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Key Metrics

- **Earnings Scorecard:** For Q3 2024 (with 14% of S&P 500 companies reporting actual results), 79% of S&P 500 companies have reported a positive EPS surprise and 64% of S&P 500 companies has reported a positive revenue surprise.
- **Earnings Growth:** For Q3 2024, the blended (year-over-year) earnings growth rate for the S&P 500 is 3.4%. If 3.4% is the actual growth rate for the quarter, it will mark the 5th straight quarter of year-over-year earnings growth for the index.
- **Earnings Revisions:** On September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q3 2024 was 4.3%. Five sectors are reporting lower earnings today (compared to September 30) due to downward revisions to EPS estimates and negative EPS surprises.
- **Earnings Guidance:** For Q4 2024, 9 S&P 500 companies have issued negative EPS guidance and 5 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 21.9. This P/E ratio is above the 5-year average (19.5) and above the 10-year average (18.1).

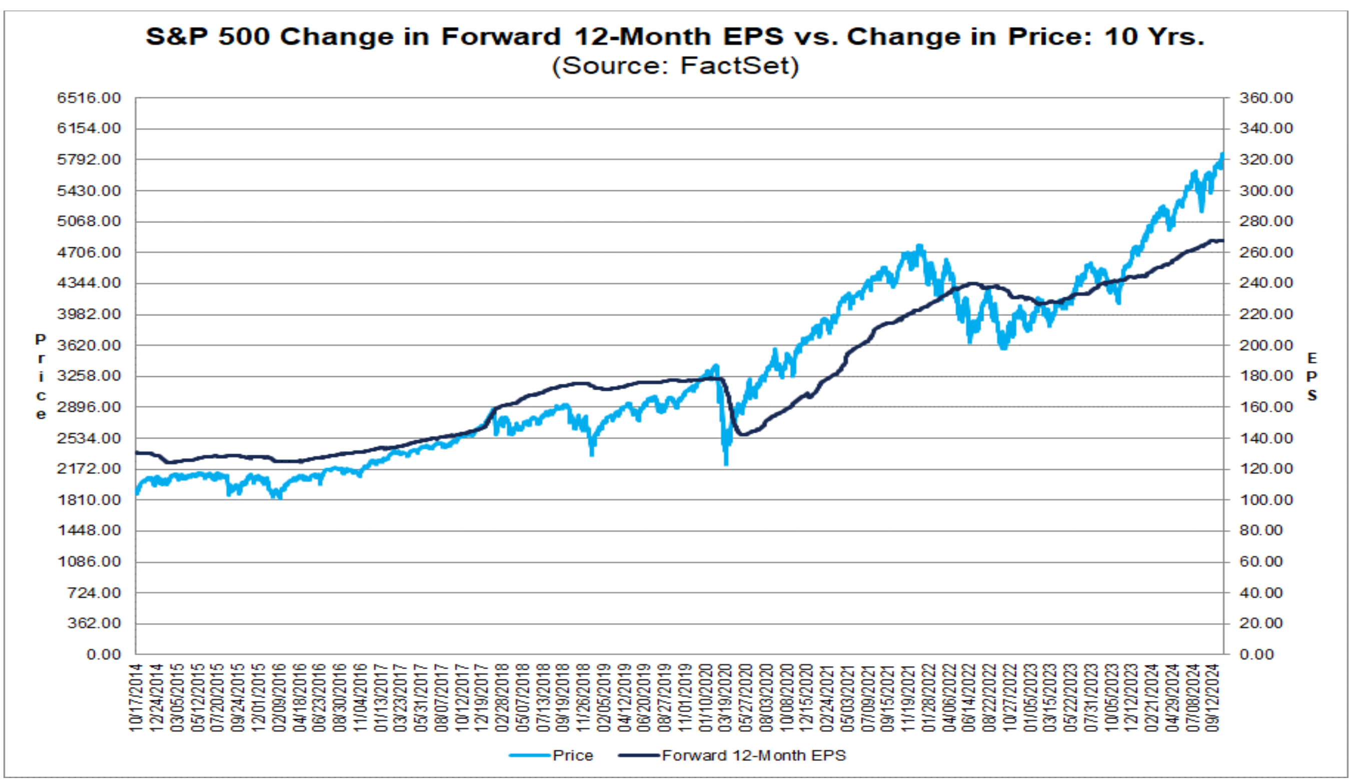

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Table of Contents

Commentary

Charts

Topic of the Week:

Are The "Magnificent 7" Companies Top Contributors to Earnings Growth for the S&P 500 for Q3?

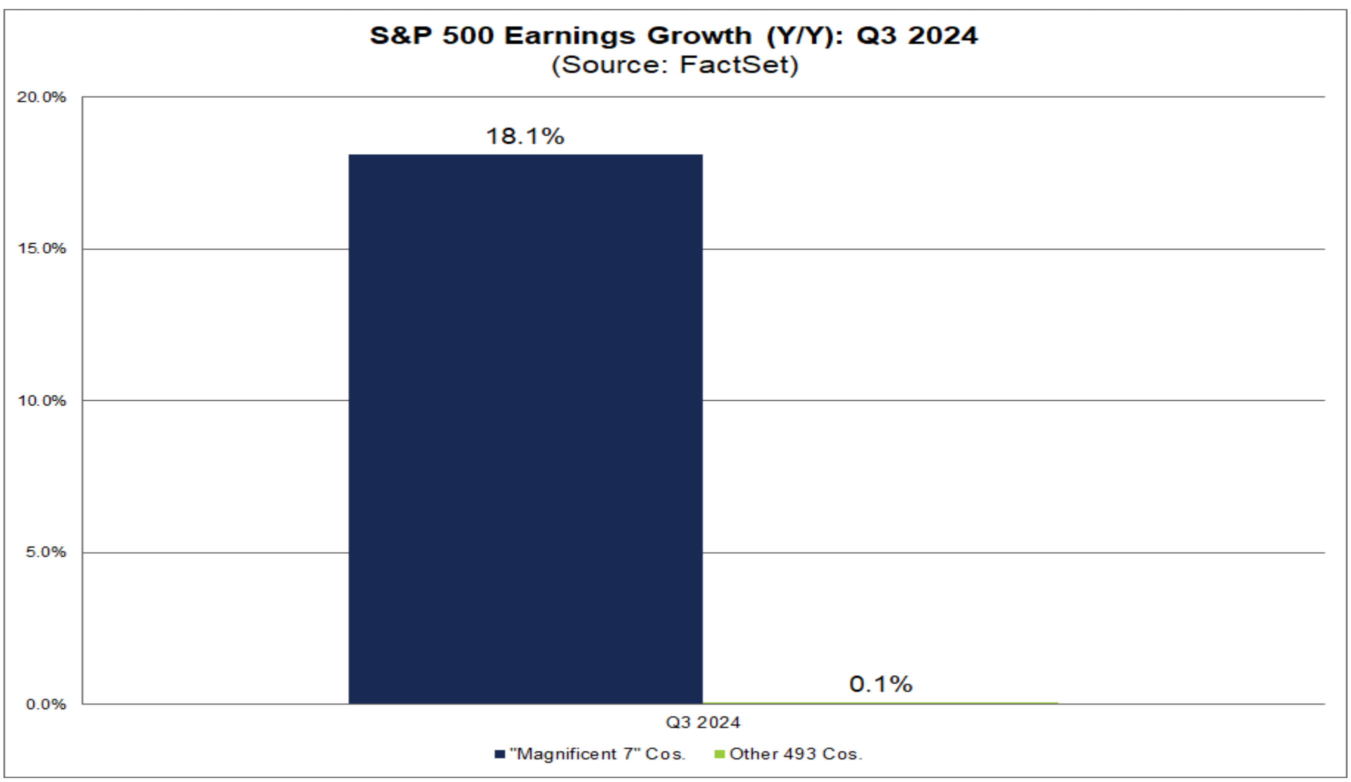
A number of the companies in the "Magnificent 7" have been the top contributors to year-over-year earnings growth for the S&P 500 in recent quarters. Are companies in the "Magnificent 7" also expected to drive earnings higher for the S&P 500 for the third quarter?

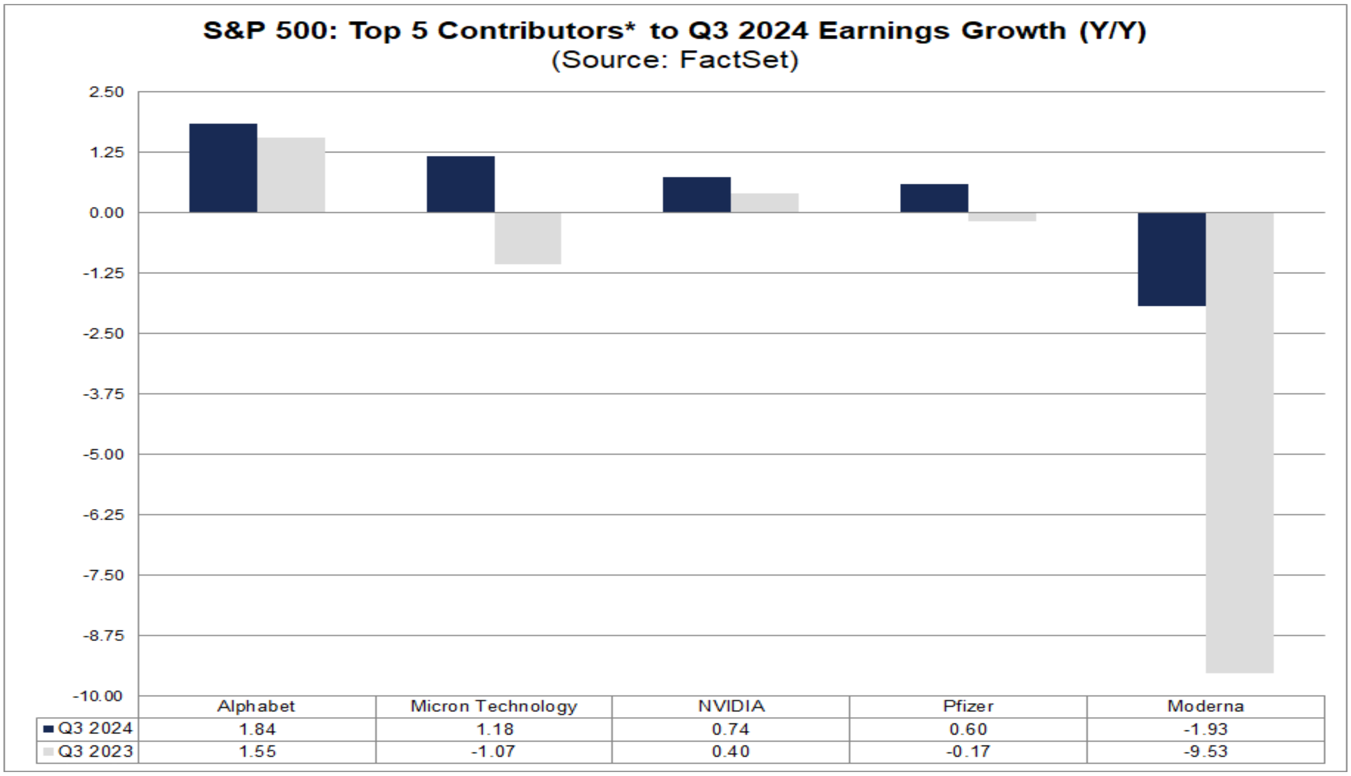
Overall, four of the companies in the "Magnificent 7" are projected to be among the top 10 contributors to year-over-year earnings growth for the S&P 500 for Q3 2024: NVIDIA, Alphabet, Amazon.com, and Meta Platforms.

However, NVIDIA and Alphabet are the only "Magnificent 7" companies expected to be among the top five contributors to year-over-year earnings growth for the S&P 500 for the third quarter. NVIDIA is expected to be the largest contributor to earnings growth for the S&P 500 for the third quarter. After NVIDIA, Pfizer, Moderna, and Micron Technology are the top contributors to year-over-year earnings growth. All three companies are benefitting from easier comparisons to losses reported in the year-ago quarter. Alphabet is projected to be the fifth-largest contributor to earnings growth.

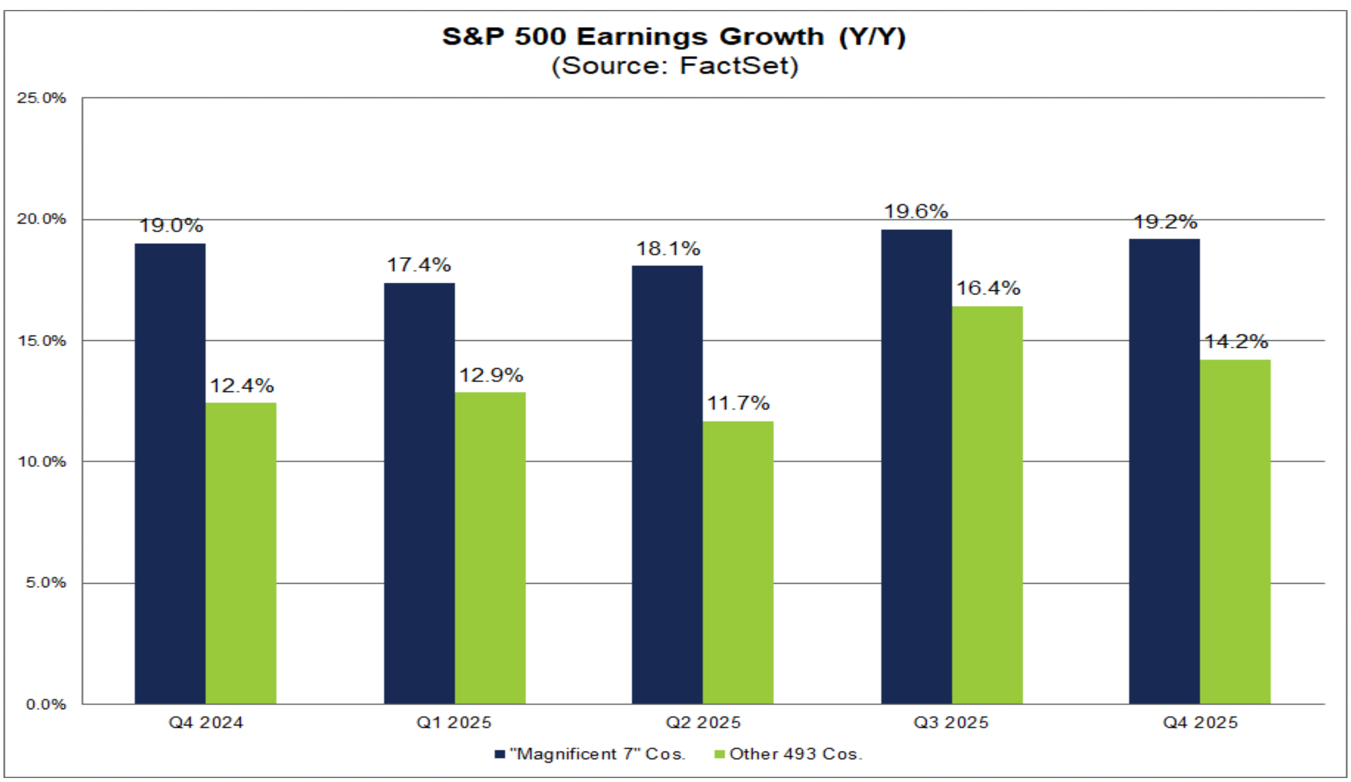
In aggregate, the "Magnificent 7" companies are expected to report year-over-year earnings growth of 18.1% for the third quarter. Excluding these seven companies, the blended (combines actual and estimated results) earnings growth rate for the remaining 493 companies in the S&P 500 would be 0.1% for Q3 2024. Overall, the blended earnings growth rate for the entire S&P 500 for Q3 2024 is 3.4%.

Analysts predict the companies in the "Magnificent 7" in aggregate will report double-digit earnings growth over the next five quarters as well. However, it is interesting to note that analysts believe the other 493 companies in the index will also report double-digit (year-over-year) earnings growth over the next five quarters. As a result, the S&P 500 overall is also expected to report double-digit earnings growth rates of 14.0%, 13.8%, 13.0%, 17.1%, and 15.4% for Q4 2024, Q1 2025, Q2 2025, Q3 2025, and Q4 2025, respectively.





* Companies are 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 is off to a mixed start. 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. In addition, analysts have continued to lower EPS estimates significantly for companies in three sectors since September 30. As a result, the index is reporting higher earnings for the third quarter today relative to the end of last week, but reporting lower earnings for the third quarter today relative to the end of the quarter. Overall, the index is reporting (year-over-year) earnings growth for the fifth-straight quarter. However, the index is also reporting its lowest earnings growth since Q2 2023 (-4.2%).

Overall, 14% of the companies in the S&P 500 have reported actual results for Q3 2024 to date. Of these companies, 79% have reported actual EPS above estimates, which is above the 5-year average of 77% and above the 10-year average of 74%. In aggregate, companies are reporting earnings that are 6.1% above estimates, which is below the 5-year average of 8.5% and below the 10-year average of 6.8%. 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, positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for a company in the Industrials sector, were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since September 30, downward revisions to EPS estimates for companies in the Industrials, Health Care, and Energy sectors, partially offset by positive EPS surprises reported by companies in the Financials 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 higher earnings for the third quarter today relative to the end of last week, but lower earnings today 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 3.4% today, compared to an earnings growth rate of 2.9% last week and an earnings growth rate of 4.3% at the end of the third quarter (September 30).

If 3.4% is the actual growth rate for the quarter, it will mark the fifth consecutive quarter of year-over-year earnings growth for the index. However, it will also mark the lowest earnings growth rate reported by the index since Q2 2023 (-4.2%).

Eight of the eleven sectors are reporting (or are projected to report) year-over-year growth, led by the Information Technology and Communication Services. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Energy sector.

In terms of revenues, 64% of S&P 500 companies have reported actual revenues above estimates, which is below the 5-year average of 69% but equal to the 10-year average of 64%. In aggregate, companies are reporting revenues that are 1.1% above the estimates, which is below the 5-year average of 2.0% and below the 10-year average of 1.4%. 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, positive revenue surprises reported by companies in the Health Care, Financials, and Consumer Staples sectors, partially offset by downward revisions to revenue estimates for companies in the Energy sector, were the largest contributors to the slight increase in the overall revenue growth rate for the index over this period. Since September 30, positive revenue surprises reported by companies in the Financials and Health Care sectors have been offset by downward revisions to revenue estimates for companies in the Energy and Industrials sectors, resulting in no change to the overall revenue growth rate for the index over this period.

As a result, the blended revenue growth rate for the third quarter is 4.7% today, compared to a revenue growth rate of 4.6% last week and a revenue growth rate of 4.7% at the end of the third quarter (September 30).

If 4.7% is the actual revenue growth rate for the quarter, it will mark the 16th consecutive quarter of revenue growth for the index.

Nine sectors are reporting (or are projected to report) year-over-year growth in revenues, led by the Information Technology sector. On the other hand, two sectors are reporting a year-over-year decline in revenues, led by the Energy sector.

Looking ahead, analysts expect (year-over-year) earnings growth rates of 14.0%, 13.8%, and 13.0% for Q4 2024, Q1 2025, and Q2 2025, respectively. For CY 2024, analysts are calling for (year-over-year) earnings growth of 9.4%. For CY 2025, analysts are predicting (year-over-year) earnings growth of 15.1%.

The forward 12-month P/E ratio is 21.9, which is above the 5-year average (19.5) and above the 10-year average (18.1). This P/E ratio is also above the forward P/E ratio of 21.6 recorded at the end of the third quarter (September 30).

During the upcoming week, 112 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the third quarter.

Scorecard: Percentage of Positive EPS Surprises Is Above Average

Percentage of Companies Beating EPS Estimates (79%) is Above 5-Year Average

Overall, 14% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 79% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 18% 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 (78%), above the 5-year average (77%), and above the 10-year average (75%). 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 Communication Services (100%), Information Technology (100%), and Real Estate (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Energy (50%) and Materials (50%) sectors have the lowest percentages of companies reporting earnings above estimates.

Earnings Surprise Percentage (+6.1%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 6.1% above expectations. This surprise percentage is above the 1-year average (+5.5%), below the 5-year average (+8.5%), and below the 10-year average (+6.8%). 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 Financials (+10.0%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Travelers Companies, ($5.24 vs. $3.66), Goldman Sachs ($8.40 vs. $6.89), Progressive Corporation ($4.46 vs. $3.69), Morgan Stanley ($1.88 vs. $1.59), and Citigroup ($1.51 vs. $1.31) have reported the largest positive EPS surprises.

The Consumer Discretionary (+9.1%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE ($0.70 vs. $0.52), Lennar ($4.26 vs. $3.65), and Domino's Pizza ($4.19 vs. $3.64) have reported the largest positive EPS surprises.

On the other hand, the Industrials (-2.2%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, FedEx Corporation ($3.60 vs. $4.40) and A. O. Smith Corporation ($0.82 vs. $0.95) have reported the largest negative EPS surprises.

The Energy (-1.7%) sector is reporting the second-largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Kinder Morgan ($0.25 vs. $0.27) has reported the largest negative EPS surprise.

Market Rewarding Positive EPS Surprises More Than Average

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

Companies that have reported positive earnings surprises for Q3 2024 have seen an average price increase of +2.6% two days before the earnings release through two days after the earnings release. This percentage increase is well above the 5-year average price increase of +1.0% during this same window for companies reporting positive earnings surprises.

