# EARNINGS INSIGHT

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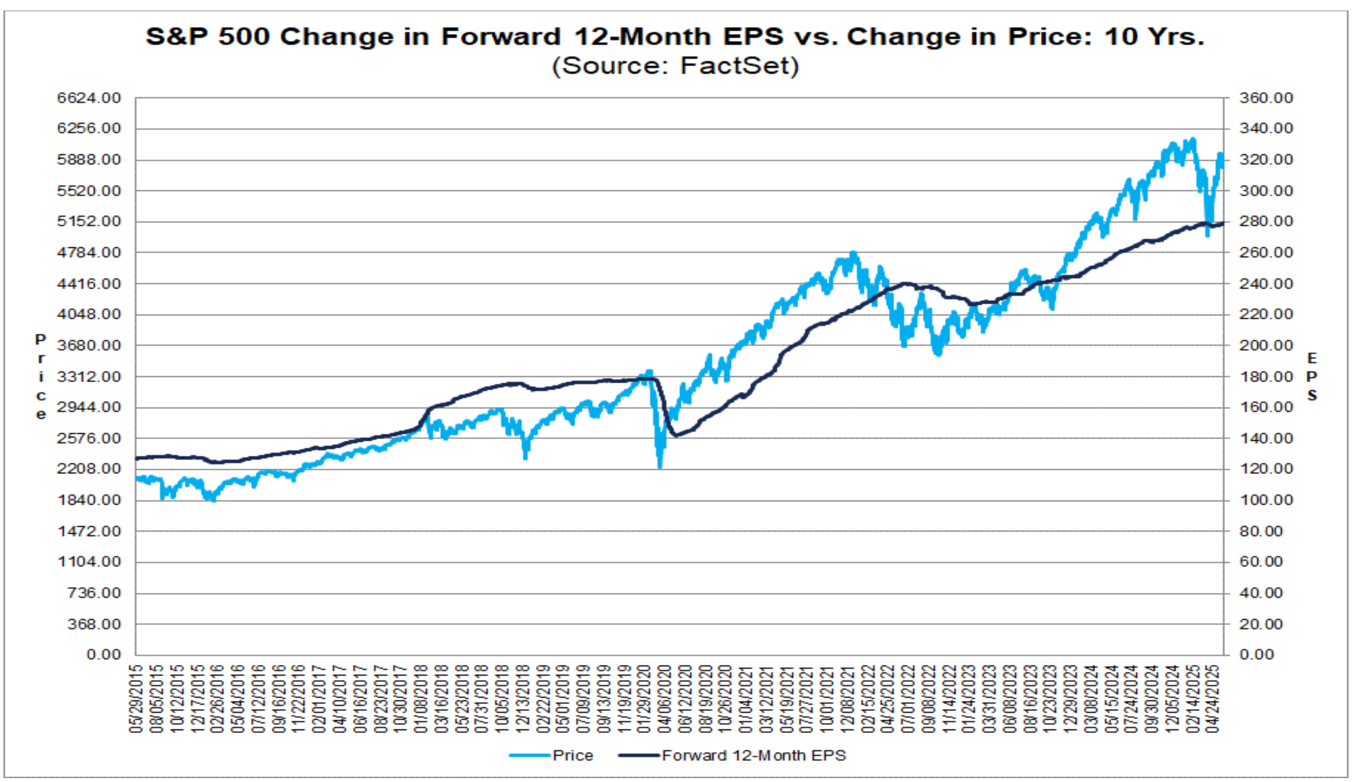
## Key Metrics

- **Earnings Scorecard:** For Q1 2025 (with 98% of S&P 500 companies reporting actual results), 78% of S&P 500 companies have reported a positive EPS surprise and 64% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q1 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 13.3%. If 13.3% is the actual growth rate for the quarter, it will mark the second-straight quarter of double-digit 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 2025 was 7.2%. Ten sectors are reporting (or have reported) higher earnings today (compared to March 31) due to positive EPS surprises.
- **Earnings Guidance:** For Q2 2025, 51 S&P 500 companies have issued negative EPS guidance and 43 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.3. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.4).

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## Topic of the Week: 1

### Analysts Making Larger Cuts Than Average to EPS Estimates for S&P 500 Companies for Q2

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

The answer is yes. During the months of April and May, analysts lowered EPS estimates by a larger margin than average. The Q2 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q2 for all the companies in the index) decreased by 4.0% (to $62.91 from $65.55) from March 31 to May 29.

In a typical quarter, analysts usually reduce earnings estimates during the first two months of a quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.6%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.5%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has also been 2.5%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.1%.

Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the second quarter was larger than the 5-year average, the 10-year average, the 15-year average, and the 20-year average.

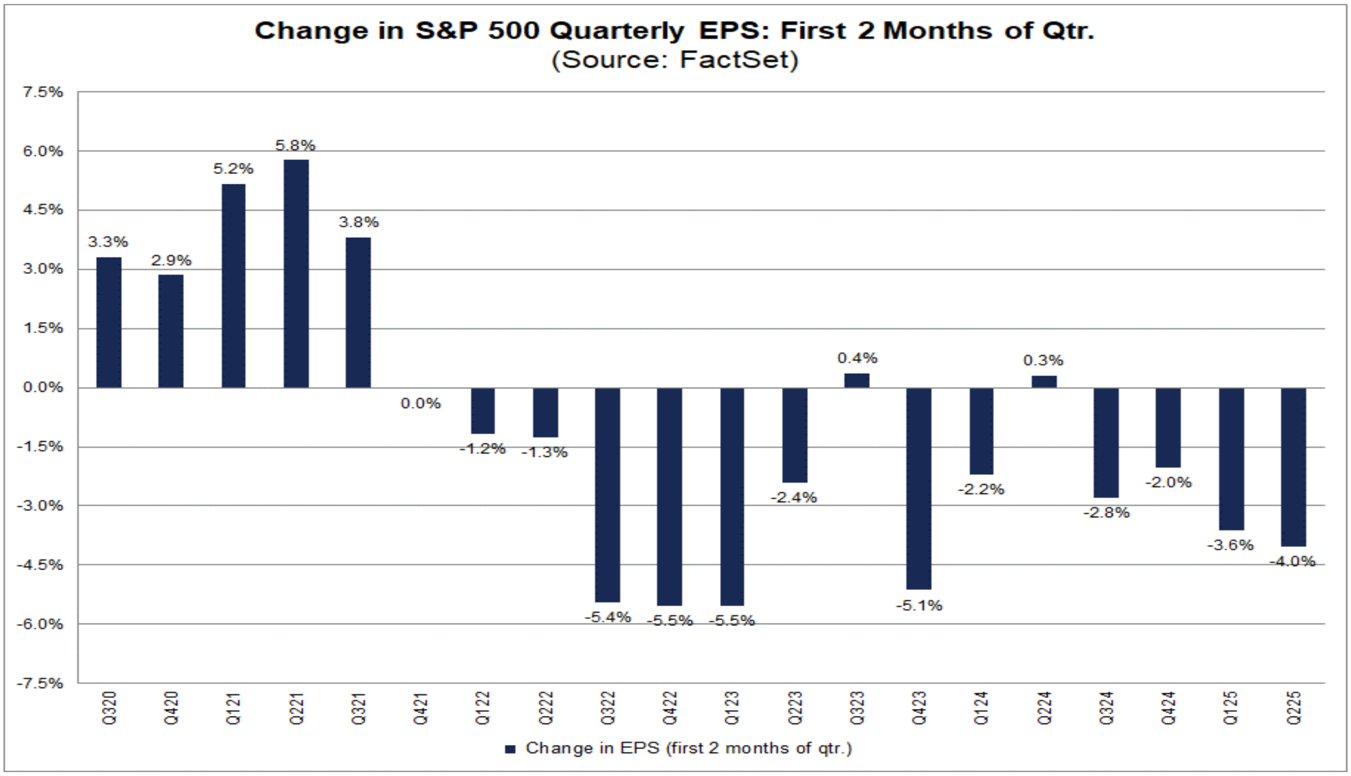
At the sector level, all eleven sectors have witnessed a decrease in their bottom-up EPS estimate for Q2 2025 from March 31 to May 29, led by the Energy (-18.9%) sector.

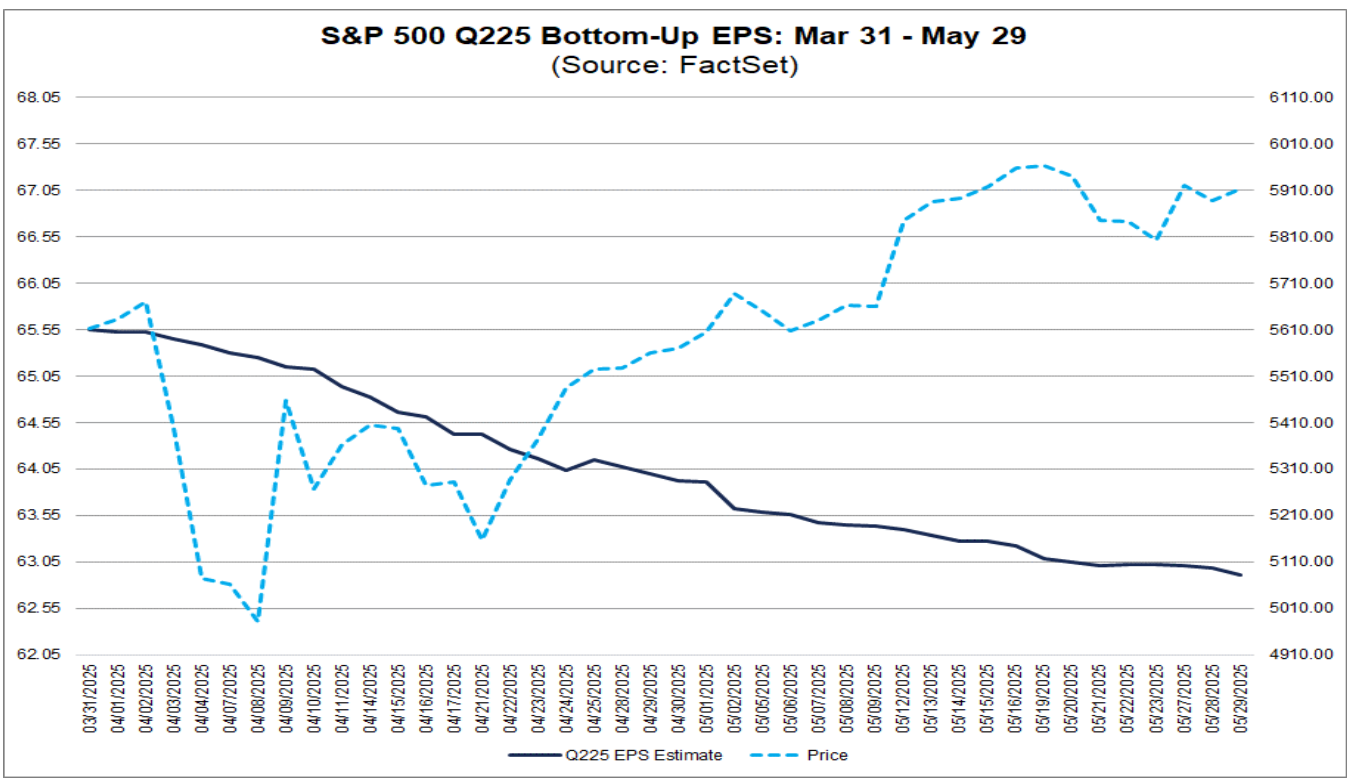
Analysts have also continued to lower EPS estimates for CY 2025. From December 31 through May 29, the CY 2025 bottom-up EPS estimate declined by 3.5% (to $264.49 from $274.12).

Analysts also usually reduce earnings estimates for the year during the first five months of the year. During the past five years, the average decline in the annual bottom-up EPS estimate during the first five months of the year has been 3.2%. During the past ten years, the average decline in the annual bottom-up EPS estimate during the first five months of the year has been 2.3%. During the past fifteen years, the average decline in the annual bottom-up EPS estimate during the first five months of the year has been 1.1%. During the past 20 years, the average decline in the annual bottom-up EPS estimate during the first five months of the year has been 2.6%. During the past 25 years, the average decline in the annual bottom-up EPS estimate during the first five months of the year has also been 2.6%.

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

At the sector level, ten sectors witnessed a decrease in their bottom-up EPS estimate for CY 2025 from December 31 to May 29, led by the Energy (-17.6%) and Materials (-11.8%) sectors. On the other hand, the Communication Services (+2.3%) sector is the only sector that recorded an increase in its bottom-up EPS estimate for CY 2025 during this period.


Change in S&P 500 Quarterly EPS: First 2 Months of Qtr.
(Source: FactSet)
7.5%
6.0%
4.5%
3.0%
1.5%
0.0%
-1.5%
-3.0%
-4.5%
-6.0%
-7.5%
3.3%
2.9%
5.2%
5.8%
3.8%
0.0%
-1.2%
-1.3%
-5.4%
-5.5%
-5.5%
-2.4%
0.4%
-5.1%
-2.2%
0.3%
-2.8%
-2.0%
-3.6%
-4.0%
Q320
Q420
Q121
Q221
Q321
Q421
Q122
Q222
Q322
Q422
Q123
Q223
Q323
Q423
Q124
Q224
Q324
Q424
Q125
Q225
Change in EPS (first 2 months of qtr.)


S&P 500 Q225 Bottom-Up EPS: Mar 31 - May 29
(Source: FactSet)
68.05
67.55
67.05
66.55
66.05
65.55
65.05
64.55
64.05
63.55
63.05
62.55
62.05
6110.00
6010.00
5910.00
5810.00
5710.00
5610.00
5510.00
5410.00
5310.00
5210.00
5110.00
5010.00
4910.00
03/31/2025
04/01/2025
04/02/2025
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05/09/2025
05/12/2025
05/13/2025
05/14/2025
05/15/2025
05/16/2025
05/19/2025
05/20/2025
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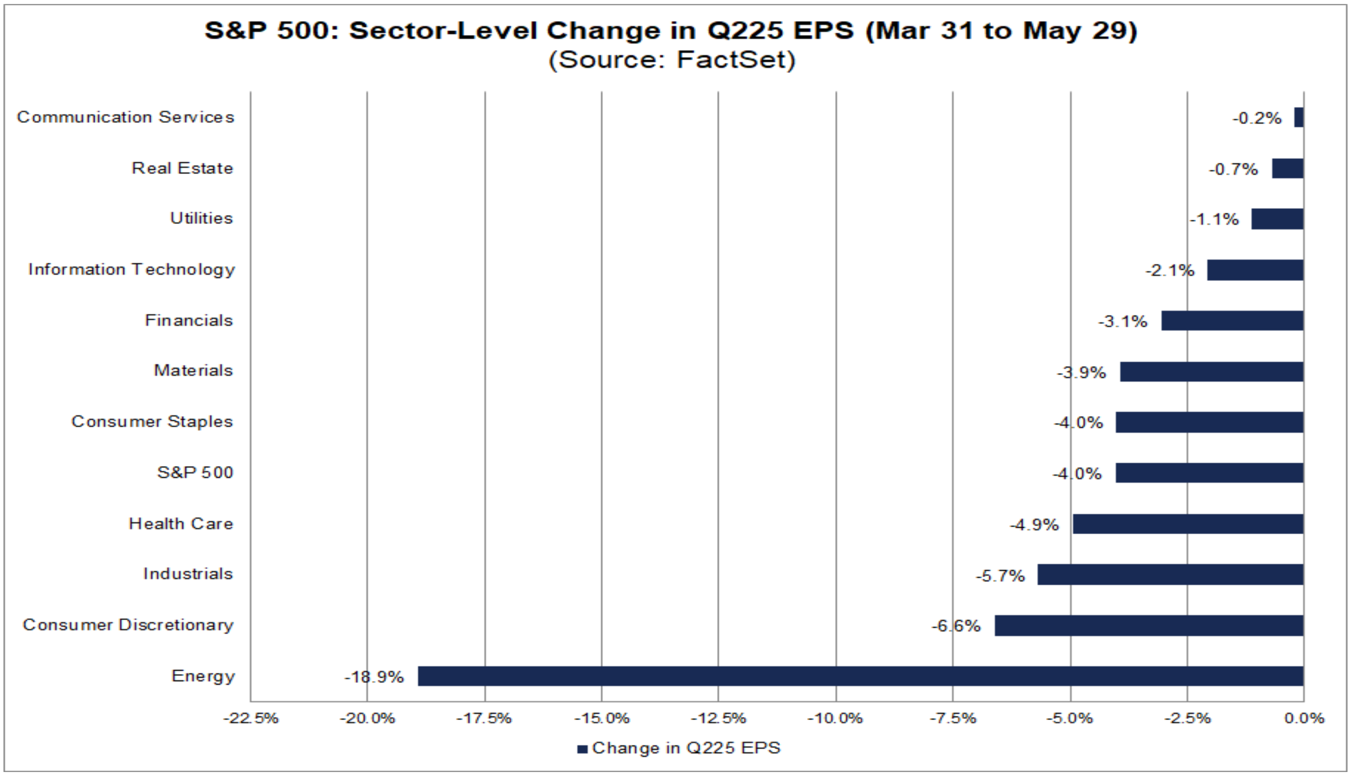
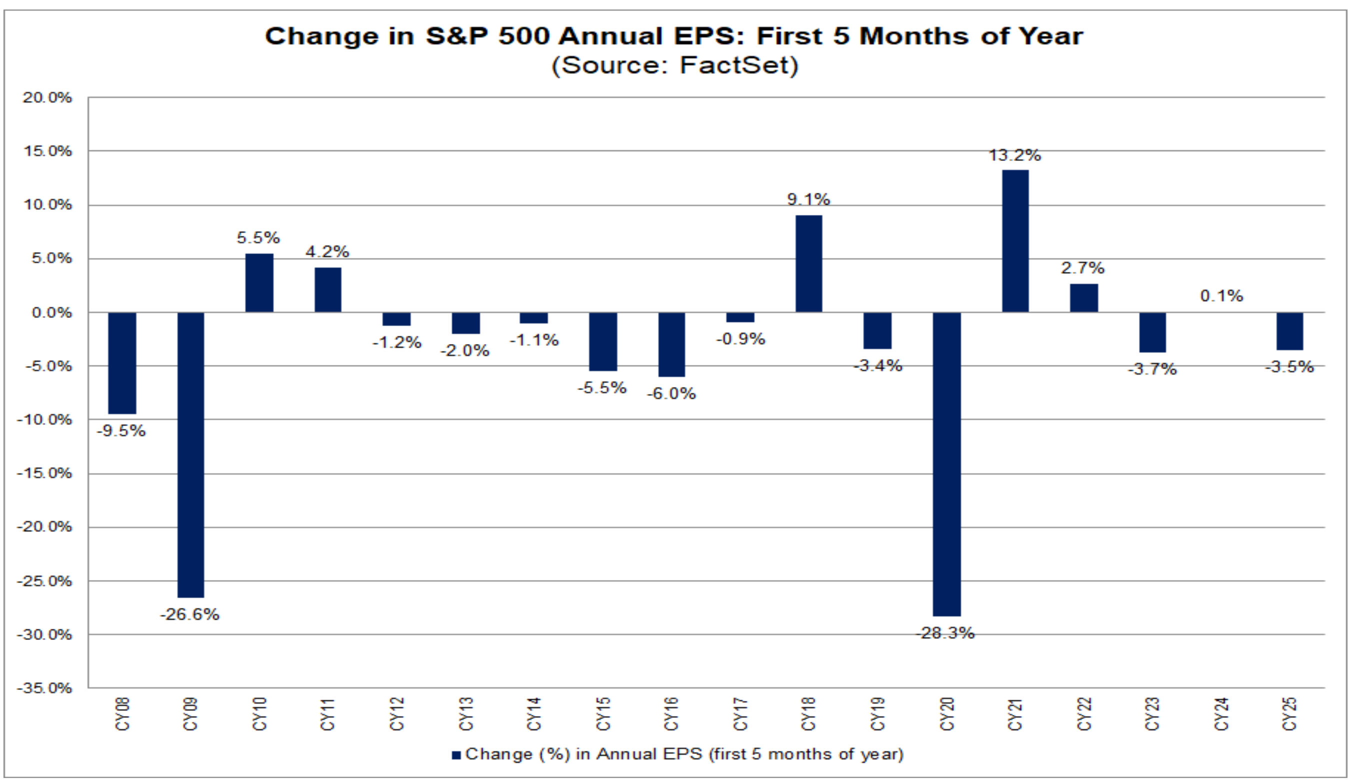
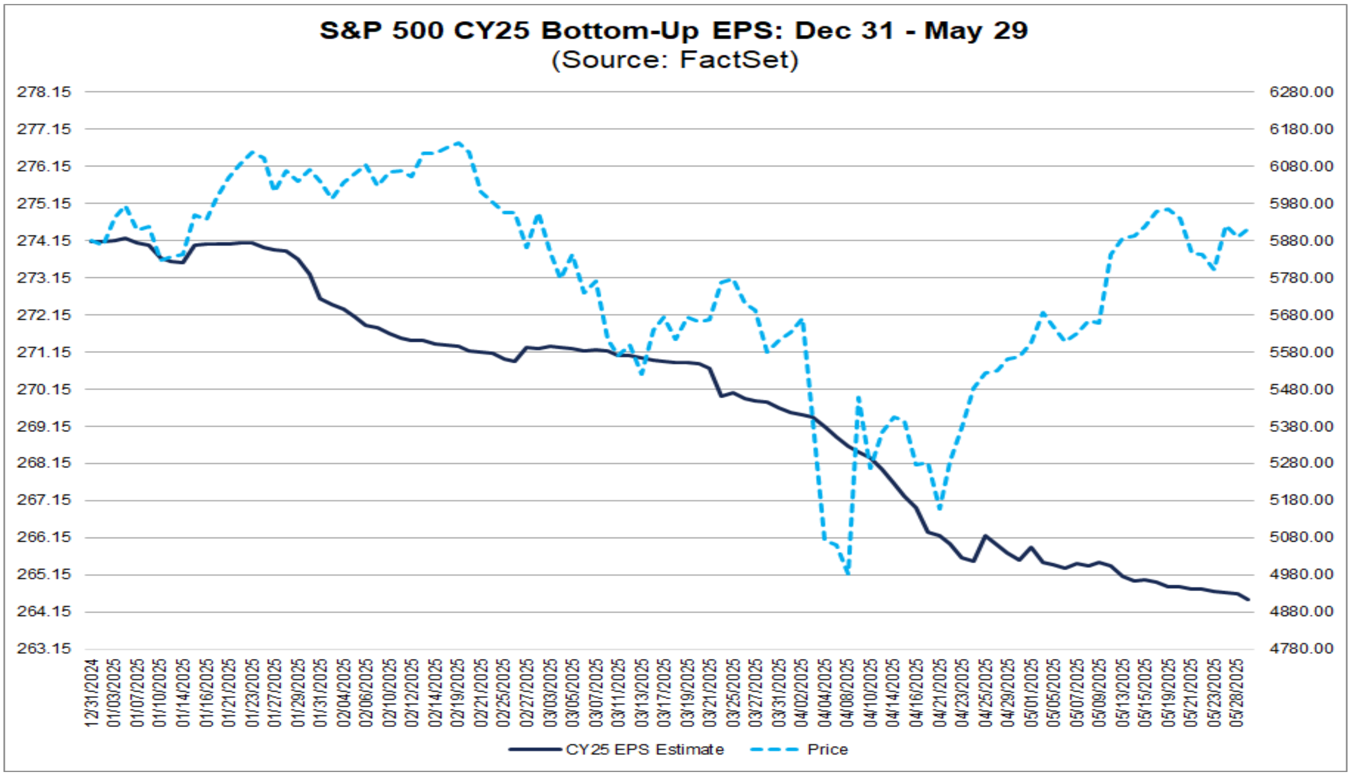
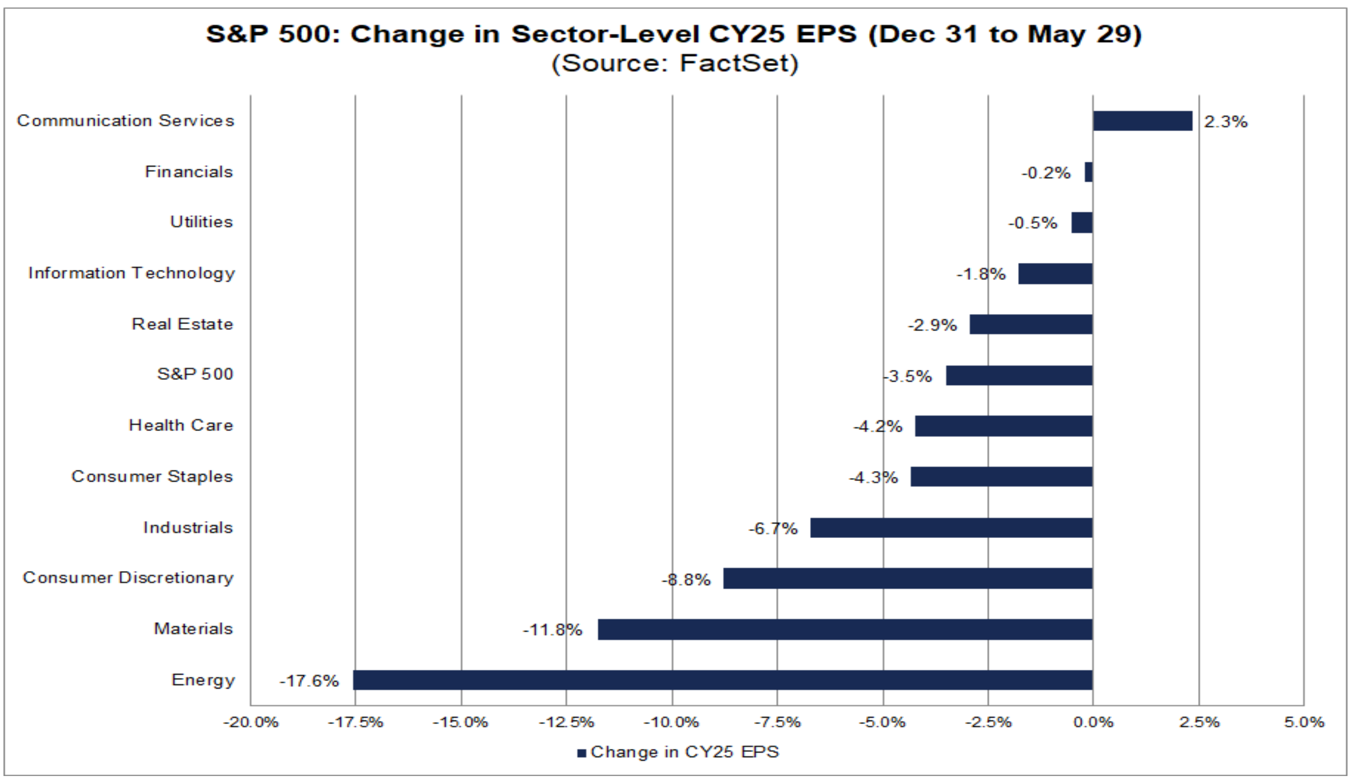
05/23/2025
05/27/2025
05/28/2025
05/29/2025
Q225 EPS Estimate
Price


