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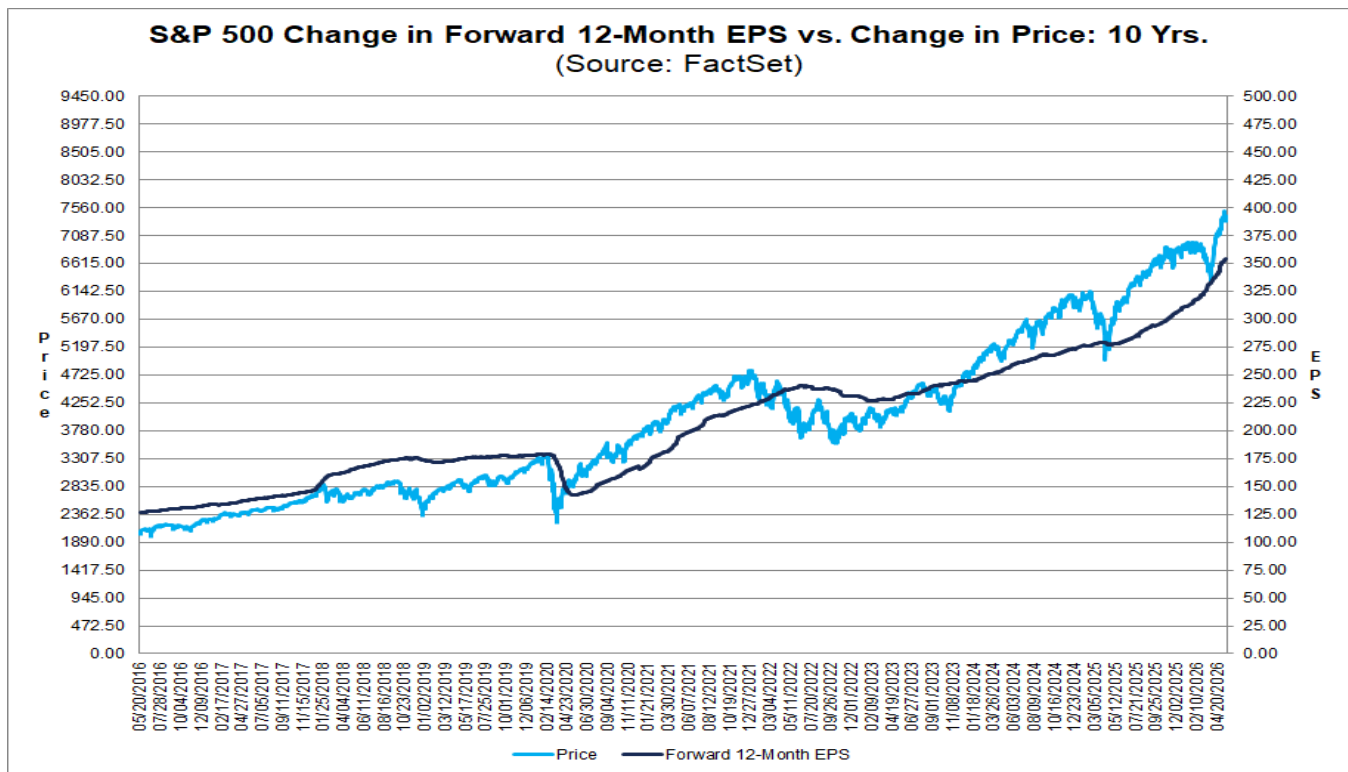
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Author’s Note: *The FactSet Earnings Insight report is being published one day early this week on May 21. The next edition of the report will be published on May 29.*

Key Metrics

- **Earnings Scorecard:** For Q1 2026 (with 94% of S&P 500 companies reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 81% 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 28.4%. If 28.4% is the actual growth rate for the quarter, it will mark the highest earnings growth rate reported by the index since Q4 2021 (32.0%).
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q1 2026 was 13.0%. Ten sectors are reporting (or have reported) higher earnings today (compared to March 31) due to positive EPS surprises and upward revisions to EPS estimates.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.1. 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:

“Mag 7” and Other 493 S&P 500 Companies Are Reporting Highest Earnings Growth Since 2021

With NVIDIA reporting actual results for Q1 on May 20, all the companies in the “Magnificent 7” have now reported earnings for the first quarter. How did the earnings reported by these seven companies perform relative to analyst expectations and year-ago results?

On March 31, the estimated earnings growth rate for the “Magnificent 7” companies for Q4 was 22.5%. Overall, 100% (7 out of 7) of the “Magnificent 7” companies reported a positive EPS surprise, compared to 84% for all S&P 500 companies. In aggregate, earnings reported by the “Magnificent 7” companies exceeded estimates by 32.5%, compared to 16.6% for all S&P 500 companies.

As a result, the “Magnificent 7” companies reported actual earnings growth of 63.2% for the first quarter, which is the highest earnings growth rate reported by these seven companies since Q2 2021 (89.2%). On the other hand, the blended earnings growth rate for the other 493 S&P 500 companies for Q1 is 17.4%, which is also the highest earnings growth rate reported by this group of companies since Q4 2021 (32.3%).

Overall, four of the “Magnificent 7” companies are among the top five contributors to earnings growth for the S&P 500 for the first quarter: NVIDIA, Alphabet, Amazon.com, and Meta Platforms. Micron Technology is the only company outside of the “Magnificent 7” companies that is a top 5 contributor to earnings growth for the S&P 500 for the quarter.

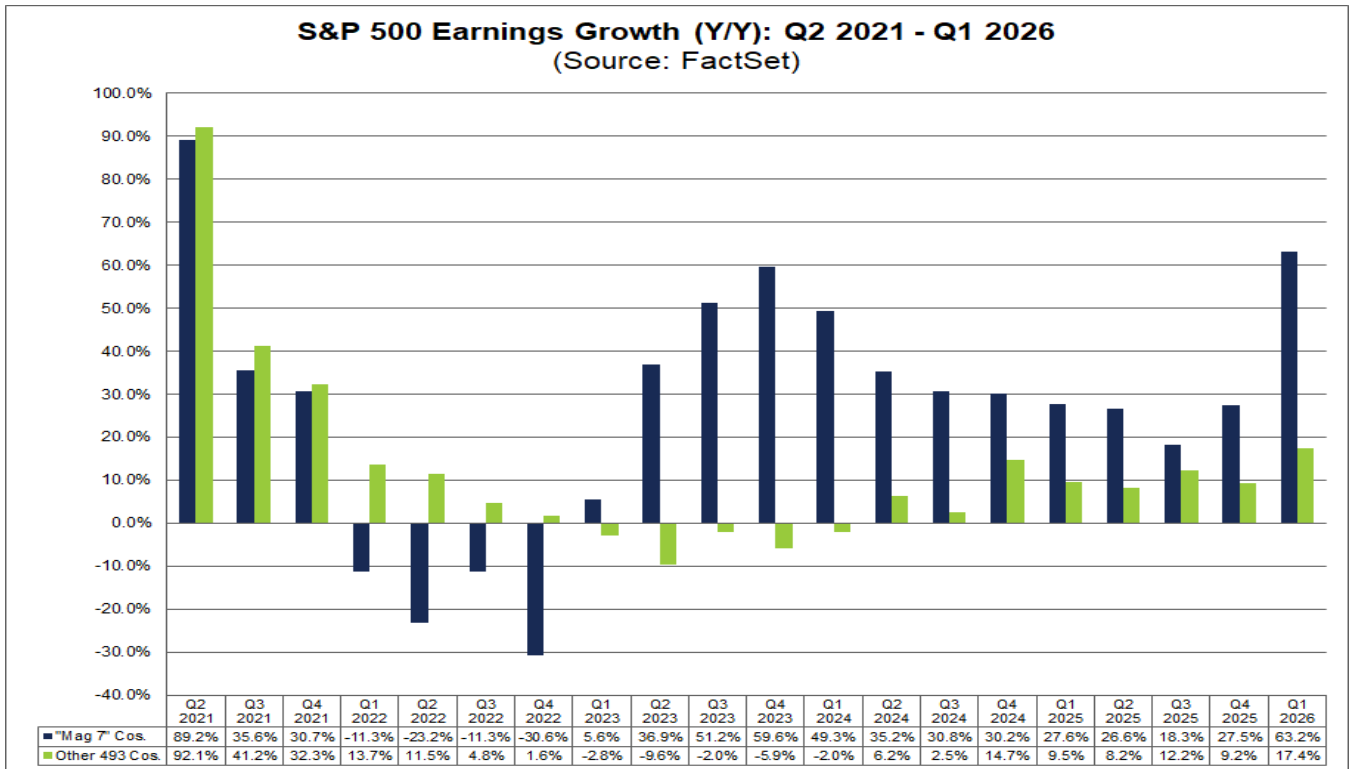
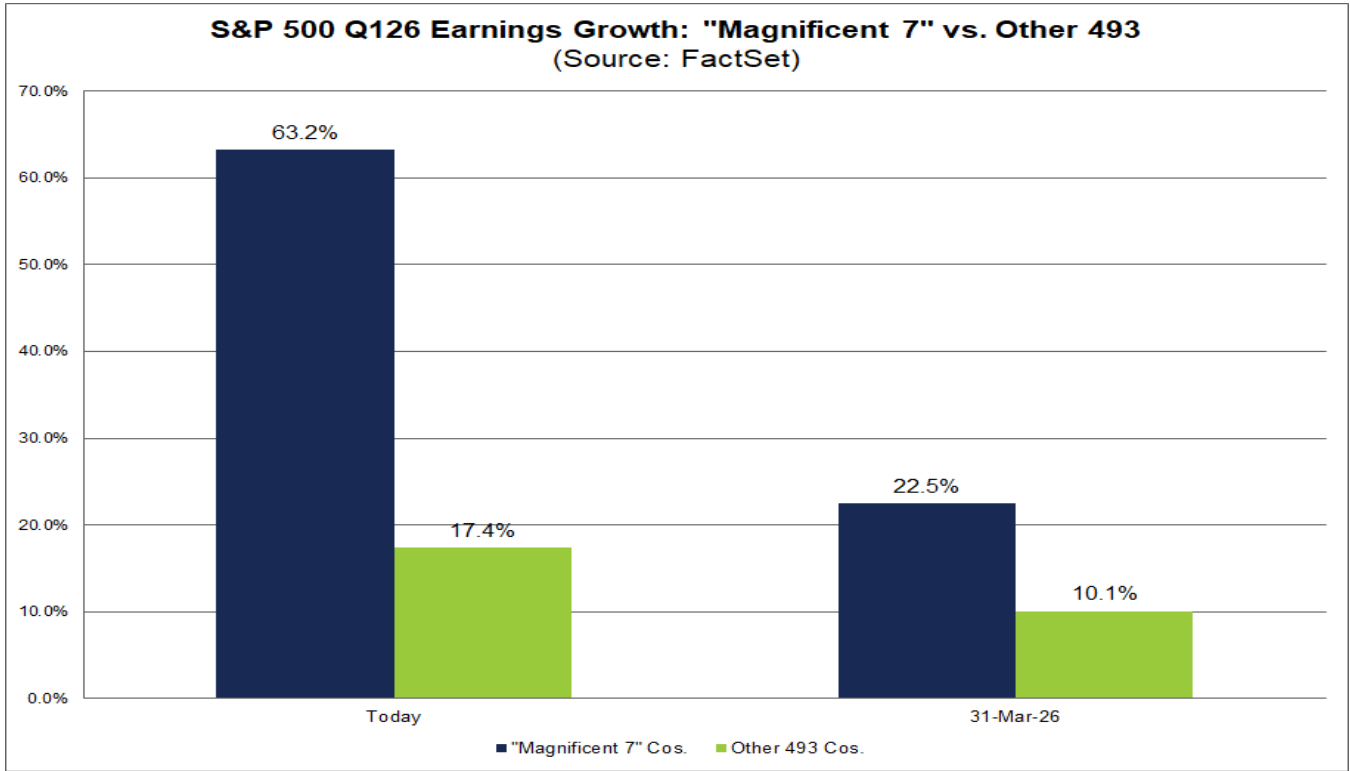
It is important to note that EPS reported on a GAAP basis by Alphabet, Amazon.com, and Meta Platforms was used for both the earnings surprise and the earnings growth rate calculations, as the majority of analysts contributing EPS estimates to FactSet for these three companies are providing EPS estimates on a GAAP basis. Alphabet, Amazon.com, and Meta Platforms historically have only reported EPS numbers on a GAAP basis.

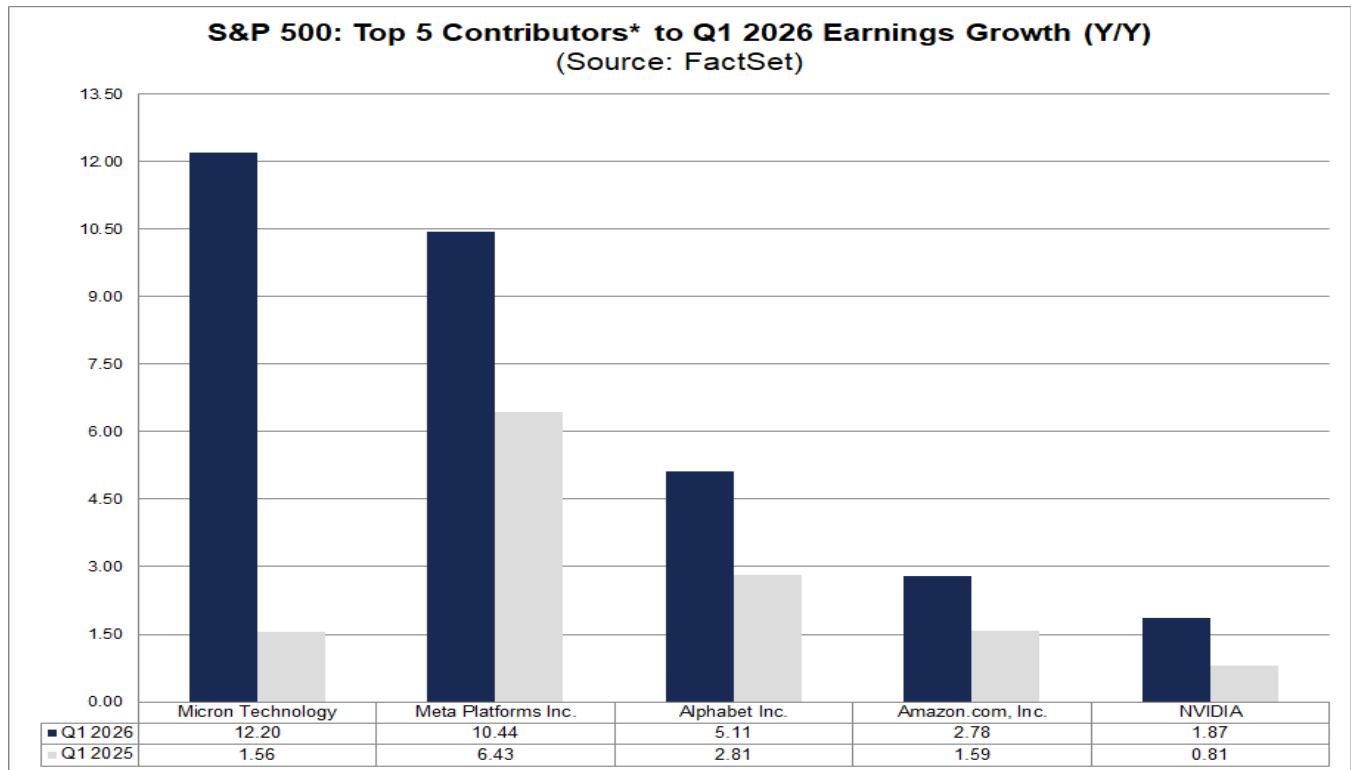
It is interesting to note that all three companies highlighted items in their Q1 earnings releases that had a positive impact on GAAP earnings for the quarter. The (GAAP) EPS actual for Alphabet for Q1 2026 included a net gain of \$37.7 billion primarily due to net unrealized gains on non-marketable equity securities. The (GAAP) EPS actual for Amazon.com for Q1 2026 included pre-tax gains of \$16.8 billion included in non-operating income from investments in Anthropic. The (GAAP) EPS actual for Meta Platforms for Q1 2026 included an \$8.03 billion income tax benefit. Meta Platforms also stated that EPS excluding the tax benefit for the first quarter would have been \$3.13 lower.

On the other hand, EPS reported on a non-GAAP basis by NVIDIA and Micron Technology was used for both the earnings surprise and the earnings growth rate calculations, as the majority of analysts contributing EPS estimates to FactSet for these two companies are providing EPS estimates on a non-GAAP basis. NVIDIA and Micron Technology historically have reported EPS numbers on a both a GAAP basis and a non-GAAP basis. NVIDIA reported lower non-GAAP EPS (\$1.87) than GAAP EPS (\$2.39), while Micron Technology reported higher non-GAAP EPS (\$12.20) than GAAP EPS (\$12.07).

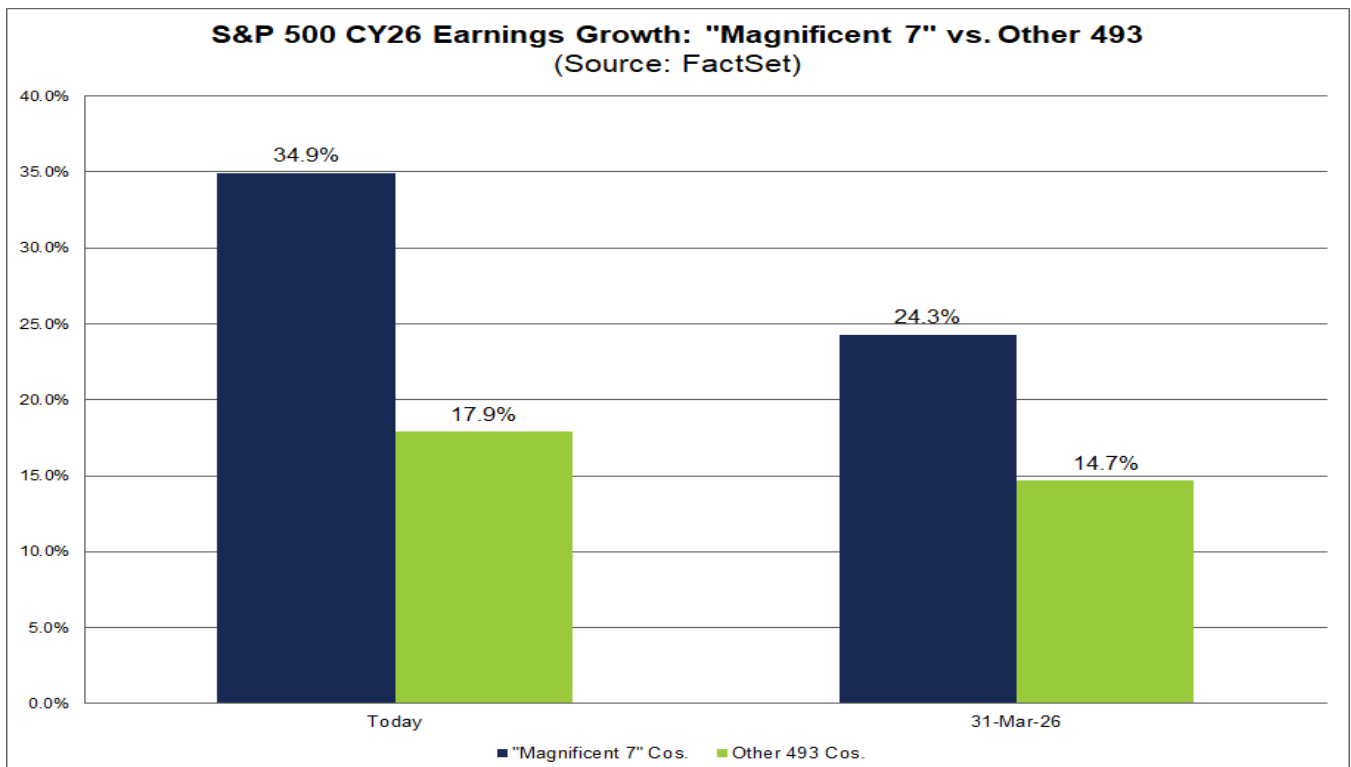
While all publicly traded U.S. companies report EPS on a GAAP (generally accepted accounting principles) basis, many U.S. companies also choose to report EPS on a non-GAAP basis. There are mixed opinions in the market about the use of non-GAAP EPS. Supporters of the practice argue that it provides the market with a more accurate picture of earnings from the day-to-day operations of companies, as items that companies deem to be one-time events or nonoperating in nature are typically excluded from the non-GAAP EPS numbers. Critics of the practice argue that there is no industry-standard definition of non-GAAP EPS, and companies can take advantage of the lack of standards to exclude items that (more often than not) have a negative impact on earnings to boost non-GAAP EPS.