Companies that have reported negative earnings surprises for Q3 2024 have seen an average price decrease of -2.2% two days before the earnings release through two days after the earnings. This percentage decrease is nearly equal to the 5-year average price decrease of -2.3% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (64%) is Below 5-Year Average

In terms of revenues, 64% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 36% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (62%), below the 5-year average (69%), and equal to the 10-year average (64%). 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 Communication Services (100%), Health Care (100%), and Information Technology (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Energy (0%) 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 above the 1-year average (+0.8%), below the 5-year average (+2.0%), and below the 10-year average (+1.4%). 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 Health Care (+1.9%) and Financials (+1.8%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Energy sector (-3.4%) is reporting the largest negative (aggregate difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Financials Sector

Increase in Blended Earnings This Week Due to Financials Sector

The blended (year-over-year) earnings growth rate for the third quarter is 3.4%, which is above the earnings growth rate of 2.9% last week. Positive EPS surprises reported by companies in the Financials sector, partially offset by downward revisions to EPS estimates for a company in the Industrials sector, were the largest contributors to the increase in the overall earnings growth rate during the past week.

In the Financials sector, the positive EPS surprises reported by Goldman Sachs ($8.40 vs. $6.99), Progressive Corporation ($4.46 vs. $3.69), Morgan Stanley ($1.88 vs. $1.59), Citigroup ($1.51 vs. $1.31), Bank of America ($0.81 vs. $0.76), and Travelers Companies ($5.24 vs. $3.66) were substantial contributors to the increase in the earnings growth rate for the index during the past week. As a result, the blended earnings growth rate for the Financials sector increased to 4.9% from 1.4% over this period.

In the Industrials sector, downward revisions to EPS estimates for Boeing (to -$7.87 from -$6.25) were the largest detractor to the increase in the overall earnings growth rate during the past week. As a result, the blended earnings decline for the Industrials sector increased to -8.4% from -6.0% over this period.

Increase in Blended Revenues This Week Due to Multiple Sectors

The blended (year-over-year) revenue growth rate for the third quarter is 4.7%, which is slightly above the revenue growth rate of 4.6% last week. During the past week, positive revenue surprises reported by companies in the Health Care, Financials, and Consumer Staples sectors, partially offset by downward revisions for companies in the Energy sector, were the largest contributors to the slight increase in the overall revenue growth rate for the index over this period.

Industrials and Health Care Sectors Have Seen Largest Decreases in Earnings since September 30

The blended (year-over-year) earnings growth rate for Q3 2024 of 3.4% is below the estimate of 4.3% 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 EPS estimates and negative earnings surprises, led by the Industrials (to -8.4% from 1.3%), Energy (to -26.0% from -19.1%), and Health Care (to 5.7% from 11.1%) sectors. These three sectors have also been the largest contributors to the decrease in earnings 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 earnings estimates and positive earnings surprises, led by the Financials (to 4.9% from -0.5%) sector. The Financials sector has also been the largest detractor to the decrease in earnings for the index since September 30

In the Industrials sector, downward revisions to EPS estimates for Boeing (to -$7.87 from -$1.23) have been the largest contributor to the decrease in the overall earnings growth rate for the index since September 30. On October 11, Boeing provided preliminary earnings numbers for Q3 that were below the expectations of analysts. As a result, the Industrials sector is now reporting a year-over-year decline in earnings of -8.4% compared to earnings growth of 1.3% on September 30.

In the Health Care sector, downward revisions to EPS estimates for Eli Lilly & Company (to $1.45 from $4.50) have been the second-largest contributor to the decrease in the overall earnings growth rate for the index since September 30. During the week of October 7, the majority of analysts covering Eli Lilly & Company lowered their non-GAAP EPS estimates to reflect IPR&D charges of $3.08. As a result, the blended earnings growth rate for the Health Care sector has decreased to 5.7% from 11.1% over this period.

In the Energy sector, downward revisions to EPS estimates for Exxon Mobil (to $1.89 from $2.00), Marathon Petroleum (to $1.04 from $2.25), Valero Energy (to $0.98 from $2.07), and Chevron (to $2.58 from $2.76) have been significant contributors to the decrease in the overall earnings growth rate since September 30. As a result, the blended earnings decline for the Energy sector has increased to -26.0% from -19.1% over this period.

In the Financials sector, the positive EPS surprises reported by JPMorgan Chase ($4.37 vs. $3.99), Progressive Corporation ($.46 vs. $3.69), Well Fargo ($1.42 vs. $1.28), and Morgan Stanley ($1.88 vs. $1.59) have been substantial detractors to the decrease in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Financials sector has increased to 4.9% from -0.5% over this period.

Financials Sector Has Seen Largest Increase in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q2 2024 of 4.7% is equal to the estimate of 4.7% at the end of the third quarter (September 30). Four 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 Real Estate (to 6.0% from 4.7%) and Financials (to 4.9% from 3.9%) sectors. The Financials and Health Care sectors have been the largest positive contributors to revenues for the index since the end of the quarter. On the other hand, seven sectors have recorded a decrease in their revenue growth rate or an increase in their revenue decline since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises, led by the Energy (to -4.7% from -2.8%) sector. The Energy and Industrials sectors have been the largest negative contributors to revenues for the index since the end of the quarter.

In the Financials sector, the positive revenue surprises reported by JPMorgan Chase ($43.30 billion vs. $41.43 billion) and Morgan Stanley ($15.38 billion vs. $14.35 billion) and the upward revisions to revenue estimates for Prudential (to $14.89 billion from $13.66 billion) have been substantial positive contributors to revenues for the index since September 30. As a result, the blended revenue growth rate for the Financials sector has increased to 4.9% from 3.9% over this period.

In the Health Care sector, the positive revenue surprises reported by UnitedHealth Group ($100.82 billion vs. $99.14 billion) and Elevance Health ($44.72 billion vs. $43.47 billion) have been significant positive contributors to revenues for the index since September 30. As a result, the blended revenue growth rate for the Health Care sector has increased to 7.3% from 6.9% over this period.

In the Energy sector, downward revisions to revenue estimates for Valero Energy (to $31.04 billion from $33.13 billion), Exxon Mobil (to $94.55 billion from $96.31 billion), and Chevron (to $49.09 billion from $50.18 billion) have been substantial negative contributors to revenues for the index since September 30. As a result, the blended revenue decline for the Energy sector has increased to -4.7% from -2.8% over this period.

In the Industrials sector, downward revisions to revenue estimates for Boeing (to $18.11 billion from $18.97 billion) have been a significant negative contributor to revenues for the index since September 30. As a result, the Industrials sector is now reporting a year-over-year decline in revenues of -0.1% compared to revenue growth of 0.3% on September 30.

Earnings Growth: 3.4%

The blended (year-over-year) earnings growth rate for Q3 2024 is 3.4%, which is below the 5-year average earnings growth rate of 10.0% and below the 10-year average earnings growth rate of 8.5%. If 3.4% is the actual growth rate for the quarter, it will mark the fifth consecutive quarter of year-over-year earnings growth for the index. However, it will also mark the lowest earnings growth rate reported by the index since Q2 2023 (-4.2%).

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

Information Technology: NVIDA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 15.6%. At the industry level, 5 of the 6 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Semiconductors & Semiconductor Equipment (37%), Technology Hardware, Storage, & Peripherals (14%), Software (7%), Electronic Equipment, Instruments, & Components (5%), and IT Services (2%). On the other hand, the Communications Equipment (-16%) industry is the only industry predicted to report a year-over-year decline in earnings.

At the company level, NVIDIA ($0.74 vs. $0.40) is the largest contributor to earnings growth for the sector. If this company were excluded, the blended (year-over-year) earnings growth rate for the Information Technology sector would fall to 8.2% from 15.6%.

Communication Services: Alphabet and Meta Platforms Lead Year-Over-Year Growth

The Communication Services sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 10.6%. At the industry level, 3 of the 5 industries in the sector are reporting (or are predicted to report) year-over-year earnings growth. All three industries are reporting (or are projected to report) double-digit growth: Entertainment (34%), Wireless Telecommunication Services (32%), and Interactive Media & Services (16%), and. On the other hand, two industries are reporting (or are expected to report) a year-over-year decline in earnings: Diversified Telecommunication Services (-7%) and Media (-5%).

At the company level, Alphabet ($1.84 vs. $1.55) and Meta Platforms ($5.21 vs. $4.39) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended (year-over-year) earnings growth rate for Communication Services sector would fall to 4.0% from 10.6%.

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) earnings decline of all eleven sectors at -26.0%. 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 2024 ($75.27) was 8% below the average price for oil in Q3 2023 ($82.22). 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 Refining & Marketing (-83%), Oil & Gas Exploration & Production (-16%), and Integrated Oil & Gas (-13%). On the other hand, two sub-industries are reporting (or are predicted to report) year-over-year growth in earnings: Oil & Gas Equipment & Services (13%) and Oil & Gas Storage & Transportation (12%). The Oil & Gas Refining & Marketing sub-industry is also the largest contributor to the earnings decline for this sector. If this sub-industry were excluded, the blended (year-over-year) earnings decline for the Energy sector would improve to -10.2% from -26.0%.

Revenue Growth: 4.7%

The blended (year-over-year) revenue growth rate for Q3 2024 is 4.7%, which is below the 5-year average revenue growth rate of 6.8% and below the 10-year average revenue growth rate of 5.1%. If 4.7% is the actual growth rate for the quarter. it will mark the 16th consecutive quarter of revenue growth for the index.

At the sector level, nine sectors are reporting (or are expected to report) year-over-year growth in revenues, led by the Information Technology sector. On the other hand, two sectors are reporting a year-over-year decline in revenues, led by the Energy sector.

Information Technology: 4 of 6 Industries Reporting Year-Over-Year Growth

The Information Technology sector is reporting the highest (year-over-year) revenue growth rate of all eleven sectors at 11.7%. At the industry level, 4 of the 6 industries in the sector are reporting (or are predicted to report) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (25%), Software (12%), Technology Hardware, Storage, & Peripherals (11%), and IT Services (2%). On the other hand, two industries are reporting (or are expected to report) a year-over-year decline in revenue: Communications Equipment (-3%) and Electronic Equipment, Instruments, & Components (-2%).

Energy: 3 of 5 Sub-Industries Reporting Year-Over-Year Decline

The Energy sector is reporting the largest (year-over-year) revenue decline of all eleven sectors at -4.9%. At the sub-industry level, three sub-industries are predicted to report a year-over-year decline in revenue: Oil & Gas Refining & Marketing (-15%), Oil & Gas Exploration & Production (-2%), and Integrated Oil & Gas (-1%). On the other hand, 2 sub-industries in the sector are reporting year-over-year revenue growth: Oil & Gas Storage & Transportation (12%) and Oil & Gas Equipment & Services (7%).

Net Profit Margin: 12.0%

The blended net profit margin for the S&P 500 for Q3 2024 is 12.0%, which is below the previous quarter's net profit margin of 12.2% and below the year-ago net profit margin of 12.2%, but above the 5-year average of 11.5%.

At the sector level, two sectors are reporting a year-over-year increase in their net profit margins in Q3 2024 compared to Q3 2023, led by the Information Technology (24.7% vs. 23.9%) sector. On the other hand, eight sectors are reporting (or are expected to report) a year-over-year decrease in their net profit margins in Q3 2024 compared to Q3 2023, led by the Energy (8.3% vs. 10.6%) sector. The Financials sectors is reporting no change in its net profit margin (17.9%) compared to the year-ago quarter.

Six sectors are reporting (or are expected to report) net profit margins in Q3 2024 that are above their 5-year averages, led by the Consumer Discretionary (9.2% vs. 6.7%) sector. On the other hand, five sectors are reporting net profit margins in Q3 2024 that are below their 5-year averages, led by the Health Care (7.8% vs. 9.7%) and Materials (9.5% vs. 11.2%) sectors.

Forward Estimates

Guidance: Negative Guidance Percentage for Q4 is Above 5-Year and 10-Year Averages

At this point in time, 14 companies in the index have issued EPS guidance for Q4 2024. Of these 14 companies, 9 have issued negative EPS guidance and 5 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2024 is 64% (9 out of 14), which is above the 5-year average of 58% and above the 10-year average of 62%.

At this point in time, 269 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 269 companies, 124 have issued negative EPS guidance and 145 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 46% (124 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: S&P 500 Expected to Report Earnings Growth of 9% for CY 2024

For the third quarter, S&P 500 companies are reporting year-over-year growth in earnings of 3.4% and year-over-year growth in revenues of 4.7%.

For Q4 2024, analysts are projecting earnings growth of 14.0% and revenue growth of 5.0%.

For CY 2024, analysts are projecting earnings growth of 9.4% and revenue growth of 5.0%.

For Q1 2025, analysts are projecting earnings growth of 13.8% and revenue growth of 5.5%.

For Q2 2025, analysts are projecting earnings growth of 13.0% and revenue growth of 5.4%.

For CY 2025, analysts are projecting earnings growth of 15.1% and revenue growth of 5.9%.

Valuation: Forward P/E Ratio is 21.9, Above the 10-Year Average (18.1)

The forward 12-month P/E ratio for the S&P 500 is 21.9. This P/E ratio is above the 5-year average of 19.5 and above the 10-year average of 18.1. It is also above the forward 12-month P/E ratio of 21.6 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 1.4%, while the forward 12-month EPS estimate has increased by 0.2%. At the sector level, the Information Technology (29.5) sector has the highest forward 12-month P/E ratio, while the Energy (13.8) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 27.4, which is above the 5-year average of 23.9 and above the 10-year average of 21.8.

Targets & Ratings: Analysts Project 9% Increase in Price Over Next 12 Months

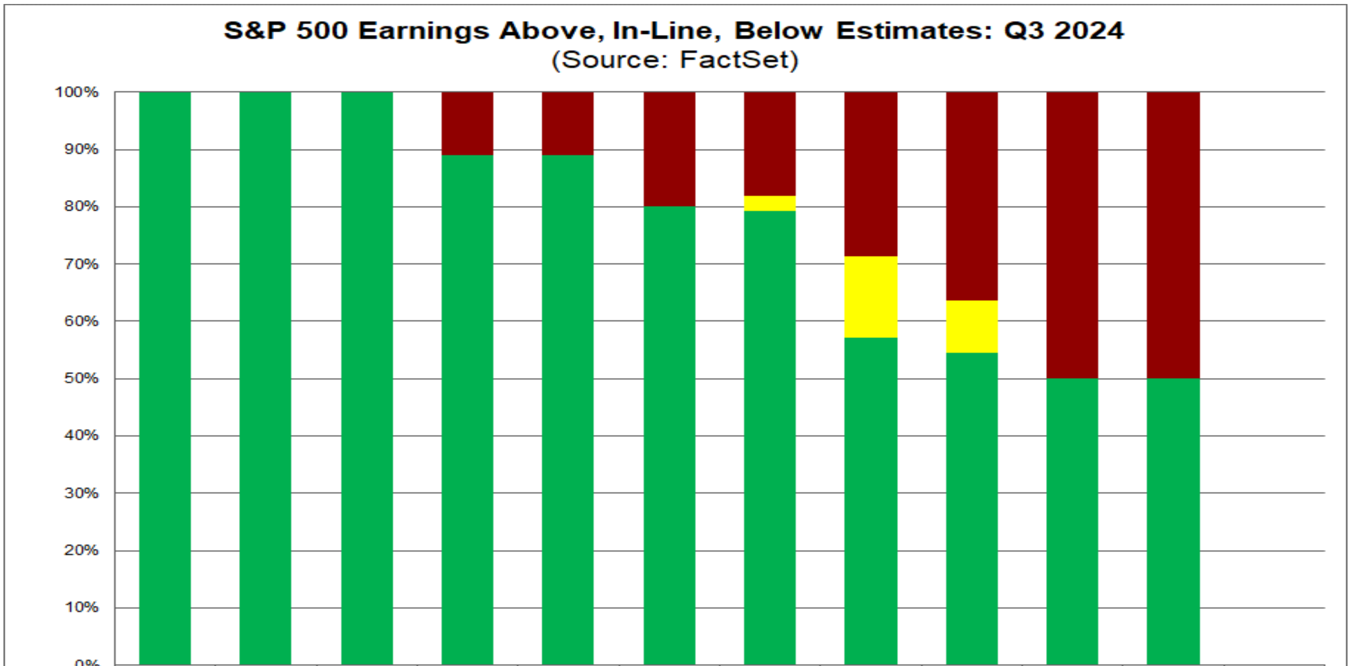
The bottom-up target price for the S&P 500 is 6377.19, which is 9.2% above the closing price of 5841.47. At the sector level, the Communication Services (14.1%) and Energy (12.3%) sectors are expected to see the largest price increases, as these sectors have the largest upside differences between the bottom-up target price and the closing price. On the other hand, the Utilities (+3.6%) and Industrials (+4.2%) 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 12,017 ratings on stocks in the S&P 500. Of these 12,017 ratings, 54.1% are Buy ratings, 40.3% are Hold ratings, and 5.6% are Sell ratings. At the sector level, the Communication Services (63%), Energy (62%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

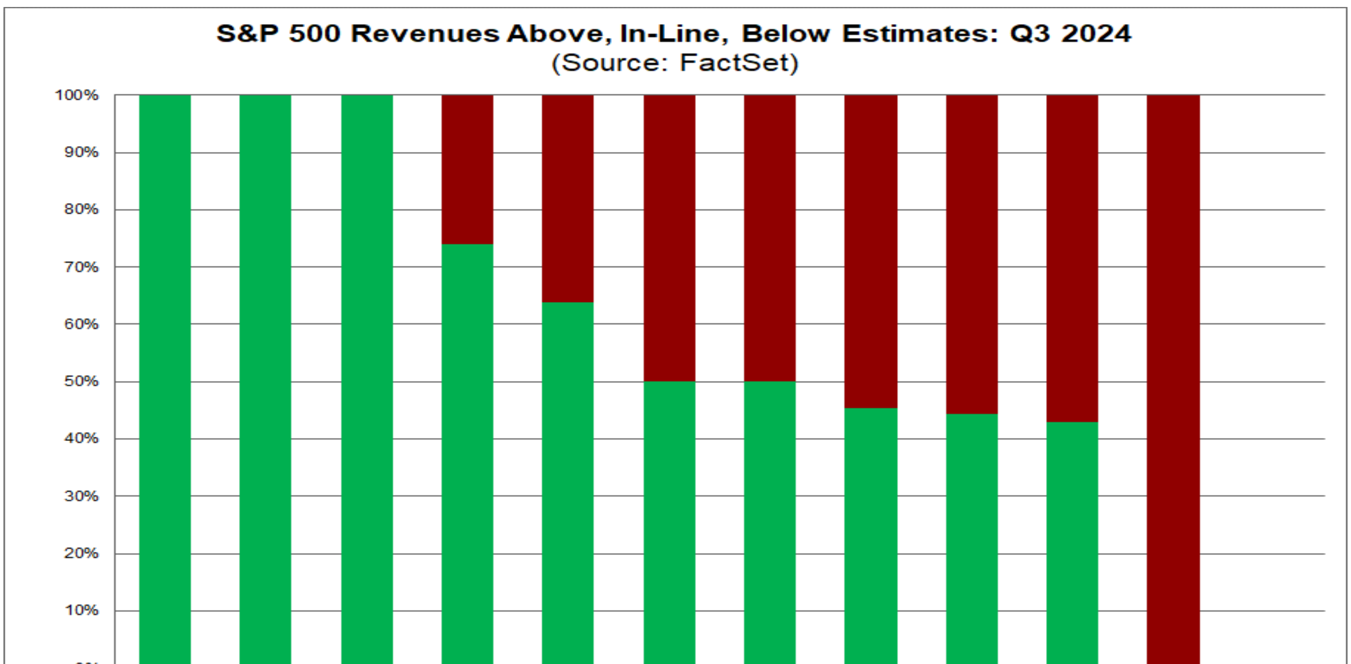
Companies Reporting Next Week: 112

During the upcoming week, 112 S&P 500 companies (including 7 Dow 30 components) are scheduled to report results for the third quarter.

