

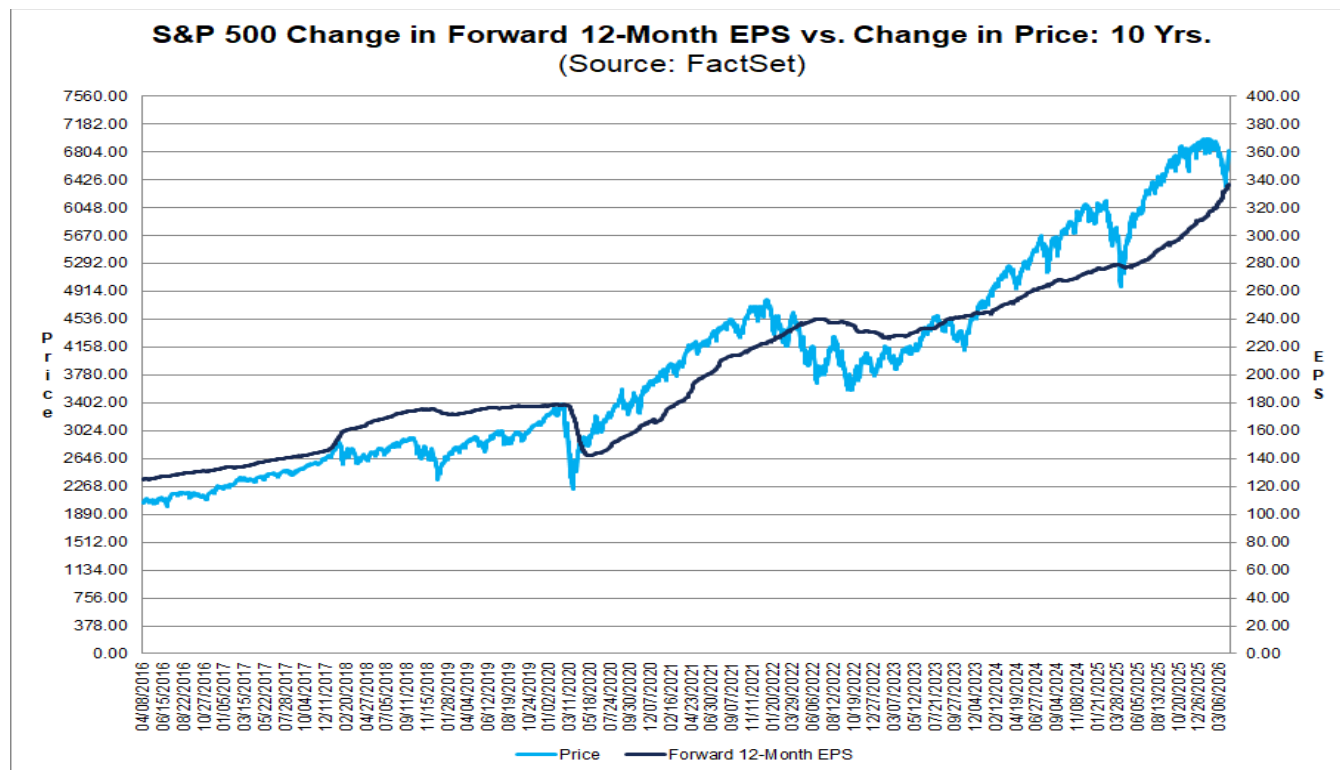
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Key Metrics

- **Earnings Growth:** For Q1 2026, the estimated (year-over-year) earnings growth rate for the S&P 500 is 12.6%. If 12.6% is the actual growth rate for the quarter, it will mark the sixth-straight quarter of double-digit (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 2026 was 12.8%. Nine sectors are expected to report lower earnings today (compared to December 31) due to downward revisions to EPS estimates.
- **Earnings Guidance:** For Q1 2026, 51 S&P 500 companies have issued negative EPS guidance and 58 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.4. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.9).
- **Earnings Scorecard:** For Q1 2026 (with 4% of S&P 500 companies reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 90% of S&P 500 companies has reported a positive revenue surprise.



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Topic of the Week: 1

S&P 500 Could Report Earnings Growth of 19% for Q1

The current earnings growth rate for the S&P 500 for the first quarter is 12.6%, which would mark the 6th consecutive quarter of double-digit (year-over-year) earnings growth reported by the index. Given that most S&P 500 companies report actual earnings above estimates, what is the likelihood the index will report earnings growth of 12.6% for the quarter?

Based on the average improvement in the earnings growth rate during the earnings season, the index could report earnings growth of 19% for Q1. This would be the highest earnings growth rate reported by the index since Q4 2021 (32.0%).

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

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

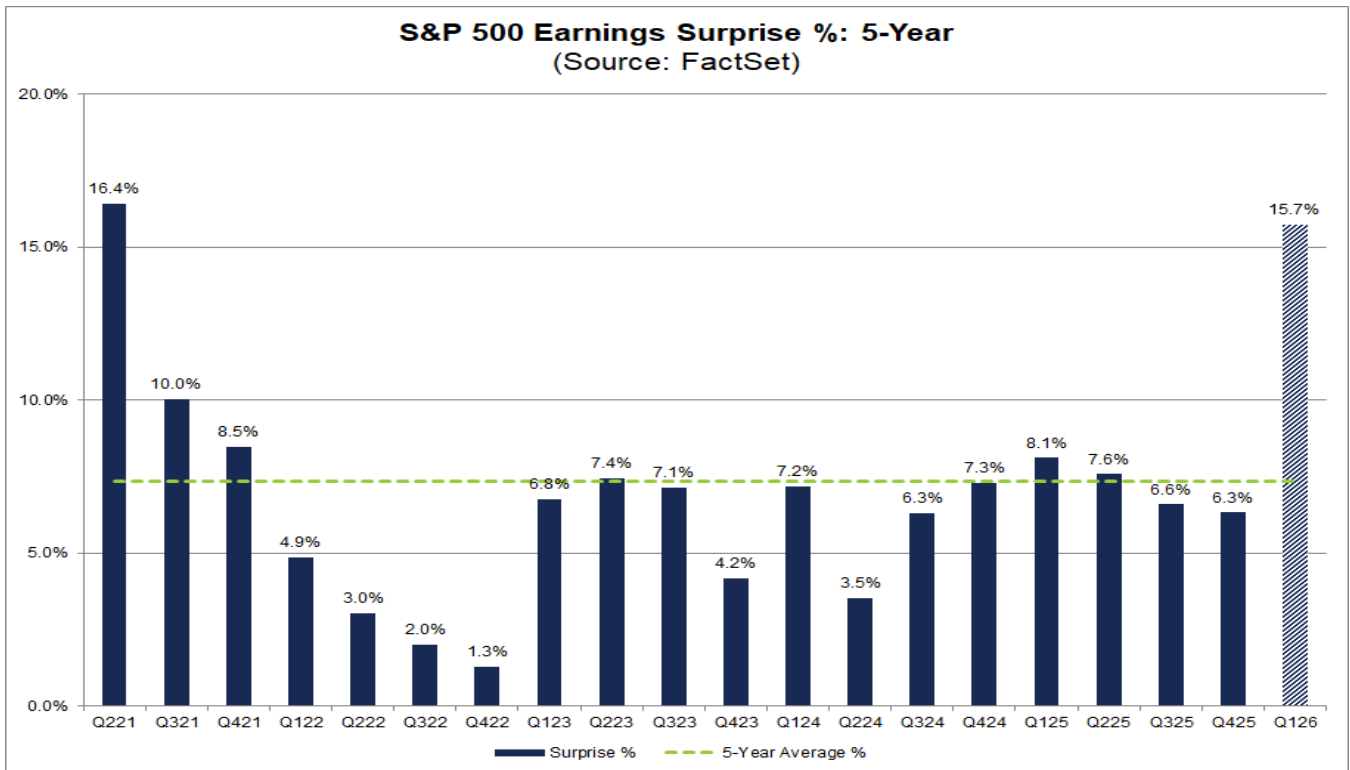
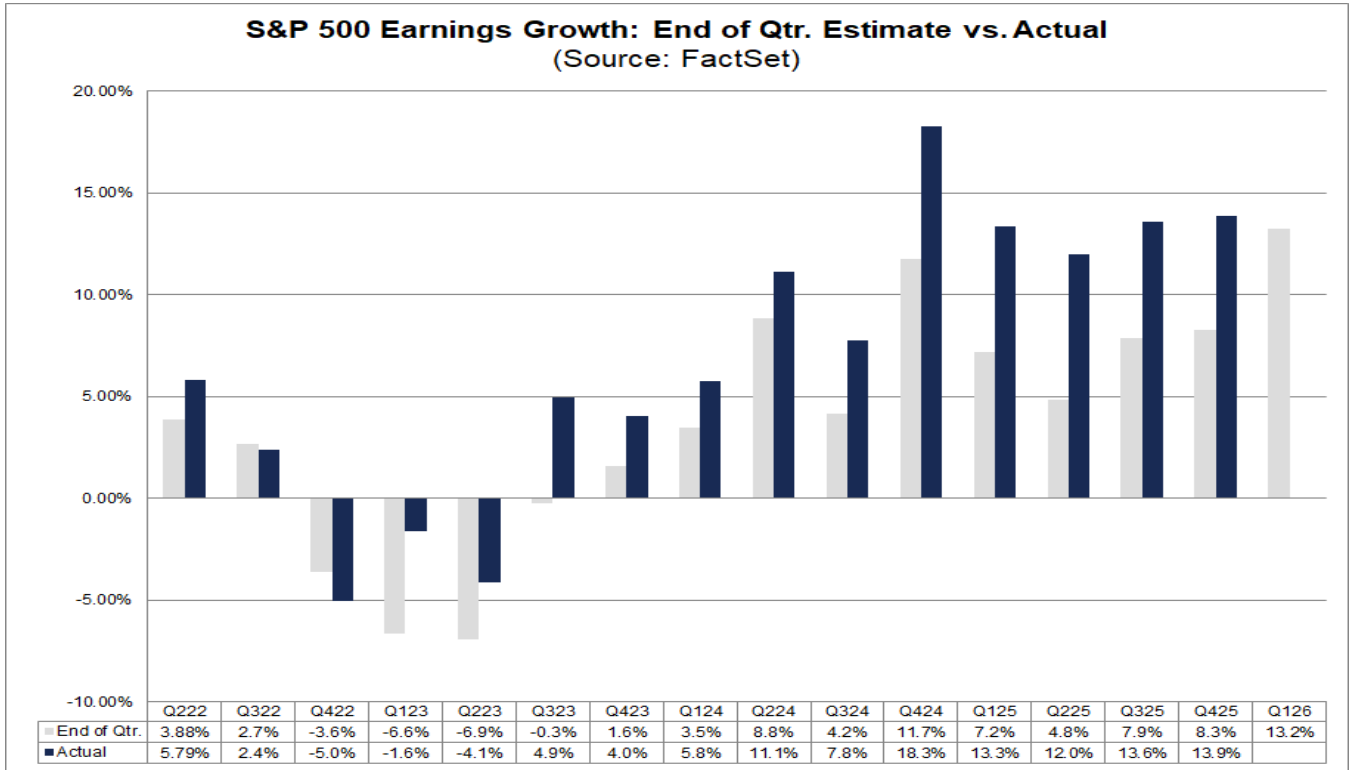
Over the past ten years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.1% on average. During this same period, 76% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 5.8 percentage points on average (over the past ten years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 13.2%, the actual earnings growth rate for the quarter would be 19.0% (13.2% + 5.8% = 19.0%).

Over the past five years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.3% on average. During this same period, 78% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 7.0 percentage points on average (over the past five years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 13.2%, the actual earnings growth rate for the quarter would be 20.2% (13.2% + 7.0% = 20.2%).

Over the past four quarters (Q1 2025 through Q4 2025), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.2% on average. During these four quarters, 79% of companies in the S&P 500 reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 6.1 percentage points on average (during the past four quarters) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 13.2%, the actual earnings growth rate for the quarter would be 19.3% (13.2% + 6.1% = 19.3%).

Thus, using the most conservative average improvement of these three periods, the index could report year-over-year earnings growth of 19.0% for Q1.

How are the numbers trending to date? Of the 20 S&P 500 companies that have reported actual earnings for Q1 2026 through April 10, 80% have reported actual EPS above the mean EPS estimate. In aggregate, actual earnings reported by these 20 companies have exceeded estimated earnings by 15.7%. However, downward revisions to EPS estimates since the end of the quarter have more than offset these positive EPS surprises to date. As a result, the earnings growth rate for the S&P 500 has decreased by 0.6 percentage points since March 31 (to 12.6% from 13.2%).



Topic of the Week: 2

S&P 500 Financials Sector Earnings Preview: Q1 2026

The Financials sector will be a focus for the market during the upcoming week, as 75% of the S&P 500 companies (21 out of 28) that are scheduled to report earnings for the first quarter over this period are part of this sector, including Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Morgan Stanley, Travelers Companies, and Wells Fargo. The Financials sector is predicted to report the third-highest year-over-year earnings growth rate of all eleven sectors for Q1 at 15.1%. This growth rate is also above expectations for earnings growth of 14.6% at the start of the quarter (December 31).

At the industry level, all five industries in the sector are expected to report year-over-year earnings growth. Four of these five industries are predicted to report double-digit growth: Insurance, Consumer Finance, Capital Markets, and Financial Services.

The Insurance industry is expected to report the highest earnings growth rate in the sector at 34%. Within the Insurance industry, all 4 sub-industries are projected to report year-over-year earnings growth: Reinsurance (90%), Property & Casualty Insurance (59%), Insurance Brokers (12%), and Life & Health Insurance (4%). At the company level, Travelers Companies, Allstate Corporation, and Chubb are expected to be the largest contributors to earnings growth for the industry. If these 3 companies were excluded, the estimated earnings growth rate for the Insurance industry would fall to 18% from 34%.

Stewart Johnson, Associate Director for Deep Sector Content, highlighted key themes to watch in the Insurance industry during this earnings season:

The operating environment over the last quarter provides a mixed backdrop to assess 1Q insurance company earnings, which are expected to be reported beginning next week. Here are sector highlights:

- *The equity market decline over 1Q poses a challenge to investment income results. Given P&C companies maintain higher, general investment allocations to equities, this challenge is likely to hit those companies more than life insurance companies.*
- *Catastrophic events over the quarter will also impact earnings at P&C companies, with expectations for a mixed impact over the longer term. On the one hand, claims' expenses likely increased during 1Q, but future underwriting results may benefit if regulators approve requests for rate increases of home and auto businesses in the aftermath of winter storms.*
- *Investments in AI should produce continued operational expense reductions for claims and underwriting functions as they shift toward automation.*
- *Expect attention to be focused on the impact of private investments in the insurance sector. Two issues should be addressed: portfolio credit quality and important changes to accommodate limits imposed on withdrawals in the wake of gating restrictions that a number of private equity funds have imposed for investors.*

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>

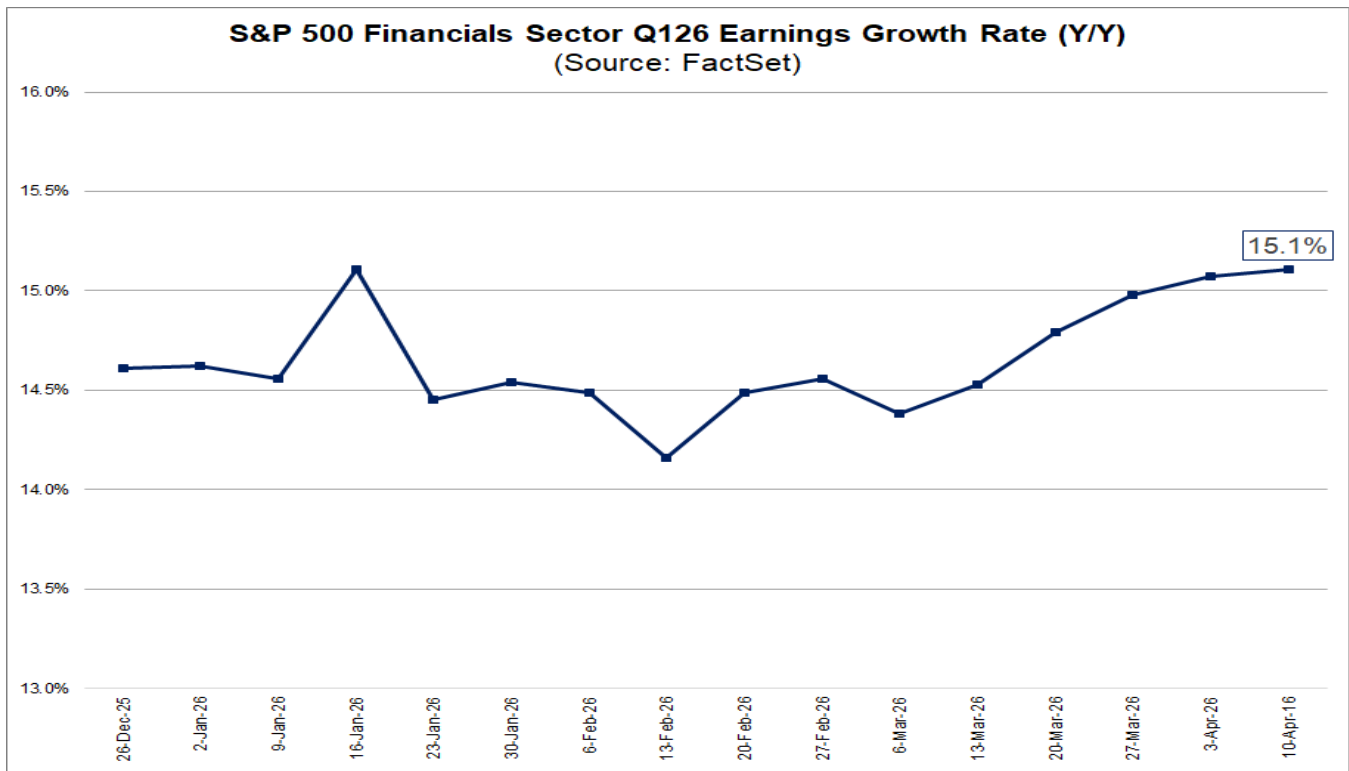
The Consumer Finance industry is expected to report the second-highest earnings growth rate in the sector at 30%. At the company level, Capital One Financial is projected to be the largest contributor to earnings growth for the industry. However, the company is benefitting from an apples-to-oranges comparison of post-merger earnings (Capital One Financial and Discover Financial Services) in Q1 2026 to pre-merger earnings (Capital One Financial stand-alone) in Q1 2025. If this company were excluded, the estimated earnings growth rate for the Consumer Finance industry would fall to 7% from 30%.

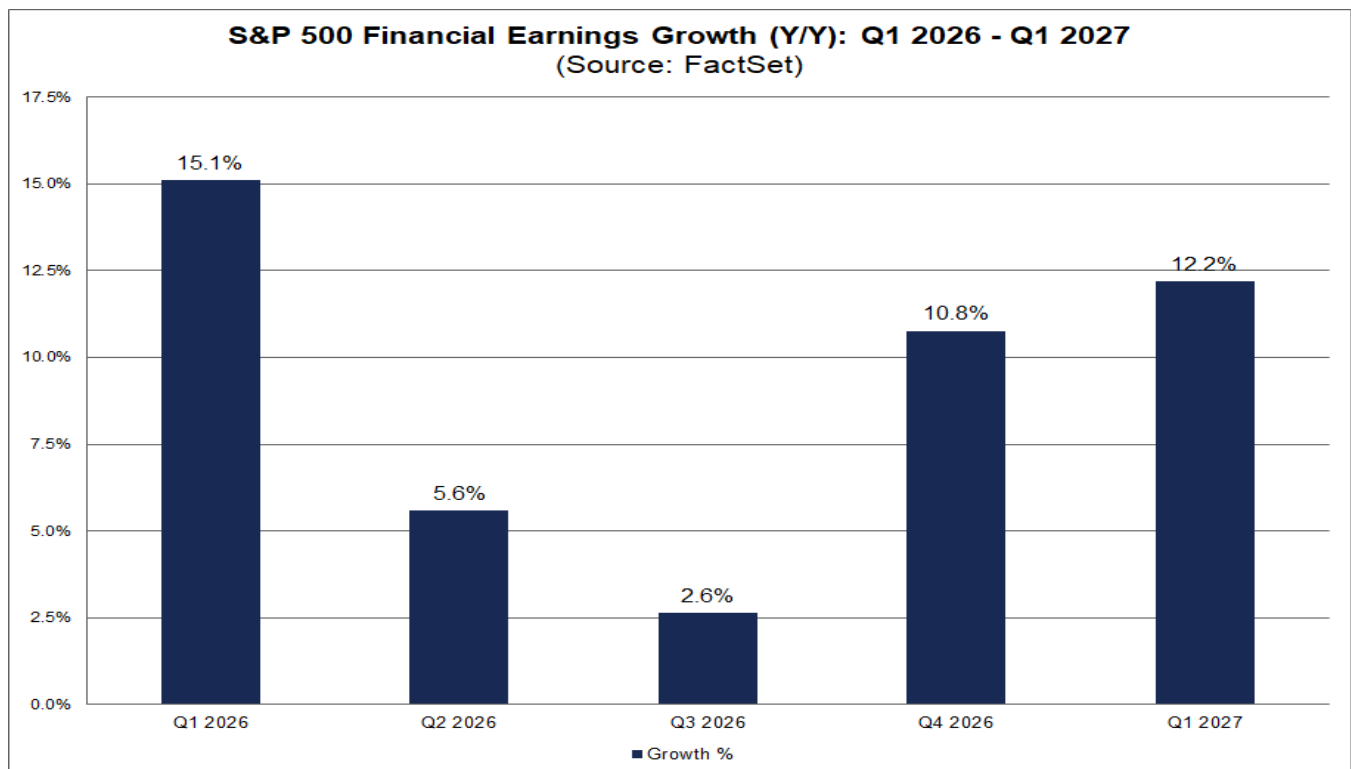
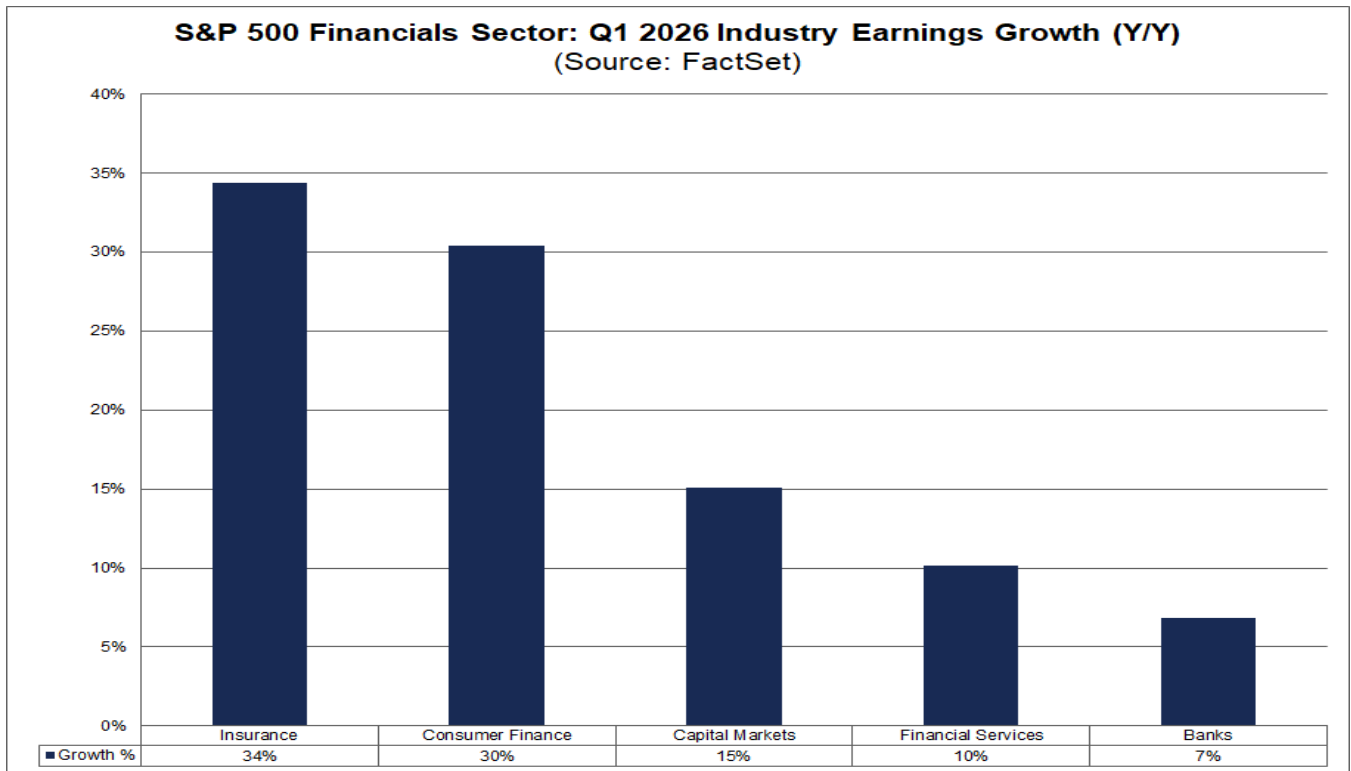
The Capital Markets industry is expected to report the third-highest earnings growth rate in the sector at 15%. Within the Capital Markets industry, all three sub-industries are projected to report double-digit (year-over-year) earnings growth: Investment Banking & Brokerage (16%), Asset Management & Custody Banks (14%), and Financial Exchanges & Data (14%).

