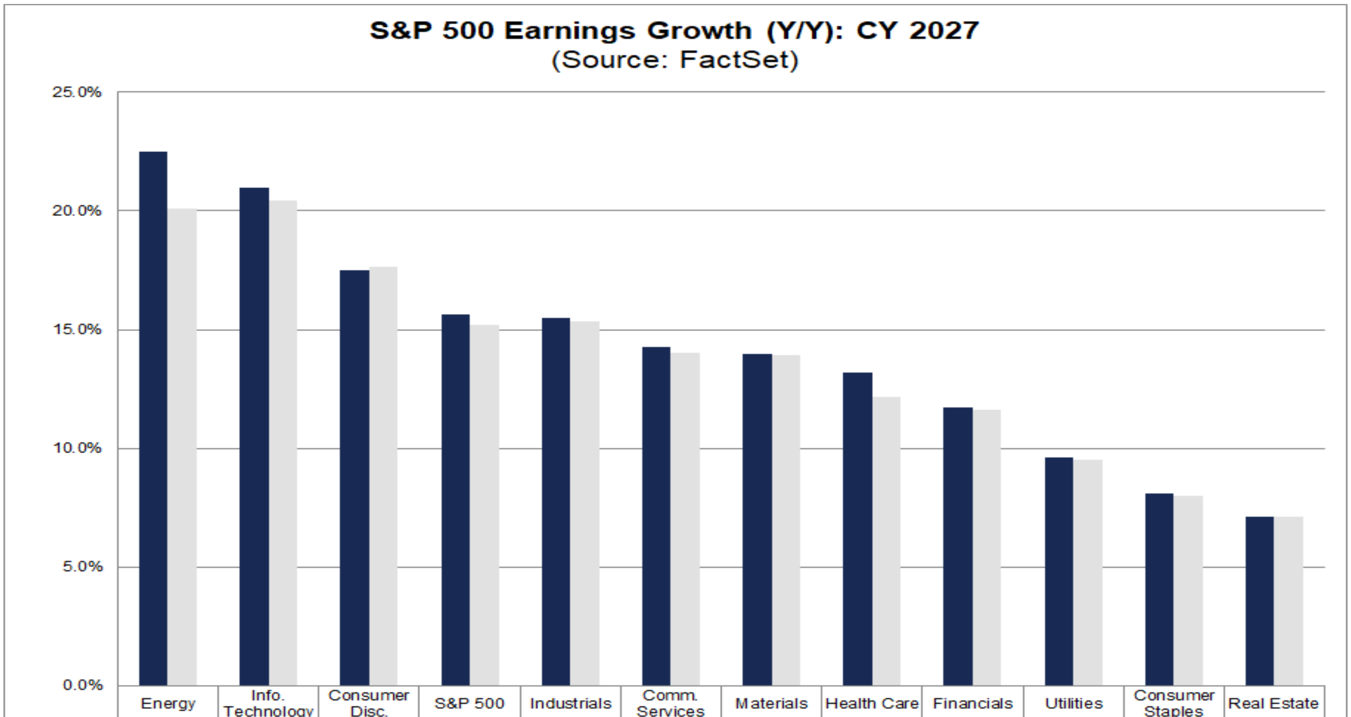


	Info. Technology	Materials	Industrials	S&P 500	Comm. Services	Consumer Disc.	Financials	Utilities	Health Care	Consumer Staples	Real Estate	Energy
Today	29.2%	22.5%	15.5%	14.9%	11.7%	11.3%	10.0%	9.7%	8.0%	7.2%	4.9%	2.8%
31-Dec	28.6%	21.2%	15.4%	15.0%	11.9%	11.4%	9.8%	9.6%	8.8%	7.2%	5.2%	7.2%

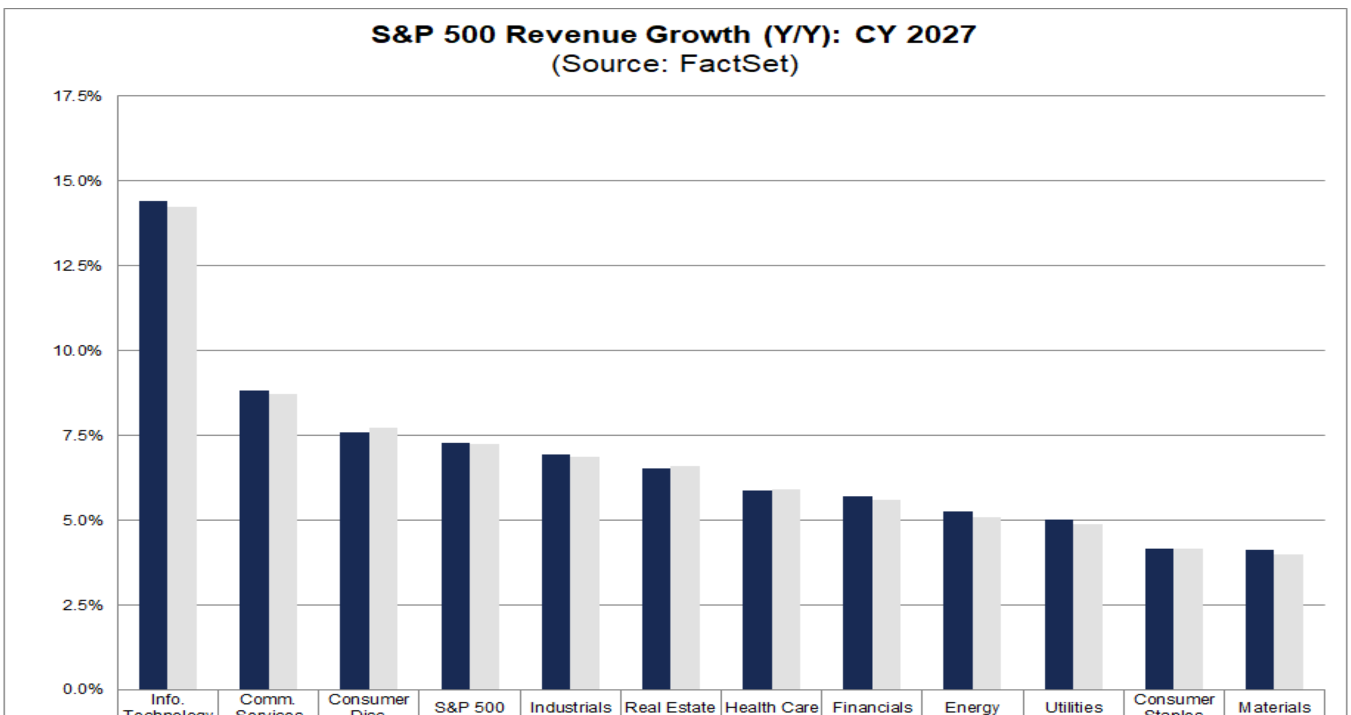


	Info. Technology	Comm. Services	S&P 500	Consumer Disc.	Utilities	Real Estate	Industrials	Financials	Health Care	Materials	Consumer Staples	Energy
Today	17.8%	10.5%	7.3%	7.1%	7.1%	6.9%	6.3%	6.0%	5.4%	5.4%	5.3%	-1.7%
31-Dec	17.5%	10.4%	7.3%	7.0%	7.1%	7.0%	6.2%	5.8%	5.4%	5.2%	5.3%	-1.2%