Q3 2024: Scorecard

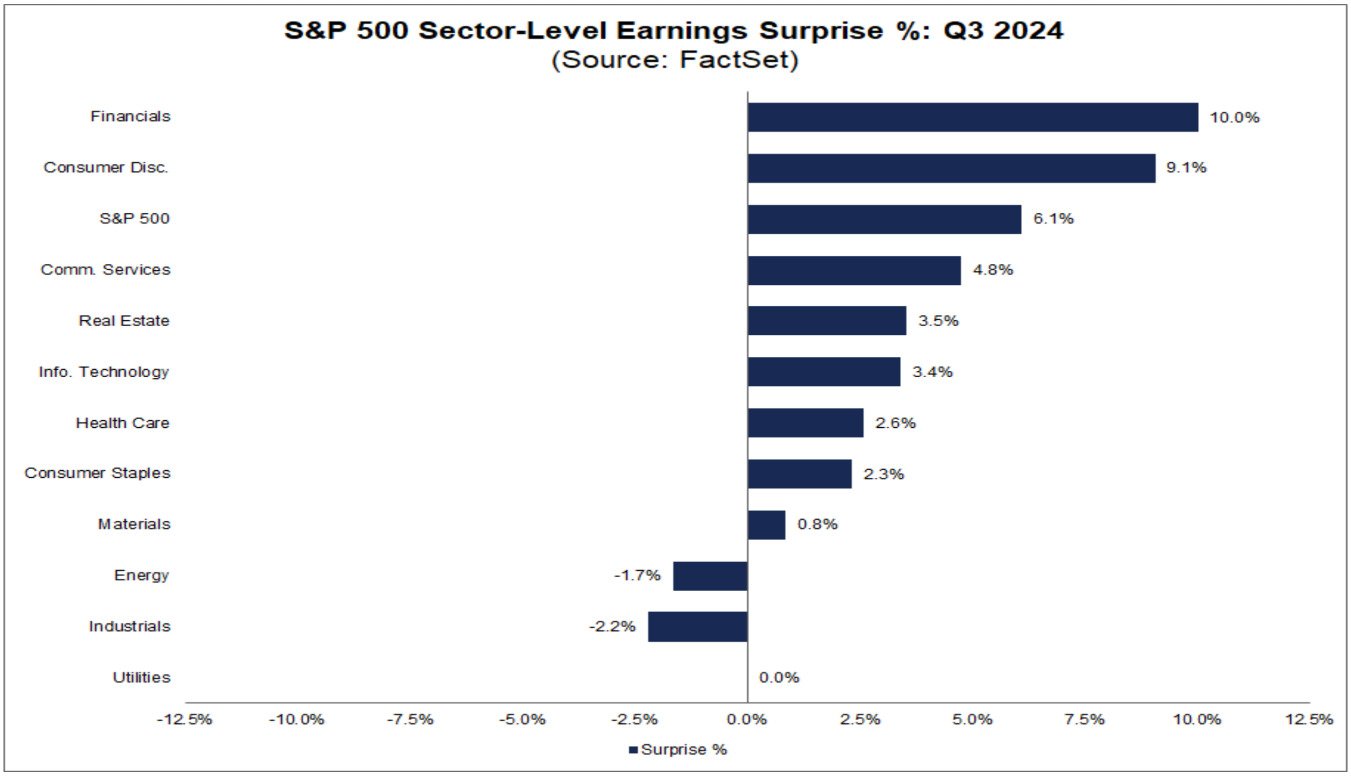


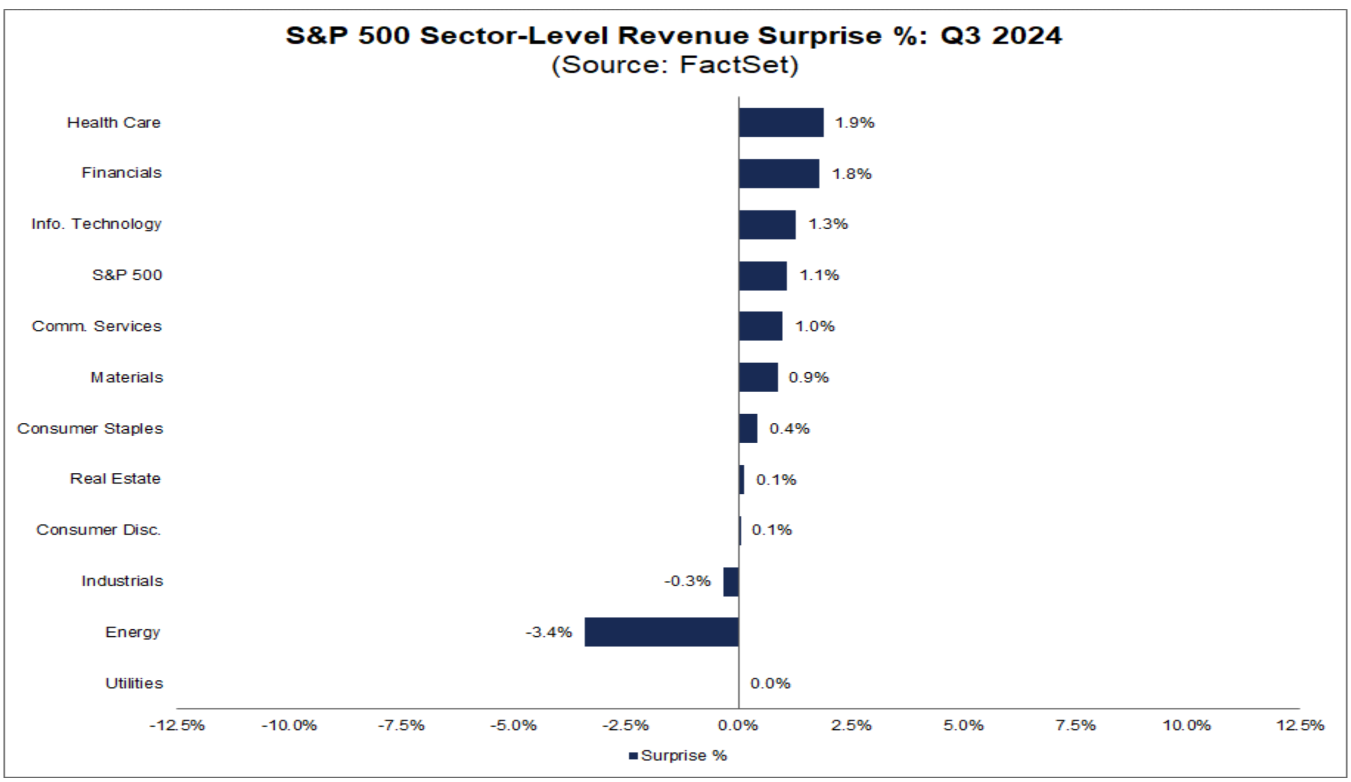
	Comm. Services	Info. Technology	Real Estate	Financials	Consumer Staples	Health Care	S&P 500	Consumer Disc.	Industrials	Materials	Energy	Utilities
Below	0%	0%	0%	11%	11%	20%	18%	29%	36%	50%	50%	0%
In-Line	0%	0%	0%	0%	0%	0%	3%	14%	9%	0%	0%	0%
Above	100%	100%	100%	89%	89%	80%	79%	57%	55%	50%	50%	0%



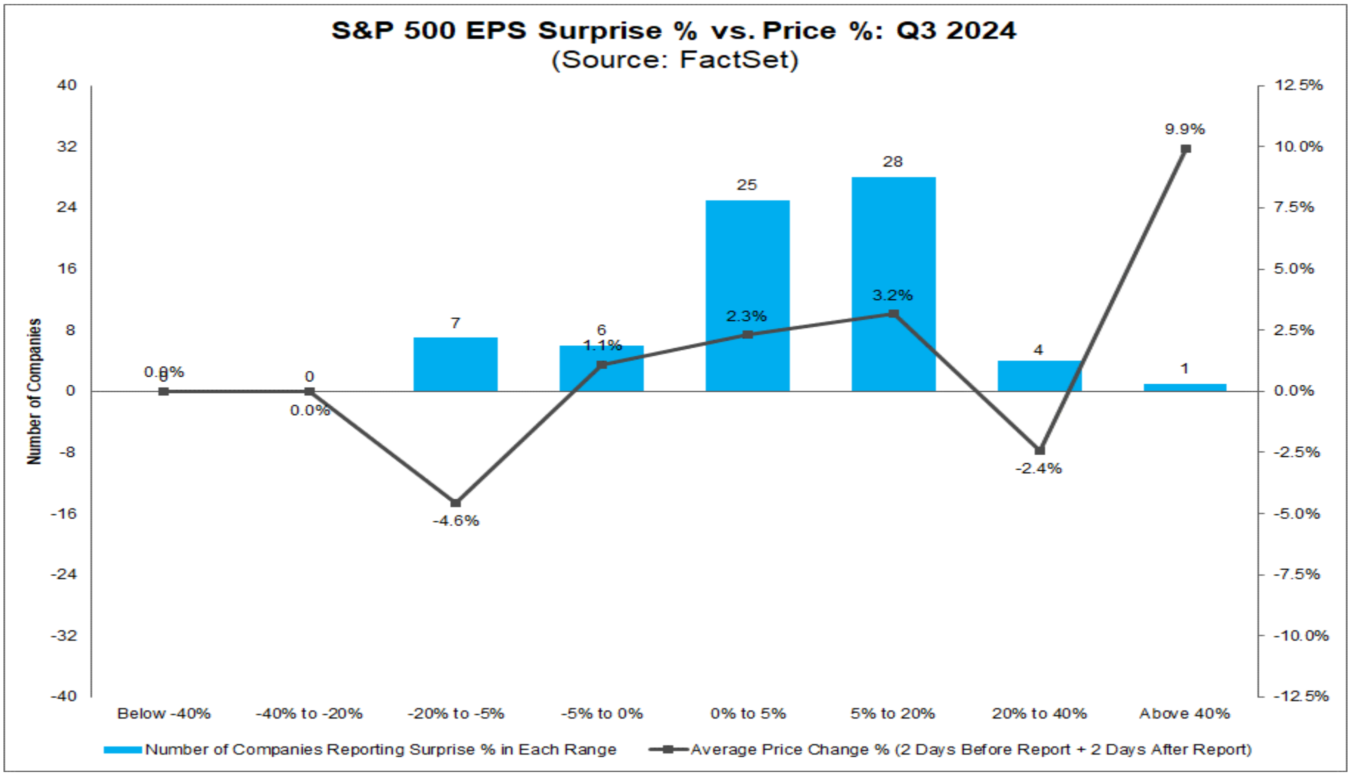
	Comm. Services	Health Care	Info. Technology	Financials	S&P 500	Materials	Real Estate	Industrials	Consumer Staples	Consumer Disc.	Energy	Utilities
Below	0%	0%	0%	26%	36%	50%	50%	55%	56%	57%	100%	0%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	74%	64%	50%	50%	45%	44%	43%	0%	0%

