

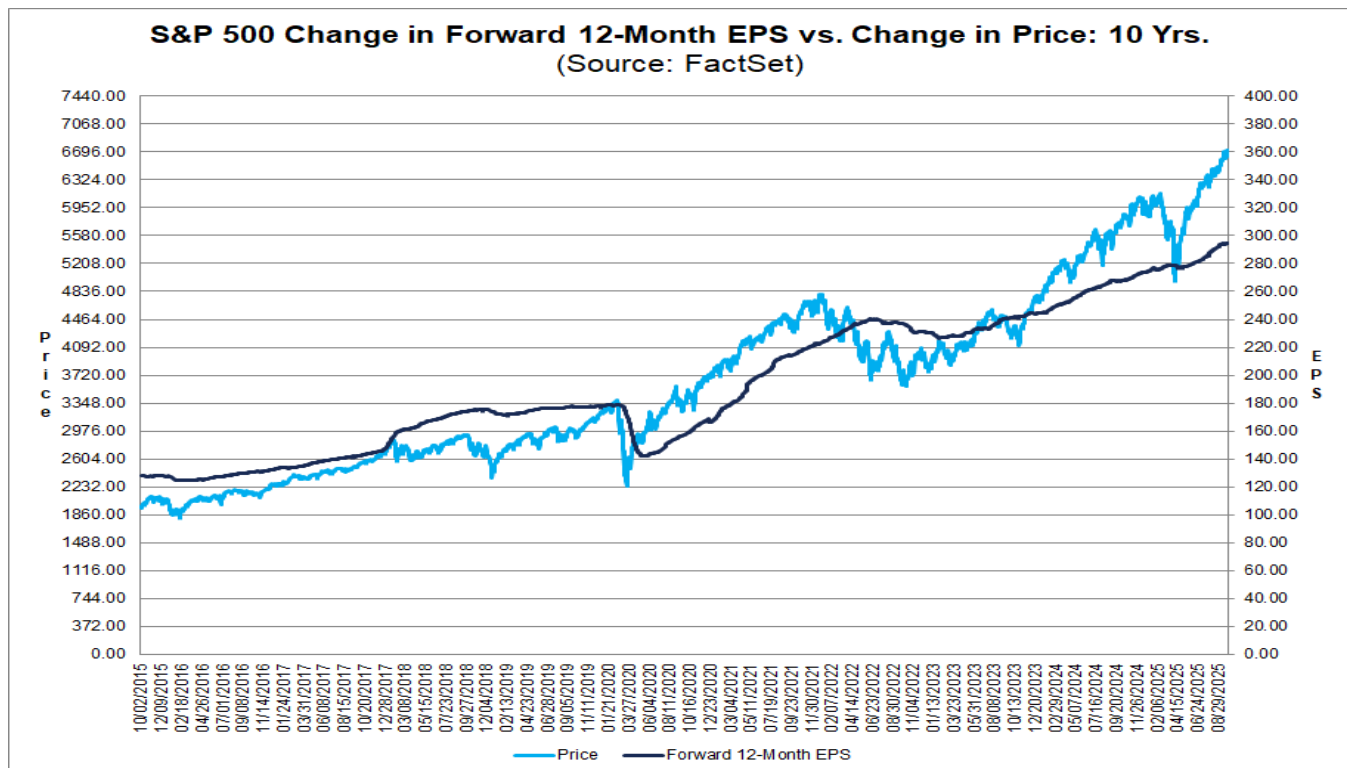
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Key Metrics

- **Earnings Growth:** For Q3 2025, the estimated (year-over-year) earnings growth rate for the S&P 500 is 8.0%. If 8.0% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of earnings growth for the index.
- **Earnings Revisions:** On June 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q3 2025 was 7.3%. Six sectors are expected to report higher earnings today (compared to June 30) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q3 2025, 56 S&P 500 companies have issued negative EPS guidance and 56 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.8. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.6).
- **Earnings Scorecard:** For Q3 2025 (with 19 S&P 500 companies reporting actual results), 14 S&P 500 companies have reported a positive EPS surprise and 14 S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Analysts Increased EPS Estimates for S&P 500 Companies for First Time Since Q4 2021

Given concerns in the market about inflation and tariffs, have analysts lowered EPS estimates more than normal for S&P 500 companies for the third quarter?

The answer is no. During the third quarter, analysts actually increased EPS estimates slightly 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 0.1% (to \$67.41 from \$67.32) 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 1.4%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during quarter has been 3.2%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 3.4%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the quarter has been 4.3%.

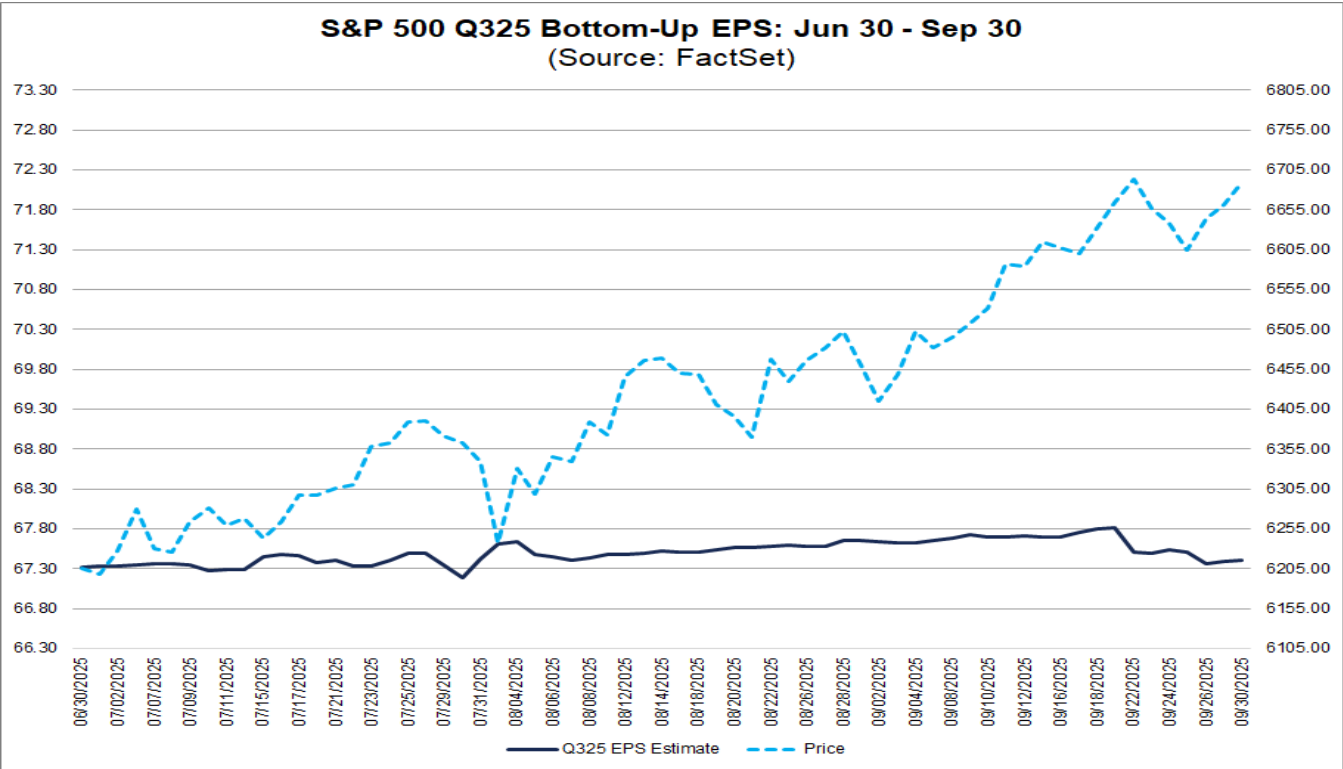
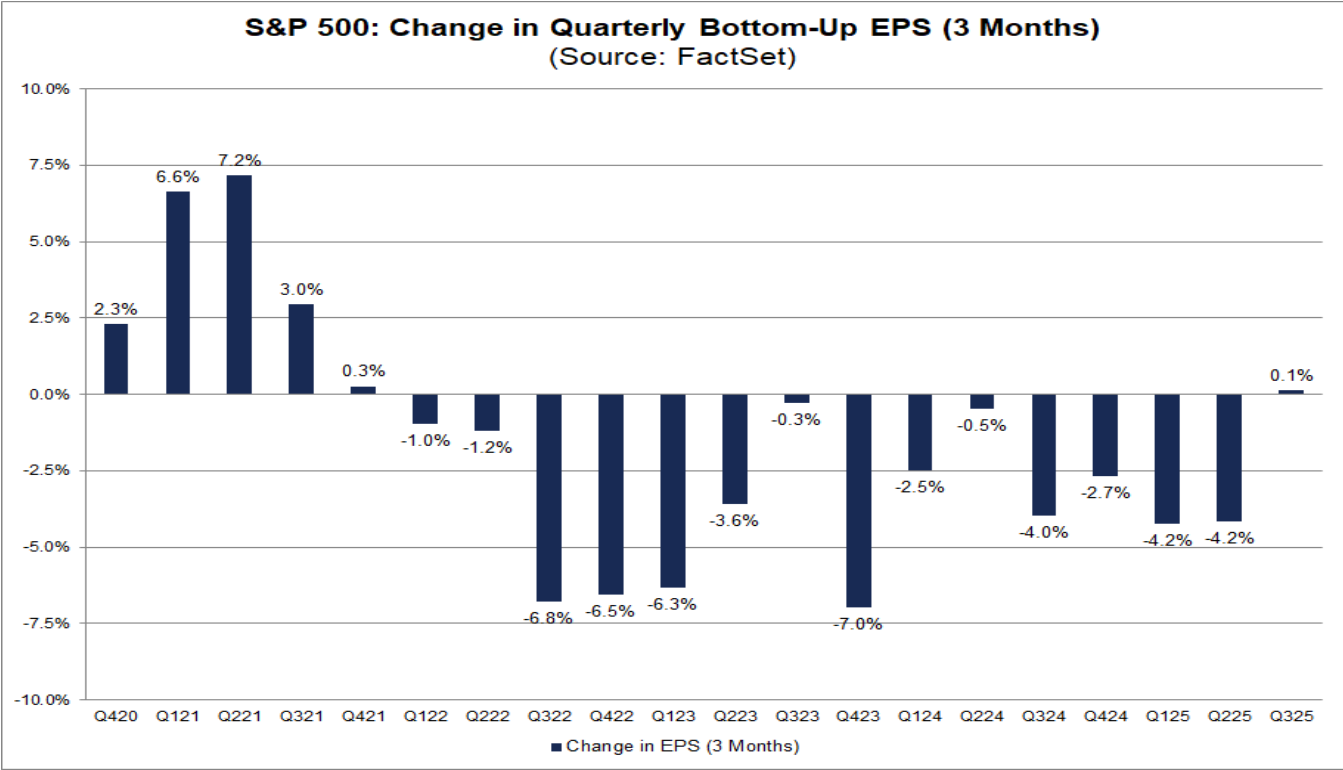
The third quarter marks the first time that analysts have increased EPS estimates in aggregate during a quarter since Q4 2021 (+0.3%).

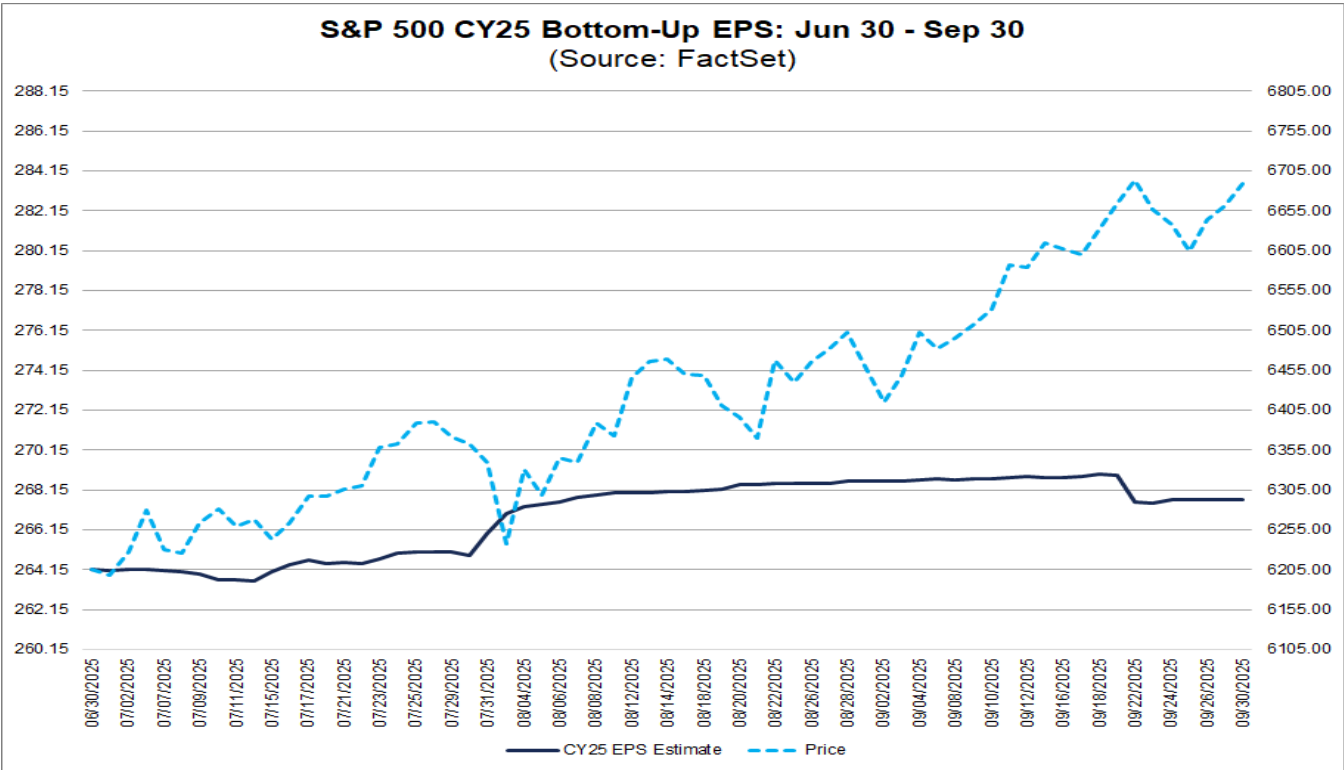
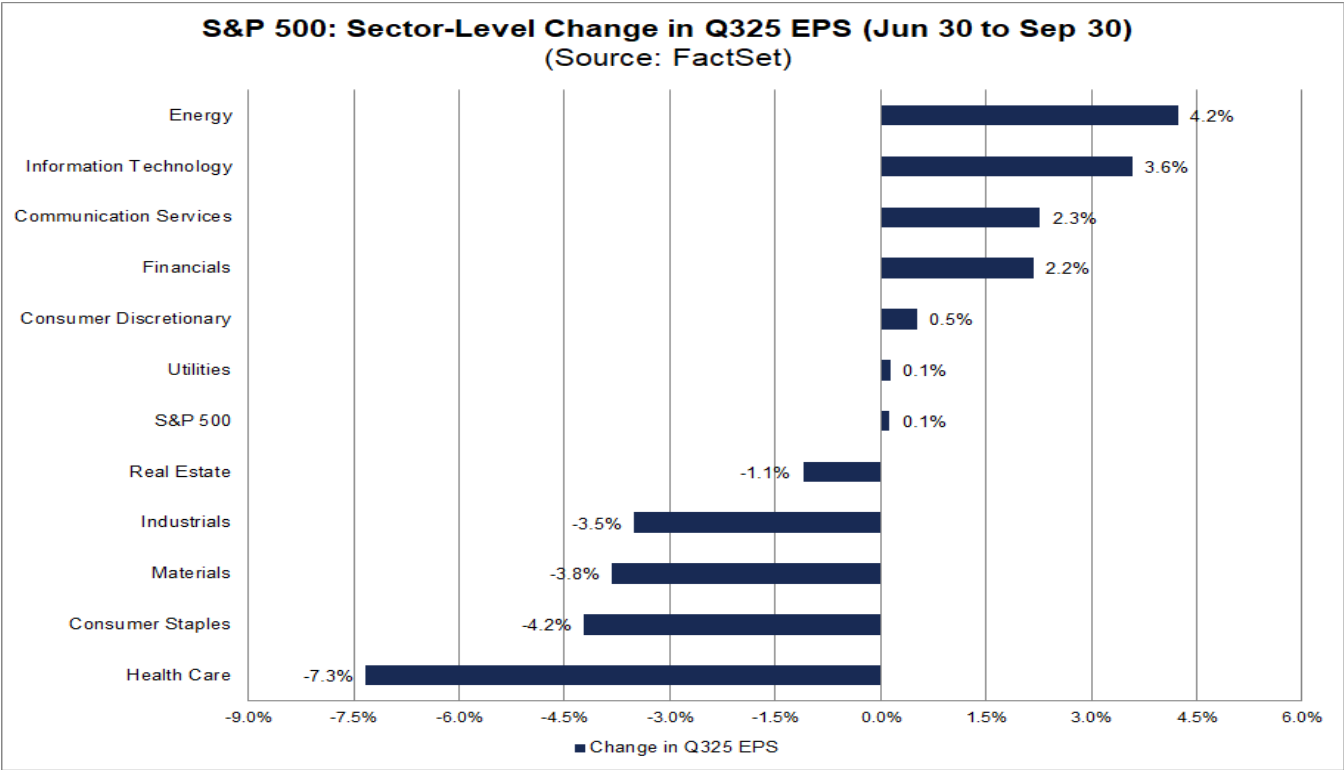
At the sector level, six of the eleven sectors witnessed an increase in their bottom-up EPS estimate for Q3 2025 from June 30 to September 30, led by the Energy (+4.2%) and Information Technology (+3.6%) sectors. On the other hand, five sectors recorded a decrease in their bottom-up EPS estimate for Q3 2025 during this period, led by the Health Care (-7.3%) sector.

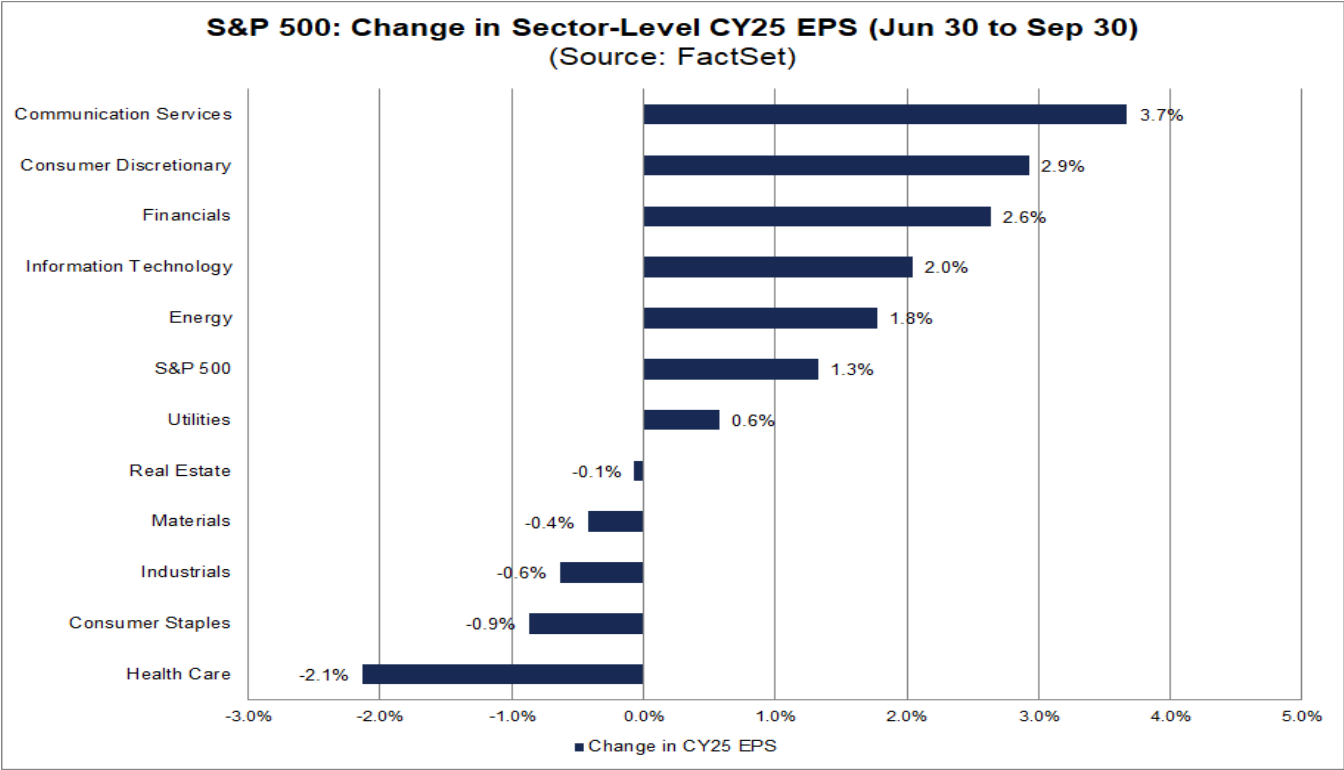
Analysts also increased earnings estimates for 2025 during the past three months. From June 30 through September 30, the CY 2025 bottom-up EPS estimate increased by 1.3% (to \$267.65 from \$264.15).

At the sector level, six sectors witnessed an increase in their bottom-up EPS estimate for CY 2025 from June 30 to September 30, led by the Communication Services (+3.7%), Consumer Discretionary (+2.9%), and Financials (+2.6%) sectors. On the other hand, five sectors recorded a decrease in their bottom-up EPS estimate for CY 2025 during this period, led by the Health Care (-2.1%).

Analysts also increased earnings estimates for 2026 during the past three months. From June 30 through September 30, the CY 2026 bottom-up EPS estimate increased by 1.2% (to \$303.76 from \$300.14).







Topic of the Week: 2

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

Overall, 112 S&P 500 companies have issued quarterly EPS guidance for the third quarter. Of these companies, 56 have issued negative EPS guidance and 56 have issued positive EPS guidance.

The number of companies issuing negative EPS guidance is below the 5-year average of 58 and below the 10-year average of 60. Overall, this quarter marks the lowest number of S&P 500 companies issuing negative EPS guidance for a quarter since Q4 2021 (51).

On the other hand, the number of companies issuing positive EPS guidance for the third quarter is well above the 5-year average of 43 and well above the 10-year average of 39. In fact, this is the highest number of S&P 500 companies issuing positive EPS guidance for a quarter since Q2 2021 (66).

As a result, the percentage of companies issuing positive EPS guidance is 50% (56 out of 112), which is above the 5-year average of 43% and above the 10-year average of 39%. This quarter also marks the highest percentage of S&P 500 companies issuing positive EPS guidance since Q3 2021 (57%).

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 36. This number is well above the 5-year average of 21.4 and above the 10-year average of 19.5 for the sector.

In fact, this is 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. The previous record was 29, which occurred in the previous quarter (Q2 2025).

