John Butters
VP, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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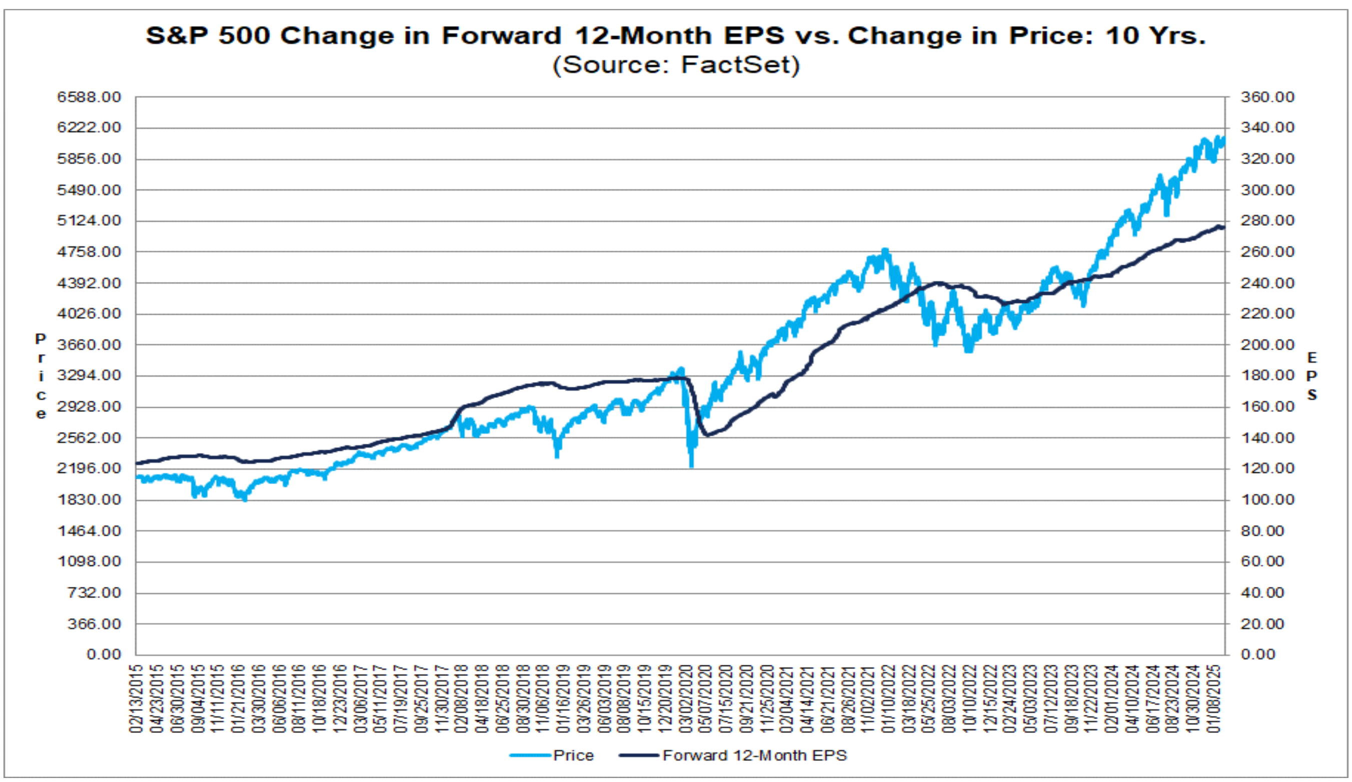
Author's Note: ***The FactSet Earnings Insight report will not be published on February 21. The next edition of the report will be published on February 28.***

Key Metrics

- **Earnings Scorecard:** For Q4 2024 (with 77% of S&P 500 companies reporting actual results), 76% 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 16.9%. If 16.9% 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 Guidance:** For Q1 2025, 42 S&P 500 companies have issued negative EPS guidance and 33 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 (19.8) and above the 10-year average (18.3).



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Topic of the Week

S&P 500 Companies With More International Exposure Are Reporting Earnings Growth Above 20%

During the fourth quarter, the U.S. Dollar Index increased by 7.6% (to 108.49 from 100.78). Given the stronger U.S. dollar, are S&P 500 companies with more international revenue exposure reporting lower (year-over-year) earnings and revenues for Q4 compared to S&P 500 companies with more domestic revenue exposure?

The answer is no. FactSet Geographic Revenue Exposure data (based on the most recently reported fiscal year data for each company in the index) was used to answer this question. For this analysis, the index was divided into two groups: companies that generate more than 50% of sales inside the U.S. (more domestic exposure) and companies that generate more than 50% of sales outside the U.S. (more international exposure). Aggregate earnings and revenue growth rates were then calculated based on these two groups.

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 S&P 500 for Q4 2024 is 16.9%. For companies that generate more than 50% of sales inside the U.S., the blended earnings growth rate is 14.4%. For companies that generate more than 50% of sales outside the U.S., the blended earnings growth rate is 20.8%.

The blended revenue growth rate for the S&P 500 for Q4 2024 is 5.2%. For companies that generate more than 50% of sales inside the U.S., the blended revenue growth rate is 5.0%. For companies that generate more than 50% of sales outside the U.S., the blended revenue growth rate is 5.9%.

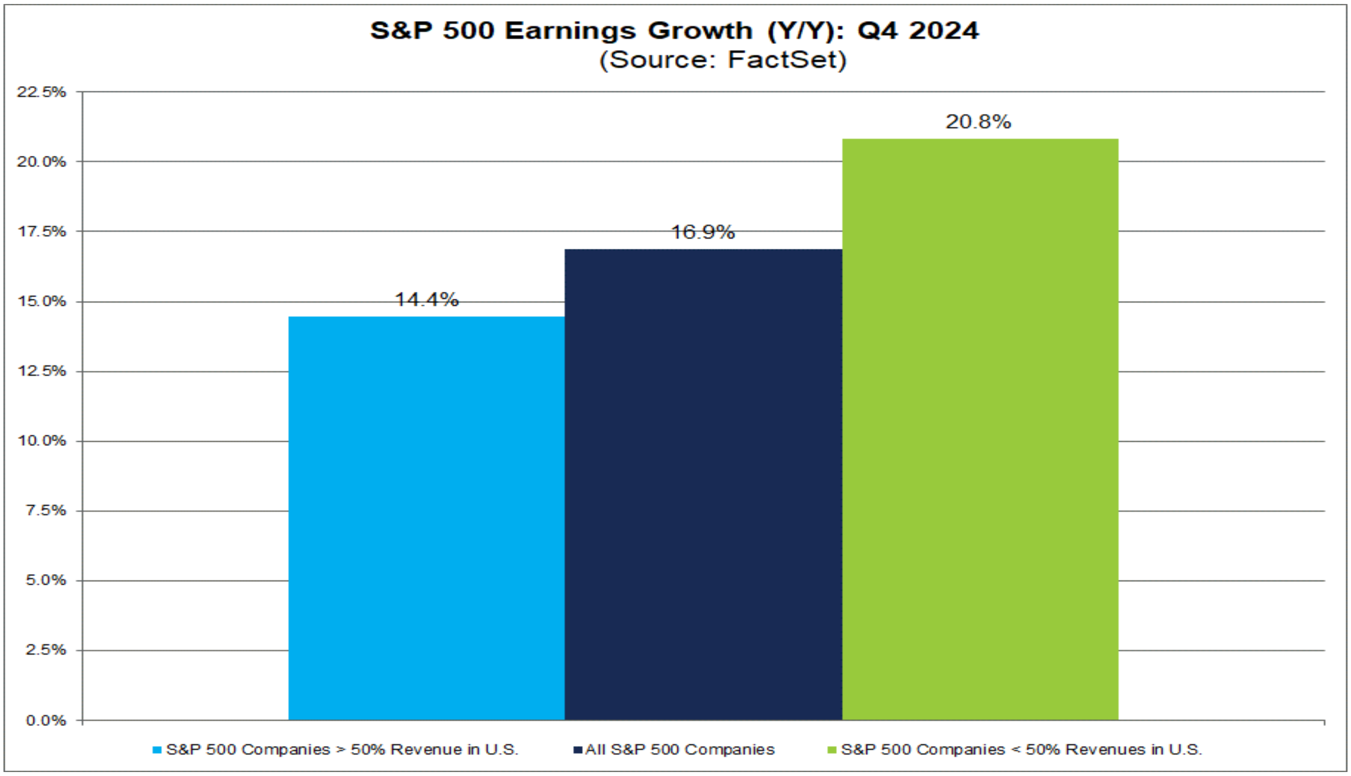
What is driving the outperformance of S&P 500 companies with higher international revenue exposure?

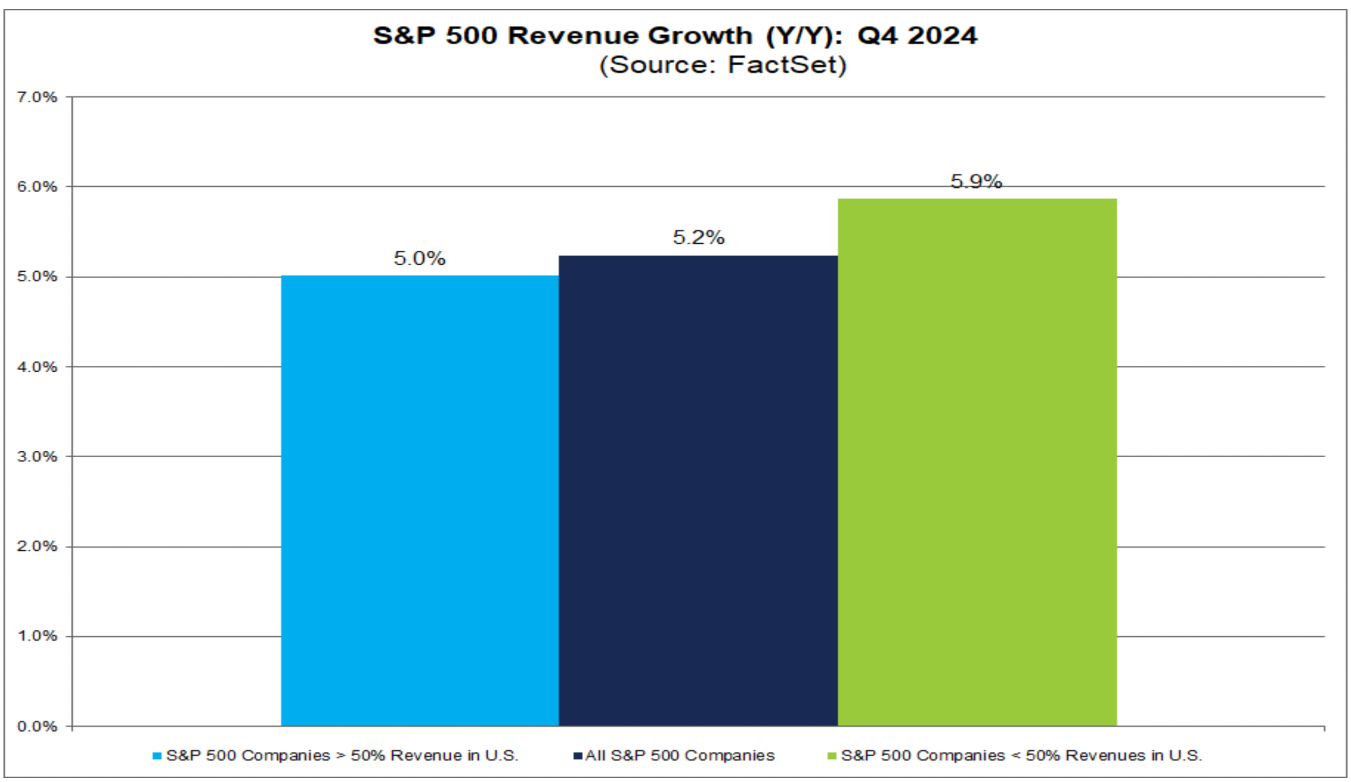
At the sector level, the Communication Services and Information Technology sectors are the top contributors to earnings and revenue growth for S&P 500 companies with more international revenue exposure. On the other hand, the Energy and Industrials sectors are the top detractors to earnings and revenue growth for S&P 500 companies with more domestic revenue exposure.

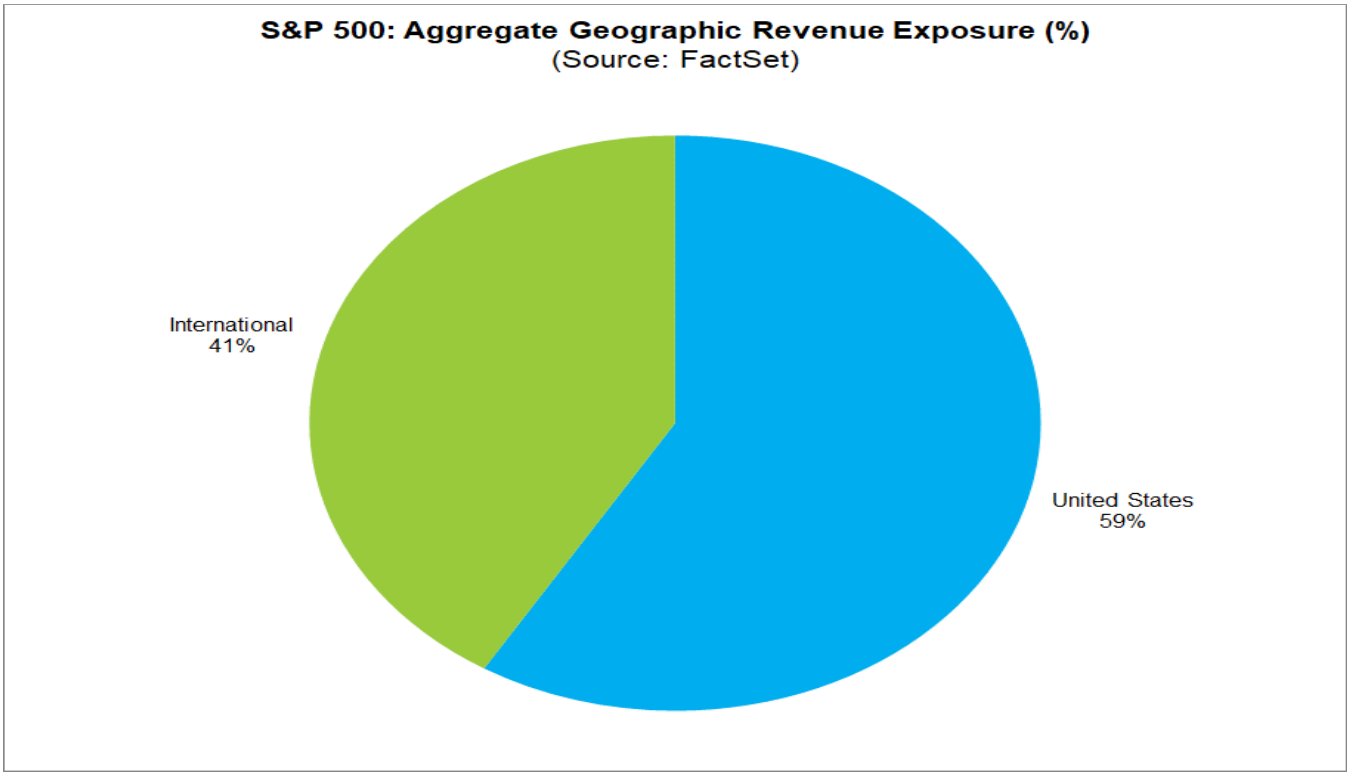
At the company level, NVIDIA is the top contributor to earnings and revenue growth for S&P 500 companies with more international revenue exposure. On the other hand, Boeing is the top detractor to earnings and revenue growth for S&P 500 companies with more domestic revenue exposure.

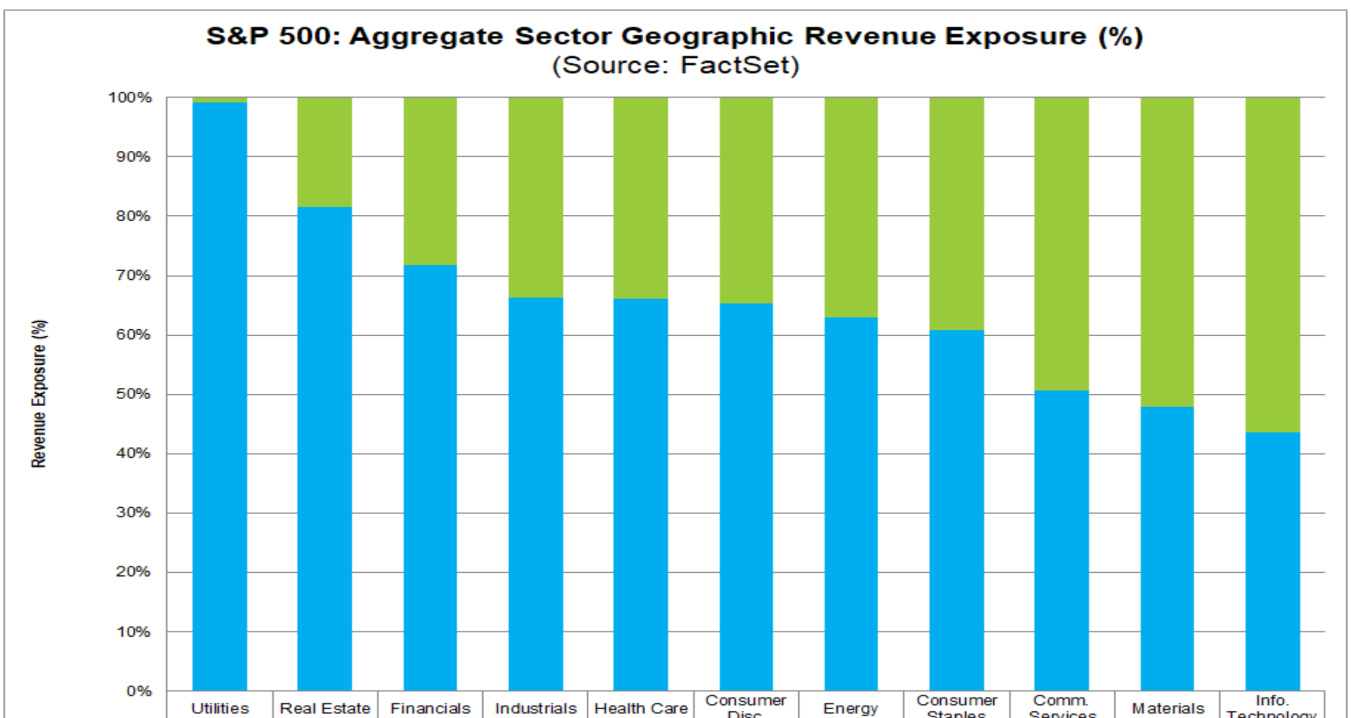
However, it is interesting to note that for Q1 2025, S&P 500 companies with more international revenue exposure are projected to report lower earnings growth compared to S&P 500 companies with more domestic revenue exposure.

The estimated earnings growth rate for the S&P 500 for Q1 2025 is 8.1%. For companies that generate more than 50% of sales inside the U.S., the estimated earnings growth rate is 9.1%. For companies that generate more than 50% of sales outside the U.S., the estimated earnings growth rate is 6.6%.

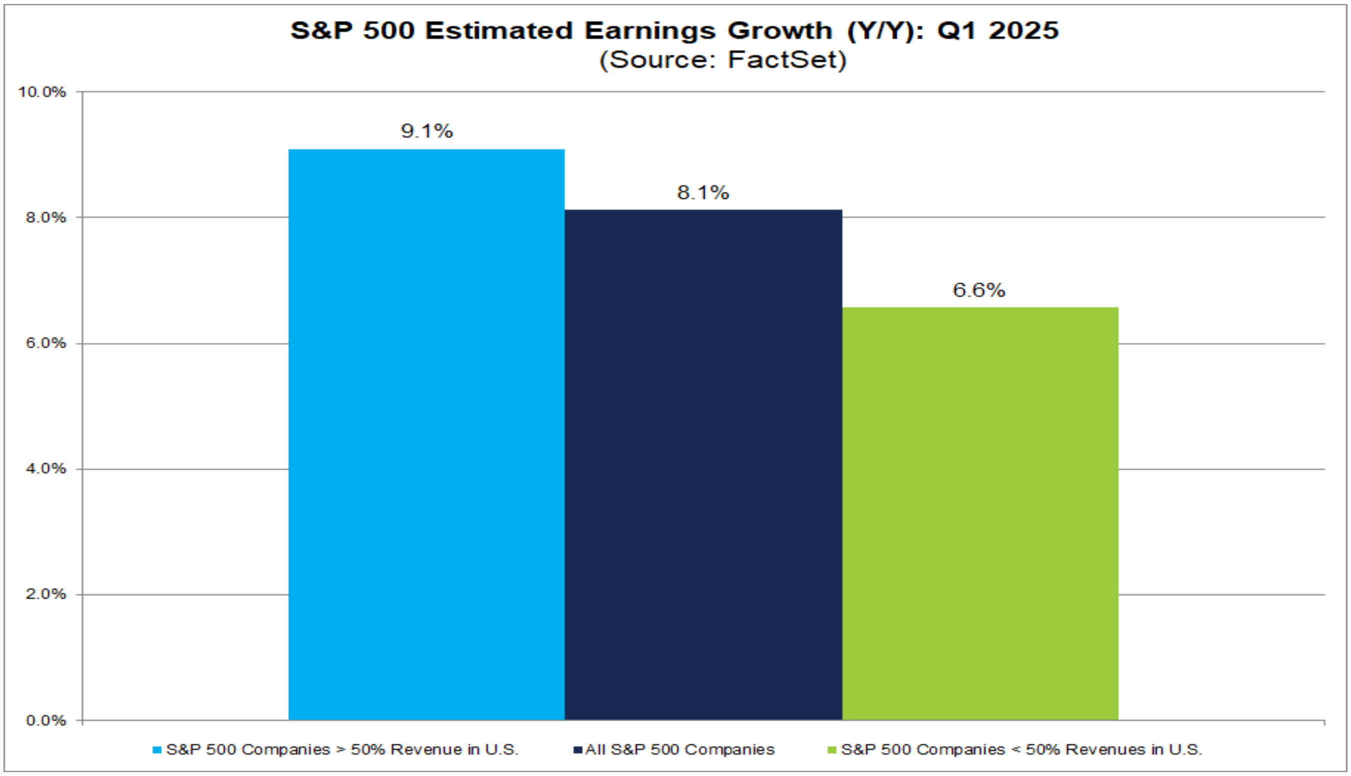

S&P 500 Earnings Growth (Y/Y): Q4 2024
(Source: FactSet)
22.5%
20.0%
17.5%
15.0%
12.5%
10.0%
7.5%
5.0%
2.5%
0.0%
14.4%
16.9%
20.8%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.