The Financial Services industry is expected to report the fourth-highest earnings growth rate in the sector at 10%. Within this industry, all three sub-industries are projected to report year-over-year earnings growth: Multi-Sector Holdings (19%), Diversified Financial Services (13%), and Transaction & Payment Processing Services (6%).

The Banks industry is expected to report the fifth-highest earnings growth rate in the sector at 7%. Within this industry, both sub-industries are projected to report year-over-year earnings growth: Regional Banks (10%) and Diversified Banks (7%)

Looking ahead, analysts are predicting lower earnings growth for the Financials sector over the next four quarters. For Q2 2026 through Q1 1027, analysts are projecting earnings growth rates of 5.6%, 2.6%, 10.8%, and 12.2%, respectively.





Topic of the Week: 3

S&P 500 Energy and Utilities Sectors Earnings Previews: Q1 2026

Energy Sector: Exxon Mobil is Largest Contributor to Earnings Decline

With the recent rise in the price of oil, what are analysts expecting for earnings for the Energy sector for Q1?

Overall, the Energy sector is currently expected to report the third-largest (year-over-year) earnings decline of all eleven sectors at -0.1%. However, there have been significant changes in earnings expectations for the sector over the past few months. On December 31, the estimated (year-over-year) earnings growth rate for the sector was 0.3%. During the next two months, analysts lowered earnings estimates in aggregate for companies in the sector. By February 27, the estimated (year-over-year) earnings decline for the sector was -9.5%. Over the next five weeks, analysts increased earnings estimates in aggregate for companies in the sector in conjunction with the rise in the price of oil. By April 3, the estimated earnings growth rate for the sector was 12.9%. However, analysts lowered EPS estimates again for companies in the sector over the past week, led by Exxon Mobil (to \$1.31 from \$1.91). On April 8, the company provided guidance on factors impacting earnings for Q1 2026 in an SEC filing. As a result, the estimated earnings decline for the sector is -0.1% today.

It is interesting to note that the price of oil rose by 77% (to \$101.38 from \$57.42) during the first quarter. However, the average price of oil for Q1 2026 (\$72.67) is only 1.8% above the average price of oil for Q1 2025 (\$71.38).

At the sub-industry level, 2 of the 5 sub-industries in the sector are predicted to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (\$1.9 billion vs. -\$125 million) and Oil & Gas Storage & Transportation (27%). On the other hand, 3 sub-industries are projected to report a year-over-year decline in earnings: Integrated Oil & Gas (-19%), Oil & Gas Equipment & Services (-13%), and Oil & Gas Exploration & Production (-1%).

At the company level, Exxon Mobil is the largest contributor to the estimated earnings decline for the sector. If this company were excluded, the Energy sector would be expected to report (year-over-year) earnings growth of 12.5%.

Looking ahead, analysts are predicting earnings growth of more than 35% for the Energy sector for the next 4 quarters. For Q2 2026 through Q1 2027, the estimated earnings growth rates are 71.0%, 42.1%, 40.9%, and 37.6%, respectively.

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

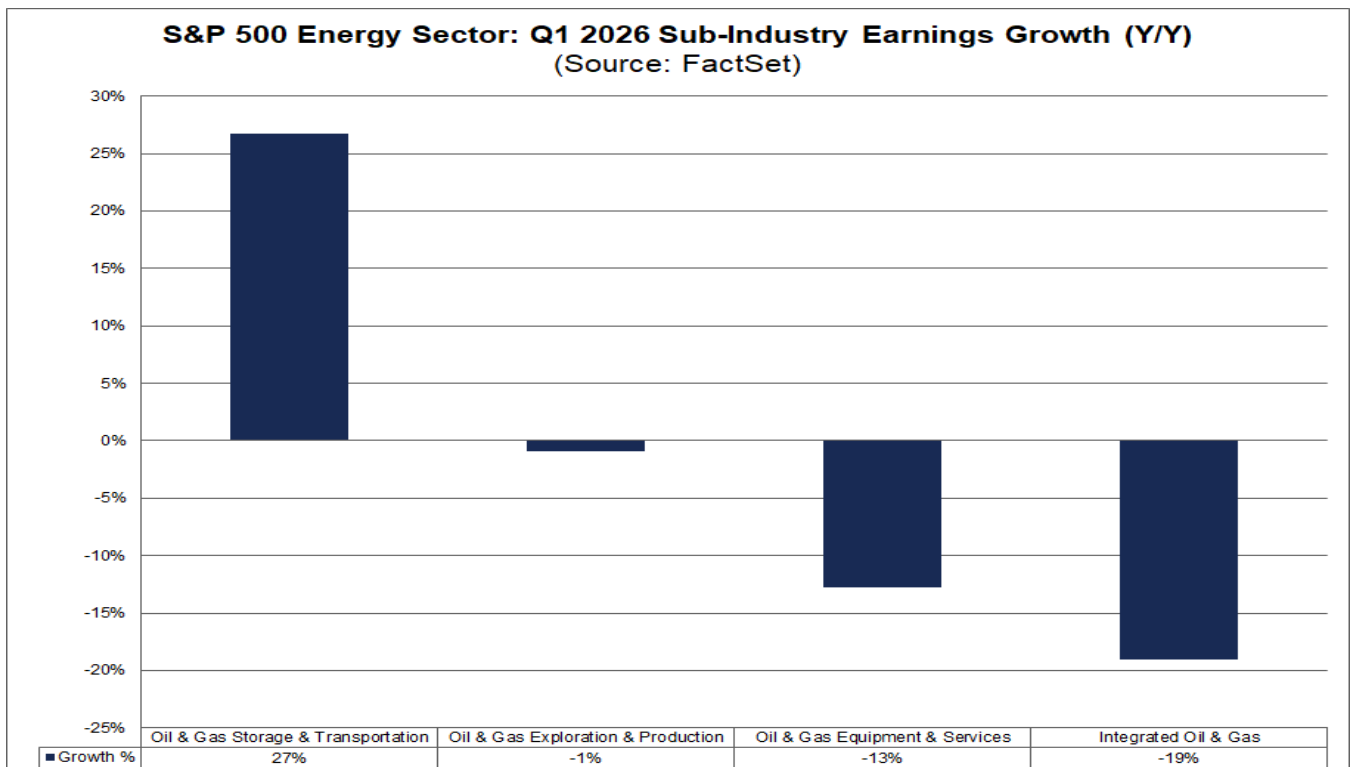
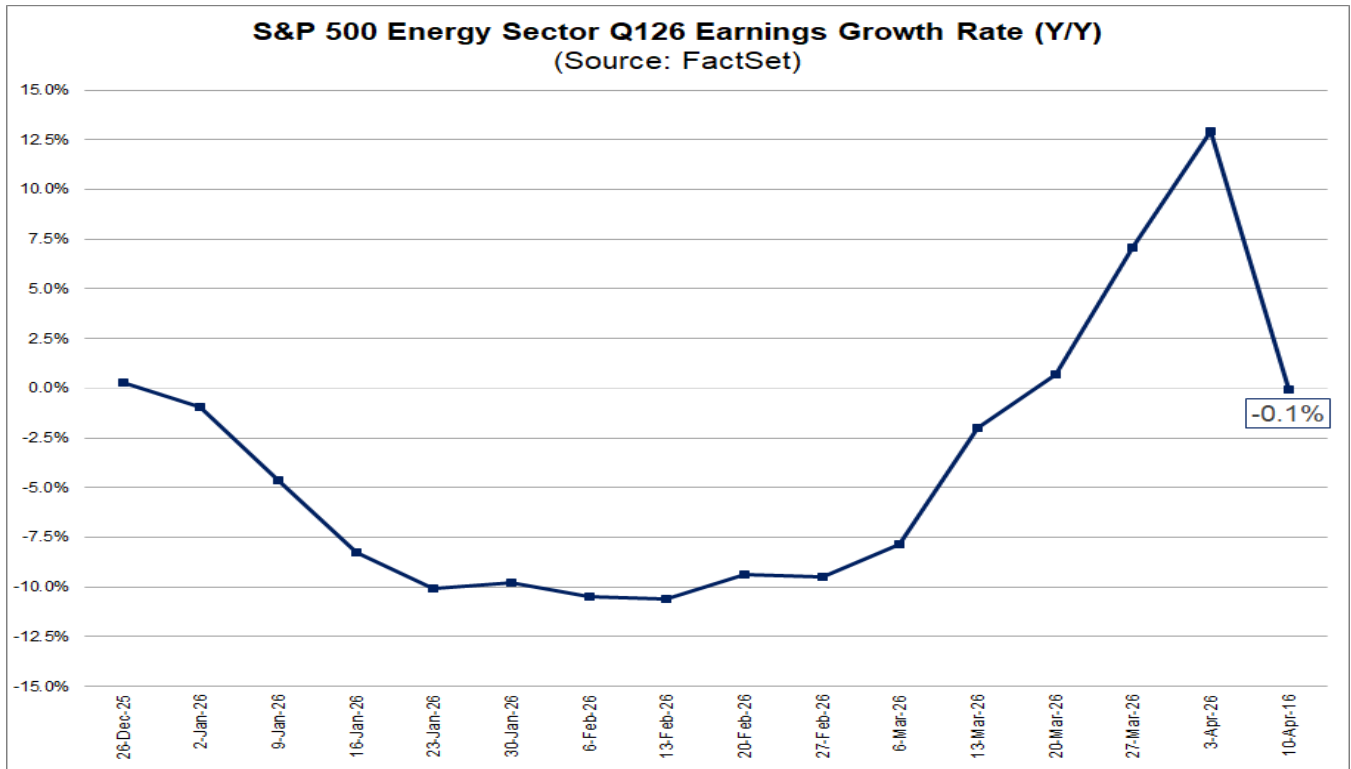
The Middle East conflict has pushed WTI above \$100/bbl for the first time since 2022, providing a direct boost in revenue for oil-weighted E&P companies, which will likely be apparent during this quarter's earnings cycle. This stands in stark contrast to natural gas-weighted producers, who, despite a brief price spike during Winter Storm Fern in January, face relatively stable Henry Hub pricing as US LNG feedgas demand has no room to increase due to high utilizations and storage levels hover near the 5-year average.

While crude prices remain elevated, their durability depends heavily on the conflict's trajectory. The extent of damage to critical infrastructure, including oil fields, pipelines, and export facilities, will ultimately determine whether current price levels can be sustained.

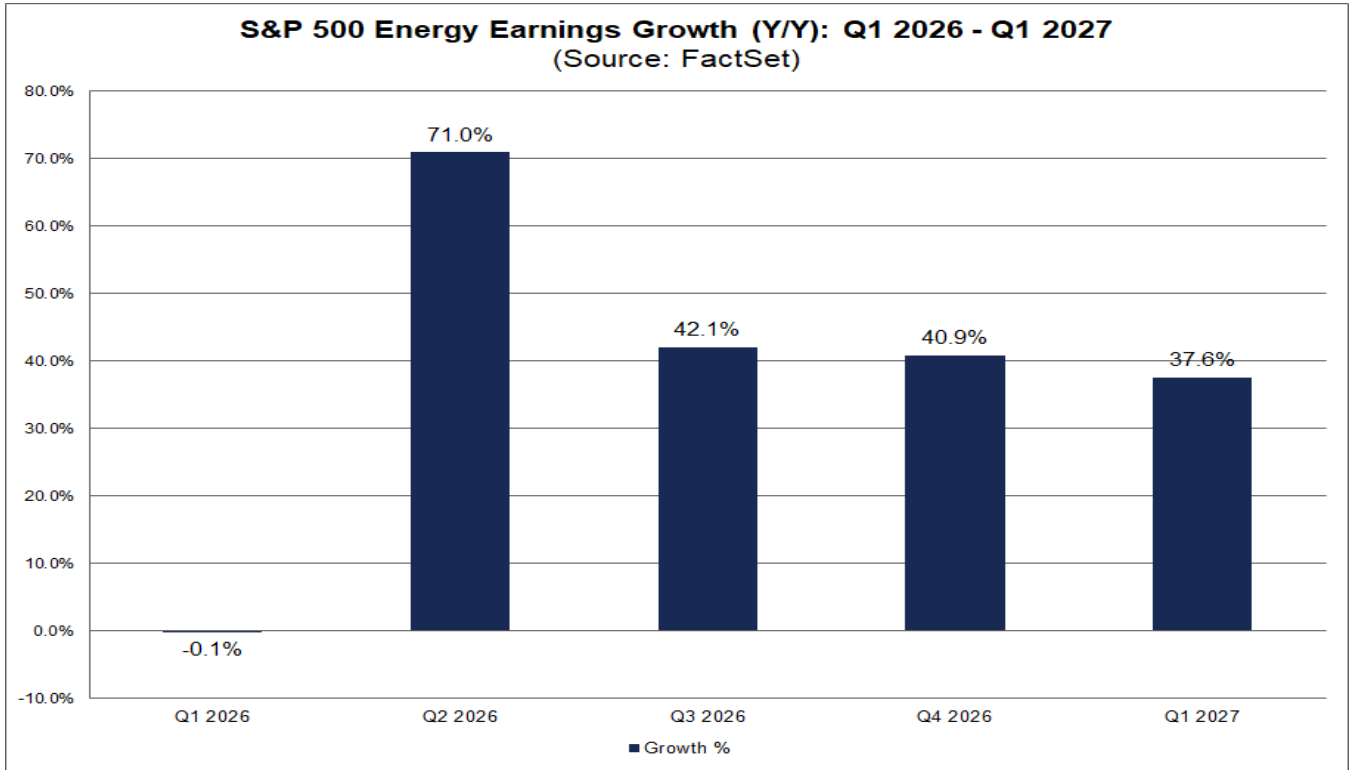
Although modest U.S. production increases are likely to materialize later this year, it remains premature to classify this as a sustained high-price environment or to anticipate meaningful year-over-year oil production growth at this stage. As a result, oil-weighted operators are expected to largely stick to their production and capex guidance for the year, despite current price levels.

For more detailed analysis from Nathan and other FactSet analysts on the Energy sector, please go to the following link:

<https://insight.factset.com/topic/energy>



*A growth rate can't be calculated for the Oil & Gas Refining & Marketing sub-industry due to loss in Q1 2025



Utilities Sector: 4th Highest Year-Over-Year Earnings Growth of all 11 Sectors

With the Q1 earnings season kicking off this week, what are analysts expecting for earnings or the Utilities sector for Q1?

The Utilities sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 9.6%. However, this growth rate is below expectations for earnings growth of 10.2% on December 31.

At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Electricity Producers (\$732 million vs. -\$122 million), Gas Utilities (16%), Water Utilities (9%), Electric Utilities (6%), and Multi-Utilities (1%).

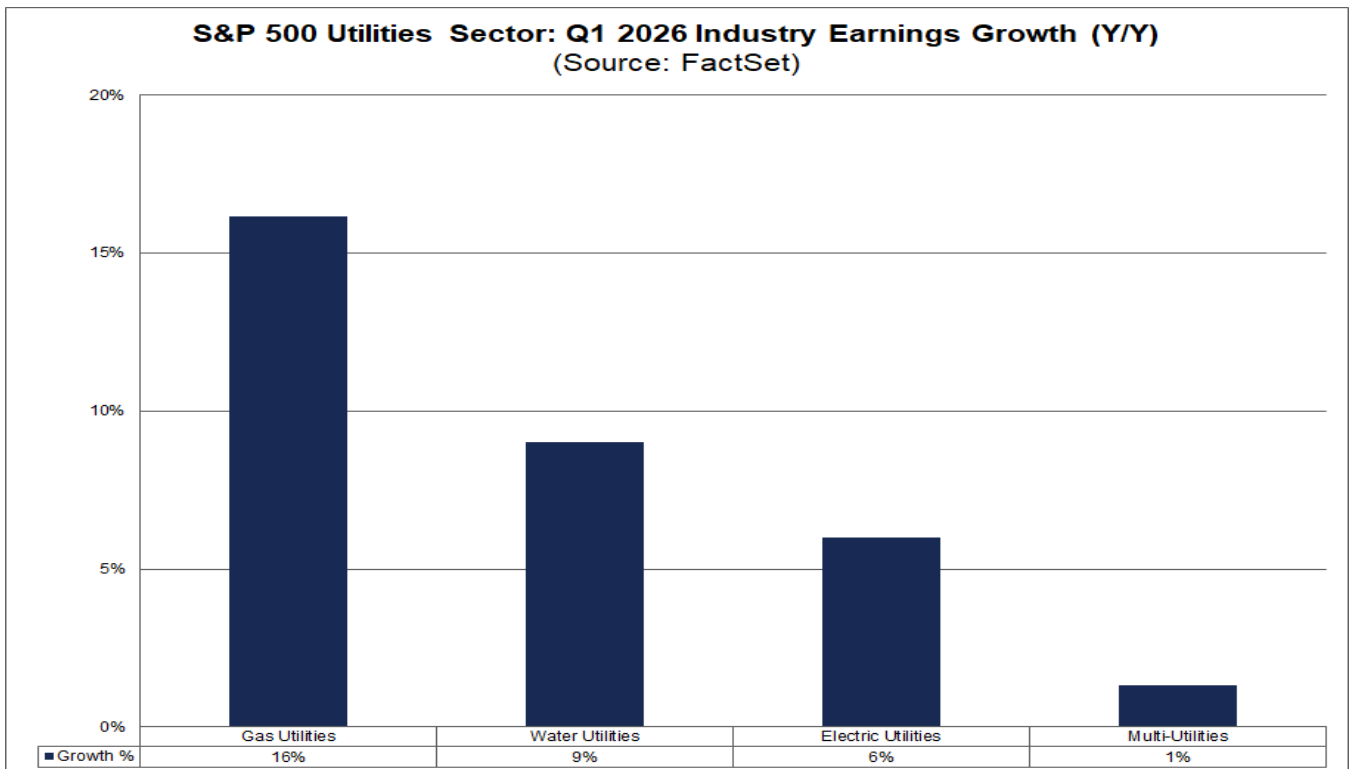
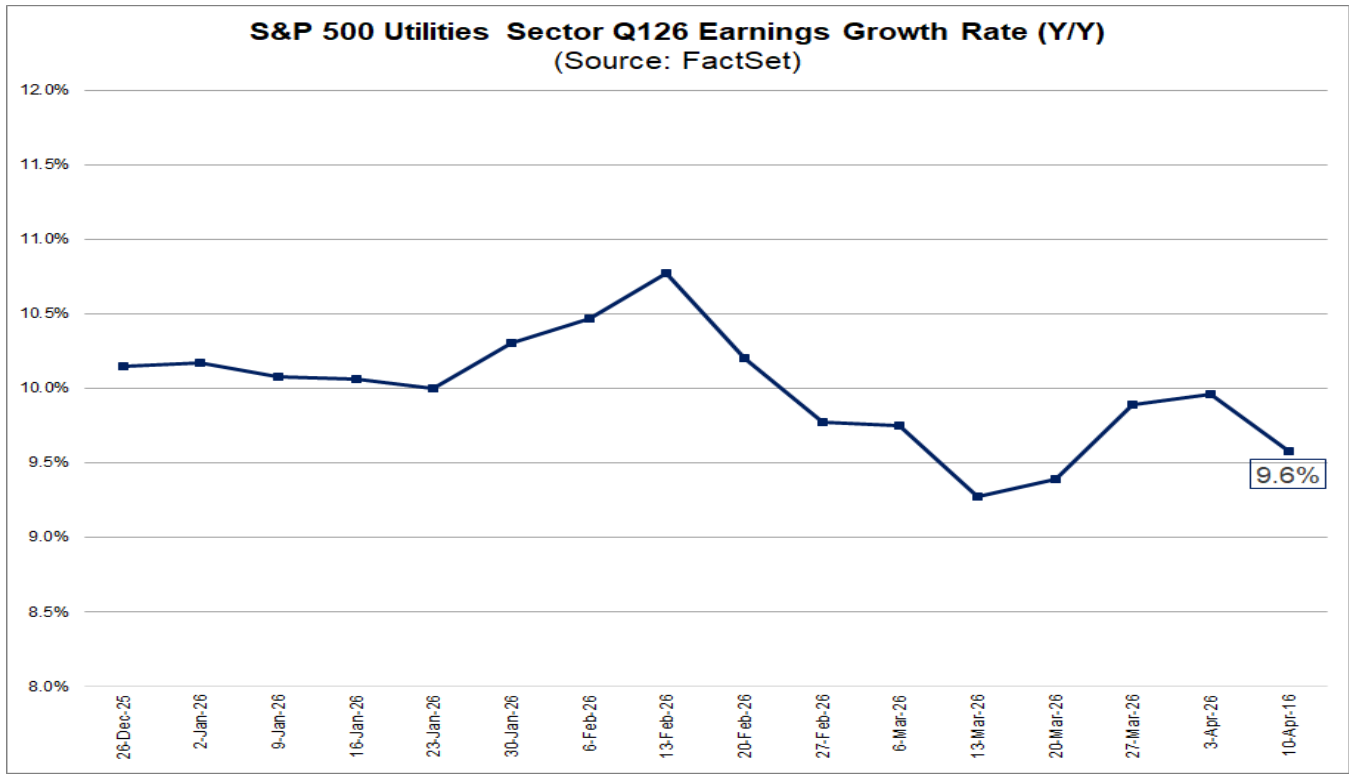
At the company level, Vistra Corp. (\$1.28 vs. -\$0.92) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Utilities sector would fall to 5.3% from 9.6%.

Looking ahead, analysts are predicting double-digit earnings growth for the sector for three of the next four quarters. From Q2 2026 through Q1 2027, analysts are projecting earnings growth rates of 15.4%, 10.0%, 17.4%, and 4.9%, respectively.

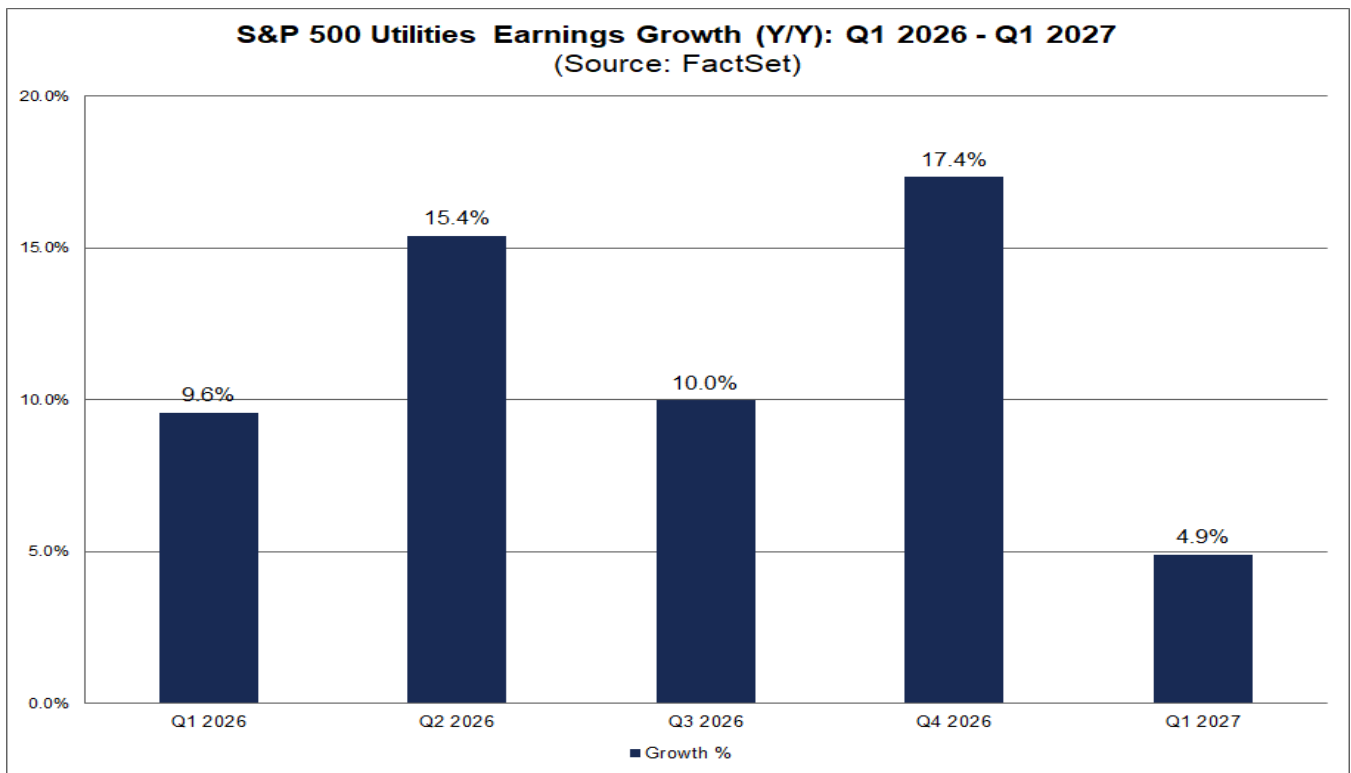
FactSet Senior Energy Analyst Trevor Fugita discussed key trends to watch related to power and the Utilities sector during this earnings season.

