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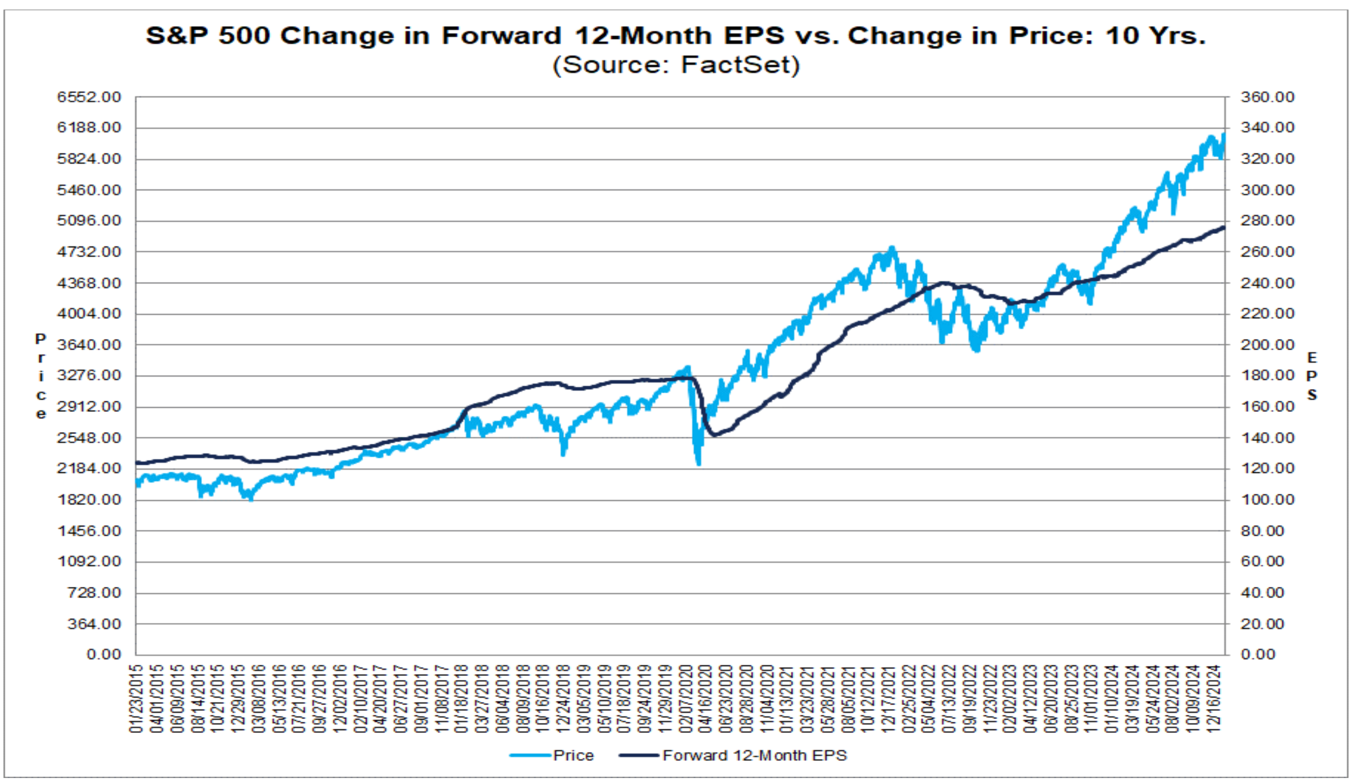
Key Metrics

- **Earnings Scorecard:** For Q4 2024 (with 16% of S&P 500 companies reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 62% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q4 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 12.7%. If 12.7% is the actual growth rate for the quarter, it will mark the highest (year-over-year) earnings growth rate reported by the index since Q4 2021.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2024 was 11.8%. Six sectors are reporting higher earnings today (compared to December 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q1 2025, 6 S&P 500 companies have issued negative EPS guidance and 6 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 (19.7) and above the 10-year average (18.2).



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S&P 500 Reporting Net Profit Margin Above 12% for the 3rd Straight Quarter

Given continuing concerns in the market about inflation, what is the S&P 500 reporting for a net profit margin for Q4?

The blended net profit margin for the S&P 500 for Q4 2024 is 12.1%, which is below the previous quarter's net profit margin, but above the year-ago net profit margin and above the 5-year average (11.6%).

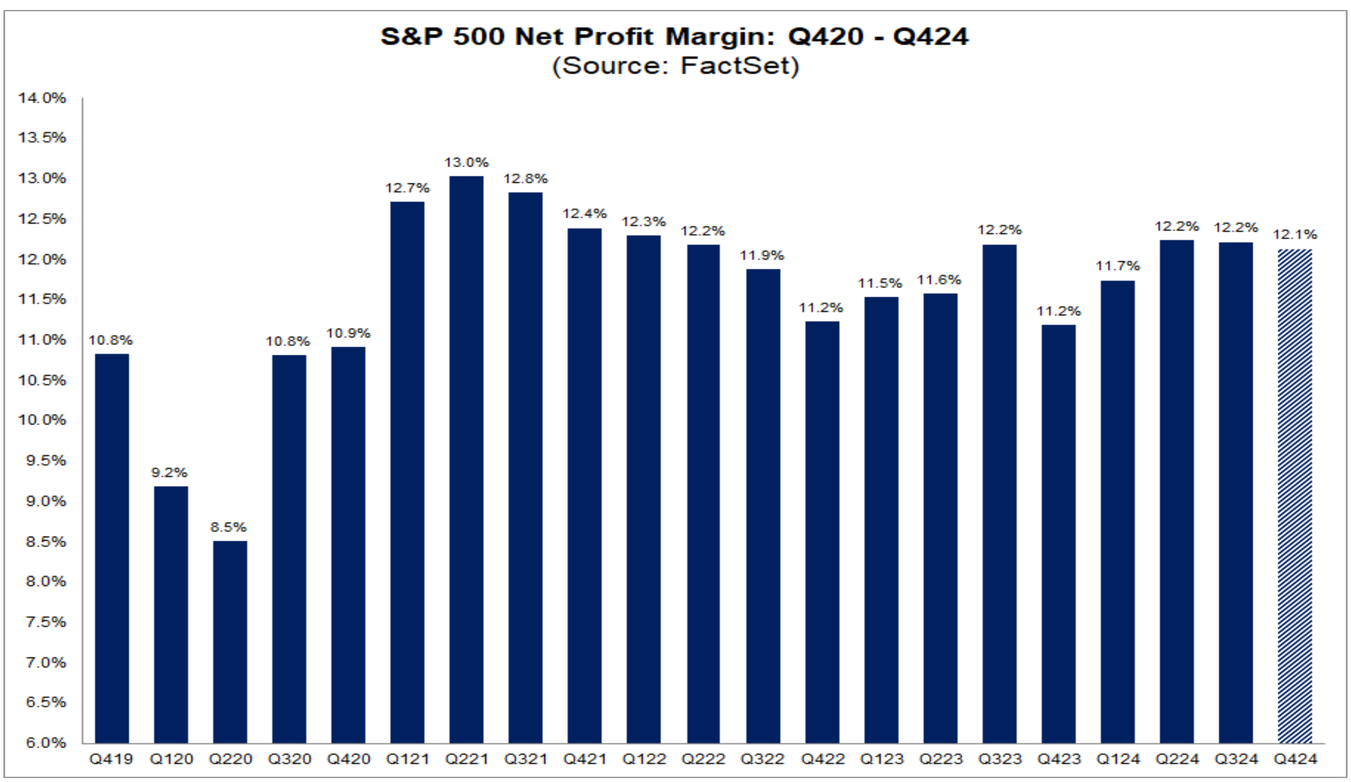
In fact, this quarter marks the 3rd consecutive quarter that the S&P 500 is reporting a net profit margin above 12%. The last time the index reported three straight quarters of net profit margins above 12% was Q4 2021 through Q2 2022.

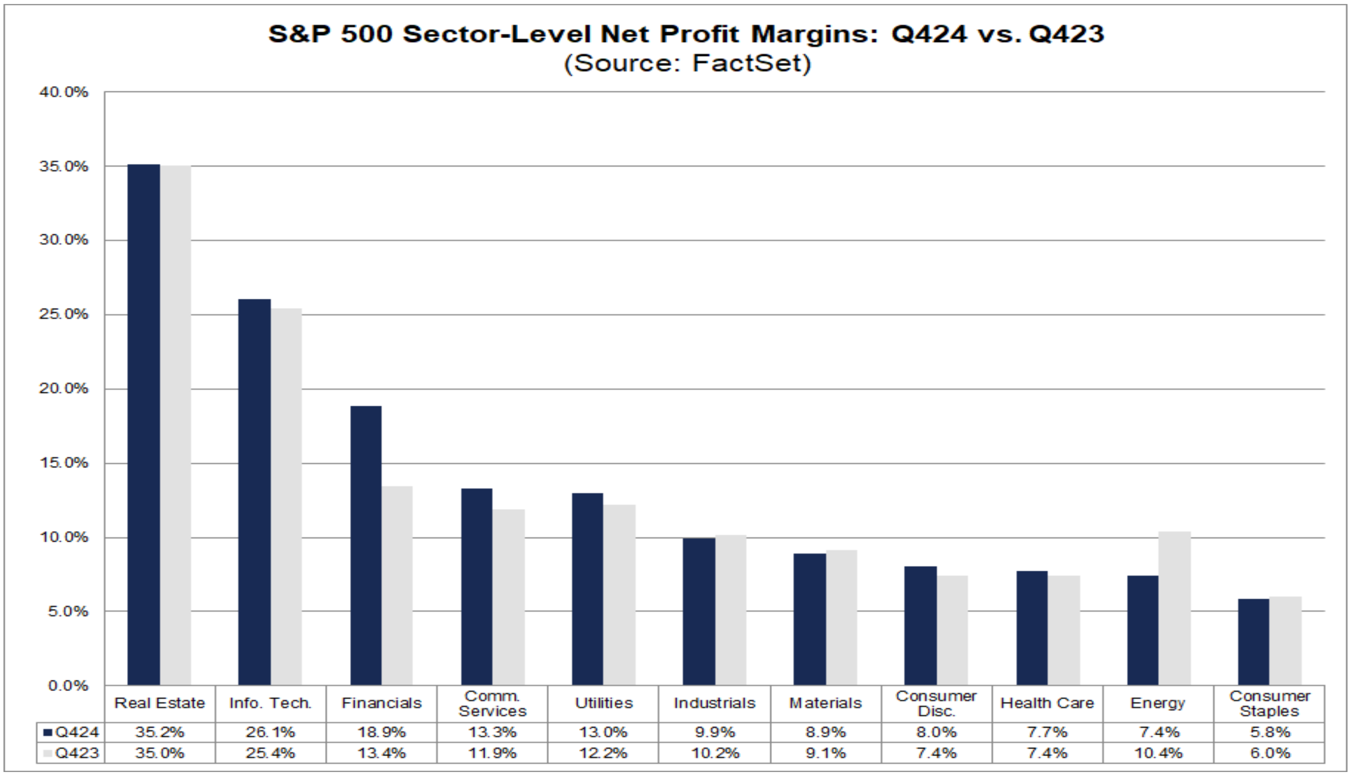
At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q4 2024 compared to Q4 2023, led by the Financials (18.9% vs, 13.4%) sector. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q4 2024 compared to Q4 2023, led by the Energy (7.4% vs. 10.4%) sector.

Five sectors are reporting net profit margins in Q4 2024 that are above their 5-year averages, led by the Financials (18.9% vs. 16.6%) and Information Technology (26.1% vs. 24.0%) sectors. On the other hand, six sectors are reporting net profit margins in Q4 2024 that are below their 5-year averages, led by the Materials (8.9% vs. 11.1%), Energy (7.4% vs. 9.4%), and Health Care (7.7% vs. 9.6%) sectors.

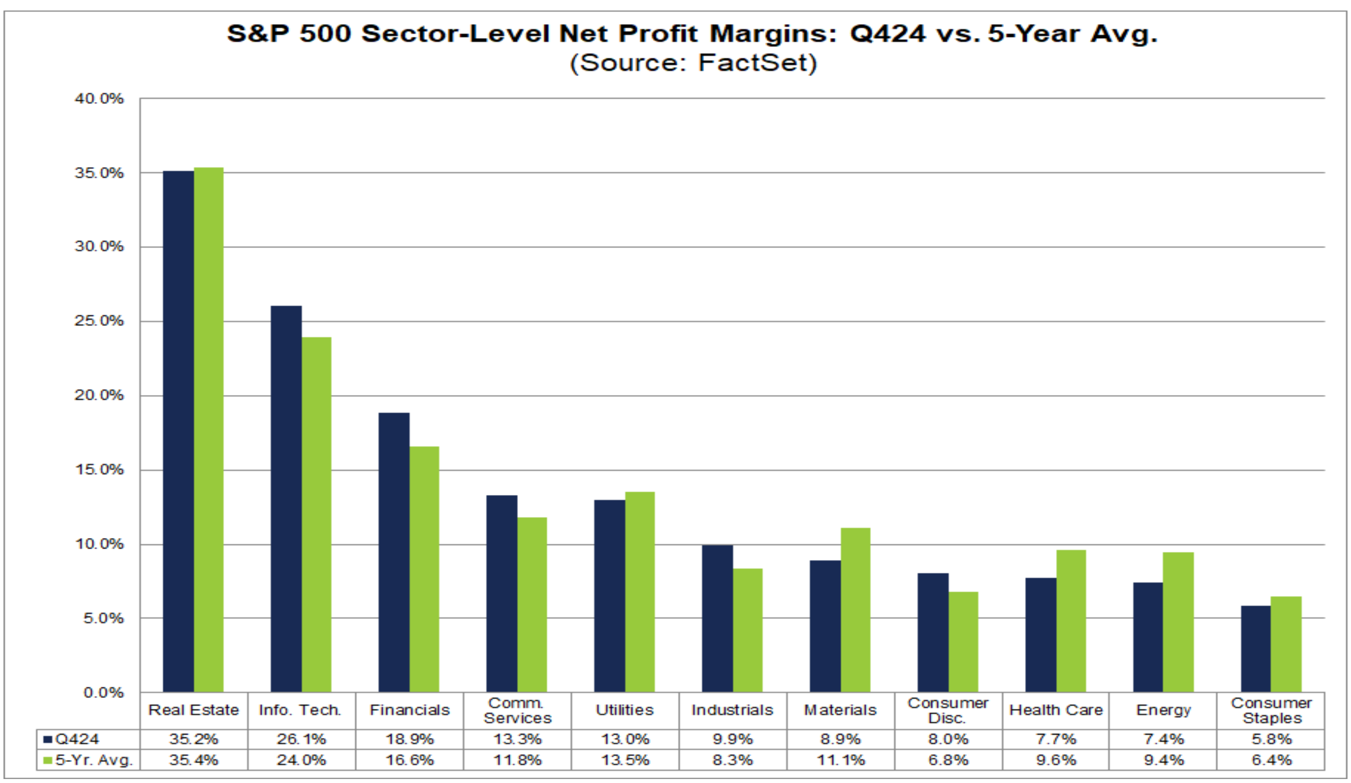
Four sectors are reporting a quarter-over-quarter increase in their net profit margins in Q4 2024 compared to Q3 2024, led by the Information Technology (26.1% vs. 23.0%) sector. On the other hand, six sectors are reporting a quarter-over-quarter decrease in their net profit margins in Q4 2024 compared to Q3 2024, led by the Utilities (13.0% vs. 14.9%) and Consumer Discretionary (8.0% vs. 9.9%) sectors.

It is interesting to note that analysts believe net profit margins for the S&P 500 will be improve through the first half of 2025. As of today, the estimated net profit margins for Q1 2025 and Q2 2025 are 12.5% and 13.0%, respectively.

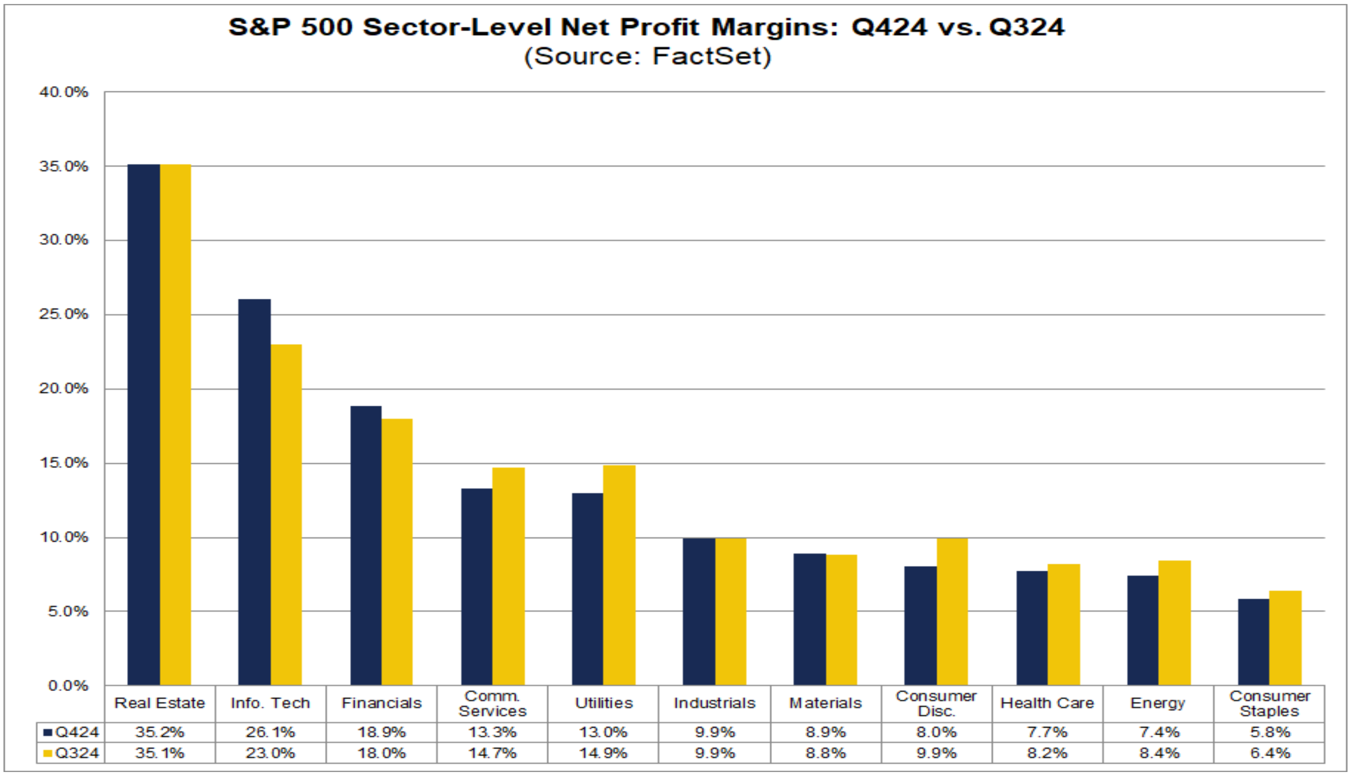




	Real Estate	Info. Tech.	Financials	Comm. Services	Utilities	Industrials	Materials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q424	35.2%	26.1%	18.9%	13.3%	13.0%	9.9%	8.9%	8.0%	7.7%	7.4%	5.8%
Q423	35.0%	25.4%	13.4%	11.9%	12.2%	10.2%	9.1%	7.4%	7.4%	10.4%	6.0%



	Real Estate	Info. Tech.	Financials	Comm. Services	Utilities	Industrials	Materials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q424	35.2%	26.1%	18.9%	13.3%	13.0%	9.9%	8.9%	8.0%	7.7%	7.4%	5.8%
5-Yr. Avg.	35.4%	24.0%	16.6%	11.8%	13.5%	8.3%	11.1%	6.8%	9.6%	9.4%	6.4%


S&P 500 Sector-Level Net Profit Margins: Q424 vs. Q324
(Source: FactSet)
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Real Estate
Info. Tech
Financials
Comm. Services
Utilities
Industrials
Materials
Consumer Disc.
Health Care
Energy
Consumer Staples
Q424 35.2% 26.1% 18.9% 13.3% 13.0% 9.9% 8.9% 8.0% 7.7% 7.4% 5.8%
Q324 35.1% 23.0% 18.0% 14.7% 14.9% 9.9% 8.8% 9.9% 8.2% 8.4% 6.4%

Topic of the Week: 2

S&P 500 Sector Earnings Previews for Q4 2024: Energy and Utilities

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

The Energy sector will be a focus for the market this week, as Exxon Mobil and Chevron are scheduled to report earnings on January 31. The Energy sector is reporting largest (year-over-year) earnings decline of all eleven sectors in the S&P 500 for Q4 2024 at -30.7%. 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 2024 ($70.32) was 10% below the average price for oil in Q4 2023 ($78.53).

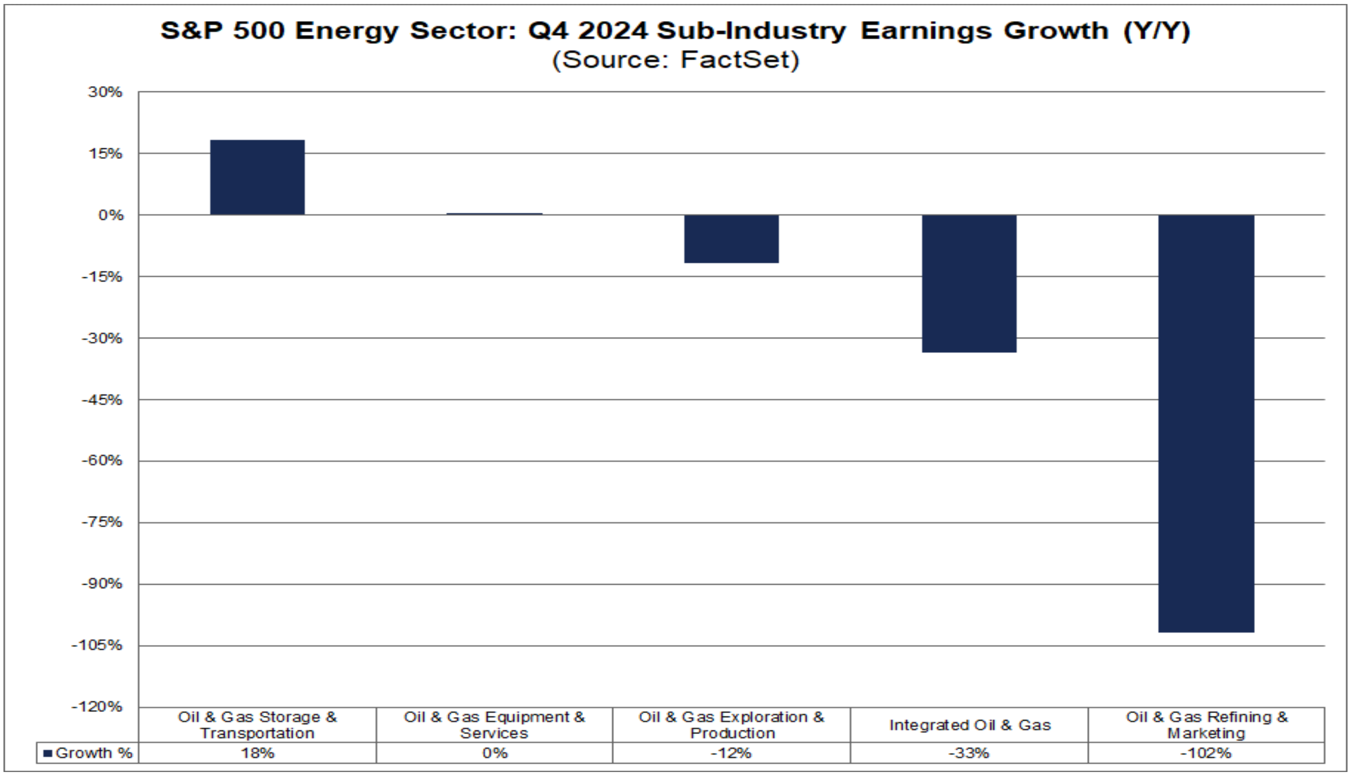
It is interesting to note that analysts have continued to lower EPS estimates for companies in the Energy sector since the end of the fourth quarter (December 31), led by Exxon Mobil (to $1.57 from $1.77), Phillips 66 (to -$0.23 from $1.00), and Chevron (to $2.11 from $2.34). As a result, the blended earnings decline for the Energy sector has increased to -30.7% from -24.5% over this period.

