

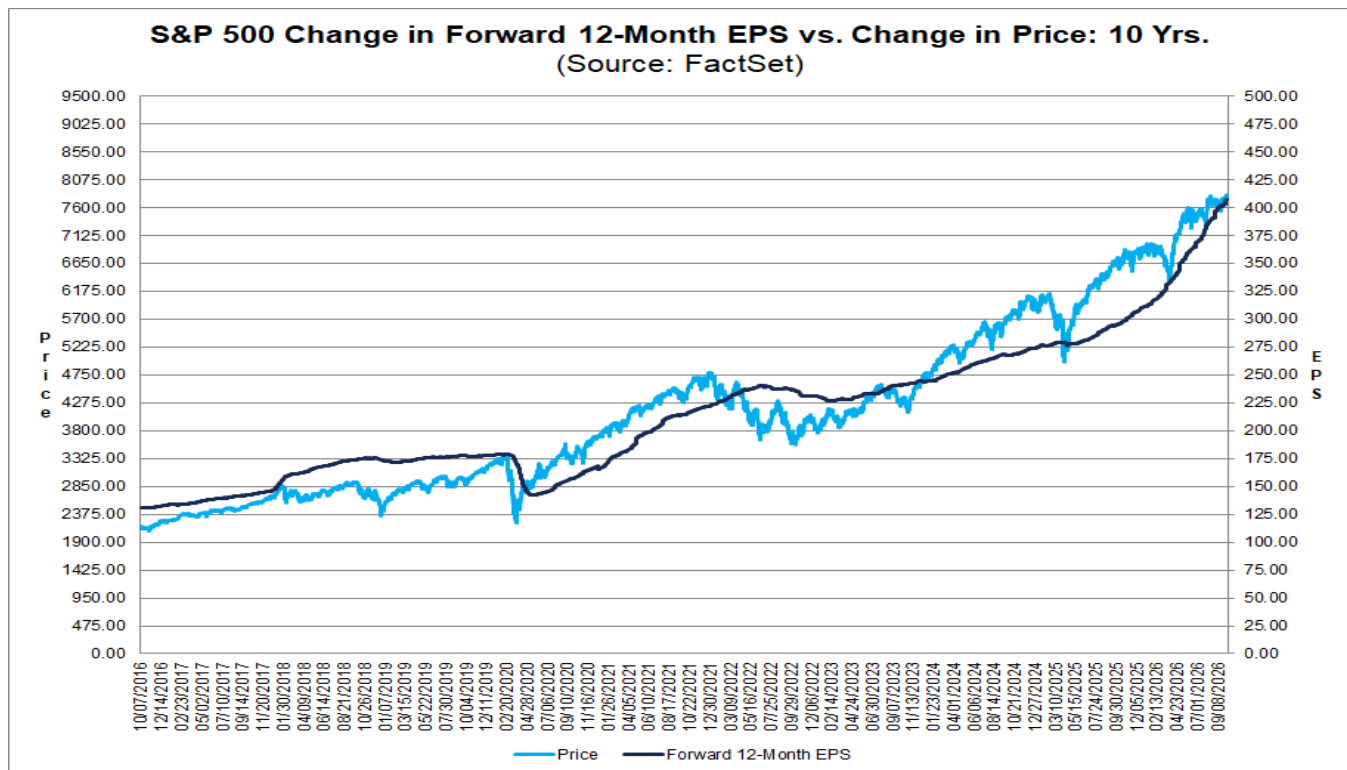
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October 9, 2026

Key Metrics

- **Earnings Growth:** For Q3 2026, the estimated (year-over-year) earnings growth rate for the S&P 500 is 29.6%. If 29.6% 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 19.1. This P/E ratio is below the 5-year average (19.8) but equal to the 10-year average (19.1).
- **Earnings Scorecard:** For Q3 2026 (with 19 S&P 500 companies reporting actual results), 16 S&P 500 companies have reported a positive EPS surprise and 14 S&P 500 companies has reported a positive revenue surprise.



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Topic of the Week: 1

S&P 500 Likely To Report Earnings Growth Above 35% for Q3

The current earnings growth rate for the S&P 500 for the third quarter is 29.6%, which would mark the 3rd consecutive quarter of year-over-year earnings growth above 25% for the index. Given that most S&P 500 companies report actual earnings above estimates, what is the likelihood the index will report earnings growth of 29.6% for the quarter?

Based on the average improvement in the earnings growth rate during the earnings season, the index will likely report earnings growth above 35% for Q3.

When companies in the S&P 500 report actual earnings above estimates during an earnings season, the overall earnings growth rate for the index increases because the higher actual EPS numbers replace the lower estimated EPS numbers in the calculation of the growth rate. For example, if a company is expected to report EPS of \$1.05 compared to year ago EPS of \$1.00, the company is projected to report earnings growth of 5%. If the company reports actual EPS of \$1.10 (a \$0.05 upside earnings surprise compared to the estimate), the actual earnings growth rate for the company for the quarter is now 10%, five percentage points above the estimated growth rate ($5\% + 5\% = 10\%$).

In fact, the actual earnings growth rate has exceeded the estimated earnings growth rate at the end of the quarter in 37 of the past 40 quarters for the S&P 500. The only exceptions were Q1 2020, Q3 2022, and Q4 2022.

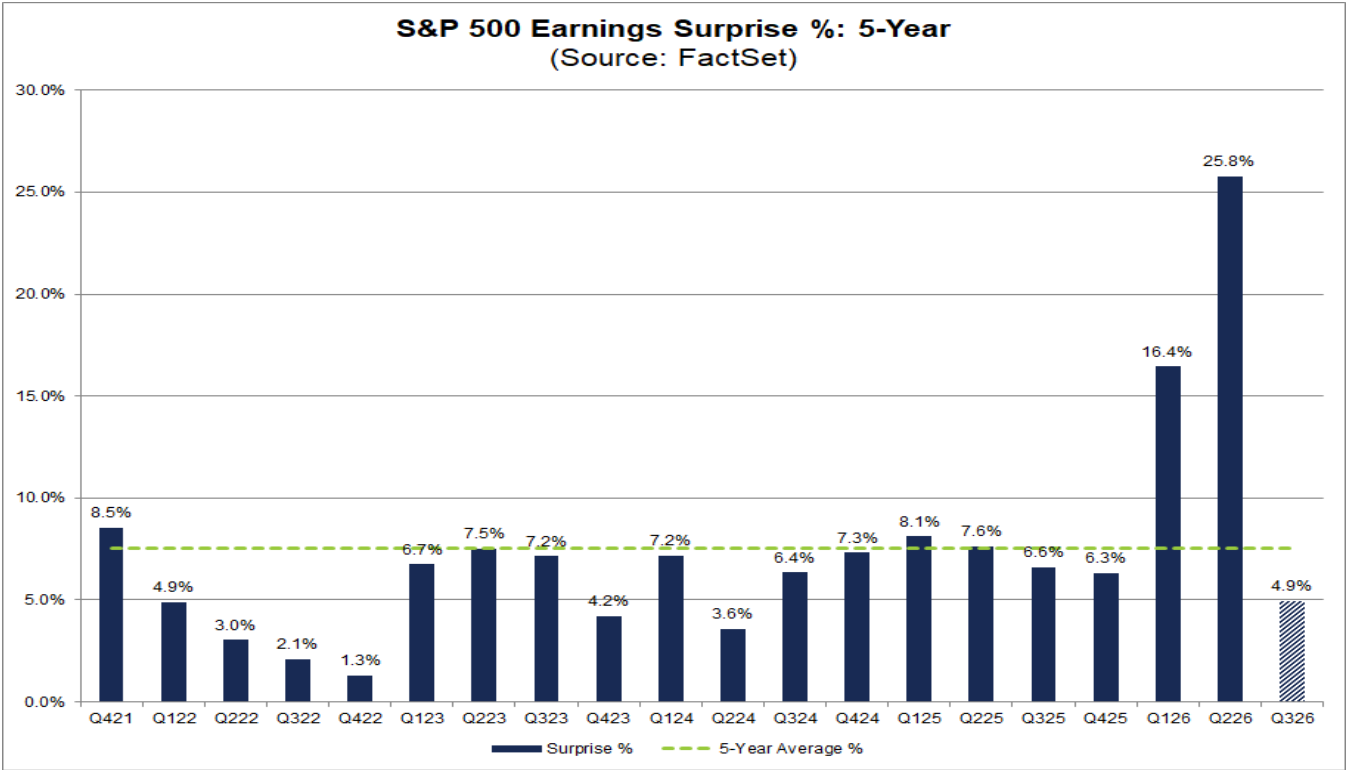
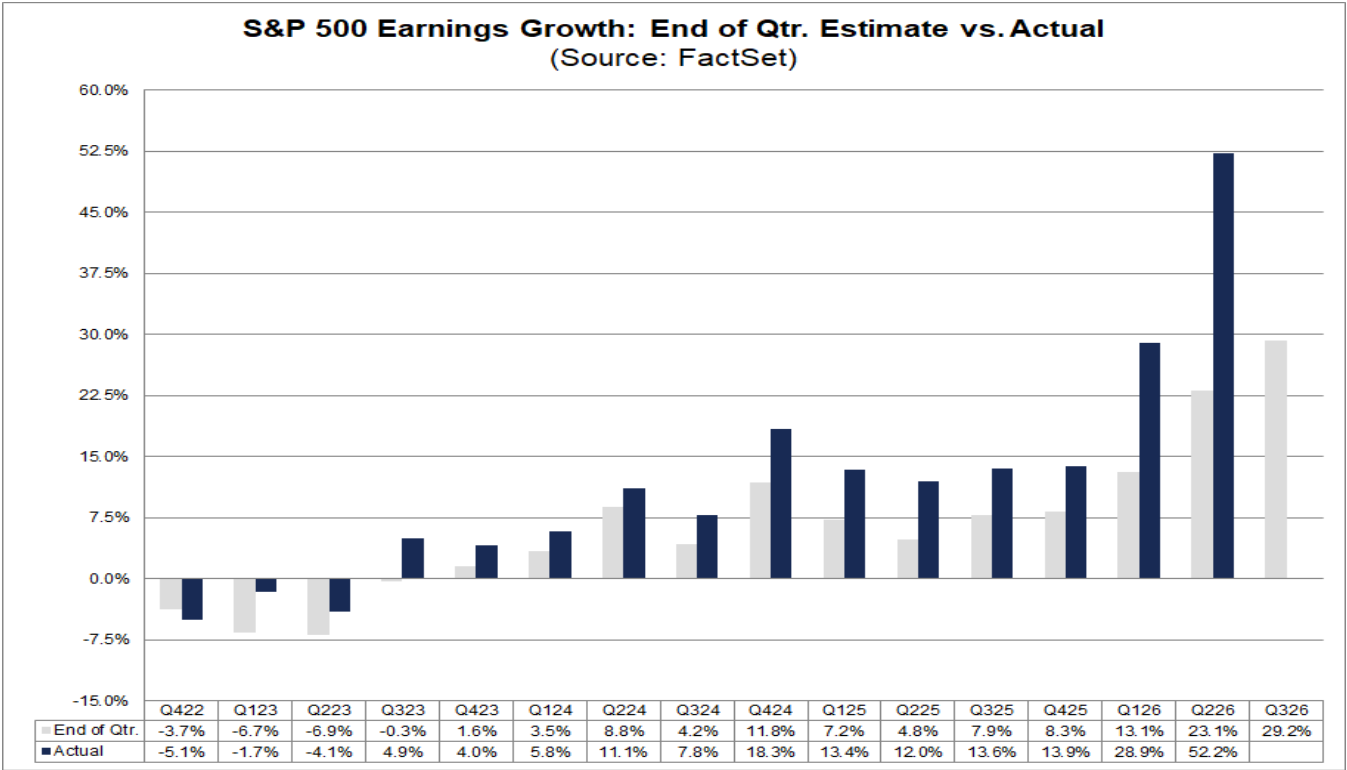
Over the past ten years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 8.0% on average. During this same period, 77% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 6.9 percentage points on average (over the past ten years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q3 (September 30) of 29.2%, the actual earnings growth rate for the quarter would be 36.1% ($29.2\% + 6.9\% = 36.1\%$).

Over the past five years, actual earnings reported by S&P 500 companies have exceeded estimated earnings by 7.5% on average. During this same period, 78% of companies in the S&P 500 have reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 6.4 percentage points on average (over the past five years) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q3 (September 30) of 29.2%, the actual earnings growth rate for the quarter would be 35.6% ($29.2\% + 6.4\% = 35.6\%$).

Over the past four quarters (Q3 2025 through Q2 2026), actual earnings reported by S&P 500 companies have exceeded estimated earnings by 13.8% on average. During these four quarters, 82% of companies in the S&P 500 reported actual EPS above the mean EPS estimate on average. As a result, from the end of the quarter through the end of the earnings season, the earnings growth rate has increased by 14.1 percentage points on average (during the past four quarters) due to the number and magnitude of positive earnings surprises. If this average increase is applied to the estimated earnings growth rate at the end of Q3 (September 30) of 29.2%, the actual earnings growth rate for the quarter would be 43.3% ($29.2\% + 14.1\% = 43.3\%$).

Thus, using the most conservative average improvement of these three periods, the index would report year-over-year earnings growth of 35.6% for Q3.

How are the numbers trending to date? Of the 19 S&P 500 companies that have reported actual earnings for Q3 2026 through October 9, 84% have reported actual EPS above the mean EPS estimate. In aggregate, actual earnings reported by these 19 companies have exceeded estimated earnings by 4.9%. Due to these positive surprises and upward revisions to estimates, the earnings growth rate for the S&P 500 has increased by 0.4 percentage points since September 30 (to 29.6% from 29.2%).



Topic of the Week: 2

S&P 500 Energy Sector Earnings Preview: Q3 2026

With the recent volatility in the price of oil, what do analysts expect for earnings growth for the Energy sector for Q3?

Overall, the Energy sector is currently expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 121.1%. This growth rate is significantly above expectations for earnings growth of 79.3% on June 30, as 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 +23.3% (to \$58.0 billion from \$47.0 billion). Higher oil prices are contributing to the higher earnings for the sector. From June 30 to September 30, the price of oil (WTI) increased by 30% (to \$90.42 from \$69.50). Overall (average), the average price of oil (WTI) 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 (462%), Integrated Oil & Gas (113%), Oil & Gas Exploration & Production (60%), 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.

Looking ahead, analysts are predicting lower (year-over-year) earnings growth rates for the Energy sector over the next 4 quarters. For Q4 2026 and Q1 2027, the estimated earnings growth rates for the sector are 117.1% and 86.7%. For Q2 2027 and Q3 2027, analysts project year-over-year declines in earnings of -21.3% and -19.5%.

FactSet Energy analyst Jesse Mercer (Director, FactSet Oil & Gas) provided commentary on key trends to watch in the Energy sector during this earnings season:

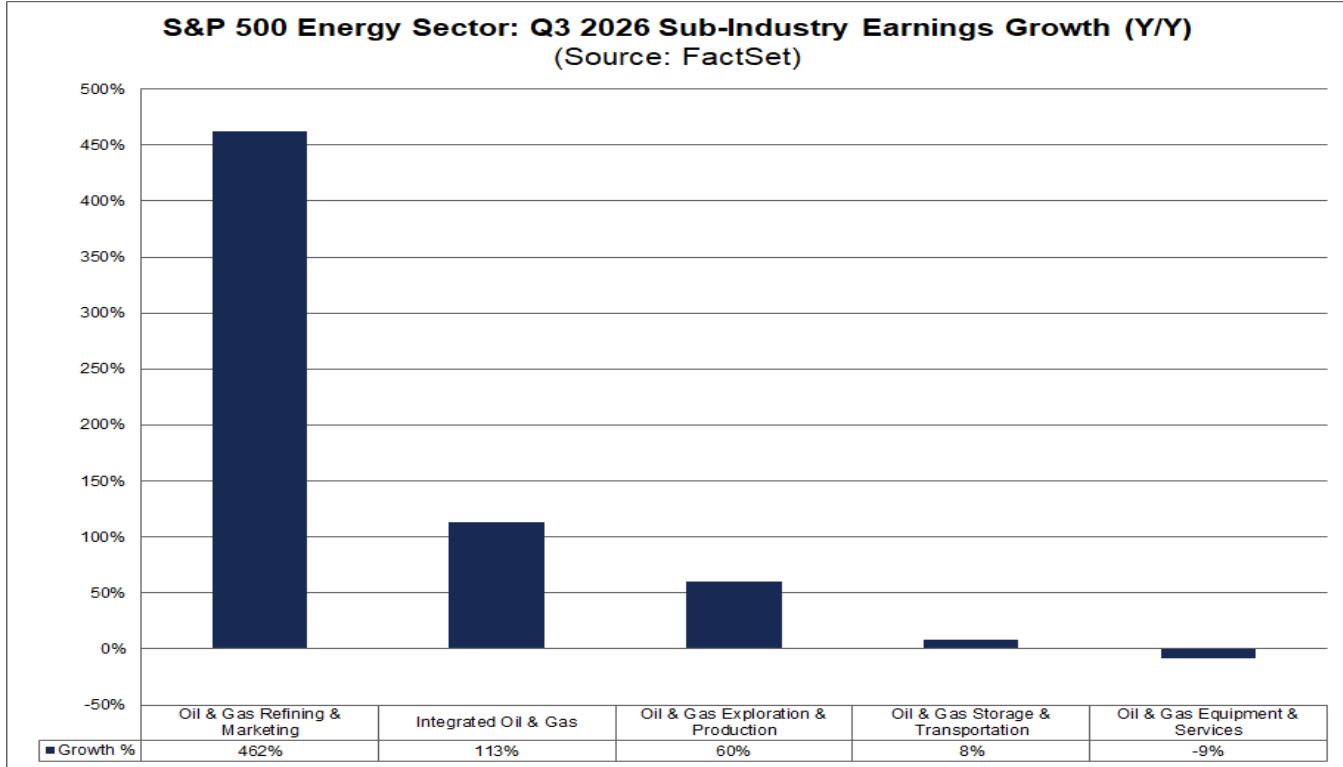
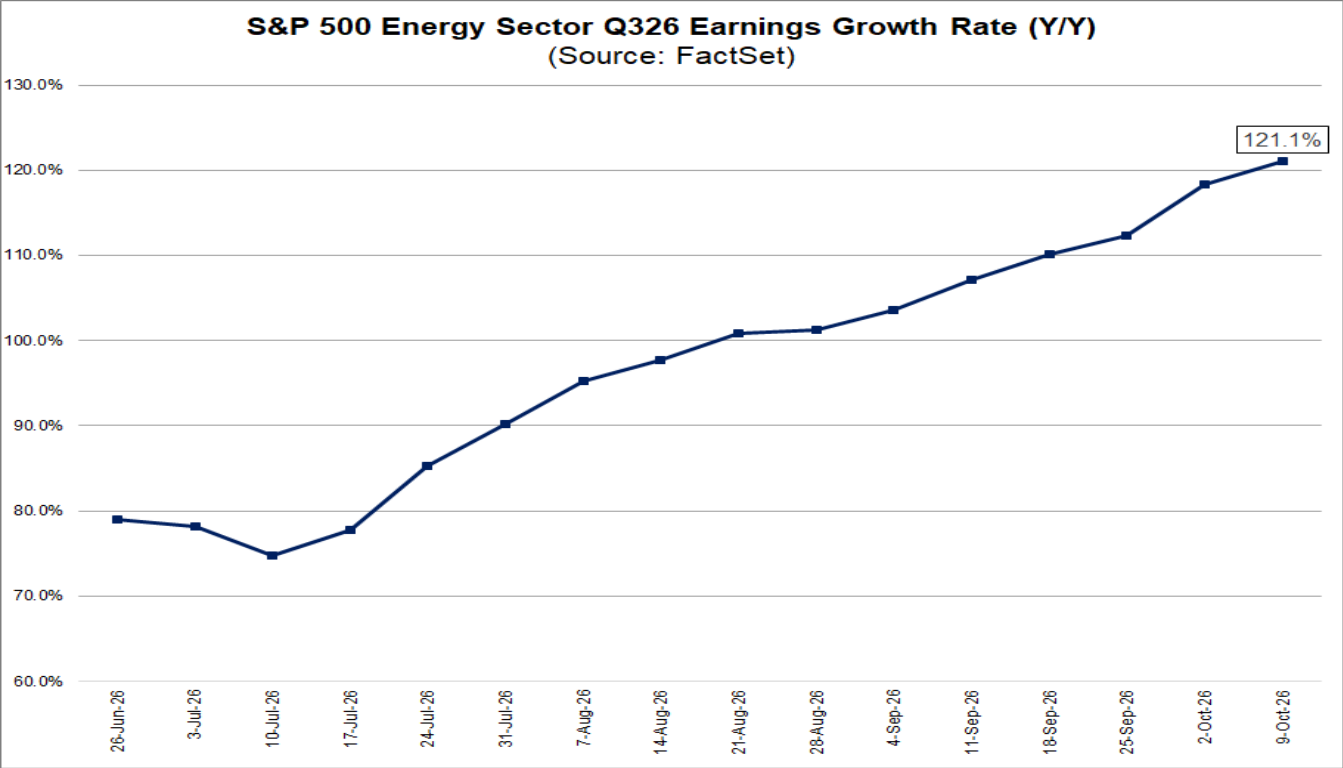
North American energy earnings for Q3 2026 will likely arrive with U.S. refiners as the standout performers, benefiting from secure access to crude supplies amid a strong refined product pricing environment. Diesel cracks broke record highs over the past quarter, incentivizing refiners to shift yields toward middle distillates. This resulted in a drawdown of gasoline inventories, which has supported prices well beyond the peak summer driving season. Key to watch will be commentary on the durability of middle distillate supply tightness and upcoming refinery maintenance plans.

