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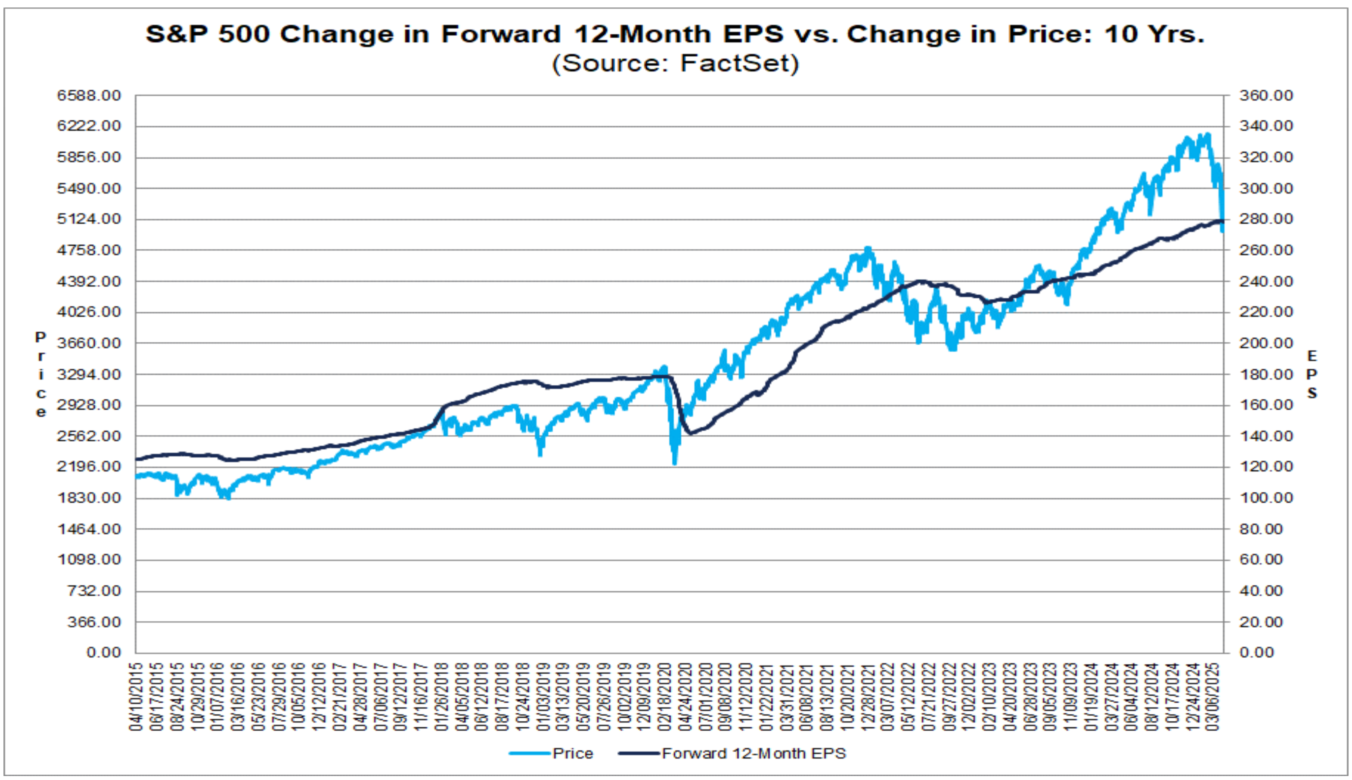
Author's Note: ***The FactSet Earnings Insight report will be published one day early next week on April 17.***

Key Metrics

- **Earnings Growth:** For Q1 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 7.3%. If 7.3% 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 March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2024 was 7.2%. Four sectors are reporting higher earnings today (compared to March 31) due to upward revisions to EPS estimates and positive EPS surprises.
- **Earnings Guidance:** For Q2 2025, 4 S&P 500 companies have issued negative EPS guidance and 2 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.0. This P/E ratio is below the 5-year average (19.9) but above the 10-year average (18.3).



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Topic of the Week: 1

S&P 500 Will Likely Report Earnings Growth Above 10% For Q1

The S&P 500 is currently expected to report earnings growth of 7.3% for the first quarter, which would mark the seventh consecutive quarter of (year-over-year) earnings growth for 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 7.3% for the quarter?

Based on the average improvement in the earnings growth rate during the earnings season, the index will likely report year-over-year growth in earnings above 10% for the first quarter.

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 (10% - 5% = 5%).

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.

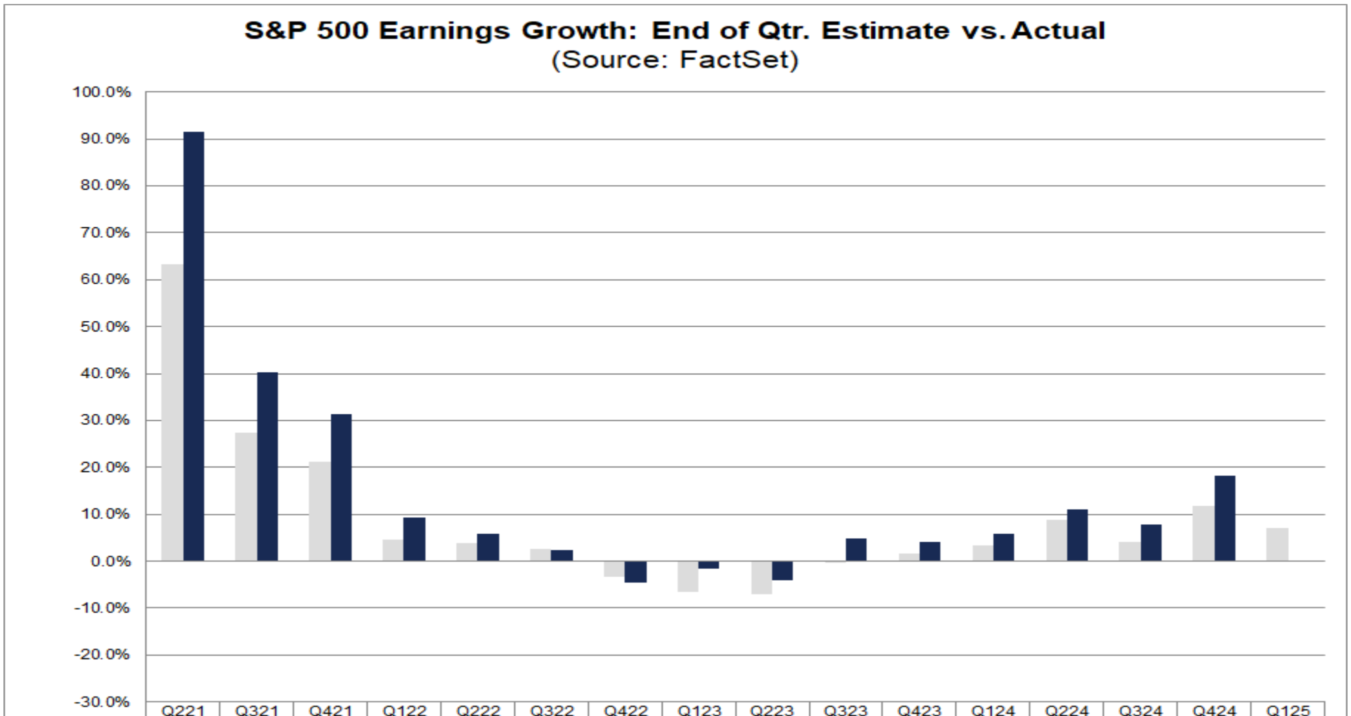
Over the past ten years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 6.9% on average. During this same period, 75% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 5.6 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 7.2%, the actual earnings growth rate for the quarter would be 12.8% (7.2% + 5.6% = 12.8%).

Over the past five years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 8.8% on average. During this same period, 77% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 7.4 percentage points on average (over the past five years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q1 (March 31) of 7.2%, the actual earnings growth rate for the quarter would be 14.6% (7.2% + 7.4% = 14.6%).

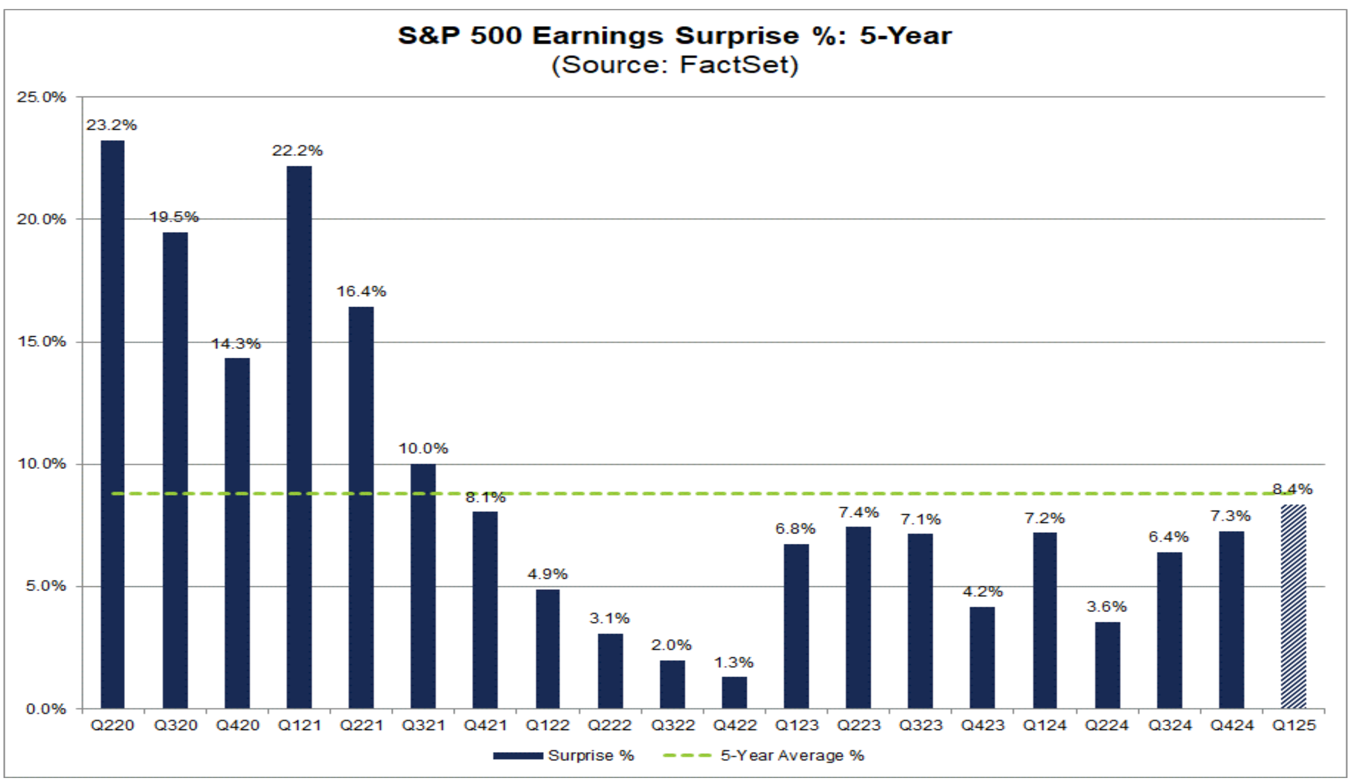
Over the past four quarters (Q1 2024 through Q4 2024), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 6.1% on average. During these four quarters, 77% of companies in the S&P 500 reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 3.7 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 7.2%, the actual earnings growth rate for the quarter would be 10.9% (7.2% + 3.7% = 10.9%).

Thus, using the most conservative average improvement of these three periods, the index will likely report year-over-year earnings growth of 10.9% for the first quarter.

How are the numbers trending to date? Of the 29 S&P 500 companies that have reported actual earnings for Q1 2025 through April 11, 69% have reported actual EPS above the mean EPS estimate. In aggregate, actual earnings reported by these 29 companies have exceeded estimated earnings by 8.4%. However, downward revisions to EPS estimates have partially offset these positive EPS surprises to date. As a result, the earnings growth rate for the S&P 500 has increased by 0.1 percentage points since March 31 (to 7.3% from 7.2%).



	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323	Q423	Q124	Q224	Q324	Q424	Q125
End of Qtr.	63.2%	27.5%	21.3%	4.6%	3.9%	2.6%	-3.3%	-6.6%	-6.9%	-0.3%	1.6%	3.5%	8.8%	4.2%	11.7%	7.2%
Actual	91.4%	40.2%	31.3%	9.4%	5.8%	2.4%	-4.7%	-1.6%	-4.1%	4.9%	4.0%	5.8%	11.1%	7.9%	18.2%	



Topic of the Week: 2

Will S&P 500 Companies Withdraw EPS Guidance for 2025?

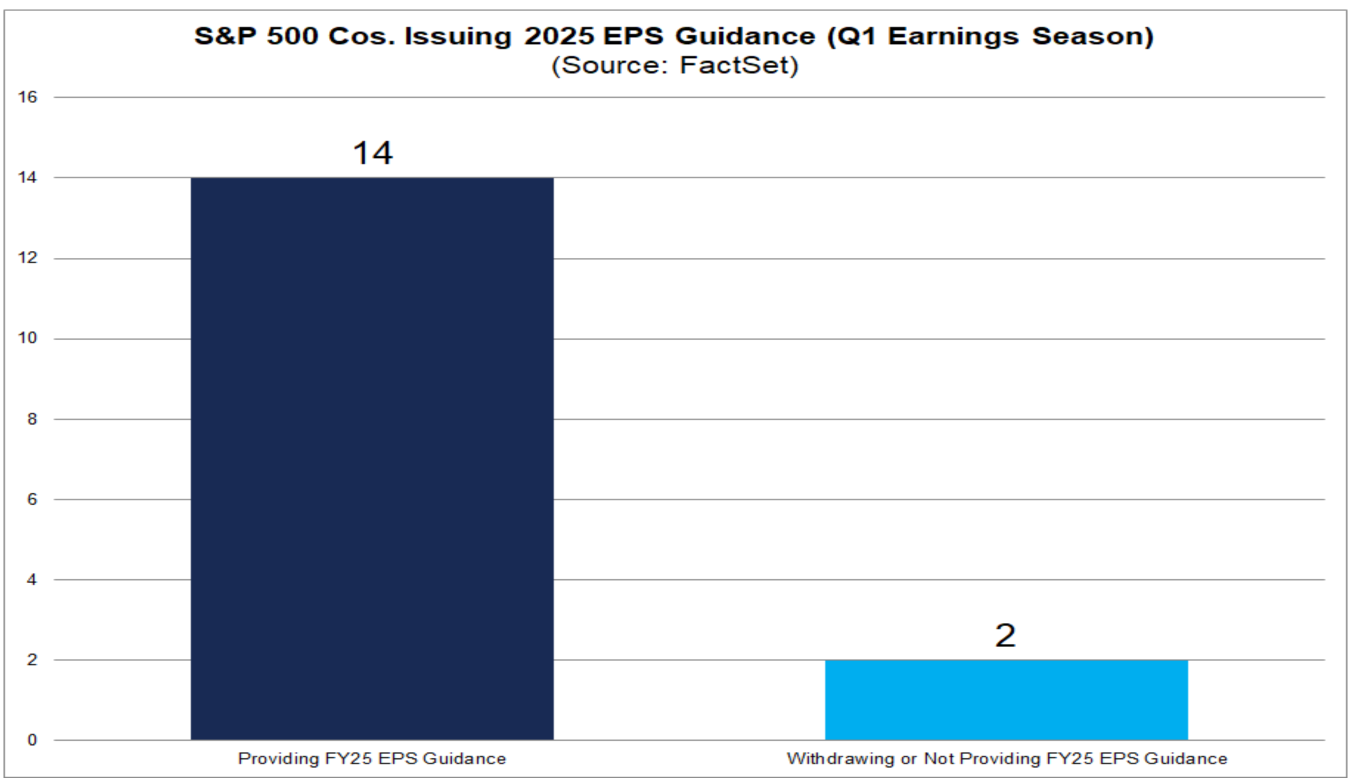
During each corporate earnings season, companies often provide guidance on expected earnings for future quarters or for the full year. However, given the uncertainty around tariffs, will companies have difficulty providing an estimate for future earnings? To date, how many companies in the S&P 500 have provided or updated EPS guidance for 2025 during the Q1 earnings season? Have any S&P 500 companies withdrawn or not confirmed previous annual EPS guidance for 2025?

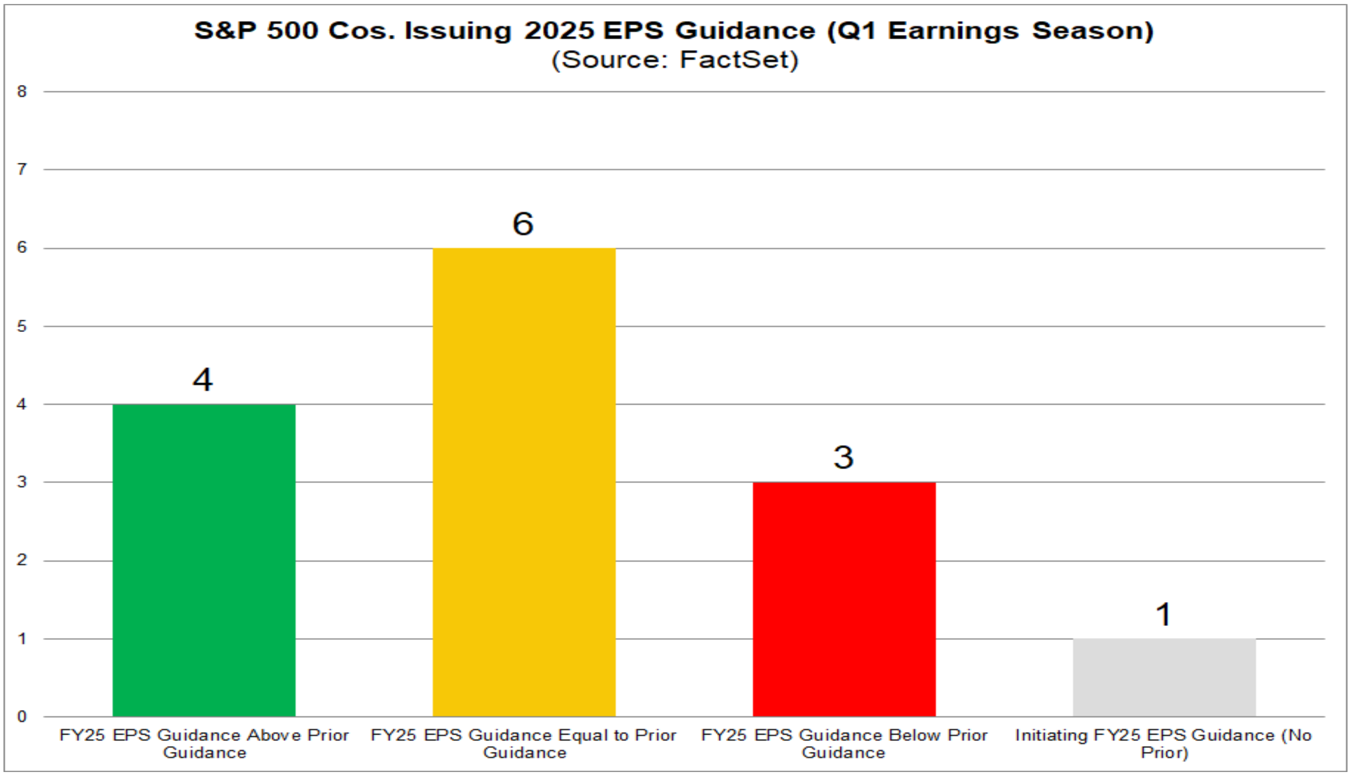
To answer these questions, FactSet searched for comments on annual EPS guidance in the earnings releases, presentations, and conference call transcripts of the 23 S&P 500 companies that had reported actual results for Q1 through April 10. Of these 23 companies, 16 (70%) commented on EPS guidance for the current year (or next year).

Of these 16 companies, 14 provided EPS guidance for FY 2025 (or FY 2026). Of these 14 companies, 3 provided annual EPS guidance that was lower than the previous guidance issued by the company, 6 maintained previous annual EPS guidance, and 4 provided annual EPS guidance that was higher than the previous guidance issued by the company. One company initiated annual EPS guidance for the first time (for FY 2026), so there was no prior guidance for comparison.

On the other hand, 2 companies stated that they were withdrawing or not providing updates to previous EPS guidance for FY 2025: Walgreens Boots Alliance and Delta Air Lines. Walgreens Boots Alliance cited its upcoming acquisition as the reason for withdrawing annual EPS guidance in the company's earnings release: *"Given the pending transaction, pursuant to which WBA will be acquired by entities affiliated with Sycamore Partners, the company is withdrawing fiscal 2025 guidance."* Delta Air Lines cited economic uncertainty as the reason for not updating annual EPS guidance in the company's earnings release: "*Given current uncertainty, Delta is not reaffirming full year 2025 financial guidance and will provide an update later in the year as visibility improves."*

The market will certainly be watching to see if more S&P 500 companies withdraw annual EPS guidance for 2025. The last time a large number of S&P 500 companies withdrew annual EPS guidance was during the COVID-19 lockdowns.