Offshore wind projects have continued to face increased uncertainty since the Trump administration took office. All lease sales and permitting in federal waters were paused on the first day of the administration through an executive order, and later, stop-work orders were issued for all projects under construction. Although the courts ruled the executive order unlawful and blocked the stop-work orders, new leases are still unlikely to occur in the near future. Following the resumption of construction after the stop-work orders, large wind projects such as Revolution Wind and Coastal Virginia Offshore Wind were able to deliver their first power to the grid, and Vineyard Wind completed the installation of all turbines for its project. Amidst this regulatory uncertainty, the Interior Secretary and the TotalEnergies CEO announced a \$928 million settlement, in which the federal government agreed to buy out TotalEnergies' U.S. offshore wind leases. In exchange, TotalEnergies pledged to reinvest the proceeds into LNG and Gulf of Mexico oil production. A few days later, the Interior Department began holding talks with other offshore wind leaseholders regarding similar arrangements. If more companies accept buyouts, we may see increased long-term investment in natural gas, which would help support the near-term load growth from AI data center buildout, but at the expense of long-term offshore wind development.

For more commentary and analysis on the power and the Utilities industry, please see Trevor's articles on the FactSet Insight blog at this link: <https://insight.factset.com/author/trevor-fugita>



*A growth rate can't be calculated for Independent Power & Renewable Energy Producers due to loss in Q1 2025



Q1 Earnings Season: By The Numbers

Overview

Heading into the start of the earnings season, analysts and companies have been less pessimistic than normal in their earnings outlooks for the first quarter. As a result, estimated earnings for the S&P 500 for the first quarter are slightly lower today compared to expectations at the start of the quarter. However, the index is expected to report double-digit earnings growth for the sixth-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have (slightly) decreased earnings estimates in aggregate for Q1 2026 to date. On a dollar-level basis, total estimated earnings for the first quarter have decreased by 0.2% (to \$626.1 billion from \$627.0 billion) since December 31.

In terms of guidance for the first quarter, fewer S&P 500 companies are issuing negative EPS guidance than average. At this point in time, 109 companies in the index have issued EPS guidance for Q1 2026. Of these companies, 51 have issued negative EPS guidance and 58 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2026 is below the 5-year average of 61 and below the 10-year average of 60.

As a result, the estimated (year-over-year) earnings growth rate for Q1 2026 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 12.6%, compared to the estimated (year-over-year) earnings growth rate of 12.8% on December 31.

If 12.6% is the actual growth rate for the quarter, it will mark the sixth consecutive quarter of double-digit (year-over-year) earnings growth for the index.

Eight of the eleven sectors are projected to report year-over-year growth, led by the Information Technology, Materials, and Financials sectors. On the other hand, three sectors are predicted to report a year-over-year decline in earnings, led by the Health Care sector.

In terms of revenues, analysts have also increased their estimates during the quarter as well. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 9.8%, compared to the expectations for revenue growth of 8.2% on December 31.

If 9.8% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%).

All eleven sectors are projected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Financials sectors.

For Q2 2026 through Q4 2026, analysts are calling for earnings growth rates of 19.7%, 21.8%, and 19.6%, respectively. For CY 2026, analysts are predicting (year-over-year) earnings growth of 17.6%.

The forward 12-month P/E ratio is 20.4, which is above the 5-year average (19.9) and above the 10-year average (18.9). However, this P/E ratio is below the forward P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31).

During the upcoming week, 28 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the first quarter.

Earnings Revisions: Health Care Sector Has Seen Largest Decrease in EPS Estimates

Decrease In Estimated Earnings Growth Rate for Q1 This Week Due to Energy Sector

During the past week, the estimated earnings growth rate for the S&P 500 for Q1 2026 decreased to 12.6% from 13.4%. Downward revisions to EPS estimates for companies in the Energy and Health Care sectors have been mainly responsible for the decline in the overall earnings growth rate for the index during the past week. In the Energy sector, Exxon Mobil (to \$1.31 from \$1.91) has been the largest contributor to the decrease in earnings for the sector over this period. On April 8, Exxon Mobil provided guidance on factors impacting earnings for Q1 2026 in an SEC filing.

The estimated earnings growth rate for the S&P 500 for Q1 2026 of 12.6% today is below the estimate of 12.8% at the start of the quarter (December 31), as estimated earnings for the index of \$626.1 billion today are 0.2% below the estimate of \$627.0 billion at the start of the quarter. Nine sectors have recorded a decrease in dollar-level earnings due to downward revisions to earnings estimates, led by the Health Care, Consumer Discretionary, and Consumer Staples sectors. On the other hand, two sectors have recorded an increase in their dollar-level earnings due to upward revisions to earnings estimates and positive EPS surprises, led by the Information Technology sector.

Health Care: Merck Leads Earnings Decline Since December 31

The Health Care sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -12.7% (to \$67.1 billion from \$76.9 billion). As a result, the estimated (year-over-year) earnings decline for the sector is -9.8% today compared to expected earnings growth of 3.2% on December 31. This sector has also recorded the fourth-largest decrease in price of all 11 sectors since December 31 at -3.6%. Overall, 39 of the 59 companies (66%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 39 companies, 6 have recorded a decrease in their mean EPS estimate of more than 10%, led by Merck & Company (to -\$1.48 from \$1.50), Baxter International (to \$0.32 from \$0.48), Charles River Laboratories (to \$1.93 from \$2.57), and Incyte Corporation (to \$1.36 from \$1.71). Merck & Company has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31. On February 3, Merck & Company issued (non-GAAP) EPS guidance for 2026 between \$5.00 and \$5.15, which includes a one-time charge for the acquisition of Cidara.

Consumer Discretionary: Amazon.com Leads 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 -4.8% (to \$43.2 billion from \$45.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 1.7% today from 6.9% on December 31. This sector has also recorded the second-largest decrease in price of all 11 sectors since December 31 at -5.4%. Overall, 33 of the 48 companies (69%) in the Consumer Discretionary sector have seen a decrease in their mean EPS estimate during this time. Of these 33 companies, 10 have recorded a decline in their mean EPS estimate of more than 10%, led by DoorDash (to \$0.36 from \$0.68), Ford Motor (to \$0.19 from \$0.30), and lululemon athletica (to \$1.69 from \$2.08). However, Amazon.com (to \$1.62 from \$1.73) has been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since December 31.

Consumer Staples: 83% of Companies Have Recorded a Decrease In Earnings Since December 31

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 -4.4% (to \$31.9 billion from \$33.4 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 1.6% today from 6.3% on December 31. Despite the decrease in expected earnings, this sector has recorded an increase in price of 9.2% since December 31. Overall, 29 of the 35 companies (83%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 29 companies, 10 have recorded a decline in their mean EPS estimate of more than 10%, led by Bunge Global (to \$0.85 from \$1.81), Molson Coors (to \$0.38 from \$0.58), Archer-Daniels-Midland (to \$0.68 from \$0.89), Mondelez International (to \$0.61 from \$0.79), and General Mills (to \$0.64 from \$0.82).

Information Technology: Micron Technology and NVIDIA Lead Earnings Increase Since December 31

On the other hand, the Information Technology sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +7.9% (to \$185.7 billion from \$172.1 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 45.0% today from 34.4% on December 31. Despite the increase in expected earnings, this sector has recorded the third-largest decrease in price of all 11 sectors since December 31 at -3.8%. Overall, 52 of the 73 companies (71%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 52 companies, 18 have recorded an increase in their mean EPS estimate of more than 10%, led by Sandisk Corporation (to \$14.04 from \$3.57), Teradyne (to \$2.08 from \$1.22), Qnity Electronics (to \$0.93 from \$0.62), Micron Technology (\$12.20 vs. \$8.21), Lumentum Holdings (to \$2.26 from \$1.54), and Palantir Technologies (to \$0.28 from \$0.21). Micron Technology, NVIDIA (to \$1.76 from \$1.66), Sandisk Corporation, Apple (to \$1.94 from \$1.83), Broadcom (to \$2.38 from \$2.14), and Microsoft (to \$4.05 from \$3.97) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since December 31.

Index-Level EPS Estimate: 0.3% 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 0.3% (to \$71.37 from \$71.57) 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 1.6% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 2.9% 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 Below Average

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

At this point in time, 109 companies in the index have issued EPS guidance for Q1 2026. Of these 109 companies, 51 have issued negative EPS guidance and 58 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q1 2026 is below the 5-year average of 61 and below the 10-year average of 60. On the other hand, the number of S&P 500 companies issuing positive EPS guidance for Q1 2026 is above the 5-year average of 44 and above the 10-year average of 40.

The percentage of companies issuing negative EPS guidance for Q1 2026 is 47% (51 out of 109), which is below the 5-year average of 58% and below the 10-year average of 60%.

Annual Guidance: 53% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 264 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 264 companies, 141 have issued negative EPS guidance and 123 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 53% (141 out of 264).

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: 12.6%

The estimated (year-over-year) earnings growth rate for Q1 2026 is 12.6%, which is below the 5-year average earnings growth rate of 16.4% but above the 10-year average earnings growth rate of 10.3%. If 12.6% is the actual growth rate for the quarter, it will mark the 11th consecutive quarter of year-over-year earnings growth and the 6th consecutive quarter of double-digit growth for the index.

Eight of the eleven sectors are expected to report year-over-year earnings growth, led by the Information Technology, Materials, and Financials sectors. On the other hand, three sectors are projected to report year-over-year decline in earnings, led by the Health Care sector.

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

The Information Technology sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 45.0%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (95%), Electronic Equipment, Instruments, & Components (31%), Technology Hardware, Storage, & Peripherals (26%), Software (18%), Communication Services (13%), and IT Services (5%).

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 Information Technology sector would fall to 20.1% from 45.0%.

Materials: Metals & Mining Industry Is Largest Contributor to Year-Over-Year Growth

The Materials sector is expected to report the second-largest (year-over-year) earnings growth of all eleven sectors at 24.2%. At the industry level, 2 of the 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (101%) and Chemicals (2%). On the other hand, 2 of the 4 industries in the sector are predicted to report a (year-over-year) decline in earnings: Construction Materials (-7%) and Containers & Packaging (-1%).

The Metals & Mining 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 Materials sector would fall to 1.2% from 24.2%.

Financials: All 5 Industries Projected to Report Year-Over-Year Growth

The Financials sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 15.1%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Insurance (34%), Consumer Finance (30%), Capital Markets (15%), Financial Services (10%), and Banks (7%).

Health Care: Merck & Company is Largest Contributor to Year-Over-Year Decline

On the other hand, the Health Care sector is expected to report the largest (year-over-year) decline in earnings at -9.8%. At the industry level, 2 of the 5 industries in the sector are projected to report a year-over-year decline in earnings: Pharmaceuticals (-31%) and Health Care Providers & Services (-4%). On the other hand, 3 of the 5 industries are predicted to report a year-over-year growth in earnings: Biotechnology (10%), Health Care Equipment & Supplies (4%), and Life Sciences, Tools, & Services (3%).

At the company level, Merck & Company (-\$1.48 vs. \$2.22) is expected to be the largest contributor to the earnings decline for the sector. On February 3, Merck & Company issued (non-GAAP) EPS guidance for 2026 between \$5.00 and \$5.15, which includes a one-time charge for the acquisition of Cidara. If this company were excluded, the Health Care sector would be expected to report earnings growth of 2.8% rather than an earnings decline of -9.8%.

Revenue Growth: 9.8%

The estimated (year-over-year) revenue growth rate for Q1 2026 is 9.8%, which is above the 5-year average revenue growth rate of 8.7% and above the 10-year average revenue growth rate of 6.3%. If 9.8% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%).

At the sector level, all 11 sectors are expected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Financials sectors.

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 27.4%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (50%), Technology Hardware, Storage, & Peripherals (27%), Electronic Equipment, Instruments, & Components (20%), Software (17%), Communication Equipment (14%), and IT Services (7%).

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

The Communication Services sector is expected to report the second-highest (year-over-year) revenue growth rate of all eleven sectors at 12.8%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (21%), Wireless Telecommunication Services (10%), Entertainment (7%), Diversified Telecommunication Services (3%), and Media (2%).

Financials: All 5 Industries Projected to Report Year-Over-Year Growth

The Financials sector is expected to report the third-highest (year-over-year) revenue 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 revenue growth: Consumer Finance (23%), Capital Markets (13%), Financial Services (12%), Banks (9%), and Insurance (5%).

Net Profit Margin: 13.2%

The estimated net profit margin for the S&P 500 for Q1 2026 is 13.2%, which is equal to the previous quarter's net profit margin of 13.2%, but above the year-ago net profit margin of 12.8% and above the 5-year average of 12.2%.

At the sector level, four sectors are expected to report a year-over-year increase in their net profit margins in Q1 2026 compared to Q1 2025, led by the Information Technology (28.9% vs. 25.4%) sector. On the other hand, six sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2026 compared to Q1 2025, led by the Communication Services (13.7% vs. 16.0%) sector. One sector (Utilities) is expected to report no year-over-year change in net profit margin (14.6% vs. 14.6%).

Six sectors are expected to report net profit margins in Q1 2026 that are above their 5-year averages, led by the Information Technology (28.9% vs. 25.0%) sector. On the other hand, five sectors are expected to report net profit margins in Q1 2026 that are below their 5-year averages, led by the Energy (7.8% vs. 9.7%) sector.

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 18% for CY 2026

For the first quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 12.6% and year-over-year growth in revenues of 9.8%.

For Q2 2026, analysts are projecting earnings growth of 19.7% and revenue growth of 10.1%.

For Q3 2026, analysts are projecting earnings growth of 21.8% and revenue growth of 9.1%.

For Q4 2026, analysts are projecting earnings growth of 19.6% and revenue growth of 8.7%.

For CY 2026, analysts are projecting earnings growth of 17.6% and revenue growth of 9.0%.

Valuation: Forward P/E Ratio is 20.4, Above the 10-Year Average (18.9)

The forward 12-month P/E ratio for the S&P 500 is 20.4. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.9. However, it is below the forward 12-month P/E ratio of 22.0 recorded at the end of the fourth quarter (December 31). Since the end of the fourth quarter (December 31), the price of the index has decreased by 0.3%, while the forward 12-month EPS estimate has increased by 8.1%. At the sector level, the Consumer Discretionary (26.7) and Industrials (26.0) sectors have the highest forward 12-month P/E ratios, while the Financials (14.9) and Energy (15.6) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 27.2, which is above the 5-year average of 24.7 and above the 10-year average of 23.2.

Targets & Ratings: Analysts Project 22% Increase in Price Over Next 12 Months

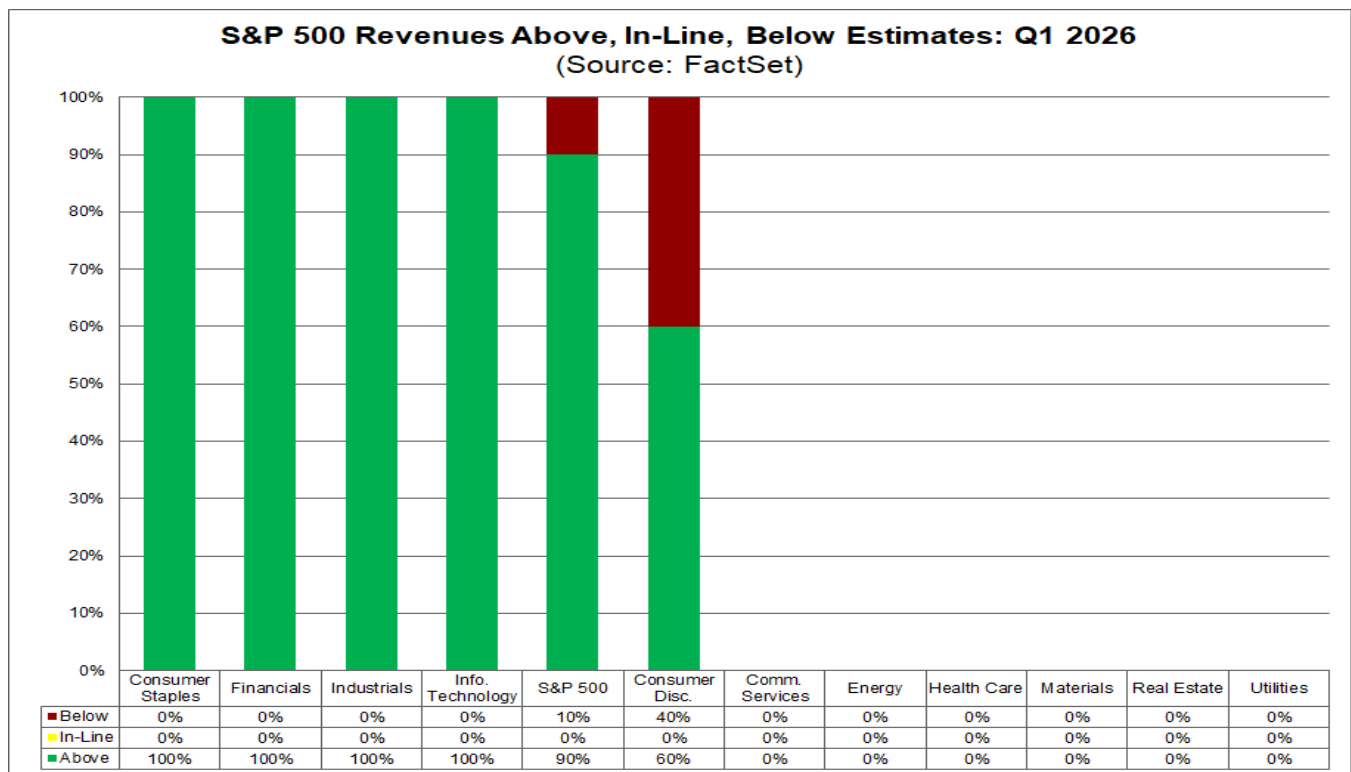
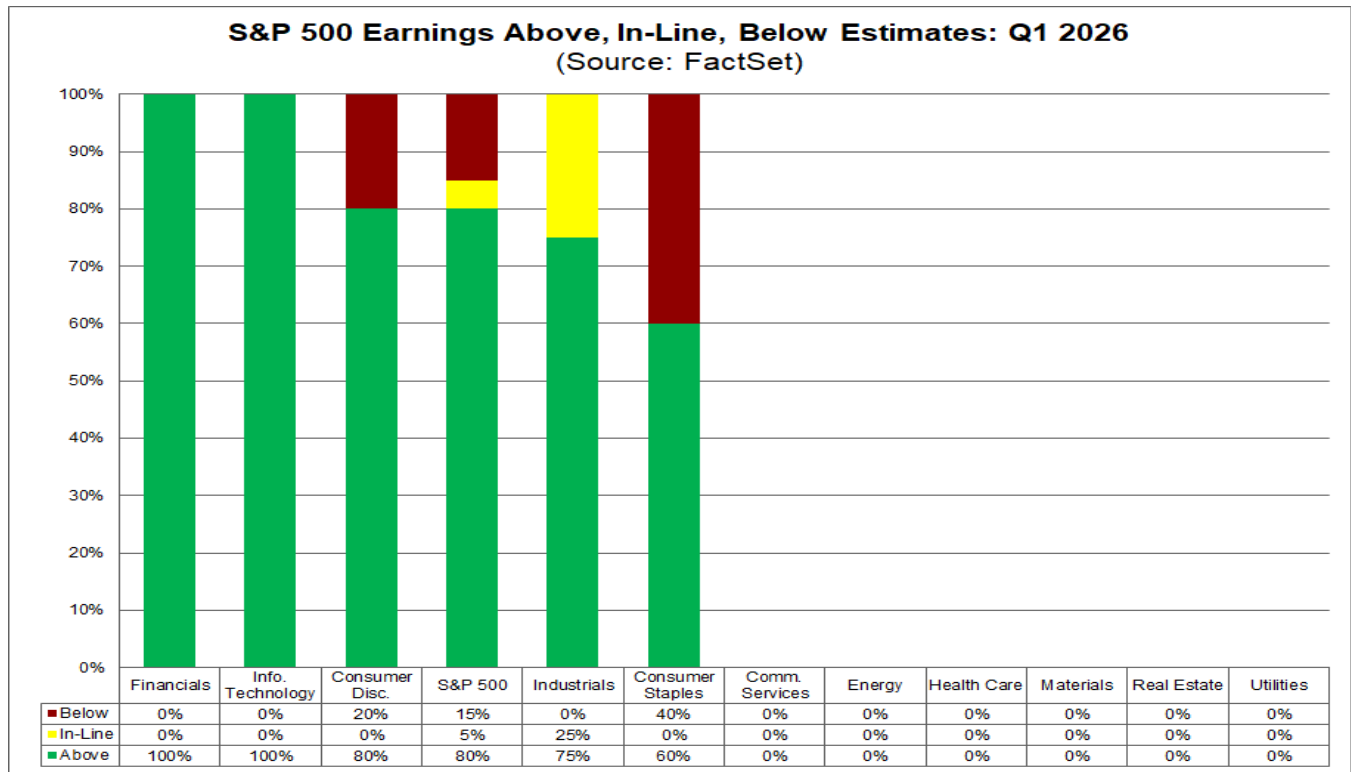
The bottom-up target price for the S&P 500 is 8332.82, which is 22.1% above the closing price of 6824.66. At the sector level, the Information Technology (+32.7%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+8.6%) and Energy (+9.4%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 12,849 ratings on stocks in the S&P 500. Of these 12,849 ratings, 58.5% are Buy ratings, 36.2% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (68%), Communication Services (65%), and Health Care (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) and Utilities (49%) sectors have the lowest percentages of Buy ratings.