S&P 500: Sector-Level Change in Q225 EPS (Mar 31 to May 29)
(Source: FactSet)
Communication Services -0.2%
Real Estate -0.7%
Utilities -1.1%
Information Technology -2.1%
Financials -3.1%
Materials -3.9%
Consumer Staples -4.0%
S&P 500 -4.0%
Health Care -4.9%
Industrials -5.7%
Consumer Discretionary -6.6%
Energy -18.9%
-22.5% -20.0% -17.5% -15.0% -12.5% -10.0% -7.5% -5.0% -2.5% 0.0%
Change in Q225 EPS


Change in S&P 500 Annual EPS: First 5 Months of Year
(Source: FactSet)
20.0% 15.0% 10.0% 5.0% 0.0% -5.0% -10.0% -15.0% -20.0% -25.0% -30.0% -35.0%
CY08 -9.5%
CY09 -26.6%
CY10 5.5%
CY11 4.2%
CY12 -1.2%
CY13 -2.0%
CY14 -1.1%
CY15 -5.5%
CY16 -6.0%
CY17 -0.9%
CY18 9.1%
CY19 -3.4%
CY20 -28.3%
CY21 13.2%
CY22 2.7%
CY23 -3.7%
CY24 0.1%
CY25 -3.5%
Change (%) in Annual EPS (first 5 months of year)


S&P 500 CY25 Bottom-Up EPS: Dec 31 - May 29
(Source: FactSet)
CY25 EPS Estimate
Price


S&P 500: Change in Sector-Level CY25 EPS (Dec 31 to May 29)
(Source: FactSet)
Communication Services 2.3%
Financials -0.2%
Utilities -0.5%
Information Technology -1.8%
Real Estate -2.9%
S&P 500 -3.5%
Health Care -4.2%
Consumer Staples -4.3%
Industrials -6.7%
Consumer Discretionary -8.8%
Materials -11.8%
Energy -17.6%
Change in CY25 EPS

## Topic of the Week: 2

### "Magnificent 7" Companies Reported Earnings Growth Above 25% for Q1

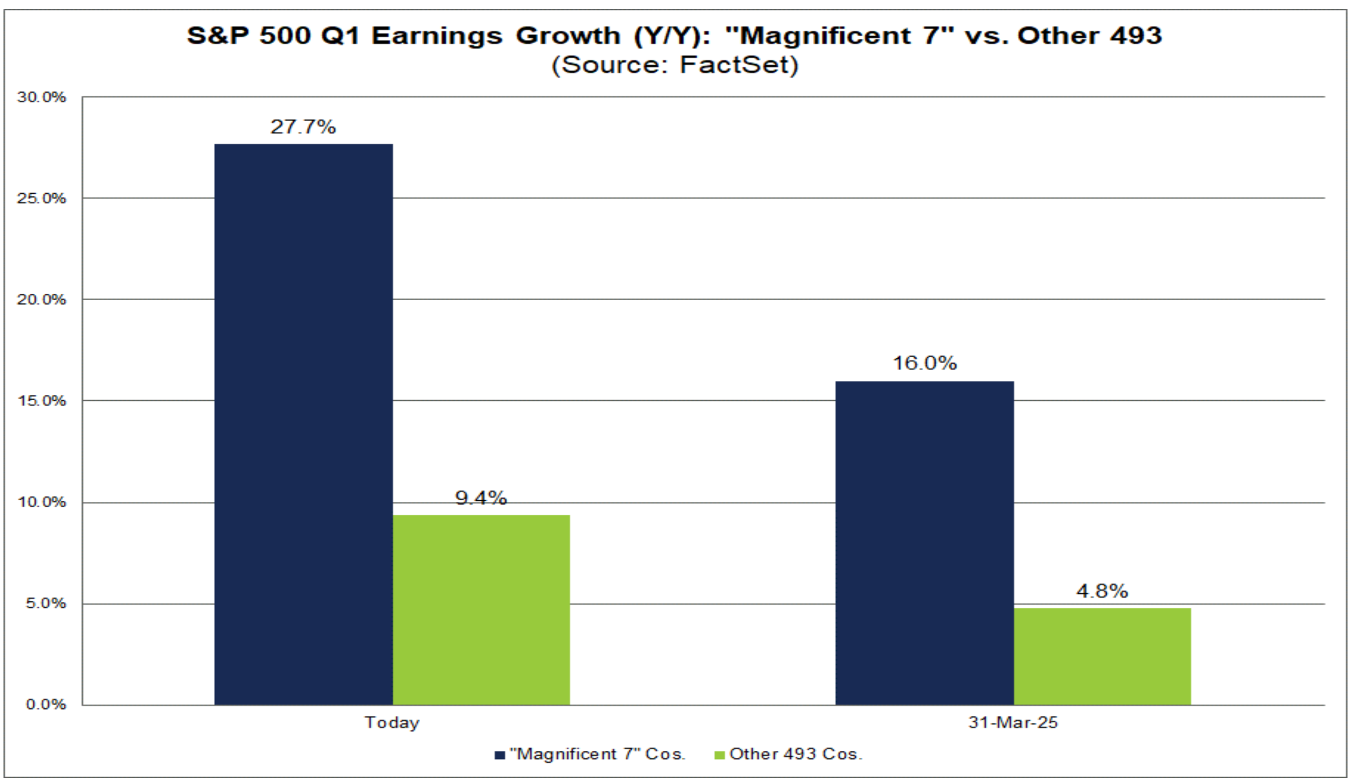
With NVIDIA reporting actual results for Q1 on May 28, all the companies in the "Magnificent 7" have now reported earnings for the first quarter. How did the earnings reported by these seven companies perform relative to analyst expectations and year-ago results?

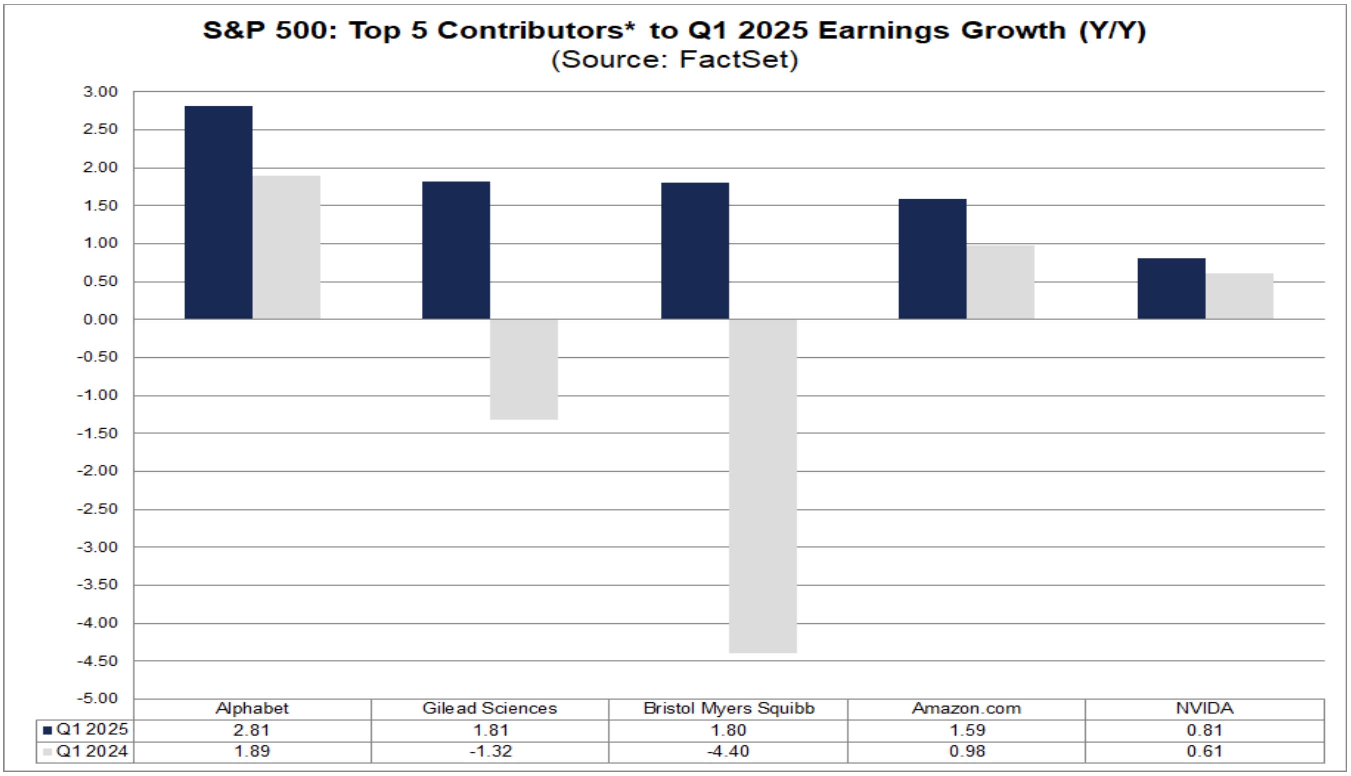
On March 31, the estimated earnings growth rate for the "Magnificent 7" companies for Q1 was 16.0%. Overall 86% (6 out of 7) of the "Magnificent 7" companies reported a positive EPS surprise, compared to 78% for all S&P 500 companies. In aggregate, earnings reported by the "Magnificent 7" companies exceeded estimates by 14.9%, compared to 8.2% for all S&P 500 companies.

As a result, the "Magnificent 7" companies reported actual earnings growth of 27.7% for the first quarter. This earnings growth rate is slightly below the average earnings growth rate of 32.1% for these seven companies over the previous three quarters.

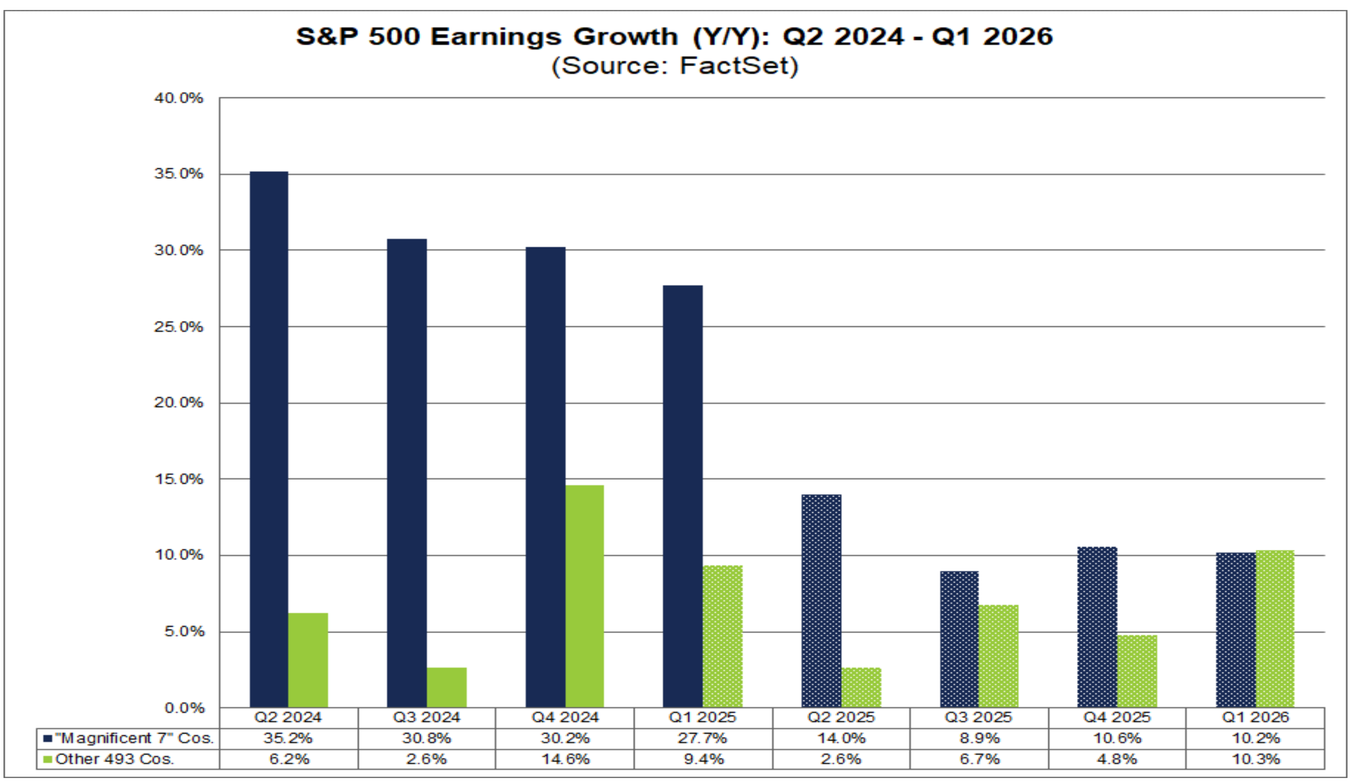
In addition, three of the "Magnificent 7" companies (Alphabet, Amazon.com, and NVIDIA) are among the top 5 contributors to earnings growth for the S&P 500 for the first quarter. Outside of these three companies, Bristol Myers Squibb and Gilead Sciences are the other top contributors. Both Bristol Myers Squibb and Gilead Sciences benefitted 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.

Despite the strong performance in the first quarter, analysts still expect lower earnings growth for the "Magnificent 7" companies over the next four quarters. For Q2 2025 through Q1 2026, analysts are predicting earnings growth rates of 14.0%, 8.9%, 10.6%, and 10.2%, respectively.






*Not in order of contribution



## Q1 Earnings Season: By The Numbers

### Overview

At this late stage of the earnings season, the S&P 500 is reporting strong results for the first quarter. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. As a result, the index is reporting higher earnings for the first quarter today relative the end of the quarter. The index is also reporting double-digit earnings growth for the second consecutive quarter.

Overall, 98% of the companies in the S&P 500 have reported actual results for Q1 2025 to date. Of these companies, 78% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 75%. In aggregate, companies are reporting earnings that are 8.2% 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.

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, positive EPS surprises reported by companies in the Communication Services, Financials, and Health Care sectors 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 13.3% today, compared to an earnings growth rate of 12.9% last week and an earnings growth rate of 7.2% at the end of the first quarter (March 31).

If 13.3% is the actual growth rate for the quarter, it will mark the second consecutive quarter of double-digit earnings growth for the index. It will also mark the seventh consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are reporting (or have reported) year-over-year growth, led by the Health Care, Communications Services, Information Technology, and Utilities sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Energy sector.

In terms of revenues, 64% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% but equal to the 10-year average of 64%. In aggregate, companies are reporting revenues that are 0.8% 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, positive revenue surprises reported by companies in the Health Care sector have been the largest contributors to the increase 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 4.9% today, compared to a revenue growth rate of 4.3% at the end of the first quarter (March 31).

If 4.9% 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 have reported) year-over-year growth in revenues, led by the Information Technology, Utilities, and Health Care sectors. On the other hand, the Industrials sector is the only sector that reported a year-over-year decline in revenues.

For Q2 2025 through Q4 2025, analysts are calling for earnings growth rates of 5.0%, 7.2%, and 6.2%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 9.1%.

The forward 12-month P/E ratio is 21.3, which is above the 5-year average (19.9) and above the 10-year average (18.4). This P/E ratio is also above the forward P/E ratio of 20.2 recorded at the end of the first quarter (March 31).

During the upcoming week, 8 S&P 500 companies are scheduled to report results for the first quarter.

## Scorecard: Percentage of Positive EPS Surprises Is Above 5-Year Average

### Percentage of Companies Beating EPS Estimates (78%) is Above 5-Year Average

Overall, 98% of the companies in the S&P 500 have reported earnings to date for the first quarter. Of these companies, 78% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 18% 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 (77%), above the 5-year average (77%), and above 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 Health Care (92%), Communication Services (87%), and Information Technology (86%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (61%) and Energy (64%) sectors have the lowest percentages of companies reporting earnings above estimates.

### Earnings Surprise Percentage (+8.2%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 8.2% 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 Communication Services (+23.8%) sector reported the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Alphabet ($2.81 vs. $2.02), Electronic Arts ($1.35 vs. $1.05), Interpublic Group of Companies ($0.33 vs. $0.26), News Corporation ($0.17 vs. $0.14), Meta Platforms ($6.43 vs. $5.23), and Walt Disney ($1.45 vs. $1.19) reported the largest positive EPS surprises.

The Consumer Discretionary (+9.4%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival ($0.13 vs. $0.03), NIKE ($0.54 vs. $0.30), Deckers Brands ($1.00 vs. $0.60), Hasbro ($1.04 vs. $0.67), MGM Resorts ($0.69 vs. $0.47), and Booking Holdings ($24.81 vs. $17.37) have reported the largest positive EPS surprises.

The Materials (+8.8%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Dow ($0.02 vs. -$0.01), Albemarle (-$0.18 vs. -$0.66), Newmont Corporation ($1.25 vs. $0.92), CF Industries ($1.97 vs. $1.48), Vulcan Materials ($1.00 vs. $0.76), and Corteva ($1.13 vs, $0.87) reported the largest positive EPS surprises.

The Health Care (+8.6%) sector reported the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Pfizer ($0.92 vs. $0.67), CVS Health ($2.25 vs. $1.70), Insulet Corporation ($1.02 vs. $0.79), Bristol Myers Squibb ($1.80 vs. $1.49), and Moderna (-$2.52 vs. -$3.12) reported the largest positive EPS surprises.

The Industrials (+8.4%) sector reported fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, GE Vernova ($1.07 vs. $0.45), Uber Technologies ($0.83 vs. $0.51), Boeing (-$0.49 vs. -$1.21), Huntington Ingalls Industries ($3.79 vs. $2.92), Southwest Airlines (-$0.13 vs. -$0.18), and Generac Holdings ($1.26 vs. $0.98) have reported the largest positive EPS surprises.

### Market Rewarding Positive EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q1 2025 have seen an average price increase of +1.9% two days before the earnings release through two days after the earnings release. This percentage increase is above the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

If 1.9% is the final percentage for the quarter, it will mark the largest average price increase for S&P 500 companies reporting positive EPS surprises for a quarter since Q3 2022 (+2.4%).

Companies that have reported negative earnings surprises for Q1 2025 have seen an average price decrease of -1.9% 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 -2.3% during this same window for companies reporting negative earnings surprises.

### Percentage of Companies Beating Revenue Estimates (64%) is Below 5-Year Average

In terms of revenues, 64% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 36% 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%), below the 5-year average (69%), and equal to 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 Information Technology (88%) and Communication Services (87%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Staples (41%) and Energy (43%) sectors have the lowest percentages of companies reporting revenues above estimates.

### Revenue Surprise Percentage (+0.8%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.8% above expectations. This surprise percentage is below 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 Utilities (+4.7%) sector reported the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Staples (-0.7%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

## Revisions: Increase in Blended Earnings This Week Due To NVIDA

### Increase in Blended Earnings This Week Due to NVIDIA

The blended (year-over-year) earnings growth rate for the first quarter is 13.3%, which is above the earnings growth rate of 12.9% last week. The positive EPS surprise reported by NVIDIA (to $0.81 vs $0.74) was the largest contributor to the increase in the overall earnings growth rate for the index during the past week.

### Communication Services Sector Has Seen Largest Increase in Earnings since March 31

The blended (year-over-year) earnings growth rate for Q1 2025 of 13.3% is above the estimate of 7.2% 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 28.9% from 4.9%) sector. The Communication Services, Financials, and Health Care sectors have been the largest contributors to the increase in the earnings growth rate for the index since March 31. On the other hand, the Energy sector (to -12.7% from -12.3%) is the only sector that has recorded an increase in its earnings decline 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 ($2.81 vs. $2.02) and Meta Platforms ($6.43 vs. $5.23) have been the largest 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 Communication Services sector has increased to 28.9% from 4.9% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($5.07 vs. $4.63) and Bank of America have been significant 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 7.1% from 2.6% over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($0.92 vs. $0.67), CVS Health ($2.25 vs. $1.70), and Bristol Myers Squibb ($1.80 vs. $1.49) have been substantial 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 Health Care sector has increased to 43.0% from 36.0% over this period.

### Health Care Sector Has Seen Largest Increase in Revenues since March 31

The blended (year-over-year) revenue growth rate for Q1 2025 of 4.9% is above the estimate of 4.3% at the end of the first quarter (March 31). Nine 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 10.7% from 5.2%) sector. However, the Health Care sector has been the largest contributor to the increase in the revenue growth rate for the index since March 31. On the other hand, two sectors have recorded a decrease in their revenue growth rates since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises: Consumer Staples (to 0.2% from 1.1%) and Energy (to 0.9% from 1.2%).

In the Health Care sector, the positive revenue surprises reported by Cigna ($65.45 billion vs. $60.20 billion), Centene Corporation ($46.62 billion vs. $42.76 billion), Elevance Health ($48.77 billion vs. $46.30 billion), and CVS Health ($94.59 billion vs. $93.66 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 Health Care sector has increased to 8.8% from 7.7% over this period.