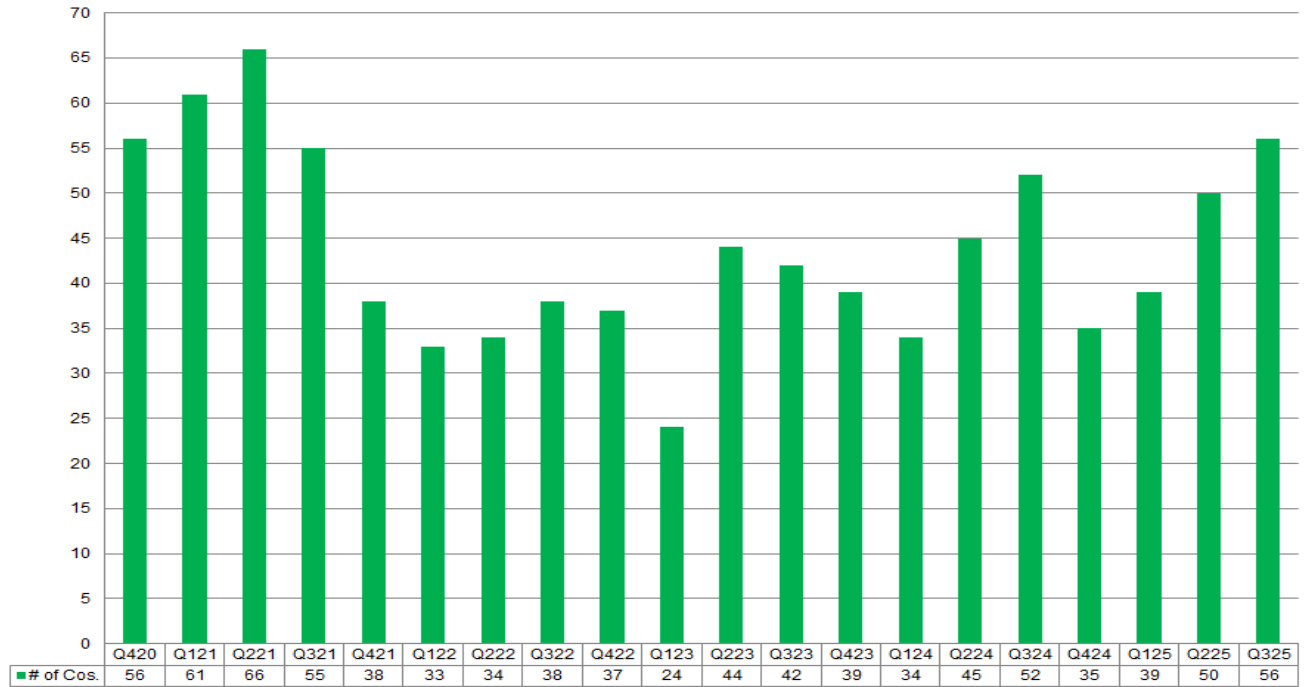
At the industry level, the Software (12) and Semiconductors & Semiconductor Equipment (9) industries have the highest number of companies issuing positive EPS guidance within the Information Technology sector.

It is interesting to note that the Information Technology has also recorded the second-largest increase in its bottom-up EPS estimate (+3.6%) for Q3 2025 during the quarter. For more details, please see pages 3 through 6.

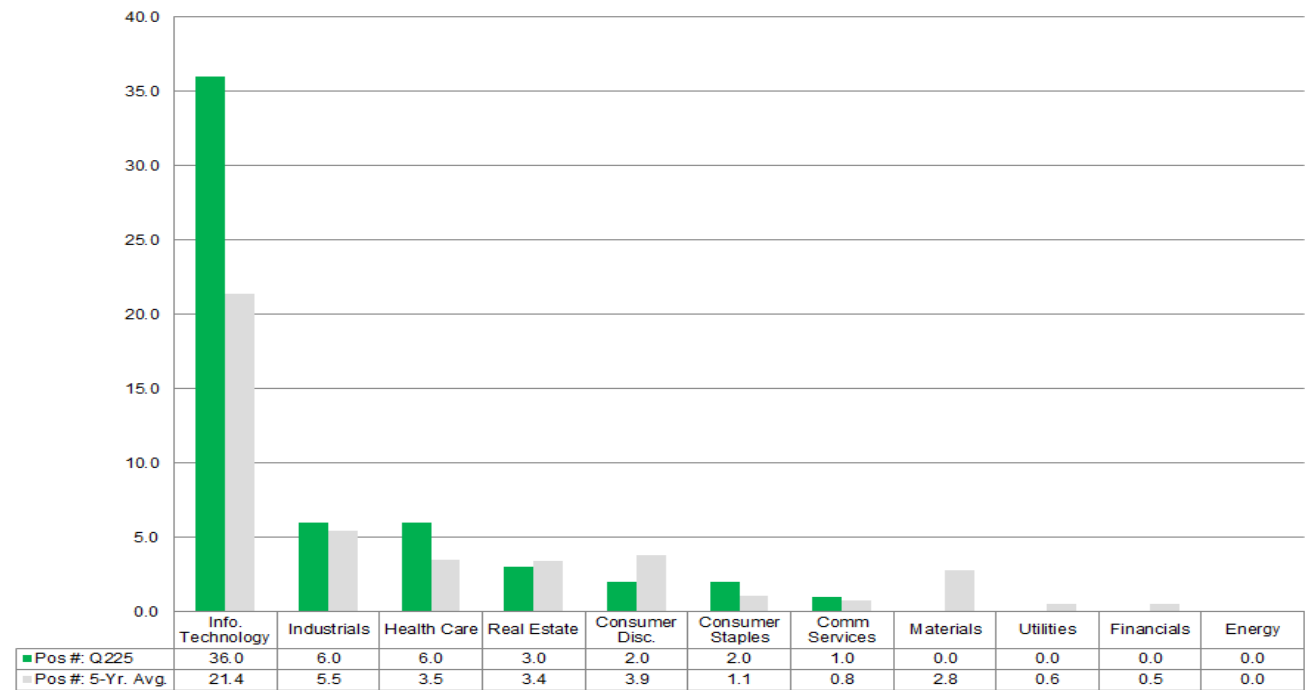
Thus, both companies and analysts have been more optimistic in their earnings outlooks for this sector relative to the other ten sectors. The Information Technology sector also has the highest estimated earnings growth rate of all ten sectors for Q3 2025 at 20.9%.

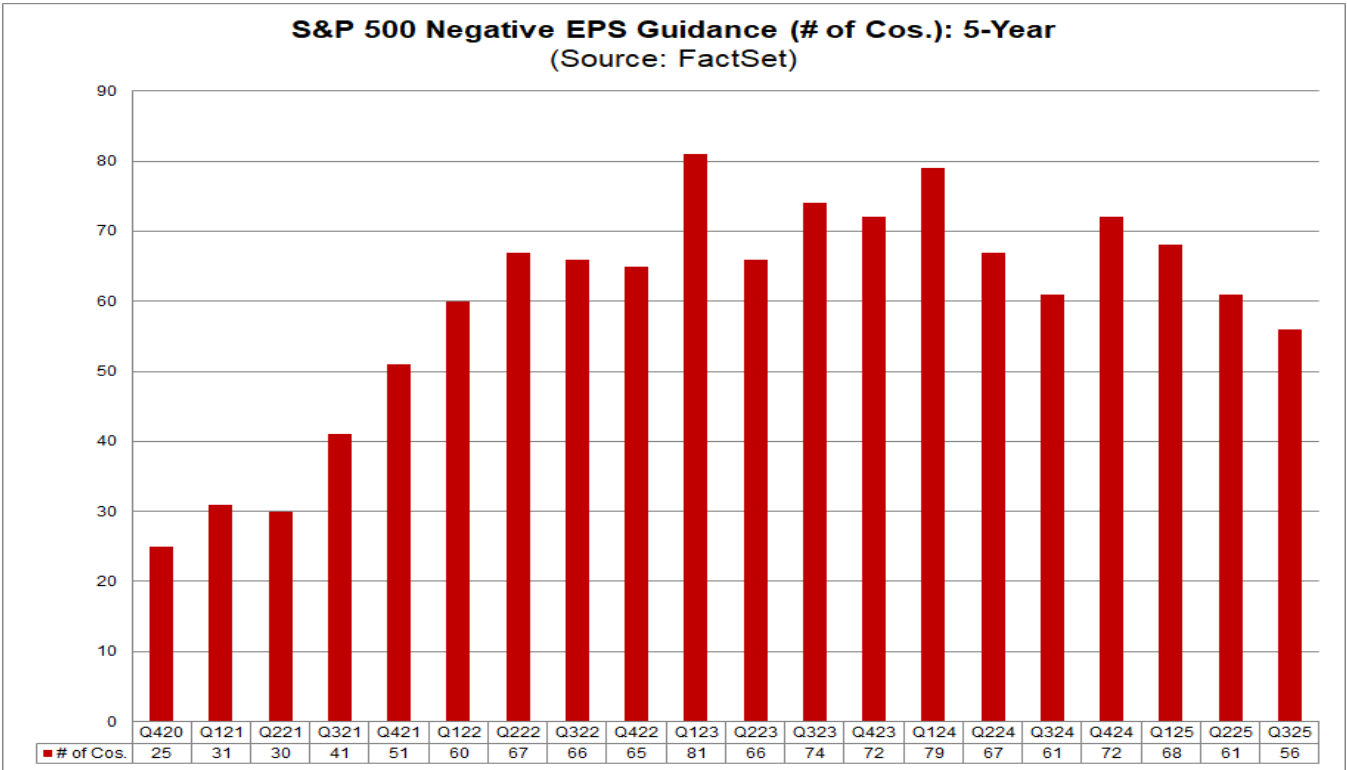
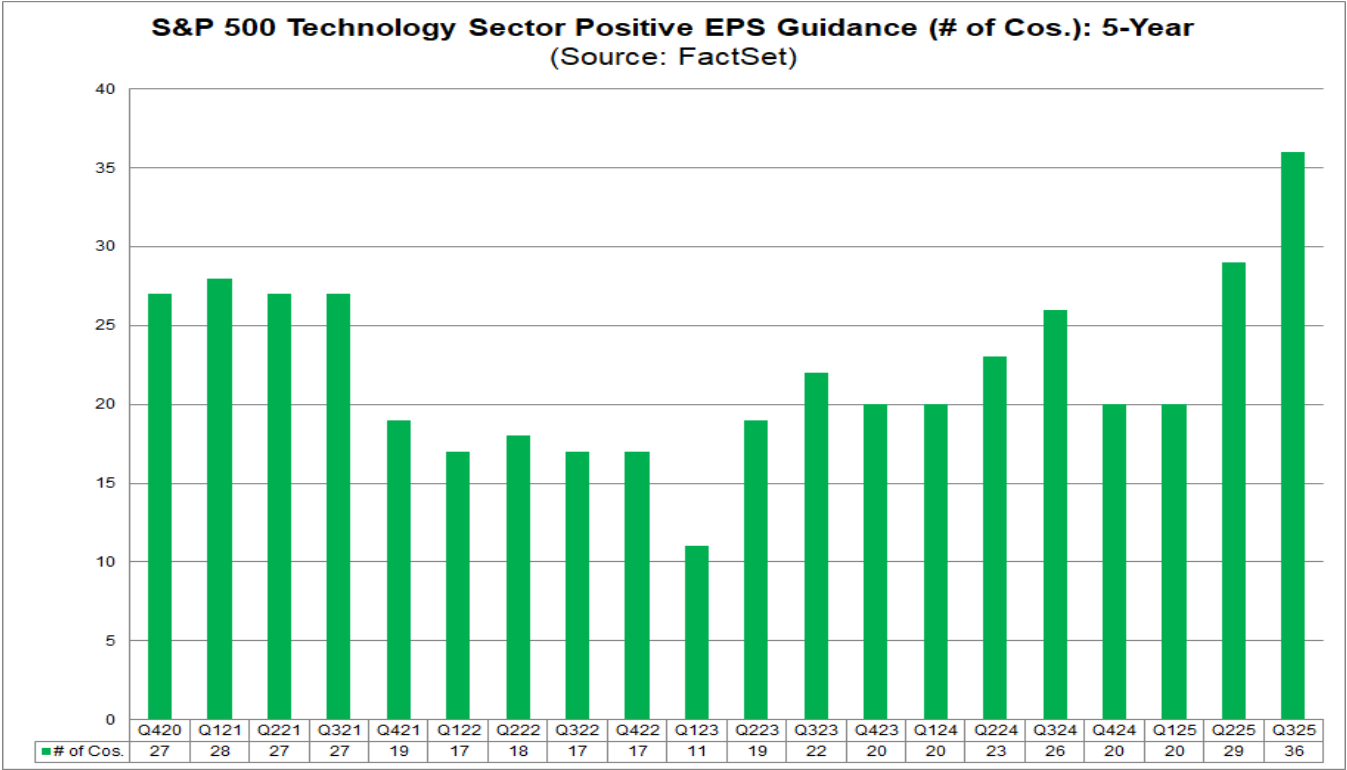
The term “guidance” (or “preannouncement”) is defined as a projection or estimate for EPS provided by a company in advance of the company reporting actual results. Guidance is classified as negative if the estimate (or mid-point of a range estimates) provided by a company is lower than the mean EPS estimate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

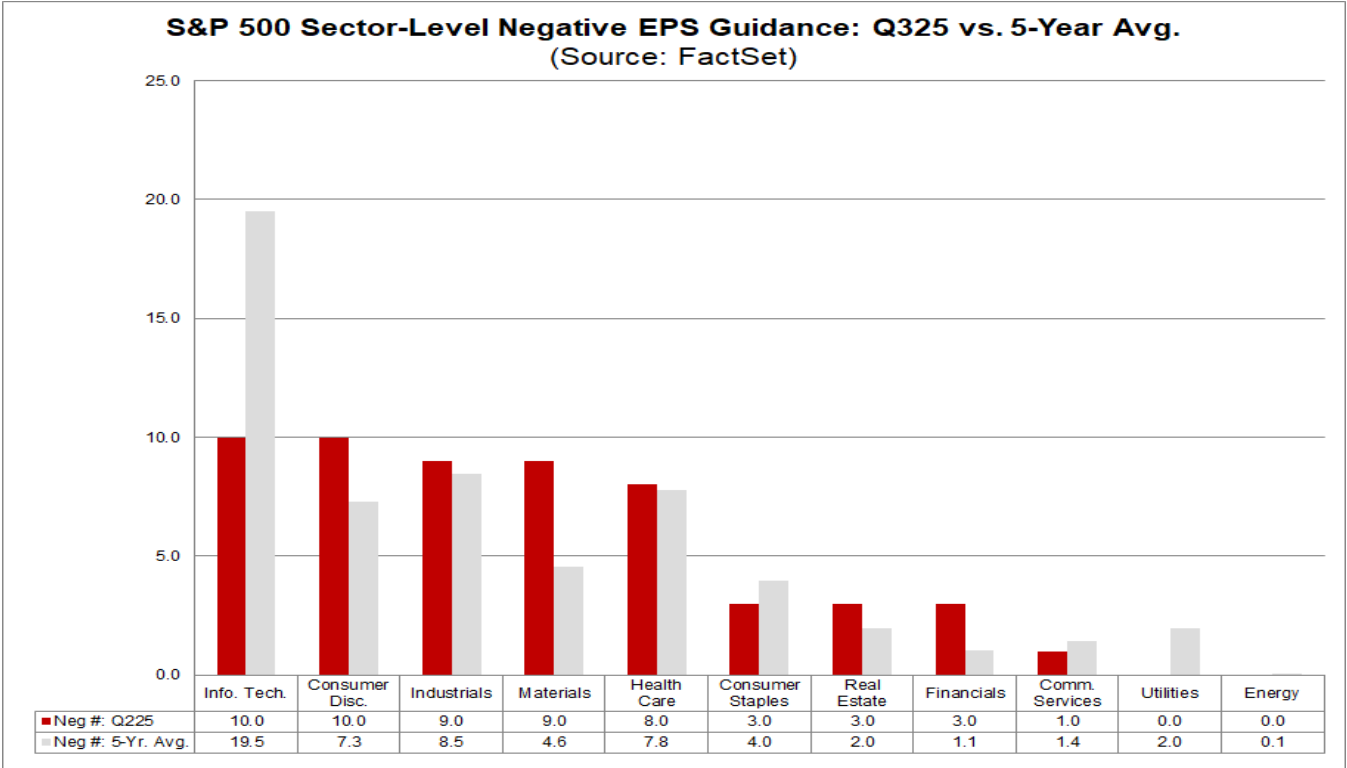
S&P 500 Positive EPS Guidance (# of Cos.): 5-Year
(Source: FactSet)



S&P 500 Sector-Level Positive EPS Guidance: Q325 vs. 5-Year Avg.
(Source: FactSet)







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. On a year-over-year basis, the index is expected to report earnings growth for the ninth-straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts increased earnings estimates for Q3 2025 during the quarter. On a per-share basis, estimated earnings for the third quarter increased by 0.1% 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 1.4% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.2% on average during a quarter.

In terms of guidance, both the number and percentage of S&P 500 companies issuing positive EPS guidance for Q3 2025 are higher than average. At this point in time, 112 companies in the index have issued EPS guidance for Q3 2025. Of these companies, 56 have issued negative EPS guidance and 56 have issued positive EPS guidance. The number of companies issuing positive EPS guidance is well above the 5-year average (42) and well above the 10-year average (39). The percentage of S&P 500 companies issuing positive EPS guidance for Q3 2025 is 50% (56 out of 112), which is also well above the 5-year average of 43% and well above the 10-year average of 39%.

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 2025 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 8.0%, compared to the estimated (year-over-year) earnings growth rate of 7.3% on June 30.

If 8.0% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are projected to report year-over-year growth, led by the Information Technology, Utilities, Materials, and Financials sectors. On the other hand, three sectors are predicted to report a year-over-year decline in earnings, led by the Energy and Consumer Staples 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 6.3%, compared to the expectations for revenue growth of 4.8% on June 30.

If 6.3% is the actual revenue growth rate for the quarter, it will mark the second-highest growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter. It will also mark the 20th consecutive quarter of revenue growth for the index.

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

For Q4 2025 through Q2 2026, analysts are calling for earnings growth rates of 7.3%, 11.8%, and 12.7%, respectively. For CY 2025 analysts are predicting (year-over-year) earnings growth of 10.9%.

The forward 12-month P/E ratio is 22.8, which is above the 5-year average (19.9) and above the 10-year average (18.6). This P/E ratio is also above the forward P/E ratio of 22.1 recorded at the end of the second quarter (June 30).

During the upcoming week, 5 S&P 500 companies are scheduled to report results for the third quarter.

Earnings Revisions: Technology Sector Has Seen Largest Increase in EPS Estimates Since June 30

Slight Increase in Earnings Growth Rate for Q3 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q3 2025 increased slightly to 8.0% from 7.9%. Positive EPS surprises reported by companies in the Consumer Discretionary sector and upward revisions to EPS estimates for companies in the Financials sector were the largest contributors to the small increase in the overall earnings growth for the index during the past week.

The estimated earnings growth rate for the S&P 500 for Q3 2025 of 8.0% today is above the estimate of 7.3% at the start of the quarter (June 30), as estimated earnings for the index of \$593.8 billion today are 0.7% above the estimate of \$589.7 billion at the start of the quarter. Six sectors have recorded an increase in (expected) dollar-level earnings due to upward revisions to earnings estimates, led by the Information Technology, Financials, and Communication Services sectors. On the other hand, five sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Health Care and Materials sectors.

Information Technology: NVIDIA and Apple Lead Earnings Increase Since June 30

The Information Technology sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 4.3% (to \$146.1 billion from \$140.1 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 20.9% today from 15.9% on June 30. This sector has also recorded the largest increase in price of all 11 sectors since June 30 at 14.4%. Overall, 55 of the 68 companies (81%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 55 companies, 13 have recorded an increase in their mean EPS estimate of more than 10%, led by Skyworks Solutions (to \$1.40 from \$0.99), Lam Research (to \$1.21 from \$0.98), Micron Technology (to \$3.03 from \$2.49), and Palantir Technologies (to \$0.17 from \$0.14). However, NVIDIA (to \$1.24 from \$1.17), Apple (to \$1.76 from \$1.65), Microsoft (to \$3.65 from \$3.56), and Micron Technology have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since June 30.

Financials: JPMorgan Chase and Progressive Lead Earnings Increase Since June 30

The Financials sector has recorded the second-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 3.6% (to \$107.7 billion from \$104.0 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 11.5% today from 7.6% on June 30. This sector has also recorded an increase in price of 1.8% since June 30. Overall, 54 of the 75 companies (72%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 54 companies, 10 have recorded an increase in their mean EPS estimate of more than 10%, led by Robinhood Markets (to \$0.48 from \$0.28), Allstate (to \$6.23 from \$4.36), and Progressive (to \$4.81 from \$3.53). JPMorgan Chase (to \$4.78 from \$4.48) and Progressive have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since June 30.

Communication Services: Meta Platforms and Alphabet Lead Earnings Increase Since June 30

The Communication Services sector has recorded the third-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 2.5% (to \$65.1 billion from \$63.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 3.2% today from 0.8% on June 30. This sector has also recorded the second-largest increase in price of all 11 sectors since June 30 at 11.2%. Overall, 7 of the 21 companies (33%) in the Communication Services sector have seen an increase in their mean EPS estimate during this time. Of these 7 companies, 2 have recorded an increase in their mean EPS estimate of more than 10%: Meta Platforms (to \$6.66 from \$5.89) and Interpublic Group of Companies (\$0.74 vs \$0.66). Meta Platforms and Alphabet (to \$2.31 from \$2.23) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since June 30.

Health Care: UnitedHealth Group Leads Earnings Decrease Since June 30

On the other hand, the Health Care sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -6.7% (to \$70.5 billion from \$75.5 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.1% today from 7.3% on June 30. Despite the decline in expected earnings, this sector has recorded an increase in price of 6.2% since June 30. Overall, 33 of the 60 companies (55%) in the Health Care sector have seen a decrease in their mean EPS estimate during this time. Of these 33 companies, 7 have recorded a decline in their mean EPS estimate of more than 10%, led by Centene Corporation (to -\$0.14 from \$1.58), UnitedHealth Group (to \$2.81 from \$5.15), Elevance Health (to \$5.19 from \$8.62), and Molina Healthcare (to \$4.00 from \$6.26). UnitedHealth Group, Pfizer (to \$0.71 from \$0.87), Centene Corporation, and Elevance Health have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since June 30.

Materials: Dow Leads Earnings Decrease Since June 30

The Materials sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -4.6% (to \$11.4 billion from \$12.0 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 13.9% today from 19.4% on June 30. Despite the decline in expected earnings, this sector has recorded an increase in price of 2.5% since June 30. Overall, 18 of the 26 companies (69%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 18 companies, 10 have recorded a decline in their mean EPS estimate of more than 10%, led by Dow (to -\$0.29 from \$0.14), Albemarle (to -\$0.91 from -\$0.38), Eastman Chemical (to \$1.20 from \$1.92), and LyondellBasell Industries (to \$0.86 from \$1.28). Dow has also been the largest contributor to the decrease in expected (dollar-level) earnings for this sector since June 30.