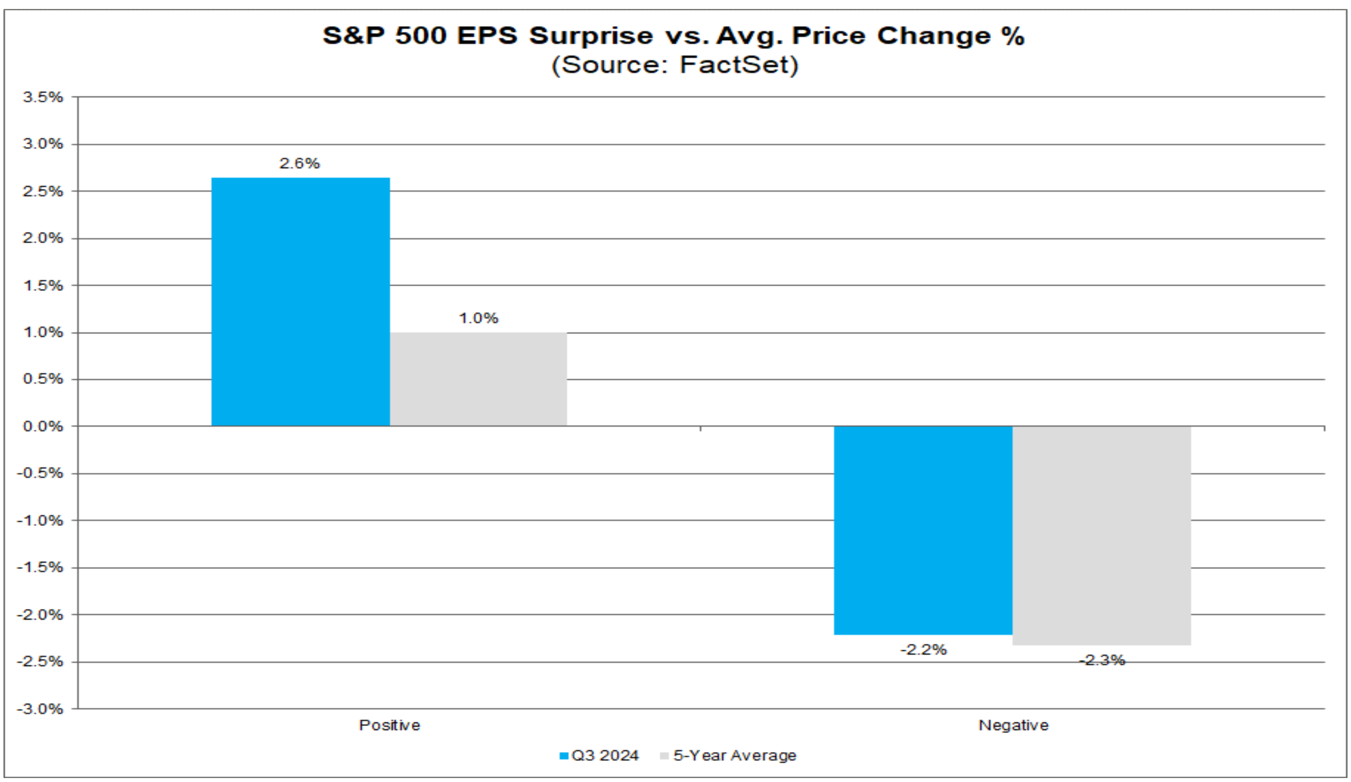
Q3 2024: Surprise



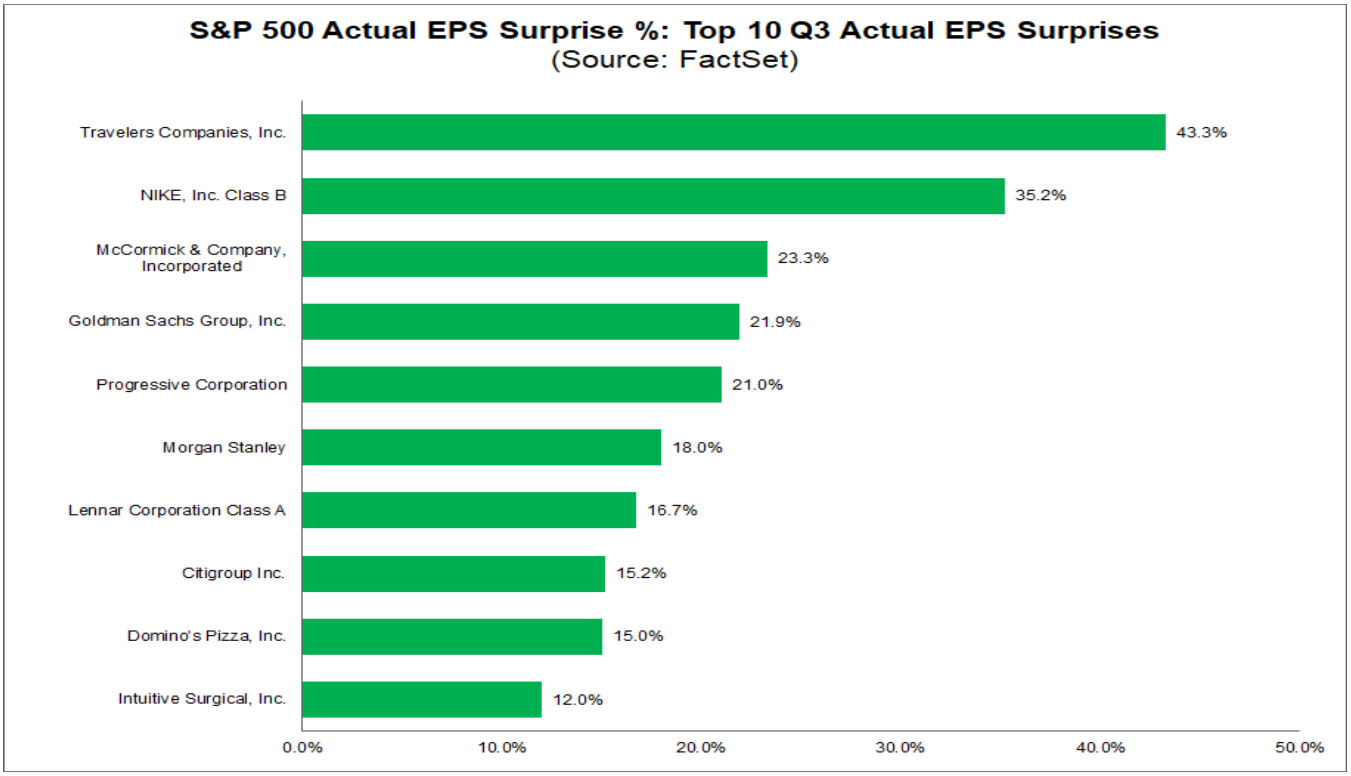


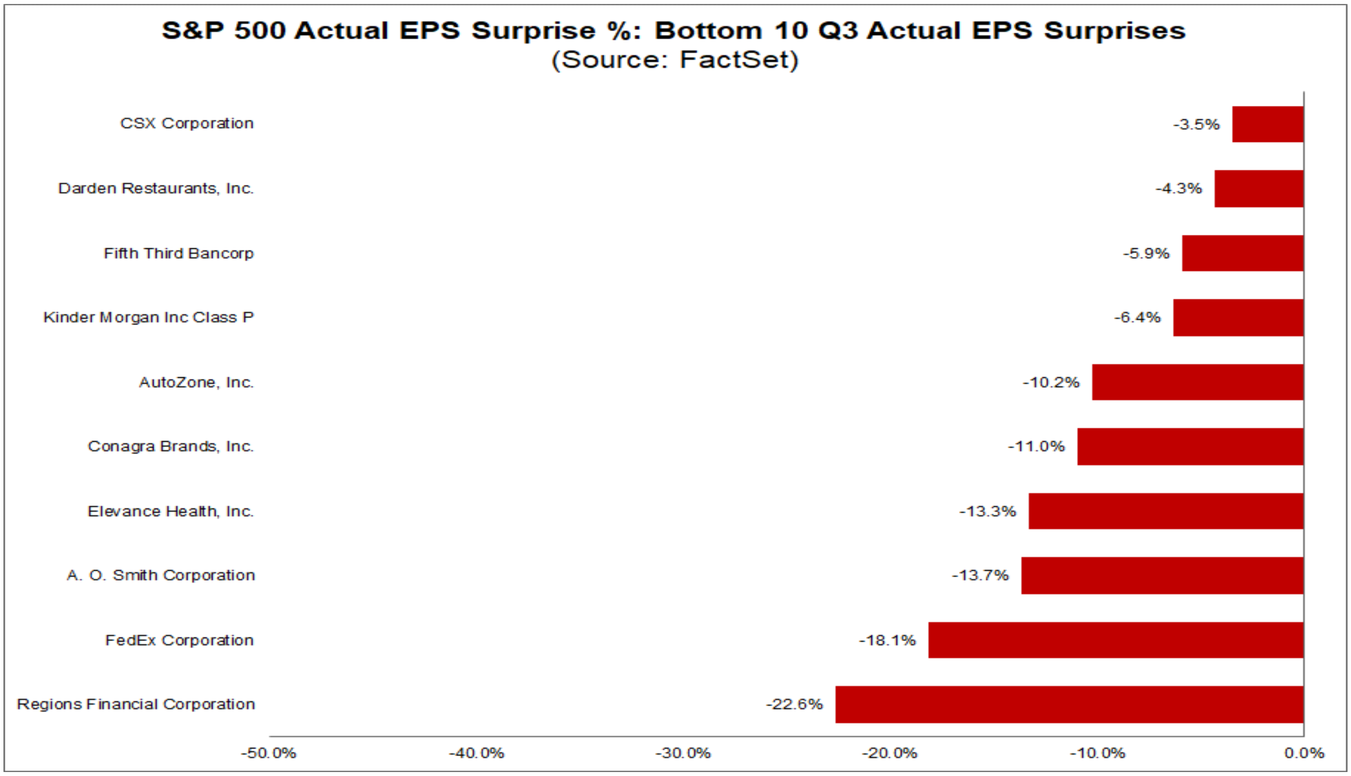
Q3 2024: Surprise



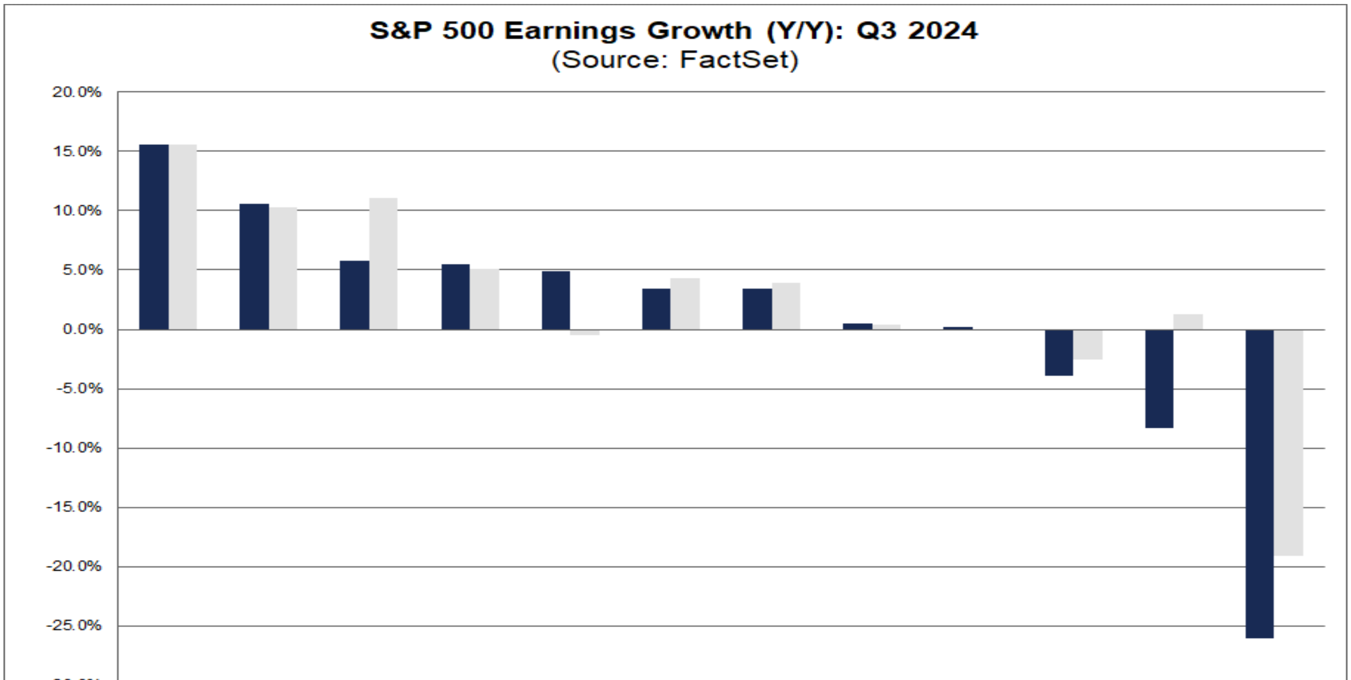


Q3 2024: Surprise

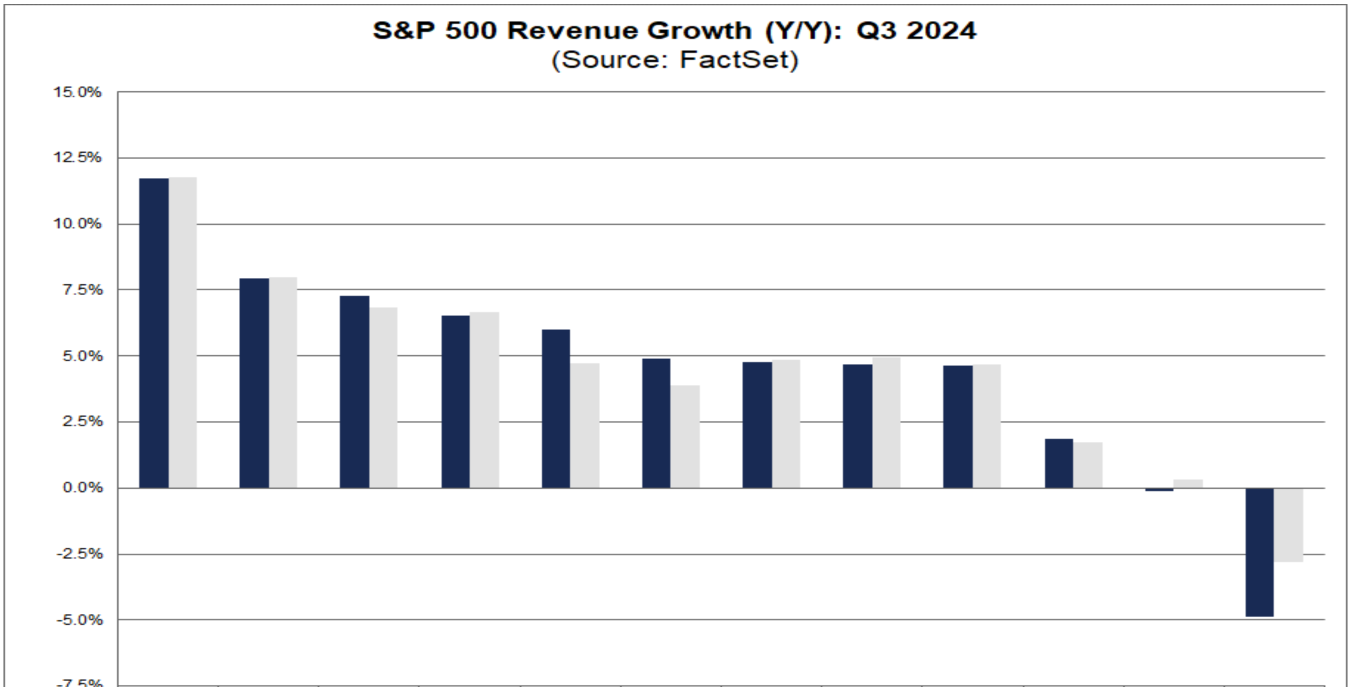




Q3 2024: Growth

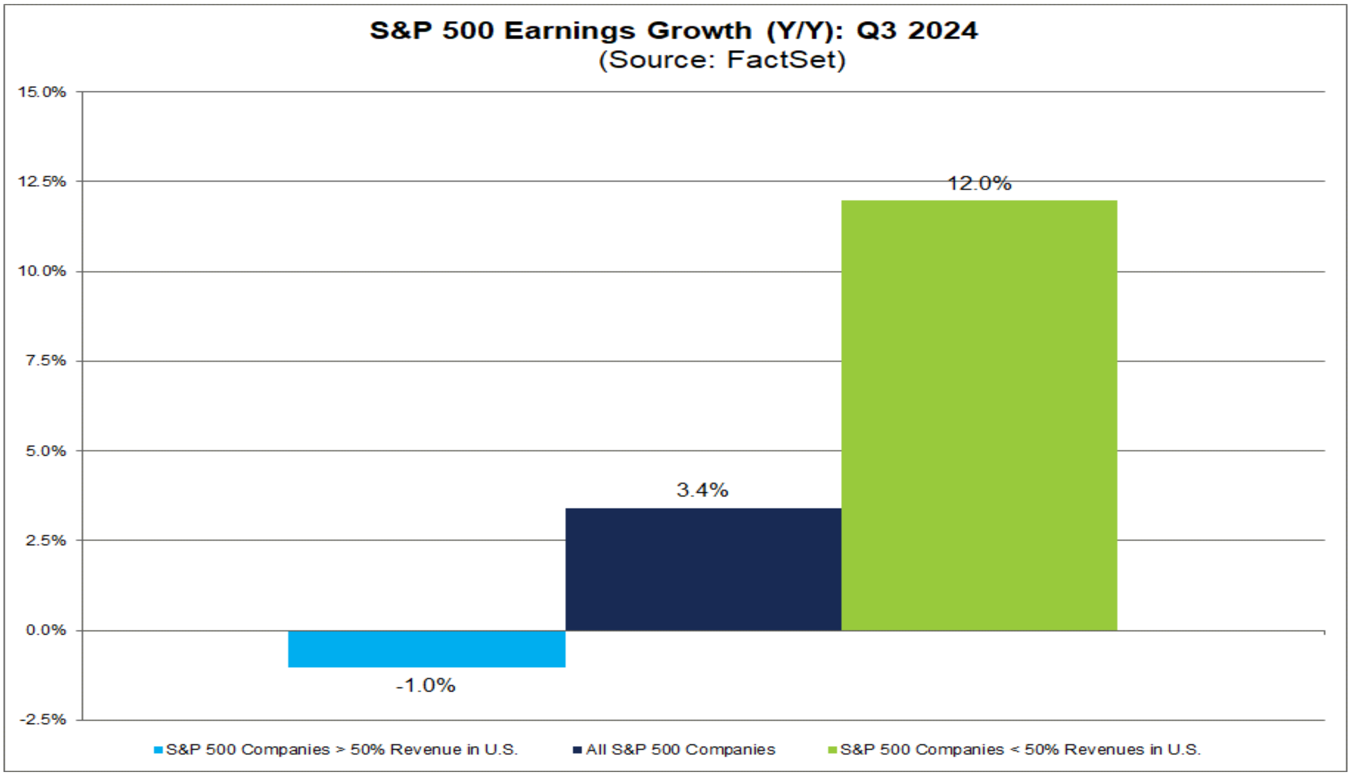


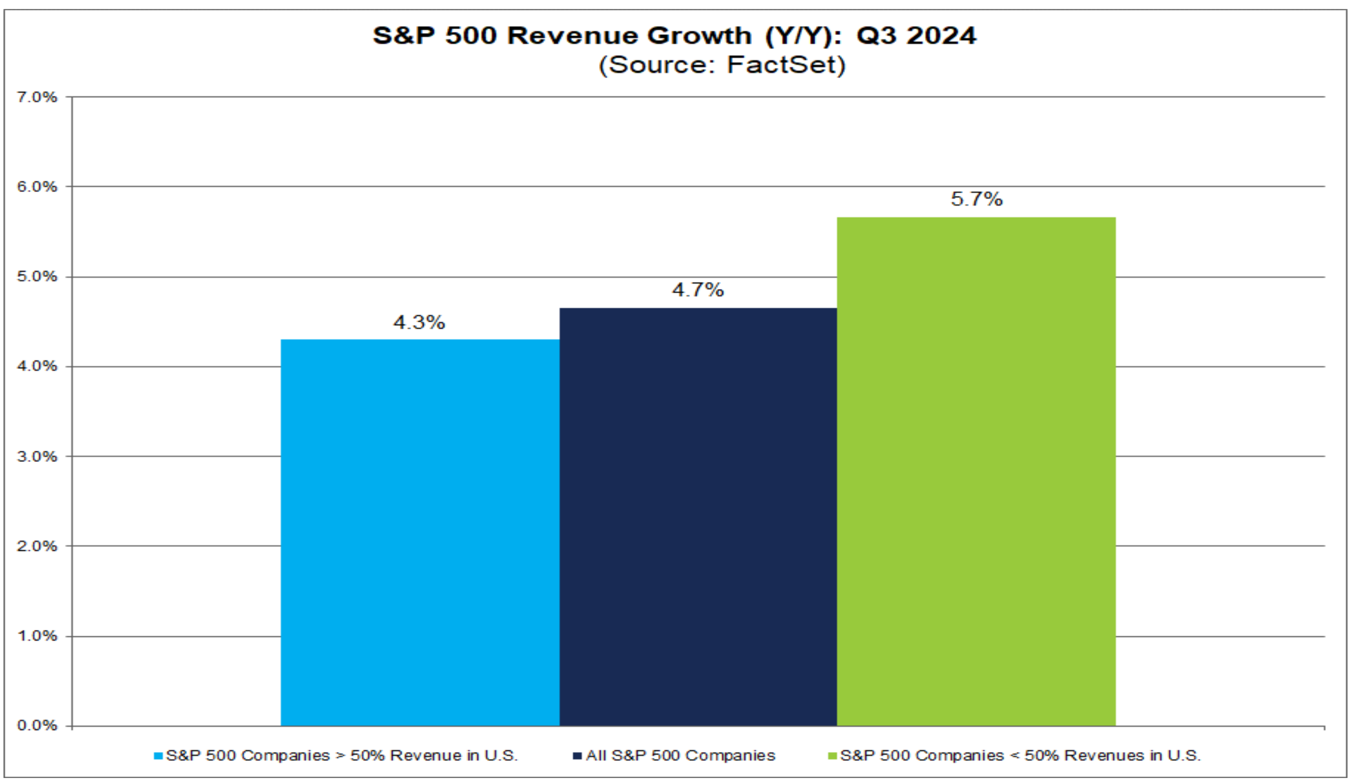
	Info. Technology	Comm. Services	Health Care	Real Estate	Financials	S&P 500	Utilities	Consumer Staples	Consumer Disc.	Materials	Industrials	Energy
Today	15.6%	10.6%	5.7%	5.5%	4.9%	3.4%	3.4%	0.5%	0.2%	-3.9%	-8.4%	-26.0%
30-Sep	15.5%	10.3%	11.1%	5.1%	-0.5%	4.3%	3.9%	0.4%	-0.1%	-2.5%	1.3%	-19.1%



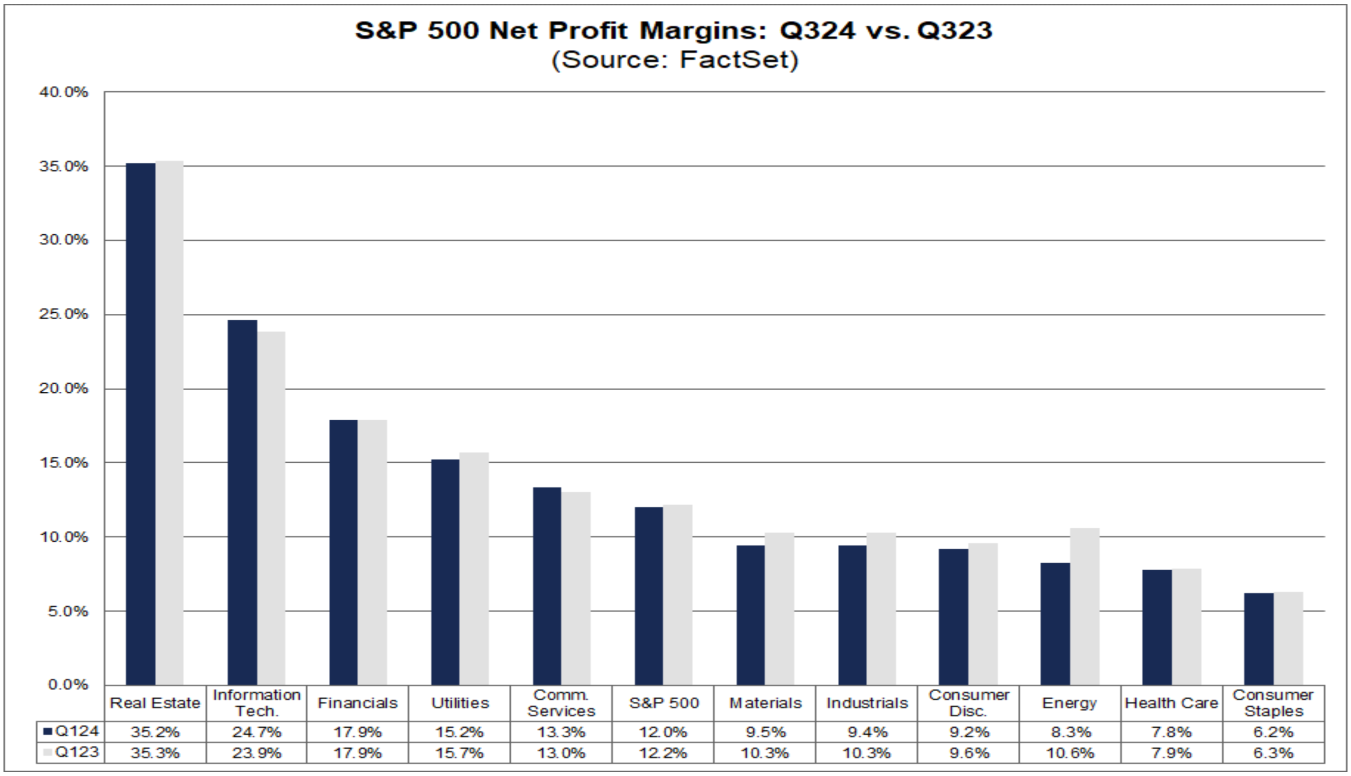
	Info. Technology	Comm. Services	Health Care	Utilities	Real Estate	Financials	Consumer Disc.	Materials	S&P 500	Consumer Staples	Industrials	Energy
Today	11.7%	7.9%	7.3%	6.5%	6.0%	4.9%	4.8%	4.7%	4.7%	1.9%	-0.1%	-4.9%
30-Sep	11.8%	8.0%	6.9%	6.7%	4.7%	3.9%	4.9%	4.9%	4.7%	1.7%	0.3%	-2.8%