## Earnings Growth: 13.3%

The blended (year-over-year) earnings growth rate for Q1 2025 is 13.3%, which is above the 5-year average earnings growth rate of 11.3% and above the 10-year average earnings growth rate of 8.9%. If 13.3% is the actual growth rate for the quarter, it will mark the second consecutive quarter of double-digit earnings growth for the index. It will also mark the seventh consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Health Care, Communication Services, Information Technology, and Utilities sectors. On the other hand, three sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Energy sector.

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

The Health Care sector reported the highest (year-over-year) earnings growth rate of all eleven sectors at 43.0%. At the industry level, 4 of the 5 industries in the sector reported year-over-year earnings growth: Pharmaceuticals (124%), Biotechnology (71%), Health Care Providers & Services (16%), and Health Care Equipment & Supplies (8%). On the other hand, the Life Sciences, Tools, & Services (-2%) industry is the only industry that reported a decline in earnings.

At the company level, Bristol Myers Squibb ($1.80 vs. -$4.40) and Gilead Sciences ($1.81 vs. -$1.32) were the largest contributors to earnings growth for the sector. Both companies benefitted 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 blended earnings growth rate for the Health Care sector would fall to 9.6% from 43.0%.

### Communication Services: Alphabet Was Largest Contributor to Year-Over-Year Growth

The Communication Services sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 28.9%. At the industry level, 3 of the 5 industries in the sector reported year-over-year earnings growth. All 3 industries reported earnings growth above 20%: Entertainment (48%), Interactive Media & Services (42%), and Wireless Telecommunication Services (23%). On the other hand, two industries reported a year-over-year decline in earnings: Media (-3%) and Diversified Telecommunication Services (-1%).

At the company level, Alphabet ($2.81 vs. $1.89) and Meta Platforms ($6.43 vs. $4.71) were the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended earnings growth rate for the Communication Services sector would fall to 9.6% from 28.9%.

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

The Information Technology sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 16.1%. At the industry level, 5 of the 6 industries in the sector are reporting (or have reported) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (29%), Electronic Equipment, Instruments, & Components (24%), Software (16%), Communication Equipment (12%), and Technology Hardware, Storage, & Peripherals (5%). On the other hand, the IT Services (-5%) industry is the only industry that reported 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 Information Technology sector would fall to 10.8% from 16.1%.

### Utilities: 4 of 5 Industries Reported Year-Over-Year Growth

The Utilities sector reported the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 14.7%. At the industry level, 4 of the 5 industries in the sector reported year-over-year earnings growth: Multi-Utilities (18%), Electric Utilities (15%), Gas Utilities (12%), and Water Utilities (11%). The Independent Power and Renewable Energy Producers (-40%) industry is the only industry that reported a year-over-year decline in earnings.

### Energy: 4 of 5 Sub-Industries Reported Year-Over-Year Decline

The Energy sector reported the largest (year-over-year) earnings decline of all eleven sectors at -12.7%. Lower year-over-year oil prices contributed 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, 4 of the 5 sub-industries in the sector reported a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-104%), Integrated Oil & Gas (-13%), Oil & Gas Equipment & Services (-8%), and Oil & Gas Storage & Transportation (less than -1%). On the other hand, the Oil & Gas Exploration & Production (19%) sub-industry is the only sub-industry that reported year-over-year growth in earnings.

The Oil & Gas Refining & Marketing sub-industry was also the largest contributor to the earnings decline for the sector. If this sub-industry were excluded, the blended earnings decline for the Energy sector would improve to -2.3% from -12.7%.

## Revenue Growth: 4.9%

The blended (year-over-year) revenue growth rate for Q1 2025 is 4.9%, 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 4.9% 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 have reported) year-over-year growth in revenues, led by the Information Technology, Utilities, and Health Care sectors. On the other hand, the Industrials sector is the only sector that reported a year-over-year decline in revenues.

### 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 12.5%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (28%), Software (12%), Communication Equipment (12%), Electronic Equipment, Instruments, & Components (10%), Technology Hardware, Storage, & Peripherals (5%), and IT Services (4%).

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

The Utilities sector reported the second-highest (year-over-year) revenue growth rate of all eleven sectors at 10.7%. At the industry level, all 5 industries in the sector reported year-over-year revenue growth: Gas Utilities (18%), Multi-Utilities (13%), Water Utilities (13%), Independent Power and Renewable Energy Producers (12%), and Electric Utilities (10%).

### Health Care: All 5 Industries Reported Year-Over-Year Growth

The Health Care sector reported the third-highest (year-over-year) revenue growth rate of all eleven sectors at 8.8%. At the industry level, all 5 industries in the sector reported year-over-year revenue growth: Health Care Providers & Services (11%), Biotechnology (5%), Health Care Equipment & Supplies (4%), Pharmaceuticals (3%), and Life Sciences, Tools, & Services (1%).

### Industrials: 5 of 12 Industries Reported Year-Over-Year Decline

The Industrials sector reported the largest (year-over-year) revenue decline of all eleven sectors at -0.7%. At the industry level, 5 of the 12 industries in the sector reported a year-over-year decline in revenue, led by the Machinery (-8%), Industrial Conglomerates (-7%), and Building Products (-7%) industries. On the other hand, 7 of the 12 industries in the sector reported year-over-year revenue growth, led by the Construction & Engineering (24%) and Commercial Services & Supplies (10%) industries.

## Net Profit Margin: 12.7%

The blended net profit margin for the S&P 500 for Q1 2025 is 12.7%, which is above the previous quarter's net profit margin of 12.6%, above the year-ago net profit margin of 11.8%, and above the 5-year average of 11.7%.

At the sector level, seven sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q1 2025 compared to Q1 2024, led by the Communication Services (16.2% vs. 13.5%) and Health Care (8.6% vs. 6.6%) sectors. On the other hand, four sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q1 2025 compared to Q1 2024, led by the Energy (8.2% vs. 9.5%) and Real Estate (35.2% vs. 36.2%) sectors.

Six sectors are reporting (or have reported) net profit margins in Q1 2025 that are above their 5-year averages, led by the Communication Services (16.2% vs. 11.9%) sector. On the other hand, five sectors are reporting (or have reported) net profit margins in Q1 2025 that are below their 5-year averages, led by the Materials (9.1% vs. 11.1%) sector.

## Forward Estimates & Valuation

### Guidance: Negative Guidance Percentage for Q2 is Below Recent Averages

At this point in time, 94 companies in the index have issued EPS guidance for Q2 2025. Of these 94 companies, 51 have issued negative EPS guidance and 43 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q2 2025 is 54% (51 out of 94), which is below the 5-year average of 57% and below the 10-year average of 62%.

At this point in time, 259 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 259 companies, 140 have issued negative EPS guidance and 119 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 54% (140 out of 259).

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 9% for CY 2025

For the first quarter, S&P 500 companies are reporting year-over-year growth in earnings of 13.3% and year-over-year growth in revenues of 4.9%.

For Q2 2025, analysts are projecting earnings growth of 5.0% and revenue growth of 4.0%.

For Q3 2025, analysts are projecting earnings growth of 7.2% and revenue growth of 4.6%.

For Q4 2025, analysts are projecting earnings growth of 6.2% and revenue growth of 5.1%.

For CY 2025, analysts are projecting earnings growth of 9.1% and revenue growth of 4.9%.

For CY 2026, analysts are projecting earnings growth of 13.5% and revenue growth of 6.2%.

### Valuation: Forward P/E Ratio is 21.3, Above the 10-Year Average (18.4)

The forward 12-month P/E ratio for the S&P 500 is 21.3. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.4. It is also above 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 increased by 5.4%, while the forward 12-month EPS estimate has decreased by less than 0.1%. At the sector level, the Consumer Discretionary (28.1) and Information Technology (27.2) sectors have the highest forward 12-month P/E ratios, while the Energy (14.6) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.9, which is above the 5-year average of 24.8 and above the 10-year average of 22.4.

### Targets & Ratings: Analysts Project 11% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 6581.58, which is 11.3% above the closing price of 5912.17. At the sector level, the Energy (+20.4%) and Health Care (+19.0%) 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 Financials (+5.6%) and Industrials (+5.7%) 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.

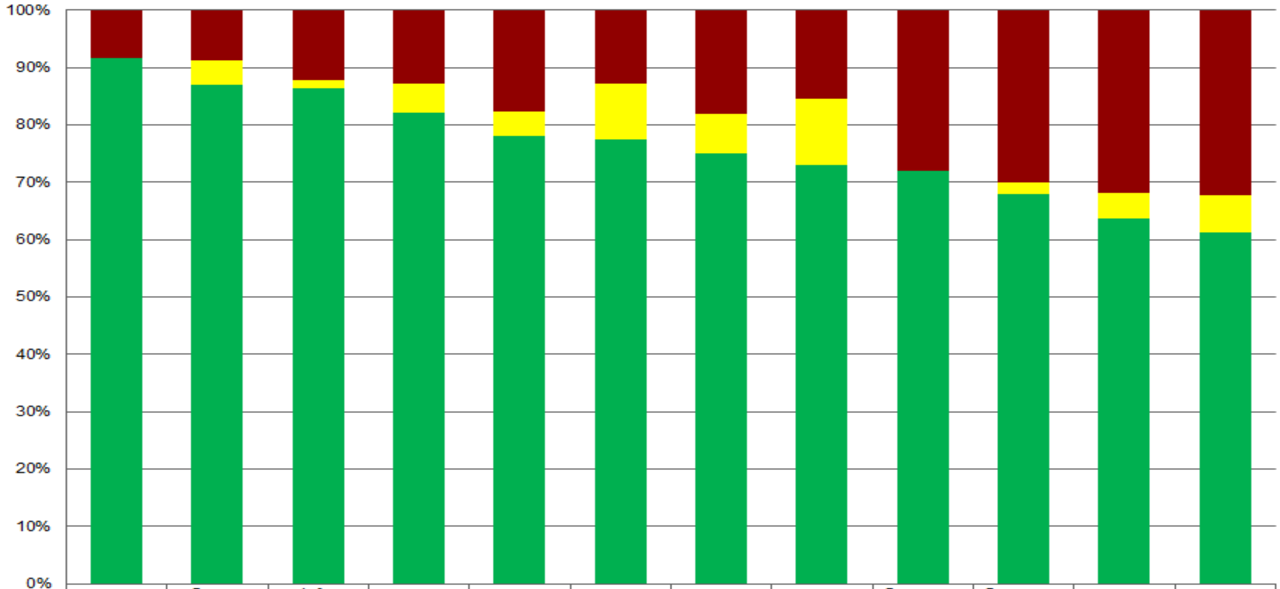
Overall, there are 12,403 ratings on stocks in the S&P 500. Of these 12,403 ratings, 56.4% are Buy ratings, 38.5% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Energy (68%), Communication Services (65%), and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (39%) sector has the lowest percentage of Buy ratings.

### Companies Reporting Next Week: 8

During the upcoming week, 8 S&P 500 companies are scheduled to report results.

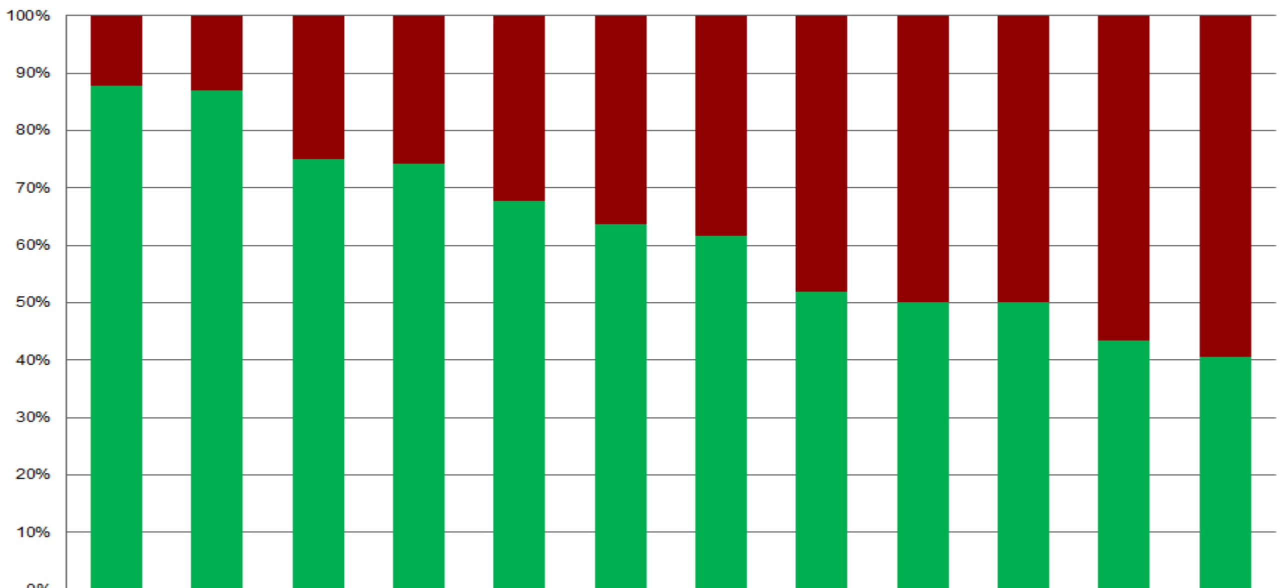
## Q1 2025: Scorecard

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



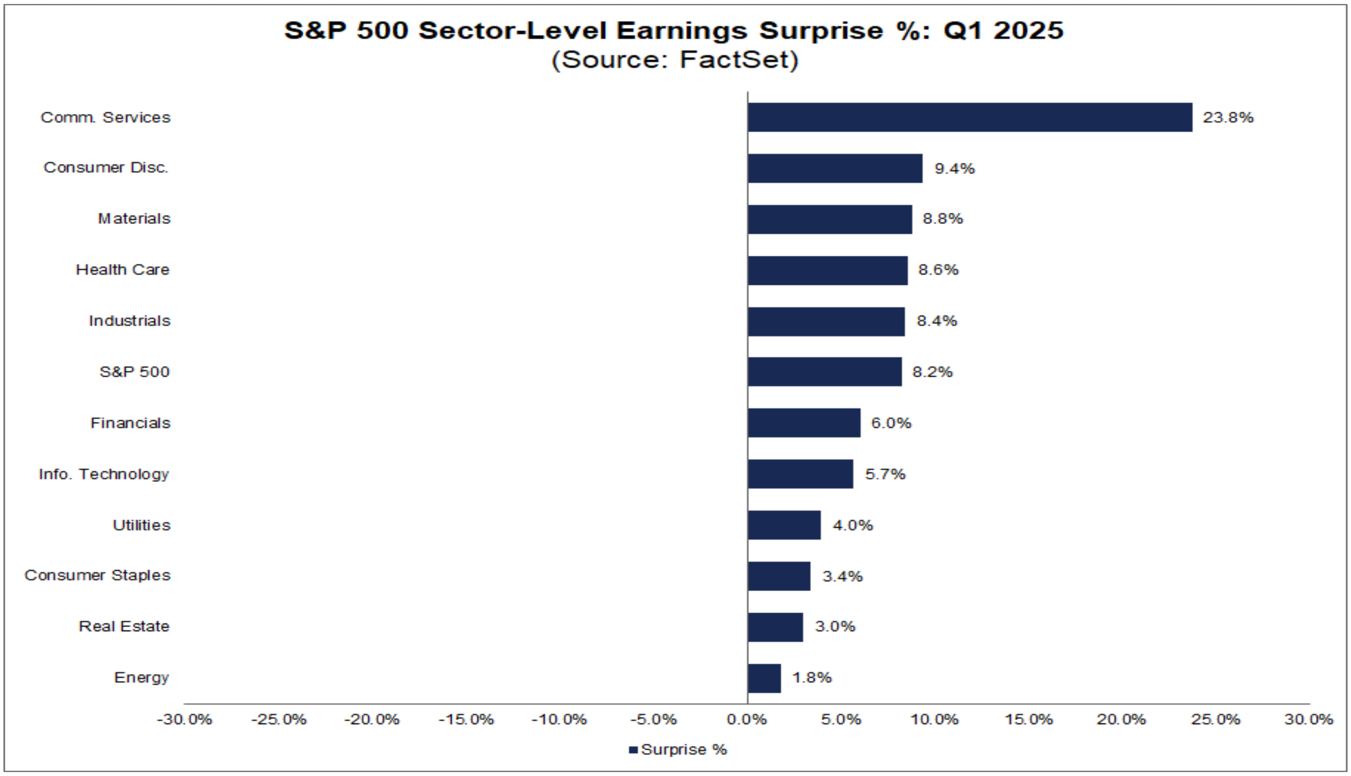
| | Health Care | Comm. Services | Info. Technology | Industrials | S&P 500 | Real Estate | Financials | Materials | Consumer Staples | Consumer Disc. | Energy | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Below | 8% | 9% | 12% | 13% | 18% | 13% | 18% | 15% | 28% | 30% | 32% | 32% |
| In-Line | 0% | 4% | 2% | 5% | 4% | 10% | 7% | 12% | 0% | 2% | 5% | 6% |
| Above | 92% | 87% | 86% | 82% | 78% | 77% | 75% | 73% | 72% | 68% | 64% | 61% |

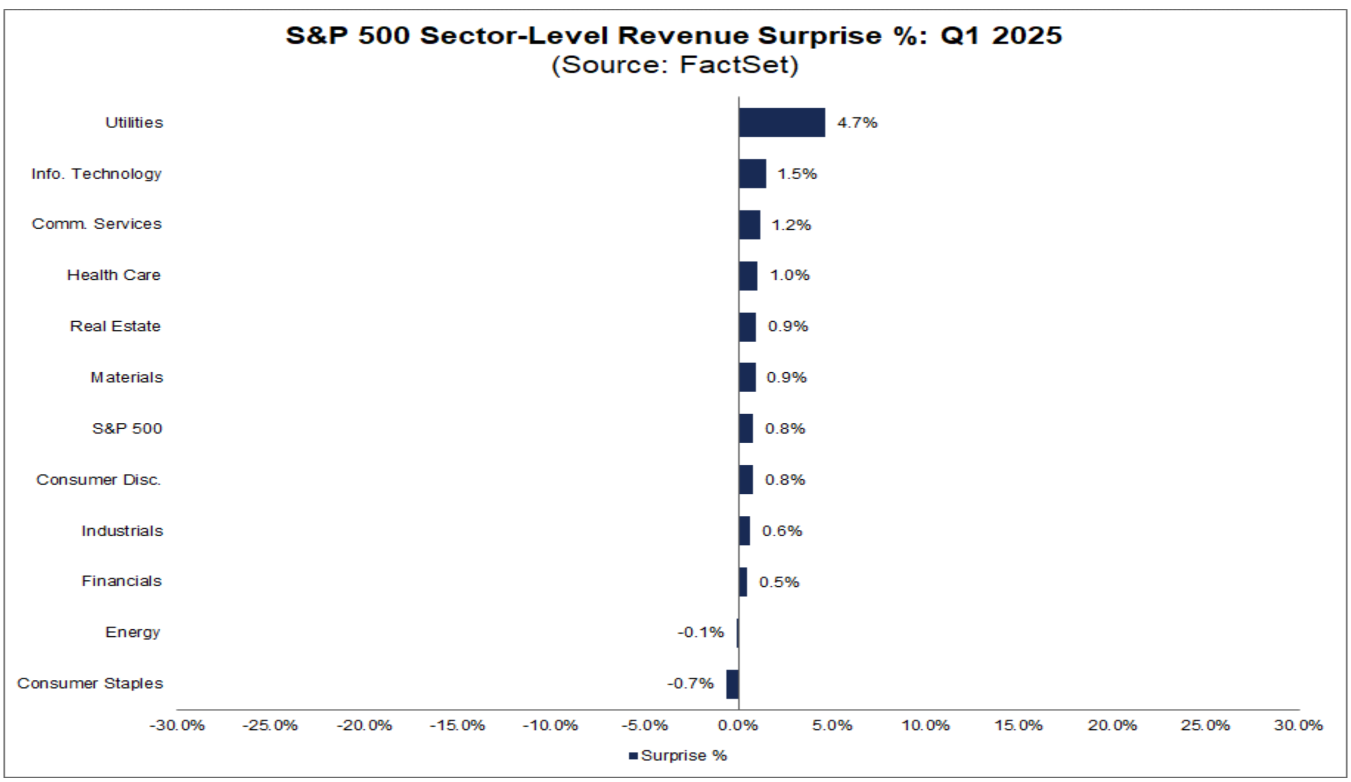
**S&P 500 Revenues Above, In-Line, Below Estimates: Q1 2025**
(Source: FactSet)



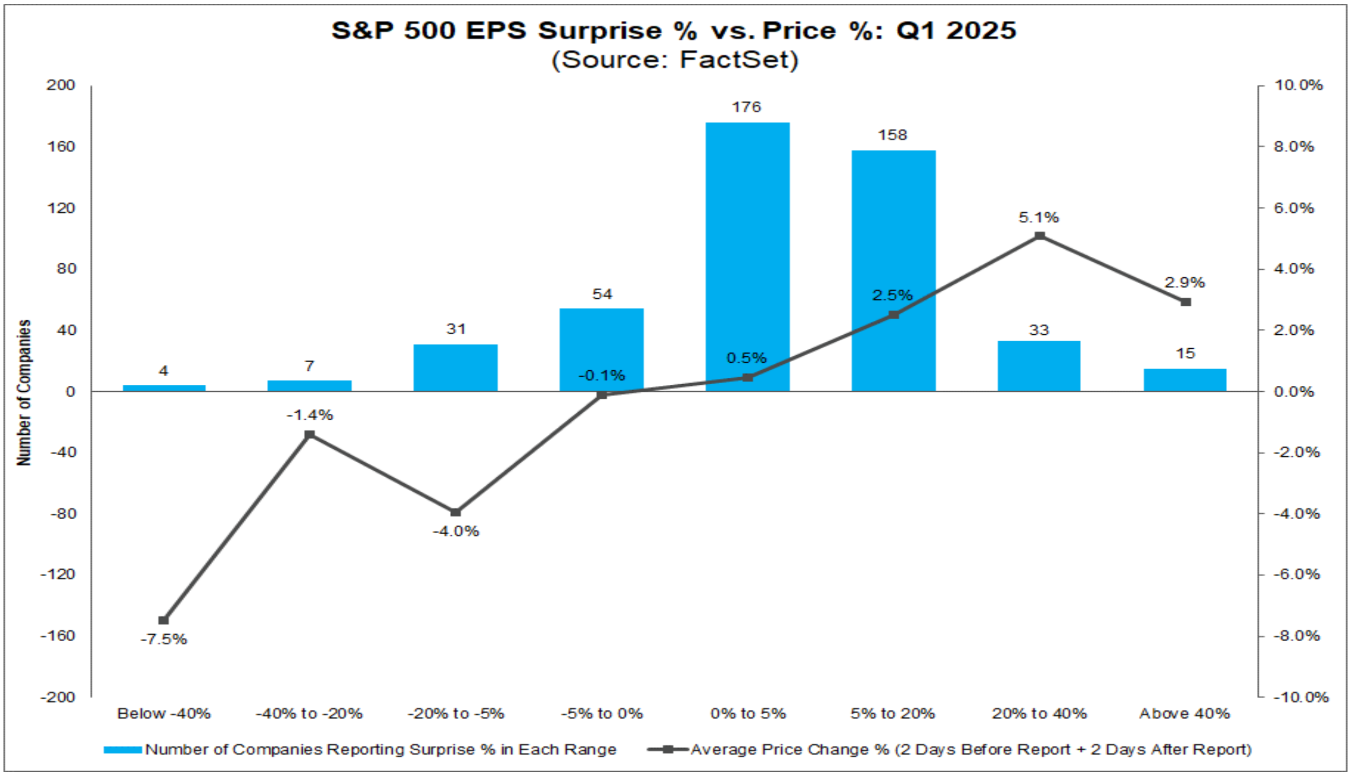
| | Info. Technology | Comm. Services | Health Care | Utilities | Real Estate | S&P 500 | Industrials | Consumer Disc. | Materials | Financials | Energy | Consumer Staples |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Below | 12% | 13% | 25% | 26% | 32% | 36% | 38% | 48% | 50% | 50% | 57% | 59% |
| In-Line | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Above | 88% | 87% | 75% | 74% | 68% | 64% | 62% | 52% | 50% | 50% | 43% | 41% |