CY 2027: Growth

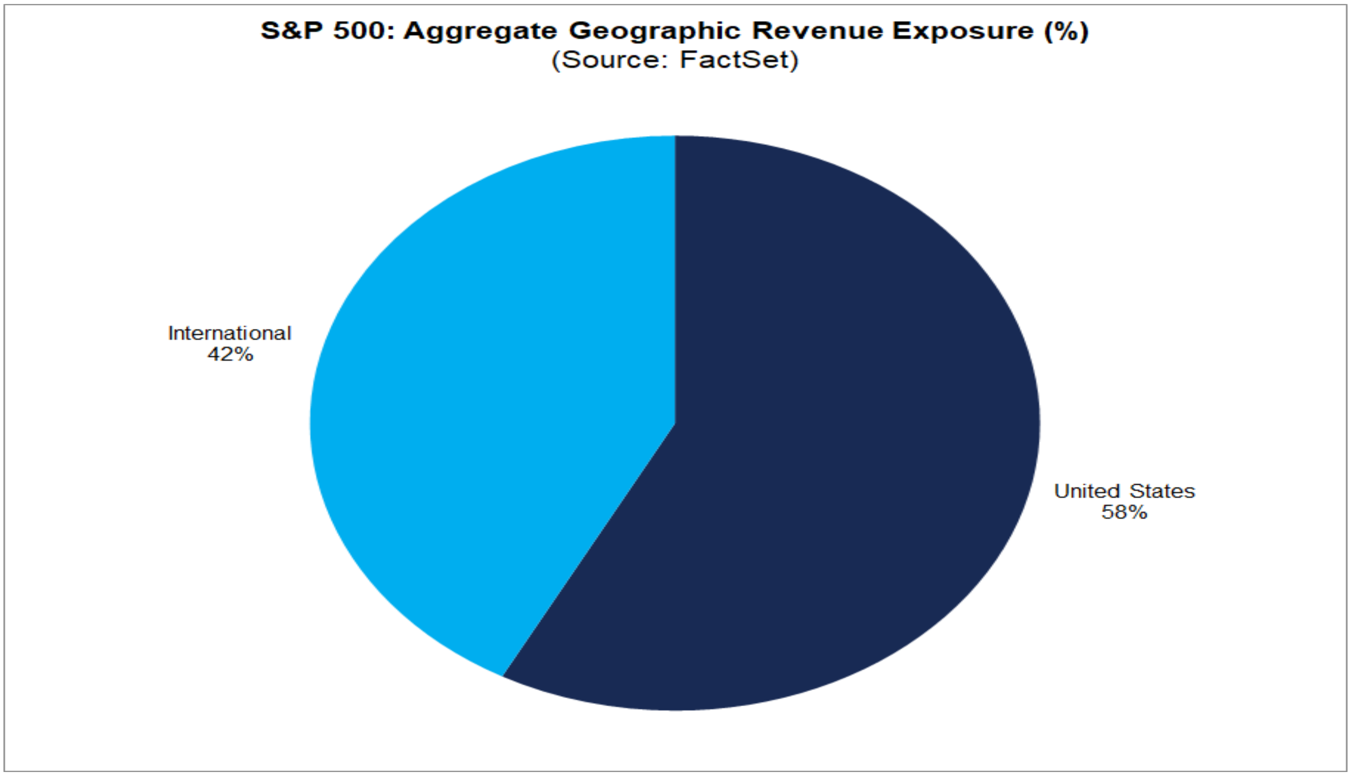


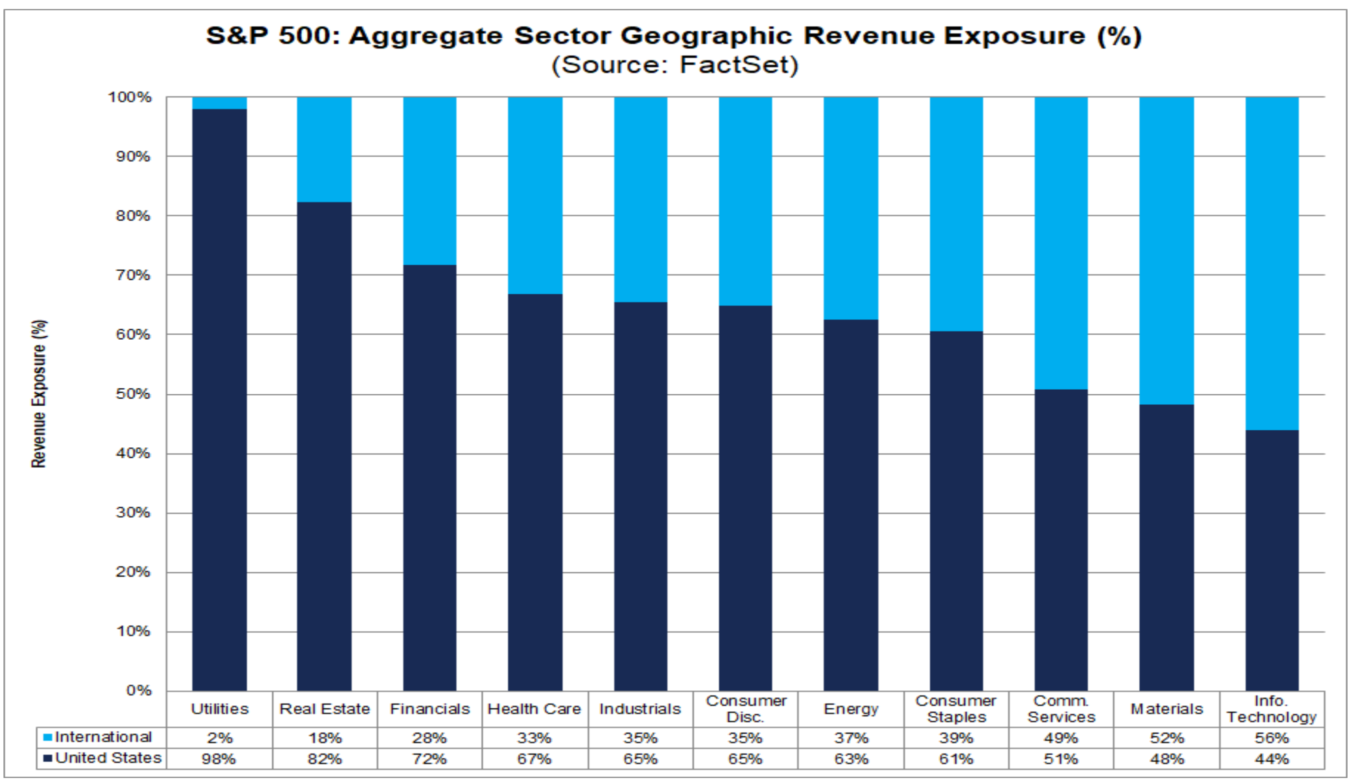
	Energy	Info. Technology	Consumer Disc.	S&P 500	Industrials	Comm. Services	Materials	Health Care	Financials	Utilities	Consumer Staples	Real Estate
Today	22.5%	21.0%	17.5%	15.6%	15.5%	14.3%	14.0%	13.2%	11.7%	9.6%	8.1%	7.1%
31-Dec	20.1%	20.4%	17.7%	15.2%	15.4%	14.0%	13.9%	12.1%	11.6%	9.5%	8.0%	7.1%



