

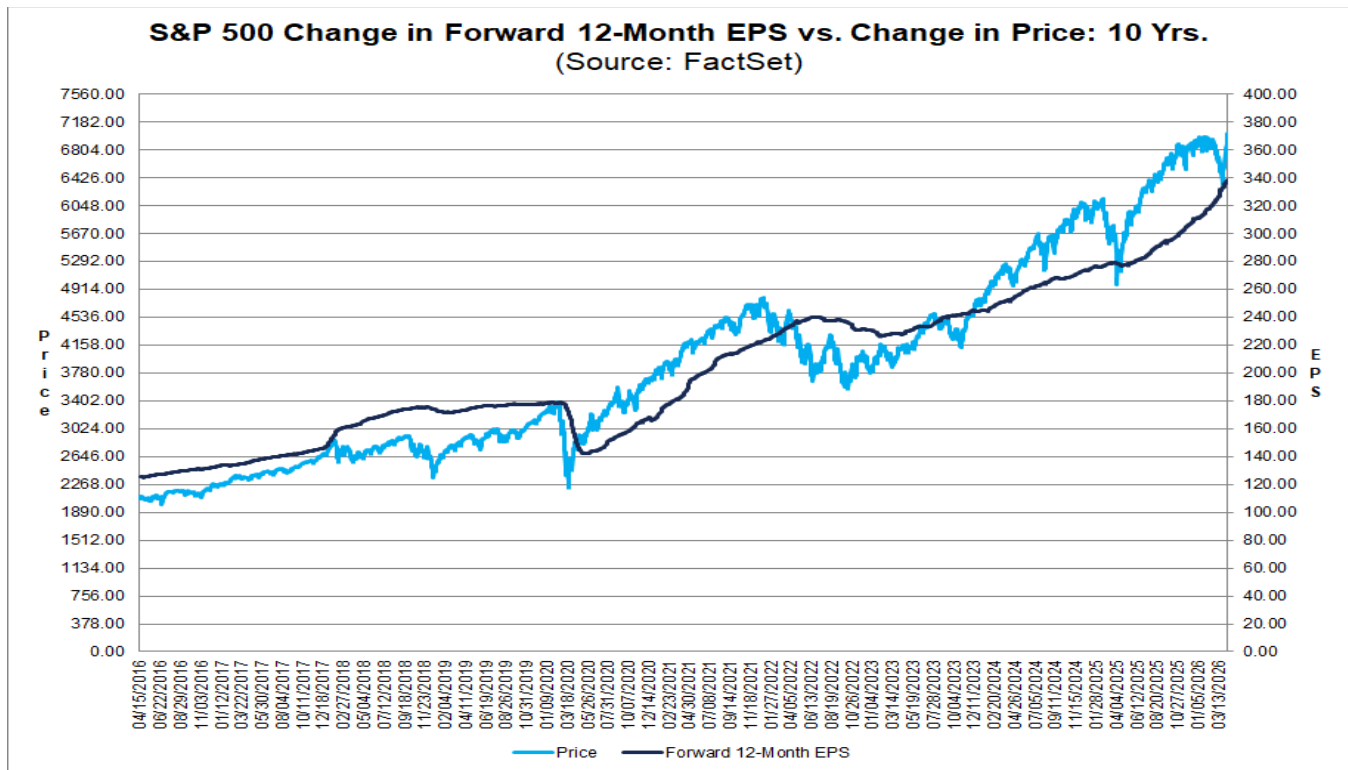
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Key Metrics

- **Earnings Scorecard:** For Q1 2026 (with 10% of S&P 500 companies reporting actual results), 88% of S&P 500 companies have reported a positive EPS surprise and 84% of S&P 500 companies has reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2026, the blended (year-over-year) earnings growth rate for the S&P 500 is 13.2%. If 13.2% 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 March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2026 was also 13.2%. Five sectors are reporting higher earnings today (compared to March 31) due to positive EPS surprises and upward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2026, 4 S&P 500 companies have issued negative EPS guidance and 3 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 20.9. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.9).



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Topic of the Week:

Excluding NVIDIA, “Mag 7” Companies Expected to Report Lower Earnings Growth Than Other 493

In aggregate, the “Magnificent 7” companies have reported higher (year-over-year) earnings growth than the other 493 companies in the S&P 500 over the past several quarters. Is this trend expected to continue in Q1 2026?

The answer is yes. For Q1 2026, the estimated (year-over-year) earnings growth rate for the “Magnificent 7” companies is 22.8%. On the other hand, the blended (combines actual and estimated results) earnings growth rate for the remaining 493 companies in the S&P 500 for the first quarter is 10.1%.

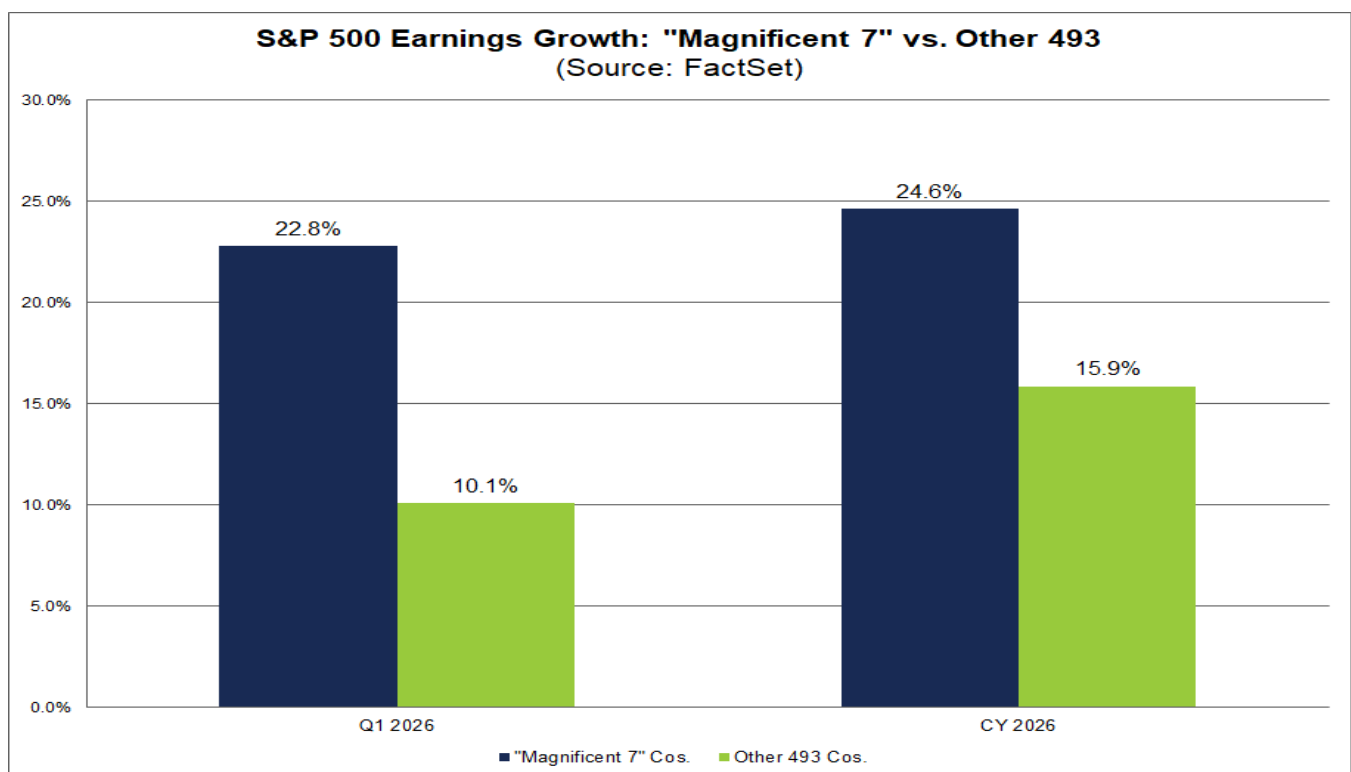
However, it should be noted that NVIDIA is expected to be the top contributor to (year-over-year) earnings growth for the “Magnificent 7” companies (and the entire S&P 500) for Q1 2026. If NVIDIA were excluded, the estimated earnings growth for the “Magnificent 7” companies for Q1 2026 would fall to 6.4% from 22.8%.

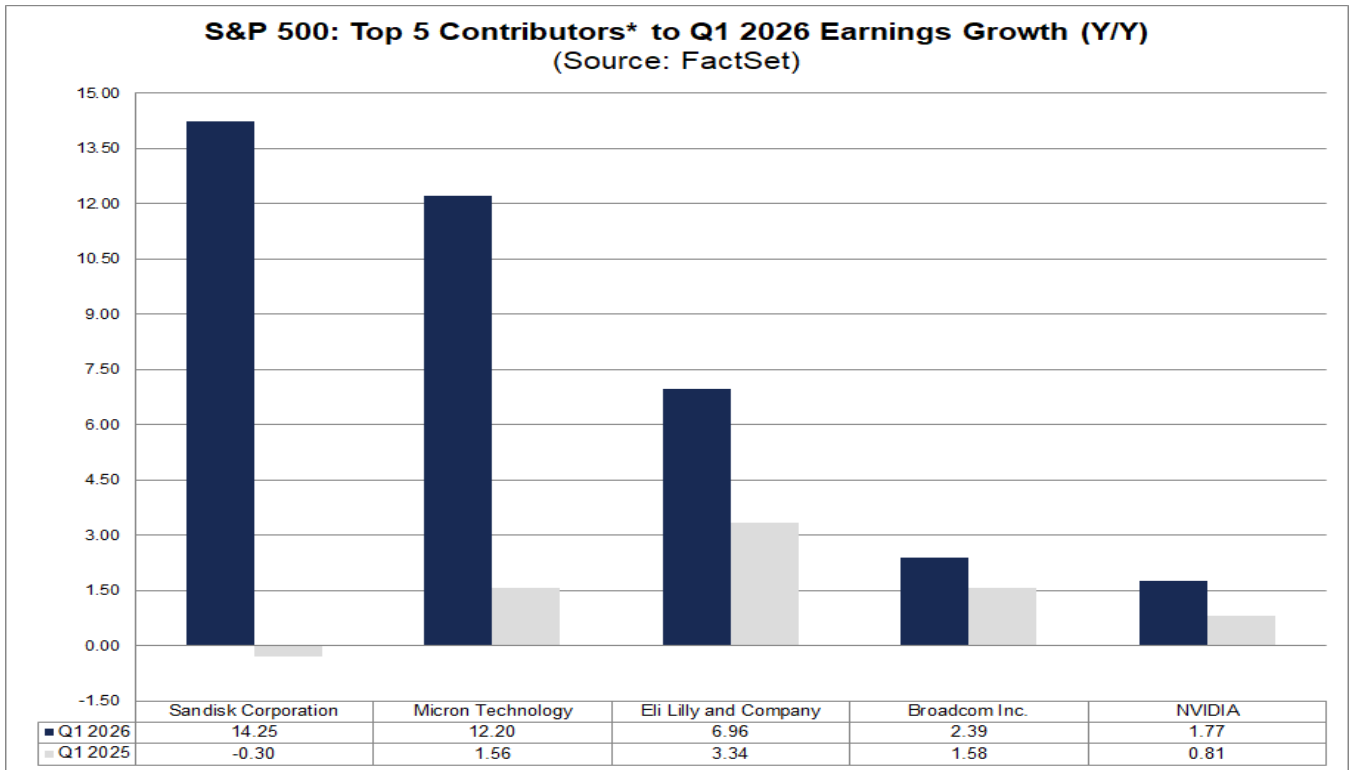
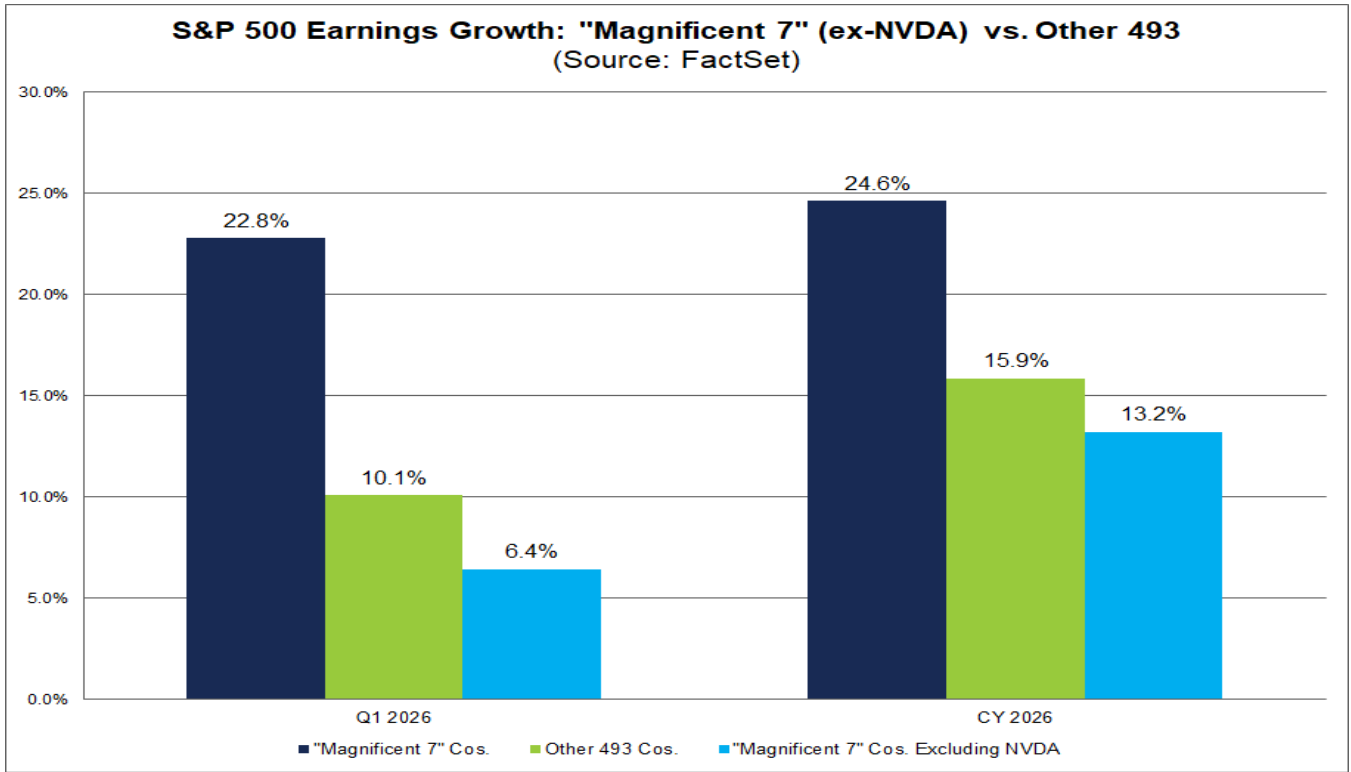
Thus, if NVIDIA were excluded, the other 493 companies would be reporting higher earnings growth than the remaining “Magnificent 7” companies for Q1 2026 (10.1% vs. 6.4%). Micron Technology, Eli Lilly and Company, Broadcom, and Sandisk are the next top four contributors to earnings growth for the S&P 500 for Q1 2026 after NVIDIA.

For CY 2026, the estimated (year-over-year) earnings growth rate for the “Magnificent 7” companies is 24.6%. On the other hand, the estimated earnings growth rate for the remaining 493 companies in the S&P 500 for CY 2026 is 15.9%.

Again, it should be noted that NVIDIA is also expected to be the top contributor to (year-over-year) earnings growth for the “Magnificent 7” companies (and the entire S&P 500) for CY 2026. If NVIDIA were excluded, the estimated earnings growth for the “Magnificent 7” companies for CY 2026 would fall to 13.2% from 24.8%.

Thus, if NVIDIA were excluded, the other 493 companies would also be projected to report higher earnings growth than the remaining “Magnificent 7” companies for CY 2026 (15.9% vs. 13.2%).





*Not in order of contribution

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 strong start relative to expectations. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above recent averages. As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week but still reporting flat earnings relative to the end of the quarter. However, the index is also reporting double-digit (year-over-year) earnings growth for the 6th straight quarter.

Overall, 10% of the companies in the S&P 500 have reported actual results for Q1 2026 to date. Of these companies, 88% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 76%. In aggregate, companies are reporting earnings that are 10.8% above estimates, which is above the 5-year average of 7.3% and above the 10-year average of 7.1%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive EPS surprises reported by companies in the Financials and Communication Services sectors, partially offset by downward revisions to EPS estimates for companies in the Energy sector, were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since March 31, positive EPS surprises reported by companies in the Financials and Communication Services sectors have been offset by downward revisions to EPS estimates for companies in the Energy and Health Care sectors, resulting in no change in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the first quarter today relative to the end of last week but still reporting flat earnings 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 13.2% today, compared to an earnings growth rate of 12.2% last week and an earnings growth rate of 13.2% at the end of the first quarter (March 31).

If 13.2% is the actual growth rate for the quarter, it will mark the 6th consecutive quarter of double-digit (year-over-year) earnings growth for the index.

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

In terms of revenues, 84% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 70% and above the 10-year average of 67%. In aggregate, companies are reporting revenues that are 2.0% above the estimates, which is equal to the 5-year average of 2.0% but above the 10-year average of 1.5%. 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.

As a result, the blended revenue growth rate for the first quarter is 9.9% today, compared to a revenue growth rate of 9.8% last week and a revenue growth rate of 9.8% at the end of the first quarter (March 31).

During the past week, positive revenue surprises reported by companies in the Financials sector were the largest contributors to the small increase in the overall revenue growth rate for the index over this period. Since March 31, positive revenue surprises reported by companies in the Financials sector have been the largest contributors to the small increase in the overall revenue growth rate for the index over this period.

If 9.9% 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 reporting (or 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 20.1%, 22.2%, and 19.9%, respectively. For CY 2026, analysts are predicting (year-over-year) earnings growth of 18.0%.

The forward 12-month P/E ratio is 20.9 (based on Wednesday's closing price and forward EPS), which is above the 5-year average (19.9) and above the 10-year average (18.9). This P/E ratio is also above the forward P/E ratio of 19.7 recorded at the end of the first quarter (March 31).

During the upcoming week, 93 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

Scorecard: Number & Magnitude of Positive EPS Surprises Are Above Average

Percentage of Companies Beating EPS Estimates (88%) is Above 5-Year Average

Overall, 10% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 88% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 8% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year average (79%), above the 5-year average (78%), and above the 10-year average (76%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Communication Services (100%), Health Care (100%), Information Technology (100%), Materials (100%), Real Estate (100%), and Financials (95%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Staples (67%) and Industrials (67%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+10.8%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 10.8% above expectations. This surprise percentage is above the 1-year average (+7.2%), above the 5-year average (+7.3%), and above the 10-year average (+7.1%). 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 Communication Services (+61.2%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix (\$1.23 vs. \$0.76) has reported the largest positive EPS surprise. The (GAAP) EPS actual for Netflix for Q1 2026 included a \$2.8 billion termination fee related to the Warner Bros. transaction.

The Information Technology (+19.4%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Micron Technology (\$12.20 vs. \$9.19) has reported the largest positive EPS surprise.

The Industrials (+10.9%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, FedEx (\$5.25 vs. \$4.15) and Delta Air Lines (\$0.64 vs. \$0.58) have reported the largest positive EPS surprises.

The Financials (+7.8%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Citigroup (\$3.06 vs. \$2.65), Bank of New York Mellon (\$2.24 vs. \$1.96), Morgan Stanley (\$3.43 vs. \$3.02), Bank of America (\$1.11 vs. \$1.01), Truist Financial (\$1.09 vs. \$1.00), Travelers Companies (\$7.71 vs. \$7.07), and JPMorgan Chase (\$5.94 vs. \$5.47) have reported the largest positive EPS surprises.

Market Punishing Positive EPS Surprises To Date

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

Companies that have reported positive earnings surprises for Q1 2026 have seen an average price decrease of -0.2% 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 2026 have seen an average price decrease of -1.5% two days before the earnings release through two days after the earnings. This percentage decrease is smaller than the 5-year average price decrease of -2.9% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (84%) is Above 5-Year Average

In terms of revenues, 84% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 16% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (73%), above the 5-year average (70%), and above the 10-year average (67%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Communication Services (100%), Consumer Staples (100%), Health Care (100%), Industrials (100%), Information Technology (100%), Materials (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (60%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.0%) is Equal To 5-Year Average

In aggregate, companies are reporting revenues that are 2.0% above expectations. This surprise percentage is above the 1-year average (+1.6%), equal to the 5-year average (+2.0%), and above the 10-year average (+1.5%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Information Technology (+7.2%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Discretionary sector (-0.5%) sector is reporting the largest negative (aggregate difference between actual revenues and estimated revenues).

