

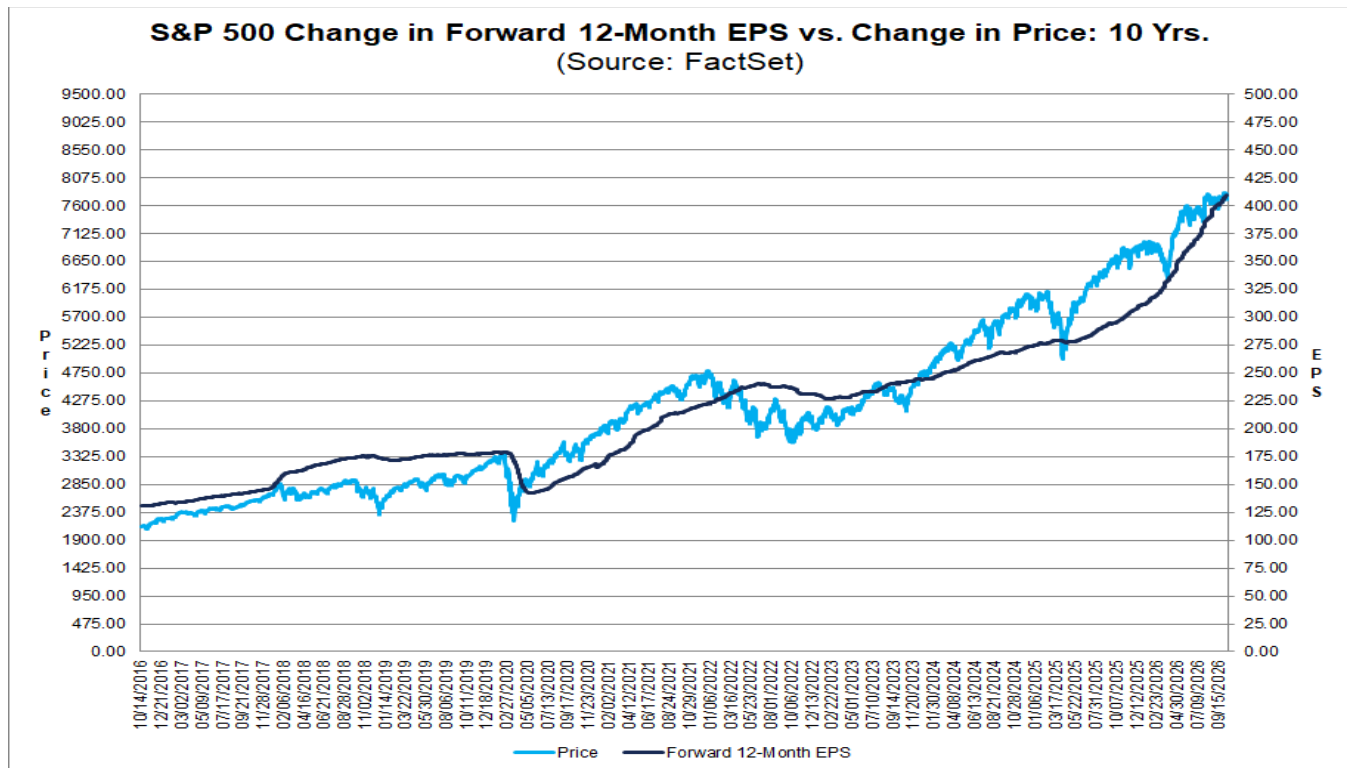
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Key Metrics

- **Earnings Scorecard:** For Q3 2026 (with 9% of S&P 500 companies reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 67% of S&P 500 companies has reported a positive revenue surprise.
- **Earnings Growth:** For Q3 2026, the blended (year-over-year) earnings growth rate for the S&P 500 is 29.0%. If 29.0% 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 September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q3 2026 was 29.2%. Five sectors are reporting (or are expected to report) lower earnings today (compared to September 30) due to downward revisions to EPS estimates and negative EPS surprises.
- **Earnings Guidance:** For Q4 2026, 4 S&P 500 companies have issued negative EPS guidance and 4 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).



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Topic of the Week

Are “Magnificent 7” Companies Still Top Contributors to S&P 500 Earnings Growth for Q3?

In aggregate, the “Magnificent 7” companies have reported higher (year-over-year) earnings growth than the other 493 companies in the S&P 500 over the past several quarters. Is this trend expected to continue in Q3 2026?

The answer is yes. For Q3 2026, the estimated (year-over-year) earnings growth rate for the “Magnificent 7” companies is 33.2%. On the other hand, the blended (combines actual and estimated results) earnings growth rate for the remaining 493 companies in the S&P 500 for the third quarter is 27.7%.

The top two contributors to earnings growth for the “Magnificent 7” companies for Q3 are NVIDIA and Meta Platforms. If these two companies were excluded, the estimated (year-over-year) earnings growth rate for the remaining five “Magnificent 7” companies for Q3 2026 would fall to 7.5% from 33.2%. Thus, most of the expected earnings growth for the “Magnificent 7” companies for Q3 2026 is due to these two companies.

Overall, the top five top contributors to earnings growth for the entire S&P 500 for Q3 2026 are (in order of contribution): Micron Technology, NVIDIA, Meta Platforms, EchoStar Corporation, and Boeing.

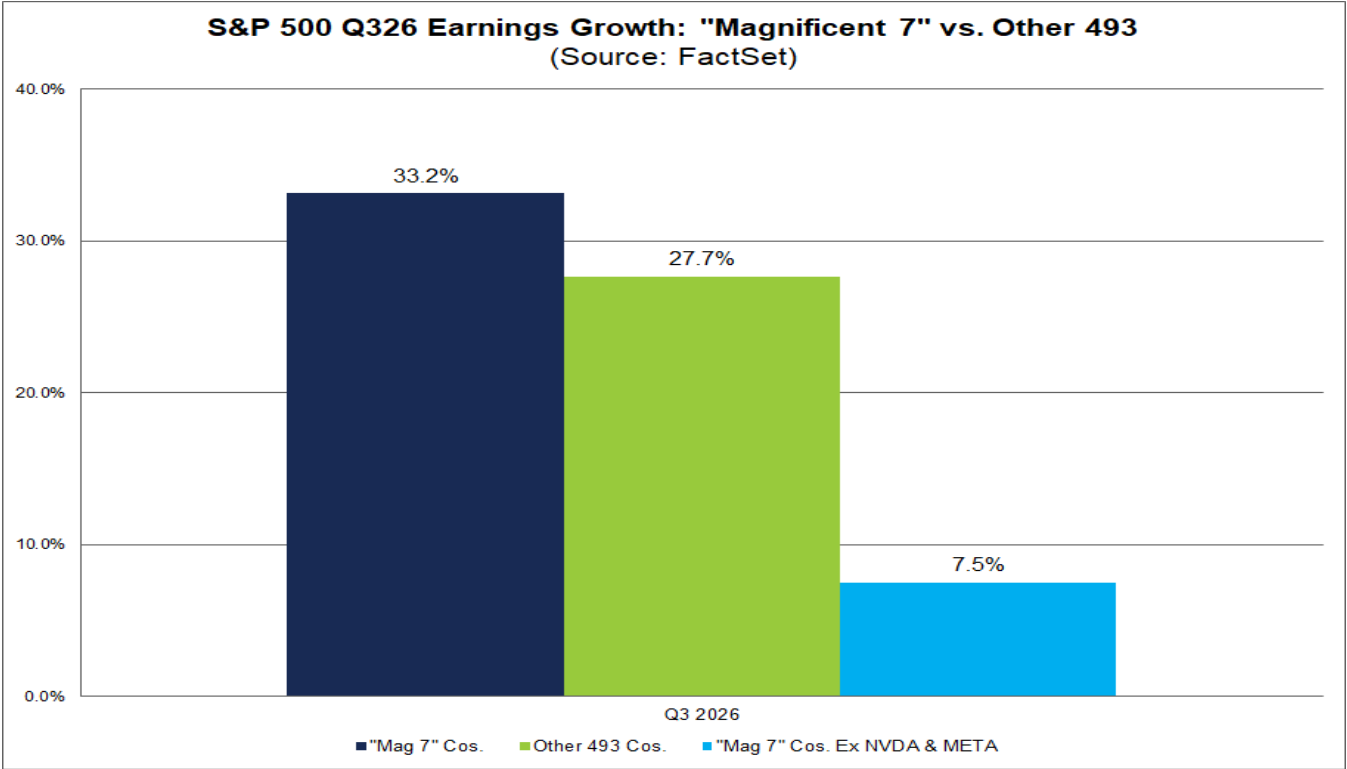
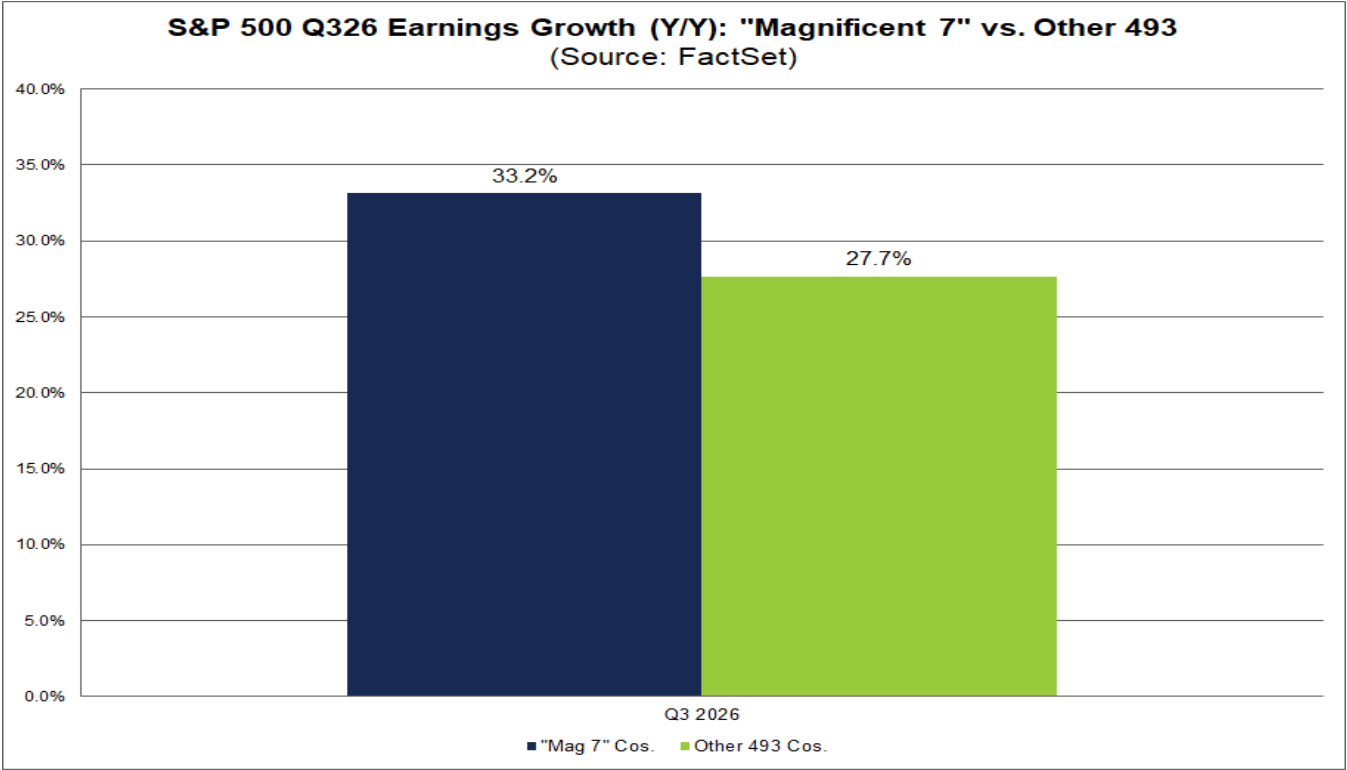
Micron Technology and NVIDIA are the top two contributors to (year-over-year) earnings growth for the entire S&P 500 for Q3 2026. If these two companies were excluded, the blended earnings growth rate for the S&P 500 for Q3 would fall to 20.0% from 29.0%.

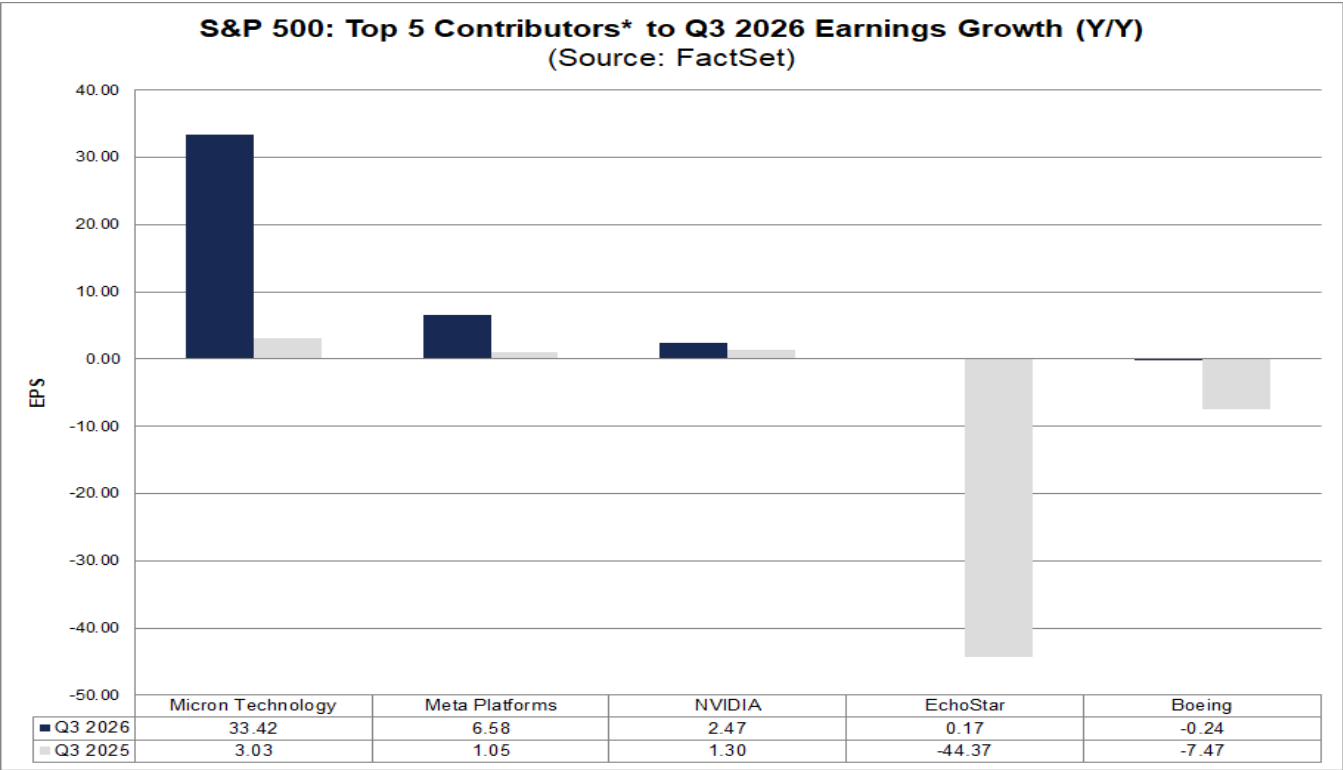
It should be noted that the other three top contributors (Meta Platforms, EchoStar Corporation, and Boeing) are all benefitting from easy comparisons to weaker earnings reported in the year-ago quarter due to charges and expenses that were included in their year-ago EPS. The year-ago (GAAP) EPS for Meta Platforms (\$1.05) included a one-time, non-cash income tax charge of \$15.93 billion. The year-ago (GAAP) EPS for EchoStar Corporation (-\$44.37) included a one-time, non-cash impairment charge of \$16.48 billion. The year-ago (non-GAAP) EPS for Boeing (-\$7.47) included a pre-tax earnings charge of \$4.9 billion on the 777X program.

It is also important to note that last quarter, Alphabet and Amazon.com reported GAAP EPS for Q2 2026 that included significant gains that boosted the overall earnings growth rate for the S&P 500 for the second quarter. The (GAAP) EPS actual for Alphabet for Q2 included a gain of \$98 billion in other income primarily due to net unrealized gains on equity securities, while the (GAAP) EPS actual for Amazon.com for Q2 included a gain of \$53.4 billion in other income primarily due to investments in Anthropic. As a result, Alphabet and Amazon.com were the top two contributors to (year-over-year) earnings growth for the S&P 500 last quarter, followed by Micron Technology, NVIDIA, and Chevron.

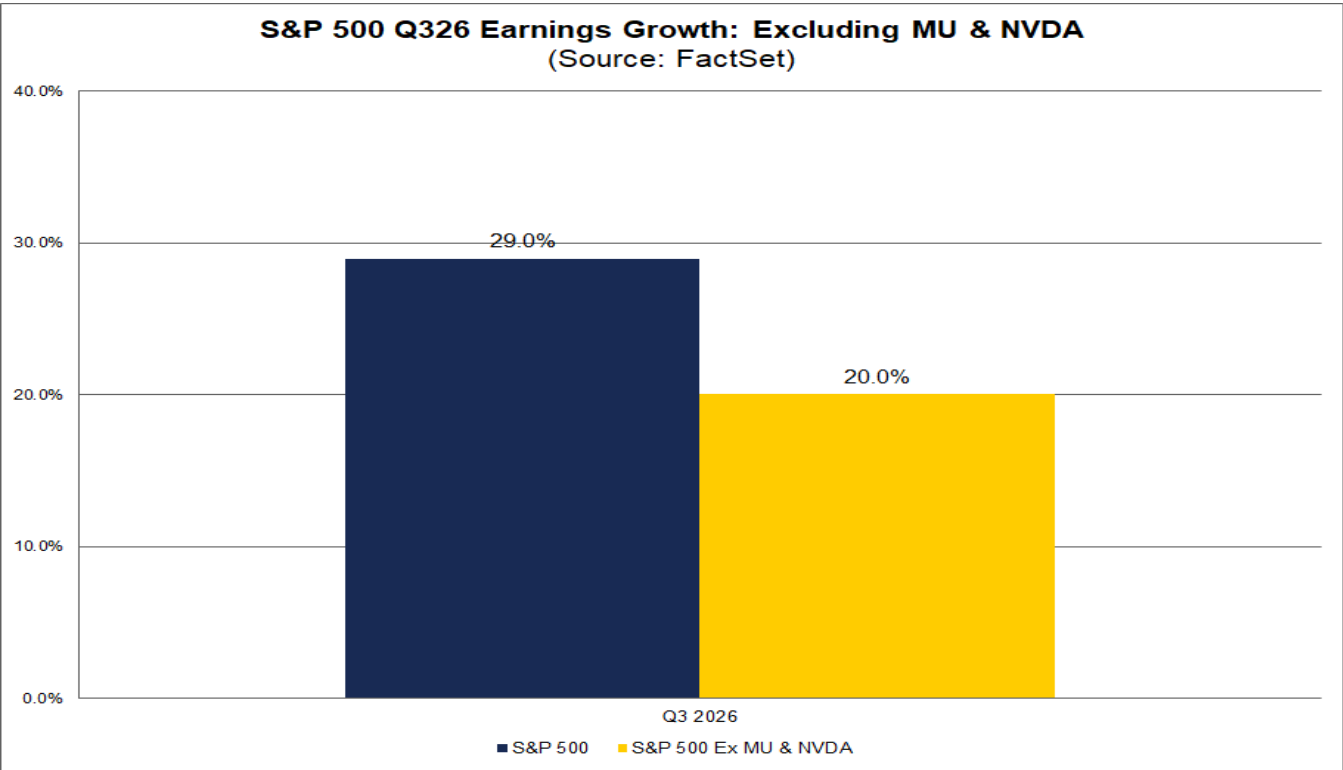
Meta Platforms and Tesla are the first two “Magnificent 7” companies scheduled to report earnings results for Q3 2026. Both companies are expected to report Q3 earnings on October 21.