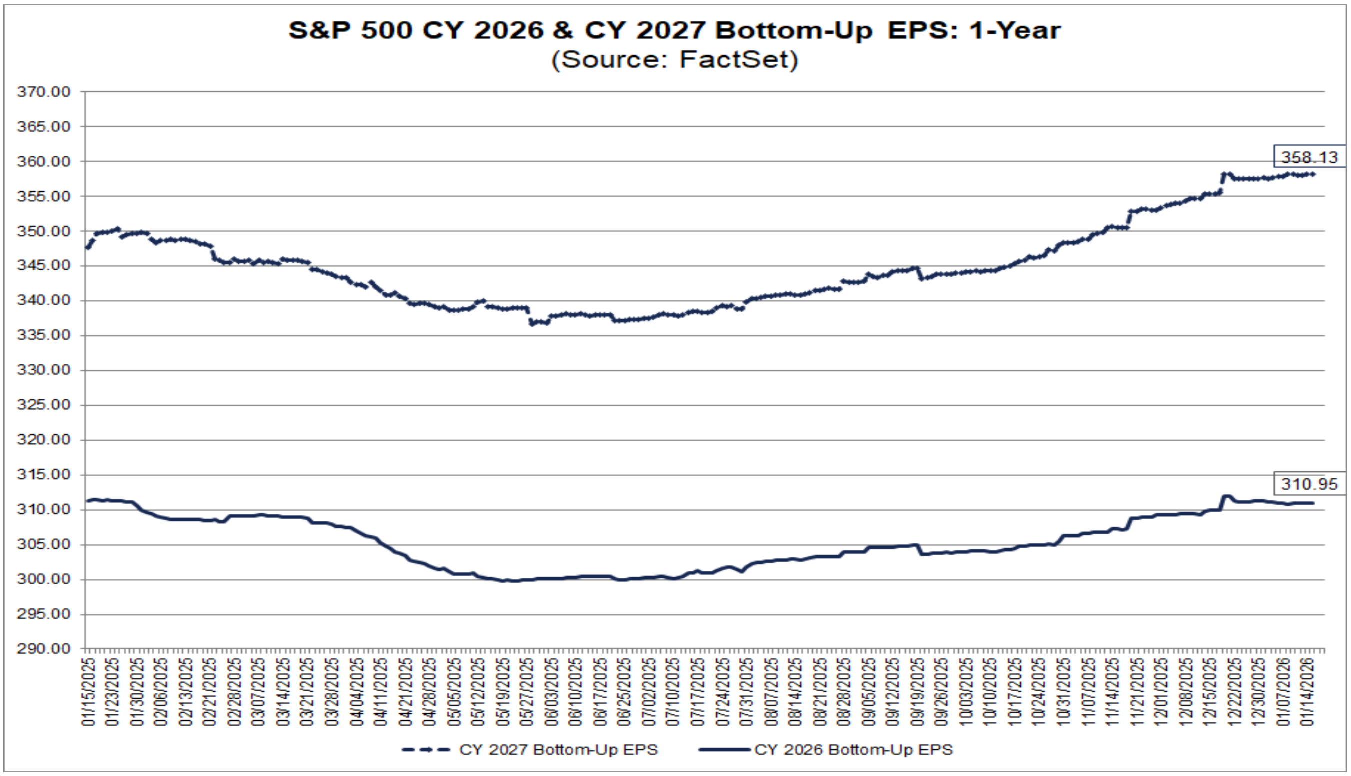
	Info. Technology	Comm. Services	Consumer Disc.	S&P 500	Industrials	Real Estate	Health Care	Financials	Energy	Utilities	Consumer Staples	Materials
Today	14.4%	8.8%	7.6%	7.3%	6.9%	6.5%	5.9%	5.7%	5.3%	5.0%	4.2%	4.1%
31-Dec	14.2%	8.7%	7.7%	7.2%	6.9%	6.6%	5.9%	5.6%	5.1%	4.9%	4.2%	4.0%