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

Increase in Blended Earnings This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the first quarter is 13.2%, which is above the earnings growth rate of 12.2% last week. Positive EPS surprises reported by companies in the Financials and Communication Services sectors, partially offset by downward revisions to EPS estimates for companies in the Energy 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 (\$5.94 vs. \$5.47), Citigroup (\$3.06 vs. \$2.65), Bank of America (\$1.11 vs. \$1.01), and Morgan Stanley (\$3.43 vs. \$3.02) were significant 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 19.7% from 15.0% over this period.

In the Communication Services sector, the positive EPS surprise reported by Netflix (\$1.23 vs. \$0.76) was the largest contributor to the increase in the earnings growth rate for the index during the past week. The (GAAP) EPS actual for Netflix for Q1 2026 included a \$2.8 billion termination fee related to the Warner Bros. transaction. As a result, the blended earnings decline for the Communication Services sector improved to -0.7% from -3.7% over this period.

In the Energy sector, the downward revisions to EPS estimates for Exxon Mobil (to \$1.07 from \$1.26) and Chevron (to \$1.24 from \$1.49) were the largest detractors to the increase in the earnings growth rate during the past week. As a result, the estimated earnings decline for the Energy sector increased to -13.1% from -7.4% over this period.

Increase in Blended Revenues This Week Due to Financials Sector

The blended (year-over-year) revenue growth rate for the first quarter is 9.9%, which is above the revenue growth rate of 9.8% last week. Positive revenue surprises reported by companies in the Financials sector were the largest contributor to the small increase in the overall revenue growth rate during the past week.

Financials Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2026 of 13.2% is equal to the estimate of 13.2% at the end of the first quarter (March 31). Five 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 19.7% from 15.0%) and Communication Services (to -0.7% from -3.7%) sectors. These two sectors have also been the largest positive contributors to earnings for the index since March 31. On the other hand, five 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 -13.1% from 8.5%) sector. The Energy and Health Care (to -10.5% from -8.6%) sectors have been the largest negative contributors to earnings for the index since March 31. One sector (Information Technology) has recorded no change in its earnings growth rate since March 31 (45.1% vs. 45.1%).

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase (\$5.94 vs. \$5.47), Citigroup (\$3.06 vs. \$2.65), Bank of America (\$1.11 vs. \$1.01), and Morgan Stanley (\$3.43 vs. \$3.02) have been the significant positive contributors to earnings for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has increased to 19.7% from 15.0% over this period.

In the Communication Services sector, the positive EPS surprise reported by Netflix (\$1.23 vs. \$0.76) has been the largest positive contributor to earnings for the index since March 31. The (GAAP) EPS actual for Netflix for Q1 2026 included a \$2.8 billion termination fee related to the Warner Bros. transaction. As a result, the blended earnings decline for the Communication Services sector improved to -0.7% from -3.7% over this period.

In the Energy sector, downward revisions to EPS estimates for Exxon Mobil (to \$1.07 from \$1.83), Chevron (to \$1.24 from \$1.91), and Phillips 66 (to -\$0.56 from \$2.07) have been the largest negative contributors to earnings for the index since March 31. As a result, the Energy sector is expected to report a year-over-year decline in earnings of -13.1% compared to expectations for (year-over-year) earnings growth of 8.5% on March 31.

In the Health Care sector, downward revisions to EPS estimates for AbbVie (to \$2.59 from \$3.02) have been a substantial negative contributor to earnings for the index since March 31. As a result, the blended earnings decline for the Health Care sector has increased to -10.3% from -8.6% over this period.

Financials Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2026 of 9.9% is slightly above the estimate of 9.8% at the end of the first quarter (March 31). Seven sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 10.8% from 10.0%) sector. This sector has also been the largest contributor to the increase in revenues for the index since March 31. On the other hand, three sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Consumer Discretionary (to 8.2% from 8.5%) sector. This sector has also been the largest detractor to the increase in revenues for the index since March 31. One sector (Health Care) has recorded no change in its revenue growth rate since March 31 (5.8% vs. 5.8%).

In the Financials sector, the positive revenue surprises reported by Citigroup (\$24.63 billion vs. \$23.60 billion), Morgan Stanley (\$20.58 billion vs. \$19.74 billion), JPMorgan Chase (\$49.84 billion vs. \$49.18 billion) have been substantial contributors to the increase in the revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 10.8% from 10.0% over this period.

In the Consumer Discretionary sector, the downward revisions to revenue estimates for Ford Motor (to \$42.66 billion from \$43.46 billion) and Tesla (to \$22.28 billion from \$22.96 billion) have been significant detractors to the increase in the revenue growth rate for the index since March 31. As a result, the estimated revenue growth rate for the Consumer Discretionary sector has decreased to 8.2% from 8.5% over this period.

Earnings Growth: 13.2%

The blended (year-over-year) earnings growth rate for Q1 2026 is 13.2%, 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 13.2% 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 reporting (or are expected to report) year-over-year earnings growth, led by the Information Technology, Materials, Financials, and Utilities sectors. On the other hand, three sectors are reporting (or are projected to report) a year-over-year decline in earnings, led by the Energy and Health Care sectors.

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

The Information Technology sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 45.1%. At the industry level, all 6 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (95%), Electronic Equipment, Instruments, & Components (32%), Technology Hardware, Storage, & Peripherals (26%), Software (18%), Communication Services (14%), and IT Services (5%).

The Semiconductors & Semiconductor Equipment industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Information Technology sector would fall to 20.3% from 45.1%.

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

The Materials sector is reporting the second-largest (year-over-year) earnings growth of all eleven sectors at 21.6%. At the industry level, 2 of the 4 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Metals & Mining (89%) and Chemicals (3%). 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 (-17%) and Containers & Packaging (-3%).

The Metals & Mining industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Materials sector would fall to 1.5% from 21.6%.

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

The Financials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 19.7%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Insurance (34%), Consumer Finance (30%), Capital Markets (21%), Banks (16%), and Financial Services (10%).

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

The Utilities sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 10.1%. 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%), Electric Utilities (7%), Water Utilities (7%), 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 5.8% from 10.1%.

Energy Sector: Exxon Mobil is Largest Contributor to Earnings Decline

On the other hand, the Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -13.1%. At the sub-industry level, 2 of the 5 sub-industries are projected to report a year-over-year decline in earnings: Integrated Oil & Gas (-39%) and Oil & Gas Equipment & Services (-16%). On the other hand, 3 of the 5 sub-industries in the sector are predicted to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (\$1.0 billion vs. -\$125 million), Oil & Gas Storage & Transportation (28%), and Oil & Gas Exploration & Production (less than 1%).

At the company level, Exxon Mobil (\$1.07 vs. \$1.76) is the largest contributor to the estimated earnings decline for the sector. On April 8, the company provided guidance on factors impacting earnings for Q1 2026 in an SEC filing. If this company were excluded, the estimated earnings decline for the Energy sector would improve to -0.5% from -13.1%.

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

The Health Care sector is reporting the second-largest (year-over-year) decline in earnings at -10.5%. At the industry level, 2 of the 5 industries in the sector are reporting (or are projected to report) a year-over-year decline in earnings: Pharmaceuticals (-31%) and Health Care Providers & Services (-5%). On the other hand, 3 of the 5 industries are reporting (or are predicted to report) year-over-year growth in earnings: Biotechnology (6%), Health Care Equipment & Supplies (4%), and Life Sciences, Tools, & Services (3%).

At the company level, Merck & Company (-\$1.47 vs. \$2.22) is 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 2.1% rather than an earnings decline of -10.5%.

Revenue Growth: 9.9%

The blended (year-over-year) revenue growth rate for Q1 2026 is 9.9%, 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 9.9% 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 reporting (or 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 Reporting Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 27.5%. 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 (50%), Technology Hardware, Storage, & Peripherals (27%), Electronic Equipment, Instruments, & Components (21%), Software (17%), Communication Equipment (14%), and IT Services (7%).

Communication Services: All 5 Industries Reporting 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 12.9%. At the industry level, all 5 industries in the sector are reporting (or 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 Reporting Year-Over-Year Growth

The Financials sector is reporting the third-highest (year-over-year) revenue growth rate of all eleven sectors at 10.8%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year revenue growth: Consumer Finance (23%), Capital Markets (14%), Financial Services (11%), Banks (10%), and Insurance (6%).

Net Profit Margin: 13.2%

The blended 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 reporting (or 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, seven sectors are reporting (or 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 (14.1% vs. 16.0%) sector.

Six sectors are reporting (or 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 reporting (or are expected to report) net profit margins in Q1 2026 that are below their 5-year averages, led by the Energy (6.8% vs. 9.7%) sector.

Forward Estimates & Valuation

Quarterly Guidance: % of Cos. Issuing Negative EPS Guidance for Q2 is Below Average

At this point in time, 7 companies in the index have issued EPS guidance for Q2 2026. Of these 7 companies, 4 have issued negative EPS guidance and 3 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q1 2026 is 57% (4 out of 7), which is below the 5-year average of 58% and below the 10-year average of 60%.

At this point in time, 260 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 260 companies, 140 have issued negative EPS guidance and 120 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 54% (140 out of 260).

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 18% for CY 2026

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 13.2% and year-over-year growth in revenues of 9.9%.

For Q2 2026, analysts are projecting earnings growth of 20.1% and revenue growth of 10.3%.

For Q3 2026, analysts are projecting earnings growth of 22.2% and revenue growth of 9.2%.

For Q4 2026, analysts are projecting earnings growth of 19.9% and revenue growth of 8.8%.

For CY 2026, analysts are projecting earnings growth of 18.0% and revenue growth of 9.2%.

Valuation: Forward P/E Ratio is 20.9, Above the 10-Year Average (18.9)

The forward 12-month P/E ratio for the S&P 500 is 20.9 (based on Wednesday’s closing price and forward EPS). This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.9. It is also above the forward 12-month P/E ratio of 19.7 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 increased by 7.6%, while the forward 12-month EPS estimate has increased by 1.5%. At the sector level, the Consumer Discretionary (28.2) and Industrials (25.8) sectors have the highest forward 12-month P/E ratios, while the Energy (14.9) and Financials (15.0) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 27.8 (based on Wednesday’s closing price and trailing EPS), which is above the 5-year average of 24.7 and above the 10-year average of 23.2.

Targets & Ratings: Analysts Project 18% Increase in Price Over Next 12 Months

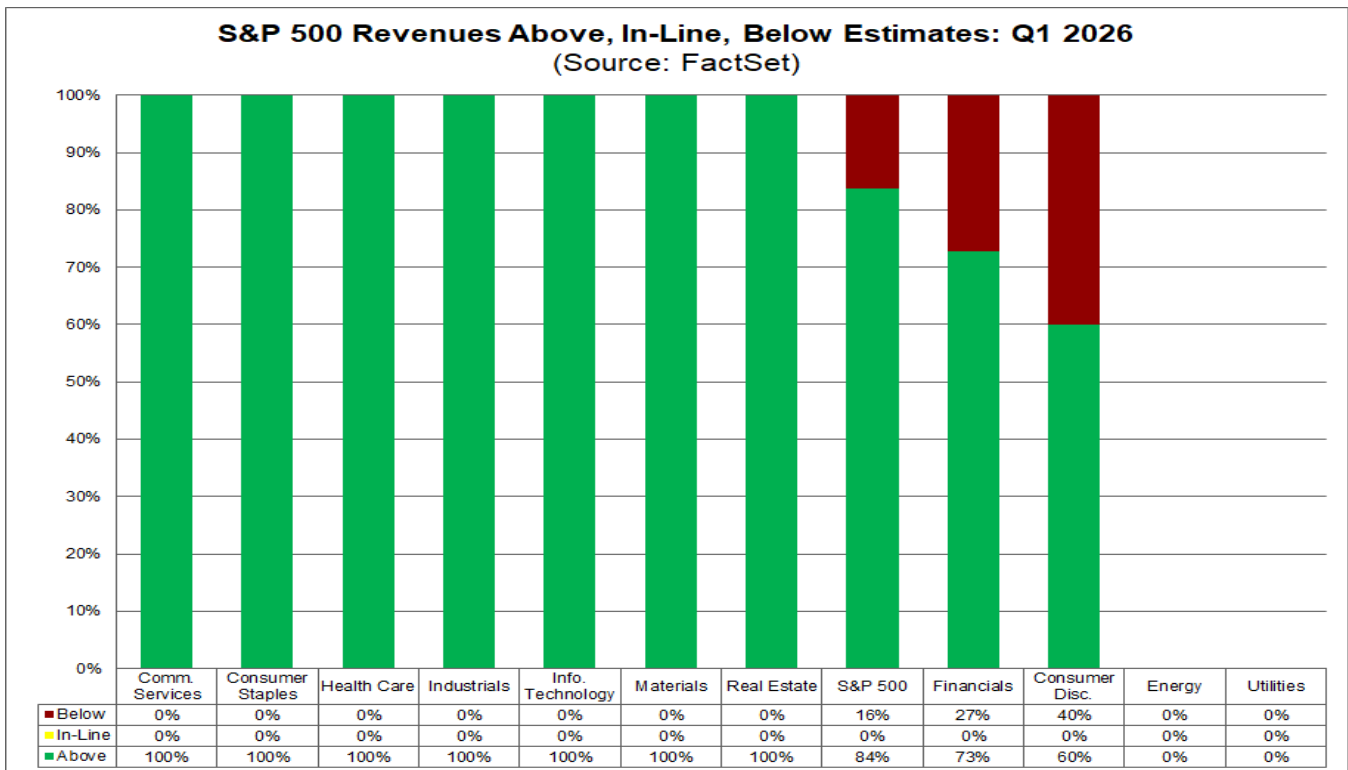
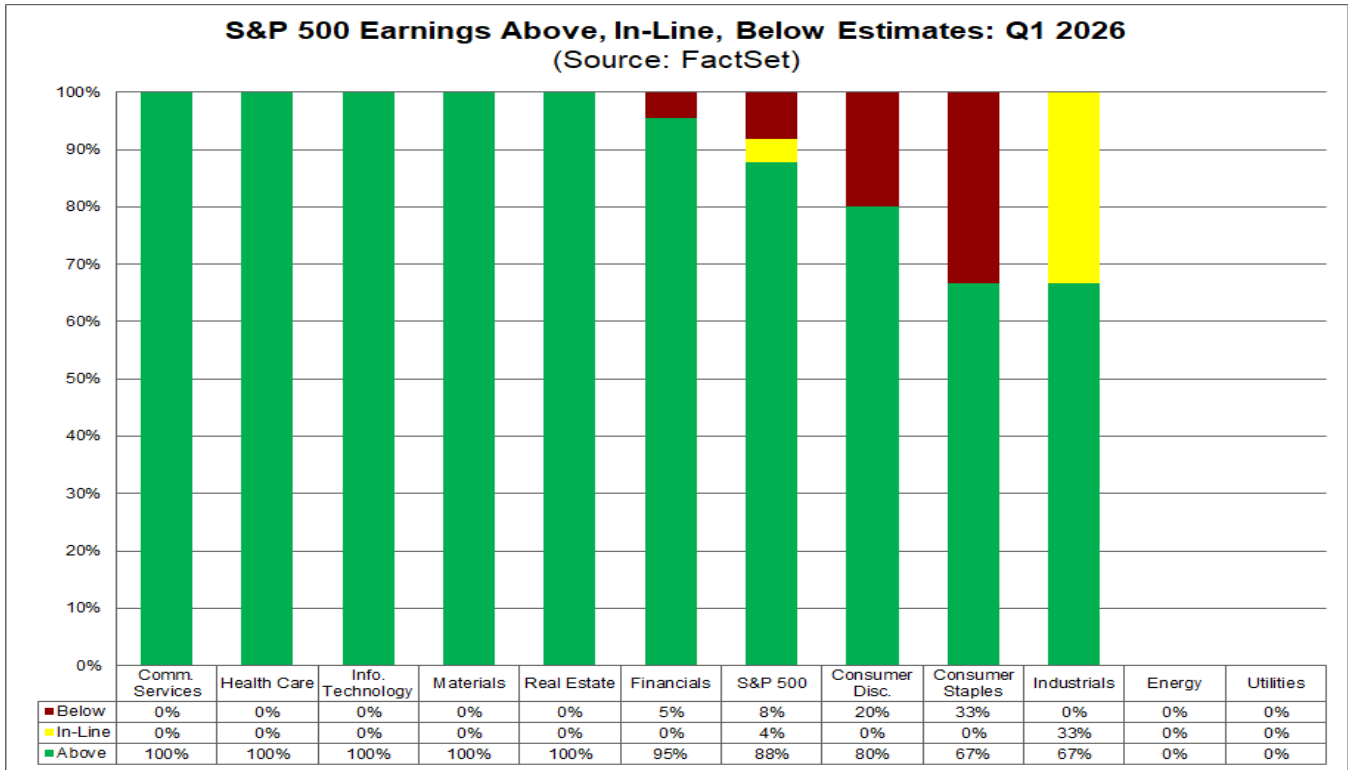
The bottom-up target price for the S&P 500 is 8325.60, which is 18.2% above the closing price of 7041.28.66. At the sector level, the Information Technology (+23.4%) and Health Care (+22.8%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Real Estate (+8.2%) and Utilities (+10.8%) 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 12,896 ratings on stocks in the S&P 500. Of these 12,896 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 (48%) sectors have the lowest percentages of Buy ratings.