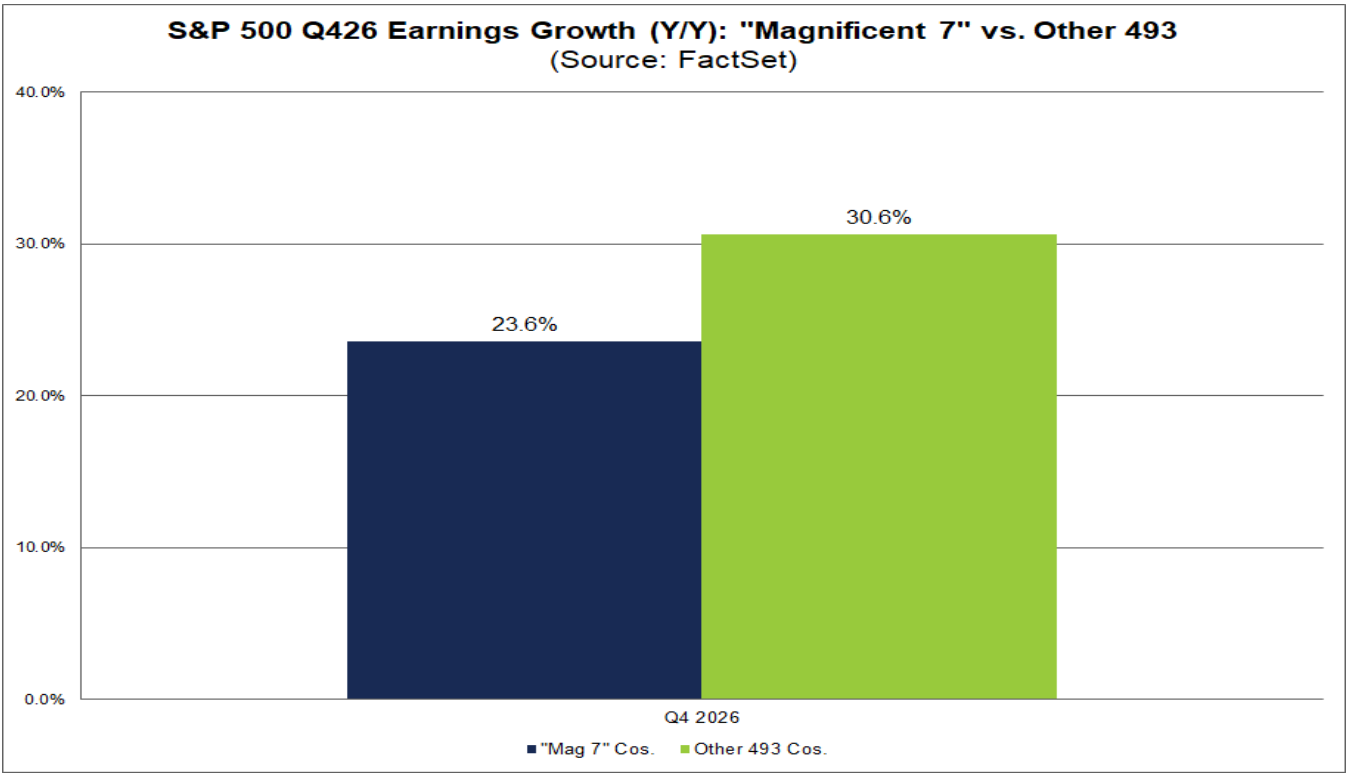
Looking ahead, analysts predict the “Magnificent 7” companies will report lower (year-over-year) earnings growth than the other 493 S&P 500 companies for Q4 2026 (23.6% vs. 30.6%). If these are the actual growth rates for the quarter, it will mark the first time the “Magnificent 7” companies will have reported lower earnings growth than the other 493 S&P 500 companies since Q4 2022 (-30.6% vs. 1.6%)





*Not in order of contribution





Q3 Earnings Season: By The Numbers

Overview

At this early stage, the third quarter earnings season for the S&P 500 has seen a mixed start relative to expectations. While the percentage of S&P 500 companies reporting positive earnings surprises is above recent averages, the magnitude of earnings surprises is below recent averages. As a result of this mixed performance and downward revisions to EPS estimates for companies in the Health Care sector, the index is reporting lower earnings for the third quarter today relative to the end of last week and relative to the end of the quarter. Despite the decrease in earnings, the index is still reporting (year-over-year) earnings growth above 25% for the 3rd straight quarter.

Overall, 9% of the companies in the S&P 500 have reported actual results for Q3 2026 to date. Of these companies, 84% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 77%. In aggregate, companies are reporting earnings that are 2.6% above estimates, which is below the 5-year average of 7.5% and below the 10-year average of 8.0%. Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, downward revisions to EPS estimates for companies in the Health Care sector, partially offset by upward revisions to EPS estimates for companies in the Energy sector, were the largest contributors to the decrease in the overall earnings growth rate for the index over this period. In the Financials sector, positive and negative EPS surprises reported by companies in this sector offset each other, resulting in no change in the earnings growth rate for this sector during the past week (to 3.0% from 3.0%). Since September 30, downward revisions to EPS estimates for companies in the Health Care sector, partially offset by upward revisions to EPS estimates for companies in the Energy sector and positive EPS surprises reported by companies in the Information Technology sector, have been the largest contributors to the decrease in the overall earnings growth rate for the index over this period.

As a result, the index is reporting lower earnings for the third quarter today relative to the end of last week and relative to the end of the quarter. The blended (combines actual results for companies that have reported and estimated results for companies that have yet to report) earnings growth rate for the third quarter is 29.0% today, compared to an earnings growth rate of 29.4% last week and an earnings growth rate of 29.2% at the end of the third quarter (September 30).

If 29.0% 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.

Ten of eleven sectors are reporting (or are projected to report) year-over-year earnings growth. Five of these sectors are reporting (or are projected to report) double-digit growth, led by the Energy, Information Technology, Communication Services, and Materials sectors. On the other hand, the Health Care sector is the only sector reporting a year-over-year decline in earnings.

In terms of revenues, 67% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 70% and below the 10-year average of 68%. In aggregate, companies are reporting revenues that are 1.1% above the estimates, which is below the 5-year average of 1.8% and below the 10-year average of 1.6%. Again, historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

During the past week, upward revisions to revenue estimates for companies in the Energy sector and positive revenue surprises reported by companies in the Health Care sector were the largest contributors to the increase in the overall revenue growth rate for the index over this period. Since September 30, upward revisions to revenue estimates for companies in the Energy sector and positive revenue surprises reported by companies in the Information Technology sector have been the largest contributors to the increase in the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the third quarter is 12.6% today, compared to a revenue growth rate of 12.4% last week and a revenue growth rate of 12.2% at the end of the third quarter (September 30).

If 12.6% 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 reporting (or 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 28.6%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 32.8%.

The forward 12-month P/E ratio is 19.0, which is below the 5-year average (19.8) and below the 10-year average (19.1). However, this P/E ratio is equal to the forward P/E ratio of 19.0 recorded at the end of the third quarter (September 30).

During the upcoming week, 79 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the third quarter.

Scorecard: Magnitude of Both EPS & Revenue Surprises Is Below Average

Percentage of Companies Beating EPS Estimates (84%) is Above 5-Year Average

Overall, 9% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 84% have reported actual EPS above the mean EPS estimate, 4% have reported actual EPS equal to the mean EPS estimate, and 11% have reported actual EPS below the mean EPS estimate. The percentage of companies reporting EPS above the mean EPS estimate is above the 1-year average (82%), above the 5-year average (78%), and above the 10-year average (77%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Consumer Staples (100%), Health Care (100%), Information Technology (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Consumer Discretionary (67%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+2.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 2.6% above expectations. This surprise percentage is below the 1-year average (+13.8%), below the 5-year average (+7.5%), and below the 10-year average (+8.0%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

The Health Care (+6.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, UnitedHealth Group (\$4.69 vs. \$4.14) has reported the largest positive EPS surprise.

The Information Technology (+5.5%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Oracle (\$1.92 vs. \$1.74) and Jabil (\$4.40 vs. \$4.07) have reported the largest positive EPS surprises.

The Consumer Discretionary (+4.7%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE (\$0.48 vs. \$0.43) has reported the largest positive EPS surprise.

Market Punishing Positive EPS Surprises

To date, the market is punishing positive earnings surprises reported by S&P 500 companies for Q3 more than average but punishing negative earnings surprises reported by S&P 500 companies for Q3 less than average.

Companies that have reported positive earnings surprises for Q3 2026 have seen an average change in price of -0.2% two days before the earnings release through two days after the earnings release. This percentage decrease is well below the 5-year average price increase of +0.9% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q3 2026 have seen an average change in price of -2.2% two days before the earnings release through two days after the earnings release. This percentage decrease is smaller than the 5-year average price decrease of -3.1% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (67%) is Below 5-Year Average

In terms of revenues, 67% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 33% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is below the 1-year average (77%), below the 5-year average (70%), and below the 10-year average (68%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Consumer Staples (100%), Health Care (100%), Information Technology (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (33%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+1.1%) is Below 5-Year Average

In aggregate, companies are reporting revenues that are 1.1% above expectations. This surprise percentage is below the 1-year average (+2.1%), below the 5-year average (+1.8%), and below the 10-year average (+1.6%). Historical averages reflect actual results from all 500 companies, not the actual results from the percentage of companies that have reported through this point in time.

At the sector level, the Information Technology (+4.5%) sector is reporting the largest positive (aggregate) difference between actual revenues and estimated revenues, while the Consumer Discretionary (-1.1%) sector is reporting the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Decrease in Blended Earnings This Week Due to Health Care Sector

Decrease in Blended Earnings This Week Due to Health Care Sector

The blended (year-over-year) earnings growth rate for the third quarter is 29.0%, which is below the earnings growth rate of 29.4% last week. Downward revisions to EPS estimates for companies in the Health Care sector, partially offset by upward revisions to EPS estimates for companies in the Energy sector, were the largest contributors to the decrease in the overall earnings growth rate for the index over this period.

In the Health Care sector, the decrease in the mean EPS estimate for Eli Lilly & Company (to \$5.60 from \$10.03) was the largest contributor to the decrease in the earnings growth rate for the index during the past week, as the majority of analysts providing (non-GAAP) EPS estimates for this company are now including IPR&D charges in their estimates for Q3. As a result, the Health Care sector is now reporting an earnings decline of -2.6% today compared to an estimated earnings growth rate of 2.3% at the end of last week.

In the Energy sector, upward revisions to EPS estimates for Chevron (to \$4.88 from \$4.71), ExxonMobil (to \$3.87 from \$3.80), and Marathon Petroleum (to \$25.35 from \$24.69) were significant detractors to the decrease in the earnings growth rate for the index during the past week. As a result, the estimated earnings growth rate for the Energy sector increased to 127.6% from 122.5% over this period.

In the Financials sector, positive and negative EPS surprises reported by companies in this sector offset each other, resulting in no change in the earnings growth rate for this sector during the past week (to 3.0% from 3.0%).

Increase in Blended Revenues This Week Due to Energy Sector

The blended (year-over-year) revenue growth rate for the third quarter is 12.6%, which is slightly above the revenue growth rate of 12.4% last week. Upward revisions to revenue estimates for companies in the Energy sector and positive revenue surprises reported by companies in the Health Care sector were the largest contributors to the increase in the overall revenue growth rate during the past week.

Health Care Sector Has Seen Largest Decrease in Earnings since September 30

The blended (year-over-year) earnings growth rate for Q3 2026 of 29.0% is below the estimate of 29.2% at the end of the third quarter (September 30). Five sectors have recorded a decrease in their earnings growth rate or an increase in their earnings decline since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises, led by the Health Care (to -2.6% from 5.5%) sector. The Health Care sector has also been the largest contributor to the decrease in the earnings growth rate for the index since September 30. On the other hand, six sectors have recorded an increase in their earnings growth rate or a decrease in their earnings decline since the end of the quarter due to upward revisions to EPS estimates and positive earnings surprises, led by the Energy (to 127.6% from 114.8%) sector. The Energy and Information Technology (to 65.1% from 63.8%) sectors have been the largest detractors to the decrease in the earnings growth rate for the index since September 30.

In the Health Care sector, the decrease in the mean EPS estimates for Eli Lilly & Company (to \$5.60 from \$9.92) and Bristol Myers Squibb (to \$1.09 from \$1.73), have been substantial contributors to the decrease in the earnings growth rate for the index since September 30, as the majority of analysts providing (non-GAAP) EPS estimates for these two companies are now including IPR&D charges in their estimates for Q3. As a result, the Health Care sector is now reporting an earnings decline of -2.6% today compared to an estimated earnings growth rate of 5.5% on September 30.

In the Energy sector, upward revisions to EPS estimates for Marathon Petroleum (to \$25.35 from \$23.06), Valero Energy (to \$20.90 from \$18.88), and ExxonMobil (to \$3.87 from \$3.73) have been significant detractors to the decrease in the earnings growth rate for the index since September 30. As a result, the estimated earnings growth rate for the Energy sector has increased to 127.6% from 114.8% over this period.

In the Information Technology sector, the positive EPS surprise reported by Micron Technology (\$33.42 vs. \$31.77) has been a substantial detractor to the decrease in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Information Technology sector has increased to 65.1% from 63.8% over this period.

Energy Sector Has Seen Largest Increase in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q3 2026 of 12.6% is above the estimate of 12.2% at the end of the second quarter (June 30). Eight sectors have recorded an increase in their revenue growth rate or a decrease in their revenue decline since the end of the quarter due to upward revisions to revenue estimates and positive revenue surprises, led by the Energy (to 24.7% from 21.9%) sector. The Energy and Information Technology (to 40.6% from 39.9%) sectors have been the largest contributors to the increase in the revenue growth rate for the index since September 30. On the other hand, the Utilities (to 9.4% from 9.5%) sector is the only sector that has recorded a decrease in its revenue growth rate since the end of the quarter due to downward revisions to revenue estimates. Two sectors (Financials and Materials) have recorded no change in their revenue growth rates since September 30.

In the Energy sector, upward revisions to revenue estimates for Valero Energy (to \$43.36 billion from \$40.84 billion), Chevron (to \$60.55 billion from \$58.35 billion), and Phillips 66 (to \$44.85 billion from \$43.44 billion) have been significant contributors to the increase in the revenue growth rate for the index since September 30. As a result, the estimated revenue growth rate for the Energy sector has increased to 24.7% from 21.9% over this period.

In the Information Technology sector, the positive revenue surprise reported by Micron Technology (\$54.23 billion vs. \$51.33 billion) has been the largest contributor to the increase in the revenue growth rate for the index since September 30. As a result, the blended revenue growth rate for the Information Technology sector has increased to 40.6% from 39.9% over this period.

Earnings Growth: 29.0%

The blended (year-over-year) earnings growth rate for Q3 2026 is 29.0%, 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 29.0% 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.

Ten of the eleven sectors are reporting (or are expected to report) year-over-year earnings growth, led by the Energy, Information Technology, Communication Services, and Materials sectors. On the other hand, the Health Care sector is the only sector reporting a year-over-year decline in earnings.

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 127.6%. 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, 4 of the 5 sub-industries are projected to report year-over-year growth in earnings: Oil & Gas Refining & Marketing (482%), Integrated Oil & Gas (119%), Oil & Gas Exploration & Production (67%), and Oil & Gas Storage & Transportation (9%). 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 reporting 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 reporting (or 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 the largest contributor to earnings growth for the sector. If this industry were excluded, the blended 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 50.1%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Media (\$4.68 billion vs. -\$3.93 billion), Entertainment (43%), Interactive Media & Services (42%), Wireless Telecommunication Services (14%), and Diversified Telecommunication Services (1%).

At the company level, Meta Platforms (\$6.58 vs. \$1.05), and EchoStar (\$0.17 vs. -\$44.37) are the largest contributors to earnings growth for the sector. The year-ago (GAAP) EPS for Meta Platforms (\$1.05) included a one-time, non-cash income tax charge of \$15.93 billion, while the year-ago (GAAP) EPS for EchoStar Corporation (-\$44.37) included a one-time, non-cash impairment charge of \$16.48 billion. If these two companies were excluded, the estimated earnings growth rate for the Communication Services sector would fall to 11.5% from 50.1%.

Materials: 3 of 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 27.1%. At the industry level, 3 of the 4 industries in the sector are projected to report (year-over-year) earnings growth: Metals & Mining (47%), Containers & Packaging (43%), and Chemicals (22%). On the other hand, the Construction Materials (-1%) industry is the only industry in the sector expected to report a year-over-year decline in earnings.

Health Care: Pharmaceuticals Industry Is Largest Contributor to (Y/Y) Earnings Decline

On the other hand, the Health Care sector is the only sector reporting a (year-over-year) decline in earnings at -2.6%. At the industry level, the Pharmaceuticals (-18%) industry is the only industry in the sector reporting a year-over-year decrease in earnings. The other 5 industries in the sector are reporting (or are projected to report) earnings growth: Health Care Technology (13%), Biotechnology (12%), Life Sciences, Tools & Services (9%), Health Care Equipment & Supplies (5%), and Health Care Providers & Services (4%).

The Pharmaceuticals industry is also the largest contributor to the decline in earnings for the sector. If this industry were excluded, the Health Care sector would be reporting (year-over-year) earnings growth of 7.4% rather than a (year-over-year) earnings decline of -2.6%.

Revenue Growth: 12.6%

The blended (year-over-year) revenue growth rate for Q3 2026 is 12.6%, which is above the 5-year average revenue growth rate of 8.3% and above the 10-year average revenue growth rate of 7.0%. If 12.6% 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 reporting (or 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 Reporting (Y/Y) Revenue Growth

The Information Technology sector is reporting 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 reporting (or 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 24.7%. 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 (31%), Integrated Oil & Gas (26%), Oil & Gas Exploration & Production (20%), 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 15.6%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (25%), 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: 14.9%

The blended net profit margin for the S&P 500 for Q3 2026 is 14.9%, 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 14.9% 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 reporting (or 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 (14.8% vs. 8.1%) and Information Technology (32.3% vs. 27.5%) sectors. On the other hand, six sectors are reporting (or 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 reporting (or 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 (14.8% vs. 10.1%) sectors. On the other hand, two sectors are reporting (or are expected to report) net profit margins in Q3 2026 that are below their 5-year averages: Real Estate (33.9% vs. 35.2%) and Health Care (7.4% vs. 8.7%). One sector (Consumer Staples) is reporting a net profit margin for Q3 2026 that is equal to its 5-year average (6.3% vs. 6.3%).

Forward Estimates & Valuation

Quarterly Guidance: % of Cos. Issuing Negative EPS Guidance for Q4 is Below Average

At this point in time, 8 companies in the index have issued EPS guidance for Q4 2026. Of these 8 companies, 4 have issued negative EPS guidance and 4 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2026 is 50% (4 out of 8), which is below the 5-year average of 60% and below the 10-year average of 59%.

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 269 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 268).

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

Earnings: S&P 500 Expected to Report Earnings Growth of 33% for CY 2026

For the third quarter, S&P 500 companies are reporting year-over-year growth in earnings of 29.0% and year-over-year growth in revenues of 12.6%.

For Q4 2026, analysts are projecting earnings growth of 28.6% and revenue growth of 12.8%.

For CY 2026, analysts are projecting earnings growth of 32.8% and revenue growth of 12.7%.

For Q1 2027, analysts are projecting earnings growth of 19.3% and revenue growth of 11.6%.

For Q2 2027, analysts are projecting earnings growth of 2.8% and revenue growth of 7.7%.

For CY 2027, analysts are projecting earnings growth of 16.0% and revenue growth of 9.5%.

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. This P/E ratio is below the 5-year average of 19.8 and below the 10-year average of 19.1. However, it is equal to the forward 12-month P/E ratio of 19.0 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has increased by 1.2% while the forward 12-month EPS estimate has increased by 1.5%. At the sector level, the Consumer Discretionary (23.4), Industrials (22.6), and Consumer Staples (22.4) sectors have the highest forward 12-month P/E ratios, while the Energy (13.3) and Financials (14.5) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 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