S&P 500 Cos. Issuing 2025 EPS Guidance (Q1 Earnings Season)
(Source: FactSet)
8
7
6
5
4
3
2
1
0
4
6
3
1
FY25 EPS Guidance Above Prior Guidance
FY25 EPS Guidance Equal to Prior Guidance
FY25 EPS Guidance Below Prior Guidance
Initiating FY25 EPS Guidance (No Prior)

Q1 Earnings Season: By The Numbers

Overview

At this early stage, the first quarter earnings season for the S&P 500 is off to a mixed start relative to expectations. While the percentage of S&P 500 companies reporting positive earnings surprises is below the 10-year average, the magnitude of earnings surprises is above the 10-year average. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The index is also reporting year-over-year earnings growth for the seventh consecutive quarter.

Overall, 6% of the companies in the S&P 500 have reported actual results for Q1 2025 to date. Of these companies, 69% have reported actual EPS above estimates, which is below the 5-year average of 77% and below the 10-year average of 75%. In aggregate, companies are reporting earnings that are 8.4% above estimates, which is below the 5-year average of 8.8% but above the 10-year average of 6.9%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

Positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for companies in other sectors, have been the largest contributors to the increase in the overall earnings growth rate for the index during the past week and since the end of the first quarter (March 31).

As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the first quarter is 7.3% today, compared to an earnings growth rate of 7.0% last week and an earnings growth rate of 7.2% at the end of the first quarter (March 31).

If 7.3% 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 reporting (or 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 reporting (or are predicted to report) a year-over-year decline in earnings, led by the Energy, Materials, and Consumer Staples sectors.

In terms of revenues, 71% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 69% and above the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.3% above the estimates, which is below the 5-year average of 2.1% and below the 10-year average of 1.4%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

Since March 31, downward revisions to revenue estimates in multiple sectors, partially offset by positive revenue surprises reported by companies in the Financials sector, have been the largest contributors to the slight decrease in the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the first quarter is 4.3% today, compared to a revenue growth rate of 4.3% last week and a revenue growth rate of 4.4% at the end of the first quarter (March 31).

If 4.3% 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 reporting (or 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 reporting a year-over-year decline in revenues.

For Q2 2025 through Q4 2025, analysts are calling for earnings growth rates of 8.2%, 10.8%, and 10.3%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 10.6%.

The forward 12-month P/E ratio is 19.0, 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, 33 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Percentage and Magnitude of Positive EPS Surprises Are Below 5-Year Averages

Percentage of Companies Beating EPS Estimates (69%) is Below 5-Year Average

Overall, 6% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 69% have reported actual EPS above the mean EPS estimate, 7% have reported actual EPS equal to the mean EPS estimate, and 24% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is below the 1-year average (77%), below the 5-year average (77%), and below the 10-year average (75%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (100%) and Information Technology (80%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Discretionary (50%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+8.4%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.4% above expectations. This surprise percentage is above the 1-year average (+6.1%), below the 5-year average (+8.8%), and above the 10-year average (+6.9%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Consumer Discretionary (+25.8%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival Corporation ($0.13 vs. $0.03) and NIKE ($0.54 vs. $0.30) have reported the largest positive EPS surprises.

The Financials (+11.3%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Morgan Stanley ($2.60 vs. $2.21), Wells Fargo ($1.39 vs. $1.23), BlackRock ($11.30 vs. $10.08), and JPMorgan Chase ($5.07 vs. $4.63) have reported the largest positive EPS surprises.

Market Punishing Positive EPS Surprises

To date, the market is punishing positive and negative earnings surprises reported by S&P 500 companies for Q1 more than average.

Companies that have reported positive earnings surprises for Q1 2025 have seen an average price decrease of -0.7% two days before the earnings release through two days after the earnings release. This percentage decrease is well below the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q1 2025 have seen an average price decrease of -2.5% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (71%) is Above 5-Year Average

In terms of revenues, 71% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 29% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (61%), above the 5-year average (69%), and above the 10-year average (64%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Industrials (100%) and Information Technology (80%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (57%) and Financials (60%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.3%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.3% above expectations. This surprise percentage is above the 1-year average (+0.9%), below the 5-year average (+2.1%), and below the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+2.2%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Information Technology sector (+0.6%) sector is reporting the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Financials Sector

Increase in Blended Earnings This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the first quarter is 7.3%, which is above the earnings growth rate of 7.0% last week. Positive EPS surprises reported by companies in the Financials sector were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($5.07 vs. $4.63), Morgan Stanley ($2.60 vs. $2.21), and Wells Fargo ($1.39 vs. $1.23) were the largest contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 4.5% from 2.1% over this period.

No Change in Blended Revenues This Week

The blended (year-over-year) revenue growth rate for the first quarter is 4.3%, which is equal to the revenue growth rate of 4.3% last week.

Financials Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2025 of 7.3% is slightly above the estimate of 7.2% at the end of the first quarter (March 31). Four sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to EPS estimates and positive earnings surprises, led by the Financials (to 4.5% from 2.6%) sector. The Financials sector has also been the largest contributor to the increase in earnings for the index since March 31. On the other hand, seven sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Energy (to -13.7% from -12.3%) and Materials (to -10.8% from -9.8%) sectors.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($5.07 vs. $4.63), Morgan Stanley ($2.60 vs. $2.21), and Wells Fargo ($1.39 vs. $1.23) have been the largest contributors to the increase in the earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has increased to 4.5% from 2.6% over this period.

Energy and Consumer Discretionary Sectors Have Seen Largest Decreases in Sales since March 31

The blended (year-over-year) revenue growth rate for Q1 2025 of 4.3% is slightly below the estimate of 4.4% at the end of the first quarter (March 31). Seven sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to 0.9% from 1.2%) and Materials (to 2.0% from 2.3%) sectors. The Energy and Consumer Discretionary sectors have been the largest contributors to the decrease in revenues for the index since March 31. On the other hand, four sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Utilities (to 5.8% from 5.2%) and Real Estate (to 4.1% from 3.7%) sectors. However, the Financials sector has been the largest detractor to the decrease in revenues for the index since March 31.

Earnings Growth: 7.3%

The blended (year-over-year) earnings growth rate for Q1 2025 is 7.3%, which is below the 5-year average earnings growth rate of 11.3% and below the 10-year average earnings growth rate of 8.9%. If 7.3% 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 reporting (or 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 reporting (or are projected to report) a 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 35.3%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year earnings growth: Pharmaceuticals (113%), Biotechnology (65%), 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 ($1.51 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 4.2% from 35.3%.

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

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 14.9%. At the industry level, 5 of the 6 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (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 reporting a year-over-year decline in earnings.

The Semiconductors & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Financials sector would fall to 6.4% from 14.9%.

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 10.4%. 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 (138%), Water Utilities (13%), Multi-Utilities (10%), Electric Utilities (7%), and Gas Utilities (7%).

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 -13.7%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in 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 (-103%), Integrated Oil & Gas (-13%), and Oil & Gas Equipment & Services (-9%). On the other hand, two sub-industries are predicted to report year-over-year growth in earnings: Oil & Gas Storage & Transportation (13%) and Oil & Gas Exploration & Production (10%).

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 -3.5% from -13.7%.

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 -10.8%. At the industry level, 3 of the 4 industries in the sector are projected to report a year-over-year earnings decline: Metals & Mining (-31%), Chemicals (-11%), and Construction Materials (-5%). On the other hand, the Containers & Packaging (40%) 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 reporting the third-largest (year-over-year) earnings decline of all eleven sectors at -8.0%. At the industry level, 5 of the 6 industries in the sector are reporting (or are projected) to report a year-over-year earnings decline: Personal Care Products (-33%), Food Products (-26%), Consumer Staples Distribution & Retail (-8%), Beverages (-3%), and Household Products (-1%). On the other hand, the Tobacco (5%) industry is the only industry predicted to report year-over-year growth in earnings.

Revenue Growth: 4.3%

The blended (year-over-year) revenue growth rate for Q1 2025 is 4.3%, which is below the 5-year average revenue growth rate of 7.0% and below the 10-year average revenue growth rate of 5.2%. If 4.3% 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 reporting (or 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 reporting a year-over-year decline in revenues.

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

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 11.0%. At the industry level, all 6 industries in the sector are reporting (or are predicted to report) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (26%), Communication Equipment (11%), Software (11%), Electronic Equipment, Instruments, & Components (6%), Technology Hardware, Storage, & Peripherals (4%), and IT Services (3%).

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 reporting the largest (year-over-year) revenue decline of all eleven sectors at -1.1%. At the industry level, 5 of the 12 industries in the sector are reporting (or 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 reporting (or 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 blended 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, five sectors are reporting (or 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 reporting (or 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 (34.5% vs. 36.2%), Energy (8.1% vs. 9.4%), and Materials (8.4% vs. 9.6%) sectors.

Six sectors are reporting (or are expected to report) net profit margins in Q1 2025 that are above their 5-year averages, led by the Financials (18.2% vs. 16.8%) and Communication Services (13.3% vs. 11.9%) sectors. On the other hand, five sectors are reporting (or are expected to report) net profit margins in Q1 2025 that are below their 5-year averages, led by the Materials (8.4% vs. 11.1%) sector.

Forward Estimates & Valuation

Guidance: Negative Guidance Percentage for Q2 is Above 5-Year and 10-Year Averages

At this point in time, 6 companies in the index have issued EPS guidance for Q2 2025. Of these 6 companies, 4 have issued negative EPS guidance and 2 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 67% (4 out of 6), which is above the 5-year average of 57% and above the 10-year average of 62%.

At this point in time, 257 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 257 companies, 152 have issued negative EPS guidance and 105 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 59% (152 out of 257).

The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate the day before the guidance was issued. Guidance is classified as positive if the estimate (or mid-point of a range of estimates) provided by the company is higher than the mean EPS estimate the day before the guidance was issued.

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

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 7.3% and year-over-year growth in revenues of 4.3%.

For Q2 2025, analysts are projecting earnings growth of 8.2% and revenue growth of 4.5%.

For Q3 2025, analysts are projecting earnings growth of 10.8% and revenue growth of 5.3%.

For Q4 2025, analysts are projecting earnings growth of 10.3% and revenue growth of 5.9%.

For CY 2025, analysts are projecting earnings growth of 10.6% and revenue growth of 5.3%.

For CY 2026, analysts are projecting earnings growth of 14.2% and revenue growth of 6.5%.

Valuation: Forward P/E Ratio is 19.0, Above the 10-Year Average (18.3)

The forward 12-month P/E ratio for the S&P 500 is 19.0. This P/E ratio is below the 5-year average of 19.9 but 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 10.4%, while the forward 12-month EPS estimate has decreased by 0.1%. At the sector level, the Consumer Discretionary (23.7) and Information Technology (23.0) and sectors have the highest forward 12-month P/E ratios, while the Energy (12.6) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 23.6, which is below the 5-year average of 24.7 but above the 10-year average of 22.3.

Targets & Ratings: Analysts Project 29% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 6805.81, which is 29.2% above the closing price of 5268.05. At the sector level, the Information Technology (+40.2%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+11.9%) 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.

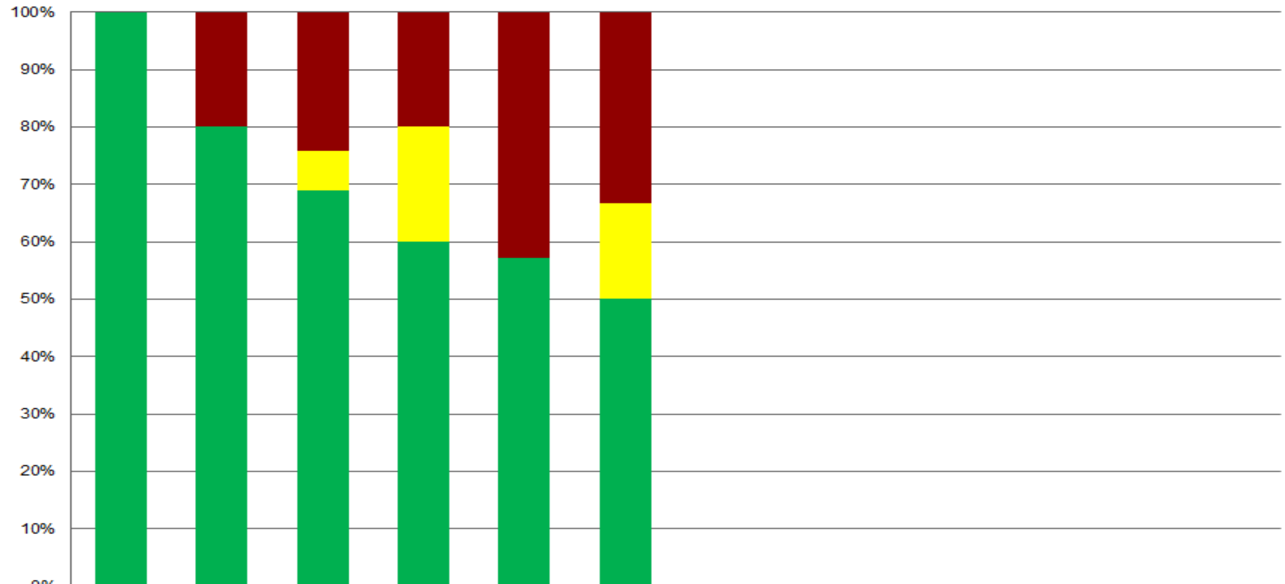
Overall, there are 12,416 ratings on stocks in the S&P 500. Of these 12,416 ratings, 56.2% are Buy ratings, 38.5% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Energy (66%), Communication Services (64%), and Information Technology (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 33

During the upcoming week, 33 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the first quarter.

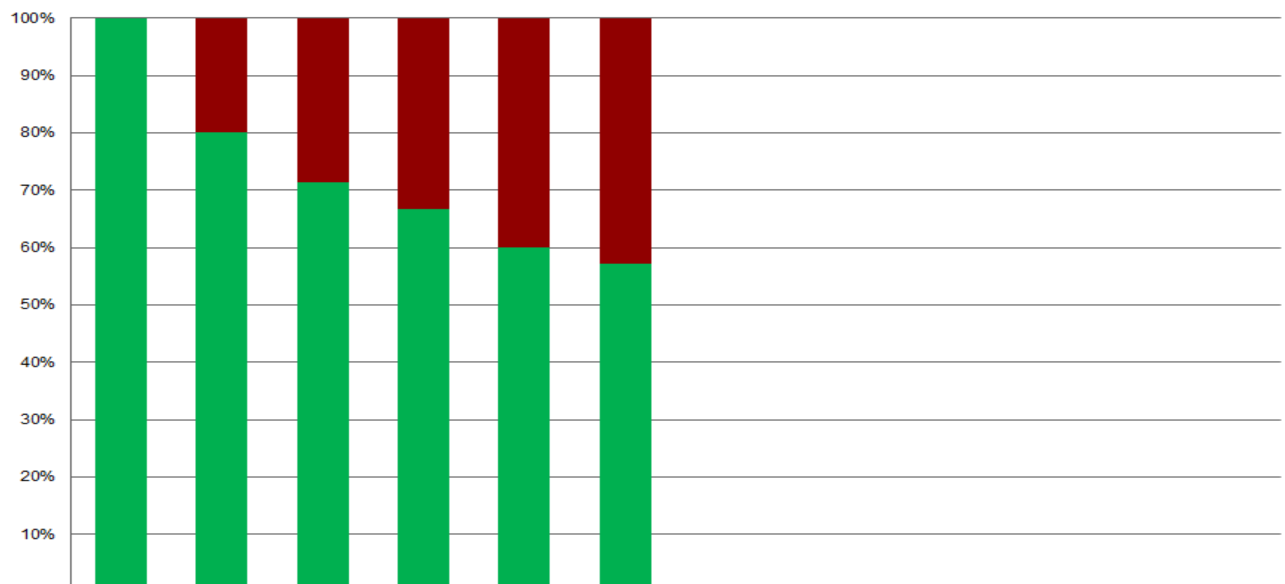
Q1 2025: Scorecard

S&P 500 Earnings Above, In-Line, Below Estimates: Q1 2025
(Source: FactSet)



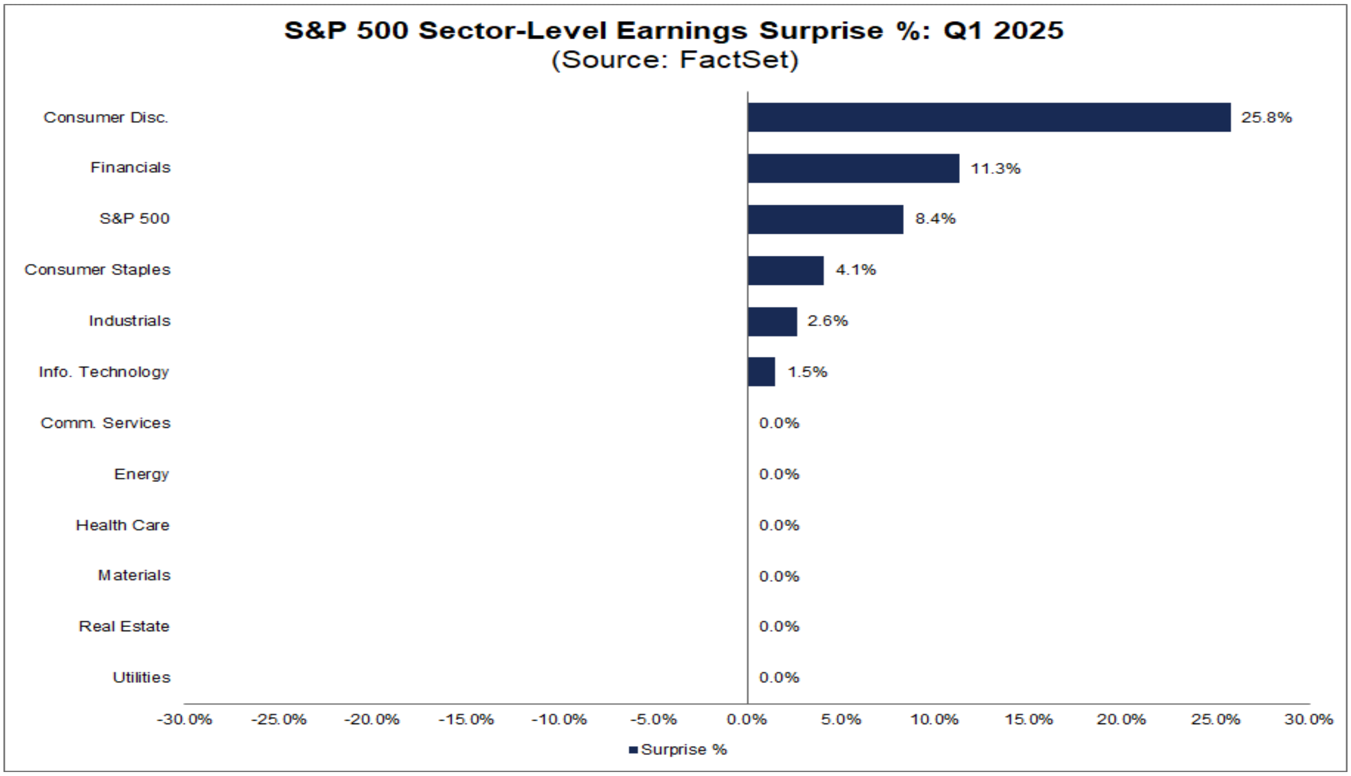
	Financials	Info. Technology	S&P 500	Industrials	Consumer Staples	Consumer Disc.	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	0%	20%	24%	20%	43%	33%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	7%	20%	0%	17%	0%	0%	0%	0%	0%	0%
Above	100%	80%	69%	60%	57%	50%	0%	0%	0%	0%	0%	0%