Q3 2024: Growth

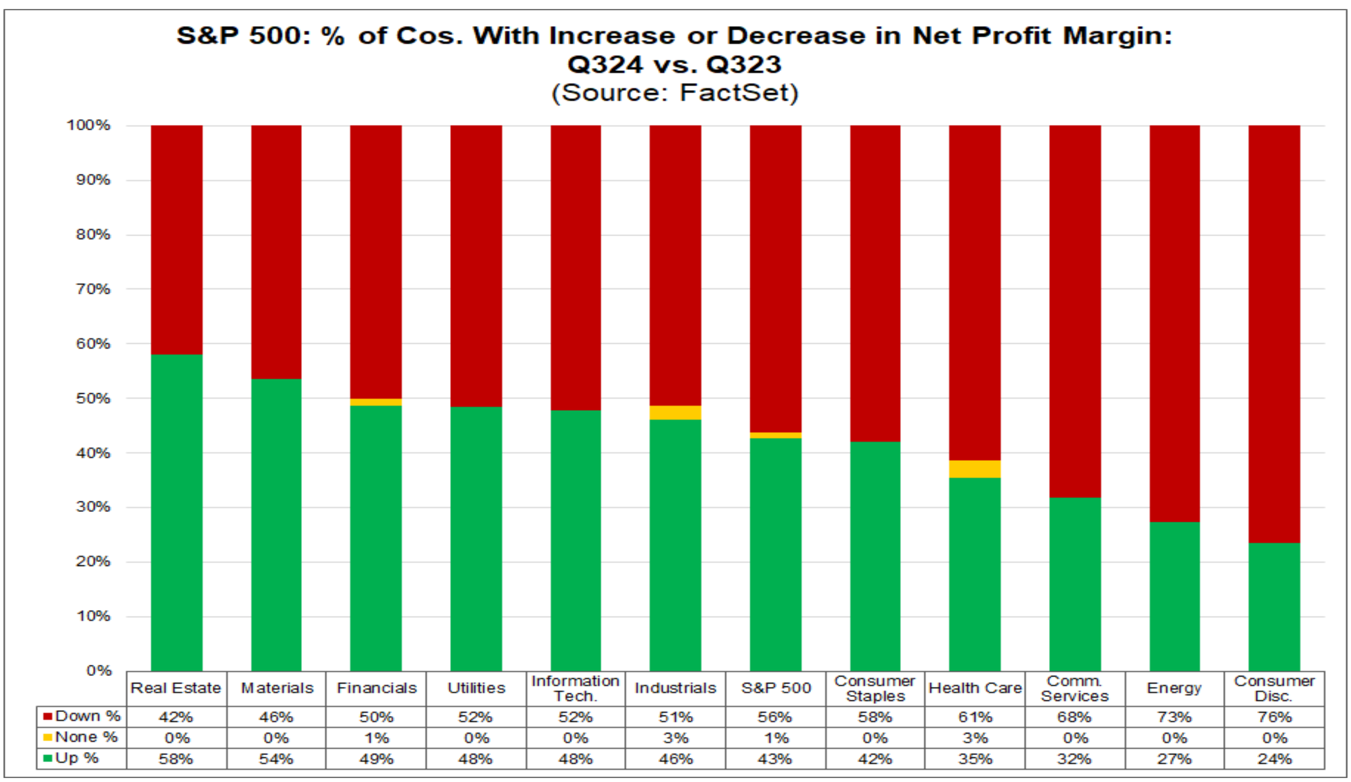




Q3 2024: Net Profit Margin

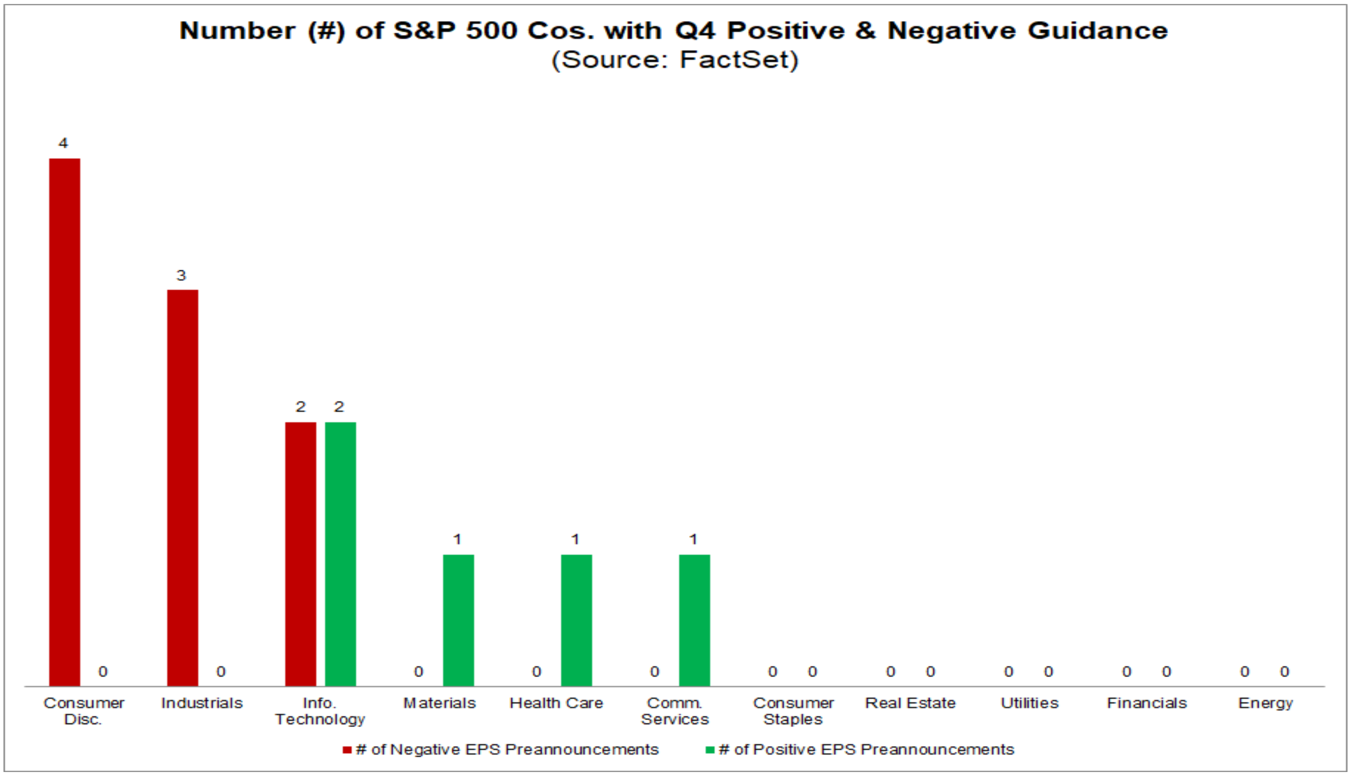


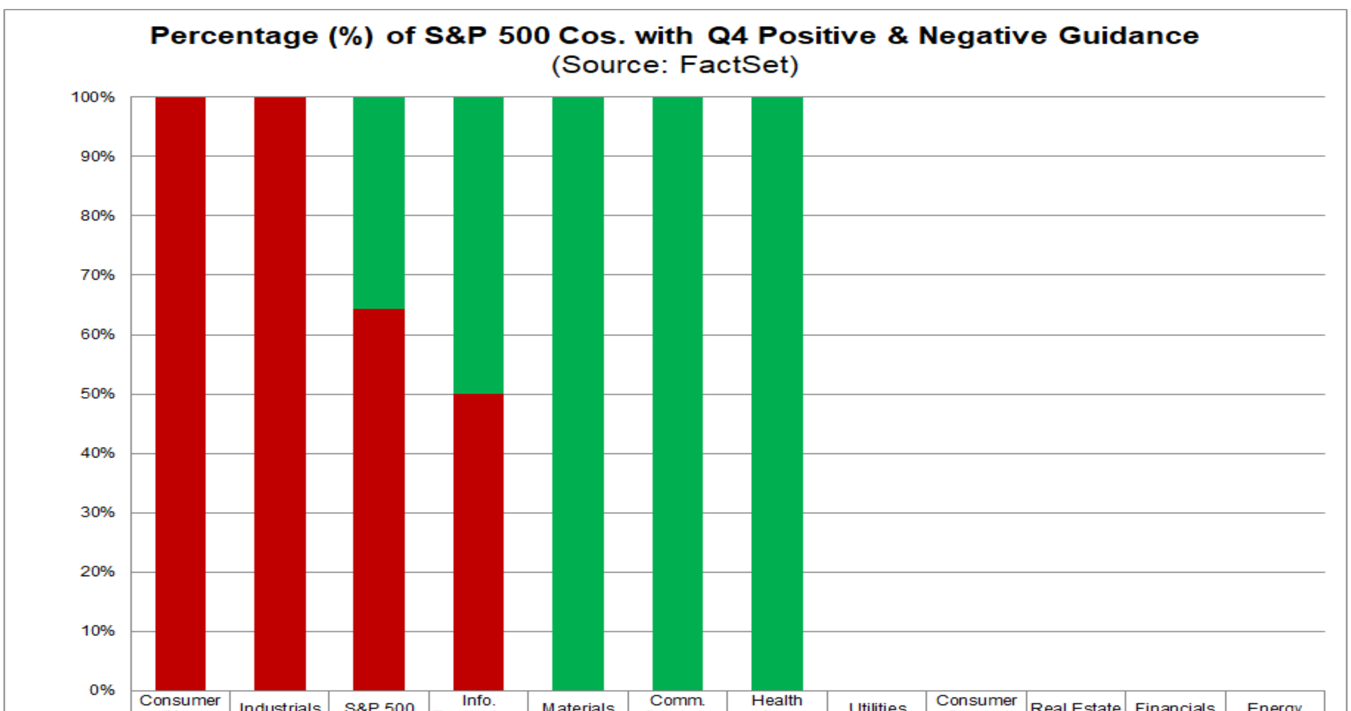
	Real Estate	Information Tech.	Financials	Utilities	Comm. Services	S&P 500	Materials	Industrials	Consumer Disc.	Energy	Health Care	Consumer Staples
Q124	35.2%	24.7%	17.9%	15.2%	13.3%	12.0%	9.5%	9.4%	9.2%	8.3%	7.8%	6.2%
Q123	35.3%	23.9%	17.9%	15.7%	13.0%	12.2%	10.3%	10.3%	9.6%	10.6%	7.9%	6.3%



	Real Estate	Materials	Financials	Utilities	Information Tech.	Industrials	S&P 500	Consumer Staples	Health Care	Comm. Services	Energy	Consumer Disc.
Down %	42%	46%	50%	52%	52%	51%	56%	58%	61%	68%	73%	76%
None %	0%	0%	1%	0%	0%	3%	1%	0%	3%	0%	0%	0%
Up %	58%	54%	49%	48%	48%	46%	43%	42%	35%	32%	27%	24%

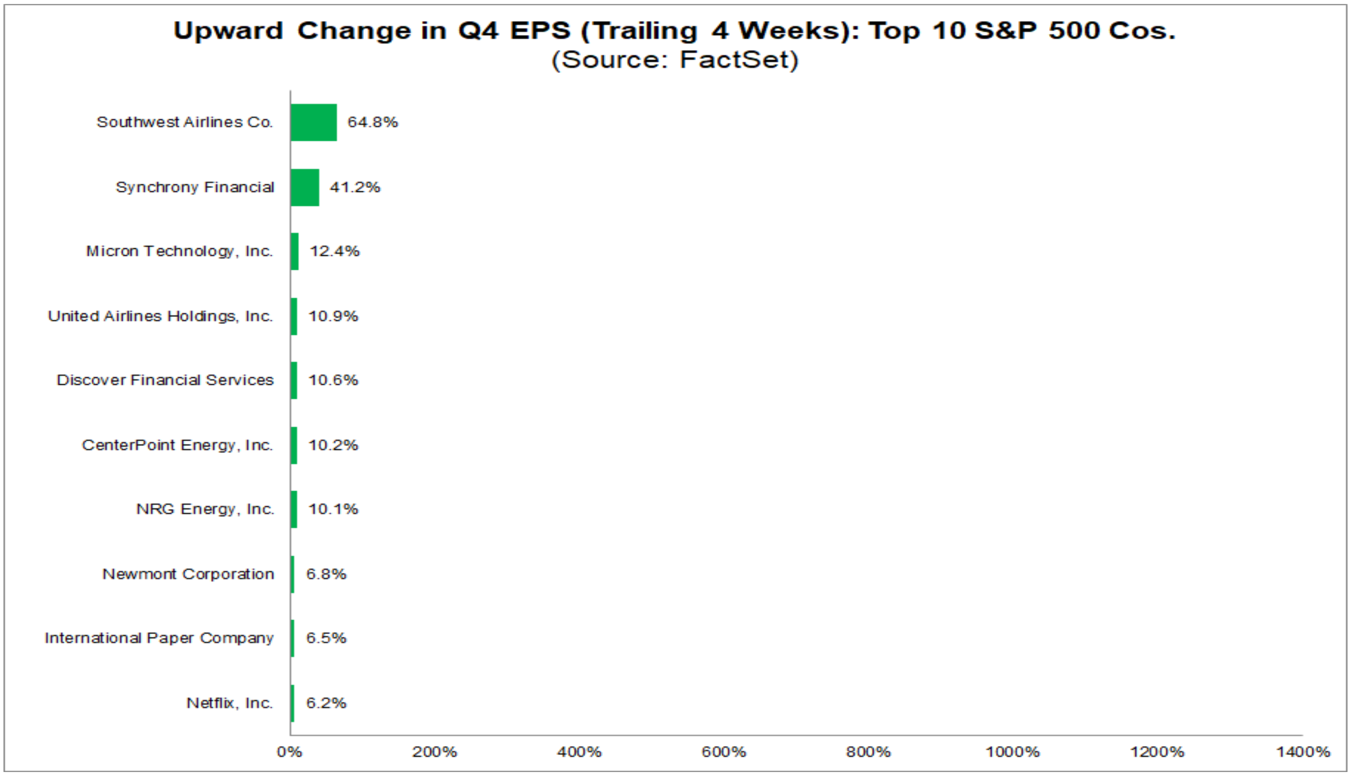
Q4 2024: Guidance

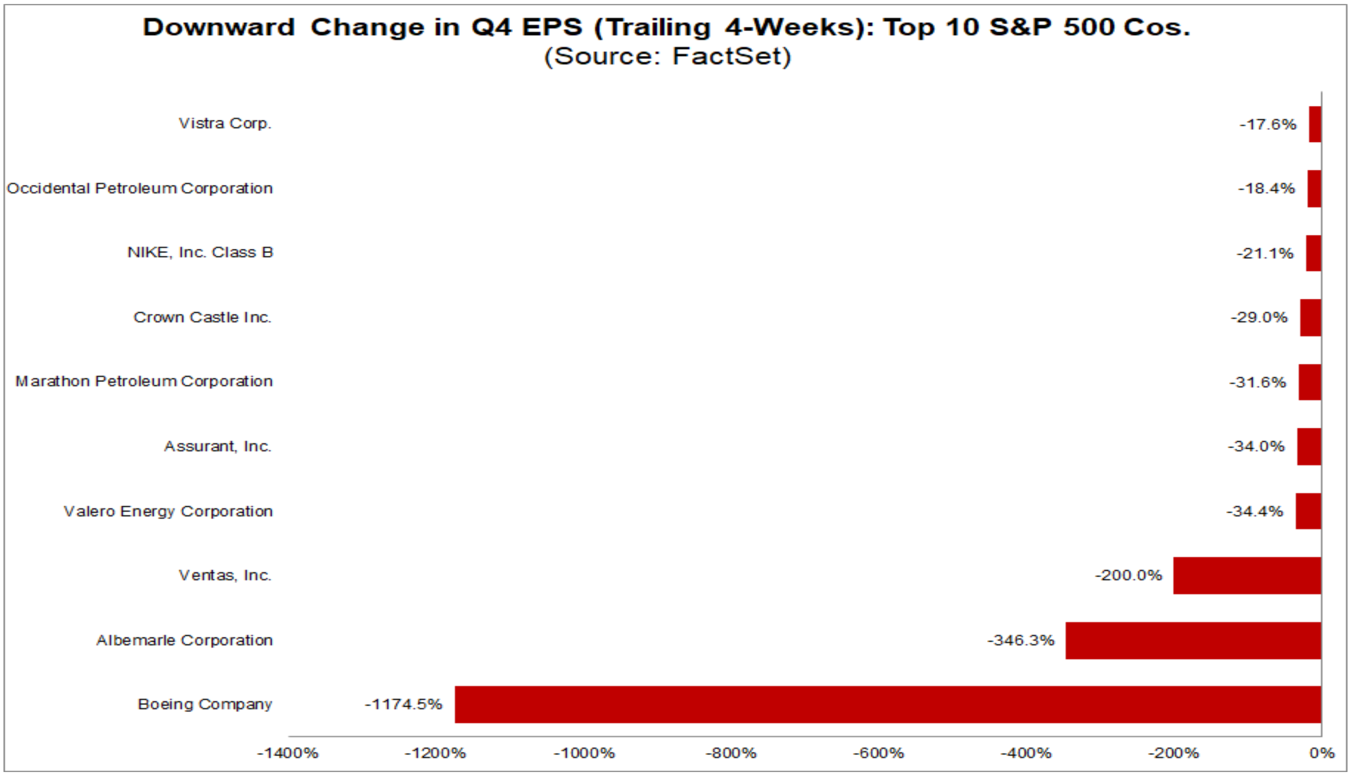




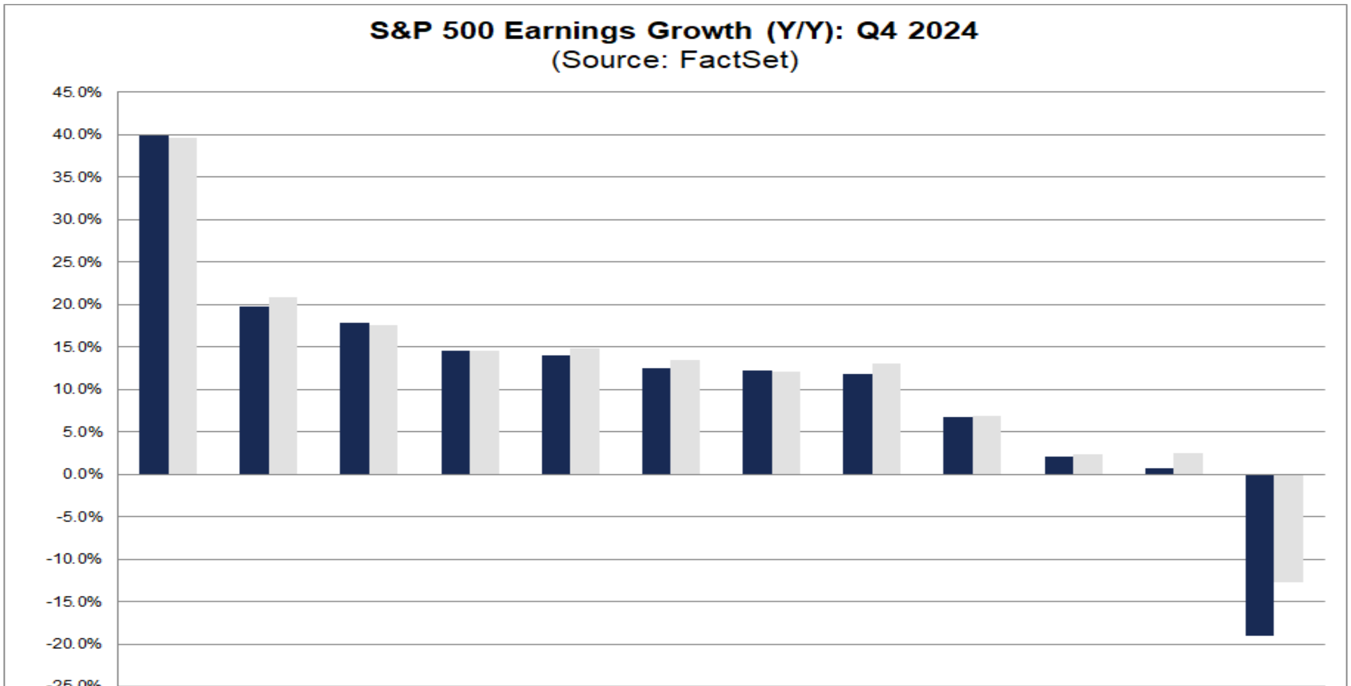
	Consumer Disc.	Industrials	S&P 500	Info. Technology	Materials	Comm. Services	Health Care	Utilities	Consumer Staples	Real Estate	Financials	Energy
Positive	0%	0%	36%	50%	100%	100%	100%	0%	0%	0%	0%	0%
Negative	100%	100%	64%	50%	0%	0%	0%	0%	0%	0%	0%	0%

Q4 2024: EPS Revisions

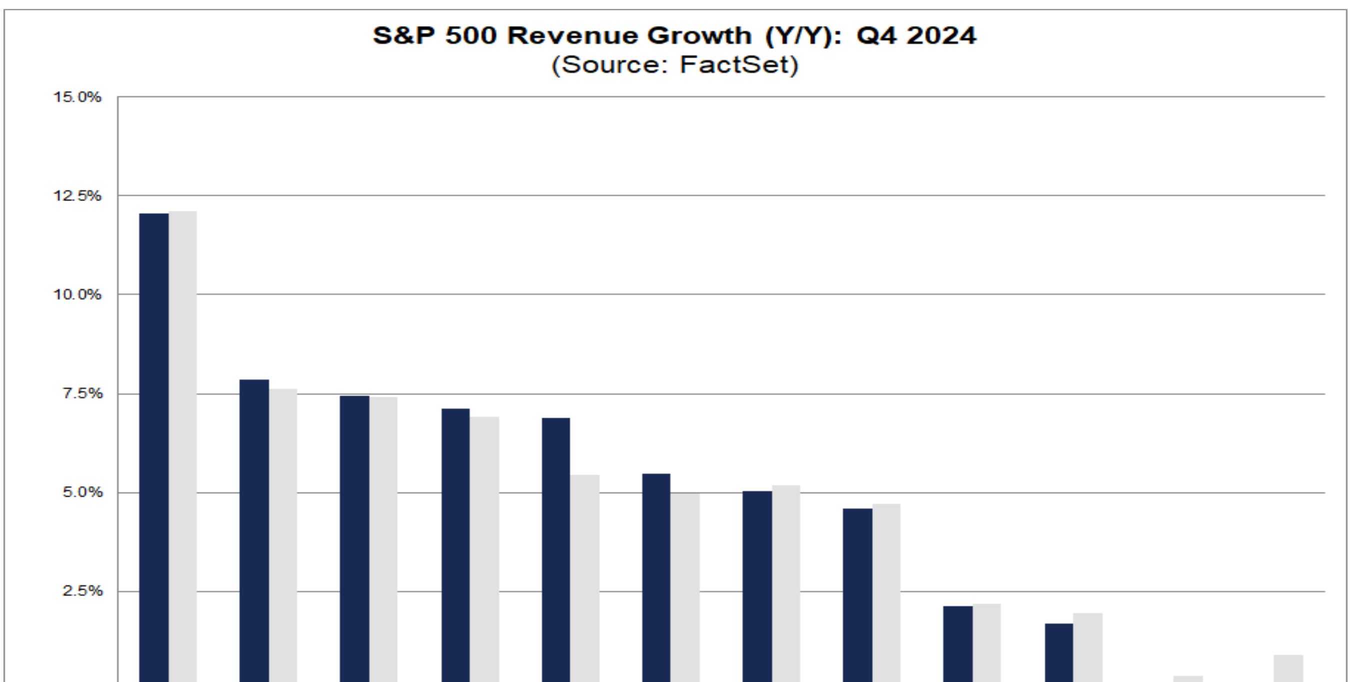




Q4 2024: Growth

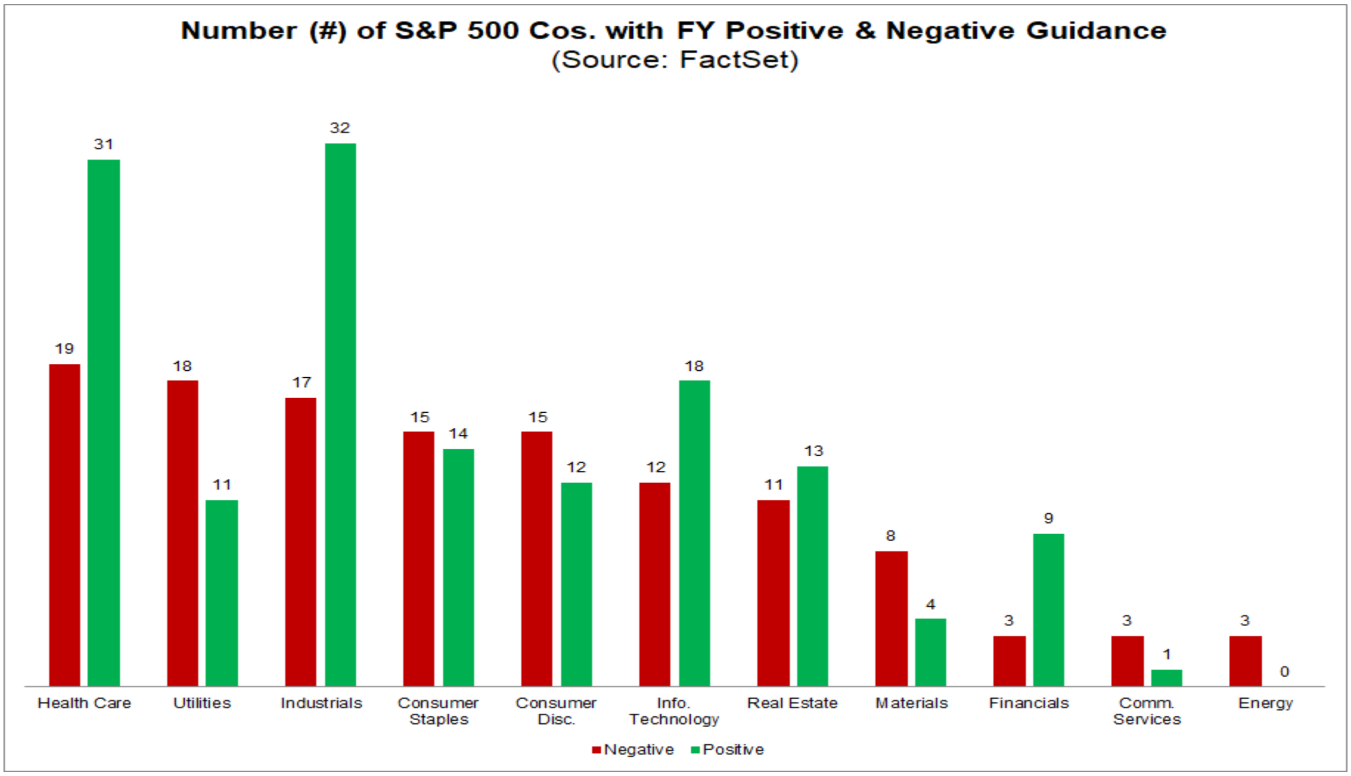


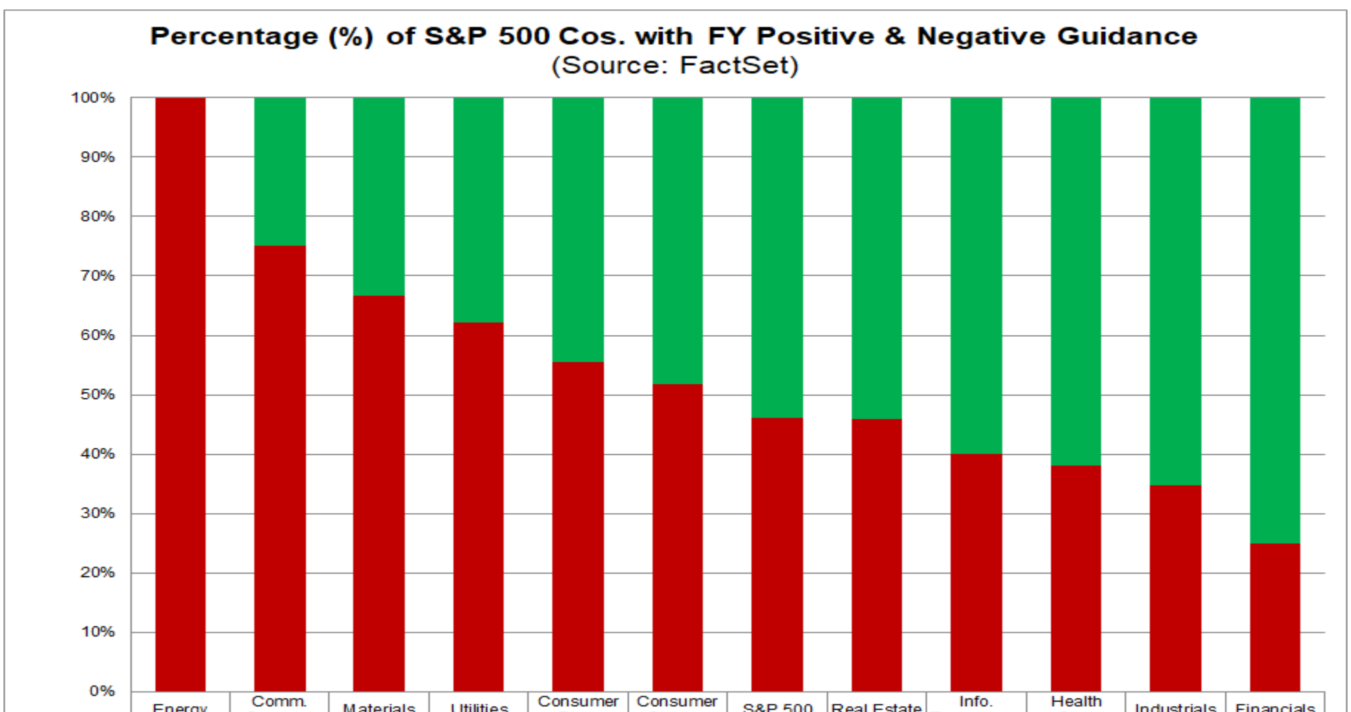
	Financials	Health Care	Comm. Services	Info. Technology	S&P 500	Materials	Utilities	Consumer Disc.	Real Estate	Consumer Staples	Industrials	Energy
Today	39.9%	19.7%	17.9%	14.6%	14.0%	12.5%	12.2%	11.8%	6.7%	2.0%	0.7%	-19.1%
30-Sep	39.6%	20.8%	17.5%	14.6%	14.7%	13.4%	12.0%	13.0%	6.8%	2.4%	2.5%	-12.8%



