EARNINGS INSIGHT

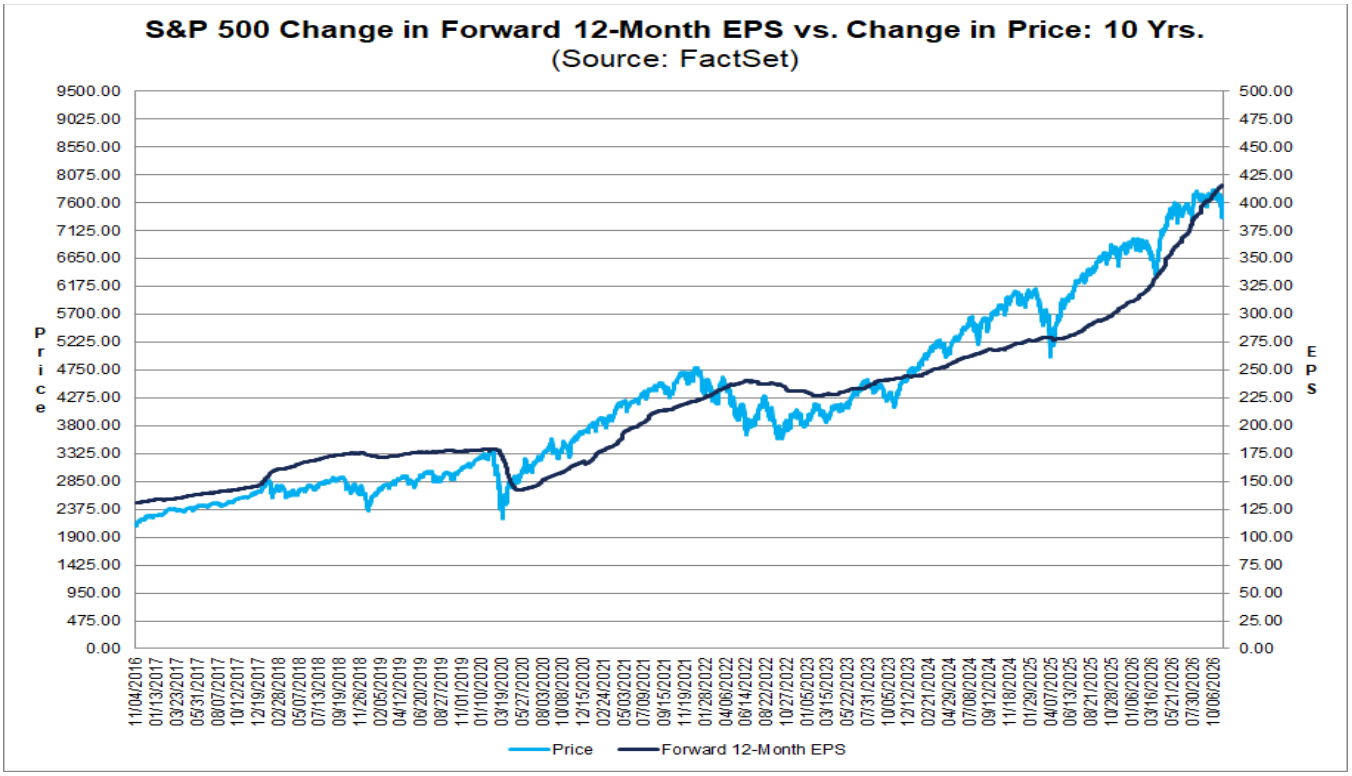
John Butters
VP, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

November 6, 2026

Key Metrics

- **Earnings Scorecard:** For Q3 2026 (with 88% of S&P 500 companies reporting actual results), 84% of S&P 500 companies have reported a positive EPS surprise and 74% 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 31.4%. If 31.4% 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 29.1%. Ten sectors are reporting higher earnings today (compared to September 30) due to upward revisions to EPS estimates and positive EPS surprises.
- **Earnings Guidance:** For Q4 2026, 32 S&P 500 companies have issued negative EPS guidance and 43 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 17.7. 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

Lowest Forward 12-Month P/E Ratio For the S&P 500 in More Than 3 Years

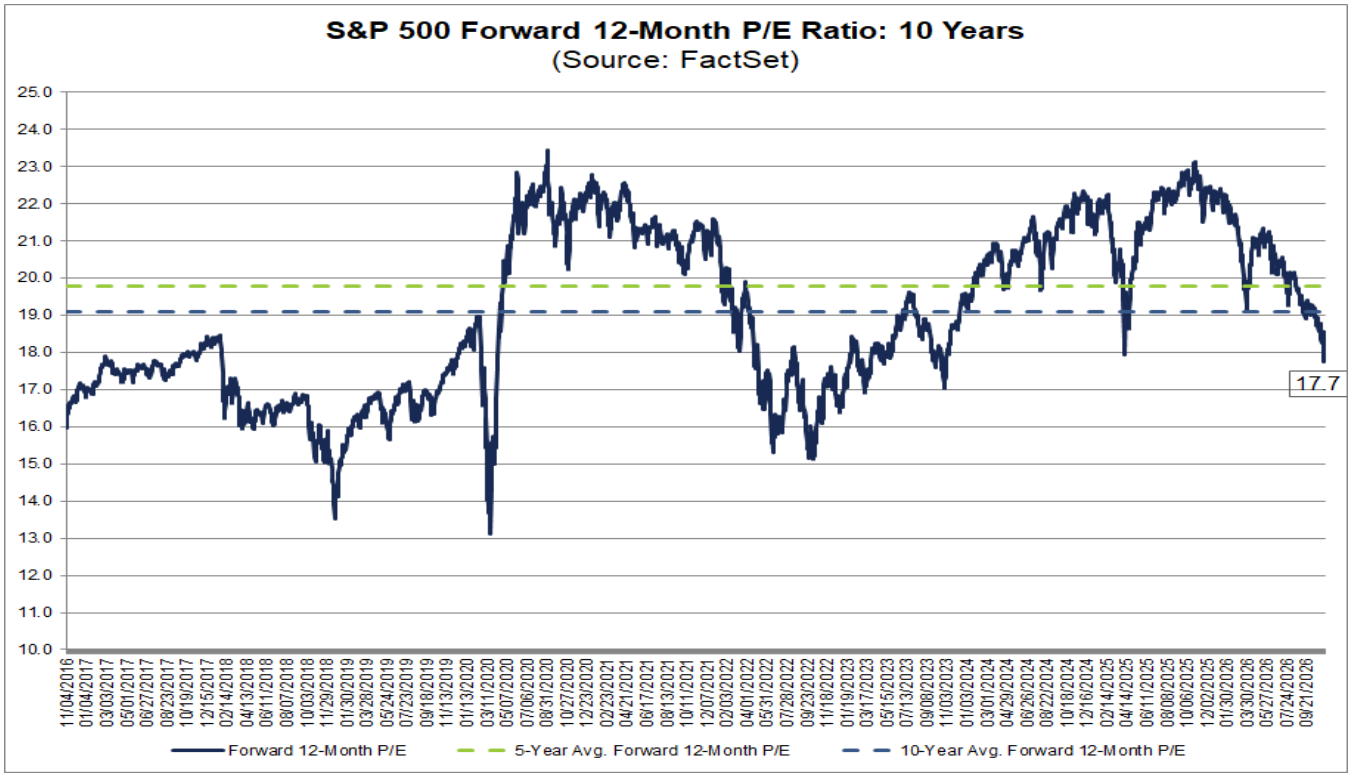
On November 5, the forward 12-month P/E ratio for the S&P 500 was 17.7. This forward 12-month P/E ratio was based on a closing price of 7353.73 and a forward 12-month EPS estimate of $415.82. How does this 17.7 P/E ratio compare to historical averages? What is driving the recent increase in the P/E ratio?

The forward 12-month P/E ratio of 17.7 on November 5 was below the 5-year average of 19.8 and below the 10-year average of 19.1. In fact, this marked the lowest forward 12-month P/E ratio recorded by the index since November 1, 2023 (17.5).

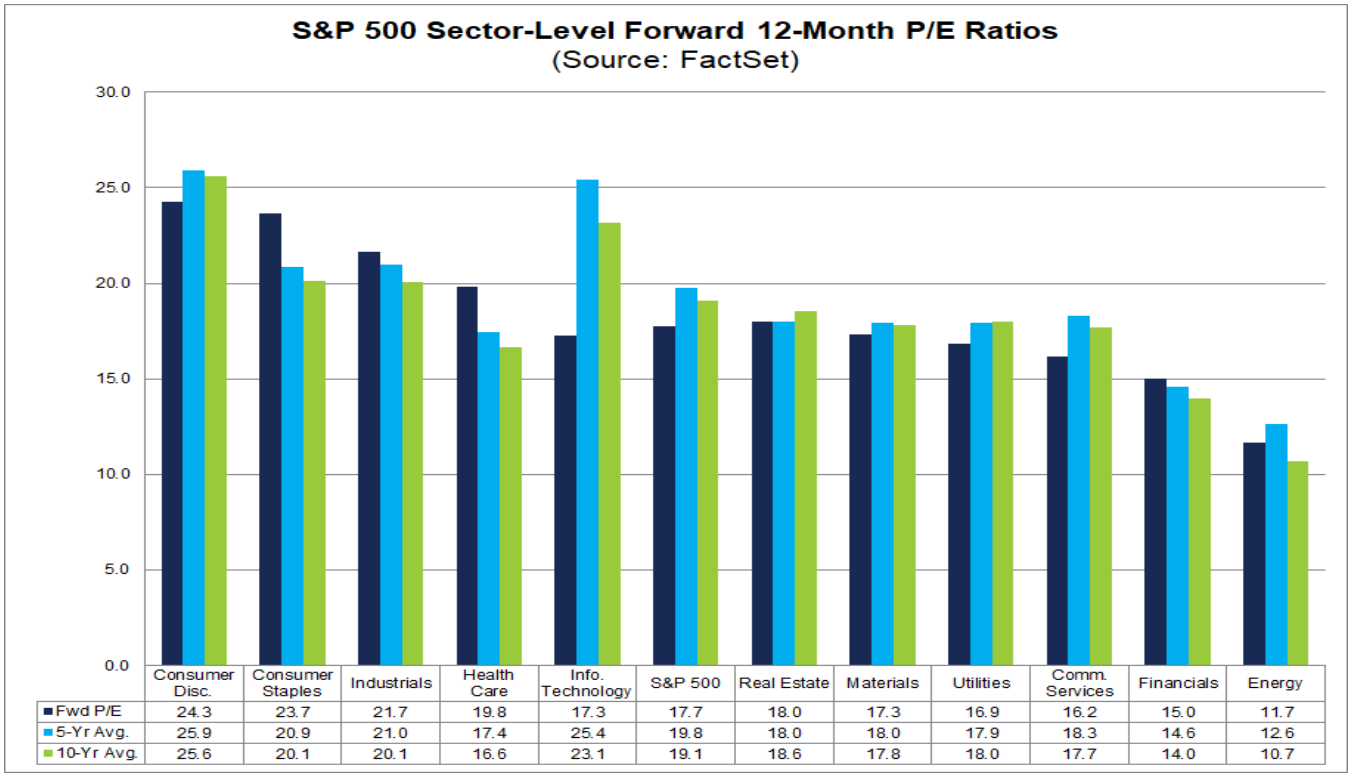
However, it is important to note that this forward 12-month P/E ratio was still above the 15-year (17.6), 20-year (16.5), and 25-year (16.4) averages. It is also well above the lowest forward 12-month P/E ratio recorded by the index over the past 25 years of 8.6 on November 20, 2008.

At the sector level, six sectors had forward 12-month P/E ratios on November 5, 2026, that were below their 5-year averages and six sectors also has forward 12-month P/E ratios that were below their 10-year averages. However, only two sectors had forward 12-month P/E ratios on that date that were below their 25-year averages: Information Technology (17.3 vs. 20.0) and Energy (11.7 vs. 13.9). For the Information Technology sector, this marked the lowest forward 12-month P/E ratio recorded by the sector since March 23, 2020 (16.1).

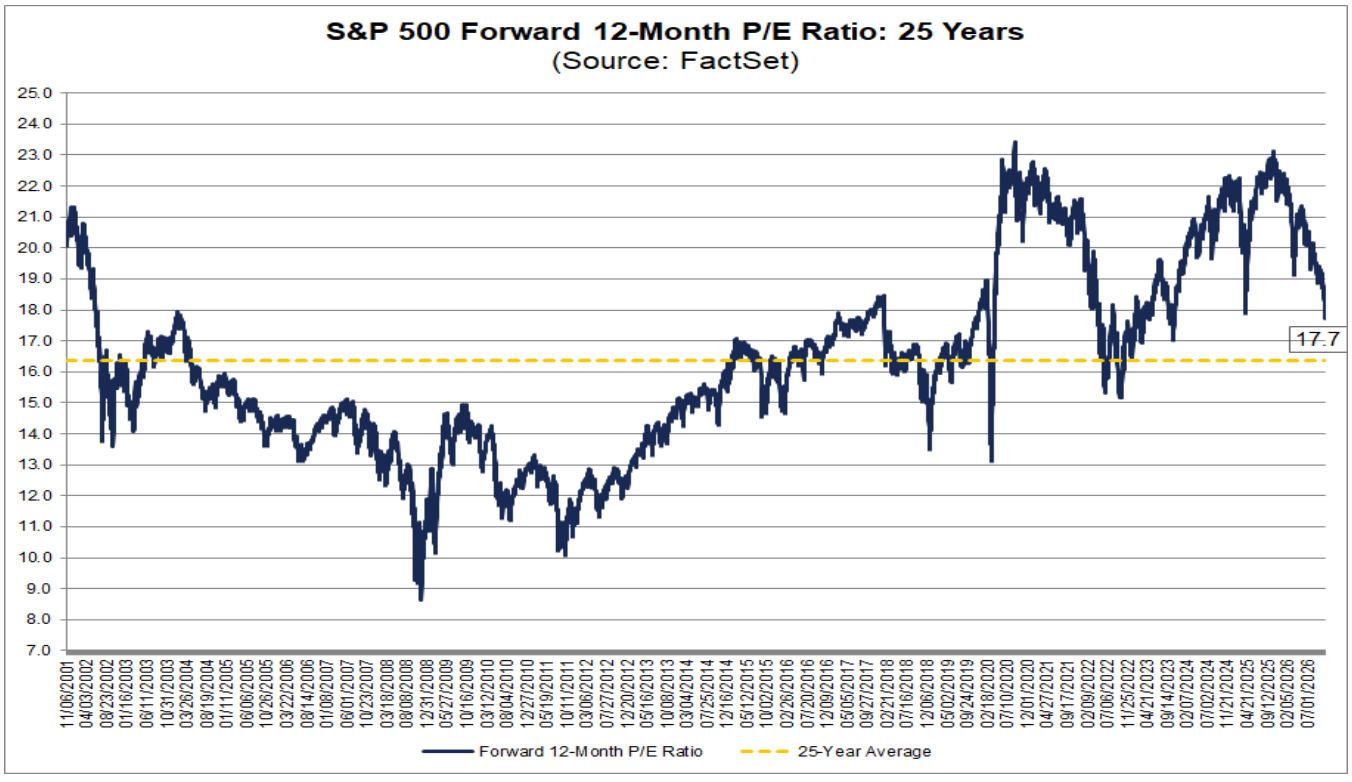
What is driving the decline in the forward 12-month P/E ratio for the S&P 500? At the start of the year (December 31, 2025), the forward 12-month P/E ratio for the S&P 500 was 22.0. Since the start of the year, the price of the S&P 500 has increased by 7.4%, while the forward 12-month EPS estimate increased by 33.6%. Thus, the increase in the “E” has been the main driver of the decrease in the P/E ratio since the start of the year.



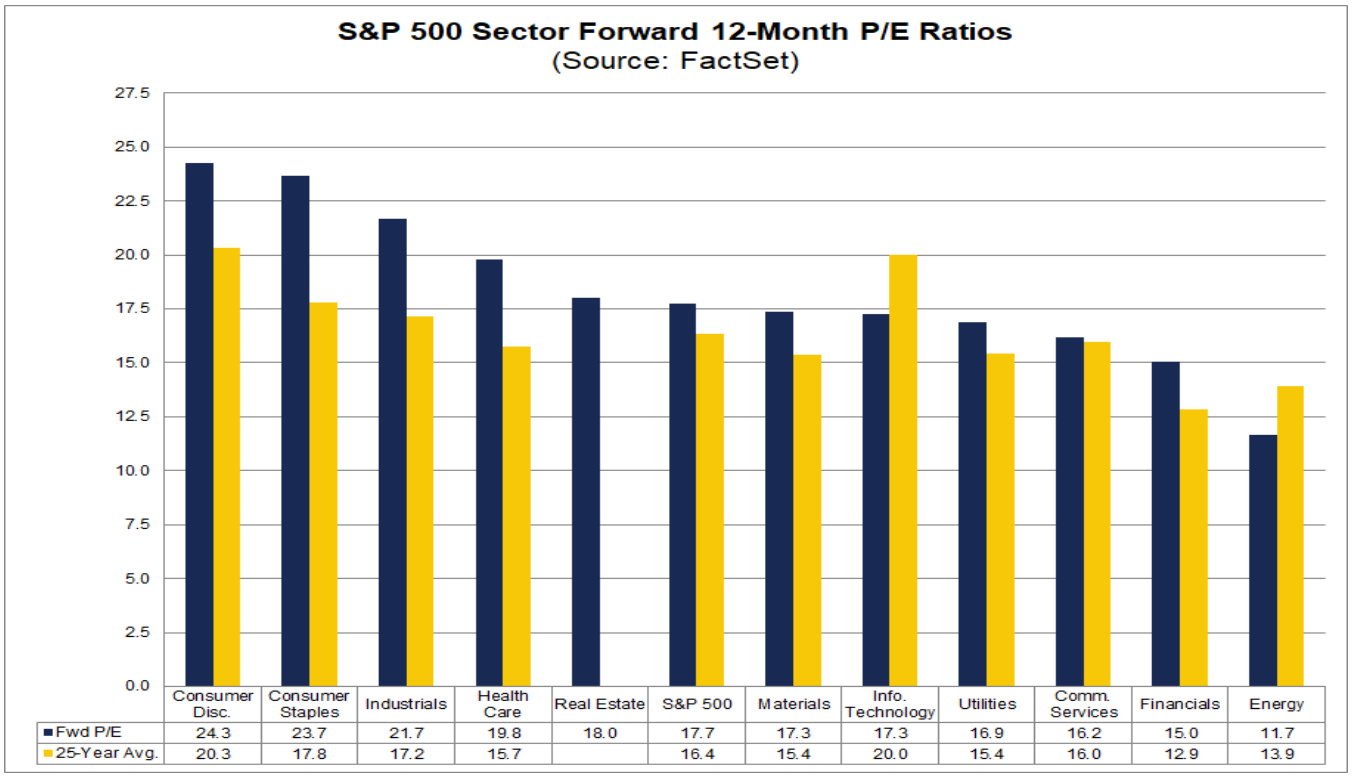
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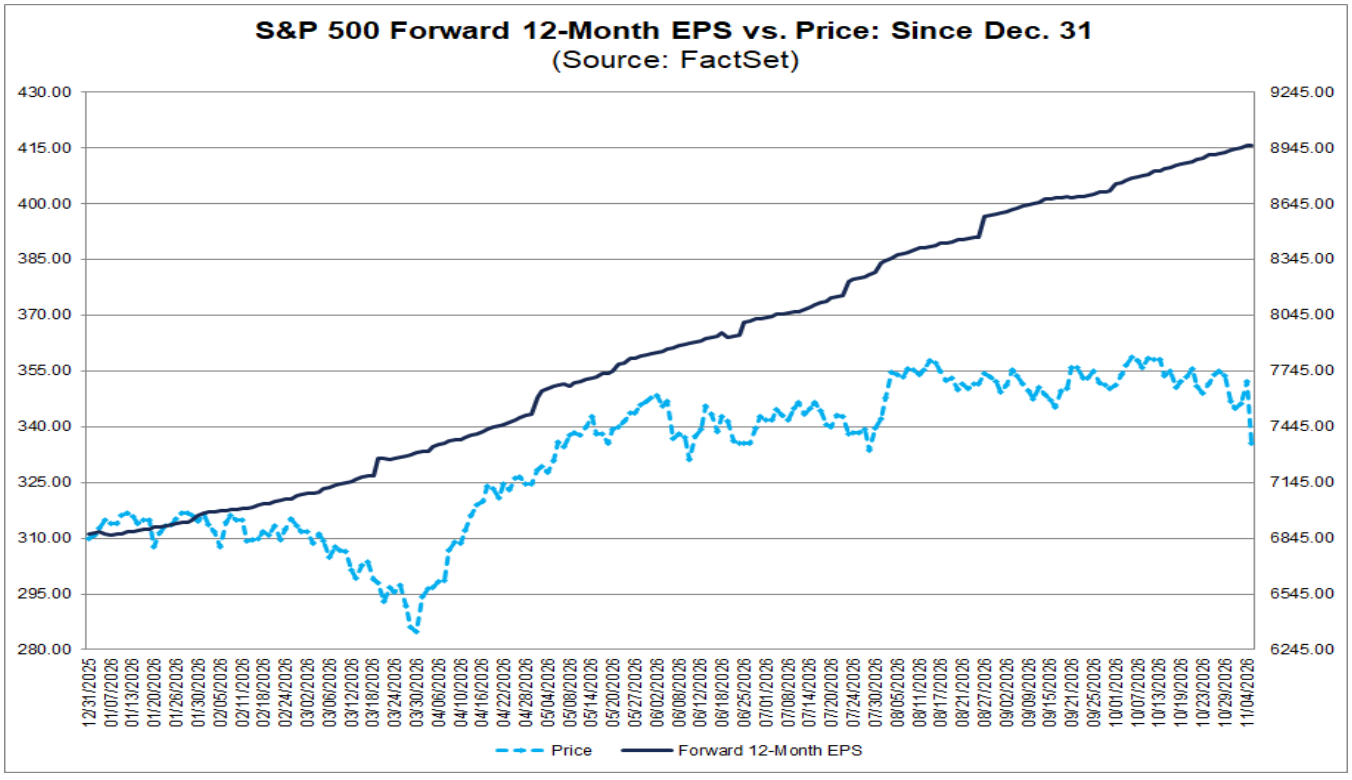
	Consumer Disc.	Consumer Staples	Industrials	Health Care	Info. Technology	S&P 500	Real Estate	Materials	Utilities	Comm. Services	Financials	Energy
Fwd P/E	24.3	23.7	21.7	19.8	17.3	17.7	18.0	17.3	16.9	16.2	15.0	11.7
5-Yr Avg.	25.9	20.9	21.0	17.4	25.4	19.8	18.0	18.0	17.9	18.3	14.6	12.6
10-Yr Avg.	25.6	20.1	20.1	16.6	23.1	19.1	18.6	17.8	18.0	17.7	14.0	10.7



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	Consumer Disc.	Consumer Staples	Industrials	Health Care	Real Estate	S&P 500	Materials	Info. Technology	Utilities	Comm. Services	Financials	Energy
Fwd P/E	24.3	23.7	21.7	19.8	18.0	17.7	17.3	17.3	16.9	16.2	15.0	11.7
25-Year Avg.	20.3	17.8	17.2	15.7		16.4	15.4	20.0	15.4	16.0	12.9	13.9



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Q3 Earnings Season: By The Numbers

Overview

At the end of the peak weeks of the earnings season, the S&P 500 is reporting mixed results for Q3 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, 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. In addition, the index is reporting (year-over-year) earnings growth above 25% for the 3rd straight quarter.