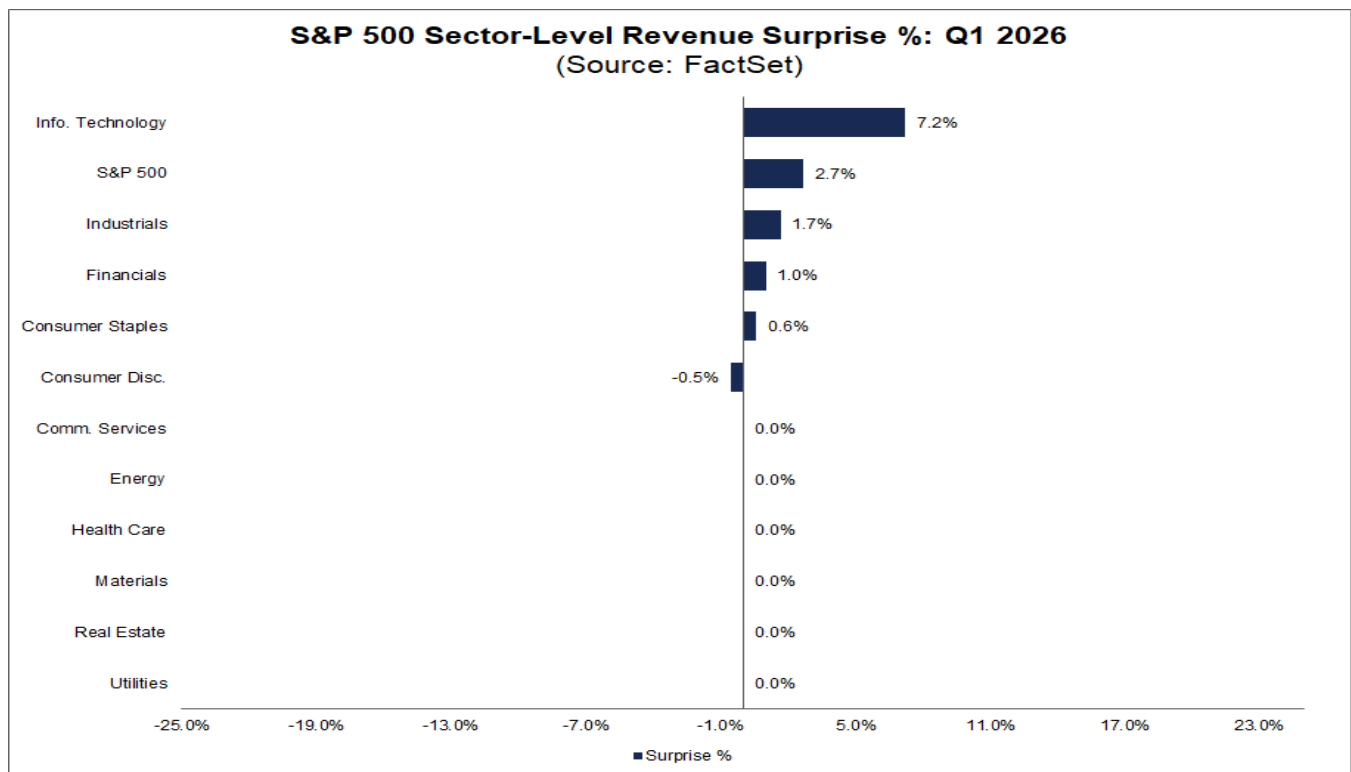
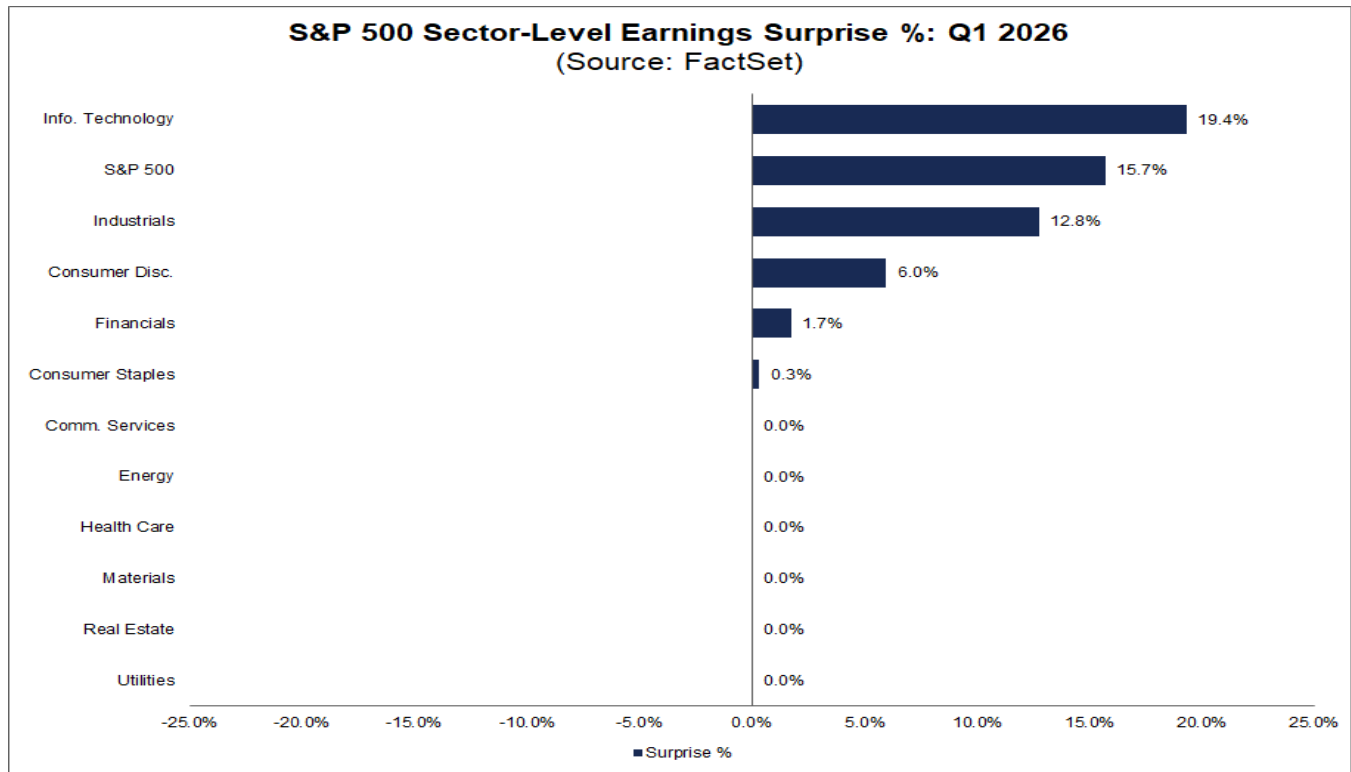
Companies Reporting Next Week: 28

During the upcoming week, 28 S&P 500 companies (including 4 Dow 30 components) are scheduled to report results for the first quarter.

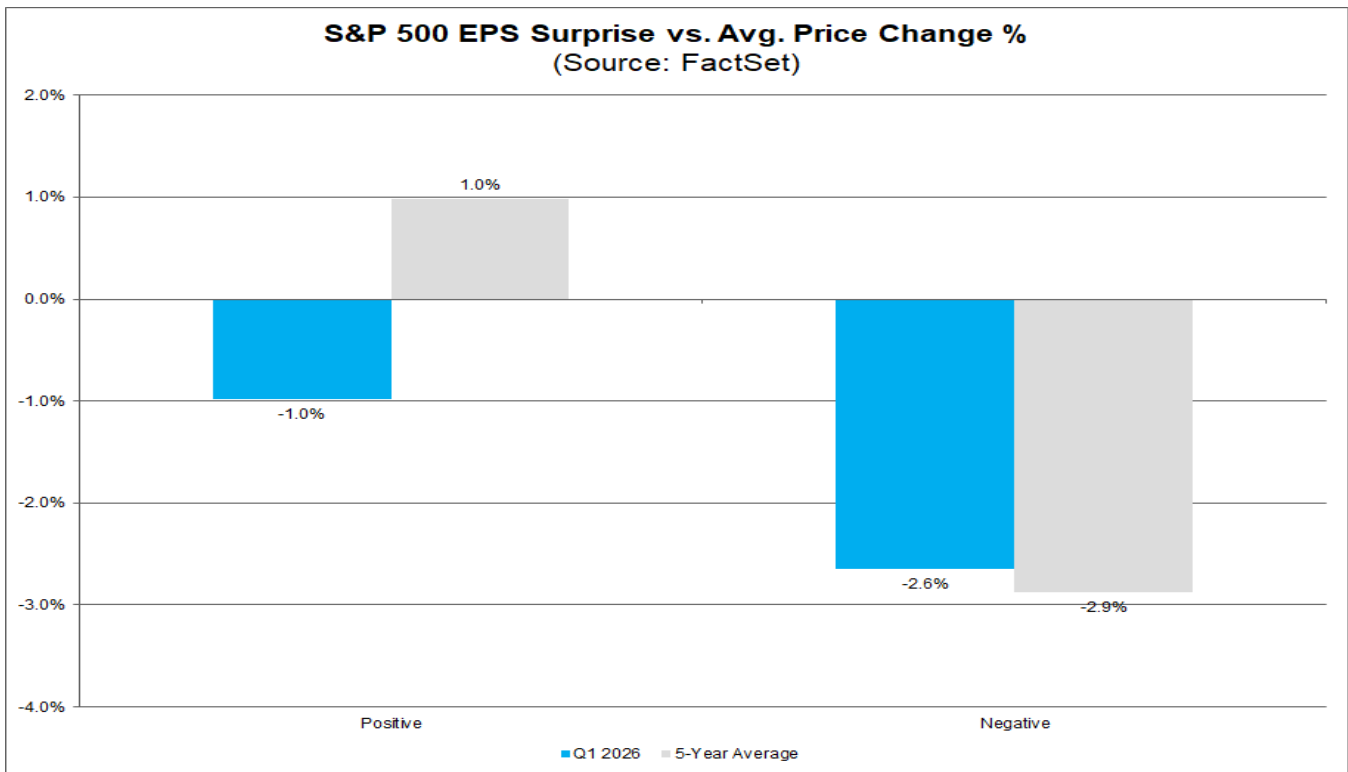
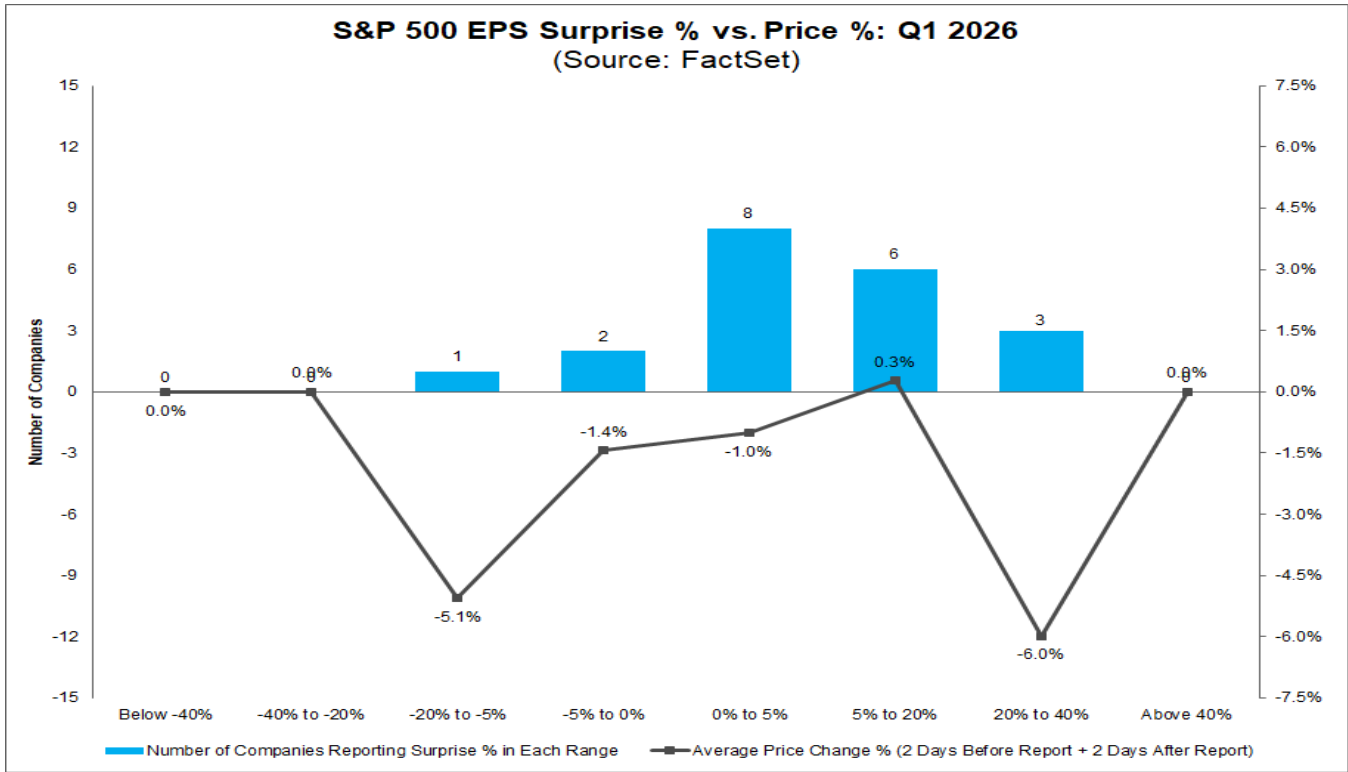
Q1 2026: Scorecard



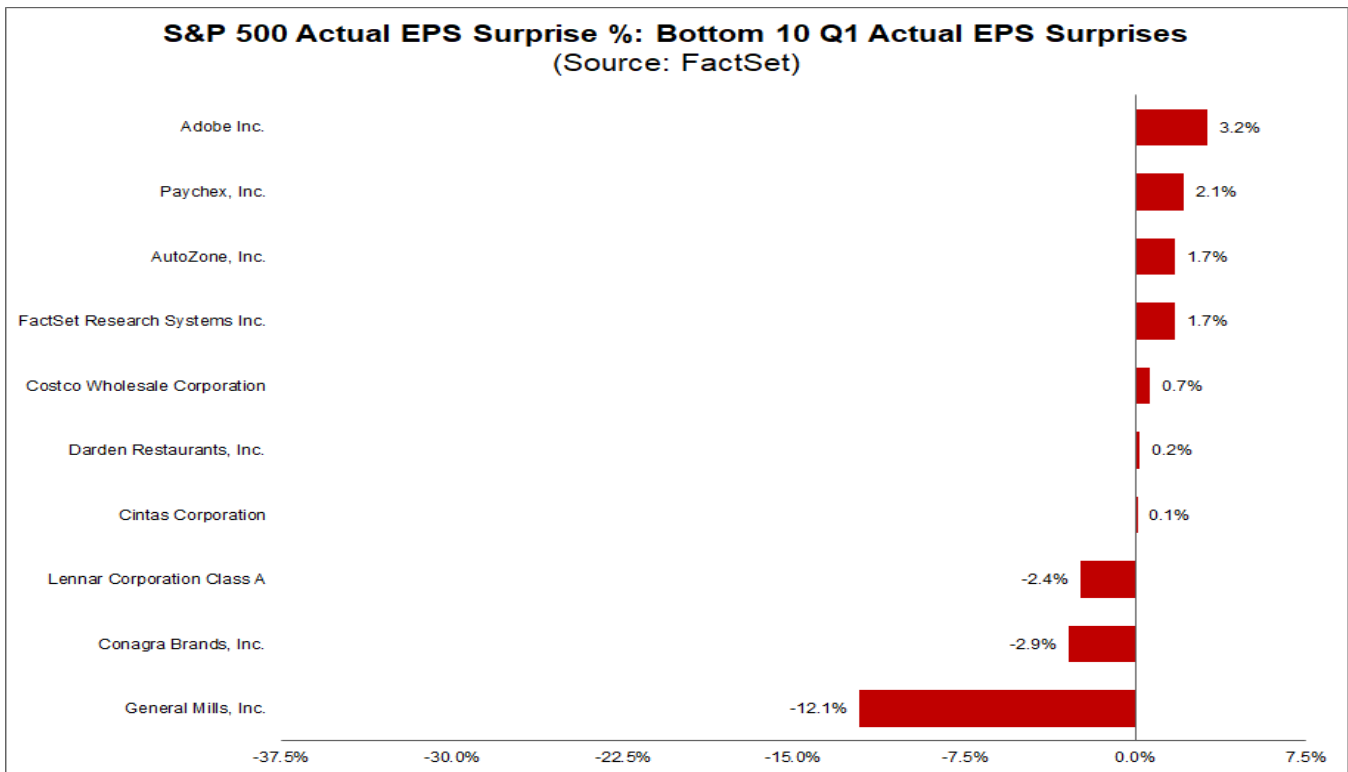
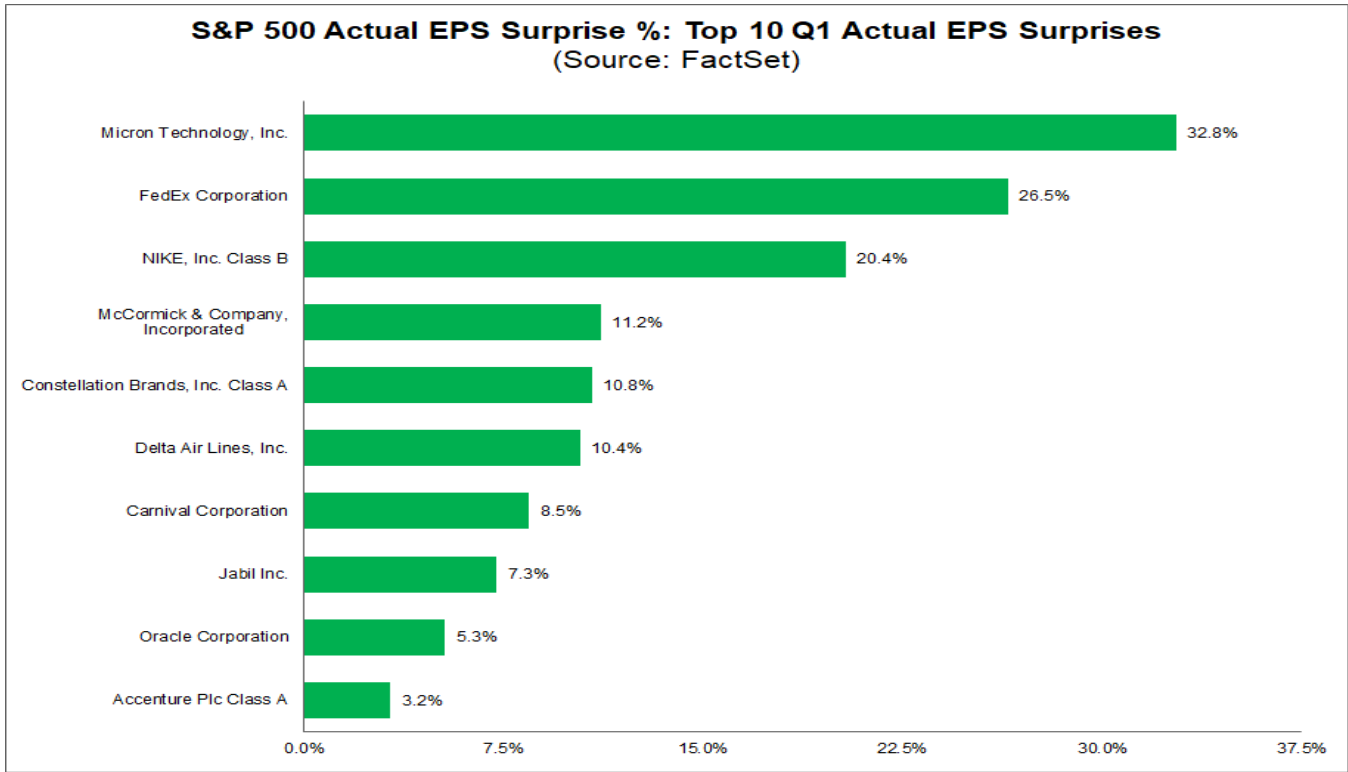
Q1 2026: Surprise



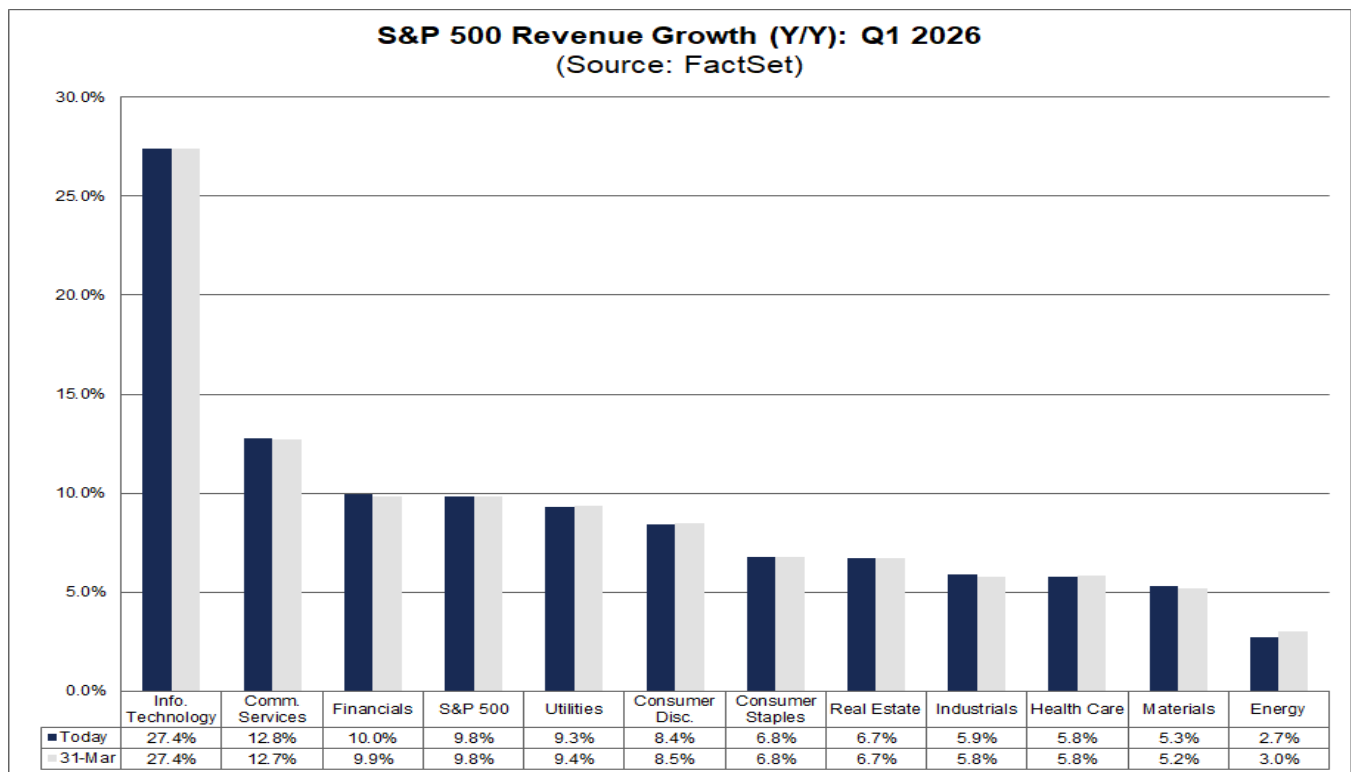
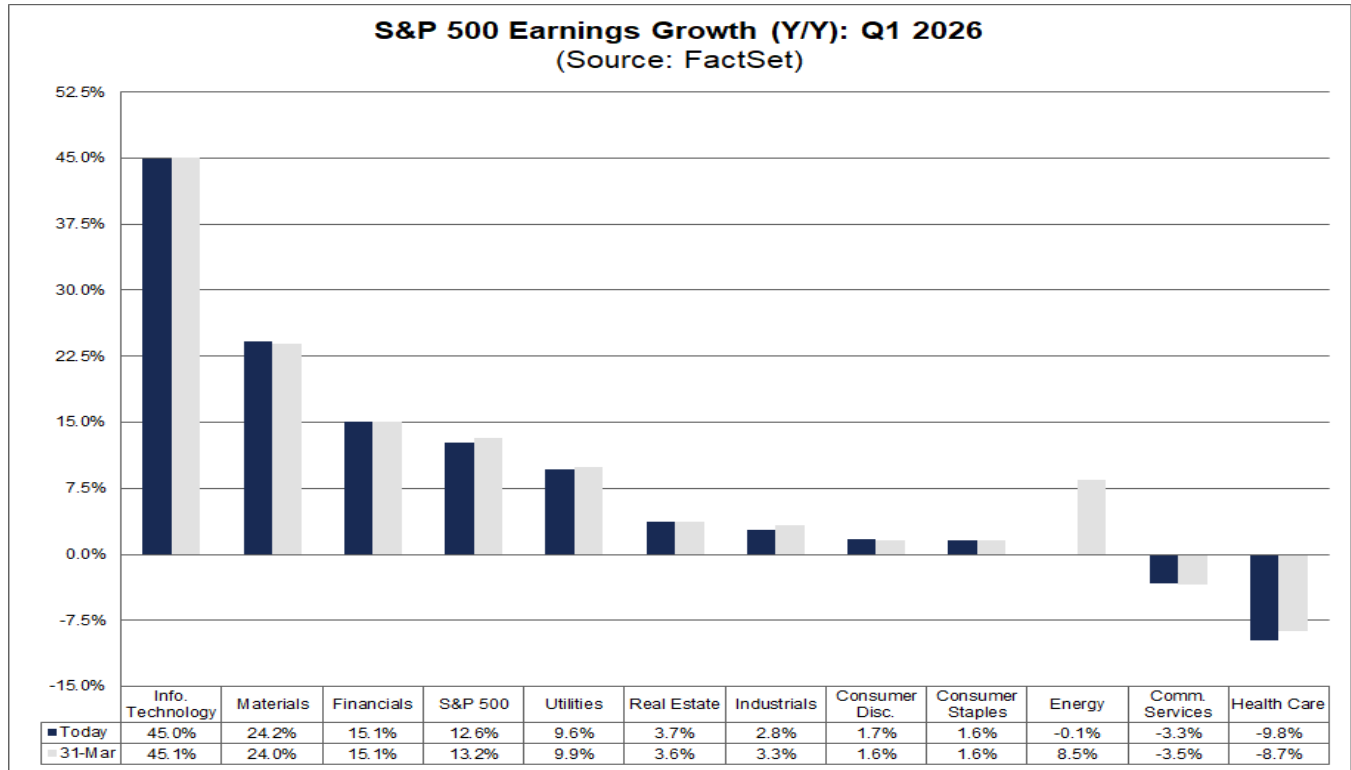
Q1 2026: Surprise



