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

Media Questions/Requests
media_request@factset.com

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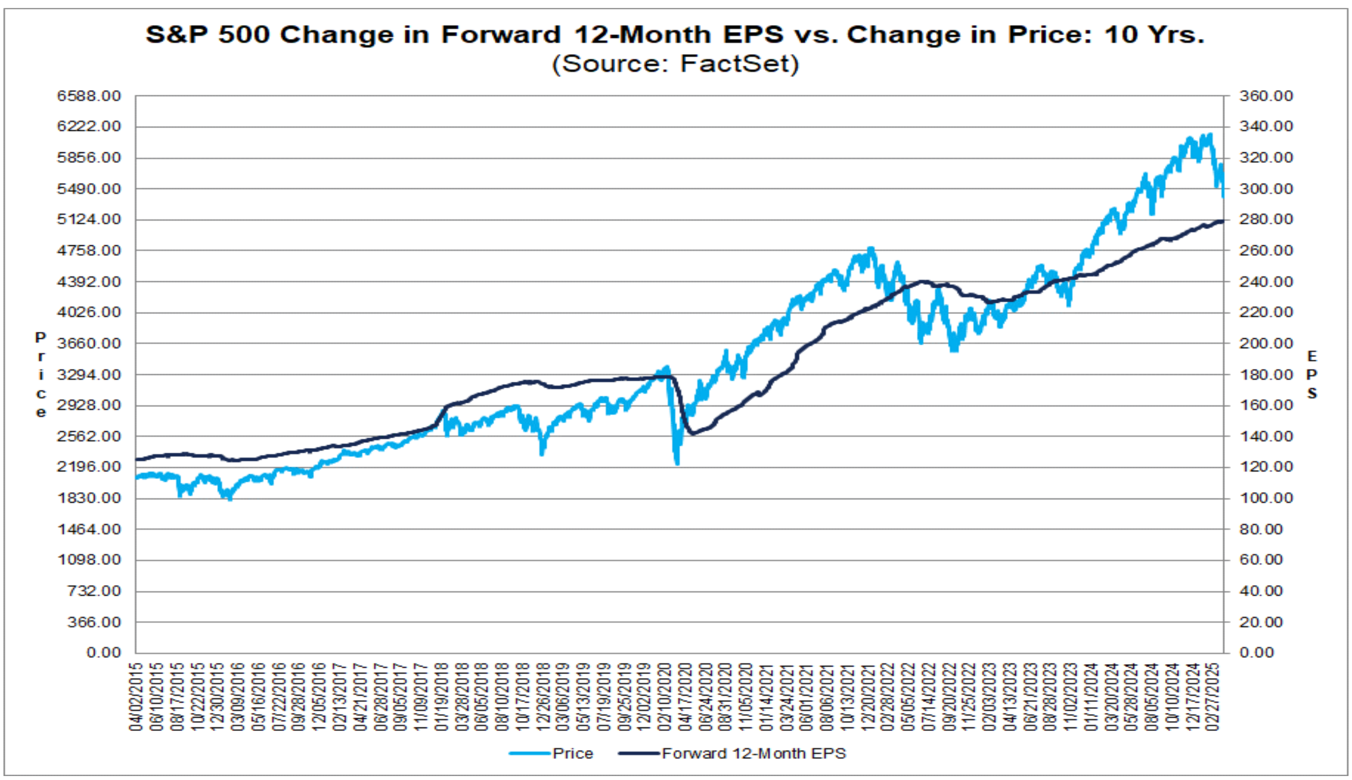
Key Metrics

- **Earnings Growth:** For Q1 2025, the estimated (year-over-year) earnings growth rate for the S&P 500 is 7.0%. If 7.0% is the actual growth rate for the quarter, it will mark the seventh-straight quarter of (year-over-year) earnings growth reported by the index.
- **Earnings Revisions:** On December 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 11.7%. All 11 sectors are expected to report lower earnings today (compared to December 31) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q1 2025, 68 S&P 500 companies have issued negative EPS guidance and 39 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.4. This P/E ratio is below the 5-year average (19.9) but above the 10-year average (18.3).
- **Earnings Scorecard:** For Q1 2025 (with 19 S&P 500 companies reporting actual results), 12 S&P 500 companies have reported a positive EPS surprise and 13 S&P 500 companies have reported a positive revenue surprise.



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Analysts Made Larger Cuts Than Average to EPS Estimates for S&P 500 Companies for Q1

Given concerns in the market about inflation and tariffs, did analysts lower EPS estimates more than normal for S&P 500 companies for the first quarter?

The answer is yes. During the first quarter, analysts lowered EPS estimates by a larger margin compared to the three most recent averages. The Q1 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q1 for all the companies in the index) decreased by 4.2% (to $60.23 from $62.89) from December 31 to March 31.

In a typical quarter, analysts usually reduce earnings estimates during the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.3%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 3.2%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during a quarter has also been 3.2%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during a quarter has been 4.2%.

Thus, the decline in the Q1 bottom-up EPS estimate recorded during the first quarter was larger than the 5-year average, the 10-year average, and the 15-year average. However, it should be noted that it was equal to the 20-year average (-4.2%).

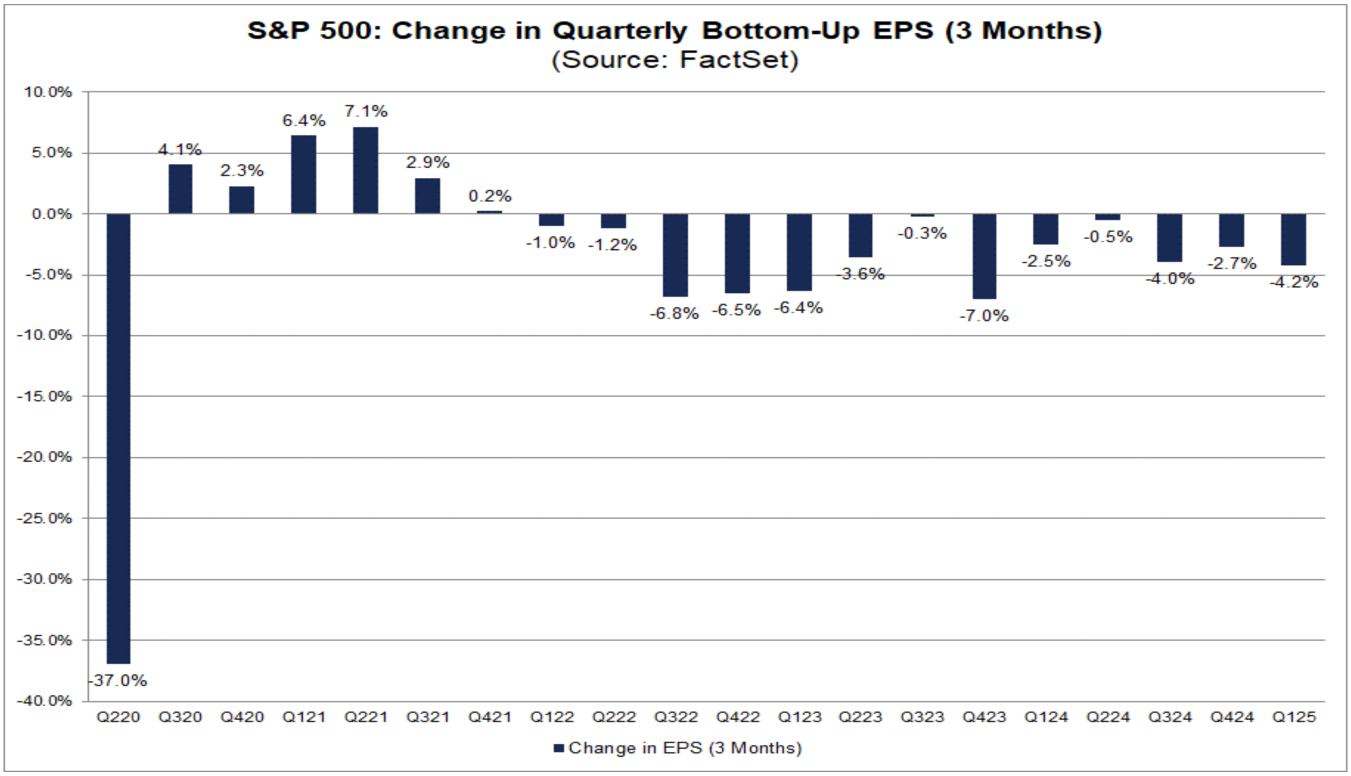
At the sector level, ten sectors witnessed a decrease in their bottom-up EPS estimate for Q1 2025 from December 31 to March 31, led by the Materials (-17.6%) and Consumer Discretionary (-10.4%) sectors. On the other hand, the Utilities (+0.1%) sector was the only sector that recorded an increase in its bottom-up EPS estimate for Q1 2025 during this period

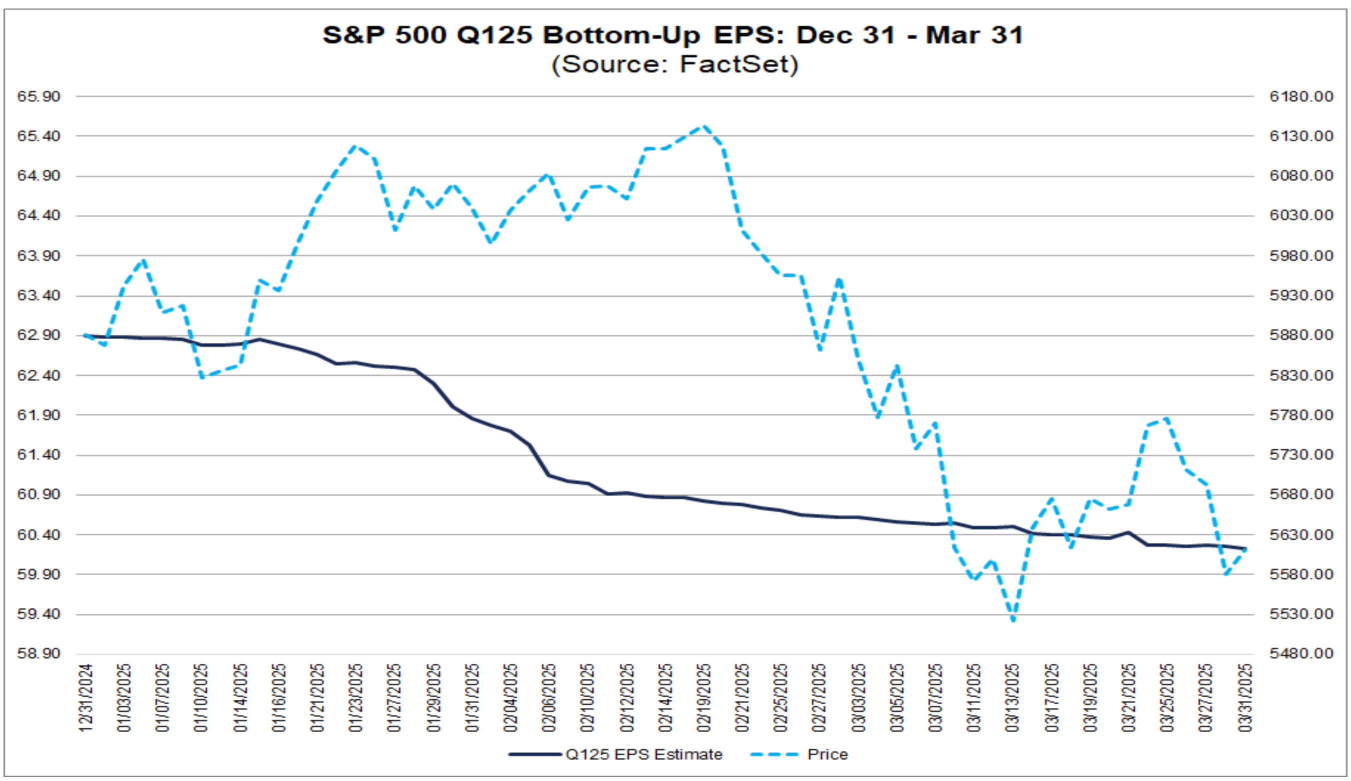
Analysts also lowered EPS estimates for CY 2025 from December 31 to March 31, as the bottom-up EPS estimate for CY 2025 decreased by 1.6% (to $269.67 from $274.12) during this same period.

Analysts also usually reduce earnings estimates for the year during the first three months of the year. During the past five years, the average decrease in the annual bottom-up EPS estimate during the first three months of the year has been 1.5%. During the past ten years, the average decline in the annual bottom-up EPS estimate during the first three months of the year has been 1.4%. During the past fifteen years, the average decline in the annual bottom-up EPS estimate during the first three months of the year has been 1.1%. During the past 20 years, the average decline in the annual bottom-up EPS estimate during the first three months of the year has been 2.3%. During the past 25 years, the average decline in the annual bottom-up EPS estimate during the first three months of the year has also been 2.3%.

Thus, the decline in the CY 2025 bottom-up EPS estimate recorded during the first three months of 2025 was larger than the 5-year average, the 10-year average, and the 15-year average for the first three months of a year, but smaller than the 20-year average and the 25-year average for the first three months of a year.

At the sector level, ten sectors witnessed a decrease in their bottom-up EPS estimate for CY 2025 from December 31 to March 31, led by the Materials (-10.4%) and Energy (-5.5%) sectors. On the other hand, the Financials (+1.1%) sector is the only sector that recorded an increase in its bottom-up EPS estimate for CY 2025 during this period.


S&P 500: Change in Quarterly Bottom-Up EPS (3 Months)
(Source: FactSet)
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-35.0%
-40.0%
-37.0%
4.1%
2.3%
6.4%
7.1%
2.9%
0.2%
-1.0%
-1.2%
-6.8%
-6.5%
-6.4%
-3.6%
-0.3%
-7.0%
-2.5%
-0.5%
-4.0%
-2.7%
-4.2%
Q220
Q320
Q420
Q121
Q221
Q321
Q421
Q122
Q222
Q322
Q422
Q123
Q223
Q323
Q423
Q124
Q224
Q324
Q424
Q125
Change in EPS (3 Months)


S&P 500 Q125 Bottom-Up EPS: Dec 31 - Mar 31
(Source: FactSet)
65.90
65.40
64.90
64.40
63.90
63.40
62.90
62.40
61.90
61.40
60.90
60.40
59.90
59.40
58.90
6180.00
6130.00
6080.00
6030.00
5980.00
5930.00
5880.00
5830.00
5780.00
5730.00
5680.00
5630.00
5580.00
5530.00
5480.00
12/31/2024
01/03/2025
01/07/2025
01/10/2025
01/14/2025
01/16/2025
01/21/2025
01/23/2025
01/27/2025
01/29/2025
01/31/2025
02/04/2025
02/06/2025
02/10/2025
02/12/2025
02/14/2025
02/19/2025
02/21/2025
02/25/2025
02/27/2025
03/03/2025
03/05/2025
03/07/2025
03/11/2025
03/13/2025
03/17/2025
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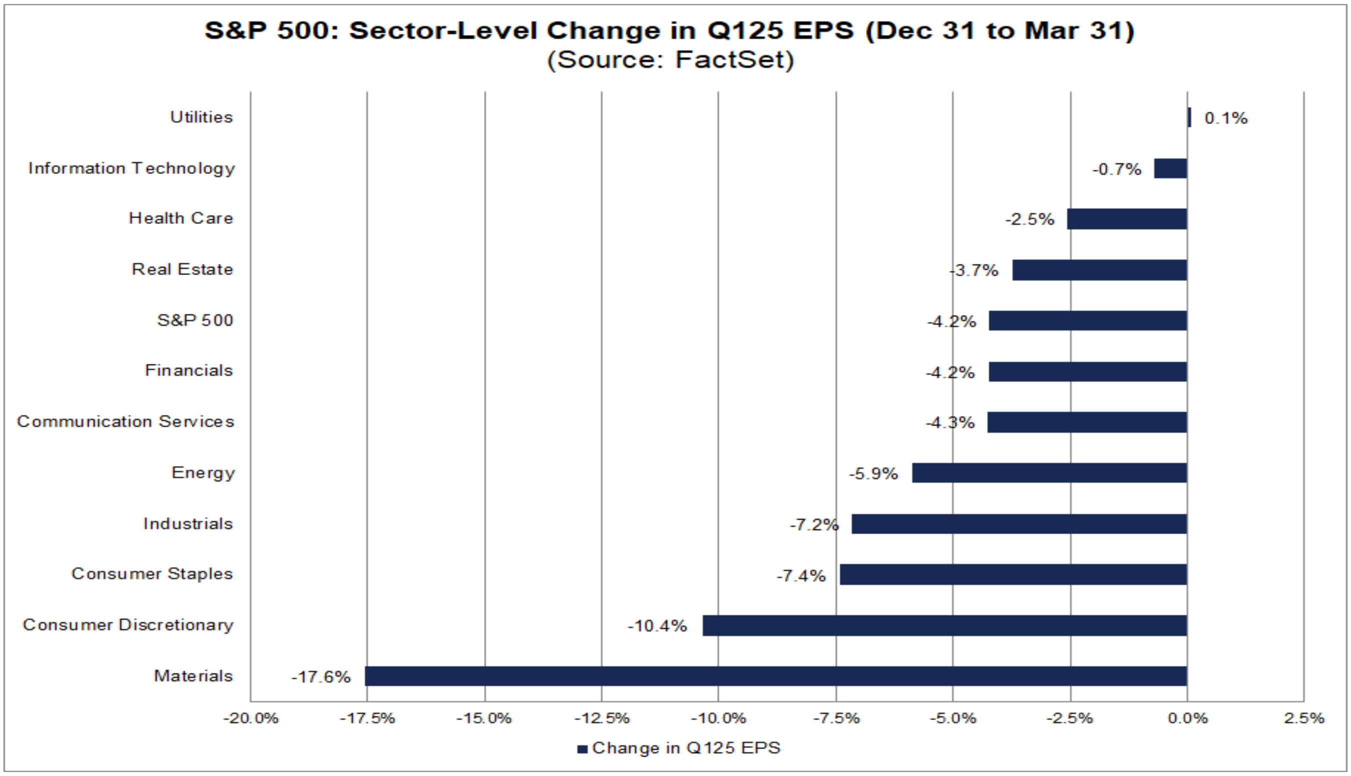
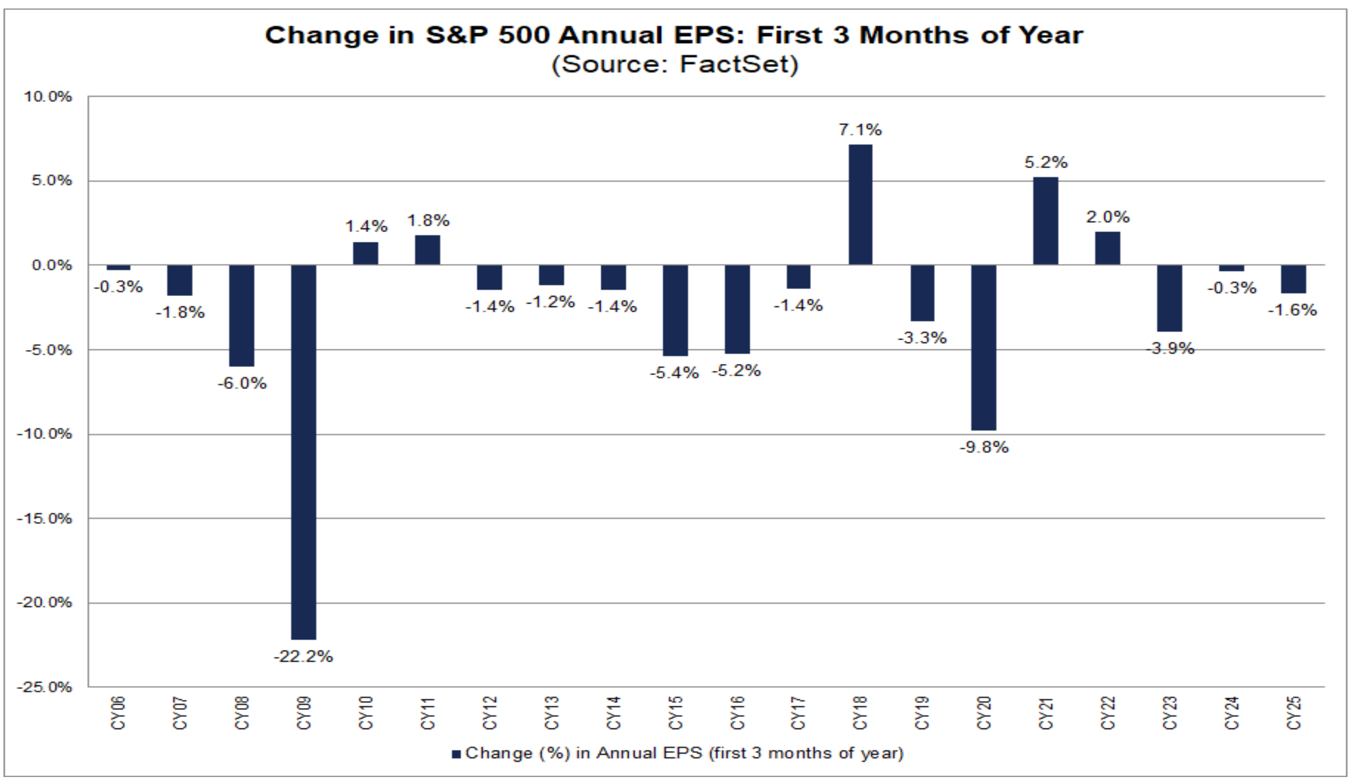
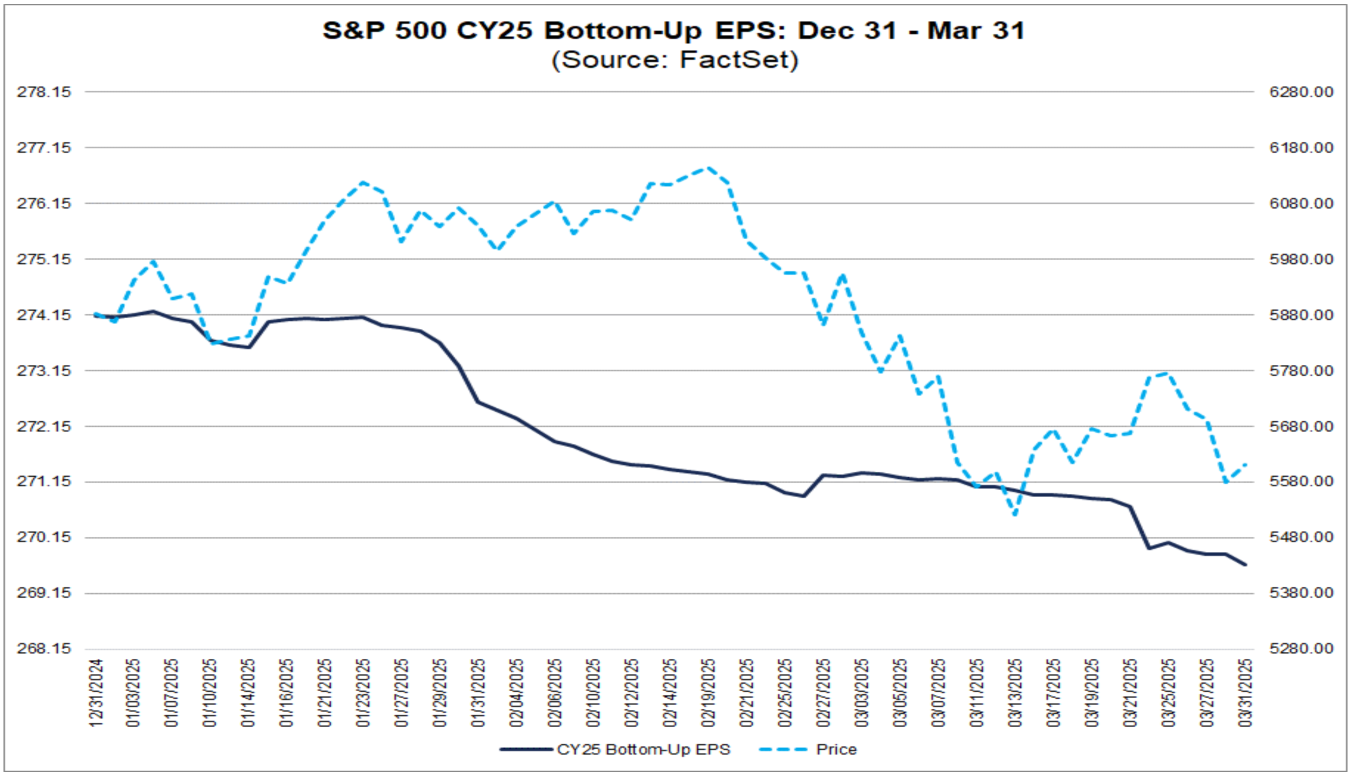
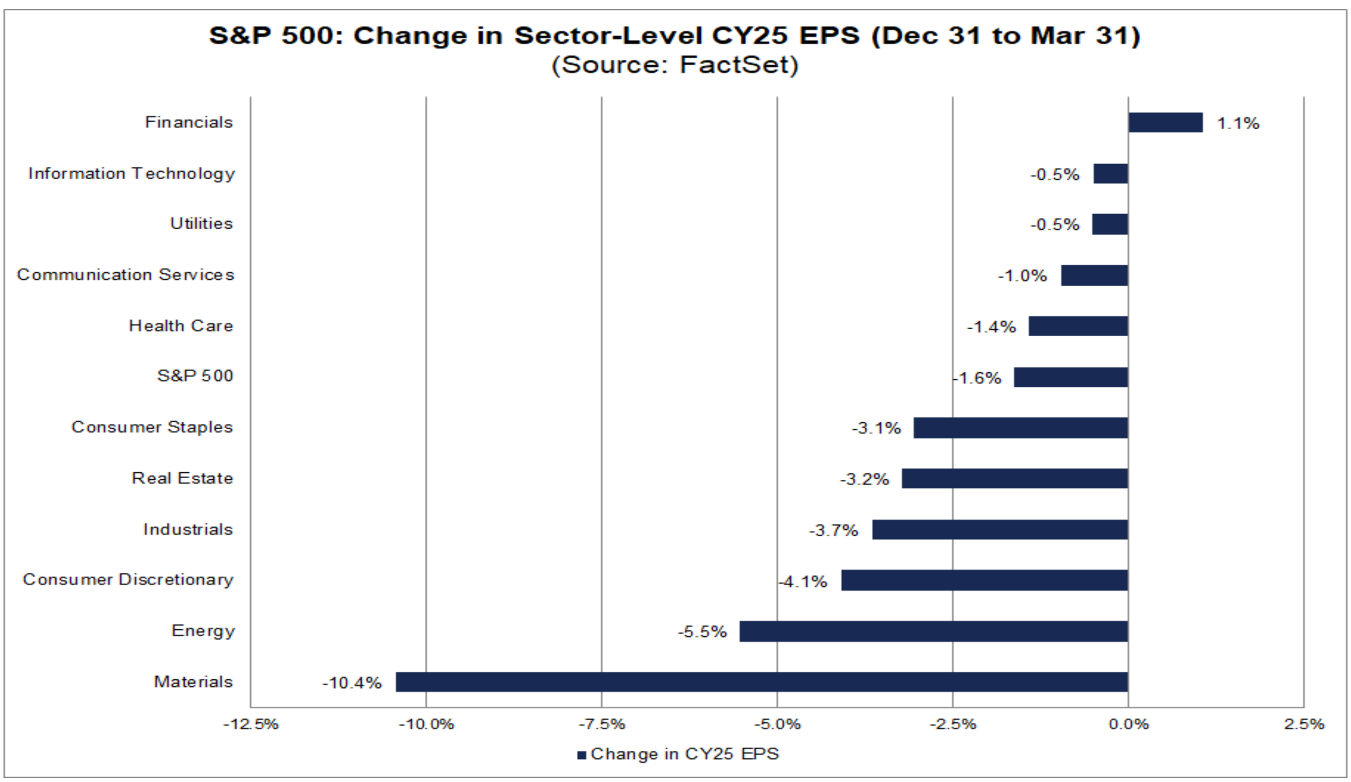
03/21/2025
03/25/2025
03/27/2025
03/31/2025
Q125 EPS Estimate
Price


