EARNINGS INSIGHT

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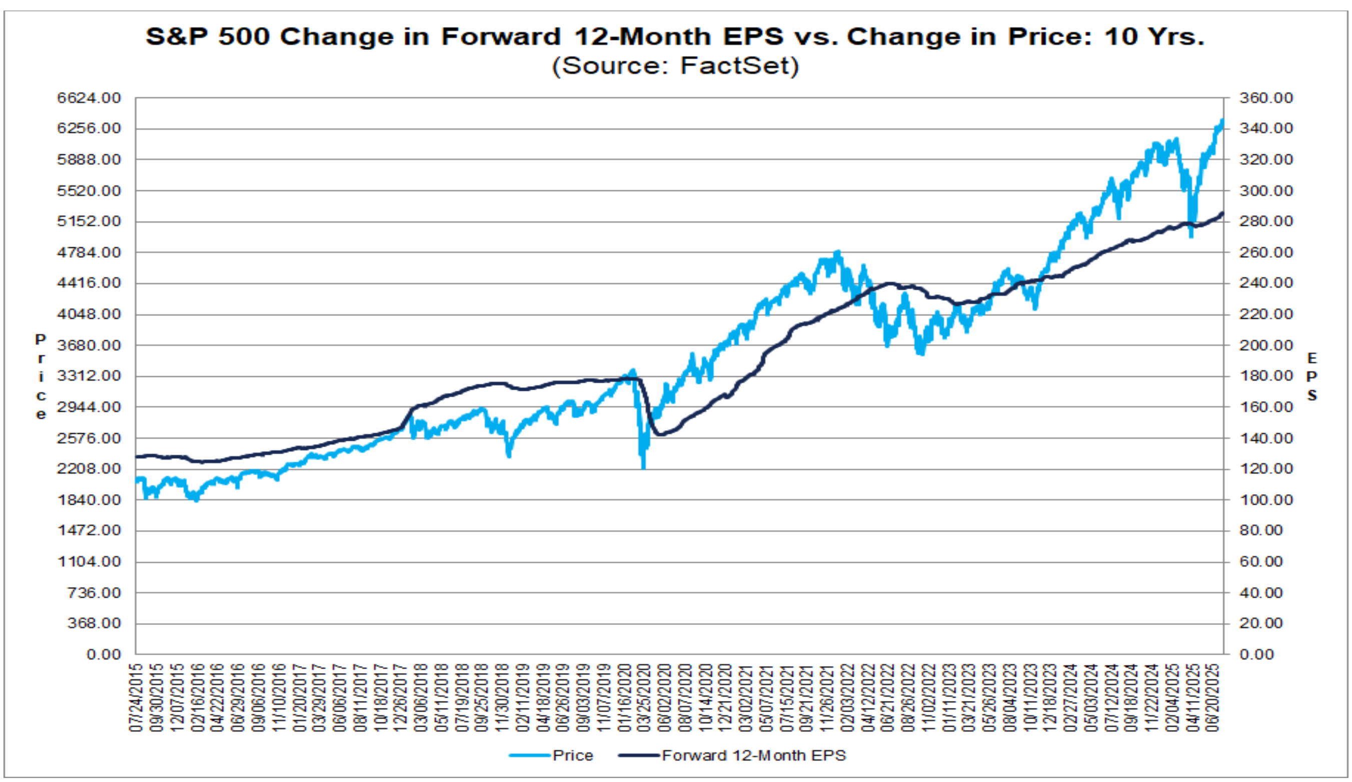
Key Metrics

- **Earnings Scorecard:** For Q2 2025 (with 34% of S&P 500 companies reporting actual results), 80% of S&P 500 companies have reported a positive EPS surprise and 80% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q2 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 6.4%. If 6.4% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q1 2024 (5.8%).
- **Earnings Revisions:** On June 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q2 2025 was 4.9%. Seven sectors are reporting higher earnings today (compared to June 30) due to positive EPS surprises and upward revisions to EPS estimates.
- **Earnings Guidance:** For Q3 2025, 13 S&P 500 companies have issued negative EPS guidance and 12 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.4. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.4).



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S&P 500 Reporting Net Profit Margin Above 12% for the 5th Straight Quarter

Given concerns in the market about tariffs and higher costs, what is the S&P 500 reporting for a net profit margin for Q2?

The blended net profit margin for the S&P 500 for Q2 2025 is 12.3%, which is below the previous quarter's net profit margin (12.7%), but above the year-ago net profit margin (12.2%) and above the 5-year average (11.8%).

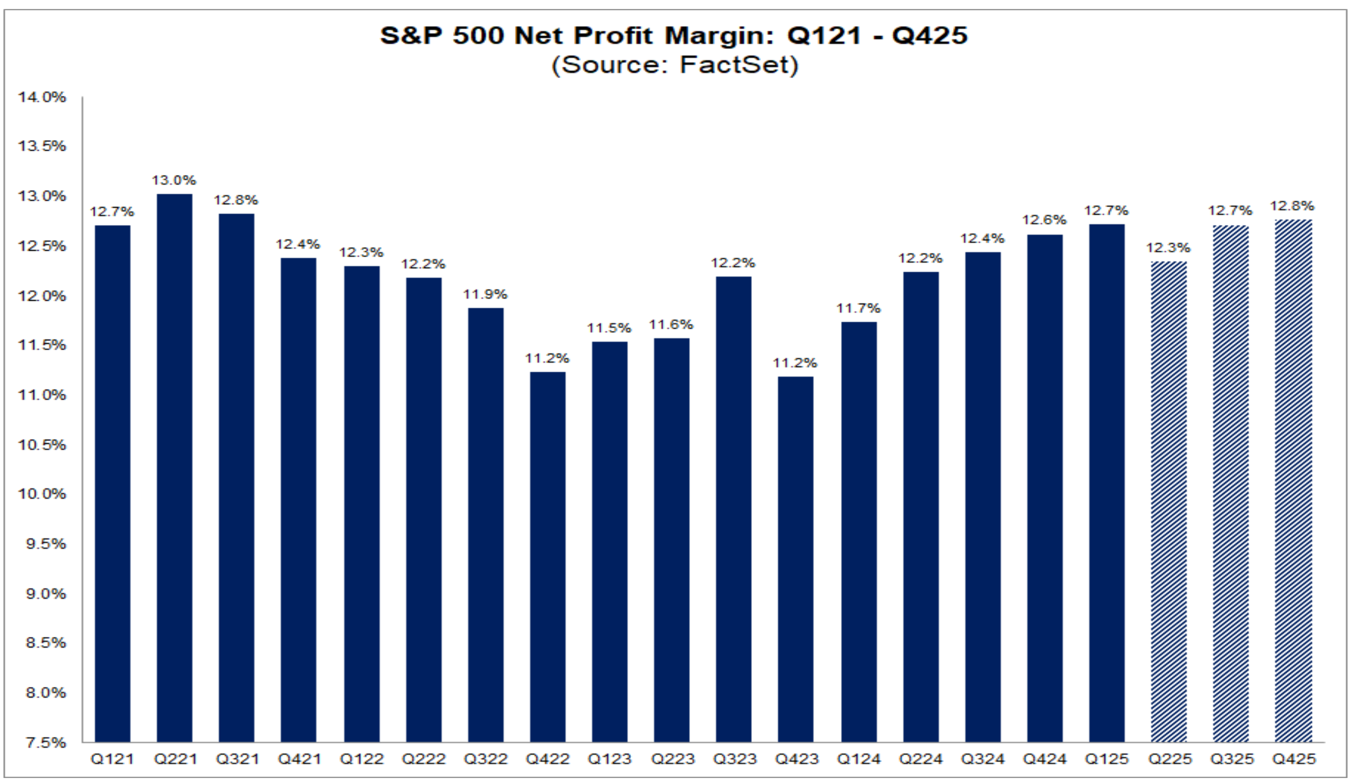
In fact, this quarter marks the 5th consecutive quarter that the S&P 500 is reporting a net profit margin above 12%. The last time the index reported five straight quarters of net profit margins above 12% was Q2 2021 through Q2 2022. However, the index is also reporting its first quarter-over-quarter decline in net profit margin since Q4 2023.

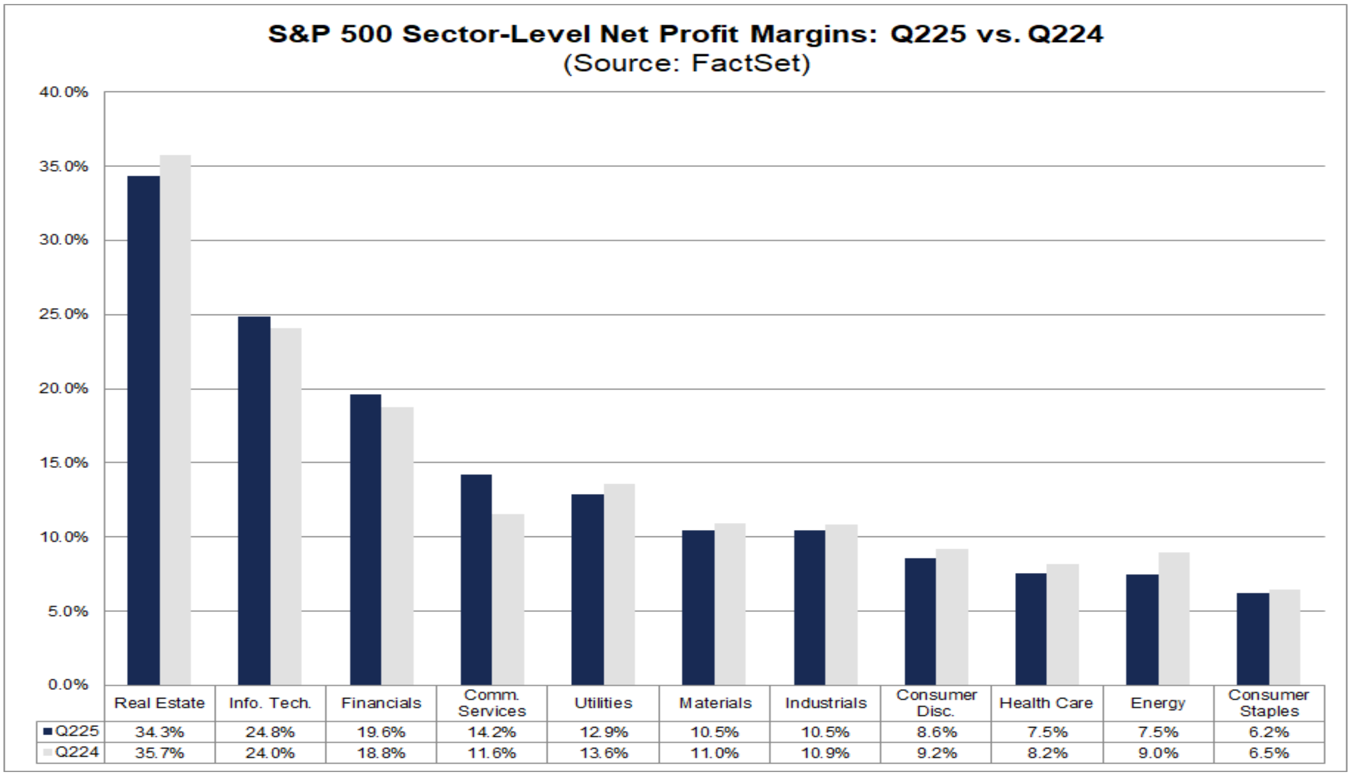
At the sector level, only three sectors are reporting a year-over-year increase in their net profit margins in Q2 2025 compared to Q2 2024: Communication Services (14.2% vs. 11.6%), Information Technology (24.8% vs, 24.0%), and Financials (19.6 vs. 18.8%). On the other hand, eight sectors are reporting a year-over-year decrease in their net profit margins in Q2 2025 compared to Q2 2024, led by the Energy (7.5% vs. 9.0%) and Real Estate (34.3% vs. 35.7%) sectors.

Five sectors are reporting net profit margins in Q2 2025 that are above their 5-year averages, led by the Financials (19.6% vs. 17.2%) sector. On the other hand, six sectors are reporting net profit margins in Q2 2025 that are below their 5-year averages, led by the Energy (7.5% vs. 9.9%) sector.

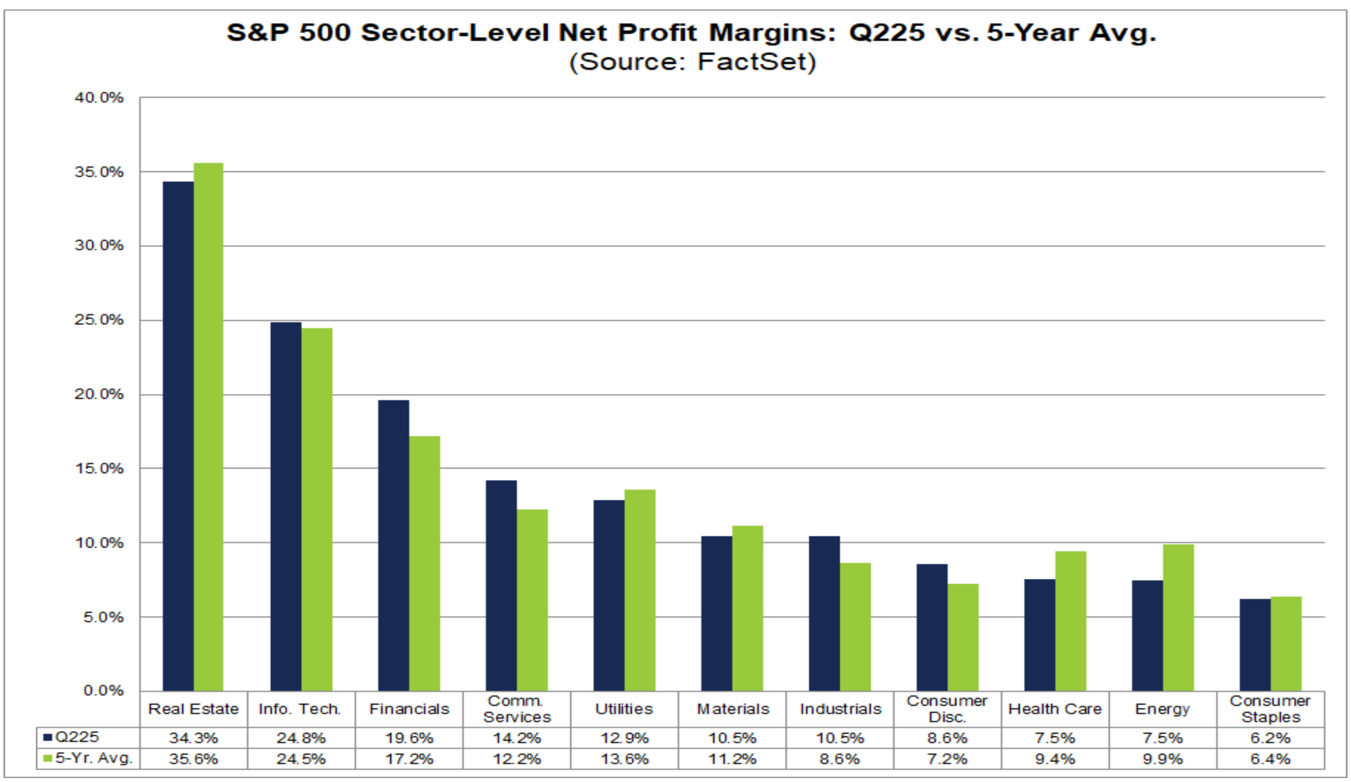
Five sectors are reporting a quarter-over-quarter increase in their net profit margins in Q2 2025 compared to Q1 2025, led by the Materials (10.5% vs. 9.1%) sector. On the other hand, six sectors are reporting a quarter-over-quarter decrease in their net profit margins in Q2 2025 compared to Q1 2025, led by the Communication Services (14.2% vs. 16.2%) sector.

It is interesting to note that analysts believe net profit margins for the S&P 500 will be improve in the second-half of 2025. As of today, the estimated net profit margins for Q3 2025 and Q4 2025 are 12.7% and 12.8%, respectively.

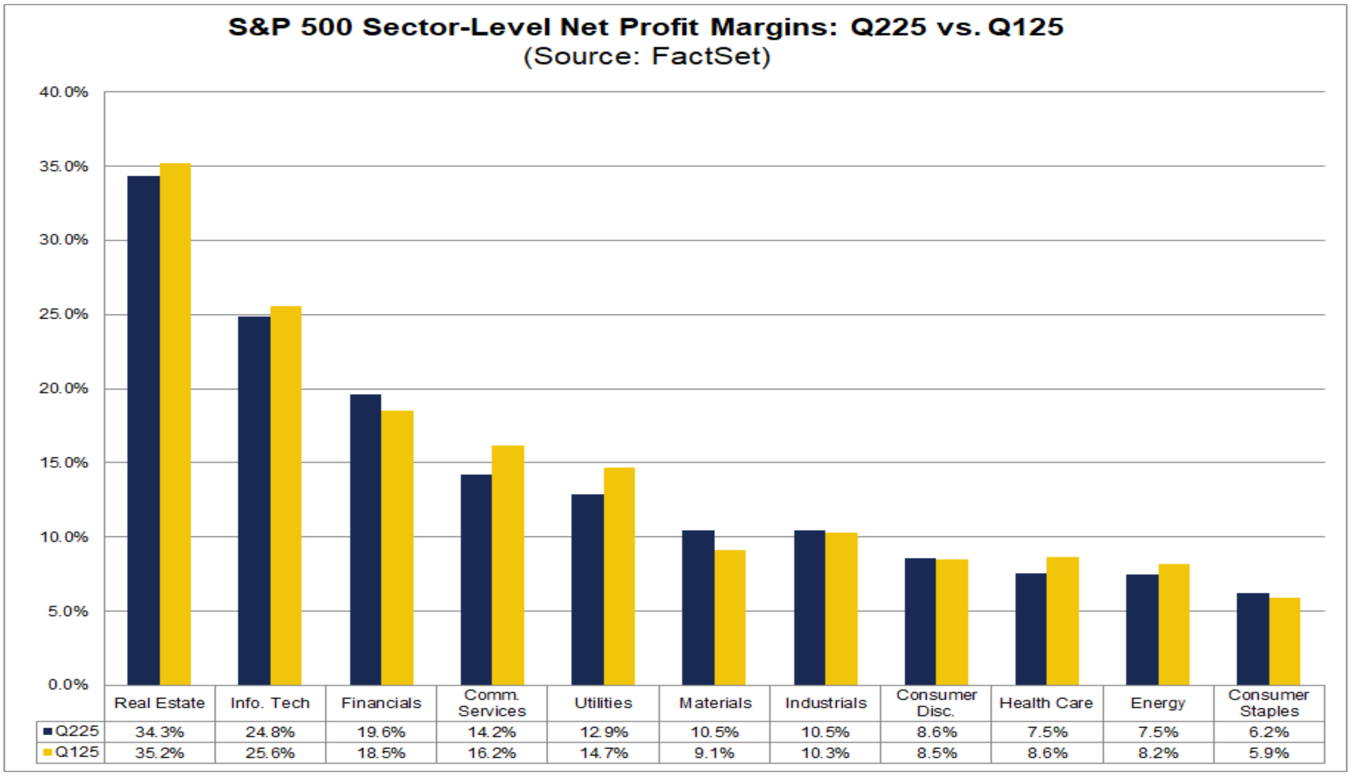




	Real Estate	Info. Tech.	Financials	Comm. Services	Utilities	Materials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q225	34.3%	24.8%	19.6%	14.2%	12.9%	10.5%	10.5%	8.6%	7.5%	7.5%	6.2%
Q224	35.7%	24.0%	18.8%	11.6%	13.6%	11.0%	10.9%	9.2%	8.2%	9.0%	6.5%



	Real Estate	Info. Tech.	Financials	Comm. Services	Utilities	Materials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q225	34.3%	24.8%	19.6%	14.2%	12.9%	10.5%	10.5%	8.6%	7.5%	7.5%	6.2%
5-Yr. Avg.	35.6%	24.5%	17.2%	12.2%	13.6%	11.2%	8.6%	7.2%	9.4%	9.9%	6.4%



	Real Estate	Info. Tech	Financials	Comm. Services	Utilities	Materials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q225	34.3%	24.8%	19.6%	14.2%	12.9%	10.5%	10.5%	8.6%	7.5%	7.5%	6.2%
Q125	35.2%	25.6%	18.5%	16.2%	14.7%	9.1%	10.3%	8.5%	8.6%	8.2%	5.9%

Topic of the Week: 2

S&P 500 Energy and Utilities Sectors Earnings Previews: Q2 2025

Energy Sector: Largest Year-Over-Year Earnings Decline of all 11 Sectors

The Energy sector will be a focus for the market this week, as Exxon Mobil and Chevron are scheduled to report earnings on August 1. The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors in the S&P 500 for Q2 2025 at -24.0%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q2 2025 ($63.68) was 21% below the average price for oil in Q2 2024 ($80.66).

At the sub-industry level, 4 of the 5 sub-industries in the sector are reporting (or are predicted to report) a year-over-year decline in earnings. All 4 are reporting (or are projected to report) a double-digit decline: Integrated Oil & Gas (-34%), Oil & Gas Exploration & Production (-20%), Oil & Gas Refining & Marketing (-19%), and Oil & Gas Equipment & Services (-11%). On the other hand, the Oil & Gas Storage & Transportation (14%) sub-industry is the only sub-industry reporting year-over-year growth in earnings.

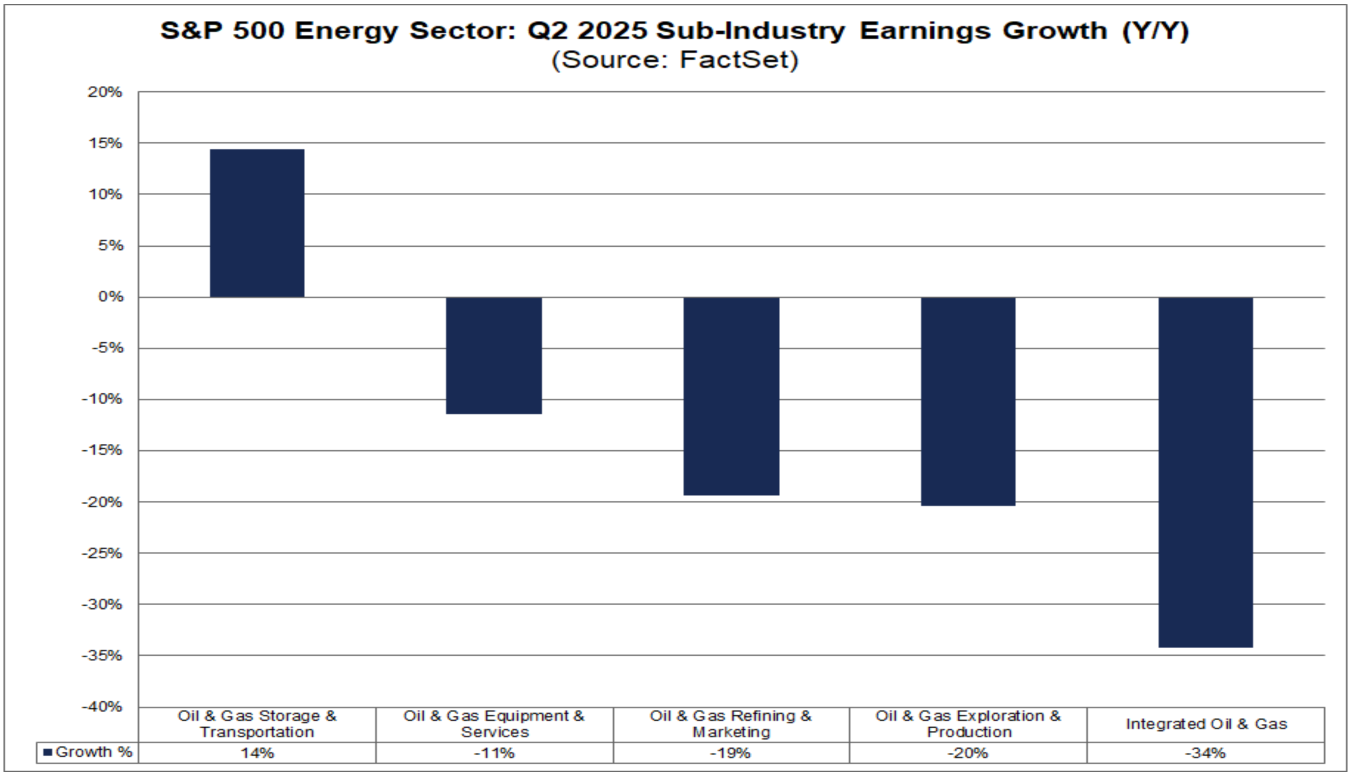
Looking ahead, analysts are predicting earnings growth for the sector starting in Q4 2025. For Q3 2025, analysts are calling for an earnings decline of -3.0%. For Q4 2025 through Q2 2026, analysts are expecting earnings growth rates of 1.9%, 10.2% and 29.8%, respectively.

