Key Metrics

- **Earnings Scorecard**: For Q2 2024 (with 14% of S&P 500 companies reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 62% of S&P 500 companies have reported a positive revenue surprise.

- **Earnings Growth**: For Q2 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 9.7%. If 9.7% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%).

- **Earnings Revisions**: On June 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q2 2024 was 8.9%. Five sectors are reporting higher earnings today (compared to June 30) due to upward revisions to EPS estimates and positive EPS surprises.

- **Earnings Guidance**: For Q3 2024, 5 S&P 500 companies have issued negative EPS guidance and 5 S&P 500 companies have issued positive EPS guidance.

- **Valuation**: The forward 12-month P/E ratio for the S&P 500 is 21.2. This P/E ratio is above the 5-year average (19.3) and above the 10-year average (17.9).
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Topic of the Week:
Which “Magnificent 7” Companies Are Top Contributors to Earnings Growth for the S&P 500 for Q2?

A number of the companies in the “Magnificent 7” saw their stock prices increase during the second quarter, which helped to drive the value of the S&P 500 higher during this period. Are companies in the “Magnificent 7” also expected to drive earnings higher for the S&P 500 for the second quarter?

The answer is yes. Four of the companies in the “Magnificent 7” are projected to be among the top five contributors to year-over-year earnings growth for the S&P 500 for Q2 2024. These four companies (in order of highest to lowest contribution) are NVIDIA, Amazon.com, Meta Platforms, and Alphabet.

Outside of the “Magnificent 7” companies, Merck is expected to be the top overall contributor to earnings growth for Q2 for the index. Merck is benefitting from an easier comparison to a loss reported in the year-ago quarter.

In aggregate, these four “Magnificent 7” companies are expected to report year-over-year earnings growth of 56.4% for the second quarter. Excluding these four companies, the blended (combines actual and estimated results) earnings growth rate for the remaining 496 companies in the S&P 500 would be 5.7% for Q2 2024. Overall, the blended earnings growth rate for the entire S&P 500 for Q2 2024 is 9.7%.

Analysts predict these four companies in aggregate will report year-over-year earnings growth of more than 25% for the remaining two quarters of 2024. However, it is interesting to note that analysts believe the other 496 companies in the index will report double-digit (year-over-year) earnings growth starting in Q4 2024.
S&P 500: Top 5 Contributors* to Q2 2024 Earnings Growth (Y/Y)
(Source: FactSet)

*Companies are not listed in order of contribution

S&P 500 Earnings Growth (Y/Y): Q1 2024 - Q4 2024
(Source: FactSet)
Q2 Earnings Season: By The Numbers

Overview

At this early stage, the second quarter earnings season for the S&P 500 is off to a mixed start. On the one hand, the percentage of S&P 500 companies reporting positive earnings surprises is above average levels. On the other hand, the magnitude of earnings surprises is below average levels. At the sector level, a significant increase in earnings for the Financials sector is being partially offset by a substantial decrease in earnings for the Energy sector. As a result, the index overall is reporting higher earnings for the second quarter today relative to the end of last week and relative to the end of the quarter. In addition, the index is reporting its highest (year-over-year) earnings growth rate since Q4 2021.

Overall, 14% of the companies in the S&P 500 have reported actual results for Q2 2024 to date. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 5.5% above estimates, which is below the 5-year average of 8.6% and below the 10-year average of 6.8%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for companies in the Energy sector, were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since June 30, upward revisions to EPS estimates and positive EPS surprises reported by companies in the Financials sector, again partially offset by downward revisions to EPS estimates for companies in the Energy sector, 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 second 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 second quarter is 9.7% today, compared to an earnings growth rate of 9.1% last week and an earnings growth rate of 8.9% at the end of the second quarter (June 30).

If 9.7% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the fourth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are reporting (or are projected to report) year-over-year growth. Four of these eight sectors are reporting double-digit growth: Communication Services, Health Care, Information Technology, and Financials. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Materials sector.

In terms of revenues, 62% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% and below the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.7% above the estimates, which is below the 5-year average of 2.0% but above 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.

