

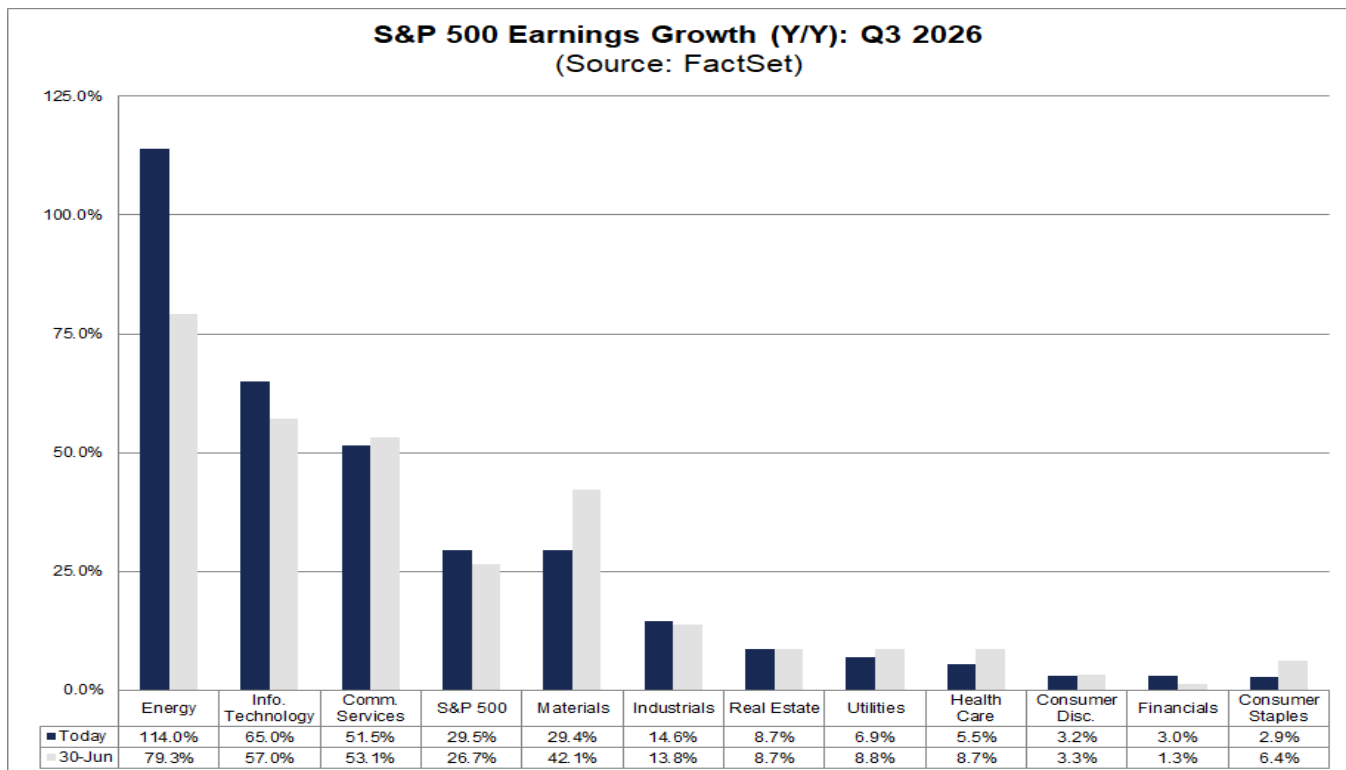
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## Key Metrics

- **Earnings Growth:** For Q3 2026, the estimated (year-over-year) earnings growth rate for the S&P 500 is 29.5%. If 29.5% 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 19.0. This P/E ratio is below the 5-year average (19.8) and below the 10-year average (19.1).
- **Earnings Scorecard:** For Q3 2026 (with 16 S&P 500 companies reporting actual results), 14 S&P 500 companies have reported a positive EPS surprise and 12 S&P 500 companies has reported a positive revenue surprise.



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## Topic of the Week: 1

### Record-High Number of S&P 500 Companies Issuing Positive EPS Guidance for Q3

Overall, 116 S&P 500 companies have issued quarterly EPS guidance for the third quarter. Of these companies, 44 have issued negative EPS guidance and 72 have issued positive EPS guidance.

The number of companies issuing negative EPS guidance is below the 5-year average of 62 and below the 10-year average of 57. This quarter marks the lowest number of S&P 500 companies issuing negative EPS guidance for a quarter since Q3 2021 (39).

On the other hand, the number of companies issuing positive EPS guidance for the third quarter is above the 5-year average of 42 and above the 10-year average of 40.

In fact, this quarter marks the highest number of S&P 500 companies issuing positive EPS guidance for a quarter since FactSet began tracking this metric in 2006. The previous record was 65, which occurred in Q2 2021.

As a result, the percentage of companies issuing positive EPS guidance is 62% (72 out of 116), which is above the 5-year average of 40% and above the 10-year average of 41%. This quarter marks the highest percentage of S&P 500 companies issuing positive EPS guidance for a quarter since Q2 2021 (71%).

What is driving the higher number of S&P 500 companies issuing positive EPS guidance? At the sector level, the Information Technology sector has the highest number of companies issuing positive EPS guidance of all 11 sectors at 44. This number is well above the 5-year average of 23.6 and well above the 10-year average of 20.4 for the sector.

In fact, the third quarter ties the previous quarter (Q2 2026) for the highest number of companies in the Information Technology sector issuing positive EPS guidance for a quarter since FactSet began tracking this metric in 2006.

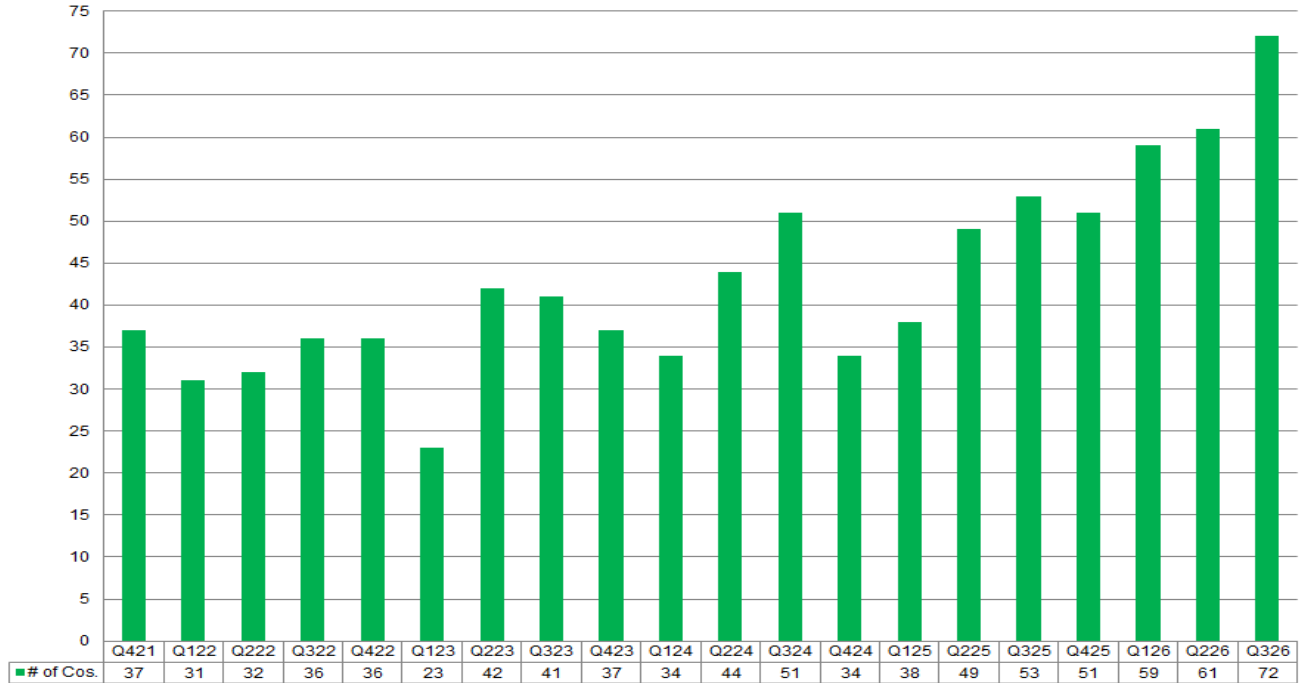
At the industry level, the Software (12) and Semiconductors & Semiconductor Equipment (11) industries have the highest number of companies issuing positive EPS guidance within the Information Technology sector.

It is interesting to note that the Information Technology also recorded the second-largest increase (+3.5%) of all 11 sectors in its bottom-up EPS estimate for Q3 2026 during the quarter. For more details, please see pages 7 through 9.

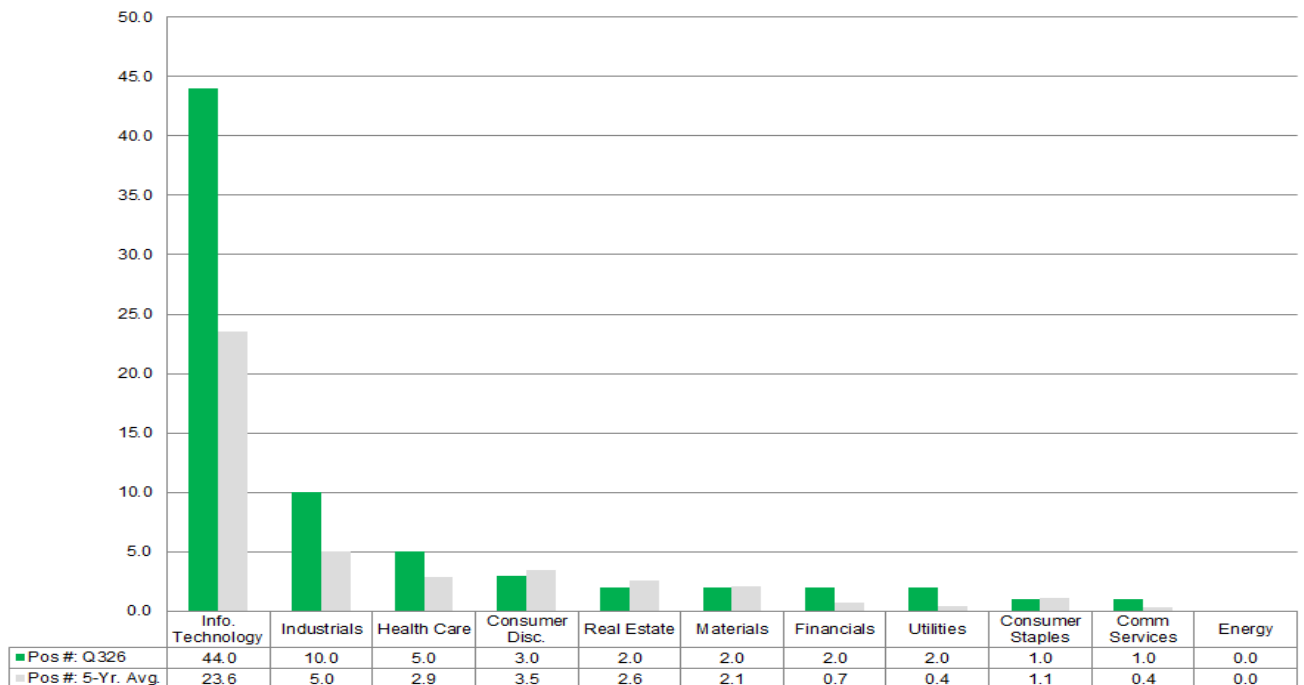
Thus, both companies and analysts have been more optimistic than normal in their earnings outlooks for this sector. The Information Technology sector is expected to report the second-highest earnings growth rate of all eleven sectors for Q3 2026 at 65.0%.

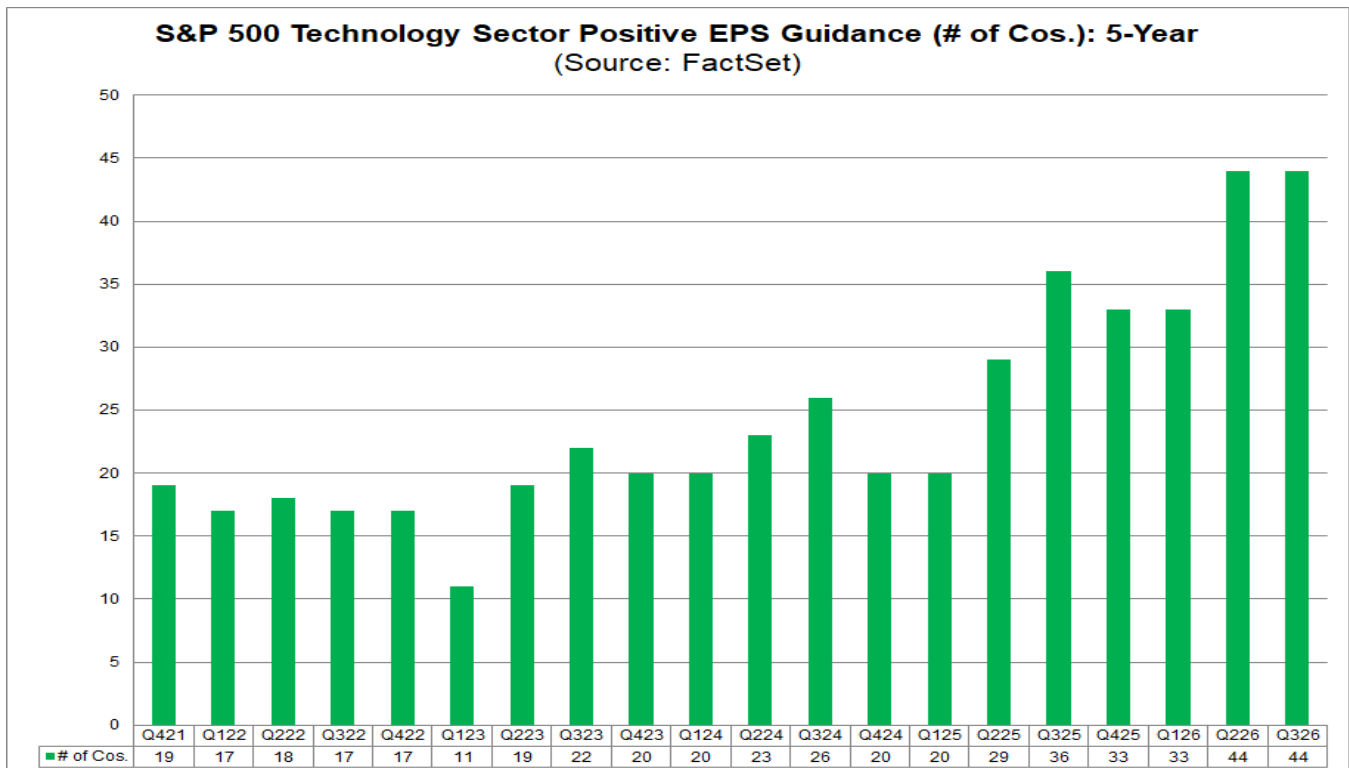
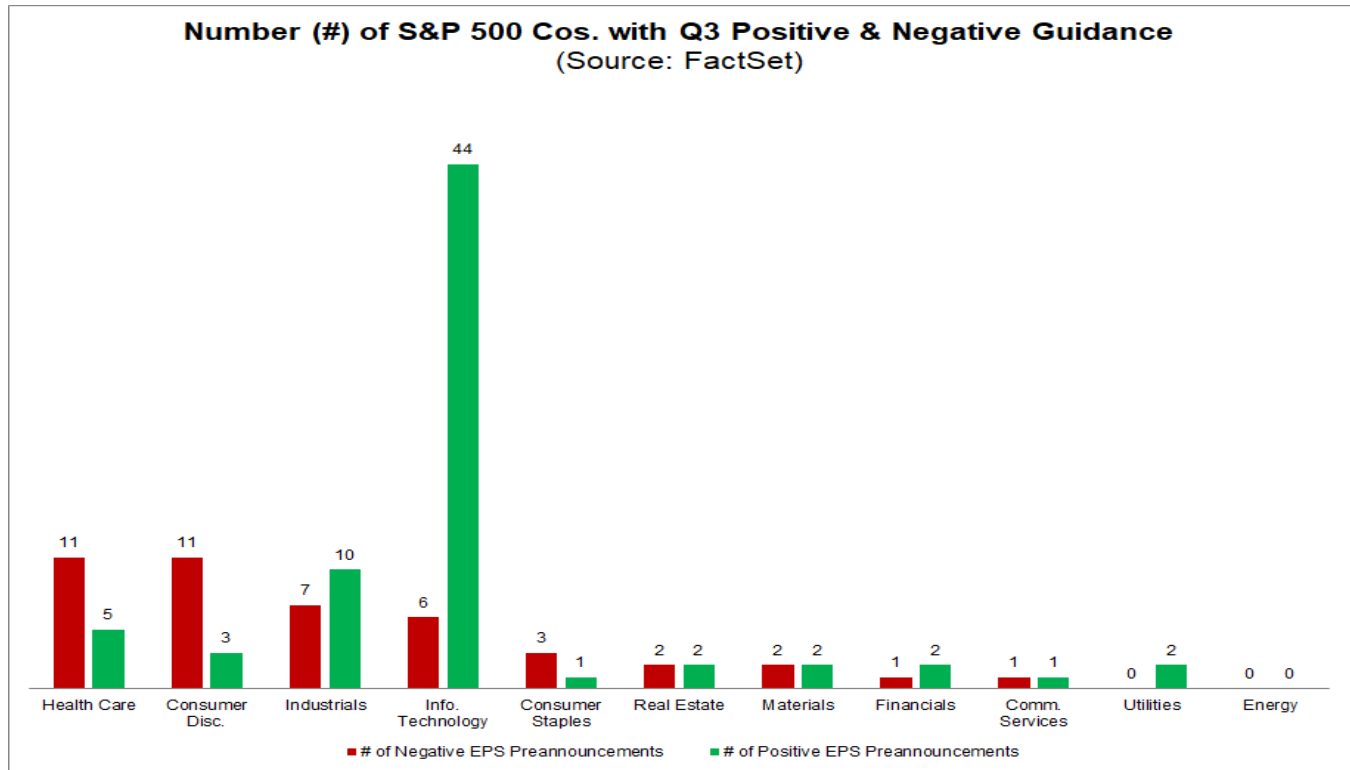
The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range of estimates) provided by a company is lower than the mean EPS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