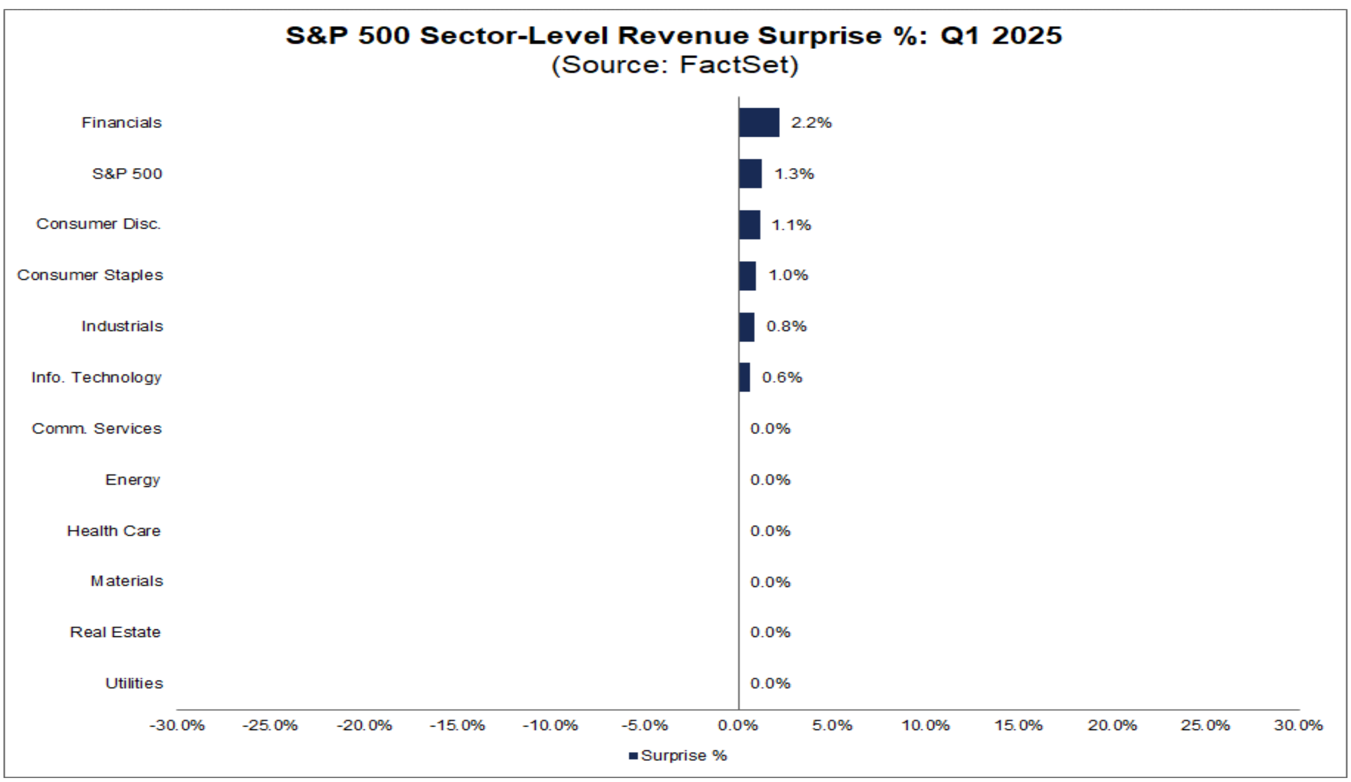
S&P 500 Revenues Above, In-Line, Below Estimates: Q1 2025
(Source: FactSet)



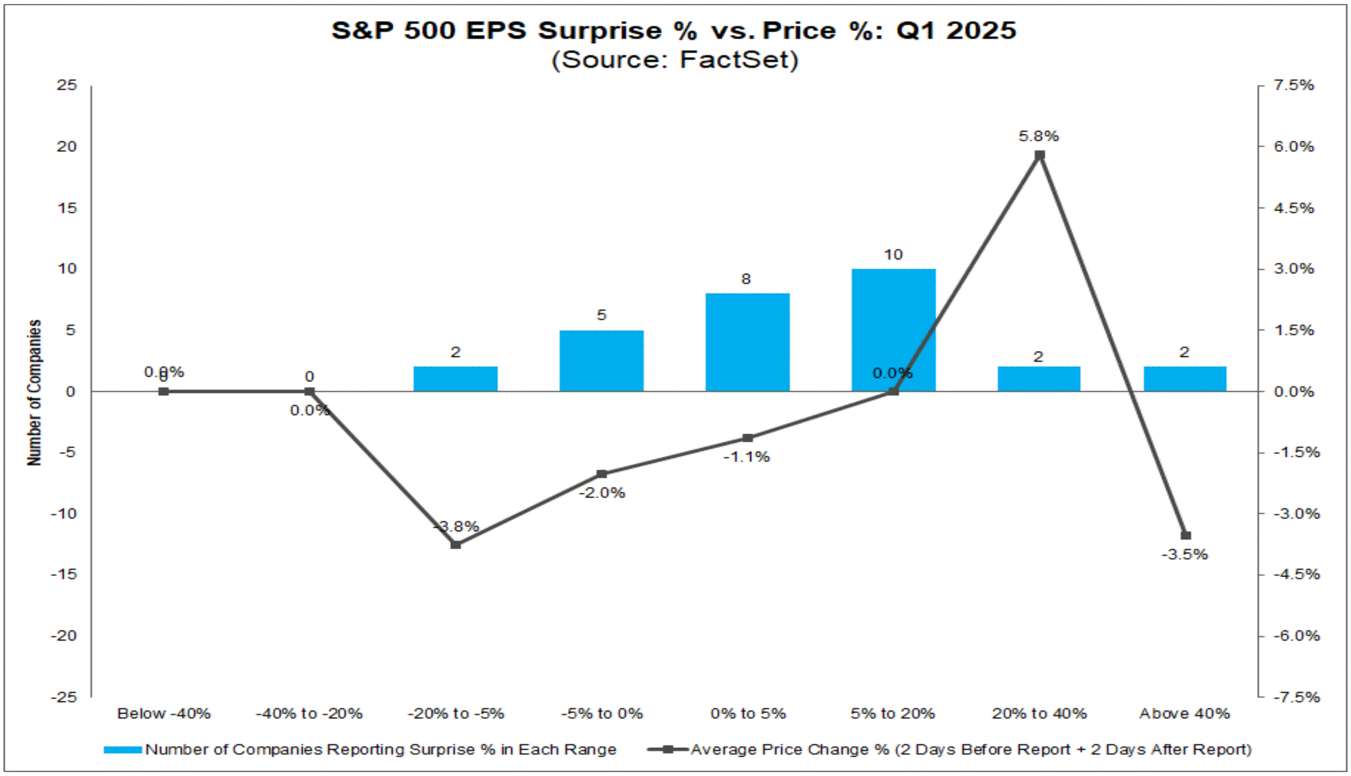
	Industrials	Info. Technology	S&P 500	Consumer Disc.	Financials	Consumer Staples	Comm. Services	Energy	Health Care	Materials	Real Estate	Utilities
Below	0%	20%	29%	33%	40%	43%	0%	0%	0%	0%	0%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	80%	71%	67%	60%	57%	0%	0%	0%	0%	0%	0%

