

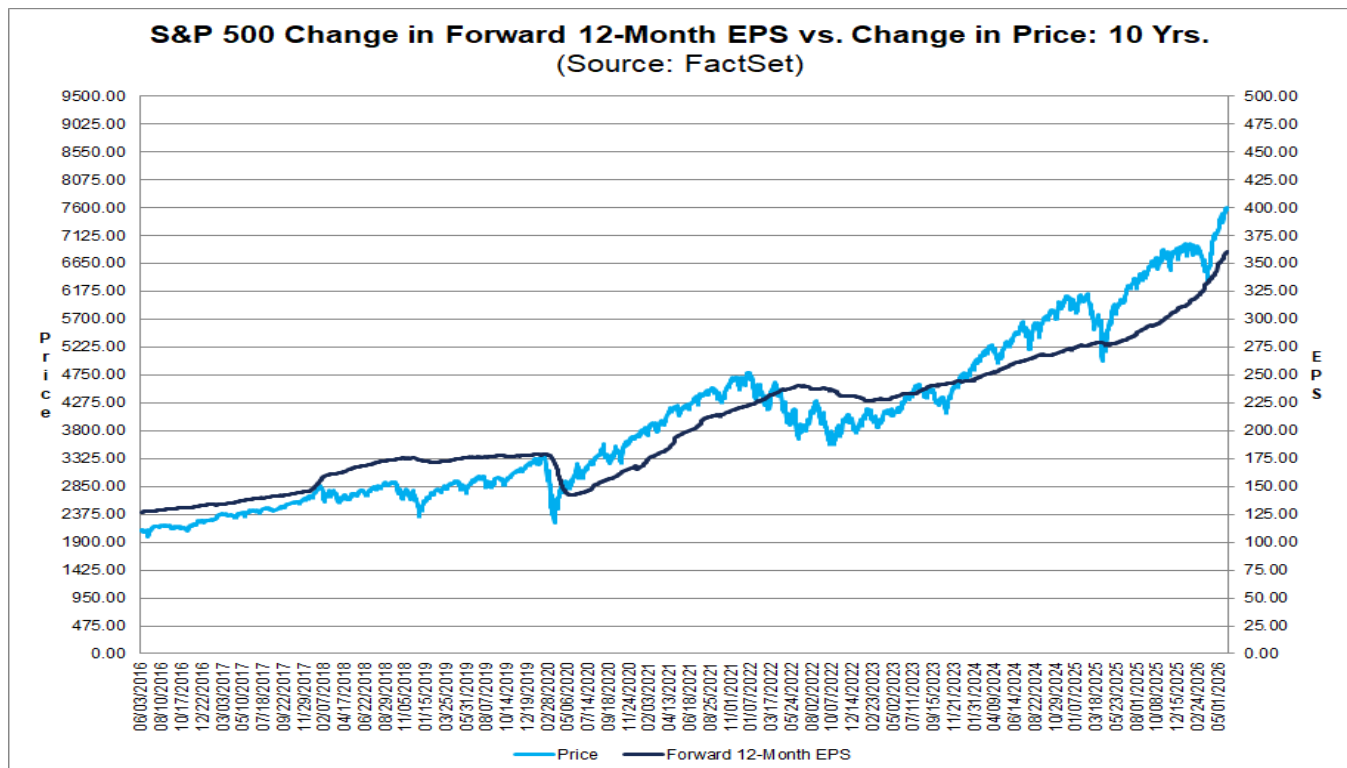
John Butters  
 VP, Senior Earnings Analyst  
[jbutters@factset.com](mailto:jbutters@factset.com)

Media Questions/Requests  
[media\\_request@factset.com](mailto:media_request@factset.com)

June 5, 2026

## Key Metrics

- **Earnings Growth:** For Q2 2026, the estimated (year-over-year) earnings growth rate for the S&P 500 is 21.7%. If 21.7% is the actual growth rate for the quarter, it will mark the second-straight quarter of earnings growth above 20% for the index.
- **Earnings Revisions:** On March 31, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q2 2026 was 18.7%. Five sectors are expected to report higher earnings today (compared to March 31) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q2 2026, 47 S&P 500 companies have issued negative EPS guidance and 61 S&P 500 companies have issued positive EPS guidance.
- **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 (19.0).
- **Earnings Scorecard:** For Q2 2026 (with 2 S&P 500 companies reporting actual results), 1 S&P 500 company has reported a positive EPS surprise and 1 S&P 500 companies has reported a positive revenue surprise.



To receive this report via e-mail or view other articles with FactSet content, please go to: <https://insight.factset.com/>  
 To learn more about the FactSet difference (“Why FactSet?”), please go to: <https://www.factset.com/why-factset>

## Table of Contents

## Commentary

<b>Key Metrics</b>	<b>1</b>
<b>Table of Contents</b>	<b>2</b>
<b>Topic of the Week</b>	<b>3</b>
<b>Overview</b>	<b>7</b>
<b>Earnings Revisions</b>	<b>8</b>
<b>Earnings Guidance</b>	<b>9</b>
<b>Earnings Growth</b>	<b>10</b>
<b>Revenue Growth</b>	<b>11</b>
<b>Net Profit Margin</b>	<b>11</b>
<b>Forward Estimates &amp; Valuation</b>	<b>13</b>

## Charts

<b>Q126 Earnings &amp; Revenue Scorecard</b>	<b>14</b>
<b>Q126 Earnings &amp; Revenue Surprises</b>	<b>15</b>
<b>Q126 Earnings &amp; Revenue Growth</b>	<b>18</b>
<b>Q126 Net Profit Margin</b>	<b>20</b>
<b>Q226 EPS Guidance</b>	<b>21</b>
<b>Q226 EPS Revisions</b>	<b>22</b>
<b>Q226 Earnings &amp; Revenue Growth</b>	<b>23</b>
<b>FY26 / FY27 EPS Guidance</b>	<b>24</b>
<b>CY26 Earnings &amp; Revenue Growth</b>	<b>25</b>
<b>Geographic Revenue Exposure</b>	<b>26</b>
<b>Bottom-Up EPS Estimates</b>	<b>27</b>
<b>Forward 12-Month P/E Ratio</b>	<b>29</b>
<b>Trailing 12-Month P/E Ratio</b>	<b>31</b>
<b>Target &amp; Ratings</b>	<b>32</b>
<b>Appendix 1</b>	<b>33</b>

## Topic of the Week

### Highest Number of S&P 500 Earnings Calls Citing “Oil” Since 2020

Given the sharp increase in the price of oil since the beginning of March, did more S&P 500 companies comment on oil during their earnings conference calls for the first quarter compared to the fourth quarter?

The answer is yes. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “oil” in the conference call transcripts of all the S&P 500 companies that conducted earnings calls from March 15 through June 5.

Overall, the term “oil” was cited on 149 earnings calls conducted by S&P 500 companies during this period. This number reflects a quarter-over-quarter increase of 176% compared to Q4 2025, when the term “oil” was cited on 54 earnings calls (from December 15 through March 14). The number for Q1 2026 is also above the trailing 5-year average (66), 10-year average (87), and 15-year average (97) for a quarter.

In fact, this marks the highest number of earnings calls conducted by S&P 500 companies citing the term “oil” since Q1 2020 at 165 (using current index constituents going back in time). The current record for the highest number of earnings calls where the term “oil” was cited over the past 15 years is 230 in Q4 2014.

At the sector level, the Industrials (30) sector has the highest number of earnings calls where the term “oil” was cited, while the Energy (100%) sector has the highest percentage of earning calls where the term “oil” was cited.

On a quarter-over-quarter basis, all 11 sectors have recorded an increase in the number of earnings calls where the term “oil” was cited, led by the Consumer Discretionary (+21), Industrials (+21), and Health Care (+17) sectors.

Despite the volatility in the price of oil in recent months, it is interesting to note that only a small number of the companies that cited “oil” on Q1 earnings calls also lowered EPS guidance for 2026.

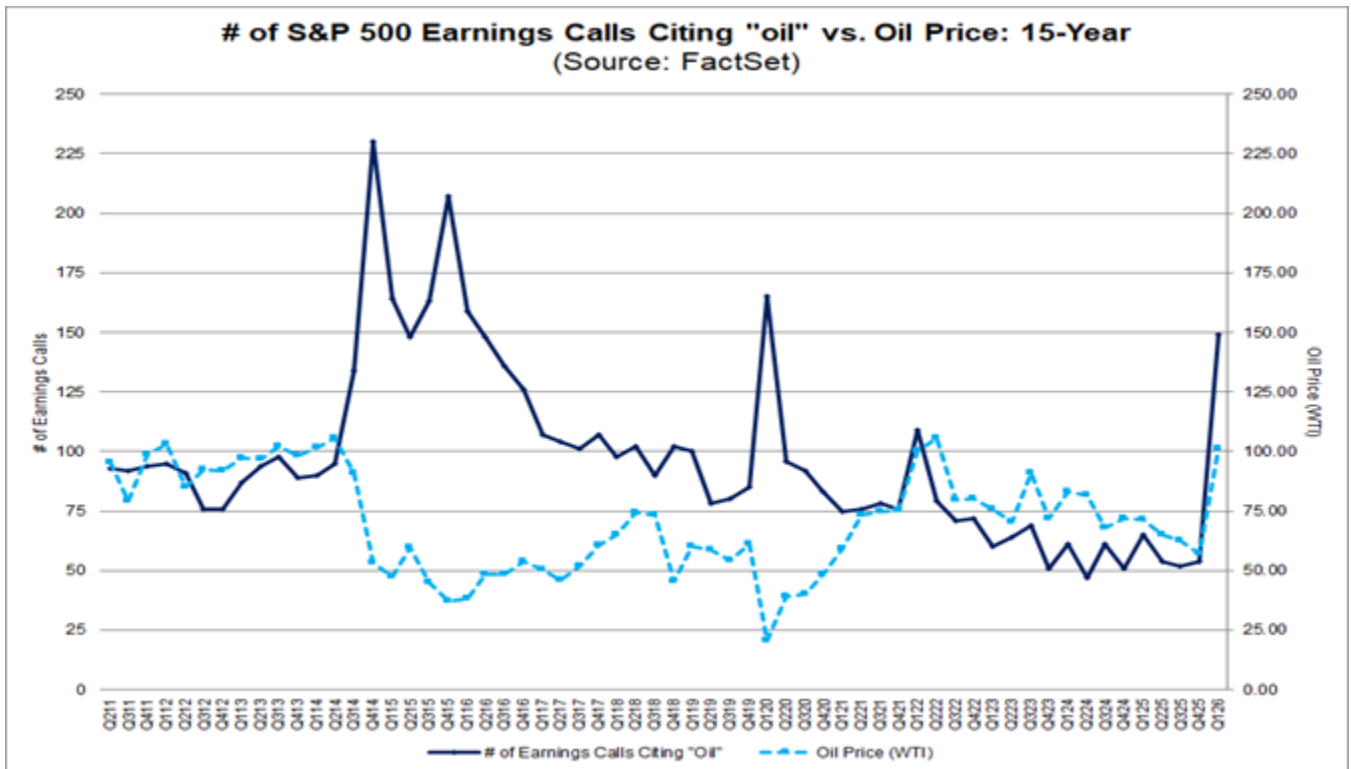
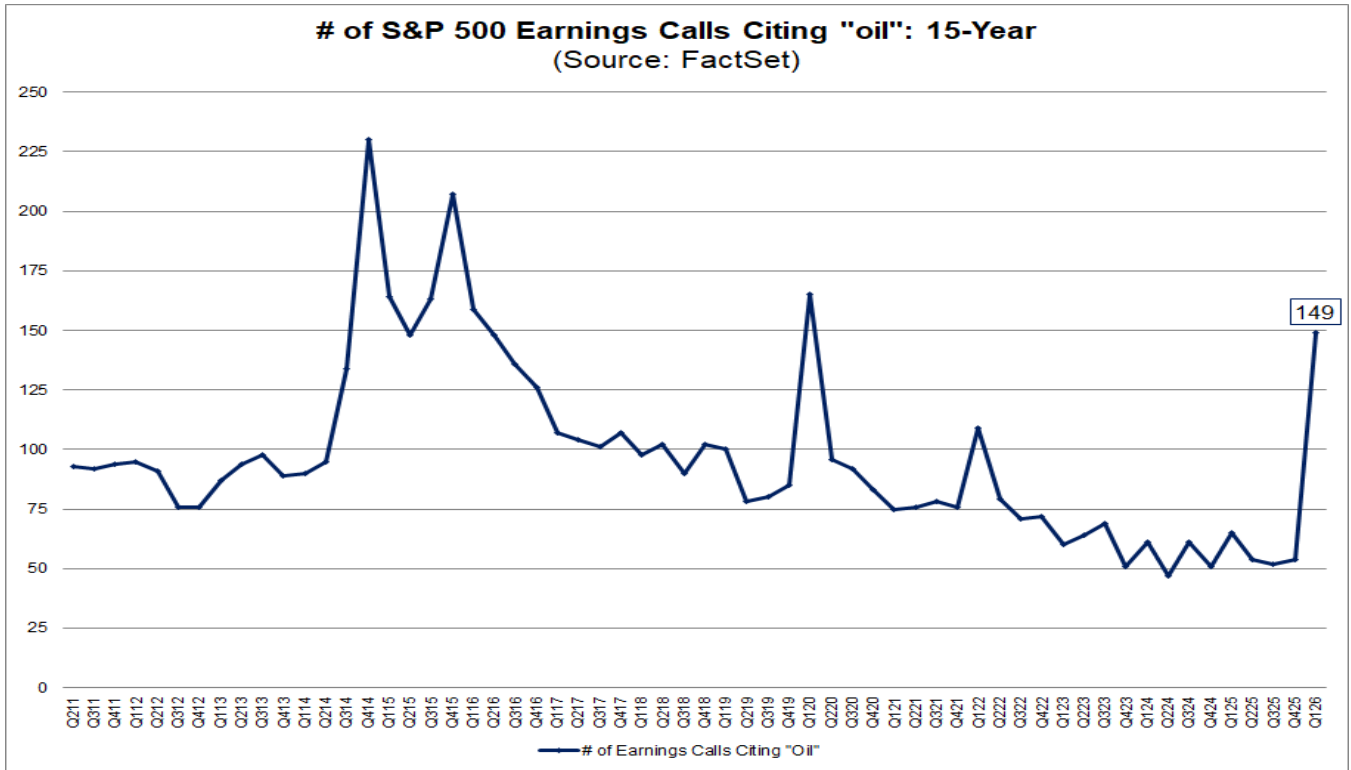
Of the 149 S&P 500 companies that cited “oil” on their Q1 earnings calls, 86 (or 58%) also provided annual EPS guidance for 2026. This percentage (58%) is higher than the overall percentage of S&P 500 companies providing annual EPS guidance for 2026 (53%).

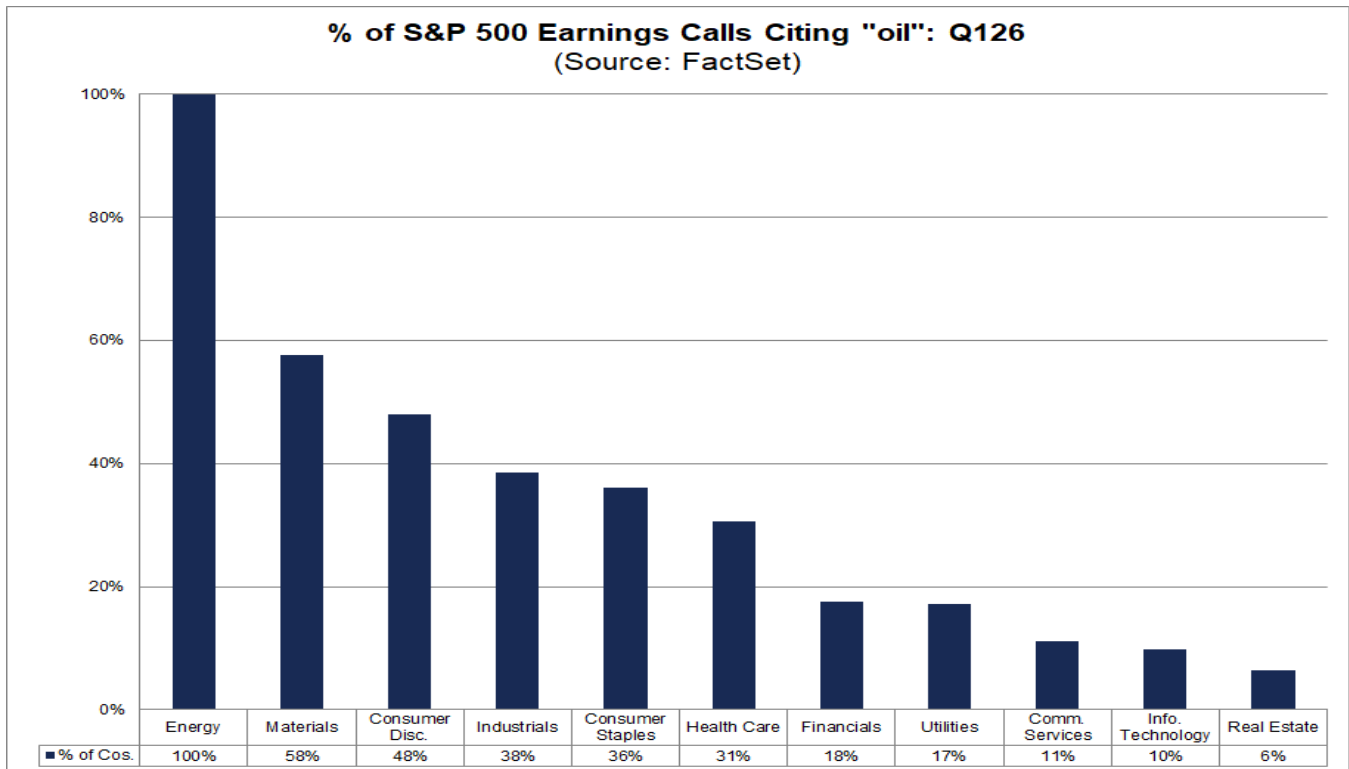
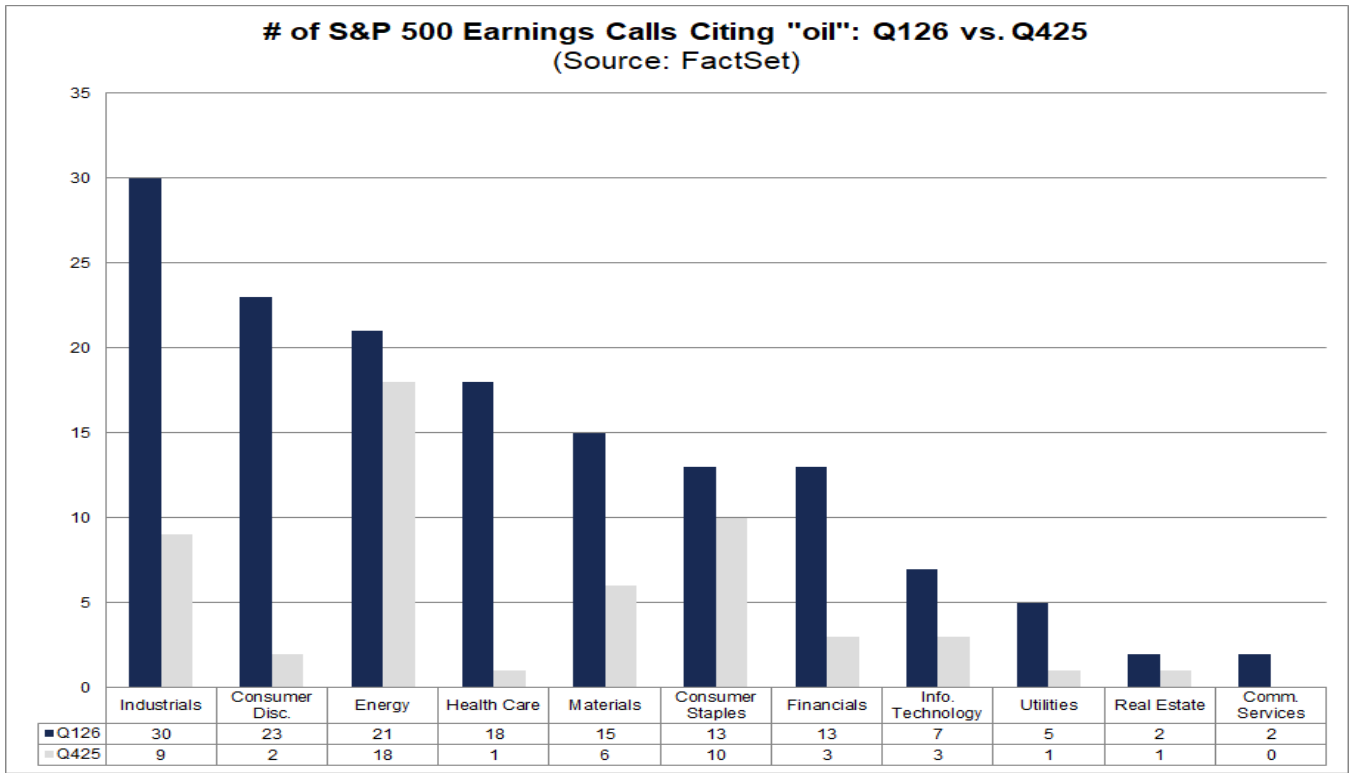
Of these 86 companies, 38 maintained previous (annual) EPS guidance, 34 provided annual EPS guidance that was higher than the previous (annual) guidance issued by the company, 9 provided annual EPS guidance that was lower than the previous (annual) guidance issued by the company, 3 initiated new or quantifiable annual EPS guidance, and 2 did not provide an update relative to previous (annual) guidance.

