

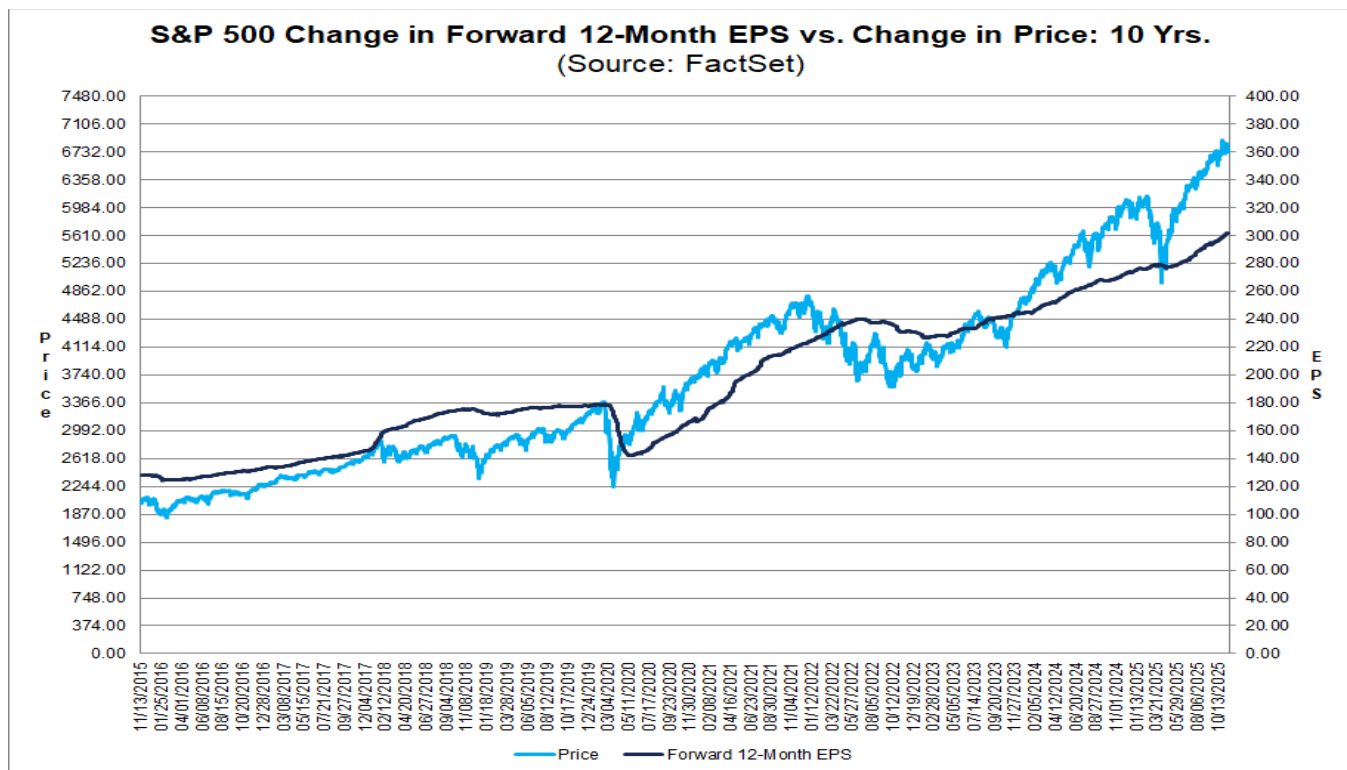
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Key Metrics

- **Earnings Scorecard:** For Q3 2025 (with 92% of S&P 500 companies reporting actual results), 82% of S&P 500 companies have reported a positive EPS surprise and 76% 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 13.1%. If 13.1% is the actual growth rate for the quarter, it will mark the 4th consecutive quarter of double-digit 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%. Ten sectors are reporting higher earnings today (compared to September 30) due to positive EPS surprises.
- **Earnings Guidance:** For Q4 2025, 42 S&P 500 companies have issued negative EPS guidance and 33 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.4. This P/E ratio is above the 5-year average (20.0) and above the 10-year average (18.7).



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Topic of the Week: 1

33% Decline in the Number of S&P 500 Earnings Calls Citing “Tariffs” for Q3 vs. Q2

Given concerns in the market about tariffs, did more S&P 500 companies comment on tariffs during their earnings conference calls for the third quarter compared to the second quarter?

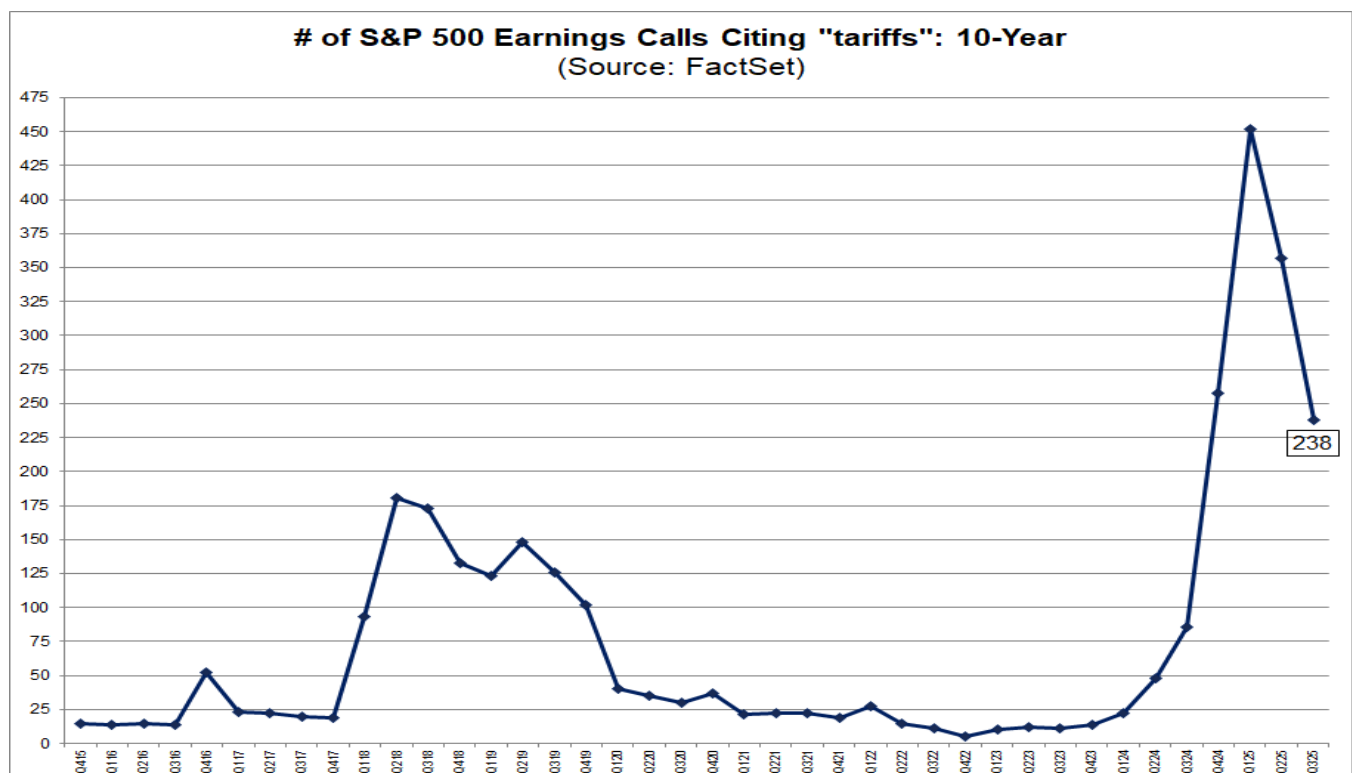
The answer is no. FactSet Document Search (which allows users to search for key words or phrases across multiple document types) was used to answer this question. Through Document Search, FactSet searched for the term “tariff” or “tariffs” in the conference call transcripts of all the S&P 500 companies that conducted earnings conference calls from September 15 through November 14.

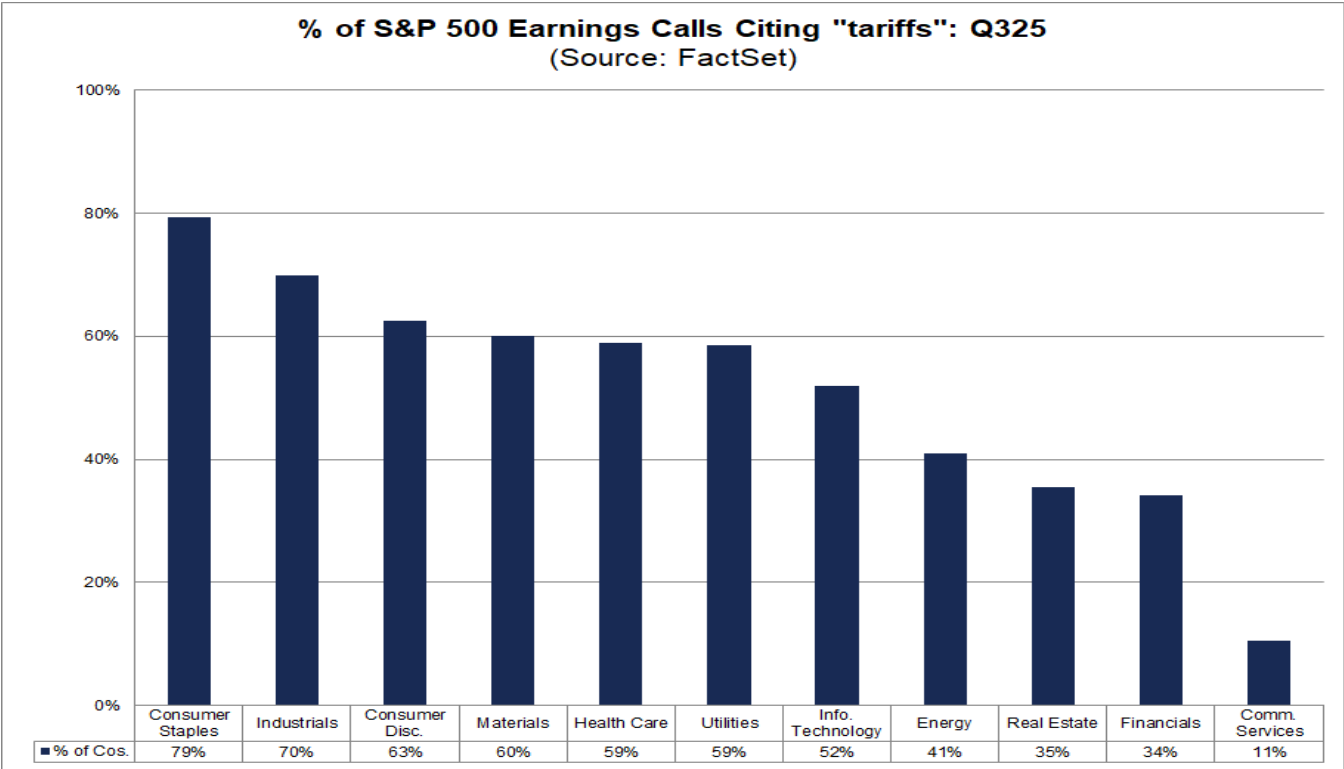
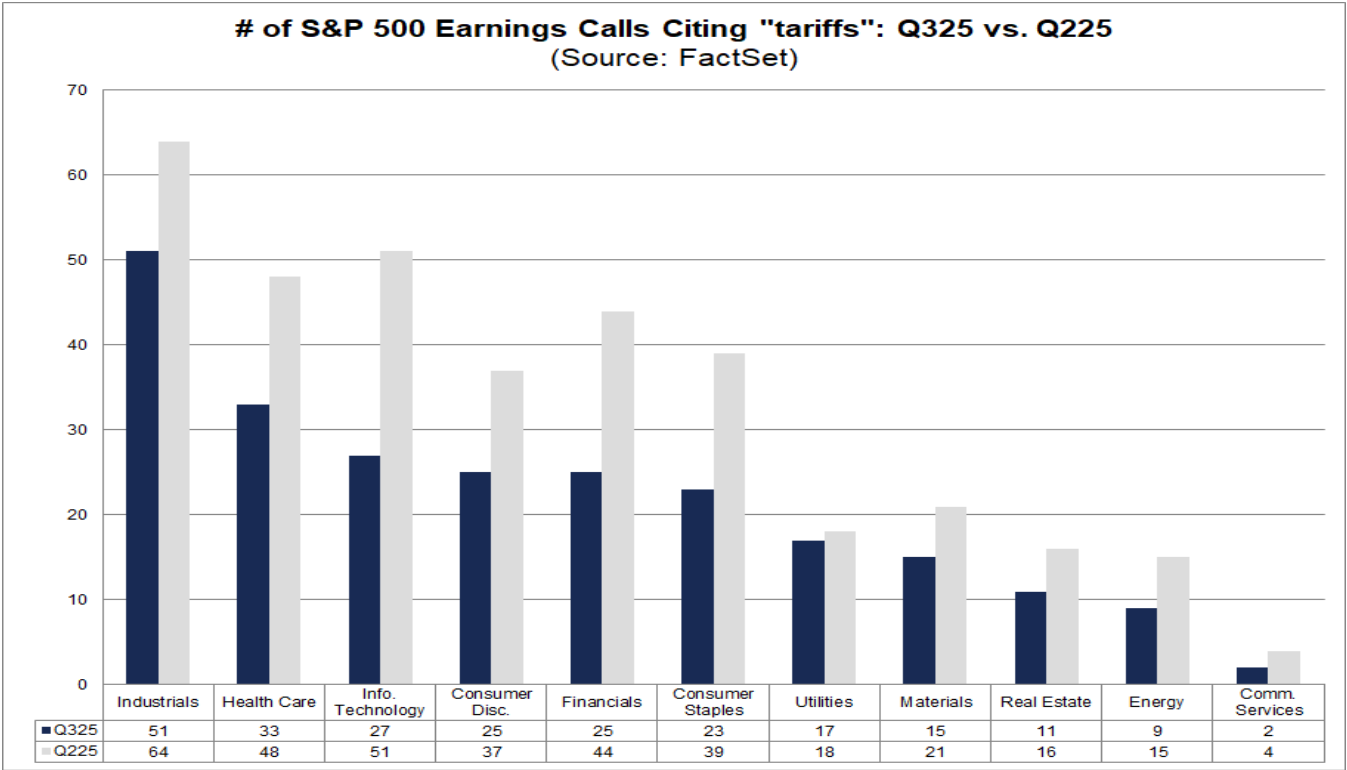
Overall, the term “tariff” or “tariffs” was cited on 238 earnings calls conducted by S&P 500 companies during this period. This number reflects a quarter-over-quarter decline of 33% compared to Q2 2025, when the term “tariff” or “tariffs” was cited on 357 earnings calls (from June 15 through September 14). This is also the second straight quarter where the number of earnings calls citing the term “tariff” or “tariffs” has decreased.

However, it is important to note that this number still reflects the fourth-highest number of S&P 500 earnings calls where the term “tariff” or “tariffs” was cited over the past 10 years (using current index constituents going back in time). The current record for the highest number of earnings calls where the term “tariff” or “tariffs” was cited during this period is 452 in Q1 2025.

At the sector level, the Industrials (51) sector has the highest number of earnings calls where the term “tariff” or “tariffs” was cited, while the Consumer Staples (79%) and Industrials (70%) sectors have the highest percentages of earning calls where the term “tariff” or “tariffs” was cited.

On a quarter-over-quarter basis, all 11 sectors have recorded a decline in the number of earnings calls where the term “tariff” or “tariffs” was cited, led by the Information Technology (-24) and Financials (-19) sectors.





Topic of the Week: 2

S&P 500 Reporting Highest Net Profit Margin in Over 15 Years

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 13.1%, which is above the previous quarter's net profit margin, above the year-ago net profit margin, and above the 5-year average.

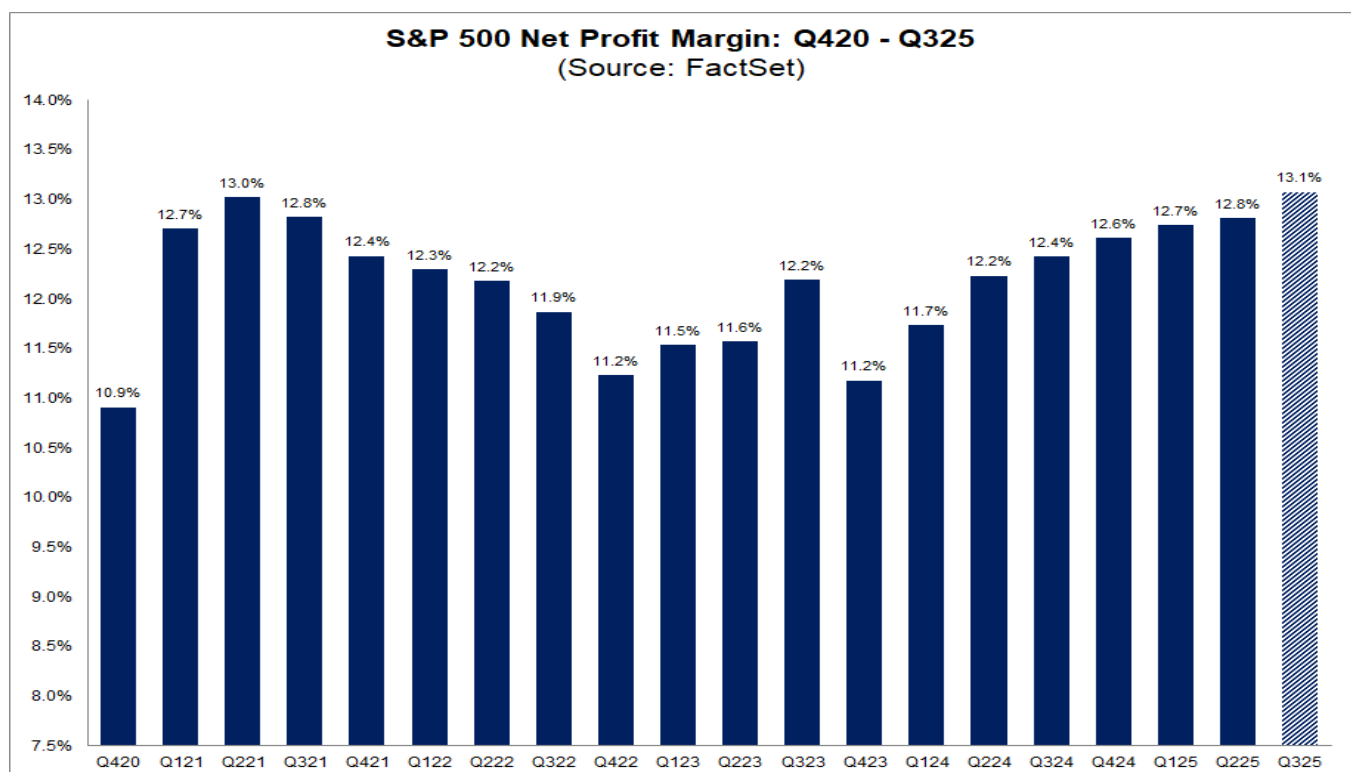
In fact, this quarter marks the highest net profit margin reported by the S&P 500 going back to at least 2009 (which is the extent of FactSet's historical data for this metric). The previous high for the net profit margin was 13.0%, which was recorded in Q2 2021. This quarter also marks the 7th consecutive quarter that the net profit margin has increased.

At the sector level, six sectors are reporting a year-over-year increase in their net profit margins in Q3 2025 compared to Q3 2024, led by the Information Technology (27.7% vs. 25.1%), Utilities (17.2% vs. 14.8%), and Financials (20.2% vs. 17.0%) sectors. On the other hand, five 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 (12.4 vs. 14.8%).

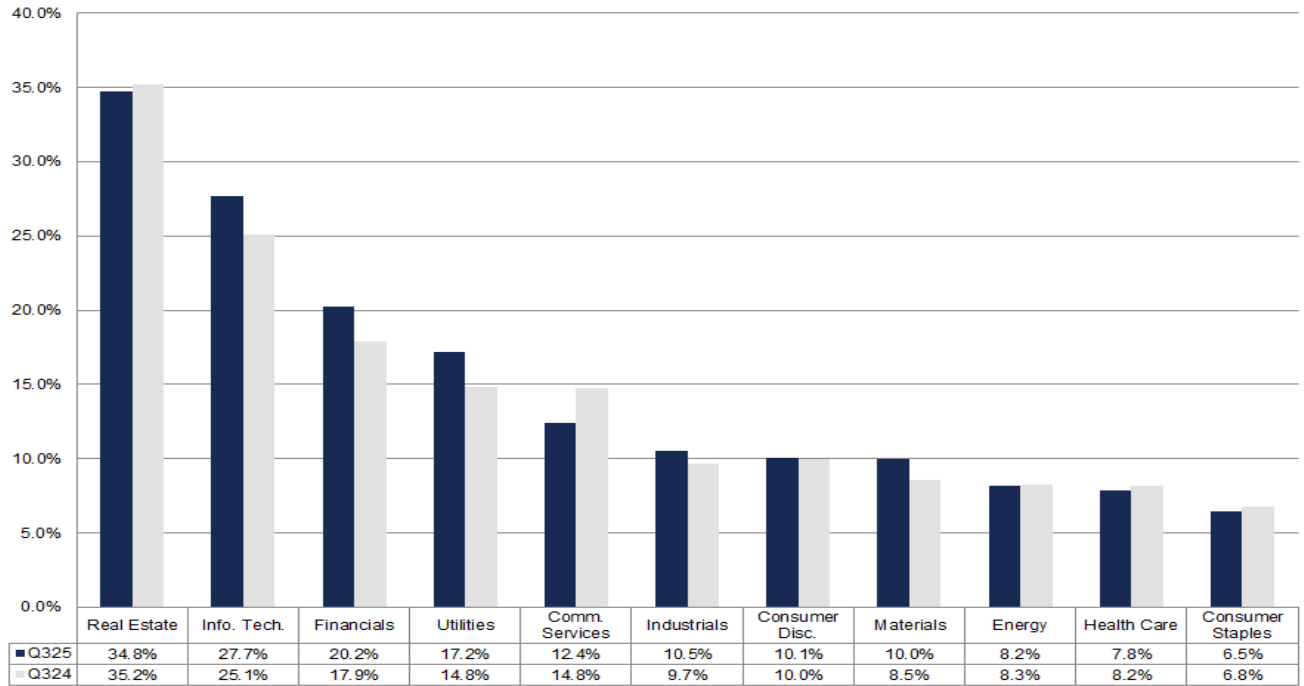
Six sectors are reporting net profit margins in Q3 2025 that are above their 5-year averages, led by the Utilities (17.2% vs. 13.6%) sector. On the other hand, five sectors are reporting net profit margins in Q3 2025 that are below their 5-year averages, led by the Energy (8.2% vs. 9.8%) and Health Care (7.8% vs. 9.3%) sectors.