S&P 500 Revenue Growth (Y/Y): Q4 2024
(Source: FactSet)
7.0%
6.0%
5.0%
4.0%
3.0%
2.0%
1.0%
0.0%
5.0%
5.2%
5.9%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.





	Utilities	Real Estate	Financials	Industrials	Health Care	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	18%	28%	34%	34%	35%	37%	39%	49%	52%	56%
United States	99%	82%	72%	66%	66%	65%	63%	61%	51%	48%	44%


S&P 500 Estimated Earnings Growth (Y/Y): Q1 2025
(Source: FactSet)
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
9.1%
8.1%
6.6%
S&P 500 Companies > 50% Revenue in U.S.
All S&P 500 Companies
S&P 500 Companies < 50% Revenues in U.S.

Q4 Earnings Season: By The Numbers

Overview

At this stage of the fourth quarter earnings season, S&P 500 companies are reporting strong results relative to expectations. 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, 77% of the companies in the S&P 500 have reported actual results for Q4 2024 to date. Of these companies, 76% have reported actual EPS above estimates, which is below the 5-year average of 77% but 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 multiple sectors were responsible for 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, Consumer Discretionary, and Communication Services sectors 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 16.9% today, compared to an earnings growth rate of 16.4% last week and an earnings growth rate of 11.8% at the end of the fourth quarter (December 31).

If 16.9% 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.

Nine of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these nine sectors are reporting double-digit growth: Financials, Communication Services, Consumer Discretionary, Information Technology, Health Care, and Utilities. On the other hand, two sectors are reporting a year-over-year decline in earnings for the quarter. Only one of these three 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 0.8% above the estimates, which is below the 5-year average of 2.1% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive and negative revenue surprises reported by companies mostly offset each other, resulting in no change to the overall revenue growth rate over this period. Since December 31, positive revenue surprises reported by companies in the Financials, Health Care, and Consumer Discretionary sectors have been the largest contributors to the increase 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 5.2% today, compared to a revenue growth rate of 5.2% last week and a revenue growth rate of 4.6% at the end of the fourth quarter (December 31).

If 5.2% 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 Industrials and Materials sectors.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 8.1% and 9.9% for Q1 2025 and Q2 2025, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 12.7%.

The forward 12-month P/E ratio is 22.2, which is above the 5-year average (19.8) and above the 10-year average (18.3). 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, 46 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

Scorecard: Number and Magnitude of EPS Surprises Are Above 10-Year Averages

Percentage of Companies Beating EPS Estimates (76%) is Below 5-Year Average

Overall, 77% of the companies in the S&P 500 have reported earnings to date for the fourth quarter. Of these companies, 76% have reported actual EPS above the mean EPS estimate, 6% have reported actual EPS equal to the mean EPS estimate, and 19% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (77%) and the 5-year average (77%), but 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 Financials (84%), Communication Services (84%), and Information Technology (81%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (47%) and Real Estate (57%) sectors have the lowest percentages 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 Consumer Discretionary (+14.6%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Wynn Resorts ($2.42 vs. $1.27), Carnival ($0.14 vs. $0.08), MGM Resorts ($0.45 vs. $0.32), PulteGroup ($4.43 vs. $3.26), CarMax ($0.81 vs. $0.62), Airbnb ($0.73 vs. $0.58), and Amazon.com ($1.86 vs. $1.49) have reported the largest positive EPS surprises.

The Industrials (+10.6%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Uber Technologies ($3.21 vs. $0.50), Dayforce ($0.60 vs. $0.45), Lennox International ($5.60 vs. $4.26), GE Aerospace ($1.32 vs. $1.04), and Southwest Airlines ($0.56 vs. $0.46) have reported the largest positive EPS surprises. The actual (GAAP) EPS for Uber Technologies included a $6.4 billion gain from a tax valuation release.

The Financials (+10.2%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Cincinnati Financial ($3.14 vs. $1.90), Goldman Sachs ($11.95 vs. $8.21), Discover Financial Services ($5.11 vs. $3.61), Travelers Companies ($9.15 vs. $6.70), and Morgan Stanley ($2.22 vs. $1.70) have reported the largest positive EPS surprises.

The Communication Services (+8.1%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Fox Corporation ($0.96 vs. $0.68), Take-Two Interactive Software ($0.72 vs. $0.58), Walt Disney ($1.76 vs. $1.45), and Meta Platforms ($8.02 vs. $6.76) has reported the largest positive EPS surprises.

Market Rewarding Positive EPS Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q4 2024 have seen an average price increase of +0.5% two days before the earnings release through two days after the earnings release. This percentage increase is below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q4 2024 have seen an average price decrease of -1.8% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (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%), but below the 5-year average (69%) and 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 Health Care (86%) and Information Technology (81%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (23%) and Utilities (27%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.8%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.8% 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 Energy (+1.5%) sector is reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-6.7%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Multiple Sectors

Increase in Blended Earnings This Week Due to Multiple Sectors

The blended (year-over-year) earnings growth rate for the fourth quarter is 16.9%, which is above the earnings growth rate of 16.4% last week. Positive EPS surprises reported by companies in multiple sectors were responsible for the increase in the overall earnings growth rate during the past week.

No Change in Blended Revenues This Week

The blended (year-over-year) revenue growth rate for the fourth quarter is 5.2%, which is equal to the revenue growth rate of 5.2% last week. Positive and negative revenue surprises reported by companies mostly offset each other, resulting in no change to 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 16.9% is above the estimate of 11.8% at the end of the fourth quarter (December 31). Nine 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 51.8% from 39.1%), Consumer Discretionary (to 25.4% from 13.0%), and Communication Services (to 30.0% from 20.6%) sectors. These three sectors have also been the largest contributors to the increase in earnings for the index since December 31. On the other hand, two 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 -27.5% from -24.6%) sector.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($4.81 vs. $4.09), Goldman Sachs ($11.95 vs. $8.21), and Morgan Stanley ($2.22 vs. $1.70) have been significant 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 51.8% from 39.1% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($1.86 vs. $1.49) has been a significant contributor 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 Consumer Discretionary sector has increased to 25.4% from 13.0% over this period.

In the Communication Services sector, the positive EPS surprise reported by Meta Platforms ($8.02 vs. $6.76) has been a substantial contributor 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 Communication Services sector has increased to 30.0% from 20.6% over this period.

Financials and Health Care Sectors Have Seen Largest Increases in Revenues since December 31

The blended (year-over-year) revenue growth rate for Q4 2024 of 5.2% is above the estimate of 4.6% at the end of the fourth quarter (December 31). Eight 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 6.9% from 5.4%) and Health Care (to 8.9% from 7.5%) sectors. The Financials, Health Care, and Consumer Discretionary (to 5.9% from 4.6%) sectors have been the largest contributors to the increase in revenues for the index since December 31. On the other hand, three 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 4.5% from 7.9%) sector.

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), Morgan Stanley ($16.22 billion vs. $15.02 billion), Allstate ($15.06 billion vs. $13.72 billion), and Aflac ($5.40 billion vs. $4.20 billion) have been substantial contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Financials sector has increased to 6.9% from 5.4% over this period.

In the Health Care sector, the positive revenue surprises reported by Cencora ($81.49 billion vs. $78.31 billion), Cigna Group ($65.68 billion vs. $63.44 billion), and Centene ($40.81 billion vs. $39.36 billion) have been significant contributors to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 8.9% from 7.5% over this period.

In the Consumer Discretionary sector, the positive revenue surprise reported by General Motors ($47.70 billion vs. $44.98 billion) has been a significant contributor to the increase in revenues for the index since December 31. As a result, the blended revenue growth rate for the Consumer Discretionary sector has increased to 5.9% from 4.6% over this period.

Earnings Growth: 16.9%

The blended (year-over-year) earnings growth rate for Q4 2024 is 16.9%, 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 16.9% 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.

Nine of the eleven sectors are reporting year-over-year earnings growth for Q4. Six of these nine sectors are reporting double-digit earnings growth: Financials, Communication Services, Consumer Discretionary, Information Technology, Health Care, and Utilities. On the other hand, two sectors are reporting a year-over-year decline in earnings for Q4. Only one of these sectors 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 51.8%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth. All four of these industries are reporting double-digit growth: Banks (216%), Capital Markets (52%), Consumer Finance (50%), and Financial Services (15%). On the other hand, the Insurance (-4%) 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 20.3% from 51.8%.

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 30.0%. At the industry level, all 5 industries in the sector are reporting year-over-year earnings growth: Entertainment (62%), Wireless Telecommunication Services (52%), Interactive Media & Services (35%), Media (18%), and Diversified Telecommunication Services (1%).

The Interactive Media & Services industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Communication Services sector would fall to 21.8% from 30.0%.

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

The Consumer Discretionary sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 25.4%. At the industry level, 4 of the 9 industries in the sector are reporting year-over-year earnings growth. Two of these four industries are reporting double-digit growth: Broadline Retail (86%) and Automobiles (13%). On the other hand, five industries are reporting (or are predicted to report) a year-over-year decline in earnings. Two of these five industries are expected to report a double-digit decline: Distributors (-25%) and Leisure Products (-12%).

At the company level, Amazon.com ($1.86 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 2.5% from 25.4%.

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

The Information Technology sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 16.4%. At the industry level, 5 of the 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (38%), Electronic Equipment, Instruments, & Components (14%), Software (11%), Technology Hardware, Storage, & Peripherals (10%), and Communications Equipment (7%). On the other hand, the IT Services (-8%) 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 8.5% from 16.4%.

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 12.8%. At the industry level, 3 of the 5 industries in the sector are reporting year-over-year earnings growth: Pharmaceuticals (70%), Health Care Equipment & Supplies (9%), and Life Sciences, Tools, & Services (5%). On the other hand, two industries are reporting a year-over-year decline in earnings: Biotechnology (-14%) and Health Care Providers & Services (-6%).

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 -3.5% instead of (year-over-year) earnings growth of 12.8%.

Utilities: All 5 Industries Reporting Year-Over-Year Growth

The Utilities sector is reporting the sixth-highest (year-over-year) earnings growth rate of all eleven sectors at 12.6%. At the industry level, all 5 industries in the sector are reporting year-over-year earnings growth: Independent Power and Renewable Energy Producers (222%), Water Utilities (28%), Multi-Utilities (23%), Gas Utilities (13%), and Electric Utilities (1%).

At the company level, Vistra Corp. ($1.87 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 5.3% from 12.6%

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -27.5%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in 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 reporting a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-91%), Integrated Oil & Gas (-32%), and Oil & Gas Exploration & Production (-8%). 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 (3%).

Revenue Growth: 5.2%

The blended (year-over-year) revenue growth rate for Q4 2024 is 5.2%, which is below the 5-year average revenue growth rate of 6.9% but equal to the 10-year average revenue growth rate of 5.2%. If 5.2% 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 Industrials and Materials sectors.

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 11.7%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (25%), Software (12%), Communication Equipment (10%), Technology Hardware, Storage, & Peripherals (7%), IT Services (5%), and Electronic Equipment, Instruments, & Components (3%).

Industrials: 4 of 12 Industries Reporting Year-Over-Year Decline

The Industrials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -2.7%. At the industry level, 4 of the 12 industries in the sector are reporting year-over-year decline in revenue, led by the Aerospace & Defense (-10%), Machinery (-8%), and Industrial Conglomerates (-7%) industries. On the other hand, 8 industries are reporting year-over-year revenue growth, led by the Construction & Engineering (14%) industry.

Materials: 2 of 4 Industries Reporting Year-Over-Year Decline

The Materials sector is reporting the second-largest (year-over-year) revenue decline of all eleven sectors at -2.4%. At the industry level, 2 of the 4 industries in the sector are reporting year-over-year decline in revenue: Chemicals (-3%) and Containers & Packaging (-2%). On the other hand, 2 industries are reporting year-over-year revenue growth of less than 1%: Construction Materials and Metals & Mining.

Net Profit Margin: 12.5%

The blended net profit margin for the S&P 500 for Q4 2024 is 12.5%, which is above the previous quarter's net profit margin of 12.2%, above the year-ago net profit margin of 11.3% and above the 5-year average of 11.6%.

At the sector level, eight sectors are reporting a year-over-year increase in their net profit margins in Q4 2024 compared to Q4 2023, led by the Financials (19.1% vs, 13.4%) sector. On the other hand, two sectors are reporting a year-over-year decrease in their net profit margins in Q4 2024 compared to Q4 2023, led by the Energy (7.7% vs. 10.4%) sector. One sector (Consumer Staples) is reporting no change in net profit margin (6.0%) compared to Q4 2023.

Five sectors are reporting net profit margins in Q4 2024 that are above their 5-year averages, led by the Information Technology (26.5% vs. 24.0%), Financials (19.0% vs. 16.6%), Communication Services (14.2% vs. 11.8%), and Industrials (10.7% vs. 8.3%) 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 (9.0% vs. 11.1%), Health Care (7.7% vs. 9.6%), and Energy (7.7% vs. 9.4%) sectors.

Forward Estimates & Valuation

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

At this point in time, 75 companies in the index have issued EPS guidance for Q1 2025. Of these 75 companies, 42 have issued negative EPS guidance and 33 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2025 is 56% (42 out of 75), which is below the 5-year average of 58% and below the 10-year average of 62%.

At this point in time, 263 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 263 companies, 150 have issued negative EPS guidance and 113 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 57% (150 out of 263).

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 13% for CY 2025

For the fourth quarter, S&P 500 companies are reporting year-over-year growth in earnings of 16.9% and year-over-year growth in revenues of 5.2%. For CY 2024, S&P 500 companies are reporting year-over-year growth in earnings of 10.2% and year-over-year growth in revenues of 5.2%.

For Q1 2025, analysts are projecting earnings growth of 8.1% and revenue growth of 4.4%.

For Q2 2025, analysts are projecting earnings growth of 9.9% and revenue growth of 4.7%.

For Q3 2025, analysts are projecting earnings growth of 14.4% and revenue growth of 5.5%.

For Q4 2025, analysts are projecting earnings growth of 12.9% and revenue growth of 6.1%.

For CY 2025, analysts are projecting earnings growth of 12.7% and revenue growth of 5.5%.

For CY 2026, analysts are projecting earnings growth of 13.9% and revenue growth of 6.4%.

Valuation: Forward P/E Ratio is 22.2, Above the 10-Year Average (18.3)

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 19.8 and above the 10-year average of 18.3. 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 0.7%. At the sector level, the Information Technology (28.9) and Consumer Discretionary (28.9) sectors have the highest forward 12-month P/E ratios, while the Energy (14.3) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 27.6, which is above the 5-year average of 24.3 and above the 10-year average of 22.1.

Targets & Ratings: Analysts Project 13% Increase in Price Over Next 12 Months

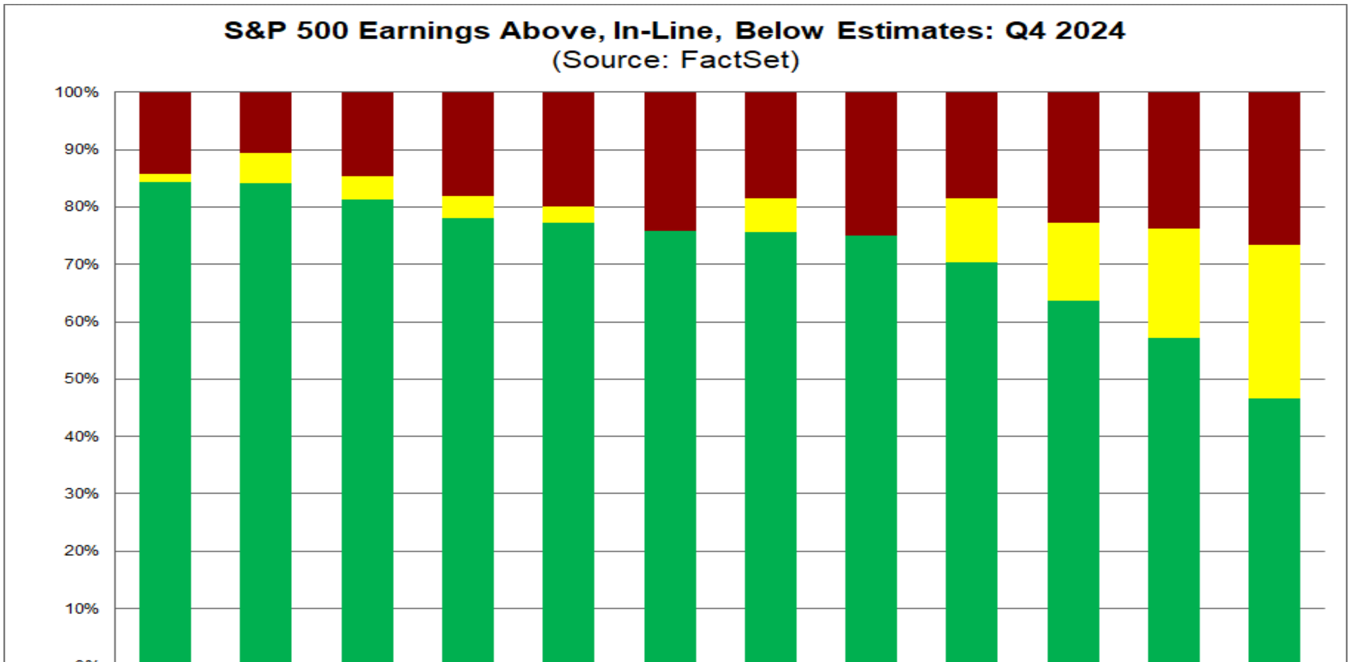
The bottom-up target price for the S&P 500 is 6920.37, which is 13.2% above the closing price of 6115.07. At the sector level, the Energy (+16.7%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+6.3%) sector is expected to see the smallest price increase, as this sector has the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 12,308 ratings on stocks in the S&P 500. Of these 12,308 ratings, 54.8% are Buy ratings, 39.4% are Hold ratings, and 5.8% 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 (41%) sector has the lowest percentage of Buy ratings.

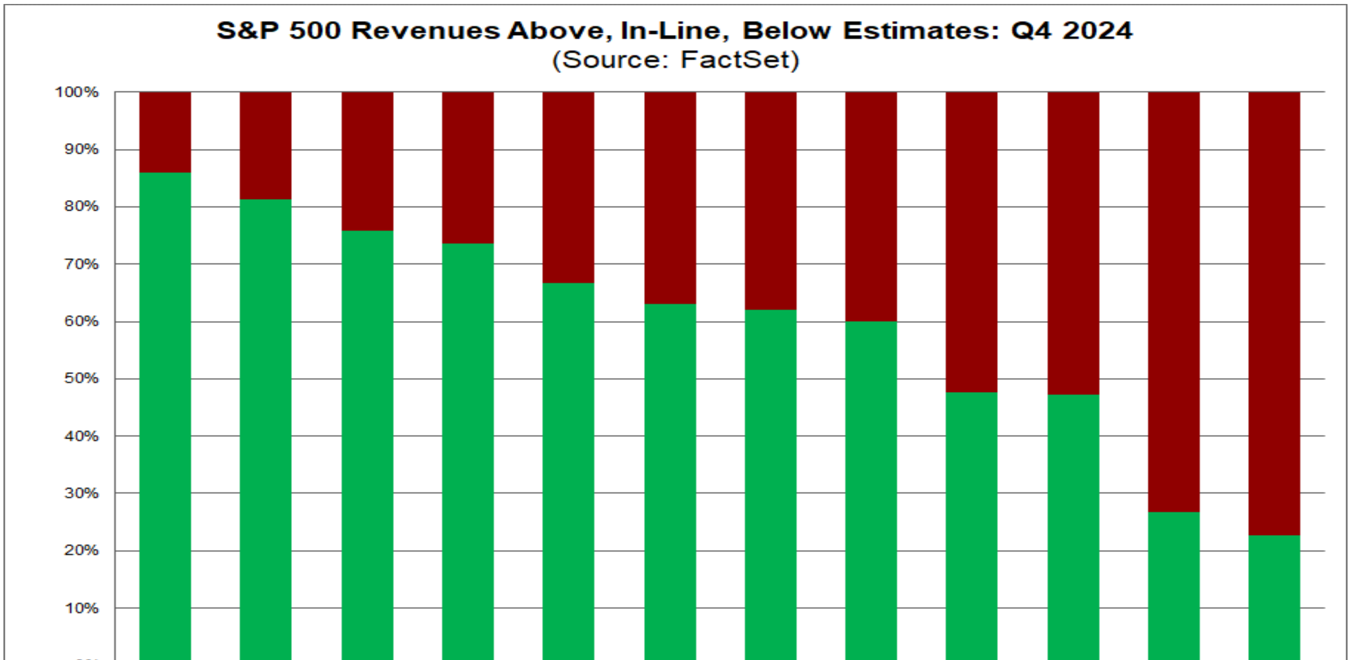
Companies Reporting Next Week: 46

During the upcoming week, 46 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