Overall, 88% 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 2.7% above estimates, which is below the 5-year average of 7.5% and below the 10-year average of 8.0%. If 2.7% is the actual number for the quarter, it will mark the lowest earnings surprise percentage reported by the index since Q4 2022 (1.3%). 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 multiple sectors (led by companies in the Health Care and Information Technology sectors), partially offset by a negative EPS surprise reported by a company in the Communication Services sector, 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 multiple sectors (led by companies in the Energy and Information Technology sectors), partially offset by negative EPS surprises reported by companies in the Communication Services sector, 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 31.4% today, compared to an earnings growth rate of 30.1% last week and an earnings growth rate of 29.1% at the end of the third quarter (September 30).

If 31.4% is the actual growth rate for the quarter, it will mark the third consecutive quarter of earnings growth above 25% and the eighth consecutive quarter of double-digit earnings growth for the index.

All eleven sectors are reporting year-over-year earnings growth. Seven of these sectors are reporting double-digit growth, led by the Energy, Information Technology, and Materials sectors.

In terms of revenues, 74% 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 68%. In aggregate, companies are reporting revenues that are 2.1% above the estimates, which is above the 5-year average of 1.8% and above 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, positive revenue surprises reported by companies in multiple sectors (led by companies in the Energy, Health Care, and Information Technology sectors) 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 Energy, Health Care, and Information Technology 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 14.3% today, compared to a revenue growth rate of 13.6% last week and a revenue growth rate of 12.2% at the end of the third quarter (September 30).

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If 14.3% 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 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 28.4%. For CY 2026, analysts are predicting (year-over-year) earnings growth of 33.3%.

The forward 12-month P/E ratio is 17.7, which is below the 5-year average (19.8) and below the 10-year average (19.1). This P/E ratio is also below the forward P/E ratio of 19.0 recorded at the end of the third quarter (September 30).

During the upcoming week, 13 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the third quarter.

Scorecard: Percentages of Positive EPS & Revenue Surprises Are Above 5-Year Averages

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

Overall, 88% 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 12% 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 Energy (95%), Information Technology (94%), and Health Care (93%) sectors have the highest percentages of companies reporting earnings above estimates, while the Materials (57%) sector have the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+2.7%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 2.7% 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.

If 2.7% is the actual number for the quarter, it will mark the lowest earnings surprise percentage reported by the index since Q4 2022 (+1.3%).

The Health Care (+13.7%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Centene Corporation ($0.58 vs. $0.10), Moderna ($0.38 vs. -$1.10), Elevance Health ($6.99 vs. $4.71), Biogen ($2.62 vs. $1.99), Humana (-0.70 vs. -1.00), and Eli Lilly and Company ($7.48 vs. $5.71) have reported the largest positive EPS surprises. The (non-GAAP) EPS actual for Elevance Health for Q3 2026 included a net non-operating benefit of $1.85.

The Utilities (+8.2%) sector (along with the Energy sector) is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, AES Corporation ($0.86 vs. $0.53) and WEC Energy Group ($1.18 vs. $0.97) have reported the largest positive EPS surprises.

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The Energy (+8.2%) sector (along with the Utilities sector) is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, ONEOK ($2.13 vs. $1.50), APA Corporation ($1.94 vs. $1.60), and Phillips 66 ($14.08 vs. $11.73) have reported the largest positive EPS surprises.

The Industrials (+7.3%) sector is reporting the third-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Stanley Black & Decker ($2.31 vs. $1.55), Bloom Energy ($0.94 vs. $0.69), RTX Corporation ($2.26 vs. $1.78), and Huntington Ingalls Industries ($5.48 vs. $4.36) have reported the largest positive EPS surprises. The (non-GAAP) EPS actual for RTX Corporation for Q3 2026 included $0.25 from IEEPA cost recovery.

On the other hand, the Communication Services (-24.6%) sector is reporting the largest negative (aggregate) difference between actual and estimated earnings. Within this sector, Charter Communications (-$20.50 vs. $8.94), Meta Platforms ($3.83 vs. $6.54), and Alphabet ($2.12 vs. $3.02) have reported the largest negative EPS surprises. The (GAAP) EPS actual for Meta Platforms for Q3 2026 included a $9.89 billion charge related to a litigation agreement, while the (GAAP) EPS actual for Alphabet included a loss of $8.7 billion in other income due to net losses on equity securities.

Market Punishing Negative EPS Surprises Less Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies for Q3 slightly less than average and also 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 +0.8% two days before the earnings release through two days after the earnings release. This percentage increase is slightly 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 -1.1% 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 (74%) is Above 5-Year Average

In terms of revenues, 74% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 26% 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%), but above the 5-year average (70%) and above 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 Energy (100%), Information Technology (93%), and Health Care (91%) sectors have the highest percentages of companies reporting revenues above estimates, while the Consumer Discretionary (54%) sector has the lowest percentage of companies reporting revenues above estimates.

Revenue Surprise Percentage (+2.1%) is Above 5-Year Average

In aggregate, companies are reporting revenues that are 2.1% above expectations. This surprise percentage is equal to the 1-year average (+2.1%), but above the 5-year average (+1.8%) and above 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.

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At the sector level, the Energy (+10.7%) and Information Technology (+3.1%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Financials (-0.3%) sector is reporting the largest negative (aggregate) difference 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 31.4%, which is above the earnings growth rate of 30.1% last week. Positive EPS surprises reported by companies in multiple sectors (led by companies in the Health Care, Information Technology, and Financials sectors), partially offset by a negative EPS surprise reported by a company in Communication Services sectors, were the largest contributors to the increase in the overall earnings growth rate for the index over this period.

In the Health Care sector, the positive EPS surprises reported by Pfizer ($0.87 vs. $0.74), Moderna ($0.38 vs. -$1.10), CVS Health ($2.09 vs. $1.65), and Amgen ($6.45 vs. $5.79) 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 Health Care sector increased to 9.3% from 5.2% over this period.

In the Information Technology sector, the positive EPS surprises reported by Apple ($2.10 vs. $1.99) and Super Micro Computer ($1.81 vs. $1.28) 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 Information Technology sector increased to 69.2% from 67.5% over this period.

In the Financials sector, the positive EPS surprises reported by Allstate ($9.76 vs. $6.89) and Aflac ($2.43 vs. $1.80) 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 6.4% from 5.5% over this period.

In the Communication Services sector, the negative EPS surprise reported Charter Communications (-$20.50 vs. $8.94) was the largest detractor 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 Communication Services sector decreased to 14.1% from 20.3% 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 14.3%, which is above the revenue growth rate of 13.6% last week. Positive revenue surprises reported by companies in multiple sectors (led by companies in the Energy, Health Care, and Information Technology sectors) were the largest contributors to the increase in the overall revenue growth rate for the index during the past week.

Energy Sector Has Seen Largest Increase in Earnings since September 30

The blended (year-over-year) earnings growth rate for Q3 2026 of 31.4% is above the estimate of 29.1% at the end of the third quarter (September 30). Ten 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 149.4% from 113.5%) sector. The Energy, Information Technology (to 69.2% from 63.8%), and Financials (to 6.4% from 2.8%) sectors have been the largest contributors to the increase in the earnings growth rate for the index since September 30. On the other hand, the Communication Services sector (to 14.1% from 51.5%) is the only sector that has recorded a decrease in its earnings growth rate since the end of the quarter due to downward revisions to earnings estimates and negative earnings surprises. The Communication Services sector has also been the largest detractor to the increase in the earnings growth rate for the index since September 30.

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In the Energy sector, upward revisions to EPS estimates and positive EPS surprises reported by ExxonMobil ($4.23 vs. $4.12), Valero Energy ($23.90 vs. $21.17), Phillips 66 ($14.08 vs. $11.73), Chevron ($5.28 vs. $4.87), Marathon Petroleum ($26.93 vs. $25.37), and ConocoPhillips ($3.27 vs. $3.05) 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 Energy sector has increased to 149.4% from 113.5% over this period.

In the Information Technology sector, the positive EPS surprises reported by Micron Technology ($33.42 vs. $31.77), Apple ($2.10 vs. $1.99), Microsoft ($4.89 vs. $4.72), and Intel ($0.52 vs. $0.41) have been substantial 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 Information Technology sector has increased to 69.2% from 63.8% over this period.

In the Financials sector, the positive EPS surprises reported by Allstate ($9.76 vs. $6.89), Goldman Sachs ($17.01 vs. $12.86), and Capital One Financial ($6.69 vs. $5.53) 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 6.4% from 2.8% over this period.

In the Communication Services sector, the negative EPS surprises reported by Alphabet ($2.12 vs. $3.02), Meta Platforms ($3.83 vs. $6.54), and Charter Communications (-$20.50 vs. $8.94) have been the largest detractors to the increase in the earnings growth rate for the index since September 30. The (GAAP) EPS actual for Alphabet included a loss of $8.7 billion in other income due to net losses on equity securities, while the (GAAP) EPS actual for Meta Platforms for Q3 2026 included a $9.89 billion charge related to a litigation agreement,. As a result, the blended earnings growth rate for the Communication Services sector has decreased to 14.1% from 51.5% 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 14.3% is above the estimate of 12.2% at the end of the third quarter (September 30). Ten 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 36.0% from 21.9%) sector. The Energy, Health Care (to 6.3% from 4.0%), and Information Technology (to 42.9% 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 Financials (to 6.8% from 7.3%) sector is the only sector that two has recorded a decrease in its revenue growth rate since the end of the quarter due to downward revisions to revenue estimates and negative revenue surprises.

In the Energy sector, upward revisions to revenue estimates and positive revenue surprises reported by Marathon Petroleum ($56.49 billion vs. $46.60 billion), Chevron ($67.80 billion vs. $61.82 billion), Phillips 66 ($51.23 billion vs. $44.91 billion), Valero Energy ($46.10 billion vs. $42.71 billion), ExxonMobil ($113.16 billion vs. $104.89 billion), ConocoPhillips ($20.06 billion vs. $18.59 billion) and ONEOK ($12.46 billion vs. $10.54 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 Energy sector has increased to 36.0% from 21.9% over this period.

In the Health Care sector, the positive revenue surprises reported by CVS Health ($108.40 billion vs. $104.72 billion), Centene Corporation ($50.65 billion vs. $47.12 billion) and Eli Lilly ($24.40 billion vs. $22.58 billion) have been substantial 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 Health Care sector has increased to 6.3% from 4.0% over this period.

In the Information Technology sector, the positive revenue surprises reported by Super Micro Computer ($19.95 billion vs. $16.29 billion), Micron Technology ($54.23 billion vs. $51.33 billion), and Microsoft ($92.28 billion vs. $90.62 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 Information Technology sector has increased to 42.9% from 39.9% over this period.

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Earnings Growth: 31.4%

The blended (year-over-year) earnings growth rate for Q3 2026 is 31.4%, 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 31.4% is the actual growth rate for the quarter, it will mark the 3rd consecutive quarter of year-over-year earnings growth above 25% and the 8th consecutive quarter of double-digit earnings growth for the index.

All eleven sectors are reporting year-over-year earnings growth, led by the Energy, Information Technology, and Communication Services sectors.

Energy: 2 of 5 Sub-Industries Reporting (Y/Y) Earnings Growth Above 100%

The Energy sector is reporting the highest (year-over-year) earnings growth rate of all eleven sectors at 149.4%. 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 reporting year-over-year growth in earnings: Oil & Gas Refining & Marketing (542%), Integrated Oil & Gas (136%), Oil & Gas Exploration & Production (85%), and Oil & Gas Storage & Transportation (29%) On the other hand, the Oil & Gas Equipment & Services (-3%) sub-industry is the only sub-industry in the sector reporting 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 69.2%. At the industry level, all 6 industries in the sector are reporting year-over-year earnings growth: Semiconductors & Semiconductor Equipment (133%), Electronic Equipment, Instruments, & Components (48%), Technology Hardware, Storage, & Peripherals (48%), Communications Equipment (42%), Software (17%), and IT Services (8%).

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 29.6% from 69.2%.

Materials: 3 of 4 Industries Reporting (Y/Y) Earnings Growth

The Materials sector is reporting the third-largest (year-over-year) earnings growth of all eleven sectors at 29.7%. At the industry level, 3 of the 4 industries in the sector are reporting (year-over-year) earnings growth: Metals & Mining (56%), Containers & Packaging (42%), and Chemicals (24%). On the other hand, the Construction Materials (-4%) industry is the only industry in the sector reporting a year-over-year decline in earnings.

Revenue Growth: 14.3%

The blended (year-over-year) revenue growth rate for Q3 2026 is 14.3%, 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 14.3% 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 year-over-year growth in revenues, led by the Information Technology, Energy, and Communication Services sectors.

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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 42.9%. At the industry level, all 6 industries in the sector are reporting year-over-year revenue growth: Semiconductors & Semiconductor Equipment (83%), Technology Hardware, Storage, & Peripherals (40%), Electronic Equipment, Instruments, & Components (29%), Communications Equipment (28%), Software (19%), and IT Services (5%).

Energy: All 5 Sub-Industries Reporting (Y/Y) Revenue Growth

The Energy sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 36.0%. 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 reporting year-over-year growth in revenues: Oil & Gas Refining & Marketing (49%), Integrated Oil & Gas (32%), Oil & Gas Exploration & Production (32%), Oil & Gas Storage & Transportation (30%), and Oil & Gas Equipment & Services (8%).

Communication Services: All 5 Industries Reporting (Y/Y) Revenue Growth

The Communication Services sector is reporting the third-highest (year-over-year) revenue growth rate of all eleven sectors at 16.1%. At the industry level, all 5 industries in the sector are reporting year-over-year revenue growth: Interactive Media & Services (25%), Media (10%), Entertainment (10%), Wireless Telecommunication Services (7%), and Diversified Telecommunication Services (<1%).

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, six sectors are reporting a year-over-year increase in their net profit margins in Q3 2026 compared to Q3 2025, led by the Energy (14.9% vs. 8.1%) and Information Technology (32.5% vs. 27.5%) sectors. On the other hand, four sectors are reporting a year-over-year decrease in their net profit margins in Q3 2026 compared to Q3 2025, led by the Consumer Discretionary (10.0% vs. 10.2%) and Communication Services (10.7% vs. 10.9%) sectors. One sector (Consumer Staples) is reporting no year-over-year change in net profit margin (6.5% vs. 6.5%).

Eight sectors are reporting net profit margins in Q3 2026 that are above their 5-year averages, led by the Information Technology (32.5% vs. 25.9%), Energy (14.9% vs. 10.1%), and Utilities (18.2% vs. 13.6%) sectors. On the other hand, three sectors are reporting net profit margins in Q3 2026 that are below their 5-year averages, led by the Communication Services (10.7% vs. 13.7%) sector.

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Forward Estimates & Valuation

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

At this point in time, 75 companies in the index have issued EPS guidance for Q4 2026. Of these 75 companies, 32 have issued negative EPS guidance and 43 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2026 is 43% (32 out of 75), which is below the 5-year average of 60% and below the 10-year average of 59%.

At this point in time, 269 companies in the index have issued EPS guidance for the current fiscal year (FY 2026 or FY 2027). Of these 269 companies, 85 have issued negative EPS guidance and 184 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 32% (85 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 33% for CY 2026

For the third quarter, S&P 500 companies are reporting year-over-year growth in earnings of 31.4% and year-over-year growth in revenues of 14.3%.

For Q4 2026, analysts are projecting earnings growth of 28.4% and revenue growth of 13.6%.

For CY 2026, analysts are projecting earnings growth of 33.3% and revenue growth of 13.2%.

For Q1 2027, analysts are projecting earnings growth of 19.5% and revenue growth of 12.2%.

For Q2 2027, analysts are projecting earnings growth of 3.0% and revenue growth of 8.2%.

For CY 2027, analysts are projecting earnings growth of 16.1% and revenue growth of 9.8%.

Valuation: Forward P/E Ratio is 17.7, Below the 10-Year Average (19.1)

The forward 12-month P/E ratio for the S&P 500 is 17.7. This P/E ratio is below the 5-year average of 19.8 and below the 10-year average of 19.1. It is also below 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 decreased by 3.9% while the forward 12-month EPS estimate has increased by 3.1%. At the sector level, the Consumer Discretionary (24.3), Consumer Staples (23.7), and Industrials (21.7) sectors have the highest forward 12-month P/E ratios, while the Energy (11.7) and Financials (15.0) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 24.7, which is above the 5-year average of 24.4 and above the 10-year average of 23.7.

Targets & Ratings: Analysts Project 27% Increase in Price Over Next 12 Months

The bottom-up target price for the S&P 500 is 9,306.85, which is 26.6% above the closing price of 7,353.73. At the sector level, the Information Technology (+44.1%) and Communication Services (+34.9%) 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 Consumer Staples (+4.2%) 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.

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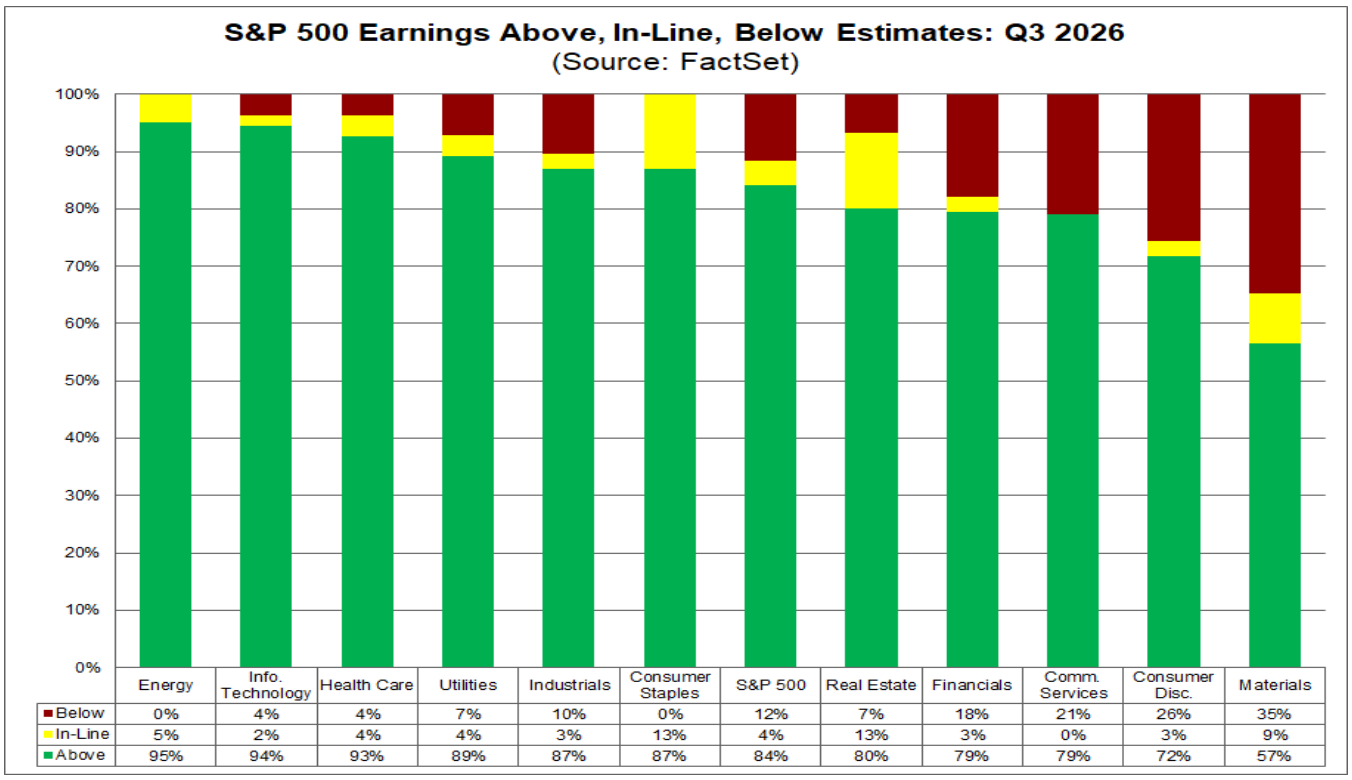
Overall, there are 13,192 ratings on stocks in the S&P 500. Of these 13,192 ratings, 59.9% are Buy ratings, 35.3% are Hold ratings, and 4.8% are Sell ratings. At the sector level, the Communication Services (72%), Information Technology (69%), Energy (63%), Materials (63%), and Health Care (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (48%) sector has the lowest percentage of Buy ratings.