During the past week, downward revisions to revenue estimates for companies in the Energy sector, partially offset by positive revenue surprises reported by companies in the Financials sector, were the largest contributors to the slight decrease in the overall revenue growth rate for the index over this period. Since June 30, positive revenue surprises reported by companies in the Financials sector have been mainly offset by downward revisions to revenue estimates for companies in the Energy sector, resulting in no change to the overall revenue growth rate for the index over this period.
As a result, the index is reporting lower revenues for the second quarter today relative to the end of last week, but reporting flat revenues relative to the end of the quarter. The blended revenue growth rate for the second quarter is 4.7% today, compared to a revenue growth rate of 4.8% last week and a revenue growth rate of 4.7% at the end of the second quarter (June 30).

If 4.7% is the actual revenue growth rate for the quarter, it will mark the 15th consecutive quarter of revenue growth for the index.

Nine sectors are reporting (or are projected to report) year-over-year growth in revenue, led by the Information Technology sector. On the other hand, two sectors are reporting a year-over-year decline in earnings, led by the Materials sector.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 7.4% and 17.0% for Q3 2024, and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 11.0%.

The forward 12-month P/E ratio is 21.2, which is above the 5-year average (19.3) and above the 10-year average (17.9). This P/E ratio is also above the forward P/E ratio of 21.0 recorded at the end of the second quarter (June 30).

During the upcoming week, 138 S&P 500 companies (including seven Dow 30 components) are scheduled to report results for the second quarter.

Scorecard: Number of Positive EPS Surprises Is Above Average

Percentage of Companies Beating EPS Estimates (80%) is Above 5-Year Average

Overall, 14% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 80% have reported actual EPS above the mean EPS estimate, 7% have reported actual EPS equal to the mean EPS estimate, and 13% 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 (78%), above the 5-year average (77%), and above the 10-year average (74%). 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 Consumer Discretionary (100%), Health Care (100%), and Materials (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (33%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+5.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 5.5% above expectations. This surprise percentage is below the 1-year average (+6.5%), below the 5-year average (+8.6%), and below the 10-year average (+6.8%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Consumer Discretionary (+12.9%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival Corporation ($0.11 vs. -$0.01) and NIKE ($1.01 vs. $0.84) have reported the largest positive EPS surprises.

The Financials (+7.7%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Discover Financial Services ($6.06 vs. $3.10), Progressive Corporation ($2.65 vs. $2.05), American Express ($4.15 vs. $3.26), and Travelers Companies ($2.51 vs. $2.01) have reported the largest positive EPS surprises.
Market Rewarding Positive EPS Surprises Less Than Average

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

Companies that have reported positive earnings surprises for Q2 2024 have seen an average price increase of +0.3% two days before the earnings release through two days after the earnings release. This percentage increase is smaller than the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q2 2024 have seen an average price decrease of -1.7% 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 (62%) is Below 5-Year Average

In terms of revenues, 62% of the companies have reported actual revenues above estimated revenues, 1% of the companies have reported actual revenues equal to estimated revenues, and 37% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (63%), below the 5-year average (69%), and below 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 Communication Services (100%) and Health Care (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Energy (33%) and Consumer Discretionary (38%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.7%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.7% above expectations. This surprise percentage is above the 1-year average (+1.1%), below the 5-year average (+2.0%), and above the 10-year average (+1.4%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Financials (+4.8%) sector is reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Energy (-3.0%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

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

Increase in Blended Earnings This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the second quarter is 9.7%, which is above the earnings growth rate of 9.1% last week. Positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for companies in the Energy sector, were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Financials sector, the positive EPS surprises reported by Discover Financial Services ($6.06 vs. $3.10), American Express ($4.14 vs. $3.26), Progressive Corporation ($2.65 vs. $2.05), and Morgan Stanley ($1.82 vs. $1.65) were the largest contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 14.4% from 10.6% over this period.
In the Energy sector, downward revisions to EPS estimates for Chevron (to $2.95 from $3.09) and Marathon Petroleum (to $3.25 from $3.75) were the largest detractors to the increase in the overall earnings growth rate during the past week. As a result, the Energy sector is now reporting a year-over-year decline in earnings of -0.1% compared to earnings growth of 2.8% last week.