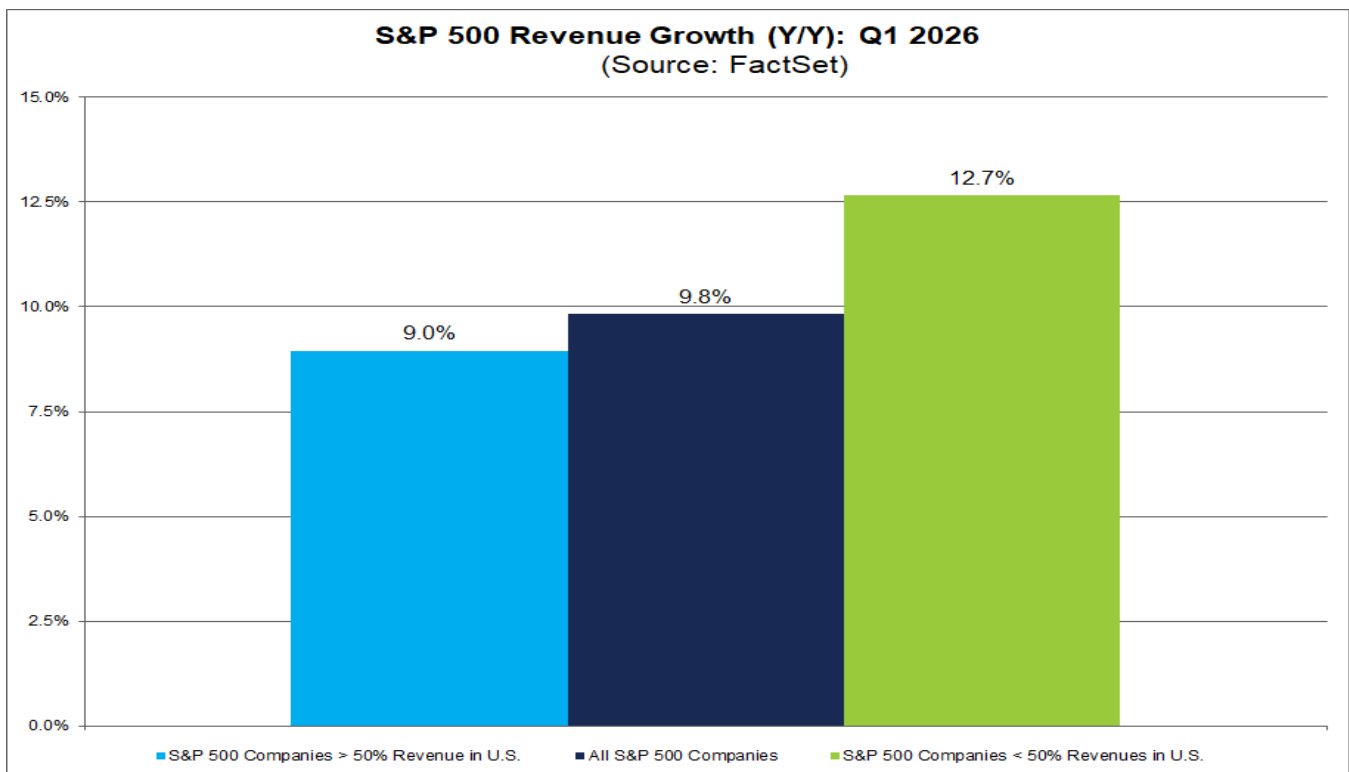
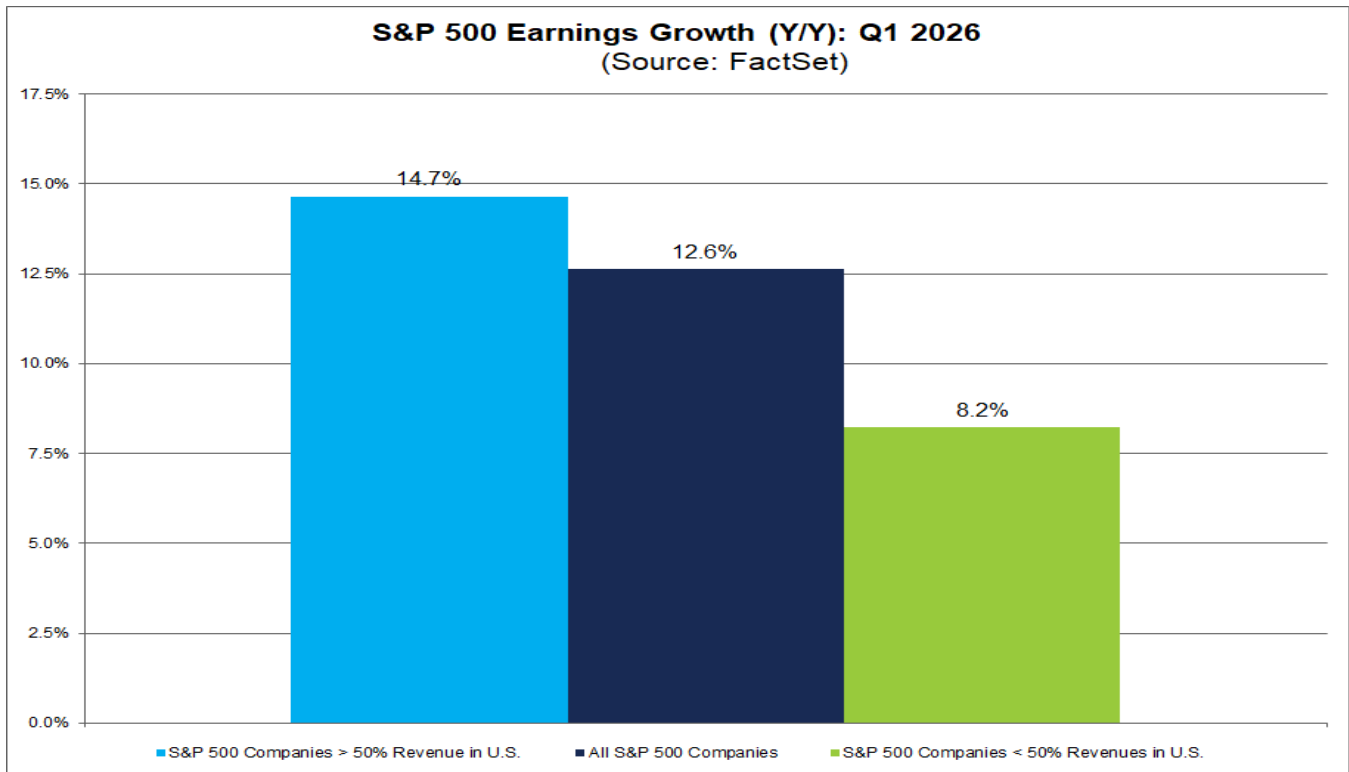
Q1 2026: Surprise



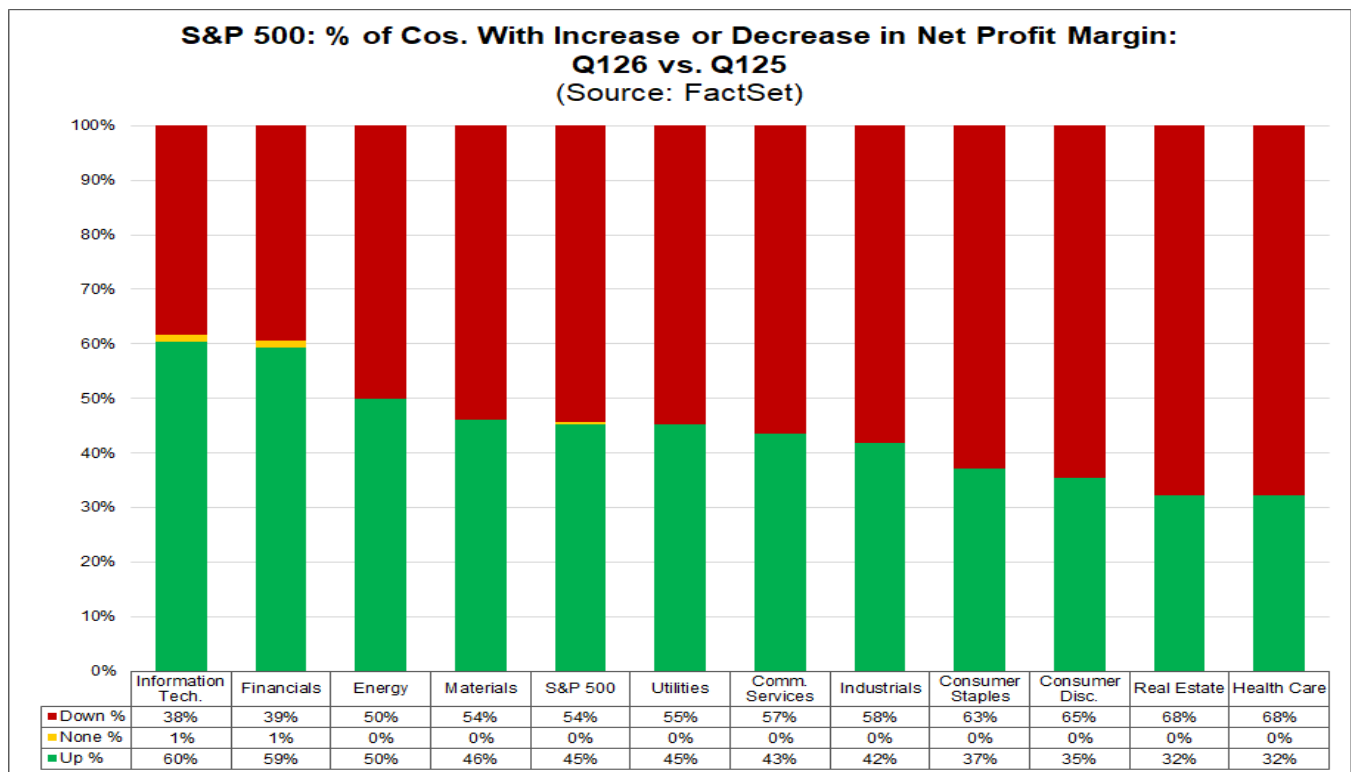
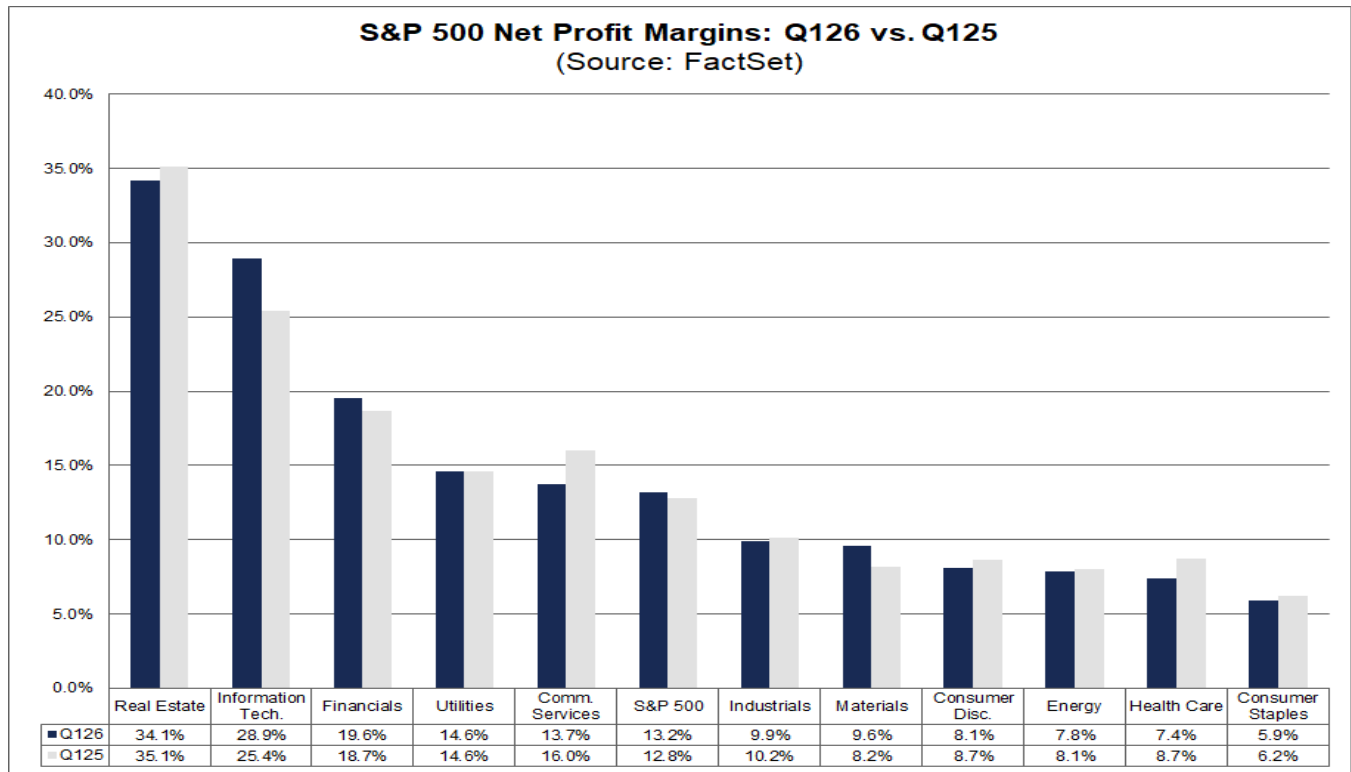
Q1 2026: Growth



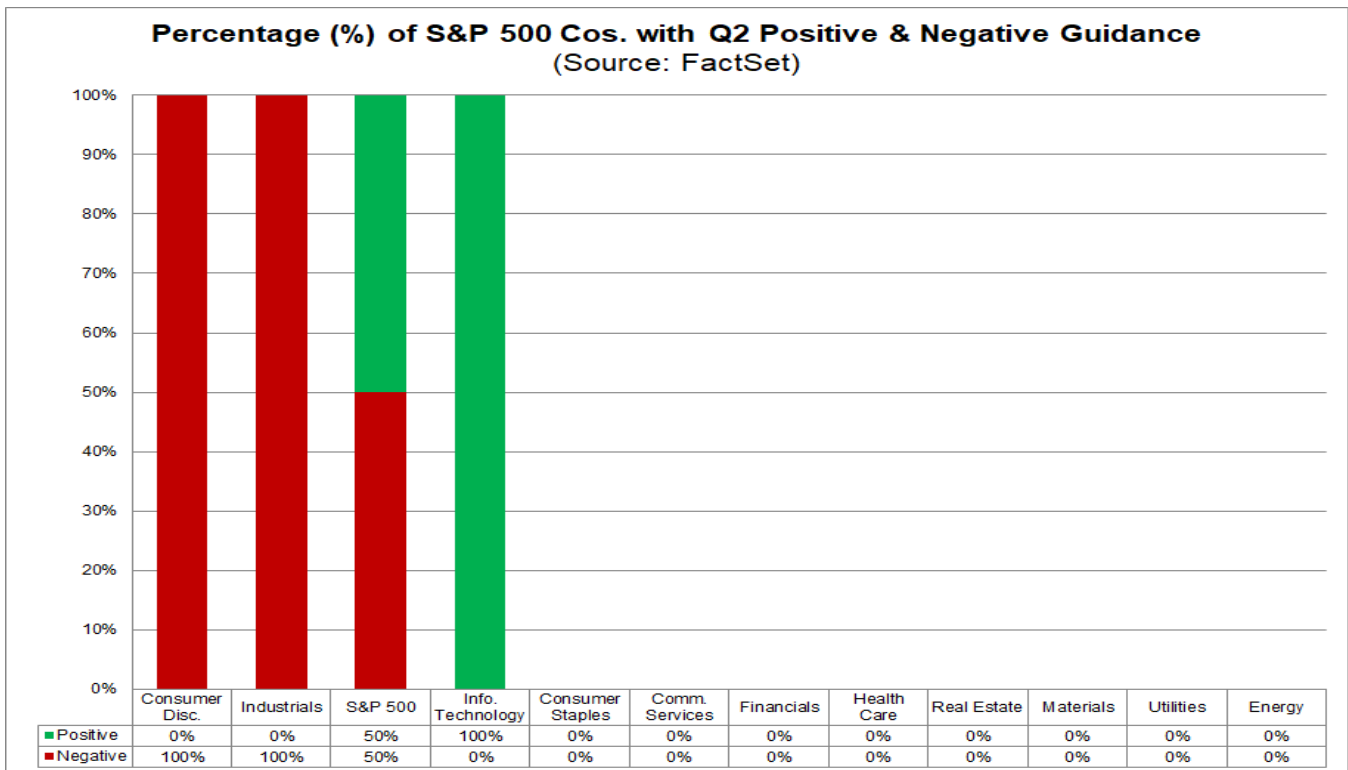
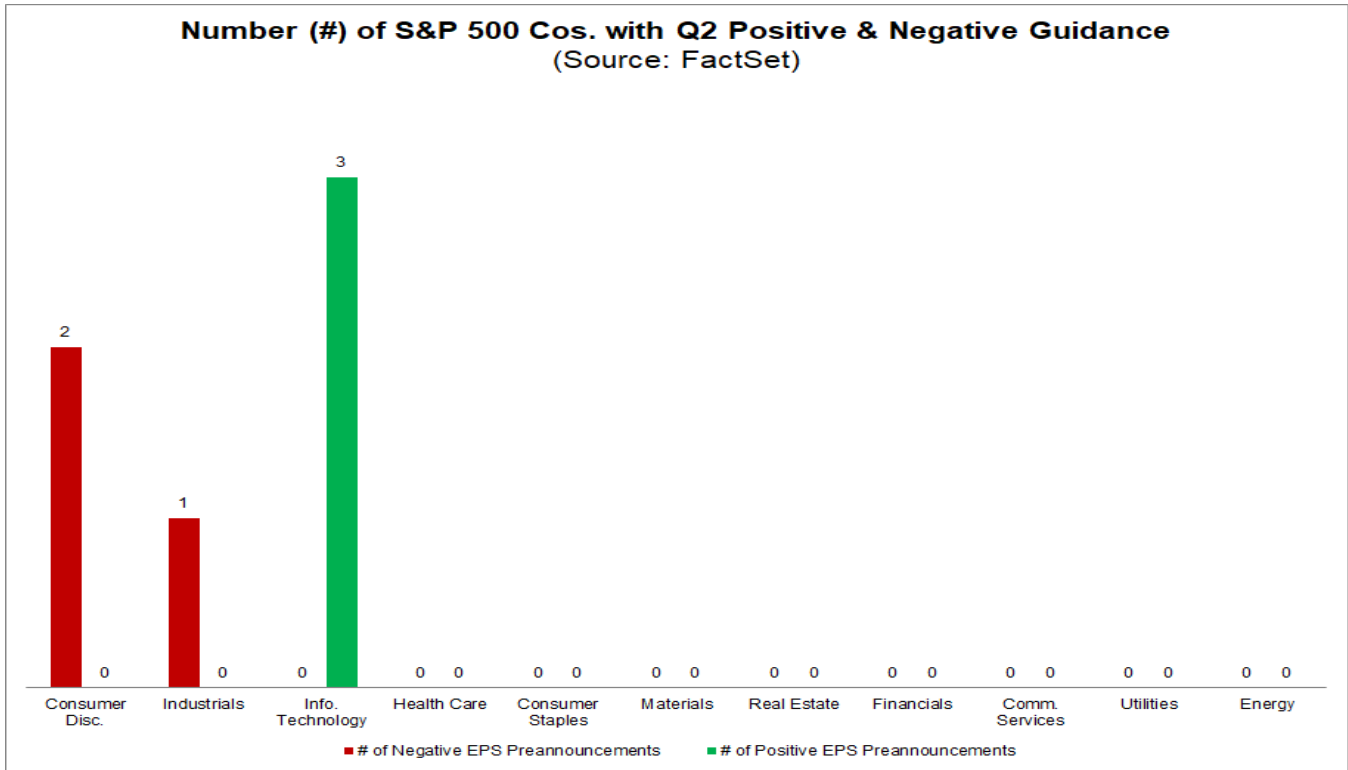
Q1 2026: Growth



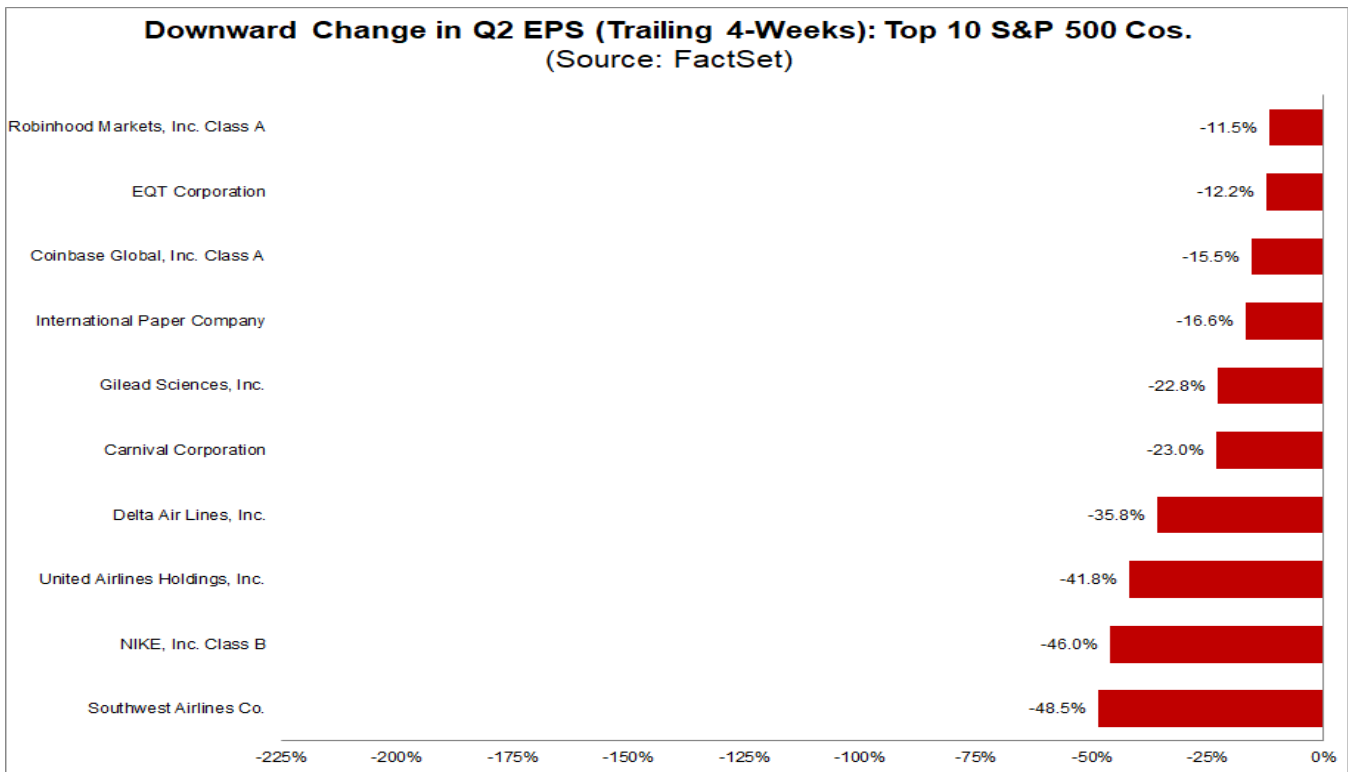
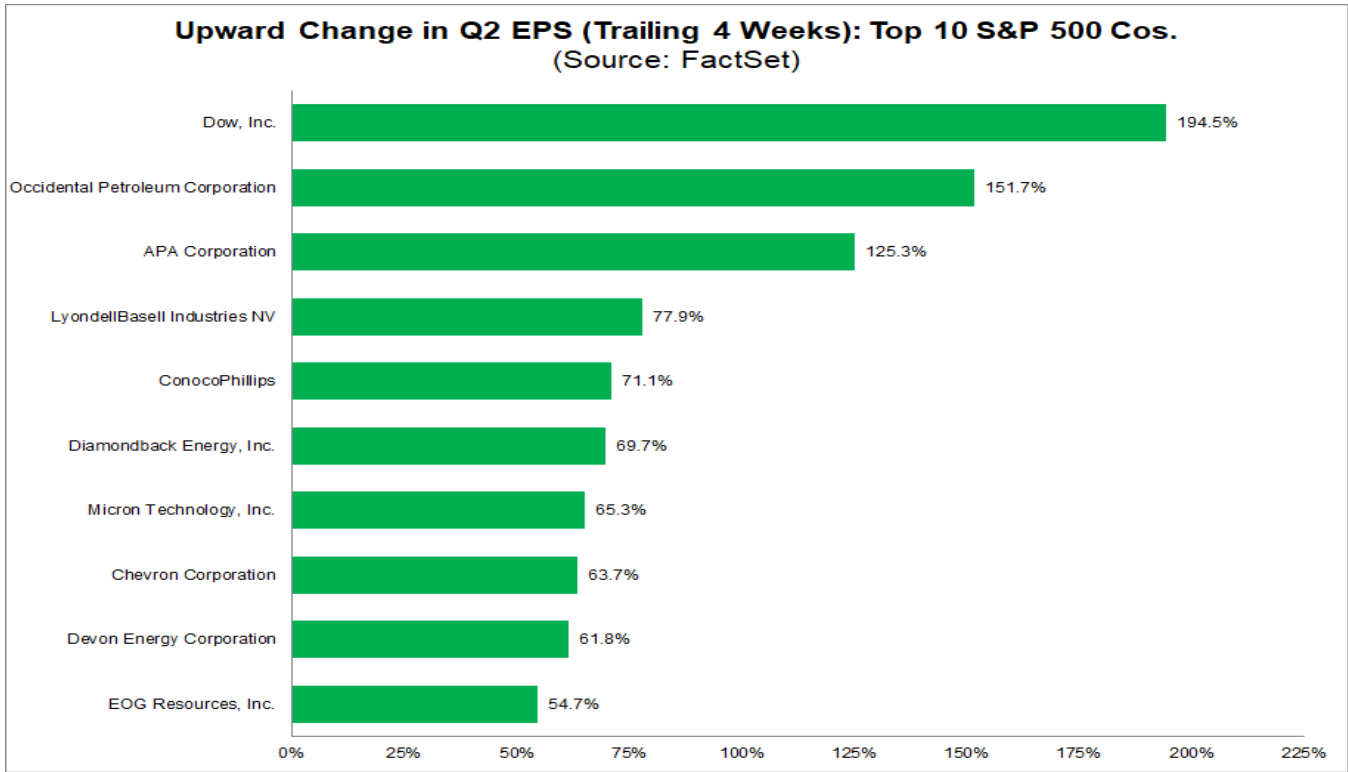
Q1 2026: Net Profit Margin



