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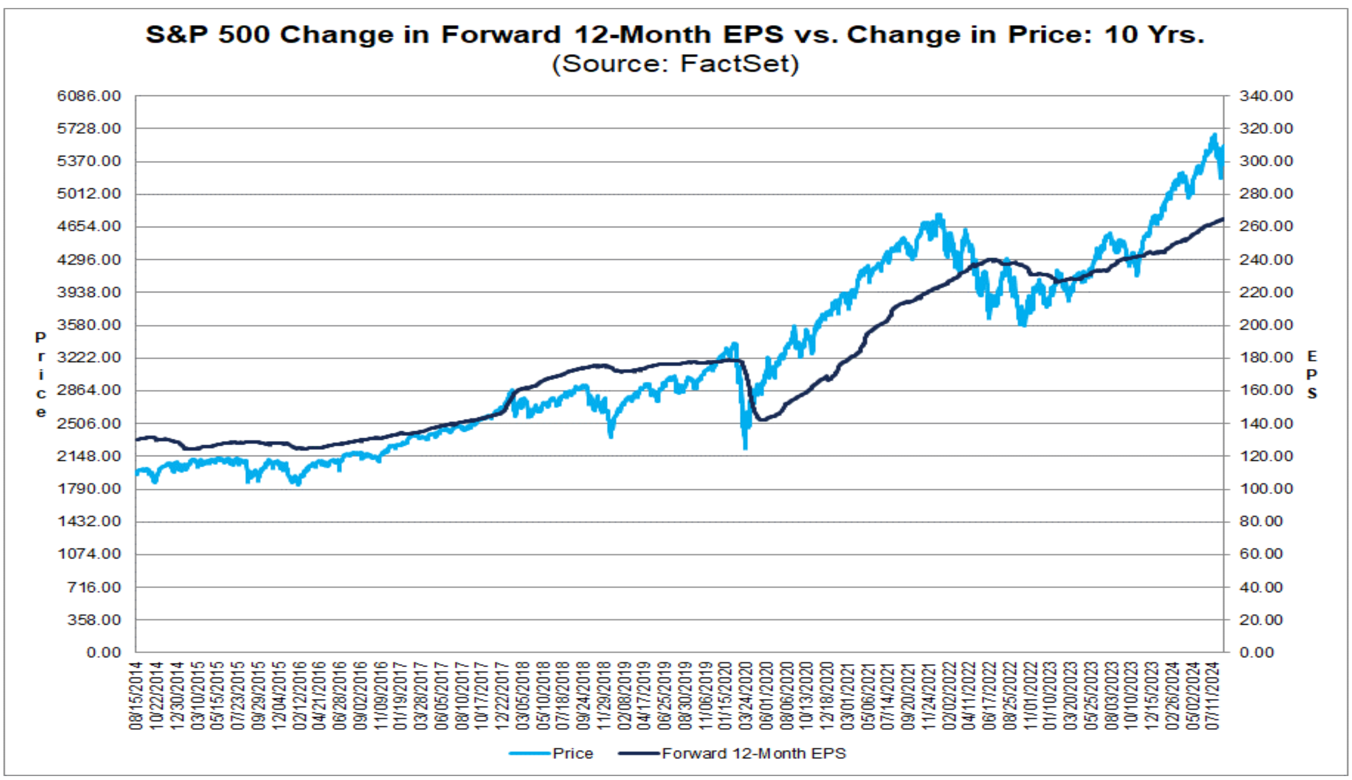
Author's Note: ***The FactSet Earnings Insight report will not be published on August 23 and August 30. The next edition of the report will be published on September 6.***

Key Metrics

- **Earnings Scorecard:** For Q2 2024 (with 93% of S&P 500 companies reporting actual results), 79% of S&P 500 companies have reported a positive EPS surprise and 60% 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 10.9%. If 10.9% 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 Guidance:** For Q3 2024, 48 S&P 500 companies have issued negative EPS guidance and 41 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.0. This P/E ratio is above the 5-year average (19.4) and above the 10-year average (17.9).



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Are More S&P 500 Companies Discussing “Recession” on Q2 Earnings Calls Than Average?

Given concerns in the market about a possible economic slowdown or recession, have more S&P 500 companies than normal commented on recession during their earnings conference calls for the second quarter?

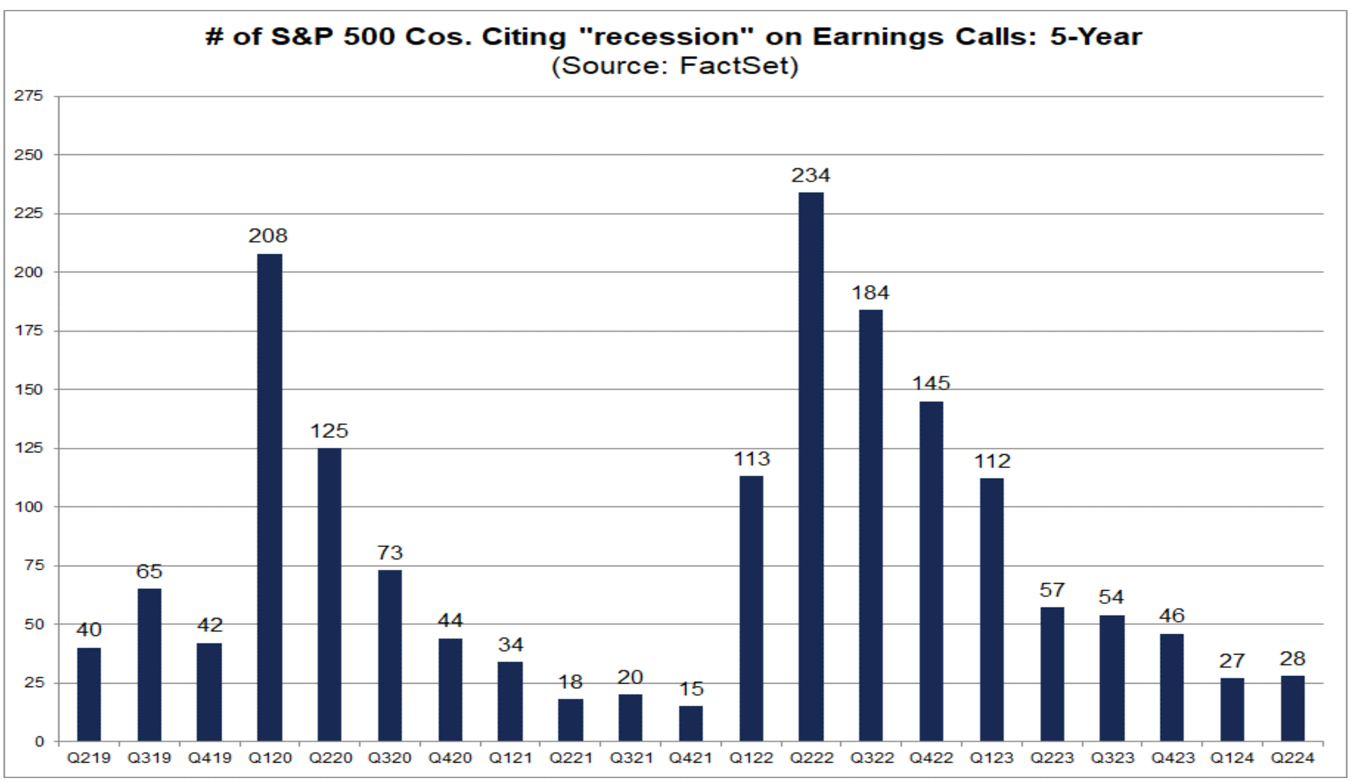
The answer is no. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “recession” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from June 15 through August 15.

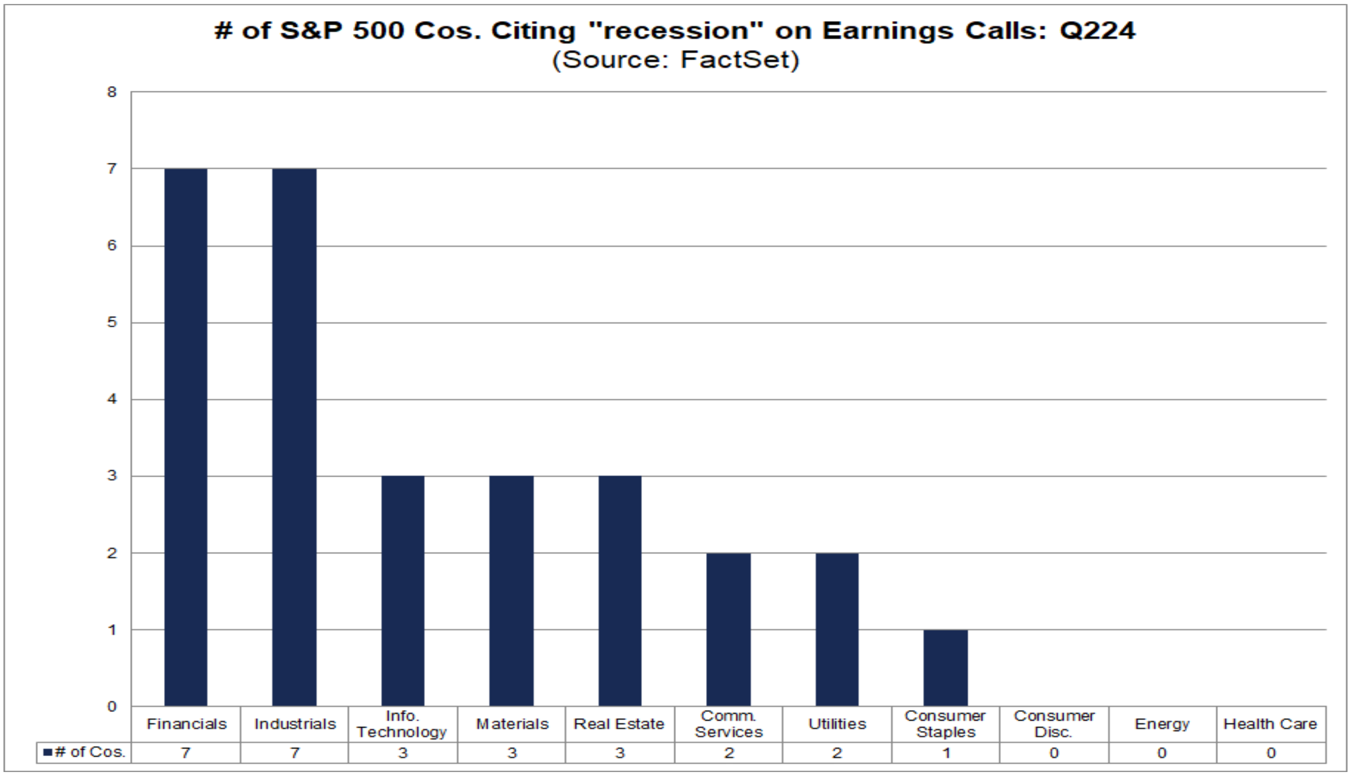
Of these companies, 28 cited the term “recession” during their earnings calls for the second quarter. This number is well below the 5-year average of 83 and the 10-year average of 60. In fact, this quarter marks the second-lowest number of S&P 500 companies citing “recession” on earnings calls for a quarter since Q4 2021 (15).

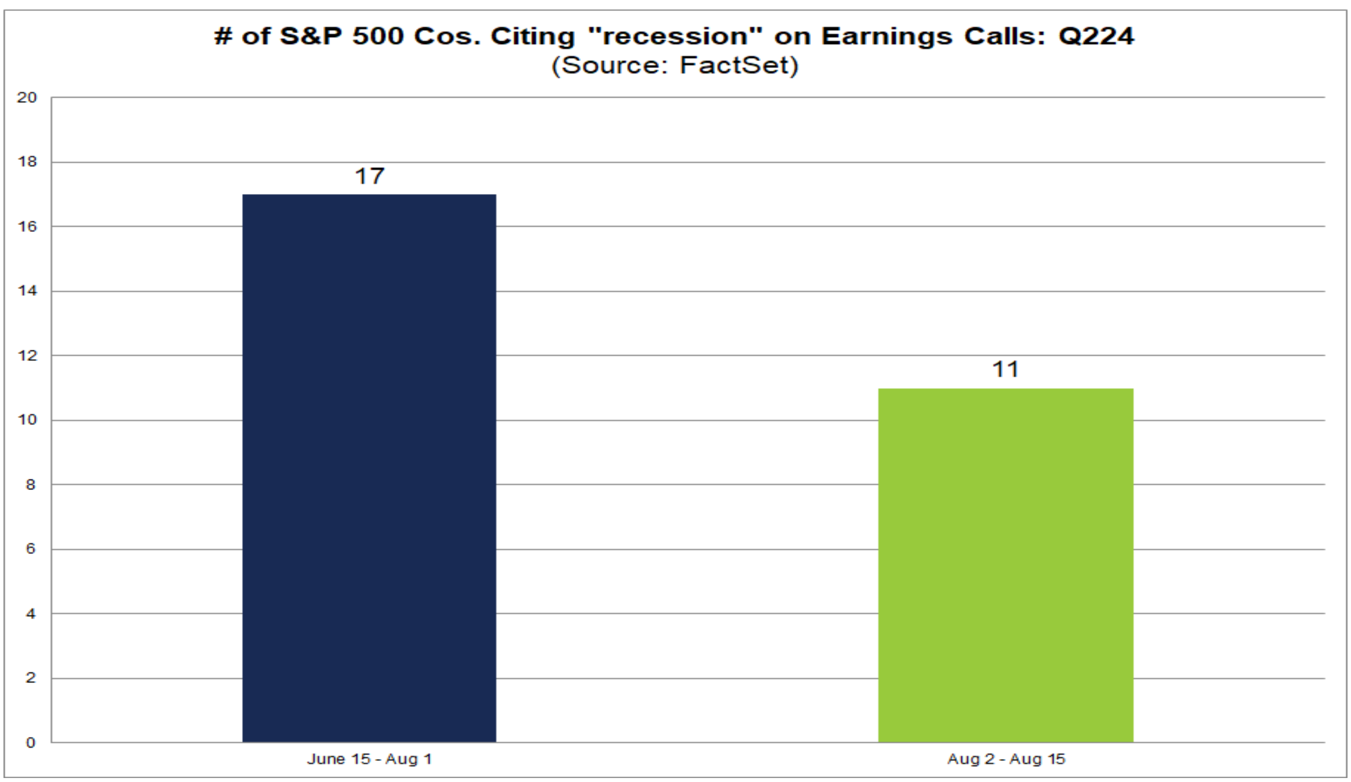
However, it should also be noted that the number for Q2 2024 marks a slight quarter-over-quarter increase compared to the number for Q1 2024 (27). This marks the first sequential increase in the number of S&P 500 companies citing “recession” on earnings calls since Q2 2022.

At the sector level, the Financials (7) and Industrials (7) sectors have the highest number of S&P 500 companies citing “recession” on earnings calls for Q2 2024.

It is interesting to note that a higher percentage of S&P 500 companies have cited the term “recession” on Q2 earnings calls since the BLS released the nonfarm payrolls and unemployment rate numbers for July on the morning of August 2. From June 15 through August 1, 17 out of 343 S&P 500 companies (or 5.0%) cited the term “recession” on earnings calls for Q2. From August 2 through August 15, 11 out of 109 S&P 500 companies (or 10.1%) cited the term “recession” on earnings calls for Q2.




# of S&P 500 Cos. Citing "recession" on Earnings Calls: Q224
(Source: FactSet)
8
7
6
5
4
3
2
1
0
Financials
Industrials
Info. Technology
Materials
Real Estate
Comm. Services
Utilities
Consumer Staples
Consumer Disc.
Energy
Health Care
# of Cos.
7
7
3
3
3
2
2
1
0
0
0


# of S&P 500 Cos. Citing "recession" on Earnings Calls: Q224
(Source: FactSet)
20
18
16
14
12
10
8
6
4
2
0
17
11
June 15 - Aug 1
Aug 2 - Aug 15

Topic of the Week: 2

Are More S&P 500 Companies Citing “Election” on Earnings Calls for Q2 2024 vs. Q2 2020?

During each corporate earnings season, companies often comment on domestic or international events that may have an impact on their business in future quarters. Given the uncertainty of the upcoming elections in the U.S., how many companies in the S&P 500 have commented on the elections during their earnings conference calls for the second quarter? How does this number compare to the previous presidential election in 2020? Have S&P 500 companies discussed any specific government policies in conjunction with the elections?

FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer these three questions.

To answer the first question, FactSet searched for the term “election” or “elections” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from June 15, 2024, through August 15, 2024.

Of these companies, 116 cited the term “election” or “elections” during their earnings calls for the second quarter. At the sector level, the Financials (22) and Industrials (21) sectors have the highest number of companies citing the term “election” or “elections” on earnings calls for Q2 2024.

To answer the second question, FactSet searched for the term “election” or “elections” in the conference call transcripts of all the S&P 500 companies (using current S&P 500 constituents) that conducted earnings conference calls from June 15, 2020, through August 15, 2020.

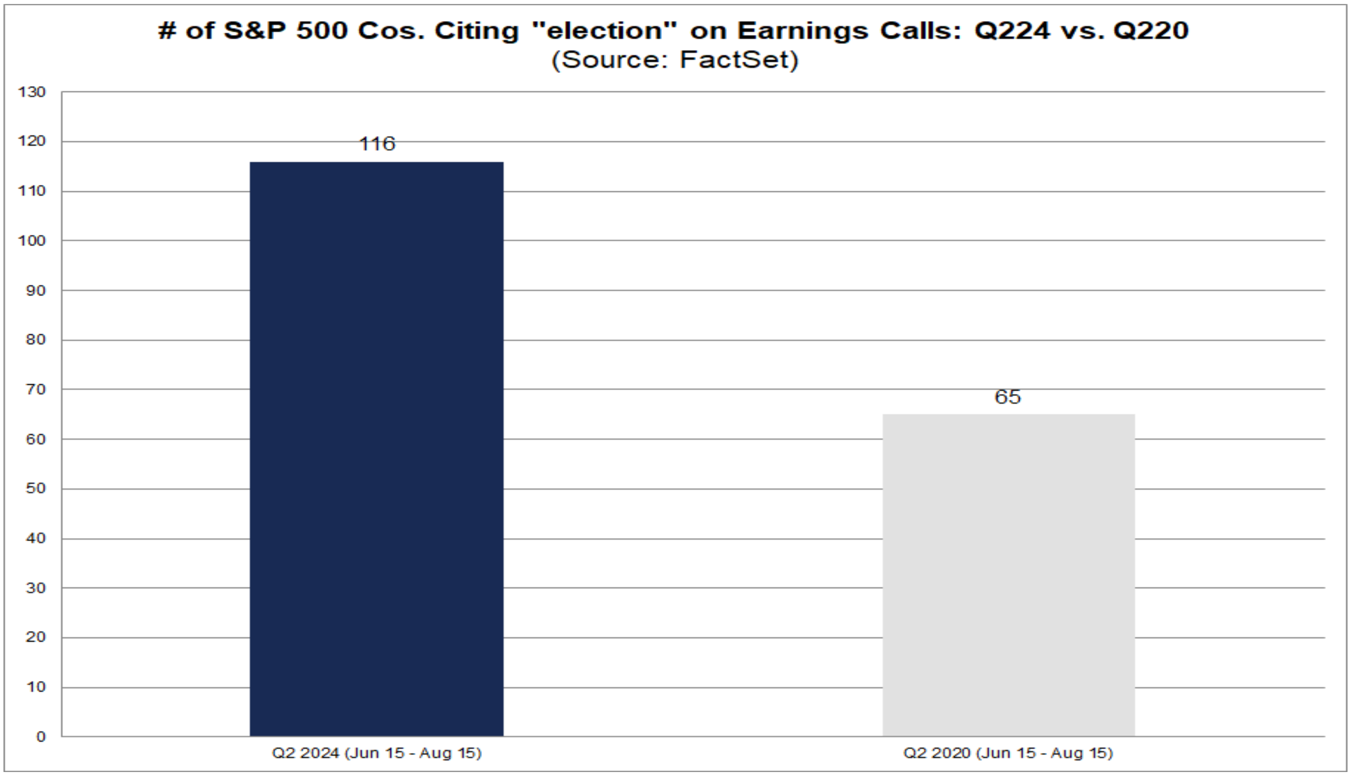
Of these companies, 65 cited the term “election” or “elections” during their earnings calls for the second quarter. At the sector level, the Industrials (10), Energy (9), and Financials (9) sectors had the highest number of companies citing the term “election” or “elections” on earnings calls for Q2 2020.

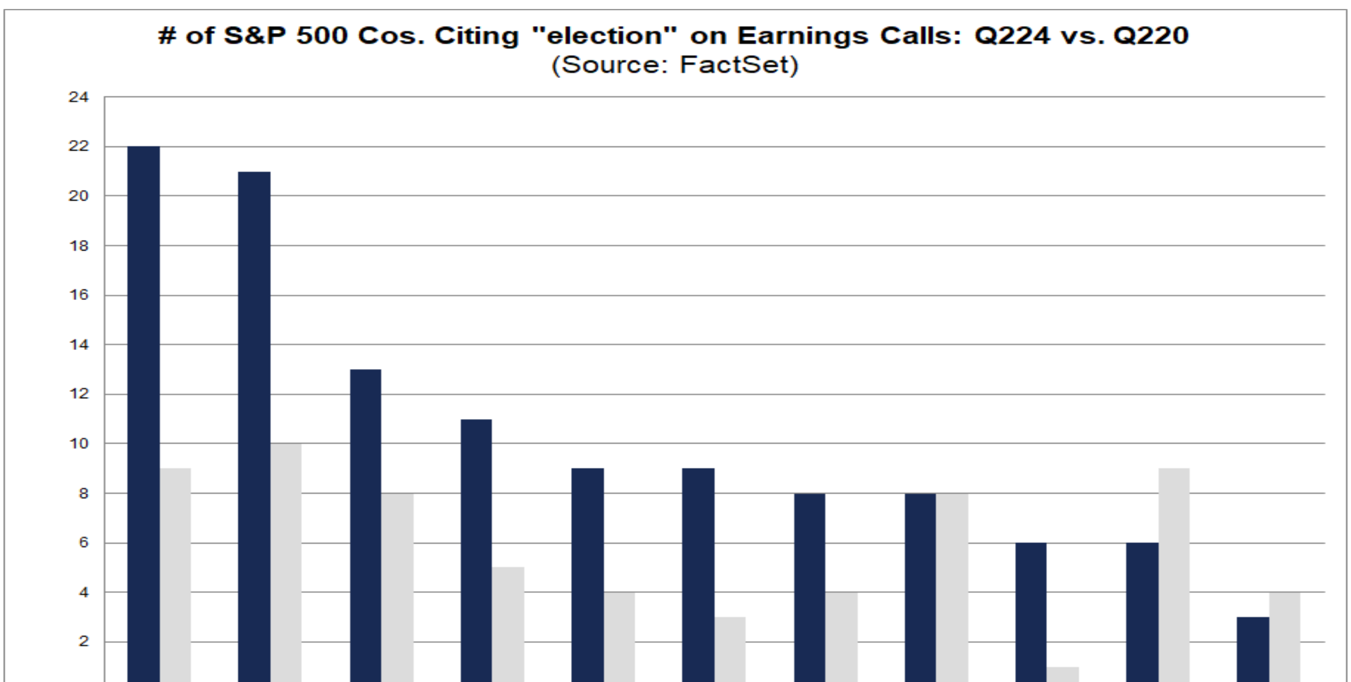
Thus, through the same point in time in each quarter, the number of S&P 500 companies citing the term “election” or “elections” during earnings calls for Q2 2024 is more than 75% higher than the number of S&P 500 companies citing these terms in Q2 2020 (116 vs. 65). At the sector level, the Financials (+13) and Industrials (+11) sectors have recorded the largest increases in the number of companies mentioning “election” or “elections” during their earnings calls for Q2 2024 compared to Q2 2020.

To answer the third question, FactSet looked at the context in which the terms “election” or “elections” were mentioned during these 116 earnings conference calls for Q2 2024 to see if any specific policy areas were referenced in conjunction with the terms.