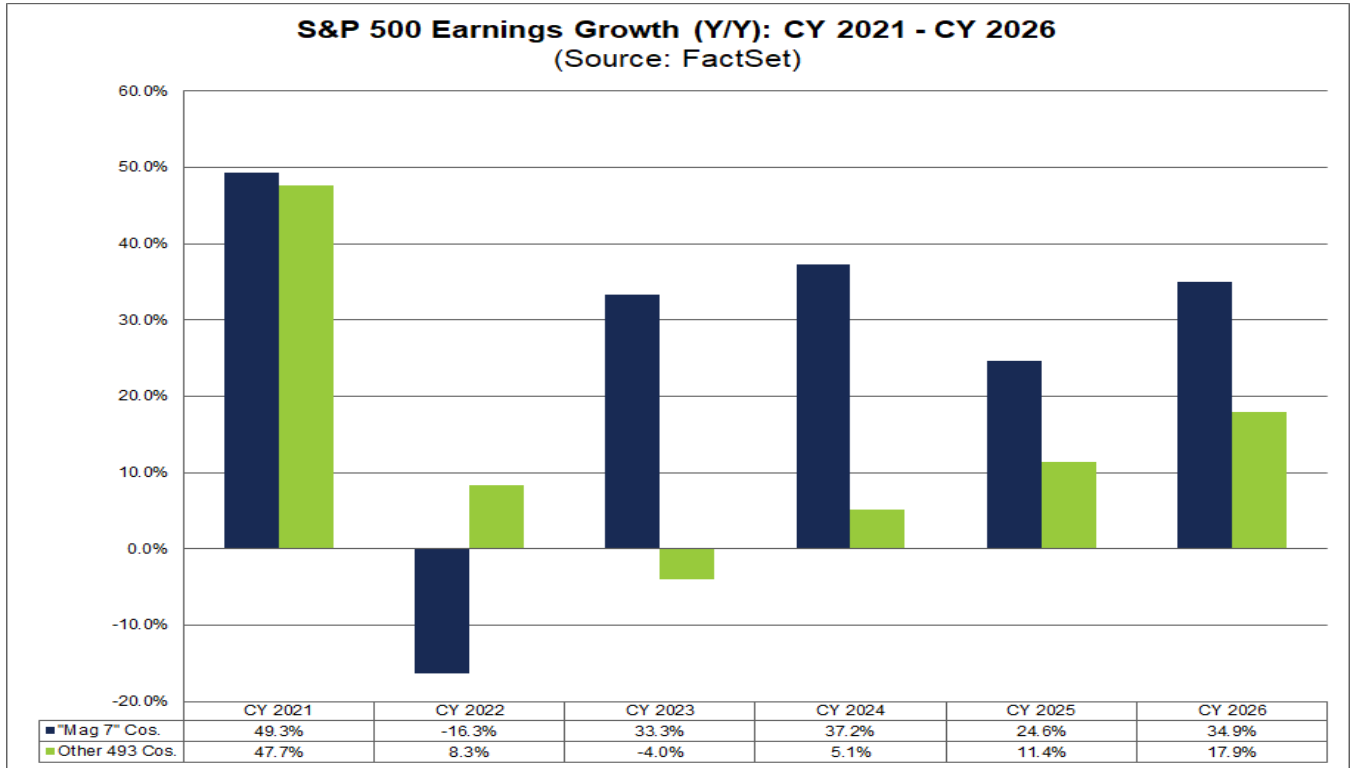
Looking ahead, the estimated earnings growth rates for 2026 for both the “Magnificent 7” companies (34.9% vs. 24.3%) and the other 493 S&P 500 companies (17.9% vs. 14.7%) are higher today compared to March 31, as analysts have increased full-year EPS estimates for both groups of companies in aggregate.





*Not in order of contribution





Q1 Earnings Season: By The Numbers

Overview

At this late stage of the Q1 earnings season, the S&P 500 continues to report impressive results. 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 and relative to the end of the quarter. In addition, the index is reporting its highest earnings growth rate since Q4 2021.

Overall, 94% of the companies in the S&P 500 have reported actual results for Q1 2026 to date. Of these companies, 84% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 76%. If 84% is the actual number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since Q2 2021 (87%). In aggregate, companies are reporting earnings that are 16.6% above estimates, which is also above the 5-year average of 7.3% and above the 10-year average of 7.1%. If 16.6% is the actual number for the quarter, it will mark the highest surprise percentage reported by the index since Q1 2021 (22.2%). 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, the positive EPS surprise reported by NVIDIA was the largest contributor to the increase in the overall earnings growth rate for the index over this period. Since March 31, the positive EPS surprises reported by Alphabet, Amazon.com, and Meta Platforms have been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the 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 28.4% today, compared to an earnings growth rate of 27.8% last week and an earnings growth rate of 13.0% at the end of the first quarter (March 31).

If 28.4% is the actual growth rate for the quarter, it will mark the highest earnings growth rate reported by the index since Q4 2021 (32.0%) and the 6th consecutive quarter of double-digit (year-over-year) earnings growth for the index.

Ten of the eleven sectors are reporting (or have reported) year-over-year earnings growth. Seven of these ten sectors are reporting (or have reported) double-digit earnings growth, led by the Information Technology, Communication Services, Materials, and Consumer Discretionary sectors. On the other hand, the Health Care sector is the only sector reporting a year-over-year decline in earnings.

In terms of revenues, 81% 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%. If 81% is the actual number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise since Q2 2021 (87%). In aggregate, companies are reporting revenues that are 1.8% above the estimates, which is below 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 11.6% today, compared to a revenue growth rate of 11.4% last week and a revenue growth rate of 9.9% at the end of the first quarter (March 31).

During the past week, positive revenue surprises reported by Walmart and NVIDIA were the largest contributors to the increase in the overall revenue growth rate for the index over this period. Since March 31, positive revenue surprises reported by companies in multiple sectors (led by the Information Technology, Communication Services, Financials, Industrials, and Health Care sectors) have been the largest contributors to the increase in the overall revenue growth rate for the index over this period.

If 11.6% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q2 2022 (13.9%).

All eleven sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Communication Services, and Utilities sectors.

For Q2 2026 through Q4 2026, analysts are calling for earnings growth rates of 21.0%, 24.2%, and 21.7%, respectively. For CY 2026, analysts are predicting (year-over-year) earnings growth of 22.1%.

The forward 12-month P/E ratio is 21.1, 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, 11 S&P 500 companies (including 1 Dow 30 component) 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 (84%) is Above 5-Year Average

Overall, 94% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 84% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 11% 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.

If 84% is the actual number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive EPS surprise since Q2 2021 (87%).

At the sector level, the Information Technology (97%) and Health Care (89%) sectors have the highest percentages of companies reporting earnings above estimates, while the Communication Services (73%), Materials (73%), and Real Estate (74%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+16.6%) is Above 5-Year Average

In aggregate, companies are reporting earnings that are 16.6% 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.

If 16.6% is the actual number for the quarter, it will mark the highest surprise percentage reported by the index since Q1 2021 (22.2%).

The Communication Services (+53.0%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Alphabet (\$5.11 vs. \$2.68), Netflix (\$1.23 vs. \$0.76), Meta Platforms (\$10.44 vs. \$6.67), and Paramount Skydance (\$0.23 vs. \$0.15) have reported the largest positive EPS surprises. The (GAAP) EPS actual for Alphabet for Q1 2026 included a net gain of \$37.7 billion primarily due to net unrealized gains on non-marketable equity securities. The (GAAP) EPS actual for Netflix for Q1 2026 included a \$2.8 billion termination fee related to the Warner Bros. transaction. The (GAAP) EPS actual for Meta Platforms for Q1 2026 included an \$8.03 billion income tax benefit.

The Consumer Discretionary (+39.8%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Ford Motor (\$0.66 vs. \$0.18), Amazon.com (\$2.78 vs. \$1.63), Norwegian Cruise Line Holdings (\$0.23 vs. \$0.14), Expedia (\$1.96 vs. \$1.41), and General Motors (\$3.70 vs. \$2.66) have reported the largest positive EPS surprises. The (non-GAAP) EPS actual for Ford Motor for Q1 2026 included a \$1.3 billion one-time IEEPA tariff benefit. The (GAAP) EPS actual for Amazon.com for Q1 2026 included pre-tax gains of \$16.8 billion included in non-operating income from investments in Anthropic.

The Energy (+19.9%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Phillips 66 (\$0.49 vs. -\$0.54), Marathon Petroleum (\$1.65 vs. \$0.74), Occidental Petroleum (\$1.06 vs. \$0.60), Chevron (\$1.41 vs. \$0.97), and Valero Energy (\$4.22 vs. \$3.16) reported the largest positive EPS surprises.

The Industrials (+18.9%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, GE Vernova (\$17.44 vs. \$1.95), Boeing (-\$0.20 vs. -\$0.61), and Comfort Systems USA (\$10.51 vs. \$6.81) have reported the largest positive EPS surprises. The (GAAP) actual EPS for GE Vernova for Q1 2026 included \$4.5 billion in pre-tax M&A gains.

The Materials (+17.3%) sector reported the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Albemarle Corporation (\$2.95 vs. \$1.19), LyondellBasell Industries (\$0.49 vs. \$0.28), Dow (-\$0.14 vs. -\$0.29), and CF Industries Holdings (\$4.10 vs. \$2.70) reported the largest positive EPS surprises.

Market Punishing Negative EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q1 2026 have seen an average price increase of +1.1% two days before the earnings release through two days after the earnings release. This percentage increase is slightly above 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 -4.6% two days before the earnings release through two days after the earnings. This percentage decrease is much larger 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 (81%) is Above 5-Year Average

In terms of revenues, 81% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 19% 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.

If 81% is the actual number for the quarter, it will mark the highest percentage of S&P 500 companies reporting a positive revenue surprise since Q2 2021 (87%).

At the sector level, the Information Technology (92%) and Communication Services (91%) sectors have the highest percentages of companies reporting revenues above estimates, while the Financials (65%) and Energy (68%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.8%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.8% above expectations. This surprise percentage is above the 1-year average (+1.6%), below 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 Utilities (+7.3%) and Materials (+3.3%) sectors reported the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Energy (0.9%) and Financials (0.9%) sectors reported the smallest positive (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to NVIDIA

Increase in Blended Earnings This Week Due to NVIDIA

The blended (year-over-year) earnings growth rate for the first quarter is 28.4%, which is above the earnings growth rate of 27.8% last week. The positive EPS surprise reported by NVIDIA (\$1.87 vs. \$1.75) was the largest contributor to the increase in the overall earnings growth rate for the index over this period.

Increase in Blended Revenues This Week Due to Walmart and NVIDIA

The blended (year-over-year) revenue growth rate for the first quarter is 11.6%, which is above the revenue growth rate of 11.4% last week. The positive revenue surprises reported by Walmart (\$177.75 billion vs. \$174.84 billion) and NVIDIA (\$81.62 billion vs. \$79.01 billion) were the largest contributors to the increase in the overall revenue growth rate for the index over this period.

Three “Magnificent 7” Companies Have Led Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2026 of 28.4% is above the estimate of 13.0% at the end of the first quarter (March 31). Ten 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 Communication Services (to 48.9% vs. -3.7%) and Consumer Discretionary (to 40.4% from 1.7%) sectors. These two sectors have also been the largest contributors to the increase in the overall earnings growth rate for the index since March 31, led by the positive EPS surprises reported by Alphabet, Amazon.com, and Meta Platforms. On the other hand, the Energy (to 0.6% from 8.2%) sector is the only sector that has recorded a decrease in its earnings growth rate since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises.

In the Communication Services sector, the positive EPS surprises reported by Alphabet (\$5.11 vs. \$2.68), Meta Platforms (\$10.44 vs. \$6.67), and Netflix (\$1.23 vs. \$0.76) have been substantial contributors to the increase in the overall earnings growth rate for the index since March 31. The (GAAP) EPS actual for Alphabet for Q1 2026 included a net gain of \$37.7 billion primarily due to net unrealized gains on non-marketable equity securities. The (GAAP) EPS actual for Meta Platforms for Q1 2026 included an \$8.03 billion income tax benefit. 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 Communication Services sector is now reporting earnings growth of 48.9% compared to expectations for a decline in earnings of -3.7% on March 31.

In the Consumer Discretionary sector, the positive EPS surprises reported by Amazon.com (\$2.78 vs. \$1.63), Ford Motor (\$0.66 vs. \$0.18), and General Motors (\$3.70 vs. \$2.66) have been significant contributors to the increase in the overall earnings growth rate for the index since March 31. The (GAAP) EPS actual for Amazon.com for Q1 2026 included pre-tax gains of \$16.8 billion included in non-operating income from investments in Anthropic. The (non-GAAP) EPS actual for Ford Motor for Q1 2026 included a \$1.3 billion one-time IEEPA tariff benefit. As a result, the blended earnings growth rate for the Consumer Discretionary sector has increased to 40.4% from 1.7% over this period.

Outside of these two sectors, the Information Technology, Financials, and Industrials sectors have also been substantial contributors to the increase in the overall earnings growth rate for the S&P 500 since the end of the quarter.

In the Information Technology sector, the positive EPS surprises reported by NVIDIA (\$1.87 vs. \$1.75), Microsoft (\$4.27 vs. \$4.06), Sandisk (\$23.41 vs. \$14.62), Intel (\$0.29 vs. \$0.02), and Apple (\$2.01 vs. \$1.95) have been solid contributors to the increase in the overall earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Information Technology sector has increased to 53.4% from 44.6% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase (\$5.94 vs. \$5.47), Allstate (\$10.65 vs. \$7.31), Citigroup (\$3.06 vs. \$2.65), Bank of America (\$1.11 vs. \$1.01), and Morgan Stanley (\$3.43 vs. \$3.02) have been solid contributors to the increase in the overall earnings growth rate for the index since March 31. As a result, the blended earnings growth rate for the Financials sector has increased to 21.8% from 14.8% over this period.

In the Industrials sector, the positive EPS surprise reported by GE Vernova (\$17.44 vs. \$1.95) has been a significant contributor to the increase in the overall earnings growth rate for the index since March 31. The (GAAP) actual EPS for GE Vernova for Q1 2026 included \$4.5 billion in pre-tax M&A gains. As a result, the blended earnings growth rate for the Industrials sector has increased to 20.9% from 3.1% over this period.

Information Technology Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2026 of 11.6% is above the estimate of 9.9% at the end of the first quarter (March 31). All 11 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 14.3% from 9.4%) and Materials (to 9.2% from 5.2%) sectors. However, the Information Technology (to 29.8% from 27.4%), Communication Services (to 15.1% from 12.7%), Financials (to 10.9% from 10.0%), Industrials (to 8.1% from 5.8%), and Health Care (to 7.0% from 5.9%) sectors have been the largest contributors to the increase in the overall revenue growth rate for the index since March 31.

In the Information Technology sector, the positive revenue surprises reported by NVIDIA (\$81.62 billion vs. \$79.01 billion), Apple (\$111.18 billion vs. \$109.46 billion), Microsoft (82.89 billion vs. \$81.44 billion), Sandisk (\$5.95 billion vs. \$4.72 billion), and Intel (\$13.58 billion vs. \$12.42 billion) have been substantial contributors to the increase in the overall revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Information Technology sector has increased to 29.8% from 27.4% over this period.

In the Communication Services sector, the positive revenue surprises reported by Alphabet (\$109.90 billion vs. \$107.00 billion), Comcast (31.46 billion vs. \$30.41 billion), and Meta Platforms (\$56.31 billion vs. \$55.56 billion) have been significant contributors to the increase in the overall revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Communication Services sector has increased to 15.1% from 12.7% over this period.

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), and JPMorgan Chase (\$49.84 billion vs. \$49.18 billion) have been substantial contributors to the increase in the overall revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Financials sector has increased to 10.9% from 10.0% over this period.

In the Industrials sector, the positive revenue surprises reported by Caterpillar (\$17.42 billion vs. \$16.53 billion) and GE Aerospace (\$11.61 billion vs. \$10.71 billion) have been solid contributors to the increase in the overall revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Industrials sector has increased to 8.1% from 5.8% over this period.

In the Health Care sector, the positive revenue surprises reported by CVS Health (\$100.43 billion vs. \$94.99 billion), Centene Corporation (\$49.94 billion vs. \$47.53 billion), UnitedHealth Group (\$111.72 billion vs. \$109.43 billion), Eli Lilly and Company (\$19.80 billion vs. \$17.82 billion), Cigna (\$68.49 billion vs. \$66.29 billion), and Elevance Health (\$49.49 billion vs. \$48.20 billion) have been substantial contributors to the increase in the overall revenue growth rate for the index since March 31. As a result, the blended revenue growth rate for the Health Care sector has increased to 7.0% from 5.9% over this period.

Earnings Growth: 28.4%

The blended (year-over-year) earnings growth rate for Q1 2026 is 28.4%, which is above the 5-year average earnings growth rate of 16.4% and above the 10-year average earnings growth rate of 10.3%. If 28.4% is the actual growth rate for the quarter, it will mark the highest earnings growth rate reported by the index since Q4 2021 (32.0%) and the 6th consecutive quarter of double-digit (year-over-year) earnings growth for the index.

Ten of the eleven sectors are reporting (or have reported) year-over-year earnings growth. Seven of these ten sectors are reporting (or have reported) double-digit growth, led by the Information Technology, Communication Services, Materials, and Consumer Discretionary sectors. On the other hand, the Health Care sector is the only sector reporting a year-over-year decline in earnings.

Information Technology: NVIDIA and Micron Technology Are Largest Contributors to (Y/Y) Growth

The Information Technology sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 53.4%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (107%), Electronic Equipment, Instruments, & Components (41%), Technology Hardware, Storage, & Peripherals (36%), Software (23%), Communication Services (18%), and IT Services (8%).

At the company level, NVIDIA (\$1.87 vs. \$0.81) and Micron Technology (\$12.20 vs. \$1.56) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended earnings growth rate for the Information Technology sector would fall to 29.0% from 53.4%.

Communication Services: Alphabet and Meta Platforms Are Largest Contributors to (Y/Y) Growth

The Communication Services sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 48.9%. At the industry level, 2 of the 5 industries in the sector reported year-over-year earnings growth: Interactive Media & Services (76%) and Media (14%). On the other hand, 3 of the 5 industries in the sector are reporting (or have reported) a year-over-year decline in earnings: Wireless Telecommunication Services (-17%), Entertainment (-7%), and Diversified Telecommunication Services (-3%).

At the company level, Alphabet (\$5.11 vs. \$2.81) and Meta Platforms (\$10.44 vs. \$6.43) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the Communication Services sector would be reporting a year-over-year decline in earnings of -4.3% rather than year-over-year earnings growth of 48.9%.

Materials: Metals & Mining Industry Was Largest Contributor to (Y/Y) Growth

The Materials sector reported the third-largest (year-over-year) earnings growth of all eleven sectors at 42.5%. At the industry level, 2 of the 4 industries in the sector reported year-over-year earnings growth: Metals & Mining (136%) and Chemicals (19%). On the other hand, 2 of the 4 industries in the sector reported a year-over-year decline in earnings: Construction Materials (-24%) and Containers & Packaging (-1%).

The Metals & Mining industry was also the largest contributor to earnings growth for the sector. If this industry were excluded, the actual earnings growth rate for the Materials sector would fall to 14.6% from 42.5%.

Consumer Discretionary: Amazon.com Is Largest Contributor to (Y/Y) Growth

The Consumer Discretionary sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 40.4%. At the industry level, 7 of the 9 industries in the sector are reporting (or have reported) year-over-year earnings growth. Five of these 7 industries are reporting (or have reported) double-digit growth: Automobiles (78%), Broadline Retail (75%), Leisure Products (43%), Hotels, Restaurants, & Leisure (15%), and Automobile Components (10%). On the other hand, 2 of the 9 industries in the sector are reporting (or have reported) a year-over-year decline in earnings: Household Durables (-26%) and Textiles, Apparel, and Luxury Goods (-16%).

At the company level, Amazon.com (\$2.78 vs. \$1.59) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Consumer Discretionary sector would fall to 16.1% from 40.4%.

Revenue Growth: 11.6%

The blended (year-over-year) revenue growth rate for Q1 2026 is 11.6%, 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 11.6% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q2 2022 (13.9%).

At the sector level, all 11 sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Communication Services, and Utilities 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 29.8%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (54%), Technology Hardware, Storage, & Peripherals (28%), Electronic Equipment, Instruments, & Components (24%), Software (19%), Communication Equipment (16%), and IT Services (8%).

Communication Services: All 5 Industries Reporting Year-Over-Year Growth

The Communication Services sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 15.1%. At the industry level, all 5 industries in the sector are reporting (or have reported) year-over-year revenue growth: Interactive Media & Services (24%), Wireless Telecommunication Services (11%), Entertainment (8%), Media (5%), and Diversified Telecommunication Services (4%).

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

The Utilities sector reported the third-highest (year-over-year) revenue growth rate of all eleven sectors at 14.3%. At the industry level, all 5 industries in the sector reported year-over-year revenue growth: Independent Power & Renewable Electricity Producers (29%), Electric Utilities (15%), Multi-Utilities (11%), Water Utilities (6%), and Gas Utilities (1%).

Net Profit Margin: 14.8%

The blended net profit margin for the S&P 500 for Q1 2026 is 14.8%, which is above the previous quarter's net profit margin of 13.2%, above the year-ago net profit margin of 12.8%, and above the 5-year average of 12.3%.

If 14.8% is the actual net profit margin for the quarter, it will mark the highest net profit margin reported by the index since FactSet began tracking this metric in 2009. The current record (going back to 2009) is 13.2%, which occurred in the previous quarter.

At the sector level, seven sectors are reporting a year-over-year increase in their net profit margins in Q1 2026 compared to Q1 2025, led by the Communication Services (20.7% vs. 16.0%) and Information Technology (30.0% vs. 25.4%) sectors. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q1 2026 compared to Q1 2025, led by the Real Estate (33.5% vs. 35.1%) sector.

Six sectors are reporting net profit margins in Q1 2026 that are above their 5-year averages, led by the Communication Services (20.7% vs. 12.6%) sector. On the other hand, five sectors are reporting net profit margins in Q1 2026 that are below their 5-year averages, led by the Real Estate (33.5% vs. 35.7%) and Energy (7.8% vs. 9.6%) sectors.

Forward Estimates & Valuation

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

At this point in time, 92 companies in the index have issued EPS guidance for Q2 2026. Of these 92 companies, 43 have issued negative EPS guidance and 49 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2026 is 47% (43 out of 92), which is below the 5-year average of 58% and below the 10-year average of 60%.

At this point in time, 267 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 267 companies, 111 have issued negative EPS guidance and 156 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 42% (111 out of 267).

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 22% for CY 2026

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 28.4% and year-over-year growth in revenues of 11.6%.

For Q2 2026, analysts are projecting earnings growth of 21.0% and revenue growth of 11.5%.

For Q3 2026, analysts are projecting earnings growth of 24.2% and revenue growth of 10.2%.

For Q4 2026, analysts are projecting earnings growth of 21.7% and revenue growth of 9.8%.

For CY 2026, analysts are projecting earnings growth of 22.1% and revenue growth of 10.4%.

Valuation: Forward P/E Ratio is 21.1, Above the 10-Year Average (18.9)

The forward 12-month P/E ratio for the S&P 500 is 21.1. 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 13.9%, while the forward 12-month EPS estimate has increased by 6.2%. At the sector level, the Consumer Discretionary (26.9) sector has the highest forward 12-month P/E ratio, while the Energy (14.4) and Financials (14.6) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 28.0, which is above the 5-year average of 24.6 and above the 10-year average of 23.3.