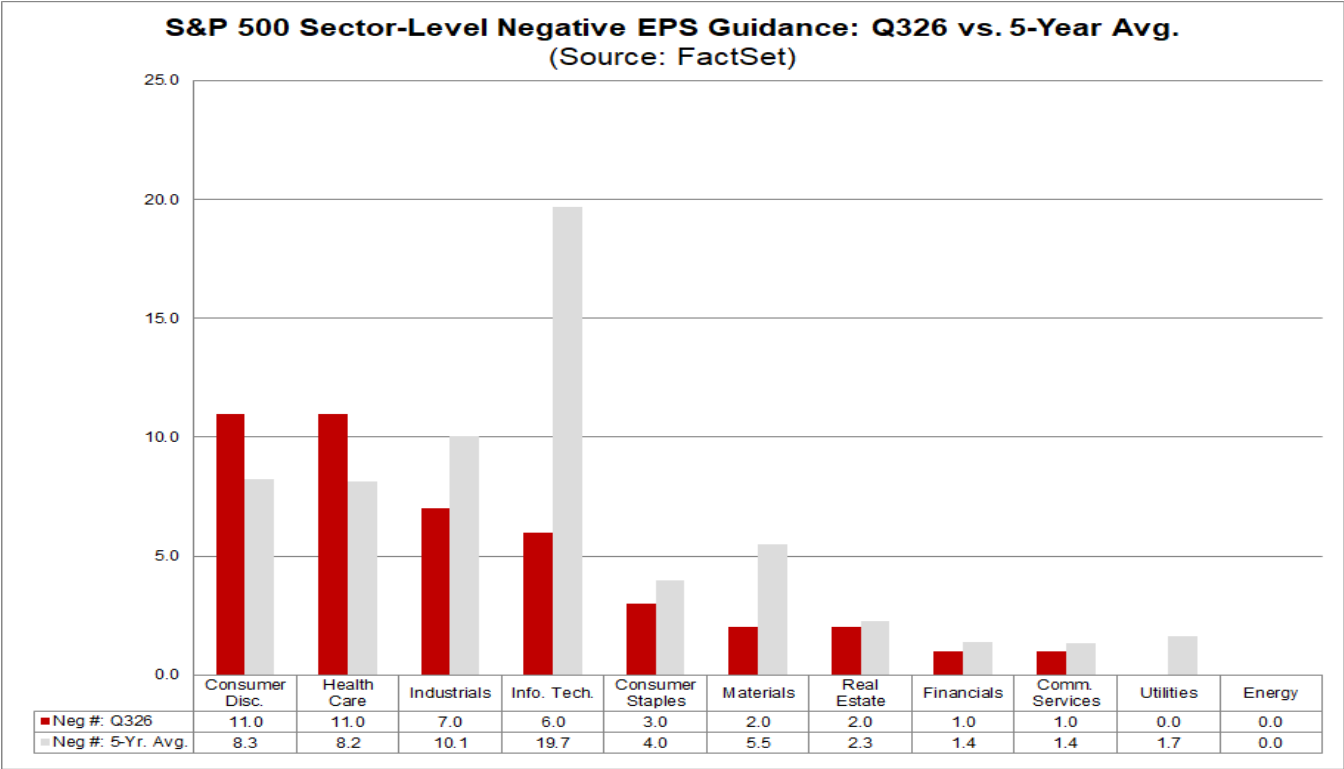
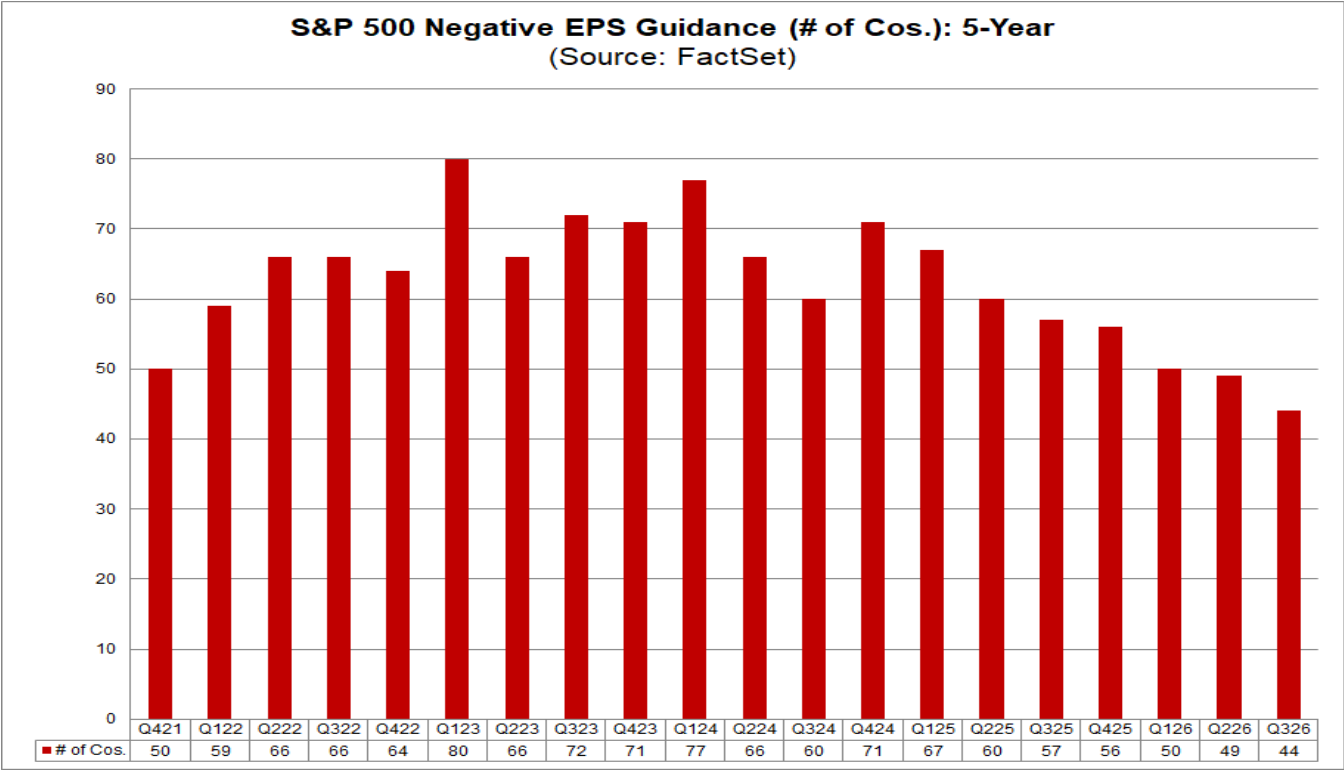
**S&P 500 Positive EPS Guidance (# of Cos.): 5-Year**  
(Source: FactSet)



**S&P 500 Sector-Level Positive EPS Guidance: Q326 vs. 5-Year Avg.**  
(Source: FactSet)







## Topic of the Week: 2

Analysts Increased EPS Estimates for S&P 500 Companies for 2<sup>nd</sup> Straight Quarter

Given concerns in the market about higher oil and gas prices, did analysts lower EPS estimates more than normal for S&P 500 companies for the third quarter?

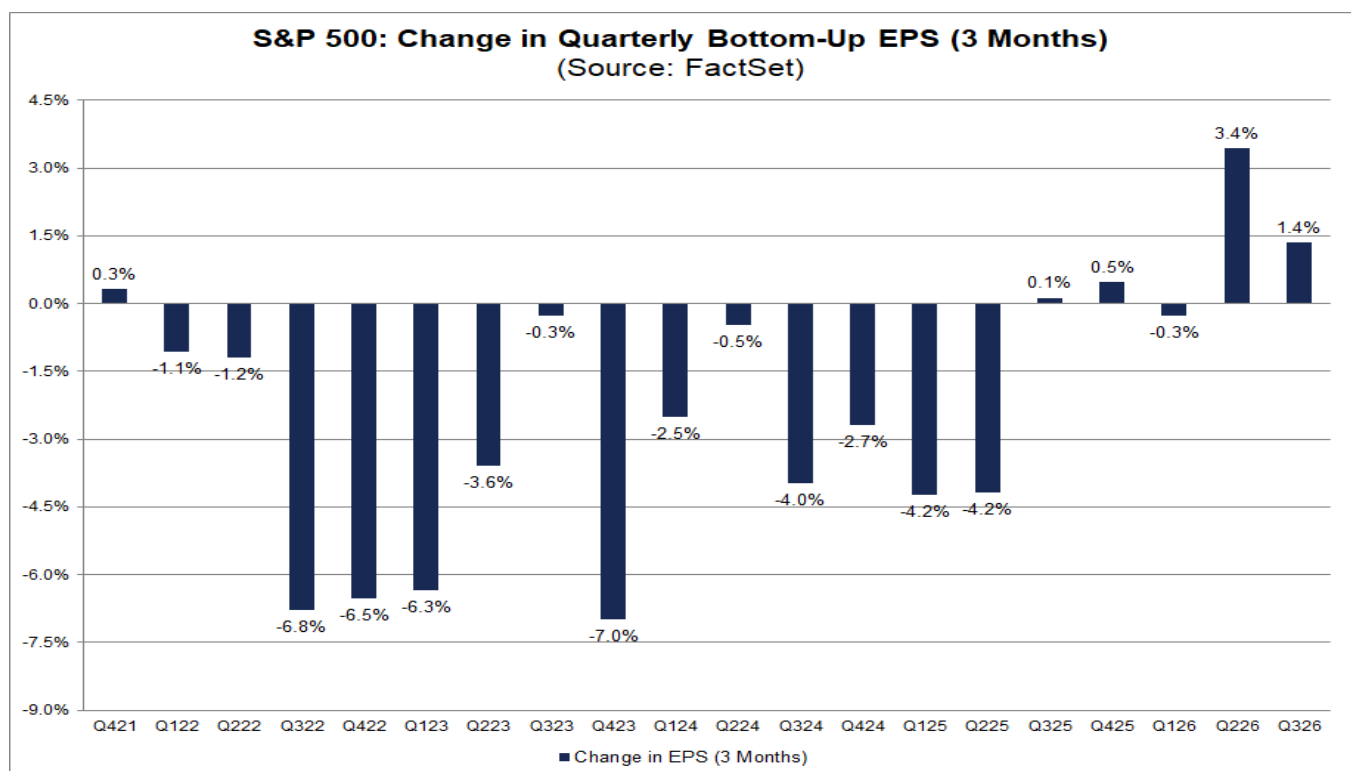
The answer is no. During the third quarter, analysts increased EPS estimates in aggregate for the quarter. The Q3 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q3 for all the companies in the index) increased by 1.4% (to \$89.84 from \$88.64) from June 30 to September 30.

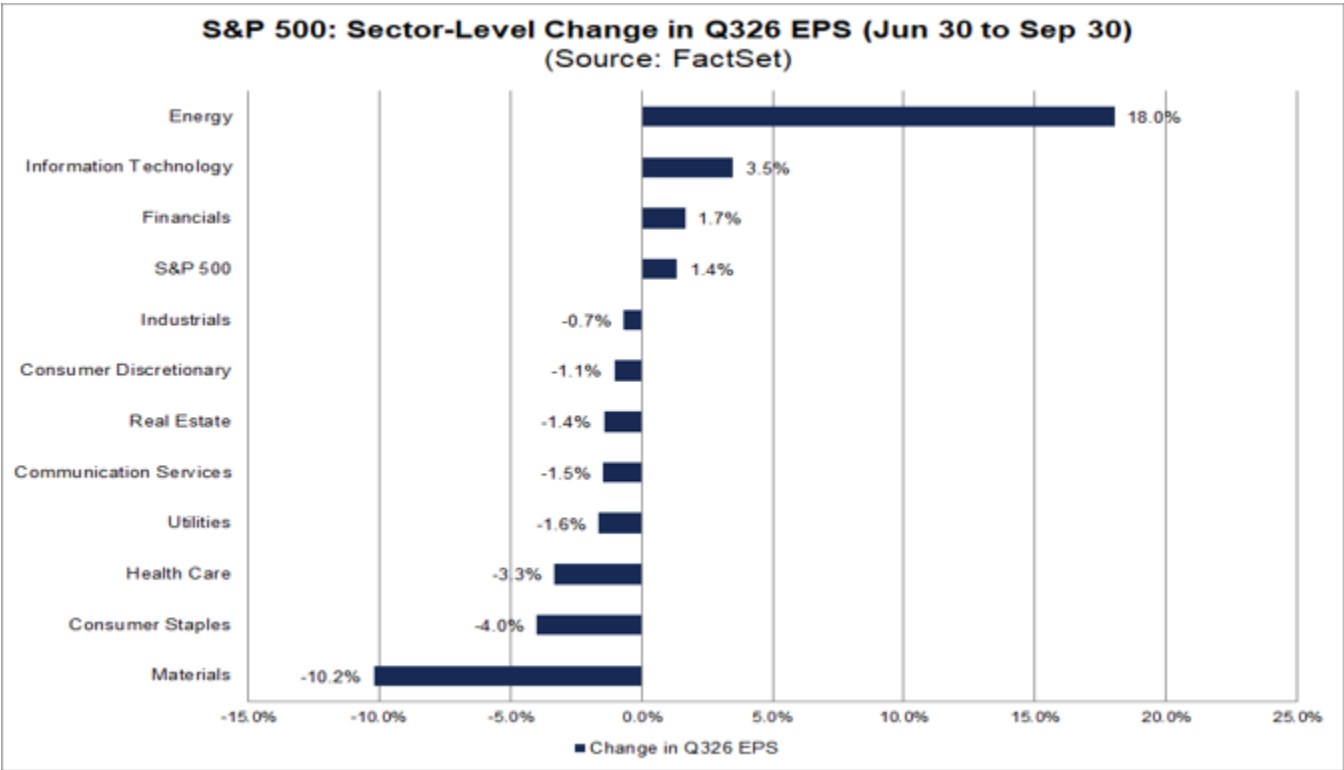
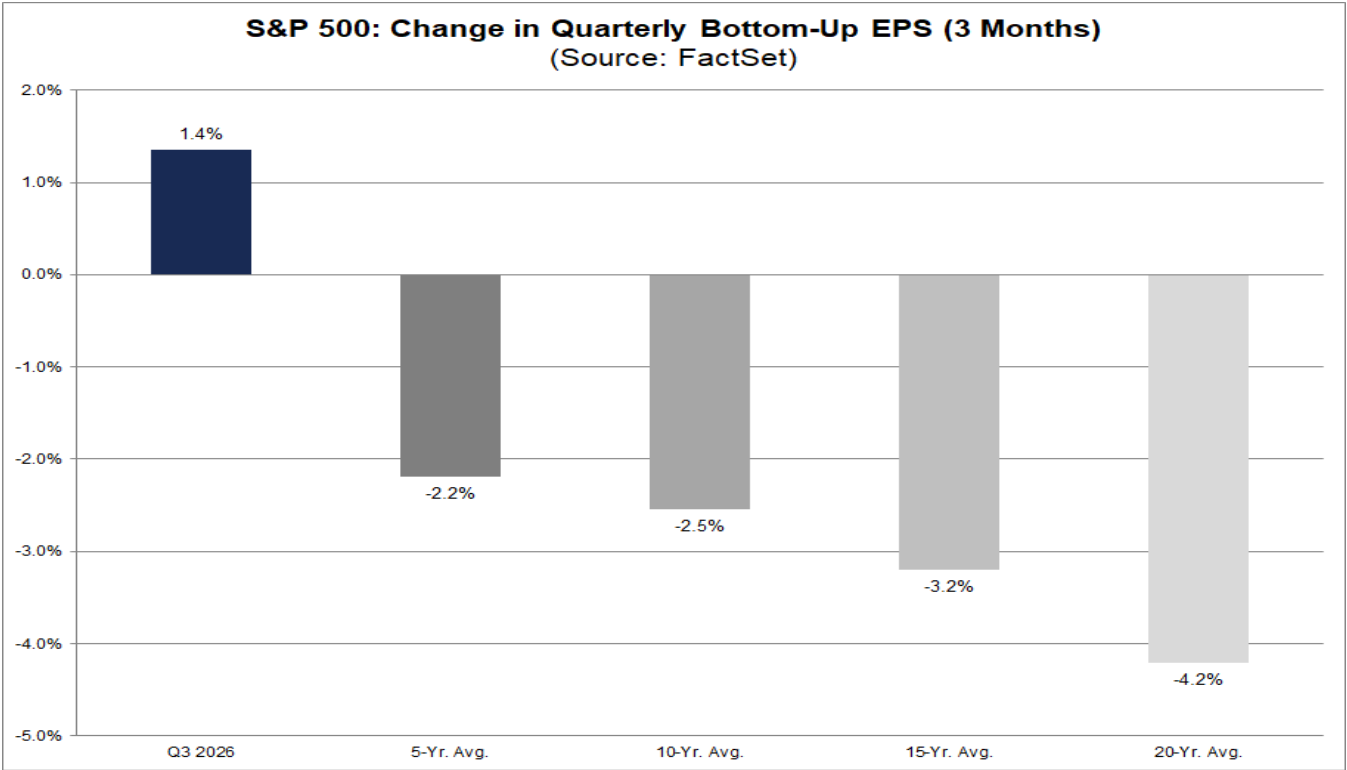
In a typical quarter, analysts usually reduce earnings estimates during the quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 2.2%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during quarter has been 2.5%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 3.2%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 4.2%.

