

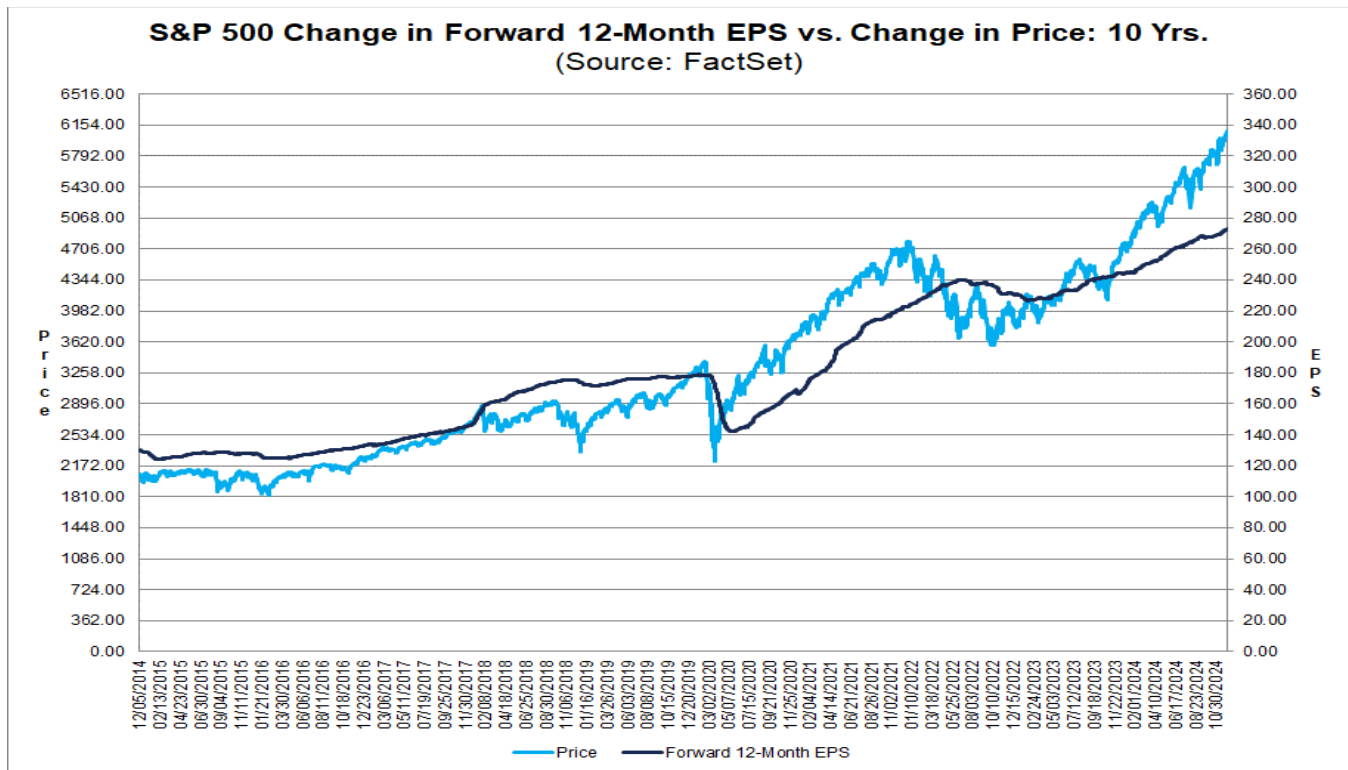
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Key Metrics

- Earnings Growth:** For Q4 2024, the estimated (year-over-year) earnings growth rate for the S&P 500 is 11.9%. If 11.9% is the actual growth rate for the quarter, it will mark the highest (year-over-year) earnings growth reported by the index since Q4 2021.
- Earnings Revisions:** On September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2024 was 14.5%. Nine sectors are expected to report lower earnings today (compared to September 30) due to downward revisions to EPS estimates.
- Earnings Guidance:** For Q4 2024, 67 S&P 500 companies have issued negative EPS guidance and 35 S&P 500 companies have issued positive EPS guidance.
- Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.3. This P/E ratio is above the 5-year average (19.7) and above the 10-year average (18.1).
- Earnings Scorecard:** For Q3 2024 (with 99% of S&P 500 companies reporting actual results), 75% of S&P 500 companies have reported a positive EPS surprise and 62% of S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Have Industry Analysts Overestimated S&P 500 EPS For 2025?