	Info. Technology	Utilities	Comm. Services	Health Care	Real Estate	Financials	S&P 500	Consumer Disc.	Consumer Staples	Materials	Industrials	Energy
Today	12.1%	7.9%	7.5%	7.1%	6.9%	5.5%	5.0%	4.6%	2.1%	1.7%	-0.7%	-0.8%
30-Sep	12.1%	7.6%	7.4%	6.9%	5.5%	5.0%	5.2%	4.7%	2.2%	2.0%	0.4%	0.9%

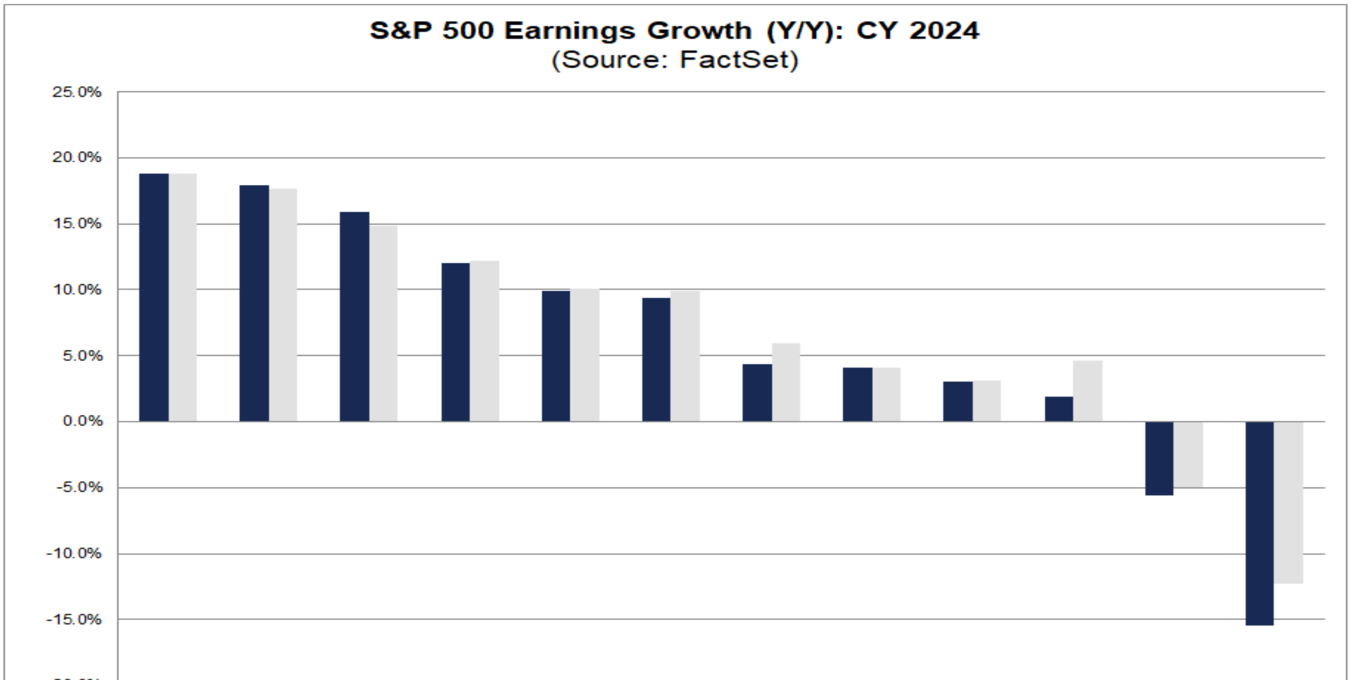
FY 2024 / 2025: EPS Guidance



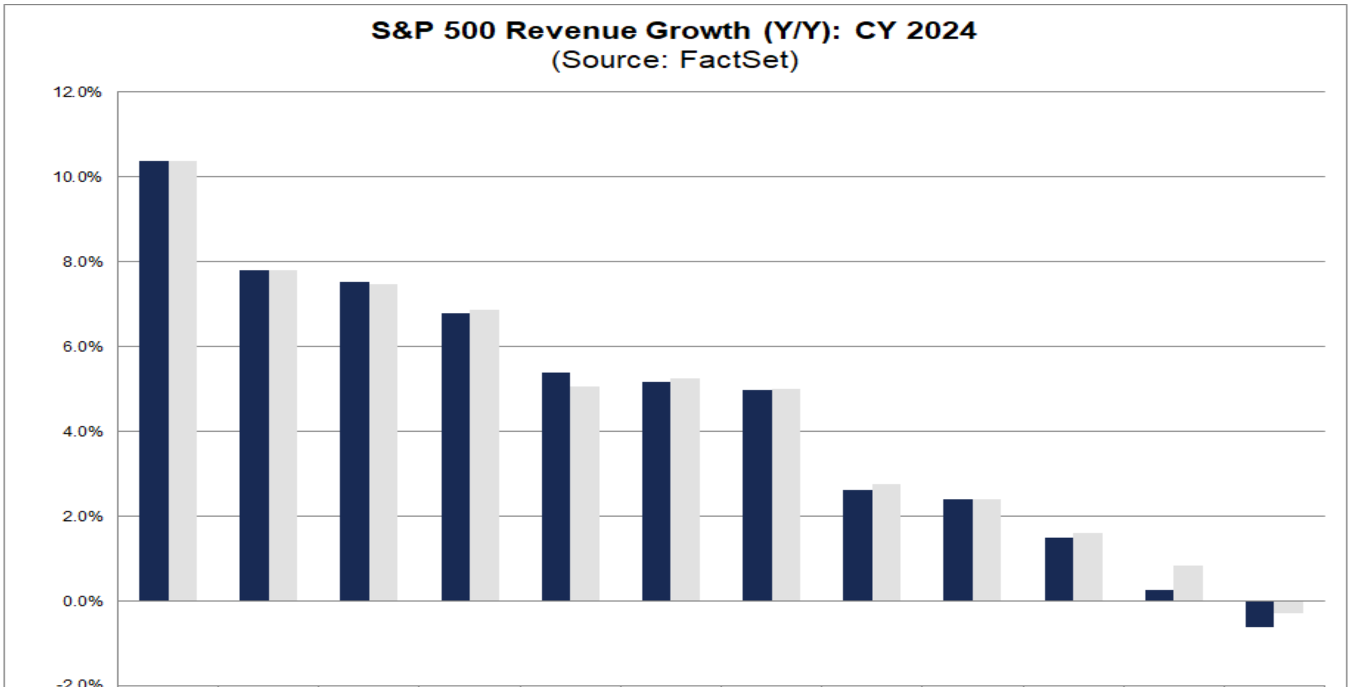


	Energy	Comm. Services	Materials	Utilities	Consumer Disc.	Consumer Staples	S&P 500	Real Estate	Info. Technology	Health Care	Industrials	Financials
Positive	0%	25%	33%	38%	44%	48%	54%	54%	60%	62%	65%	75%
Negative	100%	75%	67%	62%	56%	52%	46%	46%	40%	38%	35%	25%

CY 2024: Growth

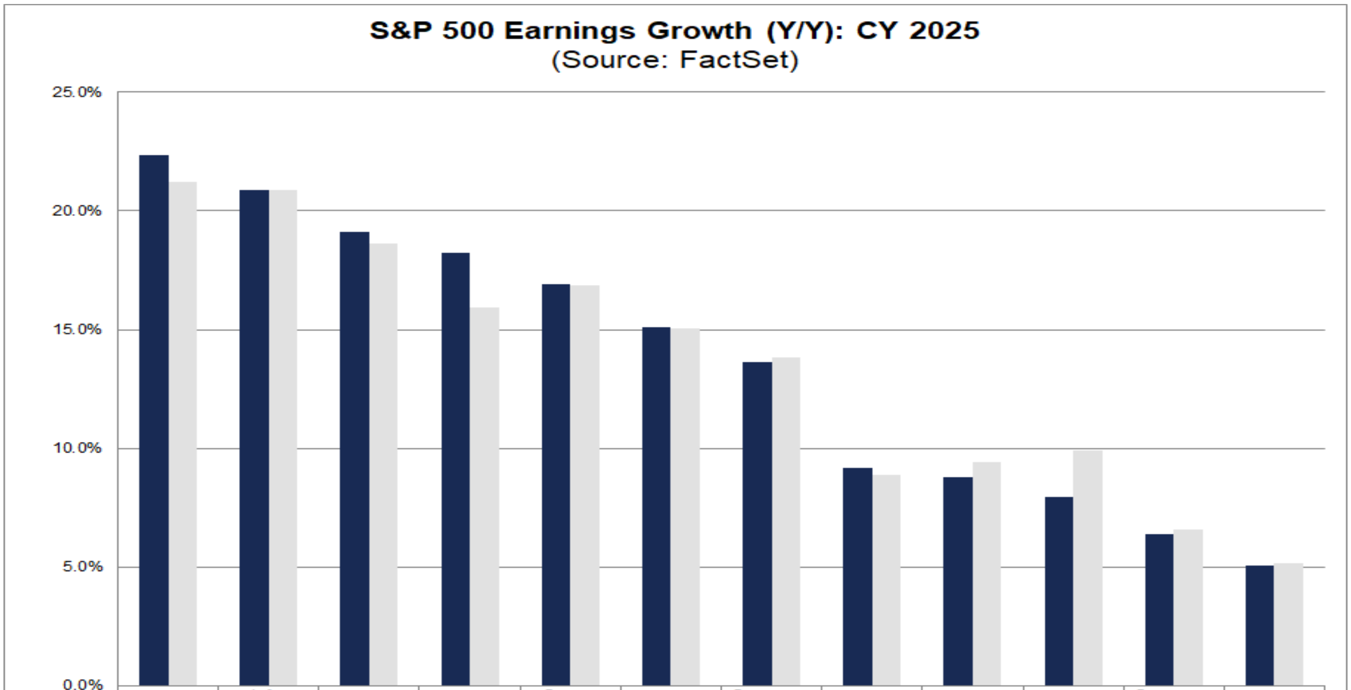


	Info. Technology	Comm. Services	Financials	Consumer Disc.	Utilities	S&P 500	Health Care	Real Estate	Consumer Staples	Industrials	Materials	Energy
Today	18.8%	17.9%	15.9%	12.0%	9.9%	9.4%	4.4%	4.1%	3.0%	1.9%	-5.6%	-15.4%
30-Sep	18.8%	17.7%	14.8%	12.2%	10.1%	9.9%	5.9%	4.1%	3.1%	4.6%	-5.0%	-12.3%

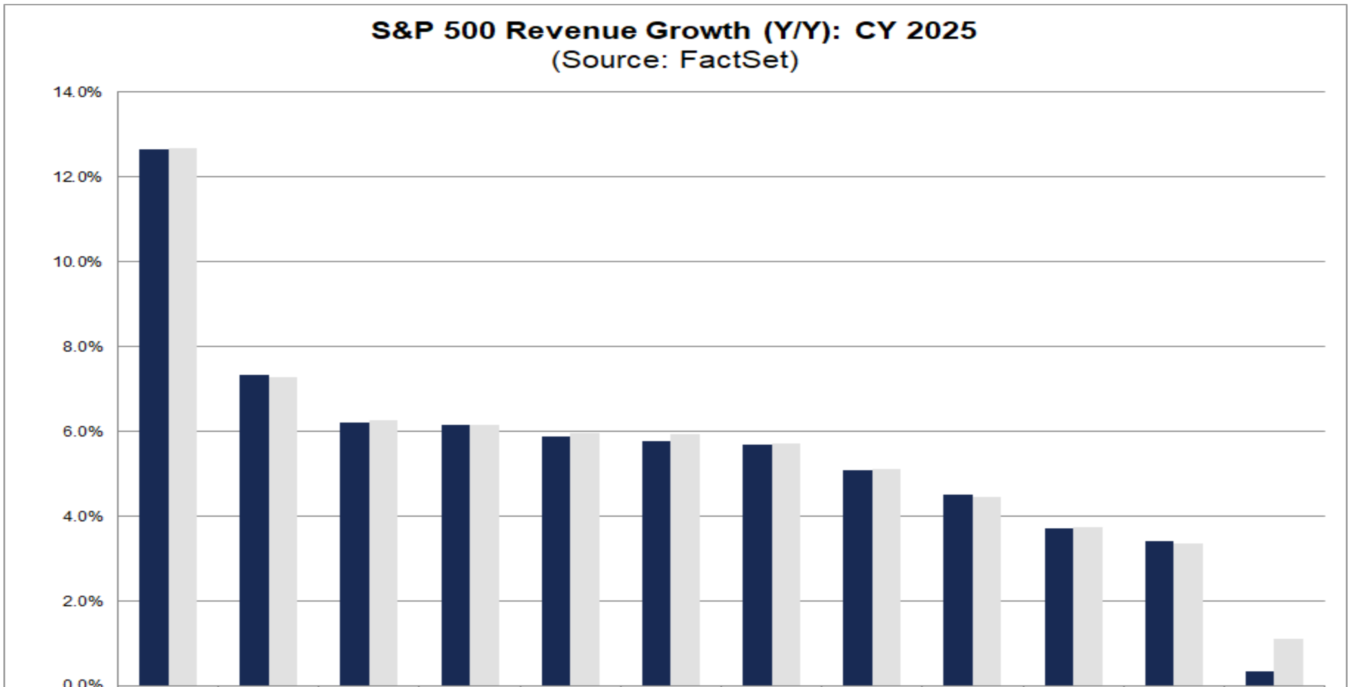


	Info. Technology	Comm. Services	Health Care	Real Estate	Financials	Consumer Disc.	S&P 500	Materials	Consumer Staples	Utilities	Industrials	Energy
Today	10.4%	7.8%	7.5%	6.8%	5.4%	5.2%	5.0%	2.6%	2.4%	1.5%	0.3%	-0.6%
30-Sep	10.4%	7.8%	7.5%	6.9%	5.1%	5.2%	5.0%	2.8%	2.4%	1.6%	0.8%	-0.3%

CY 2025: Growth

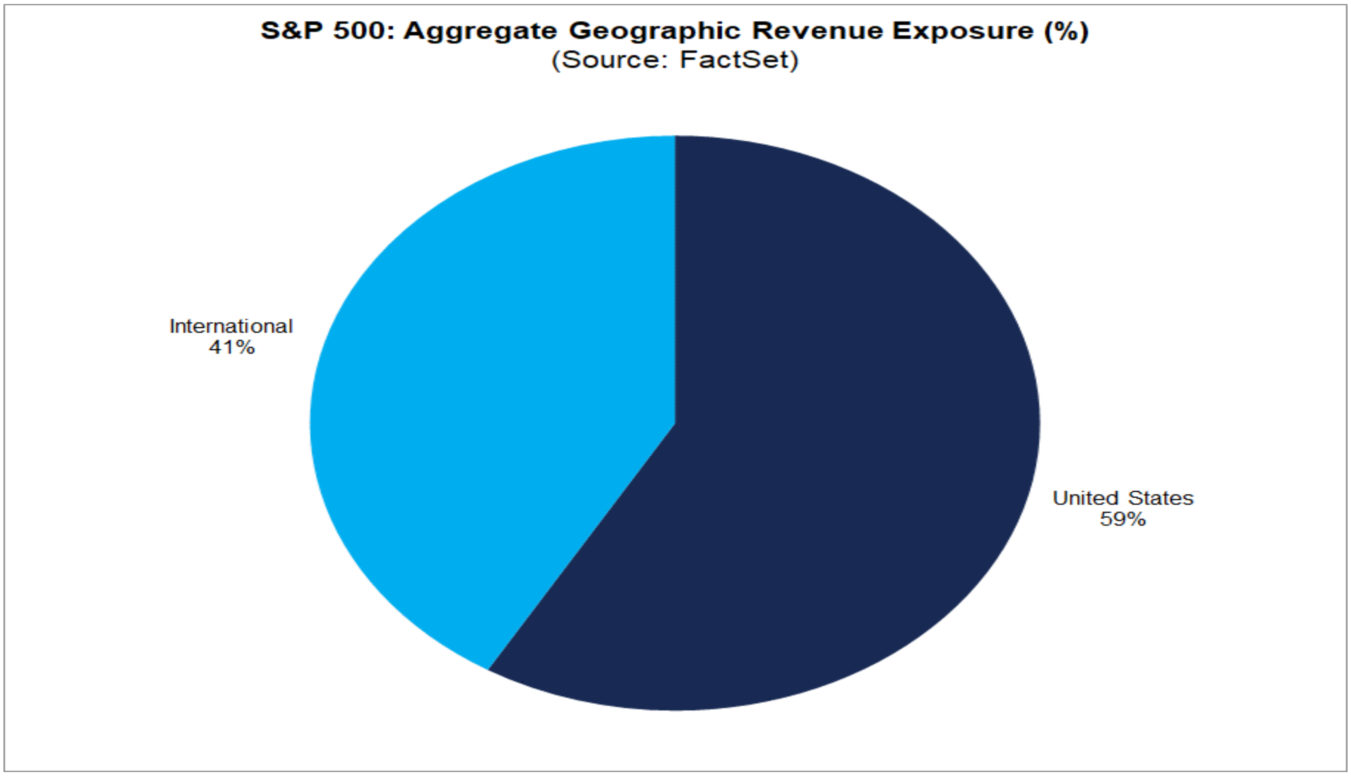


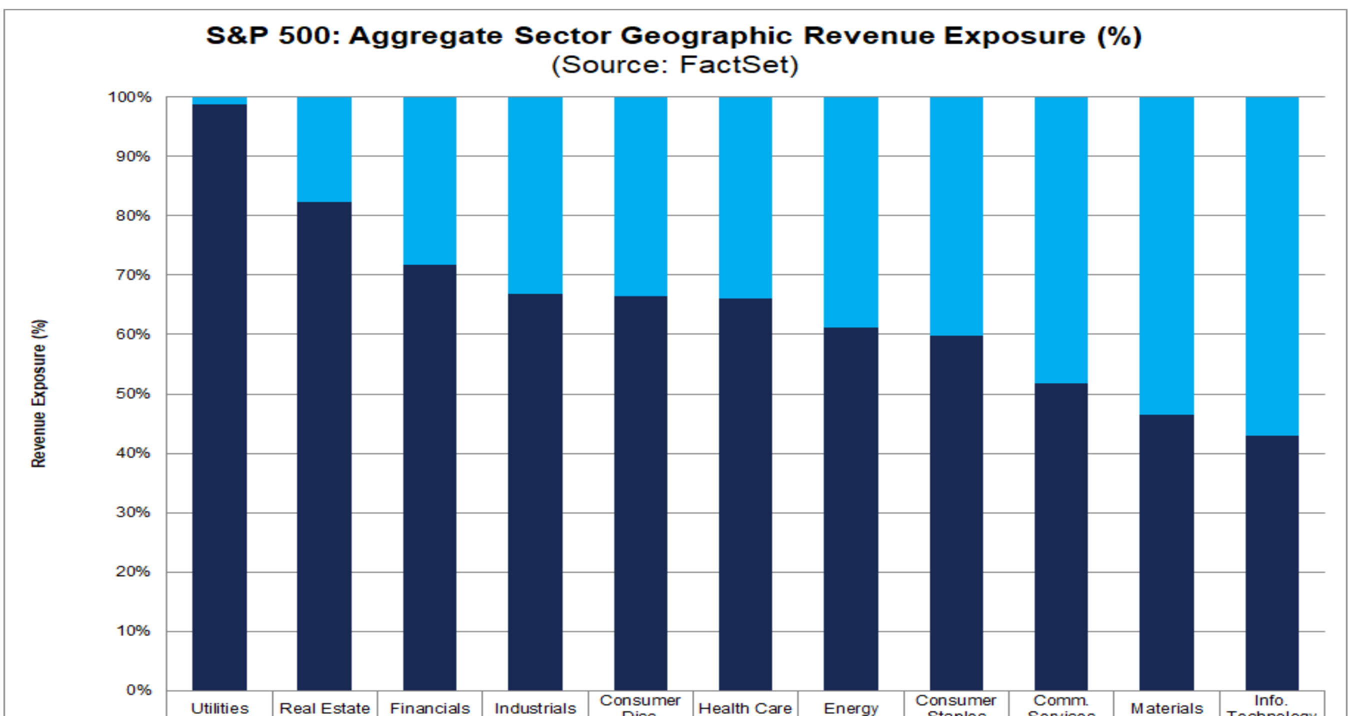
	Health Care	Info. Technology	Materials	Industrials	Comm. Services	S&P 500	Consumer Disc.	Utilities	Financials	Energy	Consumer Staples	Real Estate
Today	22.4%	20.9%	19.1%	18.2%	16.9%	15.1%	13.6%	9.2%	8.8%	8.0%	6.4%	5.0%
30-Sep	21.2%	20.9%	18.6%	15.9%	16.9%	15.1%	13.8%	8.9%	9.4%	9.9%	6.6%	5.2%