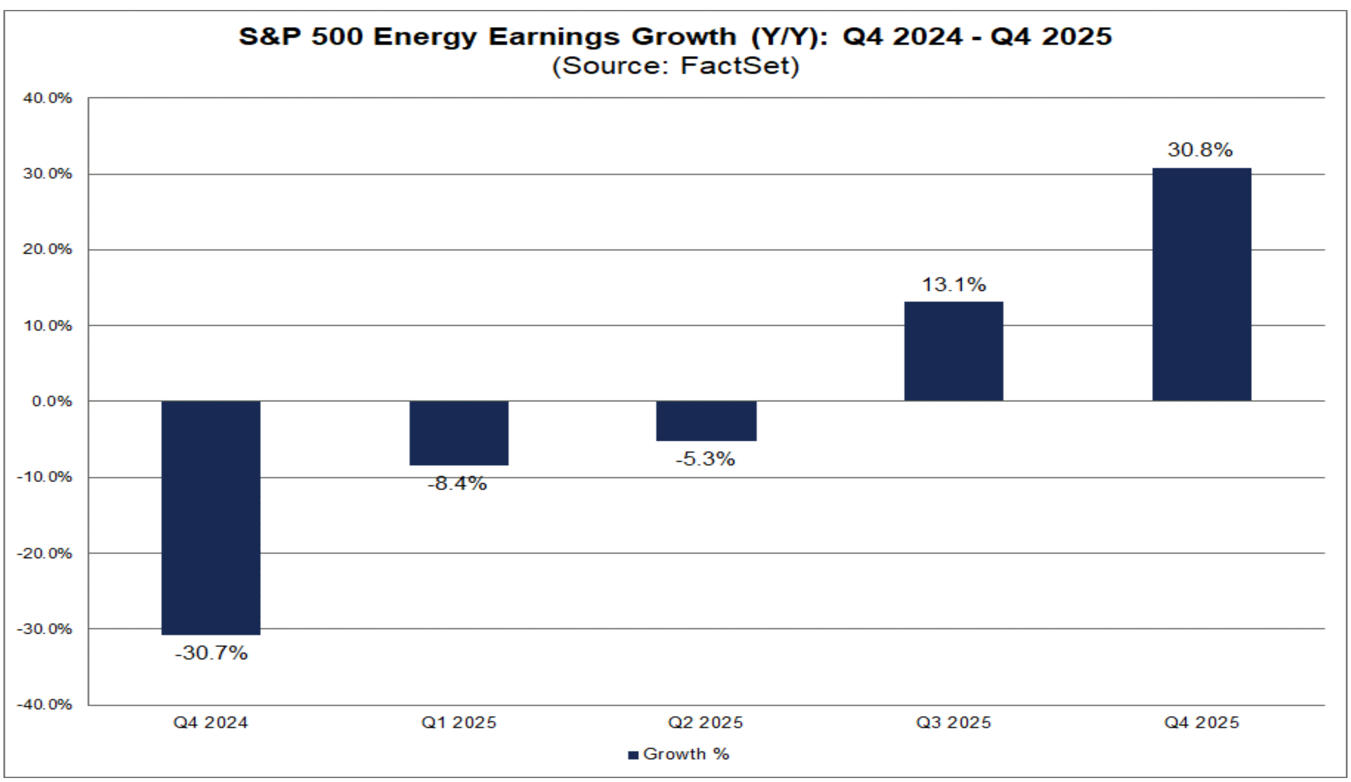
At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-102%), Integrated Oil & Gas (-33%), and Oil & Gas Exploration & Production (-12%). On the other hand, two sub-industries are reporting year-over-year growth in earnings: Oil & Gas Storage & Transportation (18%) and Oil & Gas Equipment & Services (less than 1%).

Looking ahead, analysts are predicting earnings growth for the sector starting in Q3 2025. For Q1 2025 and Q2 2025, analysts are calling for earnings declines of -8.4% and -5.3%, respectively. For Q3 2025 and Q4 2025, analysts are expecting earnings growth rates of 13.1% and 30.8%, respectively.

FactSet Senior Energy Analyst Connor McLean provided commentary on key trends to watch for the Energy sector during this earnings season. For more commentary from Connor, please go to: https://insight.factset.com/author/connor-mclean

"As 2025 unfolds, an air of uncertainty hangs over the energy sector. OPEC+ continues to manage the market, delaying the rollback of voluntary production cuts, providing some support for benchmark oil pricing. However, geopolitical uncertainties and policy ambiguity surrounding the new Trump administration could add to the market's volatility. Meanwhile, U.S. producers could see a boost from service cost reductions stemming from the sharp drop in activity in 2024, which may provide some breathing room but may not be enough to spark significant reinvestment as long as companies remain committed to a capital discipline framework. In natural gas, the timing and magnitude of a production response from U.S. producers remains uncertain after a sharp reversal in Henry Hub pricing. US LNG could be poised for a banner year in 2025, with new facilities taking feedgas volumes and a slate of projects advancing through the regulatory process with eyes on FID in the coming year."


S&P 500 Energy Sector: Q4 2024 Sub-Industry Earnings Growth (Y/Y)
(Source: FactSet)
30%
15%
0%
-15%
-30%
-45%
-60%
-75%
-90%
-105%
-120%
Oil & Gas Storage & Transportation
Oil & Gas Equipment & Services
Oil & Gas Exploration & Production
Integrated Oil & Gas
Oil & Gas Refining & Marketing
Growth %
18%
0%
-12%
-33%
-102%


S&P 500 Energy Earnings Growth (Y/Y): Q4 2024 - Q4 2025
(Source: FactSet)
40.0%
30.0%
20.0%
10.0%
0.0%
-10.0%
-20.0%
-30.0%
-40.0%
-30.7%
-8.4%
-5.3%
13.1%
30.8%
Q4 2024
Q1 2025
Q2 2025
Q3 2025
Q4 2025
Growth %

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

The Utilities sector will also be a focus for the market during the month of February, as 90% of the companies in this sector are scheduled to report earnings during the month. The Utilities sector is reporting the sixth-largest (year-over-year) earnings growth rate of all eleven sectors in the S&P 500 for Q4 at 11.5%.

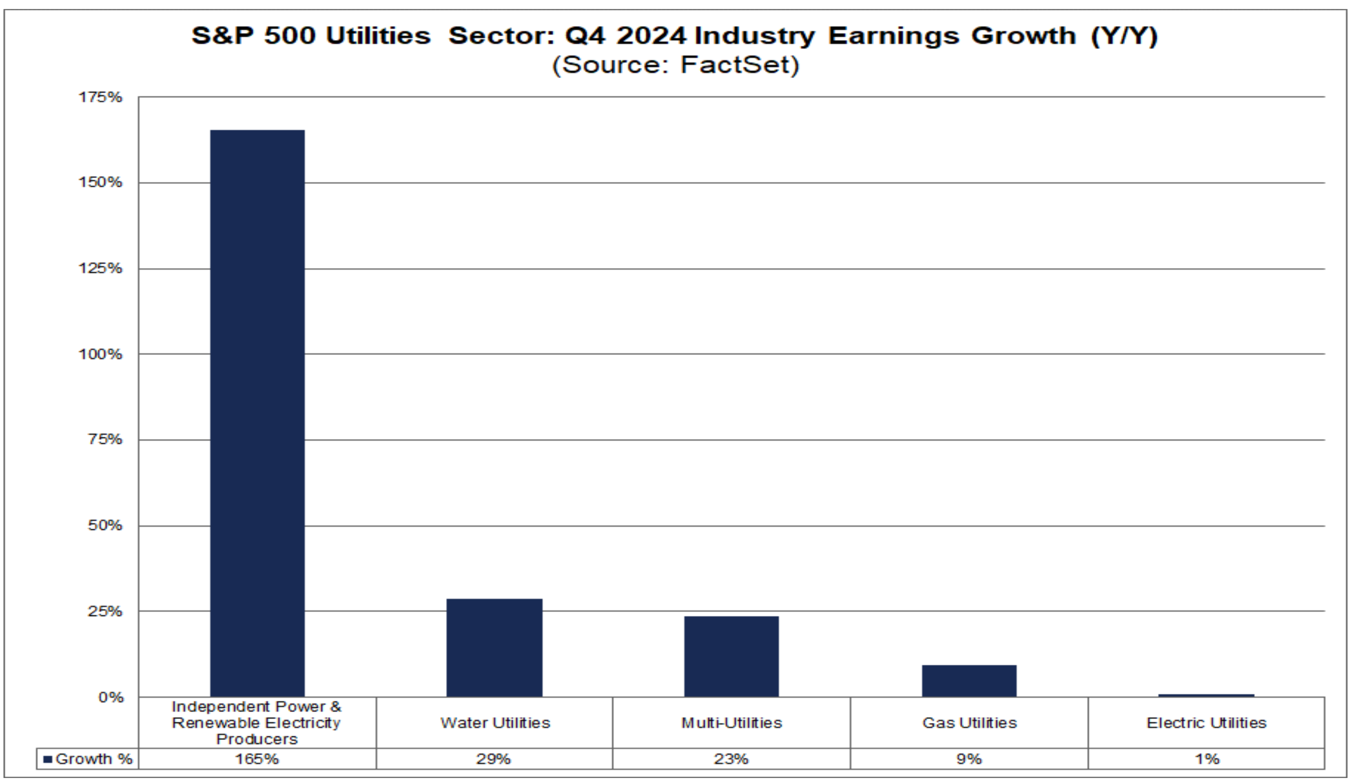
At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Independent Power and Renewable Energy Producers (165%), Water Utilities (29%), Multi-Utilities (23%), Gas Utilities (9%), and Electric Utilities (1%).

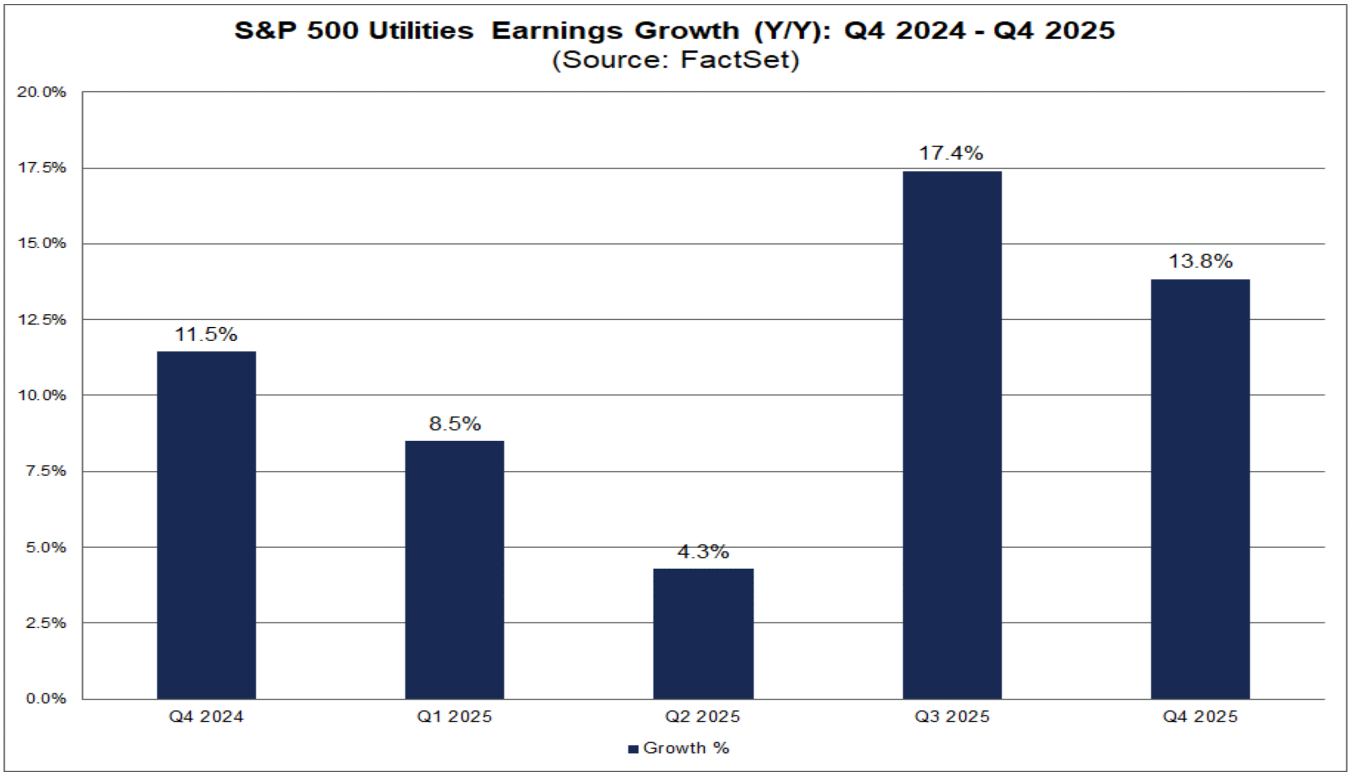
At the company level, Vistra Corp. is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Utilities sector would fall to 5.5% from 11.5%

Looking ahead, analysts believe earnings growth for the sector will continue over the next four quarters. For Q1 2025 through Q4 2025, analysts are calling for earnings growth rates of 8.5%, 4.3%, 17.4% and 13.8%, respectively.

FactSet Associate Content Manager Eric Hinojosa discussed key trends to watch related to the Utilities sector during this earnings season.

Data centers and load growth are emerging as central themes in power markets, marking a significant transition from periods of flat or declining demand to an era of seemingly limitless growth. As new forecasts are released, we've seen a dramatic upward revision in peak load projections, with an 81% increase anticipated in ERCOT from now to 2034. This highlights a growing need for generation sources capable of delivering continuous power. This trend is evident in the generation interconnection queues across U.S. balancing authorities, where applications for natural gas projects have more than doubled, and battery storage leads in proposed capacity. Meanwhile, solar applications are declining as operators grapple with concerns about deliverability. As a result, the outlook for natural gas generation appears robust, reflecting industry sentiment that companies will likely consider as they plan for their operational and proposed assets.




S&P 500 Utilities Earnings Growth (Y/Y): Q4 2024 - Q4 2025
(Source: FactSet)
20.0%
17.5%
15.0%
12.5%
10.0%
7.5%
5.0%
2.5%
0.0%
11.5%
8.5%
4.3%
17.4%
13.8%
Q4 2024
Q1 2025
Q2 2025
Q3 2025
Q4 2025
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 strong start. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and relative to the end of the quarter. In addition, the index is reporting its highest year-over-year earnings growth rate for Q4 2024 in three years.

Overall, 16% of the companies in the S&P 500 have reported actual results for Q4 2024 to date. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 75%. In aggregate, companies are reporting earnings that are 7.3% above estimates, which is below the 5-year average of 8.5% but above the 10-year average of 6.7%. 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 were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since December 31, positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for companies in the Energy sector, have been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the fourth quarter today relative to the end of last week and 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 12.7% today, compared to an earnings growth rate of 12.4% last week and an earnings growth rate of 11.8% at the end of the fourth quarter (December 31).

If 12.7% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth for the index.

Seven of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these seven sectors are reporting double-digit growth: Financials, Communication Services, Information Technology, Consumer Discretionary, Health Care, and Utilities. On the other hand, four sectors are reporting a year-over-year decline in earnings for the quarter. Only one of these four sectors is reporting a double-digit decline: Energy.

In terms of revenues, 62% 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 0.7% 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, a negative revenue surprise reported by a company in the Utilities sector was the largest contributor to the slight decrease in the overall revenue growth rate for the index over this period. Since December 31, positive revenue surprises reported by companies in the Financials sector have been offset by negative revenue surprises reported by companies in other sectors (led by the Utilities sector), resulting in no change to the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the fourth quarter is 4.6% today, compared to a revenue growth rate of 4.7% last week and a revenue growth rate of 4.6% at the end of the fourth quarter (December 31).

If 4.6% is the actual revenue growth rate for the quarter, it will mark the 17th consecutive quarter of revenue growth for the index.

Eight sectors are reporting year-over-year growth in revenue for Q4, led by the Information Technology sector. On the other hand, three sectors are reporting a year-over-year decline in revenue for Q4, led by the Energy sector.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 11.3% and 11.6% for Q1 2025 and Q2 2025, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 14.8%.

The forward 12-month P/E ratio is 22.2, which is above the 5-year average (19.7) and above the 10-year average (18.2). This P/E ratio is also above the forward P/E ratio of 21.5 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 102 S&P 500 companies (including 9 Dow 30 components) are scheduled to report results for the fourth quarter.

Scorecard: Percentage of Positive EPS Surprises Is Above 5-Year Average

Percentage of Companies Beating EPS Estimates (80%) is Above 5-Year Average

Overall, 16% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 80% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 15% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year average (77%), above the 5-year average (77%), and above 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%), Materials (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (0%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.3%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.3% above expectations. This surprise percentage is above the 1-year average (+4.9%), below the 5-year average (+8.5%), and above the 10-year average (+6.7%). 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 Financials (+13.1%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Goldman Sachs ($11.95 vs. $8.21), Discover Financial Services ($5.11 vs. $3.61), Travelers Companies ($9.15 vs. $6.70), Morgan Stanley ($2.22 vs. $1.70), and JPMorgan Chase ($4.81 vs. $4.09) have reported the largest positive EPS surprises.

The Materials (+11.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Freeport-McMoRan ($0.31 vs. $0.22) has reported the largest positive EPS surprise.

The Real Estate (+8.3%) sector is reporting the third-largest positive (aggregate) difference between actual earnings (FFO) and estimated earnings (FFO). Within this sector, Prologis ($1.50 vs. $1.38) has reported the largest positive FFO surprise.

The Consumer Discretionary (+8.0%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival Corporation ($0.14 vs. $0.08), CarMax ($0.81 vs. $0.62), NIKE ($0.78 vs. $0.67), and D.R. Horton ($2.61 vs. $2.35) have reported the largest positive EPS surprises.

Market Rewarding Positive EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q4 2024 have seen an average price increase of +2.8% two days before the earnings release through two days after the earnings release. This percentage increase is well above 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 Q4 2024 have seen an average price decrease of -3.7% 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 -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (62%) is Below 5-Year Average

In terms of revenues, 62% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 38% 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 (62%), 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 Communication Services (100%) sector has the highest percentage of companies reporting revenues above estimates, while the Utilities (0%) and Real Estate (0%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.7%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.7% above expectations. This surprise percentage is below the 1-year average (+1.0%), 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 Information Technology (+1.9%), Consumer Discretionary (+1.8%), Consumer Staples (+1.7%), and Financials (+1.6%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-28.9%) sector is reporting the largest negative (aggregate difference 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 fourth quarter is 12.7%, which is above the earnings growth rate of 12.4% last week. Positive EPS surprises reported by companies in the Financials 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 Travelers Companies ($9.15 vs. $6.70) and Discover Financial Services ($5.11 vs. $3.61) 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 49.4% from 47.4% over this period.

Decrease in Blended Revenues This Week Due to Utilities Sector

The blended (year-over-year) revenue growth rate for the fourth quarter is 4.6%, which is slightly below the revenue growth rate of 4.7% last week. A negative revenue surprise reported by a company in the Utilities sector was the largest contributor to the slight decrease in the overall revenue growth rate during the past week.

Financials Sector Has Seen Largest Increase in Earnings since December 31

The blended (year-over-year) earnings growth rate for Q4 2024 of 12.7% is above the estimate of 11.8% at the end of the fourth quarter (December 31). Six 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 49.4% from 39.1%) sector. The Financials sector has also been the largest contributor to the increase in earnings for the index since December 31. On the other hand, four 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 -30.7% from -24.5%) sector. The Energy sector has also been the largest detractor to the increase in earnings for the index since December 31. One sector (Information Technology) has recorded no change in its growth rates since December 31.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($4.81 vs. $4.09), Goldman Sachs ($11.95 vs. $8.21), Morgan Stanley ($2.22 vs. $1.70), Travelers Companies ($9.15 vs. $6.70), and Discover Financial Services ($5.11 vs. $3.61) have been the largest contributors to the increase in the overall earnings growth rate for the index since December 31. As a result, the blended earnings growth rate for the Financials sector has increased to 49.4% from 39.1% over this period.

In the Energy sector, downward revisions to EPS estimates for Exxon Mobil (to $1.57 from $1.77), Phillips 66 (to -$0.23 from $1.00), and Chevron (to $2.11 from $2.34) have been significant detractors to the increase in the overall earnings growth rate since December 31. As a result, the blended earnings decline for the Energy sector has increased to -30.7% from -24.5% over this period.

Financials Sector Has Seen Largest Increase in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2024 of 4.6% is equal to the estimate of 4.6% at the end of the fourth quarter (December 31). 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 Financials (to 6.5% from 5.4%) sector. The Financials sector has also been the largest positive contributor to revenues for the index since December 31. On the other hand, five 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 Utilities (to 4.8% from 7.9%) sector. The Utilities sector has also been the largest negative contributor to revenues for the index since December 31.Two sectors (Information Technology and Real Estate) have recorded no changes in their revenue growth rates since December 31.

In the Financials sector, the positive revenue surprises reported by Goldman Sachs ($13.87 billion vs. $12.36 billion), JPMorgan Chase ($42.77 billion vs. $41.90 billion) and Morgan Stanley ($16.22 billion vs. $15.02 billion) have been substantial positive contributors to revenues for the index since December 31. As a result, the blended revenue growth rate for the Financials sector has increased to 6.5% from 5.4% over this period.

In the Utilities sector, the negative revenue surprise reported by NextEra Energy ($5.39 billion vs. $7.57 billion) has been a significant negative contributor to revenues for the index since December 31. As a result, the blended revenue growth rate for the Utilities sector has decreased to 4.8% from 7.9% over this period.

Earnings Growth: 12.7%

The blended (year-over-year) earnings growth rate for Q4 2024 is 12.7%, which is above the 5-year average earnings growth rate of 10.4% and above the 10-year average earnings growth rate of 8.5%. If 12.7% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth.

Seven of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these seven sectors are reporting double-digit earnings growth: Financials, Communication Services, Information Technology, Consumer Discretionary, Health Care, and Utilities. On the other hand, four sectors are reporting a year-over-year decline in earnings for Q4. Only one sector is reporting a double-digit earnings decline: Energy.

Financials: Banks Industry is Largest Contributor to Year-Over-Year Growth

The Financials sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 49.4%. At the industry level, 4 of the 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth. All four of these industries are reporting (or are expected to report) double-digit growth: Banks (216%), Consumer Finance (50%), Capital Markets (49%), and Financial Services (12%). On the other hand, the Insurance (-8%) industry is the only industry reporting a year-over-year decline in earnings.

The Banks industry is also the largest contributor to earnings growth for the sector. A large number of companies in this industry are benefitting from easy comparisons to weaker (GAAP) earnings reported in the year-ago quarter due to significant charges related to FDIC special assessments and other items that were included in their GAAP EPS. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 17.3% from 49.4%.

Communication Services: Interactive Media Industry is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 20.7%. At the industry level, 4 of the 5 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth: Entertainment (49%), Wireless Telecommunication Services (38%), Interactive Media & Services (25%), and Media (8%). On the other hand, the Diversified Telecommunication Services (-2%) industry is the only industry reporting a year-over-year decline in earnings.

The Interactive Media & Services industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Communication Services sector would fall to 13.7% from 20.7%.

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

The Information Technology sector is reporting the third-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 (36%), Electronic Equipment, Instruments, & Components (13%), Technology Hardware, Storage, & Peripherals (9%), Software (8%), and Communications Equipment (3%). On the other hand, the IT Services (-12%) 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 Information Technology sector would fall to 6.1% from 14.0%.

Consumer Discretionary: Amazon.com is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 13.5%. At the industry level, 3 of the 9 industries in the sector are reporting (or are projected to report) year-over-year earnings growth. Two of these three industries are predicted to report double-digit growth: Broadline Retail (48%) and Automobiles (14%). On the other hand, six industries are reporting (or are predicted to report) a year-over-year decline in earnings. Two of these six industries are expected to report a double-digit decline: Distributors (-25%) and Leisure Products (-16%).

At the company level, Amazon.com ($1.48 vs. $1.00) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 0.4% from 13.5%.

Health Care: Pharmaceuticals Industry is Largest Contributor to Year-Over-Year Growth

The Health Care sector is reporting the fifth-highest (year-over-year) earnings growth rate of all eleven sectors at 11.6%. At the industry level, 3 of the 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Pharmaceuticals (61%), Health Care Equipment & Supplies (5%), and Life Sciences, Tools, & Services (4%). On the other hand, two industries are reporting (or are predicted to report) a year-over-year decline in earnings: Health Care Providers & Services (-8%) and Biotechnology (-5%).