For 2025, the bottom-up EPS estimate for the S&P 500 (which reflects an aggregation of the median EPS estimates for CY 2025 for all of the companies in the index) is \$275.24. If \$275.24 is the final number for the year, it will mark the highest (annual) EPS number reported by the index since FactSet began tracking this metric in 1996. However, what is the likelihood that \$275.24 will be the final EPS value for the S&P 500 in 2025?

In other words, how accurate is the bottom-up EPS estimate for the S&P 500 one year in advance?

Over the past 25 years (1999 – 2023), the average difference between the bottom-up EPS estimate at the beginning of the year (December 31) and the final EPS number for that same year has been 6.3%. In other words, industry analysts on average have overestimated the final EPS number by 6.3% one year in advance.

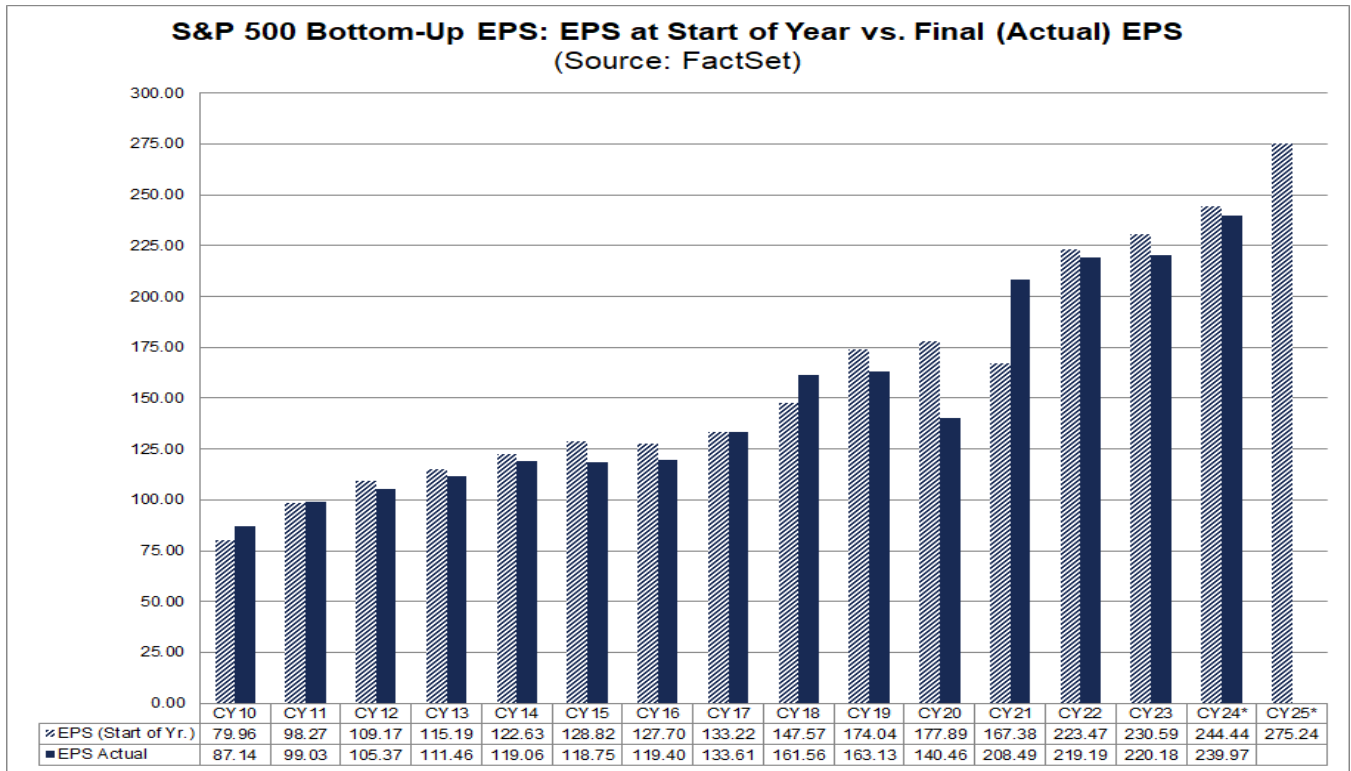
Analysts overestimated the final value (the final value finished below the estimate) in 17 of the 25 years and underestimated the final value (the final value finished above the estimate) in the other 8 years.

For the purposes of this analysis, the final EPS number for a year is the EPS number recorded two months after the end of each calendar year (February 28) to capture the actual annual EPS results reported by most companies during the fourth quarter earnings season.