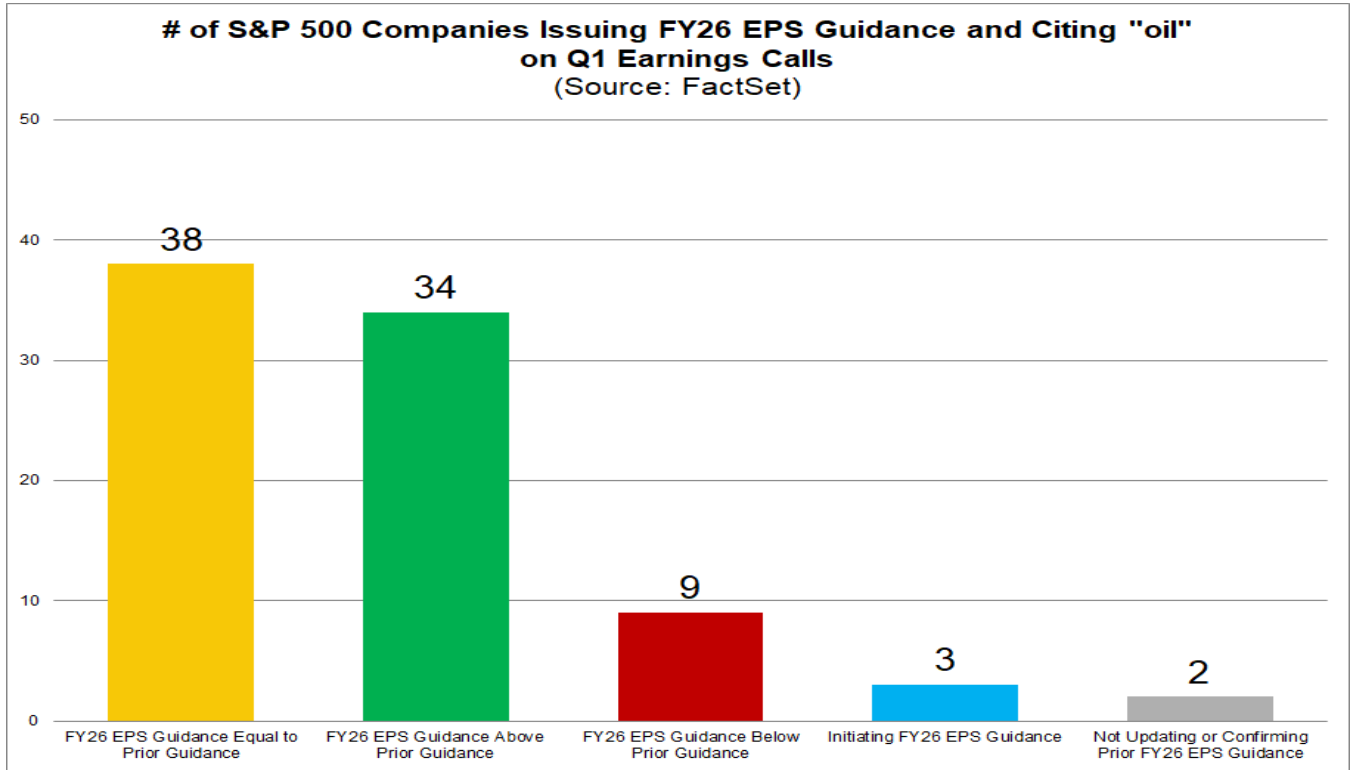
Therefore, 84% (72 out of 86) of the S&P 500 companies that cited “oil” on their Q1 earnings calls and provided annual EPS guidance either increased or maintained prior EPS guidance for 2026. On the other hand, 13% (11 out of 86) of the S&P 500 companies that cited “oil” on their Q1 earnings calls and provided annual EPS guidance either lowered annual EPS guidance or did not provide an update relative to previous EPS guidance for 2026.

Of these 11 companies, seven cited oil prices as a factor for either lowering or not updating annual EPS guidance. A list of these 7 companies and their comments can be found in Appendix 1 starting on page 33. The other four companies cited other factors or did not provide specific reasons for lowering or not updating annual EPS guidance.

As a result, 8% (7 out of 86) of the companies that cited “oil” on their Q1 earnings calls and provided annual EPS guidance cited oil prices as a factor for either lowering or not updating annual EPS guidance.







## Q1 Earnings Season: By The Numbers

### Overview

Heading into the final weeks of the quarter, analysts and companies have been more optimistic than normal in their earnings outlooks for the second quarter. As a result, estimated earnings for the S&P 500 for the second quarter are higher today compared to expectations at the start of the quarter. In addition, the index is expected to report earnings growth above 20% for the second-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have increased earnings estimates for Q2 2026. On a per-share basis, estimated earnings for the second quarter have increased by 2.7% since March 31. In a typical quarter, analysts usually lower earnings estimates during the quarter. Over the past five years (20 quarters), earnings expectations have fallen by 2.0% on average during the quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 2.7% on average during the quarter.

In terms of guidance, both the number and percentage of S&P 500 companies issuing positive EPS guidance for Q2 2026 are higher than average. At this point in time, 108 companies in the index have issued EPS guidance for Q2 2026. Of these companies, 47 have issued negative EPS guidance and 61 have issued positive EPS guidance. The number of companies issuing positive EPS guidance is well above the 5-year average of 44 and well above the 10-year average of 41. The percentage of S&P 500 companies issuing positive EPS guidance for Q2 2026 is 56% (61 out of 108), which is also well above the 5-year average of 41% and well above the 10-year average of 41%.

Due to the upward revisions to earnings estimates by analysts and the positive EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q2 2026 is higher today relative to the start of the second quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 21.7%, compared to the estimated (year-over-year) earnings growth rate of 18.7% on March 31.

If 21.7% is the actual growth rate for the quarter, it will mark the second consecutive quarter of earnings growth above 20% and the seventh consecutive quarter of double-digit earnings growth for the index.

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

In terms of revenues, analysts have also raised their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 12.0%, compared to the expectations for revenue growth of 9.4% on March 31.

If 12.0% 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%). It will also mark the second consecutive quarter of double-digit revenue growth for the index.

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

For Q3 2026 and Q4 2026, analysts are calling for earnings growth rates of 25.1%, and 22.6%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 22.8%.

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 (19.0). 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, 2 S&P 500 companies are scheduled to report results for the first quarter and 3 S&P 500 companies are scheduled to report results for the second quarter.

## Earnings Revisions: Energy Sector Has Seen Largest Increase in EPS Estimates

### Increase In Estimated Earnings Growth Rate for Q1 This Week Due to Information Technology

During the past week, the estimated earnings growth rate for the S&P 500 for Q2 2026 increased slightly to 21.7% from 21.6%. Upward revisions to EPS estimates for companies in the Information Technology sector were the largest contributor to the small increase in the overall earnings growth rate for the index during the week.

The estimated earnings growth rate for the S&P 500 for Q2 2026 of 21.7% today is above the estimate of 18.7% at the start of the quarter (March 31), as estimated earnings for the index of \$715.3 billion today are 2.5% above the estimate of \$697.6 billion at the start of the quarter. Five sectors have recorded an increase in dollar-level earnings due to upward revisions to earnings estimates, led by the Energy, Information Technology, and Materials sectors. On the other hand, six sectors have recorded a decrease in their dollar-level earnings due to downward revisions to earnings estimates, led by the Health Care sector.

### Energy: Chevron and Exxon Mobil Lead Increase In Earnings Since March 31

The Energy sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +49.4% (to \$51.9 billion from \$34.7 billion). As a result, the estimated (year-over-year) earnings growth rate for the sector has increased to 121.5% today from 48.3% on March 31. Despite the increase in expected earnings, this sector has recorded the largest decrease in price of all 11 sectors since March 31 at -5.5%. Overall, 16 of the 21 companies (76%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 16 companies, 12 have recorded an increase in their mean EPS estimate of more than 10%, led by Chevron (to \$5.18 from \$2.59), Occidental Petroleum (to \$1.84 from \$1.02), APA Corporation (to \$2.13 from \$1.24), and Diamondback Energy (to \$6.16 from \$3.71). Chevron, Exxon Mobil (to \$3.64 from \$2.42), ConocoPhillips (to \$2.97 from \$1.96), Marathon Petroleum (to \$11.43 from \$7.35), Valero Energy (to \$9.54 from \$6.39), EOG Resources (to \$5.03 from \$3.33), Occidental Petroleum, Phillips 66 (to \$6.34 from \$4.62), and Diamondback Energy have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since March 31.

### Information Technology: NVIDIA, Apple, and Sandisk Lead Earnings Increase Since March 31

The Information Technology sector has recorded the second-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +6.4% (to \$215.3 billion from \$202.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 58.1% today from 48.6% on March 31. This sector has also recorded the largest in price of all 11 sectors since March 31 at 36.7%. Overall, 58 of the 72 companies (81%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 58 companies, 23 have recorded an increase in their mean EPS estimate of more than 10%, led by Intel (to \$0.21 from \$0.08), Sandisk Corporation (to \$33.27 from \$18.57), Dell Technologies (to \$4.70 from \$2.92), and Hewlett Packard Enterprise (to \$0.90 from \$0.57). However, NVIDIA (to \$2.07 from \$1.93), Apple (to \$1.89 from \$1.73), Sandisk, and Intel have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since March 31.

**Materials: Dow Leads Earnings Increase Since March 31**

The Materials sector has recorded the third-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +4.4% (to \$18.1 billion from \$17.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 35.3% today from 29.6% on March 31. This sector has also recorded an increase in price of 2.6% since March 31. Overall, 8 of the 26 companies (31%) in the Materials sector have seen an increase in their mean EPS estimate during this time. Of these 8 companies, 6 have recorded an increase in their mean EPS estimate of more than 10%, led by Dow (to \$1.19 from \$0.32), LyondellBasell Industries (to \$3.18 from \$1.63), Albemarle Corporation (to \$3.07 from \$1.91), and CF Industries (to \$5.64 from \$3.68). Dow and LyondellBasell Industries have also been the largest contributors to the increase in expected (dollar-level) earnings for this sector since March 31.

**Health Care: Gilead Sciences Leads Decline In Earnings Since March 31**

The Health Care sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.5% (to \$67.5 billion from \$78.1 billion). As a result, the estimated (year-over-year) earnings decline for the sector is -7.7% today compared to expected earnings growth of 6.7% on March 31. Despite the decrease in earnings, this sector has recorded an increase in price of 3.4% since March 31. Overall, 32 of the 59 companies (54%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 32 companies, 4 have recorded a decrease in their mean EPS estimate of more than 10%: Gilead Sciences (to -\$6.59 from \$2.10), Biogen (to \$3.18 from \$4.24), Baxter International (to \$0.37 from \$0.44), and GE Healthcare Technologies (to \$1.03 from \$1.17). Gilead Sciences has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since March 31. On May 7, Gilead Sciences issued annual (non-GAAP) EPS guidance for 2026 between -\$1.05 and -\$0.65 including IPR&D charges of \$11.5 billion and financing costs.

**Index-Level EPS Estimate: 2.7% Increase Since March 31**

The Q2 bottom-up EPS estimate (which is an aggregation of the median Q2 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has increased by 2.7% (to \$80.99 from \$78.84) since March 31. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 2.0% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 2.7% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.2% on average during a quarter.

**Guidance: # of Cos. Issuing Positive EPS Guidance for Q2 is Above Average**

**Quarterly Guidance: # of Cos. Issuing Positive EPS Guidance for Q2 is Above Average**

At this point in time, 108 companies in the index have issued EPS guidance for Q2 2026. Of these 108 companies, 47 have issued negative EPS guidance and 61 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q2 2026 is below the 5-year average of 62 and below the 10-year average of 59. On the other hand, the number of S&P 500 companies issuing positive EPS guidance for Q2 2026 is above the 5-year average of 44 and above the 10-year average of 41.

It should be noted that most of the companies issuing positive EPS guidance for Q2 2026 are in the Information Technology sector. Overall, 42 of the 61 companies (or 69%) in the S&P 500 issuing positive EPS guidance for Q2 2026 are in the Information Technology sector.

The percentage of companies issuing positive EPS guidance for Q2 2026 is 56% (61 out of 108), which is above the 5-year average of 41% and above the 10-year average of 41%.

**Annual Guidance: 41% of S&P 500 Companies Issuing Negative Guidance for Current Year**

At this point in time, 266 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 266 companies, 110 have issued negative EPS guidance and 156 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 41% (110 out of 266).

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

**Earnings Growth: 21.7%**

The estimated (year-over-year) earnings growth rate for Q2 2026 is 21.7%, 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 21.7% is the actual growth rate for the quarter, it will mark the 2<sup>nd</sup> consecutive quarter of year-over-year earnings growth above 20% and the 7<sup>th</sup> consecutive quarter of double-digit growth for the index.

Ten of the eleven sectors are expected to report year-over-year earnings growth, led by the Energy, Information Technology, and Materials sectors. On the other hand, the Health Care sector is the only sector projected to report a year-over-year decline in earnings.

**Energy Sector: 3 of 5 Sub-Industries Expected to Report (Y/Y) Earnings Growth Above 100%**

The Energy sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 121.5%. Higher year-over-year oil prices are contributing to the year-over-year increase in earnings for this sector, as the average price of oil in Q1 2026 to date (\$97.68) is 53% above the average price for oil in Q1 2025 (\$63.68). At the sub-industry level, 4 of the 5 sub-industries are projected to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (201%), Integrated Oil & Gas (160%), Oil & Gas Exploration & Production (115%), and Oil & Gas Storage & Transportation (7%). On the other hand, the Oil & Gas Equipment & Services (-19%) sub-industry is the only sub-industry in the sector predicted to report a year-over-year decline in earnings.

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

The Information Technology sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 58.1%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (119%), Technology Hardware, Storage, & Peripherals (44%), Electronic Equipment, Instruments, & Components (31%), Communication Services (21%), Software (16%), and IT Services (5%).

The Semiconductors & Semiconductor Equipment industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 24.9% from 58.1%.

**Materials: All 4 Industries Expected to Report (Y/Y) Earnings Growth**

The Materials sector is expected to report the third-largest (year-over-year) earnings growth of all eleven sectors at 35.3%. At the industry level, all 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (45%), Chemicals (43%), Containers & Packaging (18%), and Construction Materials (2%).

**Health Care: Gilead Sciences is Largest Contributor to Year-Over-Year Decline**

On the other hand, the Health Care sector is expected to report the largest (year-over-year) decline in earnings at -7.7%. At the industry level, only 1 of the 6 industries in the sector are projected to report a year-over-year decline in earnings: Biotechnology (-72%). On the other hand, 5 of the 6 industries are predicted to report a year-over-year growth in earnings: Health Care Technology (11%), Pharmaceuticals (8%), Health Care Providers & Services (8%), Health Care Equipment & Supplies (6%), and Life Sciences, Tools, & Services (6%).

At the company level, Gilead Sciences (-\$6.59 vs. \$2.01) is expected to be the largest contributor to the earnings decline for the sector. On May 7, Gilead Sciences issued annual (non-GAAP) EPS guidance for 2026 between -\$1.05 and -\$0.65 including IPR&D charges of \$11.5 billion and financing costs. If this company were excluded, the Health Care sector would be expected to report earnings growth of 7.1% rather than an earnings decline of -7.7%.

**Revenue Growth: 12.0%**

The estimated (year-over-year) revenue growth rate for Q2 2026 is 12.0%, 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 12.0% 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%) and the second-straight quarter that the index has reported revenue growth above 10.0%.

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

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

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 32.8%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (69%), Technology Hardware, Storage, & Peripherals (29%), Communication Equipment (18%), Electronic Equipment, Instruments, & Components (17%), Software (16%), and IT Services (5%).

**Energy: 4 of 5 Sub-Industries Expected to Report Year-Over-Year Growth**

The Energy sector is expected to report the second-highest (year-over-year) revenue growth rate of all eleven sectors at 28.2%. Higher year-over-year oil prices are contributing to the year-over-year increase in earnings for this sector, as the average price of oil in Q1 2026 to date (\$97.68) is 53% above the average price for oil in Q1 2025 (\$63.68). At the sub-industry level, 4 of the 5 sub-industries in the sector are predicted to report year-over-year growth in earnings: Integrated Oil & Gas (37%), Oil & Gas Refining & Marketing (28%), Oil & Gas Exploration & Production (25%), and Oil & Gas Storage & Transportation (8%). On the other hand, the Oil & Gas Equipment & Services (-1%) is the only sub-industry predicted to report a year-over-year decline in revenues.

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

The Communication Services sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 13.9%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (22%), Wireless Telecommunication Services (9%), Media (8%), Entertainment (7%), and Diversified Telecommunication Services (1%).

**Net Profit Margin: 14.0%**

The estimated net profit margin for the S&P 500 for Q2 2026 is 14.0%, which is below the previous quarter's net profit margin of 14.8%, but above the year-ago net profit margin of 12.9% and above the 5-year average of 12.3%.

If 14.0% is the actual net profit margin for the quarter, it will mark the second-highest net profit margin reported by the index since FactSet began tracking this metric in 2009. The current record (going back to 2009) is 14.8%, which occurred in the previous quarter.

At the sector level, five sectors are expected to report a year-over-year increase in their net profit margins in Q2 2026 compared to Q2 2025, led by the Energy (13.2% vs. 7.7%) and Information Technology (30.4% vs. 25.5%) sectors. On the other hand, six sectors are expected to report a year-over-year decrease in their net profit margins in Q1 2026 compared to Q2 2025, led by the Health Care (7.2% vs. 8.1%) and Communication Services (14.3% vs. 15.2%) sectors.

Eight sectors are expected to report net profit margins in Q2 2026 that are above their 5-year averages, led by the Information Technology (30.4% vs. 25.3%) and Energy (13.2% vs. 9.6%) sectors. On the other hand, three sectors are expected to report net profit margins in Q2 2026 that are below their 5-year averages, led by the Health Care (7.2% vs. 9.0%) and Real Estate (34.2% vs. 35.7%) sectors.

## Forward Estimates & Valuation

### Earnings: S&P 500 Expected to Report Earnings Growth of 23% for CY 2026

For the second quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 21.7% and year-over-year growth in revenues of 12.0%.

For Q3 2026, analysts are projecting earnings growth of 25.1% and revenue growth of 10.7%.

For Q4 2026, analysts are projecting earnings growth of 22.6% and revenue growth of 10.2%.

For CY 2026, analysts are projecting earnings growth of 22.8% and revenue growth of 10.8%.

### Valuation: Forward P/E Ratio is 21.1, Above the 10-Year Average (19.0)

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 19.0. 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 16.2%, while the forward 12-month EPS estimate has increased by 8.2%. At the sector level, the Consumer Discretionary (26.4) sector has the highest forward 12-month P/E ratio, while the Energy (13.6) and Financials (14.7) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 28.6, which is above the 5-year average of 24.6 and above the 10-year average of 23.4.

