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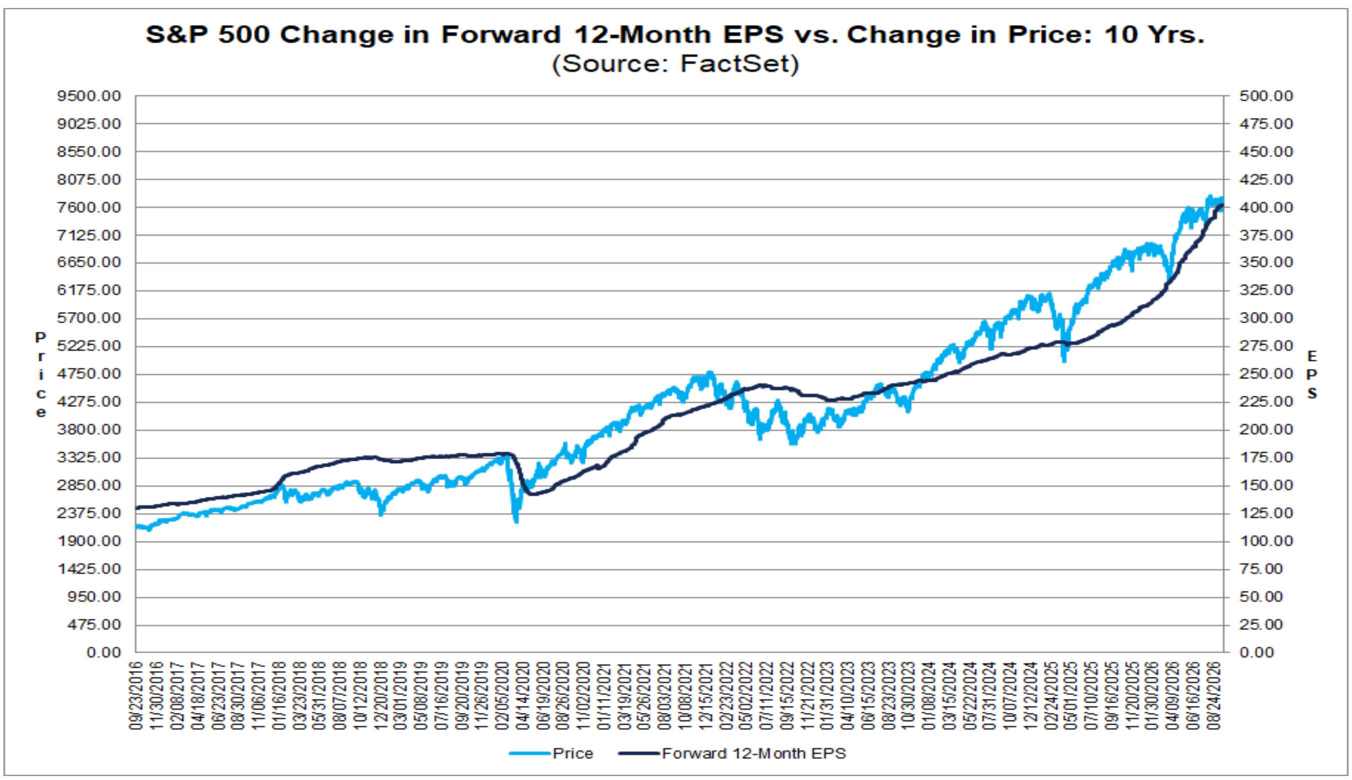
Key Metrics

- **Earnings Growth:** For Q3 2026, the estimated (year-over-year) earnings growth rate for the S&P 500 is 29.1%. If 29.1% is the actual growth rate for the quarter, it will mark the third-straight quarter of earnings growth above 25% for the index.
- **Earnings Revisions:** On June 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q3 2026 was 26.7%. Four sectors are expected to report higher earnings today (compared to June 30) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q3 2026, 44 S&P 500 companies have issued negative EPS guidance and 72 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 19.2. This P/E ratio is below the 5-year average (19.8) but above the 10-year average (19.0).
- **Earnings Scorecard:** For Q3 2026 (with 9 S&P 500 companies reporting actual results), 7 S&P 500 companies have reported a positive EPS surprise and 6 S&P 500 companies has reported a positive revenue surprise.



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Topic of the Week: 1

Where Are Analysts Most Optimistic on Ratings for S&P 500 Companies Heading Into Q4?

With the start of the fourth quarter approaching, where are analysts most optimistic and pessimistic in terms of their ratings on stocks in the S&P 500?

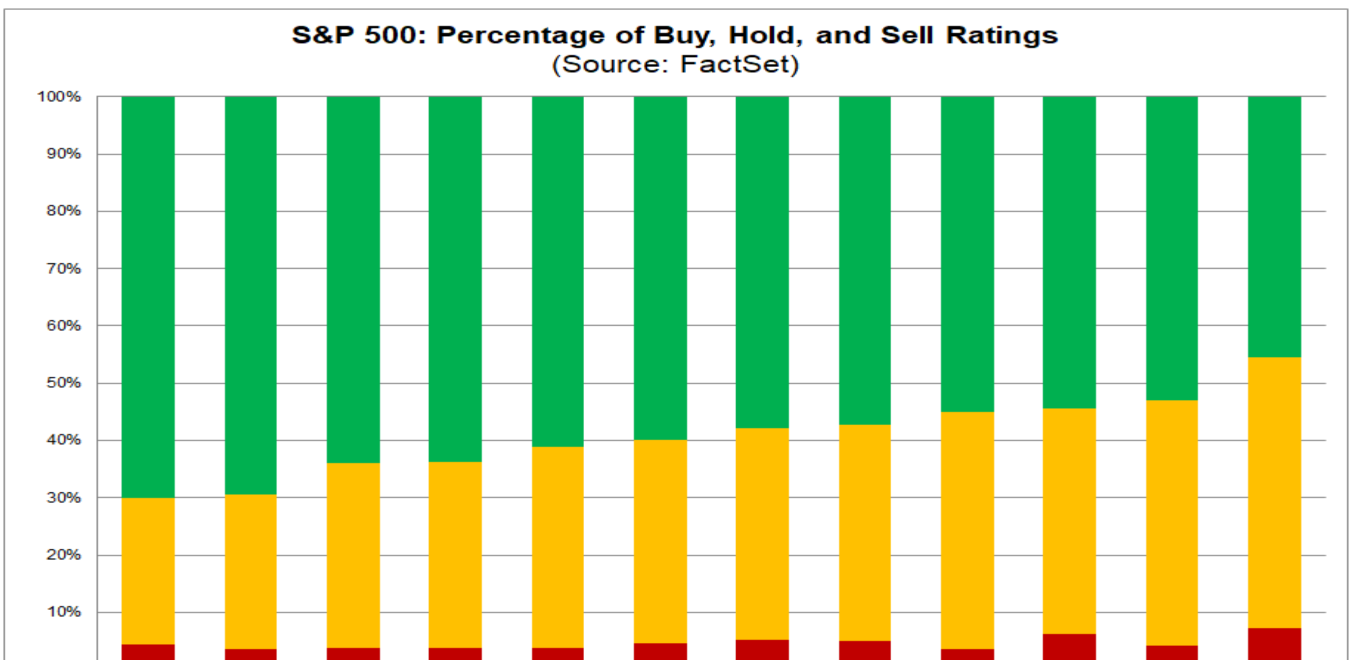
Overall, there are 13,097 ratings on stocks in the S&P 500. Of these ratings, 59.9% are Buy ratings, 35.5% are Hold ratings, and 4.7% are Sell ratings. The percentage of Buy ratings is above its 5-year (month-end) average of 55.9%, while the percentage of Hold ratings is below its 5-year (month-end) average of 38.6% and the percentage of Sell ratings is also below its 5-year (month-end) average of 5.5%.

At the sector level, analysts are most optimistic on the Communication Services (70%), Information Technology (70%), Materials (64%), Energy (64%), and Health Care (61%) sectors, as these five sectors have the highest percentages of Buy ratings. On the other hand, analysts are most pessimistic on the Consumer Staples (45%) sector, as this sector has the lowest percentage of Buy ratings. The Consumer Staples sector also has the highest percentage of Hold ratings (47%) and the highest percentage of Sell ratings (7%).

The ten S&P 500 companies with the highest percentages of Buy ratings and Sell ratings (with a minimum of 3 ratings) can be found on page 4.

Since June 30, the percentage of Buy ratings on S&P 500 companies has increased slightly to 59.9% from 59.7%. At the sector level, seven sectors have recorded an increase in their percentage of Buy ratings over this period, while four sectors have recorded a decrease in their percentage of Buy ratings over this period.

It is interesting to note that if 59.9% is the final percentage of Buy ratings for the month, it will mark the highest (month-end) percentage of Buy ratings for the S&P 500 going back to at least 2010.



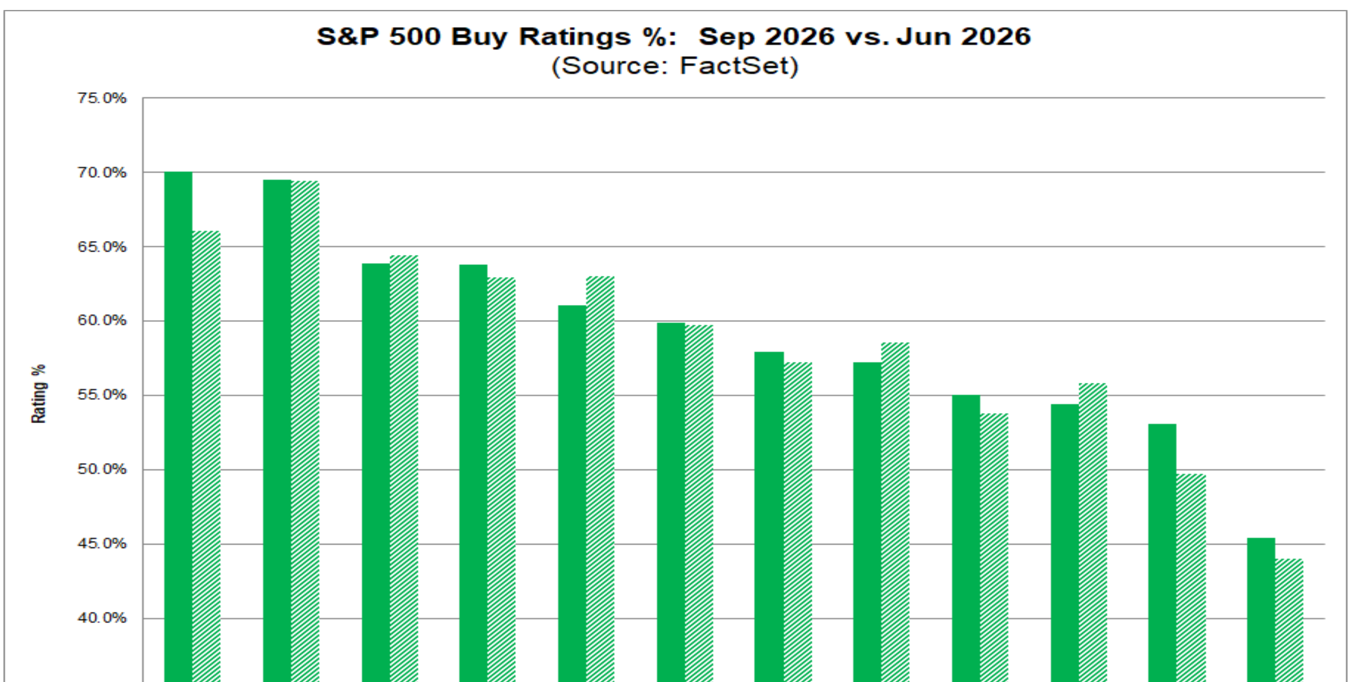
	Comm. Services	Info. Tech.	Materials	Energy	Health Care	S&P 500	Industrials	Consumer Disc.	Real Estate	Financials	Utilities	Consumer Staples
Buy	70%	70%	64%	64%	61%	60%	58%	57%	55%	54%	53%	45%
Hold	26%	27%	32%	32%	35%	35%	37%	38%	41%	39%	43%	47%
Sell	4%	4%	4%	4%	4%	5%	5%	5%	4%	6%	4%	7%

Highest % of Buy Ratings in S&P 500: Top 10 (Source: FactSet)

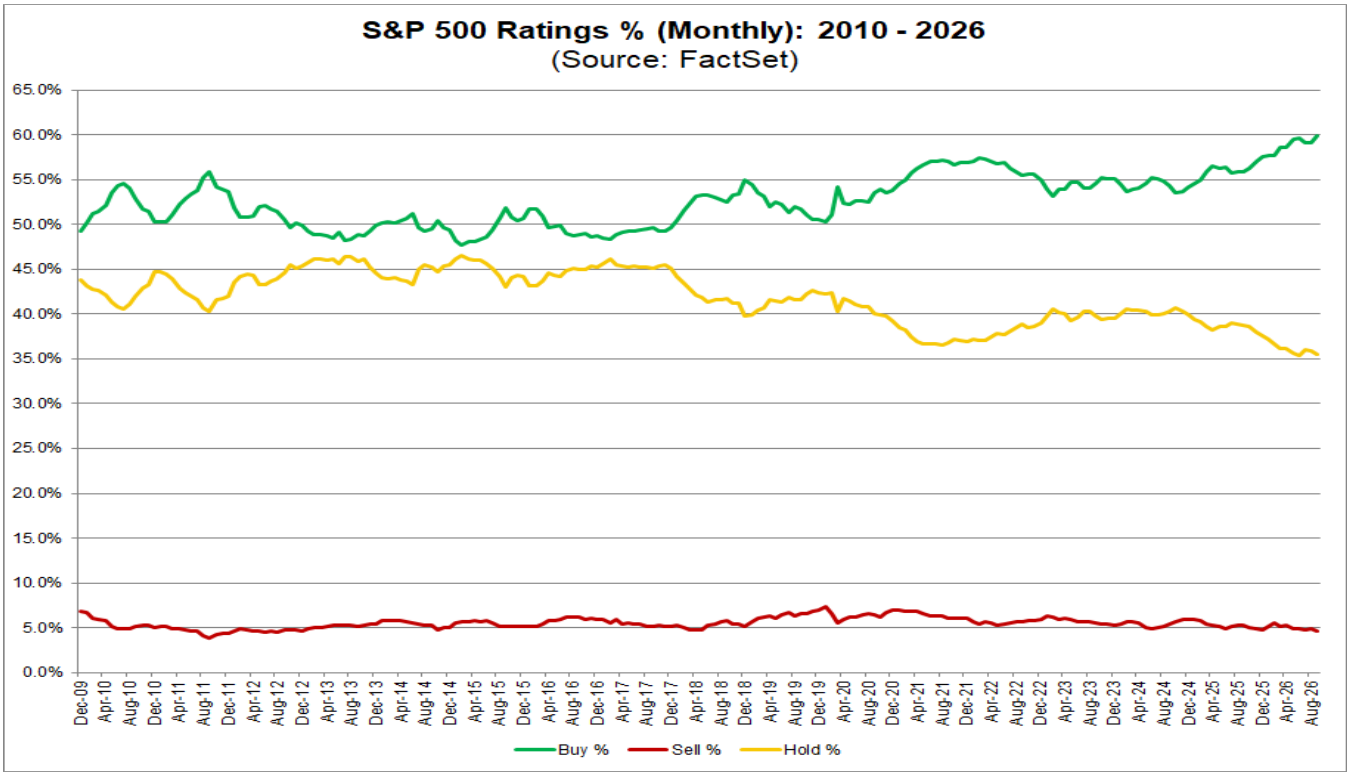
Company	**Buy**	Hold	Sell
Wynn Resorts, Limited	**100%**	0%	0%
Bunge Global SA	**100%**	0%	0%
Qnity Electronics, Inc.	**100%**	0%	0%
EchoStar Corporation Class A	**100%**	0%	0%
Amazon.com, Inc.	**97%**	3%	0%
Arista Networks Inc	**97%**	3%	0%
Microsoft Corporation	**97%**	3%	0%
NVIDIA Corporation	**96%**	3%	1%
BlackRock, Inc.	**95%**	5%	0%
West Pharmaceutical Services, Inc.	**95%**	5%	0%

Highest % of Sell Ratings in S&P 500: Top 10 (Source: FactSet)

Company	Buy	Hold	**Sell**
Lennar Corporation Class A	14%	45%	**41%**
HP Inc.	10%	52%	**38%**
Paramount Skydance Corp. Class B	17%	46%	**38%**
W. R. Berkley Corporation	9%	55%	**36%**
T. Rowe Price Group, Inc.	0%	64%	**36%**
Fastenal Company	29%	38%	**33%**
Aflac Incorporated	17%	50%	**33%**
News Corporation Class B	67%	0%	**33%**
Consolidated Edison, Inc.	11%	58%	**32%**
FactSet Research Systems Inc.	19%	52%	**29%**



	Comm. Services	Info. Tech.	Materials	Energy	Health Care	S&P 500	Industrials	Consumer Disc.	Real Estate	Financials	Utilities	Consumer Spls.
24-Sep-26	70.0%	69.5%	63.9%	63.8%	61.0%	59.9%	57.9%	57.2%	55.0%	54.4%	53.0%	45.4%
30-Jun-26	66.0%	69.4%	64.4%	62.9%	63.0%	59.7%	57.2%	58.5%	53.8%	55.8%	49.7%	44.0%


S&P 500 Ratings % (Monthly): 2010 - 2026
(Source: FactSet)
65.0%
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Dec-09
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Dec-25
Apr-26
Aug-26
Buy %
Sell %
Hold %

Topic of the Week: 2

Industry Analysts Project 20% Increase in S&P 500 Price Over the Next 12 Months

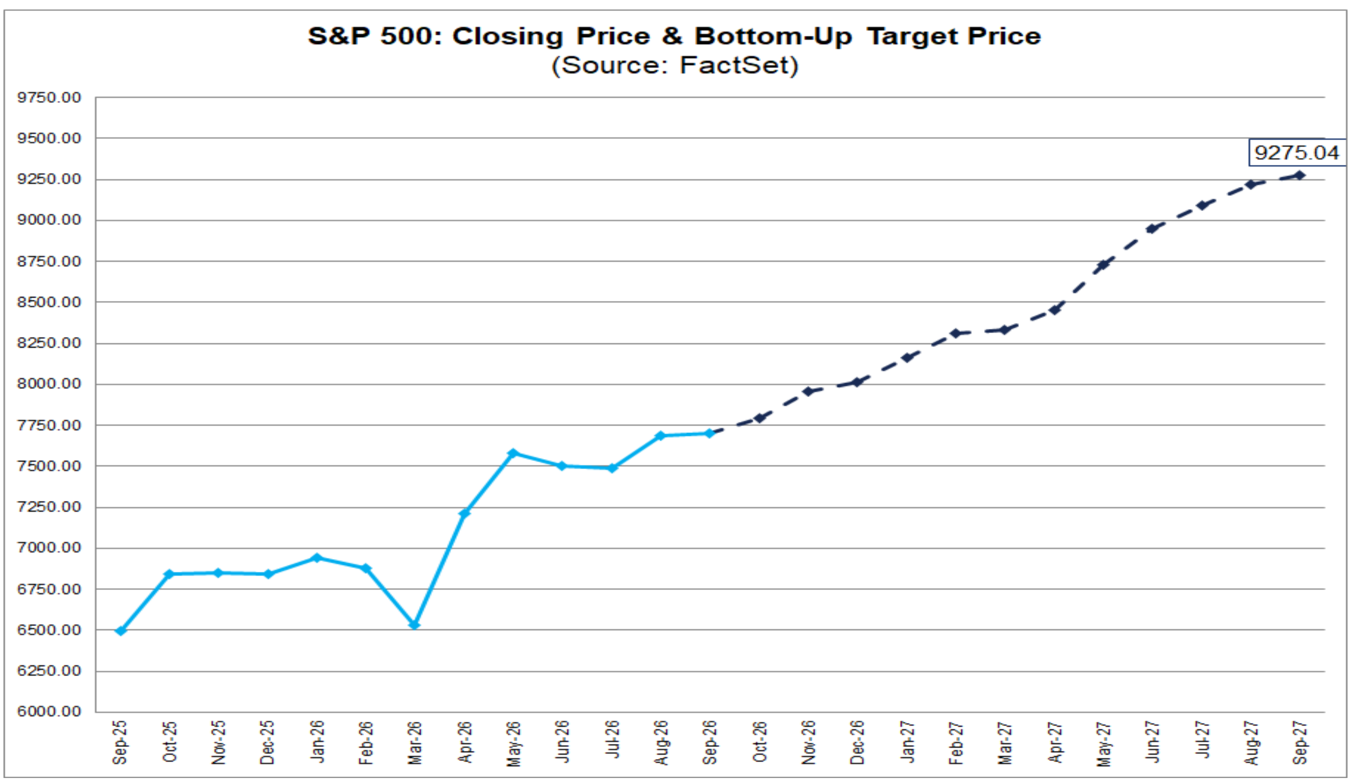
After closing near a record-high value earlier this week, where do industry analysts believe the price of the S&P 500 will go from here?

Industry analysts in aggregate predict the S&P 500 will see a price increase of 20.4% over the next twelve months. This percentage is based on the difference between the bottom-up target price and the closing price for the index as of yesterday (September 24). The bottom-up target price is calculated by aggregating the median target price estimates (based on company-level estimates submitted by industry analysts) for all the companies in the index. On September 24, the bottom-up target price for the S&P 500 was 9,275.04, which was 20.4% above the closing price of 7,704.13.

At the sector level, all 11 sectors are predicted to see a price increase of more than 10%. The Utilities (+28.0%), Consumer Discretionary (+26.0%), and Industrials (+25.1%) sectors are expected to see the largest price increases, as these sectors had the largest upside differences between the bottom-up target price and the closing price on September 24. On the other hand, the Energy (+10.6%) and Health Care (+11.7%) sectors are expected to see the smallest price increases, as these sectors had the smallest upside differences between the bottom-up target price and the closing price on September 24.

At the company level, the ten stocks in the S&P 500 (with a minimum of 3 target prices) with the largest upside and downside differences between their median target price and closing price (on September 24) can be found on page 7.

Since June 30, the bottom-target price for the S&P 500 has increased by 3.6% (to 9,275.04 from 8,950.58). At the sector level, 8 of 11 sectors have seen an increase in their bottom-up target price over this period, led by the Health Care (+6.8%), Financials (+6.0%), and Information Technology (+5.9%) sectors. On the other hand, 3 of 11 sectors have recorded a decline in their bottom-up target price over this period, led by the Communication Services (-3.3%) and Utilities (-1.9%) sectors.