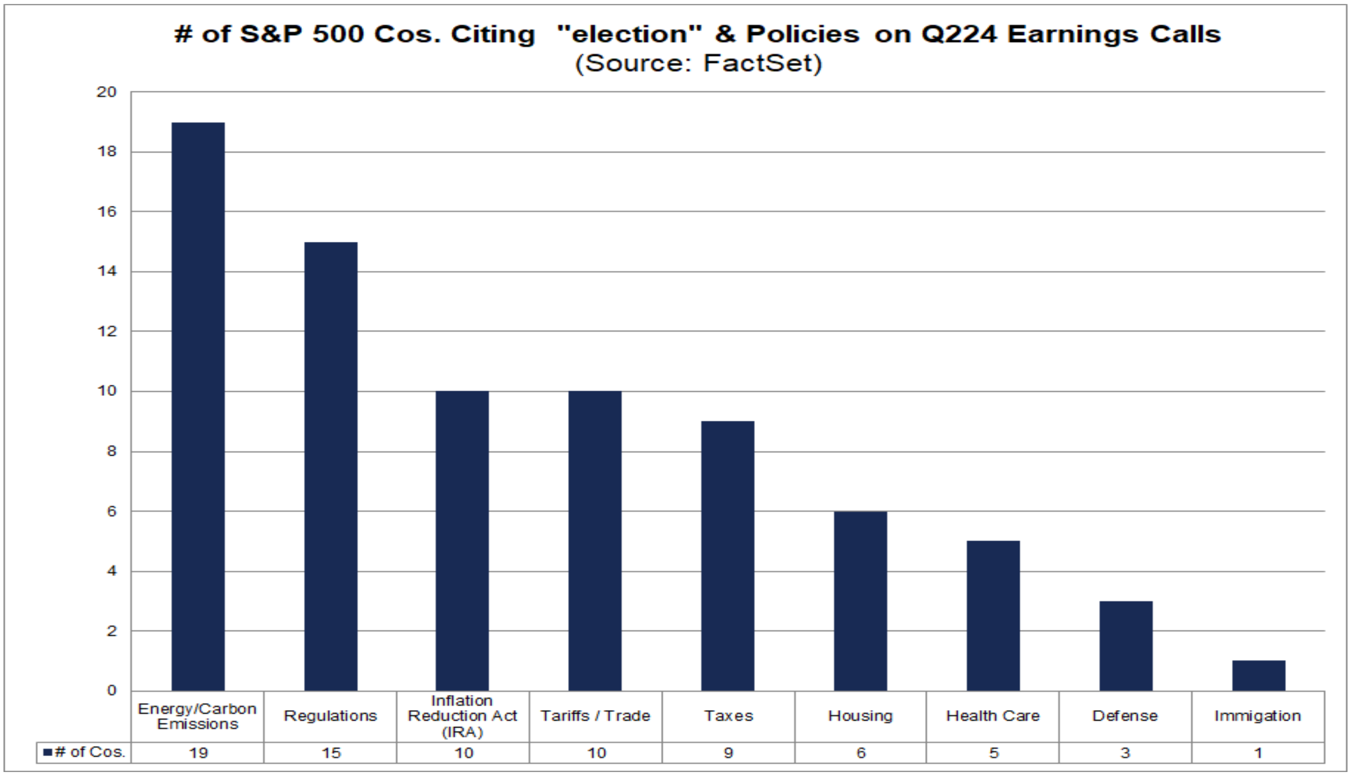
The government policy that was cited by the highest number of S&P 500 companies in conjunction with the election was energy and carbon emissions (including renewables and EVs), with 19 companies discussing this policy area. At the sector level, the sectors with the highest number of S&P 500 companies discussing energy and carbon emissions policy in conjunction with the election were the Utilities (6) and Energy (4) sectors. A list of the 19 S&P 500 companies that discussed energy and carbon emissions policy in conjunction with the election and their comments can be found in Appendix 1 on pages 37 through 42.

After energy and carbon emissions, regulations (15), the Inflation Reduction Act (10), and tariffs and trade (10) were the policy areas cited by the highest number of S&P 500 companies in conjunction with comments about the election.





	Financials	Industrials	Real Estate	Info. Technology	Health Care	Materials	Consumer Disc.	Utilities	Consumer Staples	Energy	Comm. Services
Q224	22	21	13	11	9	9	8	8	6	6	3
Q220	9	10	8	5	4	3	4	8	1	9	4



# of S&P 500 Cos. Citing "election" & Policies on Q224 Earnings Calls
(Source: FactSet)
20
18
16
14
12
10
8
6
4
2
0
Energy/Carbon Emissions
Regulations
Inflation Reduction Act (IRA)
Tariffs / Trade
Taxes
Housing
Health Care
Defense
Immigation
# of Cos.
19
15
10
10
9
6
5
3
1

Q2 Earnings Season: By The Numbers

Overview

At this late stage of the second quarter earnings season, the performance of S&P 500 companies relative to expectations continues to be mixed. 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. However, the index is still reporting higher earnings today relative to the end of the quarter. Overall, the index is reporting its highest (year-over-year) earnings growth rate since Q4 2021.

Overall, 93% of the companies in the S&P 500 have reported actual results for Q2 2024 to date. Of these companies, 79% 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 3.5% 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.

Since June 30, upward revisions to EPS estimates and positive EPS surprises reported by companies in the Financials, Consumer Discretionary, and Information Technology sectors, partially offset by downward revisions to EPS estimates and negative EPS surprises reported by companies in the Communication Services and Energy sectors, have been the largest contributors to the increase in the overall earnings growth rate for the index over this period.

As a result, the index is reporting higher earnings for the second quarter today 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 10.9% today, compared to an earnings growth rate of 8.9% at the end of the second quarter (June 30).

If 10.9% 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.

Nine of the eleven sectors are reporting (or have reported) year-over-year growth for Q2. Five of these nine sectors are reporting (or have reported) double-digit growth: Utilities, Information Technology, Financials, Health Care, and Consumer Discretionary. On the other hand, two sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Materials sector.

In terms of revenues, 60% 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 0.5% above the estimates, which is below the 5-year average of 2.0% and below the 10-year average of 1.4%. If 0.5% is the final number for the quarter, it will mark the lowest revenue surprise percentage reported by the index since Q4 2019 (0.5%). Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

Since June 30, positive revenue surprises reported by companies in the Financials and Health Care 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 index is reporting higher revenues today relative to the end of the quarter. The blended revenue growth rate for the second quarter is 5.2% today, compared to a revenue growth rate of 4.7% at the end of the second quarter (June 30).

If 5.2% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q4 2022 (5.4%). It will also mark the 15th consecutive quarter of revenue growth for the index.

Ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Energy, and Communication Services sectors. On the other hand, the Materials sectors is the only sector that reported a year-over-year decline in revenues.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 5.2% and 15.5% for Q3 2024 and Q4 2024, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 10.1%.

The forward 12-month P/E ratio is 21.0, which is above the 5-year average (19.4) and above the 10-year average (17.9). However, this P/E ratio is equal to the forward P/E ratio of 21.0 recorded at the end of the second quarter (June 30).

During the upcoming week, 14 S&P 500 companies are scheduled to report results for the second quarter.

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

Percentage of Companies Beating EPS Estimates (79%) is Above 5-Year Average

Overall, 93% of the companies in the S&P 500 have reported earnings to date for the second quarter. Of these companies, 79% have reported actual EPS above the mean EPS estimate, 5% have reported actual EPS equal to the mean EPS estimate, and 16% 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 Health Care (86%), Real Estate (84%), and Industrials (82%) sectors has the highest percentages of companies reporting earnings (or FFO for Real Estate) above estimates, while the Consumer Discretionary (71%) and Consumer Staples (72%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+3.5%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 3.5% 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 Health Care (+8.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Insulet Corporation ($2.59 vs. $0.55), Bio-Rad Laboratories ($3.11 vs. $2.01), Eli Lilly & Company ($3.92 vs. $2.72), Pfizer ($0.60 vs. $0.46), Universal Health Services ($4.31 vs. $3.30), Biogen ($5.28 vs. $4.07), and Bristol Myers Squibb ($2.07 vs. $1.62) have reported the largest positive EPS surprises.

The Utilities (+8.6%) sector reported the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NRG Energy ($3.37 vs. $1.55), Pinnacle West Capital Corporation ($1.76 vs. $1.28), and NiSource ($0.21 vs. $0.16) reported the largest positive EPS surprises.

The Financials (+7.5%) sector reported the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Allstate ($1.61 vs. $0.28), Discover Financial Services ($6.06 vs, $3.10), Cincinnati Financial ($1.29 vs. $0.96), Progressive Corporation ($2.65 vs. $2.05), Assurant ($4.77 vs. $3.71), American Express ($4.15 vs. $3.26), Travelers Companies ($2.51 vs. $2.01), and Berkshire Hathaway ($5.38 vs, $4.36) reported the largest positive EPS surprises.

The Consumer Discretionary (+7.2%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Carnival Corporation ($0.11 vs, -$0.01), Hasbro ($1.22 vs, $0.78), MGM Resorts ($0.86 vs. $0.60), Deckers Outdoor Corporation ($4.52 vs. $3.48), Amazon.com ($1.26 vs. $1.03), and NIKE ($1.01 vs. $0.84) have reported the largest positive EPS surprises.

On the other hand, the Communication Services (-12.0%) sector reported the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Warner Bros. Discovery (-$4.07 vs. -$0.27) reported the largest negative EPS surprise. The (GAAP) EPS actual for Warner Bros. Discovery for Q2 2024 included a $9.1 billion non-cash goodwill impairment charge and $2.1 billion in other charges.

Market Punishing Negative EPS Surprises More Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies at average levels but punishing negative earnings surprises reported by S&P 500 companies more than average.

Companies that have reported positive earnings surprises for Q2 2024 have seen an average price increase of +1.0% two days before the earnings release through two days after the earnings release. This percentage increase is equal to 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 -3.8% 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 -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (60%) is Below 5-Year Average

In terms of revenues, 60% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 40% 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 Health Care (78%) and Information Technology (76%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (42%), Consumer Staples (45%), and Energy (45%) sectors have the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+0.5%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 0.5% above expectations. This surprise percentage is below 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.

If 0.5% is the final number for the quarter, it will mark the lowest revenue surprise percentage reported by the index since Q4 2019 (0.5%).

At the sector level, the Health Care (+1.2%) and Financials (+1.0%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Materials (-3.2%) and Utilities (-2.5%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Financials Sector Has Seen Largest Increase in Earnings and Revenues Since June 30

Financials Sector Has Seen Largest Increase in Earnings since June 30

The blended (year-over-year) earnings growth rate for Q2 2024 of 10.9% is larger than the estimate of 8.9% at the end of the second quarter (June 30). Nine 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 17.5% from 4.3%) and Utilities (to 20.0% from 8.6%) sectors. The Financials, Consumer Discretionary, and Information Technology sectors have been the largest contributors to the increase in earnings for the index since June 30. On the other hand, two 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: Communication Services (to 4.5% from 18.5%) and Energy (to 1.9% from 13.3%) These two sectors have also been the largest detractors 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 the positive (GAAP) EPS surprise ($6.12 vs. $5.88) reported by JPMorgan Chase, as well as the positive EPS surprises reported by Berkshire Hathaway ($5.38 vs. $4.36), Discover Financial Services ($6.06 vs. $3.10) and American Express ($4.14 vs. $3.26), have been substantial contributors to the increase in the overall earnings growth rate for the index since June 30. The (GAAP) EPS actual for JPMorgan Chase for Q2 2024 included a net gain of $2.04 related to Visa shares. As a result, the blended earnings growth rate for the Financials sector has increased to 17.5% from 4.3% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com ($1.26 vs. $1.03) 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 Consumer Discretionary sector has increased to 12.2% from 6.7% over this period.

In the Information Technology sector, the positive EPS surprise reported by Apple ($1.40 vs. $1.34) 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 Information Technology sector increased to 18.9% from 16.4% over this period.

In the Communication Services sector, the negative EPS surprise reported by Warner Bros. Discovery (-$4.07 vs. -$0.27) has been the largest detractor to the increase in the earnings growth rate for the index since June 30. The (GAAP) EPS actual for Warner Bros. Discovery for Q2 2024 included a $9.1 billion non-cash goodwill impairment charge and $2.1 billion in other charges. As a result, the blended earnings growth rate for the Communication Services sector has decreased to 4.5% from 18.5% over this period.

In the Energy sector, the downward revisions to EPS estimates (to $2.93 from $3.27) and the negative EPS surprise ($2.55 vs. $2.93) reported by Chevron and the downward revisions to EPS estimates (to $2.02 from $2.37) for Exxon Mobil (which were partially offset by the company’s positive EPS surprise) have been significant detractors to the increase in the overall earnings growth rate for the index since June 30. As a result, the blended earnings growth rate for the Energy sector has decreased to 1.9% from 13.3% over this period.

Financials and Health Care Sectors Have Seen Largest Increases in Revenues since June 30

The blended (year-over-year) revenue growth rate for Q2 2024 of 5.2% is above the estimate of 4.7% at the end of the second quarter (June 30). Eight 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 4.5% from 2.9%) and Health Care (to 7.0% from 5.8%) sectors. These two sectors have also been the largest contributors to the increase in the revenue growth rate for the index since the end of the quarter. On the other hand, three 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 Utilities sector (to 3.0% from 4.9%).

In the Financials sector, the positive revenue surprises reported by JPMorgan Chase ($51.00 billion vs. $42.23 billion) and Berkshire Hathaway ($93.65 billion vs. $91.09 billion) have been the largest contributors to the increase in revenues for the index since June 30. As a result, the blended revenue growth rate for the Financials sector has increased to 4.5% from 2.9% over this period.

In the Health Care sector, the positive revenue surprises reported by Centene Corporation ($39.84 billion vs. $36.83 billion), and Cigna Group ($60.47 billion vs. $58.30 billion) have been substantial contributors to the increase in revenues for the index since June 30. As a result, the blended revenue growth rate for the Health Care sector has increased to 7.0% from 5.8% over this period.

Earnings Growth: 10.9%

The blended (year-over-year) earnings growth rate for Q2 2024 is 10.9%, 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 10.9% 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.

Nine of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Utilities, Information Technology, Financials, Health Care, and Consumer Discretionary sectors. On the other hand, two sectors are reporting (or have reported) a year-over-year decline in earnings, led by the Materials sector.

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

The Utilities sector reported the highest (year-over-year) earnings growth rate of all eleven sectors for Q2 2024 at 20.0%. At the industry level, four of five industries in the sector reported year-over-year earnings growth: Electric Utilities (26%), Independent Power and Renewable Electricity Producers (25%), Gas Utilities (23%), and Multi-Utilities (5%). On the other hand, the Water Utilities (-1%) is the only industry that reported a year-over-year decline in earnings. The Electric Utilities industry was also the largest contributor to year-over-year earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Utilities sector would fall to 8.4% from 20.4%.

Information Technology: NVIDA 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 18.9%. At the industry level, 4 of the 6 industries in the sector are reporting (or have reported) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (52%), Technology Hardware, Storage, & Peripherals (15%), Software (9%), and IT Services (6%). On the other hand, two industries are reporting (or have reported) a year-over-year decline in earnings: Communications Equipment (-16%) and Electronic Equipment, Instruments, & Components (-2%) .

At the company level, NVIDIA ($0.64 vs. $0.27) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Information Technology sector would fall to 9.5% from 18.9%.

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

The Financials sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors for Q2 2024 at 17.5%. At the industry level, all five industries in the sector reported year-over-year earnings growth: Insurance (36%), Capital Markets (28%), Consumer Finance (27%), Financial Services (11%), and Banks (8%). The Insurance and Capital Markets industries were 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 the Financials sector would fall to 10.8% from 17.5%.

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

The Health Care sector is reporting the fourth-largest (year-over-year) earnings growth rate of all eleven sectors at 17.0%. At the industry level, 3 of the 5 industries in the sector are reporting (or have reported) year-over-year earnings growth. Two of these three industries are reporting a double-digit increase: Pharmaceuticals (95%) and Health Care Equipment & Supplies (10%). On the other hand, two industries are reporting (or have reported) a year-over-year decline in earnings, led by the Biotechnology (-37%) industry.

At the company level, Merck ($2.28 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 -1.8% instead of (year-over-year) earnings growth of 17.0%.

On the other hand, Vertex Pharmaceuticals (-$12.83 vs. $3.89) is the largest detractor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Health Care sector would improve to 24.8% from 17.0%.

Consumer Discretionary: Amazon.com Is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is reporting the fifth-largest (year-over-year) earnings growth rate of all eleven sectors at 12.2%. At the industry level, 5 of the 9 industries in the sector are reporting (or have reported) year-over-year earnings growth. Four of these five industries are reporting (or have reported) a double-digit increase: Leisure Products (150%), Broadline Retail (89%), Textiles, Apparel, & Luxury Good (32), and Automobile Components (15%). On the other hand, four industries are reporting (or have reported) a year-over-year decline in earnings. However, the Automobiles (-17%) industry is the only industry that reported a double-digit decline in earnings.

At the company level, Amazon.com ($1.26 vs. $0.65) is the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be reporting a (year-over-year) decline in earnings of -3.1% instead of (year-over-year) earnings growth of 12.2%.

Materials: All 4 Industries Reported Year-Over-Year Decline

The Materials sector reported the largest (year-over-year) earnings decline of all eleven sectors at -8.8%. At the industry level, all four industries in this sector reported a year-over-year decline in earnings: Metals & Mining (-16%), Containers & Packaging (-14%), Construction Materials (-7%), and Chemicals (-6%).

Revenue Growth: 5.2%

The blended (year-over-year) revenue growth rate for Q2 2024 is 5.2%, which is below the 5-year average revenue growth rate of 6.7% but above the 10-year average revenue growth rate of 5.1%. If 5.2% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q4 2022 (5.4%). It will also mark the 15th consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Energy, and Communication Services sectors. On the other hand, the Materials sector is the only sector that reported a year-over-year decline in revenues.

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 10.5%. At the industry level, 4 of the 6 industries in the sector are reporting (or have reported) year-over-year revenue growth. Two of these four industries are reporting double-digit growth: Semiconductors & Semiconductor Equipment (26%) and Software (12%). On the other hand, two industries are reporting (or have reported) a year-over-year decline in revenue: Communications Equipment (-6%) and Electronic Equipment, Instruments, & Components (-5%).

At the company level, NVIDIA ($28.60 billion vs. $13.51 billion) is the largest contributor to revenue growth for the sector. If this company were excluded, the blended (year-over-year) revenue growth rate for the Information Technology sector would fall to 6.8% from 10.5%.

Energy: All 5 Sub-Industries Reported Year-Over-Year Growth

The Energy sector reported the second-highest (year-over-year) revenue growth rate of all eleven sectors at 8.1%. At the sub-industry level, all 5 sub-industries in the sector reported year-over-year revenue growth. Oil & Gas Exploration & Production (15%), Oil & Gas Storage & Transportation (10%), Oil & Gas Equipment & Services (9%), Integrated Oil & Gas (9%), and Oil & Gas Refining & Marketing (4%).

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

The Communication Services sector reported the third-highest (year-over-year) revenue growth rate of all eleven sectors at 7.5%. At the industry level, 4 of the 5 industries in the sector reported year-over-year revenue growth. Only one of these four industries reported double-digit growth: Interactive Media & Services (15%). On the other hand, the Media (-1%) industry is the only industry that reported a year-over-year decline in revenue.

Materials: 3 of 4 Industries Reported Year-Over-Year Decline

The Materials sector reported the largest (year-over-year) revenue decline of all eleven sectors at -1.5%. At the industry level, three of the four industries in this sector are reported a year-over-year decline in revenues: Construction Materials (-4%), Containers & Packaging (-3%), and Chemicals (-3%). The Metals & Mining (3%) industry is the only industry that reported year-over-year revenue growth.

Net Profit Margin: 12.2%

The blended net profit margin for the S&P 500 for Q2 2024 is 12.2%, 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, five sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q2 2024 compared to Q2 2023, led by the Financials (18.7% vs. 16.6%), Utilities (13.7% vs. 11.8%), and Information Technology (25.1% vs. 23.3%) sectors. On the other hand, five sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q2 2024 compared to Q2 2023, led by the Real Estate (35.8% vs. 36.7%) sector. One sector (Consumer Staples) is reporting no change in net profit margin (6.4% vs. 6.4%) compared to the year-ago quarter

Eight sectors are reporting (or have reported) net profit margins in Q2 2024 that are above their 5-year averages, led by the Industrials (10.9% vs. 8.2%), Consumer Discretionary (9.2% vs. 6.6%), and Financials (18.7% vs. 16.4%) sectors. On the other hand, three sectors are reporting (or have reported) net profit margins in Q2 2024 that are below their 5-year averages, led by the Health Care (8.3% vs. 9.8%) sector.

Forward Estimates and Valuation

Guidance: % of S&P 500 Companies Issuing Negative Guidance for Q3 Is Below Average

At this point in time, 89 companies in the index have issued EPS guidance for Q3 2024. Of these 89 companies, 48 have issued negative EPS guidance and 41 have issued positive EPS guidance. The number of companies issuing negative EPS guidance for Q3 2024 is below the 5-year average of 58 and below the 10-year average of 62. The percentage of companies issuing negative EPS guidance for Q3 2024 is 55% (48 out of 88), which is also below the 5-year average of 59% and below the 10-year average of 63%.

At this point in time, 271 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 271 companies, 127 have issued negative EPS guidance and 144 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 47% (127 out of 271).

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 2024

For the second quarter, S&P 500 companies are reporting year-over-year growth in earnings of 10.9% and year-over-year growth in revenues of 5.2%.

For Q3 2024, analysts are projecting earnings growth of 5.2% and revenue growth of 4.9%.

For Q4 2024, analysts are projecting earnings growth of 15.5% and revenue growth of 5.6%.

For CY 2024, analysts are projecting earnings growth of 10.1% and revenue growth of 5.1%.

For Q1 2025, analysts are projecting earnings growth of 14.4% and revenue growth of 5.9%.

For Q2 2025, analysts are projecting earnings growth of 13.9% and revenue growth of 5.8%.

For CY 2025, analysts are projecting earnings growth of 15.3% and revenue growth of 6.0%.

Valuation: Forward P/E Ratio is 21.0, Above the 10-Year Average (17.9)

The forward 12-month P/E ratio for the S&P 500 is 21.0. This P/E ratio is above the 5-year average of 19.4 and above the 10-year average of 17.9. However, it is equal to 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 1.6%. At the sector level, the Information Technology (29.4) sector has the highest forward 12-month P/E ratio, while the Energy (12.4) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 25.9, which is above the 5-year average of 23.5 and above the 10-year average of 21.6.

Targets & Ratings: Analysts Project 10.5% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 6127.87, which is 10.5% above the closing price of 5543.22. At the sector level, the Communication Services (+16.2%) and Energy (+15.3%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Consumer Staples (+4.7%) 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.

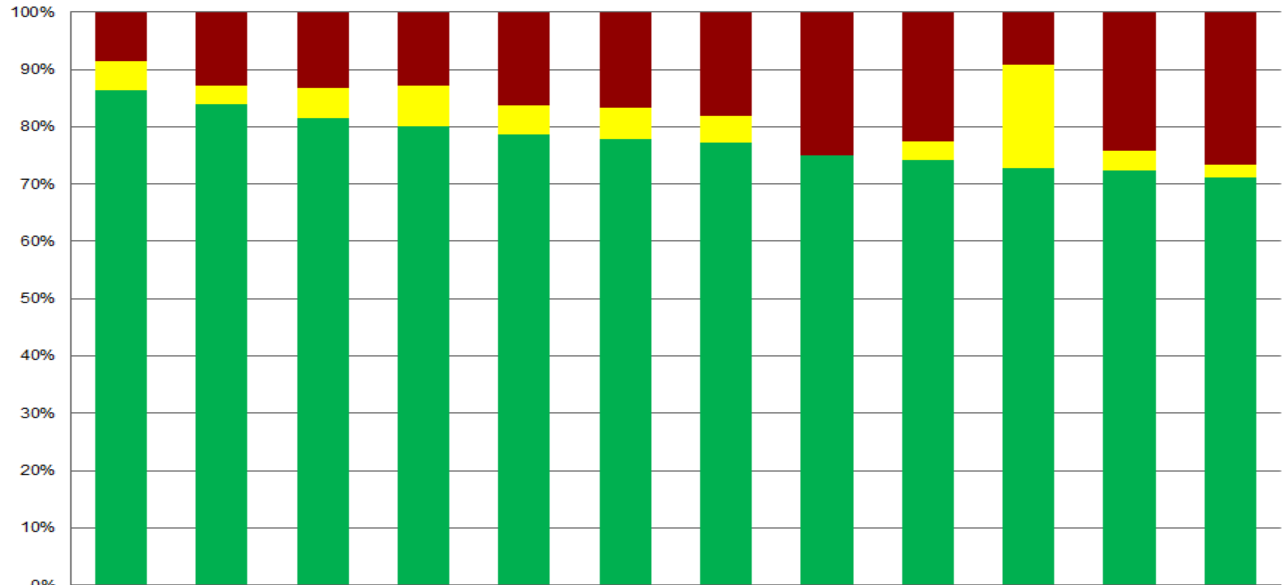
Overall, there are 11,798 ratings on stocks in the S&P 500. Of these 11,798 ratings, 55.0% are Buy ratings, 40.0% are Hold ratings, and 5.0% are Sell ratings. At the sector level, the Communication Services (63%), Energy (63%), and Information Technology (62%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%), Materials (48%), and Utilities (48%) sectors have the lowest percentages of Buy ratings.

Companies Reporting Next Week: 14

During the upcoming week, 14 S&P 500 companies are scheduled to report results for the second quarter.