Targets & Ratings: Analysts Project 16% Increase in Price Over Next 12 Months

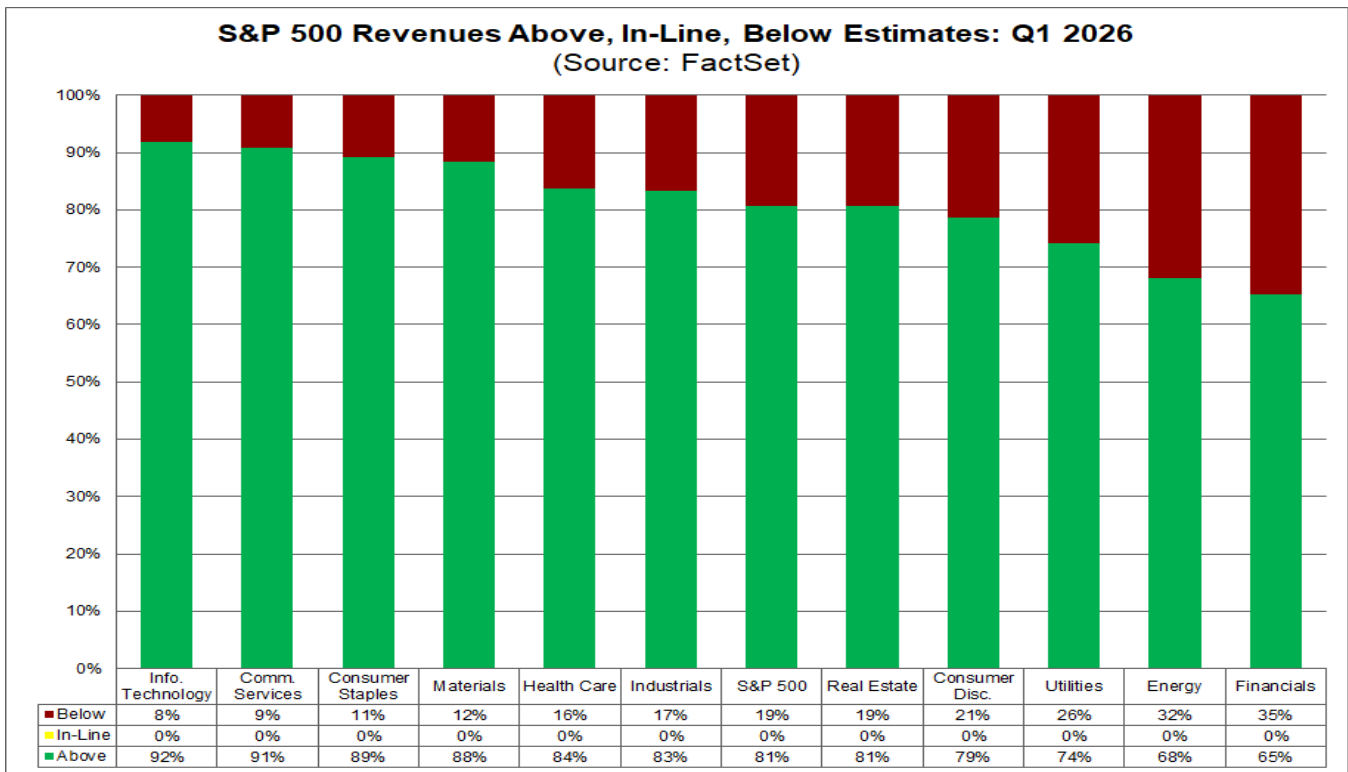
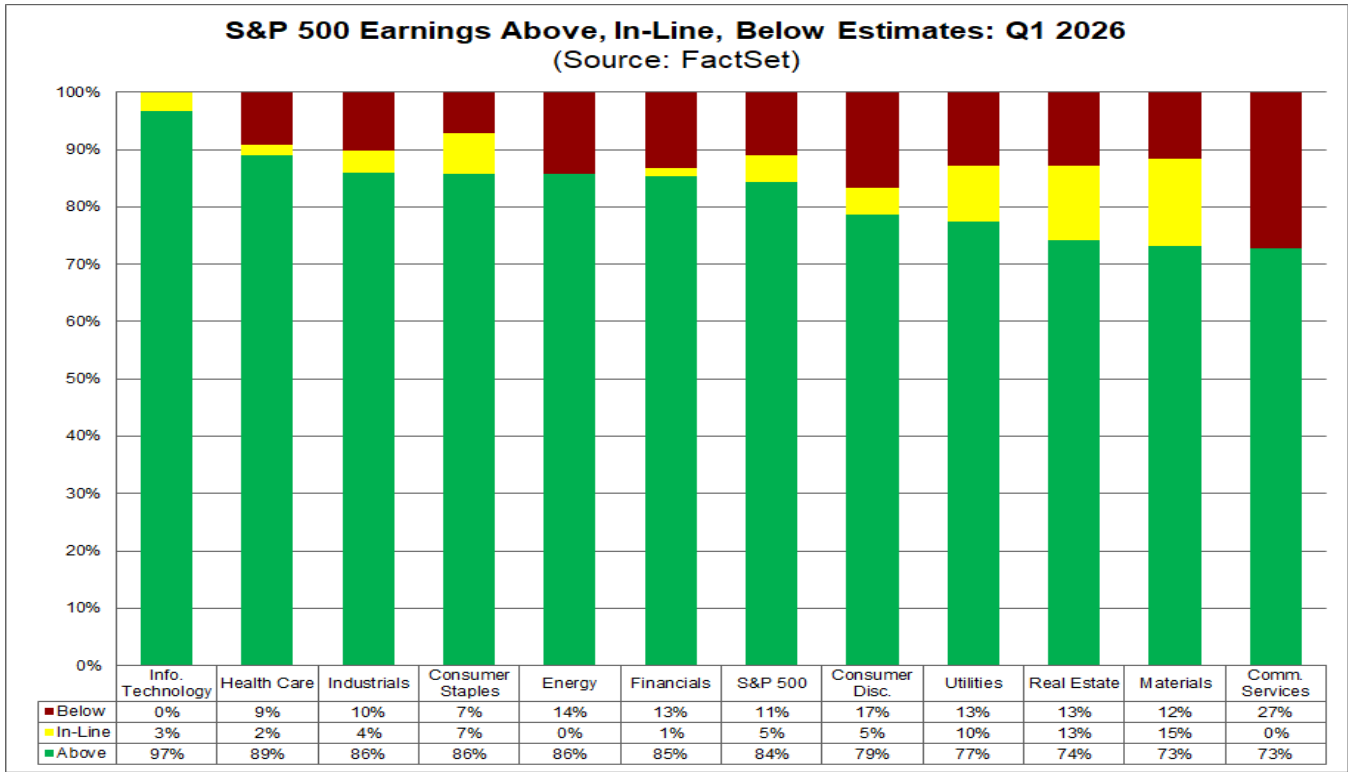
The bottom-up target price for the S&P 500 is 8633.15, which is 16.1% above the closing price of 7432.97. At the sector level, the Health Care (+21.5%) and Materials (+21.2%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+8.3%) 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 12,777 ratings on stocks in the S&P 500. Of these 12,777 ratings, 59.3% are Buy ratings, 35.7% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Information Technology (69%), Communication Services (65%), Health Care (64%), and Materials (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.

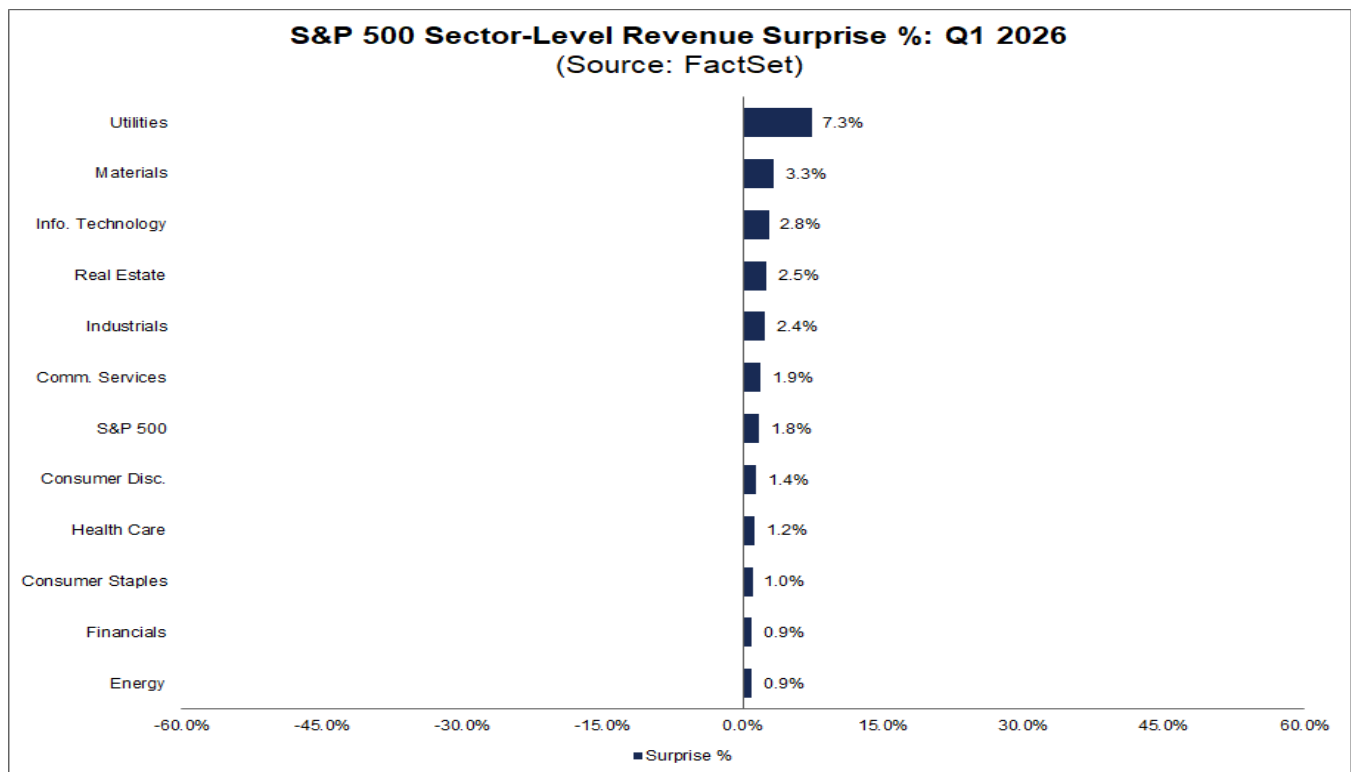
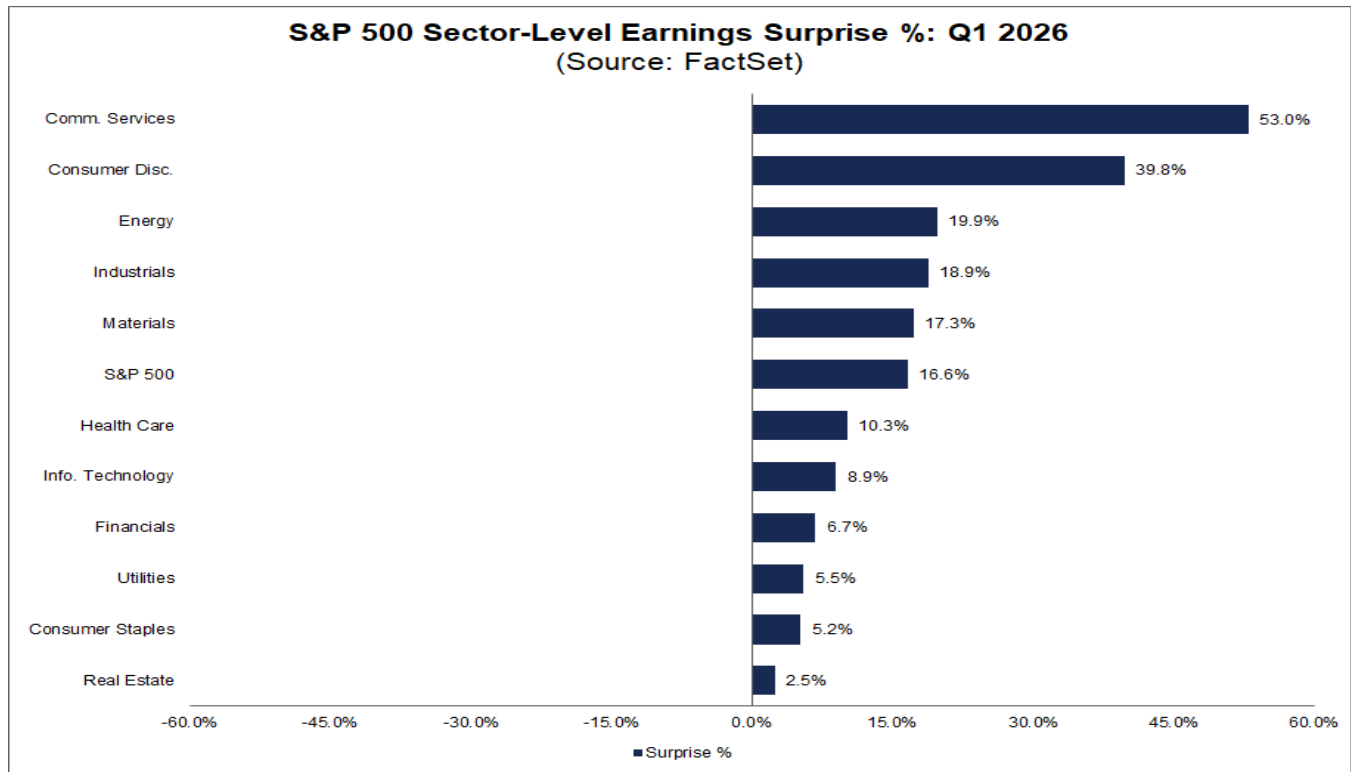
Companies Reporting Next Week: 11

During the upcoming week, 11 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the first quarter.

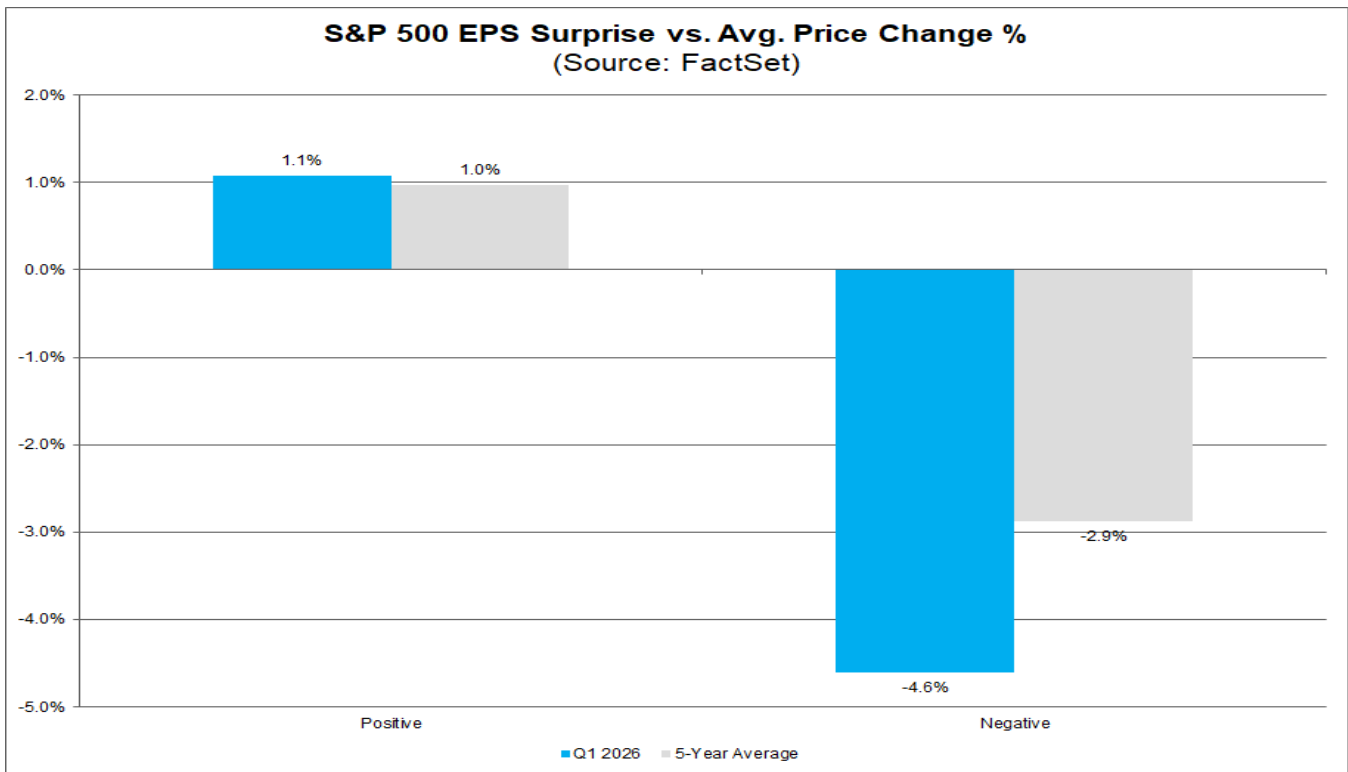
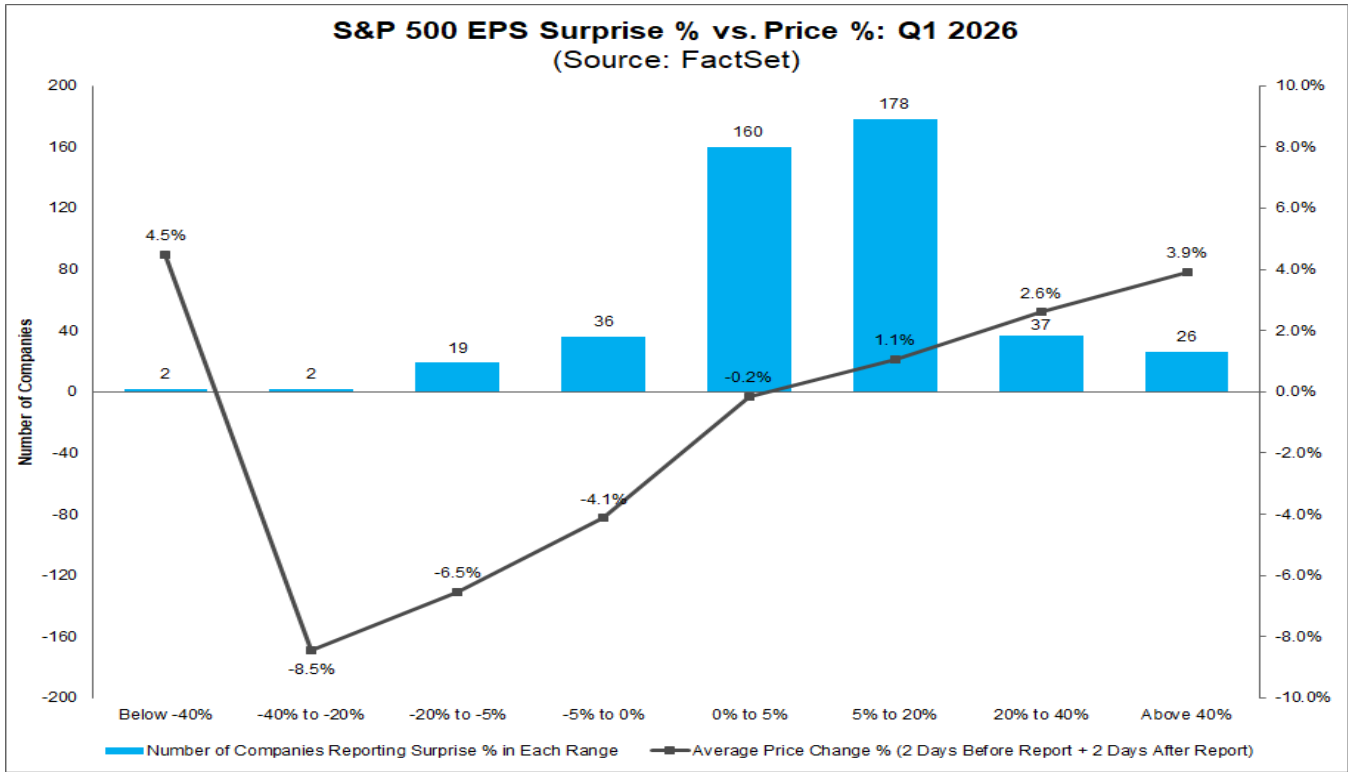
Q1 2026: Scorecard



