

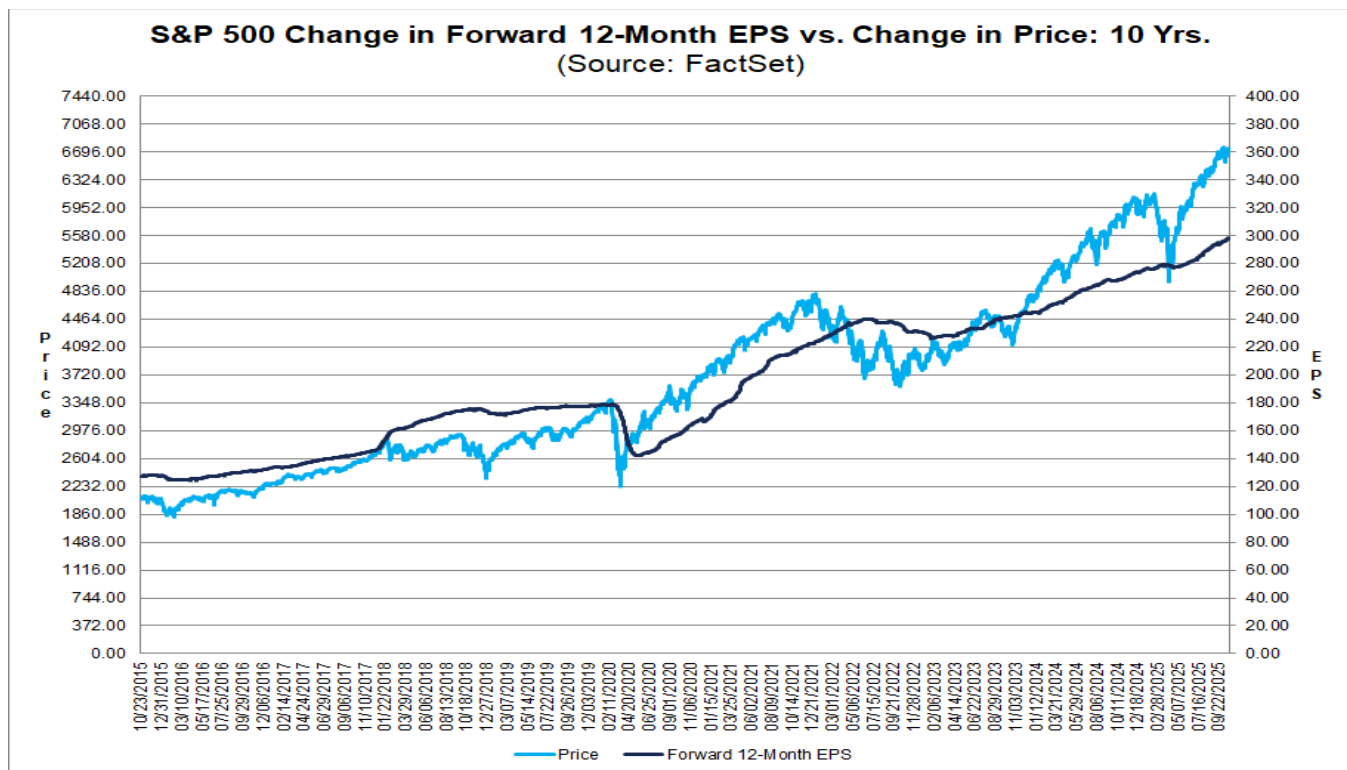
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Key Metrics

- **Earnings Scorecard:** For Q3 2025 (with 29% of S&P 500 companies reporting actual results), 87% of S&P 500 companies have reported a positive EPS surprise and 83% of S&P 500 companies have reported a positive revenue surprise.
- **Earnings Growth:** For Q3 2025, the blended (year-over-year) earnings growth rate for the S&P 500 is 9.2%. If 9.2% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of 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 2025 was 7.9%. Seven sectors are reporting higher earnings today (compared to September 30) due to positive EPS surprises.
- **Earnings Guidance:** For Q4 2025, 11 S&P 500 companies have issued negative EPS guidance and 12 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.7. This P/E ratio is above the 5-year average (19.9) and above the 10-year average (18.6).



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Topic of the Week:

S&P 500 Reporting Net Profit Margin Above 5-Year Average for 6th Straight Quarter

Given concerns in the market about tariffs and higher costs, what is the S&P 500 reporting for a net profit margin for Q3?

The blended net profit margin for the S&P 500 for Q3 2025 is 12.8%, which is equal to the previous quarter's net profit margin, but above the year-ago net profit margin and above the 5-year average.

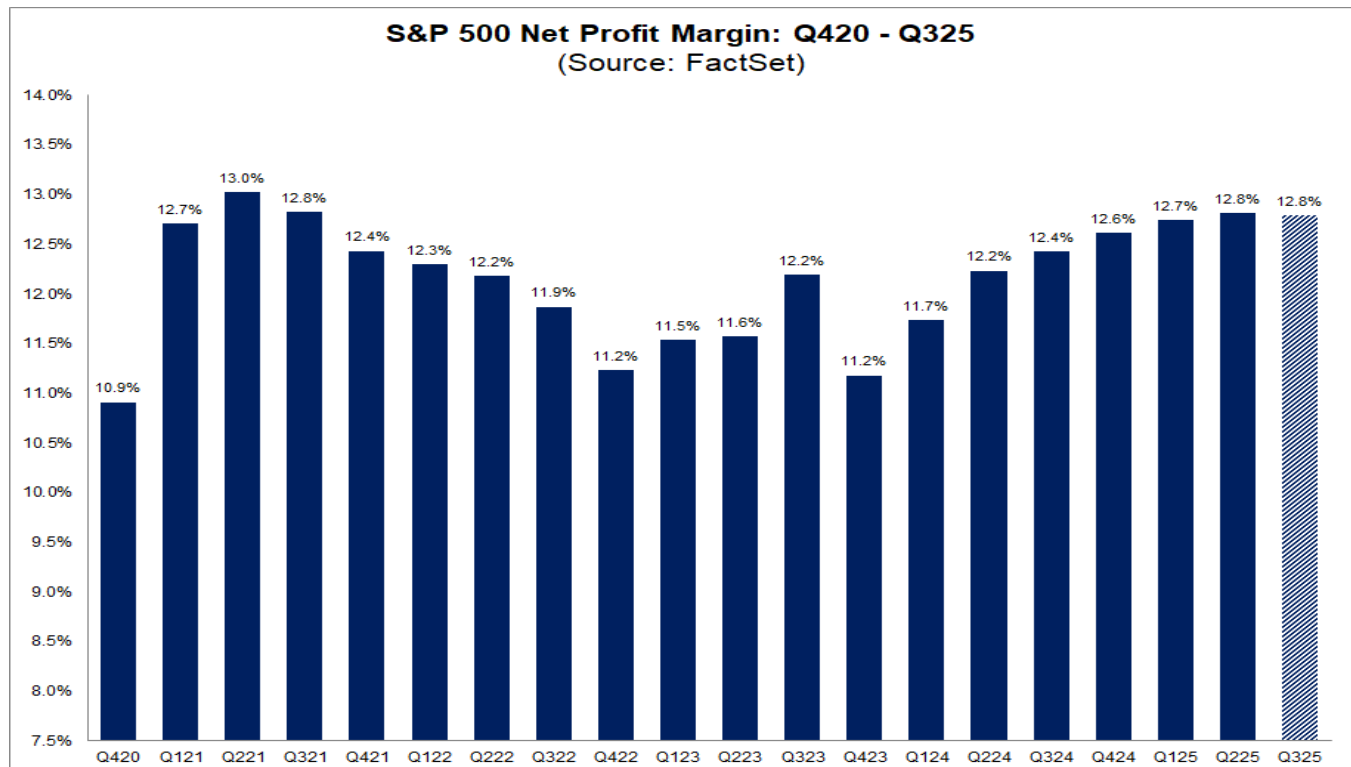
In fact, this quarter marks the 6th consecutive quarter that the S&P 500 is reporting a net profit margin above the 5-year average (12.1%).

At the sector level, four sectors are reporting a year-over-year increase in their net profit margins in Q3 2025 compared to Q3 2024, led by the Financials (19.9% vs. 18.0%) and Utilities (16.7% vs. 14.8%) sectors. On the other hand, six sectors are reporting a year-over-year decrease in their net profit margins in Q3 2025 compared to Q3 2024, led by the Communication Services (13.8 vs. 14.8%), Real Estate (34.3% vs. 35.2%), and Health Care (7.3% vs. 8.2%) sectors.

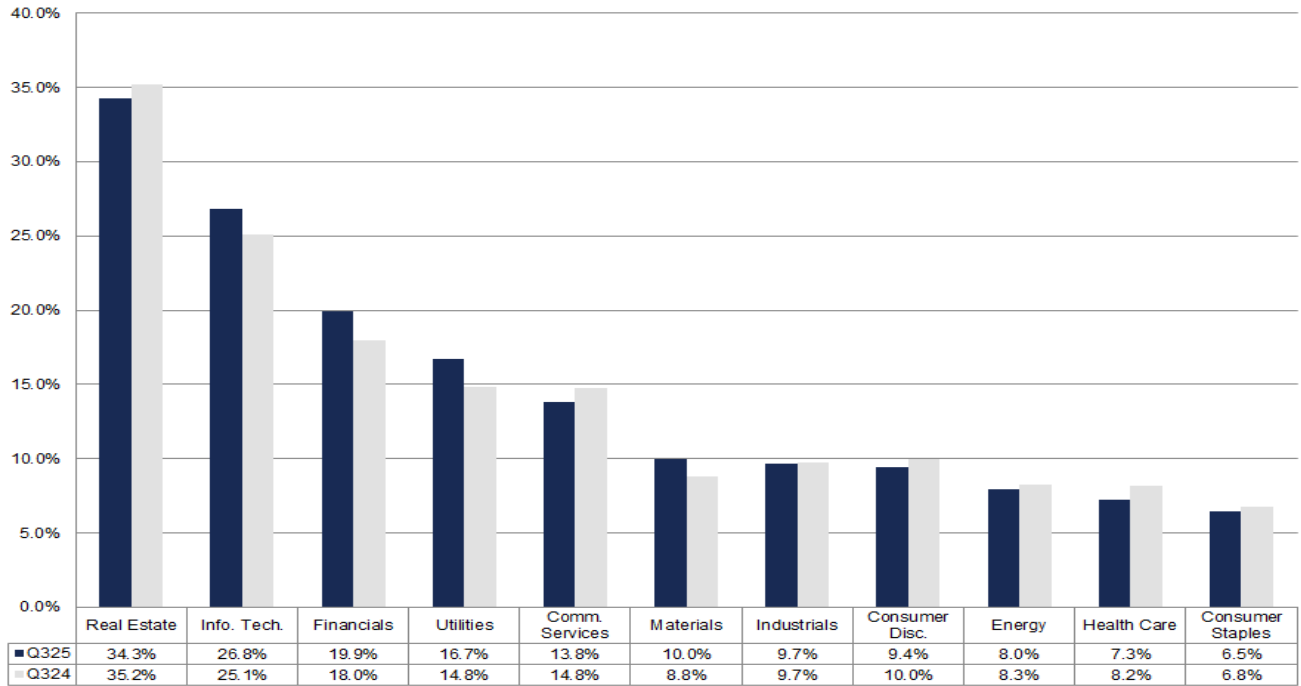
Seven sectors are reporting net profit margins in Q3 2025 that are above their 5-year averages, led by the Utilities (16.7% vs. 13.6%) sector. On the other hand, four sectors are reporting net profit margins in Q3 2025 that are below their 5-year averages, led by the Health Care (7.3% vs. 9.3%) and Energy (8.0% vs. 9.8%) sectors.

Five sectors are reporting a quarter-over-quarter increase in their net profit margins in Q3 2025 compared to Q2 2025, led by the Utilities (16.7% vs. 12.8%) sector. On the other hand, six sectors are reporting a quarter-over-quarter decrease in their net profit margins in Q3 2025 compared to Q2 2025, led by the Communication Services (13.8% vs. 15.3%) sector.

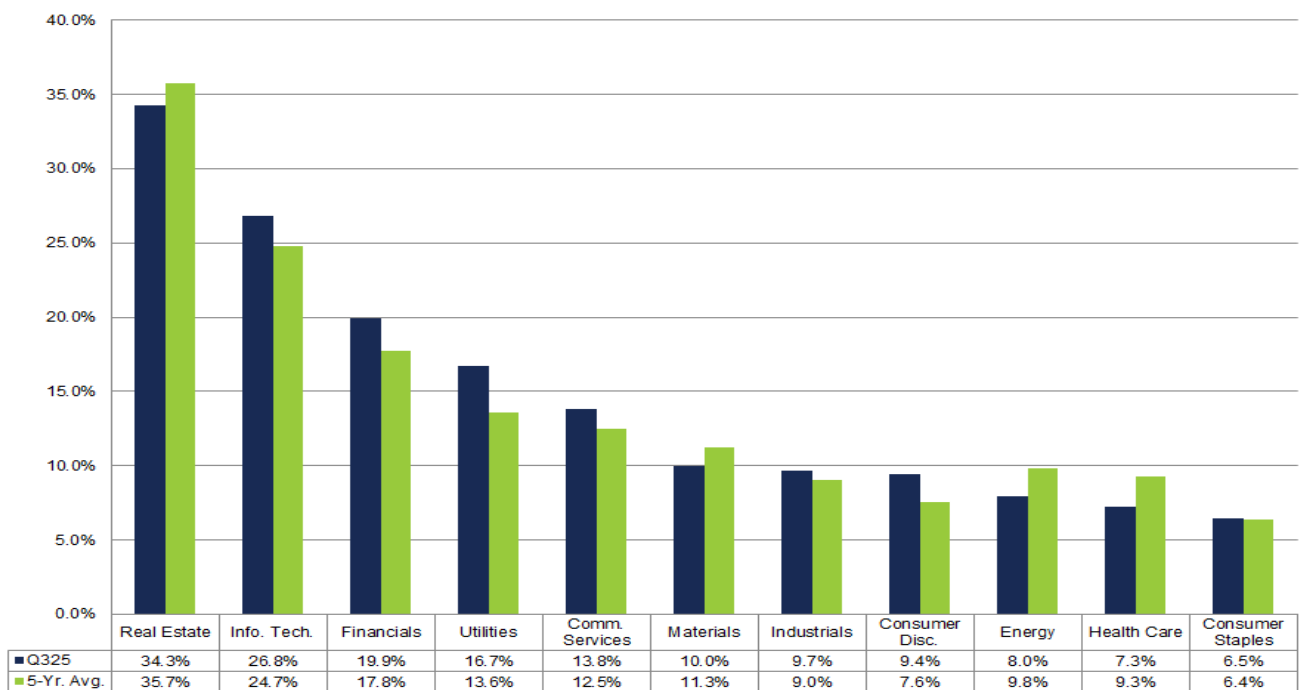
It is interesting to note that analysts believe net profit margins for the S&P 500 will be higher in 2026. As of today, the estimated net profit margins for Q4 2025 through Q2 2026 are 12.8%, 13.4% and 13.7%, respectively.

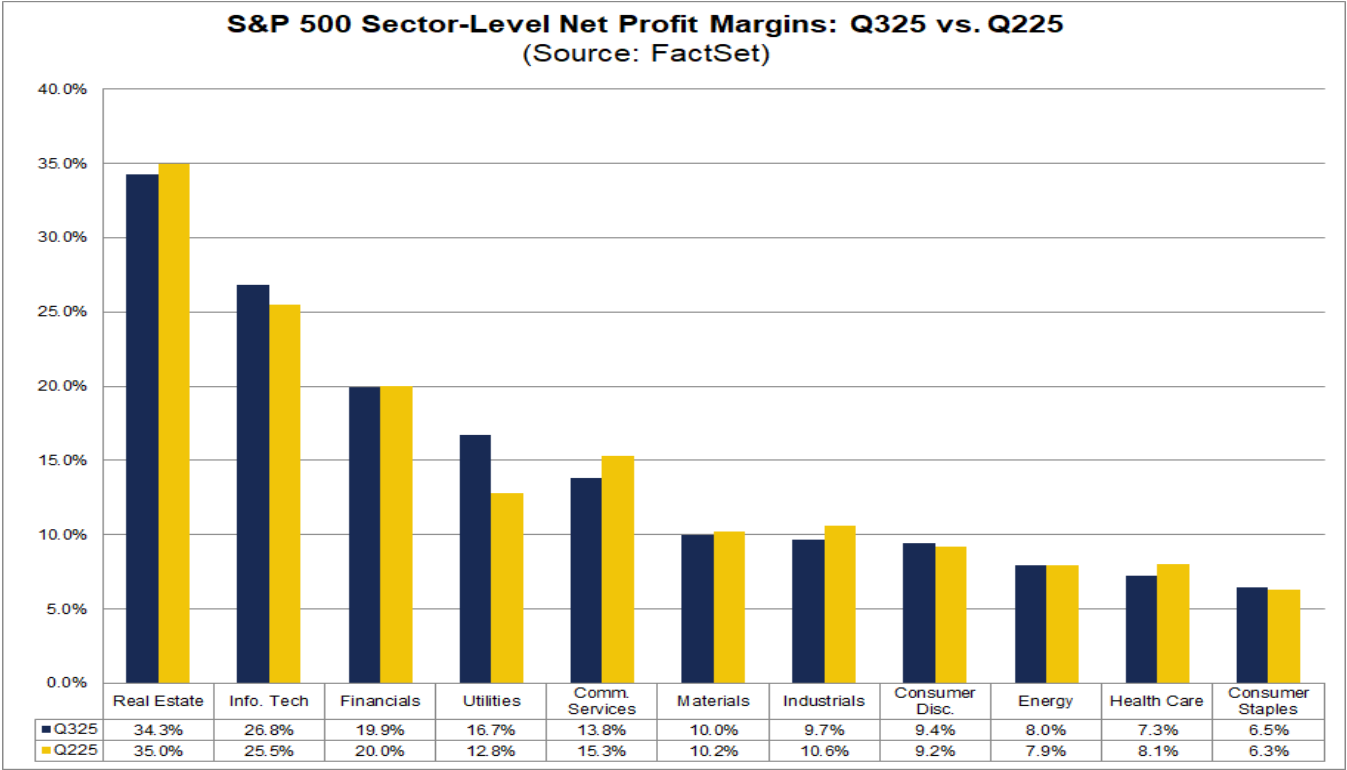


S&P 500 Sector-Level Net Profit Margins: Q325 vs. Q324
(Source: FactSet)



S&P 500 Sector-Level Net Profit Margins: Q325 vs. 5-Year Avg.
(Source: FactSet)





Q3 Earnings Season: By The Numbers

Overview

At this stage of the third quarter earnings season, the S&P 500 is reporting strong results. Both the percentage of S&P 500 companies reporting positive earnings surprises and the magnitude of earnings surprises are above their 10-year averages. As a result, the index is reporting higher earnings for the third quarter today relative to the end of last week and relative to the end of the quarter. The index is also reporting year-over-year earnings growth for the ninth straight quarter. In addition, S&P 500 companies are reporting impressive numbers for revenues relative to analyst expectations and year-ago results.

Overall, 29% of the companies in the S&P 500 have reported actual results for Q3 2025 to date. Of these companies, 87% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 75%. If 87% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q2 2021 (also 87%). In aggregate, companies are reporting earnings that are 7.6% above estimates, which is below the 5-year average of 8.4% but above the 10-year average of 7.0%. 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, positive EPS surprises reported by companies in the Financials, Information Technology, and Industrials sectors were the largest contributors to the increase in the overall earnings growth rate for the index over this period. Since September 30, positive EPS surprises reported by companies in the Financials, Information Technology, and Consumer Discretionary sectors, partially offset by downward revisions to EPS estimates for companies in the Health Care and Industrials sectors, have been the largest contributors to the increase 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 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 9.2% today, compared to an earnings growth rate of 7.8% last week and an earnings growth rate of 7.9% at the end of the third quarter (September 30).

If 9.2% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are reporting year-over-year growth, led by Information Technology, Financials, Utilities, and Materials sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Energy and Health Care sectors.

In terms of revenues, 83% of S&P 500 companies have reported actual revenues above estimates, which is above the 5-year average of 70% and above the 10-year average of 66%. If 83% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%). In aggregate, companies are reporting revenues that are 2.4% above the estimates, which is above the 5-year average of 2.1% and above 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 multiple sectors (led by the Consumer Discretionary) sector were the largest contributors to the increase in the overall revenue growth rate for the index over this period. Since September 30, positive revenue surprises reported by companies in the Consumer Discretionary and Financials sectors 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 7.0% today, compared to a revenue growth rate of 6.5% last week and a revenue growth rate of 6.3% at the end of the third quarter (September 30).

If 7.0% is the actual revenue growth rate for the quarter, it will mark the highest growth rate reported by the index since Q3 2022 (11.0%). It will also mark the 20th consecutive quarter of revenue growth for the index.

Ten sectors are reporting year-over-year growth in revenues, led by the Information Technology sector. On the other hand, the Energy sector is the only sector reporting a year-over-year decline in revenues.

For Q4 2025 through Q2 2026, analysts are calling for earnings growth rates of 7.4%, 11.9%, and 12.8%, respectively. For CY 2025 analysts are predicting (year-over-year) earnings growth of 11.0%.