Index-Level EPS Estimate: 0.1% 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 0.1% (to \$67.41 from \$67.32) from June 30 to September 30. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 1.4% on average during a quarter. Over the past ten years (40 quarters), earnings expectations have fallen by 3.2% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.4% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.3% on average during a quarter.

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

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

At this point in time, 112 companies in the index have issued EPS guidance for Q3 2025. Of these 112 companies, 56 have issued negative EPS guidance and 56 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q3 2025 is below the 5-year average of 58 and below the 10-year average of 60. The number of companies issuing positive EPS guidance for Q3 2025 is above the 5-year average of 43 and above the 10-year average of 39.

The percentage of companies issuing negative EPS guidance for Q3 2025 is 50% (56 out of 112), which is below the 5-year average of 57% and below the 10-year average of 61%. The percentage of S&P 500 companies issuing positive EPS guidance for Q3 2025 is 50% (56 out of 112), which is above the 5-year average of 43% and above the 10-year average of 39%.

At the sector level, the Information Technology sector has the highest number of companies issuing positive EPS guidance for the quarter at 36.

Annual Guidance: 38% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 266 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 266 companies, 101 have issued negative EPS guidance and 165 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 38% (101 out of 266).

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: 8.0%

The estimated (year-over-year) earnings growth rate for Q3 2025 is 8.0%, which is below the 5-year average earnings growth rate of 14.9% and below the 10-year average earnings growth rate of 9.5%. If 7.9% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are expected to report year-over-year earnings growth, led by the Information Technology, Utilities, Materials, and Financials sectors. On the other hand, three sectors are projected to report a year-over-year decline in earnings, led by the Energy and Consumer Staples sectors.

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

The Information Technology sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 20.9%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (45%), Electronic Equipment, Instruments, & Components (22%), Software (12%), Communication Equipment (8%), IT Services (6%), and Technology Hardware, Storage, & Peripherals (5%).

The Semiconductors & Semiconductor Equipment industry is also the 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 9.6% from 20.9%.

Utilities: NRG Energy Is Largest Contributor to Year-Over-Year Growth

The Utilities sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 17.9%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Electricity Producers (101%), Electric Utilities (15%), Gas Utilities (14%), Multi-Utilities (10%), and Water Utilities (9%).

At the company level, NRG Energy (\$2.07 vs. -\$3.79) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Utilities sector would fall to 10.6% from 17.9%.

Materials: 3 of 4 Industries Expected to Report Year-Over-Year Growth

The Materials sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 13.9%. At the industry level, 3 of the 4 industries in the sector are projected to report year-over-year earnings growth. All 3 are predicted to report double-digit growth: Containers & Packaging (94%), Metals & Mining (41%), and Construction Materials (16%). On the other hand, the Chemicals (-7%) industry is the only industry projected to report a year-over-year decline in earnings.

Financials: All 5 Industries Expected to Report Year-Over-Year Growth

The Financials sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 11.5%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Consumer Finance (28%), Capital Markets (14%), Insurance (10%), Financial Services (10%), and Banks (9%).

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -4.0%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q3 2025 (\$64.97) was 15% below the average price for oil in Q3 2024 (\$76.06). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in earnings: Oil & Gas Equipment & Services (-20%), Integrated Oil & Gas (-13%), and Oil & Gas Exploration & Production (-5%). On the other hand, two sub-industries are projected to report year-over-year earnings growth: Oil & Gas Refining & Marketing (55%) and Oil & Gas Storage & Transportation (23%).

Consumer Staples: Food Products Industry Is Largest Contributor to Year-Over-Year Decline

The Consumer Staples sector is expected to report the second-highest (year-over-year) earnings decline of all eleven sectors at -3.1%. At the industry level, 4 of the 6 industries in the sector are projected to report a year-over-year decline in earnings: Food Products (-22%), Household Products (-4%), Personal Care Products (-4%), and Beverages (-2%). On the other hand, two industries are predicted to report year-over-year earnings growth: Tobacco (7%) and Consumer Staples Distribution & Retail (3%).

The Food Products industry is also the expected to be the largest contributor to the earnings decline for the sector. If this industry were excluded, the Consumer Staples sector would be expected to report earnings growth of 0.6% rather than an earnings decline of -3.1.

Revenue Growth: 6.3%

The estimated (year-over-year) revenue growth rate for Q3 2025 is 6.3%, which is below the 5-year average revenue growth rate of 7.2% but above the 10-year average revenue growth rate of 5.4%. If 6.3% is the actual growth rate for the quarter, it will mark the second-highest growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter. It will also mark the 20th consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are expected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector that is projected to report a year-over-year decline in revenues.

Information Technology: All 6 Industries Expected to Report Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 14.2%. At the industry level, all 6 industries in the sector are projected to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (27%), Electronic Equipment, Instruments, & Components (15%), Software (15%), Communication Equipment (8%), IT Services (7%), and Technology Hardware, Storage, & Peripherals (7%).

Communication Services: 4 of 5 Industries Expected to Report Year-Over-Year Growth

The Communication Services sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 8.4%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (14%), Wireless Telecommunication Services (8%), Entertainment (6%), and Diversified Telecommunication Services (2%). On the other hand, the Media (-3%) industry is the only industry in the sector predicted to report a year-over-year decline in earnings.

Health Care: All 5 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the third-highest (year-over-year) revenue growth rate of all eleven sectors at 8.0%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Health Care Providers & Services (9%), Health Care Equipment & Supplies (8%), Pharmaceuticals (6%), Life Sciences, Tools, & Services (3%), and Biotechnology (1%).

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -2.8%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q3 2025 (\$64.97) was 15% below the average price for oil in Q3 2024 (\$76.06). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in revenues: Integrated Oil & Gas (-8%), Oil & Gas Refining & Marketing (-6%), and Oil & Gas Equipment & Services (-3%). On the other hand, two sub-industries are projected to report year-over-year growth in revenues: Oil & Gas Storage & Transportation (28%) and Oil & Gas Exploration & Production (15%).

Net Profit Margin: 12.7%

The estimated net profit margin for the S&P 500 for Q3 2025 is 12.7%, which is below the previous quarter's net profit margin of 12.8%, but above the year-ago net profit margin of 12.5% and above the 5-year average of 12.1%.

At the sector level, five sectors are expected to report a year-over-year increase in their net profit margins in Q3 2025 compared to Q3 2024, led by the Utilities (16.4% vs. 14.8%) and Information Technology (26.6% vs. 25.1%) sectors. On the other hand, six sectors are expected to report a year-over-year decrease in their net profit margins in Q3 2025 compared to Q3 2024, led by the Real Estate (34.1% vs. 35.2%) sector.

Six sectors are expected to report net profit margins in Q3 2025 that are above their 5-year averages, led by the Utilities (16.4% vs. 13.6%) sector. On the other hand, four sectors are expected to report net profit margins in Q3 2025 that are below their 5-year averages, led by the Health Care (7.6% vs. 9.3%) sector. One sector (Consumer Staples) is projected to report a net profit margin in Q3 2025 that is equal to its 5-year average (6.4%).

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 11% for CY 2025

For the third quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 8.0% and year-over-year growth in revenues of 6.3%.

For Q4 2025, analysts are projecting earnings growth of 7.3% and revenue growth of 6.3%.

For CY 2025, analysts are projecting earnings growth of 10.9% and revenue growth of 6.1%.

For Q1 2026, analysts are projecting earnings growth of 11.8% and revenue growth of 7.2%.

For Q2 2026, analysts are projecting earnings growth of 12.7% and revenue growth of 6.4%.

For CY 2026, analysts are projecting earnings growth of 13.8% and revenue growth of 6.6%.

Valuation: Forward P/E Ratio is 22.8, Above the 10-Year Average (18.6)

The forward 12-month P/E ratio for the S&P 500 is 22.8. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.6. It is also above the forward 12-month P/E ratio of 22.1 recorded at the end of the second quarter (June 30). Since the end of the second quarter (June 30), the price of the index has increased by 8.2%, while the forward 12-month EPS estimate has increased by 4.6%. At the sector level, the Information Technology (30.7) and Consumer Discretionary (29.3) sectors have the highest forward 12-month P/E ratios, while the Energy (15.1) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 28.8, which is above the 5-year average of 25.0 and above the 10-year average of 22.7.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

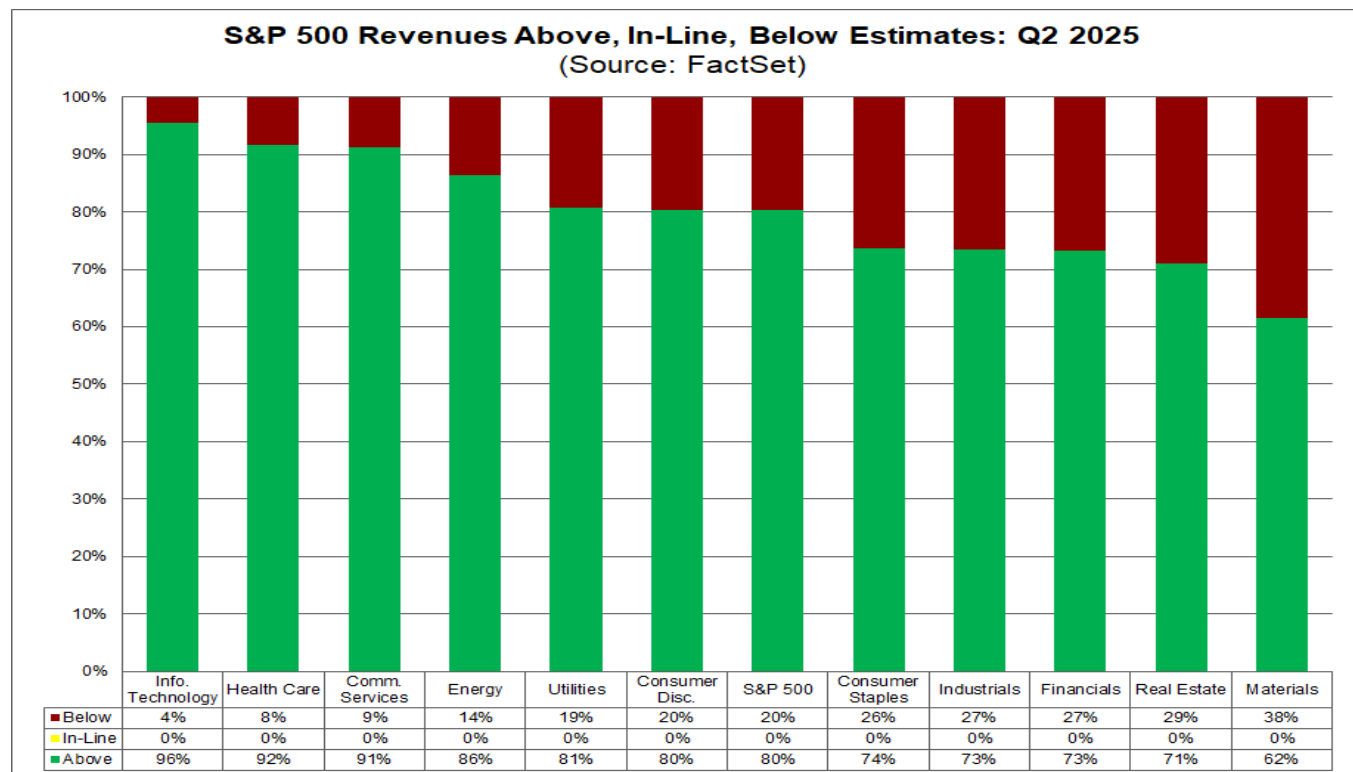
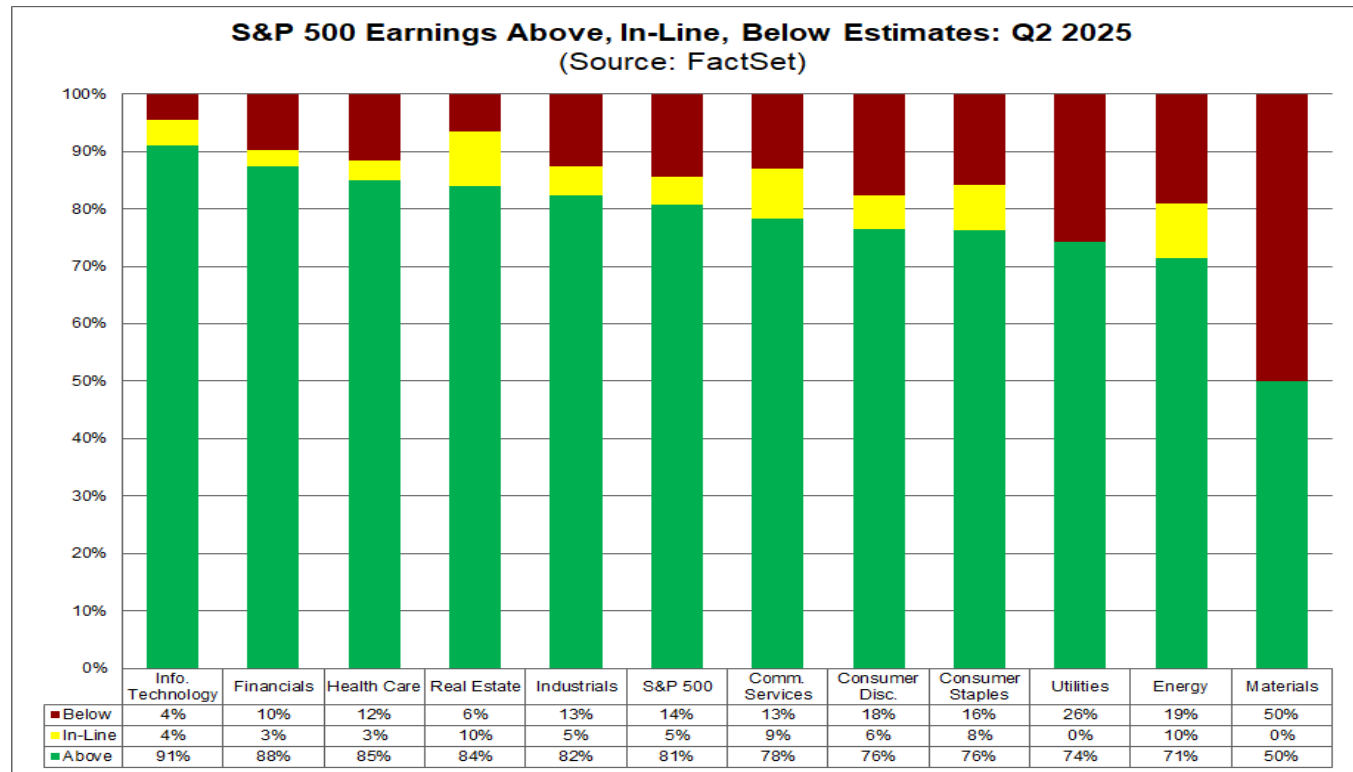
The bottom-up target price for the S&P 500 is 7393.18, which is 10.1% above the closing price of 6715.35. At the sector level, the Consumer Staples (+14.3%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+6.6%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 12,459 ratings on stocks in the S&P 500. Of these 12,459 ratings, 55.9% are Buy ratings, 38.8% are Hold ratings, and 5.2% are Sell ratings. At the sector level, the Information Technology (65%), Energy (64%), and Communication Services (63%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

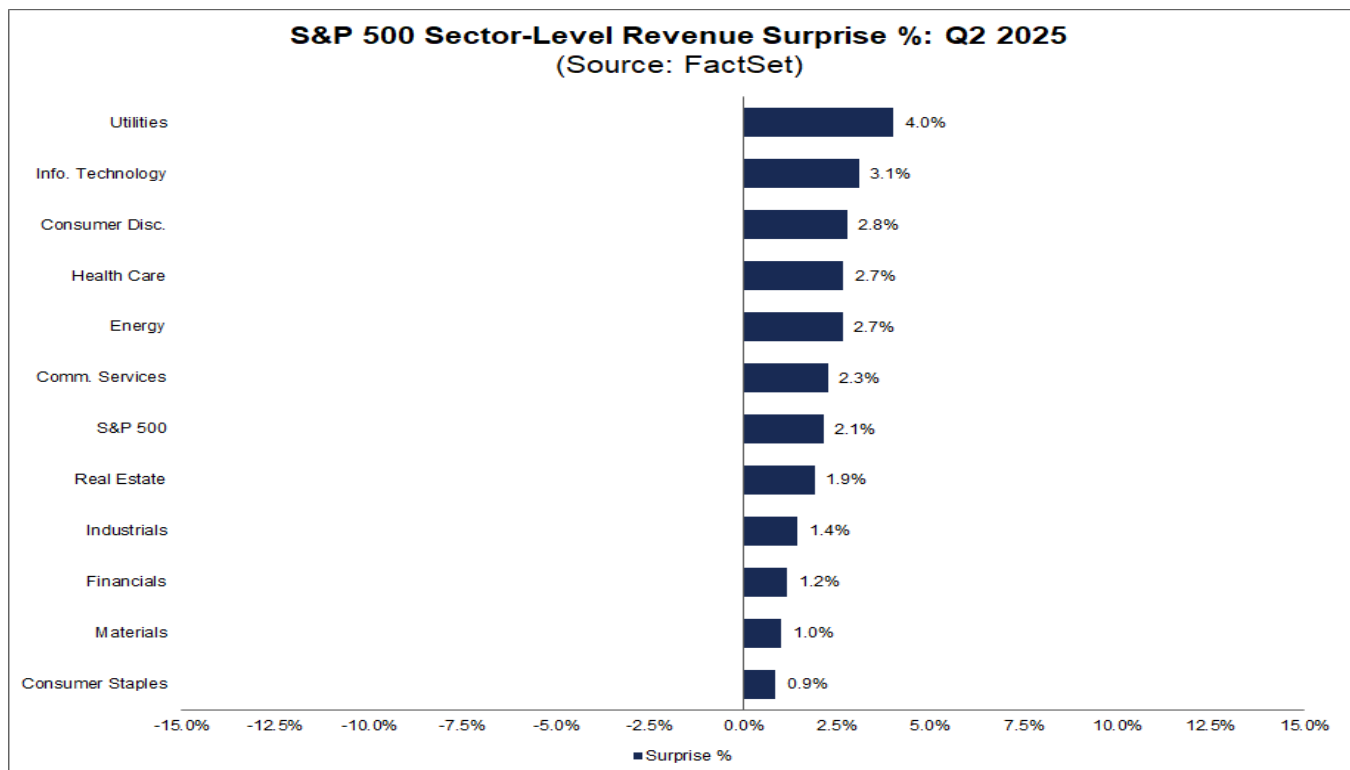
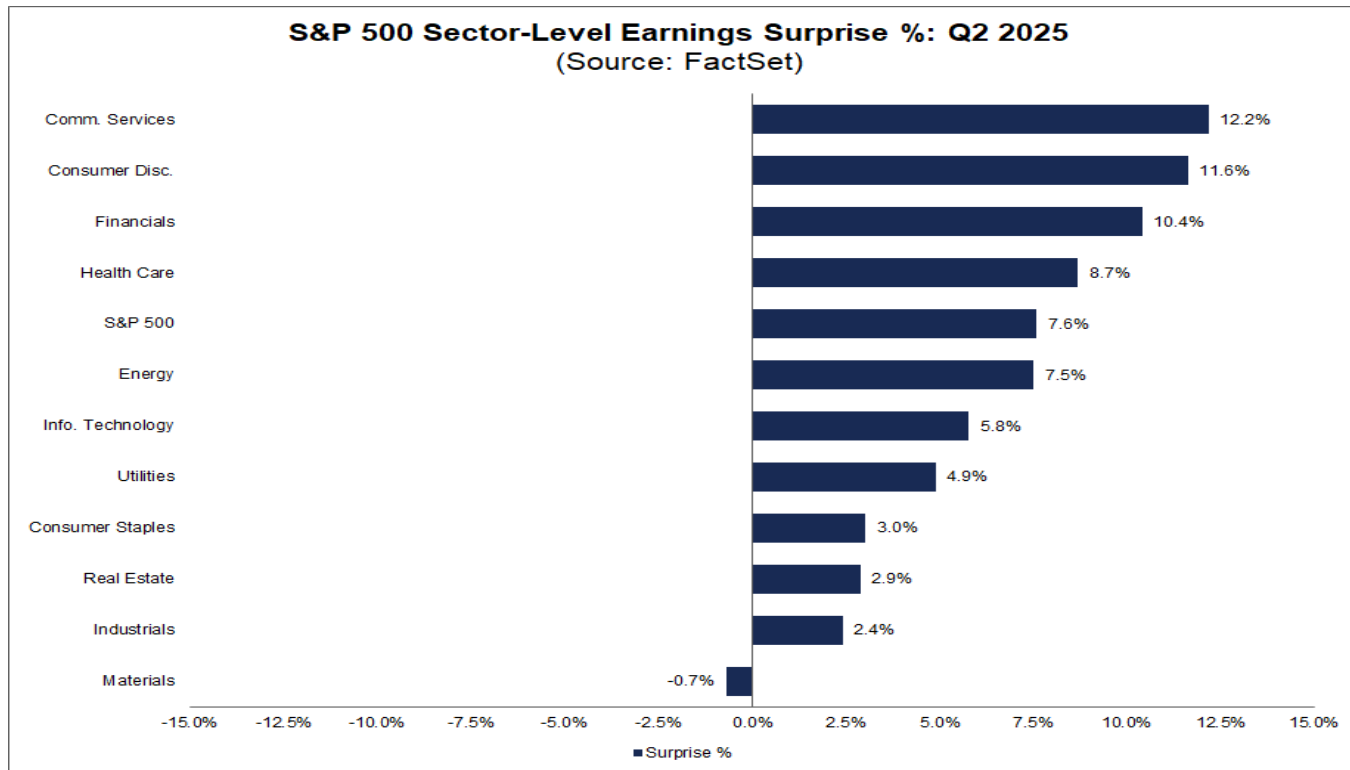
Companies Reporting Next Week: 5

During the upcoming week, 5 S&P 500 companies are scheduled to report results for the third quarter.