The Pharmaceuticals industry is also the largest contributor to earnings growth for the sector. Similar to the Banks industry, a number of companies in this industry are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to various charges that were included in their non-GAAP EPS. If this industry were excluded, the Health Care sector would be reporting a (year-over-year) decline in earnings of -2.5% instead of (year-over-year) earnings growth of 11.6%.

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

The Utilities sector is reporting the sixth-highest (year-over-year) earnings growth rate of all eleven sectors at 11.5%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Independent Power and Renewable Energy Producers (165%), Water Utilities (29%), Multi-Utilities (23%), Gas Utilities (9%), and Electric Utilities (1%).

At the company level, Vistra Corp. ($1.42 vs. -$0.60) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Utilities sector would fall to 5.5% from 11.5%

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 -30.7%. 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 2024 ($70.32) was 10% below the average price for oil in Q4 2023 ($78.53). 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 (-102%), Integrated Oil & Gas (-33%), and Oil & Gas Exploration & Production (-12%). On the other hand, two sub-industries are reporting year-over-year growth in earnings: Oil & Gas Storage & Transportation (18%) and Oil & Gas Equipment & Services (less than 1%).

Revenue Growth: 4.6%

The blended (year-over-year) revenue growth rate for Q4 2024 is 4.6%, which is below the 5-year average revenue growth rate of 6.9% and below the 10-year average revenue growth rate of 5.2%. If 4.6% is the actual growth rate for the quarter. it will mark the 17th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are reporting year-over-year growth in revenues for Q4, led by the Information Technology sector. On the other hand, three sectors are reporting a year-over-year decline in revenues for Q4, led by the Energy sector.

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 11.1%. 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 (24%), Software (11%), Communication Equipment (8%), Technology Hardware, Storage, & Peripherals (7%), IT Services (5%), and Electronic Equipment, Instruments, & Components (2%).

Energy: 1 of 5 Sub-Industries Expected Report Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -3.3%. At the sub-industry level, only one sub-industry is predicted to report a year-over-year decline in revenue: Oil & Gas Refining & Marketing (-12%). On the other hand, the other 4 sub-industries in the sector are reporting (or are projected to report) year-over-year revenue growth: Oil & Gas Storage & Transportation (6%), Oil & Gas Equipment & Services (2%), Integrated Oil & Gas (1%), and Oil & Gas Exploration & Production (less than 1%).

Net Profit Margin: 12.1%

The blended net profit margin for the S&P 500 for Q4 2024 is 12.1%, which is below the previous quarter’s net profit margin of 12.2%, but above the year-ago net profit margin of 11.3% and above the 5-year average of 11.6%.

At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q4 2024 compared to Q4 2023, led by the Financials (18.9% vs, 13.4%) sector. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q4 2024 compared to Q4 2023, led by the Energy (7.4% vs. 10.4%) sector.

Five sectors are reporting net profit margins in Q4 2024 that are above their 5-year averages, led by the Financials (18.9% vs. 16.6%) and Information Technology (26.1% vs. 24.0%) and sectors. On the other hand, six sectors are reporting net profit margins in Q4 2024 that are below their 5-year averages, led by the Materials (8.9% vs. 11.1%), Energy (7.4% vs. 9.4%), and Health Care (7.7% vs. 9.6%) sectors.

Forward Estimates & Valuation

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

At this point in time, 12 companies in the index have issued EPS guidance for Q1 2025. Of these 12 companies, 6 have issued negative EPS guidance and 6 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2025 is 50% (6 out of 12), which is below the 5-year average of 58% and below the 10-year average of 62%.

At this point in time, 267 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 267 companies, 130 have issued negative EPS guidance and 137 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 49% (130 out of 267).

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 2025

For the fourth quarter, S&P 500 companies are reporting year-over-year growth in earnings of 12.7% and year-over-year growth in revenues of 4.6%. For CY 2024, S&P 500 companies are reporting year-over-year growth in earnings of 9.5% and year-over-year growth in revenues of 4.9%.

For Q1 2025, analysts are projecting earnings growth of 11.3% and revenue growth of 5.0%.

For Q2 2025, analysts are projecting earnings growth of 11.6% and revenue growth of 5.0%.

For Q3 2025, analysts are projecting earnings growth of 15.3% and revenue growth of 5.6%.

For Q4 2025, analysts are projecting earnings growth of 16.6% and revenue growth of 6.7%.

For CY 2025, analysts are projecting earnings growth of 14.8% and revenue growth of 5.9%.

For CY 2026, analysts are projecting earnings growth of 13.6% and revenue growth of 6.4%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (18.2)

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 19.7 and above the 10-year average of 18.2. It is also above the forward 12-month P/E ratio of 21.5 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 4.0%, while the forward 12-month EPS estimate has increased by 0.3%. At the sector level, the Consumer Discretionary (29.6) and Information Technology (29.5) sectors have the highest forward 12-month P/E ratios, while the Energy (14.7) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 28.6, which is above the 5-year average of 24.2 and above the 10-year average of 22.0.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

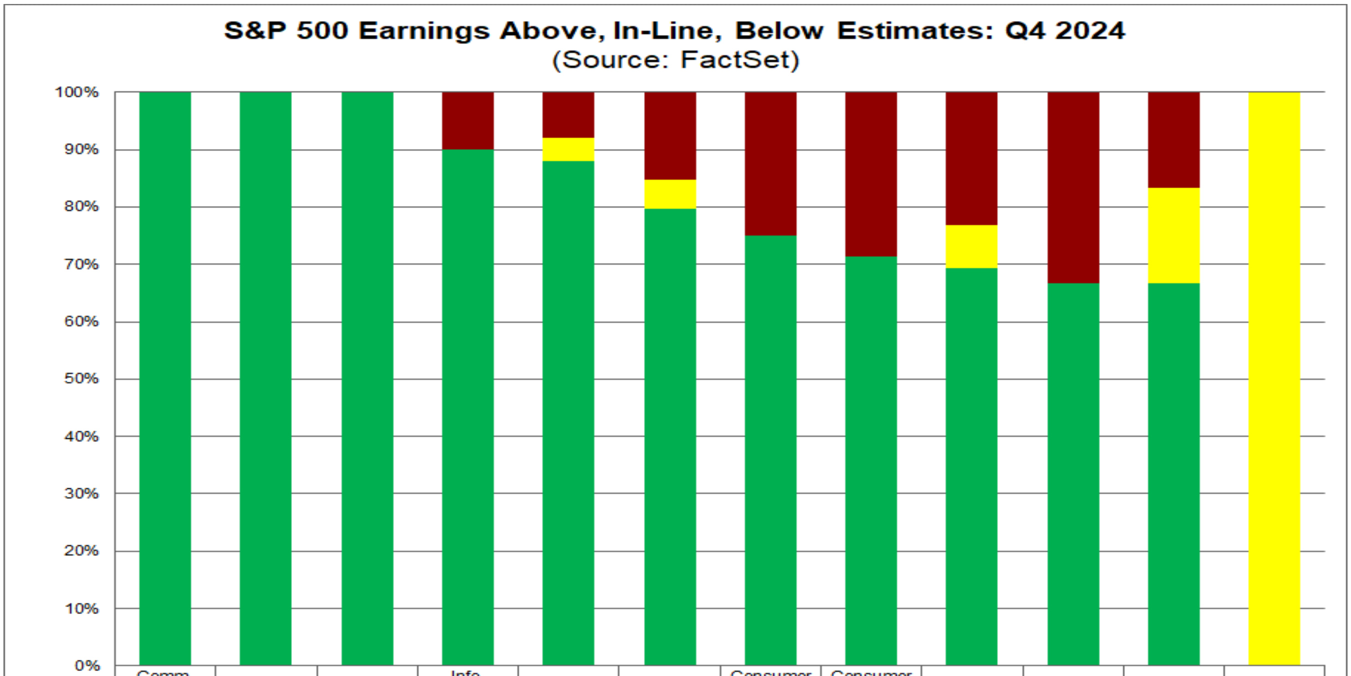
The bottom-up target price for the S&P 500 is 6753.48, which is 10.4% above the closing price of 6118.71. At the sector level, the Materials (+15.2%) and Health Care (+14.9%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Discretionary (+2.4%) 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 12,427 ratings on stocks in the S&P 500. Of these 12,427 ratings, 54.7% are Buy ratings, 39.6% are Hold ratings, and 5.7% are Sell ratings. At the sector level, the Energy (63%), Communication Services (63%), and Information Technology (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

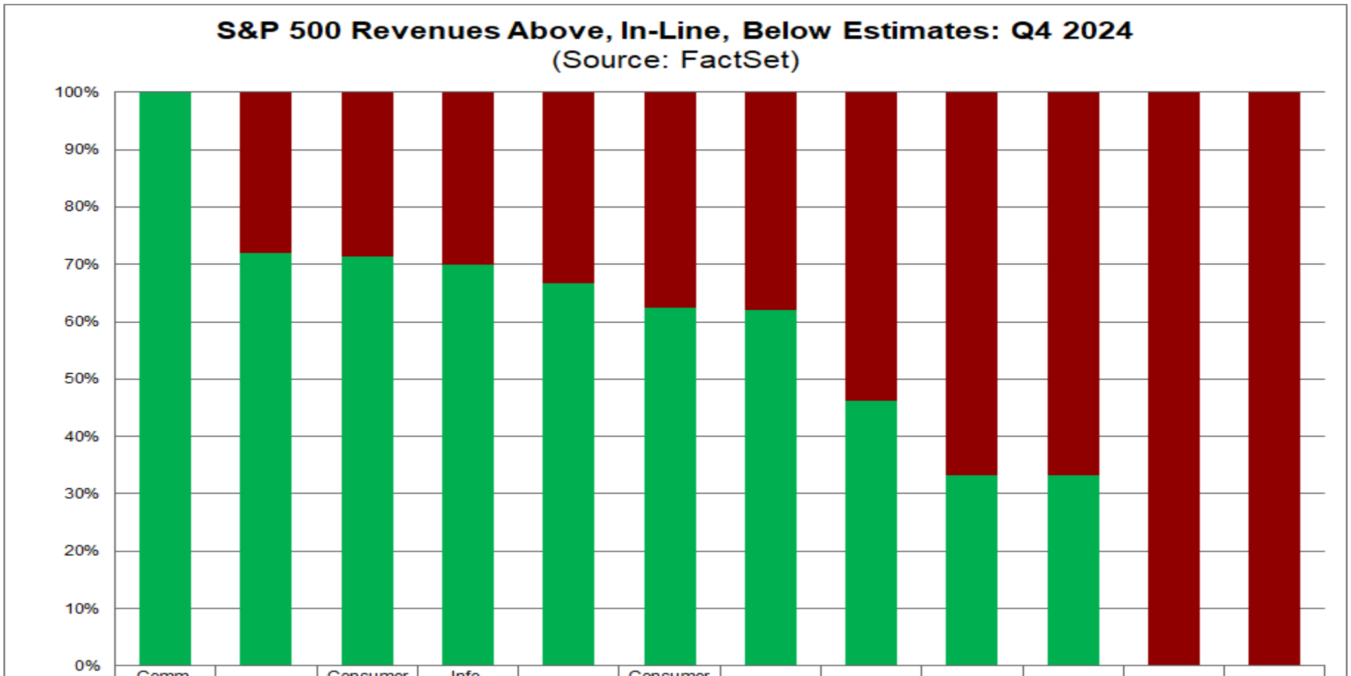
Companies Reporting Next Week: 102

During the upcoming week, 102 S&P 500 companies (including 9 Dow 30 components) are scheduled to report results for the fourth quarter.

Q4 2024: Scorecard

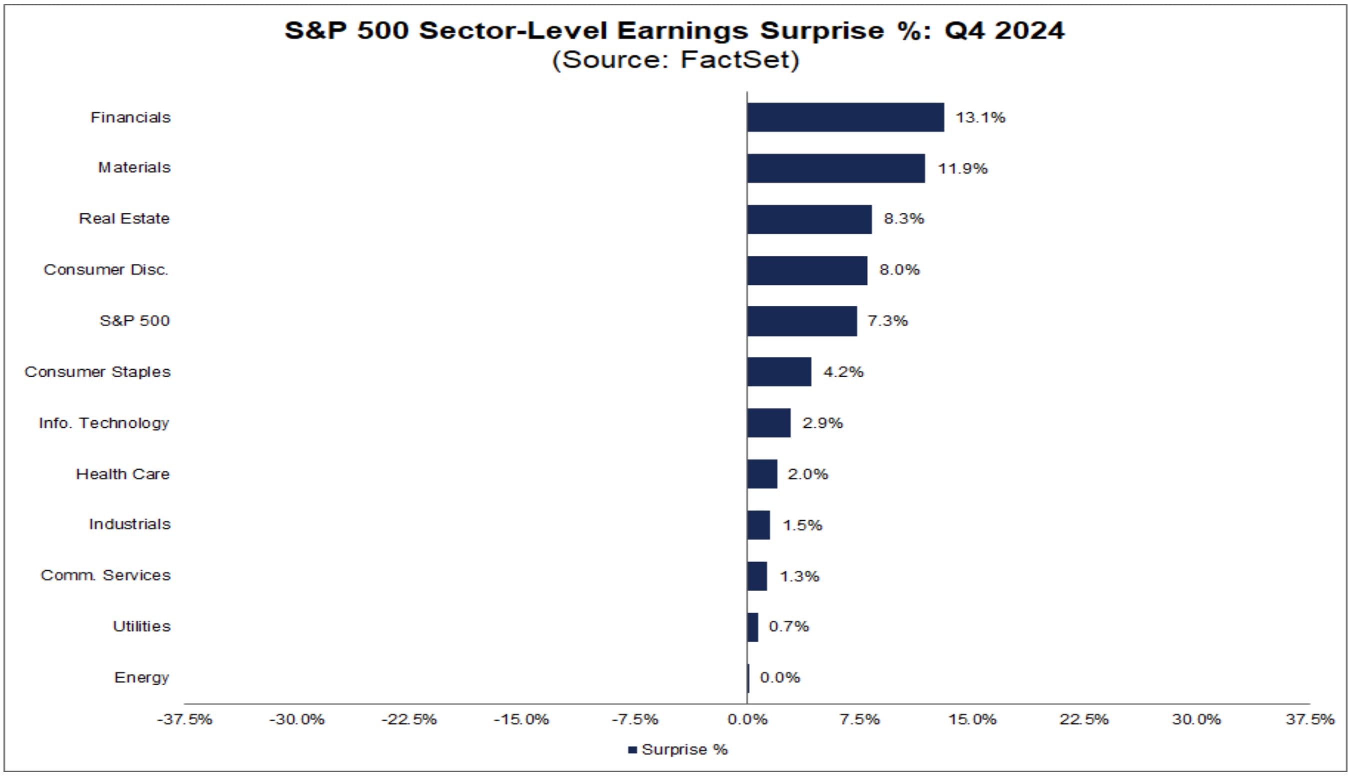


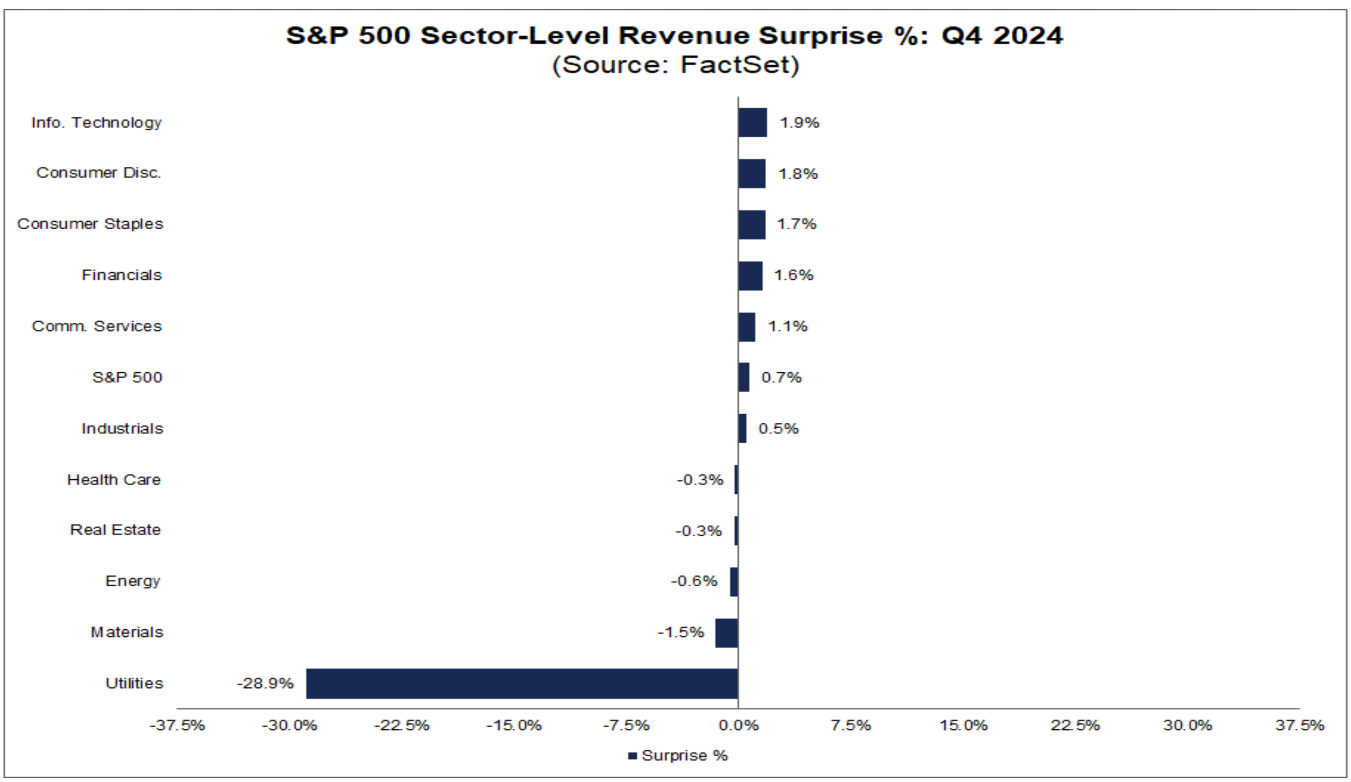
	Comm. Services	Materials	Real Estate	Info. Technology	Financials	S&P 500	Consumer Staples	Consumer Disc.	Industrials	Energy	Health Care	Utilities
Below	0%	0%	0%	10%	8%	15%	25%	29%	23%	33%	17%	0%
In-Line	0%	0%	0%	0%	4%	5%	0%	0%	8%	0%	17%	100%
Above	100%	100%	100%	90%	88%	80%	75%	71%	69%	67%	67%	0%



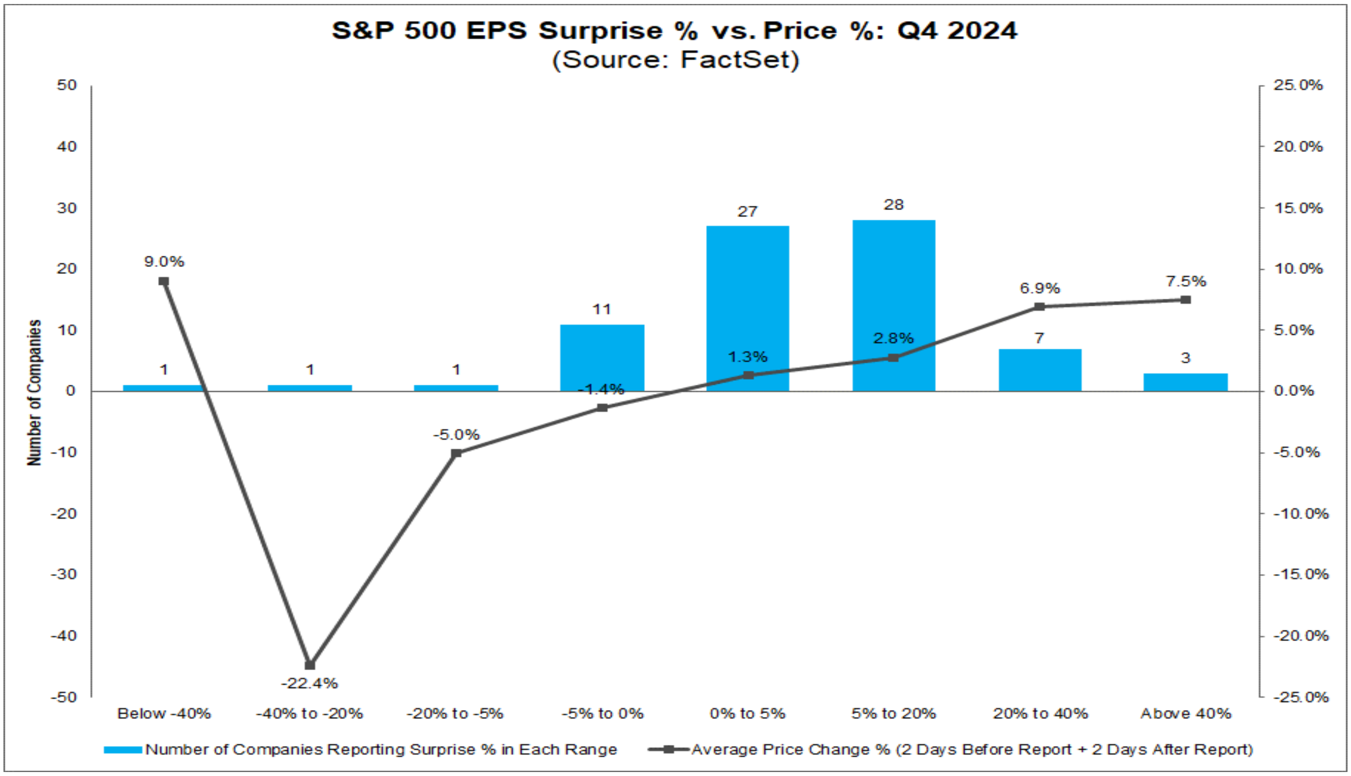
	Comm. Services	Financials	Consumer Disc.	Info. Technology	Health Care	Consumer Staples	S&P 500	Industrials	Energy	Materials	Real Estate	Utilities
Below	0%	28%	29%	30%	33%	38%	38%	54%	67%	67%	100%	100%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	72%	71%	70%	67%	63%	62%	46%	33%	33%	0%	0%