Companies Reporting Next Week: 13

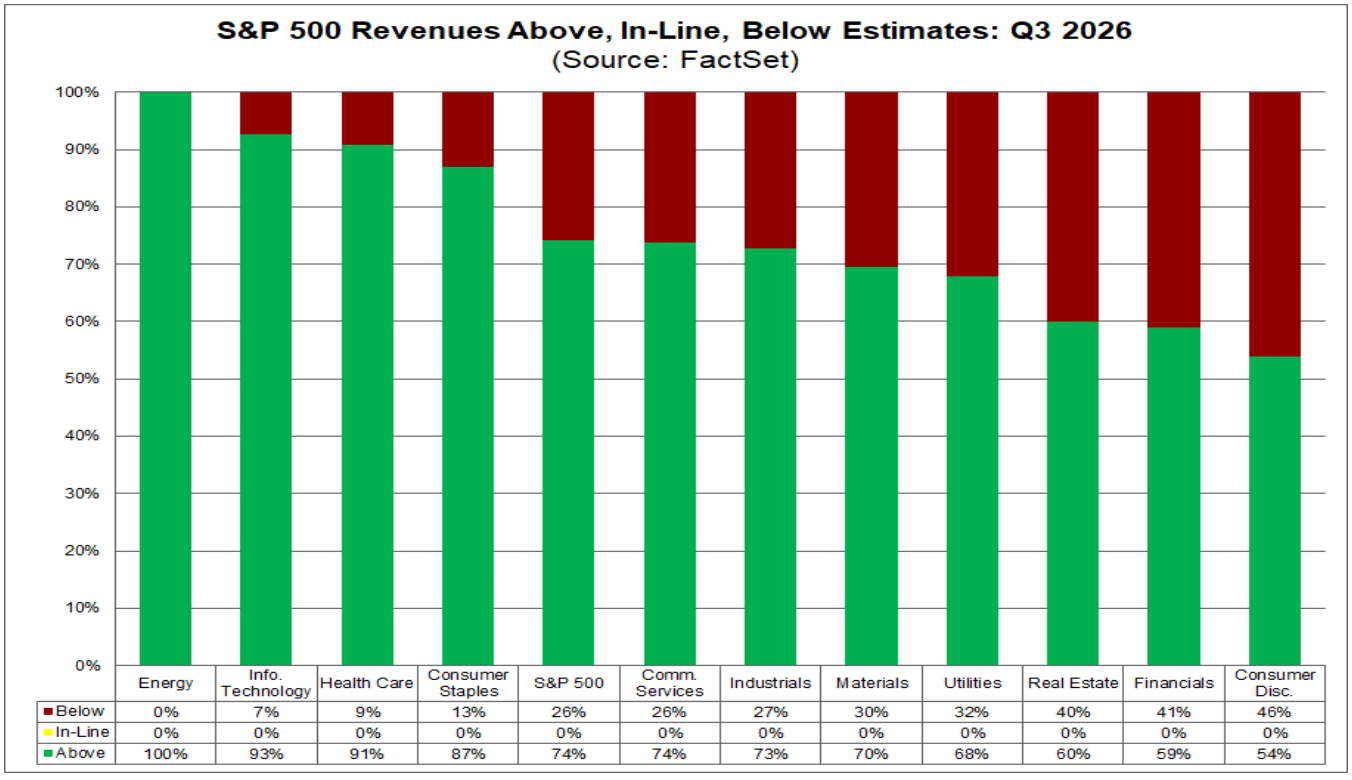
During the upcoming week, 13 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the third quarter.

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Q3 2026: Scorecard



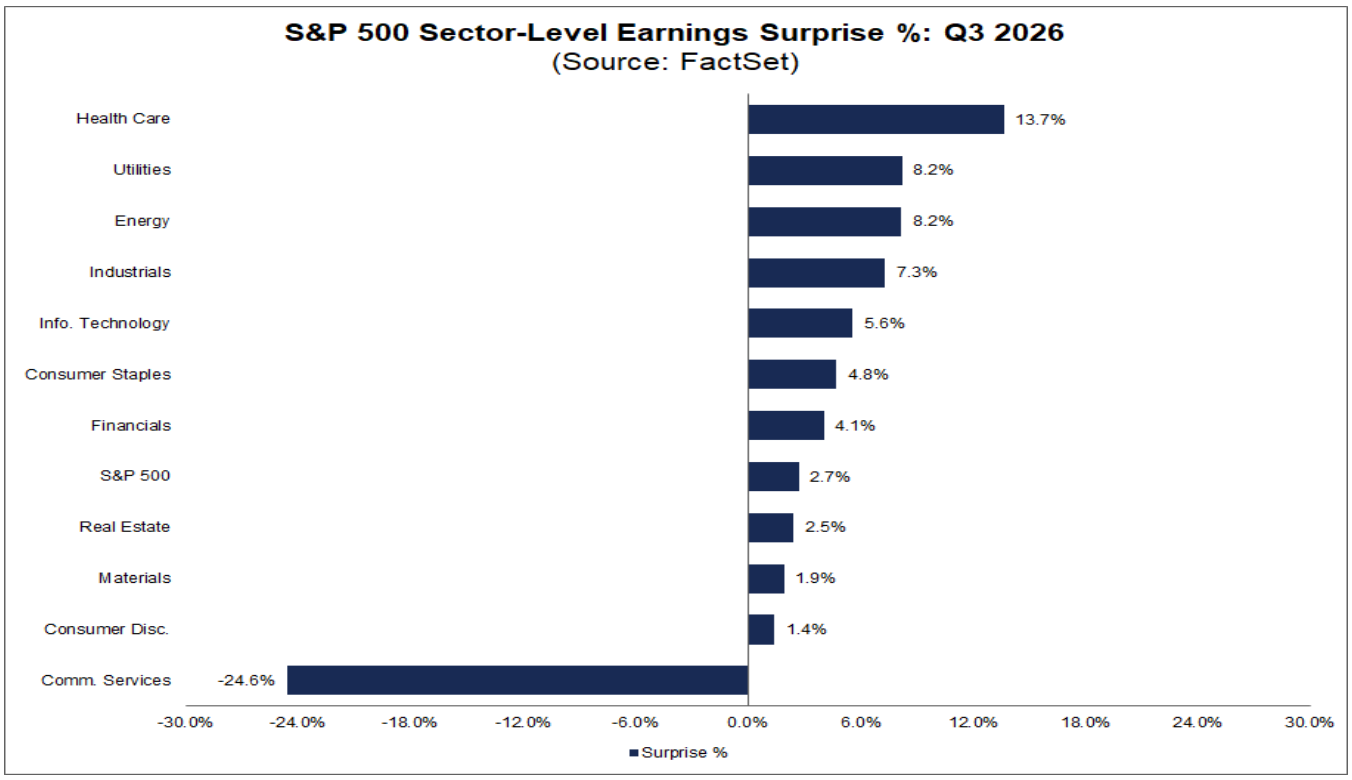
	Energy	Info. Technology	Health Care	Utilities	Industrials	Consumer Staples	S&P 500	Real Estate	Financials	Comm. Services	Consumer Disc.	Materials
Below	0%	4%	4%	7%	10%	0%	12%	7%	18%	21%	26%	35%
In-Line	5%	2%	4%	4%	3%	13%	4%	13%	3%	0%	3%	9%
Above	95%	94%	93%	89%	87%	87%	84%	80%	79%	79%	72%	57%

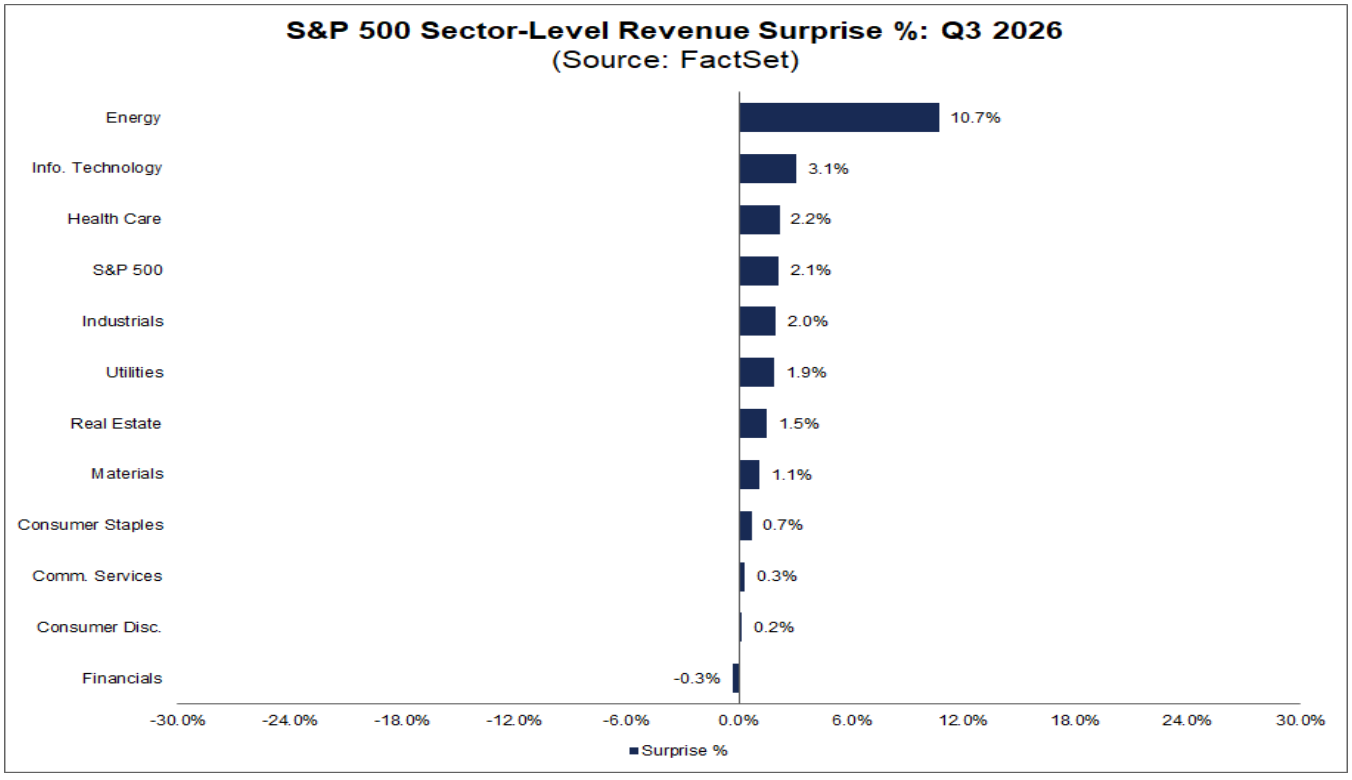


	Energy	Info. Technology	Health Care	Consumer Staples	S&P 500	Comm. Services	Industrials	Materials	Utilities	Real Estate	Financials	Consumer Disc.
Below	0%	7%	9%	13%	26%	26%	27%	30%	32%	40%	41%	46%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	93%	91%	87%	74%	74%	73%	70%	68%	60%	59%	54%

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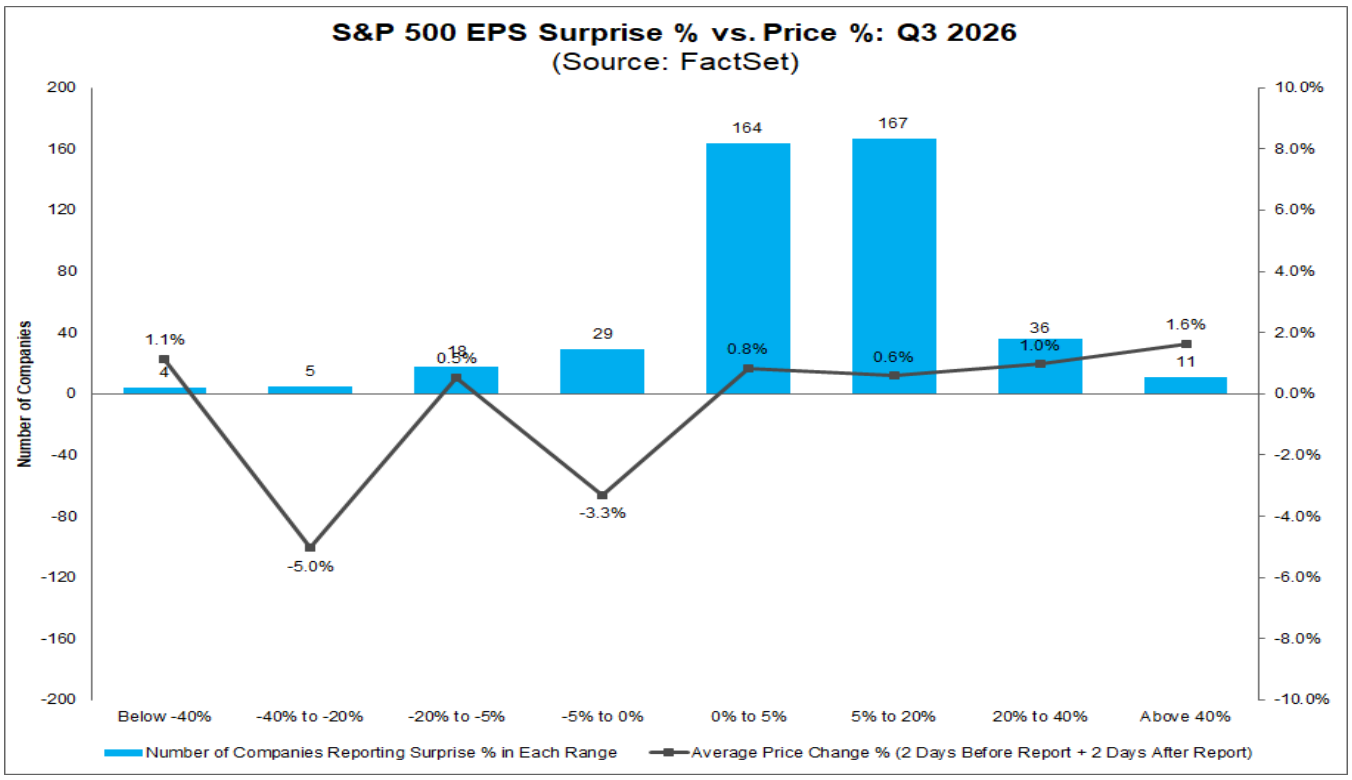
Q3 2026: Surprise

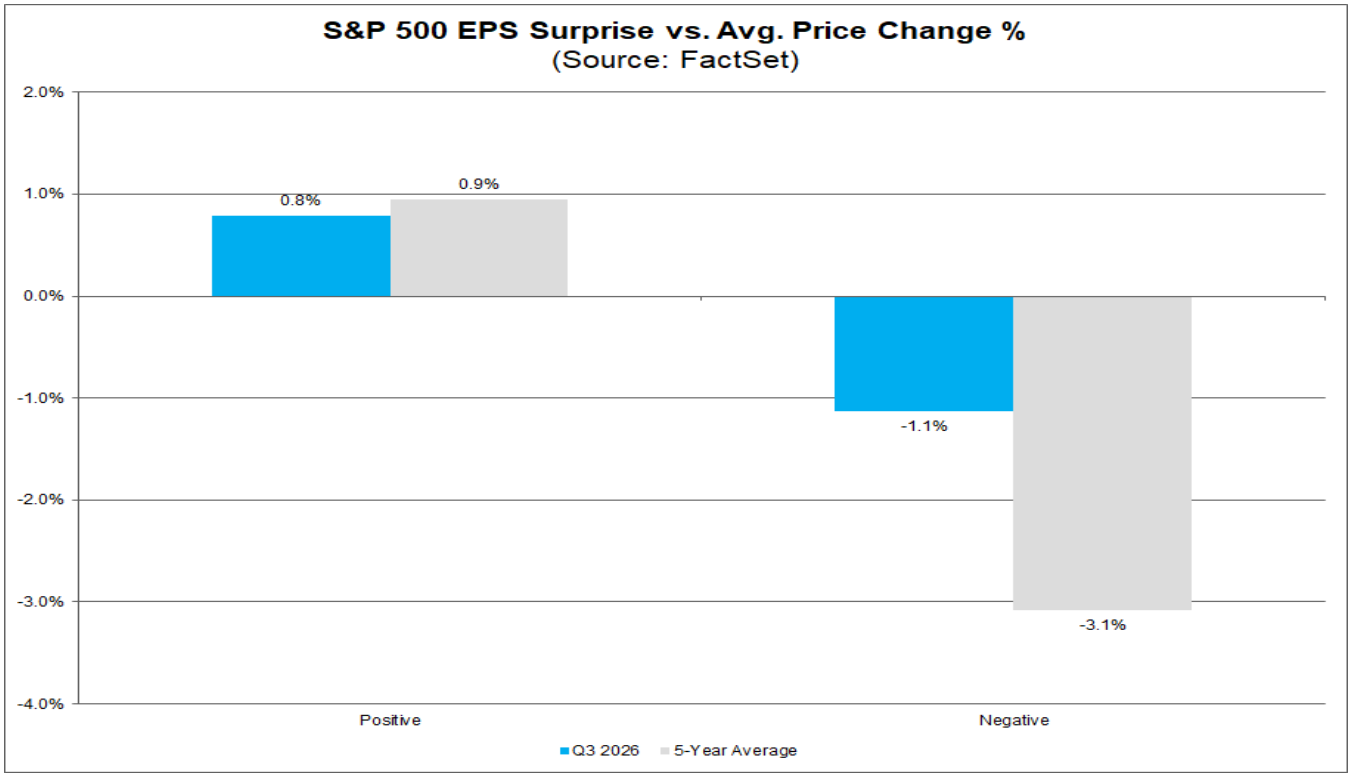




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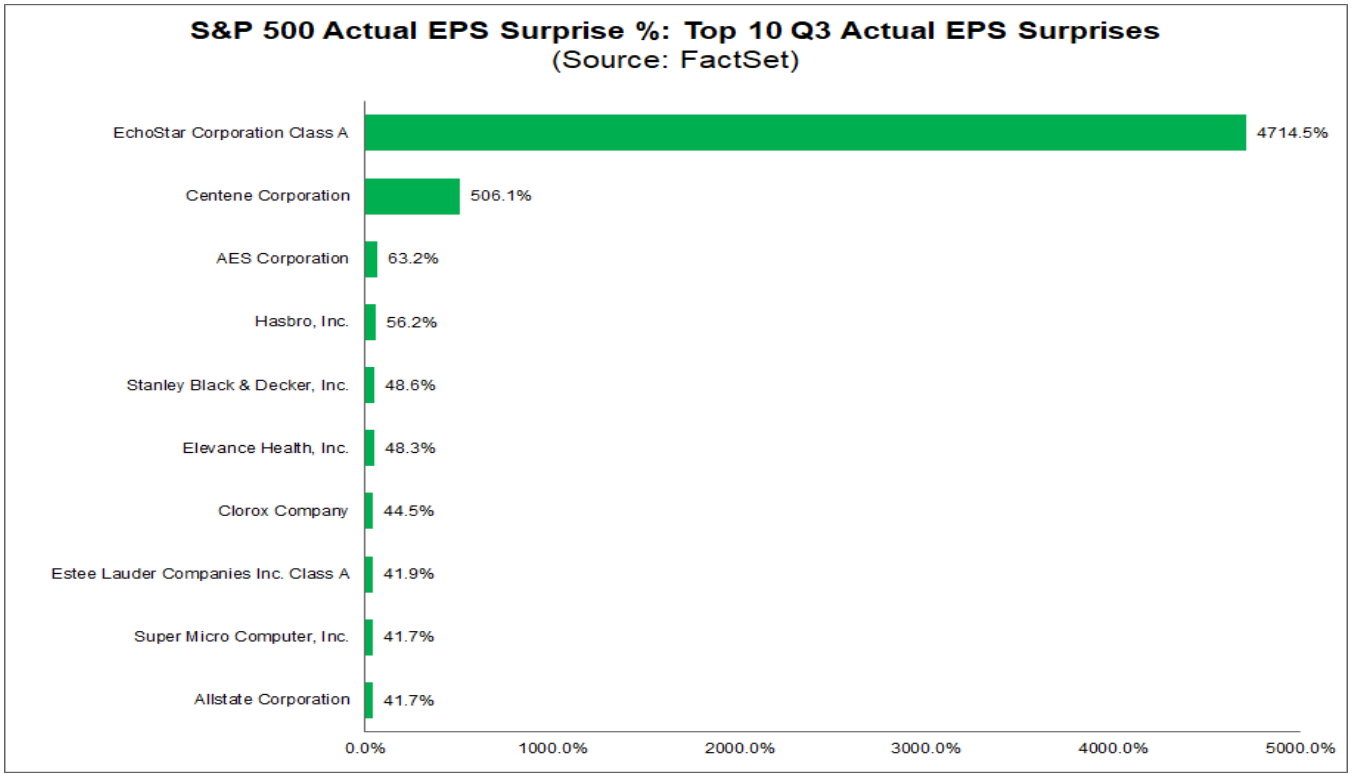
Q3 2026: Surprise