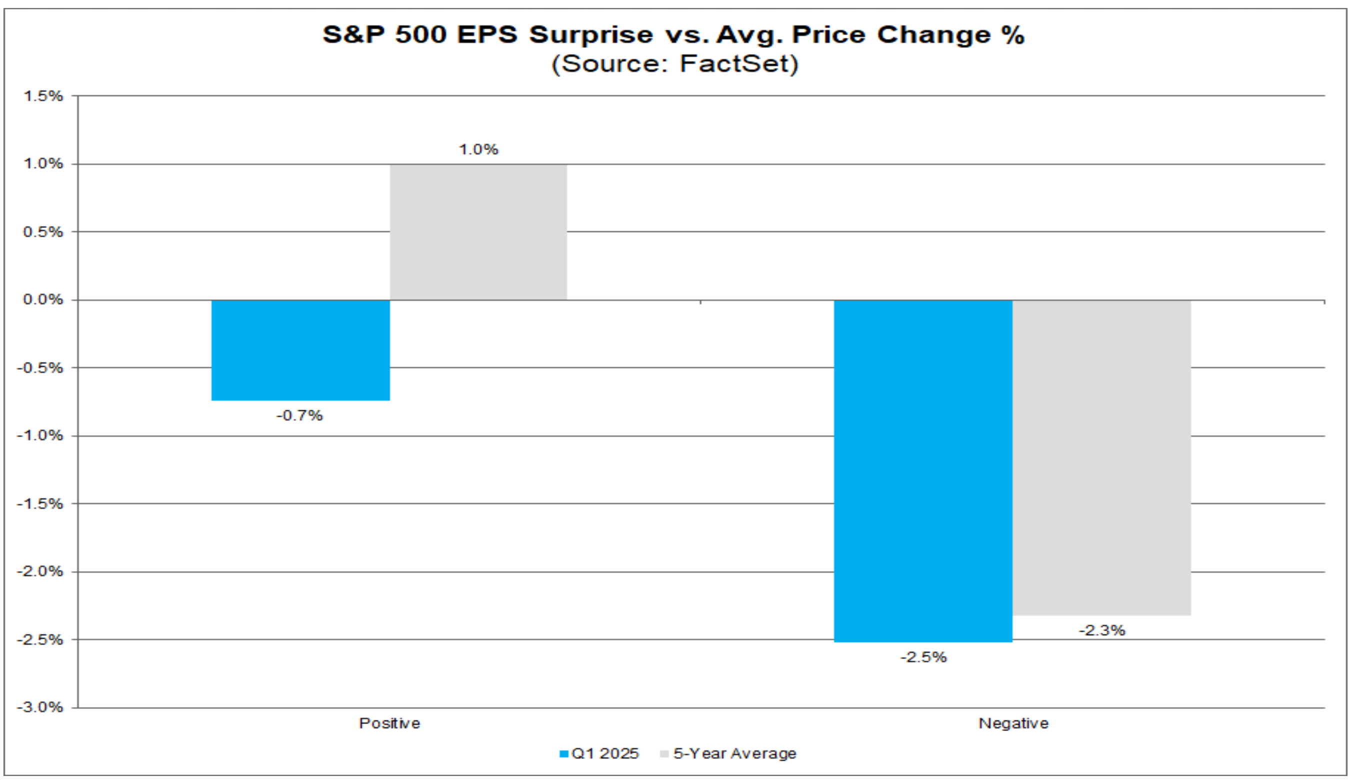
Q1 2025: Surprise



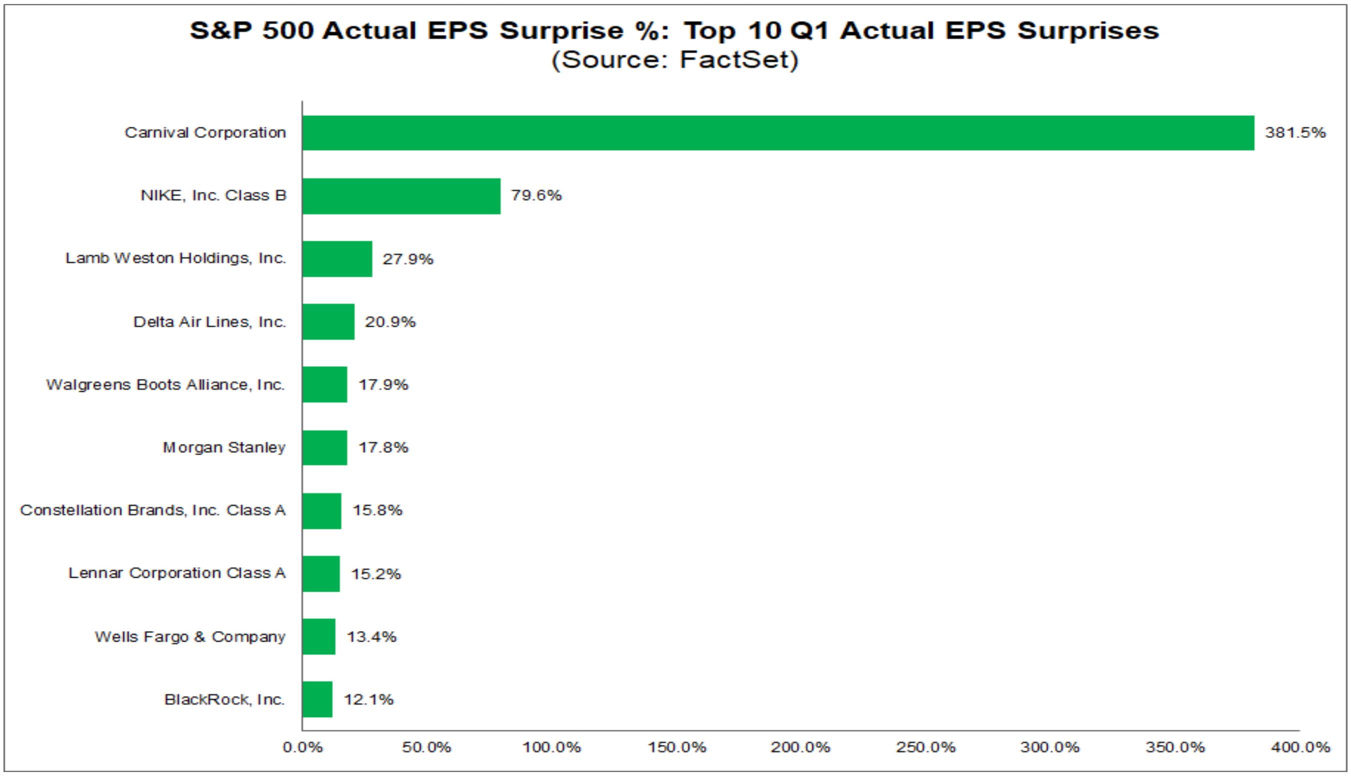


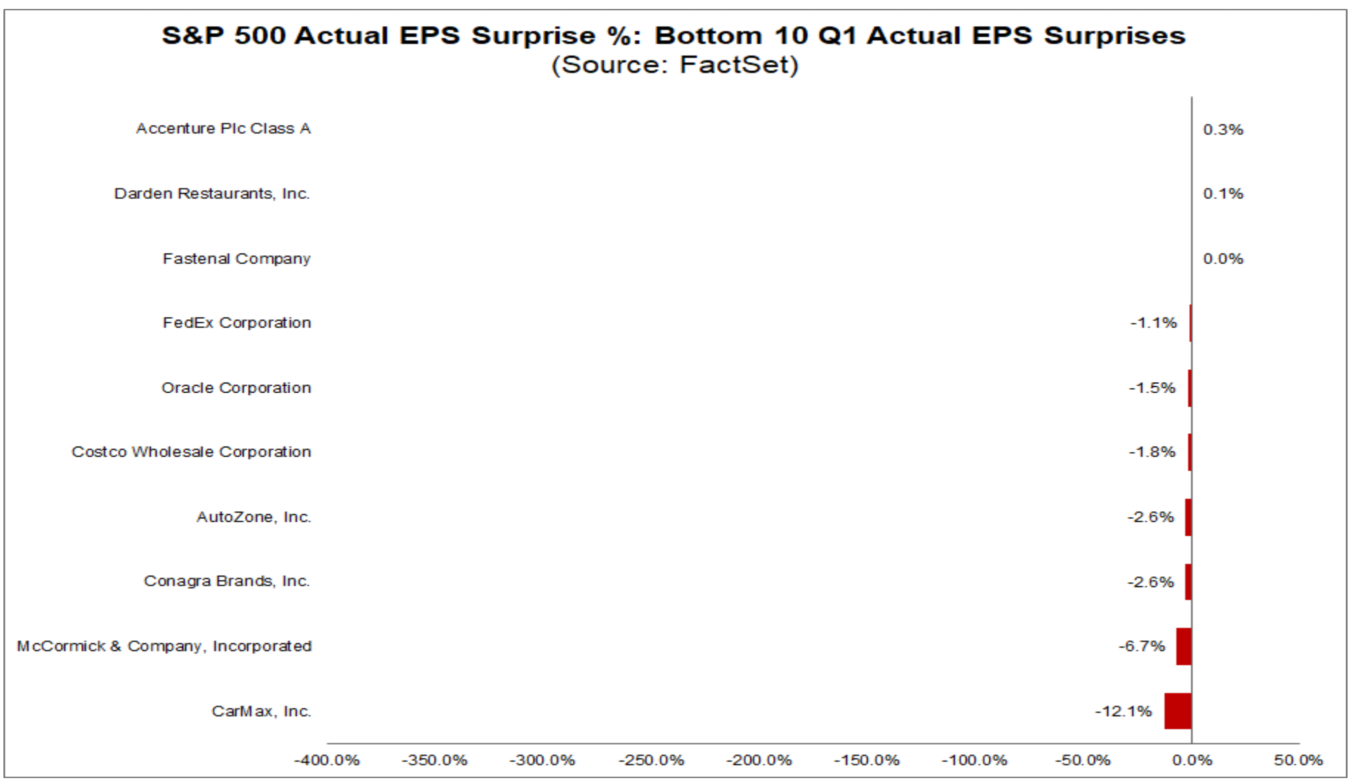
Q1 2025: Surprise



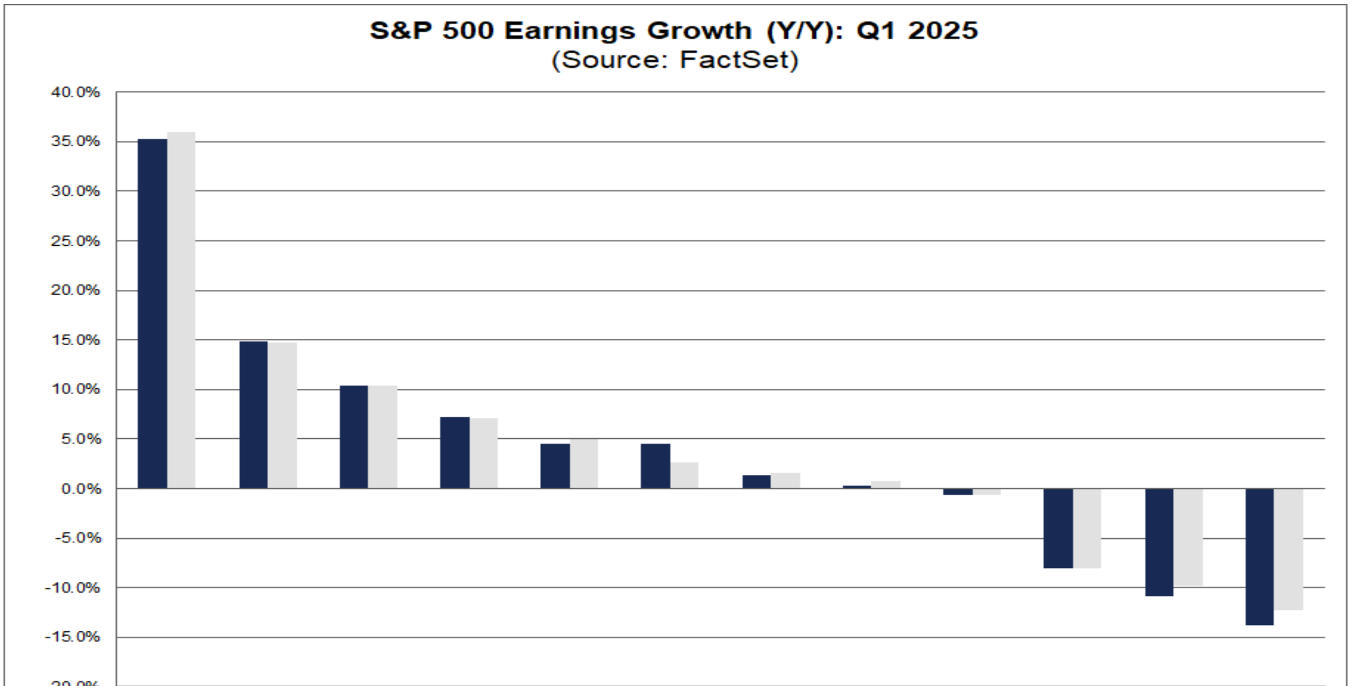


Q1 2025: Surprise

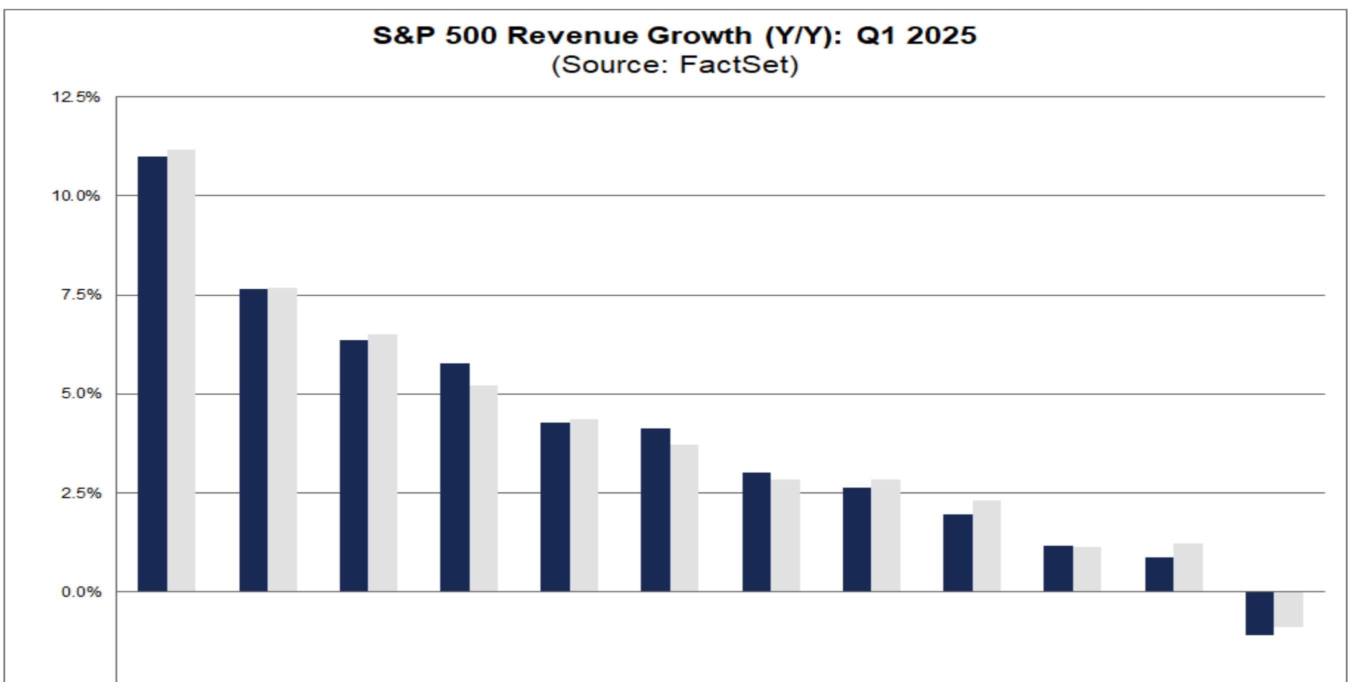




Q1 2025: Growth

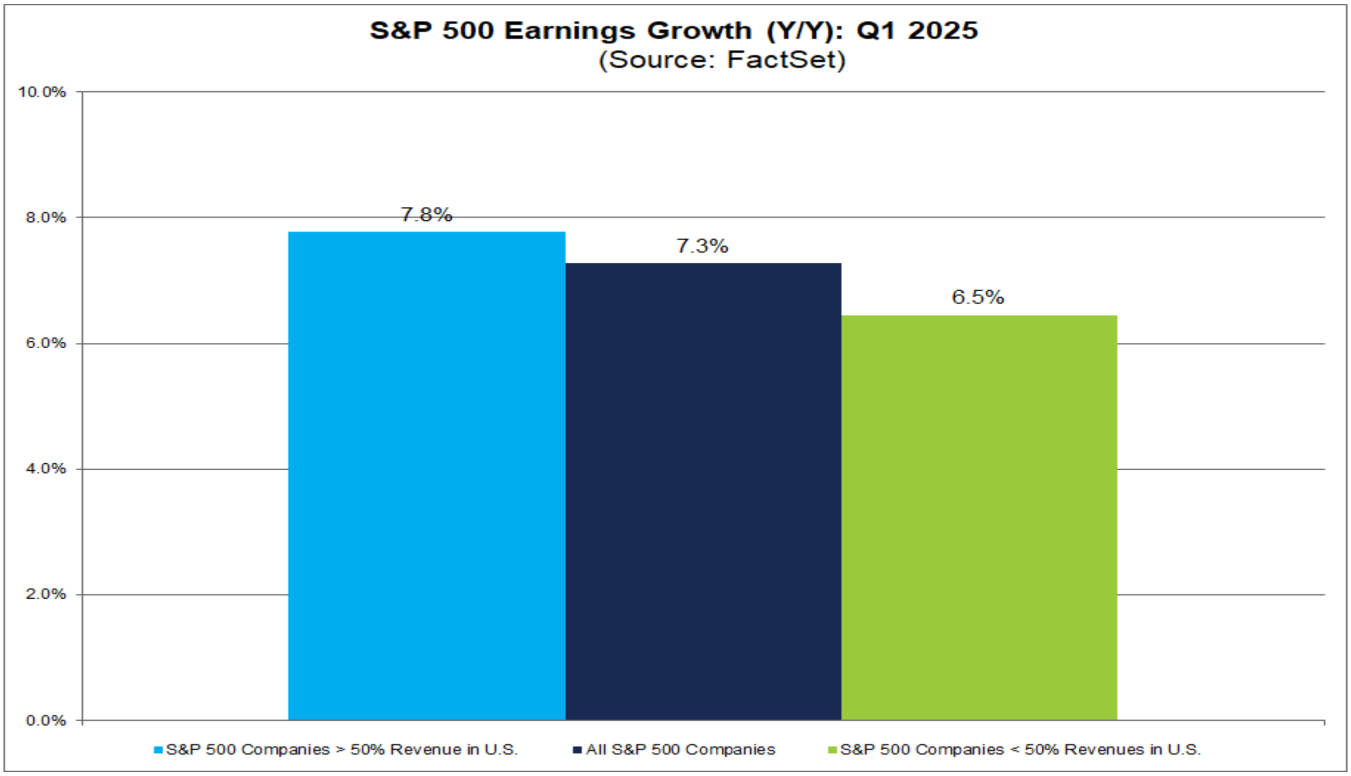


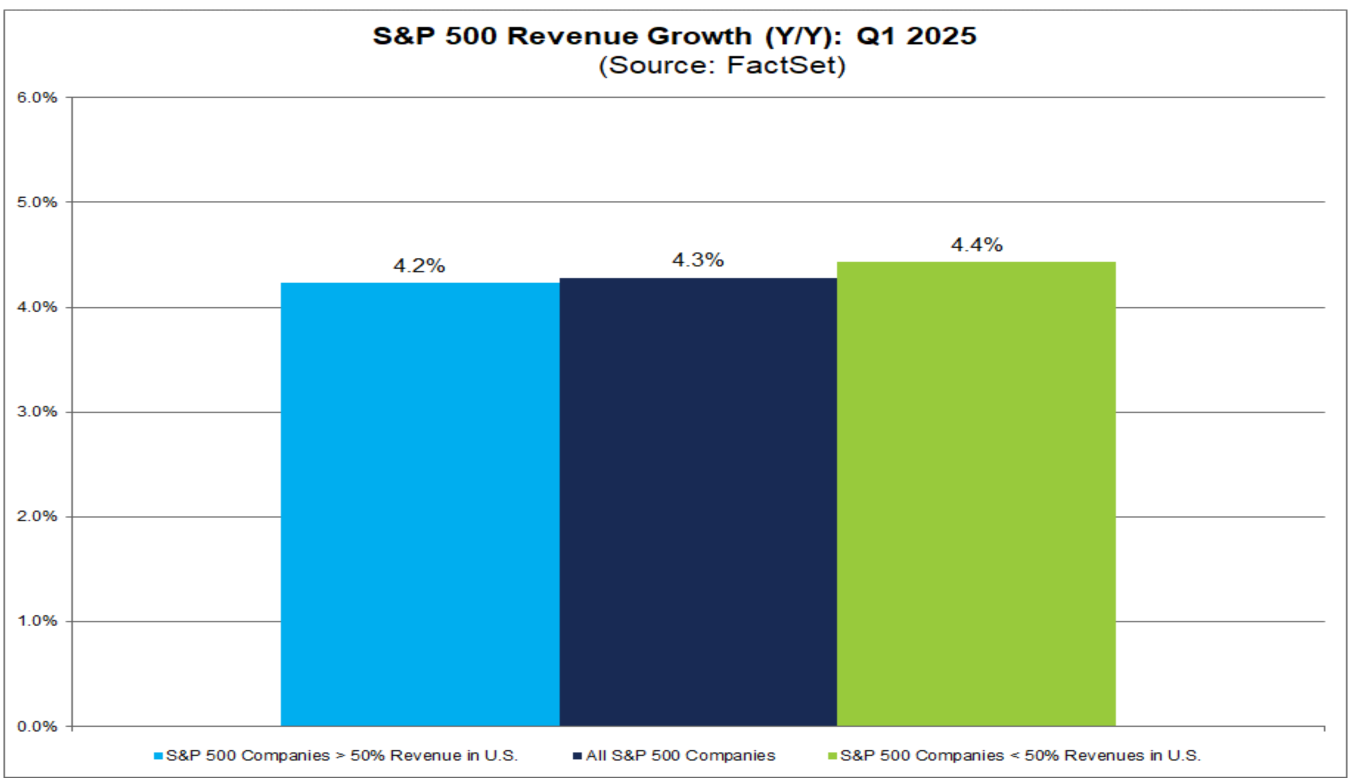
	Health Care	Info. Technology	Utilities	S&P 500	Comm. Services	Financials	Consumer Disc.	Industrials	Real Estate	Consumer Staples	Materials	Energy
Today	35.3%	14.9%	10.4%	7.3%	4.6%	4.5%	1.3%	0.3%	-0.7%	-8.0%	-10.8%	-13.7%
31-Mar	36.0%	14.8%	10.3%	7.2%	4.9%	2.6%	1.6%	0.7%	-0.6%	-8.1%	-9.8%	-12.3%



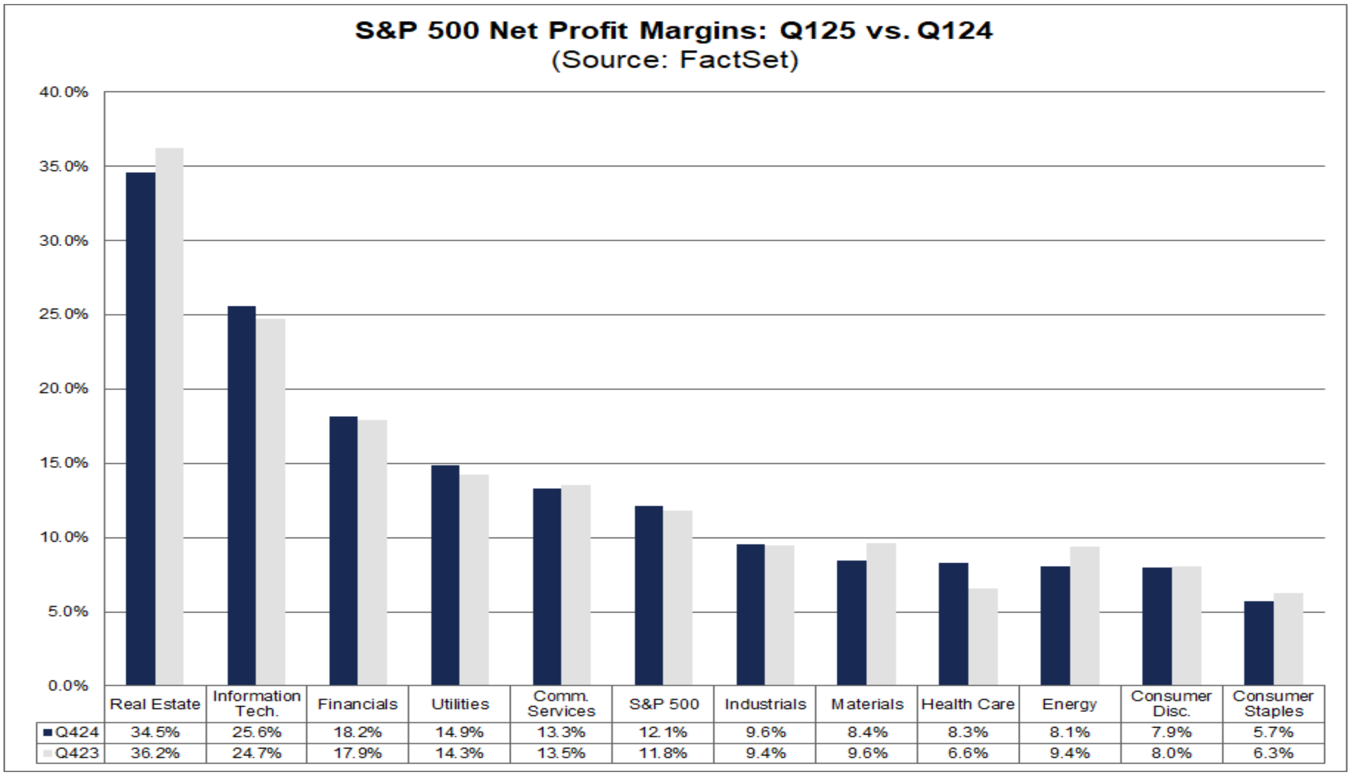
	Info. Technology	Health Care	Comm. Services	Utilities	S&P 500	Real Estate	Financials	Consumer Disc.	Materials	Consumer Staples	Energy	Industrials
Today	11.0%	7.6%	6.4%	5.8%	4.3%	4.1%	3.0%	2.6%	2.0%	1.2%	0.9%	-1.1%
31-Mar	11.2%	7.7%	6.5%	5.2%	4.4%	3.7%	2.8%	2.8%	2.3%	1.1%	1.2%	-0.9%

Q1 2025: Growth

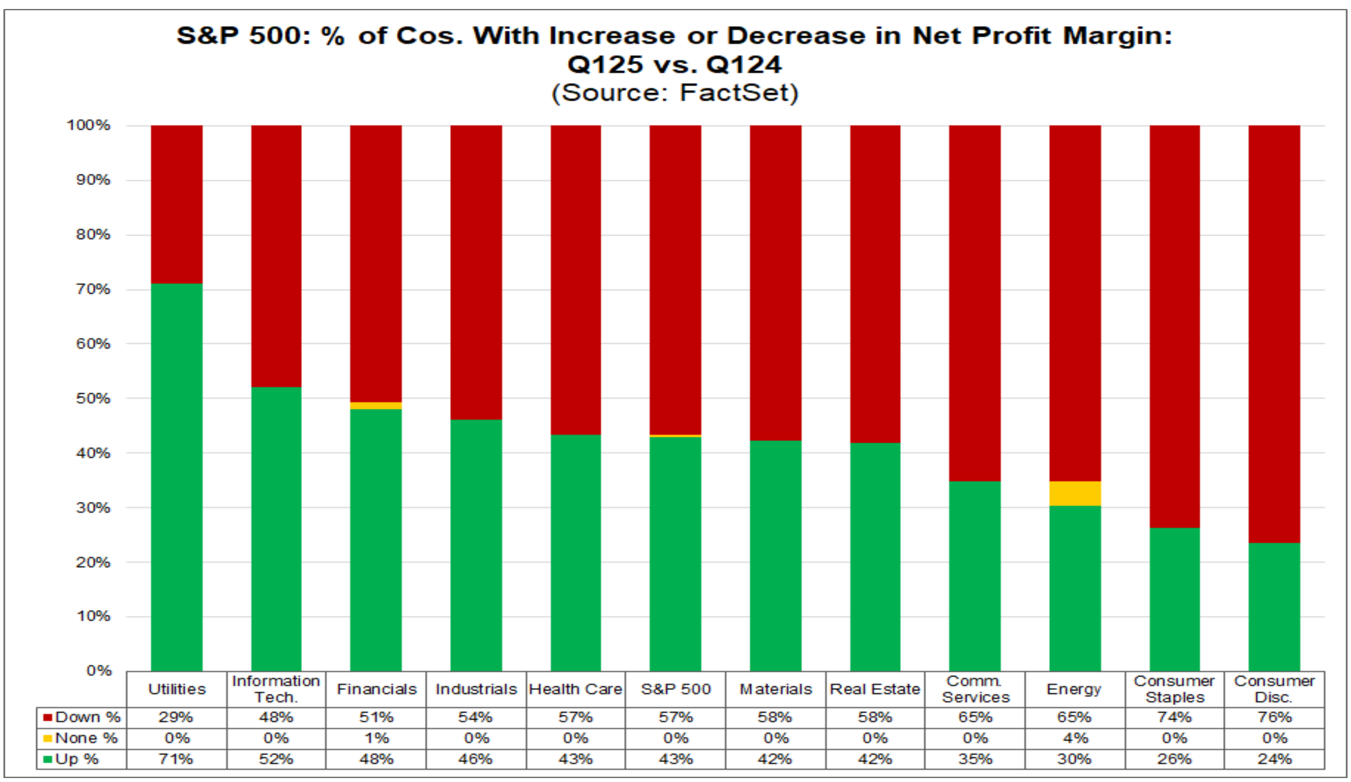




Q1 2025: Net Profit Margin

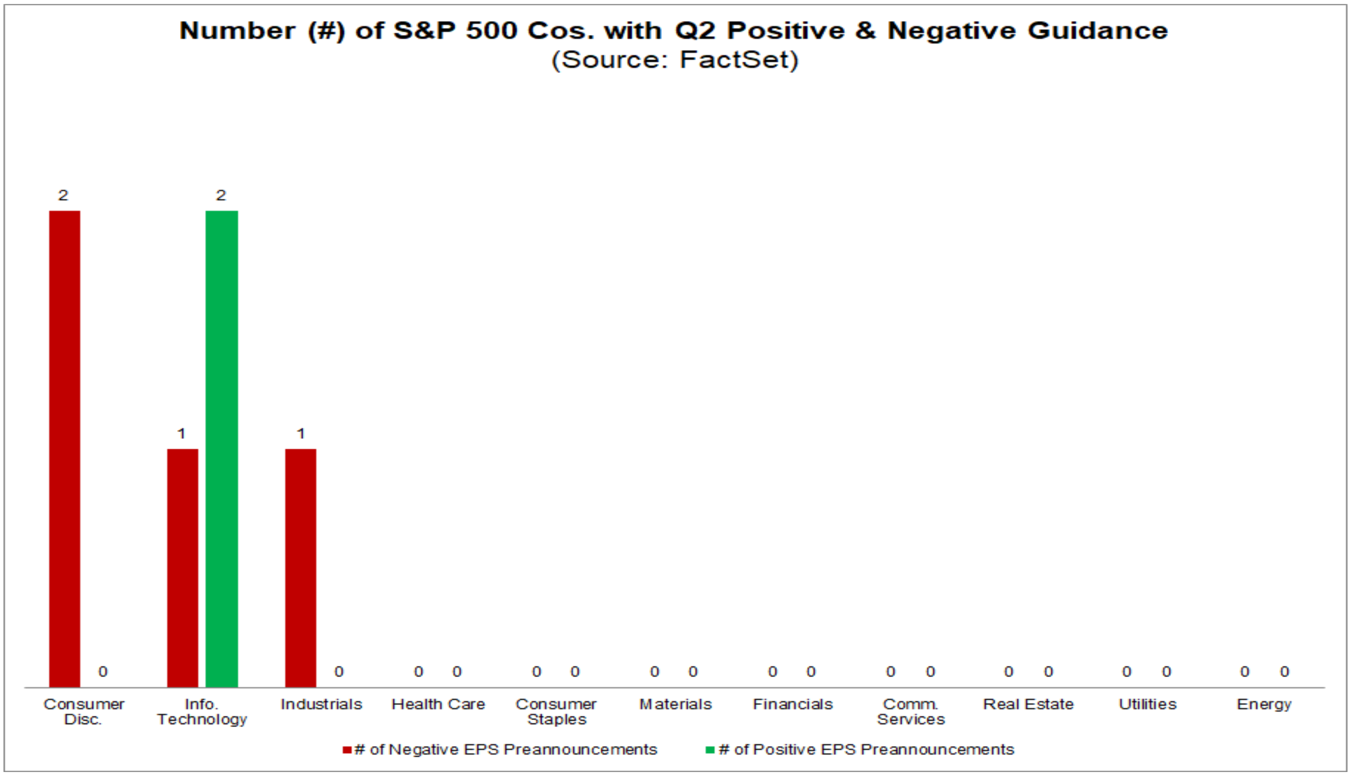


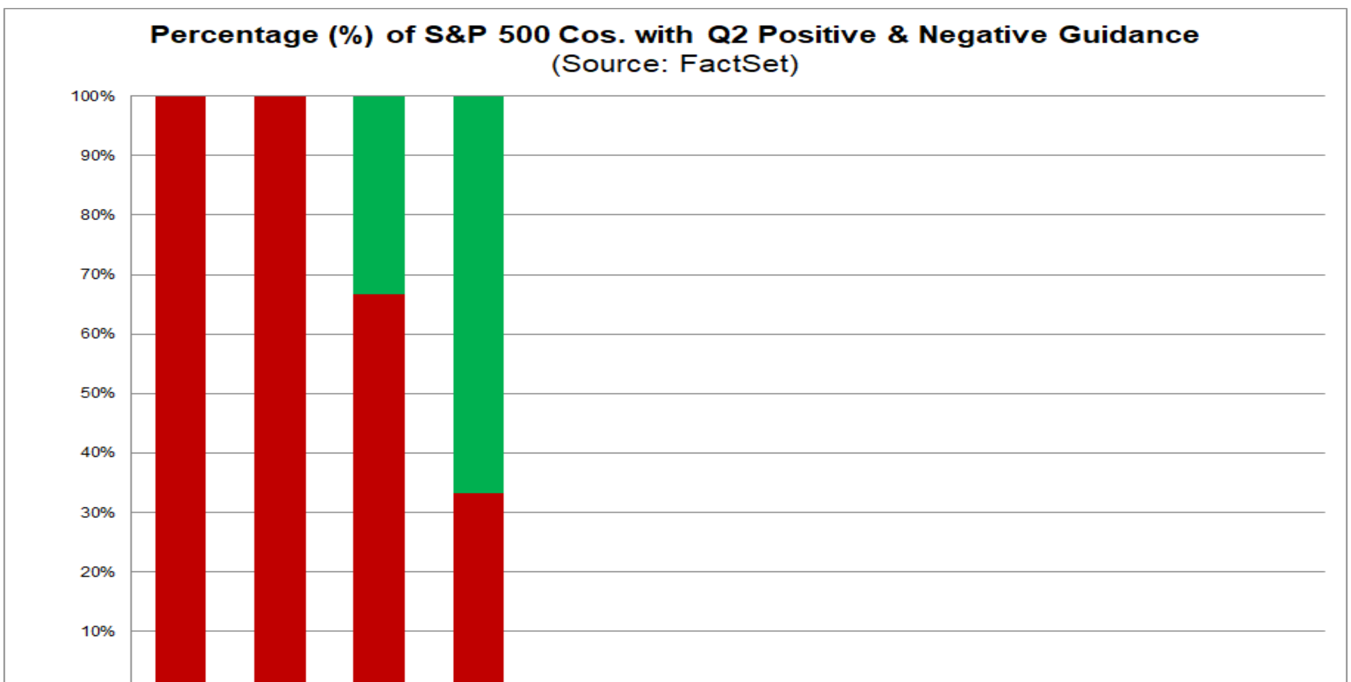
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Industrials	Materials	Health Care	Energy	Consumer Disc.	Consumer Staples
Q424	34.5%	25.6%	18.2%	14.9%	13.3%	12.1%	9.6%	8.4%	8.3%	8.1%	7.9%	5.7%
Q423	36.2%	24.7%	17.9%	14.3%	13.5%	11.8%	9.4%	9.6%	6.6%	9.4%	8.0%	6.3%