S&P 500: Sector-Level Change in Q125 EPS (Dec 31 to Mar 31)
(Source: FactSet)
Utilities 0.1%
Information Technology -0.7%
Health Care -2.5%
Real Estate -3.7%
S&P 500 -4.2%
Financials -4.2%
Communication Services -4.3%
Energy -5.9%
Industrials -7.2%
Consumer Staples -7.4%
Consumer Discretionary -10.4%
Materials -17.6%
-20.0% -17.5% -15.0% -12.5% -10.0% -7.5% -5.0% -2.5% 0.0% 2.5%
Change in Q125 EPS


Change in S&P 500 Annual EPS: First 3 Months of Year
(Source: FactSet)
10.0% 5.0% 0.0% -5.0% -10.0% -15.0% -20.0% -25.0%
CY06 -0.3%
CY07 -1.8%
CY08 -6.0%
CY09 -22.2%
CY10 1.4%
CY11 1.8%
CY12 -1.4%
CY13 -1.2%
CY14 -1.4%
CY15 -5.4%
CY16 -5.2%
CY17 -1.4%
CY18 7.1%
CY19 -3.3%
CY20 -9.8%
CY21 5.2%
CY22 2.0%
CY23 -3.9%
CY24 -0.3%
CY25 -1.6%
Change (%) in Annual EPS (first 3 months of year)


S&P 500 CY25 Bottom-Up EPS: Dec 31 - Mar 31
(Source: FactSet)
278.15
277.15
276.15
275.15
274.15
273.15
272.15
271.15
270.15
269.15
268.15
6280.00
6180.00
6080.00
5980.00
5880.00
5780.00
5680.00
5580.00
5480.00
5380.00
5280.00
12/31/2024
01/03/2025
01/07/2025
01/10/2025
01/14/2025
01/16/2025
01/21/2025
01/23/2025
01/27/2025
01/29/2025
01/31/2025
02/04/2025
02/06/2025
02/10/2025
02/12/2025
02/14/2025
02/19/2025
02/21/2025
02/25/2025
02/27/2025
03/03/2025
03/05/2025
03/07/2025
03/11/2025
03/13/2025
03/17/2025
03/19/2025
03/21/2025
03/25/2025
03/27/2025
03/31/2025
CY25 Bottom-Up EPS
Price


S&P 500: Change in Sector-Level CY25 EPS (Dec 31 to Mar 31)
(Source: FactSet)
Financials 1.1%
Information Technology -0.5%
Utilities -0.5%
Communication Services -1.0%
Health Care -1.4%
S&P 500 -1.6%
Consumer Staples -3.1%
Real Estate -3.2%
Industrials -3.7%
Consumer Discretionary -4.1%
Energy -5.5%
Materials -10.4%
-12.5%
-10.0%
-7.5%
-5.0%
-2.5%
0.0%
2.5%
Change in CY25 EPS

Topic of the Week: 2

S&P 500 Financials Sector Earnings Preview: Q1 2025

The Financials sector will be a focus for the market during the next two weeks, as nearly 60% of the S&P 500 companies that are scheduled to report earnings for the first quarter over this period are part of this sector, including American Express, Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Travelers Companies, and Wells Fargo. The Financials sector is predicted to report the fifth-highest year-over-year earnings growth rate of all eleven sectors for the first quarter at 2.3%.

At the industry level, four of the five industries in the sector are expected to report year-over-year earnings growth: Consumer Finance, Capital Markets, Banks, and Financial Services.

The Consumer Finance industry is expected to report the highest earnings growth in the sector at 23%. Three of the four companies in this industry are expected to report double-digit EPS growth, led by Discover Financial Services ($3.37 vs. $1.10).

The Capital Markets industry is expected to report the second-highest earnings growth in the sector at 10%. Within the Capital Markets industry, all three sub-industries are projected to report year-over-year earnings growth: Asset Management & Custody Banks (11%), Investment Banking & Brokerage (10%), and Financial Exchanges & Data (8%).

The Banks industry is expected to report the third-highest earnings growth rate at 5%. Within the Banks industry, both sub-industries are predicted to report year-over-year earnings growth: Regional Banks (11%) and Diversified Banks (4%).

The Financial Services industry is expected to report the fourth-highest earnings growth in the sector at 3%. Within this industry, two of the three sub-industries are projected to report year-over-year earnings growth: Diversified Financial Services (12%) and Transaction & Payment Processing Services (8%). The Multi-Sector Holdings (-7%) sub-industry is expected to a report a year-over-year decline in earnings.

On the other hand, the Insurance industry is the only industry in the Financials sector expected to report a year-over-year decline in earnings at -15%. This industry has also recorded the largest decrease in earnings of all 5 industries in the sector since the start of the quarter. On December 31, the estimated earnings growth rate for the Insurance industry was 8%. In addition, this industry is also the largest detractor to earnings growth for the sector. If the Insurance industry were excluded, the estimated earnings growth rate for the Financials sector would improve to 6.7% from 2.3%. Within the Insurance industry, two sub-industries are projected to report a year-over-year decline in earnings: Reinsurance (-50%) and Property & Casualty Insurance (-30%). The other two sub-industries are projected to report year-over-year earnings growth: Insurance Brokers (11%) and Life & Health Insurance (3%).

Stewart Johnson, Associate Director for Deep Sector Content, highlighted positive and negative macro-level themes to watch for the Life & Health Insurance and Property & Casualty Insurance sub-industries during this earnings season:

Positive Macro-Level Themes:

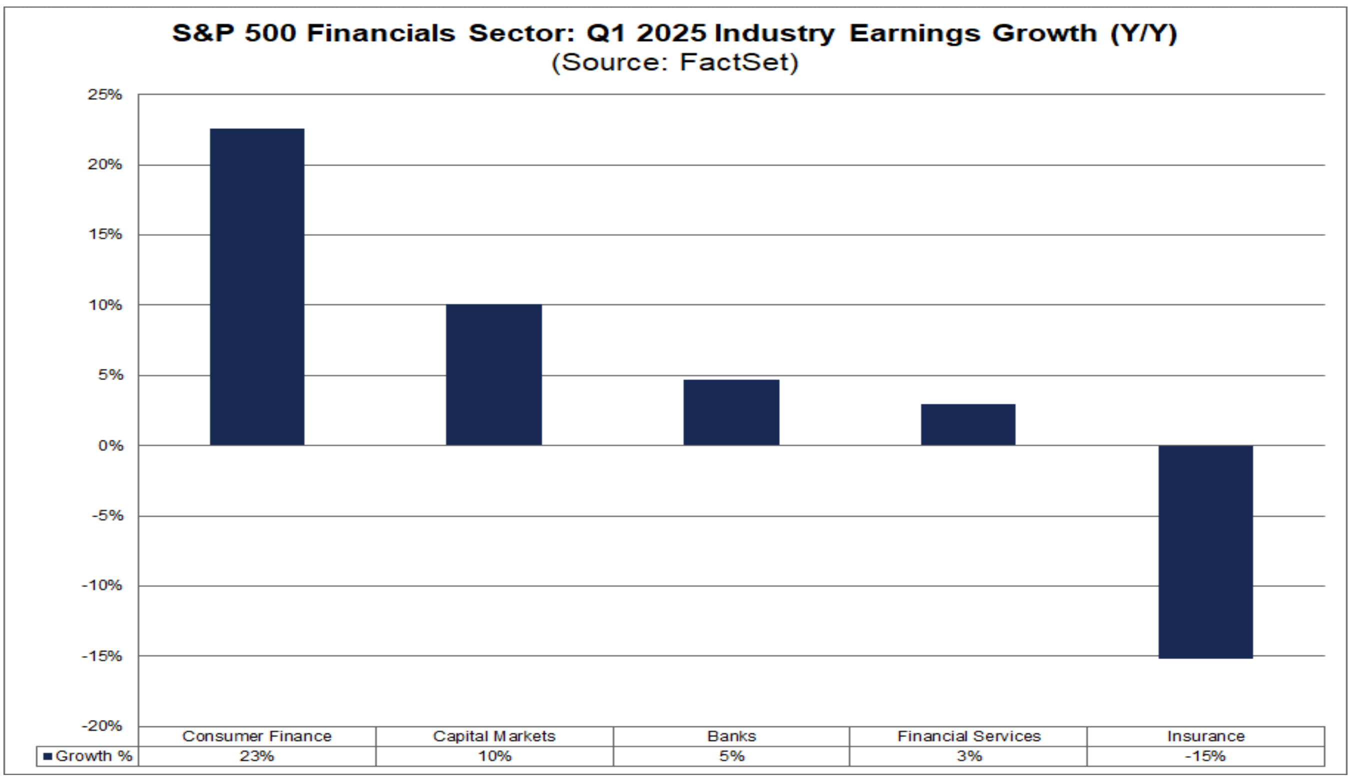
Despite a turbulent economy, the earnings results of the Insurance industry—both the Life Insurance and Property & Casualty sectors—are positioned to benefit from several positive macro trends. One is a favorable investment environment. Expect earnings to benefit from improved 1Q interest income on insurance companies' massive fixed-income bond portfolios and an absence of charges attributed to longer-term, alternative investments such as real estate. Do not expect a repeat of recent quarters when several companies with respectable underwriting results were hurt by alternative investment-related charges. Looking ahead, earnings are expected to benefit from higher interest income in a favorable investment environment and a reduction in negative charges attributed to alternative investments.

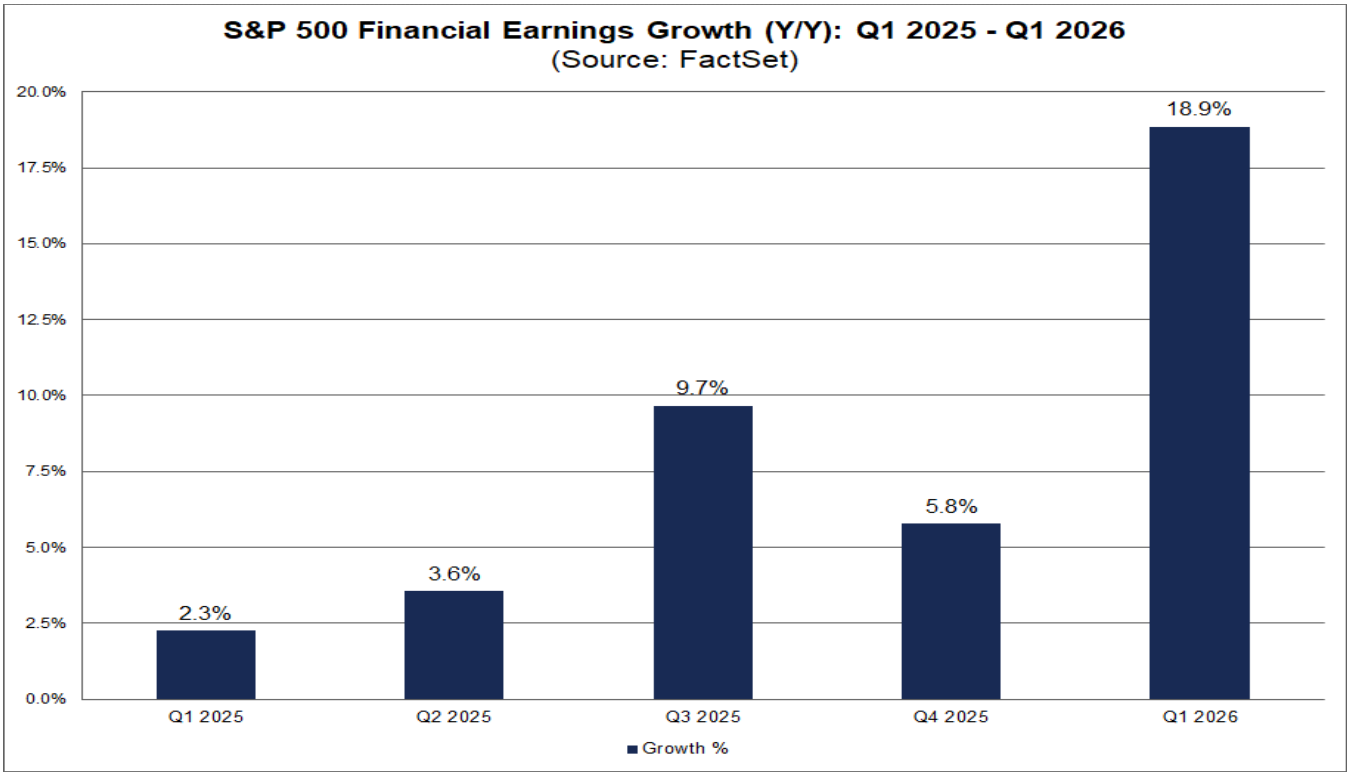
Negative Macro-Level Themes:

A favorable investment environment could be offset across sectors by powerful inflationary forces. P&C companies are very likely to report an increase in premiums, but higher costs to settle policyholder claims—from materials to rebuild houses to the parts needed to repair cars—will reduce margins and contribute materially to the expected decline in P&C sector earnings. This view is in line with broker estimates that point towards 1Q increases in premiums and the combined ratio for several large P&C companies. Life insurance companies are not as exposed as P&C companies to increases in claim costs, but life companies with significant overseas operations are likely to report that inflation negatively impacted exchange rates and pushed down repatriated earnings. The expected pressure on life insurance earnings is reflected in lower broker estimates of quarter-over-quarter earnings for several large life companies.

For more commentary and analysis on the insurance industry, please see Stewart's articles on the FactSet Insight blog at this link: https://insight.factset.com/author/stewart-johnson

Looking ahead, analysts are predicting earnings growth rates for the Financials sector of 3.6%, 9.7%, 5.8%, and 18.9% for Q2 2025 through Q1 2026.




S&P 500 Financial Earnings Growth (Y/Y): Q1 2025 - Q1 2026
(Source: FactSet)
20.0%
17.5%
15.0%
12.5%
10.0%
7.5%
5.0%
2.5%
0.0%
2.3%
3.6%
9.7%
5.8%
18.9%
Q1 2025
Q2 2025
Q3 2025
Q4 2025
Q1 2026
Growth %

Q1 Earnings Season: By The Numbers

Overview

During the first quarter, analysts and companies reduced earnings expectations for the quarter. As a result, estimated earnings for the S&P 500 for the first quarter are lower today compared to expectations at the start of the quarter. Despite the decline in estimated earnings, the index is still expected to report year-over-year earnings growth rate for the seventh-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts lowered earnings estimates for Q1 2025 by a larger margin than average. On a per-share basis, estimated earnings for the first quarter decreased by 4.2% from December 31 to March 31. This decline was larger than the 5-year average (-3.3%) and the 10-year average (-3.2%) for a quarter.

In terms of guidance for the first quarter, more S&P 500 companies have issued negative EPS guidance for Q1 2025 than average. At this point in time, 107 companies in the index have issued EPS guidance for Q1 2025. Of these companies, 68 have issued negative EPS guidance and 39 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2025 is above the 5-year average of 57 and above the 10-year average of 62.

Due to the downward revisions to earnings estimates by analysts and the negative EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q1 2025 is lower today relative to the start of the first quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 7.0%, compared to the estimated (year-over-year) earnings growth rate of 11.7% on December 31.

If 7.0% is the actual growth rate for the quarter, it will mark the seventh consecutive quarter of year-over-year earnings growth for the index.

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

In terms of revenues, analysts have also lowered their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 4.2%, compared to the expectations for revenue growth of 5.1% on December 31.

If 4.2% is the actual revenue growth rate for the quarter, it will mark the 18th consecutive quarter of revenue growth for the index.

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

For Q2 2025 through Q4 2025, analysts are calling for earnings growth rates of 9.1%, 11.7%, and 11.2%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 11.3%.

The forward 12-month P/E ratio is 19.4, which is below the 5-year average (19.9) but above the 10-year average (18.3). This P/E ratio is also below the forward P/E ratio of 20.2 recorded at the end of the first quarter (March 31).

During the upcoming week, 9 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Earnings Revisions: Materials Sector Has Seen Largest Decrease in EPS Estimates

Decline In Estimated Earnings Growth Rate for Q1 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q1 2025 decreased to 7.0% from 7.2%. Downward revisions to EPS estimates for companies in multiples sectors (led by the Financials sector) accounted for the decline in the overall earnings growth rate for the index during the week.

The estimated earnings growth rate for the S&P 500 for Q1 2025 of 7.0% today is below the estimate of 11.7% at the start of the quarter (December 31), as estimated earnings for the index of $526.4 billion today are 4.2% below the estimate of $549.3 billion at the start of the quarter. All eleven sectors have recorded a decrease in dollar-level earnings due to downward revisions to earnings estimates, led by the Materials, Consumer Discretionary, Industrials, and Consumer Staples sectors.

Materials: 96% of Companies Have Recorded a Decrease In Earnings Since December 31

The Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -16.0% (to $9.3 billion from $11.0 billion). As a result, the estimated (year-over-year) earnings decline for the sector is -10.1% today compared to expected earnings growth of 7.1% on December 31. This sector has also recorded a decrease in price of -0.9% since December 31. Overall, 25 of the 26 companies (96%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 26 companies, 14 have recorded a decrease in their mean EPS estimate of more than 10%, led by Dow (to $0.04 from $0.52), LyondellBasell Industries (to $0.55 from $1.45), Albemarle Corporation (to -$0.51 from -$0.33), Freeport-McMoRan (to $0.22 from $0.46), and Nucor (to $0.80 from $1.25).

Consumer Discretionary: Ford Motor and Tesla Lead Earnings Decrease Since December 31

The Consumer Discretionary sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.0% (to $39.8 billion from $43.7 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 1.5% today from 11.5% on December 31. This sector has also witnessed the second-largest price decrease of all 11 sectors since December 31 at -17.0%. Overall, 39 of the 51 companies (76%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 39 companies, 15 have recorded a decline in their mean EPS estimate of more than 10%, led by Caesars Entertainment (to -$0.17 from $0.02), Ford Motor (to -$0.02 from $0.49), Tesla (to $0.47 from $0.74), and Norwegian Cruise Line Holdings (to $0.09 from $0.13). Ford Motor and Tesla have also been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since December 31.