Q4 2024: Scorecard

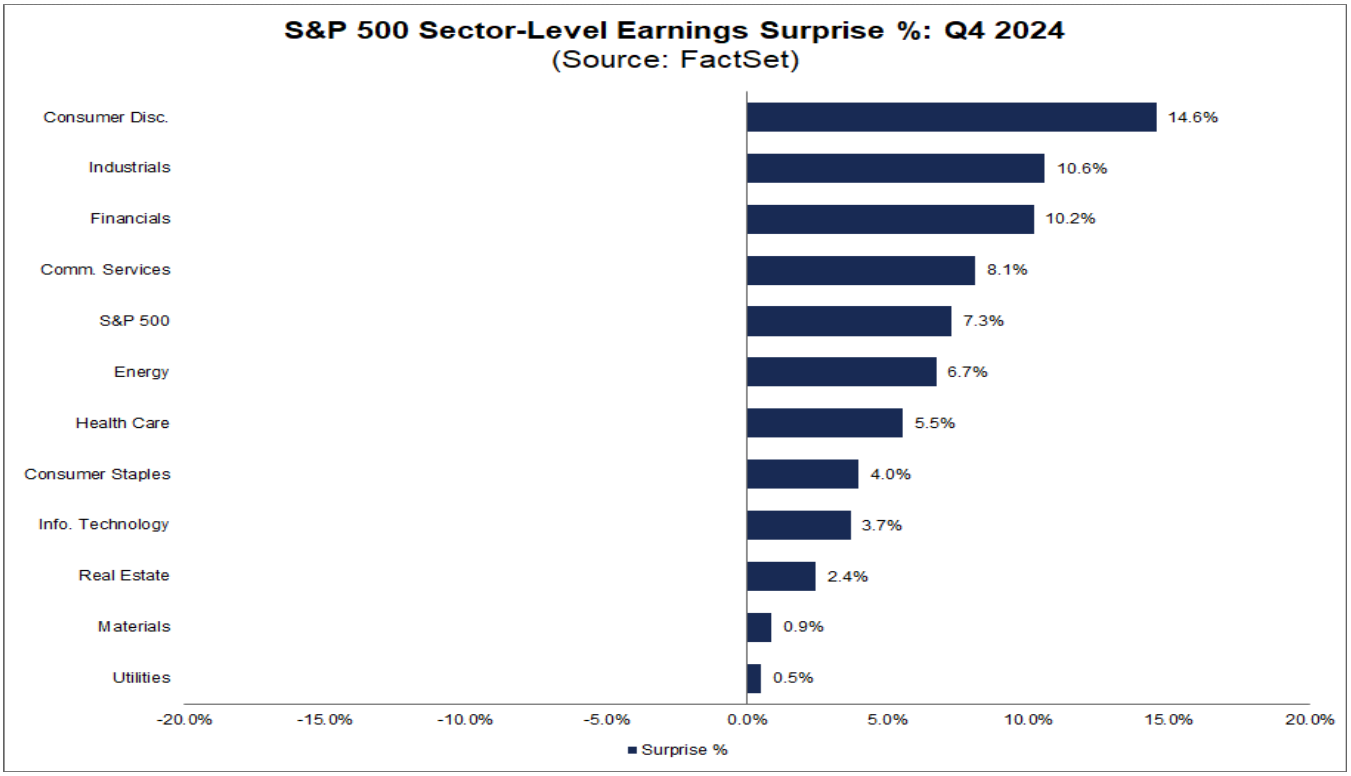


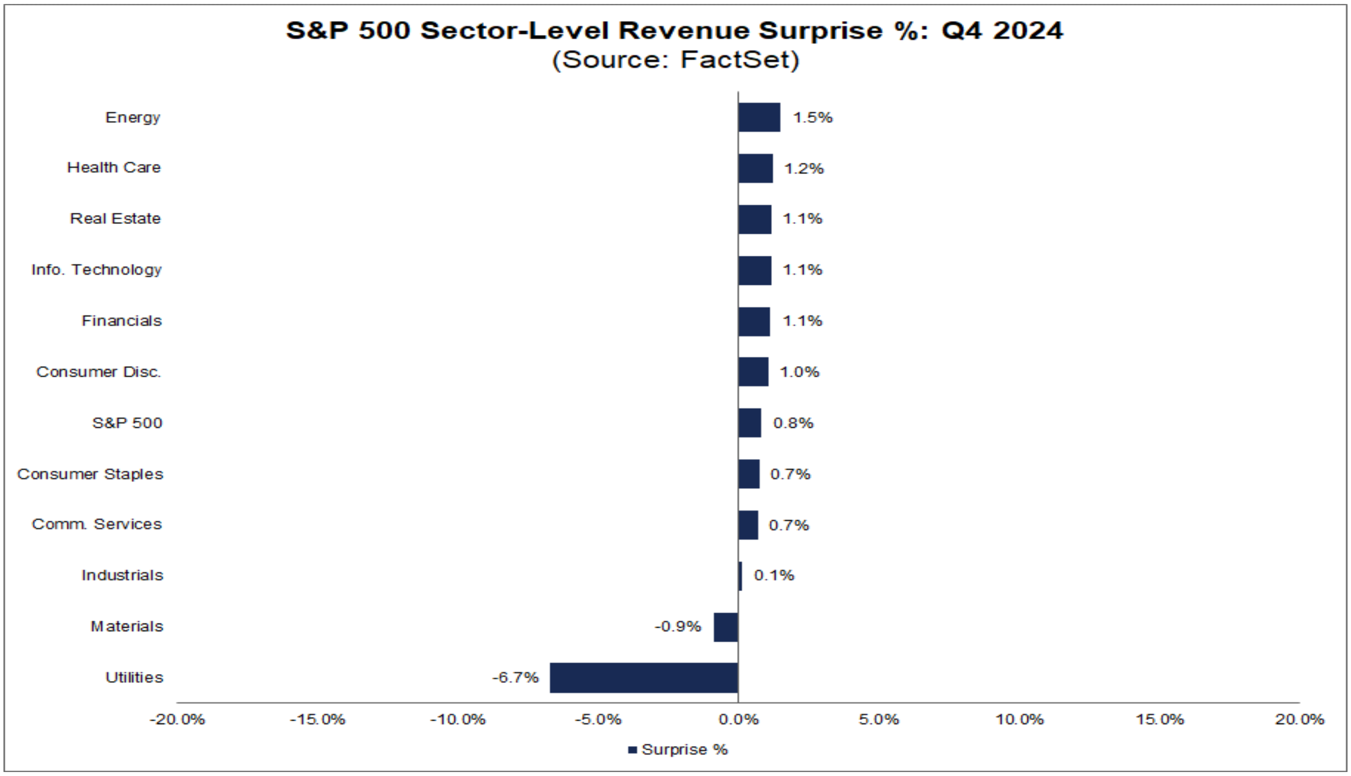
	Financials	Comm. Services	Info. Technology	Health Care	Industrials	Consumer Disc.	S&P 500	Energy	Consumer Staples	Materials	Real Estate	Utilities
Below	14%	11%	15%	18%	20%	24%	19%	25%	19%	23%	24%	27%
In-Line	1%	5%	4%	4%	3%	0%	6%	0%	11%	14%	19%	27%
Above	84%	84%	81%	78%	77%	76%	76%	75%	70%	64%	57%	47%



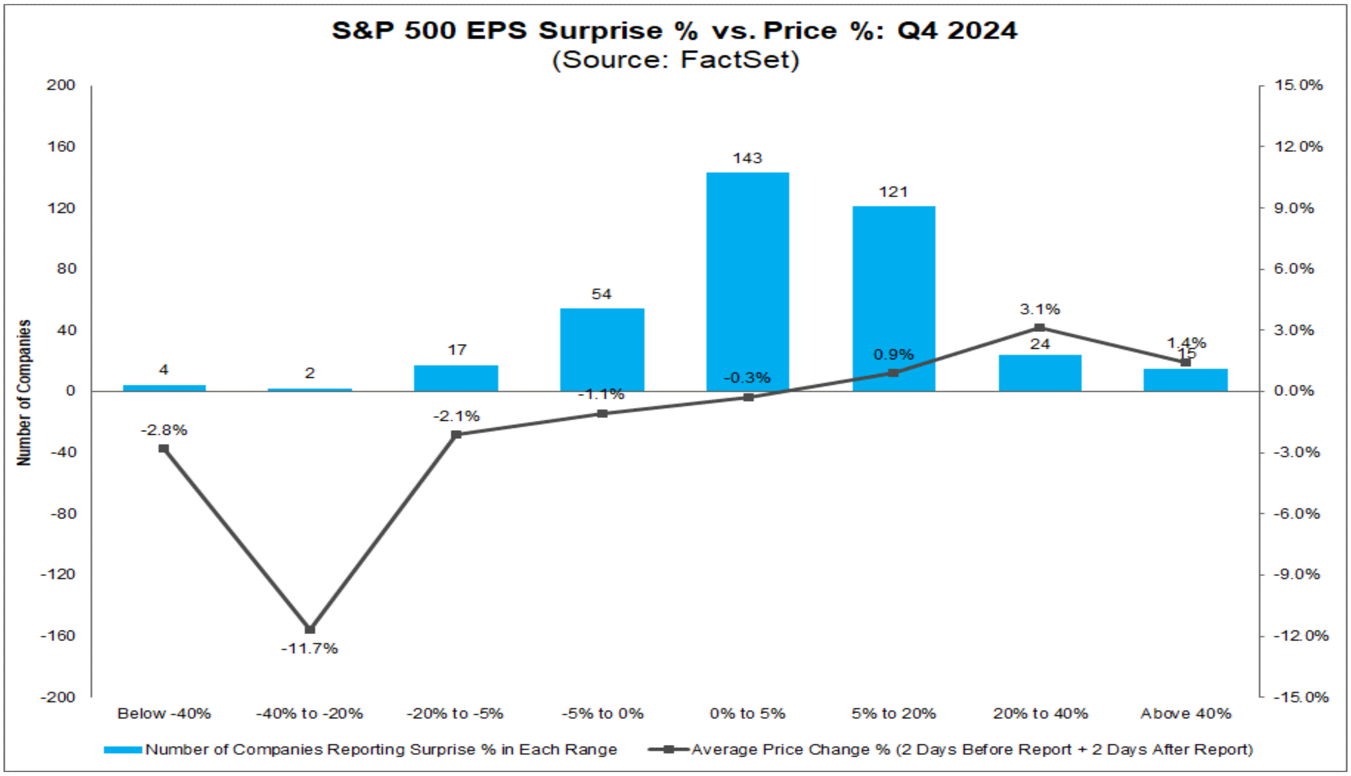
	Health Care	Info. Technology	Consumer Disc.	Comm. Services	Energy	Consumer Staples	S&P 500	Financials	Real Estate	Industrials	Utilities	Materials
Below	14%	19%	24%	26%	33%	37%	38%	40%	52%	53%	73%	77%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	86%	81%	76%	74%	67%	63%	62%	60%	48%	47%	27%	23%