	Utilities	Information Tech.	Financials	Industrials	Health Care	S&P 500	Materials	Real Estate	Comm. Services	Energy	Consumer Staples	Consumer Disc.
Down %	29%	48%	51%	54%	57%	57%	58%	58%	65%	65%	74%	76%
None %	0%	0%	1%	0%	0%	0%	0%	0%	0%	4%	0%	0%
Up %	71%	52%	48%	46%	43%	43%	42%	42%	35%	30%	26%	24%

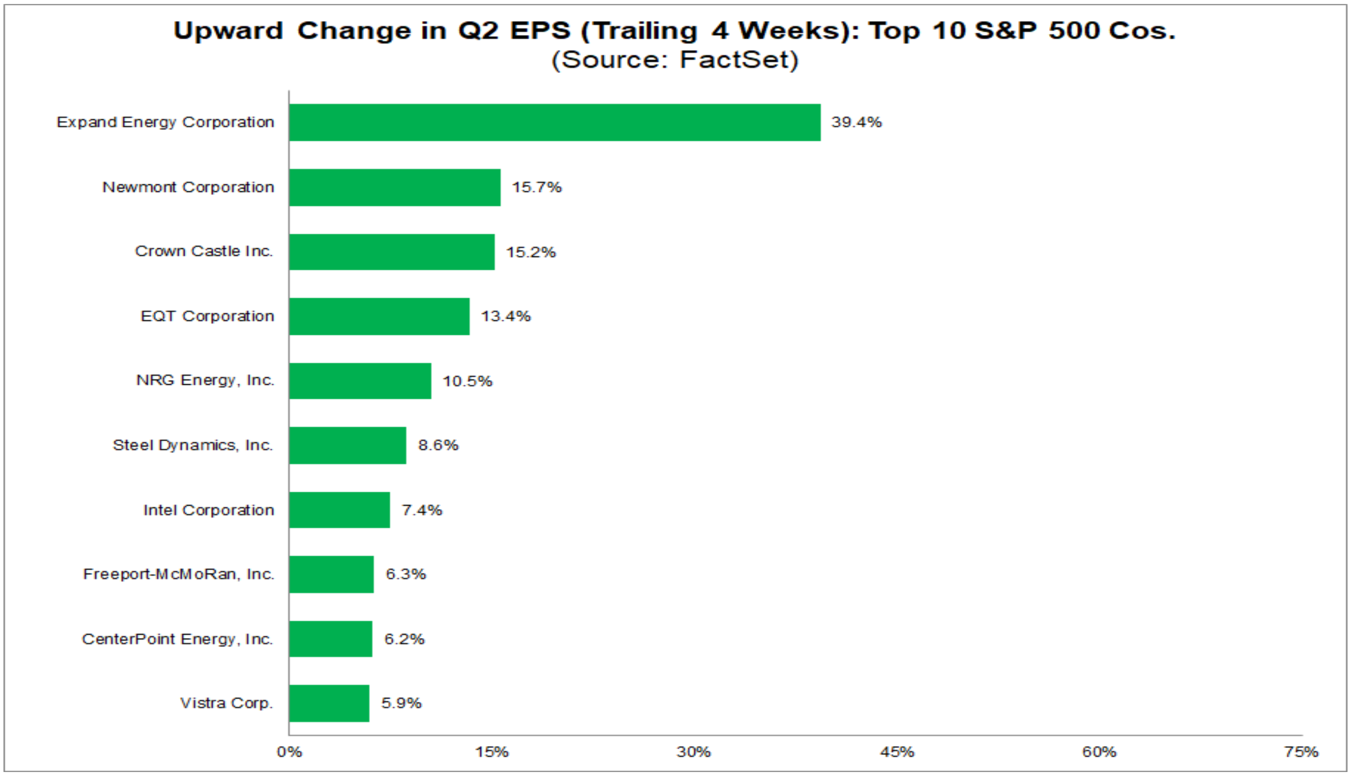
Q2 2025: Guidance

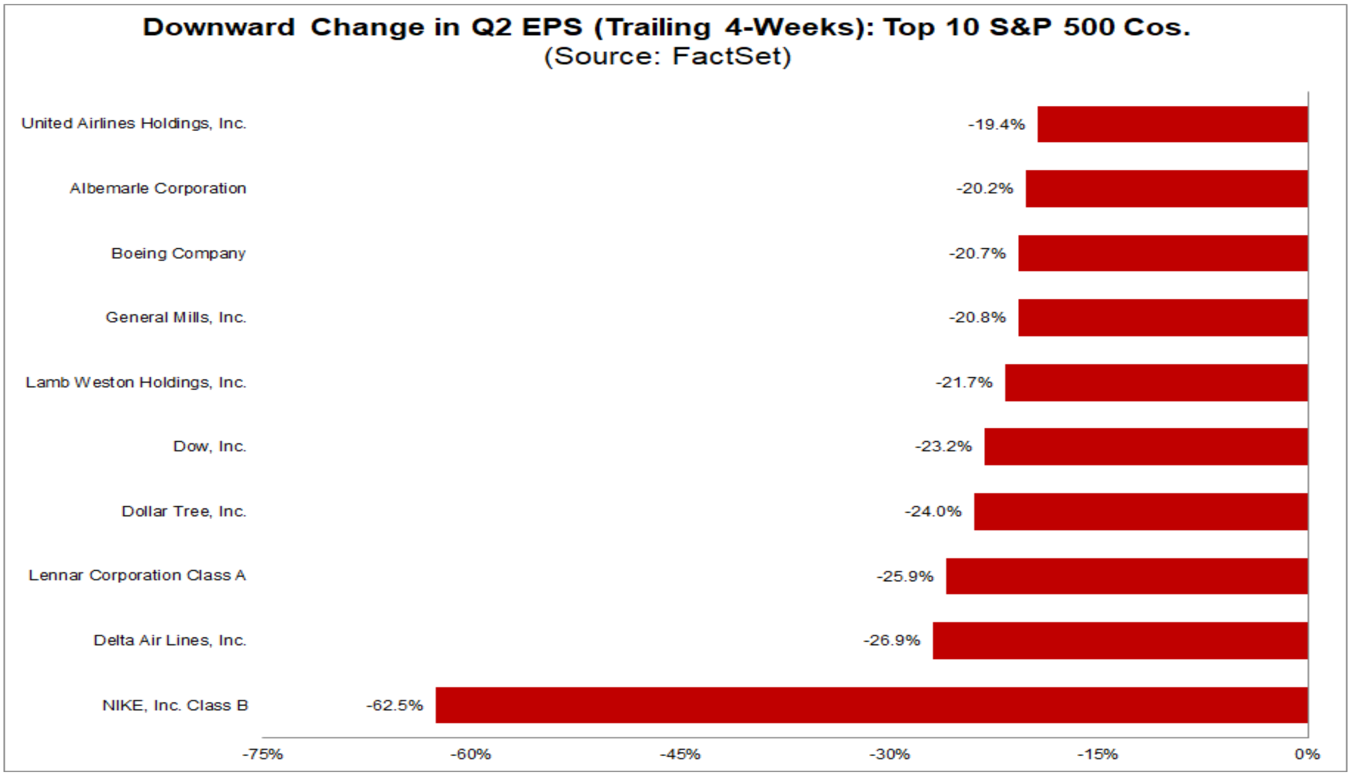




	Consumer Disc.	Industrials	S&P 500	Info. Technology	Comm. Services	Consumer Staples	Financials	Health Care	Materials	Real Estate	Utilities	Energy
Positive	0%	0%	33%	67%	0%	0%	0%	0%	0%	0%	0%	0%
Negative	100%	100%	67%	33%	0%	0%	0%	0%	0%	0%	0%	0%

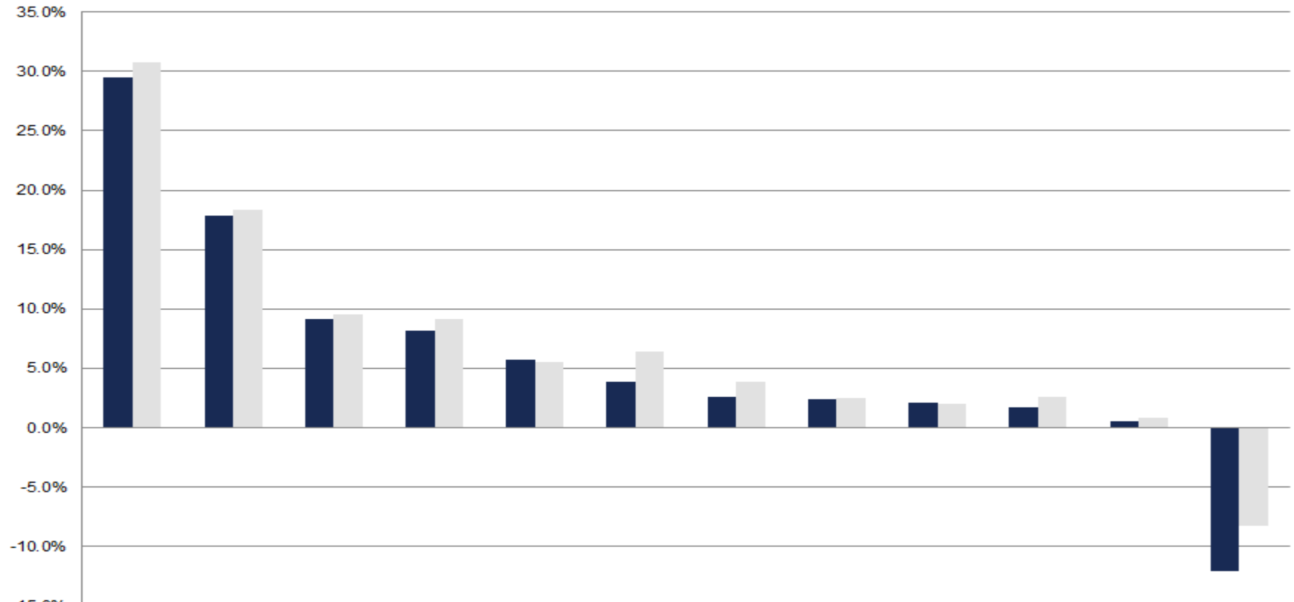
Q2 2025: EPS Revisions





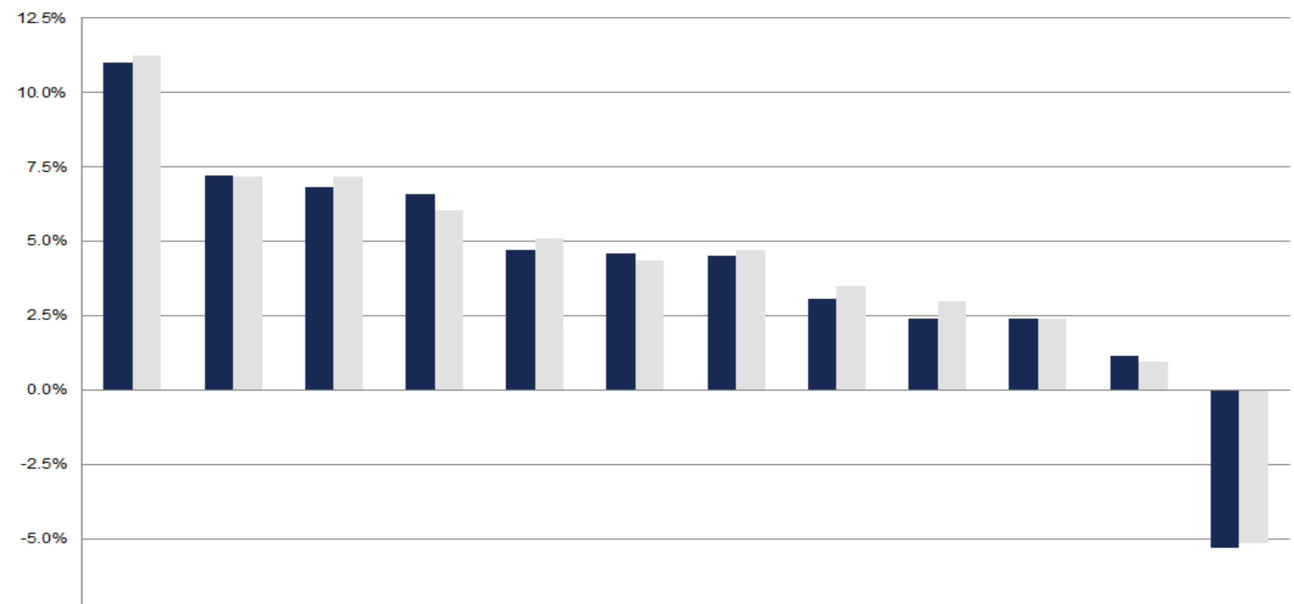
Q2 2025: Growth

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



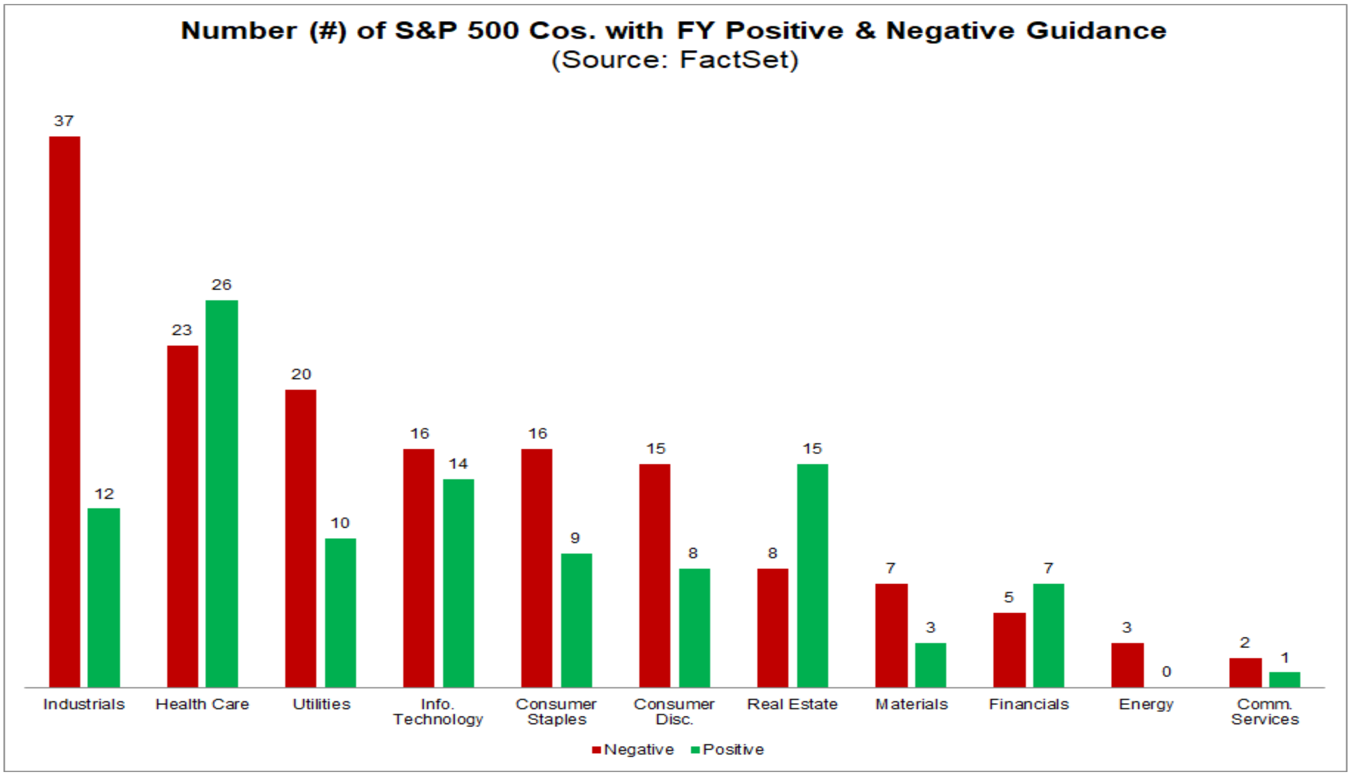
	Comm. Services	Info. Technology	Health Care	S&P 500	Utilities	Industrials	Financials	Real Estate	Materials	Consumer Disc.	Consumer Staples	Energy
Today	29.5%	17.8%	9.2%	8.2%	5.7%	3.9%	2.6%	2.4%	2.1%	1.7%	0.5%	-12.0%
31-Mar	30.7%	18.4%	9.5%	9.2%	5.6%	6.4%	3.8%	2.5%	2.0%	2.6%	0.8%	-8.2%

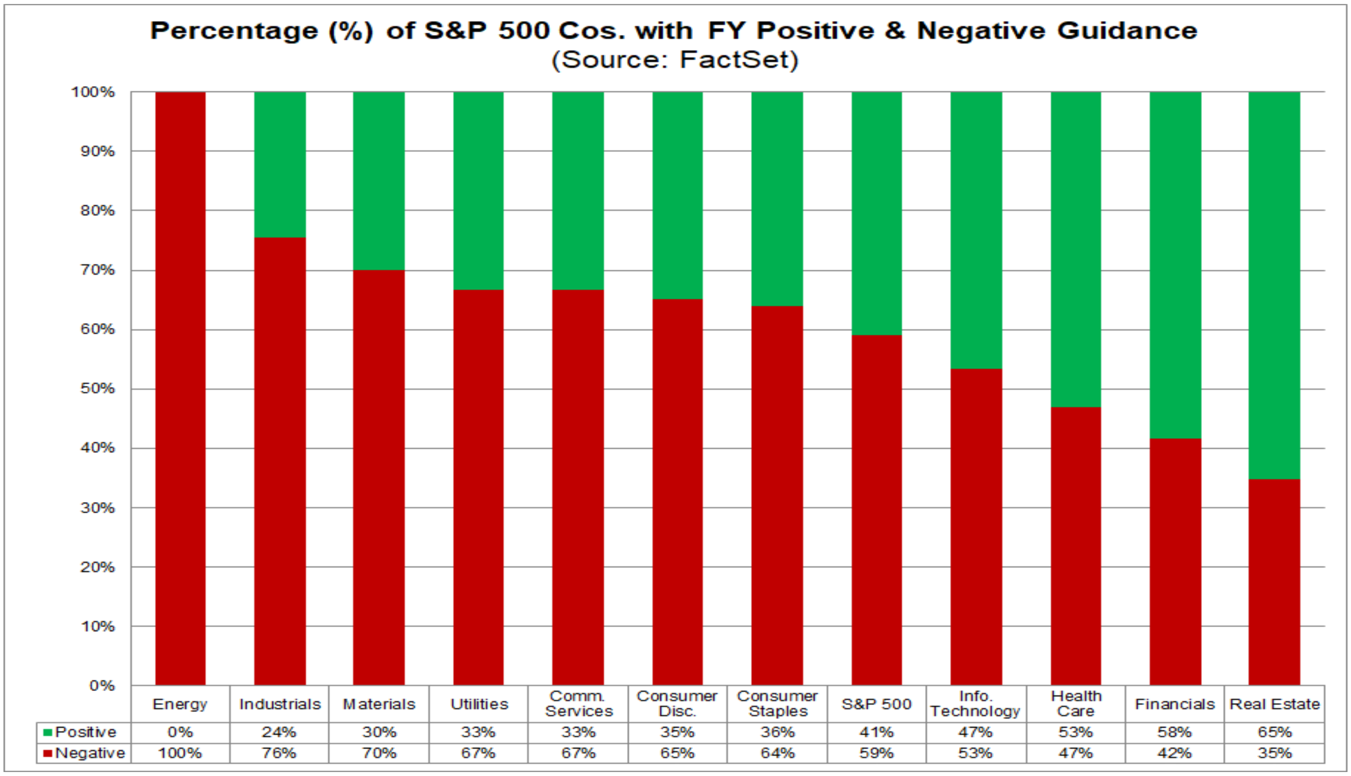
S&P 500 Revenue Growth (Y/Y): Q2 2025
(Source: FactSet)