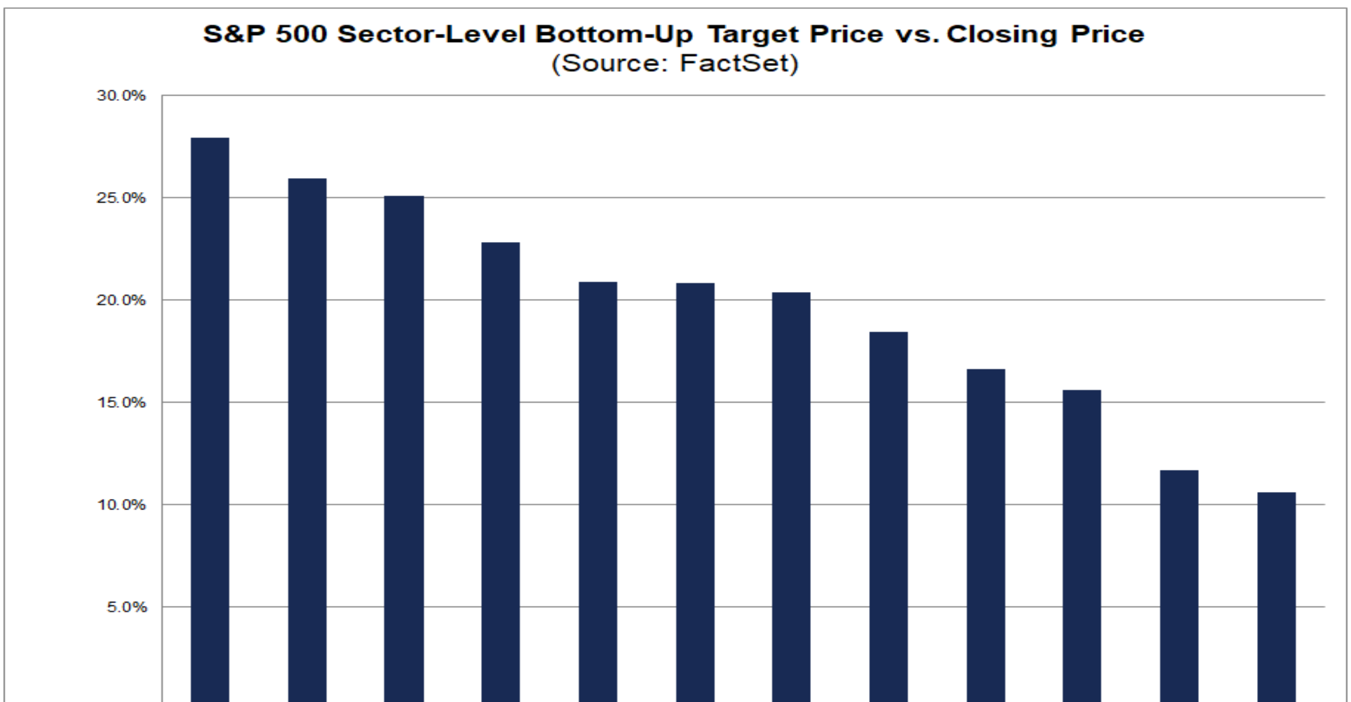


Difference Between Median Target Price & Closing Price: Top 10 (Source: FactSet)

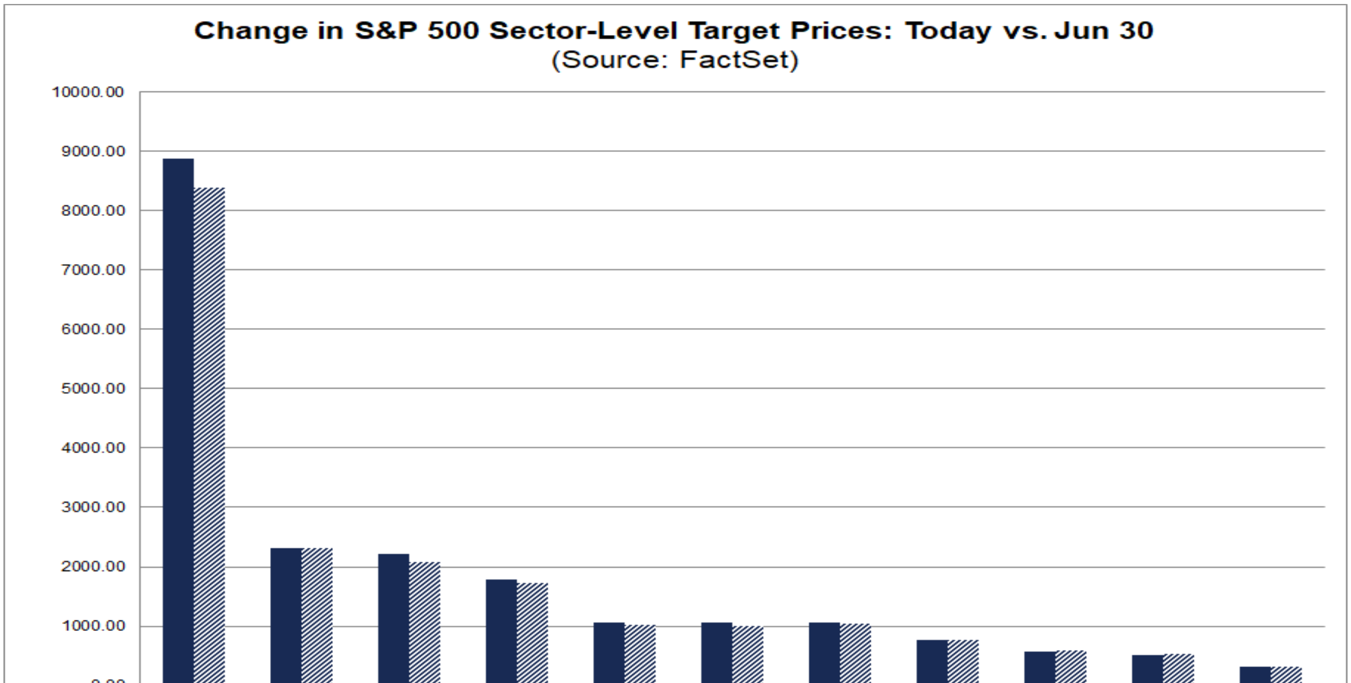
Company	Target	Closing	Diff ($)	**Diff (%)**
NRG Energy, Inc.	190.00	97.85	92.15	**94.2%**
Fair Isaac Corporation	1530.00	856.48	673.52	**78.6%**
Oracle Corporation	240.00	139.54	100.46	**72.0%**
Wynn Resorts, Limited	134.50	80.19	54.31	**67.7%**
First Solar, Inc.	279.00	172.16	106.84	**62.1%**
CRH public limited company	135.00	83.96	51.04	**60.8%**
AppLovin Corp. Class A	500.00	312.47	187.53	**60.0%**
Albemarle Corporation	172.50	108.25	64.25	**59.4%**
Vistra Corp.	219.00	137.94	81.06	**58.8%**
Axon Enterprise Inc	700.00	445.00	255.00	**57.3%**

Difference Between Median Target Price & Closing Price: Bottom 10 (Source: FactSet)

Company	Target	Closing	Diff ($)	**Diff (%)**
Moderna, Inc.	125.00	194.82	-69.82	**-35.8%**
Illumina, Inc.	215.00	273.90	-58.90	**-21.5%**
Skyworks Solutions, Inc.	70.00	87.81	-17.81	**-20.3%**
Revvity, Inc.	128.00	150.68	-22.68	**-15.1%**
Intel Corporation	117.00	127.39	-10.39	**-8.2%**
Lennar Corporation Class A	75.00	81.47	-6.47	**-7.9%**
QUALCOMM Incorporated	180.00	194.26	-14.26	**-7.3%**
Paramount Skydance Corporation Class B	9.50	10.18	-0.68	**-6.7%**
Best Buy Co., Inc.	85.00	91.00	-6.00	**-6.6%**
CrowdStrike Holdings, Inc. Class A	245.00	259.67	-14.67	**-5.6%**



	Utilities	Consumer Disc.	Industrials	Info. Tech.	Materials	Real Estate	S&P 500	Comm. Services	Financials	Consumer Staples	Health Care	Energy
Target/Close	28.0%	26.0%	25.1%	22.8%	20.9%	20.8%	20.4%	18.4%	16.6%	15.6%	11.7%	10.6%



	Info. Tech.	Consumer Disc.	Health Care	Industrials	Energy	Financials	Consumer Staples	Materials	Comm. Services	Utilities	Real Estate
Today	8873.39	2307.32	2214.40	1788.96	1061.38	1059.12	1055.25	760.63	568.08	511.91	323.09
30-Jun-26	8382.67	2314.20	2074.01	1724.94	1020.17	998.70	1048.50	758.25	587.33	521.99	313.56

Q3 Earnings Season: By The Numbers

Overview

Heading into the final days of the quarter, analysts and companies have been more optimistic than normal in their earnings outlooks for the third quarter. As a result, estimated earnings for the S&P 500 for the third quarter are higher today compared to expectations at the start of the quarter. In addition, the index is expected to report earnings growth above 25% for the third-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have increased earnings estimates to date for Q3 2026. On a per-share basis, estimated earnings for the third quarter have increased by 1.3% since June 30. In a typical quarter, analysts usually lower earnings estimates during the quarter. Over the past five years (20 quarters), earnings expectations have fallen by 2.2% on average during the quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 2.5% on average during the quarter.

In terms of guidance, both the number and percentage of S&P 500 companies issuing positive EPS guidance for Q3 2026 are higher than average. At this point in time, 116 companies in the index have issued EPS guidance for Q3 2026, Of these companies, 44 have issued negative EPS guidance and 72 have issued positive EPS guidance. The number of companies issuing positive EPS guidance is well above the 5-year average of 43 and well above the 10-year average of 41. The percentage of S&P 500 companies issuing positive EPS guidance for Q3 2026 is 62% (72 out of 116), which is also well above the 5-year average of 41% and well above the 10-year average of 42%.

Due to the upward revisions to earnings estimates by analysts and the positive EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q3 2026 is higher today relative to the start of the third quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 29.1%, compared to the estimated (year-over-year) earnings growth rate of 26.7% on June 30.

If 29.1% is the actual growth rate for the quarter, it will mark the third consecutive quarter of earnings growth above 25% and the eighth consecutive quarter of double-digit earnings growth for the index.

All eleven sectors are projected to report year-over-year growth. Five of these eleven sectors are predicted to report double-digit growth, led by the Energy, Information Technology, Communication Services, and Materials sectors.

In terms of revenues, analysts have also raised their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 12.1%, compared to the expectations for revenue growth of 10.9% on June 30.

If 12.1% is the actual revenue growth rate for the quarter, it will mark the third consecutive quarter of double-digit revenue growth for the index.

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

For Q4 2026, analysts are calling for earnings growth of 26.8%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 32.0%.

The forward 12-month P/E ratio is 19.2, which is below the 5-year average (19.8) but above the 10-year average (19.0). This P/E ratio is also below the forward P/E ratio of 20.4 recorded at the end of the second quarter (June 30).

During the upcoming week, 7 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the third quarter.

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

Slight Increase In Estimated Earnings Growth Rate for Q3 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q3 2026 increased slightly to 29.1% from 29.0%. Upward revisions to EPS estimates for companies in the Energy sector, partially offset by downward revisions to EPS estimates for companies in the Financials sector, were the largest contributors to the small increase in the overall earnings growth rate for the index during the week.

The estimated earnings growth rate for the S&P 500 for Q3 2026 of 29.1% today is above the estimate of 26.7% at the start of the quarter (June 30), as estimated earnings for the index of $798.2 billion today are 1.9% above the estimate of $783.3 billion at the start of the quarter. Four sectors have recorded an increase in dollar-level earnings due to upward revisions to earnings estimates, led by the Energy, Information Technology, and Financials sectors. On the other hand, six sectors have recorded a decrease in their dollar-level earnings due to downward revisions to earnings estimates, led by the Materials, Consumer Staples, and Health Care sectors. One sector (Real Estate) has seen no change in expected earnings since June 30.

Energy: Marathon Petroleum Leads Earnings Increase Since June 30

The Energy sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +18.0% (to $55.5 billion from $47.0 billion). Rising oil prices are contributing to the increase in earnings for this sector, as the price of oil has increased by 36% since June 30 (to $94.61 from $69.50). As a result, the estimated (year-over-year) earnings growth rate for the sector has increased to 111.4% today from 79.3% on June 30. This sector has also recorded the largest increase in price of all 11 sectors since June 30 at +18.3%. Overall, 9 of the 21 companies (43%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 9 companies, 3 have recorded an increase in their mean EPS estimate of more than 10%: Marathon Petroleum (to $22.70 from $10.43), Valero Energy (to $18.92 from $9.66), and Phillips 66 (to $10.86 from $6.38). These three companies, followed by Exxon Mobil (to $3.62 from $3.36) and Chevron (to $4.65 from $4.34), have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since June 30.

Information Technology: NVIDIA Leads Earnings Increase Since June 30

The Information Technology sector has recorded the second-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +4.1% (to $257.2 billion from $247.0 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 63.5% today from 57.0% on June 30. This sector has also recorded the third-largest increase in price of all 11 sectors since June 30 at +6.4%. Overall, 59 of the 74 companies (80%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 59 companies, 26 have recorded an increase in their mean EPS estimate of more than 10%, led by Super Micro Computer (to $1.04 from $0.66), Dell Technologies (to $6.56 from $4.21), Intel (to $0.39 from $0.26), and Teradyne (to $2.08 from $1.50). NVIDIA (to $2.47 from $2.35), Dell Technologies, Intel, and Cisco Systems (to $1.32 from $1.16) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since June 30.

Financials: JPMorgan Chase Leads Earnings Increase Since June 30

The Financials sector has recorded the third-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at +1.9% (to $123.7 billion from $121.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 3.3% today from 1.3% on June 30. This sector has also recorded an increase in price of 1.7% since June 30. Overall, 42 of the 76 companies (55%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 42 companies, 3 have recorded an increase in their mean EPS estimate of more than 10%: Progressive (to $4.15 from $3.65), Robinhood Markets (to $0.52 from $0.46), and Allstate (to $6.53 from $5.84). However, JPMorgan Chase (to $5.85 from $5.49) has been the largest contributor to the increase in expected (dollar-level) earnings for this sector since June 30.

Materials: Dow and Newmont Lead Earnings Decrease Since June 30

On the other hand, the Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.9% (to $16.5 billion from $18.1 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 29.7% today from 42.4% on June 30. This sector has recorded a decrease in price of 1.4% since June 30. Overall, 19 of the 25 companies (76%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 19 companies, 10 have recorded a decrease in their mean EPS estimate of more than 10%, led by Mosaic (to $0.05 from $0.29), Dow (to $0.63 from $1.20), International Paper (to $0.32 from $0.53), and Corteva (to -$0.39 from -$0.28). Dow and Newmont (to $2.16 from $2.50) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since June 30.

Consumer Staples: Walmart Leads Earnings Decrease Since June 30

The Consumer Staples sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -3.3% (to $37.1 billion from $38.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 2.9% today from 6.4% on June 30. This sector has also recorded a decrease in price of 1.1% since June 30. Overall, 23 of the 33 companies (70%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 23 companies, 4 have recorded a decrease in their mean EPS estimate of more than 10%: Tyson Foods (to $0.78 from $1.22), Dollar Tree (to $0.93 from $1.37), Mondelez International (to $0.71 from $0.80), and Kimberly-Clark (to $1.61 from $1.80). However, Walmart (to $0.64 from $0.68) has been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since June 30.

Health Care: Incyte and Pfizer Lead Earnings Decrease Since June 30

The Health Care sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -2.6% (to $78.6 billion from $80.7 billion). As a result, the estimated (year-over-year) earnings growth rate for the sector has decreased to 5.9% today from 8.7% on June 30. Despite the decrease in earnings, this sector has recorded the second-largest increase in price of all 11 sectors since June 30 at +7.0%. Overall, 40 of the 60 companies (67%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 40 companies, 5 have recorded a decrease in their mean EPS estimate of more than 10%: Humana (to -$1.00 from -$0.20), Incyte Corporation (to -$2.83 from $2.01), Biogen (to $2.03 from $3.95), Zoetis (to $1.51 from $1.85), and Pfizer (to $0.76 from $0.85). Incyte Corporation, Pfizer, and Johnson & Johnson (to $2.85 from $3.02) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since June 30.

Index-Level EPS Estimate: 1.3% Increase Since June 30

The Q3 bottom-up EPS estimate (which is an aggregation of the median Q3 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has increased by 1.3% (to $89.76 from $88.64) since June 30. In a typical quarter, analysts usually reduce earnings estimates during the quarter. Over the past five years (20 quarters), earnings expectations have fallen by 2.2% on average during the quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 2.5% on average during the quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.2% on average during the quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.2% on average during the quarter.

Guidance: # of Cos. Issuing Positive EPS Guidance for Q3 is Above Average

Quarterly Guidance: # of Cos. Issuing Positive EPS Guidance for Q3 is Above Average

At this point in time, 116 companies in the index have issued EPS guidance for Q3 2026, Of these companies, 44 have issued negative EPS guidance and 72 have issued positive EPS guidance. The number of companies issuing positive EPS guidance is well above the 5-year average of 43 and well above the 10-year average of 41. The percentage of S&P 500 companies issuing positive EPS guidance for Q3 2026 is 62% (72 out of 116), which is also well above the 5-year average of 41% and well above the 10-year average of 42%.

It should be noted that most of the companies issuing positive EPS guidance for Q3 2026 are in the Information Technology sector. Overall, 44 of the 72 companies (or 61%) in the S&P 500 issuing positive EPS guidance for Q3 2026 are in the Information Technology sector.

Annual Guidance: 37% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 269 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 269 companies, 100 have issued negative EPS guidance and 169 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 37% (100 out of 269).

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

Earnings Growth: 29.1%

The estimated (year-over-year) earnings growth rate for Q3 2026 is 29.1%, which is above the 5-year average earnings growth rate of 16.4% and above the 10-year average earnings growth rate of 10.3%. If 29.1% is the actual growth rate for the quarter, it will mark the 3rd consecutive quarter of year-over-year earnings growth above 25% and the 8th consecutive quarter of double-digit earnings growth for the index.

All eleven sectors are expected to report year-over-year earnings growth, led by the Energy, Information Technology, Communication Services, and Materials sectors.

Energy: 2 of 5 Sub-Industries Expected to Report (Y/Y) Earnings Growth Above 100%

The Energy sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 111.4%. Higher year-over-year oil prices are contributing to the year-over-year increase in earnings for this sector, as the average price of oil in Q3 2026 to date ($85.32) is 31% above the average price for oil in Q3 2025 ($64.97). At the sub-industry level, 4 of the 5 sub-industries are projected to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (427%), Integrated Oil & Gas (106%), Oil & Gas Exploration & Production (52%), and Oil & Gas Storage & Transportation (8%) On the other hand, the Oil & Gas Equipment & Services (-9%) sub-industry is the only sub-industry in the sector predicted to report a year-over-year decline in earnings.

Information Technology: Semiconductors Industry Is Largest Contributor to (Y/Y) Earnings Growth

The Information Technology sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 63.5%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (126%), Technology Hardware, Storage, & Peripherals (39%), Communication Services (38%), Electronic Equipment, Instruments, & Components (38%), Software (14%), and IT Services (4%).

The Semiconductors & Semiconductor Equipment industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 24.2% from 63.5%.

Communication Services: Meta Platforms Is Largest Contributor to (Y/Y) Earnings Growth

The Communication Services sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 51.3%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Media ($4.67 billion vs. -$3.93 billion), Entertainment (43%), Interactive Media & Services (43%), Wireless Telecommunication Services (14%), and Diversified Telecommunication Services (1%).

At the company level, Meta Platforms ($6.77 vs. $1.05) and EchoStar ($0.07 vs. -$44.37) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the estimated earnings growth rate for the Communication Services sector would fall to 11.9% from 51.3%.

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

The Materials sector is expected to report the fourth-largest (year-over-year) earnings growth of all eleven sectors at 29.7%. At the industry level, all 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (50%), Containers & Packaging (45%), Chemicals (22%), and Construction Materials (7%).

Revenue Growth: 12.1%

The estimated (year-over-year) revenue growth rate for Q3 2026 is 12.1%, which is above the 5-year average revenue growth rate of 8.7% and above the 10-year average revenue growth rate of 6.3%. If 12.1% is the actual growth rate for the quarter, it will mark the third-straight quarter that the index has reported revenue growth above 10.0%.

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

Information Technology: All 6 Industries Expected to Report (Y/Y) Revenue Growth

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 39.7%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (80%), Technology Hardware, Storage, & Peripherals (36%), Communication Equipment (25%), Electronic Equipment, Instruments, & Components (22%), Software (18%), and IT Services (3%).

Energy: All 5 Sub-Industries Expected to Report (Y/Y) Revenue Growth

The Energy sector is expected to report the second-highest (year-over-year) revenue growth rate of all eleven sectors at 20.3%. Higher year-over-year oil prices are contributing to the year-over-year increase in earnings for this sector, as the average price of oil in Q3 2026 to date ($85.32) is 31% above the average price for oil in Q3 2025 ($64.97). At the sub-industry level, all 5 sub-industries in the sector are predicted to report year-over-year growth in revenues: Oil & Gas Refining & Marketing (23%), Integrated Oil & Gas (23%), Oil & Gas Exploration & Production (15%), Oil & Gas Storage & Transportation (14%), and Oil & Gas Equipment & Services (3%).

Communication Services: All 5 Industries Expected to Report (Y/Y) Revenue Growth

The Communication Services sector is expected to report the third-highest (year-over-year) revenue growth rate of all eleven sectors at 15.2%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (24%), Media (10%), Entertainment (9%), Wireless Telecommunication Services (5%), and Diversified Telecommunication Services (less than 1%).

Net Profit Margin: 15.0%

The estimated net profit margin for the S&P 500 for Q3 2026 is 15.0%, which is below the previous quarter's net profit margin of 17.0%, but above the year-ago net profit margin of 13.0% and above the 5-year average of 12.4%.

If 15.0% is the actual net profit margin for the quarter, it will mark the second-highest net profit margin reported by the index since FactSet began tracking this metric in 2009. The current record (going back to 2009) is 17.0%, which occurred in the previous quarter.

At the sector level, six sectors are expected to report a year-over-year increase in their net profit margins in Q3 2026 compared to Q3 2025, led by the Energy (14.3% vs. 8.1%) and Information Technology (32.2% vs. 27.5%) sectors. On the other hand, five sectors are expected to report a year-over-year decrease in their net profit margins in Q3 2026 compared to Q3 2025, led by the Financials (19.7% vs. 20.5%) sector.

Eight sectors are expected to report net profit margins in Q3 2026 that are above their 5-year averages, led by the Information Technology (32.2% vs. 25.6%) and Energy (14.3% vs. 9.8%) sectors. On the other hand, two sectors are expected to report net profit margins in Q3 2026 that are below their 5-year averages: Real Estate (34.0% vs. 35.6%) and Health Care (8.1% vs. 8.9%). One sector (Consumer Staples) is expected to report a net profit margin for Q3 2026 that is equal to its 5-year average (6.3% vs. 6.3%).