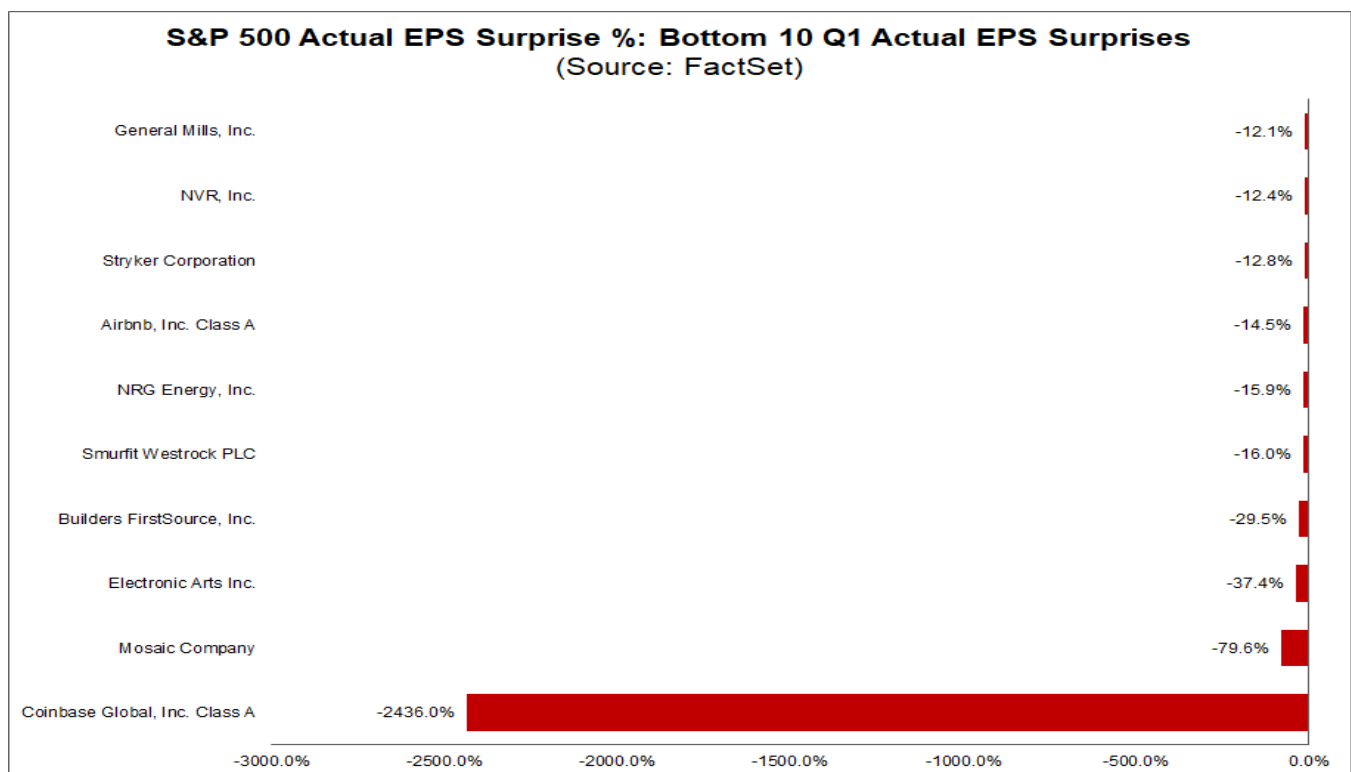
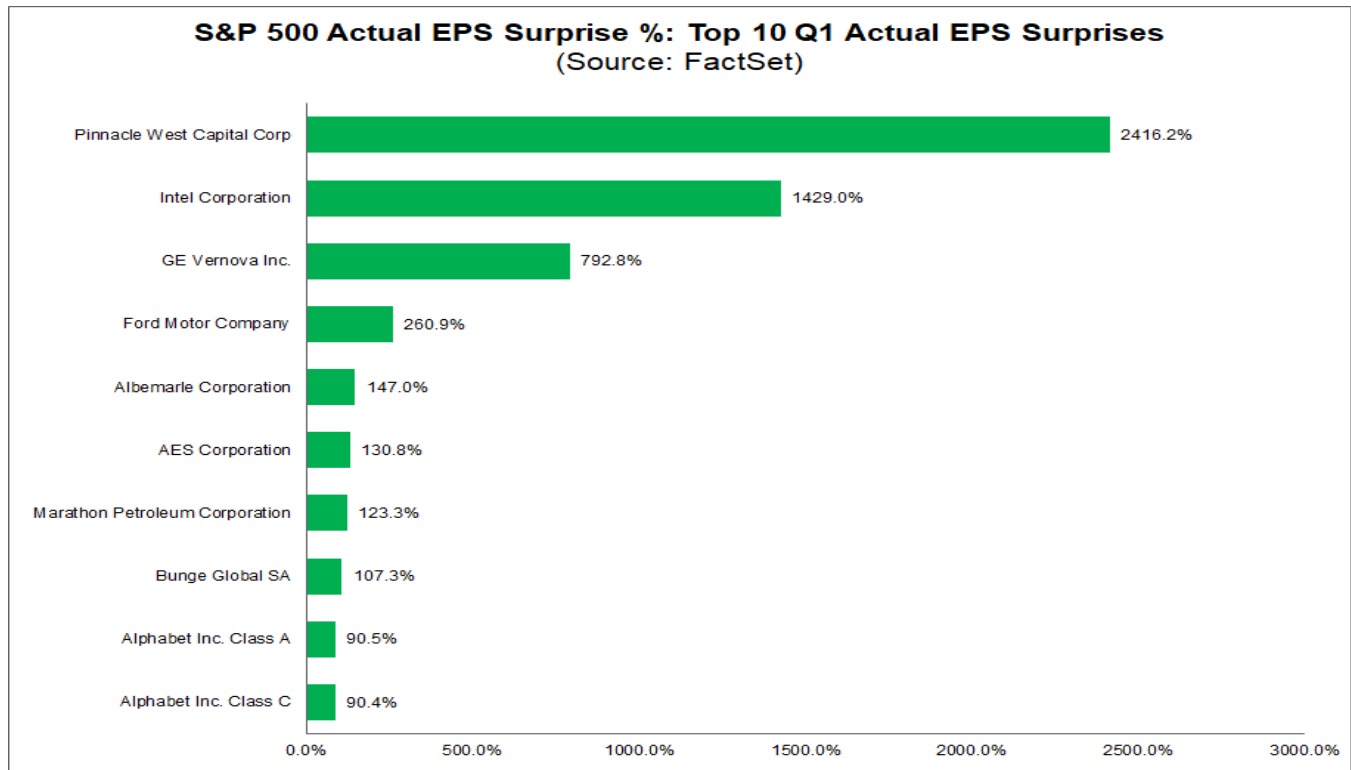
Q1 2026: Surprise



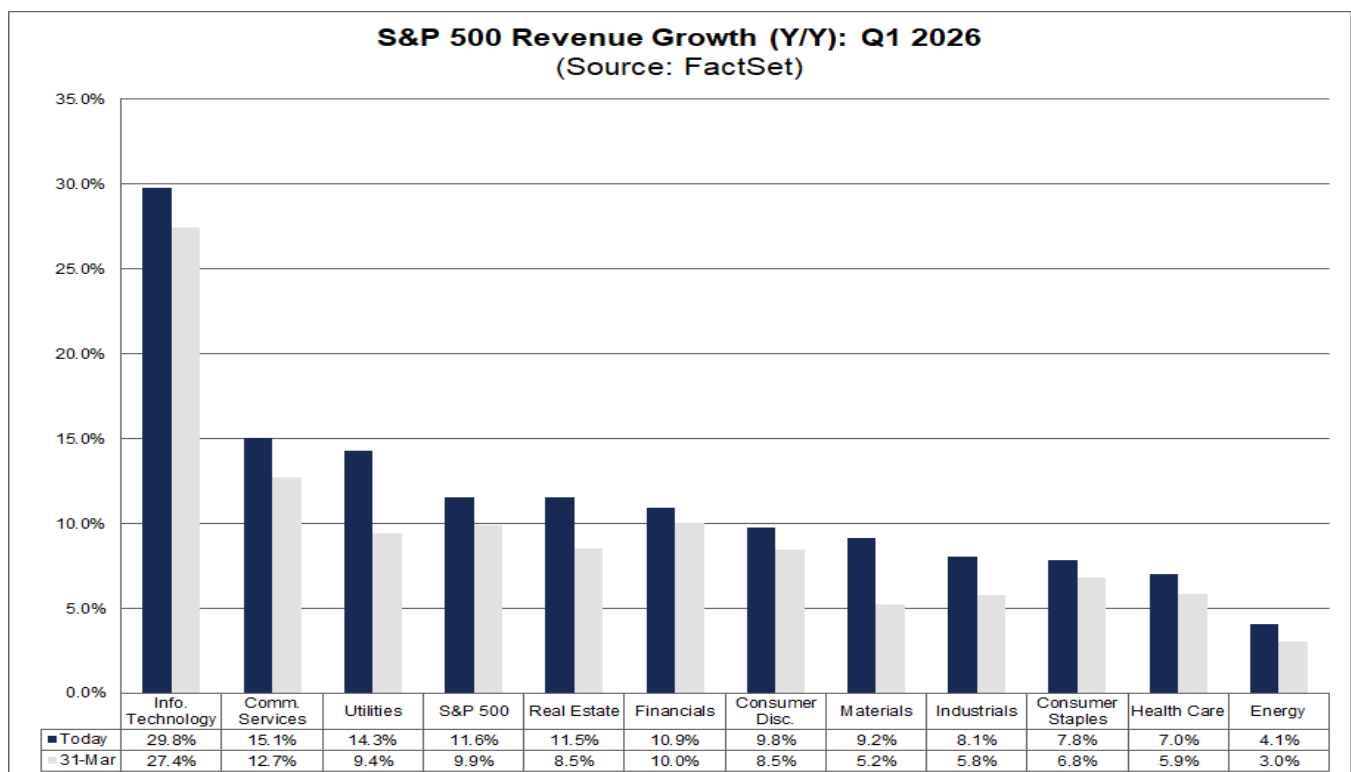
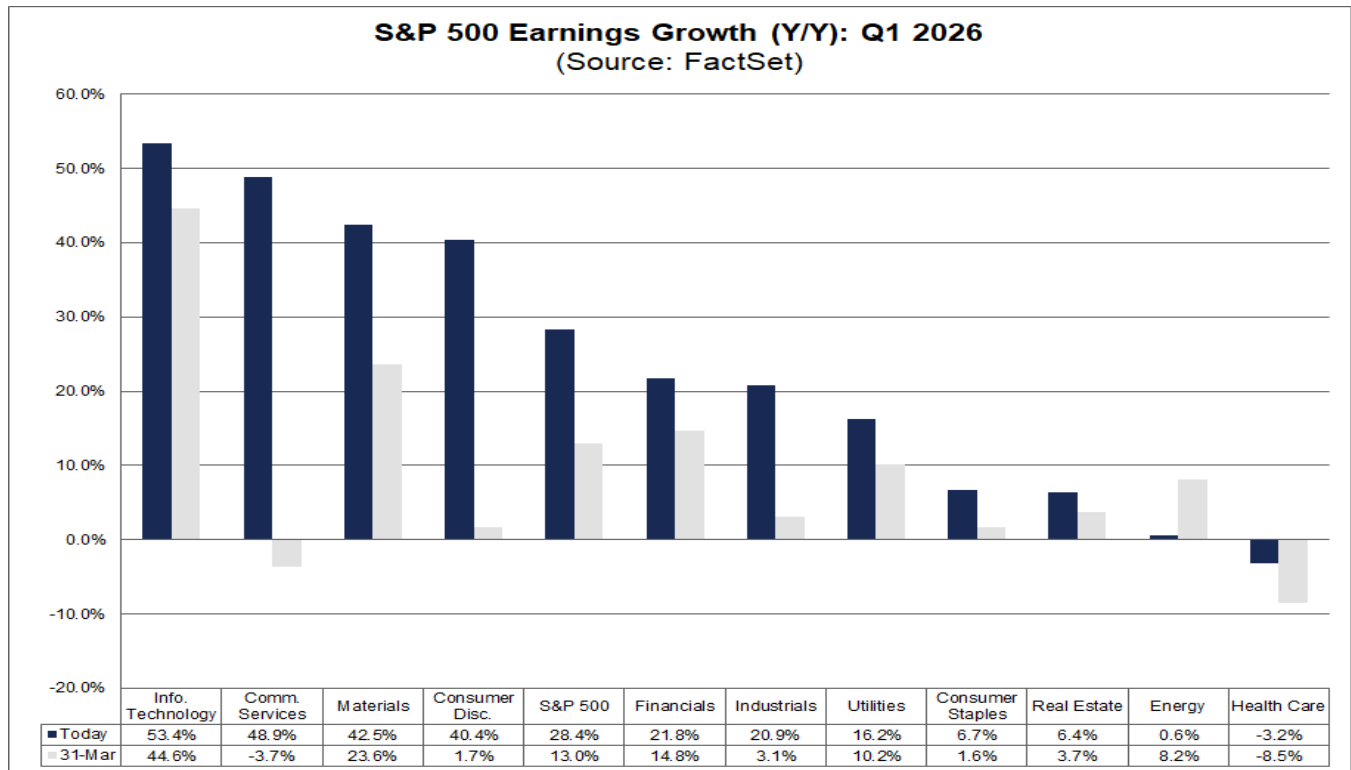
Q1 2026: Surprise



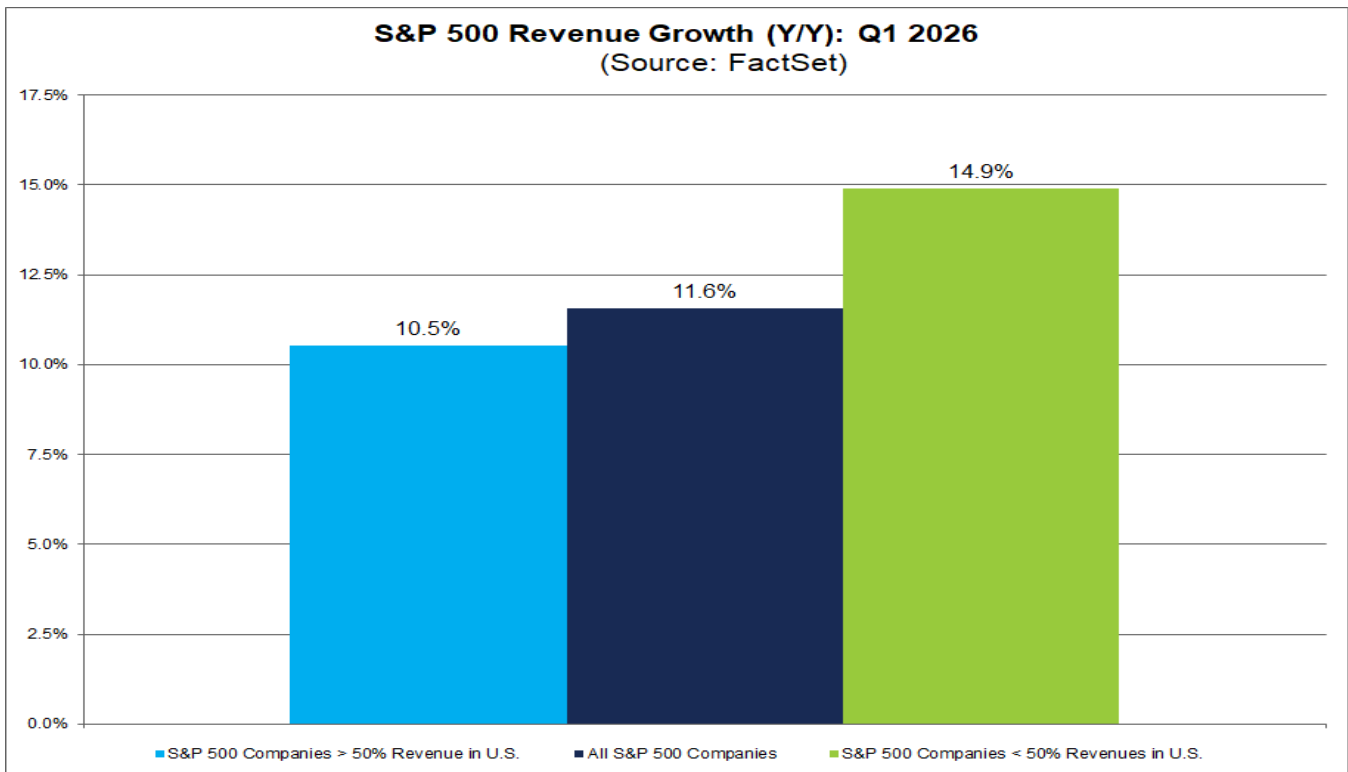
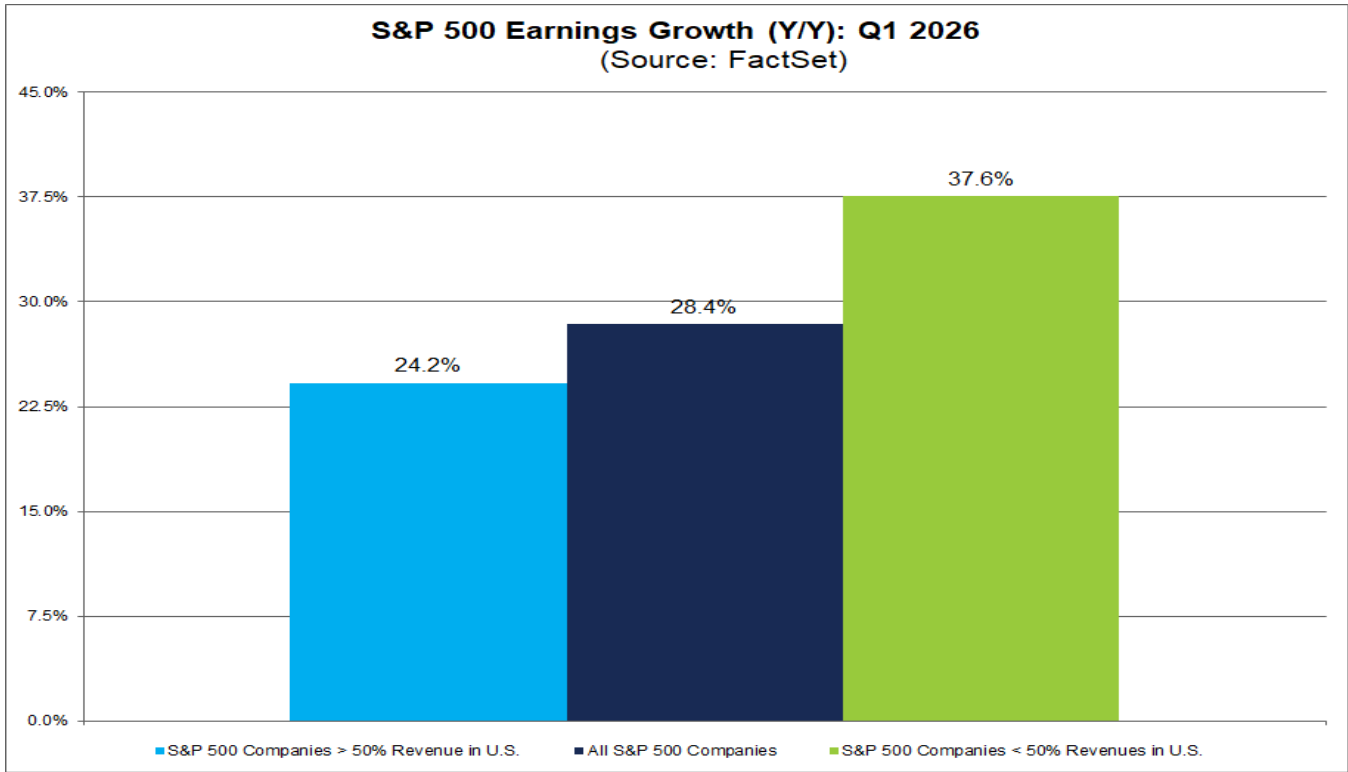
Q1 2026: Surprise



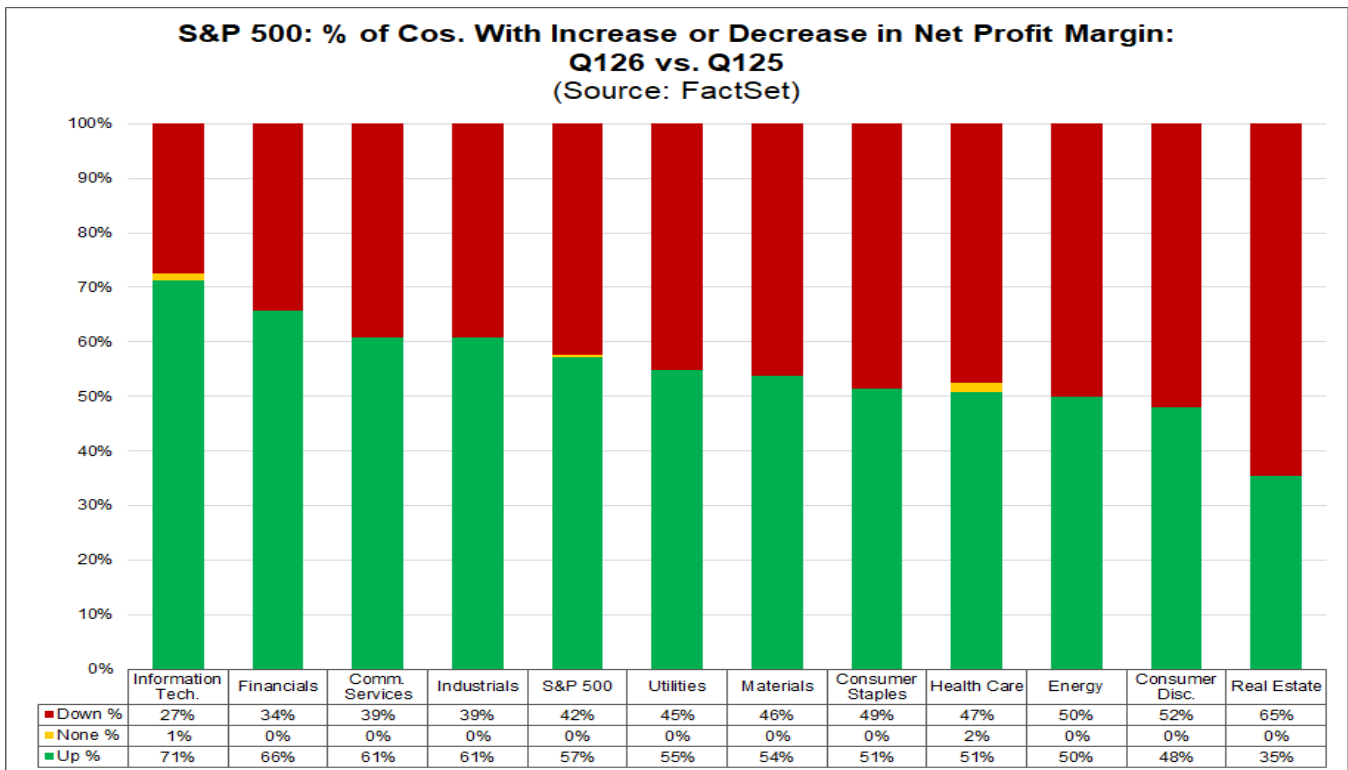
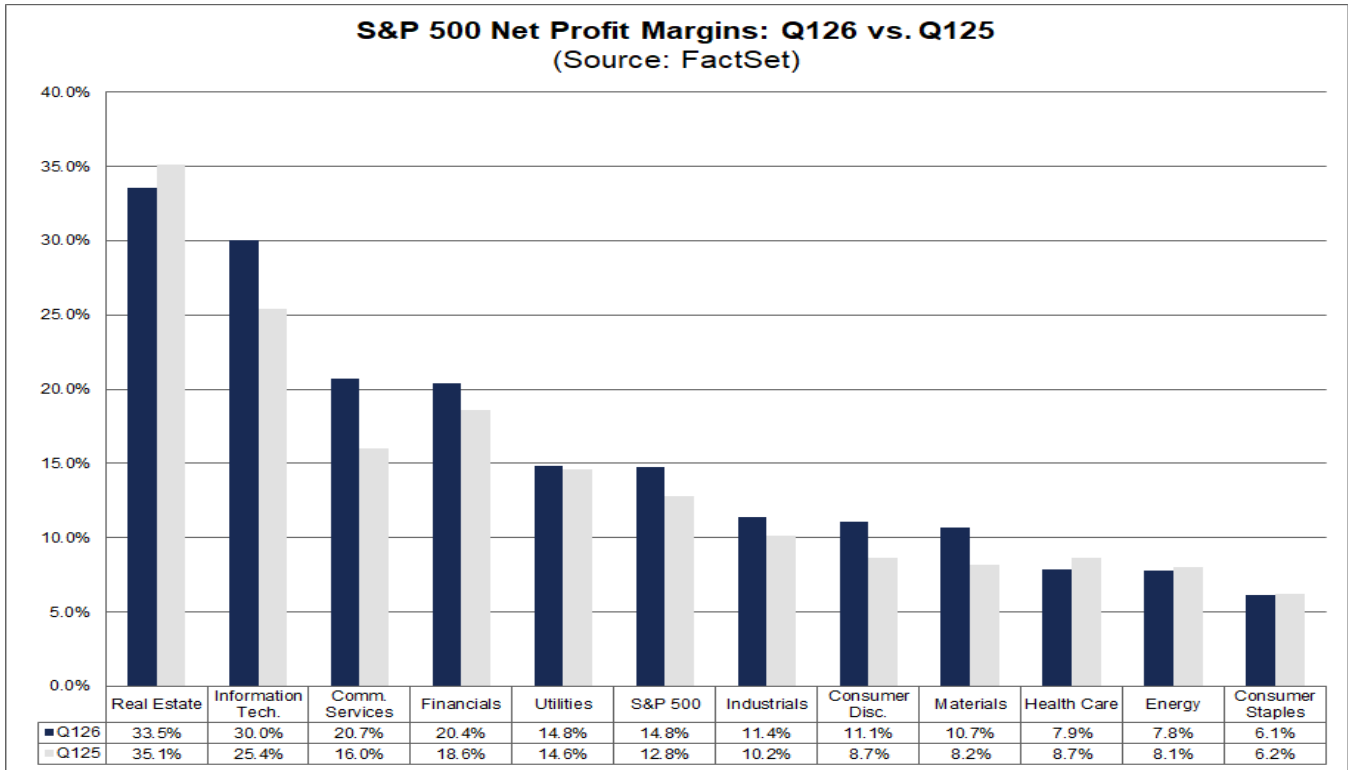
Q1 2026: Growth