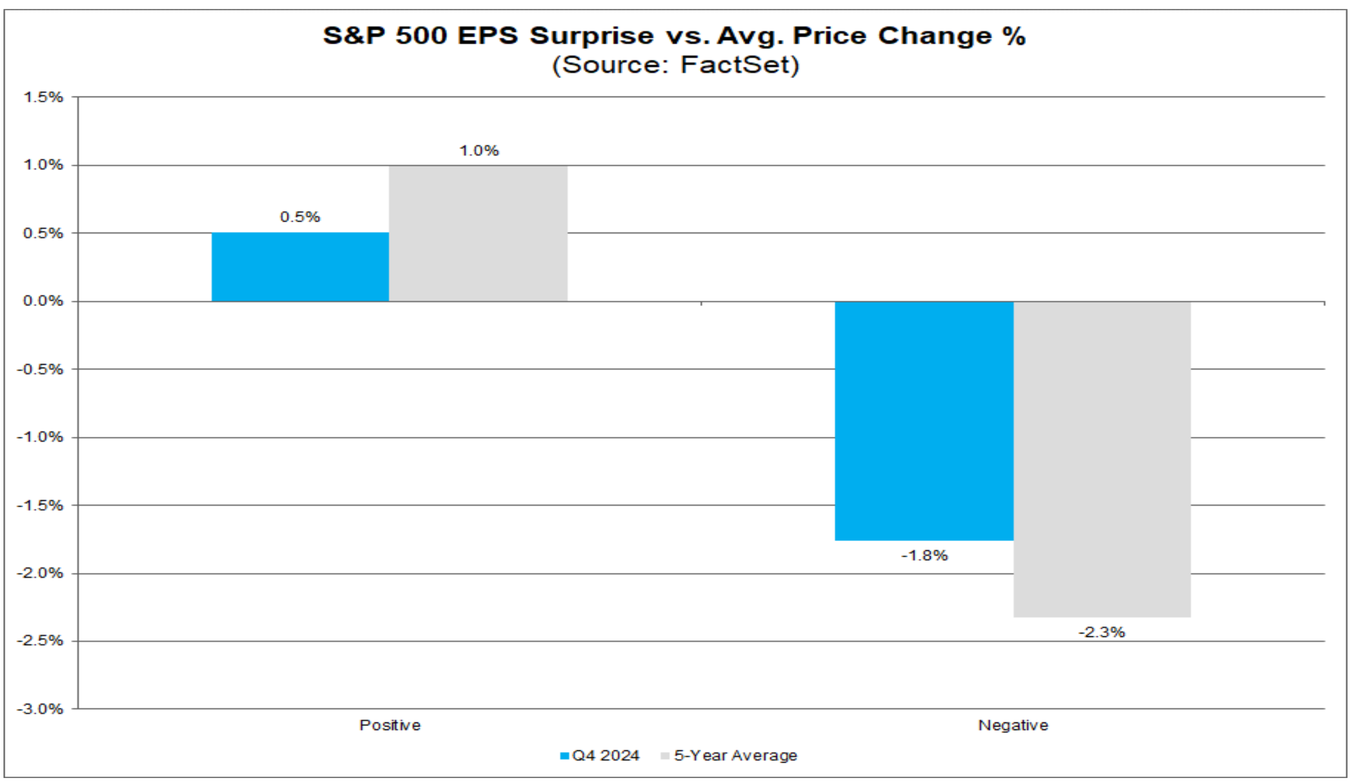
Q4 2024: Surprise



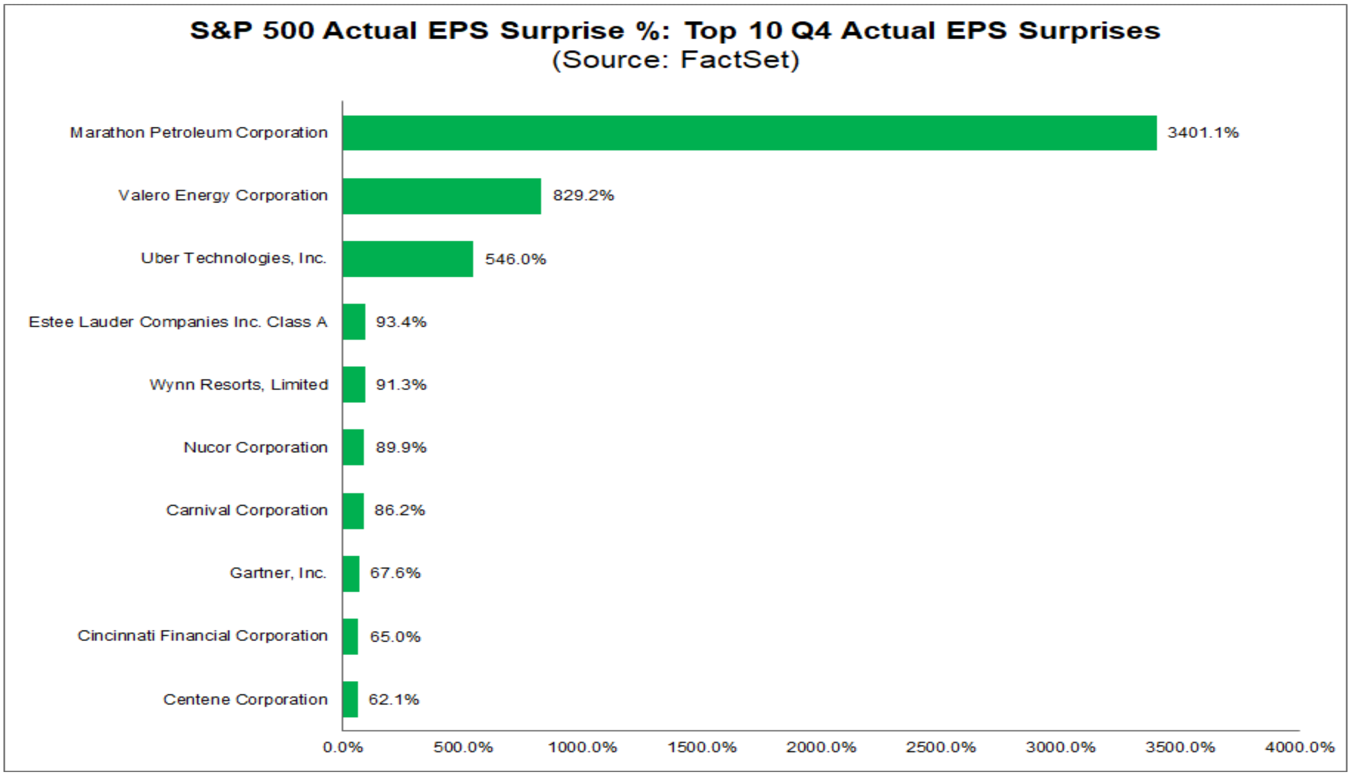


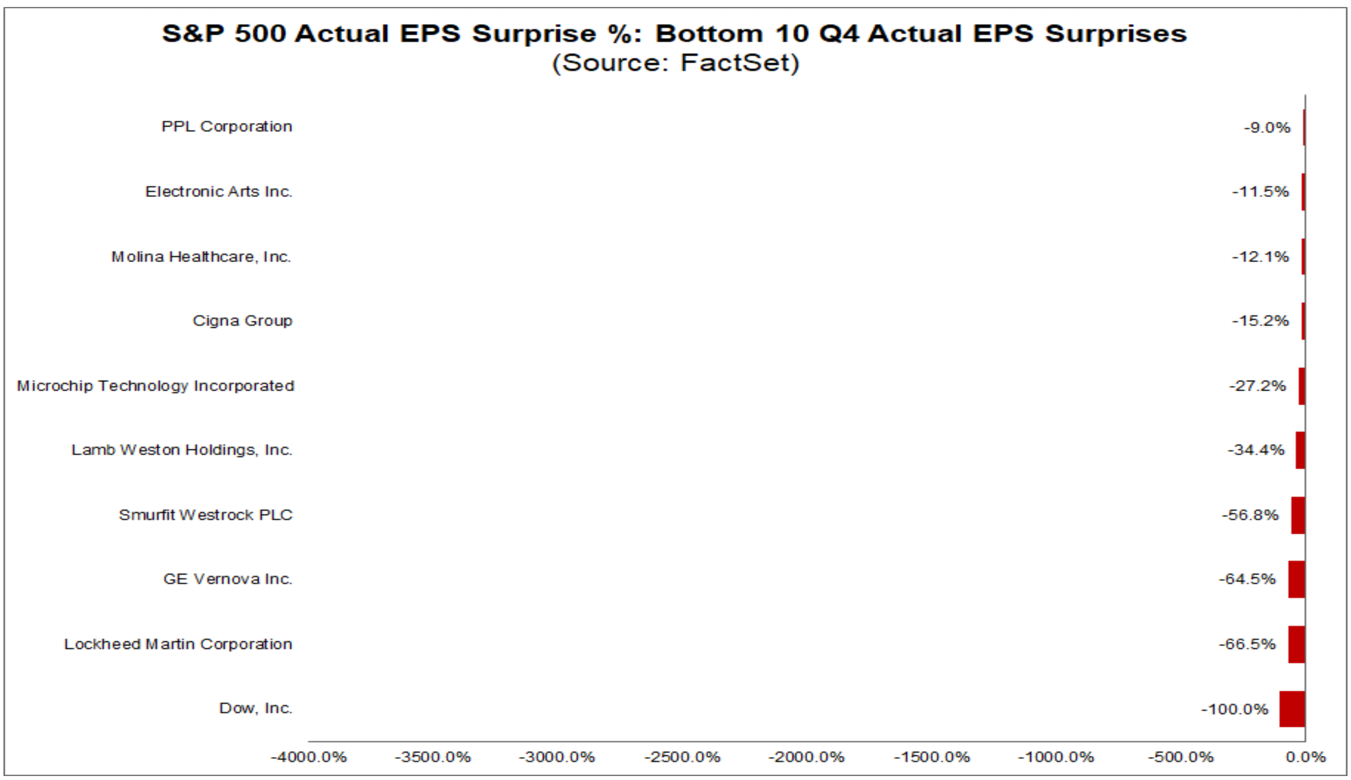
Q4 2024: Surprise



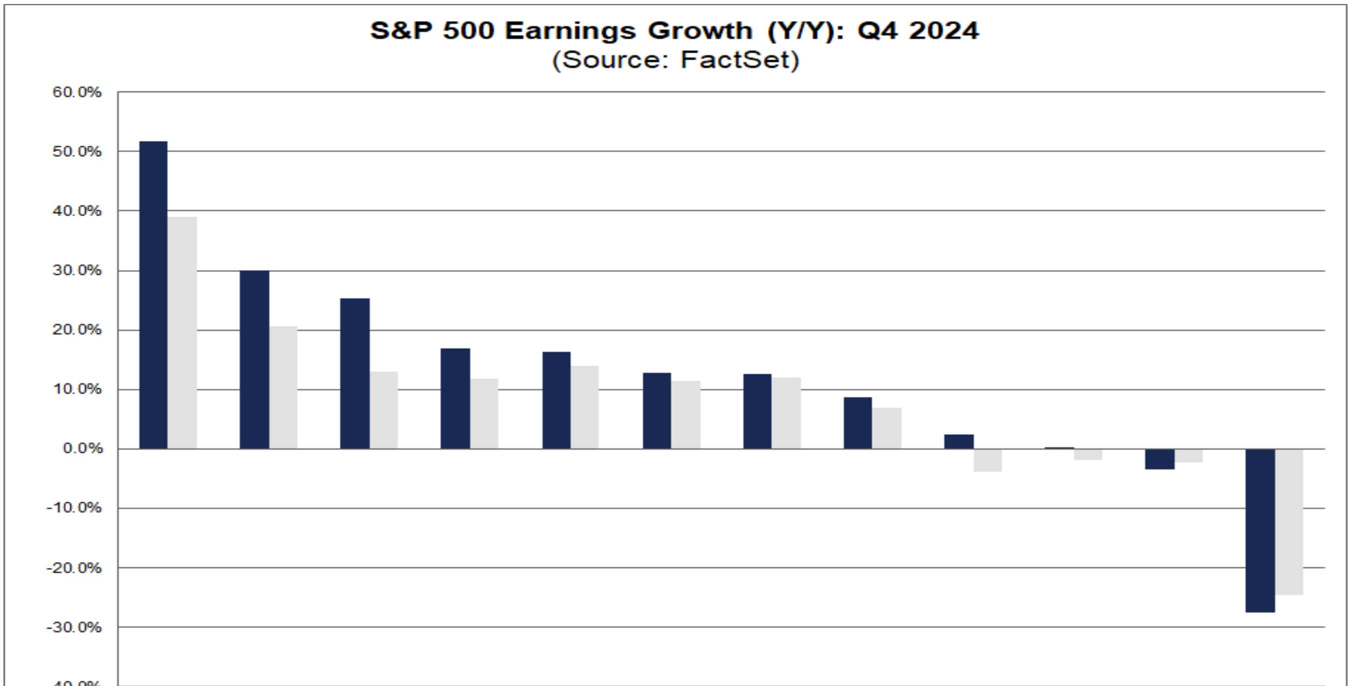


Q4 2024: Surprise

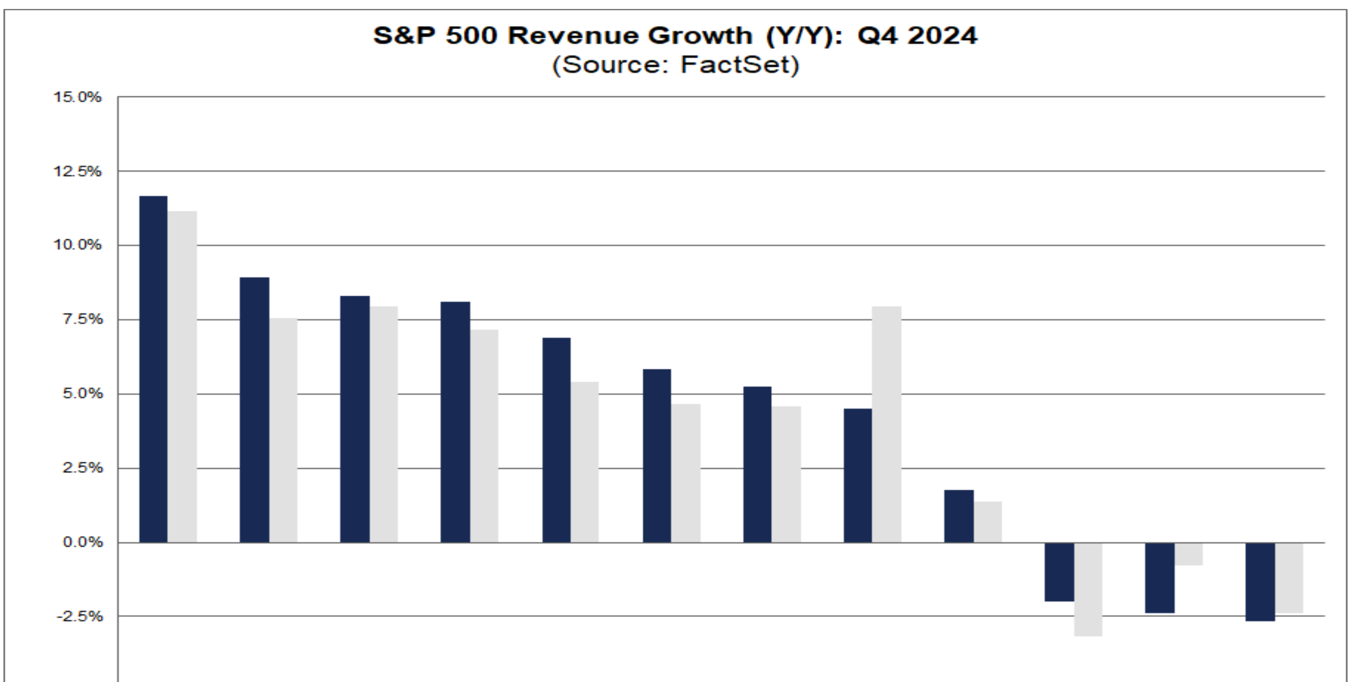




Q4 2024: Growth

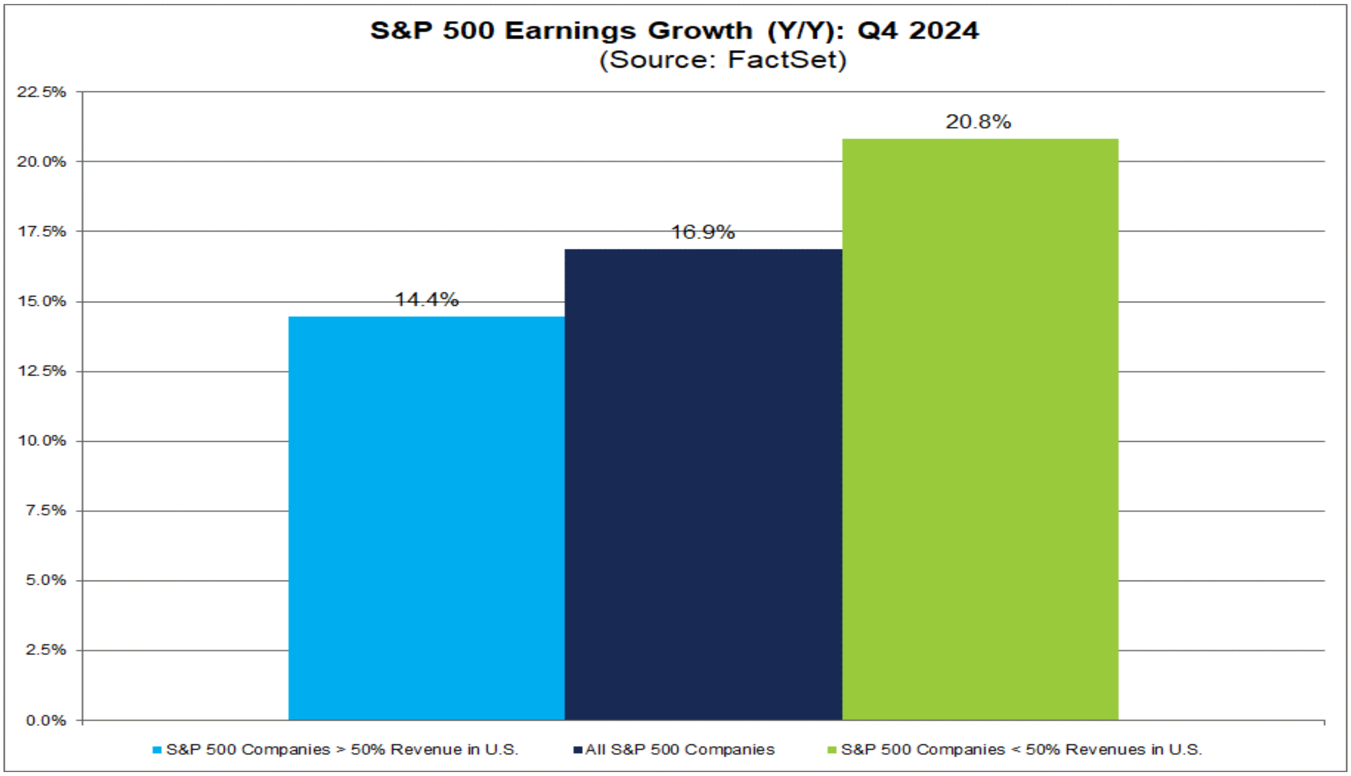


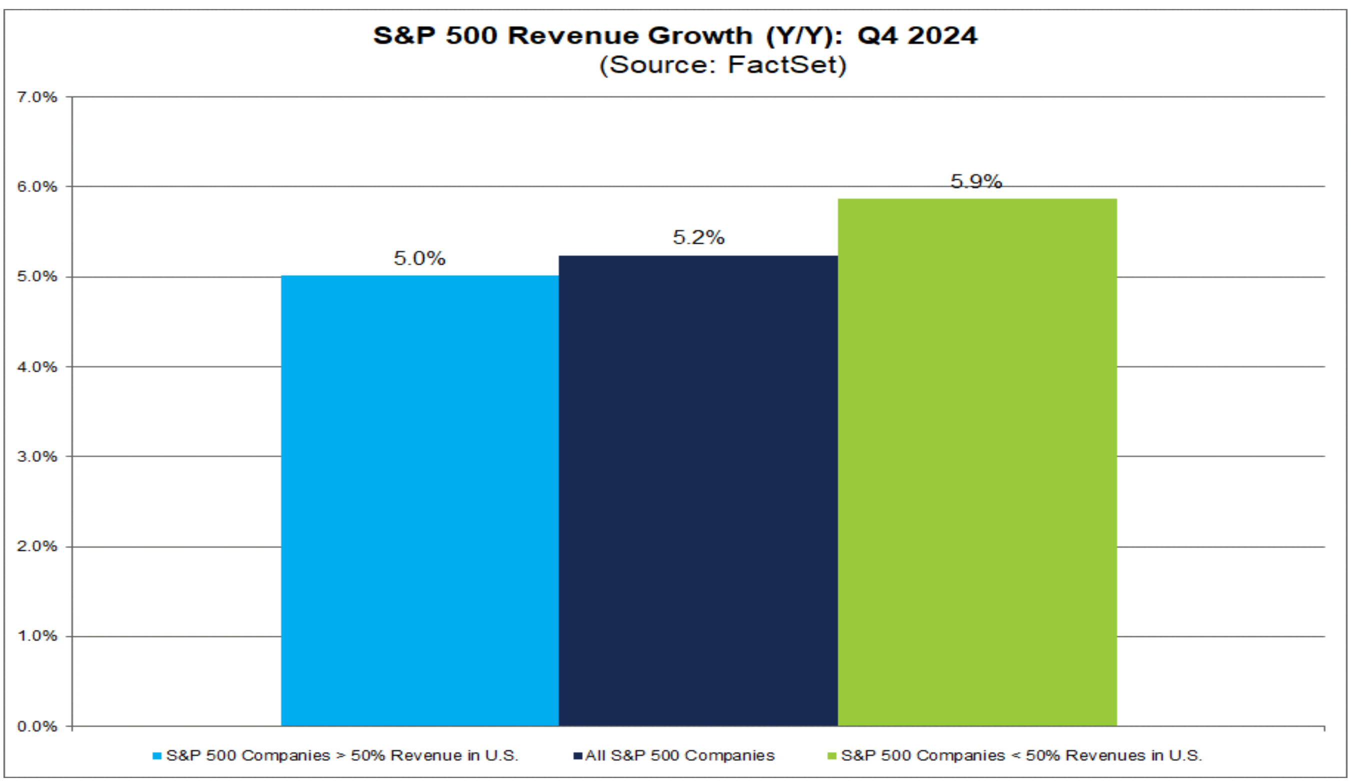
	Financials	Comm. Services	Consumer Disc.	S&P 500	Info. Technology	Health Care	Utilities	Real Estate	Industrials	Consumer Staples	Materials	Energy
Today	51.8%	30.0%	25.4%	16.9%	16.4%	12.8%	12.6%	8.7%	2.4%	0.1%	-3.4%	-27.5%
31-Dec	39.1%	20.6%	13.0%	11.8%	14.0%	11.5%	12.1%	6.9%	-3.8%	-1.9%	-2.2%	-24.6%



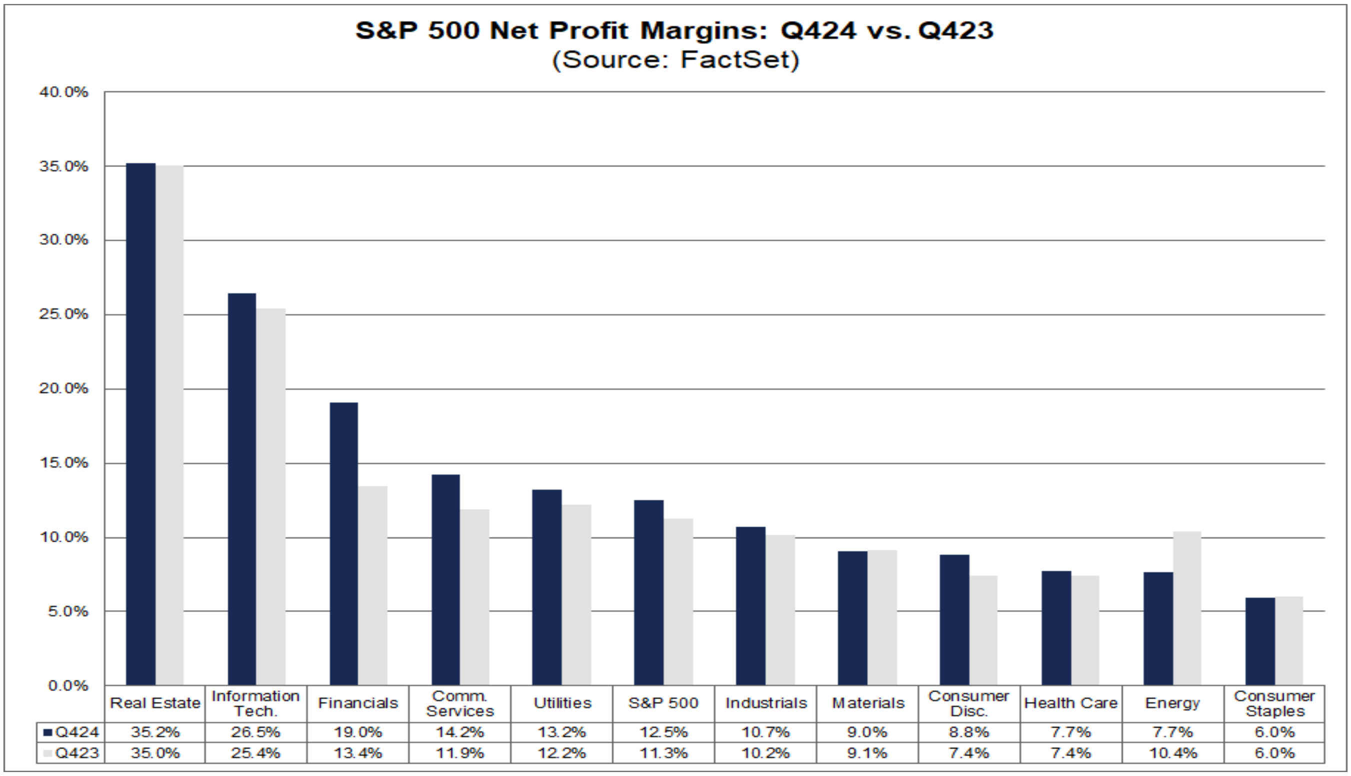
	Info. Technology	Health Care	Comm. Services	Real Estate	Financials	Consumer Disc.	S&P 500	Utilities	Consumer Staples	Energy	Materials	Industrials
Today	11.7%	8.9%	8.3%	8.1%	6.9%	5.9%	5.2%	4.5%	1.8%	-2.0%	-2.4%	-2.7%
31-Dec	11.1%	7.5%	7.9%	7.2%	5.4%	4.6%	4.6%	7.9%	1.4%	-3.2%	-0.8%	-2.4%

Q4 2024: Growth

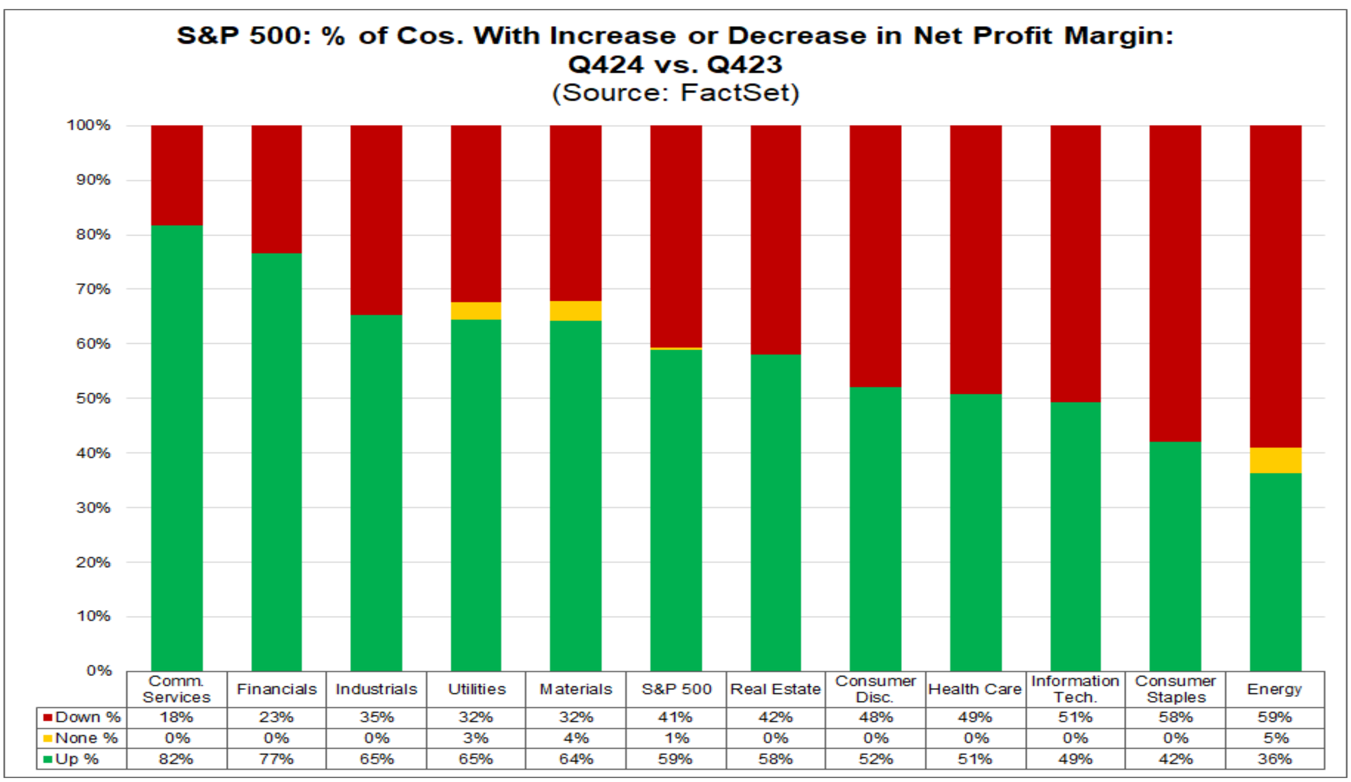




Q4 2024: Net Profit Margin

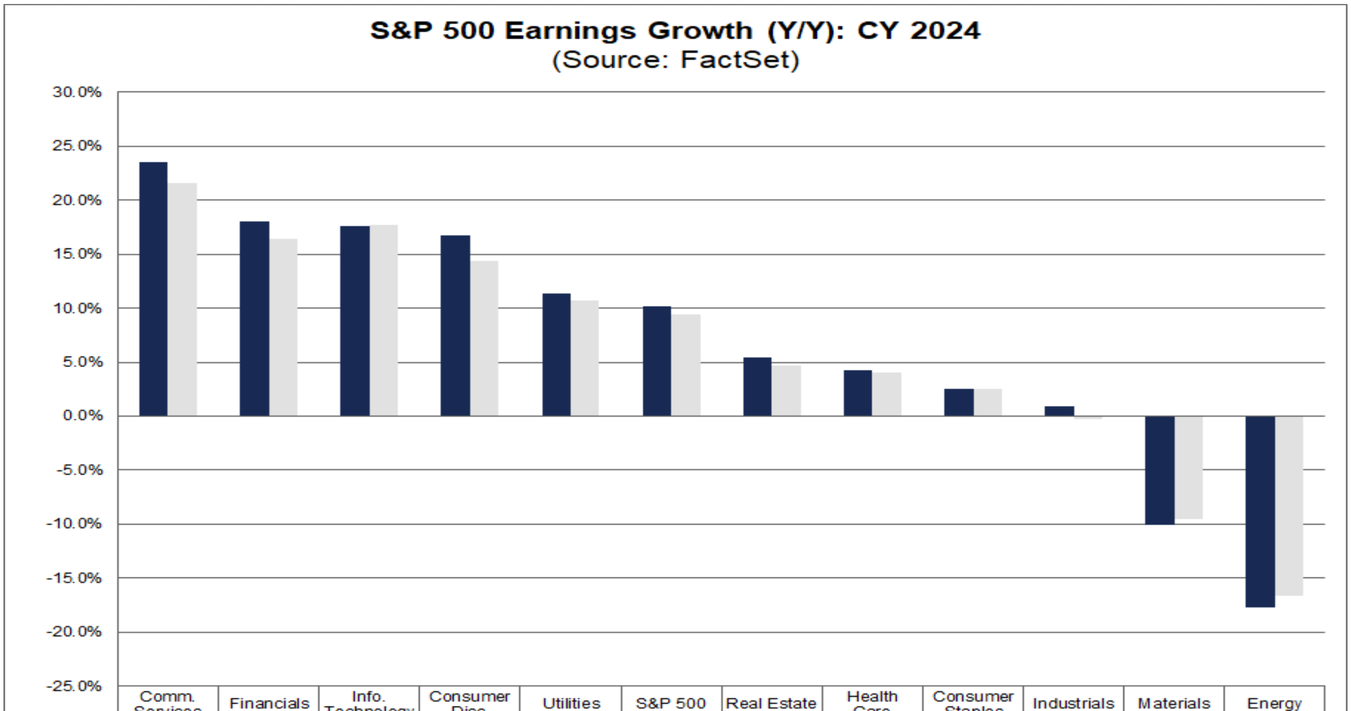


	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Industrials	Materials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q424	35.2%	26.5%	19.0%	14.2%	13.2%	12.5%	10.7%	9.0%	8.8%	7.7%	7.7%	6.0%
Q423	35.0%	25.4%	13.4%	11.9%	12.2%	11.3%	10.2%	9.1%	7.4%	7.4%	10.4%	6.0%

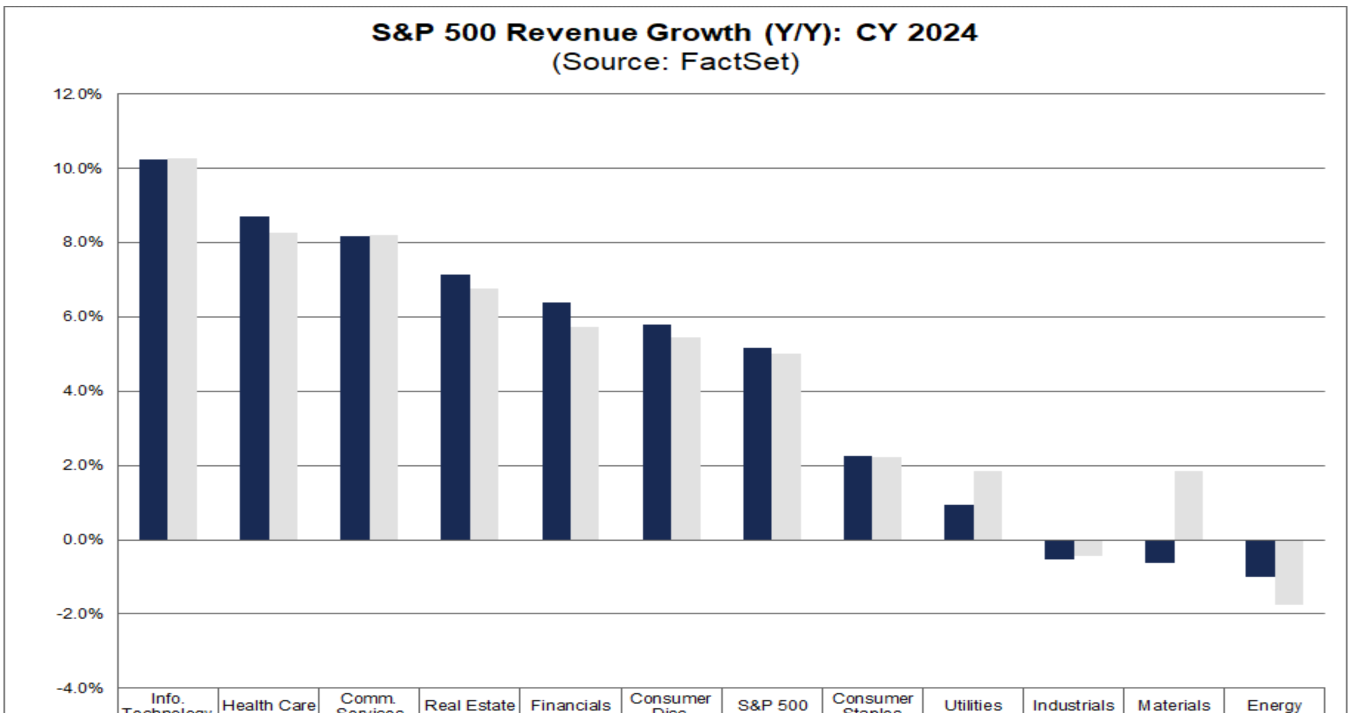


	Comm. Services	Financials	Industrials	Utilities	Materials	S&P 500	Real Estate	Consumer Disc.	Health Care	Information Tech.	Consumer Staples	Energy
Down %	18%	23%	35%	32%	32%	41%	42%	48%	49%	51%	58%	59%
None %	0%	0%	0%	3%	4%	1%	0%	0%	0%	0%	0%	5%
Up %	82%	77%	65%	65%	64%	59%	58%	52%	51%	49%	42%	36%