The forward 12-month P/E ratio is 22.7, which is above the 5-year average (19.9) and above the 10-year average (18.6). However, this P/E ratio is slightly below the forward P/E ratio of 22.8 recorded at the end of the third quarter (September 30).

During the upcoming week, 175 S&P 500 companies (including 11 Dow 30 companies) are scheduled to report results for the third quarter.

Scorecard: Percentage of Positive EPS and Revenue Surprises Are Above 5-Year Averages

Percentage of Companies Beating EPS Estimates (87%) is Above 5-Year Average

Overall, 29% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 87% have reported actual EPS above the mean EPS estimate, 2% 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 (77%), above the 5-year average (78%), 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.

If 87% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive EPS surprise for a quarter since Q2 2021 (also 87%).

At the sector level, the Consumer Staples (100%), Real Estate (100%), and Utilities (100%) sectors have the highest percentages of companies reporting earnings above estimates, while the Communication Services (50%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.6%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.6% above expectations. This surprise percentage is above the 1-year average (+7.3%), below the 5-year average (+8.4%), and above the 10-year average (+7.0%). 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 Materials (+18.0%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Dow (-\$0.19 vs. -\$0.31), Freeport-McMoRan (\$0.50 vs. \$0.42), and Newmont Corporation (\$1.71 vs. \$1.44) have reported the largest positive EPS surprises.

The Utilities (+13.7%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, PG&E Corporation (\$0.50 vs. \$0.43) and CenterPoint Energy (\$0.50 vs. \$0.44) have reported the largest positive EPS surprises.

The Energy (+12.1%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, EQT Corporation (\$0.52 vs. \$0.36), Valero Energy (\$3.66 vs. \$3.05), and Halliburton (\$0.58 vs. \$0.50) have reported the largest positive EPS surprises.

The Financials (+9.2%) sector is reporting the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Morgan Stanley (\$2.80 vs. \$2.10), Capital One Financial (\$5.95 vs. \$4.49), Travelers Companies (\$8.14 vs. \$6.39), Synchrony Financial (\$2.86 vs. \$2.23), Blackstone (\$1.52 vs. \$1.23), and Chubb (\$7.49 vs. \$6.17) have reported the largest positive EPS surprises.

The Consumer Discretionary (+9.1%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, NIKE (\$0.49 vs. \$0.27), Ford Motor (\$0.45 vs. \$0.35), Las Vegas Sands (\$0.78 vs. \$0.62), and General Motors (\$2.80 vs. \$2.29) have reported the largest positive EPS surprises.

The Information Technology (+8.9%) sector is reporting the sixth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Intel (\$0.23 vs. \$0.02), Amphenol Corporation (\$0.93 vs. \$0.79), Jabil (\$3.29 vs. \$2.02), and IBM (\$2.65 vs. \$2.45) have reported the largest positive EPS surprises.

The Industrials (+8.1%) sector is reporting the seventh-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Southwest Airlines (\$0.11 vs. -\$0.04), GE Vernova (\$2.17 vs. \$1.72), J.B. Hunt Transport Services (\$1.76 vs. \$1.46), RTX Corporation (\$1.70 vs. \$1.41), Northrop Grumman (\$7.67 vs. \$6.44), and GE Aerospace (\$1.66 vs. \$1.46) have reported the largest positive EPS surprises.

On the other hand, the Communication Services (-4.2%) sector is reporting the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Netflix (\$5.87 vs. \$6.96) 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 more than average and punishing negative EPS surprises reported by S&P 500 companies more than average.

Companies that have reported positive earnings surprises for Q3 2025 have seen an average price increase of +1.6% two days before the earnings release through two days after the earnings release. This percentage increase is above 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 2025 have seen an average price decrease of -3.5% two days before the earnings release through two days after the earnings release. This percentage decrease is larger than the 5-year average price decrease of -2.6% during this same window for companies reporting negative earnings surprises.

Percentage of Companies Beating Revenue Estimates (83%) is Above 5-Year Average

In terms of revenues, 83% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 17% of the companies have reported actual revenues below estimated revenues. The percentage of companies reporting revenues above estimates is above the 1-year average (67%), above the 5-year average (70%), and above the 10-year average (66%). 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.

If 83% is the final number for the quarter, it will mark the largest percentage of S&P 500 companies reporting a positive revenue surprise for a quarter since Q2 2021 (87%).

At the sector level, the Energy (100%) and Real Estate (100%) sectors have the highest percentages of companies reporting revenues above estimates, while the Utilities (33%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.4%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.4% above expectations. This surprise percentage is above the 1-year average (+1.2%), above the 5-year average (+2.1%), and above 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 Energy (+5.1%) and Consumer Discretionary (+4.5%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Utilities (-0.4%) and Communication Services (-0.1%) sectors are reporting the largest negative (aggregate) differences between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings This Week Due to Multiple Sectors

Increase in Blended Earnings This Week Due to Multiple Sectors

The blended (year-over-year) earnings growth rate for the third quarter is 9.2%, which is above the earnings growth rate of 7.8% last week. Positive EPS surprises reported by companies in the Financials, Information Technology, and Industrials sectors 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 Capital One Financial (\$5.95 vs. \$4.49) and Chubb (\$7.49 vs. \$6.17) were significant 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 20.2% from 18.2% over this period.

In the Information Technology sector, the positive EPS surprise reported by Intel (\$0.23 vs. \$0.02) was the largest contributor 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 Information Technology sector increased to 22.3% from 21.1% over this period.

In the Industrials sector, the positive EPS surprises reported by RTX Corporation (\$1.70 vs. \$1.41) and GE Aerospace (\$1.66 vs. \$1.46) 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 Industrials sector increased to 4.7% from 0.9% 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 7.0%, which is above the revenue growth rate of 6.5% last week. Positive revenue surprises reported by companies in multiple sectors (led by the Consumer Discretionary) sector were the largest contributors to the increase in the overall revenue growth rate for the index during this period.

Financials Sector Has Seen Largest Increase in Earnings since September 30

The blended (year-over-year) earnings growth rate for Q3 2025 of 9.2% is above the estimate of 7.9% at the end of the third quarter (September 30). Seven 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 Financials (to 20.2% from 11.4%) sector. The Financials, Information Technology (to 22.3% from 20.9%), and Consumer Discretionary (to 0.3% from -2.3%) sectors have been the largest contributors to the increase in the earnings growth rate for the index since September 30. On the other hand, four 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 Industrials (to 4.7% from 9.7%) and Health Care (to -4.0% from 0.2%) sectors. The Health Care and Industrials sectors have also been the largest detractors to the increase in the earnings growth rate for the index since September 30.

In the Financials sector, the positive EPS surprises reported by Morgan Stanley (\$2.80 vs. \$2.10), Capital One Financial (\$5.95 vs. \$4.49), Bank of America (\$1.06 vs. \$1.04), JPMorgan Chase (\$5.97 vs. \$4.85), Chubb (\$7.49 vs. \$6.17), Travelers Companies (\$8.14 vs. \$6.39), Goldman Sachs (\$12.25 vs. \$11.03), and Wells Fargo (\$1.66 vs. \$1.55) have been significant contributors to the increase 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 20.2% from 11.4% over this period.

In the Information Technology sector, the positive EPS surprise reported by Intel (\$0.23 vs. \$0.02) has been a substantial contributor to the increase in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Information Technology sector increased to 22.3% from 20.9% over this period.

In the Consumer Discretionary sector, the positive EPS surprises reported by General Motors (\$2.80 vs. \$2.29) and Ford Motor (\$0.45 vs. \$0.35) have been significant contributors to the increase in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Consumer Discretionary sector has increased to 0.3% from -2.3% over this period.

In the Health Care sector, the downward revisions to EPS estimates for AbbVie (to \$1.77 from \$3.26) have been the second-largest detractor to the increase in the earnings growth rate for the index since September 30. As a result, the Health Care sector is now reporting a decline in earnings of -4.0% compared to expected earnings growth of 0.2% on September 30.

In the Industrials sector, the downward revisions to EPS estimates for Boeing (to -\$5.16 from -\$0.43) have been the largest detractor to the increase in the earnings growth rate for the index since September 30. As a result, the blended earnings growth rate for the Industrials sector has decreased to 4.7% from 9.7% over this period.

Consumer Discretionary Sector Has Seen Largest Increase in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q3 2025 of 7.0% is above the estimate of 6.3% at the end of the third quarter (September 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 Consumer Discretionary (to 6.5% from 4.1%) and Financials (to 8.5% from 6.8%) sectors. The Consumer Discretionary and Financials sectors have also been the largest contributors to the increase in the revenue growth rate for the index since September 30. On the other hand, two 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: Utilities (to 5.2% from 6.3%) and Consumer Staples (to 3.2% from 3.3%). One sector has seen no change in its revenue growth rate since September 30: Materials (4.0%).

In the Consumer Discretionary sector, the positive revenue surprises reported by Ford Motor (\$50.53 billion vs. \$47.05 billion), General Motors (\$48.59 billion vs. \$45.04 billion) and Tesla (\$28.10 billion vs. \$27.23 billion) have been the largest contributors to the increase in the revenue growth rate for the index since September 30. As a result, the blended revenue growth rate for the Consumer Discretionary sector has increased to 6.5% from 4.1% over this period.

In the Financials sector, the positive revenue surprises reported by Morgan Stanley (\$18.22 billion vs. \$16.69 billion), JPMorgan Chase (\$46.43 billion vs. \$45.47 billion), Goldman Sachs (\$15.18 billion vs. \$14.12 billion), and Citigroup (\$22.09 billion vs. \$21.09 billion) have been significant contributors to the increase in the revenue growth rate for the index since September 30. As a result, the blended revenue growth rate for the Financials sector has increased to 8.5% from 6.8% over this period.

Earnings Growth: 9.2%

The blended (year-over-year) earnings growth rate for Q3 2025 is 9.2%, which is below the 5-year average earnings growth rate of 14.9% and below the 10-year average earnings growth rate of 9.5%. If 9.2% is the actual growth rate for the quarter, it will mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are reporting year-over-year earnings growth, led by the Information Technology, Financials, Utilities, and Materials sectors. On the other hand, three sectors are reporting a year-over-year decline in earnings, led by the Energy and Health Care sectors.

Information Technology: Semiconductors Industry 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 22.3%. 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 (48%), Electronic Equipment, Instruments, & Components (28%), Software (13%), IT Services (9%), Communication Equipment (8%), and Technology Hardware, Storage, & Peripherals (6%).

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 10.3% from 22.3%.

Financials: All 5 Industries Reporting Double-Digit (Year-Over-Year) Growth

The Financials sector is reporting the second-highest (year-over-year) earnings growth rate of all eleven sectors at 20.2%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) double-digit (year-over-year) earnings growth: Consumer Finance (55%), Capital Markets (26%), Insurance (20%), Banks (17%), and Financial Services (12%).

Utilities: NRG Energy and Vistra Are Largest Contributors to Year-Over-Year Growth

The Utilities sector is reporting the third-highest (year-over-year) earnings growth rate of all eleven sectors at 18.8%. At the industry level, all 5 industries in the sector are reporting (or are projected to report) year-over-year earnings growth: Independent Power and Renewable Electricity Producers (74%), Electric Utilities (19%), Gas Utilities (17%), Water Utilities (8%), and Multi-Utilities (8%).

At the company level, NRG Energy (\$1.85 vs. -\$3.79) and Vistra Corp. (\$2.74 vs. \$1.00) are the largest contributors to earnings growth for the sector. If these two companies were excluded, the blended earnings growth rate for the Utilities sector would fall to 8.6% from 18.8%.

Materials: 3 of 4 Industries Reporting Year-Over-Year Growth

The Materials sector is reporting the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 18.0%. At the industry level, 3 of the 4 industries in the sector are reporting (or are projected to report) year-over-year earnings growth. All 3 are reporting (or are predicted to report) double-digit growth: Containers & Packaging (92%), Metals & Mining (63%), and Construction Materials (17%). On the other hand, the Chemicals (-9%) industry is the only industry reporting a year-over-year decline in earnings.

The Metals & Mining industry is also the largest contributor to earnings growth for the sector. If this industry were excluded, the blended earnings growth rate for the Materials sector would fall to 5.7% from 18.0%.

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 -4.4%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil in Q3 2025 (\$64.97) was 15% below the average price for oil in Q3 2024 (\$76.06). At the sub-industry level, 3 of the 5 sub-industries in the sector are reporting (or are predicted to report) a year-over-year decline in earnings: Integrated Oil & Gas (-15%), Oil & Gas Equipment & Services (-14%), and Oil & Gas Exploration & Production (-6%). On the other hand, two sub-industries are reporting year-over-year earnings growth: Oil & Gas Refining & Marketing (61%) and Oil & Gas Storage & Transportation (23%).

Health Care: UnitedHealth Group Is Largest Contributor to Year-Over-Year Decline

The Health Care sector is reporting the second-largest (year-over-year) earnings decline of all eleven sectors at -4.0%. At the industry level, 2 of the 5 industries in the sector are reporting (or are projected to report) a year-over-year earnings decline: Health Care Providers & Services (-27%) and Biotechnology (-24%). On the other hand, three industries are reporting year-over-year earnings growth: Pharmaceuticals (19%), Health Care Equipment & Supplies (8%), and Life Sciences, Tools, & Services (5%).

At the company level, UnitedHealth Group (\$2.80 vs. \$7.15), Pfizer (\$0.64 vs. \$1.06), and AbbVie (\$1.77 vs. \$3.00) are the largest contributors to the earnings decline for the sector. If these three companies were excluded, the Health Care sector would be reporting earnings growth of 11.0% rather than an earnings decline of -4.0%.

Revenue Growth: 7.0%

The blended (year-over-year) revenue growth rate for Q3 2025 is 7.0%, which is below the 5-year average revenue growth rate of 7.2% but above the 10-year average revenue growth rate of 5.4%. If 7.0% is the actual growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q3 2022 (11.0%). It will also mark the 20th consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are reporting year-over-year growth in revenues, led by the Information Technology sector. On the other hand, the Energy sector is the only sector reporting a year-over-year decline in revenues.

Information Technology: All 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 14.5%. At the industry level, all 6 industries in the sector are reporting (or are projected to report) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (27%), Electronic Equipment, Instruments, & Components (17%), Software (15%), Communication Equipment (8%), IT Services (8%), and Technology Hardware, Storage, & Peripherals (7%).

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 -0.9%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil in Q3 2025 (\$64.97) was 15% below the average price for oil in Q3 2024 (\$76.06). At the sub-industry level, 3 of the 5 sub-industries in the sector are reporting (or are predicted to report) a year-over-year decline in revenues: Integrated Oil & Gas (-5%), Oil & Gas Refining & Marketing (-5%), and Oil & Gas Equipment & Services (-1%). On the other hand, two sub-industries are reporting year-over-year growth in revenues: Oil & Gas Storage & Transportation (35%) and Oil & Gas Exploration & Production (15%).

Net Profit Margin: 12.8%

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

At the sector level, four sectors are reporting a year-over-year increase in their net profit margins in Q3 2025 compared to Q3 2024, led by the Financials (19.9% vs. 18.0%) and Utilities (16.7% vs. 14.8%) sectors. On the other hand, six sectors are reporting a year-over-year decrease in their net profit margins in Q3 2025 compared to Q3 2024, led by the Communication Services (13.8 vs. 14.8%), Real Estate (34.3% vs. 35.2%), and Health Care (7.3% vs. 8.2%) sectors.

Seven sectors are reporting net profit margins in Q3 2025 that are above their 5-year averages, led by the Utilities (16.7% vs. 13.6%) sector. On the other hand, four sectors are reporting net profit margins in Q3 2025 that are below their 5-year averages, led by the Health Care (7.3% vs. 9.3%) and Energy (8.0% vs. 9.8%) sectors.

Forward Estimates & Valuation

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

At this point in time, 23 companies in the index have issued EPS guidance for Q4 2025. Of these 23 companies, 11 have issued negative EPS guidance and 12 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2025 is 48% (11 out of 23), which is below the 5-year average of 57% and below the 10-year average of 61%.

At this point in time, 268 companies in the index have issued EPS guidance for the current fiscal year (FY 2025 or FY 2026). Of these 268 companies, 105 have issued negative EPS guidance and 163 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 39% (105 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 11% for CY 2025

For the third quarter, S&P 500 companies are reporting year-over-year growth in earnings of 9.2% and year-over-year growth in revenues of 7.0%.

For Q4 2025, analysts are projecting earnings growth of 7.4% and revenue growth of 6.5%.

For CY 2025, analysts are projecting earnings growth of 11.0% and revenue growth of 6.3%.

For Q1 2026, analysts are projecting earnings growth of 11.9% and revenue growth of 7.2%.

For Q2 2026, analysts are projecting earnings growth of 12.8% and revenue growth of 6.4%.

For CY 2026, analysts are projecting earnings growth of 13.9% and revenue growth of 6.6%.

Valuation: Forward P/E Ratio is 22.7, Above the 10-Year Average (18.6)

The forward 12-month P/E ratio for the S&P 500 is 22.7. This P/E ratio is above the 5-year average of 19.9 and above the 10-year average of 18.6. However, it is slightly below the forward 12-month P/E ratio of 22.8 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 0.7%, while the forward 12-month EPS estimate has increased by 1.1%. At the sector level, the Information Technology (30.3) and Consumer Discretionary (28.9) sectors have the highest forward 12-month P/E ratios, while the Energy (15.7) and Financials (16.0) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 28.8, which is above the 5-year average of 25.0 and above the 10-year average of 22.8.

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

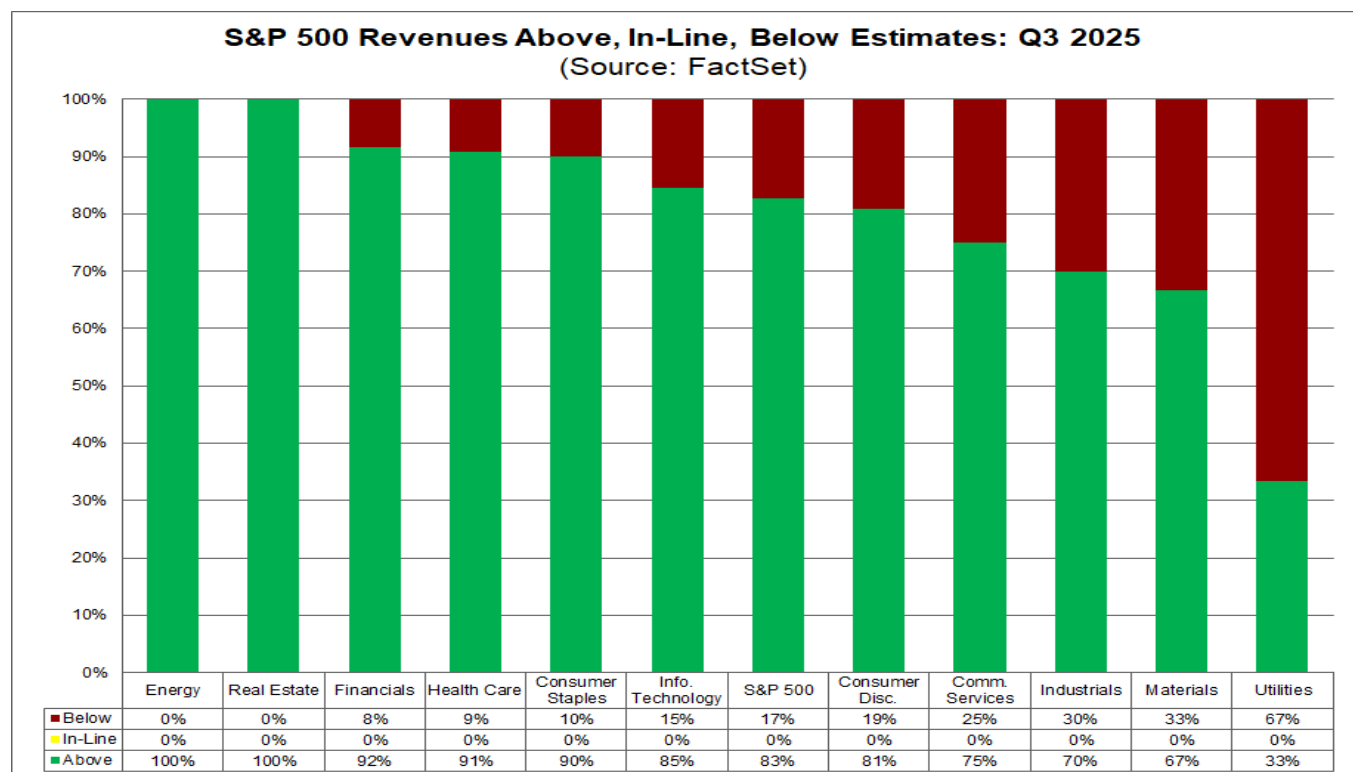
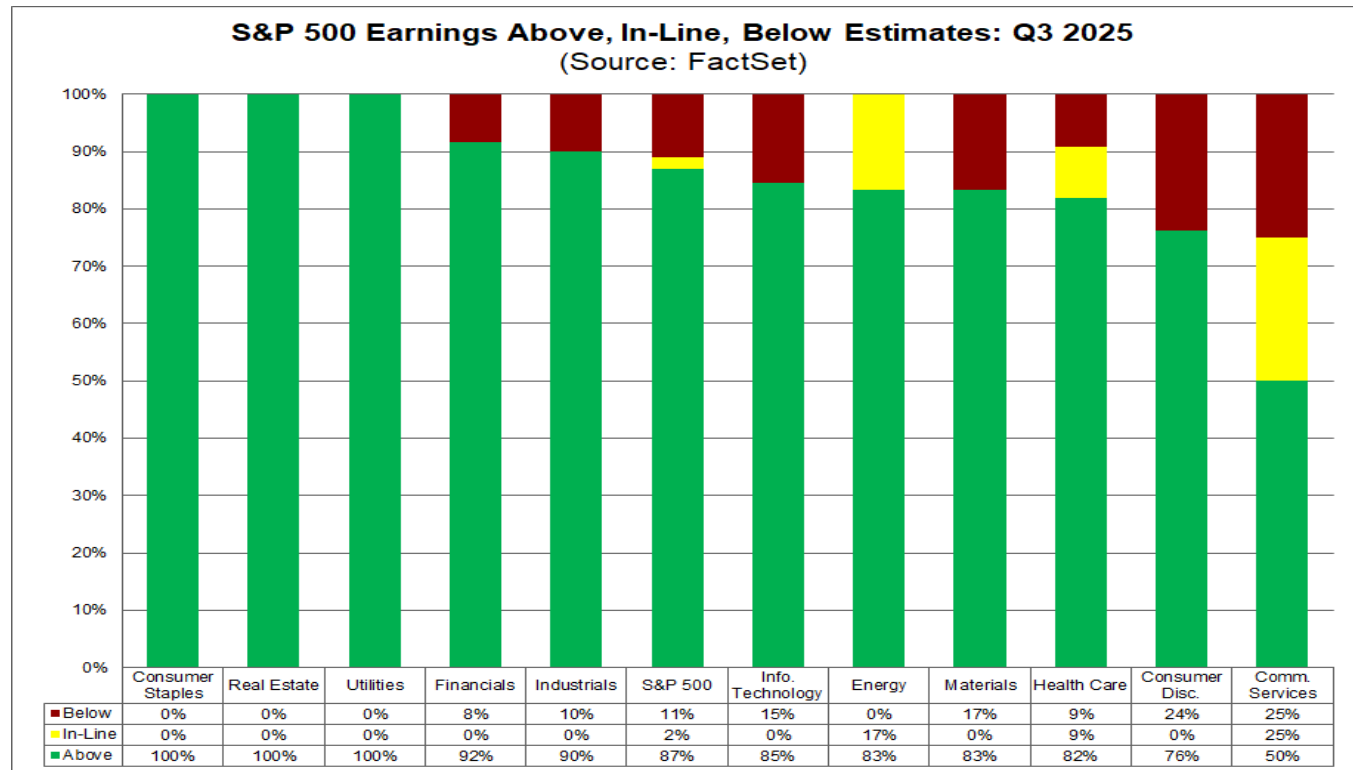
The bottom-up target price for the S&P 500 is 7559.54, which is 12.2% above the closing price of 6738.44. At the sector level, the Materials (+15.7%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Utilities (+8.4%) sector is expected to see the smallest price increase, as this sector has the smallest upside difference between the bottom-up target price and the closing price.