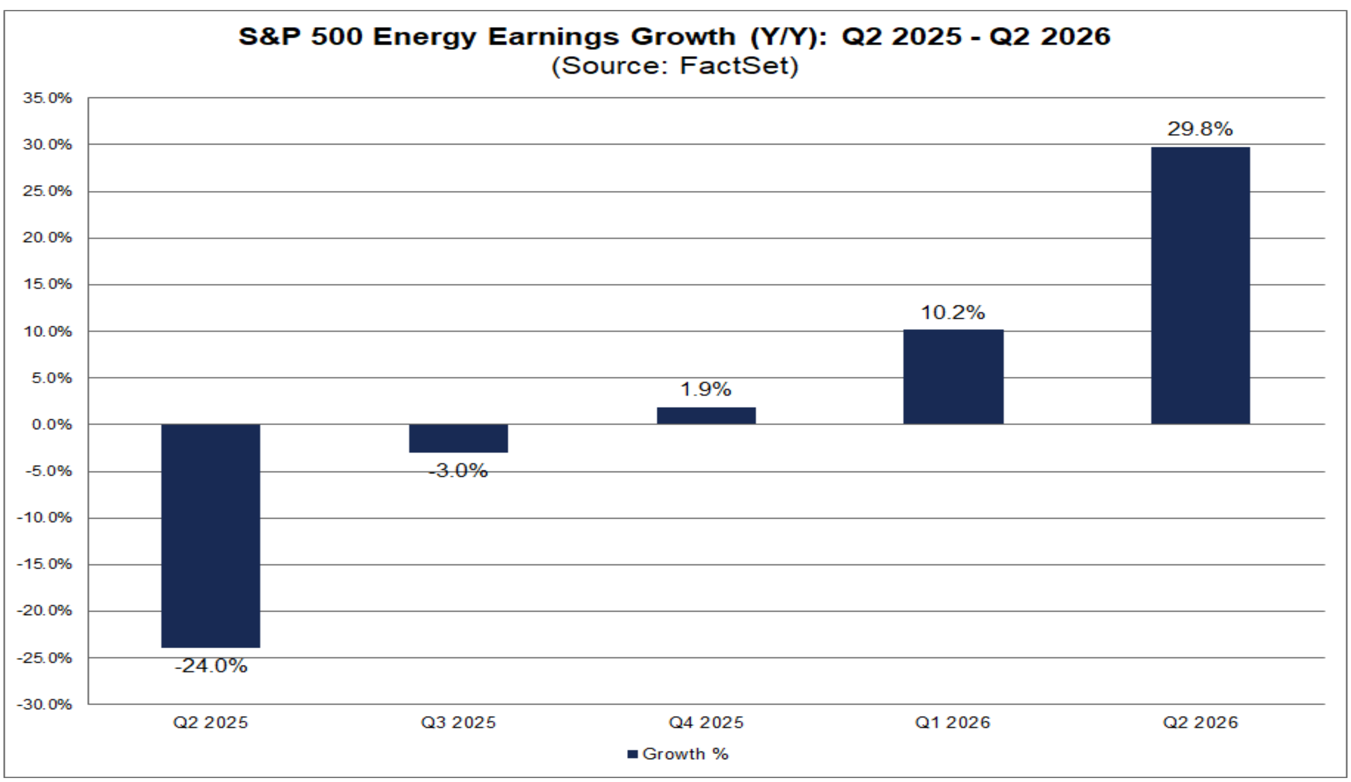
FactSet Senior Energy Analyst Connor McLean provided commentary on key trends to watch for the Energy sector during this earnings season. For more commentary from Connor, please go to: https://insight.factset.com/author/connor-mclean

For U.S. producers, a combination of softer pricing and ongoing uncertainty around global trade has kept market sentiment cautious through the first half of the year. While operators have reduced activity, particularly in oil-directed basins, production levels have remained strong. However, with OPEC continuing to bring barrels back to the market, growing fears of oversupply could lead to deeper pullbacks in 2026. In natural gas, elevated storage inventories are weighing on near-term Henry Hub pricing, even as LNG demand continues to climb year-over-year. Questions remain around how quickly volumes will respond to price signals, as natural gas demand looks poised to expand in 2026 driven by LNG exports and power burn from data center expansion. Midstream operators are likely to accelerate investment in infrastructure to support the expansion in demand growth, although mismatches in timing between production, pipelines, and downstream demand could lead to price volatility.

FactSet Energy Analyst Katrina Abuls provided commentary on key trends to watch for LNG projects during this earnings season. For more commentary from Katrina, please go to: https://insight.factset.com/author/katrina-abuls

With a supportive federal regulatory environment, attention remains on the growing list of U.S. LNG projects targeting FID in 2025. Venture Global's CP2, NextDecade's Rio Grande Train 4, Sempra's Port Arthur Phase 2, and Energy Transfer's Lake Charles LNG have each made progress securing offtake agreements and EPC agreements, and are aiming to reach FID by year-end. These projects follow recent positive FIDs at Cheniere's Corpus Christi Trains 8/9 and Woodside's Louisiana LNG earlier this year. Any additional facilities could introduce further upside risk for Henry Hub pricing later this decade, particularly in the absence of new pipeline infrastructure to the Gulf Coast. In the near term, market focus remains on the timeline for first LNG out of ExxonMobil's Golden Pass LNG facility, which could add incremental demand and support Henry Hub pricing this winter.


S&P 500 Energy Sector: Q2 2025 Sub-Industry Earnings Growth (Y/Y)
(Source: FactSet)
20%
15%
10%
5%
0%
-5%
-10%
-15%
-20%
-25%
-30%
-35%
-40%
Oil & Gas Storage & Transportation
Oil & Gas Equipment & Services
Oil & Gas Refining & Marketing
Oil & Gas Exploration & Production
Integrated Oil & Gas
Growth %
14%
-11%
-19%
-20%
-34%


S&P 500 Energy Earnings Growth (Y/Y): Q2 2025 - Q2 2026
(Source: FactSet)
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%
-20.0%
-25.0%
-30.0%
-24.0%
-3.0%
1.9%
10.2%
29.8%
Q2 2025
Q3 2025
Q4 2025
Q1 2026
Q2 2026
Growth %

Utilities Sector: 4 of 5 Industries Reporting Year-Over-Year Earnings Growth

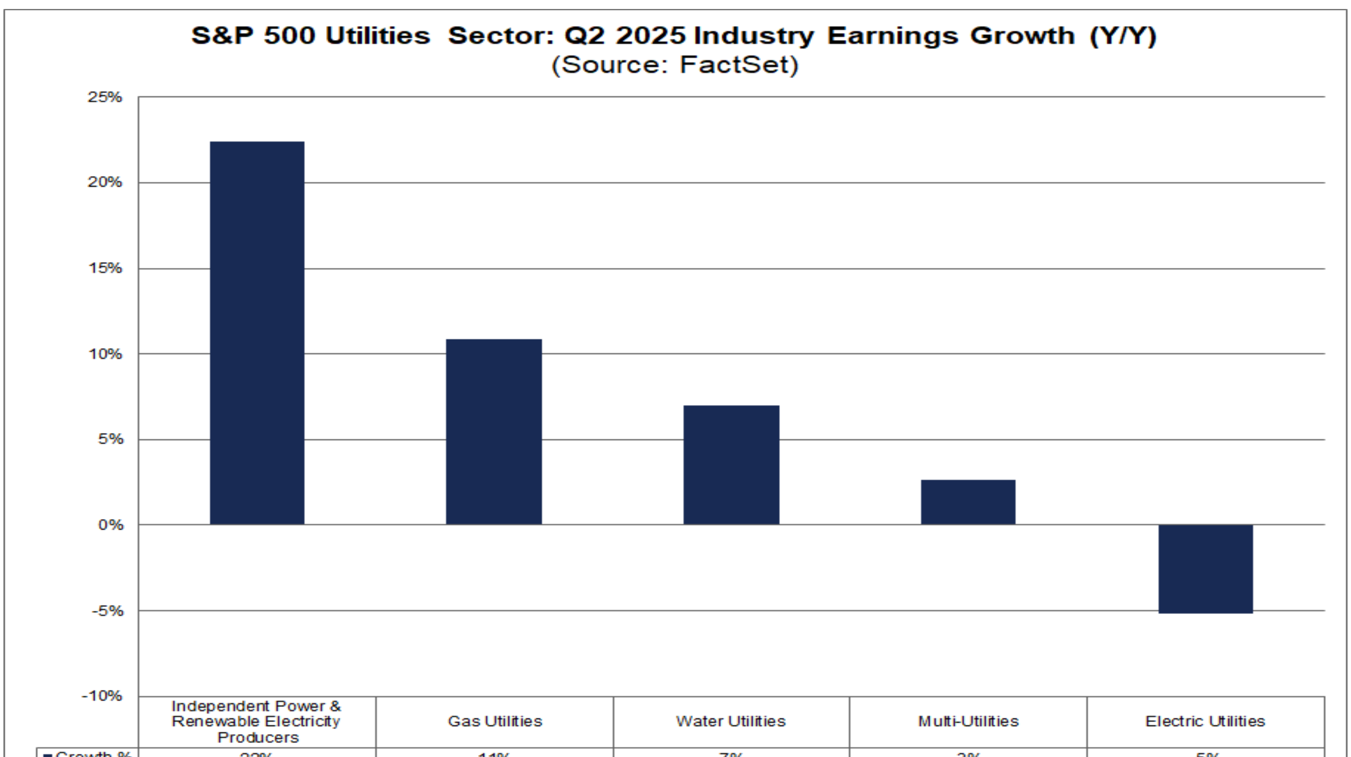
The Utilities sector will also be a focus for the market over the next two weeks, as 90% of the companies in this sector are scheduled to report earnings over this period. The Utilities sector is reporting a decline in earnings of -1.9% for the second quarter.

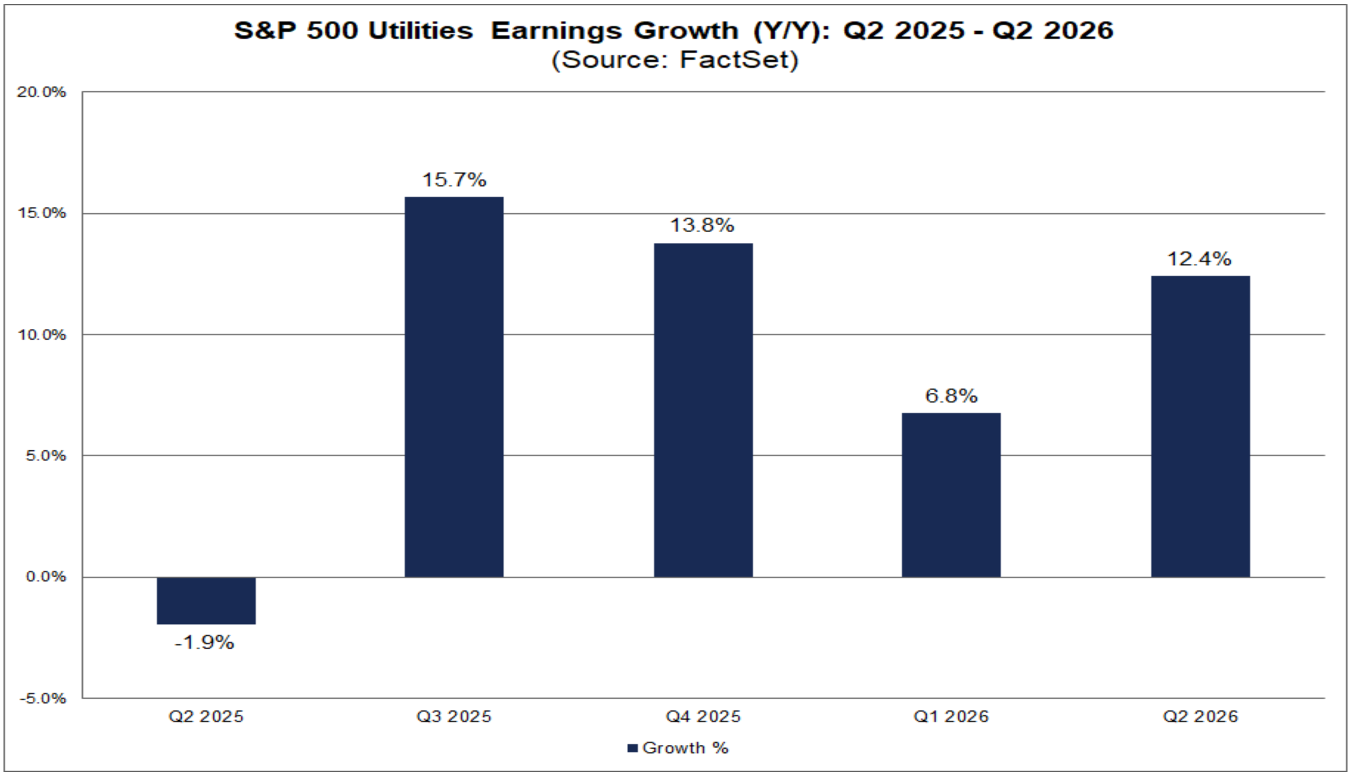
At the industry level, 4 of 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Independent Power and Renewable Energy Producers (22%), Gas Utilities (11%), Water Utilities (7%), and Multi-Utilities (3%). On the other hand, the Electric Utilities (-5%) industry is the only industry reporting a year-over-year decline in earnings in the sector. The Electric Utilities industry is also the largest detractor to earnings growth for the sector. If this industry were excluded, the Utilities sector would be reporting earnings growth of 6.2%.

Looking ahead, analysts believe earnings growth will return for the sector over the next four quarters. For Q3 2025 through Q2 2026, analysts are calling for earnings growth rates of 15.7%, 13.8%, 6.8%, and 12.4%, respectively.

FactSet Senior Energy Analyst Trevor Fujita discussed key trends to watch related to the Utilities sector during this earnings season. For more commentary from Trevor, please go to: https://insight.factset.com/author/trevor-fugita

The recently passed One Big Beautiful Bill Act significantly shortens the eligibility window for Inflation Reduction Act clean energy tax credits. Now, new solar and wind projects must now come online by the end of 2027 or start construction by July 4, 2026—considerably earlier than the original 2032 deadline. In the US, FactSet is currently tracking 65.5 GW of solar and 22.8 GW of wind in advanced development stages aiming to be in operation by the end of 2027, but supply chain issues and possible tariffs may prevent many projects from qualifying for the tax credits. These obstacles, combined with rising demand from AI data centers, strengthen the outlook for natural gas in power generation. However, ongoing coal dependence could dampen future gas demand. For example, Georgia Power now plans to keep their Scherer and Bowen coal plants running until 2038 instead of retiring them in 2028 and 2035, respectively. Currently, 60.5 GW of coal plants are scheduled to retire by 2030, and any retirement delays would limit growth potential for natural gas consumption in the power sector.




S&P 500 Utilities Earnings Growth (Y/Y): Q2 2025 - Q2 2026
(Source: FactSet)
20.0%
15.0%
10.0%
5.0%
0.0%
-5.0%
-1.9%
15.7%
13.8%
6.8%
12.4%
Q2 2025
Q3 2025
Q4 2025
Q1 2026
Q2 2026
Growth %

Q2 Earnings Season: By The Numbers

Overview

About one-third of the way through the second quarter earnings season, the S&P 500 is reporting somewhat mixed results. 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. On the one hand, 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. On the other hand, the index is still reporting its lowest year-over-year earnings growth rate since Q1 2024 (5.8%). In addition, more sectors are reporting a year-over-year decline in earnings (6) than year-over-year growth in earnings (5).

Overall, 34% of the companies in the S&P 500 have reported actual results for Q2 2025 to date. Of these companies, 80% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 75%. If 80% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q3 2023 (81%). In aggregate, companies are reporting earnings that are 6.1% above estimates, which is below the 5-year average of 9.1% and below 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, positive EPS surprises reported by companies in the Communication Services and Financials sectors were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since June 30, positive EPS surprises reported by companies in the Financials and Communication Services sectors, partially offset by downward revisions to EPS estimates for companies in the Health Care 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 6.4% today, compared to an earnings growth rate of 5.6% last week and an earnings growth rate of 4.9% at the end of the second quarter (June 30).

If 6.4% is the actual growth rate for the quarter, it will mark the lowest earnings growth rate reported by the index since Q1 2024 (5.8%). However, it will also mark the eighth consecutive quarter of year-over-year earnings growth for the index.

Five of the eleven sectors are reporting year-over-year growth, led by the Communication Services, Information Technology, and Financials sectors. On the other hand, six sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

In terms of revenues, 80% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 70% and above the 10-year average of 64%. If 80% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%). In aggregate, companies are reporting revenues that are 2.3% above the estimates, which is above the 5-year average of 2.1% and 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, positive revenue surprises reported by companies in multiple sectors (led by the Communication Services and Health Care sectors) were the largest contributors to the increase in the overall revenue growth rate for the index over this period. Since June 30, positive revenue surprises reported by companies in multiple sectors (led by the Health Care and Communication Services sectors) 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 second quarter is 5.0% today, compared to a revenue growth rate of 4.4% last week and a revenue growth rate of 4.2% at the end of the second quarter (June 30).

If 5.0% is the actual revenue growth rate for the quarter, it will mark the 19th consecutive quarter of revenue growth for the index.

Ten sectors are reporting year-over-year growth in revenues, led by the Information Technology, Health Care, and Communication Services sectors. On the other hand, the Energy sector is the only sector reporting a year-over-year decline in revenues.

For Q3 2025 and Q4 2025, analysts are calling for earnings growth rates of 7.6% and 7.0%, respectively. For CY 2025 analysts are predicting (year-over-year) earnings growth of 9.6%.

The forward 12-month P/E ratio is 22.4, 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 22.1 recorded at the end of the second quarter (June 30).

During the upcoming week, 164 S&P 500 companies (including 9 Dow 30 companies) are scheduled to report results for the second quarter.

Scorecard: Percentage of Positive EPS & Revenue Surprises Are Above 5-Year Averages

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

Overall, 34% 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, 5% have reported actual EPS equal to the mean EPS estimate, and 14% 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 (78%), 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.

If 80% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q3 2023 (81%).

At the sector level, the Information Technology (94%), Communication Services (89%), and Financials (88%) sectors have the highest percentages of companies reporting earnings above estimates, while the Utilities (50%) and Materials (57%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 6.1% above expectations. This surprise percentage is below the 1-year average (+6.3%), below the 5-year average (+9.1%), and below 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 Energy (+13.1%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Phillips 66 ($2.38 vs. $1.72), Valero Energy ($2.28 vs. $1.75) and Baker Hughes ($0.63 vs. $0.56) have reported the largest positive EPS surprises.

The Financials (+10.9%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Travelers Companies ($6.51 vs. $3.65), Synchrony Financial ($2.50 vs. $1.82), Capital One Financial ($5.48 vs. $4.05), Citigroup ($1.96 vs. $1.66), JPMorgan Chase ($5.24 vs. $4.48), Wells Fargo ($1.60 vs. $1.41), and Goldman Sachs ($10.91 vs. $9.65) have reported the largest positive EPS surprises.

The Consumer Discretionary (+7.9%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Hasbro ($1.30 vs. $0.78), Las Vegas Sands ($0.79 vs. $0.53), Carnival ($0.35 vs. $0.25), Deckers Brands ($0.93 vs. $0.68), CarMax ($1.38 vs. $1.16), and D.R. Horton ($3.36 vs. $2.94) 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 Q2 more than average and also punishing negative earnings surprises reported by S&P 500 companies for Q2 more than average.

Companies that have reported positive earnings surprises for Q2 2025 have seen an average price increase of +2.1% two days before the earnings release through two days after the earnings release. This percentage increase is well above the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q2 2025 have seen an average price decrease of -3.0% two days before the earnings release through two days after the earnings. This percentage decrease is larger than the 5-year average price decrease of -2.4% during this same window for companies reporting negative earnings surprises.

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

In terms of revenues, 80% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 20% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (62%), above the 5-year average (70%), and above the 10-year average (65%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

If 80% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%).

At the sector level, the Communication Services (100%), Health Care (100%), and Information Technology (94%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (43%) and Utilities (50%) sectors have the lowest percentages of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.3%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.3% above expectations. This surprise percentage is above the 1-year average (+0.9%), above the 5-year average (+2.1%), 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 Energy (+5.3%), Health Care (+4.2%), and Information Technology (+4.1%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-4.0%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Communication Services Sector

Increase in Blended Earnings This Week Due to the Communication Services Sector

The blended (year-over-year) earnings growth rate for the second quarter is 6.4%, which is above the earnings growth rate of 5.6% last week. Positive EPS surprises reported by companies in the Communication Services and Financials sectors were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Communication Services sector, the positive EPS surprise reported by Alphabet ($2.31 vs. $2.18) was the largest contributor 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 Communication Services sector increased to 34.0% from 29.9% over this period.

In the Financials sector, the positive EPS surprise reported by Capital One Financial ($5.48 vs. $4.05) was a significant contributor 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 10.1% from 8.6% over this period.

Increase in Blended Revenues This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the second quarter is 5.0%, which is above the revenue growth rate of 4.4% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Communication Services and Health Care sectors) were the largest contributors to the increase in the overall revenue growth rate for the index during this period.

Financials Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings growth rate for Q2 2025 of 6.4% is above the estimate of 4.9% at the end of the second quarter (June 30). Seven 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 10.1% from 2.3%) and Communication Services (to 34.0% from 29.4%) sectors. The Financials and Communication Services sectors have also been the largest positive contributors to earnings for the index since June 30. On the other hand, four 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 Utilities (to -1.9% from 5.1%) and Health Care (to 0.1% from 4.0%) sectors. The Health Care sector has also been the largest negative contributor to earnings for the index since June 30.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($5.24 vs. $4.48), Capital One Financial ($5.48 vs. $4.05), Travelers Companies ($6.51 vs. $3.65), Wells Fargo ($1.60 vs. $1.41), Citigroup ($1.96 vs. $1.66), and Goldman Sachs ($10.91 vs. $9.65) have been significant positive contributors to earnings for the index since June 30. As a result, the blended earnings growth rate for the Financials sector has increased to 10.1% from 2.3% over this period.

In the Communication Services sector, the positive EPS surprise reported by Alphabet ($2.31 vs. $2.18) has been a substantial contributor to the increase in the earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Communication Services sector has increased to 34.0% from 29.9% over this period.

In the Health Care sector, the downward revisions to EPS estimates for Bristol Myers Squibb (to $1.07 from $1.67) and AbbVie (to $2.88 from $3.22) and the downward revisions to EPS estimates (to $0.11 from $2.01) and negative EPS surprise (-$0.16 vs. $0.11) reported by Centene have been significant negative contributors to earnings for the index since June 30. As a result, the blended earnings growth rate for the Health Care sector has decreased to 0.1% from 4.0% over this period.