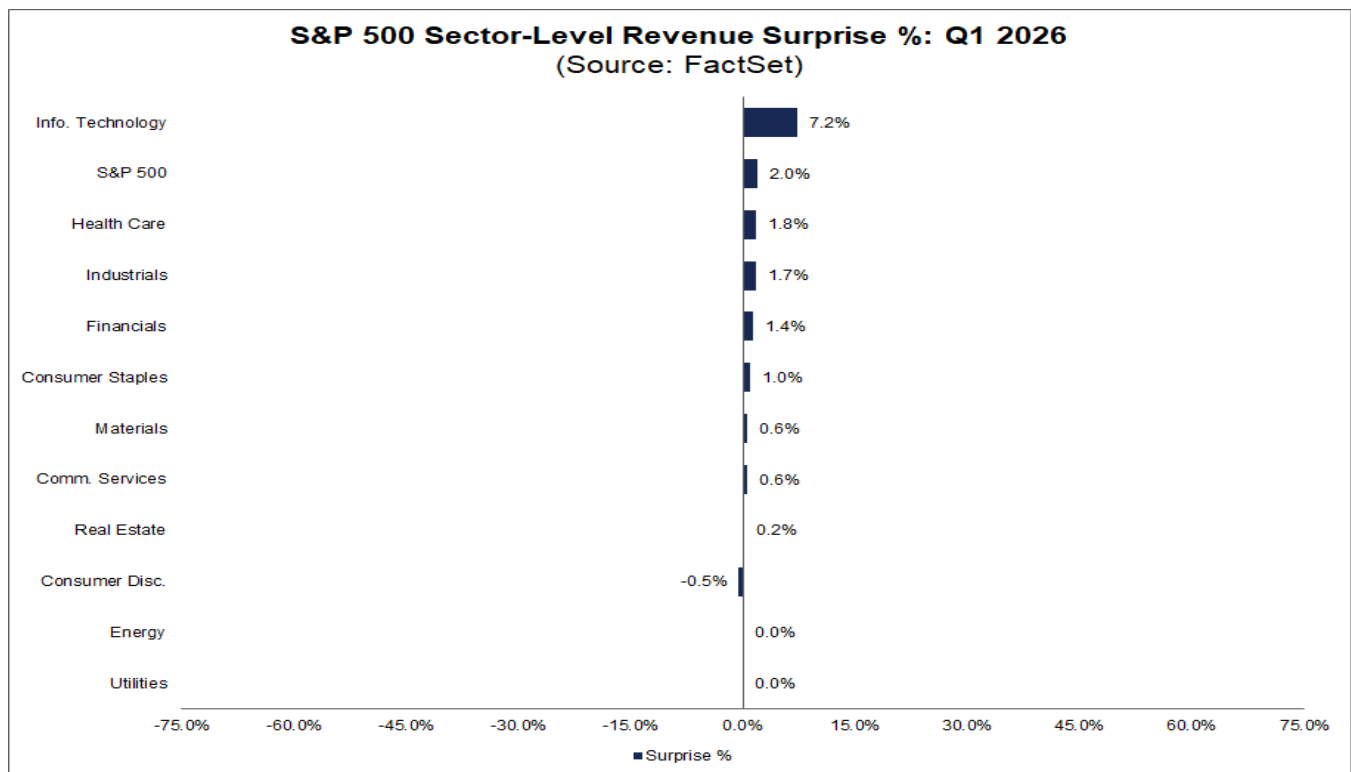
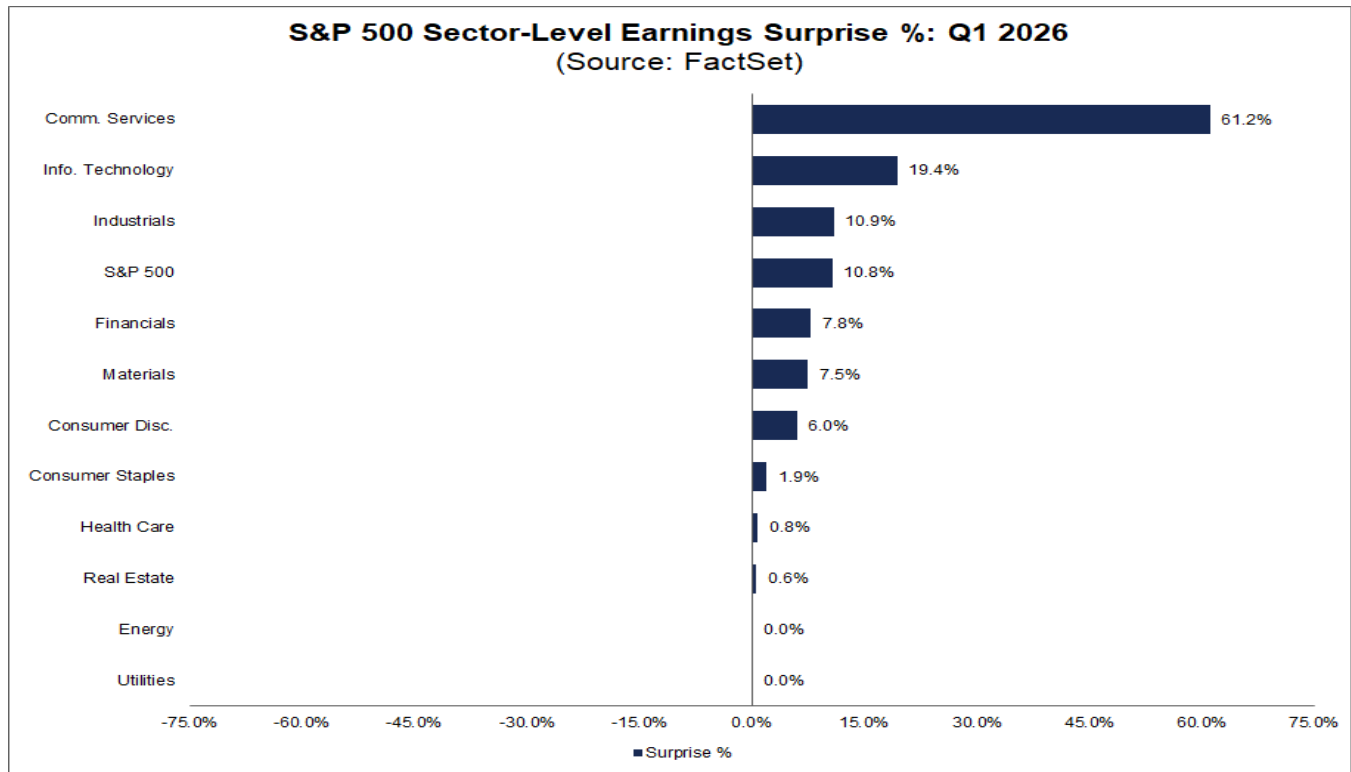
Companies Reporting Next Week: 93

During the upcoming week, 93 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the first quarter.

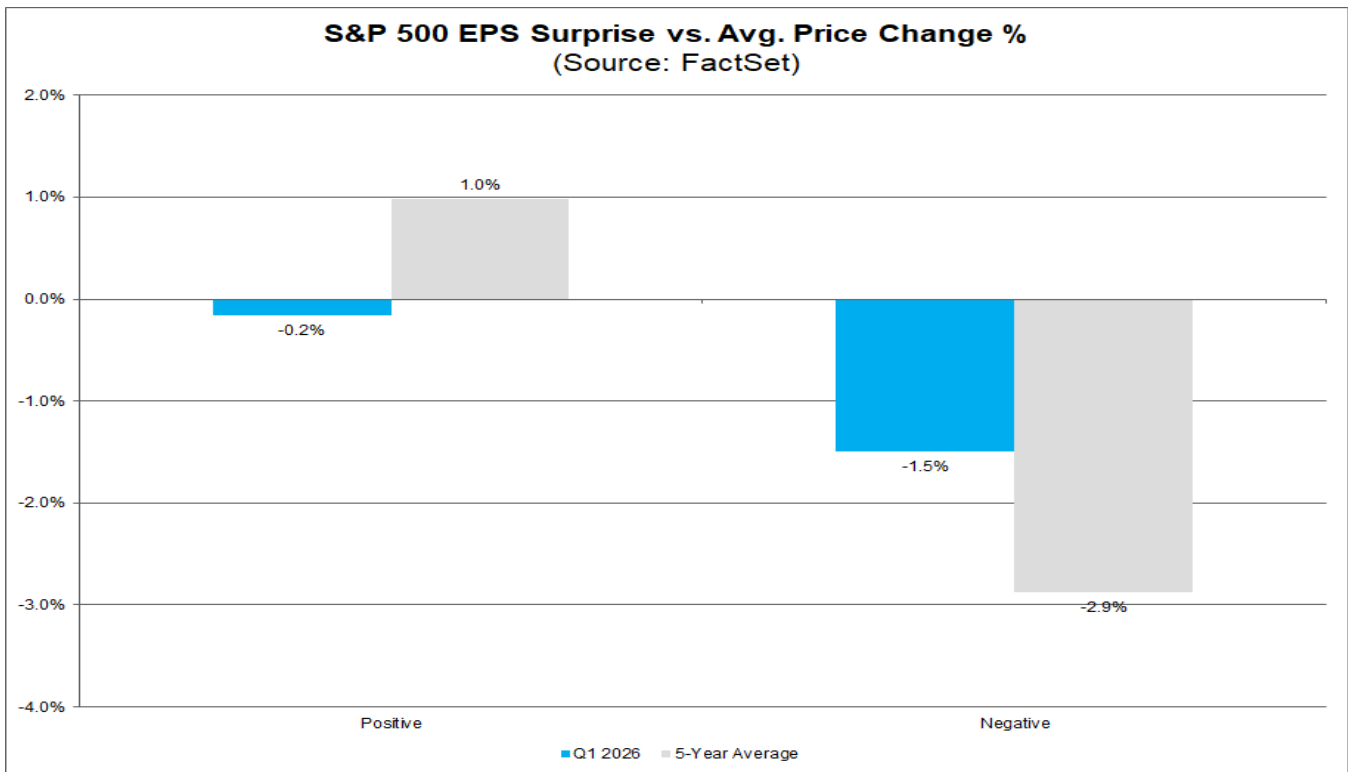
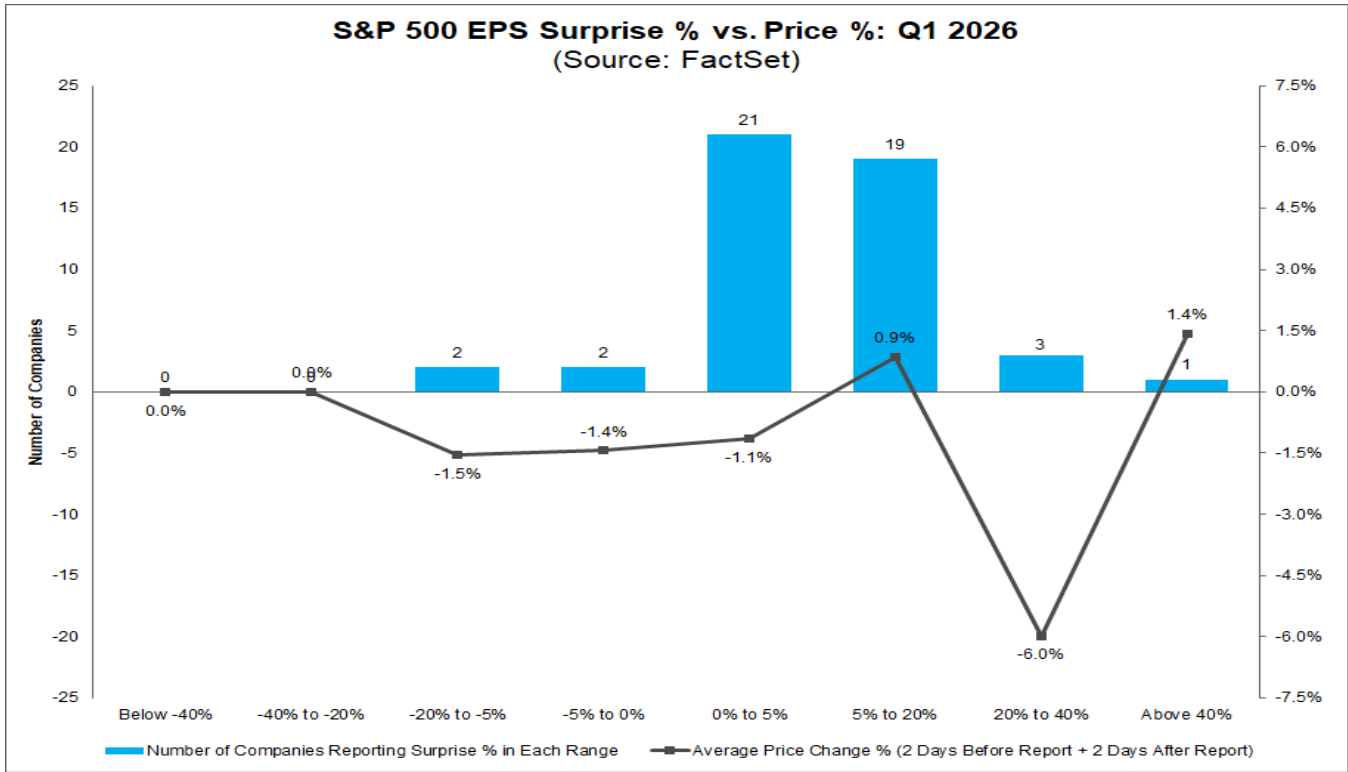
Q1 2026: Scorecard



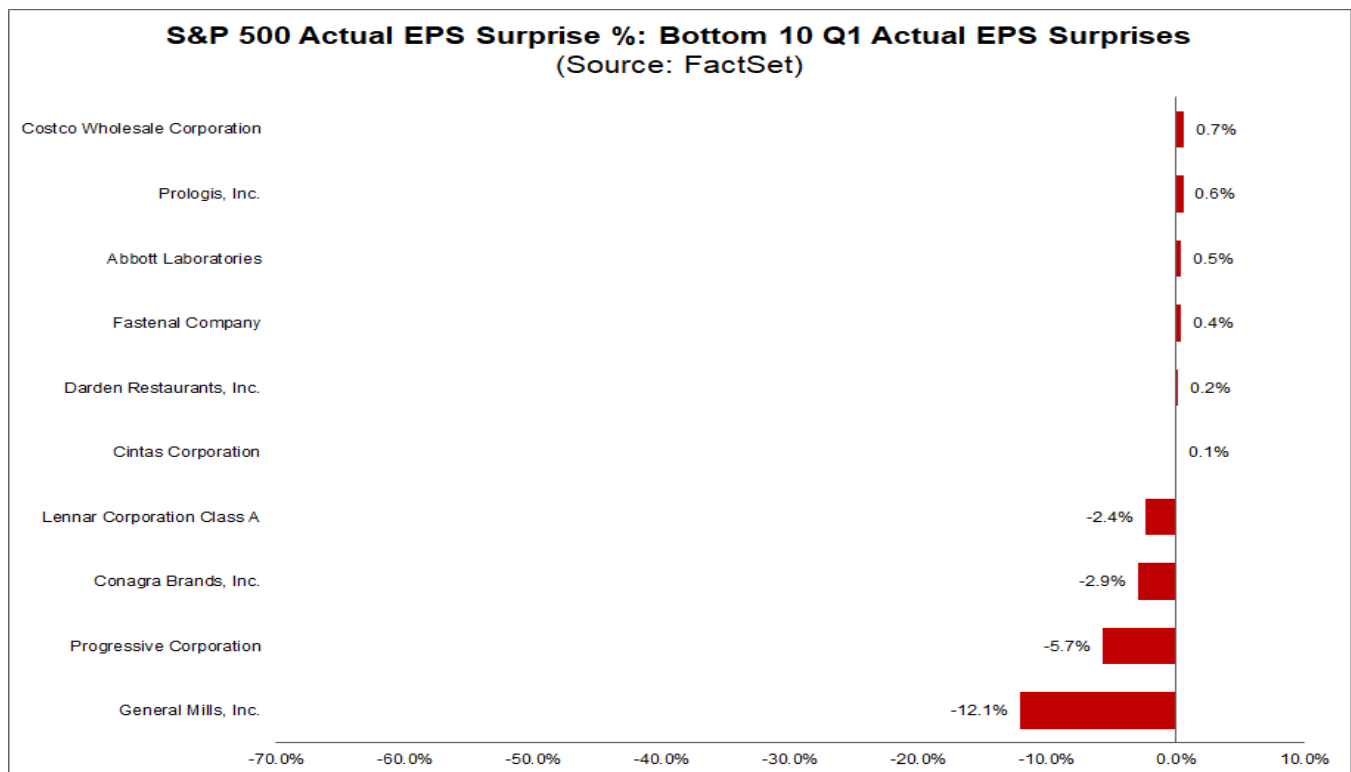
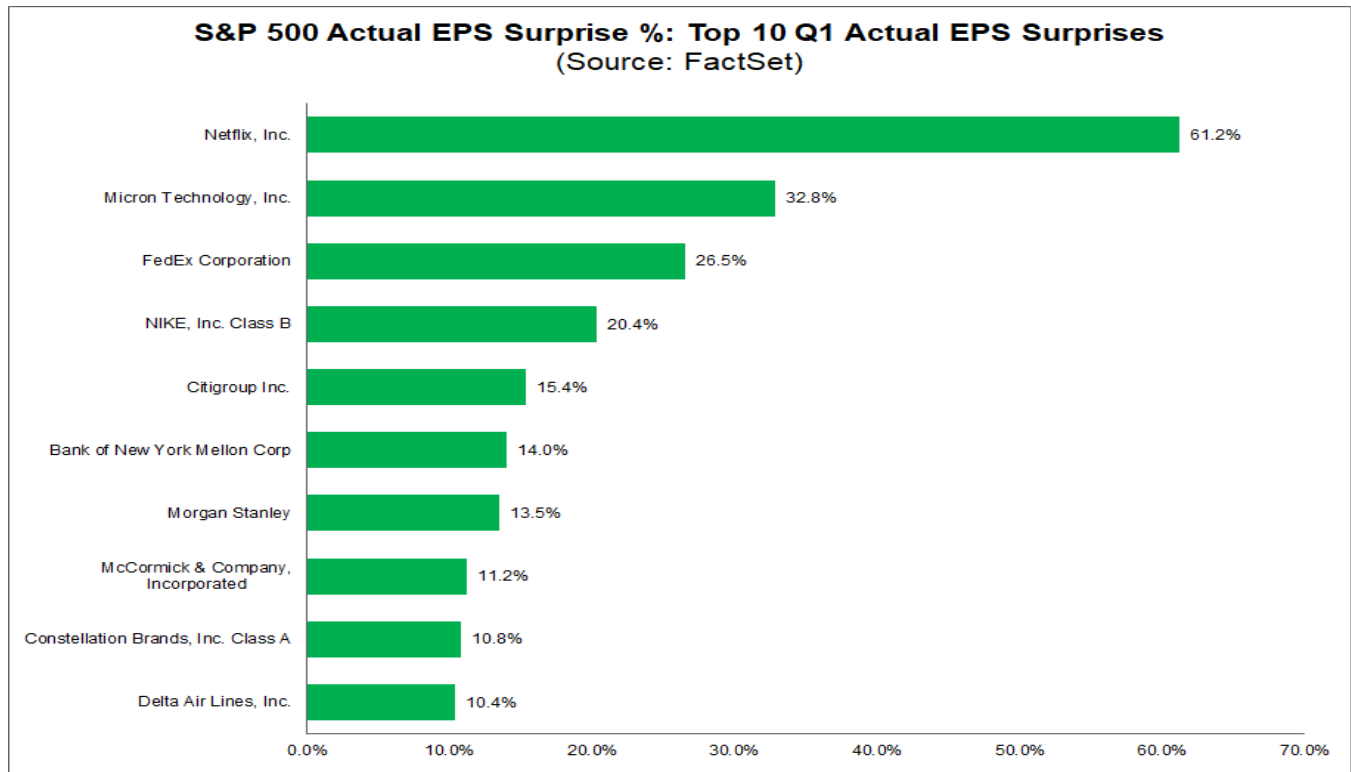
Q1 2026: Surprise



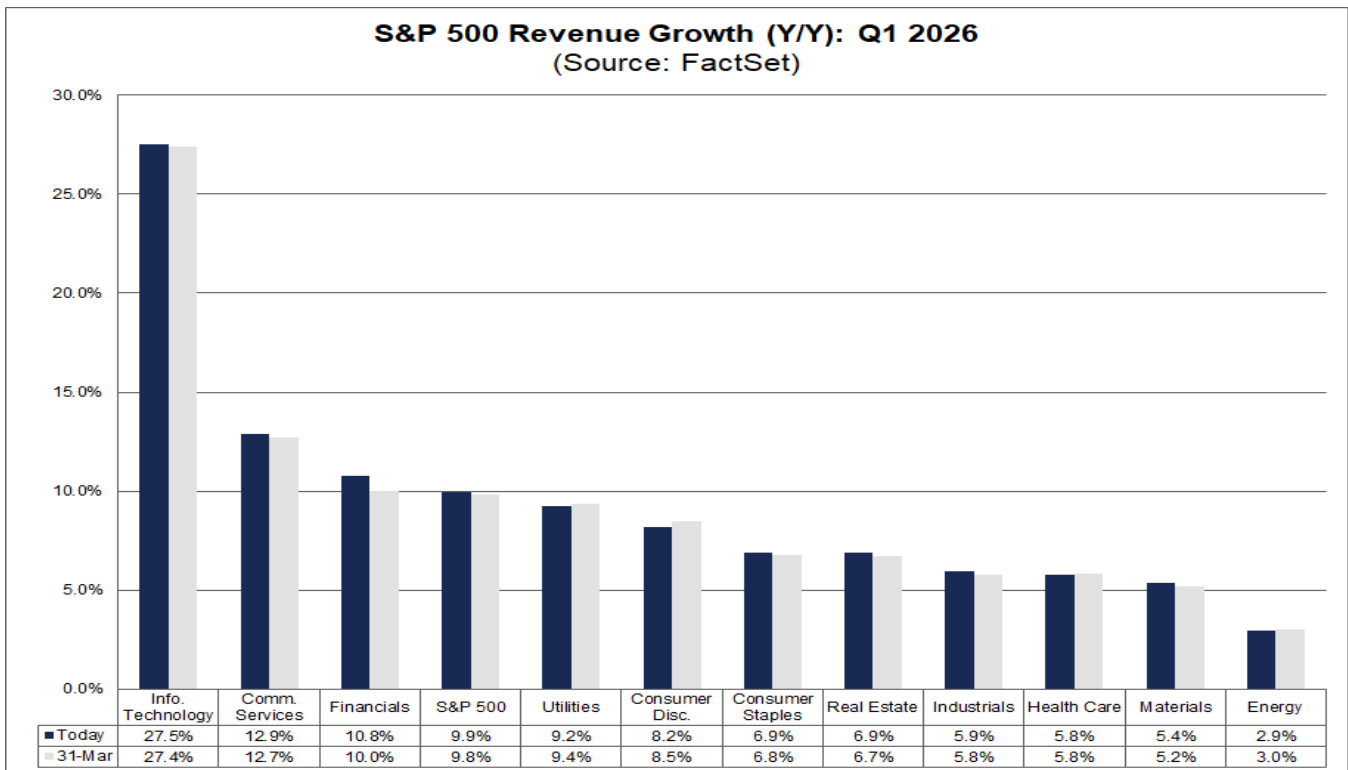
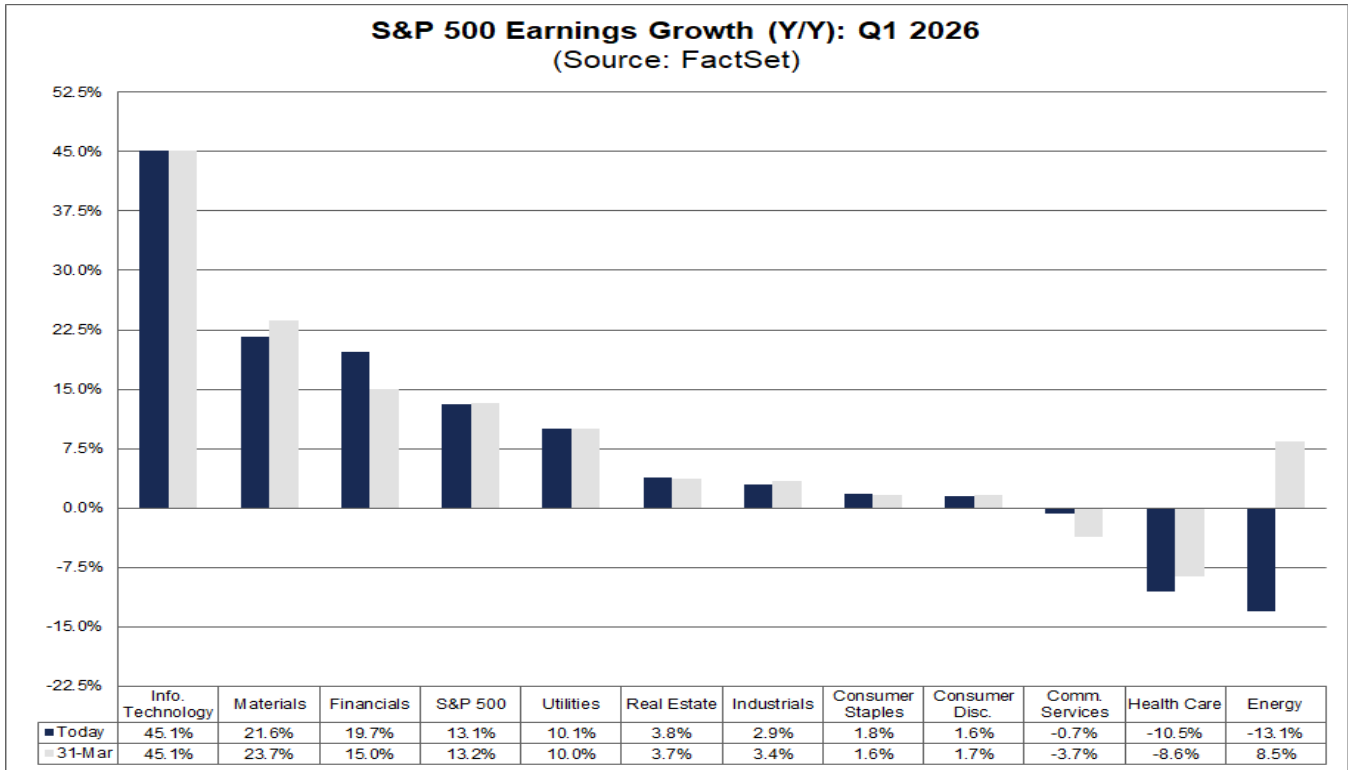
Q1 2026: Surprise