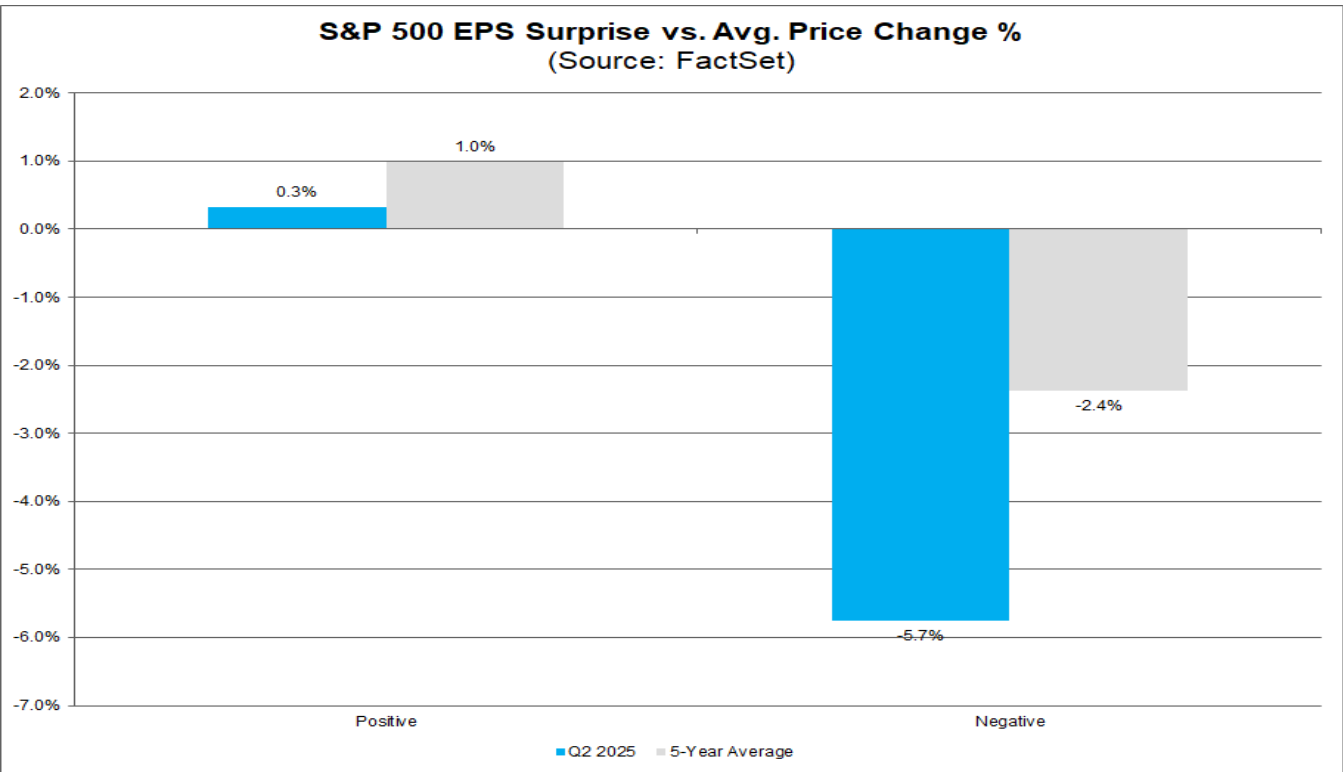
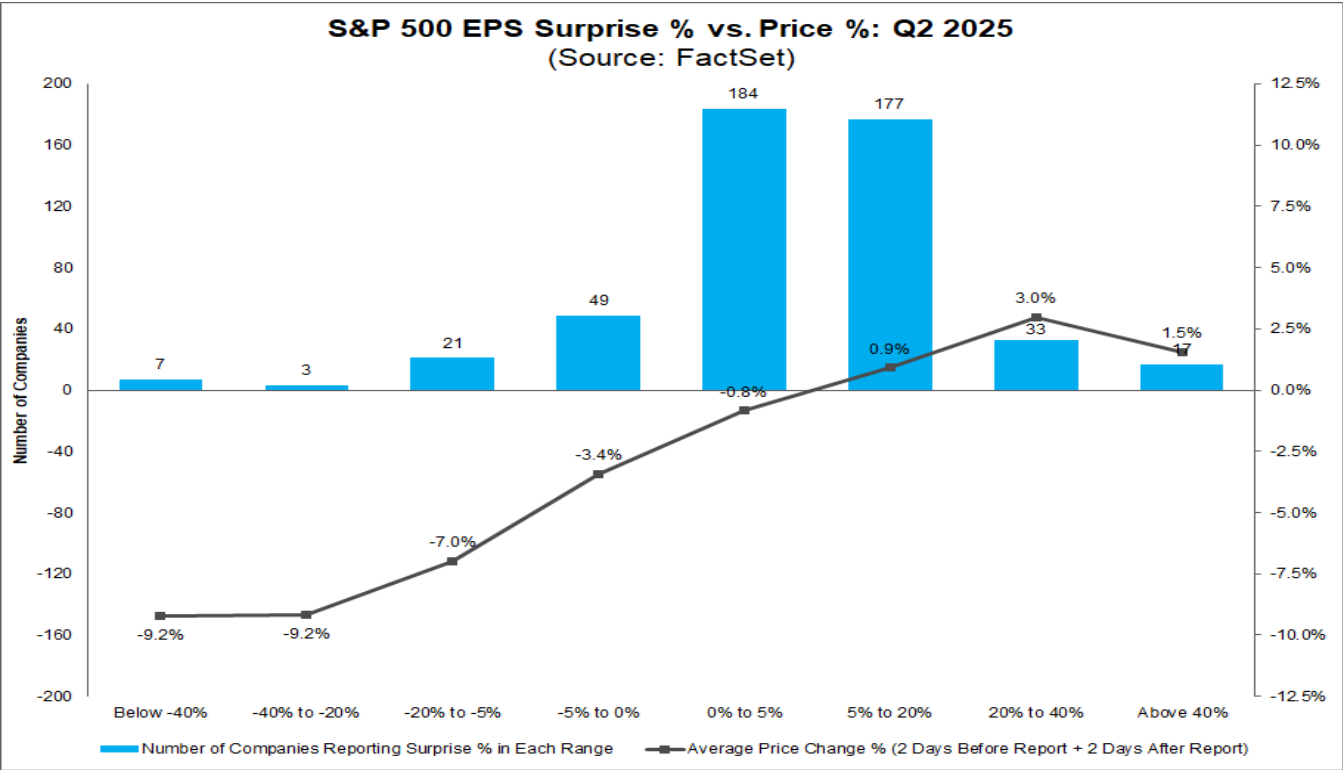
Q2 2025: Scorecard



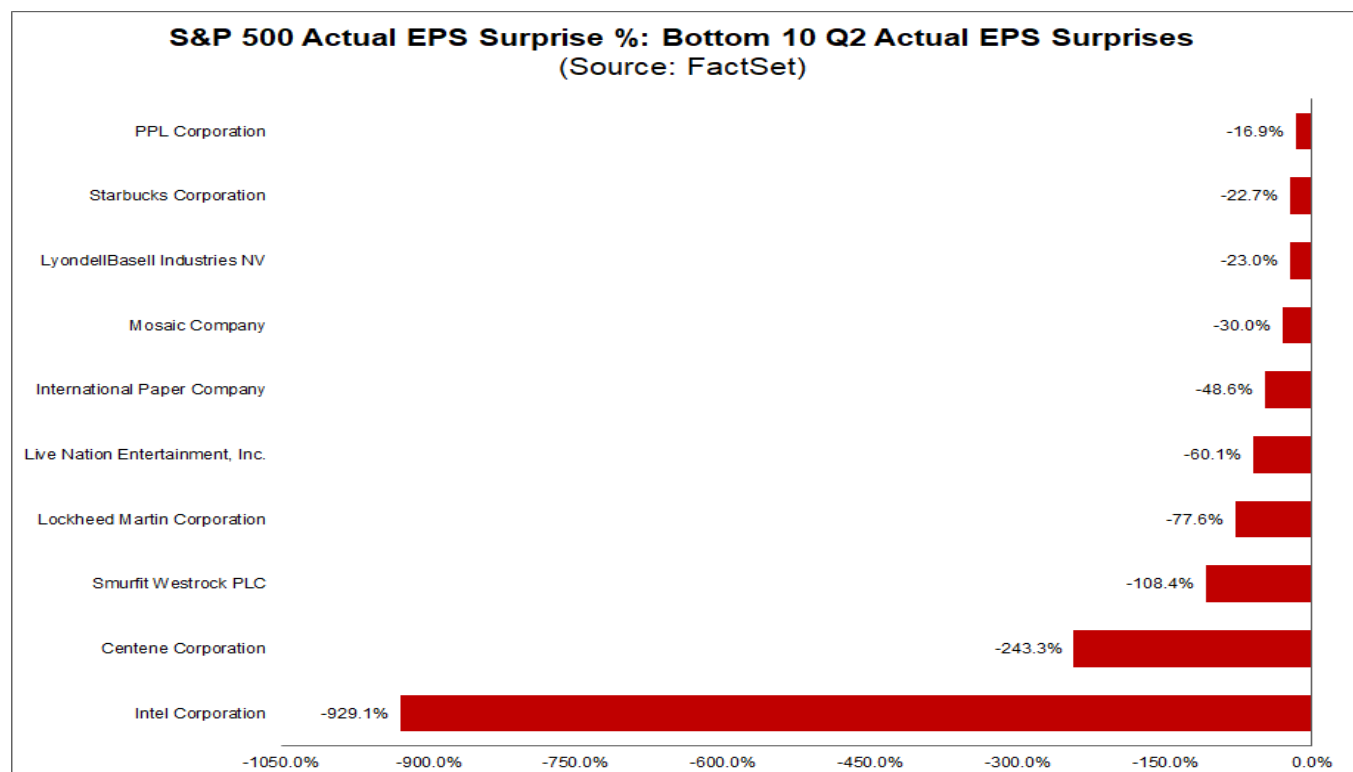
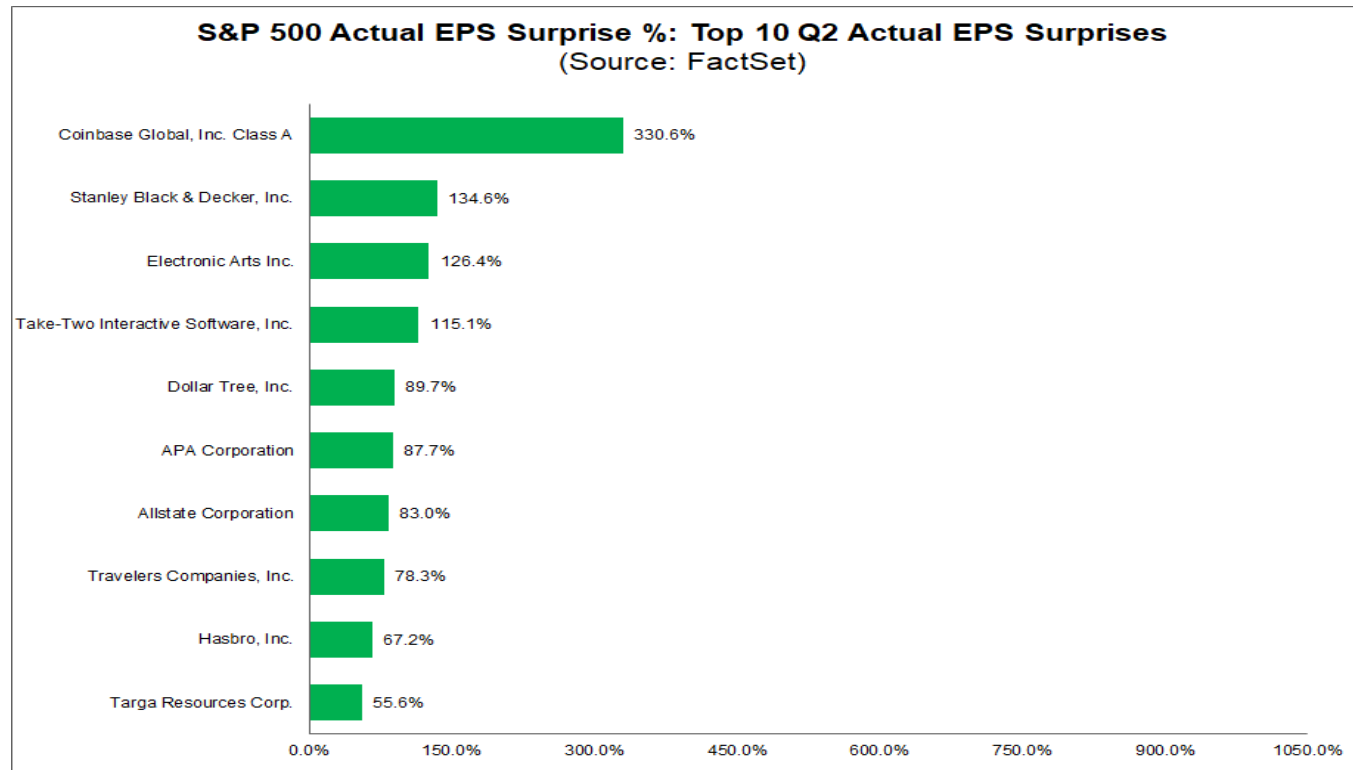
Q2 2025: Surprise



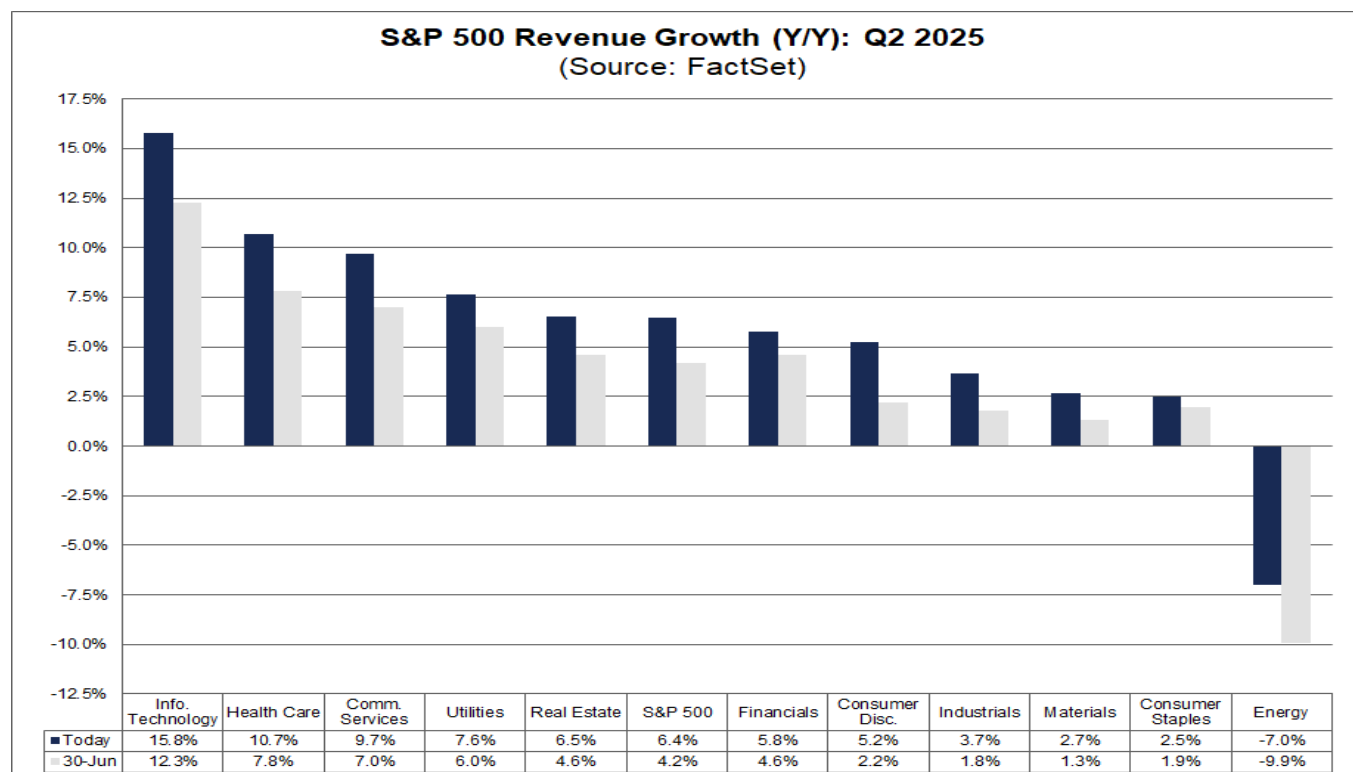
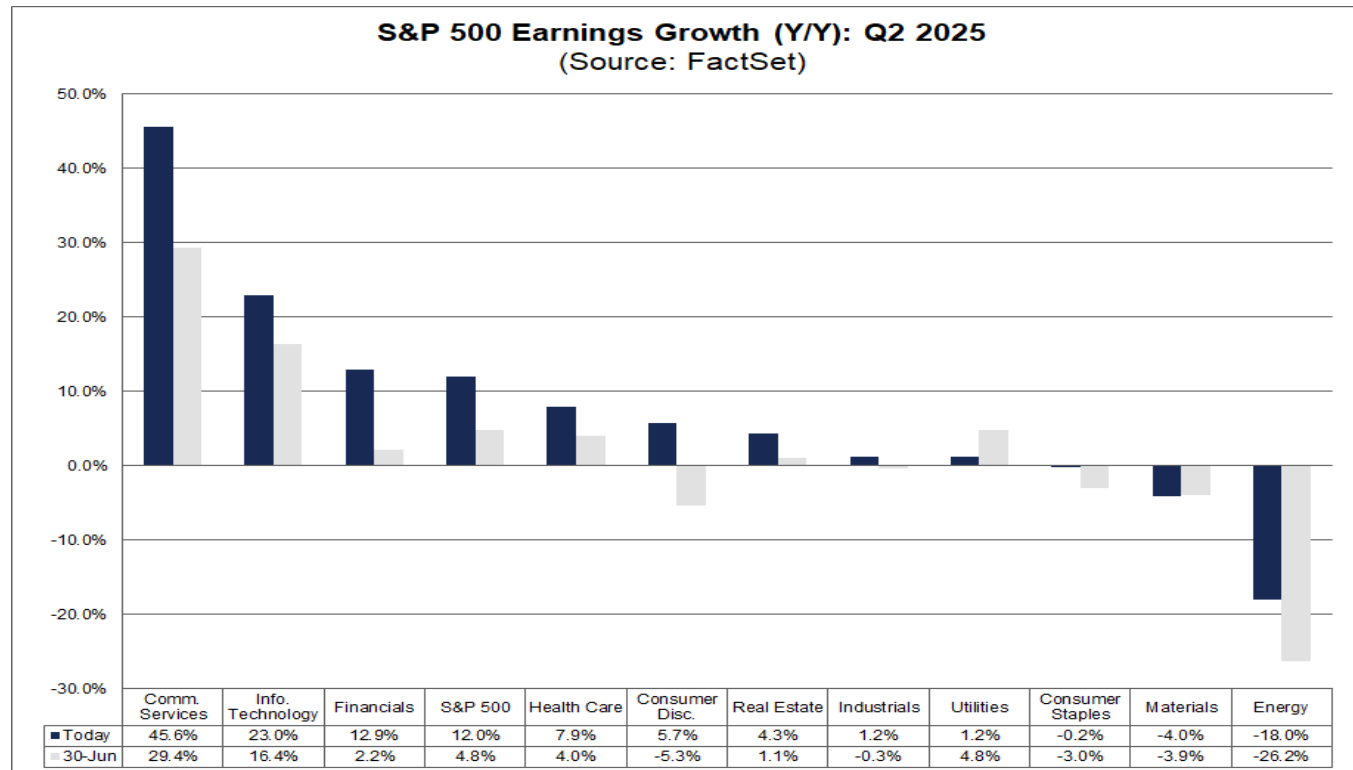
Q2 2025: Surprise



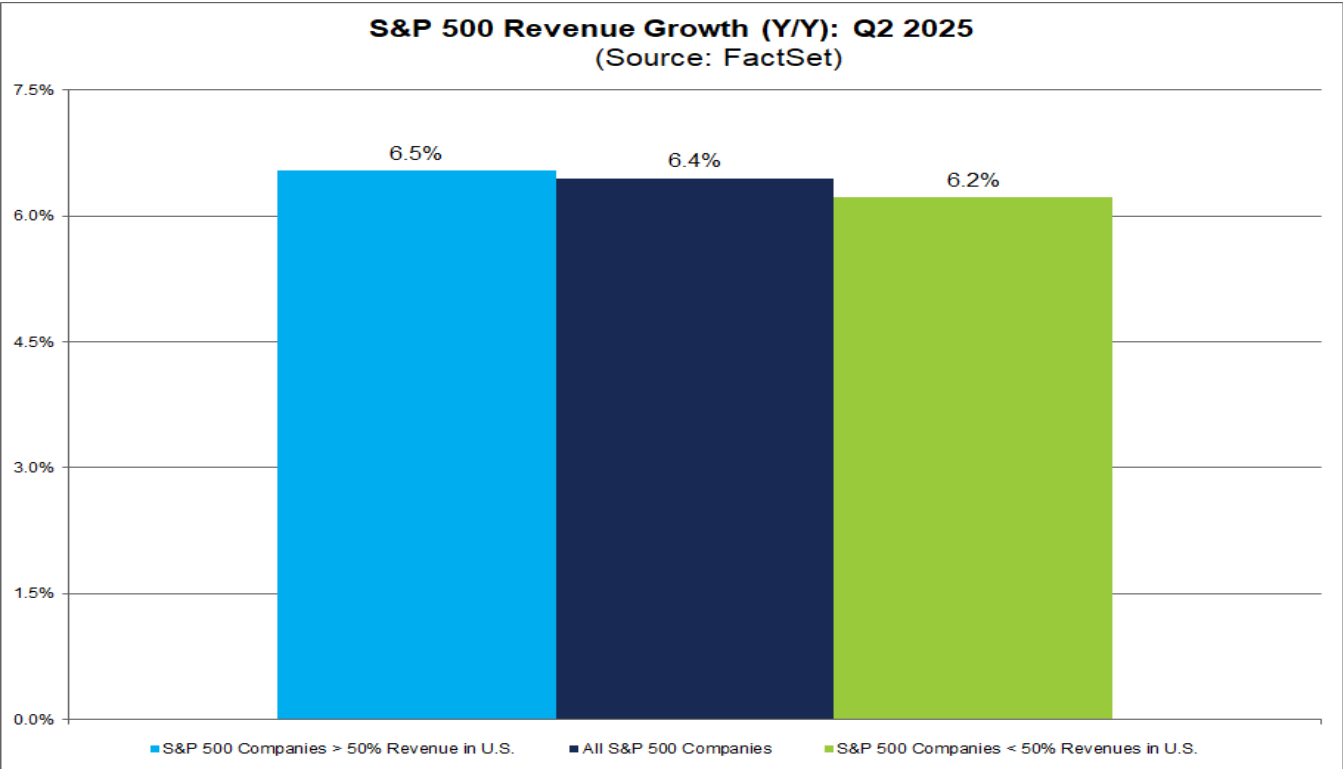
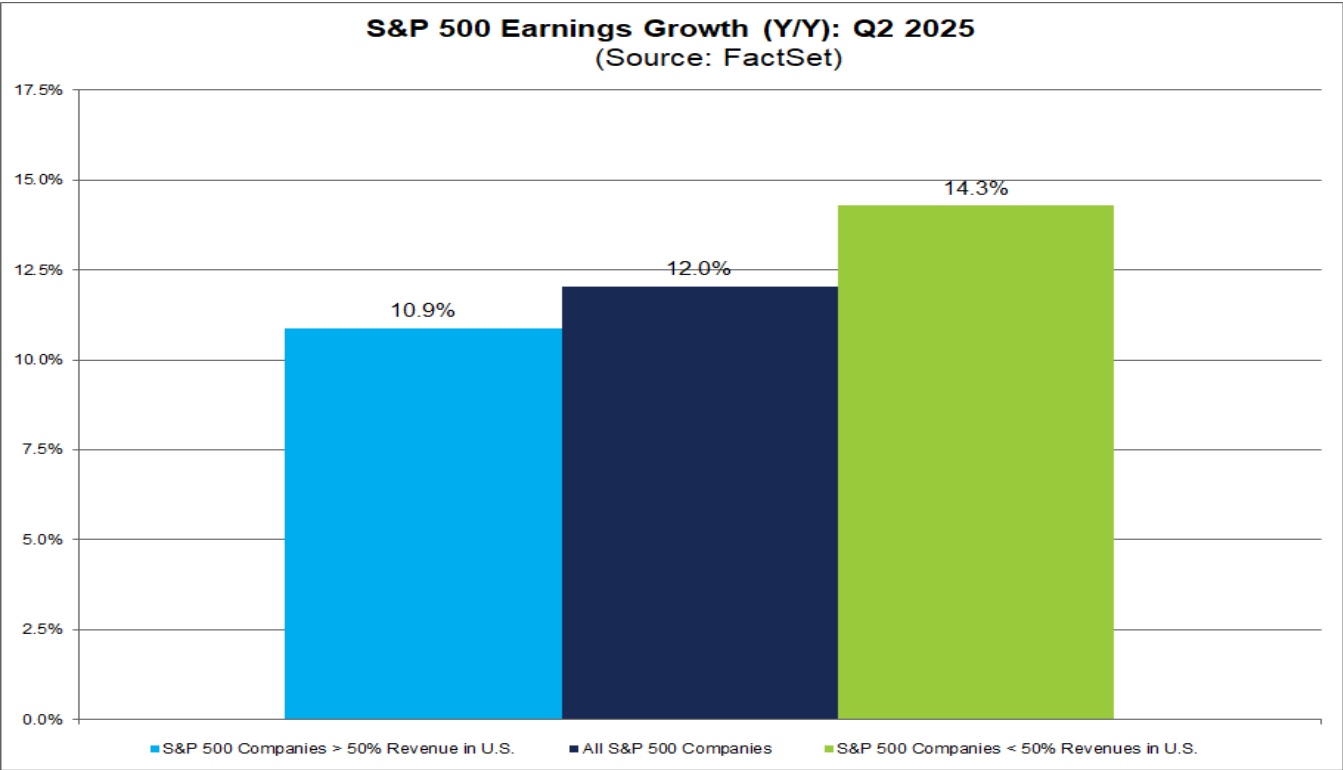
Q2 2025: Surprise