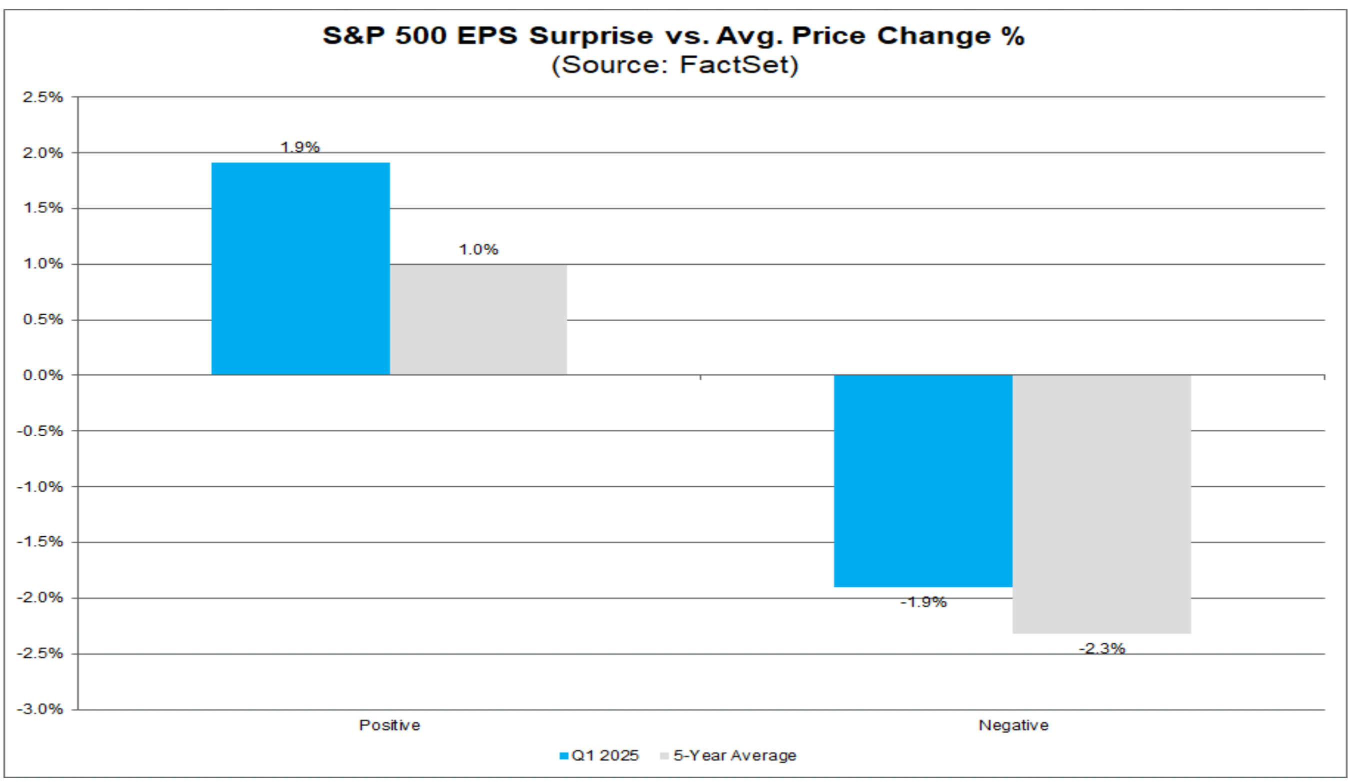
## Q1 2025: Surprise



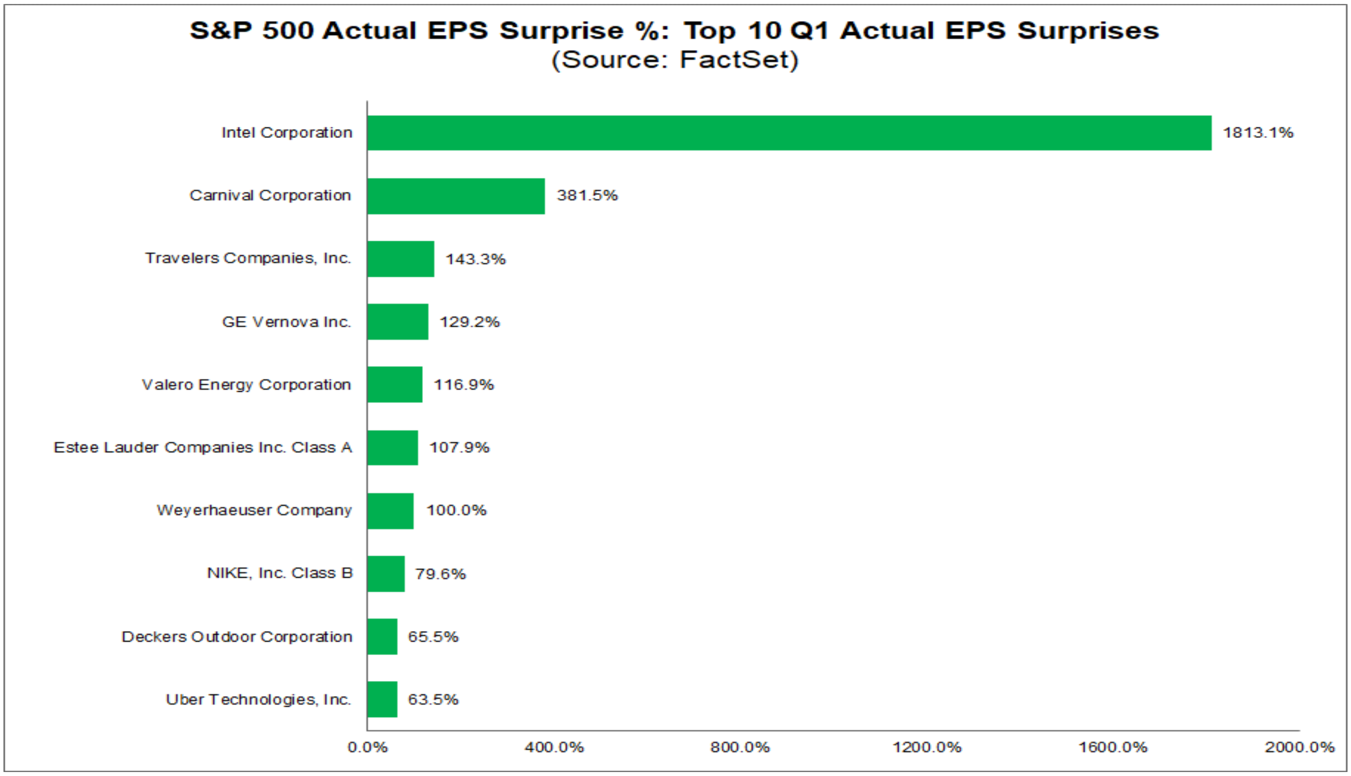



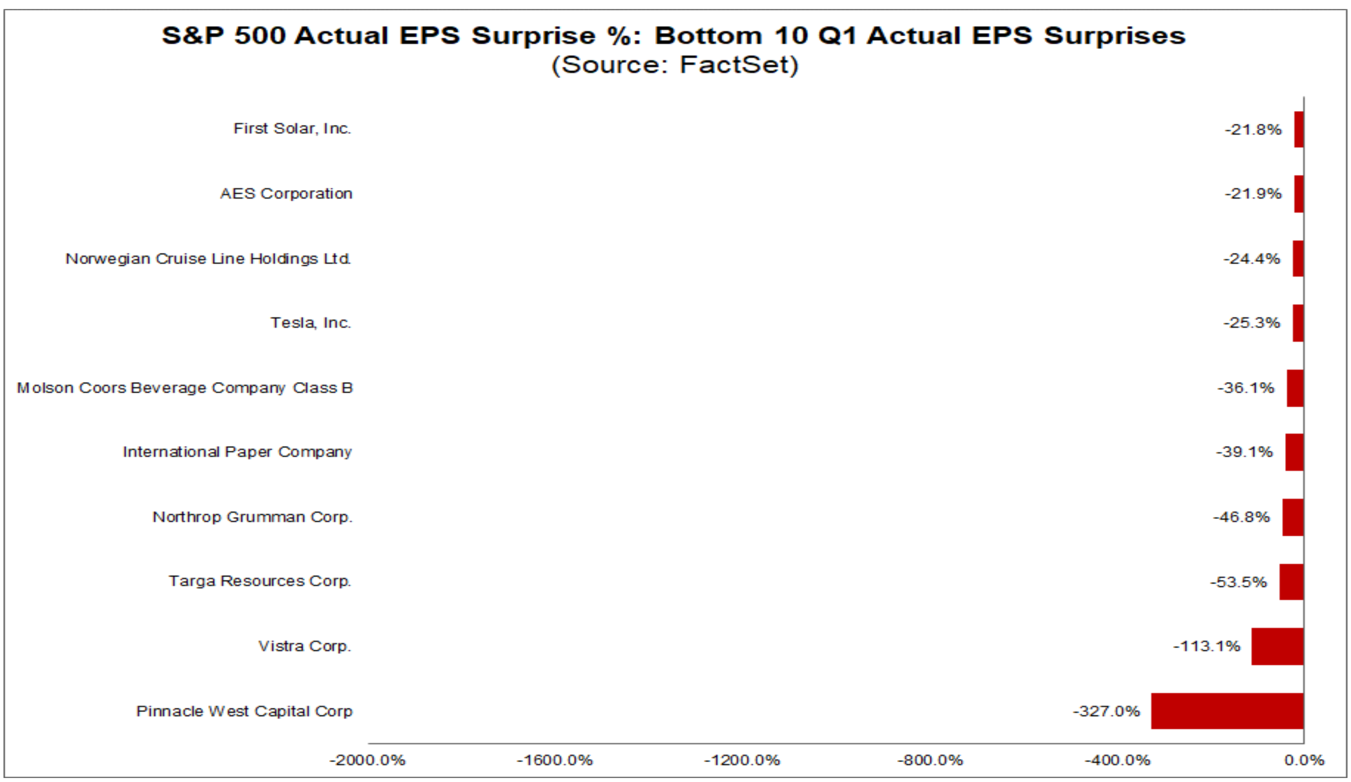
## Q1 2025: Surprise



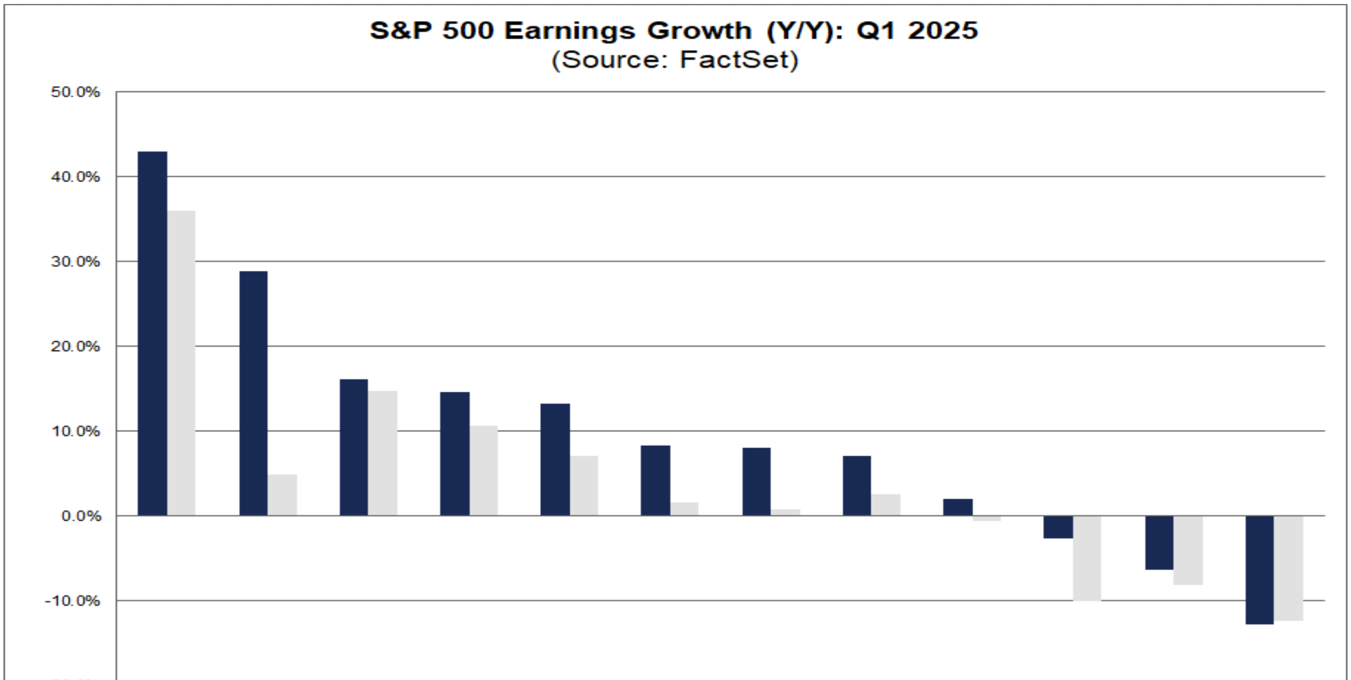



## Q1 2025: Surprise

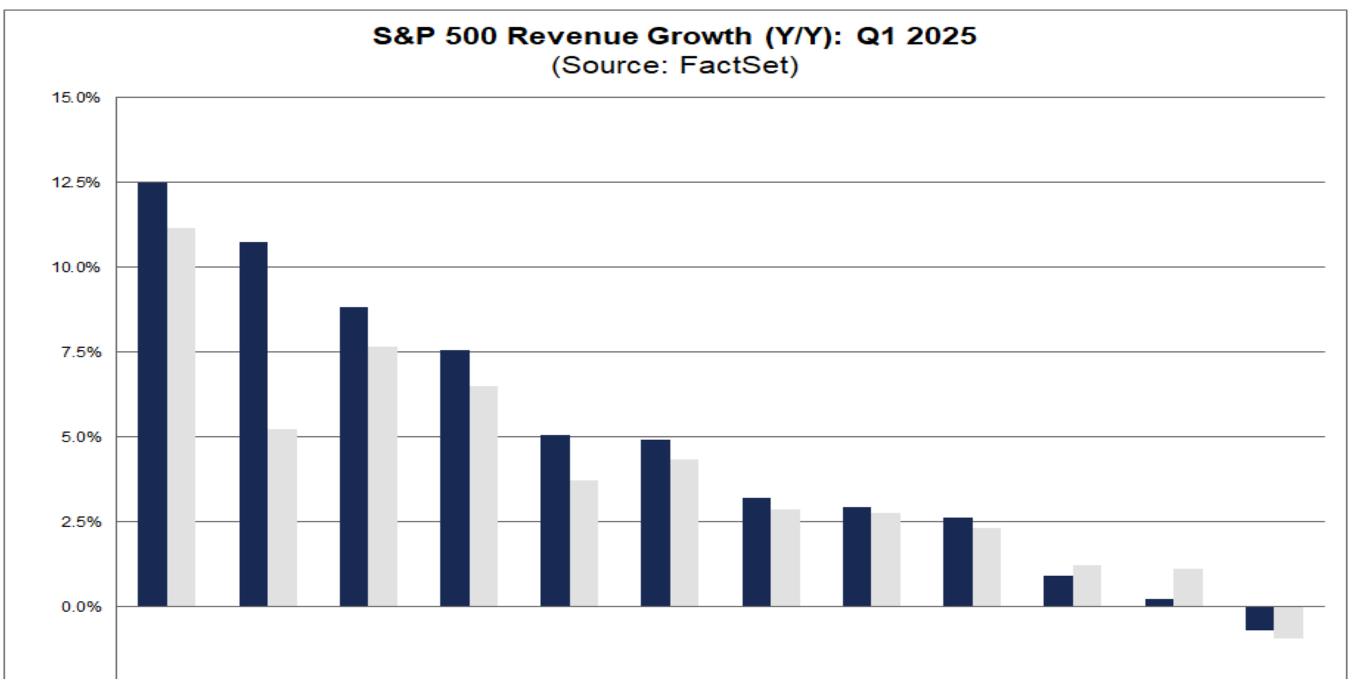


## Q1 2025: Growth

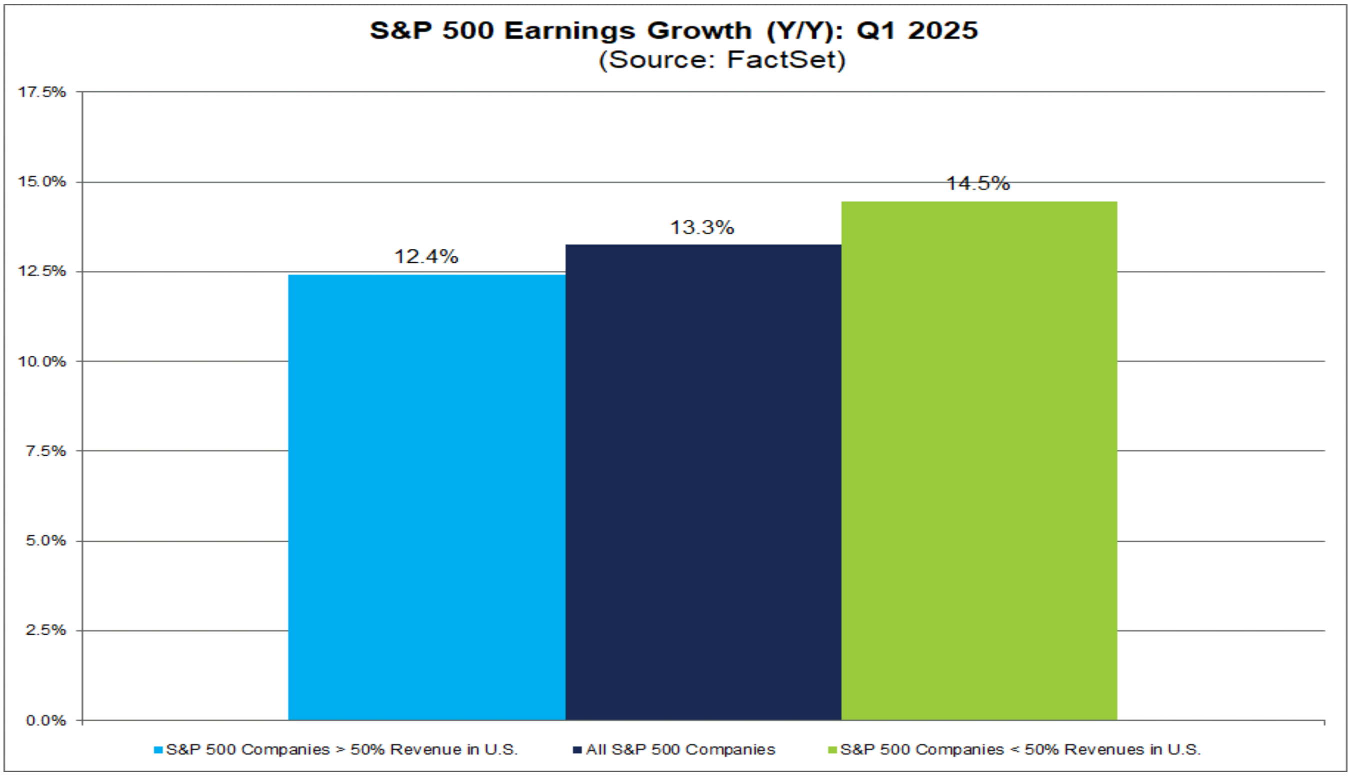


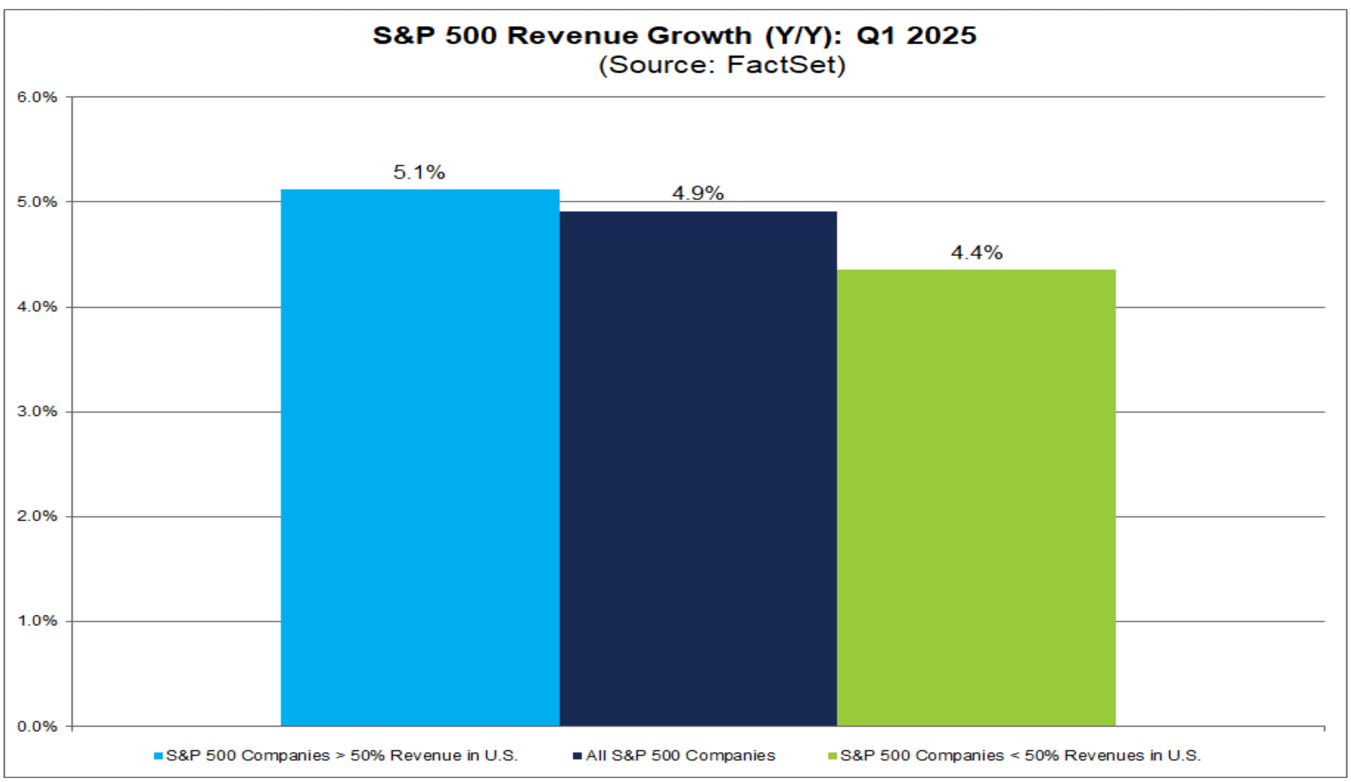

| | Health Care | Comm. Services | Info. Technology | Utilities | S&P 500 | Consumer Disc. | Industrials | Financials | Real Estate | Materials | Consumer Staples | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 43.0% | 28.9% | 16.1% | 14.7% | 13.3% | 8.4% | 8.1% | 7.1% | 2.1% | -2.6% | -6.3% | -12.7% |
| 31-Mar | 36.0% | 4.9% | 14.8% | 10.7% | 7.2% | 1.6% | 0.9% | 2.6% | -0.6% | -10.0% | -8.1% | -12.3% |