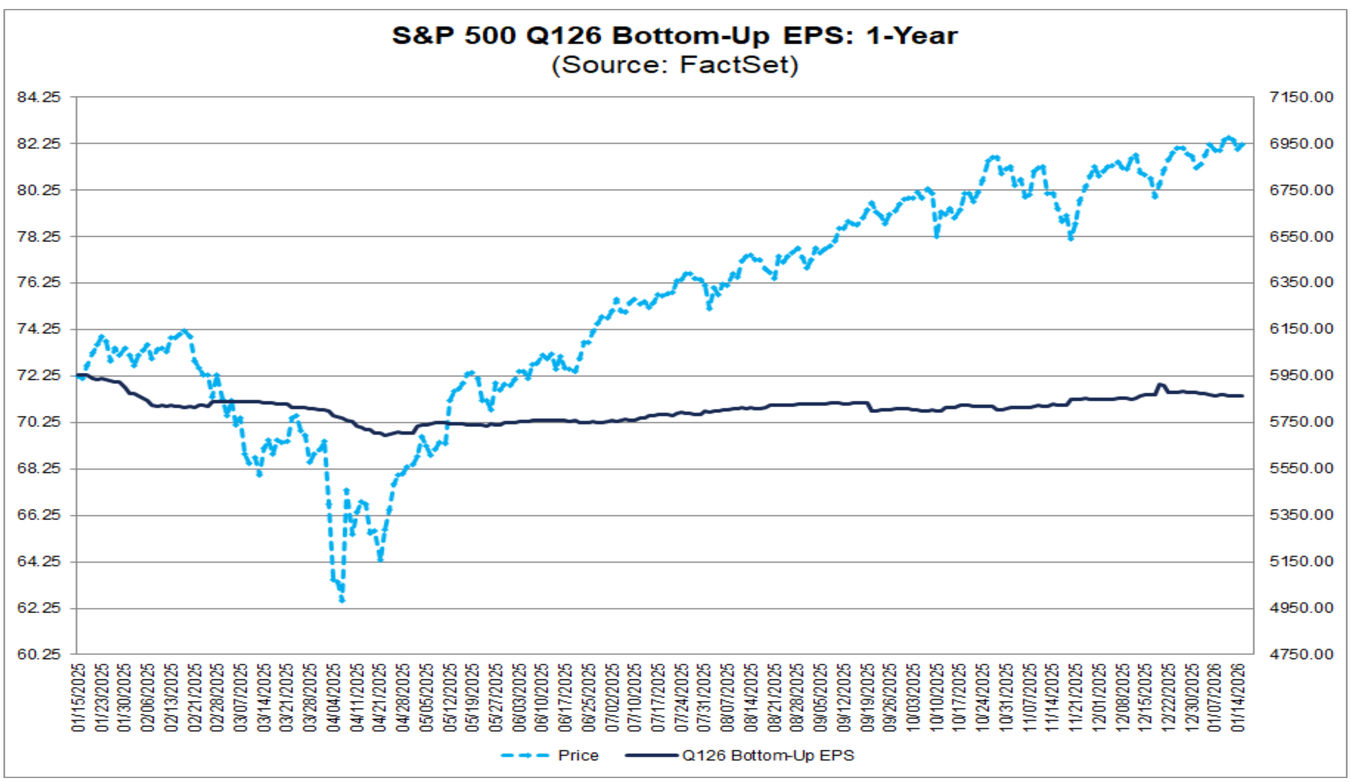
Geographic Revenue Exposure



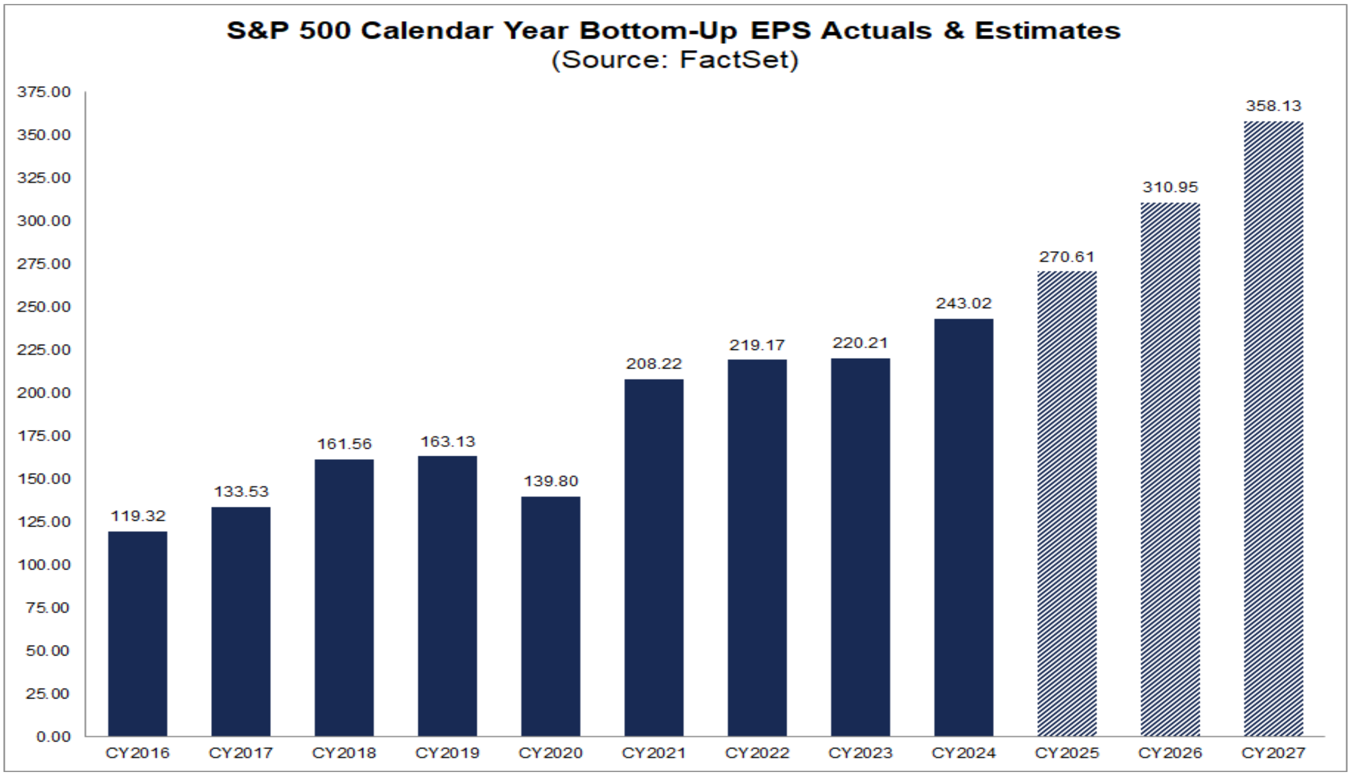


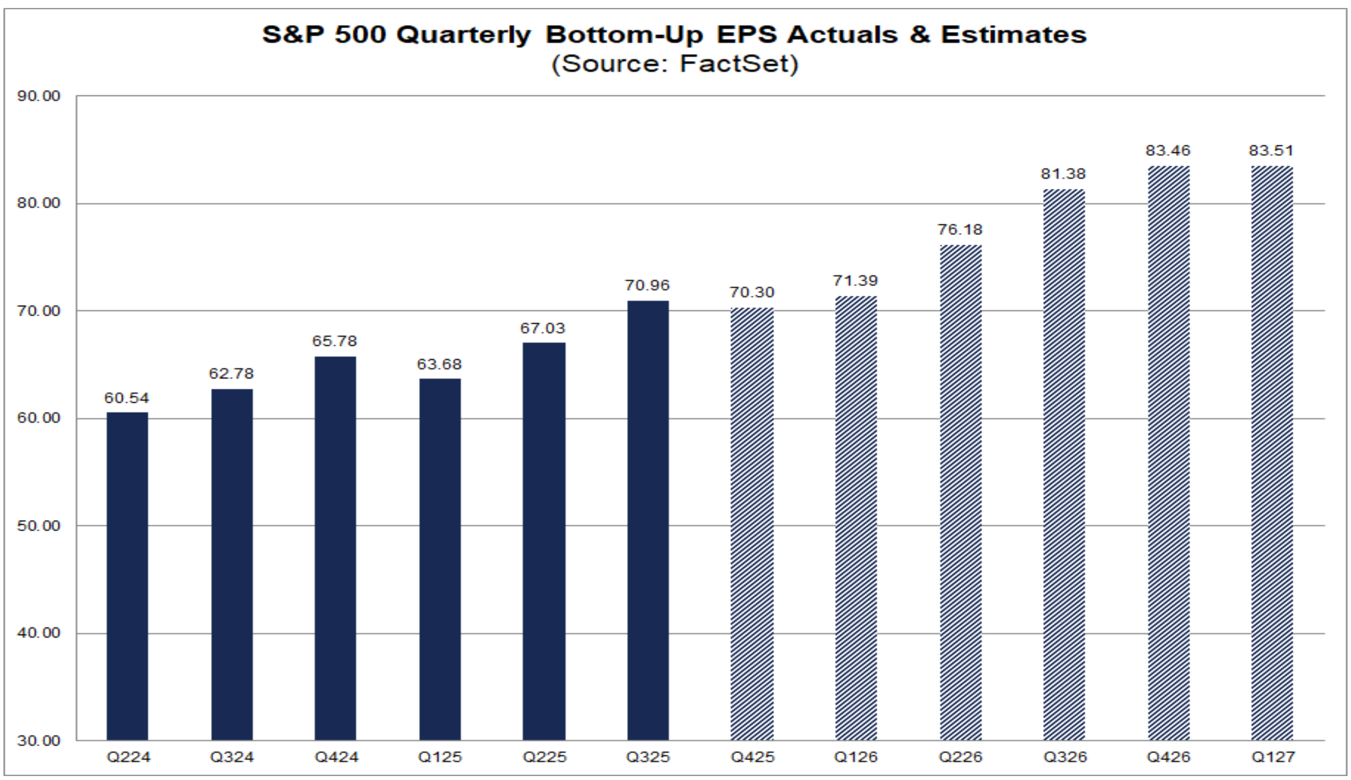
Bottom-Up EPS Estimates



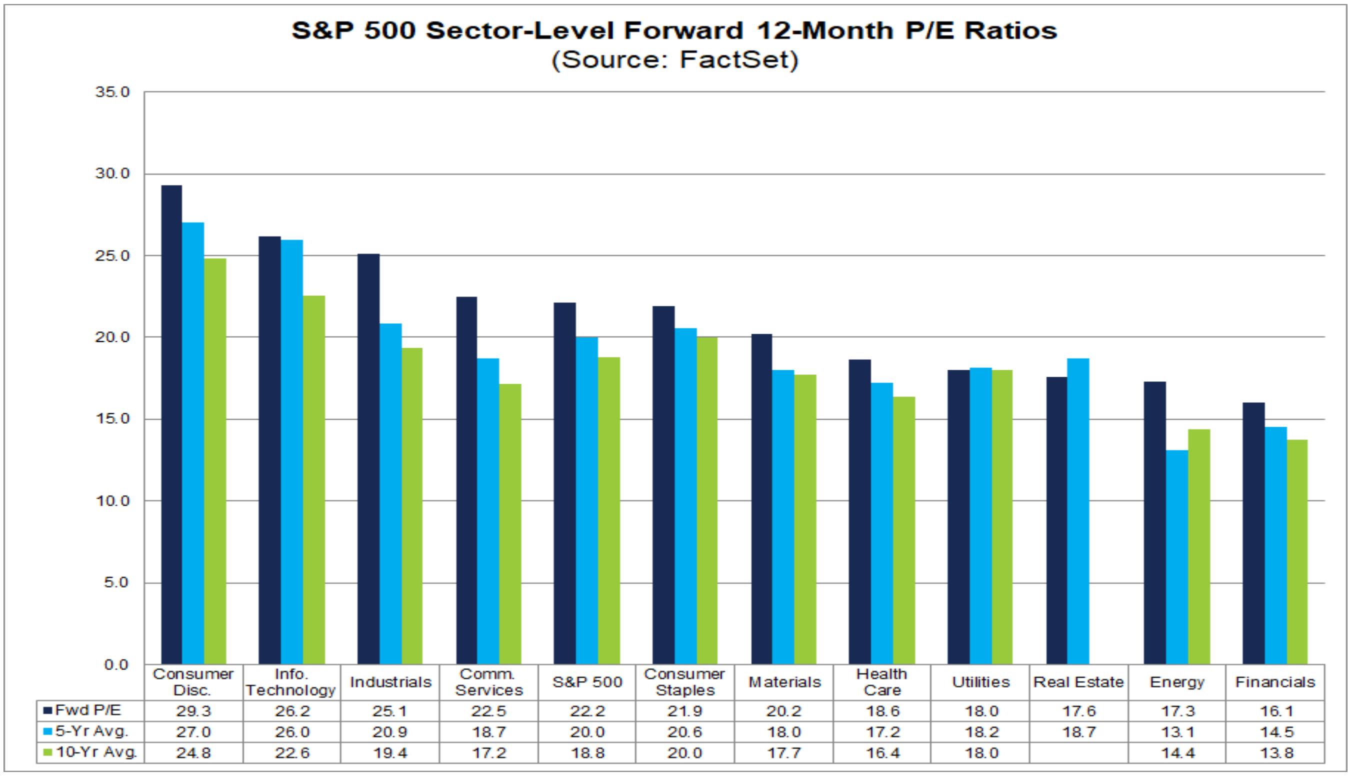


Bottom-Up EPS Estimates: Current & Historical