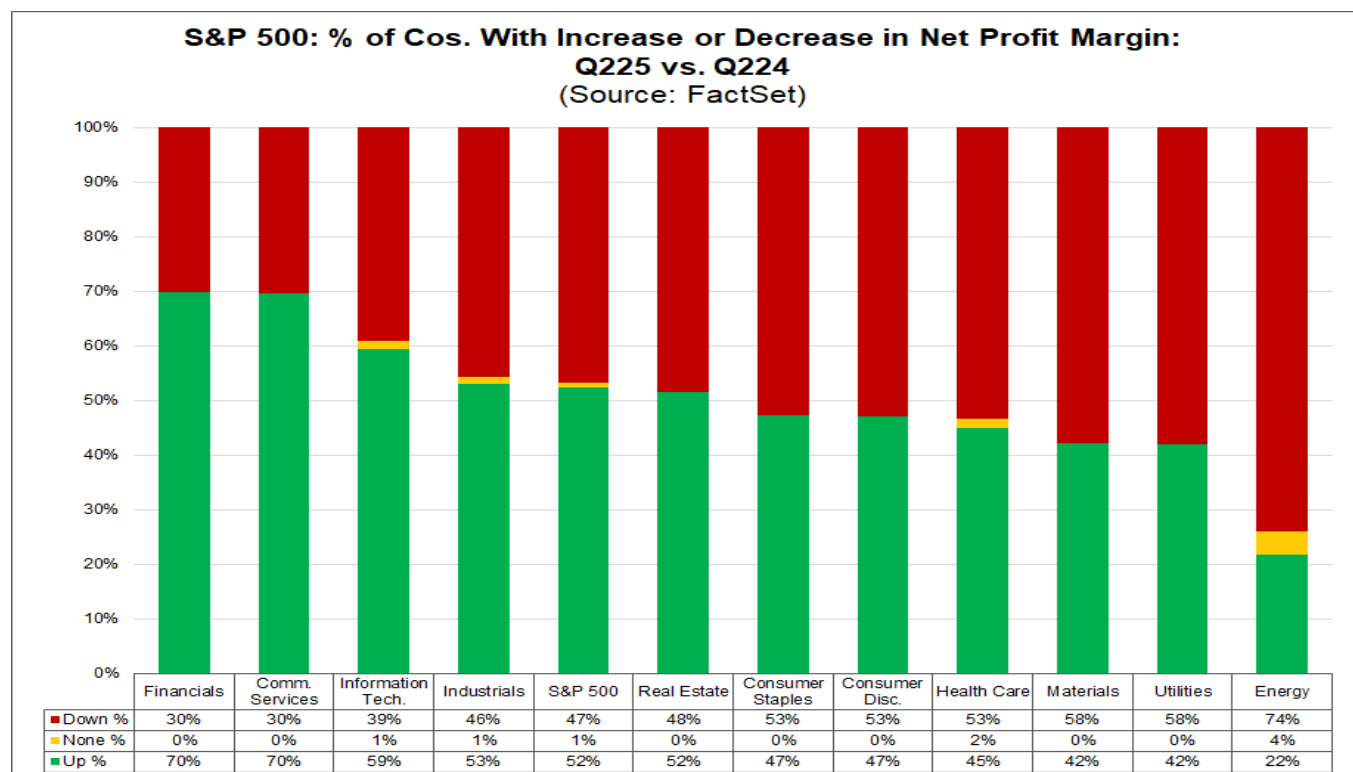
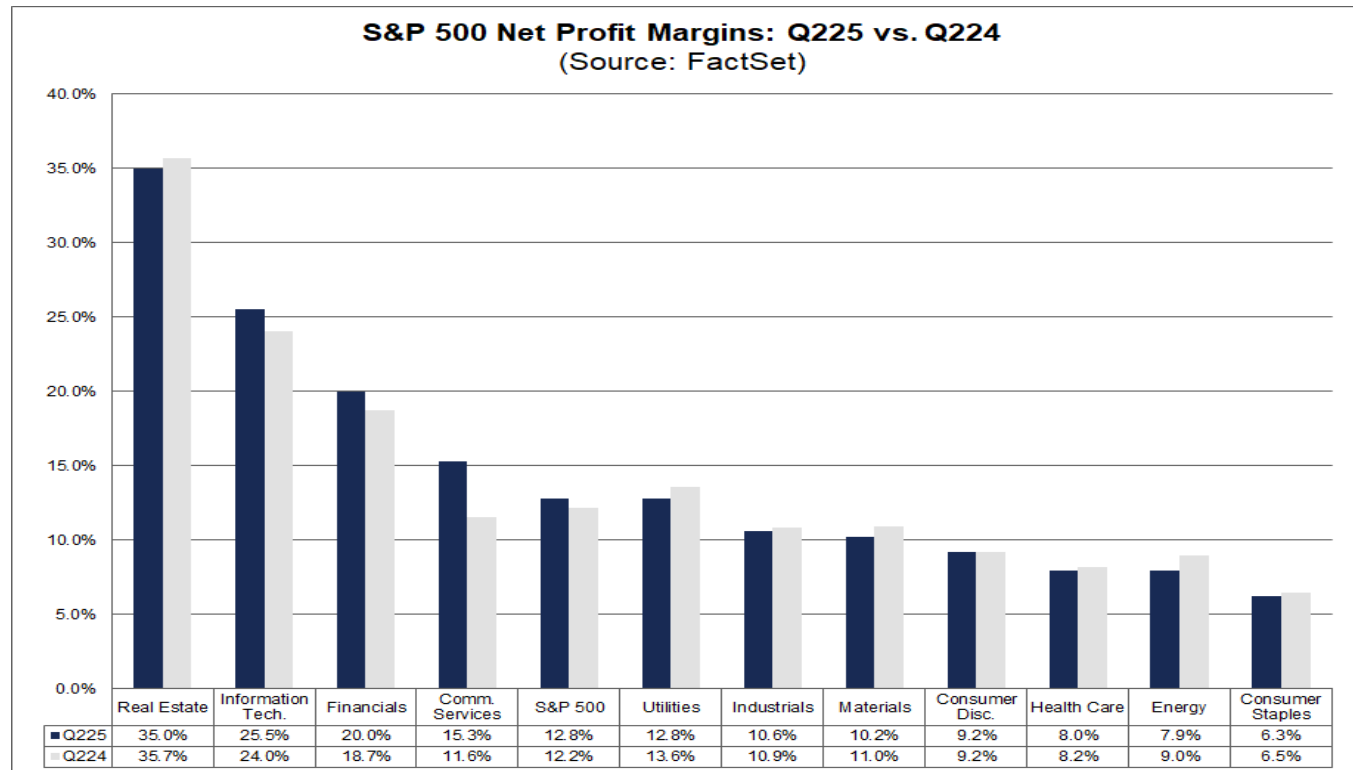
Q2 2025: Growth



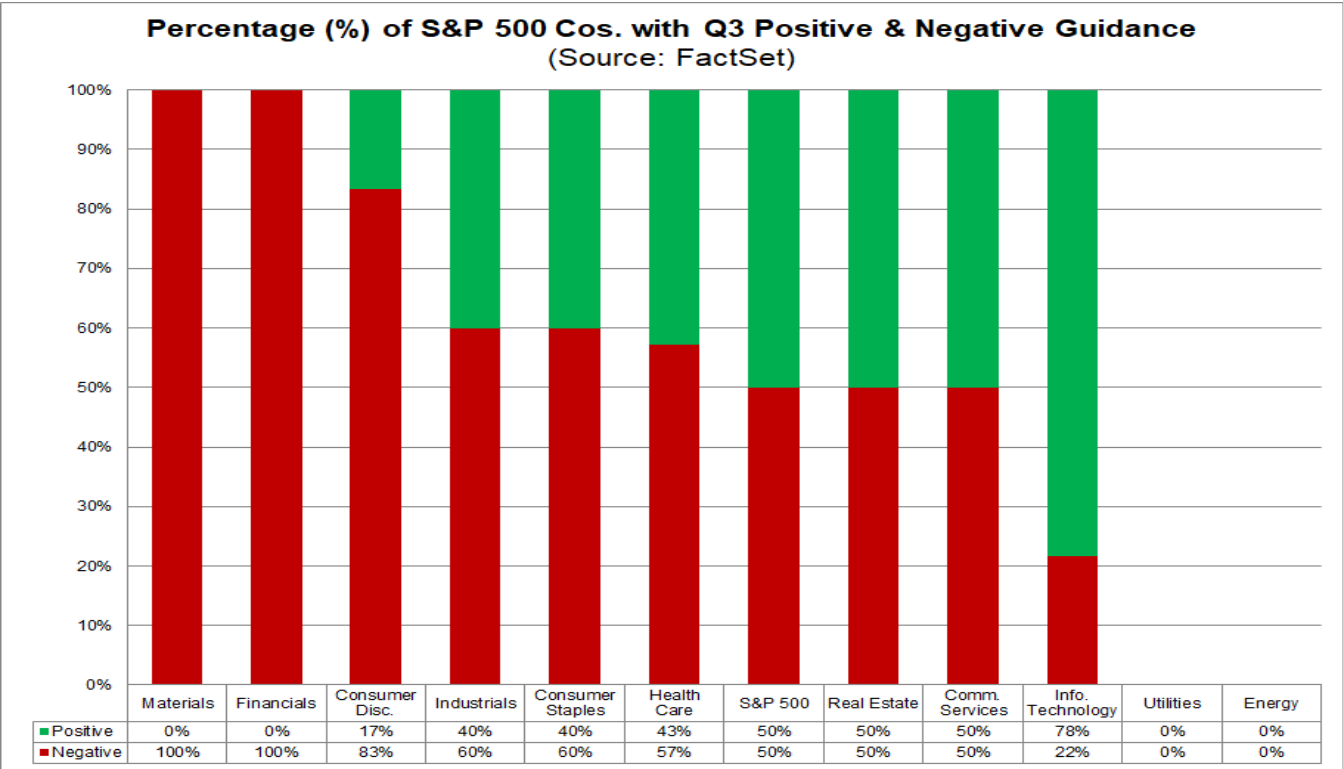
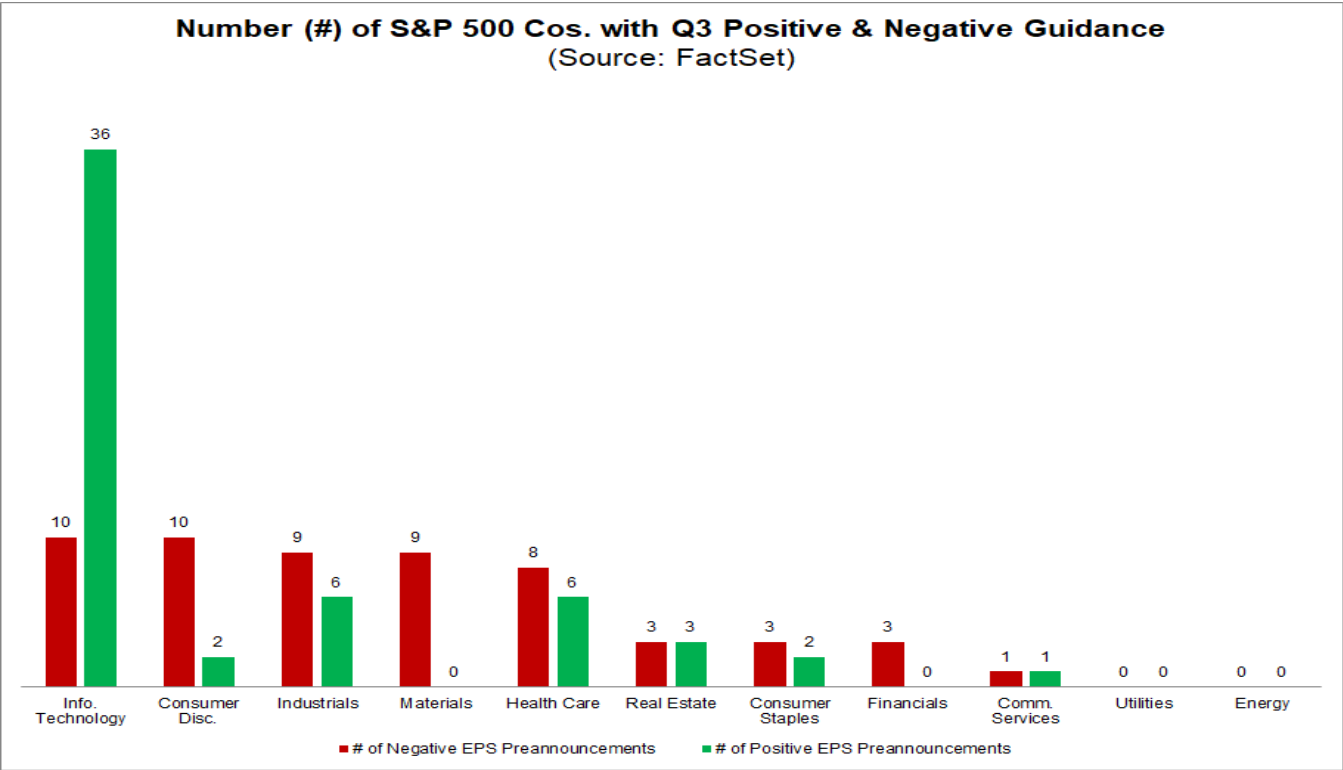
Q2 2025: Growth



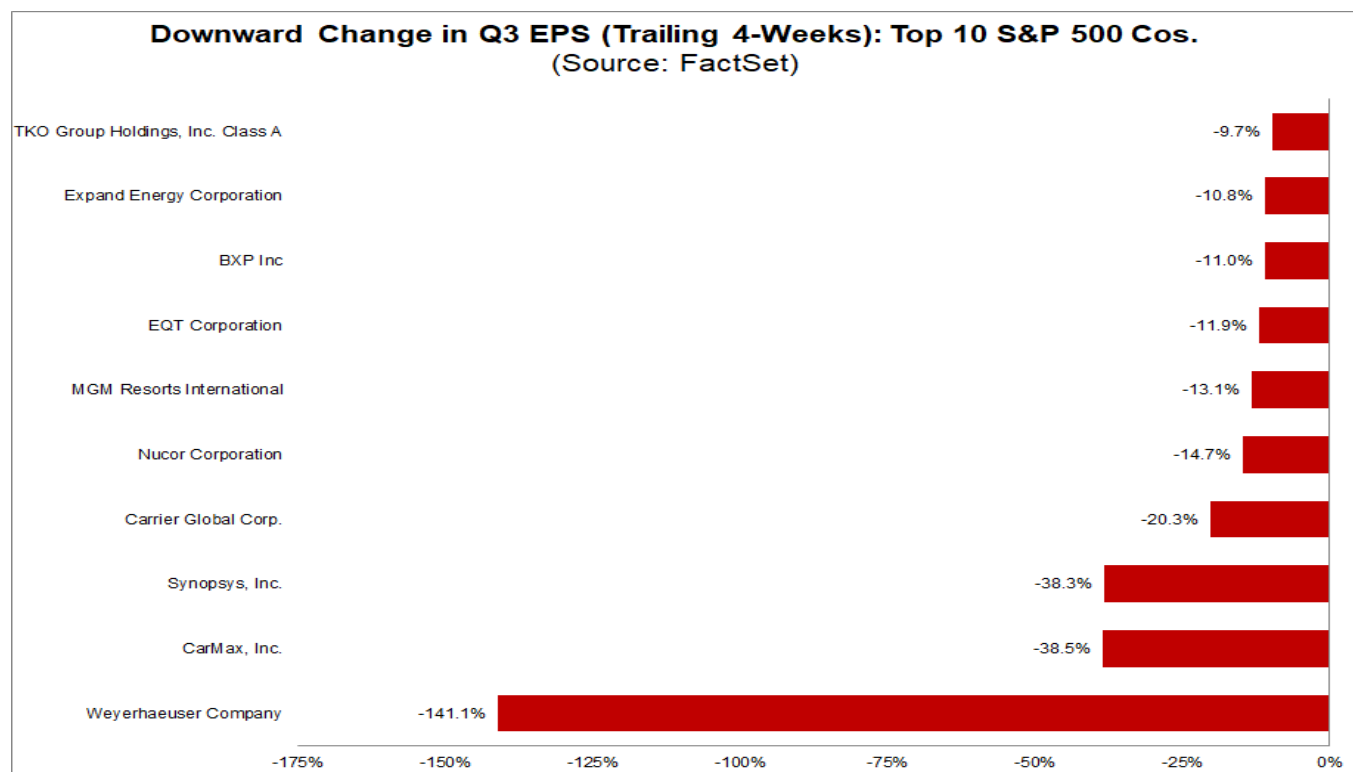
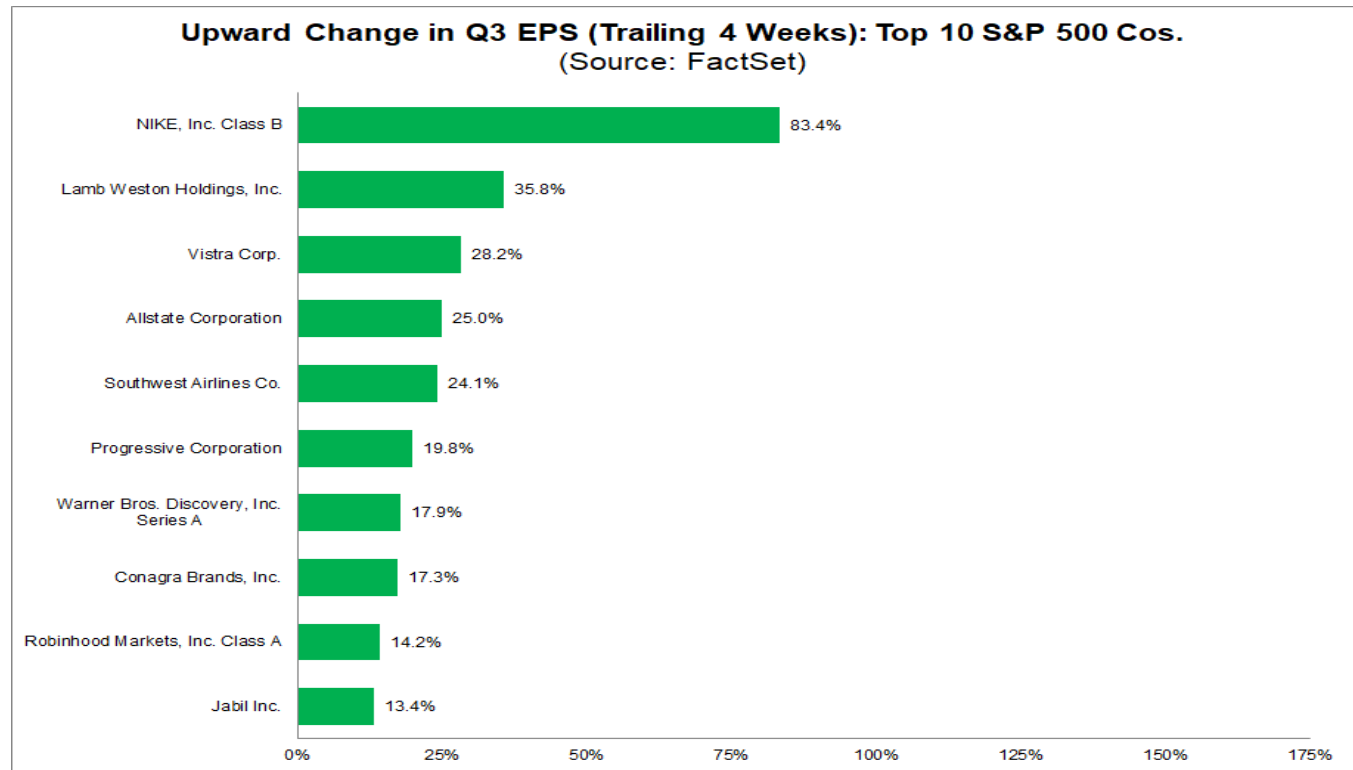
Q2 2025: Net Profit Margin