However, this 6.3% average includes four years in which the difference between the bottom-up EPS estimate at the start of the year and the final EPS number for that same year exceeded 25%: 2001 (+36%), 2008 (+43%), 2009 (+28%), and 2020 (+27%). These large differences can be attributed to events that may have been difficult for analysts to predict at the start of the year. In 2001, the country endured the 9/11 attacks. In 2008 and 2009, the country was in the midst of economic recession. In 2020, economic lockdowns were implemented due to the COVID-19 pandemic. If these four years with unusual circumstances were excluded, the average difference between the bottom-up EPS estimate at the start of the year and the final EPS number for that year would be 1.1%.

If one applies the average overestimation of 6.3% to the current 2025 EPS estimate (assuming the estimate changes little between now and December 31), the final value for 2025 would be \$257.82. Based on current estimates, this number would still reflect the highest annual EPS number reported by the index since FactSet began tracking this metric in 1996.

If one applies the average overestimation of 1.1% (excluding the years 2001, 2008, 2009, and 2020) to the current 2025 EPS estimate (again assuming the estimate changes little between now and December 31), the final value for 2025 would be \$272.08. Based on current estimates, this number would also reflect the highest annual EPS number reported by the index since FactSet began tracking this metric in 1996.



*EPS Actual for CY24 and EPS (Start of Yr.) for CY25 reflect values as of Dec. 5

Topic of the Week: 2

Are Analysts Cutting EPS Estimates More Than Average for S&P 500 Companies for Q4?

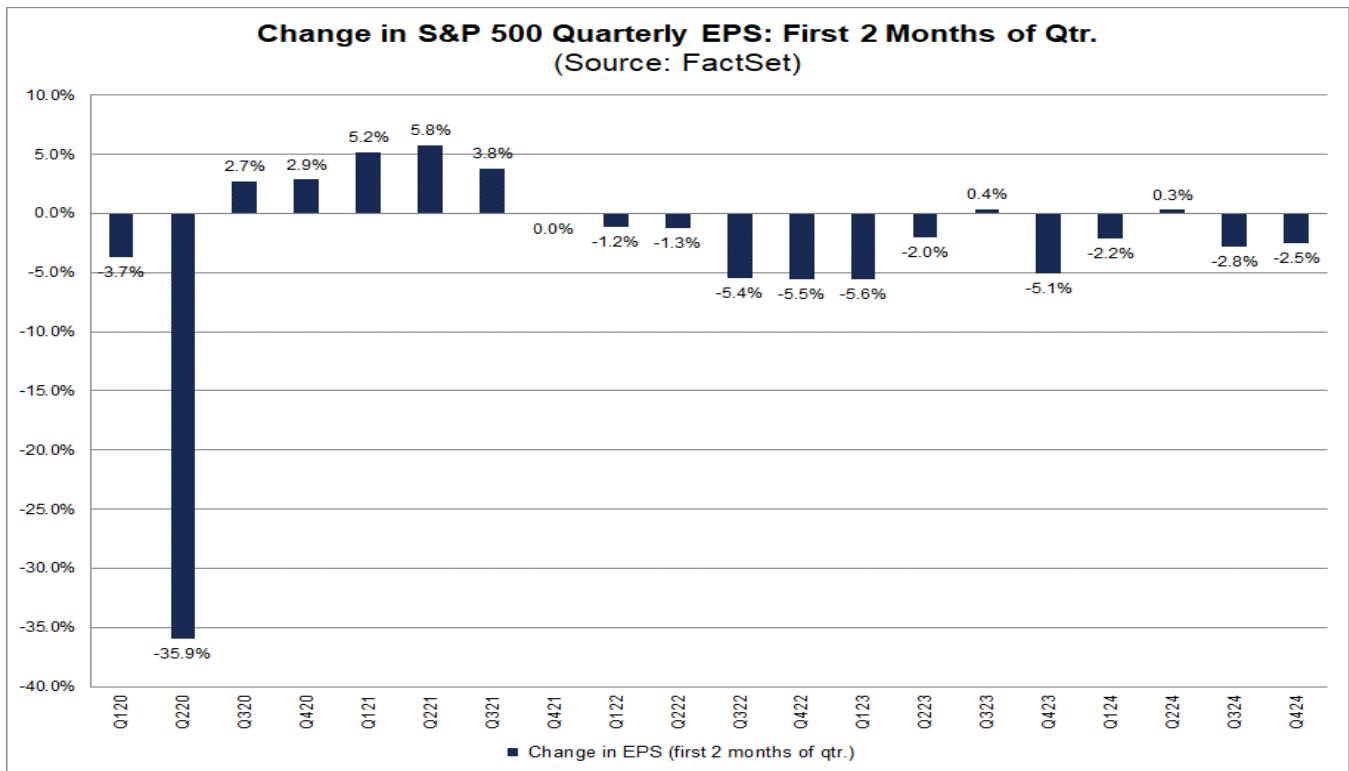
With the first two months of the quarter completed, have analysts lowered EPS estimates more than normal for S&P 500 companies for the fourth quarter?