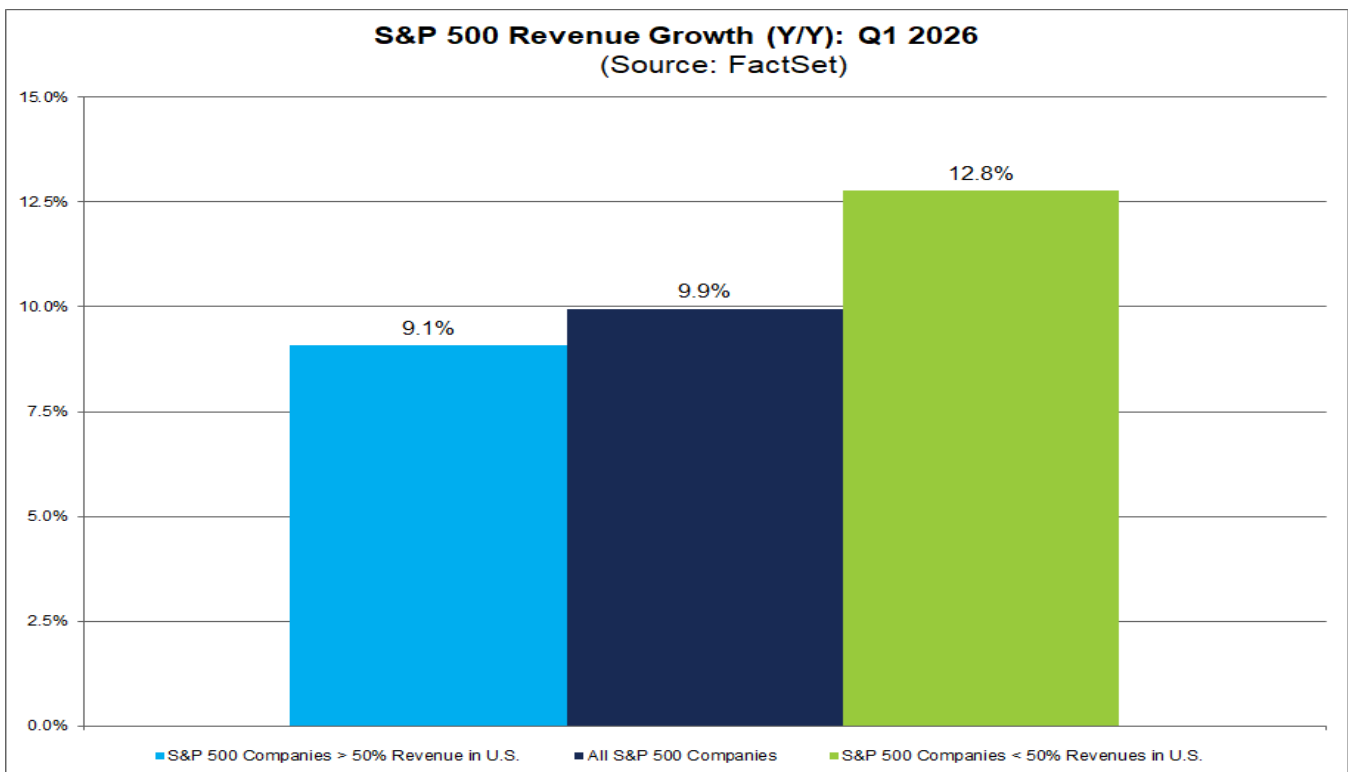
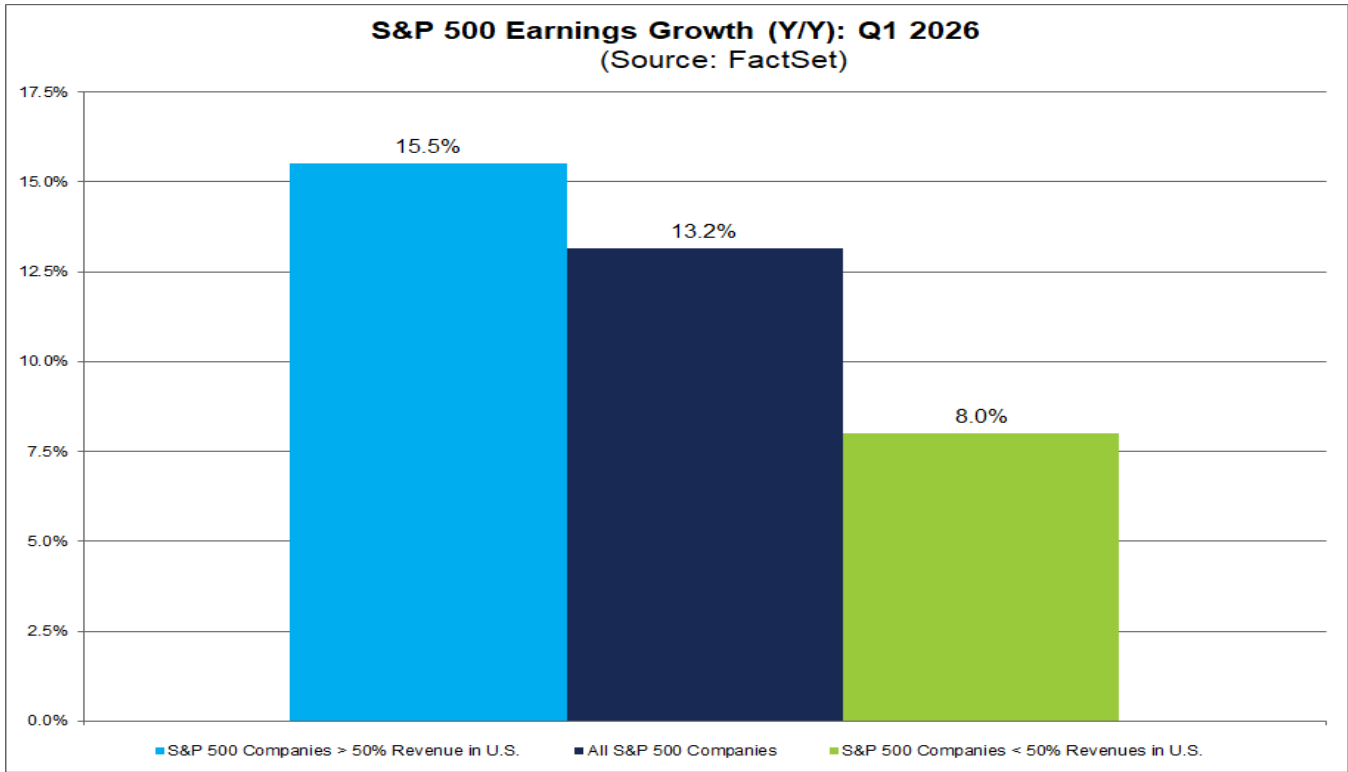
Q1 2026: Surprise



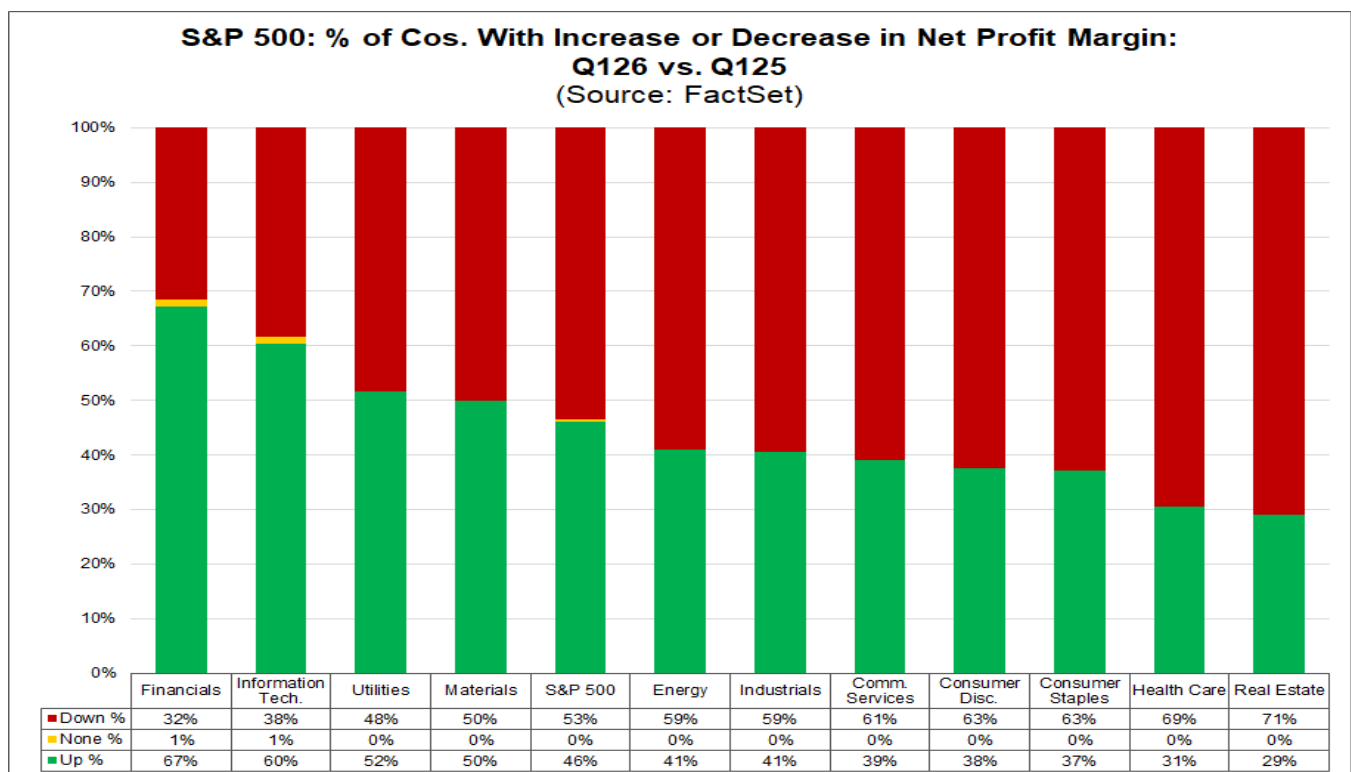
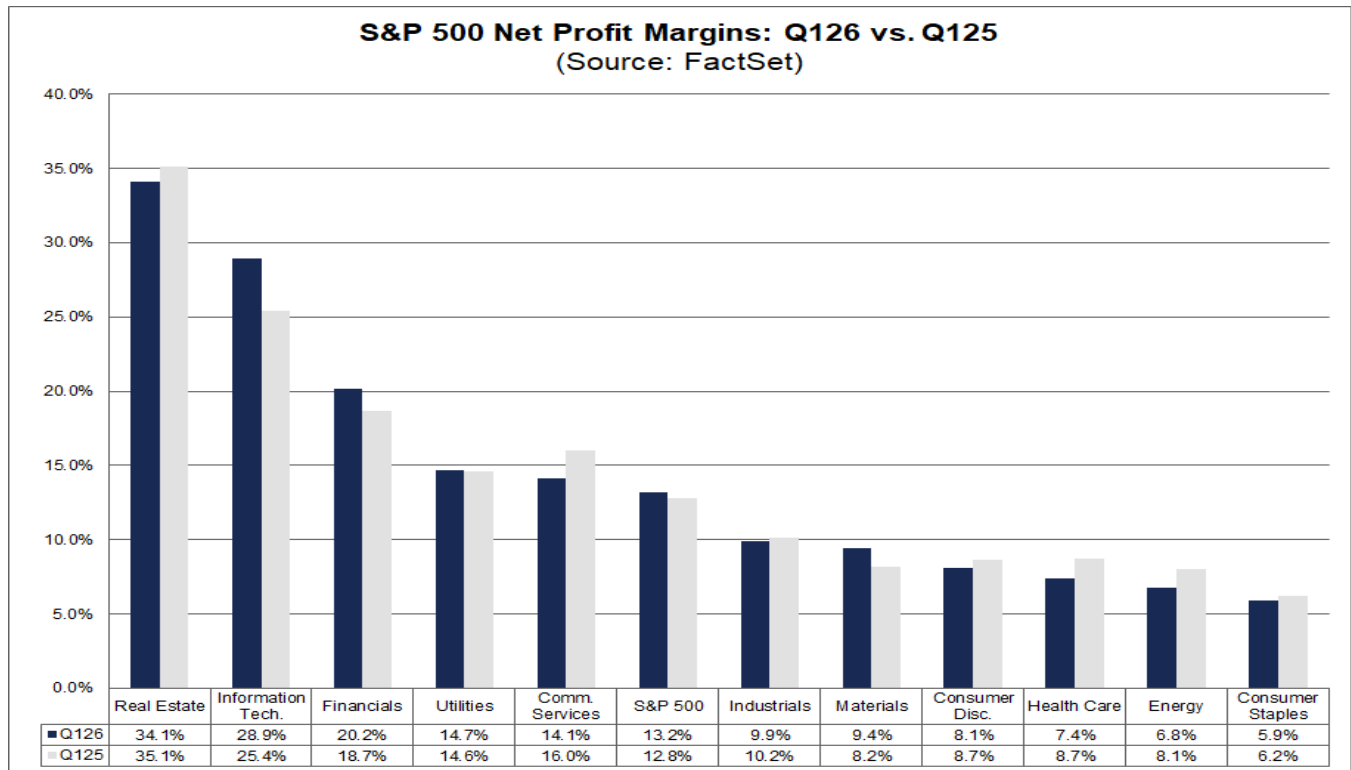
Q1 2026: Growth



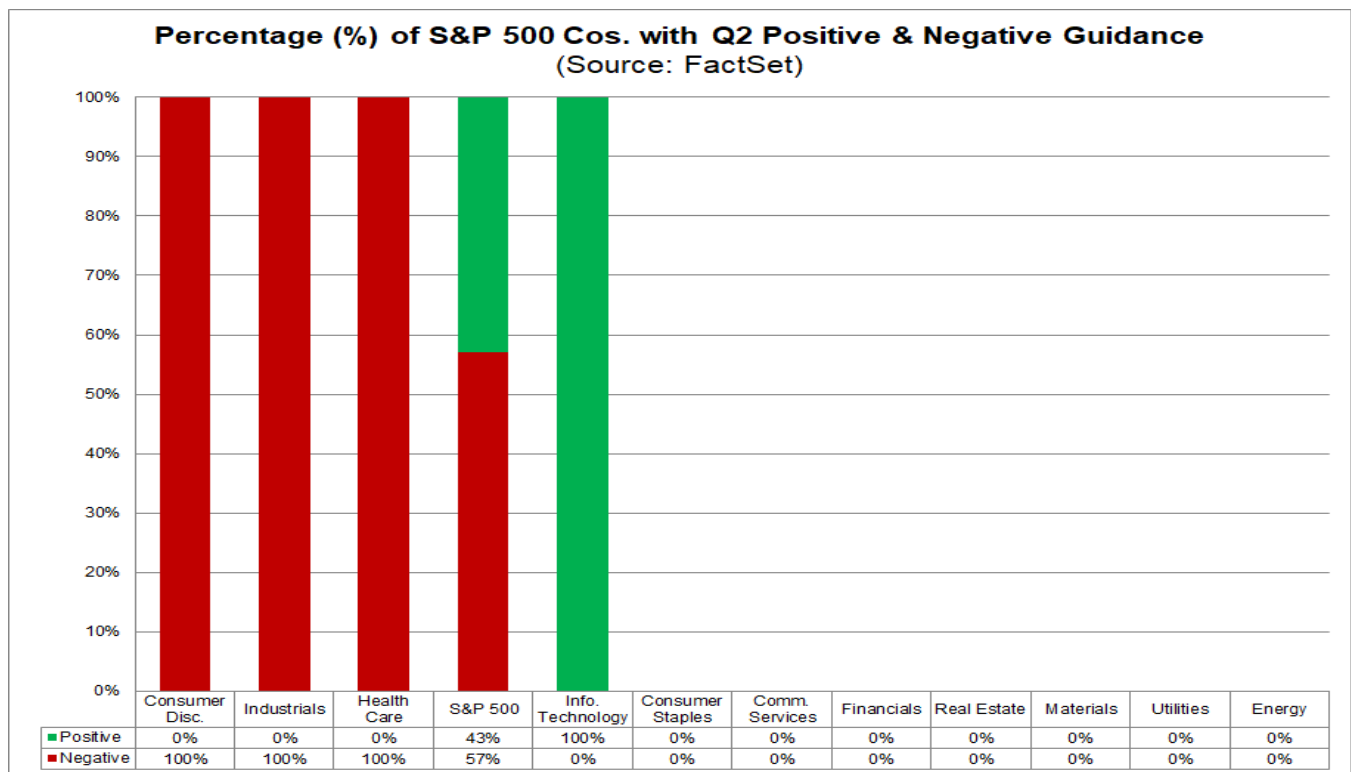
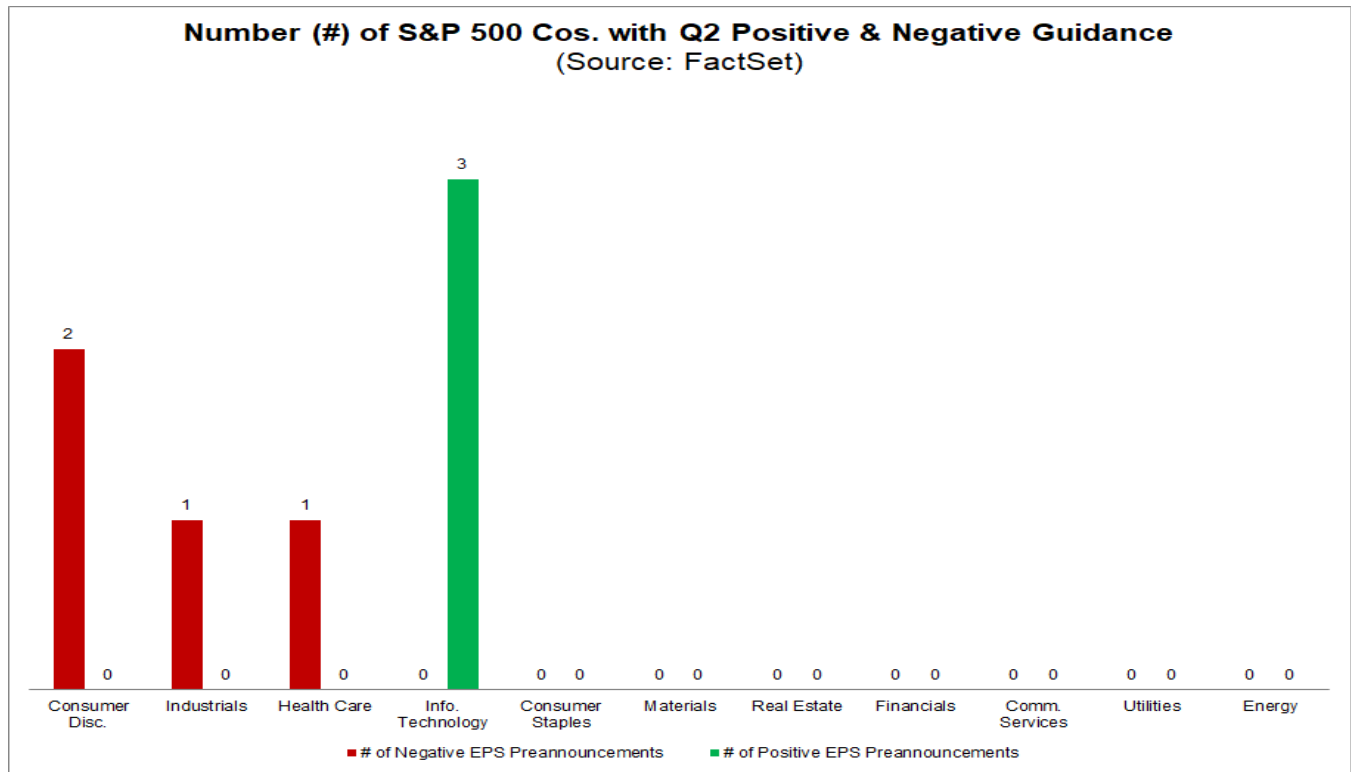
Q1 2026: Growth