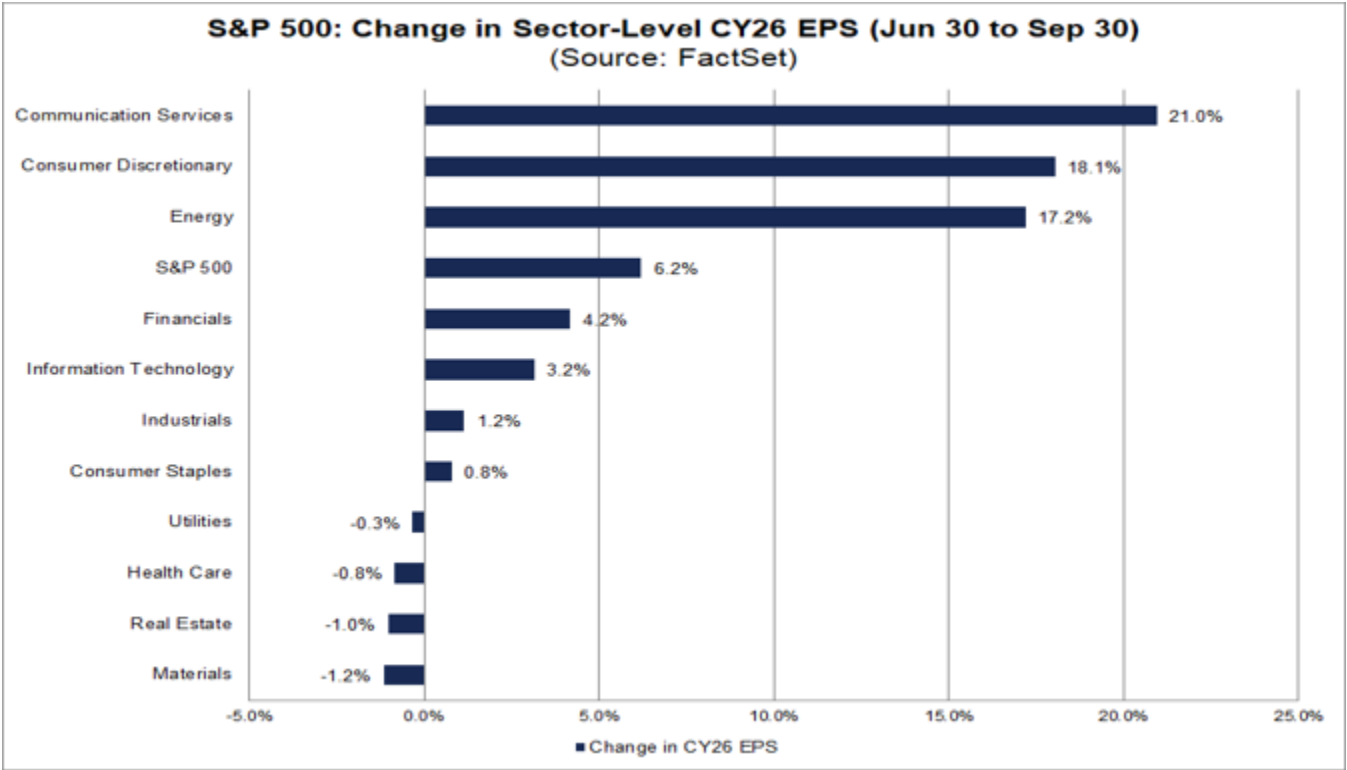
The third quarter marked the second-straight quarter that the bottom-up EPS estimate has increased during the quarter.

At the sector level, three sectors witnessed an increase in their bottom-up EPS estimate for Q3 2026 from June 30 to September 30, led by the Energy (+18.0%) and Information Technology (+3.5%) sectors. On the other hand, eight sectors recorded a decrease in their bottom-up EPS estimate for Q3 2026 during this period, led by the Materials (-10.2), Consumer Staples (-4.0%), and Health Care (-3.3%) sectors.

It is interesting to note that analysts also increased earnings estimates for 2026 over the past three months. From June 30 through September 30, the CY 2026 bottom-up EPS estimate increased by 6.2% (to \$361.66 from \$340.49). Seven sectors recorded an increase in their bottom-up EPS estimate for CY 2026 during this period, led by the Communication Services (+21.0%), Consumer Discretionary (+18.1%), and Energy (+17.2%) sectors.







## Q3 Earnings Season: By The Numbers

### Overview

Heading into the start of the earnings season, 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 increased earnings estimates for Q3 2026 during the quarter. On a per-share basis, estimated earnings for the third quarter increased by 1.4% from June 30 to September 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 42 and well above the 10-year average of 40. 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 40% and well above the 10-year average of 41%.

Due to the upward revisions to earnings estimates by analysts and the positive EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for 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 29.5%, compared to the estimated (year-over-year) earnings growth rate of 26.7% on June 30.

If 29.5% 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 12.3%, compared to the expectations for revenue growth of 10.9% on June 30.

If 12.3% 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 27.6%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 32.4%.

The forward 12-month P/E ratio is 19.0 (based on Wednesday's closing price and forward EPS), which is below the 5-year average (19.8) and below the 10-year average (19.1). 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, 4 S&P 500 companies are scheduled to report results for the third quarter.

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

### 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 to 29.5% from 29.2%. The positive EPS surprise reported by Micron Technology (\$33.42 vs \$31.77) was the largest contributor to the 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 29.5% today is above the estimate of 26.7% at the start of the quarter (June 30), as estimated earnings for the index of \$800.8 billion today are 2.2% above the estimate of \$783.4 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 +19.4% (to \$56.1 billion from \$47.0 billion). Rising oil prices are contributing to the increase in earnings for this sector, as the price of oil increased by 30% from June 30 to September 30 (to \$90.42 from \$69.50). As a result, the estimated (year-over-year) earnings growth rate for the sector has increased to 114.0% 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 +18.7%. 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, 4 have recorded an increase in their mean EPS estimate of more than 10%: Marathon Petroleum (to \$23.06 from \$10.43), Valero Energy (to \$18.88 from \$9.66), Phillips 66 (to \$10.99 from \$6.38), and Exxon Mobil (to \$3.71 from \$3.36). These four companies, followed by Chevron (to \$4.68 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 and Micron Technology Lead 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 +5.1% (to \$259.5 billion from \$247.0 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 65.0% today from 57.0% on June 30. This sector has also recorded the second-largest increase in price of all 11 sectors since June 30 at +7.9%. Overall, 61 of the 74 companies (82%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 61 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), Micron Technology (to \$33.42 from \$31.06), 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 +1.6% (to \$123.3 billion from \$121.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 3.0% today from 1.3% on June 30. Despite the increase in earnings, this sector has recorded a decrease in price of 0.3% 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%: Robinhood Markets (to \$0.54 from \$0.46), Progressive (to \$4.19 from \$3.65), and Allstate (to \$6.51 from \$5.84). However, JPMorgan Chase (to \$5.90 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 -9.0% (to \$16.6 billion from \$18.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 29.4% today from 42.1% on June 30. This sector has recorded a decrease in price of 3.6% 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 -\$0.06 from -\$0.04). Dow and Newmont (to \$2.15 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 2.7% since June 30. Overall, 22 of the 33 companies (67%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 22 companies, 5 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), Kimberly-Clark (to \$1.61 from \$1.80), and Clorox (to \$1.09 from \$1.22). 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 -3.0% (to \$78.3 billion from \$80.7 billion). As a result, the estimated (year-over-year) earnings growth rate for the sector has decreased to 5.5% today from 8.7% on June 30. Despite the decrease in earnings, this sector has recorded the third-largest increase in price of all 11 sectors since June 30 at +4.7%. Overall, 39 of the 60 companies (65%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 39 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 -\$3.16 from \$2.01), Biogen (to \$2.03 from \$3.95), Zoetis (to \$1.52 from \$1.85), and Pfizer (to \$0.76 from \$0.85). Incyte Corporation, Johnson & Johnson (to \$2.78 from \$3.02), and Pfizer have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since June 30.

**Index-Level EPS Estimate: 1.4% Increase During Q3**

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) increased by 1.4% (to \$89.84 from \$88.64) from June 30 to September 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 Record High

### **Quarterly Guidance: # of Cos. Issuing Positive EPS Guidance for Q3 is Record High**

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 42 and well above the 10-year average of 40. 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 40% and well above the 10-year average of 41%.

In fact, this quarter marks the highest number of S&P 500 companies issuing positive EPS guidance for a quarter since FactSet began tracking this metric in 2006. The previous record was 65, which occurred in Q2 2021.

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, 270 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 270 companies, 100 have issued negative EPS guidance and 170 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 37% (100 out of 270).

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

### **Earnings Growth: 29.5%**

The estimated (year-over-year) earnings growth rate for Q3 2026 is 29.5%, which is above the 5-year average earnings growth rate of 13.3% and above the 10-year average earnings growth rate of 12.6%. If 29.5% is the actual growth rate for the quarter, it will mark the 3<sup>rd</sup> consecutive quarter of year-over-year earnings growth above 25% and the 8<sup>th</sup> 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 114.0%. 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 (\$85.68) was 32% 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 (431%), Integrated Oil & Gas (112%), Oil & Gas Exploration & Production (55%), 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 65.0%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (130%), Technology Hardware, Storage, & Peripherals (39%), Electronic Equipment, Instruments, & Components (39%), Communication Services (38%), Software (14%), and IT Services (5%).

The Semiconductors & Semiconductor Equipment industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 24.4% from 65.0%.

**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 51.5%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Media (\$4.66 billion vs. -\$3.93 billion), Entertainment (44%), Interactive Media & Services (44%), 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 12.0% from 51.5%.

**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 29.2%. At the industry level, all 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (49%), Containers & Packaging (45%), Chemicals (23%), and Construction Materials (5%).

**Revenue Growth: 12.3%**

The estimated (year-over-year) revenue growth rate for Q3 2026 is 12.3%, 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 12.3% 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 40.5%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (82%), Technology Hardware, Storage, & Peripherals (36%), Communication Equipment (25%), Electronic Equipment, Instruments, & Components (24%), Software (18%), and IT Services (4%).

**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 21.4%. 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 (\$85.68) was 32% 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 (27%), Integrated Oil & Gas (24%), Oil & Gas Exploration & Production (16%), Oil & Gas Storage & Transportation (14%), and Oil & Gas Equipment & Services (5%).

**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 15.4%. 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 12.6%.

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 (32.3% 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 (32.3% vs. 25.9%) and Energy (14.3% vs. 10.1%) 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. 35.2%) and Health Care (8.0% vs. 8.7%). 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 29.5% and year-over-year growth in revenues of 12.3%.

For Q4 2026, analysts are projecting earnings growth of 27.6% and revenue growth of 12.2%.

For CY 2026, analysts are projecting earnings growth of 32.4% and revenue growth of 12.4%.

For Q1 2027, analysts are projecting earnings growth of 19.1% and revenue growth of 11.1%.

For Q2 2027, analysts are projecting earnings growth of 2.3% and revenue growth of 7.3%.

For CY 2027, analysts are projecting earnings growth of 15.8% and revenue growth of 9.3%.

### Valuation: Forward P/E Ratio is 19.0, Below the 10-Year Average (19.1)

The forward 12-month P/E ratio for the S&P 500 is 19.0 (based on Wednesday's closing price and forward EPS). This P/E ratio is below the 5-year average of 19.8 and below the 10-year average of 19.1. It is also below the forward 12-month P/E ratio of 20.4 recorded at the end of the second quarter (June 30). From the end of the second quarter (June 30) through September 30, the price of the index has increased by 2.0% while the forward 12-month EPS estimate has increased by 9.3%. At the sector level, the Consumer Discretionary (22.6) and Industrials (22.5) sectors have the highest forward 12-month P/E ratios, while the Energy (13.0) and Financials (14.1) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 25.7 (based on Wednesday's closing price and trailing EPS), which is above the 5-year average of 24.4 and above the 10-year average of 23.6.

### Targets & Ratings: Analysts Project 21% Increase in Price Over Next 12 Months

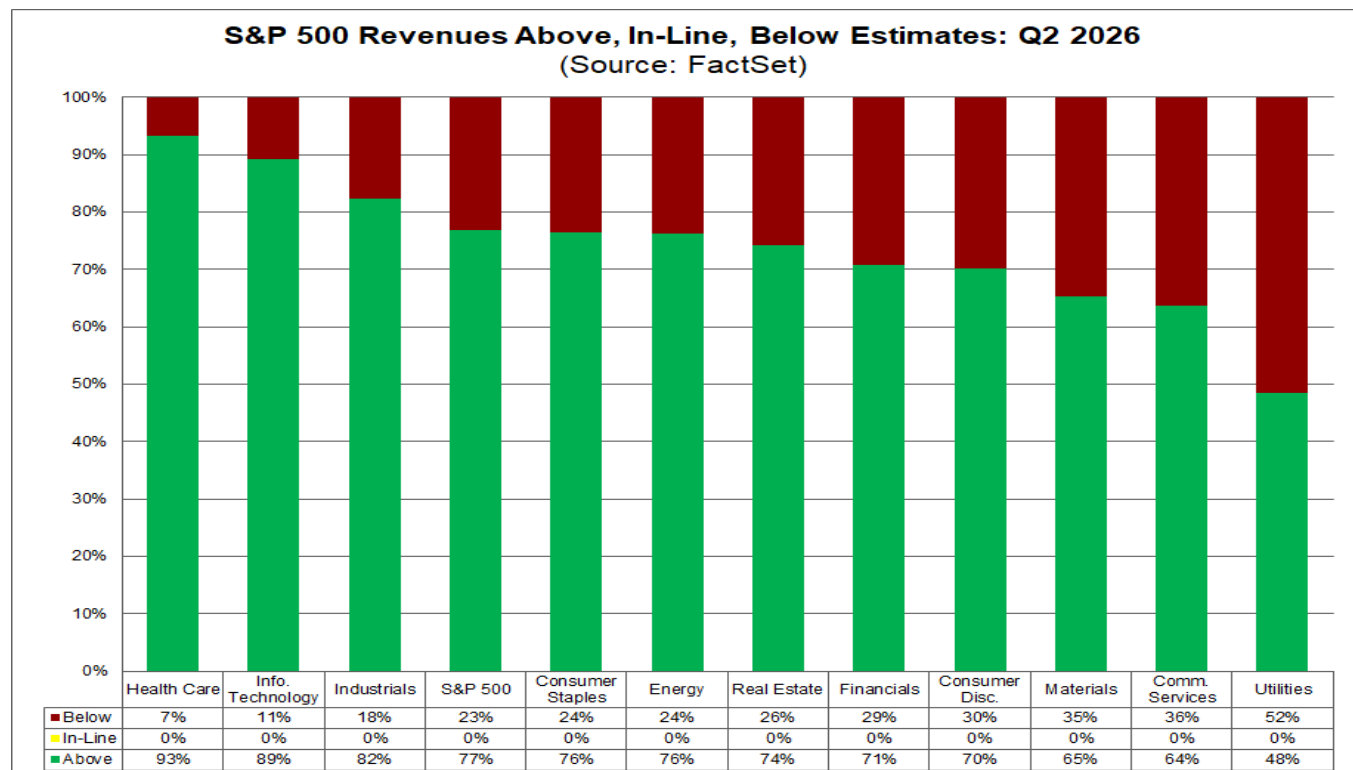
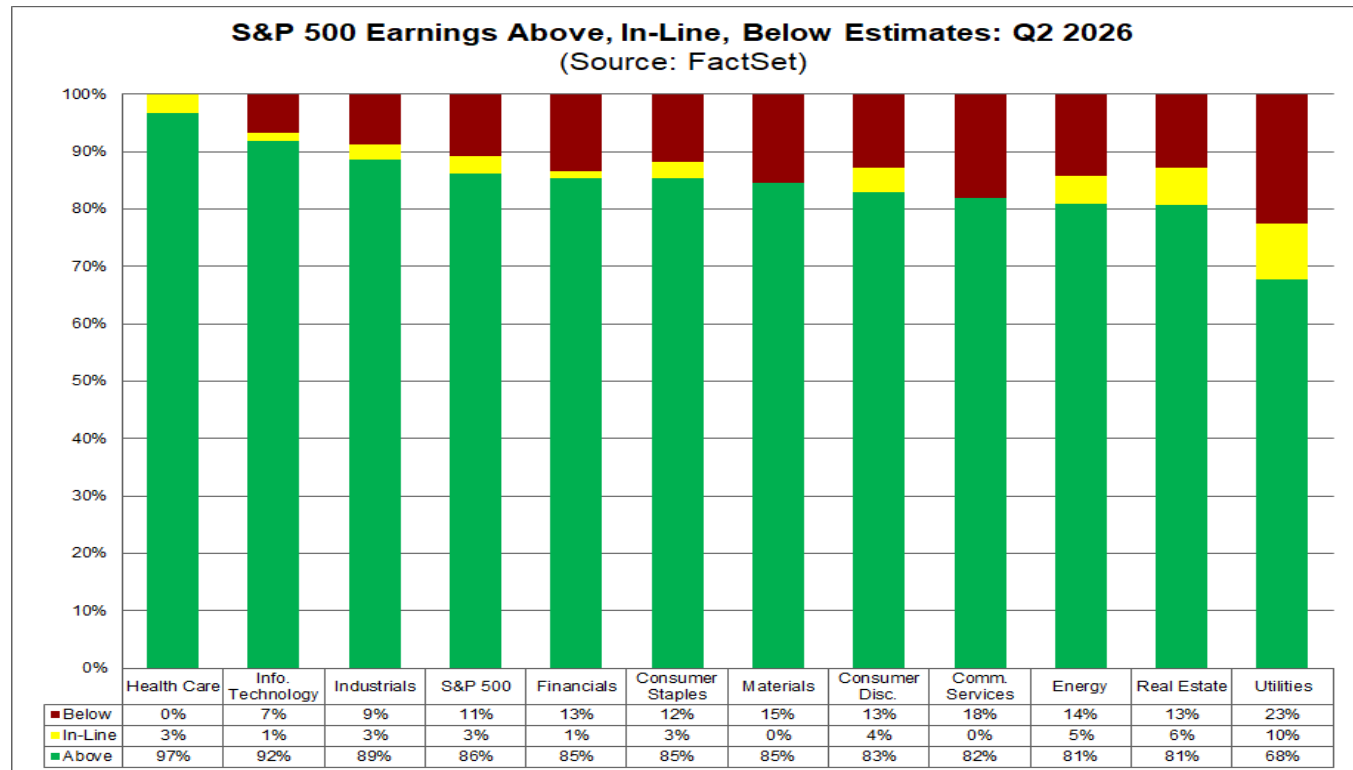
The bottom-up target price for the S&P 500 is 9,280.66 (based on Wednesday's estimated target prices), which is 21.3% above the (Wednesday) closing price of 7,651.54. At the sector level, the Consumer Discretionary (+27.6%), Utilities (+26.8%), and Industrials (+26.5%) sectors are expected to see the 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 Health Care (+13.1%) and Energy (+13.3%) 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 13,120 ratings on stocks in the S&P 500 (as of Wednesday). Of these 13,120 ratings, 59.9% are Buy ratings, 35.4% are Hold ratings, and 4.7% are Sell ratings. At the sector level, the Communication Services (70%), Information Technology (70%), Energy (64%), Materials (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.