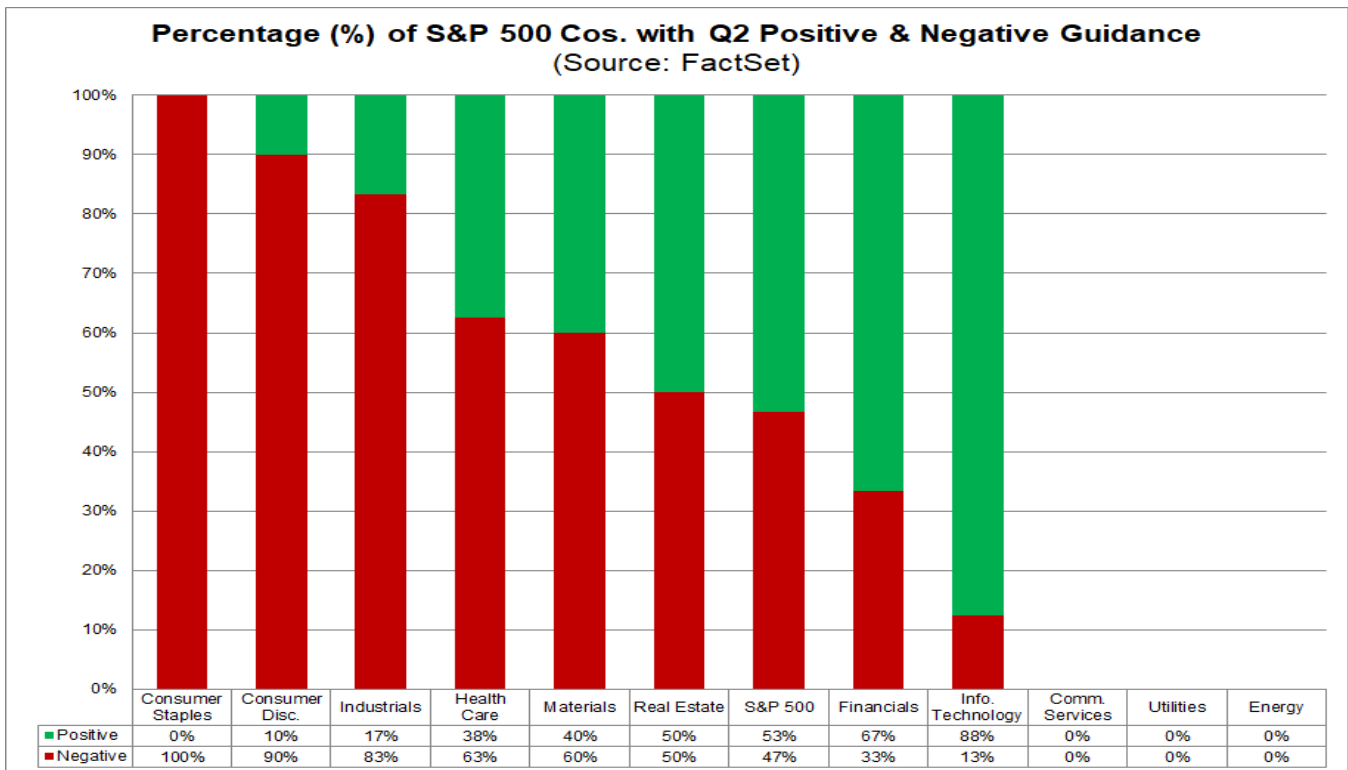
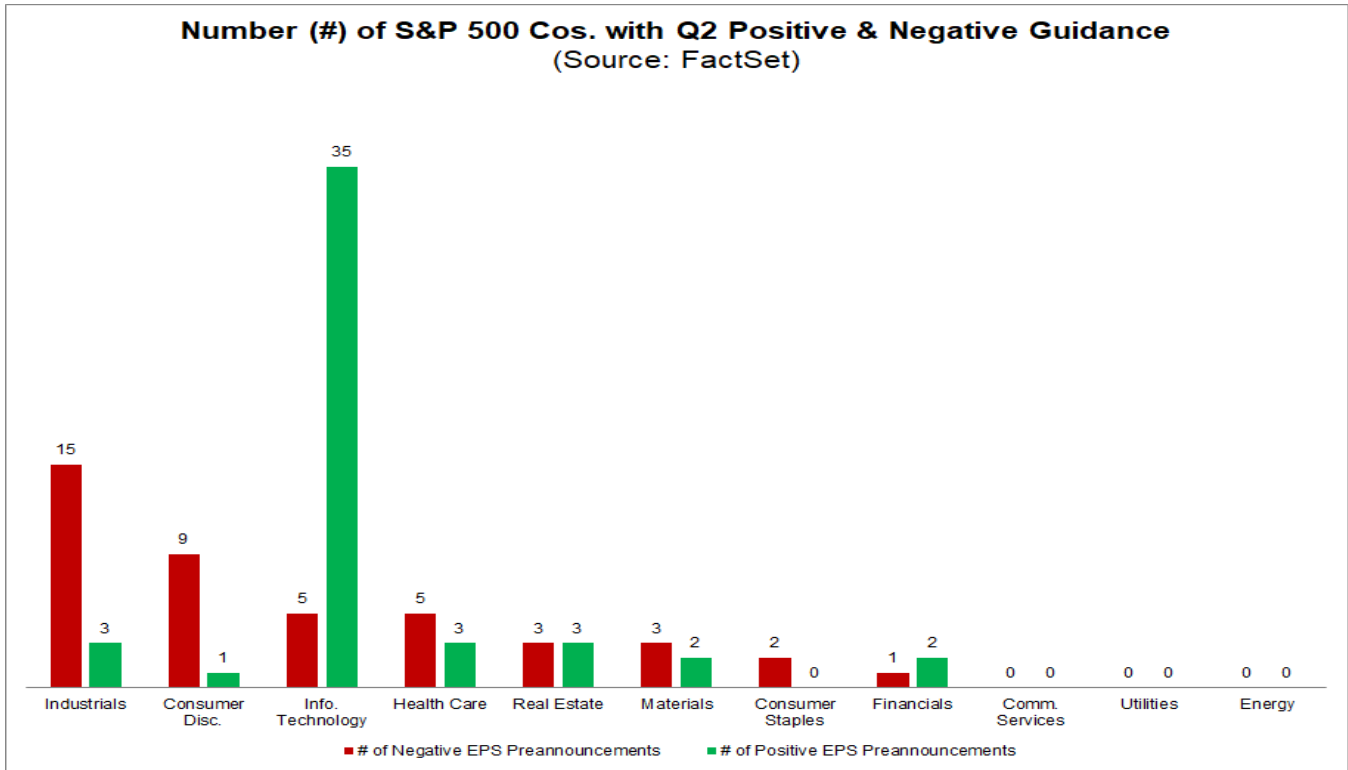
Q1 2026: Growth



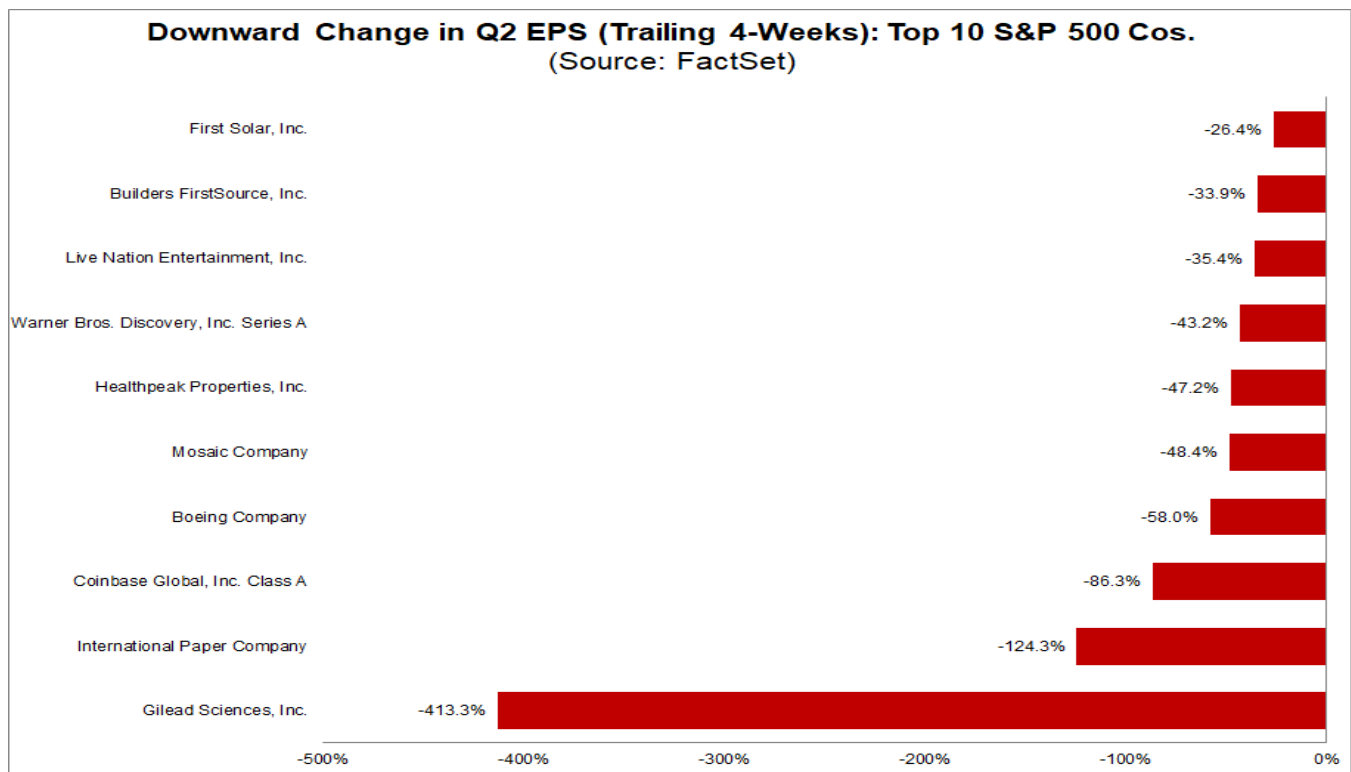
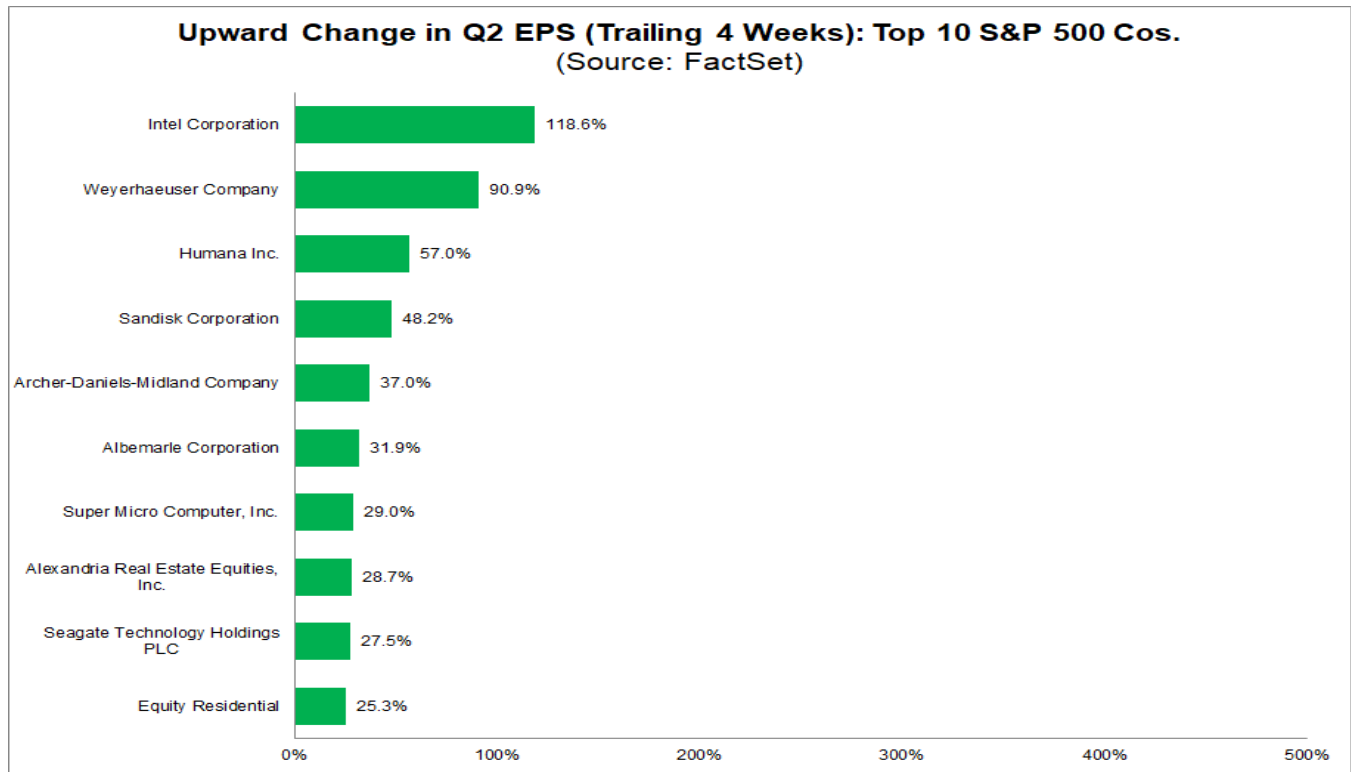
Q1 2026: Net Profit Margin



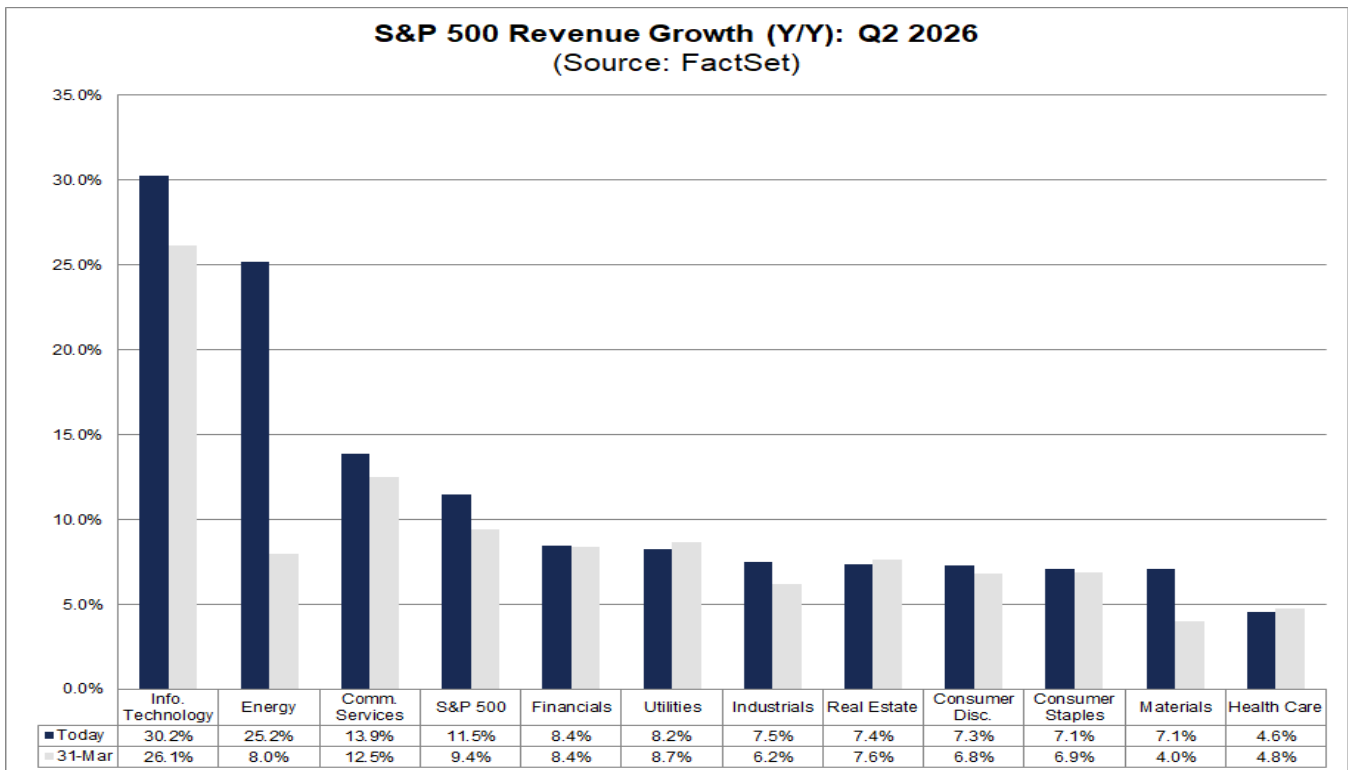
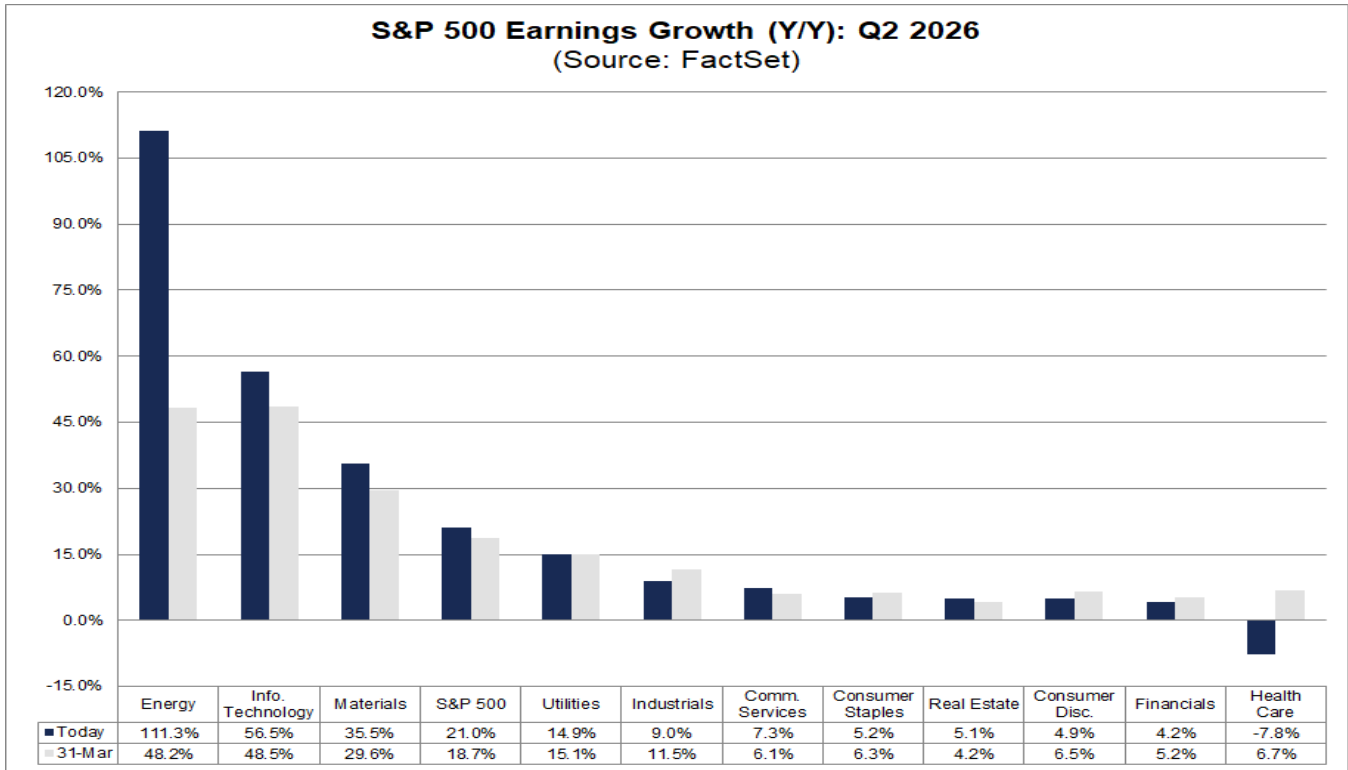
Q2 2026: Guidance