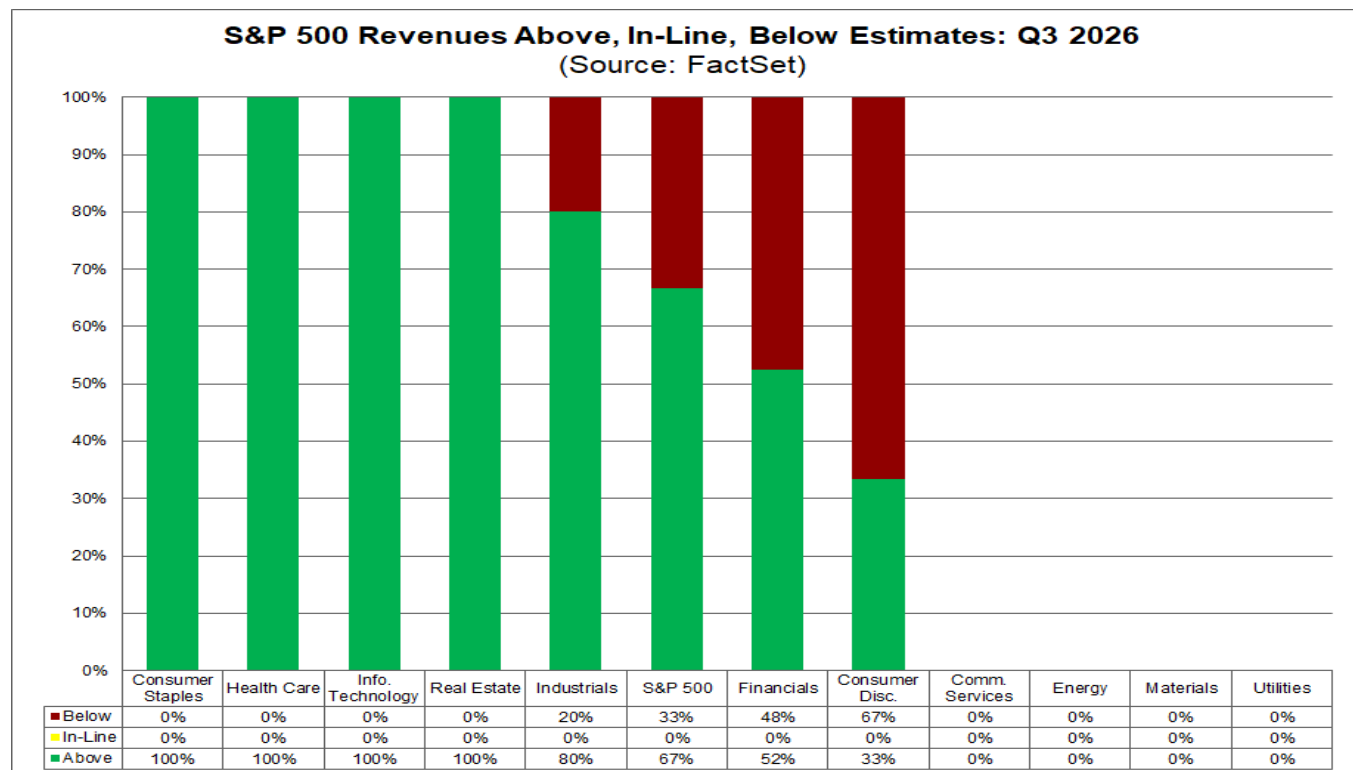
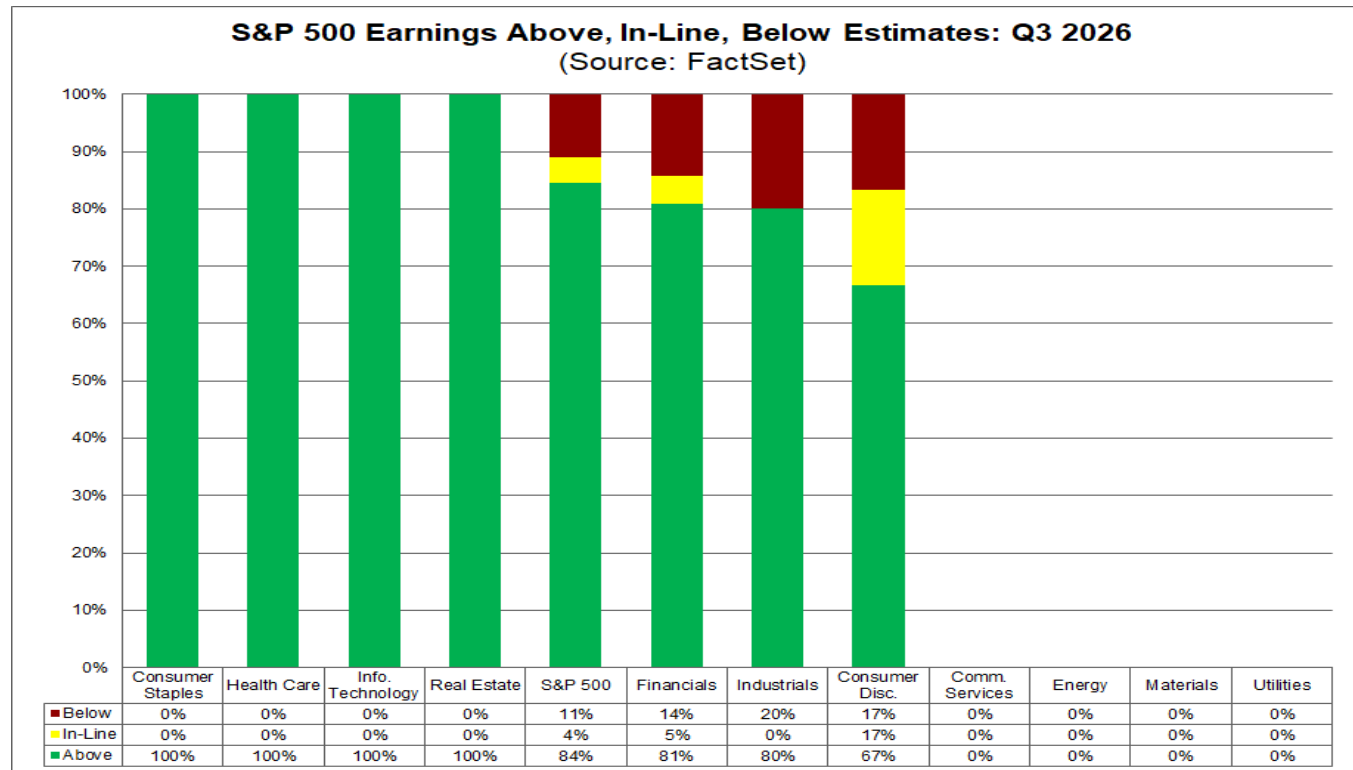
The bottom-up target price for the S&P 500 is 9,317.90, which is 20.3% above the closing price of 7,744.06. At the sector level, the Information Technology (+26.8%), Industrials (+24.2%), and Consumer Discretionary (+23.1%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Energy (+7.3%), Consumer Staples (+7.6%), and Health Care (+8.3%) 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 13,234 ratings on stocks in the S&P 500. Of these 13,234 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 (64%), 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.

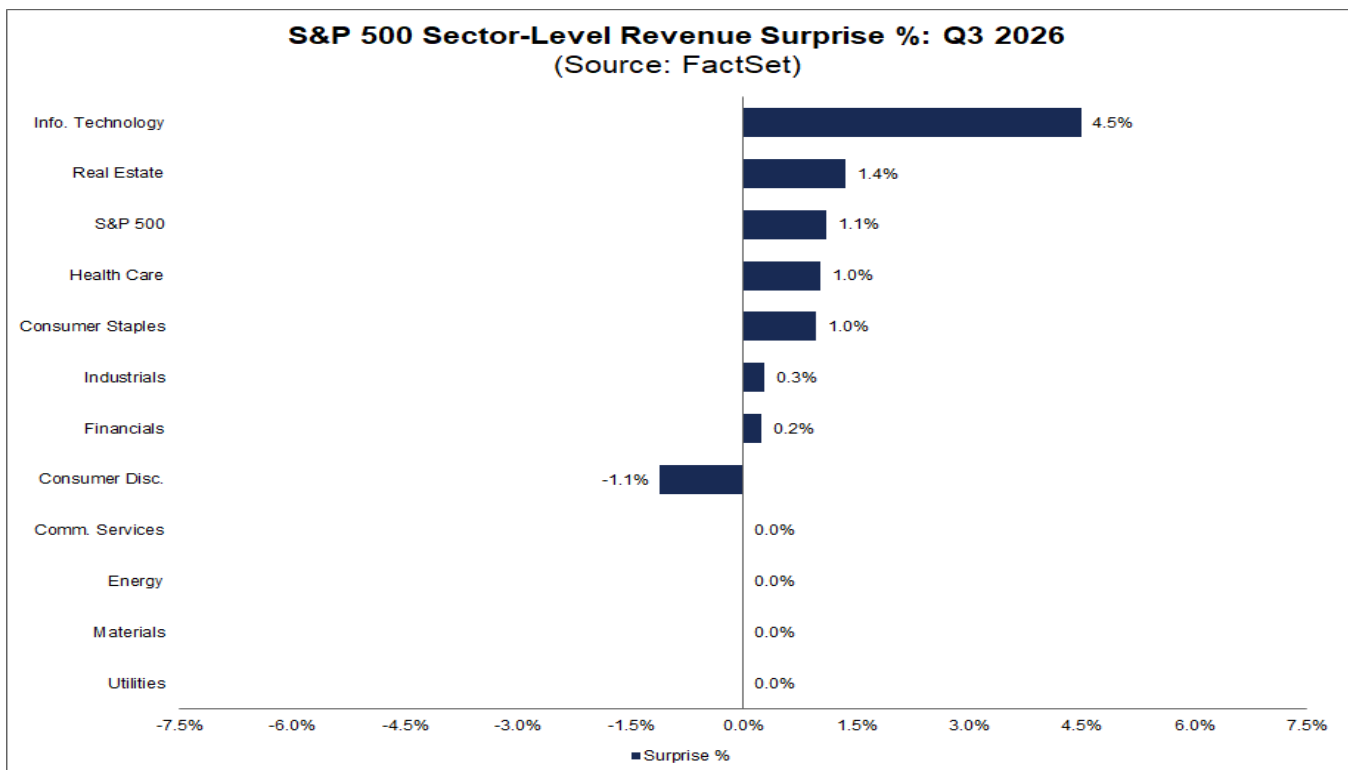
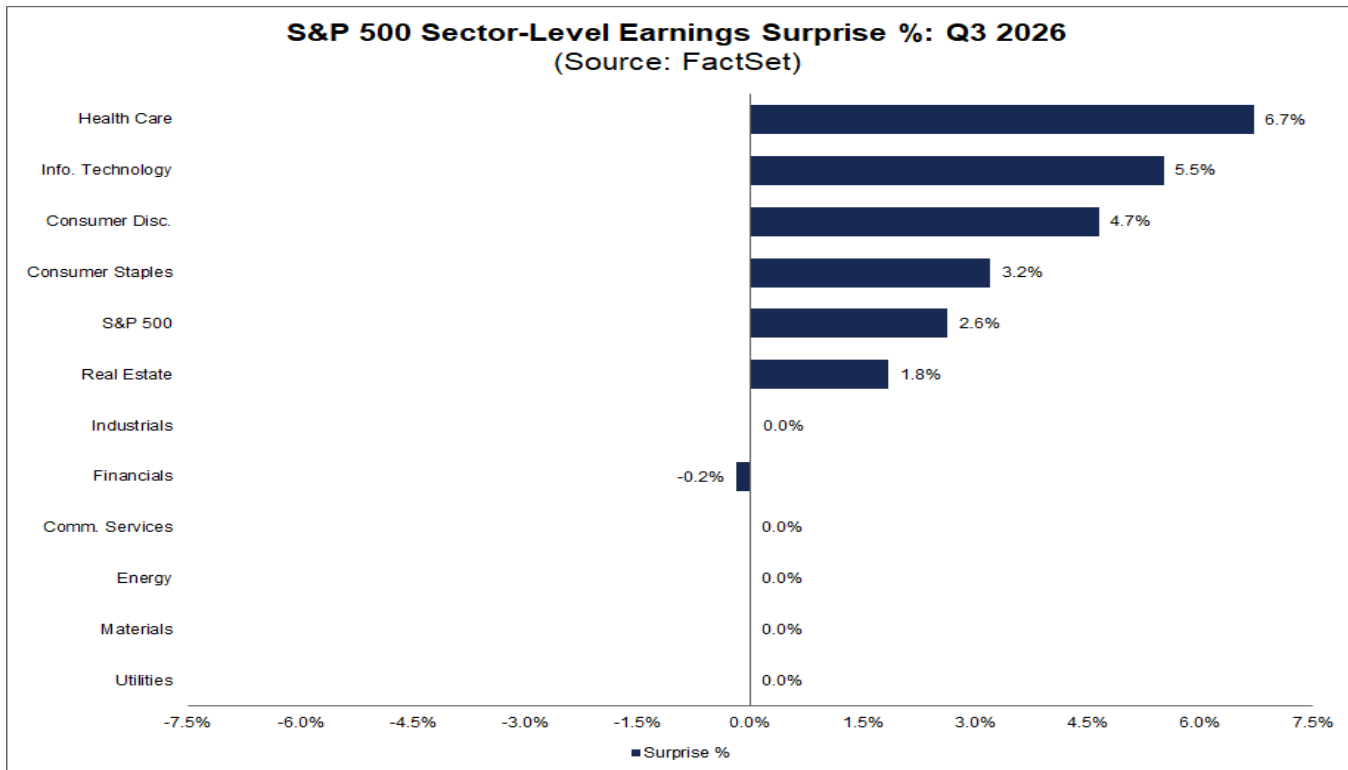
Companies Reporting Next Week: 79

During the upcoming week, 79 S&P 500 companies (including 5 Dow 30 components) are scheduled to report results for the third quarter.

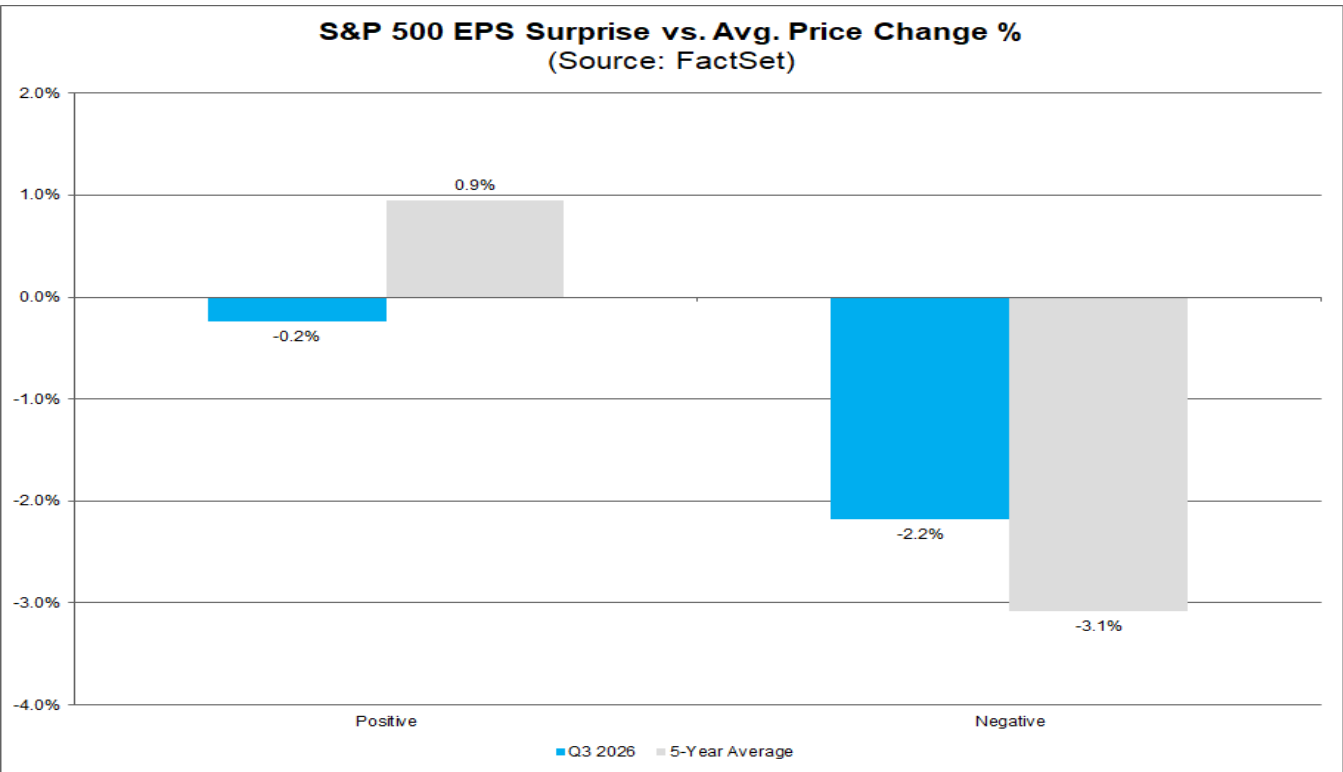
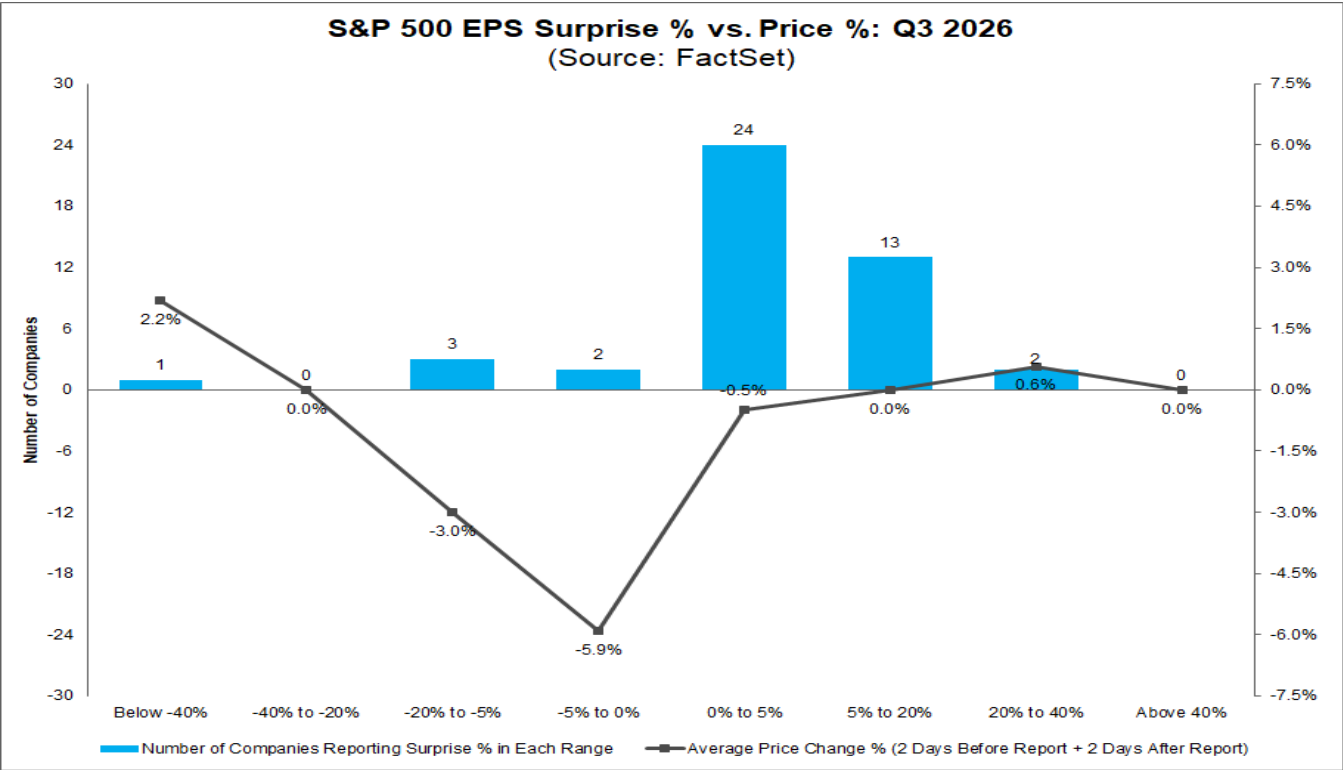
Q3 2026: Scorecard



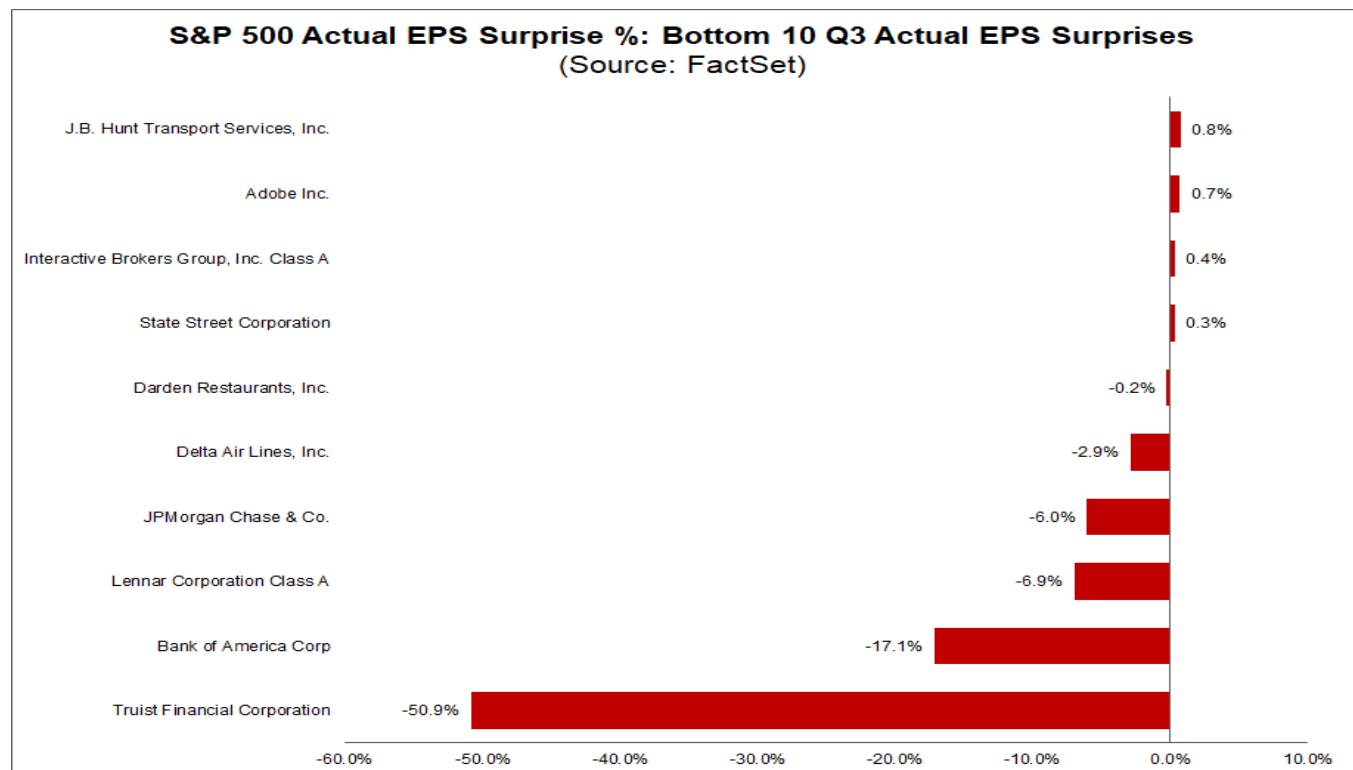
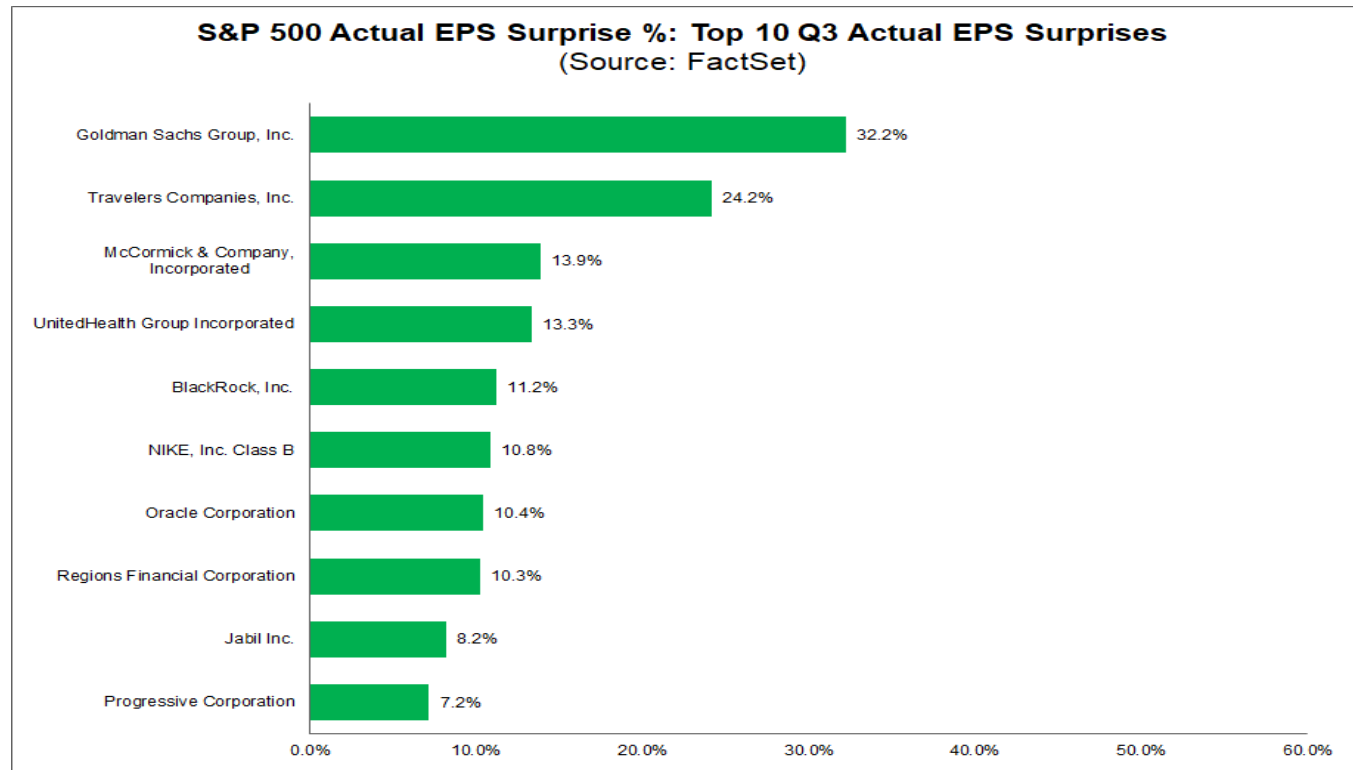
Q3 2026: Surprise