Health Care Sector Has Seen Largest Increase in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2025 of 5.0% is above the estimate of 4.2% at the end of the second quarter (June 30). 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 Communication Services (to 8.7% from 7.0%) sector. The Health Care (to 8.7% from 7.8%) and Communication Services sectors have been the largest positive contributors to revenues for the index since June 30. On the other hand, one sector has recorded a decrease in its revenue growth rate due to downward revisions to revenue estimates and negative revenue surprises: Utilities (to 3.3% from 6.0%).

In the Health Care sector, the positive revenue surprise reported by Centene ($48.74 billion vs. $44.14 billion) has been a significant contributor to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Health Care sector has increased to 8.7% from 7.8% over this period.

In the Communication Services sector, the positive revenue surprise reported by Alphabet ($96.43 billion vs. $94.04 billion) has been a substantial contributor to the increase in the revenue growth rate for the index since June 30. As a result, the blended revenue growth rate for the Communication Services sector has increased to 8.7% from 7.0% over this period.

Earnings Growth: 6.4%

The blended (year-over-year) earnings growth rate for Q2 2025 is 6.4%, which is below the 5-year average earnings growth rate of 12.7% and below the 10-year average earnings growth rate of 9.2%. If 6.4% is the actual growth rate for the quarter, it will mark the lowest earnings growth reported by the index since Q1 2024 (5.8%). However, it will also mark the eighth consecutive quarter of year-over-year earnings growth for the index.

Five of the eleven sectors are reporting year-over-year earnings growth, led by the Communication Services and Information Technology sectors. On the other hand, six sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

Communication Services: Warner Bros. Discovery Is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 34.0%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth: Entertainment ($5.5 billion vs. -$4.9 billion), Interactive Media & Services (17%), Wireless Telecommunication Services (10%), and Diversified Telecommunication Services (1%). On the other hand, the Media (-5%) industry is the only industry reporting a year-over-year decline in earnings.

At the company level, Warner Bros. Discovery (-$0.24 vs. -$4.07) is the largest contributor to earnings growth for the sector. The company is benefitting from an easy comparison to weaker earnings reported in the year-ago quarter due to a $9.1 billion non-cash goodwill impairment charge and other expenses that were included in its GAAP EPS for Q2 2024. If this company were excluded, the blended earnings growth rate for the Communication Services sector would fall to 11.8% from 34.0%.

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

The Information Technology sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 16.7%. At the industry level, all 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (32%), Electronic Equipment, Instruments, & Components (25%), Software (13%), Communication Equipment (12%), IT Services (12%), and Technology Hardware, Storage, & Peripherals (1%).

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 9.4% from 16.7%.

Financials: 4 of 5 Industries Reporting Year-Over-Year Growth

The Financials sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 10.1%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year earnings growth: Consumer Finance (51%), Insurance (19%), Capital Markets (17%), and Financial Services (7%). On the other hand, the Banks (-1%) industry is the only industry reporting a year-over-year decline in earnings.

Energy: 4 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -24.0%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q2 2025 ($63.68) was 21% below the average price for oil in Q2 2024 ($80.66). At the sub-industry level, 4 of the 5 sub-industries in the sector are reporting (or are expected to report) a year-over-year decline in earnings. All 4 are reporting (or are expected to report) a double-digit decline: Integrated Oil & Gas (-34%), Oil & Gas Exploration & Production (-20%), Oil & Gas Refining & Marketing (-19%), and Oil & Gas Equipment & Services (-11%). On the other hand, the Oil & Gas Storage & Transportation (14%) sub-industry is the only sub-industry reporting year-over-year growth in earnings.

Revenue Growth: 5.0%

The blended (year-over-year) revenue growth rate for Q2 2025 is 5.0%, which is below the 5-year average revenue growth rate of 7.2% and below the 10-year average revenue growth rate of 5.4%. If 5.0% is the actual growth rate for the quarter. it will mark the 19th consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are reporting year-over-year growth in revenues, led by the Information Technology, Health Care, and Communication Services sectors. On the other hand, the Energy sector is the only sector that is reporting 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 12.9%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (24%), Electronic Equipment, Instruments, & Components (15%), Software (14%), Communication Equipment (9%), IT Services (8%), and Technology Hardware, Storage, & Peripherals (6%).

Health Care: All 5 Industries Reporting Year-Over-Year Growth

The Health Care sector (along with the Communication Services sector) is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 8.7%. At the industry level, all 5 industries in the sector are reporting year-over-year revenue growth: Health Care Providers & Services (10%), Health Care Equipment & Supplies (6%), Pharmaceuticals (4%), Life Sciences, Tools, & Services (3%), and Biotechnology (2%).

Communication Services: 4 of 5 Industries Reporting Year-Over-Year Growth

The Communication Services sector (along with the Health Care sector) is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 8.7%. At the industry level, 4 of the 5 industries in the sector are reporting year-over-year revenue growth: Interactive Media & Services (14%), Wireless Telecommunication Services (7%), Entertainment (7%), and Diversified Telecommunication Services (4%). On the other hand, the Media (-1%) industry is the only industry reporting a year-over-year decline in revenues.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -8.7%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q2 2025 ($63.68) was 21% below the average price for oil in Q2 2024 ($80.66). At the sub-industry level, 3 of the 5 sub-industries in the sector are reporting (or are expected to report) a year-over-year decline in revenues: Integrated Oil & Gas (-14%), Oil & Gas Refining & Marketing (-13%), and Oil & Gas Equipment & Services (-5%). On the other hand, two sub-industries are reporting year-over-year growth in revenues: Oil & Gas Storage & Transportation (35%) and Oil & Gas Exploration & Production (11%).

Net Profit Margin: 12.3%

The blended net profit margin for the S&P 500 for Q2 2025 is 12.3%, which is below the previous quarter's net profit margin of 12.7%, but above the year-ago net profit margin of 12.2% and above the 5-year average of 11.8%.

At the sector level, three sectors are reporting a year-over-year increase in their net profit margins in Q2 2025 compared to Q2 2024: Communication Services (14.2% vs. 11.6%), Information Technology (24.8% vs. 24.0%), and Financials (19.6% vs. 18.8%). On the other hand, eight sectors are reporting a year-over-year decrease in their net profit margins in Q2 2025 compared to Q2 2024, led by the Energy (7.5% vs. 9.0%) sector.

Five sectors are reporting net profit margins in Q2 2025 that are above their 5-year averages, led by the Financials (19.6% vs. 17.2%), Communication Services (14.2% vs. 12.2%), and Industrials (10.5% vs. 8.6%) sectors. On the other hand, six sectors are reporting net profit margins in Q2 2025 that are below their 5-year averages, led by the Energy (7.5% vs. 9.9%) sector.

Forward Estimates & Valuation

Quarterly Guidance: % of Cos. Issuing Negative EPS Guidance for Q3 is Below Average

At this point in time, 25 companies in the index have issued EPS guidance for Q3 2025. Of these 25 companies, 13 have issued negative EPS guidance and 12 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q3 2025 is 52% (13 out of 25), which is below the 5-year average of 57% and below the 10-year average of 61%.

At this point in time, 261 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 261 companies, 127 have issued negative EPS guidance and 134 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 49% (127 out of 261).

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 10% for CY 2025

For the second quarter, S&P 500 companies are reporting year-over-year growth in earnings of 6.4% and year-over-year growth in revenues of 5.0%.

For Q3 2025, analysts are projecting earnings growth of 7.6% and revenue growth of 5.1%.

For Q4 2025, analysts are projecting earnings growth of 7.0% and revenue growth of 5.6%.

For CY 2025, analysts are projecting earnings growth of 9.6% and revenue growth of 5.3%.

For CY 2026, analysts are projecting earnings growth of 13.9% and revenue growth of 6.3%.

Valuation: Forward P/E Ratio is 22.4, Above the 10-Year Average (18.4)

The forward 12-month P/E ratio for the S&P 500 is 22.4. 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 22.1 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 2.6%, while the forward 12-month EPS estimate has increased by 1.3%. At the sector level, the Information Technology (30.0) and Consumer Discretionary (28.8) sectors have the highest forward 12-month P/E ratios, while the Energy (15.3) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 27.9, which is above the 5-year average of 25.0 and above the 10-year average of 22.5.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

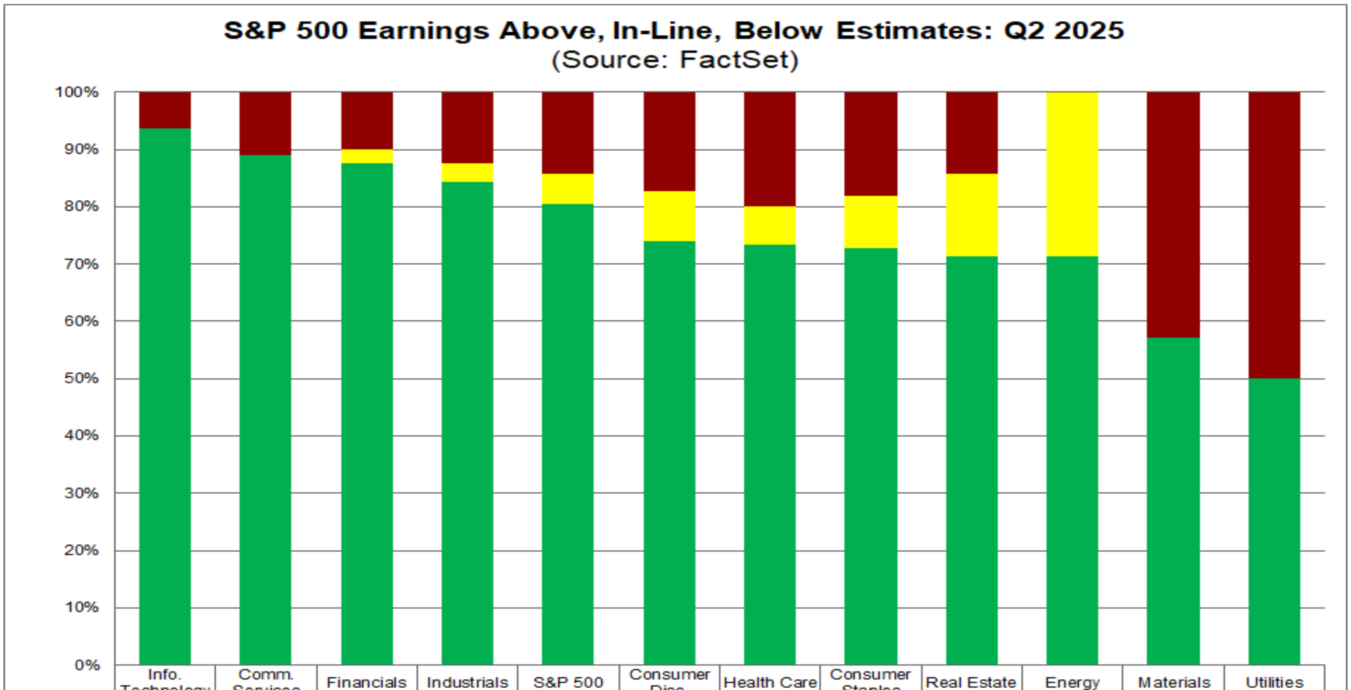
The bottom-up target price for the S&P 500 is 6939.07, which is 9.0% above the closing price of 6363.35. At the sector level, the Health Care (+15.4%) and Energy (+14.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Industrials (+6.1%) 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 12,532 ratings on stocks in the S&P 500. Of these 12,532 ratings, 56.3% are Buy ratings, 38.6% are Hold ratings, and 5.1% are Sell ratings. At the sector level, the Energy (67%), Communication Services (65%), and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

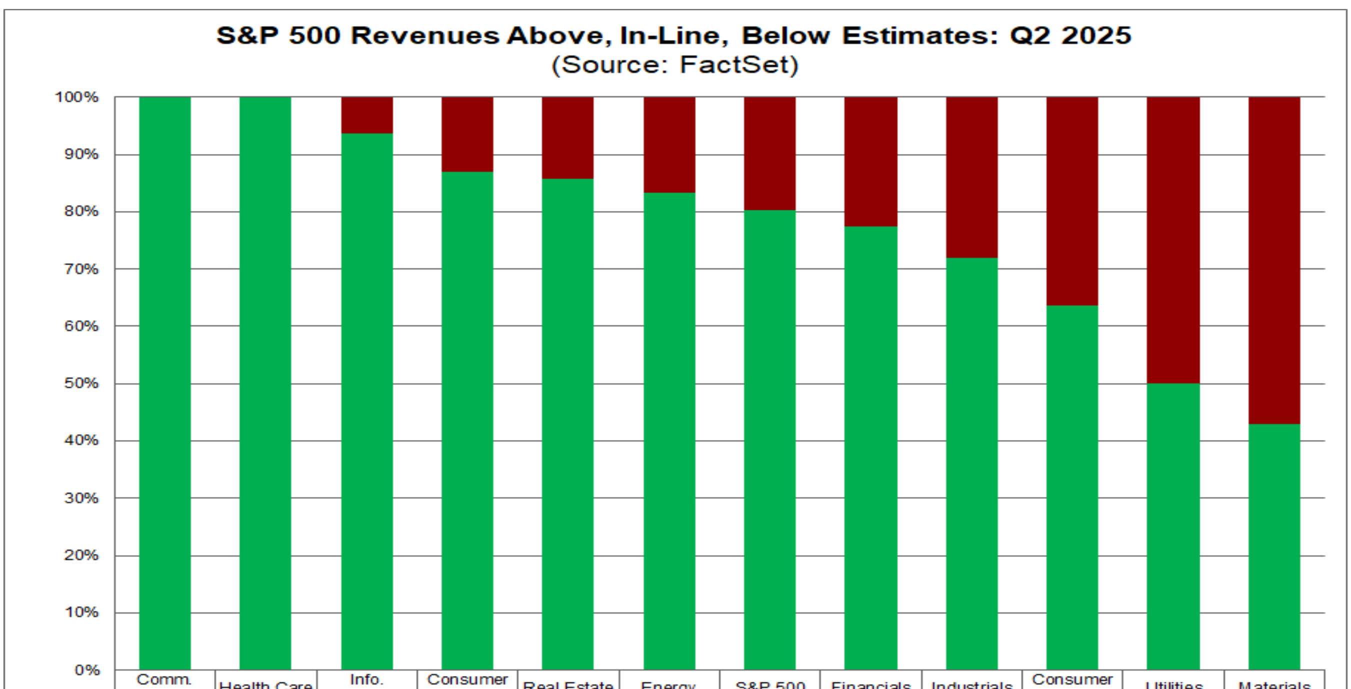
Companies Reporting Next Week: 164

During the upcoming week, 164 S&P 500 companies (including 9 Dow 30 components) are scheduled to report results for the second quarter.

Q2 2025: Scorecard

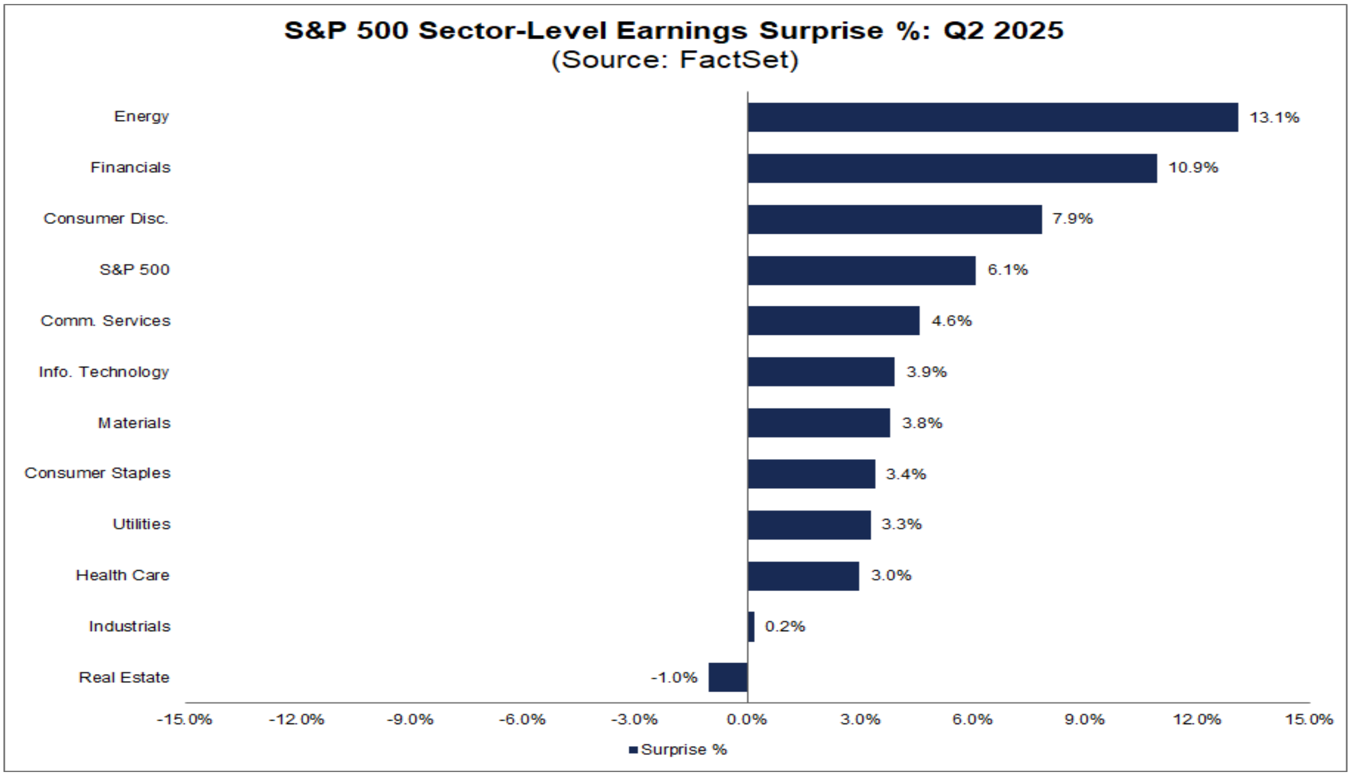


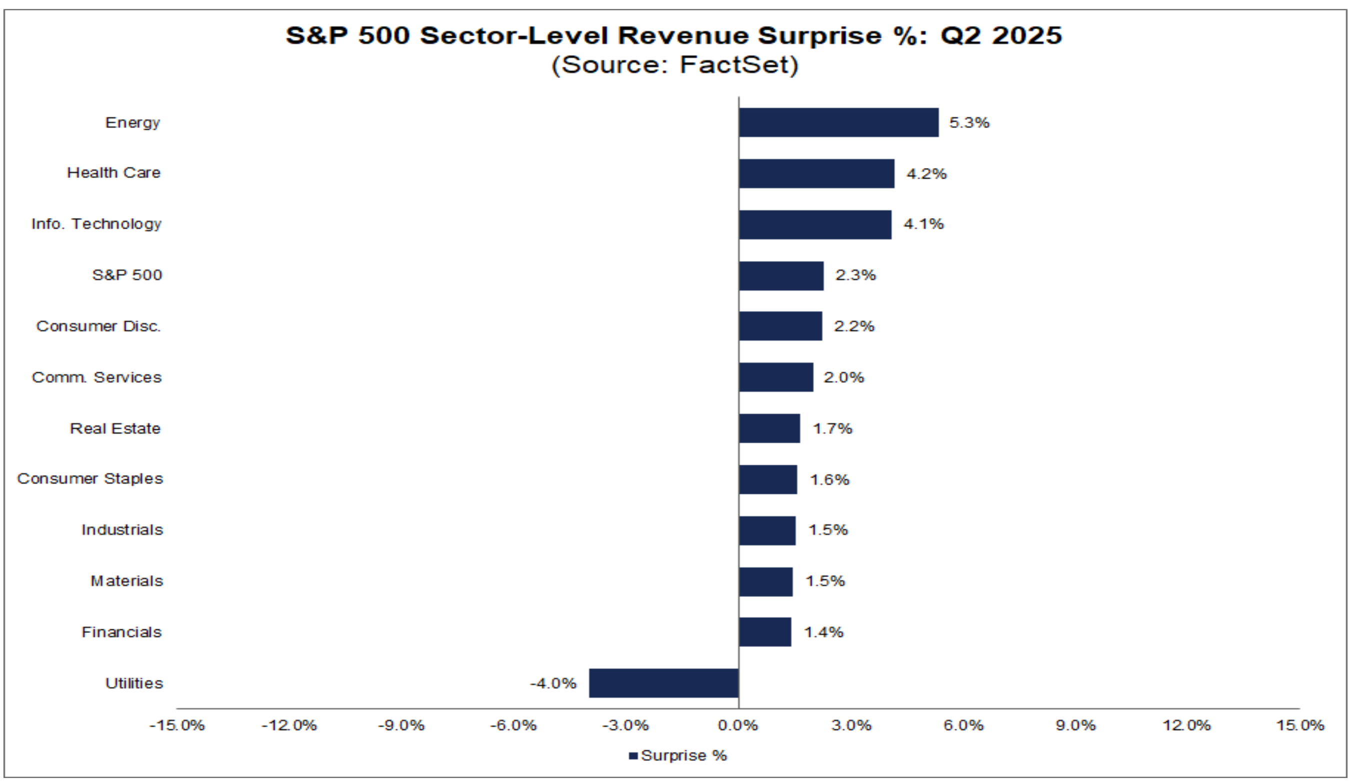
	Info. Technology	Comm. Services	Financials	Industrials	S&P 500	Consumer Disc.	Health Care	Consumer Staples	Real Estate	Energy	Materials	Utilities
Below	6%	11%	10%	13%	14%	17%	20%	18%	14%	0%	43%	50%
In-Line	0%	0%	3%	3%	5%	9%	7%	9%	14%	29%	0%	0%
Above	94%	89%	88%	84%	80%	74%	73%	73%	71%	71%	57%	50%



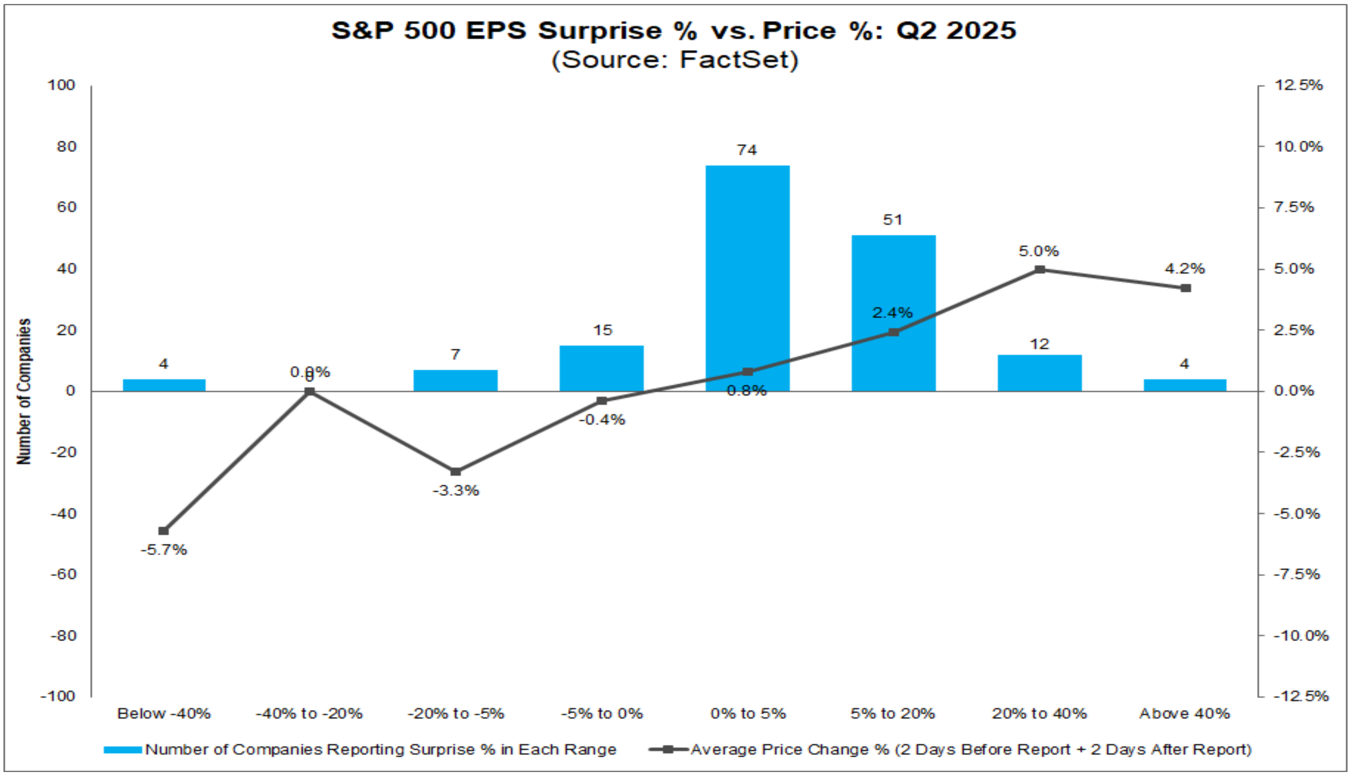
	Comm. Services	Health Care	Info. Technology	Consumer Disc.	Real Estate	Energy	S&P 500	Financials	Industrials	Consumer Staples	Utilities	Materials
Below	0%	0%	6%	13%	14%	17%	20%	23%	28%	36%	50%	57%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	94%	87%	86%	83%	80%	78%	72%	64%	50%	43%