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 32% for CY 2026

For the third quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 29.1% and year-over-year growth in revenues of 12.1%.

For Q4 2026, analysts are projecting earnings growth of 26.8% and revenue growth of 11.9%.

For CY 2026, analysts are projecting earnings growth of 32.0% and revenue growth of 12.3%.

For Q1 2027, analysts are projecting earnings growth of 18.4% and revenue growth of 11.0%.

For Q2 2027, analysts are projecting earnings growth of 1.7% and revenue growth of 7.2%.

For CY 2027, analysts are projecting earnings growth of 15.4% and revenue growth of 9.2%.

Valuation: Forward P/E Ratio is 19.2, Above the 10-Year Average (19.0)

The forward 12-month P/E ratio for the S&P 500 is 19.2. This P/E ratio is below the 5-year average of 19.8 but above the 10-year average of 19.0. It is also below the forward 12-month P/E ratio of 20.4 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 2.7% while the forward 12-month EPS estimate has increased by 8.9%. At the sector level, the Consumer Discretionary (22.9) and Industrials (22.8) sectors have the highest forward 12-month P/E ratios, while the Energy (13.3) and Financials (14.5) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 25.8, which is above the 5-year average of 24.4 and above the 10-year average of 23.6.

Targets & Ratings: Analysts Project 20% Increase in Price Over Next 12 Months

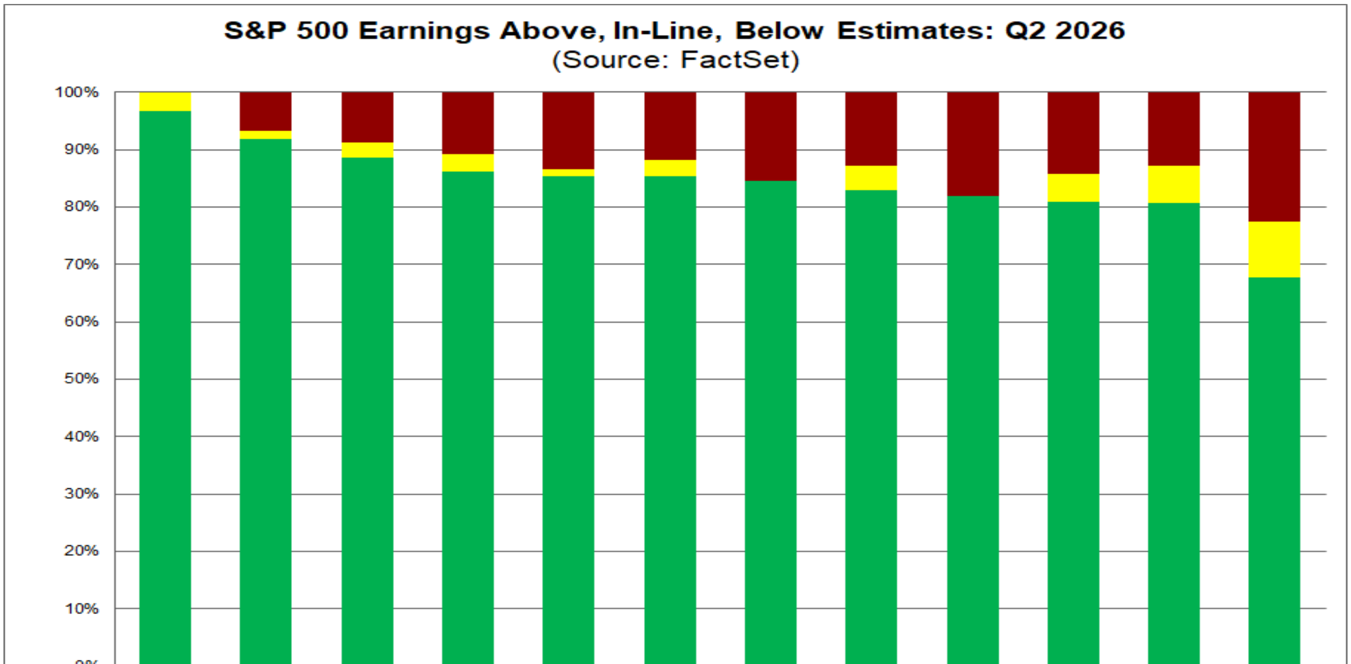
The bottom-up target price for the S&P 500 is 9,275.04, which is 20.4% above the closing price of 7,704.13. At the sector level, the Utilities (+28.0%), Consumer Discretionary (+26.0%), and Industrials (+25.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Energy (+10.6%) and Health Care (+11.7%) sectors are expected to see the smallest price increases, as these sectors have the smallest upside differences between the bottom-up target price and the closing price.

Overall, there are 13,097 ratings on stocks in the S&P 500. Of these 13,097 ratings, 59.9% are Buy ratings, 35.5% are Hold ratings, and 4.7% are Sell ratings. At the sector level, the Communication Services (70%), Information Technology (70%), Materials (64%), Energy (64%), and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (45%) sector has the lowest percentage of Buy ratings.

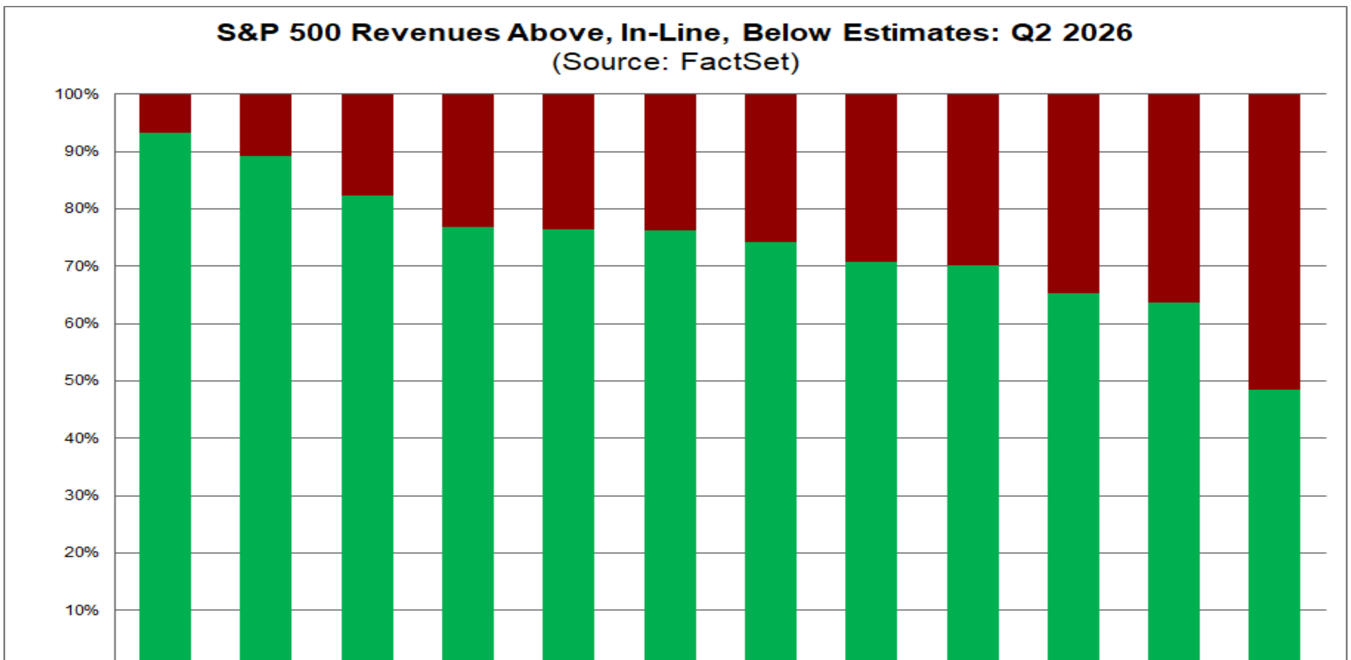
Companies Reporting Next Week: 7

During the upcoming week, 7 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the third quarter.

Q2 2026: Scorecard

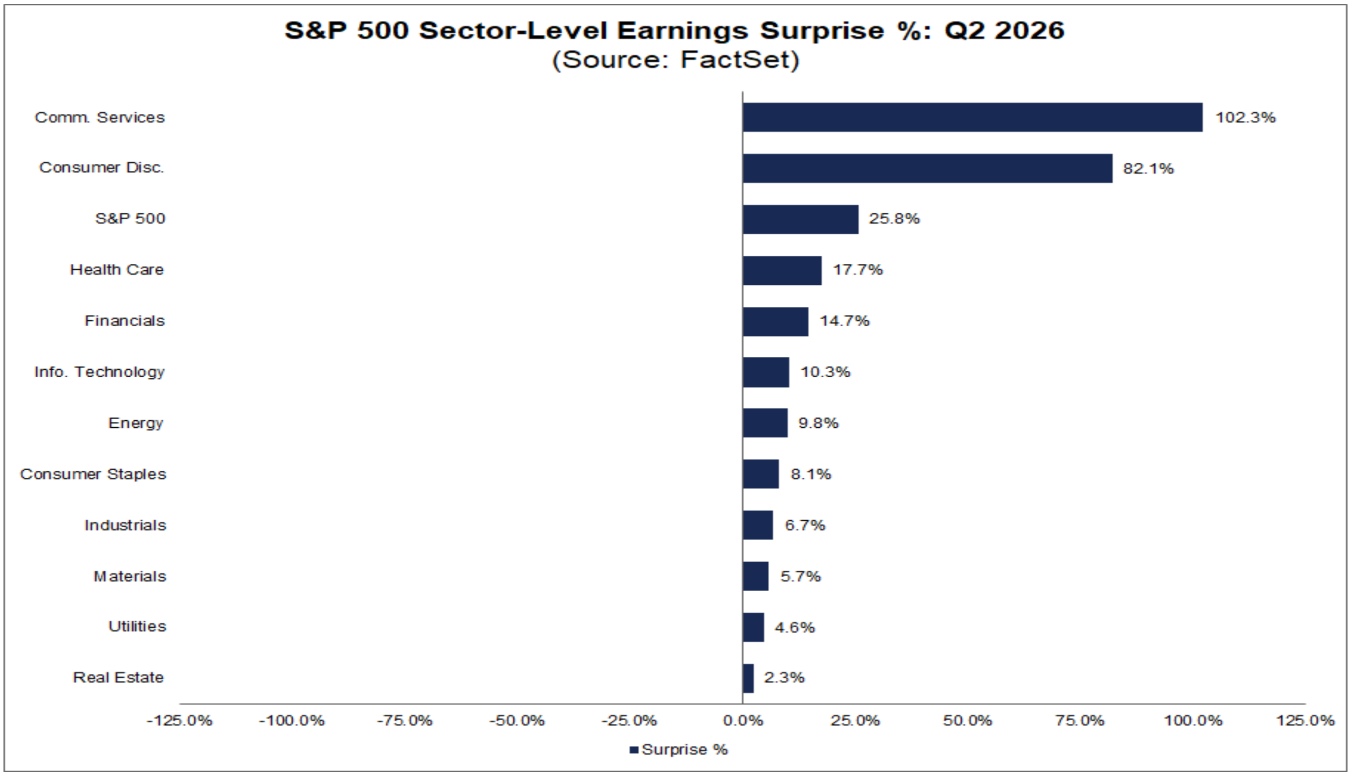


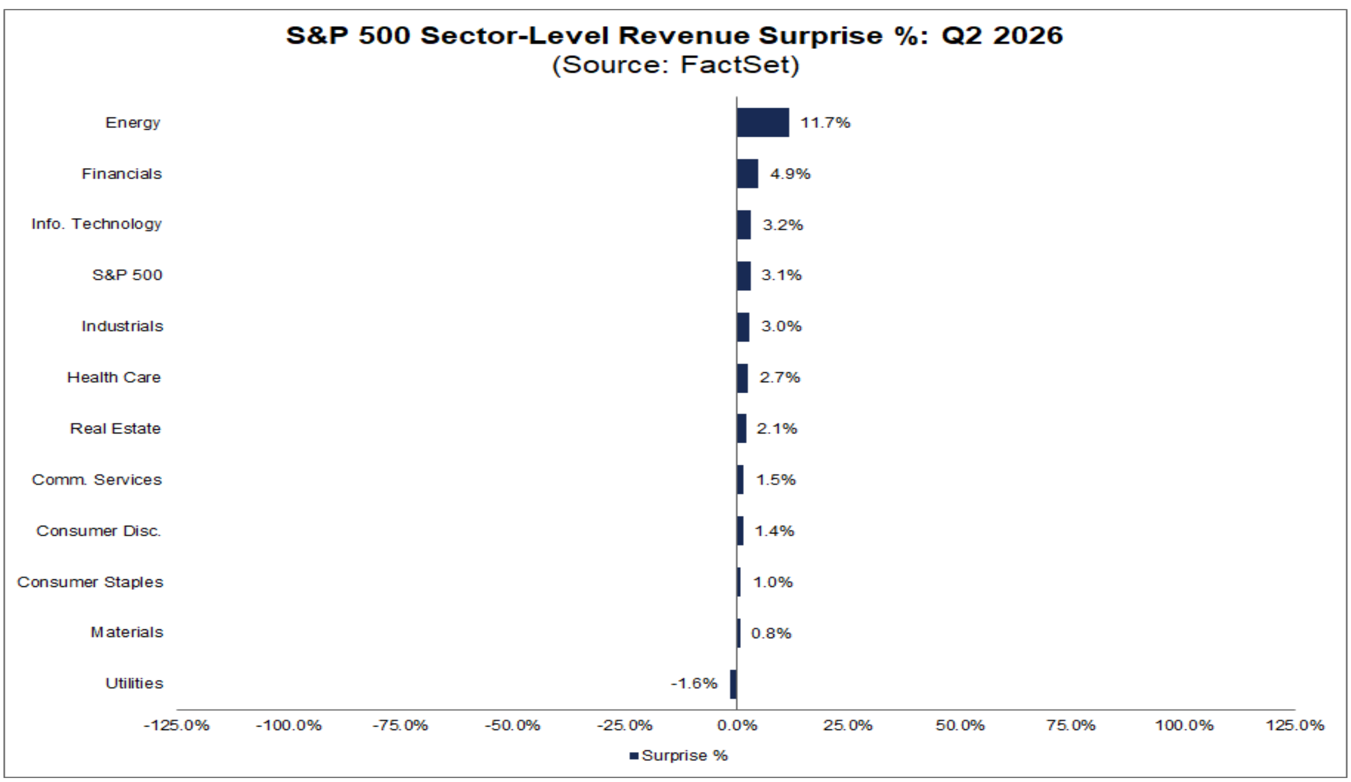
	Health Care	Info. Technology	Industrials	S&P 500	Financials	Consumer Staples	Materials	Consumer Disc.	Comm. Services	Energy	Real Estate	Utilities
Below	0%	7%	9%	11%	13%	12%	15%	13%	18%	14%	13%	23%
In-Line	3%	1%	3%	3%	1%	3%	0%	4%	0%	5%	6%	10%
Above	97%	92%	89%	86%	85%	85%	85%	83%	82%	81%	81%	68%



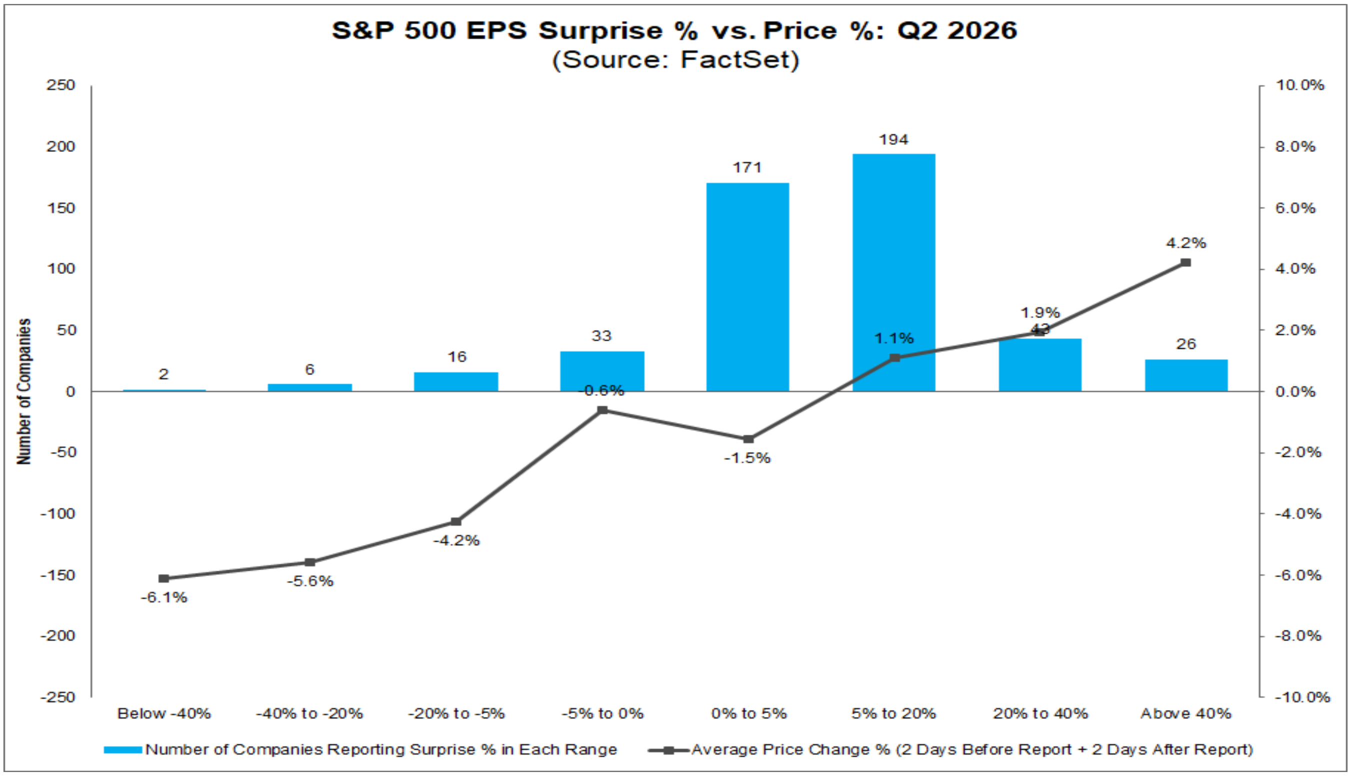
	Health Care	Info. Technology	Industrials	S&P 500	Consumer Staples	Energy	Real Estate	Financials	Consumer Disc.	Materials	Comm. Services	Utilities
Below	7%	11%	18%	23%	24%	24%	26%	29%	30%	35%	36%	52%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	93%	89%	82%	77%	76%	76%	74%	71%	70%	65%	64%	48%