Six sectors are reporting a quarter-over-quarter increase in their net profit margins in Q3 2025 compared to Q2 2025, led by the Utilities (17.2% vs. 12.8%) sector. On the other hand, five 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 (12.4% vs. 15.3%) sector.

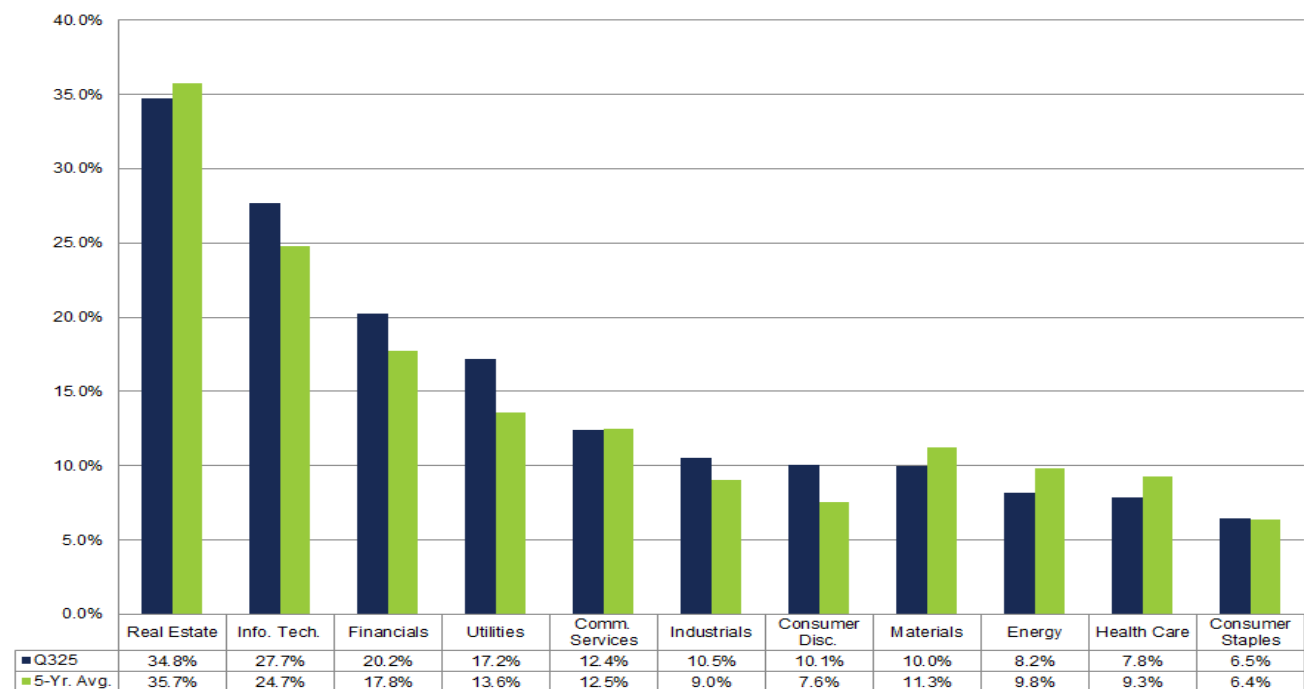
It is interesting to note that analysts believe net profit margins for the S&P 500 will be even higher in 2026. As of today, the estimated net profit margins for Q4 2025 through Q2 2026 are 12.8%, 13.3% and 13.7%, respectively.

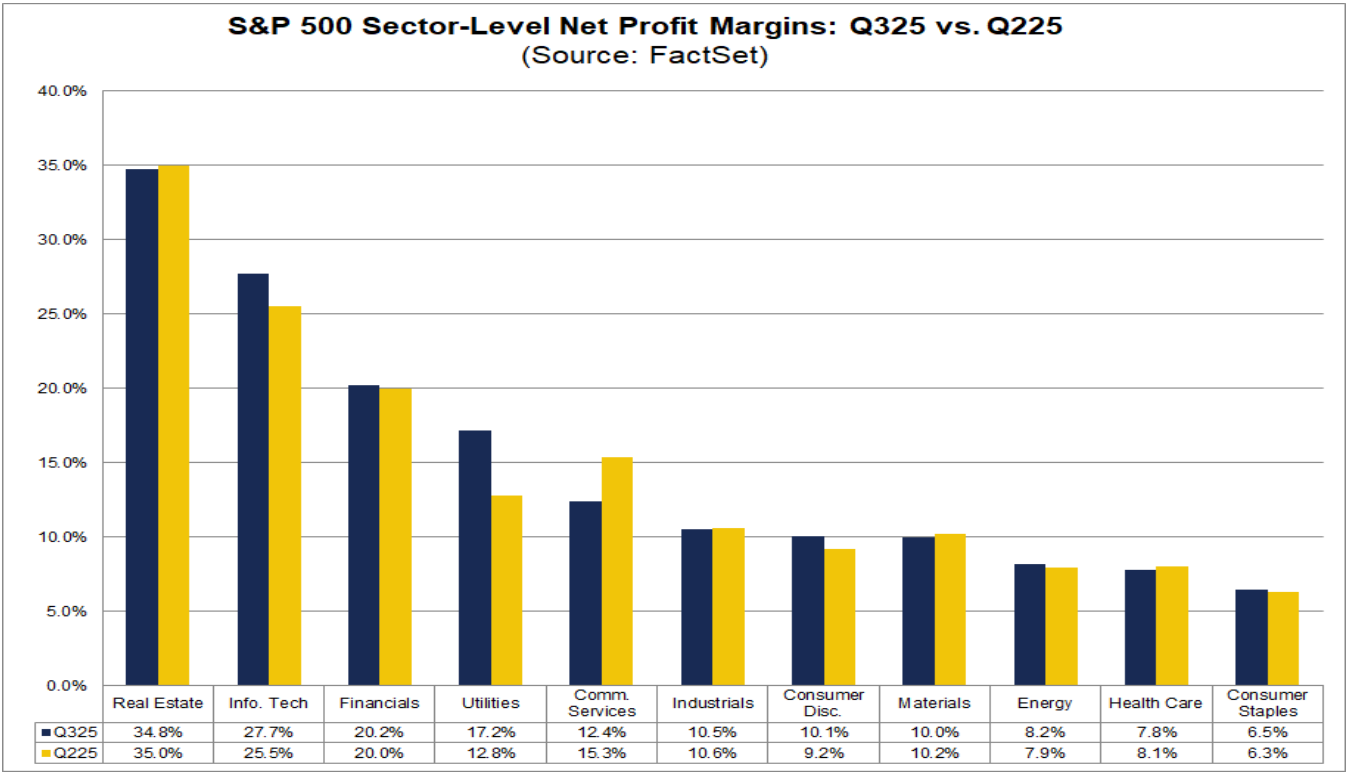


S&P 500 Sector-Level Net Profit Margins: Q325 vs. Q324
(Source: FactSet)



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





Q3 Earnings Season: By The Numbers

Overview

At this late stage of the third quarter earnings season, the S&P 500 is reporting solid results relative to analyst expectations. The percentage of S&P 500 companies reporting positive earnings surprises is above the 10-year average, while the magnitude of earnings surprises is equal the 10-year average. As a result, the index is reporting higher earnings for the third quarter today relative to the end of the quarter. The index is also reporting double-digit earnings growth for the fourth straight quarter. In addition, S&P 500 companies are reporting impressive numbers for revenues relative to analyst expectations and year-ago results.

Overall, 92% of the companies in the S&P 500 have reported actual results for Q3 2025 to date. Of these companies, 82% have reported actual EPS above estimates, which is above the 5-year average of 78% and above the 10-year average of 75%. If 82% 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 Q3 2021 (also 82%). In aggregate, companies are reporting earnings that are 7.0% above estimates, which is below the 5-year average of 8.4% but equal to 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.

Since September 30, positive EPS surprises reported by companies in the Financials, Information Technology, and Consumer Discretionary 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 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 13.1% today, compared to an earnings growth rate of 7.9% at the end of the third quarter (September 30).

If 13.1% is the actual growth rate for the quarter, it will mark the fourth consecutive quarter of double-digit (year-over-year) earnings growth for the index. It will also mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Nine of the eleven sectors are reporting (or have reported) year-over-year growth, led by Information Technology, Utilities, Financials, Materials, and Industrials sectors. On the other hand, two sectors reported a year-over-year decline in earnings, led by the Communication Services sector.

In terms of revenues, 76% 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%. In aggregate, companies are reporting revenues that are 2.1% above the estimates, which is equal to the 5-year average of 2.1% but 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.

Since September 30, positive revenue surprises reported by companies in the Health Care, Financials, and Consumer Discretionary 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 8.3% today, compared to a revenue growth rate of 6.3% at the end of the third quarter (September 30).

If 8.3% is the actual revenue 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.

All eleven sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Health Care, and Communication Services sectors.

For CY 2025, analysts are predicting (year-over-year) earnings growth of 11.7%. For CY 2026, analysts are projecting (year-over-year) earnings growth of 13.9%.

The forward 12-month P/E ratio is 22.4, which is above the 5-year average (20.0) and above the 10-year average (18.7). However, this P/E ratio is below the forward P/E ratio of 22.8 recorded at the end of the third quarter (September 30).

During the upcoming week, 13 S&P 500 companies (including 3 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 (82%) is Above 5-Year Average

Overall, 92% of the companies in the S&P 500 have reported earnings to date for the third quarter. Of these companies, 82% have reported actual EPS above the mean EPS estimate, 3% have reported actual EPS equal to the mean EPS estimate, and 14% 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 82% 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 Q3 2021 (also 82%).

At the sector level, the Health Care (93%), Consumer Staples (93%), Information Technology (92%), and Financials (89%) sectors have the highest percentages of companies reporting earnings above estimates, while the Communication Services (58%) sector has the lowest percentage of companies reporting earnings above estimates.

Earnings Surprise Percentage (+7.0%) is Below 5-Year Average

In aggregate, companies are reporting earnings that are 7.0% above expectations. This surprise percentage is below the 1-year average (+7.3%) and below the 5-year average (+8.4%), but equal to 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 Industrials (+16.1%) sector is reporting the largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Southwest Airlines (\$0.11 vs. -\$0.04), Uber Technologies (\$3.11 vs. \$0.69), and UPS (\$1.74 vs. \$1.29) have reported the largest positive EPS surprises.

The Health Care (+12.1%) sector is reporting the second-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Centene Corporation (\$0.50 vs. -\$0.14), Moderna (-\$0.51 vs. -\$2.12), Incyte Corporation (\$2.26 vs. \$1.61), Pfizer (\$0.87 vs. \$0.63), Biogen (\$4.81 vs. \$3.88), Eli Lilly & Company (\$7.02 vs. \$5.69), Regeneron Pharmaceuticals (\$11.83 vs. \$9.65), and Elevance Health (\$6.03 vs. \$4.93) have reported the largest positive EPS surprises.

The Consumer Discretionary (+12.0%) sector is reporting the third-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), Amazon.com (\$1.95 vs. \$1.57), and General Motors (\$2.80 vs. \$2.29) have reported the largest positive EPS surprises.

The Financials (+8.8%) sector reported the fourth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Allstate (\$11.17 vs. \$7.55), Aflac (\$2.49 vs. \$1.77), Invesco (\$0.61 vs. \$0.45), Morgan Stanley (\$2.80 vs. \$2.10), Cincinnati Financial (\$2.85 vs. \$2.14), Capital One Financial (\$5.95 vs. \$4.49), Assurant (\$5.76 vs. \$4.37), and Coinbase Global (\$1.50 vs. \$1.13) reported the largest positive EPS surprises.

The Information Technology (+7.8%) sector is reporting the fifth-largest positive (aggregate) difference between actual earnings and estimated earnings. Within this sector, Intel (\$0.23 vs. \$0.02), PTC (\$3.47 vs. \$2.27), Palantir Technologies (\$0.21 vs. \$0.17), and Datadog (\$0.55 vs. \$0.45) have reported the largest positive EPS surprises.

On the other hand, the Communication Services (-9.5%) sector reported the largest negative (aggregate) difference between actual earnings and estimated earnings. Within this sector, Paramount Skydance (-\$0.03 vs. \$0.40), Meta Platforms (\$1.05 vs. \$6.72), Live Nation Entertainment (\$0.73 vs. \$1.32), TKO Group Holdings (\$0.47 vs. \$0.59), and Netflix (\$5.87 vs. \$6.96) reported the largest negative EPS surprises.

Market Punishing Negative EPS Surprises More Than Average

To date, the market is rewarding positive earnings surprises reported by S&P 500 companies less 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 +0.4% two days before the earnings release through two days after the earnings release. This percentage increase is 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 2025 have seen an average price decrease of -4.9% two days before the earnings release through two days after the earnings release. This percentage decrease is much 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 (76%) is Above 5-Year Average

In terms of revenues, 76% of the companies have reported actual revenues above estimated revenues, 0% of the companies have reported actual revenues equal to estimated revenues, and 24% 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.

At the sector level, the Information Technology (92%) and Health Care (84%) sectors have the highest percentages of companies reporting revenues above estimates, while the Materials (58%) and Communication Services (58%) sectors have the lowest percentages of companies reporting revenues above estimates.

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

In aggregate, companies are reporting revenues that are 2.1% above expectations. This surprise percentage is above the 1-year average (+1.2%), equal to 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 Consumer Staples (+2.7%) and Consumer Discretionary (+2.7%) sectors are reporting the largest positive (aggregate) differences between actual revenues and estimated revenues, while the Materials (-0.1%) sector reported the largest negative (aggregate) difference between actual revenues and estimated revenues.

Revisions: Increase in Blended Earnings Since September 30 Due to Financials Sector

Financials Sector Has Seen Largest Increase in Earnings since September 30

The blended (year-over-year) earnings growth rate for Q3 2025 of 13.1% is above the estimate of 7.9% 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 Financials (to 23.5% from 11.5%) and Consumer Discretionary (to 7.9% from -2.4%) sectors. The Financials, Information Technology (to 27.3% from 20.9%), and Consumer Discretionary sectors have been the largest contributors to the increase in the earnings growth rate for the index since September 30. On the other hand, one sector has recorded a decrease in its earnings growth rate due to downward revisions to earnings estimates and negative earnings surprises: Communication Services (to -7.8% from 3.0%). The Communication Services sector has also been the largest detractor to the increase in the earnings growth rate for the index since September 30.

In the Financials sector, the positive EPS surprises reported by Allstate (\$11.17 vs. \$7.55), Morgan Stanley (\$2.80 vs. \$2.10), Capital One Financial (\$5.95 vs. \$4.49), Berkshire Hathaway (\$6.26 vs. \$5.72), Bank of America (\$1.06 vs. \$1.04), JPMorgan Chase (\$5.97 vs. \$4.85), and Chubb (\$7.49 vs. \$6.17) 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 23.5% from 11.5% over this period.

In the Information Technology sector, the positive EPS surprises reported by Microsoft (\$4.13 vs. \$3.67), Apple (\$1.85 vs. \$1.78), and Intel (\$0.23 vs. \$0.02) 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 increased to 27.3% from 20.9% over this period.

In the Consumer Discretionary sector, the positive EPS surprise reported by Amazon.com (\$1.95 vs. \$1.57) has been a significant 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 Consumer Discretionary sector increased to 7.9% from -2.4% over this period.

In the Communication Services sector, the negative EPS surprise reported by Meta Platforms (\$1.05 vs. \$6.72) has been the largest detractor to the increase in the earnings growth rate for the index since September 30. The (GAAP) actual EPS for Meta Platforms for Q3 included a one-time, non-cash income tax charge of \$15.93 billion. However, the impact of the negative EPS surprise reported by Meta Platforms has been partially offset by the positive EPS surprise reported by Alphabet (\$2.87 vs. \$2.27). As a result, the Communication Services sector is now reporting a decline in earnings of -7.8% compared to expected earnings growth of 3.0% on September 30.

Health Care and Financials Sectors Have Seen Largest Increases in Revenues since September 30

The blended (year-over-year) revenue growth rate for Q3 2025 of 8.3% is above the estimate of 6.3% at the end of the third quarter (September 30). Ten of eleven 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 7.2% from 4.1%) and Financials (to 9.4% from 6.8%) sectors. The Health Care (to 10.3% from 8.0%), Financials, and Consumer Discretionary sectors have been the largest contributors to the increase in the revenue growth rate for the index since September 30. On the other hand, one sector has recorded a decrease in its revenue growth rate due to downward revisions to earnings estimates and negative earnings surprises: Materials (to 3.1% from 4.0%).

In the Health Care sector, the positive revenue surprises reported by Cardinal Health (\$64.01 billion vs. \$59.24 billion), CVS Health (\$102.87 billion vs. \$98.81 billion), Centene Corporation (\$49.69 billion vs. \$47.72 billion), Cigna Group (\$69.57 billion vs. \$67.58 billion), and Eli Lilly & Company (\$17.60 billion vs. \$16.05 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 Health Care sector has increased to 10.3% from 8.0% over this period.

In the Financials sector, the positive revenue surprises reported by Apollo Global Management (\$9.82 billion vs. \$4.92 billion), Prudential (\$16.24 billion vs. \$14.14 billion), 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 9.4% from 6.8% over this period.

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), Tesla (\$28.10 billion vs. \$27.23 billion), and Amazon.com (\$180.17 billion vs. \$177.91 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 Consumer Discretionary sector has increased to 7.2% from 4.1% over this period.

Earnings Growth: 13.1%

The blended (year-over-year) earnings growth rate for Q3 2025 is 13.1%, which is below the 5-year average earnings growth rate of 14.9% but above the 10-year average earnings growth rate of 9.5%. If 13.1% is the actual growth rate for the quarter, it will mark the fourth consecutive quarter of double-digit (year-over-year) earnings growth for the index. It will also mark the ninth consecutive quarter of year-over-year earnings growth for the index.

Nine of the eleven sectors are reporting (or have reported) year-over-year earnings growth, led by the Information Technology, Utilities, Financials, Materials, and Industrials sectors. On the other hand, two sectors reported a year-over-year decline in earnings, led by the Communication Services sector.

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 27.3%. At the industry level, all 6 industries in the sector are reporting (or have reported) double-digit (year-over-year) earnings growth: Semiconductors & Semiconductor Equipment (49%), Electronic Equipment, Instruments, & Components (31%), Software (23%), Communication Equipment (12%), IT Services (11%), and Technology Hardware, Storage, & Peripherals (10%),

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 17.0% from 27.3%.

Utilities: NRG Energy Was Largest Contributor to Year-Over-Year Growth

The Utilities sector reported the second-highest (year-over-year) earnings growth rate of all eleven sectors at 23.8%. At the industry level, all 5 industries in the sector reported year-over-year earnings growth: Independent Power and Renewable Electricity Producers (46%), Gas Utilities (29%), Electric Utilities (25%), Multi-Utilities (17%), and Water Utilities (8%).

At the company level, NRG Energy (\$2.78 vs. -\$3.79) was the largest contributor to earnings growth for the sector. If this company were excluded, the blended earnings growth rate for the Utilities sector would fall to 15.5% from 23.8%.

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

The Financials sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors at 23.5%. At the industry level, all 5 industries in the sector reported double-digit (year-over-year) earnings growth: Consumer Finance (55%), Insurance (31%), Capital Markets (29%), Banks (16%), and Financial Services (15%).

Materials: Metals & Mining Industry Led Year-Over-Year Growth

The Materials sector reported the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 20.1%. At the industry level, all 4 industries in the sector reported year-over-year earnings growth: Metals & Mining (68%), Containers & Packaging (25%), Construction Materials (12%), and Chemicals (3%).

The Metals & Mining industry was 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 6.7% from 20.1%.

Industrials: Uber Technologies Is Largest Contributor to Year-Over-Year Growth

The Industrials sector is reporting the fifth-highest (year-over-year) earnings growth rate of all eleven sectors at 15.7%. At the industry level, 9 industries in the sector are reporting (or have reported) year-over-year earnings growth, led by the Aerospace & Defense (81%), Ground Transportation (65%), Electrical Equipment (26%), and Construction & Engineering (18%). On the other hand, 3 industries are reporting (or have reported) a year-over-year decline in earnings, led by the Machinery (-8%) industry.

At the company level, Uber Technologies (\$3.11 vs. \$1.20) is the largest contributor to earnings growth for the sector. The (GAAP) actual EPS for Uber Technologies for Q3 included a \$4.9 billion benefit from a tax valuation release. If this company were excluded, the blended earnings growth rate for the Industrials sector would fall to 6.2% from 15.7%.

Communication Services: Meta Platforms Was Largest Contributor to Year-Over-Year Decline

The Communication Services sector reported the largest (year-over-year) earnings decline of all eleven sectors at -7.8%. At the industry level, all 5 industries in the sector reported a year-over-year earnings decline: Wireless Telecommunication Services (-11%), Media (-11%), Entertainment (-9%), Interactive Media & Services (-8%), and Diversified Telecommunication Services (-4%).

At the company level, Meta Platforms (\$1.05 vs. \$6.03) was the largest contributor to the earnings decline for the sector. The (GAAP) actual EPS for Meta Platforms for Q3 included a one-time, non-cash income tax charge of \$15.93 billion. If this company were excluded, the Communication Services sector would be reporting earnings growth of 12.0% rather than an earnings decline of -7.8%.

Revenue Growth: 8.3%

The blended (year-over-year) revenue growth rate for Q3 2025 is 8.3%, which is above the 5-year average revenue growth rate of 8.0% and above the 10-year average revenue growth rate of 5.7%. If 8.3% 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, all eleven sectors are reporting (or have reported) year-over-year growth in revenues, led by the Information Technology, Health Care, and Communication Services sectors.

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 15.5%. At the industry level, all 6 industries in the sector are reporting (or have reported) year-over-year revenue growth: Semiconductors & Semiconductor Equipment (29%), Electronic Equipment, Instruments, & Components (18%), Software (17%), Communication Equipment (9%), IT Services (8%), and Technology Hardware, Storage, & Peripherals (7%).

Health Care: All 5 Industries Reporting Year-Over-Year Growth

The Health Care sector is reporting the second-highest (year-over-year) revenue growth rate of all eleven sectors at 10.3%. At the industry level, all 5 industries in the sector are reporting (or have reported) year-over-year revenue growth: Health Care Providers & Services (11%), Health Care Equipment & Supplies (9%), Pharmaceuticals (9%), Biotechnology (6%), and Life Sciences, Tools, & Services (5%).