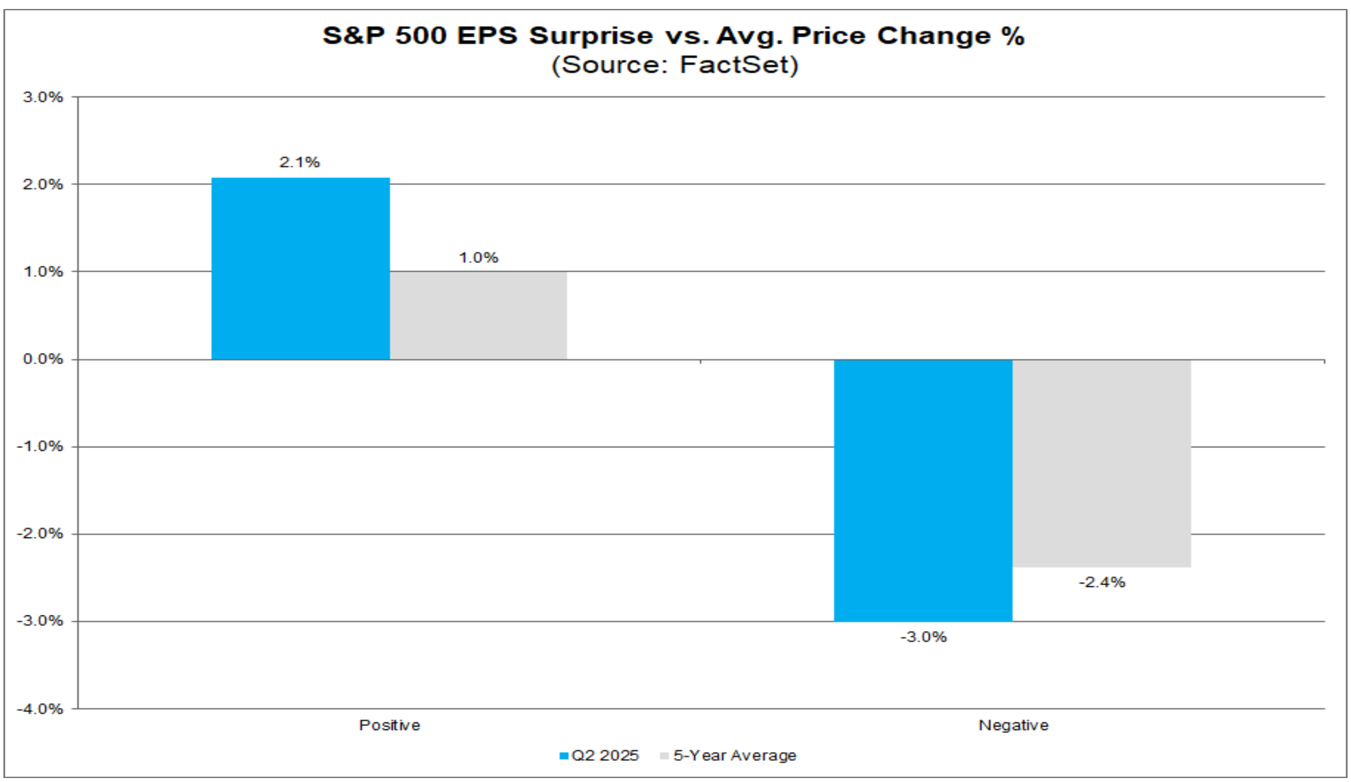
Q2 2025: Surprise



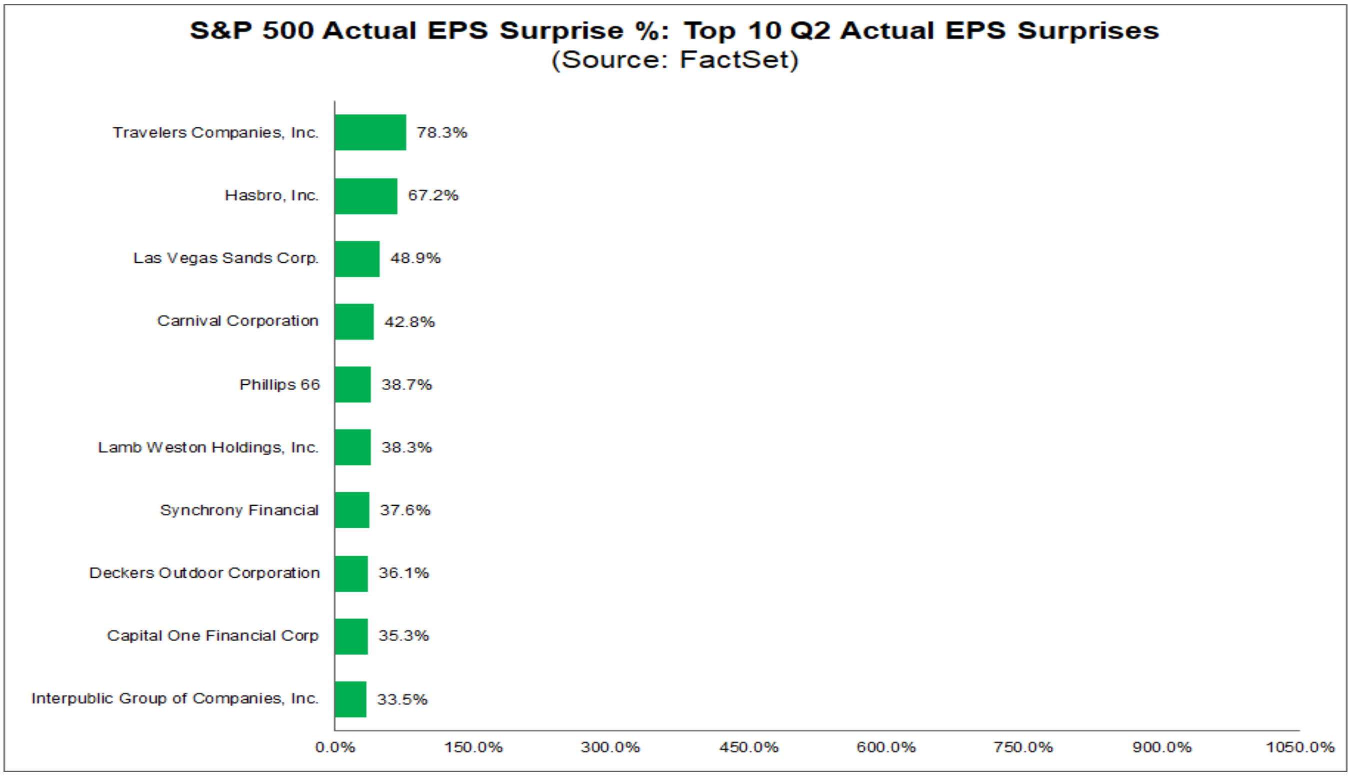


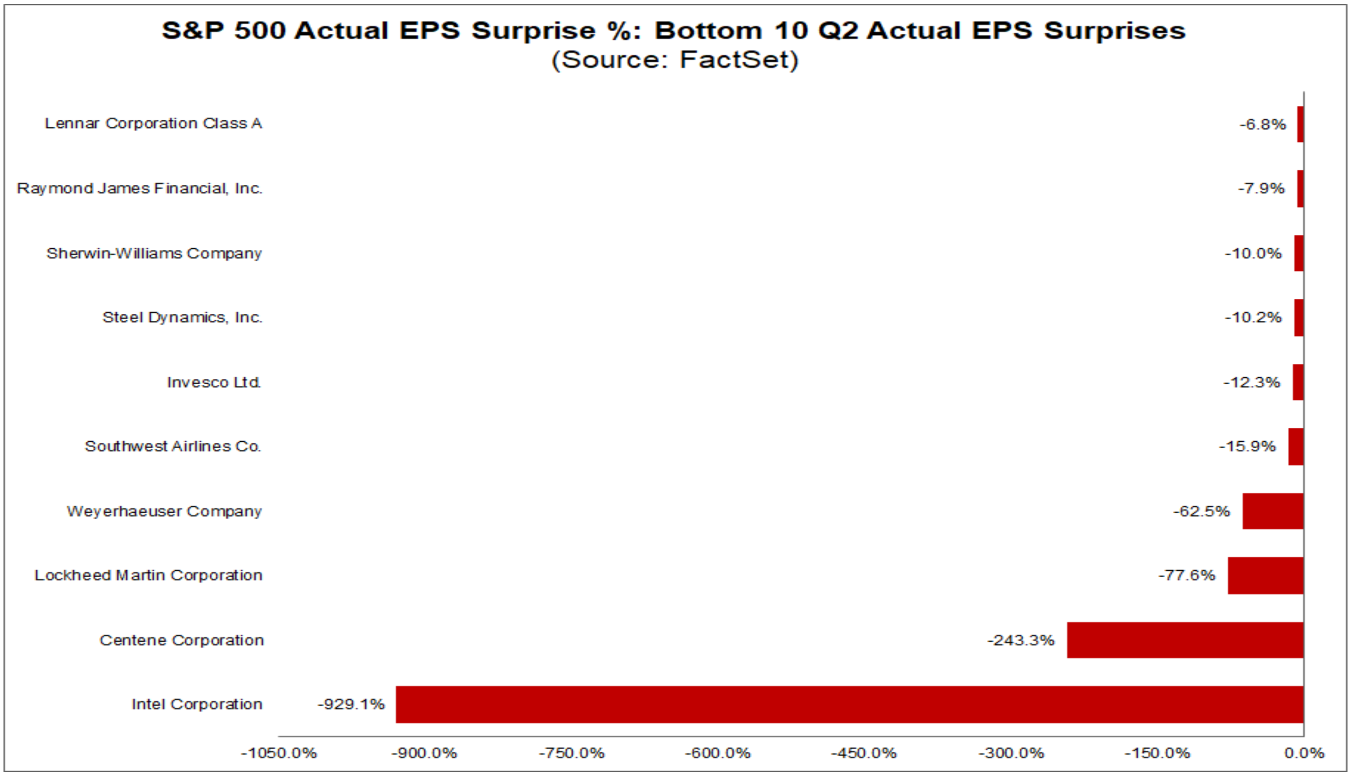
Q2 2025: Surprise



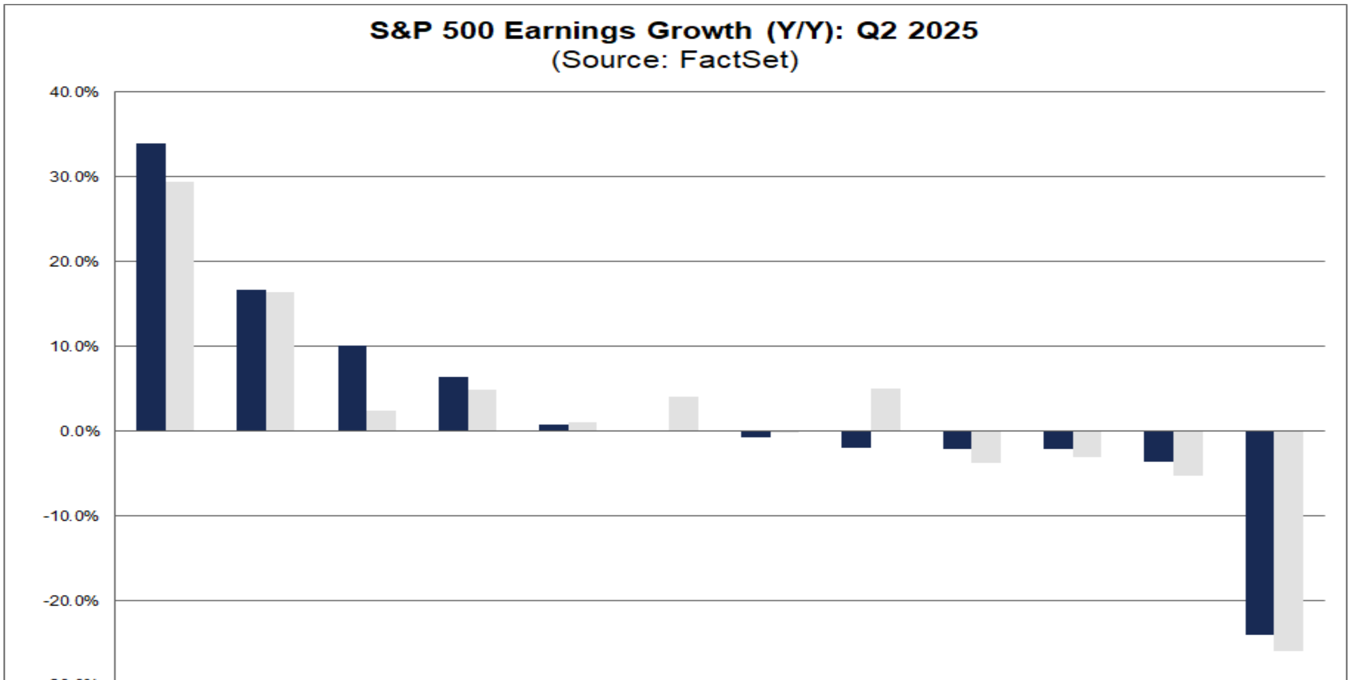


Q2 2025: Surprise

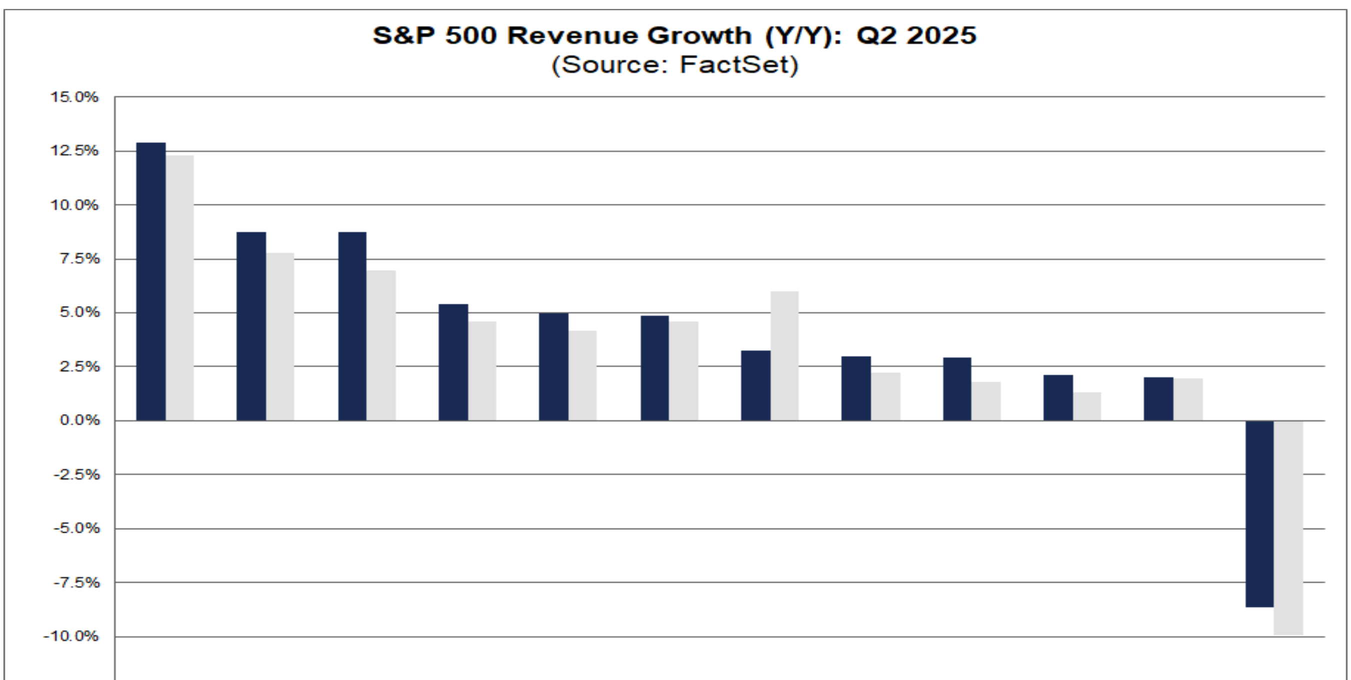




Q2 2025: Growth

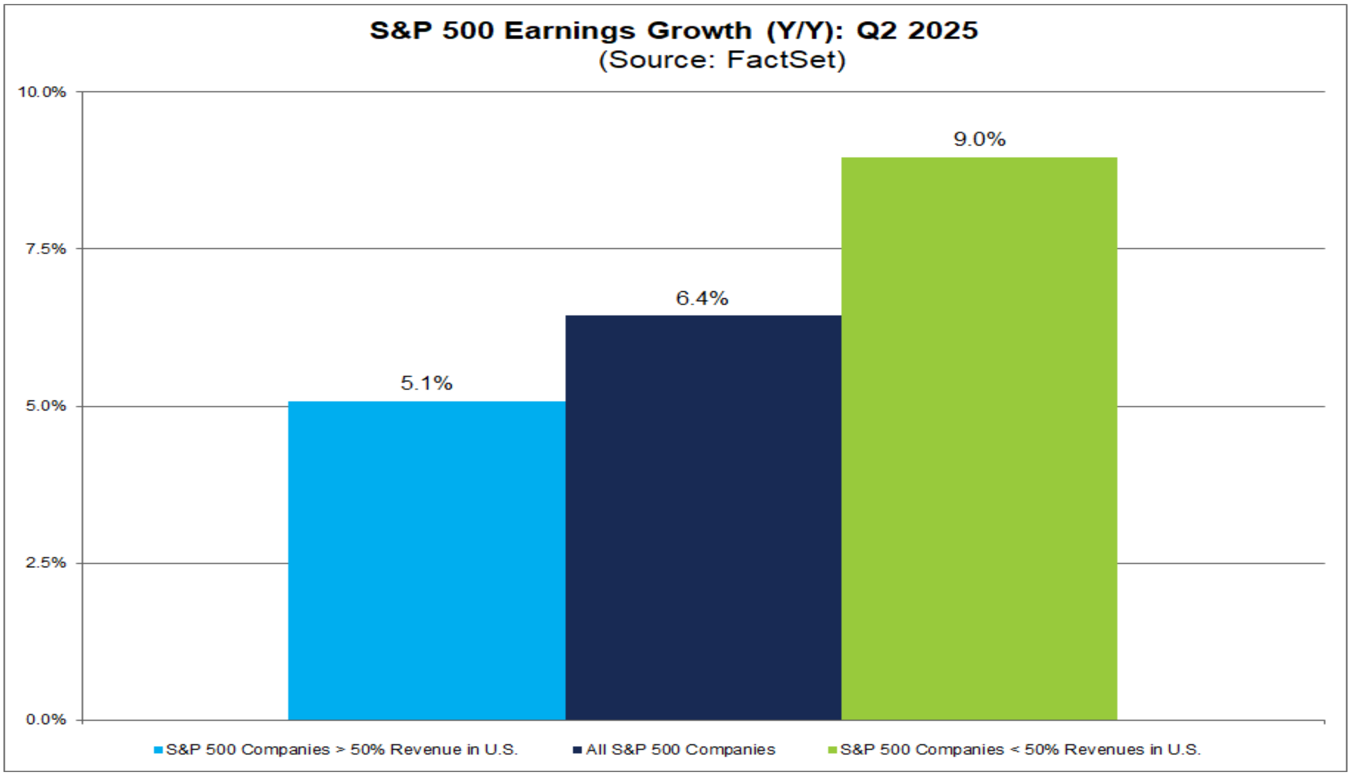


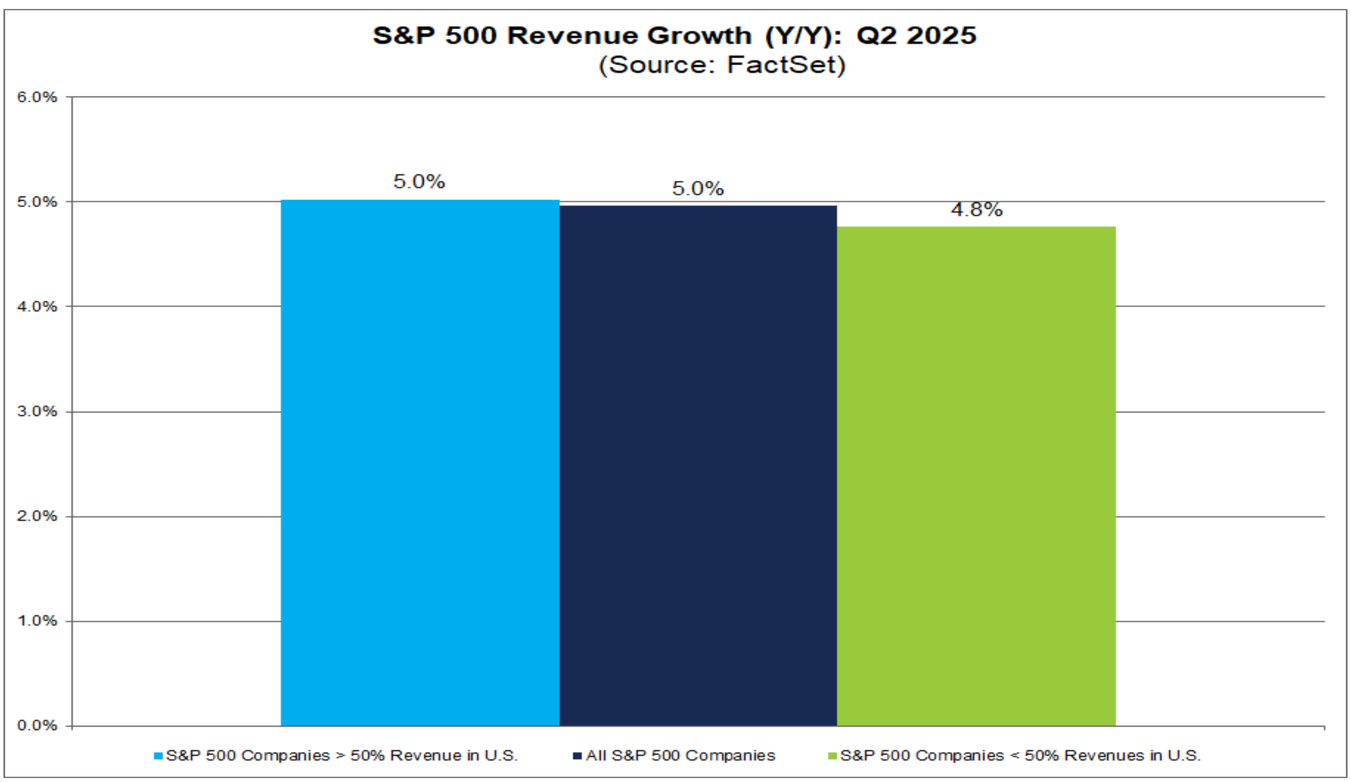
	Comm. Services	Info. Technology	Financials	S&P 500	Real Estate	Health Care	Industrials	Utilities	Materials	Consumer Staples	Consumer Disc.	Energy
Today	34.0%	16.7%	10.1%	6.4%	0.8%	0.1%	-0.8%	-1.9%	-2.1%	-2.2%	-3.7%	-24.0%
30-Jun	29.4%	16.4%	2.3%	4.9%	1.0%	4.0%	-0.2%	5.1%	-3.7%	-3.0%	-5.3%	-26.0%