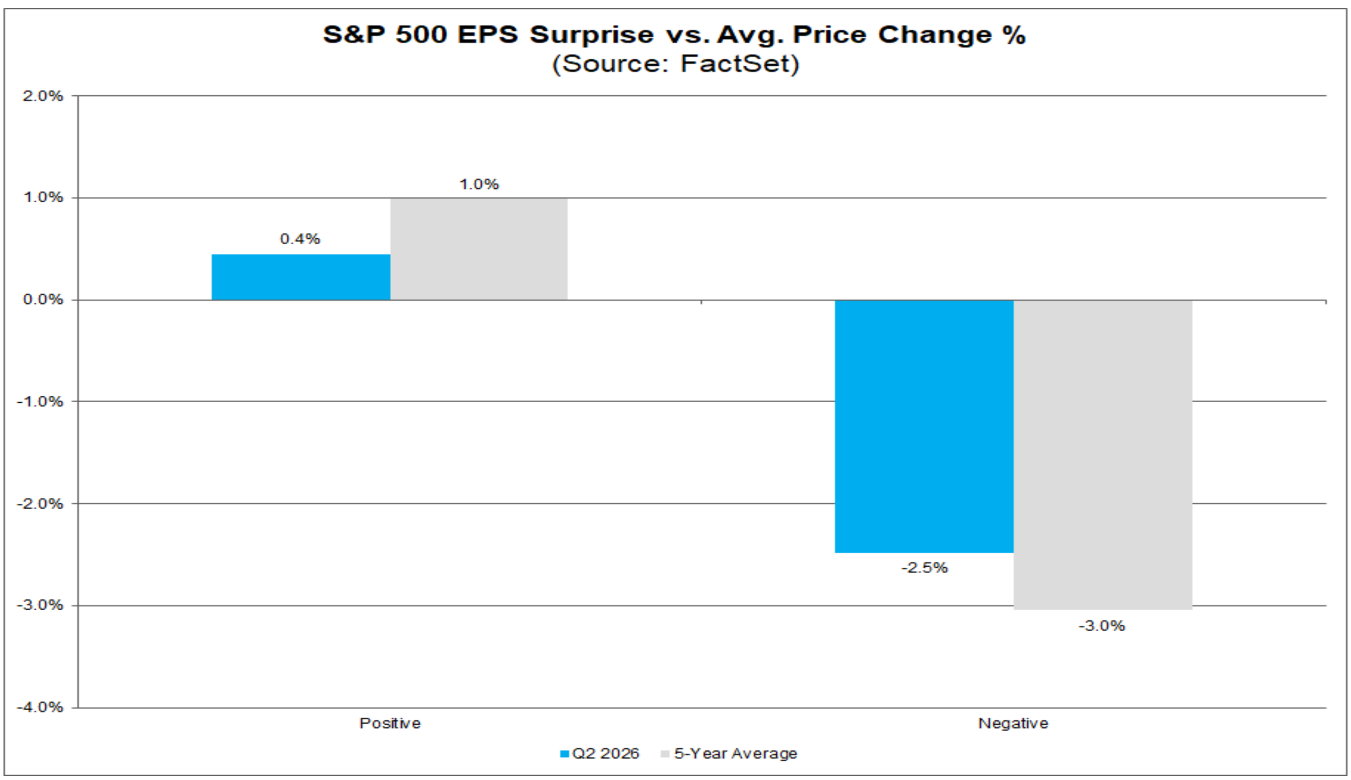
Q2 2026: Surprise



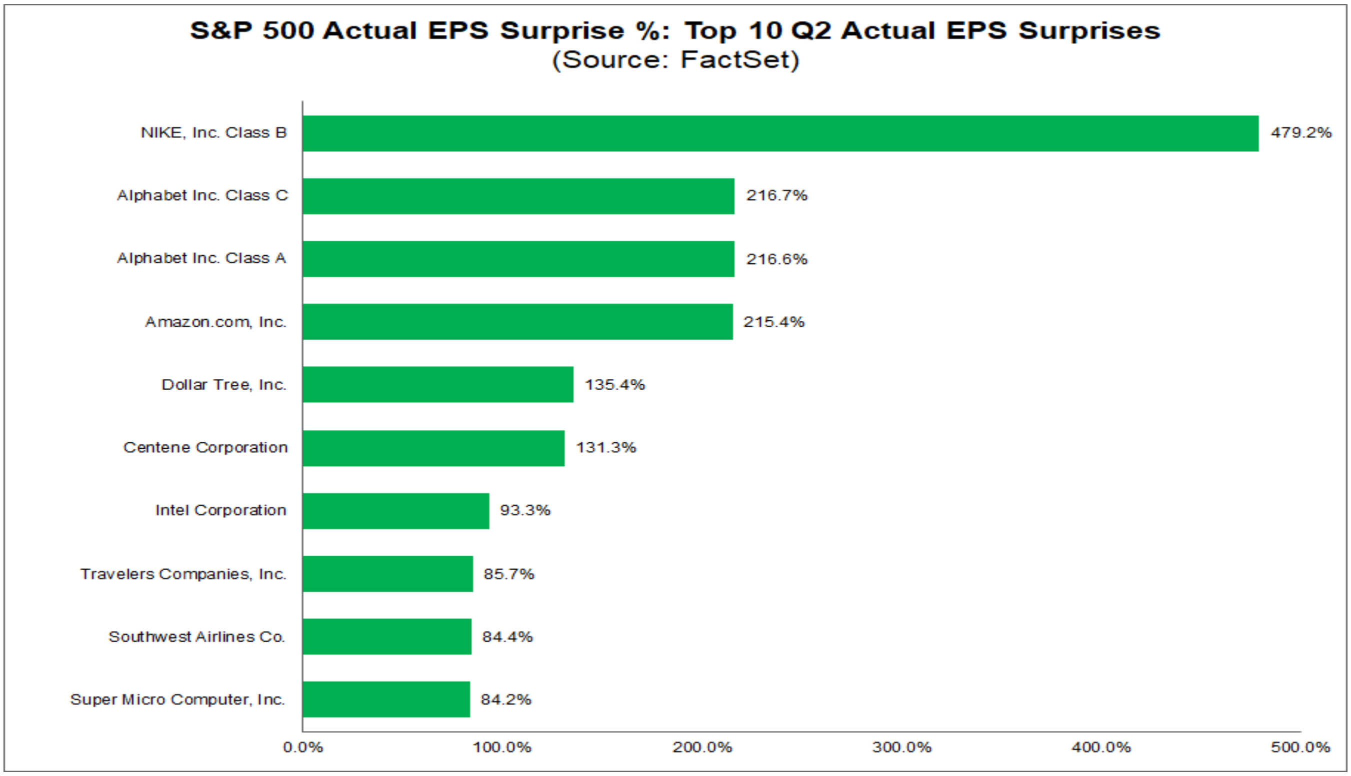


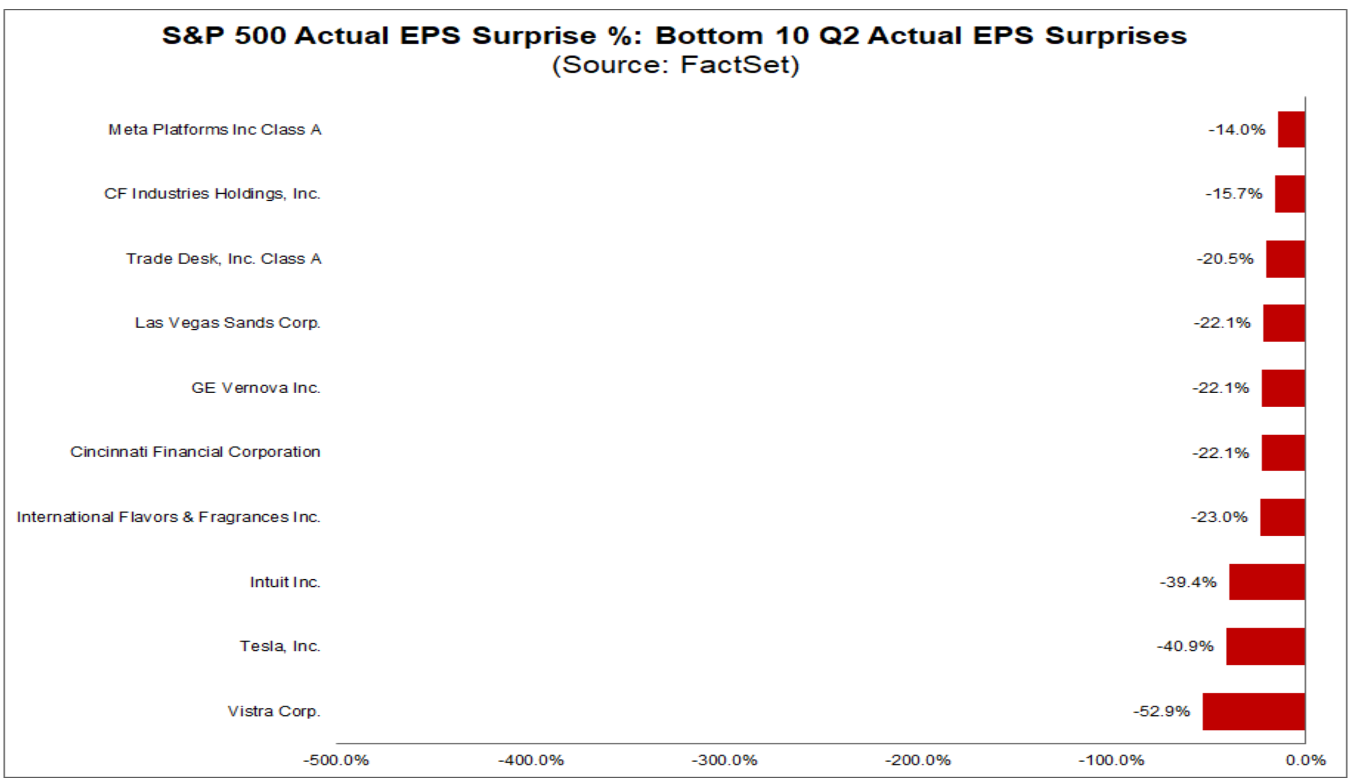
Q2 2026: Surprise



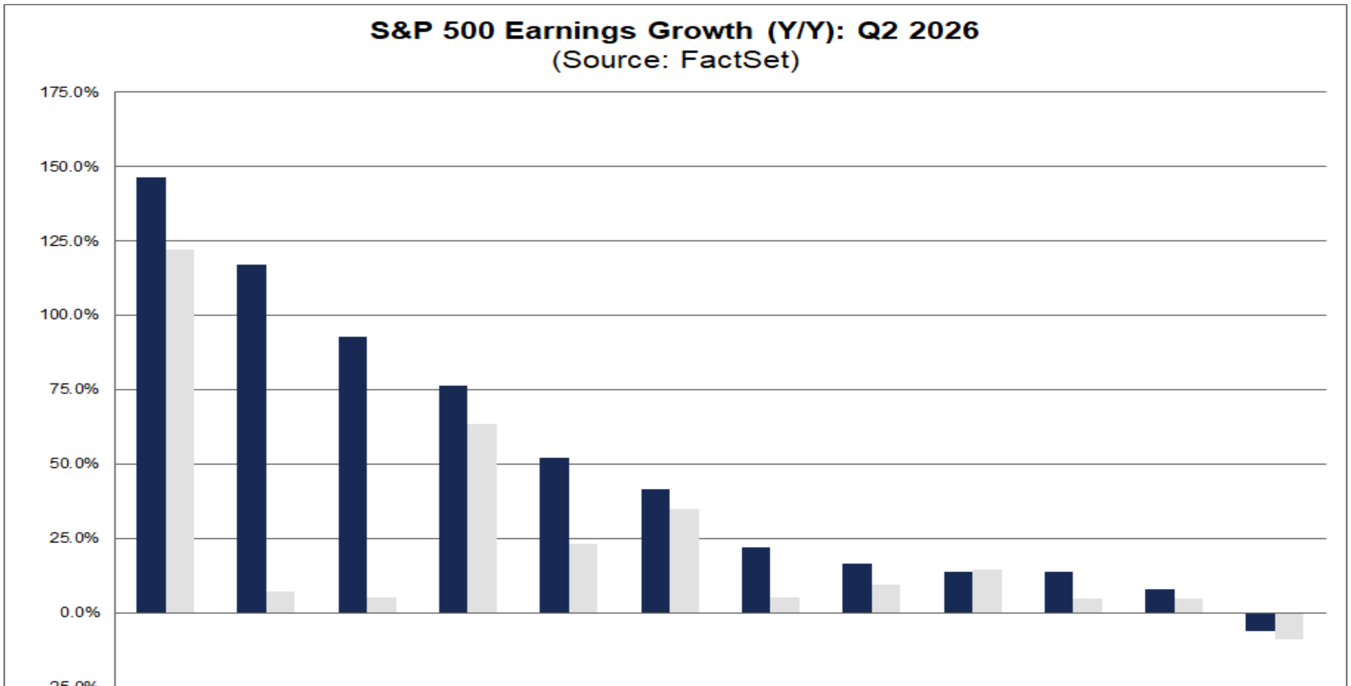


Q2 2026: Surprise

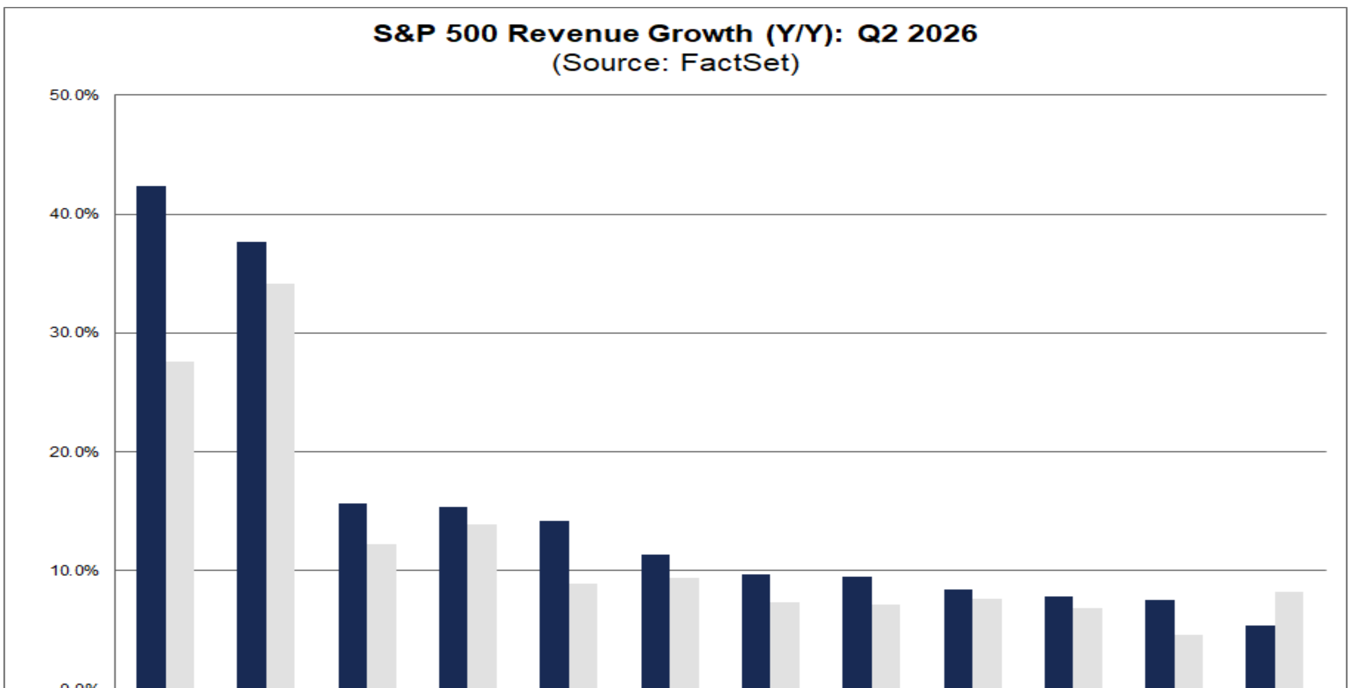




Q2 2026: Growth

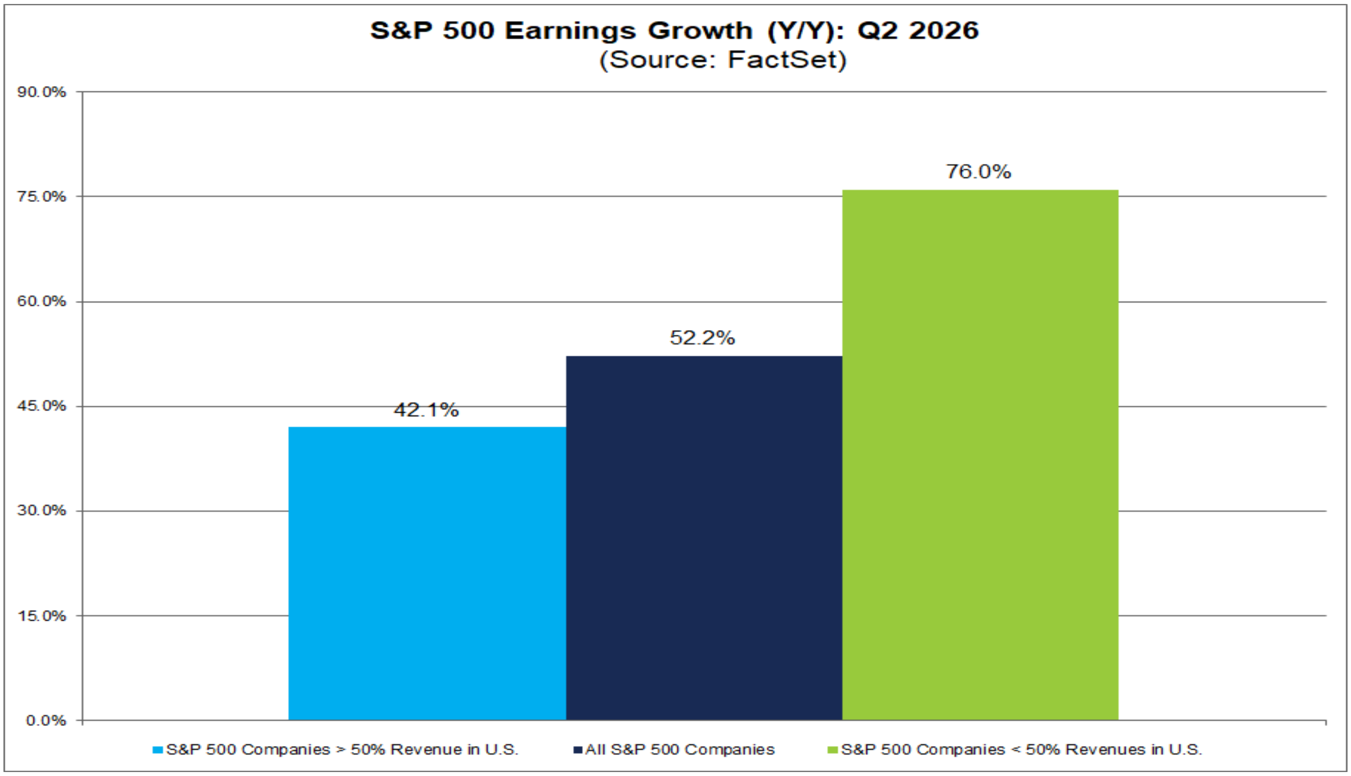


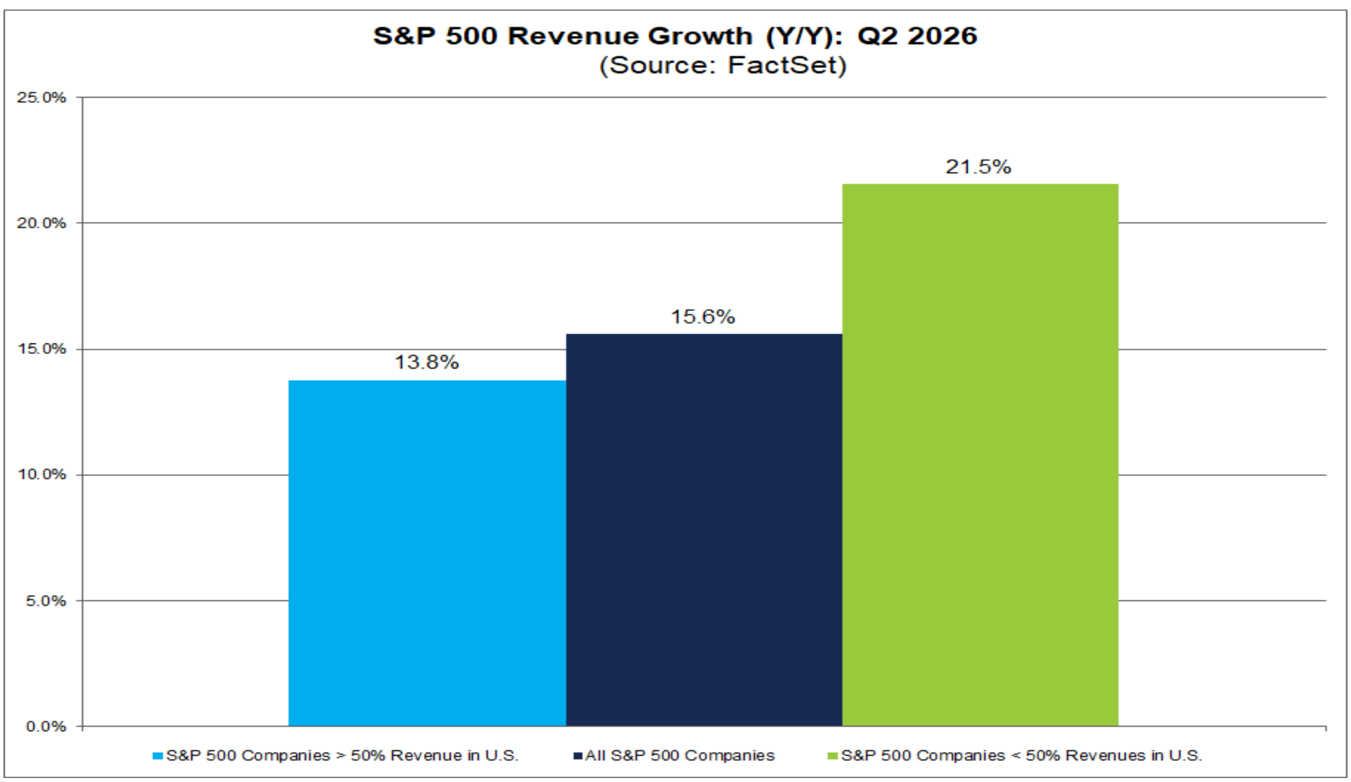
	Energy	Comm. Services	Consumer Disc.	Info. Technology	S&P 500	Materials	Financials	Industrials	Utilities	Consumer Staples	Real Estate	Health Care
Today	146.3%	116.9%	92.6%	76.2%	52.2%	41.7%	21.9%	16.6%	13.7%	13.6%	7.9%	-6.4%
30-Jun	122.2%	7.2%	5.0%	63.3%	23.1%	35.0%	5.2%	9.3%	14.4%	4.8%	4.6%	-9.0%



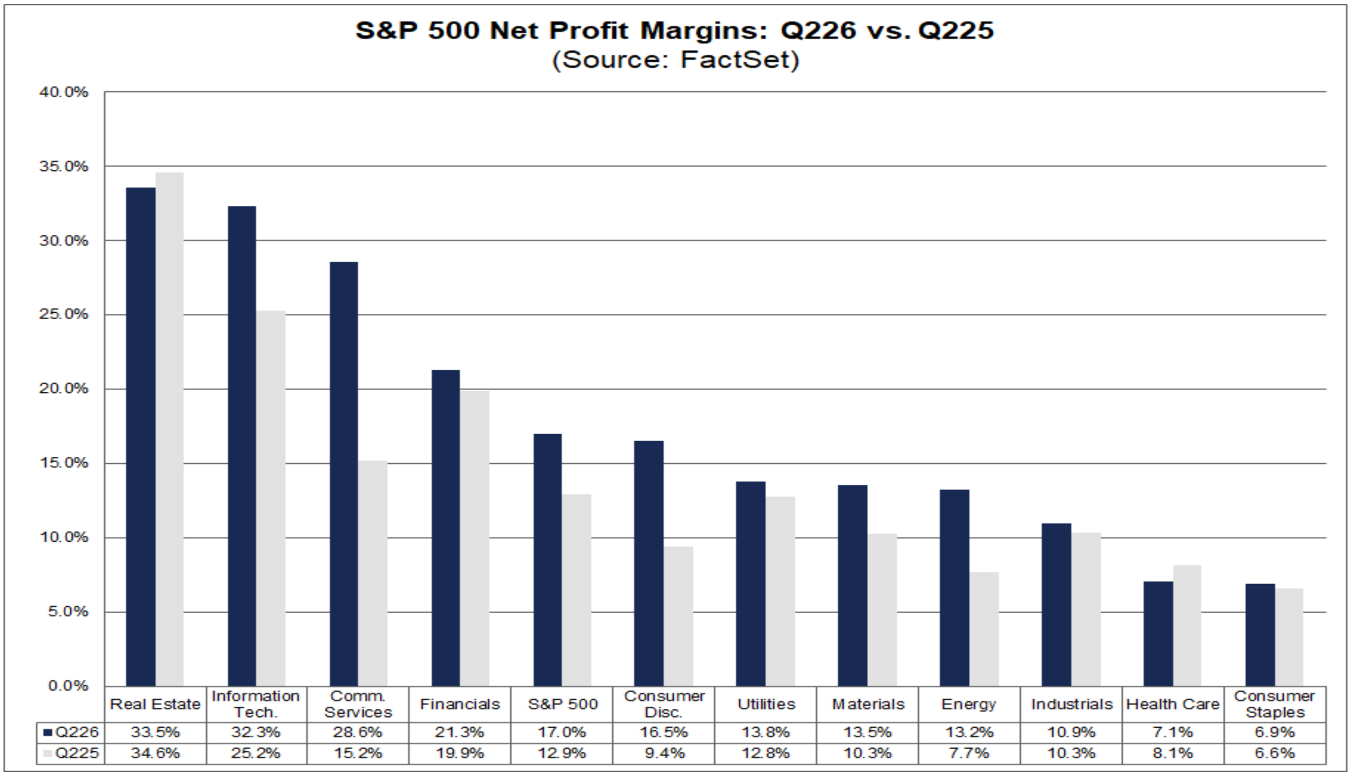
	Energy	Info. Technology	S&P 500	Comm. Services	Financials	Real Estate	Industrials	Consumer Disc.	Consumer Staples	Materials	Health Care	Utilities
Today	42.4%	37.7%	15.6%	15.3%	14.2%	11.3%	9.7%	9.5%	8.4%	7.8%	7.5%	5.4%
30-Jun	27.6%	34.2%	12.2%	13.9%	8.9%	9.4%	7.4%	7.1%	7.6%	6.9%	4.6%	8.3%