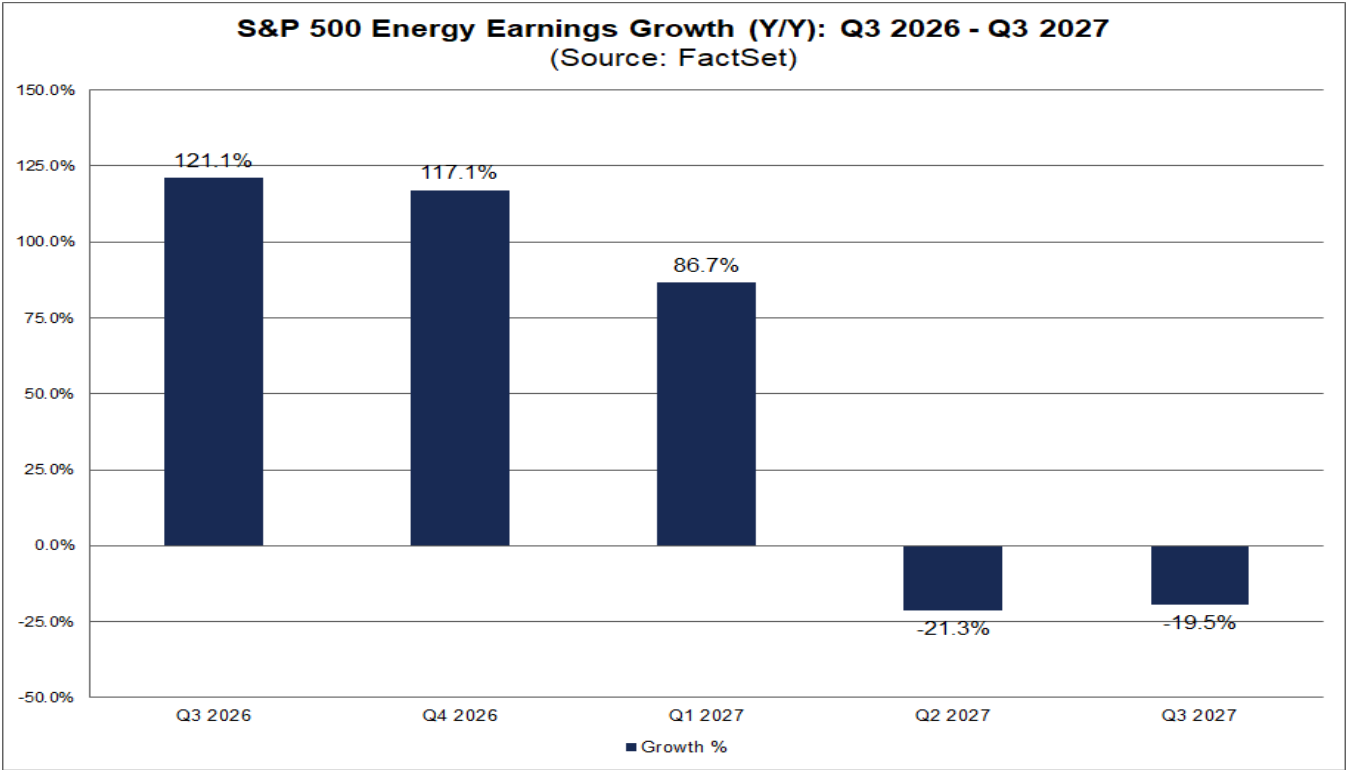
For upstream operators, capital discipline remains the dominant theme despite elevated oil prices over the past quarter. Most publicly traded upstream operators have so far prioritized debt reduction and shareholder returns over aggressive production growth. Rather than expanding drilling programs, producers have largely deployed free cash flow into bolt-on acquisitions to augment existing acreage positions or to unlock secondary bench opportunities.

Looking forward, rising cost pressures from diesel, chemicals, and new tariffs on imported steel may compel E&Ps to scrutinize expansion plans. For Permian-focused operators, these headwinds will likely be offset by strengthening in-basin natural gas prices due to alleviated pipeline constraints. In general, across the E&P sector we expect management teams to reaffirm conservative spending guidance alongside production gains driven by operational efficiency rather than significant increases in rig counts.

Given expectations for a warm winter and a tepid near-term outlook for natural gas prices, gas-weighted E&Ps may begin signaling a shift toward their wet gas inventory, hi-grading acreage to capitalize on the growing uplift from natural gas liquids. On the midstream front, the sector enters the coming earnings season with considerable momentum. Key themes to watch include the pace of data center and power generation contract announcements, progress on LNG export infrastructure, the continued buildout of LPG export capacity, and updates on long-haul Permian gas egress.

For more detailed analysis from Jesse Mercer, please go to this link: [FactSet Insight - Commentary and research from our desk to yours | Jesse Mercer](#)





Topic of the Week: 3

S&P 500 Utilities Sector Earnings Preview: Q3 2026

With the Q3 earnings season kicking off this week, what are analysts expecting for earnings for the Utilities sector for Q3?

The Utilities sector is expected to report the 7th highest (year-over-year) earnings growth rate of all eleven sectors at 7.0%. However, this growth rate is below expectations for earnings growth of 8.8% on June 30.

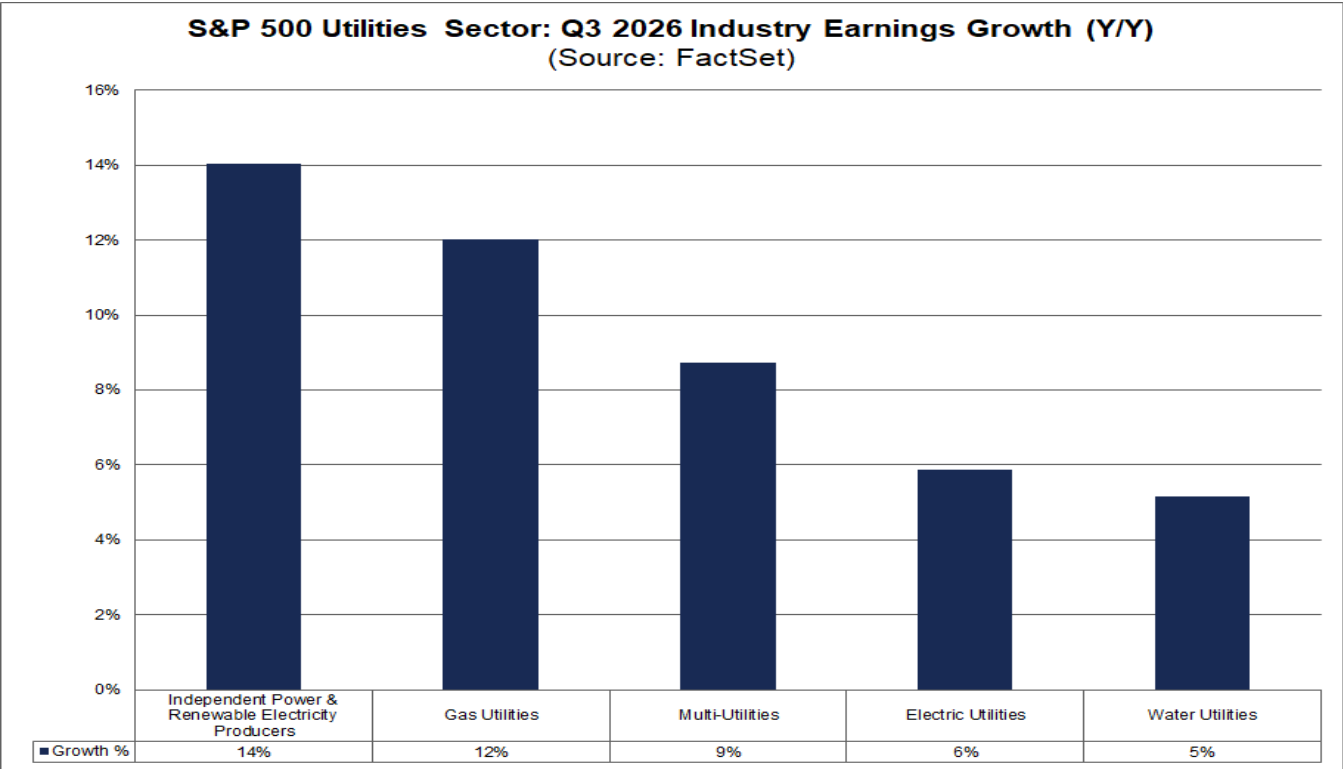
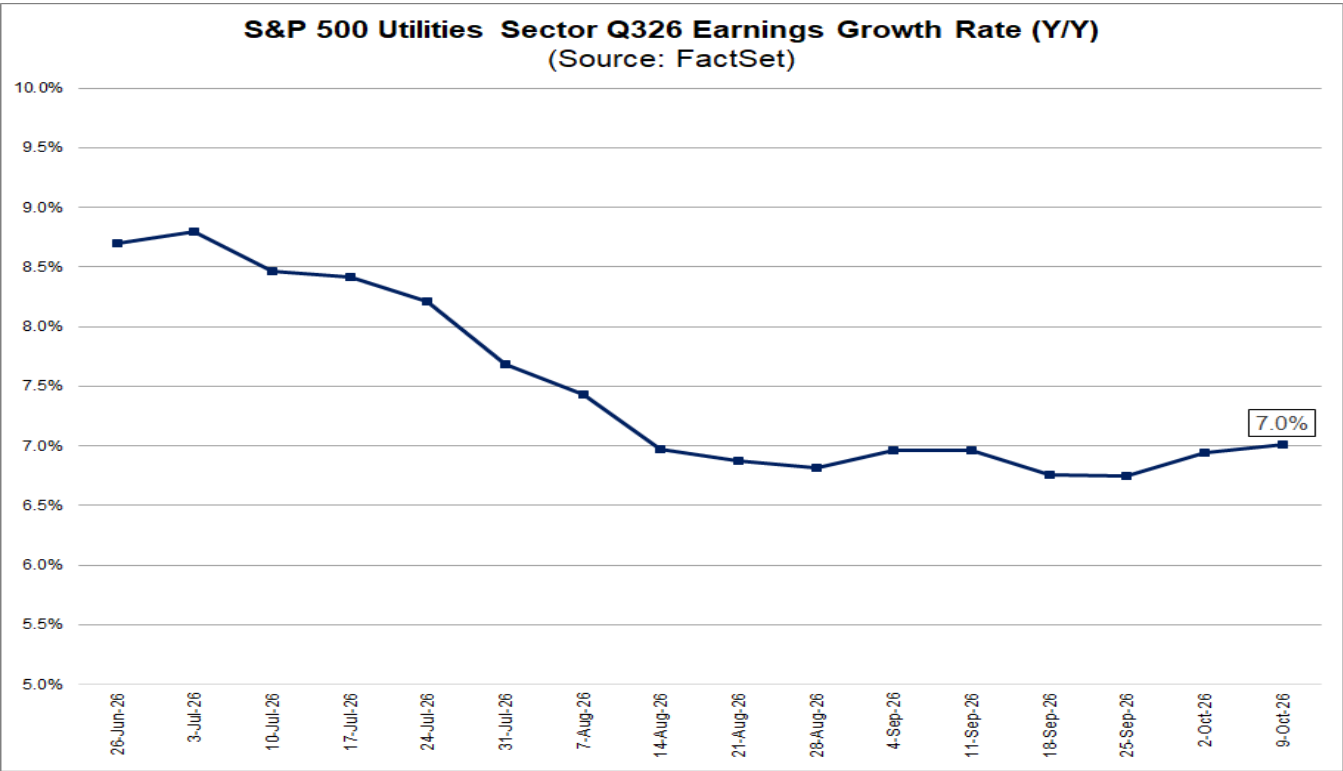
At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Electricity Producers (14%), Gas Utilities (12%), Multi-Utilities (9%), Electric Utilities (6%), and Water Utilities (5%).

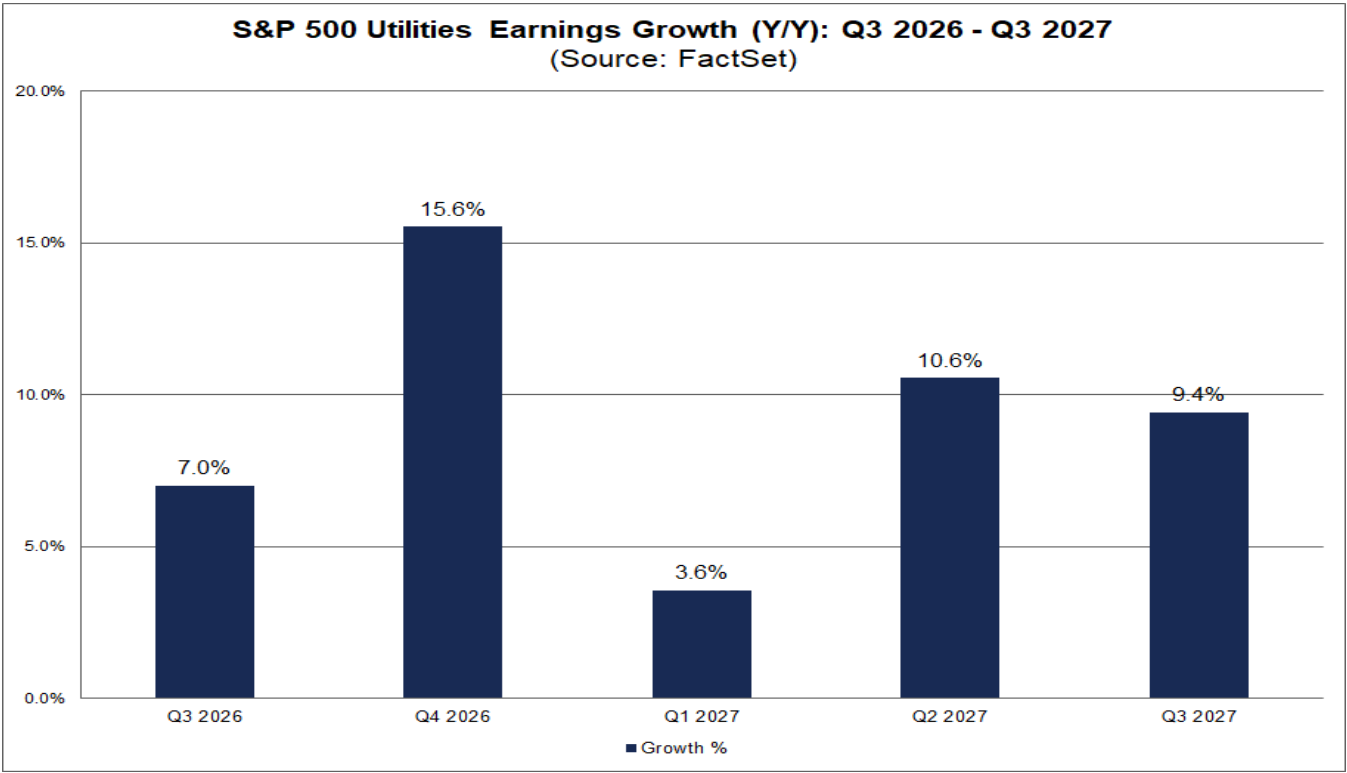
Looking ahead, analysts are predicting double-digit earnings growth for the sector for 2 of the next 4 quarters. From Q4 2026 through Q3 2027, analysts are projecting earnings growth rates of 15.6%, 3.6%, 10.6%, and 9.4%, respectively.

FactSet Senior Energy Analyst Trevor Fugita discussed key trends to watch related to power and the Utilities sector during this earnings season.

The hottest September on record in the U.S. Lower 48 drove load and generation to record monthly highs. Overall, average load in September 2026 reached 541 GW, some 43.5 GW, or 8.7%, higher than the previous high set just one year prior. This increase was partially met by renewable capacity additions, with solar and wind generating 17.4 GW more year-over-year. To bridge the remaining gap, thermal plants were required to run more heavily as well, with gas and coal facilities contributing increases of 9.2 GW and 9.6 GW, respectively, compared to 2025. While hotter weather certainly drove the magnitude of the record, the continued buildout of data centers to meet AI demand has also played a growing role in adding new load to the grid. This trend has become significant enough that some areas of the country are looking to scale back development and gain a better understanding of what is truly feasible within their large load interconnection queues. One example is Texas Governor Greg Abbott's order to pause new data center approvals pending an audit of current projects within the state's large load interconnection queue. In the near term, weather patterns such as the forecasted super El Niño will continue to play an outsized role in seasonal demand. Over the longer term, however, the pace of data center buildout will be the key driver of demand growth, with more development pointing toward greater natural gas generation, and slower, more modest growth likely to be met by currently planned increases in renewables and battery storage.

For more commentary and analysis on the power and the Utilities industry, please see Trevor's articles on the FactSet Insight blog at this link: [FactSet Insight - Commentary and research from our desk to yours | Trevor Fugita](#)





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 29.6%, compared to the estimated (year-over-year) earnings growth rate of 26.7% on June 30.

If 29.6% 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 also raised their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 12.4%, compared to the expectations for revenue growth of 10.9% on June 30.

If 12.4% 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 28.0%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 32.7%.

The forward 12-month P/E ratio is 19.1, which is below the 5-year average (19.8) but equal to 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, 25 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the third quarter.

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

No Change 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 remained unchanged at 29.6%.

The estimated earnings growth rate for the S&P 500 for Q3 2026 of 29.6% today is above the estimate of 26.7% at the start of the quarter (June 30), as estimated earnings for the index of \$801.6 billion today are 2.3% above the estimate of \$783.5 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, Health Care, and Consumer Staples sectors. One sector (Real Estate) has seen no change in expected earnings since June 30.

Energy: Marathon Petroleum and Valero Energy Lead 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 +23.3% (to \$58.0 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 121.1% 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 +23.5%. Overall, 10 of the 21 companies (48%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 10 companies, 4 have recorded an increase in their mean EPS estimate of more than 10%: Marathon Petroleum (to \$24.41 from \$10.43), Valero Energy (to \$20.41 from \$9.66), Phillips 66 (to \$11.33 from \$6.38), and Exxon Mobil (to \$3.79 from \$3.36). These four companies, followed by Chevron (to \$4.73 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 \$259.6 billion from \$247.0 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 65.1% 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 +8.3%. Overall, 60 of the 74 companies (81%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 60 companies, 27 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 \$0.40 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, and Intel 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. This sector has also recorded an increase in price of 1.1% since June 30. Overall, 45 of the 76 companies (59%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 45 companies, 5 have recorded an increase in their mean EPS estimate of more than 10%: Arch Capital Group (to \$2.21 from \$1.85), Robinhood Markets (to \$0.55 from \$0.46), Progressive (to \$4.30 from \$3.65), Travelers Companies (to \$7.29 from \$6.38), and Allstate (to \$6.46 from \$5.84). However, JPMorgan Chase (to \$5.93 from \$5.49) has been the largest contributor to the increase in expected (dollar-level) earnings for this sector since June 30.

Materials: Newmont and Dow 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 -9.6% (to \$16.5 billion from \$18.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 28.5% today from 42.1% on June 30. This sector has recorded a decrease in price of 1.9% since June 30. Overall, 18 of the 25 companies (72%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 18 companies, 11 have recorded a decrease in their mean EPS estimate of more than 10%, led by Mosaic (to \$0.04 from \$0.29), Dow (to \$0.63 from \$1.20), and International Paper (to \$0.29 from \$0.53). Newmont (to \$2.03 from \$2.50) and Dow have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since June 30.

Health Care: Johnson & Johnson and Incyte and Lead Earnings Decrease Since June 30

The Health Care sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -4.1% (to \$77.3 billion from \$80.7 billion). As a result, the estimated (year-over-year) earnings growth rate for the sector has decreased to 4.2% 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 +5.9%. 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, 7 have recorded a decrease in their mean EPS estimate of more than 10%, led by Humana (to -\$1.00 from -\$0.20), Incyte Corporation (to -\$3.20 from \$2.01), and Biogen (to \$2.02 from \$3.95). However, Johnson & Johnson (to \$2.50 from \$3.02), Incyte Corporation, Pfizer (to \$0.74 from \$0.85), and Merck (to \$2.13 from \$2.30) 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 third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -3.0% (to \$37.2 billion from \$38.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 3.1% today from 6.3% on June 30. Despite the decrease in earnings, this sector has recorded an increase in price of 1.2% since June 30. Overall, 21 of the 33 companies (64%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 21 companies, 5 have recorded a decrease in their mean EPS estimate of more than 10%: Tyson Foods (to \$0.77 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.

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 \$89.86 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, 268 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 268 companies, 99 have issued negative EPS guidance and 169 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 37% (99 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: 29.6%

The estimated (year-over-year) earnings growth rate for Q3 2026 is 29.6%, 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 29.6% 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 121.1%. 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 (462%), Integrated Oil & Gas (113%), Oil & Gas Exploration & Production (60%), 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 65.1%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (130%), Electronic Equipment, Instruments, & Components (39%), Technology Hardware, Storage, & Peripherals (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 65.1%.

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 51.4%. 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), Interactive Media & Services (44%), Entertainment (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 51.4%.

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 28.5%. At the industry level, all 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (49%), Containers & Packaging (44%), Chemicals (23%), and Construction Materials (2%).

Revenue Growth: 12.4%

The estimated (year-over-year) revenue growth rate for Q3 2026 is 12.4%, 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 12.4% 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 40.6%. At the industry level, all 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (83%), 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 22.6%. 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 (28%), Integrated Oil & Gas (24%), Oil & Gas Exploration & Production (19%), Oil & Gas Storage & Transportation (14%), and Oil & Gas Equipment & Services (5%).

Communication Services: 4 of 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, 4 of the 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (24%), Media (10%), Entertainment (9%), and Wireless Telecommunication Services (5%). On the other hand, the Diversified Telecommunication Services (less than -1%) is the only industry projected to report a year-over-year decline in revenues.

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, five 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 (14.7% 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. One sector (Health Care) is expected to report no change in net profit margin for Q3 2026 compared to Q3 2025 (7.9% vs. 7.9%).

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 (14.7% 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 (7.9% 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 33% for CY 2026

For the third quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 29.6% and year-over-year growth in revenues of 12.4%.

For Q4 2026, analysts are projecting earnings growth of 28.0% and revenue growth of 12.4%.

For CY 2026, analysts are projecting earnings growth of 32.7% and revenue growth of 12.5%.

For Q1 2027, analysts are projecting earnings growth of 18.9% and revenue growth of 11.3%.

For Q2 2027, analysts are projecting earnings growth of 2.6% and revenue growth of 7.5%.

For CY 2027, analysts are projecting earnings growth of 15.8% and revenue growth of 9.4%.