CY 2024: Growth

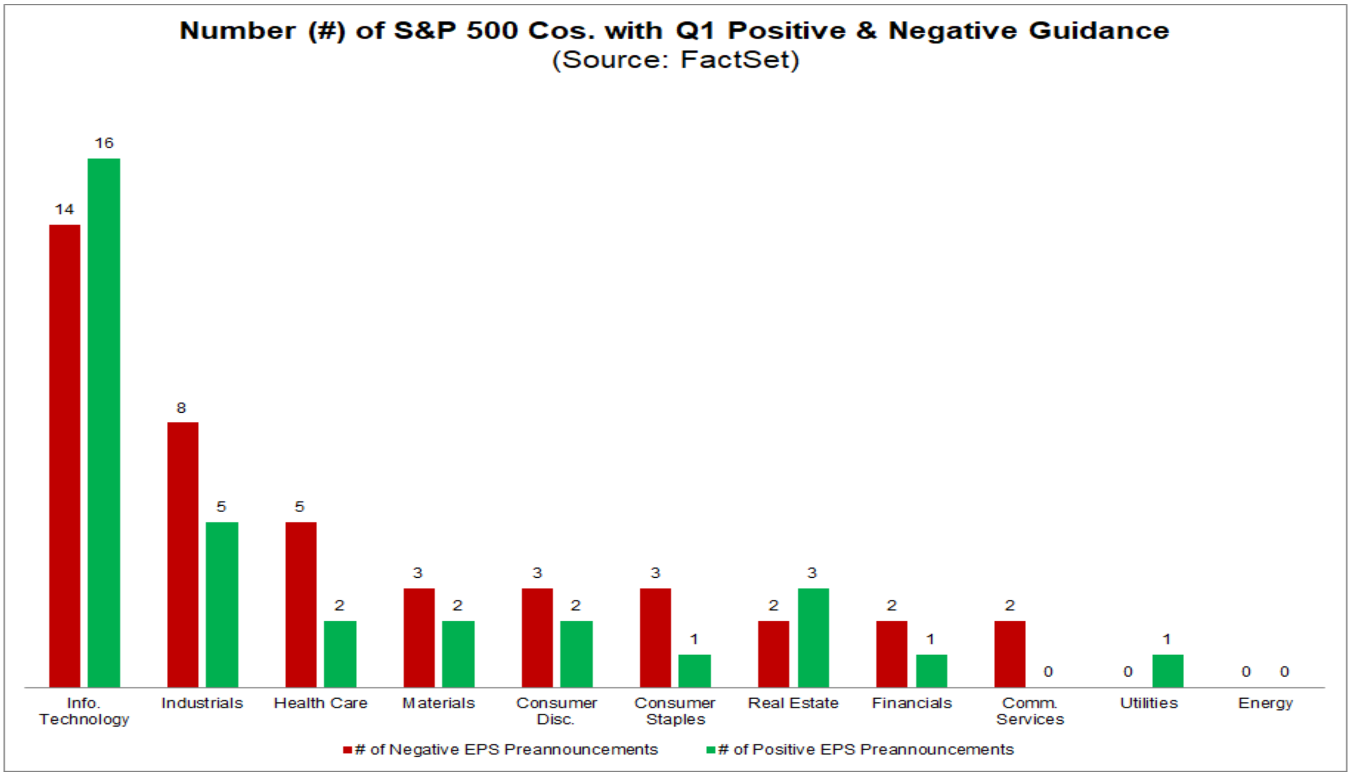


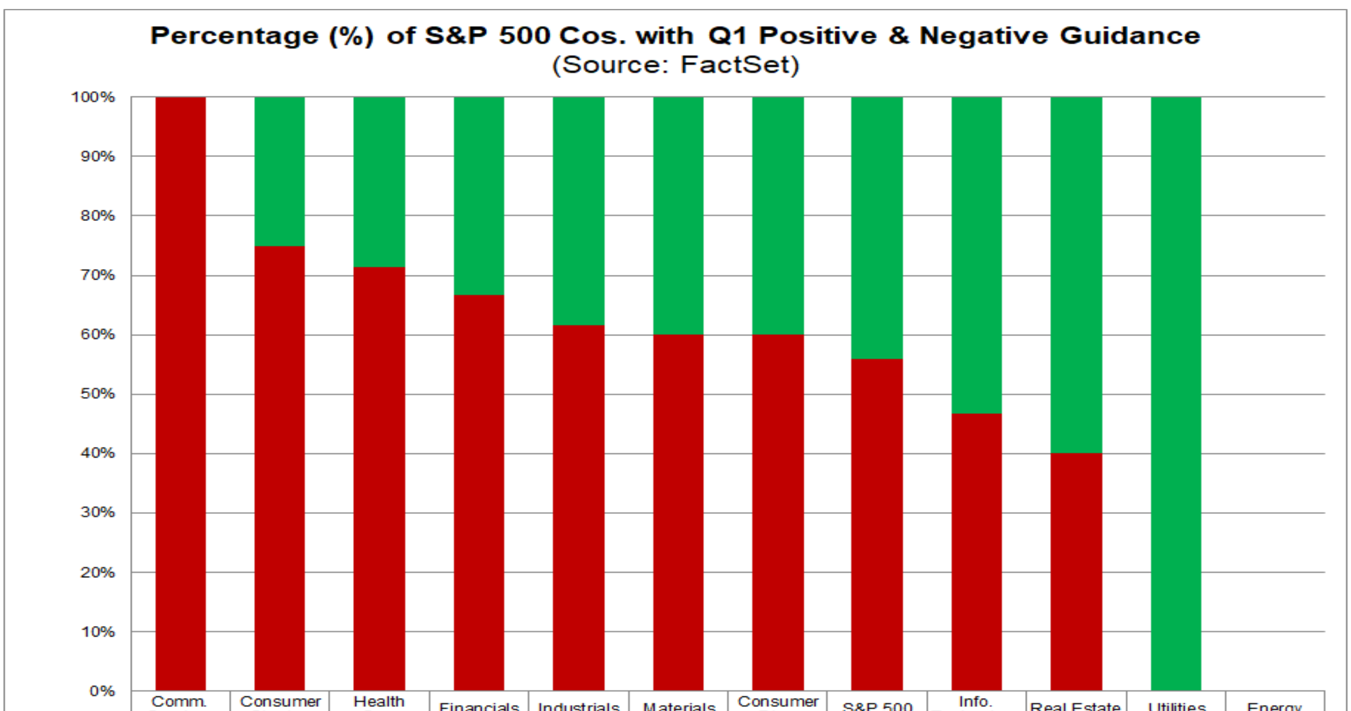
	Comm. Services	Financials	Info. Technology	Consumer Disc.	Utilities	S&P 500	Real Estate	Health Care	Consumer Staples	Industrials	Materials	Energy
Today	23.6%	18.1%	17.6%	16.7%	11.4%	10.2%	5.4%	4.3%	2.5%	0.9%	-10.1%	-17.7%
31-Dec	21.6%	16.4%	17.7%	14.4%	10.7%	9.4%	4.6%	4.0%	2.5%	-0.3%	-9.5%	-16.6%



	Info. Technology	Health Care	Comm. Services	Real Estate	Financials	Consumer Disc.	S&P 500	Consumer Staples	Utilities	Industrials	Materials	Energy
Today	10.2%	8.7%	8.2%	7.1%	6.4%	5.8%	5.2%	2.3%	0.9%	-0.5%	-0.6%	-1.0%
31-Dec	10.3%	8.3%	8.2%	6.7%	5.7%	5.5%	5.0%	2.2%	1.8%	-0.4%	1.8%	-1.7%

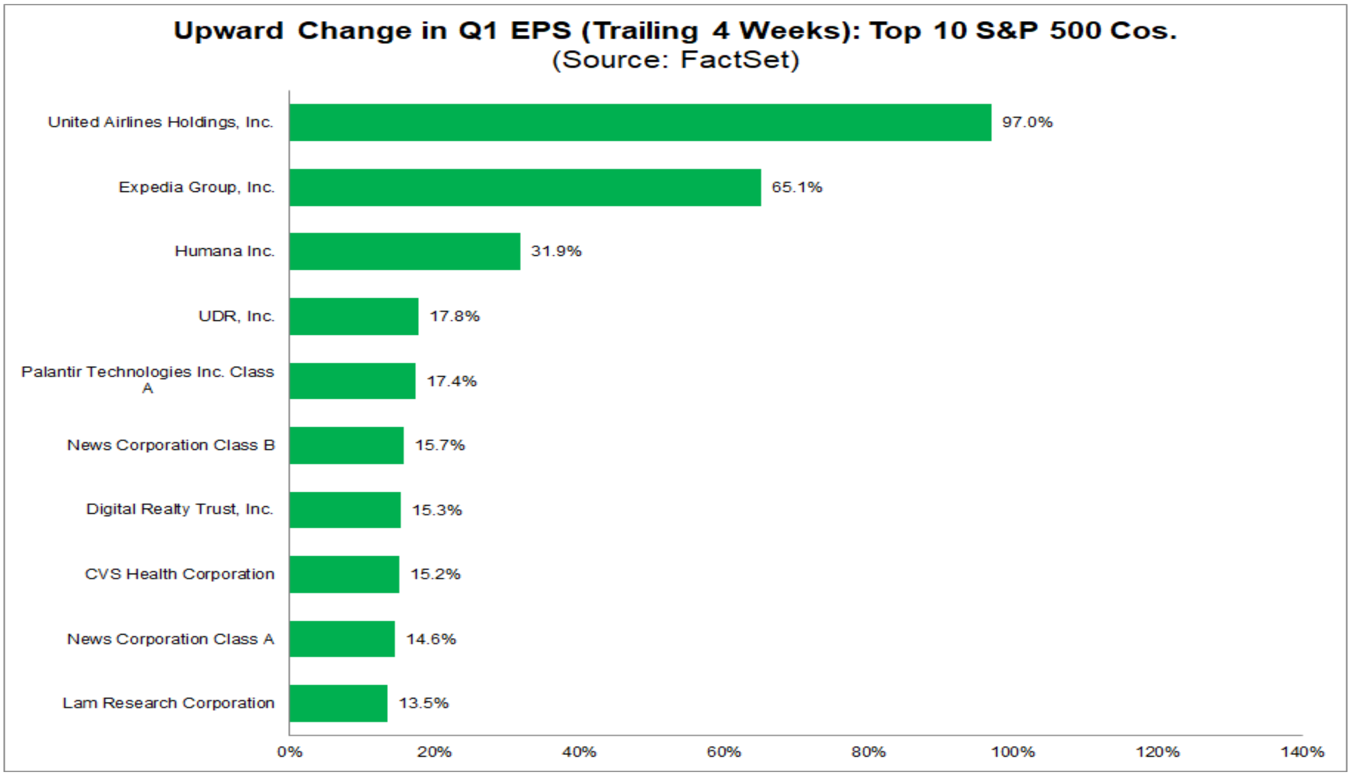
Q1 2025: Guidance

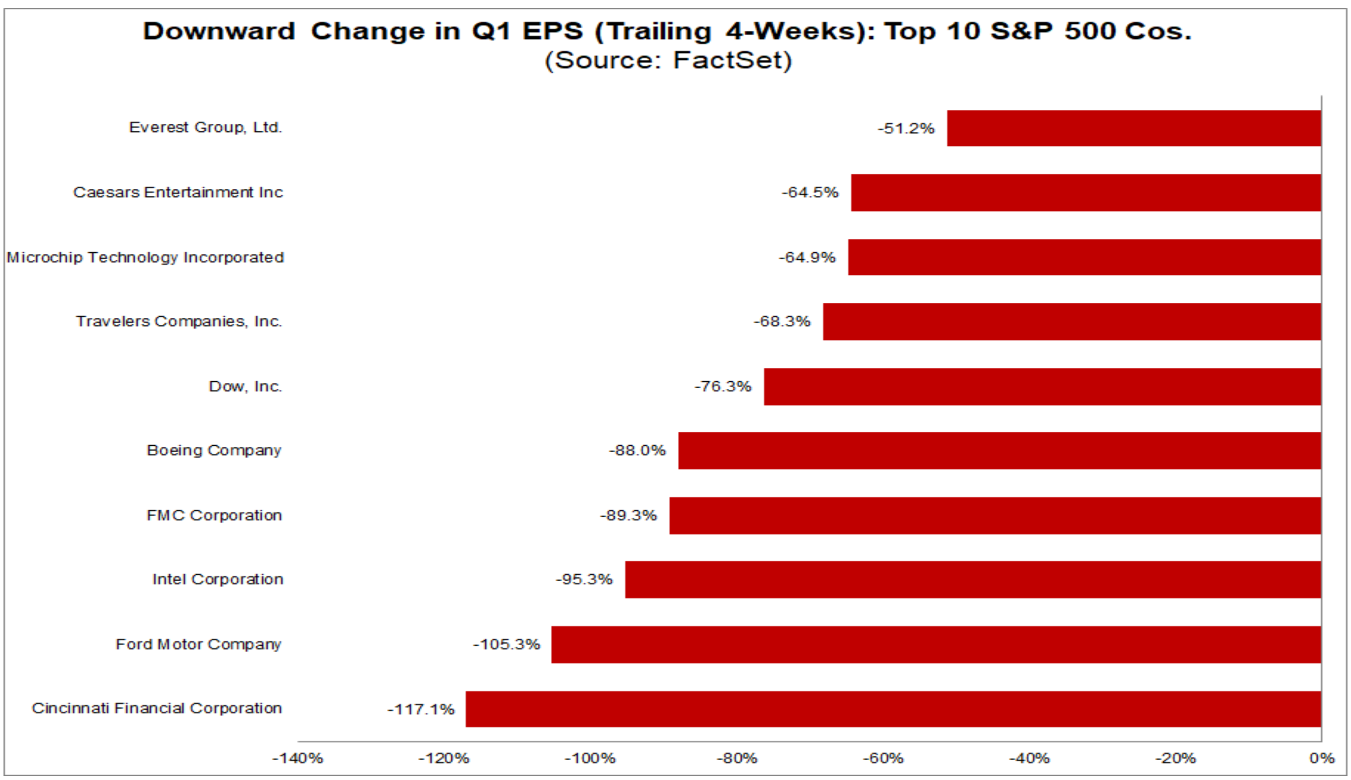




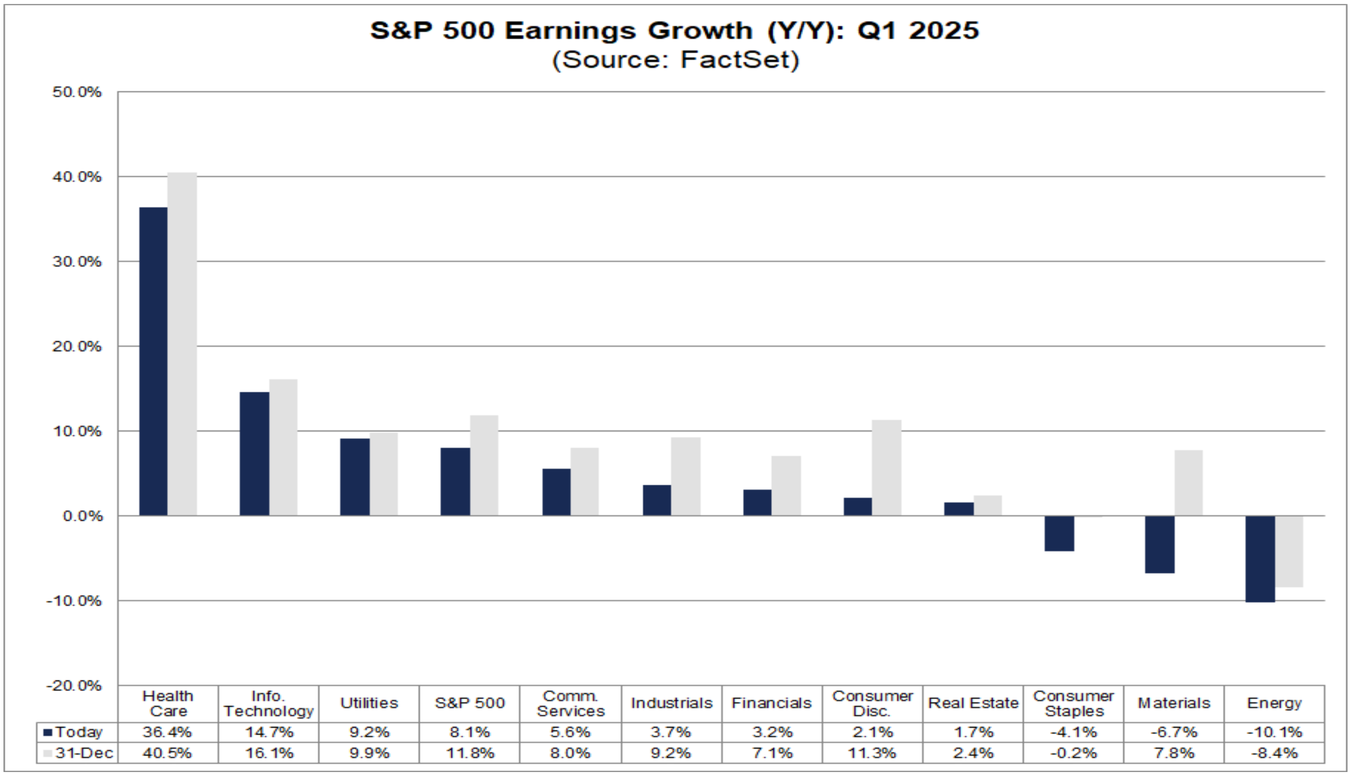
	Comm. Services	Consumer Staples	Health Care	Financials	Industrials	Materials	Consumer Disc.	S&P 500	Info. Technology	Real Estate	Utilities	Energy
Positive	0%	25%	29%	33%	38%	40%	40%	44%	53%	60%	100%	0%
Negative	100%	75%	71%	67%	62%	60%	60%	56%	47%	40%	0%	0%