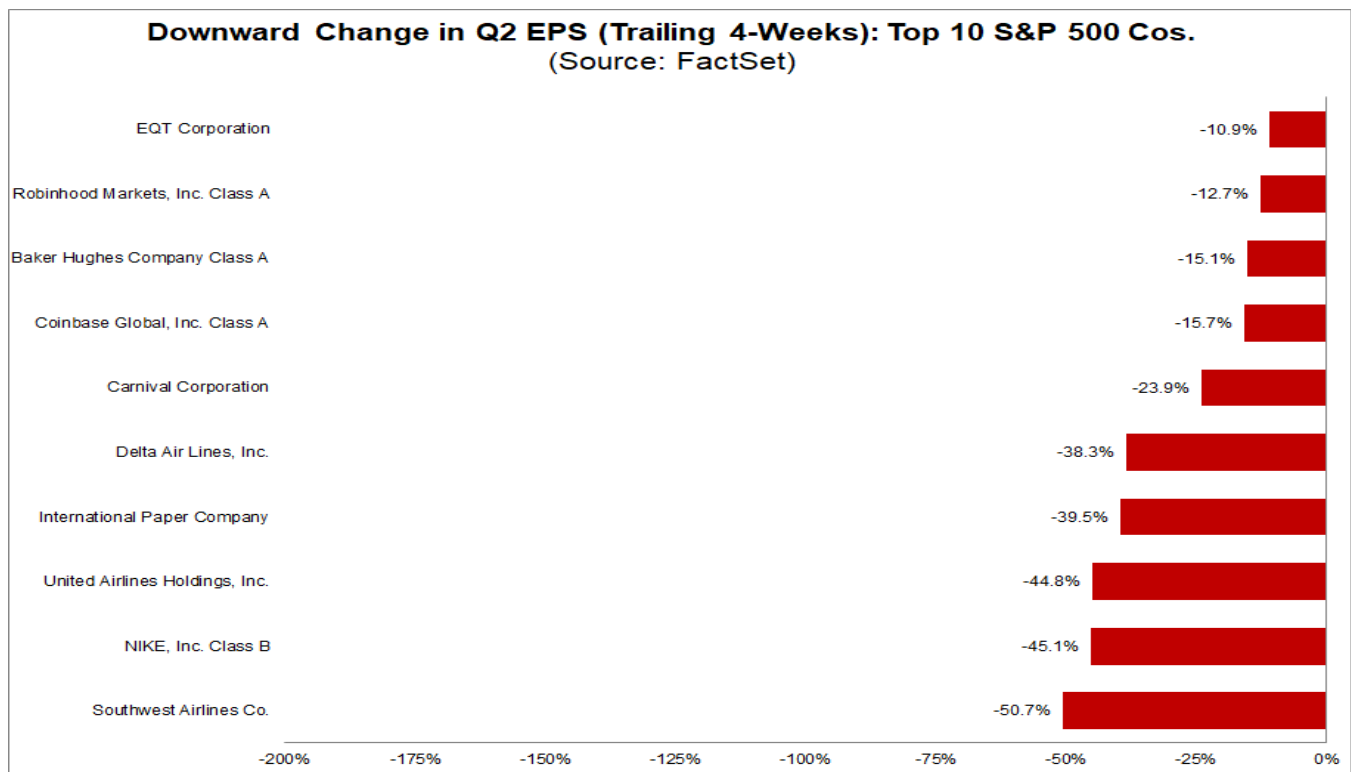
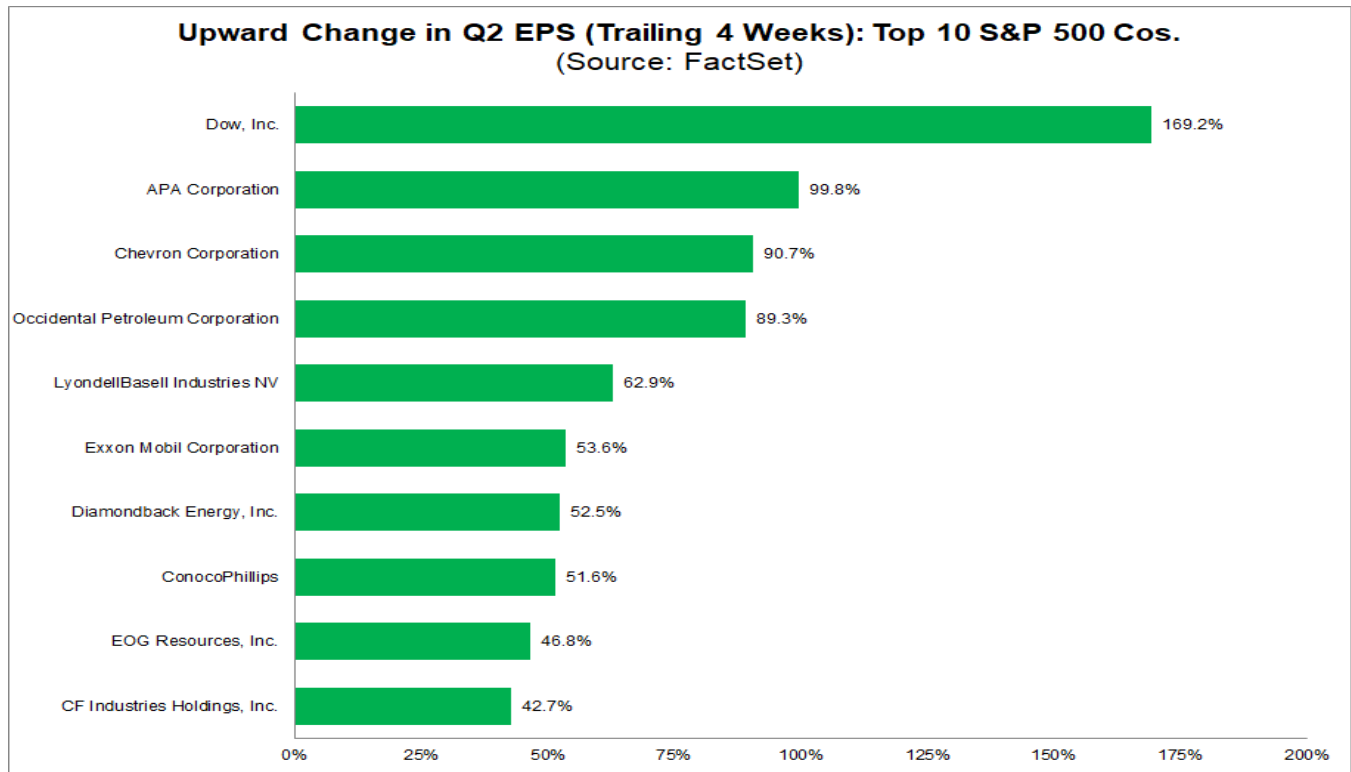
Q1 2026: Net Profit Margin



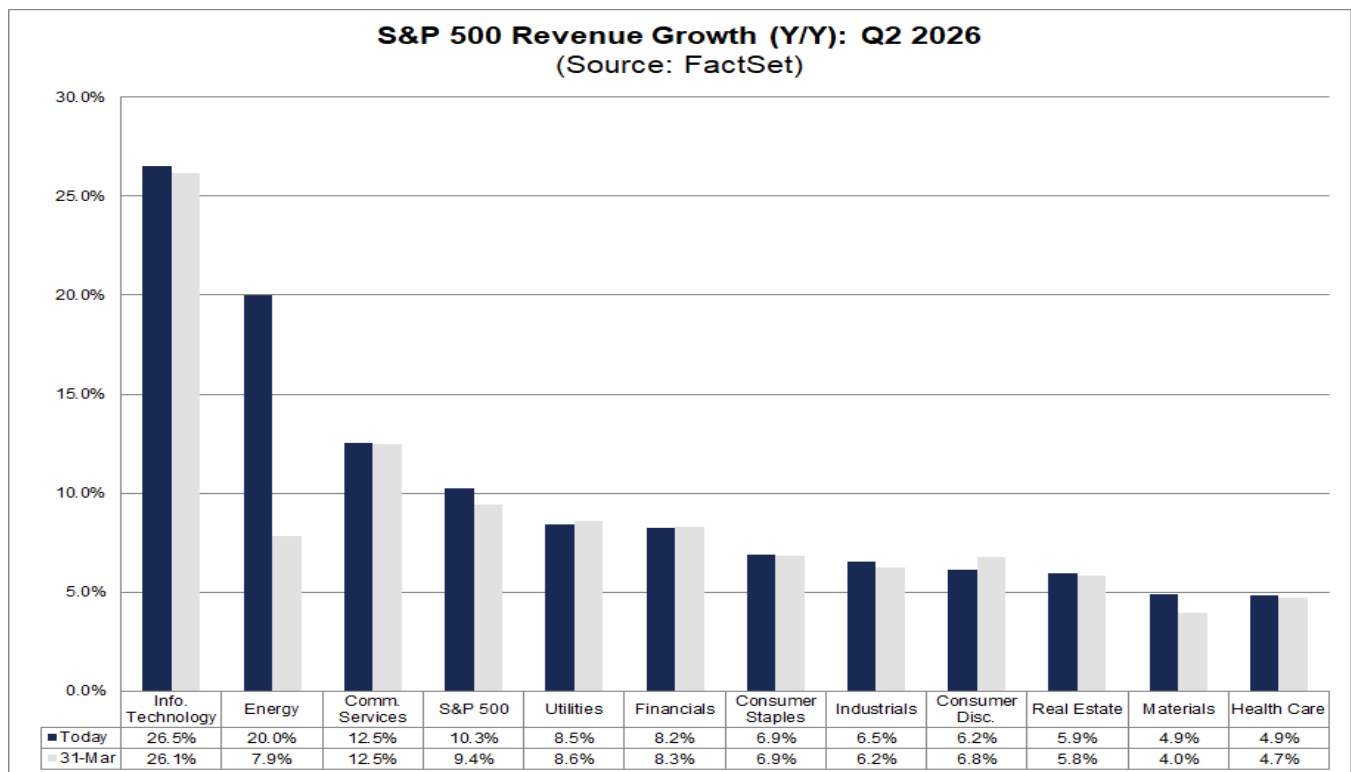
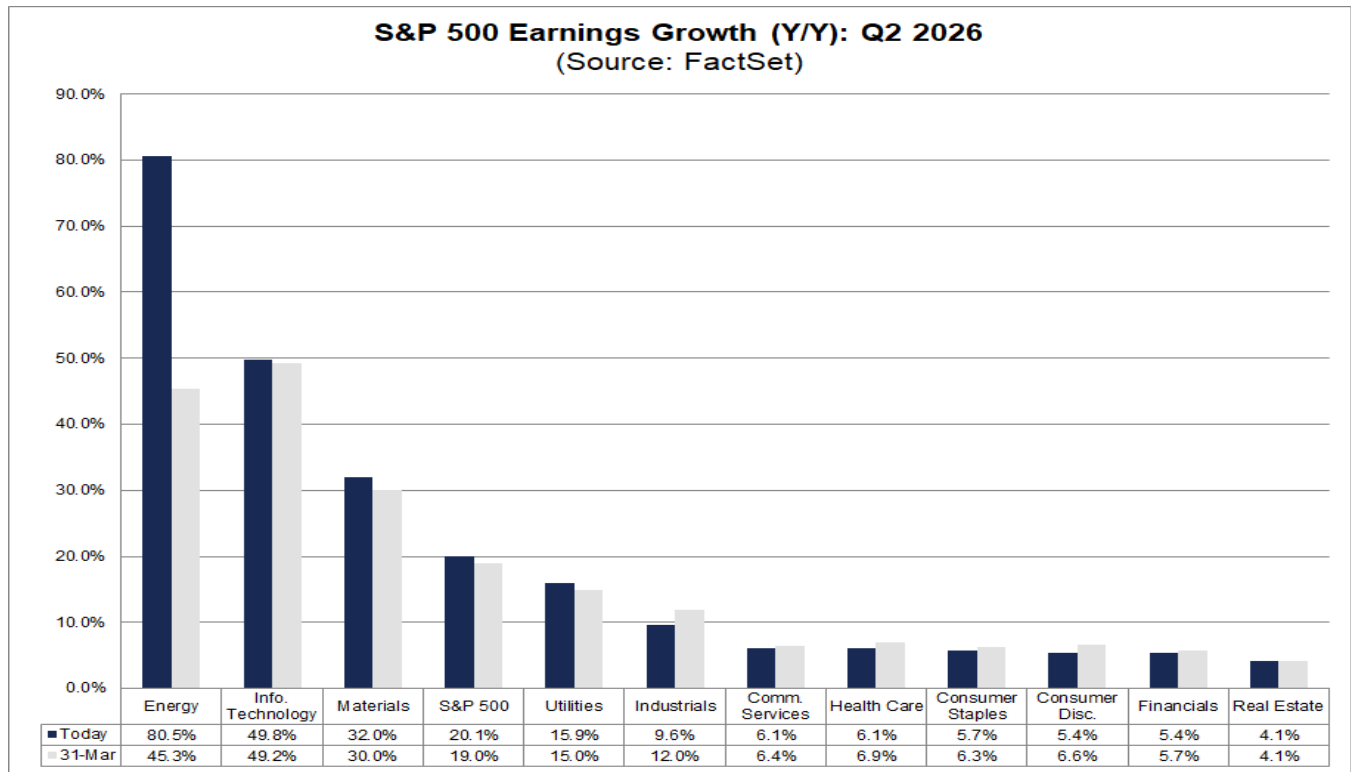
Q2 2026: Guidance



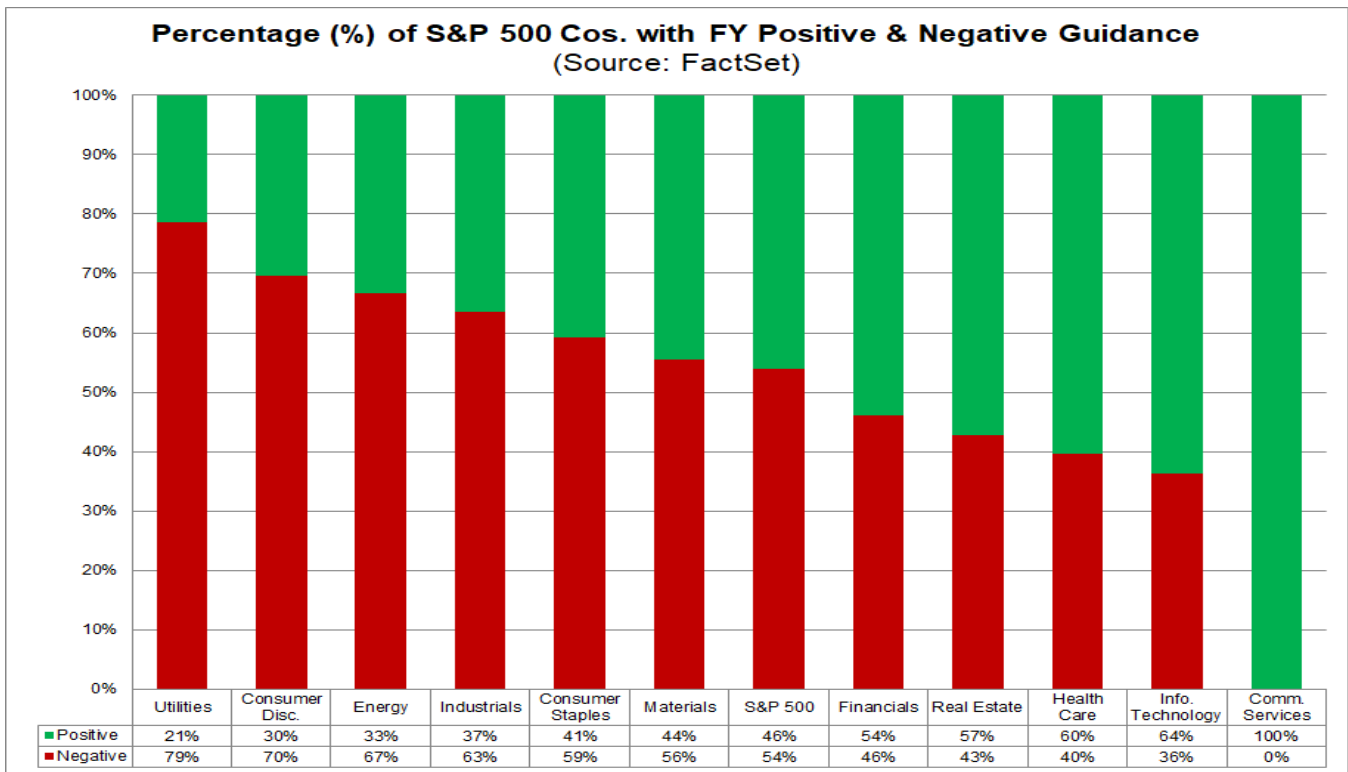
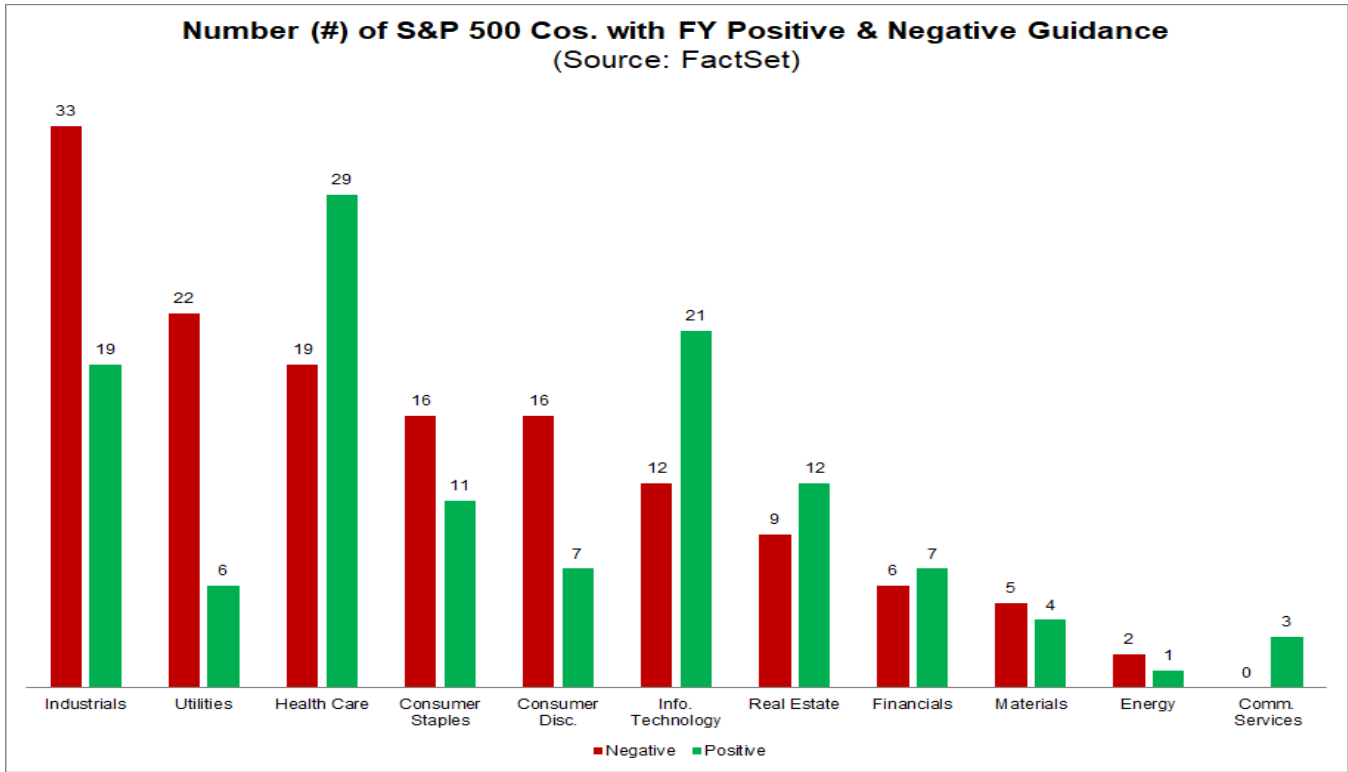
Q2 2026: EPS Revisions