Valuation: Forward P/E Ratio is 19.1, Equal to the 10-Year Average (19.1)

The forward 12-month P/E ratio for the S&P 500 is 19.1. This P/E ratio is below the 5-year average of 19.8 but equal to 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). Since the end of the second quarter (June 30), the price of the index has increased by 3.5% while the forward 12-month EPS estimate has increased by 10.4%. At the sector level, the Consumer Discretionary (23.2) and Industrials (22.8) sectors have the highest forward 12-month P/E ratios, while the Energy (13.5) and Financials (14.3) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 26.0, 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

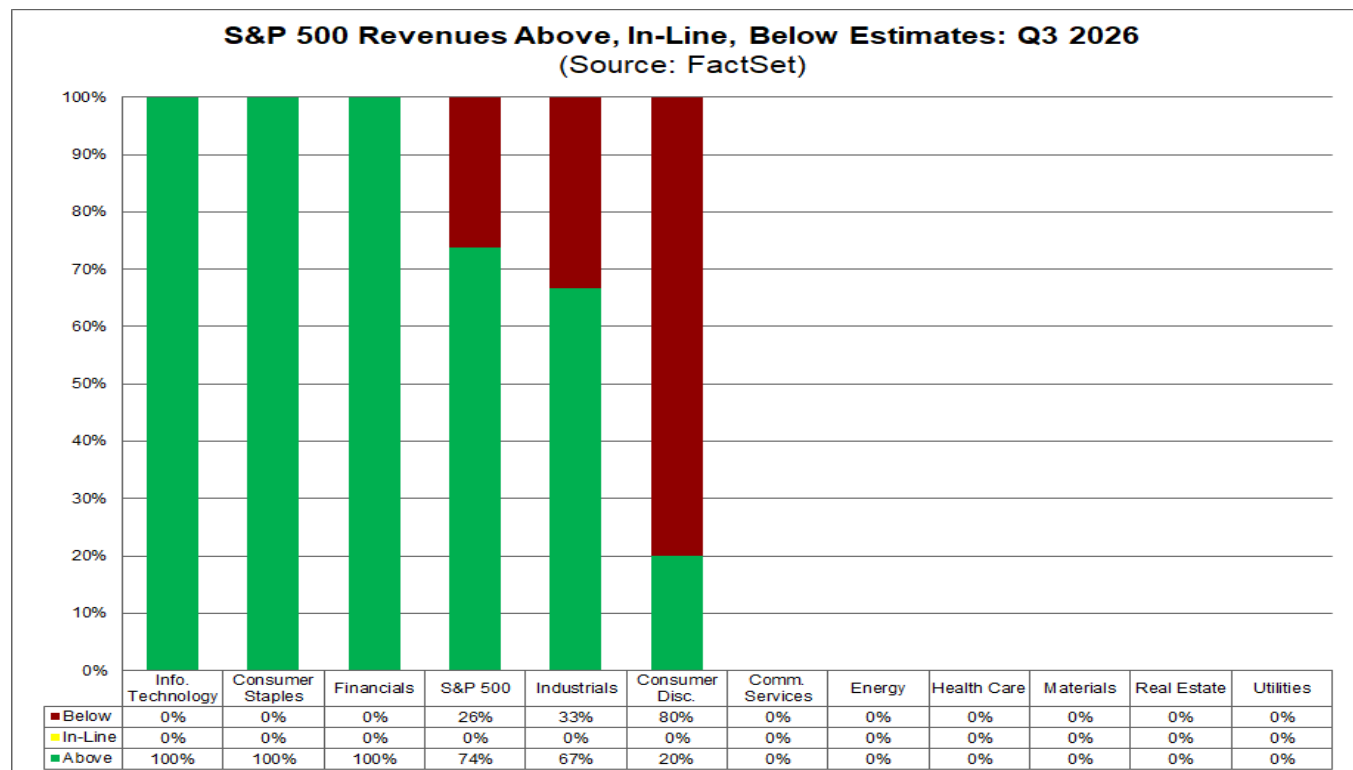
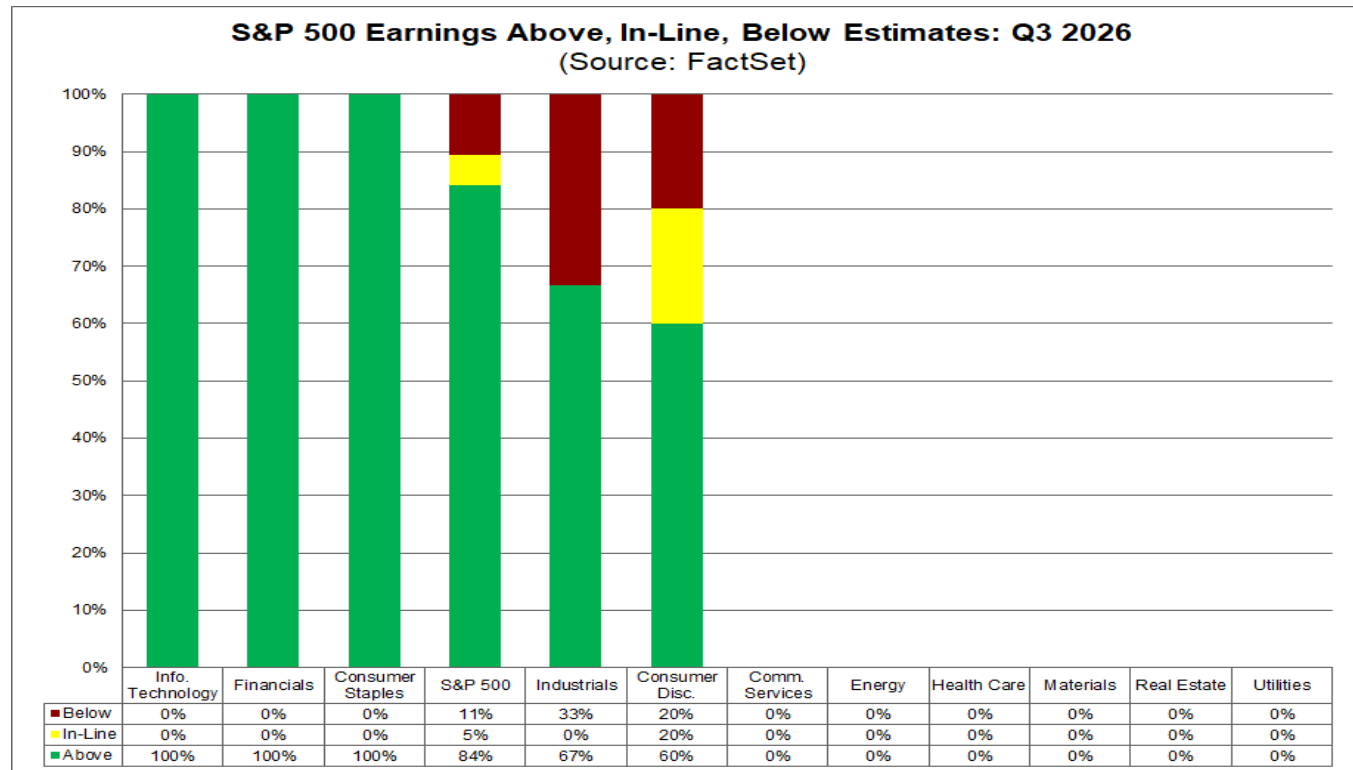
The bottom-up target price for the S&P 500 is 9,290.58, which is 19.6% above the closing price of 7,765.36. At the sector level, the Industrials (+24.7%), Consumer Discretionary (+24.0%), and Real Estate (+23.5%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Energy (+8.8%) and Consumer Staples (+11.9%) 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 13,179 ratings on stocks in the S&P 500. Of these 13,179 ratings, 60.1% are Buy ratings, 35.3% are Hold ratings, and 4.7% are Sell ratings. At the sector level, the Communication Services (72%), Information Technology (69%), Energy (64%), Materials (63%), and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (47%) sector has the lowest percentage of Buy ratings.

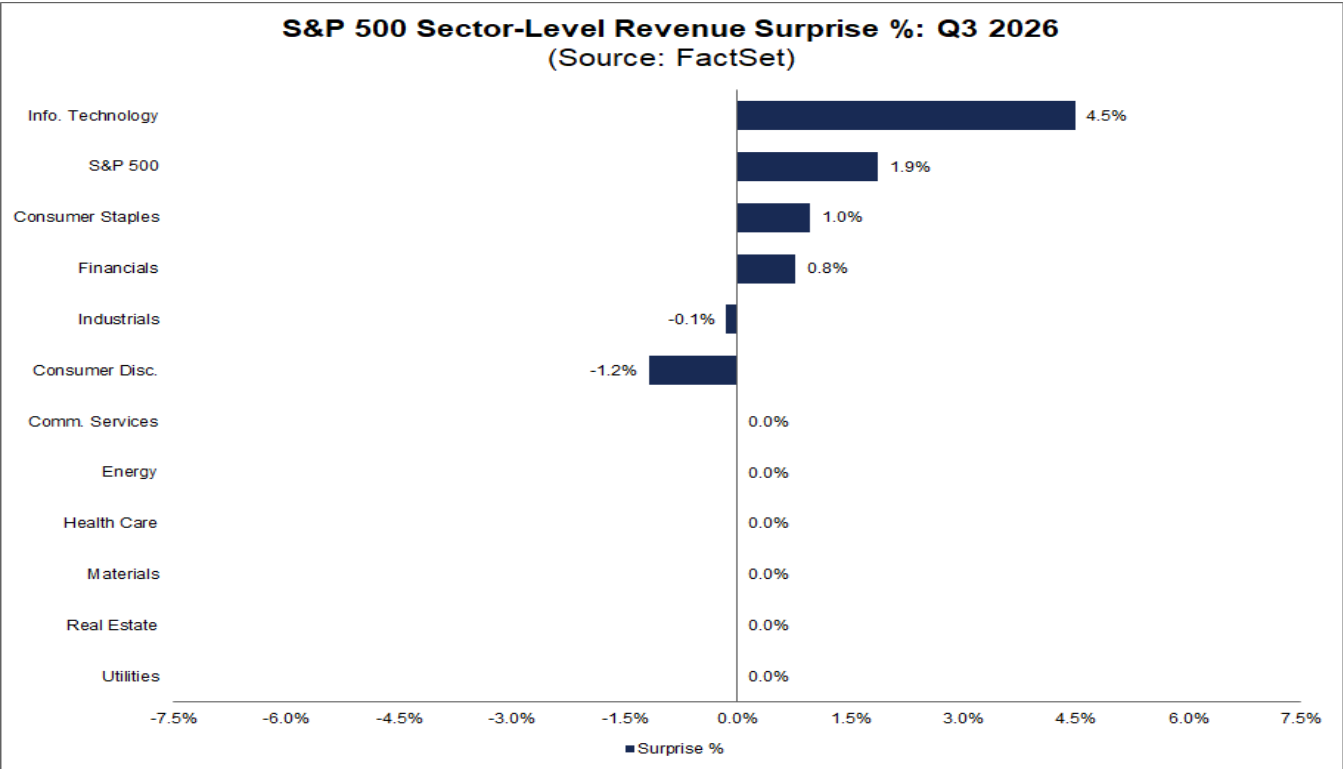
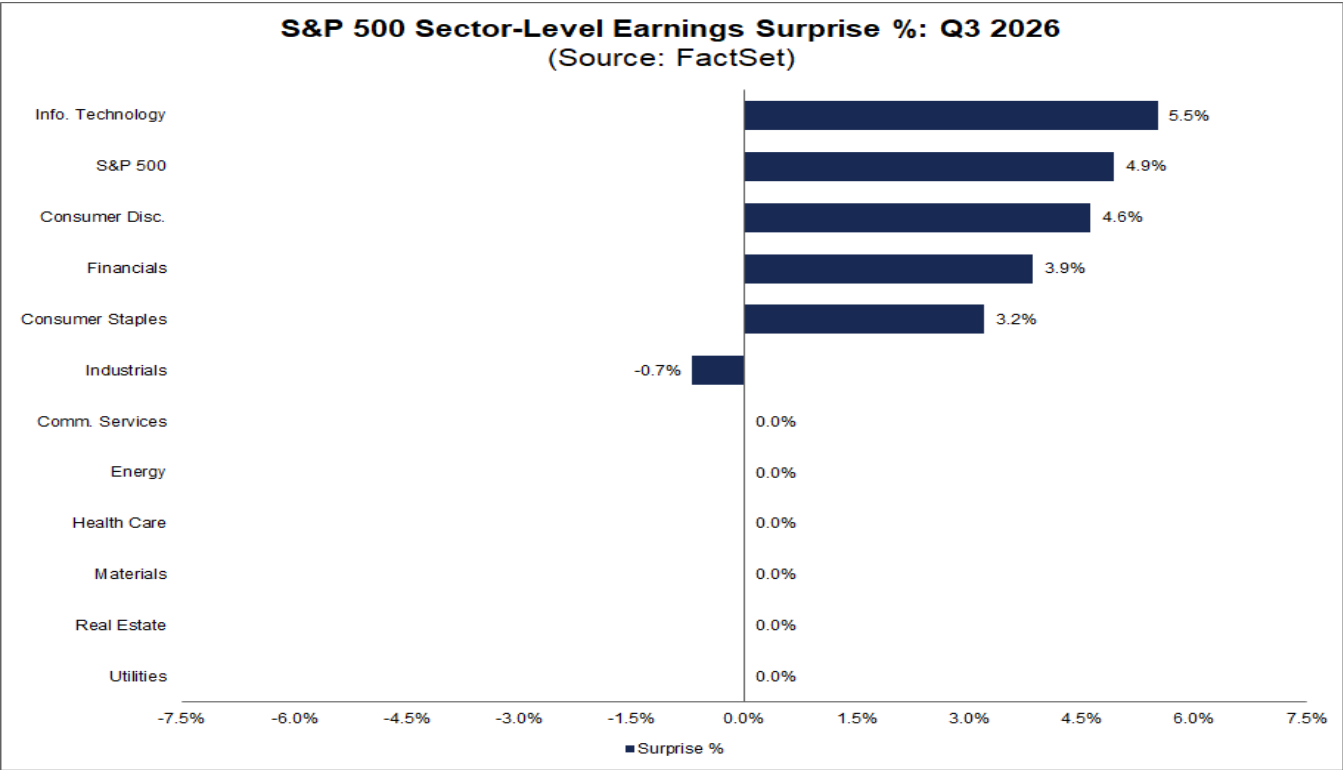
Companies Reporting Next Week: 25

During the upcoming week, 25 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the third quarter.

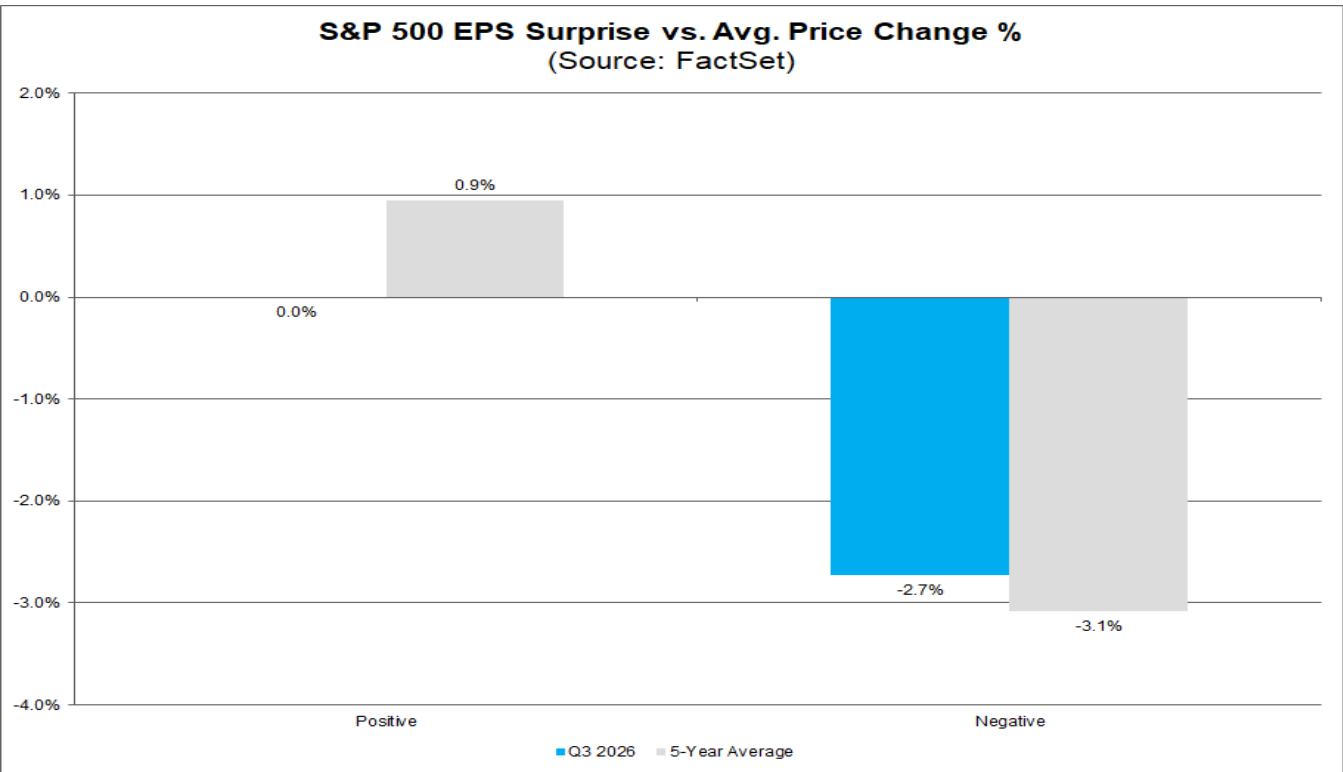
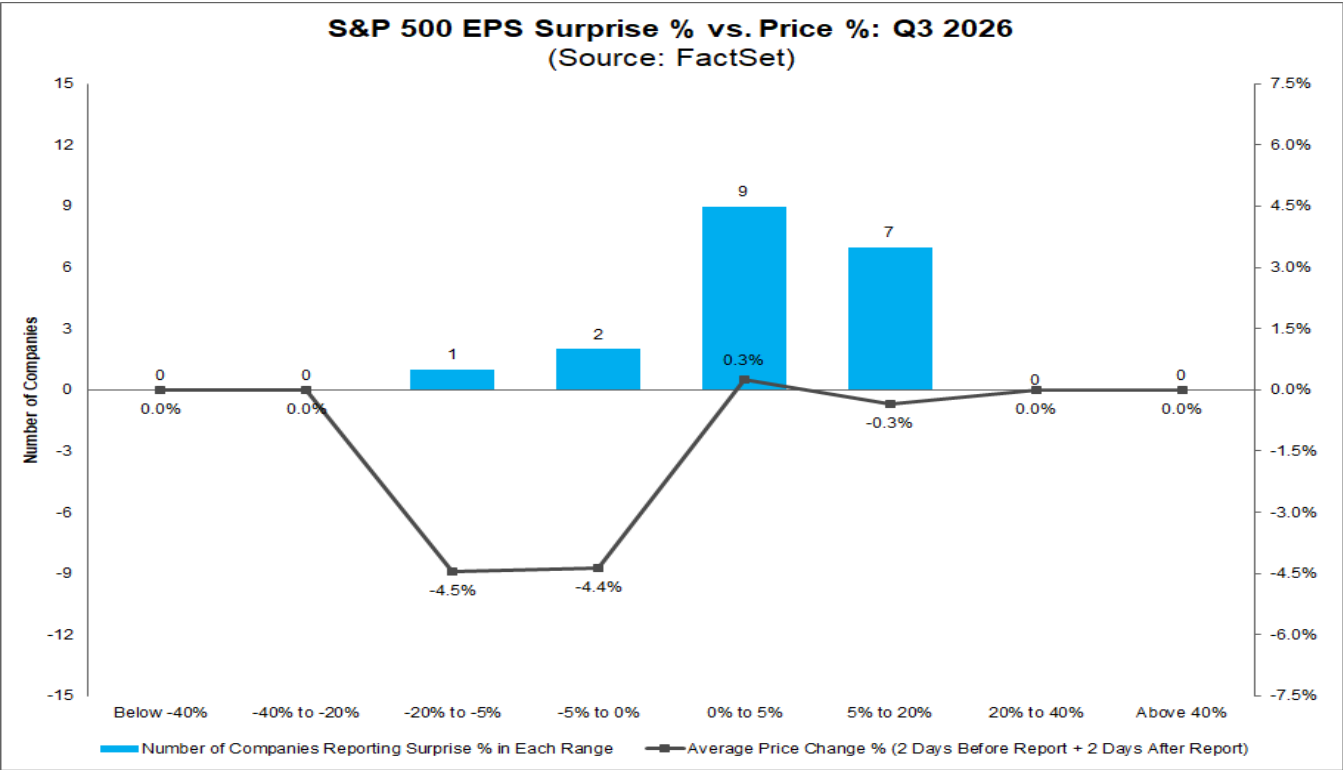
Q3 2026: Scorecard