	Info. Technology	Comm. Services	Consumer Disc.	Real Estate	S&P 500	Industrials	Health Care	Financials	Utilities	Consumer Staples	Materials	Energy
Today	12.6%	7.3%	6.2%	6.2%	5.9%	5.8%	5.7%	5.1%	4.5%	3.7%	3.4%	0.4%
30-Sep	12.7%	7.3%	6.3%	6.2%	6.0%	5.9%	5.7%	5.1%	4.5%	3.8%	3.3%	1.1%

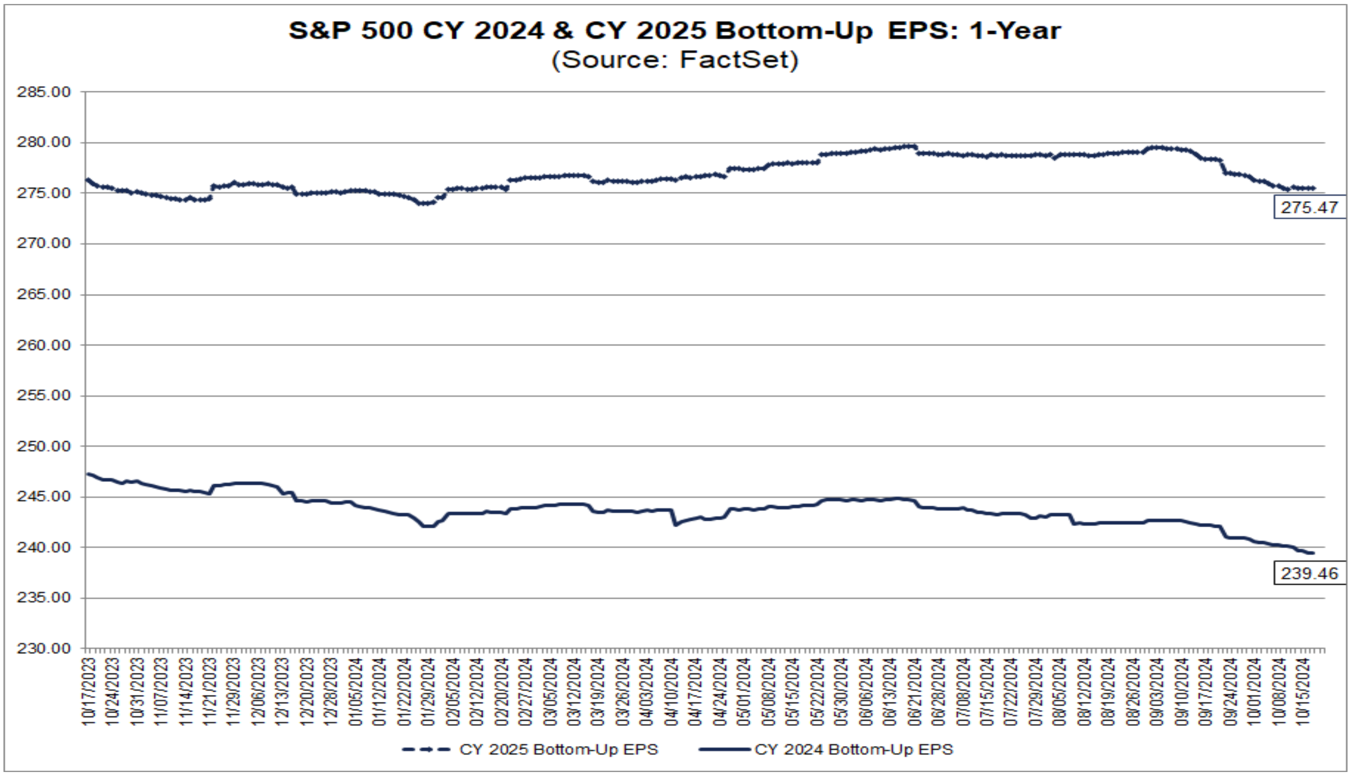
Geographic Revenue Exposure

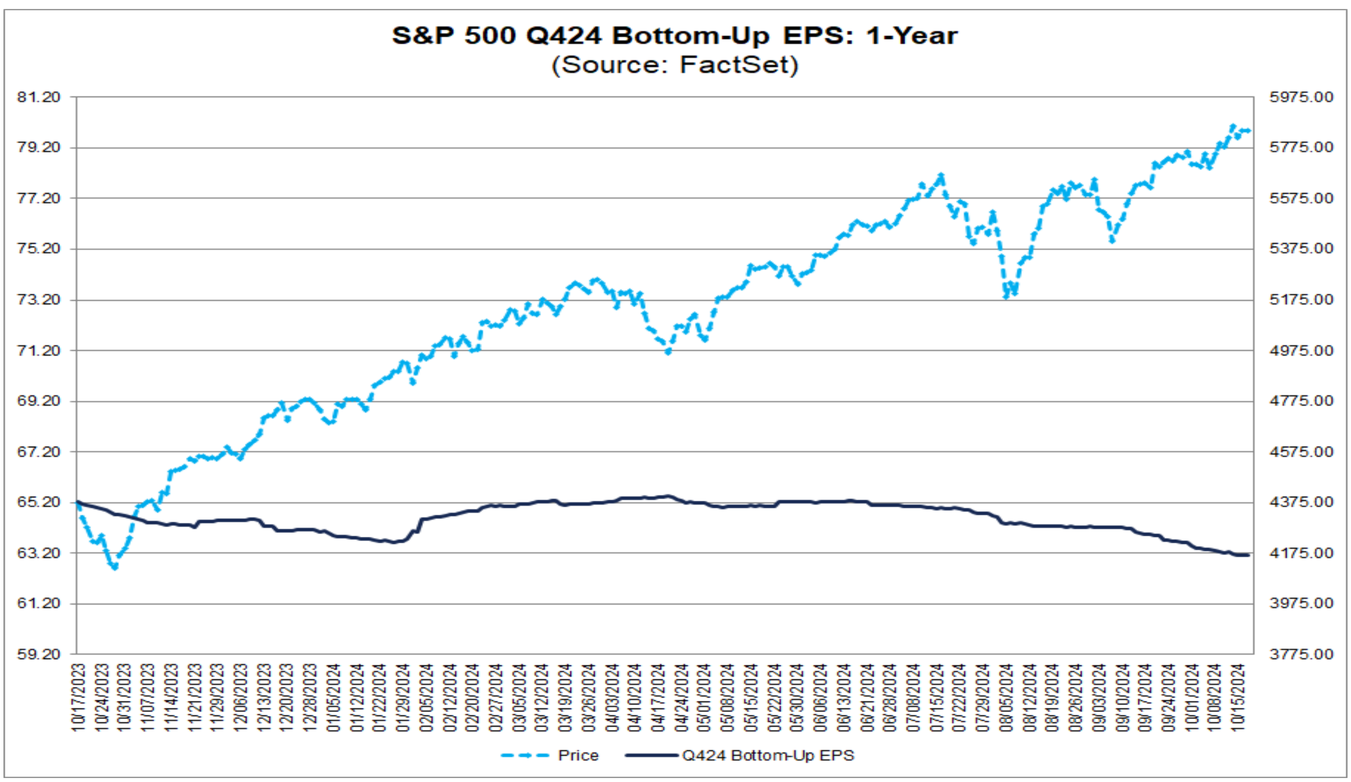




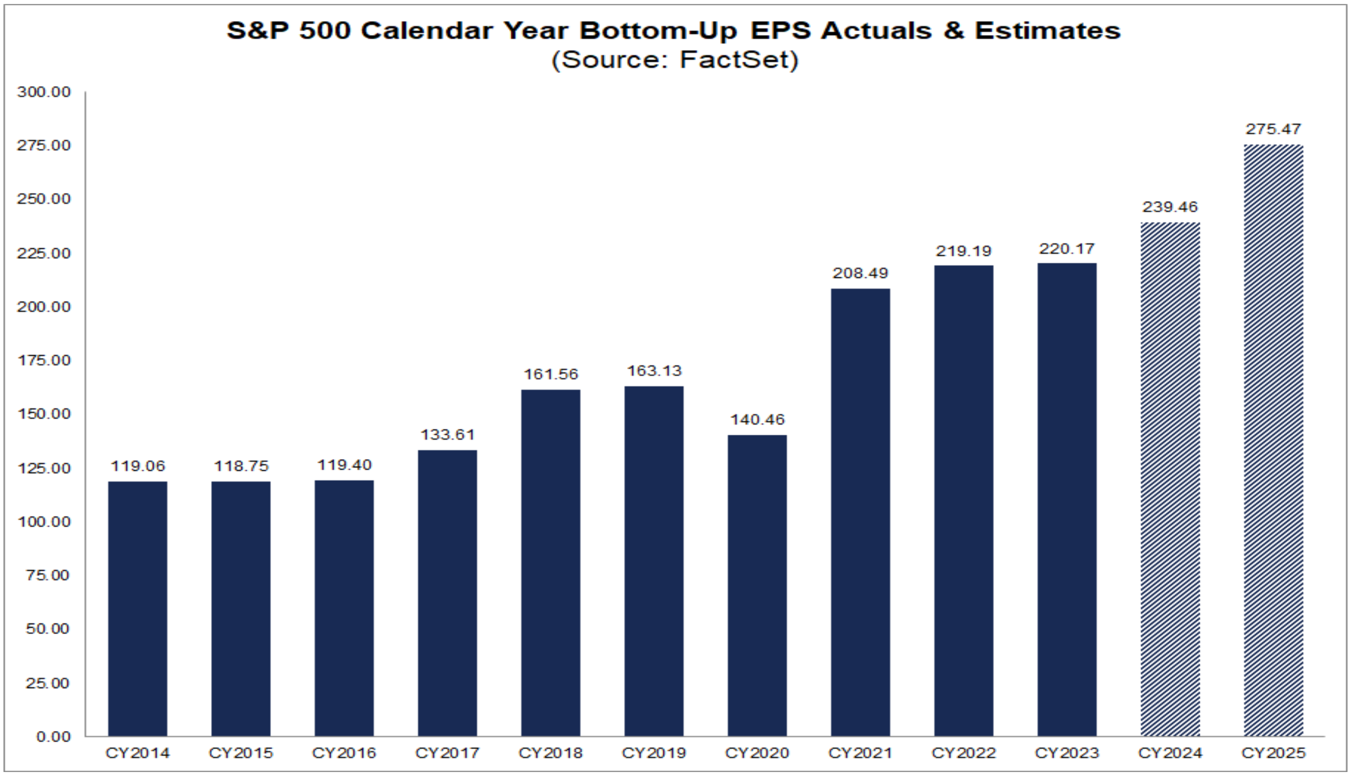
	Utilities	Real Estate	Financials	Industrials	Consumer Disc.	Health Care	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	1%	18%	28%	33%	34%	34%	39%	40%	48%	54%	57%
United States	99%	82%	72%	67%	66%	66%	61%	60%	52%	46%	43%