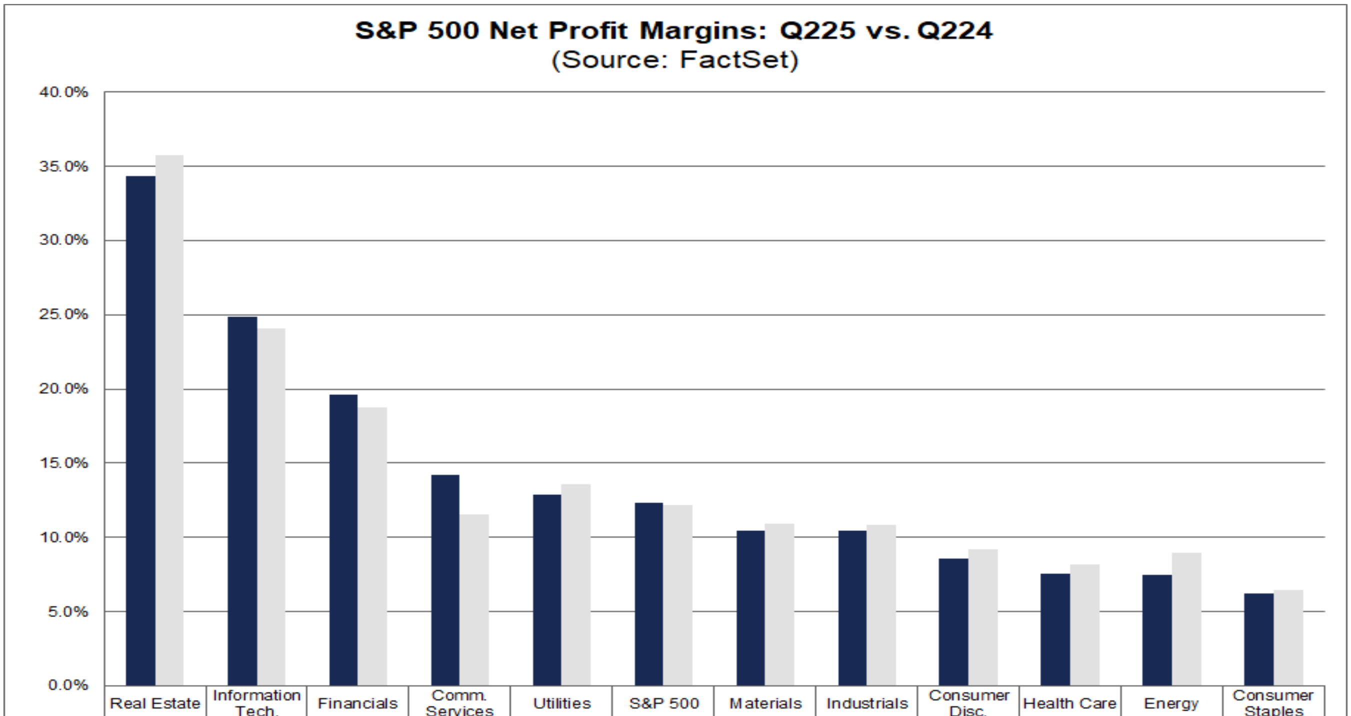
	Info. Technology	Health Care	Comm. Services	Financials	S&P 500	Real Estate	Utilities	Consumer Disc.	Industrials	Materials	Consumer Staples	Energy
Today	12.9%	8.7%	8.7%	5.4%	5.0%	4.9%	3.3%	3.0%	2.9%	2.1%	2.0%	-8.7%
30-Jun	12.3%	7.8%	7.0%	4.6%	4.2%	4.6%	6.0%	2.2%	1.8%	1.3%	1.9%	-9.9%

Q2 2025: Growth

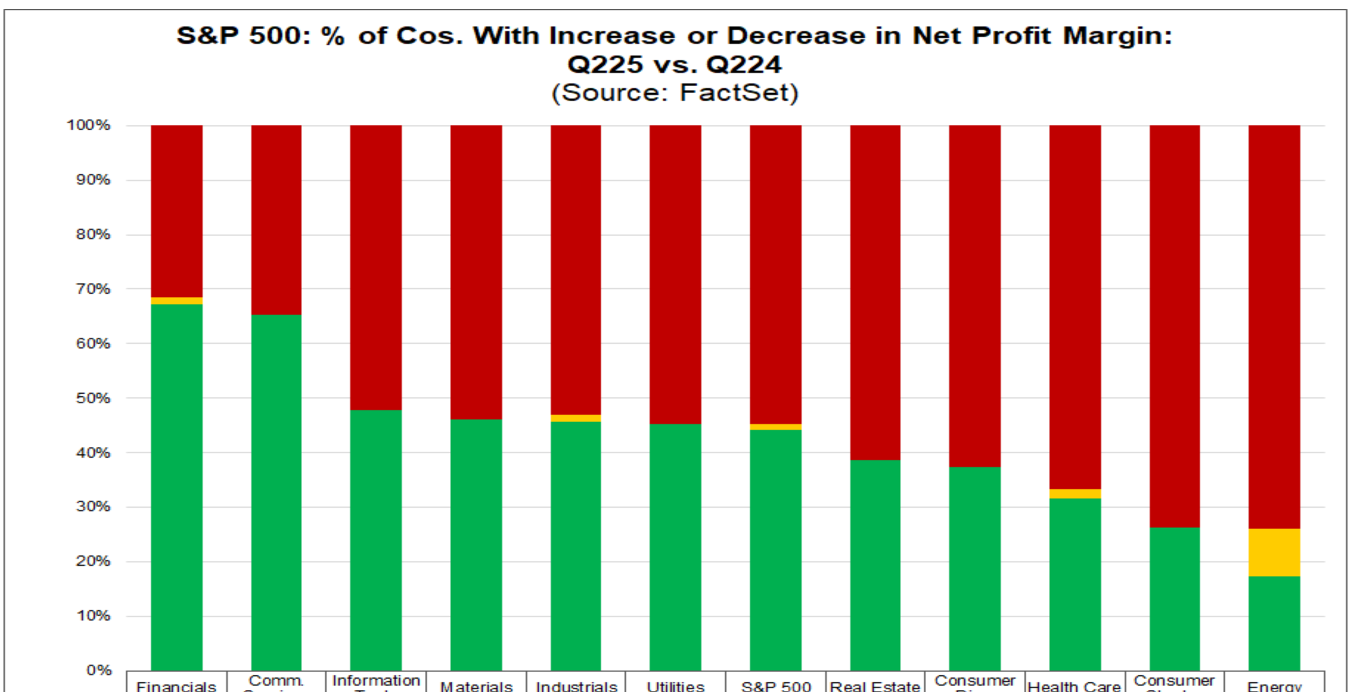




Q2 2025: Net Profit Margin

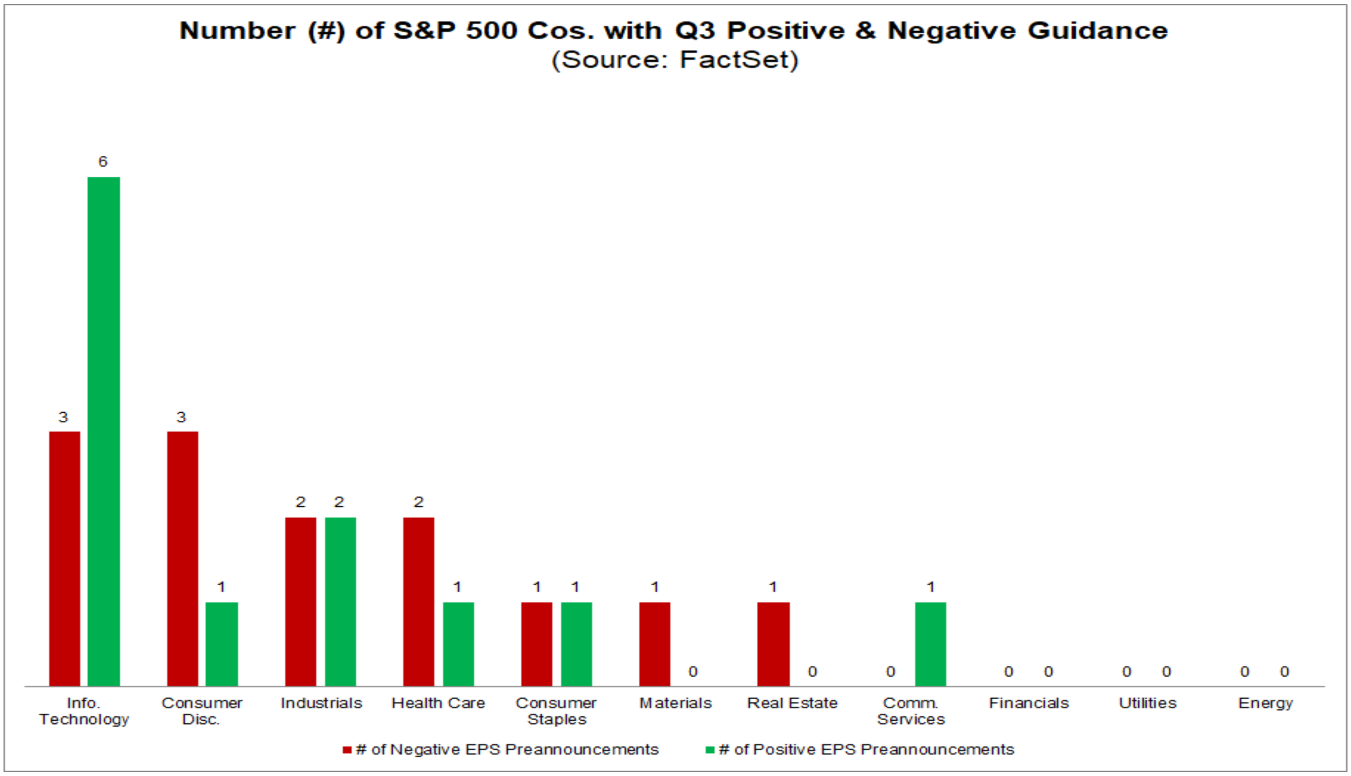


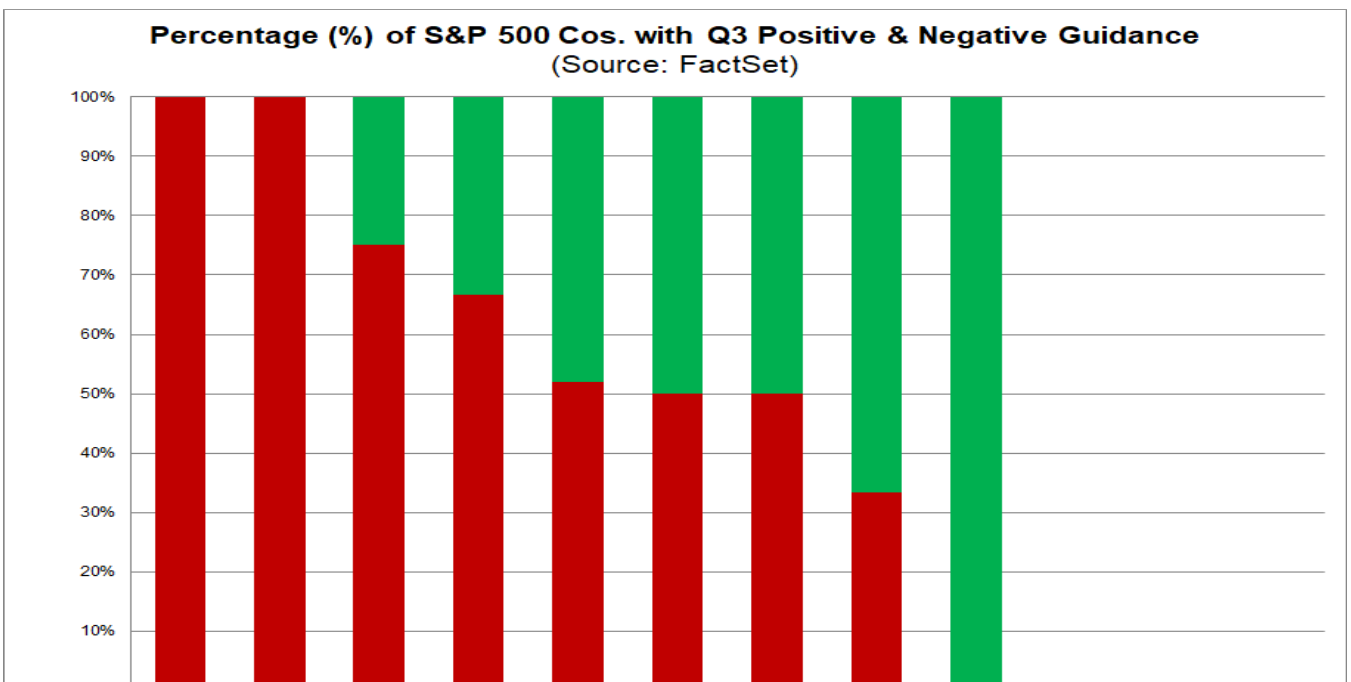
	Real Estate	Information Tech.	Financials	Comm. Services	Utilities	S&P 500	Materials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples
Q125	34.3%	24.8%	19.6%	14.2%	12.9%	12.3%	10.5%	10.5%	8.6%	7.5%	7.5%	6.2%
Q124	35.7%	24.0%	18.8%	11.6%	13.6%	12.2%	11.0%	10.9%	9.2%	8.2%	9.0%	6.5%



	Financials	Comm. Services	Information Tech.	Materials	Industrials	Utilities	S&P 500	Real Estate	Consumer Disc.	Health Care	Consumer Staples	Energy
Down %	32%	35%	52%	54%	53%	55%	55%	61%	63%	67%	74%	74%
None %	1%	0%	0%	0%	1%	0%	1%	0%	0%	2%	0%	9%
Up %	67%	65%	48%	46%	46%	45%	44%	39%	37%	32%	26%	17%

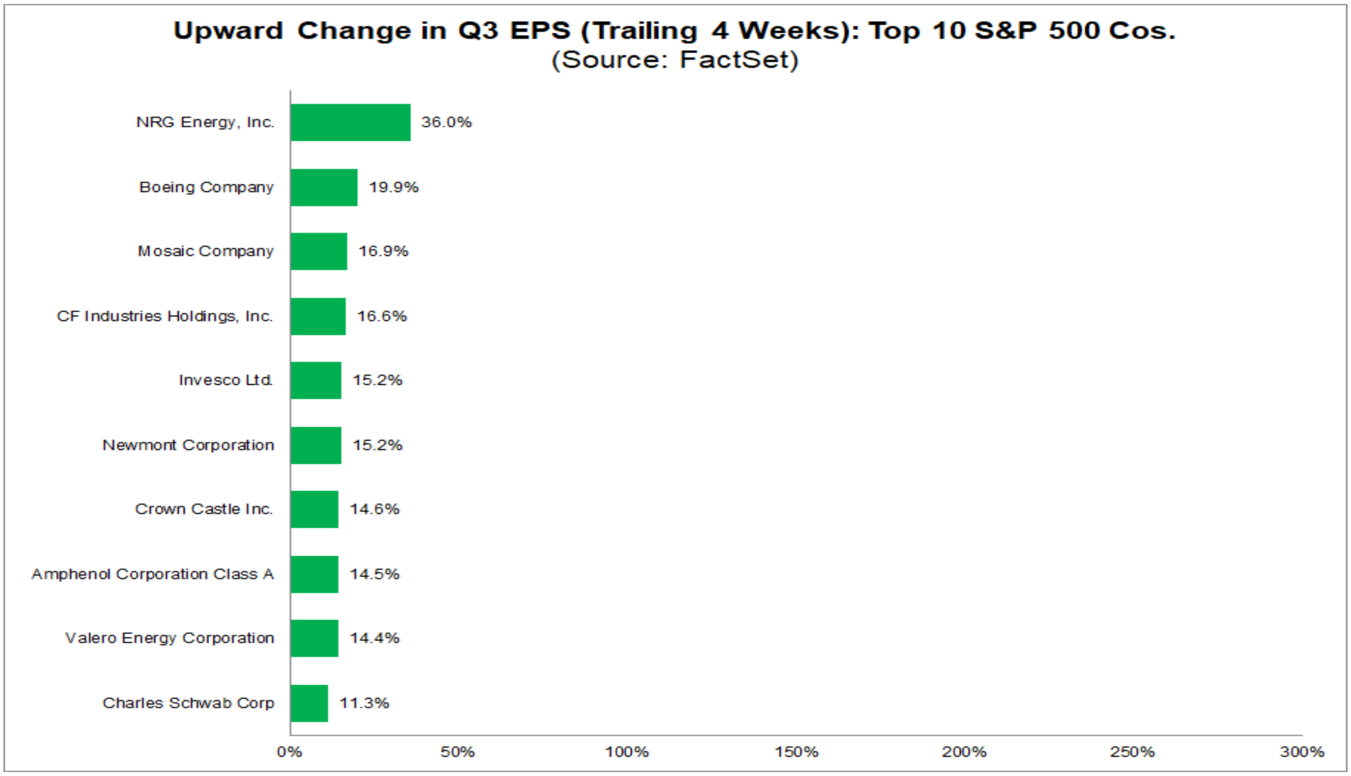
Q3 2025: Guidance

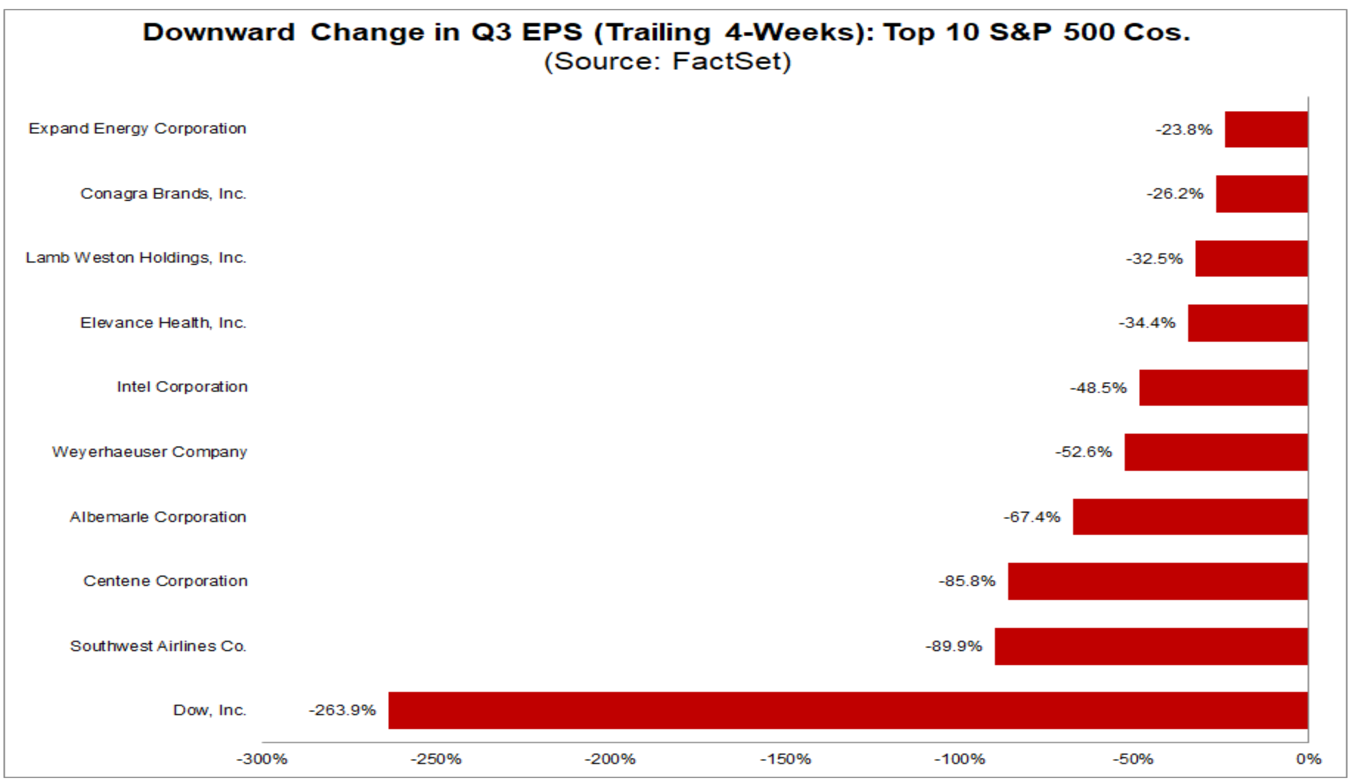




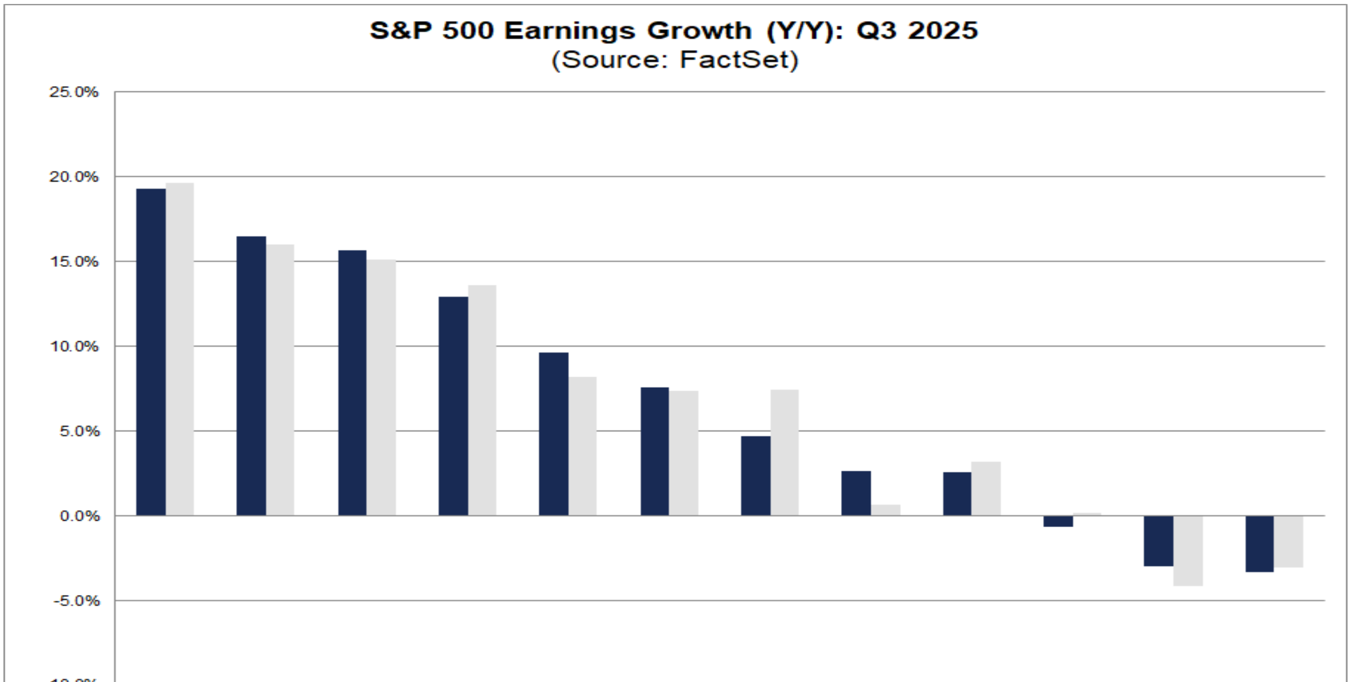
	Materials	Real Estate	Consumer Disc.	Health Care	S&P 500	Industrials	Consumer Staples	Info. Technology	Comm. Services	Utilities	Financials	Energy
Positive	0%	0%	25%	33%	48%	50%	50%	67%	100%	0%	0%	0%
Negative	100%	100%	75%	67%	52%	50%	50%	33%	0%	0%	0%	0%