Q1 2025: EPS Revisions

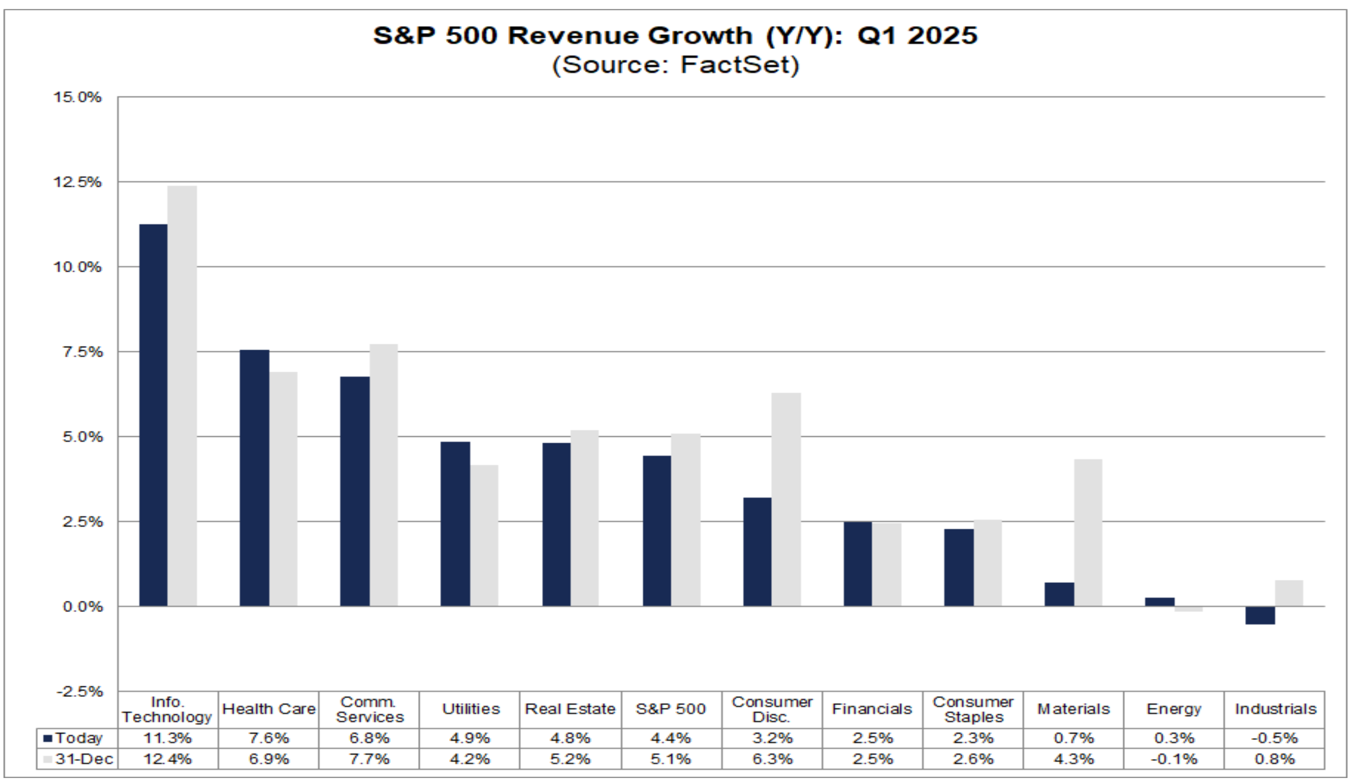




Q1 2025: Growth

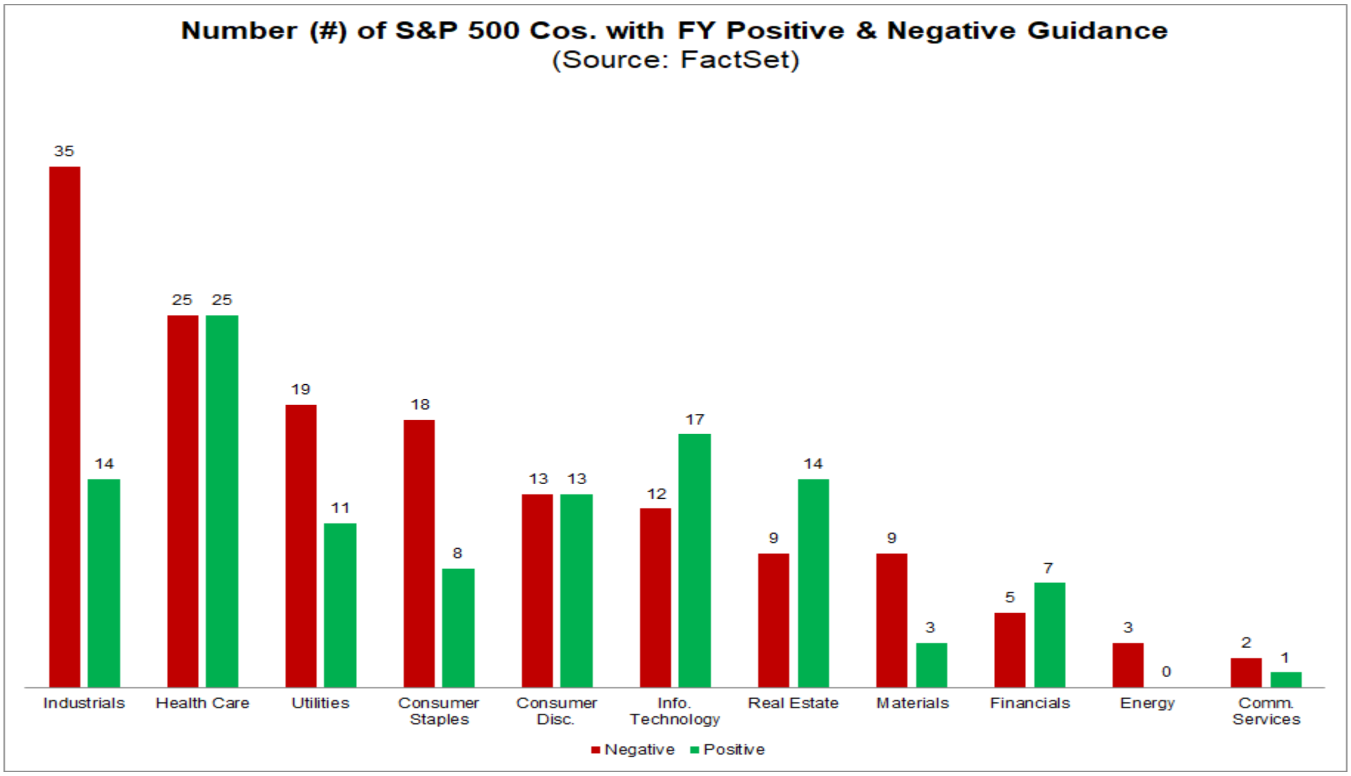


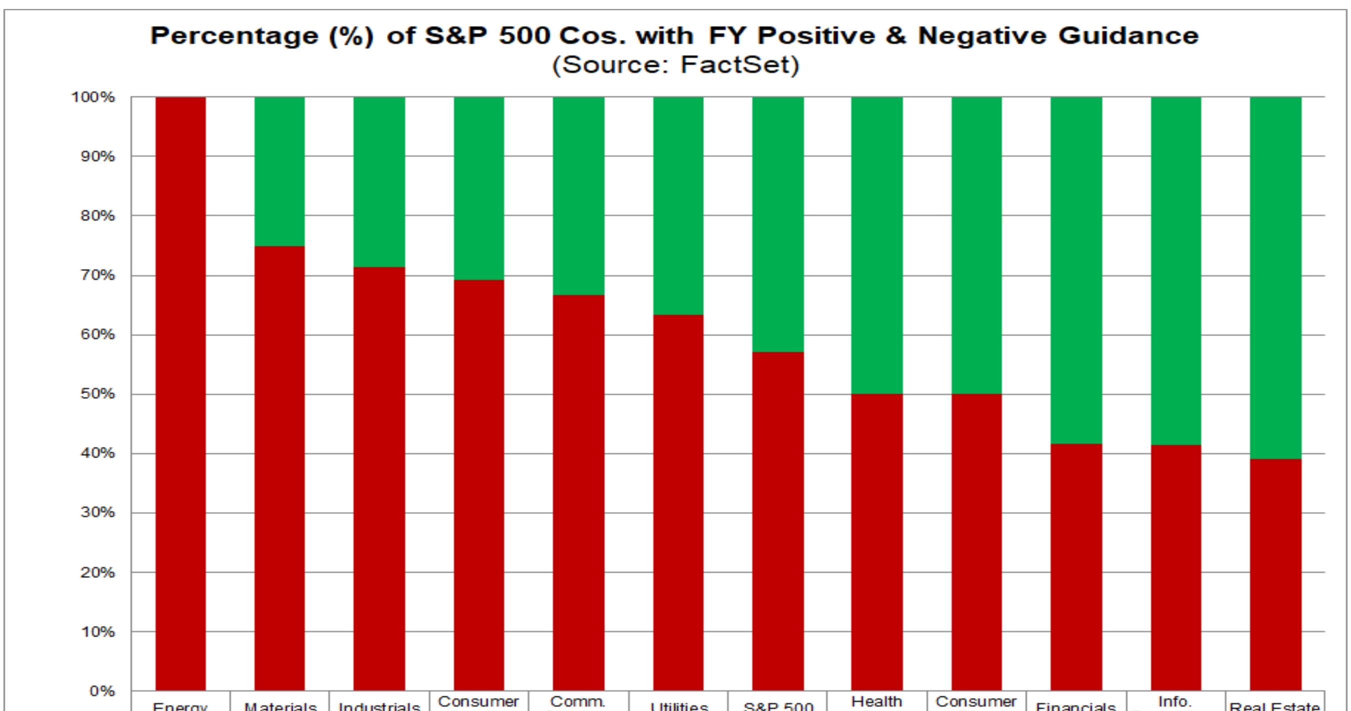
	Health Care	Info. Technology	Utilities	S&P 500	Comm. Services	Industrials	Financials	Consumer Disc.	Real Estate	Consumer Staples	Materials	Energy
Today	36.4%	14.7%	9.2%	8.1%	5.6%	3.7%	3.2%	2.1%	1.7%	-4.1%	-6.7%	-10.1%
31-Dec	40.5%	16.1%	9.9%	11.8%	8.0%	9.2%	7.1%	11.3%	2.4%	-0.2%	7.8%	-8.4%



	Info. Technology	Health Care	Comm. Services	Utilities	Real Estate	S&P 500	Consumer Disc.	Financials	Consumer Staples	Materials	Energy	Industrials
Today	11.3%	7.6%	6.8%	4.9%	4.8%	4.4%	3.2%	2.5%	2.3%	0.7%	0.3%	-0.5%
31-Dec	12.4%	6.9%	7.7%	4.2%	5.2%	5.1%	6.3%	2.5%	2.6%	4.3%	-0.1%	0.8%

FY 2024 / 2025: EPS Guidance

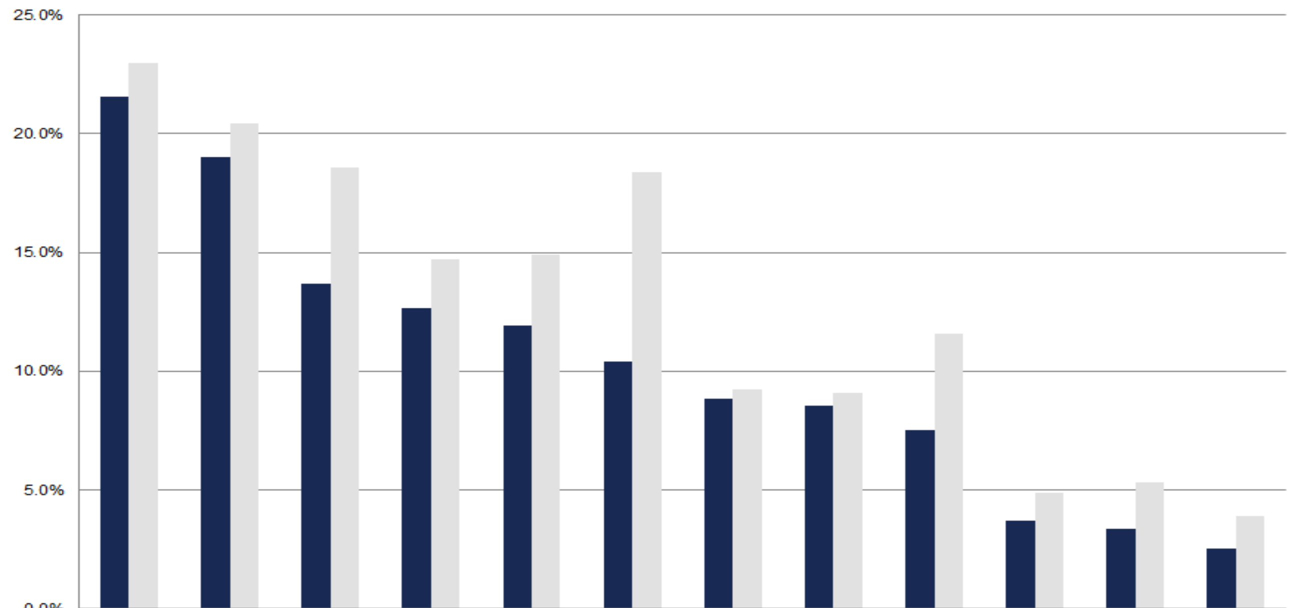




	Energy	Materials	Industrials	Consumer Staples	Comm. Services	Utilities	S&P 500	Health Care	Consumer Disc.	Financials	Info. Technology	Real Estate
Positive	0%	25%	29%	31%	33%	37%	43%	50%	50%	58%	59%	61%
Negative	100%	75%	71%	69%	67%	63%	57%	50%	50%	42%	41%	39%

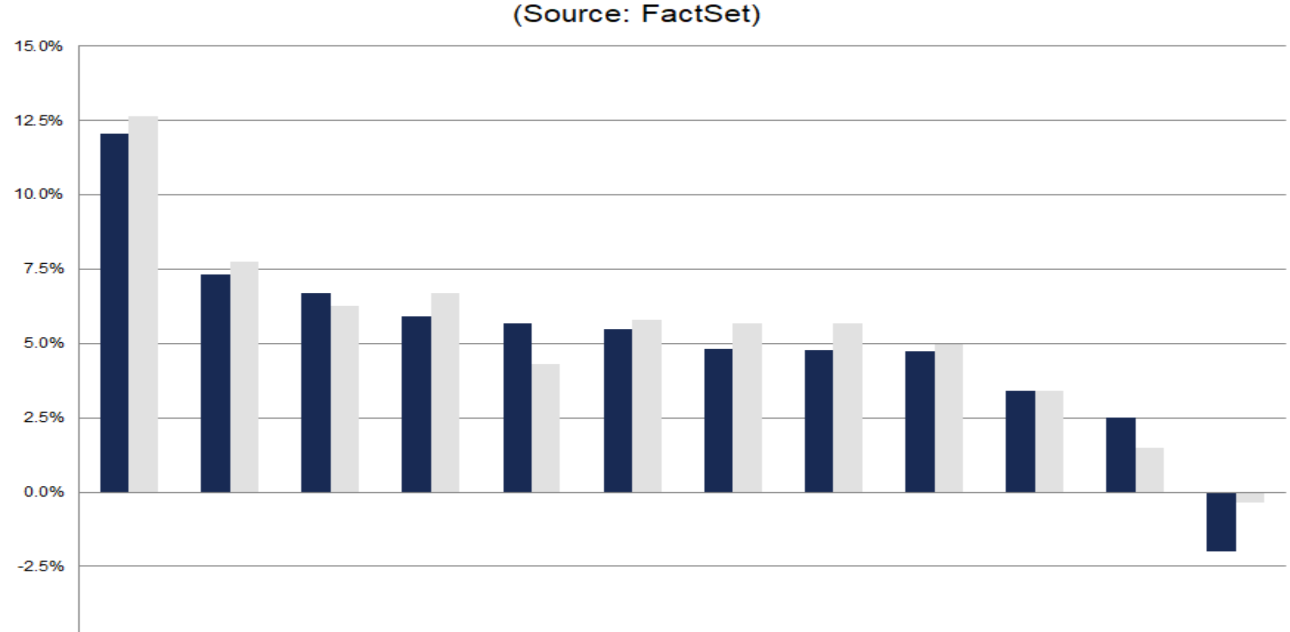
CY 2025: Growth

S&P 500 Earnings Growth (Y/Y): CY 2025
(Source: FactSet)



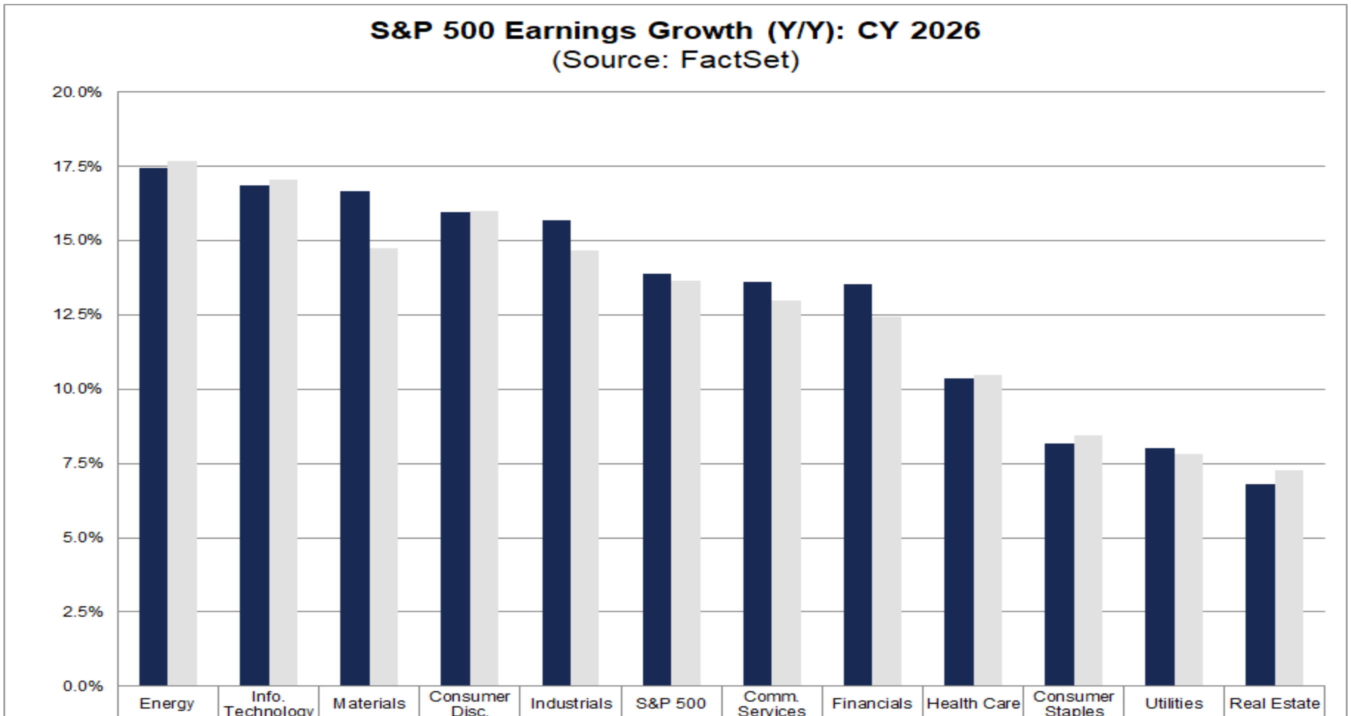
	Info. Technology	Health Care	Industrials	S&P 500	Comm. Services	Materials	Financials	Utilities	Consumer Disc.	Real Estate	Consumer Staples	Energy
Today	21.6%	19.0%	13.7%	12.7%	11.9%	10.4%	8.9%	8.5%	7.5%	3.7%	3.4%	2.5%
31-Dec	23.0%	20.4%	18.6%	14.7%	14.9%	18.4%	9.2%	9.1%	11.6%	4.9%	5.3%	3.9%

S&P 500 Revenue Growth (Y/Y): CY 2025
(Source: FactSet)

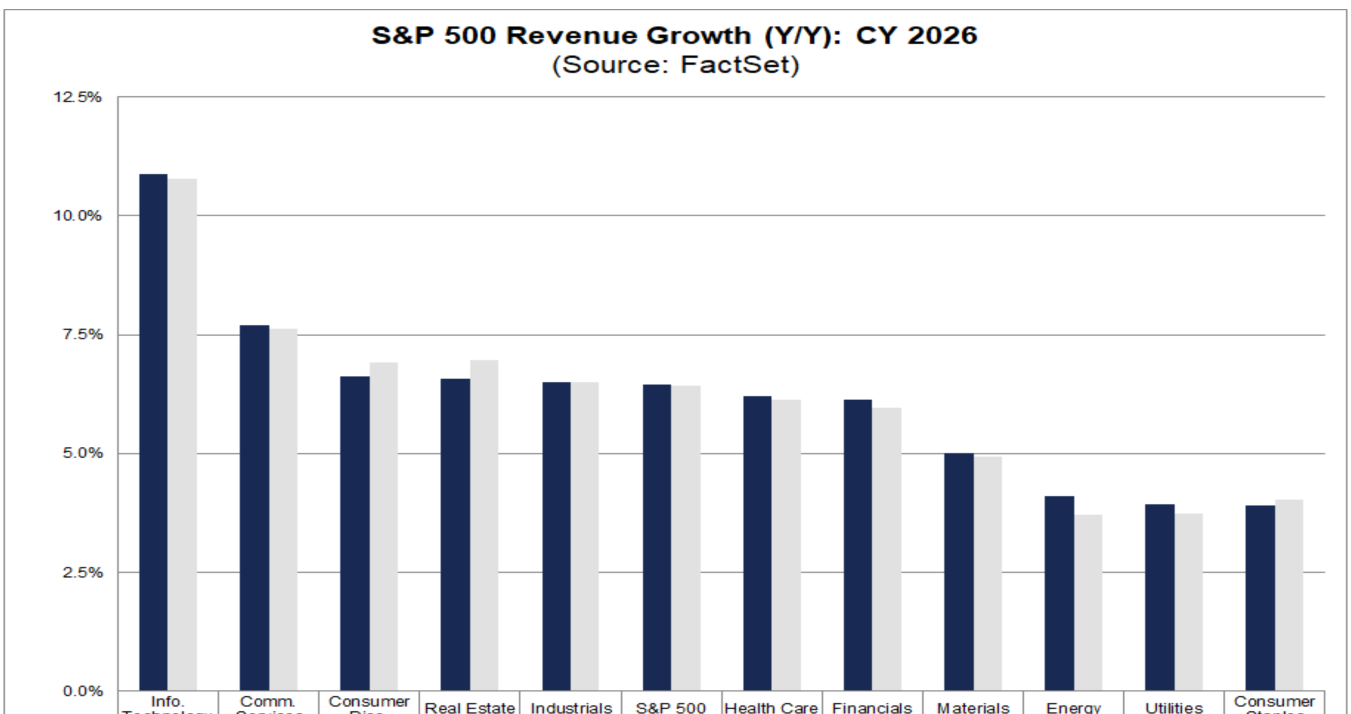


	Info. Technology	Comm. Services	Health Care	Real Estate	Utilities	S&P 500	Industrials	Consumer Disc.	Financials	Consumer Staples	Materials	Energy
Today	12.1%	7.3%	6.7%	5.9%	5.7%	5.5%	4.8%	4.8%	4.8%	3.4%	2.5%	-2.0%
31-Dec	12.7%	7.7%	6.2%	6.7%	4.3%	5.8%	5.7%	5.7%	5.0%	3.4%	1.5%	-0.3%