**Decrease in Blended Revenues This Week Due to Energy Sector**

The blended (year-over-year) revenue growth rate for the second quarter is 4.7%, which is slightly below the revenue growth rate of 4.8% last week. Downward revisions to revenue estimates for companies in the Energy sector, partially offset by positive revenue surprises reported by companies in the Financials sector, were the largest contributors to the slight decrease in the overall revenue growth rate for the index over this period.

**Financials Sector Has Seen Largest Increase in Earnings since June 30**

The blended (year-over-year) earnings growth rate for Q2 2024 of 9.7% is larger than the estimate of 8.9% at the end of the second quarter (June 30). Five sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to EPS estimates and positive earnings surprises, led by the Financials (to 14.4% from 4.3%) sector. The Financials sector has also been the largest contributor to the increase in earnings for the index since June 30. On the other hand, six sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Energy (to -0.1% from 13.3%) sector. The Energy sector has also been the largest detractor to the increase in earnings for the index since June 30.

In the Financials sector, the upward revisions to (GAAP) EPS estimates (to $5.88 from $4.20) and positive (GAAP) EPS surprise ($6.12 vs. $5.88) reported by JPMorgan Chase have been the largest contributors to the increase in the earnings growth rate for the index since June 30. The GAAP EPS numbers for JPMorgan Chase included a net gain of $2.04 related to Visa shares. In addition, the positive EPS surprises reported by Discover Financial Services ($6.06 vs. $3.10) and American Express ($4.14 vs. $3.26) have been substantial contributors to the overall rise in earnings growth as well. As a result, the blended earnings growth rate for the Financials sector has increased to 14.4% from 4.3% over this period.

In the Energy sector, downward revisions to EPS estimates for Exxon Mobil (to $2.05 from $2.37), Marathon Petroleum (to $3.25 from $5.07), and Chevron (to $2.95 from $3.27) have been significant detractors to the increase in the overall earnings growth rate since June 30. As a result, the Energy sector is now reporting a year-over-year decline in earnings of -0.1% compared to earnings growth of 13.3% on June 30.

**Financials Sector Has Seen Largest Increase in Revenues since June 30**

The blended (year-over-year) revenue growth rate for Q2 2024 of 4.7% is equal to the estimate of 4.7% at the end of the second quarter (June 30). Three sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Financials (to 5.2% from 2.9%) sector. The Financials sector has also been the largest positive contributor to revenues for the index since the end of the quarter. On the other hand, six sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to 5.8% from 9.0%) sector. The Energy sector has also been the largest negative contributor to revenues for the index since the end of the quarter. Two sectors (Communication Services and Health Care) have recorded no change in their revenue growth rates since June 30.

In the Financials sector, the positive revenue surprise reported by JPMorgan Chase ($51.00 billion vs. $42.23 billion) has been the largest positive contributor to revenues for the index since June 30. As a result, the blended revenue growth rate for the Financials sector has increased to 5.2% from 2.9% over this period.
In the Energy sector, downward revisions to revenue estimates for Exxon Mobil (to $90.46 billion from $95.58 billion) and Chevron (to $48.69 billion from $51.37 billion) have been the largest negative contributors to revenues for the index since June 30. As a result, the blended revenue growth rate for the Energy sector has decreased to 5.8% from 9.0% over this period.

Earnings Growth: 9.7%

The blended (year-over-year) earnings growth rate for Q2 2024 is 9.7%, which is above the 5-year average earnings growth rate of 9.4% and above the 10-year average earnings growth rate of 8.4%. If 9.7% is the actual growth rate for the quarter, it will mark the highest (year-over-year) earnings growth rate for the index since Q4 2021 (31.4%). It will also mark the fourth consecutive quarter of year-over-year earnings growth.

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

Communication Services: Meta Platforms and Alphabet Lead Year-Over-Year Growth

The Communication Services sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 18.5%. At the industry level, 3 of the 5 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth. All three industries are reporting (or are projected to report) growth at or above 20%: Entertainment (48%) Interactive Media & Services (33%), and Wireless Telecommunication Services (20%). On the other hand, two industries are reporting (or are expected to report) a year-over-year decline in earnings: Diversified Telecommunication Services (-7%) and Media (-6%).