Q2 2026: Growth

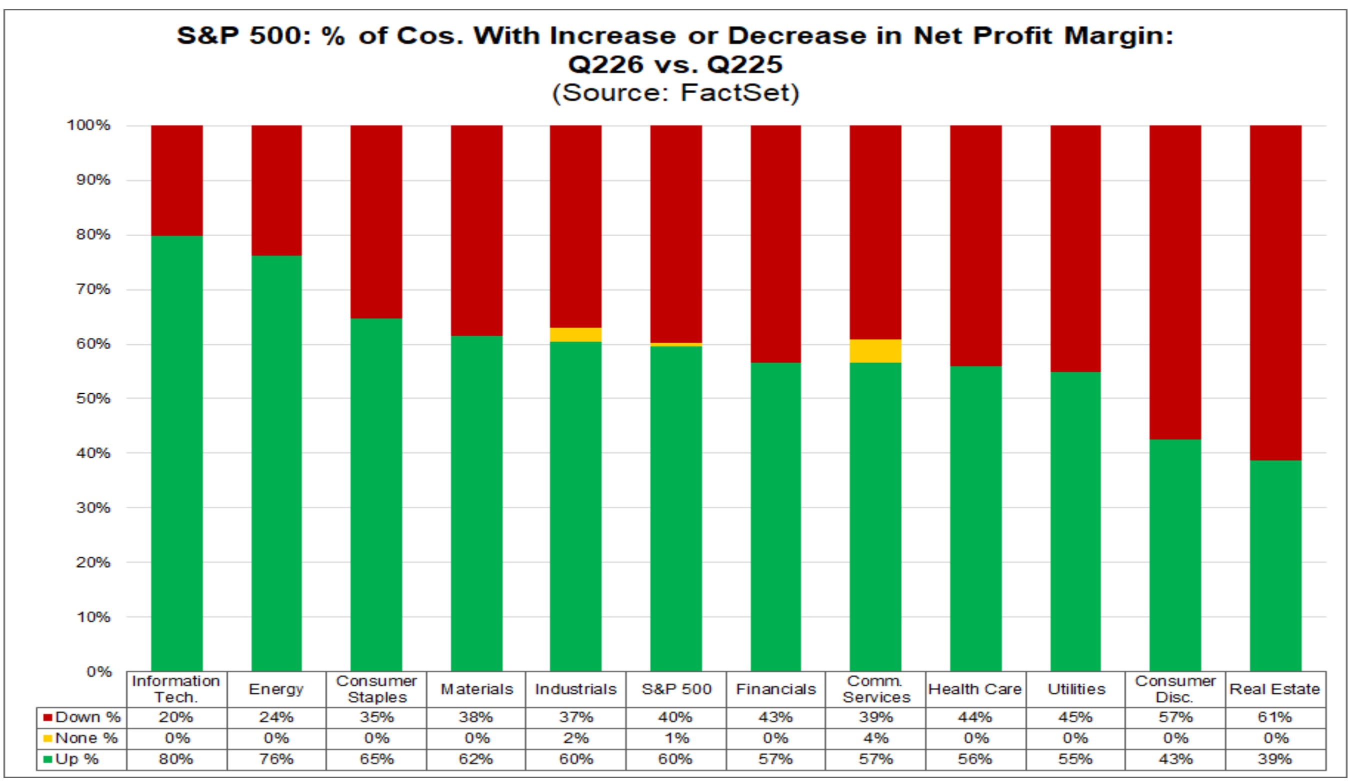




Q2 2026: Net Profit Margin

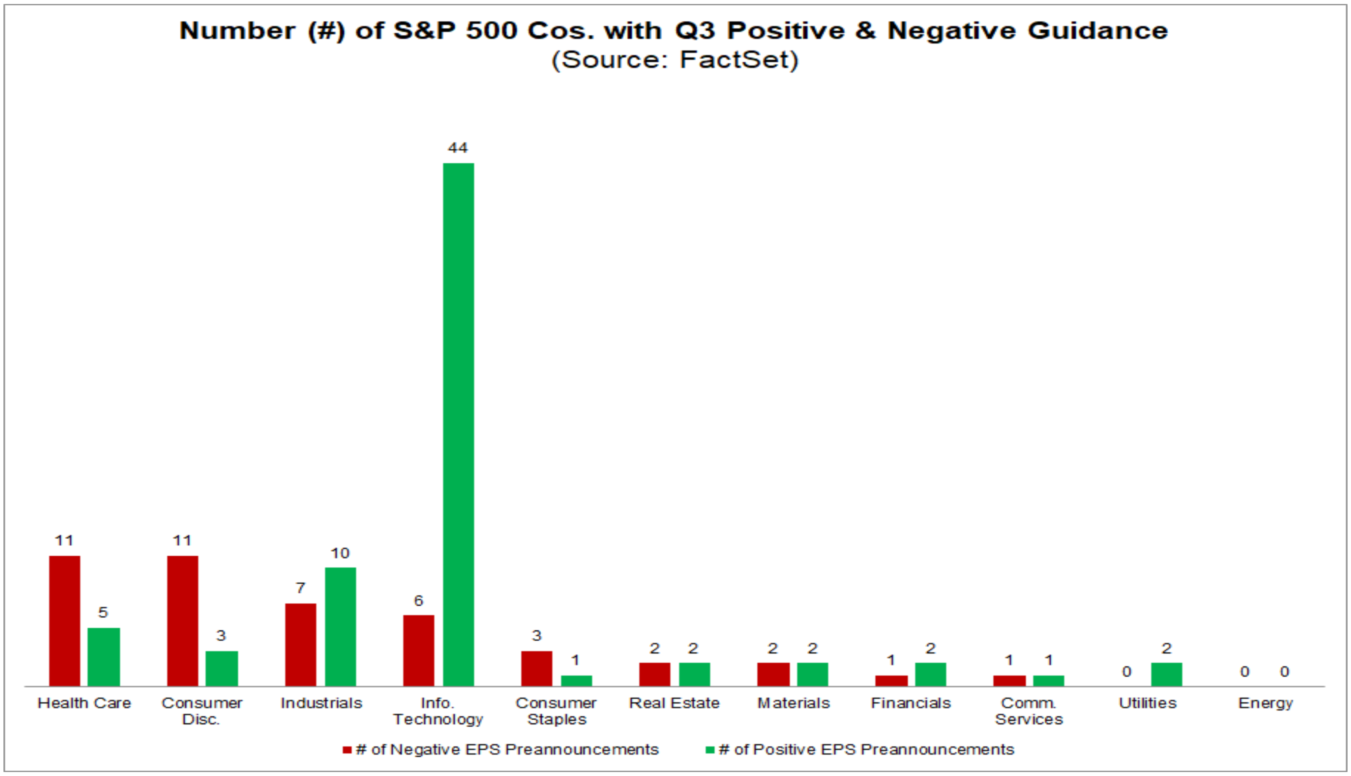


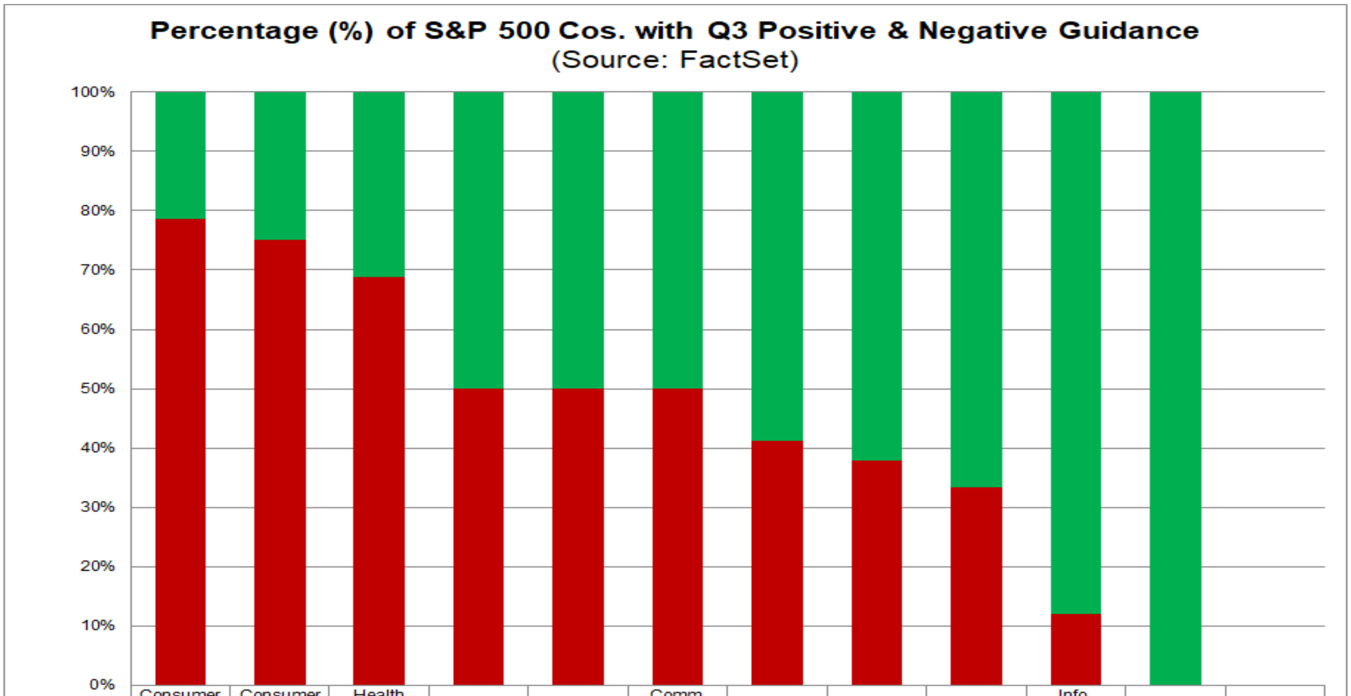
	Real Estate	Information Tech.	Comm. Services	Financials	S&P 500	Consumer Disc.	Utilities	Materials	Energy	Industrials	Health Care	Consumer Staples
Q226	33.5%	32.3%	28.6%	21.3%	17.0%	16.5%	13.8%	13.5%	13.2%	10.9%	7.1%	6.9%
Q225	34.6%	25.2%	15.2%	19.9%	12.9%	9.4%	12.8%	10.3%	7.7%	10.3%	8.1%	6.6%



	Information Tech.	Energy	Consumer Staples	Materials	Industrials	S&P 500	Financials	Comm. Services	Health Care	Utilities	Consumer Disc.	Real Estate
Down %	20%	24%	35%	38%	37%	40%	43%	39%	44%	45%	57%	61%
None %	0%	0%	0%	0%	2%	1%	0%	4%	0%	0%	0%	0%
Up %	80%	76%	65%	62%	60%	60%	57%	57%	56%	55%	43%	39%

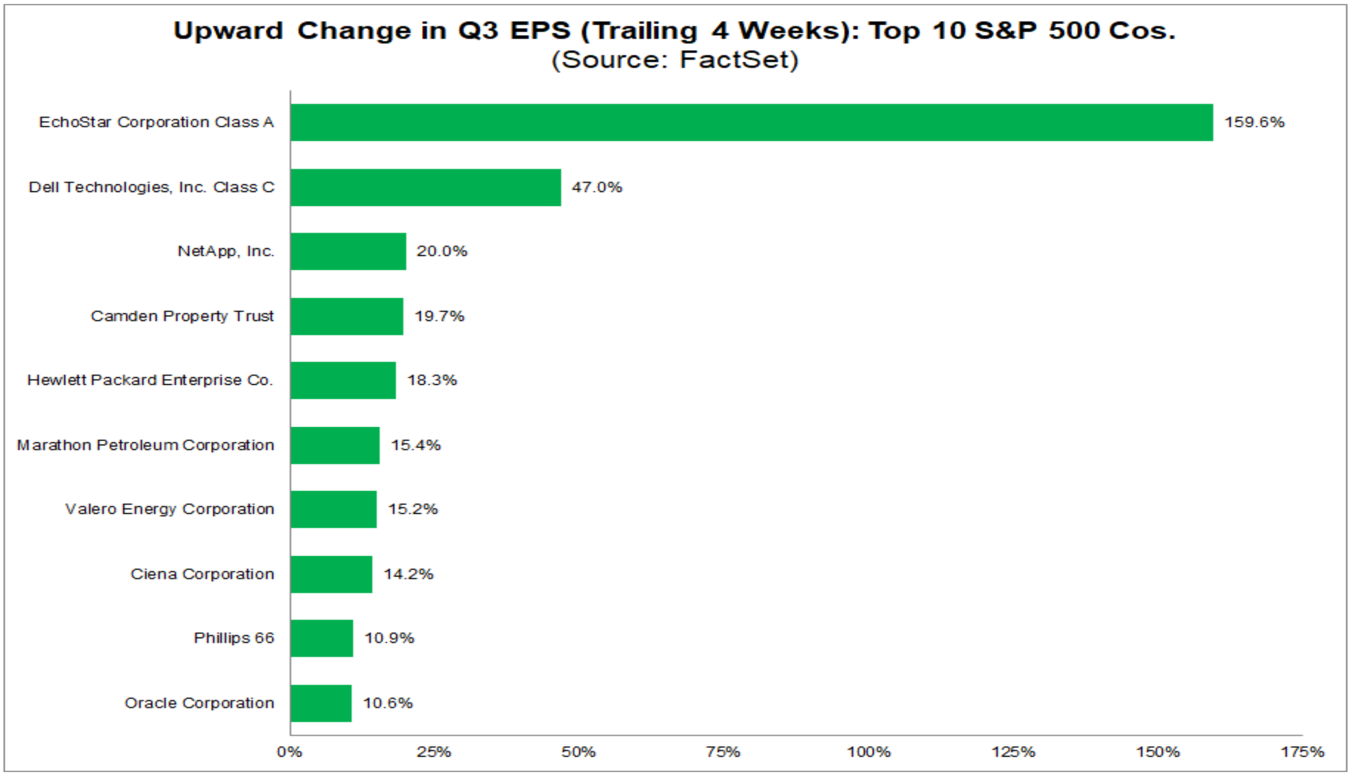
Q3 2026: Guidance

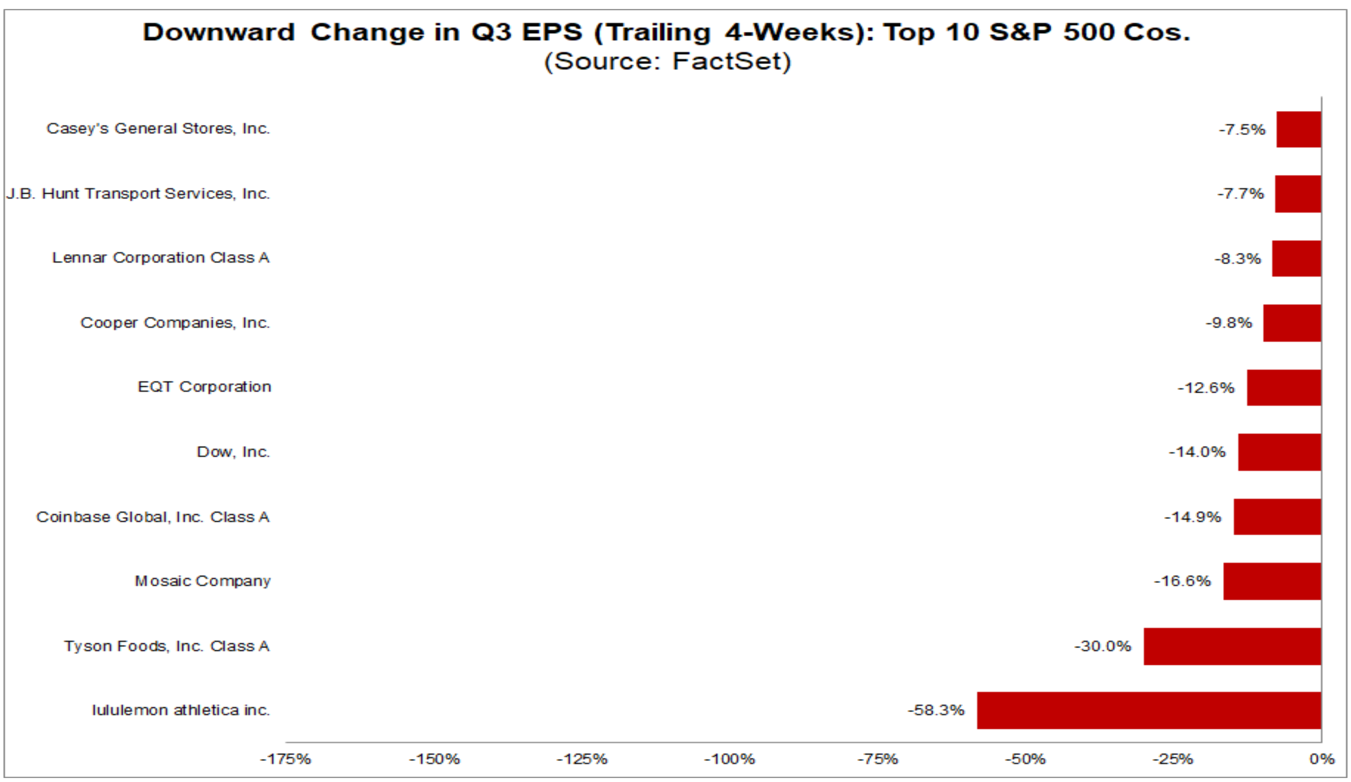




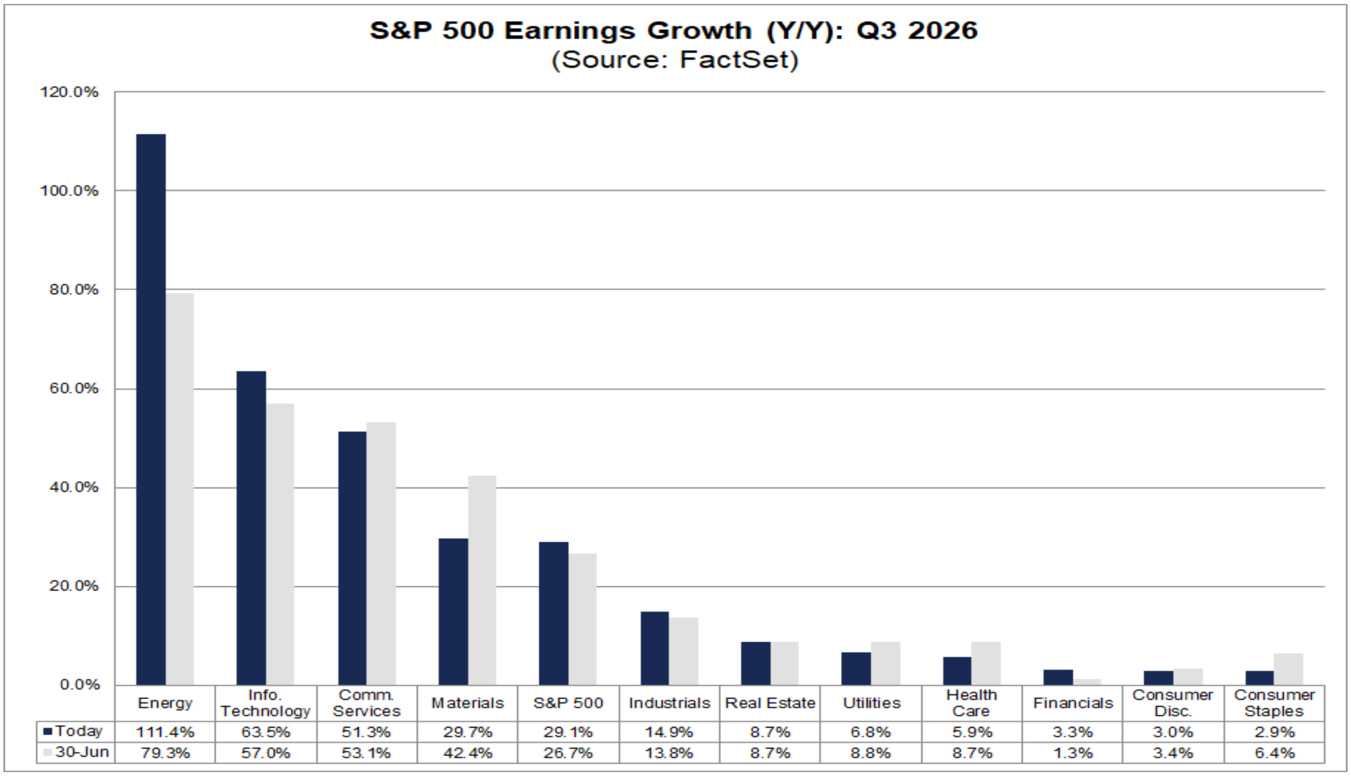
	Consumer Disc.	Consumer Staples	Health Care	Real Estate	Materials	Comm. Services	Industrials	S&P 500	Financials	Info. Technology	Utilities	Energy
Positive	21%	25%	31%	50%	50%	50%	59%	62%	67%	88%	100%	0%
Negative	79%	75%	69%	50%	50%	50%	41%	38%	33%	12%	0%	0%