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

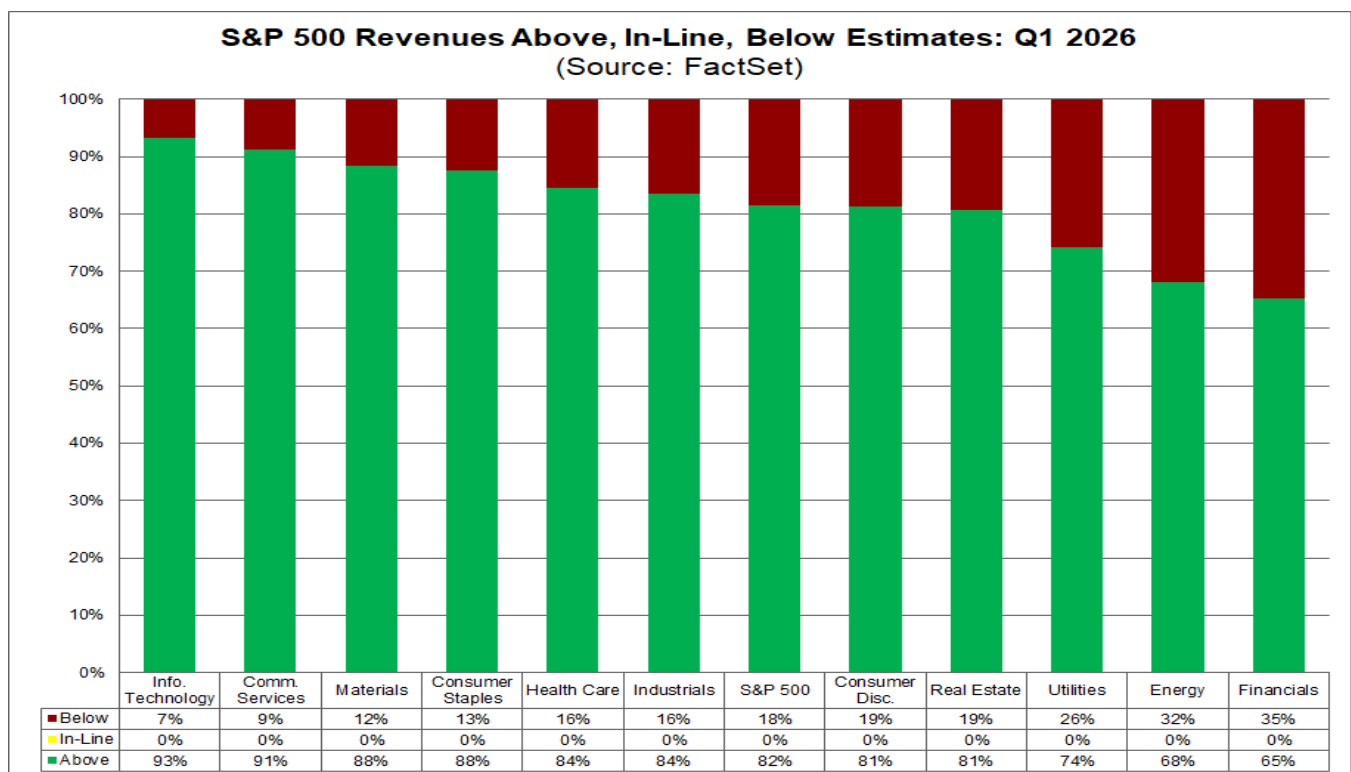
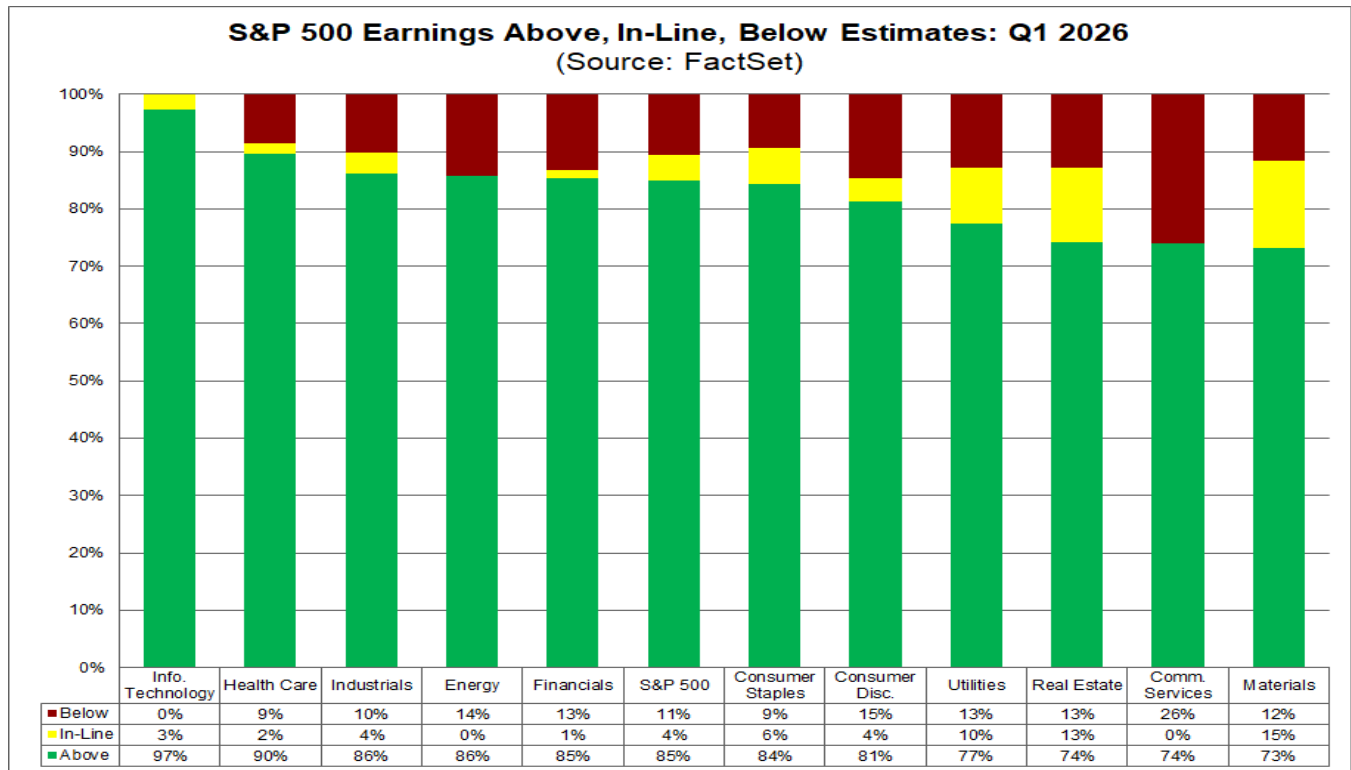
The bottom-up target price for the S&P 500 is 8778.57, which is 15.7% above the closing price of 7584.31. At the sector level, the Communication Services (+22.0%) and Consumer Discretionary (+20.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Real Estate (+11.0%) 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 12,767 ratings on stocks in the S&P 500. Of these 12,767 ratings, 59.5% are Buy ratings, 35.6% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (69%), Communication Services (65%), Materials (64%), Health Care (64%), and Energy (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (43%) sector has the lowest percentage of Buy ratings.

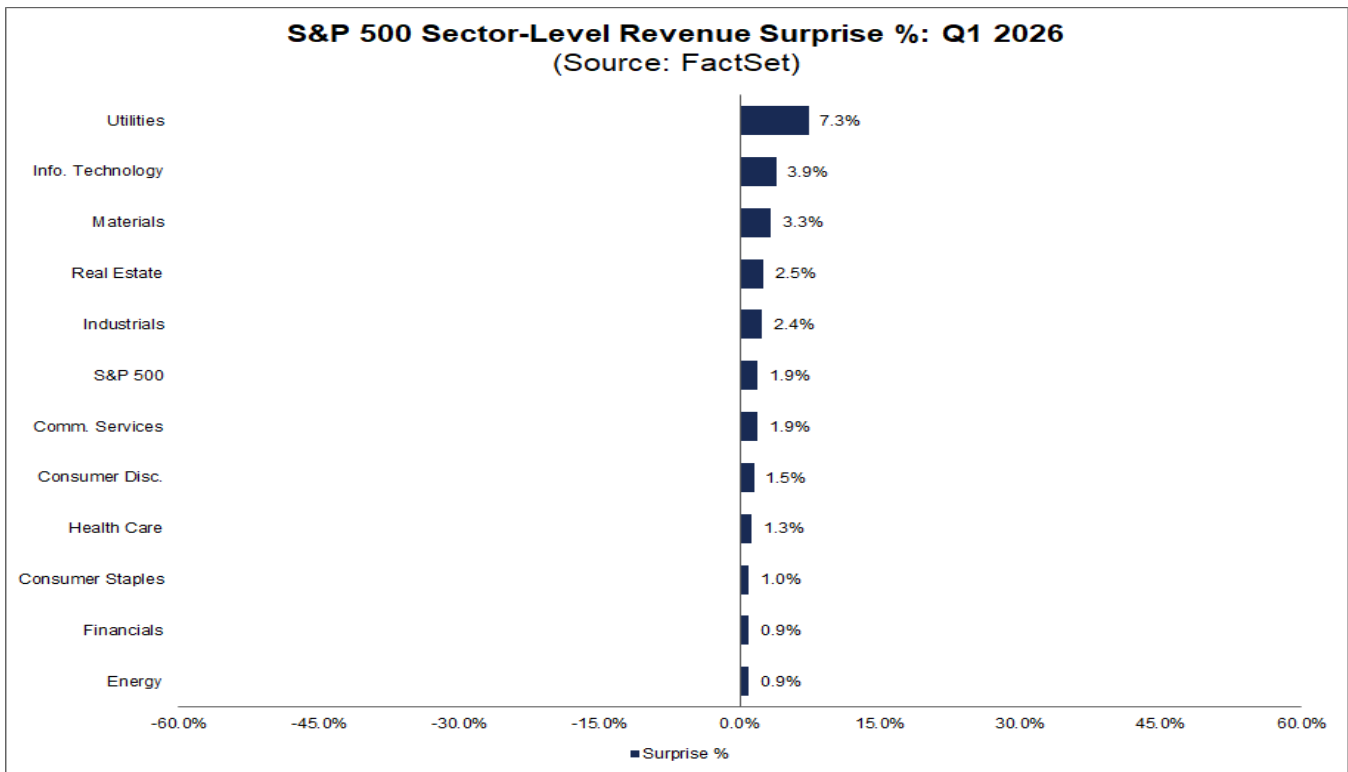
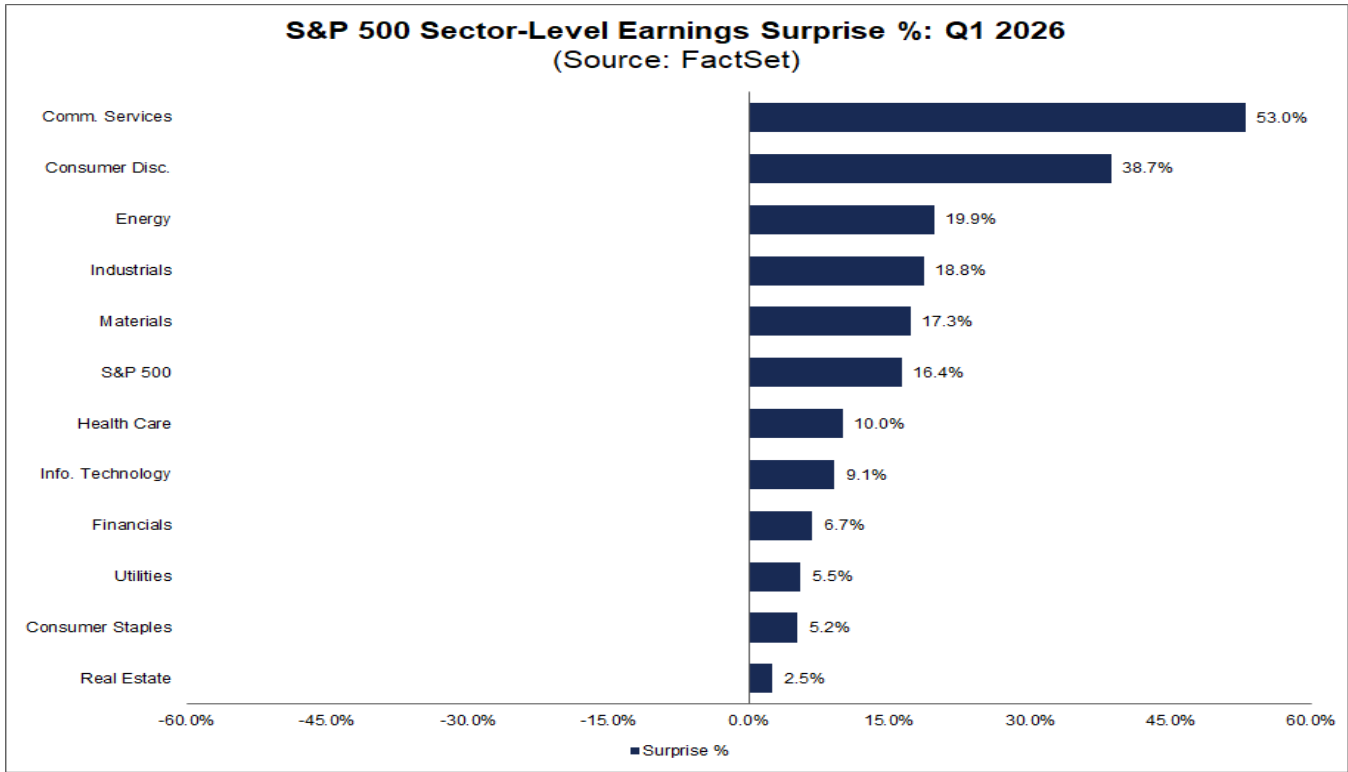
### Companies Reporting Next Week: 5

During the upcoming week, 2 S&P 500 companies are scheduled to report results for the first quarter and 3 S&P 500 companies are scheduled to report results for the second quarter.

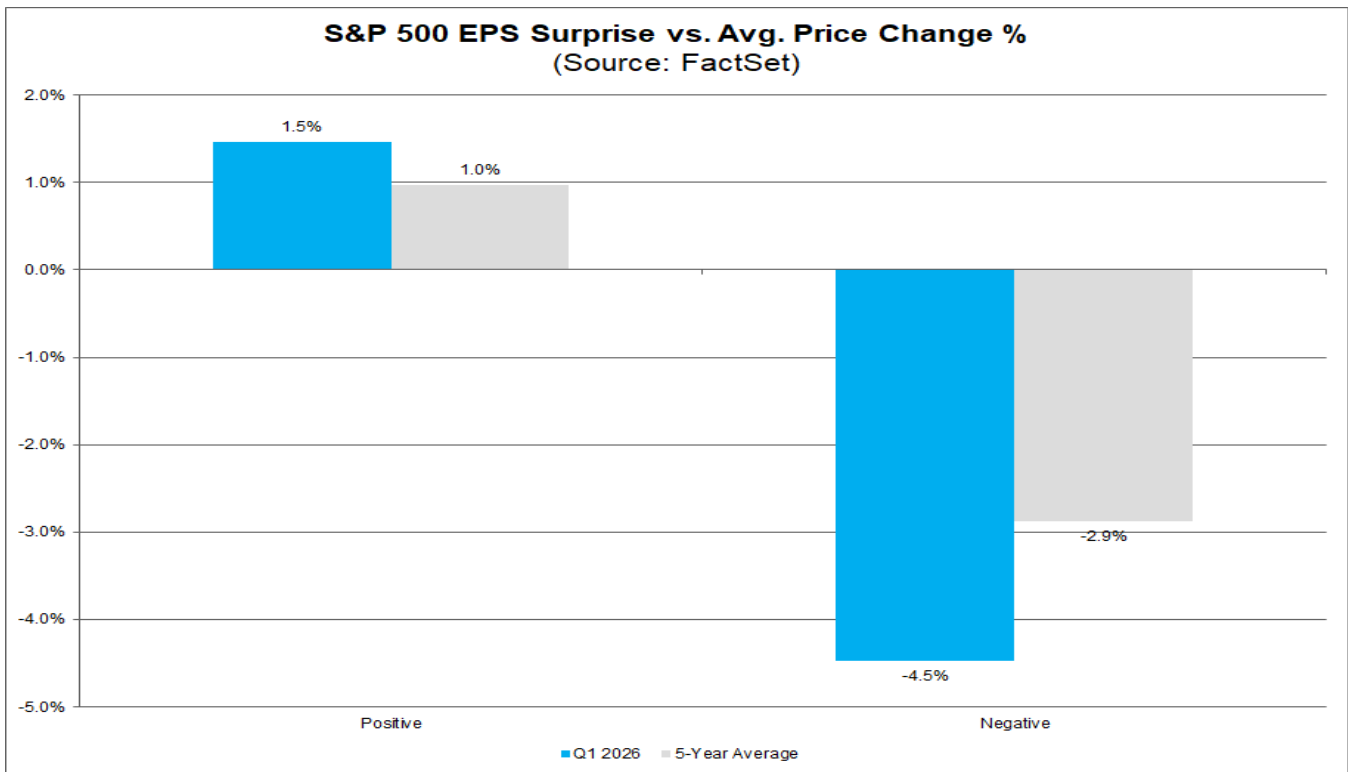
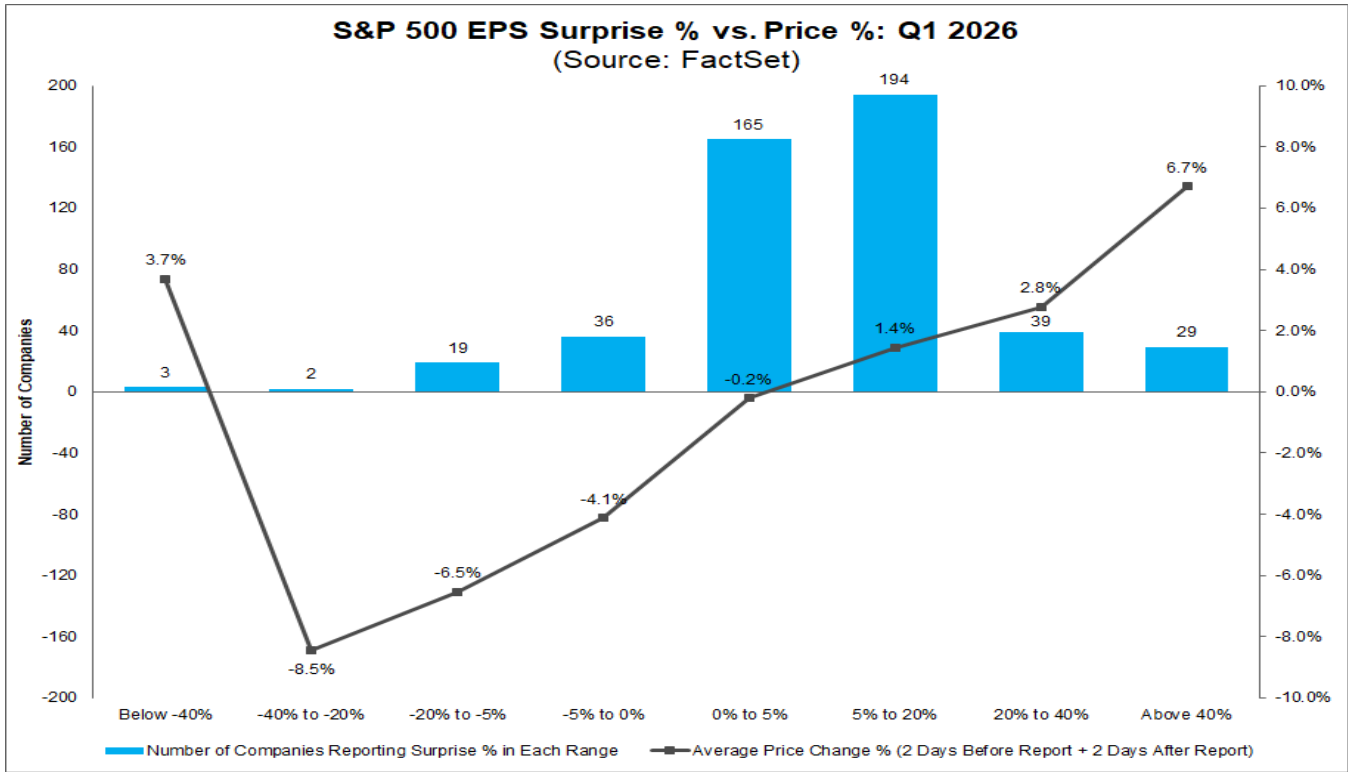
Q1 2026: Scorecard