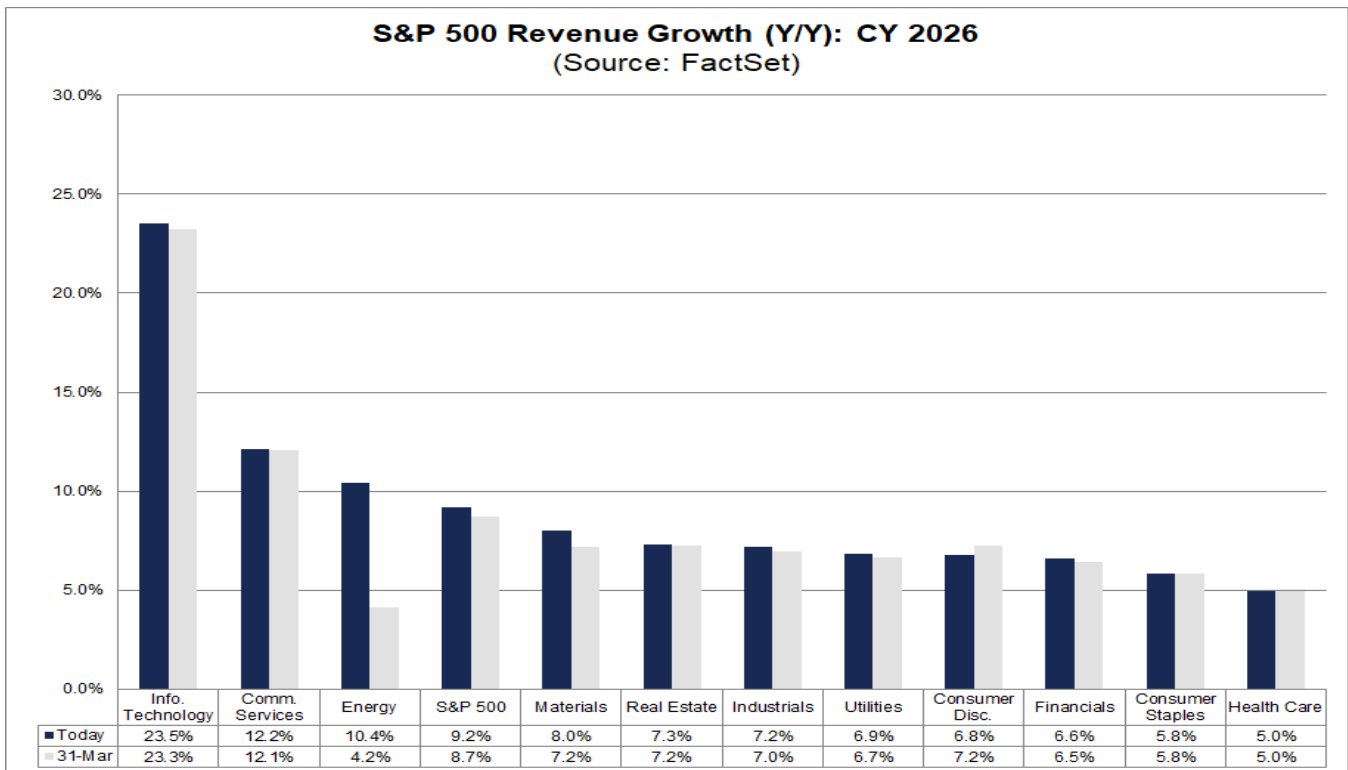
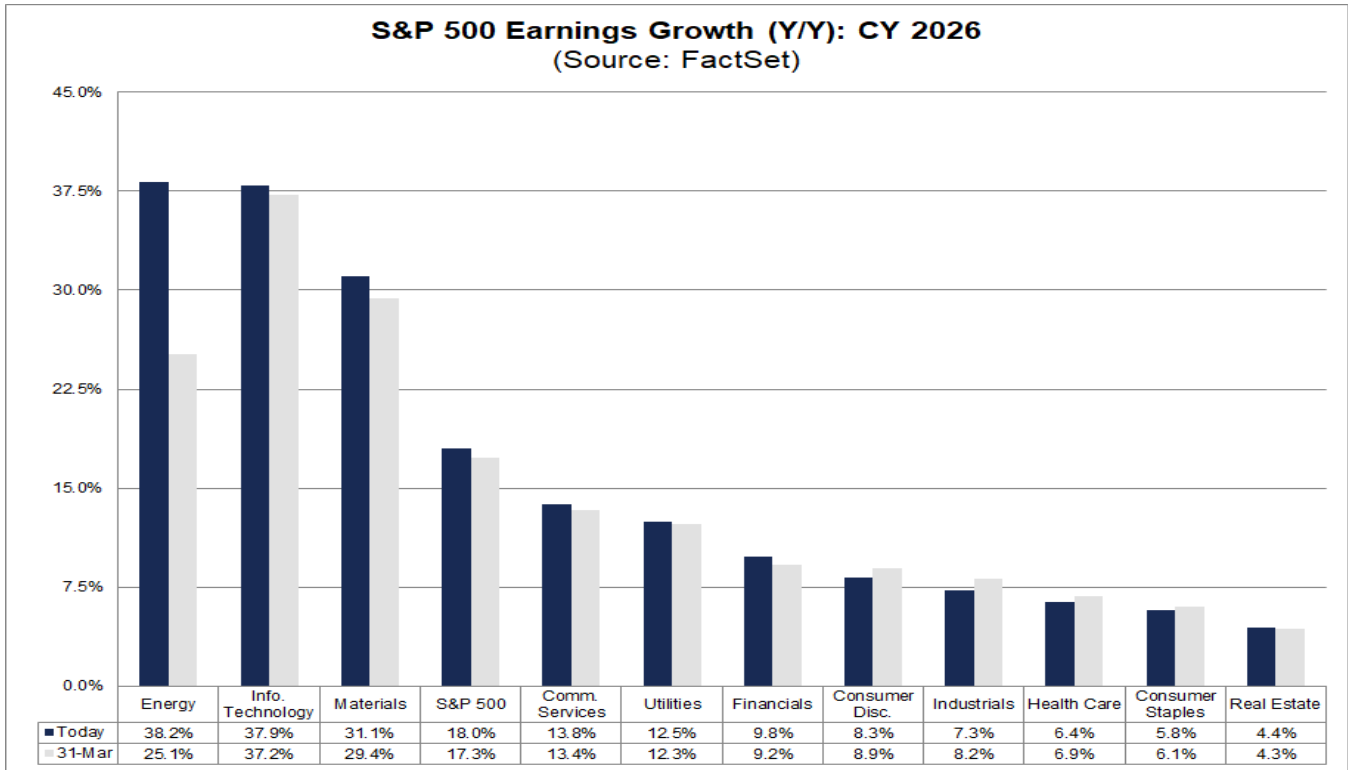
Q2 2026: Growth



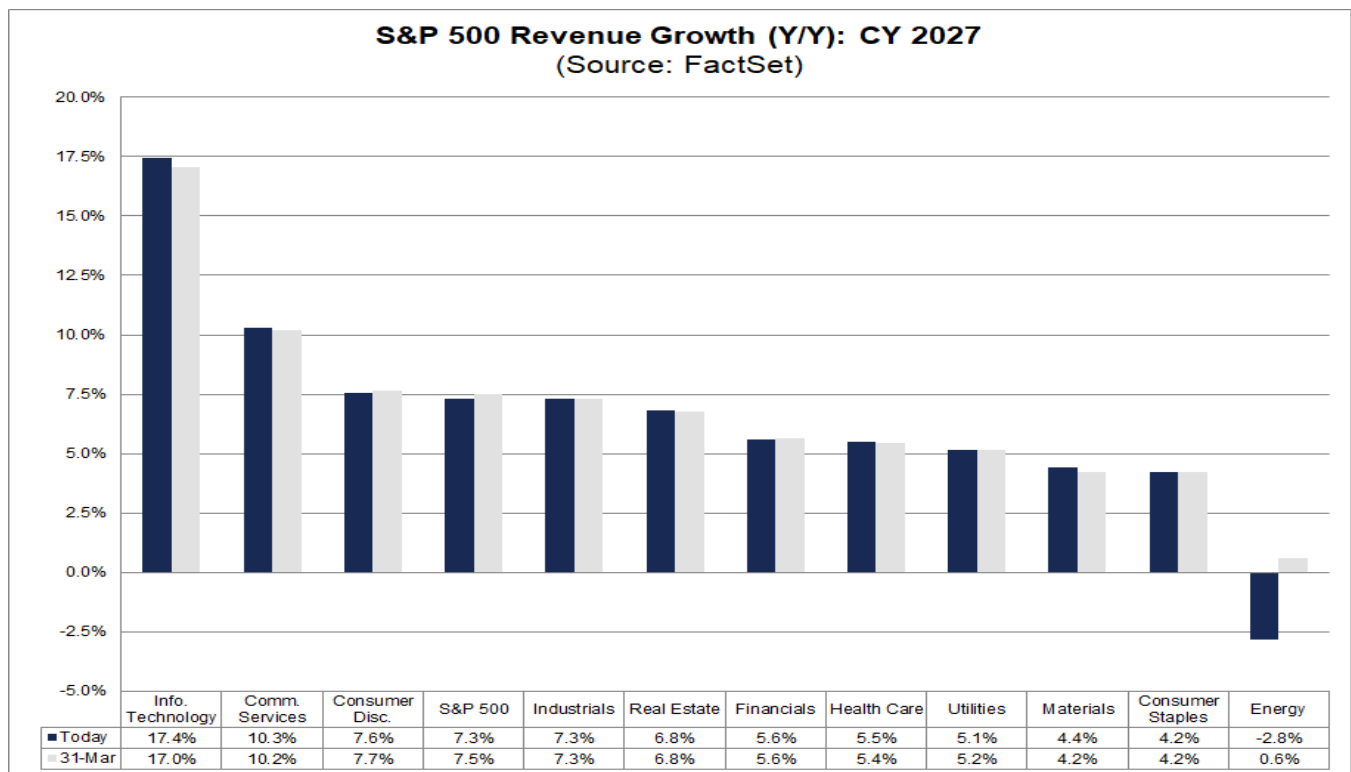
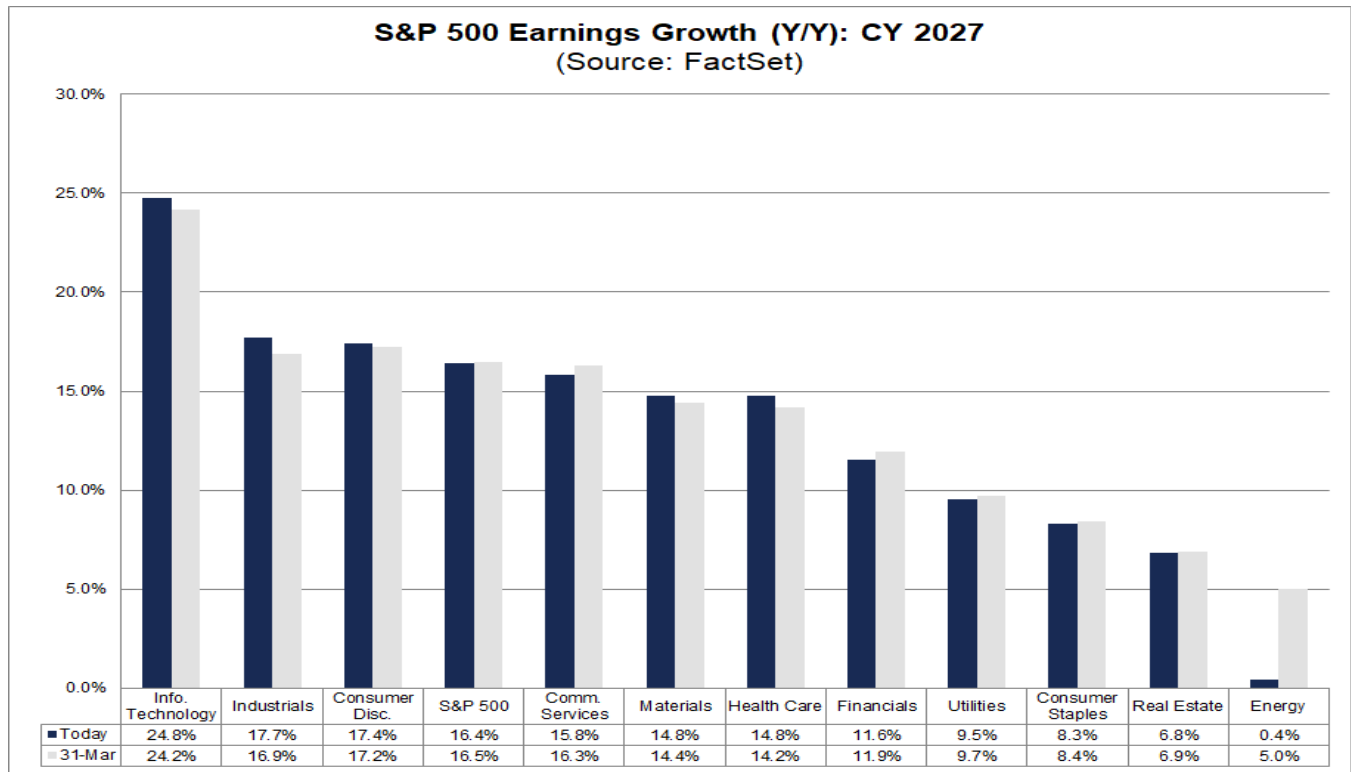
FY 2026 / 2027: EPS Guidance



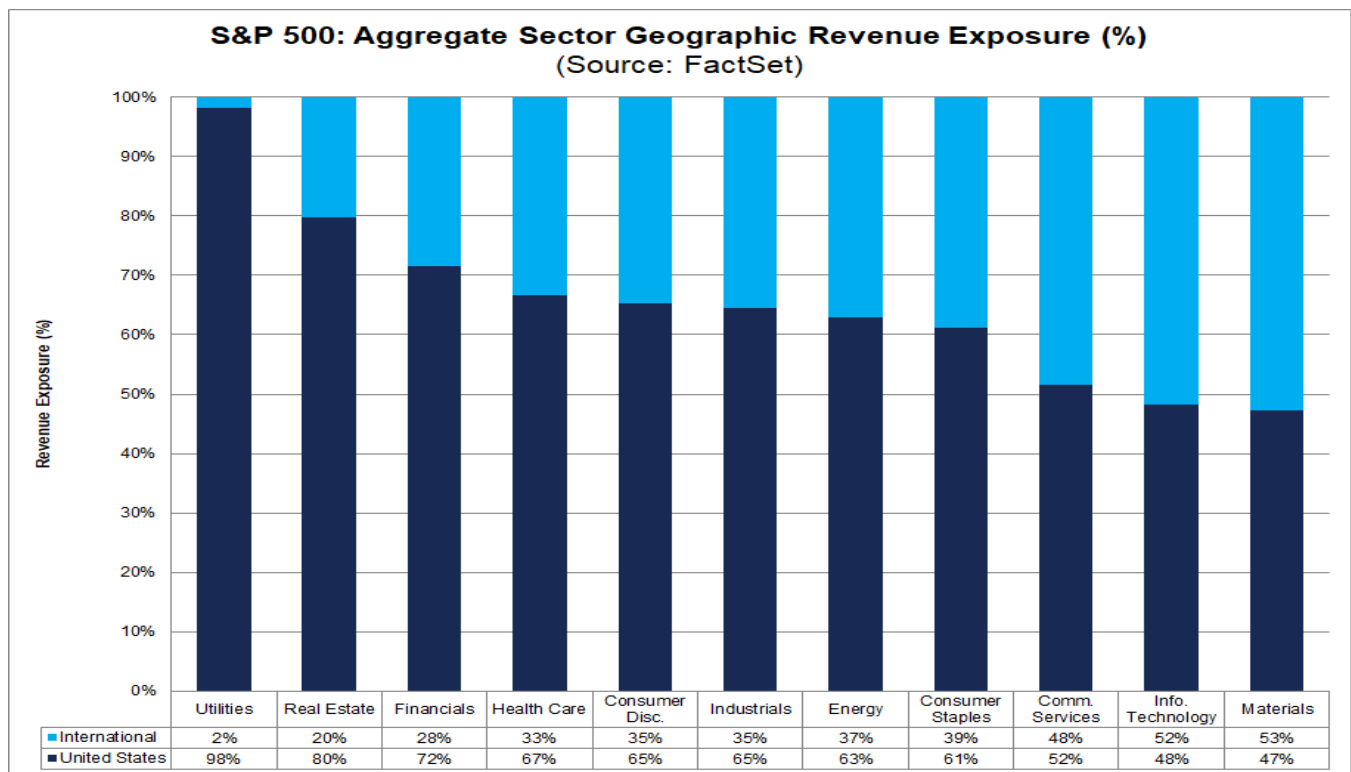
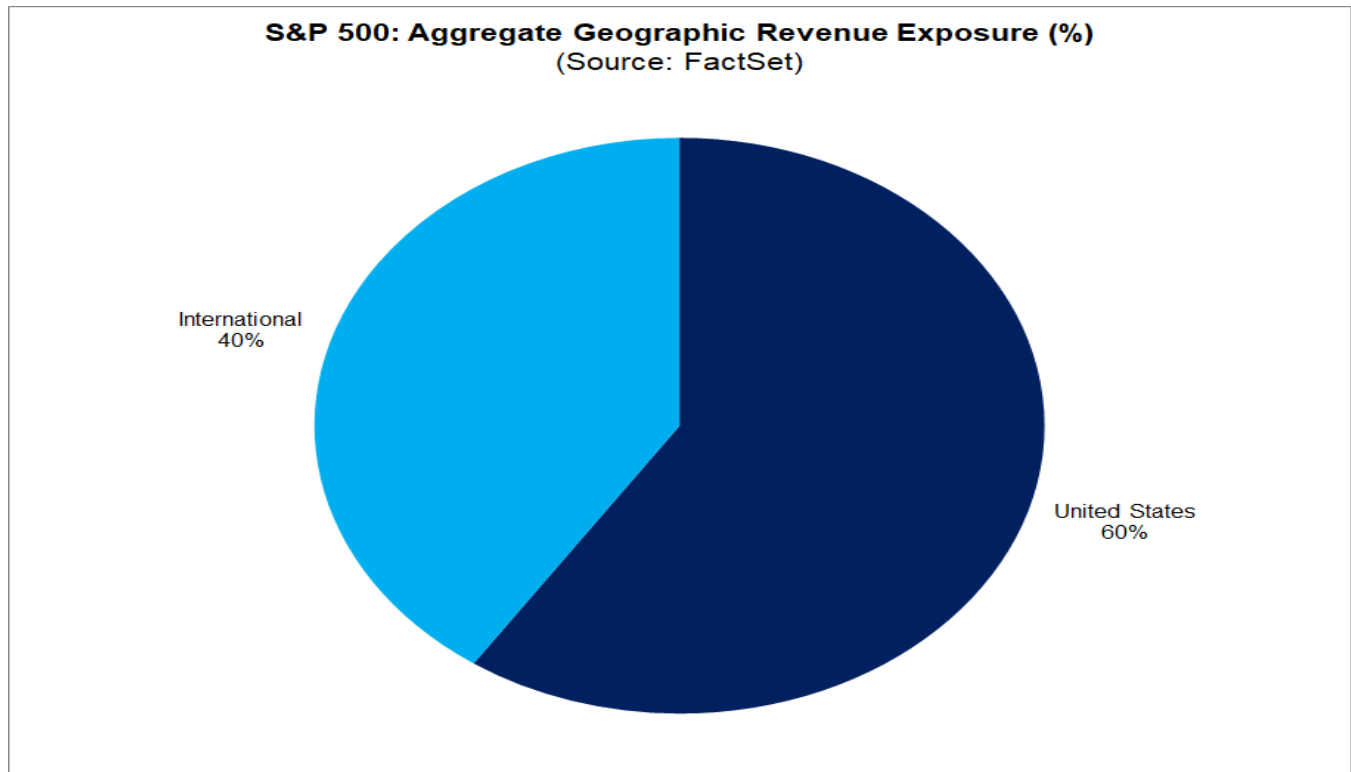
CY 2026: Growth