Overall, there are 12,673 ratings on stocks in the S&P 500. Of these 12,673 ratings, 56.1% are Buy ratings, 38.6% are Hold ratings, and 5.3% are Sell ratings. At the sector level, the Information Technology (65%), Energy (65%), and Communication Services (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (42%) sector has the lowest percentage of Buy ratings.

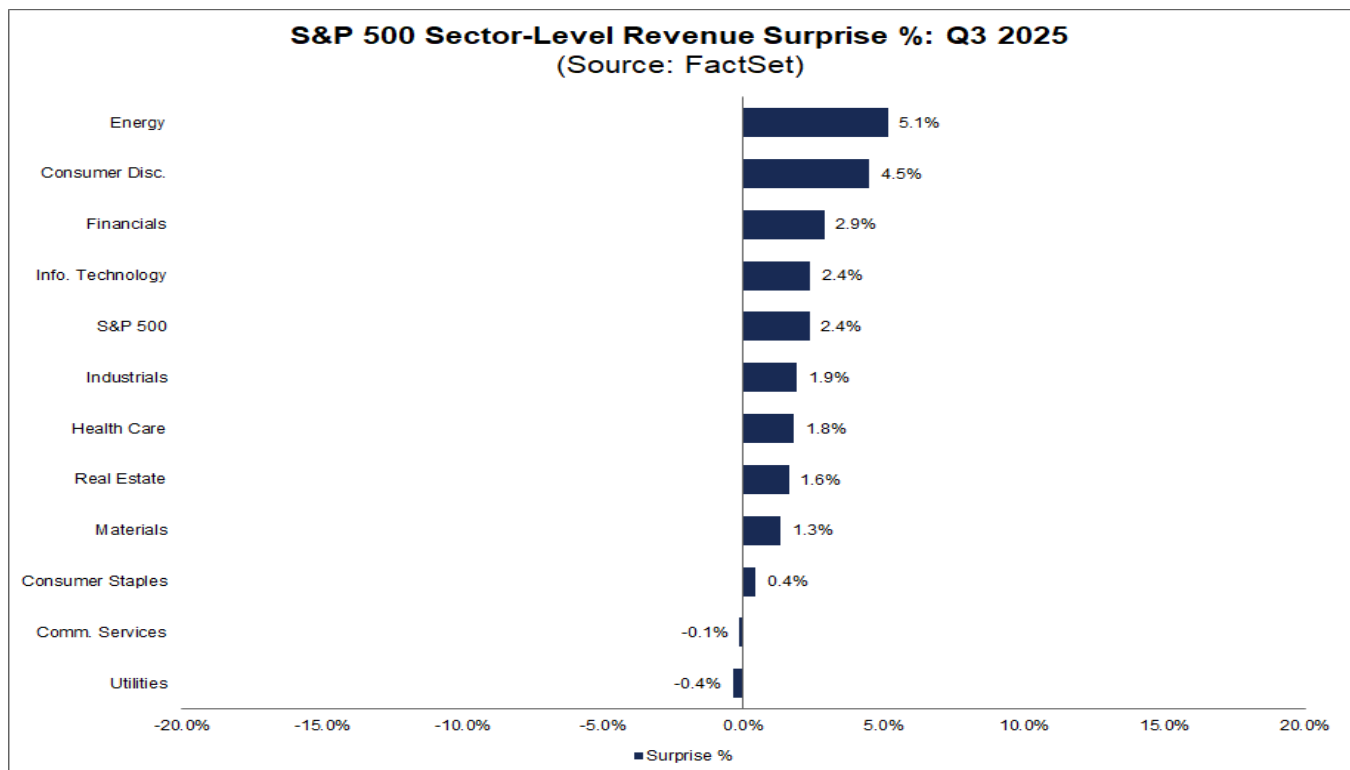
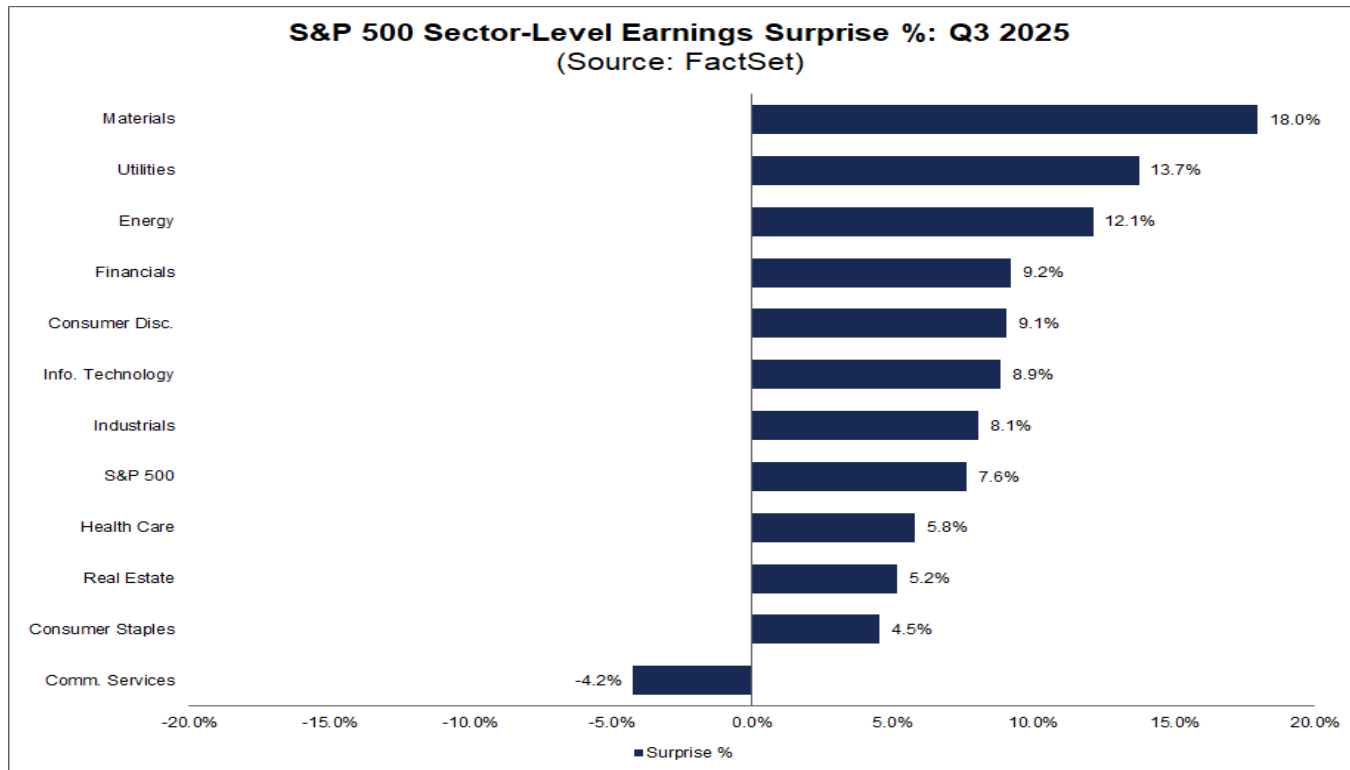
Companies Reporting Next Week: 175

During the upcoming week, 175 S&P 500 companies (including 11 Dow 30 components) are scheduled to report results for the third quarter.

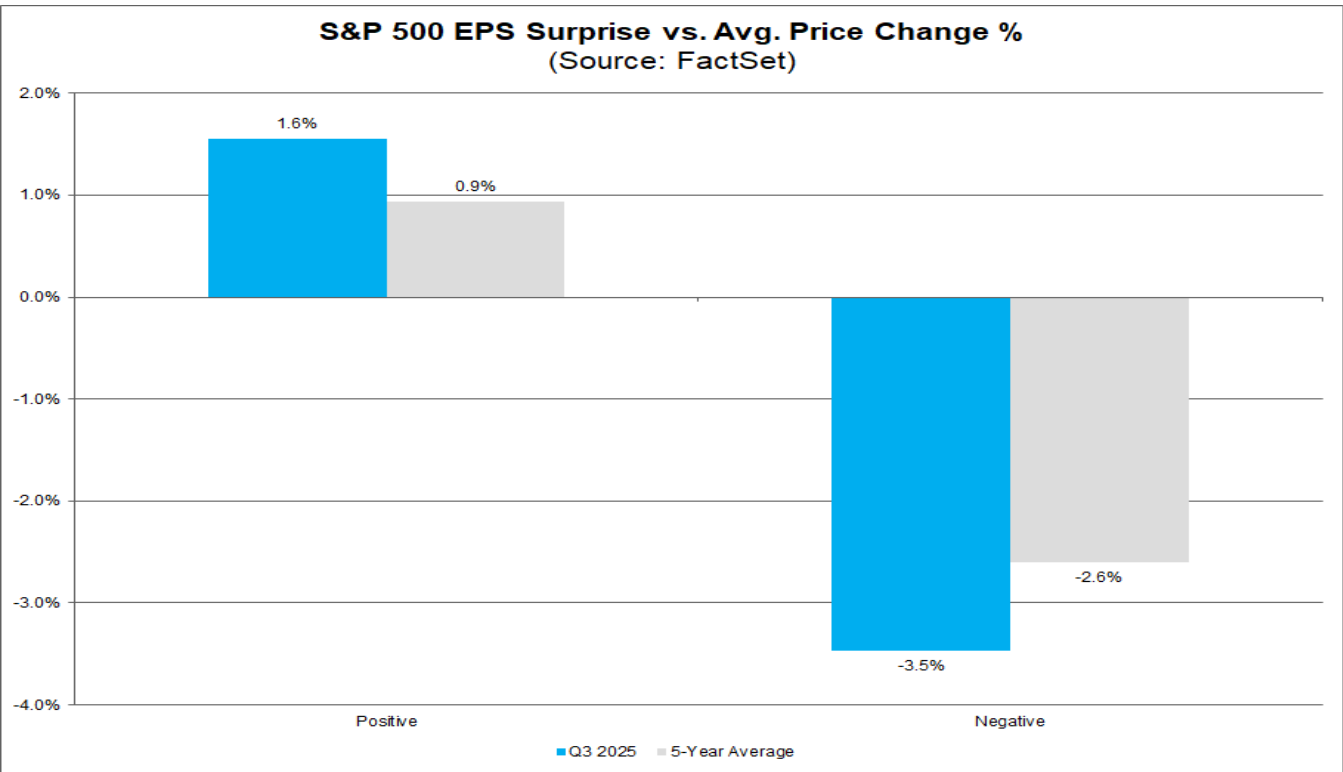
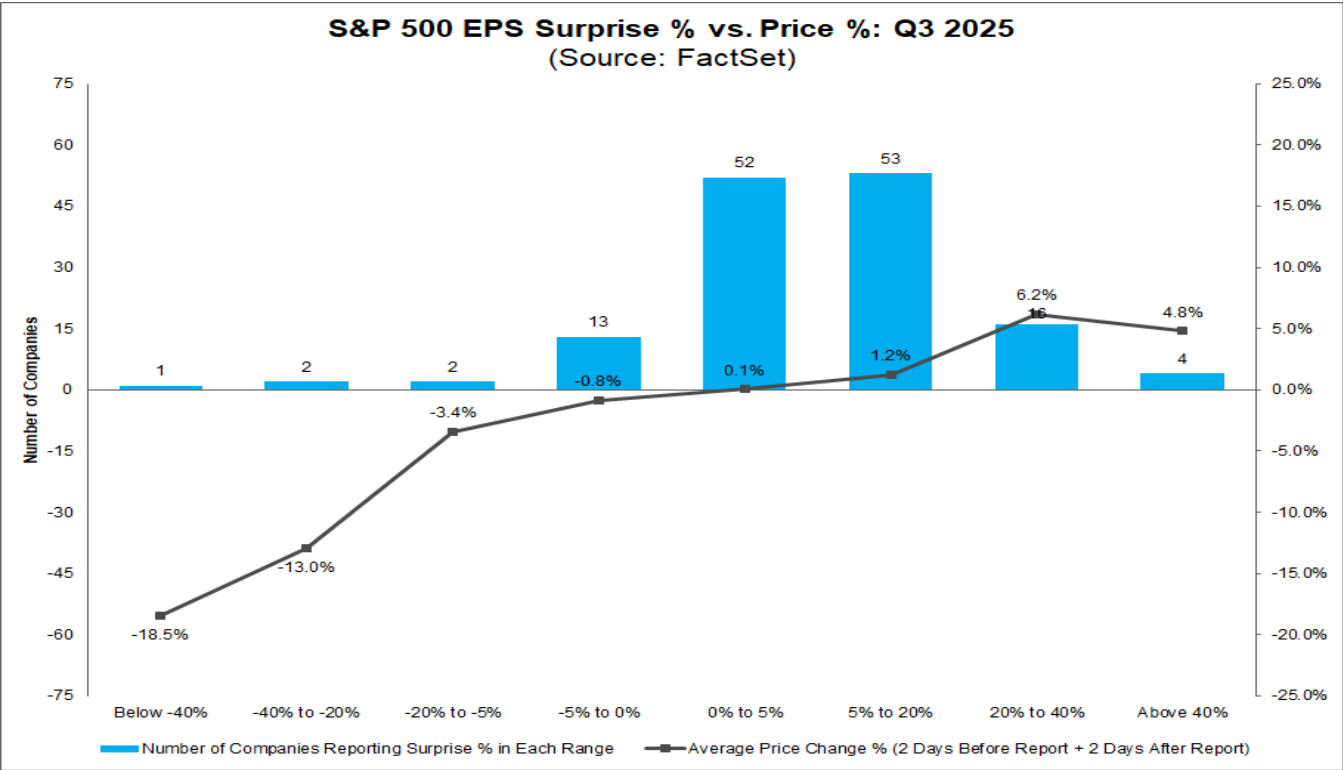
Q3 2025: Scorecard



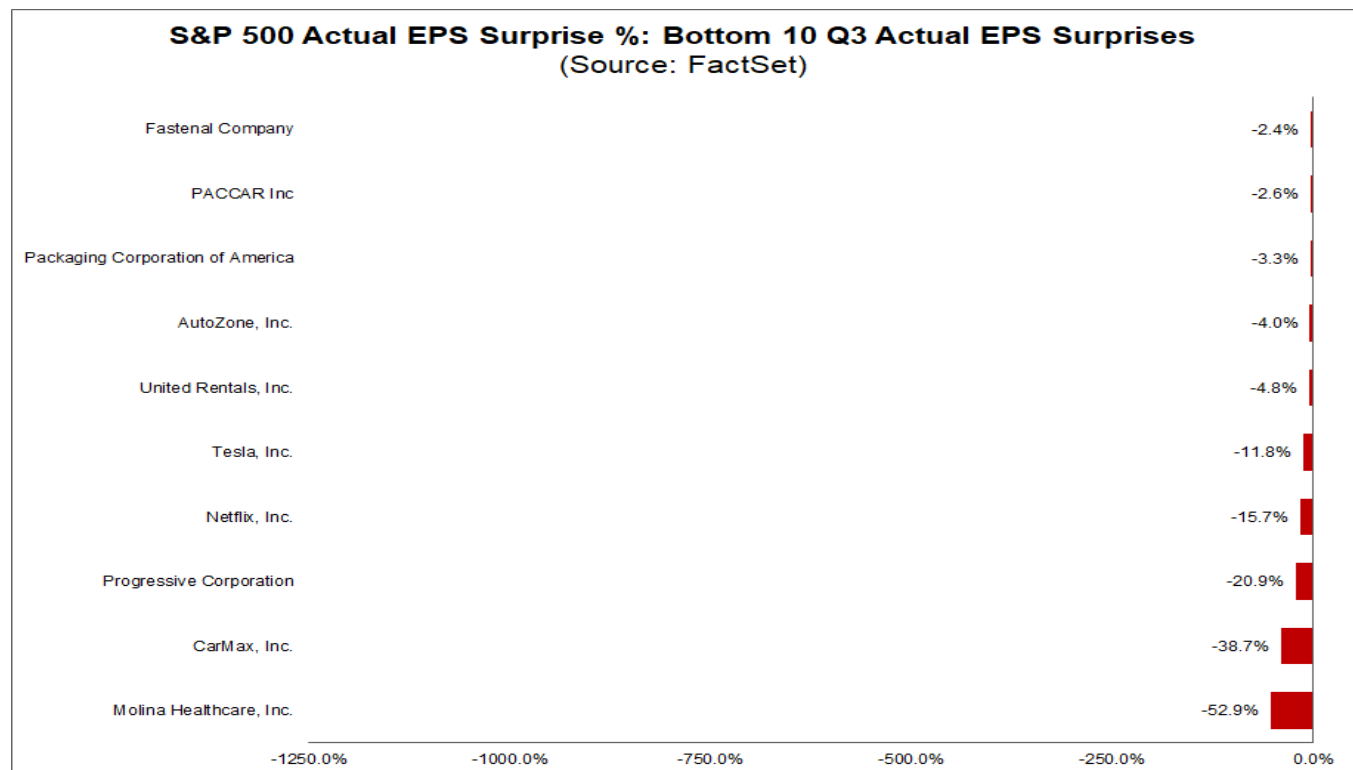
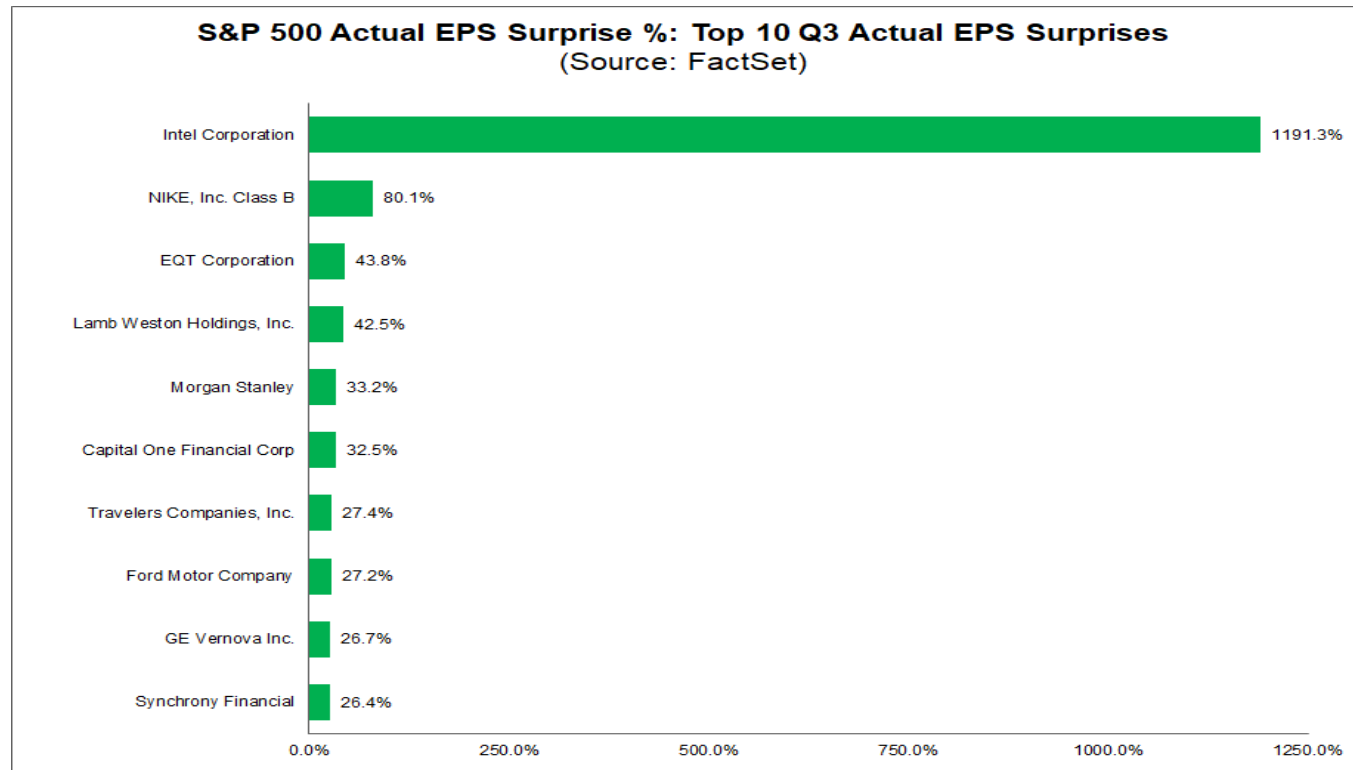
Q3 2025: Surprise