	Info. Technology	Health Care	Comm. Services	Utilities	Financials	Real Estate	S&P 500	Consumer Disc.	Industrials	Consumer Staples	Materials	Energy
Today	11.0%	7.2%	6.8%	6.6%	4.7%	4.6%	4.5%	3.1%	2.4%	2.4%	1.2%	-5.3%
31-Mar	11.3%	7.2%	7.2%	6.1%	5.1%	4.3%	4.7%	3.5%	3.0%	2.4%	1.0%	-5.2%

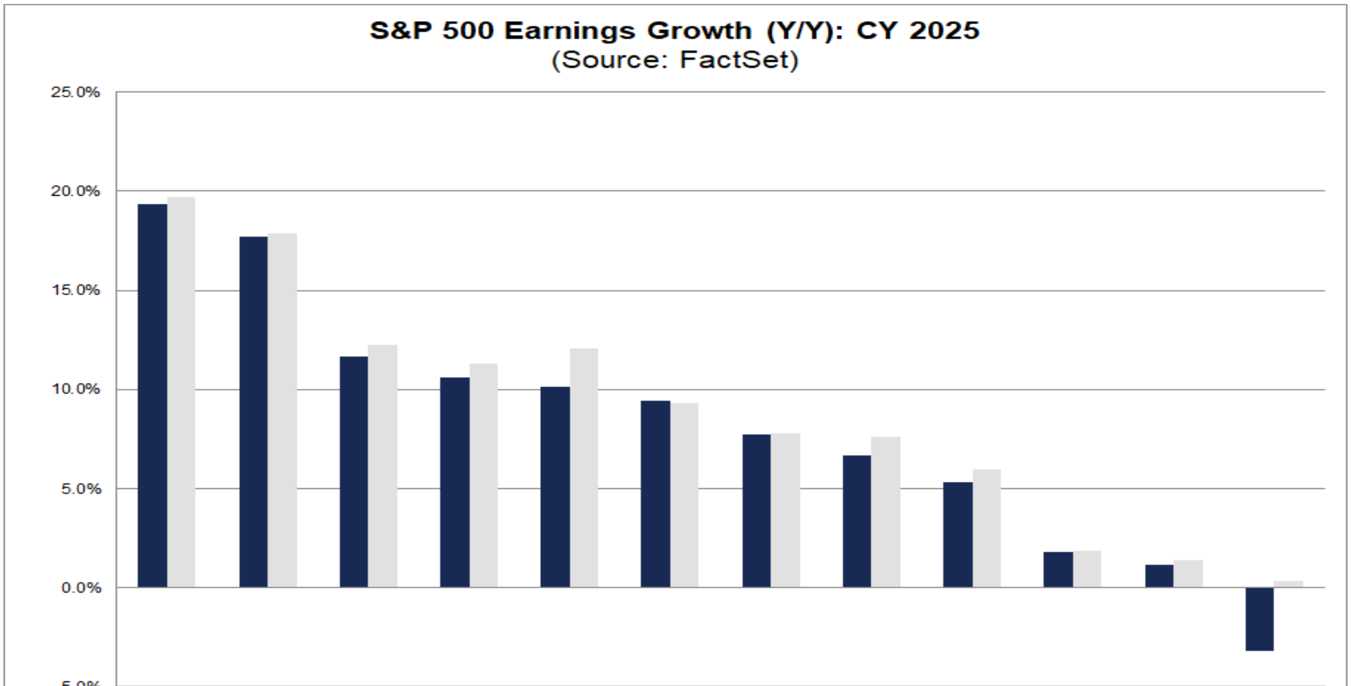
FY 2025 / 2026: EPS Guidance



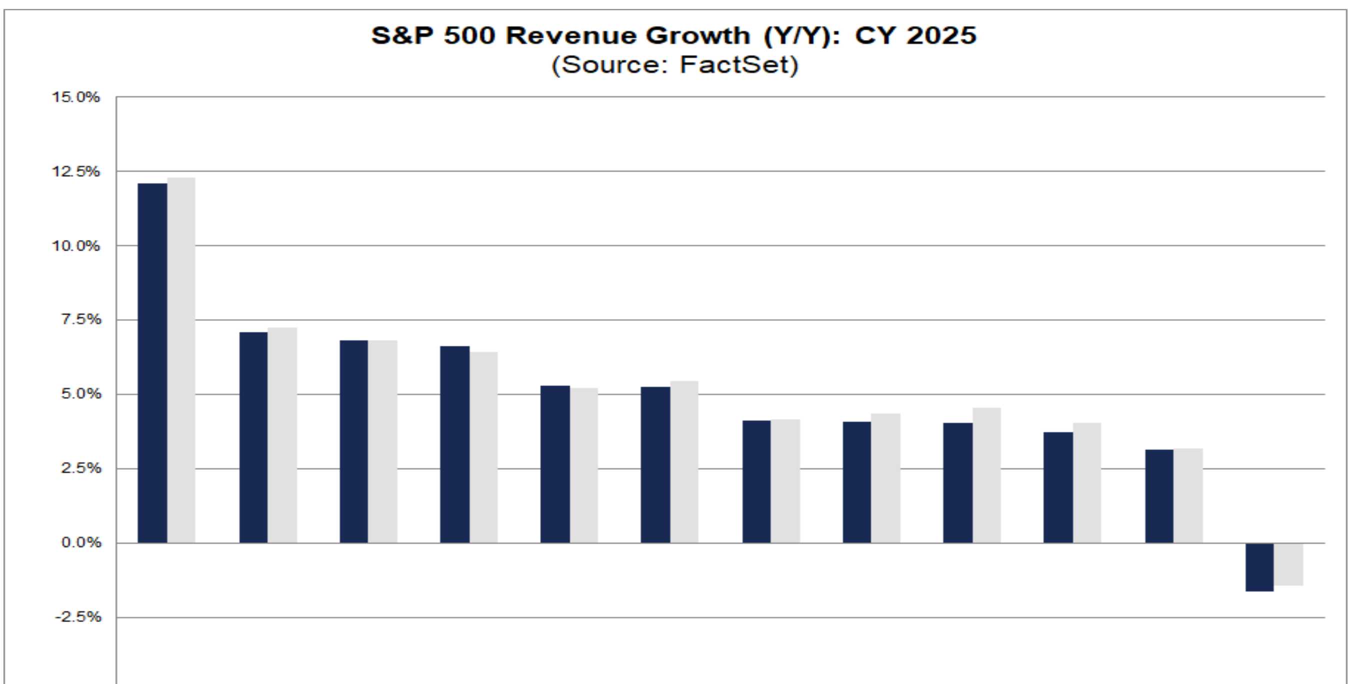


	Energy	Industrials	Materials	Utilities	Comm. Services	Consumer Disc.	Consumer Staples	S&P 500	Info. Technology	Health Care	Financials	Real Estate
Positive	0%	24%	30%	33%	33%	35%	36%	41%	47%	53%	58%	65%
Negative	100%	76%	70%	67%	67%	65%	64%	59%	53%	47%	42%	35%

CY 2025: Growth

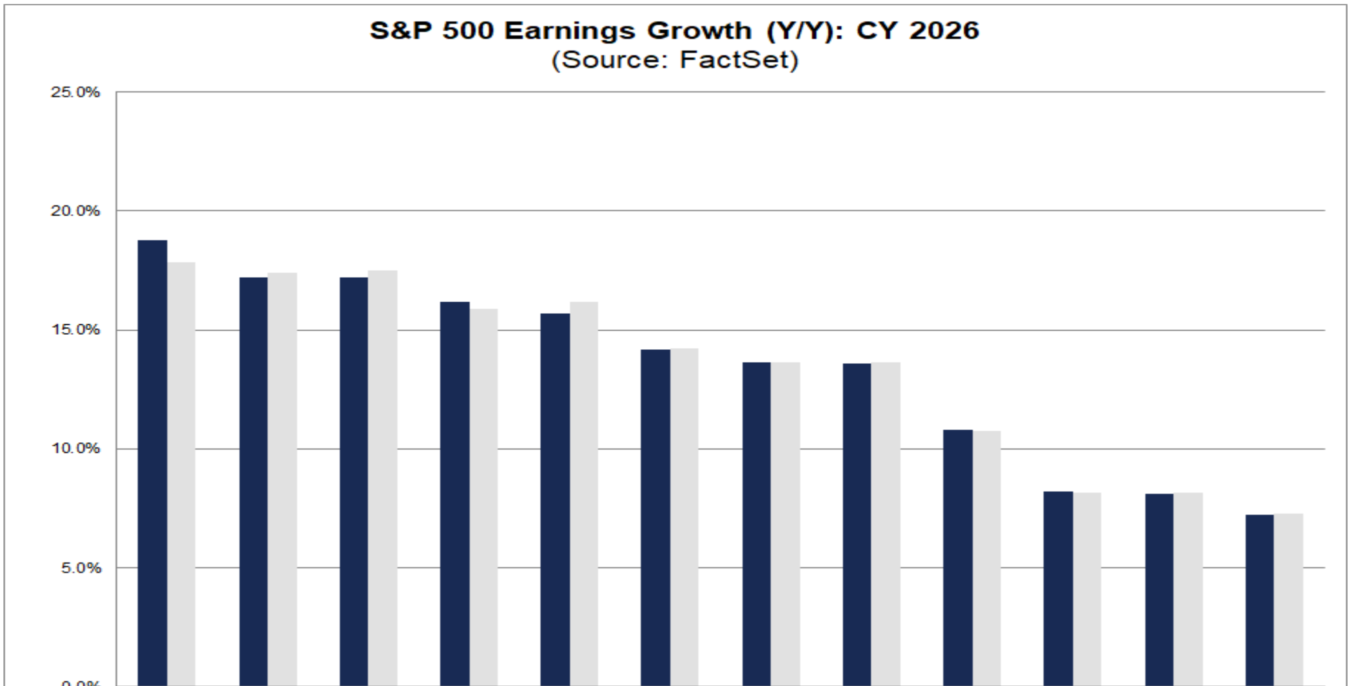


	Info. Technology	Health Care	Comm. Services	S&P 500	Industrials	Materials	Utilities	Financials	Consumer Disc.	Real Estate	Consumer Staples	Energy
Today	19.4%	17.7%	11.7%	10.6%	10.1%	9.4%	7.7%	6.7%	5.3%	1.8%	1.1%	-3.2%
31-Mar	19.7%	17.9%	12.3%	11.3%	12.1%	9.3%	7.8%	7.6%	6.0%	1.9%	1.4%	0.3%

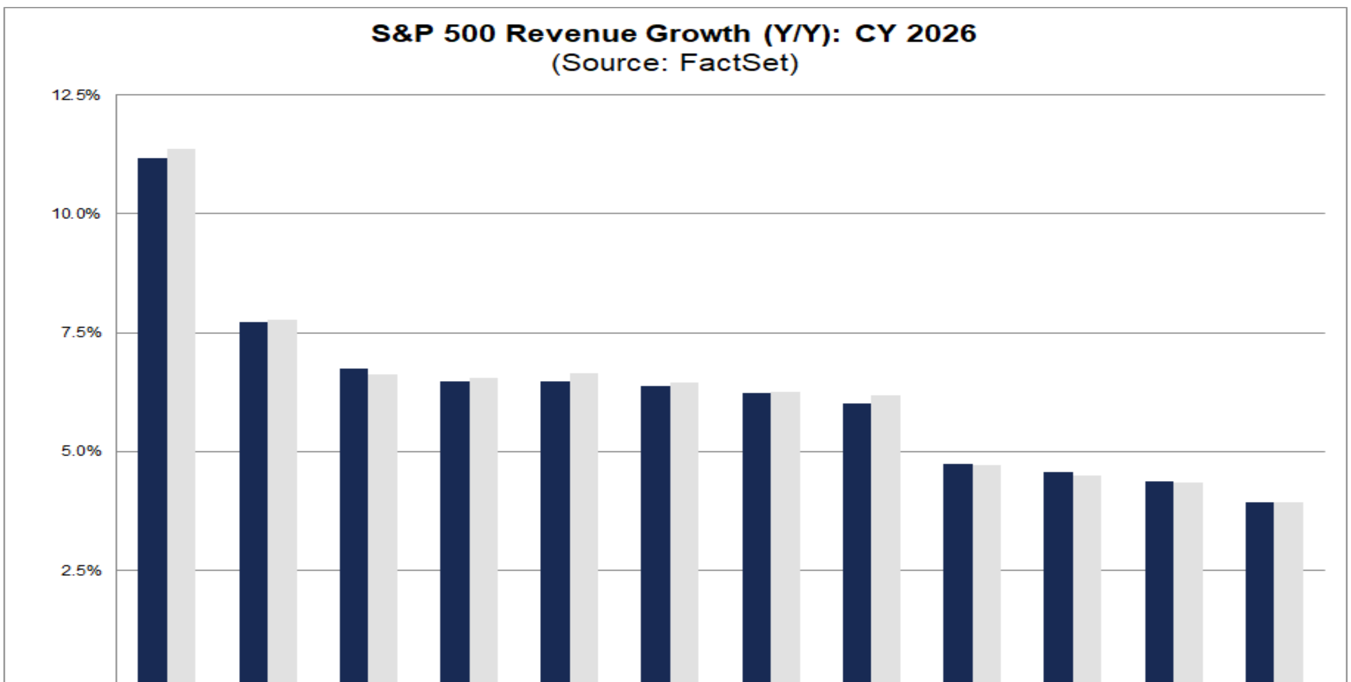


	Info. Technology	Comm. Services	Health Care	Utilities	Real Estate	S&P 500	Materials	Consumer Disc.	Industrials	Financials	Consumer Staples	Energy
Today	12.1%	7.1%	6.8%	6.6%	5.3%	5.3%	4.1%	4.1%	4.0%	3.7%	3.1%	-1.6%
31-Mar	12.3%	7.3%	6.8%	6.4%	5.2%	5.4%	4.2%	4.4%	4.5%	4.1%	3.2%	-1.4%

CY 2026: Growth

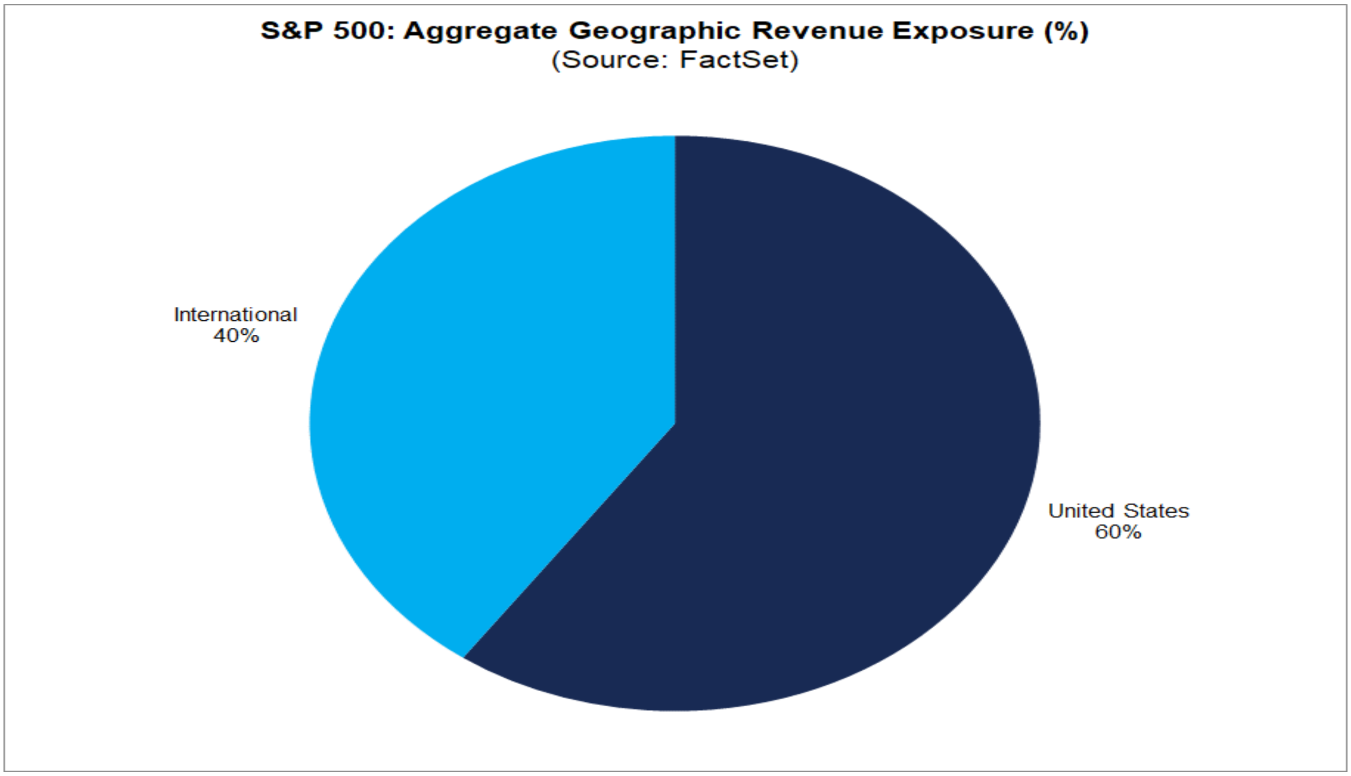


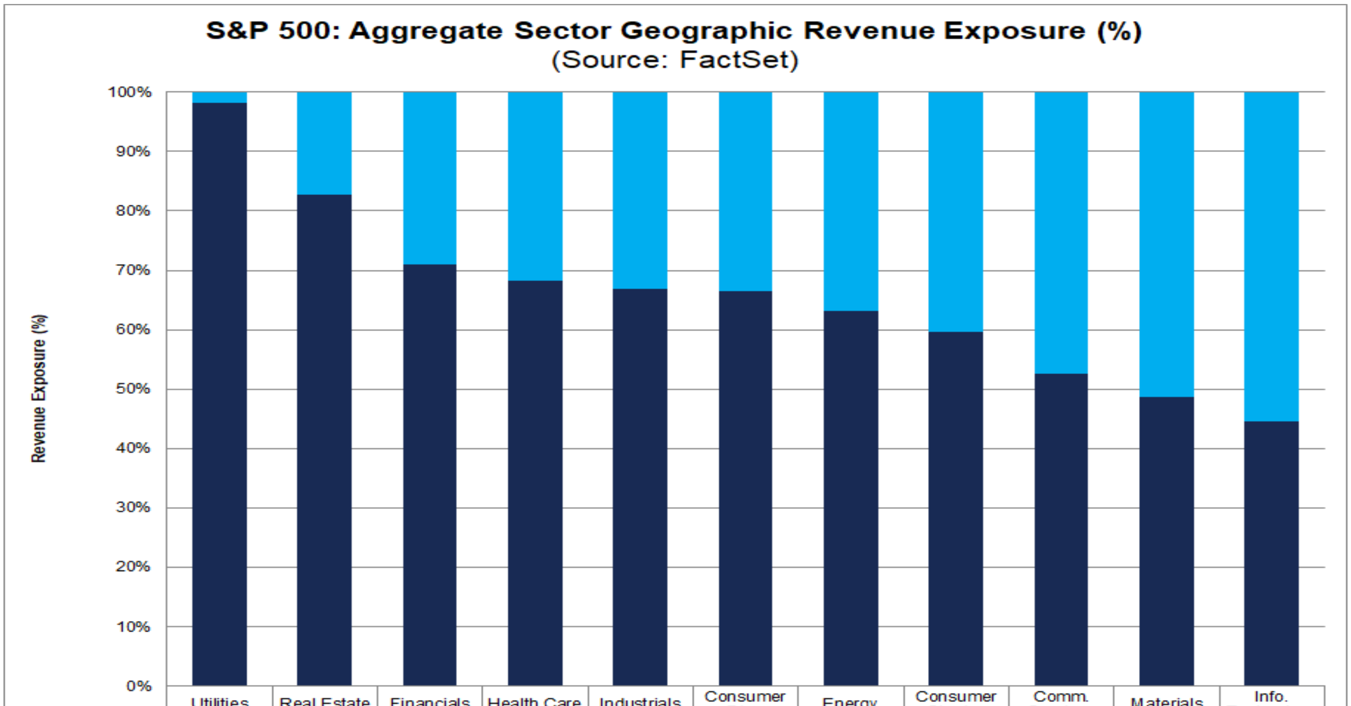
	Energy	Materials	Info. Technology	Industrials	Consumer Disc.	S&P 500	Financials	Comm. Services	Health Care	Utilities	Consumer Staples	Real Estate
Today	18.8%	17.2%	17.2%	16.2%	15.7%	14.2%	13.7%	13.6%	10.8%	8.2%	8.1%	7.2%
31-Mar	17.9%	17.4%	17.5%	15.9%	16.2%	14.2%	13.6%	13.6%	10.7%	8.2%	8.2%	7.3%