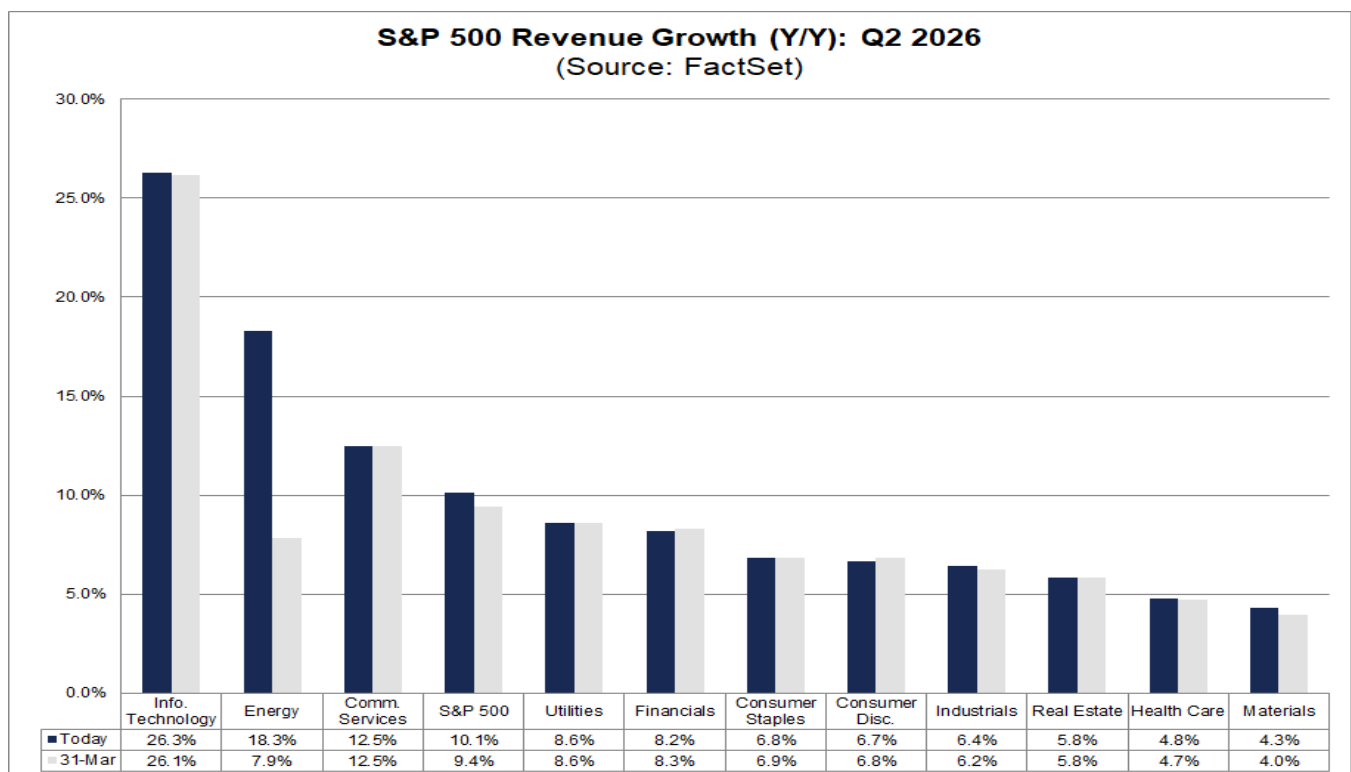
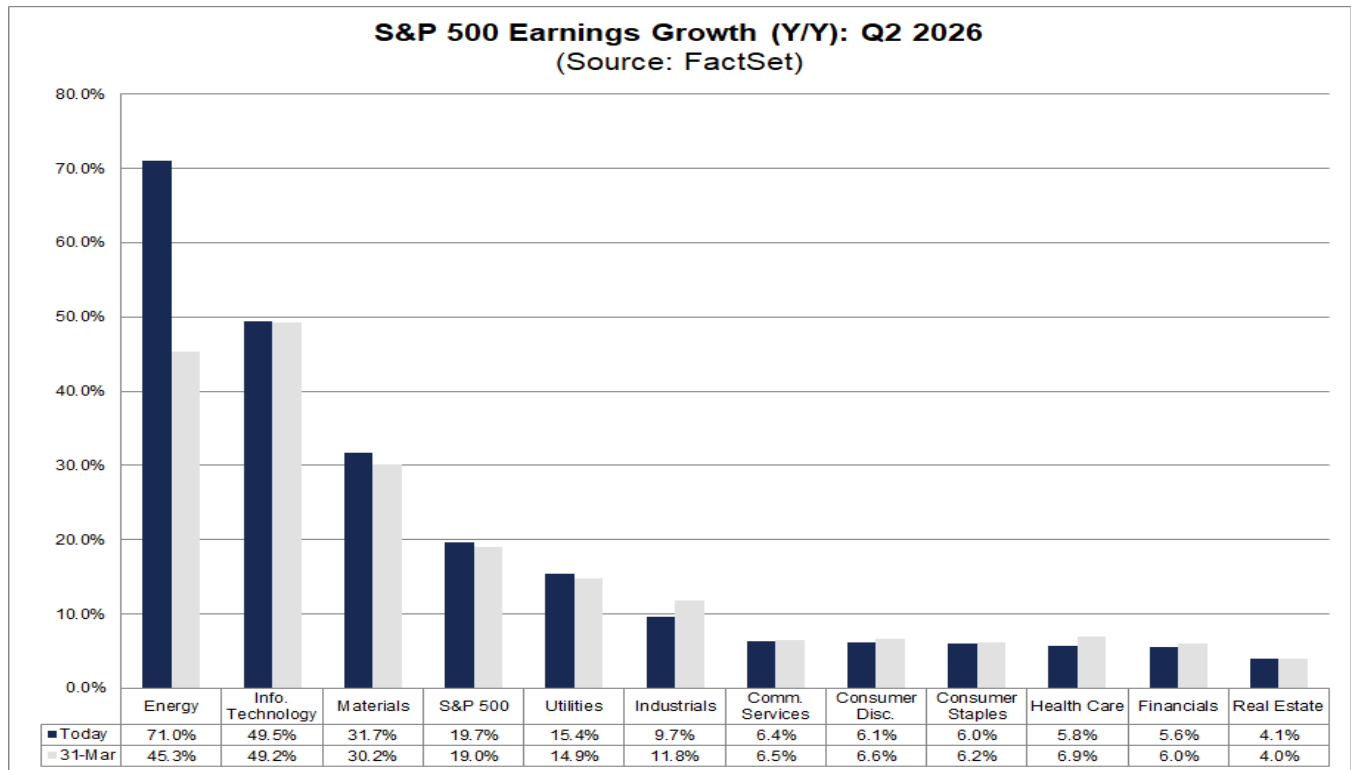
Q2 2026: Guidance



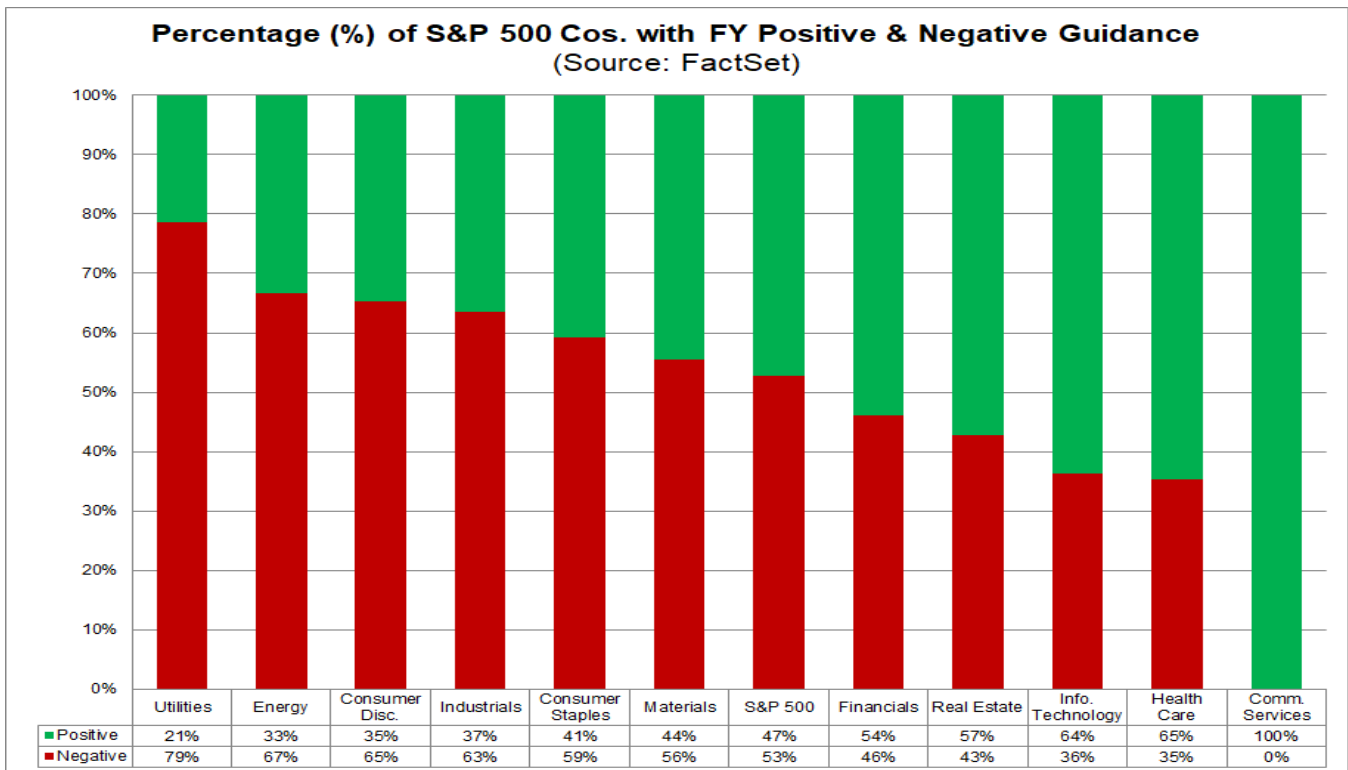
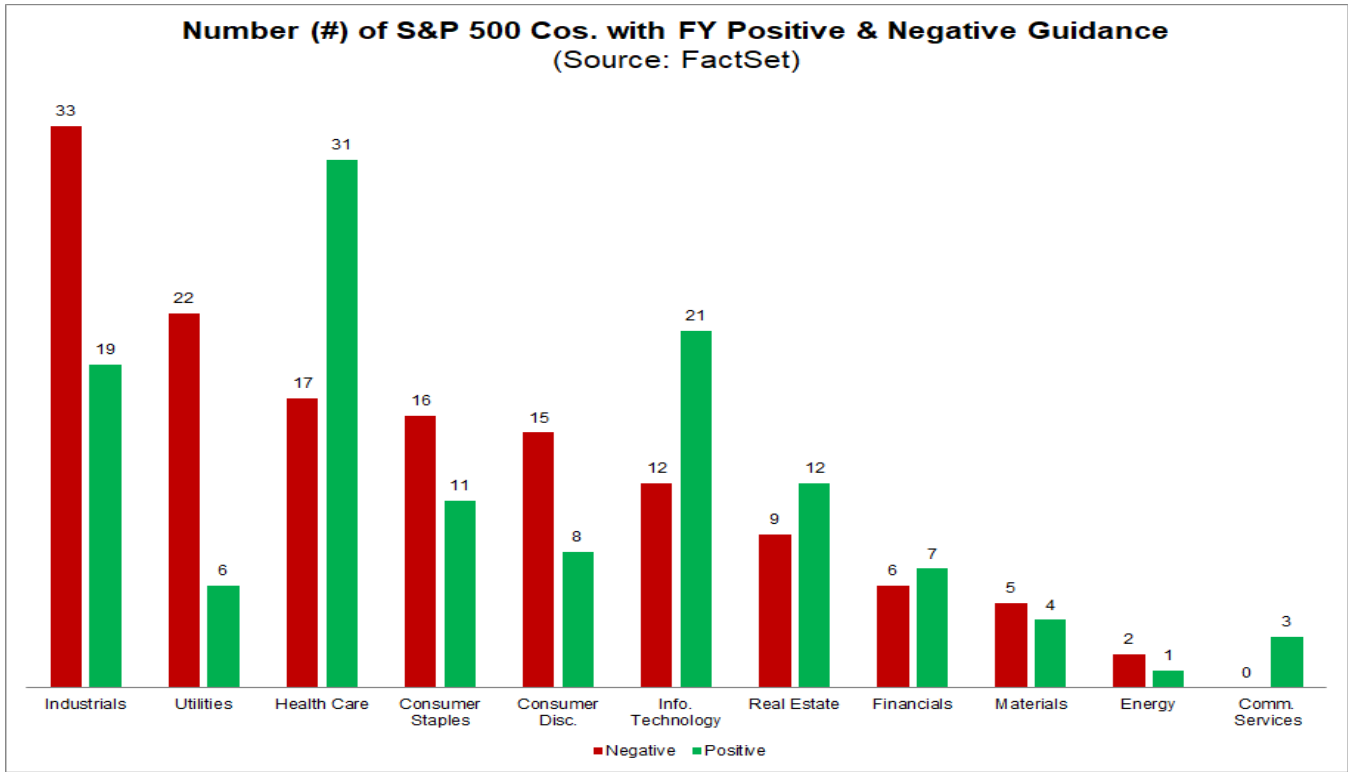
Q2 2026: EPS Revisions



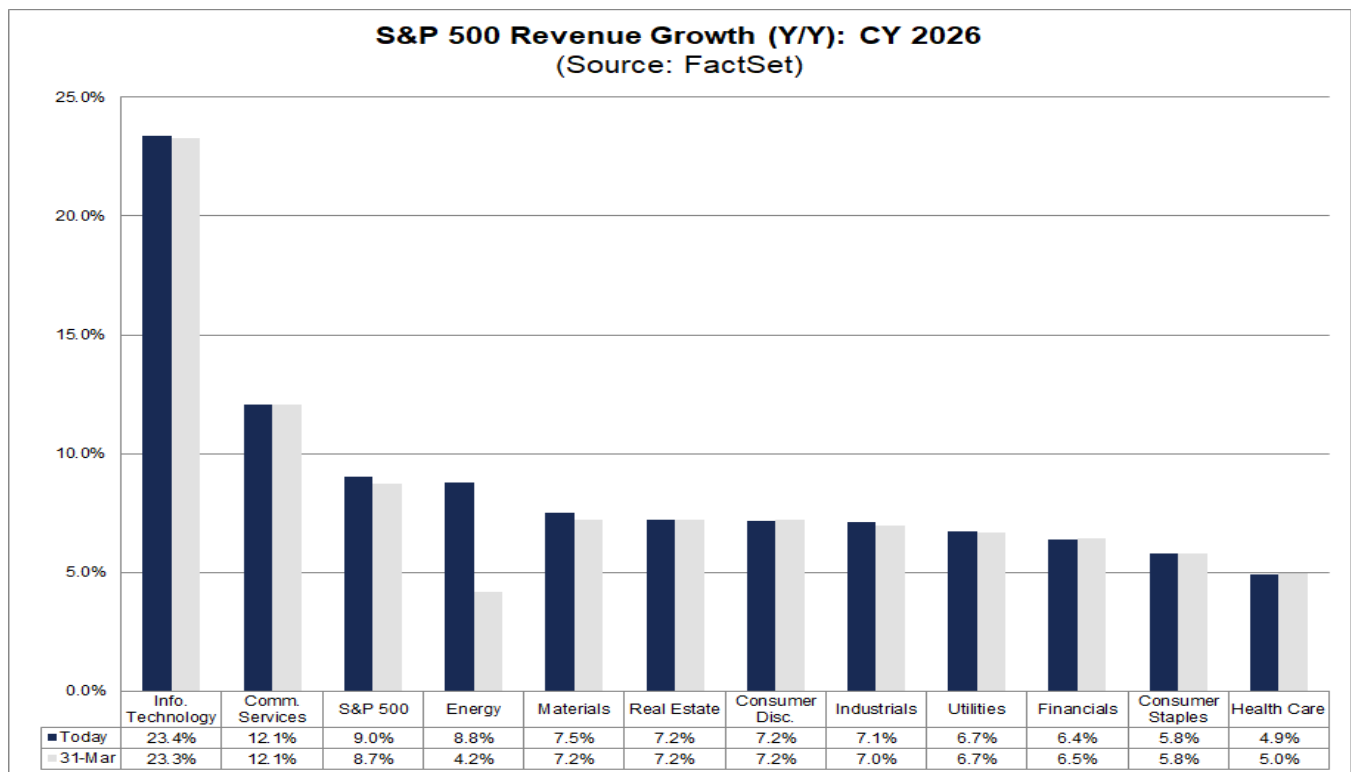
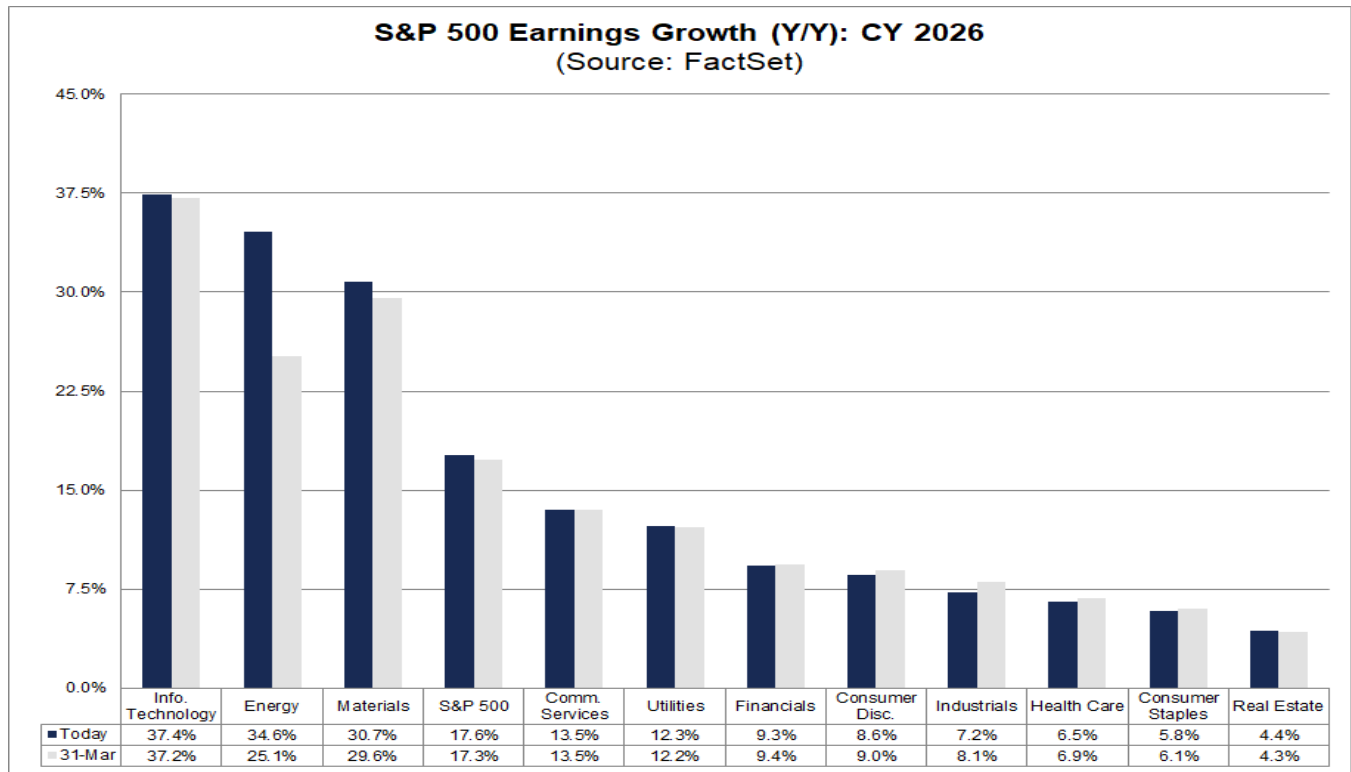
Q2 2026: Growth



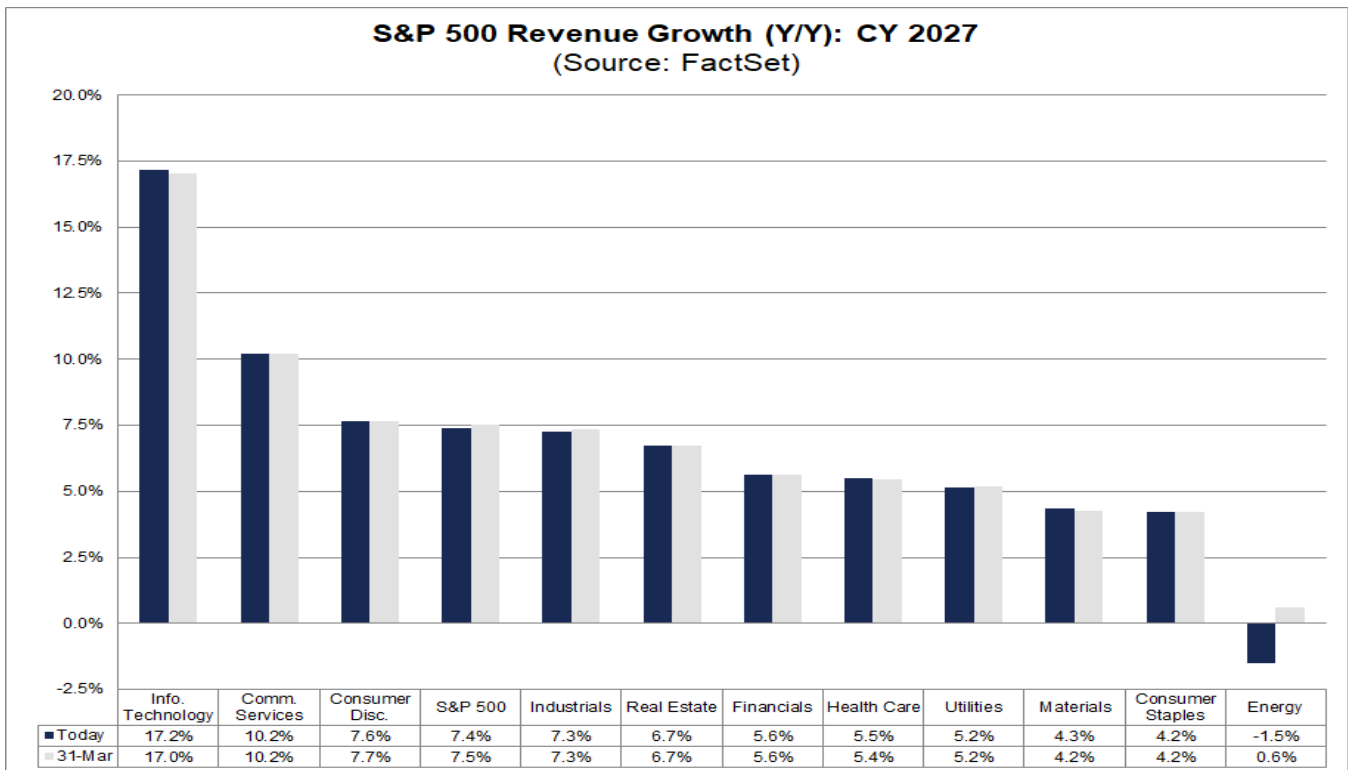
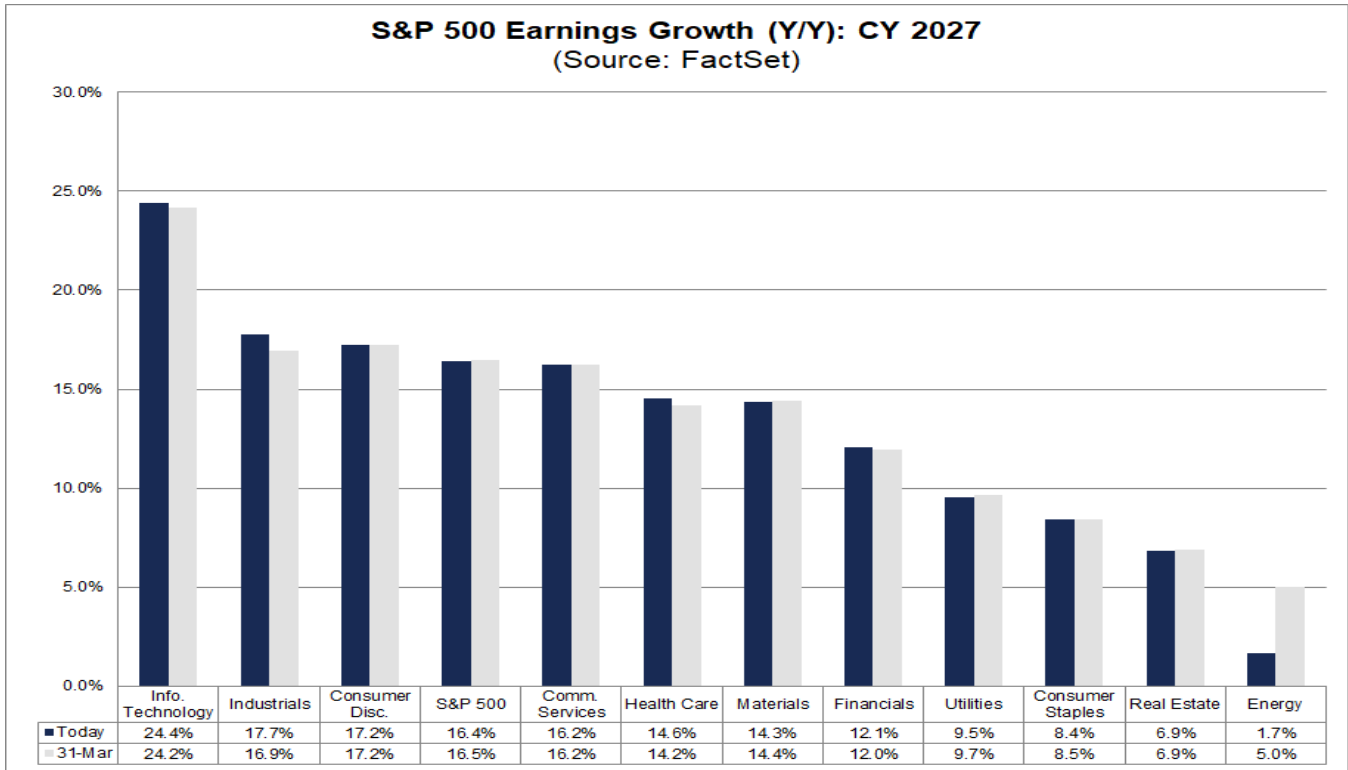
FY 2026 / 2027: EPS Guidance