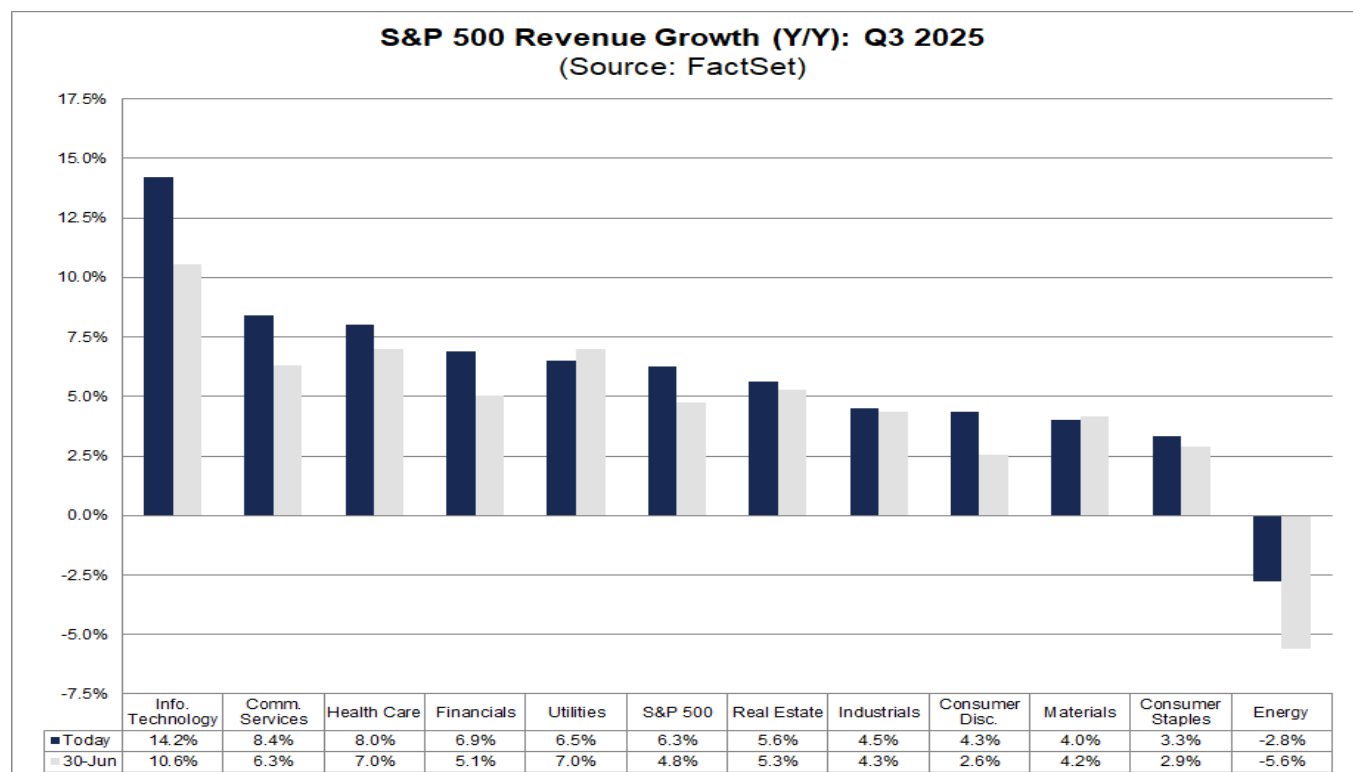
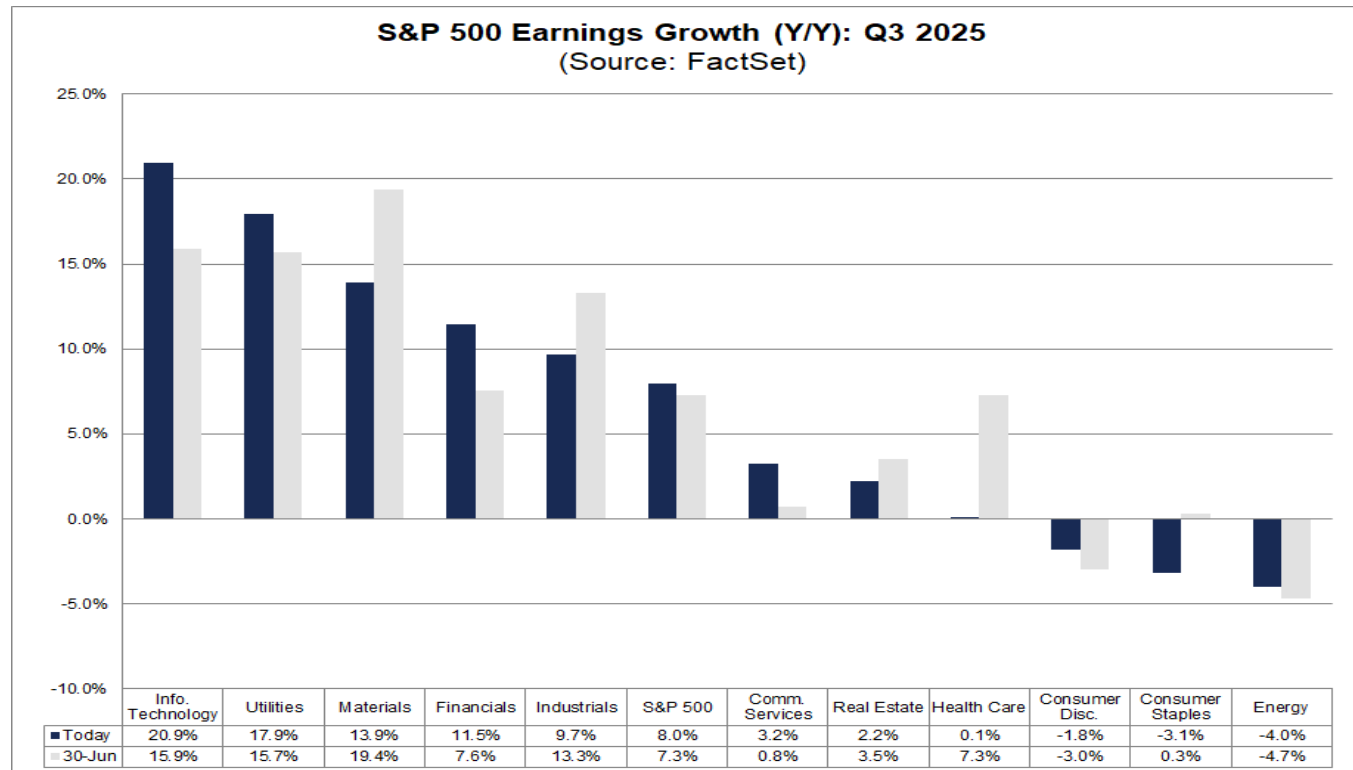
Q3 2025: Guidance



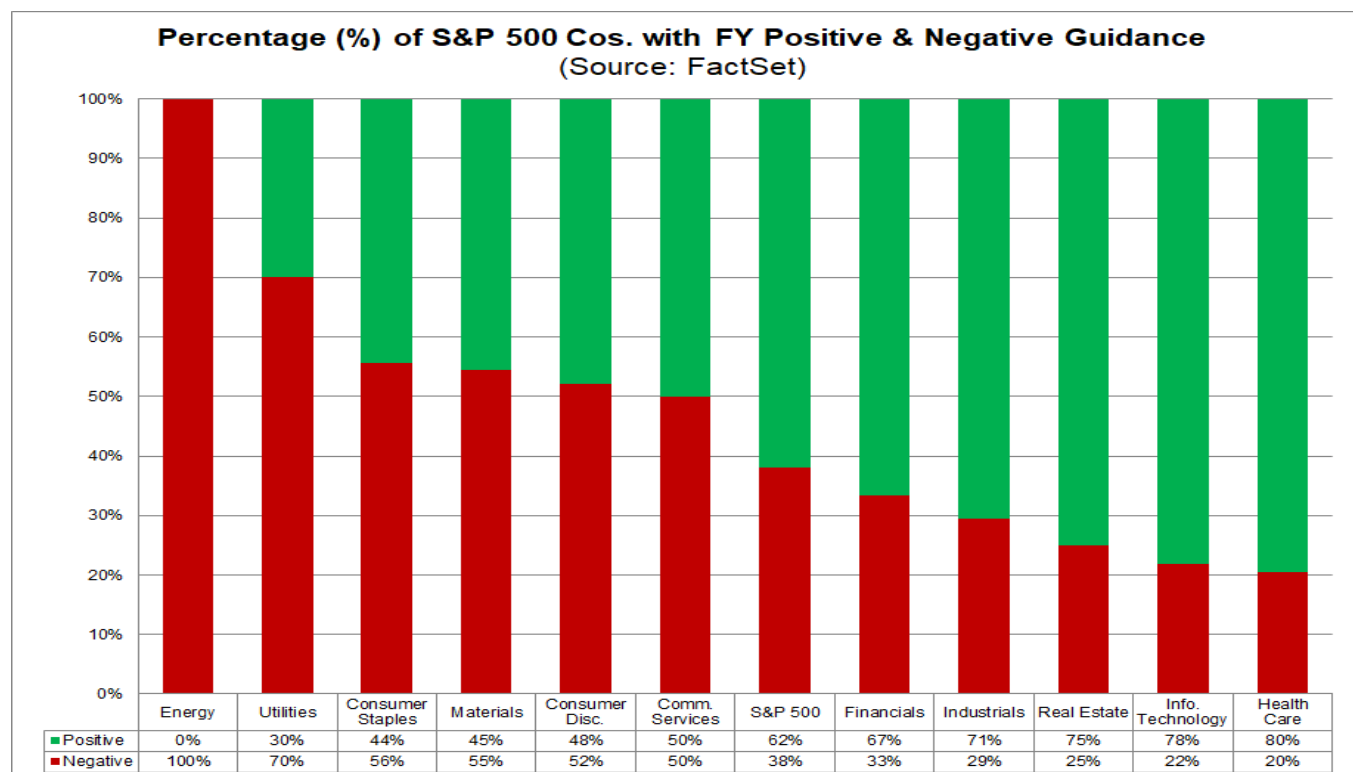
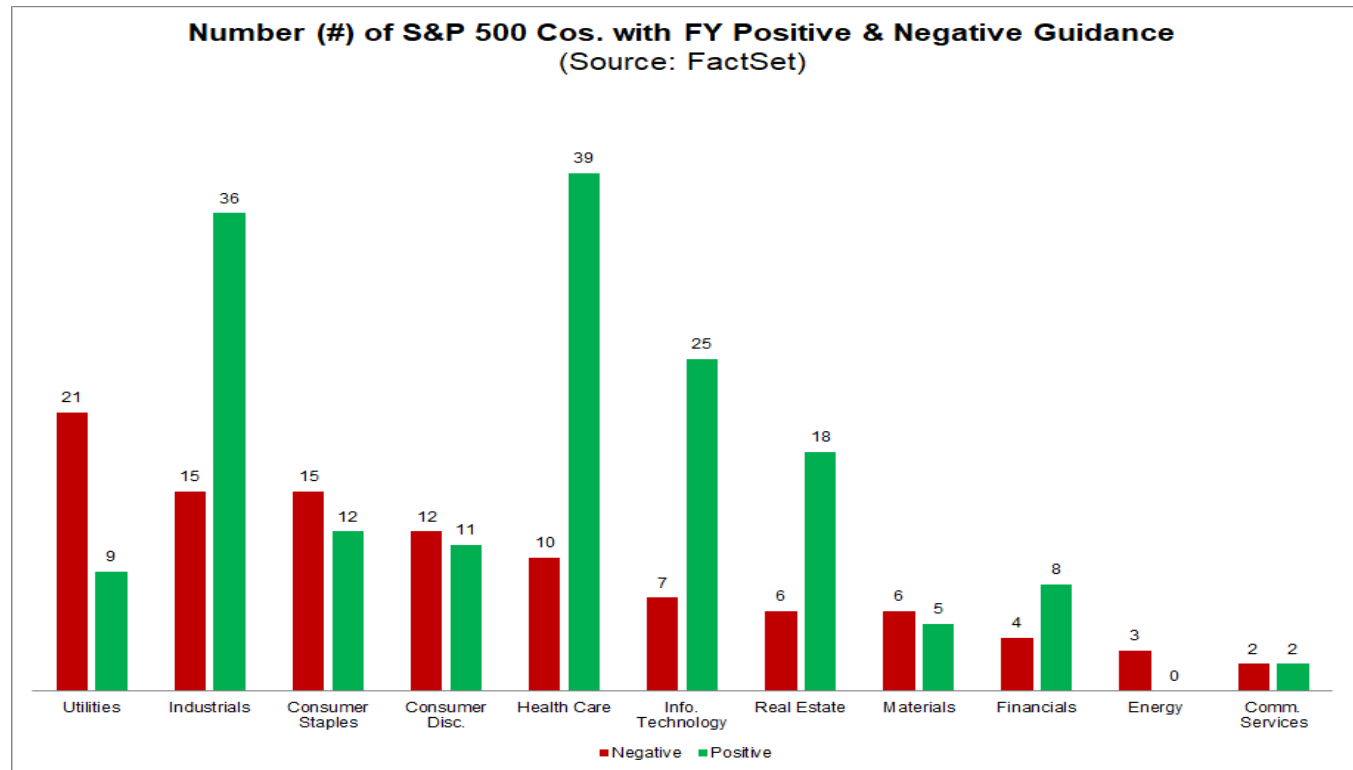
Q3 2025: EPS Revisions



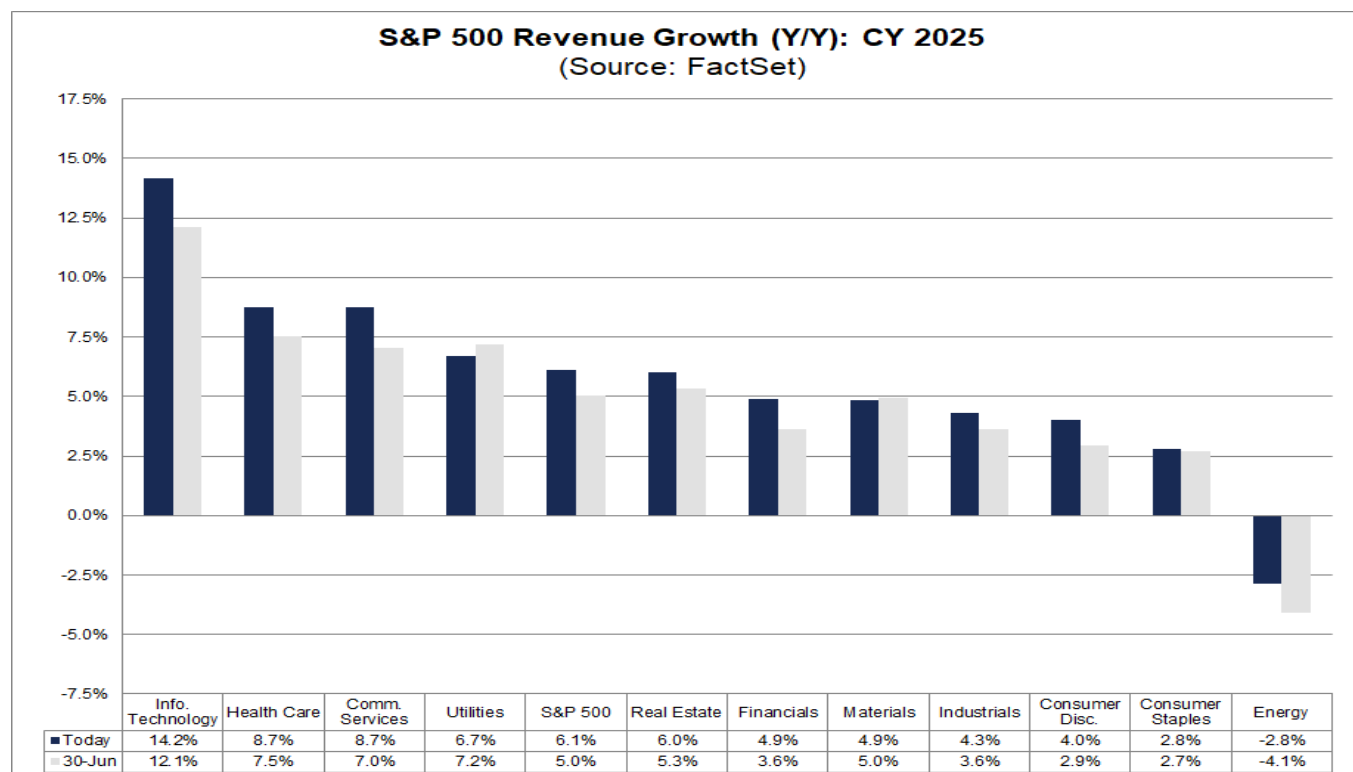
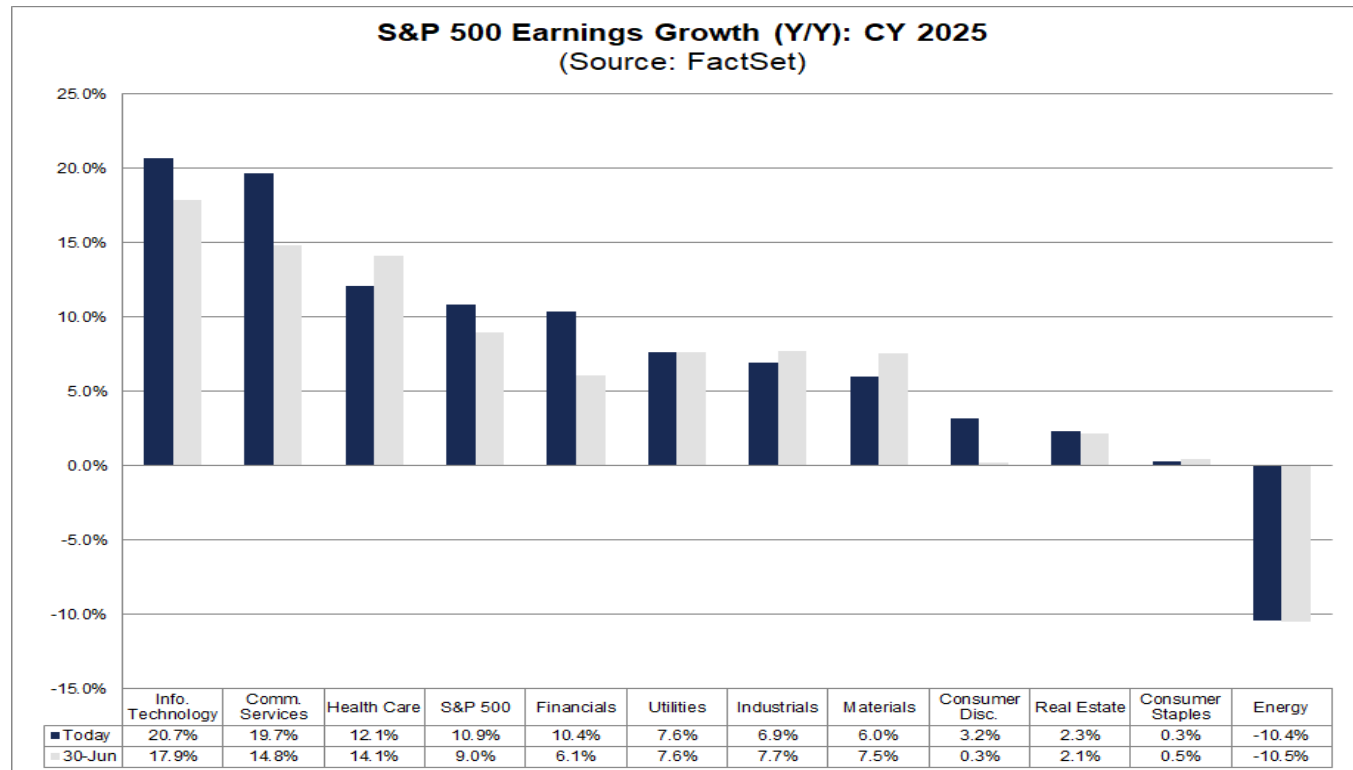
Q3 2025: Growth



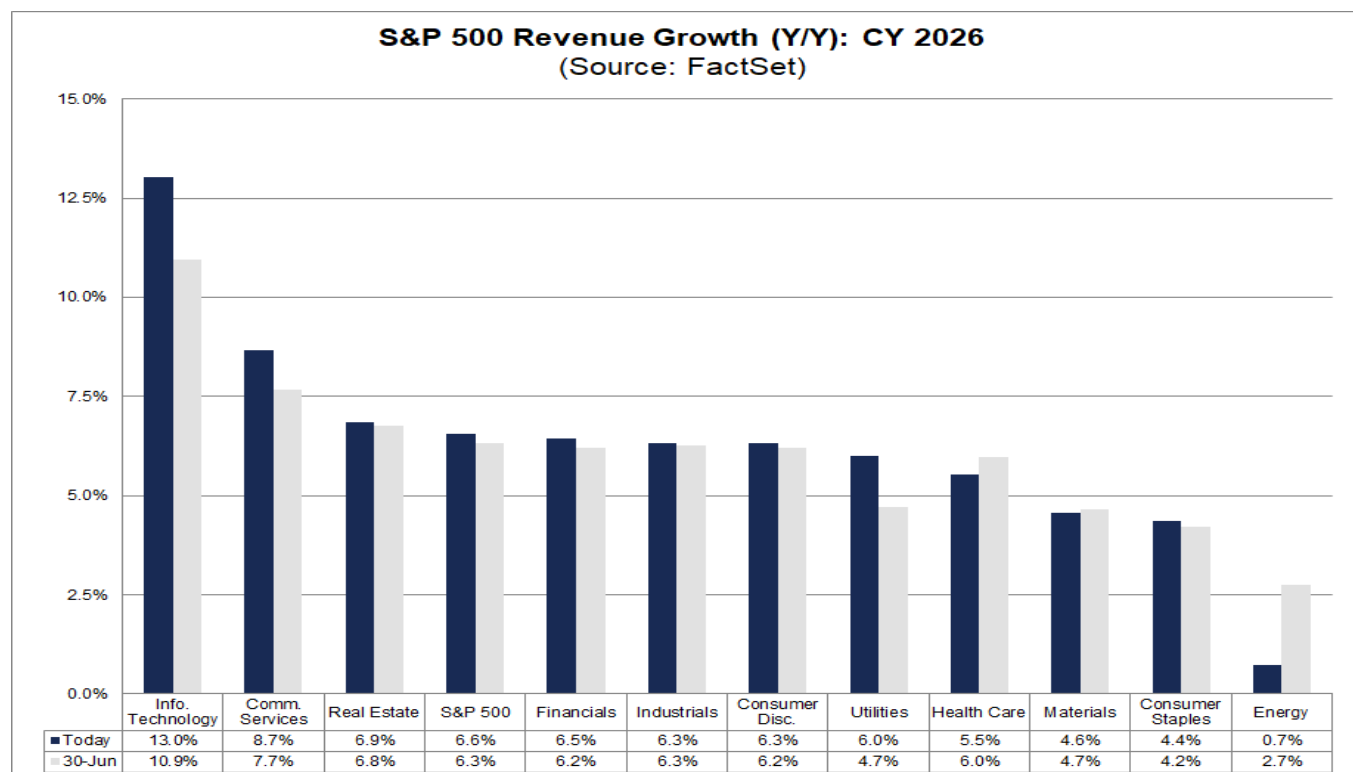
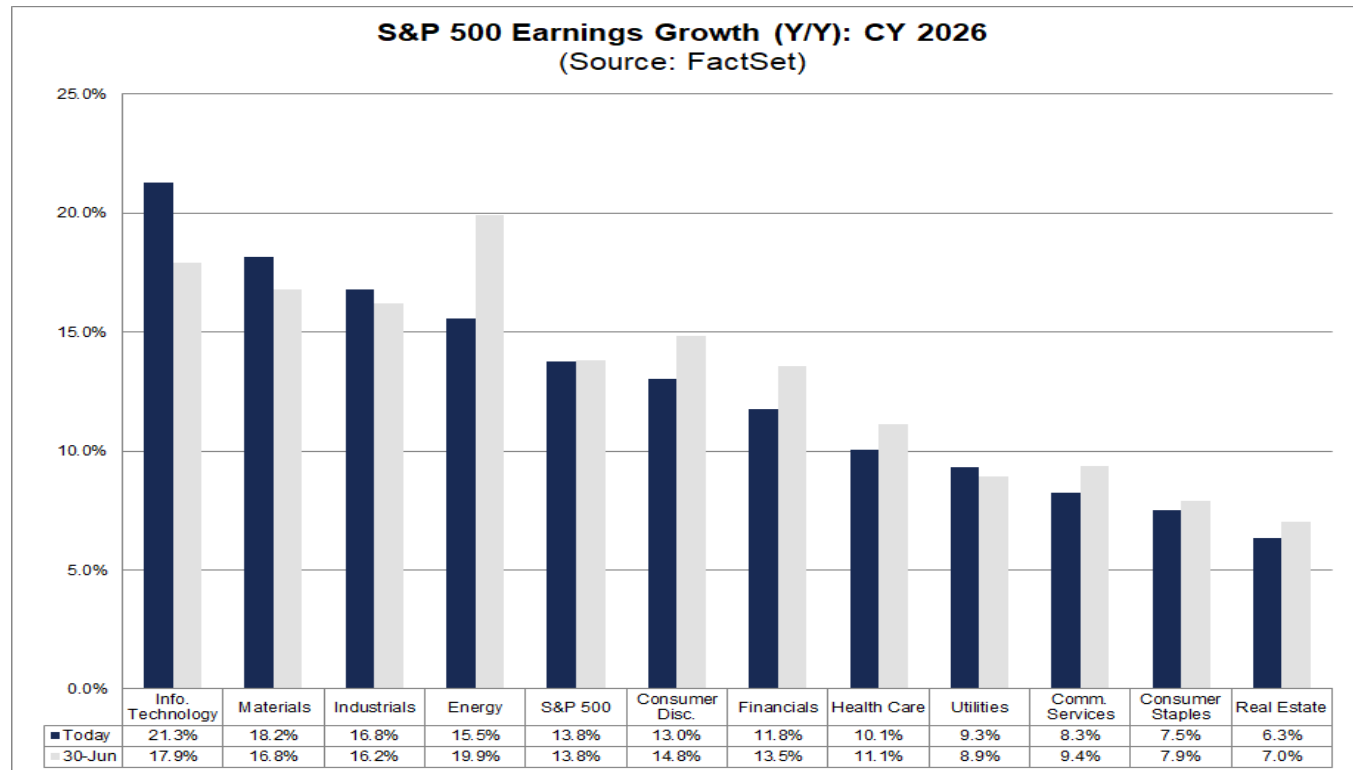
FY 2025 / 2026: EPS Guidance