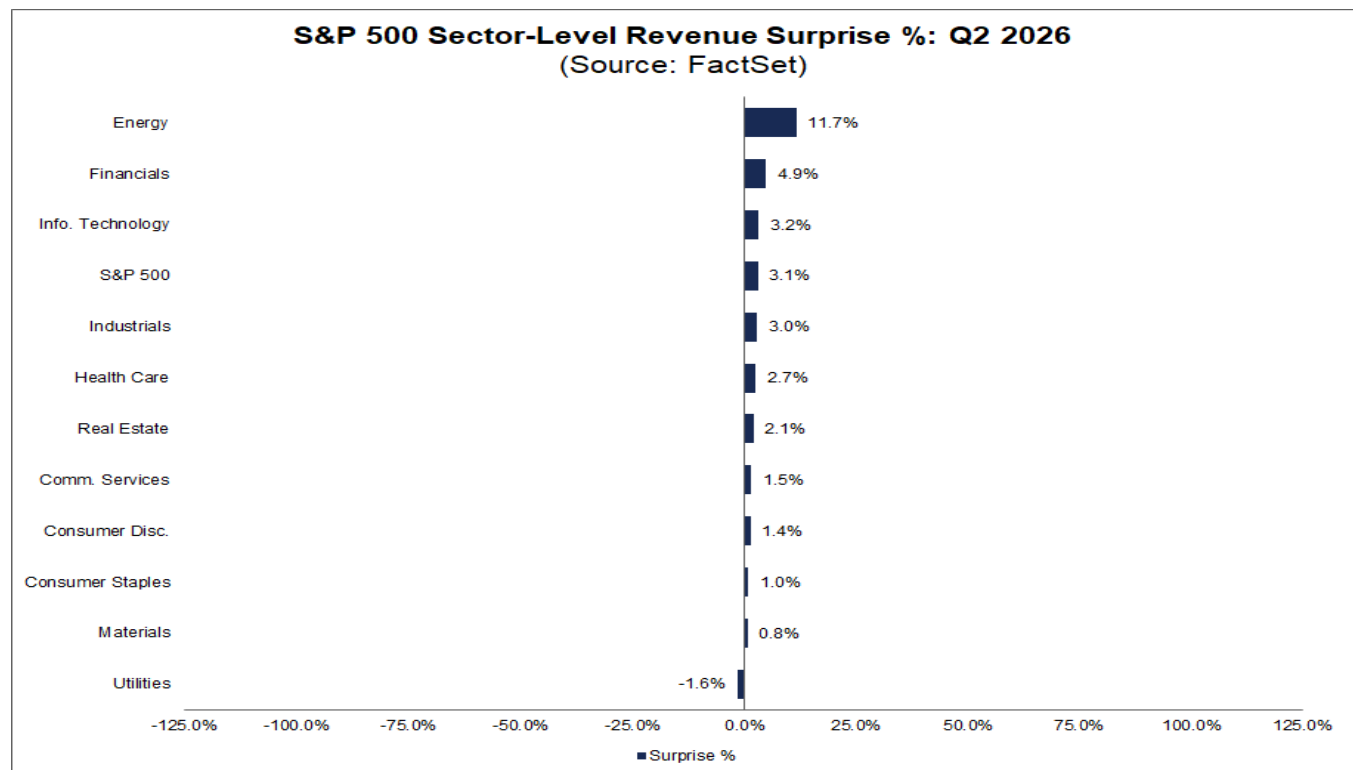
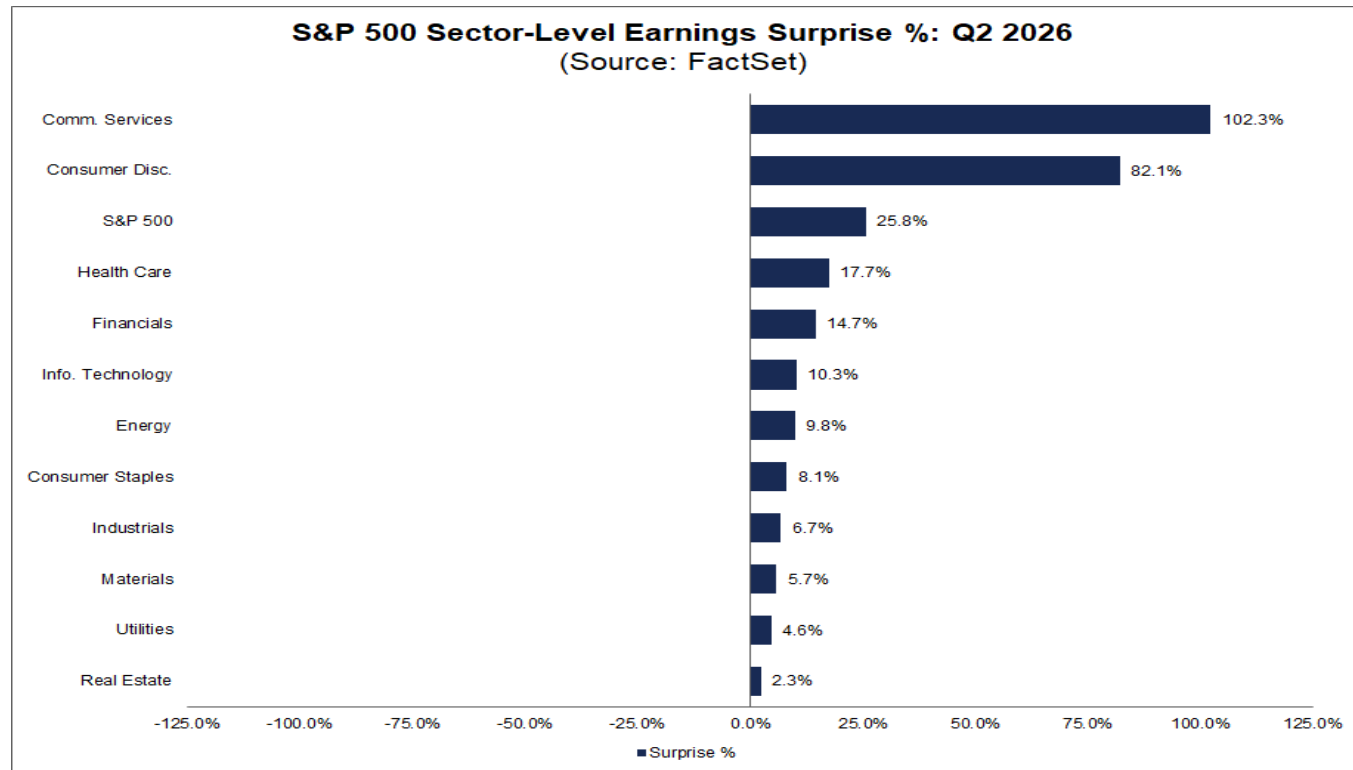
### Companies Reporting Next Week: 4

During the upcoming week, 4 S&P 500 companies are scheduled to report results for the third quarter.

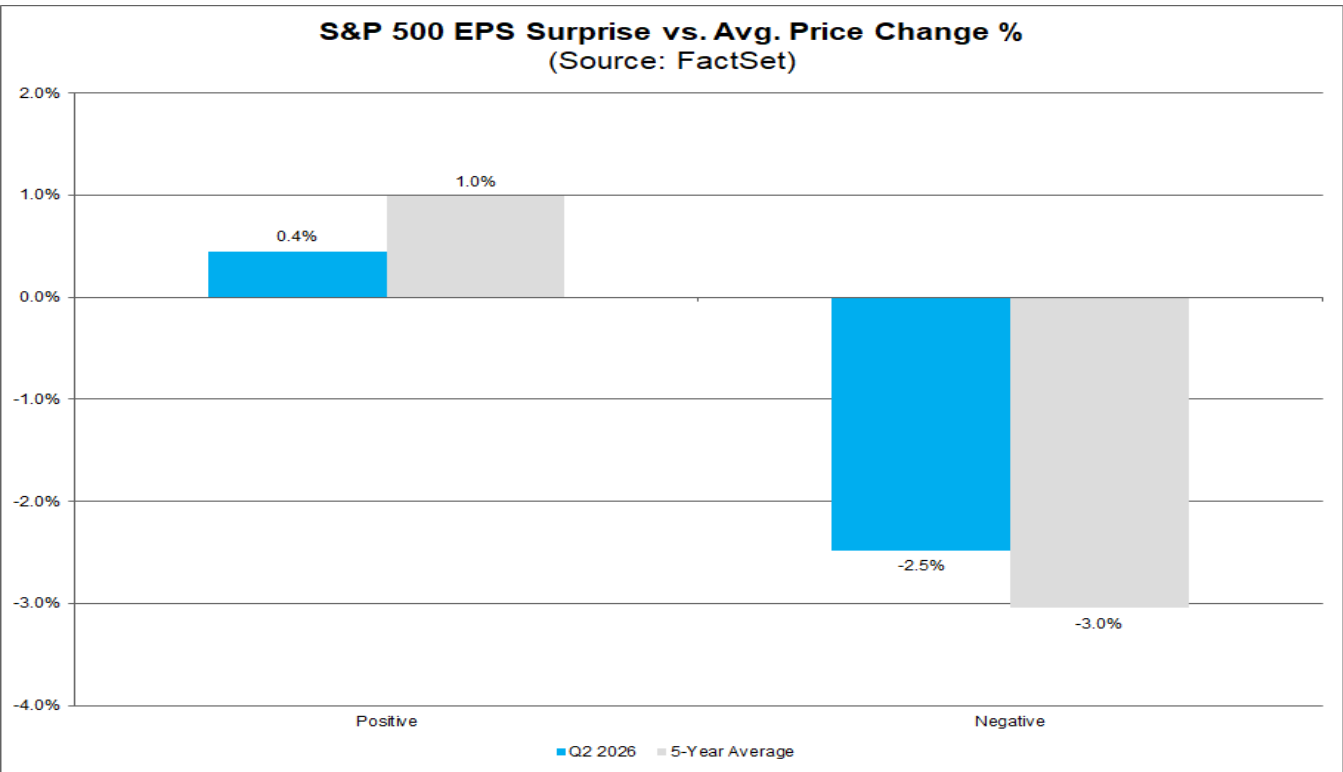
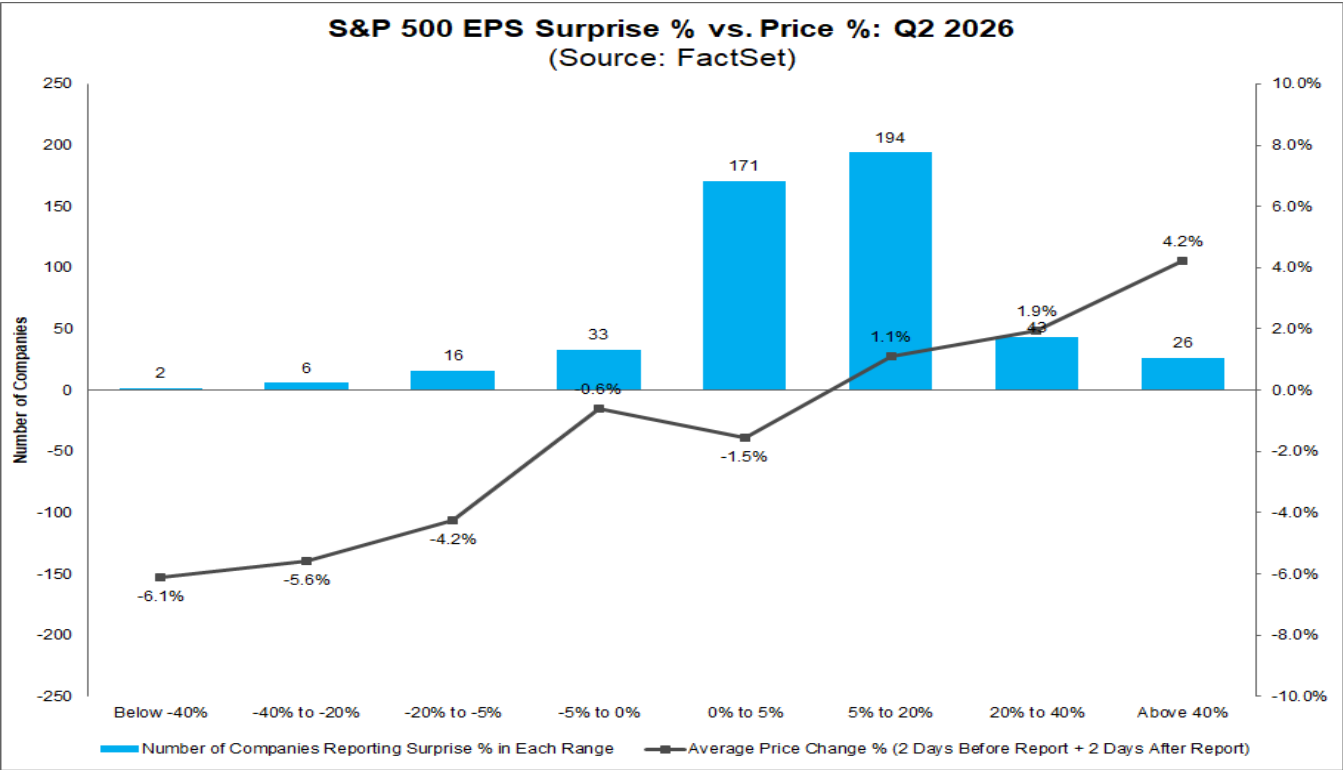
## Q2 2026: Scorecard