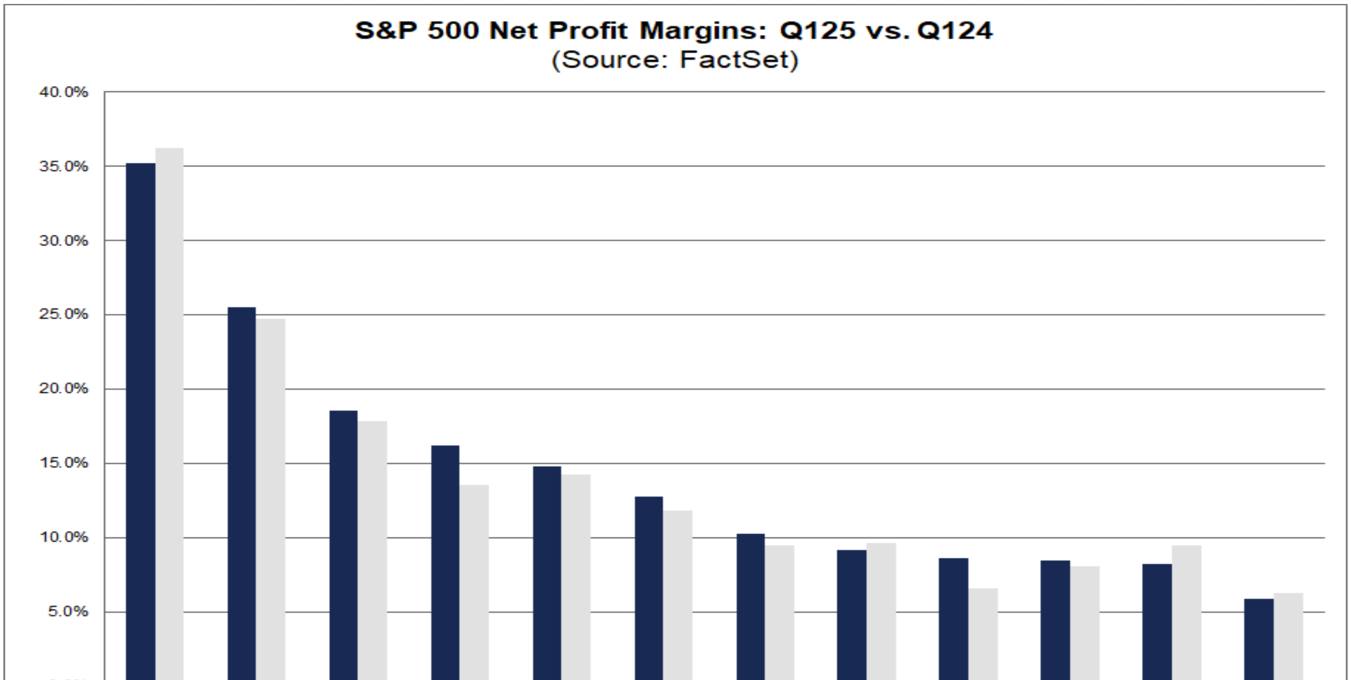

| | Info. Technology | Utilities | Health Care | Comm. Services | Real Estate | S&P 500 | Financials | Consumer Disc. | Materials | Energy | Consumer Staples | Industrials |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 12.5% | 10.7% | 8.8% | 7.6% | 5.1% | 4.9% | 3.2% | 2.9% | 2.6% | 0.9% | 0.2% | -0.7% |
| 31-Mar | 11.2% | 5.2% | 7.7% | 6.5% | 3.7% | 4.3% | 2.9% | 2.8% | 2.3% | 1.2% | 1.1% | -0.9% |

## Q1 2025: Growth

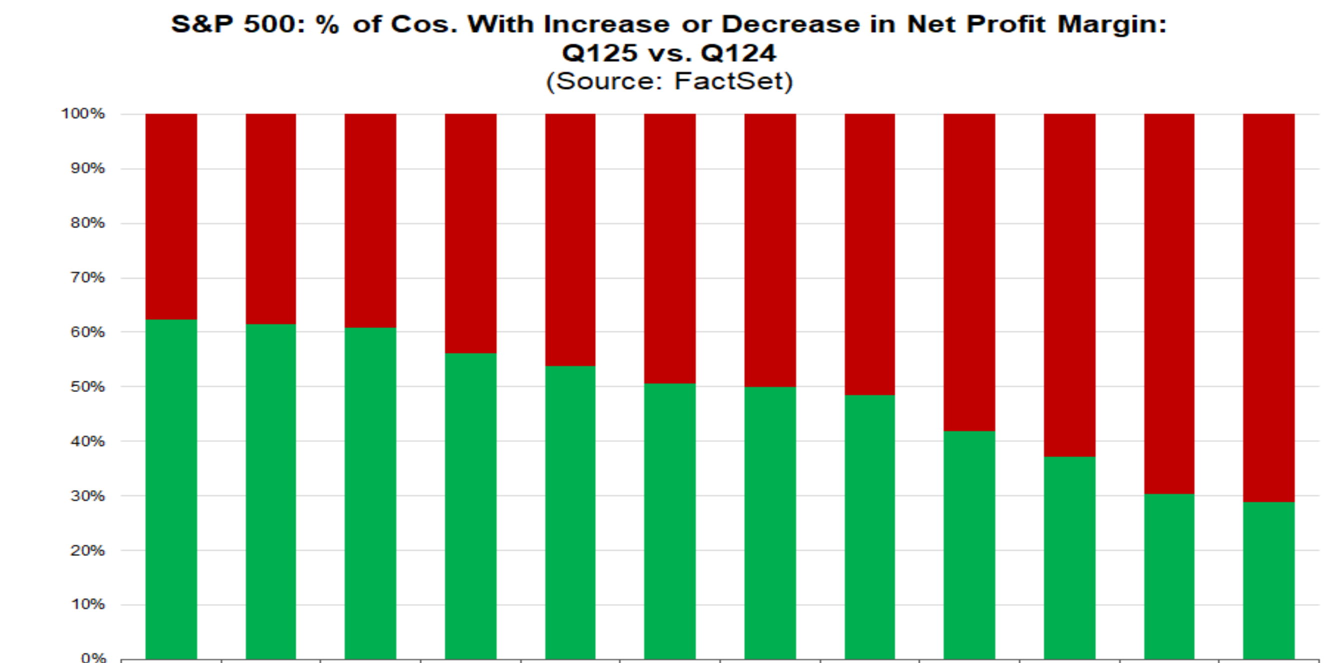


## Q1 2025: Net Profit Margin

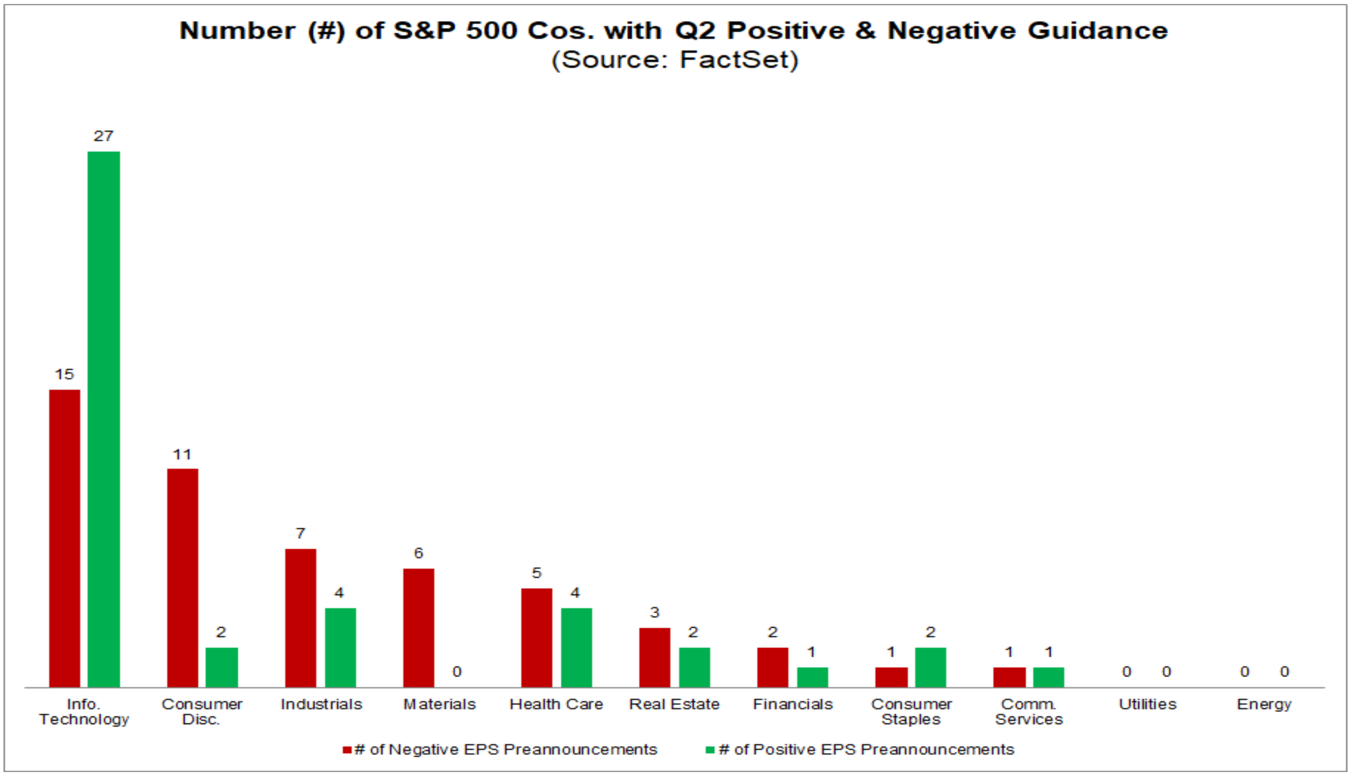


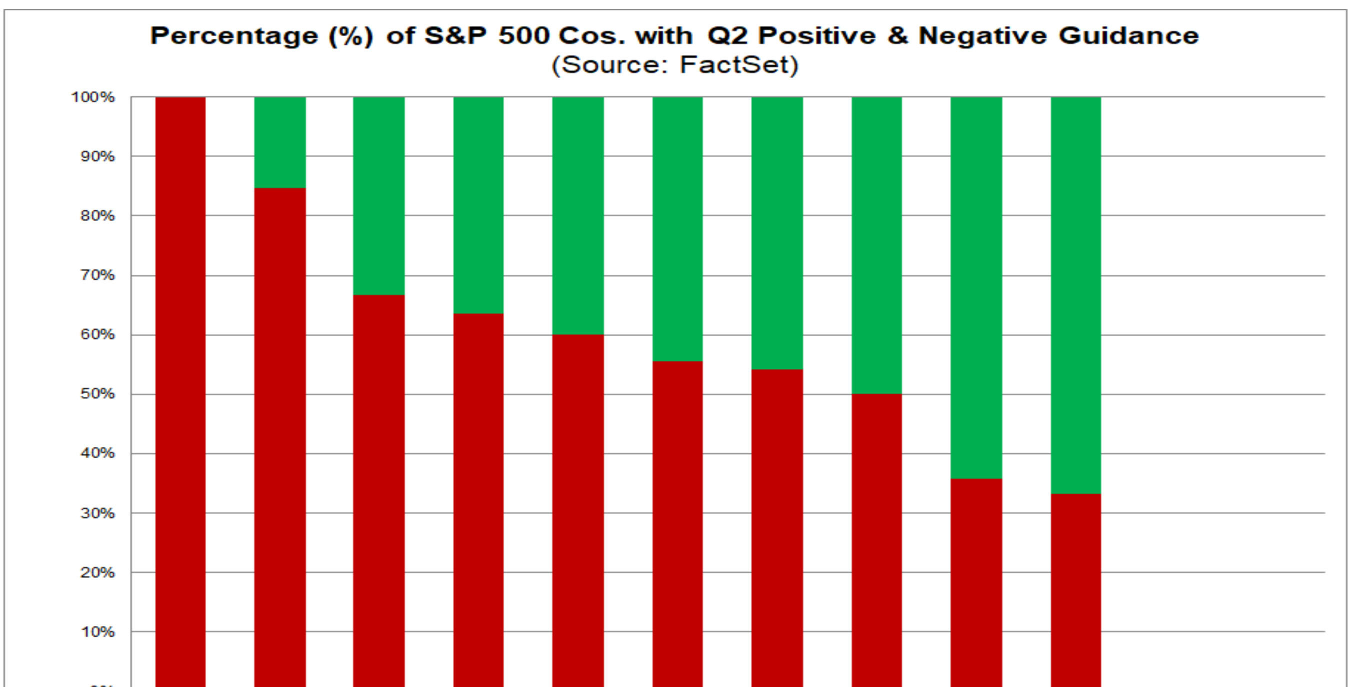

| | Real Estate | Information Tech. | Financials | Comm. Services | Utilities | S&P 500 | Industrials | Materials | Health Care | Consumer Disc. | Energy | Consumer Staples |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Q125 | 35.2% | 25.5% | 18.5% | 16.2% | 14.8% | 12.7% | 10.3% | 9.1% | 8.6% | 8.5% | 8.2% | 5.9% |
| Q124 | 36.2% | 24.7% | 17.8% | 13.5% | 14.3% | 11.8% | 9.4% | 9.6% | 6.6% | 8.0% | 9.5% | 6.3% |




| | Information Tech. | Industrials | Comm. Services | Financials | Materials | S&P 500 | Health Care | Utilities | Real Estate | Consumer Disc. | Energy | Consumer Staples |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Down % | 38% | 38% | 39% | 44% | 46% | 49% | 50% | 52% | 58% | 63% | 70% | 71% |
| None % | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Up % | 62% | 62% | 61% | 56% | 54% | 51% | 50% | 48% | 42% | 37% | 30% | 29% |

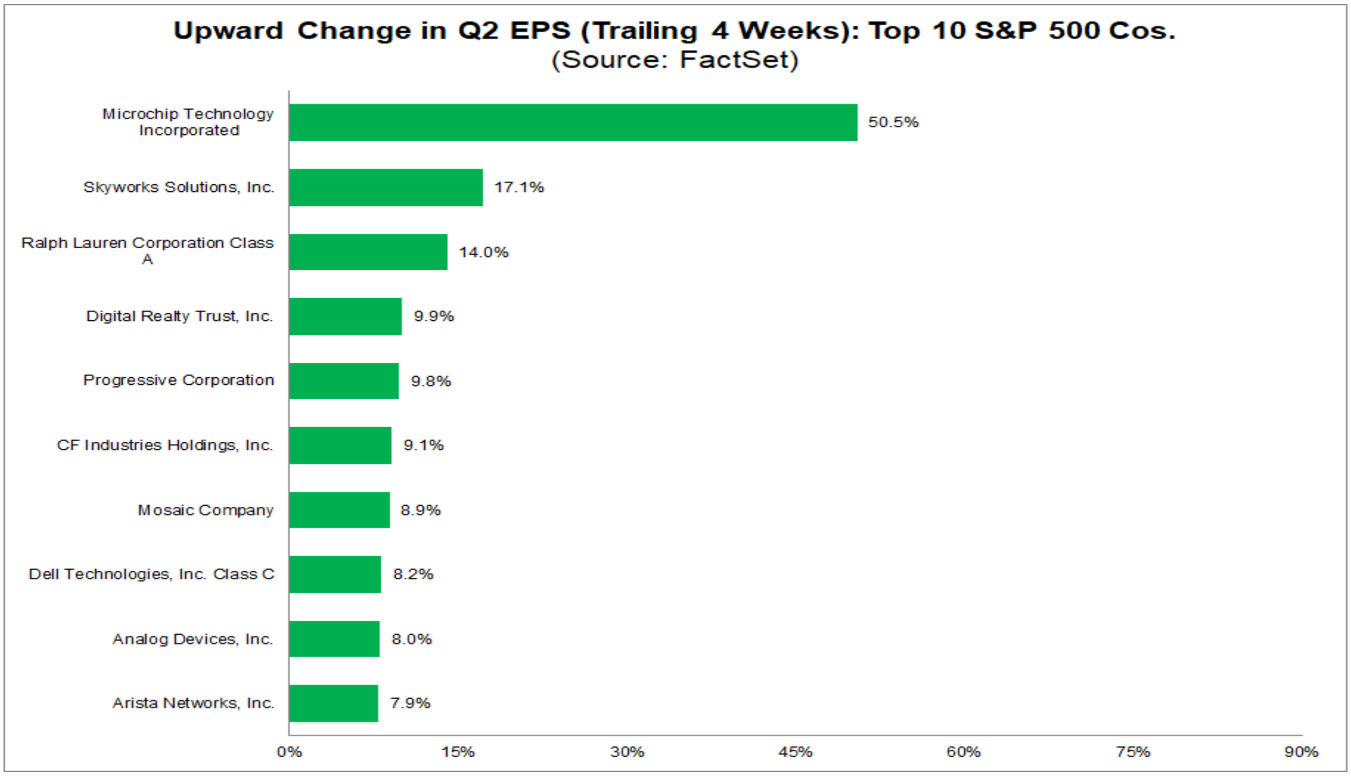
## Q2 2025: Guidance

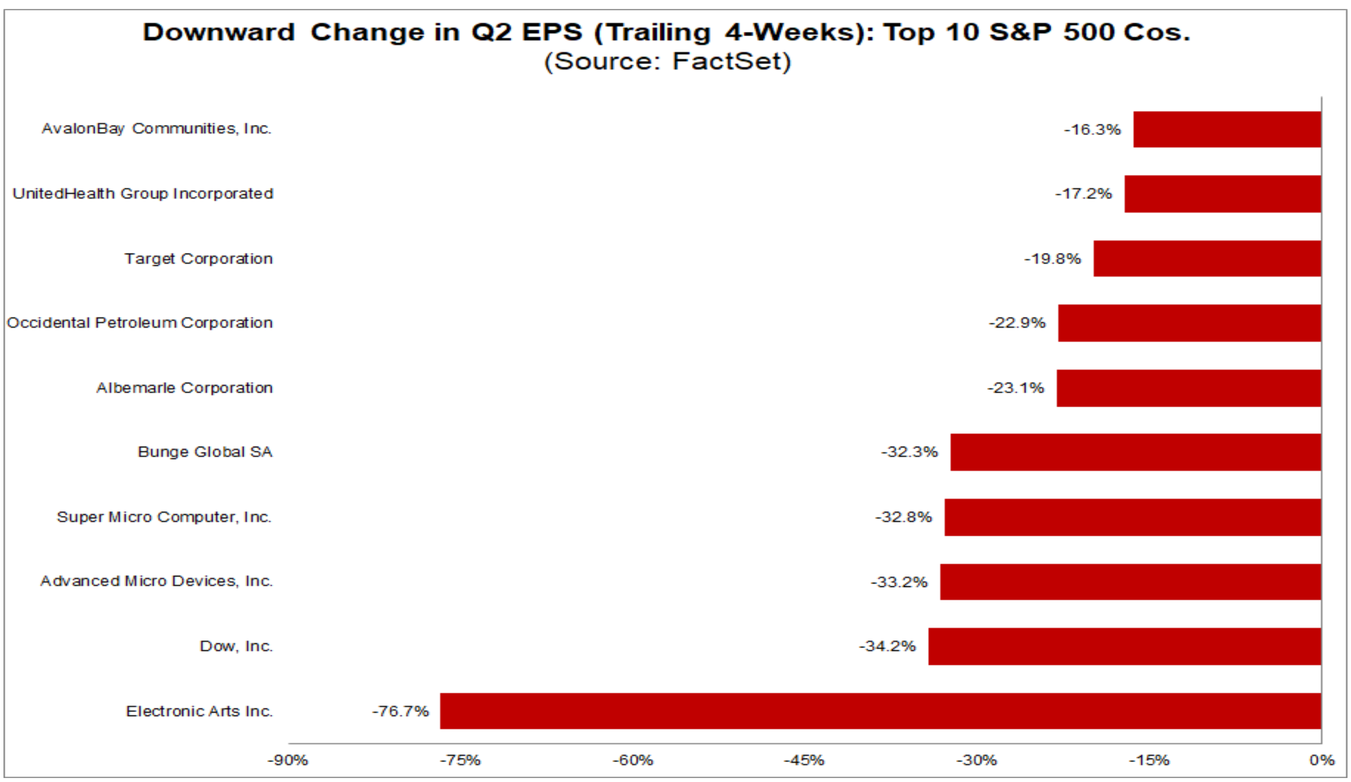


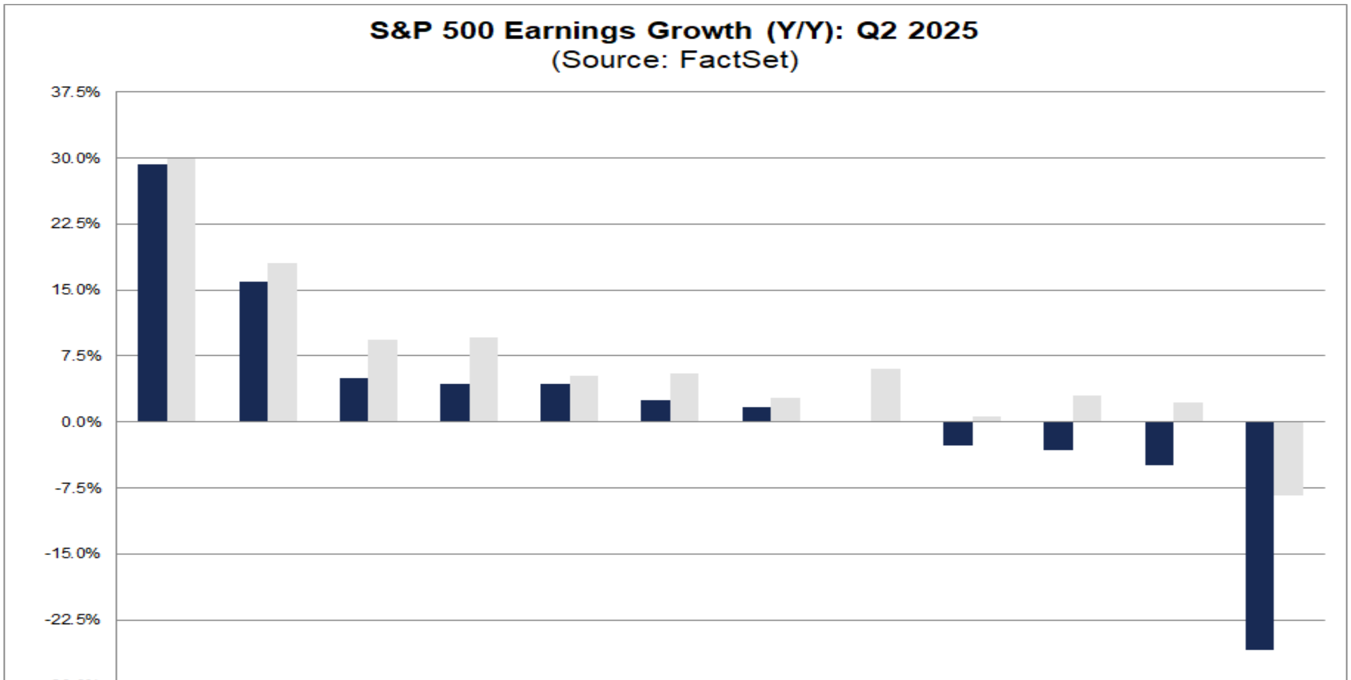

| | Materials | Consumer Disc. | Financials | Industrials | Real Estate | Health Care | S&P 500 | Comm. Services | Info. Technology | Consumer Staples | Utilities | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Positive | 0% | 15% | 33% | 36% | 40% | 44% | 46% | 50% | 64% | 67% | 0% | 0% |
| Negative | 100% | 85% | 67% | 64% | 60% | 56% | 54% | 50% | 36% | 33% | 0% | 0% |