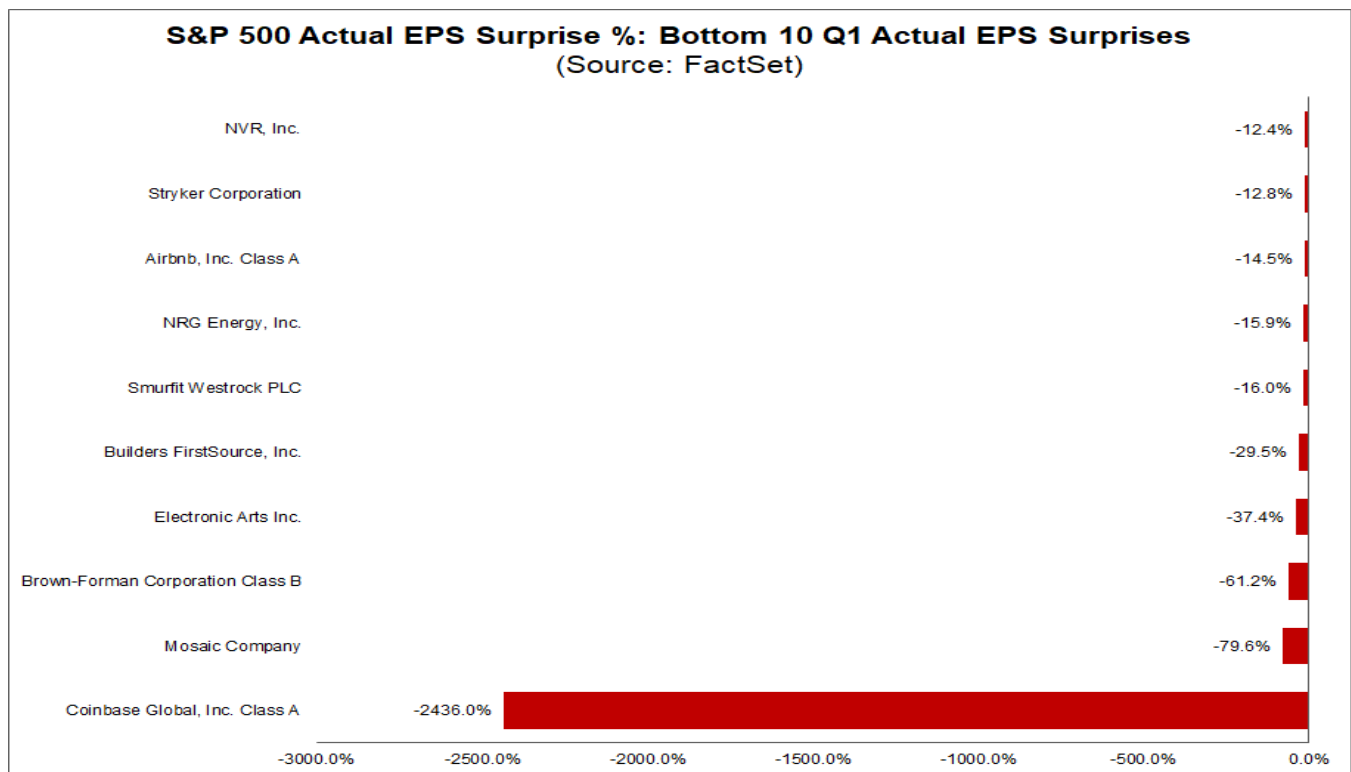
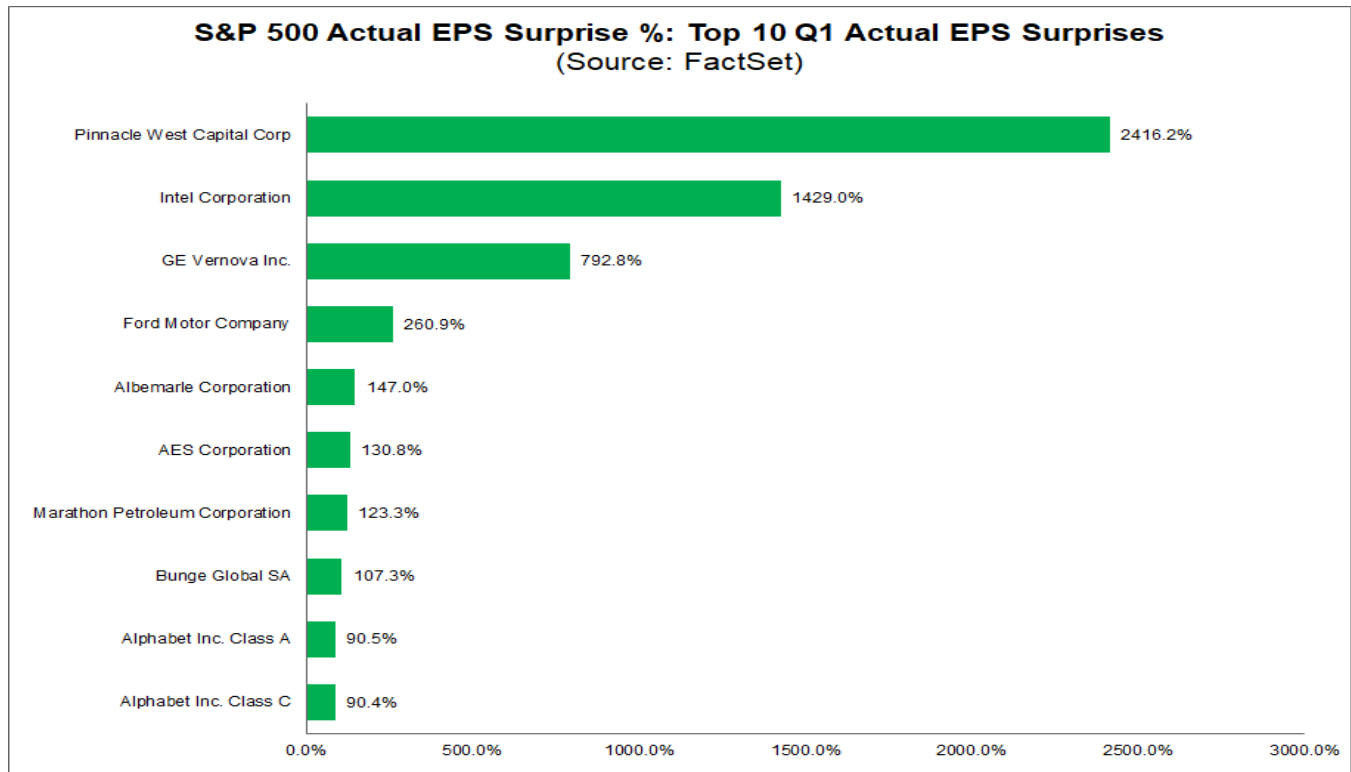
Q1 2026: Surprise



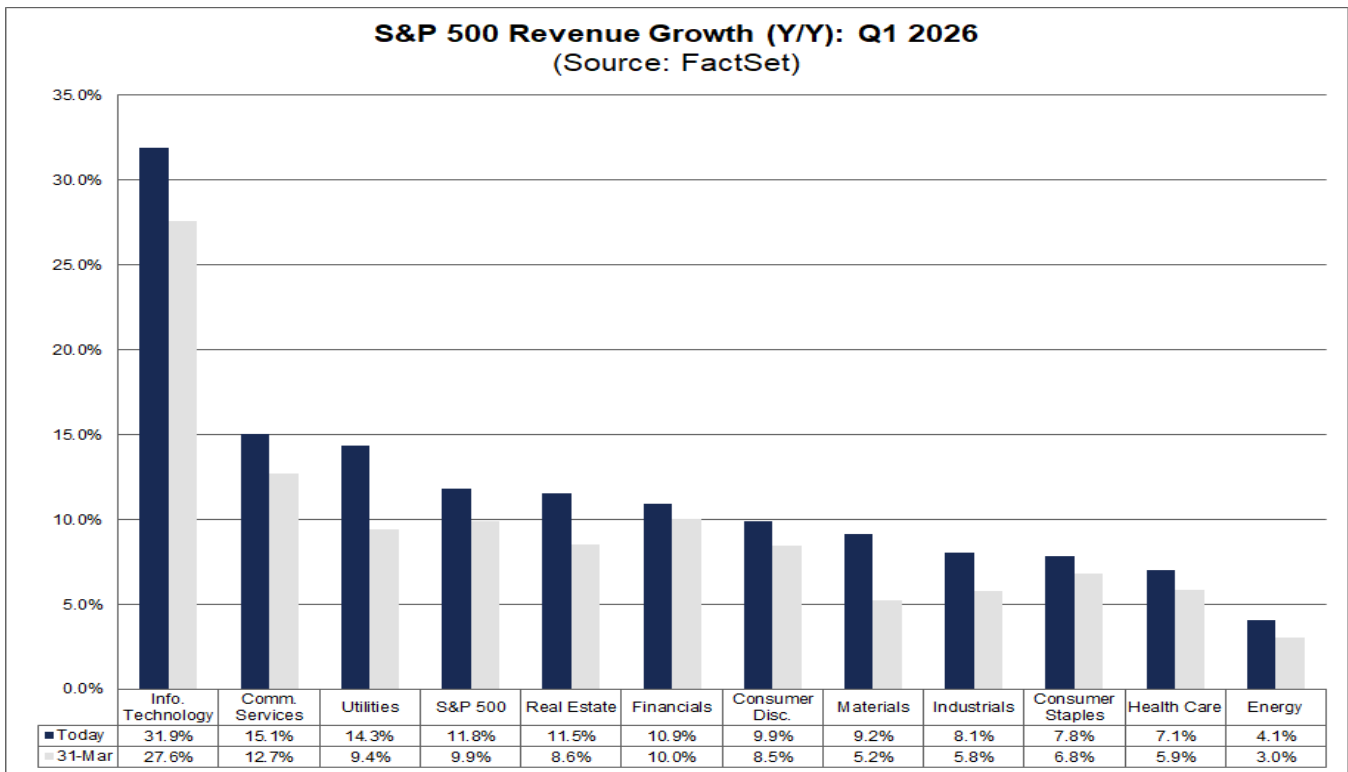
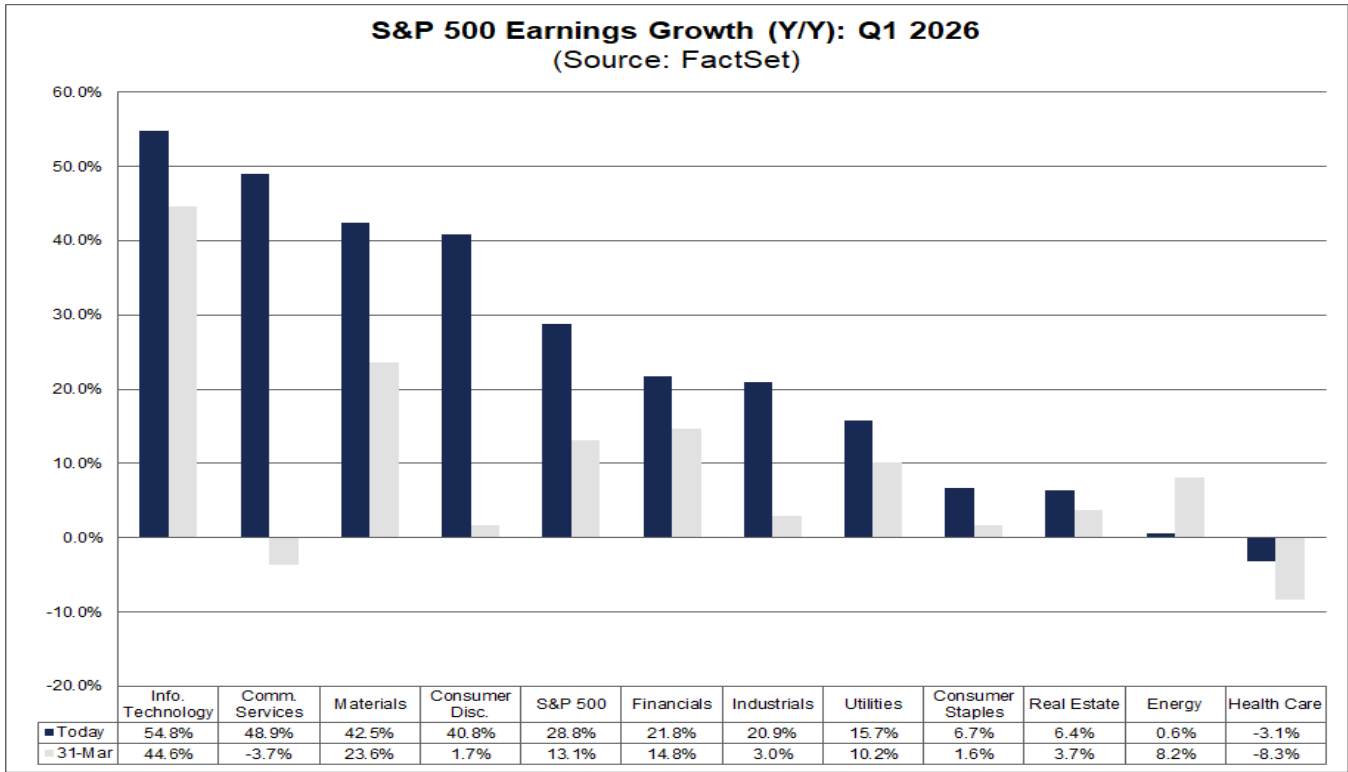
Q1 2026: Surprise



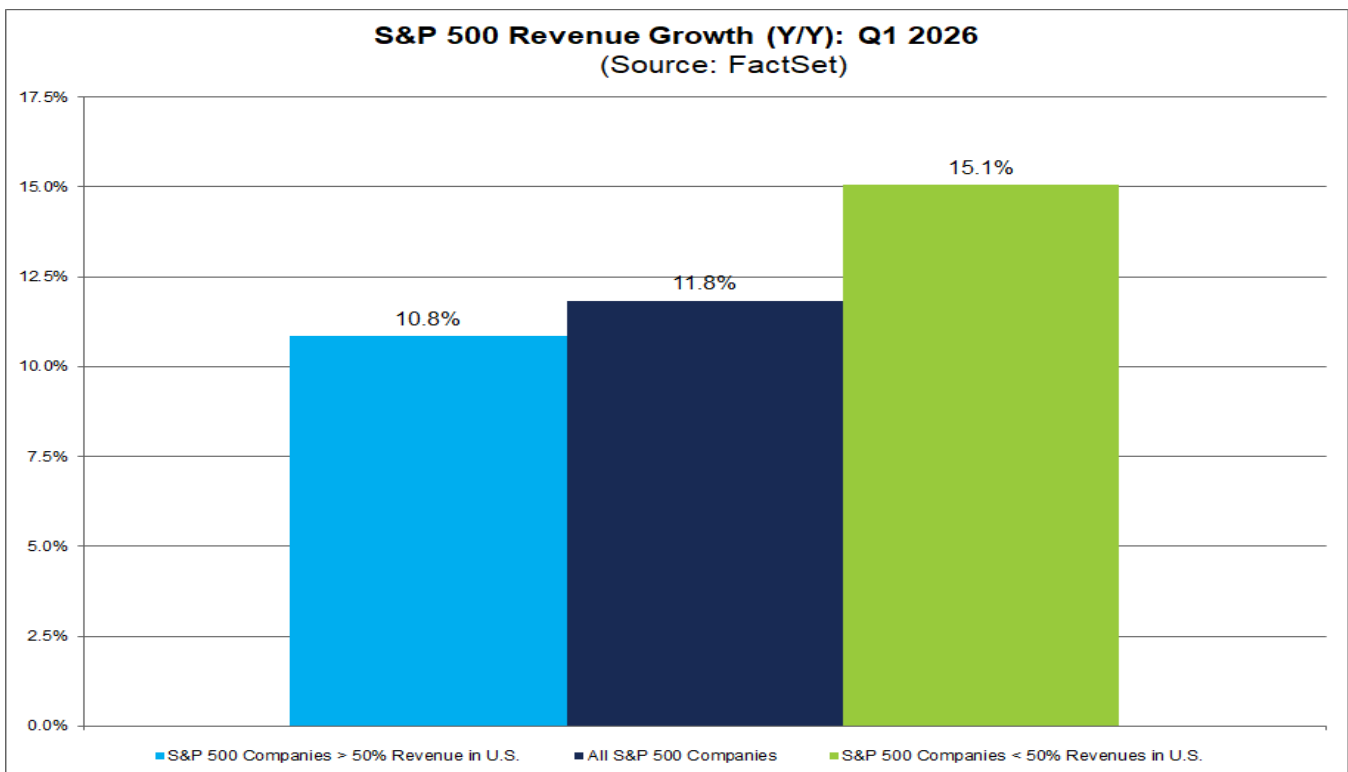
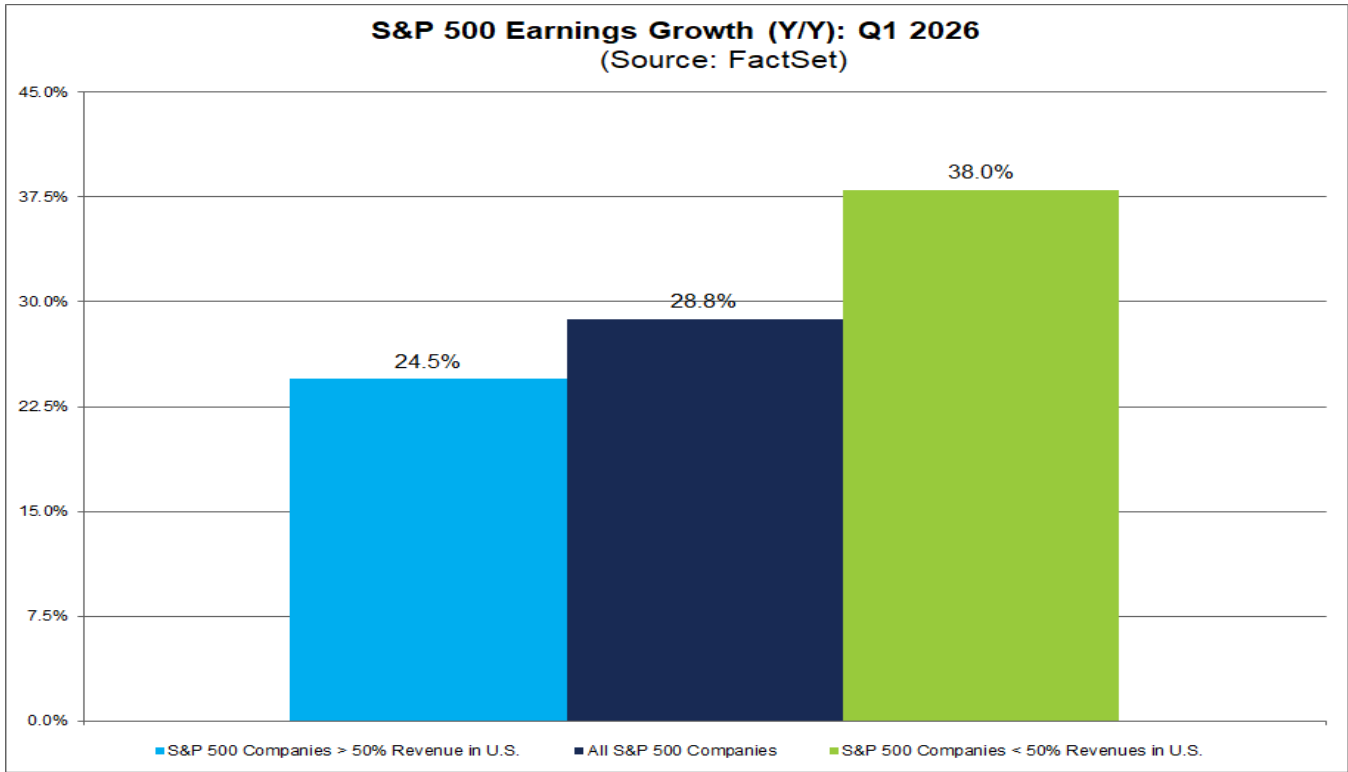
Q1 2026: Surprise



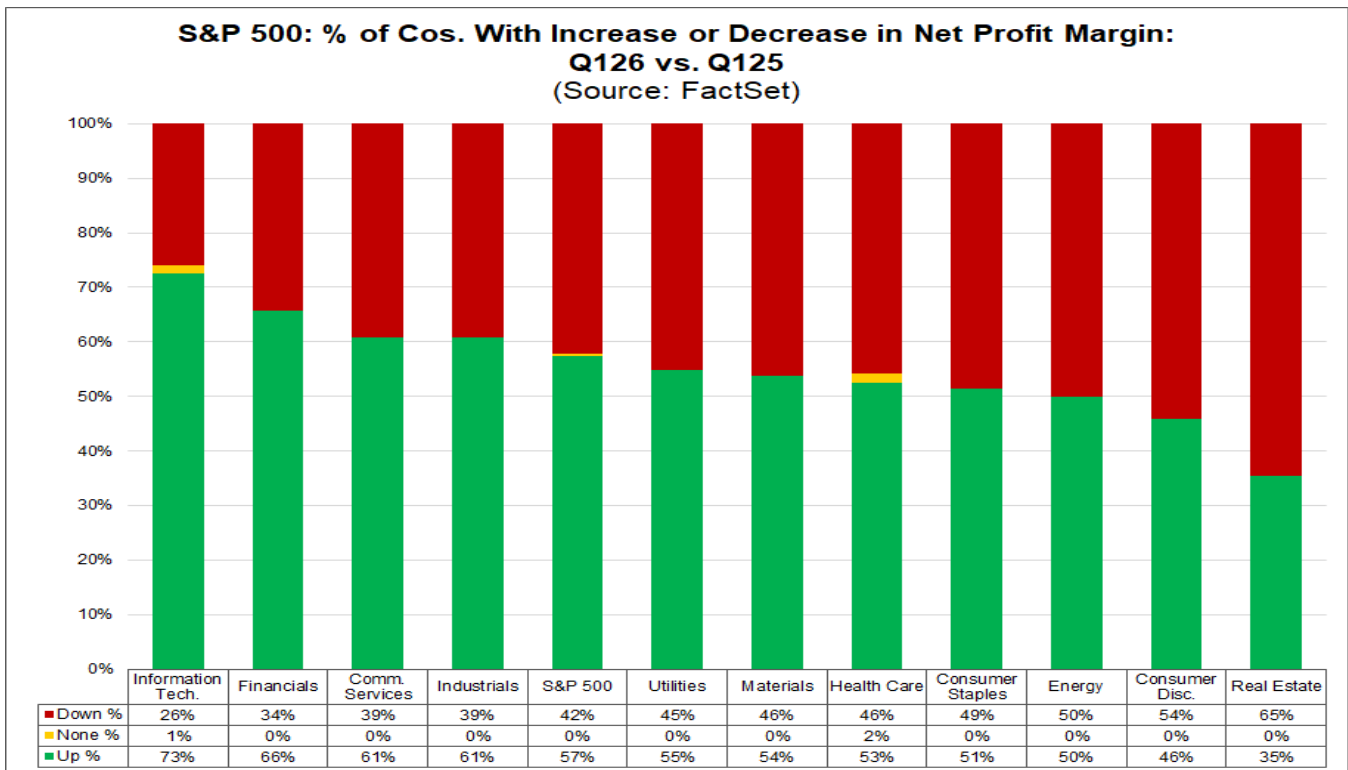
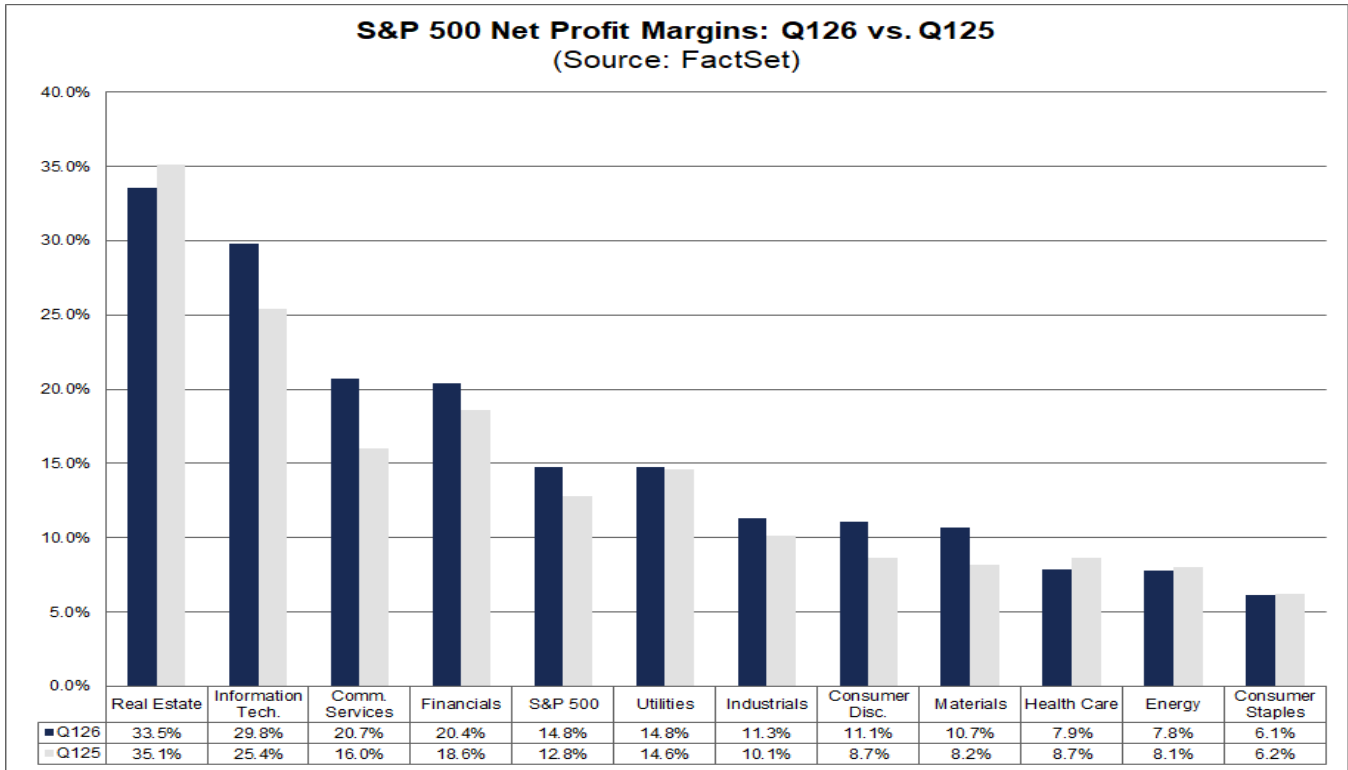
Q1 2026: Growth