Q3 2025: EPS Revisions

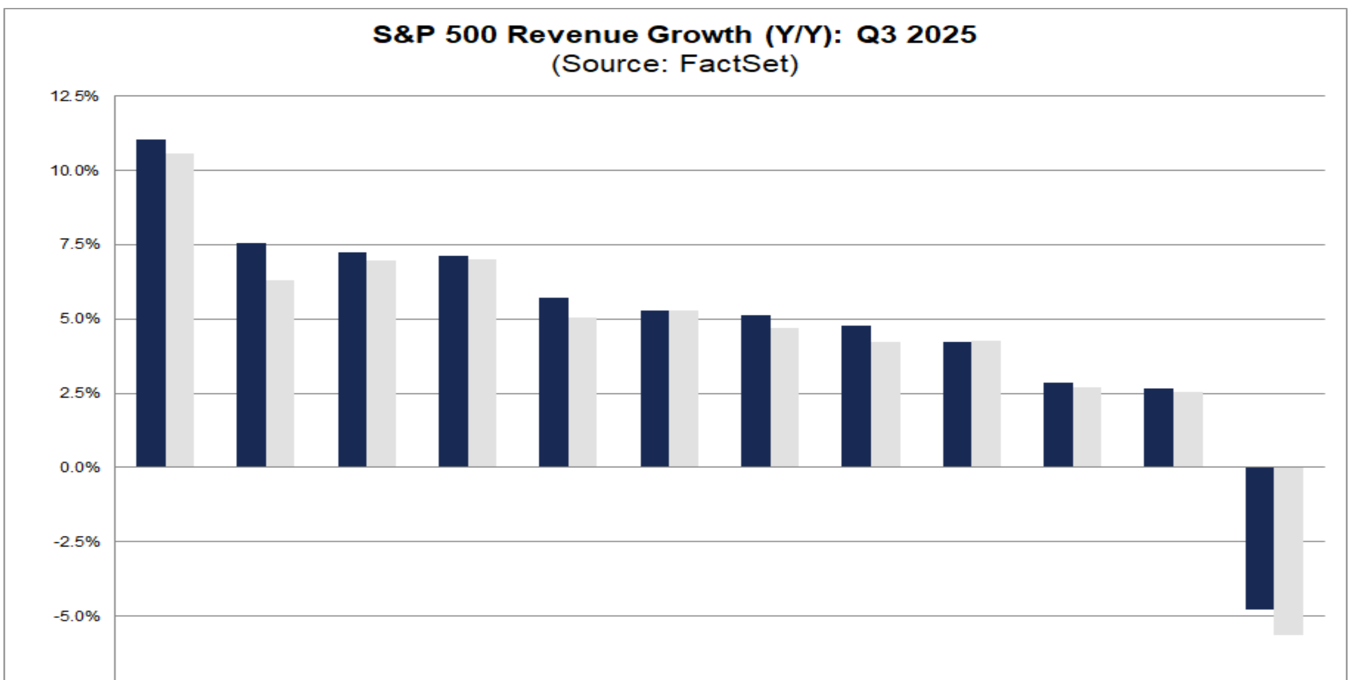




Q3 2025: Growth

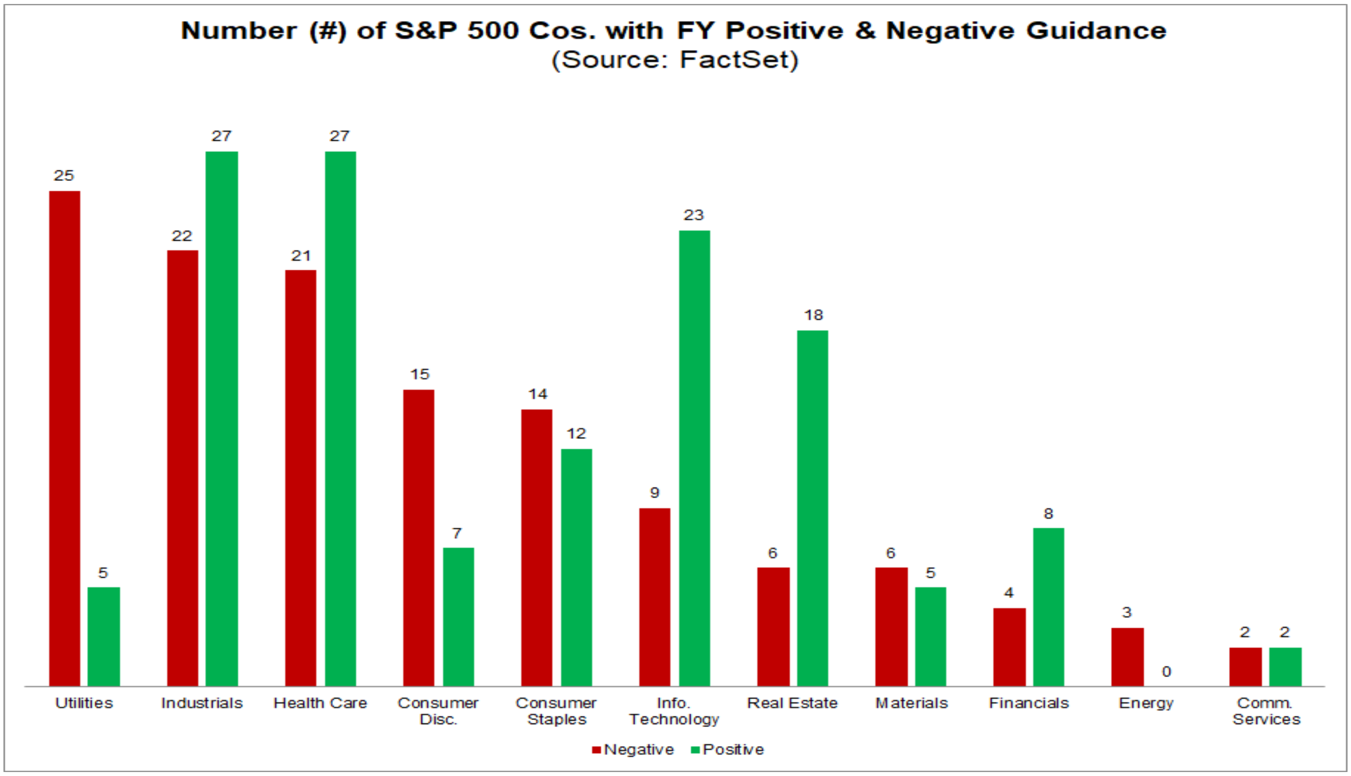


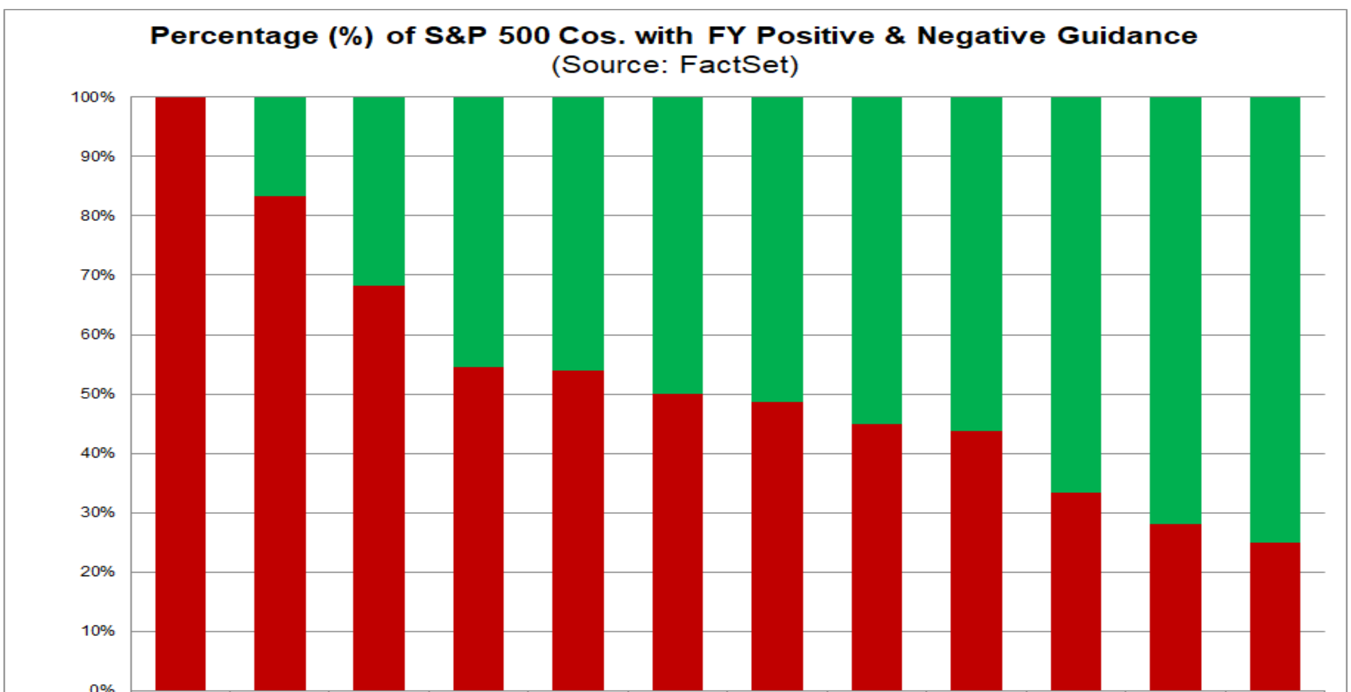
	Materials	Info. Technology	Utilities	Industrials	Financials	S&P 500	Health Care	Comm. Services	Real Estate	Consumer Staples	Energy	Consumer Disc.
Today	19.3%	16.5%	15.7%	12.9%	9.6%	7.6%	4.7%	2.7%	2.6%	-0.7%	-3.0%	-3.3%
30-Jun	19.7%	16.0%	15.1%	13.6%	8.2%	7.4%	7.4%	0.7%	3.2%	0.1%	-4.1%	-3.1%



	Info. Technology	Comm. Services	Utilities	Health Care	Financials	Real Estate	S&P 500	Materials	Industrials	Consumer Staples	Consumer Disc.	Energy
Today	11.0%	7.6%	7.2%	7.1%	5.7%	5.3%	5.1%	4.8%	4.2%	2.9%	2.7%	-4.8%
30-Jun	10.6%	6.3%	7.0%	7.0%	5.0%	5.3%	4.7%	4.2%	4.3%	2.7%	2.6%	-5.6%

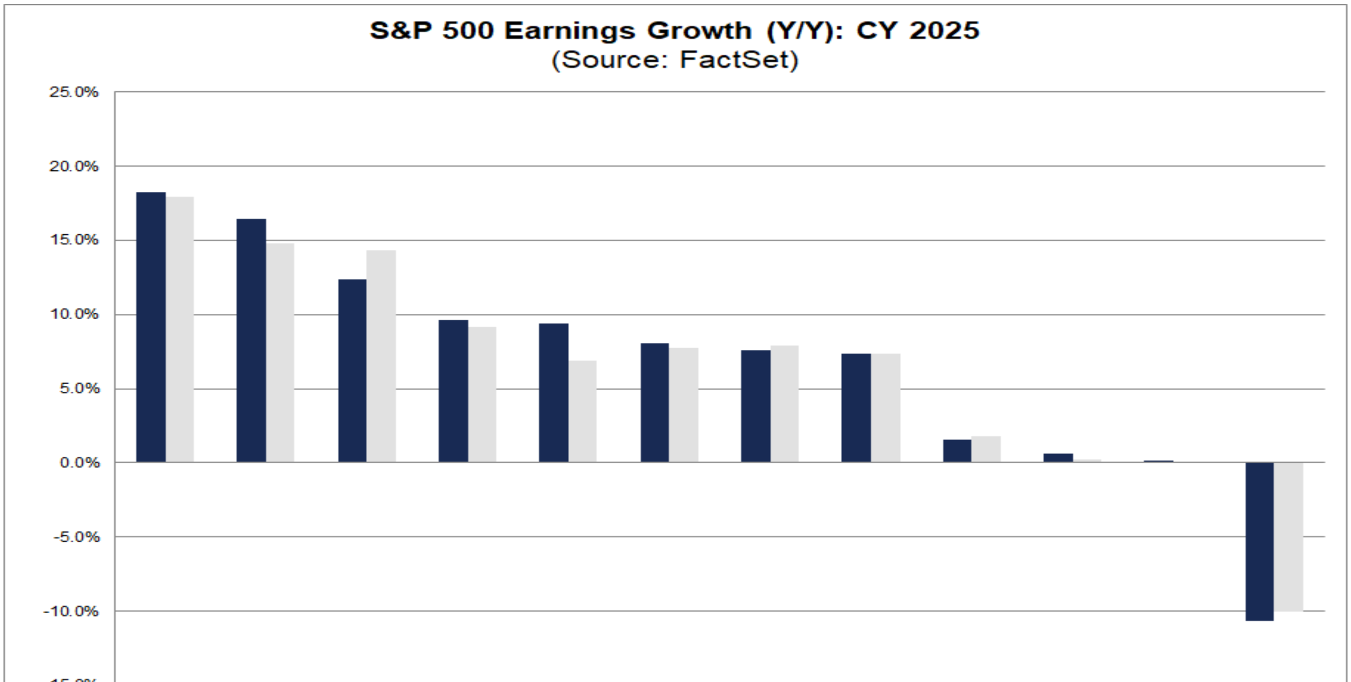
FY 2025 / 2026: EPS Guidance



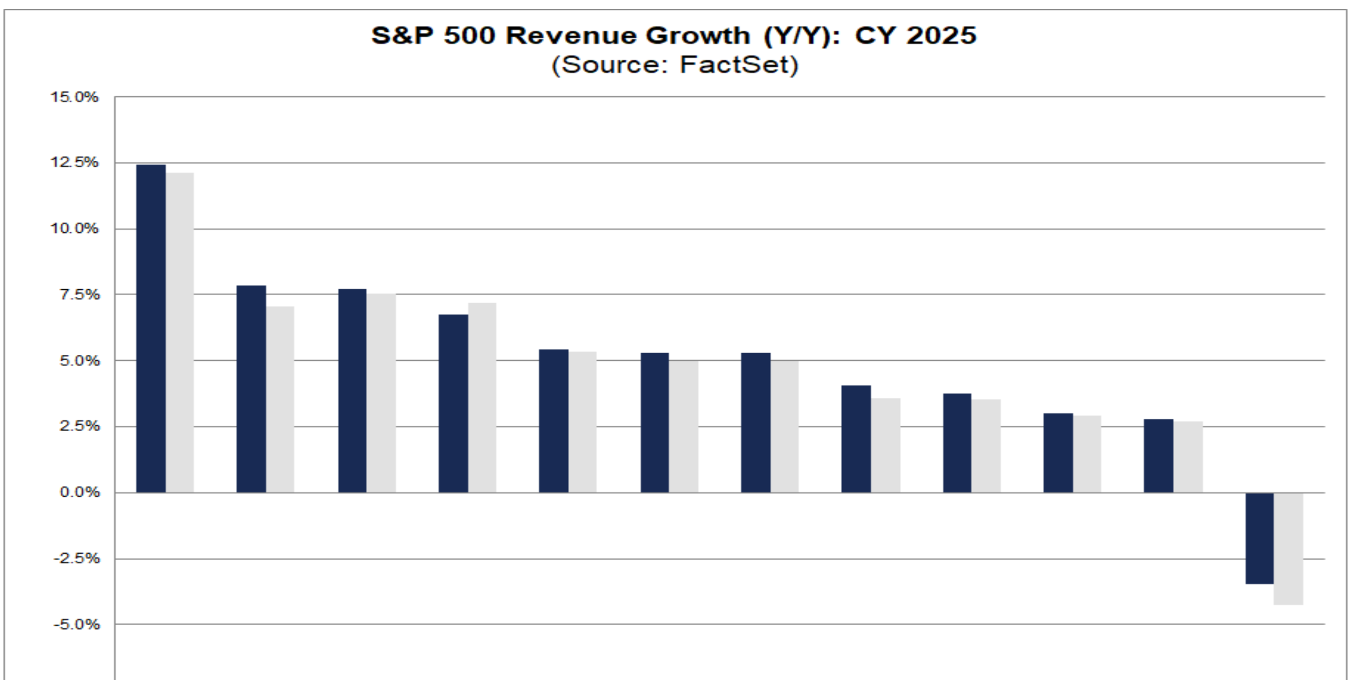


	Energy	Utilities	Consumer Disc.	Materials	Consumer Staples	Comm. Services	S&P 500	Industrials	Health Care	Financials	Info. Technology	Real Estate
Positive	0%	17%	32%	45%	46%	50%	51%	55%	56%	67%	72%	75%
Negative	100%	83%	68%	55%	54%	50%	49%	45%	44%	33%	28%	25%

CY 2025: Growth

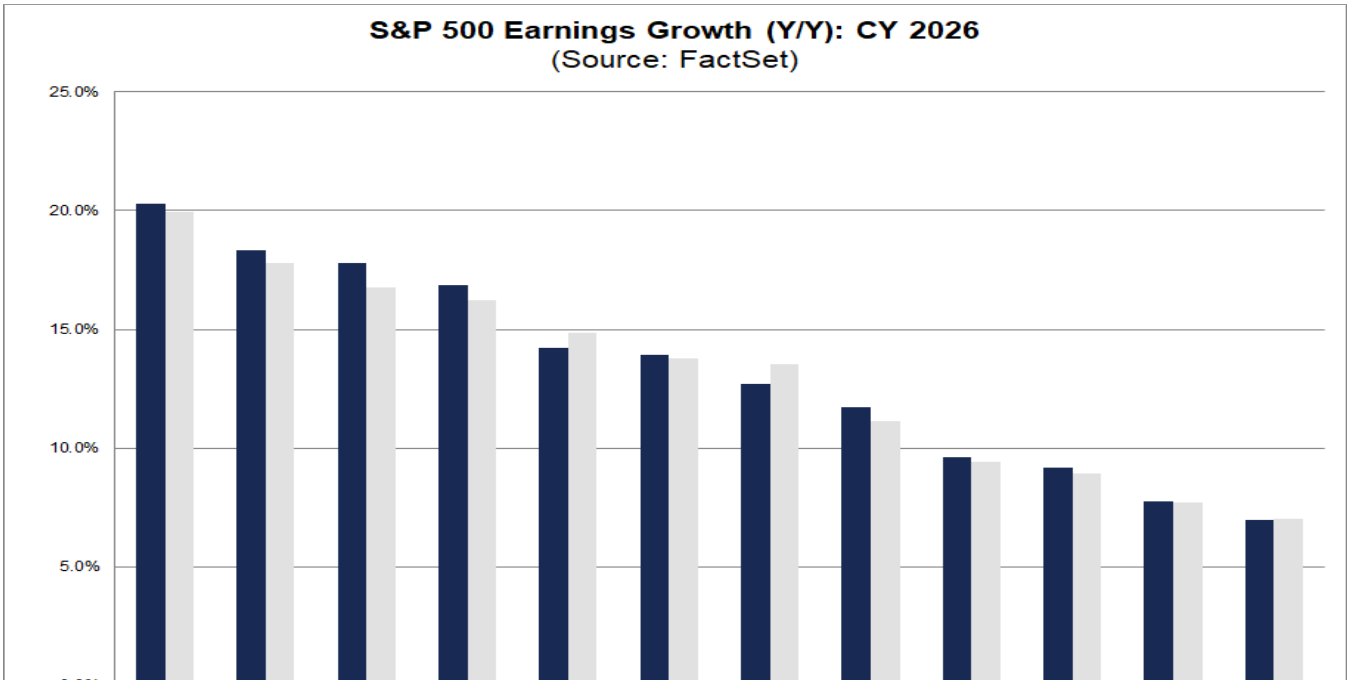


	Info. Technology	Comm. Services	Health Care	S&P 500	Financials	Materials	Industrials	Utilities	Real Estate	Consumer Disc.	Consumer Staples	Energy
Today	18.2%	16.4%	12.4%	9.6%	9.4%	8.1%	7.6%	7.4%	1.6%	0.7%	0.1%	-10.7%
30-Jun	17.9%	14.8%	14.3%	9.1%	6.9%	7.8%	7.9%	7.4%	1.8%	0.3%	0.1%	-10.0%

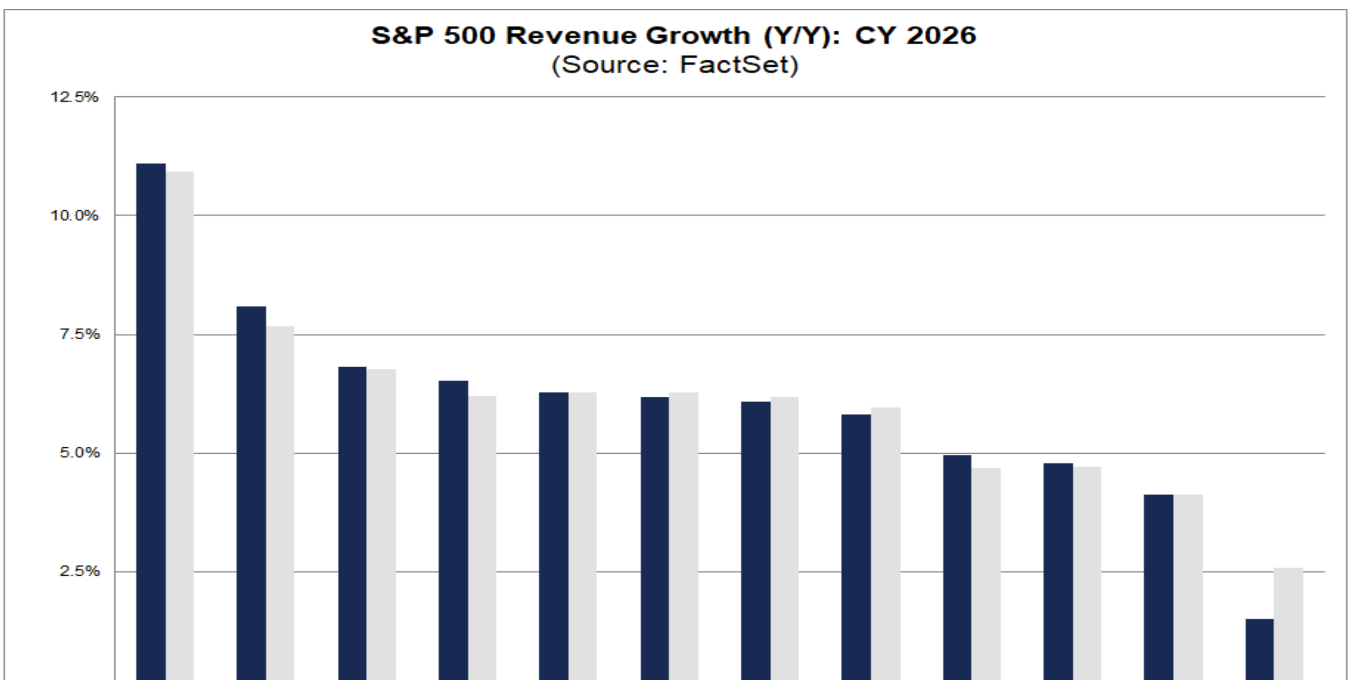


	Info. Technology	Comm. Services	Health Care	Utilities	Real Estate	Materials	S&P 500	Financials	Industrials	Consumer Disc.	Consumer Staples	Energy
Today	12.4%	7.9%	7.7%	6.8%	5.4%	5.3%	5.3%	4.1%	3.8%	3.0%	2.8%	-3.5%
30-Jun	12.1%	7.0%	7.5%	7.2%	5.3%	5.0%	5.0%	3.6%	3.6%	2.9%	2.7%	-4.3%