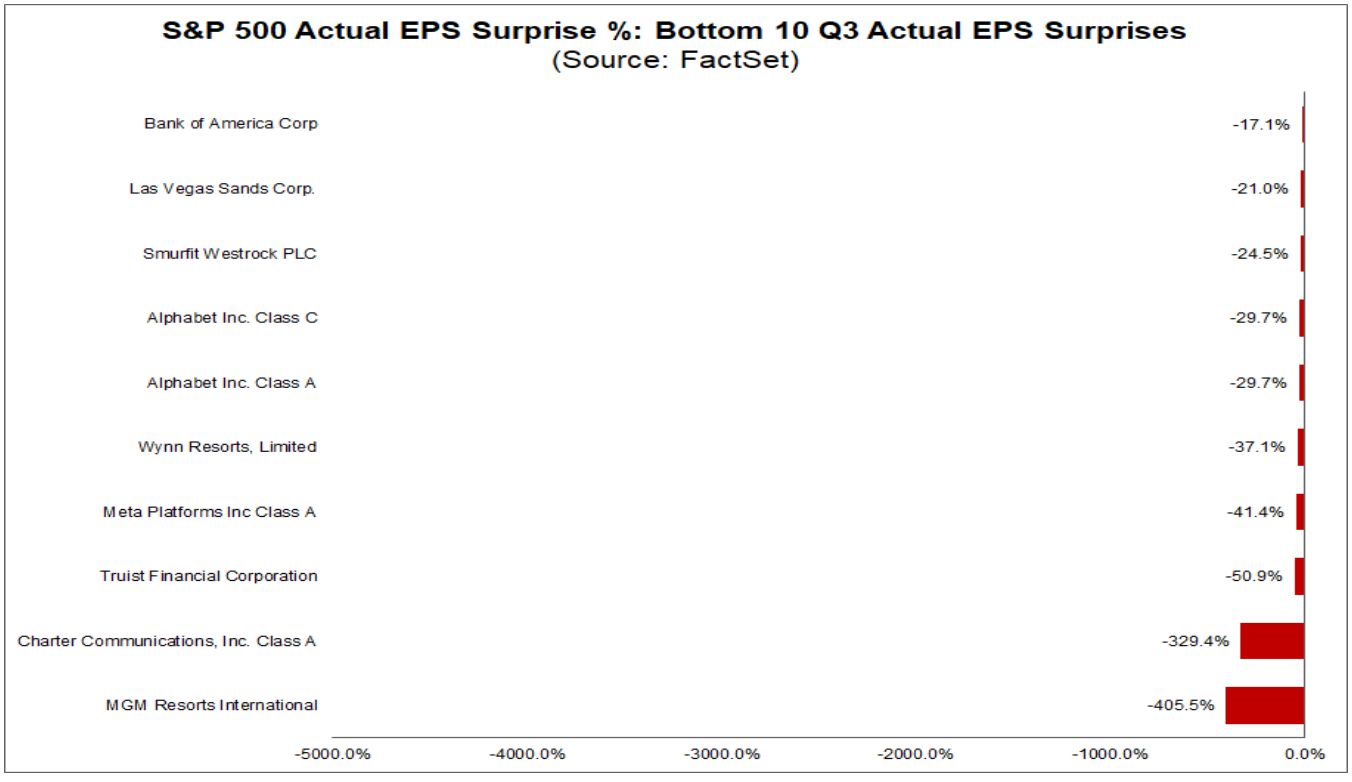




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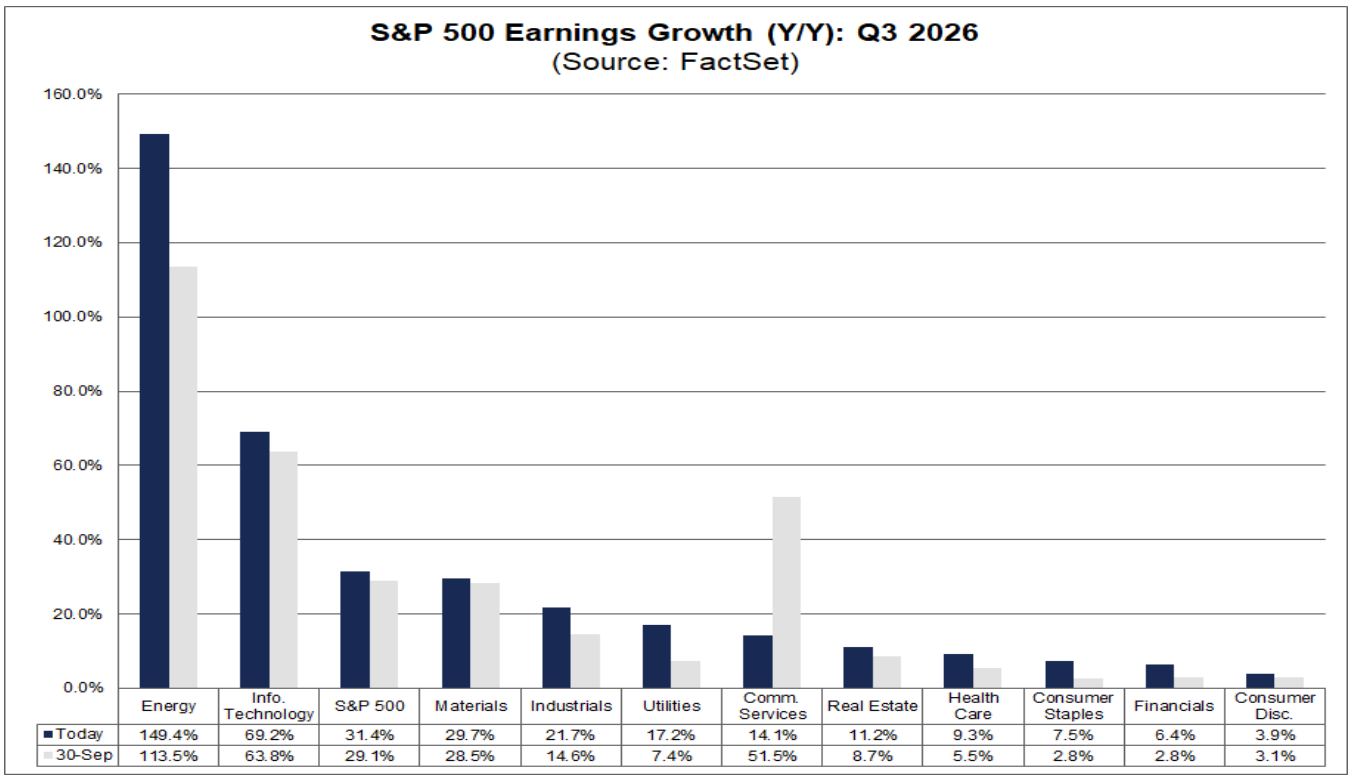
Q3 2026: Surprise



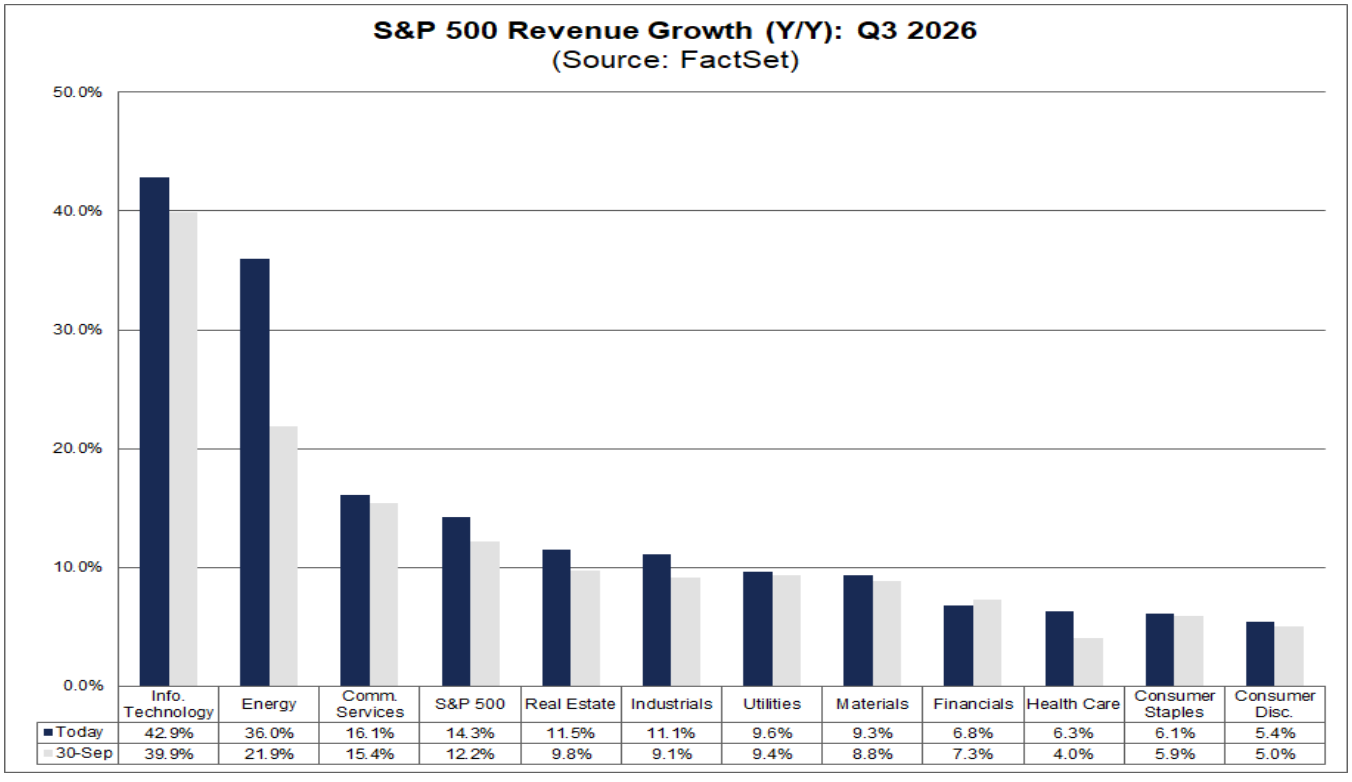


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Q3 2026: Growth



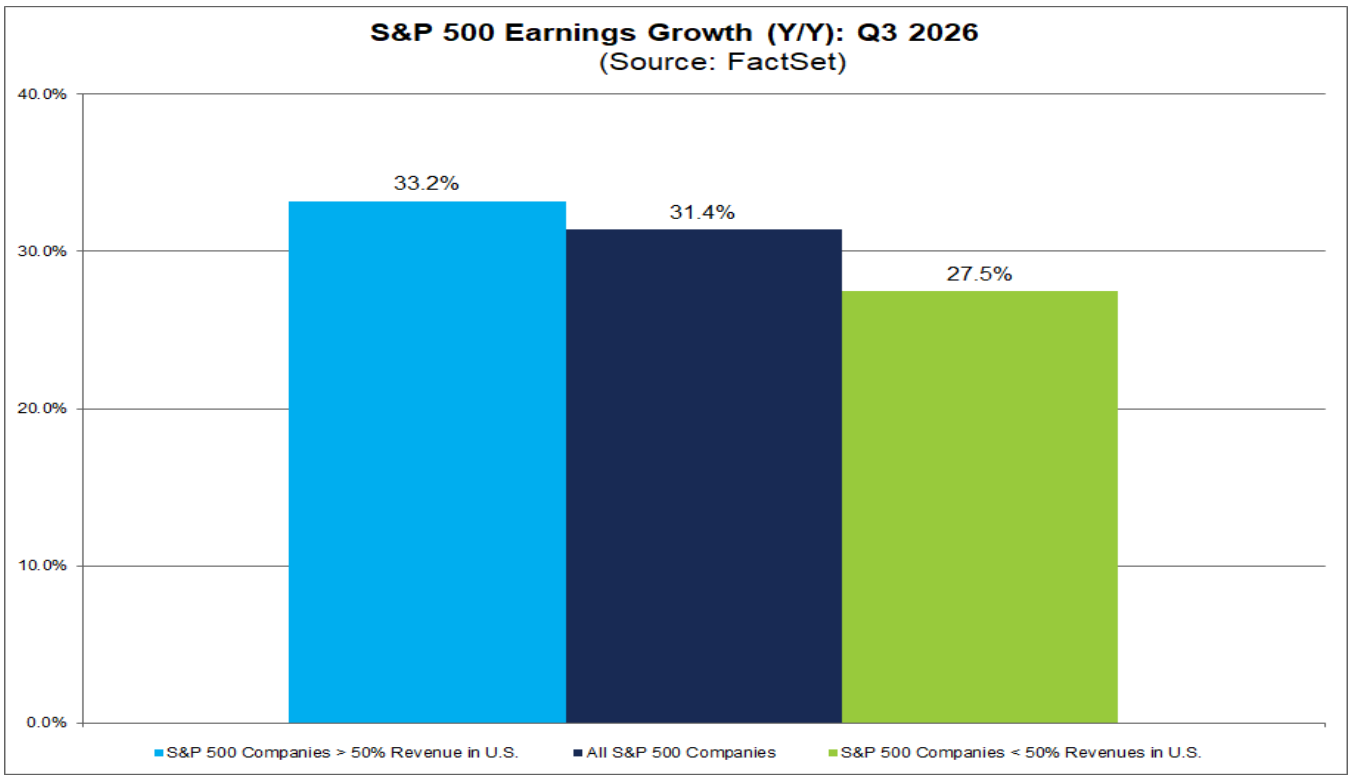
	Energy	Info. Technology	S&P 500	Materials	Industrials	Utilities	Comm. Services	Real Estate	Health Care	Consumer Staples	Financials	Consumer Disc.
Today	149.4%	69.2%	31.4%	29.7%	21.7%	17.2%	14.1%	11.2%	9.3%	7.5%	6.4%	3.9%
30-Sep	113.5%	63.8%	29.1%	28.5%	14.6%	7.4%	51.5%	8.7%	5.5%	2.8%	2.8%	3.1%

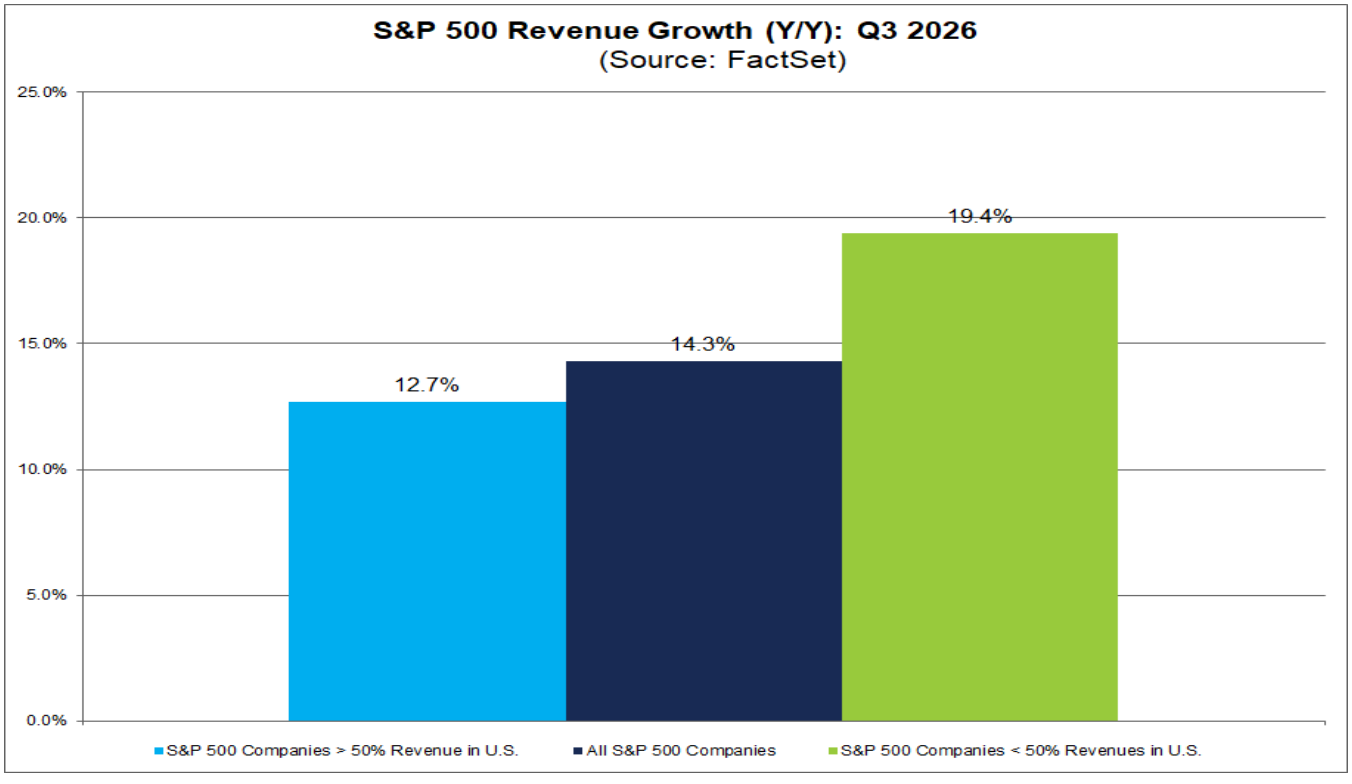


	Info. Technology	Energy	Comm. Services	S&P 500	Real Estate	Industrials	Utilities	Materials	Financials	Health Care	Consumer Staples	Consumer Disc.
Today	42.9%	36.0%	16.1%	14.3%	11.5%	11.1%	9.6%	9.3%	6.8%	6.3%	6.1%	5.4%
30-Sep	39.9%	21.9%	15.4%	12.2%	9.8%	9.1%	9.4%	8.8%	7.3%	4.0%	5.9%	5.0%

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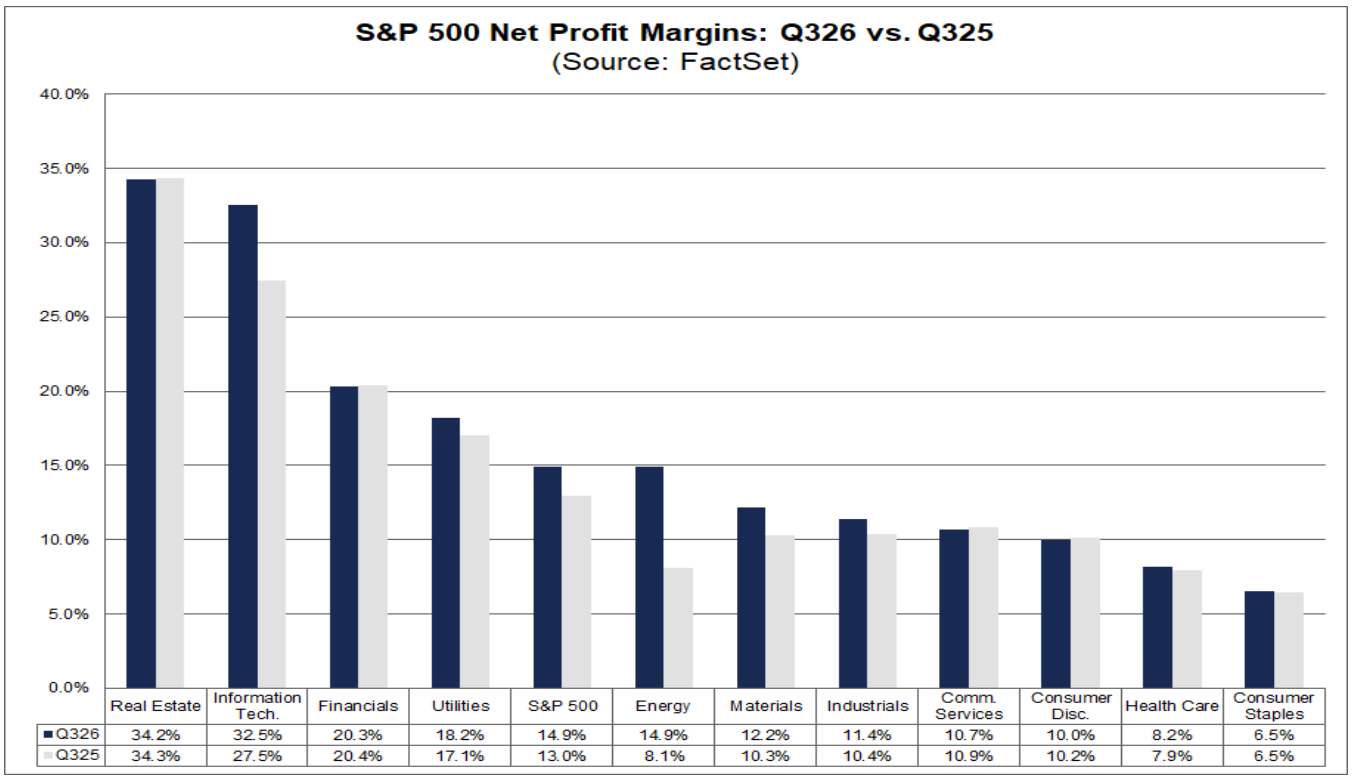
Q3 2026: Growth



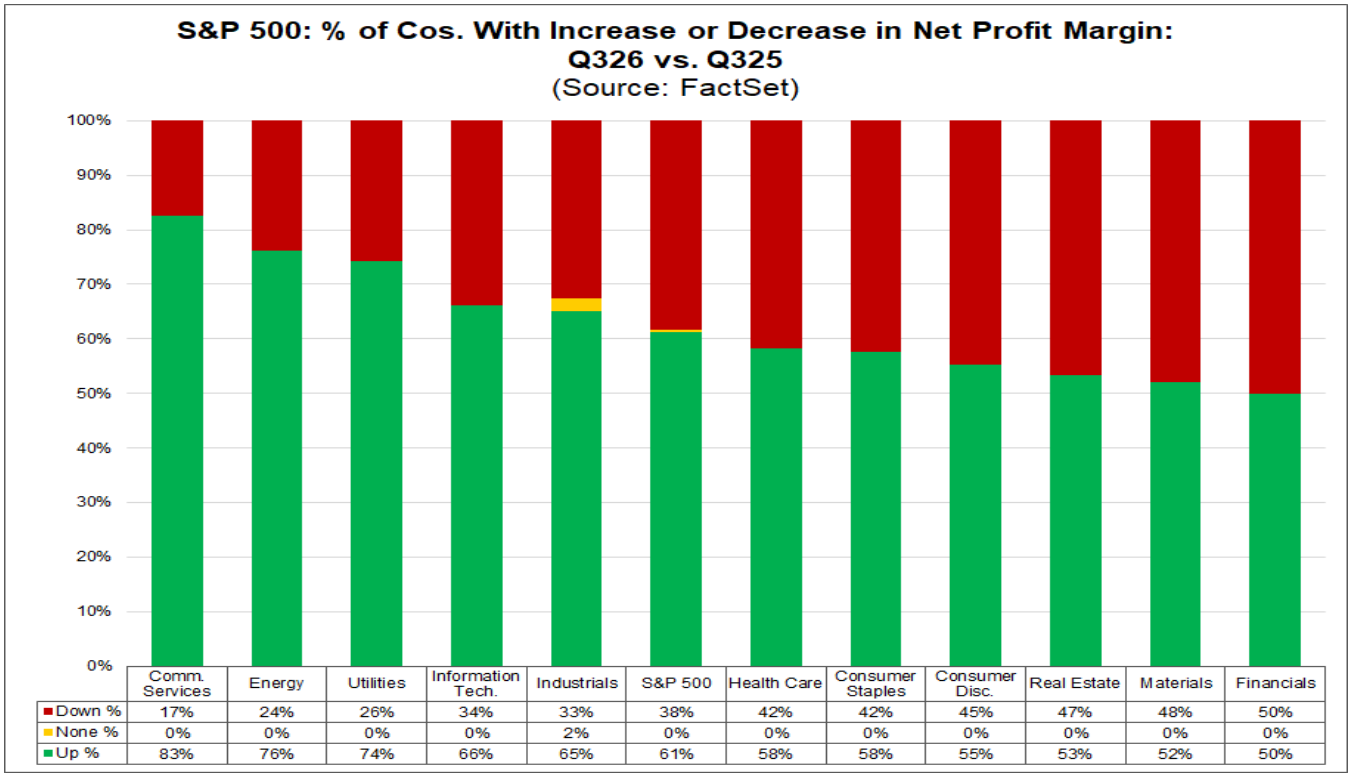


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Q3 2026: Net Profit Margin



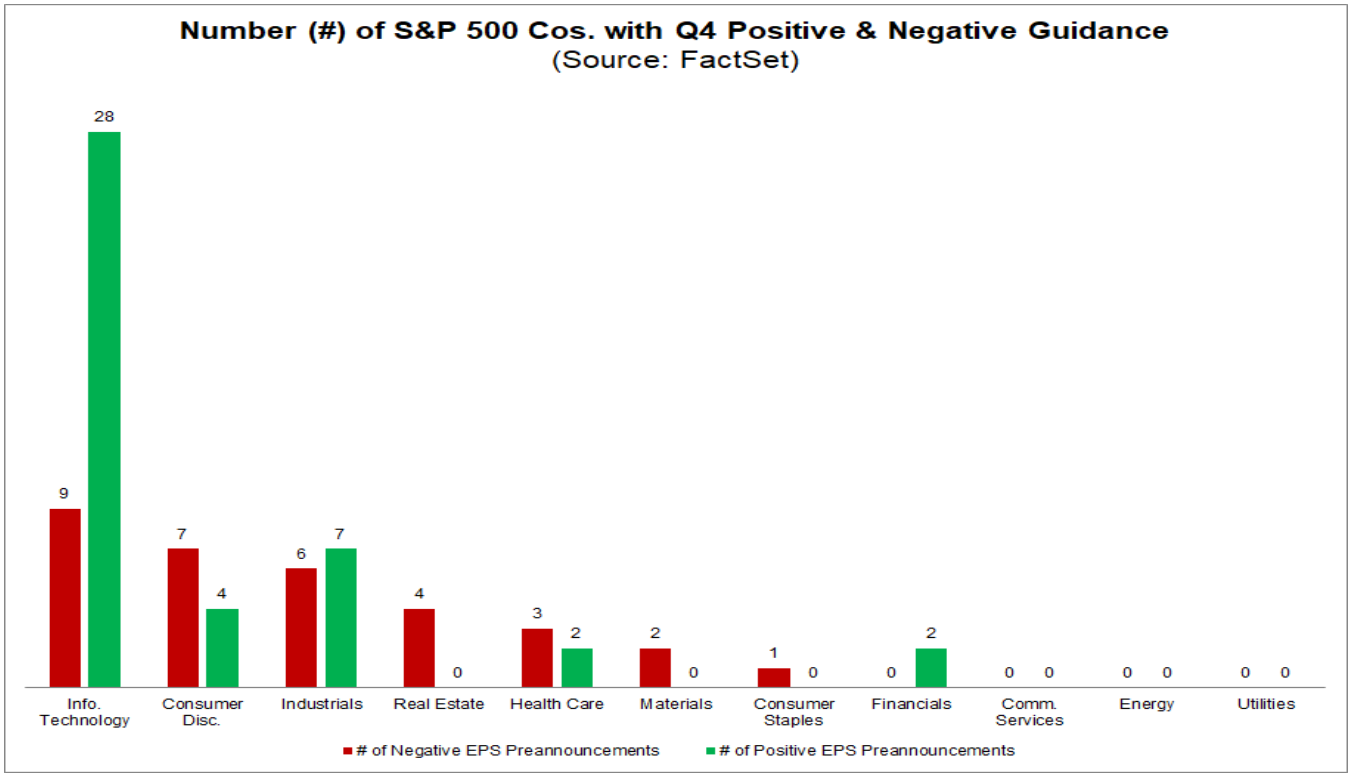
	Real Estate	Information Tech.	Financials	Utilities	S&P 500	Energy	Materials	Industrials	Comm. Services	Consumer Disc.	Health Care	Consumer Staples
Q326	34.2%	32.5%	20.3%	18.2%	14.9%	14.9%	12.2%	11.4%	10.7%	10.0%	8.2%	6.5%
Q325	34.3%	27.5%	20.4%	17.1%	13.0%	8.1%	10.3%	10.4%	10.9%	10.2%	7.9%	6.5%