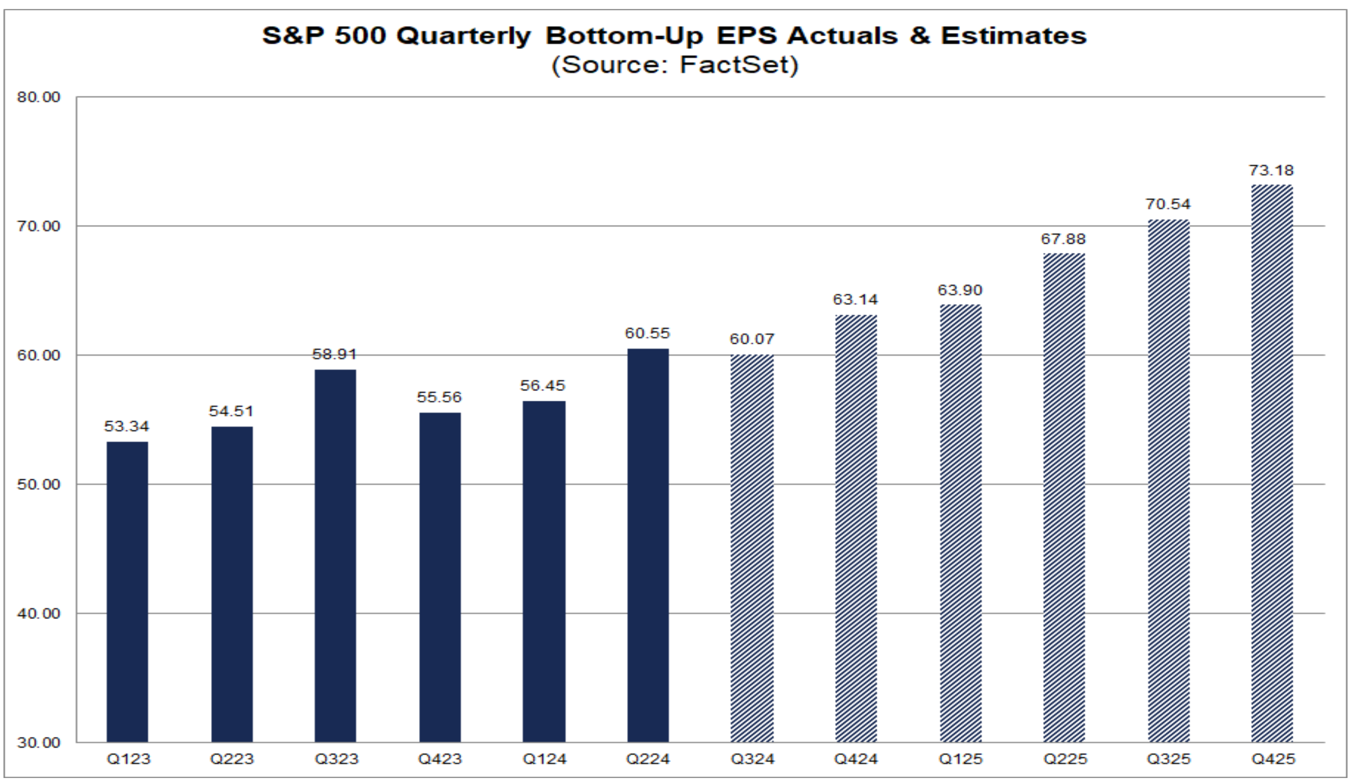
Bottom-Up EPS Estimates



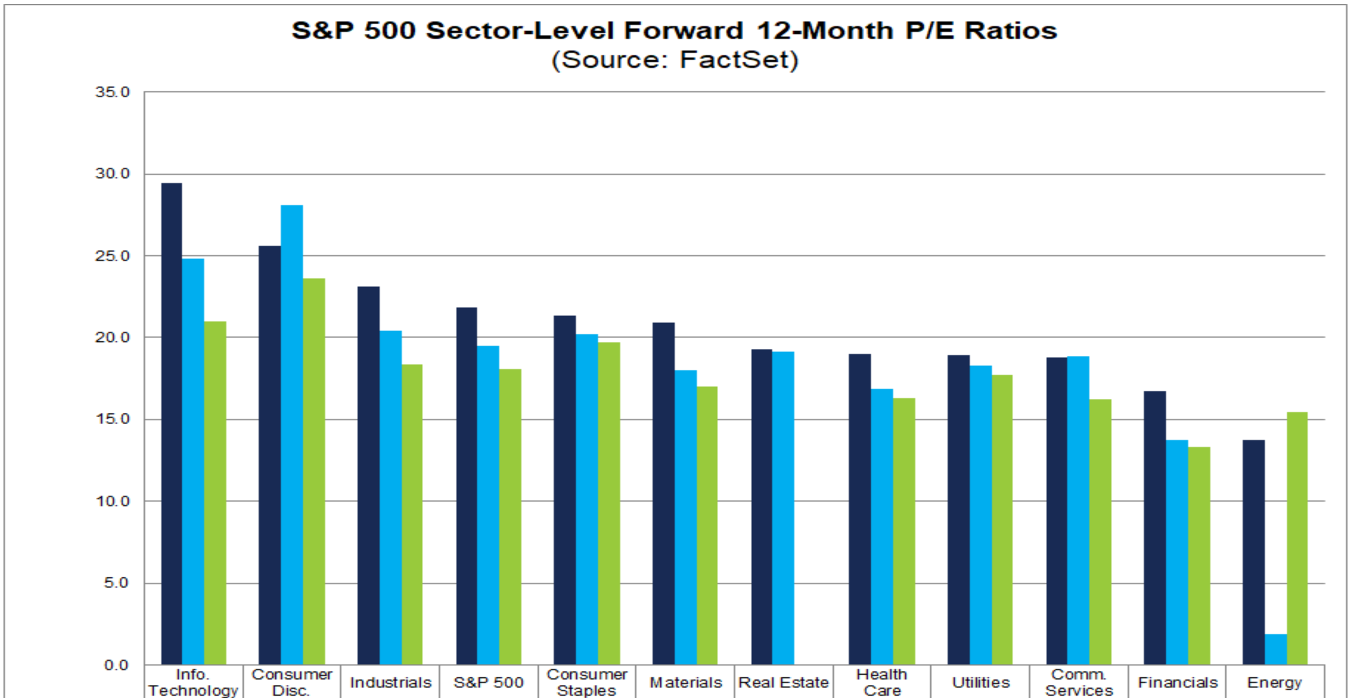


Bottom-Up EPS Estimates: Current & Historical

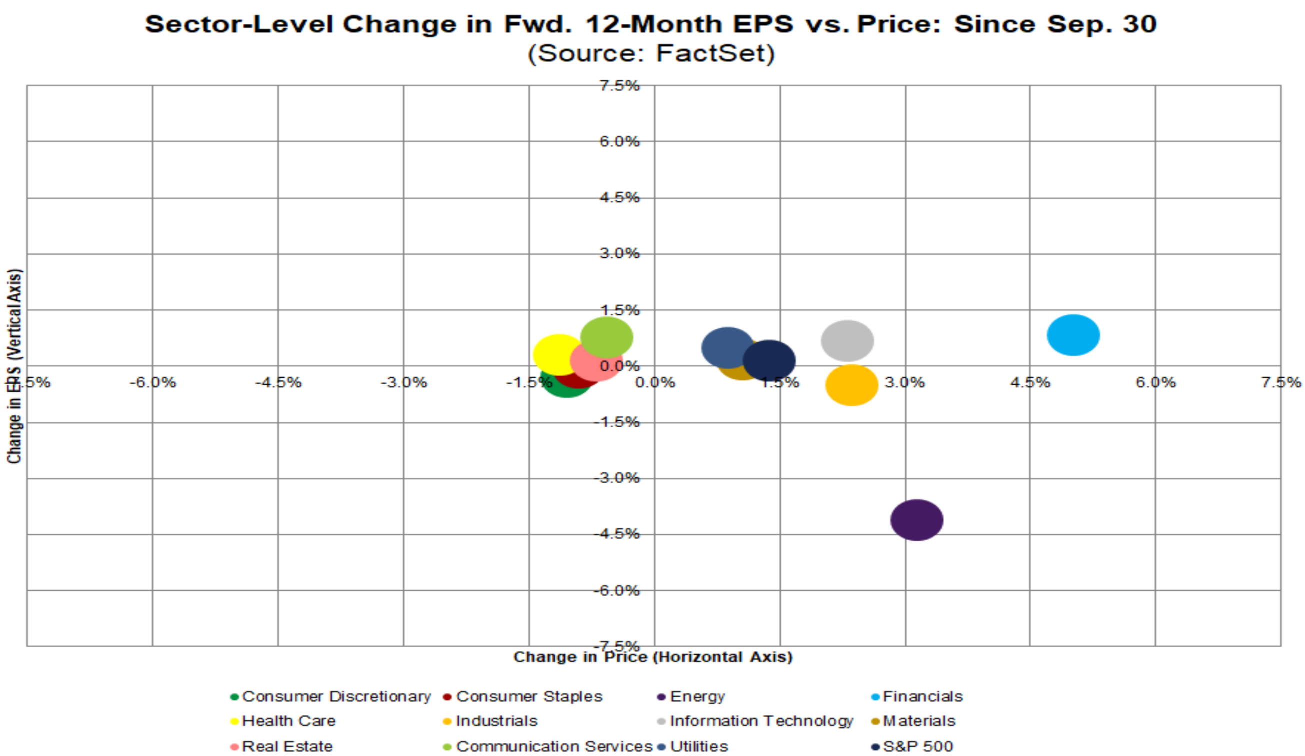




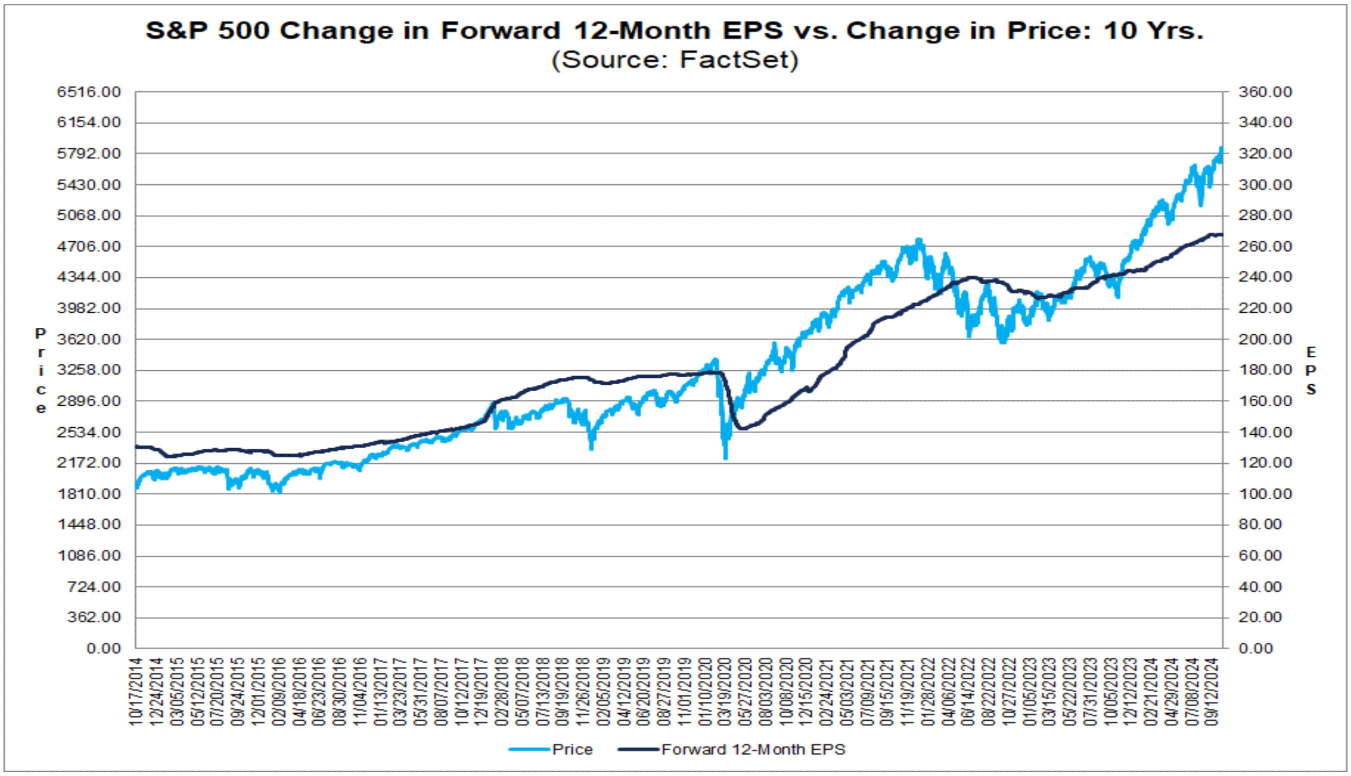
Forward 12M P/E Ratio: Sector Level

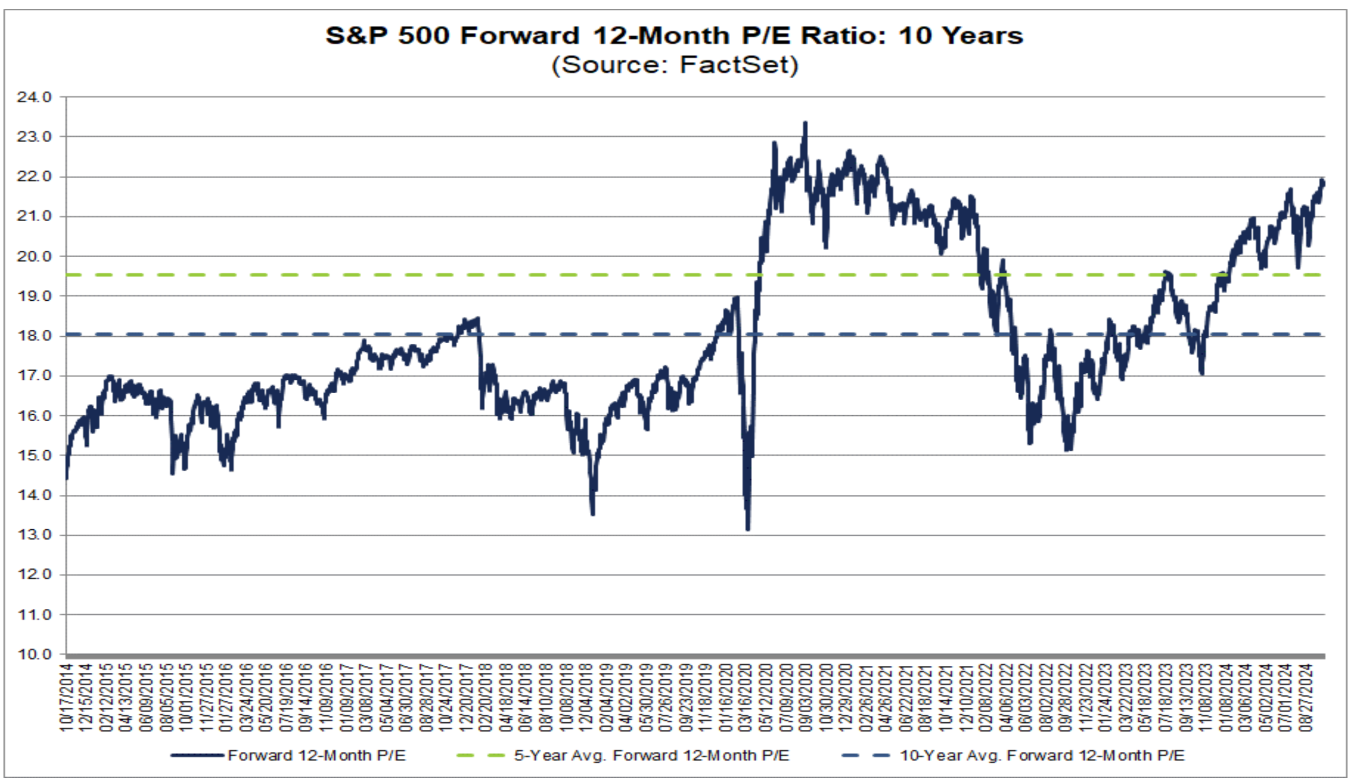


	Info. Technology	Consumer Disc.	Industrials	S&P 500	Consumer Staples	Materials	Real Estate	Health Care	Utilities	Comm. Services	Financials	Energy
Fwd P/E	29.5	25.6	23.1	21.9	21.3	20.9	19.3	19.0	19.0	18.8	16.7	13.8
5-Yr Avg.	24.8	28.1	20.4	19.5	20.2	18.0	19.2	16.9	18.3	18.8	13.8	1.9
10-Yr Avg.	21.0	23.6	18.4	18.1	19.7	17.0	0.0	16.3	17.7	16.3	13.3	15.5

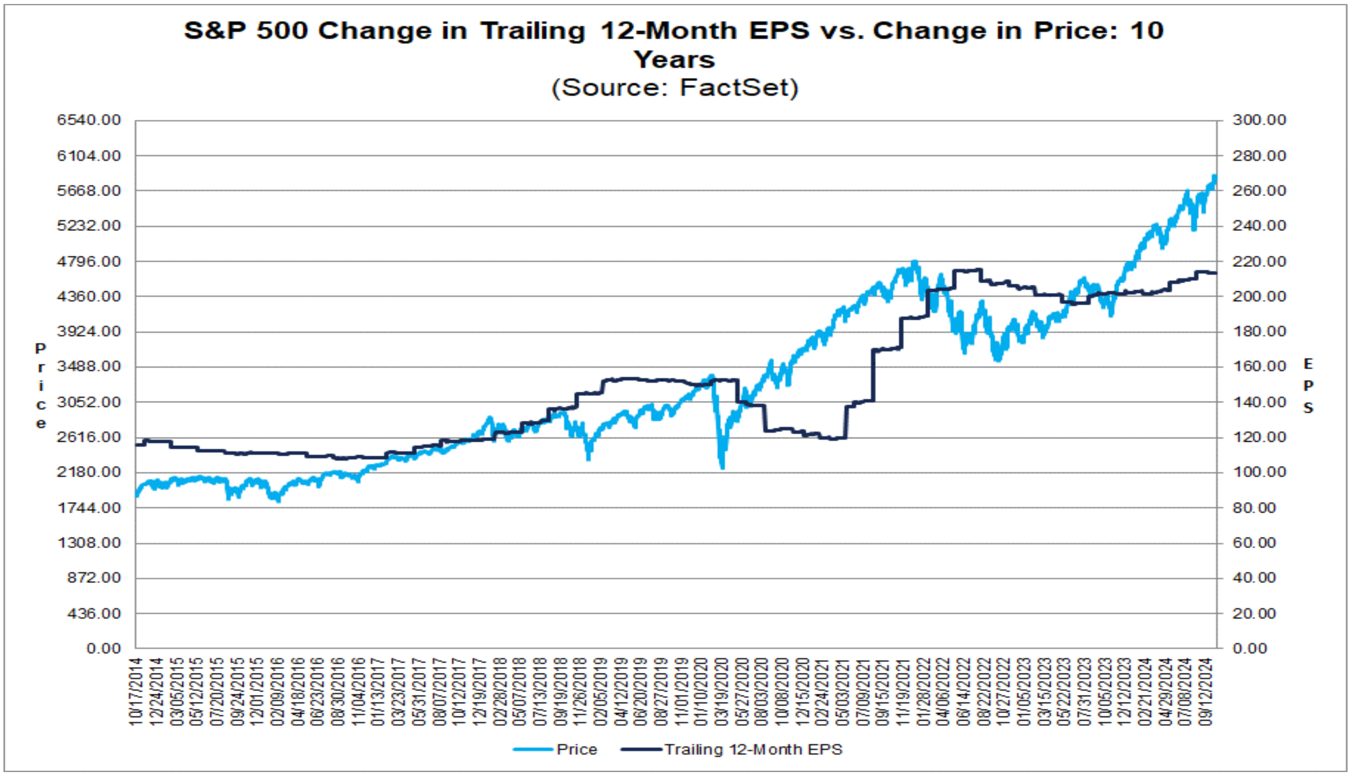


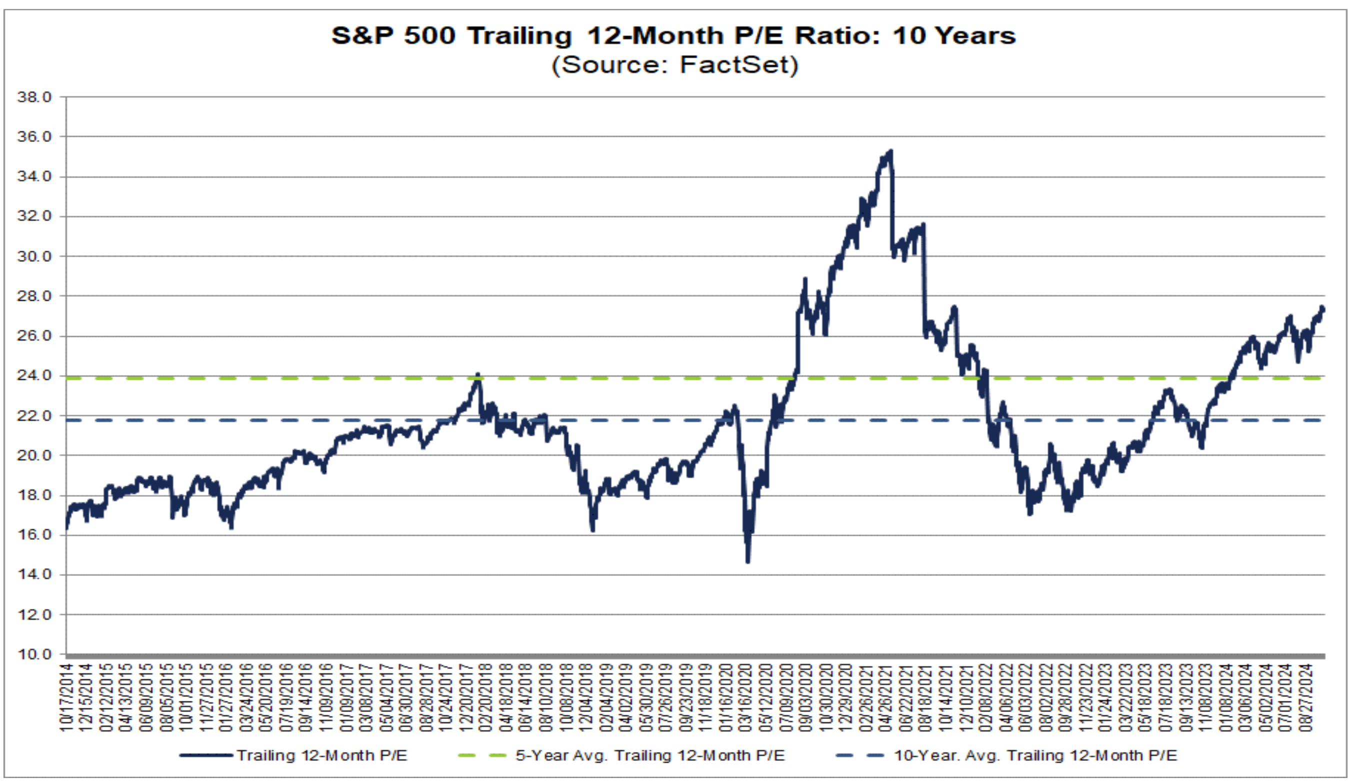
Forward 12M P/E Ratio: 10-Years



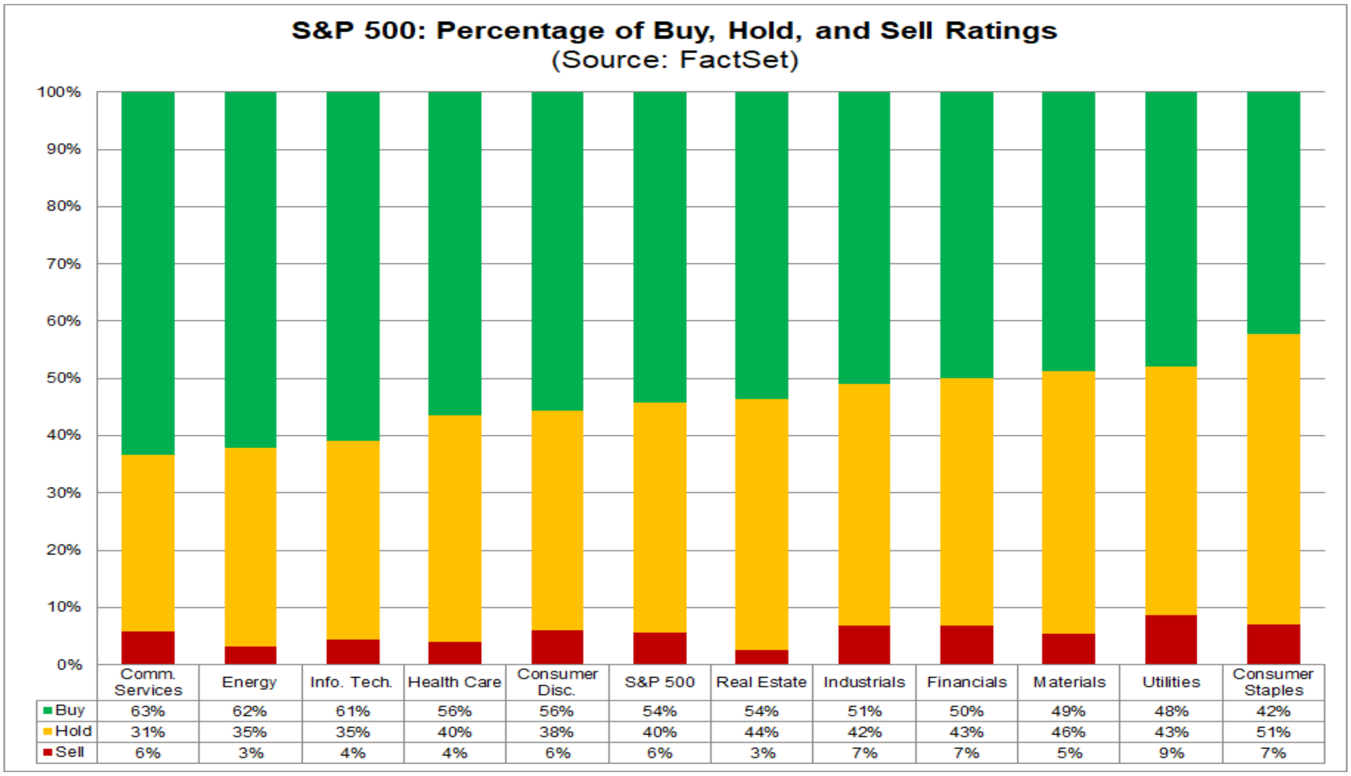


Trailing 12M P/E Ratio: 10-Years

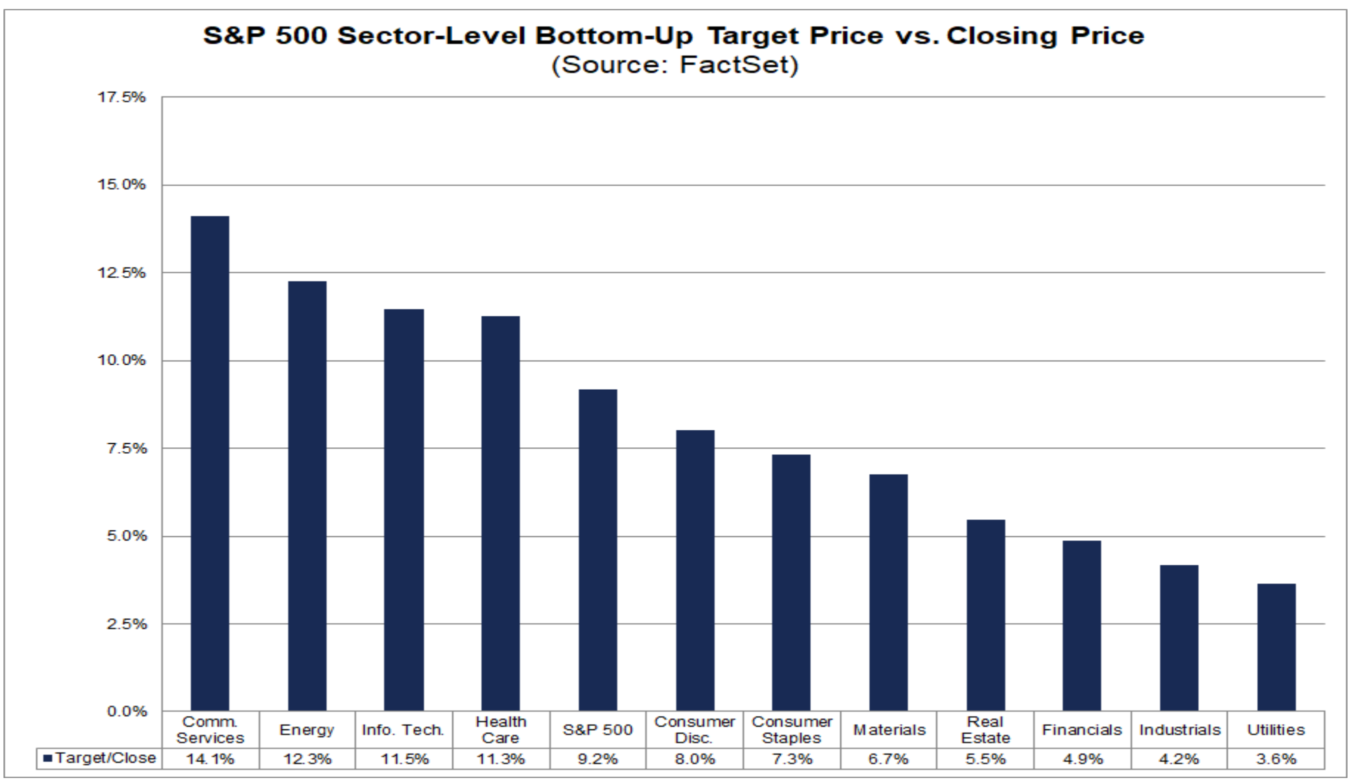




Targets & Ratings



	Comm. Services	Energy	Info. Tech.	Health Care	Consumer Disc.	S&P 500	Real Estate	Industrials	Financials	Materials	Utilities	Consumer Staples
Buy	63%	62%	61%	56%	56%	54%	54%	51%	50%	49%	48%	42%
Hold	31%	35%	35%	40%	38%	40%	44%	42%	43%	46%	43%	51%
Sell	6%	3%	4%	4%	6%	6%	3%	7%	7%	5%	9%	7%



	Comm. Services	Energy	Info. Tech.	Health Care	S&P 500	Consumer Disc.	Consumer Staples	Materials	Real Estate	Financials	Industrials	Utilities
Target/Close	14.1%	12.3%	11.5%	11.3%	9.2%	8.0%	7.3%	6.7%	5.5%	4.9%	4.2%	3.6%

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