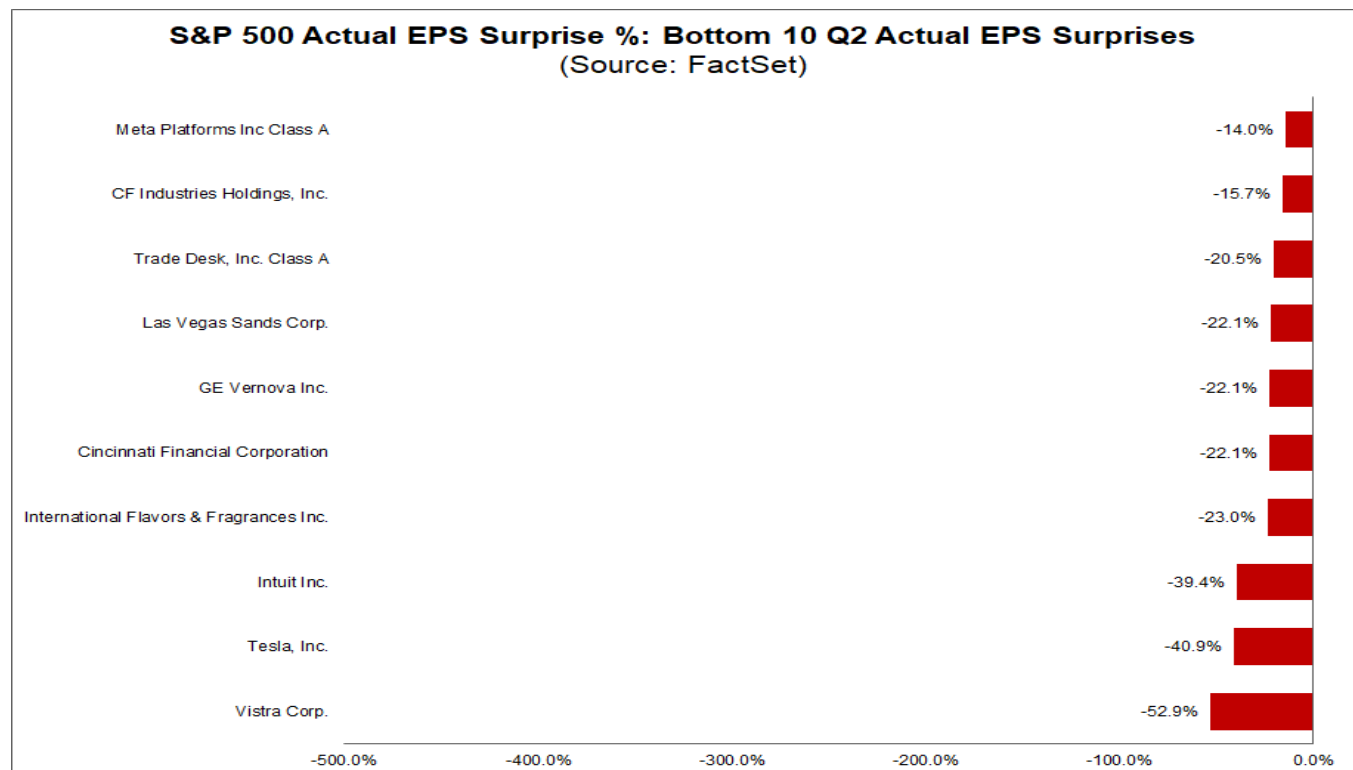
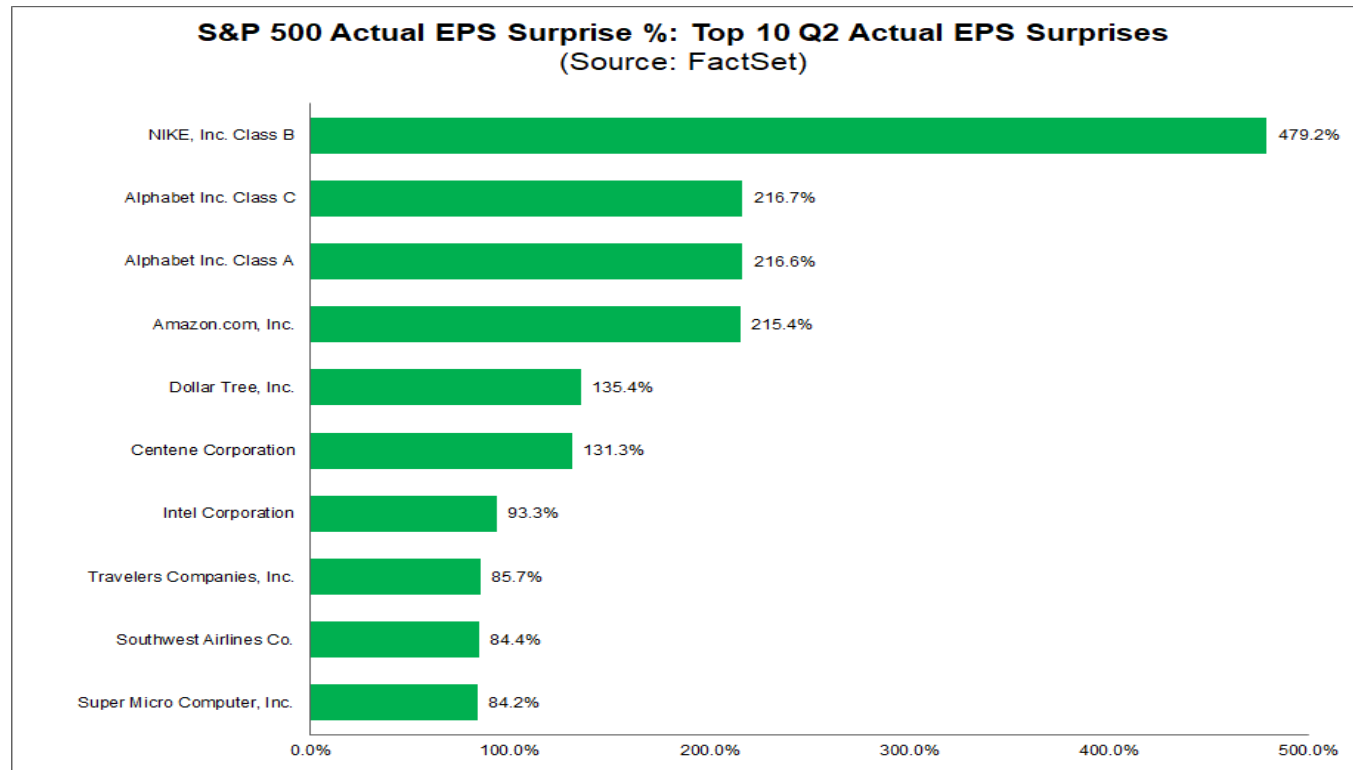
## Q2 2026: Surprise



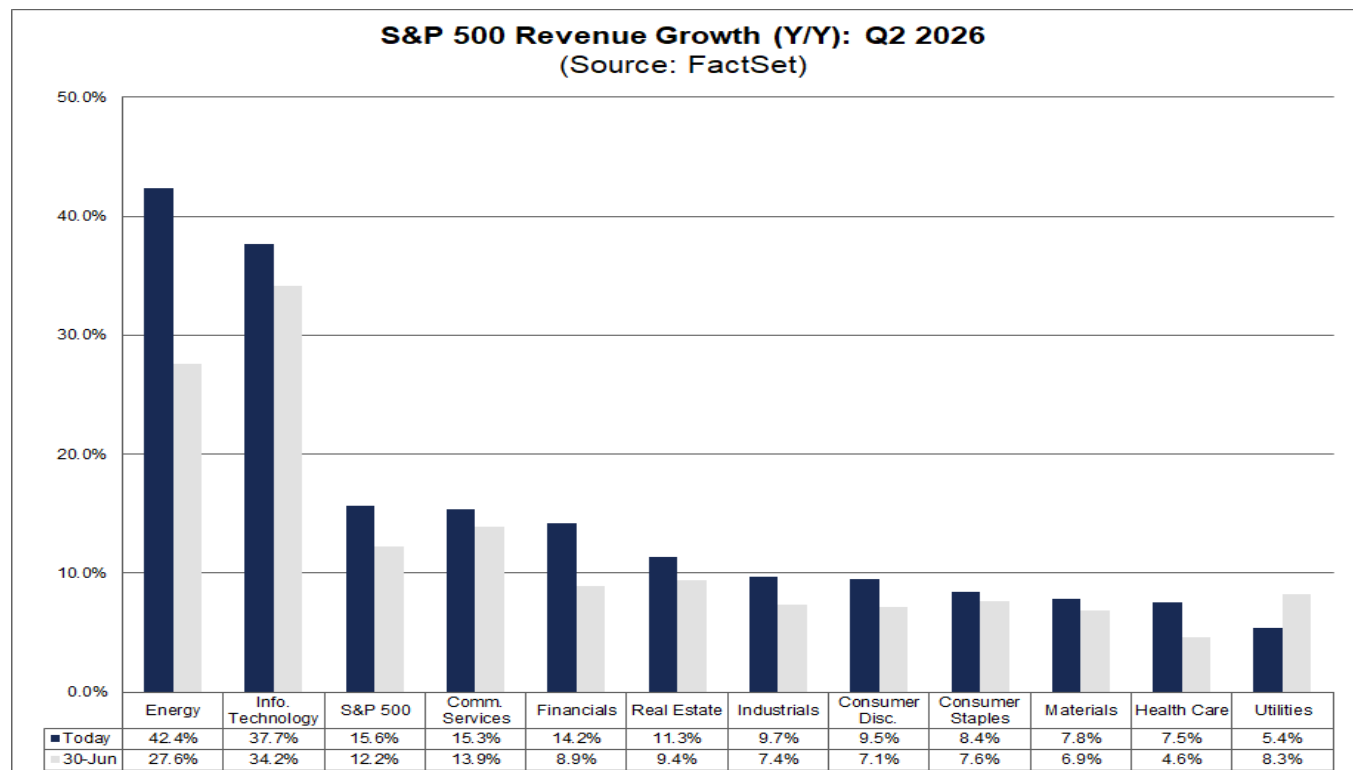
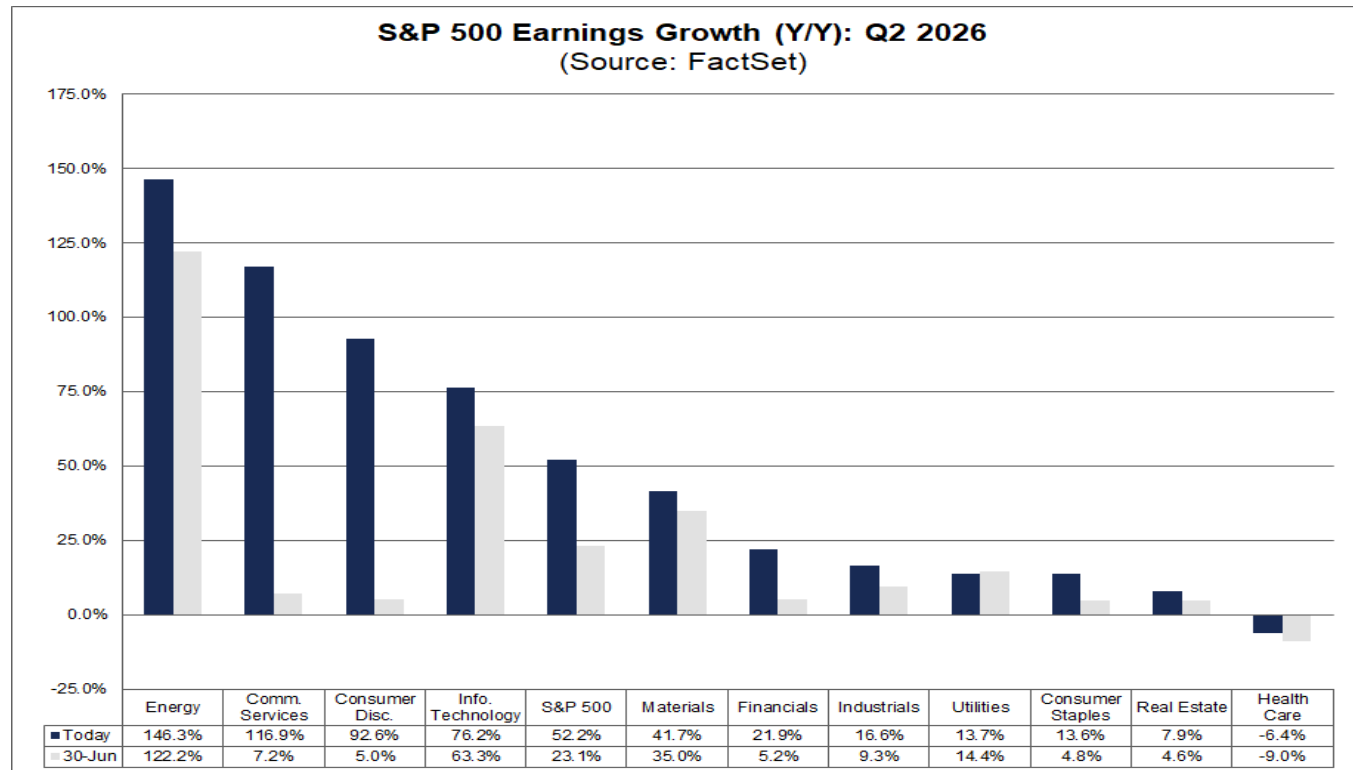
Q2 2026: Surprise



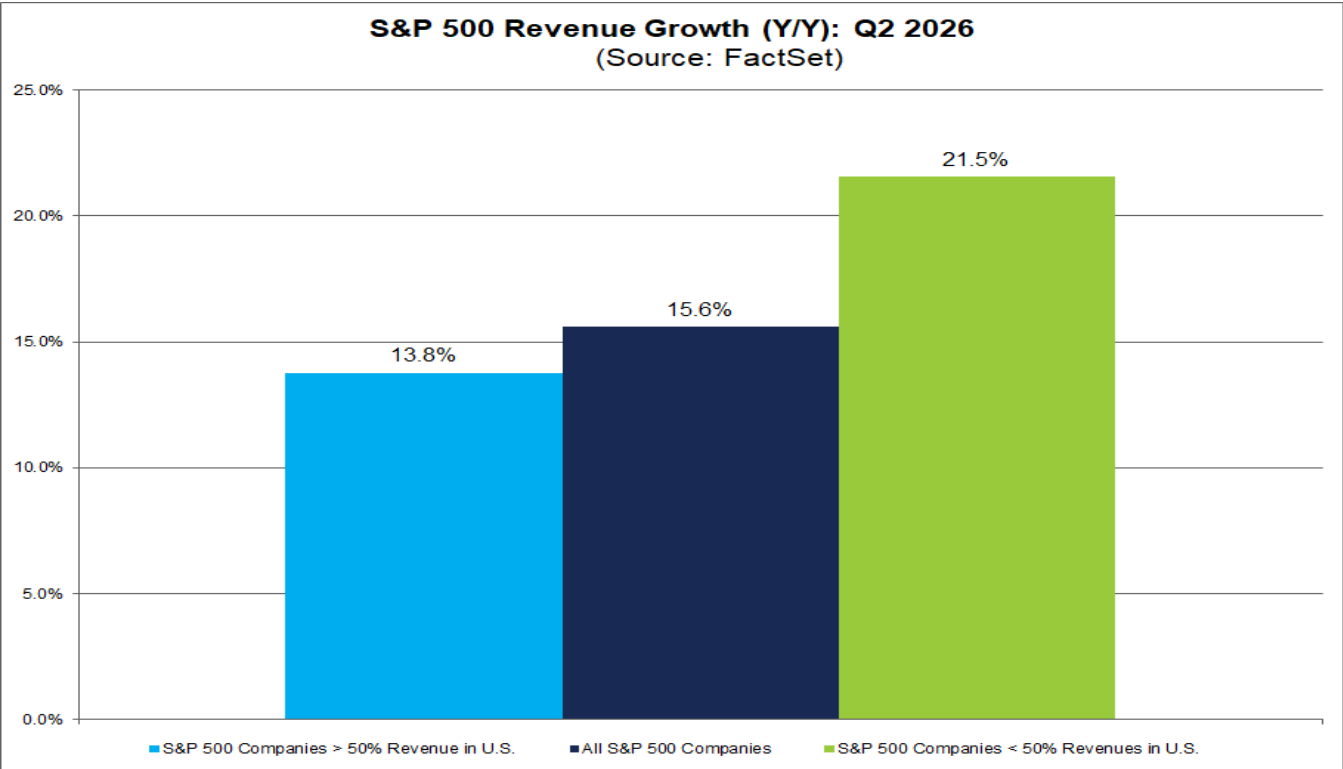
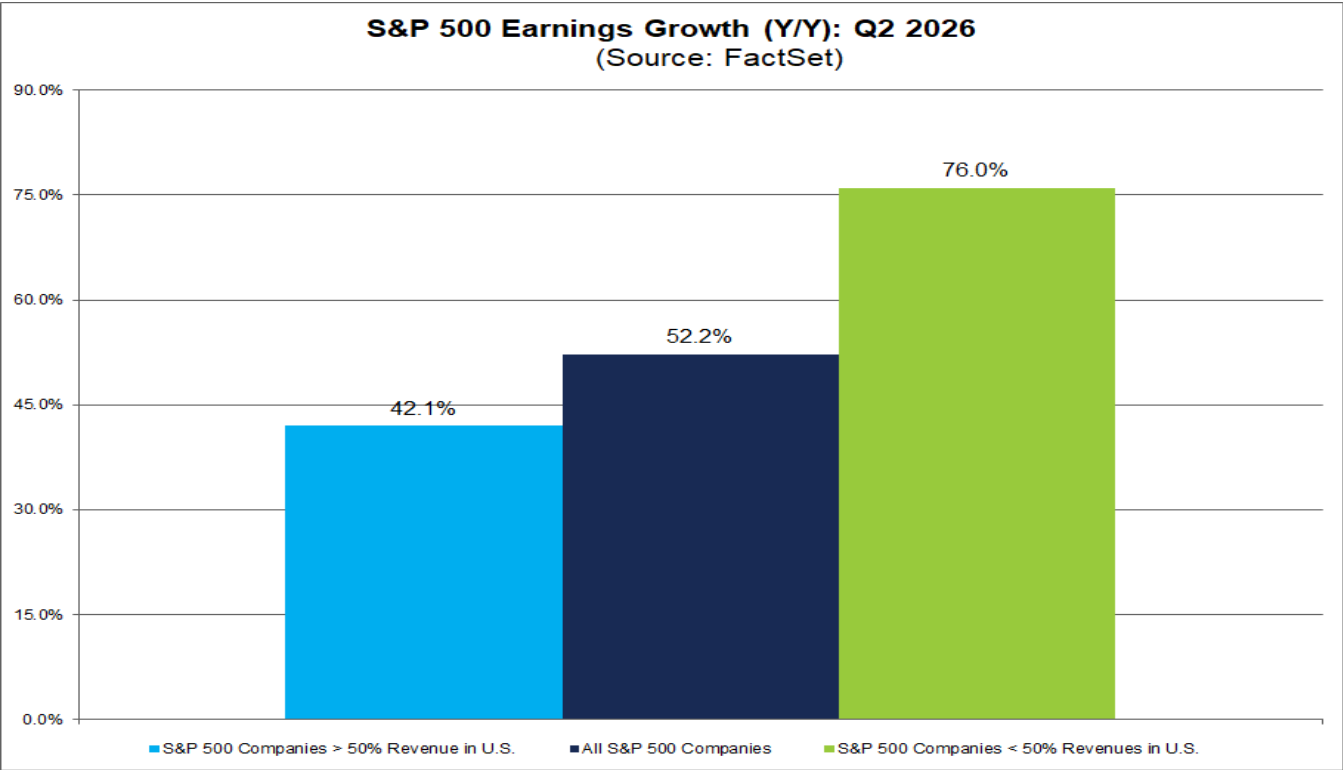
## Q2 2026: Surprise