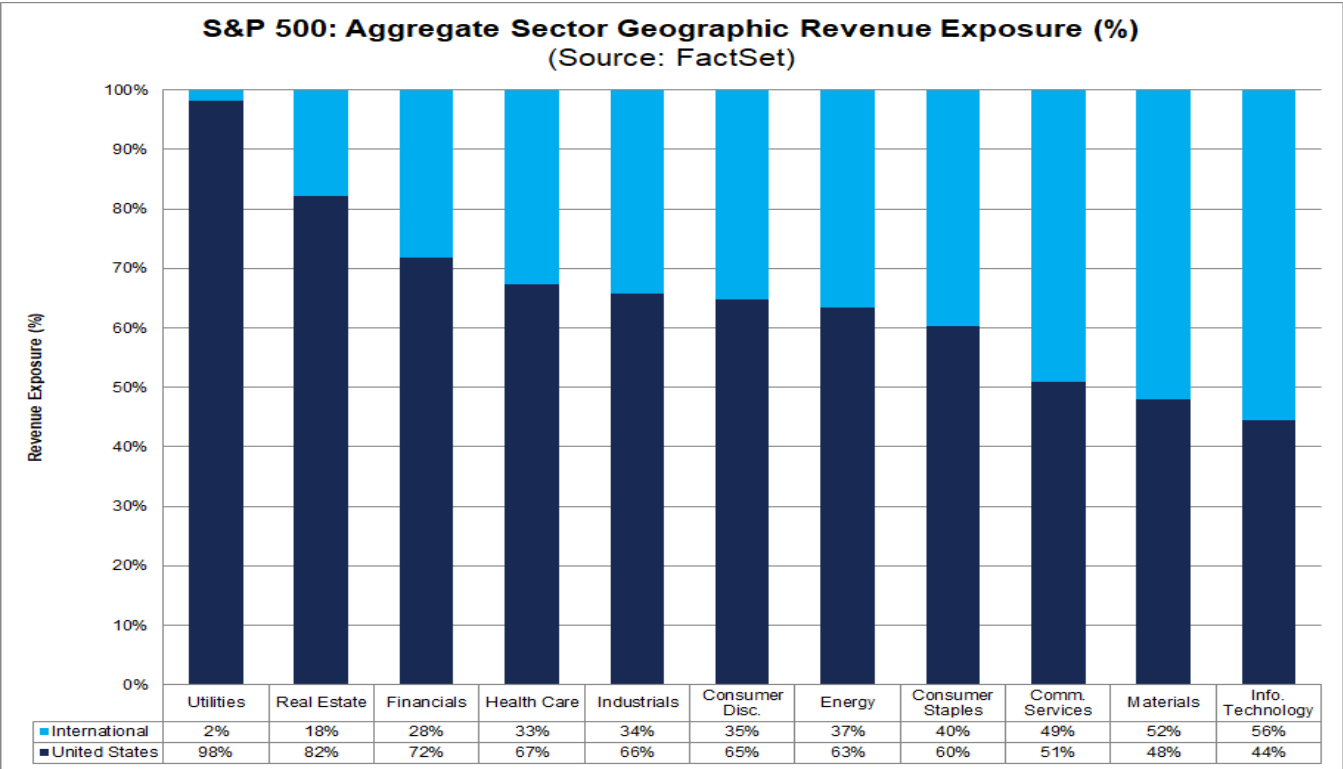
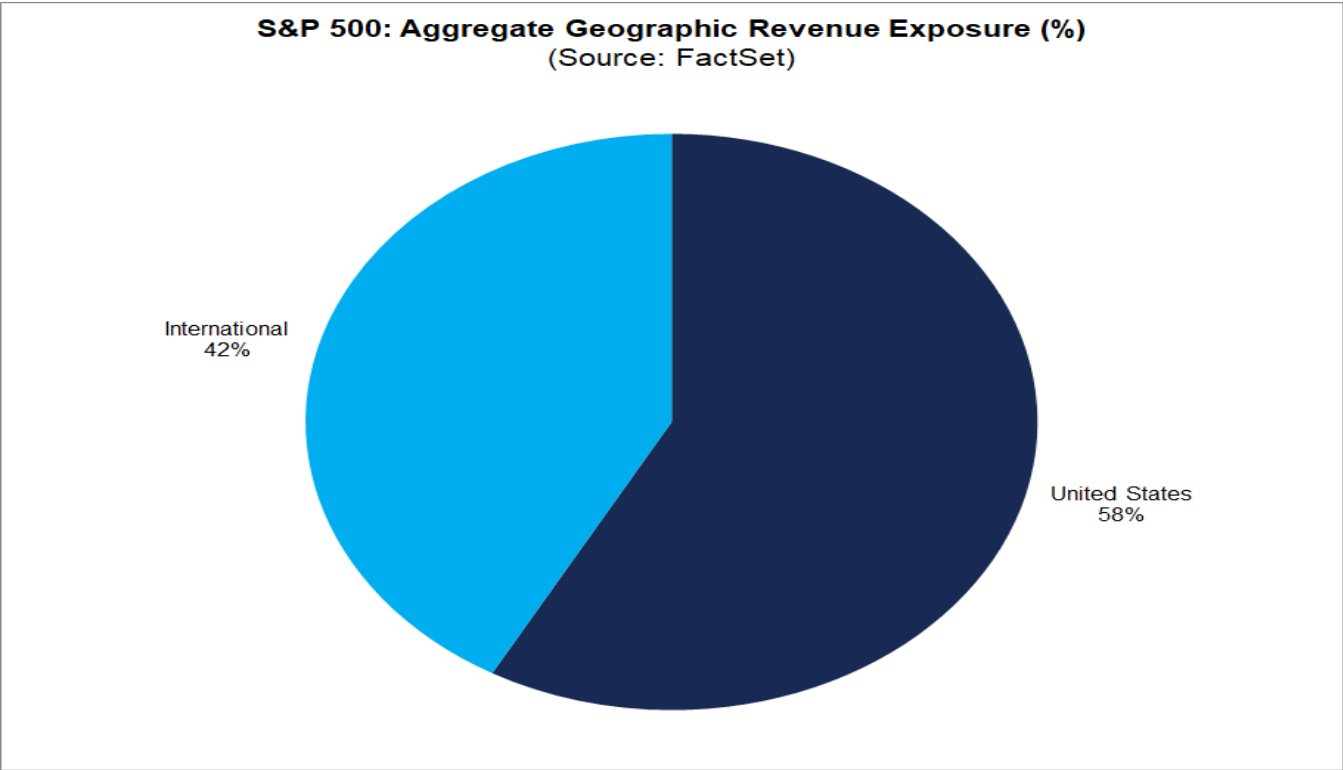
CY 2025: Growth



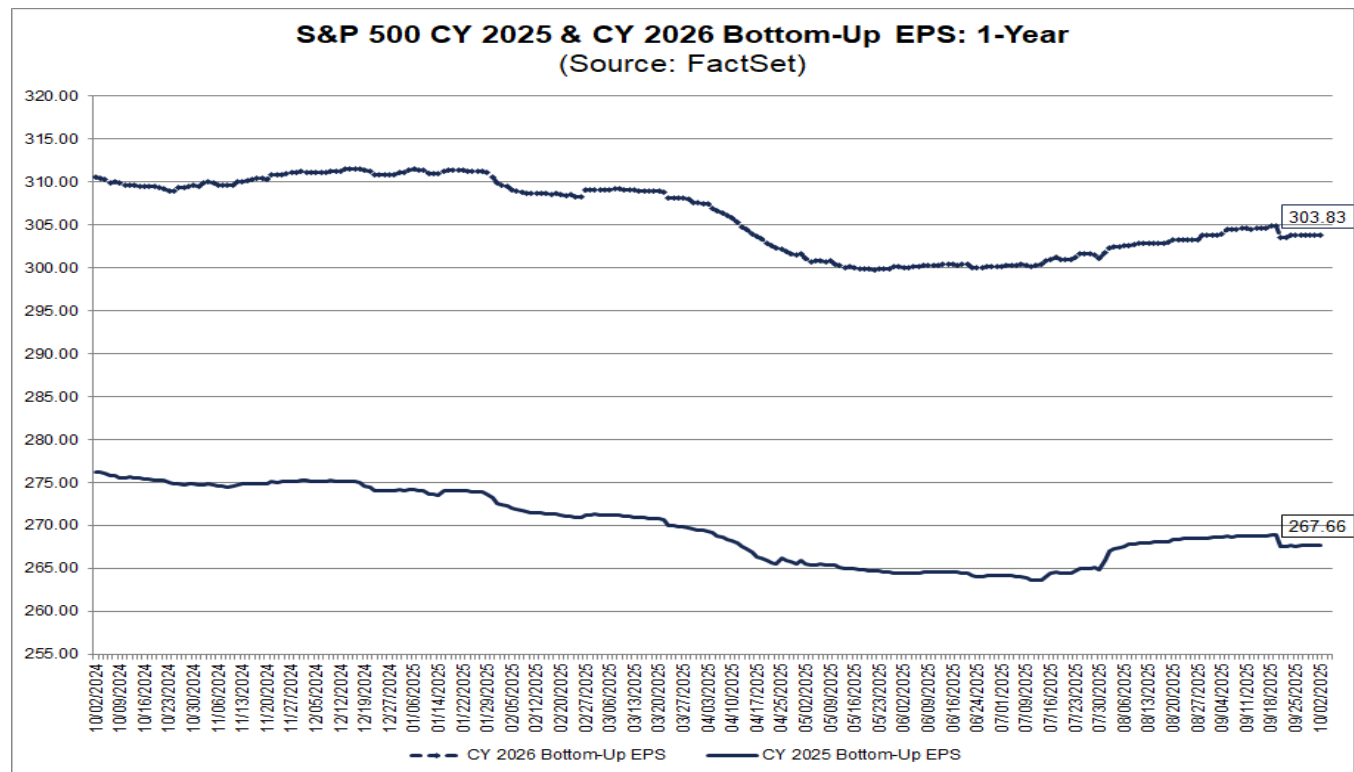
CY 2026: Growth



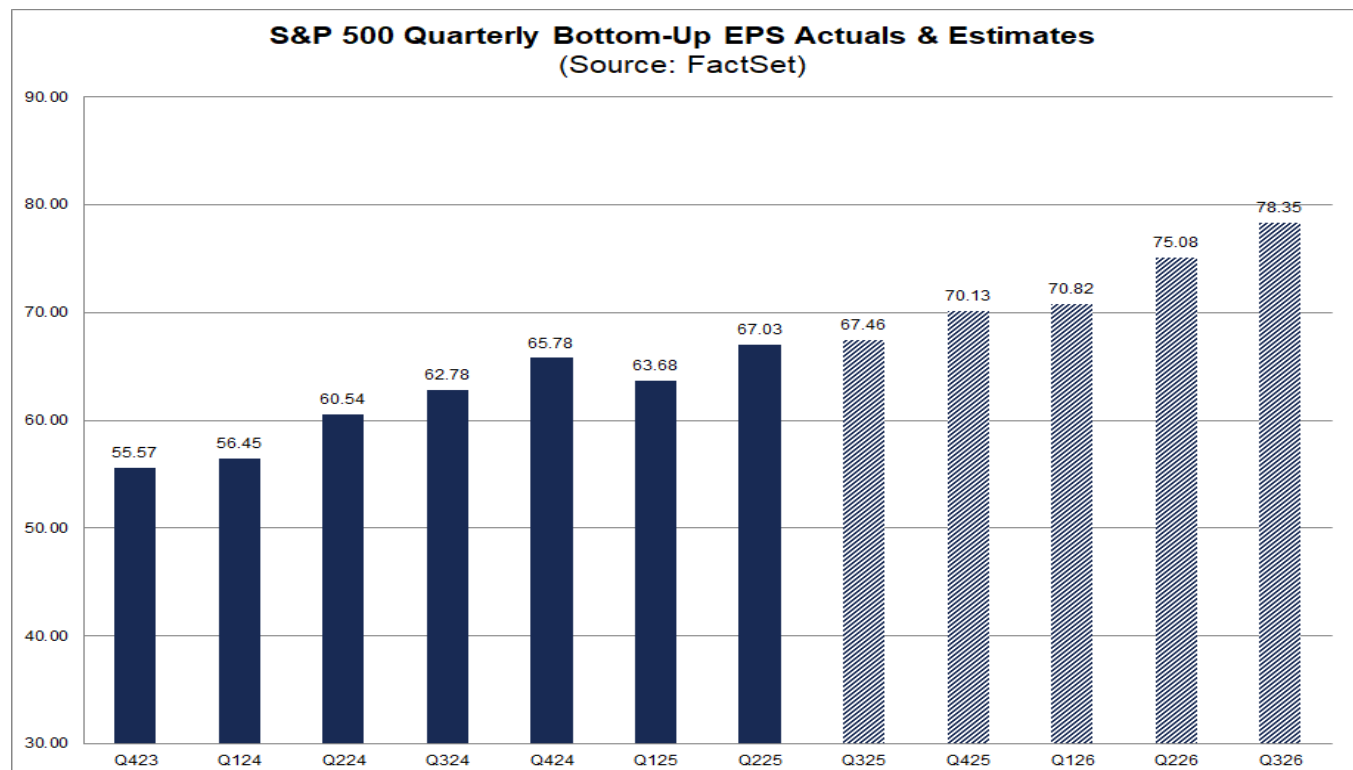
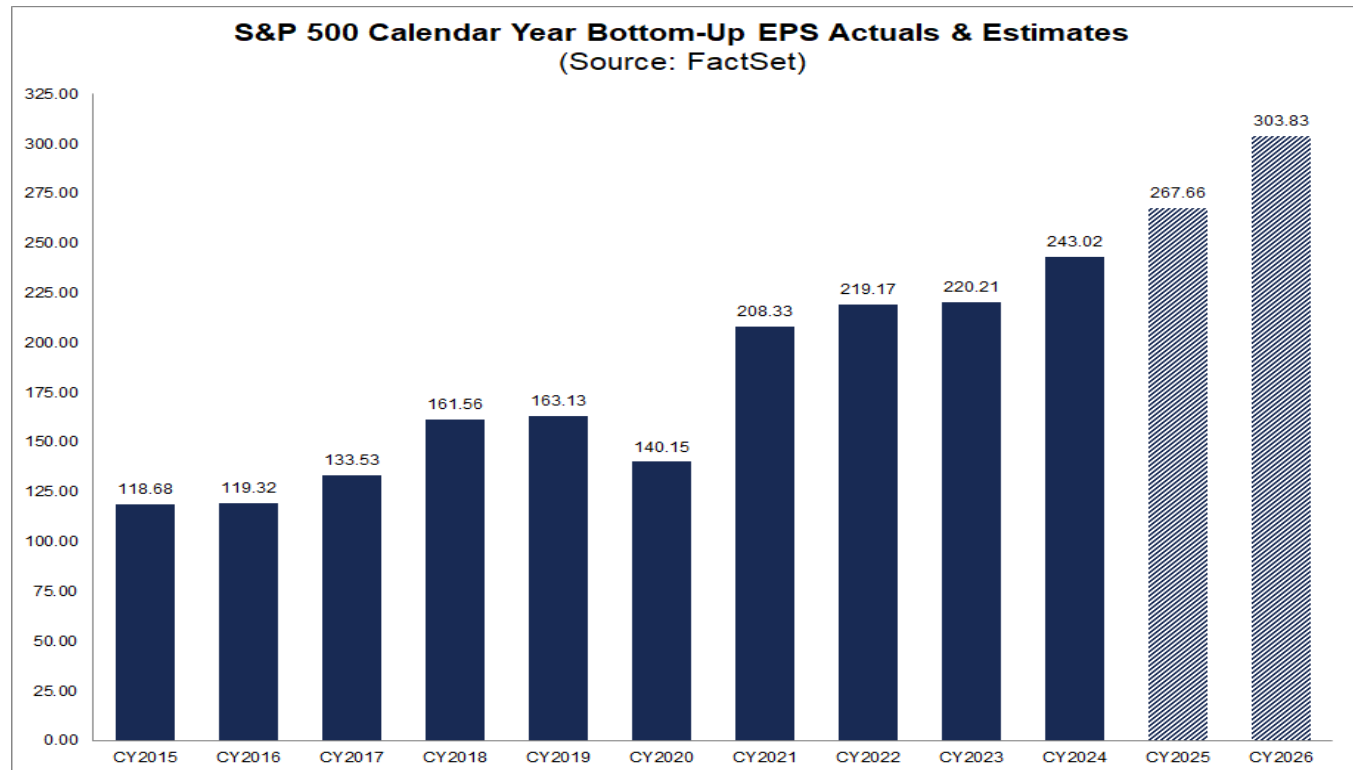
Geographic Revenue Exposure



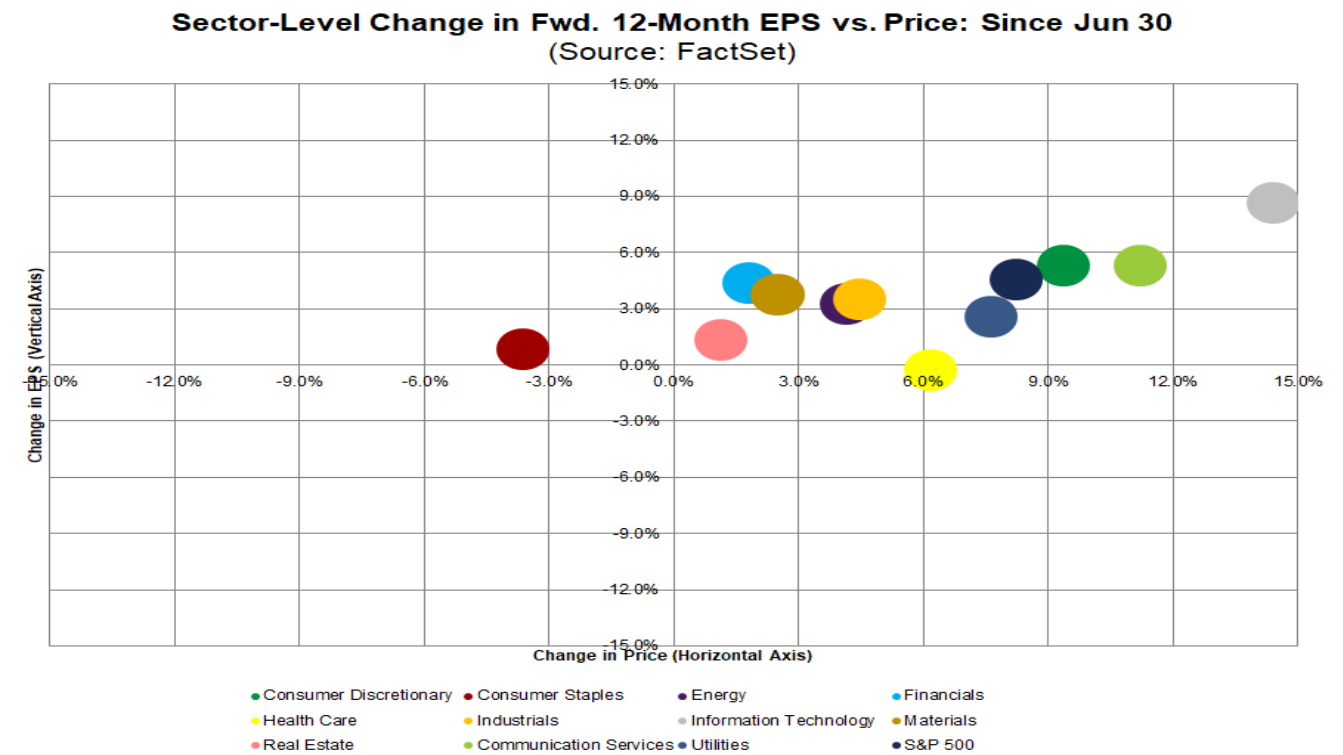
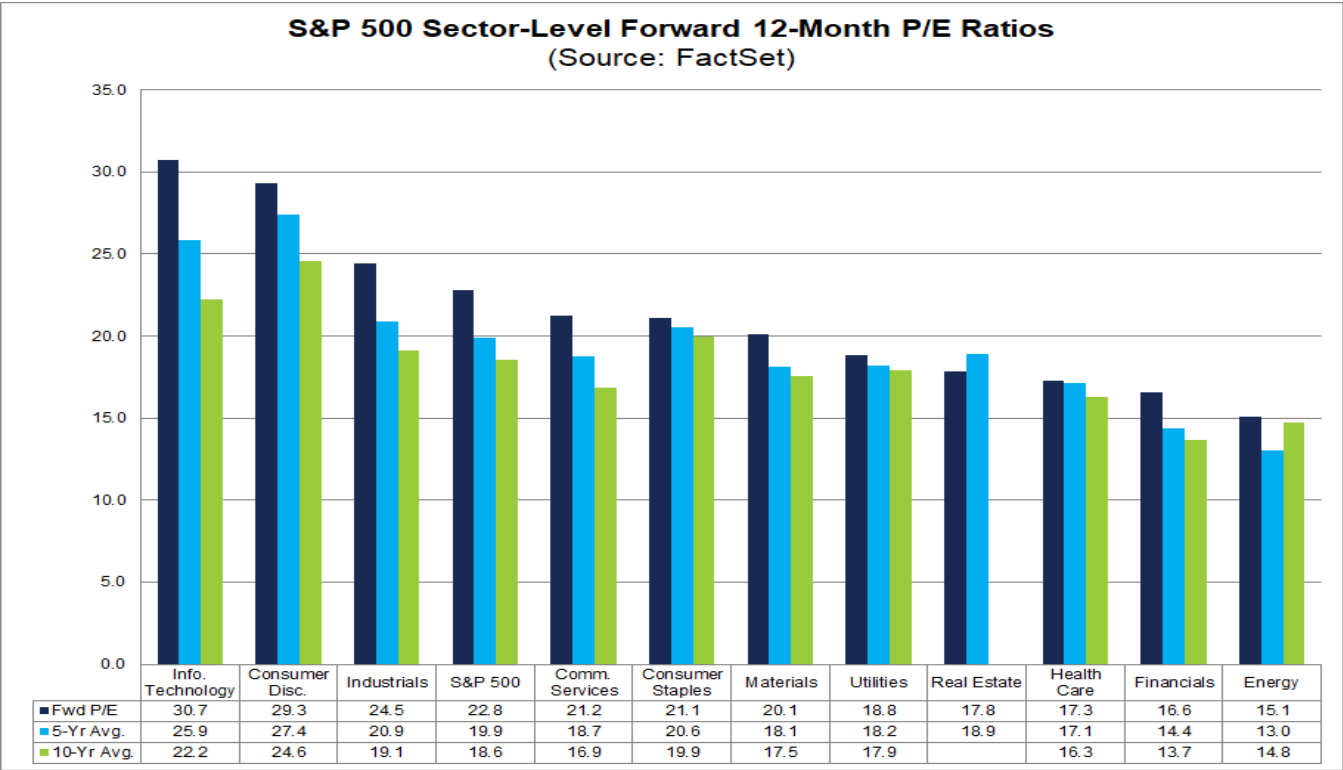
Bottom-Up EPS Estimates