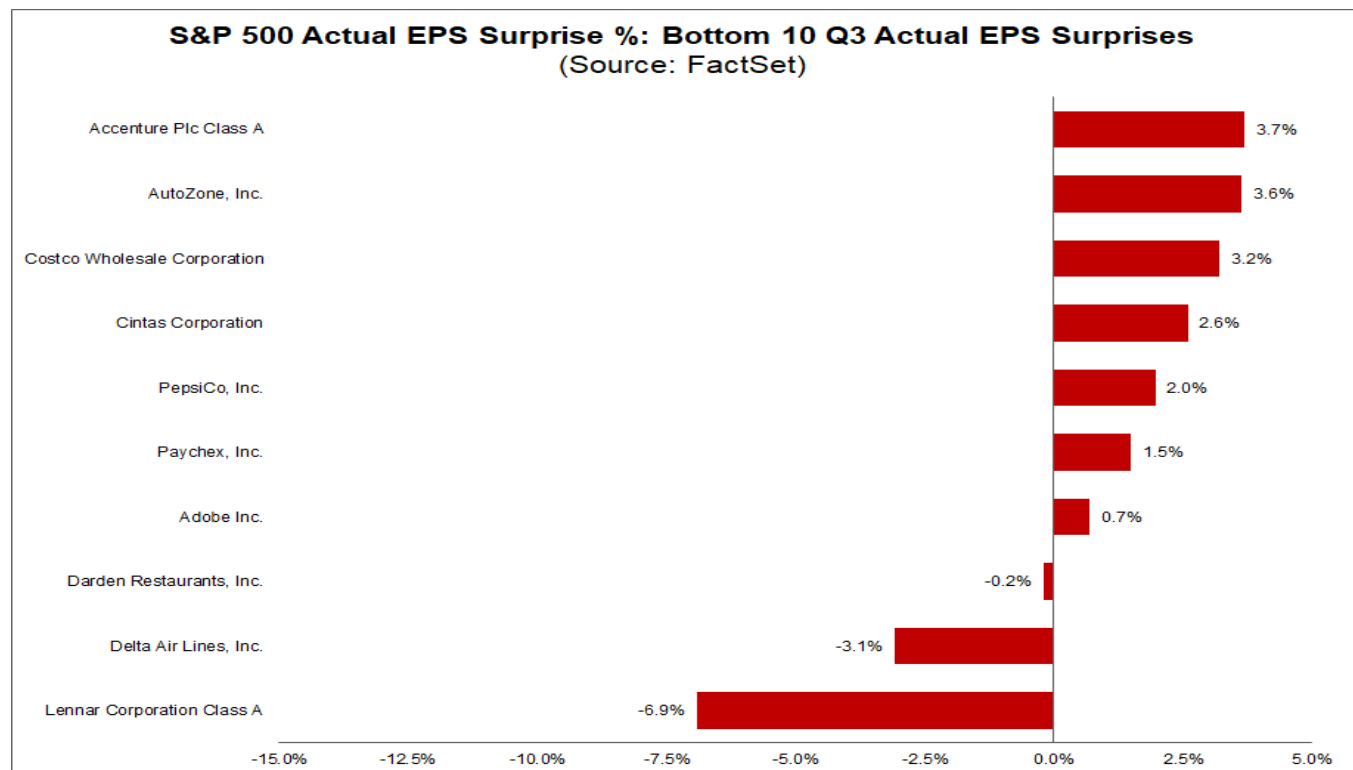
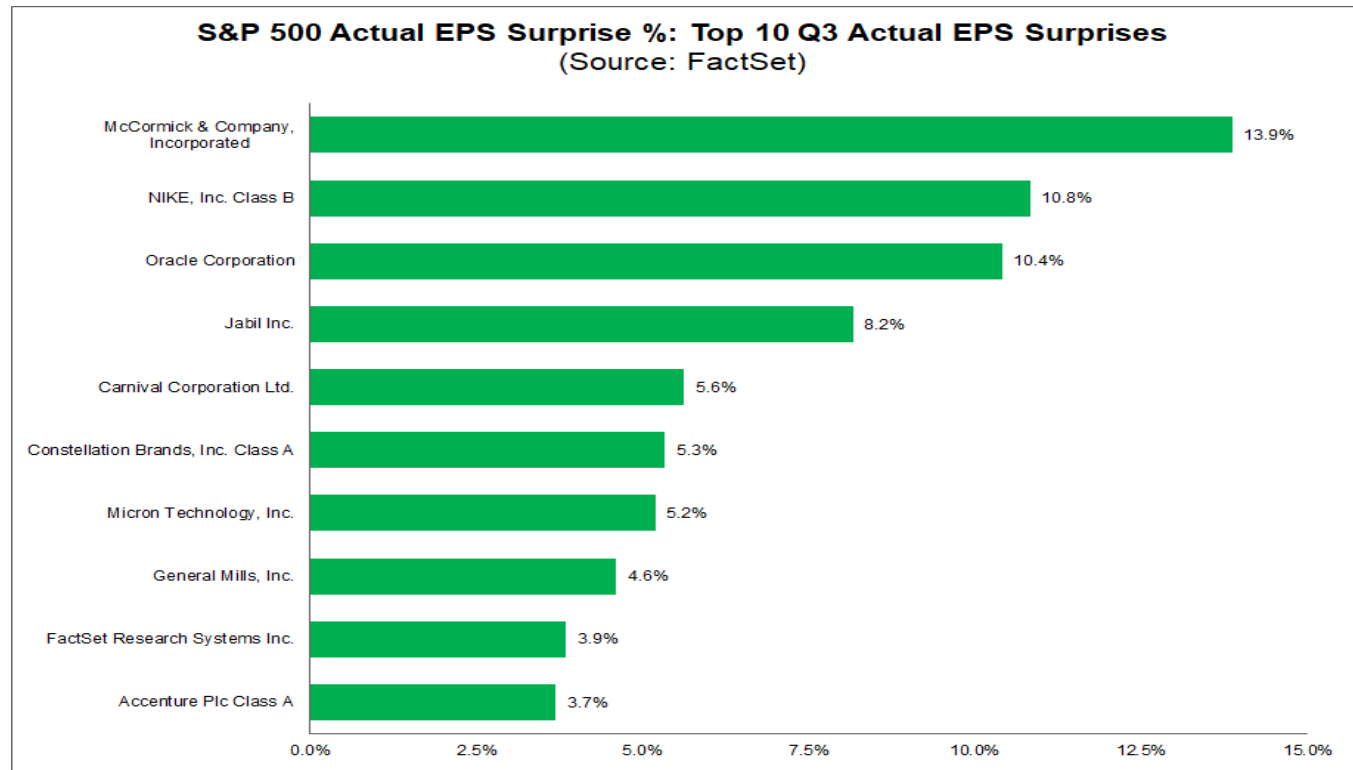
Q3 2026: Surprise



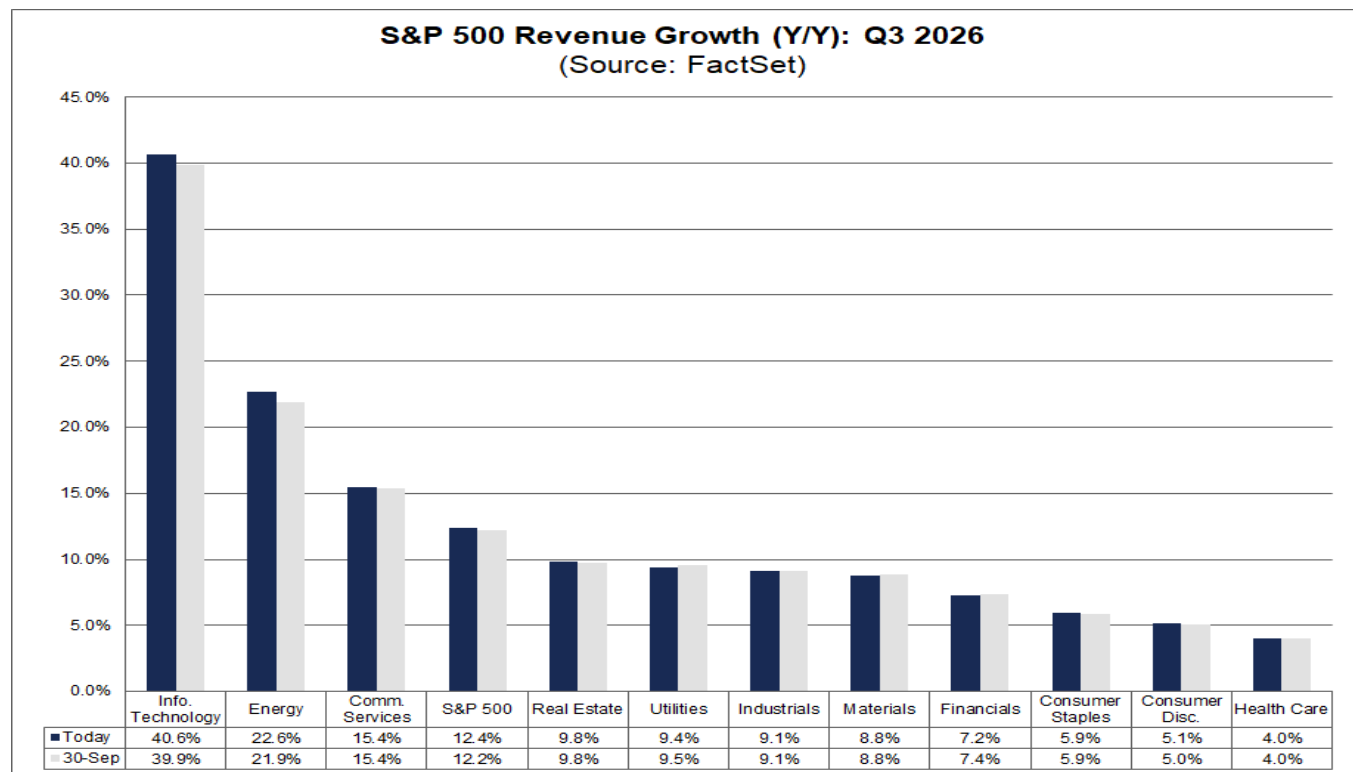
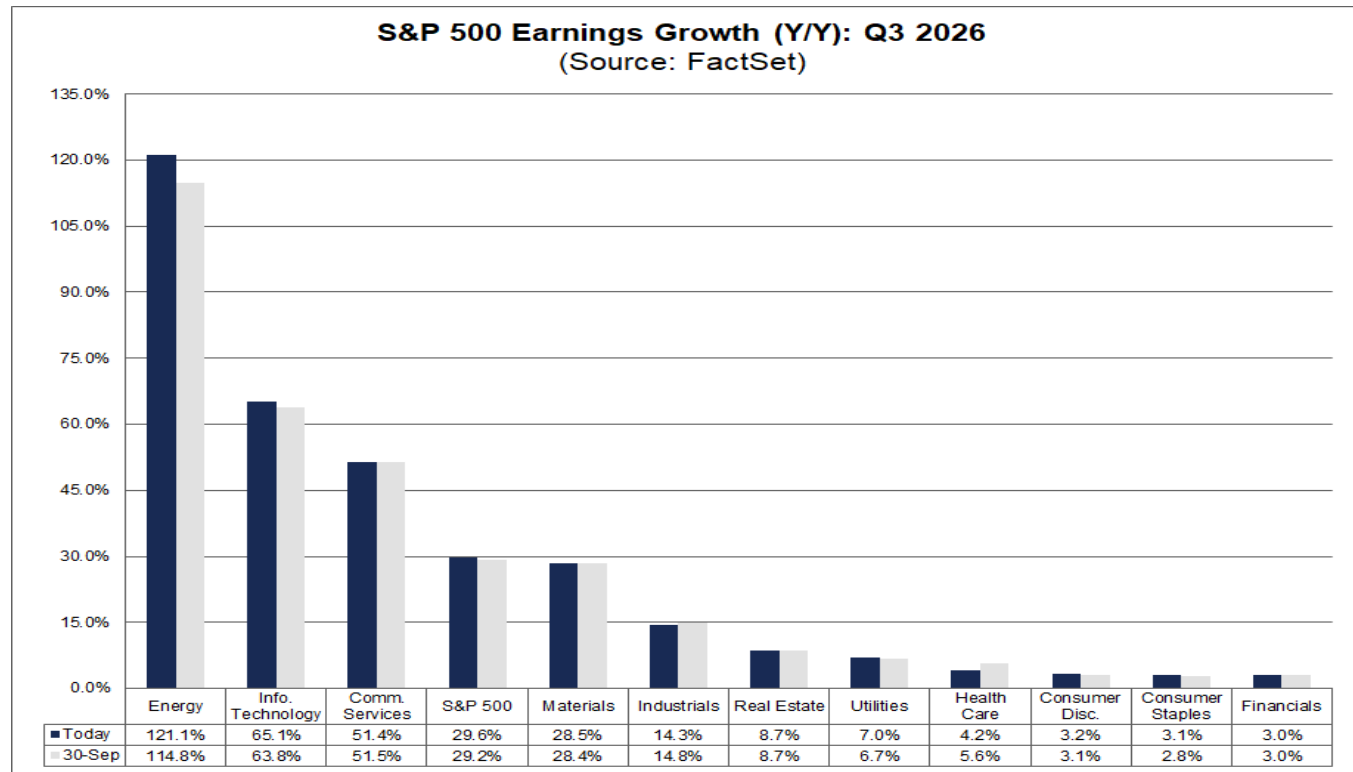
Q3 2026: Surprise



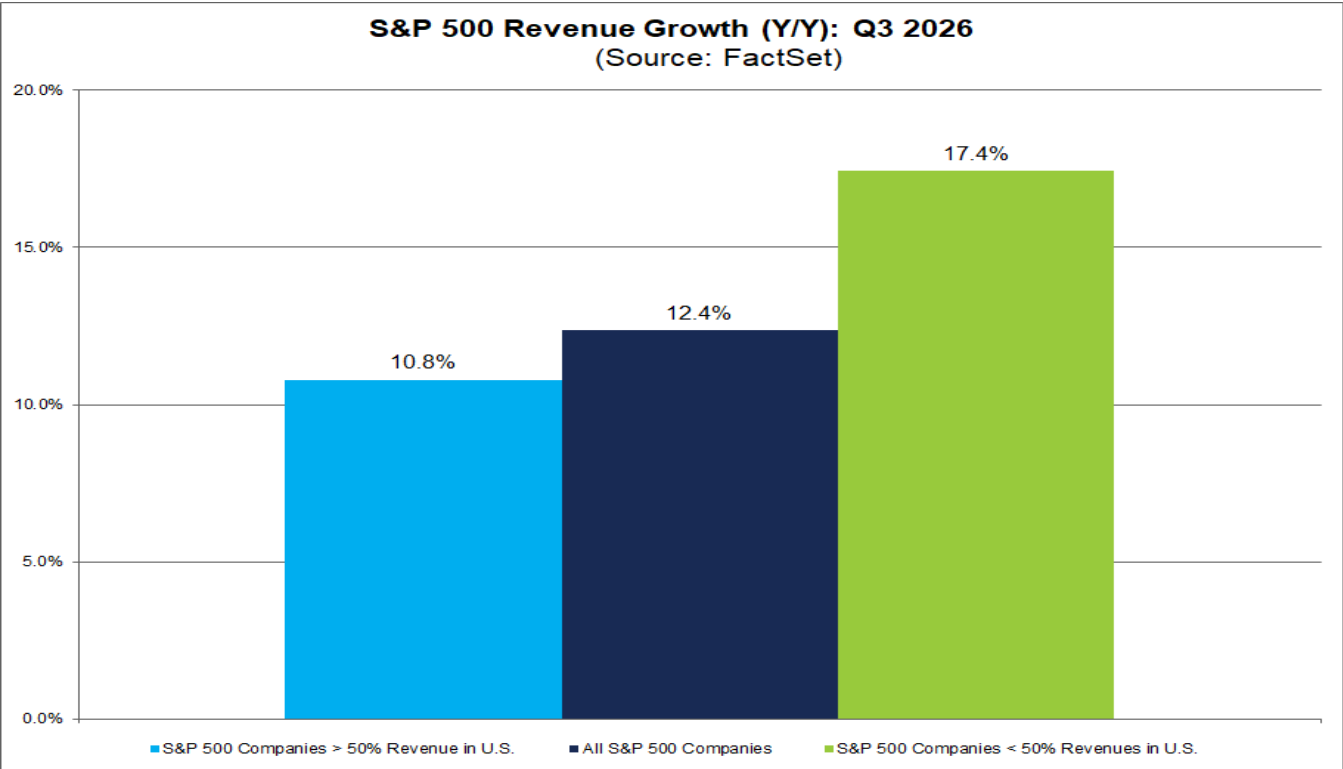
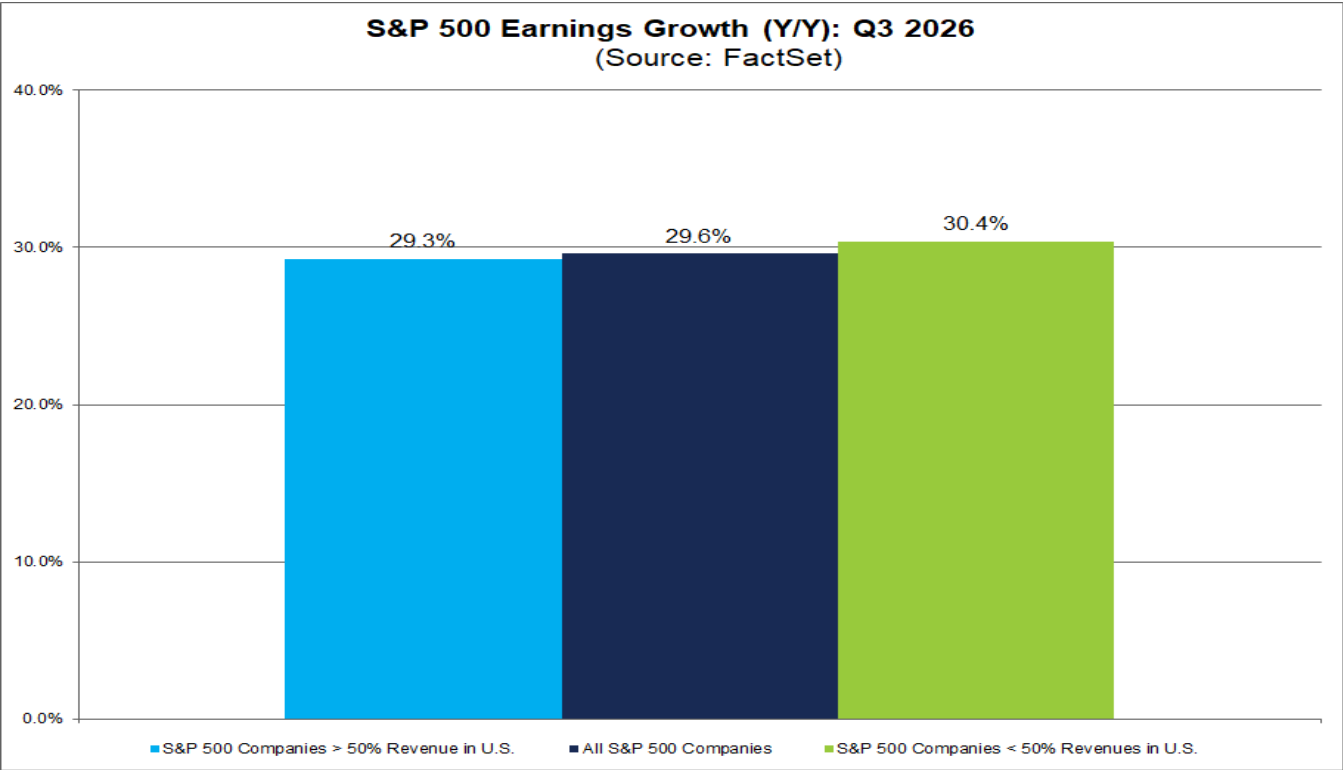
Q3 2026: Surprise



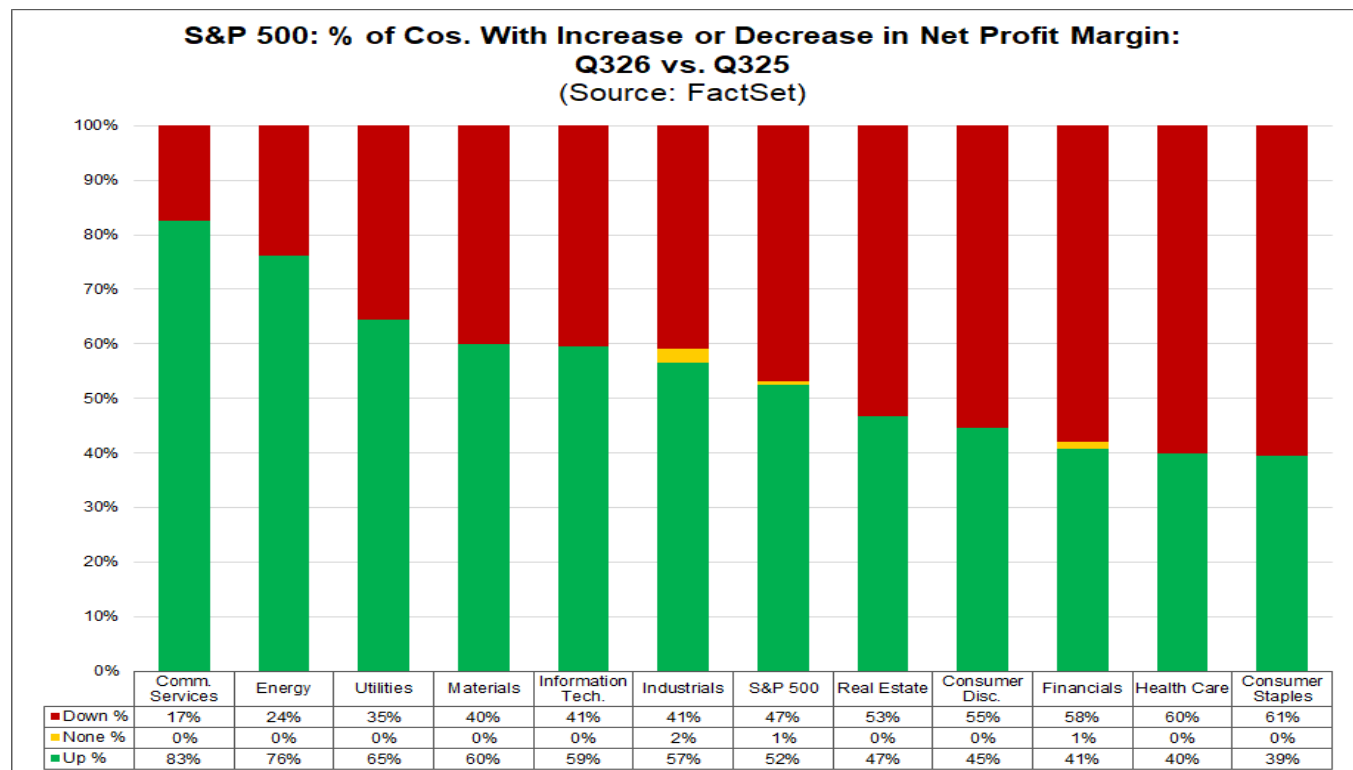
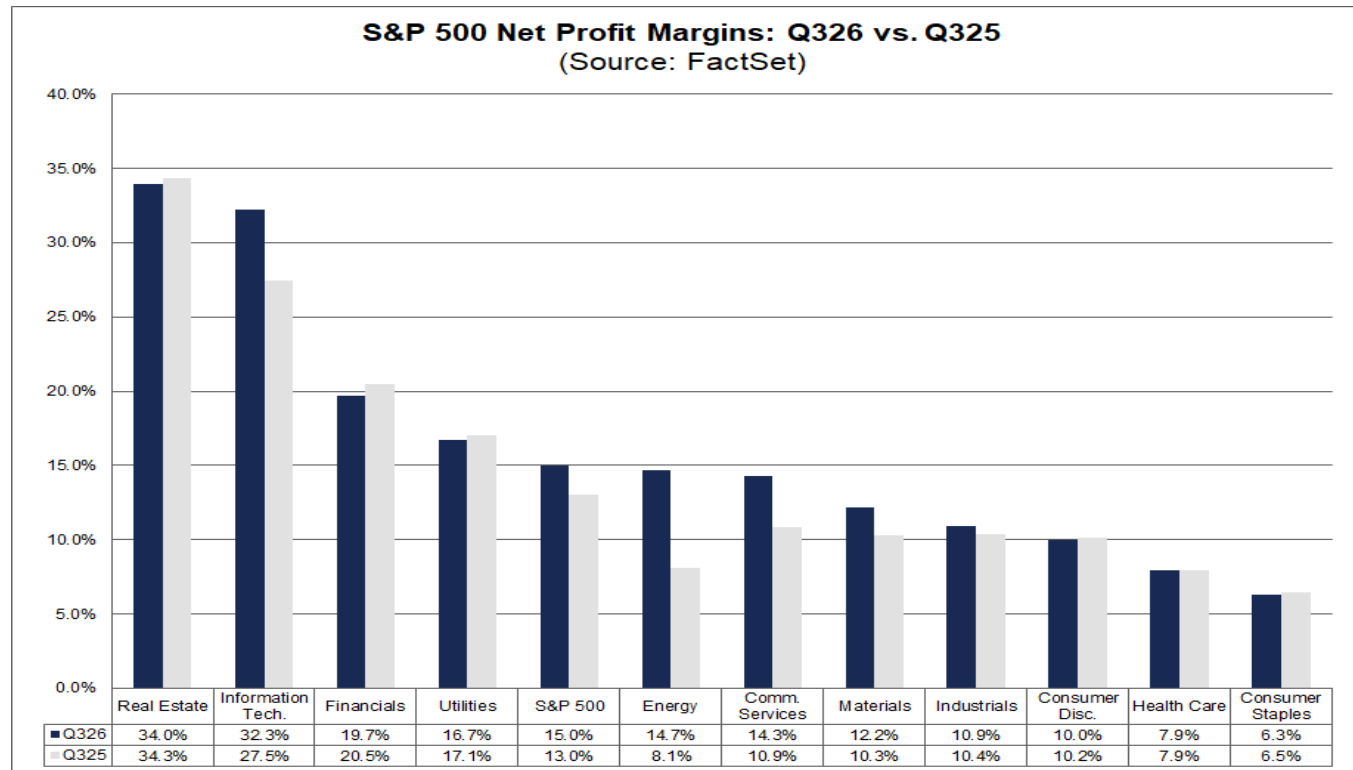
Q3 2026: Growth