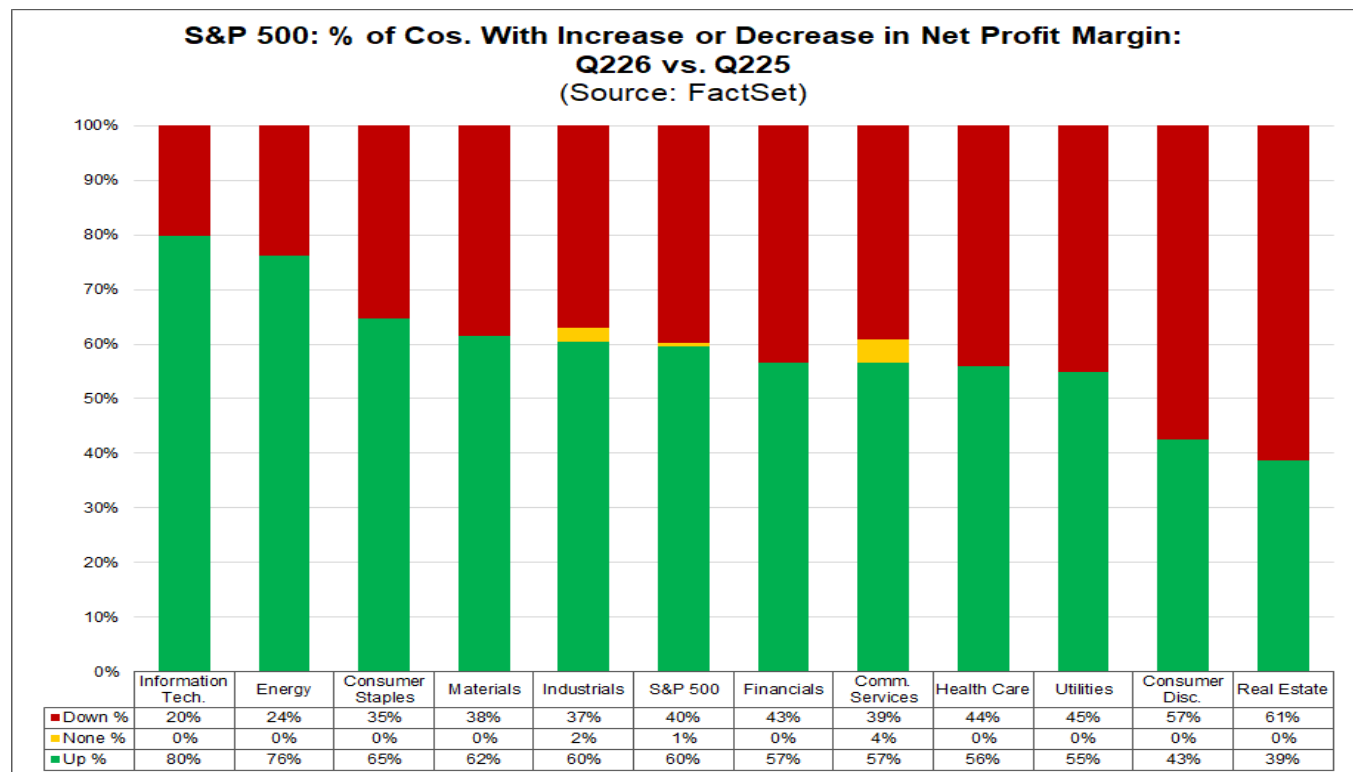
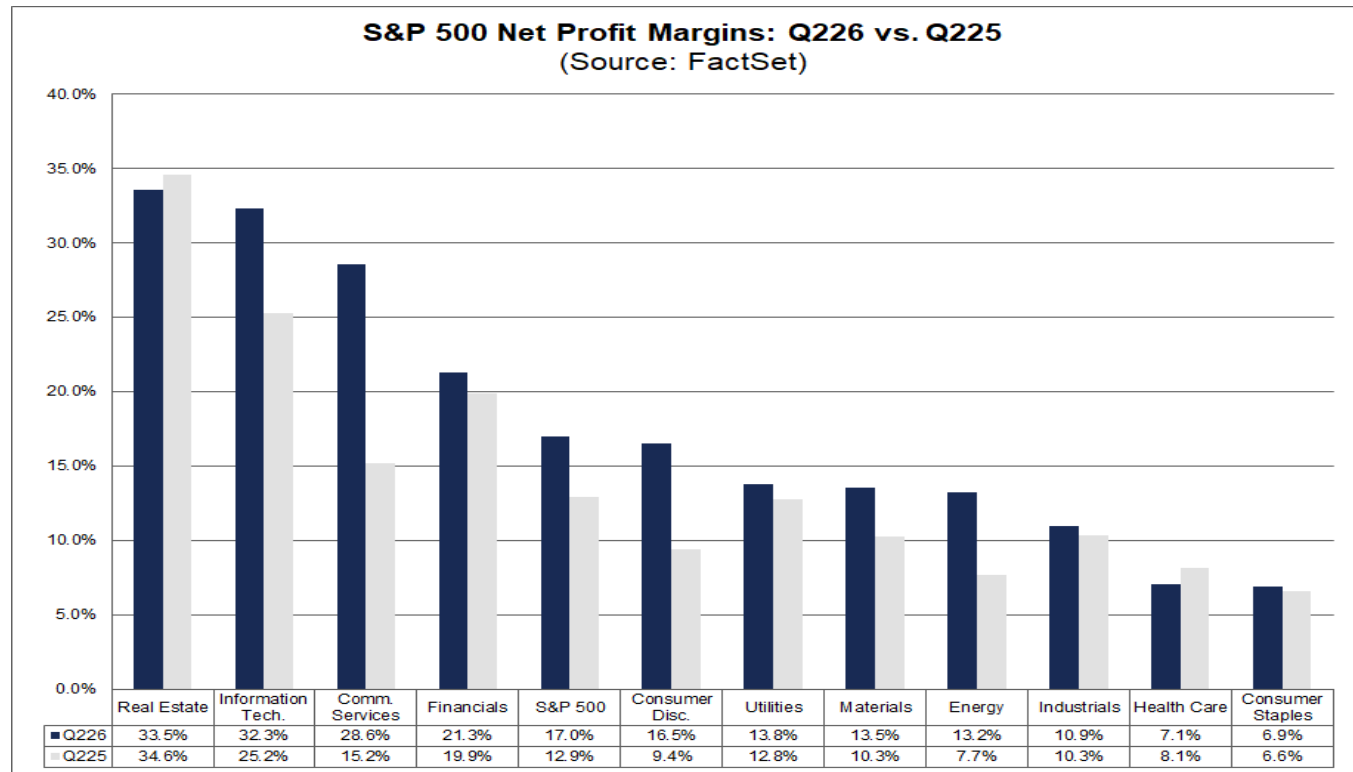
## Q2 2026: Growth



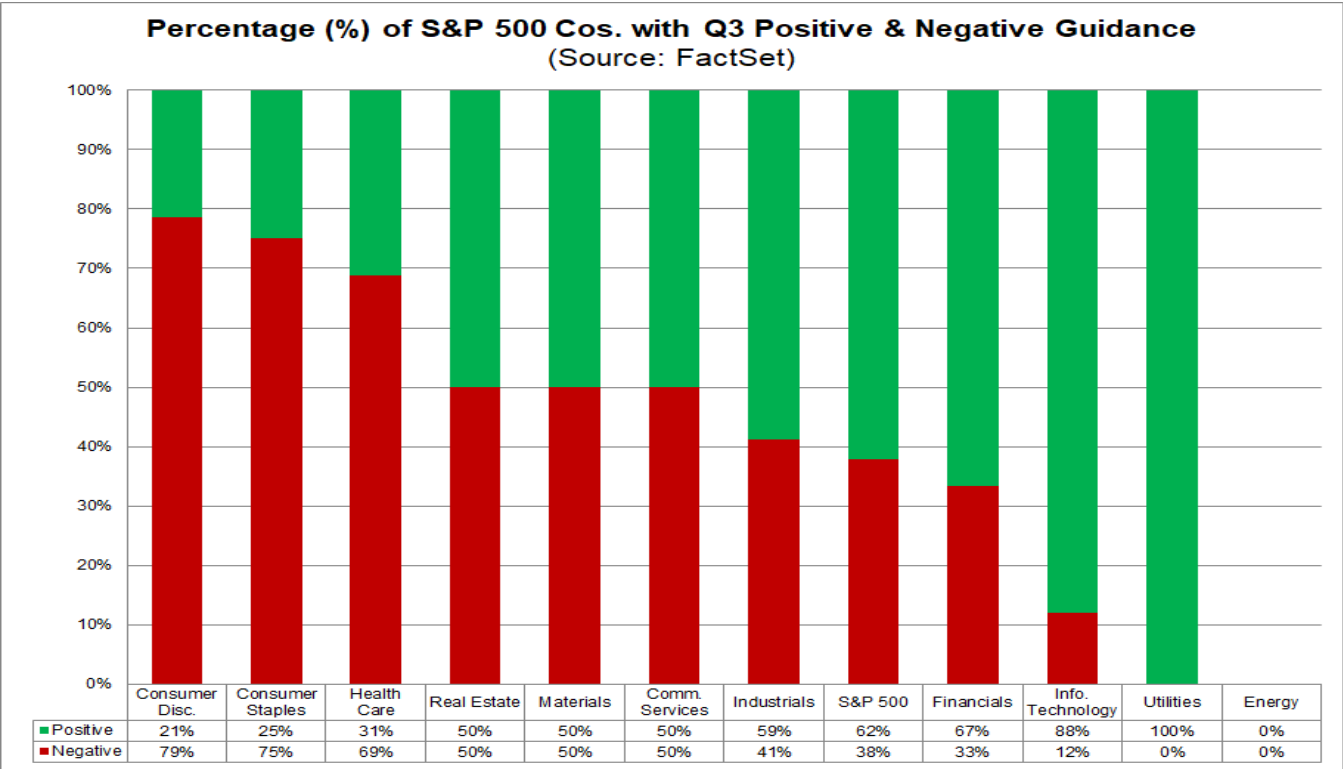
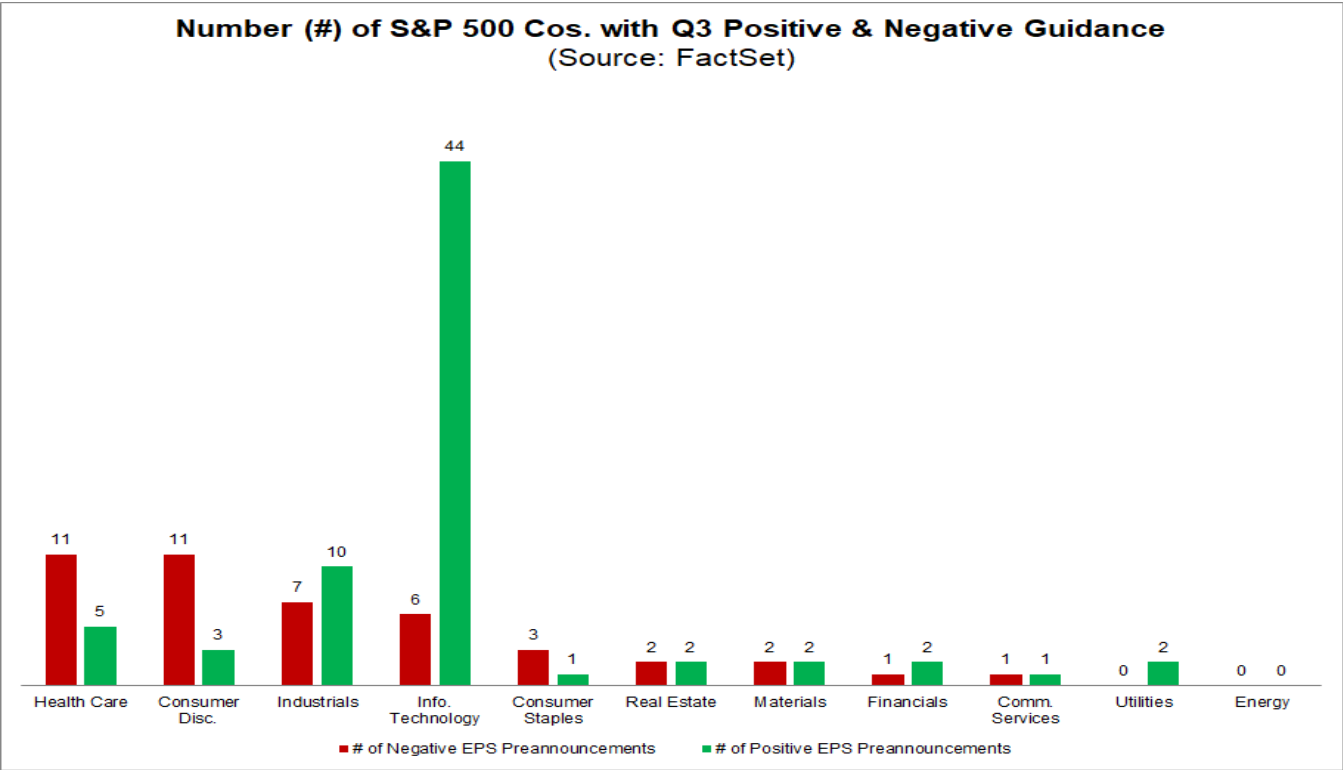
Q2 2026: Growth



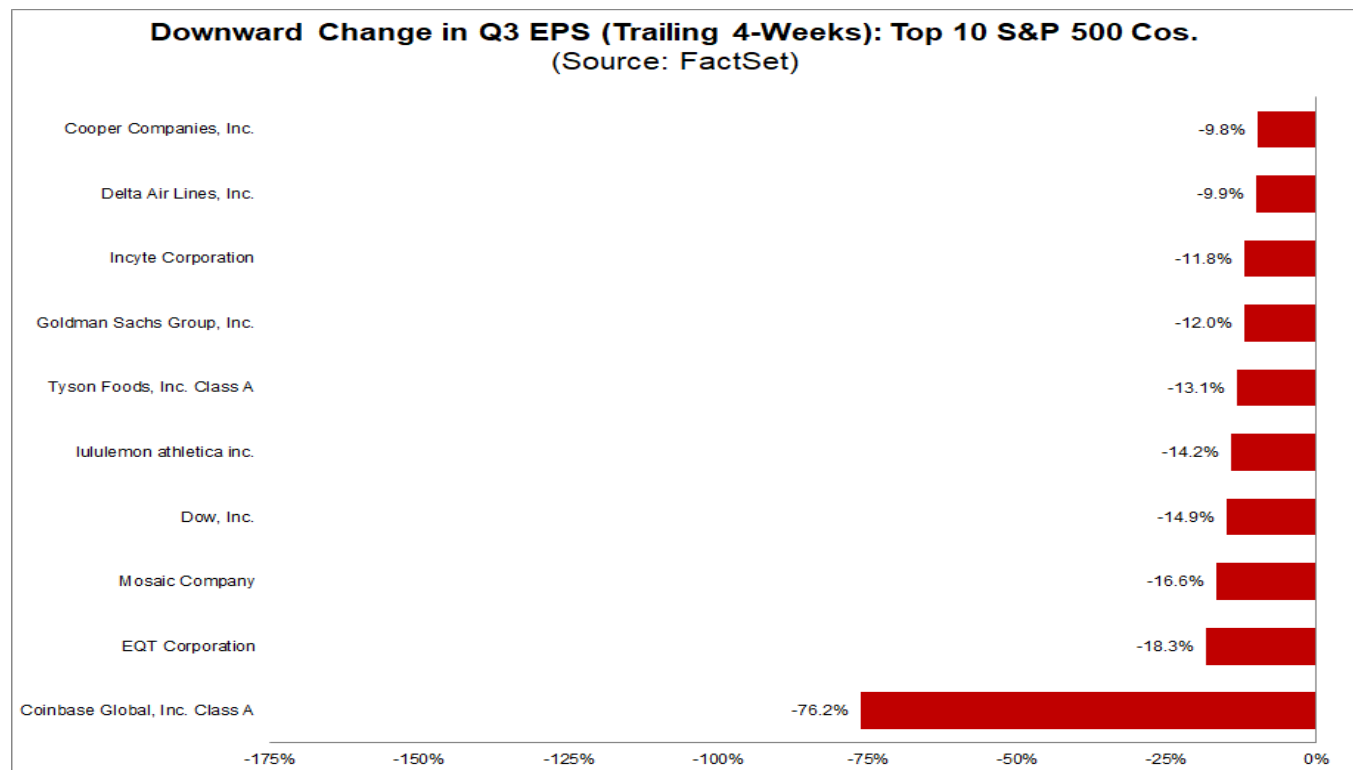
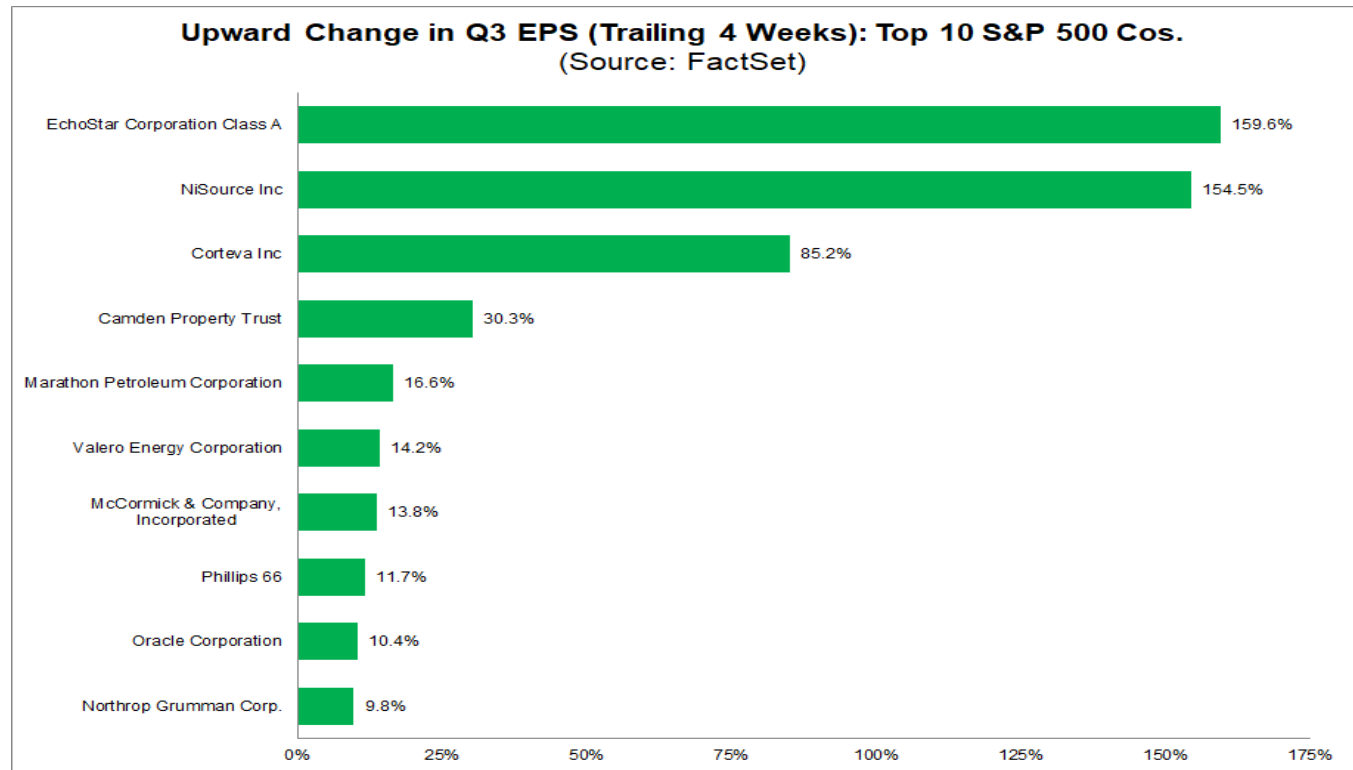
## Q2 2026: Net Profit Margin