Q3 2026: EPS Revisions

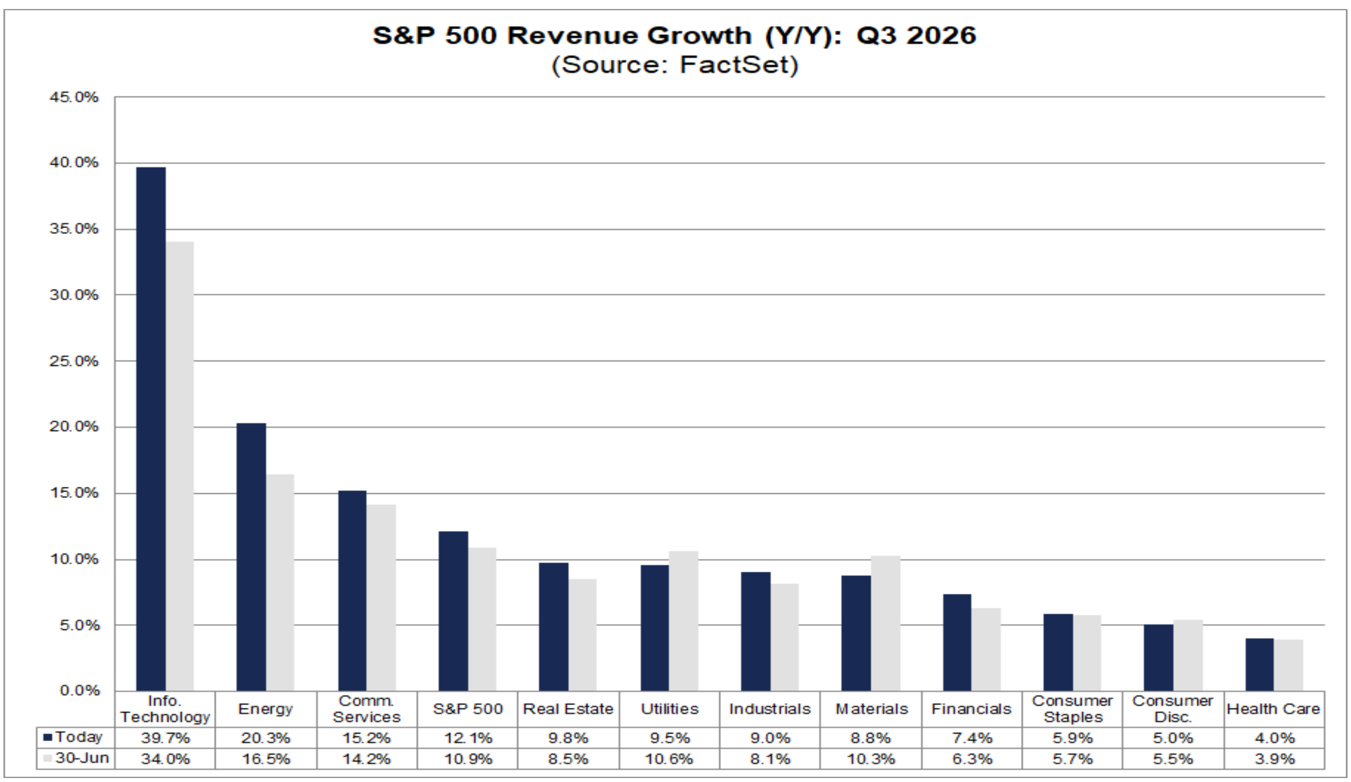




Q3 2026: Growth

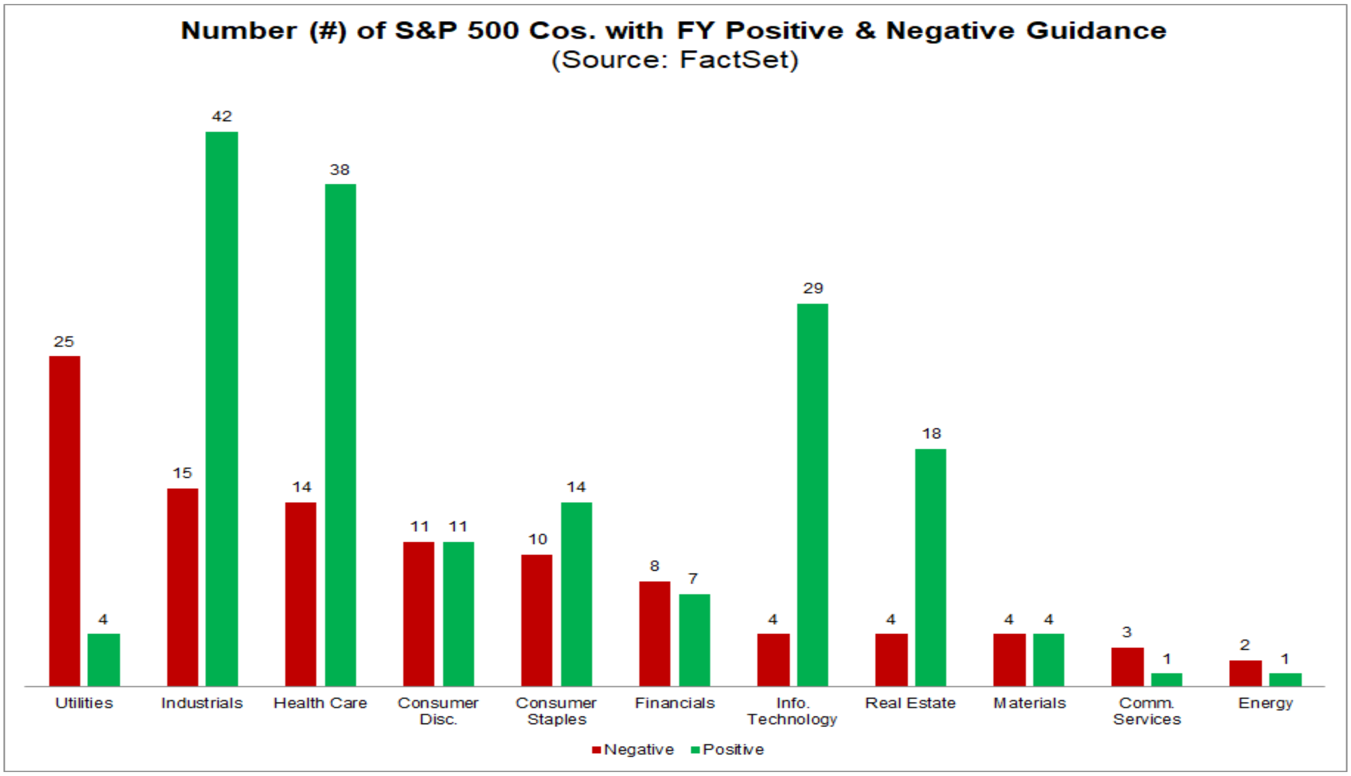


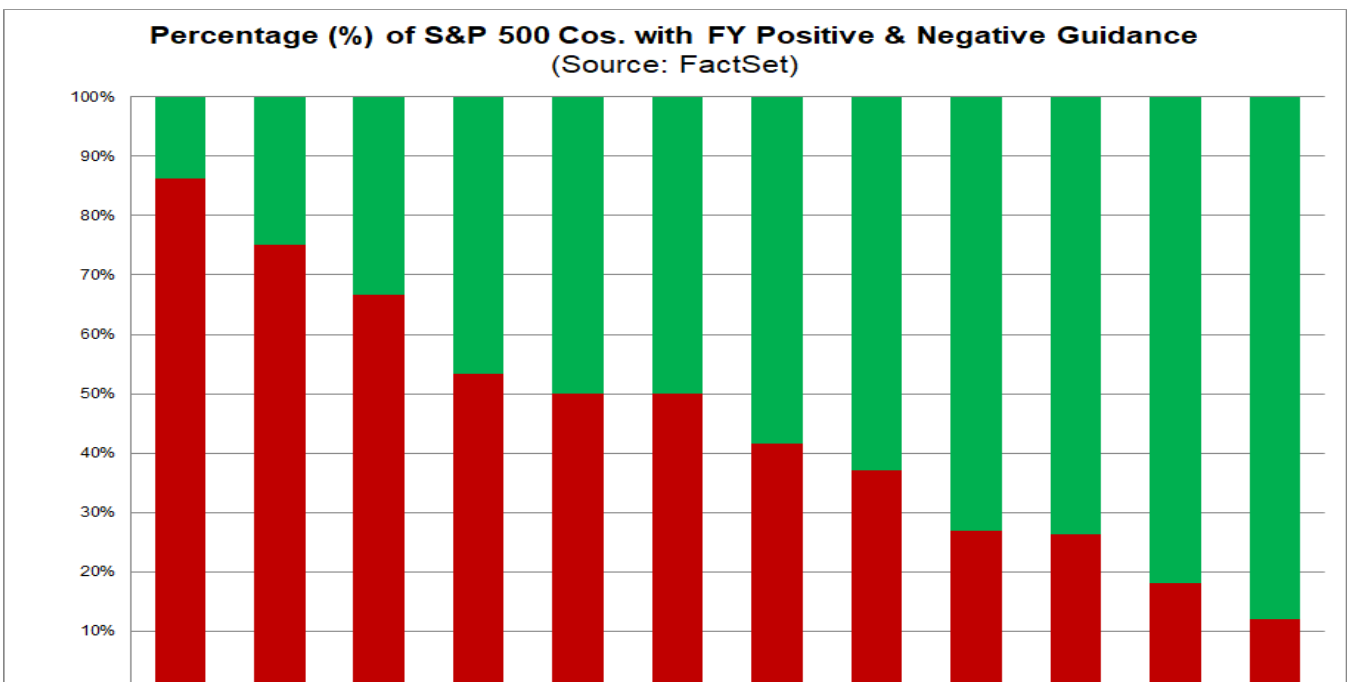
	Energy	Info. Technology	Comm. Services	Materials	S&P 500	Industrials	Real Estate	Utilities	Health Care	Financials	Consumer Disc.	Consumer Staples
Today	111.4%	63.5%	51.3%	29.7%	29.1%	14.9%	8.7%	6.8%	5.9%	3.3%	3.0%	2.9%
30-Jun	79.3%	57.0%	53.1%	42.4%	26.7%	13.8%	8.7%	8.8%	8.7%	1.3%	3.4%	6.4%



	Info. Technology	Energy	Comm. Services	S&P 500	Real Estate	Utilities	Industrials	Materials	Financials	Consumer Staples	Consumer Disc.	Health Care
Today	39.7%	20.3%	15.2%	12.1%	9.8%	9.5%	9.0%	8.8%	7.4%	5.9%	5.0%	4.0%
30-Jun	34.0%	16.5%	14.2%	10.9%	8.5%	10.6%	8.1%	10.3%	6.3%	5.7%	5.5%	3.9%

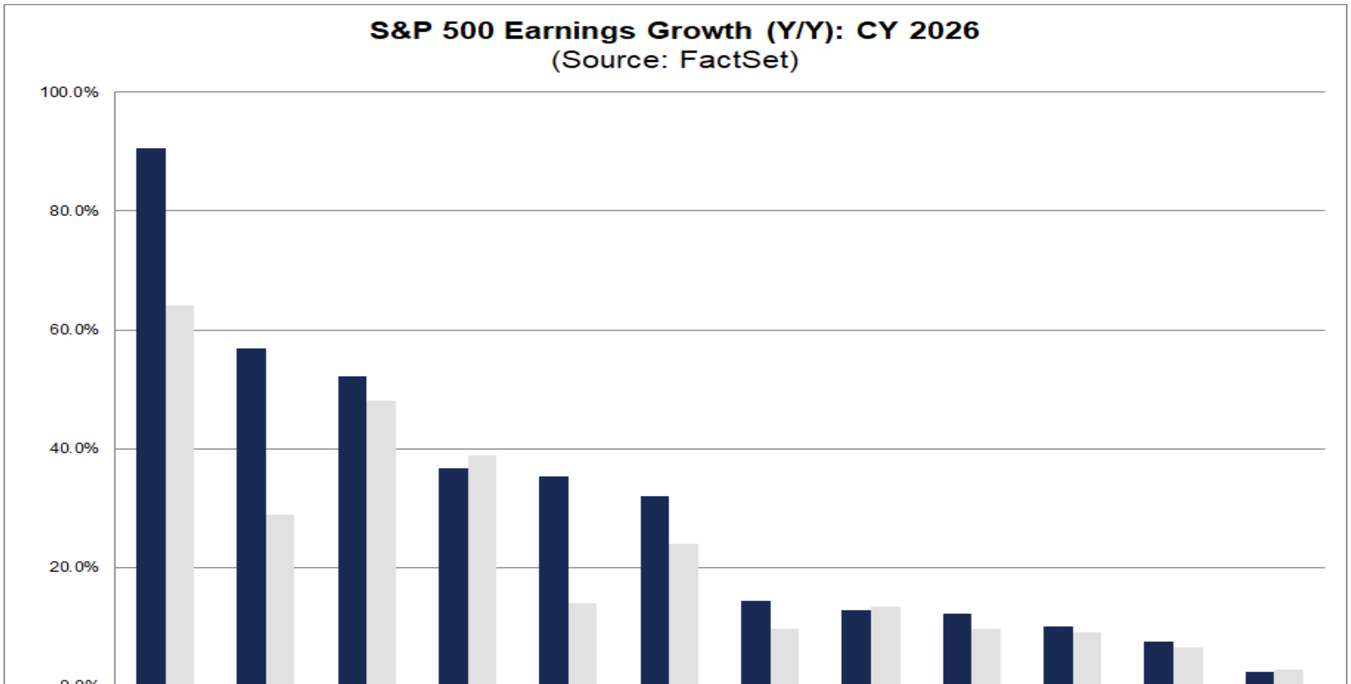
FY 2026 / 2027: EPS Guidance



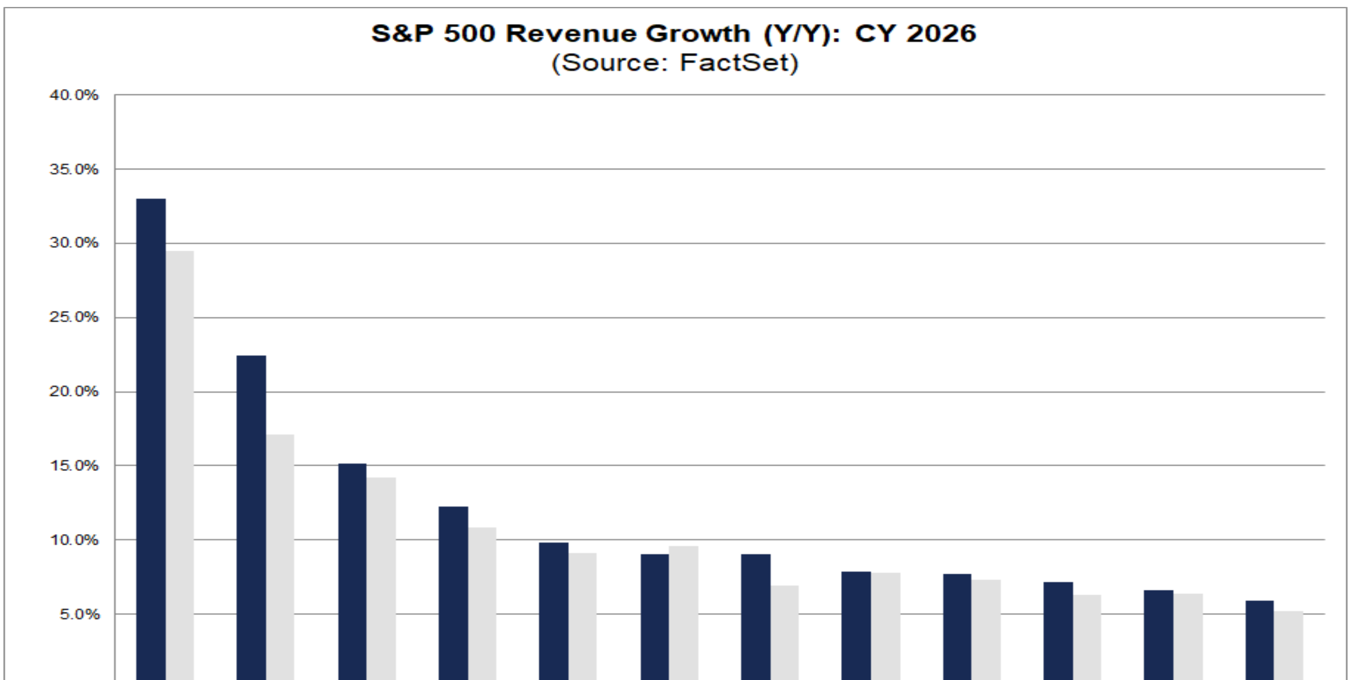


	Utilities	Comm. Services	Energy	Financials	Consumer Disc.	Materials	Consumer Staples	S&P 500	Health Care	Industrials	Real Estate	Info. Technology
Positive	14%	25%	33%	47%	50%	50%	58%	63%	73%	74%	82%	88%
Negative	86%	75%	67%	53%	50%	50%	42%	37%	27%	26%	18%	12%

CY 2026: Growth

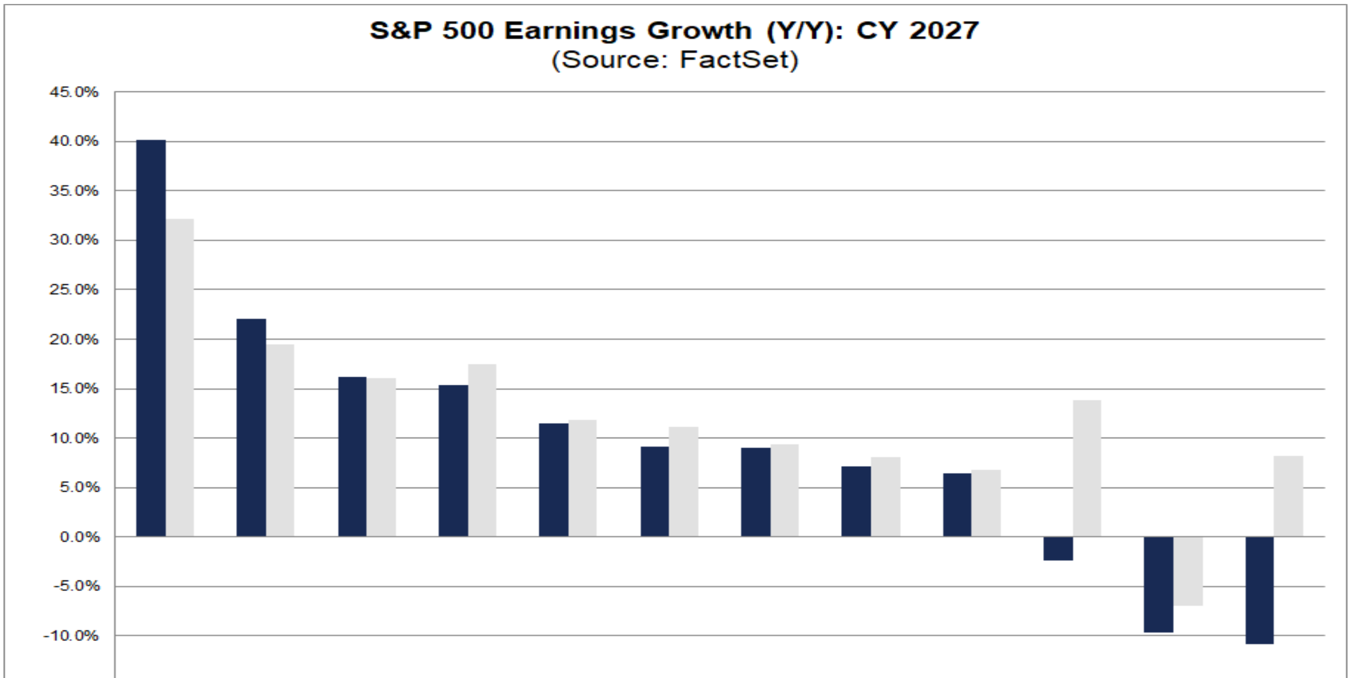


	Energy	Comm. Services	Info. Technology	Materials	Consumer Disc.	S&P 500	Financials	Utilities	Industrials	Real Estate	Consumer Staples	Health Care
Today	90.5%	56.8%	52.3%	36.8%	35.3%	32.0%	14.4%	12.9%	12.3%	10.1%	7.6%	2.5%
30-Jun	64.1%	28.8%	48.1%	38.9%	13.9%	24.0%	9.7%	13.3%	9.6%	9.2%	6.6%	2.8%

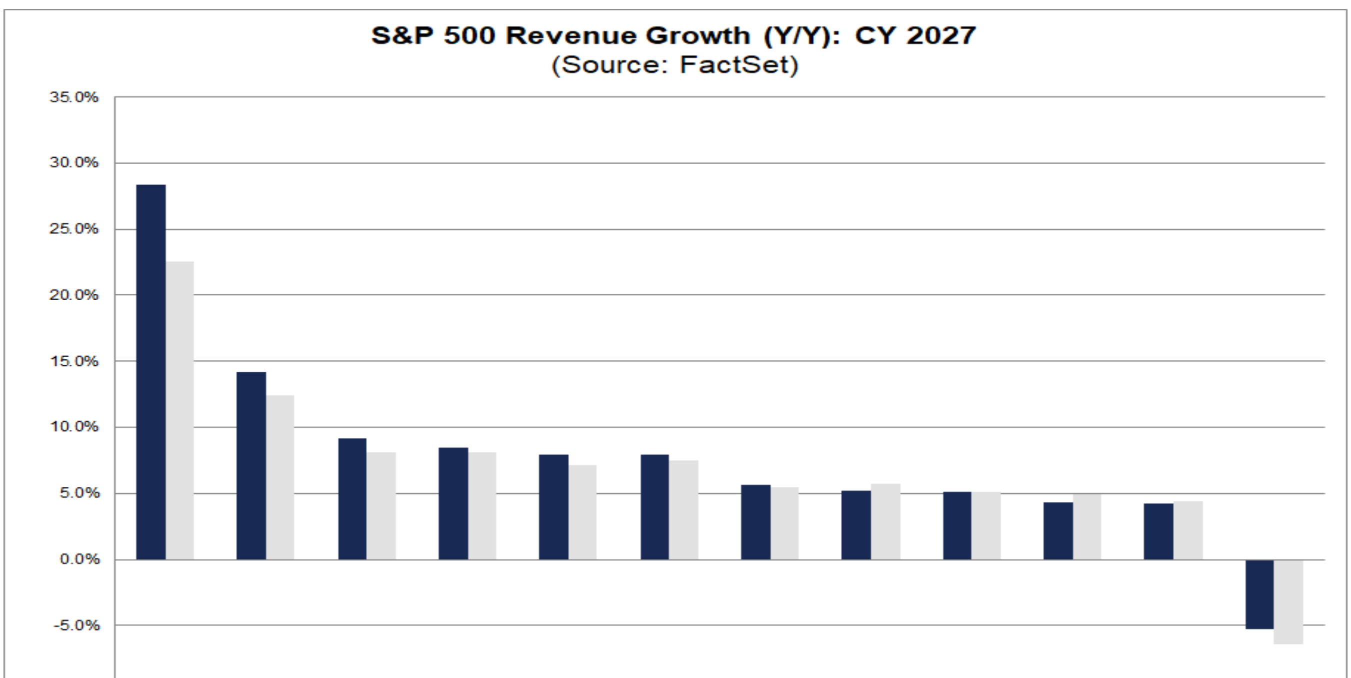


	Info. Technology	Energy	Comm. Services	S&P 500	Real Estate	Materials	Financials	Utilities	Consumer Disc.	Industrials	Consumer Staples	Health Care
Today	33.0%	22.4%	15.1%	12.3%	9.9%	9.1%	9.0%	7.8%	7.7%	7.1%	6.6%	5.9%
30-Jun	29.5%	17.1%	14.2%	10.9%	9.1%	9.6%	7.0%	7.8%	7.4%	6.3%	6.4%	5.2%