Communication Services: 4 of 5 Industries Reported Year-Over-Year Growth

The Communication Services sector reported the third-highest (year-over-year) earnings growth rate of all eleven sectors at 10.0%. At the industry level, 4 of the 5 industries in the sector reported year-over-year revenue growth: Interactive Media & Services (18%), Wireless Telecommunication Services (9%), Entertainment (5%), and Diversified Telecommunication Services (2%). On the other hand, the Media (-2%) industry is the only industry that reported a year-over-year decline in revenues.

Net Profit Margin: 13.1%

The blended net profit margin for the S&P 500 for Q3 2025 is 13.1%, which is above the previous quarter's net profit margin of 12.8%, above the year-ago net profit margin of 12.5% and above the 5-year average of 12.1%.

If 13.1% is the final percentage for the quarter, it will mark the highest net profit margin reported by the S&P 500 going back to at least 2009 (which is the extent of FactSet's historical data for this metric).

At the sector level, six sectors are reporting (or have reported) a year-over-year increase in their net profit margins in Q3 2025 compared to Q3 2024, led by the Information Technology (27.7% vs. 25.1%), Utilities (17.2% vs. 14.8%), and Financials (20.2% vs. 17.0%) sectors. On the other hand, five sectors are reporting (or have reported) a year-over-year decrease in their net profit margins in Q3 2025 compared to Q3 2024, led by the Communication Services (12.4 vs. 14.8%).

Six sectors are reporting (or have reported) net profit margins in Q3 2025 that are above their 5-year averages, led by the Utilities (17.2% vs. 13.6%) sector. On the other hand, five sectors are reporting (or have reported) net profit margins in Q3 2025 that are below their 5-year averages, led by the Energy (8.2% vs. 9.8%) and Health Care (7.8% vs. 9.3%) sectors.

Forward Estimates & Valuation

Quarterly Guidance: % of Cos. Issuing Negative EPS Guidance for Q4 is Below 10-Year Average

At this point in time, 75 companies in the index have issued EPS guidance for Q4 2025. Of these 75 companies, 42 have issued negative EPS guidance and 33 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance for Q4 2025 is 56% (42 out of 75), 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, 112 have issued negative EPS guidance and 156 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 42% (112 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 12% for CY 2025

For the third quarter, S&P 500 companies are reporting year-over-year growth in earnings of 13.1% and year-over-year growth in revenues of 8.3%.

For Q4 2025, analysts are projecting earnings growth of 7.4% and revenue growth of 7.2%.

For CY 2025, analysts are projecting earnings growth of 11.7% and revenue growth of 6.8%.

For CY 2026, analysts are projecting earnings growth of 13.9% and revenue growth of 6.9%.

Valuation: Forward P/E Ratio is 22.4, Above the 10-Year Average (18.7)

The forward 12-month P/E ratio for the S&P 500 is 22.4. This P/E ratio is above the 5-year average of 20.0 and above the 10-year average of 18.7. However, it is 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 2.4%. At the sector level, the Information Technology (29.4) and Consumer Discretionary (28.3) sectors have the highest forward 12-month P/E ratios, while the Energy (15.7) and Financials (15.9) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 27.8, which is above the 5-year average of 25.0 and above the 10-year average of 22.8.

Targets & Ratings: Analysts Project 17% Increase in Price Over Next 12 Months

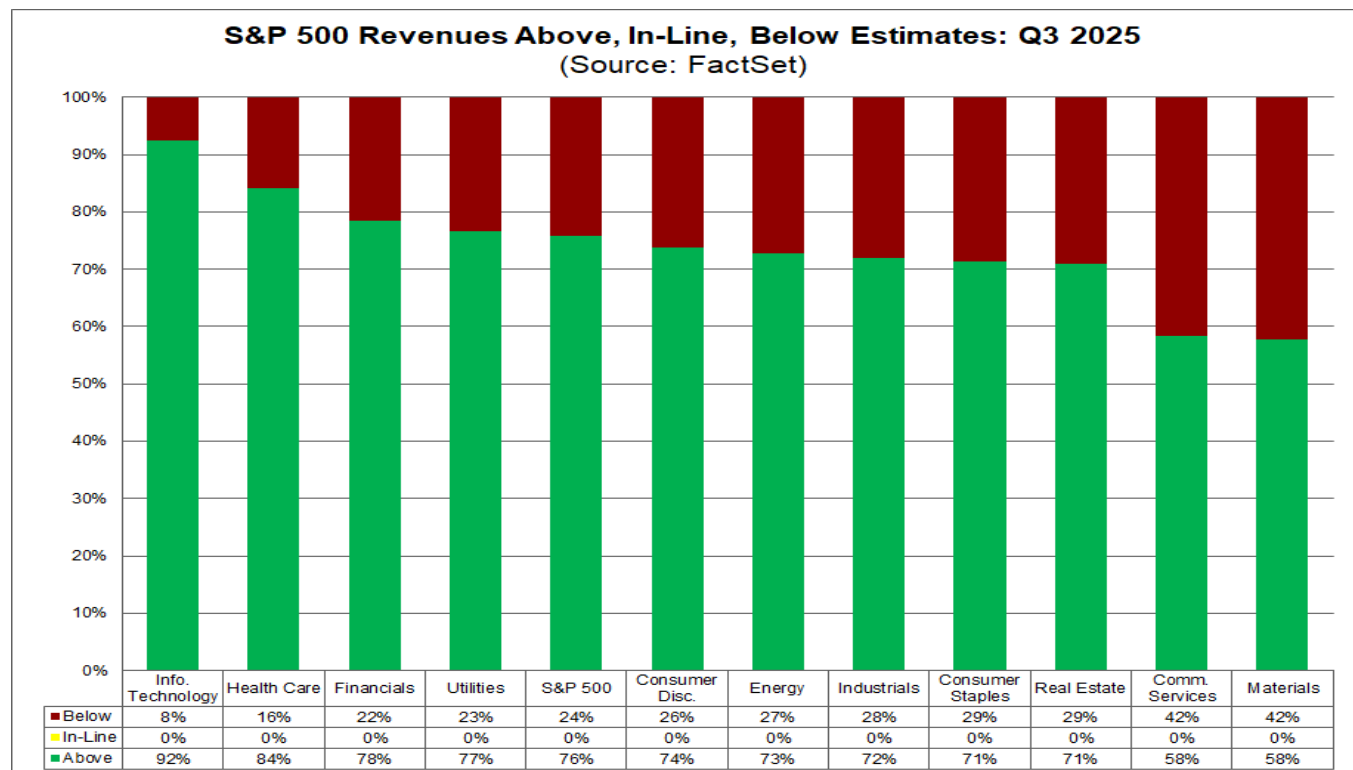
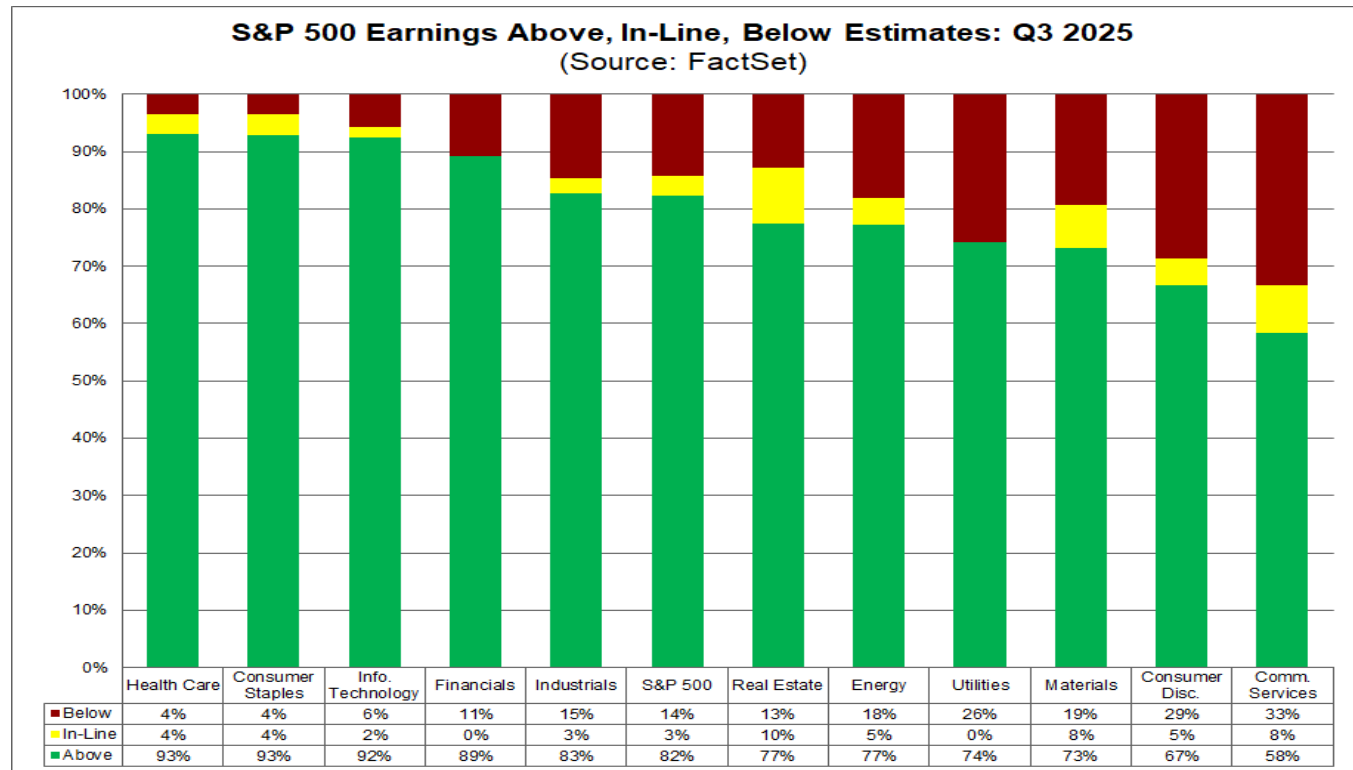
The bottom-up target price for the S&P 500 is 7882.93, which is 17.0% above the closing price of 6737.49. At the sector level, the Communication Services (+23.9%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Health Care (+9.2%) 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.

Overall, there are 12,548 ratings on stocks in the S&P 500. Of these 12,548 ratings, 56.8% are Buy ratings, 38.3% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (66%), 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.

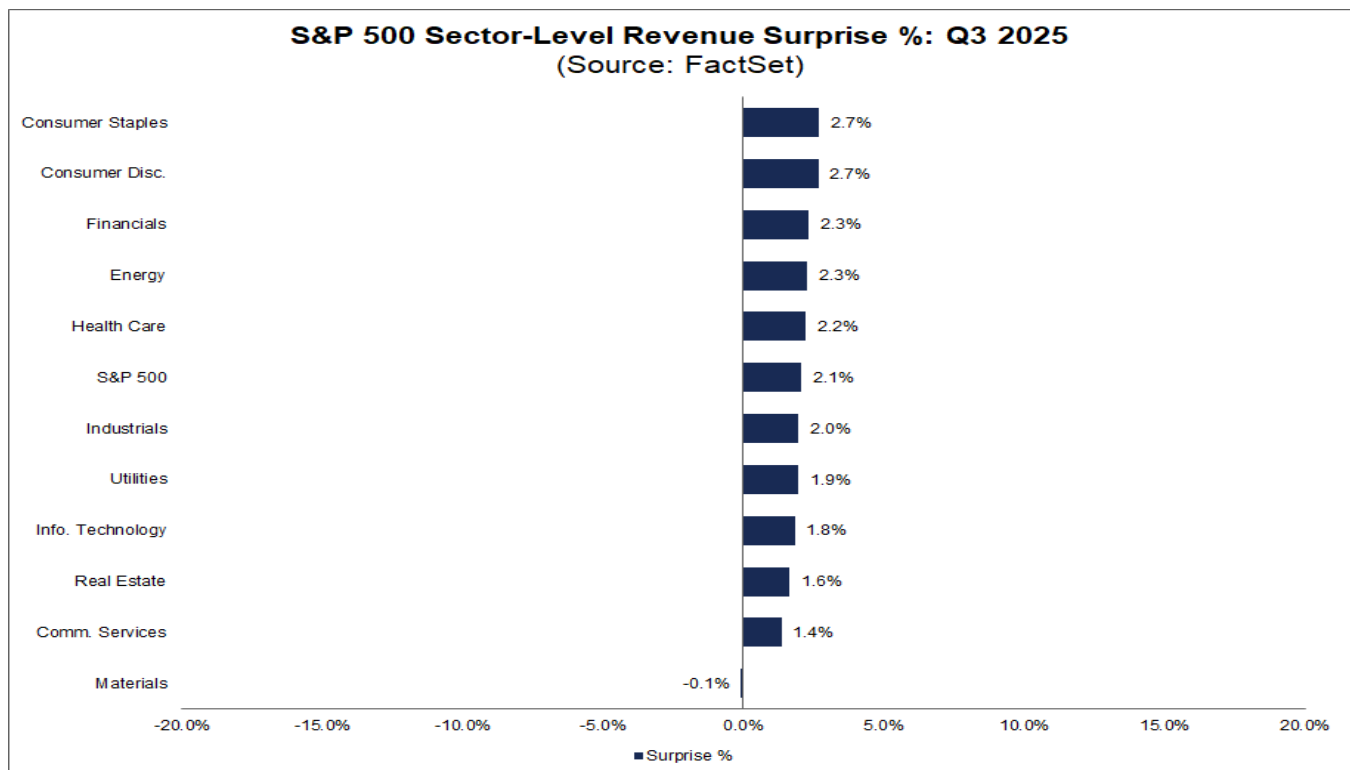
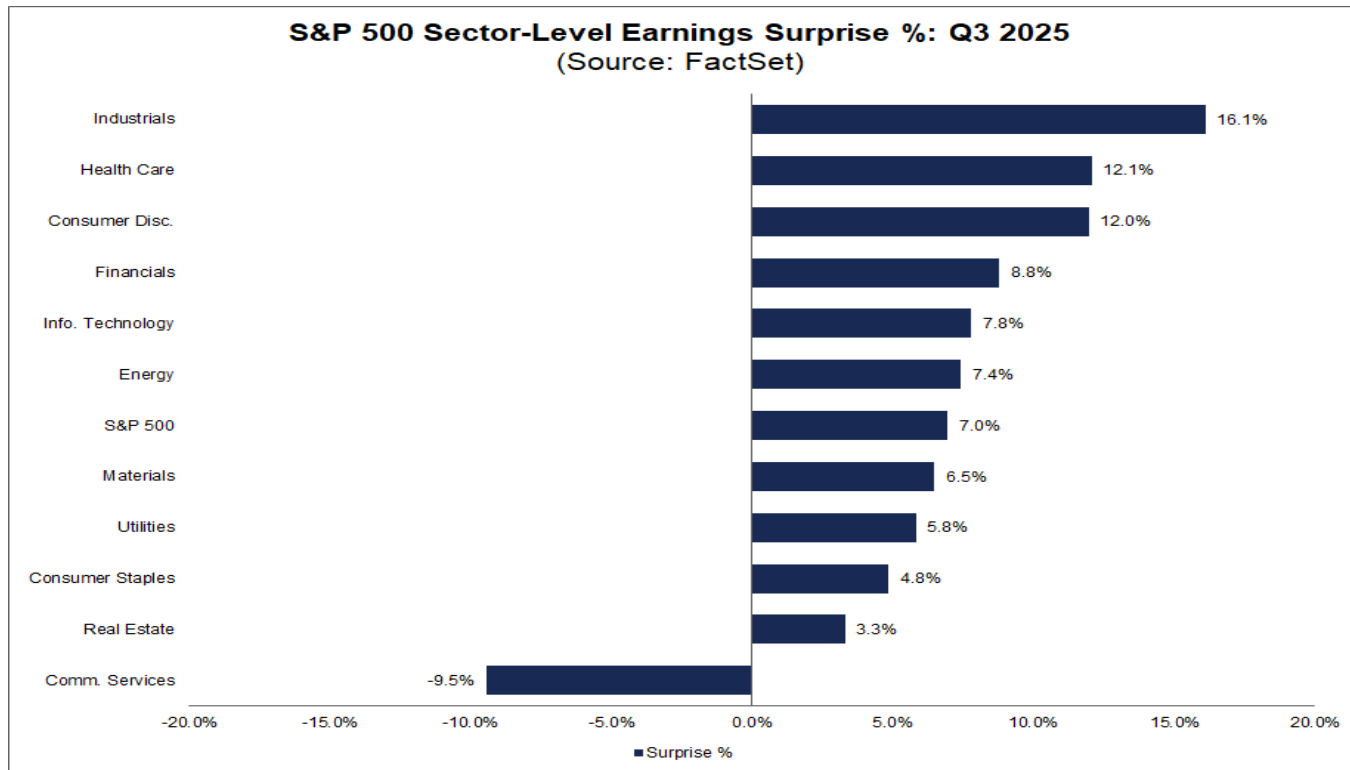
Companies Reporting Next Week: 13

During the upcoming week, 13 S&P 500 companies (including 3 Dow 30 components) are scheduled to report results for the third quarter.

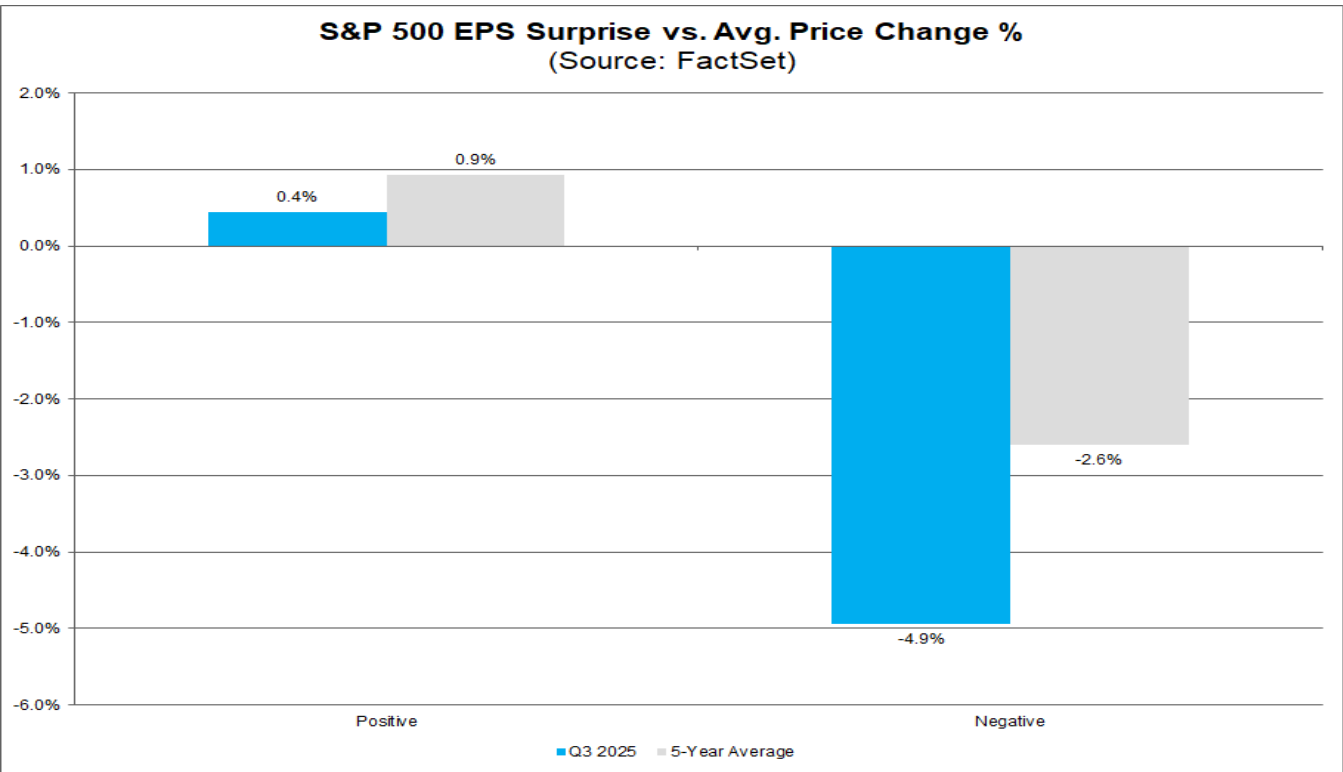
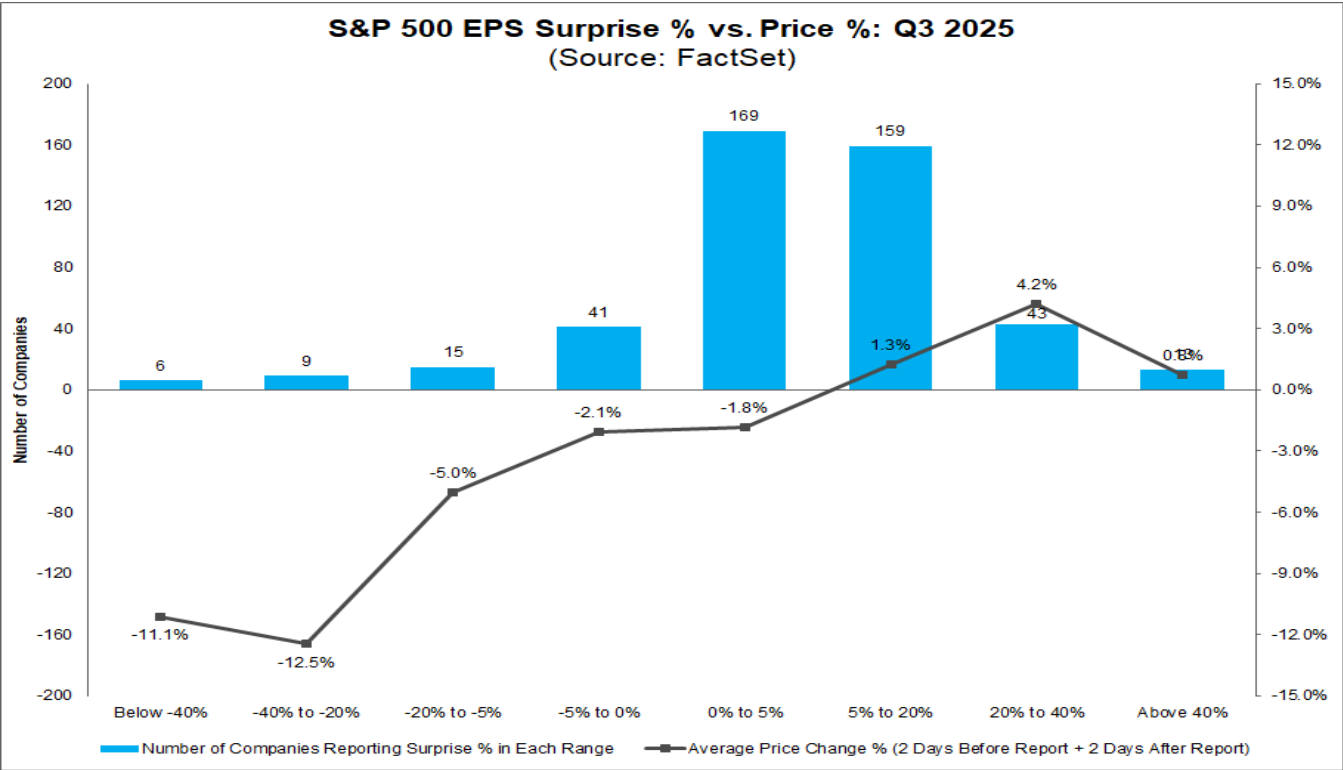
Q3 2025: Scorecard