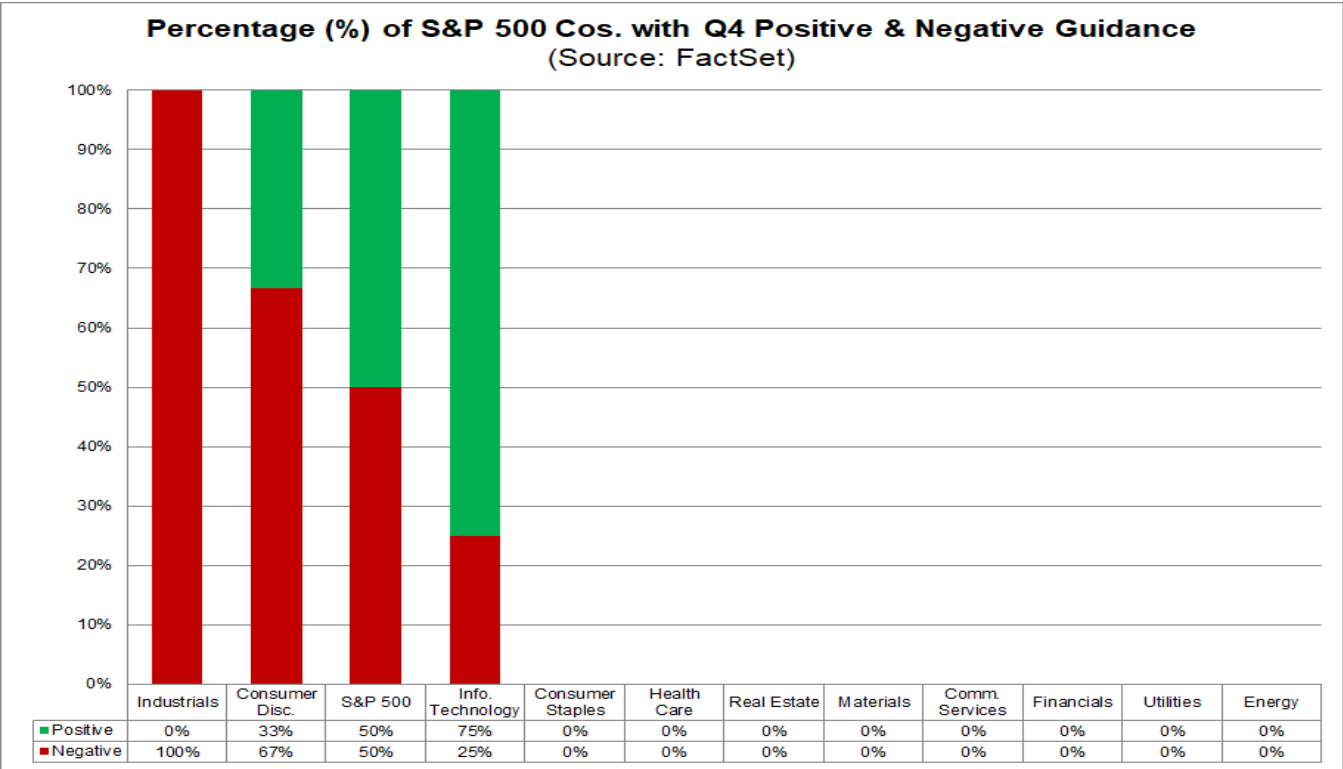
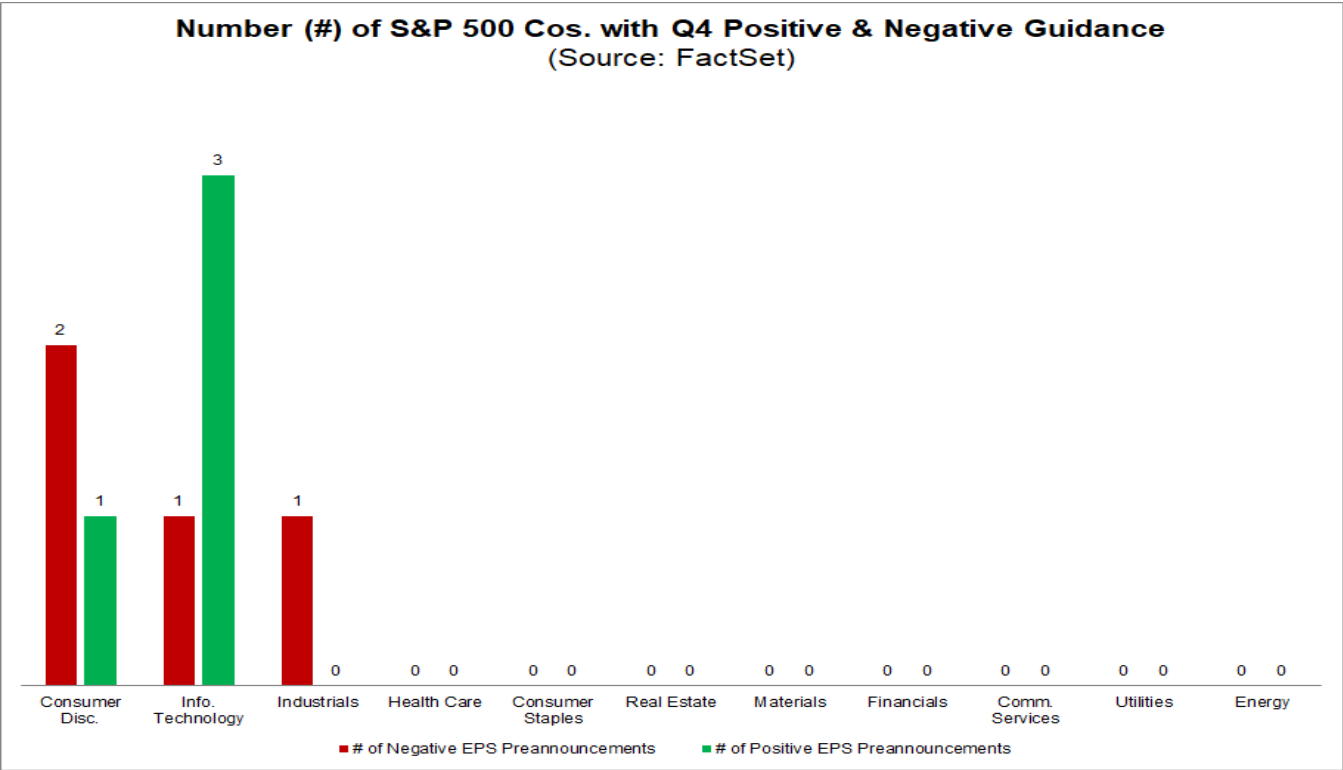
Q3 2026: Growth



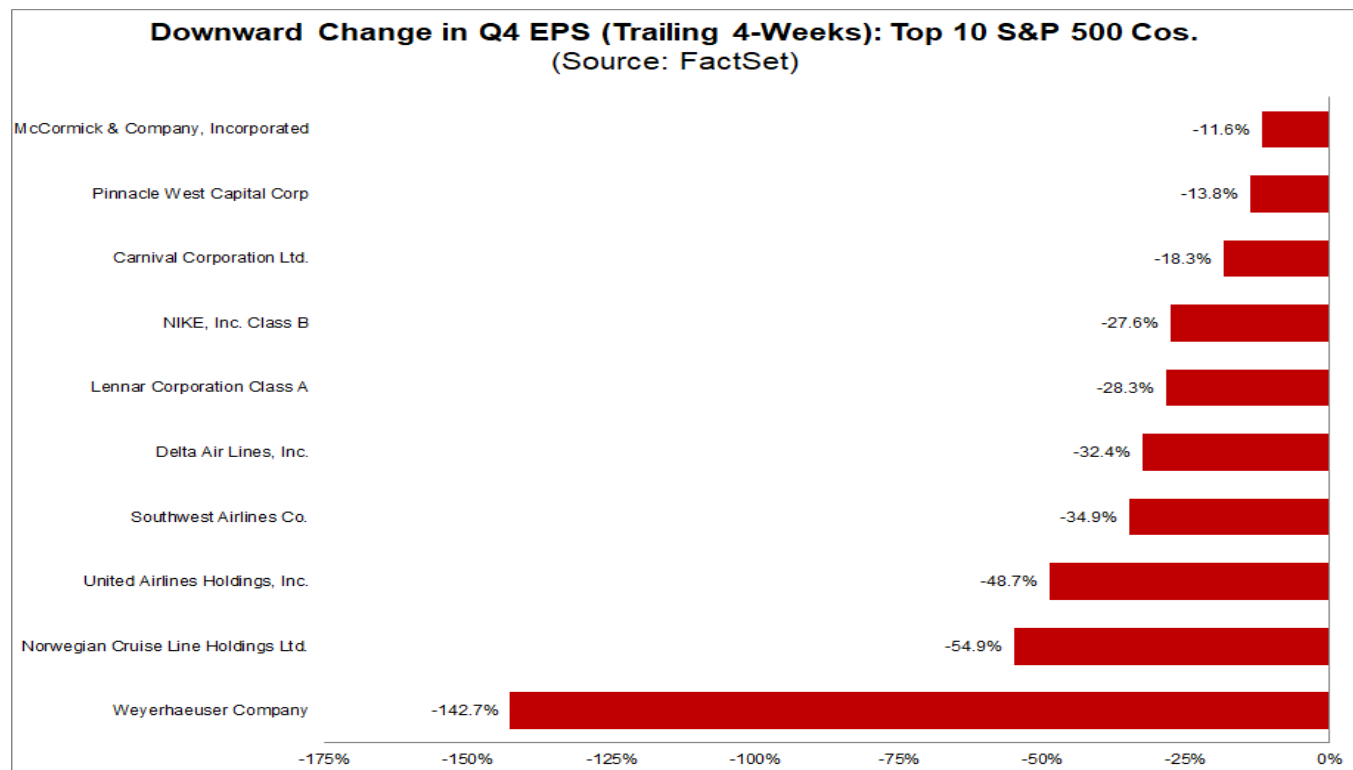
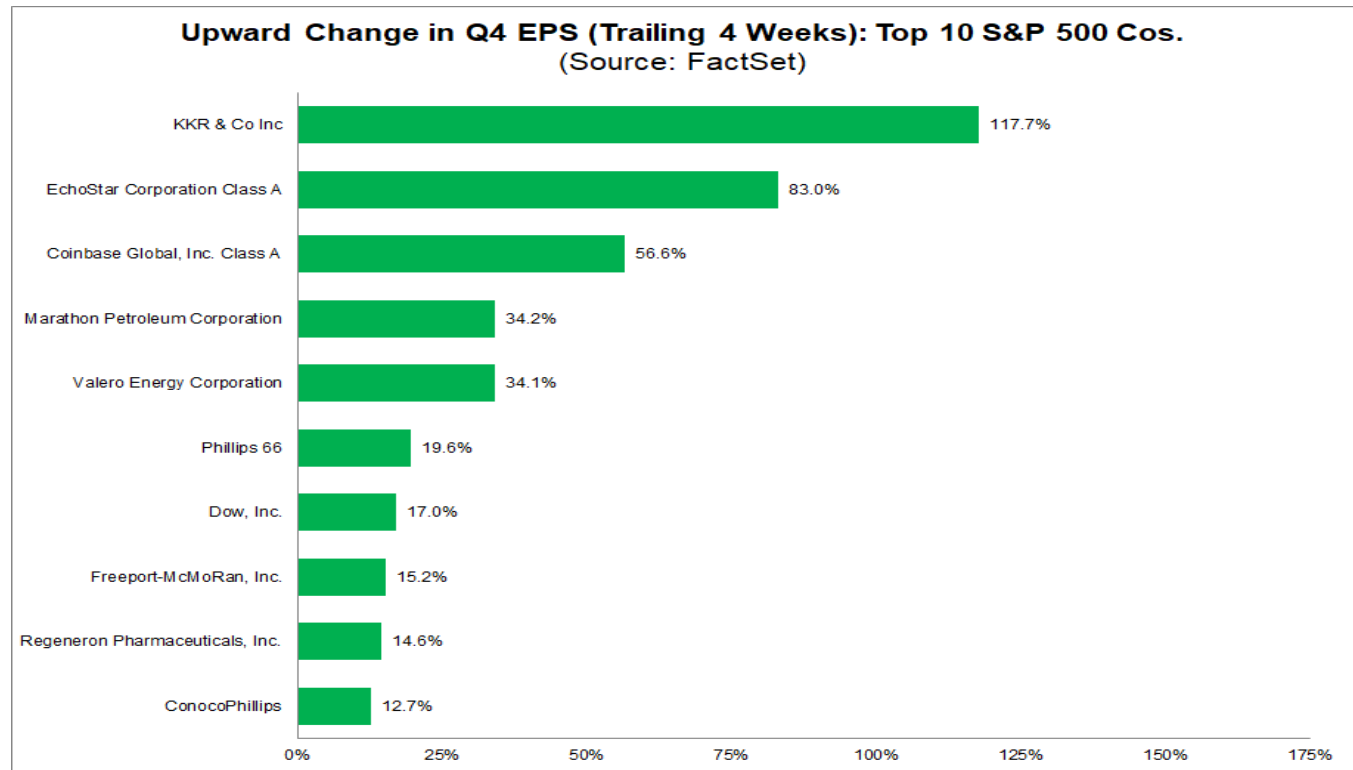
Q3 2026: Net Profit Margin



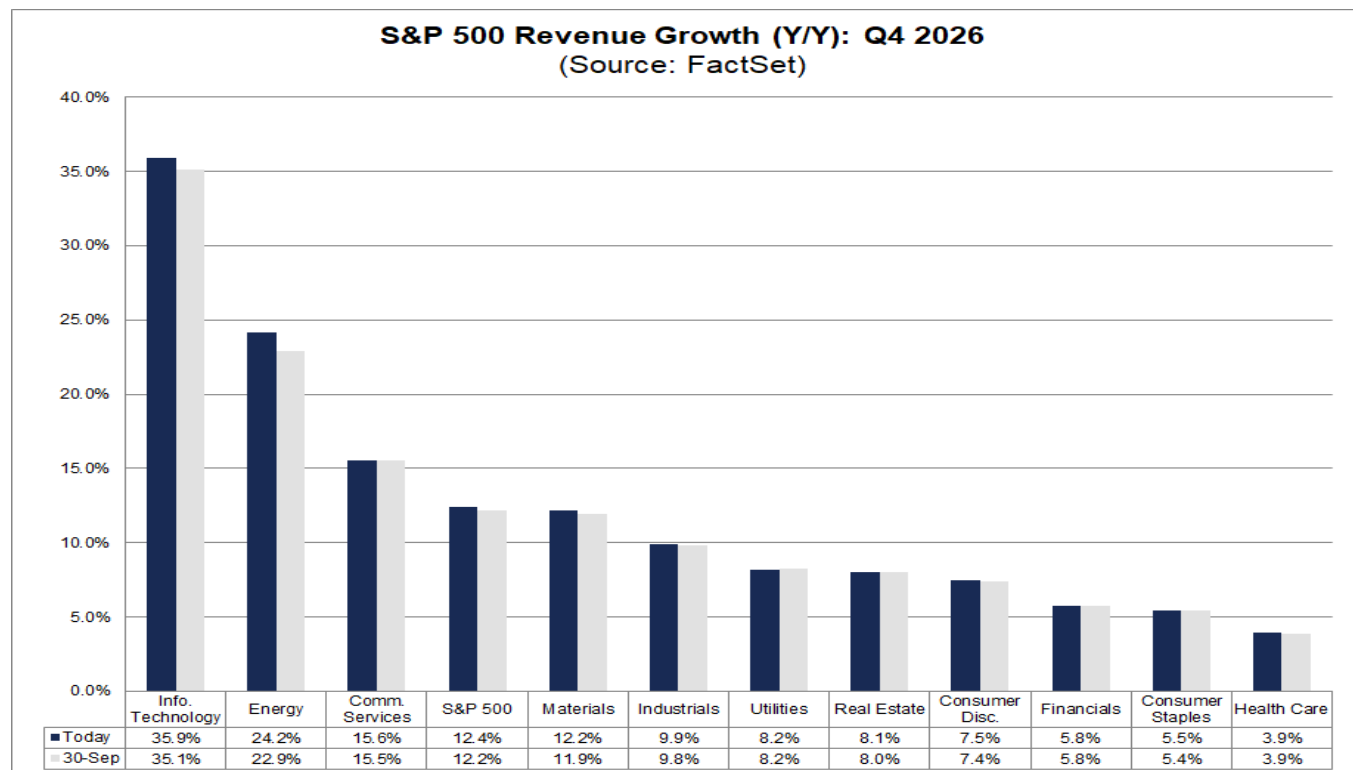
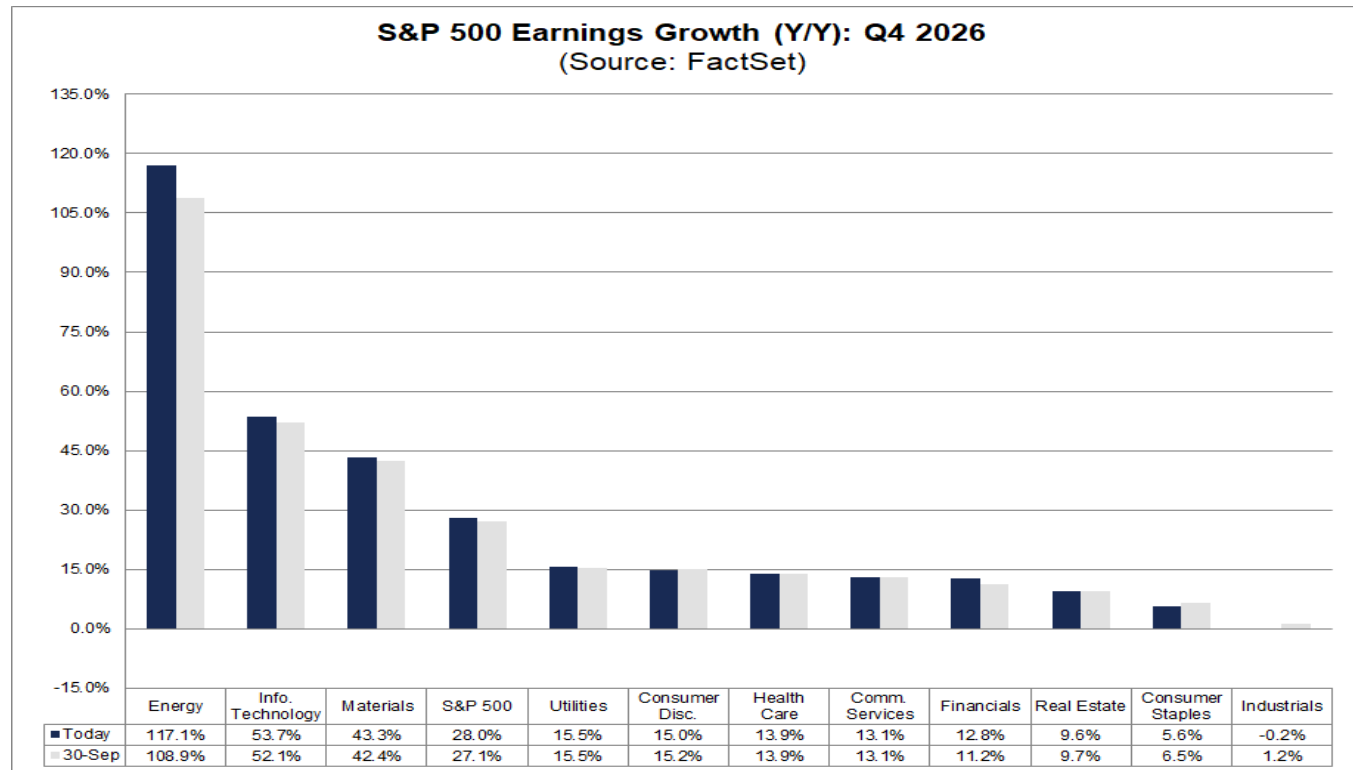
Q4 2026: Guidance