CY 2027: Growth

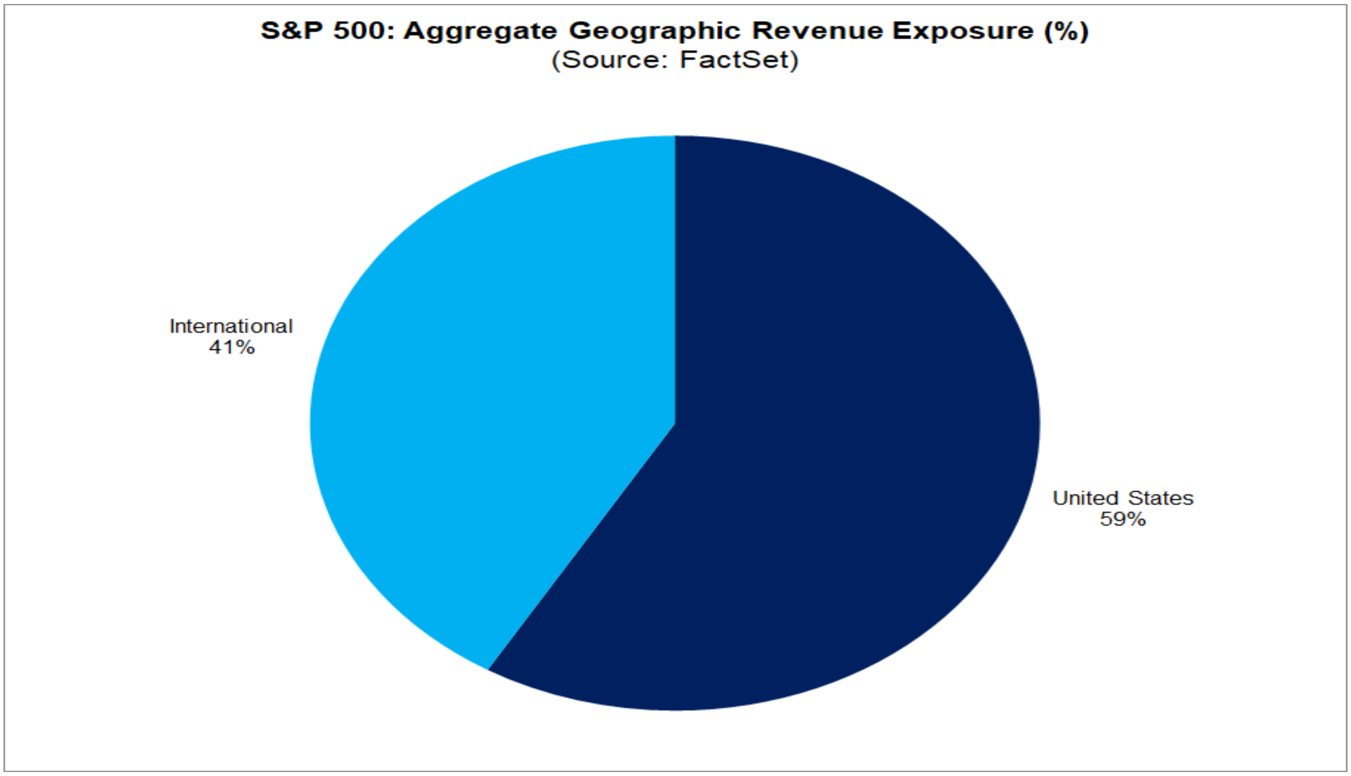


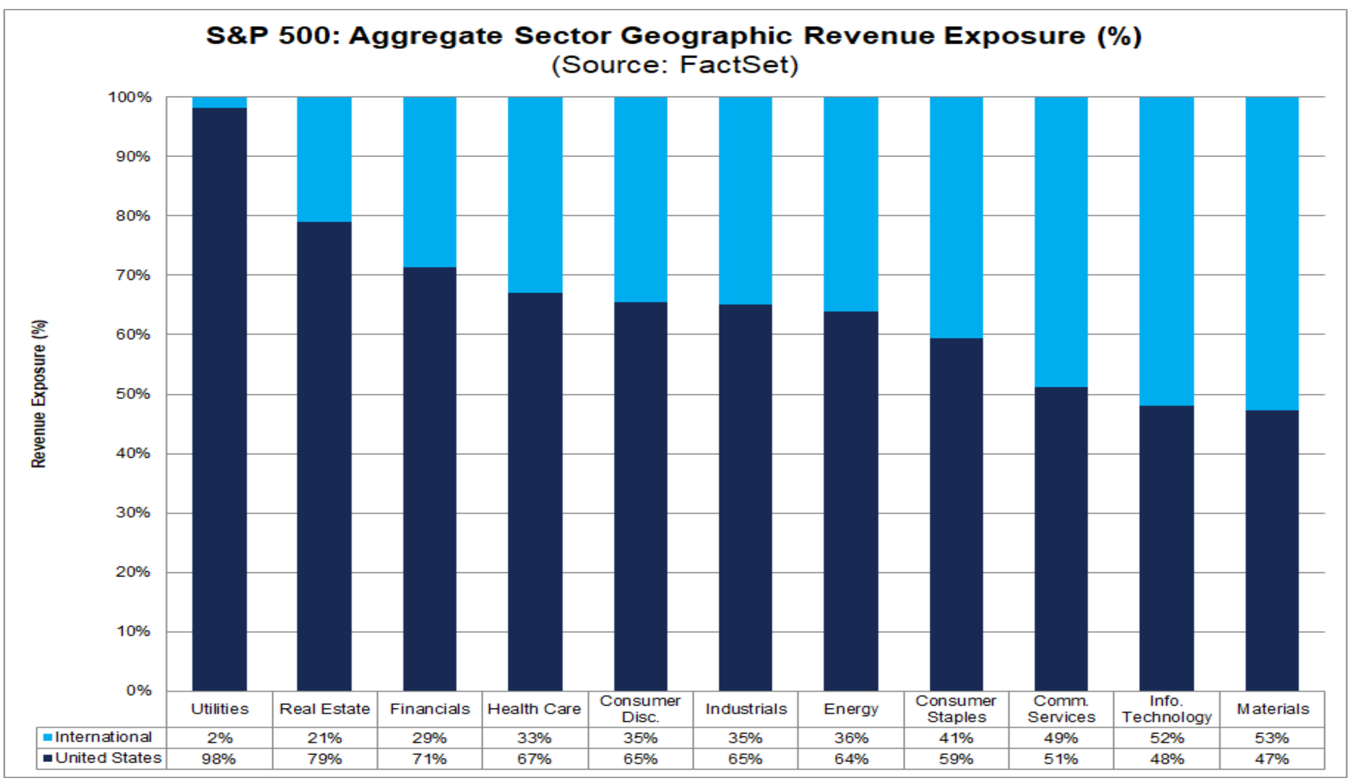
	Info. Technology	Health Care	Industrials	S&P 500	Materials	Financials	Utilities	Consumer Staples	Real Estate	Consumer Disc.	Energy	Comm. Services
Today	40.1%	22.0%	16.2%	15.4%	11.5%	9.1%	9.0%	7.1%	6.5%	-2.3%	-9.6%	-10.9%
30-Jun	32.2%	19.5%	16.0%	17.5%	11.8%	11.1%	9.4%	8.1%	6.8%	13.9%	-7.0%	8.2%



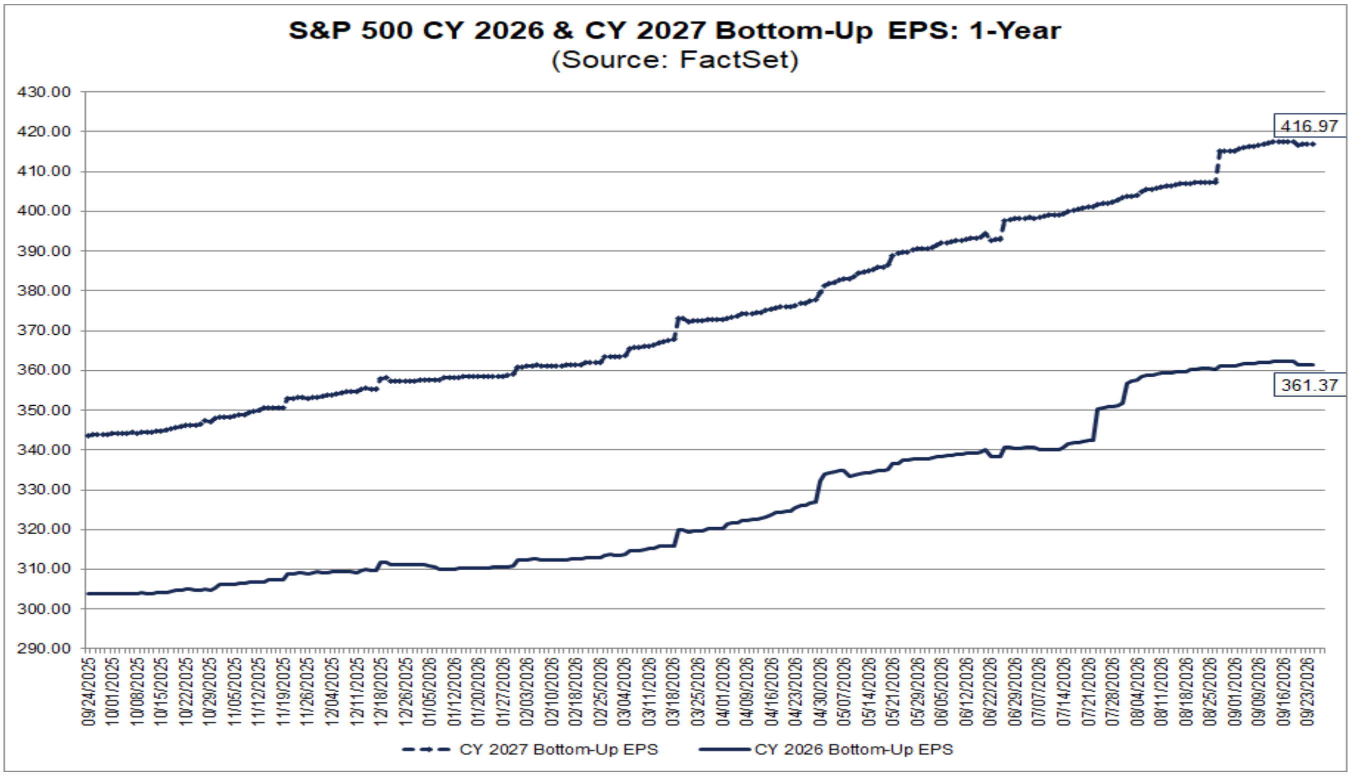
	Info. Technology	Comm. Services	S&P 500	Consumer Disc.	Real Estate	Industrials	Materials	Financials	Utilities	Health Care	Consumer Staples	Energy
Today	28.4%	14.2%	9.2%	8.5%	8.0%	8.0%	5.7%	5.2%	5.1%	4.4%	4.2%	-5.3%
30-Jun	22.6%	12.5%	8.1%	8.1%	7.1%	7.5%	5.5%	5.7%	5.1%	5.0%	4.4%	-6.4%

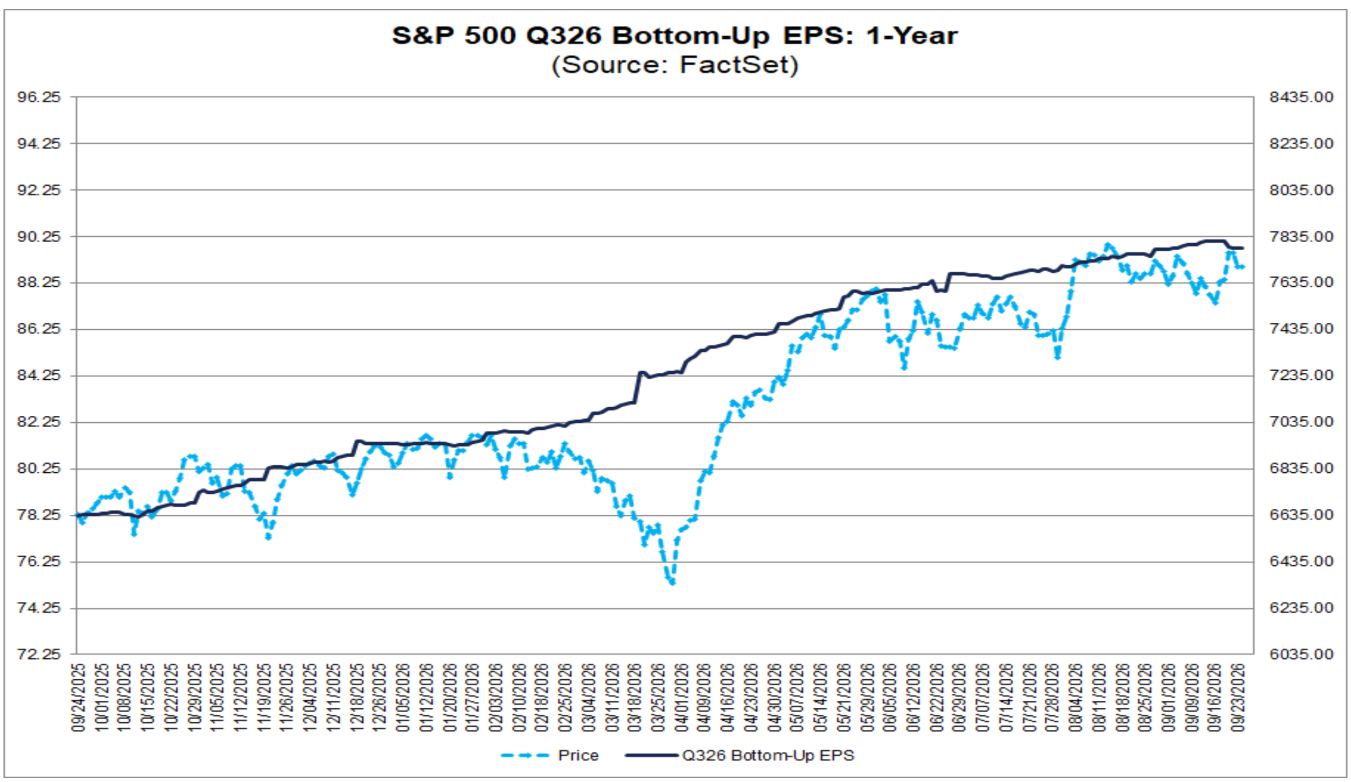
Geographic Revenue Exposure



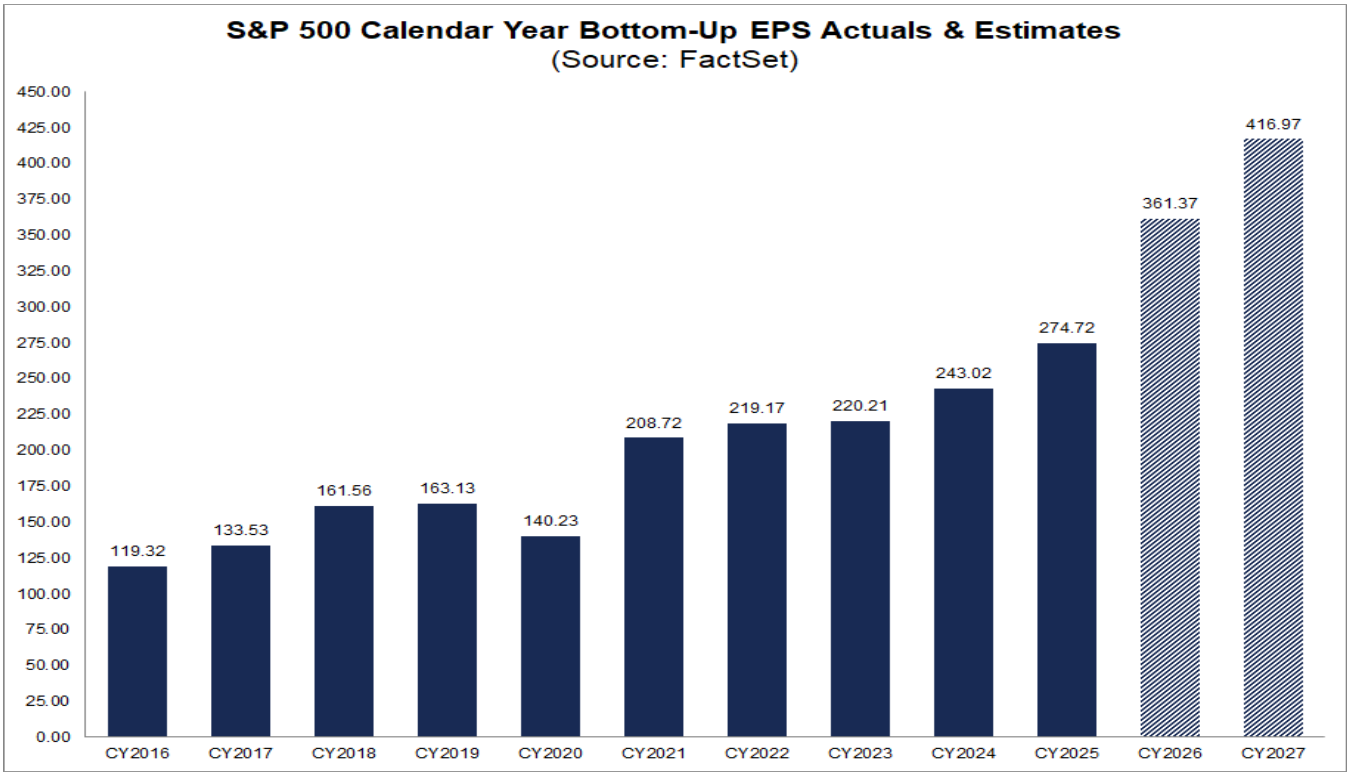


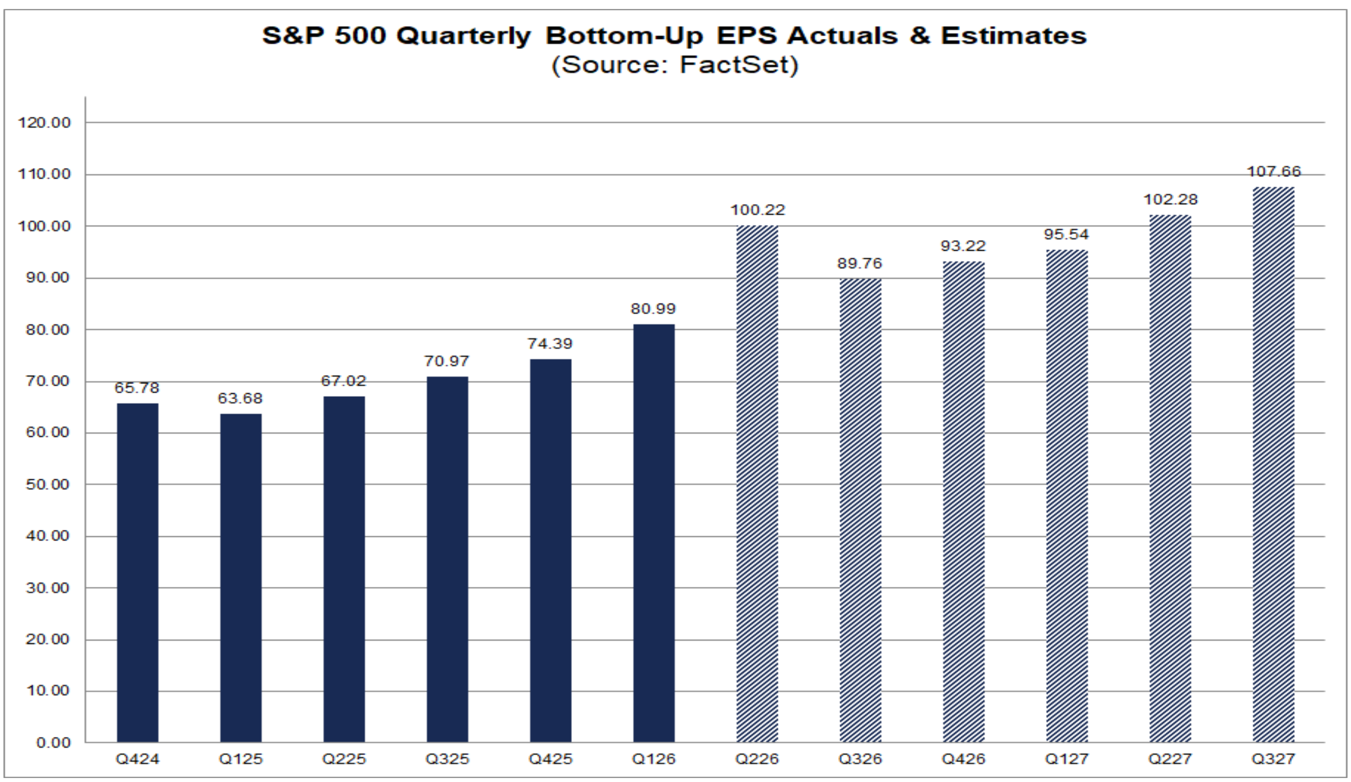
Bottom-Up EPS Estimates





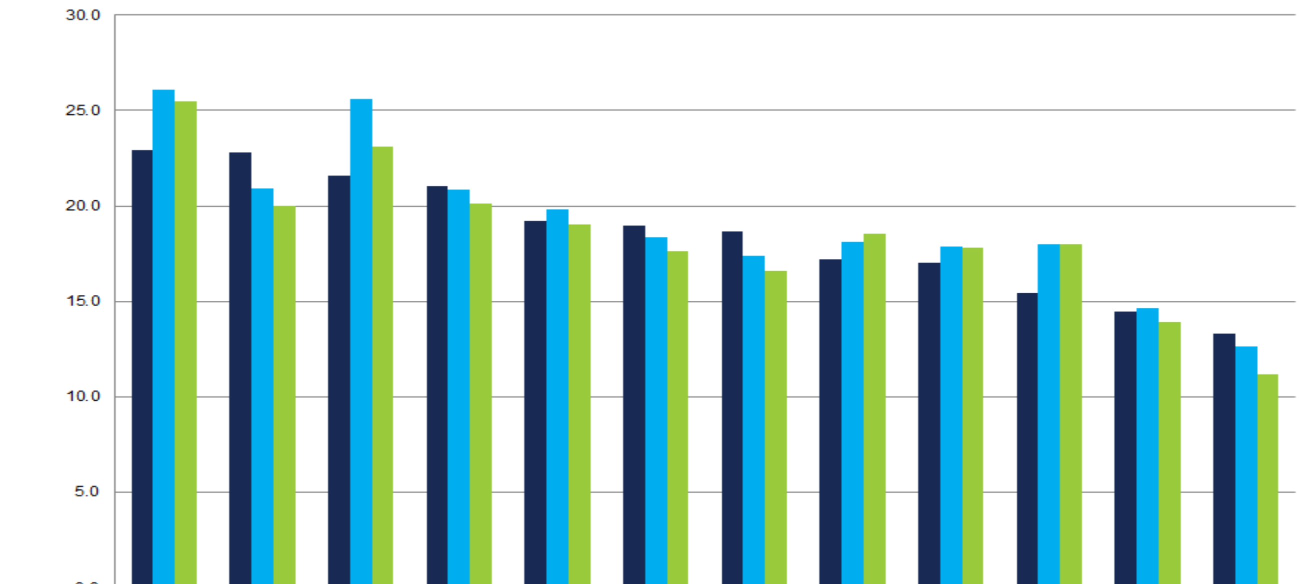
Bottom-Up EPS Estimates: Current & Historical