Industrials: Boeing Leads Earnings Decrease Since December 31

The Industrials sector (along with the Consumer Staples sector) has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -7.5% (to $38.4 billion from $41.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.7% today from 8.8% on December 31. This sector has recorded a decrease in price of -4.5% since December 31. Overall, 68 of the 78 companies (87%) in the Industrials sector have seen a decrease in their mean EPS estimate during this time. Of these 68 companies, 17 have recorded a decline in their mean EPS estimate of more than 10%, led by Southwest Airlines (to -$0.17 from -$0.06), Boeing (to -$1.25 from -$0.45), GE Vernova (to $0.41 from $0.84), and Delta Air Lines (to $0.44 from $0.80). Boeing has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

Consumer Staples: Walmart Leads Earnings Decrease Since December 31

The Consumer Staples sector (along with the Industrials sector) has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -7.5% (to $31.7 billion from $34.3 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -8.1% today from -0.6% on December 31. Despite the decline in expected earnings, this sector has recorded an increase in price of 5.4% since December 31. Overall, 34 of the 38 companies (89%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 34 companies, 14 have recorded a decline in their mean EPS estimate of more than 10%, led by Estee Lauder (to $0.32 from $0.65), Archer-Daniels-Midland (to $0.67 from $1.18), and Bunge Global (to $1.30 from $2.14). However, Walmart (to $0.59 from $0.65) has been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

Index-Level EPS Estimate: 4.2% Decrease During Q1

The Q1 bottom-up EPS estimate (which is an aggregation of the median Q1 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) decreased by 4.2% (to $60.23 from $62.89) from December 31 to March 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.2% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.2% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.2% on average during a quarter.

Guidance: # of Cos. Issuing Negative EPS Guidance for Q1 is Above Average

Quarterly Guidance: # of Cos. Issuing Negative EPS Guidance for Q1 is Above Average

At this point in time, 107 companies in the index have issued EPS guidance for Q1 2025. Of these 107 companies, 68 have issued negative EPS guidance and 39 have issued positive EPS guidance. The number of companies issuing negative EPS guidance for Q1 2025 is above the 5-year average of 57 and above the 10-year average of 62. The number of companies issuing positive EPS guidance is below the 5-year average of 42 but above the 10-year average of 38.

The percentage of companies issuing negative EPS guidance for Q1 2025 is 64% (68 out of 107), which is above the 5-year average of 57% and above the 10-year average of 62%.

Annual Guidance: 59% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 258 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 258 companies, 152 have issued negative EPS guidance and 106 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 59% (152 out of 258).

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 Growth: 7.0%

The estimated (year-over-year) earnings growth rate for Q1 2025 is 7.0%, which is below the 5-year average earnings growth rate of 10.4% and below the 10-year average earnings growth rate of 8.5%. If 7.0% is the actual growth rate for the quarter, it will mark the seventh consecutive quarter of year-over-year earnings growth for the index.

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

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

The Health Care sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 35.8%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year earnings growth: Pharmaceuticals (115%), Biotechnology (67%), Health Care Providers & Services (7%), and Health Care Equipment & Supplies (3%). On the other hand, the Life Sciences, Tools, & Services (-7%) industry is the only industry predicted to report a year-over-year decline in earnings.

At the company level, Bristol Myers Squibb ($1.52 vs. -$4.40) and Gilead Sciences ($1.77 vs. -$1.32) are expected to be the largest contributors to earnings growth for the sector. Both companies are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to IPR&D and other charges that were included in their non-GAAP EPS. If these two companies were excluded, the estimated earnings growth rate for the Health Care sector would fall to 4.7% from 35.8%.

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

The Information Technology sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 14.8%. At the industry level, 5 of the 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (35%), Electronic Equipment, Instruments, & Components (13%), Software (10%), Communication Services (6%), and Technology Hardware, Storage, & Peripherals (4%). On the other hand, the IT Services (-10%) industry is the only industry predicted to report a year-over-year decline in earnings.

The Semiconductors & Semiconductor Equipment 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 Financials sector would fall to 6.3% from 14.8%.

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

The Utilities sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 10.0%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Energy Producers (141%), Water Utilities (15%), Multi-Utilities (10%), Gas Utilities (7%), and Electric Utilities (6%).

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

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -12.4%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q1 2025 ($71.38) was 7% below the average price for oil in Q1 2024 ($76.91). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-85%), Integrated Oil & Gas (-13%), and Oil & Gas Equipment & Services (-8%). On the other hand, two sub-industries are predicted to report year-over-year growth in earnings: Oil & Gas Storage & Transportation (14%) and Oil & Gas Exploration & Production (8%).

The Oil & Gas Refining & Marketing sub-industry is also expected to be the largest contributor to the earnings decline for the sector. If this sub-industry were excluded, the estimated earnings decline for the Energy sector would improve to -4.1% from -12.4%.

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

The Materials sector is expected to report the second-largest (year-over-year) earnings decline of all eleven sectors at -10.1%. At the industry level, 3 of the 4 industries in the sector are projected to report a year-over-year earnings decline: Metals & Mining (-32%), Chemicals (-10%), and Construction Materials (-4%). On the other hand, the Containers & Packaging (42%) industry is the only industry predicted to report year-over-year growth in earnings.

Consumer Staples: 5 of 6 Industries Expected to Report Year-Over-Year Decline

The Consumer Staples sector is expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -8.1%. At the industry level, 5 of the 6 industries in the sector are projected to report a year-over-year earnings decline: Personal Care Products (-33%), Food Products (-26%), Consumer Staples Distribution & Retail (-8%), Beverages (-4%), and Household Products (less than -1%). On the other hand, the Tobacco (4%) industry is the only industry predicted to report year-over-year growth in earnings.

Revenue Growth: 4.2%

The estimated (year-over-year) revenue growth rate for Q1 2025 is 4.2%, 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 4.2% is the actual growth rate for the quarter. it will mark the 18th consecutive quarter of revenue growth for the index.

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

Information Technology: All 6 Industries Expected to Report Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 11.4%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (26%), Communication Equipment (11%), Software (11%), Electronic Equipment, Instruments, & Components (5%), Technology Hardware, Storage, & Peripherals (5%), and IT Services (4%).

Health Care: 4 of 5 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the second-highest (year-over-year) revenue growth rate of all eleven sectors at 7.6%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year revenue growth: Health Care Providers & Services (9%), Biotechnology (5%), Health Care Equipment & Supplies (3%), and Pharmaceuticals (2%). On the other hand, the Life Sciences, Tools, & Services (-1%) industry is the only industry predicted to report a year-over-year decline in revenue.

Industrials: 5 of 12 Industries Expected to Report Year-Over-Year Decline

The Industrials sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -0.9%. At the industry level, 5 of the 12 industries in the sector are predicted to report a year-over-year decline in revenue, led by the Industrial Conglomerates (-8%), Building Products (-8%), and Machinery (-7%) industries. On the other hand, 7 of the 12 industries in the sector are projected to report year-over-year revenue growth, led by the Construction & Engineering (17%) and Commercial Services & Supplies (11%) industries.

Net Profit Margin: 12.1%

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

At the sector level, four sectors are expected to report a year-over-year increase in their net profit margins in Q1 2025 compared to Q1 2024, led by the Health Care (8.3% vs. 6.6%) sector. On the other hand, six sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2025 compared to Q1 2024, led by the Real Estate (34.6% vs. 36.2%), Energy (8.2% vs. 9.4%), and Materials (8.5% vs. 9.6%) sectors. The Financials (17.9% vs. 17.9%) sector is expected to report no year-over-year change in net profit margin.

Six sectors are expected to report net profit margins in Q1 2025 that are above their 5-year averages, led by the Communication Services (13.3% vs. 11.9%) sector. On the other hand, five sectors are expected to report net profit margins in Q1 2025 that are below their 5-year averages, led by the Materials (8.5% vs. 11.1%) sector.

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 11% for CY 2025

For the first quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 7.0% and year-over-year growth in revenues of 4.2%.

For Q2 2025, analysts are projecting earnings growth of 9.1% and revenue growth of 4.6%.

For Q3 2025, analysts are projecting earnings growth of 11.7% and revenue growth of 5.4%.

For Q4 2025, analysts are projecting earnings growth of 11.2% and revenue growth of 6.0%.

For CY 2025, analysts are projecting earnings growth of 11.3% and revenue growth of 5.4%.

Valuation: Forward P/E Ratio is 19.4, Above the 10-Year Average (18.3)

The forward 12-month P/E ratio for the S&P 500 is 19.4. This P/E ratio is below the 5-year average of 19.9 and above the 10-year average of 18.3. It is also below the forward 12-month P/E ratio of 20.2 recorded at the end of the first quarter (March 31). Since the end of the first quarter (March 31), the price of the index has decreased by 8.2%, while the forward 12-month EPS estimate has increased by less than 0.1%. At the sector level, the Consumer Discretionary (24.0) and Information Technology (23.0) and sectors have the highest forward 12-month P/E ratios, while the Energy (14.0) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 24.2, which is below the 5-year average of 24.6 but above the 10-year average of 22.3.

Targets & Ratings: Analysts Project 28% Increase in Price Over Next 12 Months

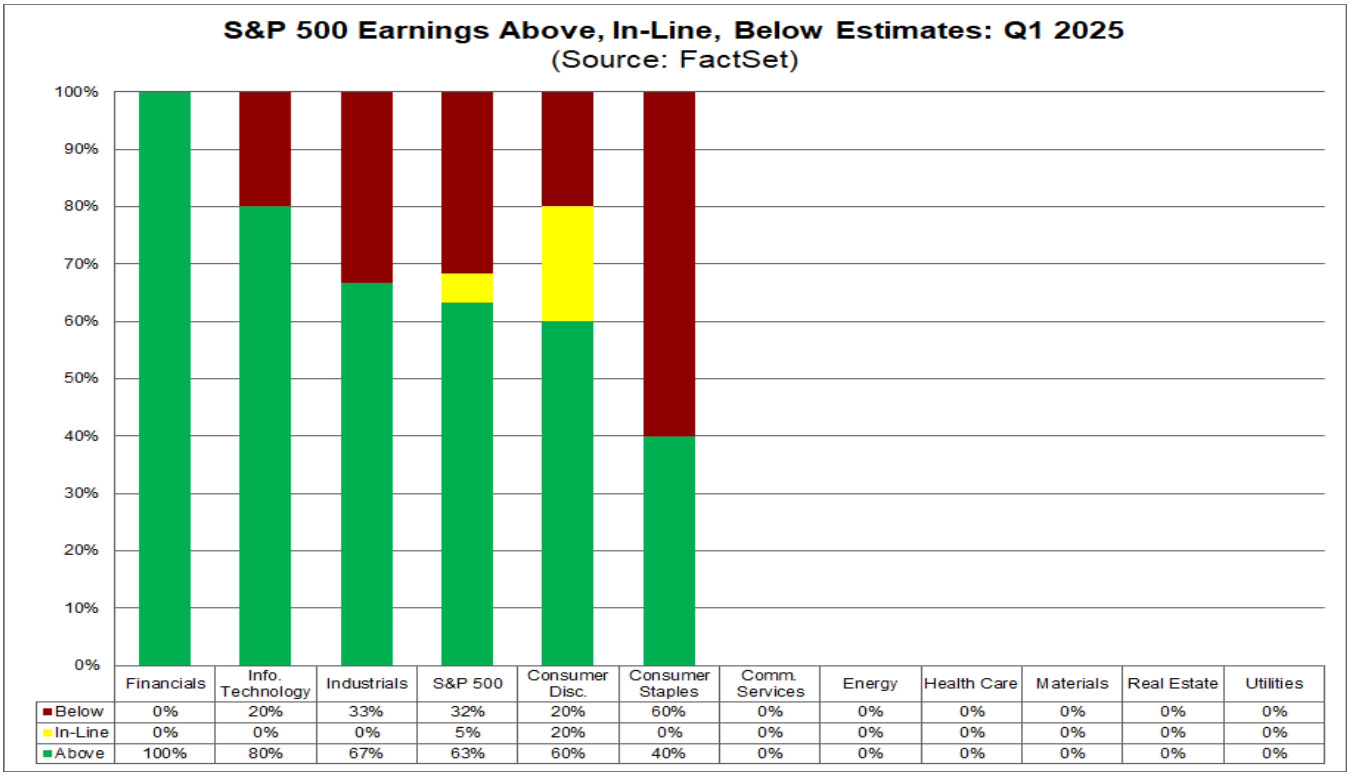
The bottom-up target price for the S&P 500 is 6886.12, which is 27.6% above the closing price of 5396.52. At the sector level, the Information Technology (+41.2%), Communication Services (+34.8%), and Consumer Discretionary (+34.7%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+9.1%) 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 12,428 ratings on stocks in the S&P 500. Of these 12,428 ratings, 56.0% are Buy ratings, 38.5% are Hold ratings, and 5.4% are Sell ratings. At the sector level, the Energy (65%), Communication Services (64%), and Information Technology (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

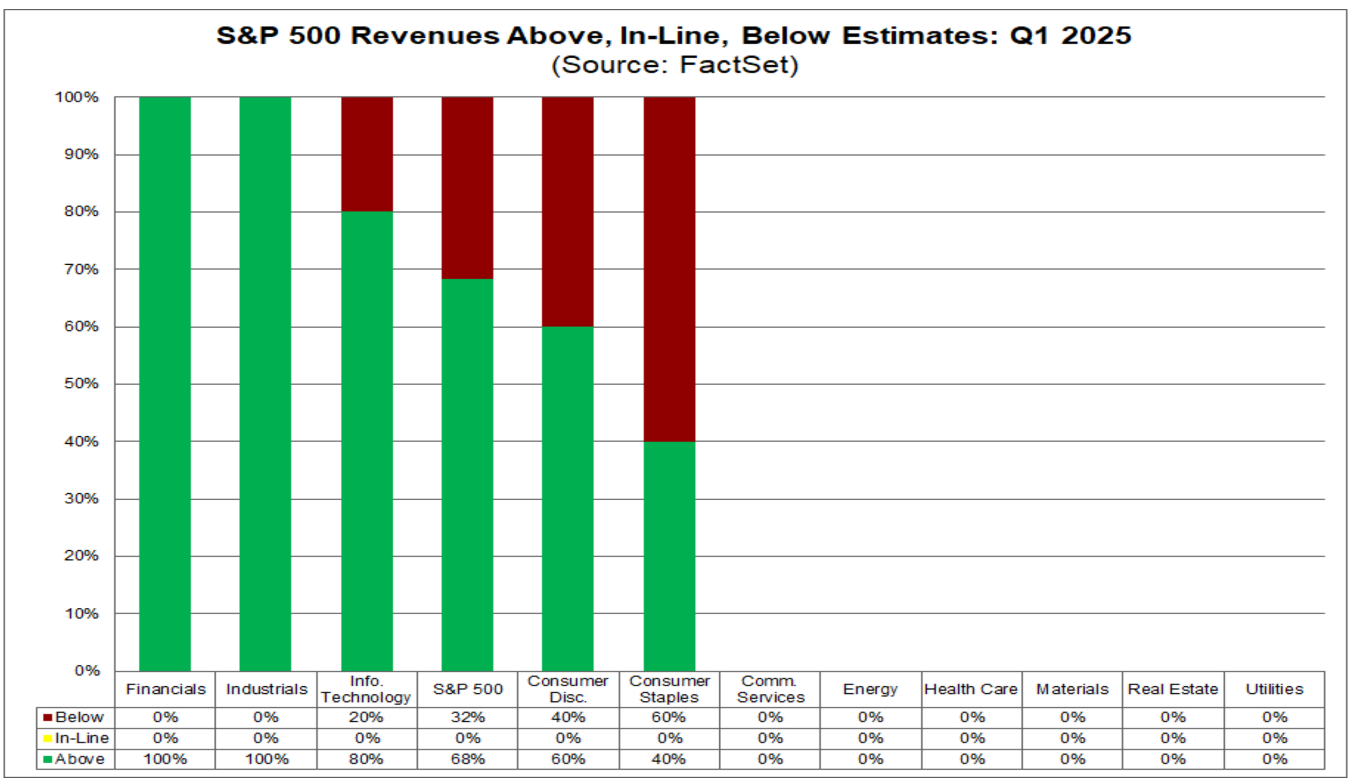
Companies Reporting Next Week: 9

During the upcoming week, 9 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

Q1 2025: Scorecard

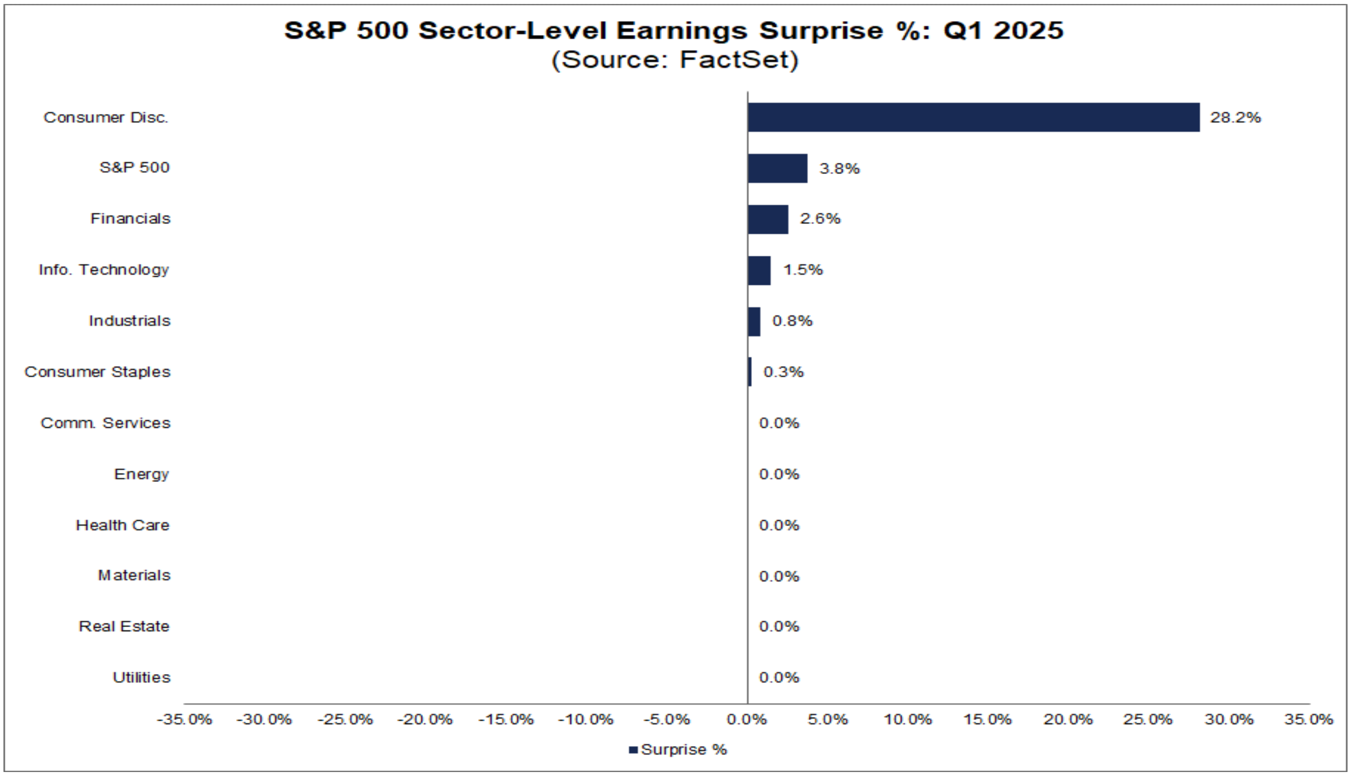


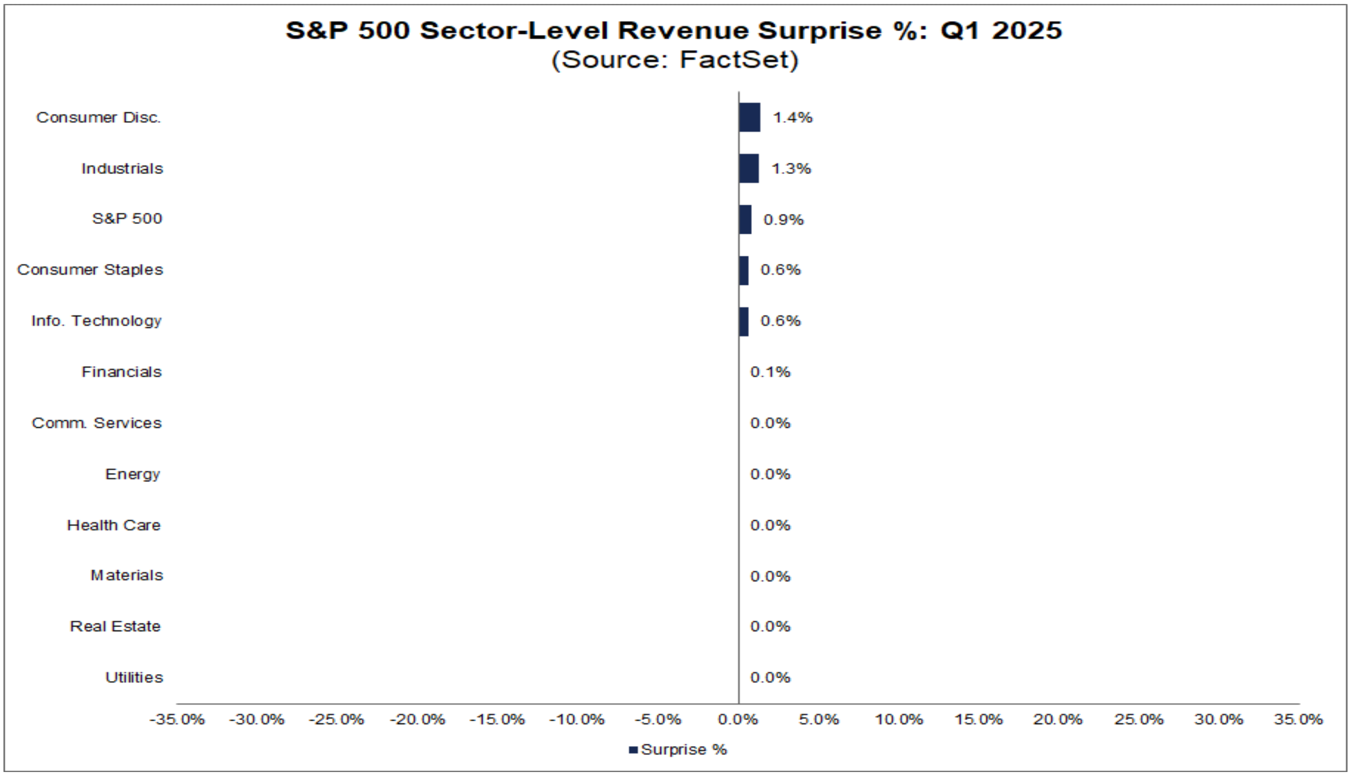
	Financials	Info. Technology	Industrials	S&P 500	Consumer Disc.	Consumer Staples	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	0%	20%	33%	32%	20%	60%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	5%	20%	0%	0%	0%	0%	0%	0%	0%
Above	100%	80%	67%	63%	60%	40%	0%	0%	0%	0%	0%	0%