	Info. Technology	Comm. Services	Real Estate	S&P 500	Consumer Disc.	Industrials	Health Care	Financials	Materials	Energy	Utilities	Consumer Staples
Today	11.2%	7.7%	6.7%	6.5%	6.5%	6.4%	6.2%	6.0%	4.7%	4.6%	4.4%	3.9%
31-Mar	11.4%	7.8%	6.6%	6.6%	6.6%	6.5%	6.3%	6.2%	4.7%	4.5%	4.3%	3.9%

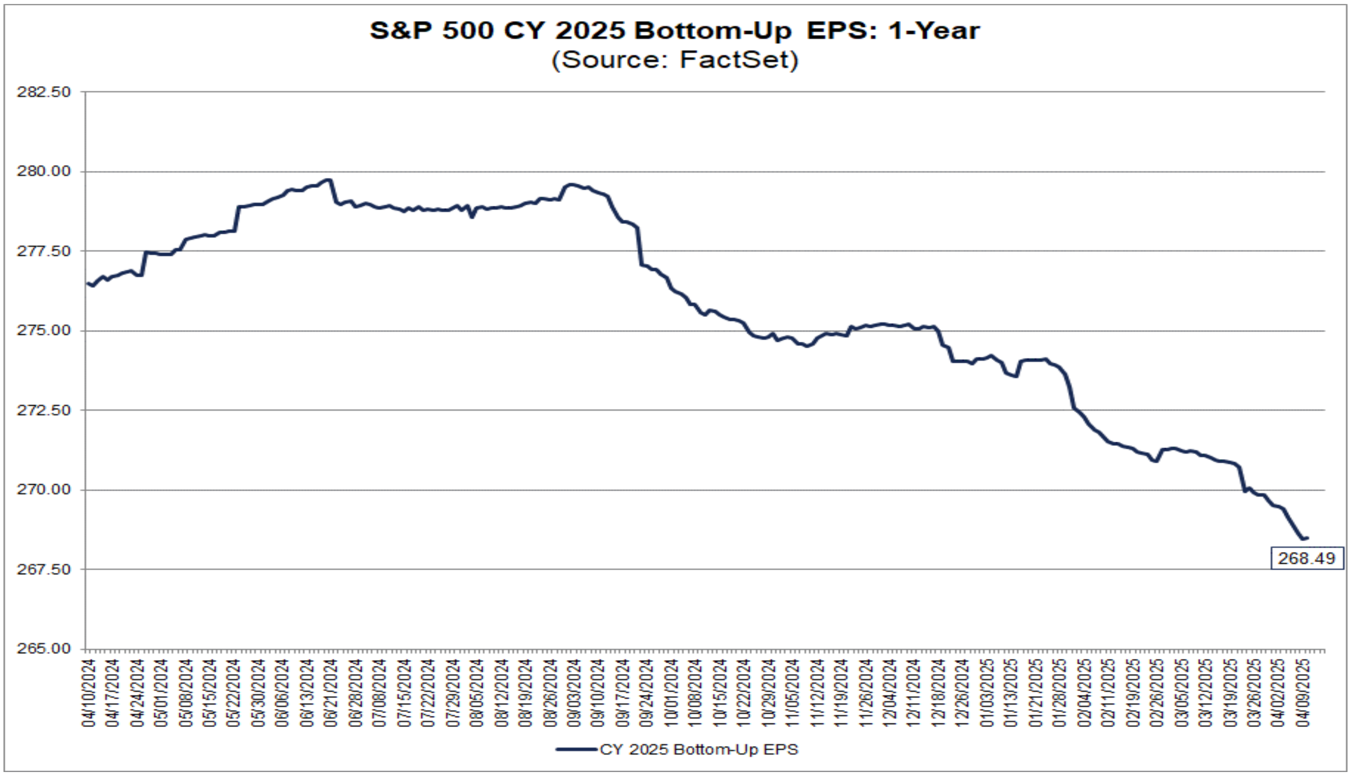
Geographic Revenue Exposure

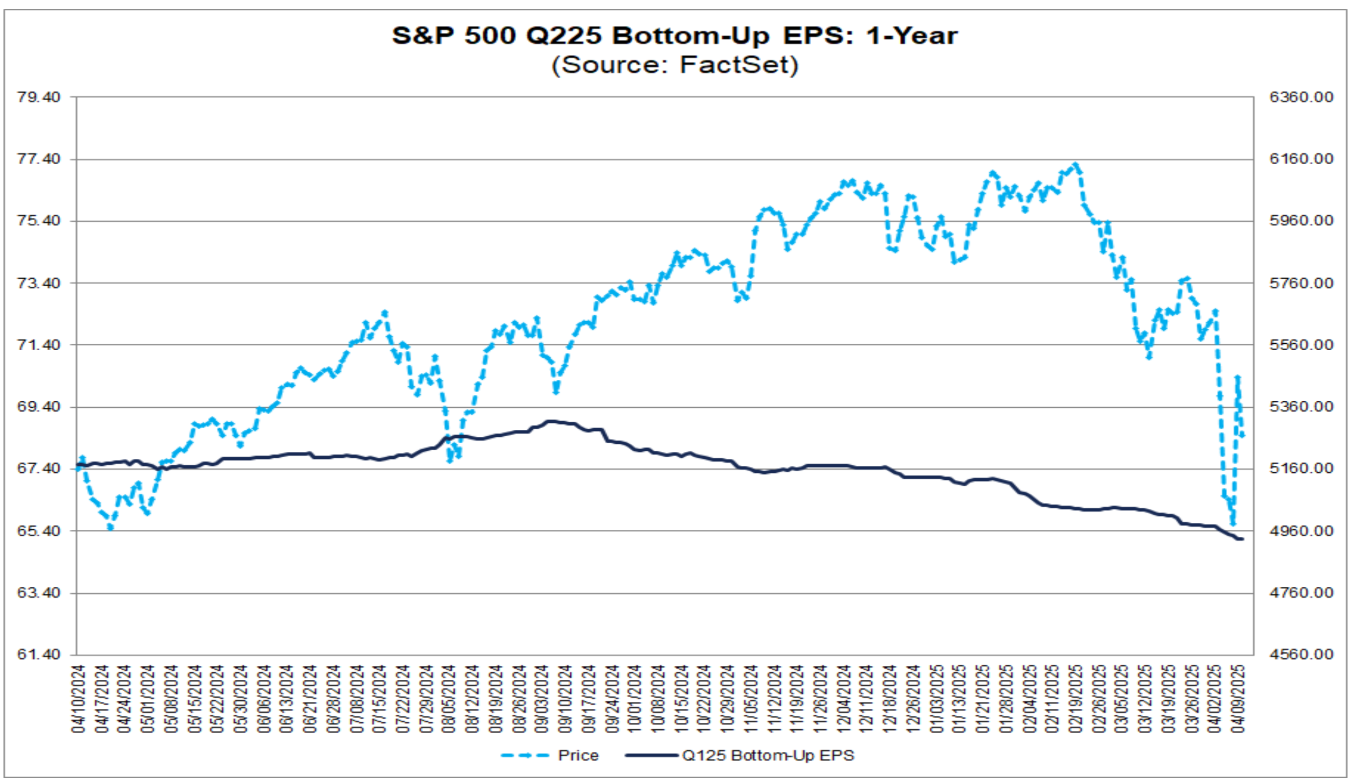




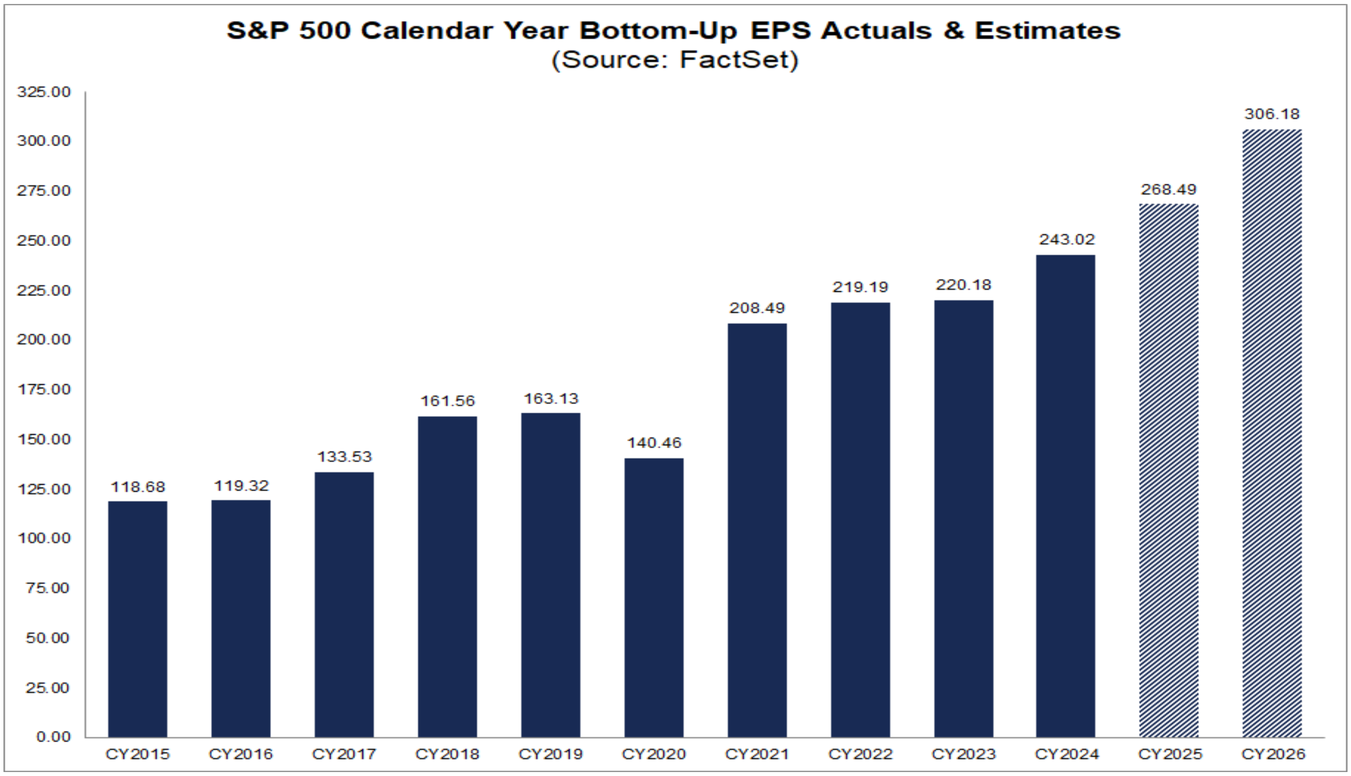
	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	17%	29%	32%	33%	34%	37%	40%	47%	51%	56%
United States	98%	83%	71%	68%	67%	66%	63%	60%	53%	49%	44%