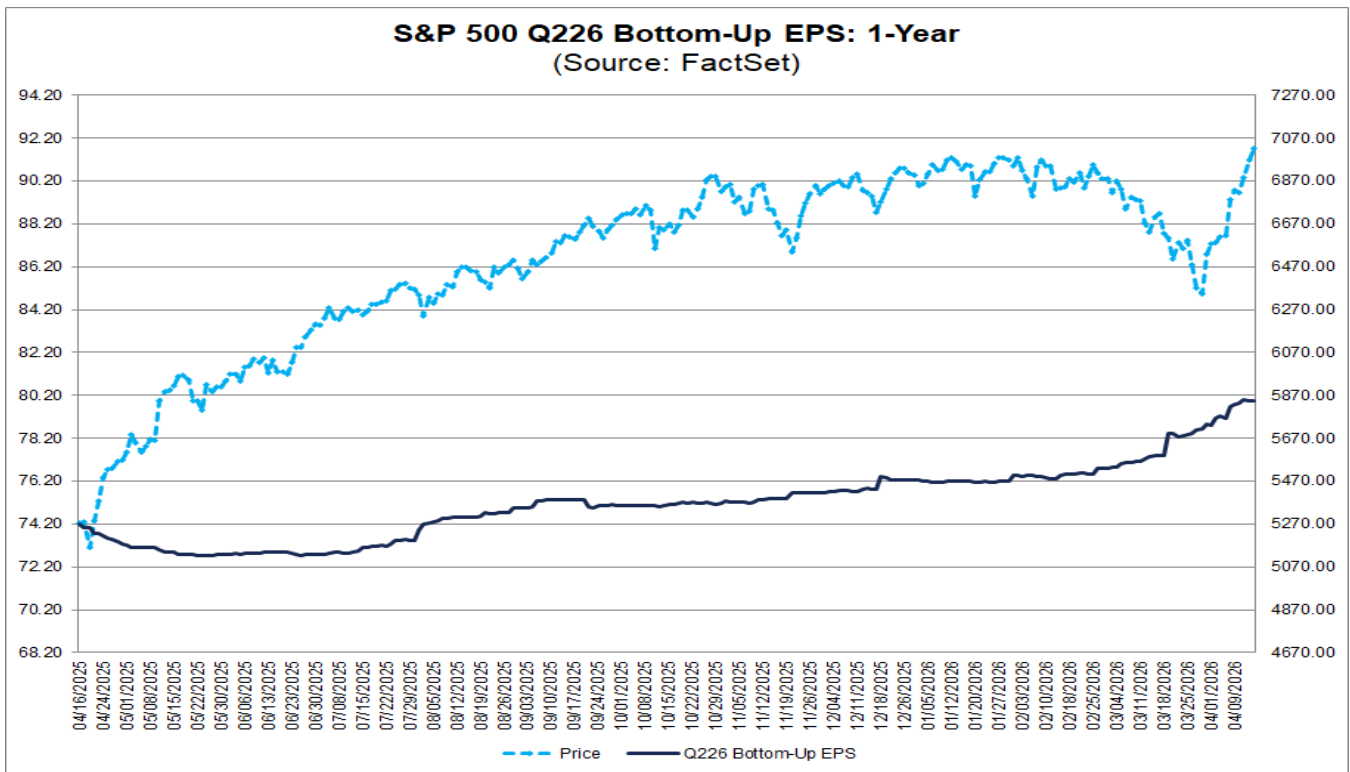
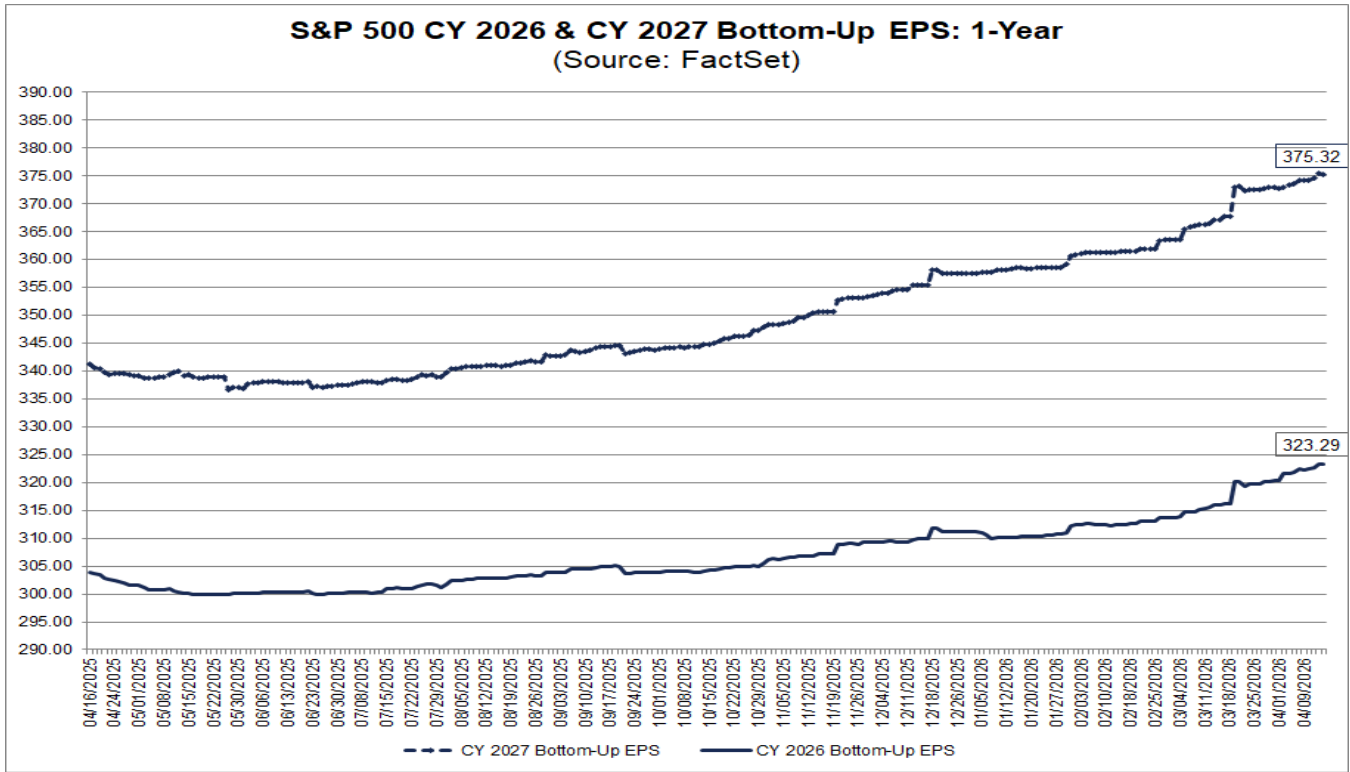
CY 2027: Growth



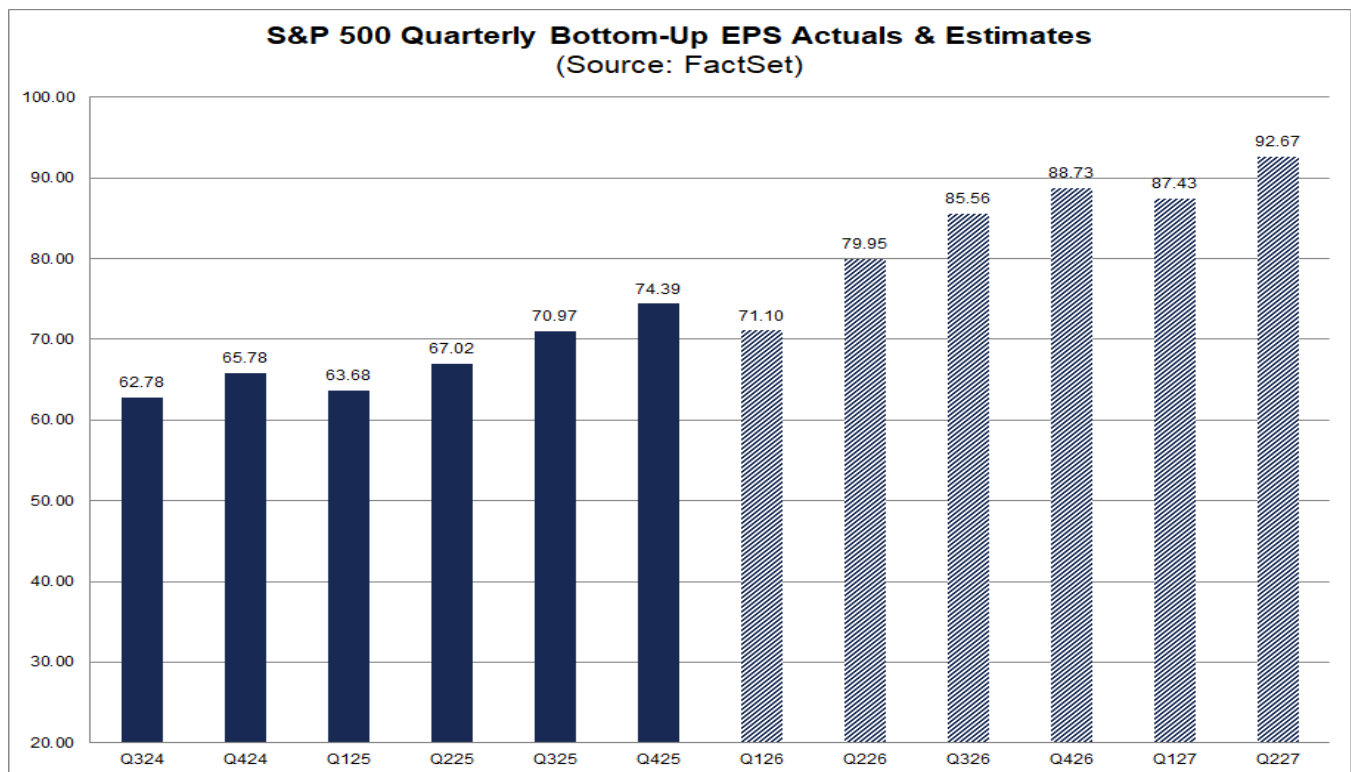
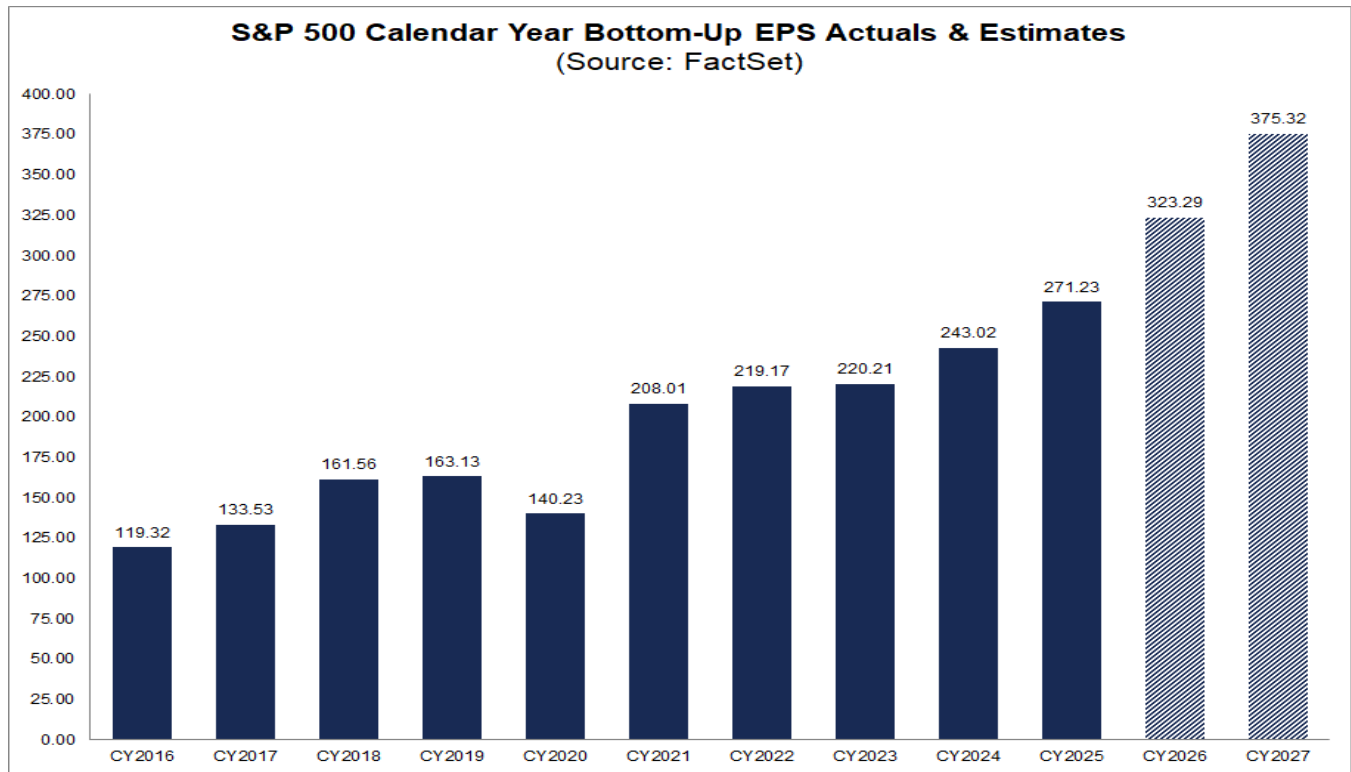
Geographic Revenue Exposure



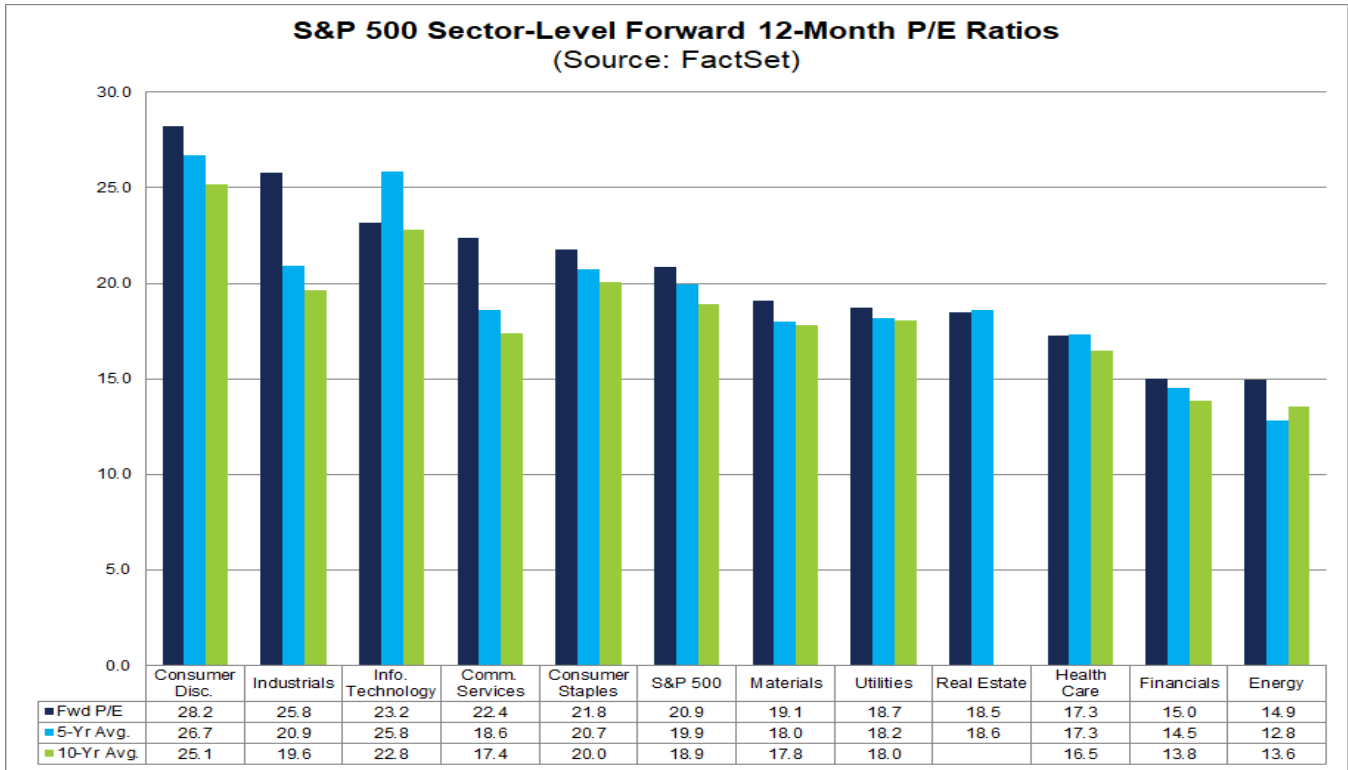
Bottom-Up EPS Estimates



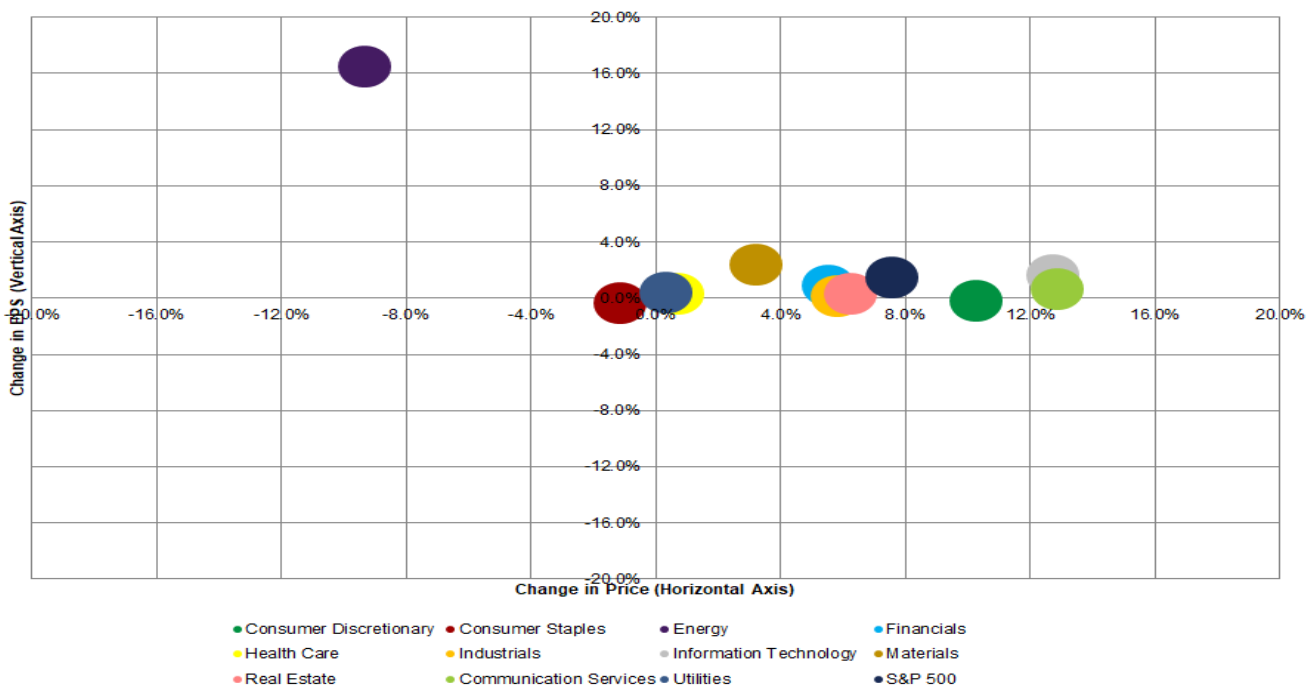
Bottom-Up EPS Estimates: Current & Historical