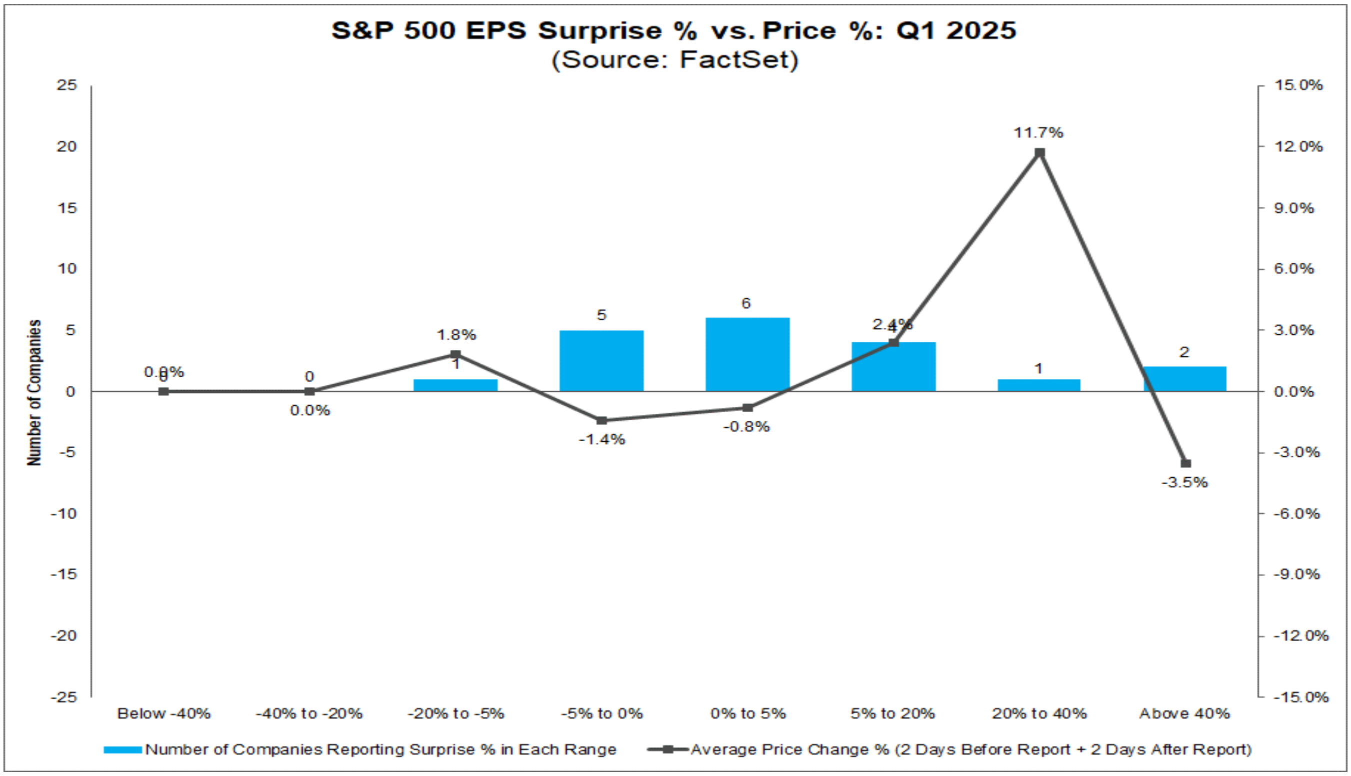
	Financials	Industrials	Info. Technology	S&P 500	Consumer Disc.	Consumer Staples	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	0%	0%	20%	32%	40%	60%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	80%	68%	60%	40%	0%	0%	0%	0%	0%	0%