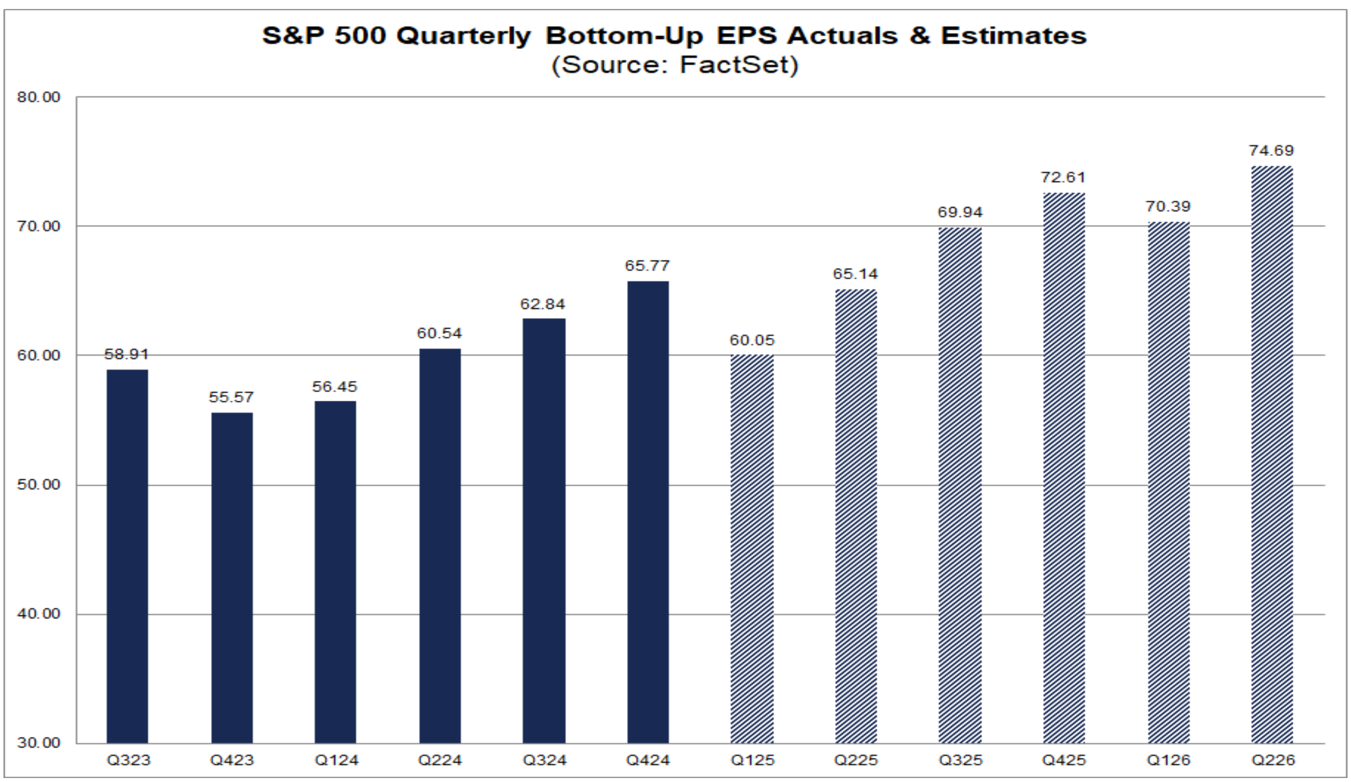
Bottom-Up EPS Estimates



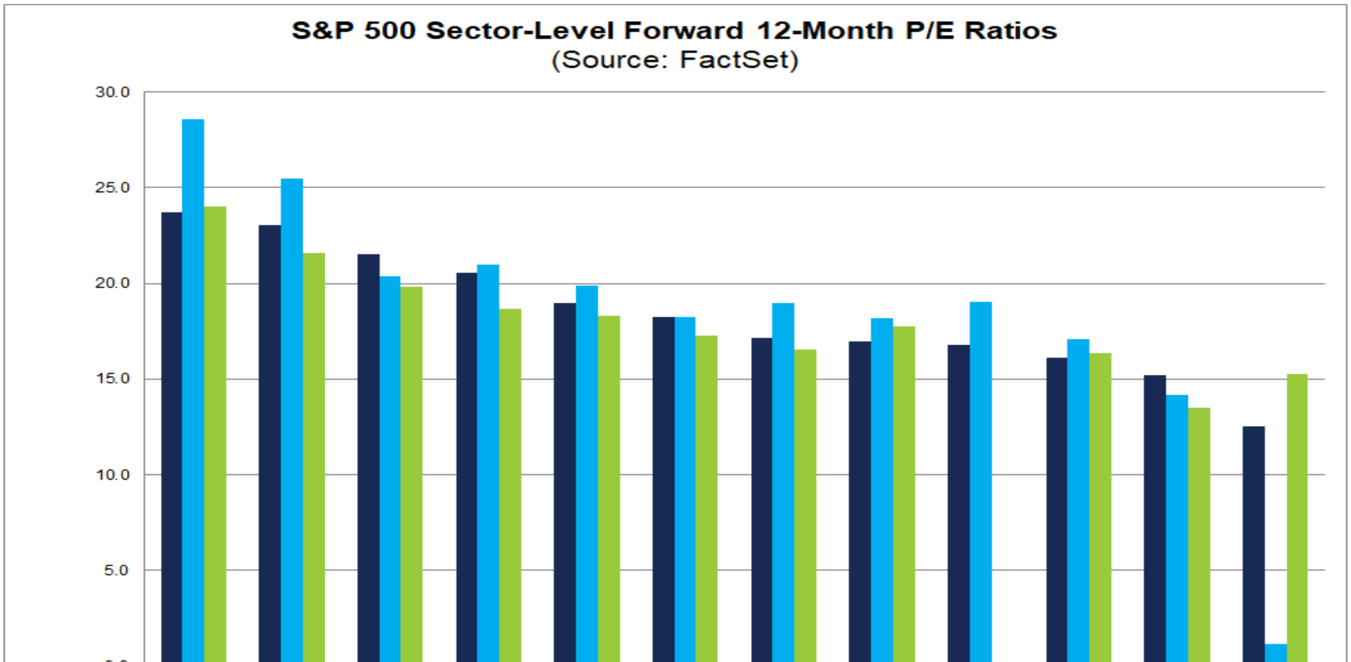


Bottom-Up EPS Estimates: Current & Historical

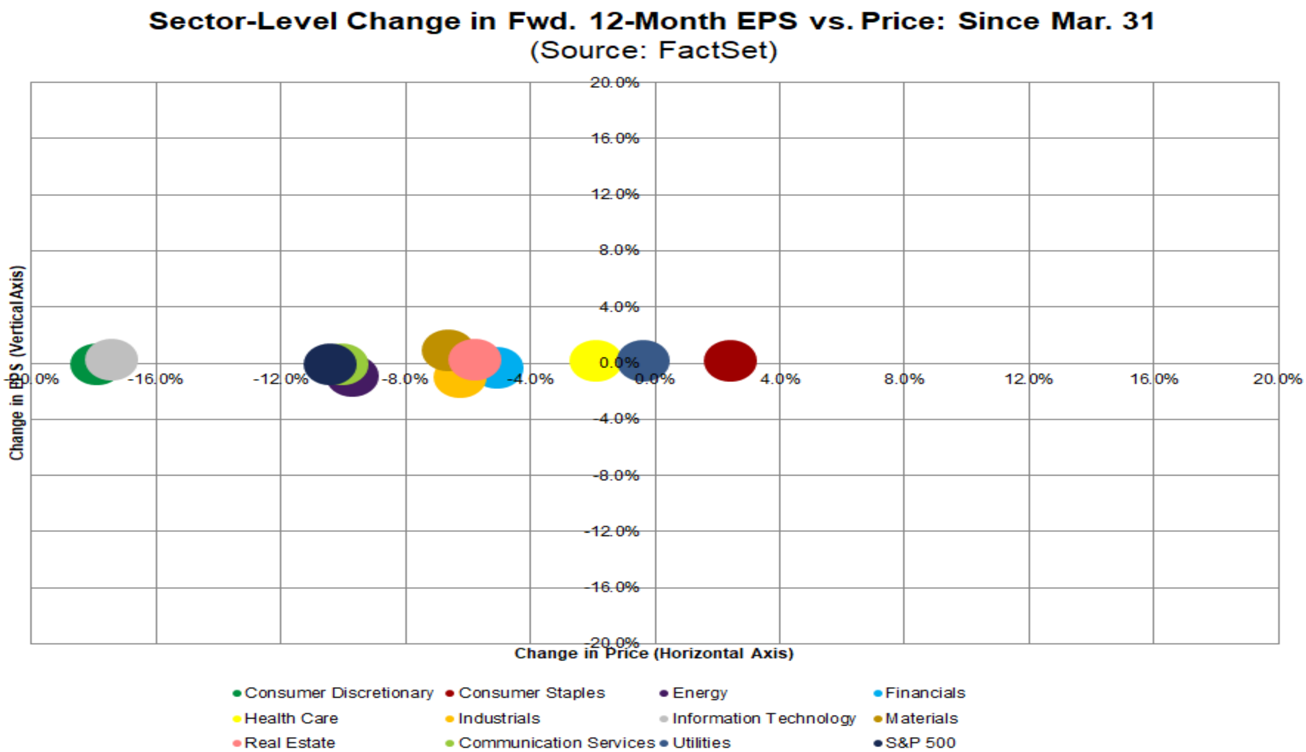




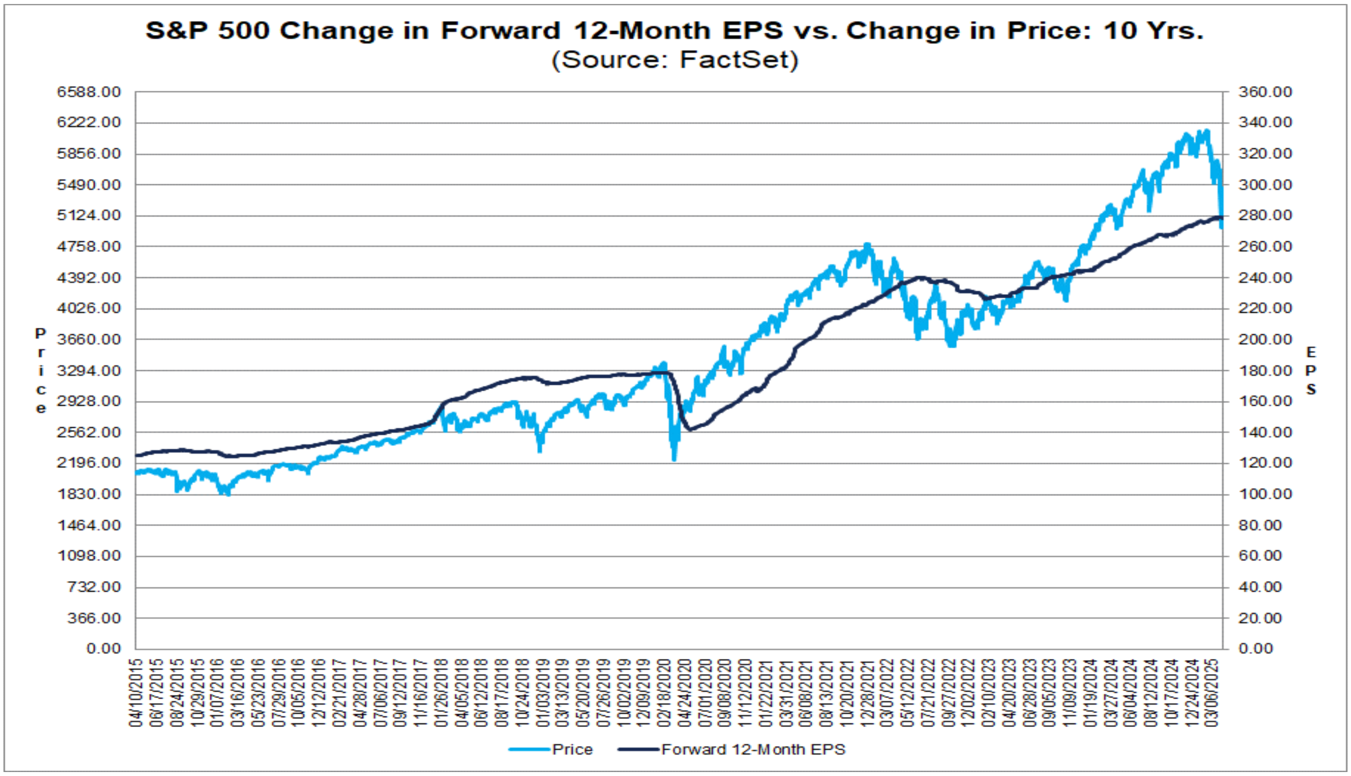
Forward 12M P/E Ratio: Sector Level

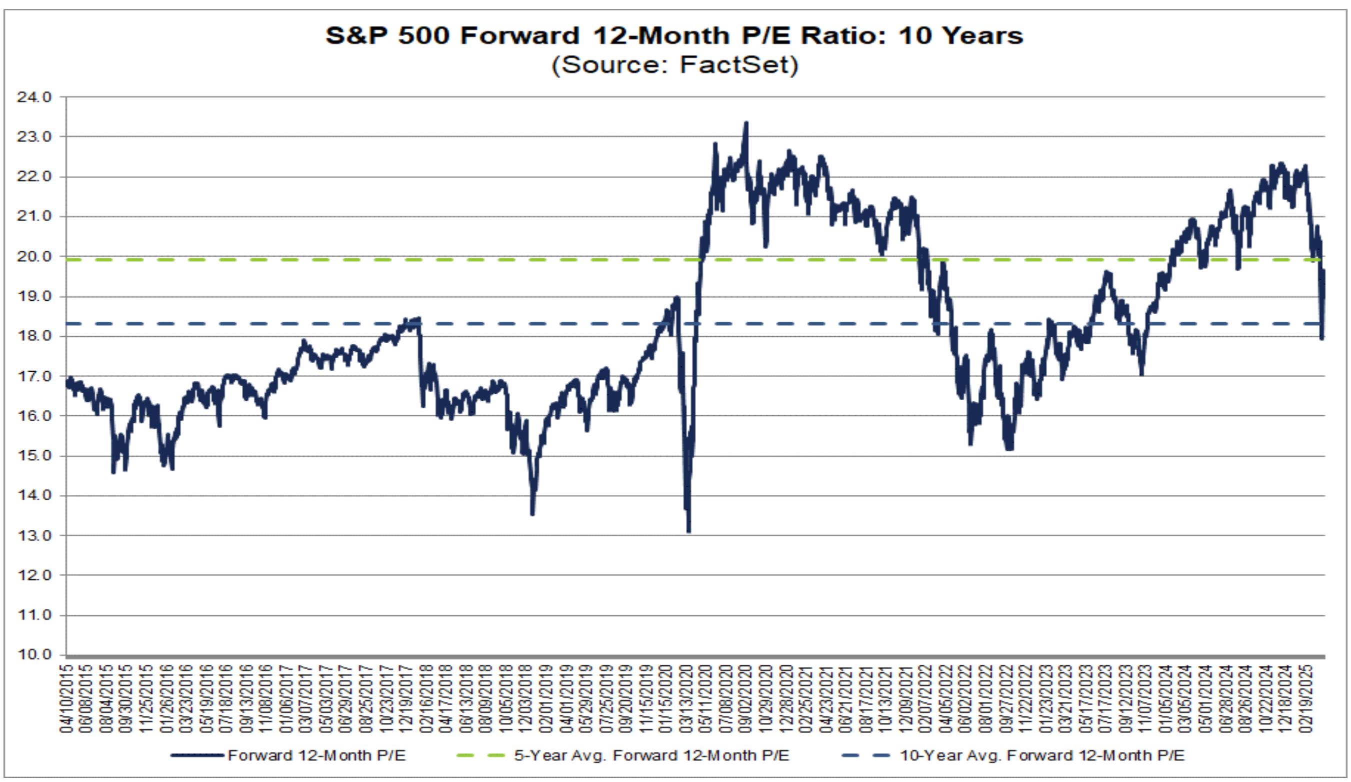


	Consumer Disc.	Info. Technology	Consumer Staples	Industrials	S&P 500	Materials	Comm. Services	Utilities	Real Estate	Health Care	Financials	Energy
Fwd P/E	23.7	23.0	21.5	20.6	19.0	18.2	17.1	17.0	16.8	16.1	15.2	12.6
5-Yr Avg.	28.6	25.5	20.4	21.0	19.9	18.2	19.0	18.2	19.1	17.1	14.2	1.2
10-Yr Avg.	24.1	21.6	19.8	18.7	18.3	17.3	16.5	17.8		16.4	13.5	15.3

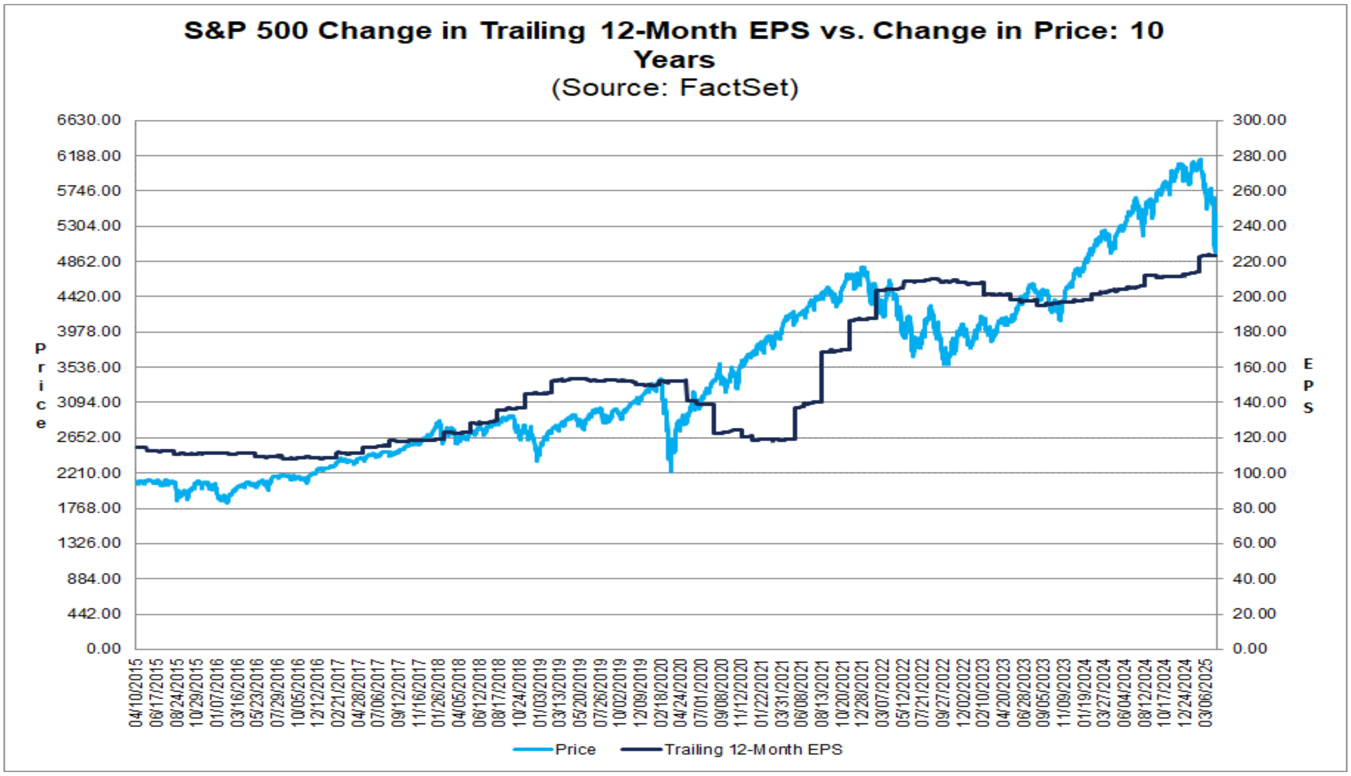


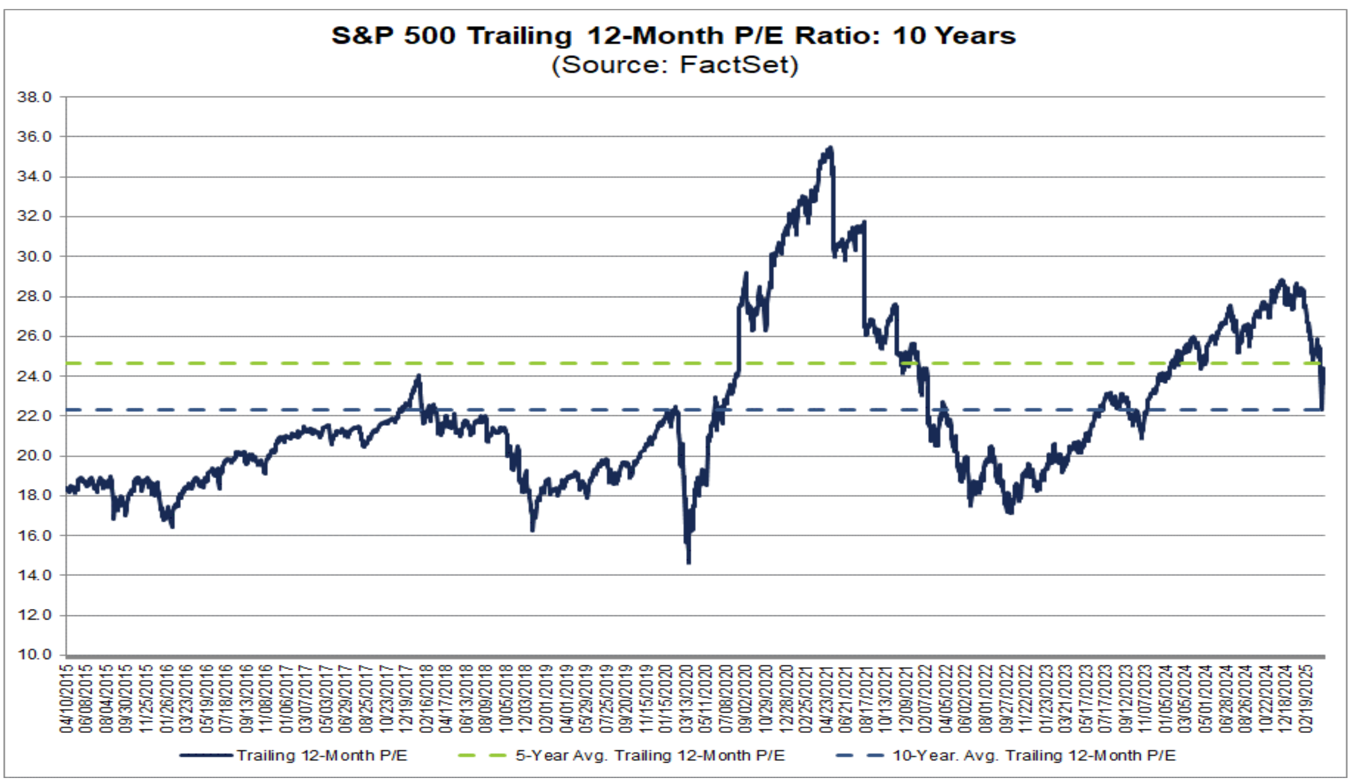
Forward 12M P/E Ratio: 10-Years



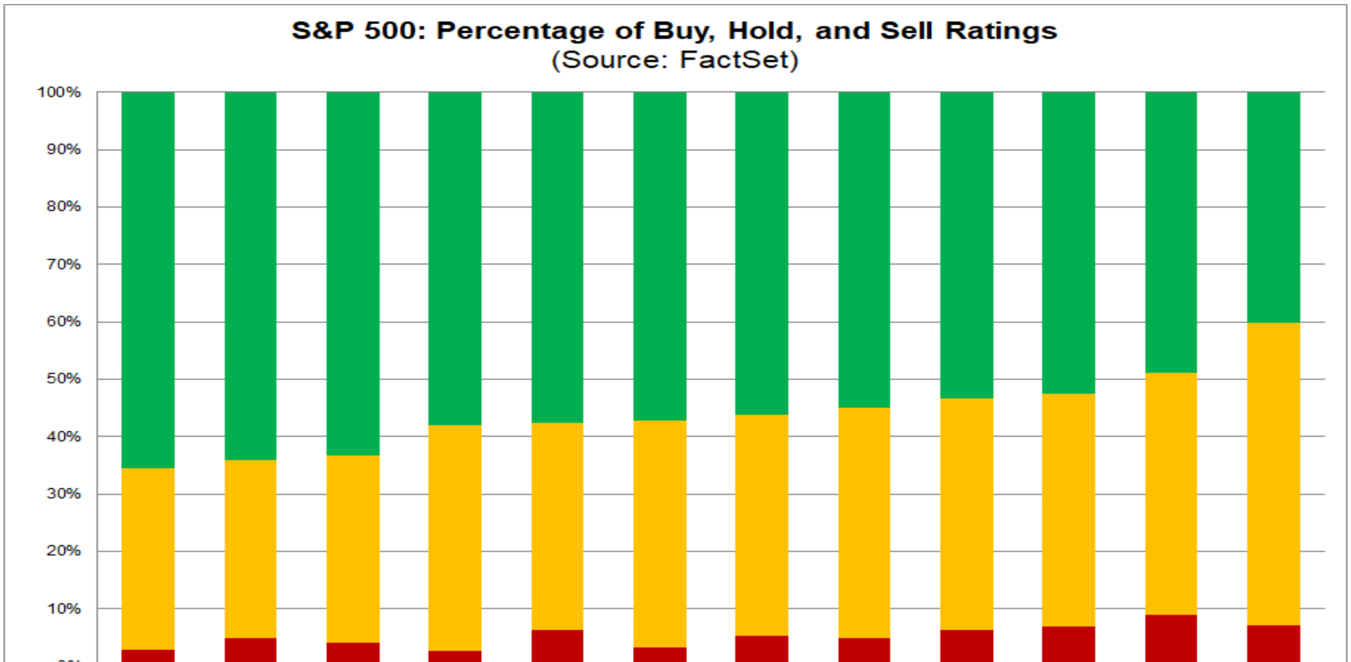


Trailing 12M P/E Ratio: 10-Years

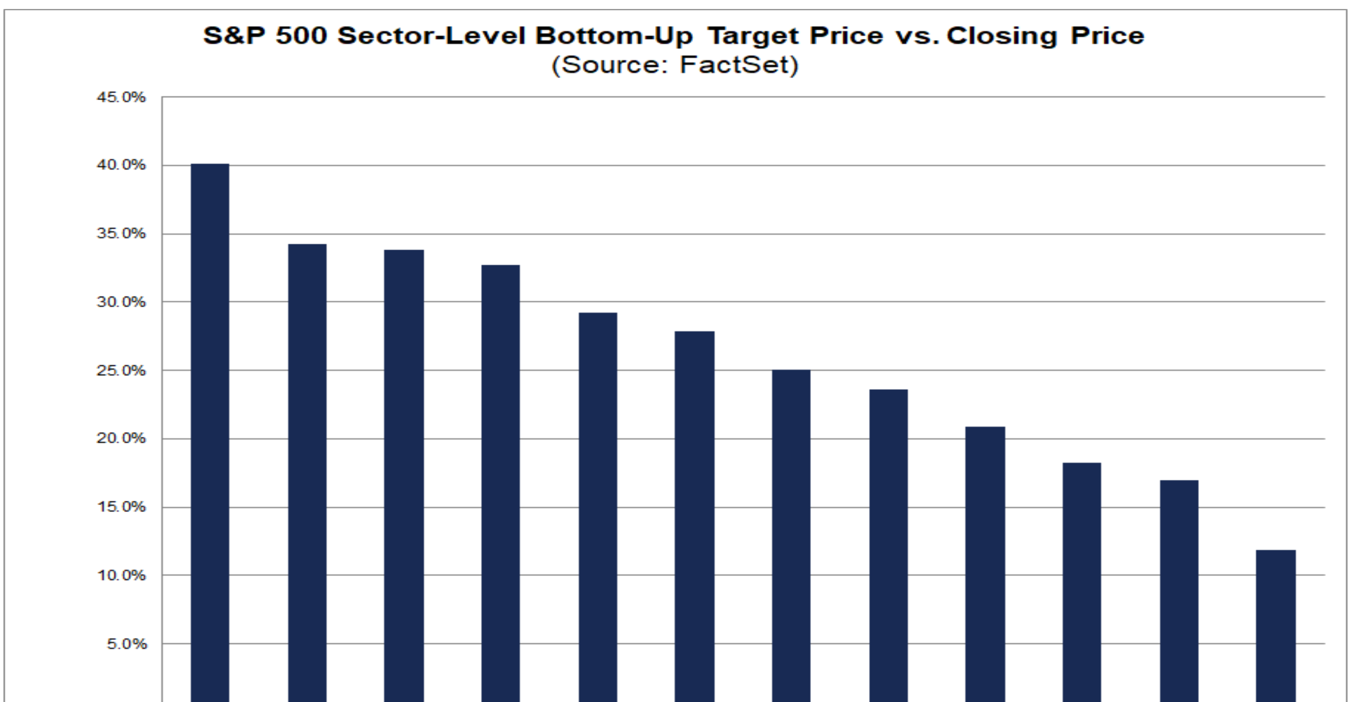




Targets & Ratings



	Energy	Comm. Services	Info. Tech.	Real Estate	Consumer Disc.	Health Care	S&P 500	Materials	Financials	Industrials	Utilities	Consumer Staples
Buy	66%	64%	63%	58%	58%	57%	56%	55%	53%	53%	49%	40%
Hold	32%	31%	33%	39%	36%	39%	38%	40%	40%	40%	42%	53%
Sell	3%	5%	4%	3%	6%	3%	5%	5%	6%	7%	9%	7%



	Info. Tech.	Consumer Disc.	Energy	Comm. Services	S&P 500	Materials	Health Care	Real Estate	Industrials	Financials	Utilities	Consumer Staples
Target/Close	40.2%	34.3%	33.8%	32.7%	29.2%	27.9%	25.0%	23.6%	20.9%	18.3%	17.0%	11.9%

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