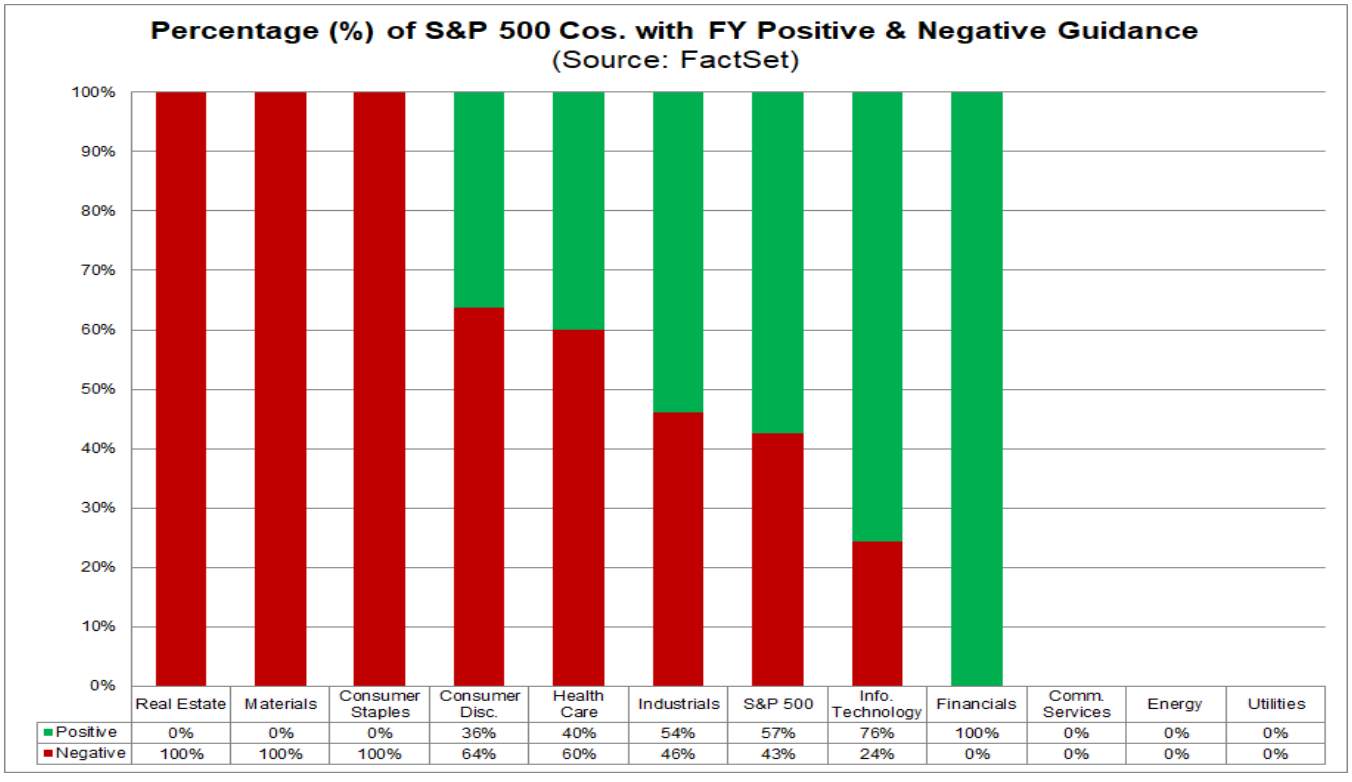


	Comm. Services	Energy	Utilities	Information Tech.	Industrials	S&P 500	Health Care	Consumer Staples	Consumer Disc.	Real Estate	Materials	Financials
Down %	17%	24%	26%	34%	33%	38%	42%	42%	45%	47%	48%	50%
None %	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%
Up %	83%	76%	74%	66%	65%	61%	58%	58%	55%	53%	52%	50%

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Q4 2026: Guidance

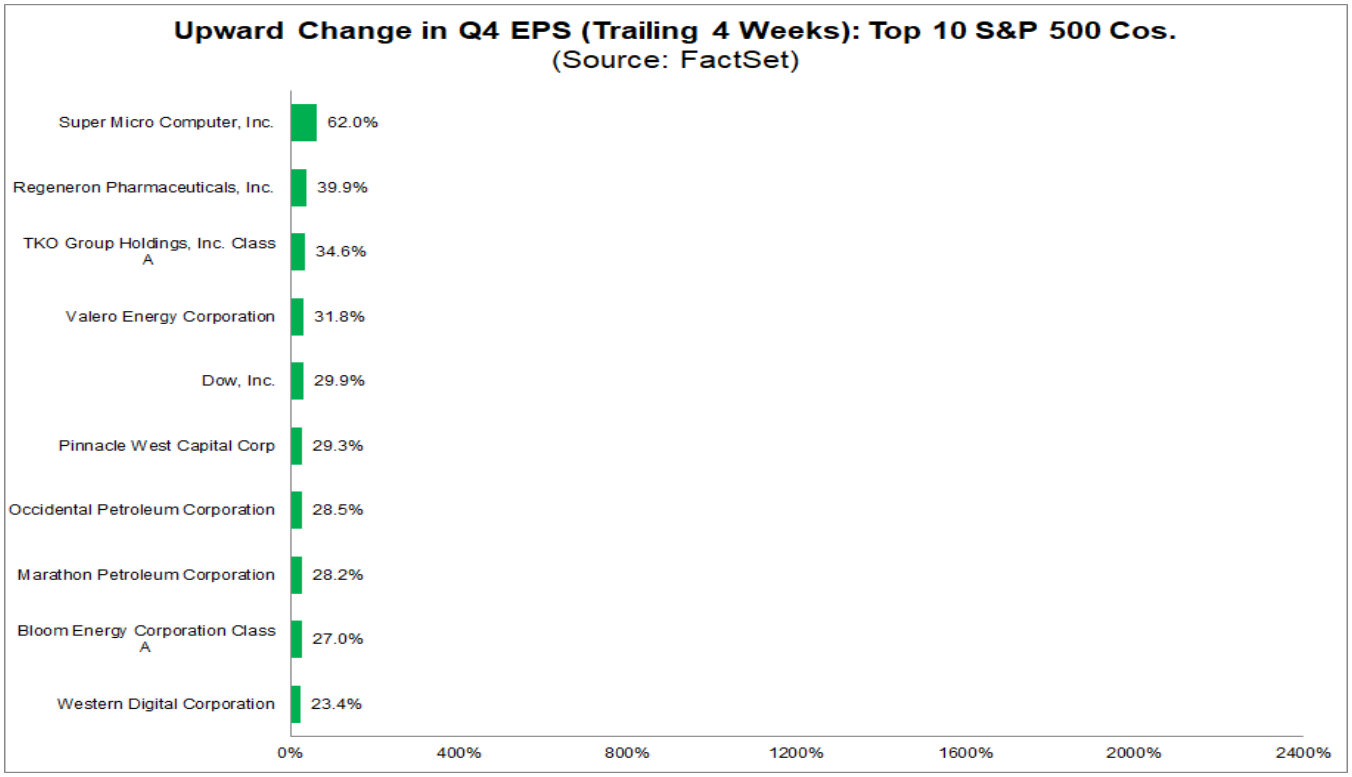


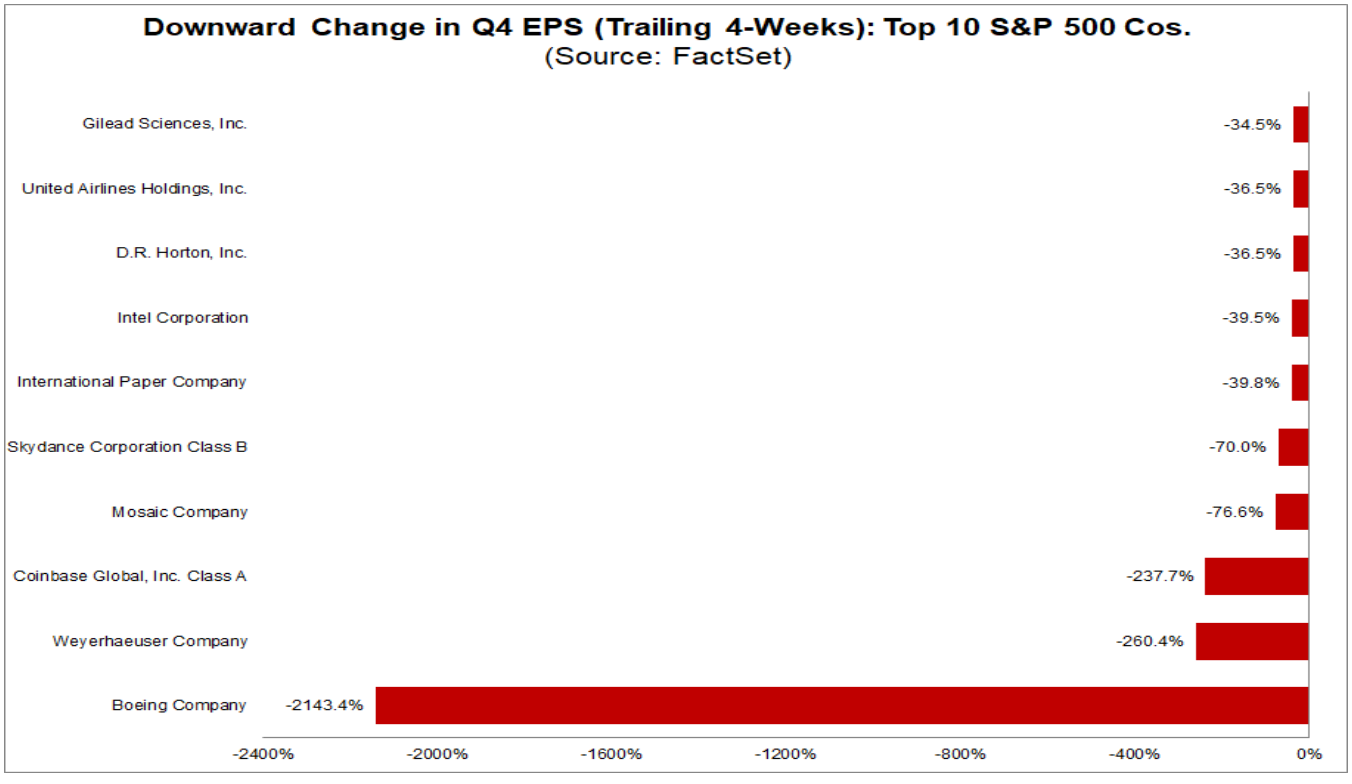


	Real Estate	Materials	Consumer Staples	Consumer Disc.	Health Care	Industrials	S&P 500	Info. Technology	Financials	Comm. Services	Energy	Utilities
Positive	0%	0%	0%	36%	40%	54%	57%	76%	100%	0%	0%	0%
Negative	100%	100%	100%	64%	60%	46%	43%	24%	0%	0%	0%	0%

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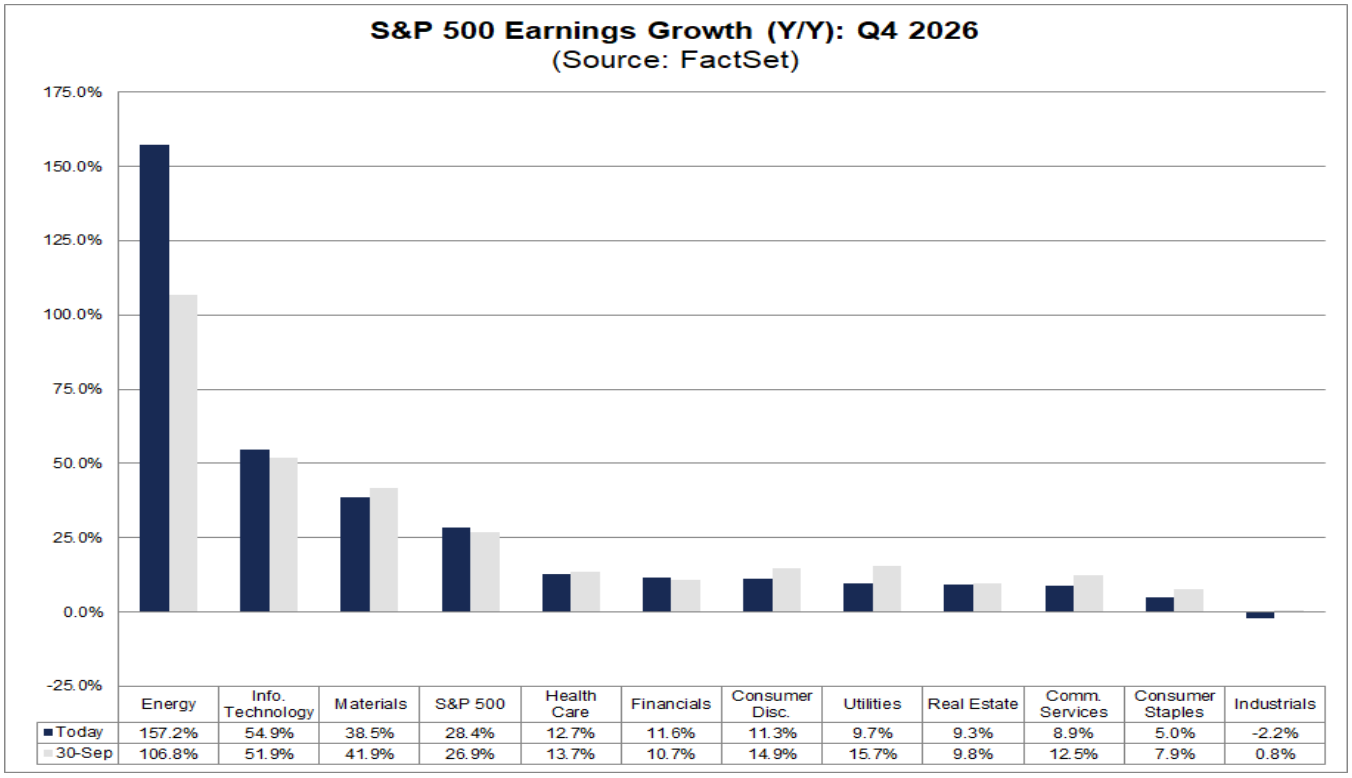
Q4 2026: EPS Revisions



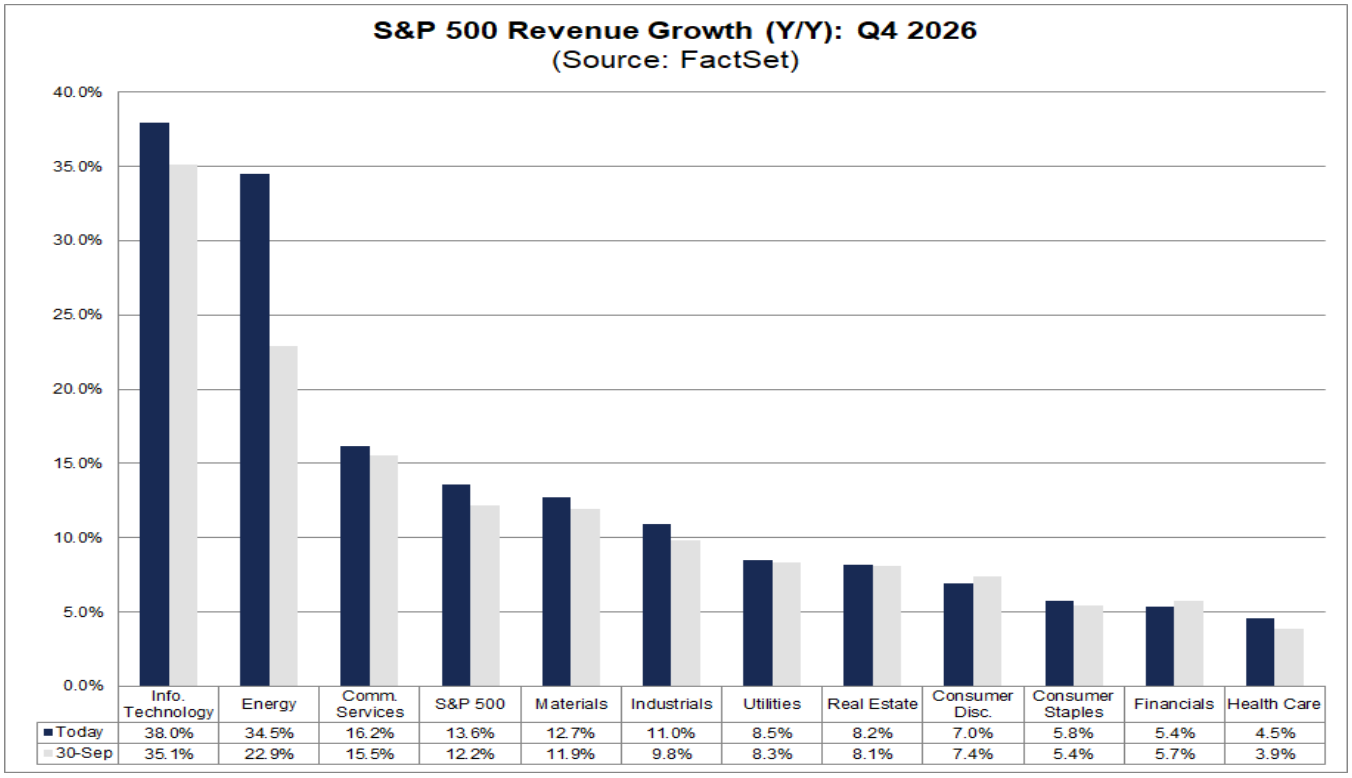


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Q4 2026: Growth



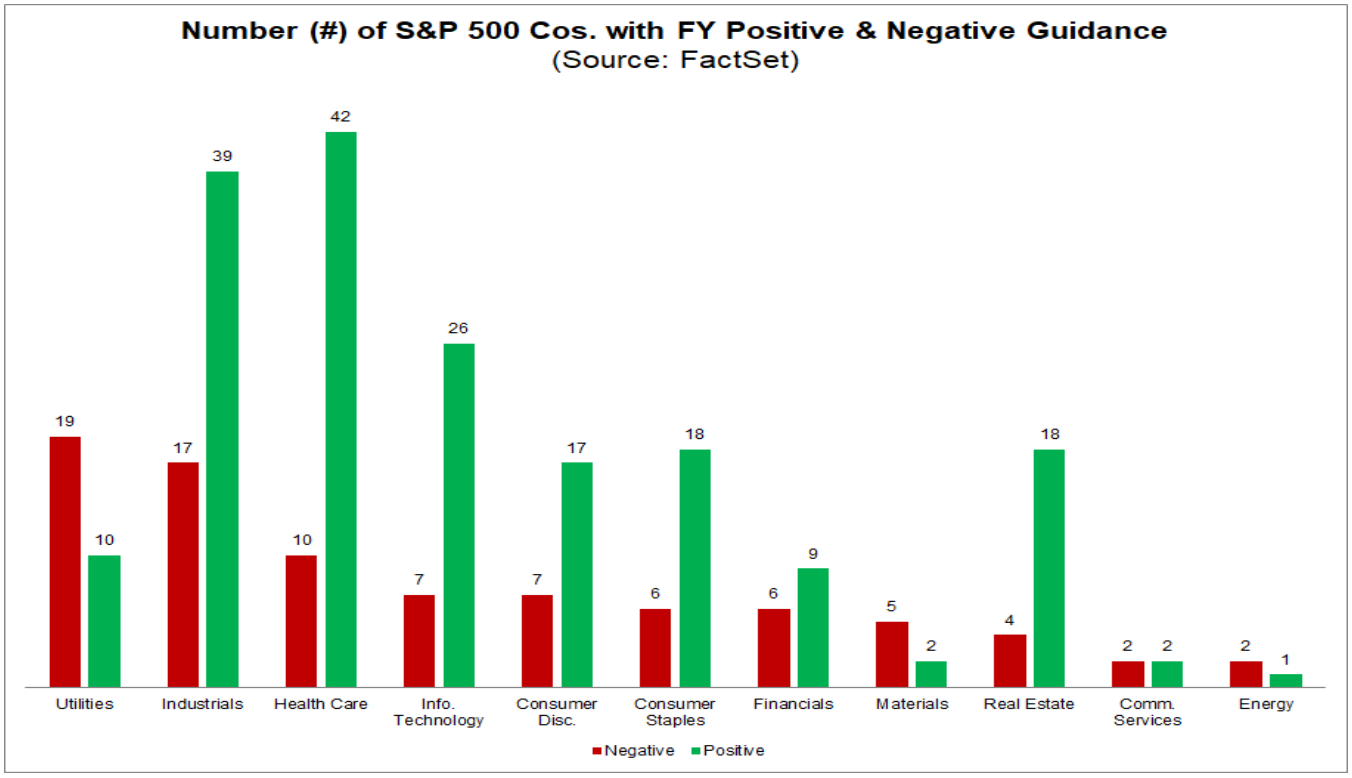
	Energy	Info. Technology	Materials	S&P 500	Health Care	Financials	Consumer Disc.	Utilities	Real Estate	Comm. Services	Consumer Staples	Industrials
Today	157.2%	54.9%	38.5%	28.4%	12.7%	11.6%	11.3%	9.7%	9.3%	8.9%	5.0%	-2.2%
30-Sep	106.8%	51.9%	41.9%	26.9%	13.7%	10.7%	14.9%	15.7%	9.8%	12.5%	7.9%	0.8%