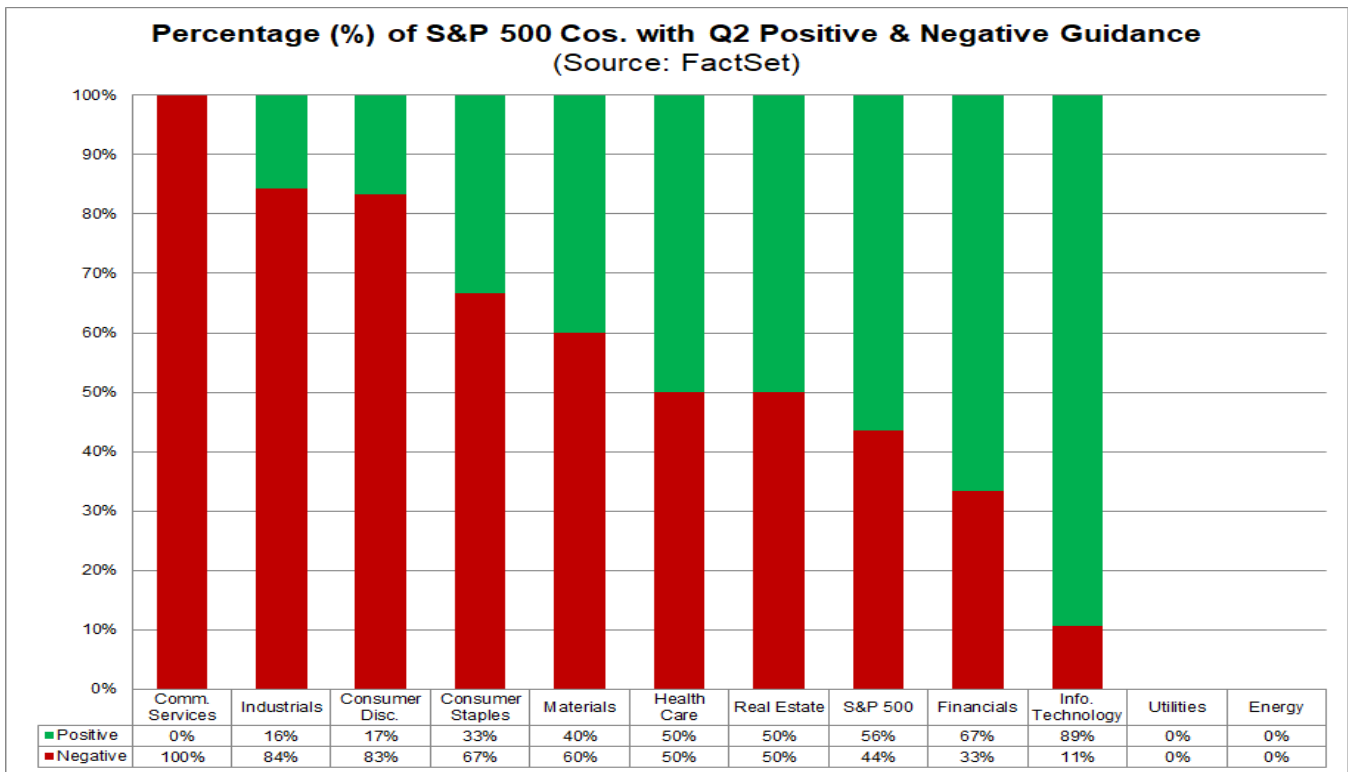
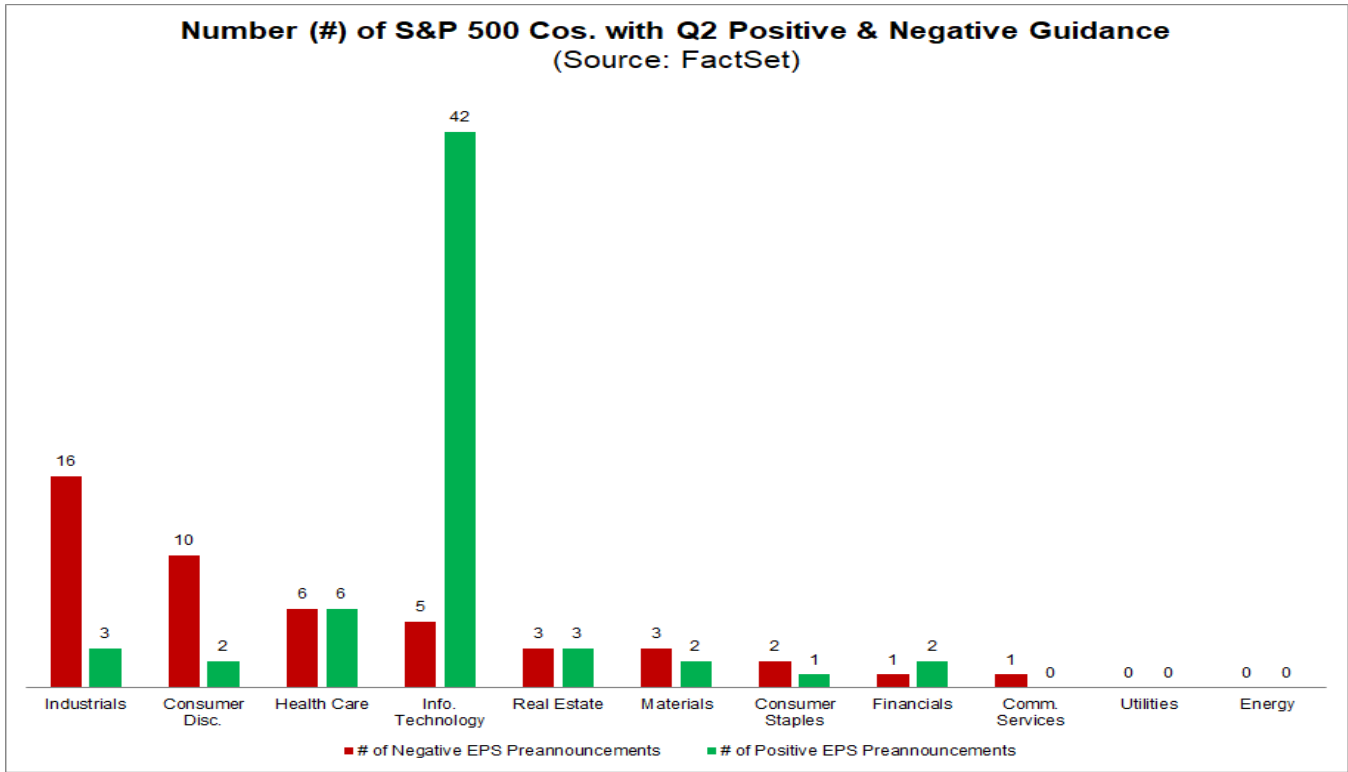
Q1 2026: Growth



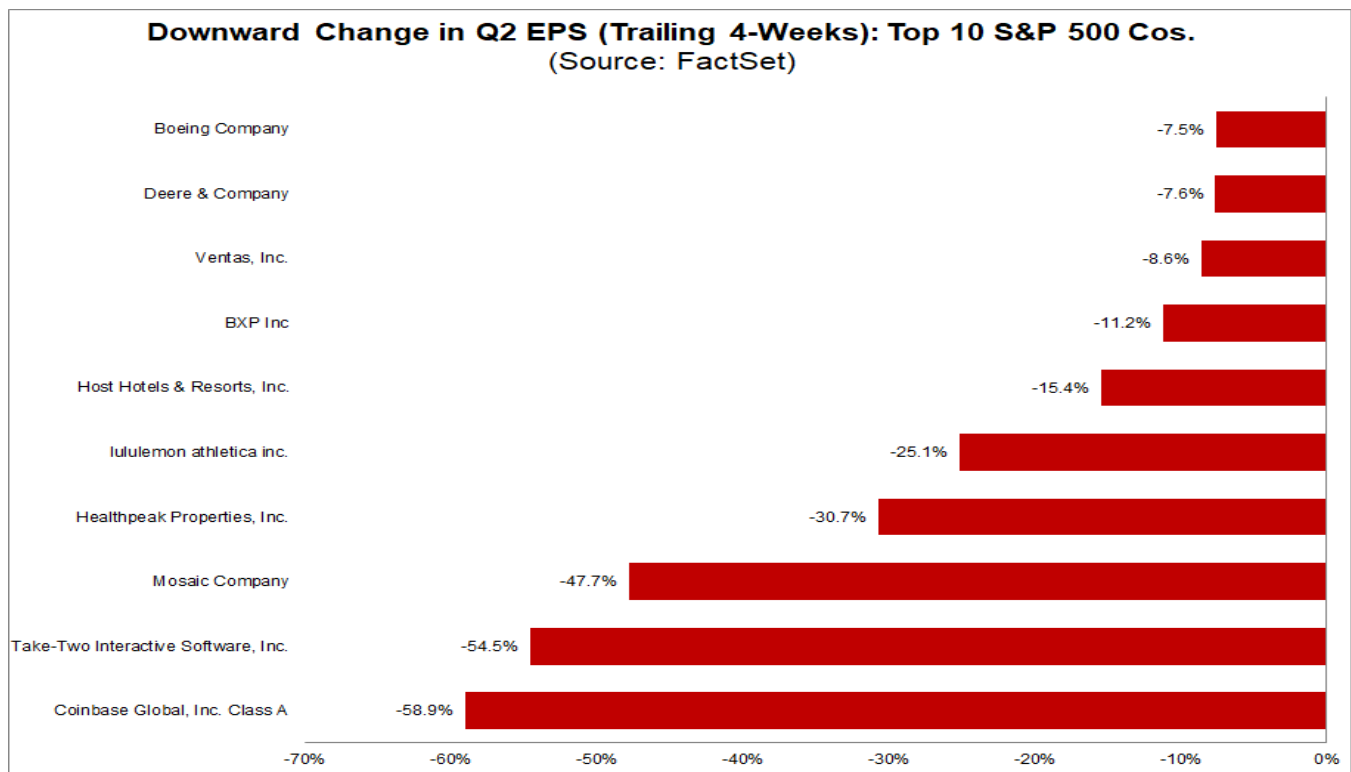
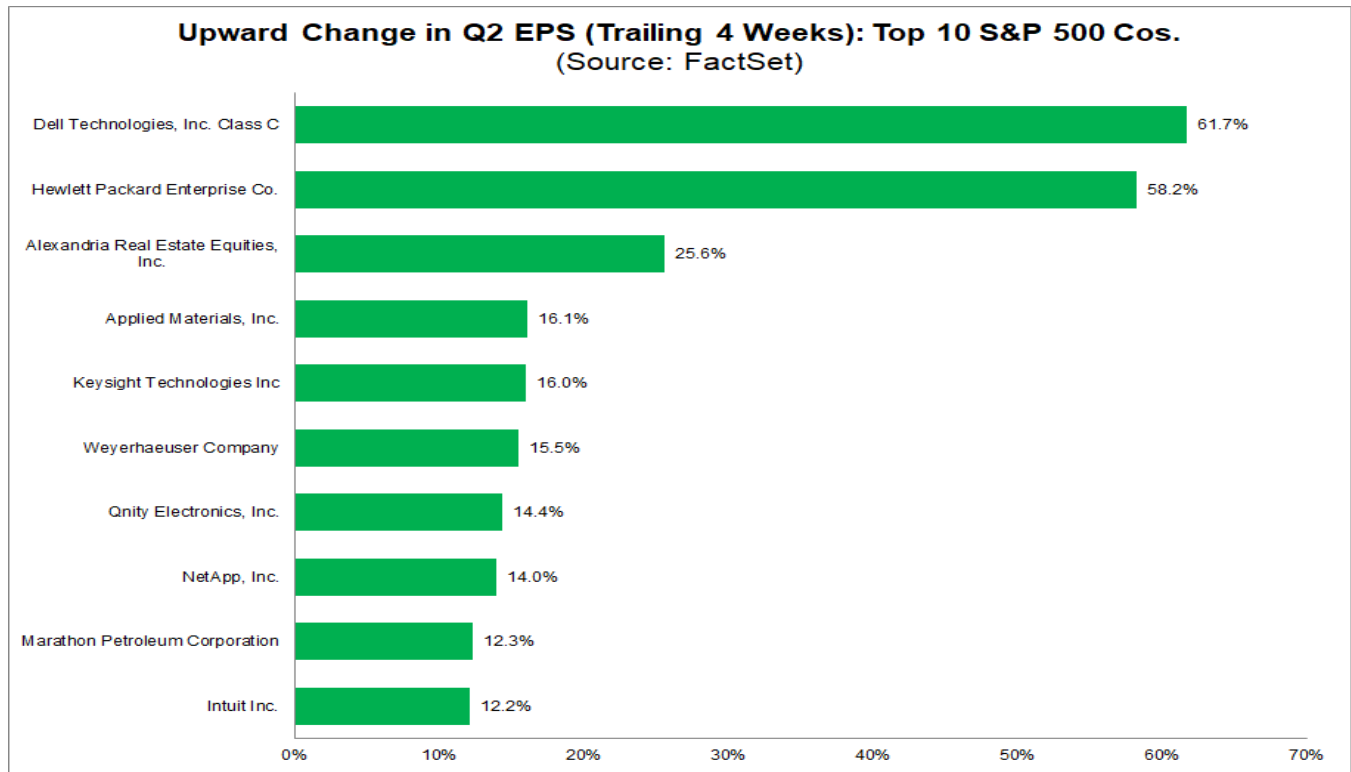
Q1 2026: Net Profit Margin



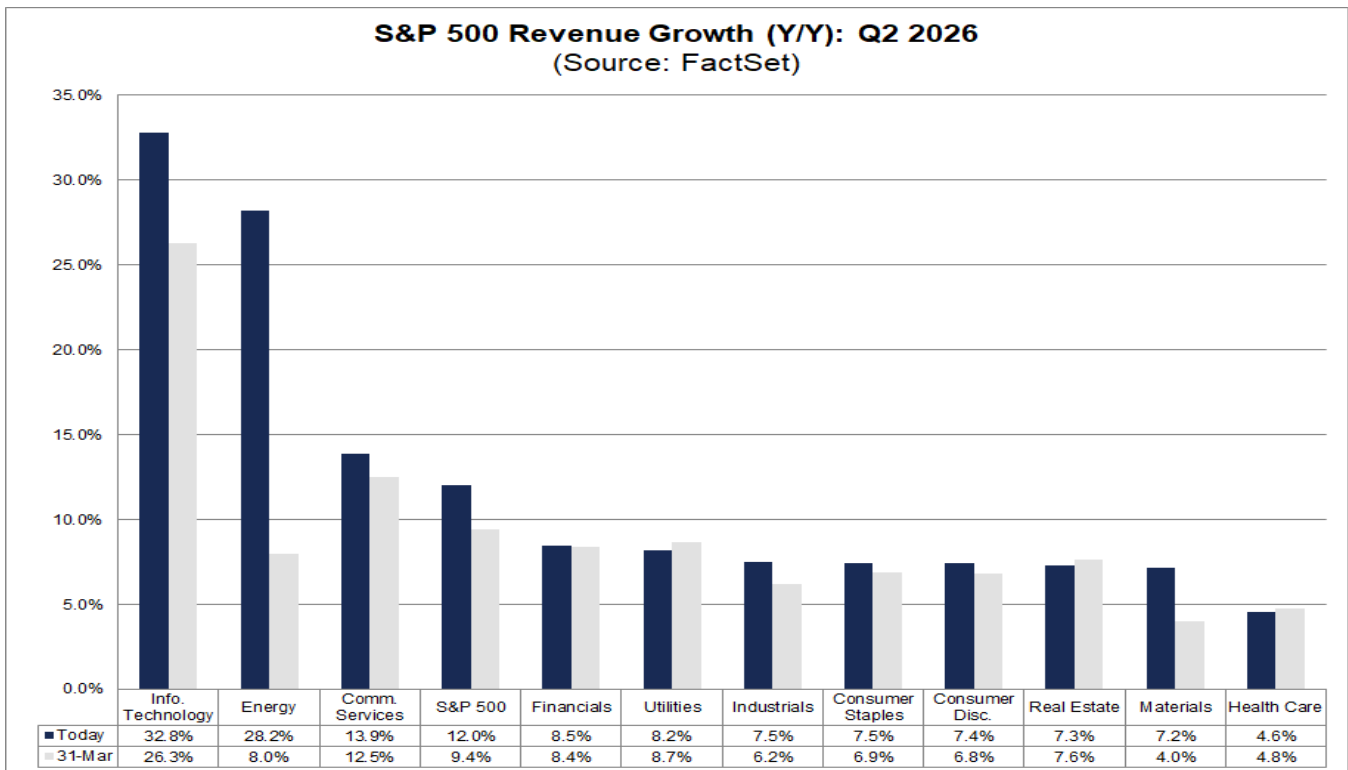
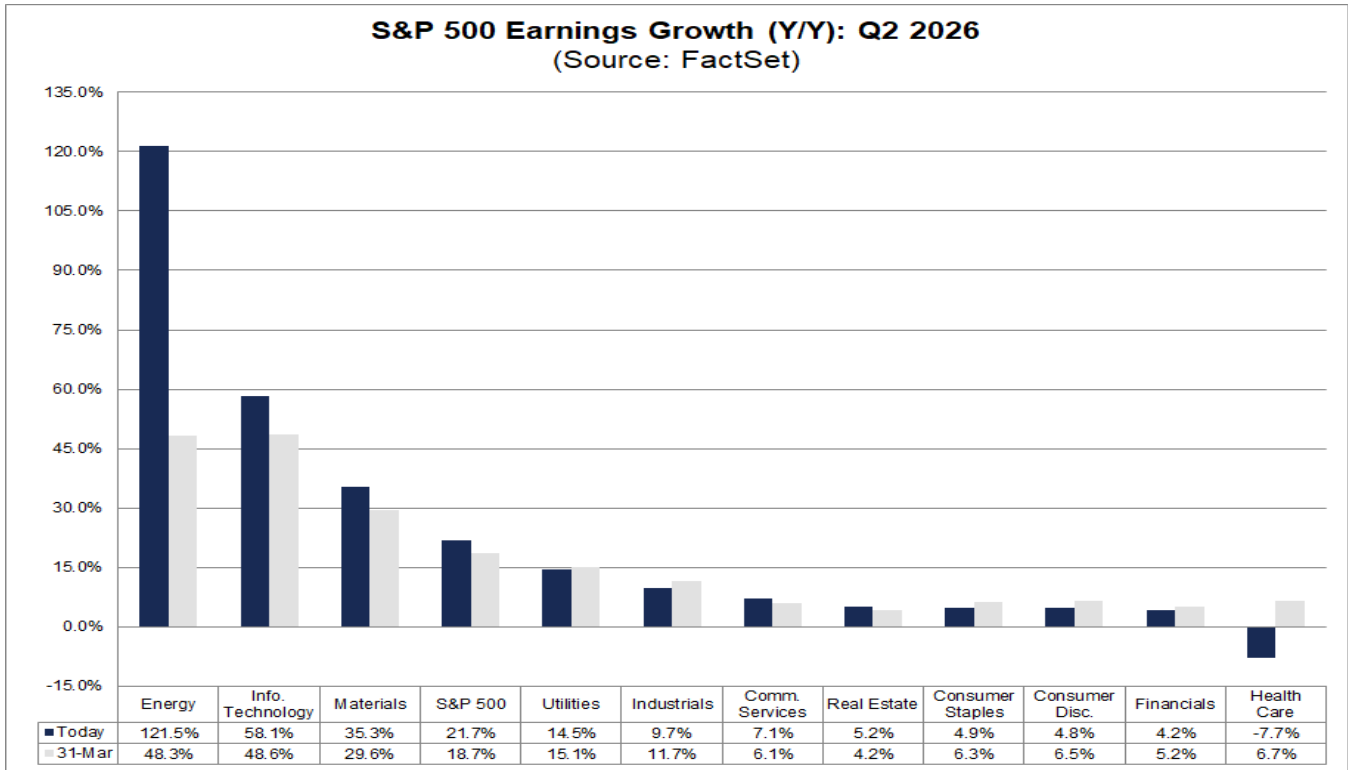
Q2 2026: Guidance