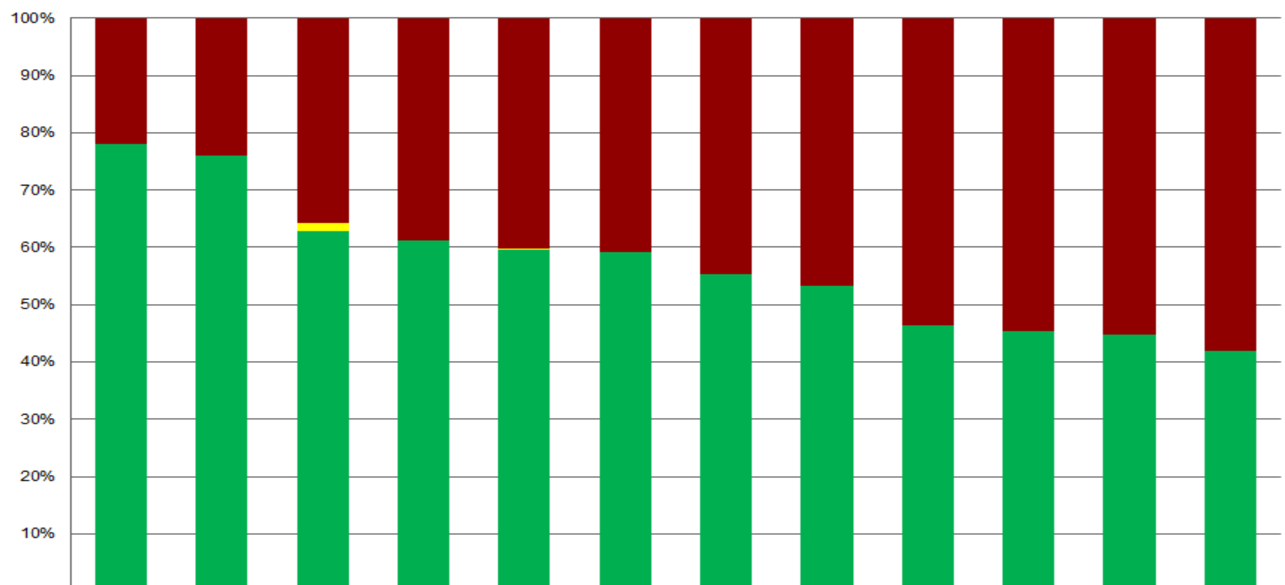
Q2 2024: Scorecard

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



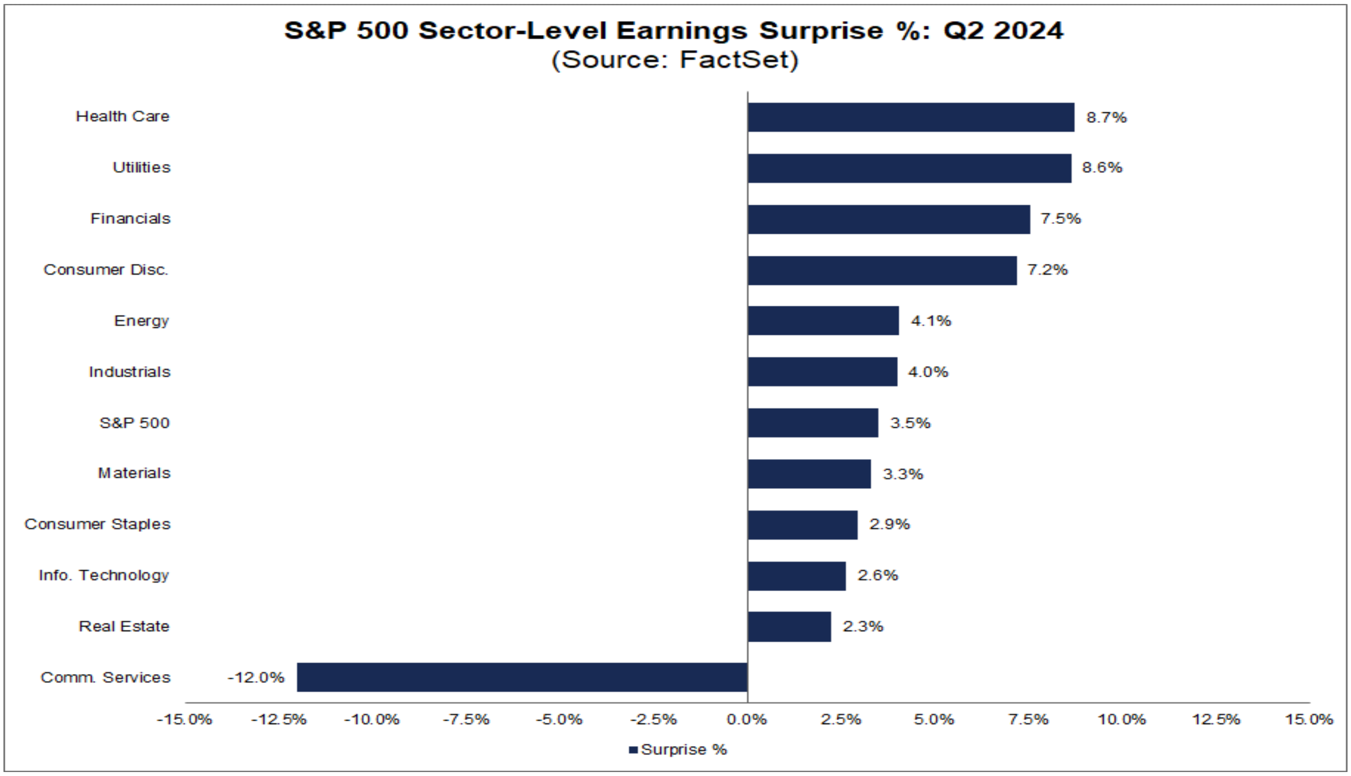
	Health Care	Real Estate	Industrials	Financials	S&P 500	Info. Technology	Energy	Materials	Utilities	Comm. Services	Consumer Staples	Consumer Disc.
Below	8%	13%	13%	13%	16%	17%	18%	25%	23%	9%	24%	27%
In-Line	5%	3%	5%	7%	5%	6%	5%	0%	3%	18%	3%	2%
Above	86%	84%	82%	80%	79%	78%	77%	75%	74%	73%	72%	71%

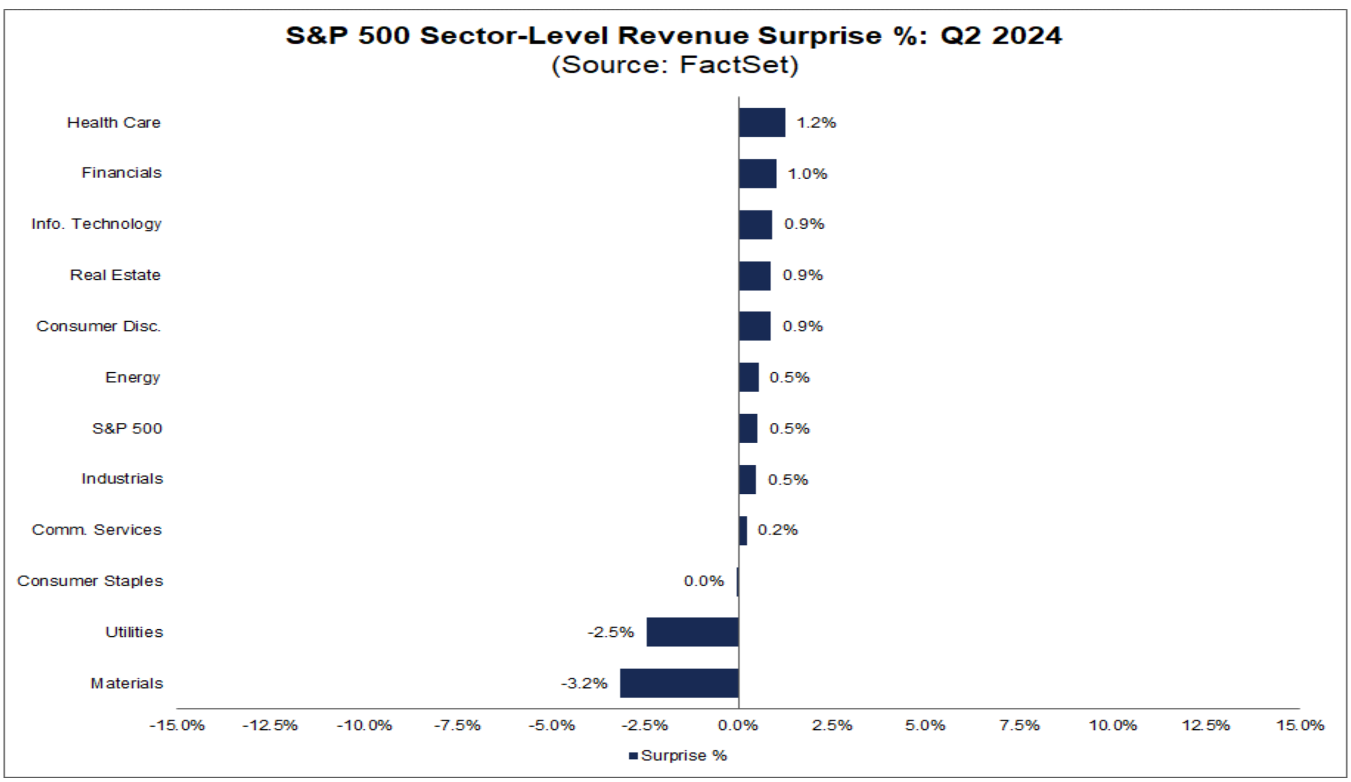
S&P 500 Revenues Above, In-Line, Below Estimates: Q2 2024
(Source: FactSet)



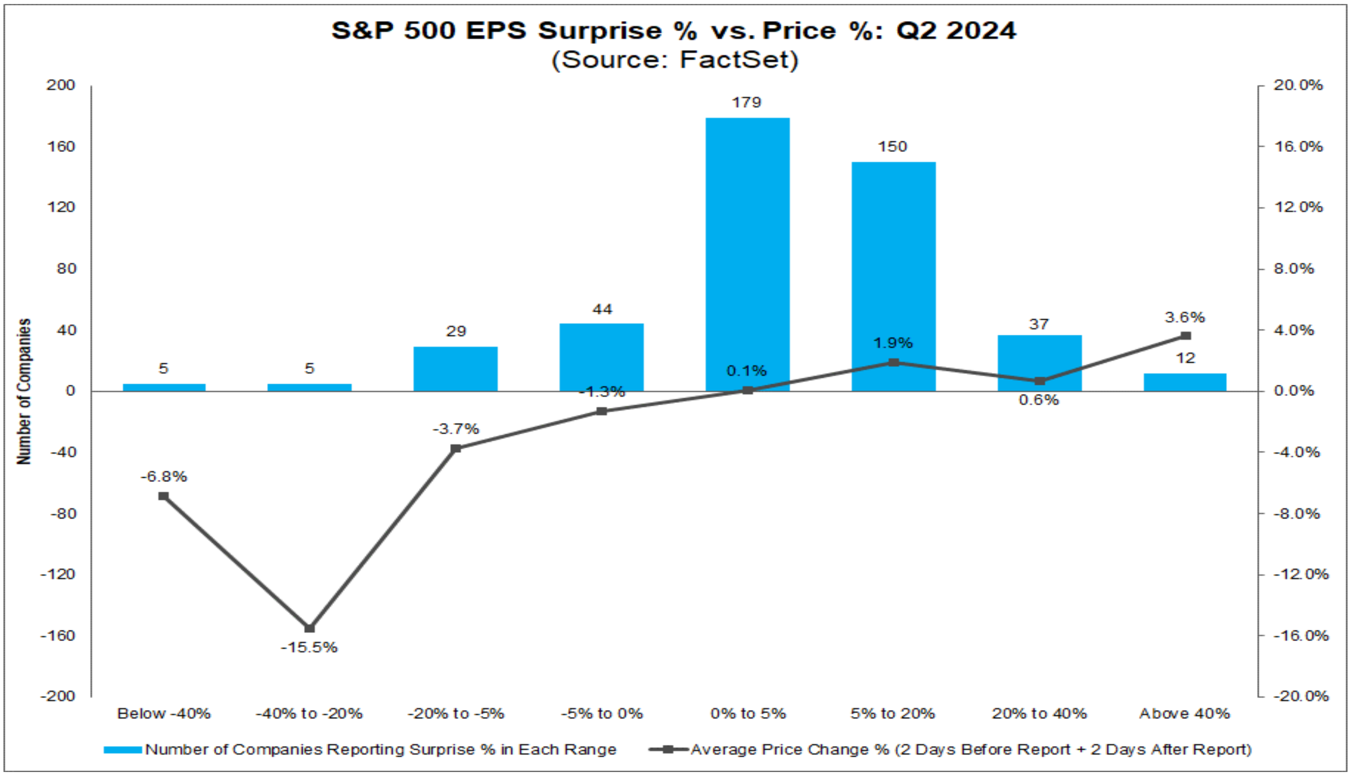
	Health Care	Info. Technology	Financials	Real Estate	S&P 500	Comm. Services	Industrials	Consumer Disc.	Materials	Energy	Consumer Staples	Utilities
Below	22%	24%	36%	39%	40%	41%	45%	47%	54%	55%	55%	58%
In-Line	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	78%	76%	63%	61%	60%	59%	55%	53%	46%	45%	45%	42%