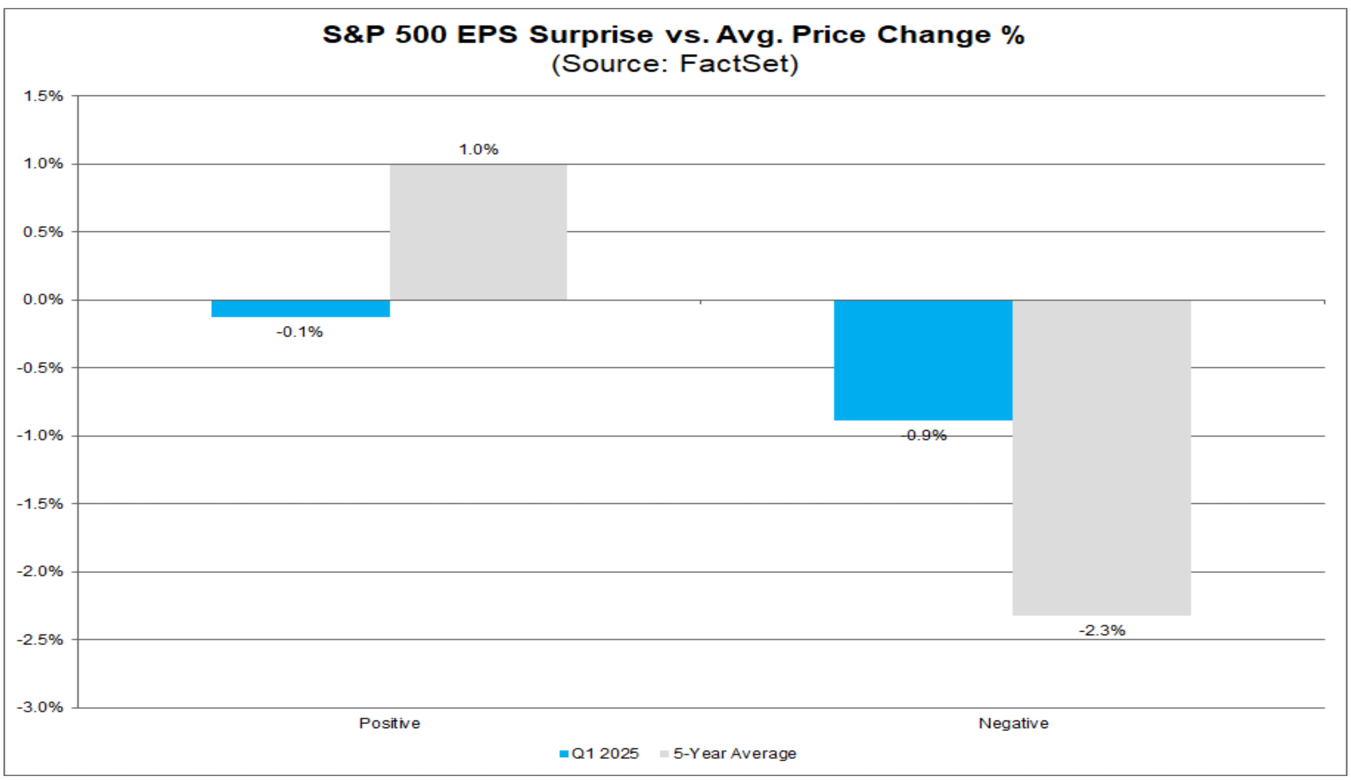
Q1 2025: Surprise



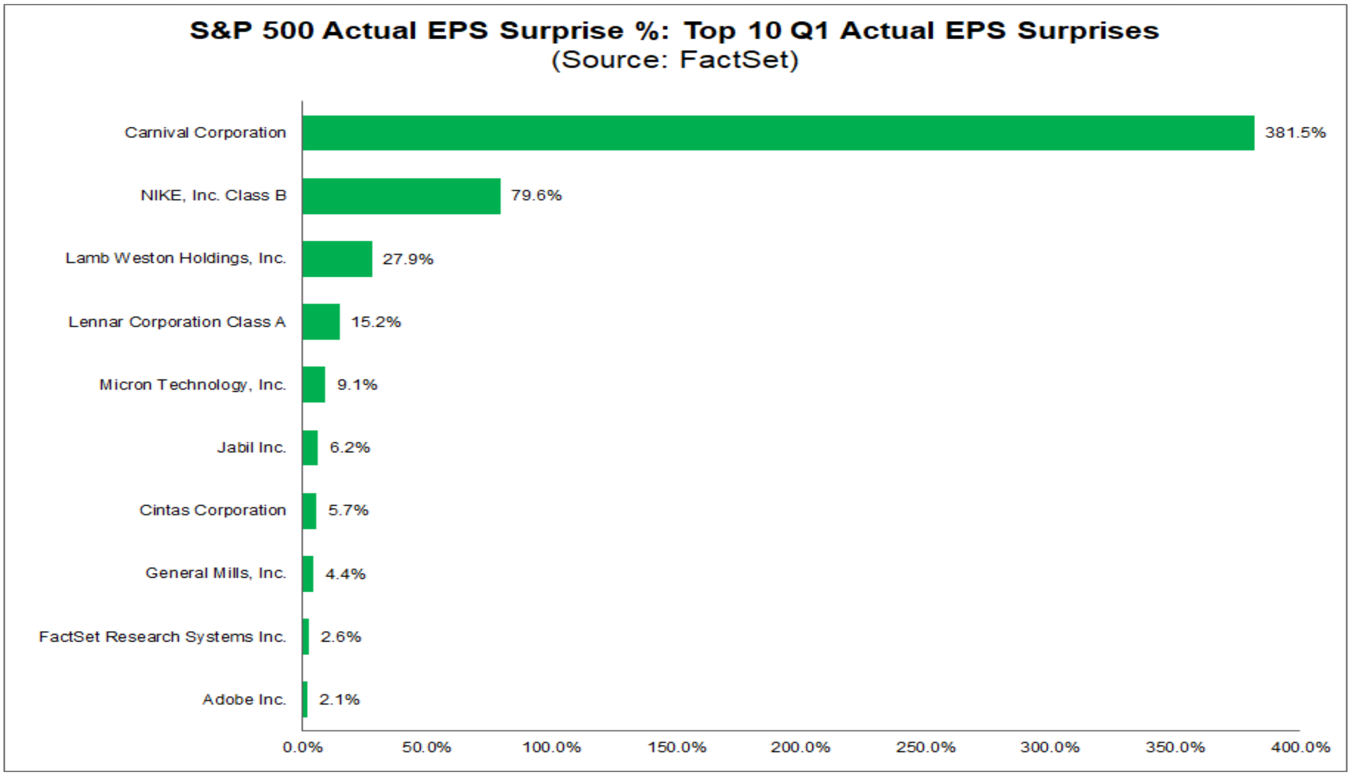


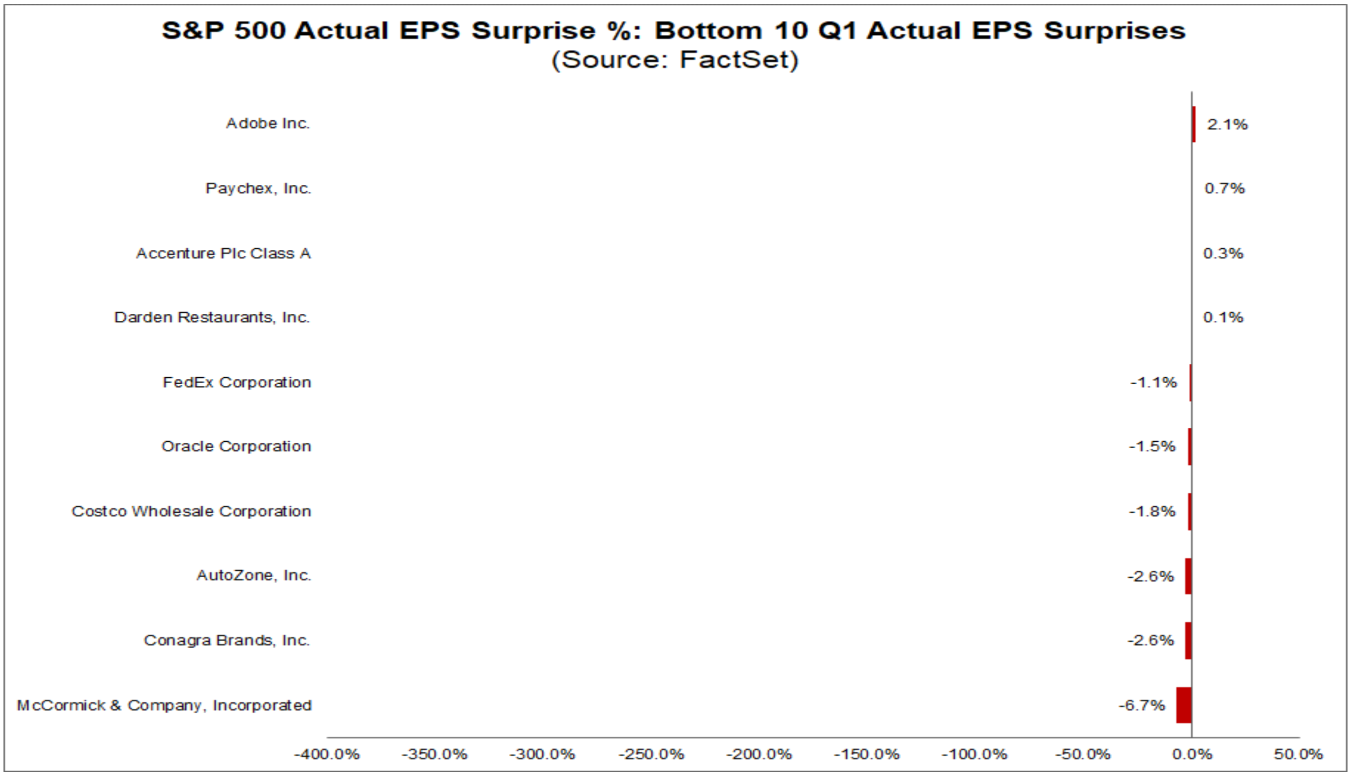
Q1 2025: Surprise



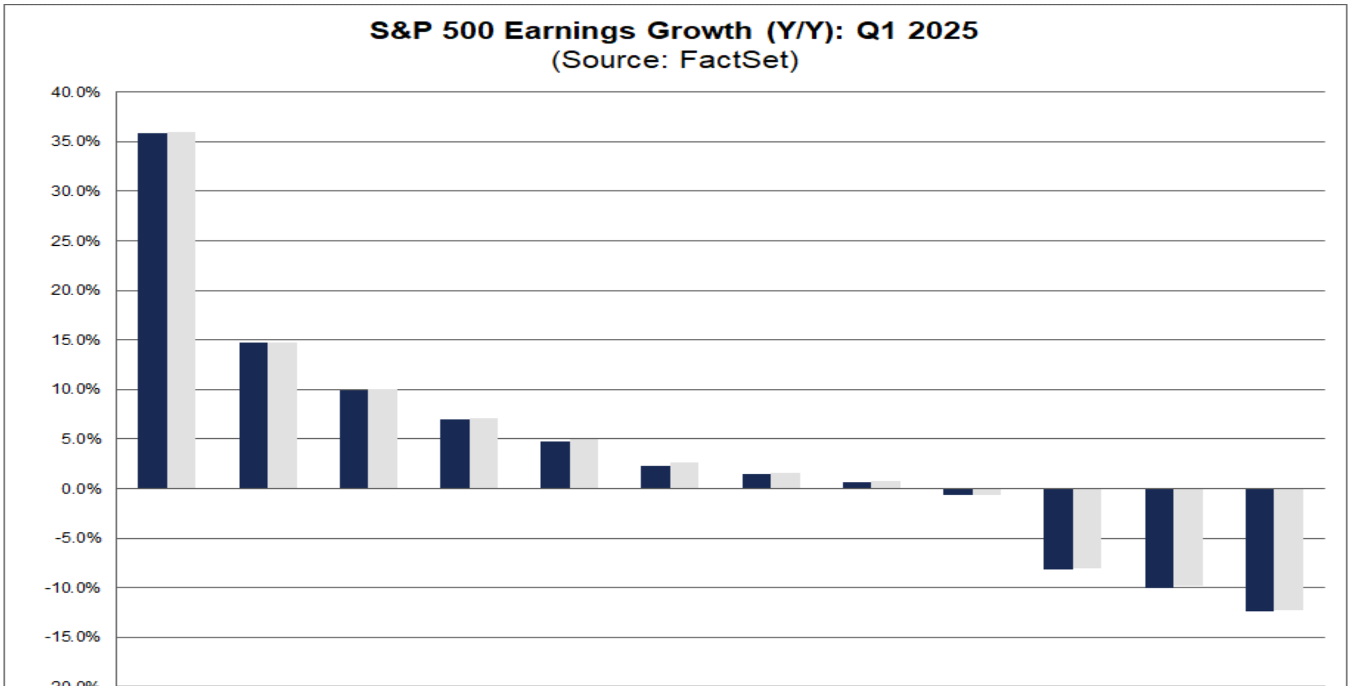


Q1 2025: Surprise

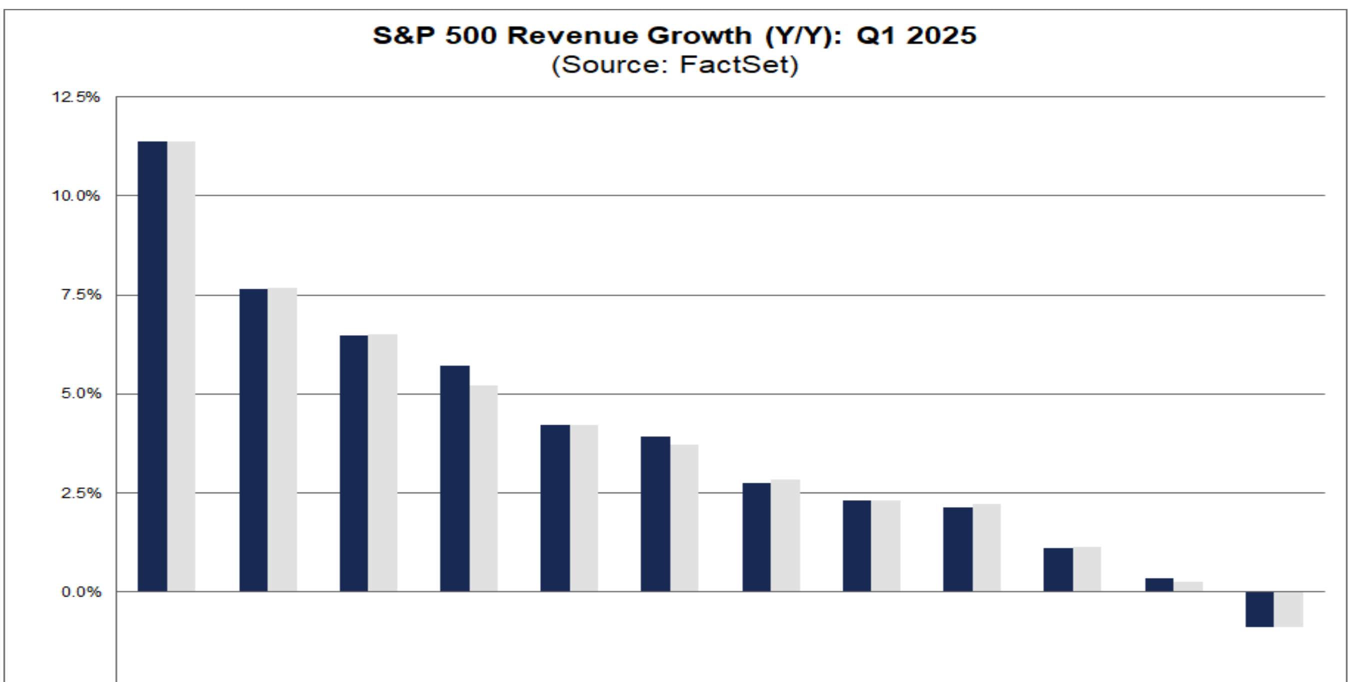




Q1 2025: Growth

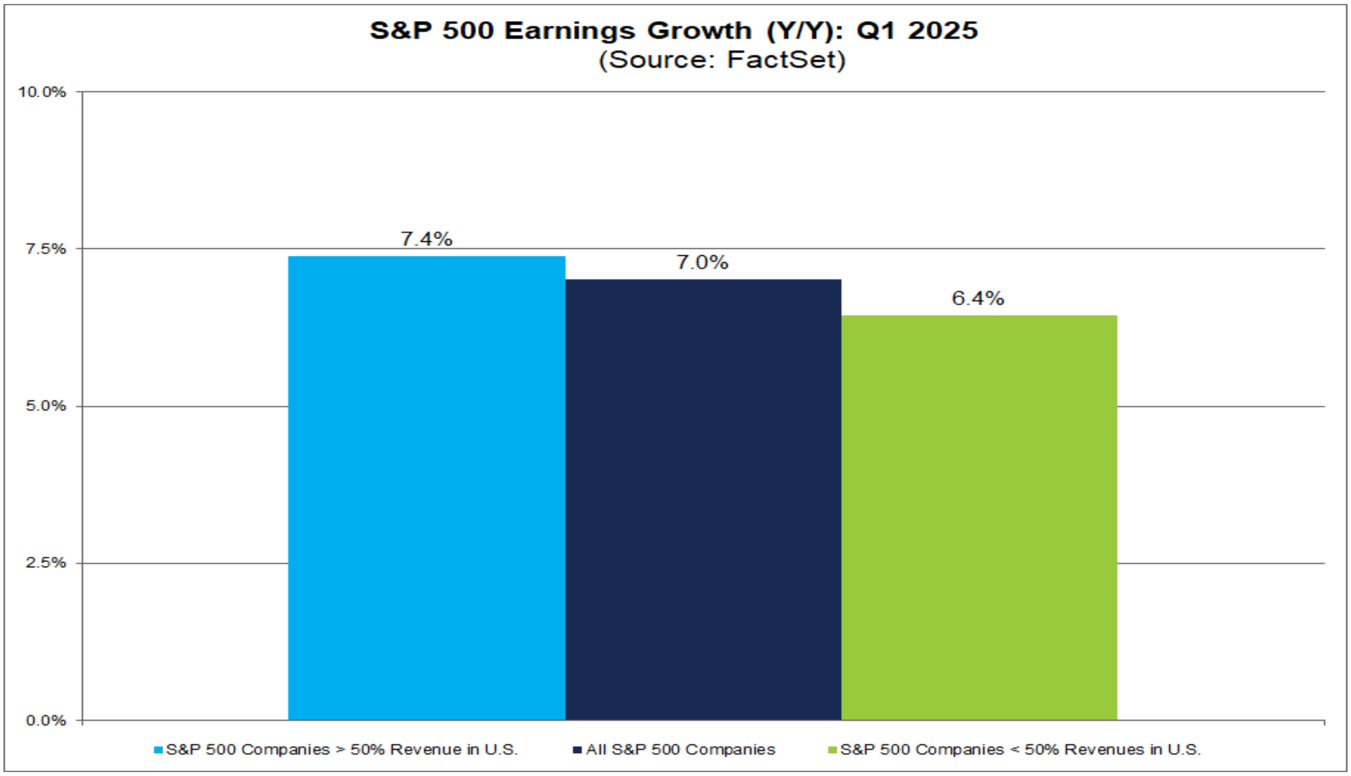


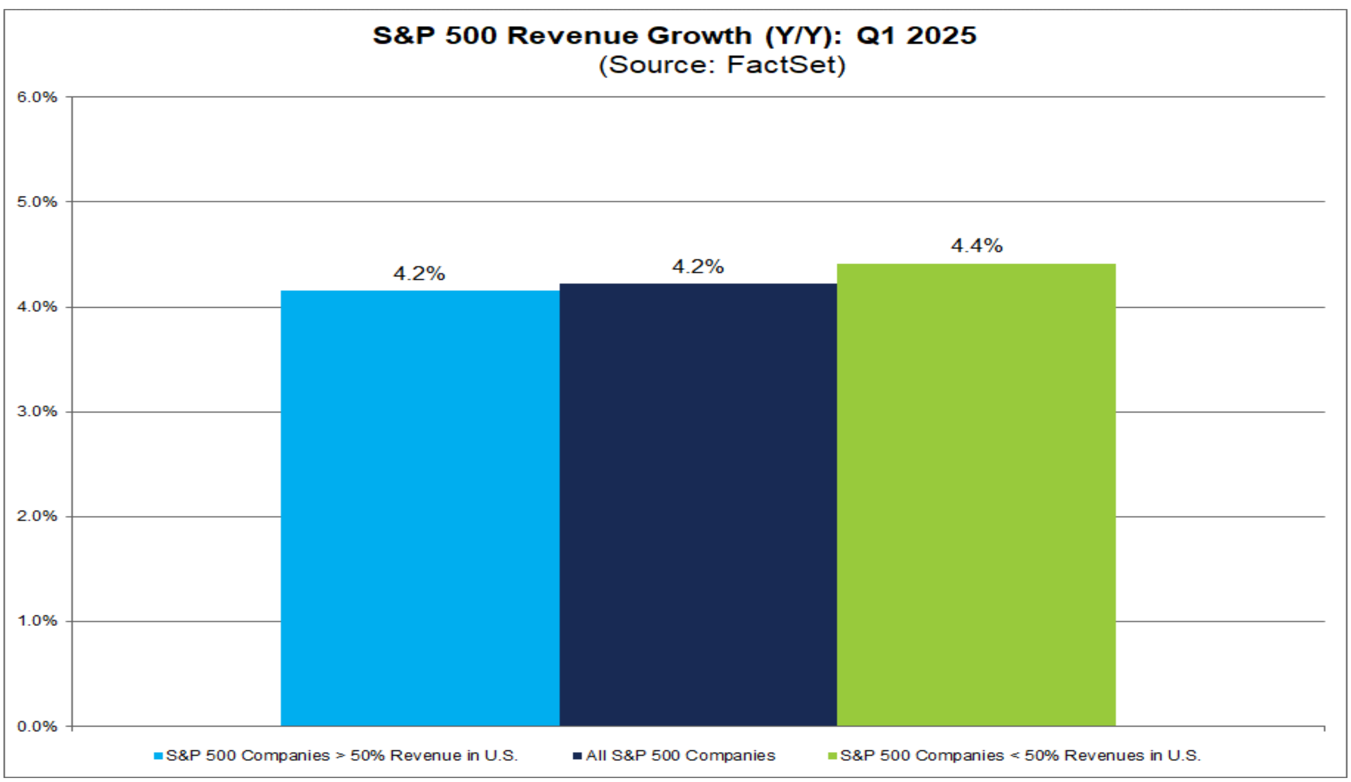
	Health Care	Info. Technology	Utilities	S&P 500	Comm. Services	Financials	Consumer Disc.	Industrials	Real Estate	Consumer Staples	Materials	Energy
Today	35.8%	14.8%	10.0%	7.0%	4.8%	2.3%	1.5%	0.7%	-0.6%	-8.1%	-10.1%	-12.4%
31-Mar	36.0%	14.8%	10.1%	7.2%	4.9%	2.6%	1.6%	0.7%	-0.6%	-8.0%	-9.8%	-12.2%



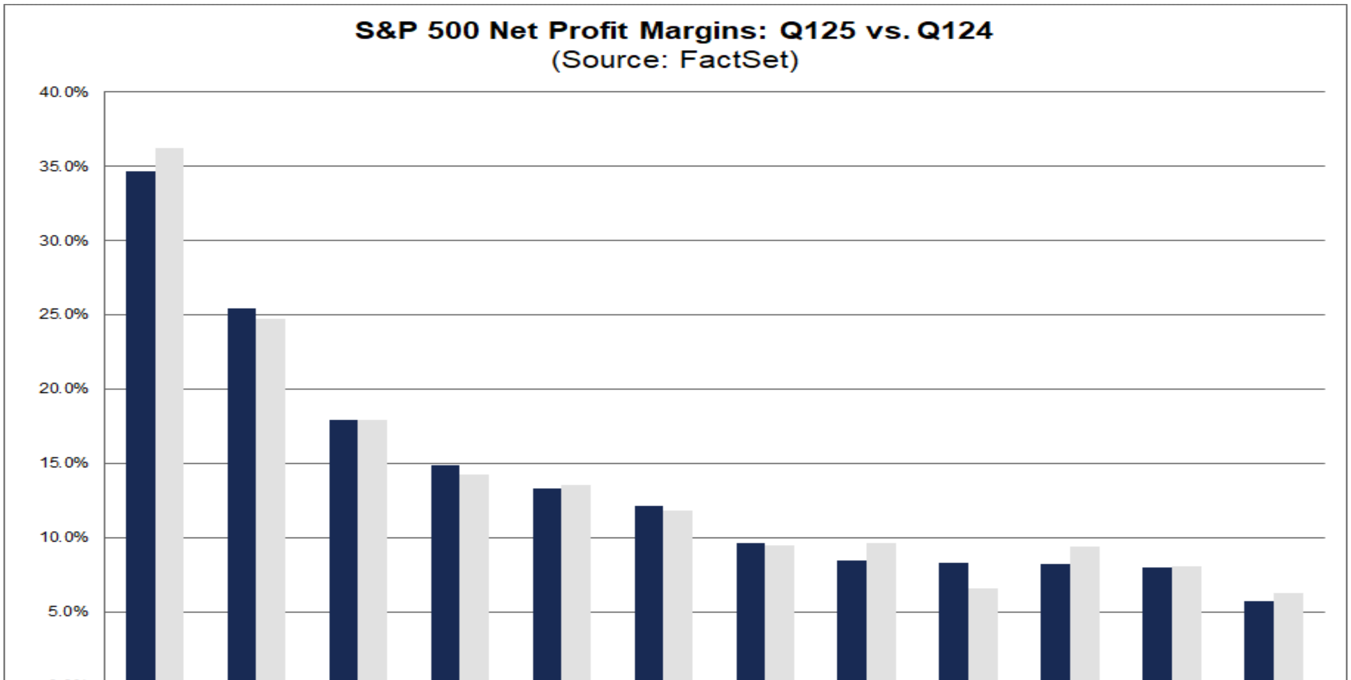
	Info. Technology	Health Care	Comm. Services	Utilities	S&P 500	Real Estate	Consumer Disc.	Materials	Financials	Consumer Staples	Energy	Industrials
Today	11.4%	7.6%	6.5%	5.7%	4.2%	3.9%	2.8%	2.3%	2.1%	1.1%	0.4%	-0.9%
31-Mar	11.4%	7.7%	6.5%	5.2%	4.2%	3.7%	2.8%	2.3%	2.2%	1.1%	0.2%	-0.9%

Q1 2025: Growth

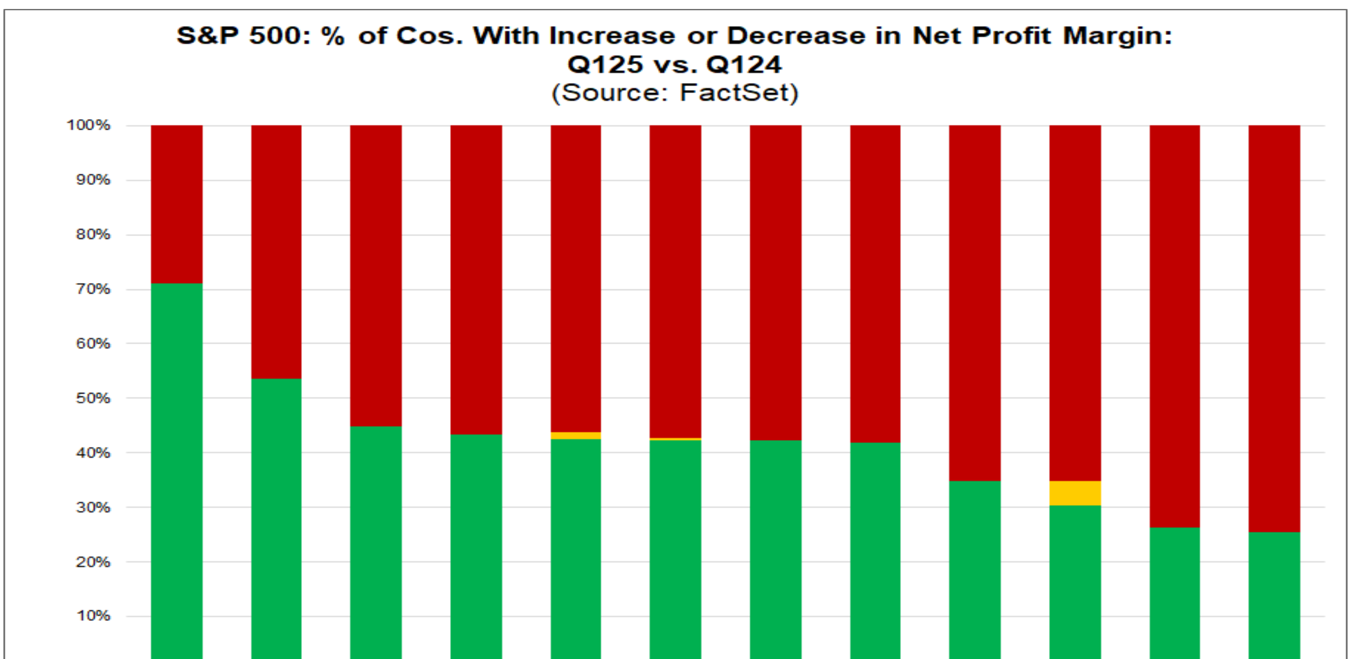




Q1 2025: Net Profit Margin

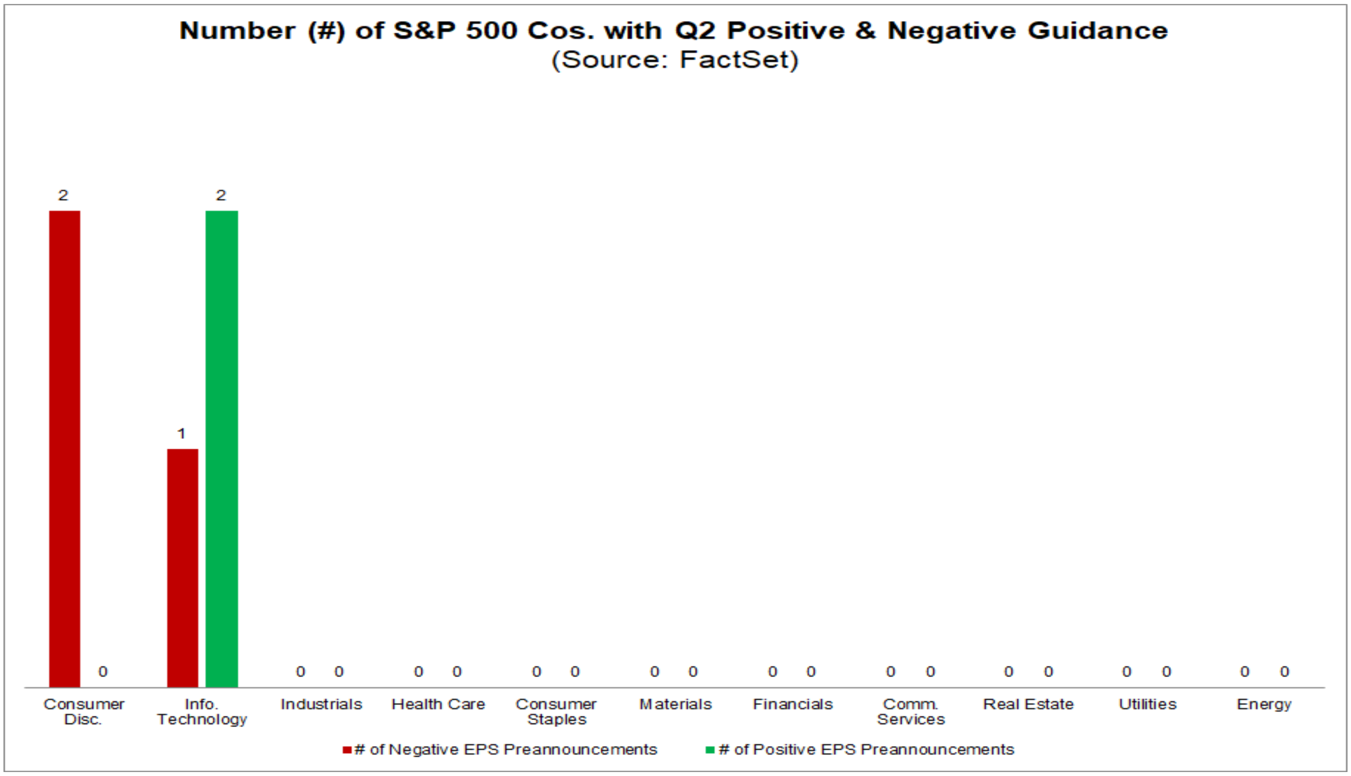


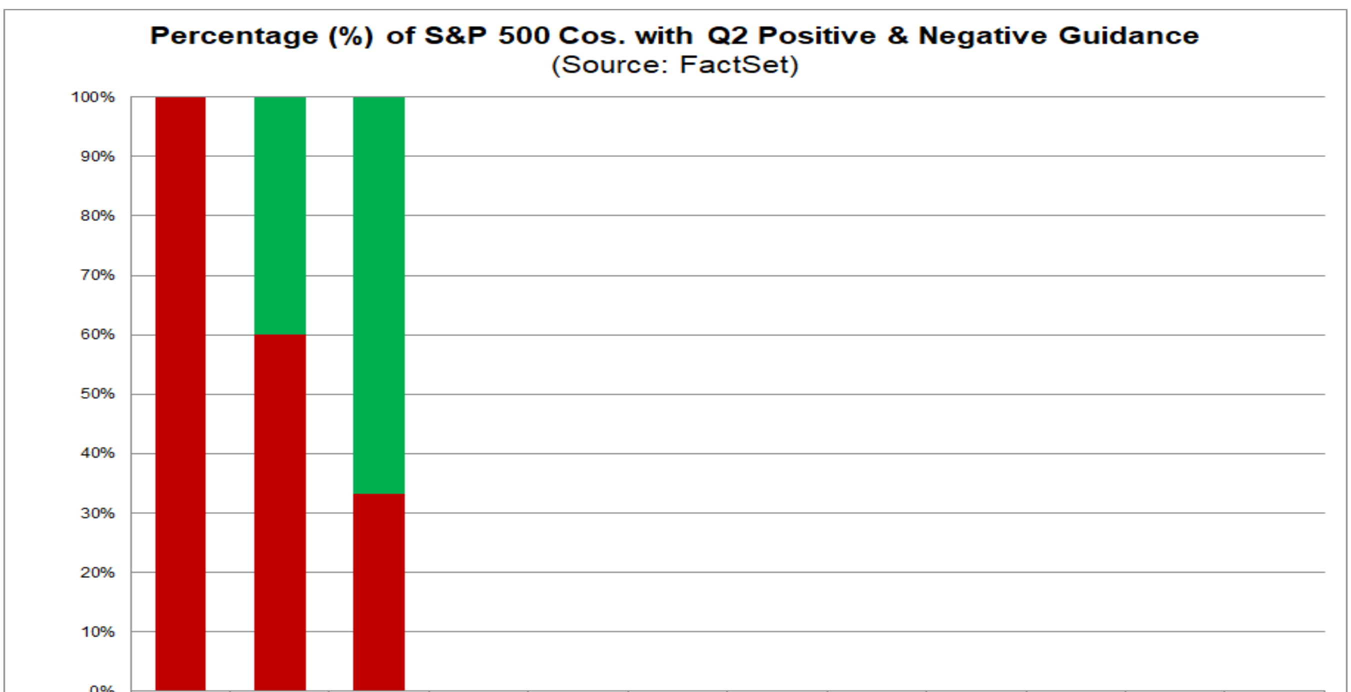
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Industrials	Materials	Health Care	Energy	Consumer Disc.	Consumer Staples
Q424	34.6%	25.5%	17.9%	14.8%	13.3%	12.1%	9.6%	8.5%	8.3%	8.2%	7.9%	5.7%
Q423	36.2%	24.7%	17.9%	14.3%	13.5%	11.8%	9.4%	9.6%	6.6%	9.4%	8.0%	6.3%



	Utilities	Information Tech.	Industrials	Health Care	Financials	S&P 500	Materials	Real Estate	Comm. Services	Energy	Consumer Staples	Consumer Disc.
Down %	29%	46%	55%	57%	56%	57%	58%	58%	65%	65%	74%	75%
None %	0%	0%	0%	0%	1%	0%	0%	0%	0%	4%	0%	0%
Up %	71%	54%	45%	43%	42%	42%	42%	42%	35%	30%	26%	25%

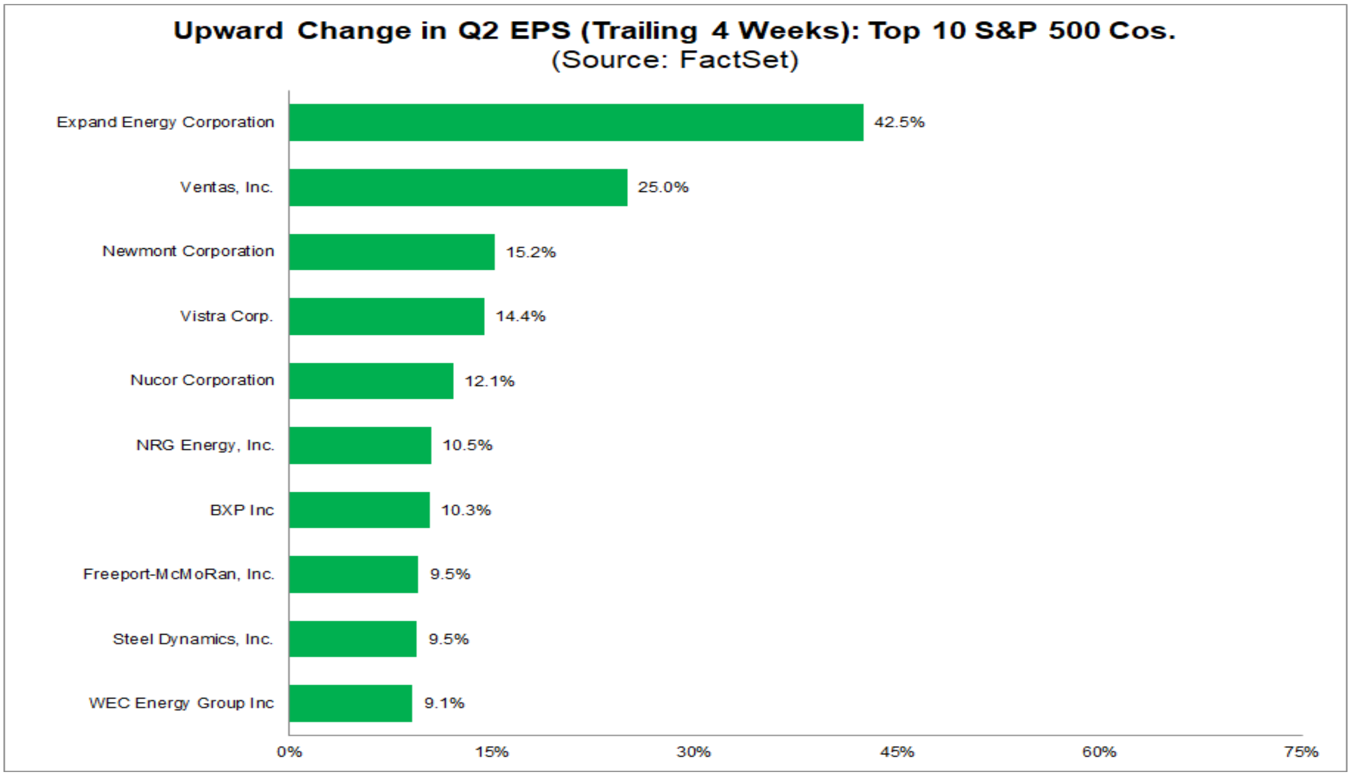
Q2 2025: Guidance

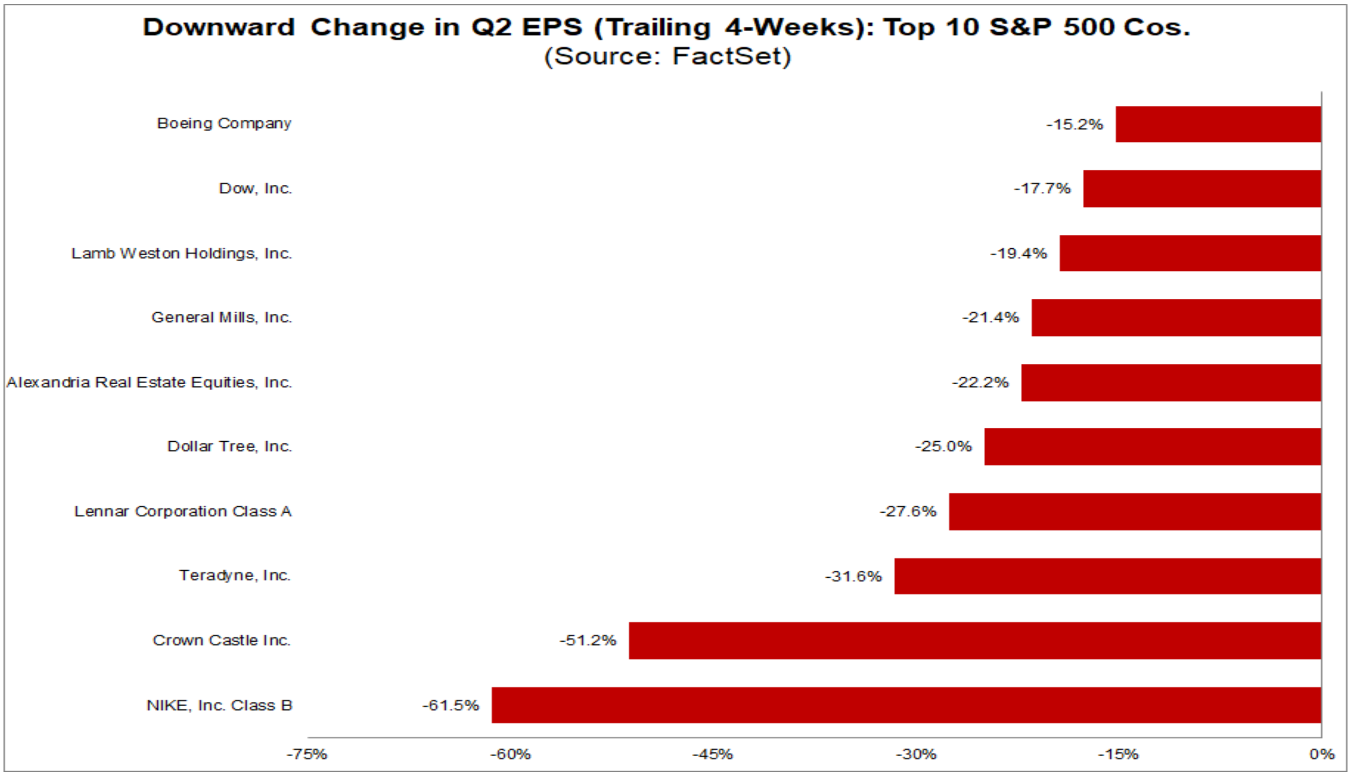




	Consumer Disc.	S&P 500	Info. Technology	Comm. Services	Consumer Staples	Financials	Health Care	Materials	Industrials	Real Estate	Utilities	Energy
Positive	0%	40%	67%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	60%	33%	0%	0%	0%	0%	0%	0%	0%	0%	0%