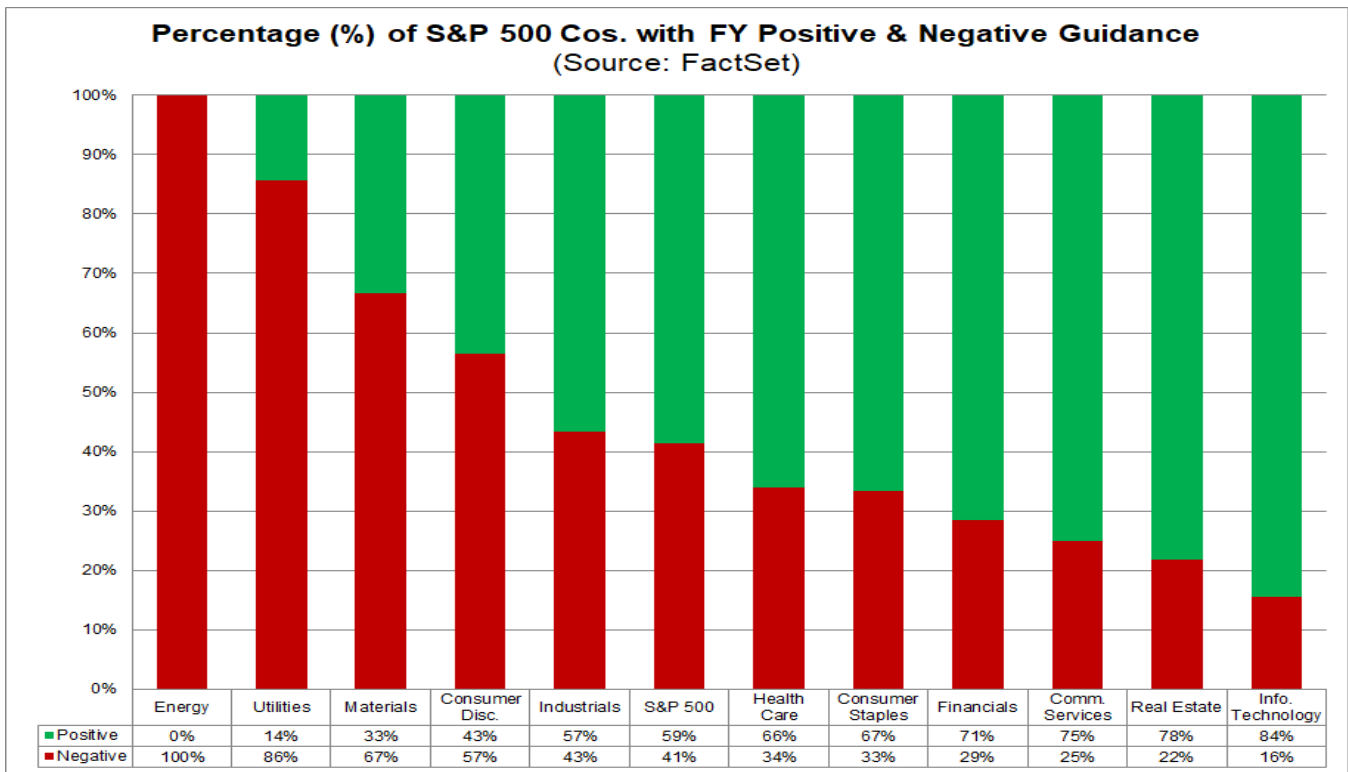
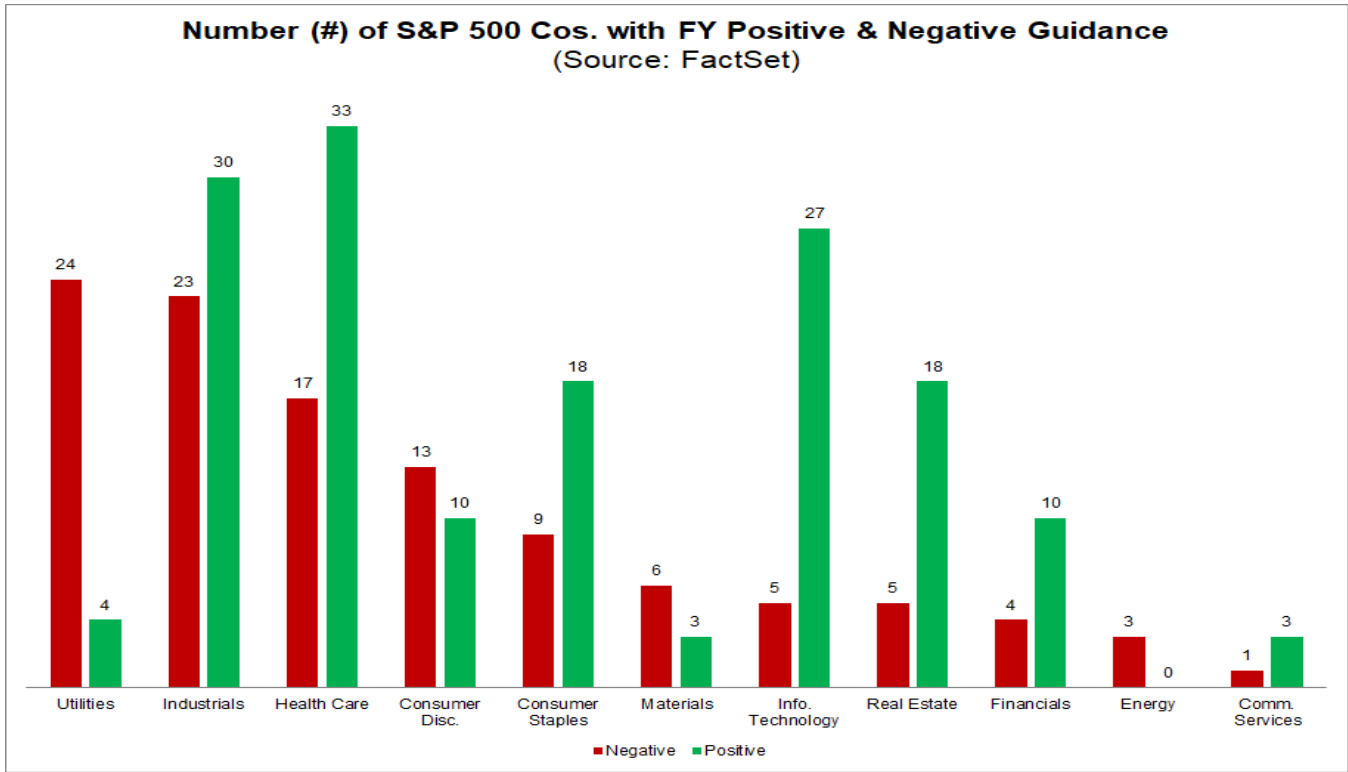
Q2 2026: EPS Revisions



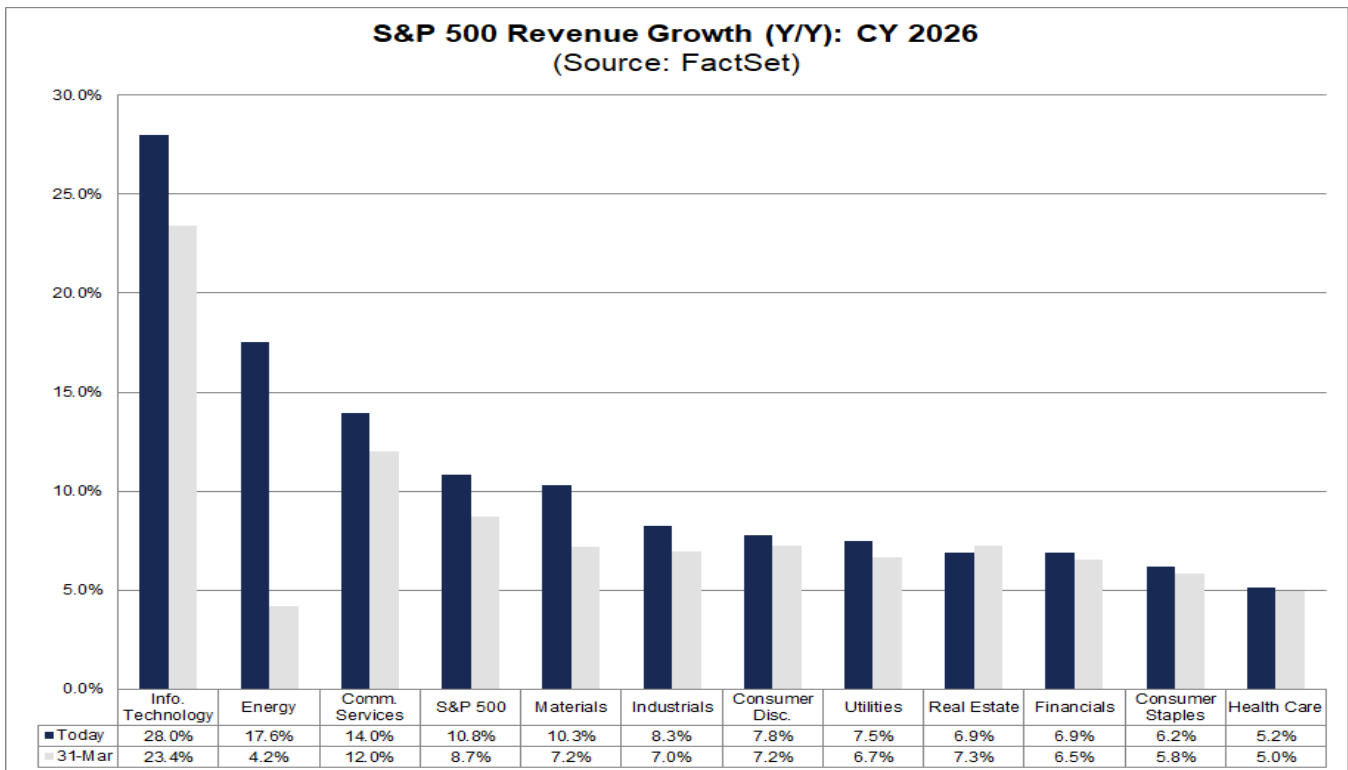
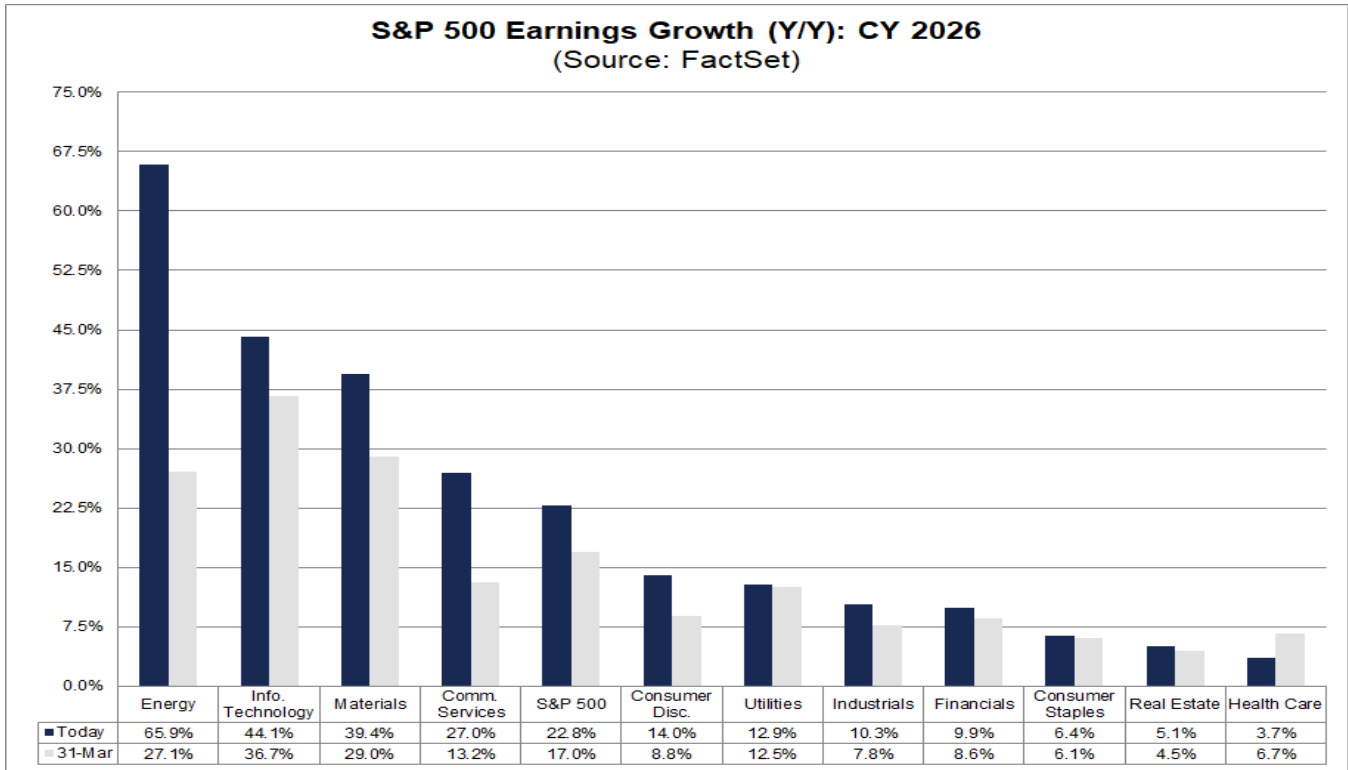
Q2 2026: Growth



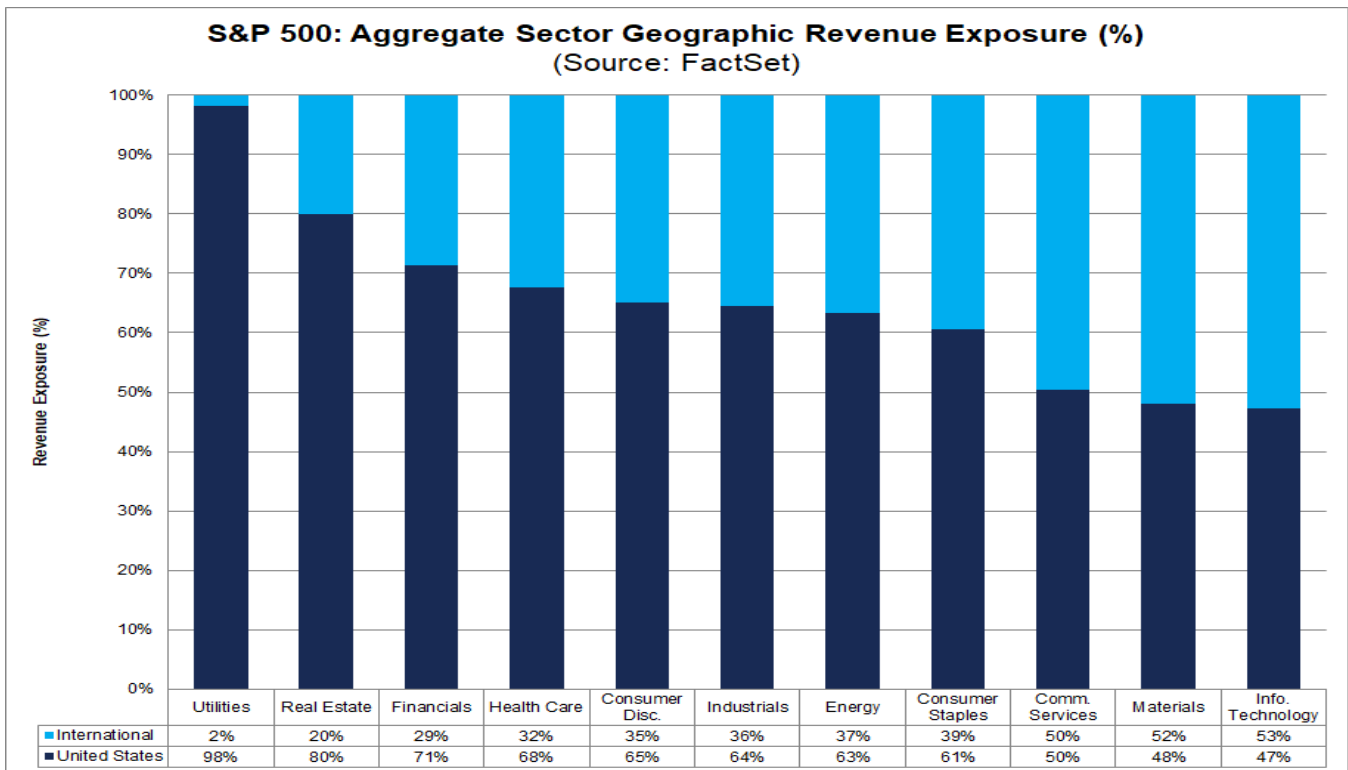
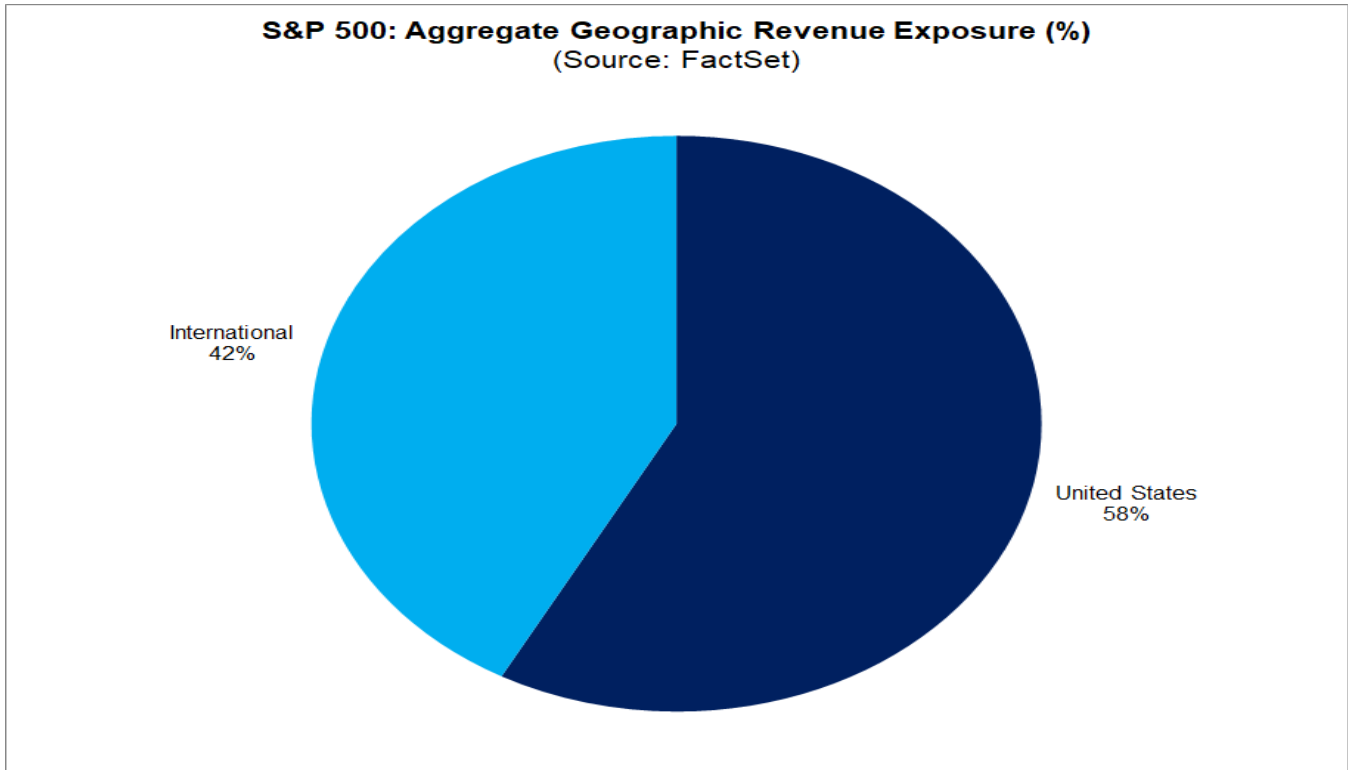
FY 2026 / 2027: EPS Guidance