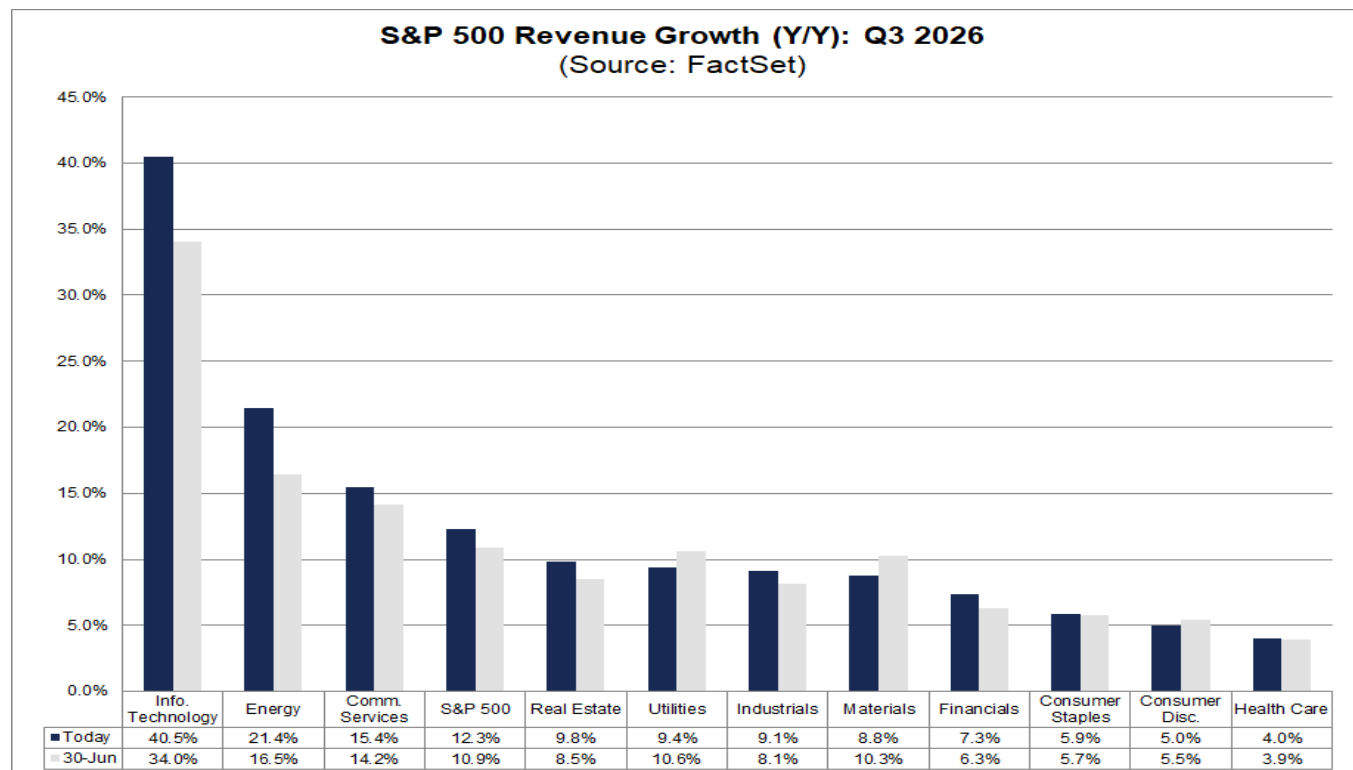
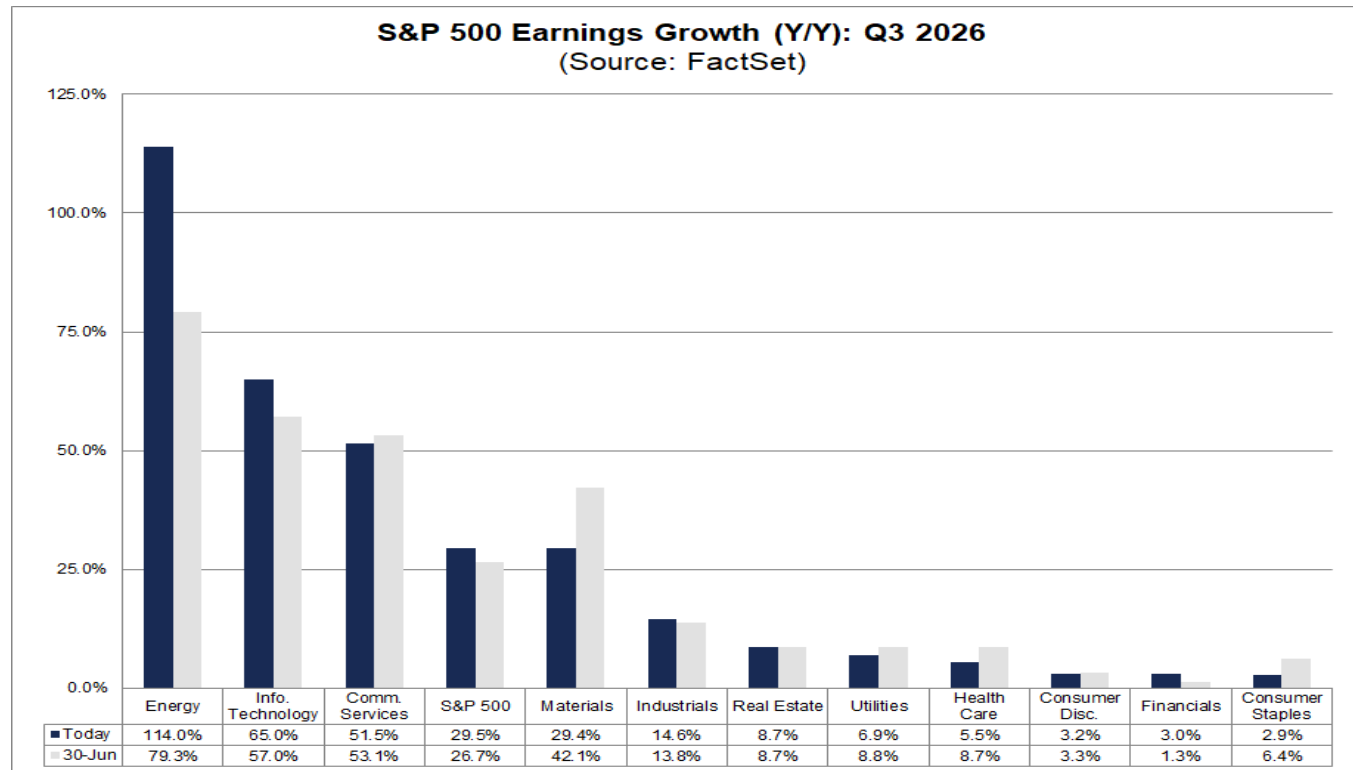
Q3 2026: Guidance



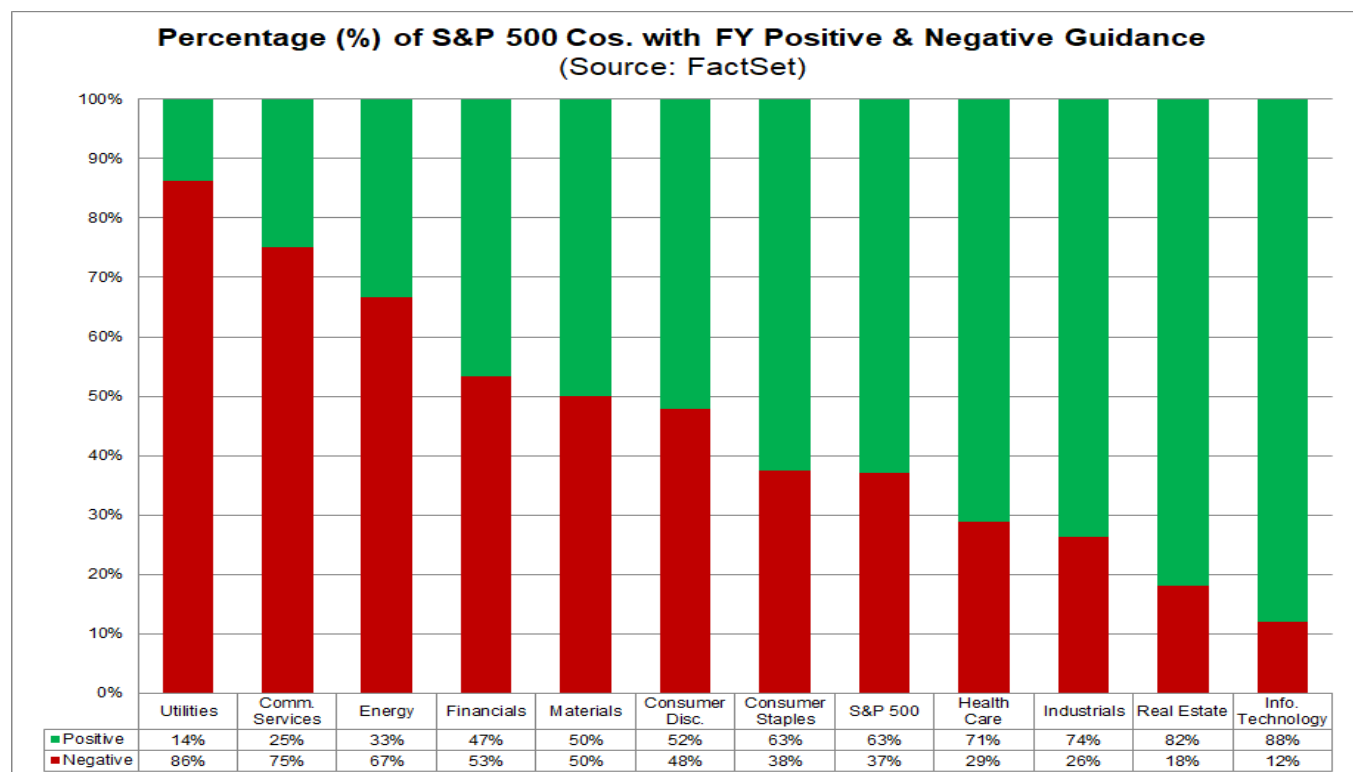
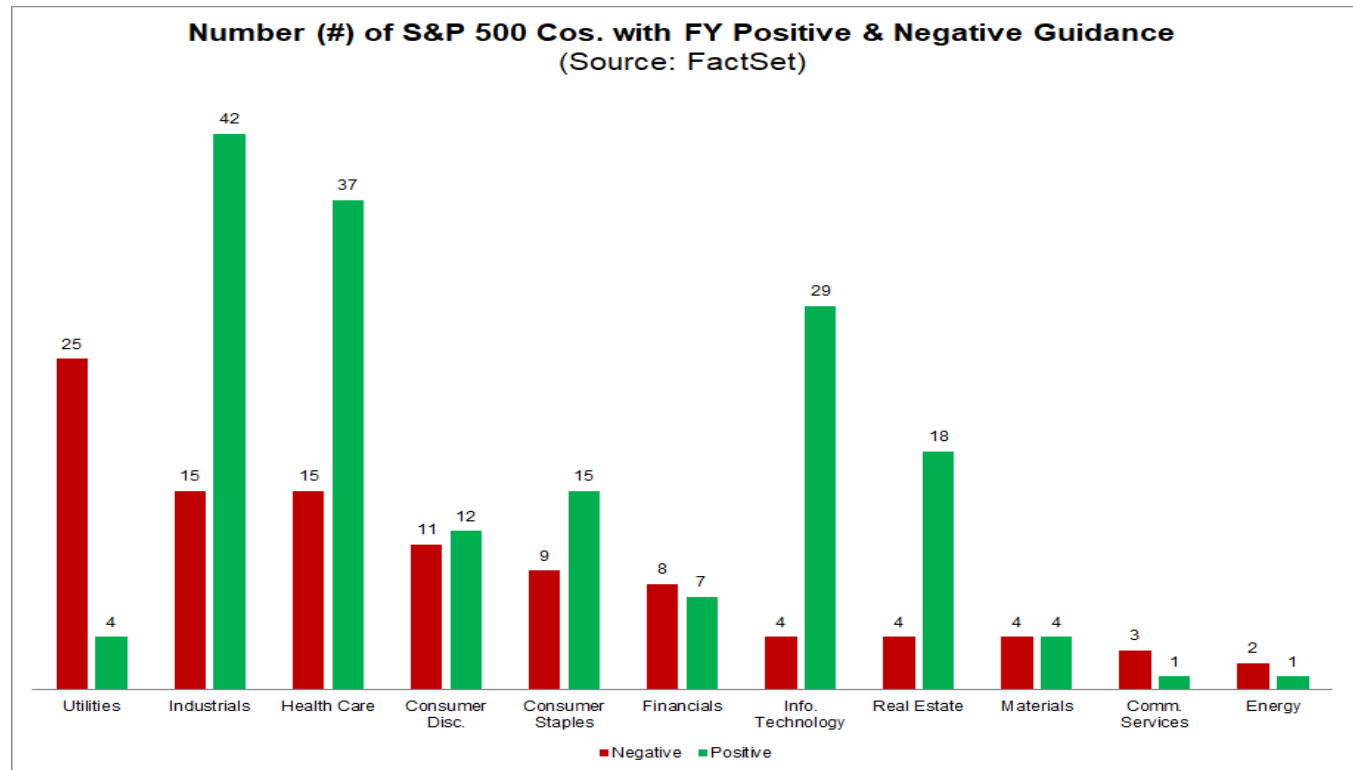
## Q3 2026: EPS Revisions