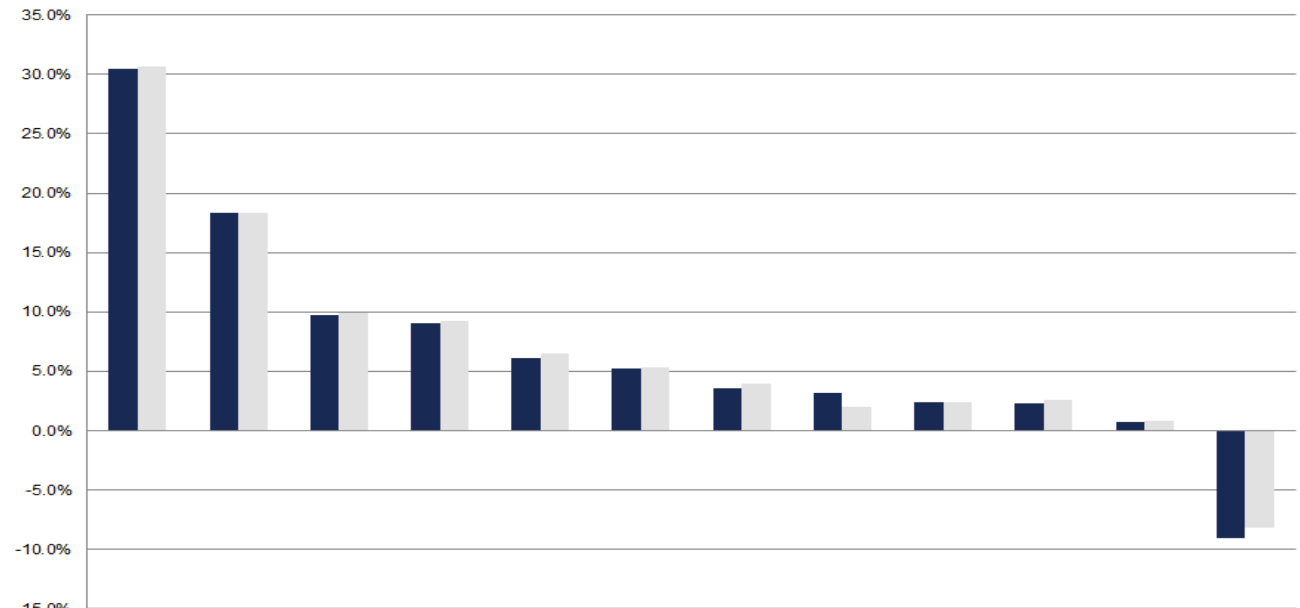
Q2 2025: EPS Revisions





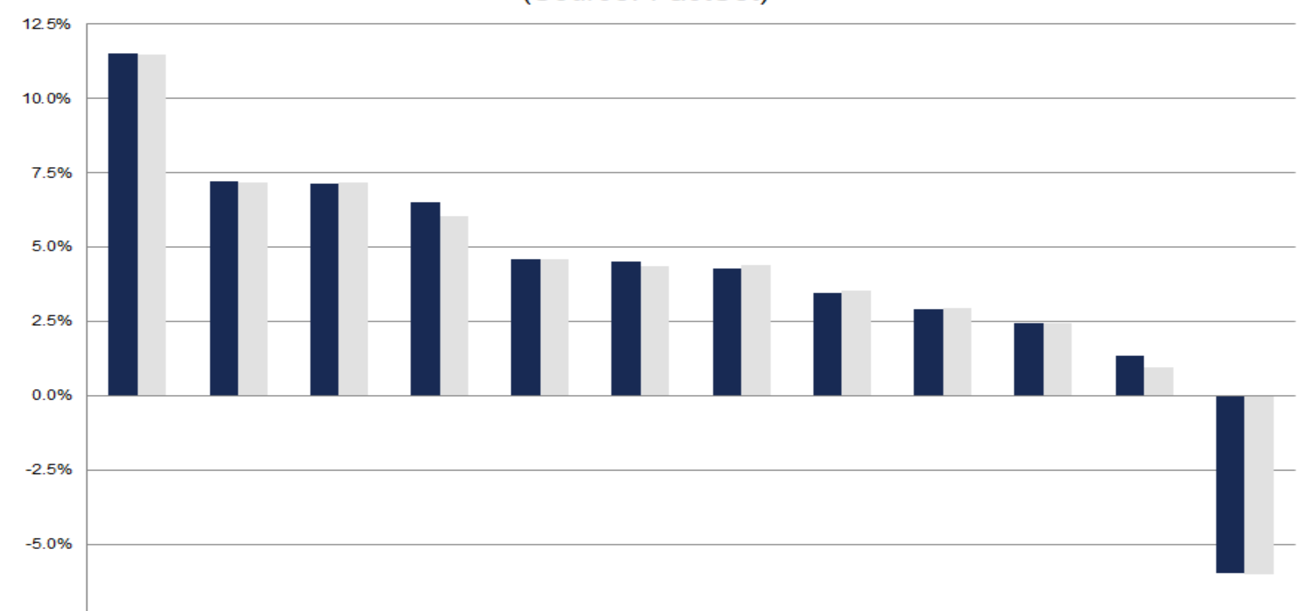
Q2 2025: Growth

S&P 500 Earnings Growth (Y/Y): Q2 2025
(Source: FactSet)



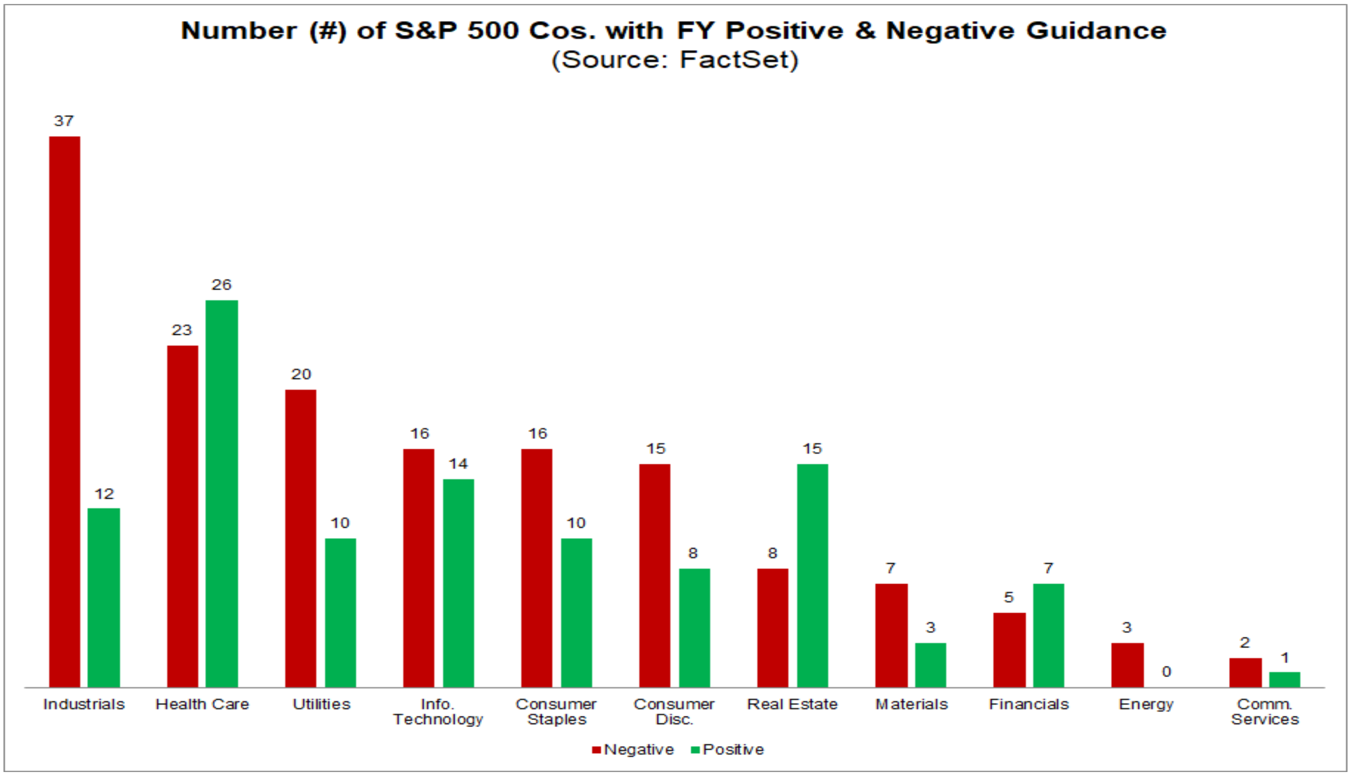
	Comm. Services	Info. Technology	Health Care	S&P 500	Industrials	Utilities	Financials	Materials	Real Estate	Consumer Disc.	Consumer Staples	Energy
Today	30.5%	18.3%	9.8%	9.1%	6.1%	5.3%	3.6%	3.2%	2.4%	2.3%	0.7%	-9.0%
31-Mar	30.7%	18.4%	10.0%	9.3%	6.5%	5.3%	3.9%	2.0%	2.4%	2.6%	0.8%	-8.1%

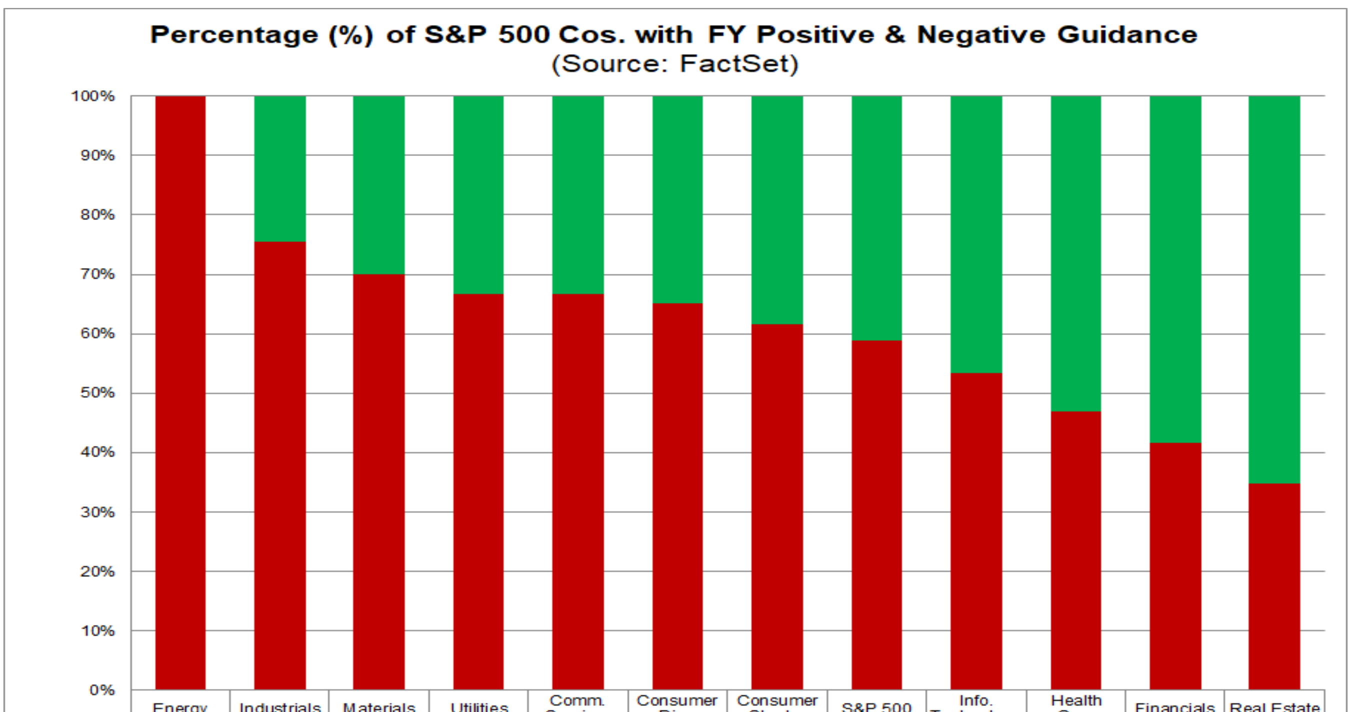
S&P 500 Revenue Growth (Y/Y): Q2 2025
(Source: FactSet)



	Info. Technology	Health Care	Comm. Services	Utilities	S&P 500	Real Estate	Financials	Consumer Disc.	Industrials	Consumer Staples	Materials	Energy
Today	11.5%	7.2%	7.1%	6.5%	4.6%	4.5%	4.3%	3.4%	2.9%	2.4%	1.3%	-6.0%
31-Mar	11.5%	7.2%	7.2%	6.1%	4.6%	4.3%	4.4%	3.5%	3.0%	2.4%	1.0%	-6.0%

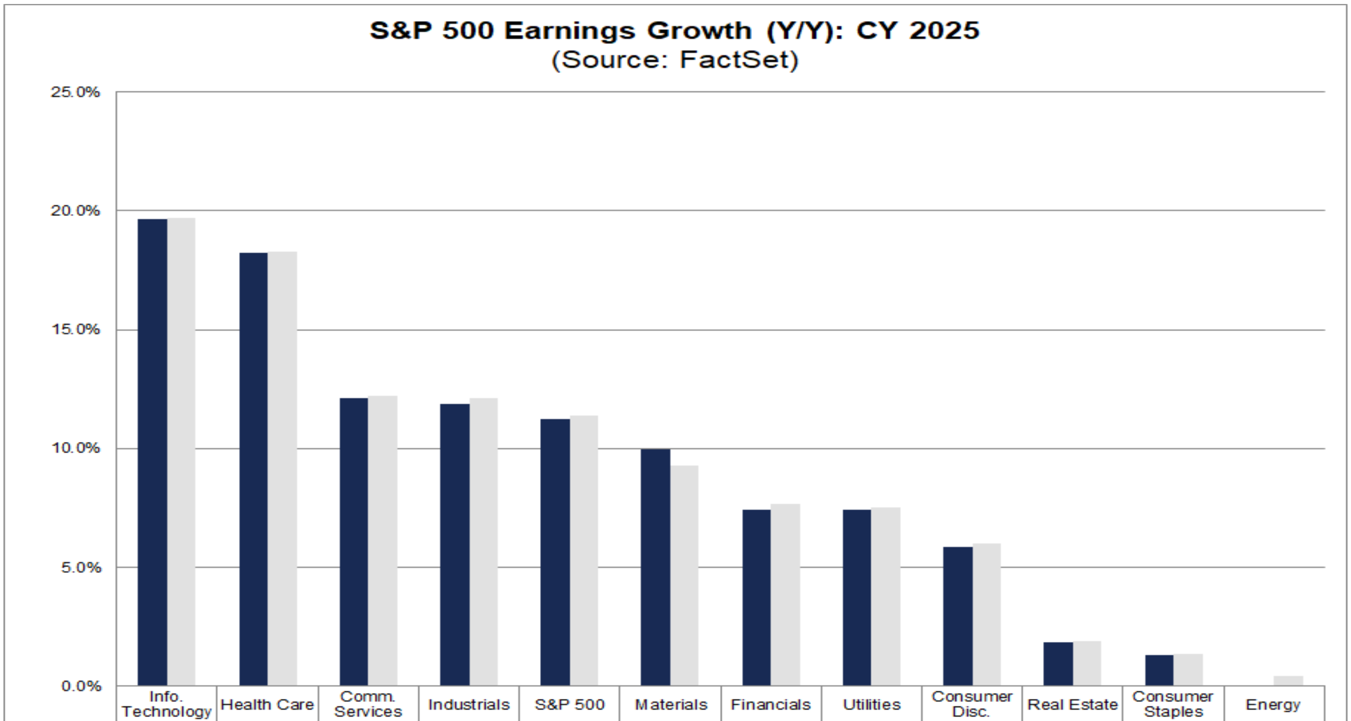
FY 2025 / 2026: EPS Guidance



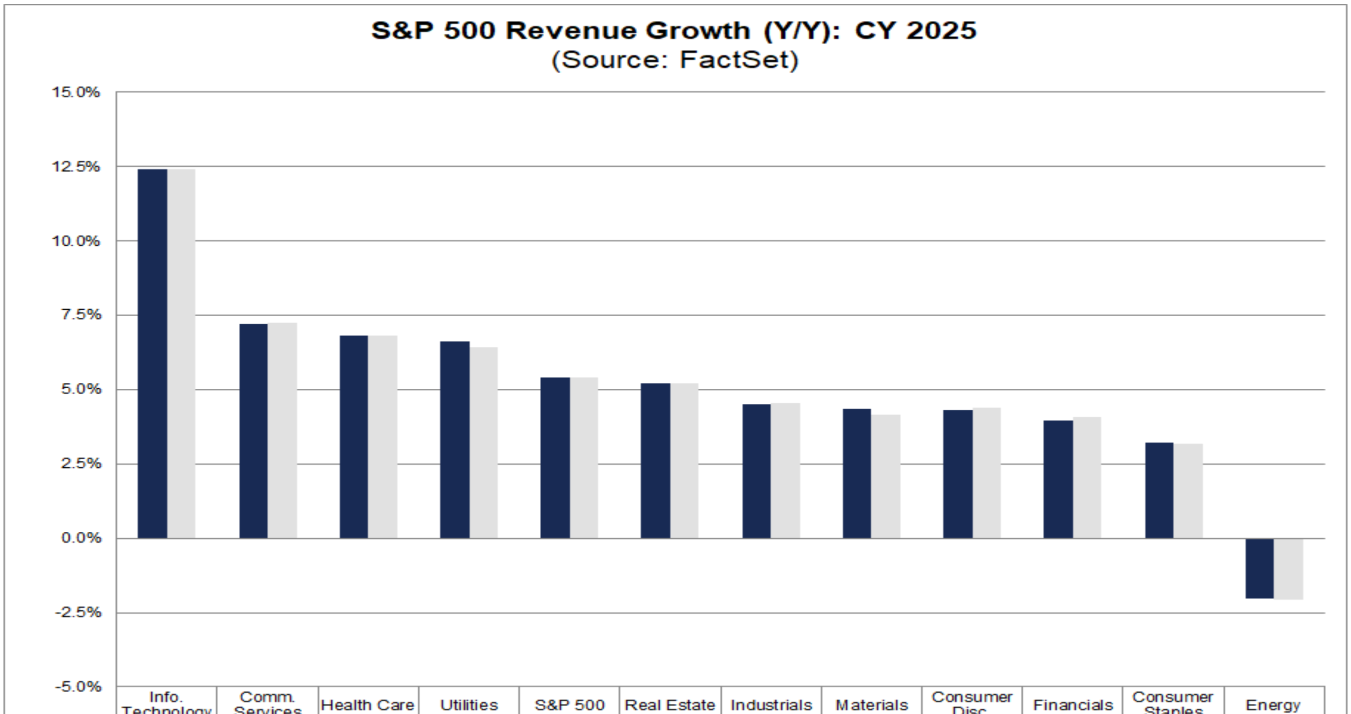


	Energy	Industrials	Materials	Utilities	Comm. Services	Consumer Disc.	Consumer Staples	S&P 500	Info. Technology	Health Care	Financials	Real Estate
Positive	0%	24%	30%	33%	33%	35%	38%	41%	47%	53%	58%	65%
Negative	100%	76%	70%	67%	67%	65%	62%	59%	53%	47%	42%	35%