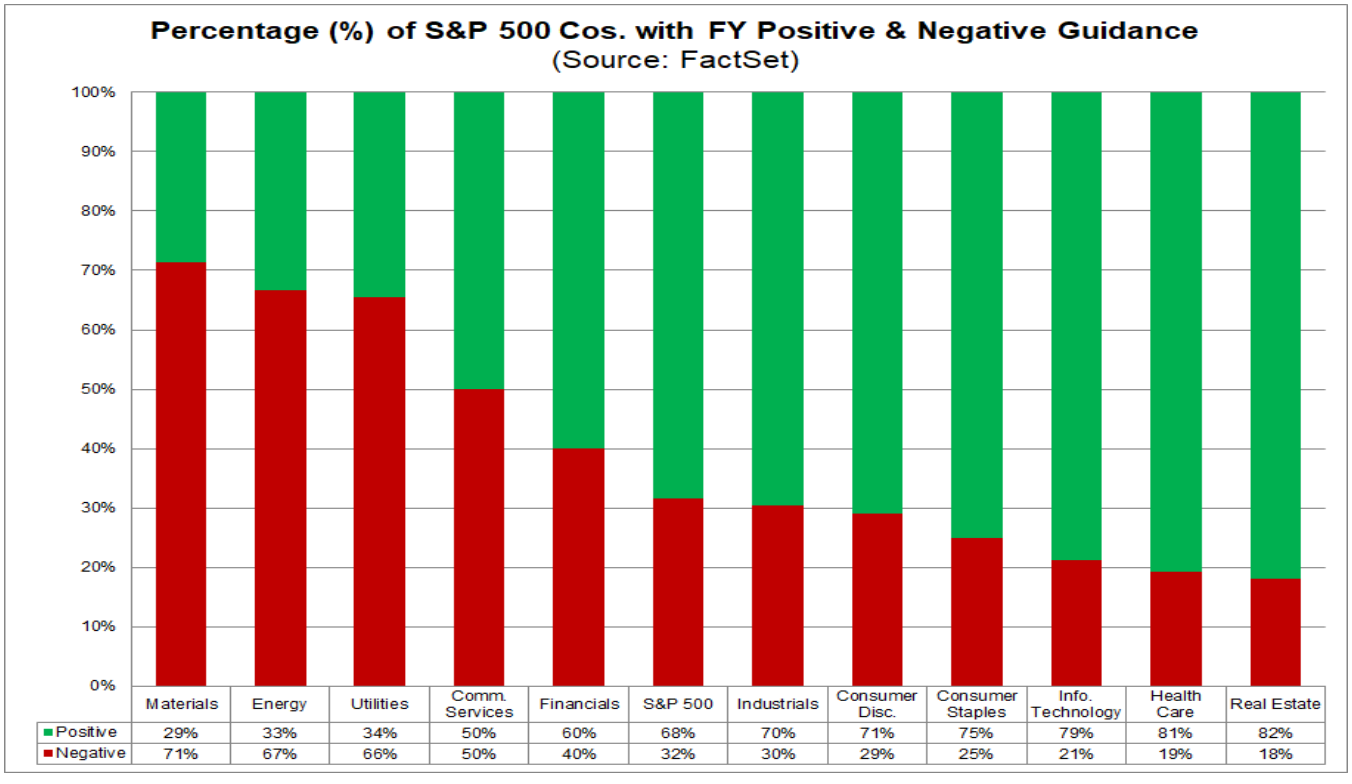


	Info. Technology	Energy	Comm. Services	S&P 500	Materials	Industrials	Utilities	Real Estate	Consumer Disc.	Consumer Staples	Financials	Health Care
Today	38.0%	34.5%	16.2%	13.6%	12.7%	11.0%	8.5%	8.2%	7.0%	5.8%	5.4%	4.5%
30-Sep	35.1%	22.9%	15.5%	12.2%	11.9%	9.8%	8.3%	8.1%	7.4%	5.4%	5.7%	3.9%

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FY 2026 / 2027: EPS Guidance

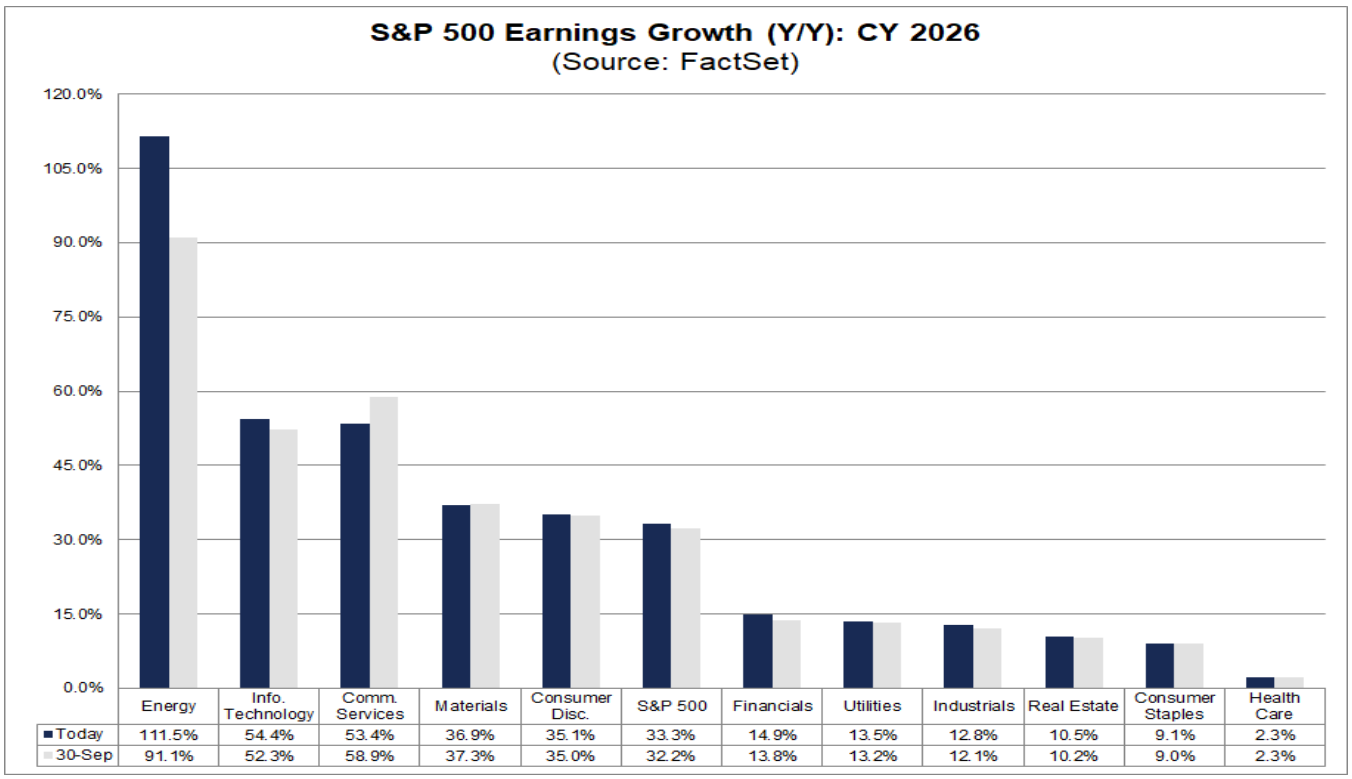




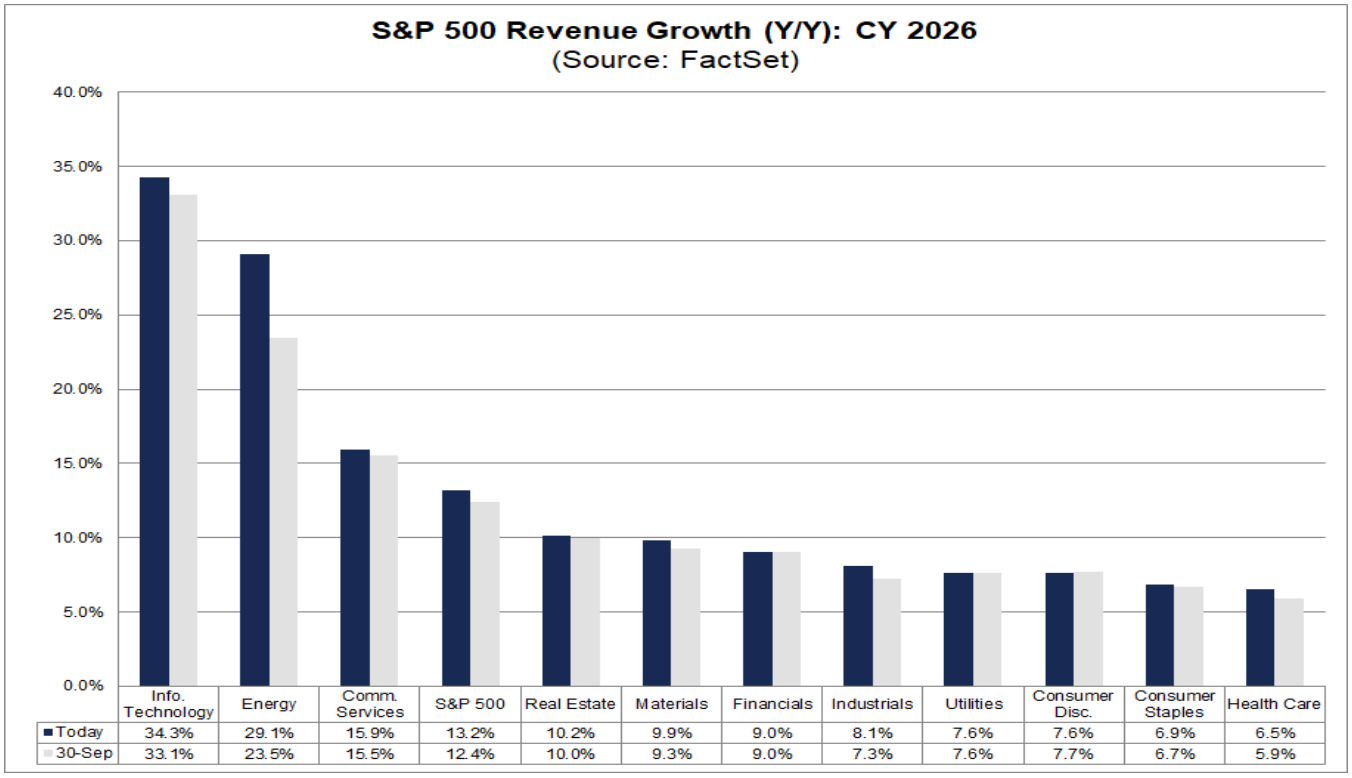
	Materials	Energy	Utilities	Comm. Services	Financials	S&P 500	Industrials	Consumer Disc.	Consumer Staples	Info. Technology	Health Care	Real Estate
Positive	29%	33%	34%	50%	60%	68%	70%	71%	75%	79%	81%	82%
Negative	71%	67%	66%	50%	40%	32%	30%	29%	25%	21%	19%	18%

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CY 2026: Growth



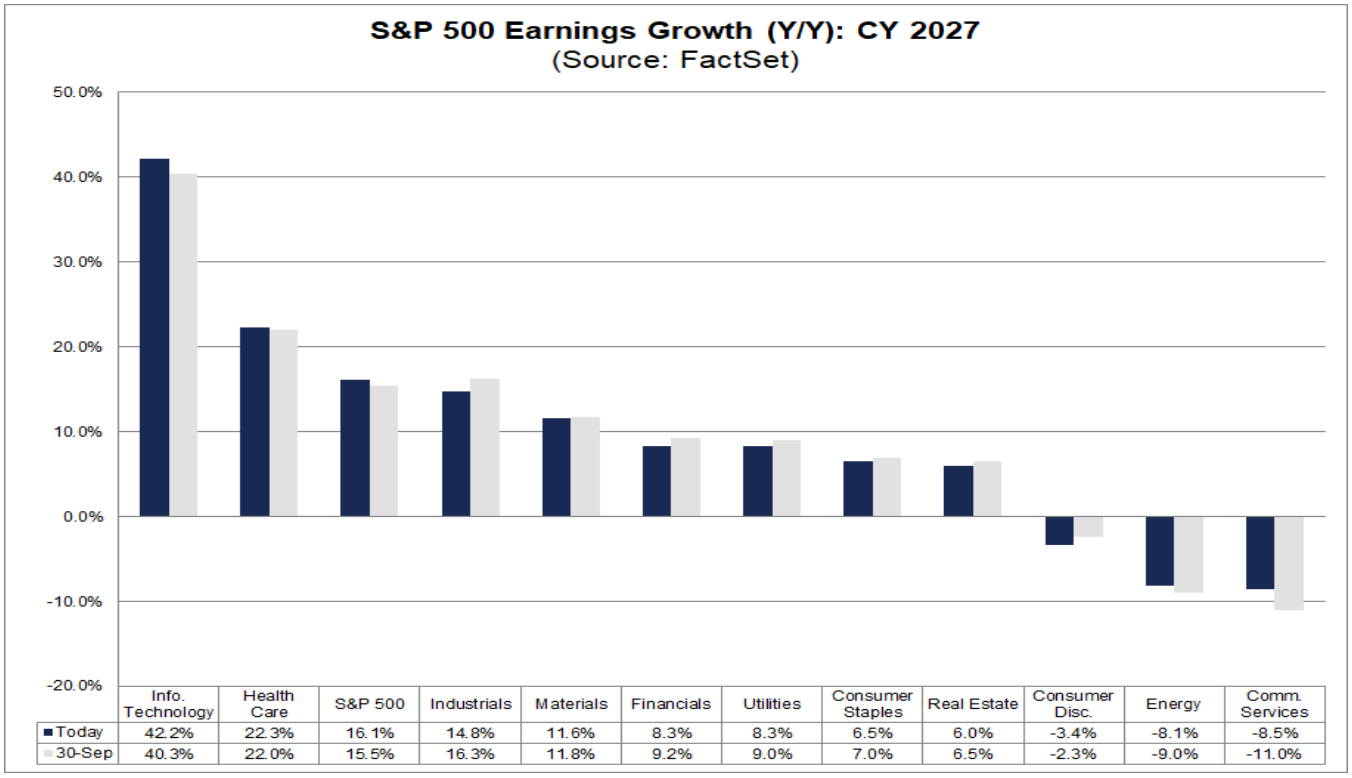
	Energy	Info. Technology	Comm. Services	Materials	Consumer Disc.	S&P 500	Financials	Utilities	Industrials	Real Estate	Consumer Staples	Health Care
Today	111.5%	54.4%	53.4%	36.9%	35.1%	33.3%	14.9%	13.5%	12.8%	10.5%	9.1%	2.3%
30-Sep	91.1%	52.3%	58.9%	37.3%	35.0%	32.2%	13.8%	13.2%	12.1%	10.2%	9.0%	2.3%



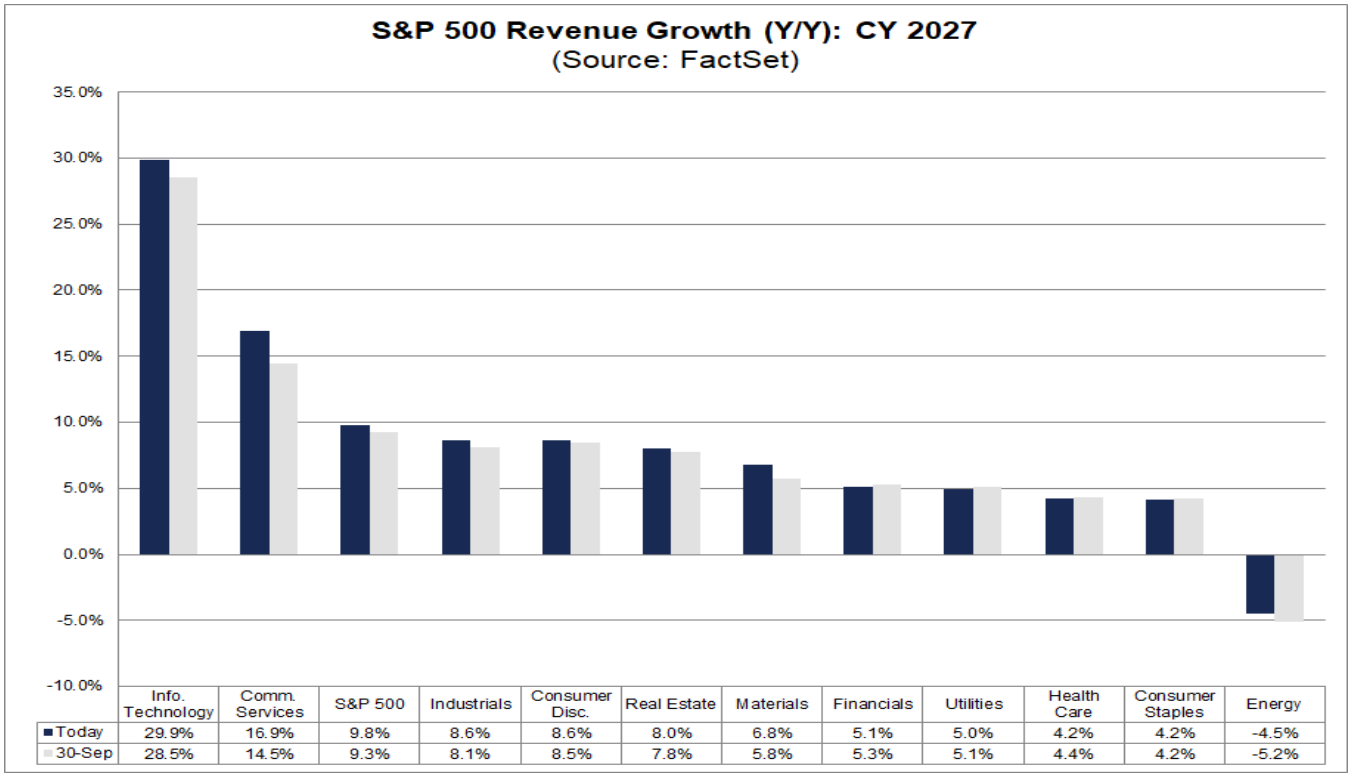
	Info. Technology	Energy	Comm. Services	S&P 500	Real Estate	Materials	Financials	Industrials	Utilities	Consumer Disc.	Consumer Staples	Health Care
Today	34.3%	29.1%	15.9%	13.2%	10.2%	9.9%	9.0%	8.1%	7.6%	7.6%	6.9%	6.5%
30-Sep	33.1%	23.5%	15.5%	12.4%	10.0%	9.3%	9.0%	7.3%	7.6%	7.7%	6.7%	5.9%

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CY 2027: Growth



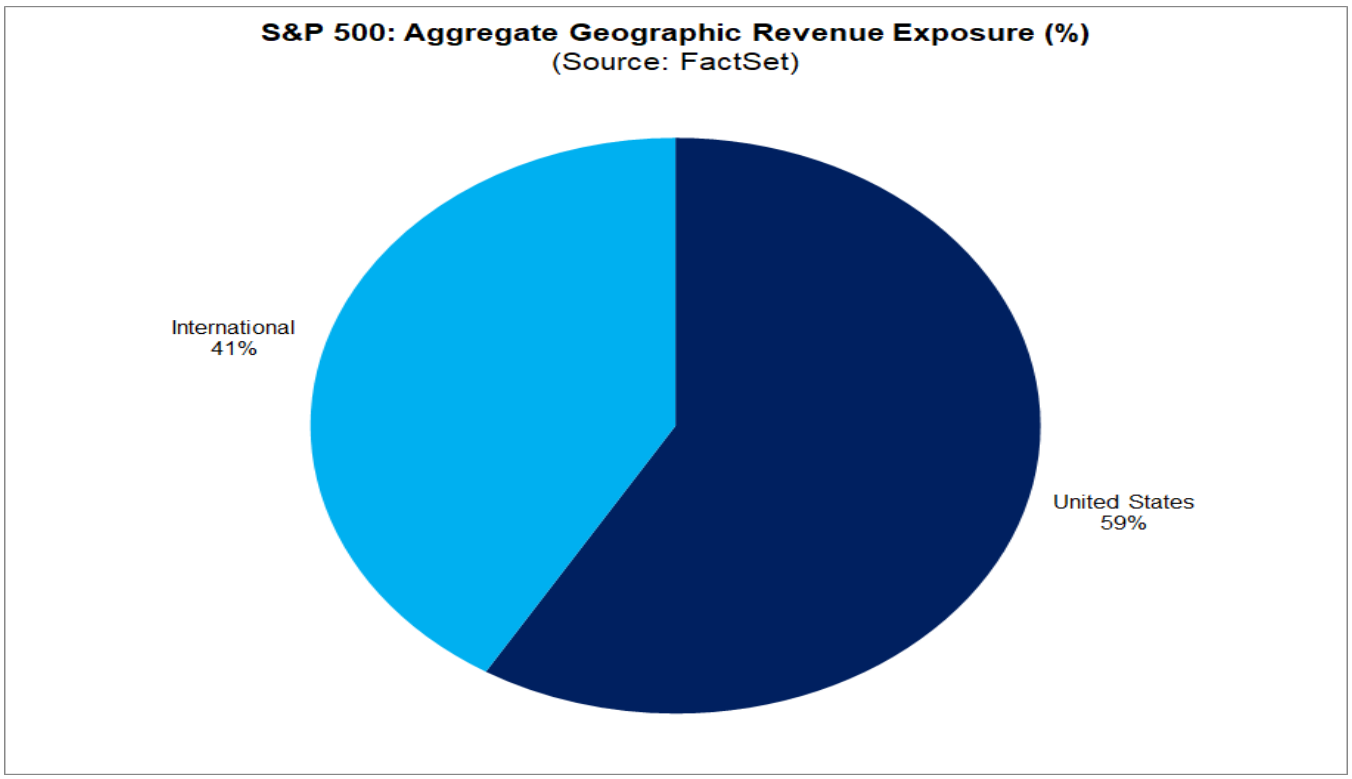
	Info. Technology	Health Care	S&P 500	Industrials	Materials	Financials	Utilities	Consumer Staples	Real Estate	Consumer Disc.	Energy	Comm. Services
Today	42.2%	22.3%	16.1%	14.8%	11.6%	8.3%	8.3%	6.5%	6.0%	-3.4%	-8.1%	-8.5%
30-Sep	40.3%	22.0%	15.5%	16.3%	11.8%	9.2%	9.0%	7.0%	6.5%	-2.3%	-9.0%	-11.0%