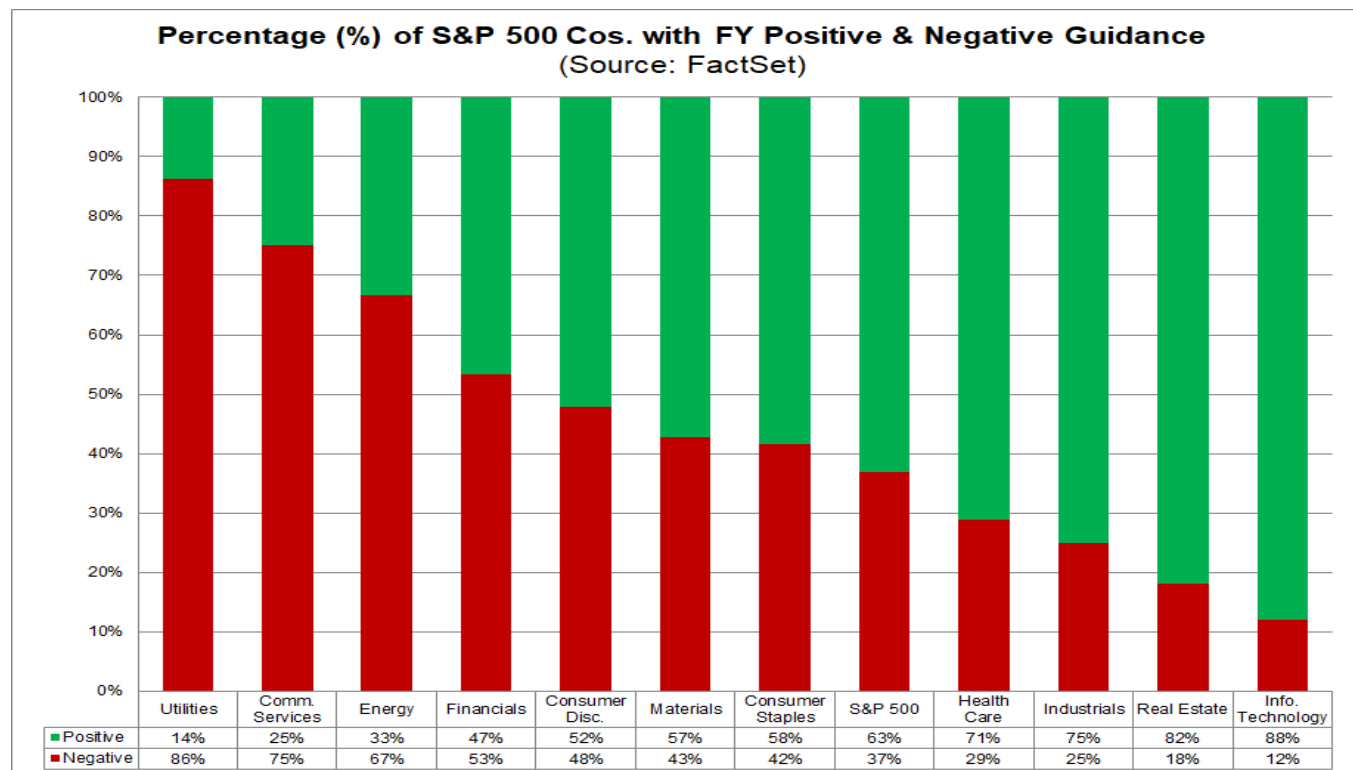
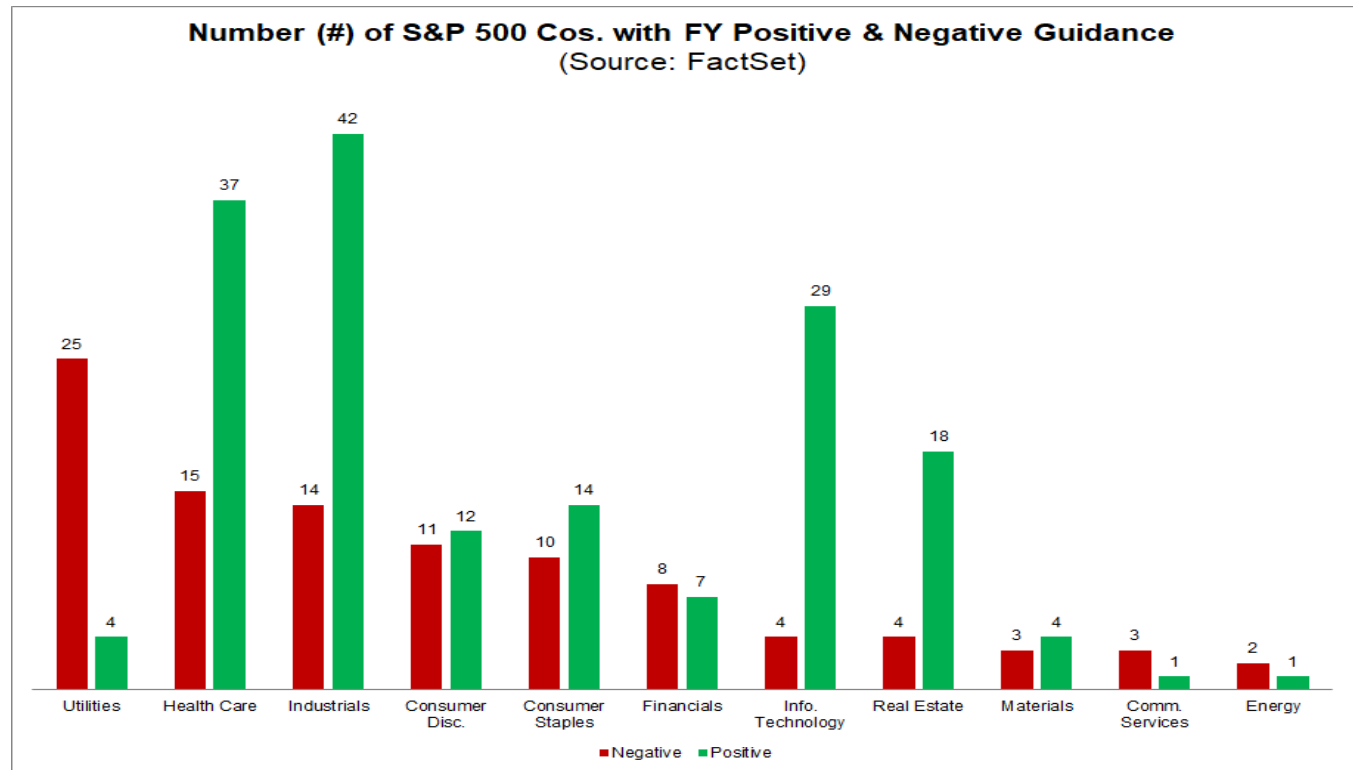
Q4 2026: EPS Revisions



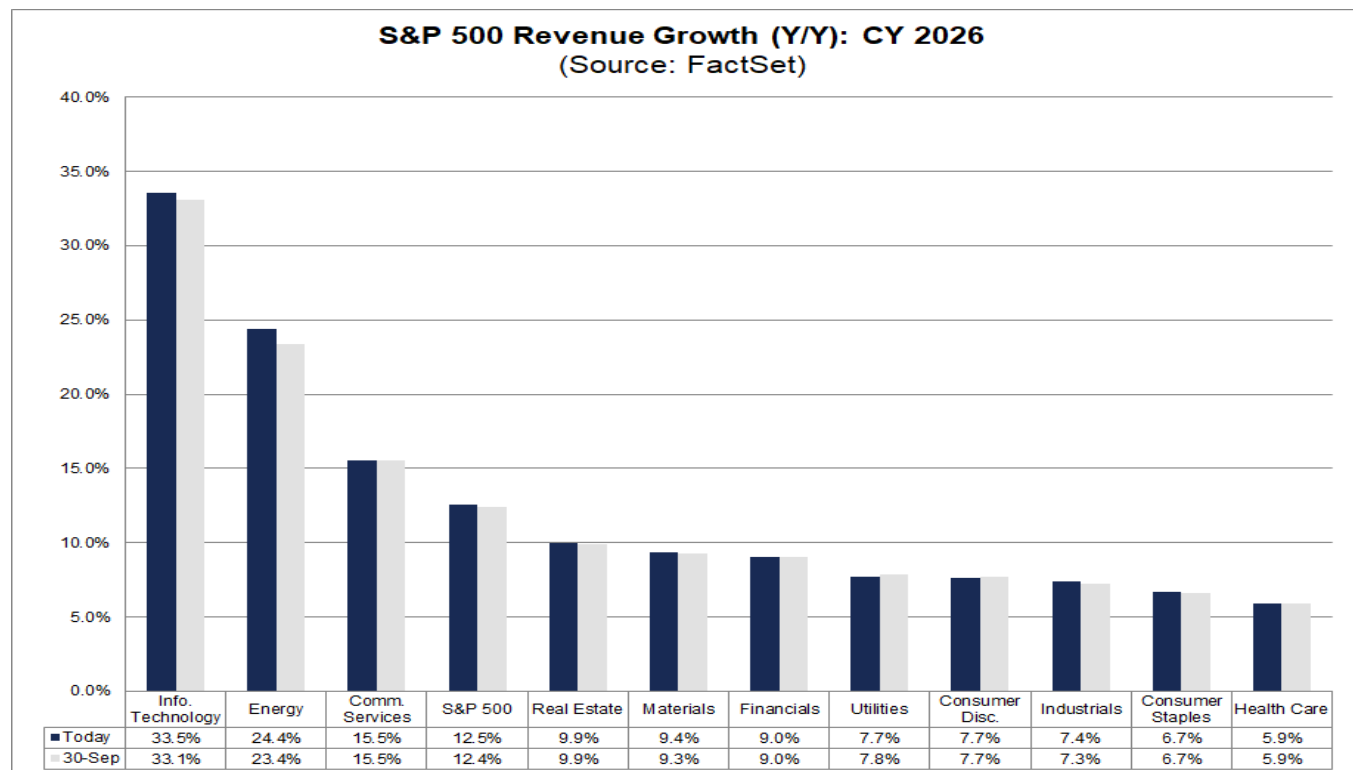
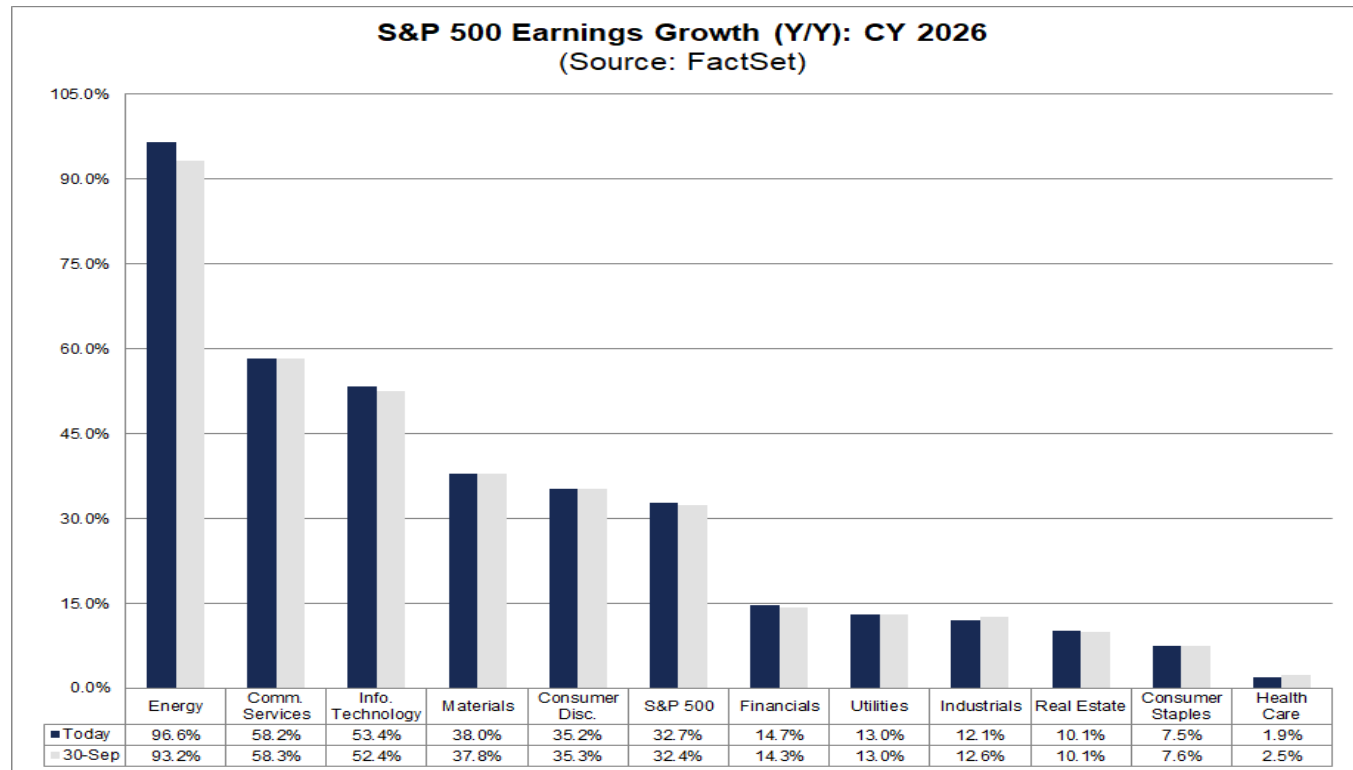
Q4 2026: Growth



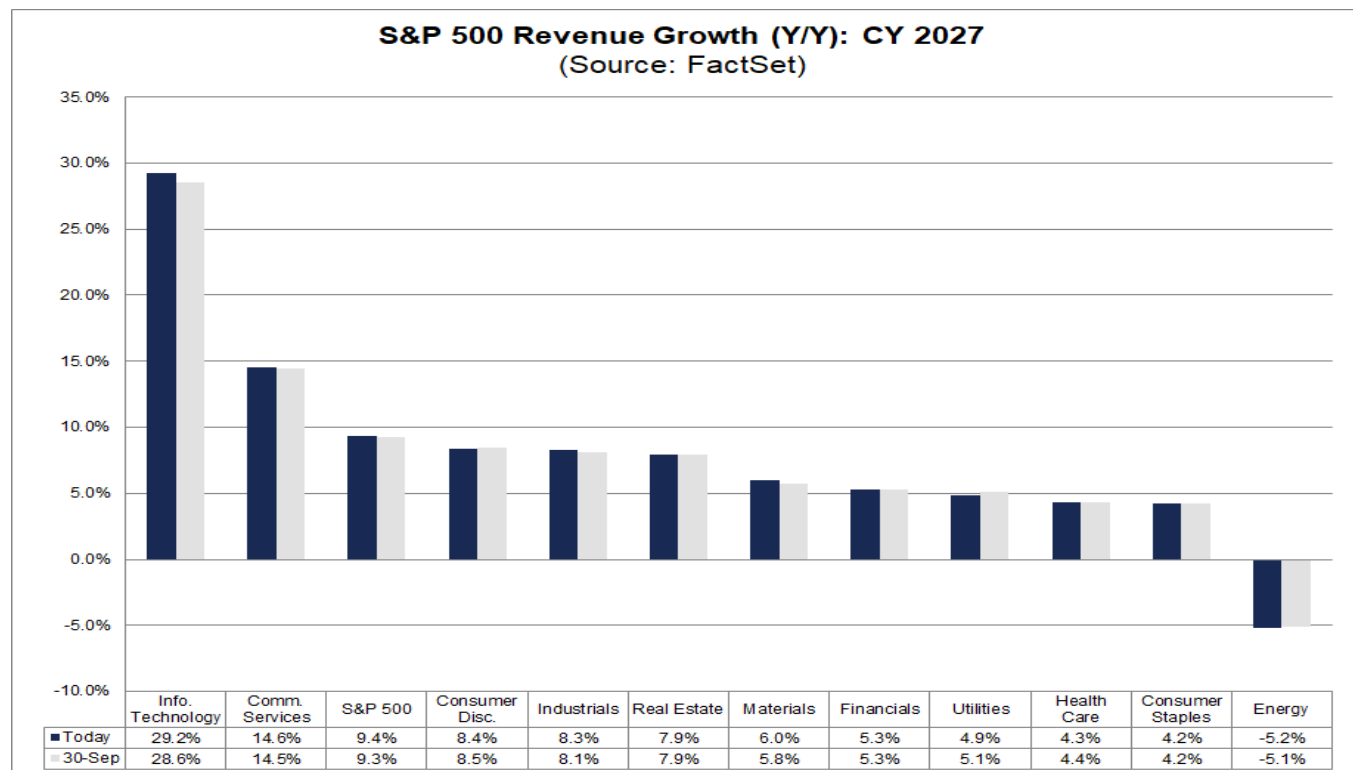
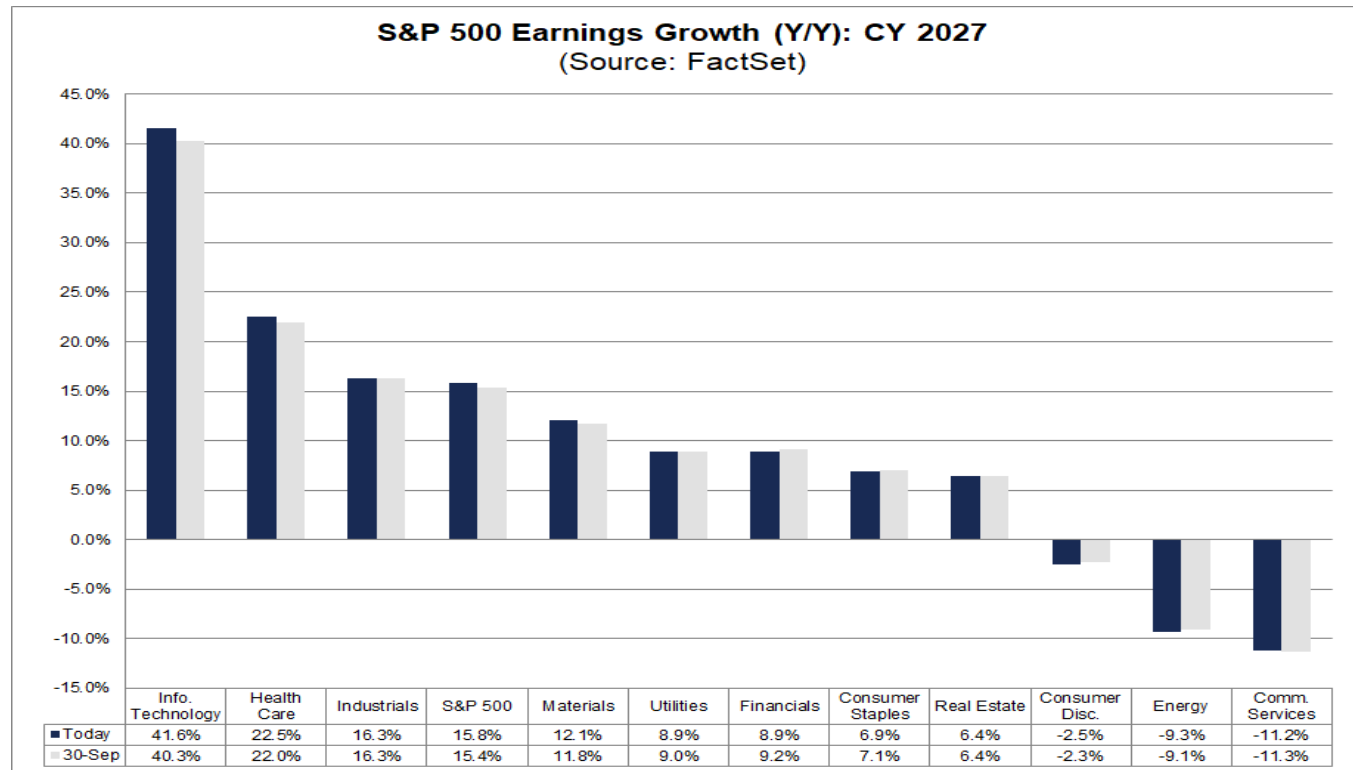
FY 2026 / 2027: EPS Guidance