At the company level, Meta Platforms ($4.70 vs. $2.98) and Alphabet ($1.83 vs. $1.44) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended (year-over-year) earnings growth rate for Communication Services sector would fall to 2.9% from 18.5%.

Health Care: Merck Is Largest Contributor to Year-Over-Year Growth

The Health Care sector (along with the Information Technology sector) is reporting the second-largest (year-over-year) earnings growth rate of all eleven sectors at 16.6%. At the industry level, 3 of the 5 industries in the sector are reporting (or are expected to report) year-over-year earnings growth. One of these three industries is reporting a double-digit increase: Pharmaceuticals (71%). On the other hand, two industries are reporting (or are predicted to report) a year-over-year decline in earnings, led by the Life Sciences, Tools, & Services (-7%) industry.

At the company level, Merck ($2.16 vs. -2.06) is the largest contributor to earnings growth for the sector. If this company were excluded, the Health Care sector would be reporting a (year-over-year) decline in earnings of -1.6% instead of (year-over-year) earnings growth of 16.6%.

Information Technology: NVIDIA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector (along with the Health Care sector) is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 16.6%. At the industry level, 4 of the 6 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth, led by the Semiconductors & Semiconductor Equipment (51%), Technology Hardware, Storage, & Peripherals (10%), and Software (8%) industries. On the other hand, two industries are reporting (or are projected to report) a year-over-year decline in earnings, led by the Communications Equipment (-19%) industry.
At the company level, NVIDIA ($0.64 vs. $0.27) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated (year-over-year) earnings growth rate for the Information Technology sector would fall to 7.0% from 16.6%.

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

The Financials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors for Q2 2024 at 14.4%. At the industry level, all five industries in the sector are reporting (or are expected to report) year-over-year earnings growth: Insurance (30%), Consumer Finance (30%), Capital Markets (26%), Banks (9%), and Financial Services (1%). The Insurance and Capital Markets industries are also the largest contributors to year-over-year earnings growth for the sector. If these two industries were excluded, the blended earnings growth rate for Financials sector would fall to 8.1% from 14.4%.

**Materials: 3 of 4 Industries Reporting Year-Over-Year Decline**

The Materials sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -12.7%. At the industry level, three of the four industries in this sector are reporting (or are predicted to report) a year-over-year decline in earnings: Containers & Packaging (-27%), Metals & Mining (-23%), and Chemicals (-8%), and. On the other hand, the Construction Materials (2%) industry is the only industry in the sector projected to report a year-over-year growth in earnings.

**Revenue Growth: 4.7%**

The blended (year-over-year) revenue growth rate for Q2 2024 is 4.7%, which is below the 5-year average revenue growth rate of 6.7% and below the 10-year average revenue growth rate of 5.1%. If 4.7% is the actual revenue growth rate for the quarter, it will mark the 15th consecutive quarter of revenue growth for the index.

At the sector level, nine sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Information Technology sector. On the other hand, two sectors are reporting a year-over-year decline in revenues, led by the Materials sector.

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

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 9.6%. At the industry level, 4 of the 6 industries in the sector are reporting (or are predicted to report) year-over-year revenue growth. Two of these four industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (25%) and Software (12%). On the other hand, two industries are reporting (or are projected to report) a year-over-year decline in revenue: Communications Equipment (-7%) and Electronic Equipment, Instruments, & Components (-6%).

At the company level, NVIDIA ($28.56 billion vs. $13.51 billion) is the largest contributor to revenue growth for the sector. If this company were excluded, the estimated (year-over-year) revenue growth rate for the Information Technology sector would fall to 5.9% from 9.6%.

**Materials: All 4 Industries Reporting Year-Over-Year Decline**

The Materials sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -2.3%. At the industry level, all four industries in this sector are reporting (or are predicted to report) a year-over-year decline in revenues: Metals & Mining (-2%), Chemicals (-2%), Containers & Packaging (-2%), and Construction Materials (-1%).
Net Profit Margin: 12.1%

The blended net profit margin for the S&P 500 for Q2 2024 is 12.1%, which is above the previous quarter’s net profit margin of 11.8%, above the year-ago net profit margin of 11.6%, and above the 5-year average of 11.5%.