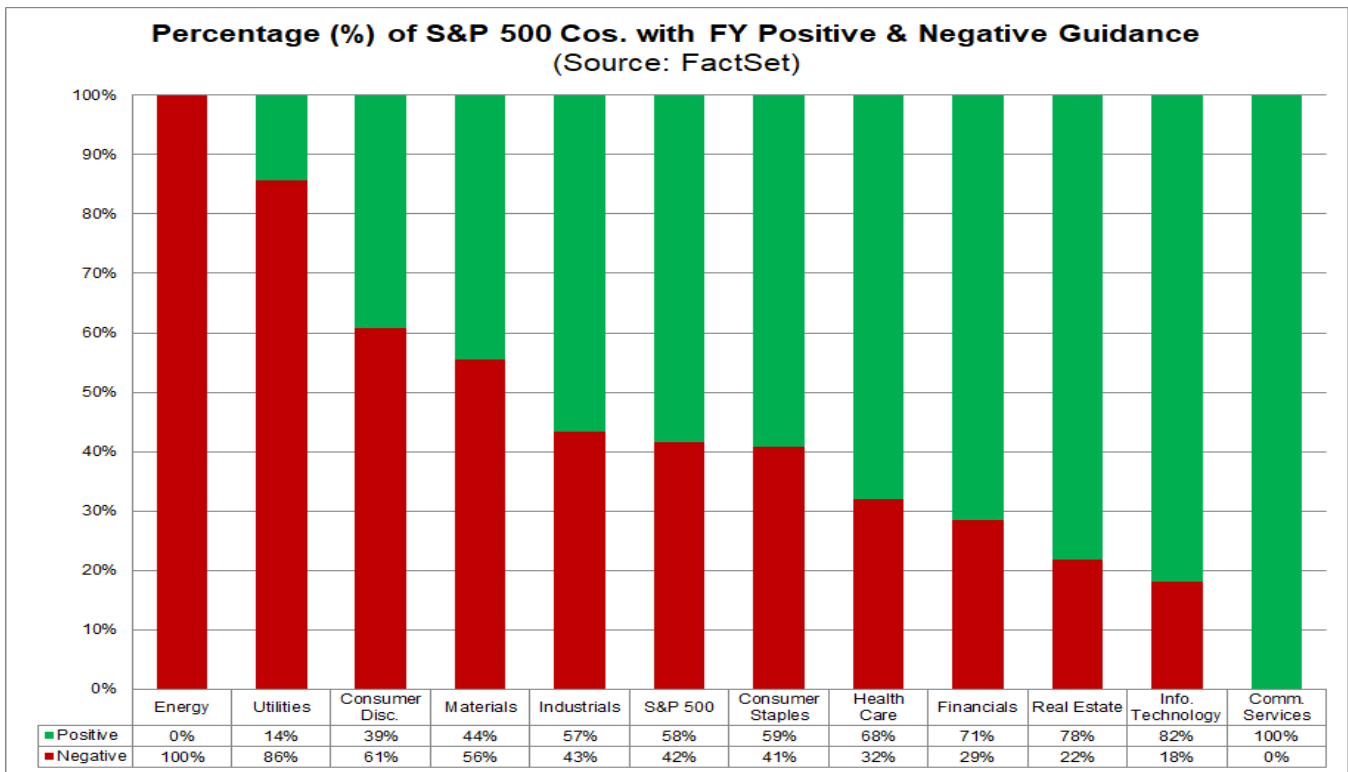
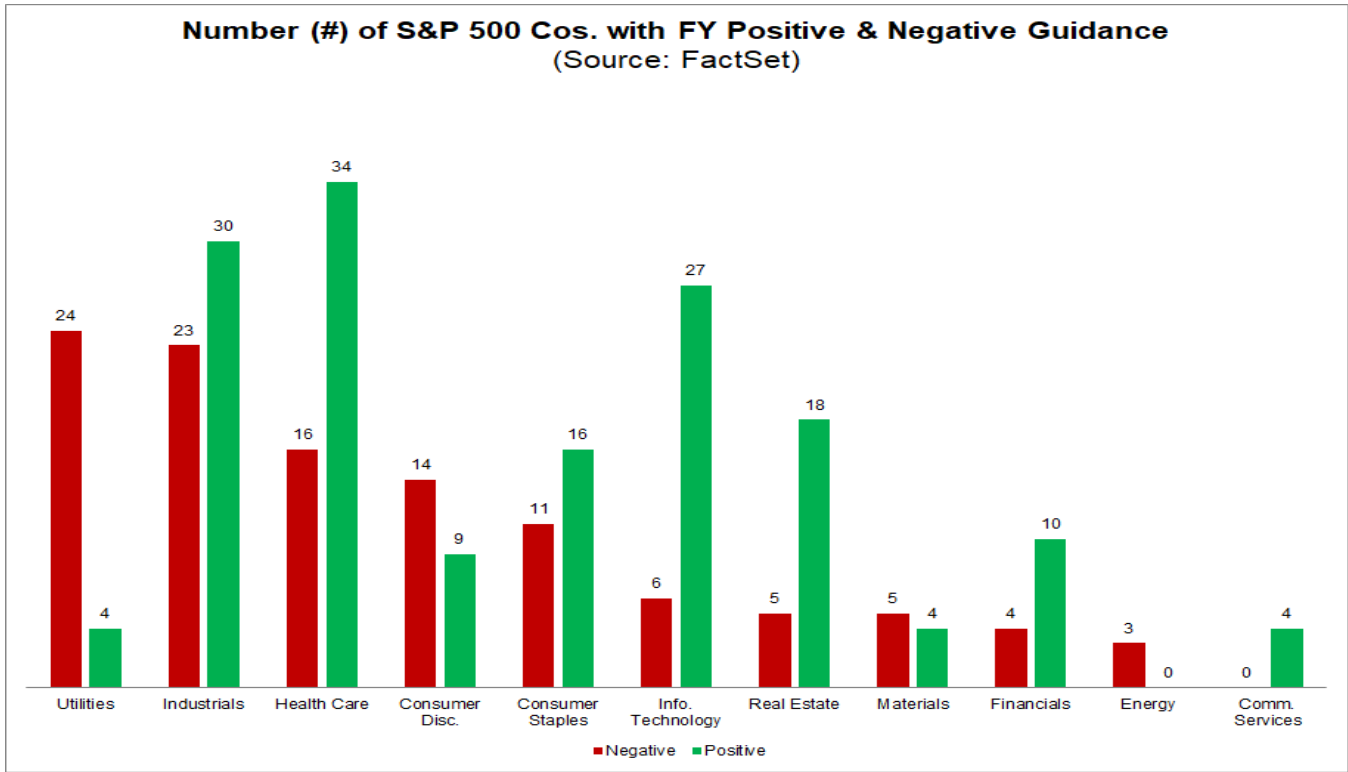
Q2 2026: EPS Revisions



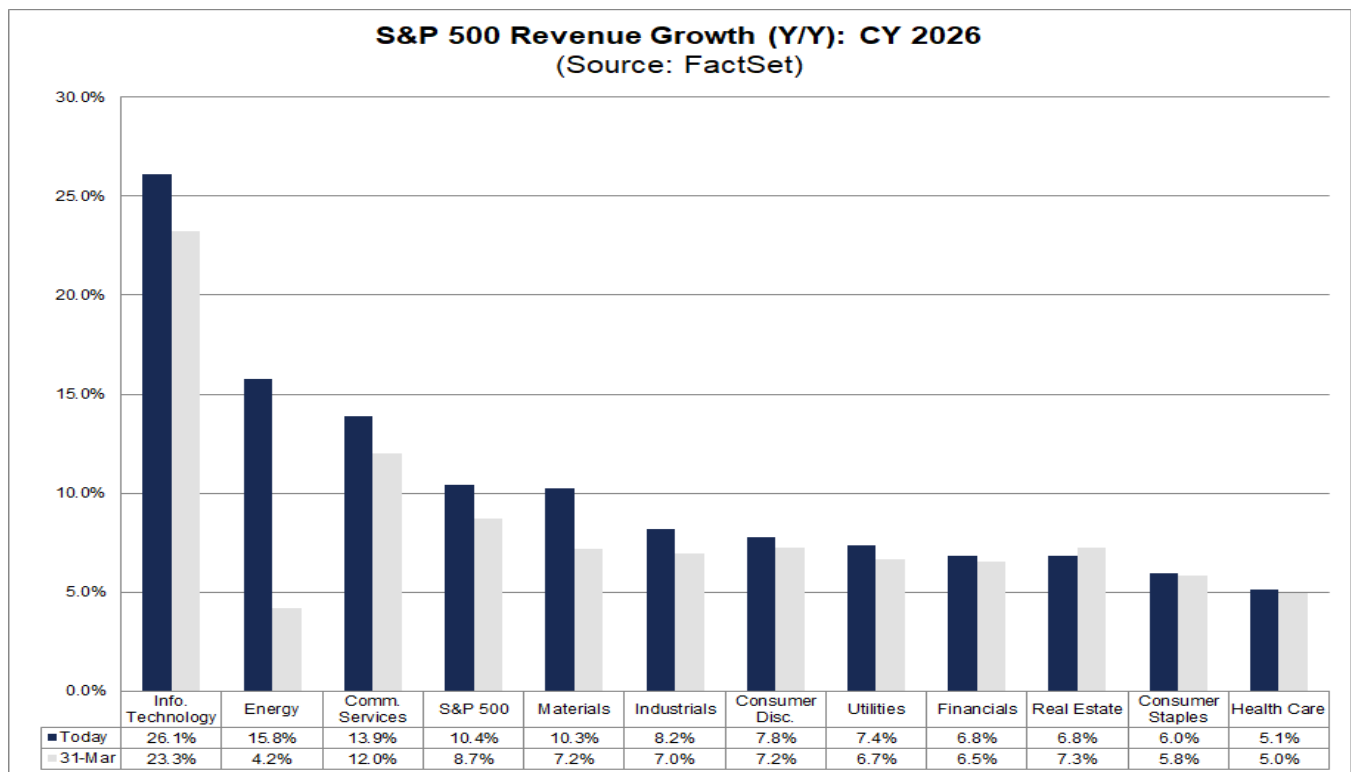
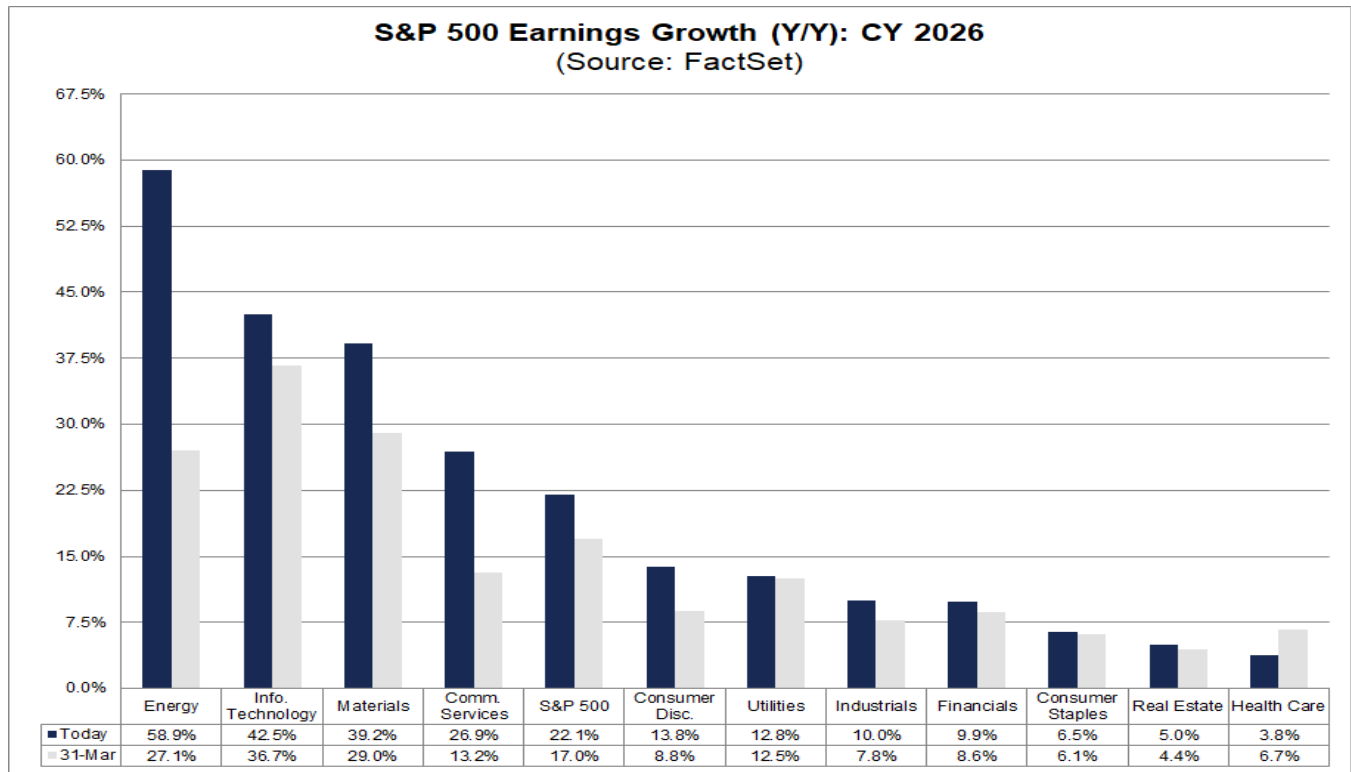
Q2 2026: Growth



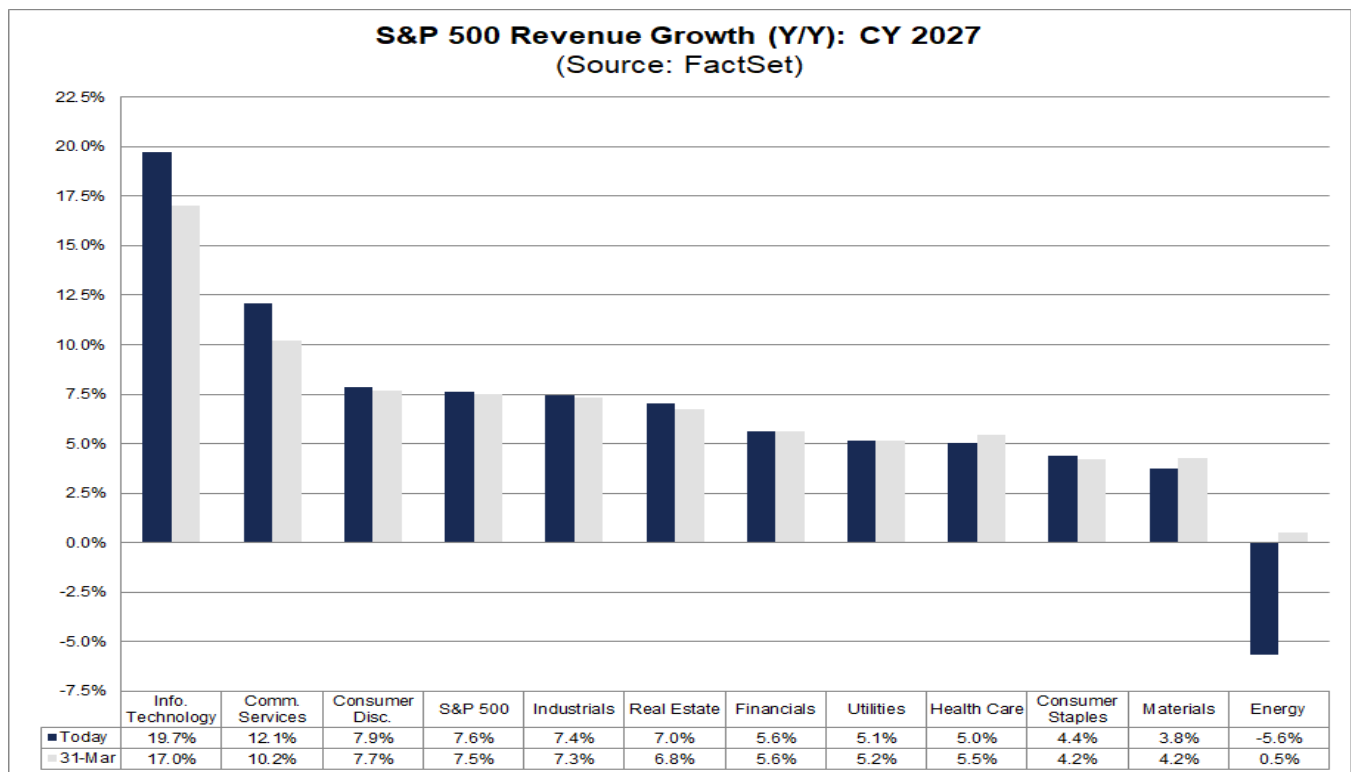
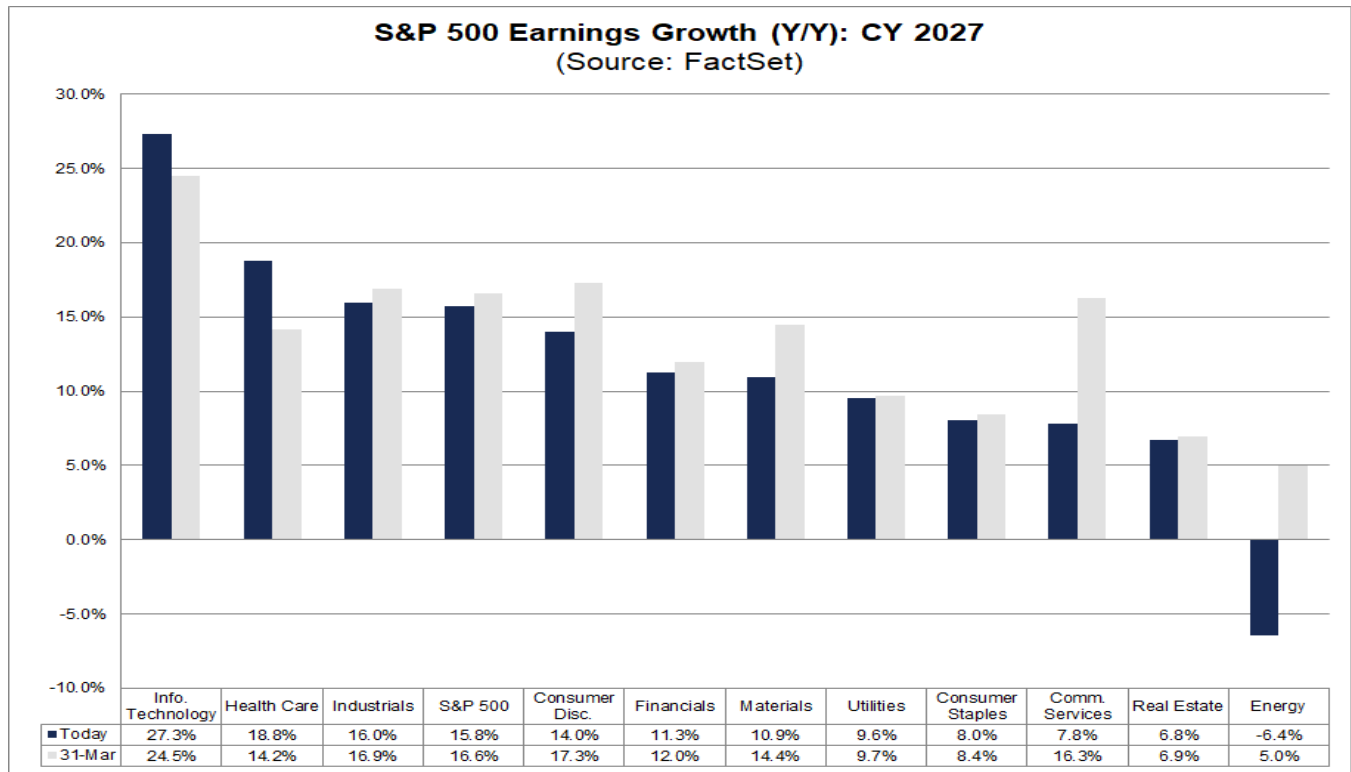
FY 2026 / 2027: EPS Guidance