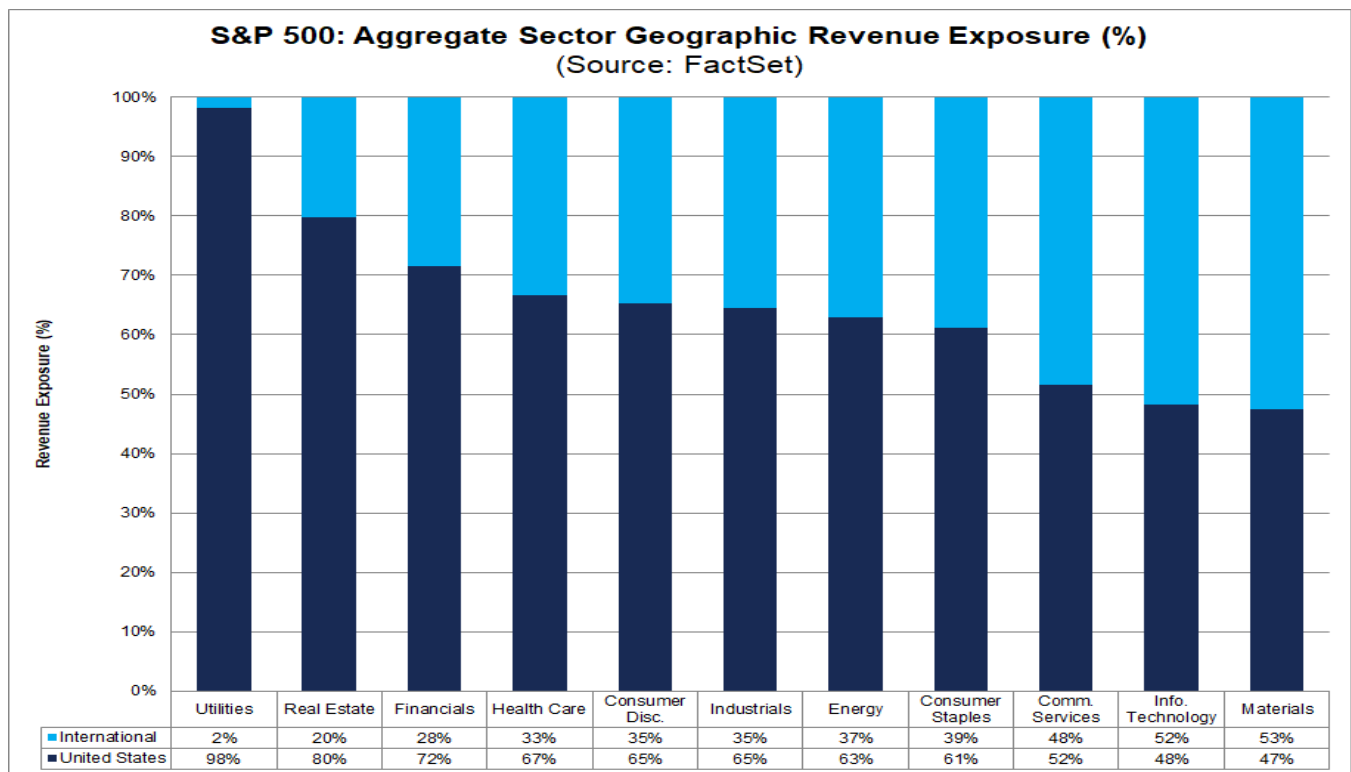
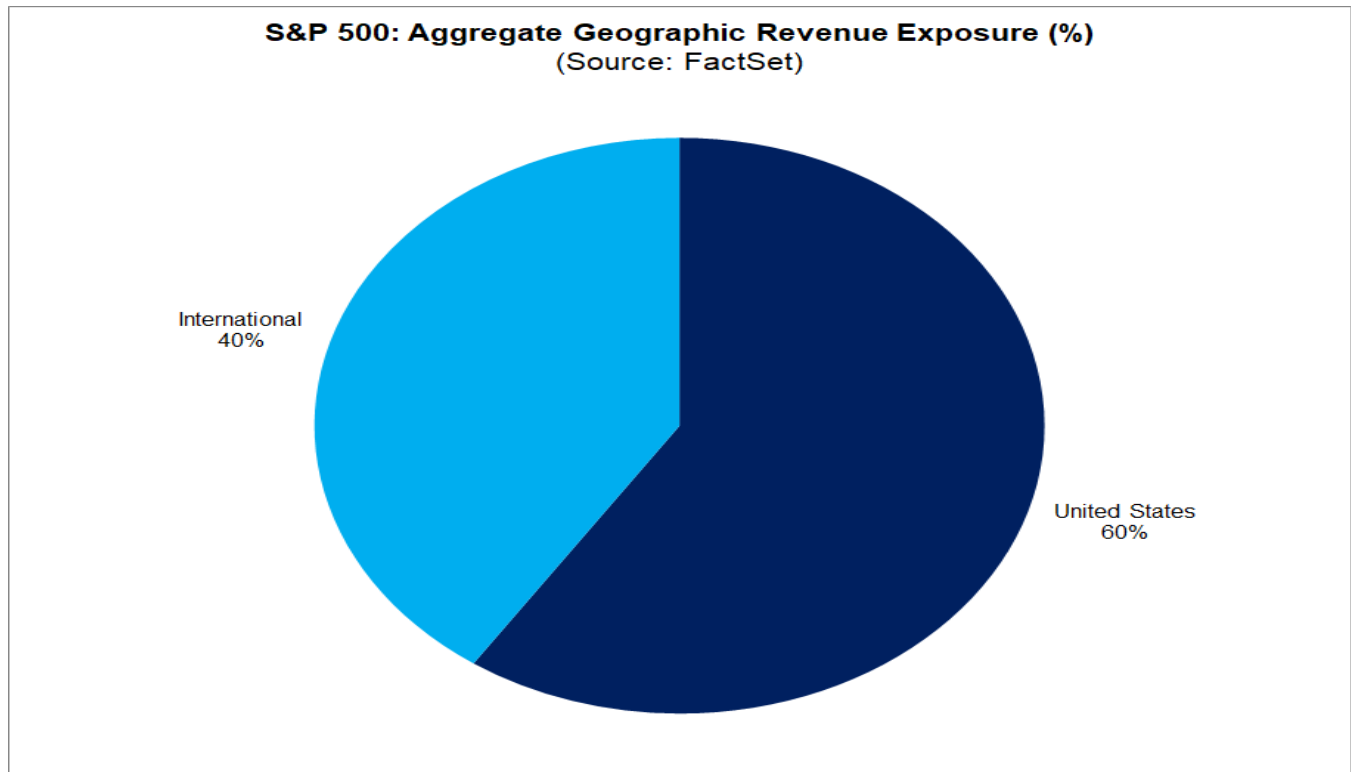
CY 2026: Growth



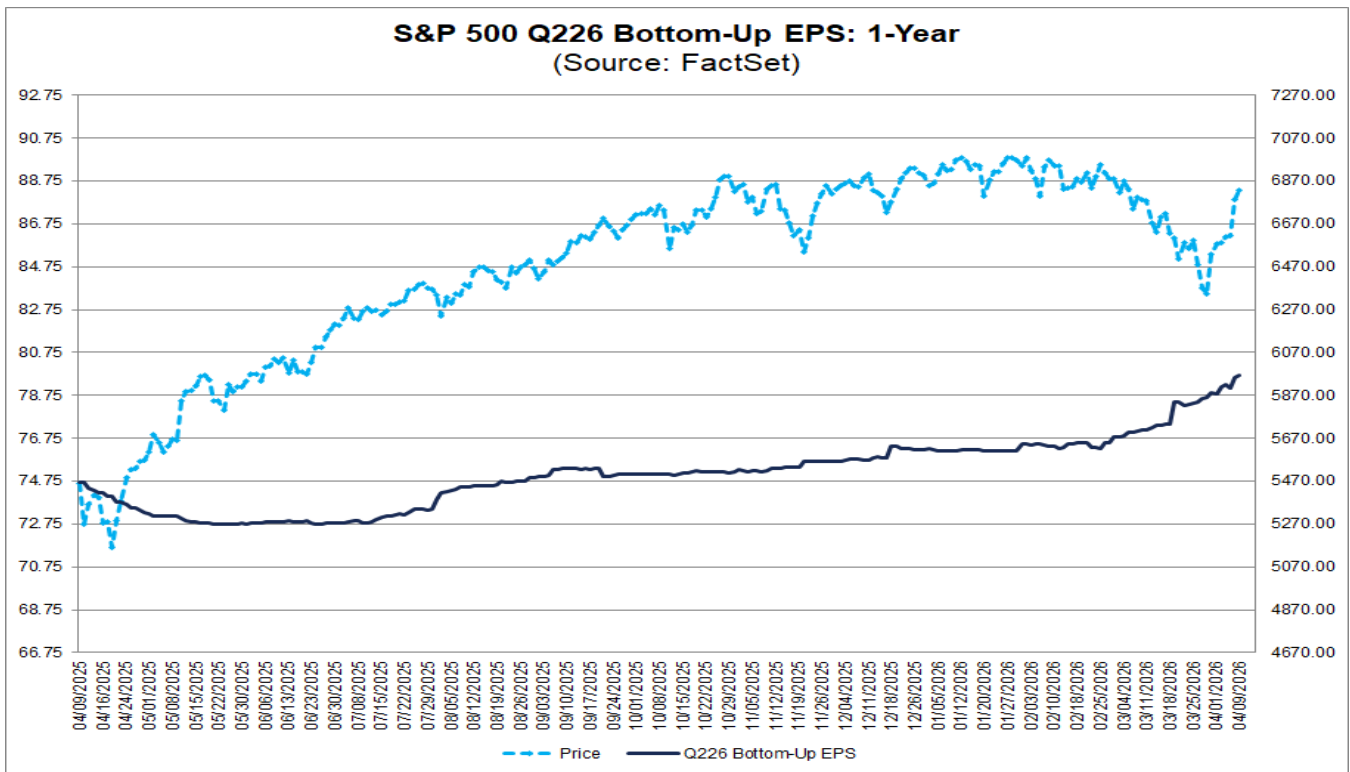
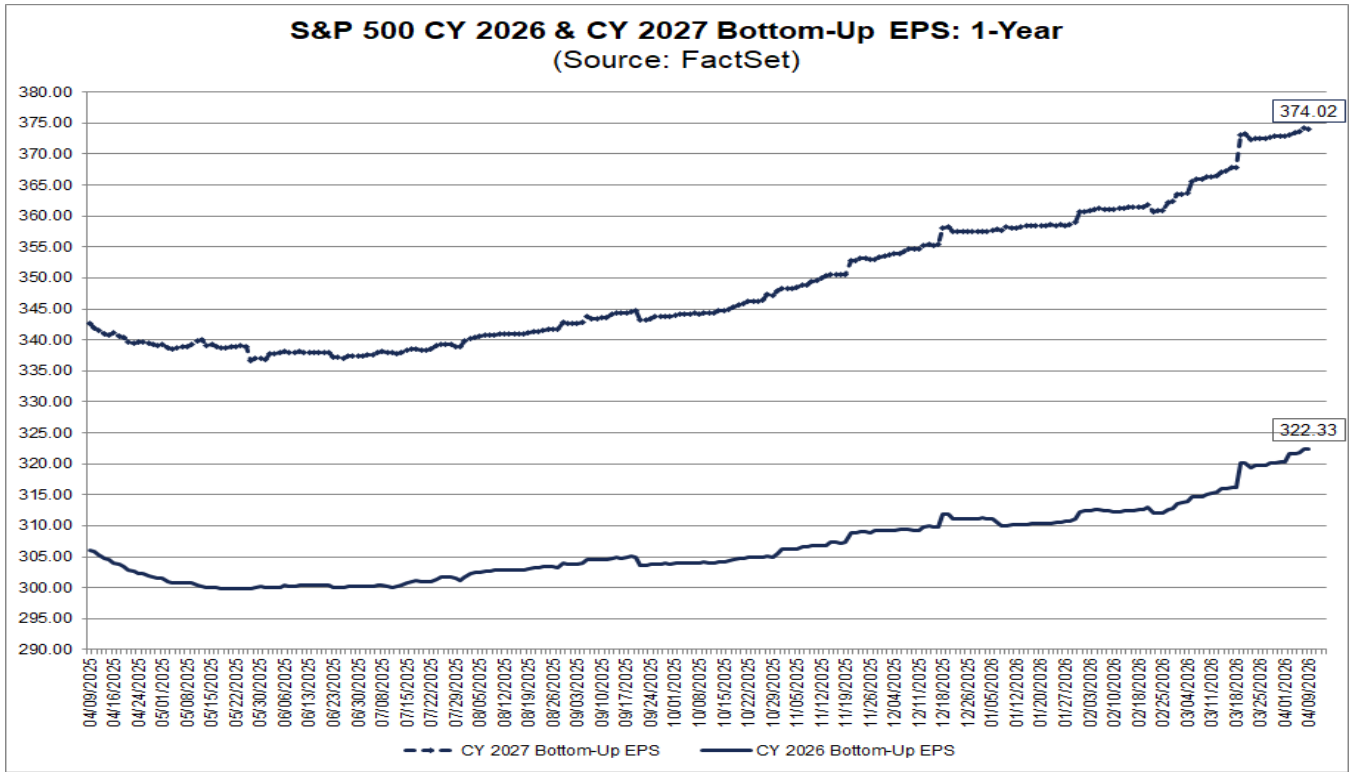
CY 2027: Growth



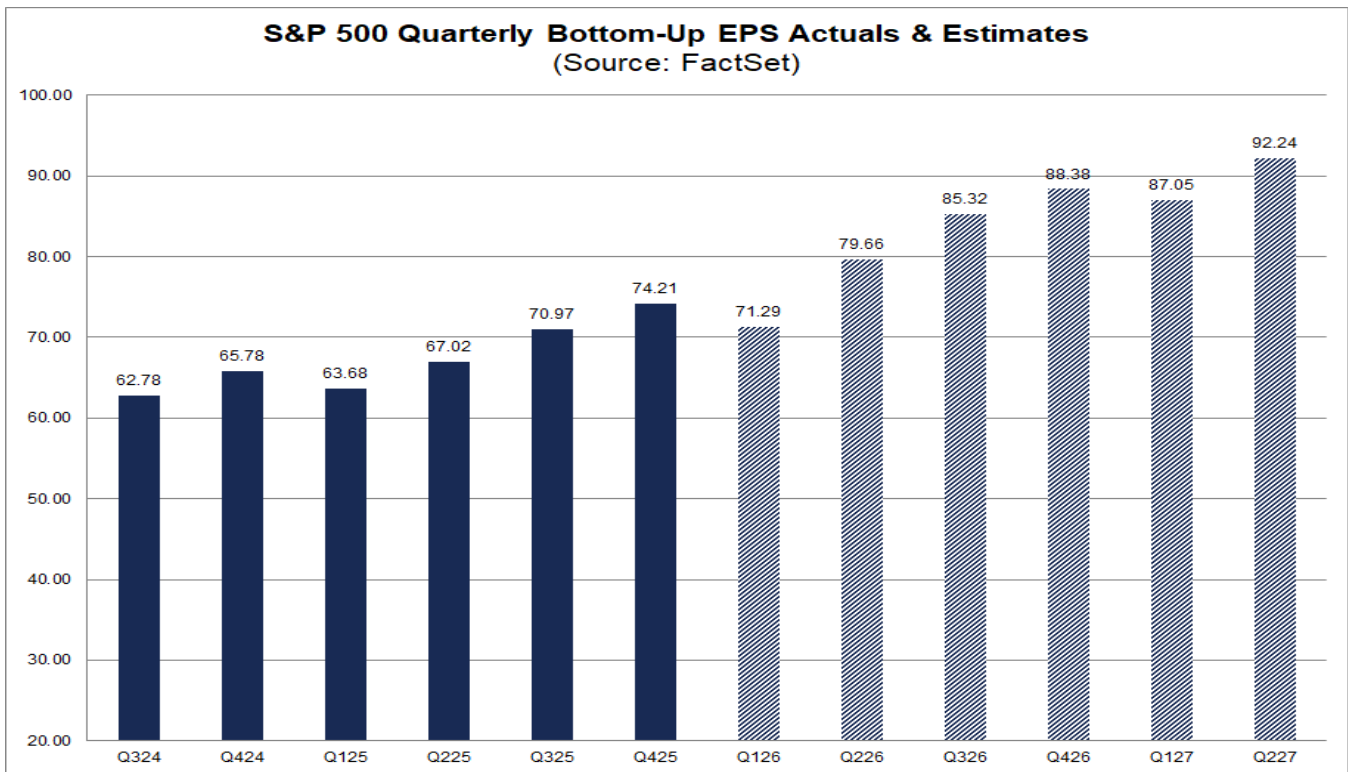
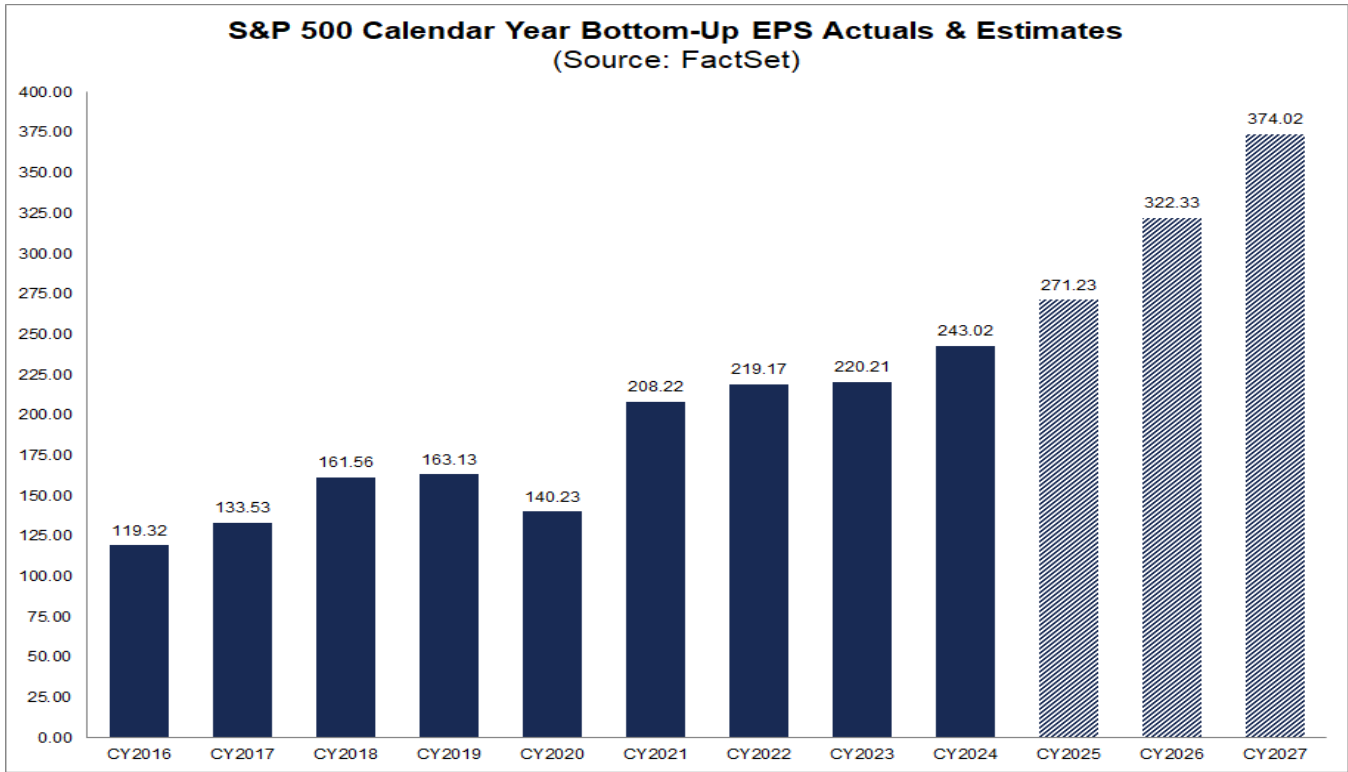
Geographic Revenue Exposure