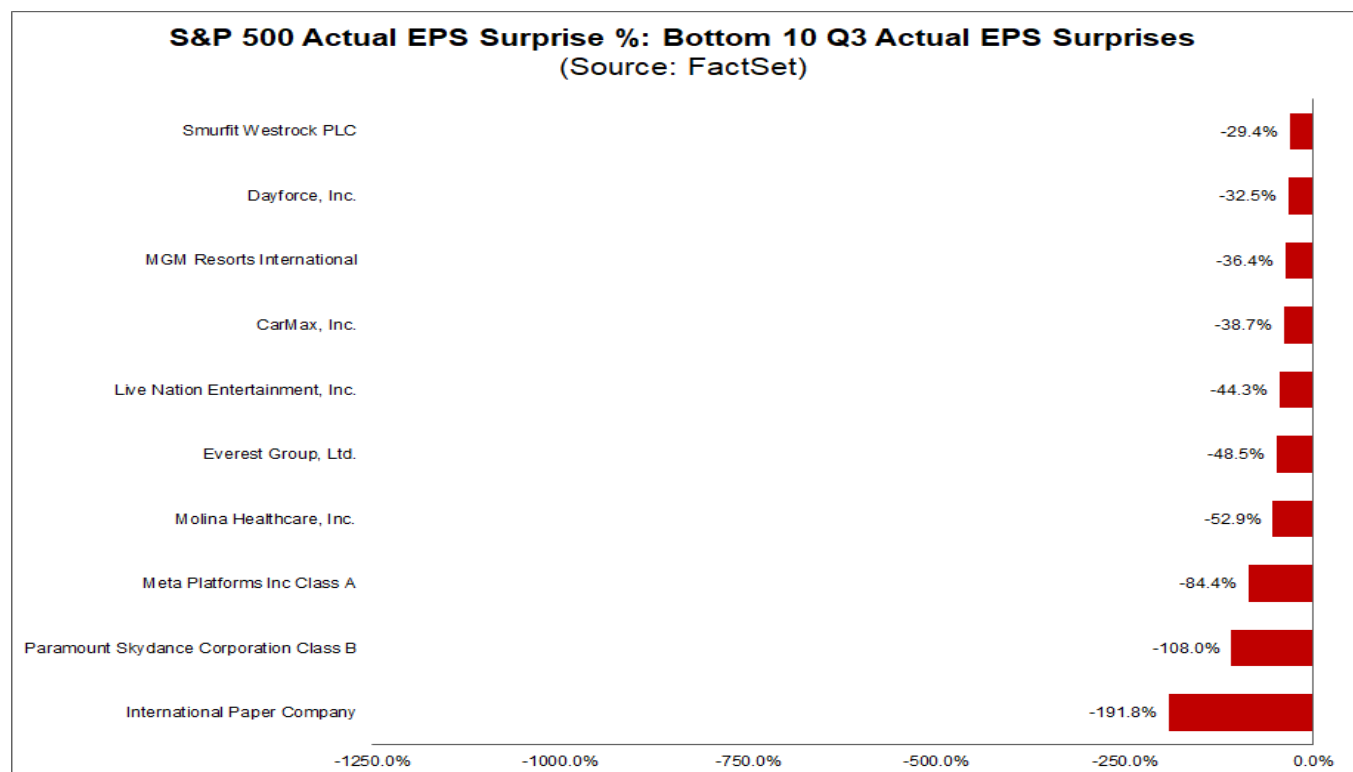
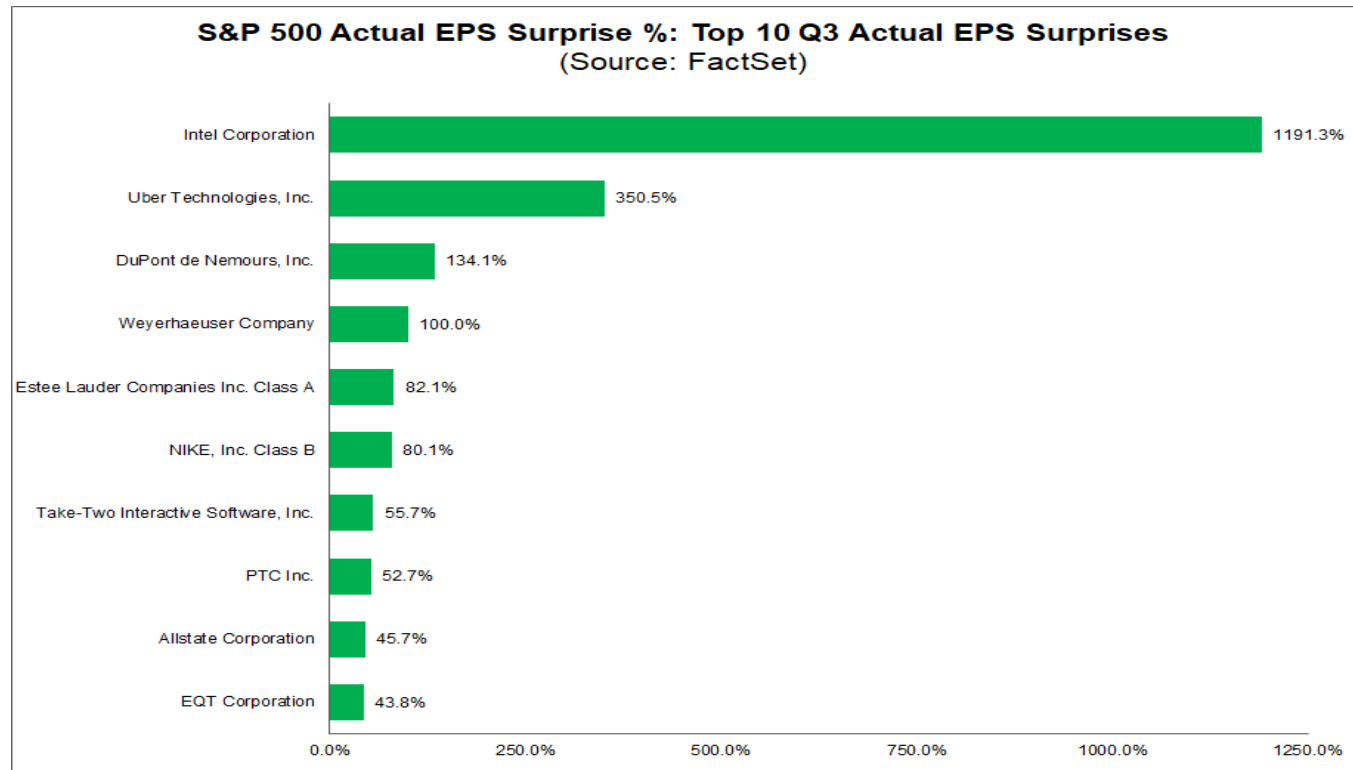
Q3 2025: Surprise



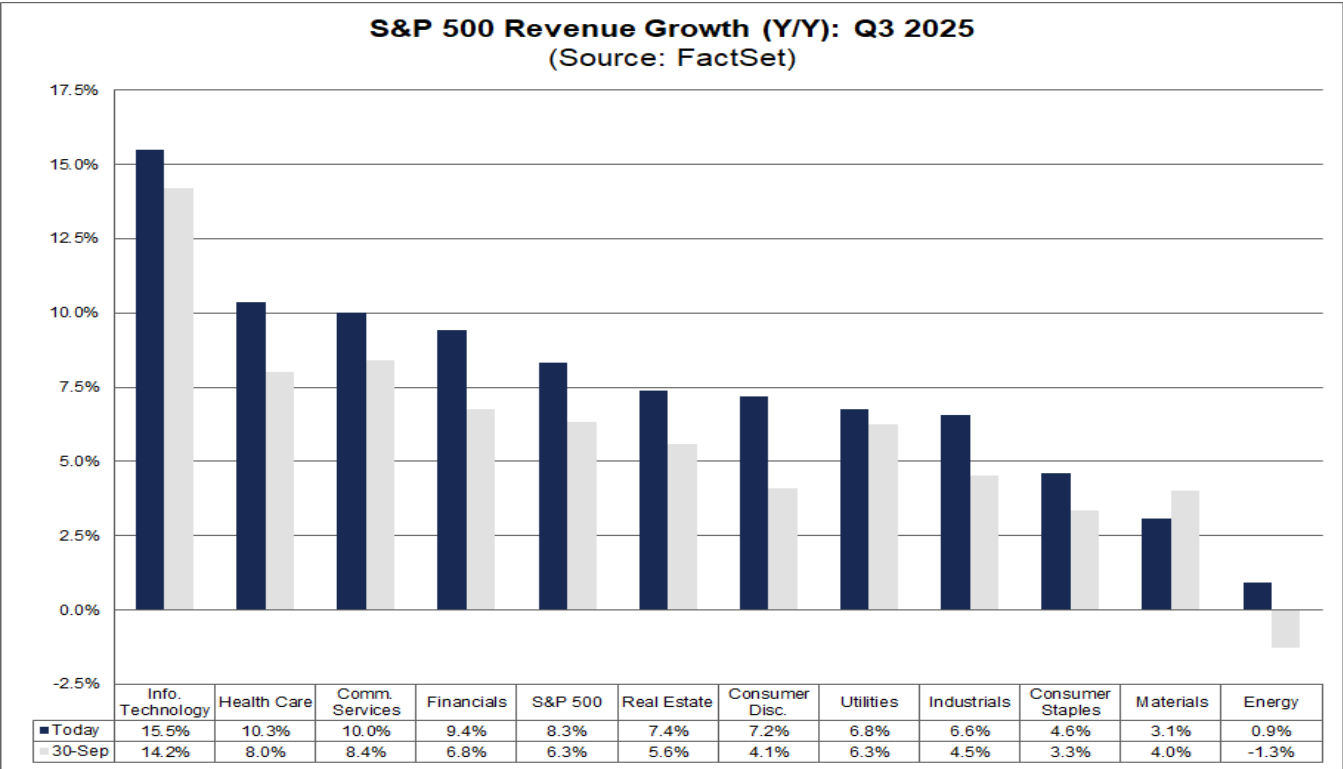
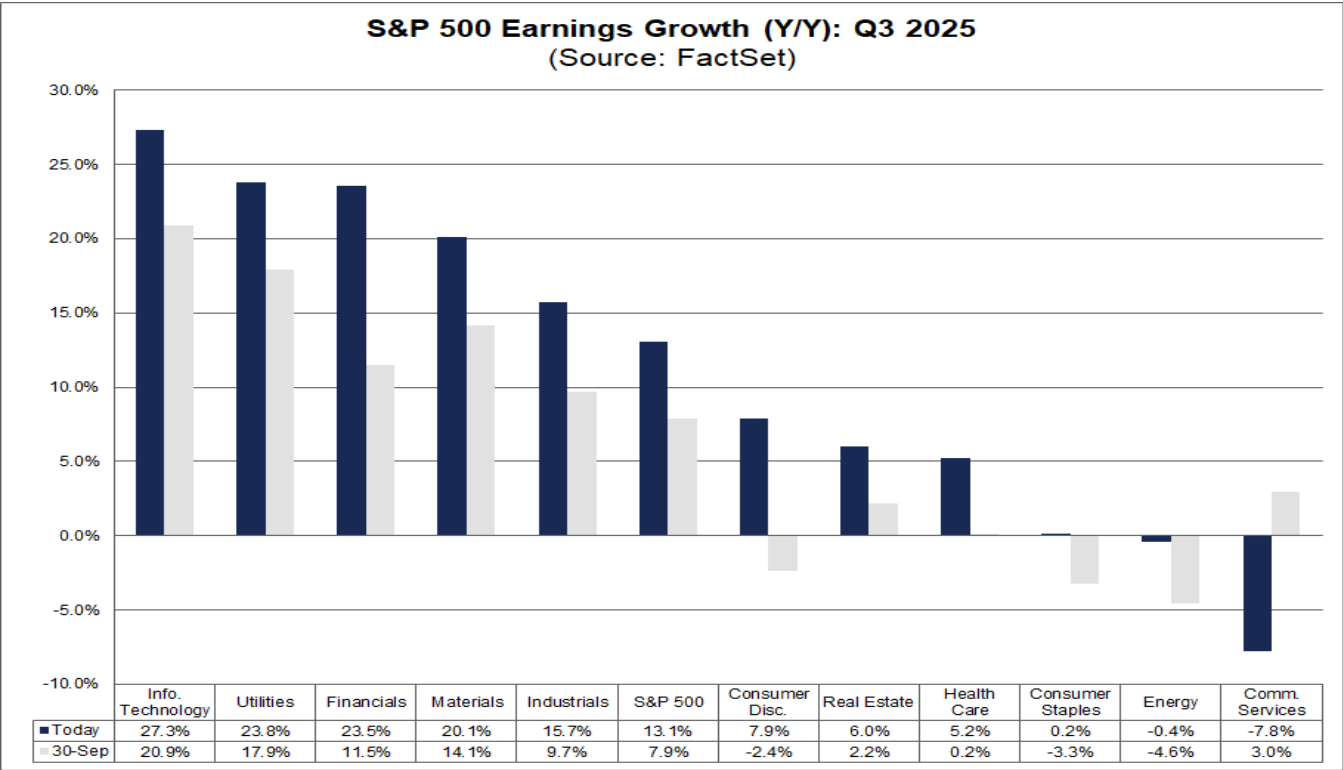
Q3 2025: Surprise



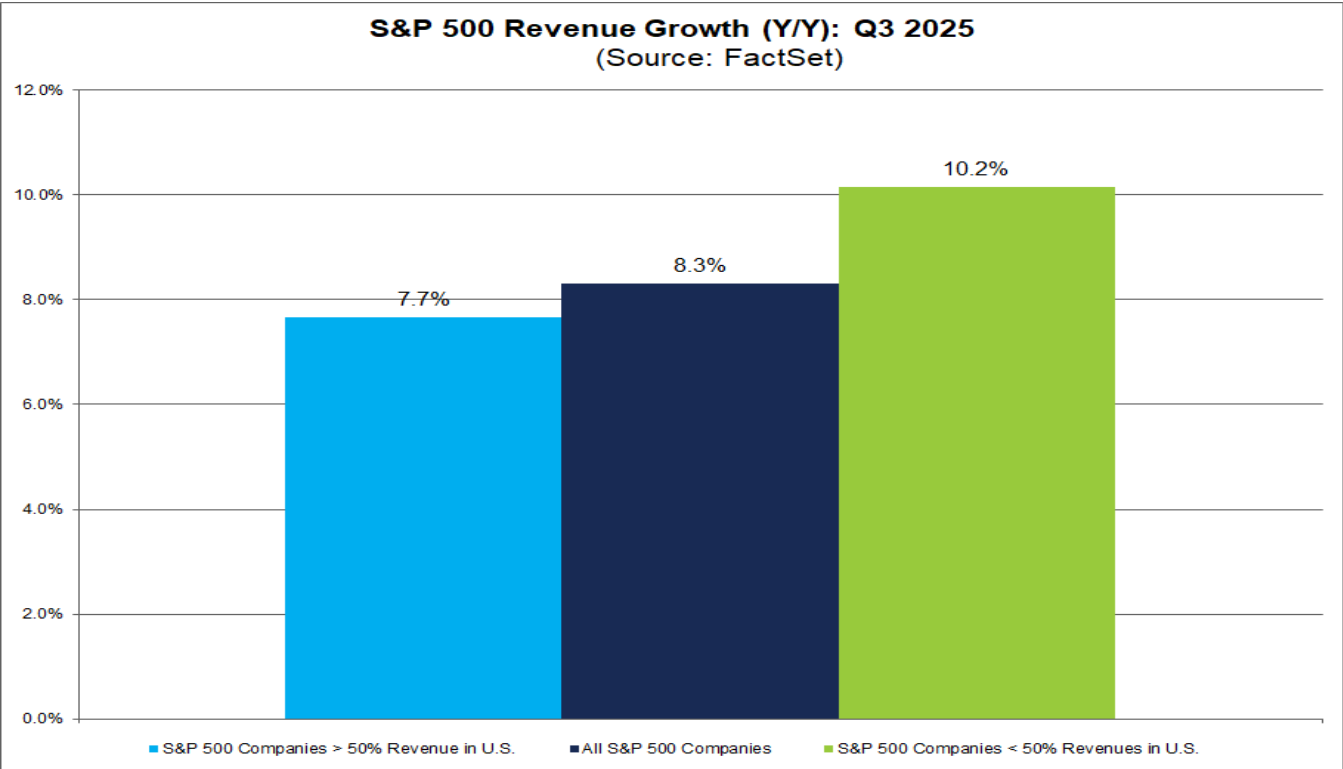
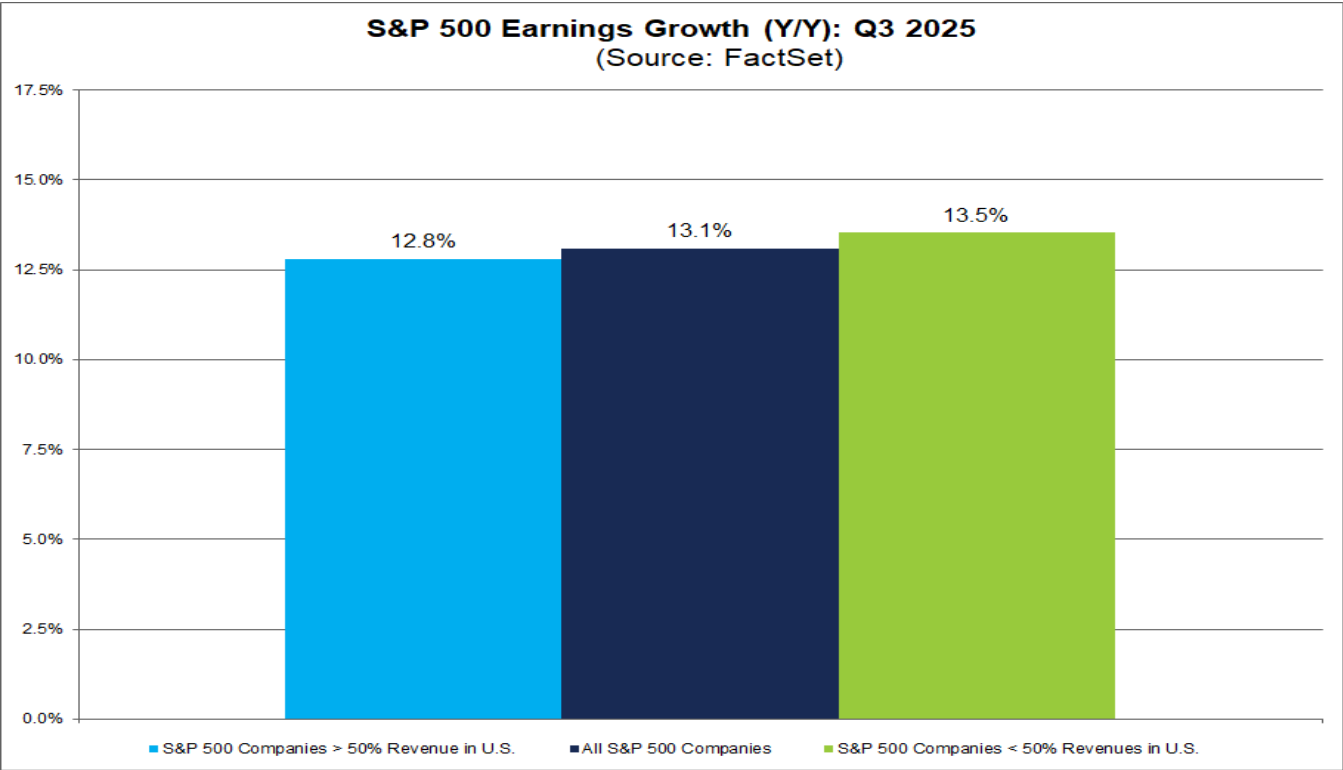
Q3 2025: Surprise