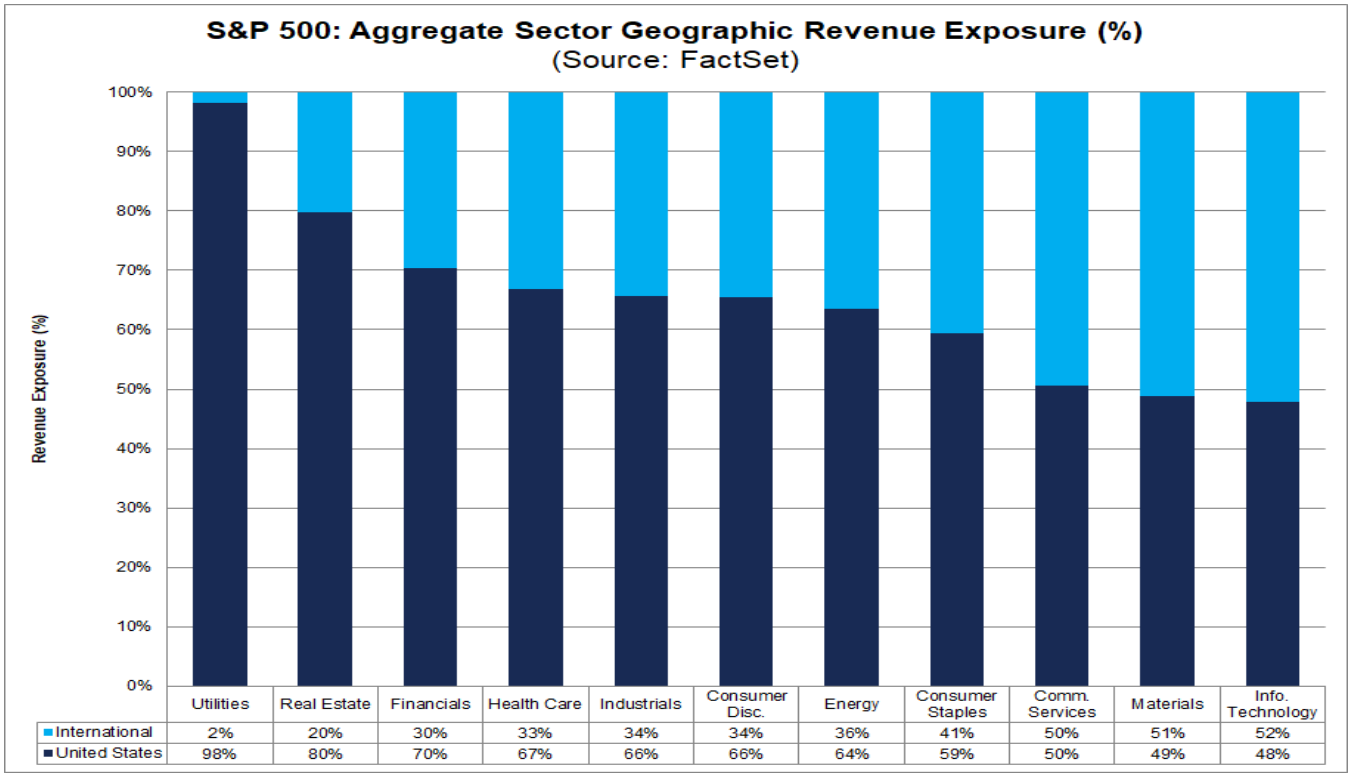


	Info. Technology	Comm. Services	S&P 500	Industrials	Consumer Disc.	Real Estate	Materials	Financials	Utilities	Health Care	Consumer Staples	Energy
Today	29.9%	16.9%	9.8%	8.6%	8.6%	8.0%	6.8%	5.1%	5.0%	4.2%	4.2%	-4.5%
30-Sep	28.5%	14.5%	9.3%	8.1%	8.5%	7.8%	5.8%	5.3%	5.1%	4.4%	4.2%	-5.2%

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Geographic Revenue Exposure

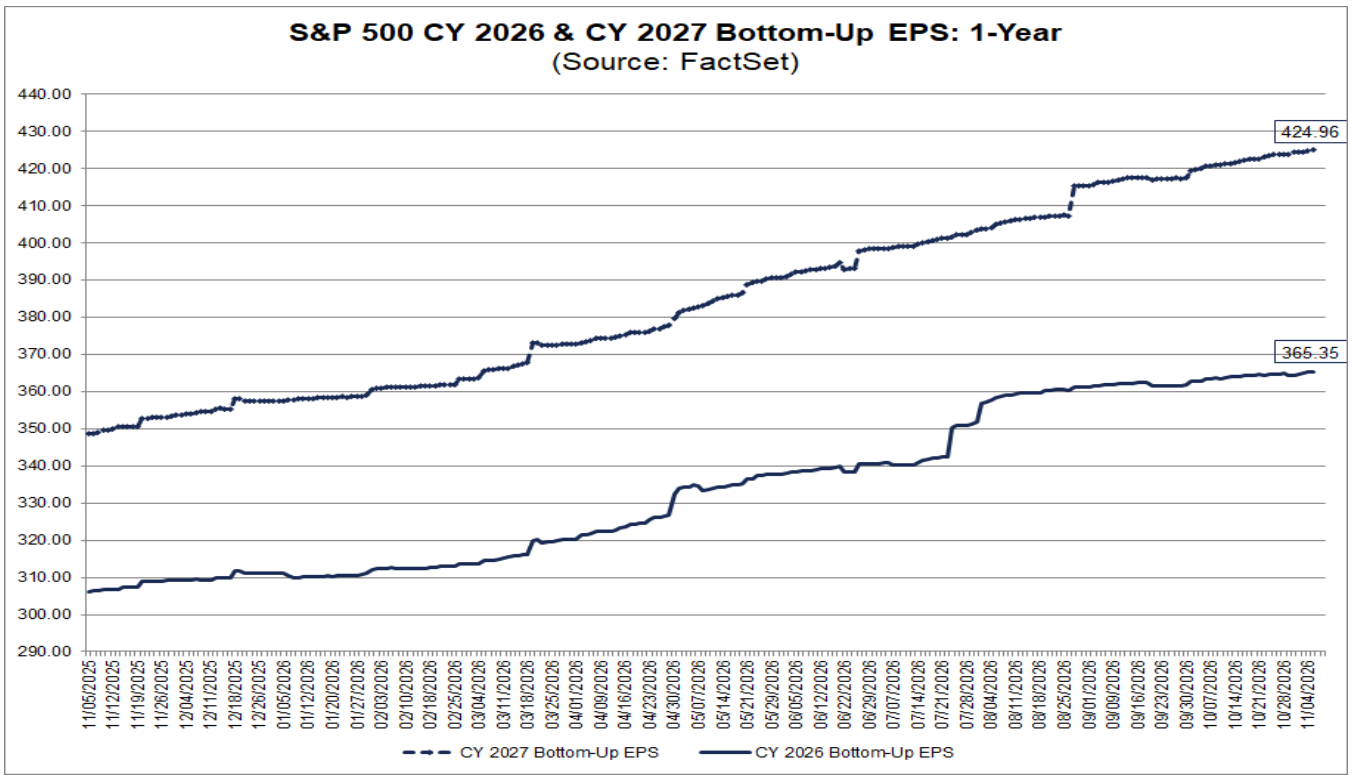


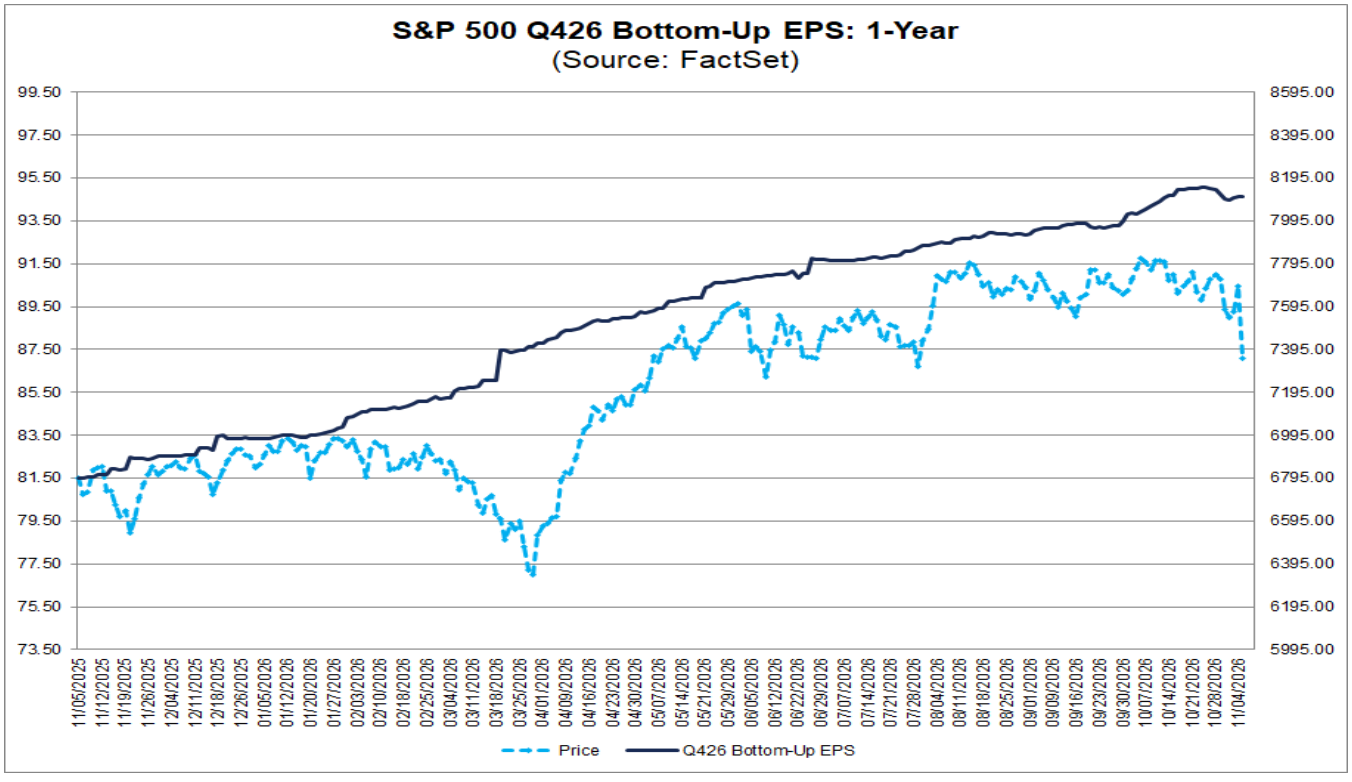


	Utilities	Real Estate	Financials	Health Care	Industrials	Consumer Disc.	Energy	Consumer Staples	Comm. Services	Materials	Info. Technology
International	2%	20%	30%	33%	34%	34%	36%	41%	50%	51%	52%
United States	98%	80%	70%	67%	66%	66%	64%	59%	50%	49%	48%

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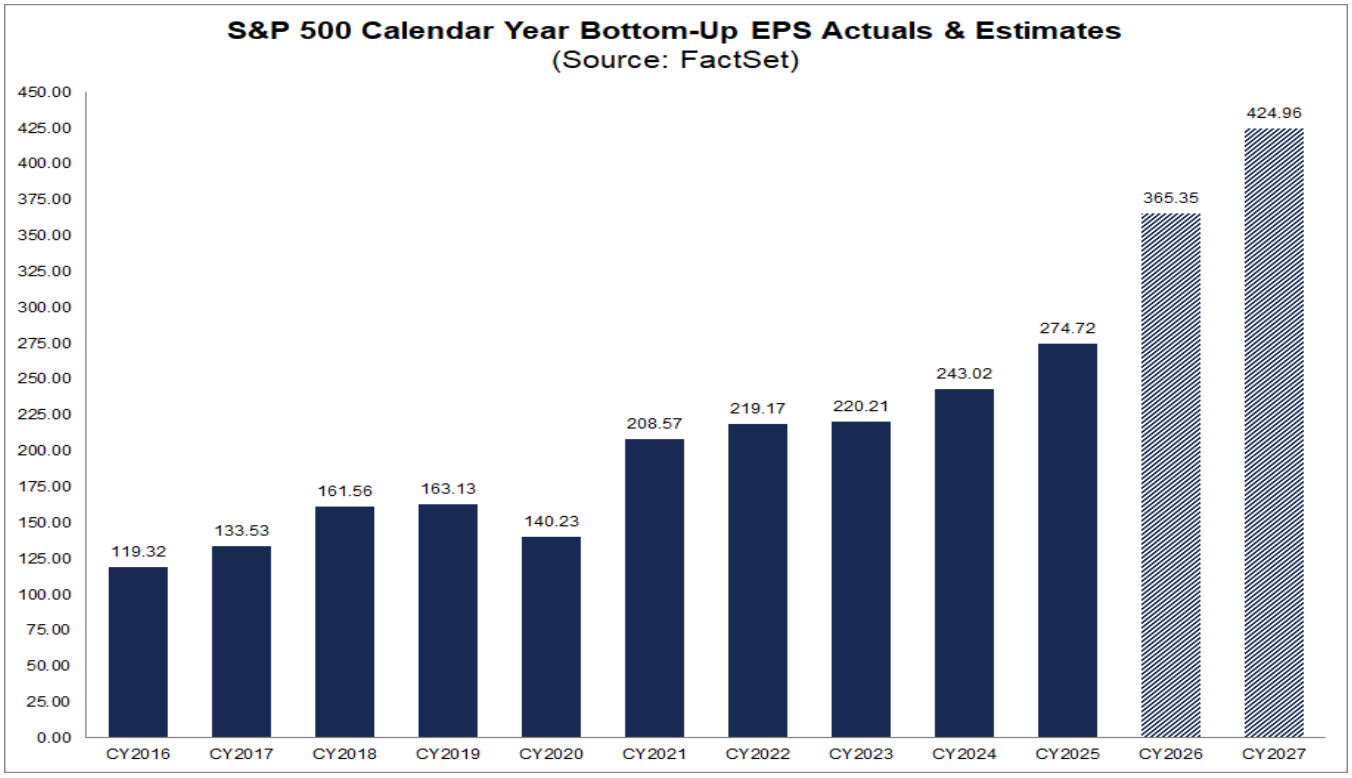
Bottom-Up EPS Estimates

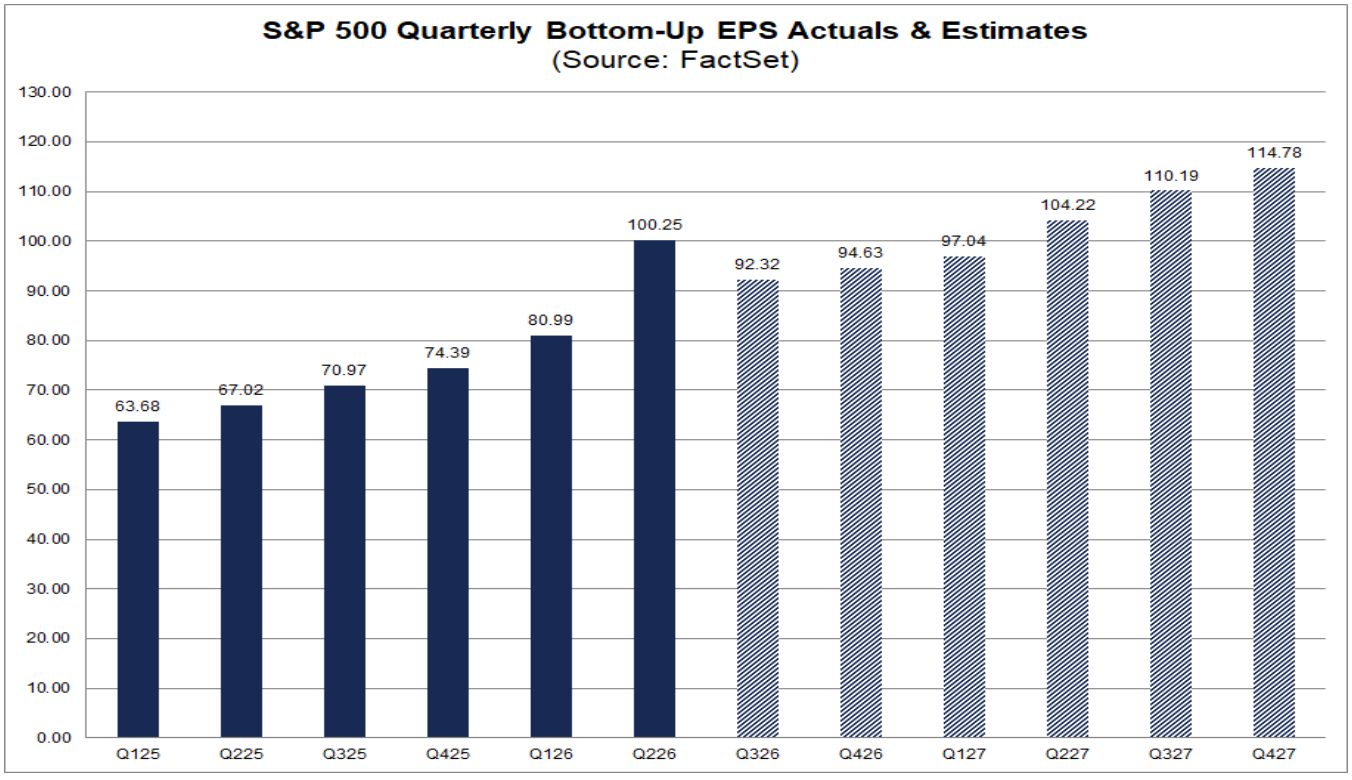




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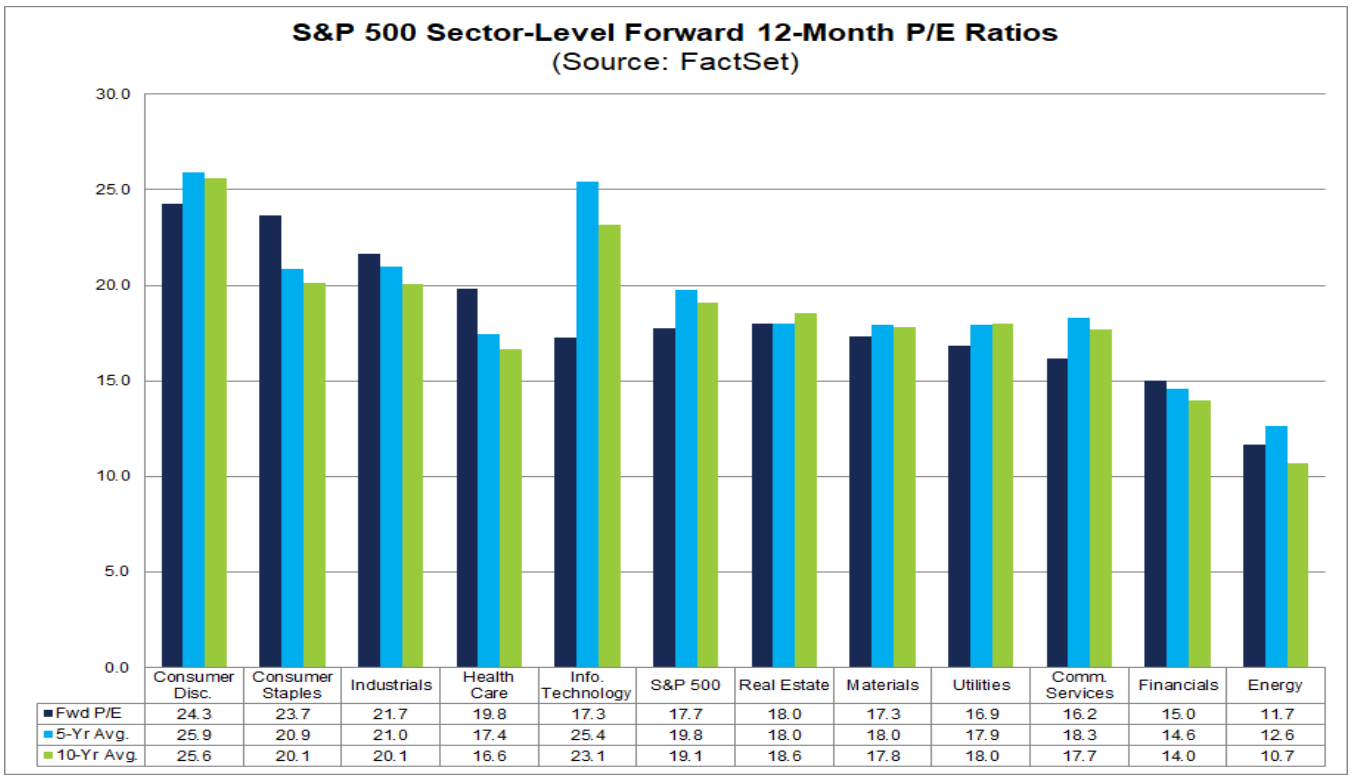
Bottom-Up EPS Estimates: Current & Historical