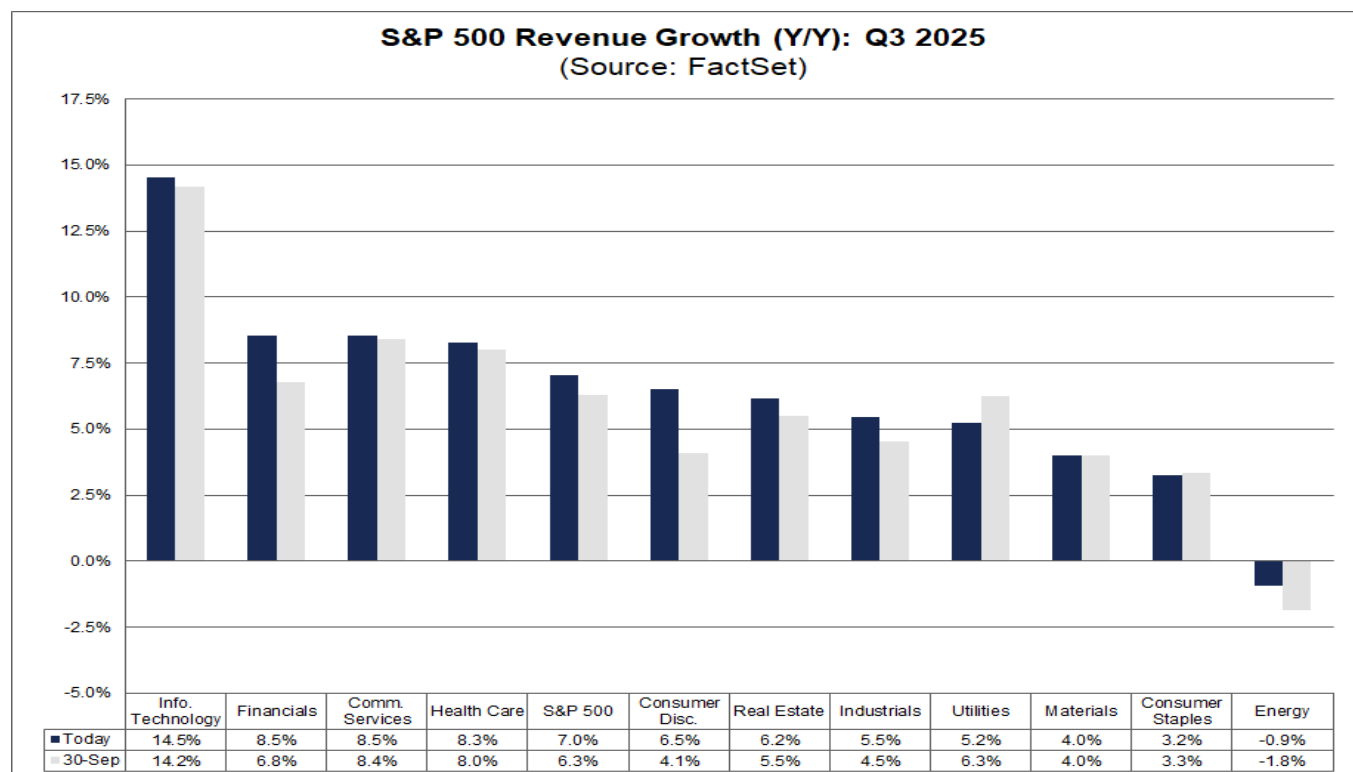
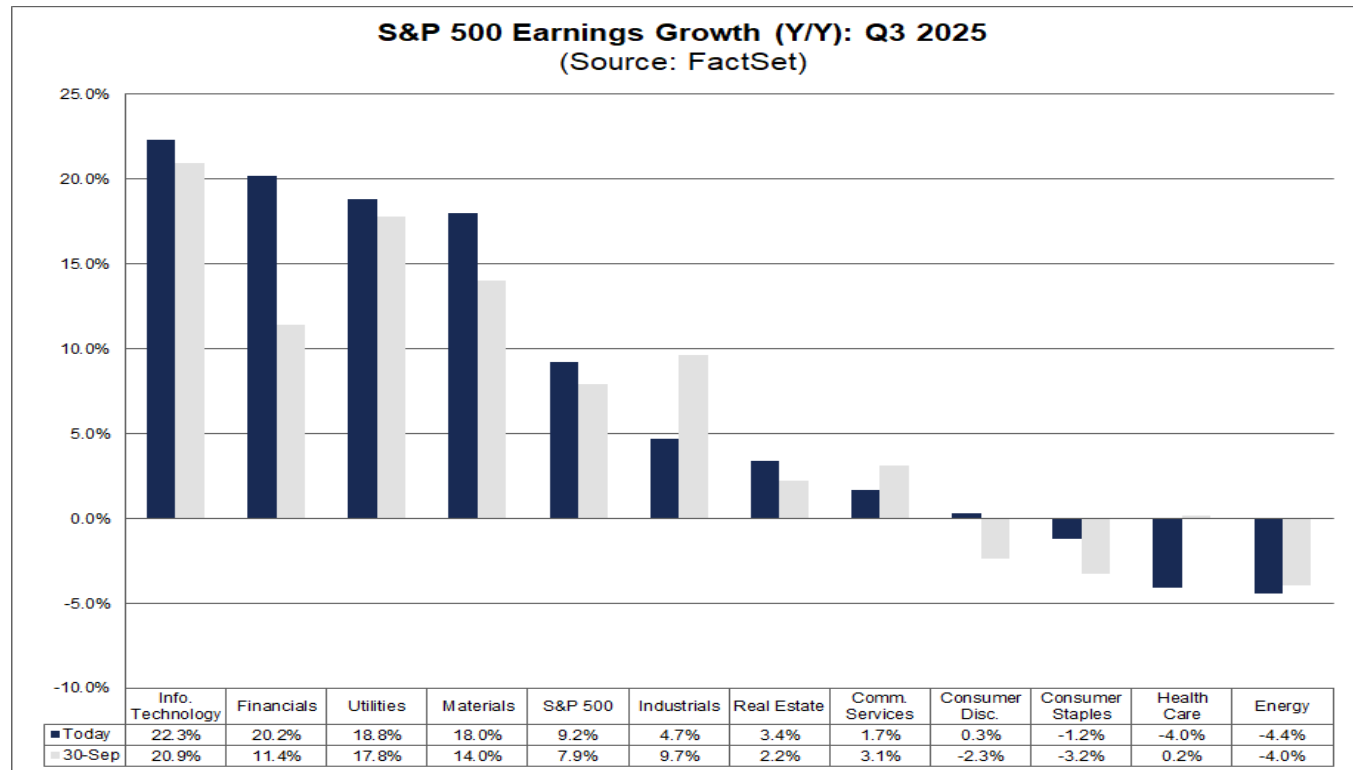
Q3 2025: Surprise



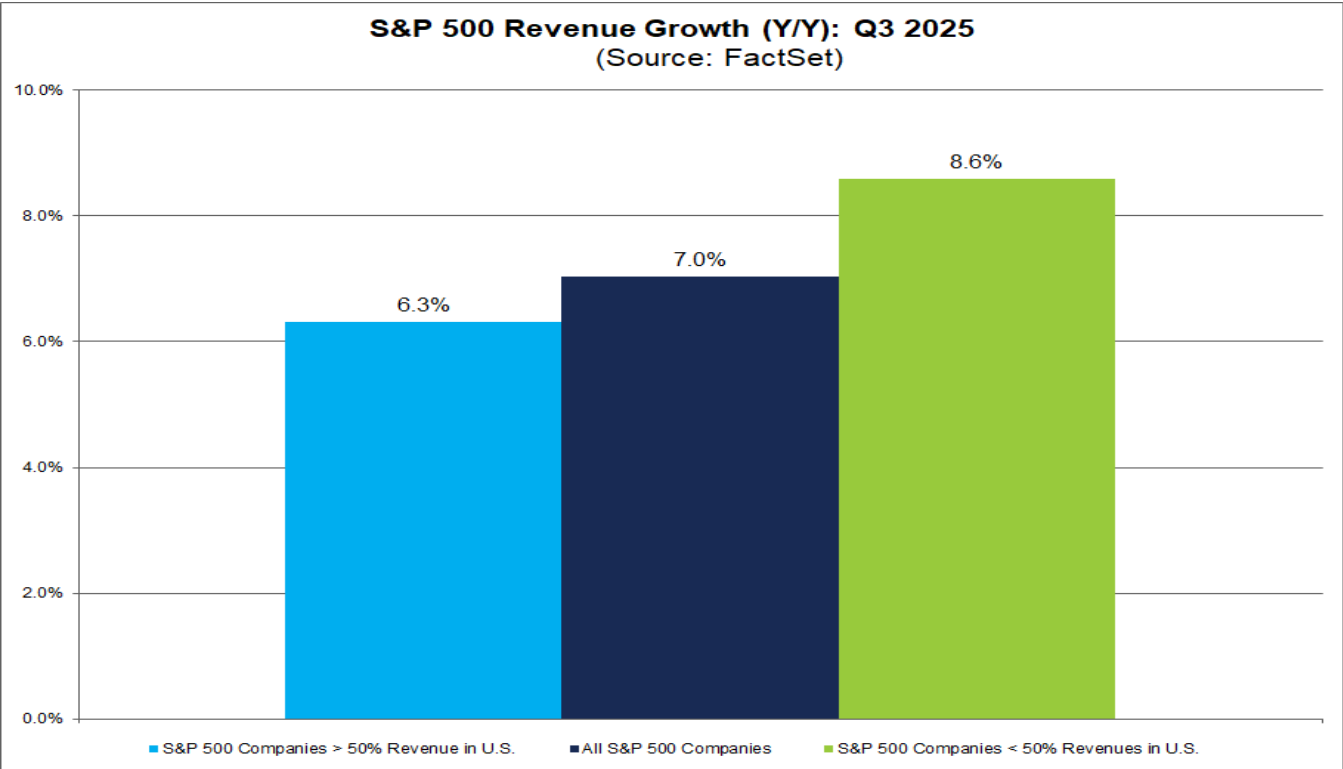
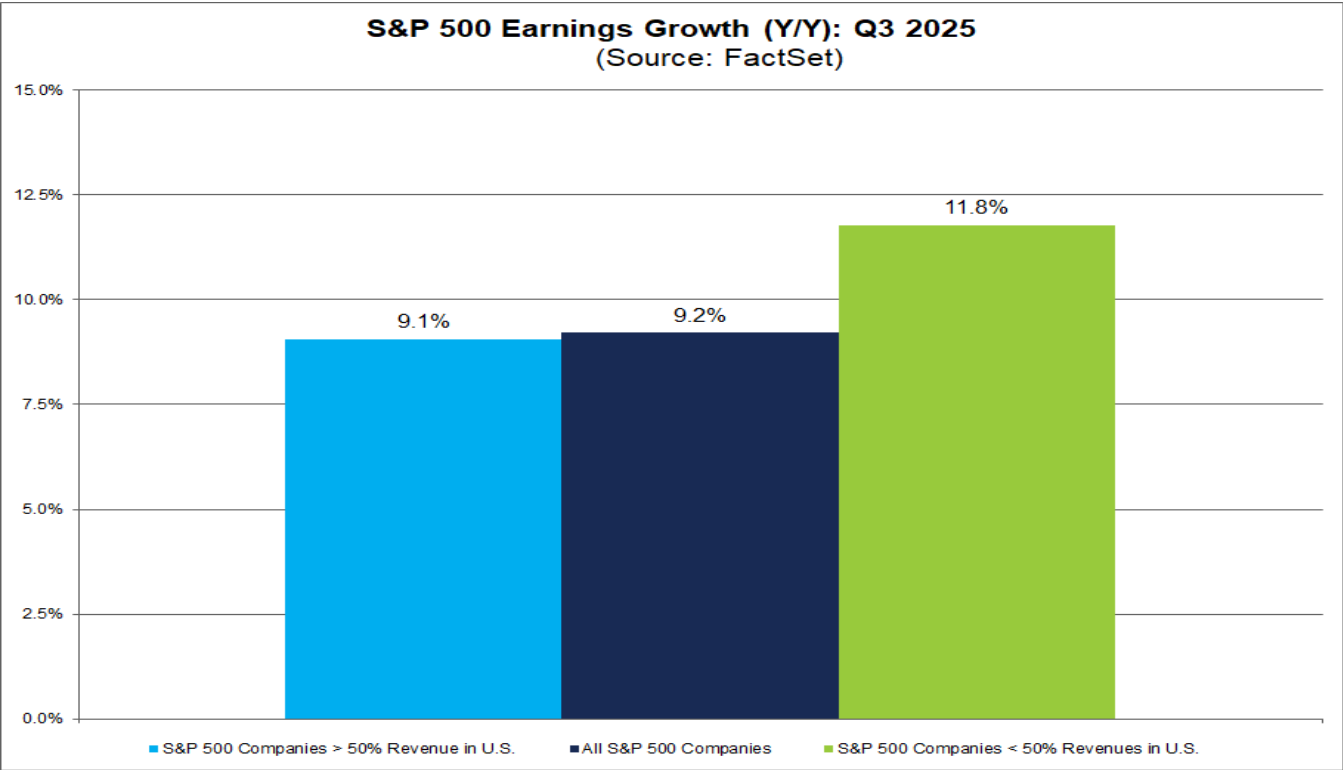
Q3 2025: Surprise



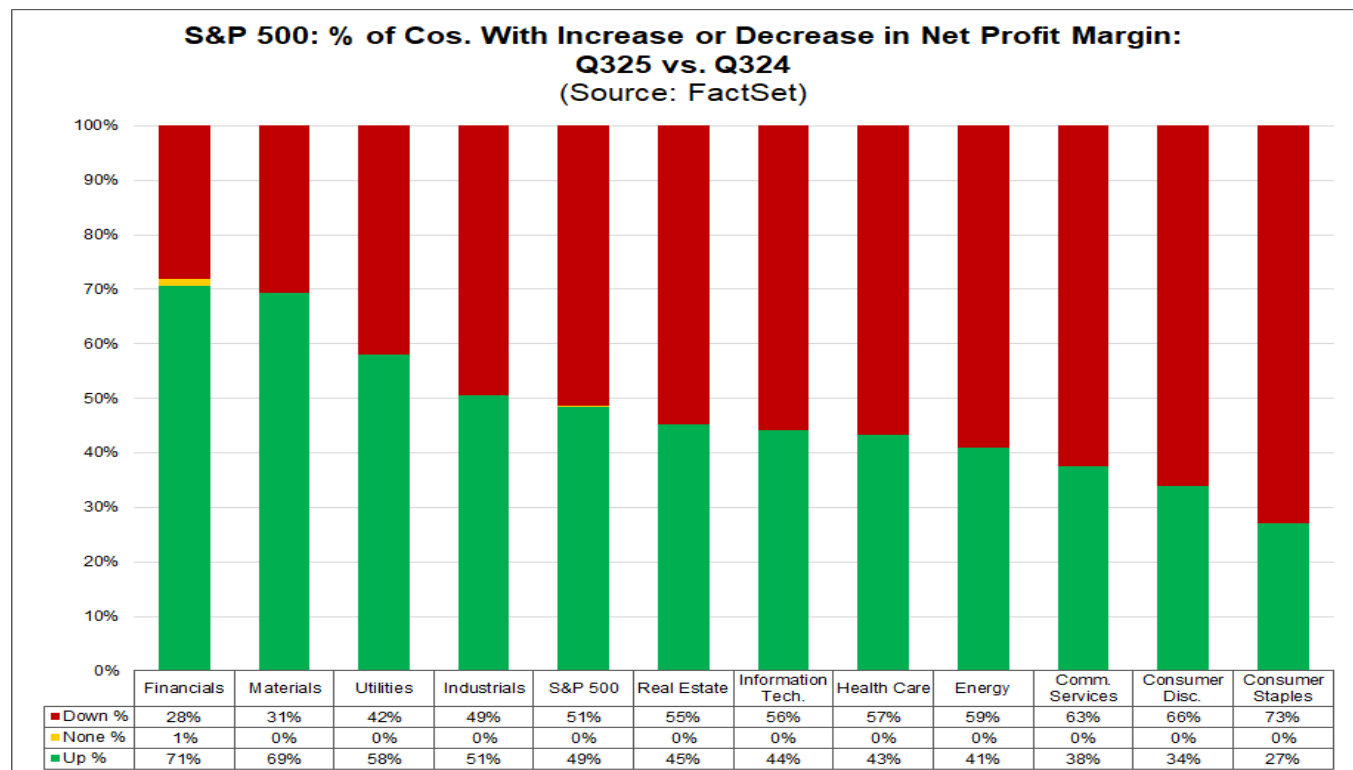
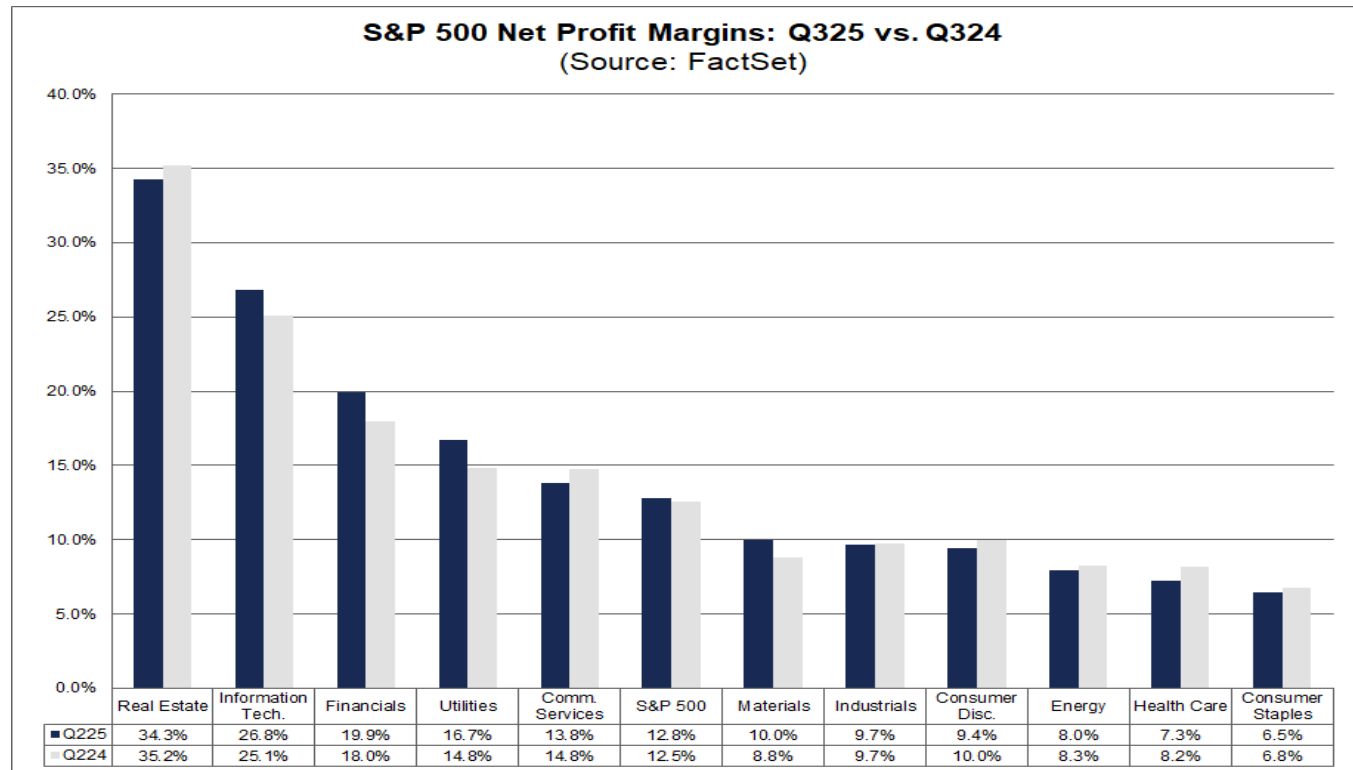
Q3 2025: Growth