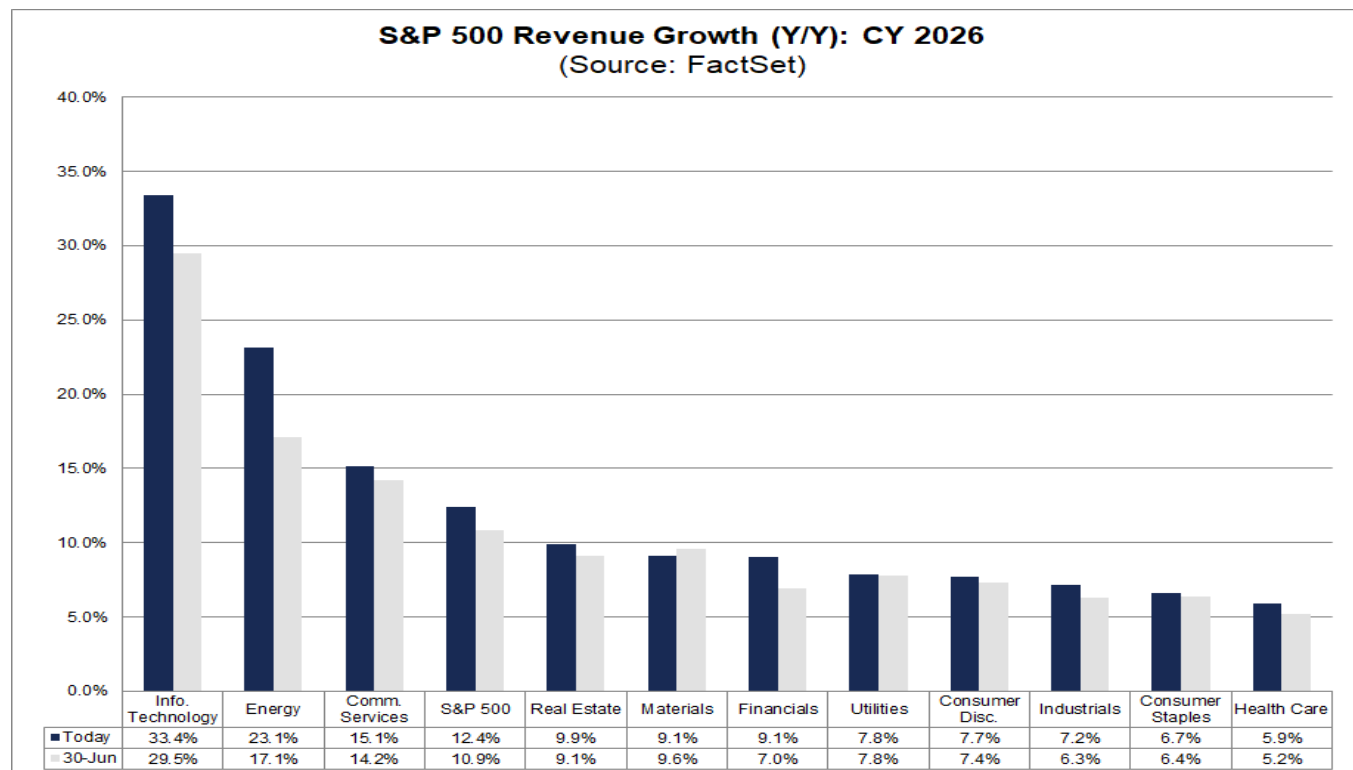
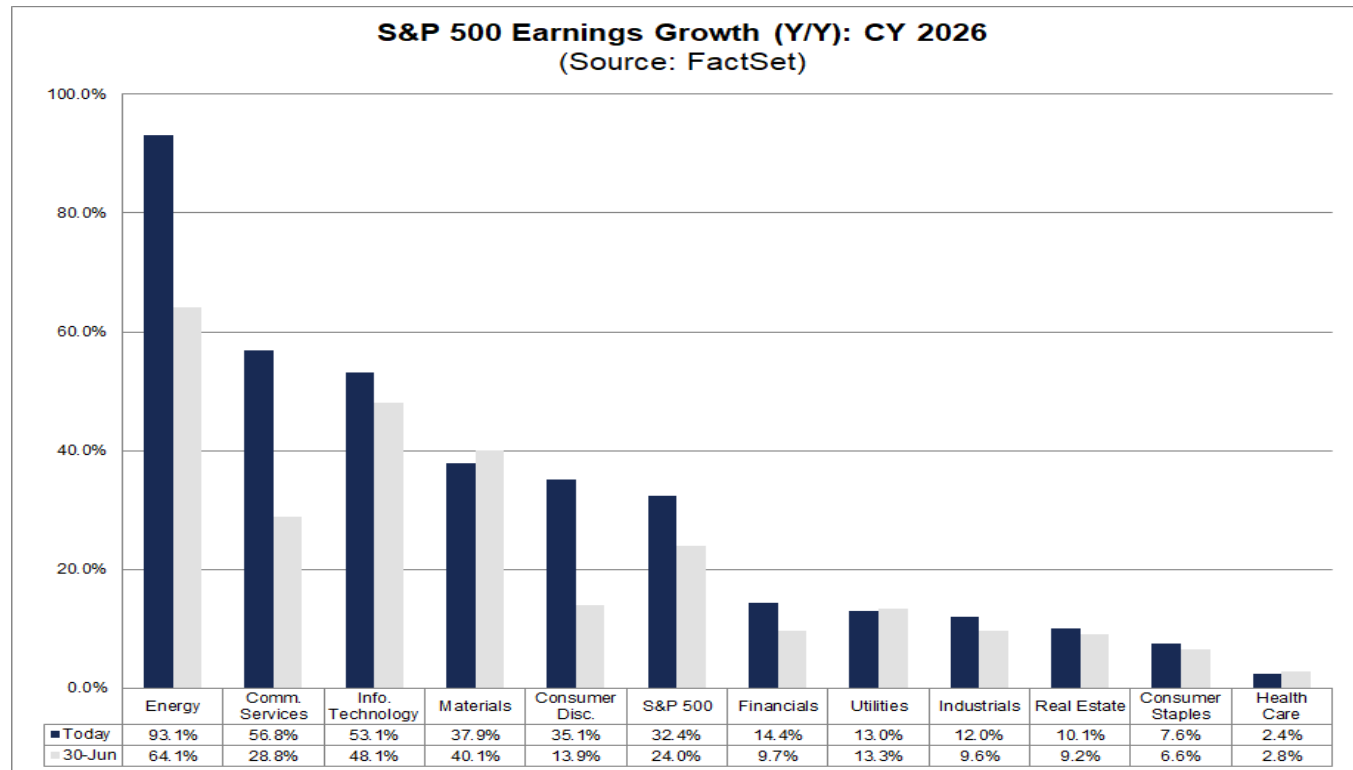
## Q3 2026: Growth



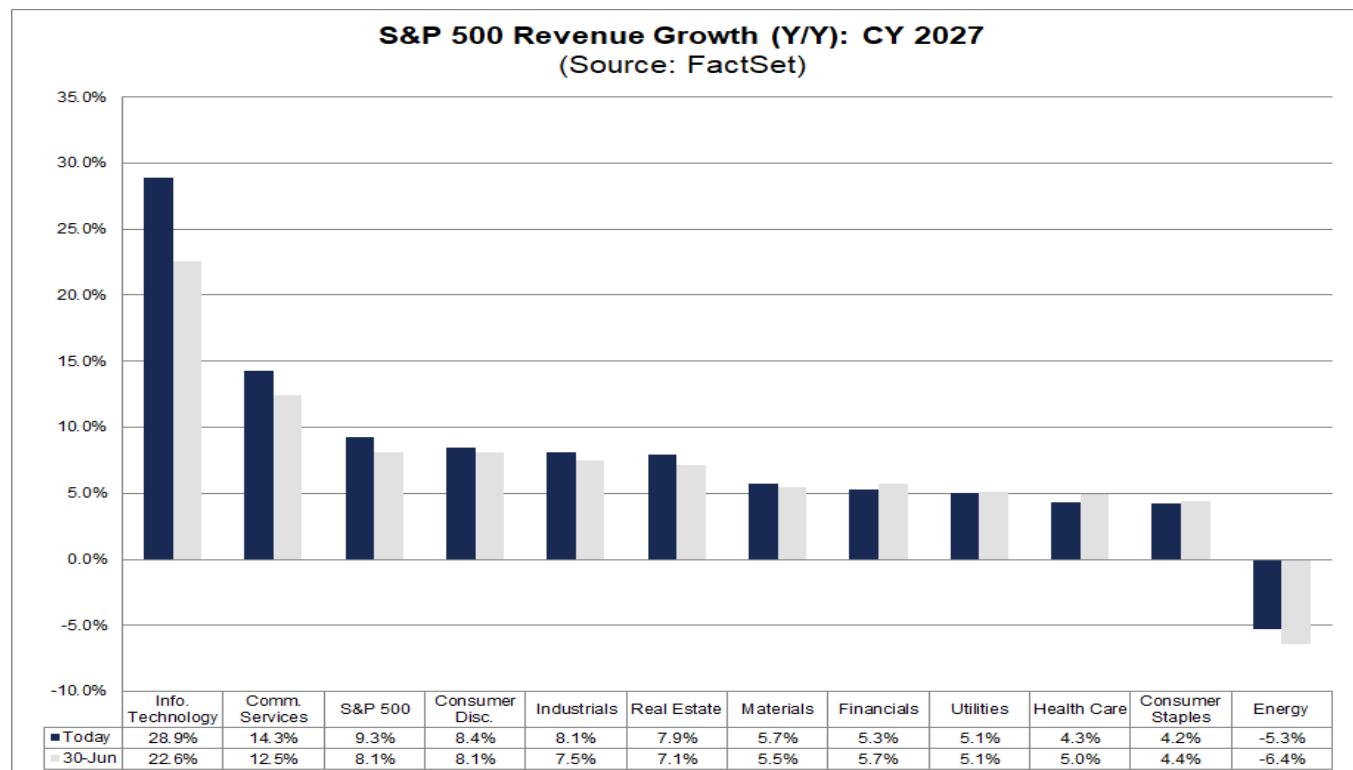
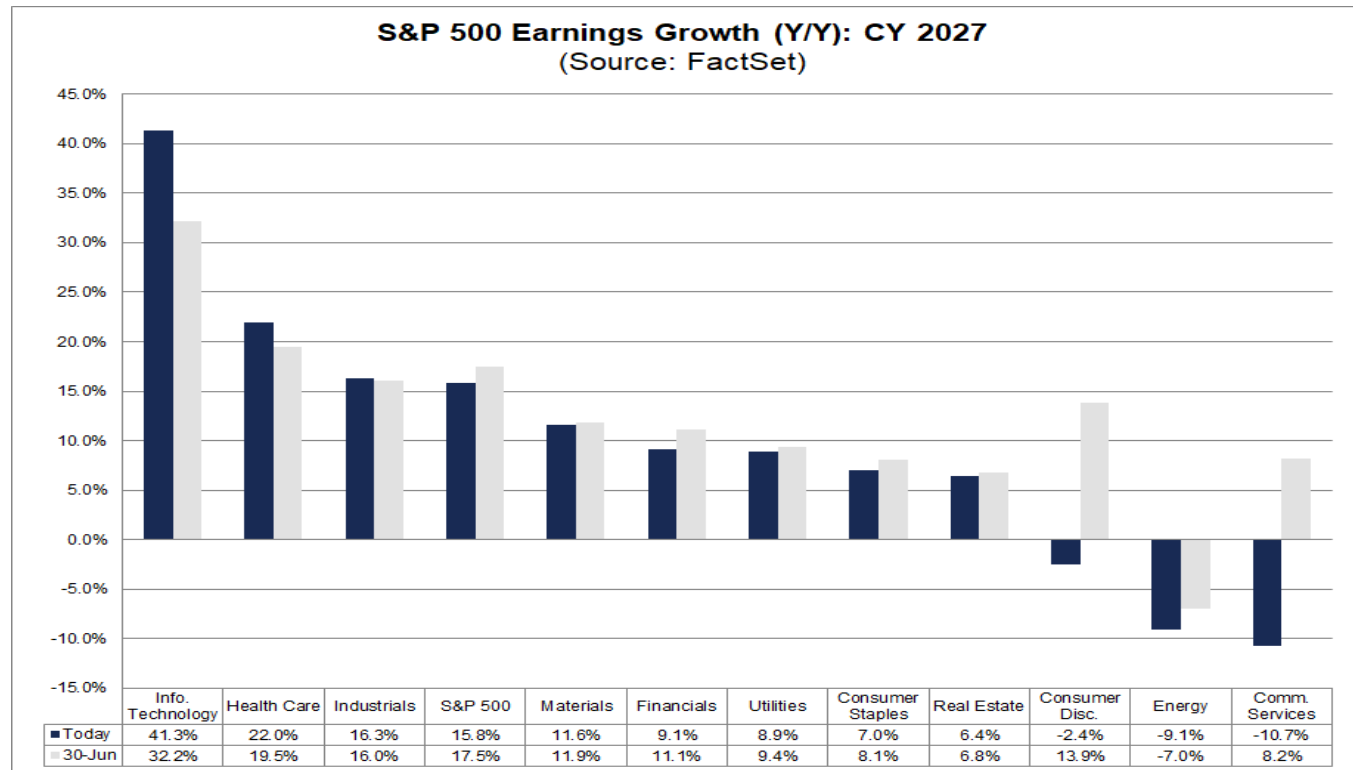
## FY 2026 / 2027: EPS Guidance



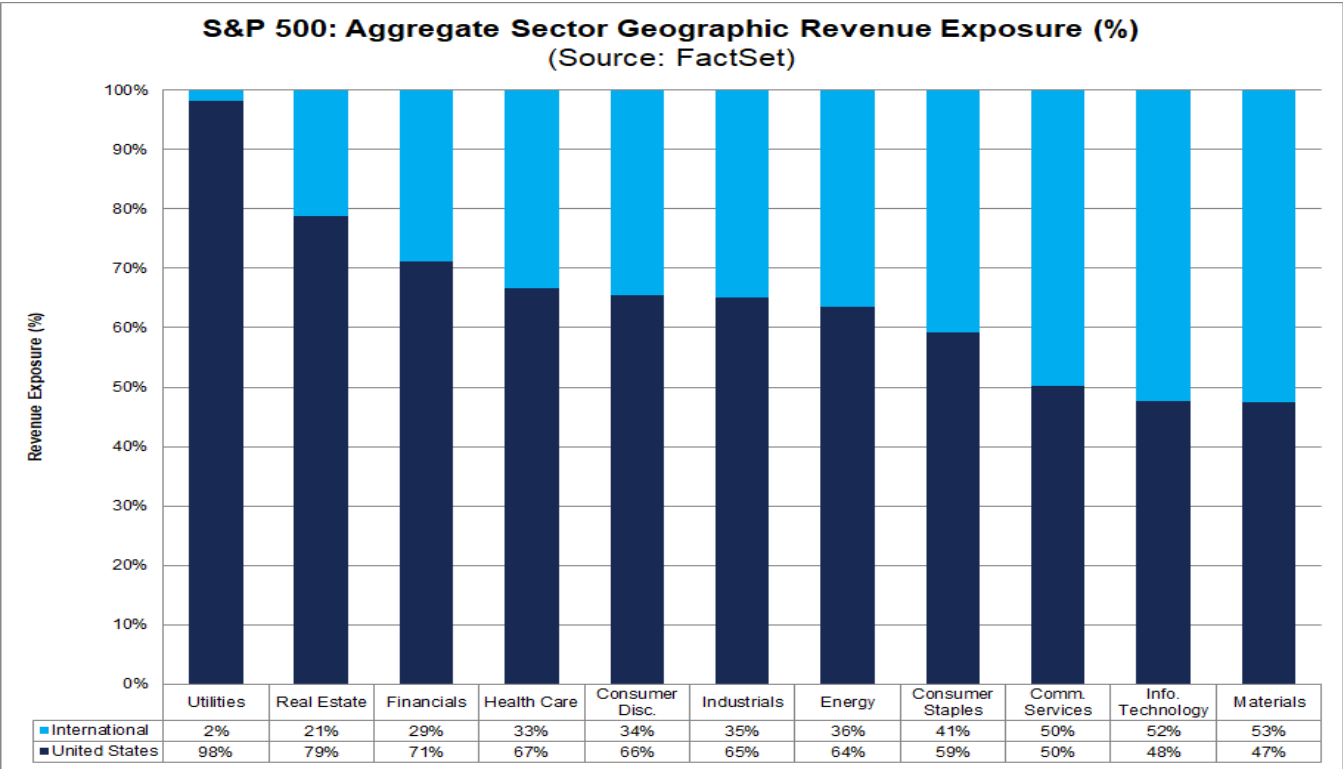
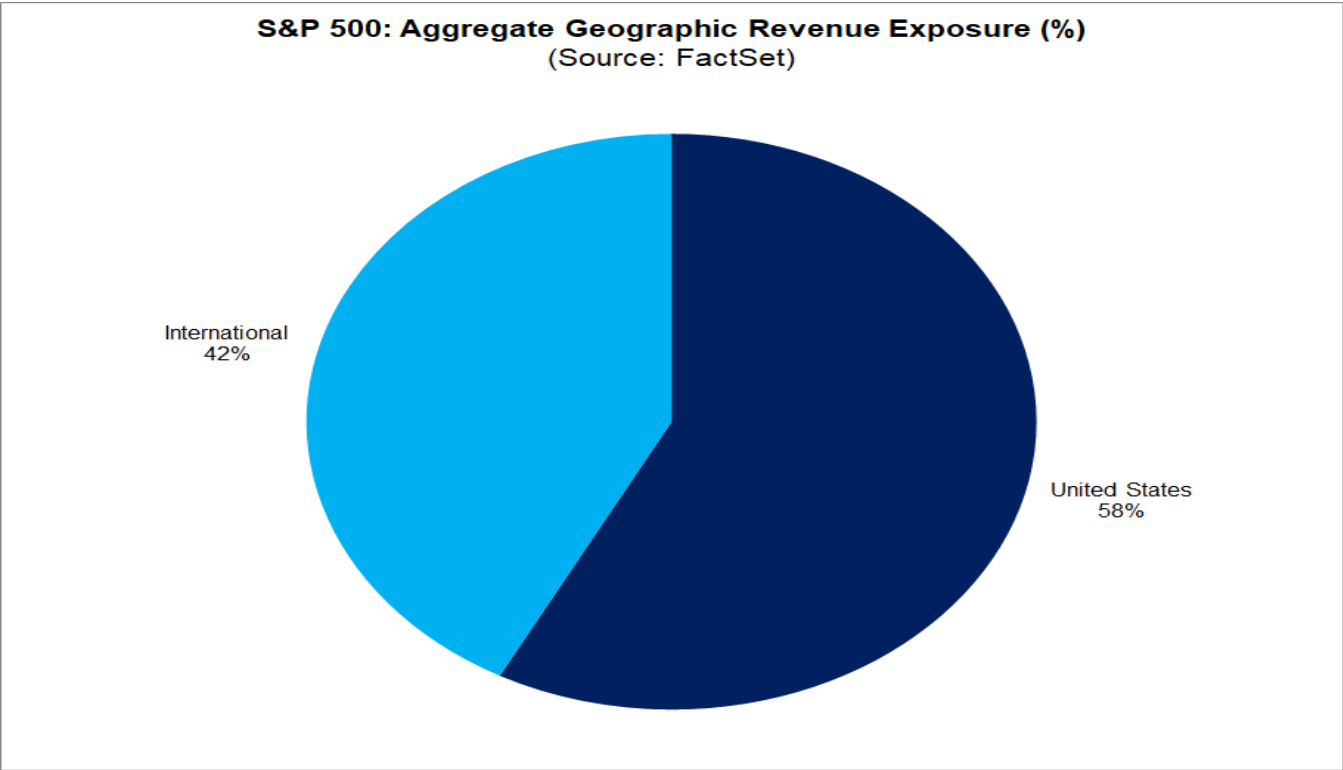
## CY 2026: Growth



## CY 2027: Growth



Geographic Revenue Exposure



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