CY 2025: Growth

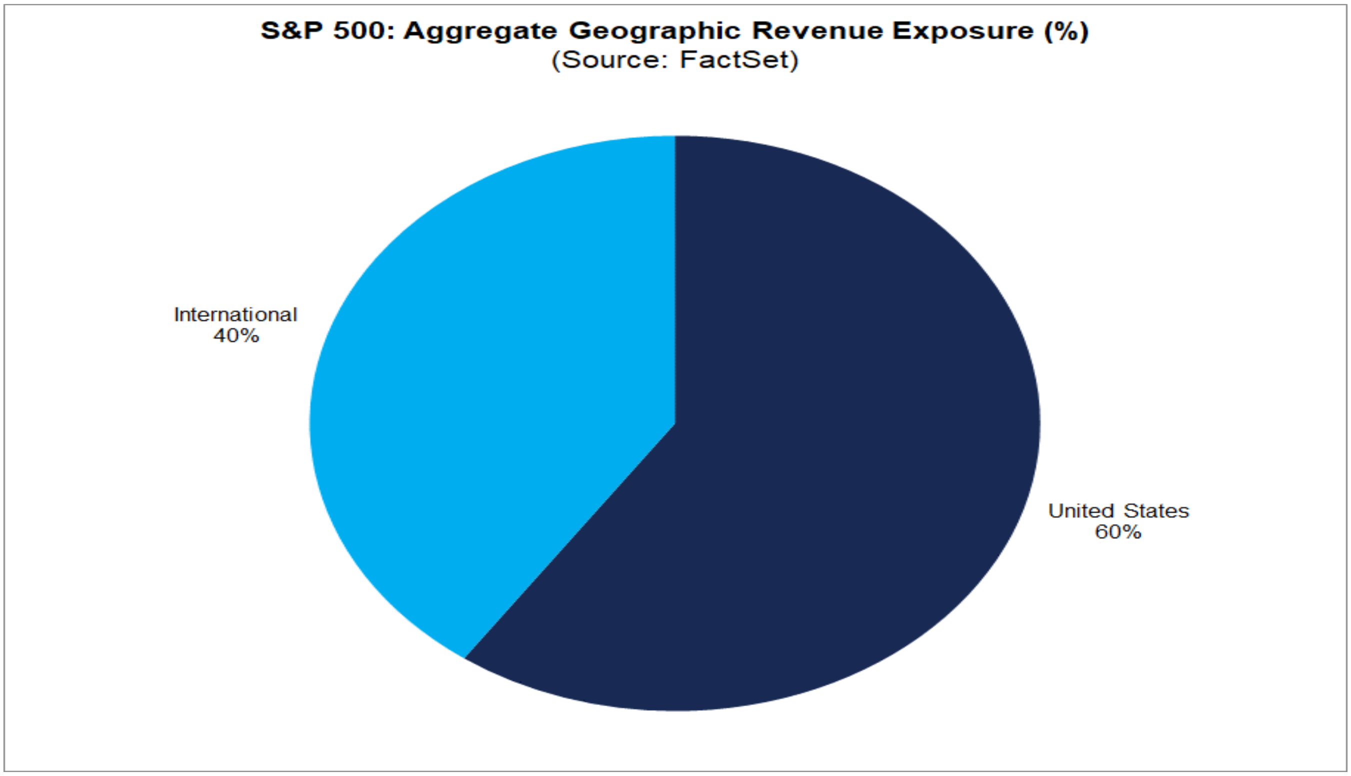


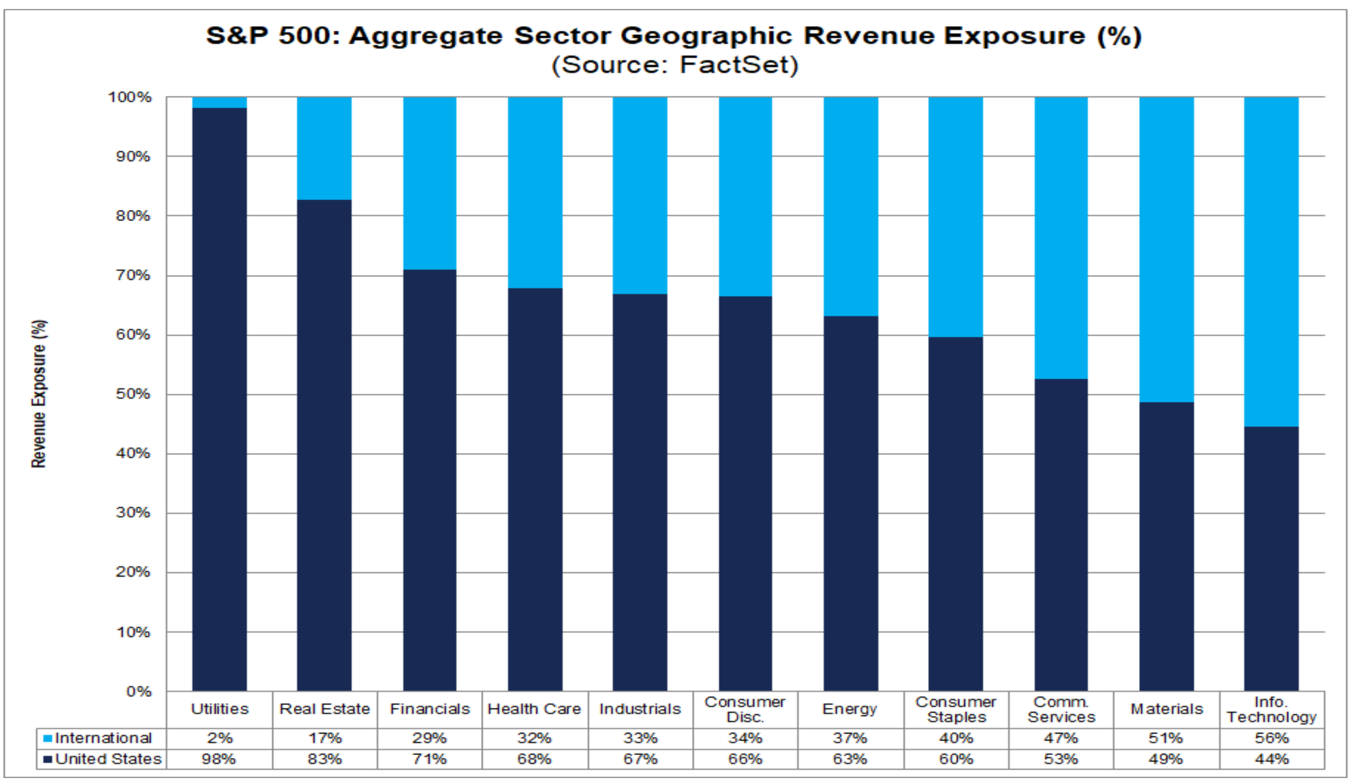
	Info. Technology	Health Care	Comm. Services	Industrials	S&P 500	Materials	Financials	Utilities	Consumer Disc.	Real Estate	Consumer Staples	Energy
Today	19.7%	18.2%	12.1%	11.9%	11.3%	10.0%	7.4%	7.4%	5.9%	1.9%	1.3%	0.0%
31-Mar	19.7%	18.3%	12.2%	12.1%	11.4%	9.3%	7.7%	7.5%	6.0%	1.9%	1.4%	0.5%



	Info. Technology	Comm. Services	Health Care	Utilities	S&P 500	Real Estate	Industrials	Materials	Consumer Disc.	Financials	Consumer Staples	Energy
Today	12.4%	7.2%	6.8%	6.6%	5.4%	5.2%	4.5%	4.3%	4.3%	3.9%	3.2%	-2.0%
31-Mar	12.4%	7.3%	6.8%	6.4%	5.4%	5.2%	4.5%	4.2%	4.4%	4.1%	3.2%	-2.1%

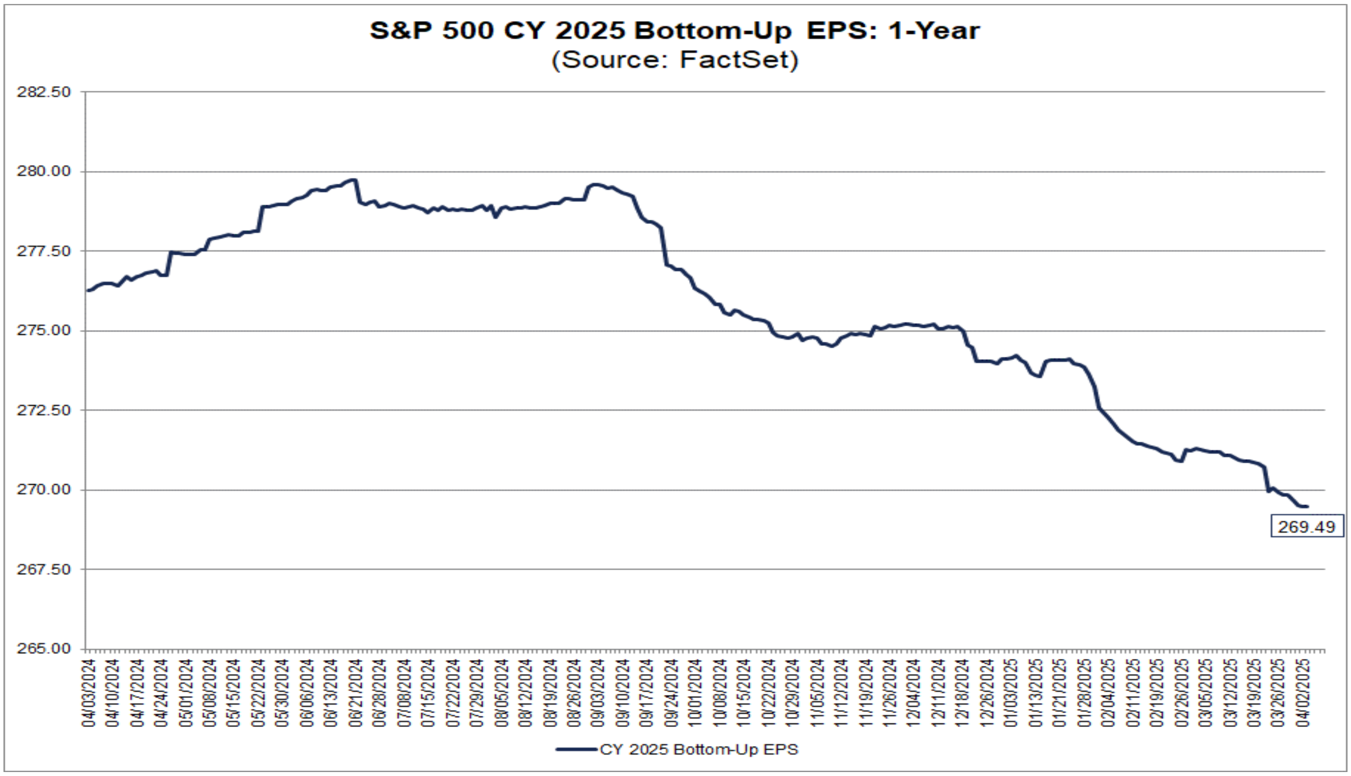
Geographic Revenue Exposure

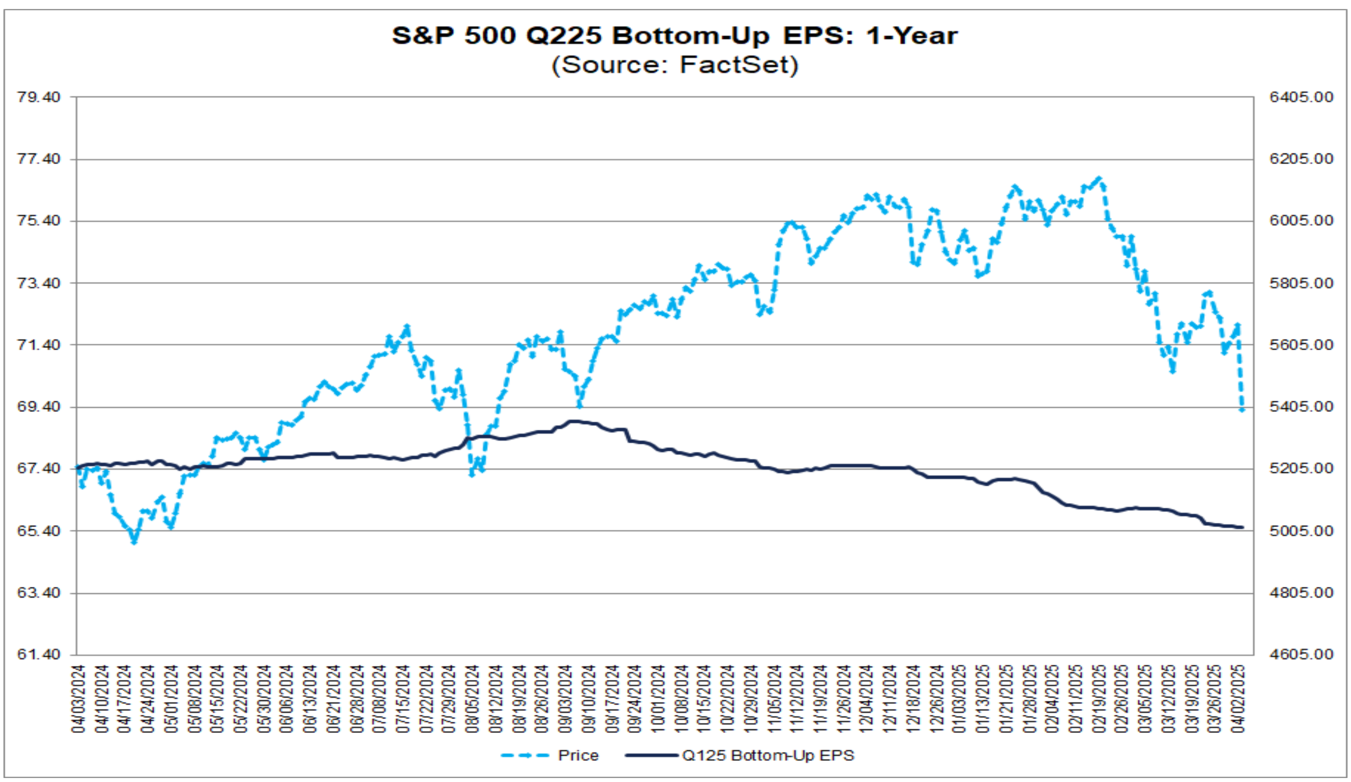




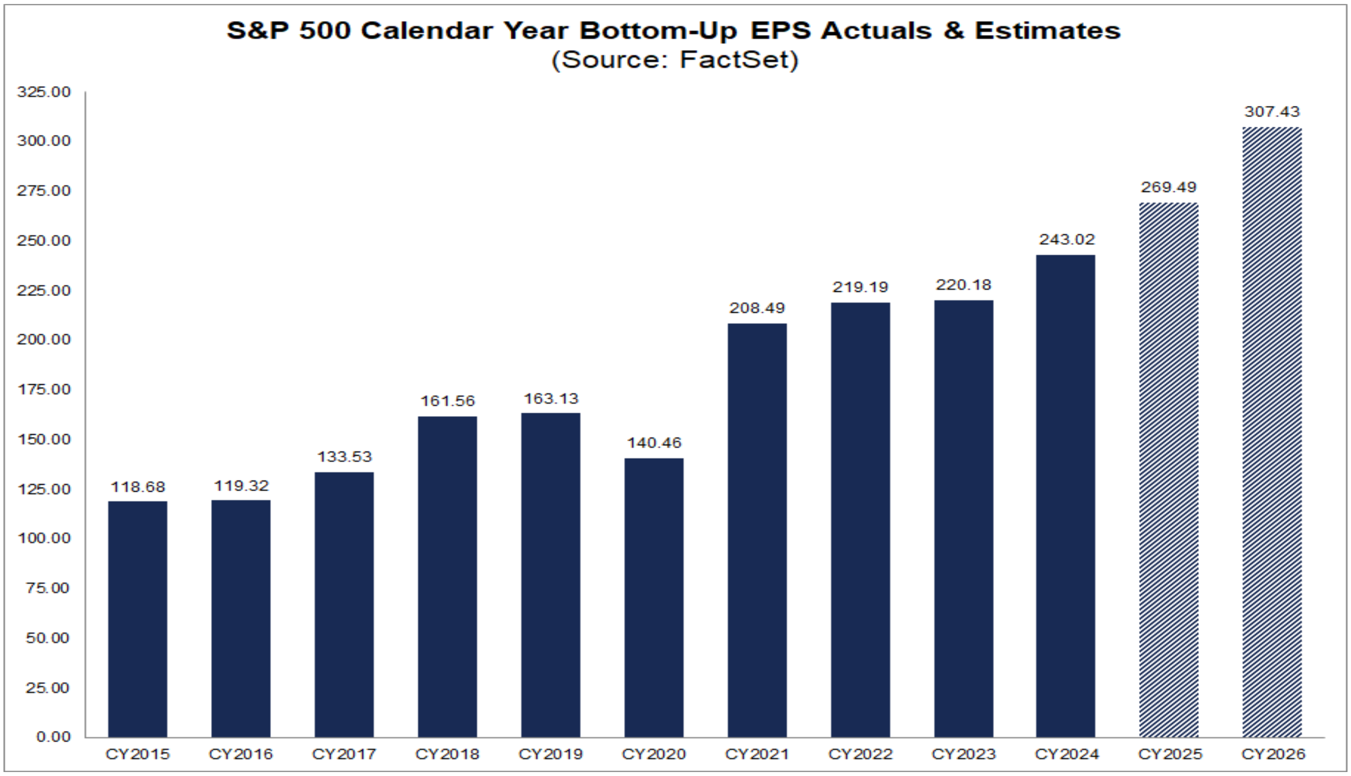
	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	17%	29%	32%	33%	34%	37%	40%	47%	51%	56%
United States	98%	83%	71%	68%	67%	66%	63%	60%	53%	49%	44%