CY 2026: Growth

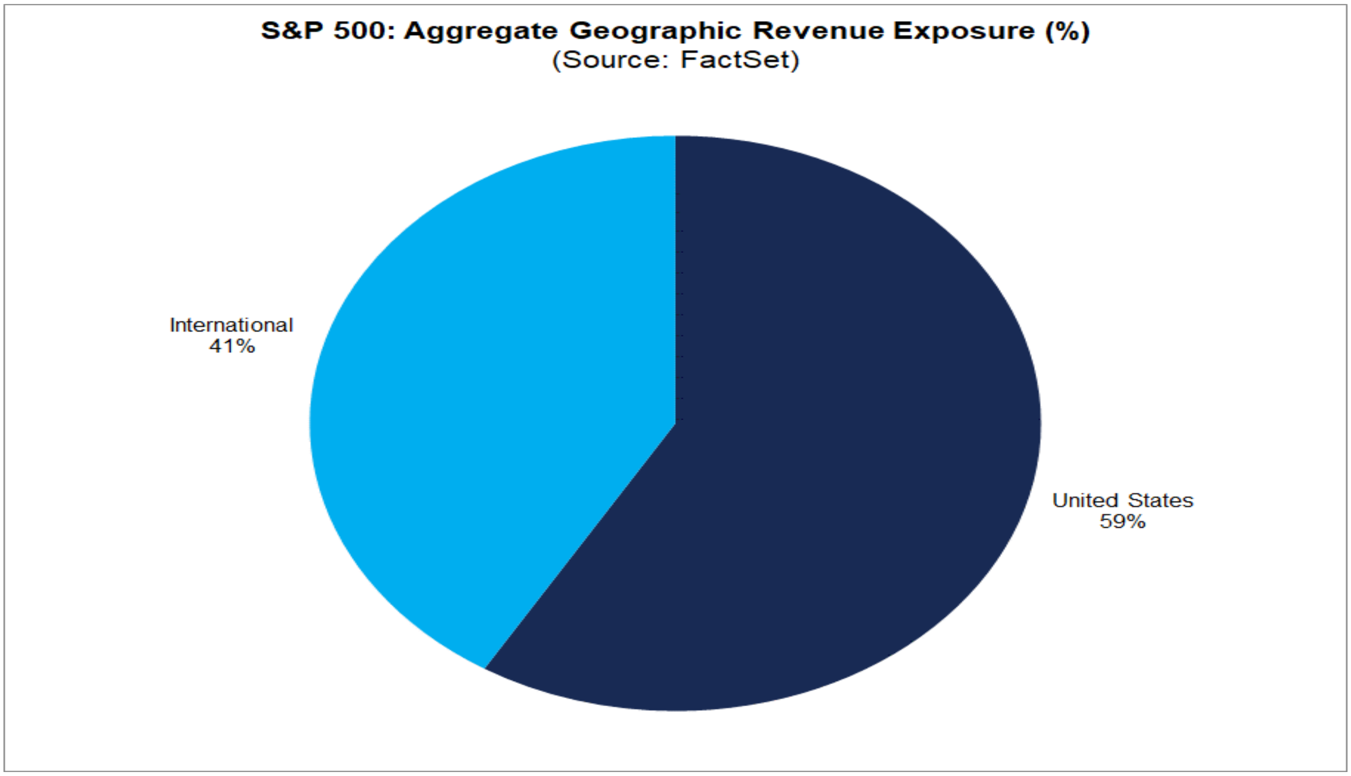


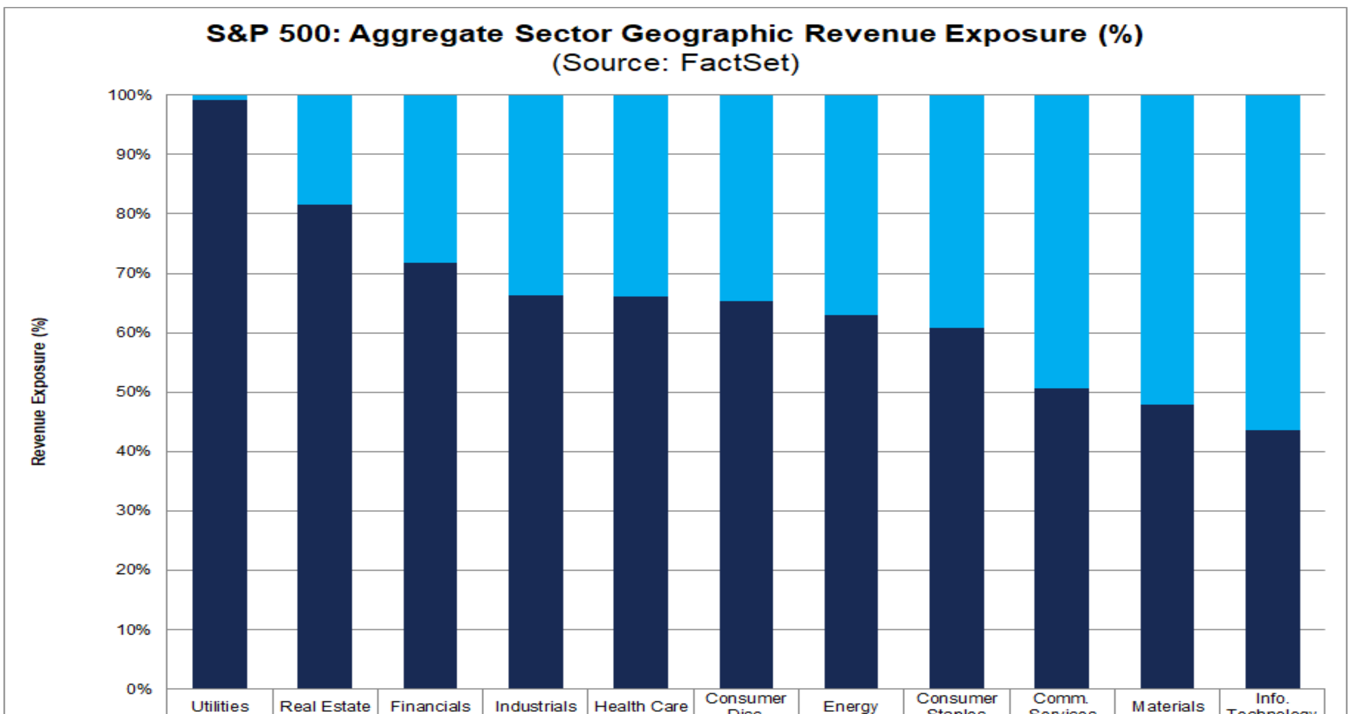
	Energy	Info. Technology	Materials	Consumer Disc.	Industrials	S&P 500	Comm. Services	Financials	Health Care	Consumer Staples	Utilities	Real Estate
Today	17.4%	16.9%	16.7%	16.0%	15.7%	13.9%	13.6%	13.5%	10.4%	8.2%	8.0%	6.8%
31-Dec	17.7%	17.1%	14.7%	16.0%	14.7%	13.6%	13.0%	12.5%	10.5%	8.4%	7.8%	7.3%



	Info. Technology	Comm. Services	Consumer Disc.	Real Estate	Industrials	S&P 500	Health Care	Financials	Materials	Energy	Utilities	Consumer Staples
Today	10.9%	7.7%	6.6%	6.6%	6.5%	6.4%	6.2%	6.1%	5.0%	4.1%	3.9%	3.9%
31-Dec	10.8%	7.6%	6.9%	7.0%	6.5%	6.4%	6.1%	6.0%	4.9%	3.7%	3.7%	4.0%

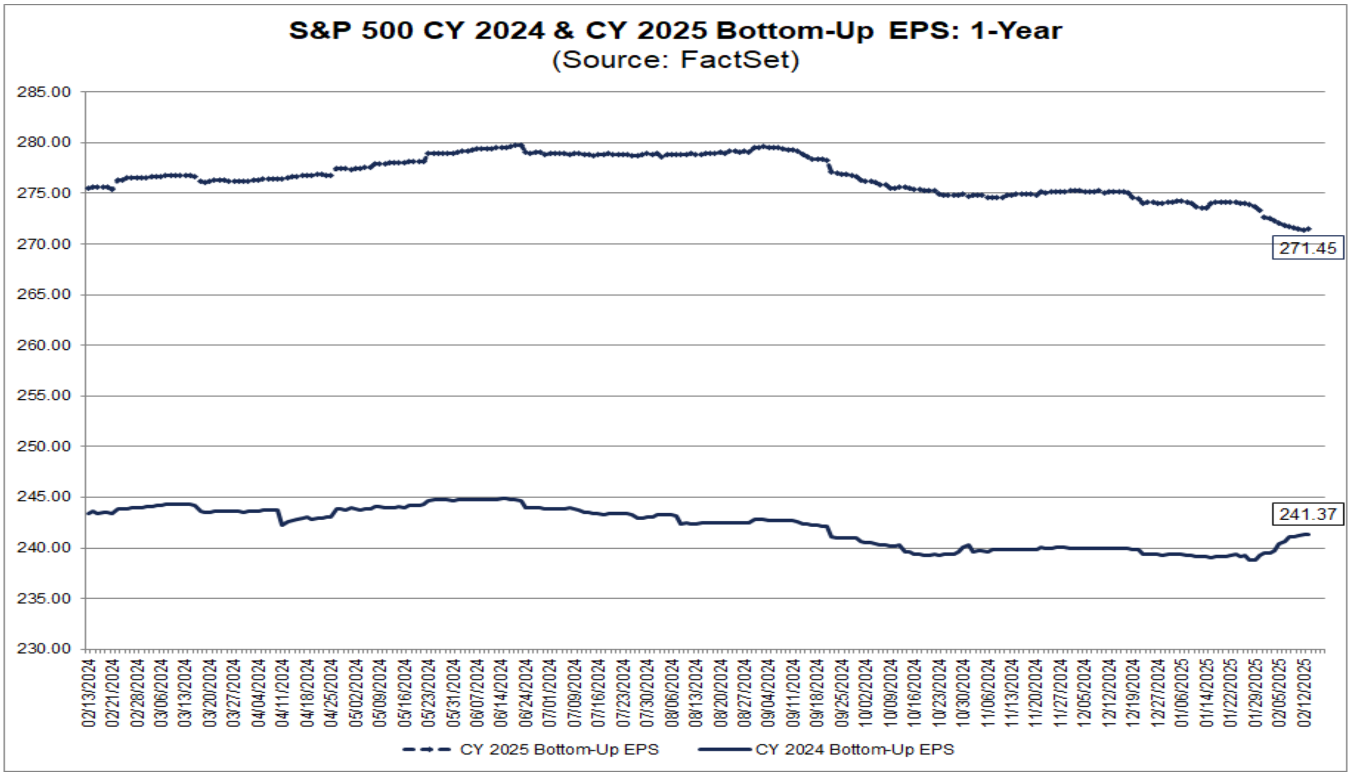
Geographic Revenue Exposure

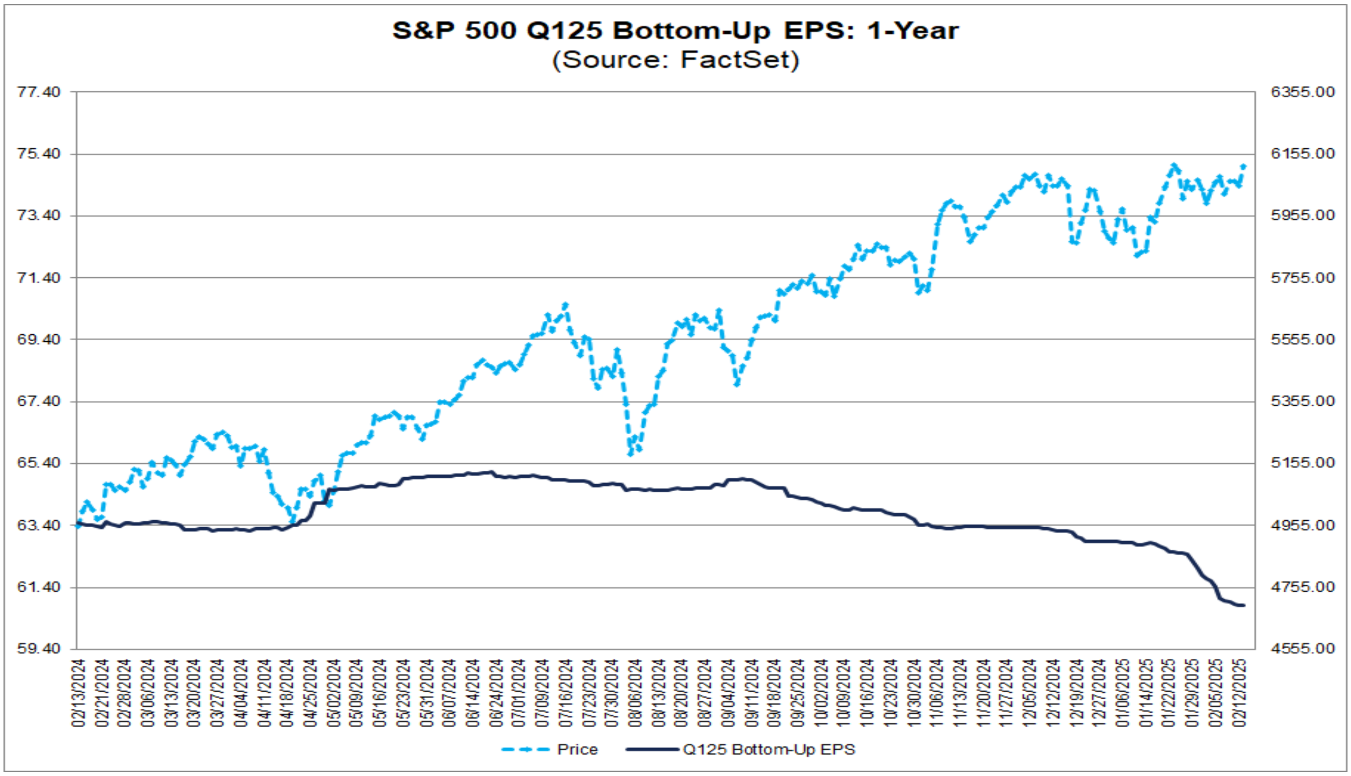




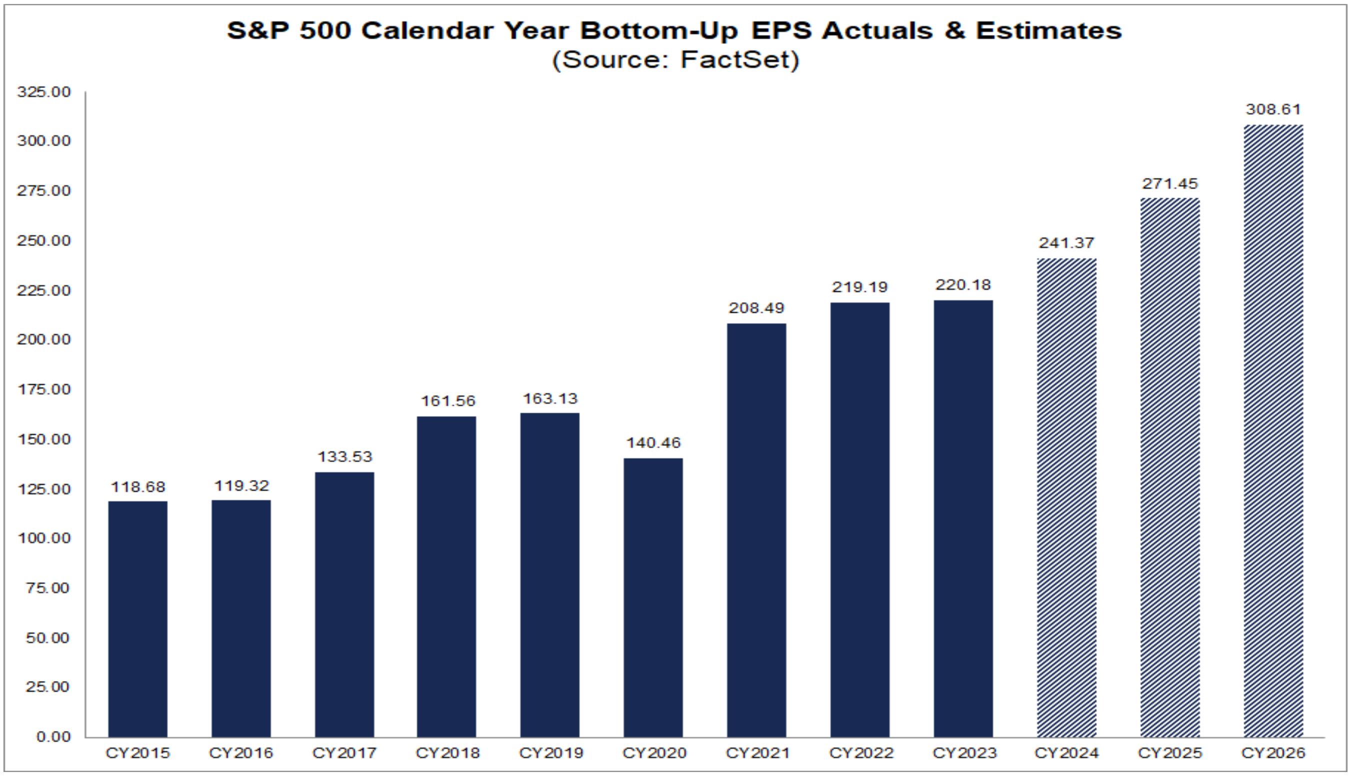
	Utilities	Real Estate	Financials	Industrials	Health Care	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	18%	28%	34%	34%	35%	37%	39%	49%	52%	56%
United States	99%	82%	72%	66%	66%	65%	63%	61%	51%	48%	44%