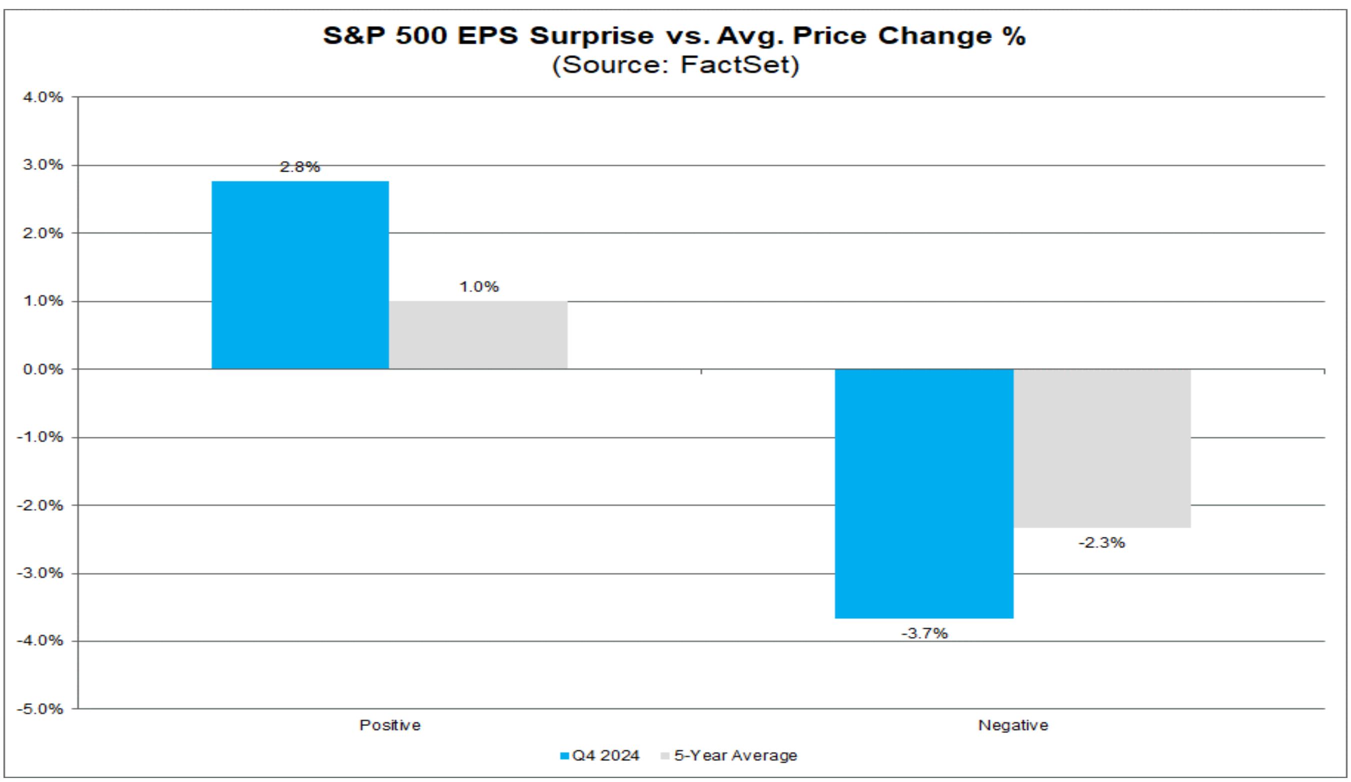
Q4 2024: Surprise



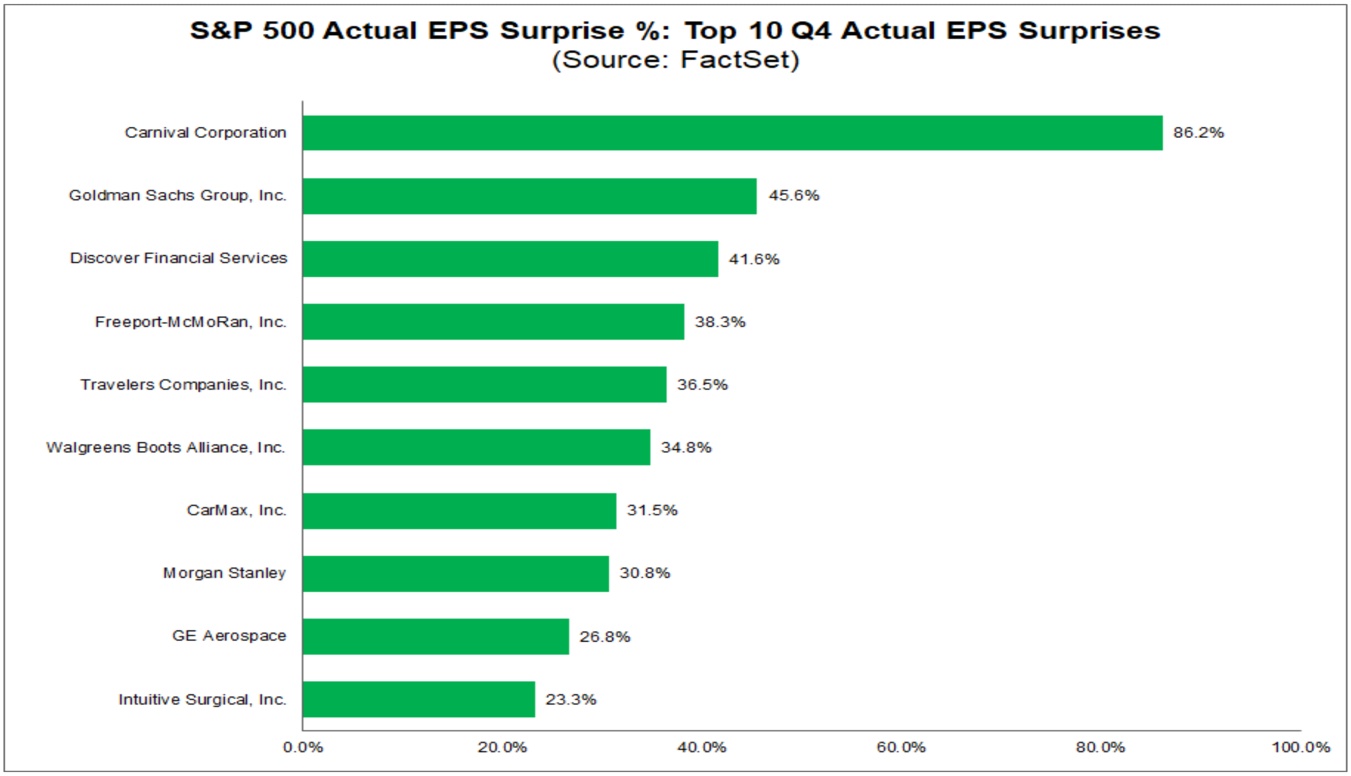


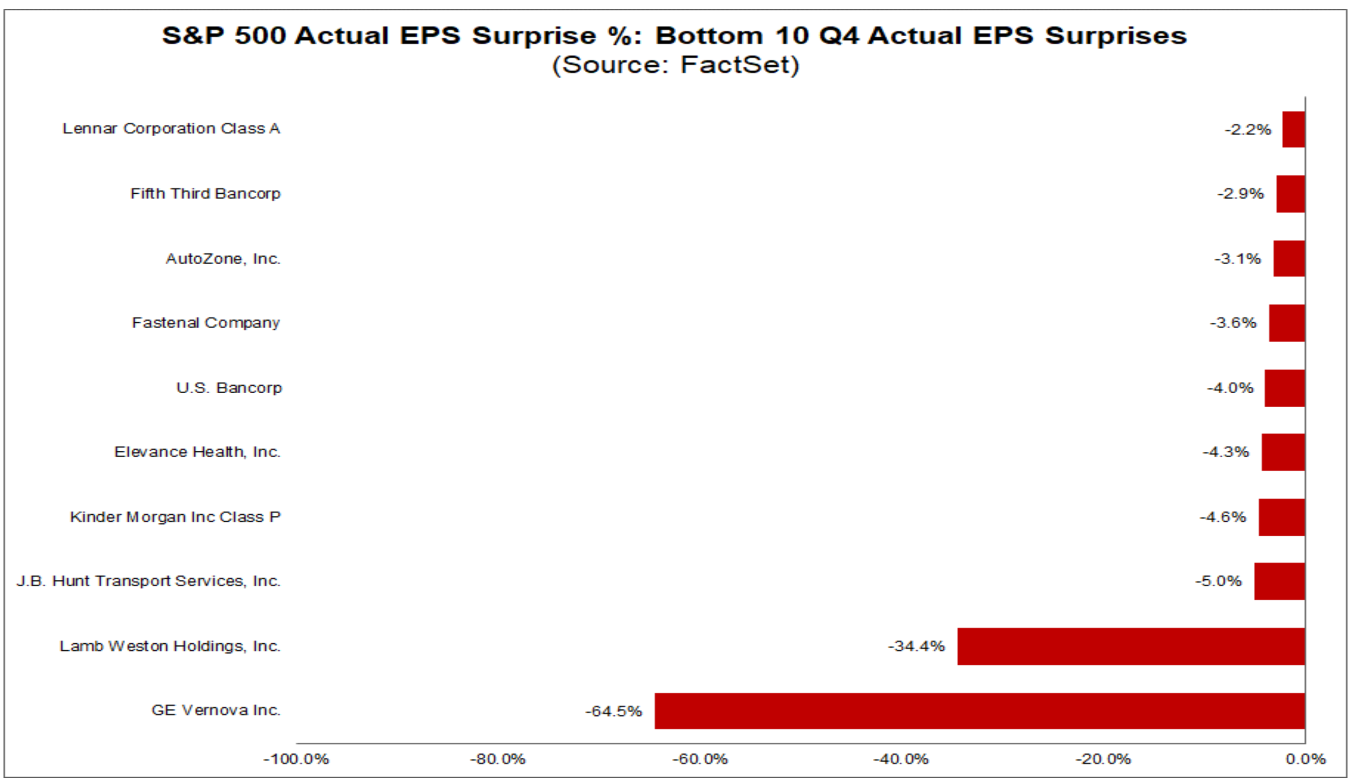
Q4 2024: Surprise



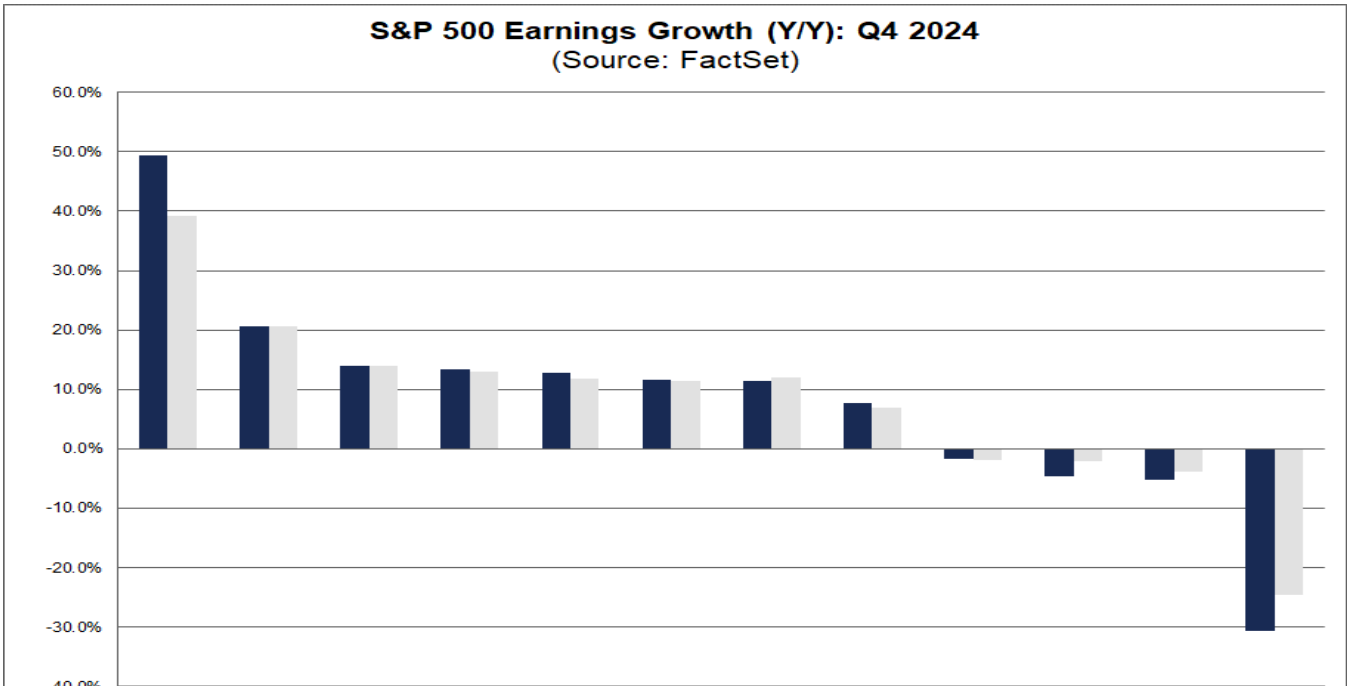


Q4 2024: Surprise

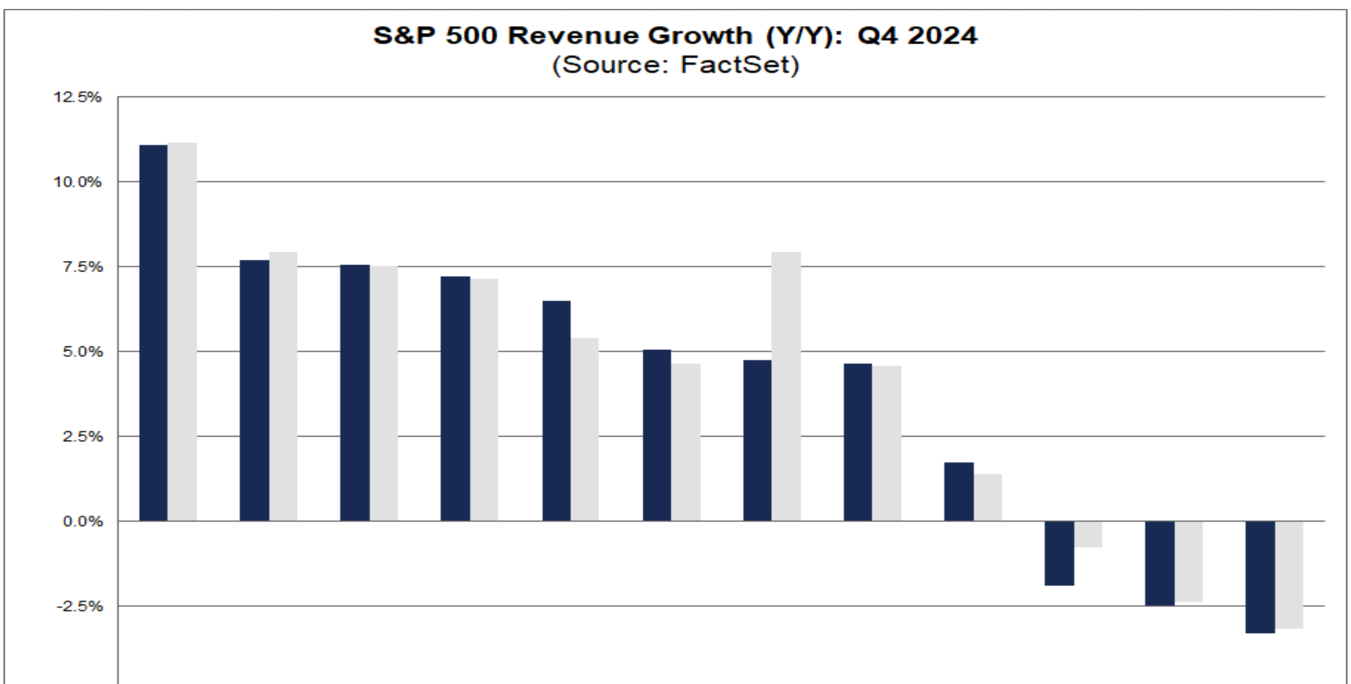




Q4 2024: Growth

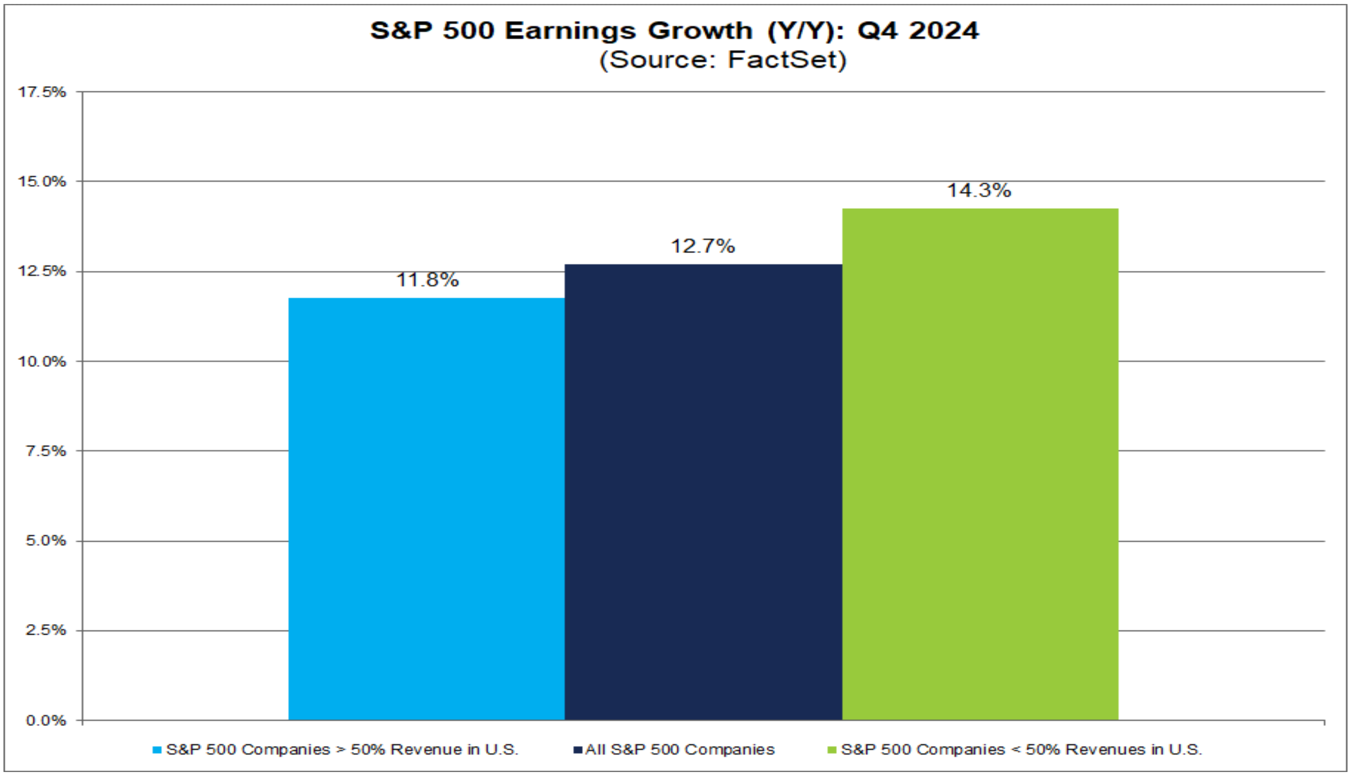


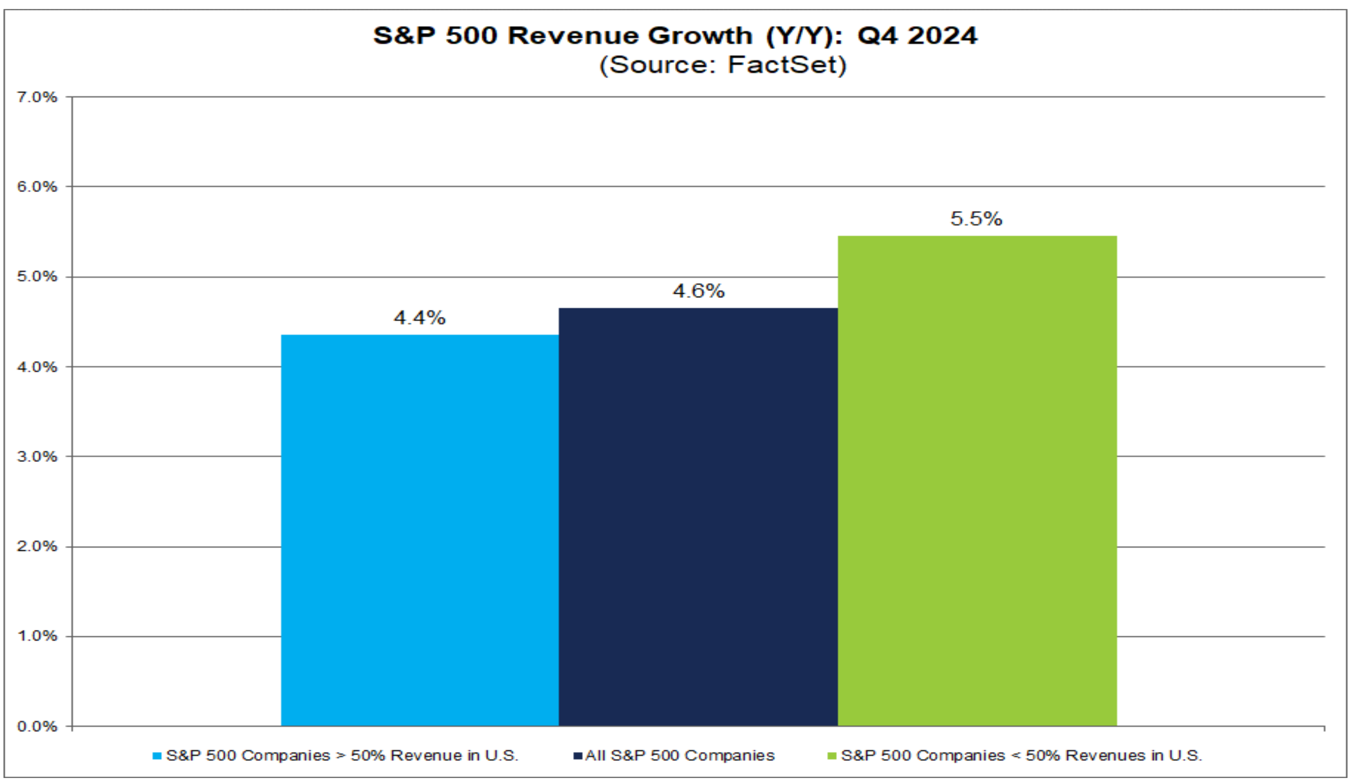
	Financials	Comm. Services	Info. Technology	Consumer Disc.	S&P 500	Health Care	Utilities	Real Estate	Consumer Staples	Materials	Industrials	Energy
Today	49.4%	20.7%	14.0%	13.5%	12.7%	11.6%	11.5%	7.7%	-1.6%	-4.6%	-5.3%	-30.7%
31-Dec	39.1%	20.6%	14.0%	12.9%	11.8%	11.5%	12.1%	6.9%	-1.9%	-2.2%	-3.8%	-24.5%



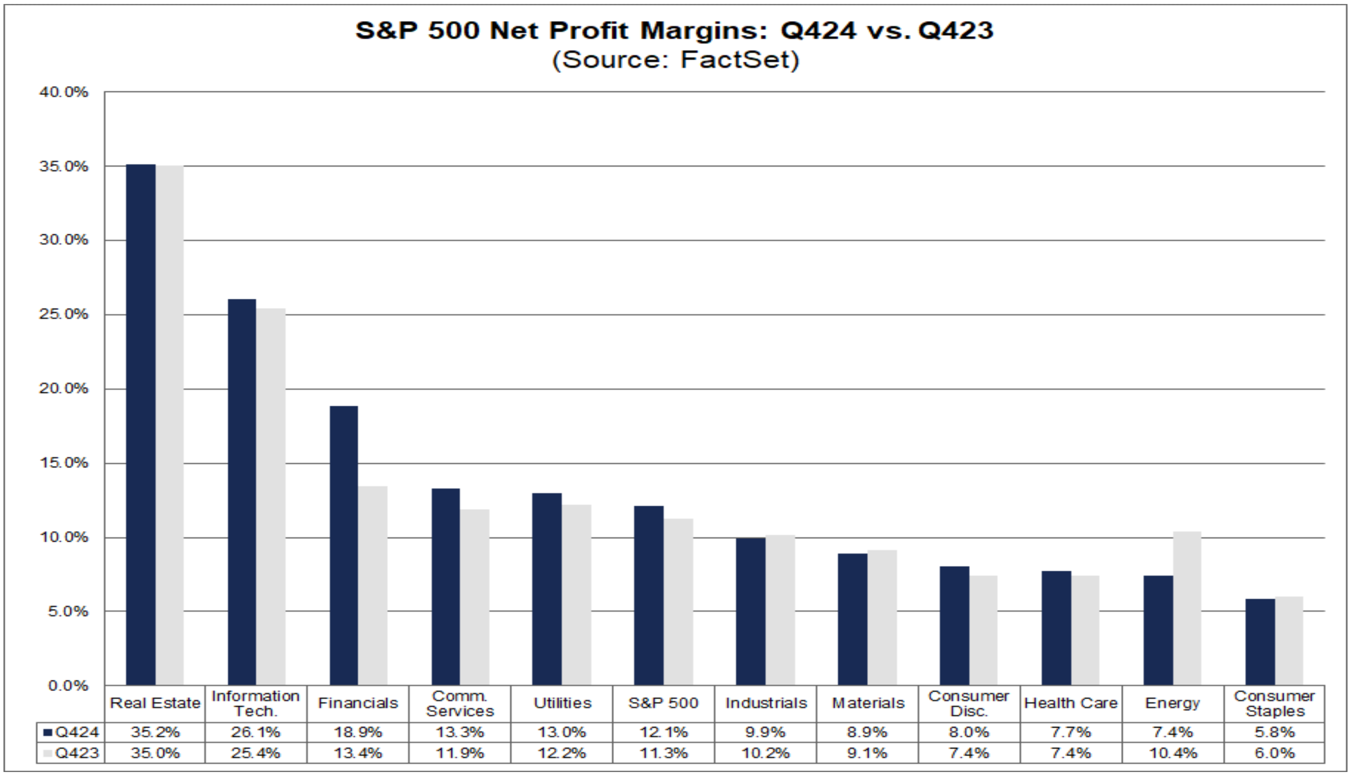
	Info. Technology	Comm. Services	Health Care	Real Estate	Financials	Consumer Disc.	Utilities	S&P 500	Consumer Staples	Materials	Industrials	Energy
Today	11.1%	7.7%	7.6%	7.2%	6.5%	5.1%	4.8%	4.6%	1.7%	-1.9%	-2.5%	-3.3%
31-Dec	11.1%	7.9%	7.5%	7.2%	5.4%	4.6%	7.9%	4.6%	1.4%	-0.8%	-2.4%	-3.2%