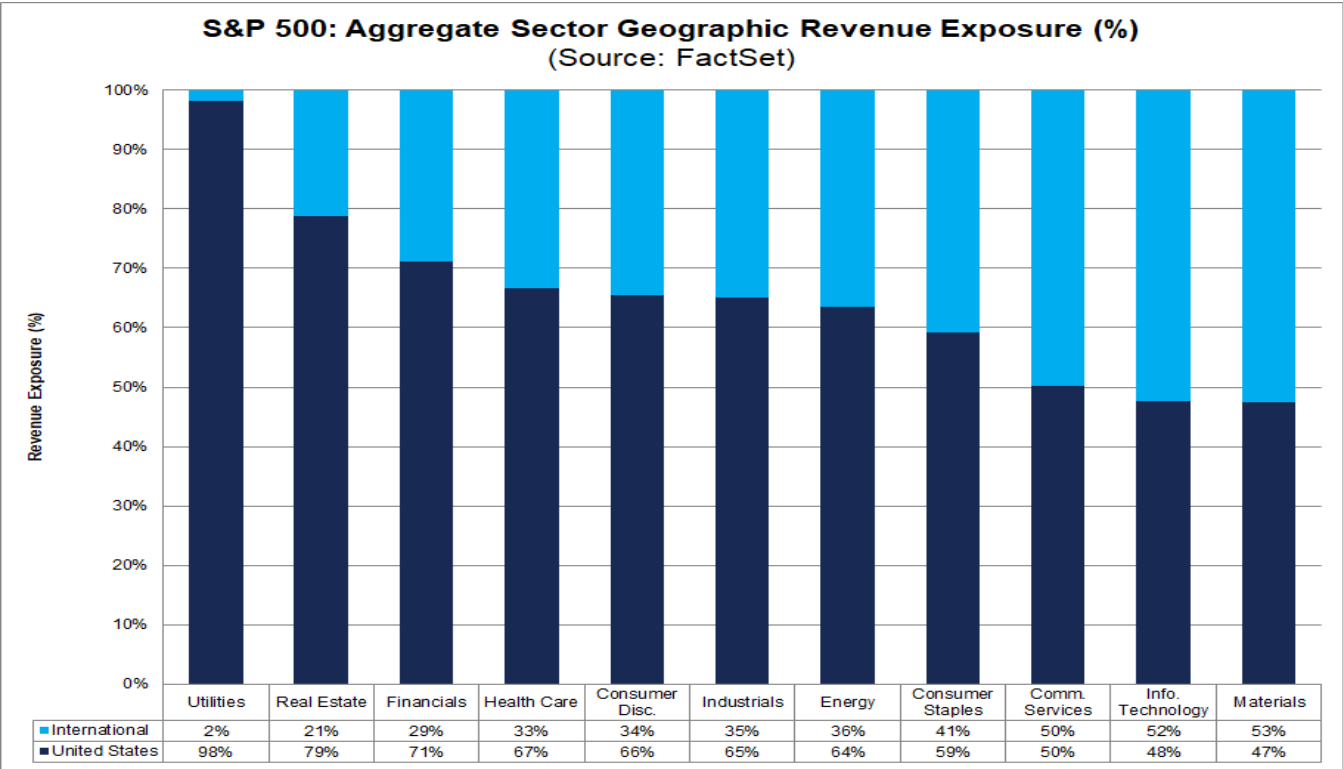
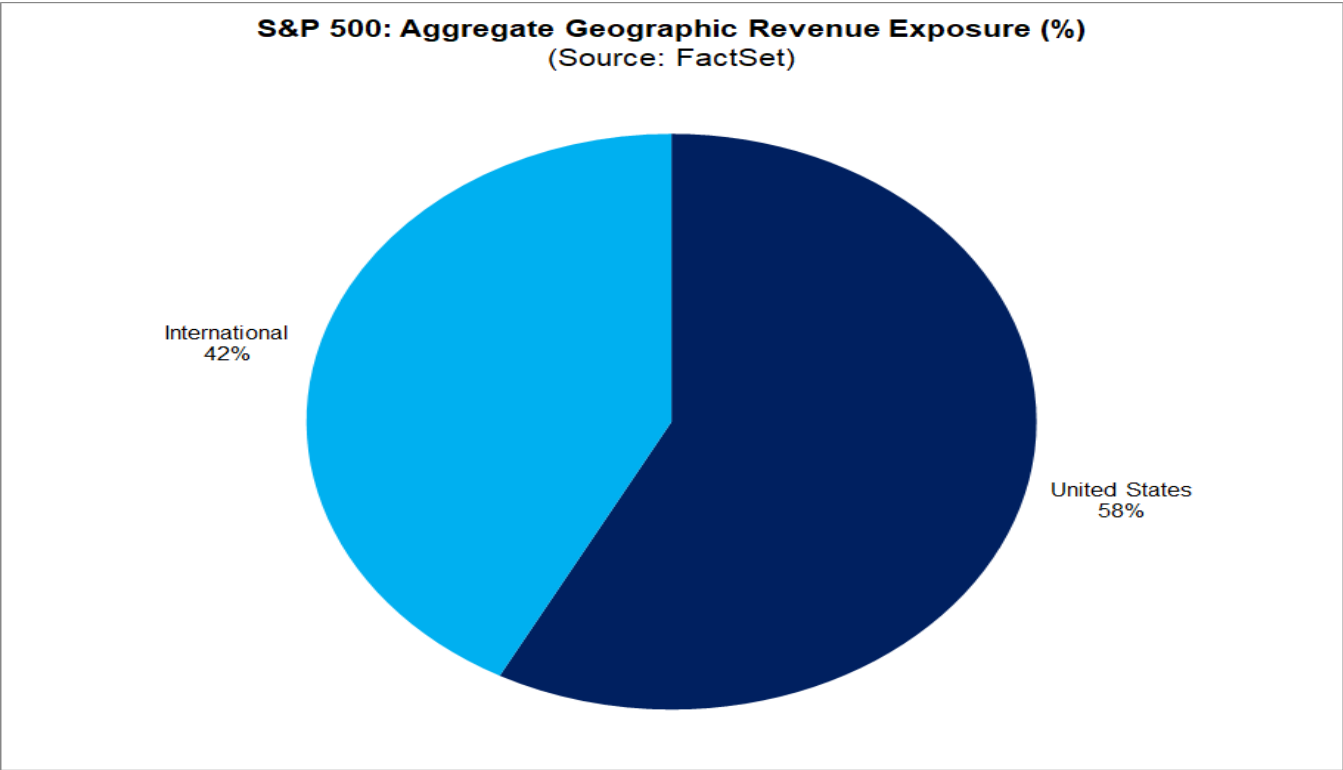
CY 2026: Growth



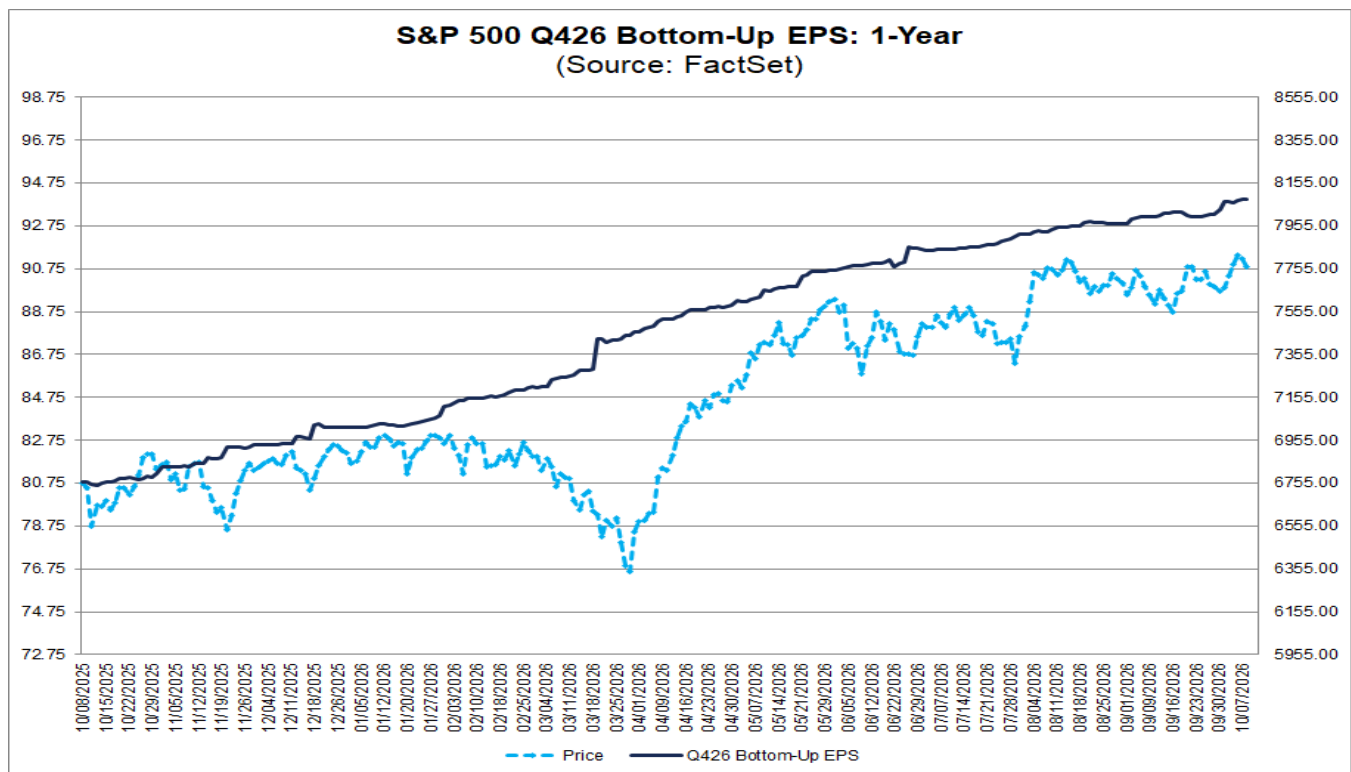
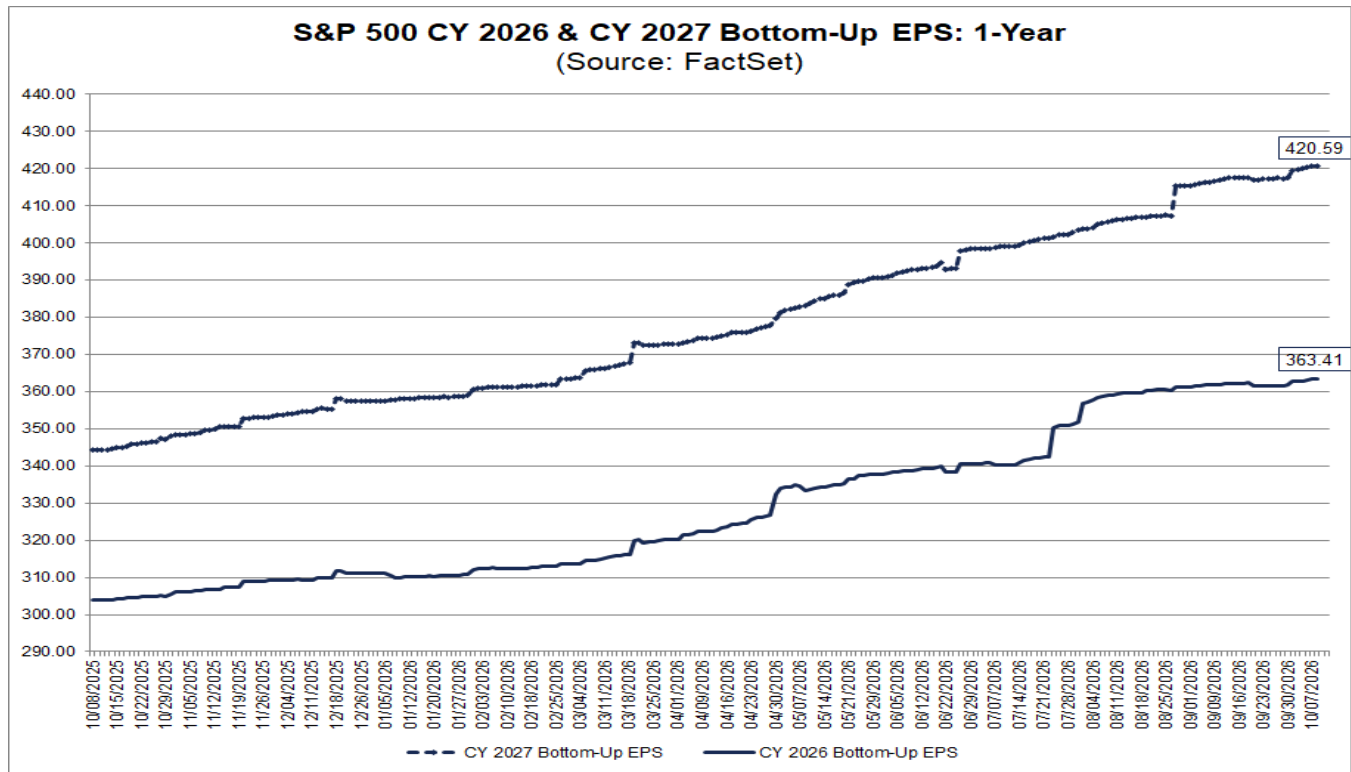
CY 2027: Growth



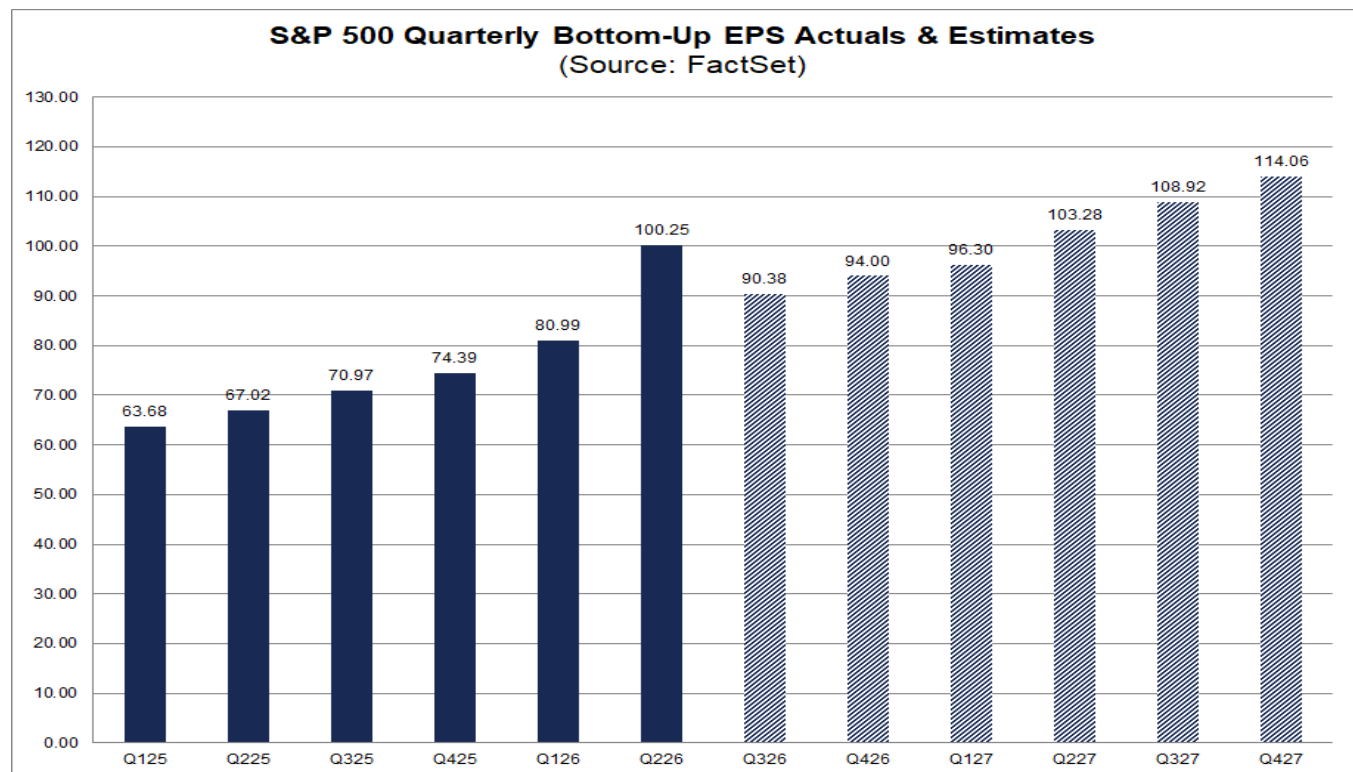
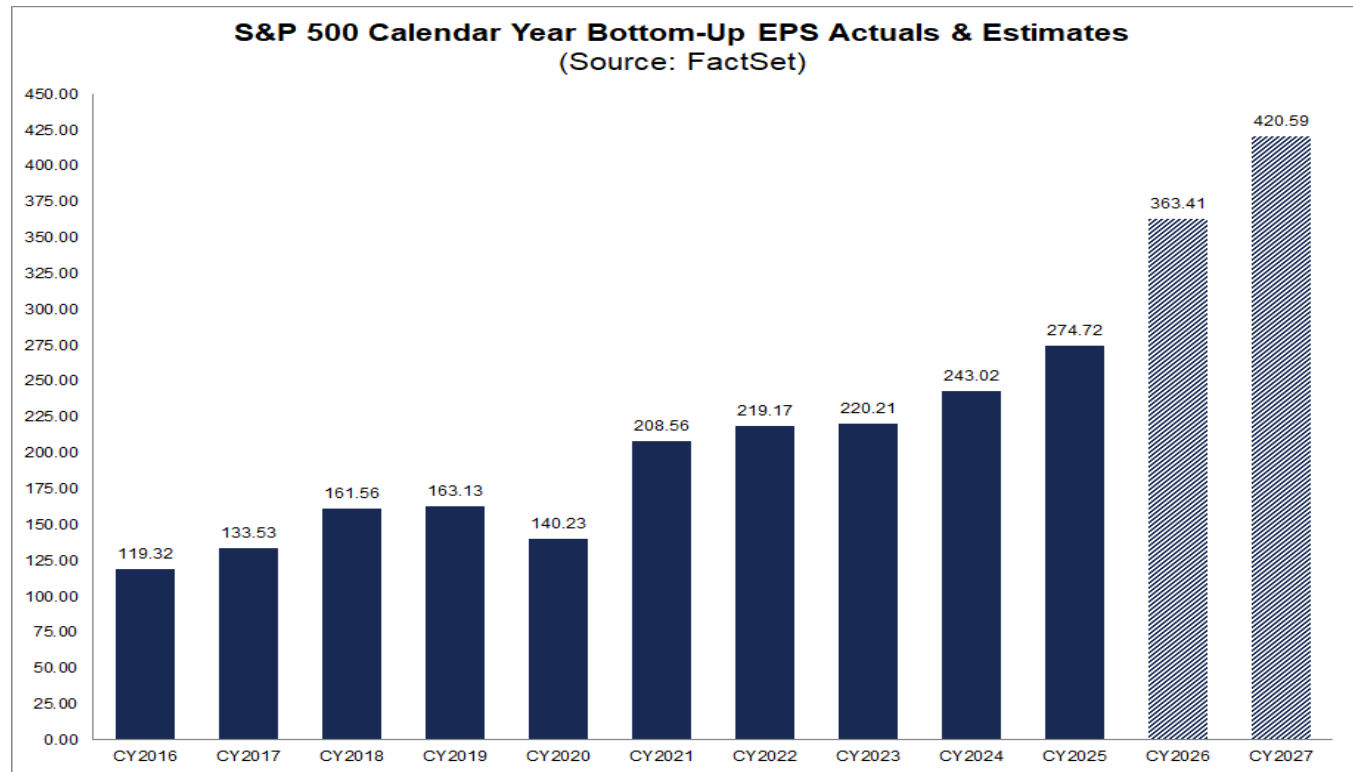
Geographic Revenue Exposure



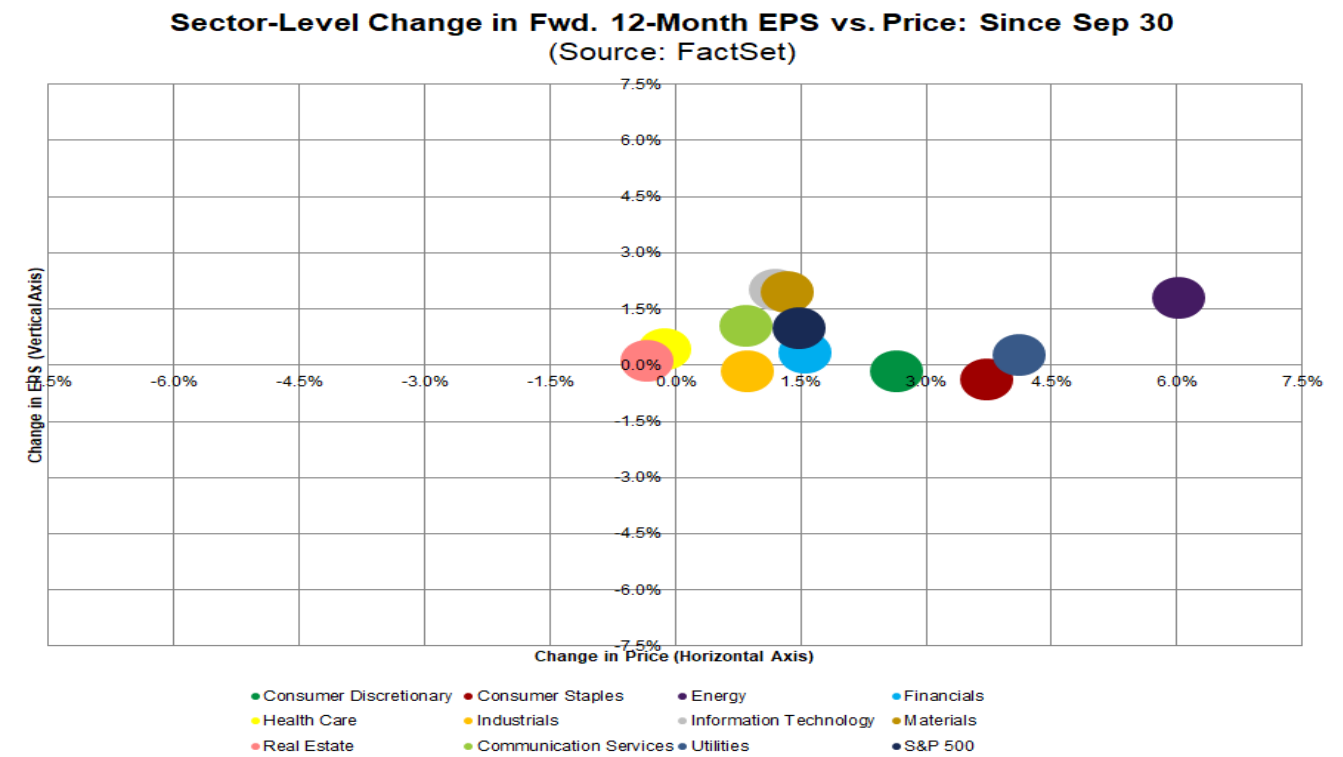
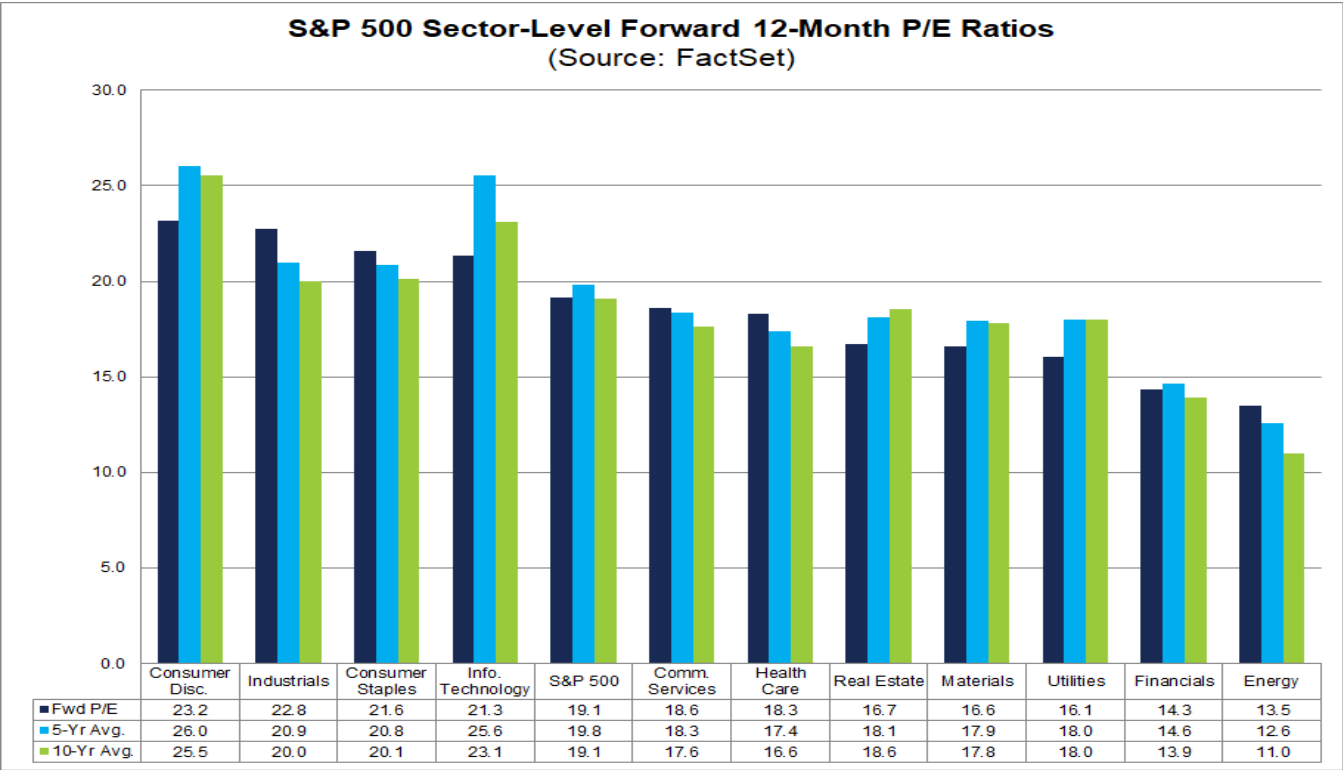
Bottom-Up EPS Estimates