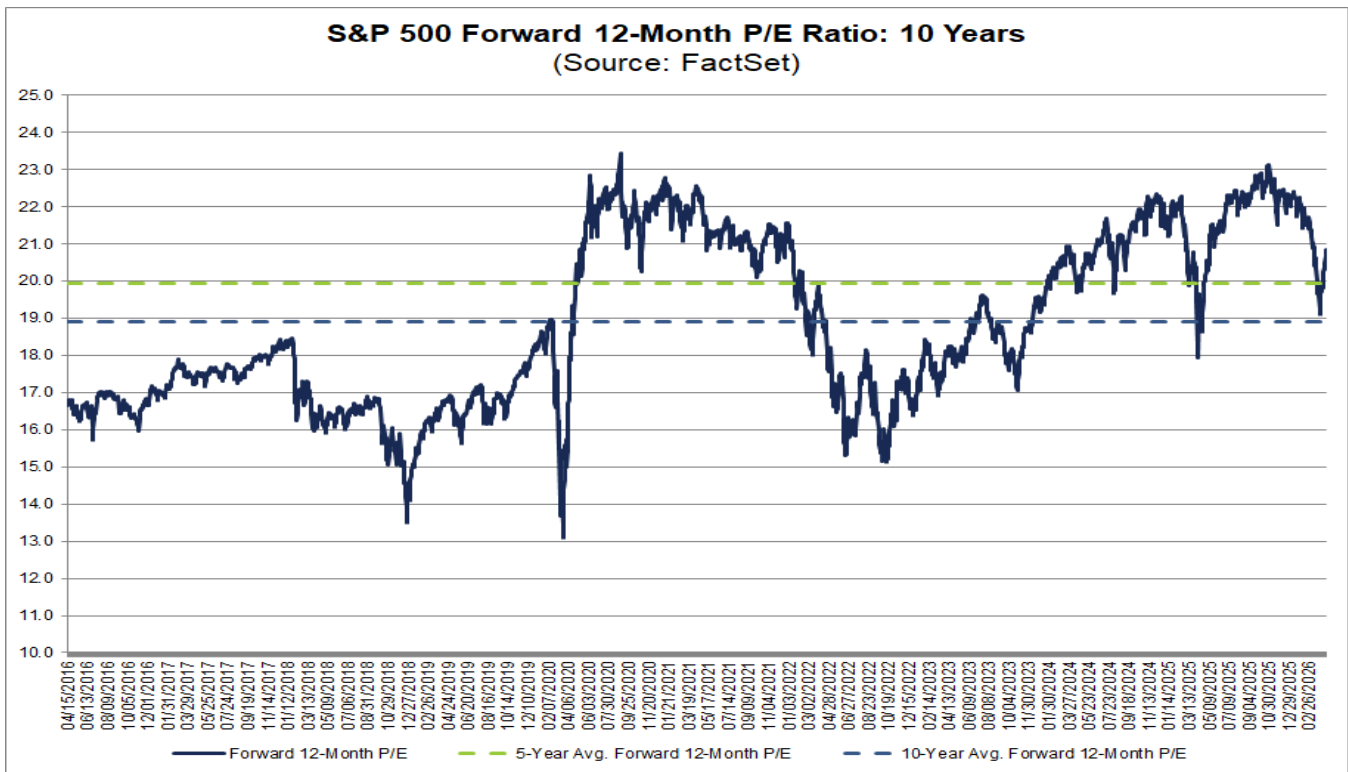
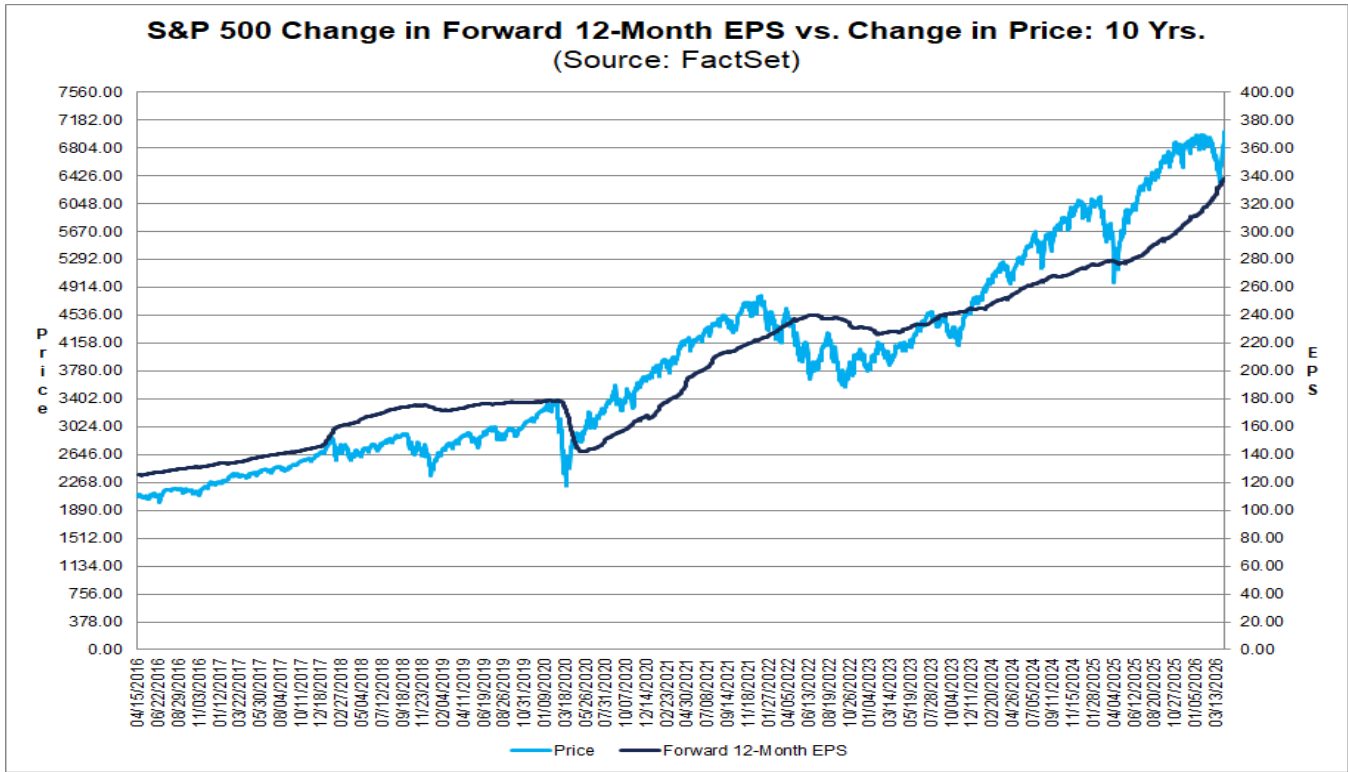
Forward 12M P/E Ratio: Sector Level



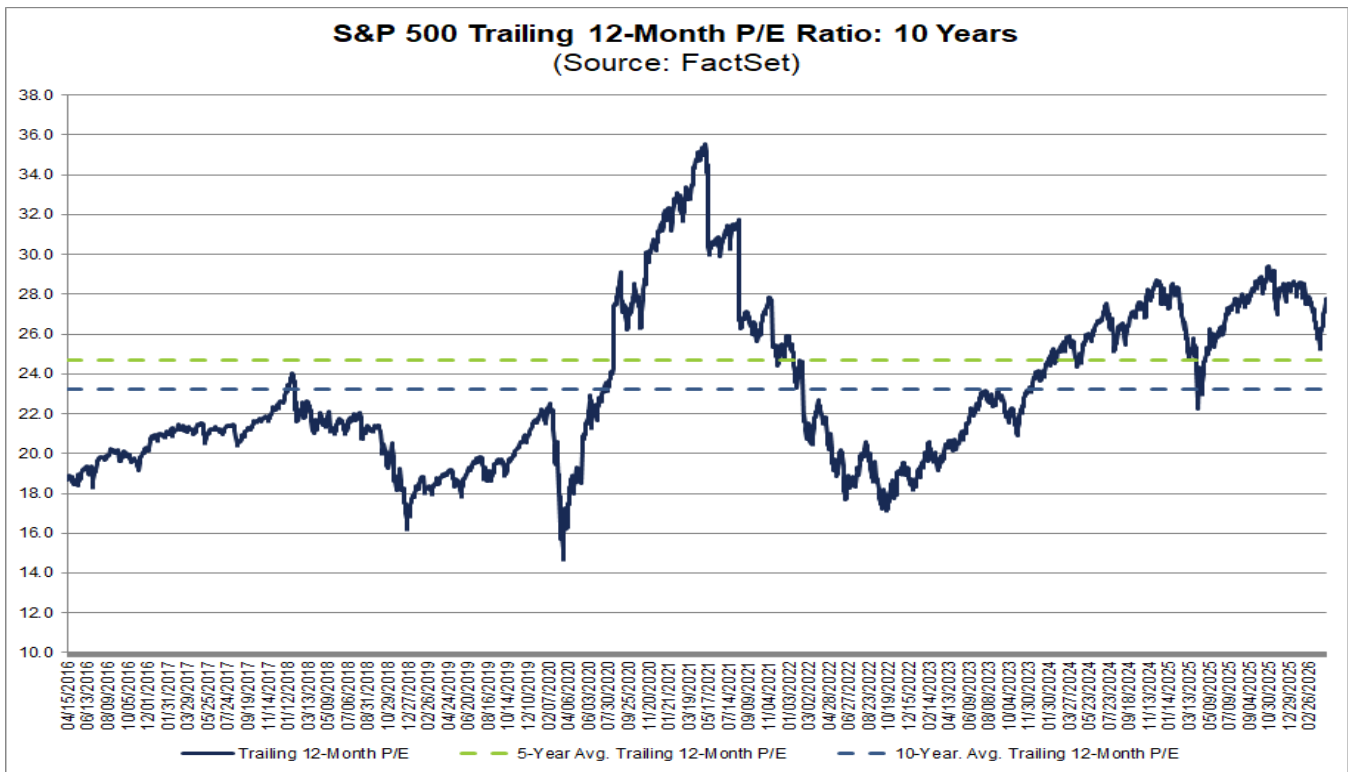
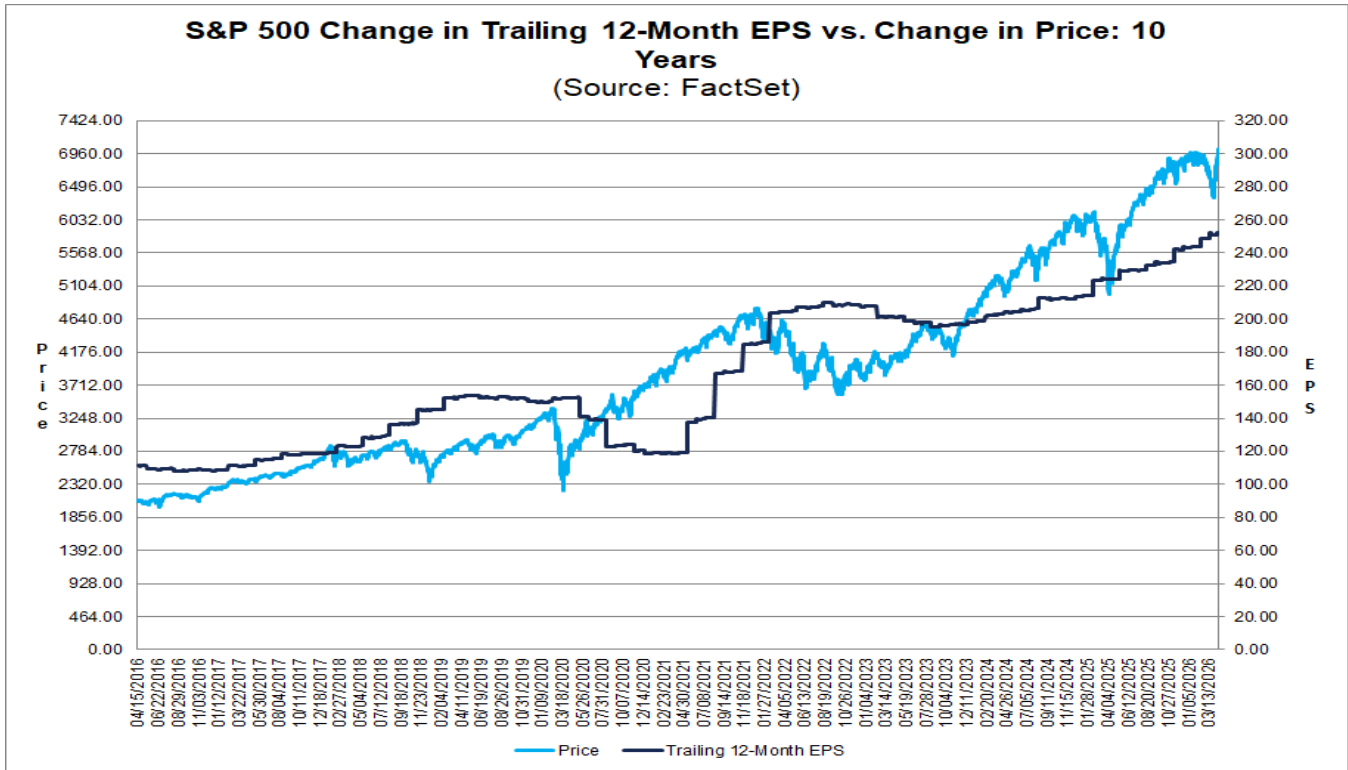
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar 31 (Source: FactSet)



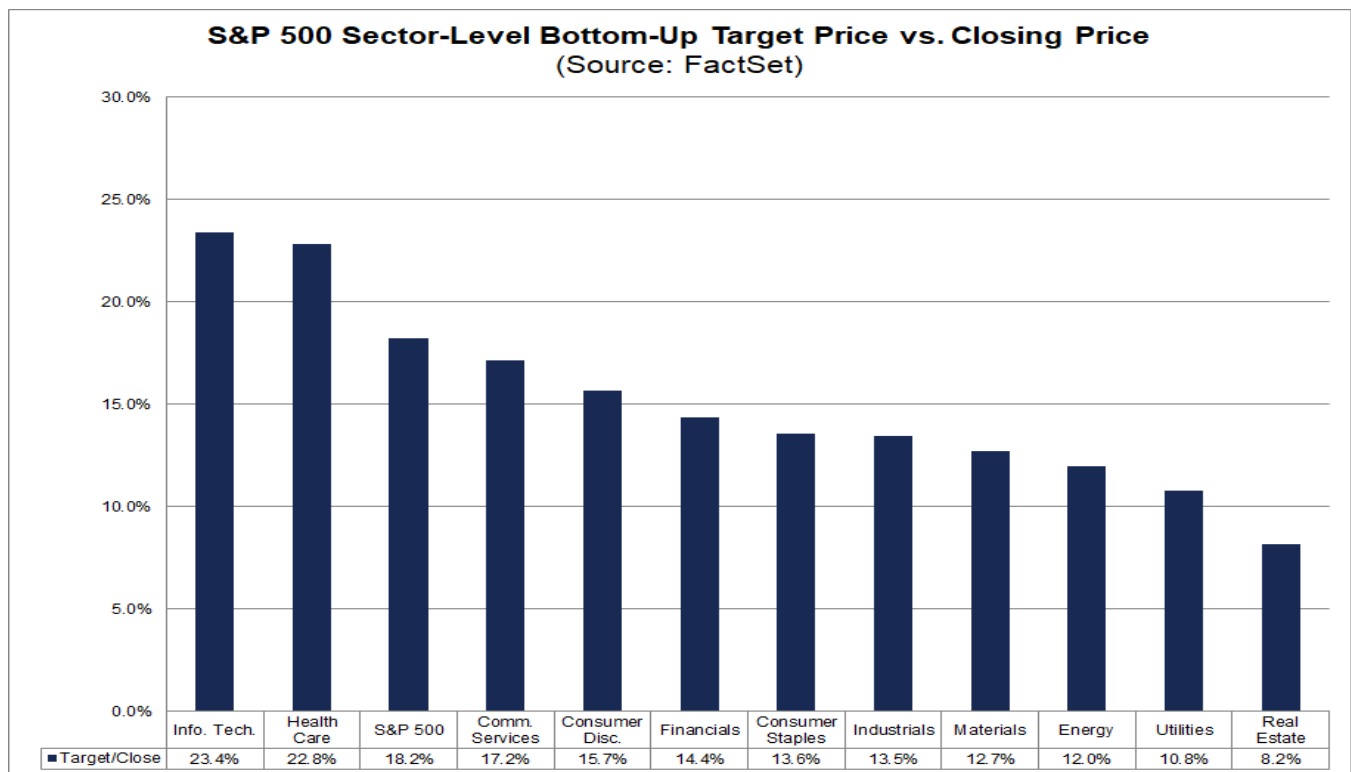
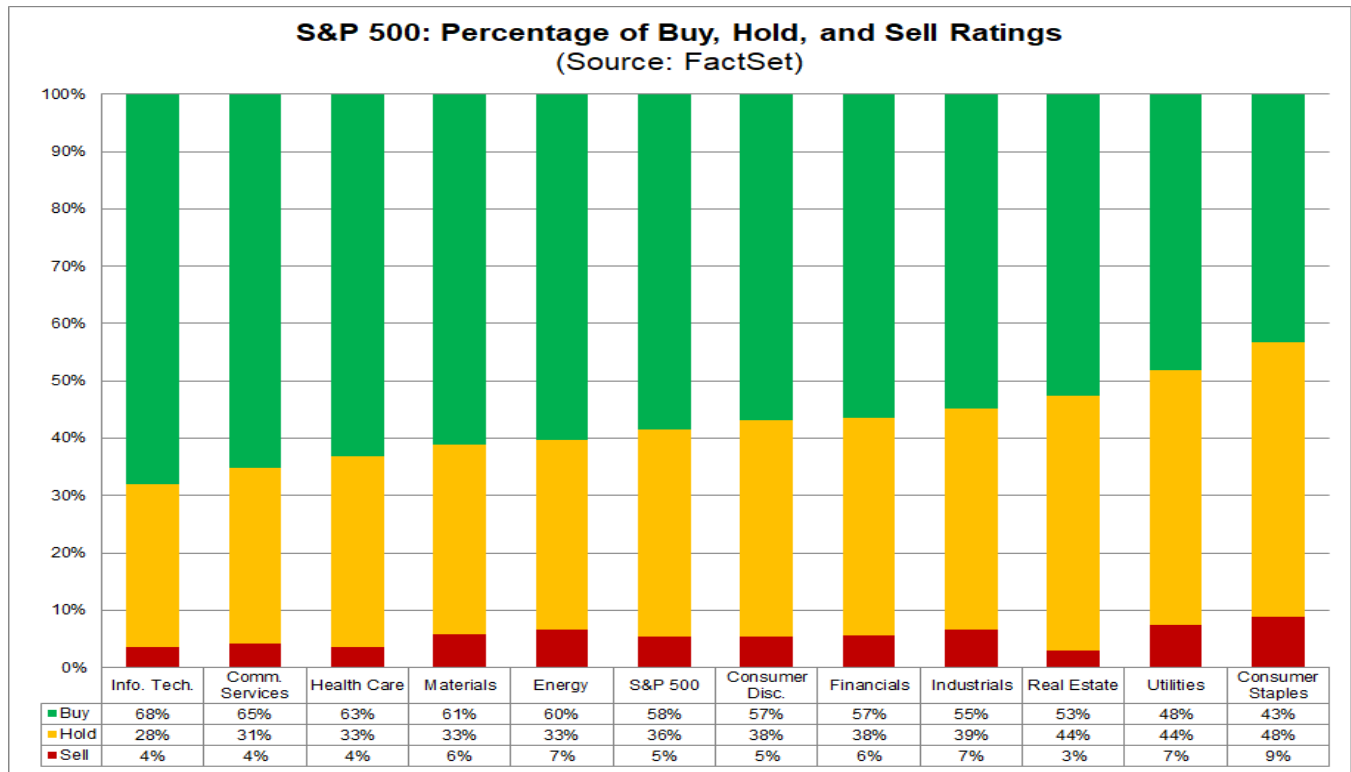
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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