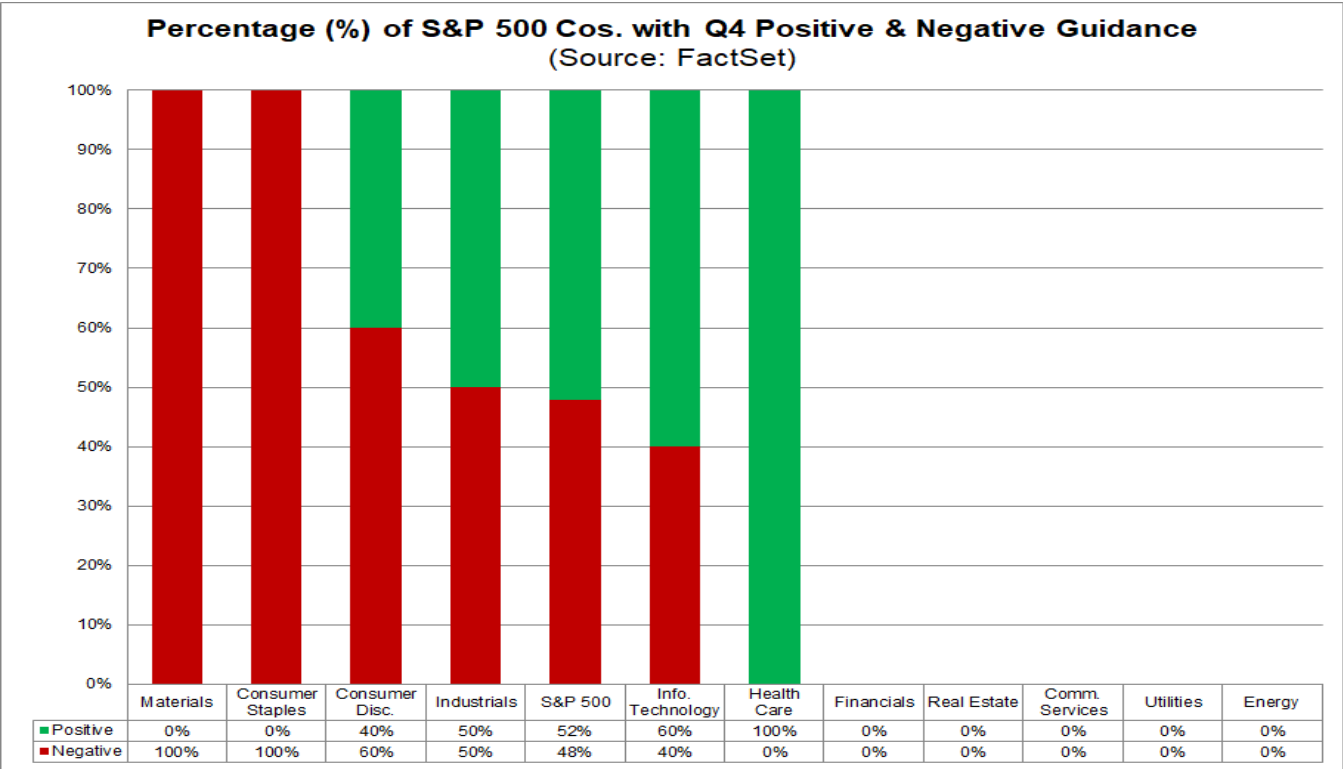
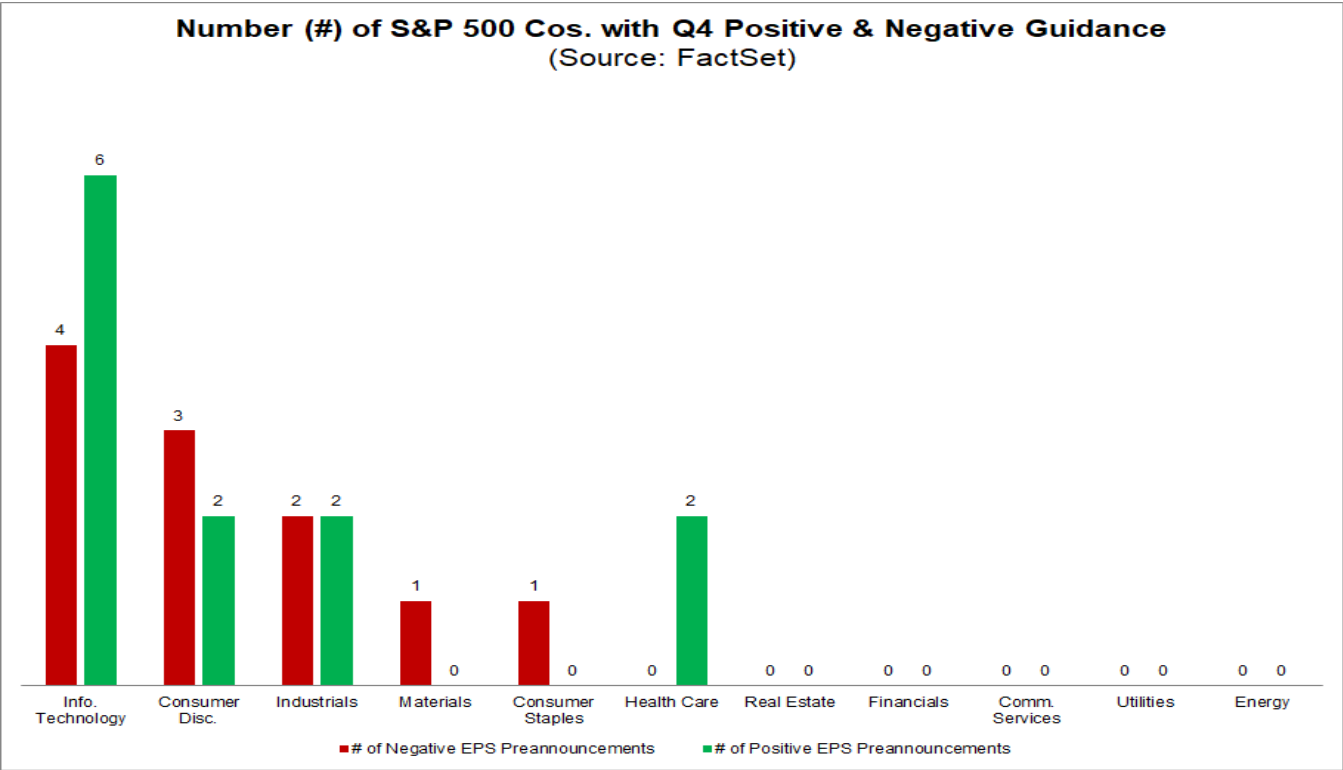
Q3 2025: Growth



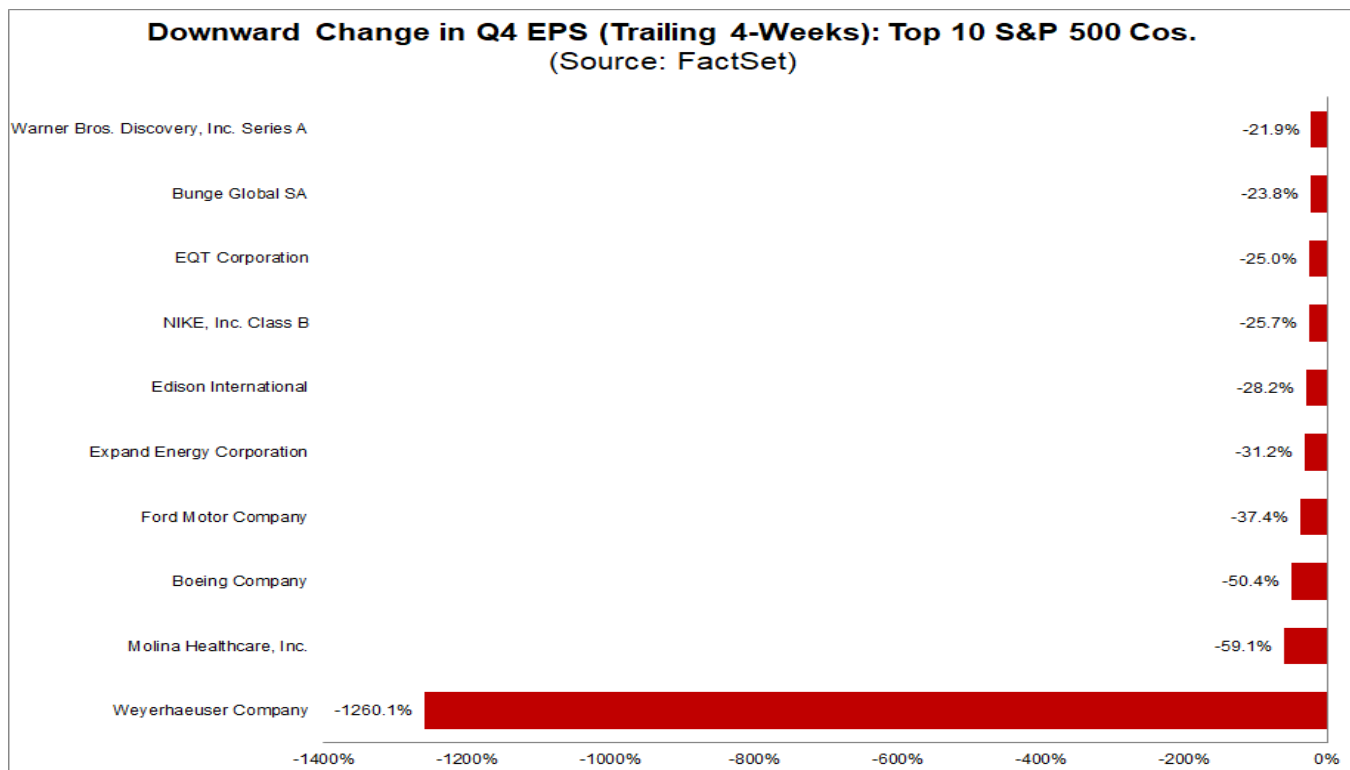
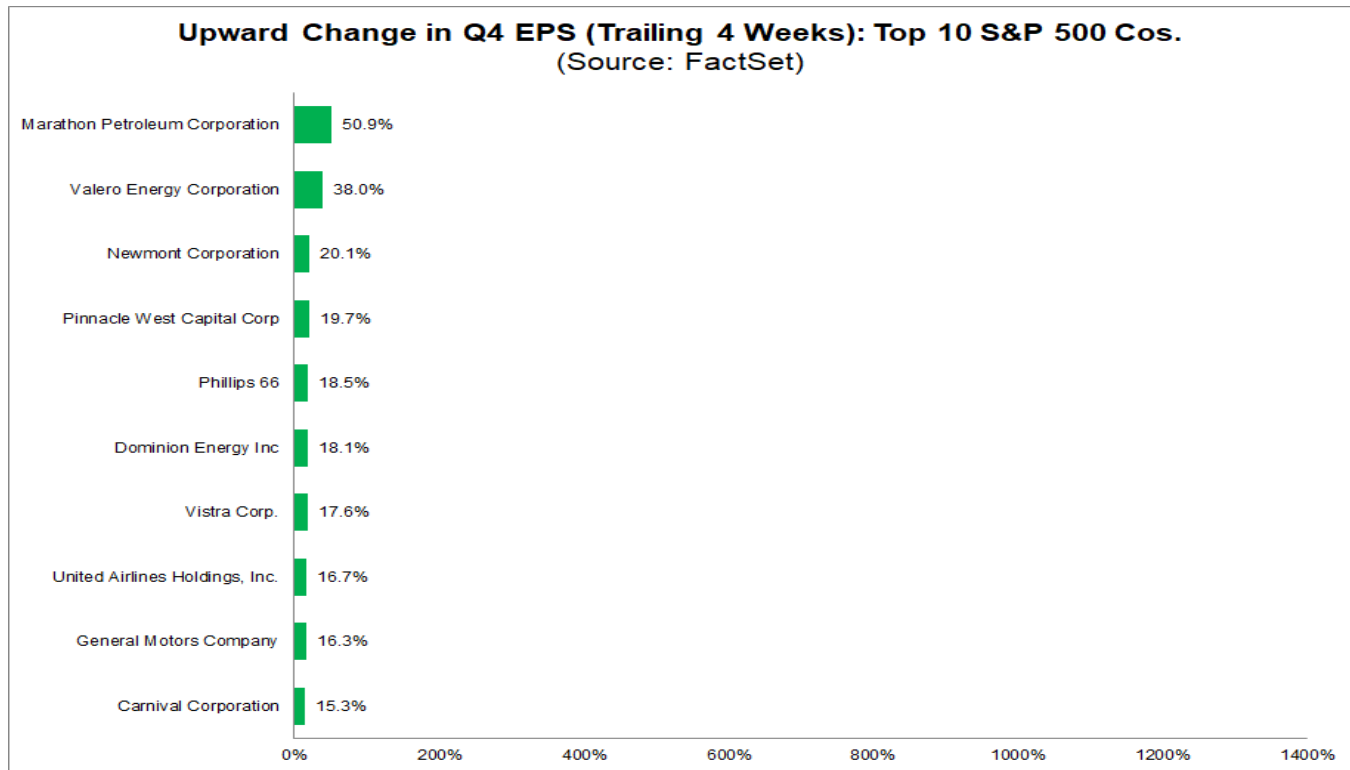
Q3 2025: Net Profit Margin



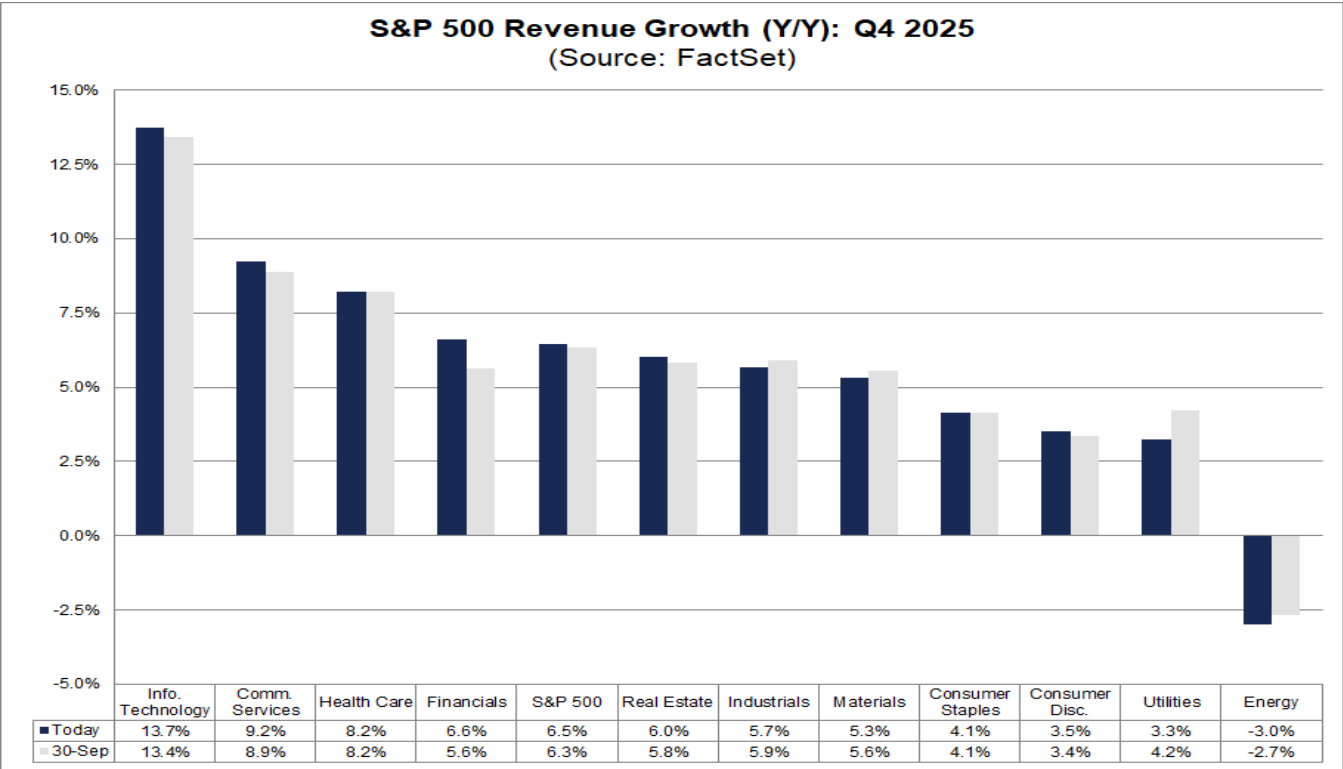
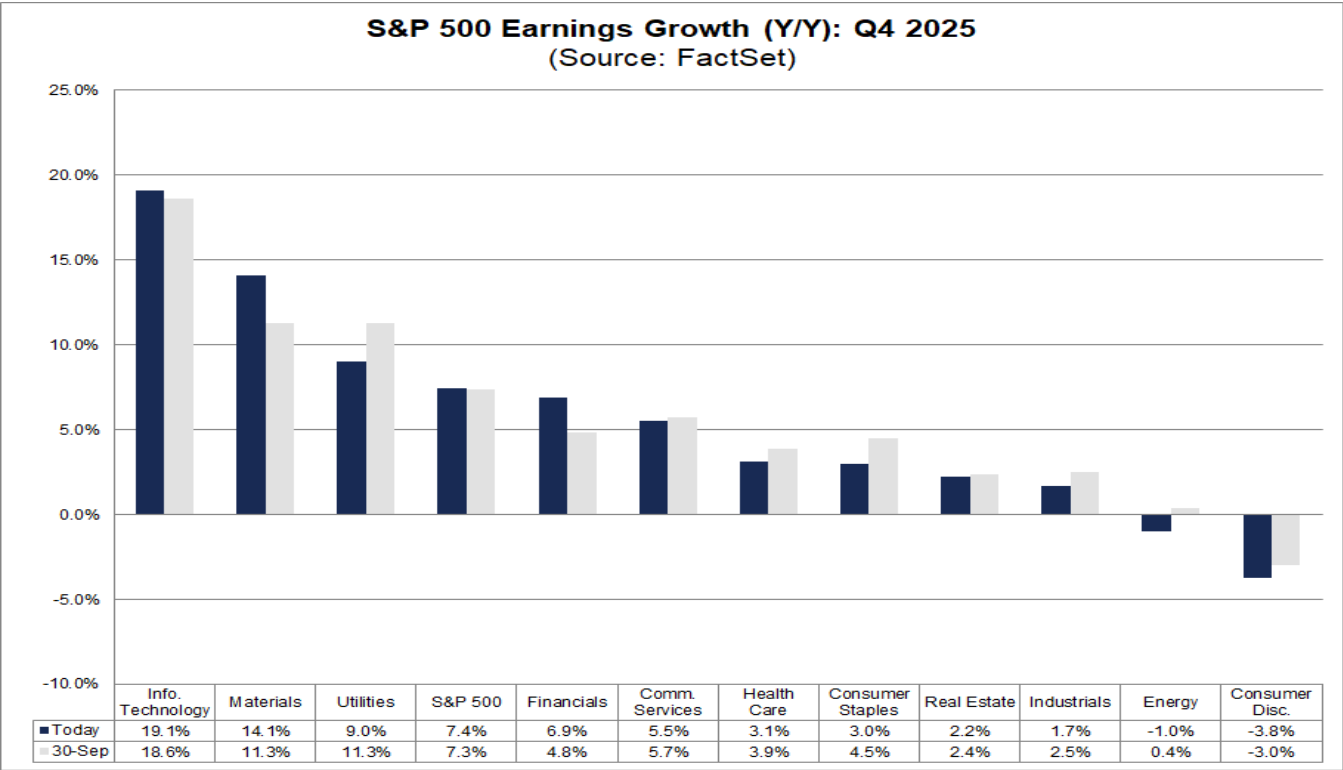
Q4 2025: Guidance