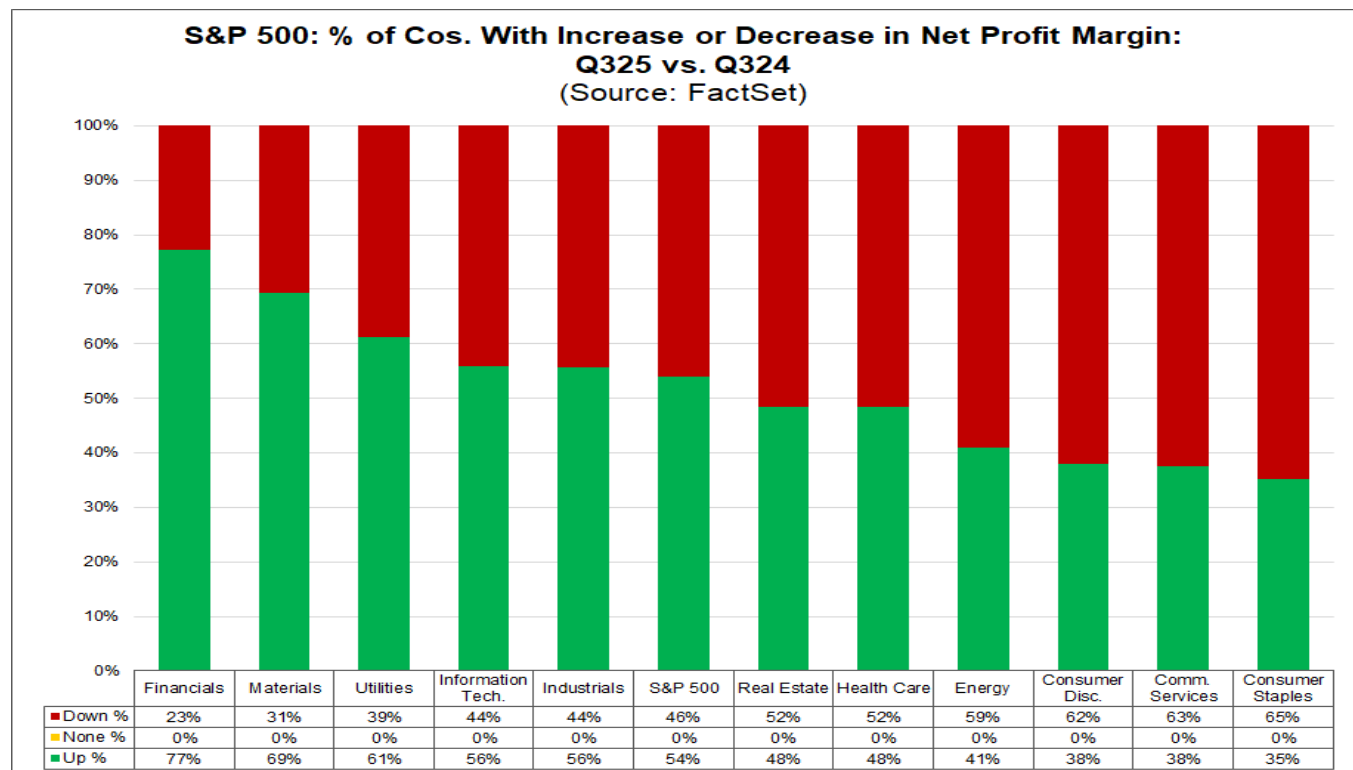
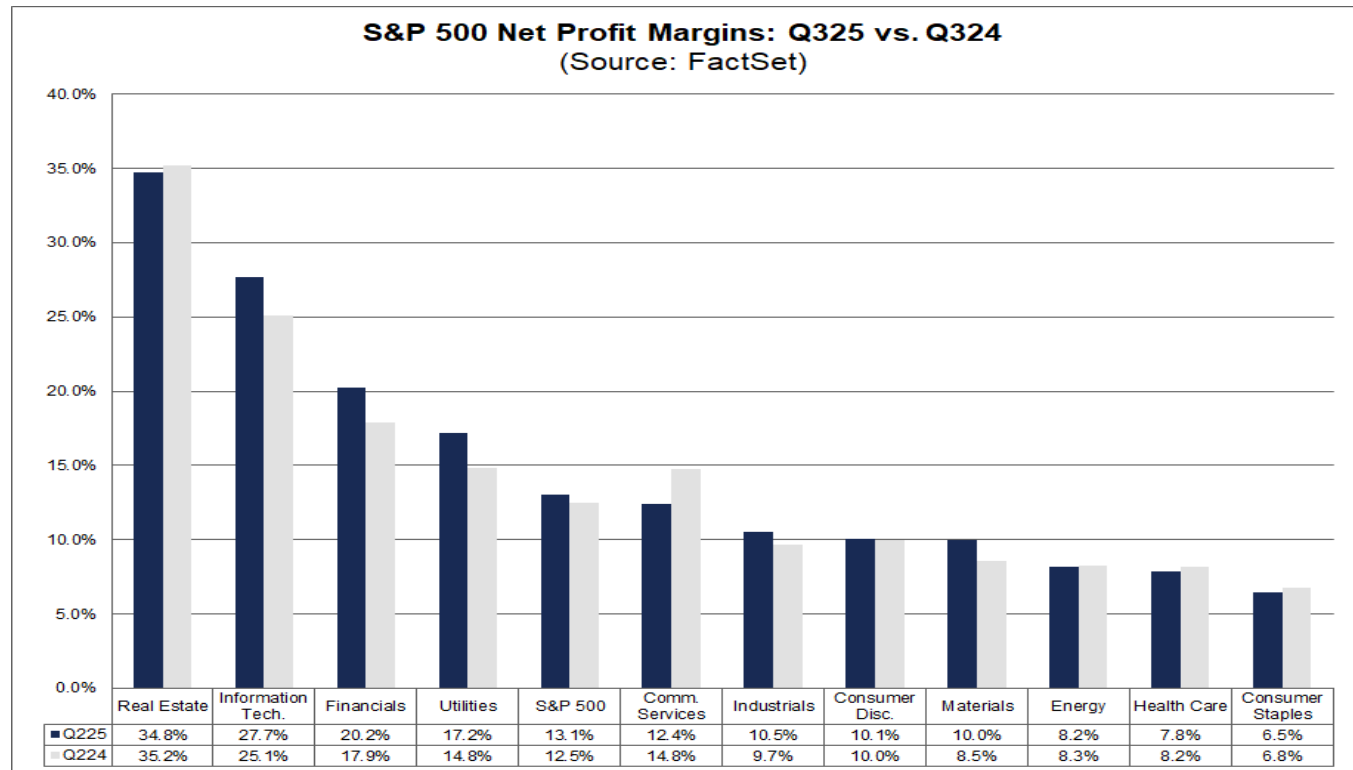
Q3 2025: Growth



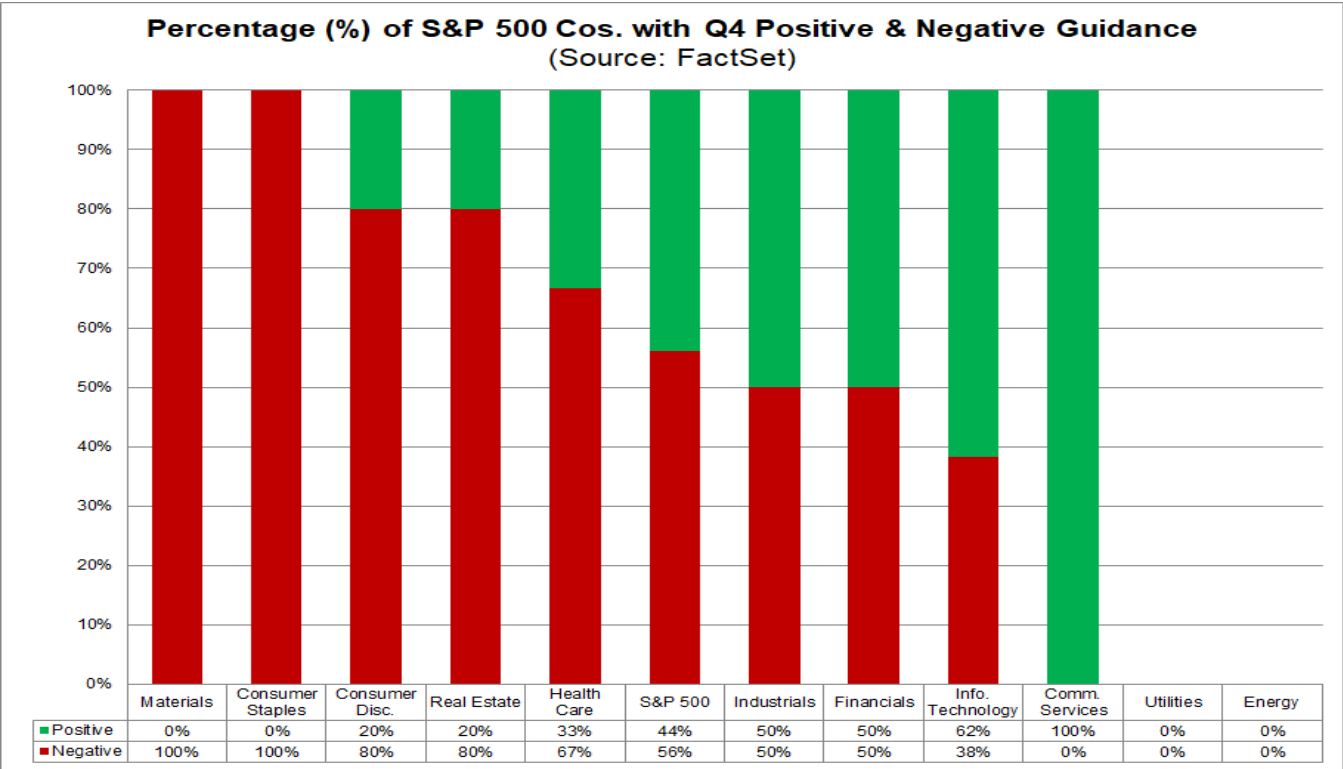
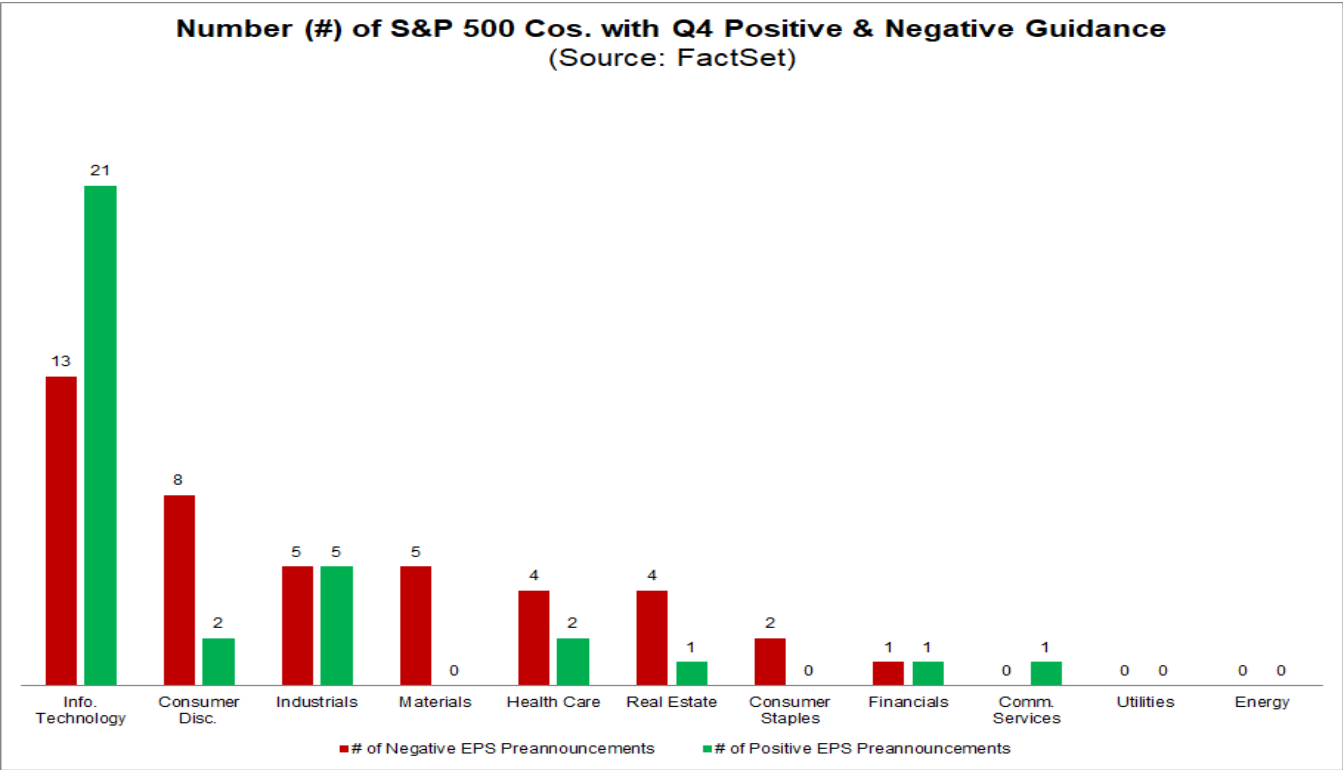
Q3 2025: Growth



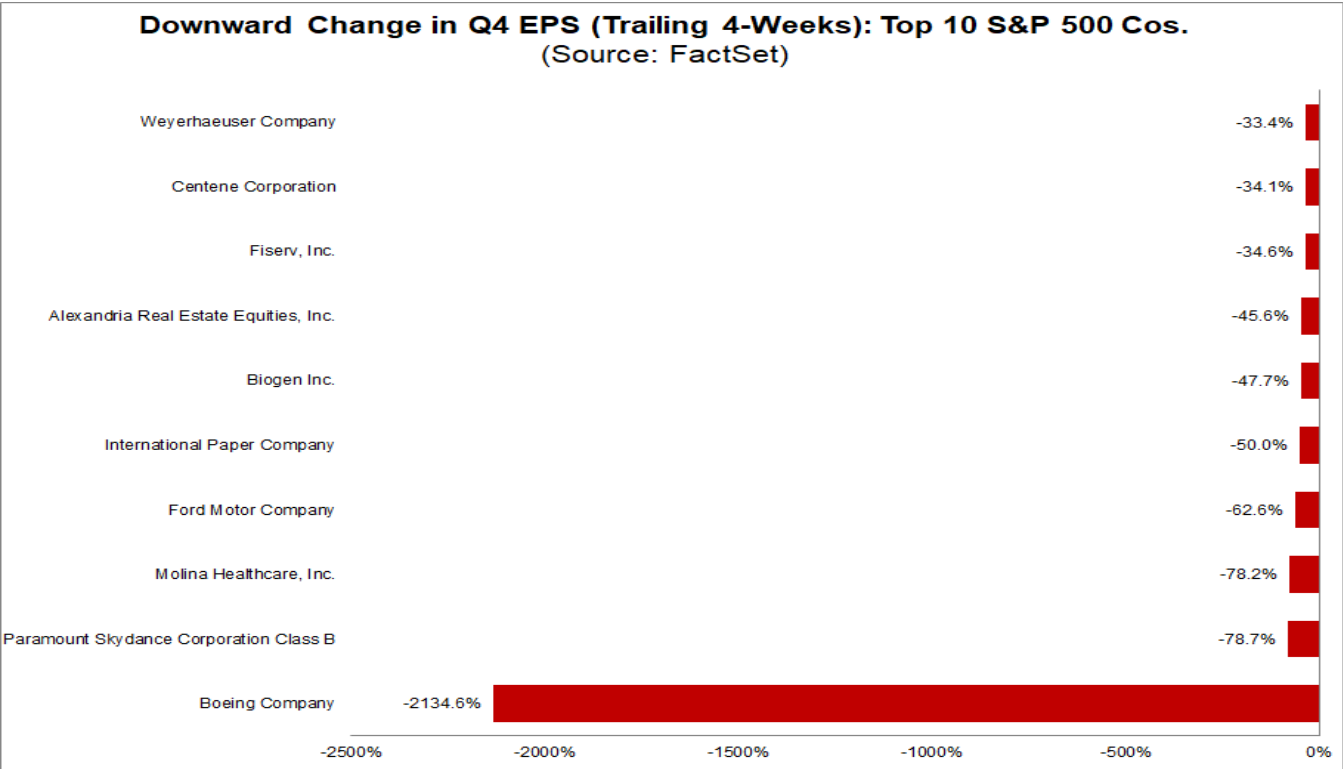
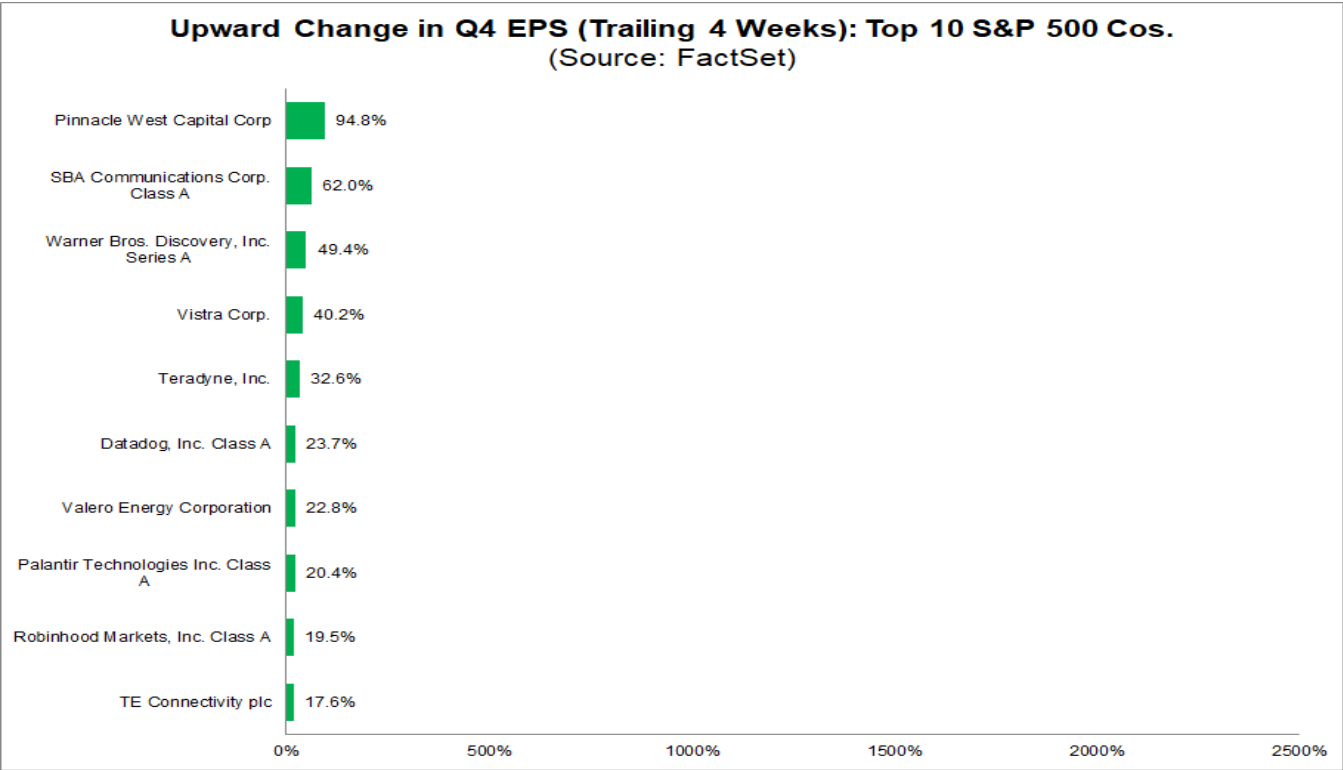
Q3 2025: Net Profit Margin



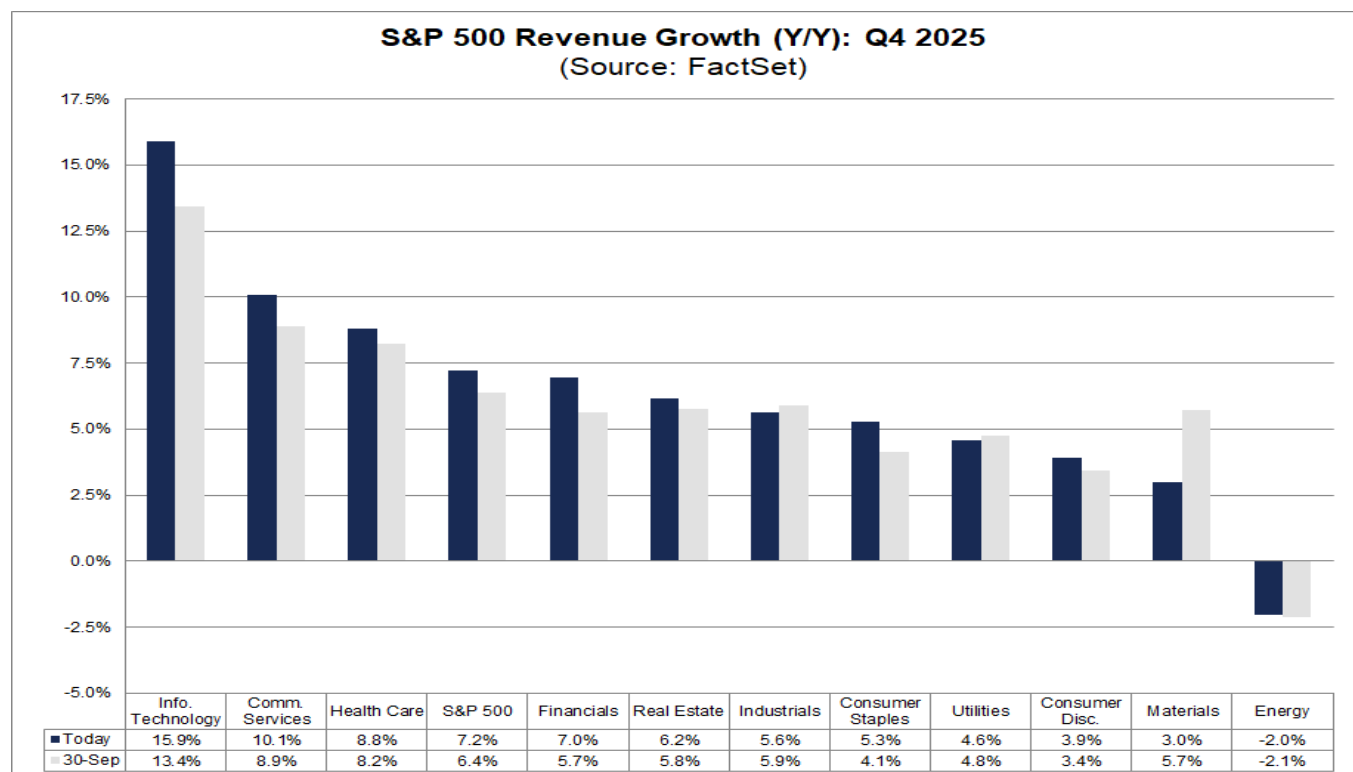
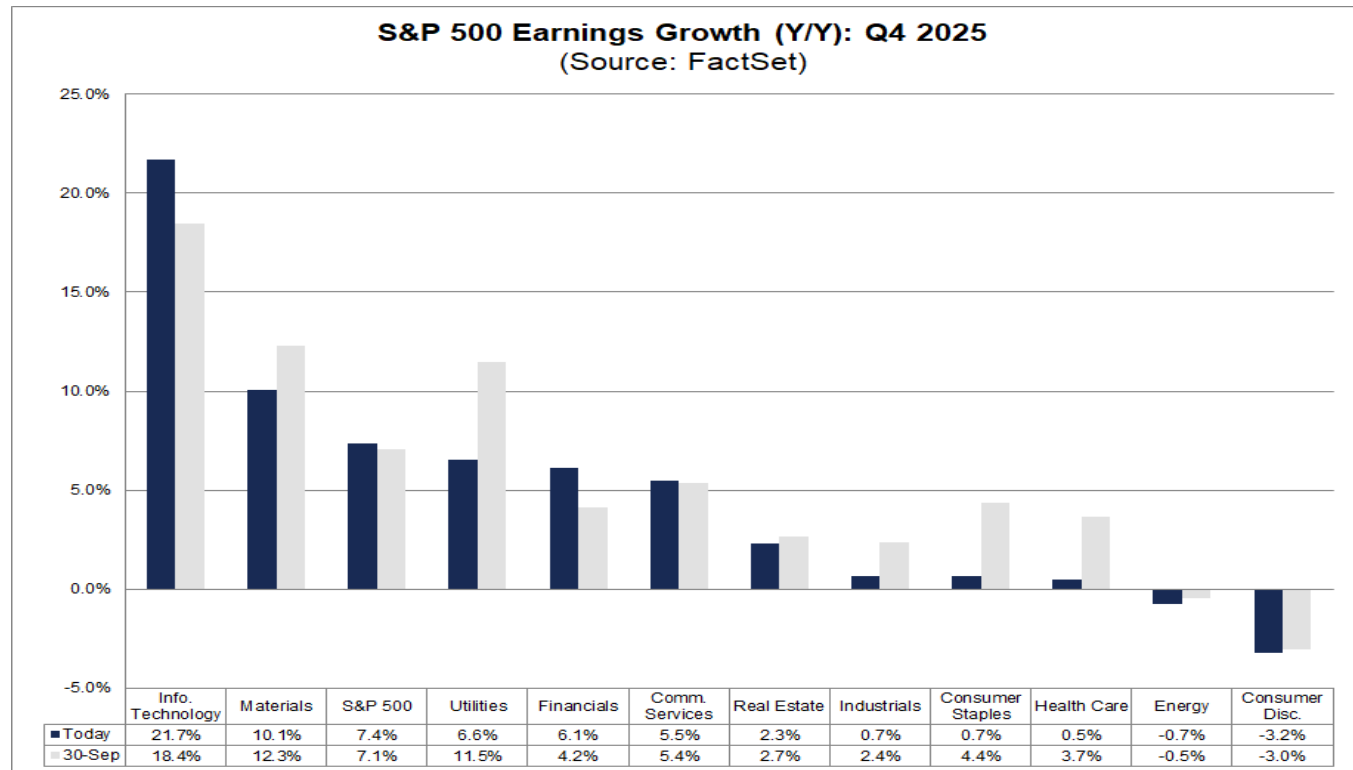
Q4 2025: Guidance