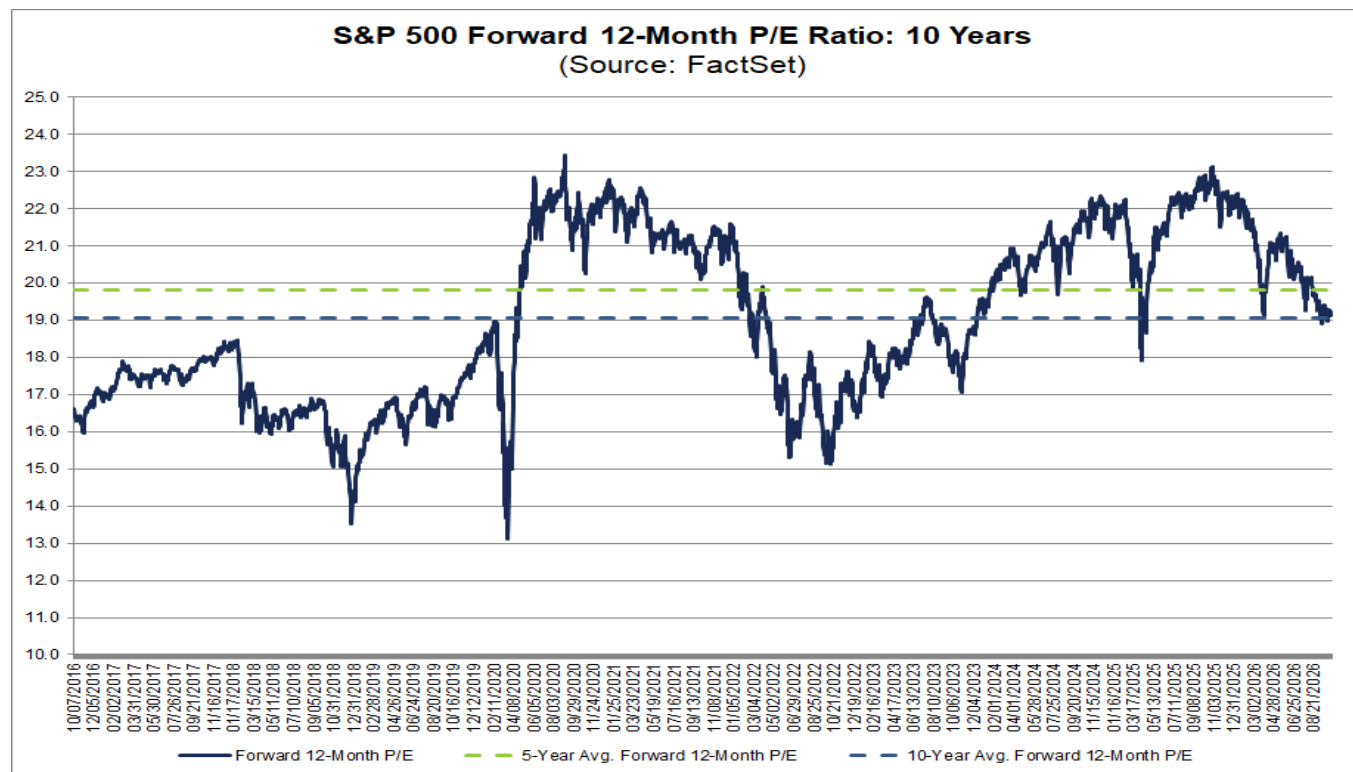
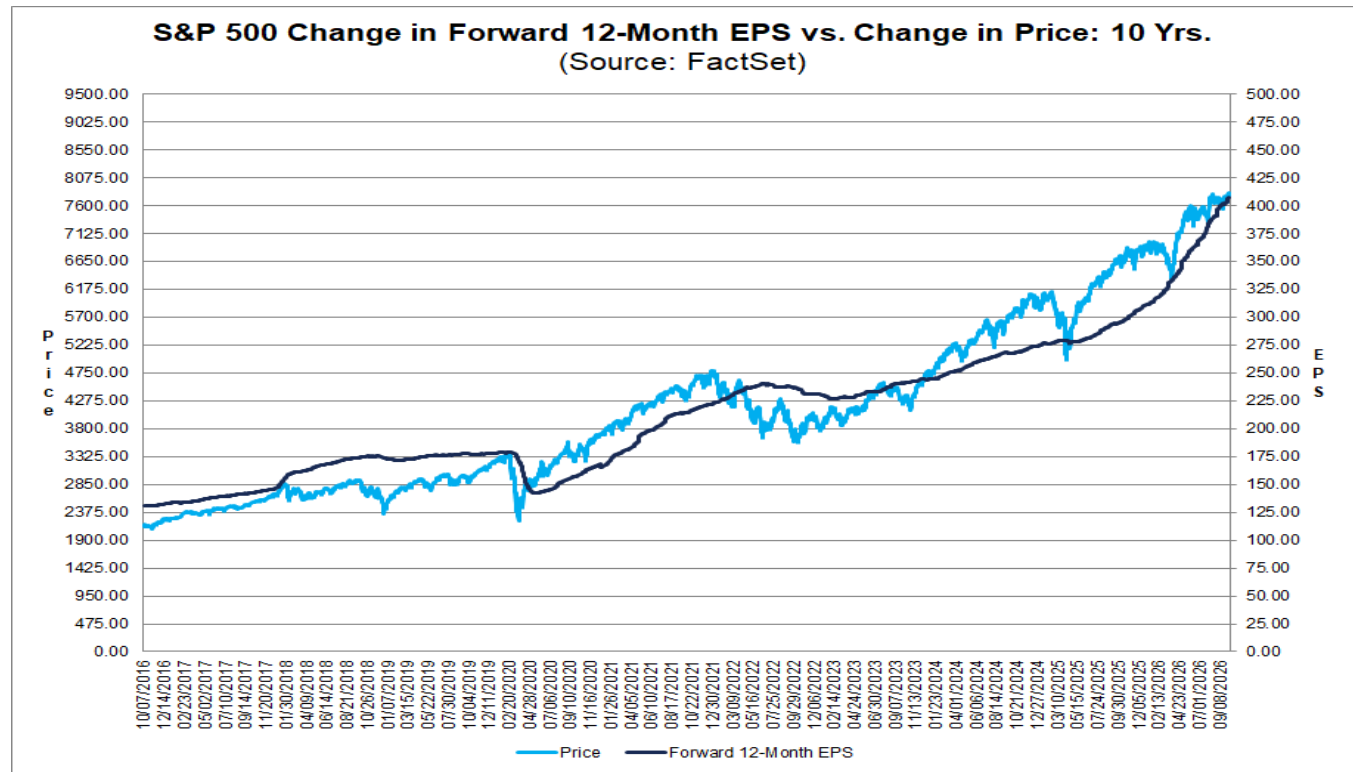
Bottom-Up EPS Estimates: Current & Historical



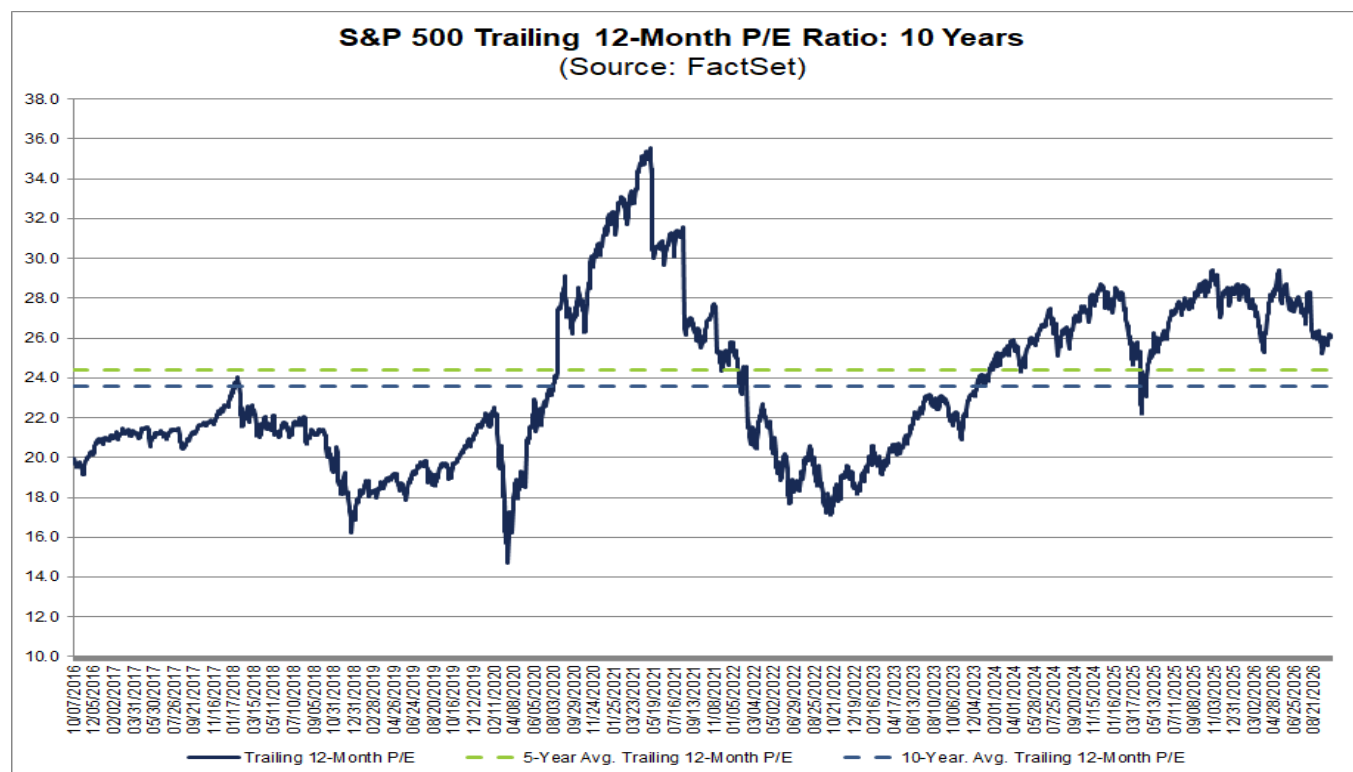
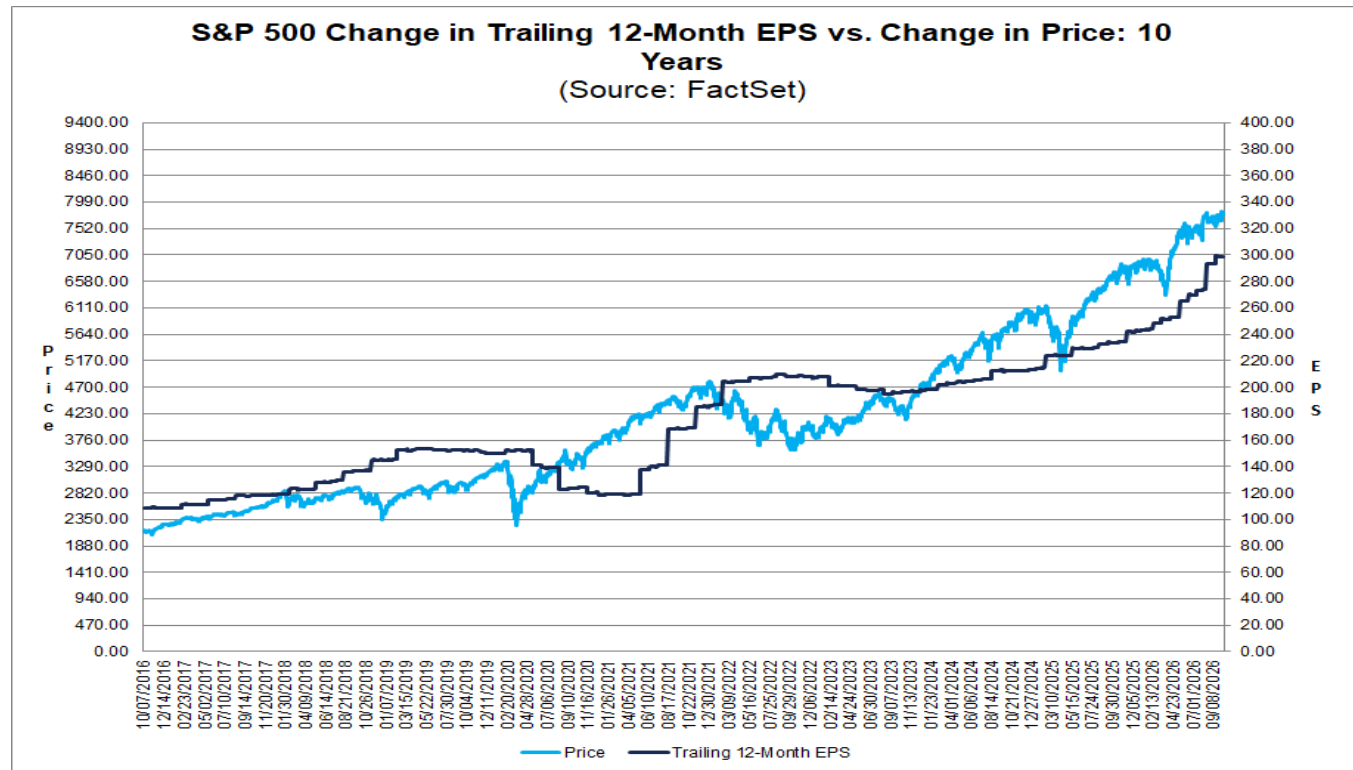
Forward 12M P/E Ratio: Sector Level



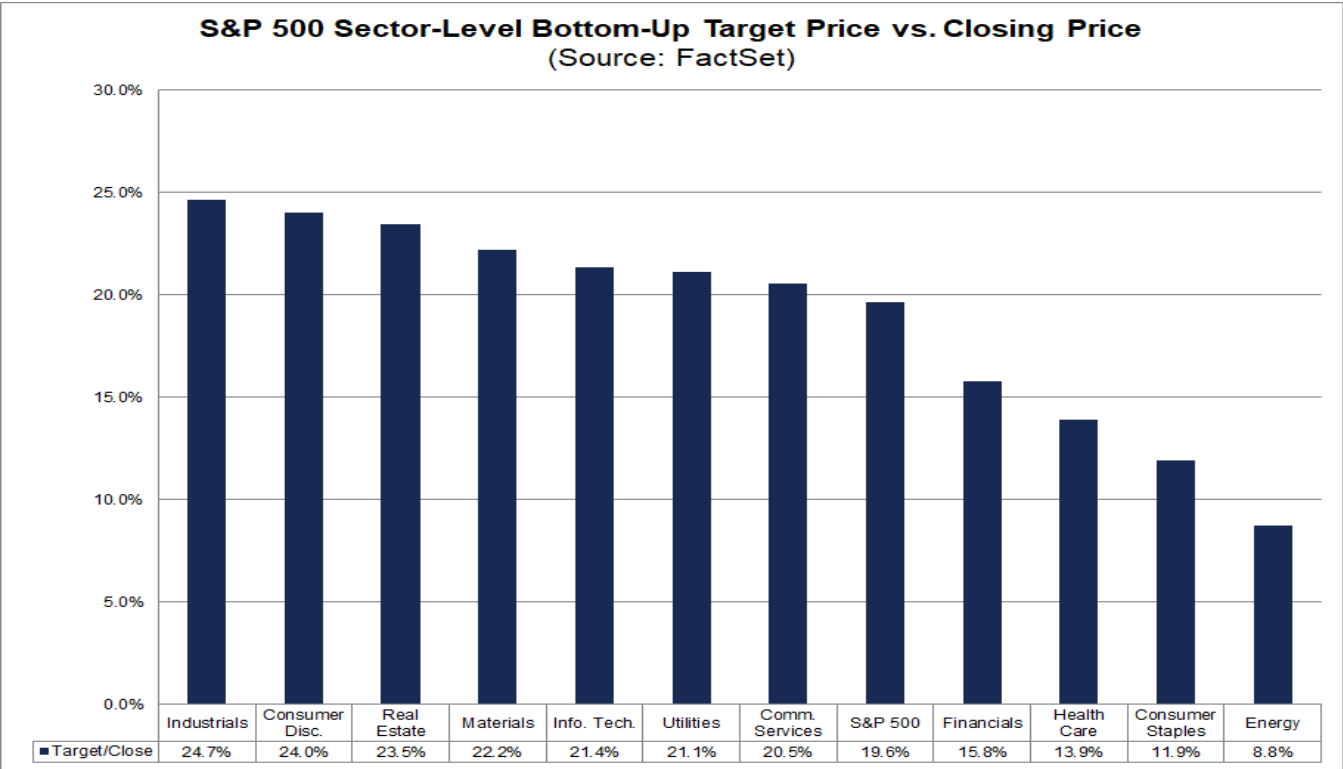
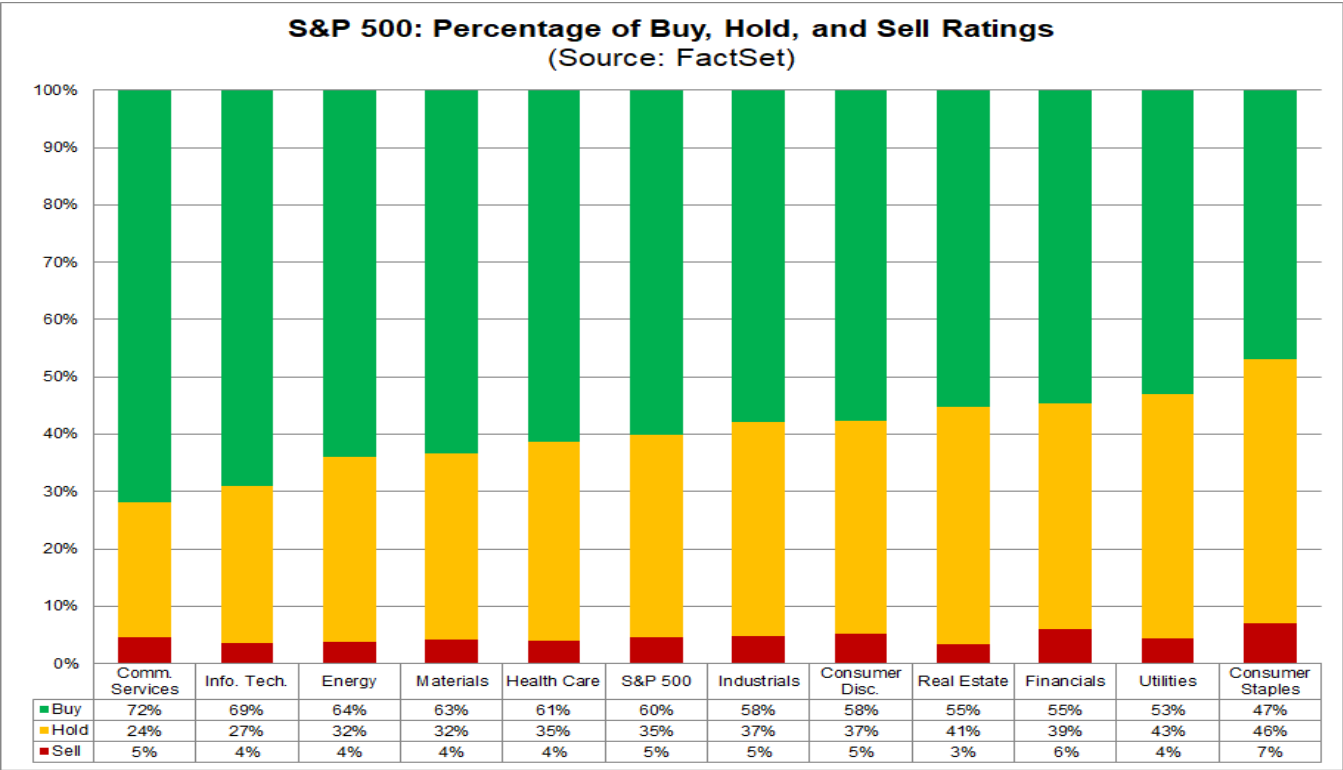
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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