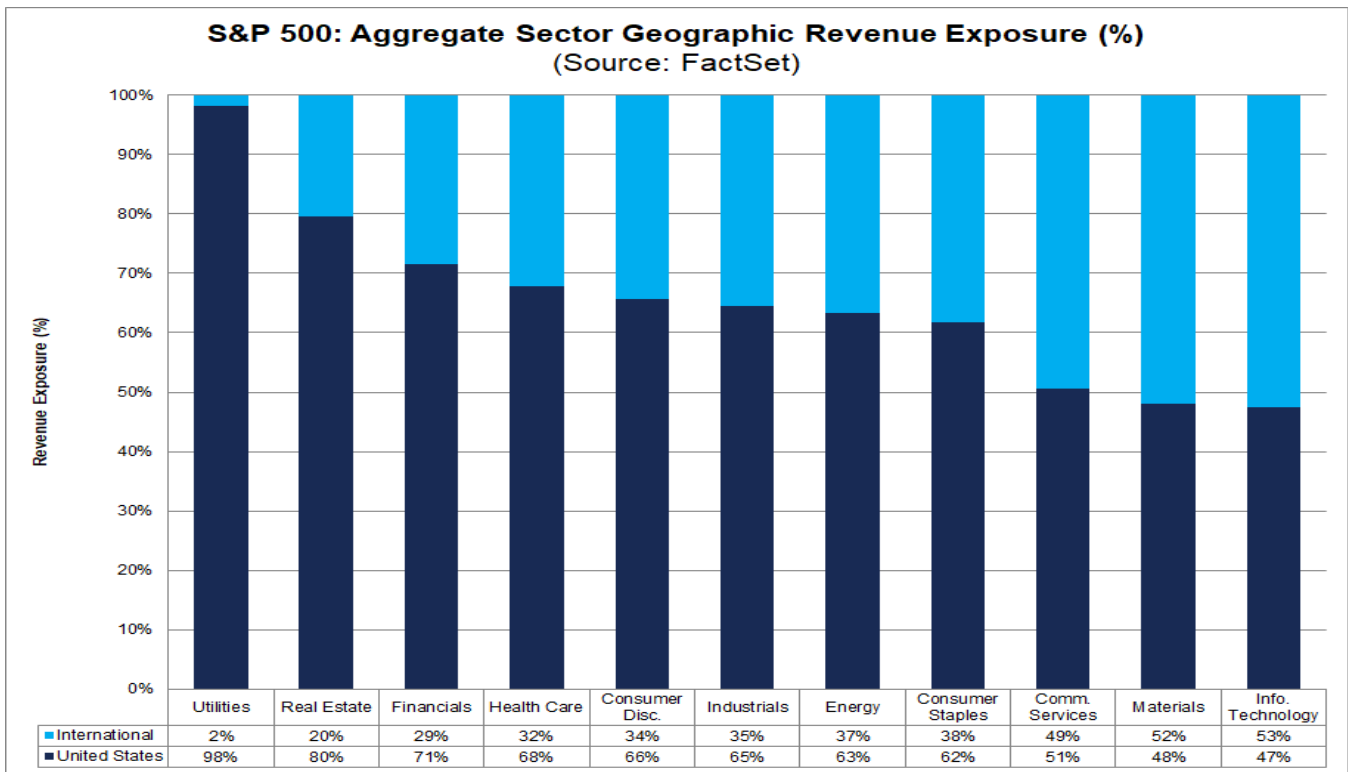
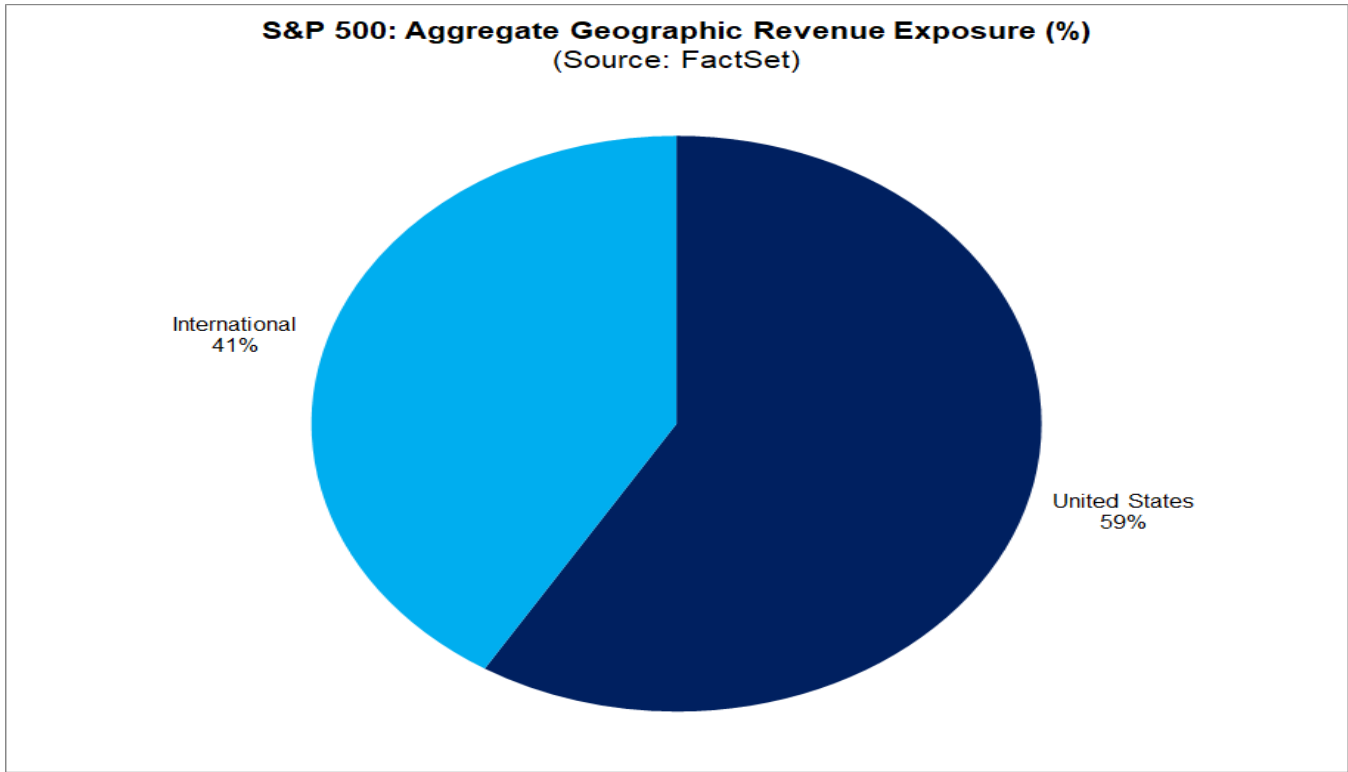
CY 2026: Growth



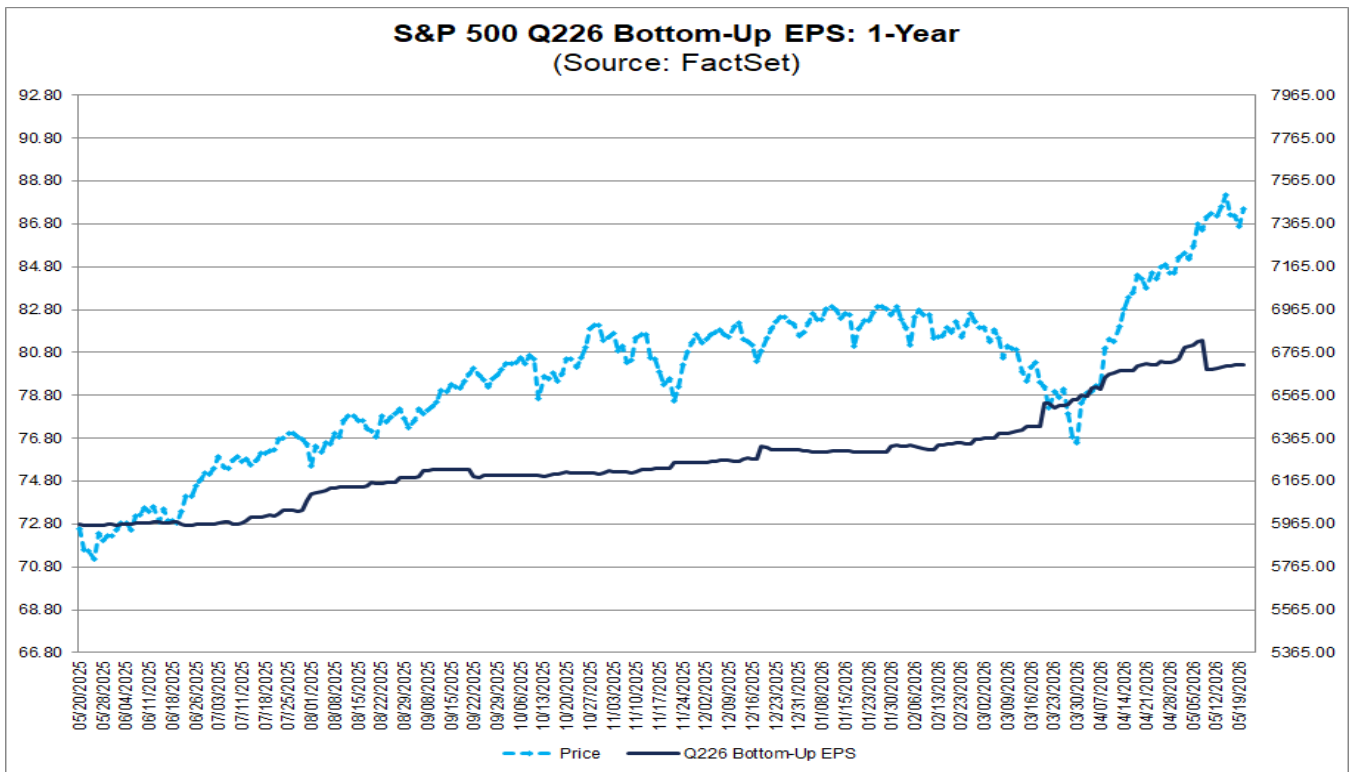
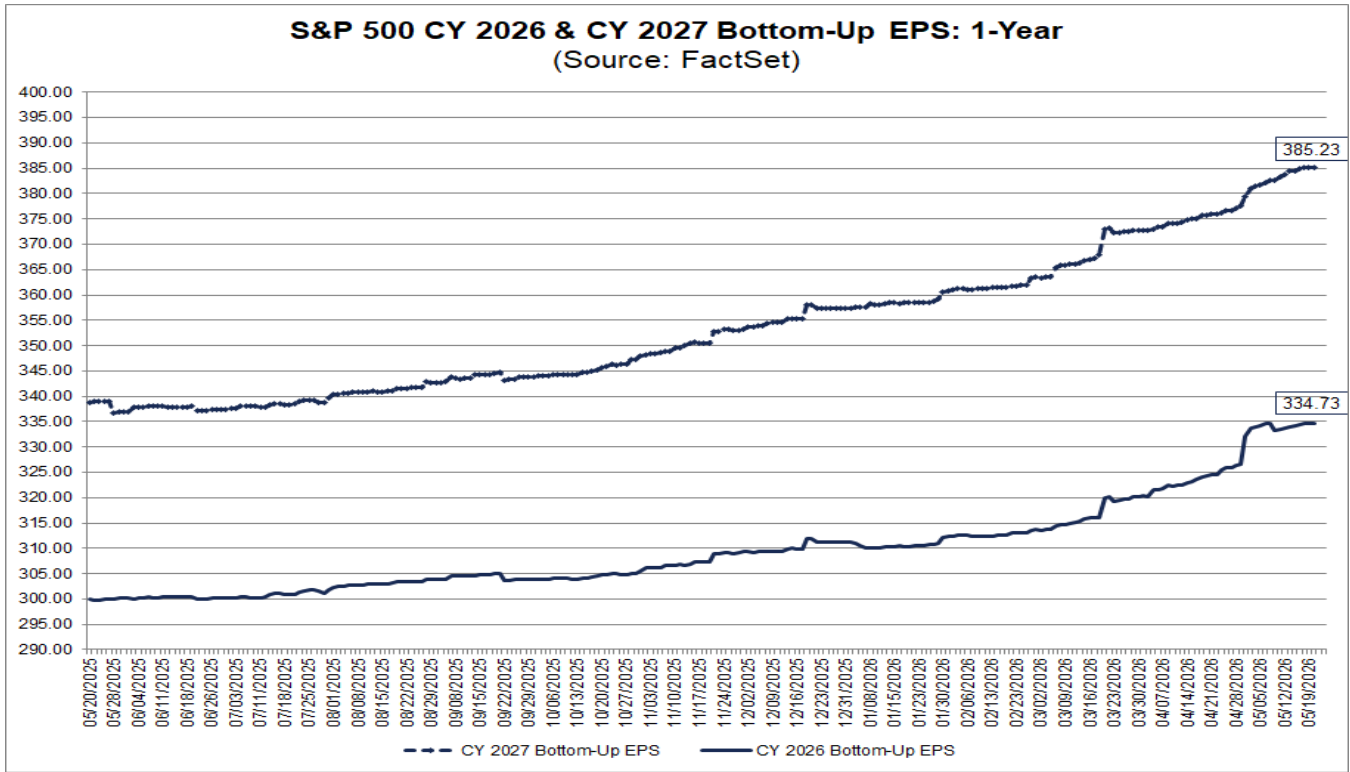
CY 2027: Growth



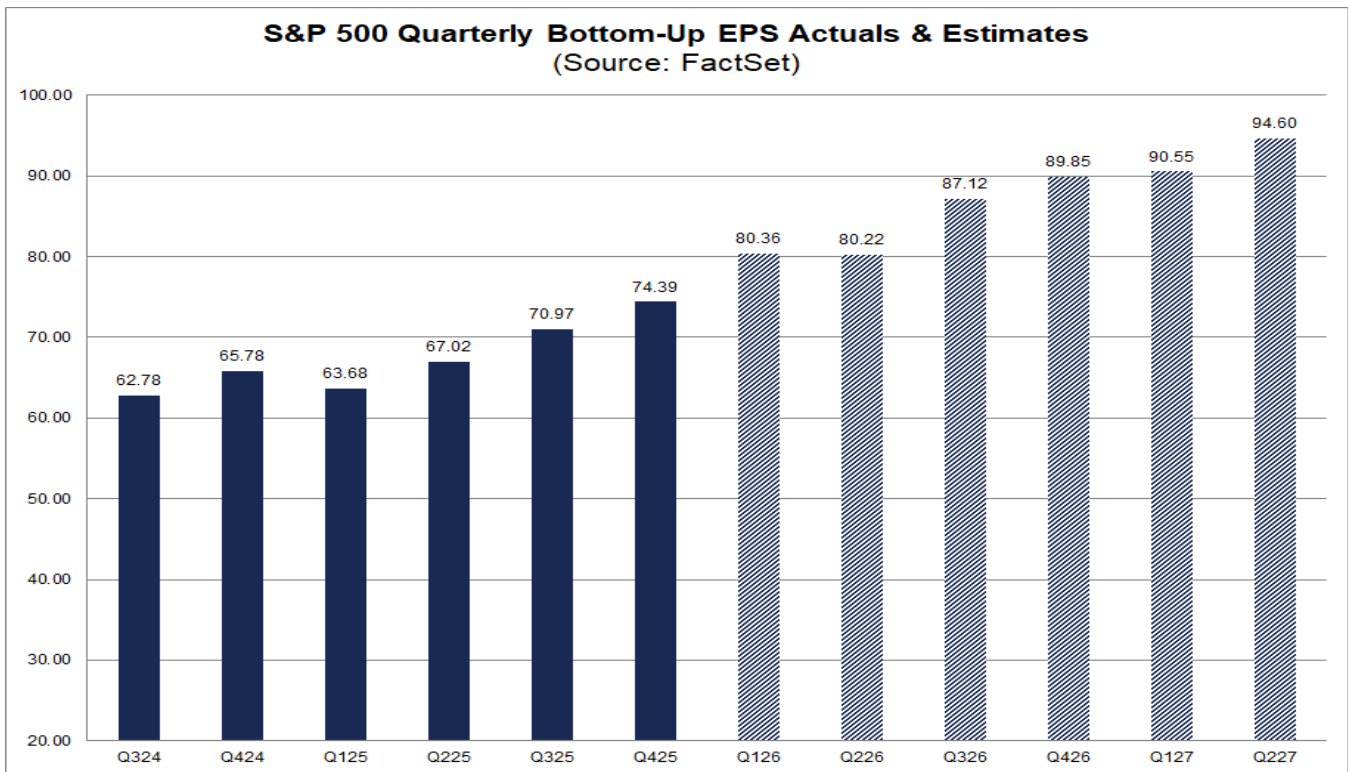
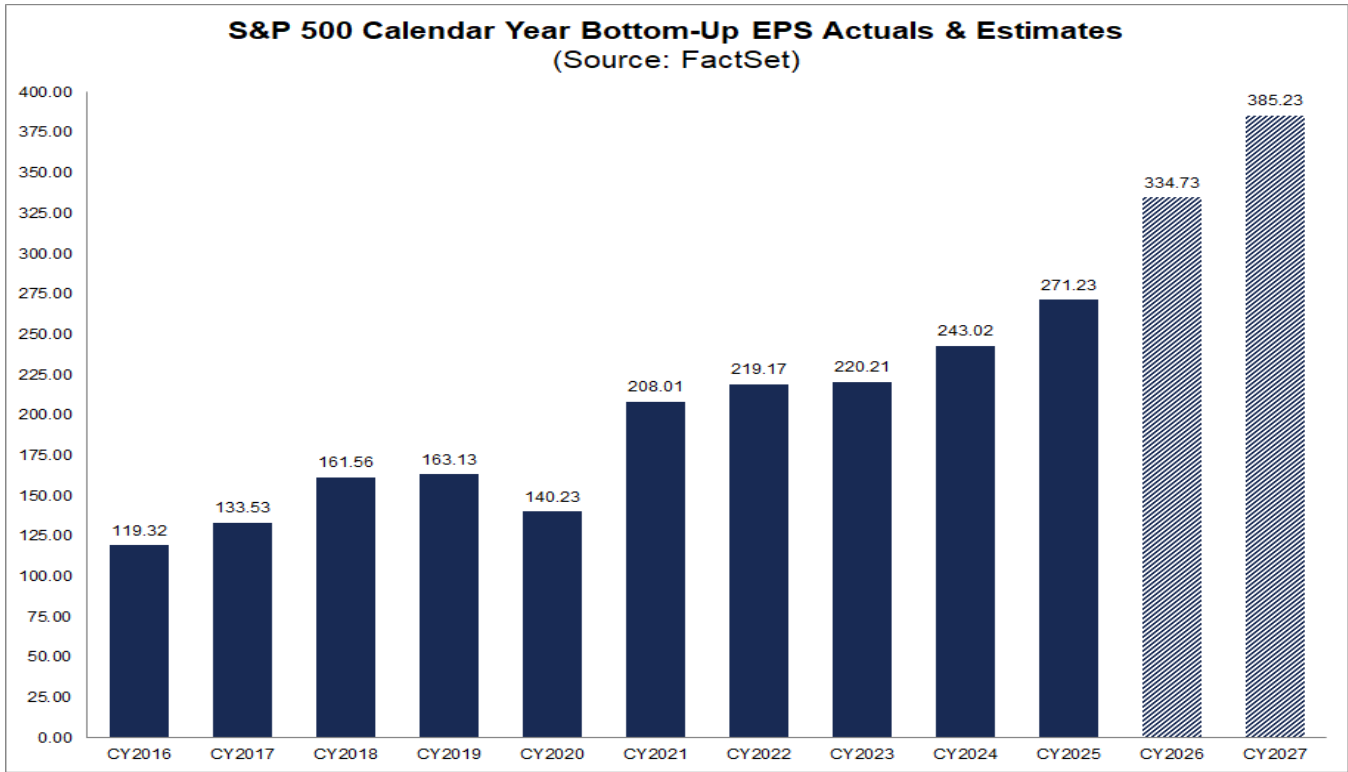
Geographic Revenue Exposure



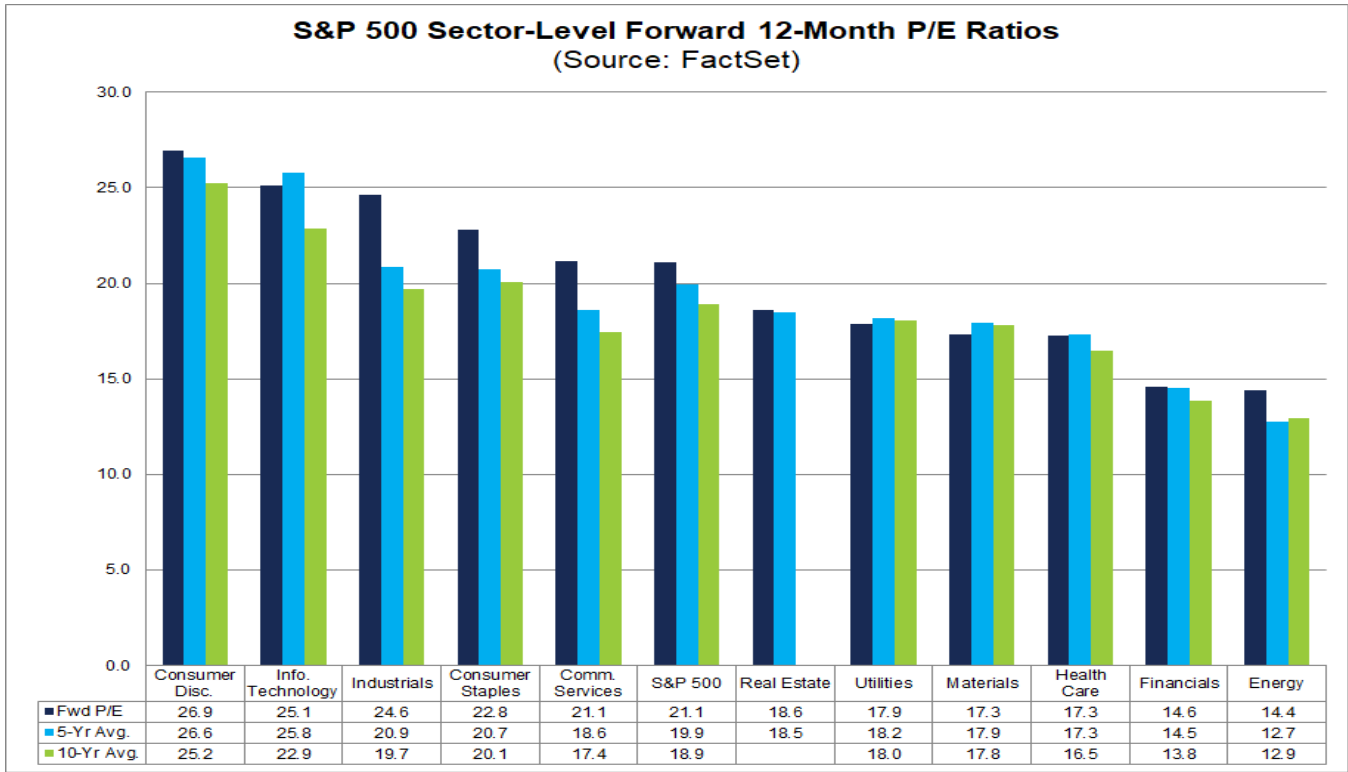
Bottom-Up EPS Estimates



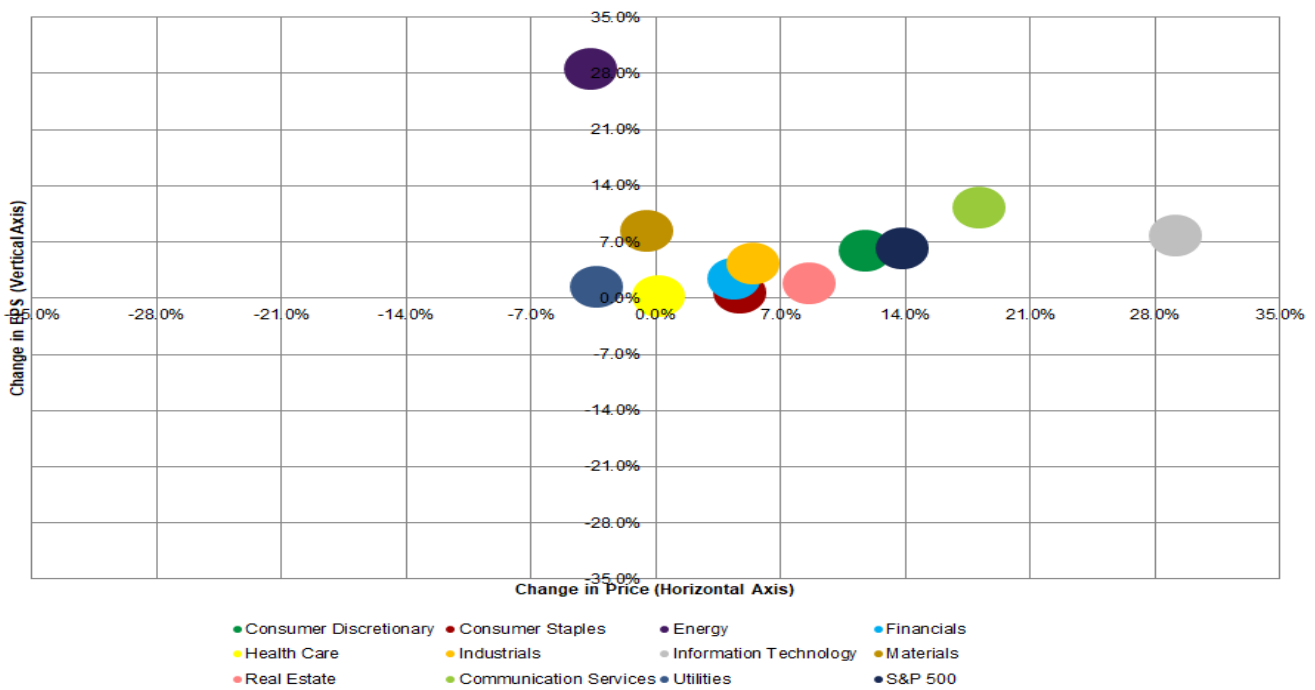
Bottom-Up EPS Estimates: Current & Historical