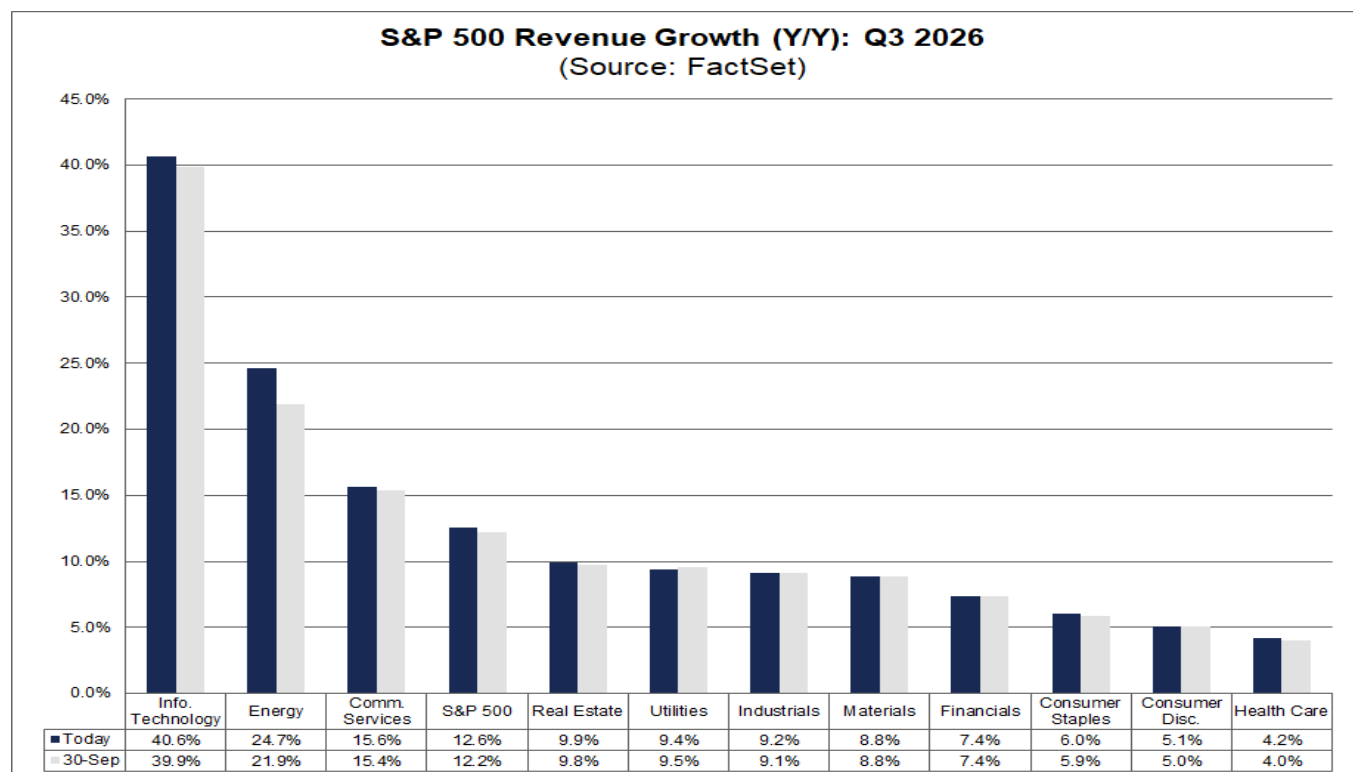
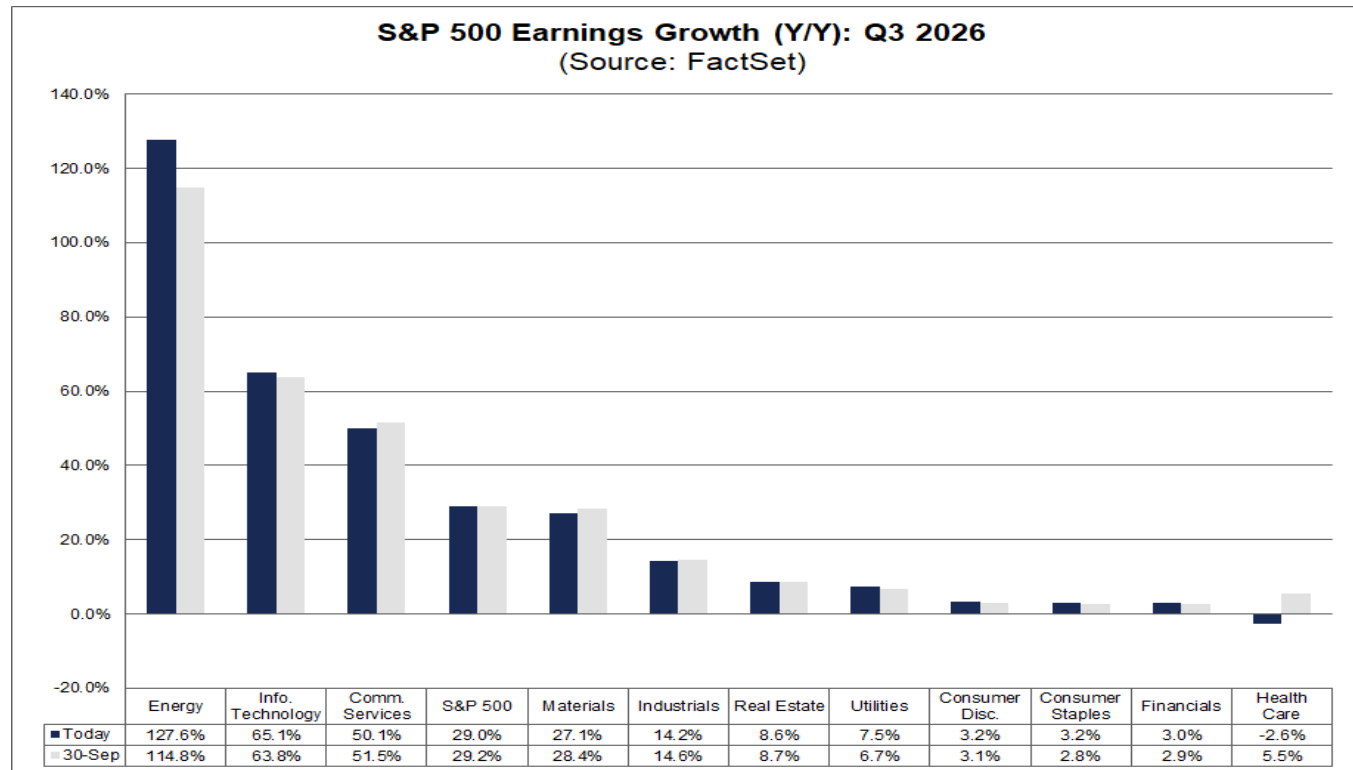
Q3 2026: Surprise



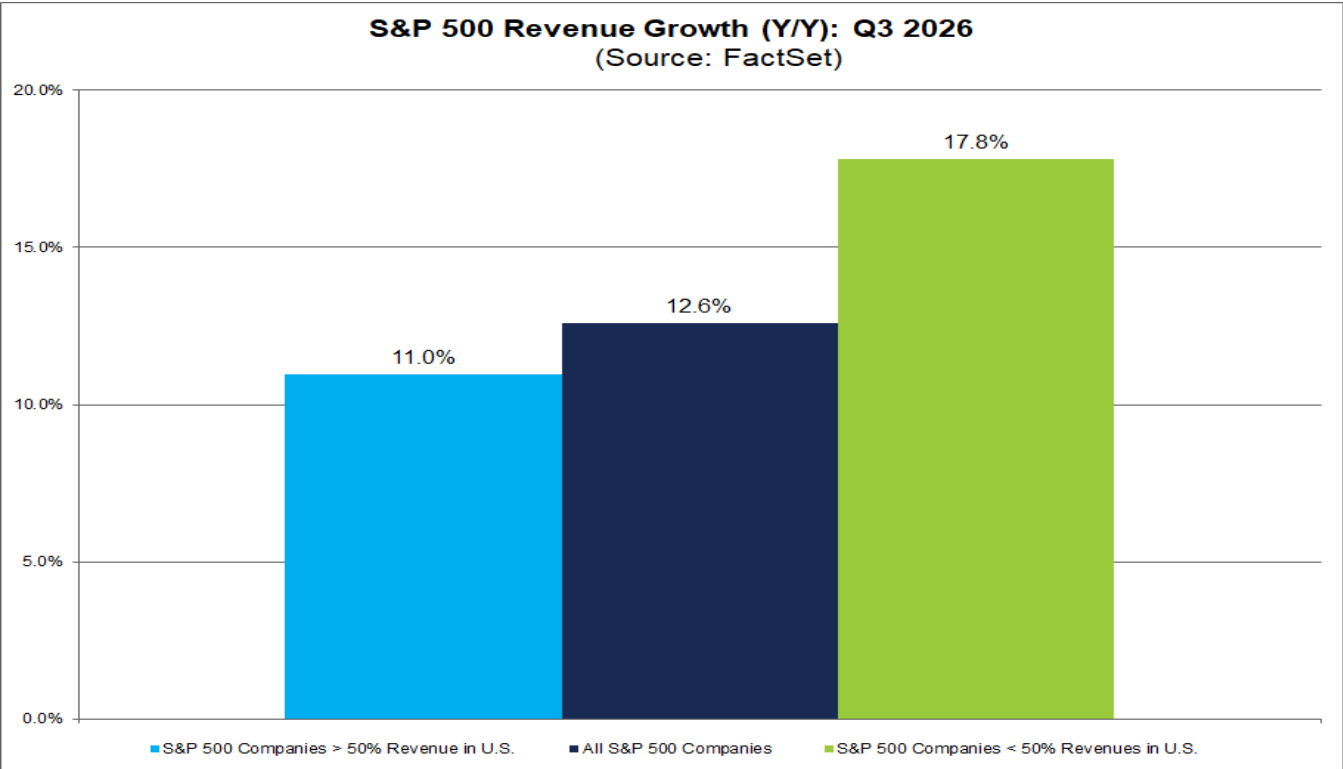
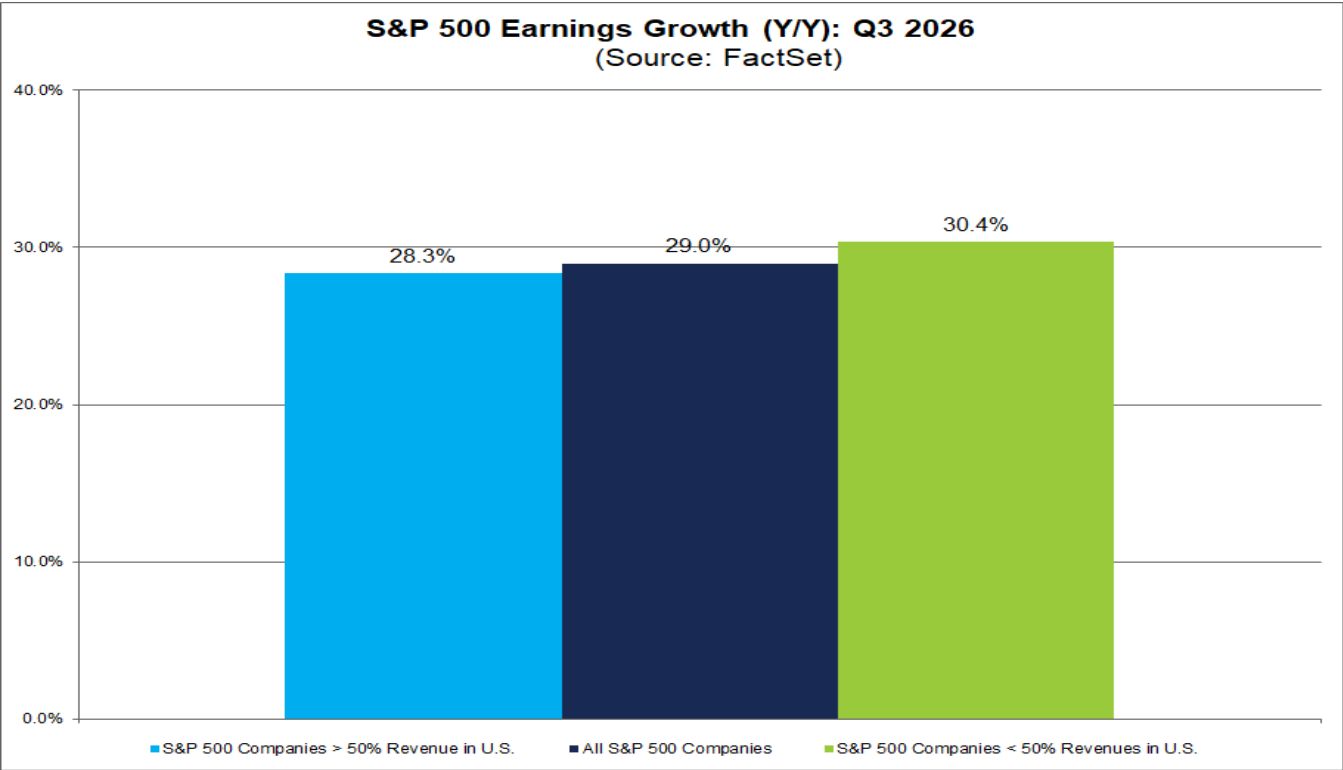
Q3 2026: Surprise



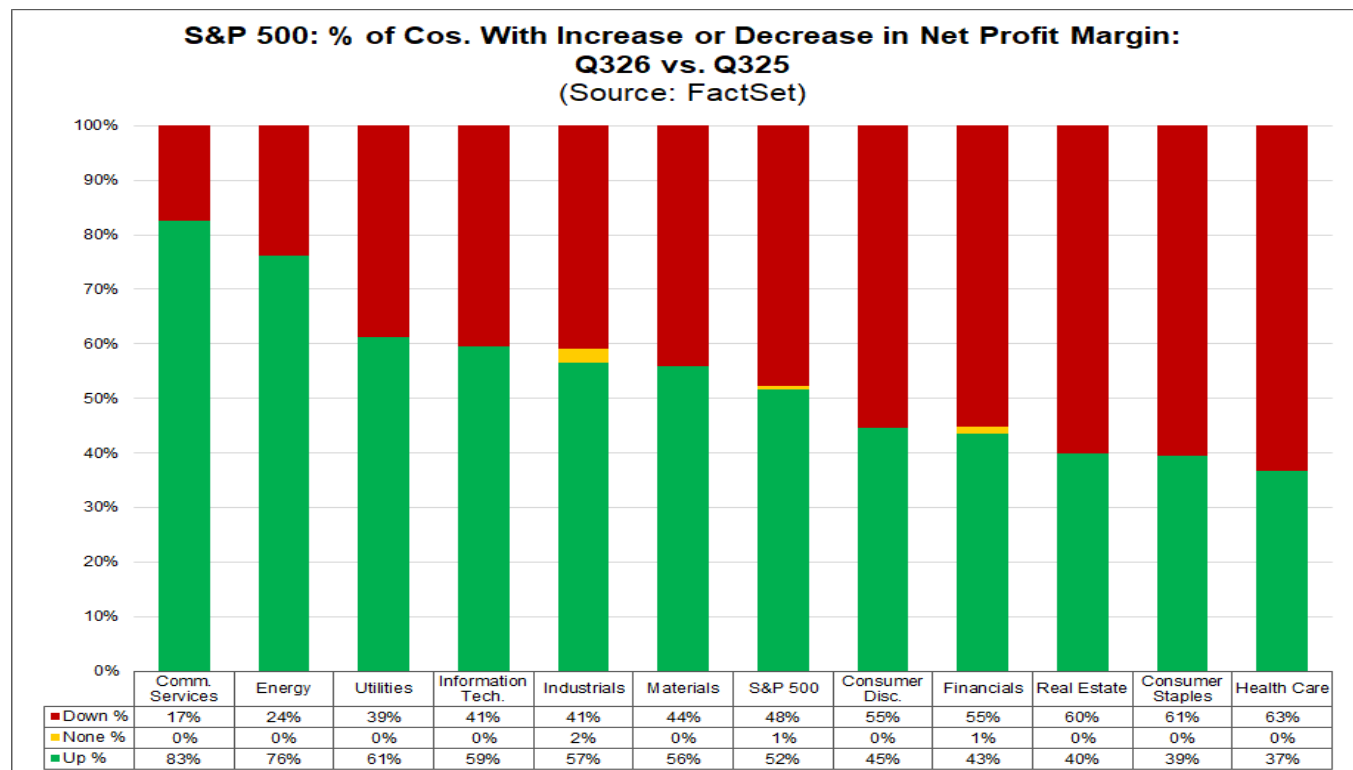
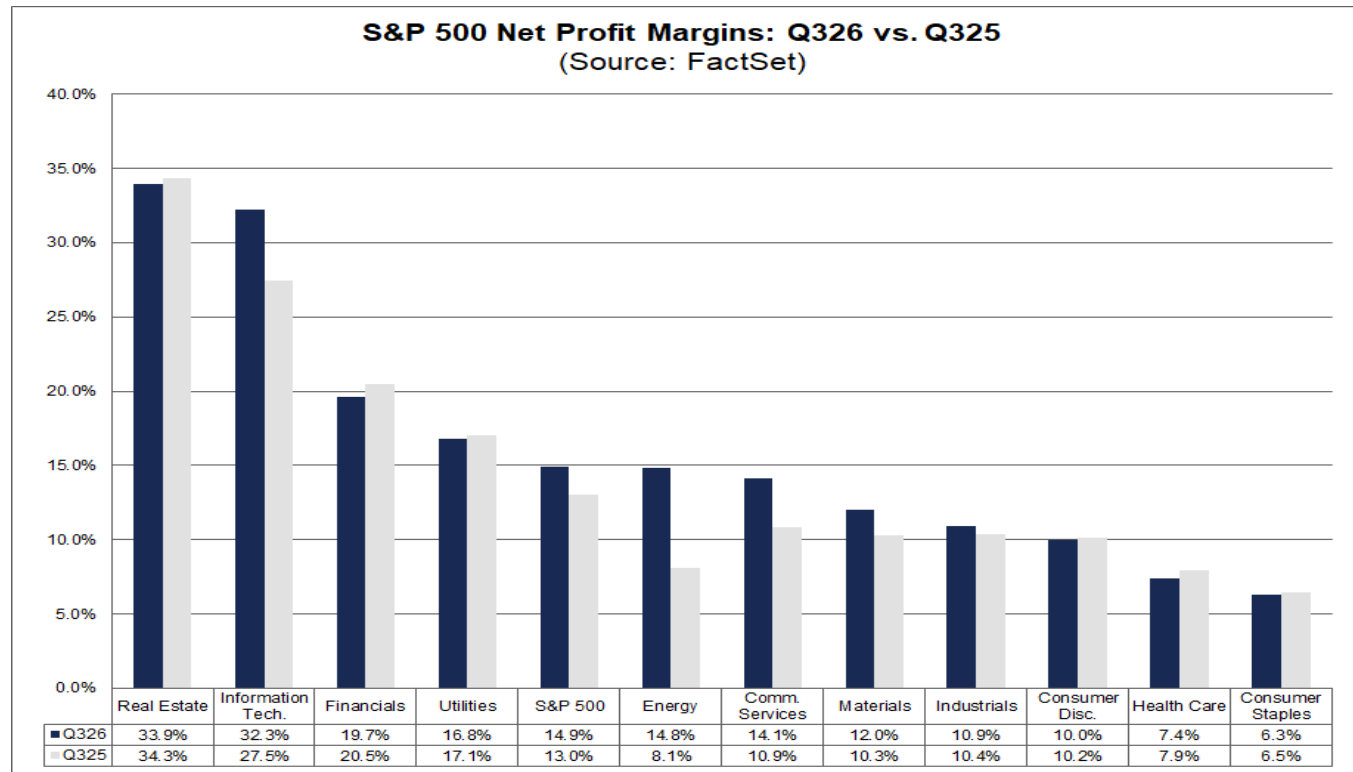
Q3 2026: Growth