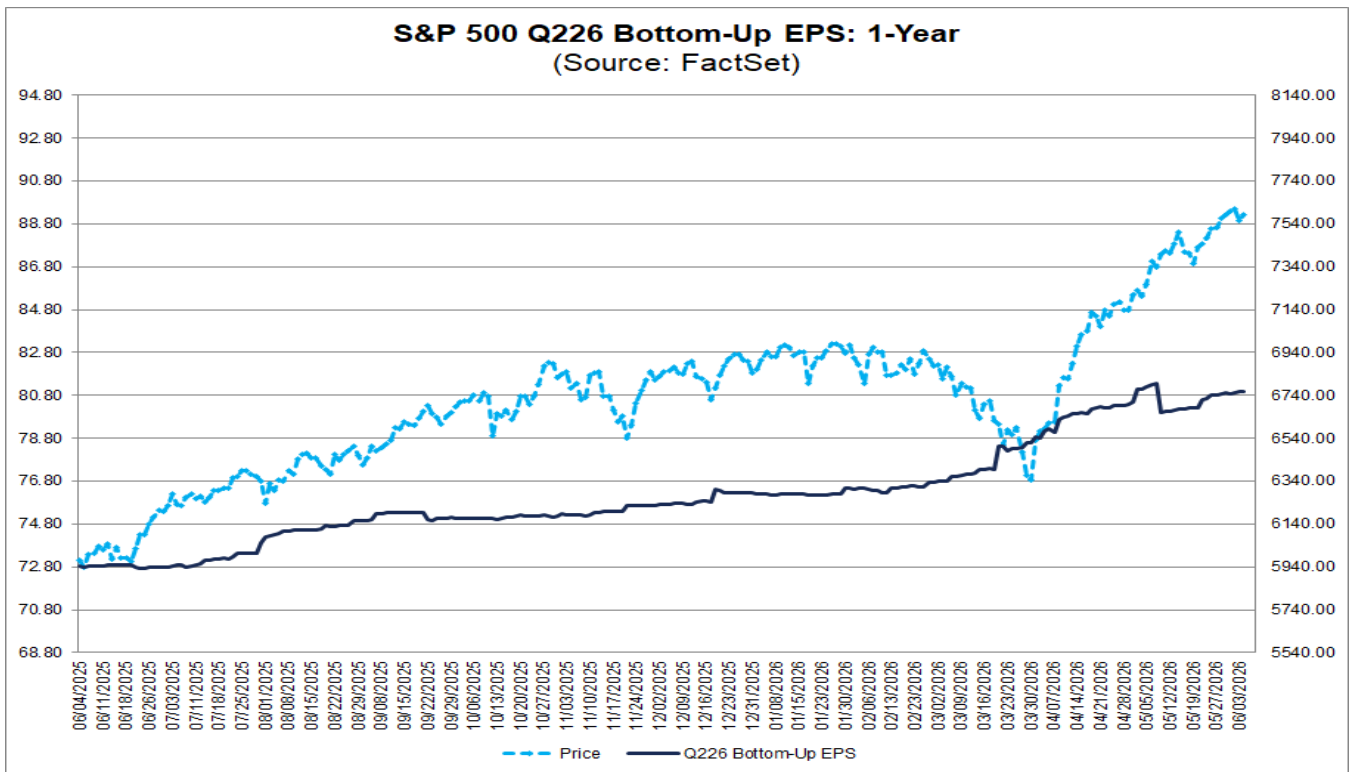
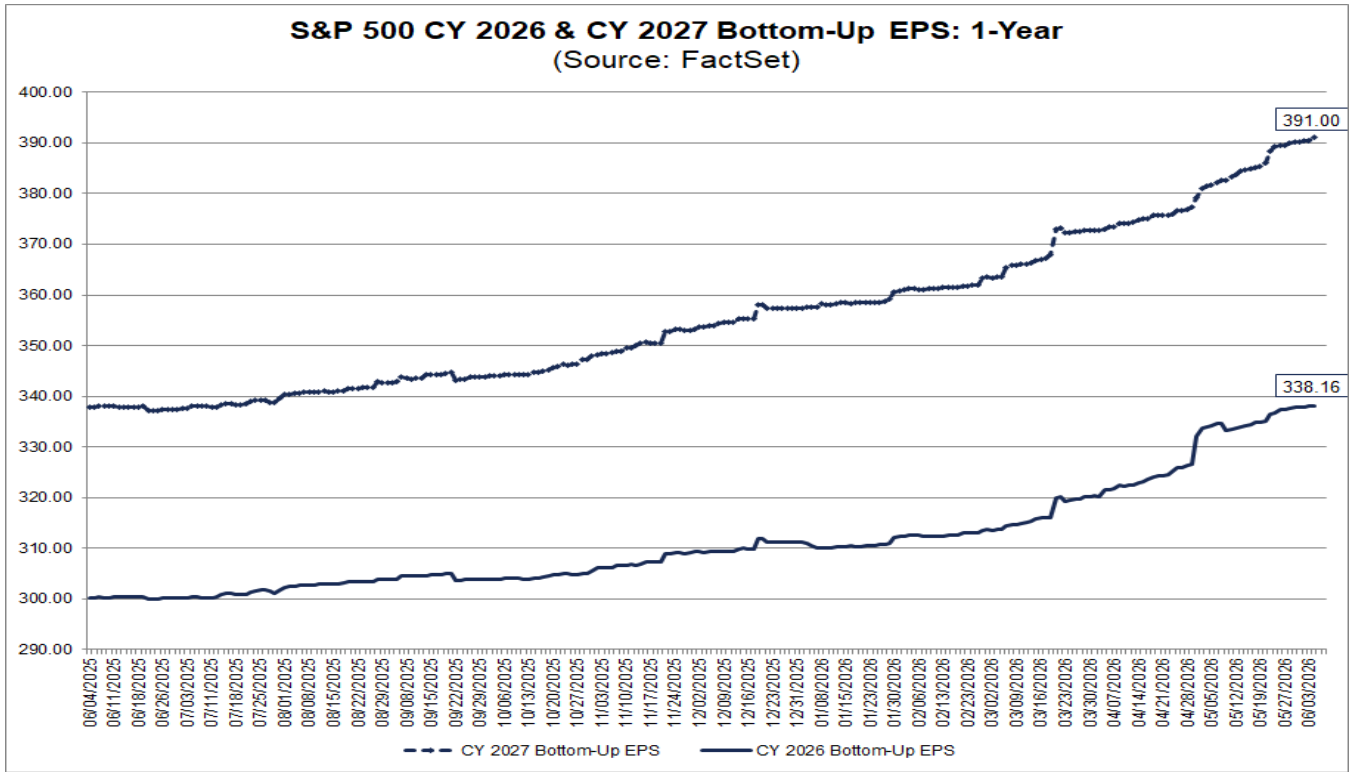
CY 2026: Growth



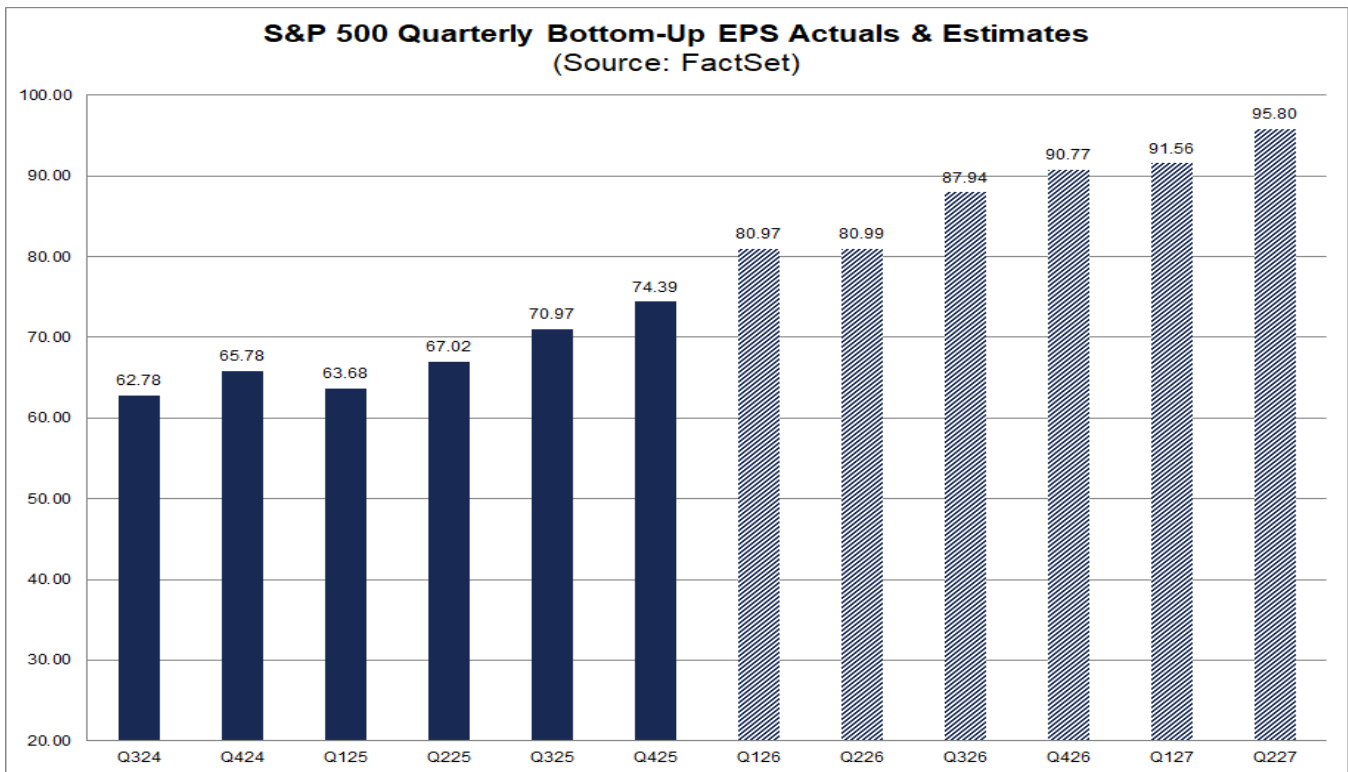
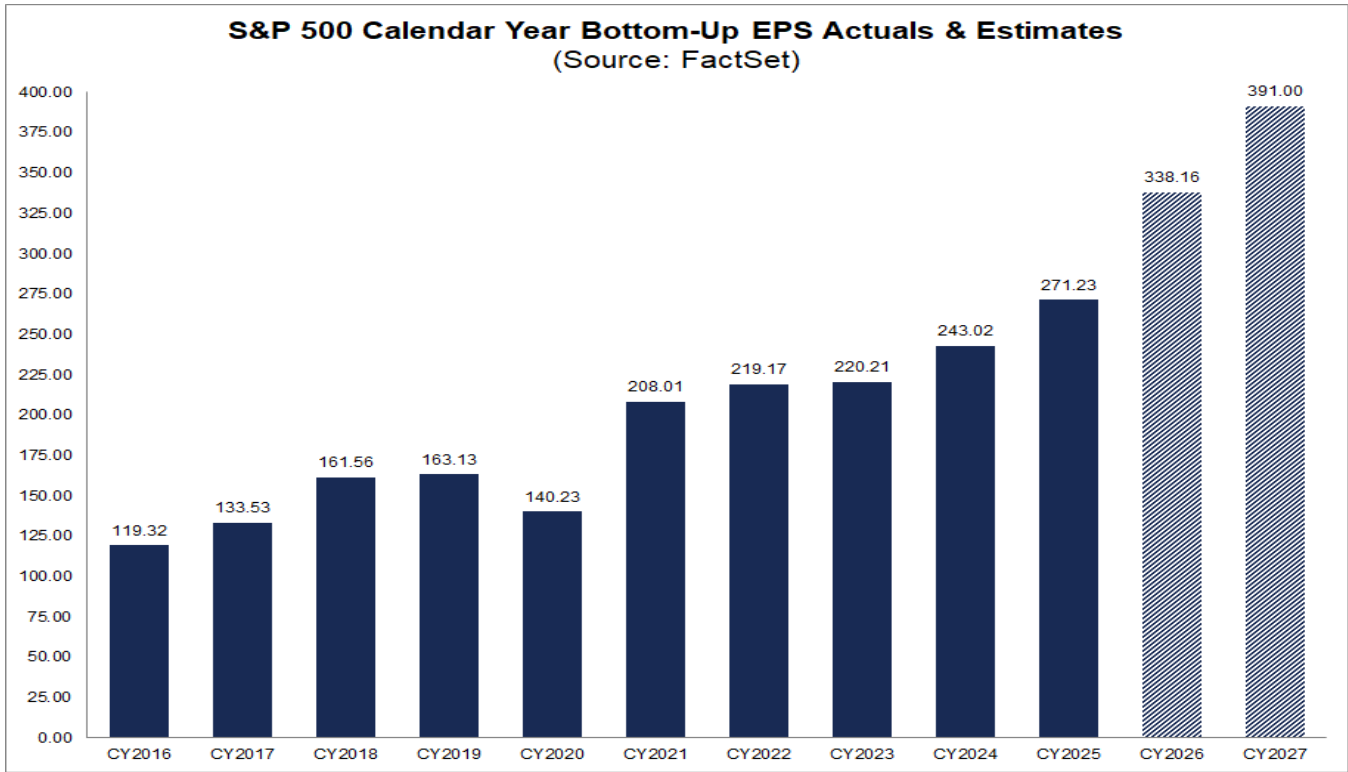
Geographic Revenue Exposure



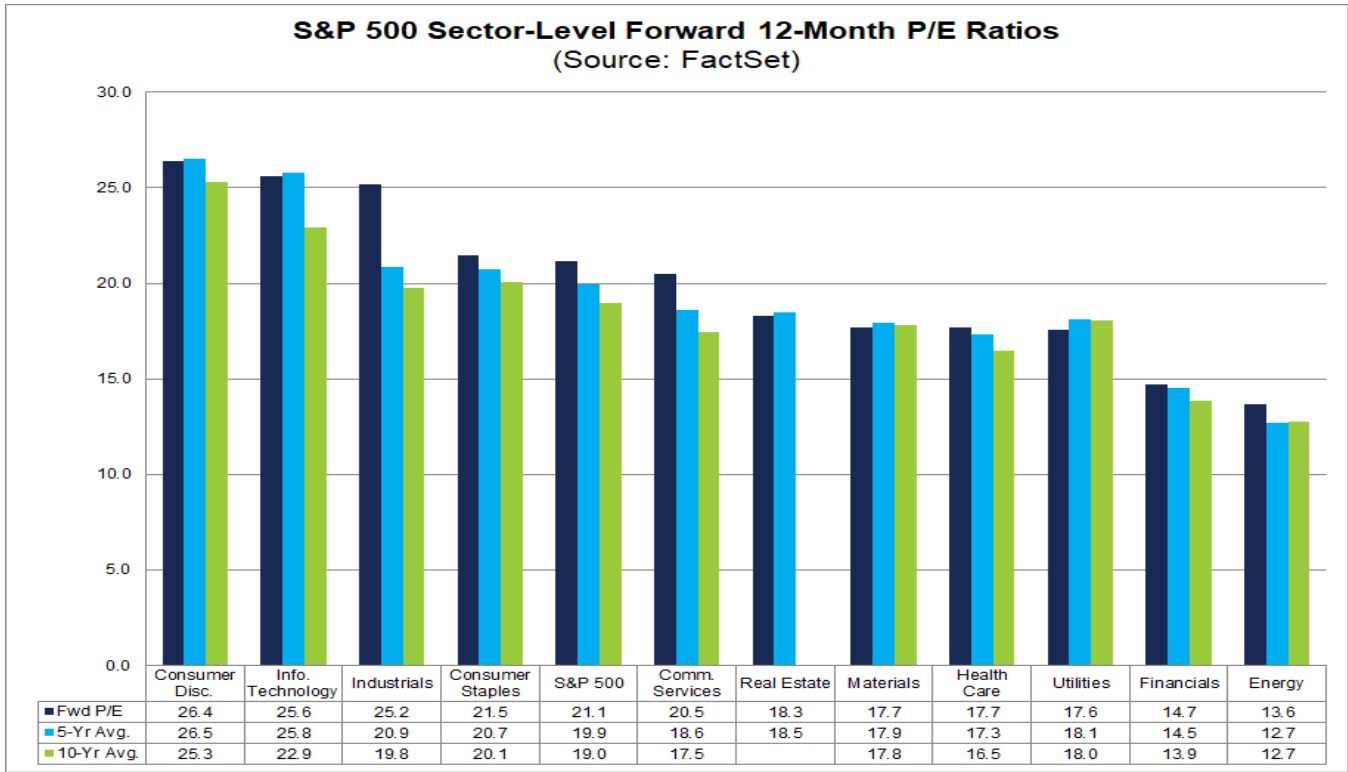
Bottom-Up EPS Estimates



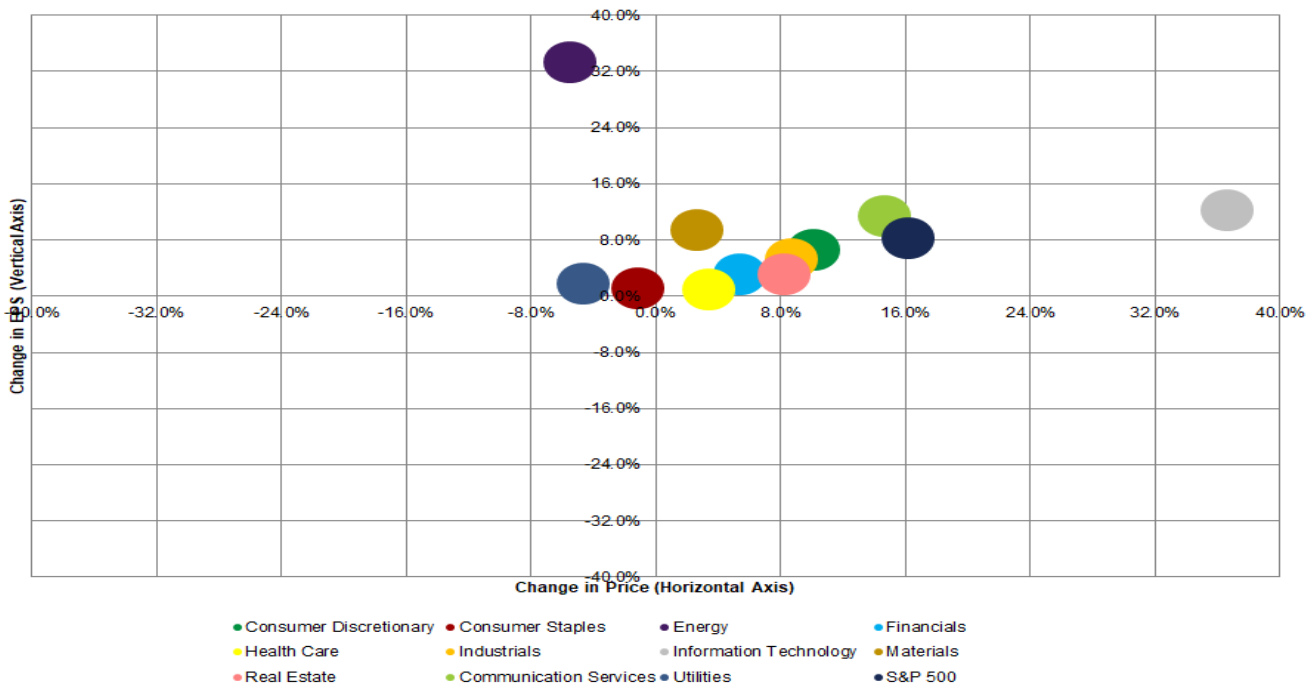
Bottom-Up EPS Estimates: Current & Historical