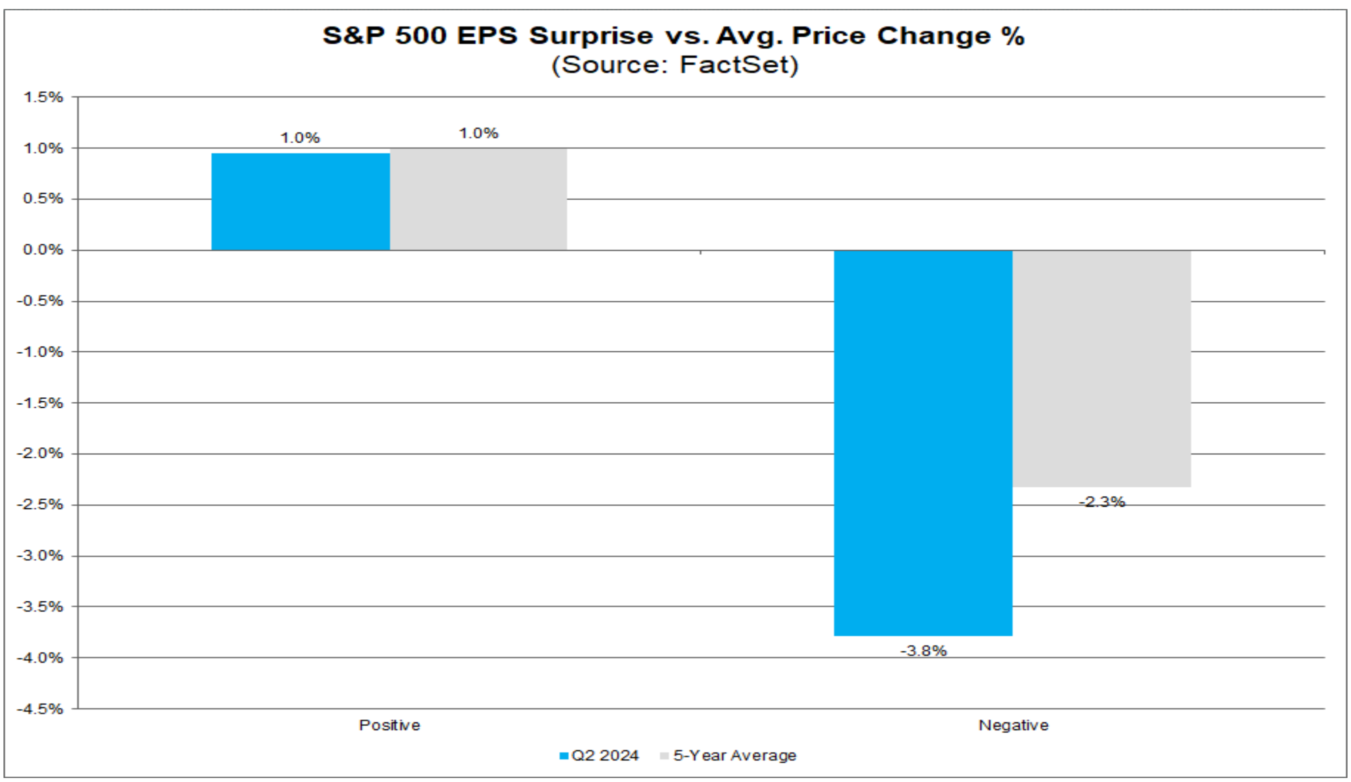
Q2 2024: Surprise



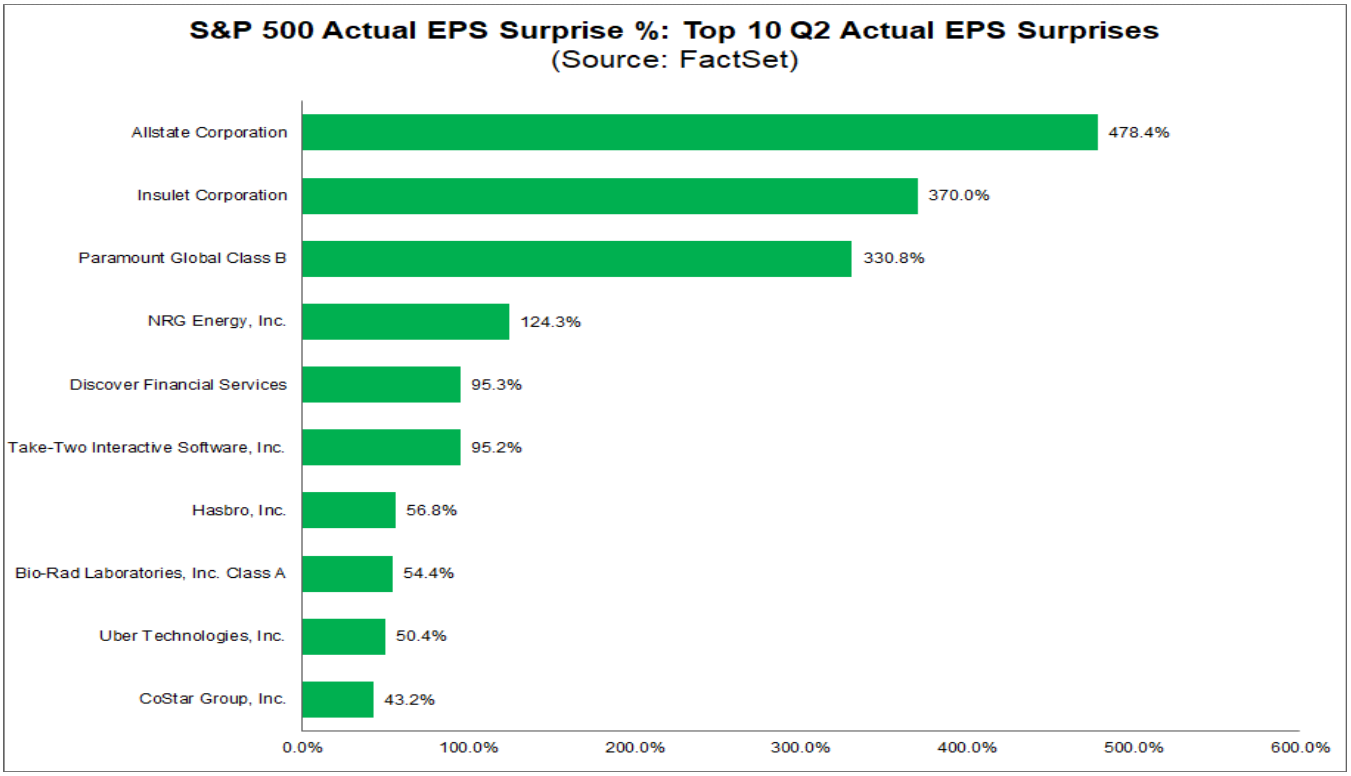


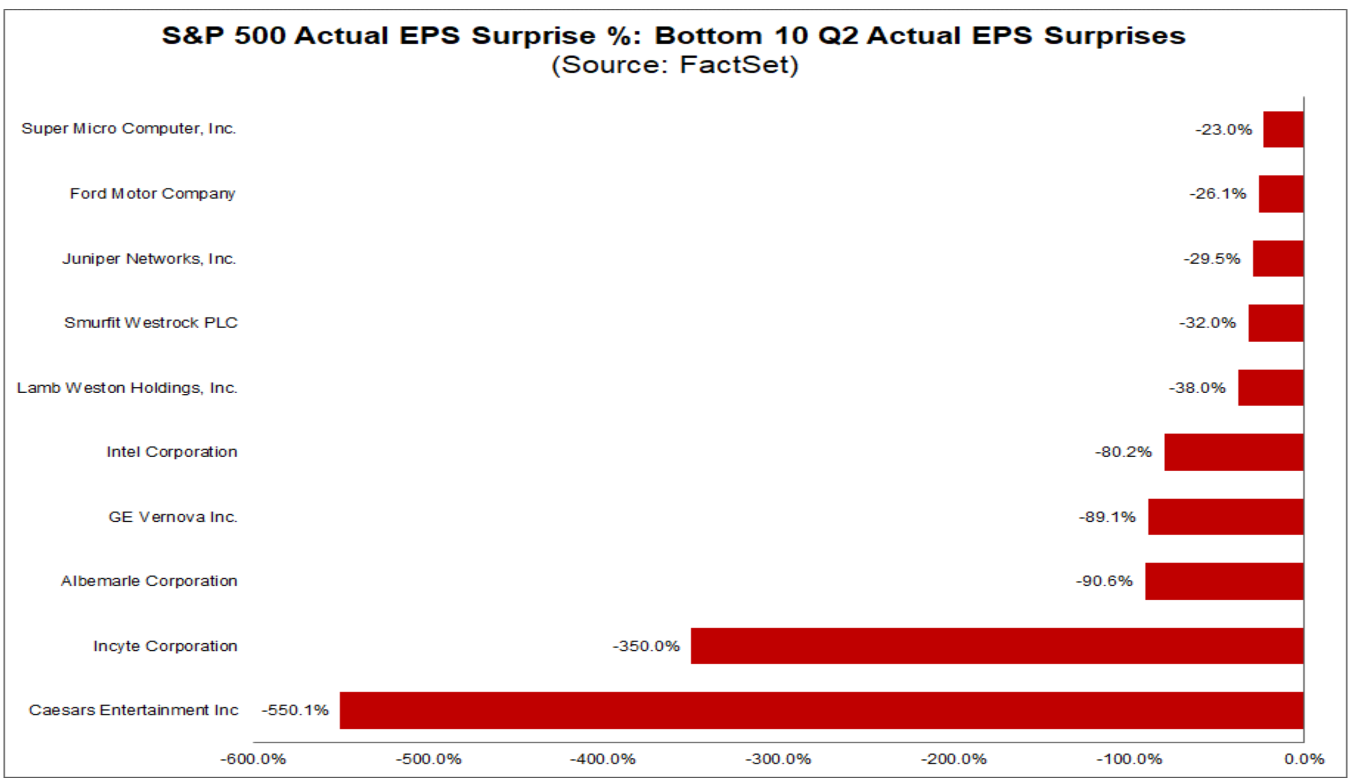
Q2 2024: Surprise



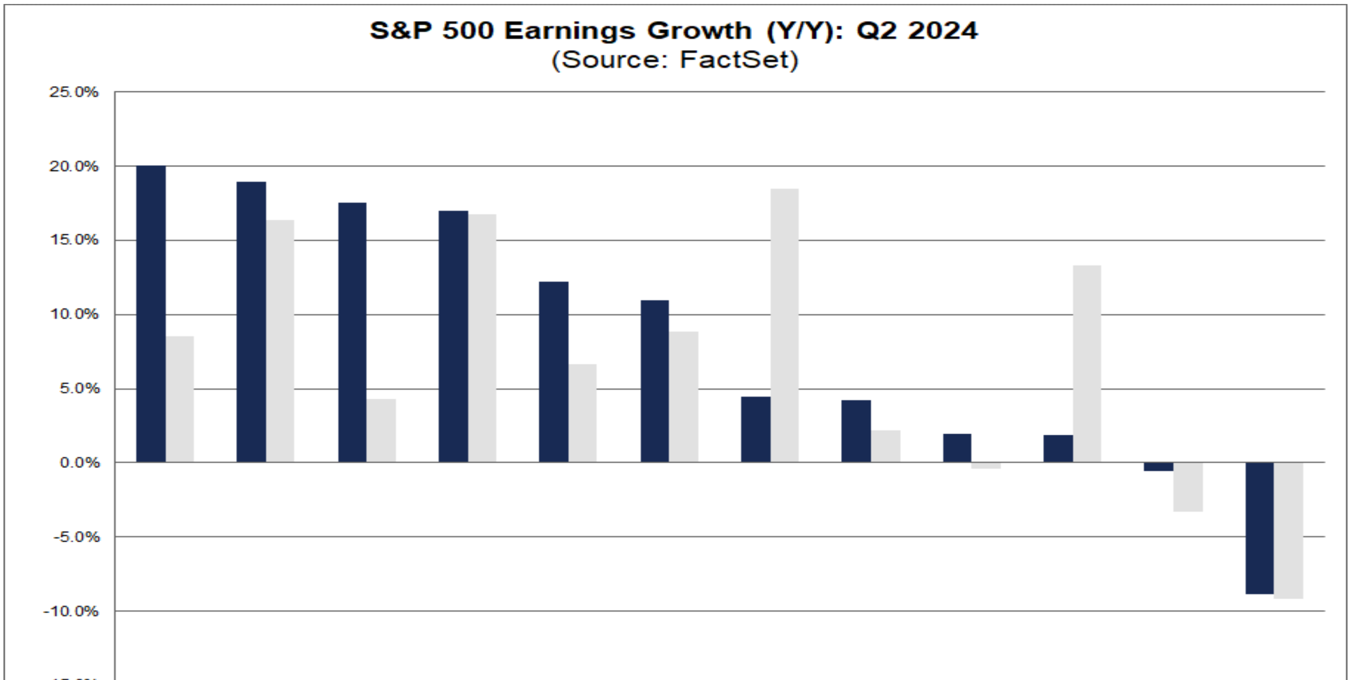


Q2 2024: Surprise

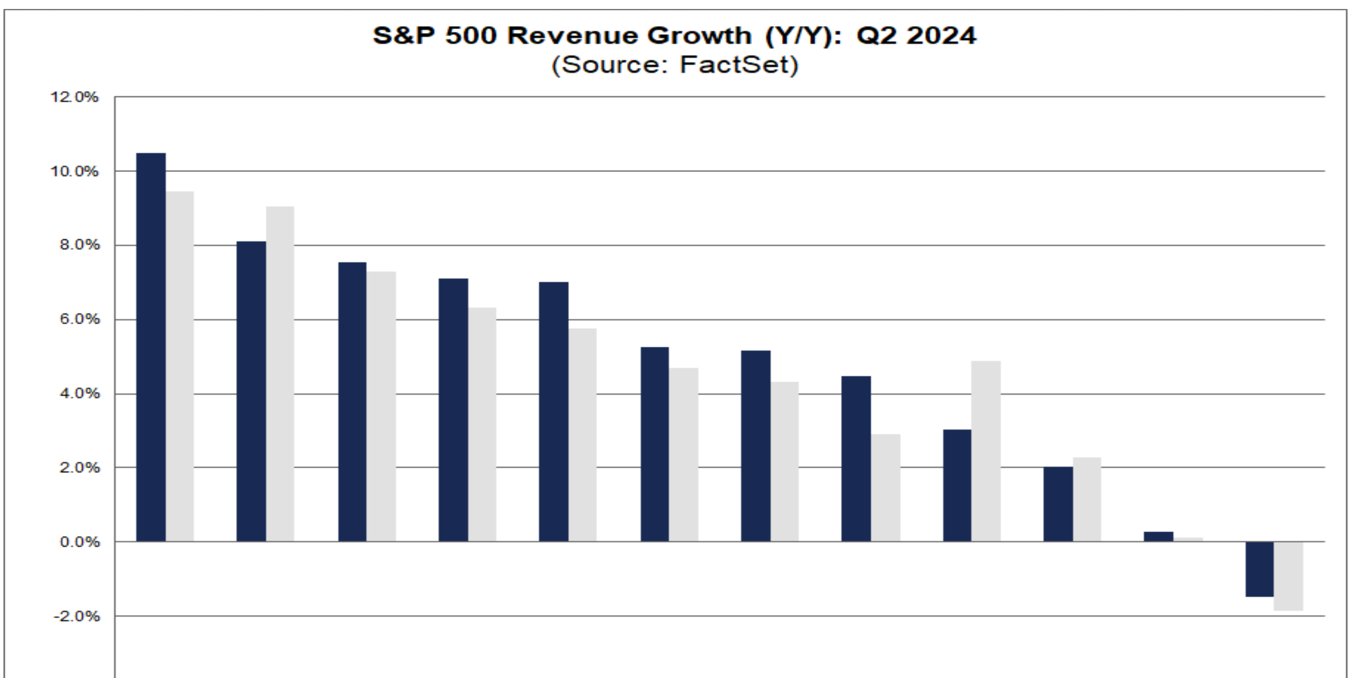




Q2 2024: Growth

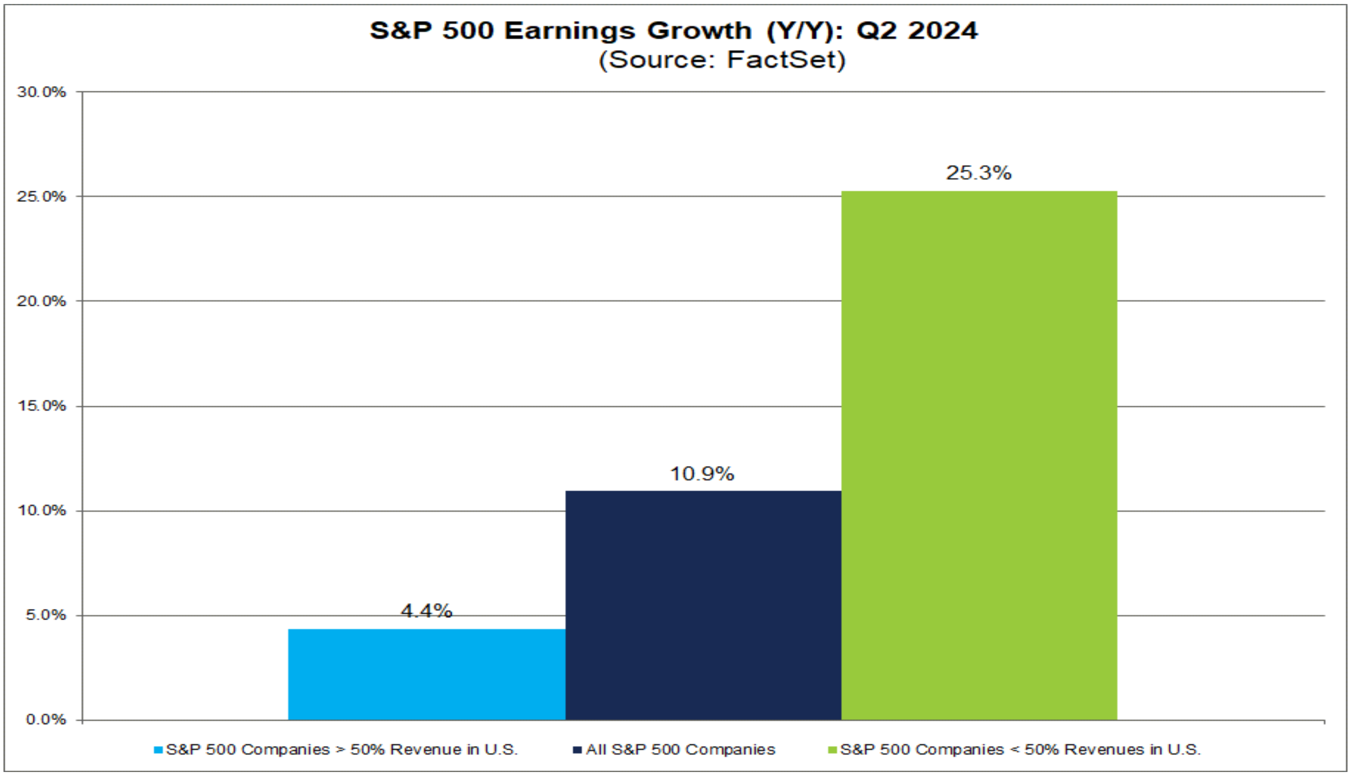


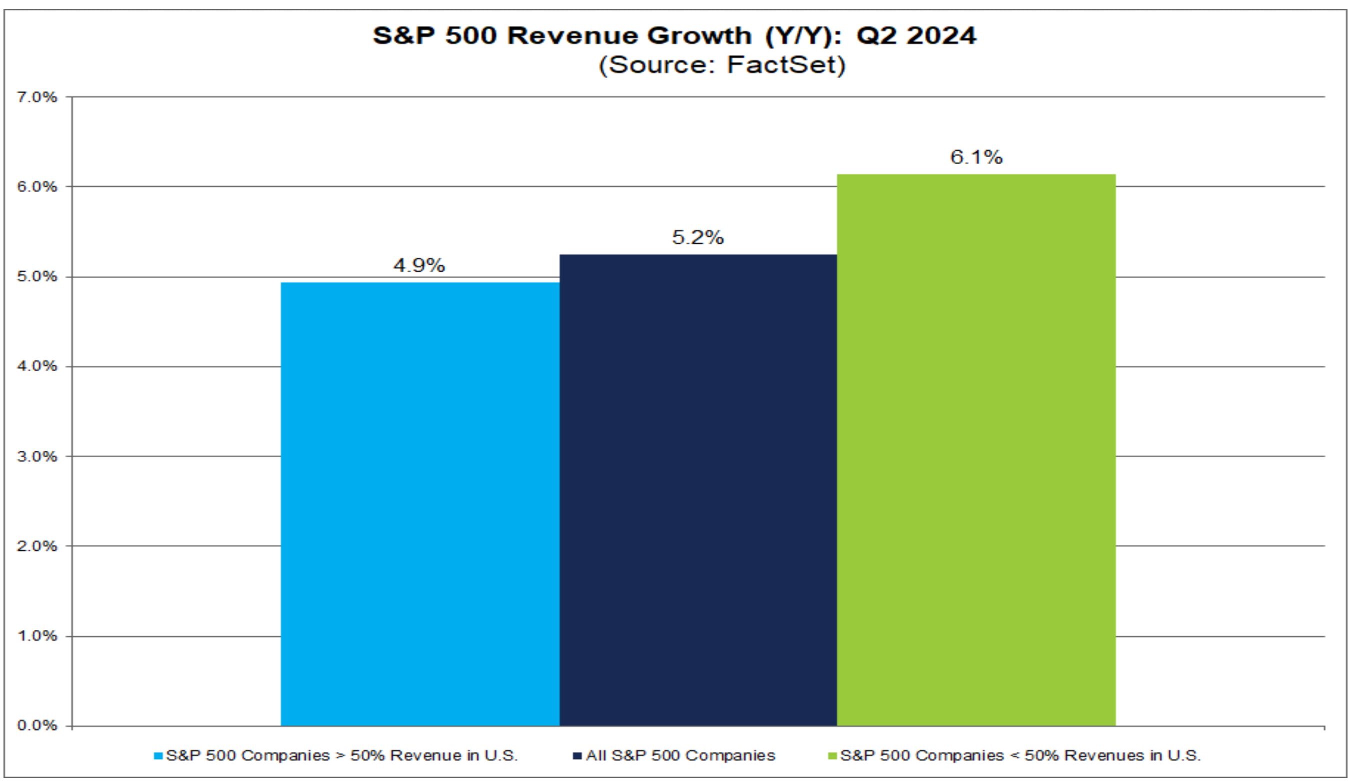
	Utilities	Info. Technology	Financials	Health Care	Consumer Disc.	S&P 500	Comm. Services	Real Estate	Consumer Staples	Energy	Industrials	Materials
Today	20.0%	18.9%	17.5%	17.0%	12.2%	10.9%	4.5%	4.3%	2.0%	1.9%	-0.5%	-8.8%
30-Jun	8.6%	16.4%	4.3%	16.7%	6.7%	8.9%	18.5%	2.2%	-0.4%	13.3%	-3.3%	-9.1%



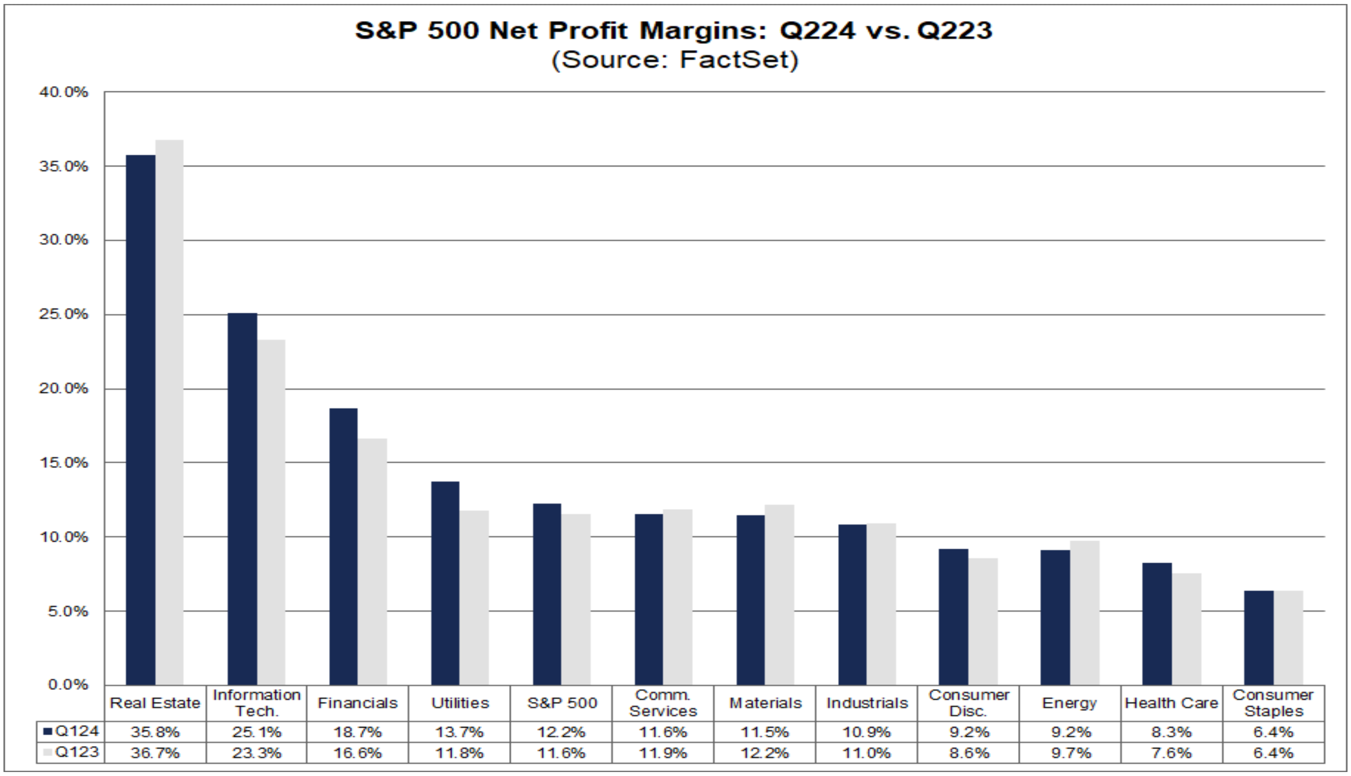
	Info. Technology	Energy	Comm. Services	Real Estate	Health Care	S&P 500	Consumer Disc.	Financials	Utilities	Consumer Staples	Industrials	Materials
Today	10.5%	8.1%	7.5%	7.1%	7.0%	5.2%	5.2%	4.5%	3.0%	2.0%	0.3%	-1.5%
30-Jun	9.5%	9.0%	7.3%	6.3%	5.8%	4.7%	4.3%	2.9%	4.9%	2.3%	0.1%	-1.9%