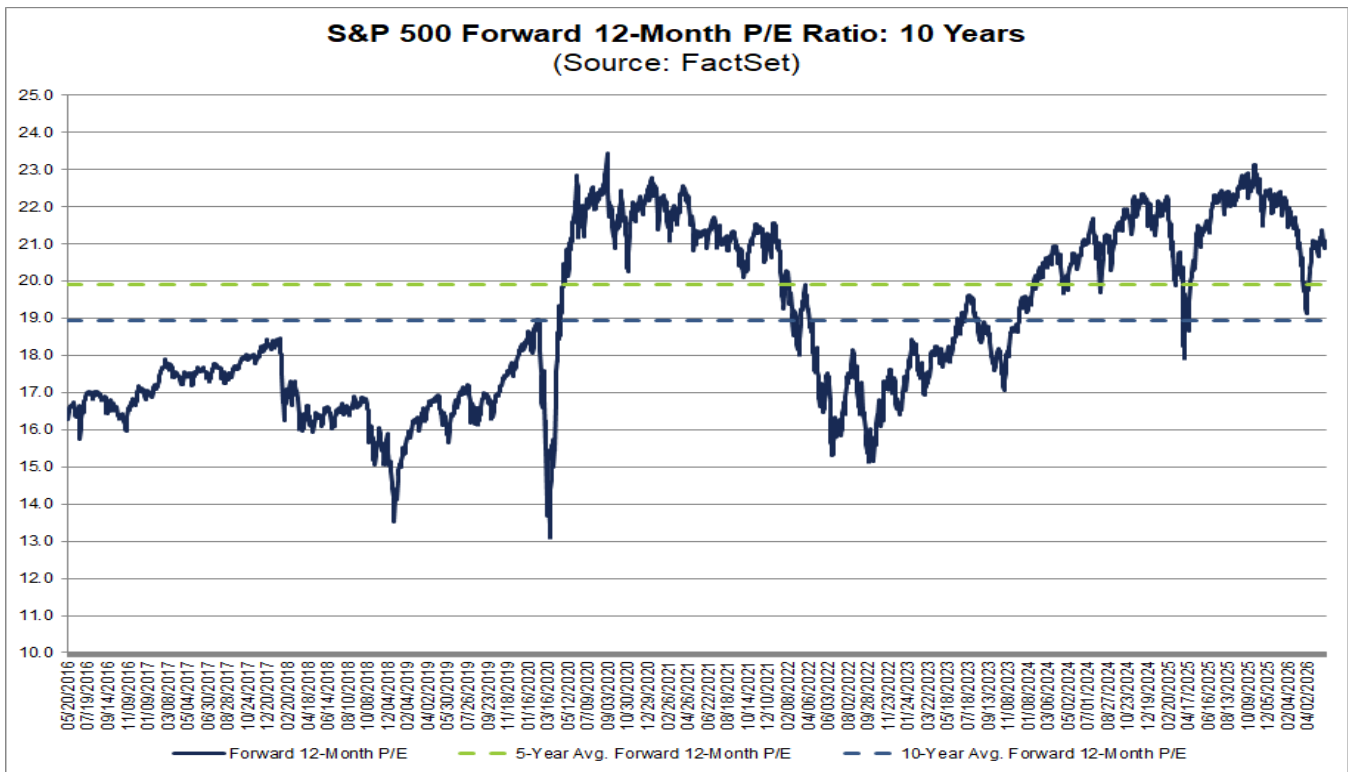
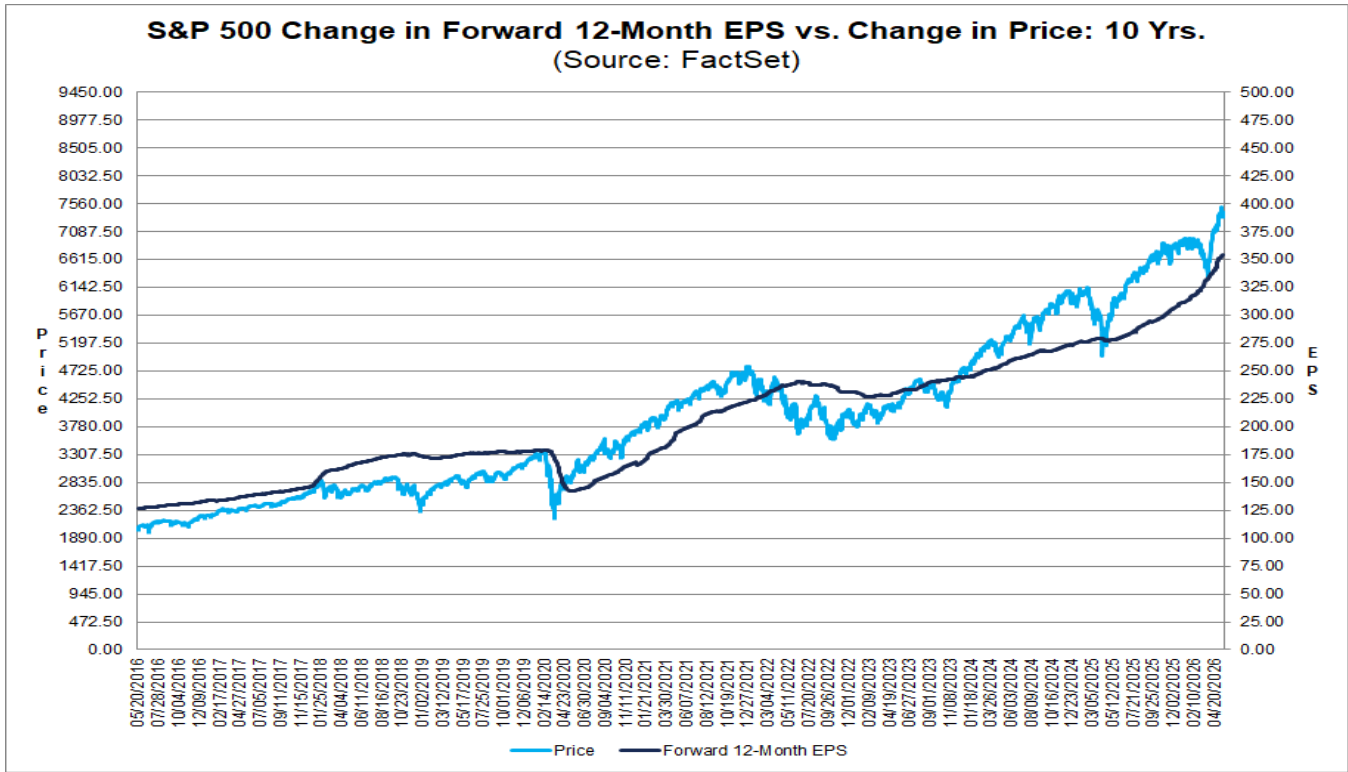
Forward 12M P/E Ratio: Sector Level



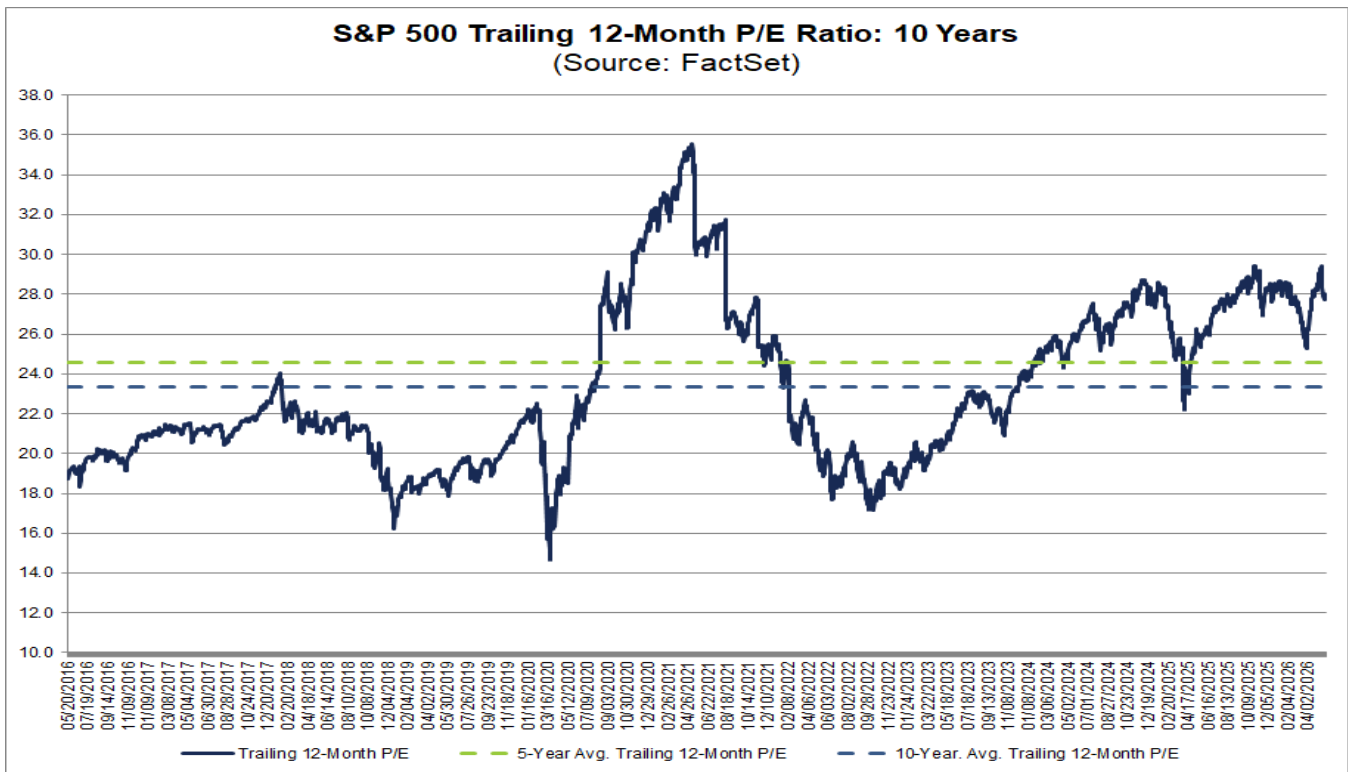
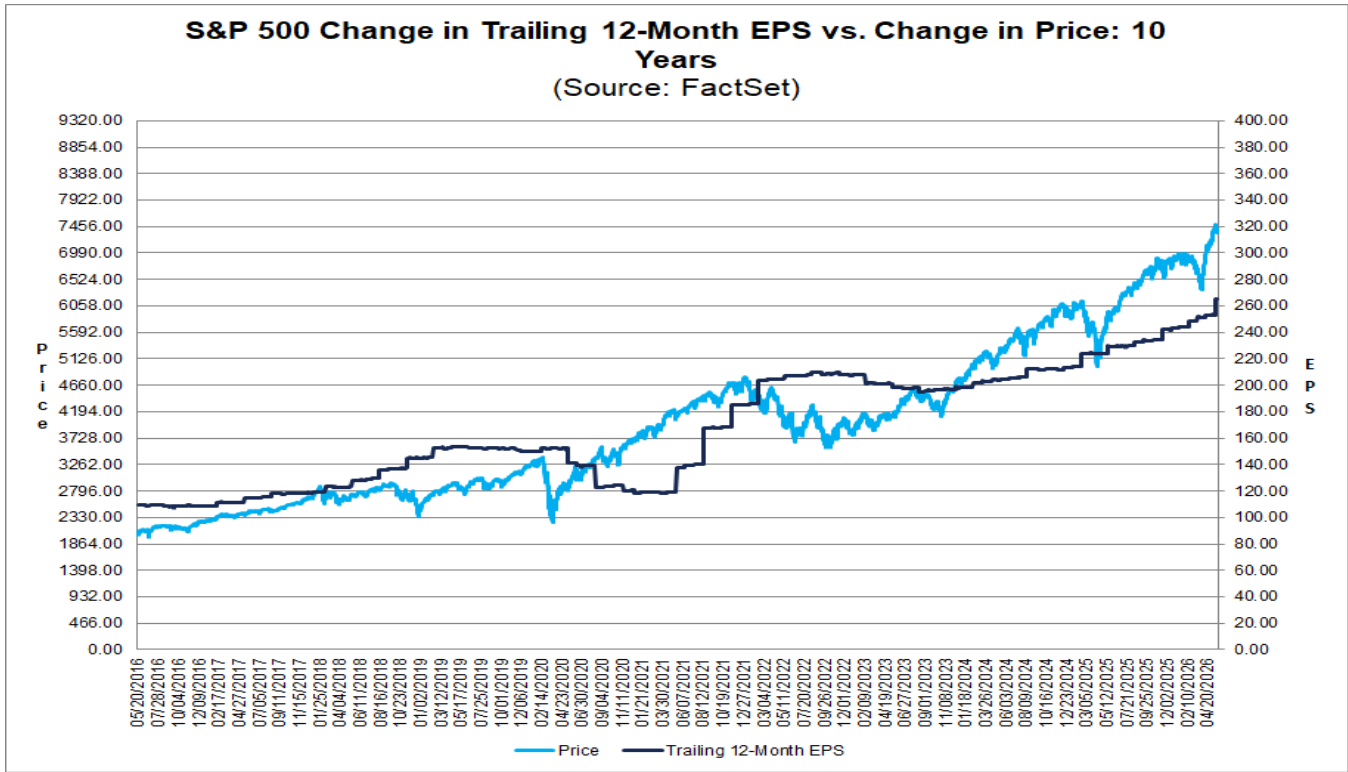
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar 31 (Source: FactSet)



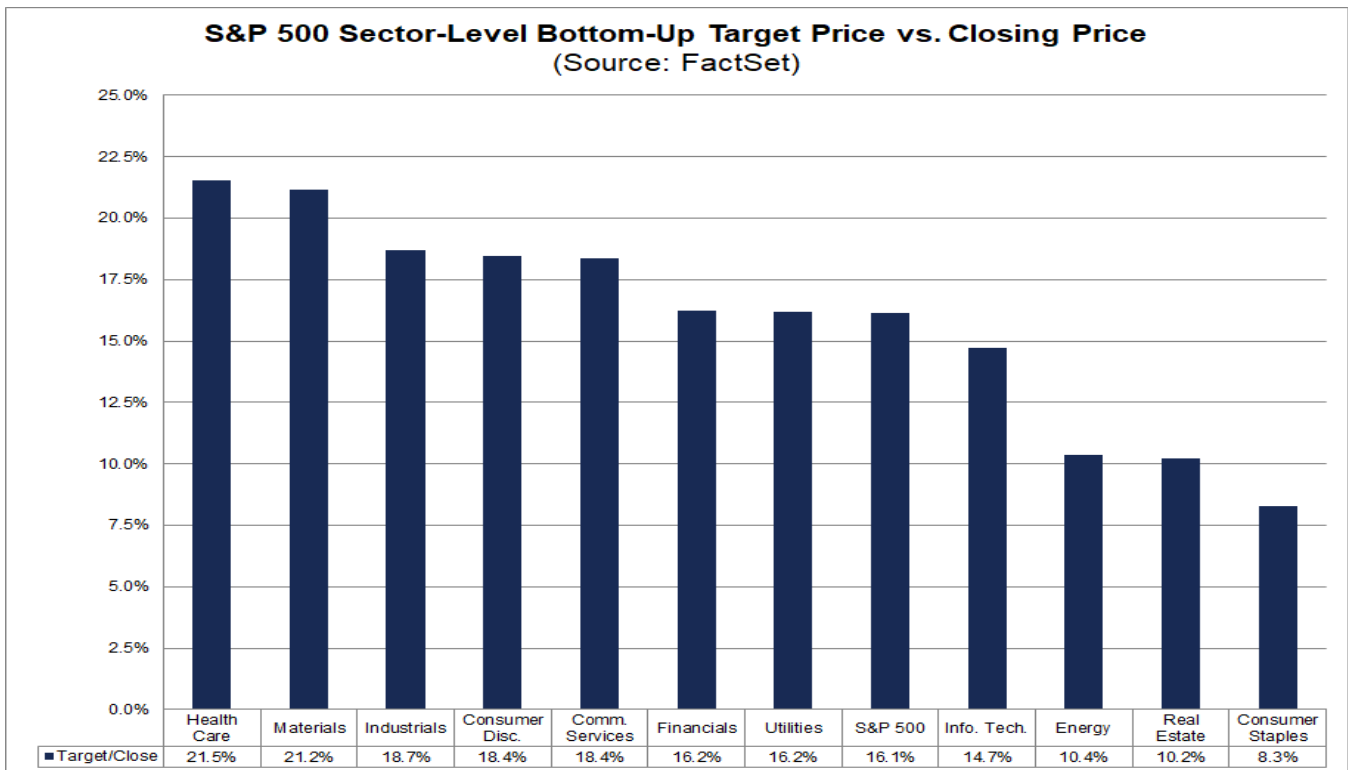
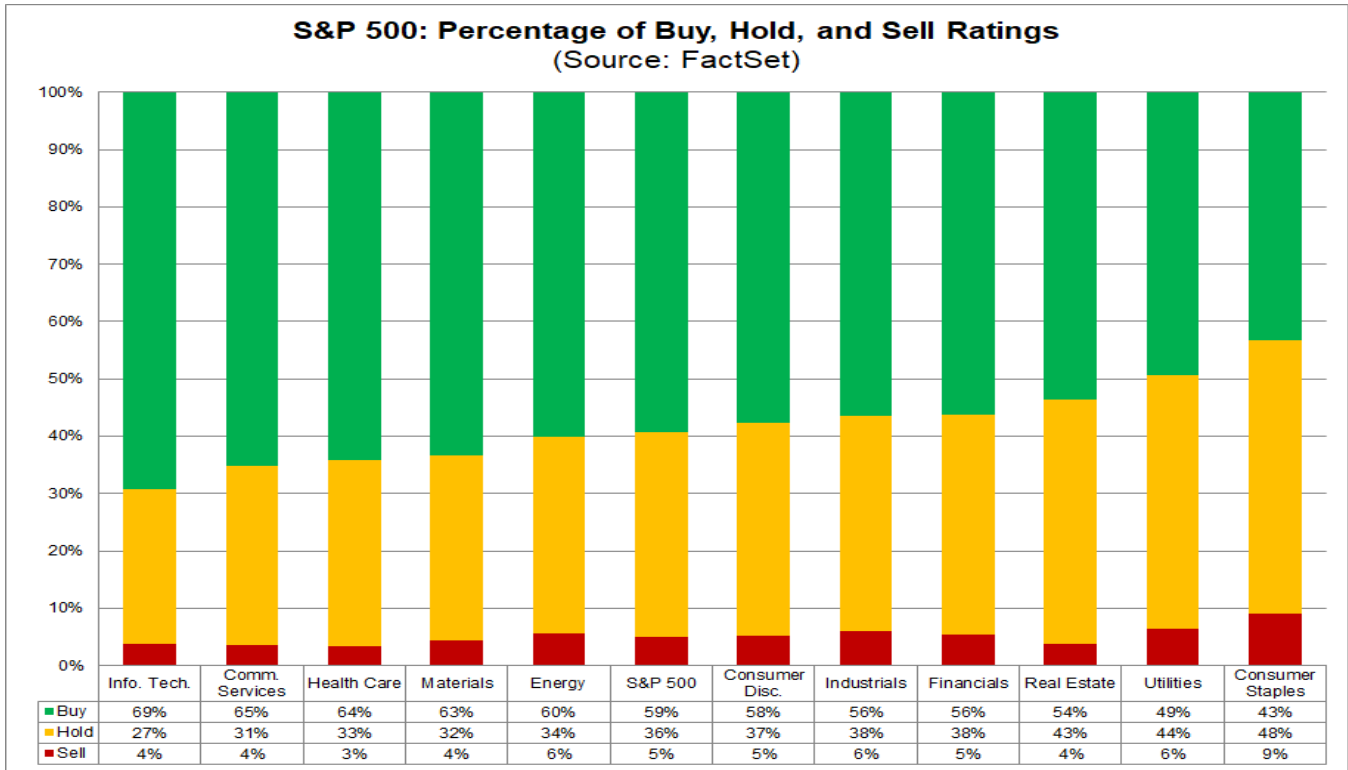
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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