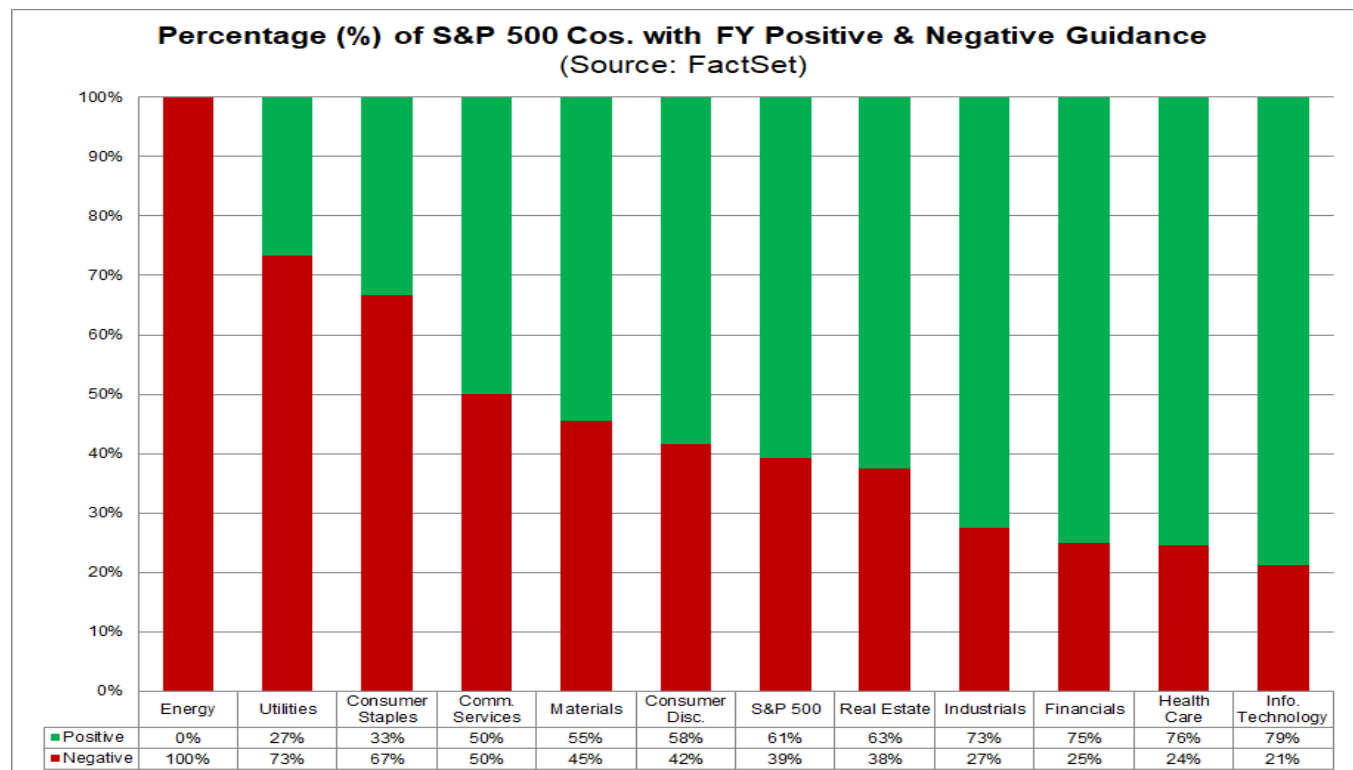
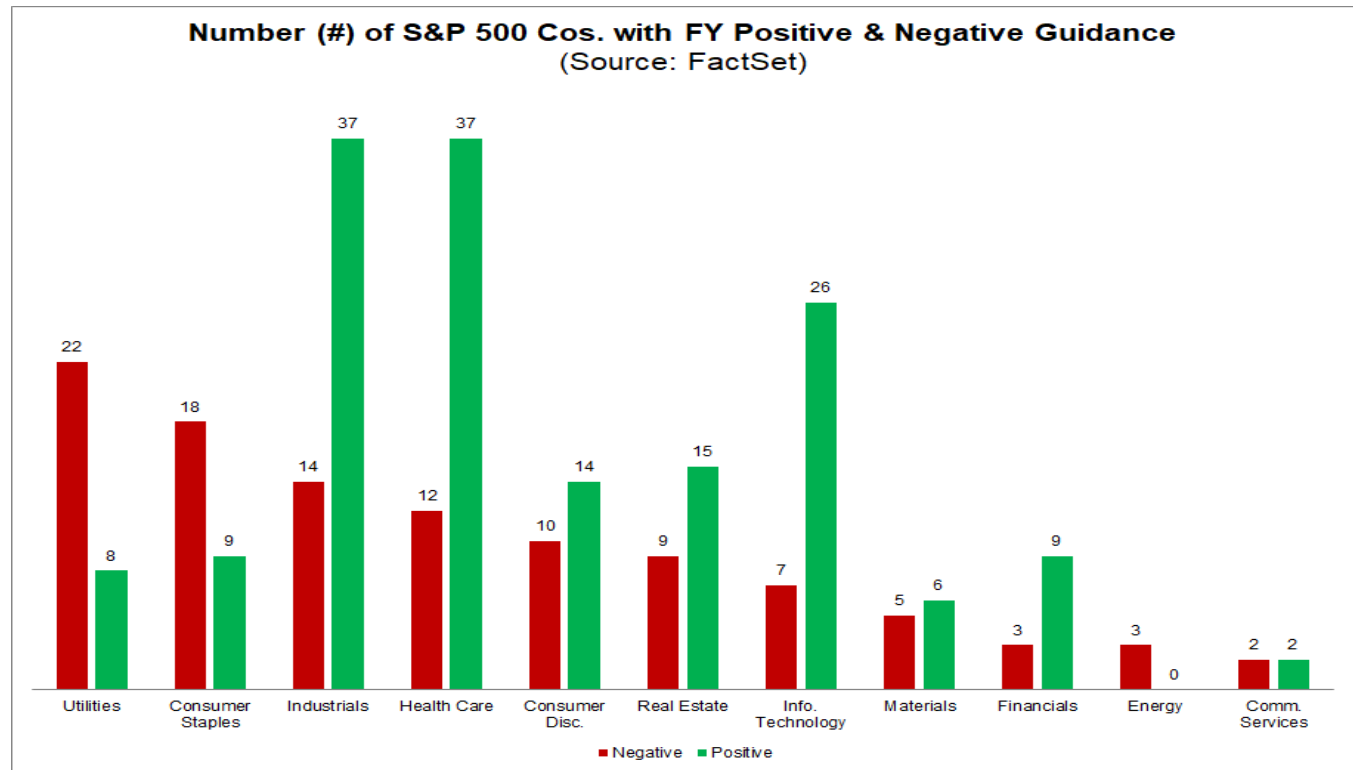
Q4 2025: EPS Revisions



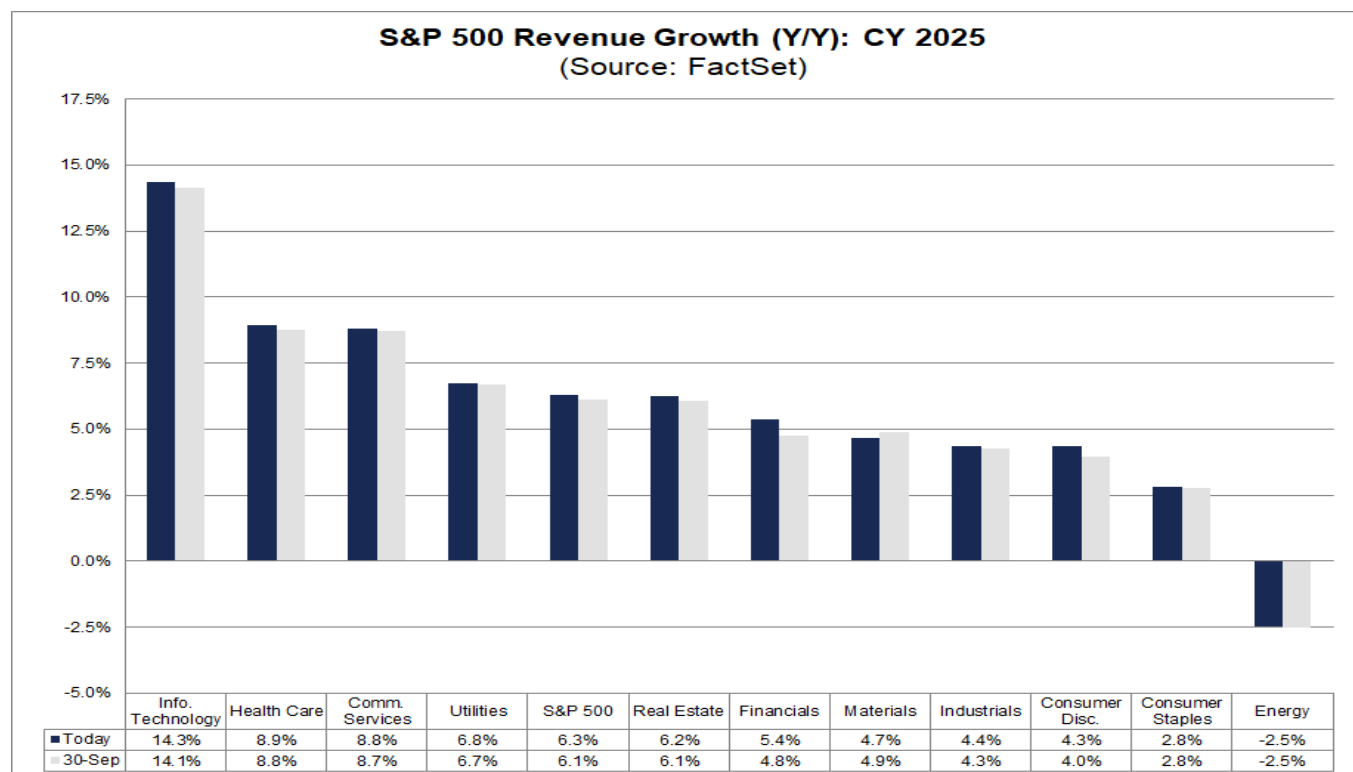
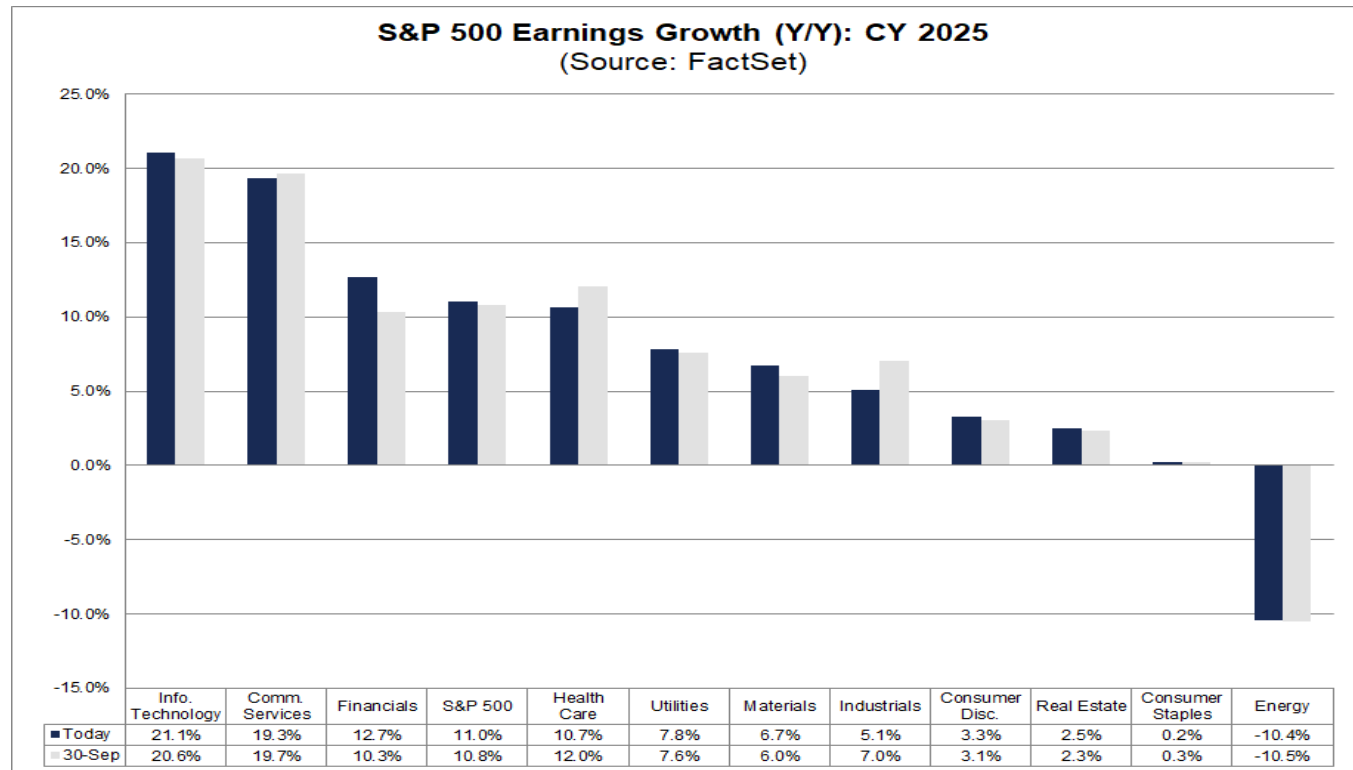
Q4 2025: Growth



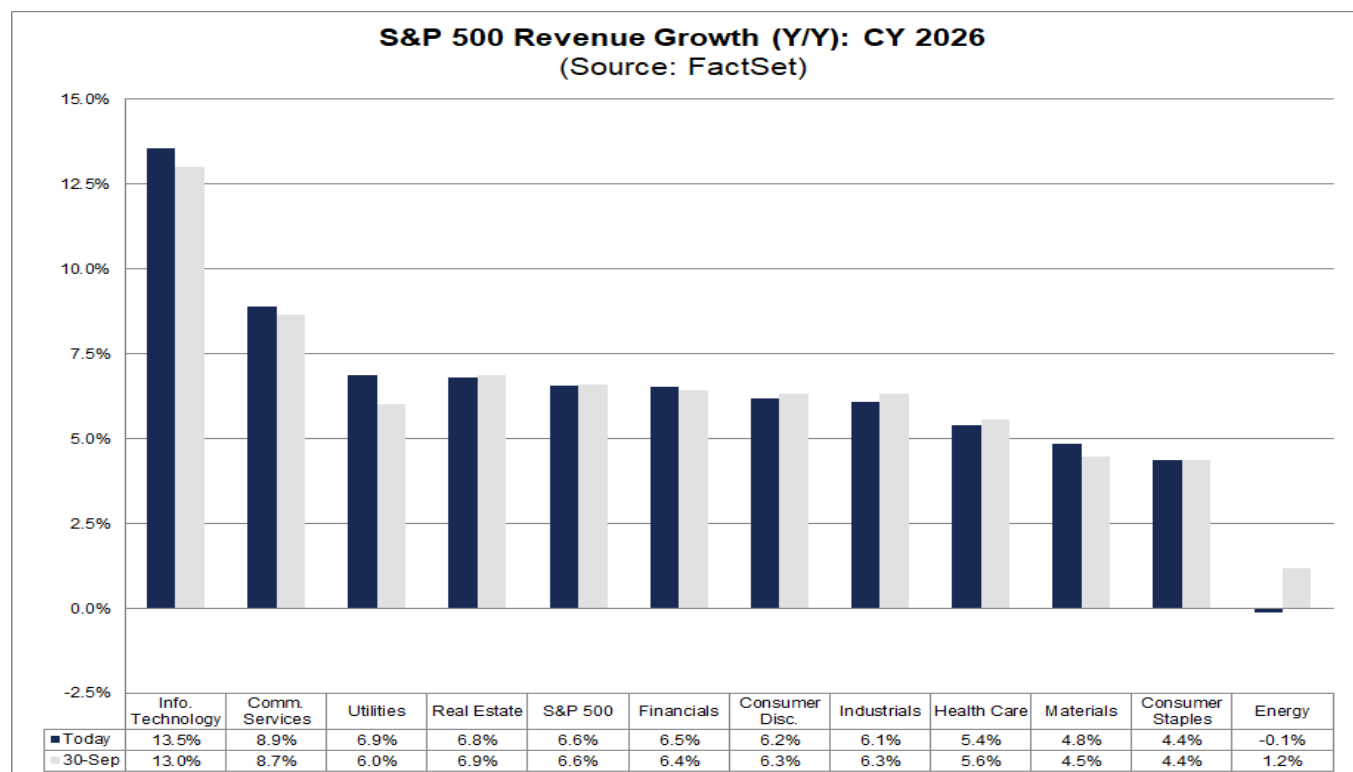
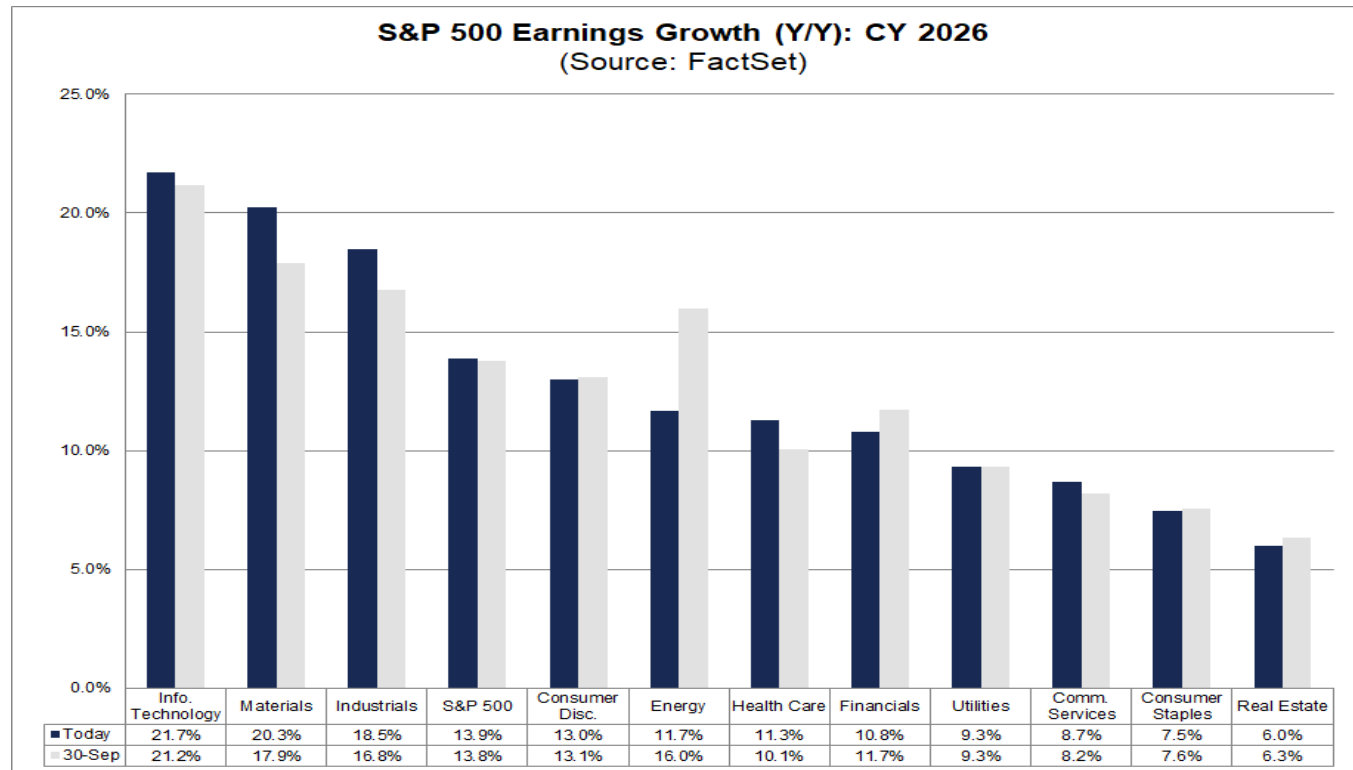
FY 2025 / 2026: EPS Guidance