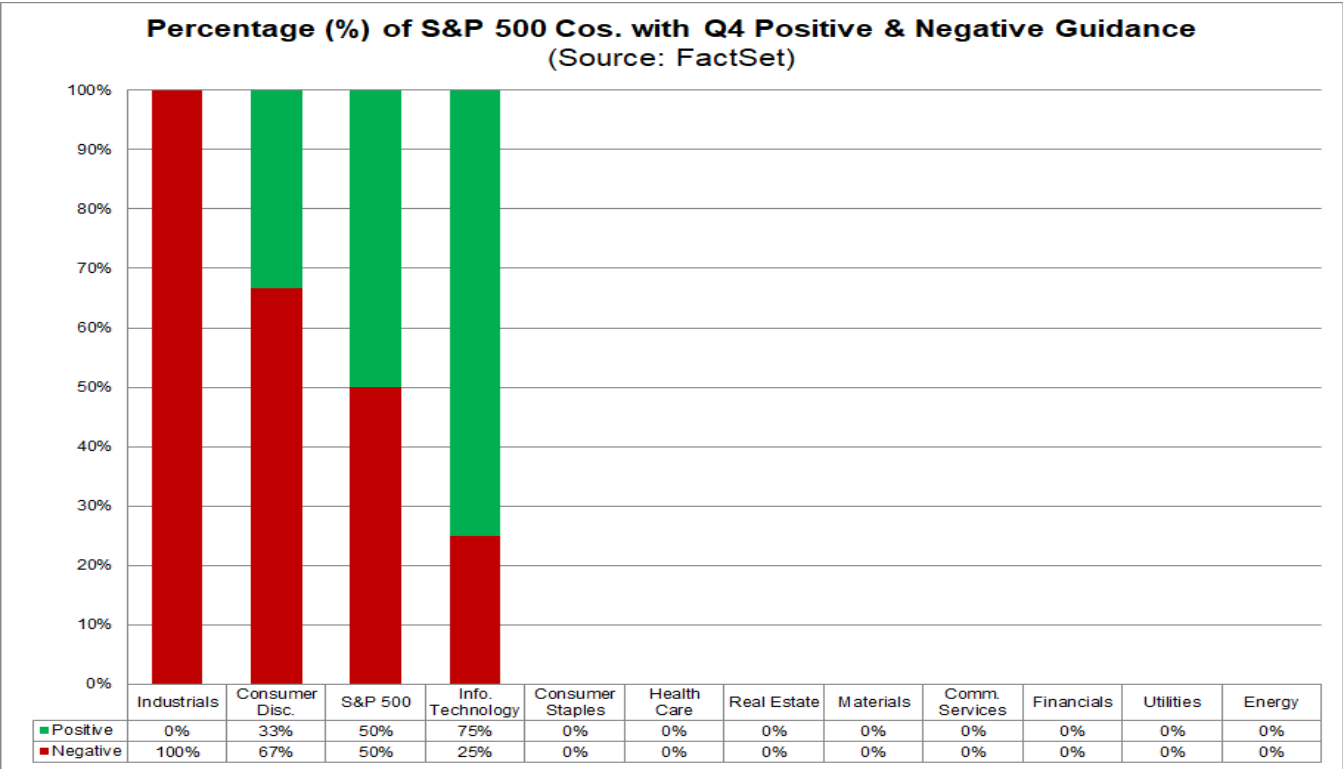
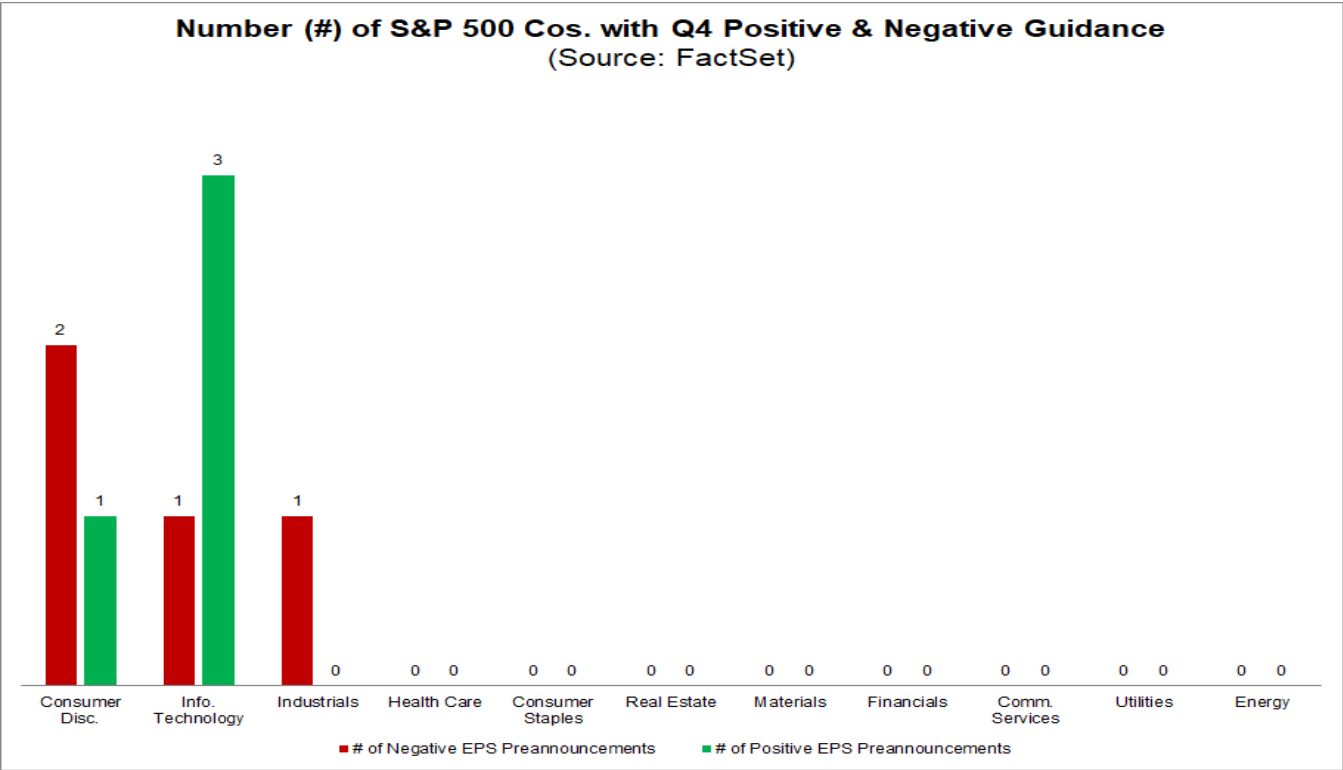
Q3 2026: Growth



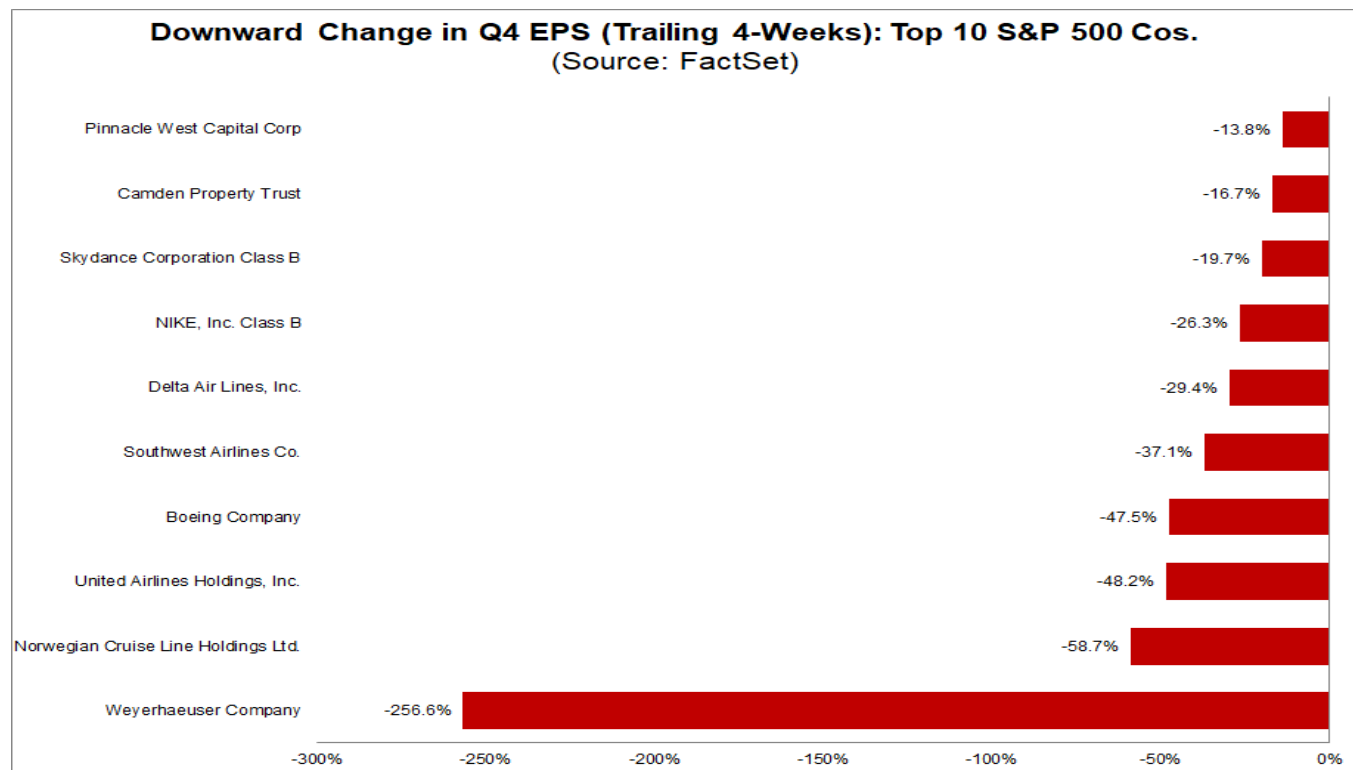
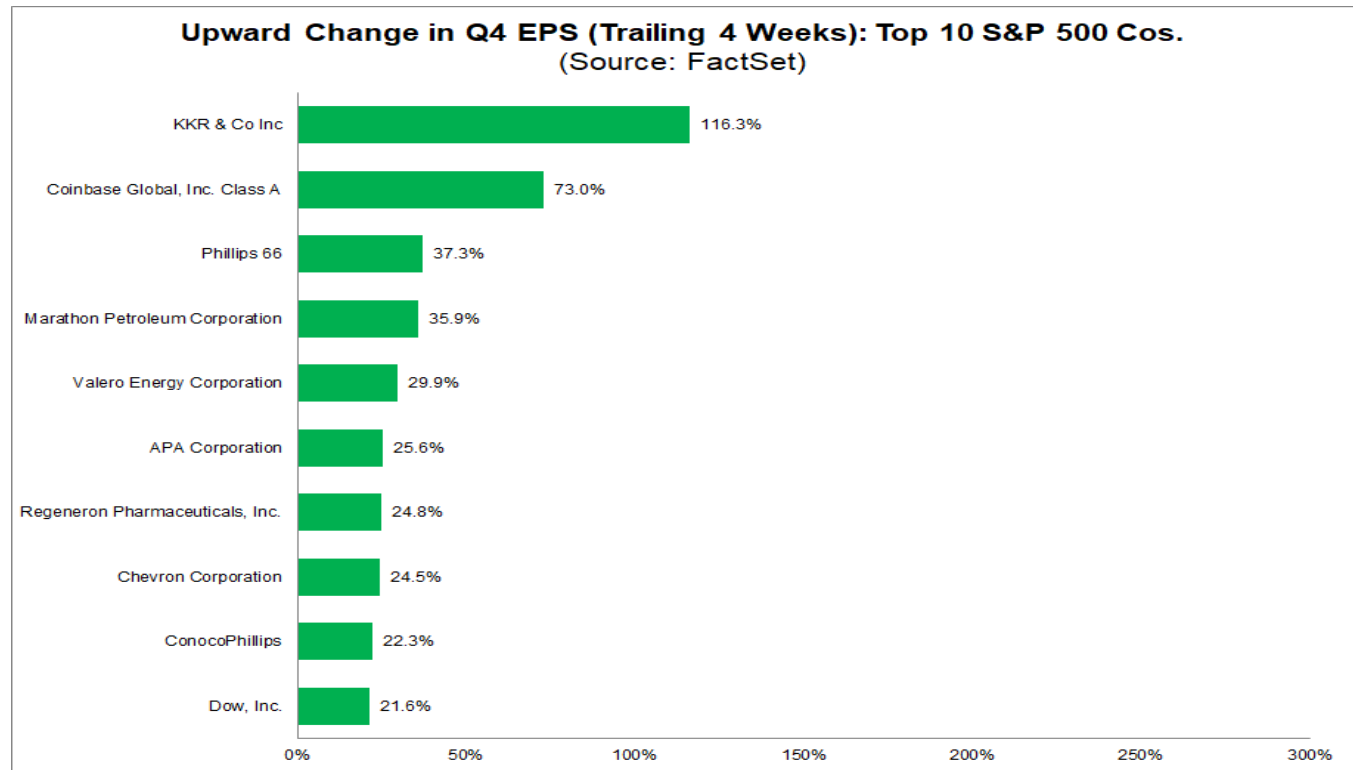
Q3 2026: Net Profit Margin



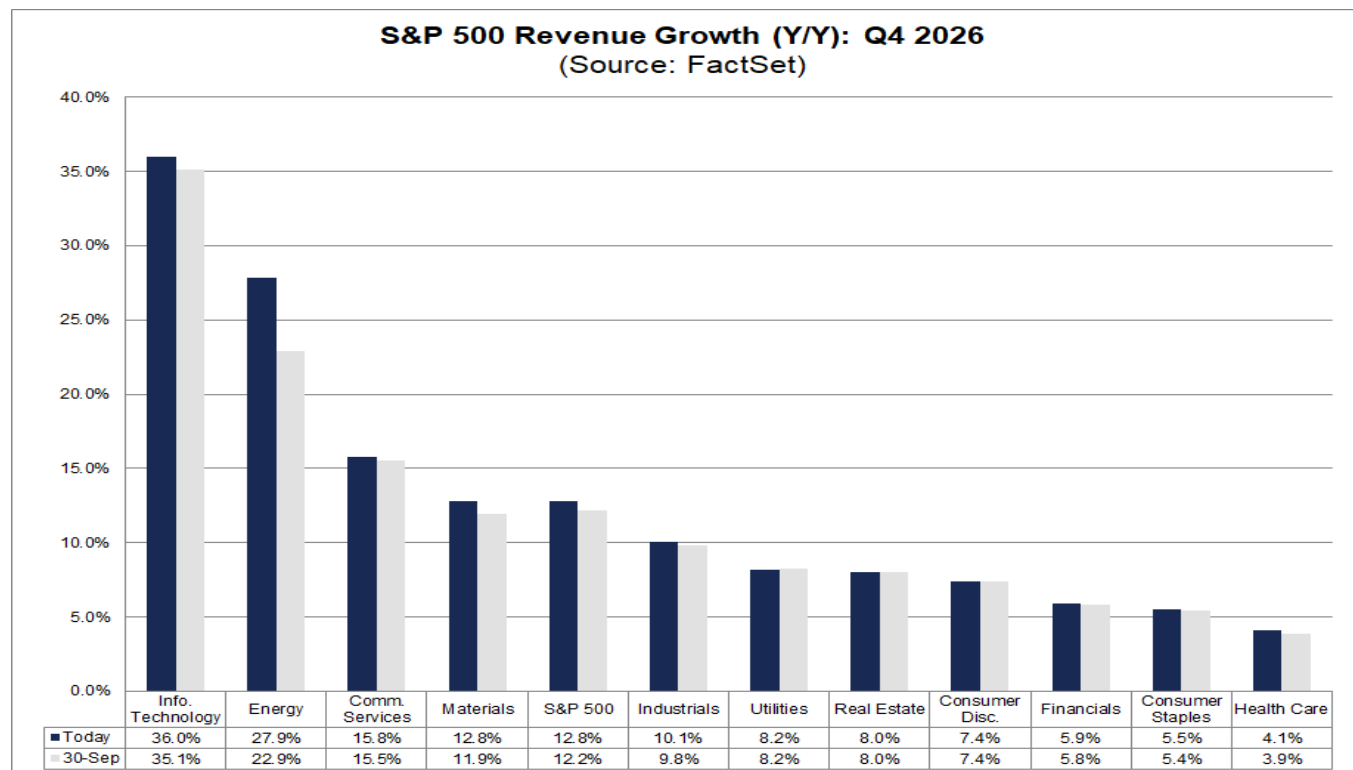
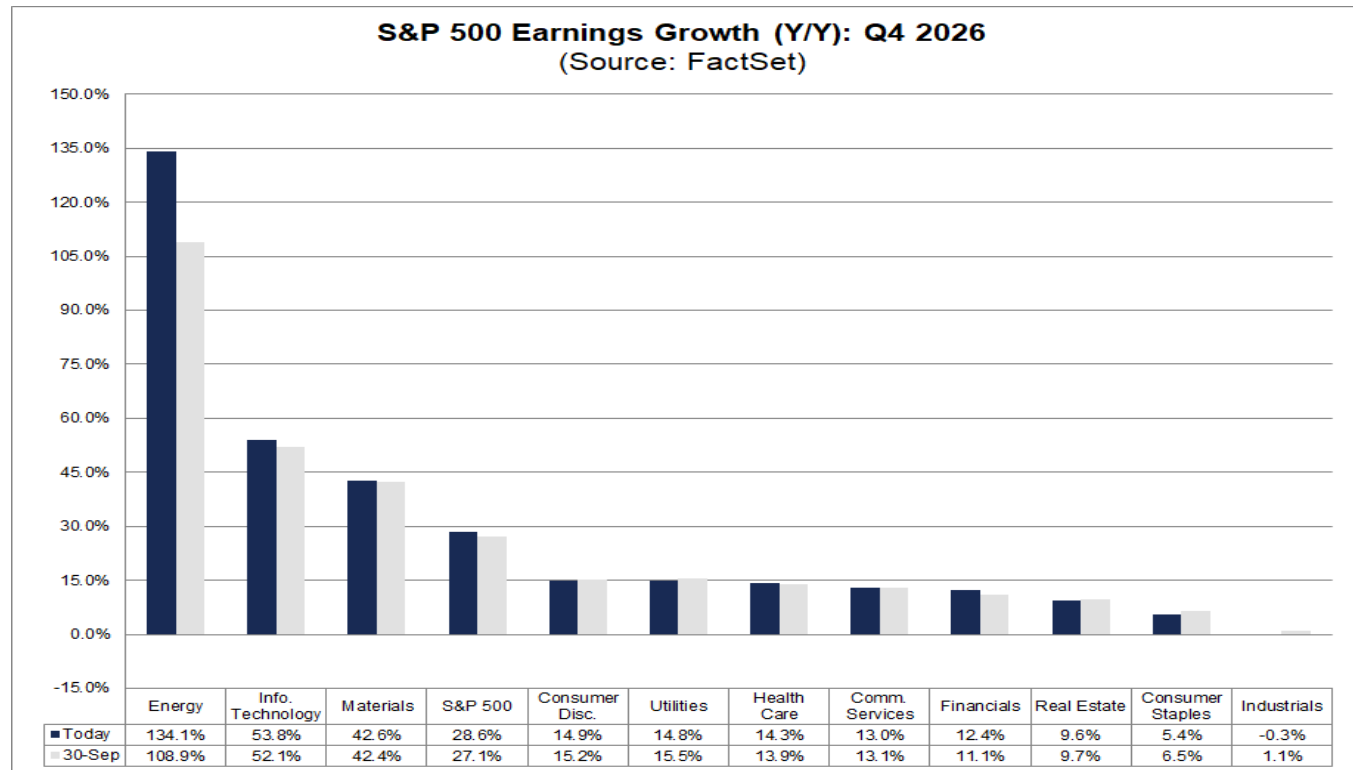
Q4 2026: Guidance