At the sector level, six sectors are reporting (or are expected to report) a year-over-year increase in their net profit margins in Q2 2024 compared to Q2 2023, led by the Information Technology (24.8% vs. 23.3%), Financials (18.1% vs. 16.7%), and Communication Services (13.1% vs. 11.9%) sectors. On the other hand, five sectors are reporting a year-over-year decrease in their net profit margins in Q2 2024 compared to Q2 2023, led by the Real Estate (35.2% vs. 36.7%) sector.

Seven sectors are reporting net profit margins in Q2 2024 that are above their 5-year averages, led by the Industrials (10.6% vs. 8.2%) and Consumer Discretionary (8.8% vs. 6.6%) and sectors. On the other hand, four sectors are reporting (or are expected to report) net profit margins in Q2 2024 that are below their 5-year averages, led by the Health Care (8.3% vs. 9.8%) and Utilities (12.2% vs. 13.5%) sectors.
Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q3 Below 5-Year Average
At this point in time, 10 companies in the index have issued EPS guidance for Q3 2024. Of these 10 companies, 5 have issued negative EPS guidance and 5 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q3 2024 is 50% (5 out of 10), which is below the 5-year average of 59% and below the 10-year average of 63%.

At this point in time, 270 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 270 companies, 131 have issued negative EPS guidance and 139 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 49% (131 out of 270).

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.

For the second quarter, S&P 500 companies are reporting year-over-year growth in earnings of 9.7% and year-over-year growth in revenues of 4.7%.

For Q3 2024, analysts are projecting earnings growth of 7.4% and revenue growth of 4.9%.

For Q4 2024, analysts are projecting earnings growth of 17.0% and revenue growth of 5.5%.

For CY 2024, analysts are projecting earnings growth of 11.0% and revenue growth of 5.0%.

For Q1 2025, analysts are projecting earnings growth of 15.1% and revenue growth of 5.7%.

For Q2 2025, analysts are projecting earnings growth of 14.5% and revenue growth of 5.9%.

For CY 2025, analysts are projecting earnings growth of 14.7% and revenue growth of 6.0%.

Valuation: Forward P/E Ratio is 21.2, Above the 10-Year Average (17.9)
The forward 12-month P/E ratio for the S&P 500 is 21.2. This P/E ratio is above the 5-year average of 19.3 and above the 10-year average of 17.9. It is also above the forward 12-month P/E ratio of 21.0 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 1.5%, while the forward 12-month EPS estimate has increased by 0.7%. At the sector level, the Information Technology (30.2) sector has the highest forward 12-month P/E ratio, while the Energy (12.7) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 26.5, which is above the 5-year average of 23.5 and above the 10-year average of 21.5.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months
The bottom-up target price for the S&P 500 is 6062.02, which is 9.3% above the closing price of 5544.59. At the sector level, the Energy (+13.3%) and Communication Services (+12.6%) 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 (+6.2%) 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 11,808 ratings on stocks in the S&P 500. Of these 11,808 ratings, 55.2% are Buy ratings, 39.8% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Energy (63%), Communication Services (62%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (46%) sector has the lowest percentage of Buy ratings.

**Companies Reporting Next Week: 138**

During the upcoming week, 138 S&P 500 companies (including seven Dow 30 components) are scheduled to report results for the second quarter.
Q2 2024: Scorecard

**S&P 500 Earnings Above, In-Line, Below Estimates: Q2 2024**
(Source: FactSet)

**S&P 500 Revenues Above, In-Line, Below Estimates: Q2 2024**
(Source: FactSet)
Q2 2024: Surprise

S&P 500 EPS Surprise % vs. Price %: Q2 2024
(Source: FactSet)

S&P 500 EPS Surprise vs. Avg. Price Change %
(Source: FactSet)
Q2 2024: Surprise

**S&P 500 Actual EPS Surprise %: Top 10 Q2 Actual EPS Surprises**
(Source: FactSet)

1. Discover Financial Services: 95.3%
2. Progressive Corporation: 29.2%
3. Micron Technology, Inc.: 22.1%
4. American Express Company: 27.4%
5. Travelers Companies, Inc.: 25.0%
6. NIKE, Inc. Class B: 20.6%
7. McCormick & Company, Incorporated: 17.7%
8. Intuitive Surgical, Inc.: 15.5%
9. Synchrony Financial: 15.1%
10. PNC Financial Services Group, Inc.: 13.4%