## Q2 2025: EPS Revisions

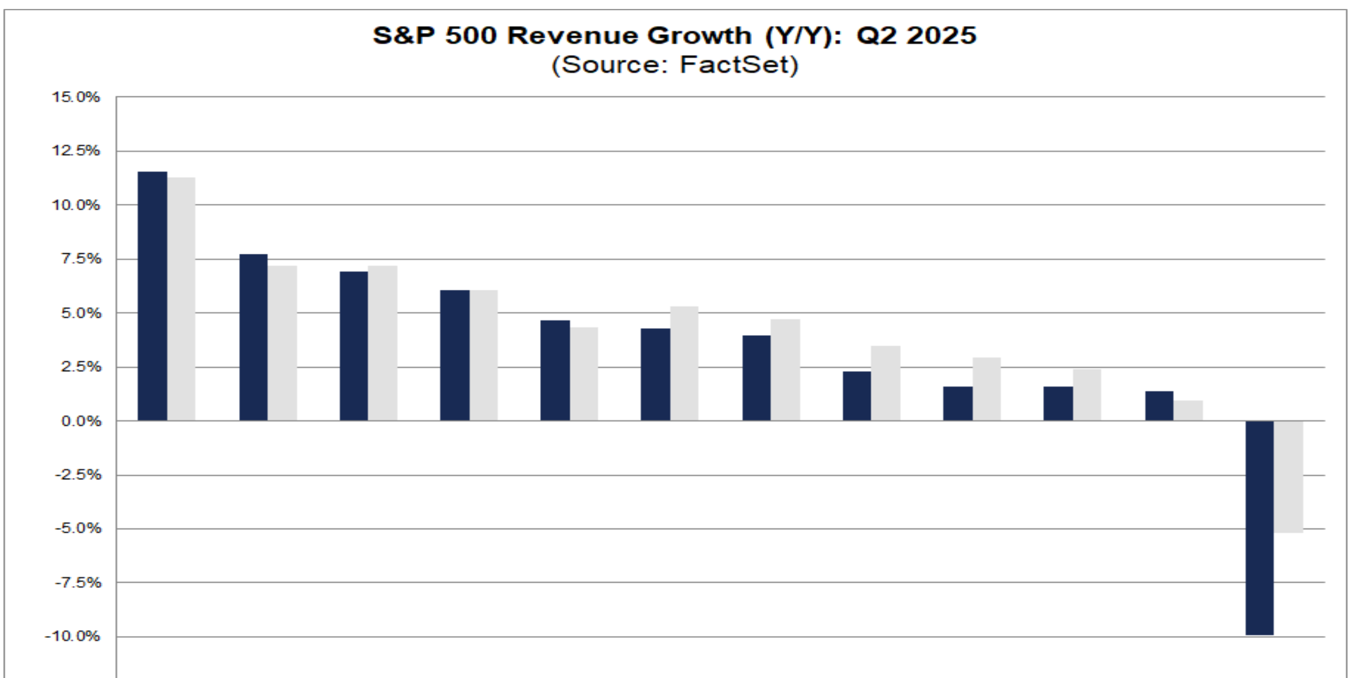


## Q2 2025: Growth

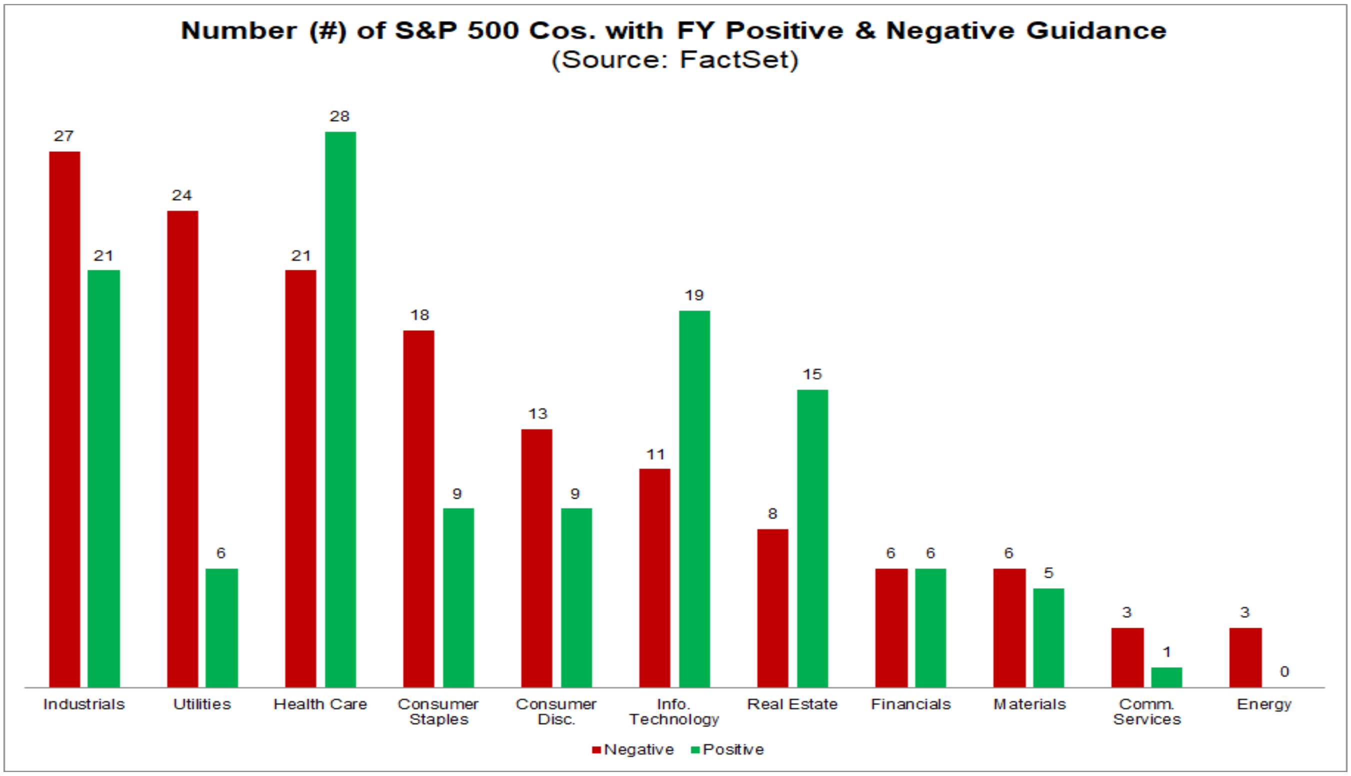


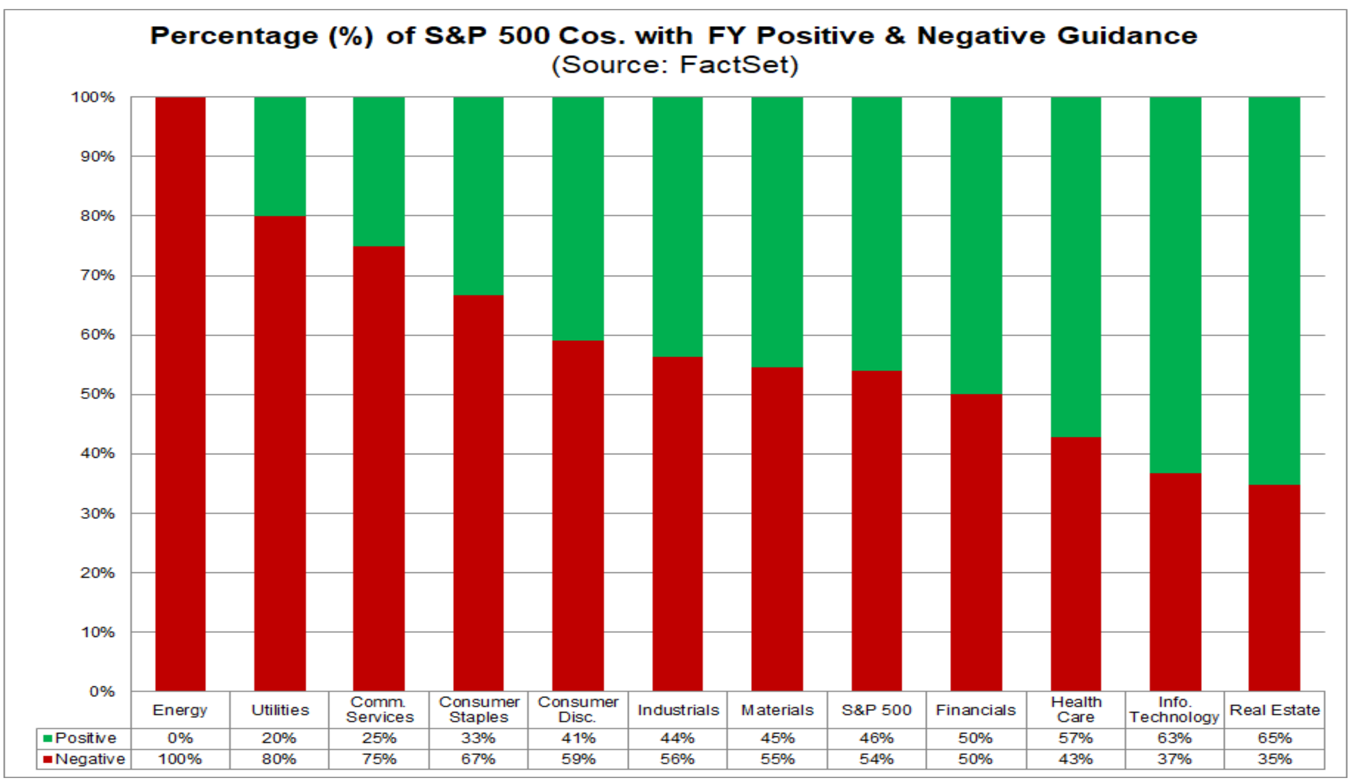

| | Comm. Services | Info. Technology | S&P 500 | Health Care | Utilities | Financials | Real Estate | Industrials | Consumer Staples | Materials | Consumer Disc. | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 29.3% | 15.9% | 5.0% | 4.3% | 4.3% | 2.5% | 1.7% | 0.0% | -2.7% | -3.3% | -5.0% | -25.9% |
| 31-Mar | 30.0% | 18.1% | 9.3% | 9.6% | 5.3% | 5.5% | 2.7% | 6.0% | 0.7% | 3.0% | 2.2% | -8.4% |



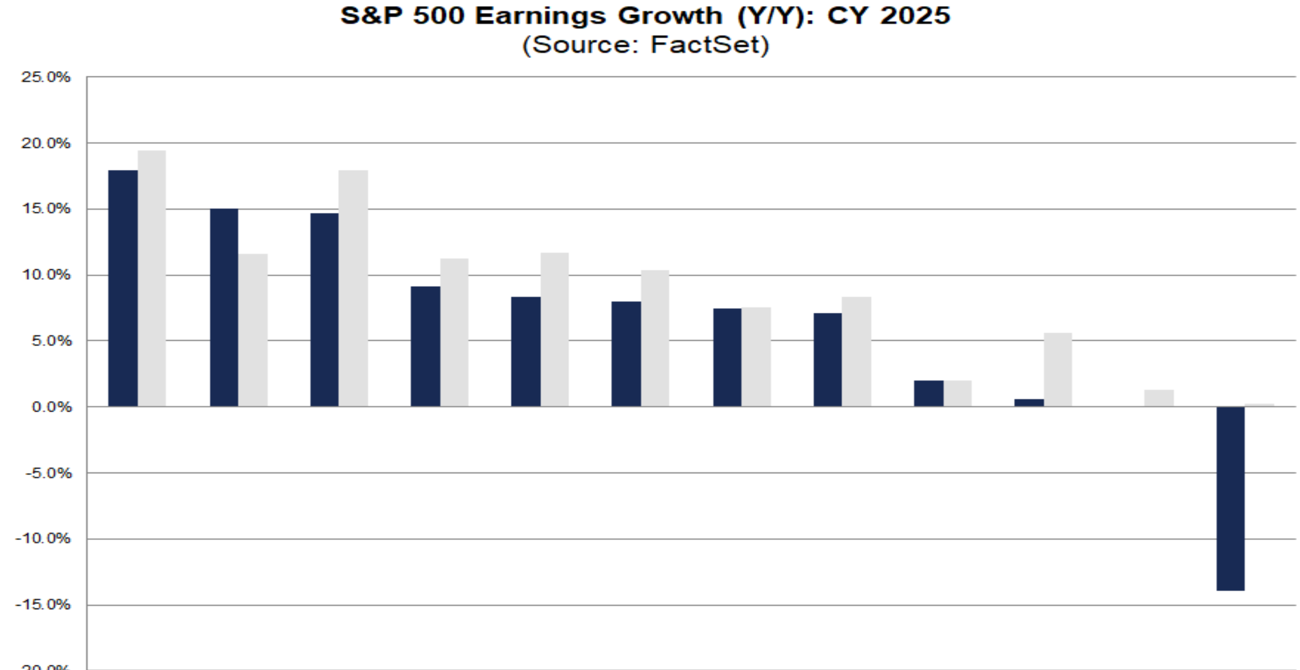

| | Info. Technology | Health Care | Comm. Services | Utilities | Real Estate | Financials | S&P 500 | Consumer Disc. | Industrials | Consumer Staples | Materials | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 11.6% | 7.7% | 6.9% | 6.1% | 4.7% | 4.3% | 4.0% | 2.3% | 1.6% | 1.6% | 1.4% | -9.9% |
| 31-Mar | 11.3% | 7.2% | 7.2% | 6.1% | 4.4% | 5.3% | 4.7% | 3.5% | 2.9% | 2.4% | 1.0% | -5.2% |

## FY 2025 / 2026: EPS Guidance

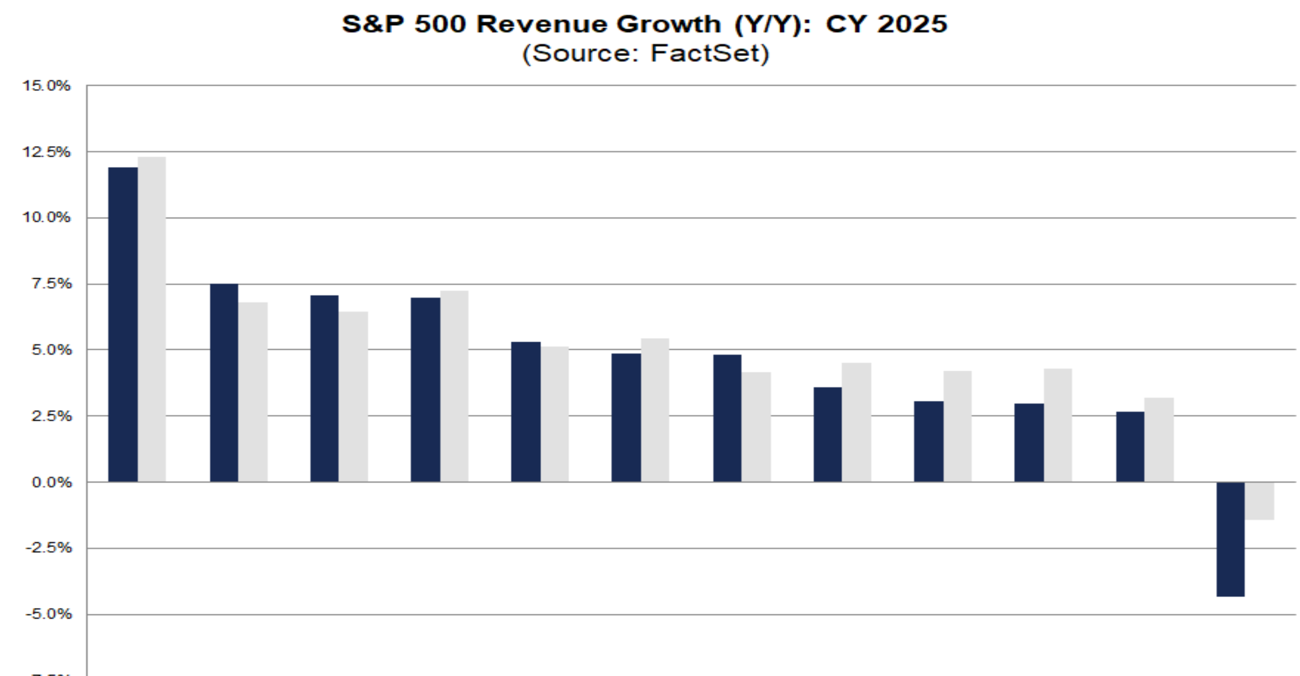


## CY 2025: Growth

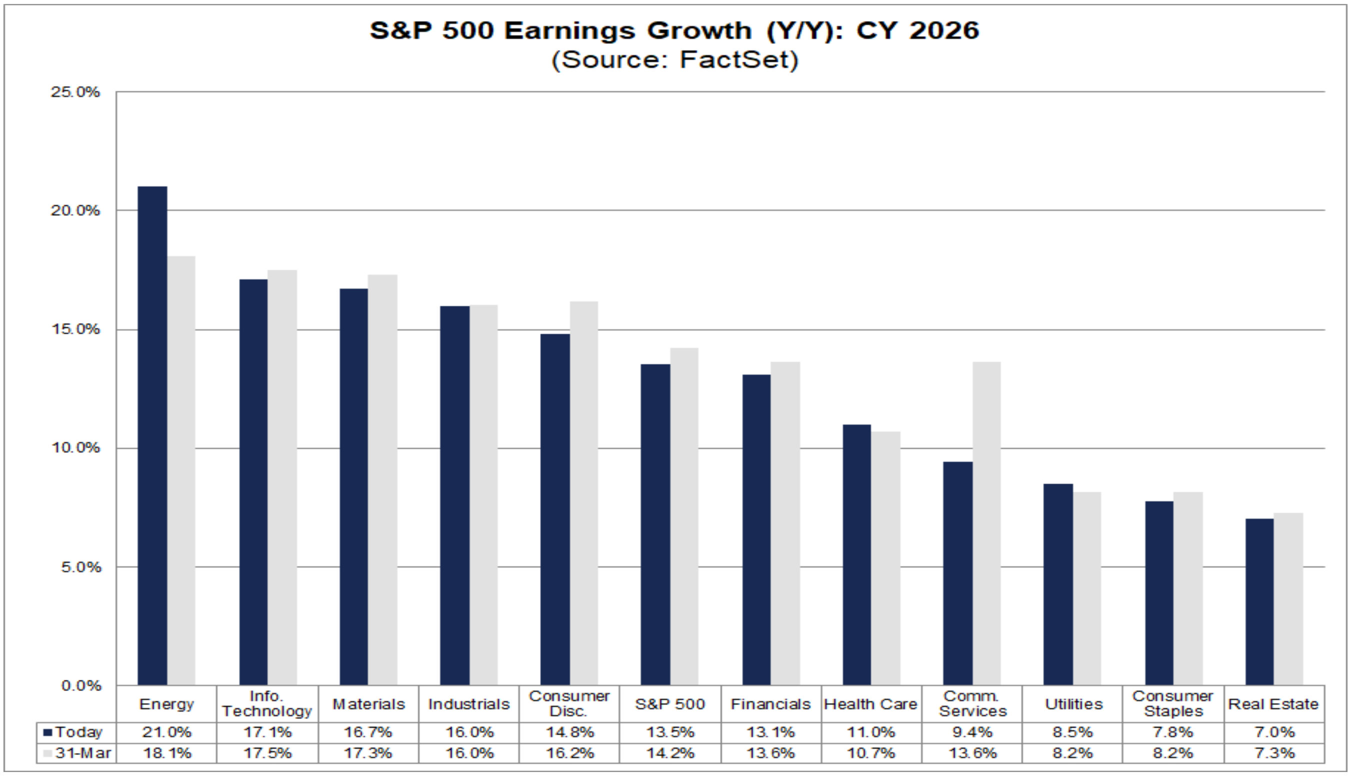



| | Info. Technology | Comm. Services | Health Care | S&P 500 | Industrials | Materials | Utilities | Financials | Real Estate | Consumer Disc. | Consumer Staples | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 17.9% | 15.0% | 14.7% | 9.1% | 8.4% | 8.0% | 7.4% | 7.1% | 2.0% | 0.6% | 0.0% | -14.0% |
| 31-Mar | 19.4% | 11.6% | 17.9% | 11.3% | 11.7% | 10.4% | 7.6% | 8.3% | 2.0% | 5.6% | 1.3% | 0.2% |

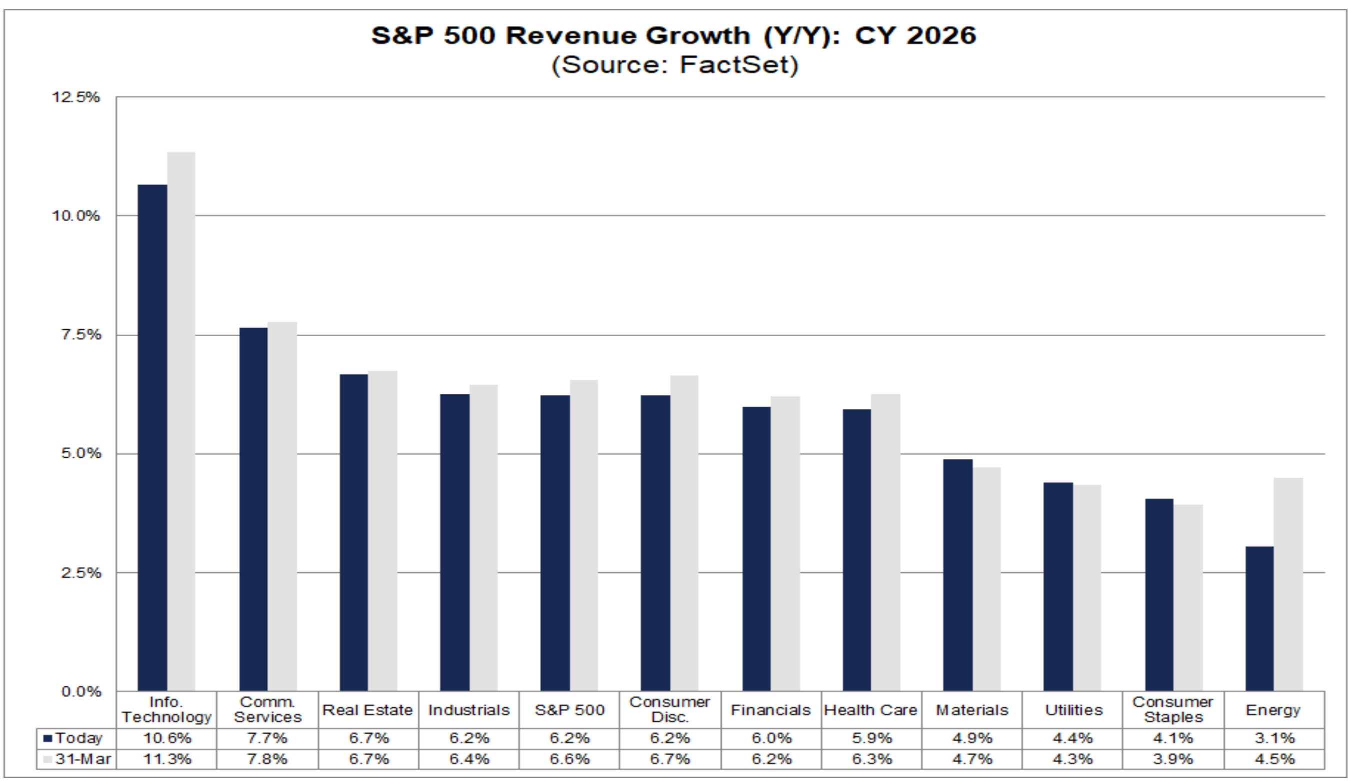



| | Info. Technology | Health Care | Utilities | Comm. Services | Real Estate | S&P 500 | Materials | Industrials | Financials | Consumer Disc. | Consumer Staples | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 11.9% | 7.5% | 7.1% | 7.0% | 5.3% | 4.9% | 4.8% | 3.6% | 3.1% | 3.0% | 2.7% | -4.3% |
| 31-Mar | 12.3% | 6.8% | 6.4% | 7.3% | 5.1% | 5.4% | 4.2% | 4.5% | 4.2% | 4.3% | 3.2% | -1.4% |