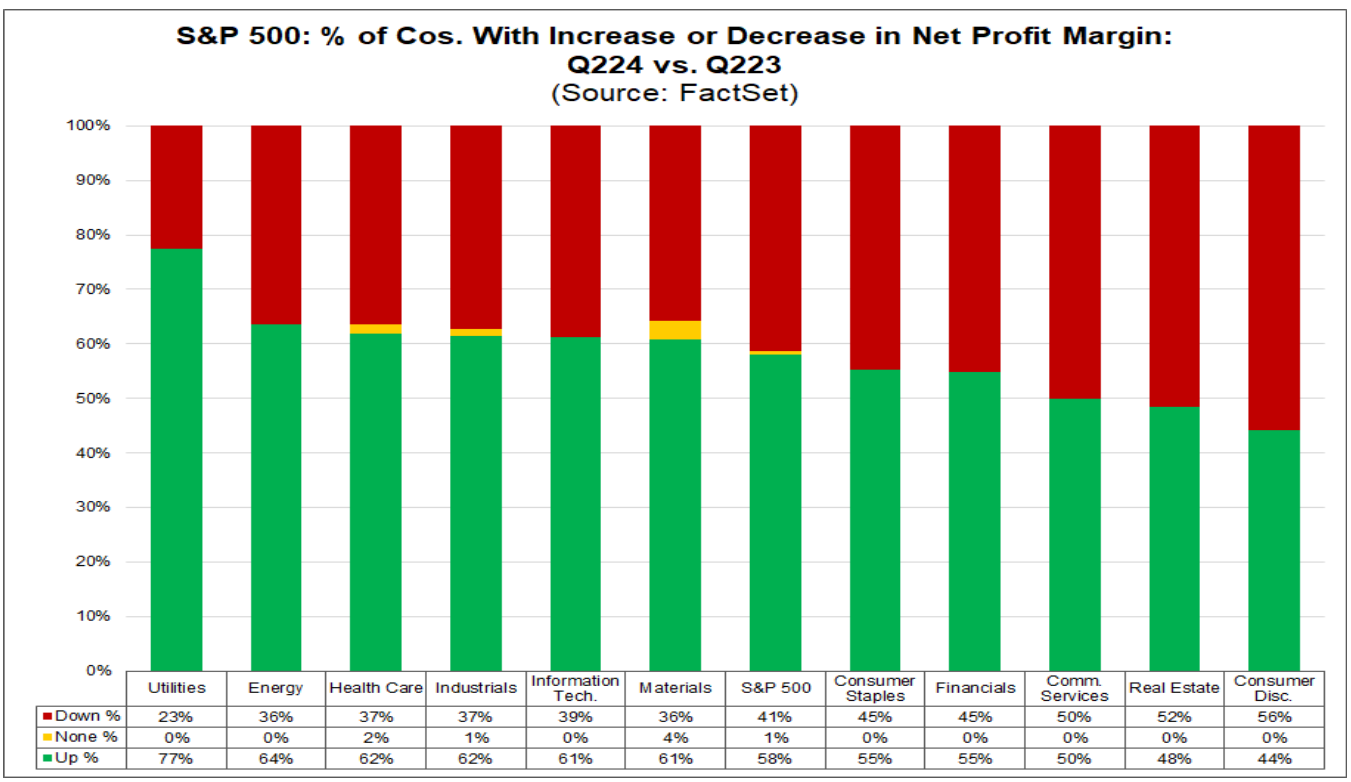
Q2 2024: Growth



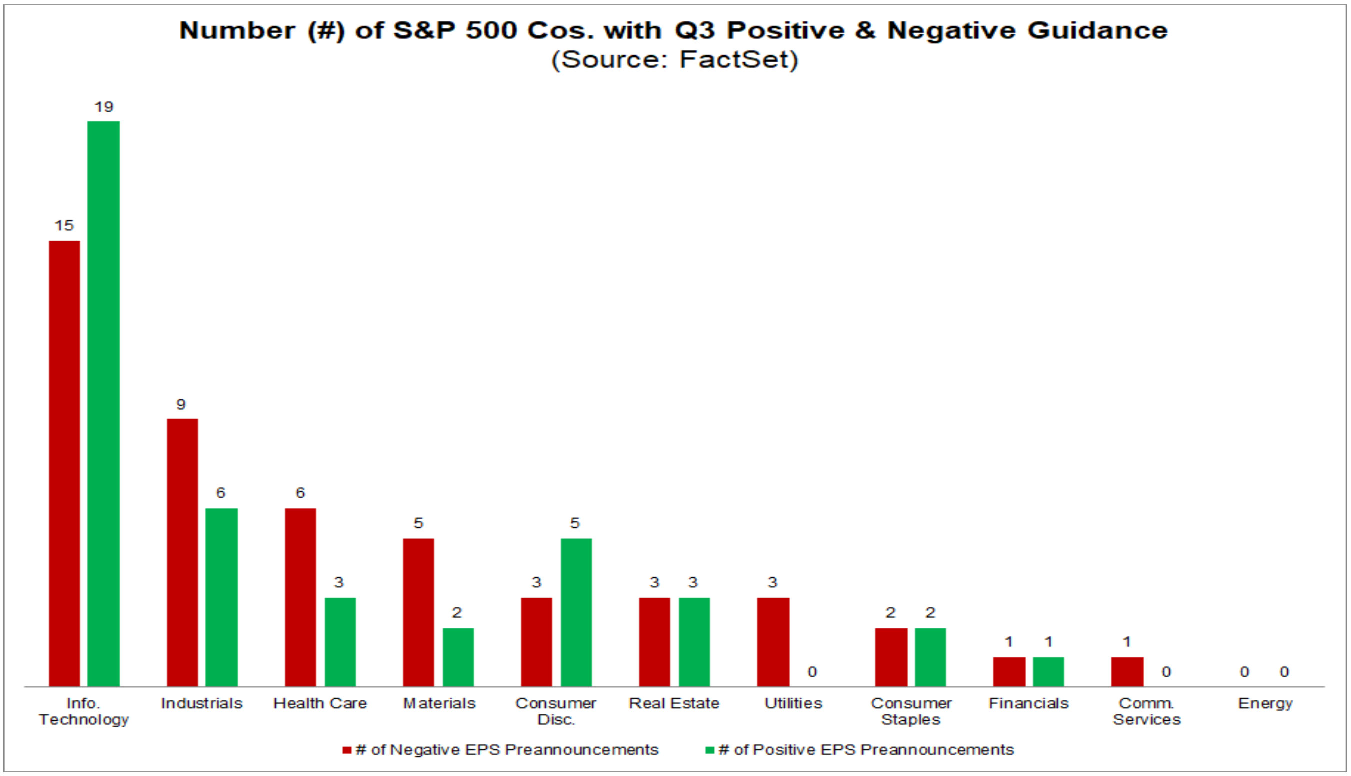


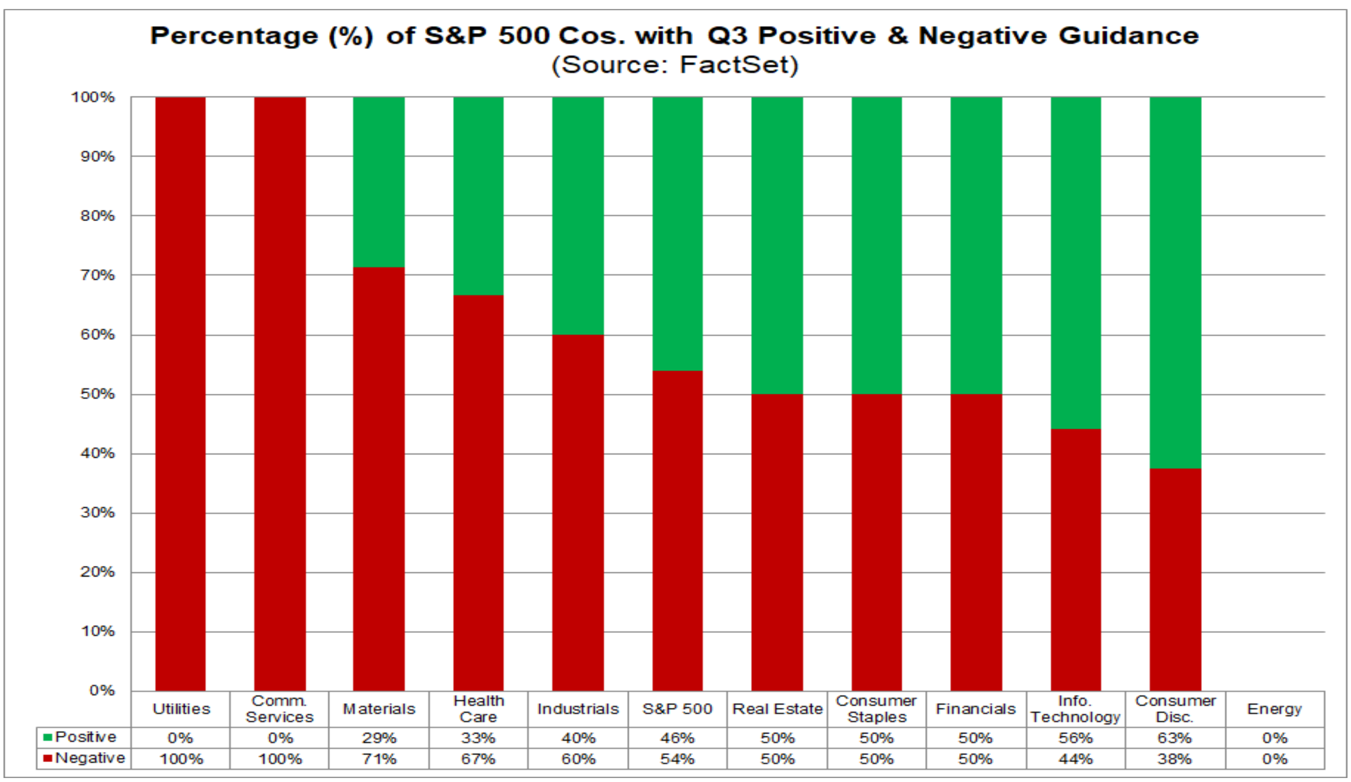
Q2 2024: Net Profit Margin





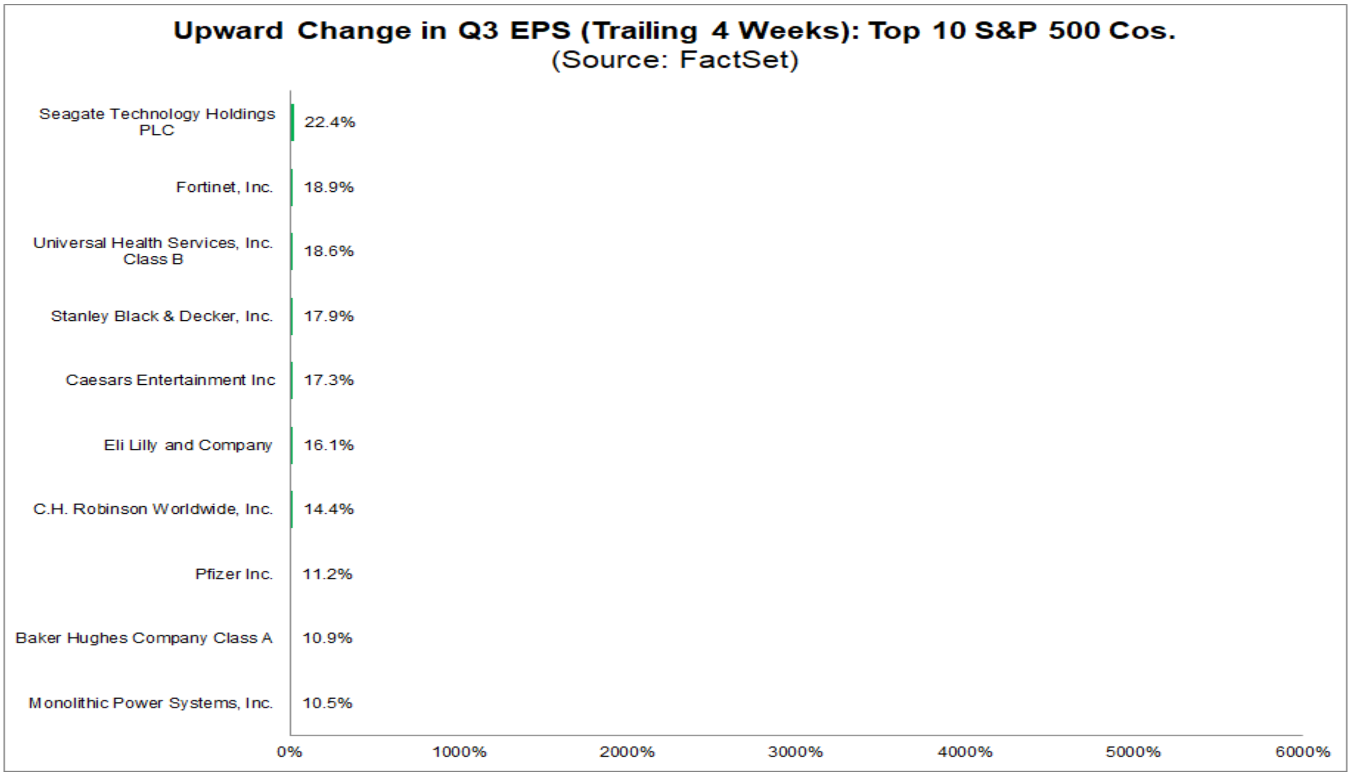
Q3 2024: Guidance

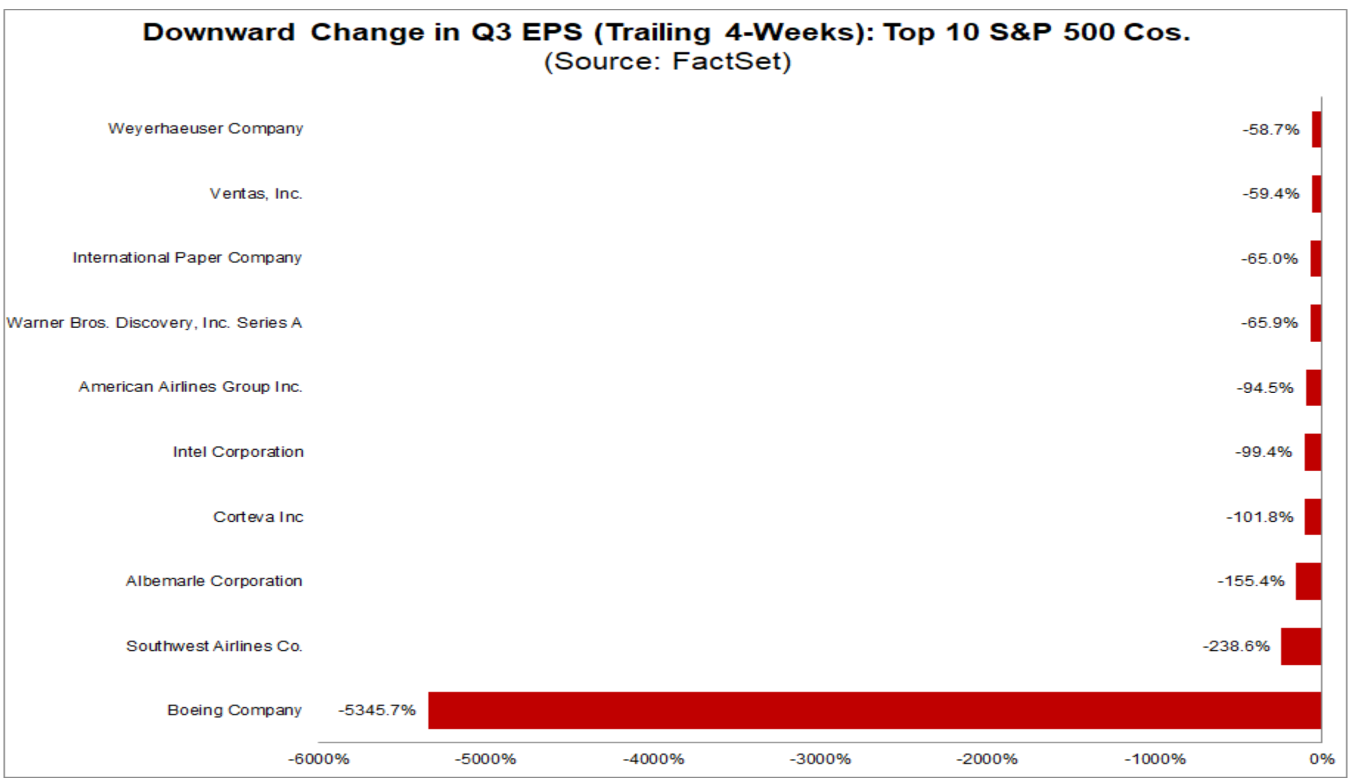




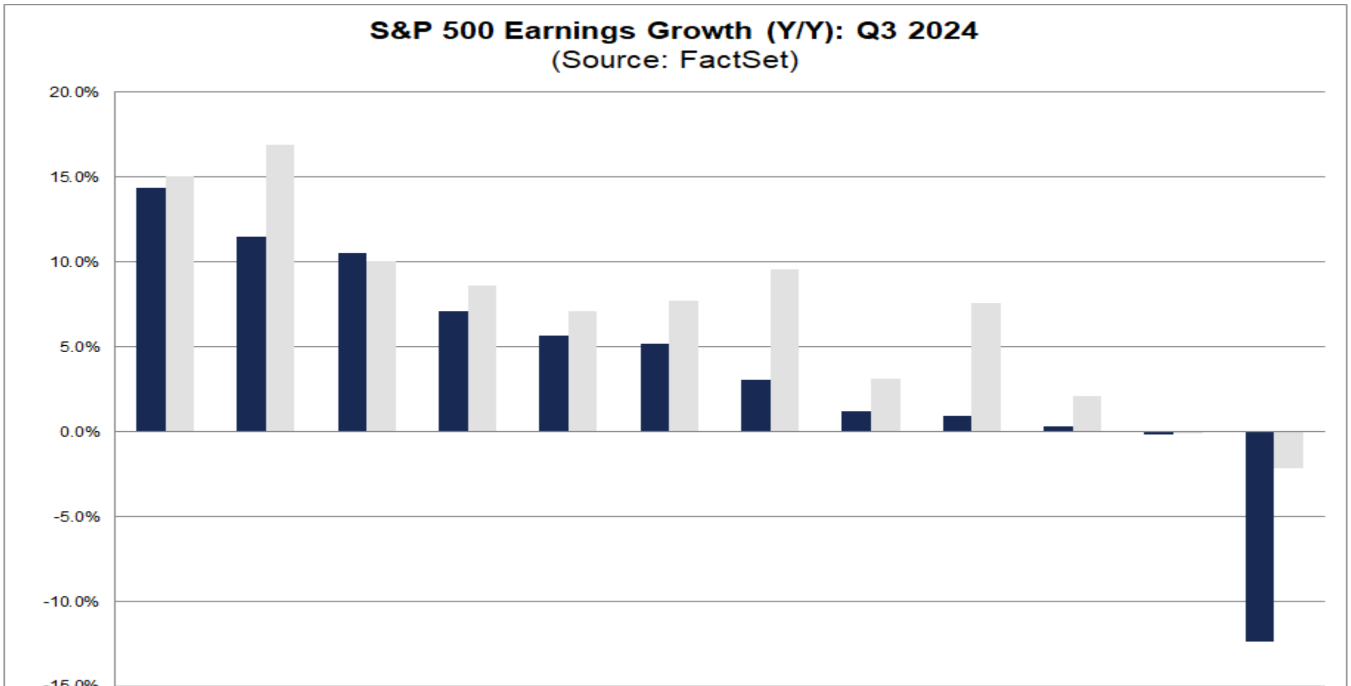
	Utilities	Comm. Services	Materials	Health Care	Industrials	S&P 500	Real Estate	Consumer Staples	Financials	Info. Technology	Consumer Disc.	Energy
Positive	0%	0%	29%	33%	40%	46%	50%	50%	50%	56%	63%	0%
Negative	100%	100%	71%	67%	60%	54%	50%	50%	50%	44%	38%	0%

Q3 2024: EPS Revisions

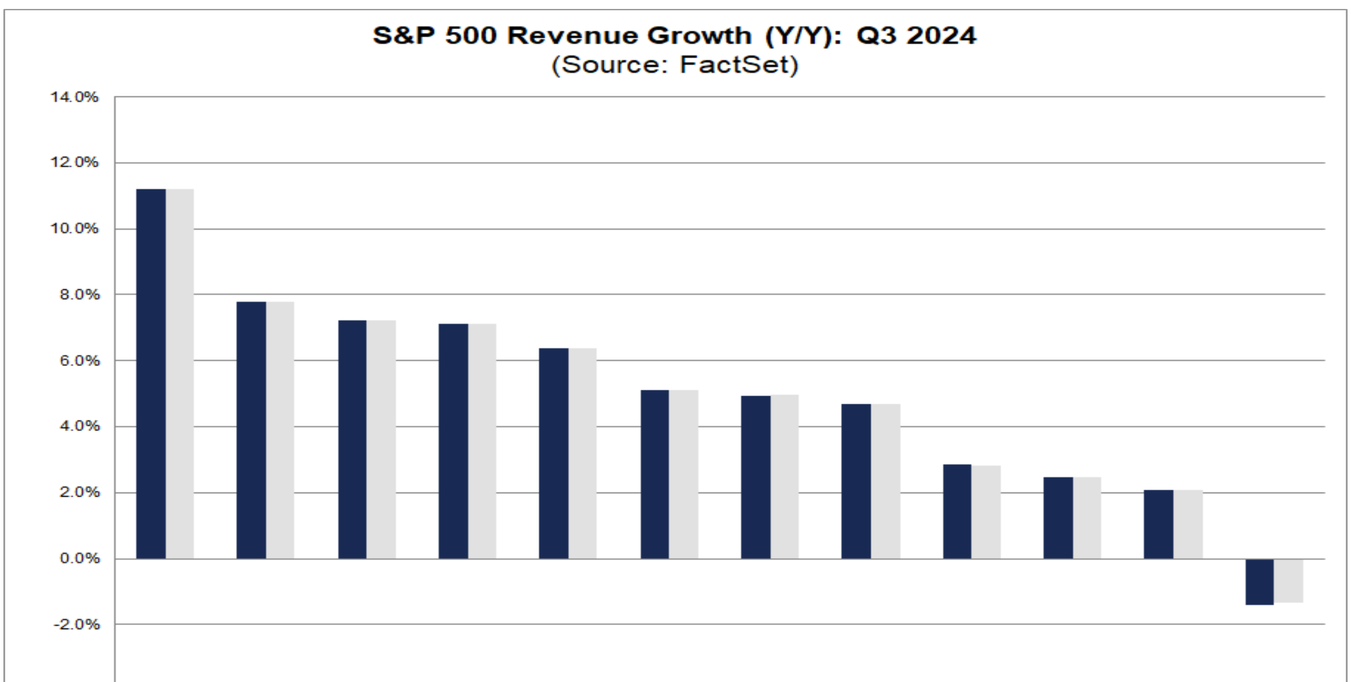




Q3 2024: Growth

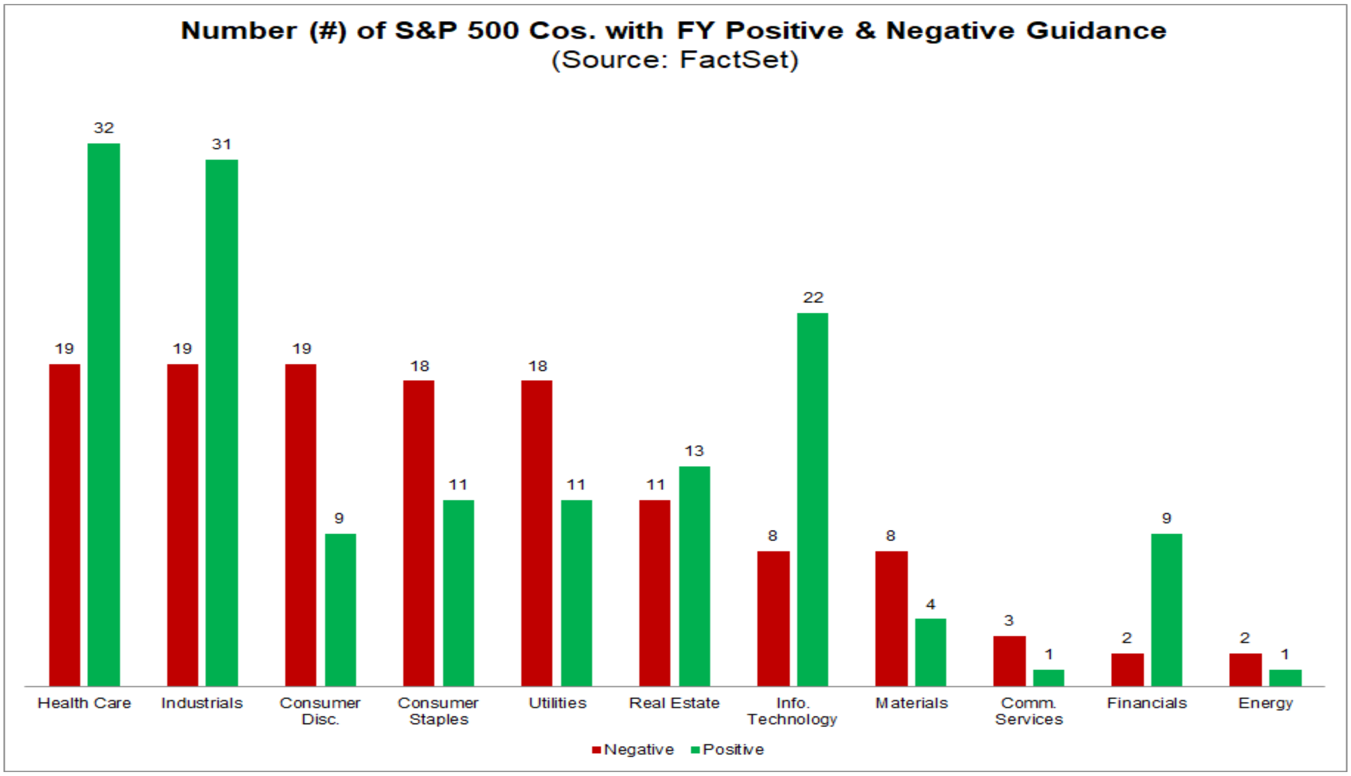


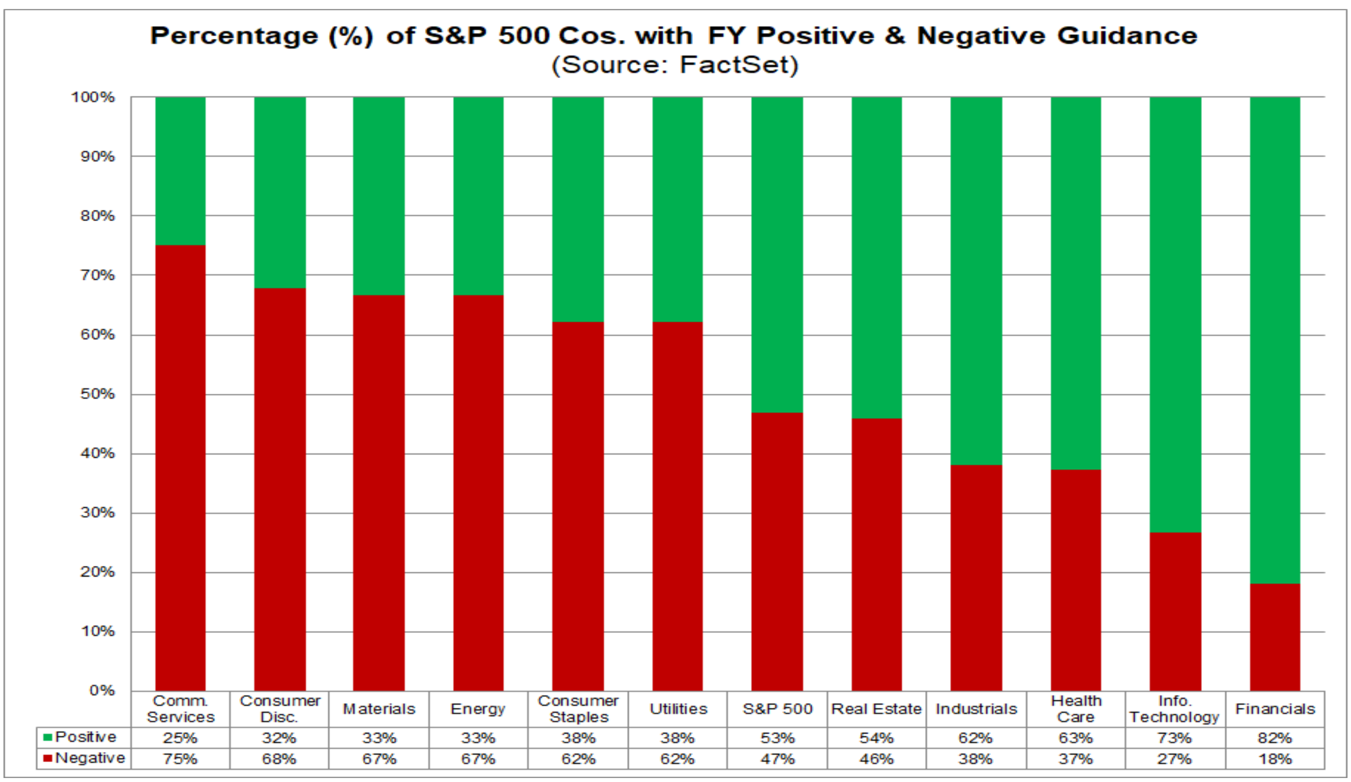
	Info. Technology	Health Care	Comm. Services	Utilities	Real Estate	S&P 500	Industrials	Consumer Staples	Materials	Consumer Disc.	Financials	Energy
Today	14.4%	11.5%	10.5%	7.1%	5.7%	5.2%	3.1%	1.2%	0.9%	0.3%	-0.2%	-12.3%
30-Jun	15.1%	16.9%	10.0%	8.6%	7.1%	7.7%	9.6%	3.1%	7.6%	2.1%	-0.1%	-2.1%



	Info. Technology	Comm. Services	Utilities	Real Estate	Health Care	Consumer Disc.	S&P 500	Financials	Materials	Consumer Staples	Industrials	Energy
Today	11.2%	7.8%	7.2%	7.1%	6.4%	5.1%	4.9%	4.7%	2.8%	2.5%	2.1%	-1.4%
30-Jun	11.2%	7.8%	7.2%	7.1%	6.4%	5.1%	5.0%	4.7%	2.8%	2.5%	2.1%	-1.3%

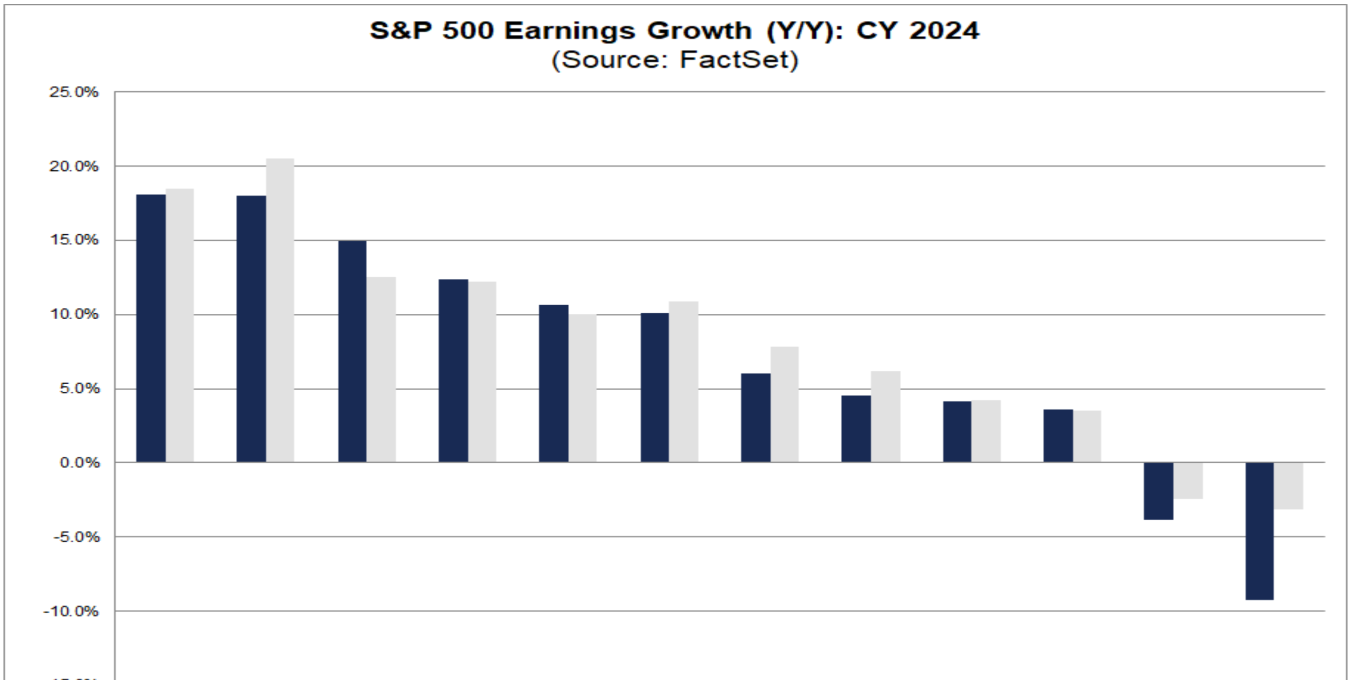
FY 2024 / 2025: EPS Guidance



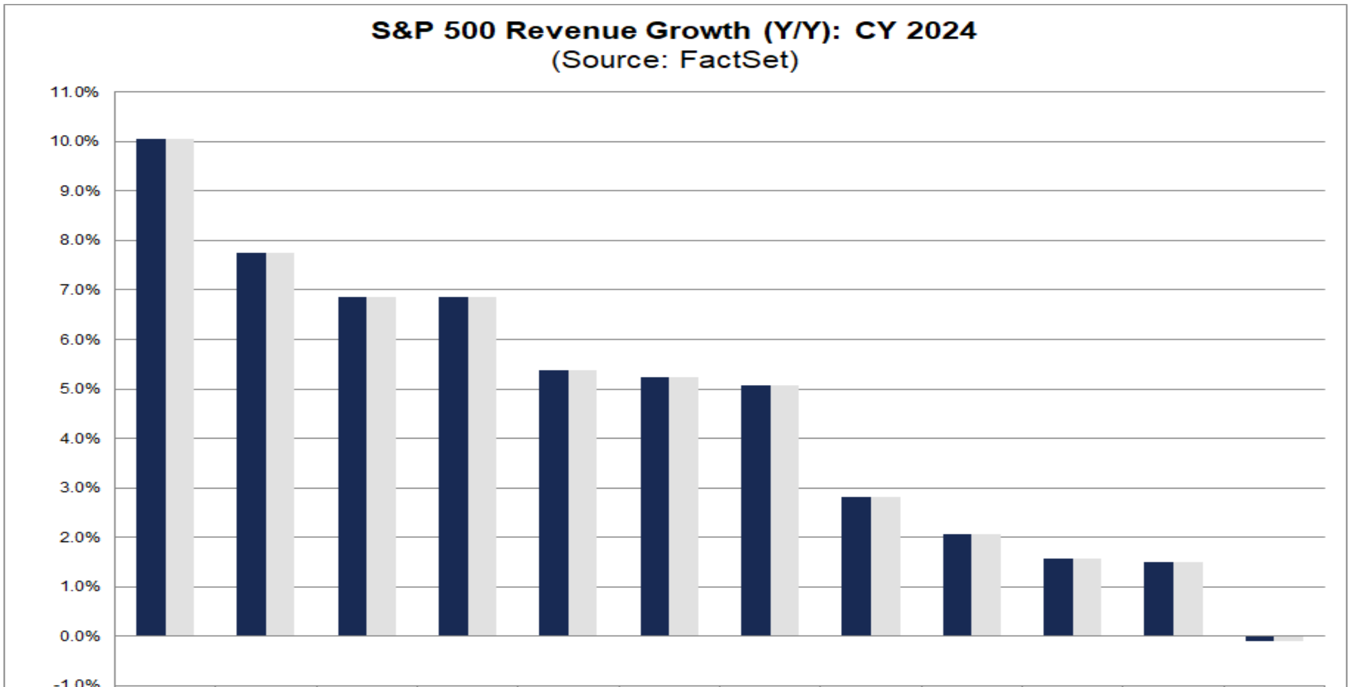


	Comm. Services	Consumer Disc.	Materials	Energy	Consumer Staples	Utilities	S&P 500	Real Estate	Industrials	Health Care	Info. Technology	Financials
Positive	25%	32%	33%	33%	38%	38%	53%	54%	62%	63%	73%	82%
Negative	75%	68%	67%	67%	62%	62%	47%	46%	38%	37%	27%	18%