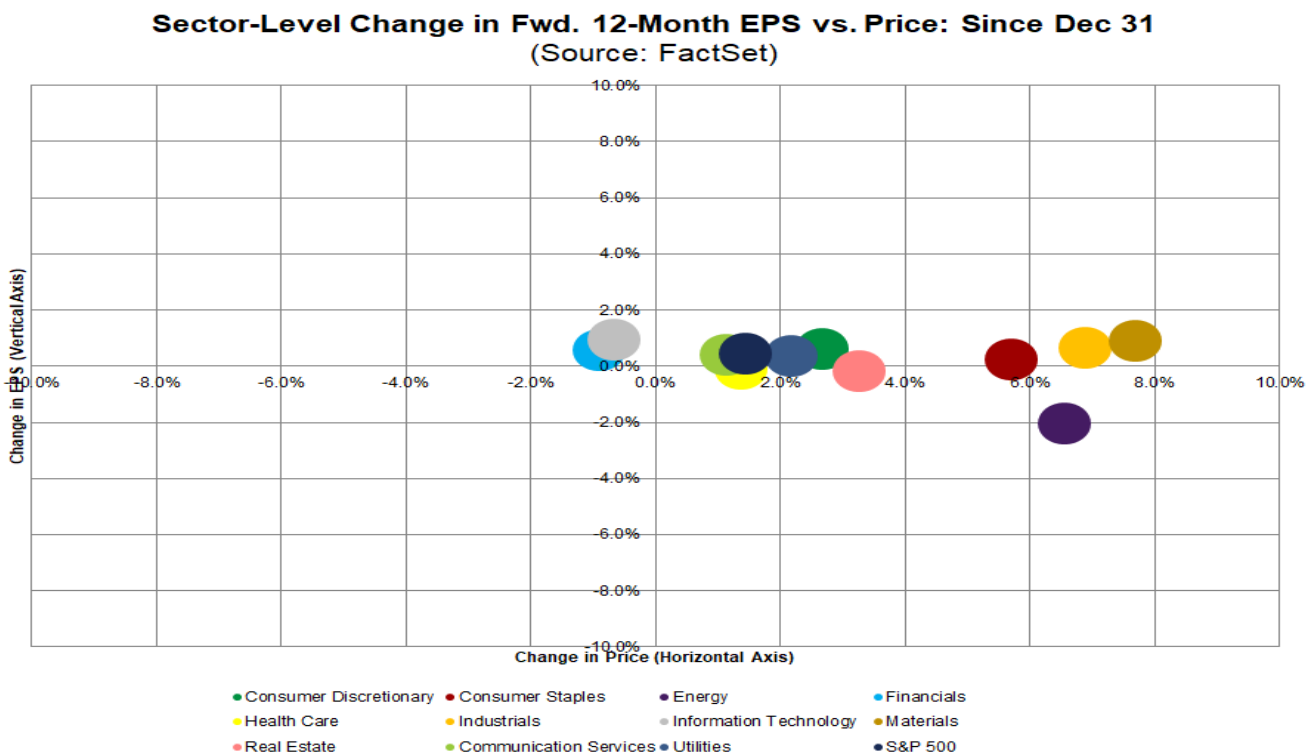




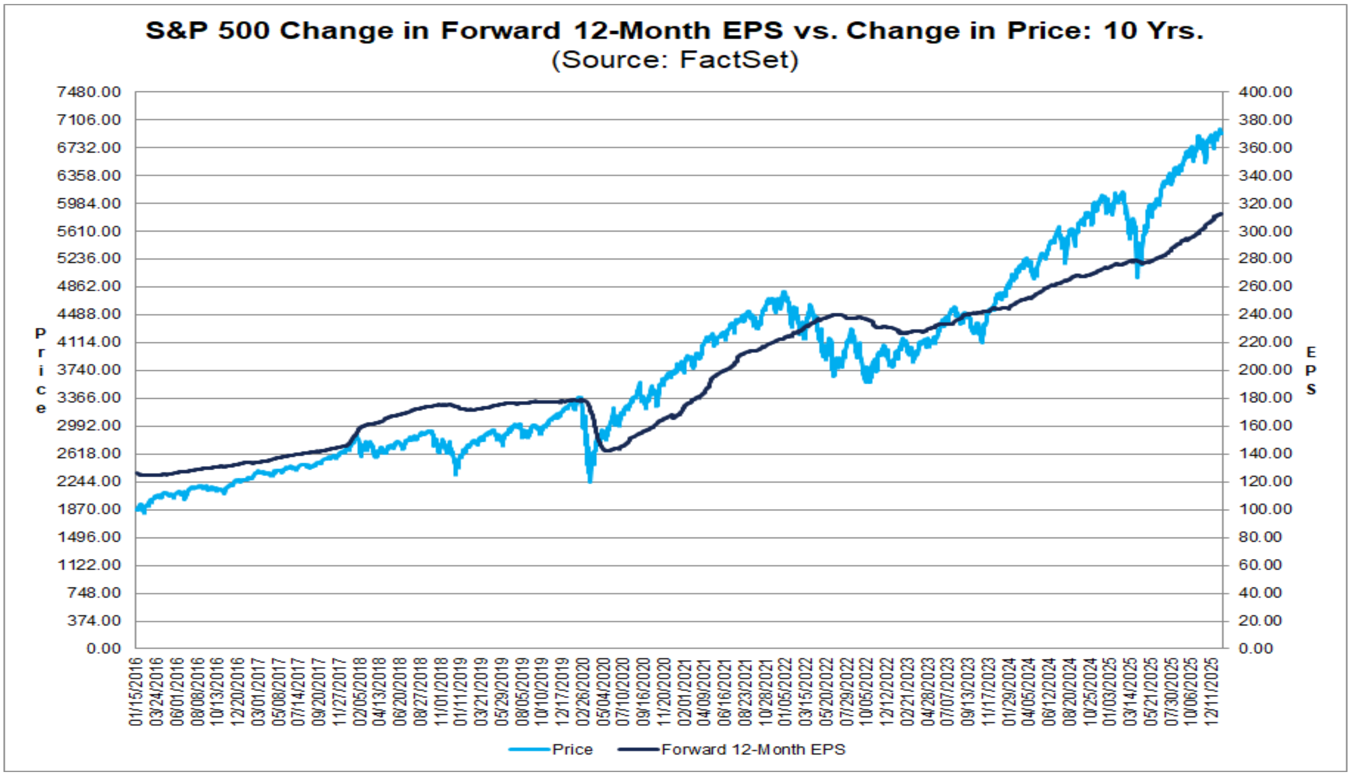
Forward 12M P/E Ratio: Sector Level

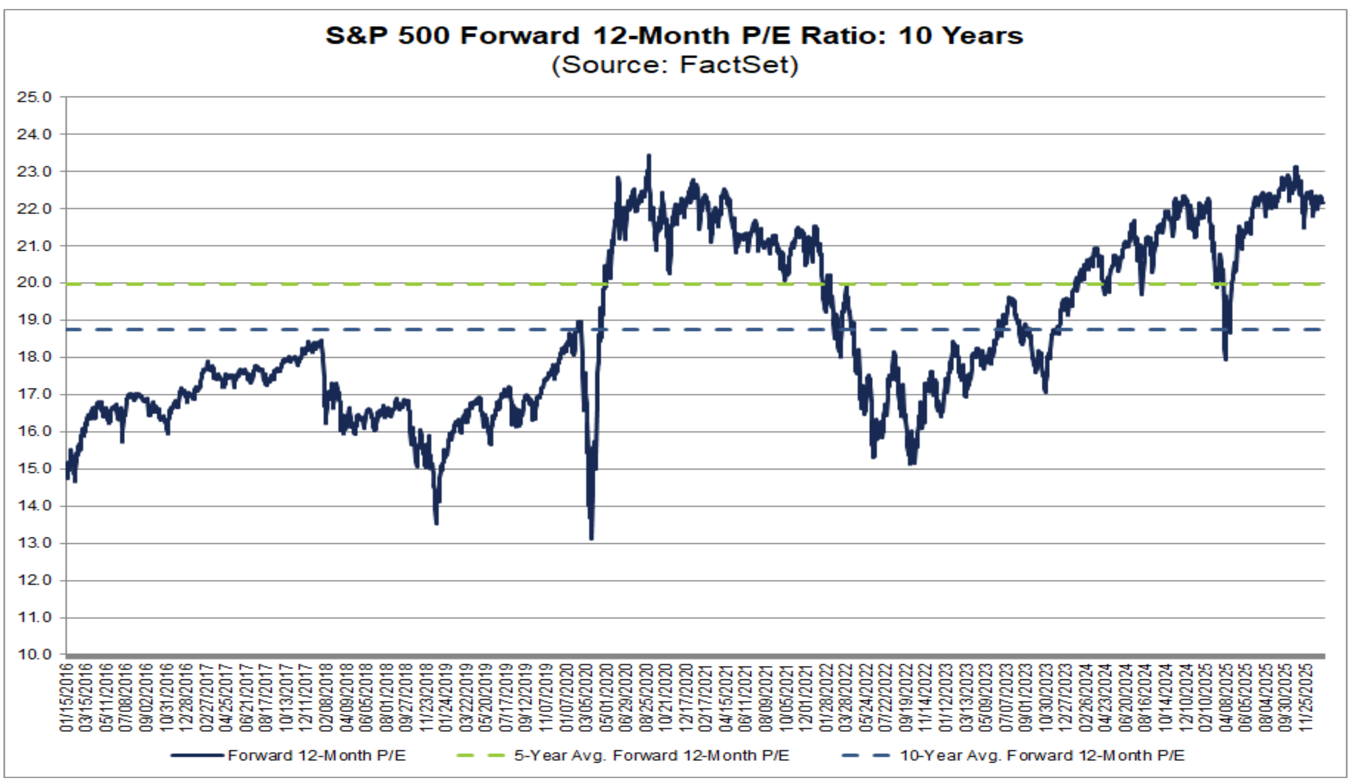


	Consumer Disc.	Info. Technology	Industrials	Comm. Services	S&P 500	Consumer Staples	Materials	Health Care	Utilities	Real Estate	Energy	Financials
Fwd P/E	29.3	26.2	25.1	22.5	22.2	21.9	20.2	18.6	18.0	17.6	17.3	16.1
5-Yr Avg.	27.0	26.0	20.9	18.7	20.0	20.6	18.0	17.2	18.2	18.7	13.1	14.5
10-Yr Avg.	24.8	22.6	19.4	17.2	18.8	20.0	17.7	16.4	18.0		14.4	13.8