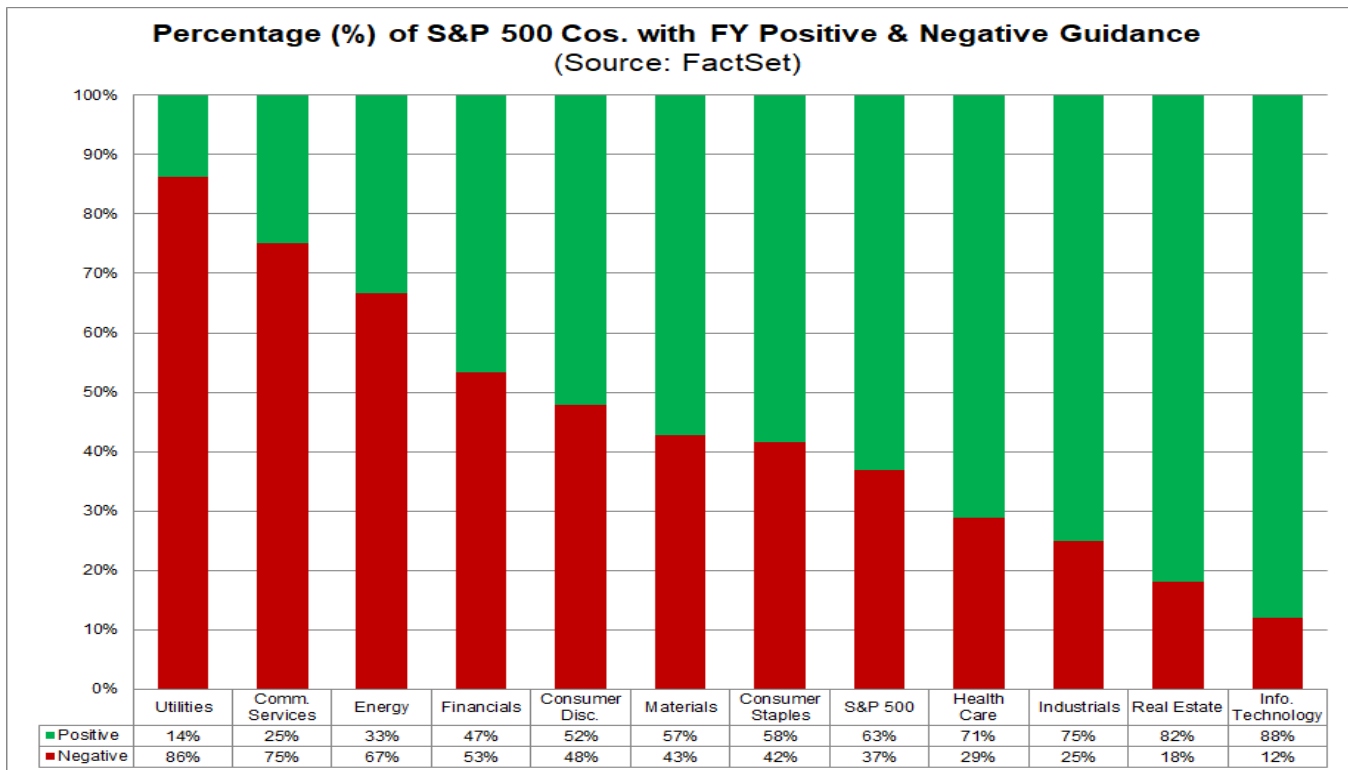
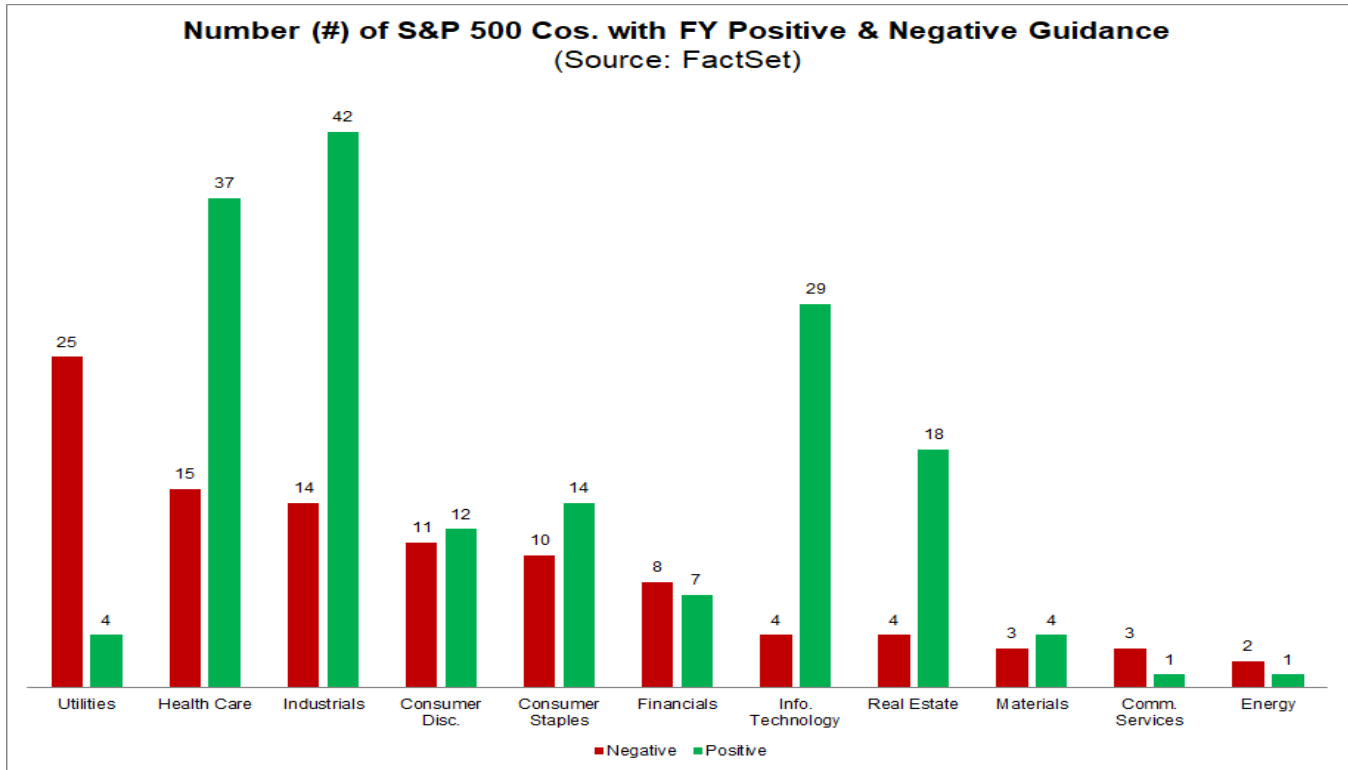
Q4 2026: EPS Revisions



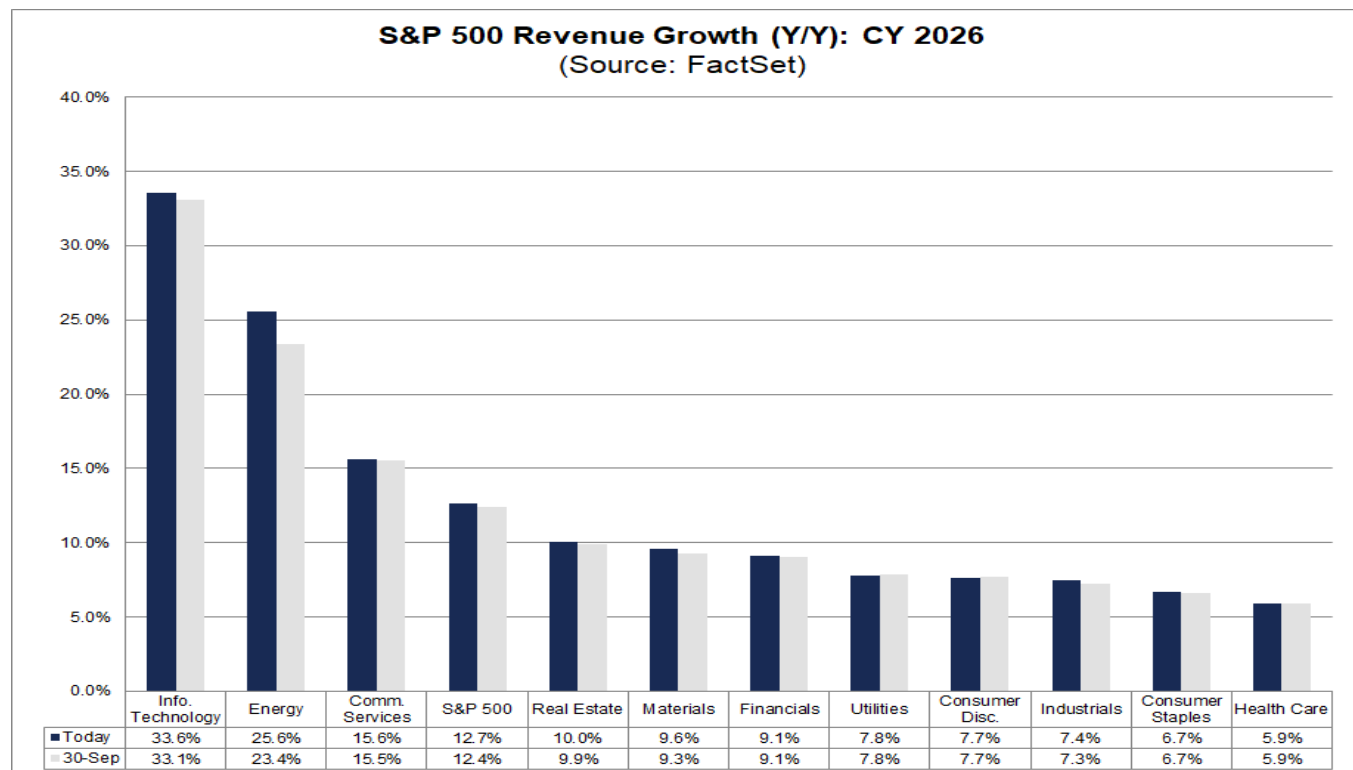
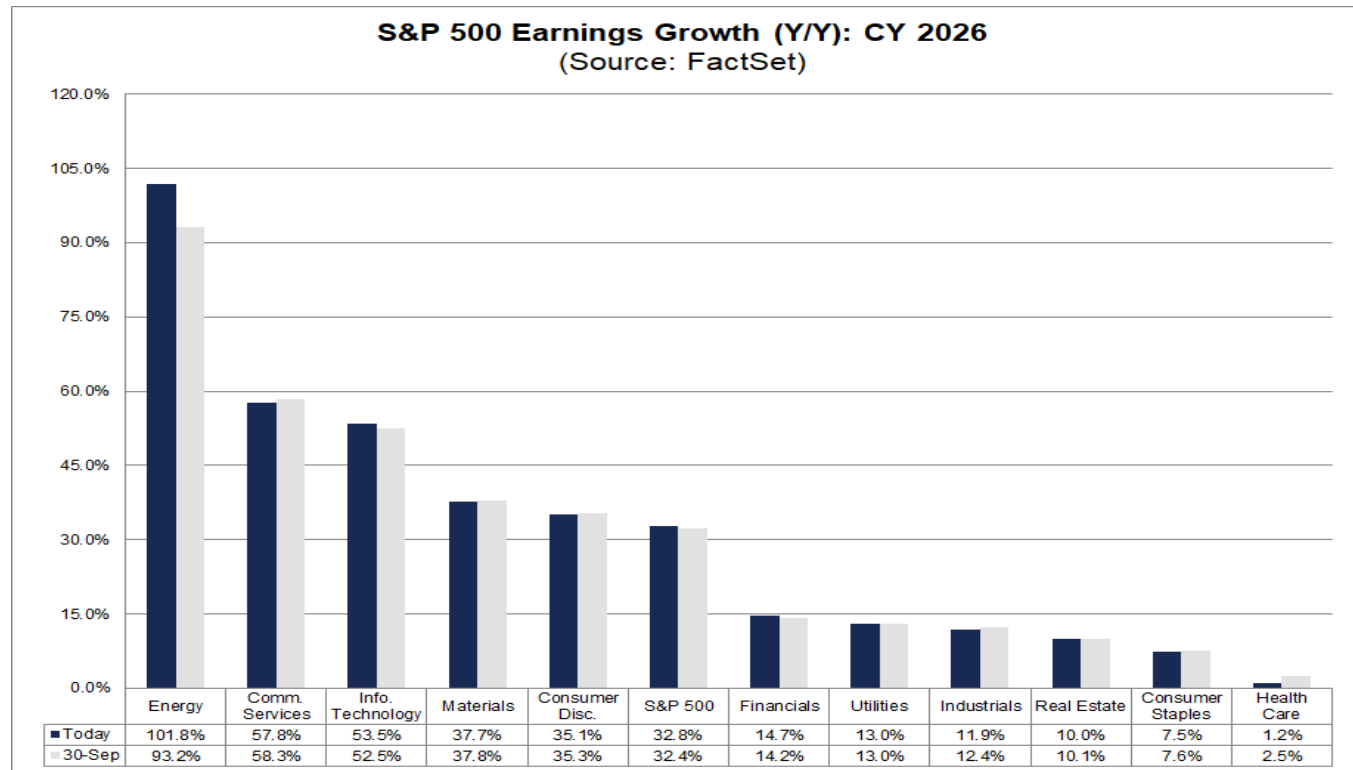
Q4 2026: Growth



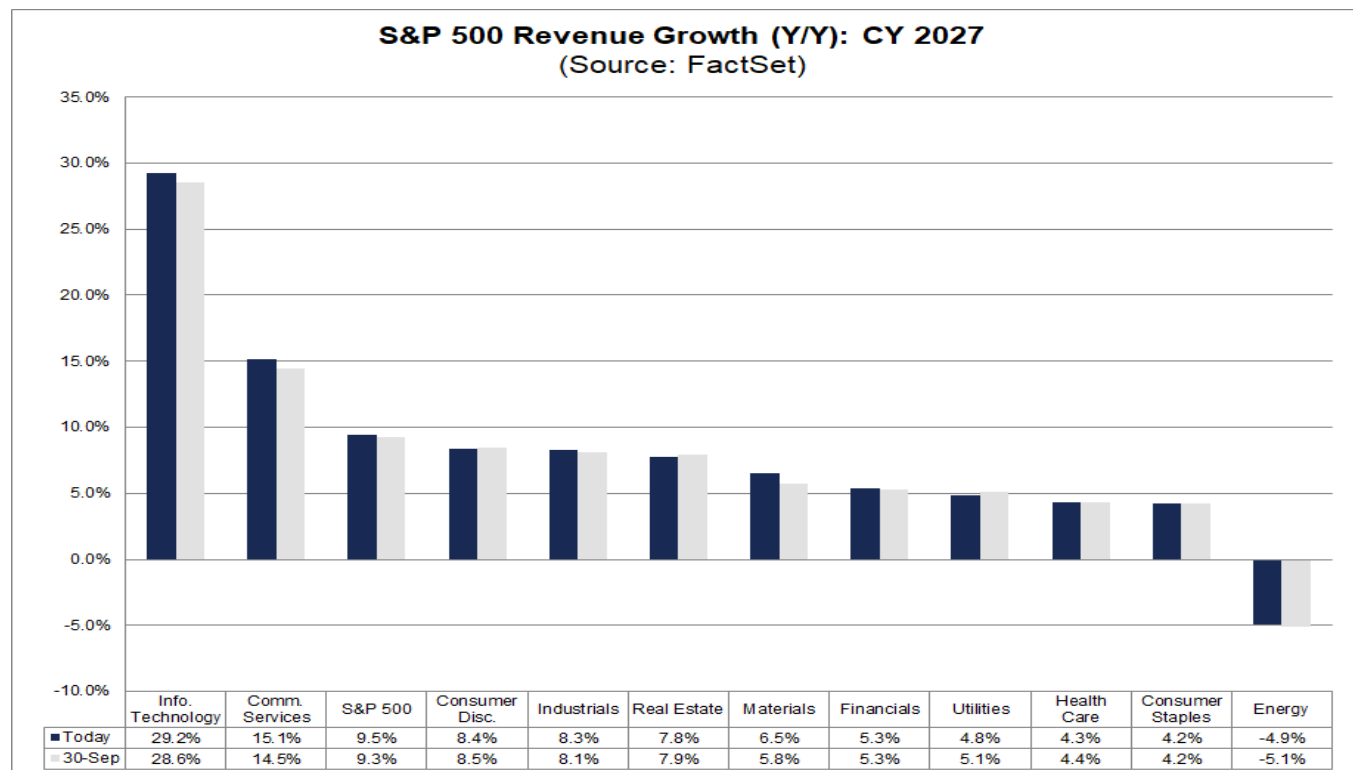
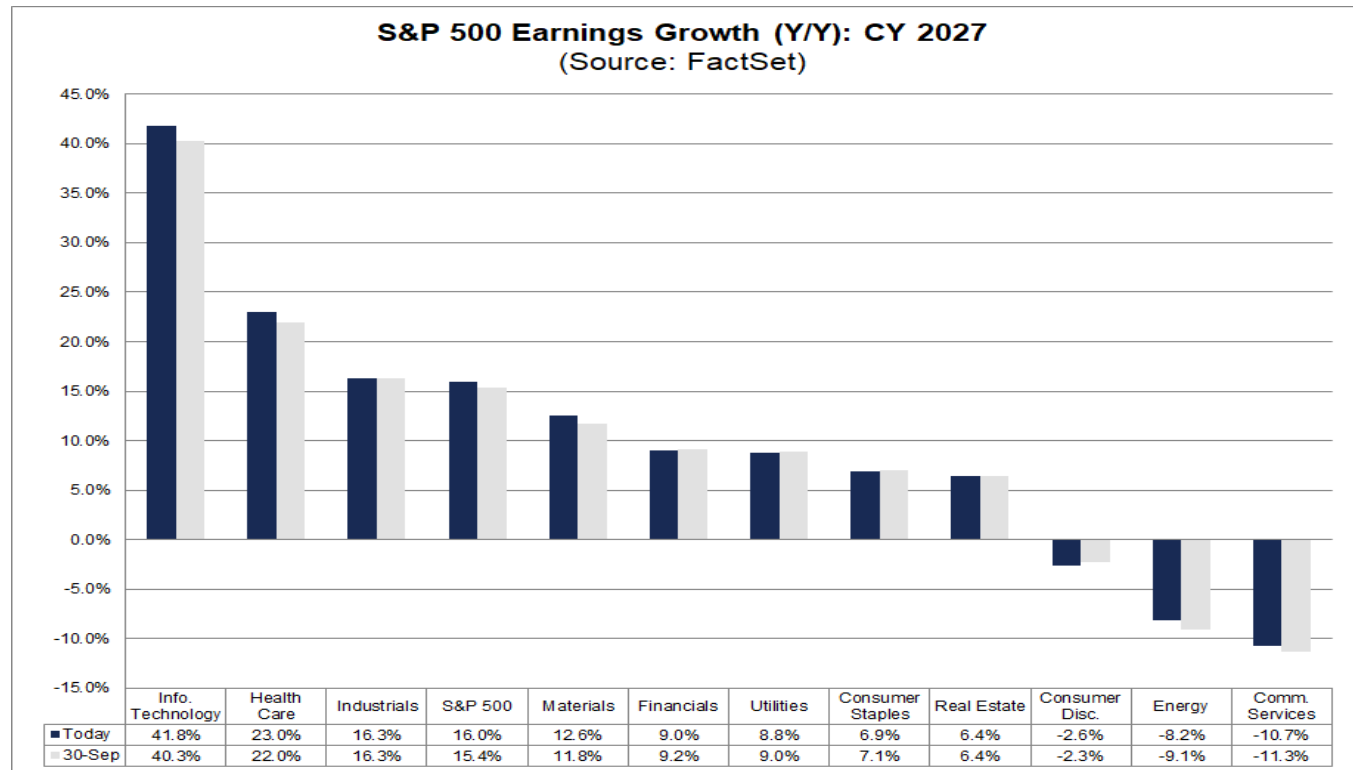
FY 2026 / 2027: EPS Guidance