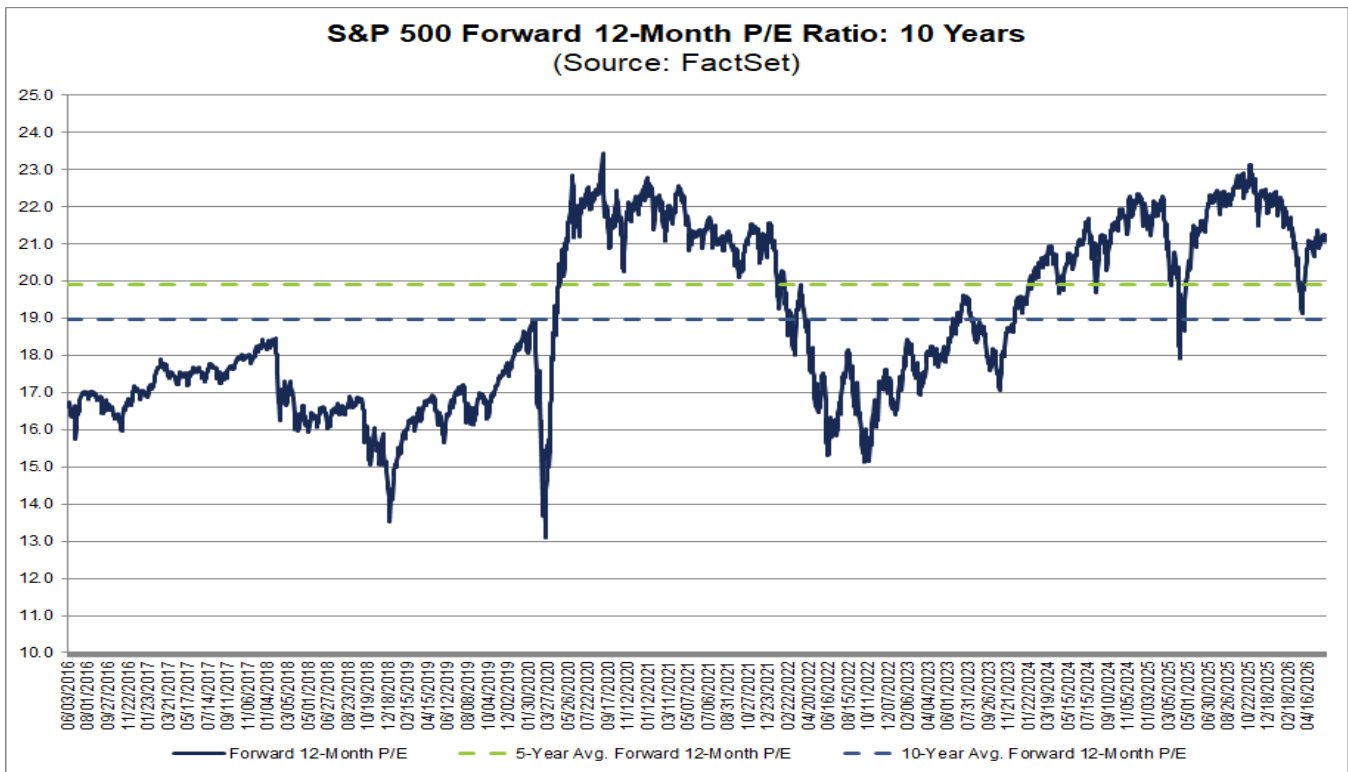
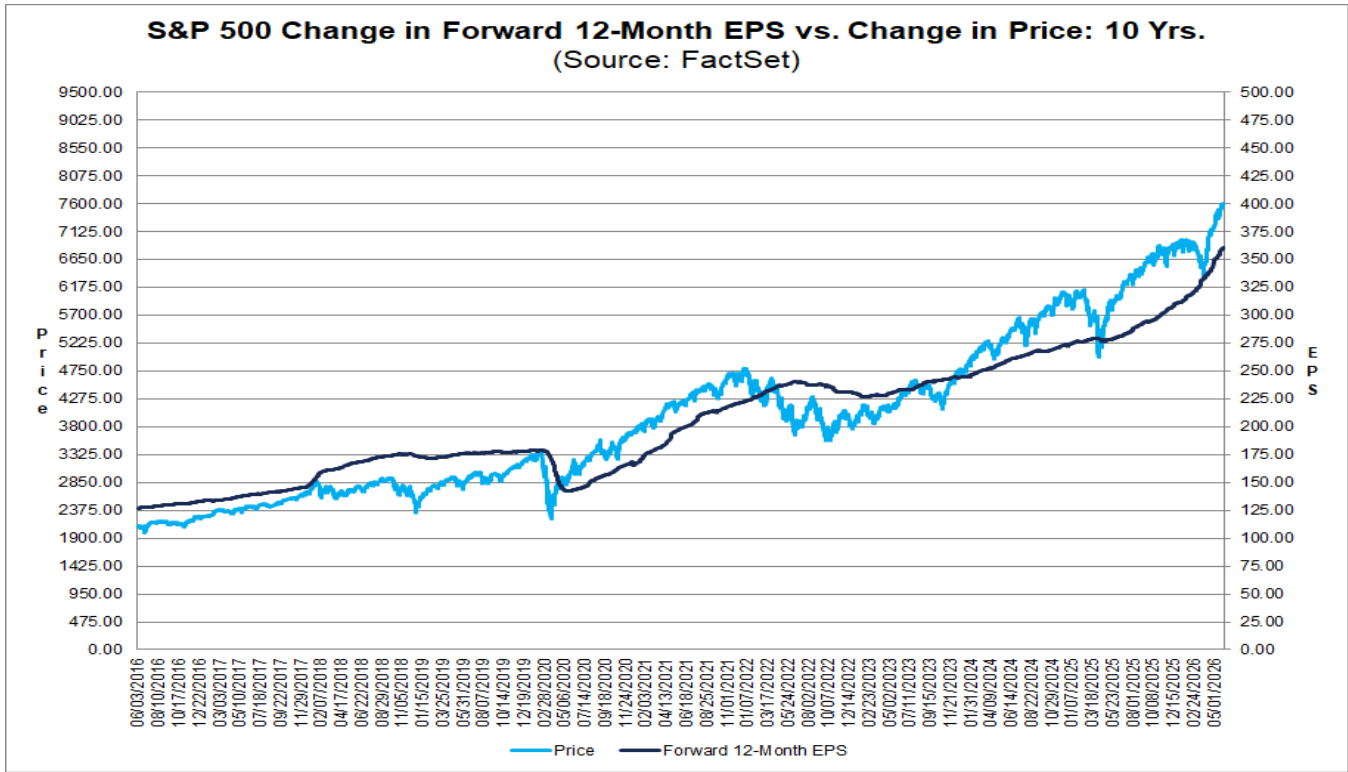
Forward 12M P/E Ratio: Sector Level



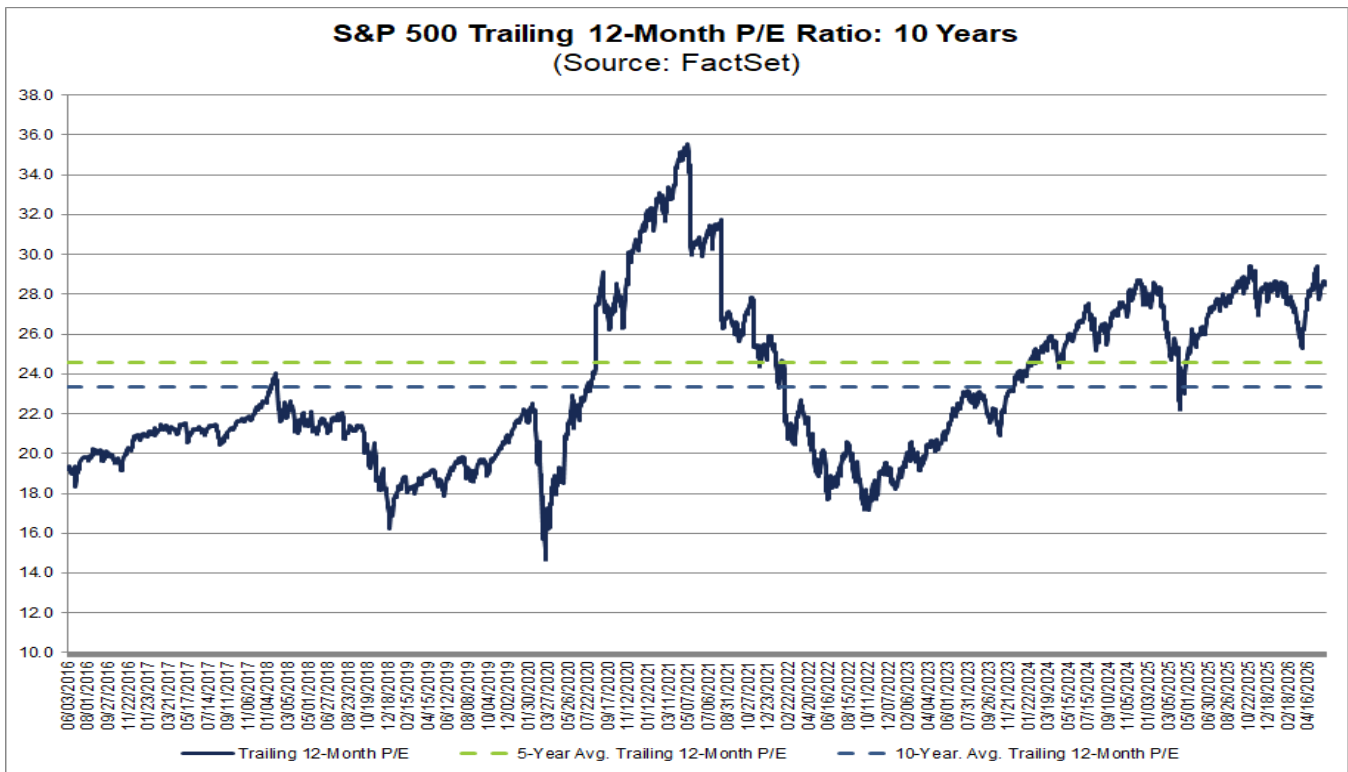
### Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Mar 31 (Source: FactSet)



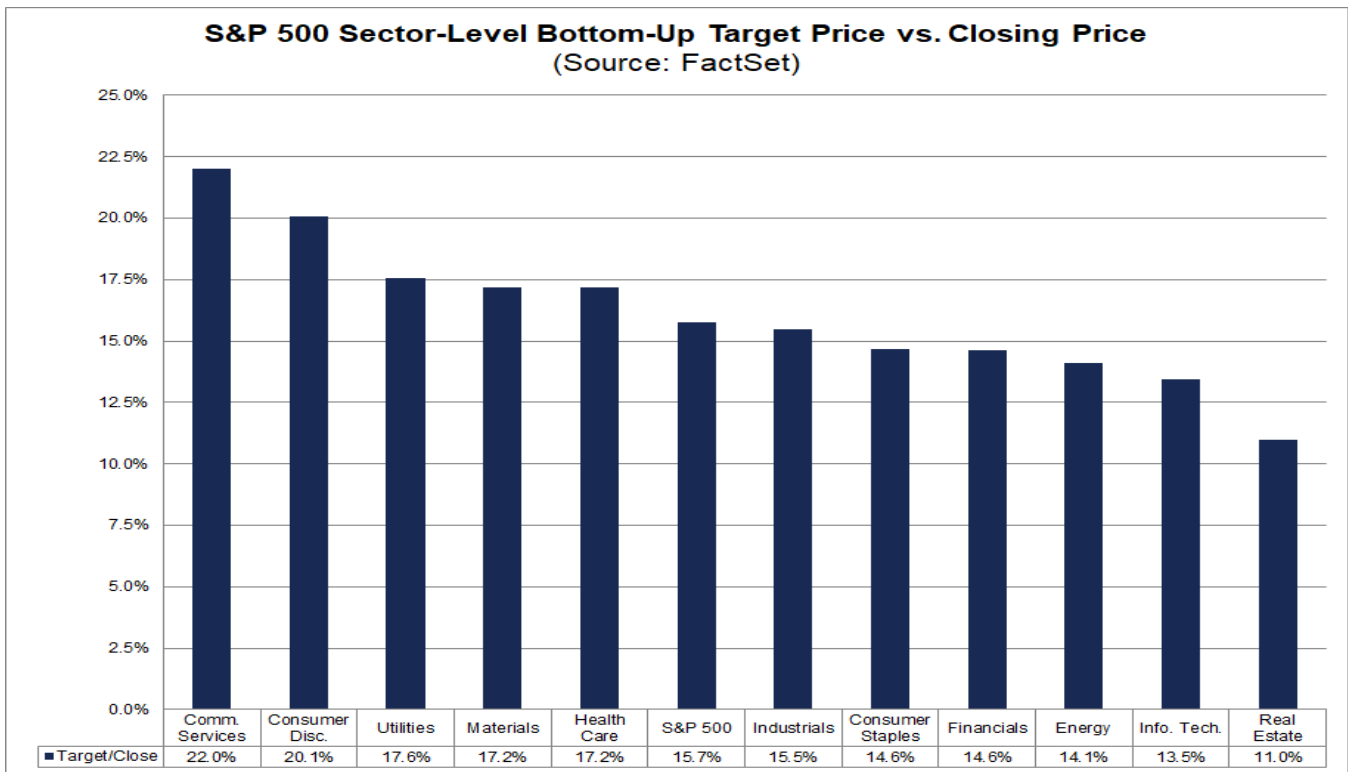
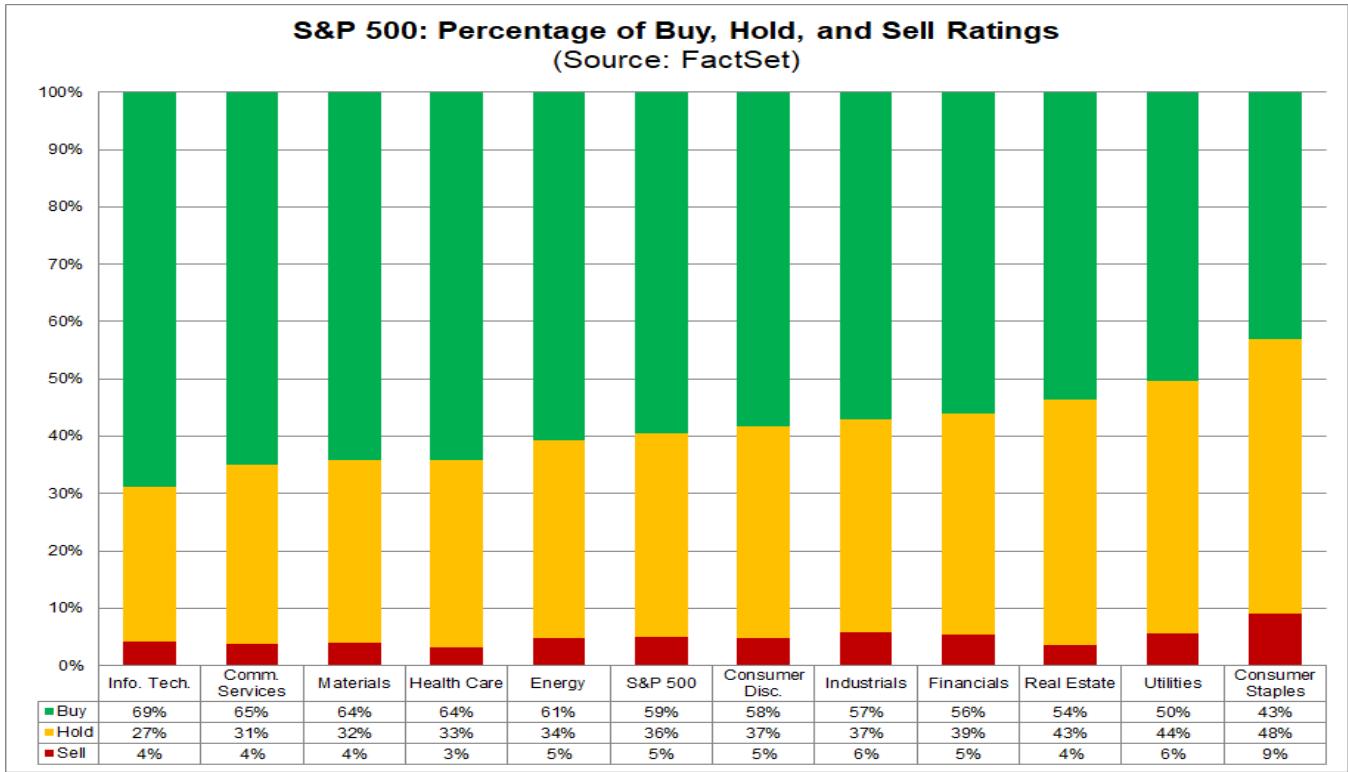
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



## Appendix: 1: Earnings Call Citations – “Oil” &amp; Annual EPS Guidance

**Lower Guidance (or No Update) Citing Oil Impact: 7** (Statements in **bold** highlighted by author)

*Our full-year guidance calls for earnings per share of \$2.21. This includes the first quarter operational improvement of \$0.07 per share as well as an additional \$0.04 per share of improvement in depreciation expense, fuel consumption, net interest expense, and income tax expense over the remaining three quarters of 2026. **However, that \$0.11 per share operational improvement for 2026 will be more than offset by a \$0.38 per share headwind from higher fuel prices driven by recent geopolitical events and reflected in our March guidance. Given the recent spike and volatility in fuel prices, we believe it is reasonable to assume some moderation over the balance of the year rather than base our guidance on current elevated spot prices. As a result, our guidance assumes the purchase price of fuel for the month of March and early April, Brent averaging \$90 per barrel for the remainder of April and May, Brent averaging \$85 per barrel for the third quarter, and Brent averaging \$80 per barrel for the fourth quarter. A 10% change in our fuel cost per metric ton excluding emission allowances for the remainder of the year impacts our bottom line by \$160 million or \$0.11 per share.*** -Carnival (Mar. 27)

*We woke up this morning with a very different set of fuel assumptions than we had when we went to bed. And in this environment, with this level of volatility, which we don't expect the volatility to stay at this pace day by day as this conflict progresses one way or the other. And so, until we have a better sense for where structurally we see oil landing, which we do believe will be higher for longer, not necessarily at the levels we modeled, we'll be in a **better opportunity to guide**, which I think is a little different than the situation where we were a year ago, where that was more revenue-based and that was a much more difficult wild card.* -Delta Air Lines (Apr. 8)

*Oil is incredibly volatile right now, but because we think we're moving towards 100% pass-through, it allows us to have confidence in both our near and medium-term earnings trajectory, and that's so that we can still provide guidance...**For the full year, we are providing an updated and widened guidance range to encompass multiple scenarios.** As we've experienced over the last two months, the world can change quickly, but in both higher and lower fuel price scenarios, we expect to recapture 40% to 50% of the increased fuel cost in the second quarter, 70% to 80% in the third quarter, and 85% to 100% by the fourth quarter. We expect to deliver a full-year 2026 EPS in the \$7 to \$11 range. The demand environment to-date remains strong, and we expect will support a double-digit increase in RASM in the second quarter and for the full year. **If fuel prices remain on a downward trend, we expect to be in the upper half of the guidance ranges. And if fuel re-escalates, we would expect to be in the lower half of the guidance ranges.*** -United Airlines Holdings (Apr. 22)

*Slide 4 shows the inflation impacts to our profit guidance and the offsetting measures we've identified to mitigate. **For background, the magnitude of specific input costs changed significantly as we move through the first quarter primarily related to two dynamics. An approximate \$100 million increase in the price of memory chips, which are critical components utilized in many of our products, as well as an increase in oil and freight costs of approximately \$100 million. Other inflation impacts are expected to total approximately \$50 million with metals such as tungsten as an example. Prior to any mitigation, the gross impact of these costs is approximately \$250 million or \$0.43 per share. We expect to offset more than half of the inflation impact in 2026 with price and cost actions. Taking a prudent view for the year, we are reducing our full year adjusted EPS guidance by \$0.15 associated with the remaining inflation impact.*** -GE Healthcare Technologies (Apr. 29)

*Our revised 2026 outlook includes an adjusted EPS range of **\$3.70 to \$4 per share**. This excludes a relatively net-cash-neutral North America water treatment restructuring and impairment charge of approximately \$20 million that we expect to recognize in the second quarter. Key assumptions within our outlook include steel costs have steadily risen throughout the first quarter, leading us to increase our full-year 2026 steel cost assumption to be a year-over-year increase of approximately 15% compared to 2025. **In addition, due to recent oil price volatility, our transportation and certain material cost assumptions have also increased since our previous guidance.*** -A.O. Smith Corporation (Apr. 30)

*Moving to fuel, we now expect fuel expense to be approximately \$800 million based on the current spot prices. However, fuel expense would be approximately 6% lower if rates were based on the forward curve. As a result of softer-than-expected top line performance and higher fuel costs, partially offset by better cost performance, we are reducing our full year adjusted EBITDA guidance to between \$2.48 billion and \$2.64 billion, and our adjusted EPS guidance to between \$1.45 and \$1.79. We recognize these results are significantly below expectations...Again, we just said we're assuming the environment doesn't change from where it is today. We're not assuming it gets any worse. We're not assuming magically it goes away next week and oil goes back to \$50 a barrel. We've just sort of assumed that the environment stays the way it is. -Norwegian Cruise Line Holdings (May 4).*

*Looking ahead, we expect the memory and storage environment to remain constrained. In addition, we also anticipate broader inflationary pressures beyond memory and storage, including oil prices and their downstream effects... However, with the meaningful progress we have made against our mitigation playbook, we are now more confident in our ability to deliver higher EPS this fiscal year. As such, we now expect diluted net earnings per share to be in the range of \$2.90 to \$3.10... We are seeing rising cost for resin based on the oil situation right now. But that said, it's not too significant for us, and it is built into our outlook. -HPQ Inc. (May 27)*

## Important Notice

The information contained in this report is provided “as is” and all representations, warranties, terms and conditions, oral or written, express or implied (by common law, statute or otherwise), in relation to the information are hereby excluded and disclaimed to the fullest extent permitted by law. In particular, FactSet, its affiliates and its suppliers disclaim implied warranties of merchantability and fitness for a particular purpose and make no warranty of accuracy, completeness or reliability of the information. This report is for informational purposes and does not constitute a solicitation or an offer to buy or sell any securities mentioned within it. The information in this report is not investment advice. FactSet, its affiliates and its suppliers assume no liability for any consequence relating directly or indirectly to any action or inaction taken based on the information contained in this report.

FactSet aggregates and redistributes estimates data and does not conduct any independent research. Nothing in our service constitutes investment advice or FactSet recommendations of any kind. Estimates data is provided for information purposes only.

FactSet has no relationship with creators of estimates that may reasonably be expected to impair its objective presentation of such estimate or recommendation. FactSet redistributes estimates as promptly as reasonably practicable from research providers.

## About FactSet

FactSet (NYSE:FDS | NASDAQ:FDS) supercharges financial intelligence, offering enterprise data and information solutions that power our clients to maximize their potential. Our cutting-edge digital platform seamlessly integrates proprietary financial data, client datasets, third-party sources, and flexible technology to deliver tailored solutions across the buy-side, sell-side, wealth management, private equity, and corporate sectors. With over 47 years of expertise, offices in 19 countries, and extensive multi-asset class coverage, we leverage advanced data connectivity alongside AI and next-generation tools to streamline workflows, drive productivity, and enable smarter, faster decision-making. Serving more than 9,000 global clients and over 241,000 individual users, FactSet is a member of the S&P 500 dedicated to innovation and long-term client success. Learn more at [www.factset.com](http://www.factset.com) and follow us on X and LinkedIn