Q4 2024: Growth

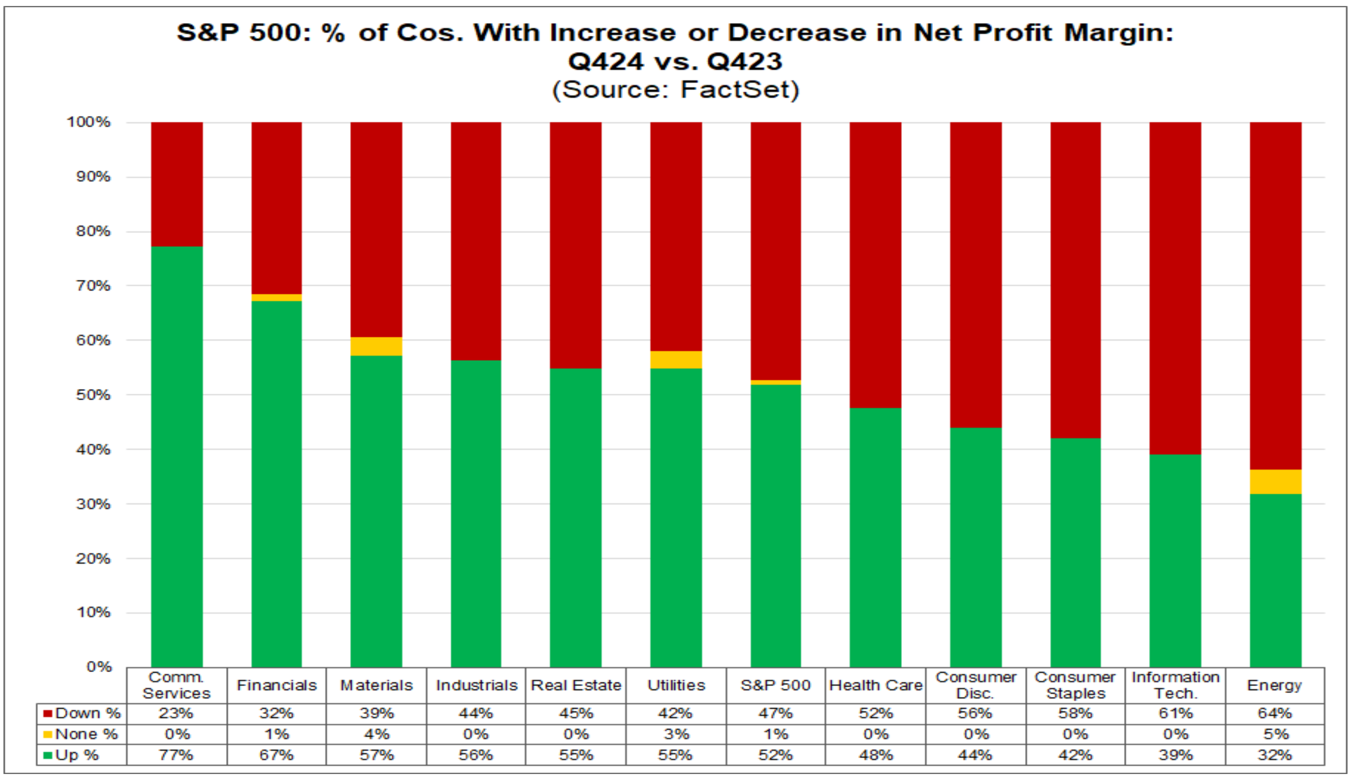




Q4 2024: Net Profit Margin

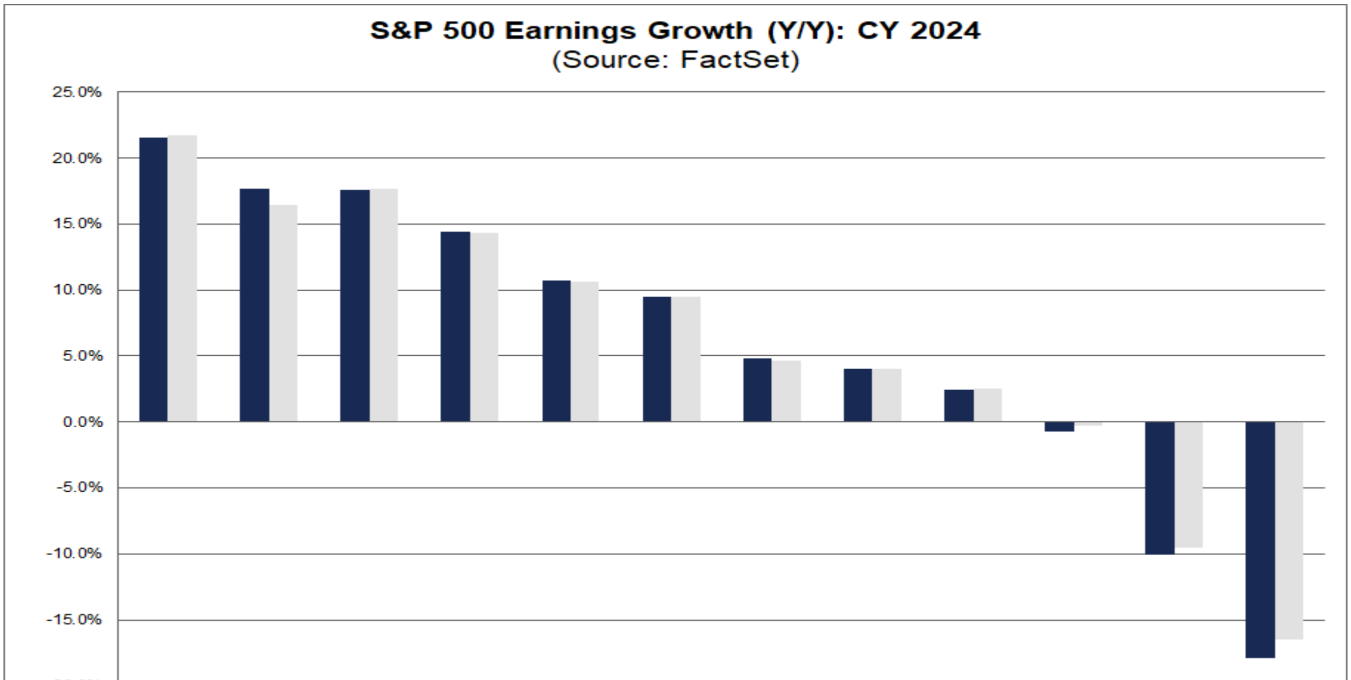


	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Industrials	Materials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q424	35.2%	26.1%	18.9%	13.3%	13.0%	12.1%	9.9%	8.9%	8.0%	7.7%	7.4%	5.8%
Q423	35.0%	25.4%	13.4%	11.9%	12.2%	11.3%	10.2%	9.1%	7.4%	7.4%	10.4%	6.0%

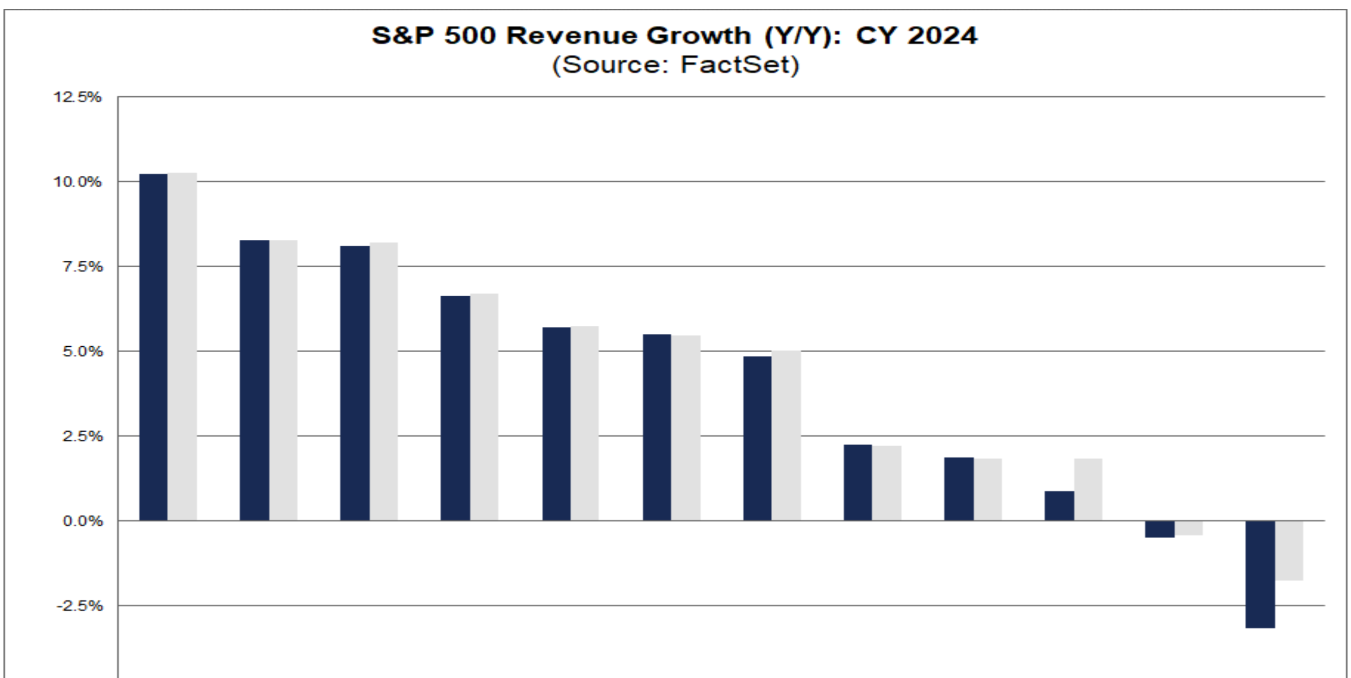


	Comm. Services	Financials	Materials	Industrials	Real Estate	Utilities	S&P 500	Health Care	Consumer Disc.	Consumer Staples	Information Tech.	Energy
Down %	23%	32%	39%	44%	45%	42%	47%	52%	56%	58%	61%	64%
None %	0%	1%	4%	0%	0%	3%	1%	0%	0%	0%	0%	5%
Up %	77%	67%	57%	56%	55%	55%	52%	48%	44%	42%	39%	32%

CY 2024: Growth

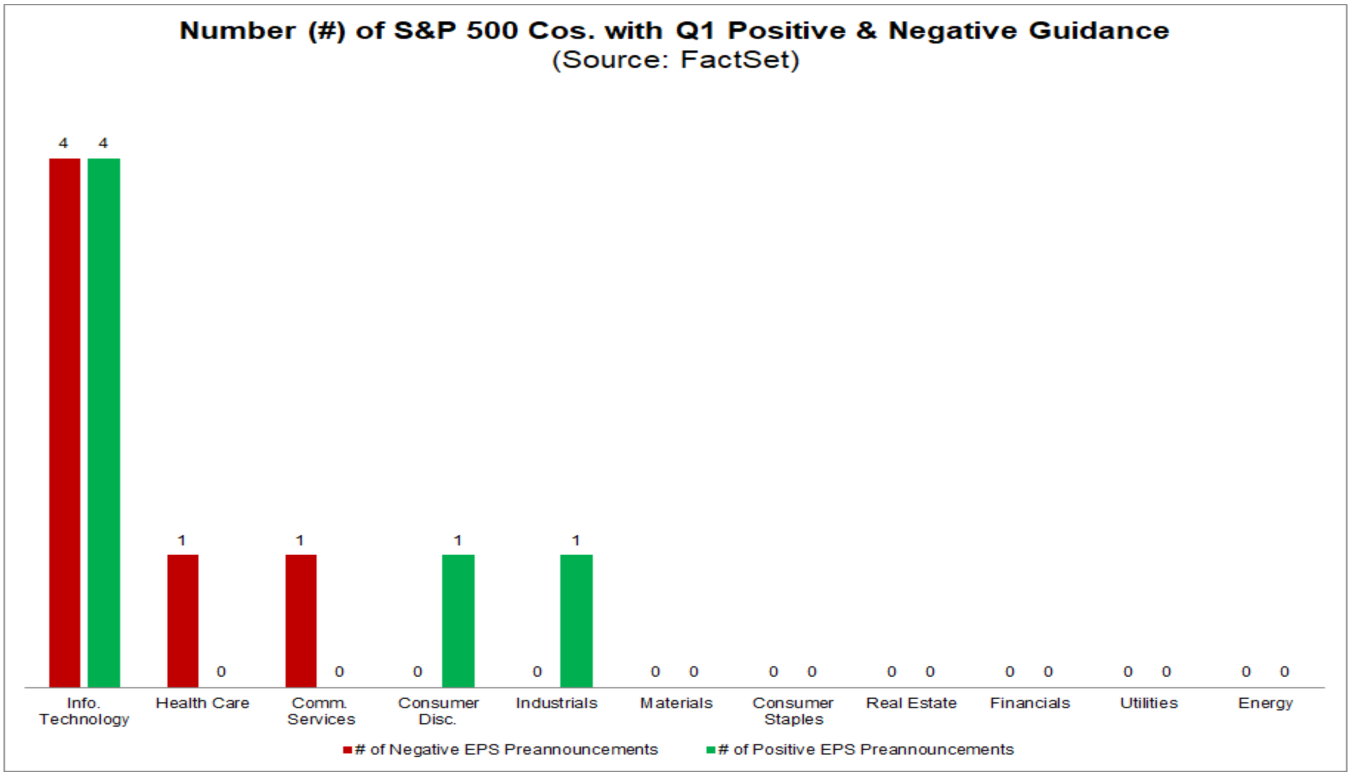


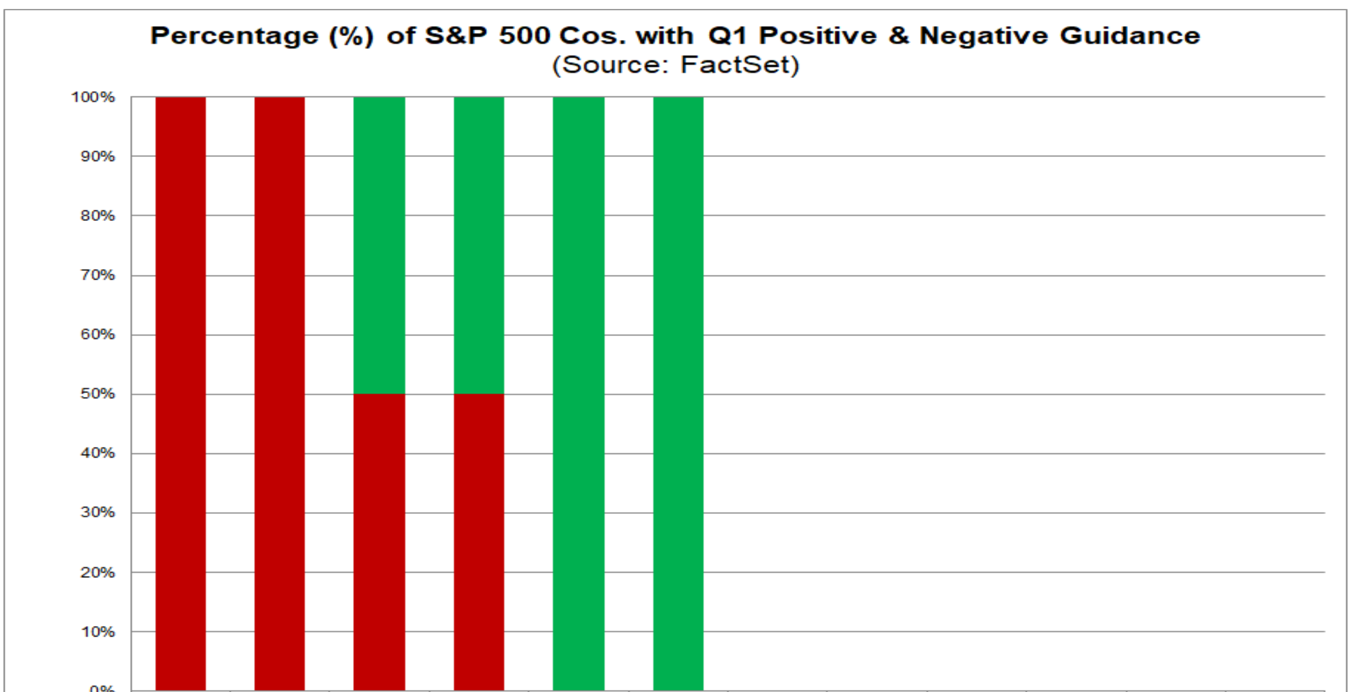
	Comm. Services	Financials	Info. Technology	Consumer Disc.	Utilities	S&P 500	Real Estate	Health Care	Consumer Staples	Industrials	Materials	Energy
Today	21.6%	17.7%	17.6%	14.4%	10.8%	9.5%	4.8%	4.1%	2.4%	-0.8%	-10.0%	-17.9%
31-Dec	21.7%	16.4%	17.7%	14.3%	10.6%	9.4%	4.6%	4.0%	2.5%	-0.3%	-9.5%	-16.5%



	Info. Technology	Health Care	Comm. Services	Real Estate	Financials	Consumer Disc.	S&P 500	Consumer Staples	Materials	Utilities	Industrials	Energy
Today	10.2%	8.3%	8.1%	6.6%	5.7%	5.5%	4.9%	2.2%	1.9%	0.9%	-0.5%	-3.2%
31-Dec	10.3%	8.3%	8.2%	6.7%	5.8%	5.5%	5.0%	2.2%	1.8%	1.8%	-0.4%	-1.7%

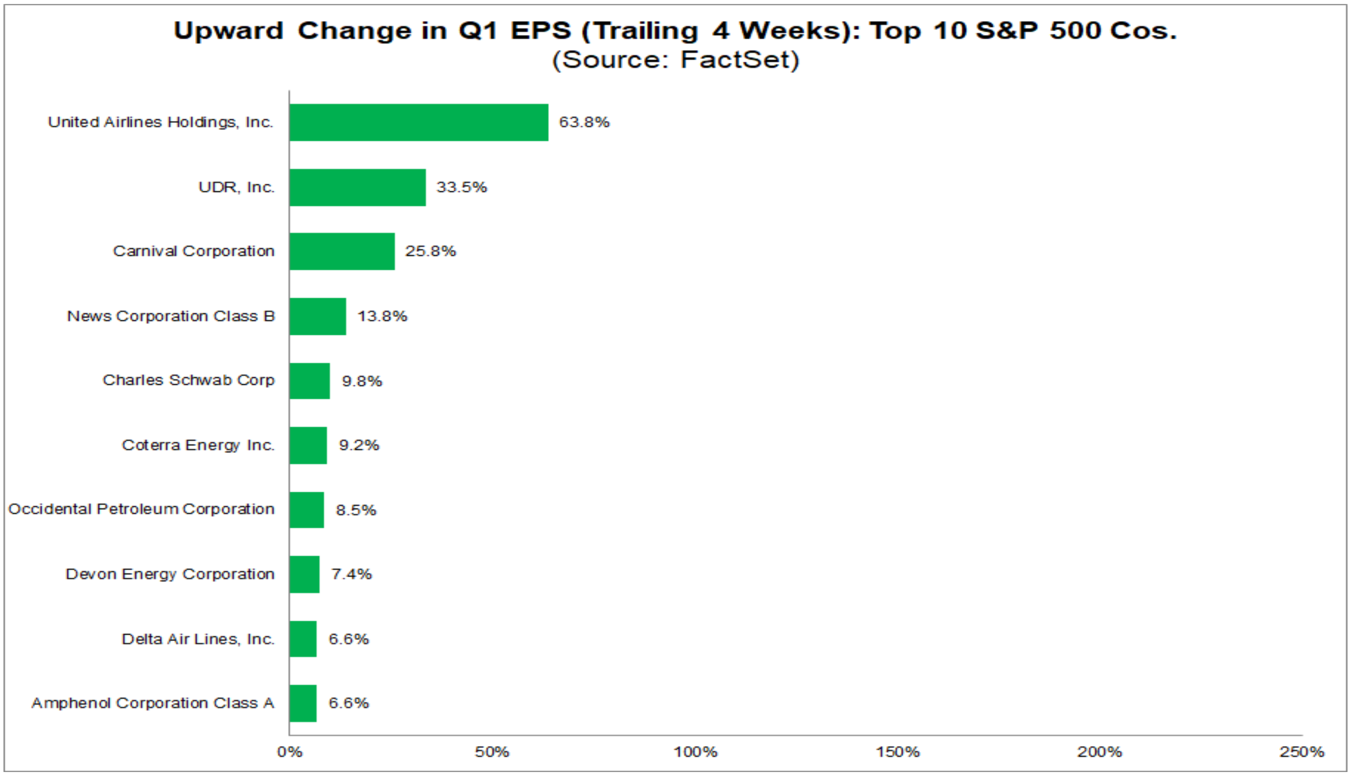
Q1 2025: Guidance

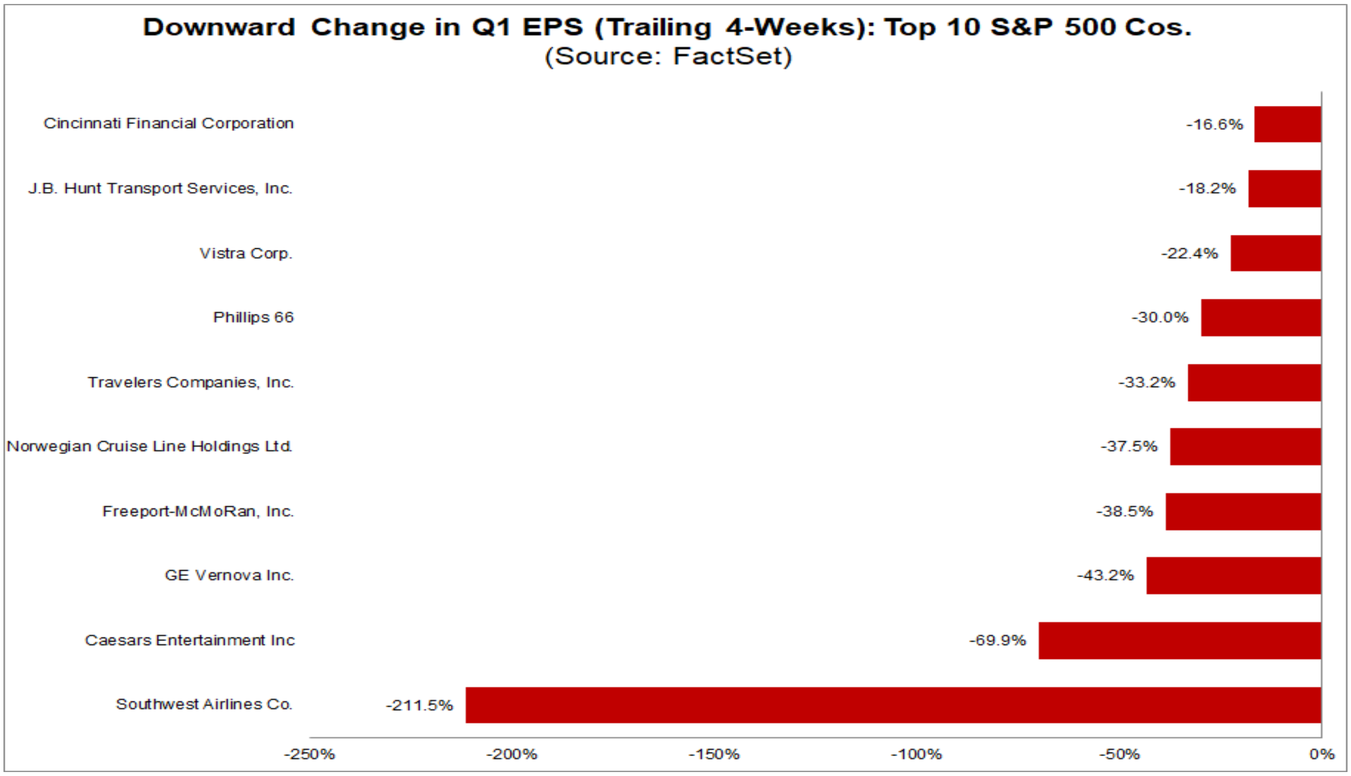




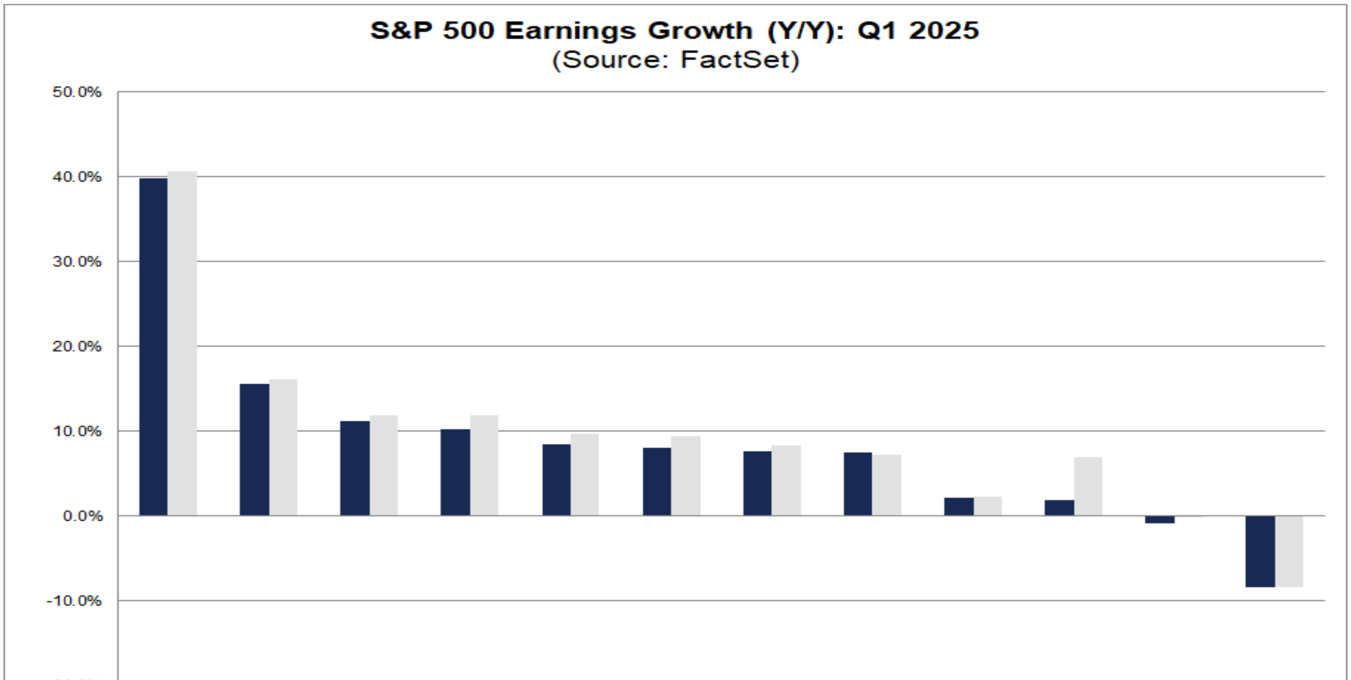
	Health Care	Comm. Services	S&P 500	Info. Technology	Consumer Disc.	Industrials	Consumer Staples	Financials	Utilities	Materials	Real Estate	Energy
Positive	0%	0%	50%	50%	100%	100%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	50%	50%	0%	0%	0%	0%	0%	0%	0%	0%