**S&P 500 Actual EPS Surprise %: Bottom 10 Q2 Actual EPS Surprises**
(Source: FactSet)

1. Citizens Financial Group, Inc.: -0.6%
2. Delta Air Lines, Inc.: -0.6%
3. Accenture Plc Class A: -0.9%
4. Oracle Corporation: -1.1%
5. Blackstone Inc.: -2.2%
6. Kinder Morgan Inc. Class P: -2.7%
7. Crown Castle Inc.: -3.0%
8. Fifth Third Bancorp: -4.4%
9. Walgreens Boots Alliance, Inc.: -7.5%
10. J.B. Hunt Transport Services, Inc.: -10.9%
Q2 2024: Growth

### S&P 500 Earnings Growth (Y/Y): Q2 2024
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Today</th>
<th>30-Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comm Services</td>
<td>18.5%</td>
<td>18.4%</td>
</tr>
<tr>
<td>Health Care</td>
<td>16.5%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>16.4%</td>
<td>16.4%</td>
</tr>
<tr>
<td>Financials</td>
<td>14.4%</td>
<td>6.3%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>9.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Utilities</td>
<td>7.9%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>7.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.7%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>0.1%</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Energy</td>
<td>-0.1%</td>
<td>13.3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>-3.7%</td>
<td>-3.3%</td>
</tr>
<tr>
<td>Materials</td>
<td>-12.7%</td>
<td>-9.1%</td>
</tr>
</tbody>
</table>

### S&P 500 Revenue Growth (Y/Y): Q2 2024
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Today</th>
<th>30-Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comm Services</td>
<td>9.5%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Info Technology</td>
<td>7.3%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>6.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Energy</td>
<td>5.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Health Care</td>
<td>5.8%</td>
<td>6.3%</td>
</tr>
<tr>
<td>Financials</td>
<td>5.2%</td>
<td>6.3%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>4.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>4.5%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Utilities</td>
<td>4.4%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>-0.3%</td>
<td>-2.3%</td>
</tr>
<tr>
<td>Industrials</td>
<td>-0.1%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Materials</td>
<td>-4.0%</td>
<td>-8.0%</td>
</tr>
</tbody>
</table>
Q2 2024: Growth

**S&P 500 Earnings Growth (Y/Y): Q2 2024**
(Source: FactSet)

- S&P 500 Companies > 50% Revenue in U.S.: 4.6%
- All S&P 500 Companies: 9.7%
- S&P 500 Companies ≤ 50% Revenues in U.S.: 20.4%

**S&P 500 Revenue Growth (Y/Y): Q2 2024**
(Source: FactSet)

- S&P 500 Companies > 50% Revenue in U.S.: 4.7%
- All S&P 500 Companies: 4.7%
- S&P 500 Companies ≤ 50% Revenues in U.S.: 4.8%
Q2 2024: Net Profit Margin

**S&P 500 Net Profit Margins: Q224 vs. Q223**
(Source: FactSet)

**S&P 500: % of Cos. With Increase or Decrease in Net Profit Margin:**
Q224 vs. Q223
(Source: FactSet)
Q3 2024: Guidance

Number (#) of S&P 500 Cos. with Q3 Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with Q3 Positive & Negative Guidance
(Source: FactSet)
Q3 2024: EPS Revisions

**Upward Change in Q3 EPS (Trailing 4 Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- EOG Corporation: 177.5%
- Newmont Corporation: 11.4%
- Vertex, Inc.: 11.1%
- Discover Financial Services: 9.7%
- Freeport-McMoRan, Inc.: 9.4%
- Progressive Corporation: 8.8%
- Micron Technology, Inc.: 8.5%
- Synovus Financial: 7.0%
- Netflix, Inc.: 6.0%
- Ford Motor Company: 5.9%