## CY 2026: Growth

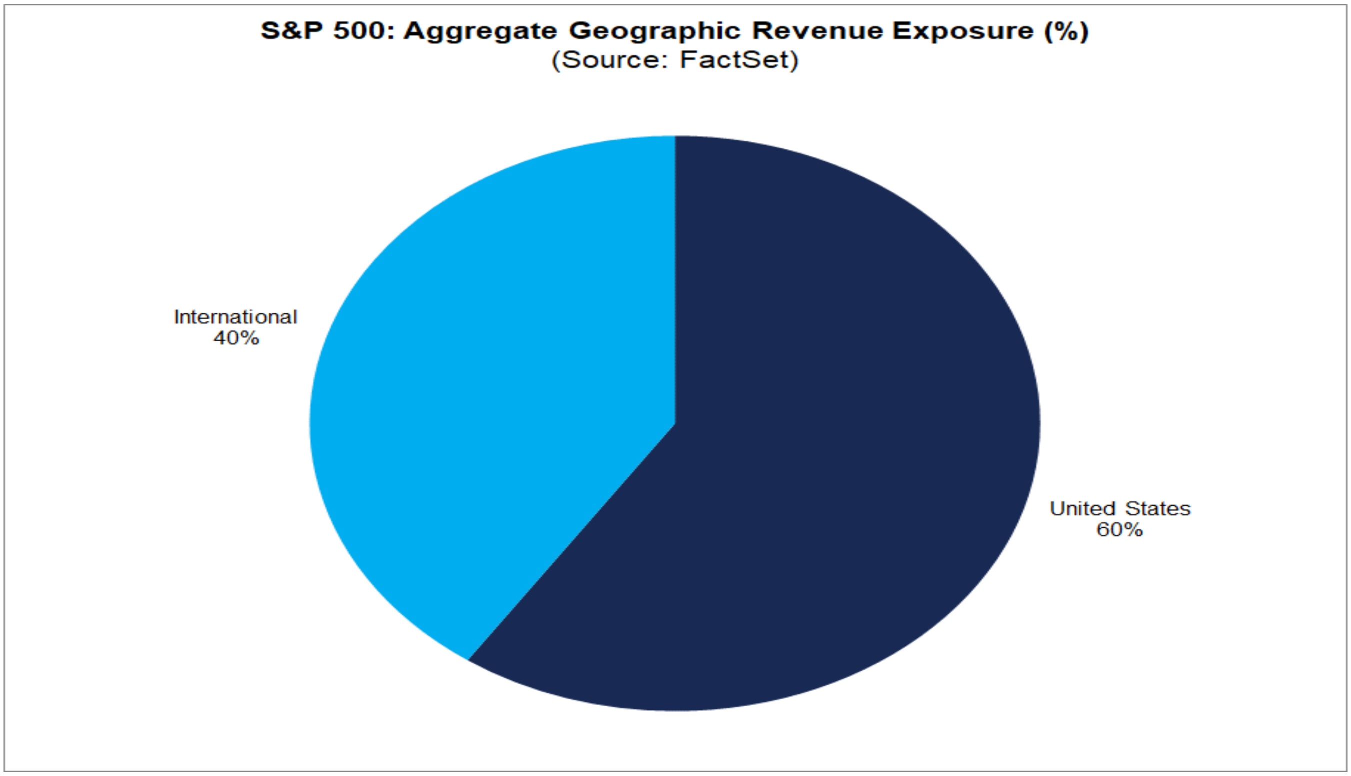


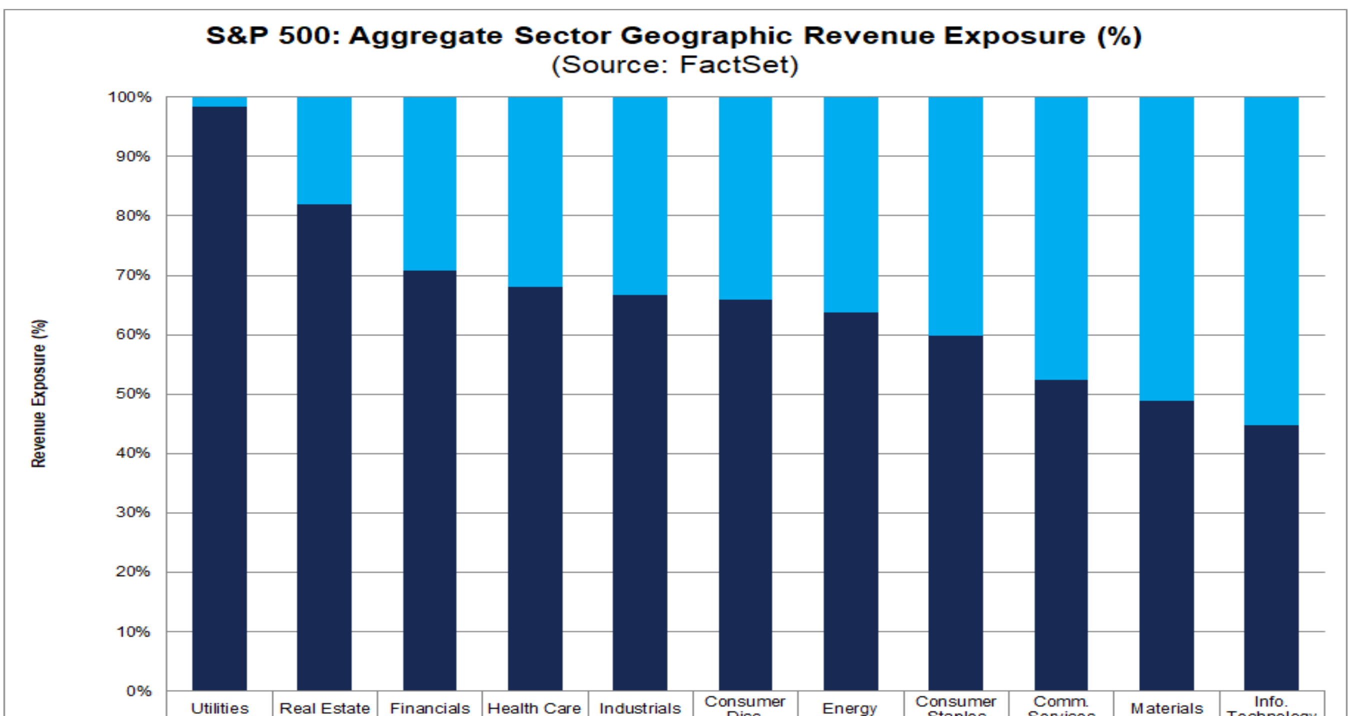

| | Energy | Info. Technology | Materials | Industrials | Consumer Disc. | S&P 500 | Financials | Health Care | Comm. Services | Utilities | Consumer Staples | Real Estate |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 21.0% | 17.1% | 16.7% | 16.0% | 14.8% | 13.5% | 13.1% | 11.0% | 9.4% | 8.5% | 7.8% | 7.0% |
| 31-Mar | 18.1% | 17.5% | 17.3% | 16.0% | 16.2% | 14.2% | 13.6% | 10.7% | 13.6% | 8.2% | 8.2% | 7.3% |




| | Info. Technology | Comm. Services | Real Estate | Industrials | S&P 500 | Consumer Disc. | Financials | Health Care | Materials | Utilities | Consumer Staples | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Today | 10.6% | 7.7% | 6.7% | 6.2% | 6.2% | 6.2% | 6.0% | 5.9% | 4.9% | 4.4% | 4.1% | 3.1% |
| 31-Mar | 11.3% | 7.8% | 6.7% | 6.4% | 6.6% | 6.7% | 6.2% | 6.3% | 4.7% | 4.3% | 3.9% | 4.5% |

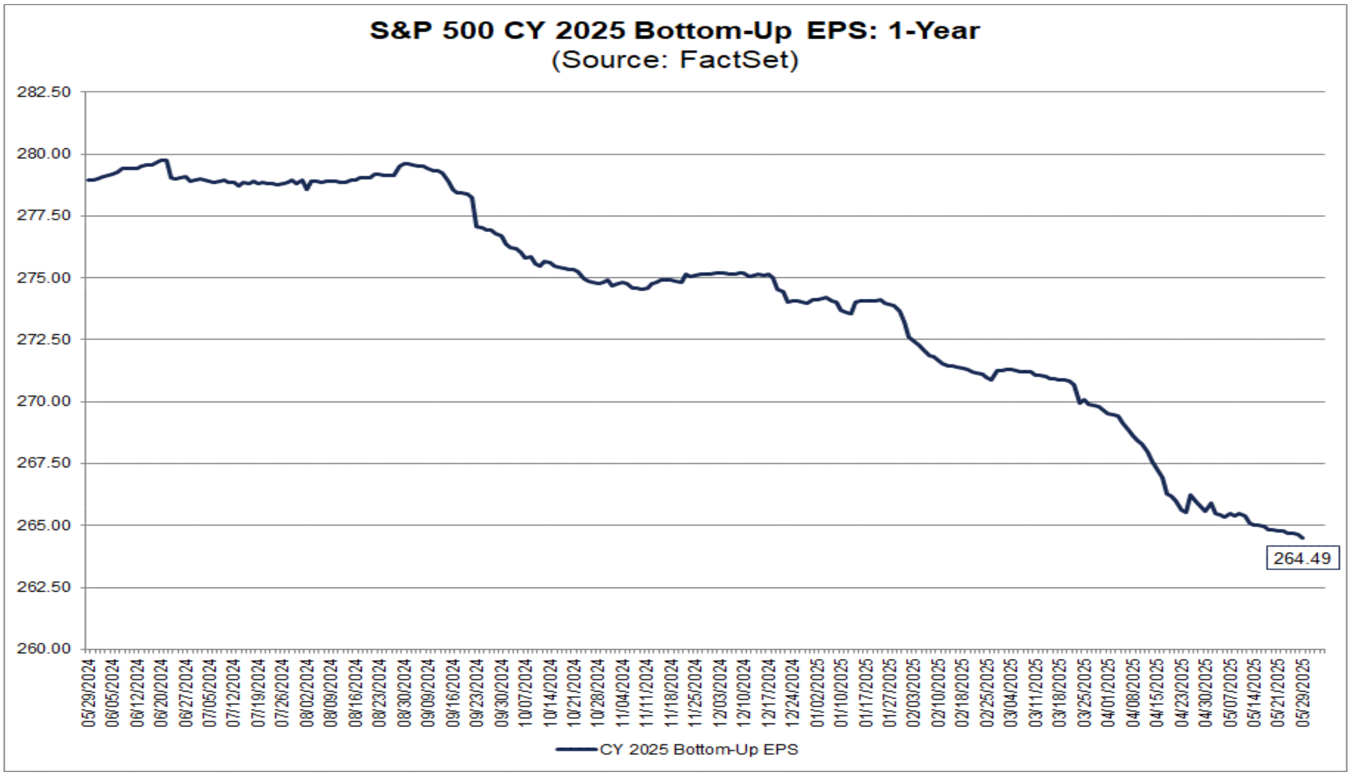
## Geographic Revenue Exposure

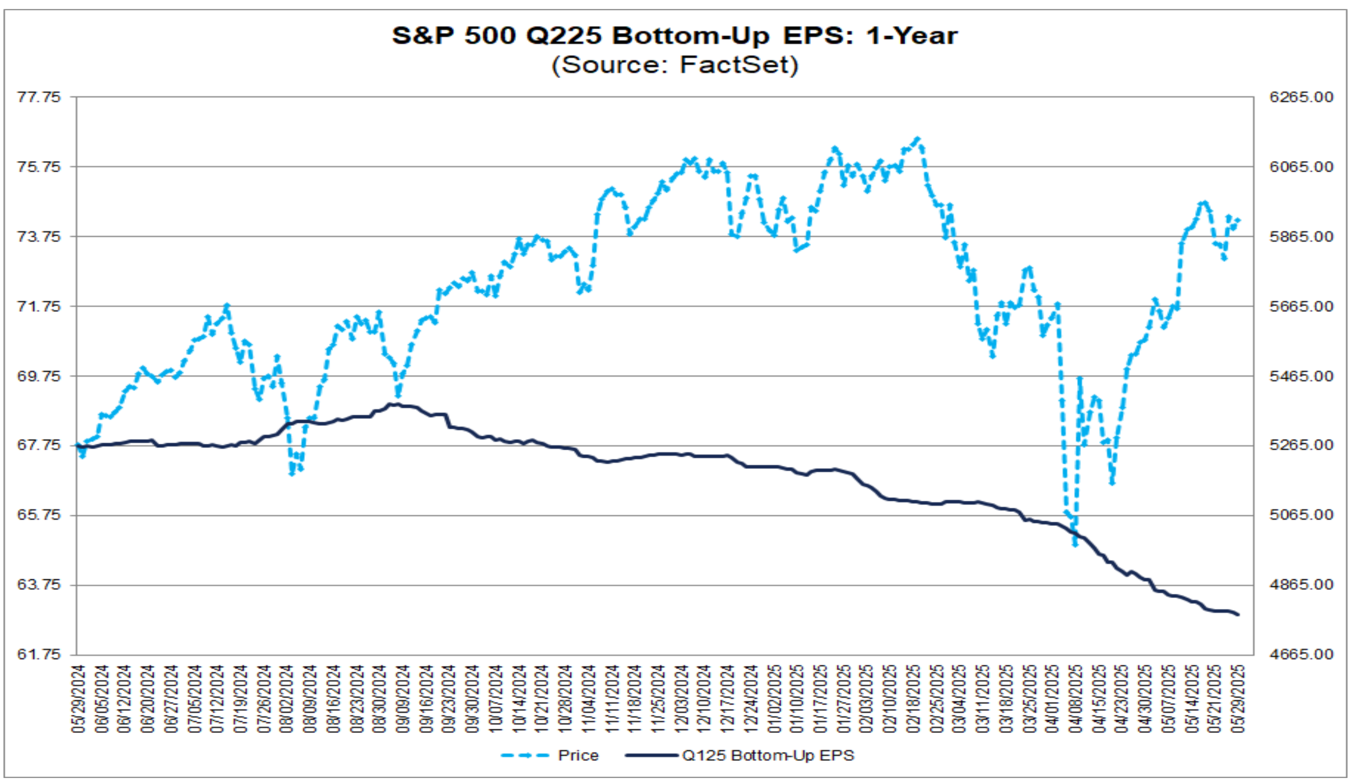


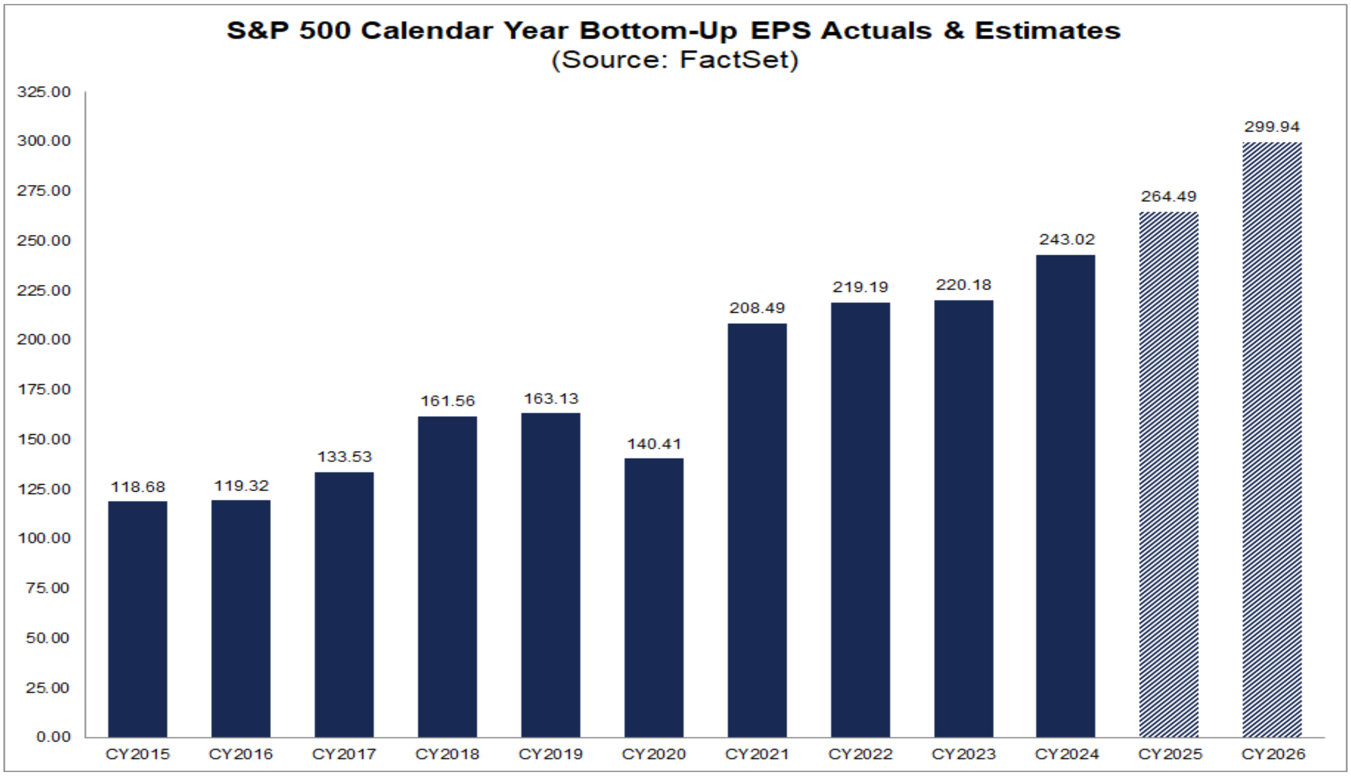

| | Utilities | Real Estate | Financials | Health Care | Industrials | Consumer Disc. | Energy | Consumer Staples | Comm. Services | Materials | Info. Technology |
|---|---|---|---|---|---|---|---|---|---|---|---|
| International | 2% | 18% | 29% | 32% | 33% | 34% | 36% | 40% | 48% | 51% | 55% |
| United States | 98% | 82% | 71% | 68% | 67% | 66% | 64% | 60% | 52% | 49% | 45% |