Q1 2025: EPS Revisions

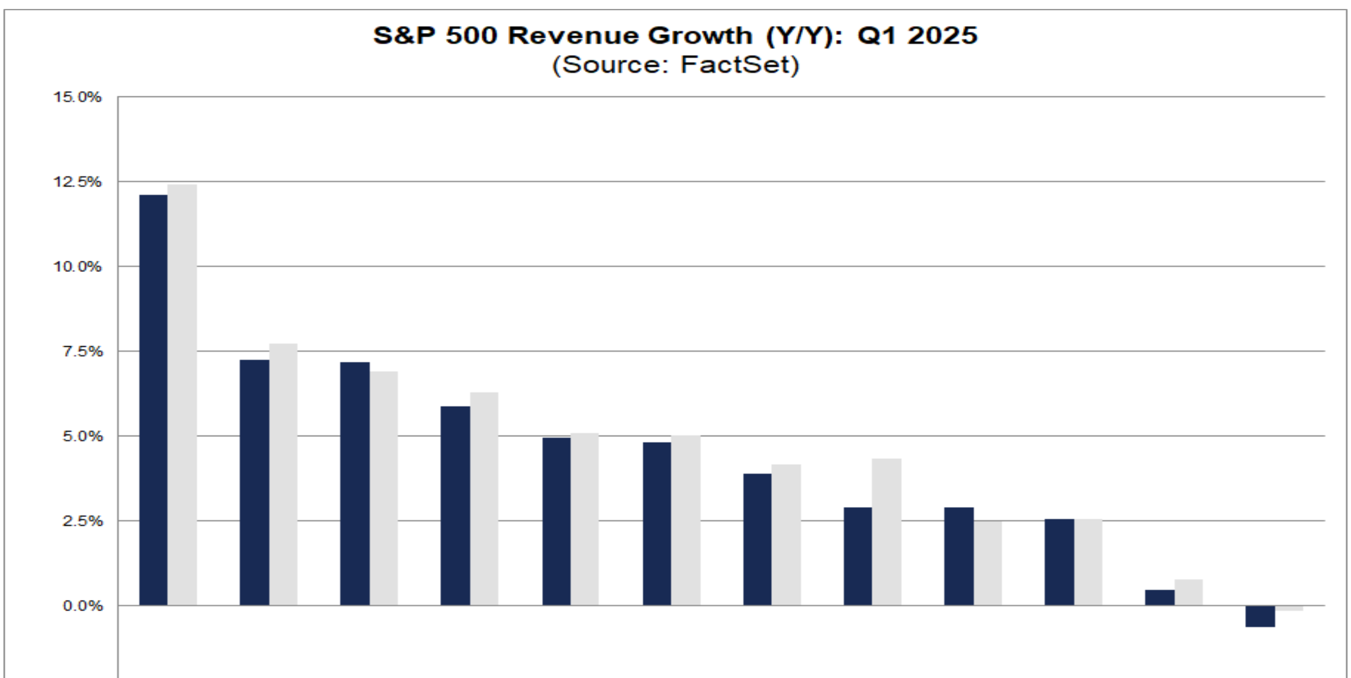




Q1 2025: Growth

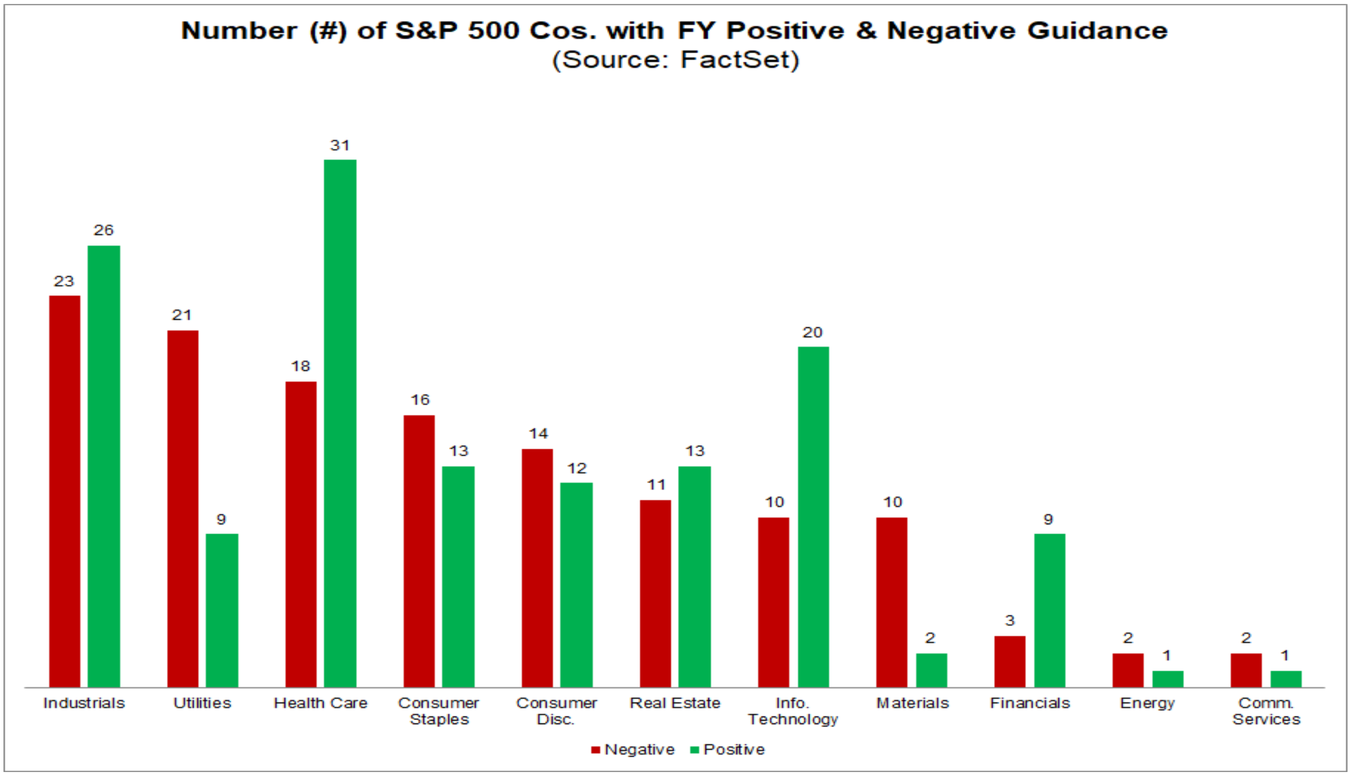


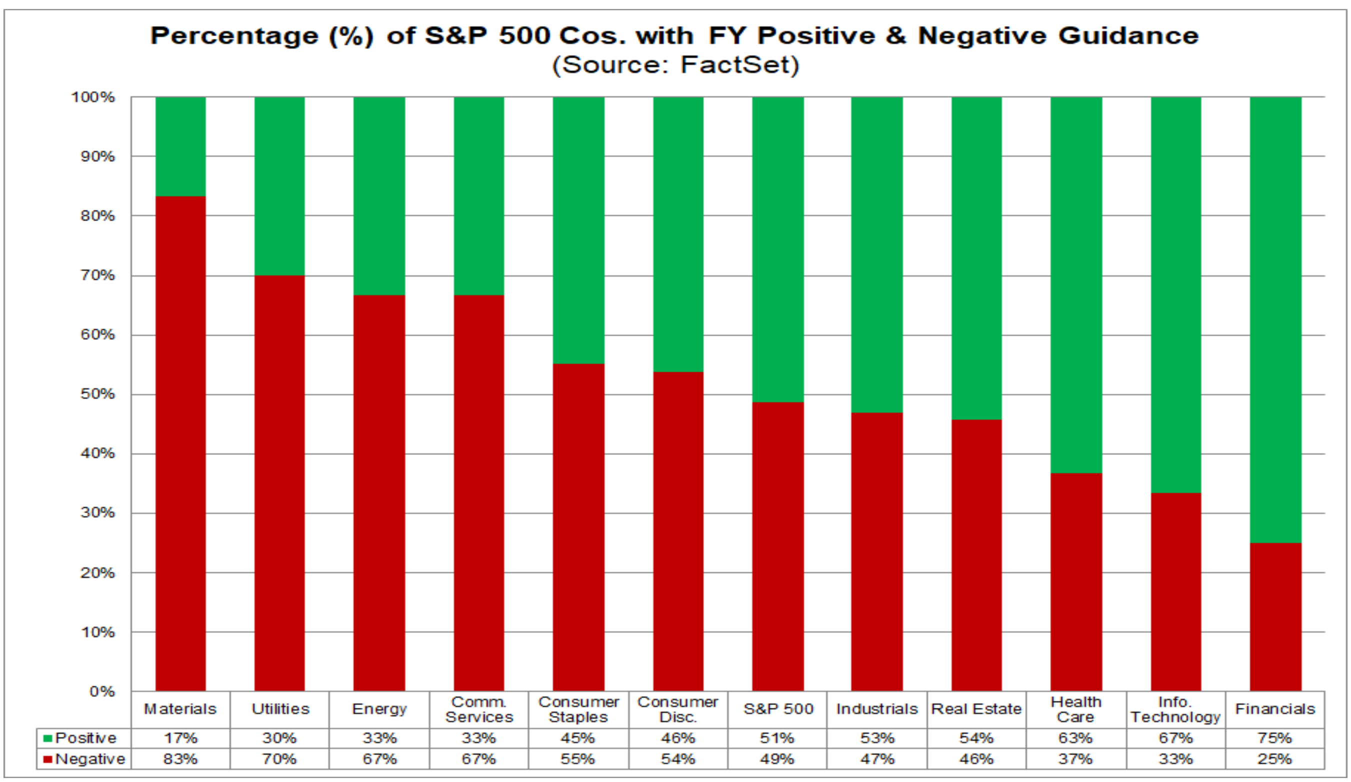
	Health Care	Info. Technology	S&P 500	Consumer Disc.	Utilities	Industrials	Comm. Services	Financials	Real Estate	Materials	Consumer Staples	Energy
Today	39.8%	15.7%	11.3%	10.2%	8.5%	8.1%	7.6%	7.5%	2.2%	1.9%	-0.8%	-8.4%
31-Dec	40.6%	16.2%	11.9%	12.0%	9.8%	9.4%	8.3%	7.2%	2.3%	7.0%	-0.1%	-8.4%



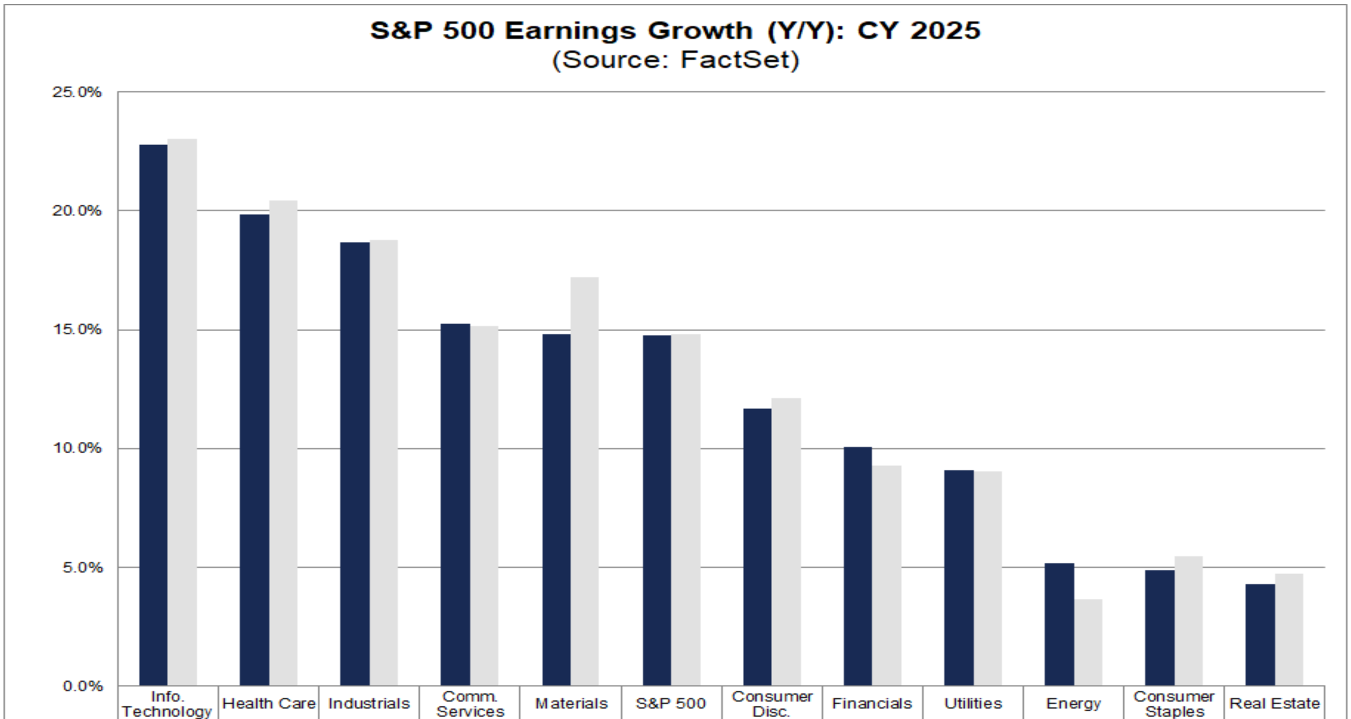
	Info. Technology	Comm. Services	Health Care	Consumer Disc.	S&P 500	Real Estate	Utilities	Materials	Financials	Consumer Staples	Industrials	Energy
Today	12.1%	7.2%	7.2%	5.9%	5.0%	4.8%	3.9%	2.9%	2.9%	2.6%	0.5%	-0.6%
31-Dec	12.4%	7.7%	6.9%	6.3%	5.1%	5.0%	4.2%	4.3%	2.5%	2.6%	0.8%	-0.1%

FY 2024 / 2025: EPS Guidance

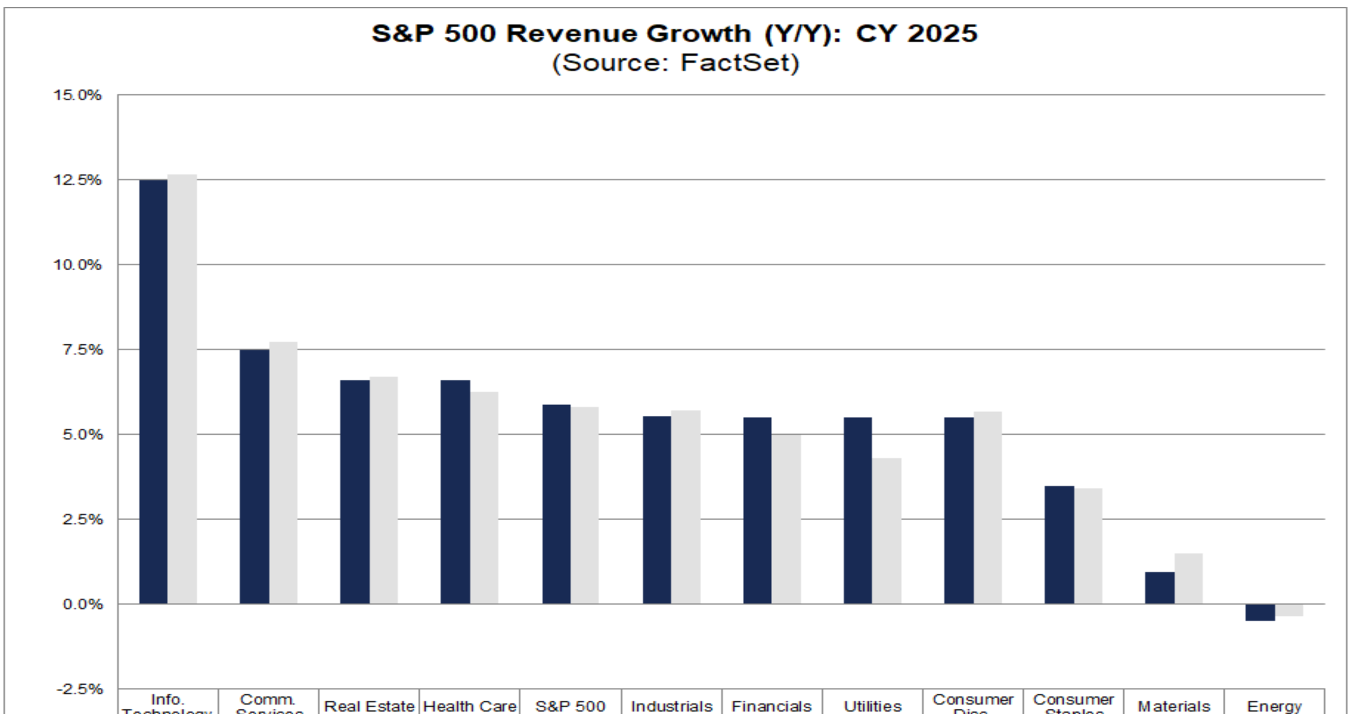




CY 2025: Growth

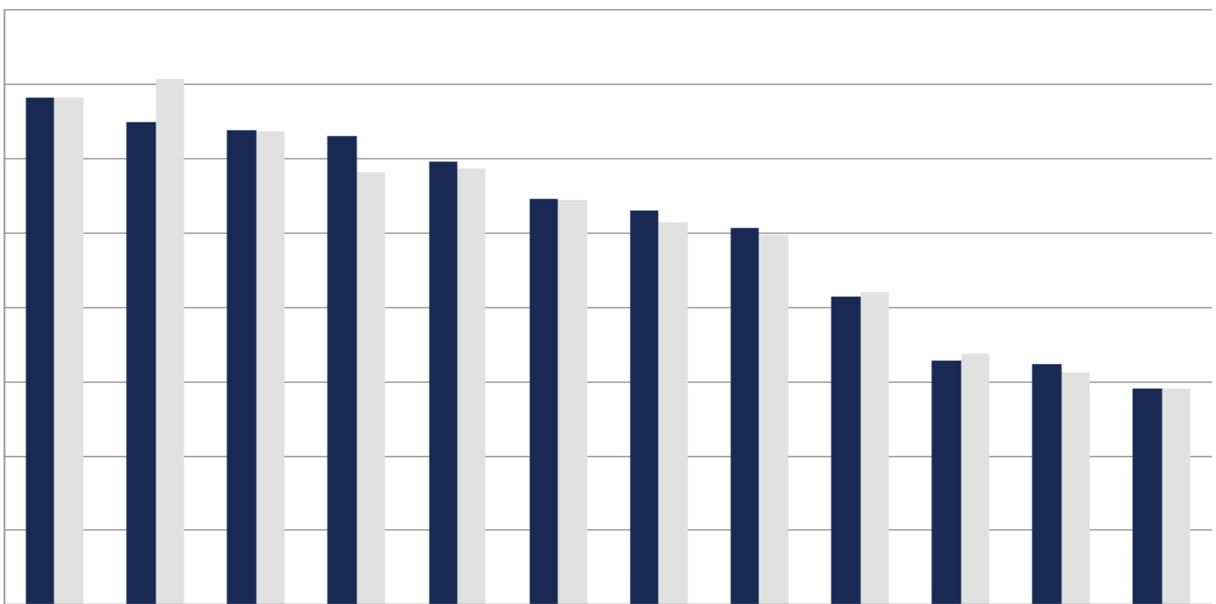


	Info. Technology	Health Care	Industrials	Comm. Services	Materials	S&P 500	Consumer Disc.	Financials	Utilities	Energy	Consumer Staples	Real Estate
Today	22.8%	19.9%	18.7%	15.3%	14.8%	14.8%	11.7%	10.1%	9.1%	5.2%	4.9%	4.3%
31-Dec	23.0%	20.5%	18.8%	15.2%	17.2%	14.8%	12.1%	9.3%	9.0%	3.7%	5.5%	4.7%