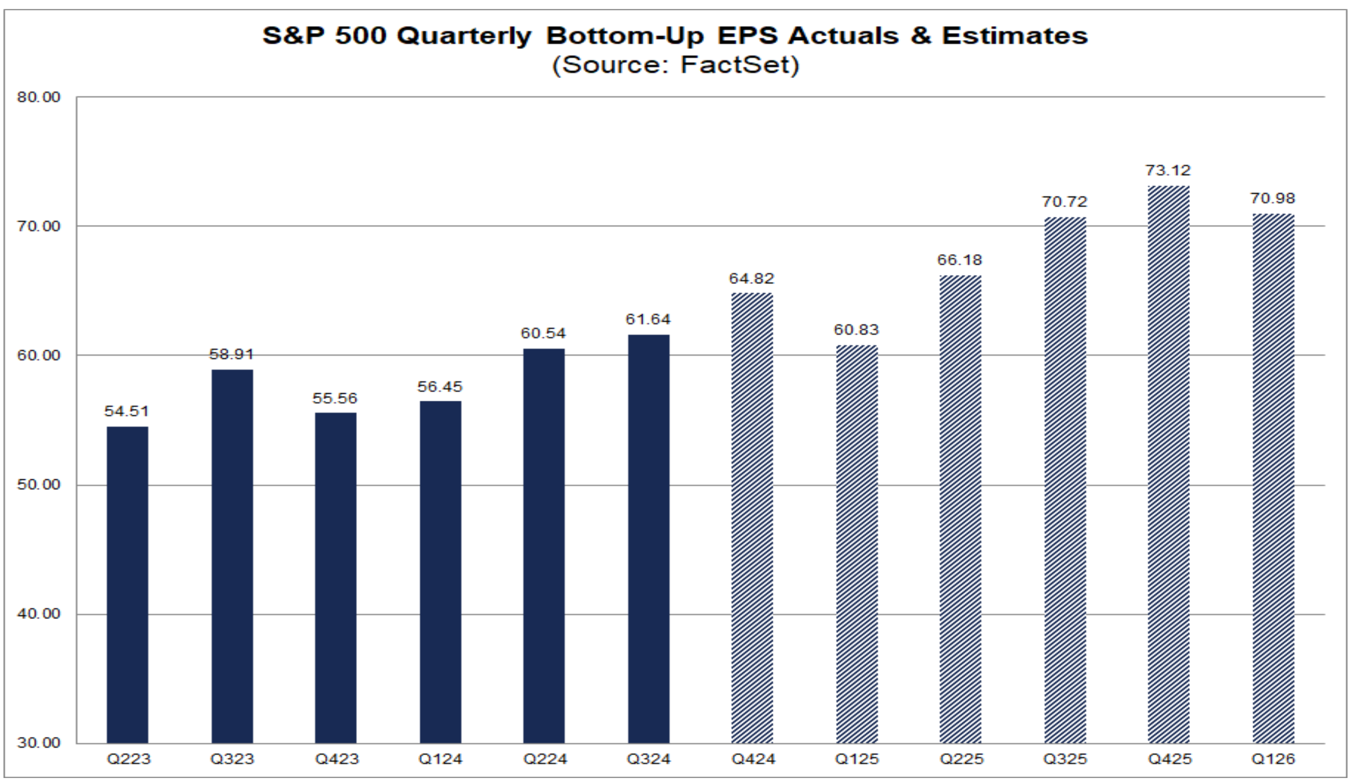
Bottom-Up EPS Estimates



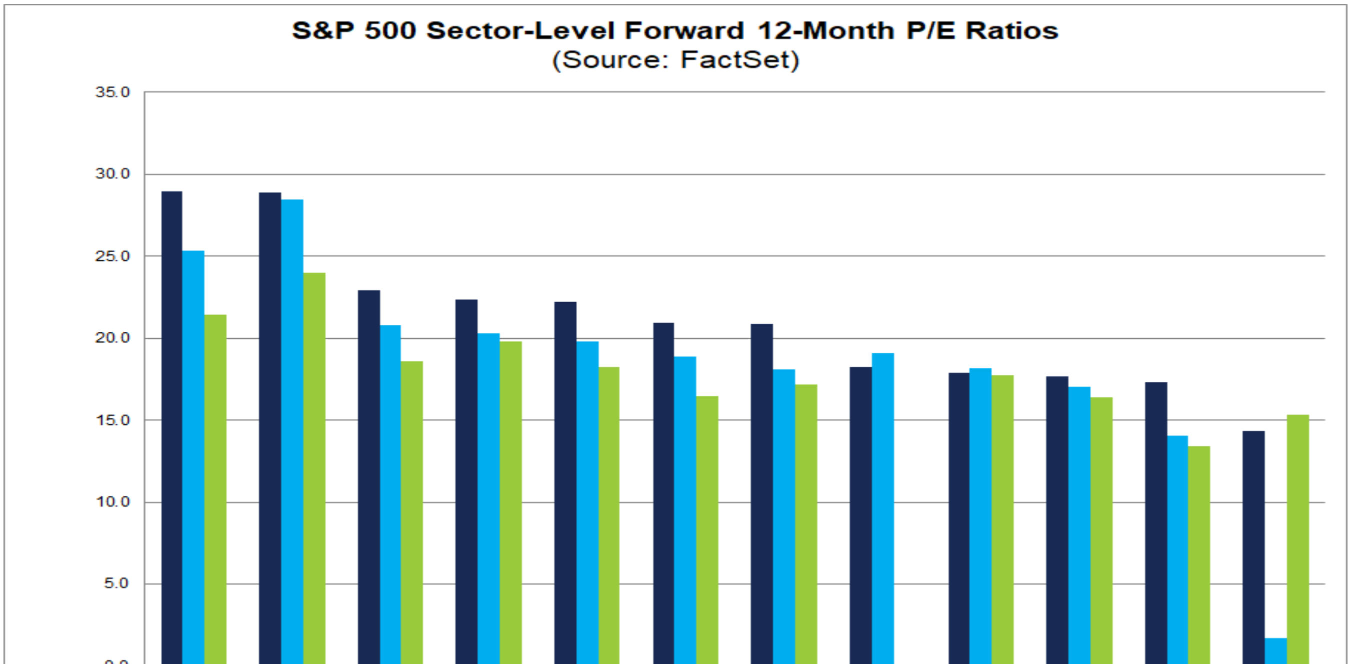


Bottom-Up EPS Estimates: Current & Historical

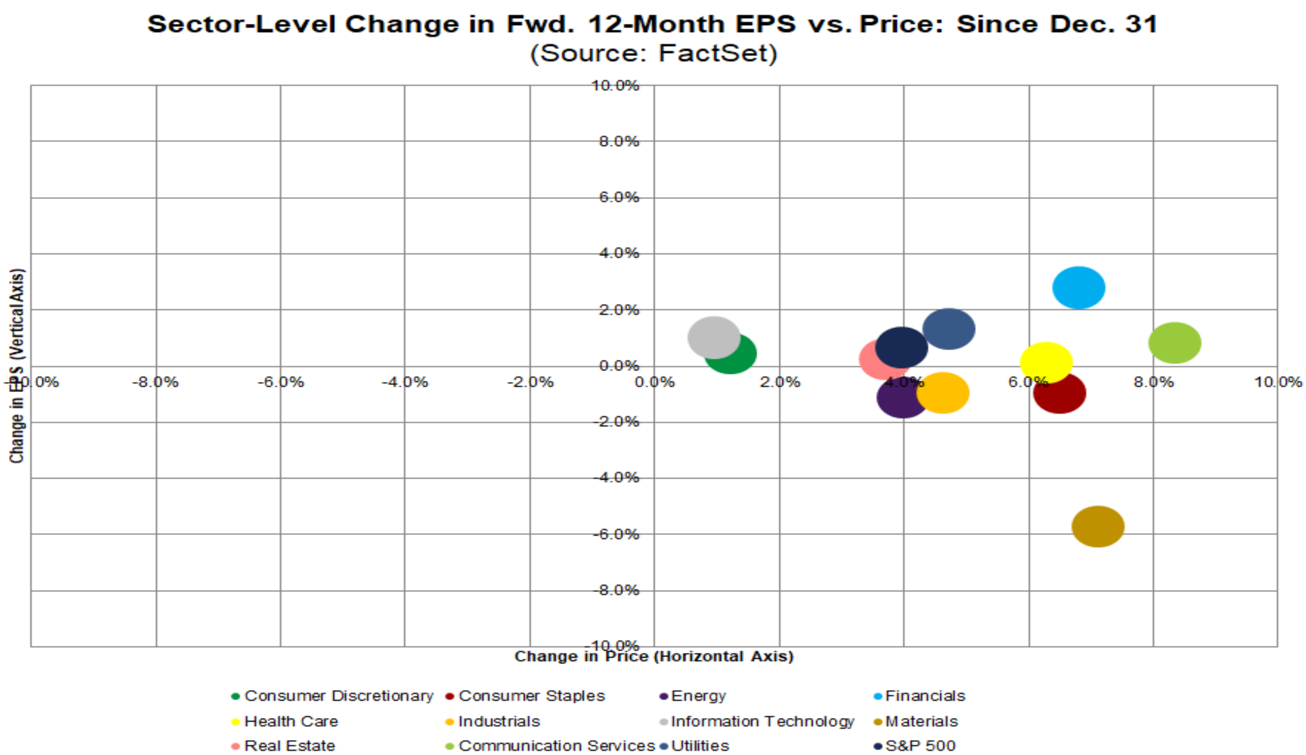




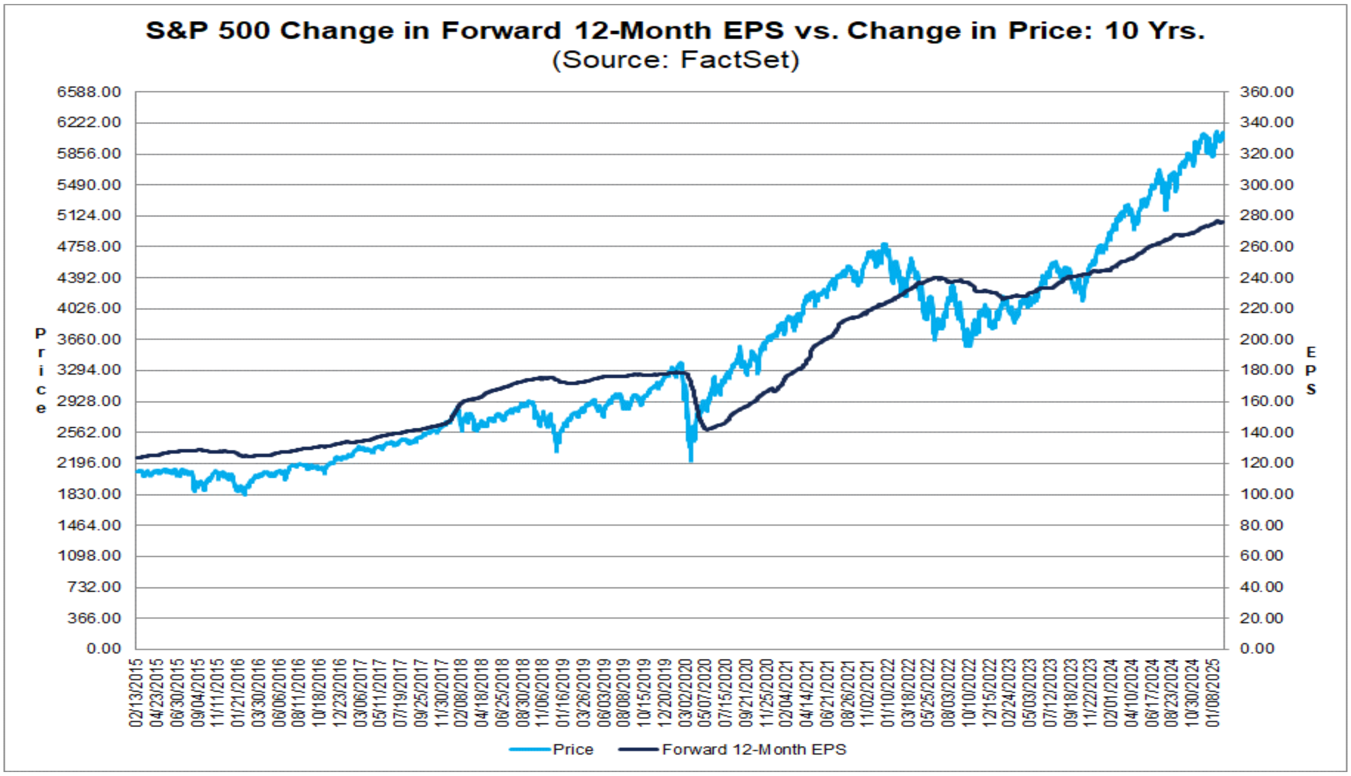
Forward 12M P/E Ratio: Sector Level

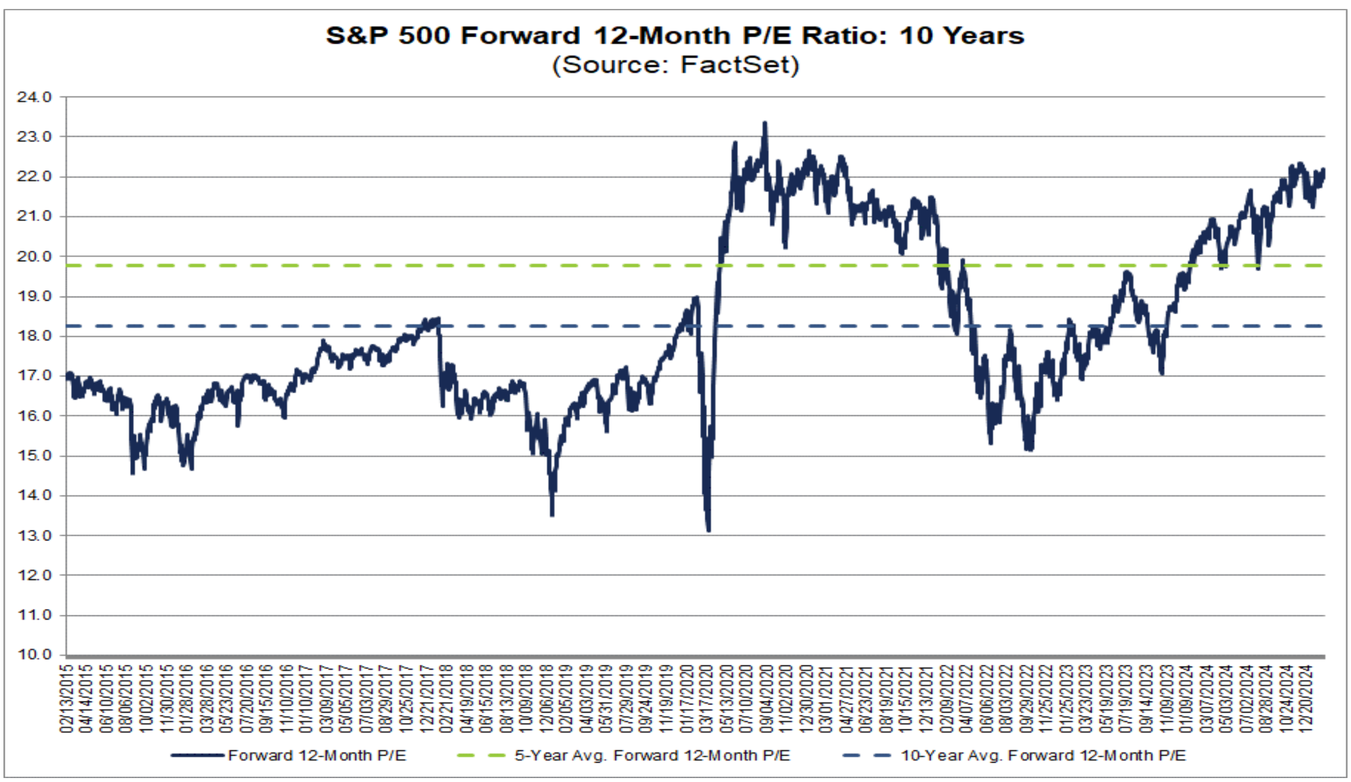


	Info. Technology	Consumer Disc.	Industrials	Consumer Staples	S&P 500	Comm. Services	Materials	Real Estate	Utilities	Health Care	Financials	Energy
Fwd P/E	28.9	28.9	22.9	22.3	22.2	20.9	20.9	18.2	17.9	17.6	17.3	14.3
5-Yr Avg.	25.3	28.5	20.8	20.3	19.8	18.9	18.1	19.1	18.2	17.0	14.0	1.7
10-Yr Avg.	21.4	23.9	18.6	19.8	18.3	16.5	17.2	0.0	17.7	16.4	13.4	15.3

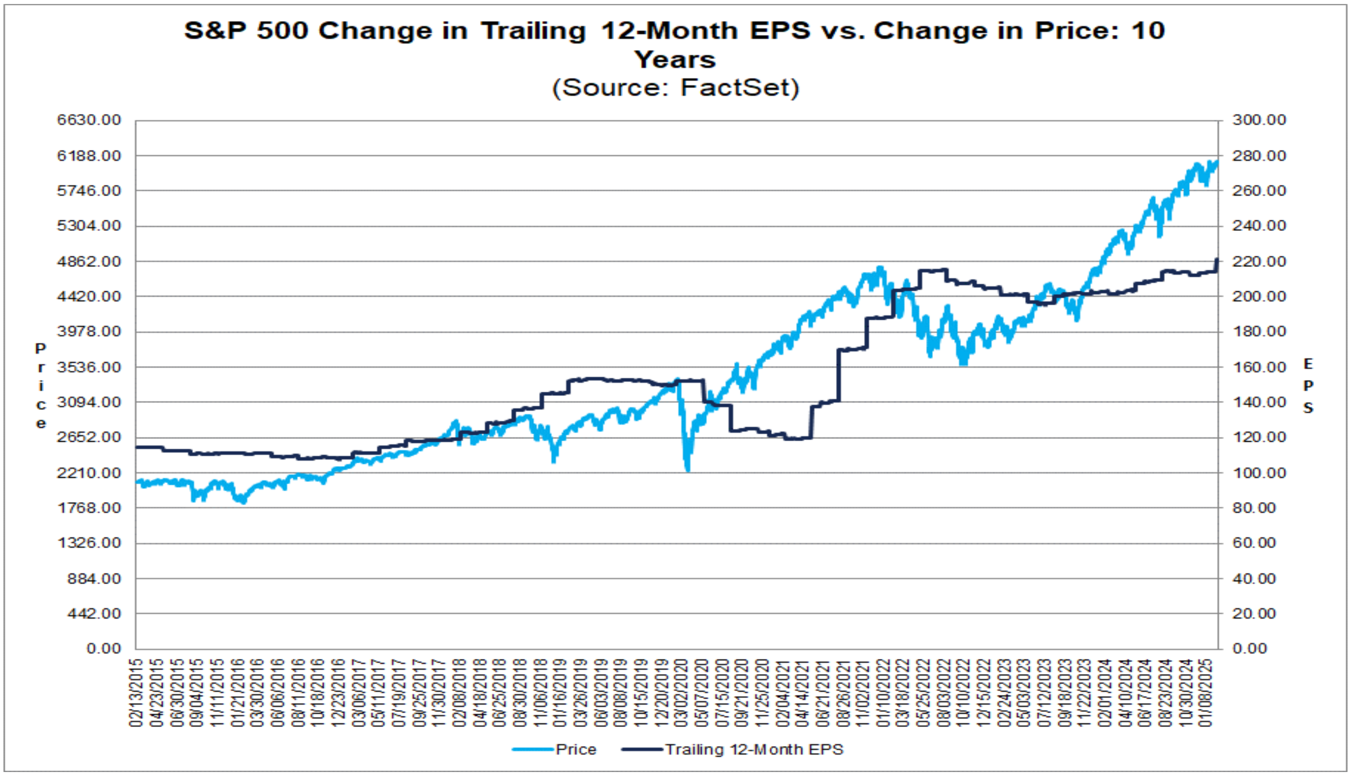


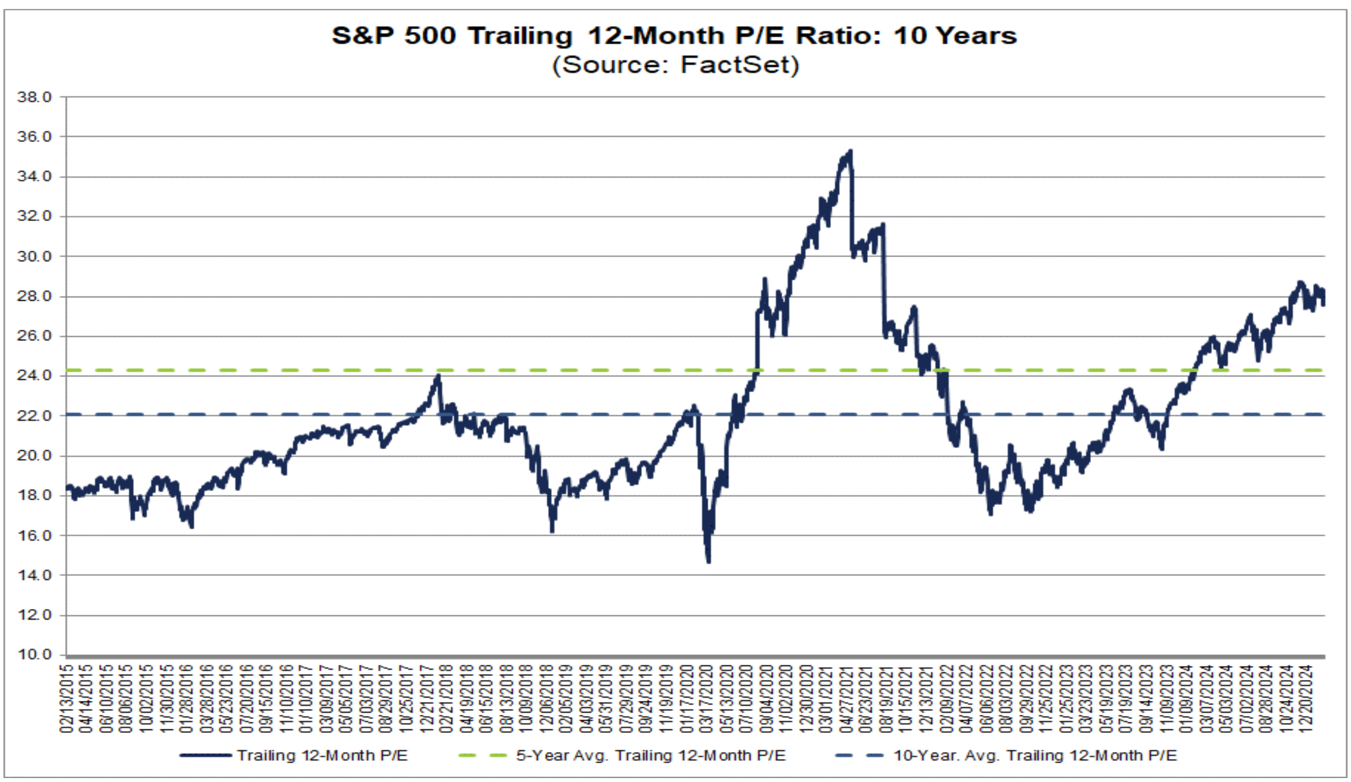
Forward 12M P/E Ratio: 10-Years





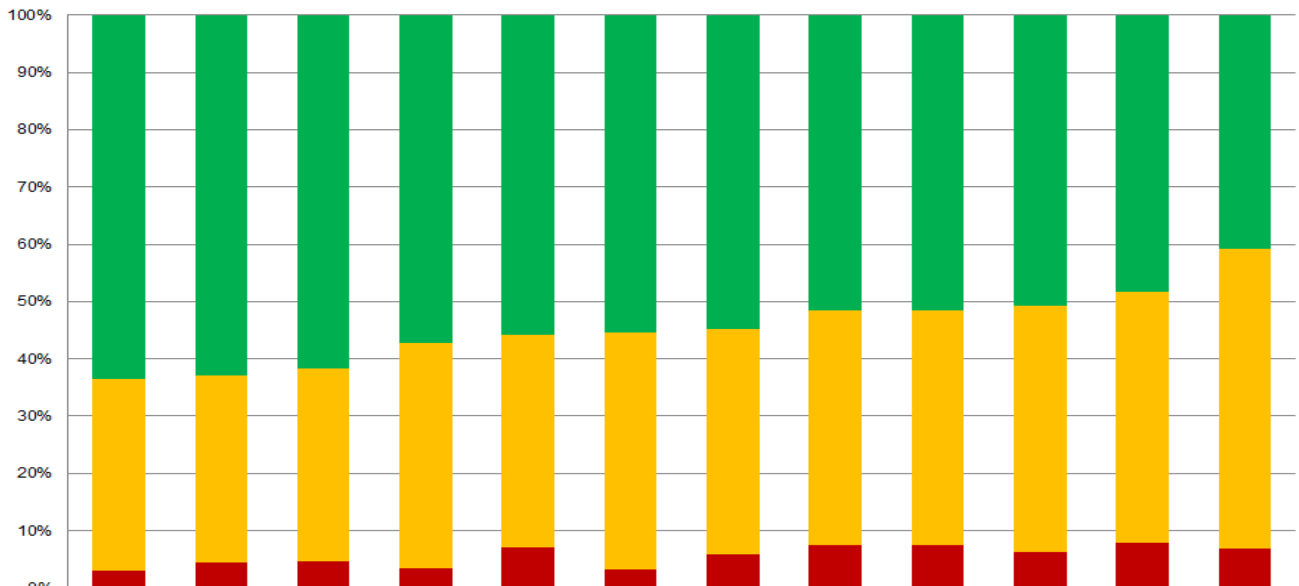
Trailing 12M P/E Ratio: 10-Years





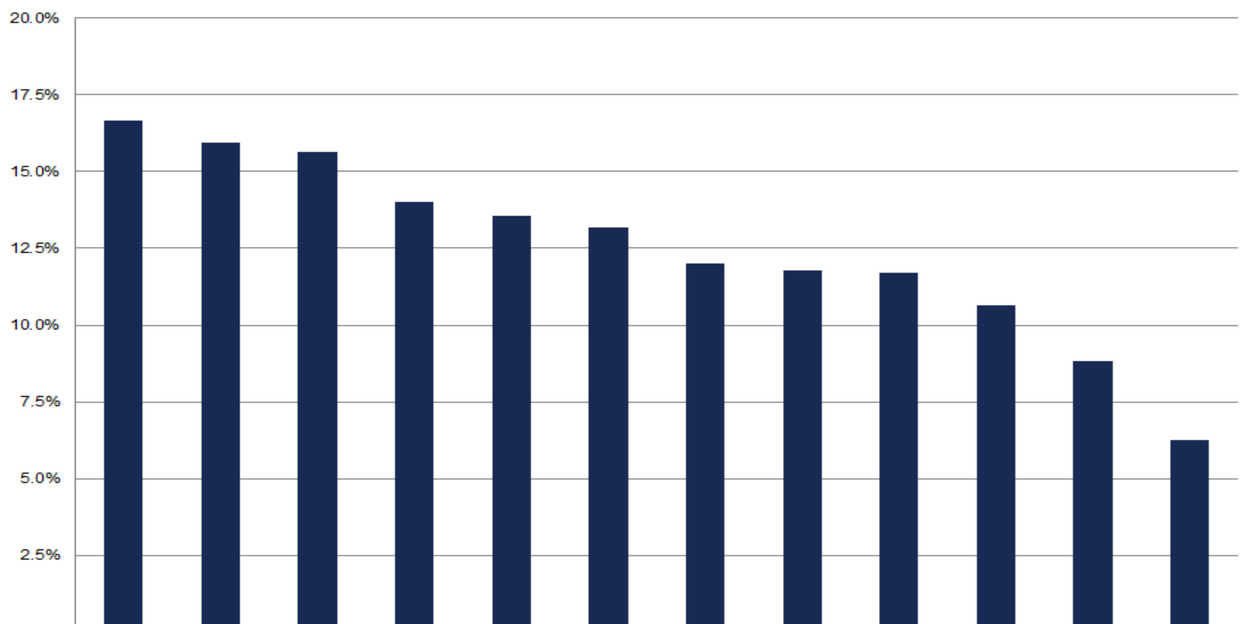
Targets & Ratings

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



	Energy	Comm. Services	Info. Tech.	Health Care	Consumer Disc.	Real Estate	S&P 500	Industrials	Financials	Materials	Utilities	Consumer Staples
Buy	63%	63%	62%	57%	56%	55%	55%	52%	51%	51%	48%	41%
Hold	34%	33%	34%	39%	37%	41%	39%	41%	41%	43%	44%	52%
Sell	3%	5%	5%	4%	7%	3%	6%	7%	7%	6%	8%	7%

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



	Energy	Info. Tech.	Health Care	Consumer Disc.	Materials	S&P 500	Real Estate	Industrials	Comm. Services	Utilities	Financials	Consumer Staples
Target/Close	16.7%	15.9%	15.6%	14.0%	13.6%	13.2%	12.0%	11.8%	11.7%	10.6%	8.8%	6.3%

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