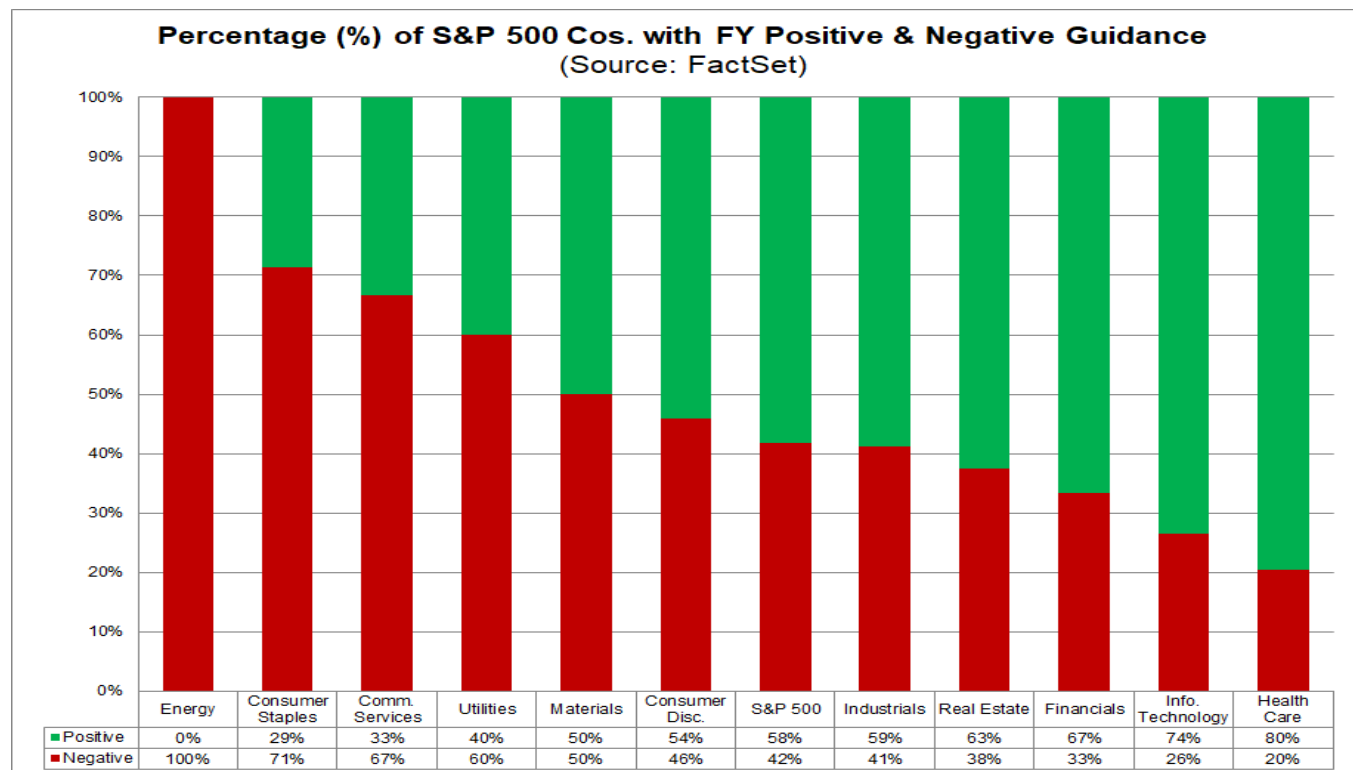
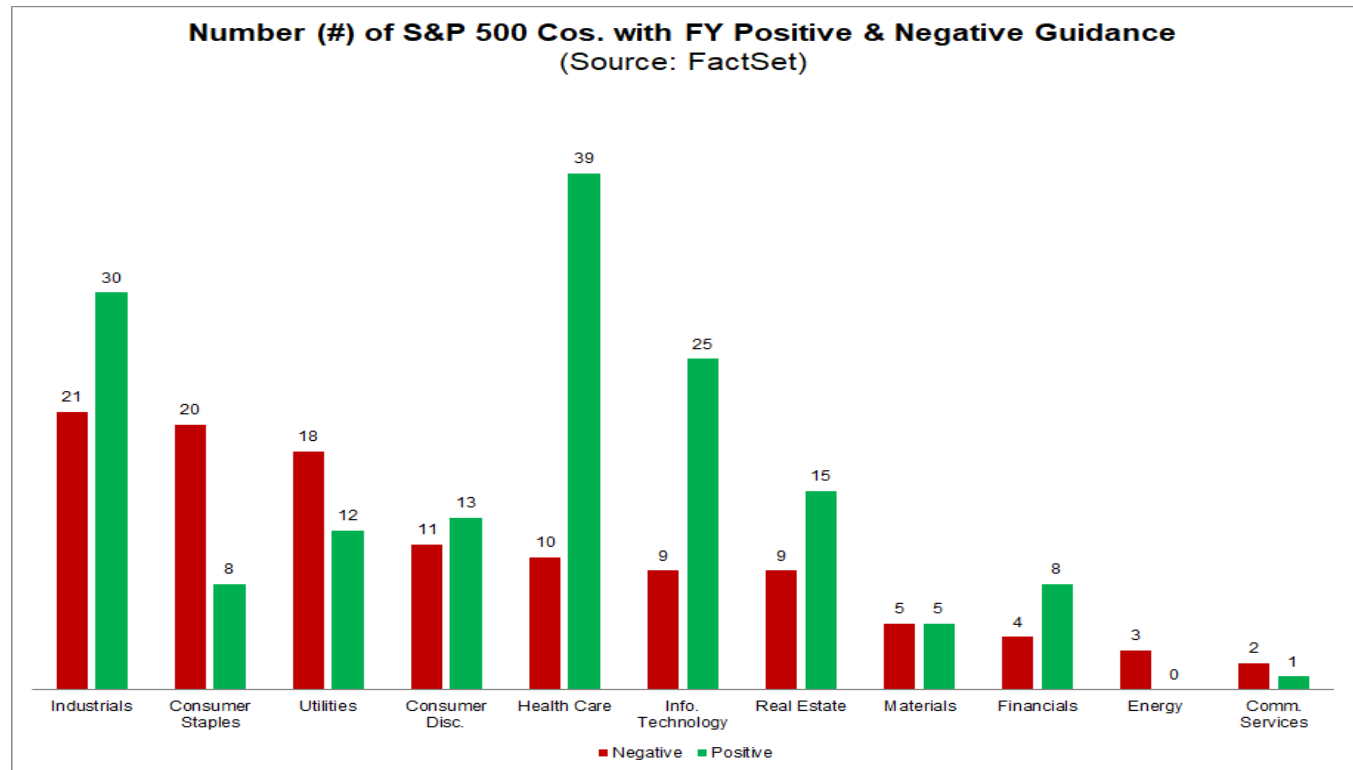
Q4 2025: EPS Revisions



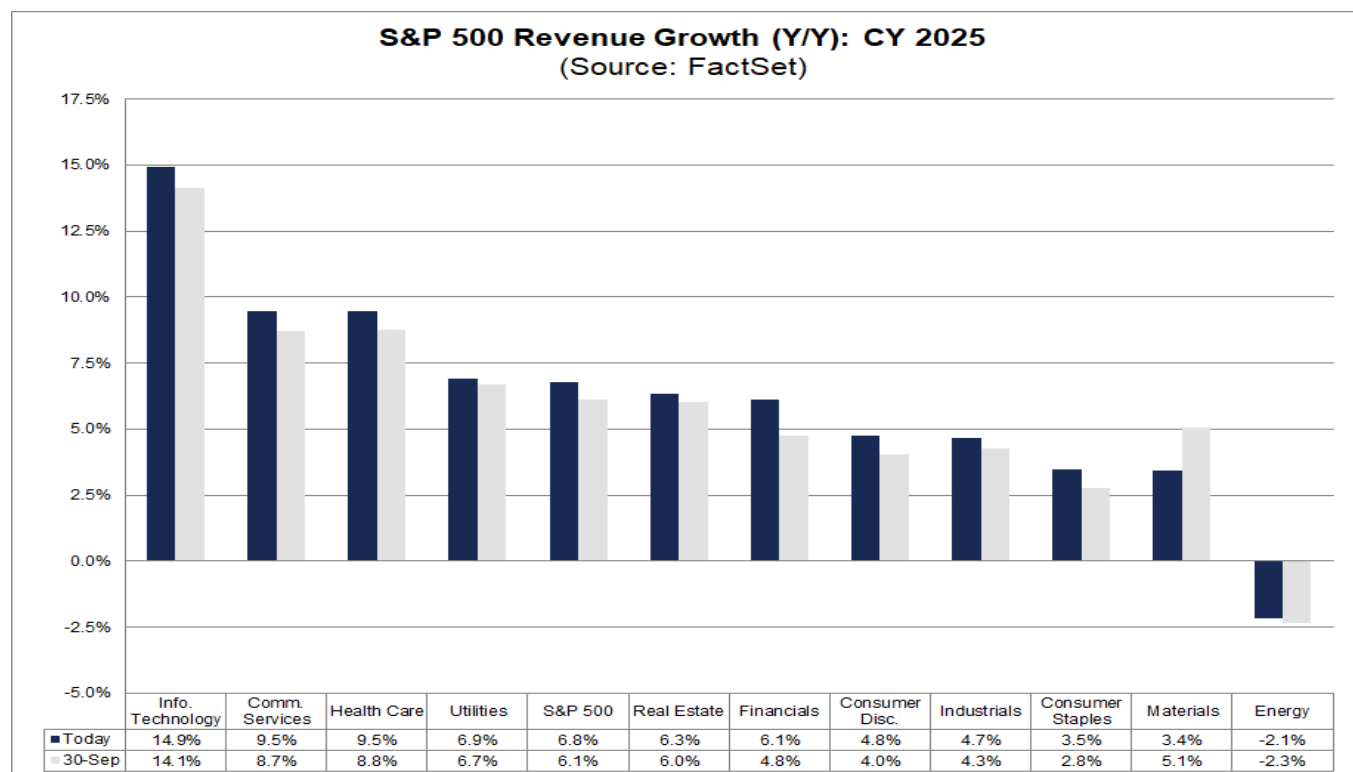
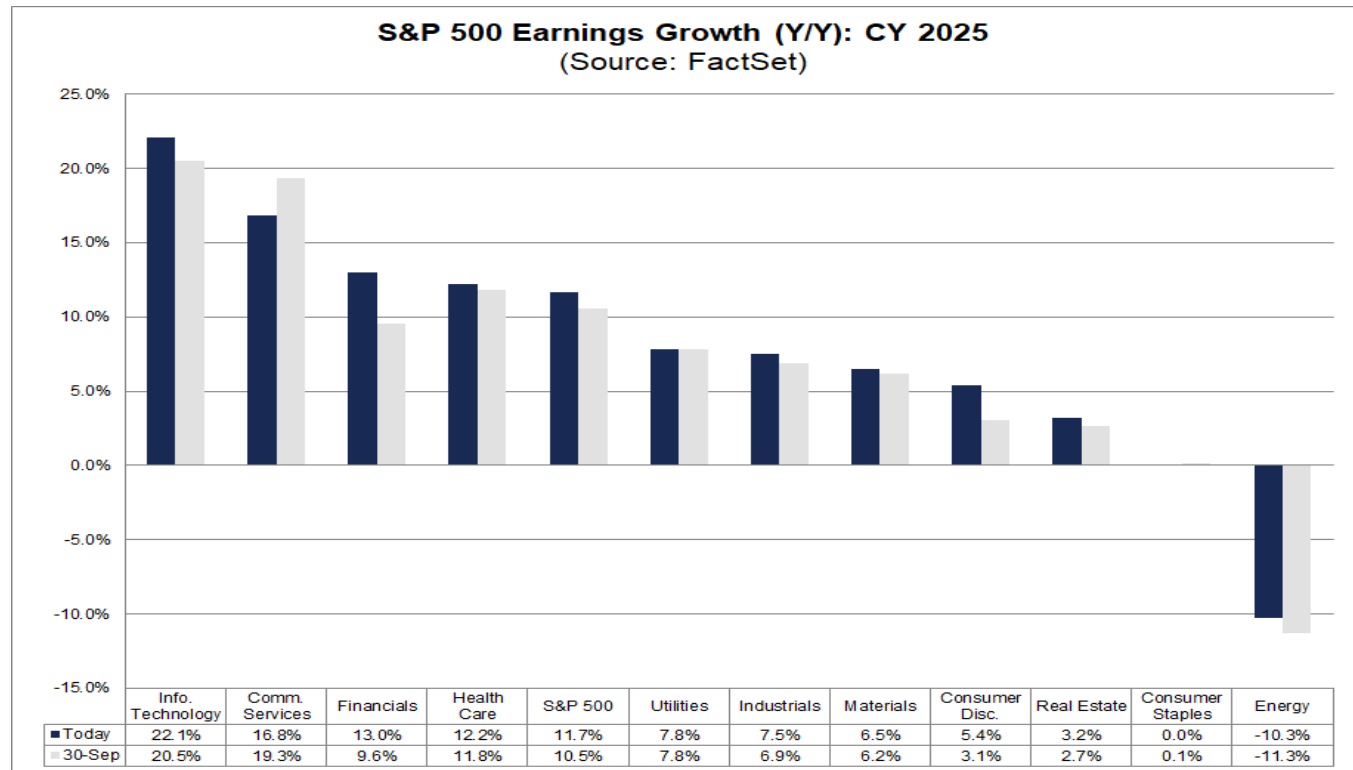
Q4 2025: Growth



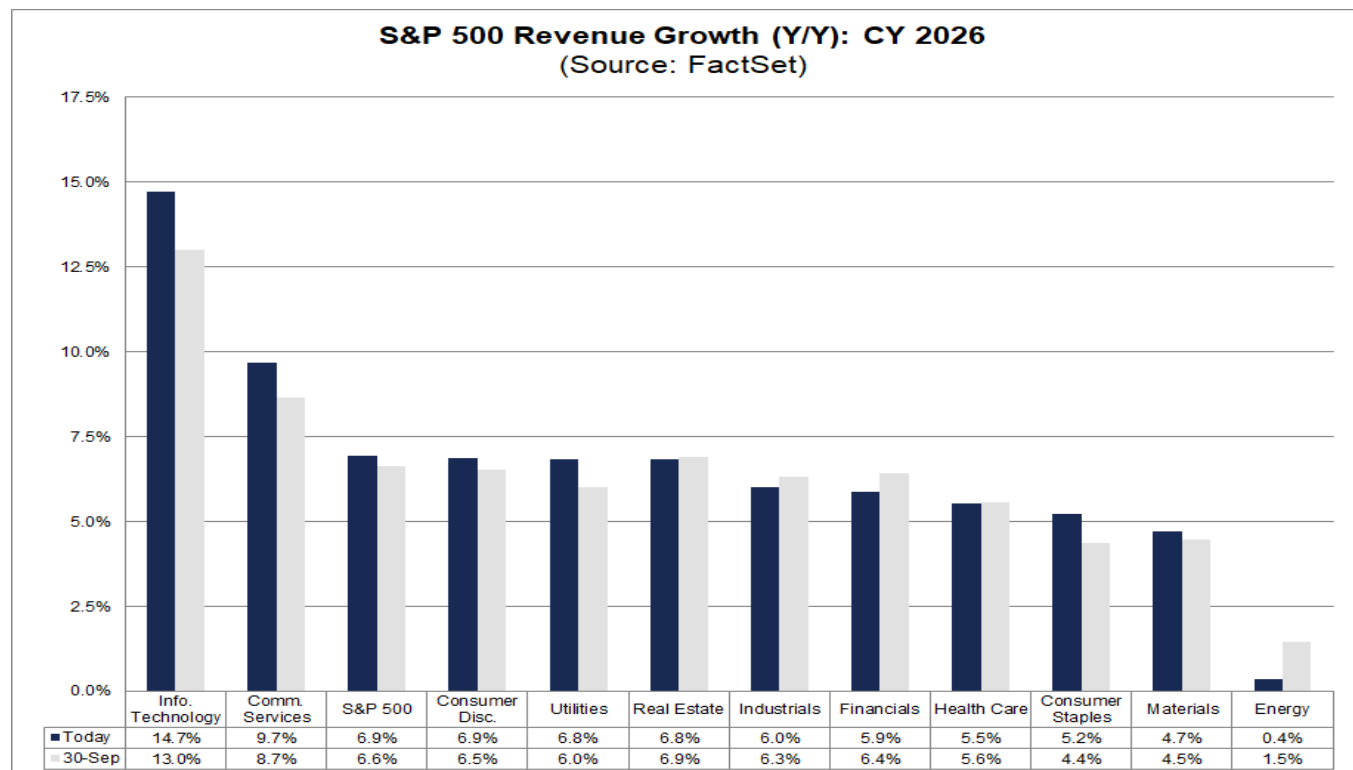
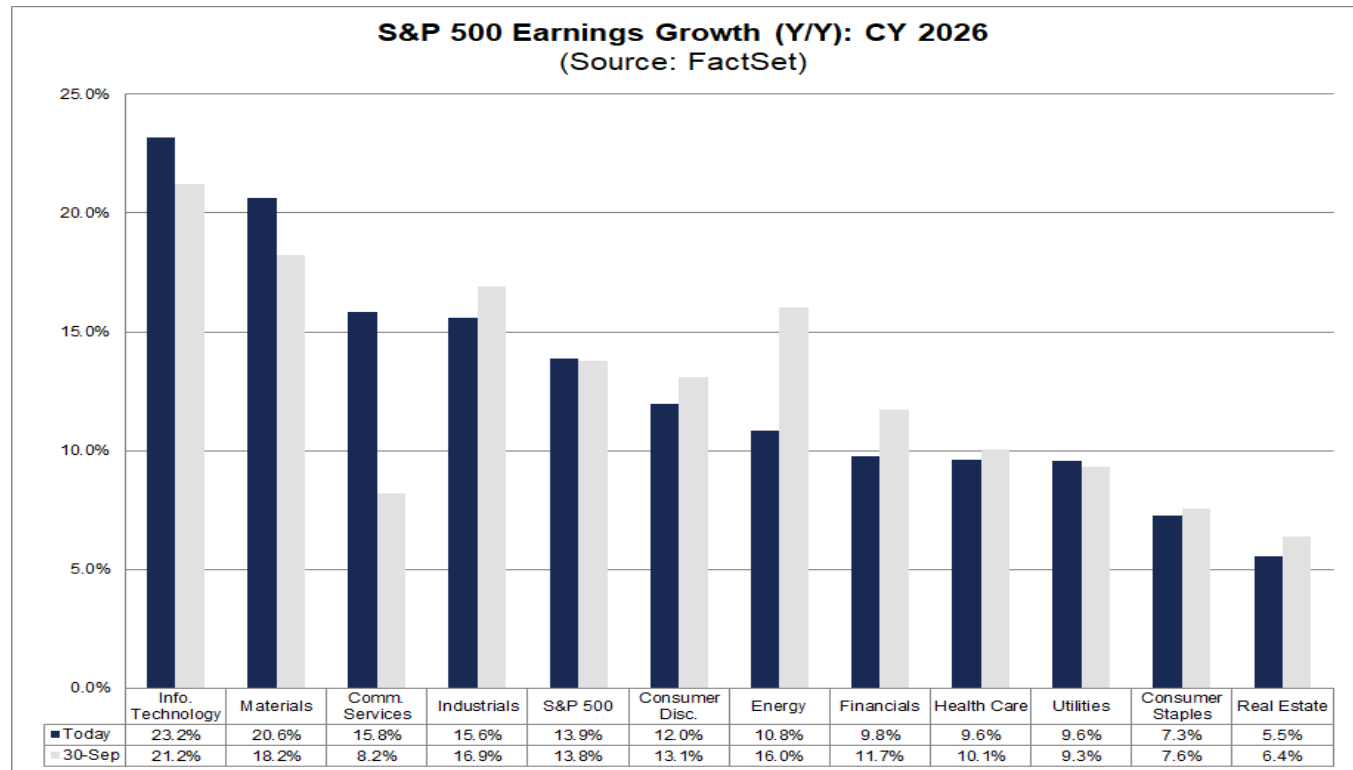
FY 2025 / 2026: EPS Guidance