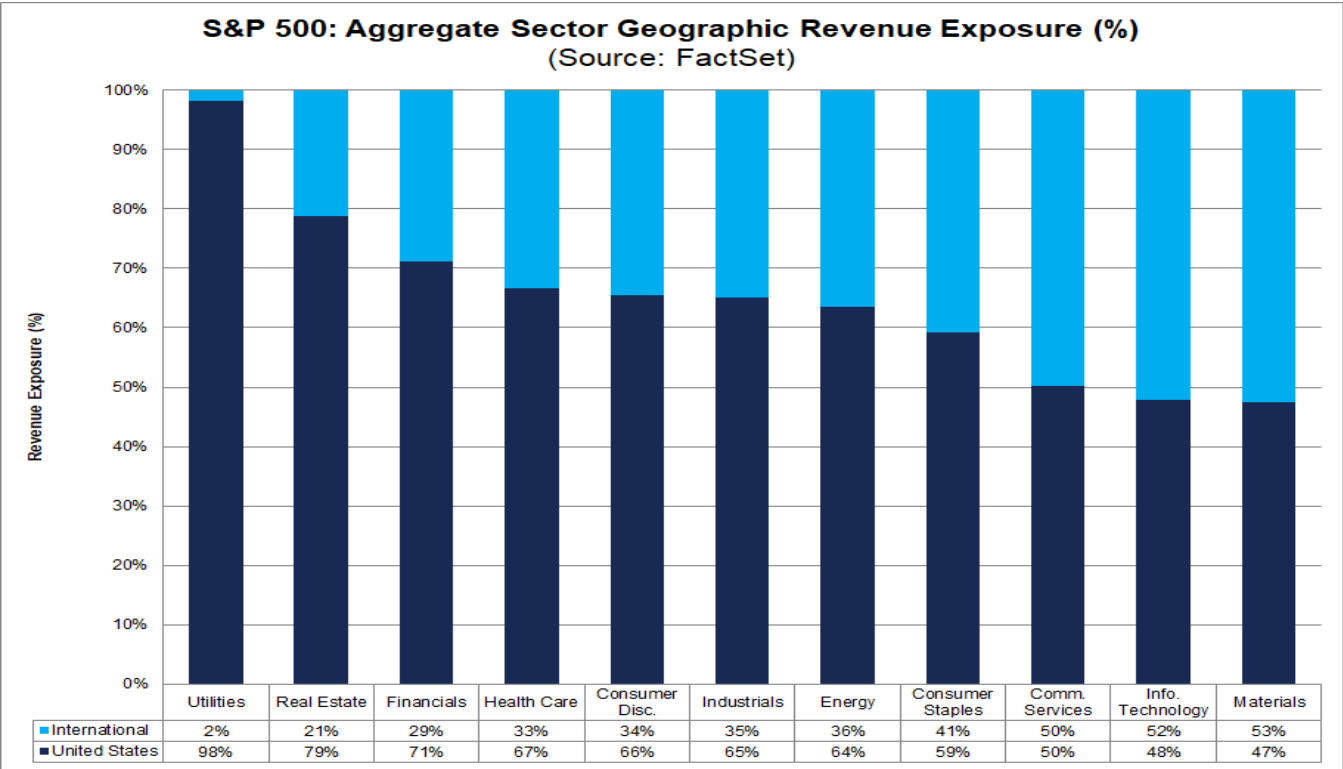
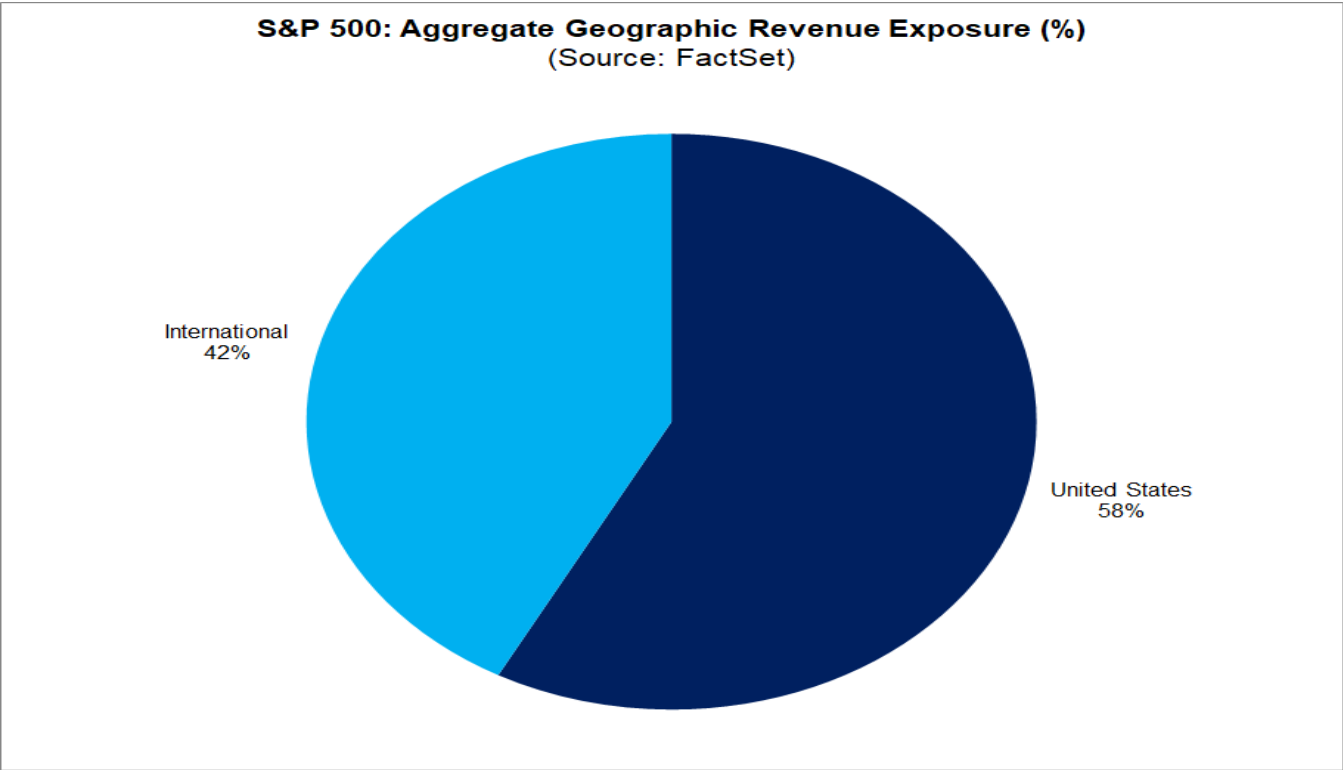
CY 2026: Growth



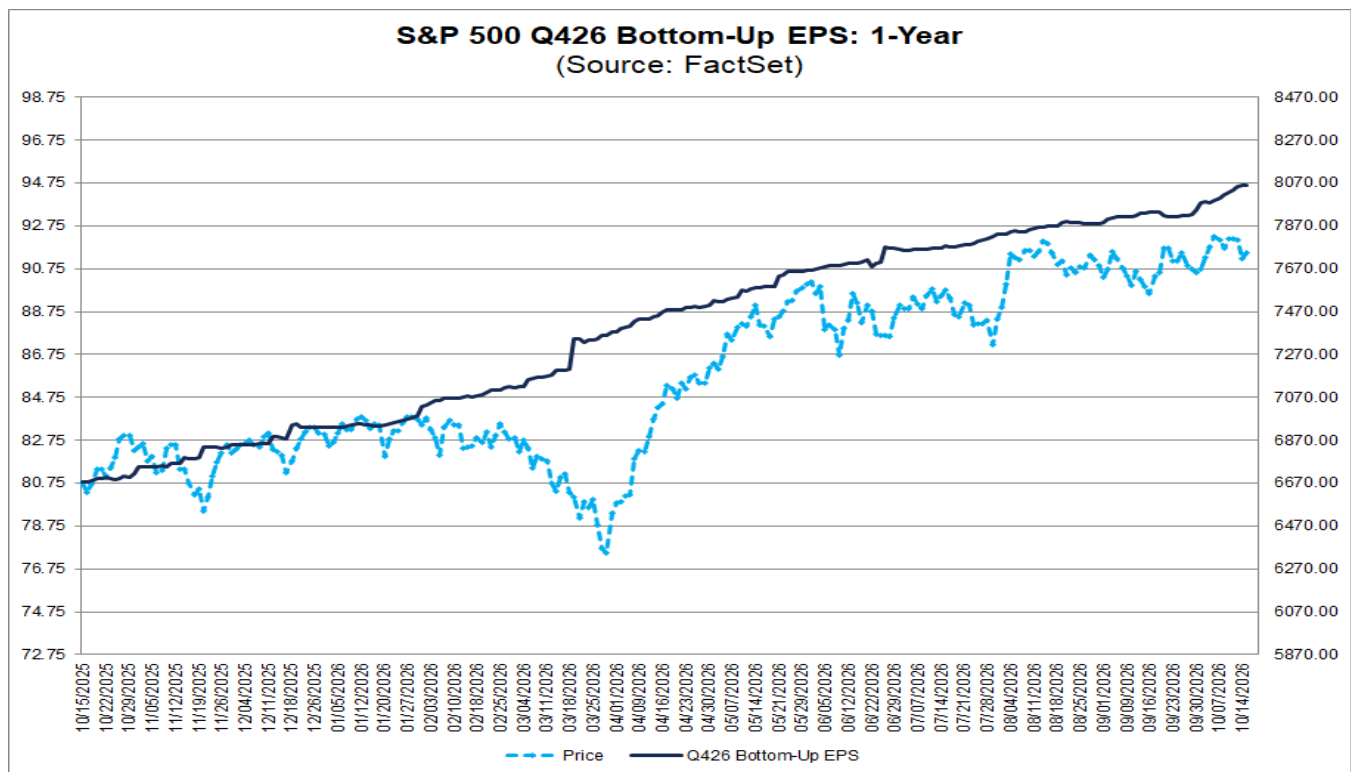
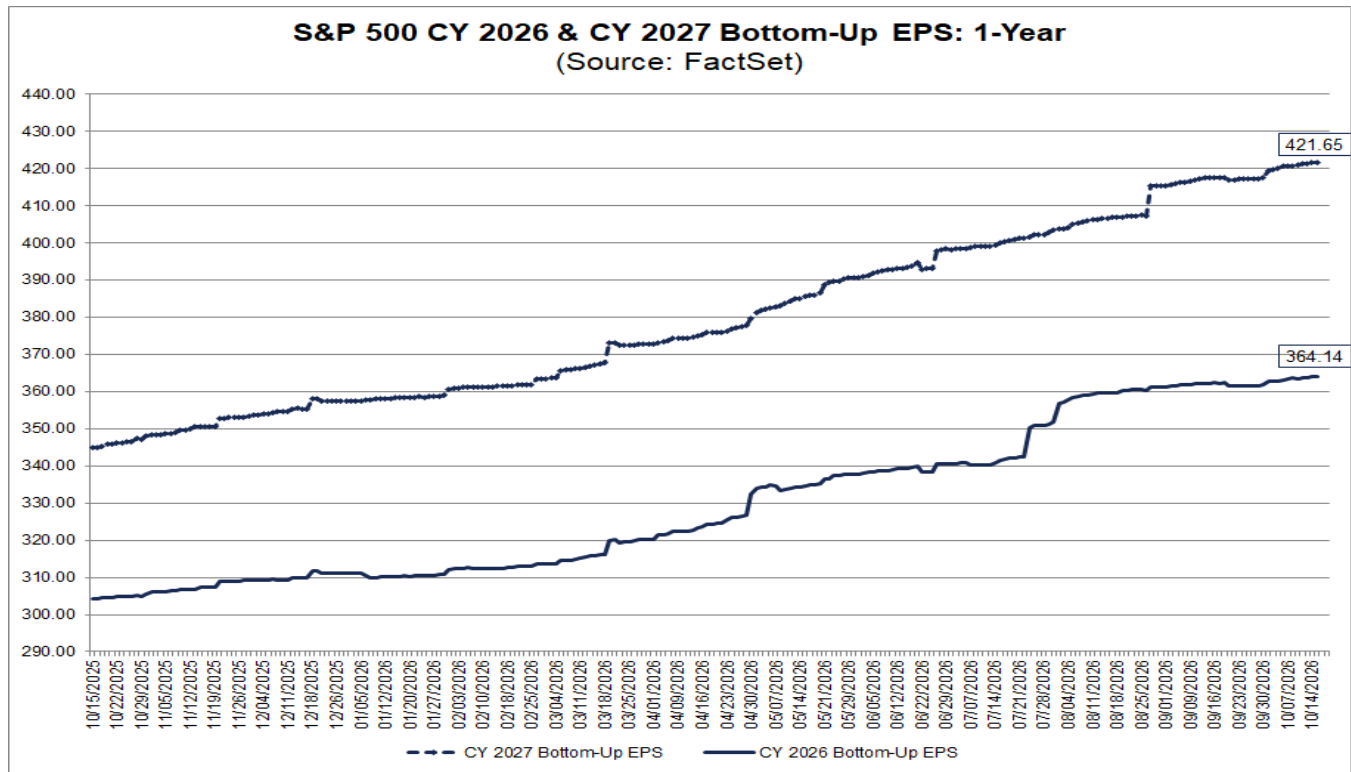
CY 2027: Growth



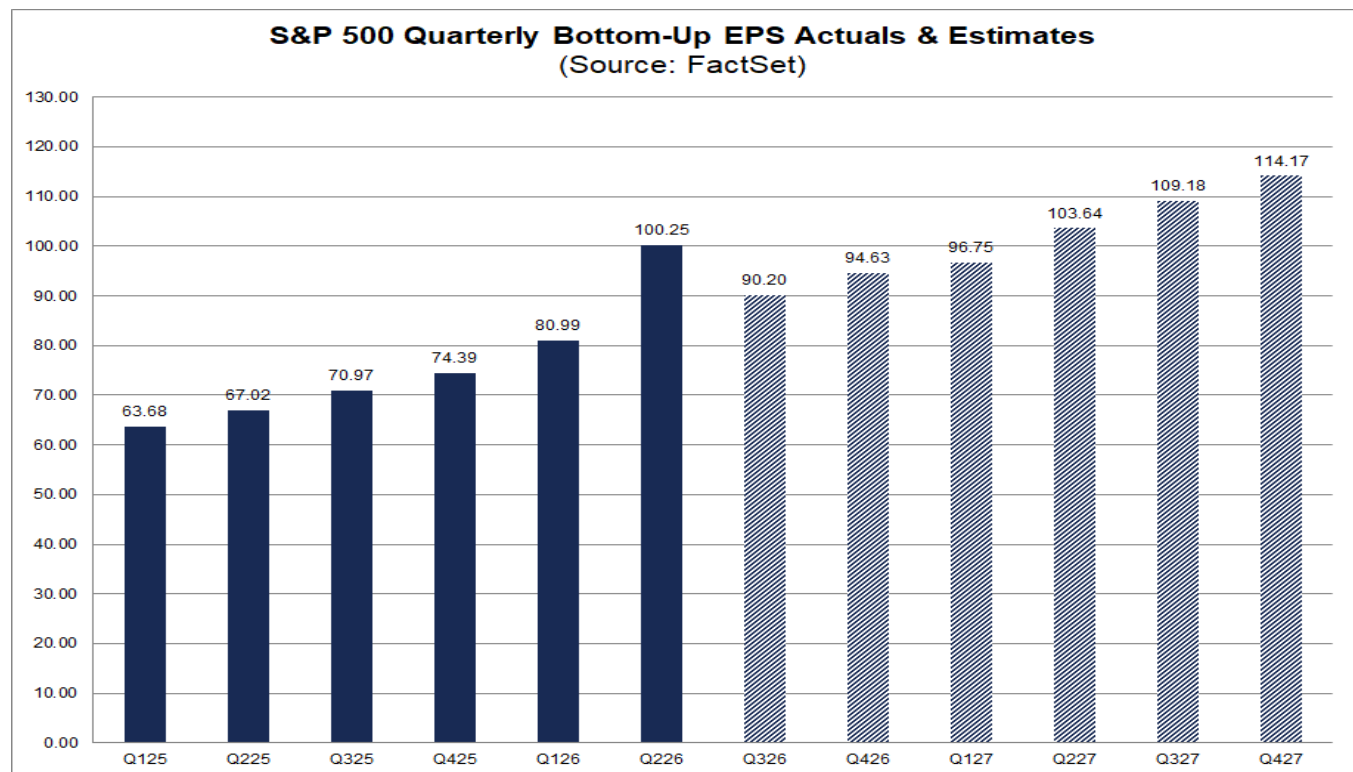
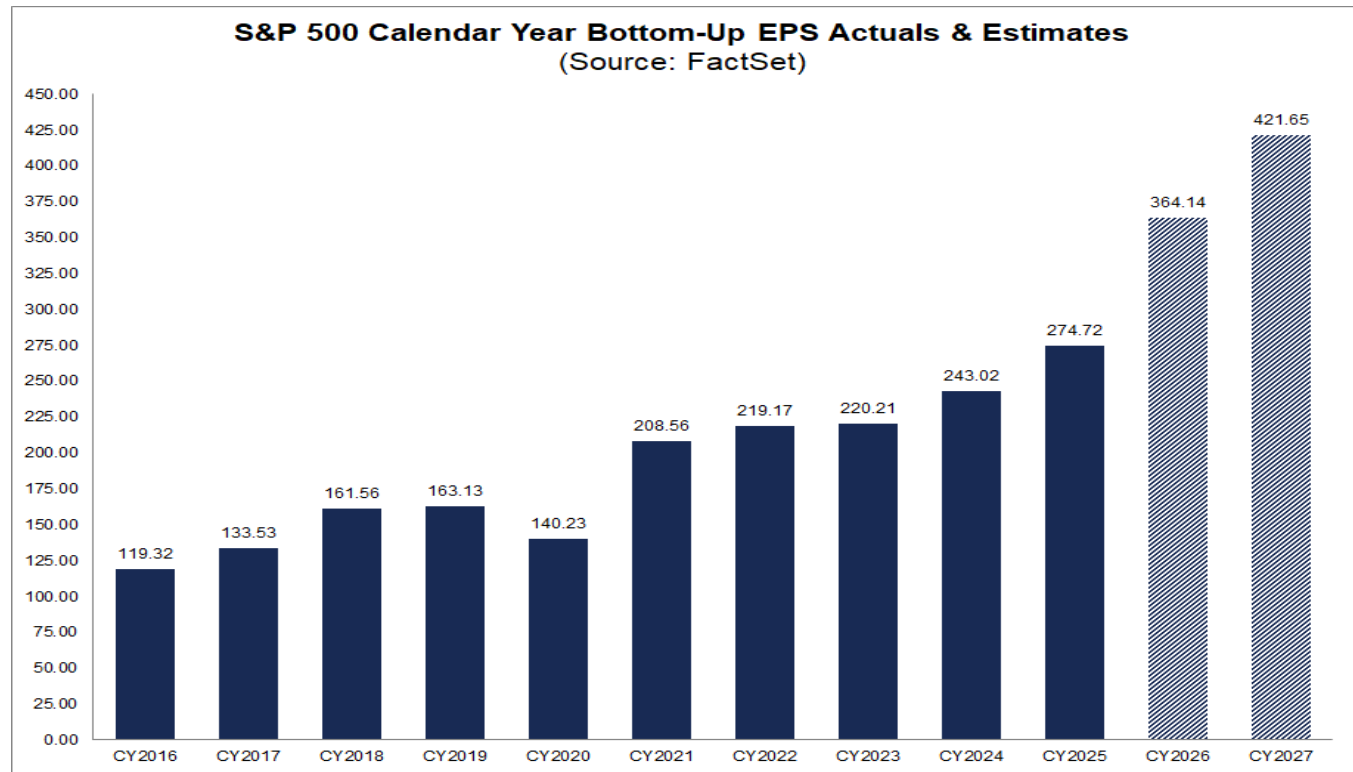
Geographic Revenue Exposure



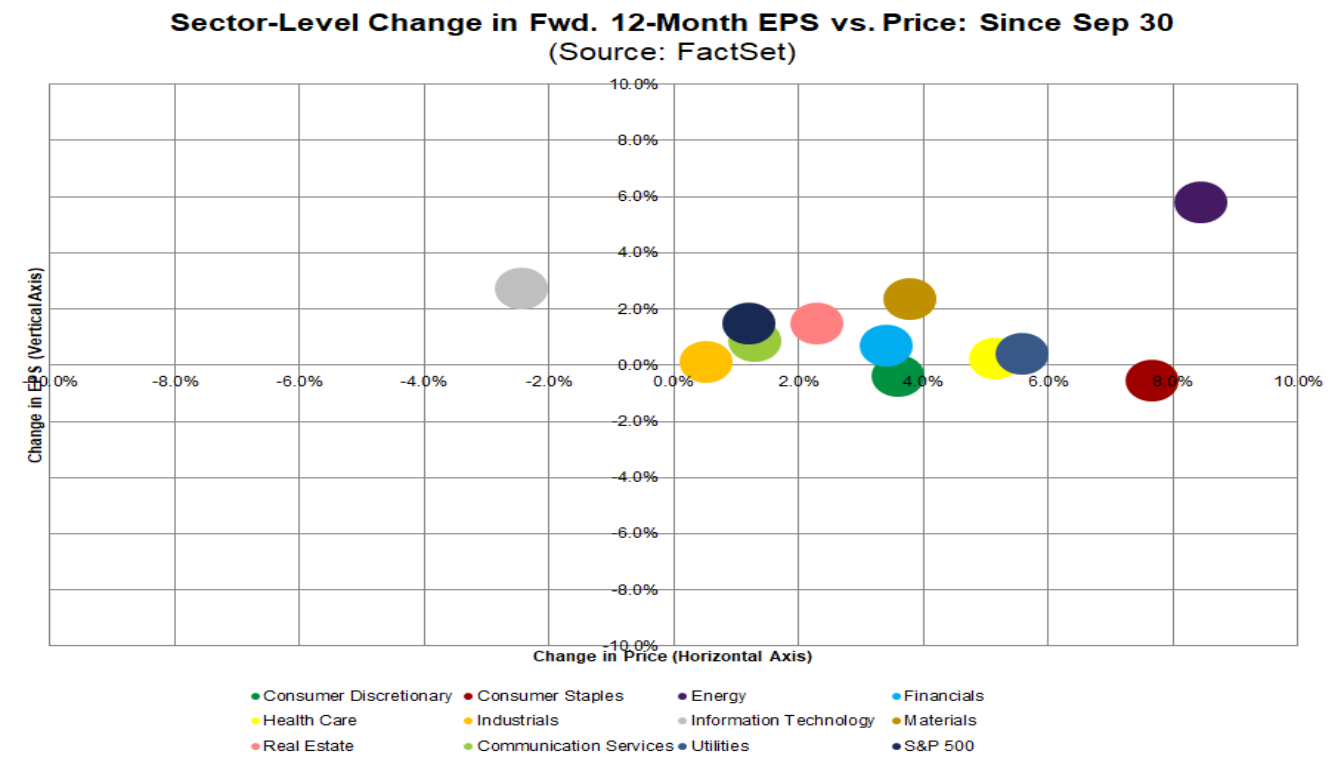
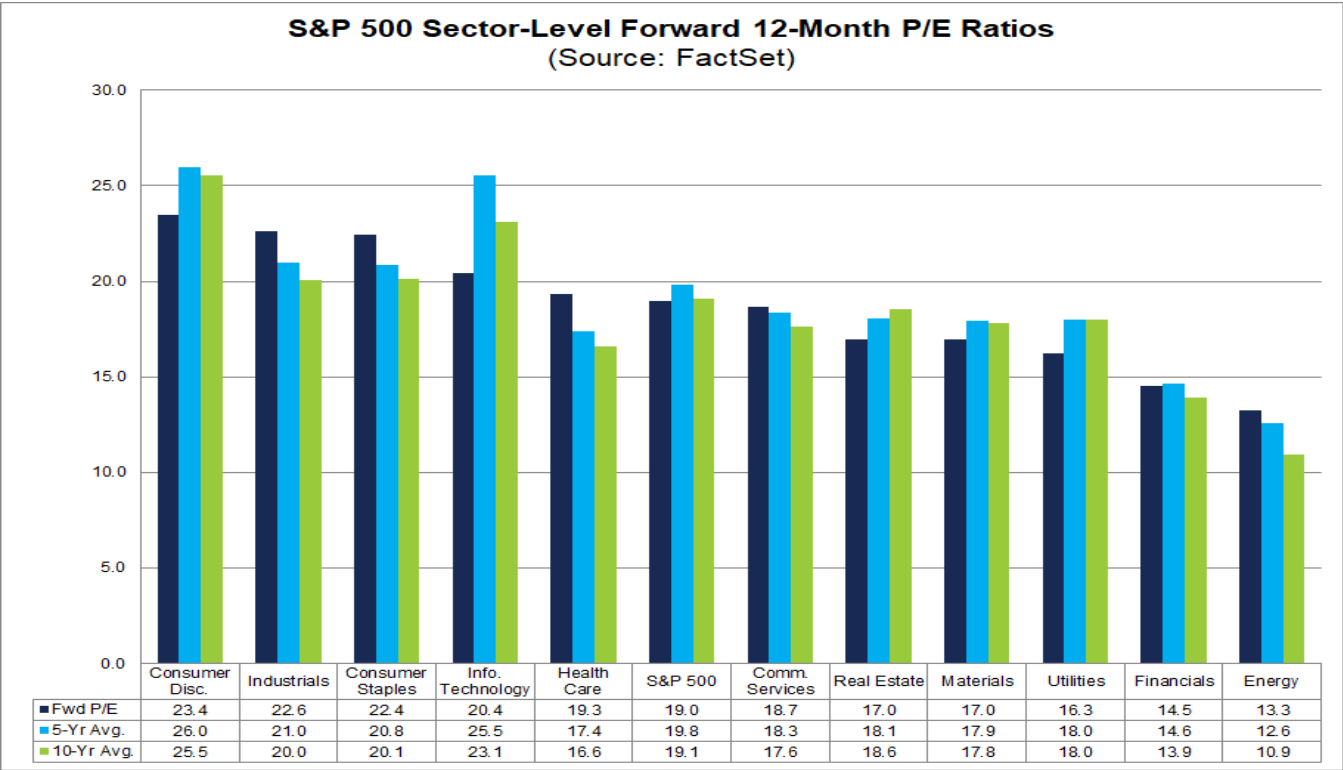
Bottom-Up EPS Estimates