CY 2024: Growth

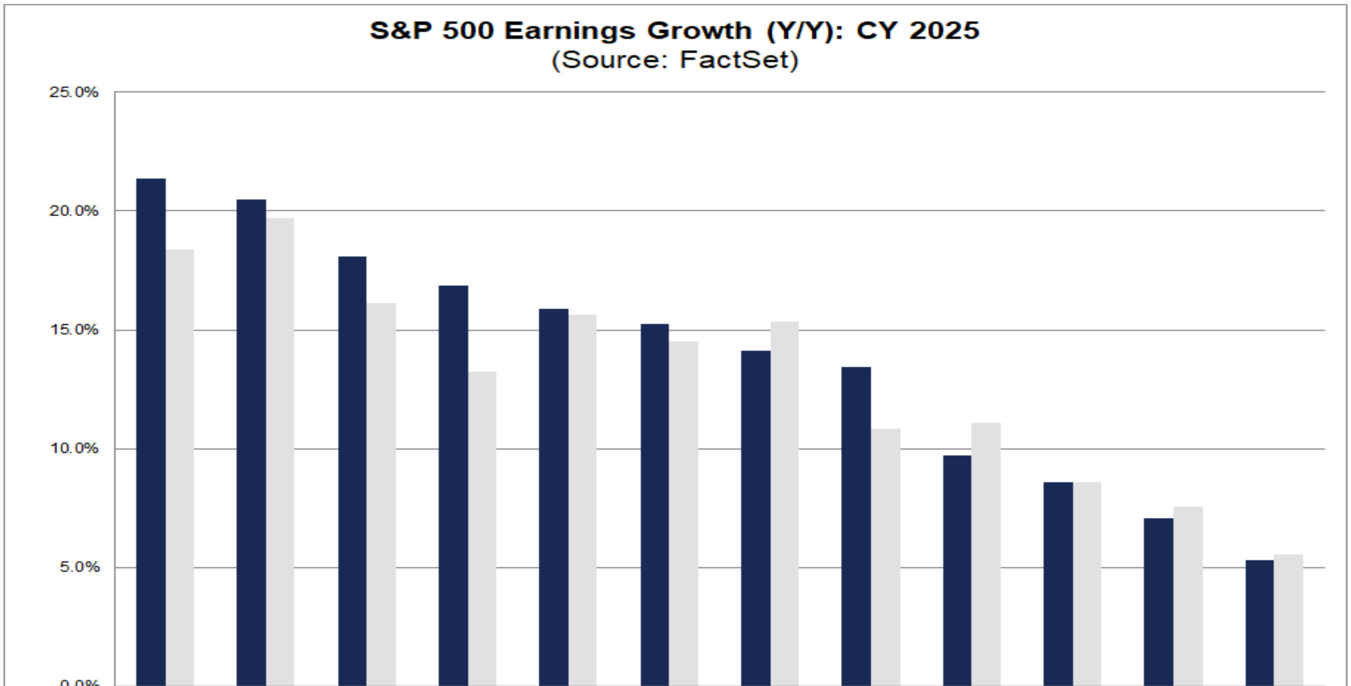


	Info. Technology	Comm. Services	Financials	Consumer Disc.	Utilities	S&P 500	Health Care	Industrials	Real Estate	Consumer Staples	Materials	Energy
Today	18.1%	18.0%	14.9%	12.4%	10.7%	10.1%	6.0%	4.6%	4.1%	3.6%	-3.8%	-9.2%
30-Jun	18.5%	20.5%	12.6%	12.2%	10.0%	10.9%	7.8%	6.2%	4.2%	3.6%	-2.4%	-3.2%

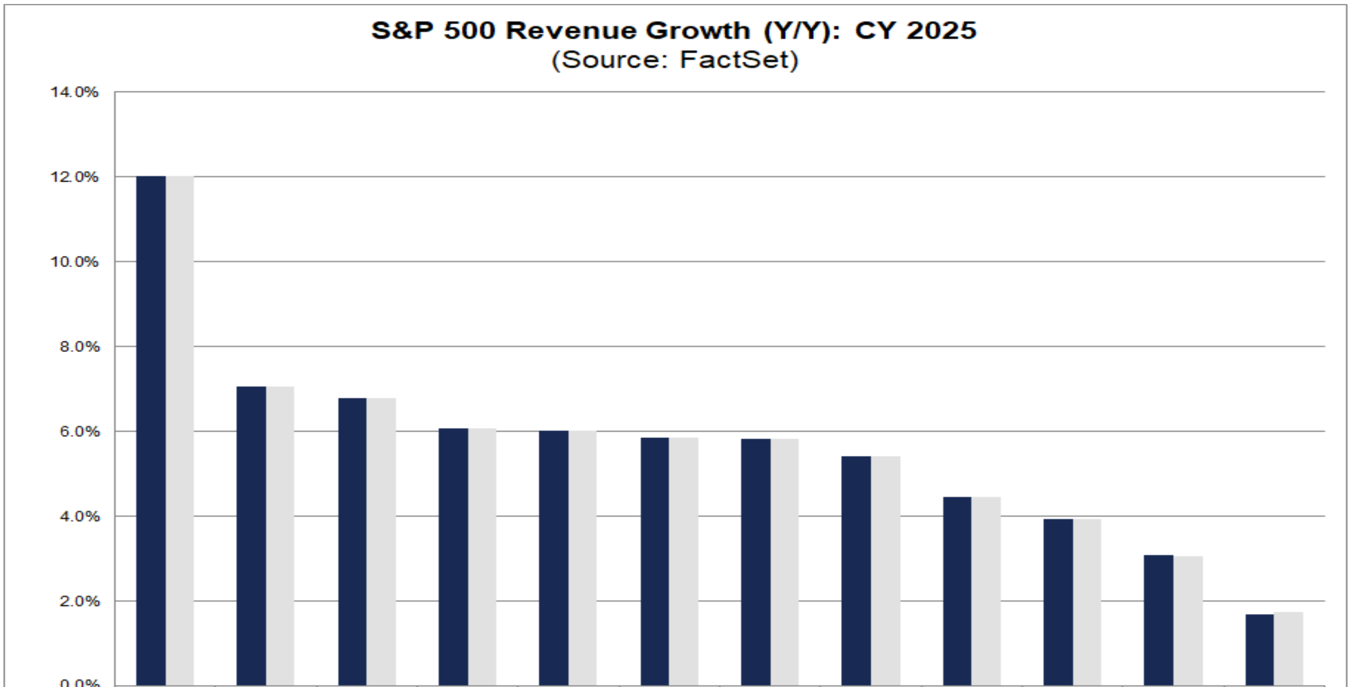


	Info. Technology	Comm. Services	Real Estate	Health Care	Financials	Consumer Disc.	S&P 500	Consumer Staples	Utilities	Industrials	Energy	Materials
Today	10.1%	7.8%	6.9%	6.9%	5.4%	5.2%	5.1%	2.8%	2.1%	1.6%	1.5%	-0.1%
30-Jun	10.1%	7.8%	6.9%	6.9%	5.4%	5.2%	5.1%	2.8%	2.1%	1.6%	1.5%	-0.1%

CY 2025: Growth

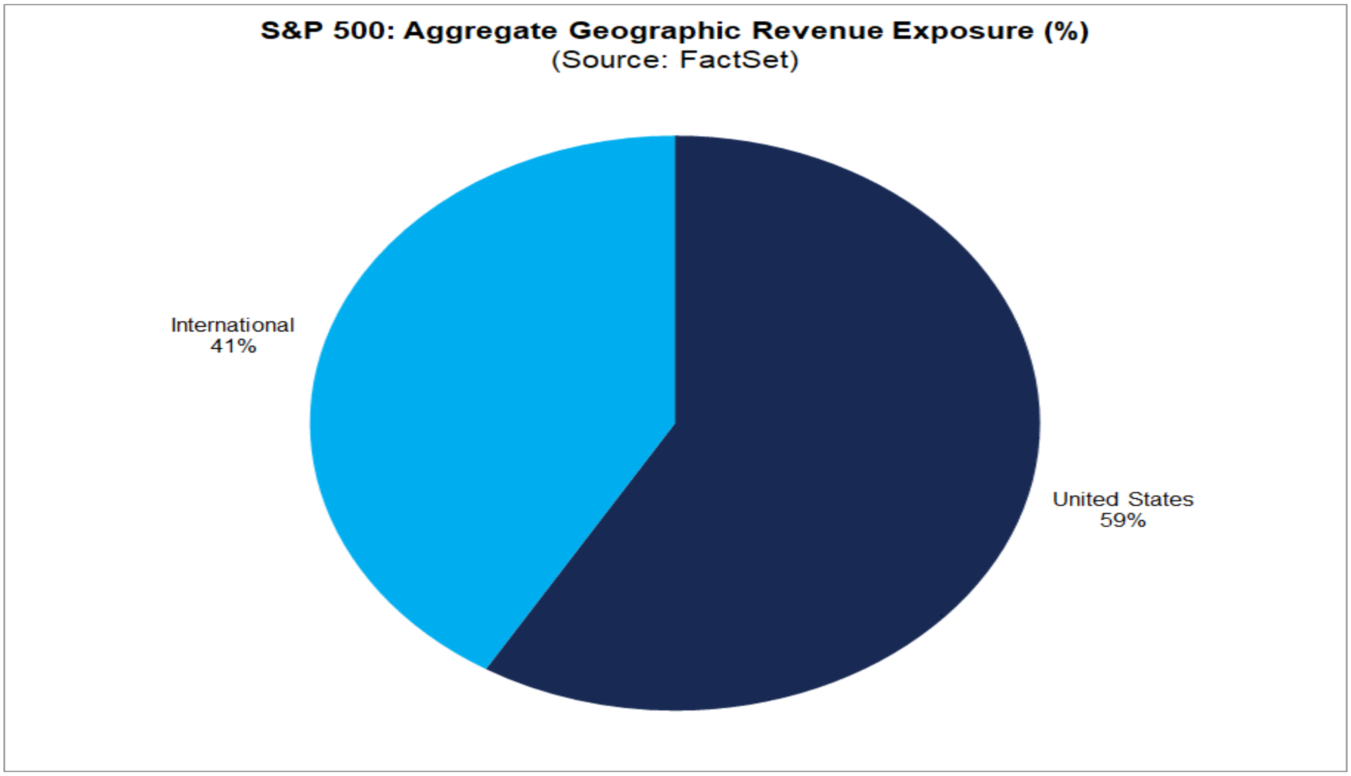


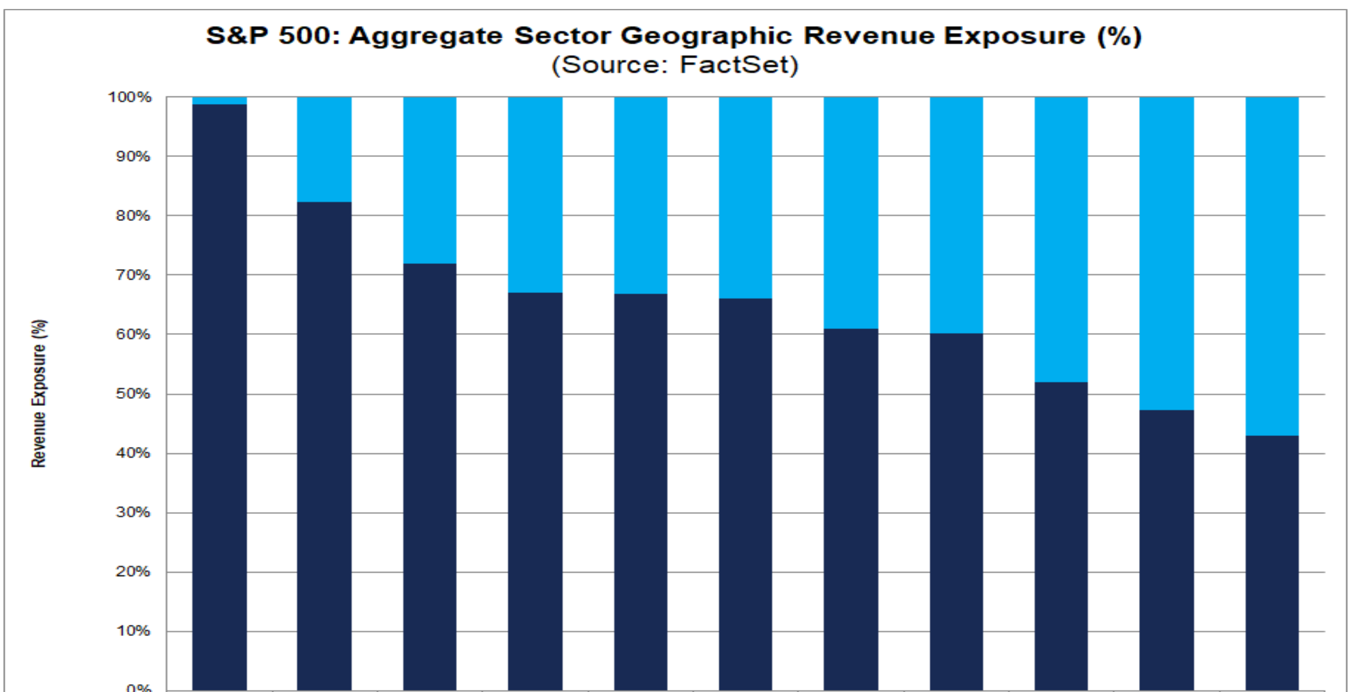
	Health Care	Info. Technology	Materials	Comm. Services	Industrials	S&P 500	Consumer Disc.	Energy	Financials	Utilities	Consumer Staples	Real Estate
Today	21.4%	20.5%	18.1%	16.9%	15.9%	15.3%	14.1%	13.4%	9.7%	8.6%	7.1%	5.3%
30-Jun	18.4%	19.7%	16.1%	13.2%	15.6%	14.5%	15.4%	10.9%	11.1%	8.6%	7.5%	5.6%



	Info. Technology	Comm. Services	Consumer Disc.	Industrials	S&P 500	Health Care	Real Estate	Financials	Utilities	Consumer Staples	Materials	Energy
Today	12.0%	7.1%	6.8%	6.1%	6.0%	5.8%	5.8%	5.4%	4.4%	3.9%	3.1%	1.7%
30-Jun	12.0%	7.1%	6.8%	6.1%	6.0%	5.8%	5.8%	5.4%	4.4%	3.9%	3.1%	1.7%

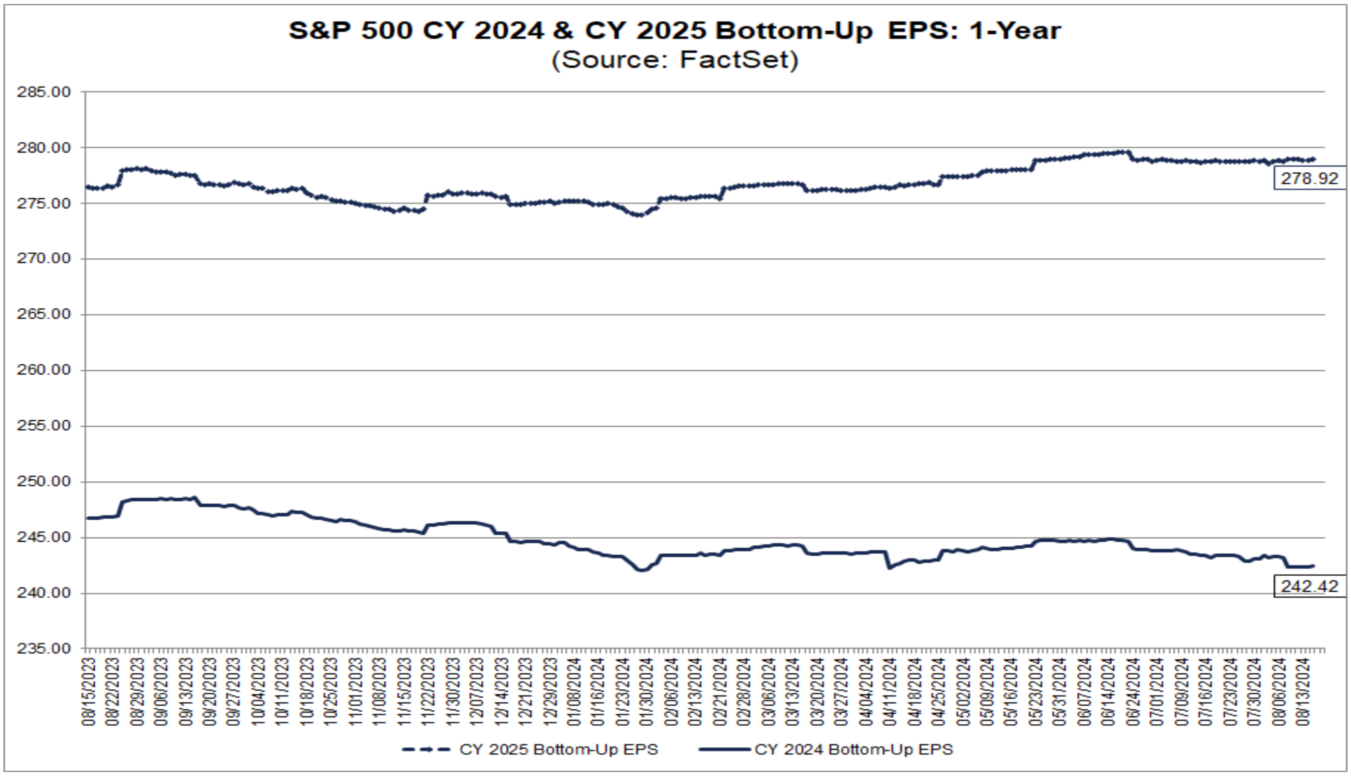
Geographic Revenue Exposure

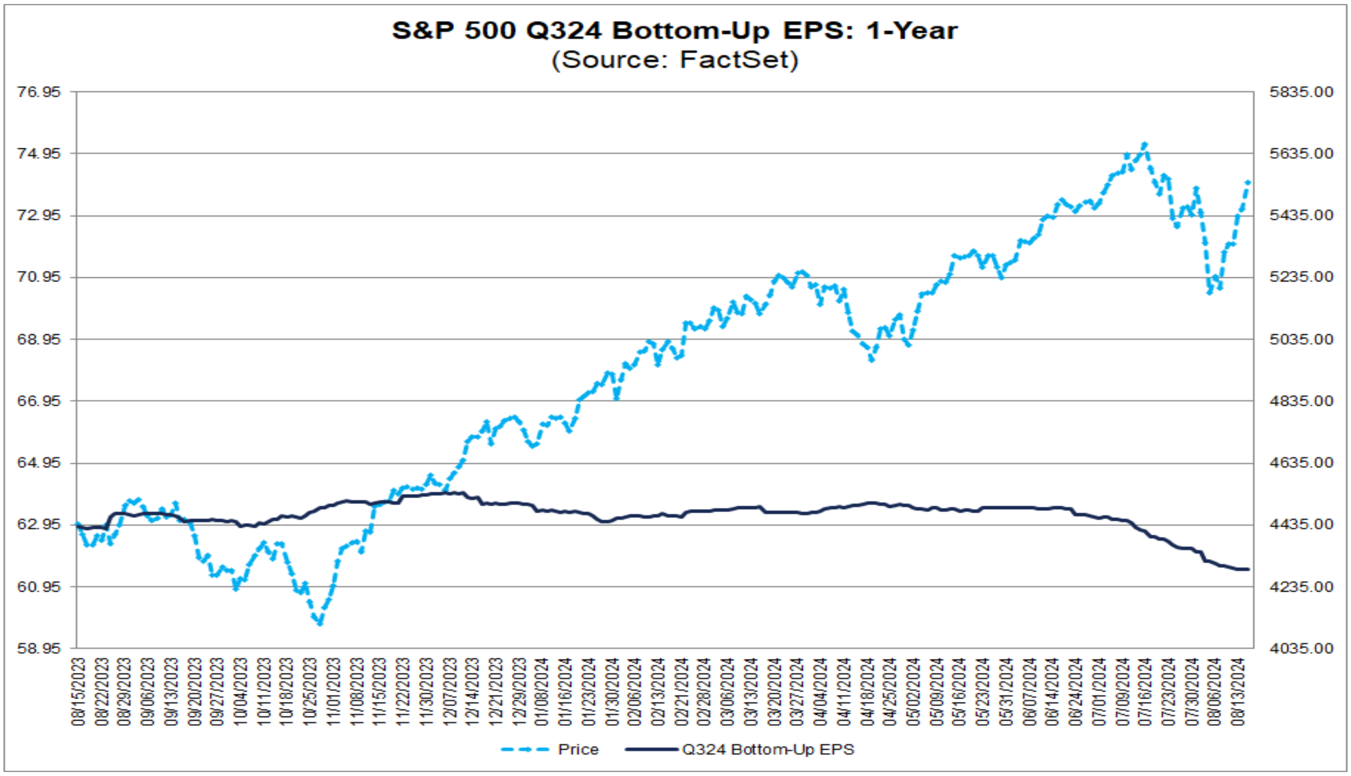




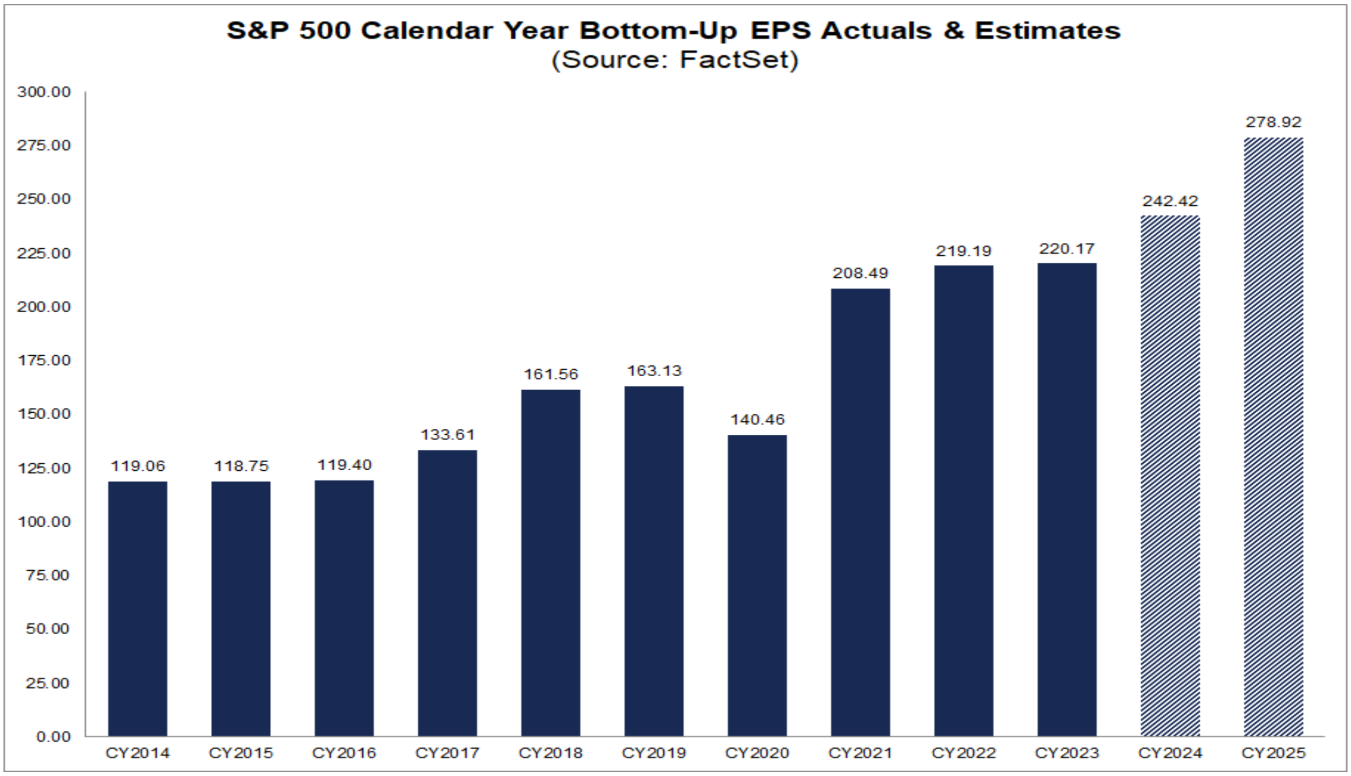
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	18%	28%	33%	33%	34%	39%	40%	48%	53%	57%
United States	99%	82%	72%	67%	67%	66%	61%	60%	52%	47%	43%