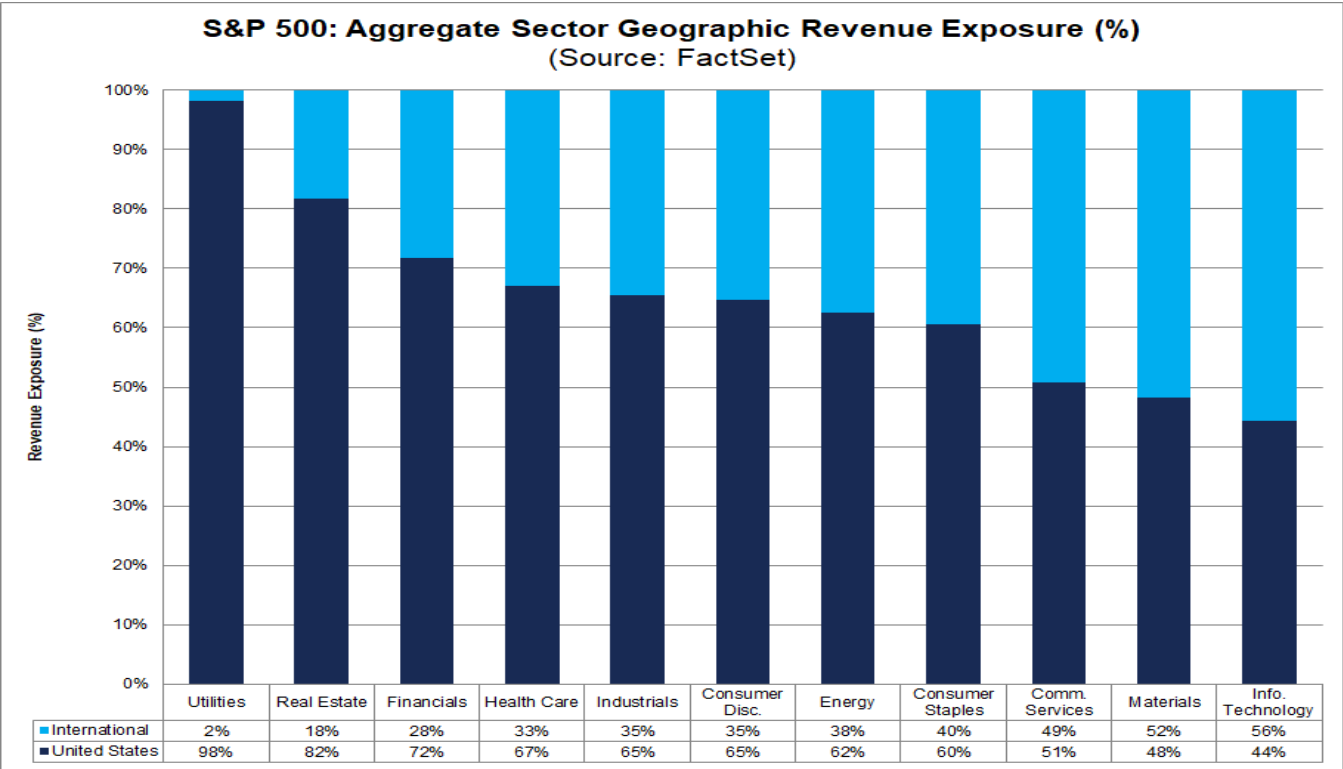
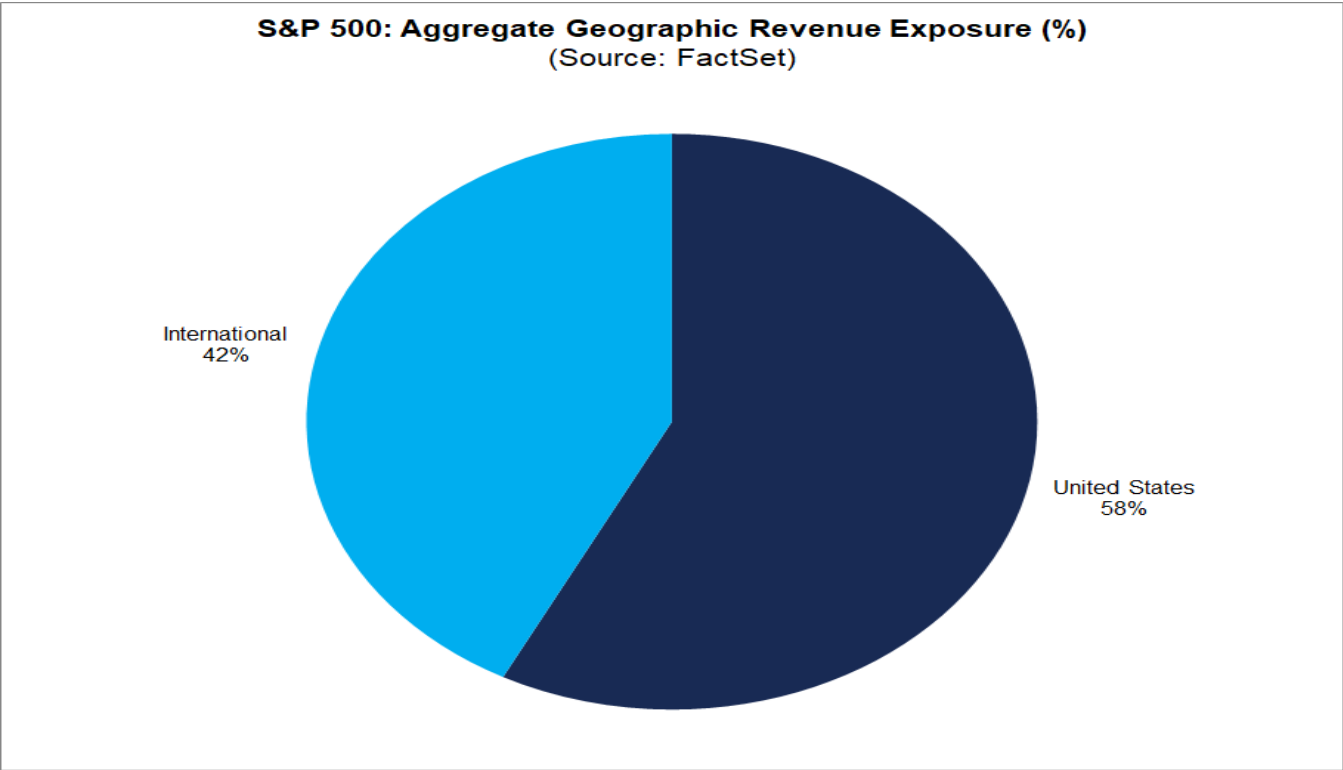
CY 2025: Growth



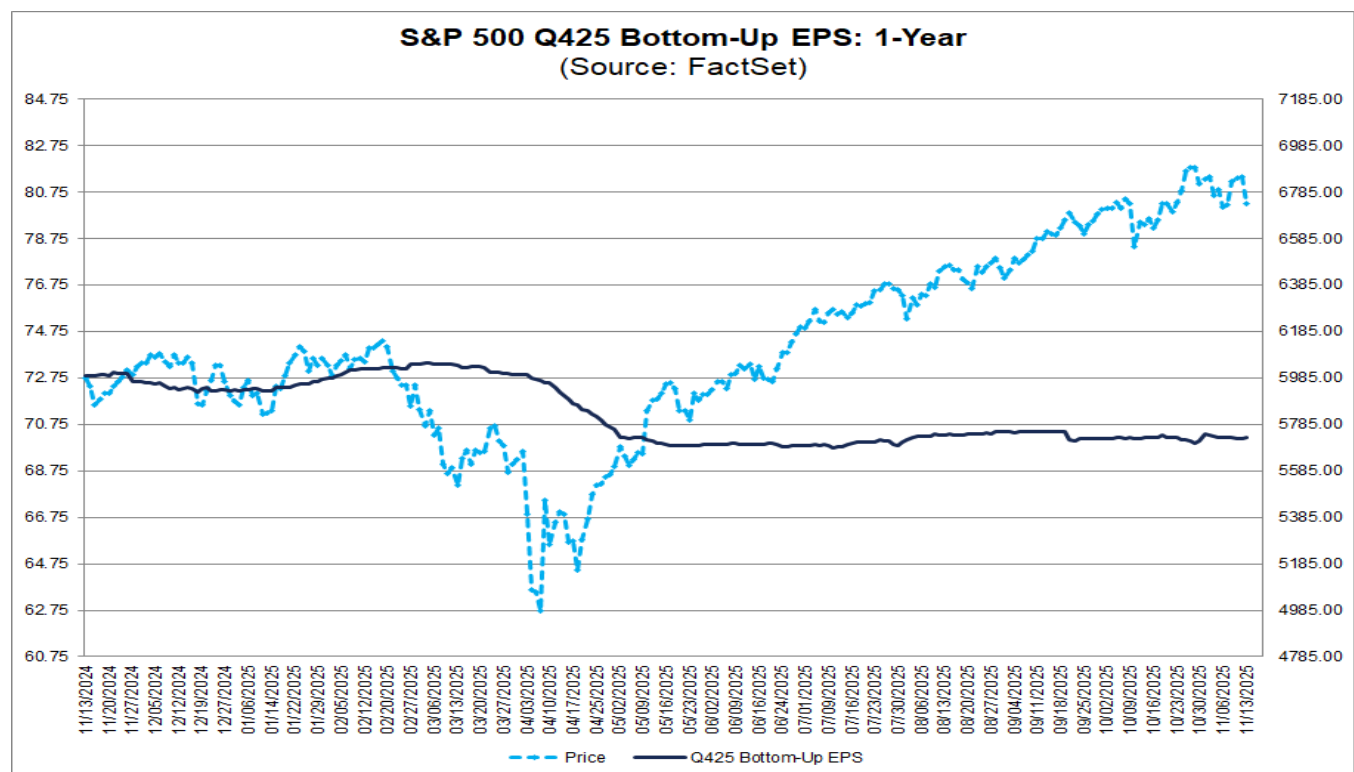
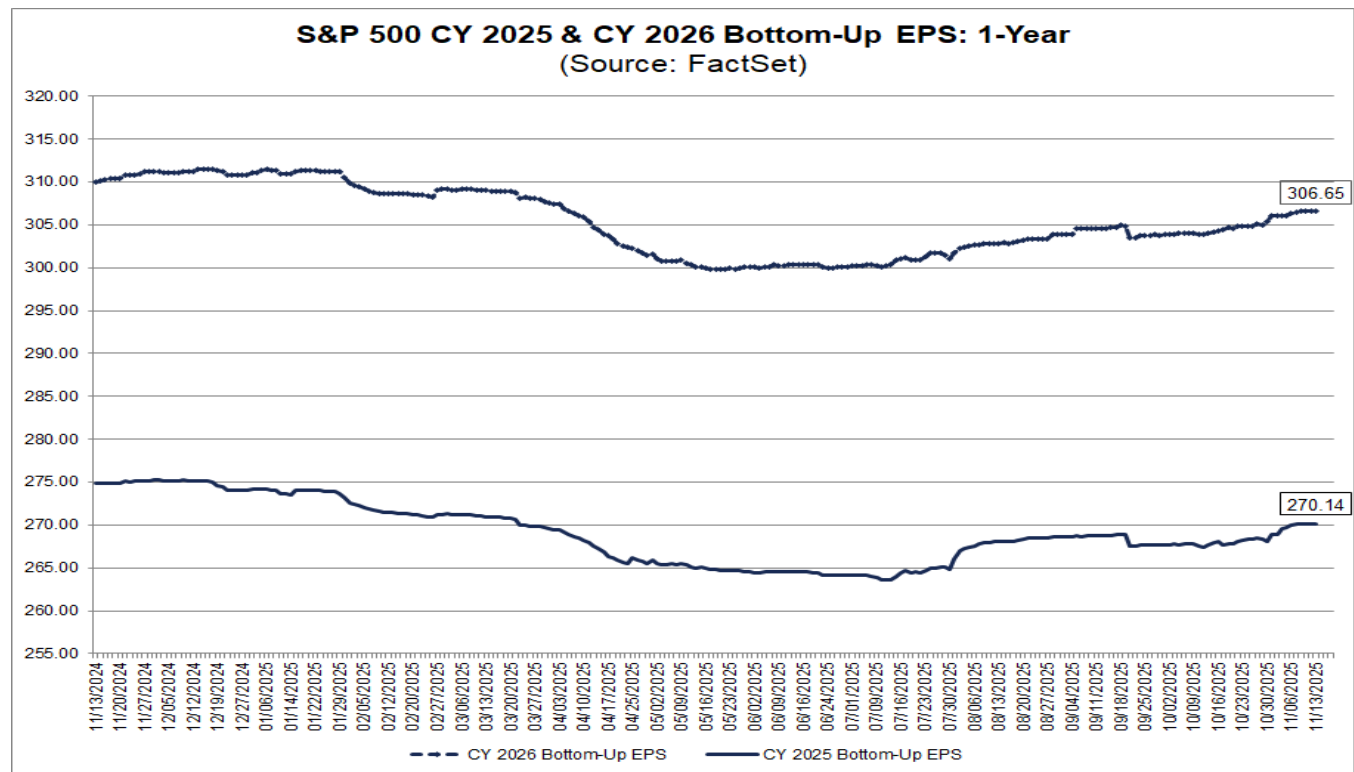
CY 2026: Growth



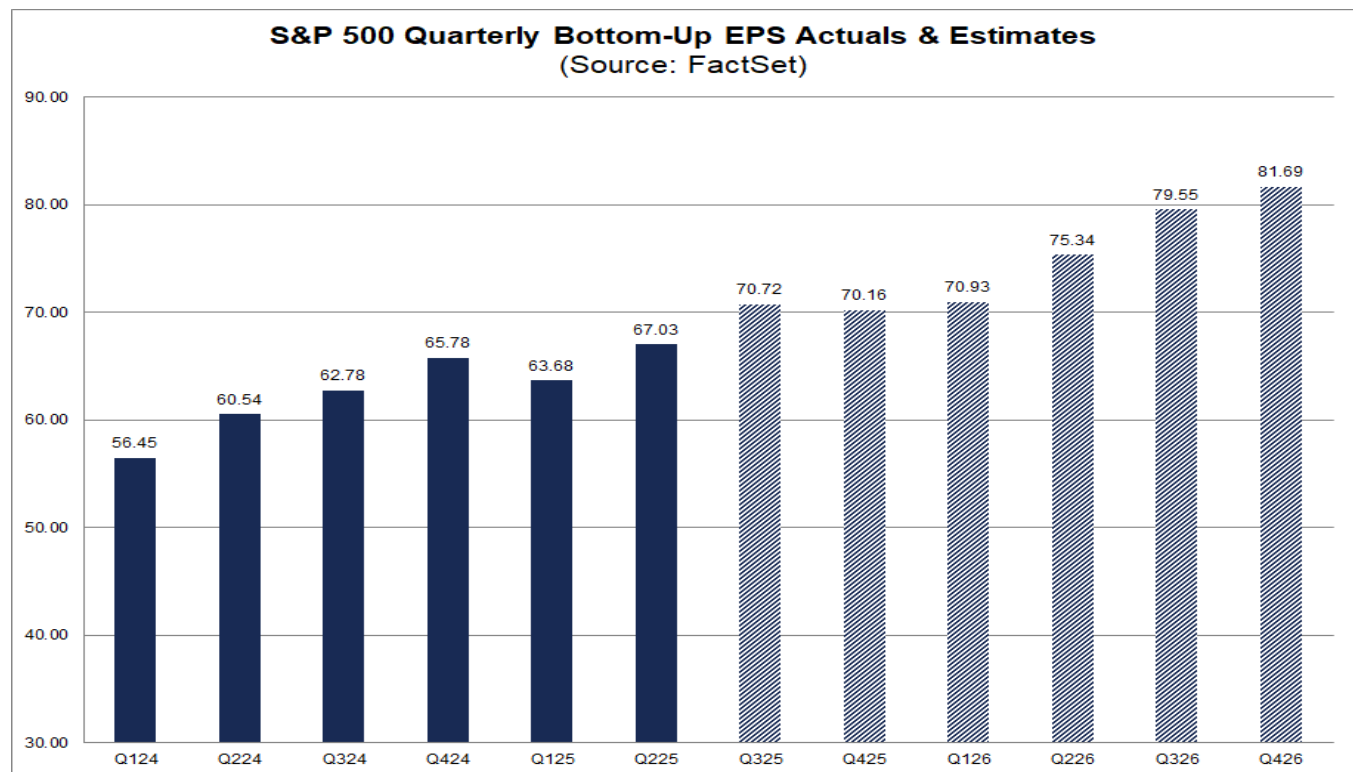
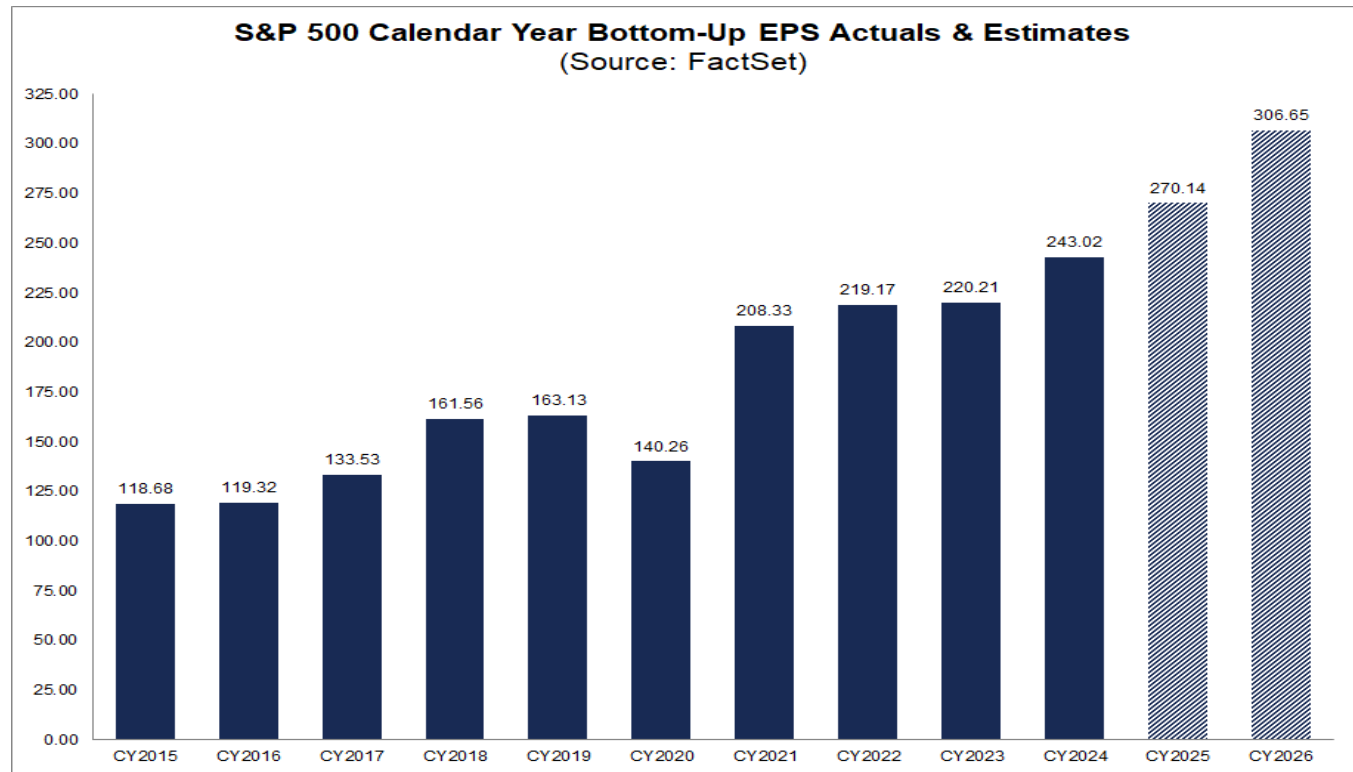
Geographic Revenue Exposure



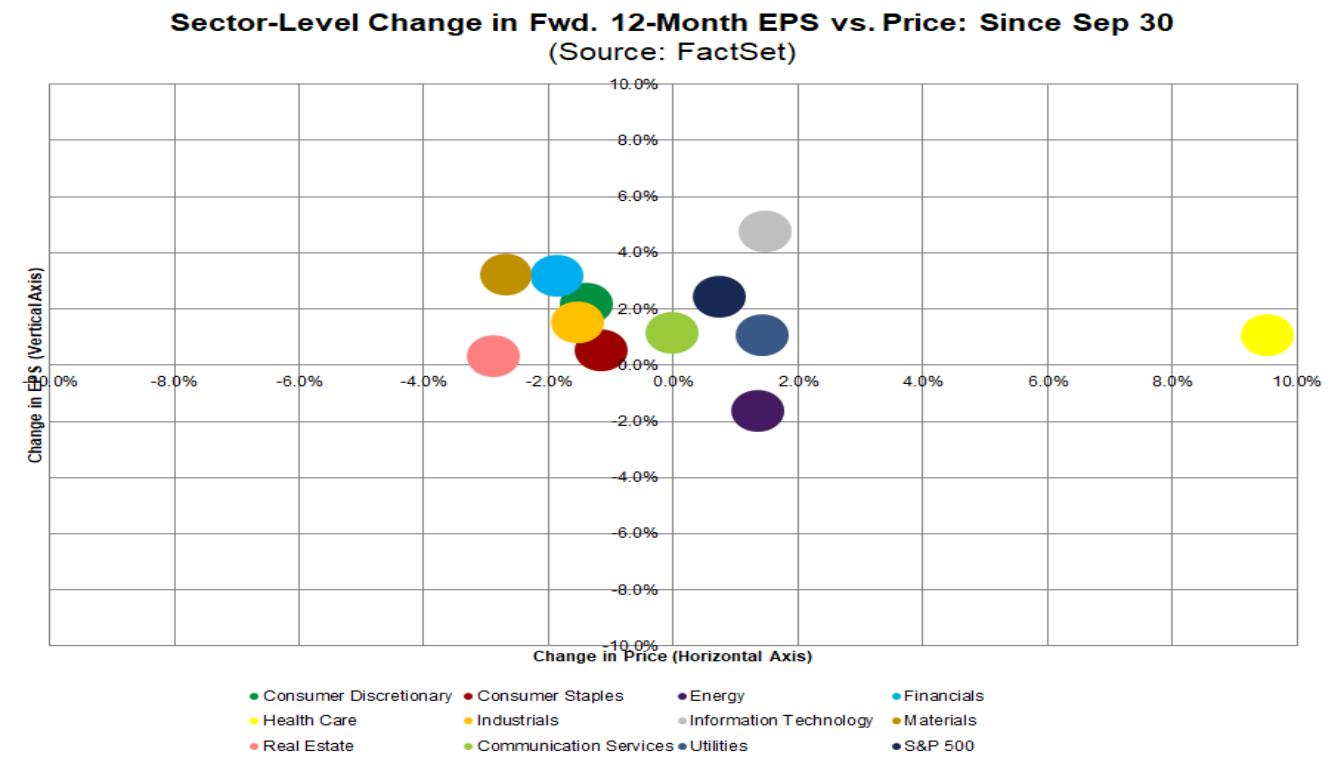
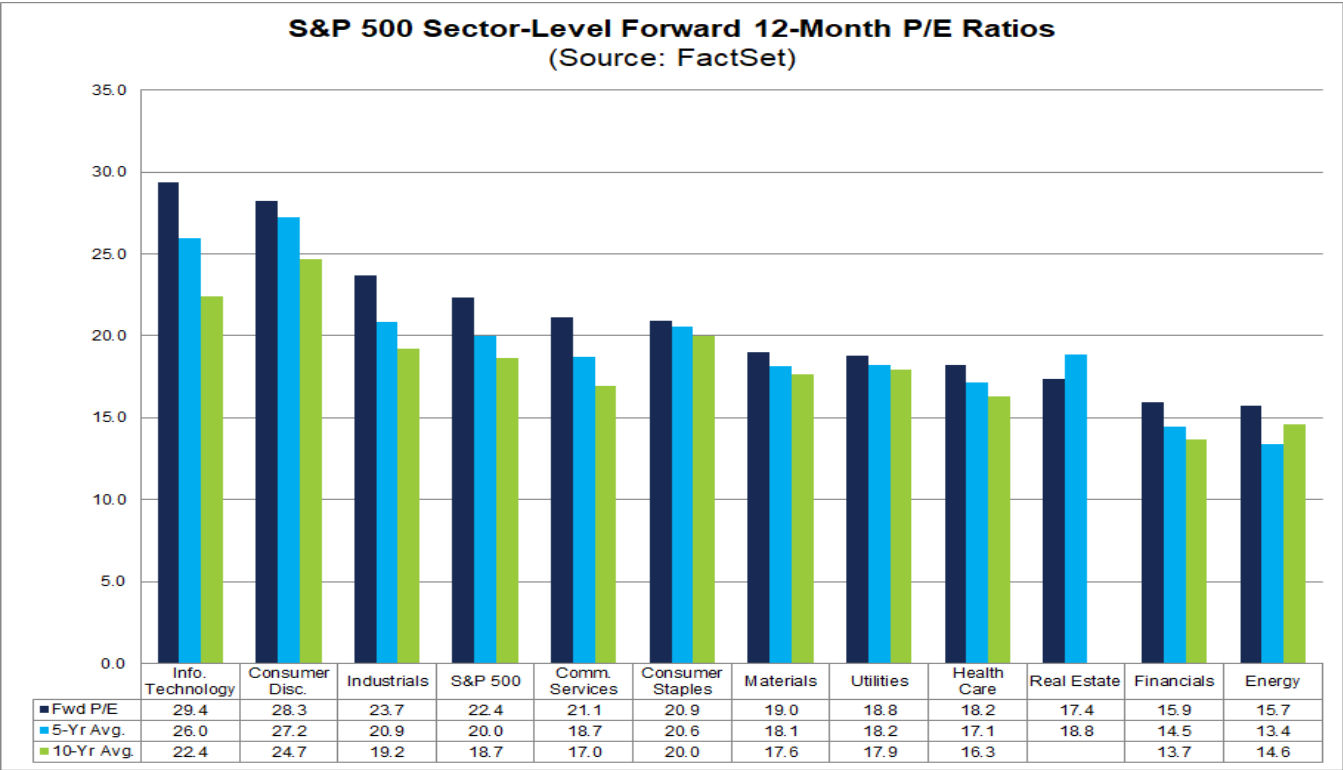
Bottom-Up EPS Estimates