**Downward Change in Q3 EPS (Trailing 4-Weeks): Top 10 S&P 500 Cos.**
(Source: FactSet)

- POOL Corporation: -16.5%
- American Airlines Group Inc.: -19.3%
- Phillips 66: -19.3%
- Valero Energy Corporation: -25.6%
- Marathon Petroleum Corporation: -20.6%
- Weir Minerals Company: -30.5%
- NIKE, Inc. Class B: -37.2%
- Altranta Corporation: -42.2%
- Walgreens Boots Alliance, Inc.: -45.9%
- Southwest Airlines Co.: -48.5%
Q3 2024: Growth

**S&P 500 Earnings Growth (Y/Y): Q3 2024**
(Source: FactSet)

- Today: 15.4%
- 30-Jun: 15.3%

**S&P 500 Revenue Growth (Y/Y): Q3 2024**
(Source: FactSet)

- Today: 11.3%
- 30-Jun: 11.2%
FY 2024 / 2025: EPS Guidance

Number (#) of S&P 500 Cos. with FY Positive & Negative Guidance
(Source: FactSet)

Percentage (%) of S&P 500 Cos. with FY Positive & Negative Guidance
(Source: FactSet)
EARNINGS INSIGHT

CY 2024: Growth

S&P 500 Earnings Growth (Y/Y): CY 2024
(Source: FactSet)

S&P 500 Revenue Growth (Y/Y): CY 2024
(Source: FactSet)
CY 2025: Growth

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

S&P 500 Revenue Growth (Y/Y): CY 2025
(Source: FactSet)
Geographic Revenue Exposure

**S&P 500: Aggregate Geographic Revenue Exposure (%)**
(Source: FactSet)

- **United States**: 58%
- **International**: 42%

**S&P 500: Aggregate Sector Geographic Revenue Exposure (%)**
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>International (%)</th>
<th>United States (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities</td>
<td>1%</td>
<td>99%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>Financials</td>
<td>29%</td>
<td>72%</td>
</tr>
<tr>
<td>Consumer Disc</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Industrials</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Health Care</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Energy</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Comm Services</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Materials</td>
<td>63%</td>
<td>47%</td>
</tr>
<tr>
<td>Info. Technology</td>
<td>67%</td>
<td>43%</td>
</tr>
</tbody>
</table>
Forward 12M P/E Ratio: Sector Level

S&P 500 Sector-Level Forward 12-Month P/E Ratios
(Source: FactSet)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Fwd P/E</th>
<th>5-Yr Avg</th>
<th>10-Yr Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Info Technology</td>
<td>30.2</td>
<td>24.4</td>
<td>20.7</td>
</tr>
<tr>
<td>Consumer Disc.</td>
<td>24.8</td>
<td>27.9</td>
<td>23.4</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>21.2</td>
<td>19.3</td>
<td>17.9</td>
</tr>
<tr>
<td>Industrials</td>
<td>21.0</td>
<td>20.1</td>
<td>18.2</td>
</tr>
<tr>
<td>Consumer Staples</td>
<td>20.5</td>
<td>20.1</td>
<td>19.6</td>
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<tr>
<td>Materials</td>
<td>19.8</td>
<td>17.5</td>
<td>16.9</td>
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<td>19.1</td>
<td>15.5</td>
<td>16.3</td>
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<td>18.8</td>
<td>15.6</td>
<td>15.1</td>
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<tr>
<td>Real Estate</td>
<td>17.5</td>
<td>13.6</td>
<td>0.0</td>
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<tr>
<td>Utilities</td>
<td>17.8</td>
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<td>17.6</td>
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<td>16.8</td>
<td>13.6</td>
<td>13.3</td>
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<tr>
<td>Energy</td>
<td>12.7</td>
<td>2.1</td>
<td>15.5</td>
</tr>
</tbody>
</table>

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun. 30
(Source: FactSet)
Forward 12M P/E Ratio: 10-Years

S&P 500 Change in Forward 12-Month EPS vs. Change in Price: 10 Yrs. (Source: FactSet)

S&P 500 Forward 12-Month P/E Ratio: 10 Years (Source: FactSet)
Trailing 12M P/E Ratio: 10-Years
EARNINGS INSIGHT

Targets & Ratings

*S&P 500: Percentage of Buy, Hold, and Sell Ratings*
(Source: FactSet)

*S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price*
(Source: FactSet)
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