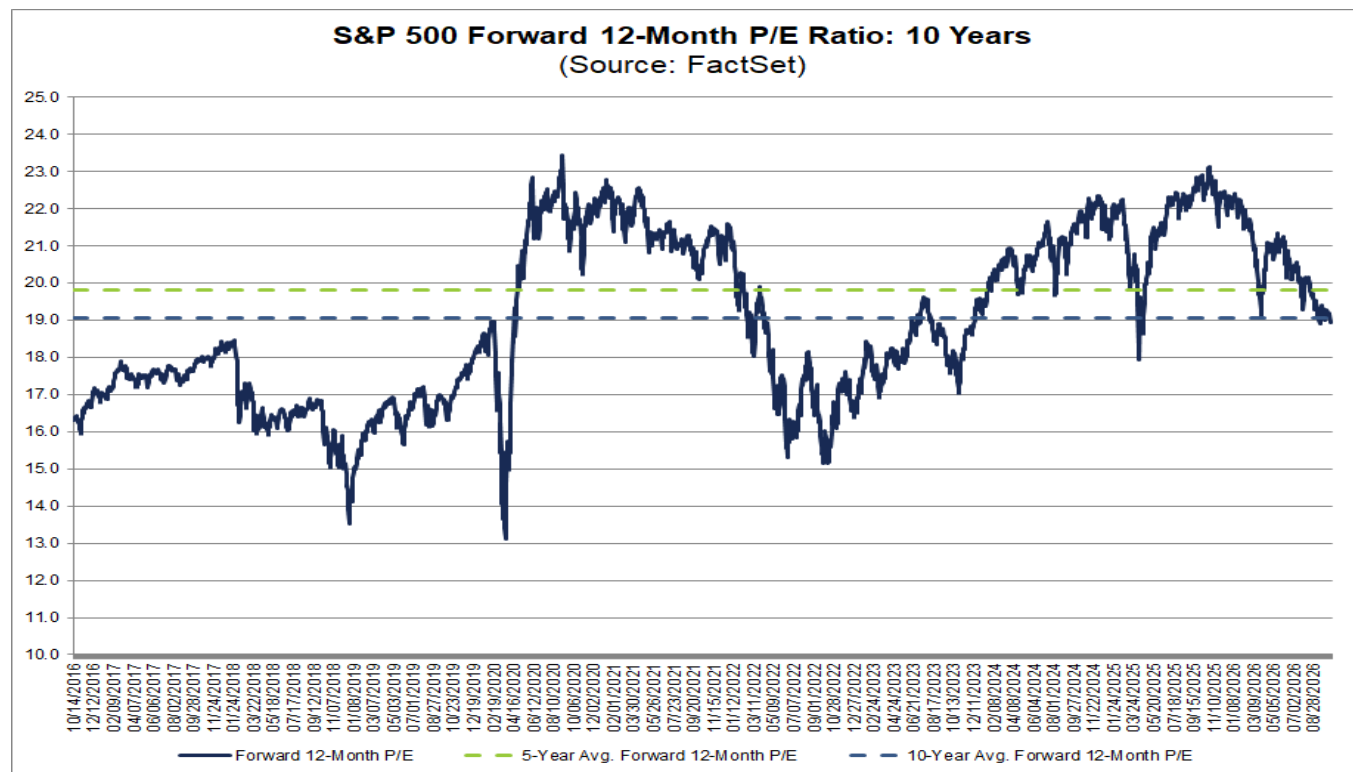
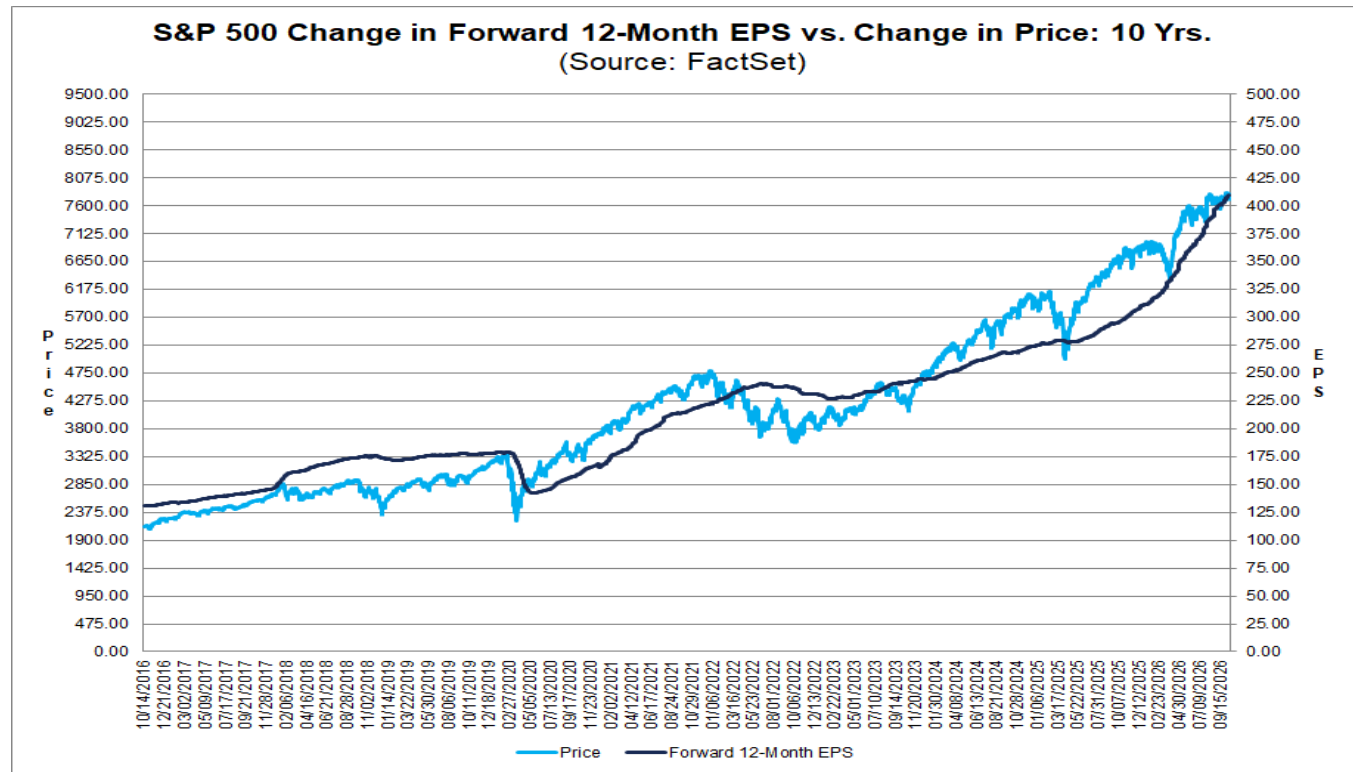
Bottom-Up EPS Estimates: Current & Historical



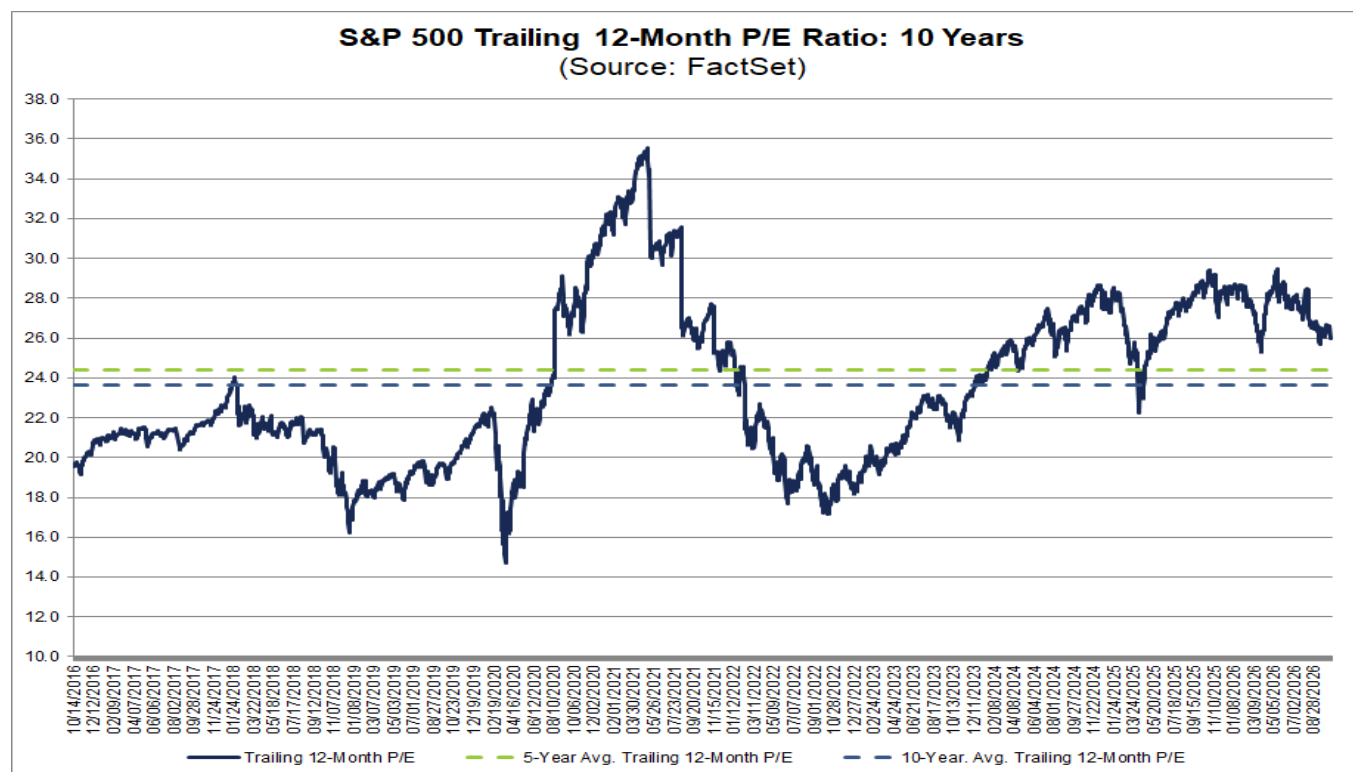
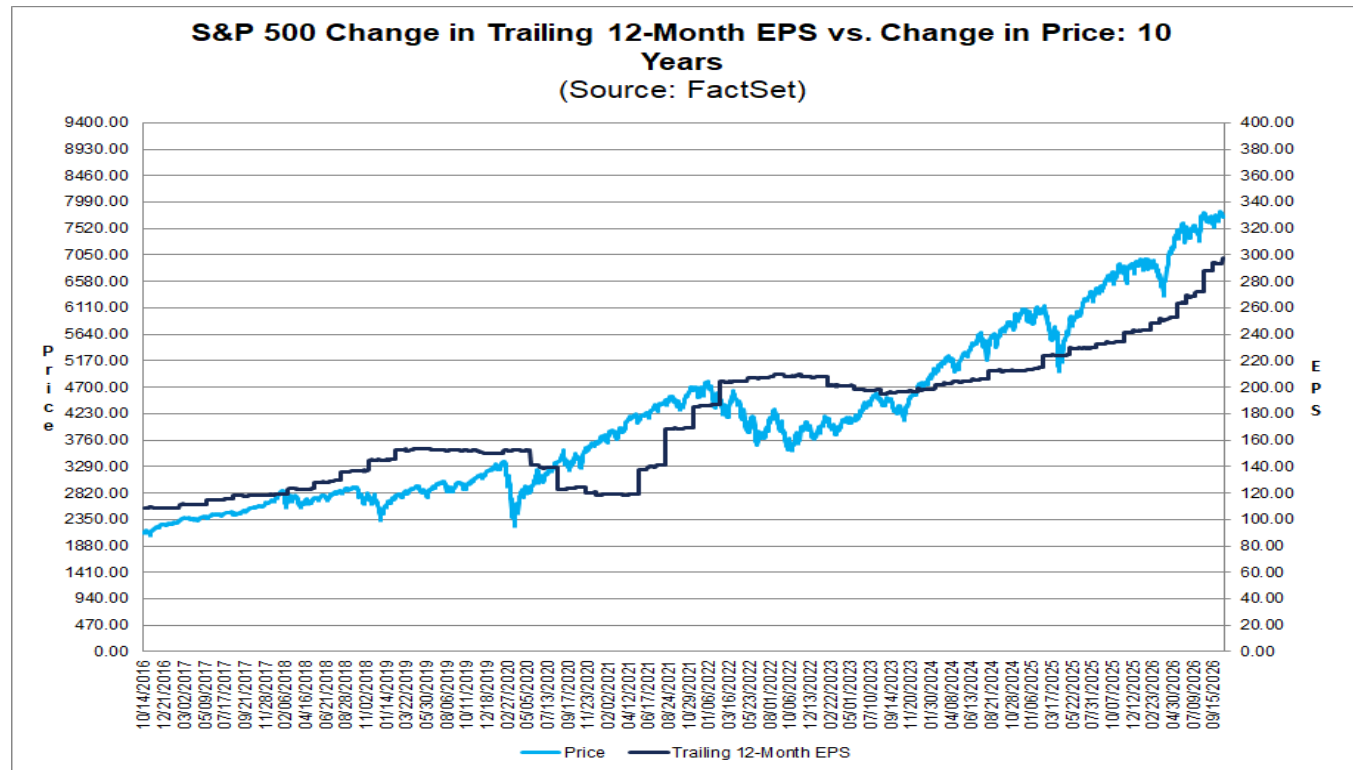
Forward 12M P/E Ratio: Sector Level



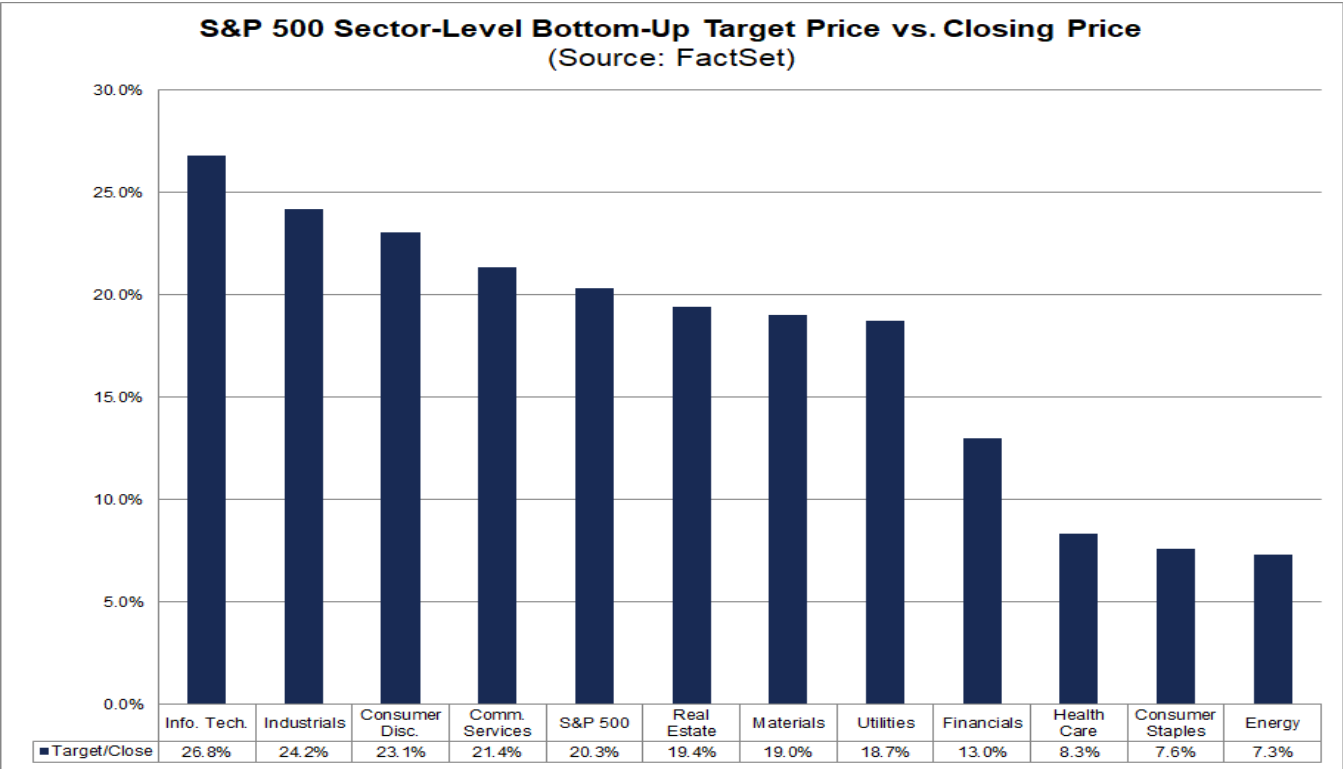
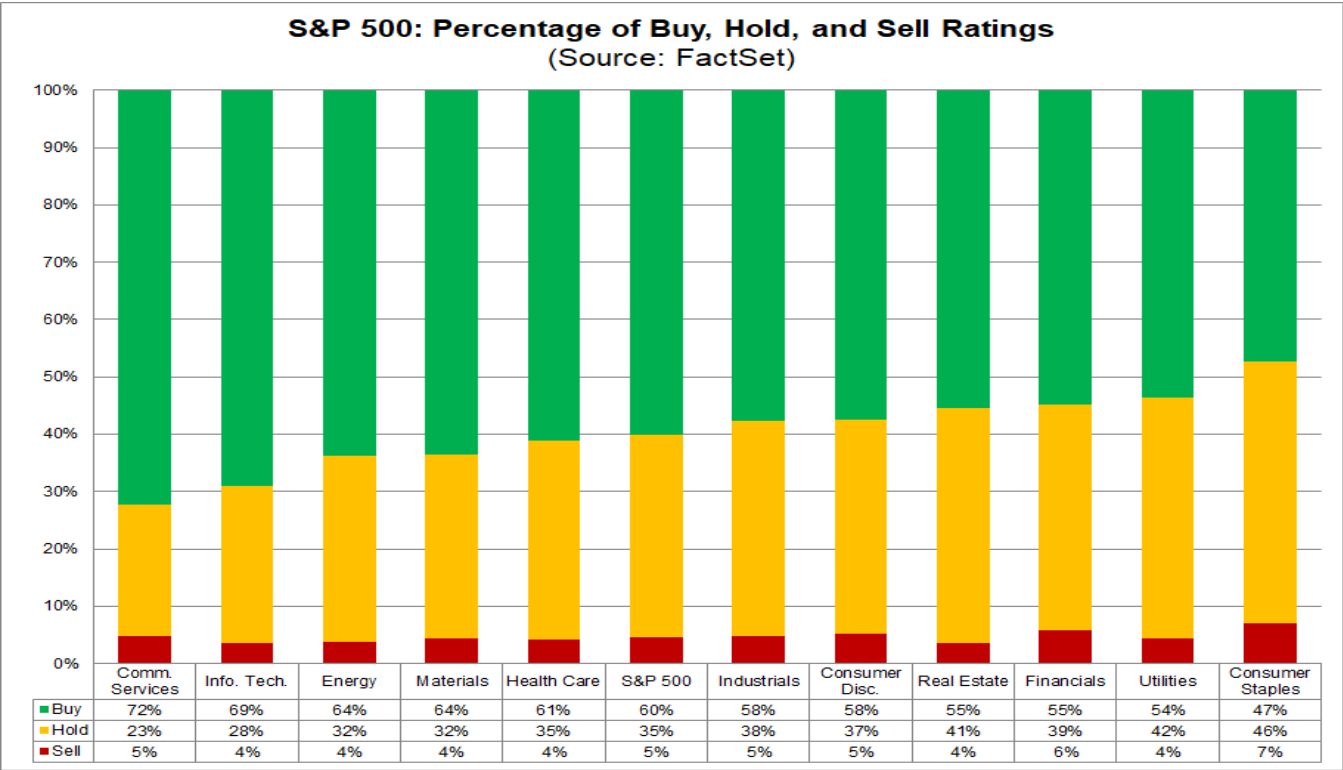
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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