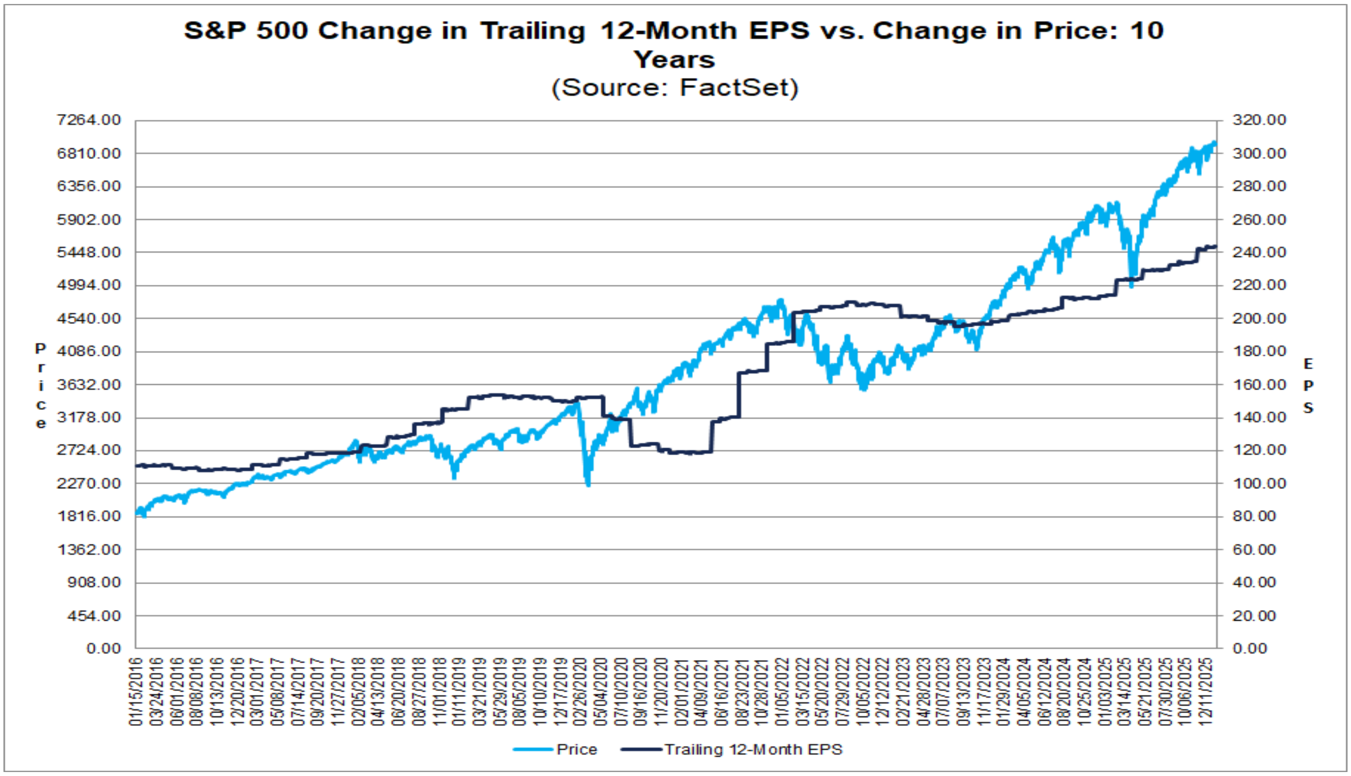


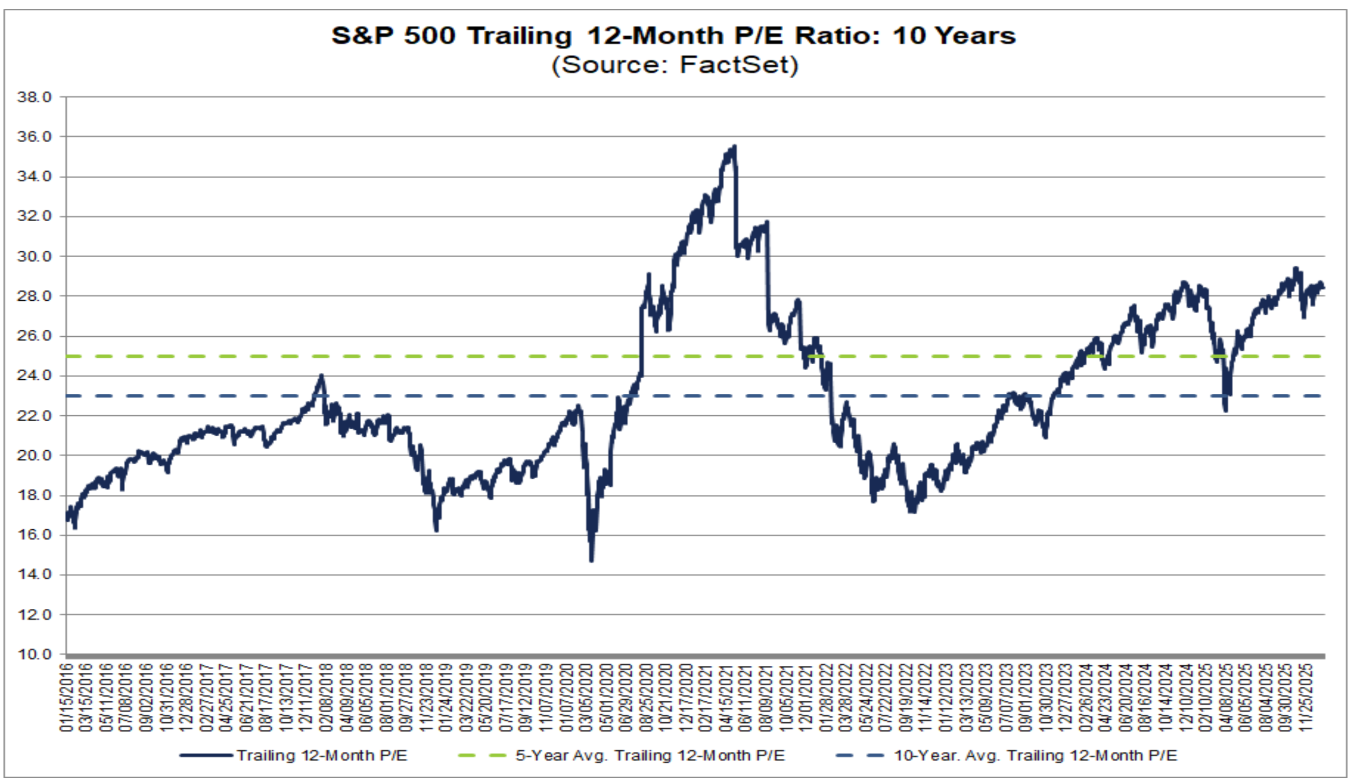
Forward 12M P/E Ratio: 10-Years





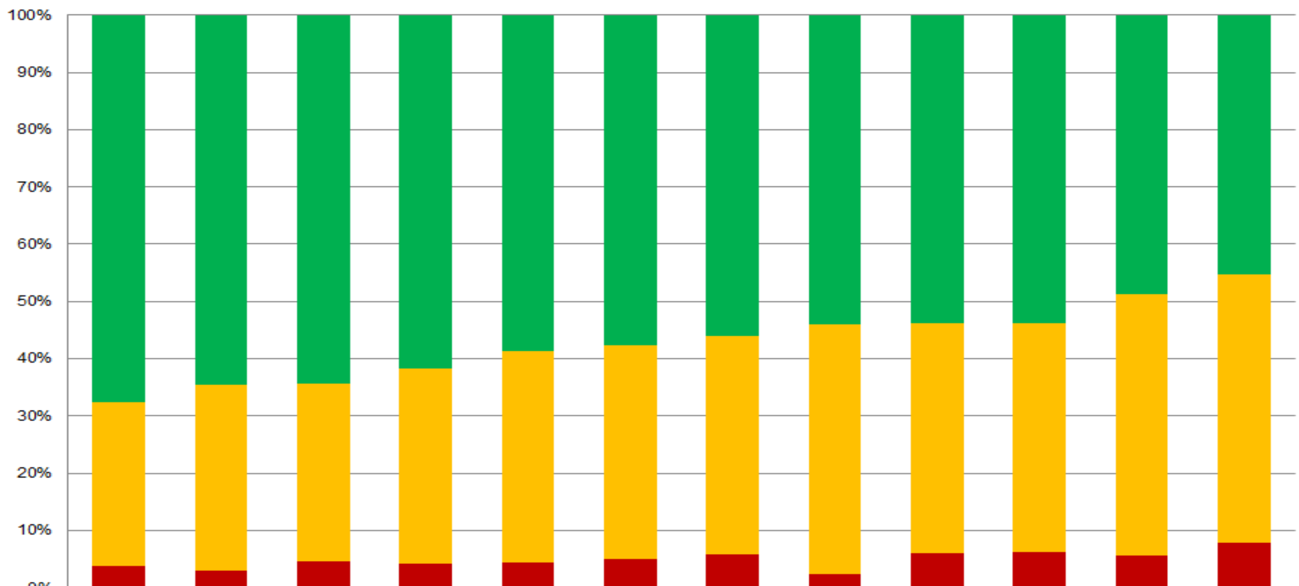
Trailing 12M P/E Ratio: 10-Years





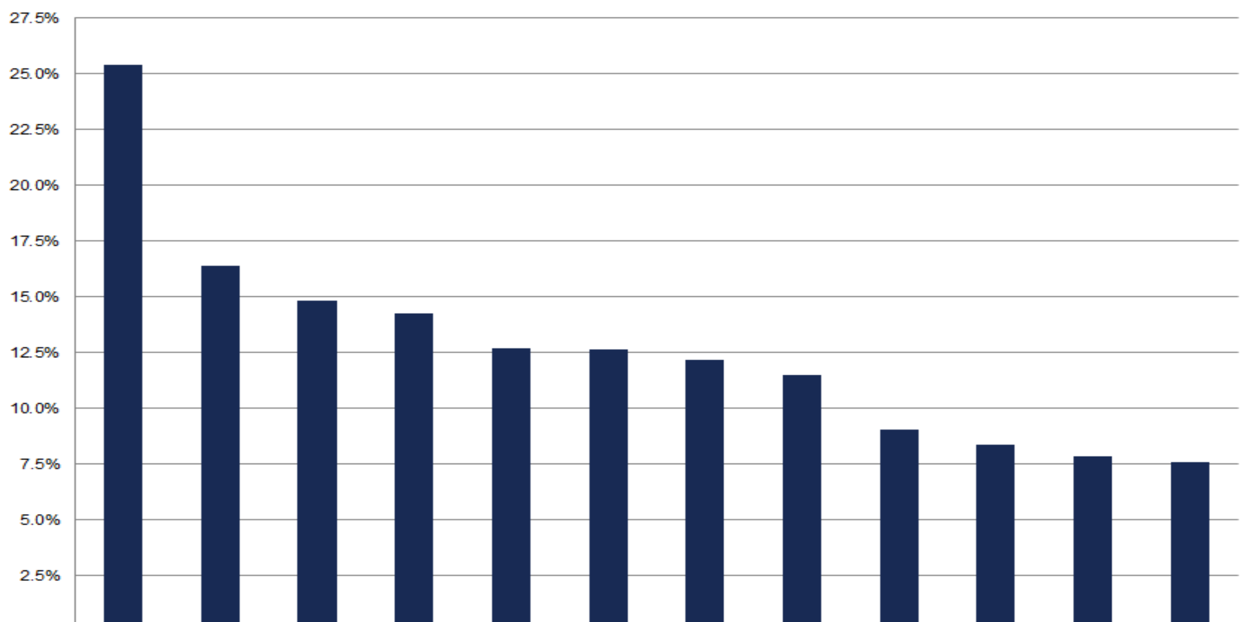
Targets & Ratings

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



	Info. Tech.	Energy	Comm. Services	Materials	Health Care	S&P 500	Consumer Disc.	Real Estate	Industrials	Financials	Utilities	Consumer Staples
Buy	68%	65%	64%	62%	59%	58%	56%	54%	54%	54%	49%	45%
Hold	29%	32%	31%	34%	37%	37%	38%	44%	40%	40%	46%	47%
Sell	4%	3%	5%	4%	4%	5%	6%	2%	6%	6%	6%	8%

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



	Info. Tech.	S&P 500	Consumer Disc.	Comm. Services	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Staples	Materials	Energy
Target/Close	25.4%	16.4%	14.8%	14.3%	12.7%	12.6%	12.2%	11.5%	9.1%	8.4%	7.8%	7.6%

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