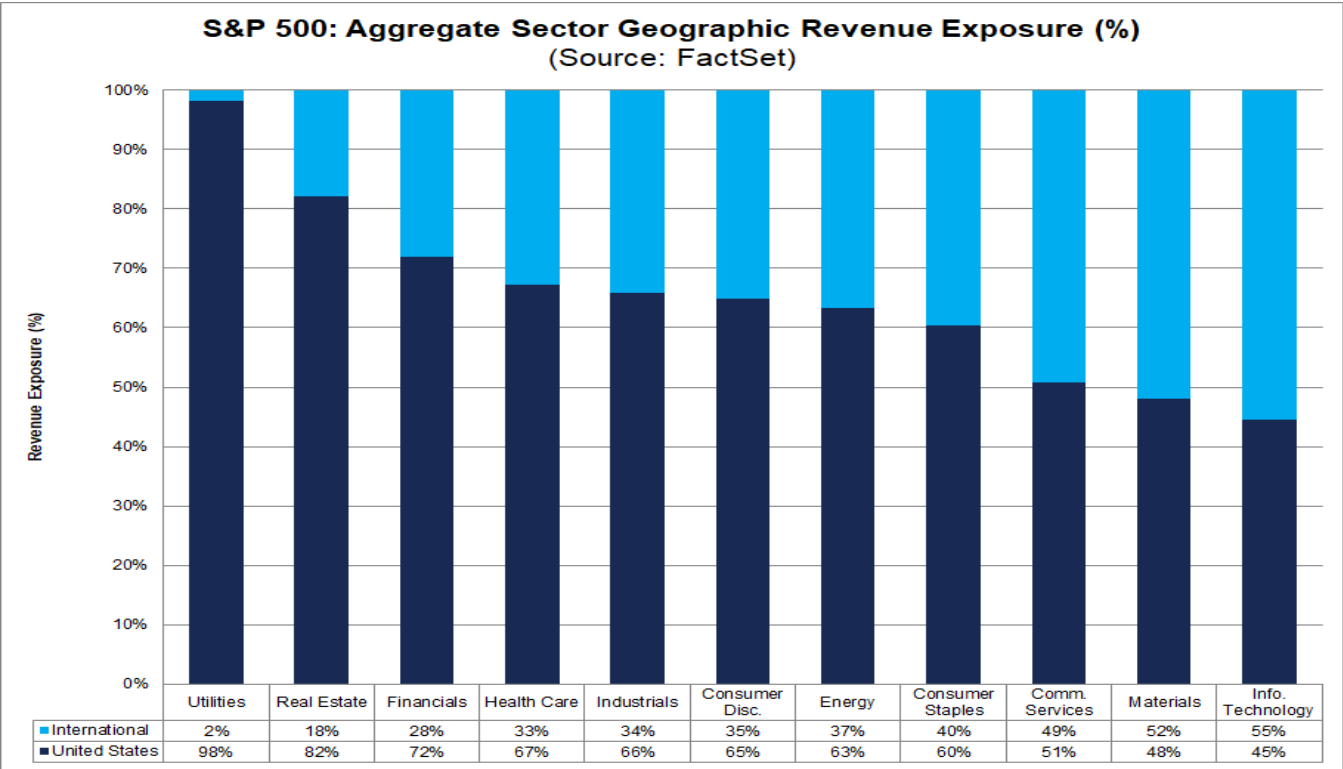
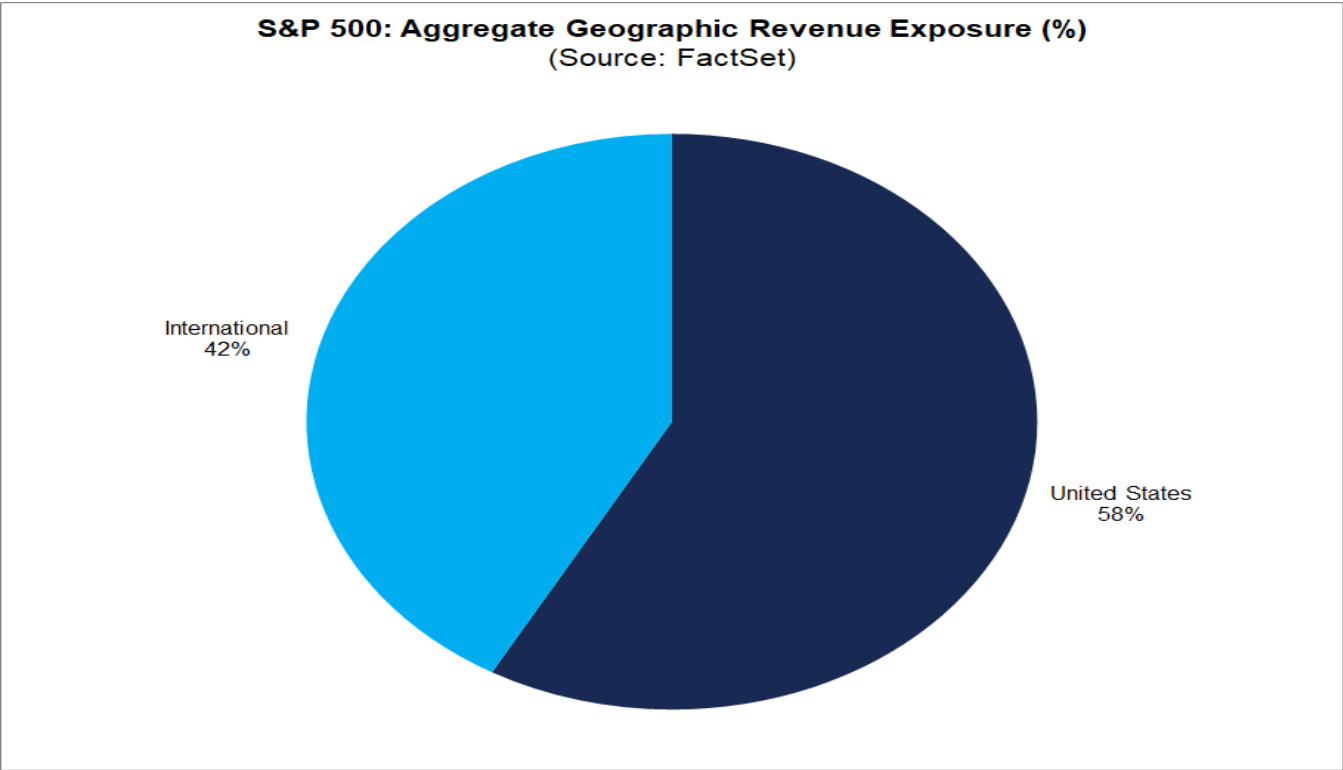
CY 2025: Growth



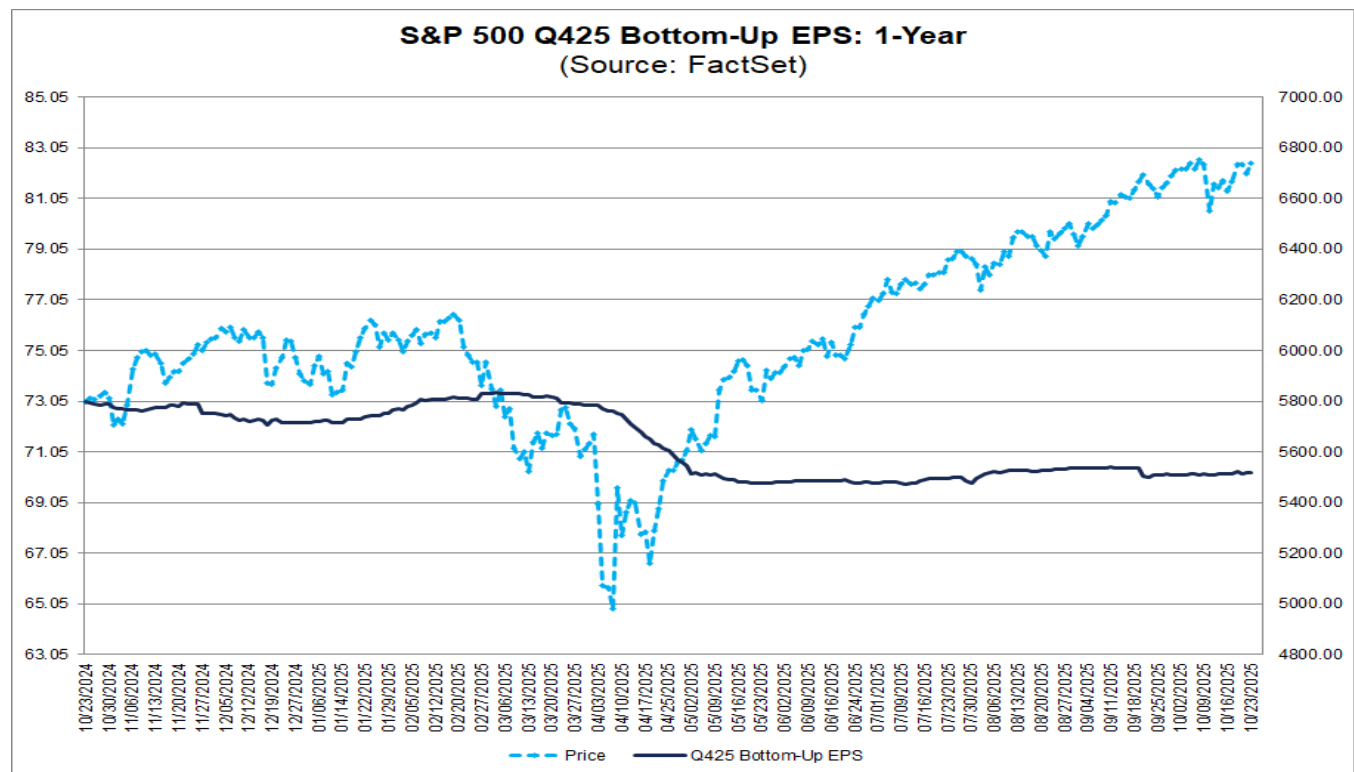
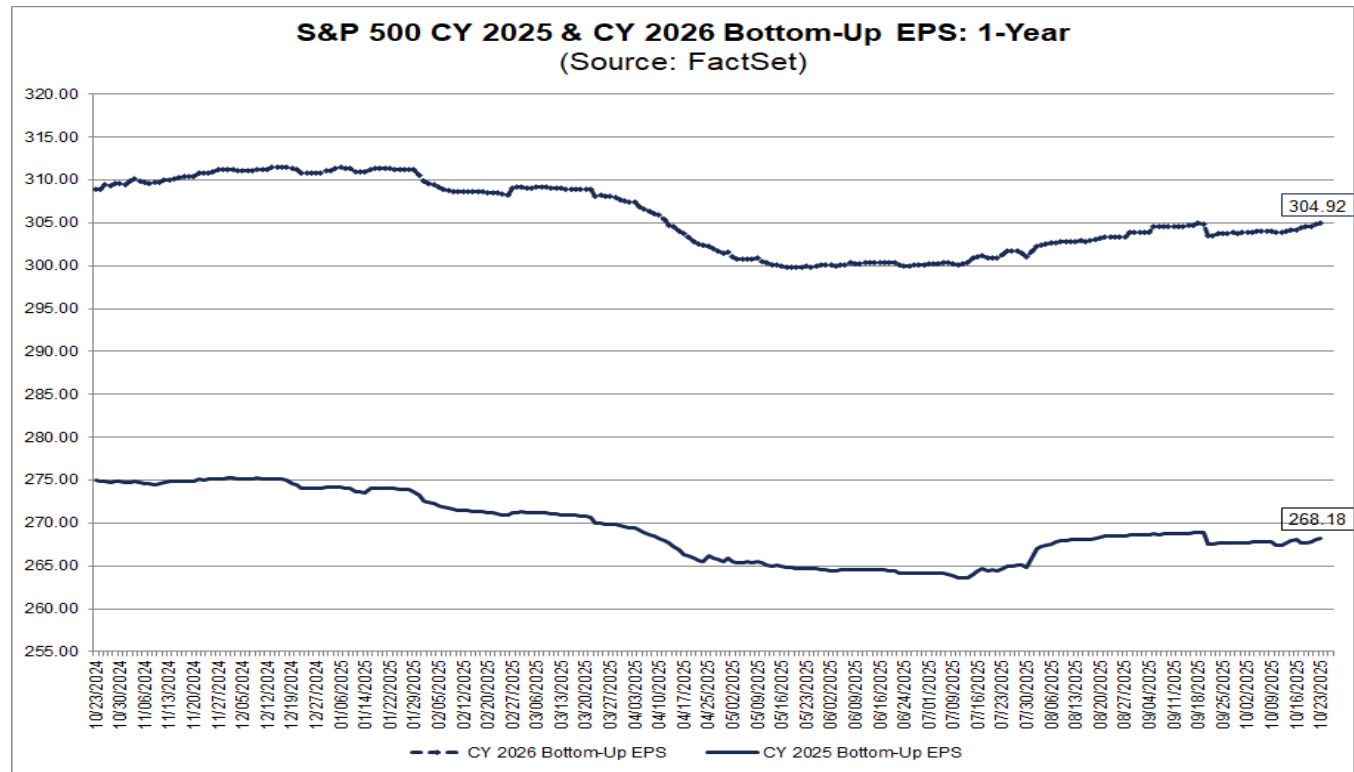
CY 2026: Growth



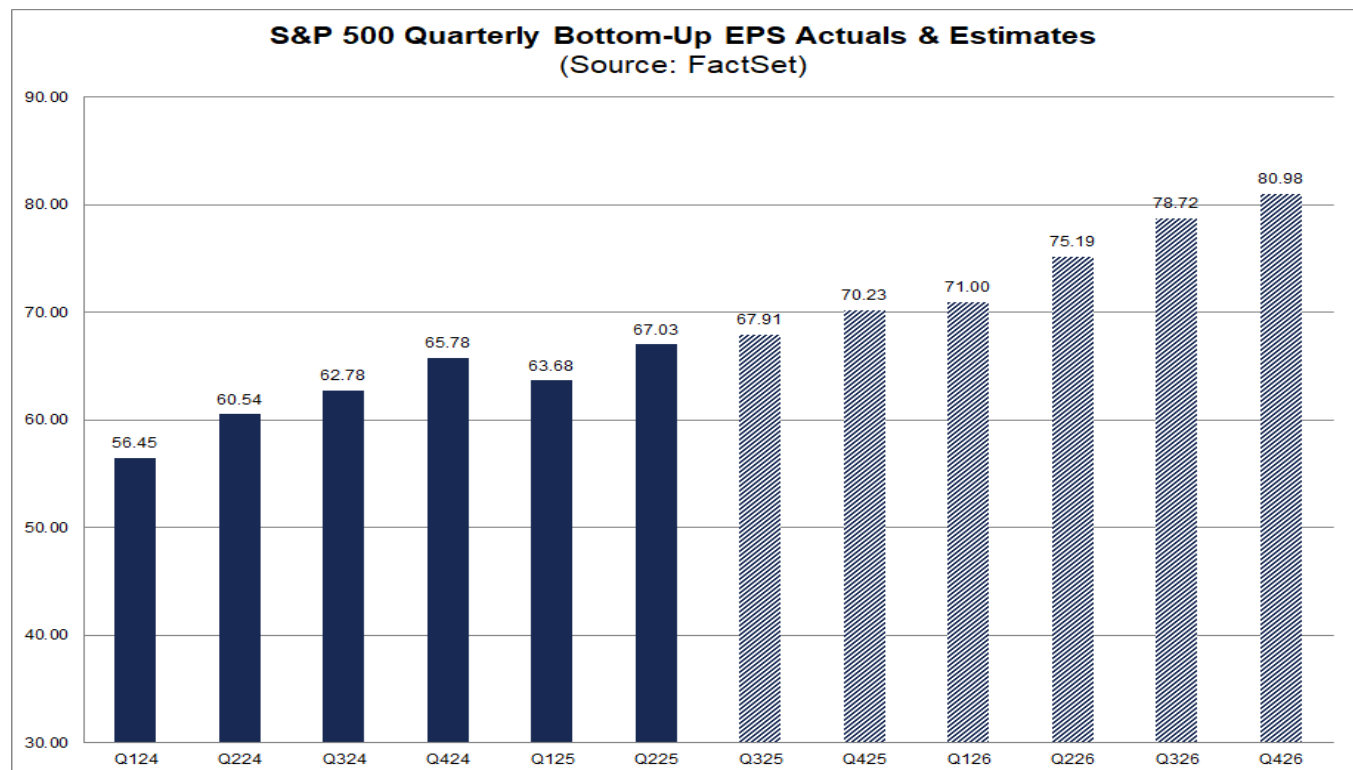
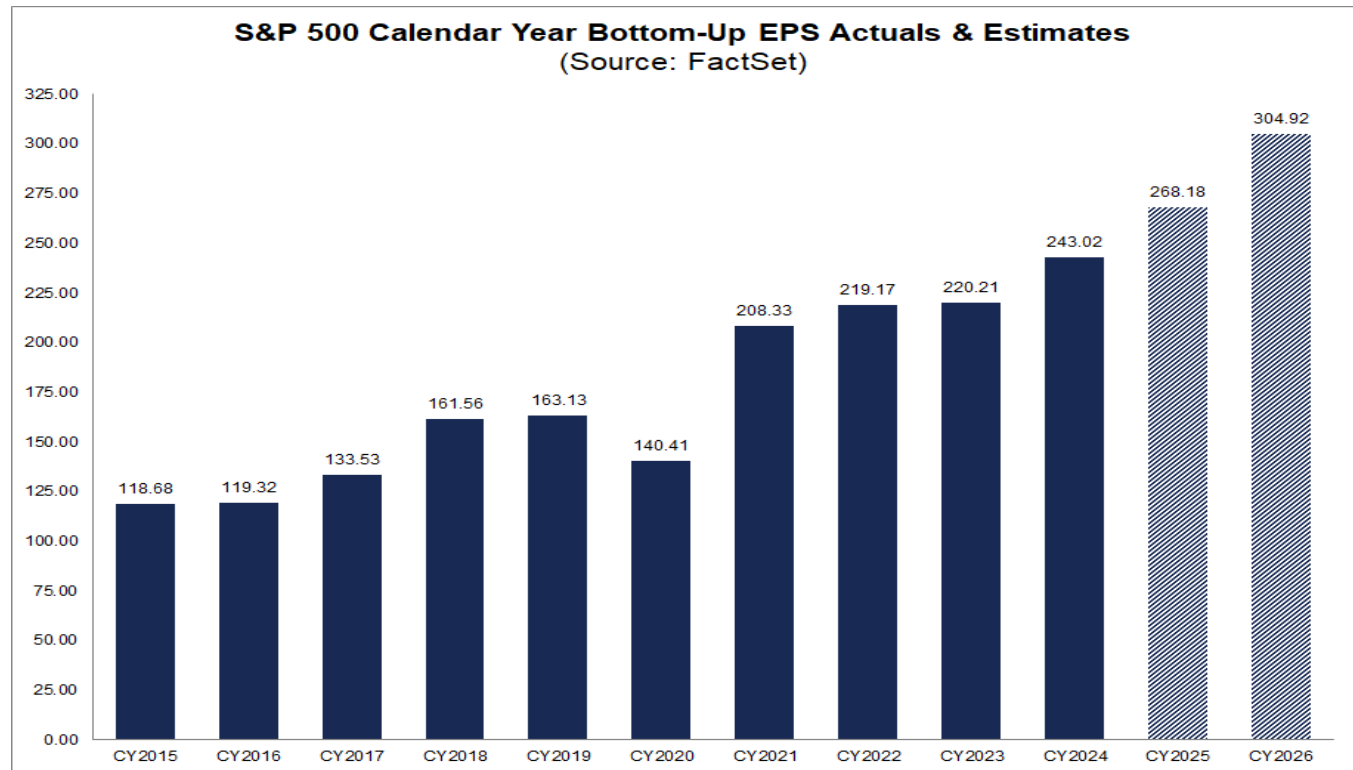
Geographic Revenue Exposure