CY 2026: Growth

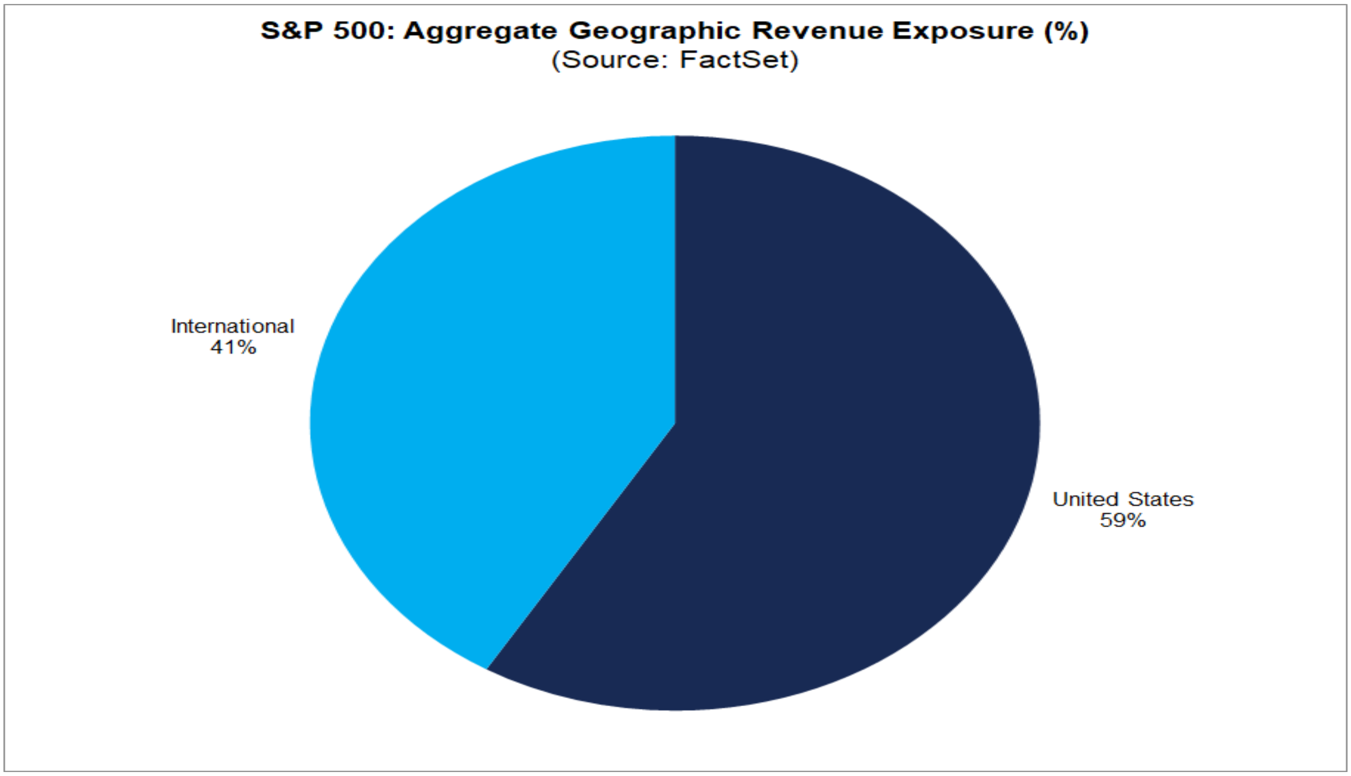


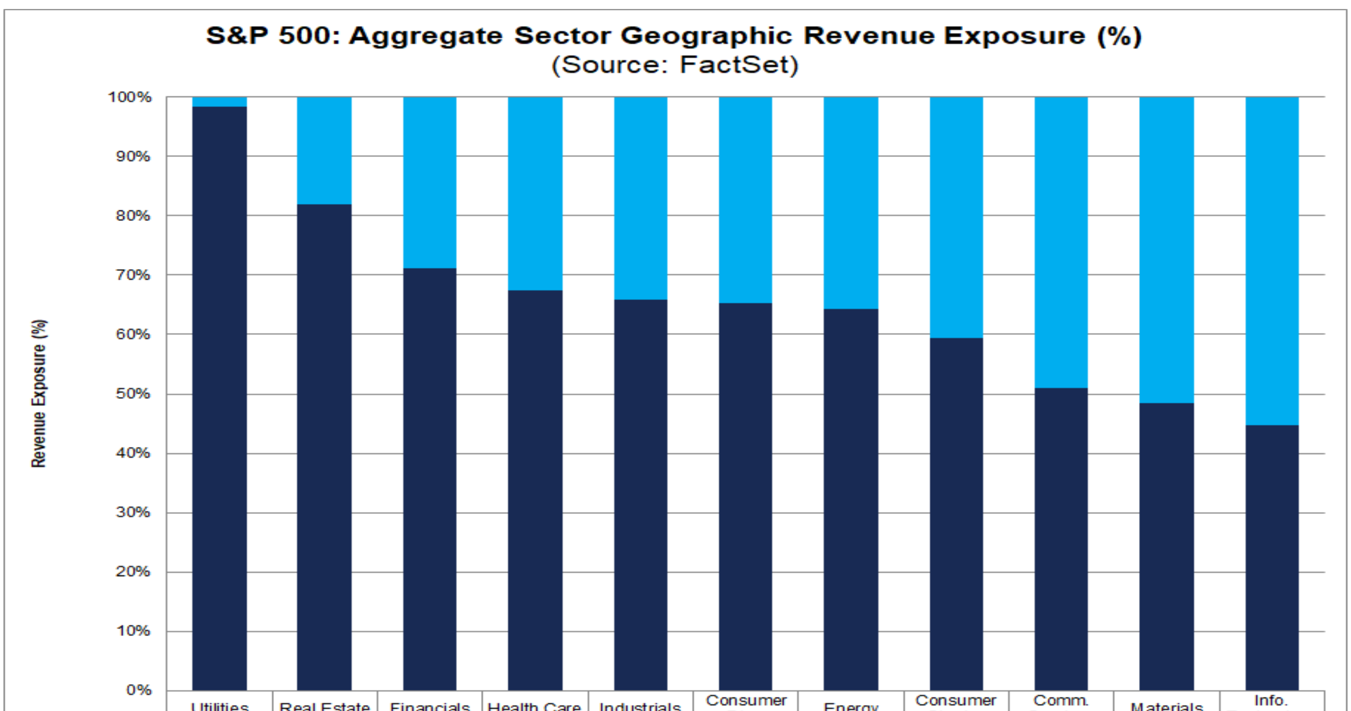
	Energy	Info. Technology	Materials	Industrials	Consumer Disc.	S&P 500	Financials	Health Care	Comm. Services	Utilities	Consumer Staples	Real Estate
Today	20.3%	18.3%	17.8%	16.9%	14.2%	13.9%	12.7%	11.7%	9.6%	9.2%	7.8%	7.0%
30-Jun	20.0%	17.8%	16.8%	16.2%	14.9%	13.8%	13.5%	11.2%	9.4%	9.0%	7.7%	7.0%



	Info. Technology	Comm. Services	Real Estate	Financials	S&P 500	Industrials	Consumer Disc.	Health Care	Materials	Utilities	Consumer Staples	Energy
Today	11.1%	8.1%	6.8%	6.5%	6.3%	6.2%	6.1%	5.8%	4.9%	4.8%	4.1%	1.5%
30-Jun	10.9%	7.7%	6.8%	6.2%	6.3%	6.3%	6.2%	6.0%	4.7%	4.7%	4.1%	2.6%

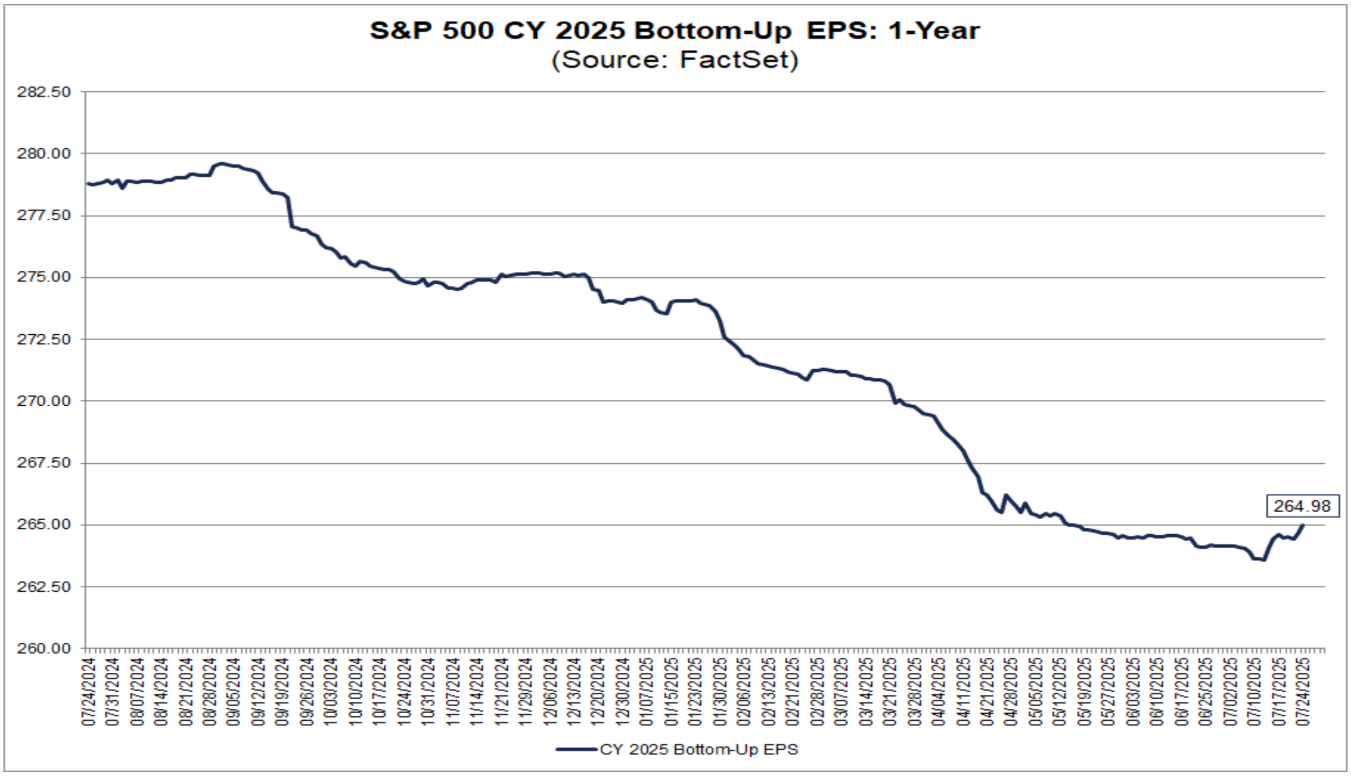
Geographic Revenue Exposure

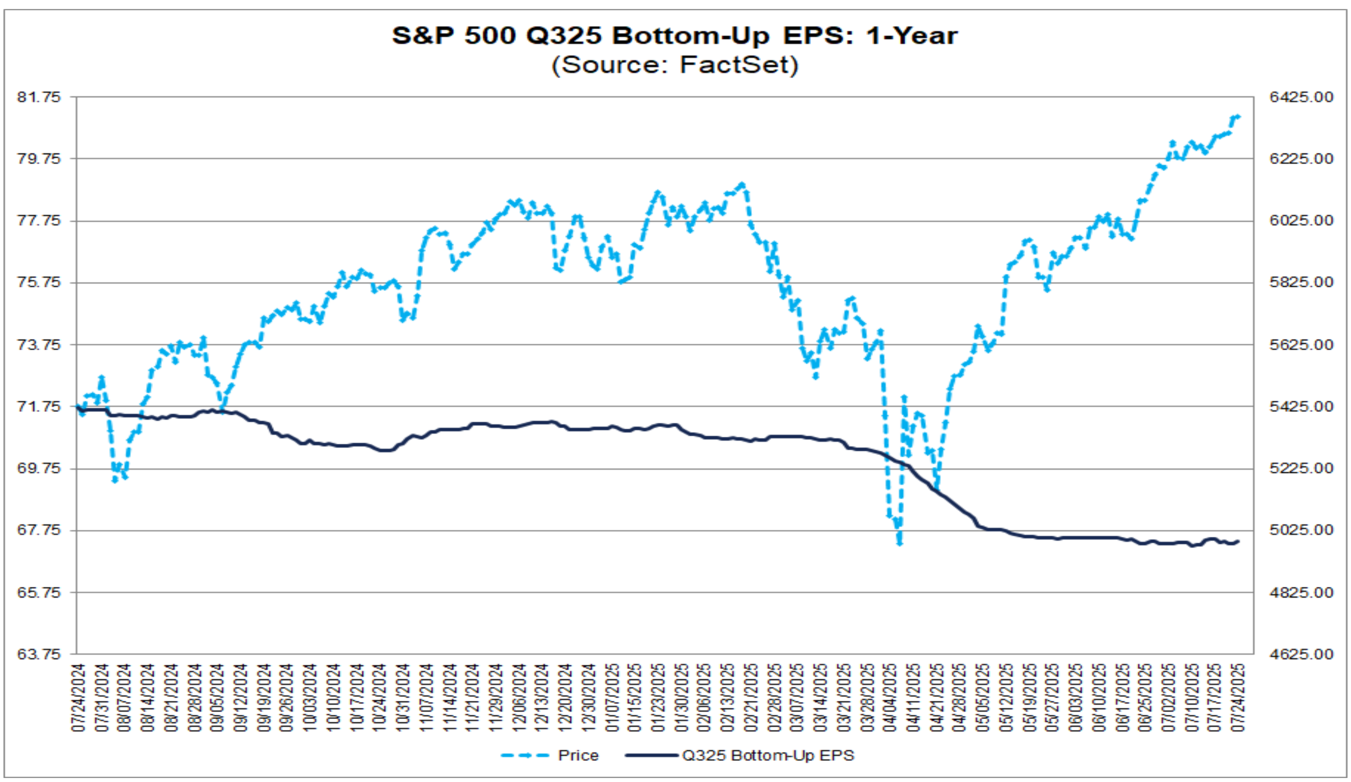




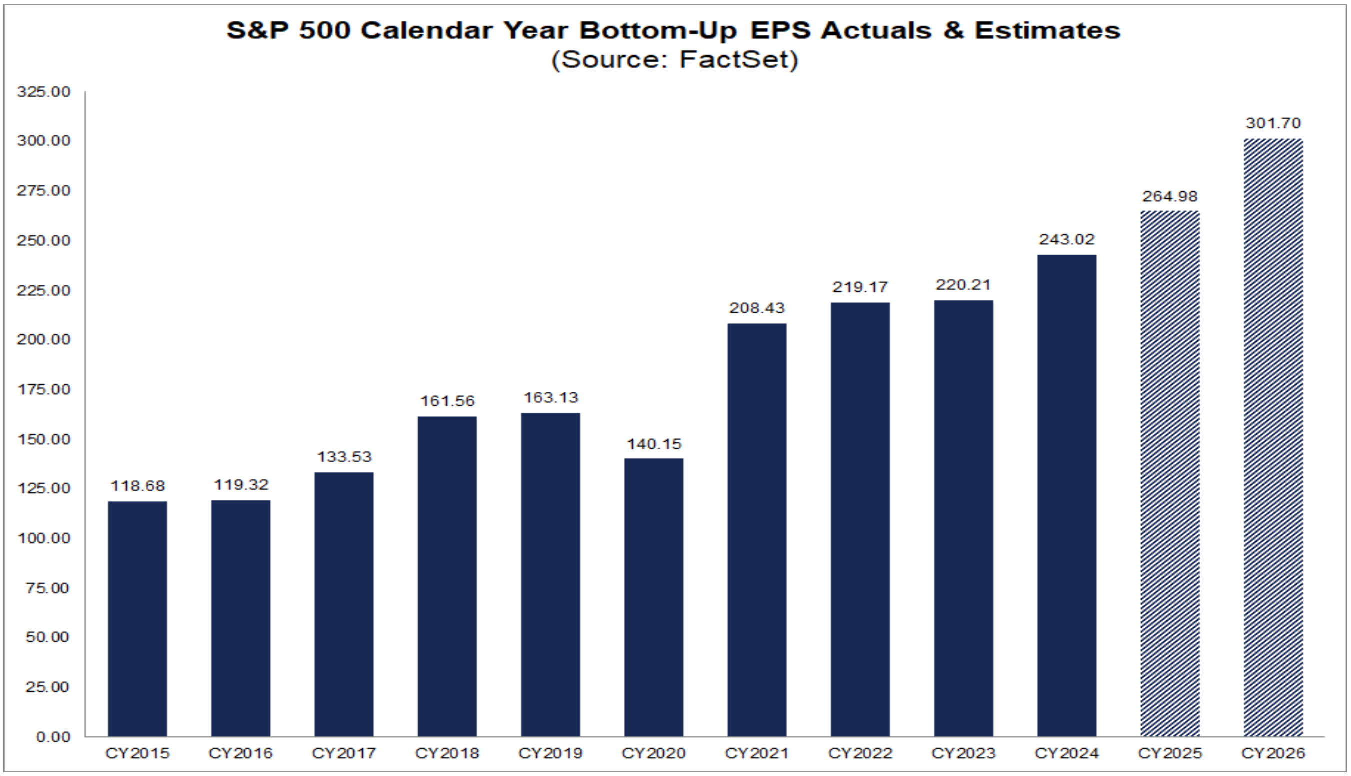
	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	18%	29%	33%	34%	35%	36%	41%	49%	52%	55%
United States	98%	82%	71%	67%	66%	65%	64%	59%	51%	48%	45%