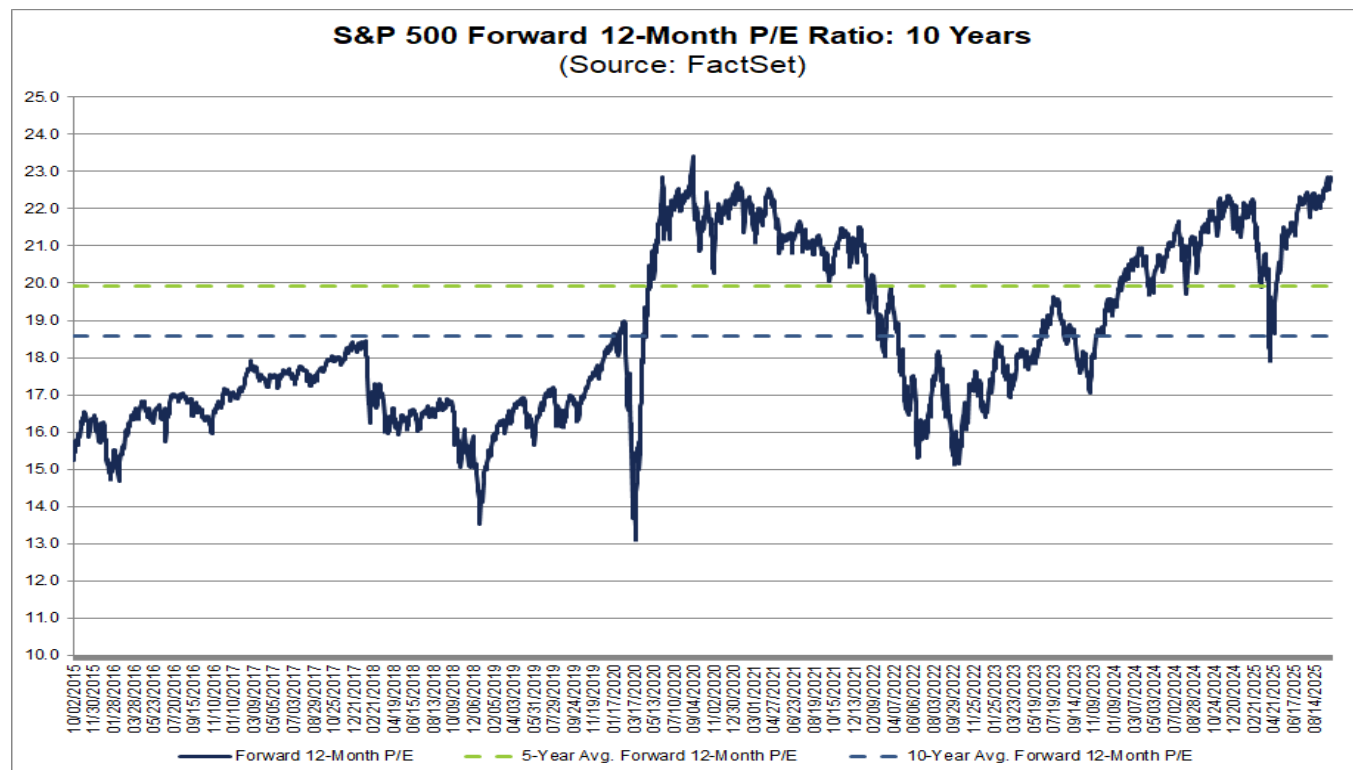
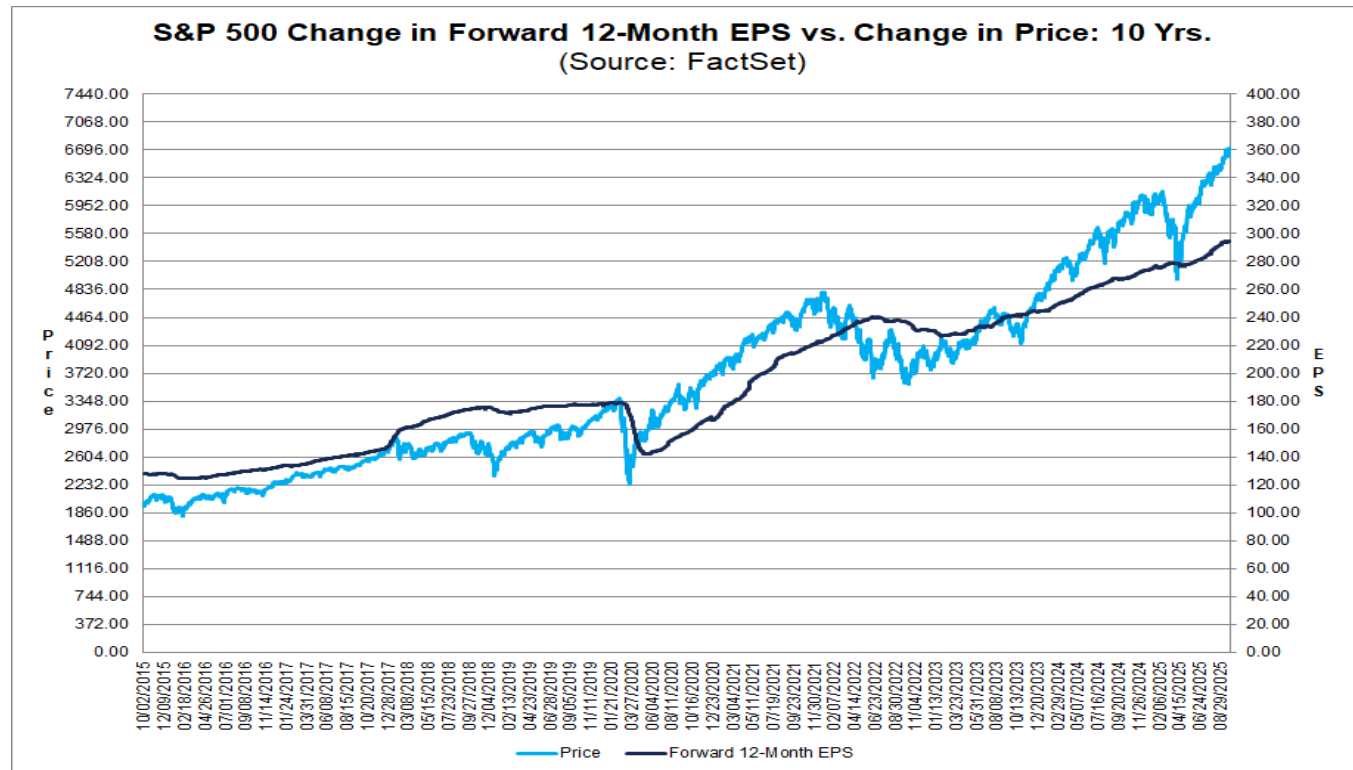
Bottom-Up EPS Estimates: Current & Historical



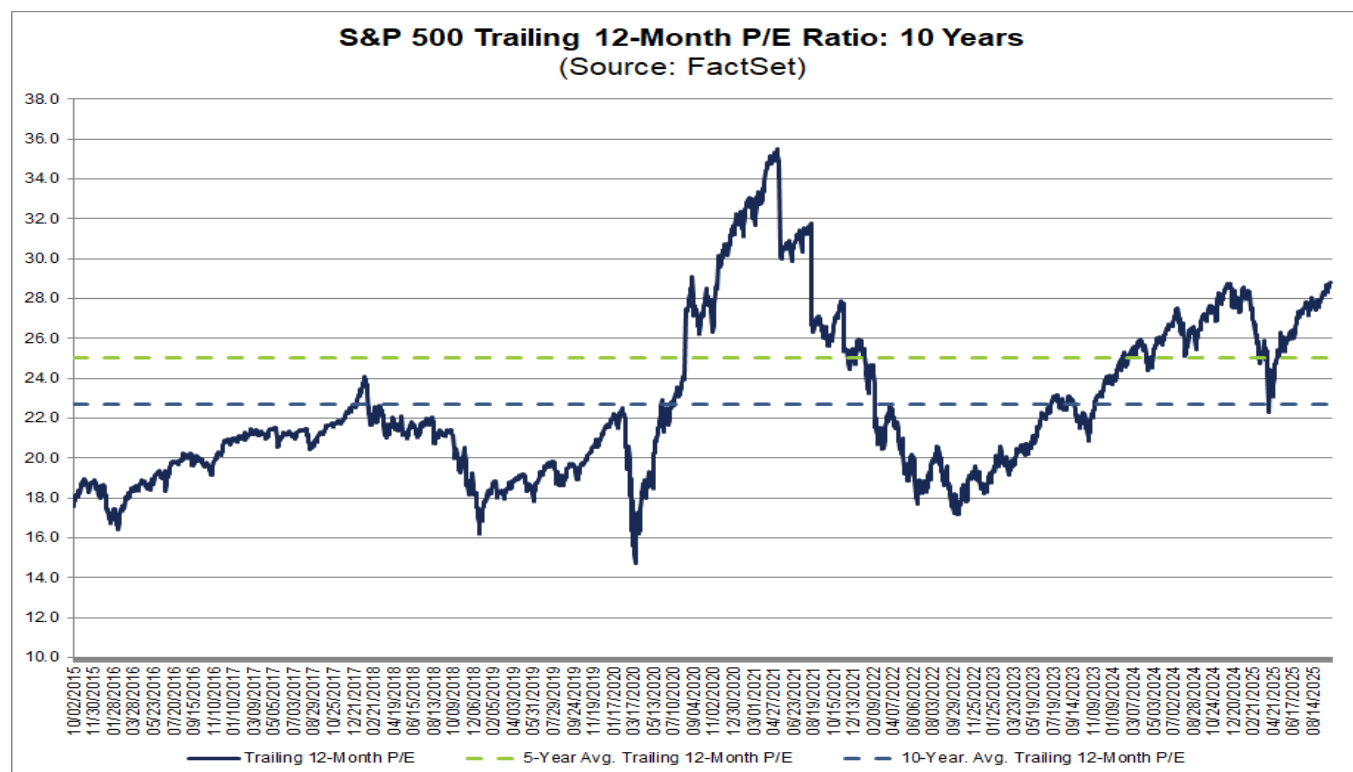
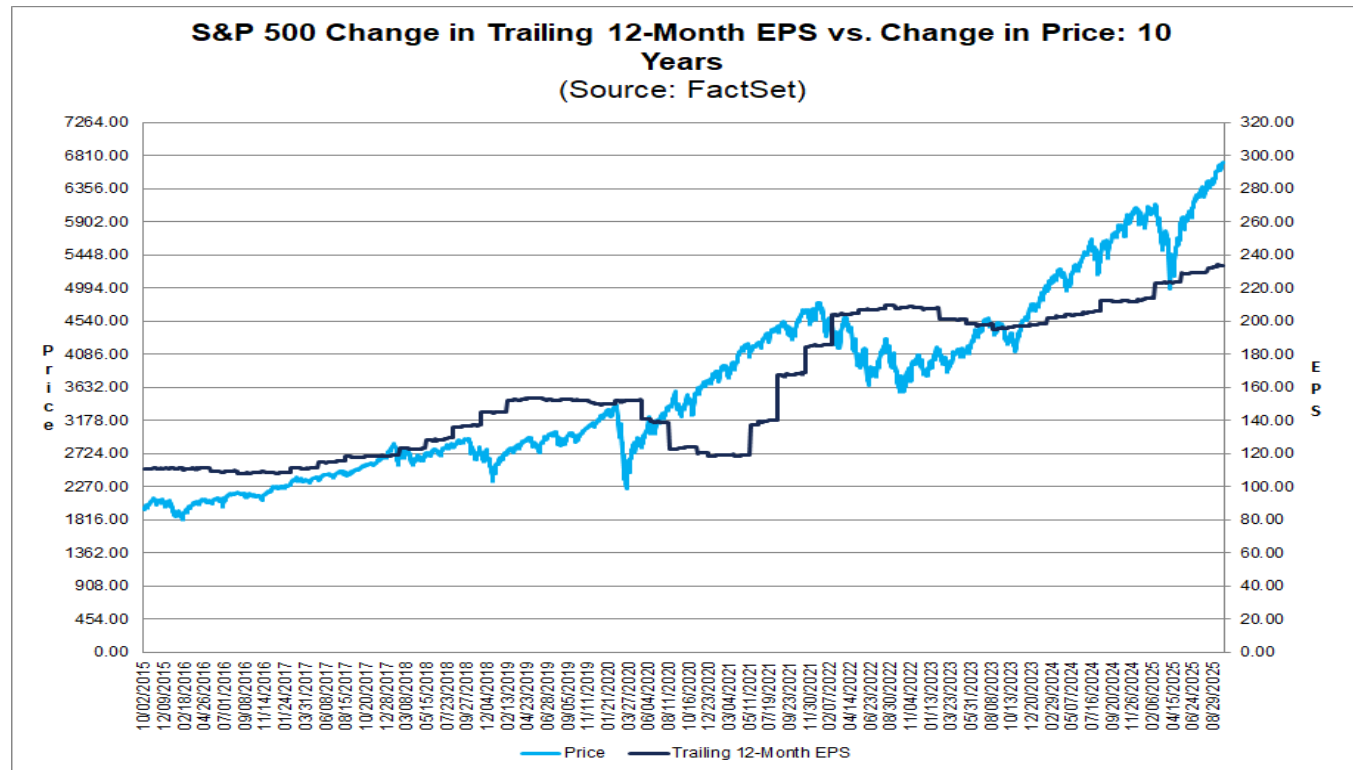
Forward 12M P/E Ratio: Sector Level



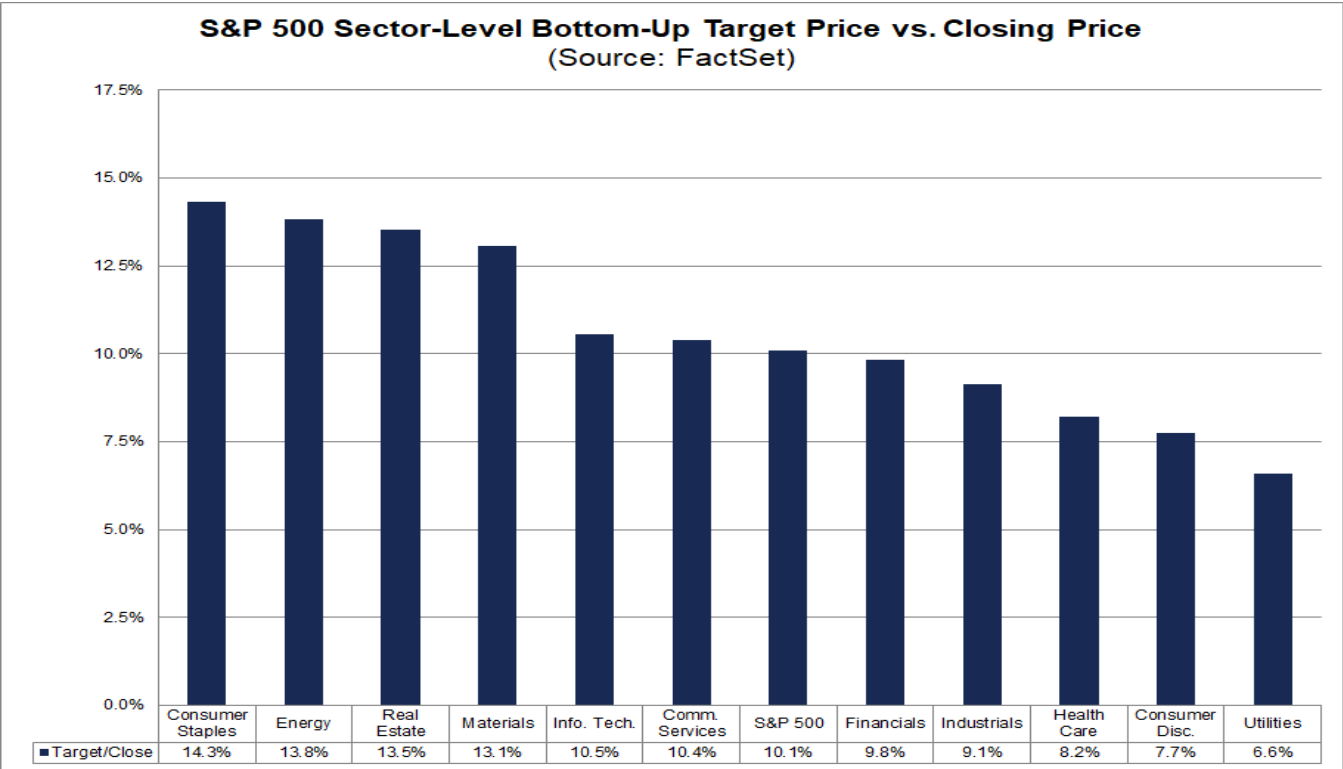
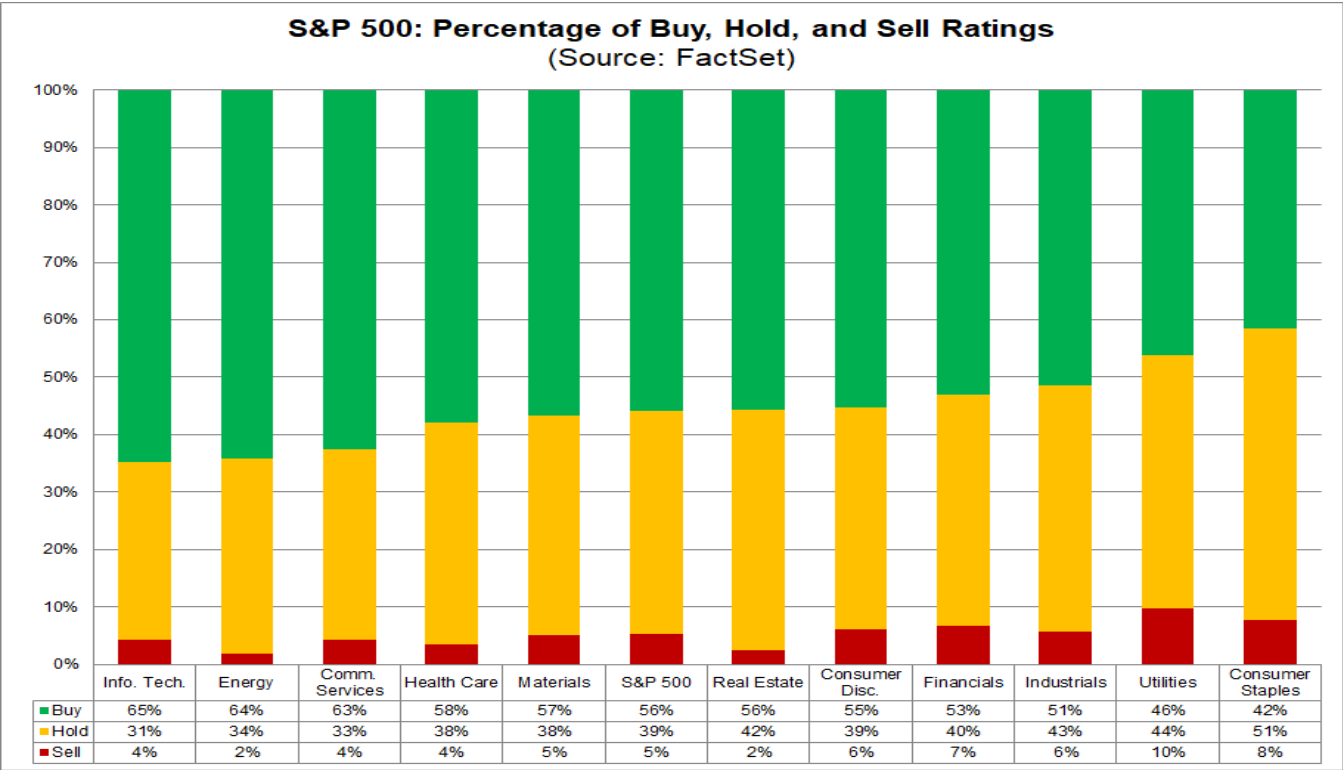
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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