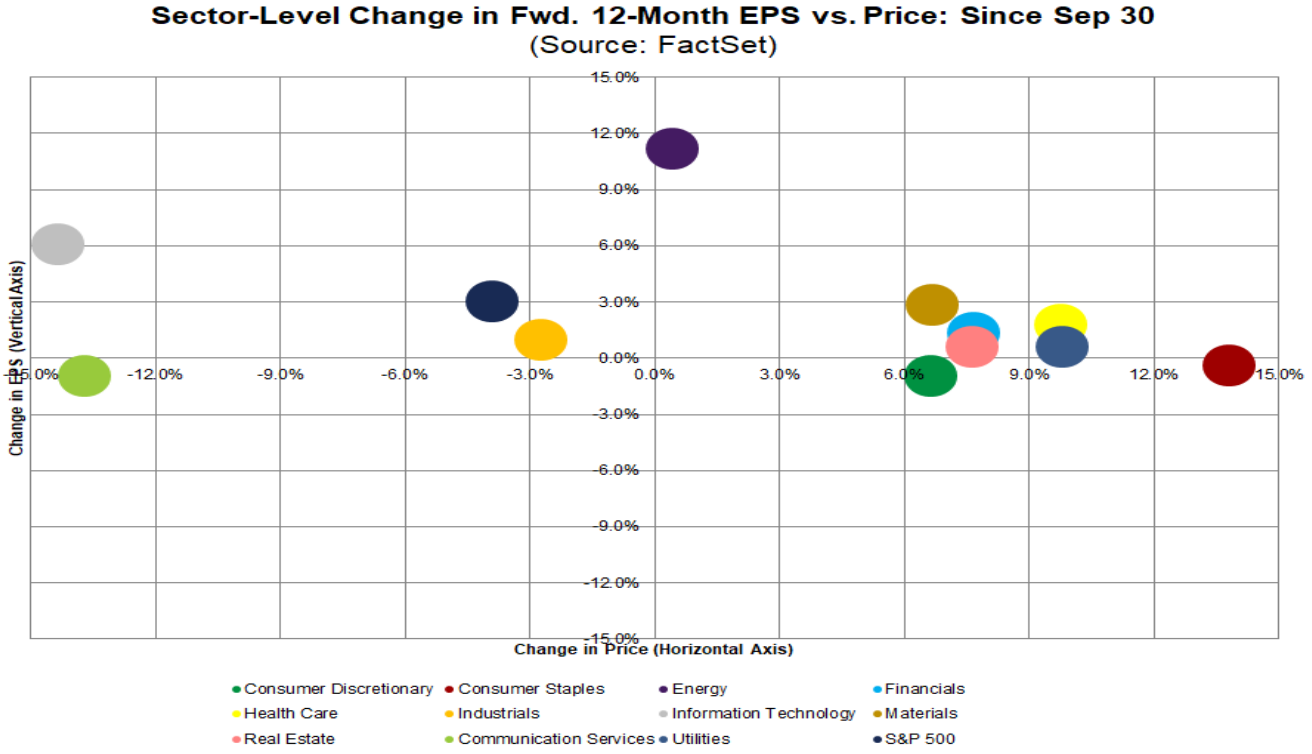


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Forward 12M P/E Ratio: Sector Level

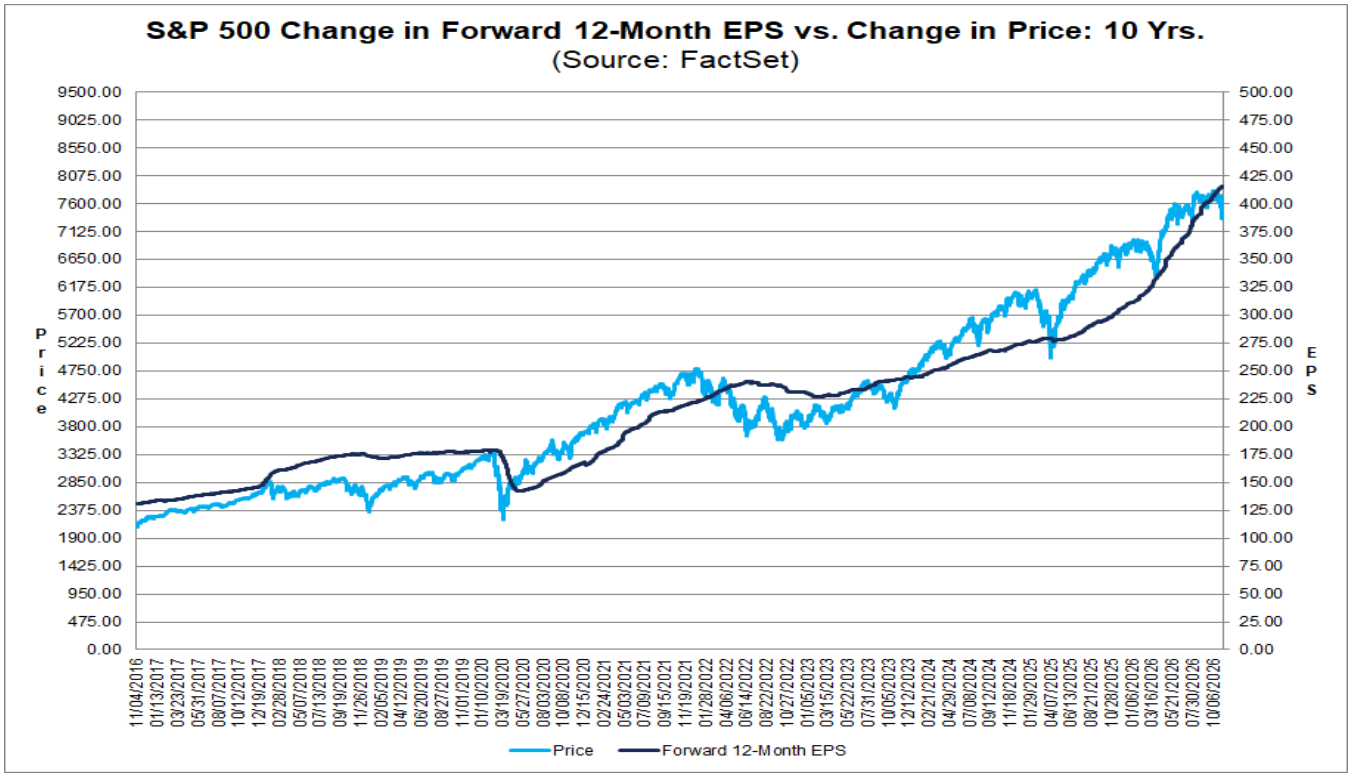


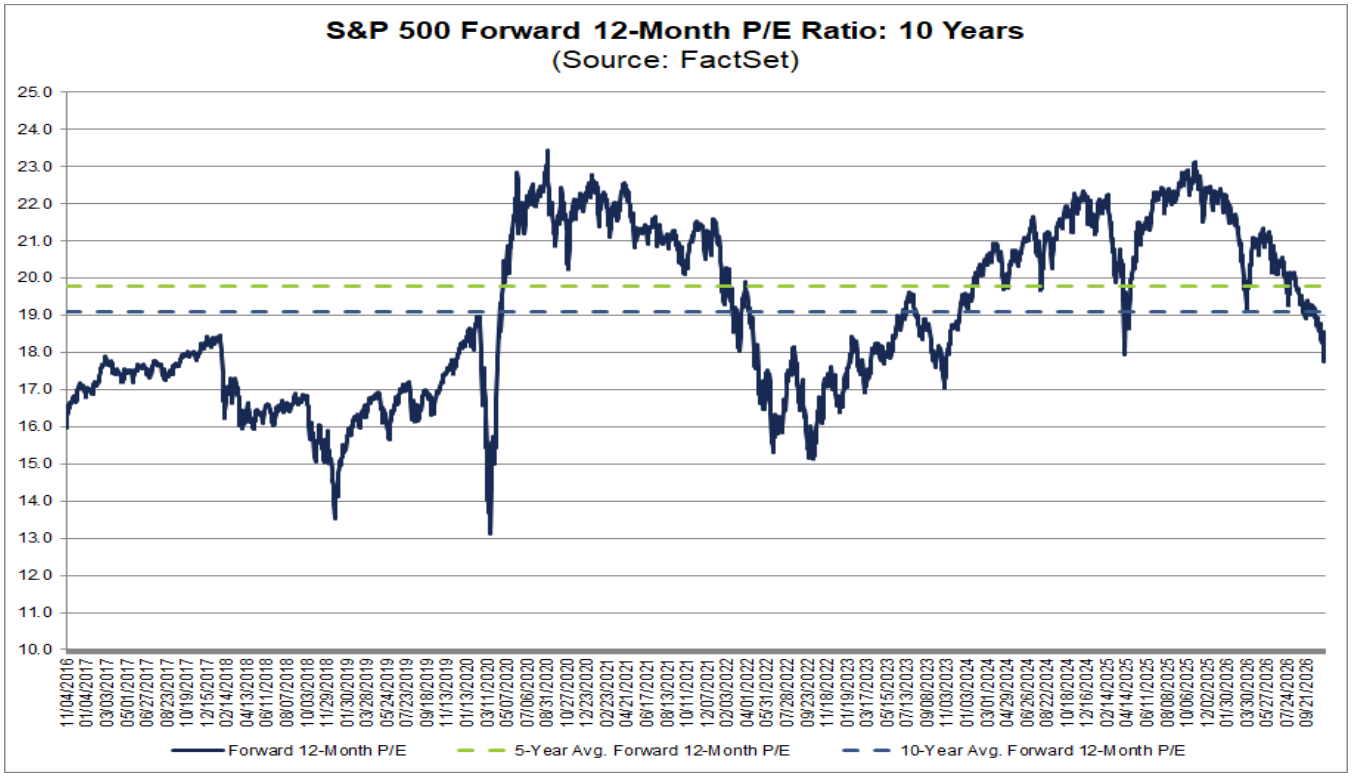
	Consumer Disc.	Consumer Staples	Industrials	Health Care	Info. Technology	S&P 500	Real Estate	Materials	Utilities	Comm. Services	Financials	Energy
Fwd P/E	24.3	23.7	21.7	19.8	17.3	17.7	18.0	17.3	16.9	16.2	15.0	11.7
5-Yr Avg.	25.9	20.9	21.0	17.4	25.4	19.8	18.0	18.0	17.9	18.3	14.6	12.6
10-Yr Avg.	25.6	20.1	20.1	16.6	23.1	19.1	18.6	17.8	18.0	17.7	14.0	10.7



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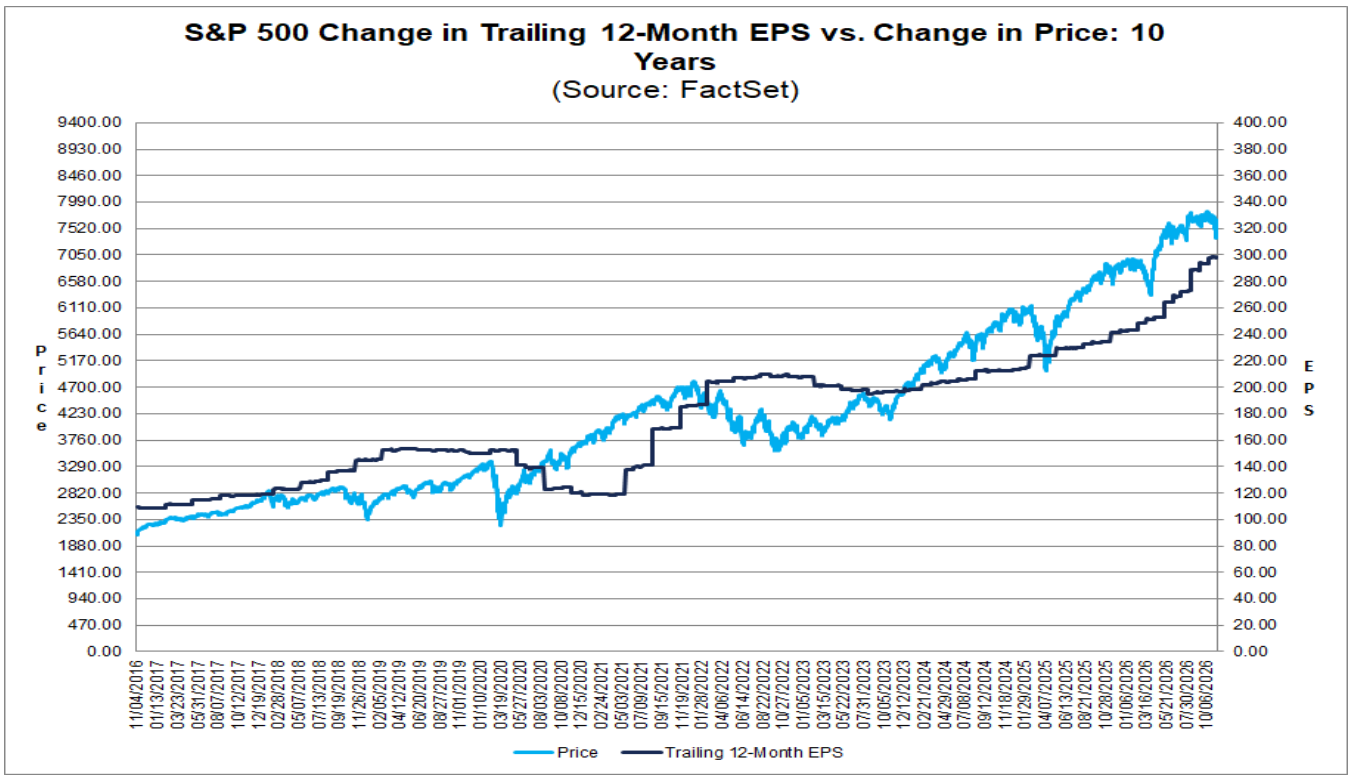
Forward 12M P/E Ratio: 10-Years

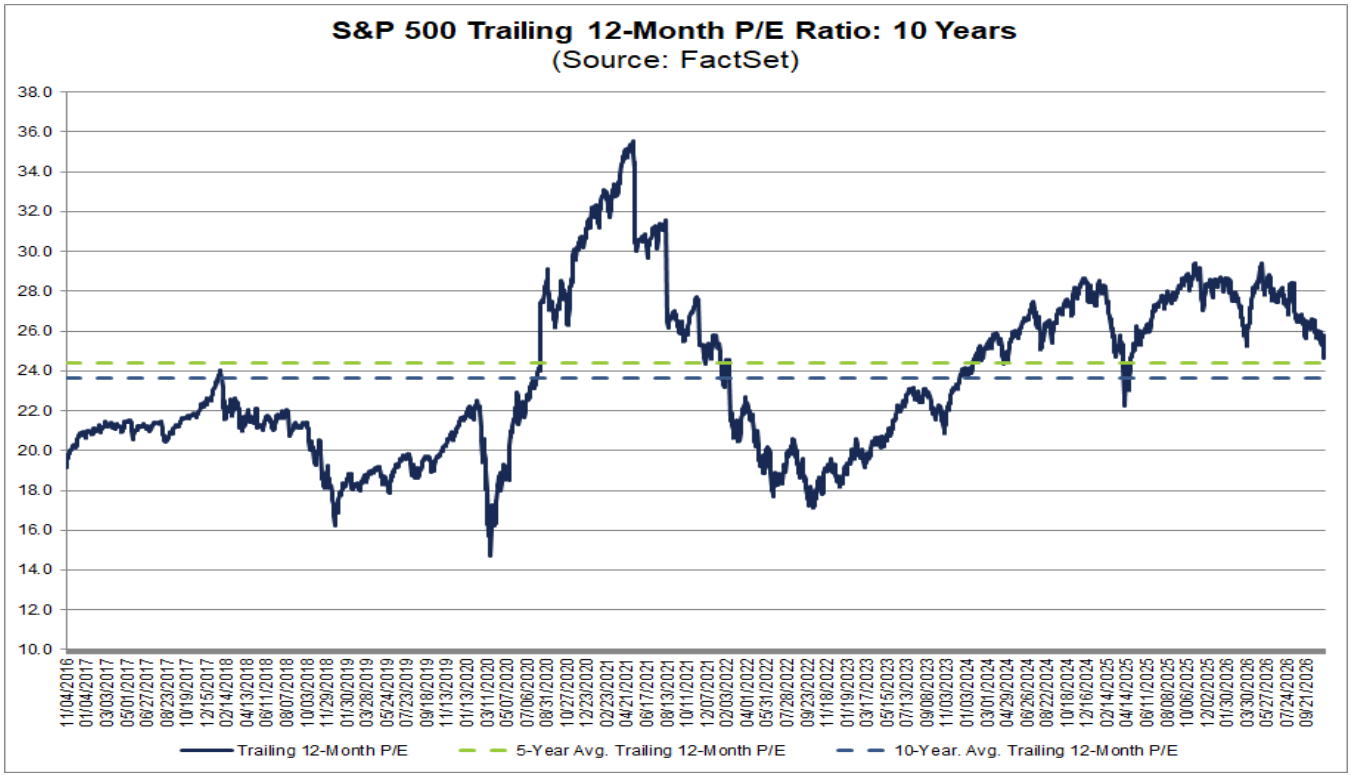




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Trailing 12M P/E Ratio: 10-Years

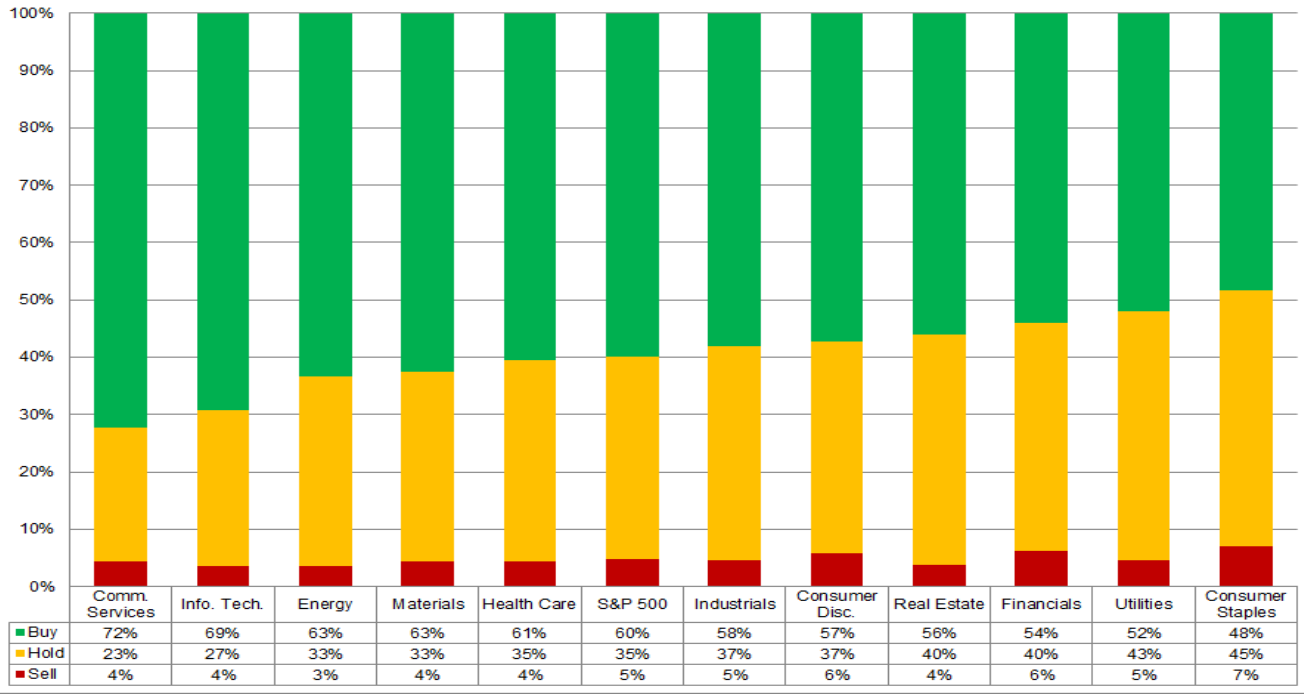




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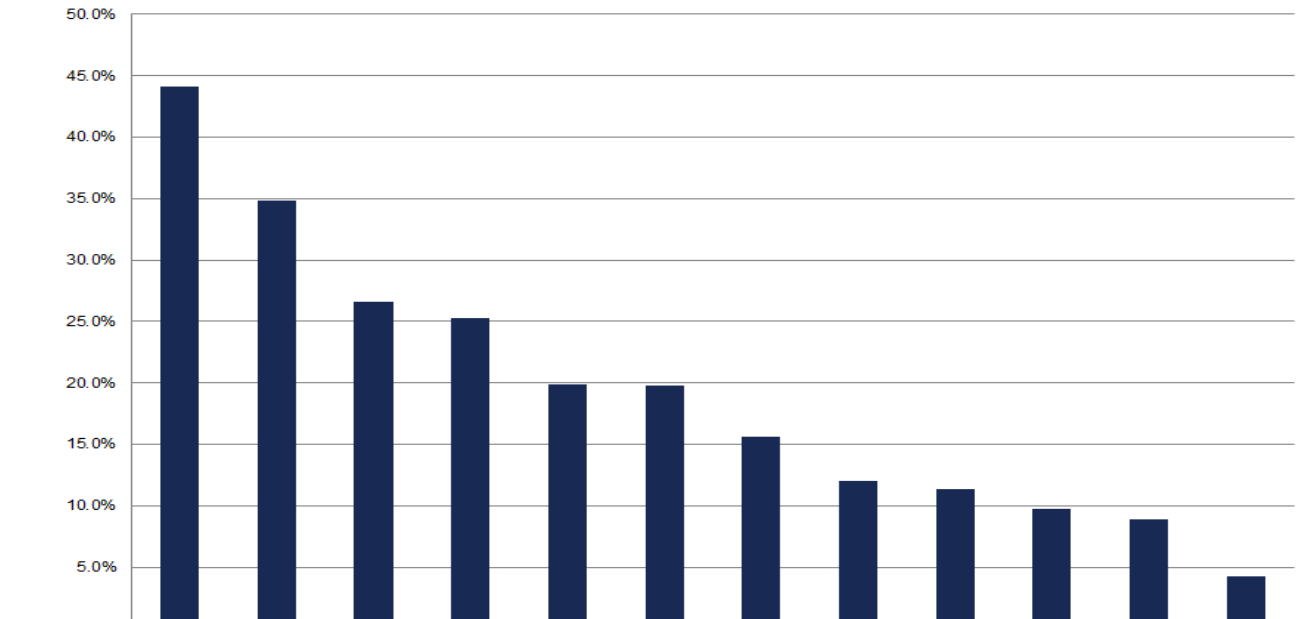
Targets & Ratings

S&P 500: Percentage of Buy, Hold, and Sell Ratings
(Source: FactSet)



	Comm. Services	Info. Tech.	Energy	Materials	Health Care	S&P 500	Industrials	Consumer Disc.	Real Estate	Financials	Utilities	Consumer Staples
Buy	72%	69%	63%	63%	61%	60%	58%	57%	56%	54%	52%	48%
Hold	23%	27%	33%	33%	35%	35%	37%	37%	40%	40%	43%	45%
Sell	4%	4%	3%	4%	4%	5%	5%	6%	4%	6%	5%	7%

S&P 500 Sector-Level Bottom-Up Target Price vs. Closing Price
(Source: FactSet)



	Info. Tech.	Comm. Services	S&P 500	Industrials	Consumer Disc.	Energy	Materials	Utilities	Real Estate	Financials	Health Care	Consumer Staples
Target/Close	44.1%	34.9%	26.6%	25.2%	19.9%	19.8%	15.6%	12.0%	11.3%	9.7%	8.9%	4.2%

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