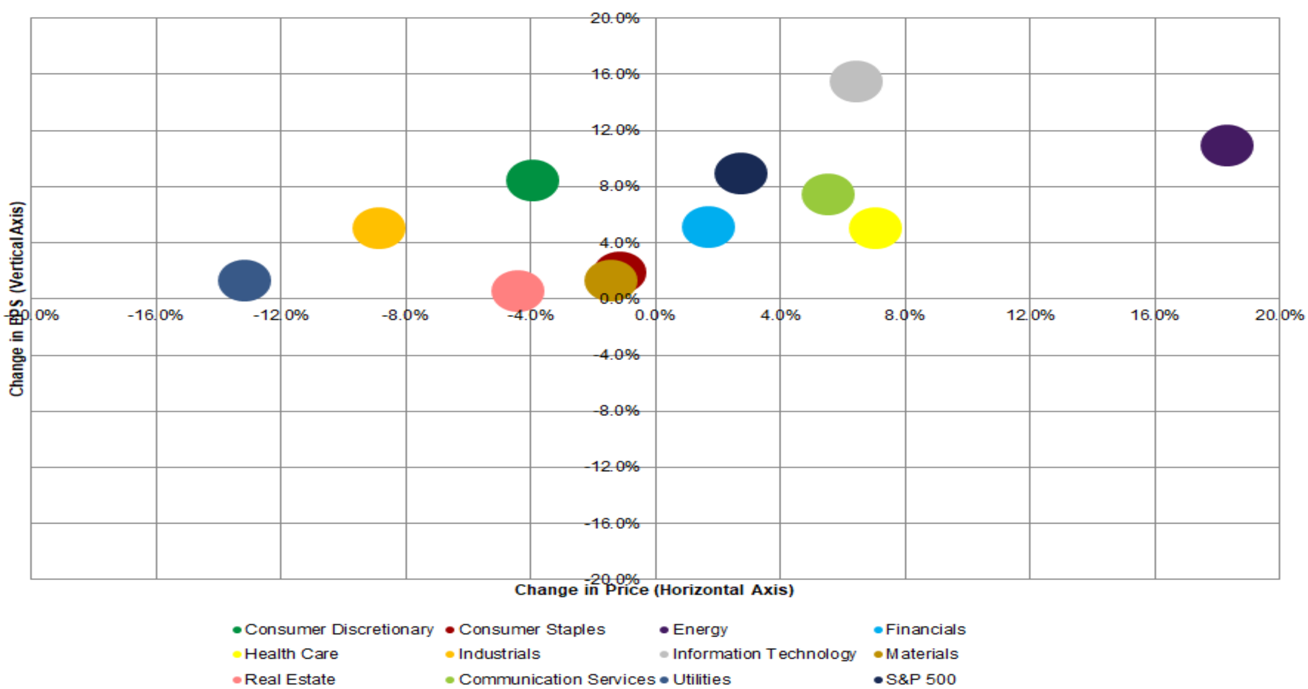
Forward 12M P/E Ratio: Sector Level

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

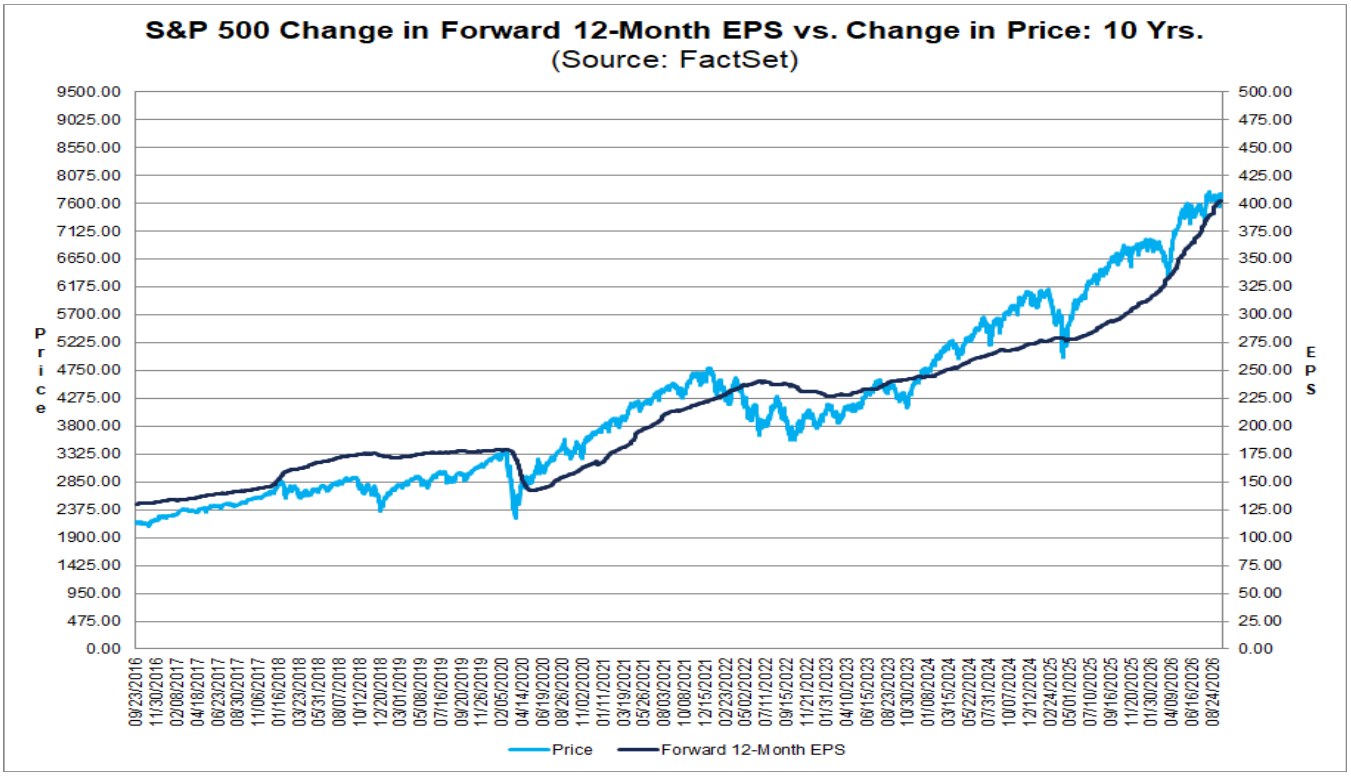


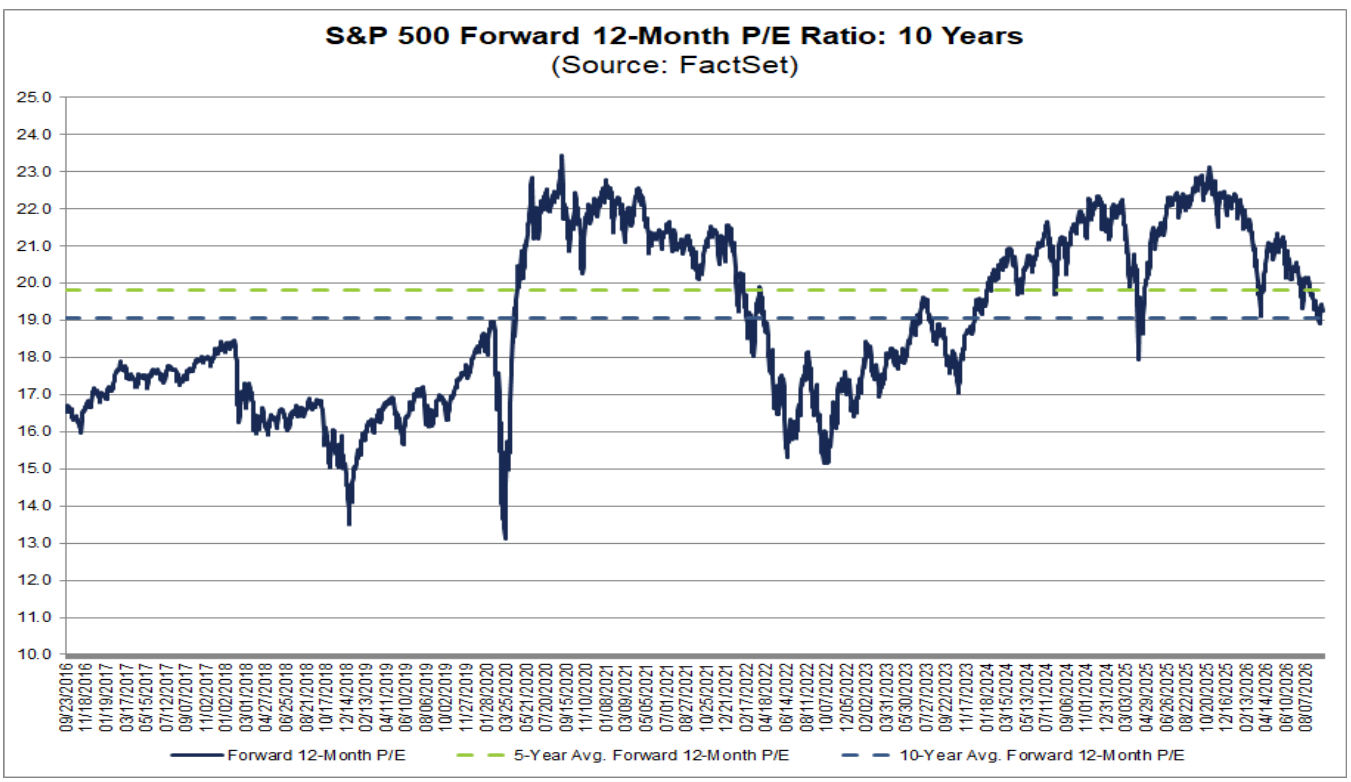
	Consumer Disc.	Industrials	Info. Technology	Consumer Staples	S&P 500	Comm. Services	Health Care	Real Estate	Materials	Utilities	Financials	Energy
Fwd P/E	22.9	22.8	21.6	21.0	19.2	18.9	18.6	17.2	17.0	15.5	14.5	13.3
5-Yr Avg.	26.1	20.9	25.6	20.8	19.8	18.4	17.4	18.1	17.9	18.0	14.6	12.6
10-Yr Avg.	25.5	20.0	23.1	20.1	19.0	17.6	16.6	18.6	17.8	18.0	13.9	11.2

Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Jun 30
(Source: FactSet)

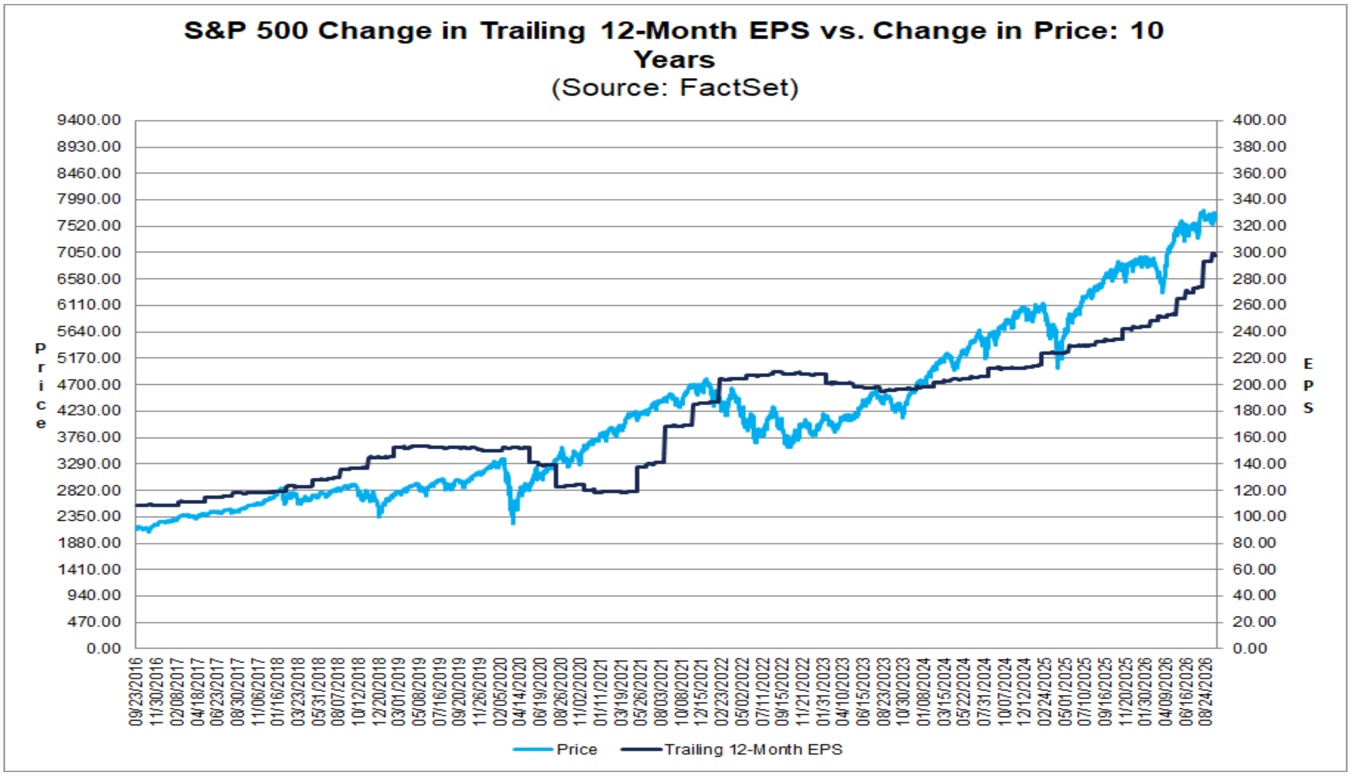


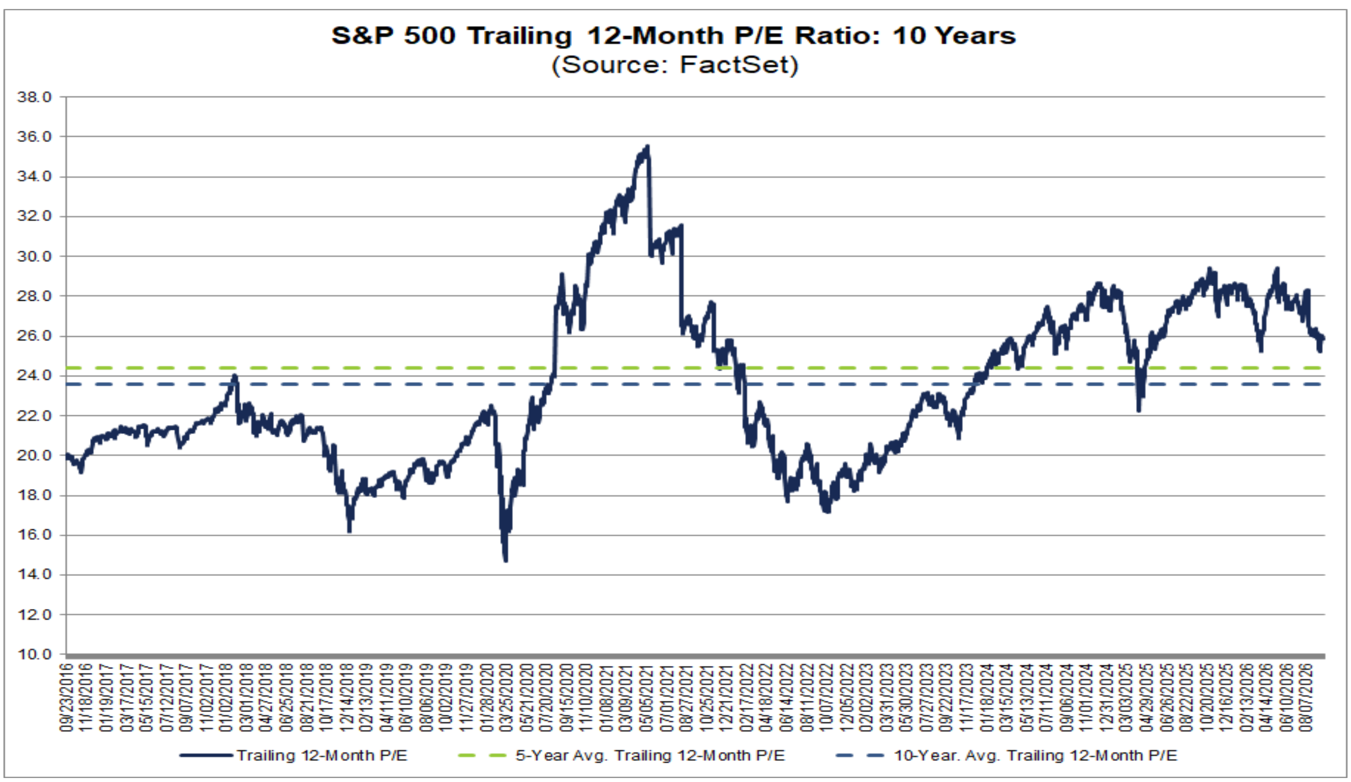
Forward 12M P/E Ratio: 10-Years





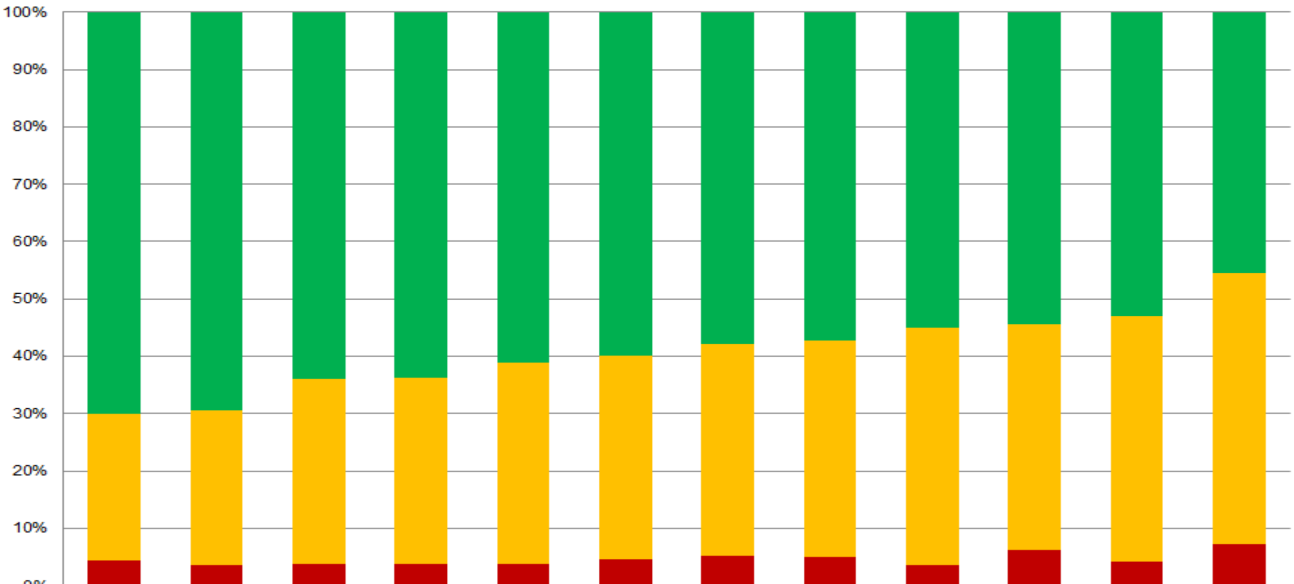
Trailing 12M P/E Ratio: 10-Years





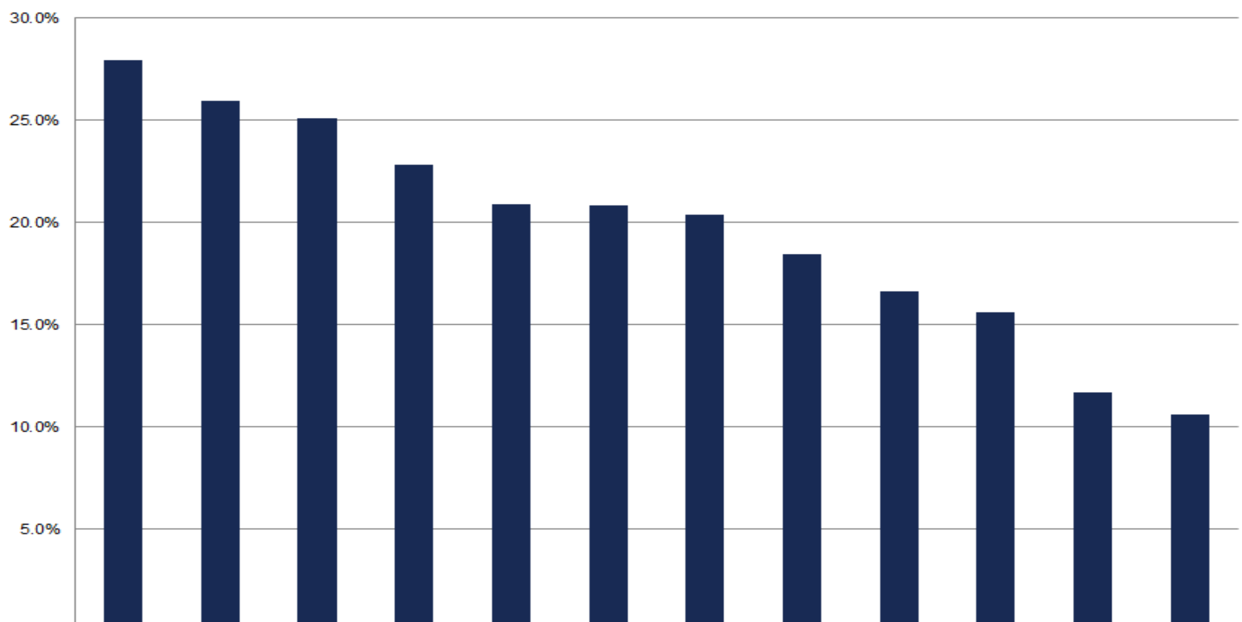
Targets & Ratings

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



	Comm. Services	Info. Tech.	Materials	Energy	Health Care	S&P 500	Industrials	Consumer Disc.	Real Estate	Financials	Utilities	Consumer Staples
Buy	70%	70%	64%	64%	61%	60%	58%	57%	55%	54%	53%	45%
Hold	26%	27%	32%	32%	35%	35%	37%	38%	41%	39%	43%	47%
Sell	4%	4%	4%	4%	4%	5%	5%	5%	4%	6%	4%	7%

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



	Utilities	Consumer Disc.	Industrials	Info. Tech.	Materials	Real Estate	S&P 500	Comm. Services	Financials	Consumer Staples	Health Care	Energy
Target/Close	28.0%	26.0%	25.1%	22.8%	20.9%	20.8%	20.4%	18.4%	16.6%	15.6%	11.7%	10.6%

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