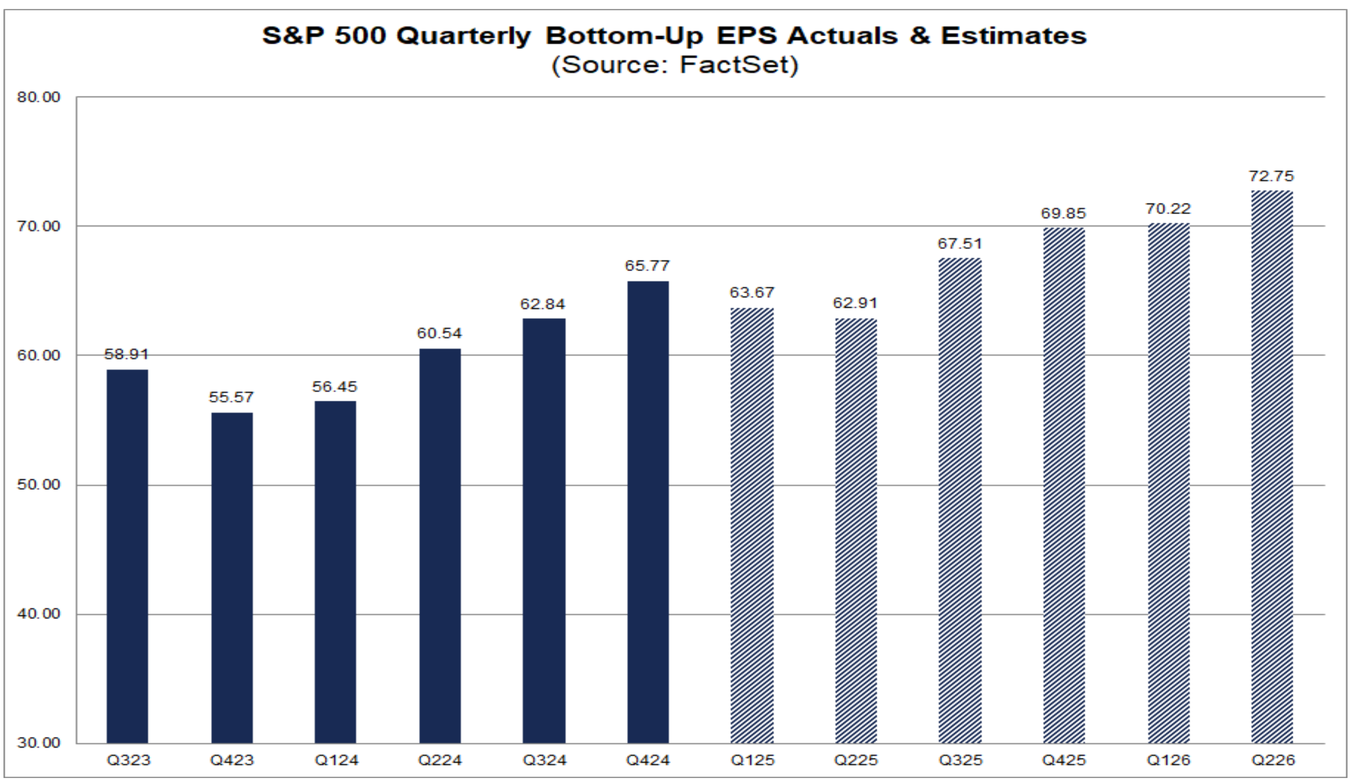
## Bottom-Up EPS Estimates



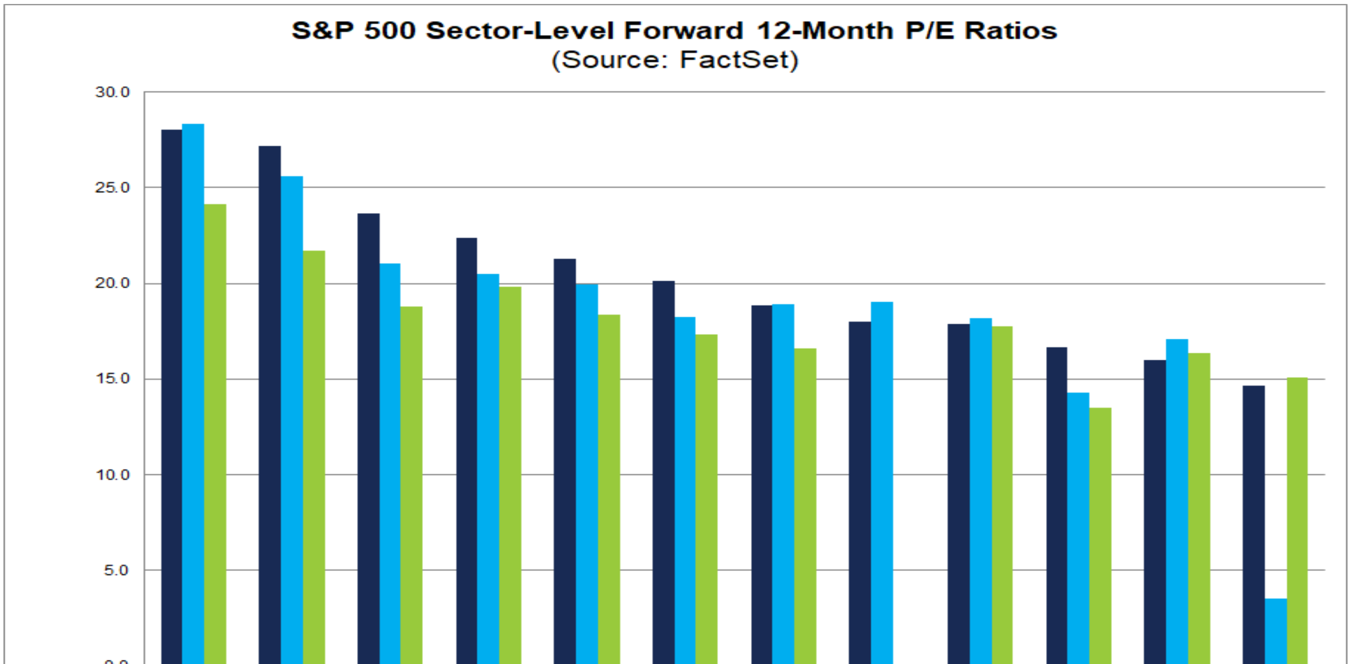



## Bottom-Up EPS Estimates: Current & Historical

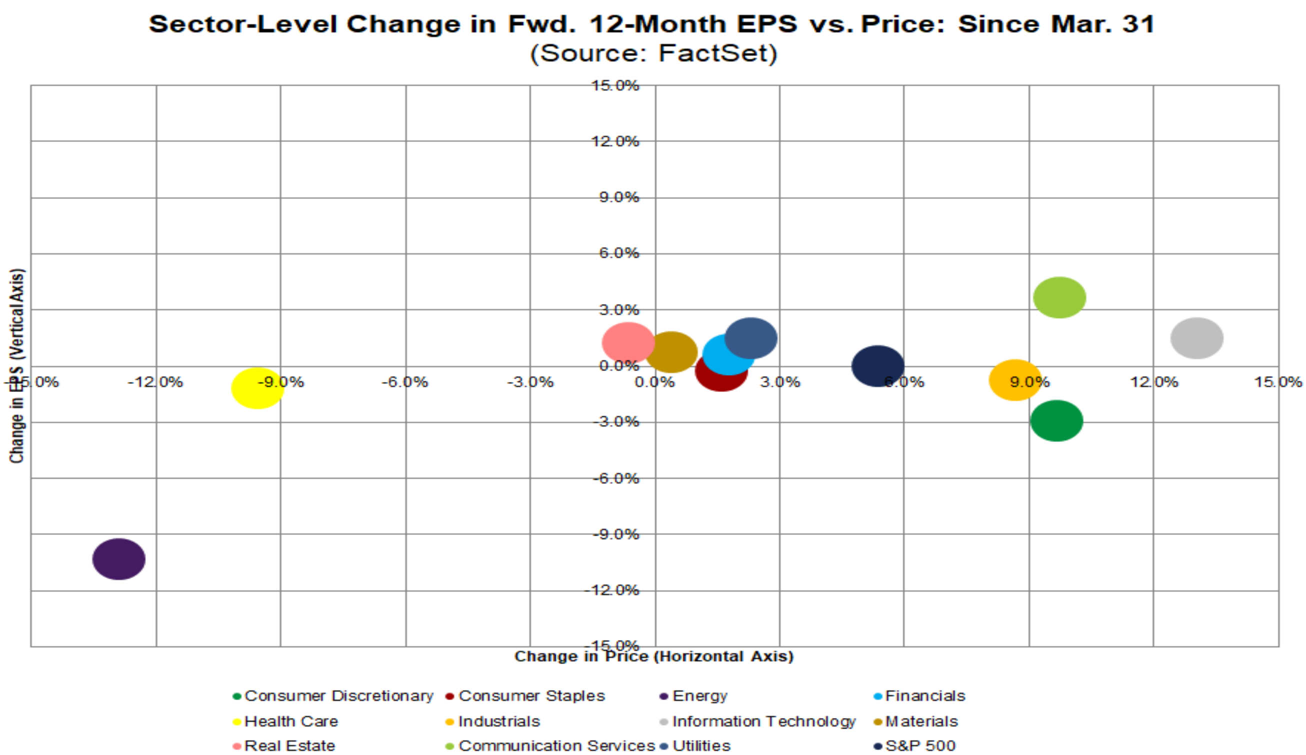


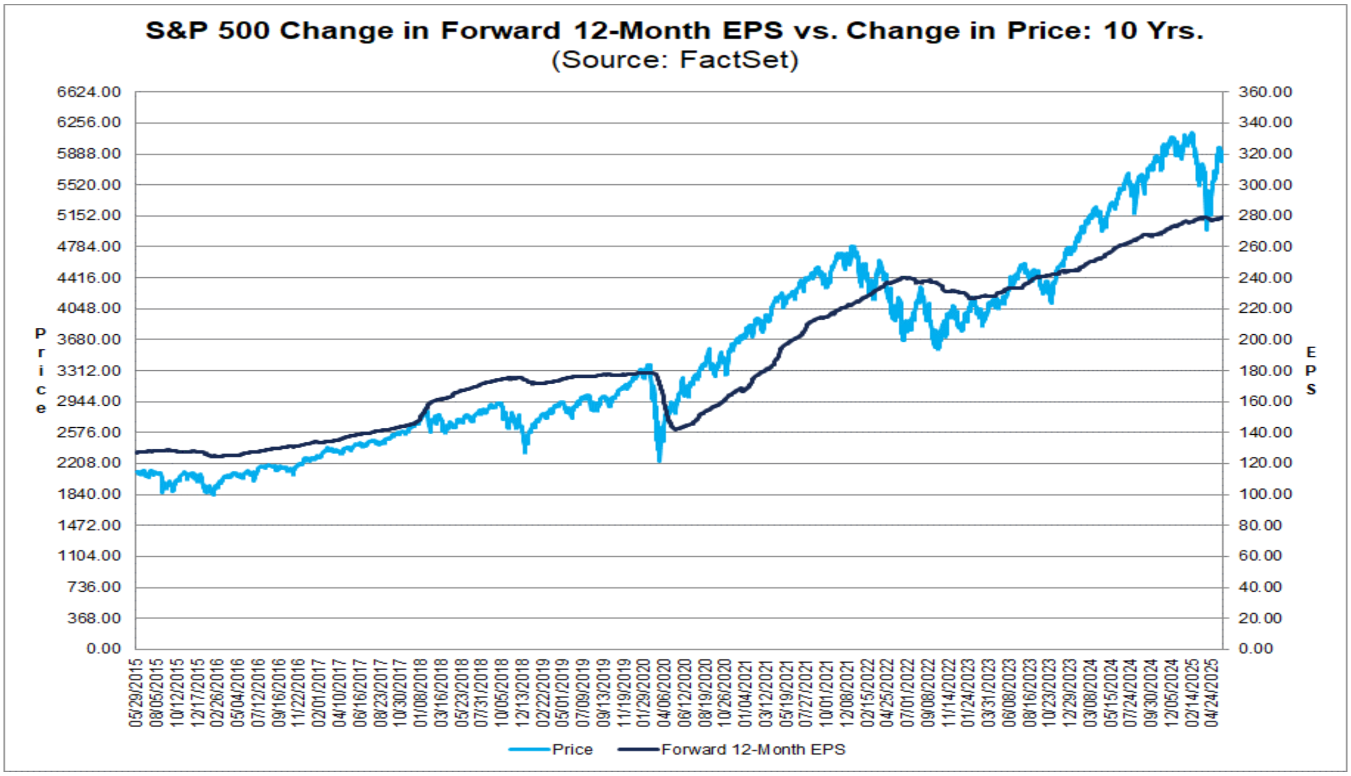
## Forward 12M P/E Ratio: Sector Level

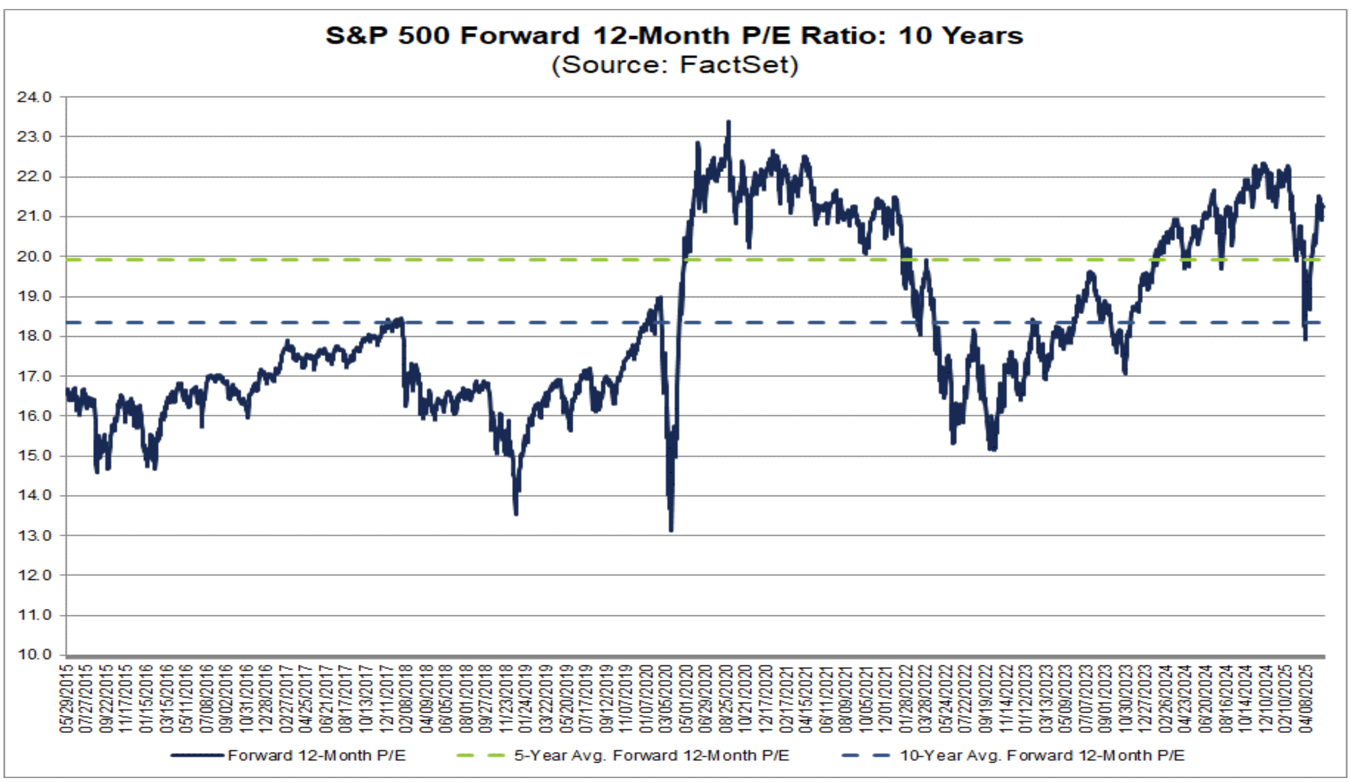



| | Consumer Disc. | Info. Technology | Industrials | Consumer Staples | S&P 500 | Materials | Comm. Services | Real Estate | Utilities | Financials | Health Care | Energy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fwd P/E | 28.1 | 27.2 | 23.7 | 22.4 | 21.3 | 20.1 | 18.8 | 18.0 | 17.9 | 16.7 | 16.0 | 14.6 |
| 5-Yr Avg. | 28.3 | 25.6 | 21.0 | 20.5 | 19.9 | 18.2 | 18.9 | 19.0 | 18.2 | 14.3 | 17.1 | 3.5 |
| 10-Yr Avg. | 24.1 | 21.7 | 18.8 | 19.8 | 18.4 | 17.3 | 16.6 | | 17.8 | 13.5 | 16.3 | 15.1 |

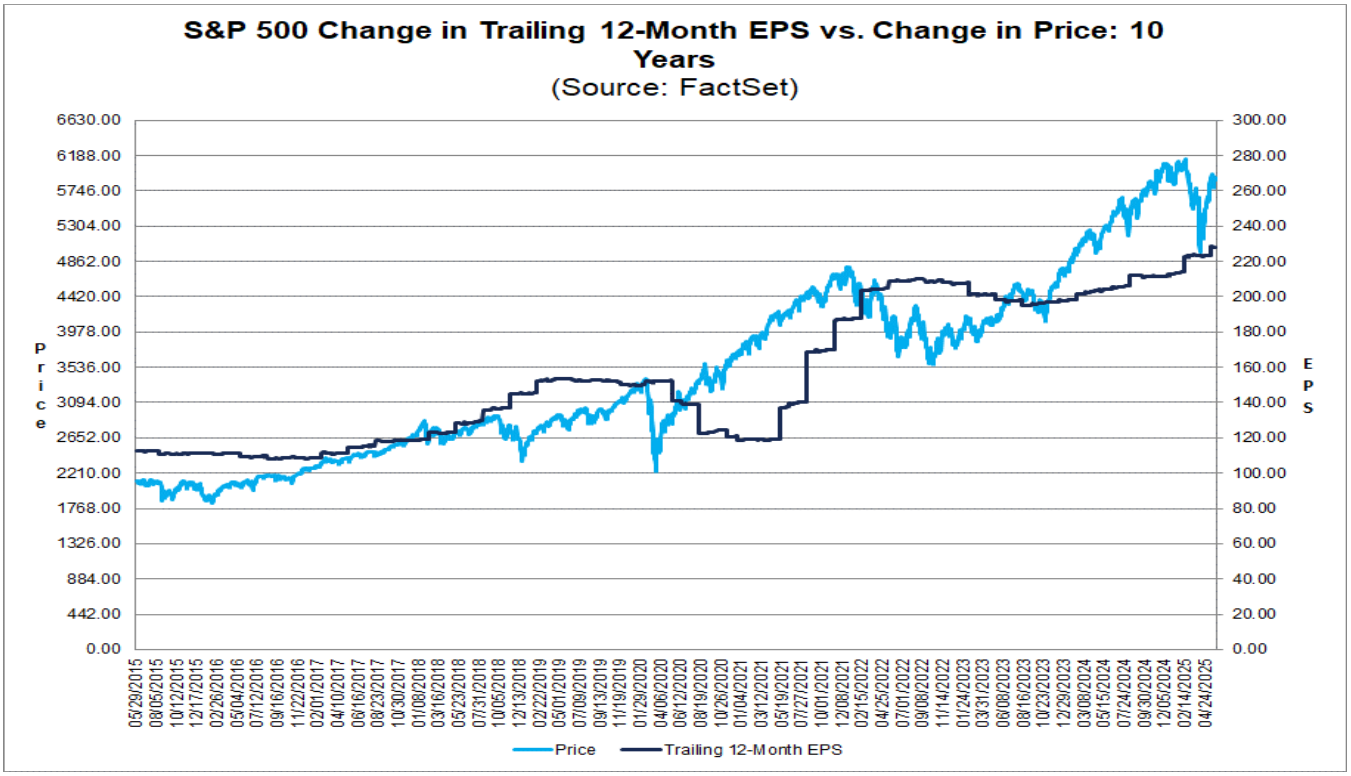


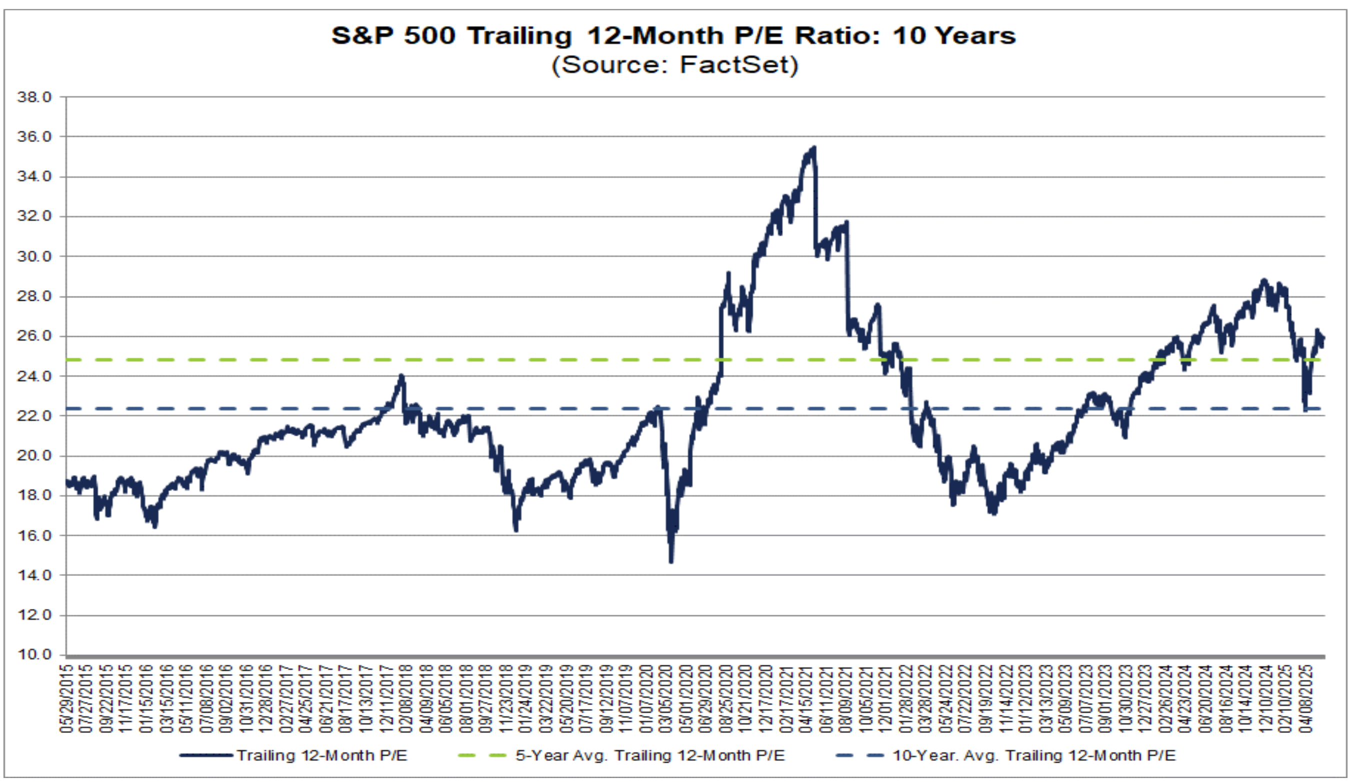
## Forward 12M P/E Ratio: 10-Years



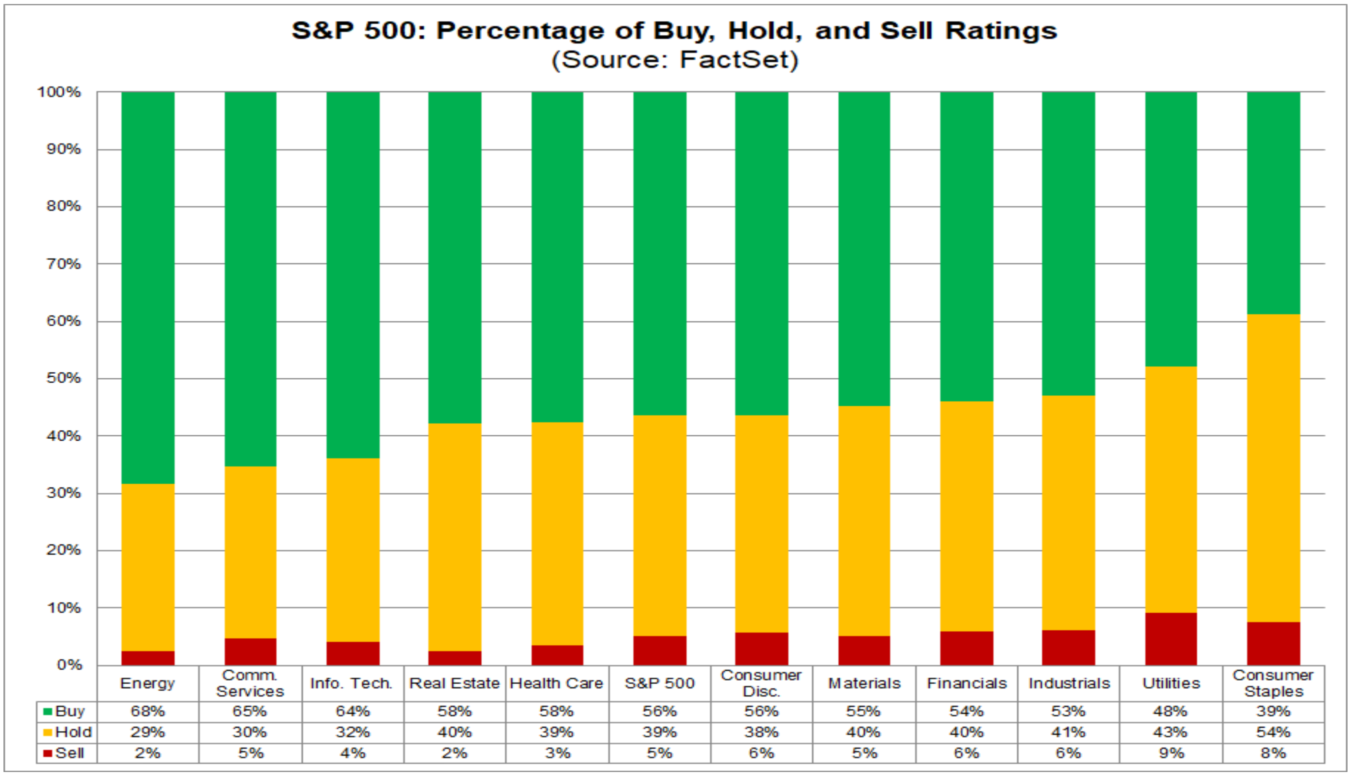



## Trailing 12M P/E Ratio: 10-Years

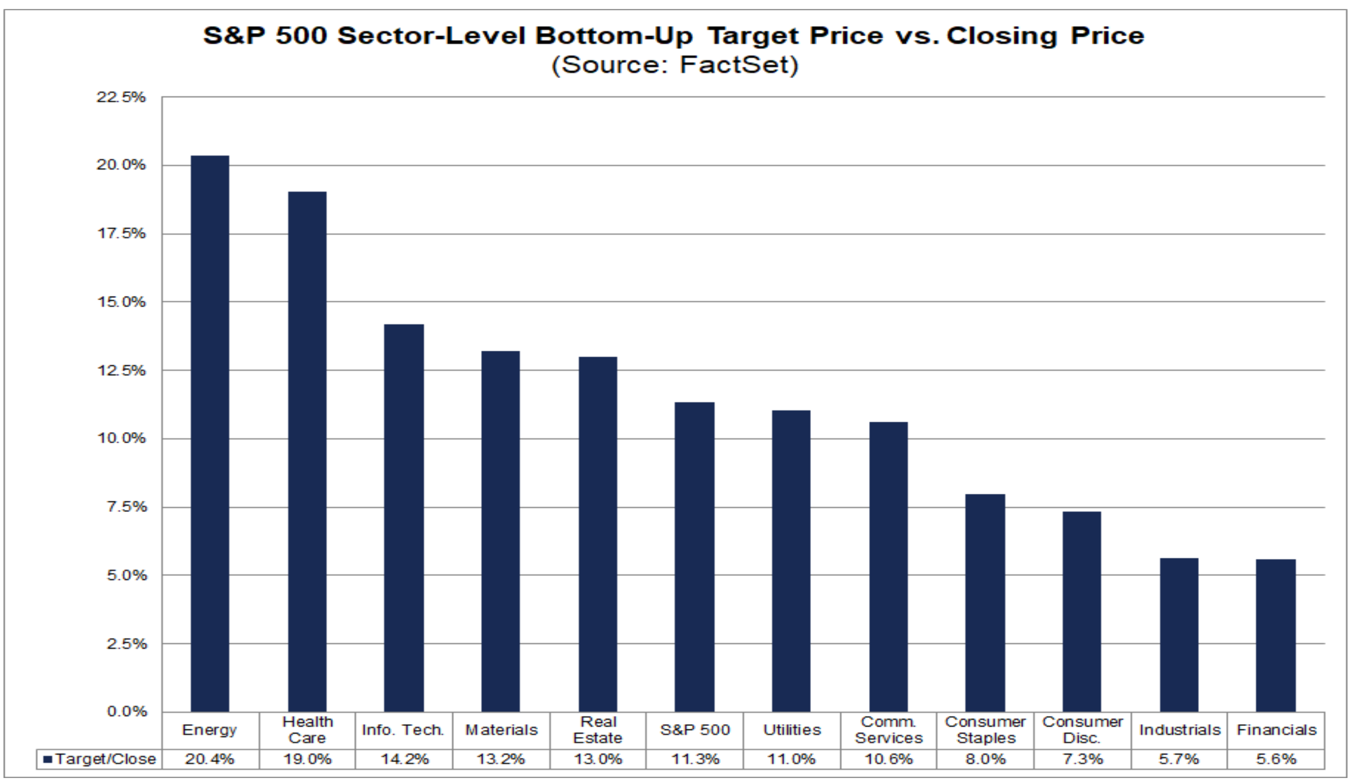


## Targets & Ratings




| | Energy | Comm. Services | Info. Tech. | Real Estate | Health Care | S&P 500 | Consumer Disc. | Materials | Financials | Industrials | Utilities | Consumer Staples |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Buy | 68% | 65% | 64% | 58% | 58% | 56% | 56% | 55% | 54% | 53% | 48% | 39% |
| Hold | 29% | 30% | 32% | 40% | 39% | 39% | 38% | 40% | 40% | 41% | 43% | 54% |
| Sell | 2% | 5% | 4% | 2% | 3% | 5% | 6% | 5% | 6% | 6% | 9% | 8% |




| | Energy | Health Care | Info. Tech. | Materials | Real Estate | S&P 500 | Utilities | Comm. Services | Consumer Staples | Consumer Disc. | Industrials | Financials |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Target/Close | 20.4% | 19.0% | 14.2% | 13.2% | 13.0% | 11.3% | 11.0% | 10.6% | 8.0% | 7.3% | 5.7% | 5.6% |

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