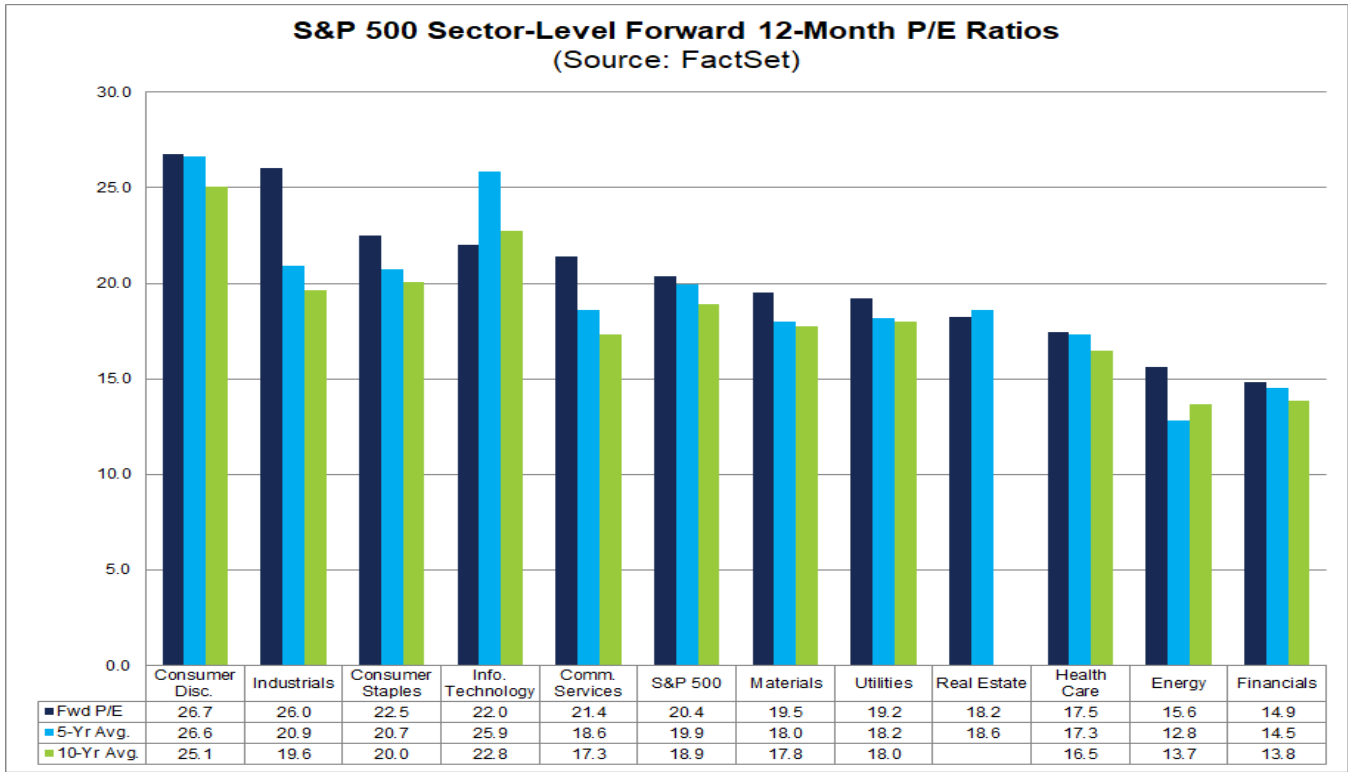
Bottom-Up EPS Estimates



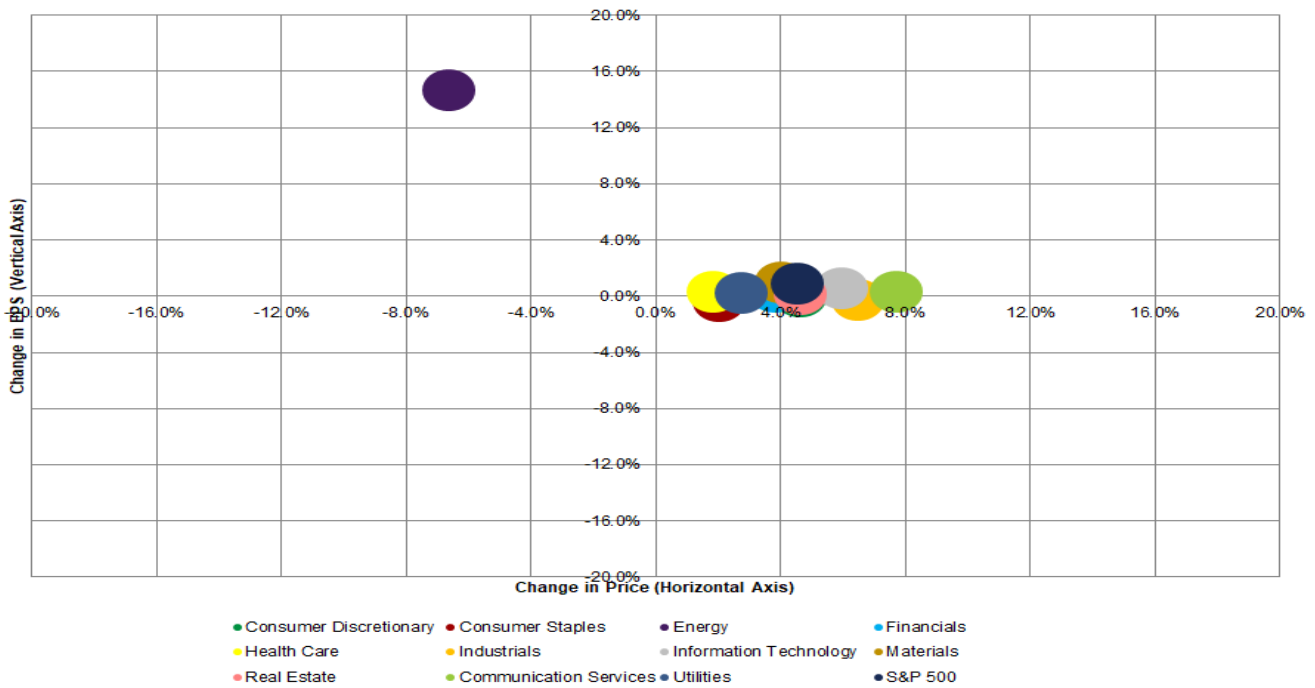
Bottom-Up EPS Estimates: Current & Historical



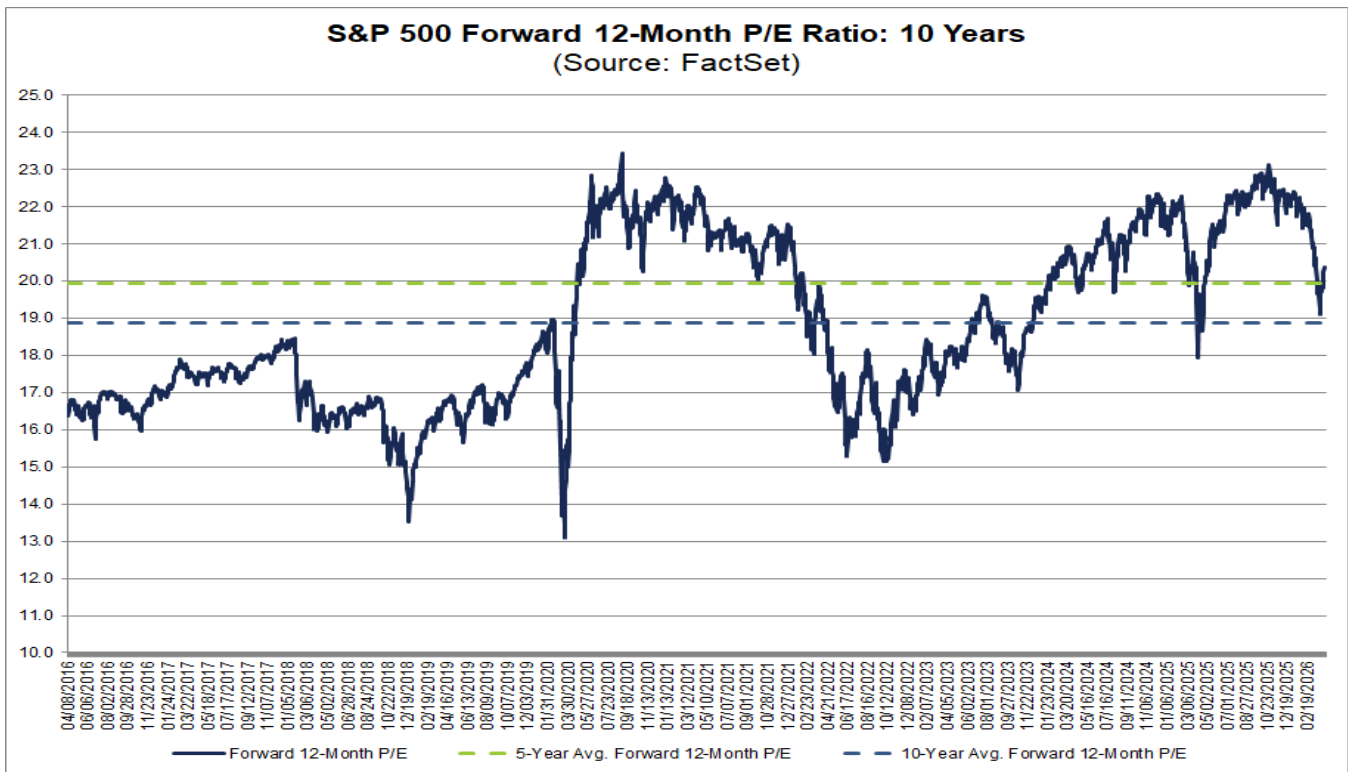
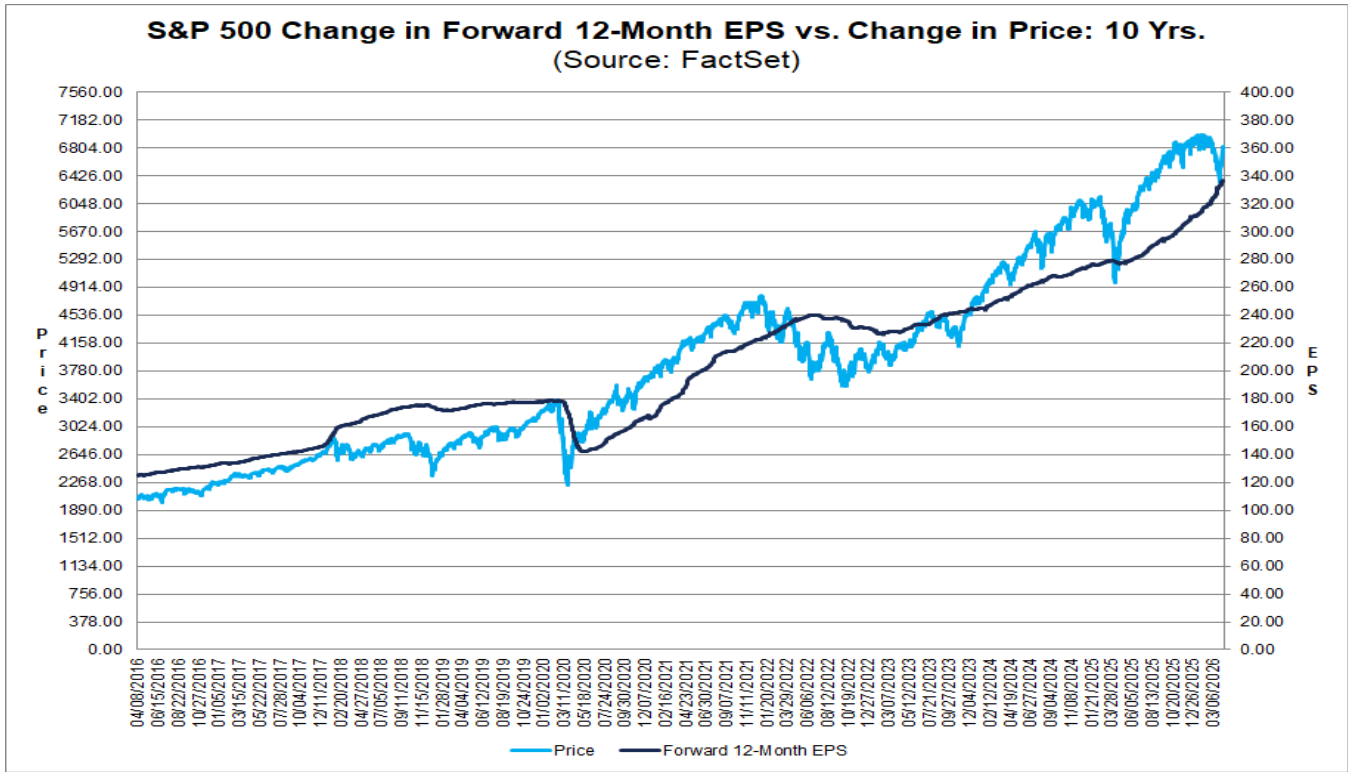
Forward 12M P/E Ratio: Sector Level



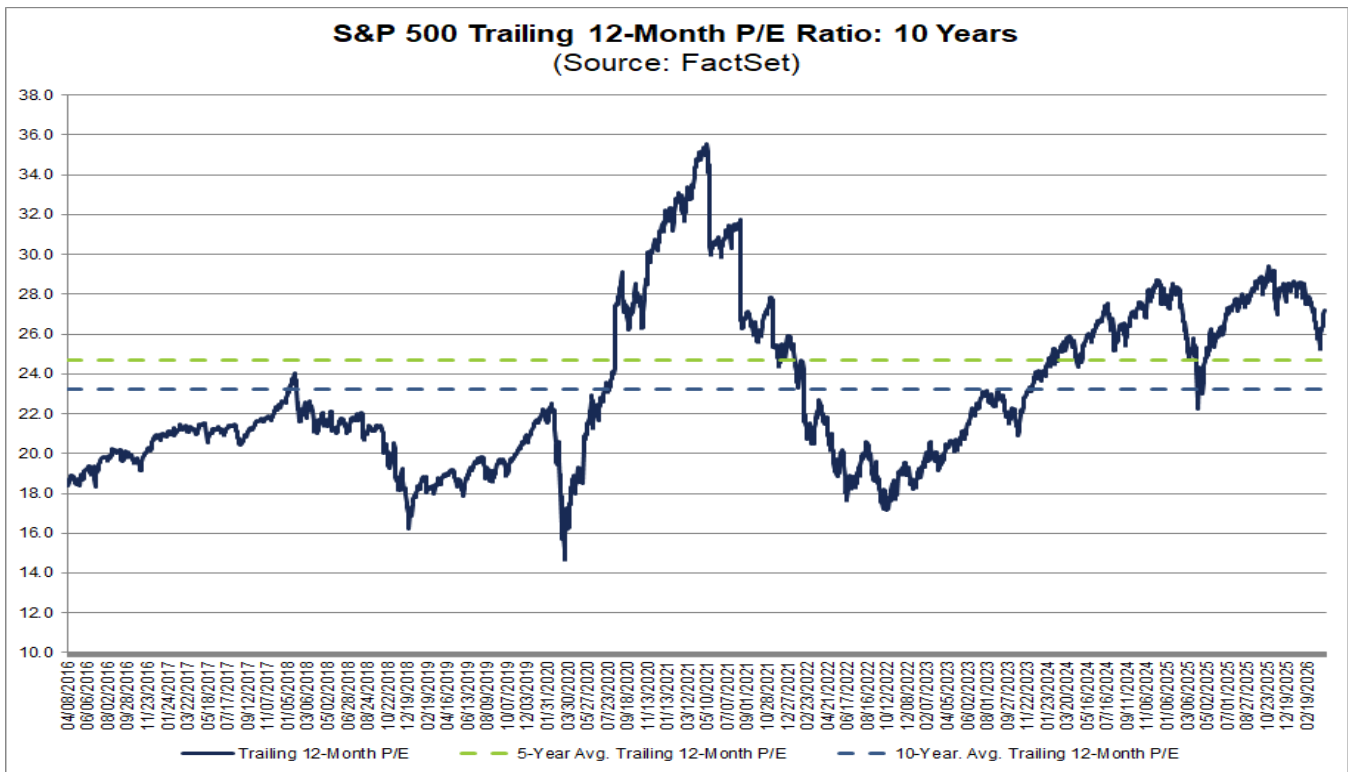
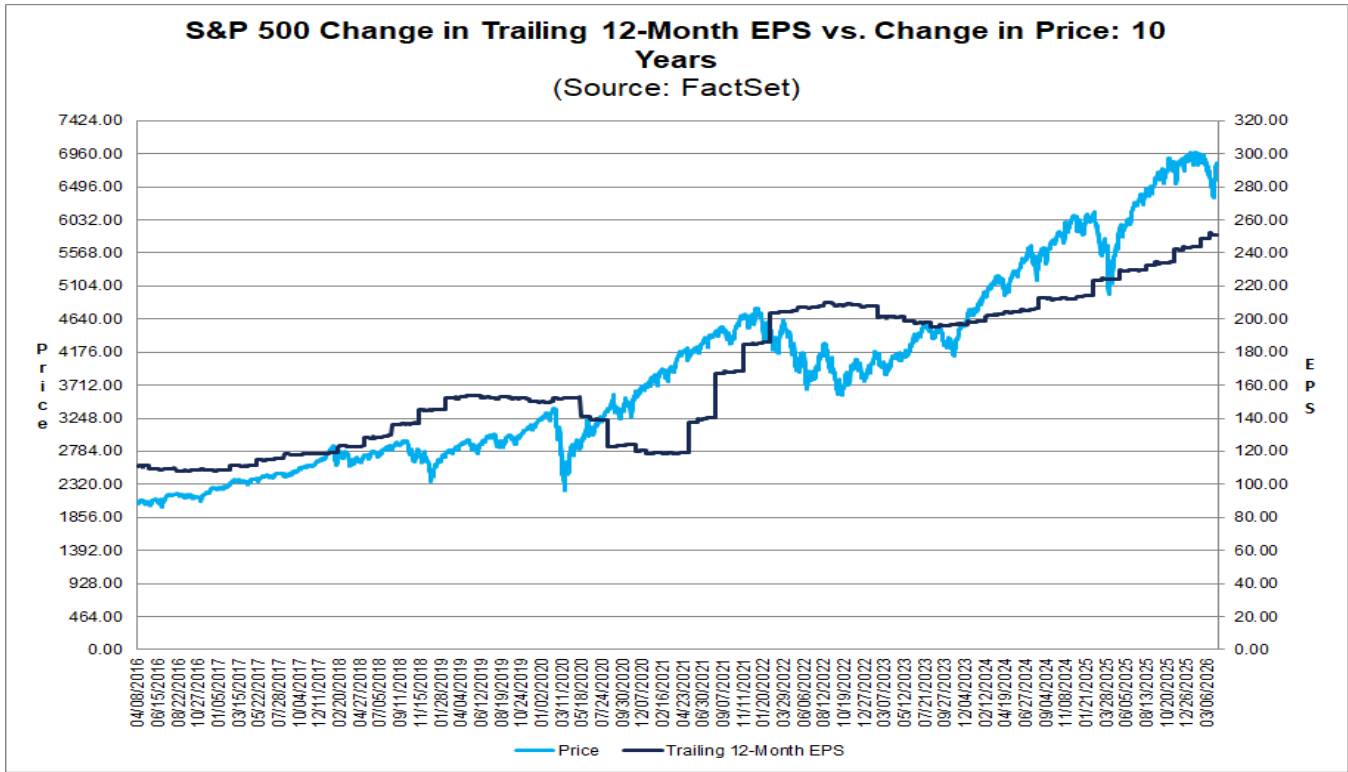
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar 31 (Source: FactSet)



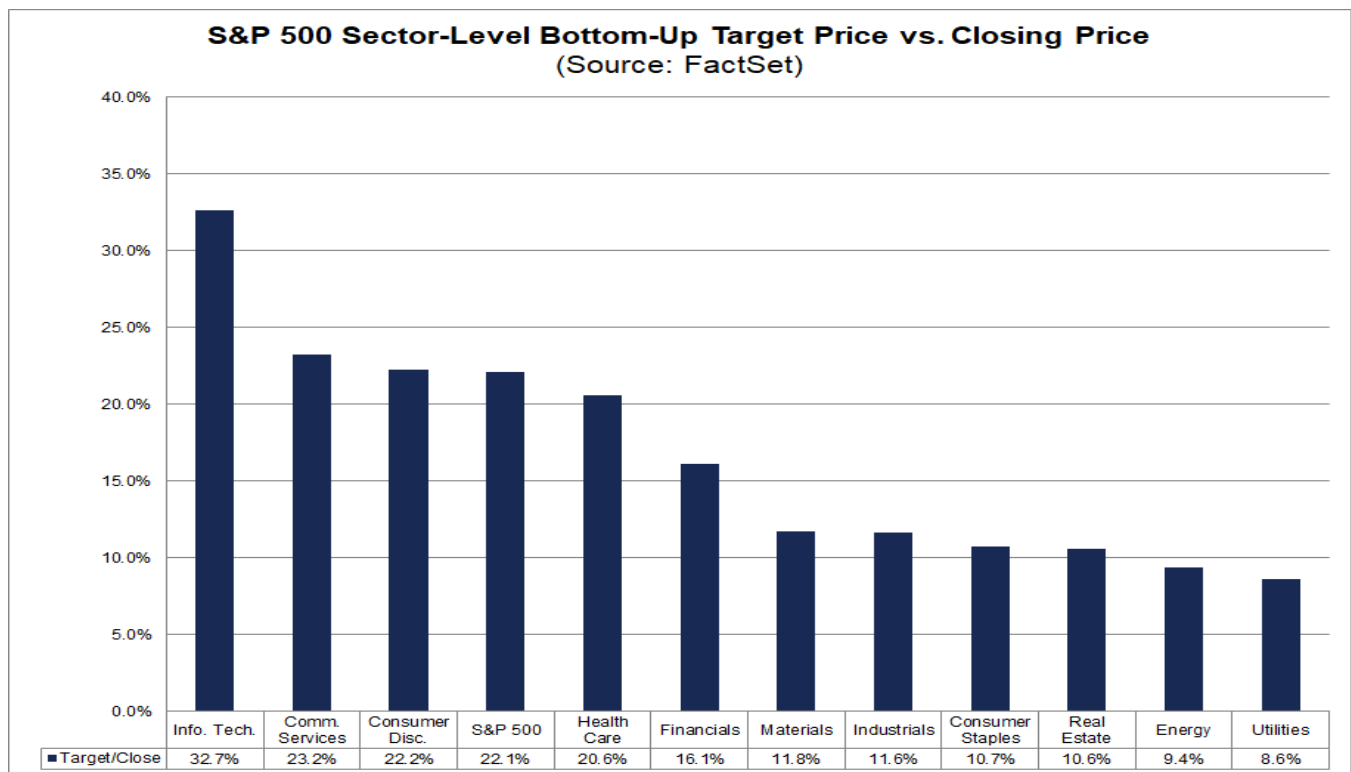
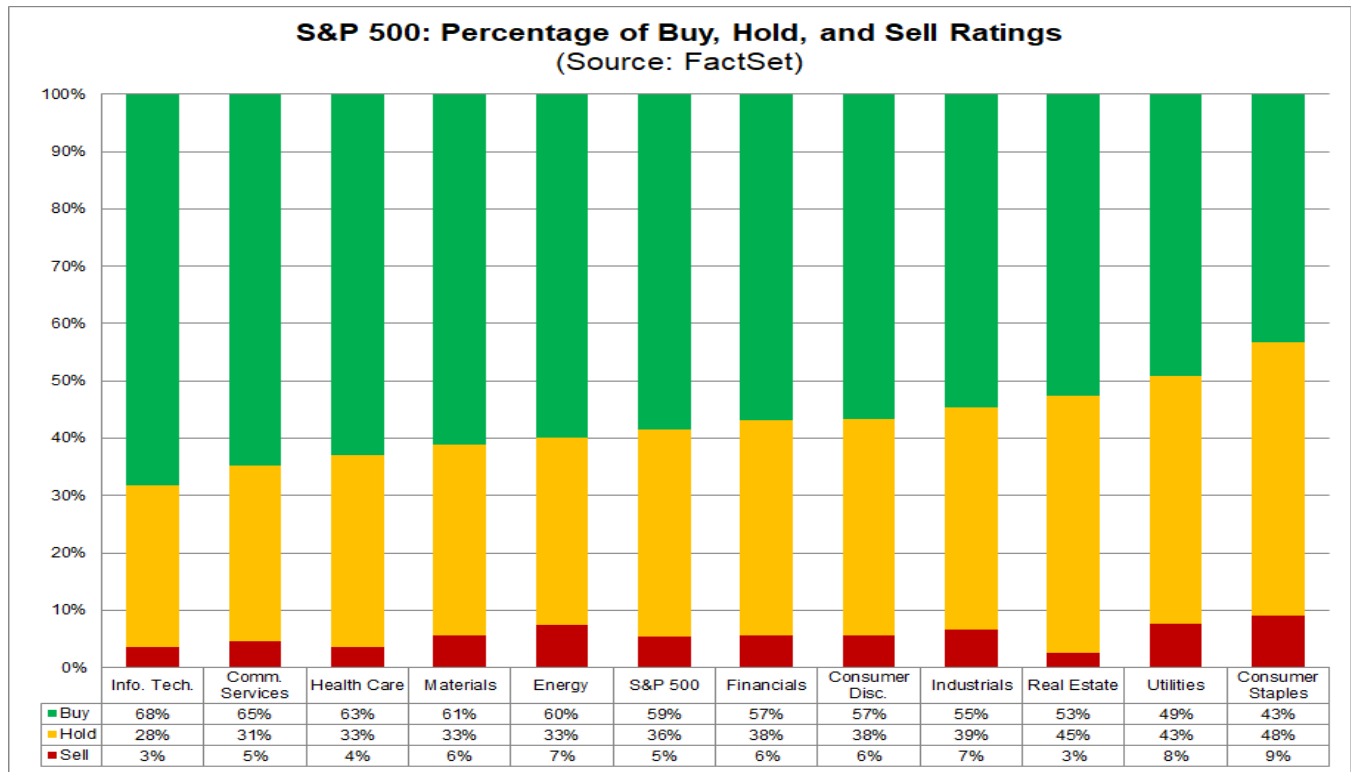
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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