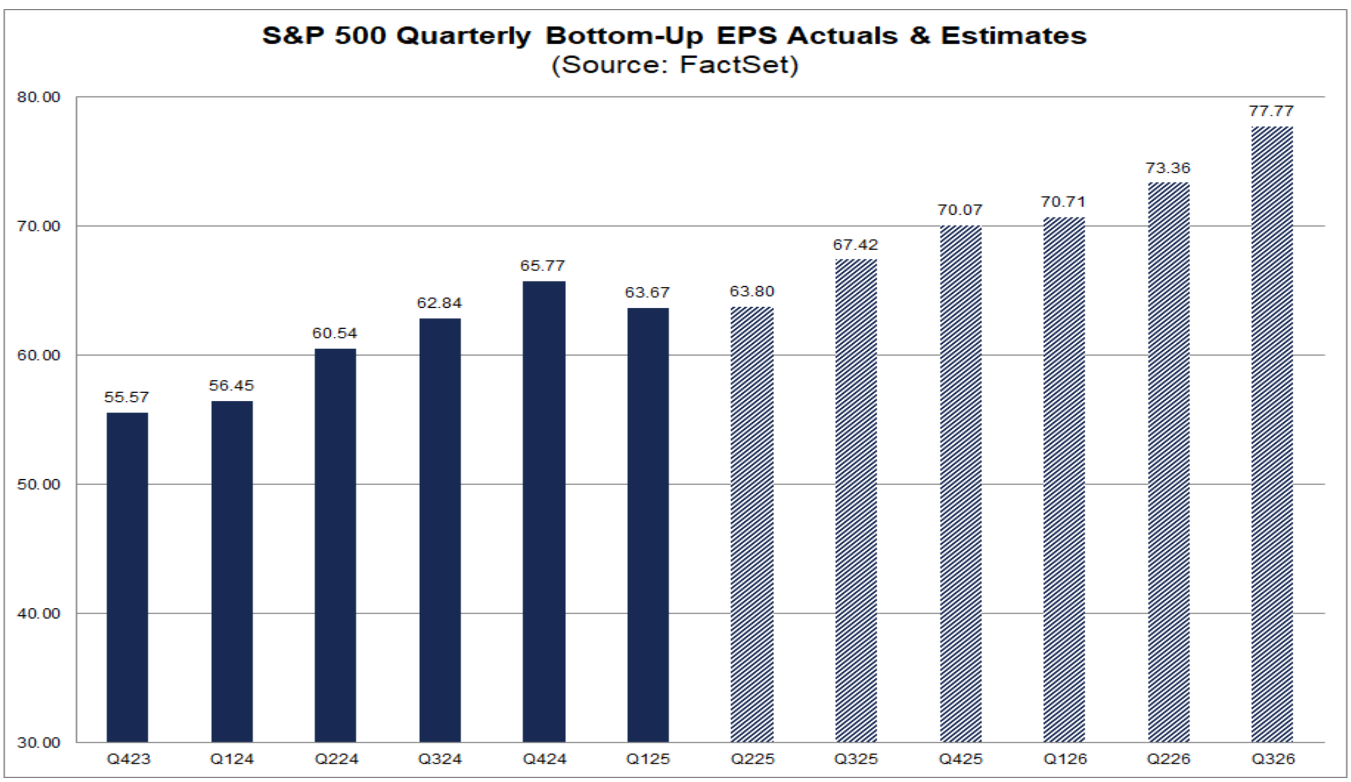
Bottom-Up EPS Estimates



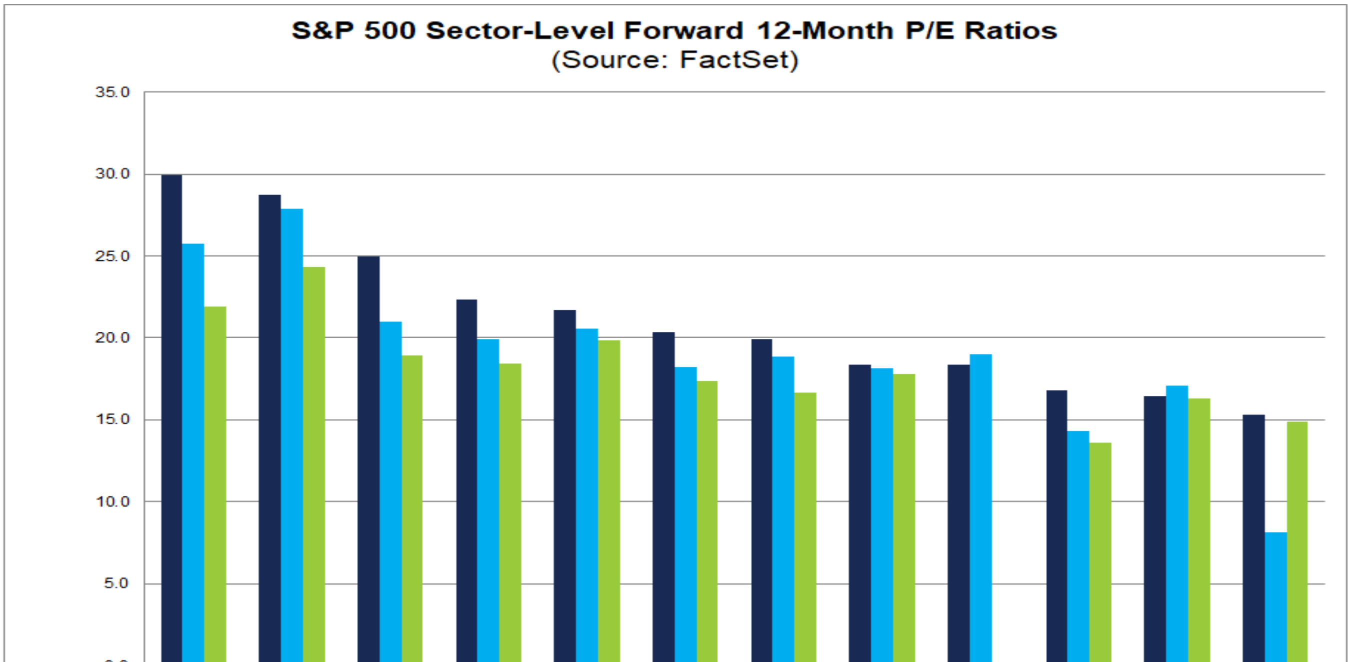


Bottom-Up EPS Estimates: Current & Historical

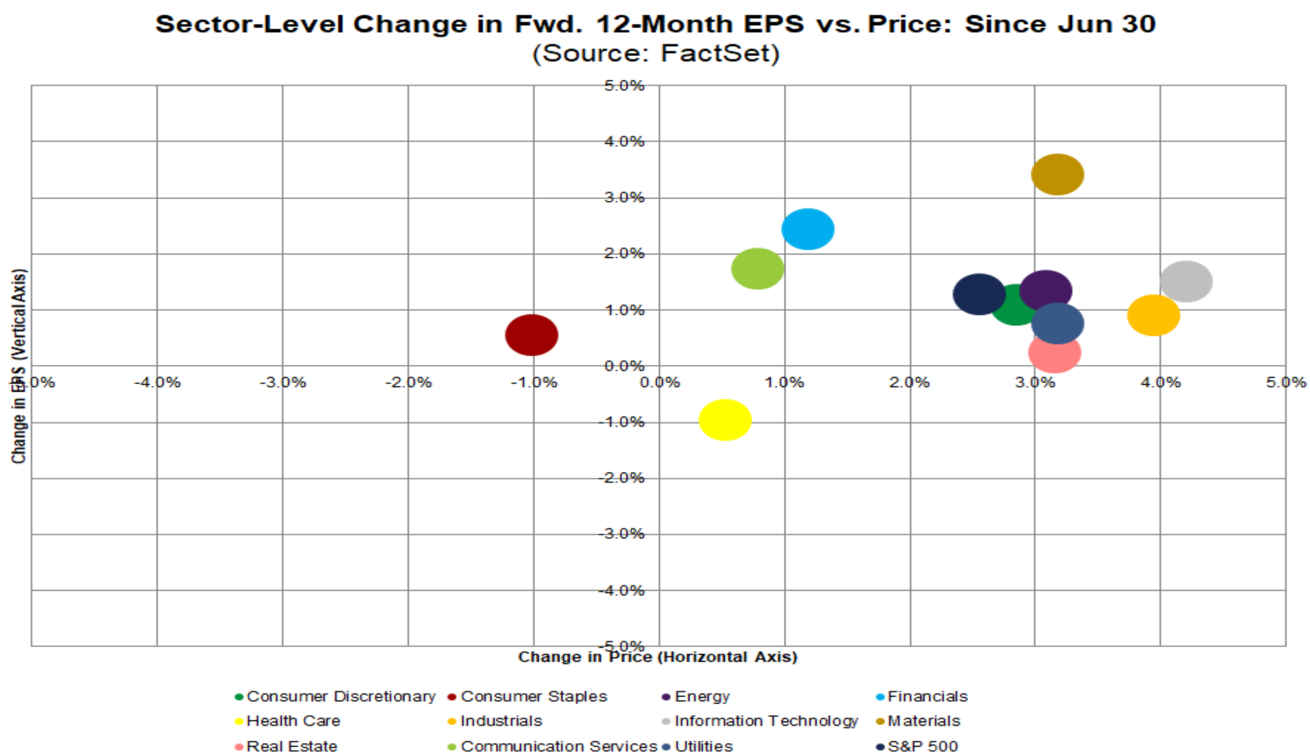




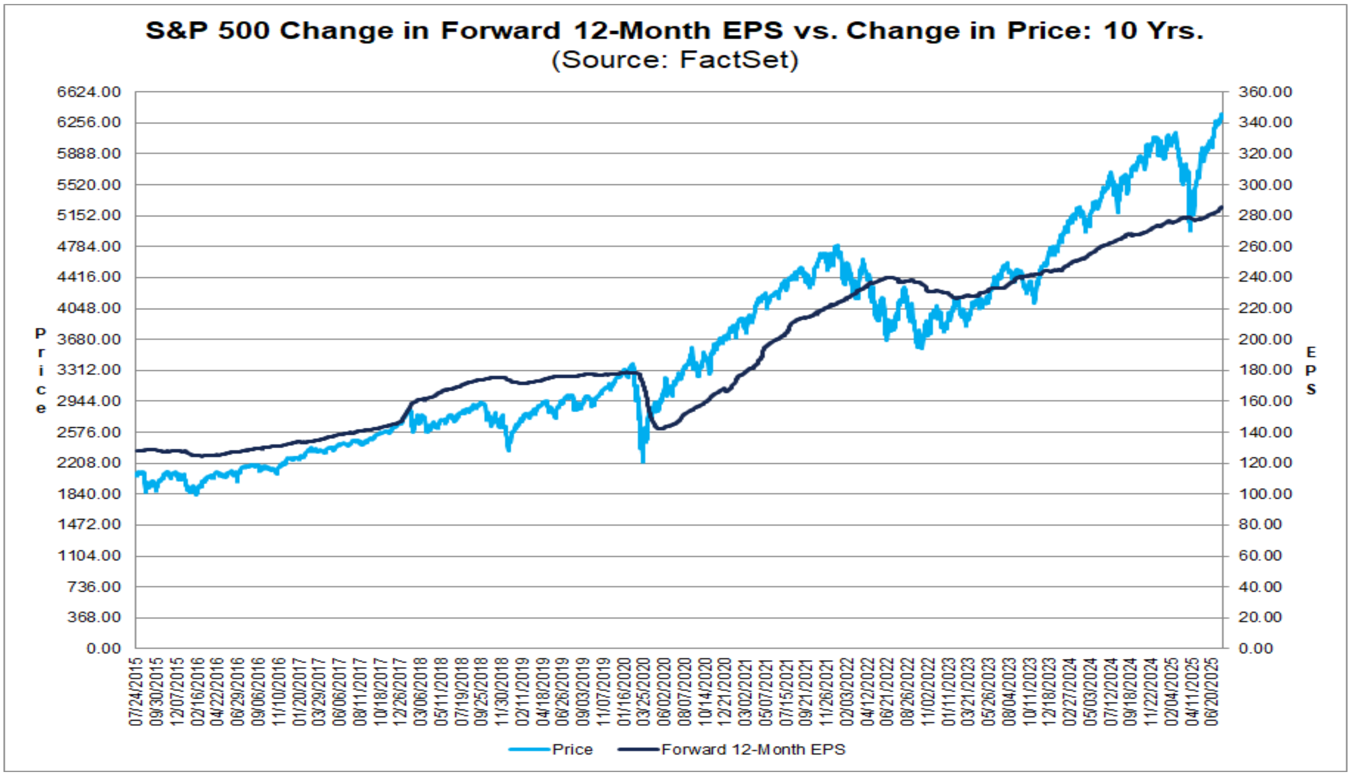
Forward 12M P/E Ratio: Sector Level

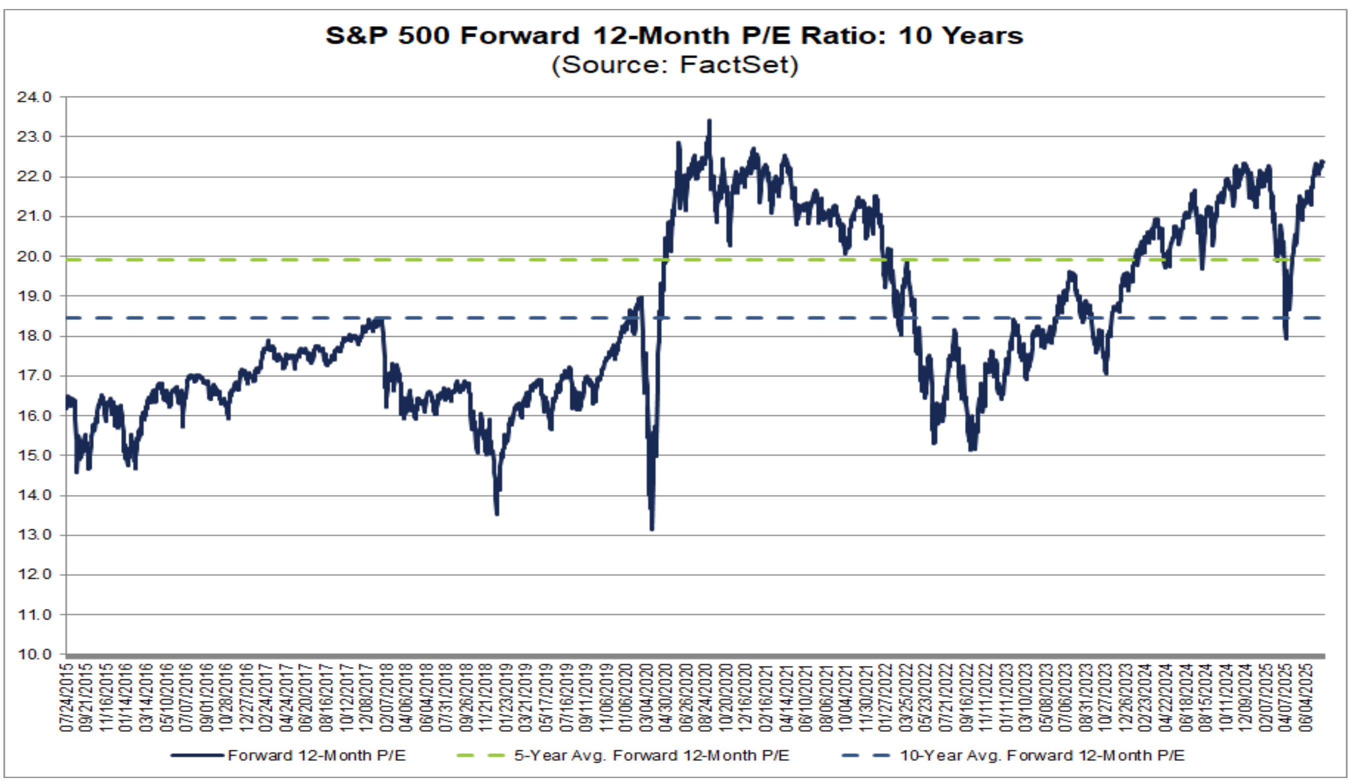


	Info. Technology	Consumer Disc.	Industrials	S&P 500	Consumer Staples	Materials	Comm. Services	Utilities	Real Estate	Financials	Health Care	Energy
Fwd P/E	30.0	28.8	25.0	22.4	21.7	20.3	19.9	18.4	18.4	16.8	16.5	15.3
5-Yr Avg.	25.7	27.9	21.0	19.9	20.5	18.2	18.8	18.2	19.0	14.3	17.1	8.1
10-Yr Avg.	21.9	24.3	18.9	18.4	19.9	17.4	16.7	17.8		13.6	16.3	14.9

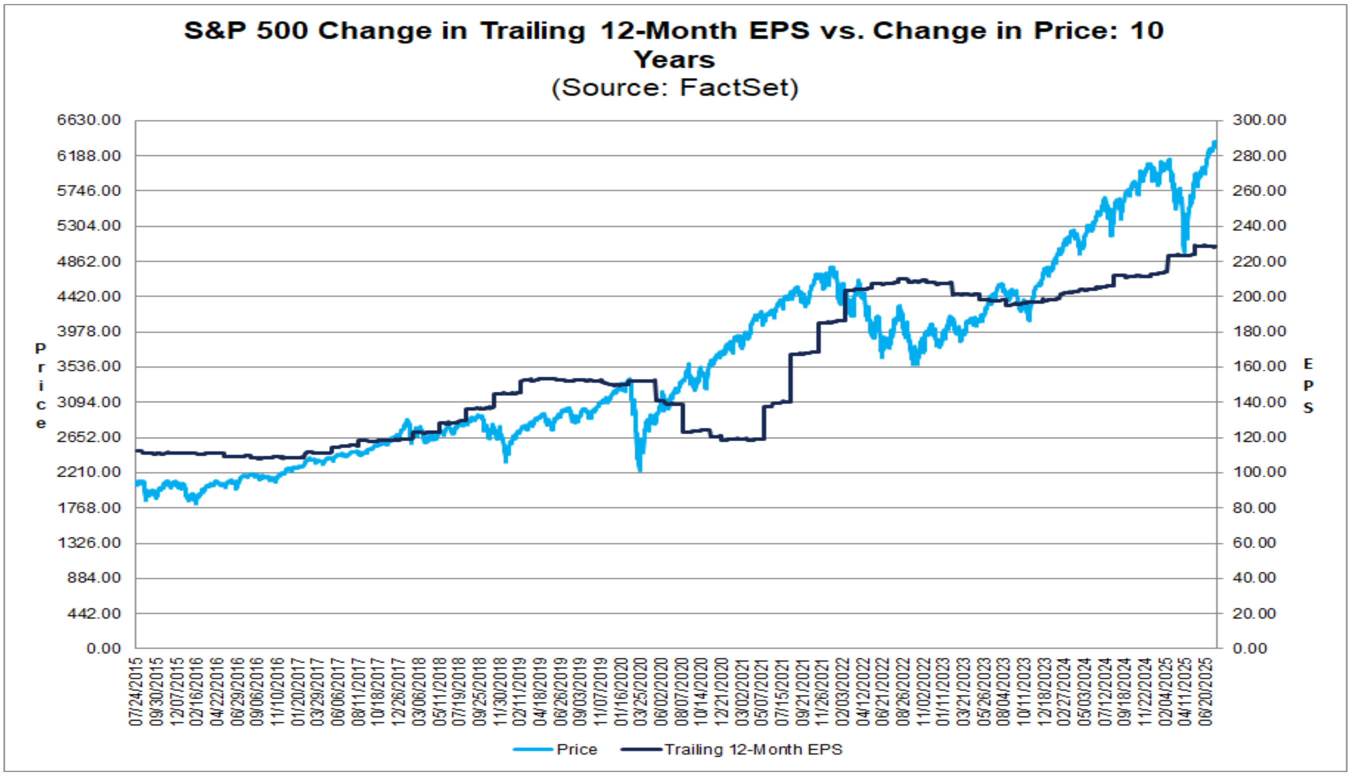


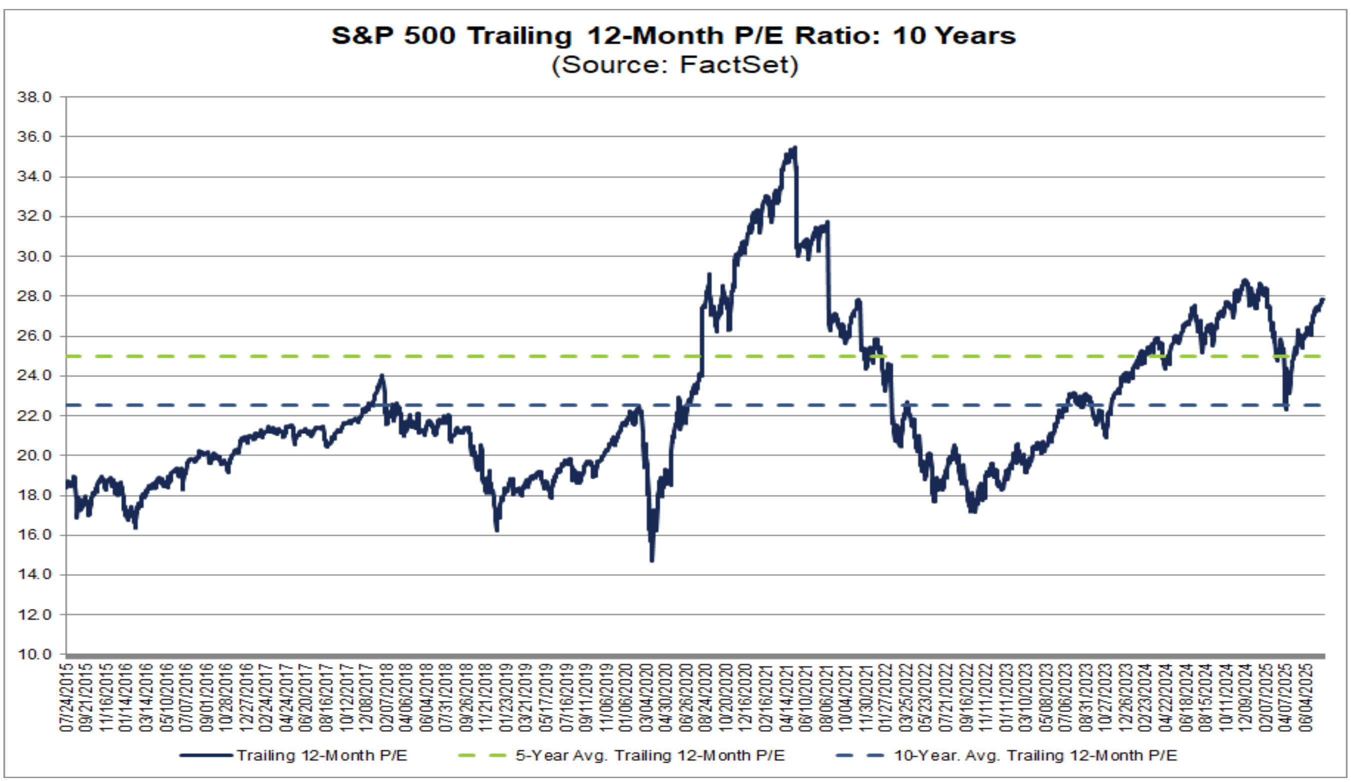
Forward 12M P/E Ratio: 10-Years





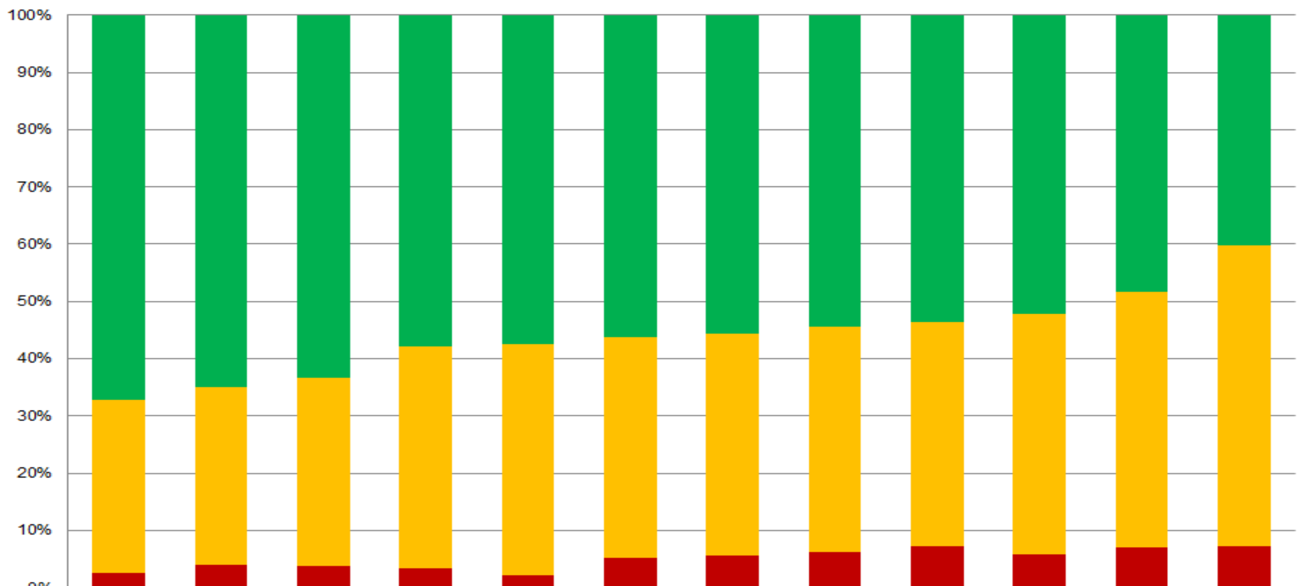
Trailing 12M P/E Ratio: 10-Years





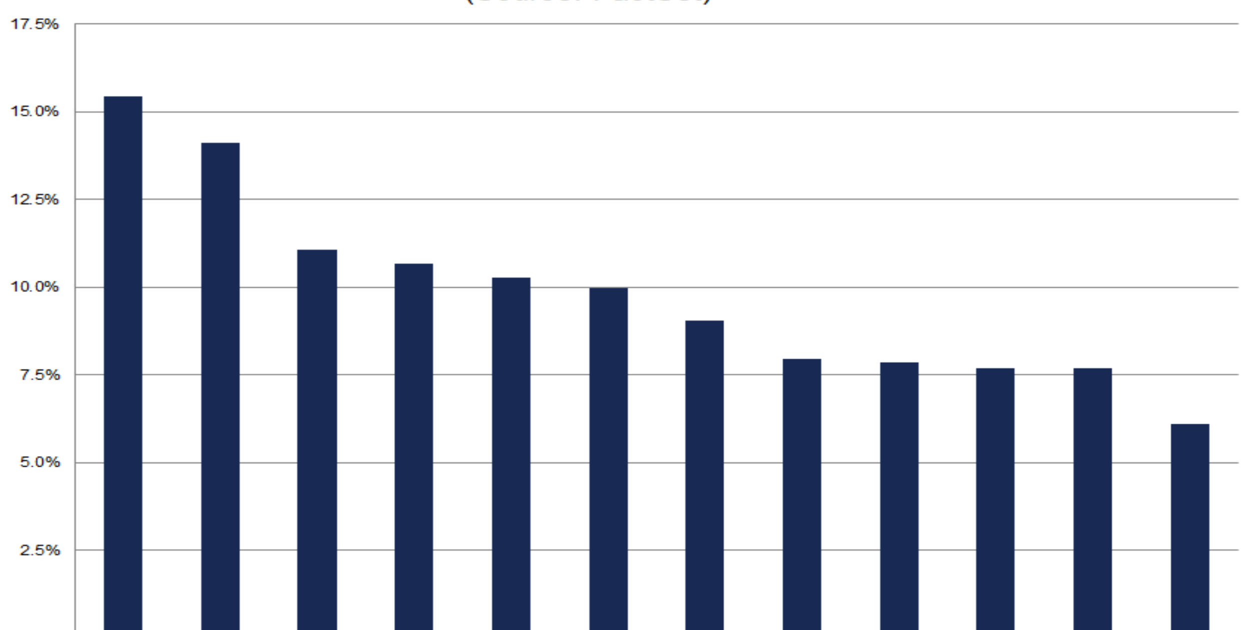
Targets & Ratings

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



	Energy	Info. Tech.	Comm. Services	Health Care	Real Estate	S&P 500	Materials	Consumer Disc.	Financials	Industrials	Utilities	Consumer Staples
Buy	67%	65%	63%	58%	58%	56%	56%	54%	54%	52%	48%	40%
Hold	30%	31%	33%	39%	40%	39%	39%	39%	39%	42%	45%	53%
Sell	3%	4%	4%	3%	2%	5%	6%	6%	7%	6%	7%	7%

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



	Health Care	Energy	Comm. Services	Consumer Staples	Materials	Real Estate	S&P 500	Utilities	Consumer Disc.	Financials	Info. Tech.	Industrials
Target/Close	15.4%	14.1%	11.1%	10.7%	10.3%	10.0%	9.0%	8.0%	7.9%	7.7%	7.7%	6.1%

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