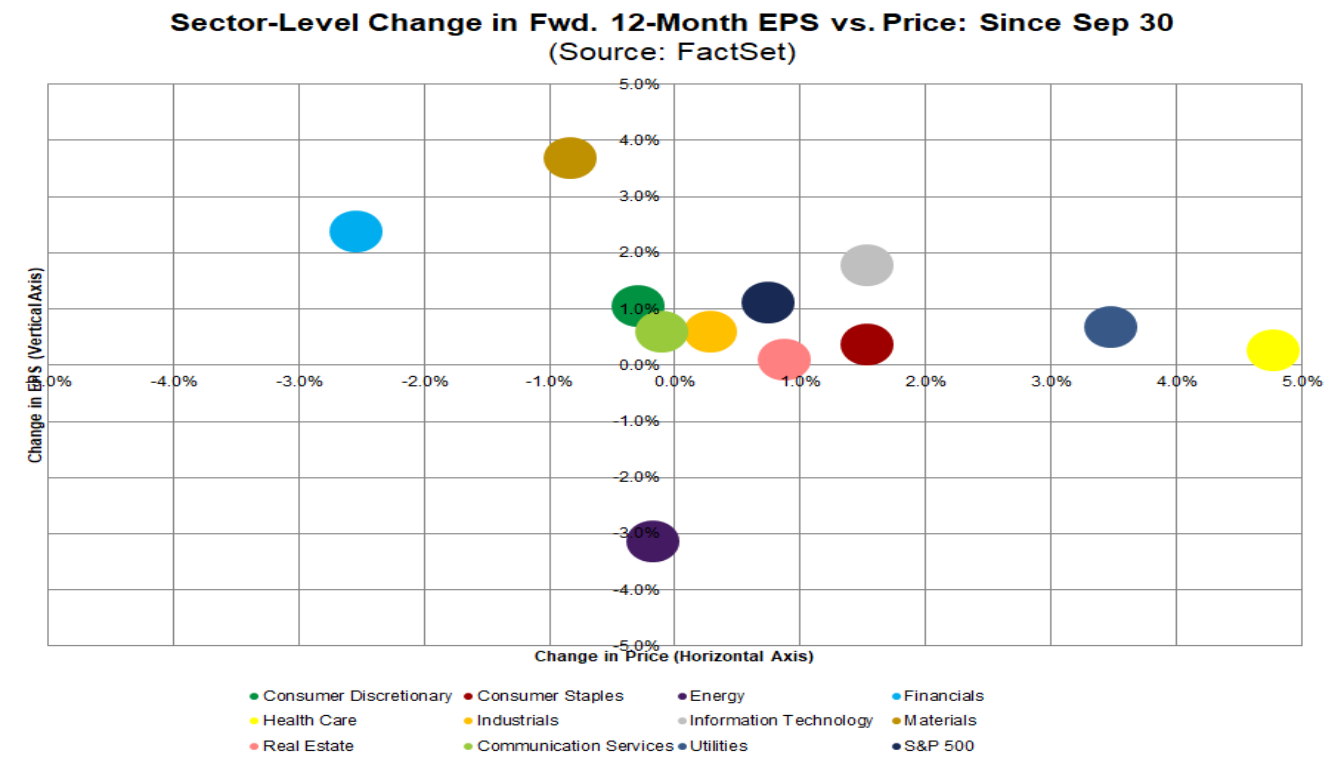
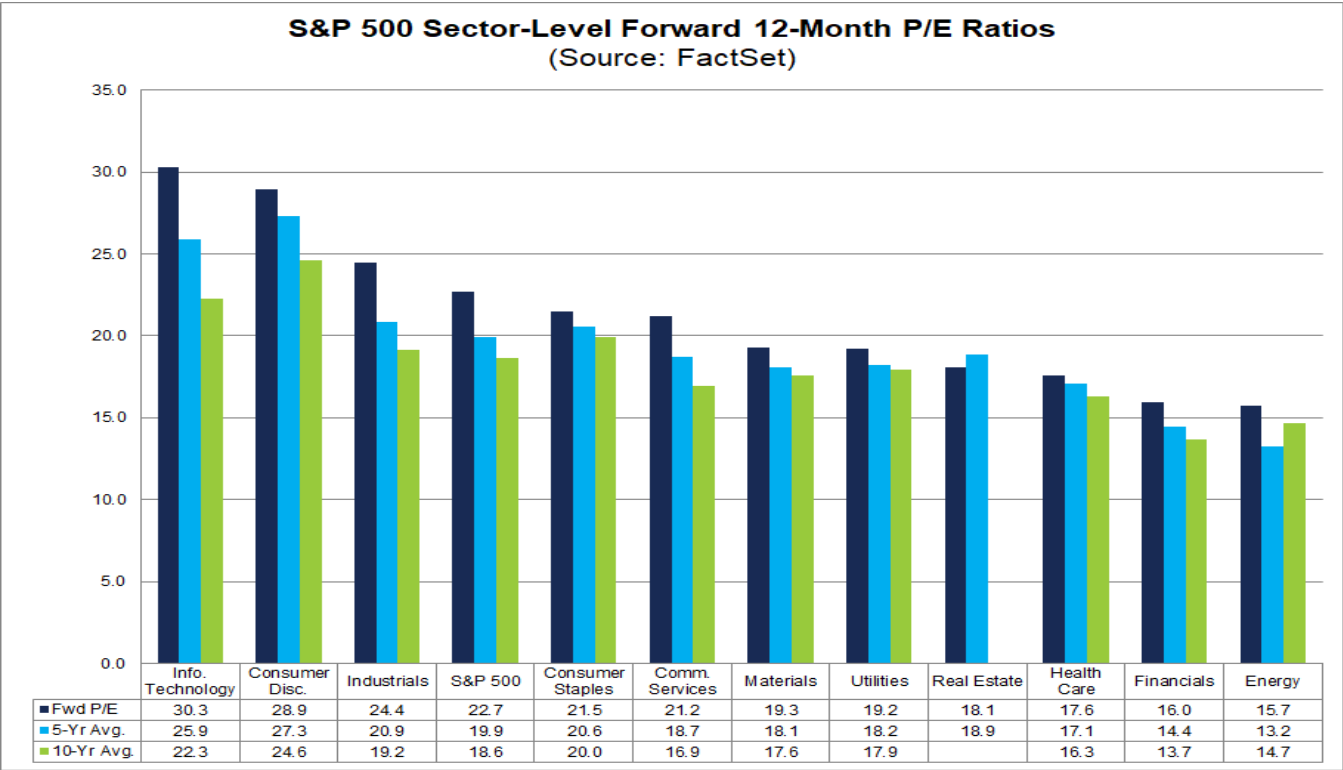
Bottom-Up EPS Estimates



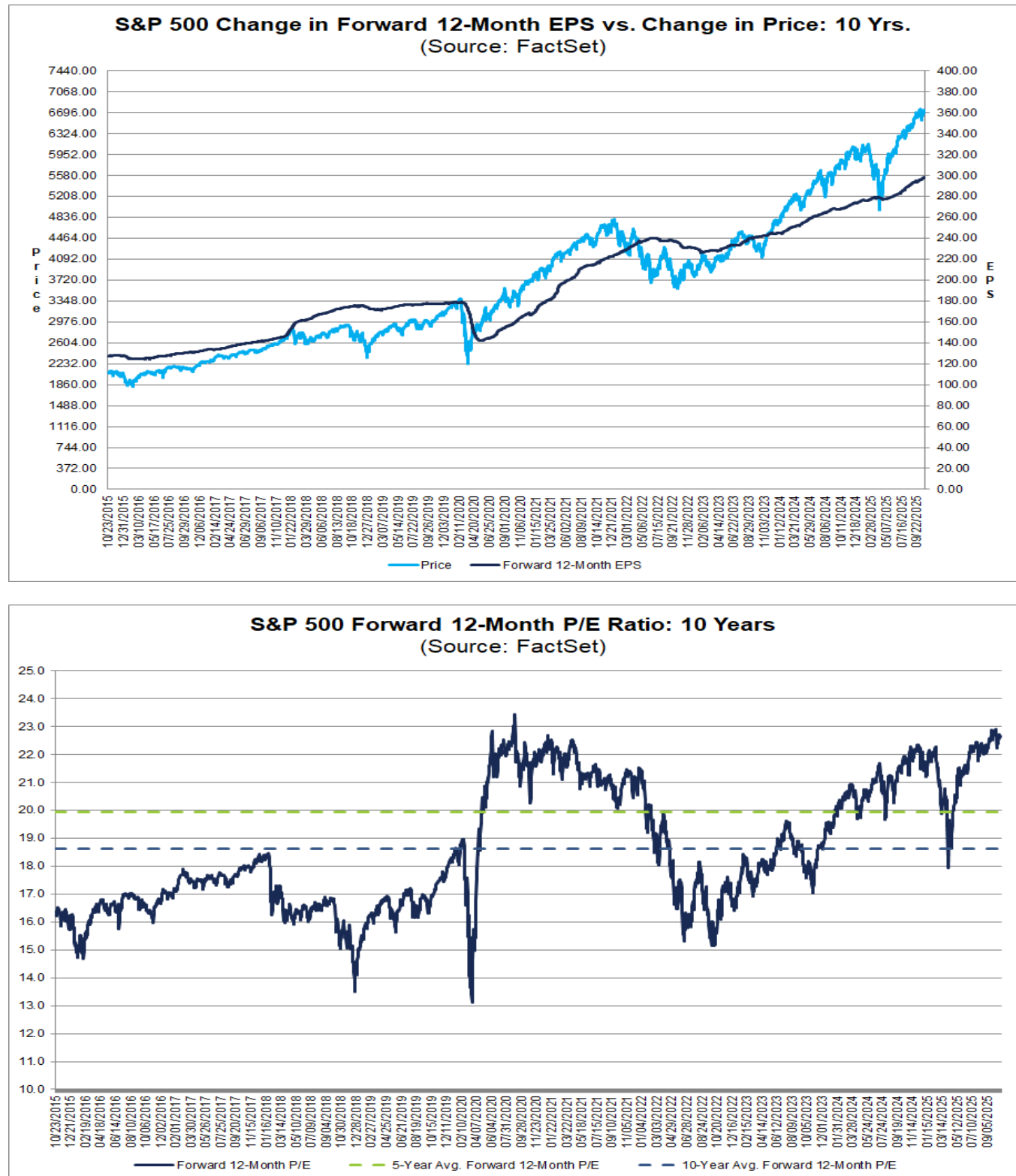
Bottom-Up EPS Estimates: Current & Historical



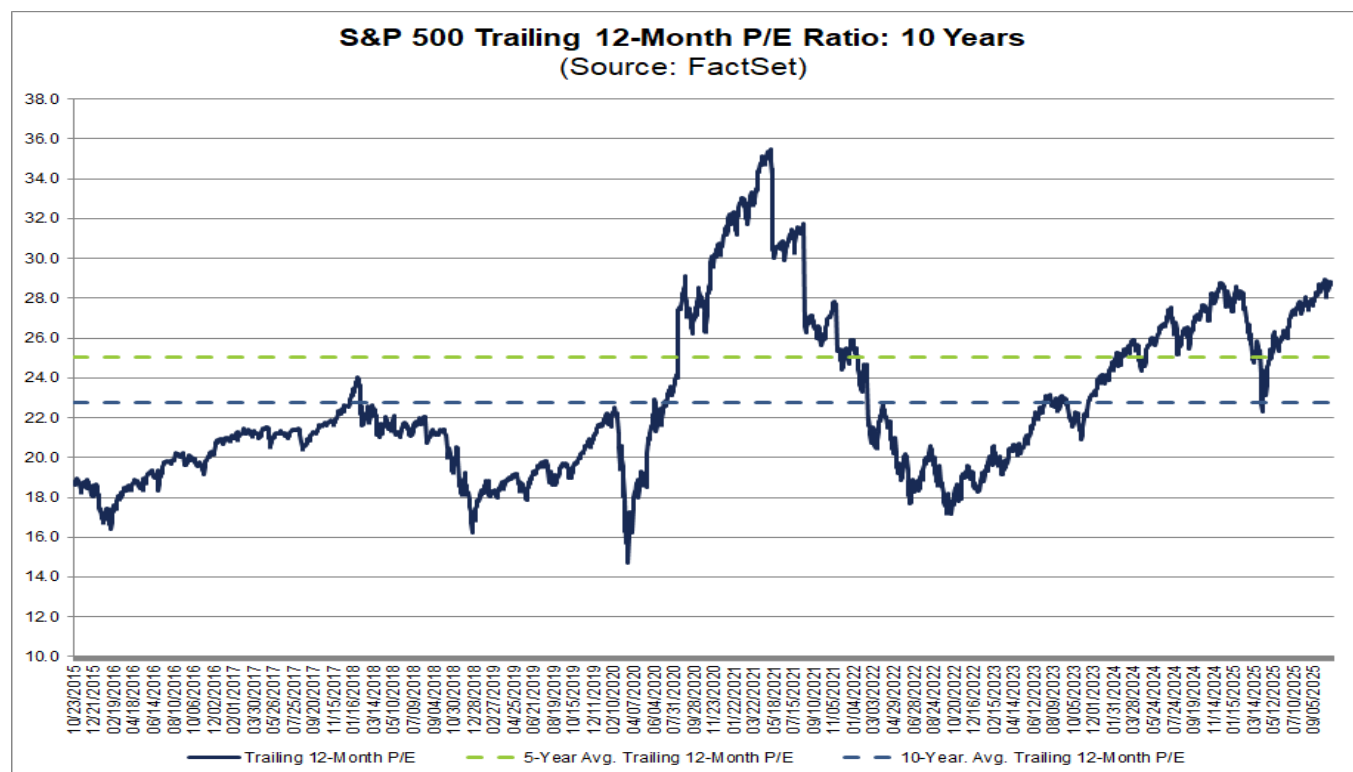
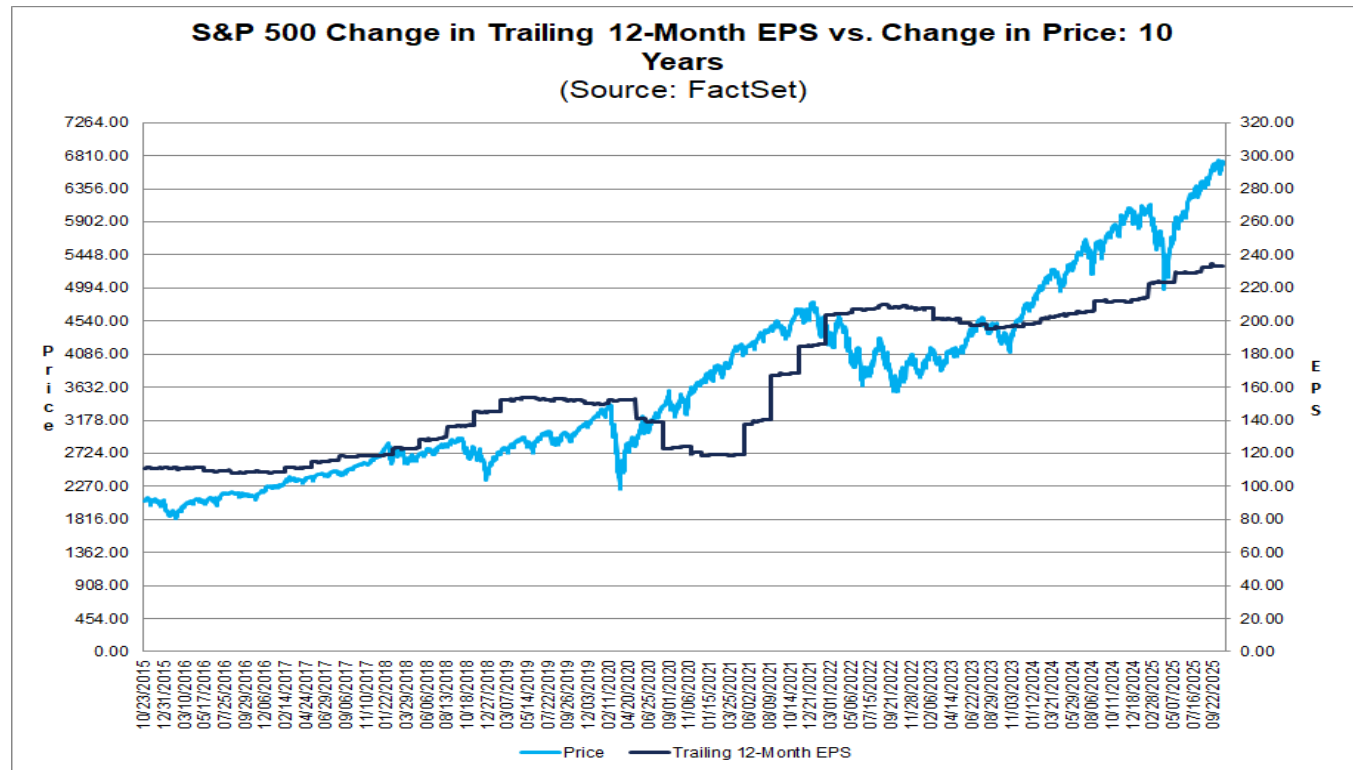
Forward 12M P/E Ratio: Sector Level



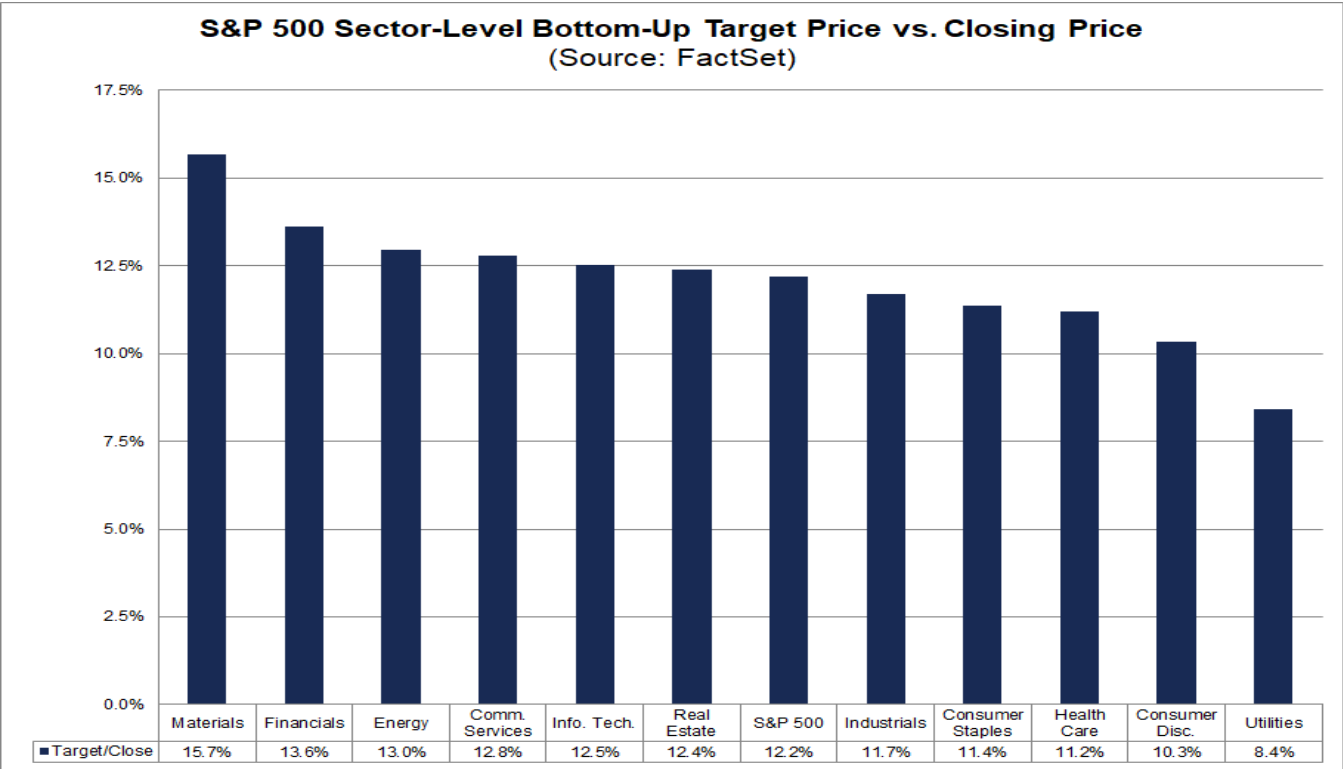
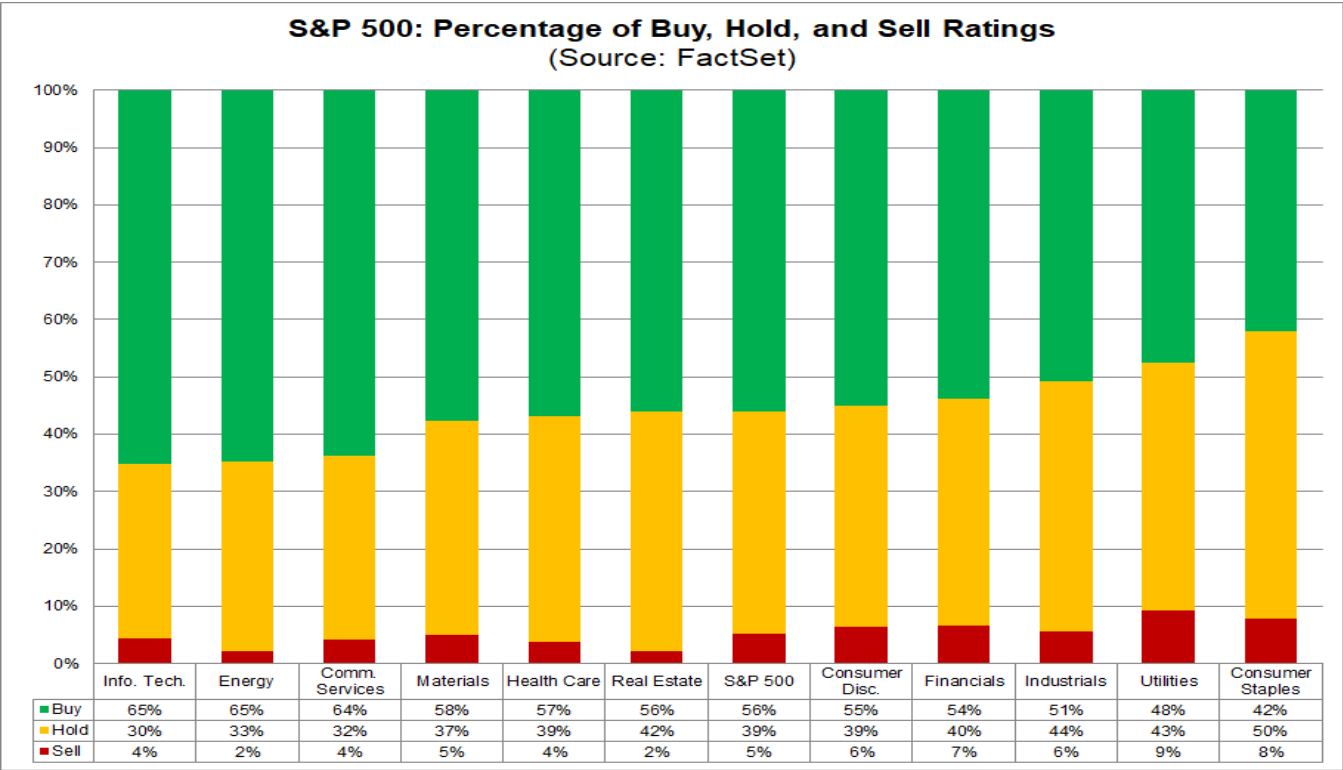
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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