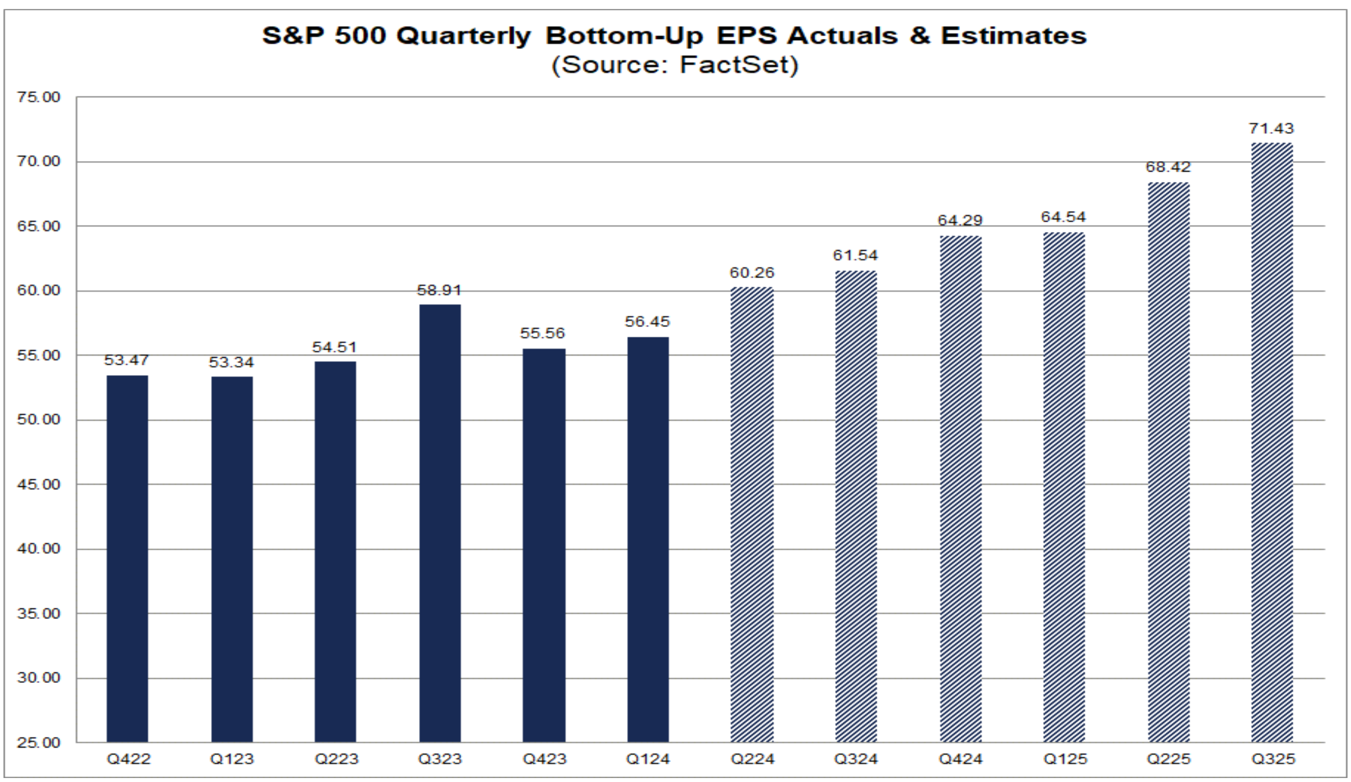
Bottom-Up EPS Estimates



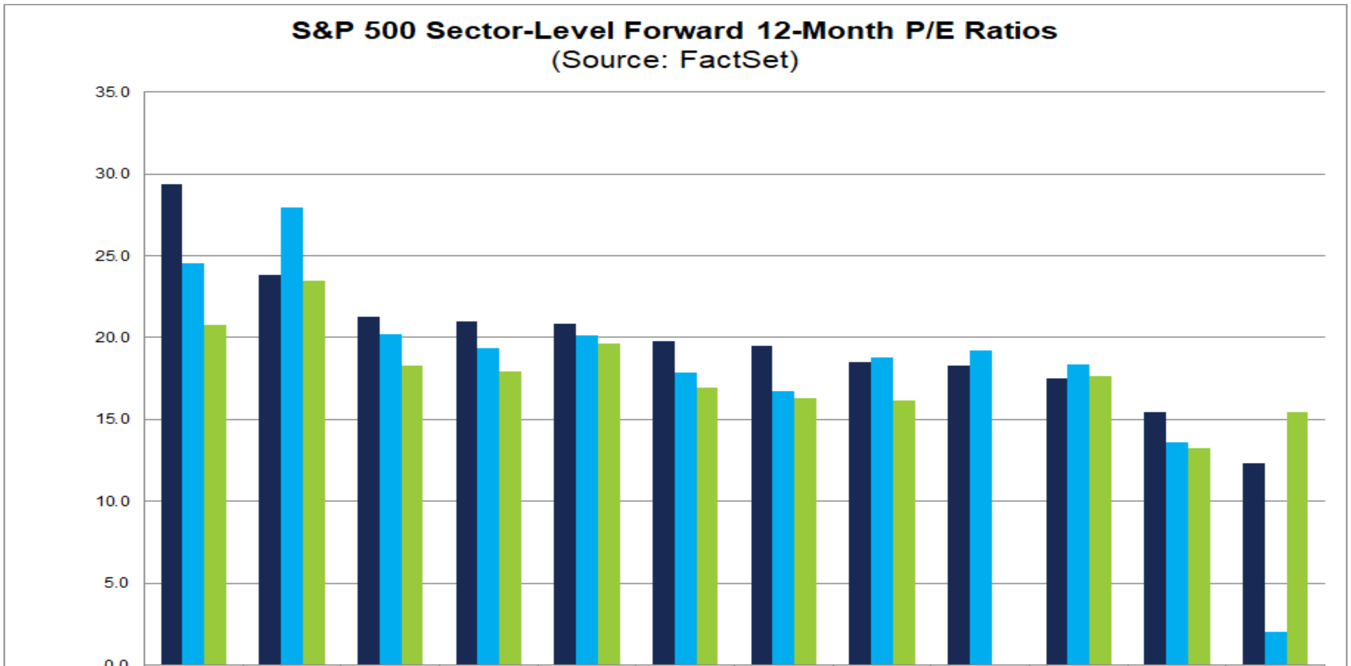


Bottom-Up EPS Estimates: Current & Historical

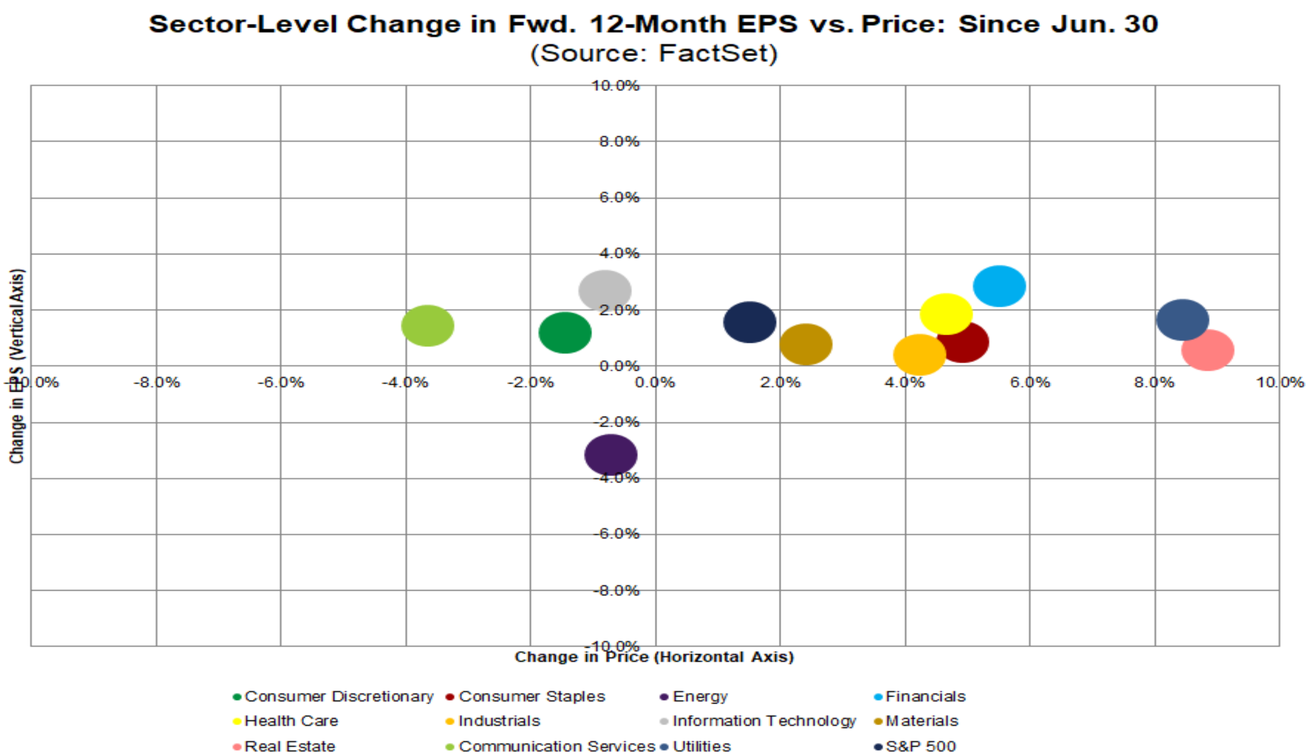




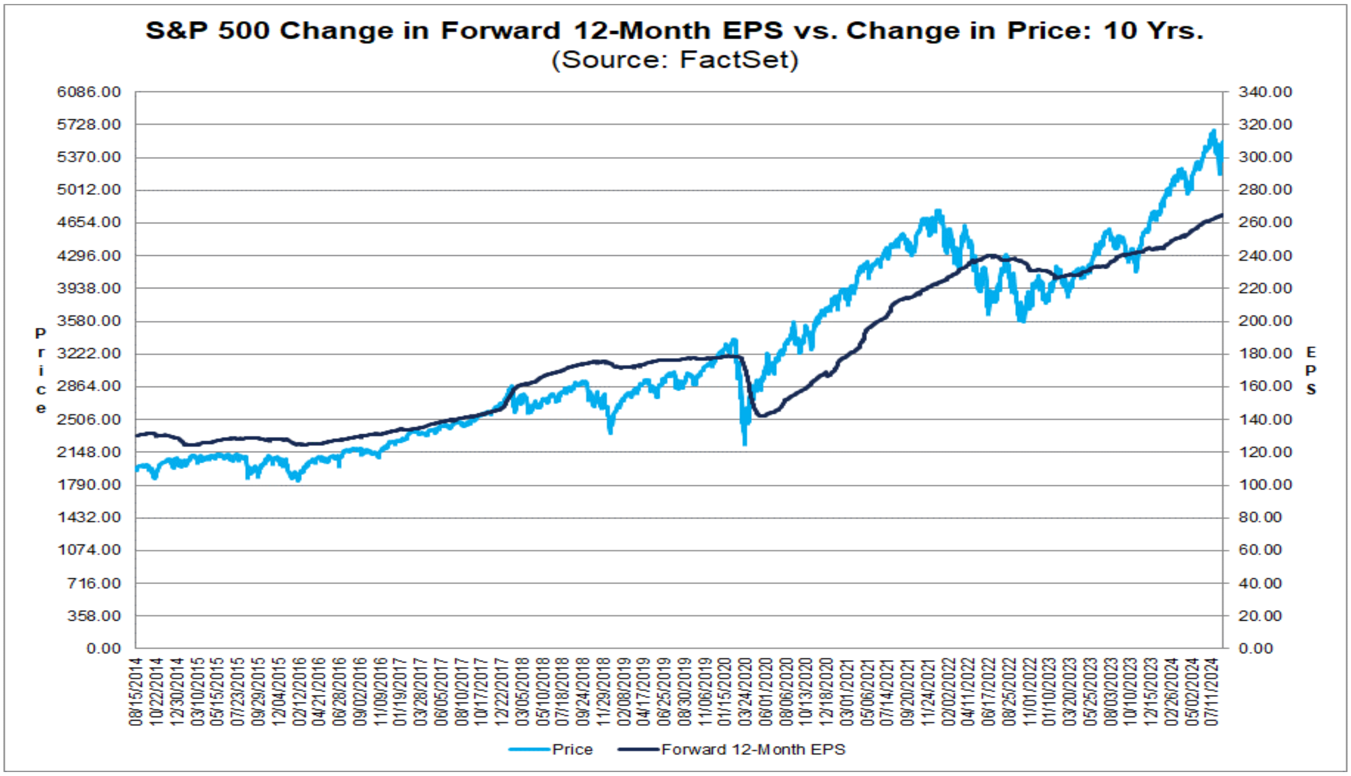
Forward 12M P/E Ratio: Sector Level

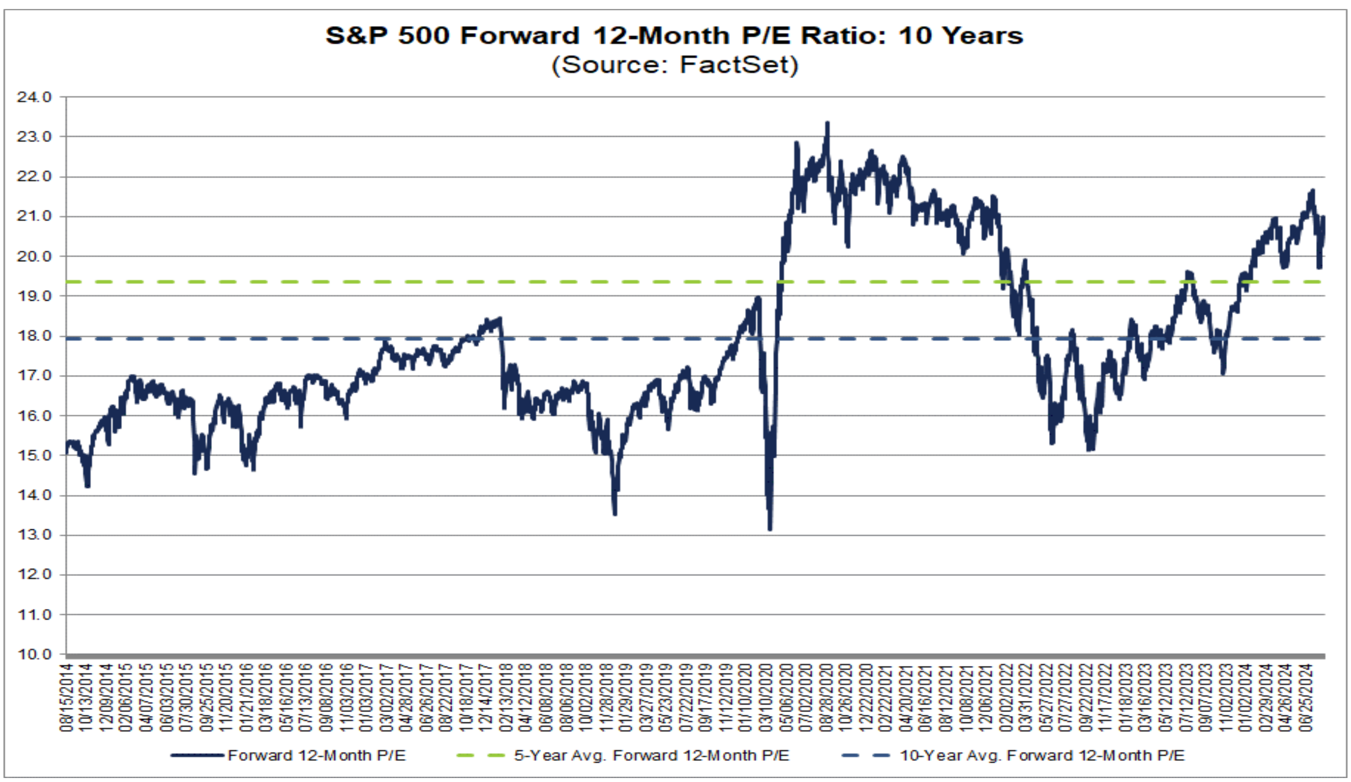


	Info. Technology	Consumer Disc.	Industrials	S&P 500	Consumer Staples	Materials	Health Care	Comm. Services	Real Estate	Utilities	Financials	Energy
Fwd P/E	29.4	23.8	21.3	21.0	20.9	19.8	19.5	18.5	18.3	17.5	15.4	12.4
5-Yr Avg.	24.5	27.9	20.2	19.4	20.2	17.9	16.7	18.8	19.2	18.4	13.6	2.0
10-Yr Avg.	20.8	23.5	18.3	17.9	19.6	16.9	16.3	16.2	0.0	17.6	13.3	15.5