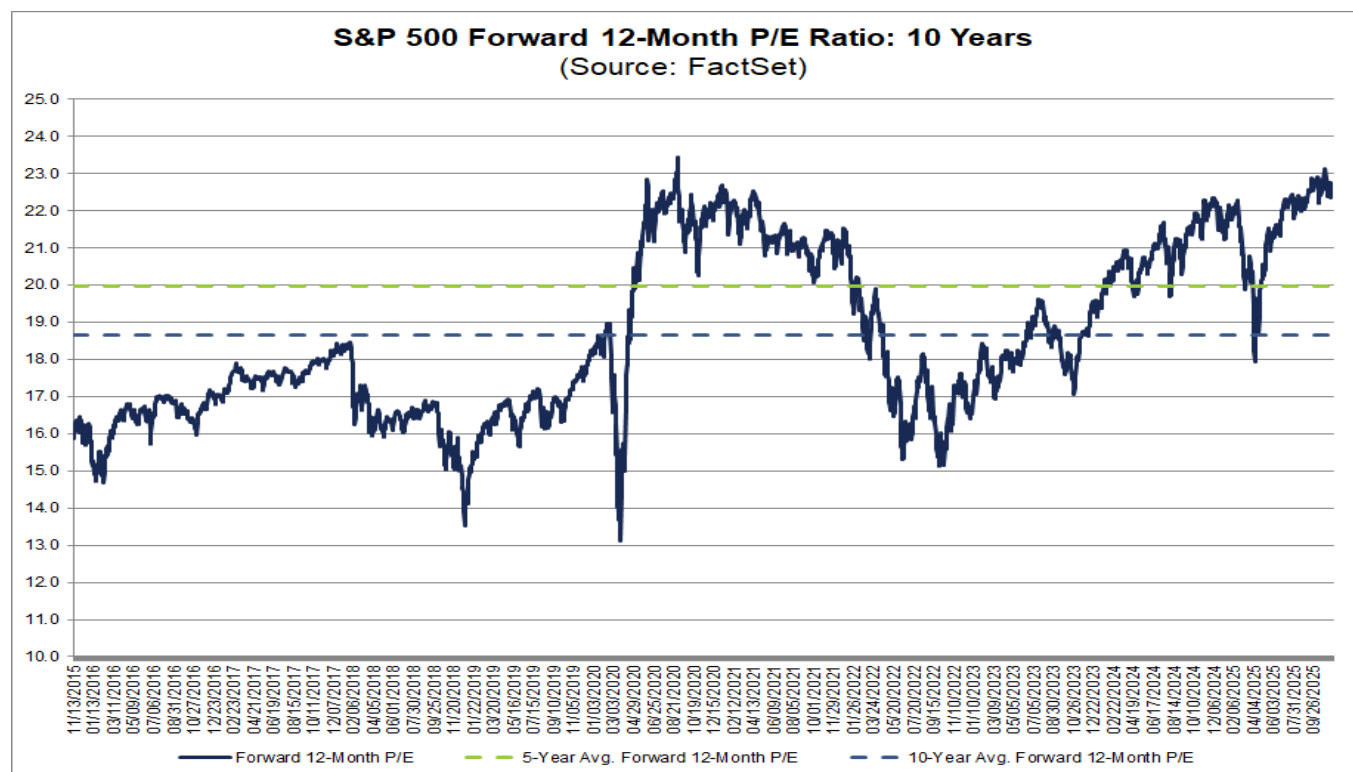
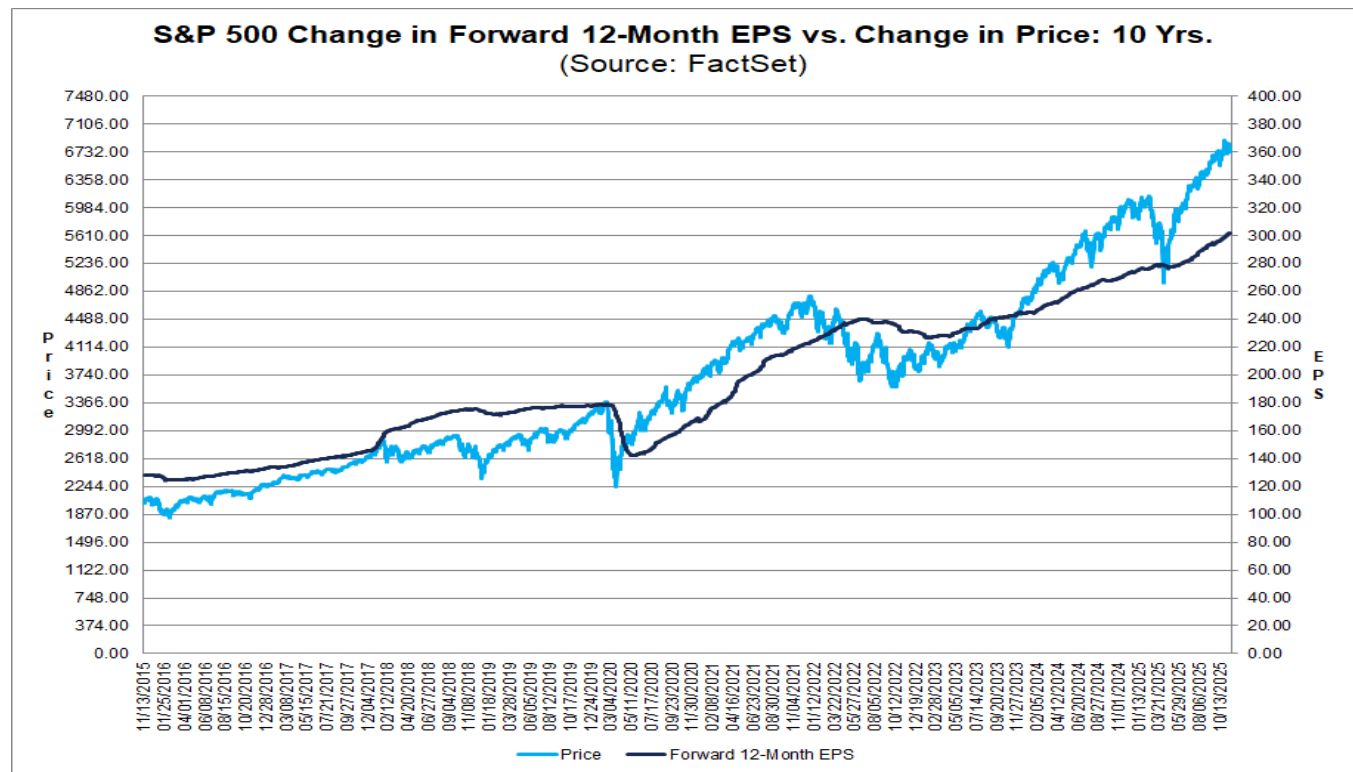
Bottom-Up EPS Estimates: Current & Historical



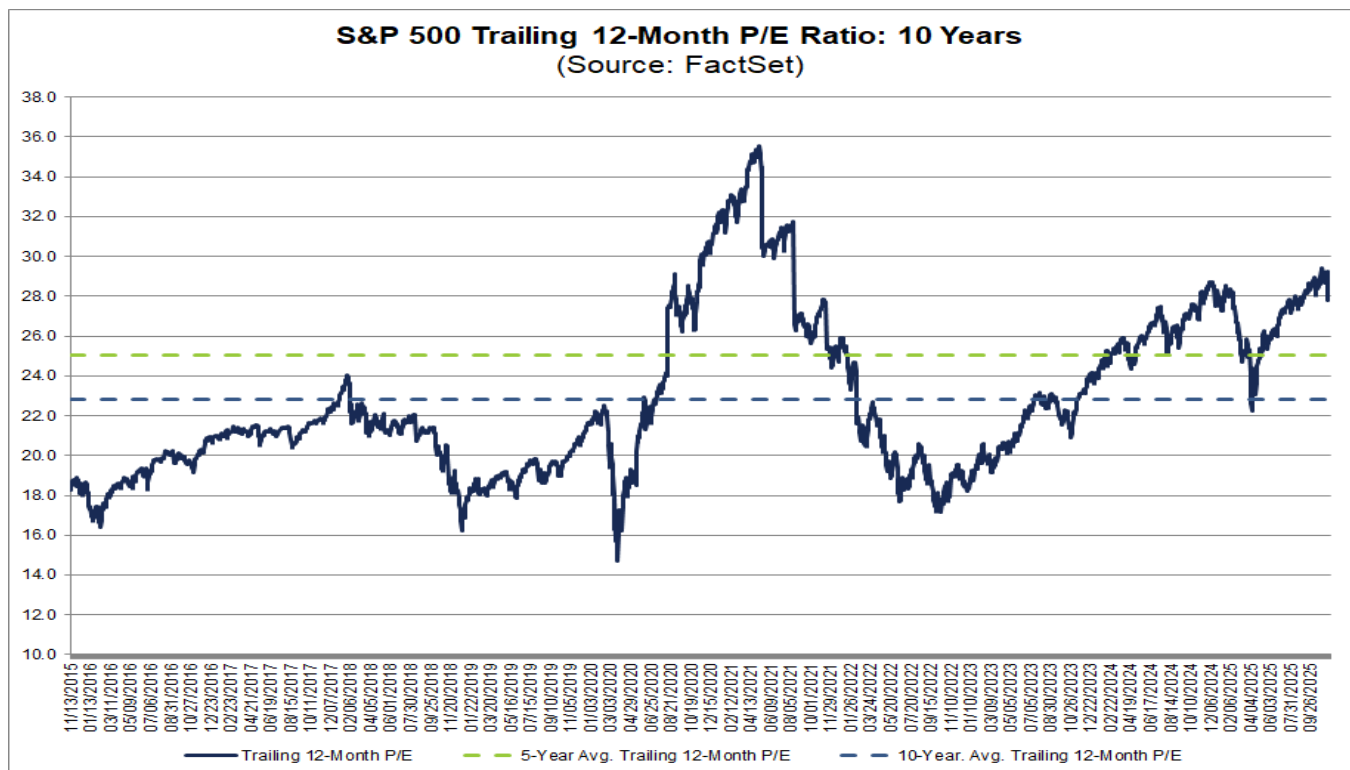
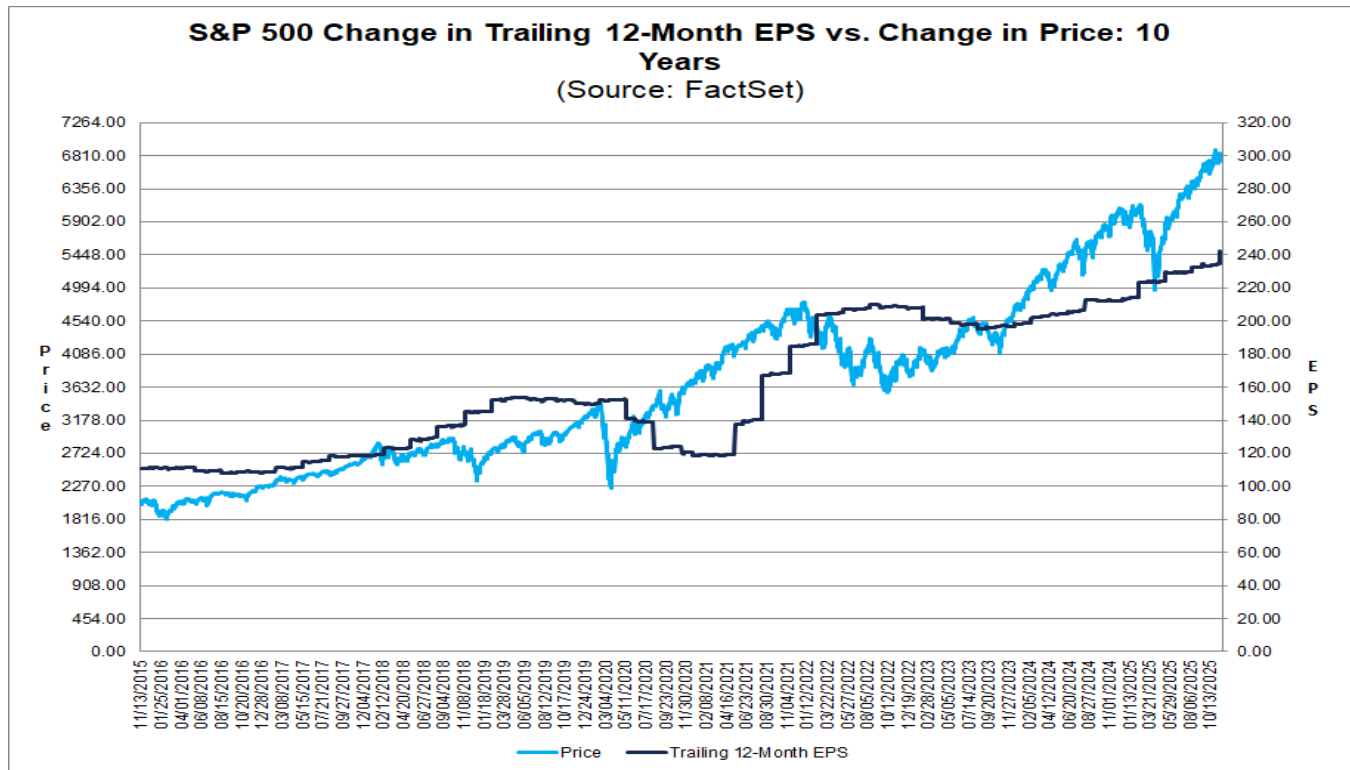
Forward 12M P/E Ratio: Sector Level



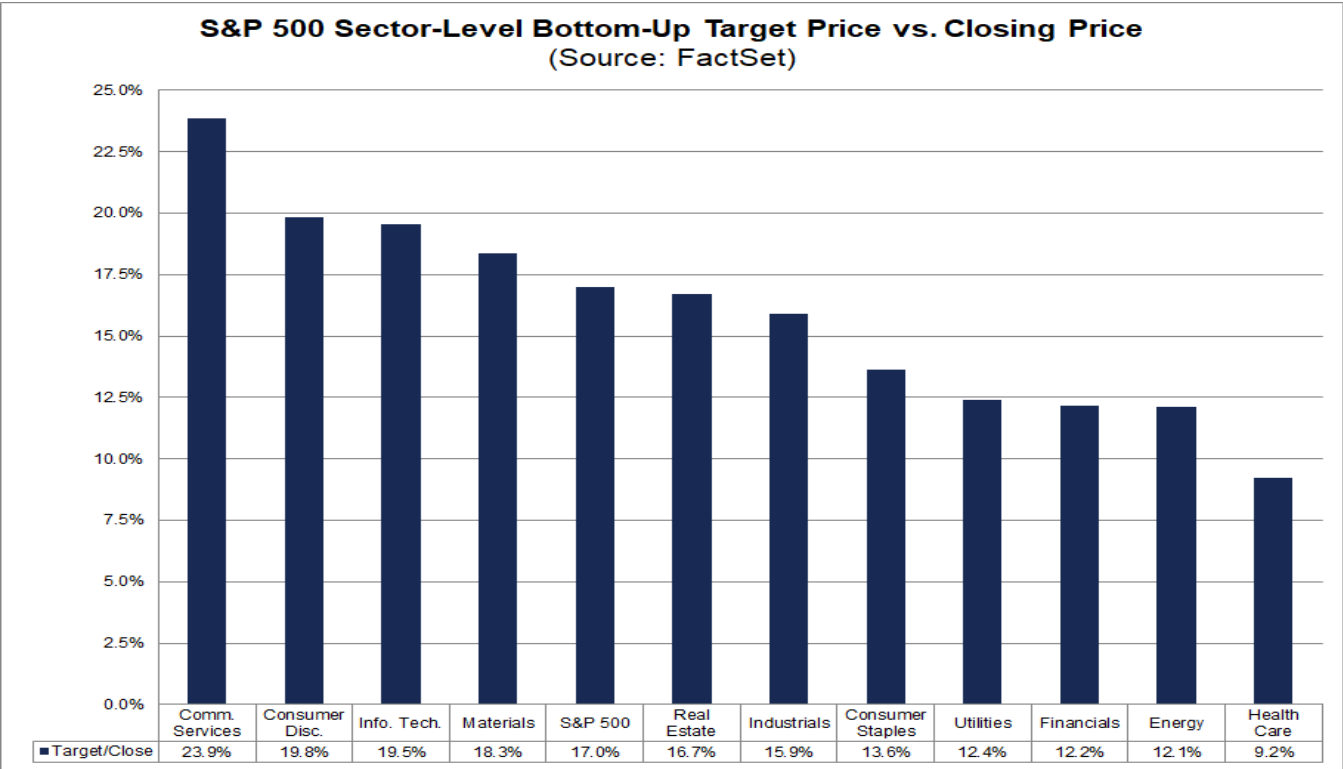
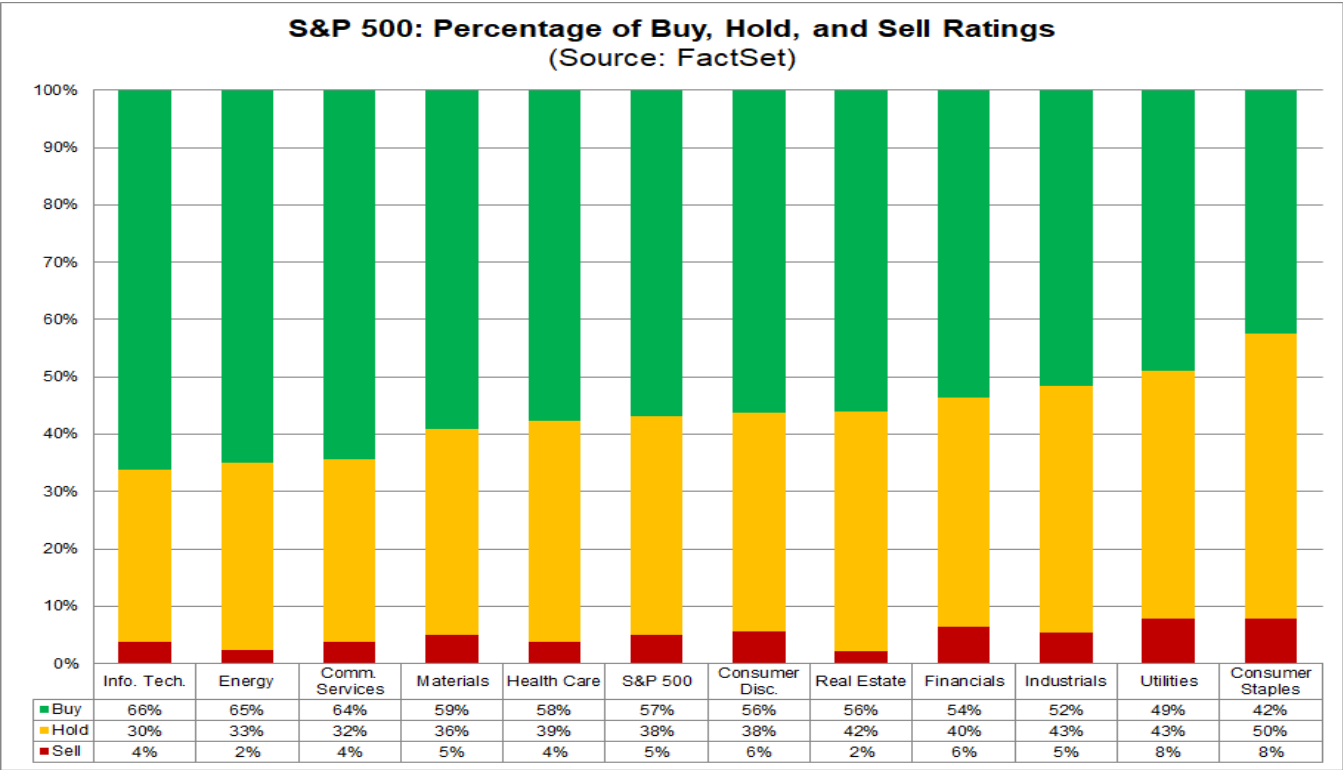
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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