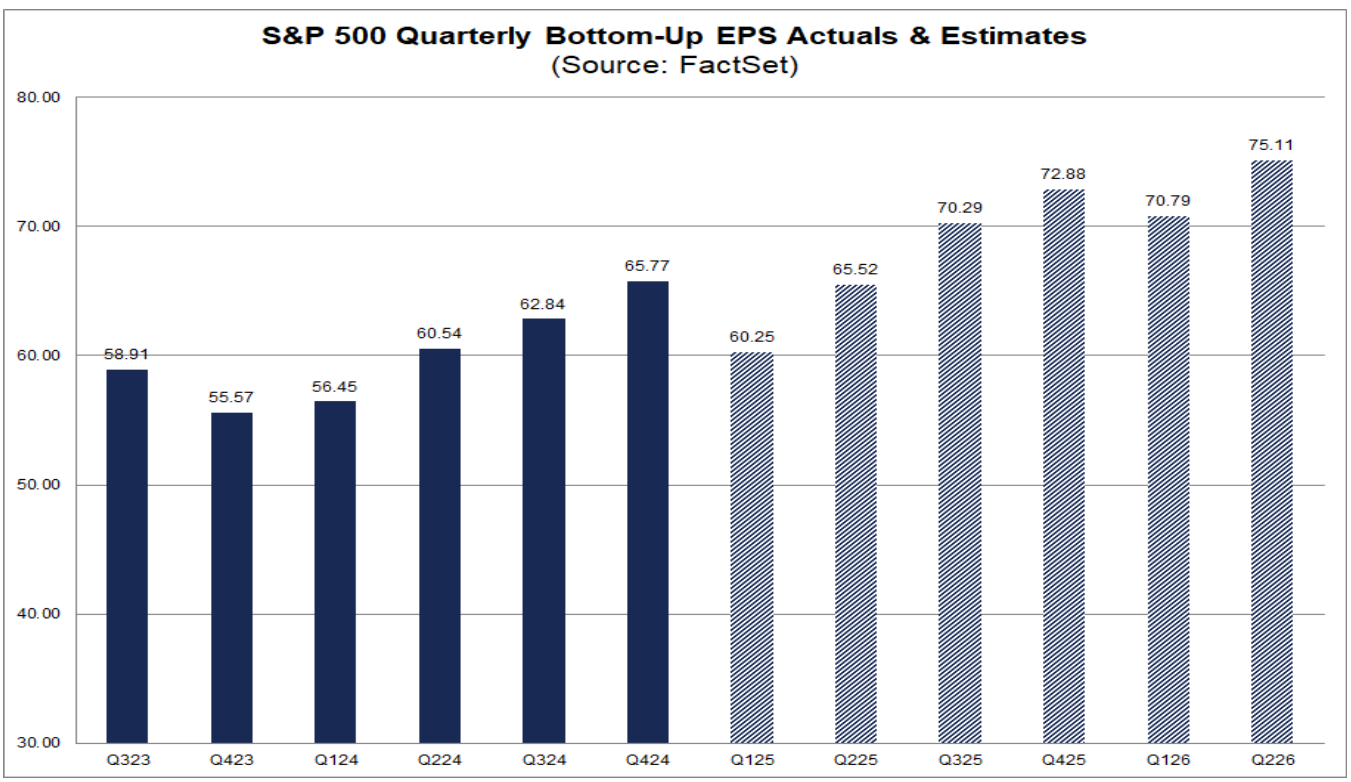
Bottom-Up EPS Estimates



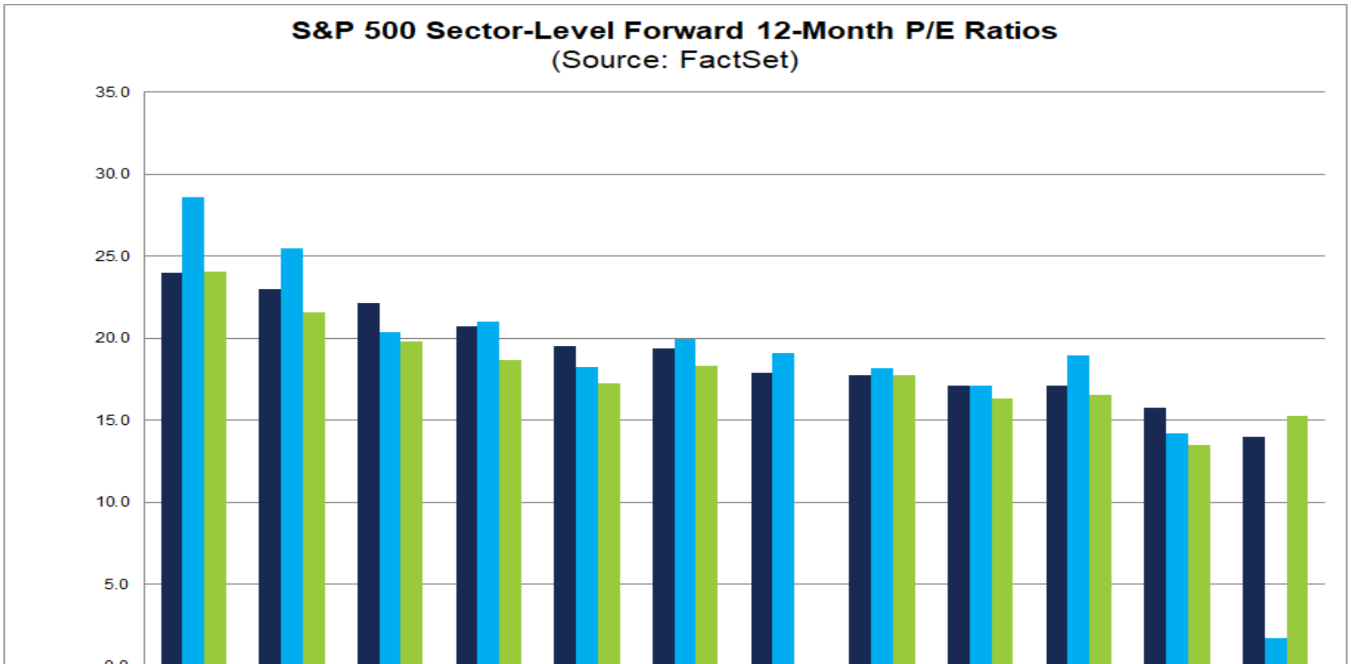


Bottom-Up EPS Estimates: Current & Historical

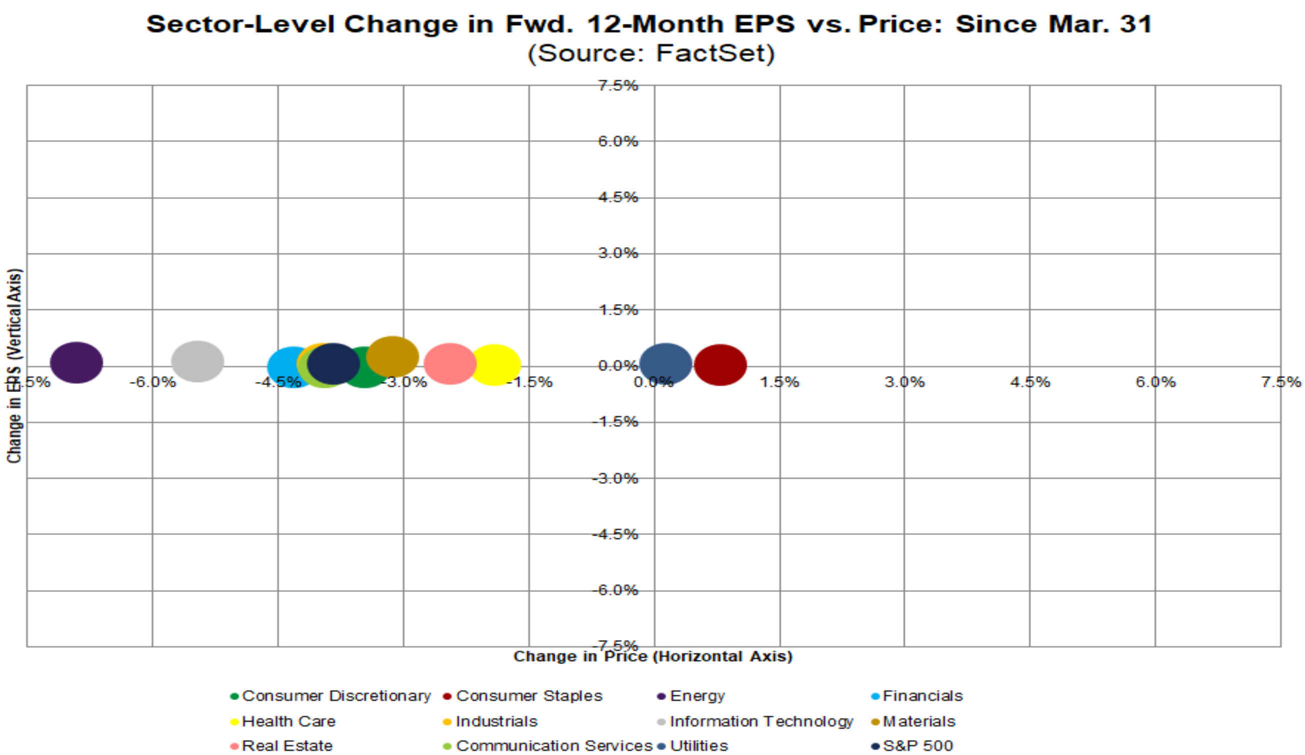




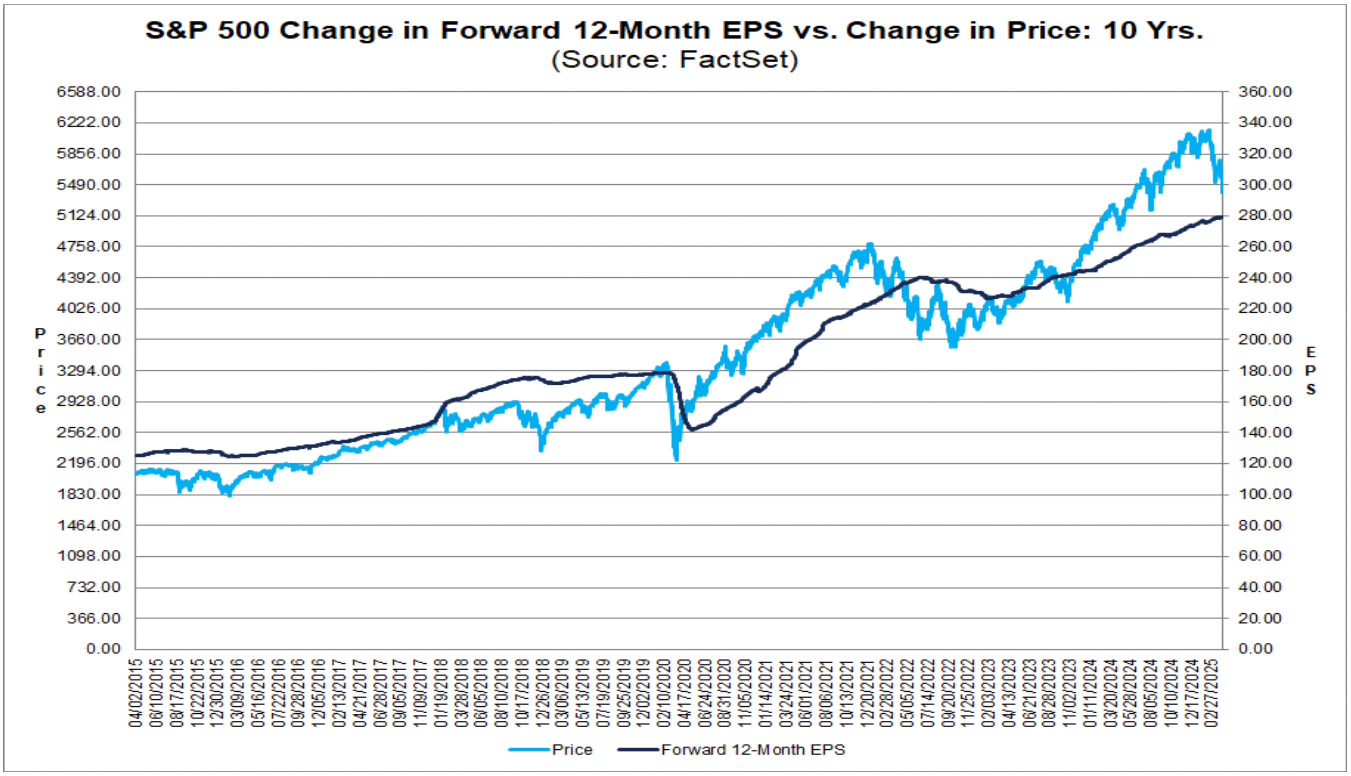
Forward 12M P/E Ratio: Sector Level

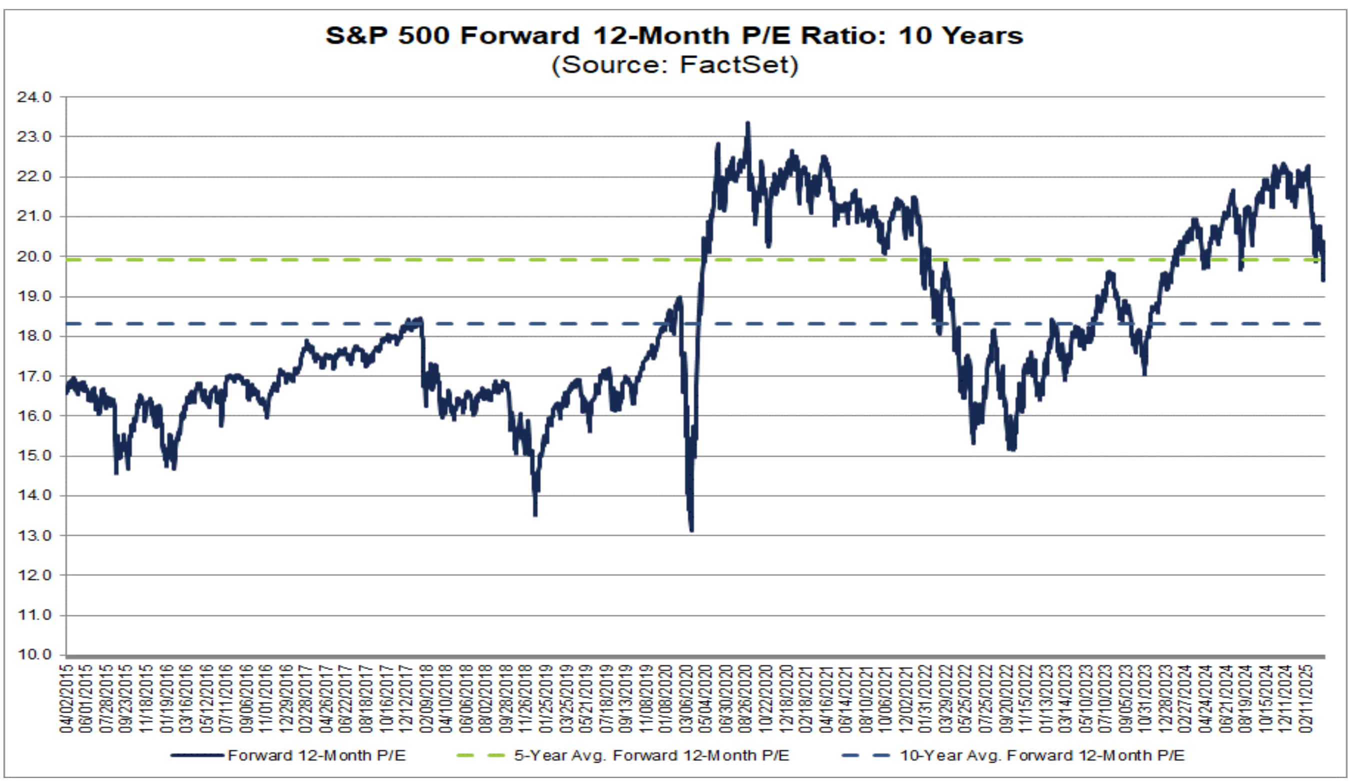


	Consumer Disc.	Info. Technology	Consumer Staples	Industrials	Materials	S&P 500	Real Estate	Utilities	Health Care	Comm. Services	Financials	Energy
Fwd P/E	24.0	23.0	22.2	20.7	19.5	19.4	17.9	17.8	17.1	17.1	15.8	14.0
5-Yr Avg.	28.6	25.5	20.4	21.0	18.2	19.9	19.1	18.2	17.1	19.0	14.2	1.7
10-Yr Avg.	24.0	21.6	19.8	18.7	17.3	18.3		17.8	16.4	16.5	13.5	15.3

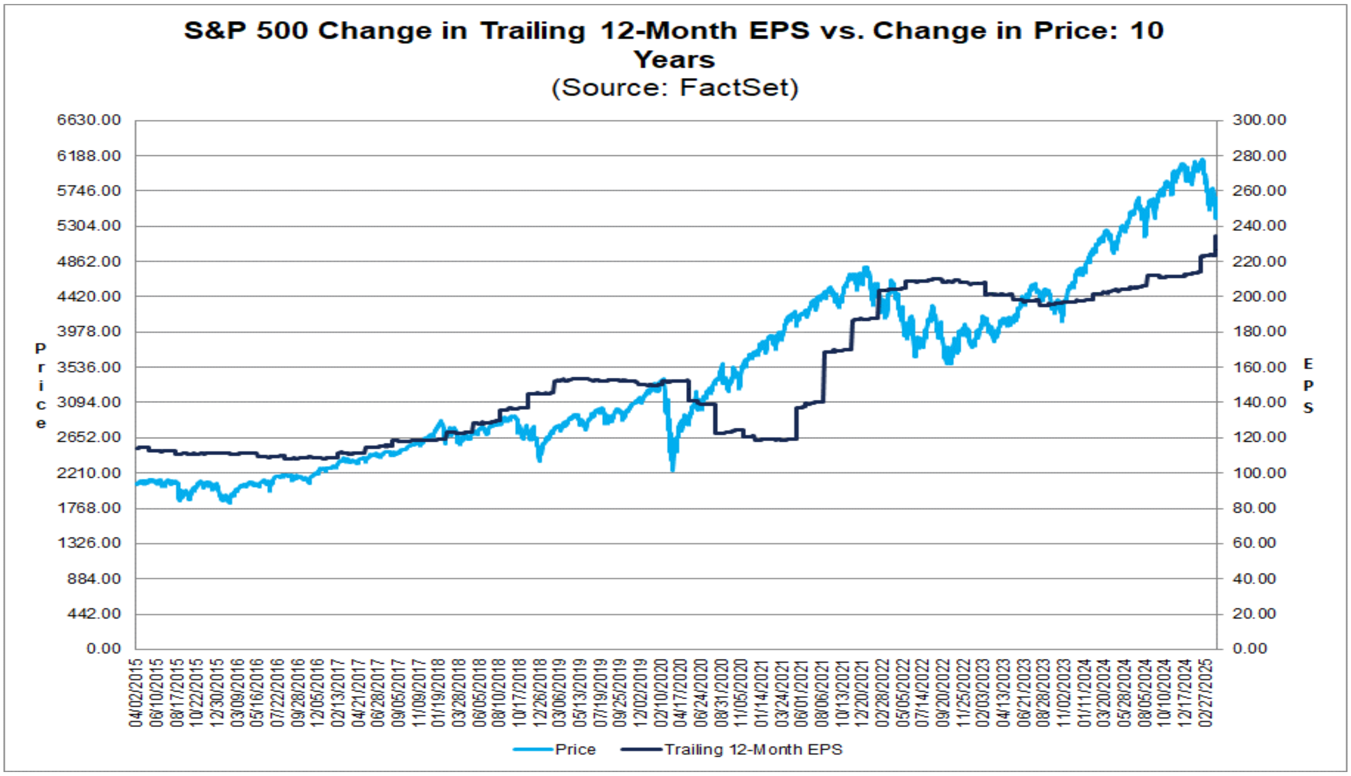


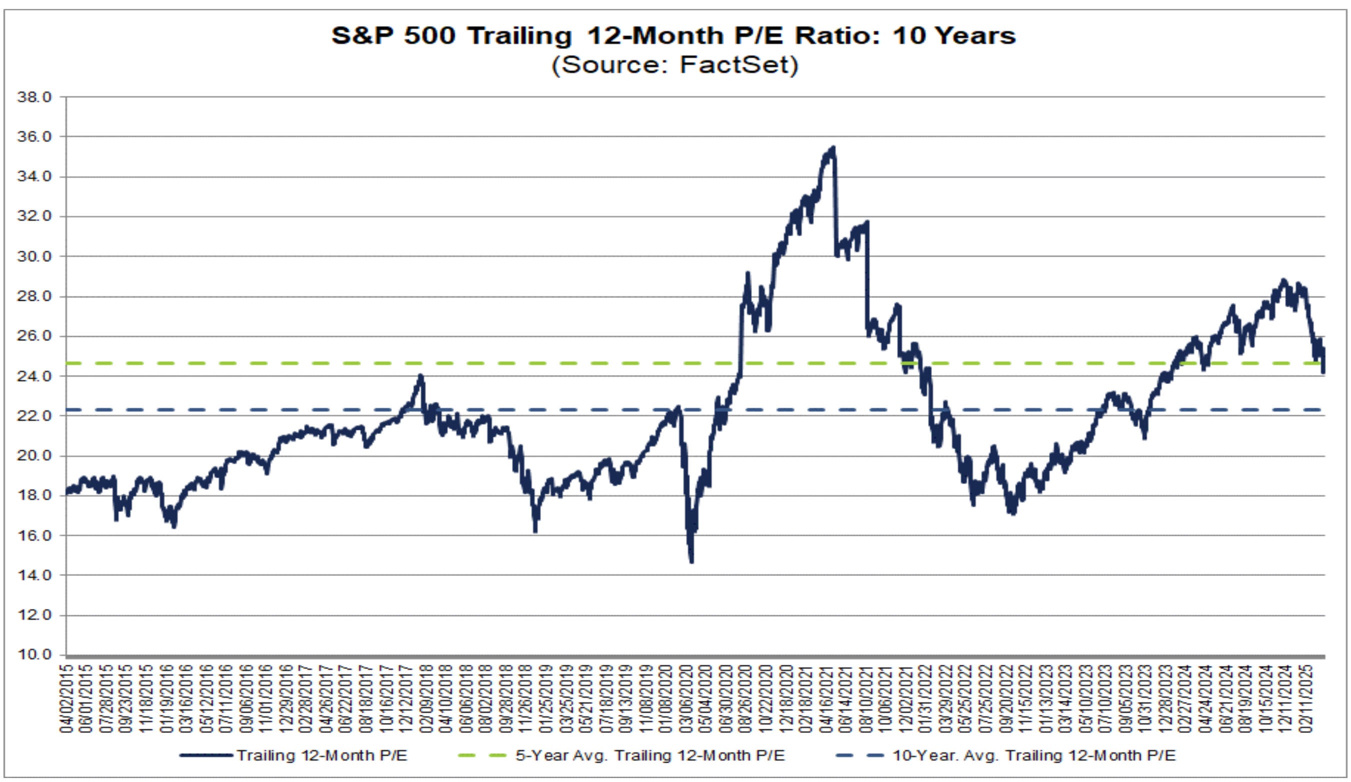
Forward 12M P/E Ratio: 10-Years



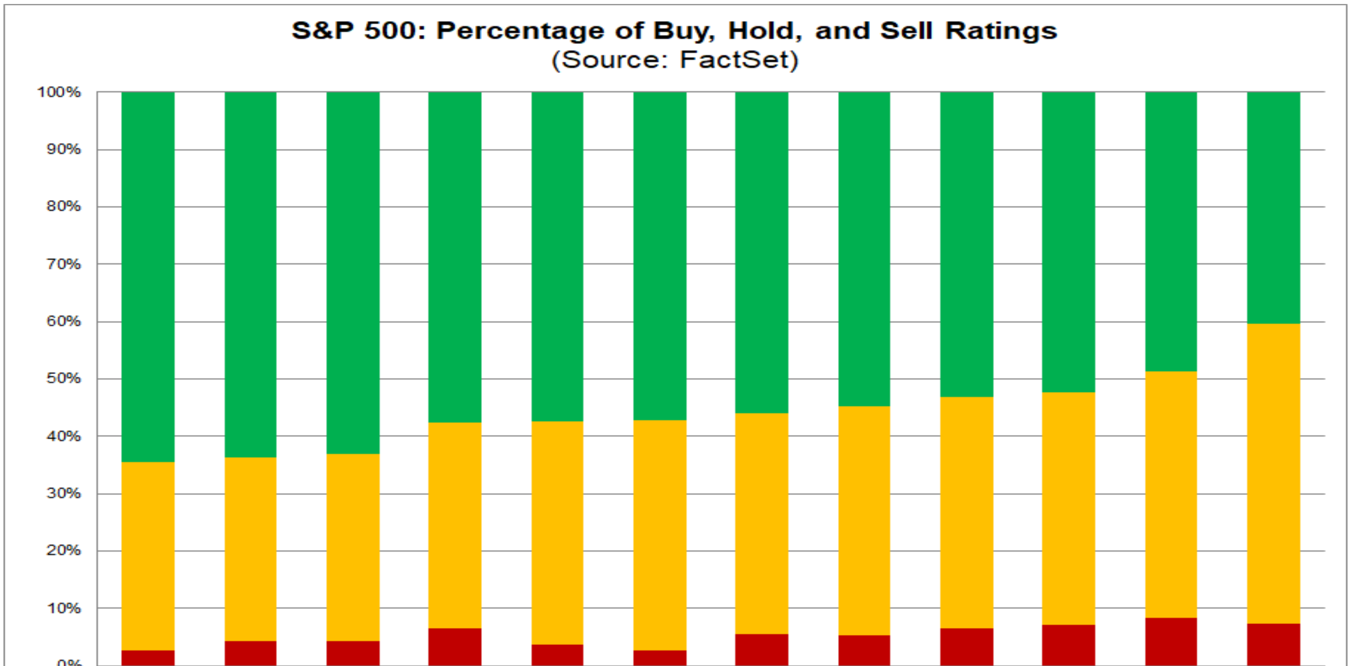


Trailing 12M P/E Ratio: 10-Years

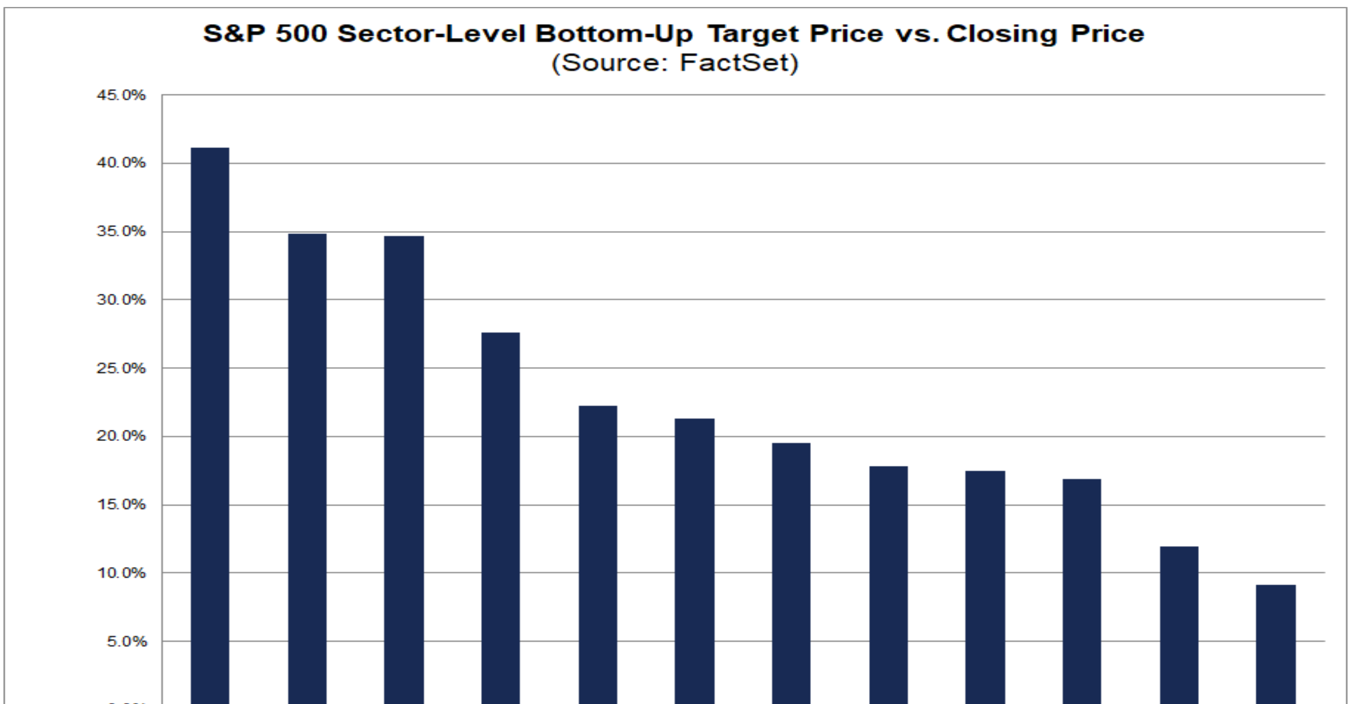




Targets & Ratings



	Energy	Comm. Services	Info. Tech.	Consumer Disc.	Health Care	Real Estate	S&P 500	Materials	Financials	Industrials	Utilities	Consumer Staples
Buy	65%	64%	63%	58%	57%	57%	56%	55%	53%	52%	49%	40%
Hold	33%	32%	33%	36%	39%	40%	39%	40%	40%	41%	43%	52%
Sell	3%	4%	4%	7%	4%	3%	5%	5%	6%	7%	8%	7%



	Info. Tech.	Comm. Services	Consumer Disc.	S&P 500	Materials	Industrials	Energy	Health Care	Financials	Real Estate	Utilities	Consumer Staples
Target/Close	41.2%	34.8%	34.7%	27.6%	22.3%	21.3%	19.6%	17.8%	17.5%	16.8%	12.0%	9.1%

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