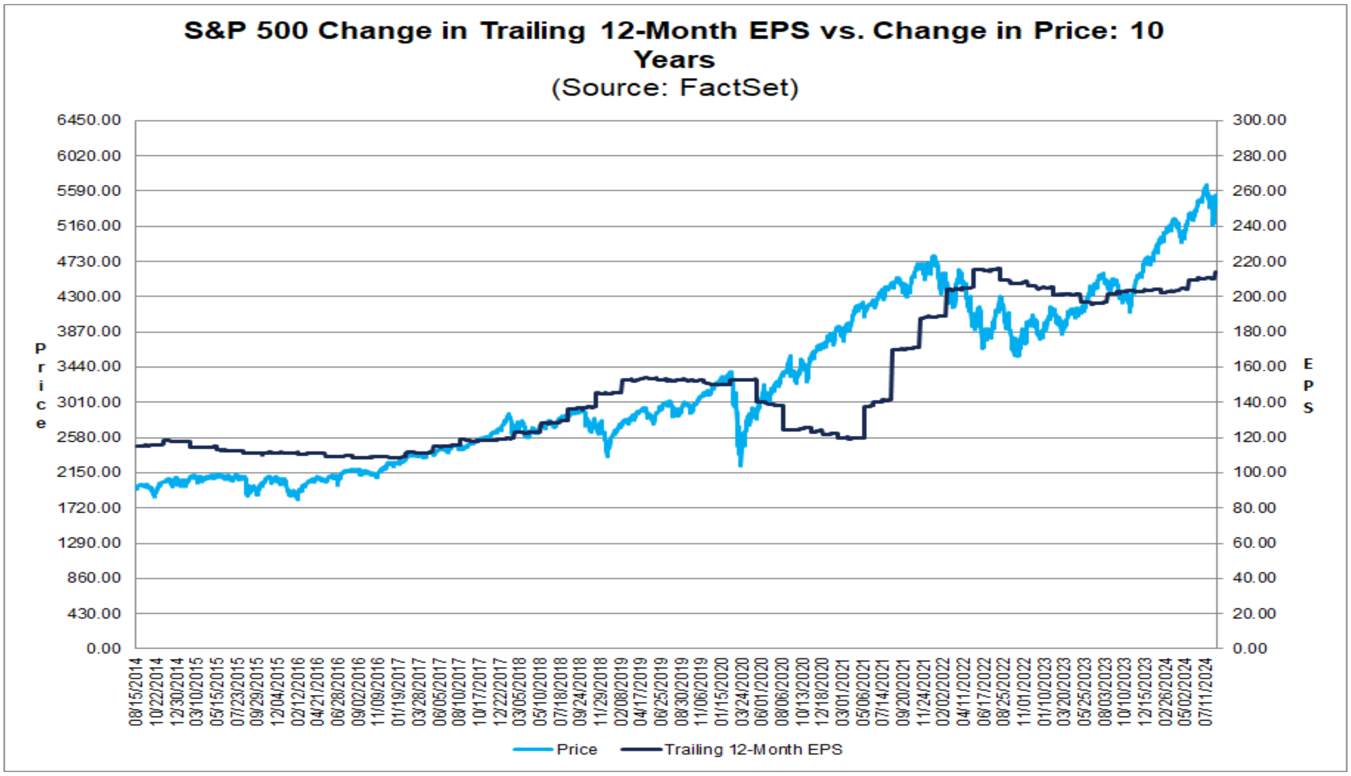


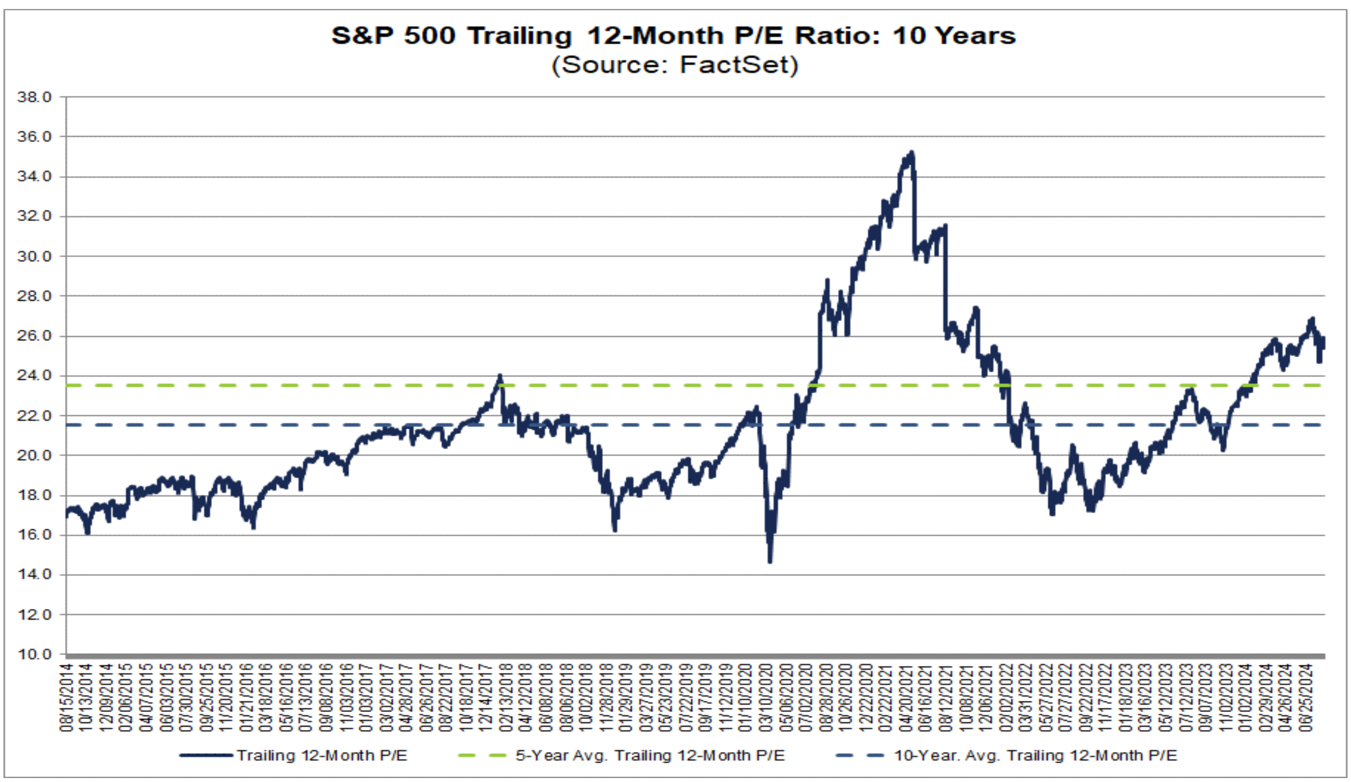
Forward 12M P/E Ratio: 10-Years



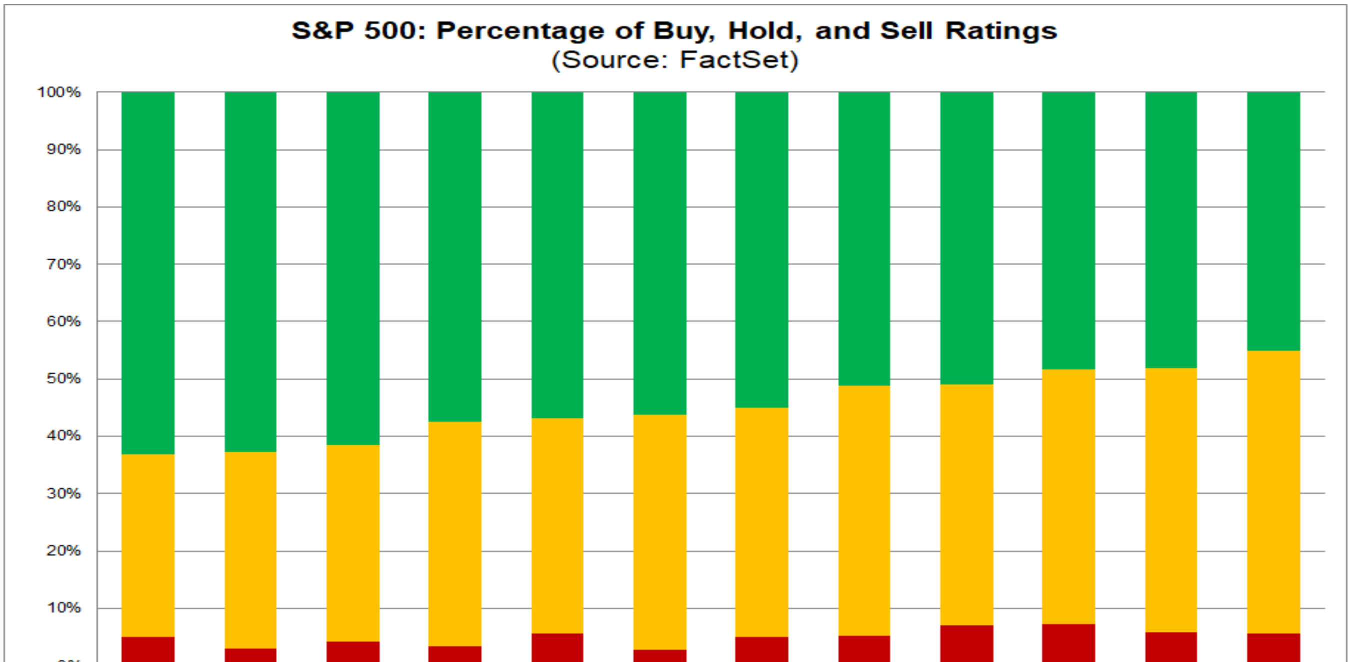


Trailing 12M P/E Ratio: 10-Years

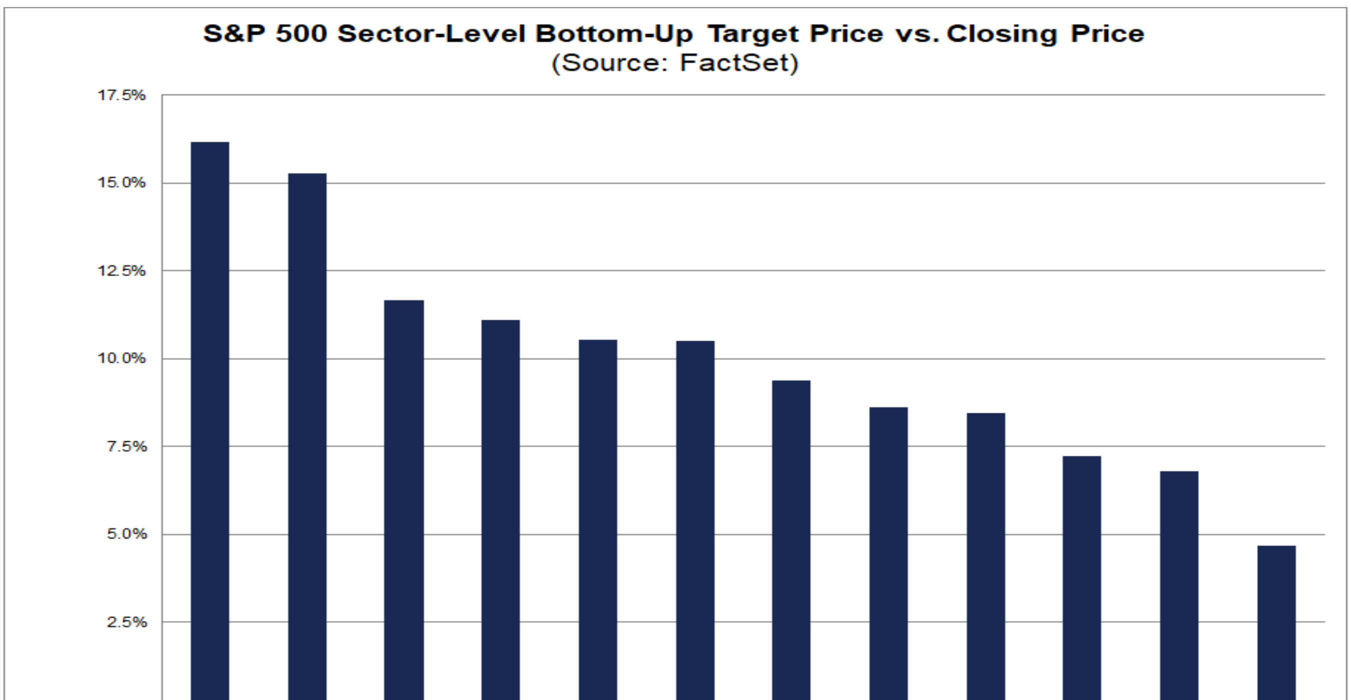




Targets & Ratings



	Comm. Services	Energy	Info. Tech.	Health Care	Consumer Disc.	Real Estate	S&P 500	Financials	Industrials	Utilities	Materials	Consumer Staples
Buy	63%	63%	62%	58%	57%	56%	55%	51%	51%	48%	48%	45%
Hold	32%	34%	34%	39%	38%	41%	40%	44%	42%	44%	46%	49%
Sell	5%	3%	4%	3%	6%	3%	5%	5%	7%	7%	6%	6%



	Comm. Services	Energy	Info. Tech.	Consumer Disc.	S&P 500	Materials	Health Care	Industrials	Financials	Real Estate	Utilities	Consumer Staples
Target/Close	16.2%	15.3%	11.7%	11.1%	10.5%	10.5%	9.4%	8.6%	8.4%	7.2%	6.8%	4.7%

Appendix 1

S&P 500 Companies Citing "election" & Energy & Carbon Emissions Policies (renewables & EVs)

So, thank you for your question. The IRP that we put forward, obviously, reflects the mechanisms in place in Missouri today. So you'll see that we and the other large utilities in the state are planning to build new generation, including a new natural gas that's in our integrated resource plans. I think it will be very important to find ways to do that in a way that's particularly effective from a credit metric and cash flow perspective, so that the Construction Work in Progress mechanism and our PISA extension to include new natural gas will be helpful in enabling Missouri to be competitive and sourcing natural gas plants. We thought there was a great dialogue around those provisions in the last legislative session. At the end of the day, there was a new legislation passed, but the range of stakeholders who were supportive of new natural gas generation and having new dispatchable generation in the state, that was a broad and diverse set of folks who were supportive of that. So, we look forward with other utilities and the other stakeholders who were supportive to advance that dialogue in the upcoming session. We won't have the same general election dynamics present in the next session. So, we'll really be able to stay focus in on the merits of those provisions and we think there's broad-based support. But I do think get new generation is important for Missouri to take advantage of the growth that is on the Missouri side of the state line on both Google and Meta, for example, are in our Missouri jurisdiction. So we look forward to advancing that dialogue because having a diverse portfolio, growing that portfolio is important to support the growth that we expect we can attract into Missouri. -Evergy (Aug. 9)

So, Jeremy, no matter what happens in November, our objective is the same, which is to keep serving our customers well with reliable, affordable, and increasingly clean energy. We don't expect that election to have an impact on the rulings we would receive in the Carolinas or in Indiana or Piedmont case, and you should know and just reaffirming that we believe a bipartisan approach, working on both sides of the aisle for energy policy, has served our companies well, every utility well over time, and that will continue to be our posture as we move into this election. -Duke Energy (Aug. 6)

I actually think paying more attention to how Congress turns out and the legislative front is actually a bigger push because that's actually where we might see some reform in the law in a way that allows us to build out the pipeline infrastructure that we need. And so, we saw recently the Manchin-Barrasso bill did really nothing for the pipeline industry. And while we're very thankful for both Senator Manchin and Senator Barrasso, and what they've done for our industry in this case, that was really a throw to the transmission side of the business and really didn't do much for pipelines. And so, we think there's got to be some – and we get that. That's the state of the current Congress and the way the numbers stack up in there today. I think they both would like to do more, obviously, for pipelines if they thought that was possible. And so, we do think that watching to see how the legislature turns out could be an opportunity to see some serious reform on the permitting front. So, I would say we're paying a little more attention to that, frankly. -Williams Companies (Aug. 6)

The demand for power that is coming from the rise of generative AI and data centers represents a significant structural change in the power sector, and no one is better positioned than AES for sustained growth from this opportunity. Regardless of election or policy outcomes, we are confident in our ability to continue signing renewable PPAs with mid-teen IRRs. Our corporate customers value our unique record of bringing projects online, on time over the past five years. Furthermore, looking at the interconnection queues, time to power and price certainty, we see renewables as the only source of new power that can meet most of the demand over the next decade. -AES Corporation (Aug. 2)

Well, yeah, I don't want to get drawn into politics, but certainly we live in interesting times. We're going to approach this very constructively. I'll say this. I think it would be naive of us to view the outcome of the election as a straight binary good versus bad. I think that the pressures on us will be different depending on the outcome of the election, but there'll be pressures on us regardless of who wins the election. We have great faith that politicians – they campaign on one set of verbiage and then they get there and they realize, oh, my goodness, we have an economy to manage and we have employment to manage and we have geopolitical considerations and energy security, energy affordability and reality tends to temper a lot of electioneering. So, we're – look, we're Americans first and whoever is in control of our government, we're going to show up as Americans and do our part to make this country strong. I know that may sound trite, but that's the way we view it. We don't think that it's a simple binary choice, quite frankly. I think that – this call probably isn't the detail opportunity to discuss this, but we're going to have pressure on us regardless of who wins, they'll just come from different places, and we're looking and thinking ahead, we'll be ready. -Coterra Energy (Aug. 2)

And green electricity should also be available 24 hours a day. That means you need to prove that every hour you have green electricity. You can't make a lot of green electricity during the day that the sun shines and then say, okay, now in the nighttime I'm going to connect to the grid. So, we have been very clear with our three pillars, and that is what we think is the definition of green. The administration – the current administration has agreed with us, that is the way they have issued the rules that are public right now. The issue is they have not finalized the rules. And from what I hear, they are saying they are not going to finalize the rules until after the election. So the issue is, if we have a change of administration, would the new administration see those rules as good or bad, or do they want to modify. And we are not going to go and commit billions of dollars building a facility, not knowing what the exact interpretation is. So, we are going to wait until we have rules that have been approved by Congress and the Treasury Department that we can certainly count on and then we will proceed. -Air Products & Chemicals (Aug. 1)

And probably the bigger question is what we see with Phase 3 greenhouse gas in the 2030 timeframe. And so we still anticipate some amount of pre-buy ahead of that emissions changeover. But the industry has also demonstrated there's capacity constraints that we've seen in the last couple years. So how large that pre-buy will be I think is still a question, but we're preparing to have strong demand as we go into the 2027 regulation change. -Cummins (Aug. 1)

And on the options front, we're pleased with our options growth across the entire portfolio. Today there's a lot of risks that people need to manage. You've got geopolitical risk with multiple wars going on. You've got political risks with elections pending and what that's going to mean energy policy. And you have financial risks around what's going to happen with interest rates and all of these have an impact. And options could be a very efficient way to hedge and manage risk in those situations. -Intercontinental Exchange (Aug. 1)

A couple things on the renewables side. I think you have a technology sector that is certainly backstopping most everything when you consider elections and the way the budgets are. And from our standpoint, technology continues to want renewable generation, and that they're the driving – and whether it be chips or data centers or hyperscalers or whatever, they're driving the renewable business behind the – what you would consider policy from those working. So, that drive will continue to – as far as I'm concerned, through Republican or Democratic. They've done well in both. It's been pretty agnostic to what parties and power, and that drives. And the backstop of technology is what's driving the load growth, which continues. And whether it's renewables or gas-fired generation to back it, all those things planned certainly where we're at. And the cheapest form of generation is transmission. The country still needs a significant amount of transmission to facilitate any kind of fuel switching or load growth. -Quanta Services (Aug. 1)

Firstly, with the November election fast approaching, the solar industry is again facing an uncertain policy environment. The impact of this uncertainty became more apparent as the second quarter progressed. We have observed increasing constraints on access to capital both for early stage solar technology companies seeking to finance the next stage of their growth, as well as for the established companies looking to build domestic manufacturing capacity, as financing parties wait to make investment decisions until they have a clearer view of the policy picture. This uncertainty has also impacted developers evaluating risk and returns within project performance, and which comes at a time when, as mentioned earlier, some oil and gas and power and utility developers are contemplating the pivot from renewables to prioritizing fossil projects. The potential for Republican control of the presidency and both houses of Congress has given rise to concern over the prospect of a legislative reconciliation process or use of the Congressional Review Act adversely impacting the Inflation Reduction Act legislation or its related regulations. A change in the executive administration alone, regardless of the results of the Senate and the House elections, has raised similar concerns of the potential use of executive orders to block or delay implementation of IRA-related guidance and the administration of both published and unfinalized regulations. While we cannot predict the outcome of the November election or what a Republican sweep would mean for renewable energy industry and trade policies, we can help inform policymakers across the political spectrum of the significant economic and strategic benefits of promoting and securing a robust domestic solar energy manufacturing base and how policies such as Section 45X of the IRA significantly contribute to the economic life of our nation's communities, particularly those located in traditionally red states. -First Solar (Jul. 30)

There's not a election that's going to impact the state of New Jersey until next November. So, I think the only question, and we've talked about this before, is will we have 100% EVs by 2035 or will we get a 50 on that test and a 50 on that test is still going to be quite a bit of market penetration for the electric vehicle industry here. So, I am not concerned about an election change. Maybe it'll impact some of the tax incentives and some of the other things that we have. But again, the uniqueness of our condensed and compressed service territory, I think, will keep electric vehicles at the forefront. -Public Service Enterprise Group (Jul. 30)

You all are aware that last year, we had some mandates as it relates to a clean energy standards and also in RPS standard that was passed by the State. Any type of federal change in politics, I don't think will affect that. We will be mandated and required to achieve the RPS standard, as well as the clean energy standard, which drives a significant amount of investment for us. The other fact also is that, will require an act of Congress to change the IRA, and it would have to be a very significant majority in order to overcome the fact that a lot of these investments are going into, in our service territory, Republican dominated territories and there'll be significant interest. We see significant interest from those legislators to get the economic development, get the property taxes and the jobs that come with billions of dollars of investment. So, we're seeing at a local level really strong support for our solar developments. We are getting permitting, is moving quite nicely for us, a lot of community support. So, even though the politics could change, you would have to – the political landscape would have to change drastically in order to make a difference. -DTE Energy (Jul. 25)

So, as a practical matter, how that works is I think you're going to see less agency overreach in terms of how they interpret it and you're certainly going to see less political swings in the agencies in terms of how they often shift back and forth depending on the administration. And then, I think if you kind of pair that together with major questions doctrine, you're really looking at kind of trying to – I think what the court is trying to do is put policy back in the hands of the legislator, back in the hands of Congress, and not let it be really policy driven at the administrative level. And so – and just as a practical matter, we've seen that already happen. The Supreme Court sent back nine cases already, asking the lower courts to review their decisions in light of not giving deference to the agency. So, when you talk about our existing litigations, we really don't talk about the litigation specifically, but I would say, you've seen some pretty extreme interpretations here, in particular, the administration taking the position that they, without congressional mandate, can go in and mandate electrification of vehicles. That's hard to see how the courts give them deference on that question. And it's certainly hard to see how that's not already covered under the major questions doctrine in the West Virginia case. -Valero Energy (Jul. 25)

Obviously, Ford has had a lot of history – a lot of experience and wisdom after 120 years of elections. And I would say think about our strategy this way. We believe that the fitness of the Chinese in EVs will eventually wash over our entire industry in all regions. And so, we believe as a company, even if there were short-term adjustments we can make to a compliance-led lower requirement lineup, we're not going to approach it that way. We really believe what I said, which is that many Americans would find an electric vehicle lowering their cost. Not everyone, but a high percent. And we believe that to be fully fit globally, whether it's our Ranger business, our commercial business, anything really, we have to find a way inside the company to be fully fit with lots of partnerships on the supply chain side. And so, this is a kind of enduring strategy at the company. It is not a strategy where we handicap the Presidential election for the next one and the next one and see what we can get away with the EPA. That is not how we run Ford, because Ford didn't go bankrupt. We have been enduring. And the only way we believe to be enduring is to make money on small EVs and commercial. And that's our bet. You'll see it play out in the coming years. It's a big adjustment from our Gen 1 products. I'm glad, as I said, we scaled 2.5 years ago because we could learn about the reality of the market equation, which is just requiring us to be more fit and move faster. The EPA could certainly change, but it would take, as John said, several years through legislation and lawsuits for that to change. So, even from a compliance standpoint, we can't really count on administrations changing this way or that way. I've been to the Hill many times in the last month, talking to many Republican leaders of the country and I always say the same thing to them, please realize that there's a subset of customers that absolutely will save money and there are also absolutely a group of customers who like partial electrification. And Ford's strategy is choice, manufacturing flexibility and choice. We're not going to bet student body left on this or right. We are going to give customers choice. We're going to be flexible in manufacturing. That's why we want to be a first adopter to an EREV or whatever is next on partial electrification, because we want to be first and best at that choice. -Ford Motor (Jul. 24)

Well, I'd say we align our politics with the politics of our customers, which is every American that uses our products. So we don't try and be too biased one way or the other, just really set it on the facts. Listen, I think we're in a period of time where people are only going to get smart about energy. There are some clips talking about – some politicians talking about banning fracking. And this is a time for us as an industry and as Americans, the whole leaders accountable for statements that I think are really damaging and cause completely unintended impacts. I mean, as it relates to hydraulic fracturing and the ban of that, we cannot ignore the science on this. Over 10 years, it's been studied under the Obama administration, the EPA put out a report saying hydraulic fracturing is safe. And understanding the implications of these type of decisions, 98% of the wells in this country require hydraulic fracturing. That goes away, you snap your fingers and production in the United States, which we fought for decades to create America as an energy powerhouse, would sort of evaporate and we'd see production in this country drop 35%. That's going to lead to a lot of terrible things. And the ironic thing is, as an oil and gas operator, this is a price times volume game. Our production at EQT would go down, call it, 25% our corporate decline, but price would skyrocket. And that's the tough part here that it would actually be constructive for prices, but it'd be bad for Americans, and that's why we need to make sure our politicians are putting the right policies in place. And with all the crazy things that are happening in this world, we're really encouraged to see that energy is still at the top of the list as a key issue for American voters and it's something that we need to take very seriously. -EQT Corporation (Jul. 24)

Sure, Carly, I'll go ahead and take that. I start with, we've always been able to work with both sides of the aisle in the 22 years that I've been at NextEra. I don't think this time around is any different, and I'm going to kind of go through why. And let's not forget that, in that time, we've invested hundreds of billions of dollars in American energy infrastructure across almost every state in the country who are benefiting from those investments. And we invest in American energy dominance every single day and are the quintessential all of the above energy company, and that doesn't change from one election to the next, and I think really helps when we are working with both sides of the aisle. That said, let's look at where the incentive money is going. The incentives favor Republican states. And we've seen an increase in the number of Republican lawmakers that are embracing the clean energy credits within the IRA as they see the positive impact to their states and communities, which is hard to turn away from. And the tax laws are very difficult to overturn. And we're very likely to have thin margins in the House and the Senate, particularly in light of some of the recent developments. And let's not forget the important role that renewables play. And I made some remarks about that in my script today. But renewables create jobs, they create a property tax base that transforms rural communities. Renewables are energy independent. It's electricity generated from the sun and the wind, it's not subject to fuel price volatility. Low cost renewables – are also bringing power bills down, which attract new investment from data centers, semiconductor chip manufacturers, and other sectors that are looking to invest in the US. And low power bills can really dictate which states they select to make those investments, and tariffs are going to further drive investment in the US. And with industrial growth across sectors, some of that driven by tariffs, power demand is only going to go up from here. And our country is going to need low cost, fast-to-deploy electricity more than ever. And renewables are the quickest to market and the lowest cost option in almost every state. Otherwise, we're going to slow down and curtail economic growth in our own country, and the credits all flow directly to customers in the form of lower power prices. So, when you look at all of that, why would you cut credits that are creating jobs, create a much needed property tax base in rural America that flow to customers that result in lower power prices, that attract new investments, and that provide a much needed fast-to-deploy resource at a time when demand is accelerated, it just wouldn't make sense. And for all these reasons, we expect the credits to remain in place, the wind, the solar, the battery storage. So, all in all, while we would expect to hear heated rhetoric through the fall campaign, we feel good about where things stand. And again, we have a long history of constructive engagement with both sides of the aisle. -NextEra Energy (Jul. 24)

So, again we'll be guided by the consumer. And regardless of what the regulatory environment is, regardless – we're going to work to maximize because we've got that flexibility between ICE and EV. So, I think we're in a very strong position. I think we also have to look at though, the investments GM's made in EVs, we're creating thousands of jobs all over the country, including Ohio, Michigan, and Tennessee. So, I'm pleased with where our strategy is. I think, regardless of what happens from a regulatory perspective, we're going to be well positioned with our ICE and with our EV portfolio. I mean, if you think about it, for the last several years, the regulatory environment has not been certain. I would say what's really important to the company overall is to have regulatory certainty. And so we'll be watching with interest as we get past the election and look at what the regs will be, if they change at all, but I think we have the flexibility to moderate based on what we see. -General Motors (Jul. 23)

Tristan, it's really hard to speculate today on what might come and a change of control in the administration. From a macro standpoint, I would tell you Nucor has had incredible success with both Democratic as well as Republican candidates in office. As we think about that, again, not trying to completely evade your question or be so ambiguous, would there be some pressure on IRA, and would there be some potential for that? Yeah, we've heard the same rumors as well. What is the overall impact to Nucor? Well, it's really hard to predict, what I would tell you is our strategy is to invest in the long term. We're not over-weighted to any single side of the market. So we serve a incredibly diverse range of customers, have a incredible range of capabilities for those customers. So, we're not so over-weighted to offshore wind or certain elements of that, that if it changed, it would be impacting the Nucor. But on the other side of that, if those changed, you see different benefits in sort of tailwind from tax relief, less regulation for investment moving forward. And so, again, it's really a very difficult question to speculate on what might happen tomorrow with the different presidents. And so, we'll just have to wait and see. But again, I love how we're positioned. I love the breadth and strength of our portfolio and where we're headed that I think is going to continue to serve this marketplace incredibly well. -Nucor (Jul. 23)

I think post-election you could see some very different policies. I would just back up and say, look, we've operated in blue environments, in red and purple environments, and the constant for us is delivering great returns for our customers. And that's what we focus on. And we focus on a lot of these long-term trends that we've talked about, what's happening in digitalization, what's happening in power and life sciences, the growth of the alternatives business, private credit. We think those are the long-term determinants of value. That being said, what happens here, there will be differences. There'll be differences in the regulatory front. Certainly, if you had a Republican administration in areas like antitrust, you would see a different posture I would believe. On energy, you could see obviously a different approach on hydrocarbons versus renewables and you have to factor that into investing. And you could see a very different policy in terms of tariffs broadening out and maybe being certainly higher. And you have to think about that in terms of manufacturing businesses. So, the good news is, I think we have a pretty good sense of what that may look like, and we're really focused on the long term and some of these big sectors where we think there are huge opportunities. And regardless of which side wins, I think those things will be really the critical item in terms of driving higher returns. -Blackstone (Jul. 18)

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