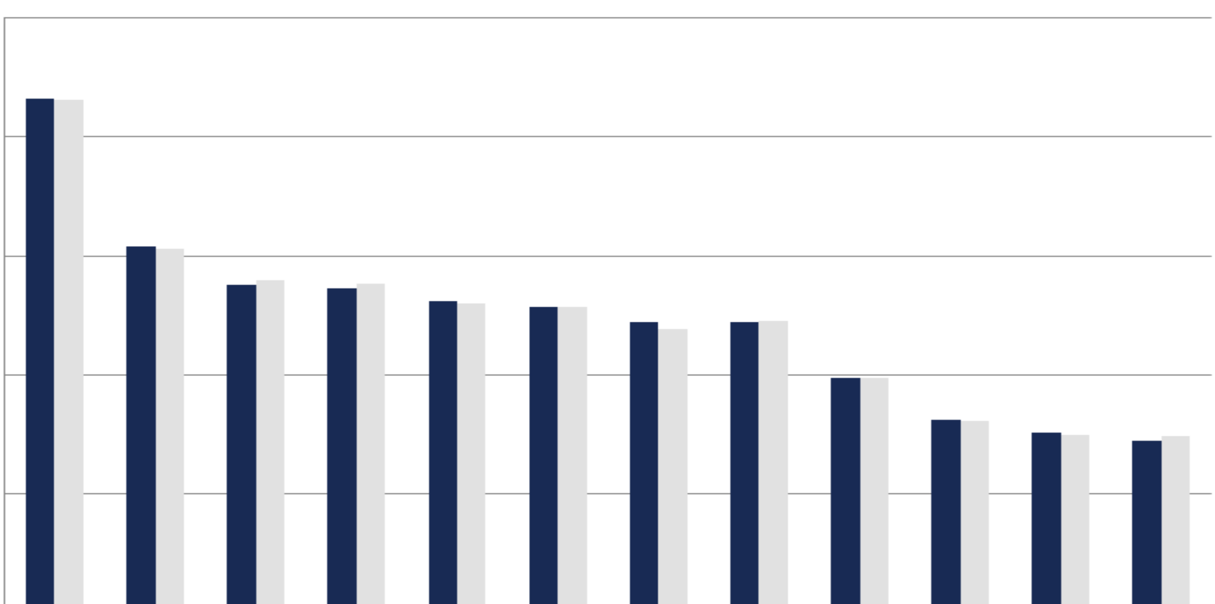


	Info. Technology	Comm. Services	Real Estate	Health Care	S&P 500	Industrials	Financials	Utilities	Consumer Disc.	Consumer Staples	Materials	Energy
Today	12.5%	7.5%	6.6%	6.6%	5.9%	5.6%	5.5%	5.5%	5.5%	3.5%	1.0%	-0.5%
31-Dec	12.7%	7.7%	6.7%	6.2%	5.8%	5.7%	5.0%	4.3%	5.7%	3.4%	1.5%	-0.3%

CY 2026: Growth

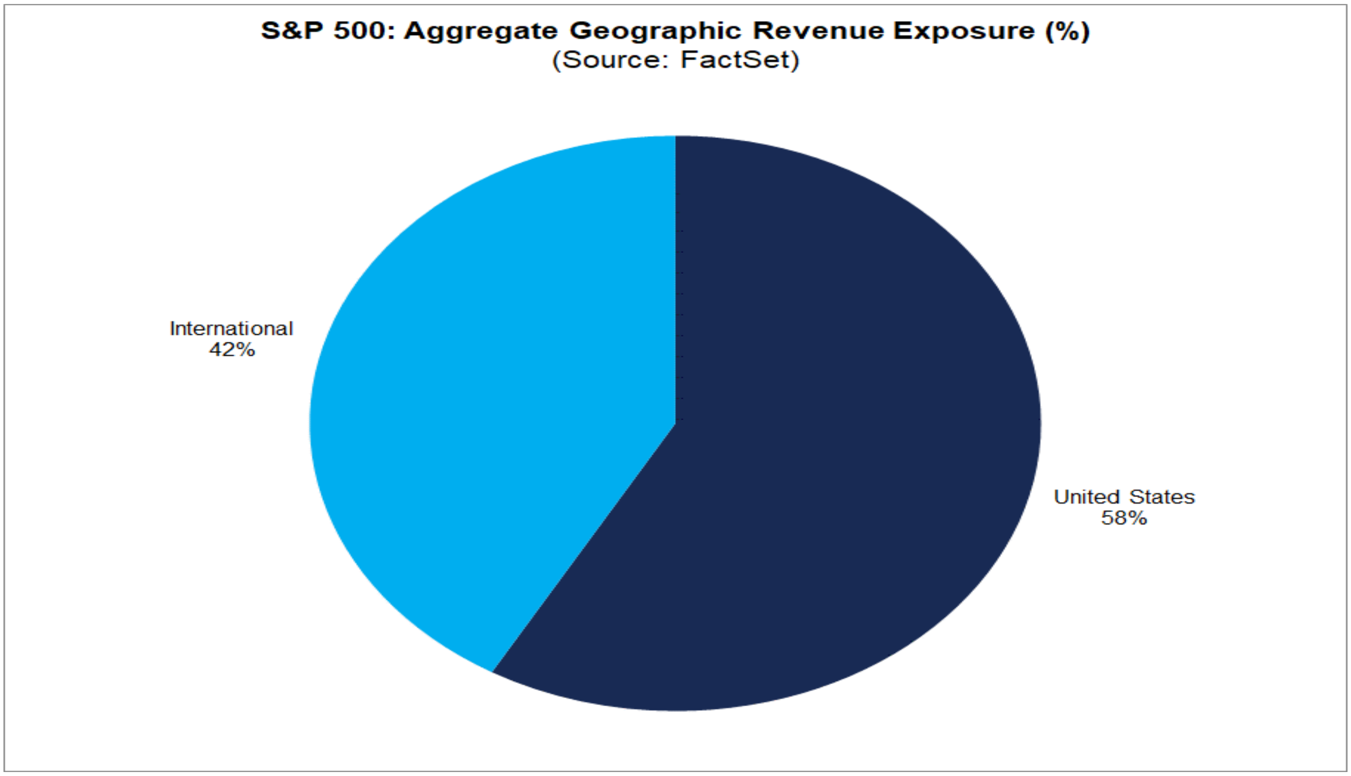


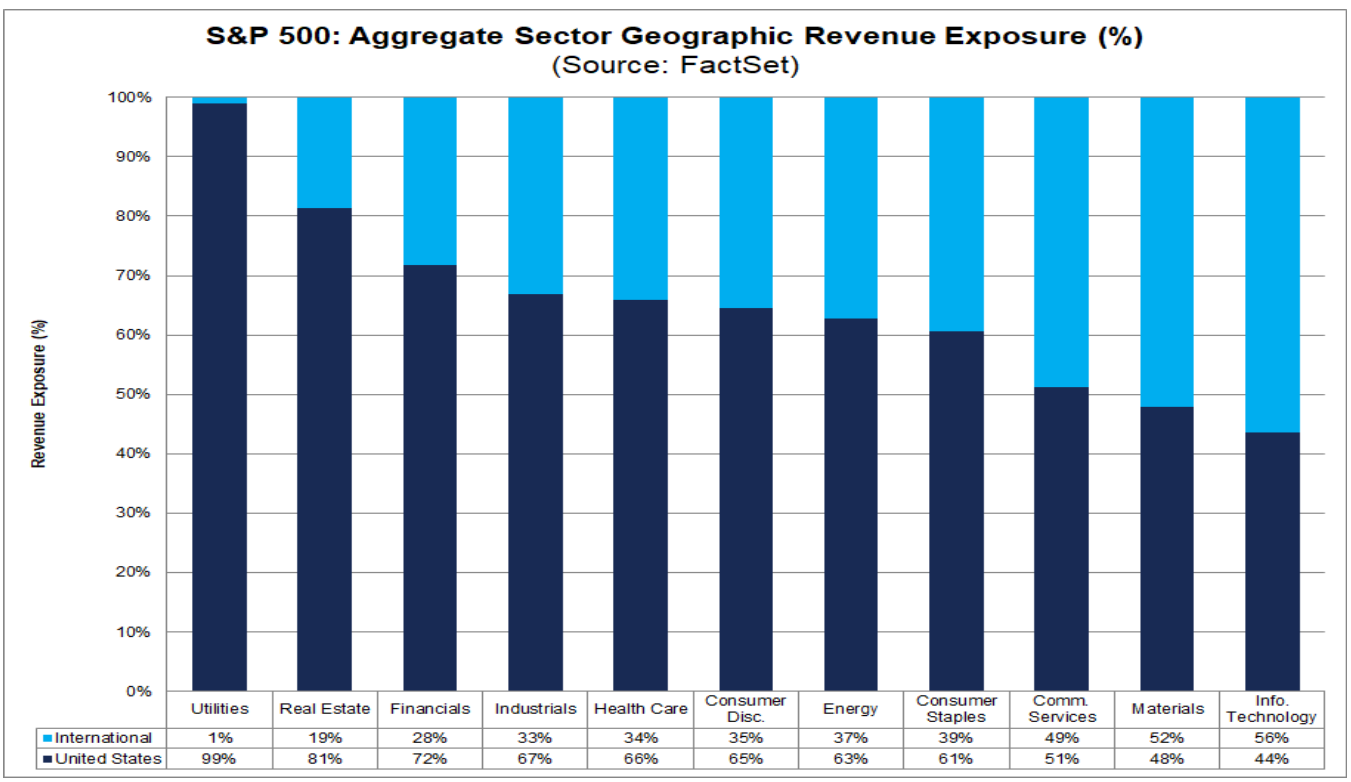
	Info. Technology	Energy	Consumer Disc.	Materials	Industrials	S&P 500	Comm. Services	Financials	Health Care	Consumer Staples	Utilities	Real Estate
Today	17.0%	16.2%	16.0%	15.8%	14.9%	13.6%	13.2%	12.7%	10.4%	8.2%	8.1%	7.3%
31-Dec	17.1%	17.7%	15.9%	14.5%	14.7%	13.6%	12.9%	12.4%	10.5%	8.4%	7.8%	7.3%



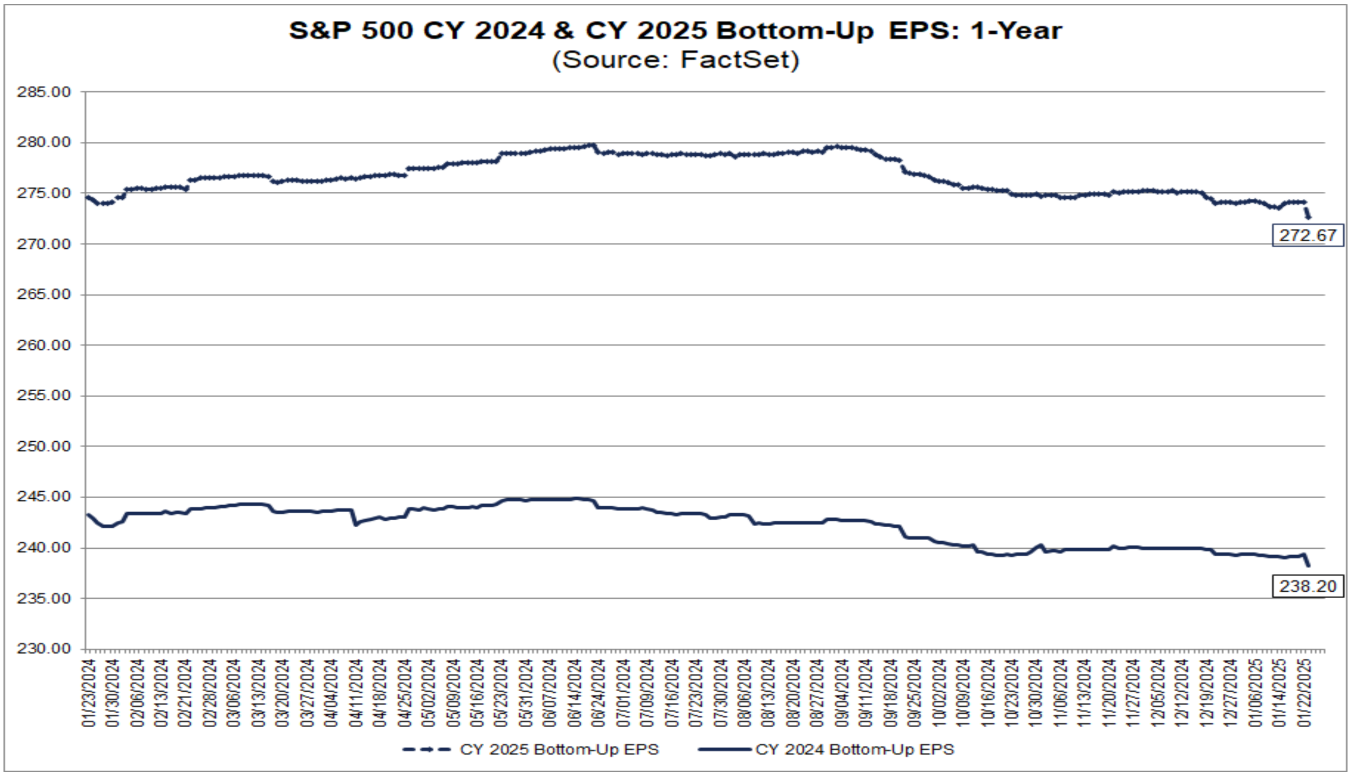
	Info. Technology	Comm. Services	Real Estate	Consumer Disc.	Industrials	S&P 500	Financials	Health Care	Materials	Consumer Staples	Utilities	Energy
Today	10.8%	7.7%	6.9%	6.8%	6.6%	6.4%	6.1%	6.1%	4.9%	4.1%	3.8%	3.6%
31-Dec	10.8%	7.6%	7.0%	6.9%	6.5%	6.4%	6.0%	6.1%	4.9%	4.0%	3.7%	3.7%

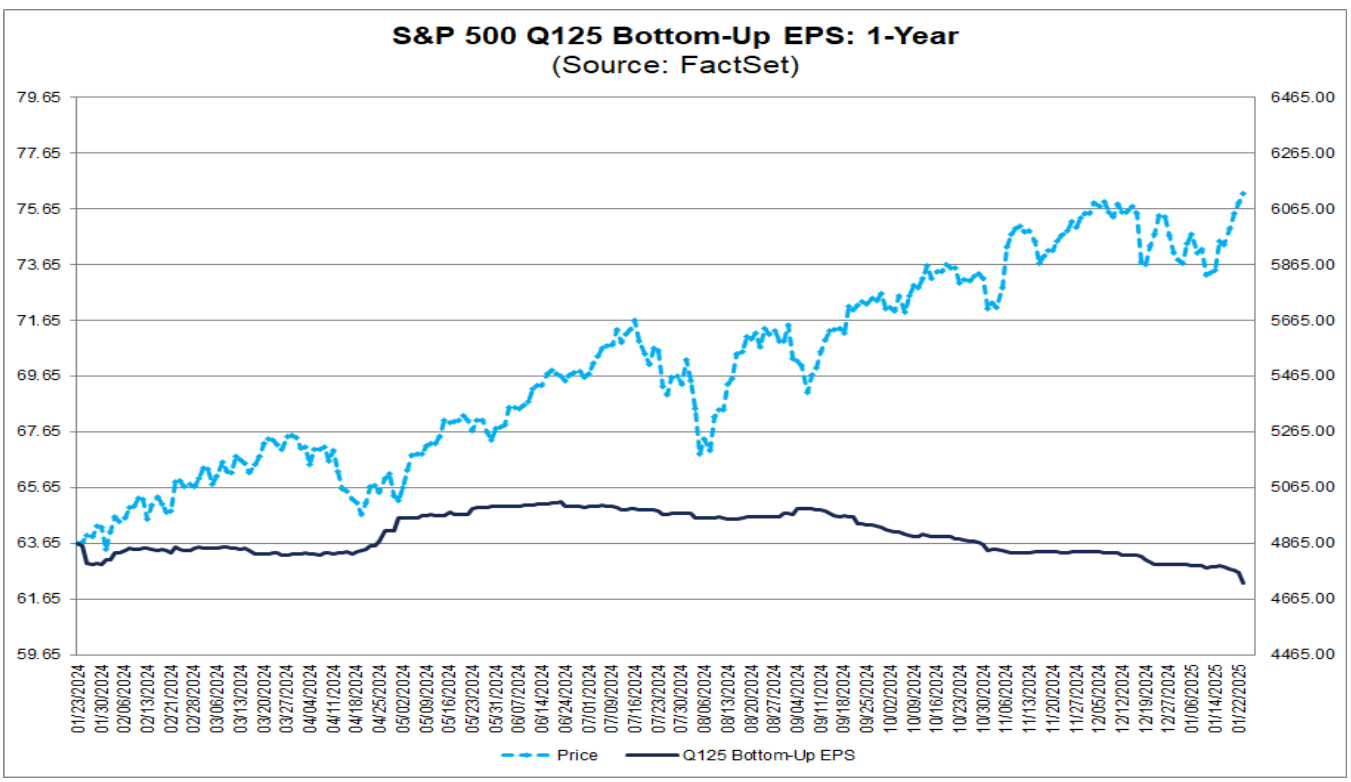
Geographic Revenue Exposure



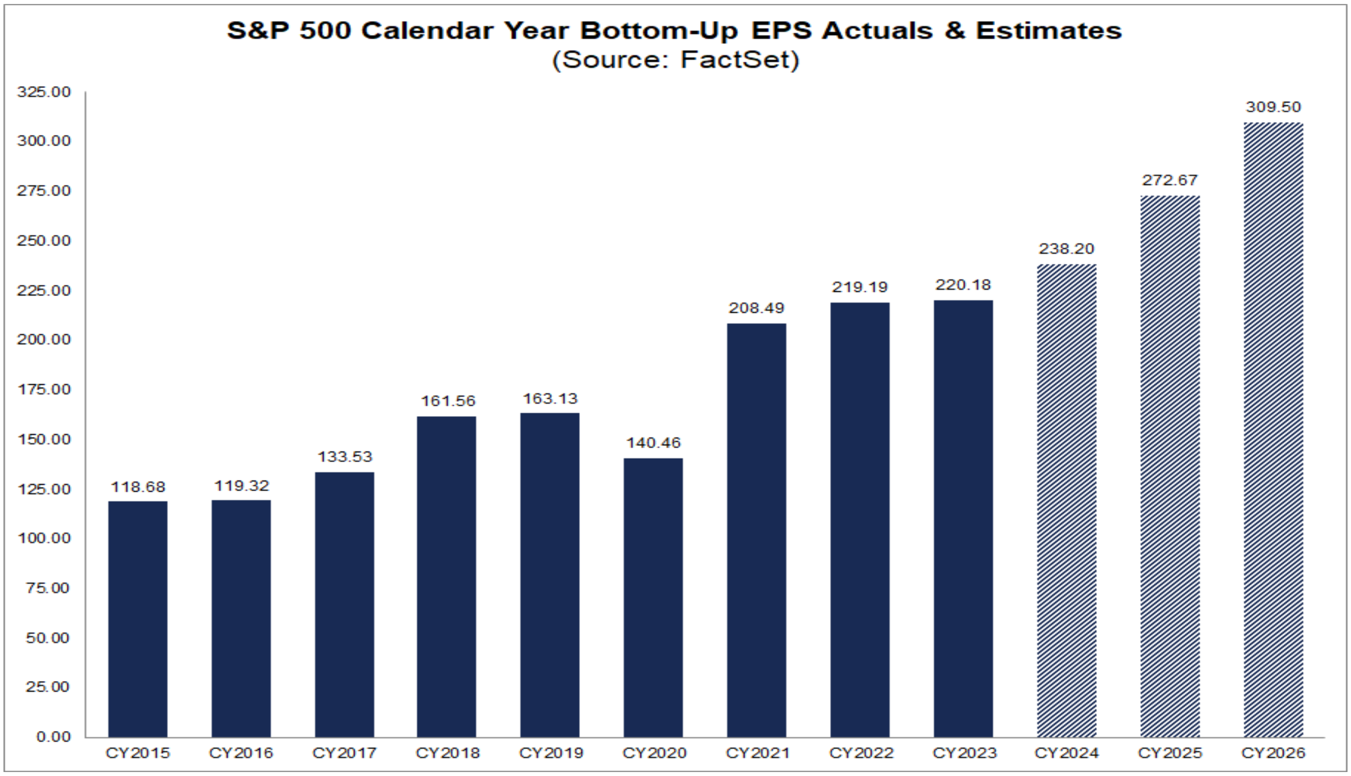


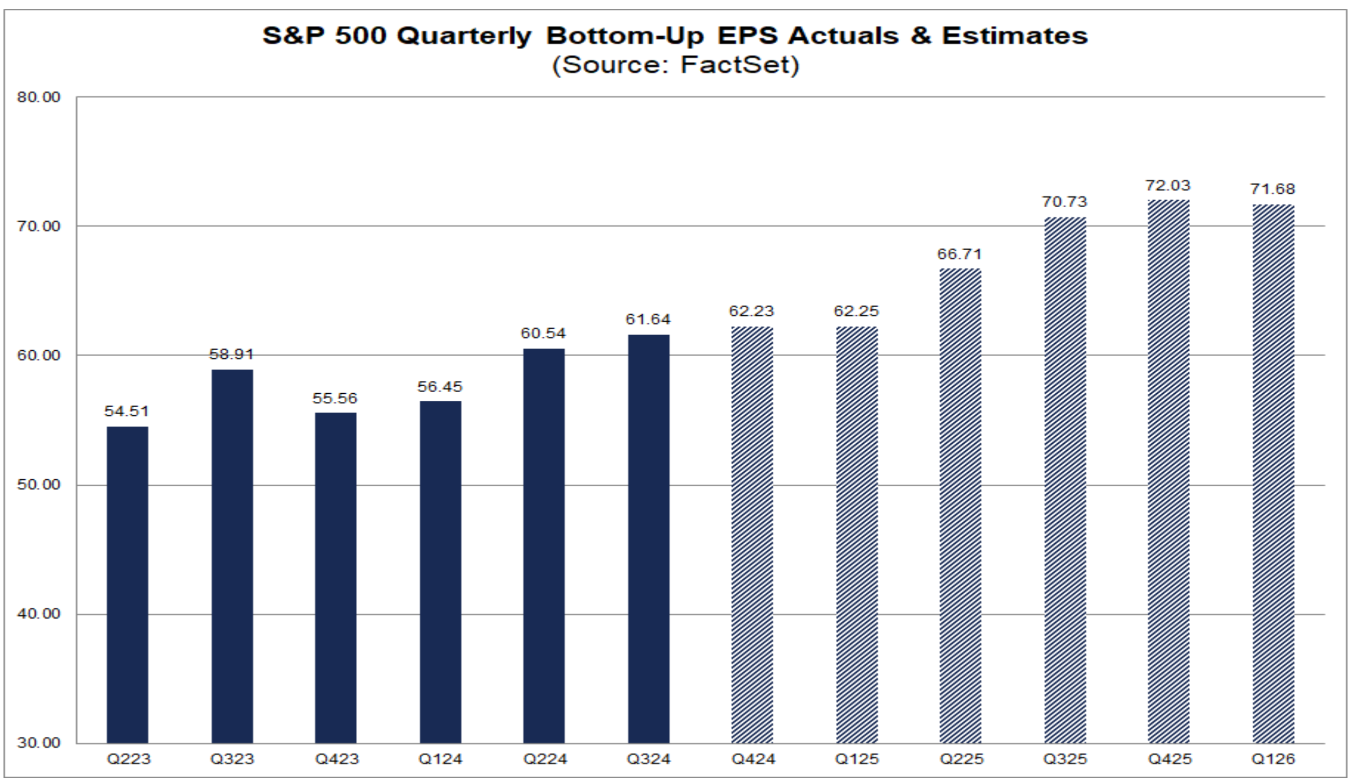
Bottom-Up EPS Estimates



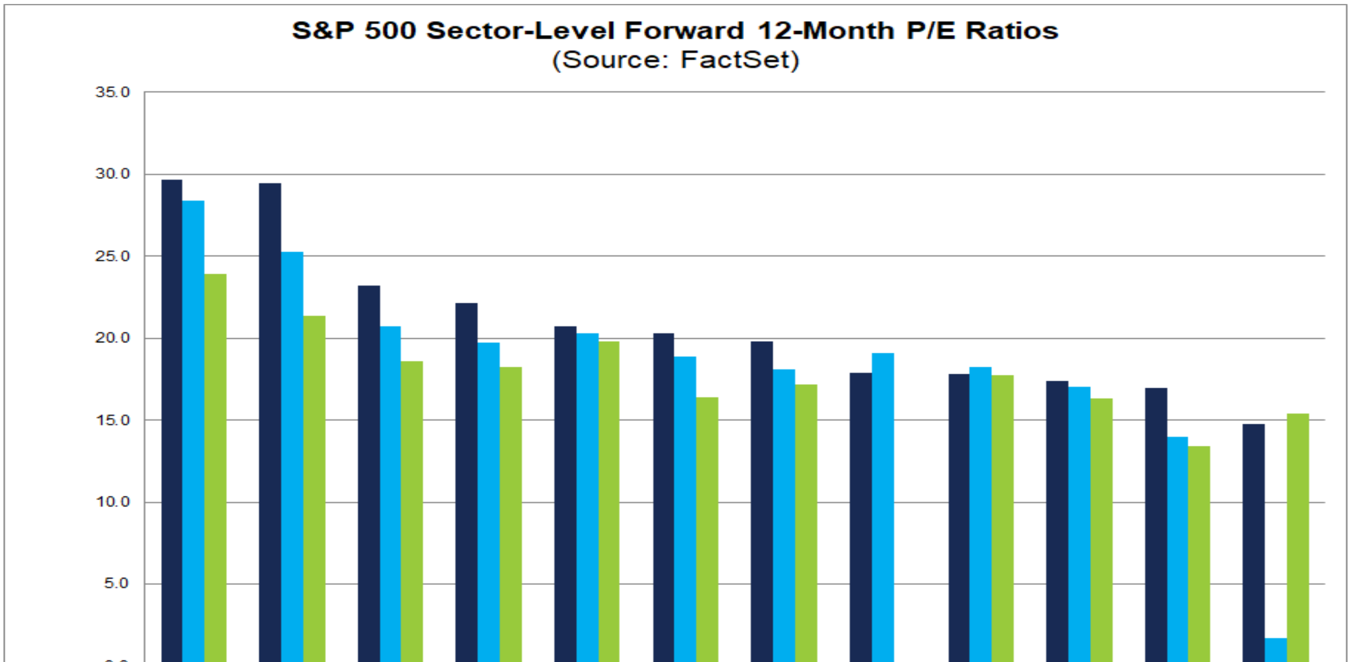


Bottom-Up EPS Estimates: Current & Historical

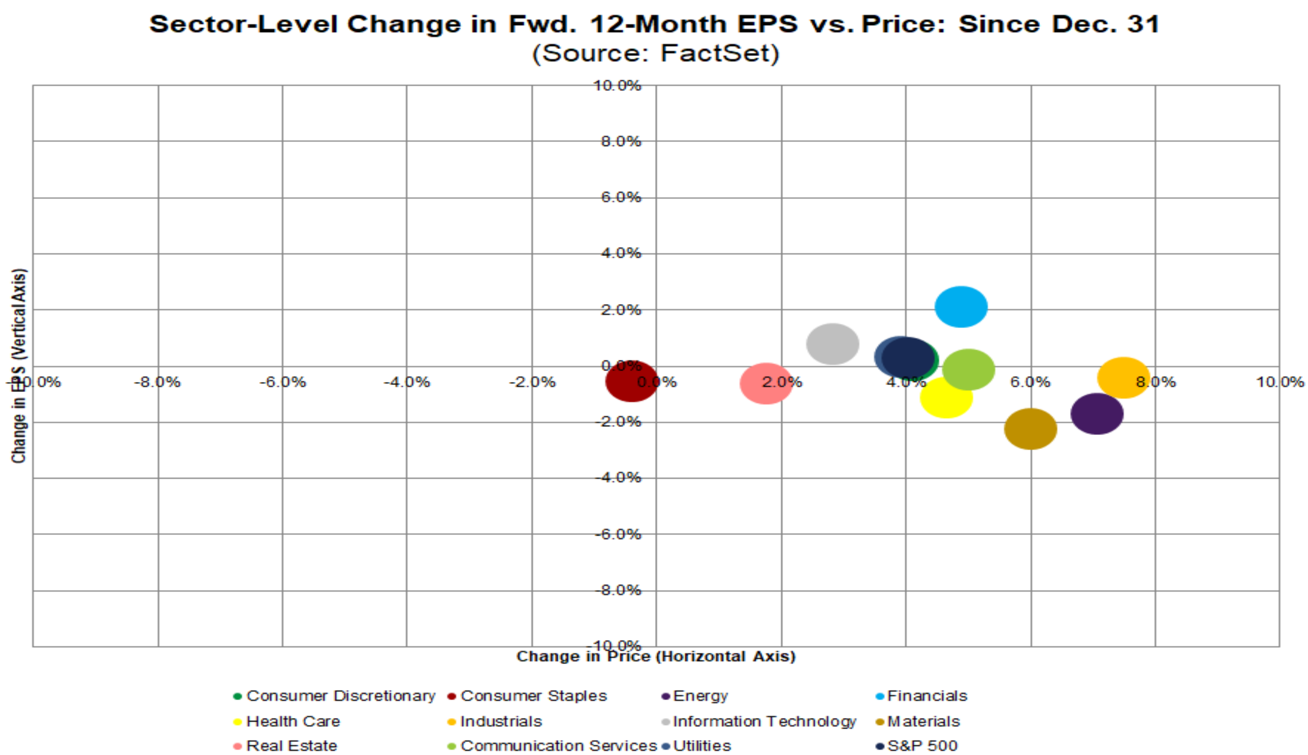




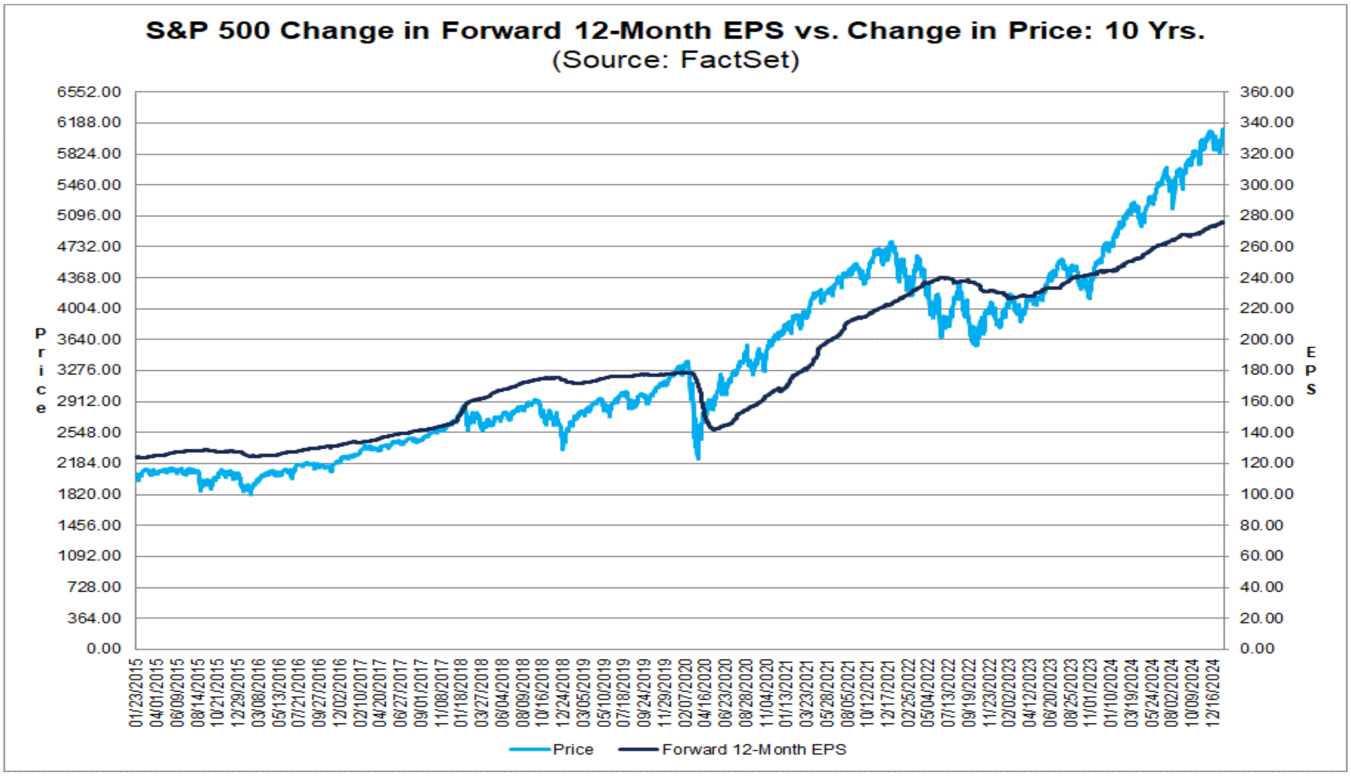
Forward 12M P/E Ratio: Sector Level

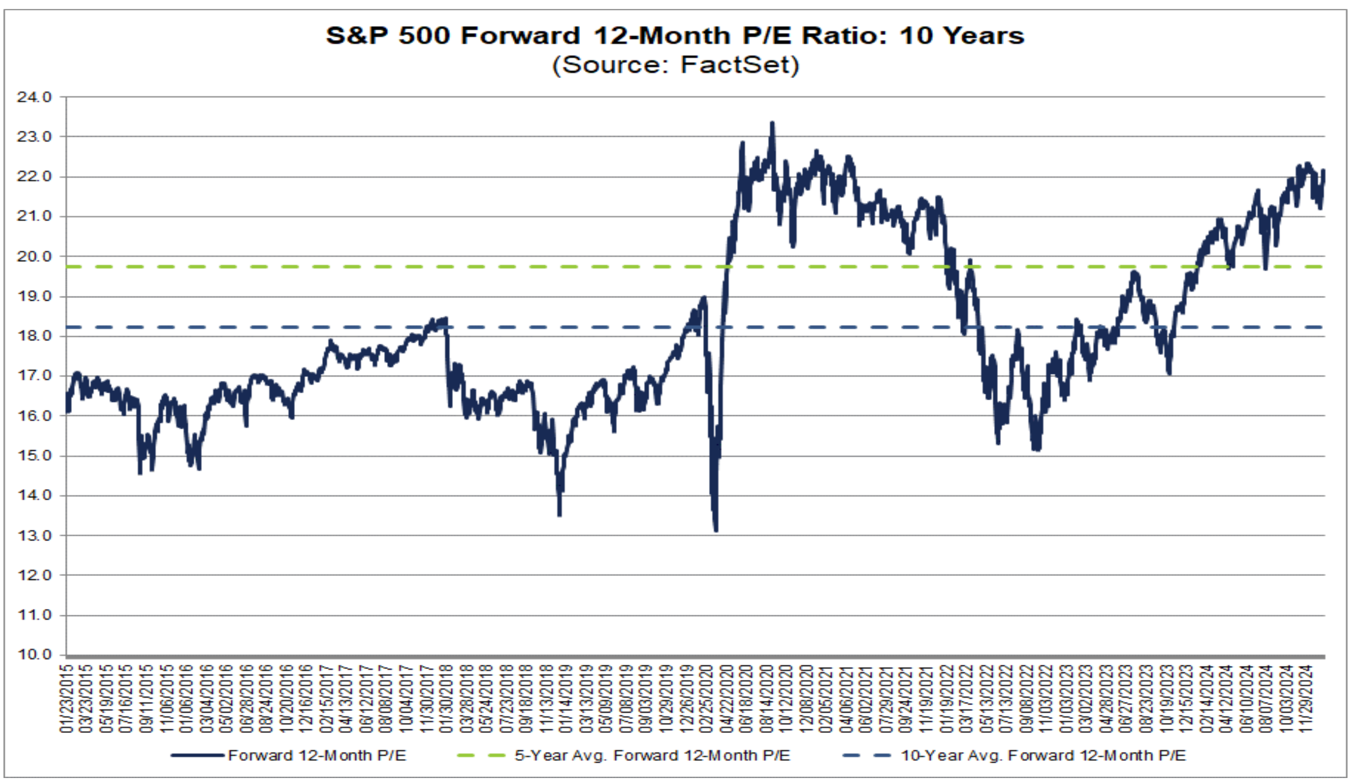


	Consumer Disc.	Info. Technology	Industrials	S&P 500	Consumer Staples	Comm. Services	Materials	Real Estate	Utilities	Health Care	Financials	Energy
Fwd P/E	29.6	29.5	23.2	22.2	20.7	20.3	19.8	17.9	17.8	17.4	17.0	14.7
5-Yr Avg.	28.4	25.3	20.7	19.7	20.3	18.9	18.1	19.1	18.2	17.0	14.0	1.7
10-Yr Avg.	23.9	21.4	18.6	18.2	19.8	16.4	17.2	0.0	17.7	16.4	13.4	15.4

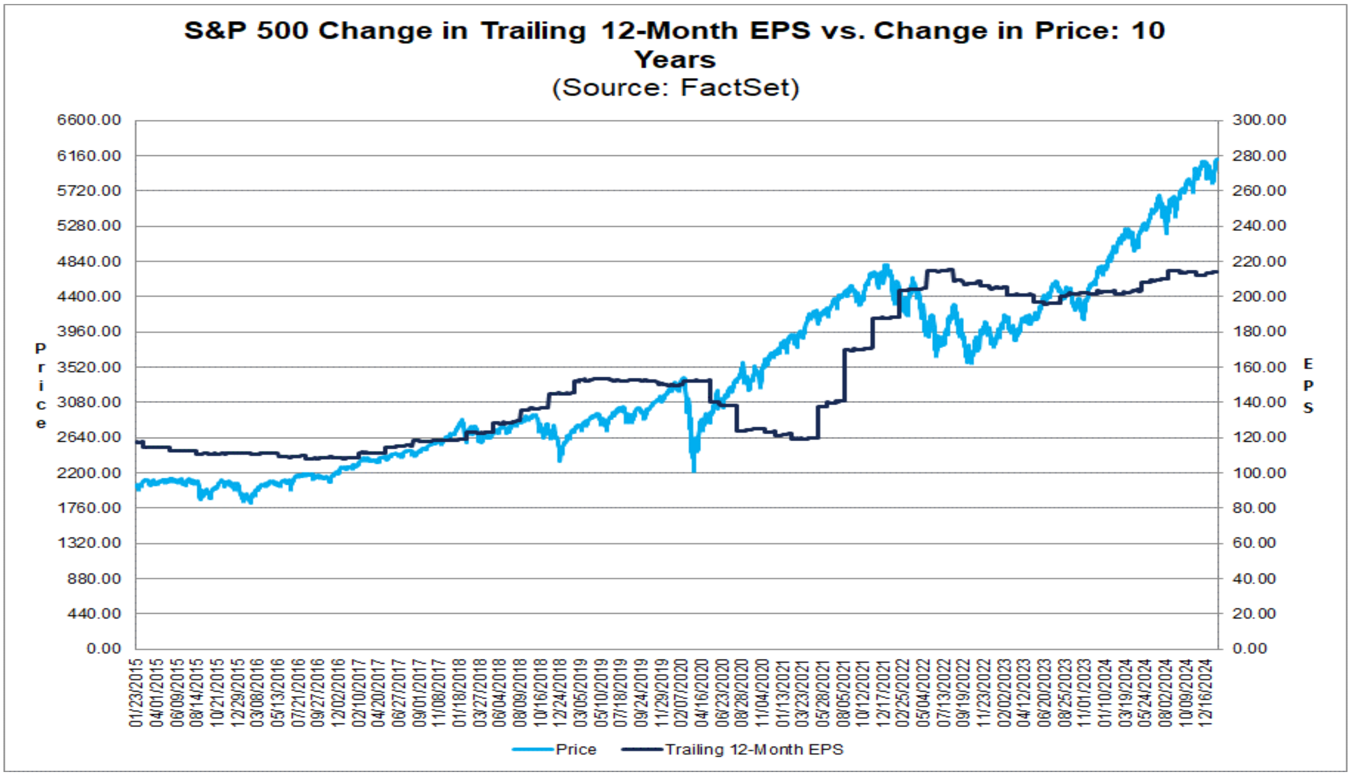


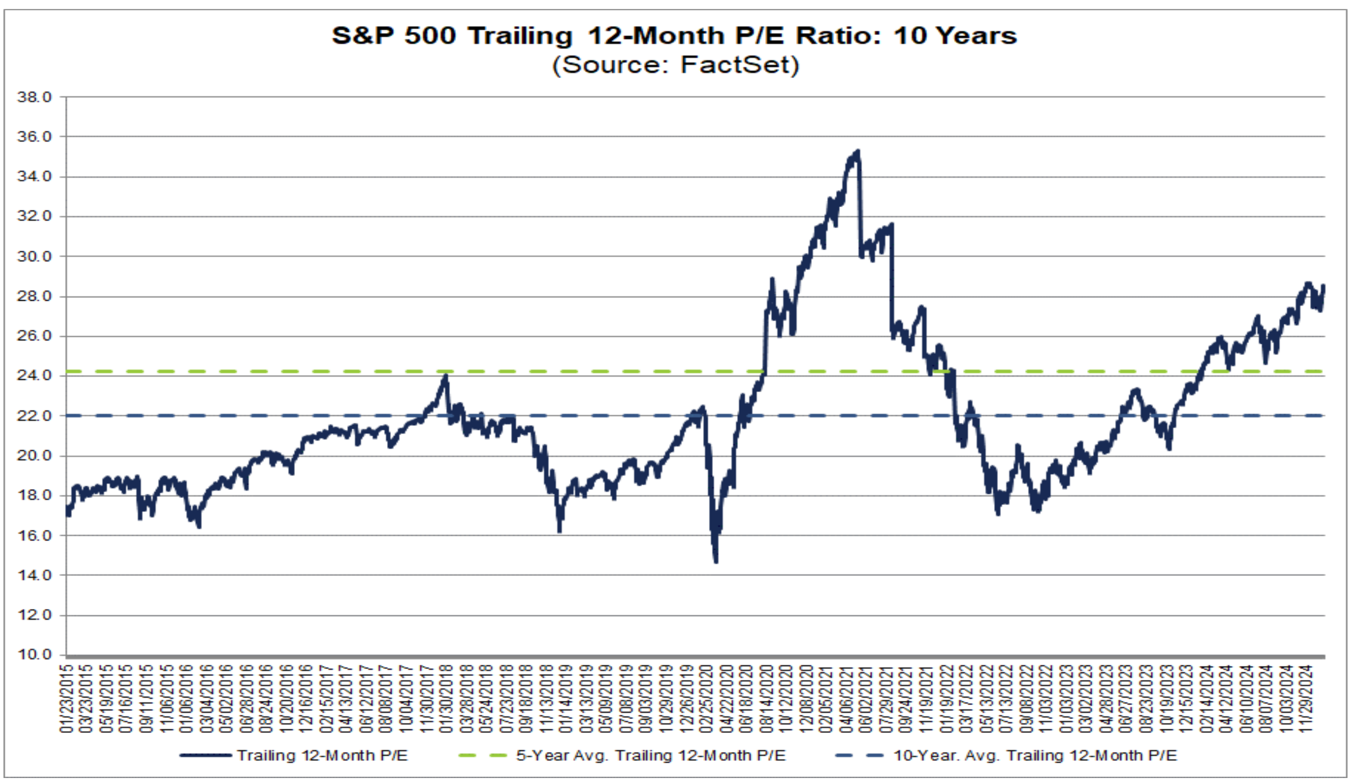
Forward 12M P/E Ratio: 10-Years



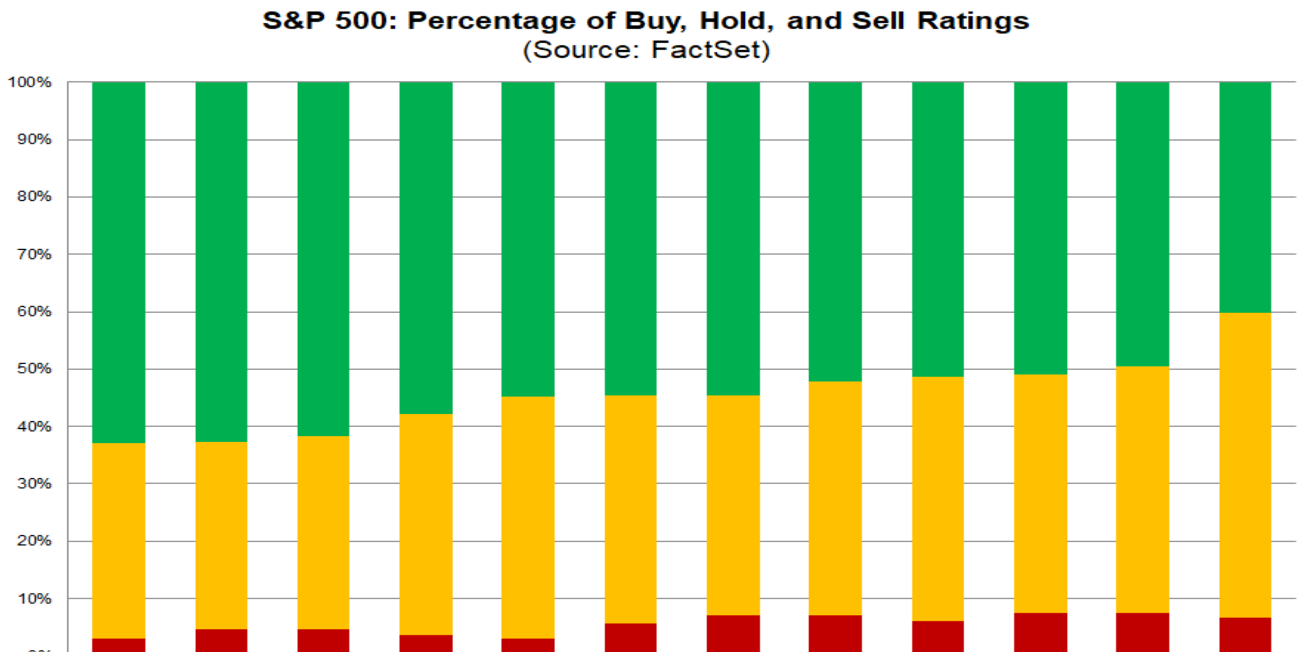


Trailing 12M P/E Ratio: 10-Years

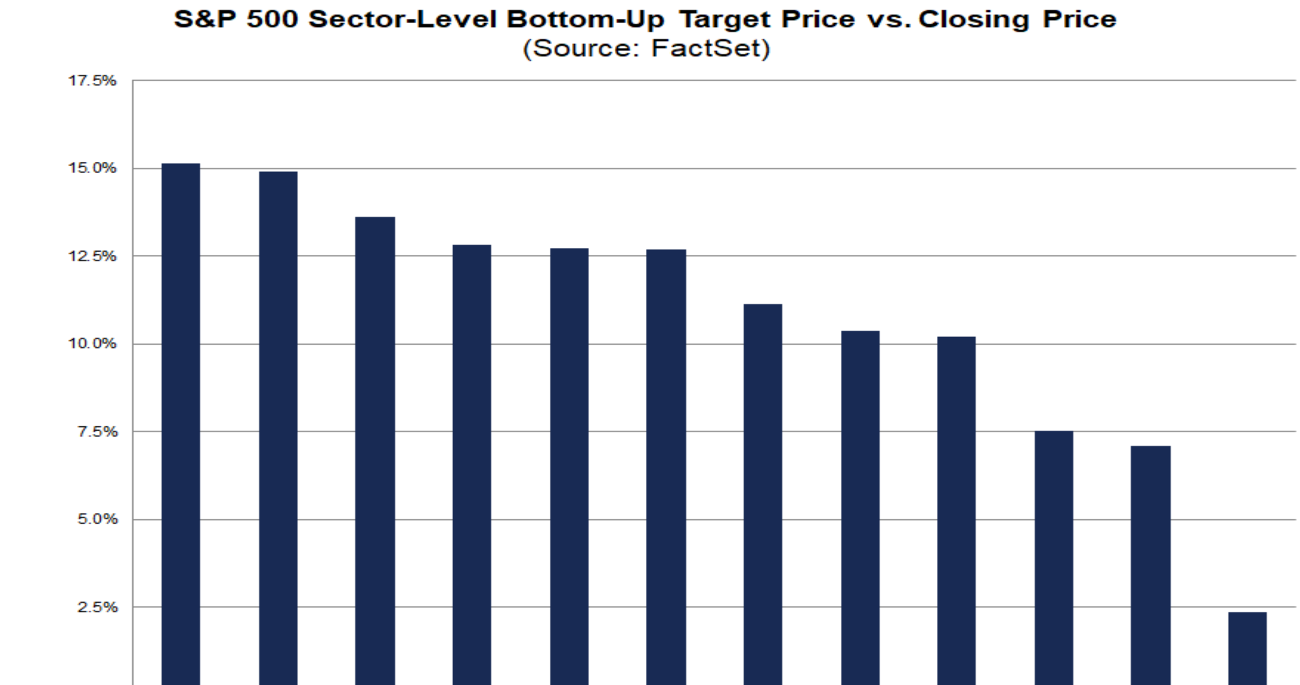




Targets & Ratings



	Energy	Comm. Services	Info. Tech.	Health Care	Real Estate	S&P 500	Consumer Disc.	Financials	Materials	Industrials	Utilities	Consumer Staples
Buy	63%	63%	62%	58%	55%	55%	55%	52%	51%	51%	50%	40%
Hold	34%	33%	34%	39%	42%	40%	38%	41%	43%	41%	43%	53%
Sell	3%	5%	5%	4%	3%	6%	7%	7%	6%	8%	8%	7%



	Materials	Health Care	Real Estate	Energy	Consumer Staples	Info. Tech.	Utilities	S&P 500	Comm. Services	Financials	Industrials	Consumer Disc.
Target/Close	15.2%	14.9%	13.6%	12.8%	12.7%	12.7%	11.1%	10.4%	10.2%	7.5%	7.1%	2.4%

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