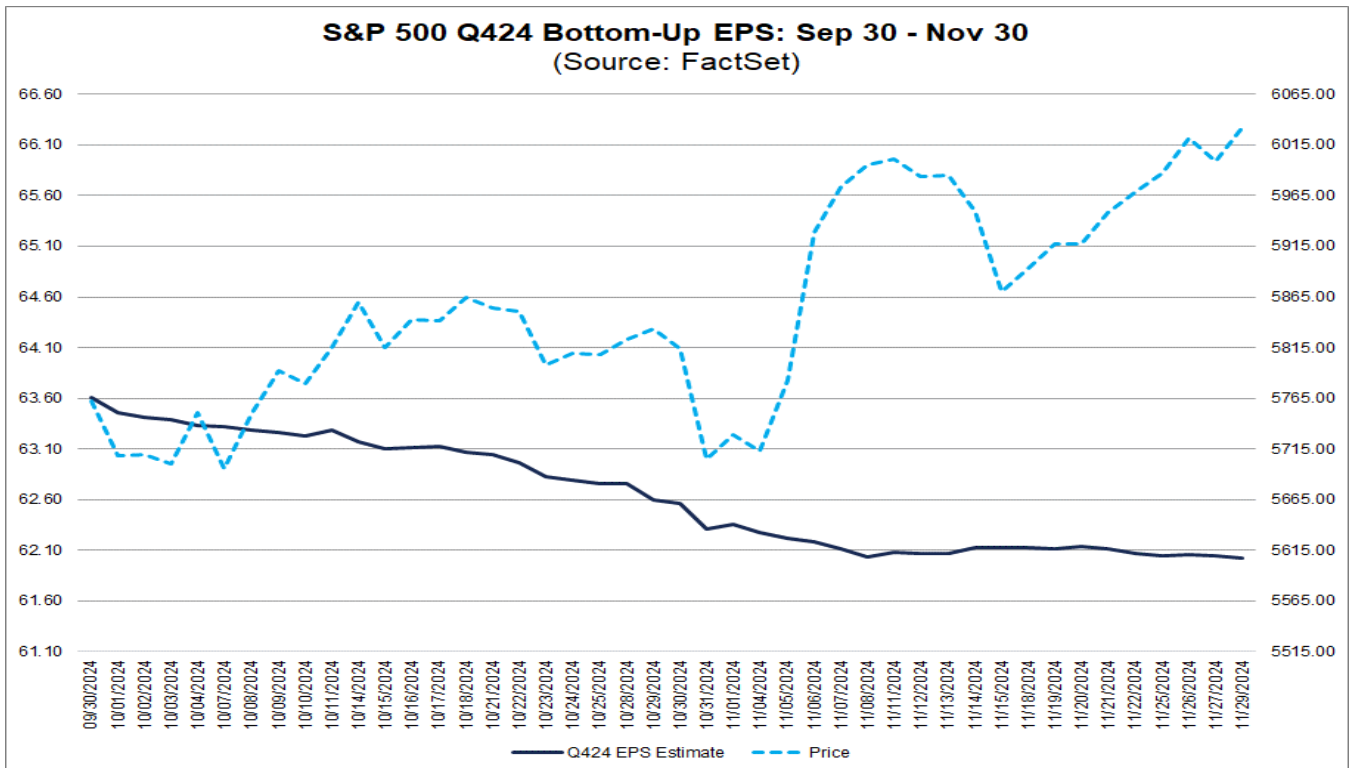
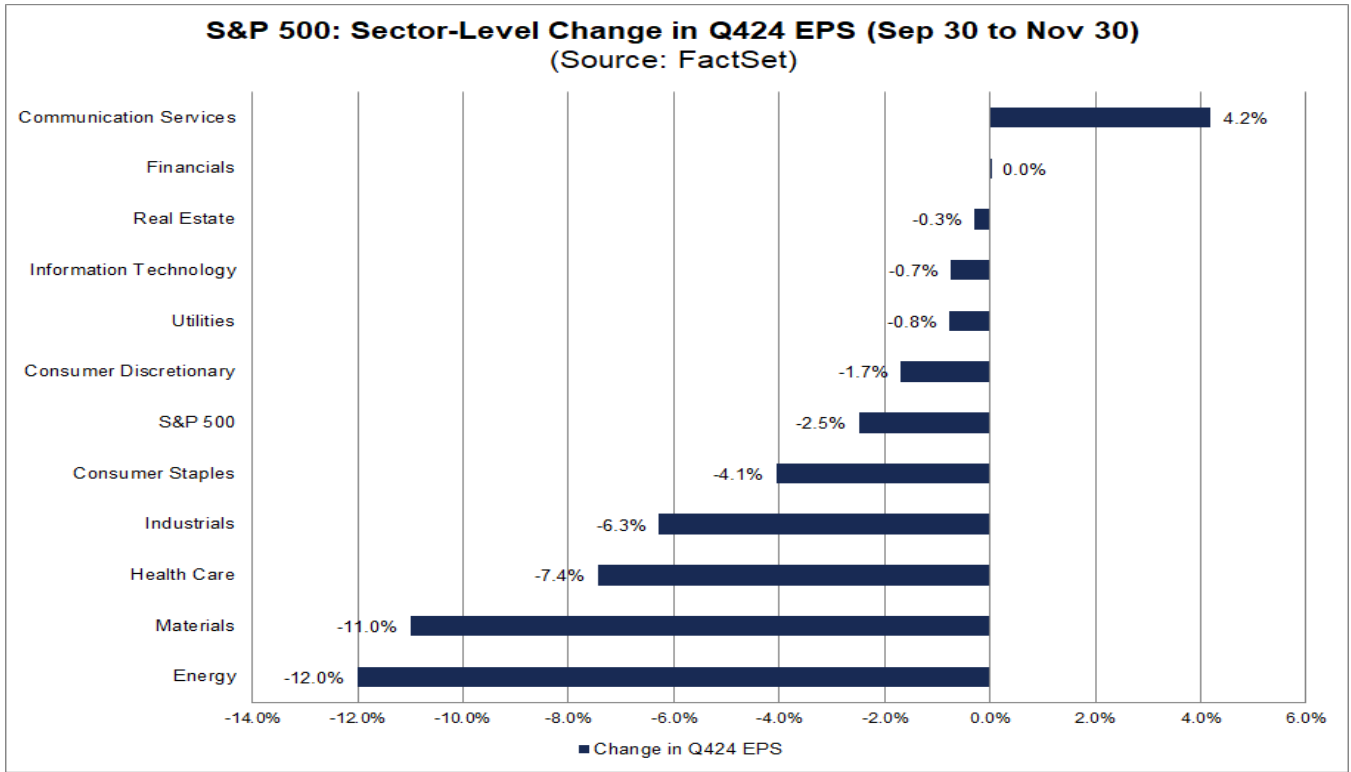
The answer is no. During the months of October and November, analysts lowered EPS estimates by a smaller margin compared to three of the four most recent averages. The Q4 bottom-up EPS estimate (which is an aggregation of the median EPS estimates for Q4 for all the companies in the index) decreased by 2.5% (to \$62.02 from \$63.60) from September 30 to November 30.

In a typical quarter, analysts usually reduce earnings estimates during the first two months of a quarter. During the past five years (20 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.7%. During the past ten years, (40 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has also been 2.7%. During the past fifteen years, (60 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 2.3%. During the past 20 years (80 quarters), the average decline in the bottom-up EPS estimate during the first two months of a quarter has been 3.1%.

Thus, the decline in the bottom-up EPS estimate recorded during the first two months of the fourth quarter was smaller than the 5-year average, the 10-year average, and the 20-year average. However, it should be noted that it was larger than the 15-year average.

At the sector level, nine of the eleven sectors witnessed a decrease in their bottom-up EPS estimate for Q4 2024 from September 30 to November 30, led by the Energy (-12.0%) and Materials (-11.0%) sectors. On the other hand, the Communication Services (+4.2%) sector is the only sector that recorded an increase in its bottom-up EPS estimate for Q4 2024 during this period.





Q4 Earnings Season: By The Numbers

Overview

Heading into the final weeks of the quarter, analysts and companies have lowered earnings expectations for the fourth quarter. As a result, estimated earnings for the S&P 500 for the fourth quarter are lower today compared to expectations at the start of the quarter. Despite the decline in estimated earnings, the index is still expected to report its highest year-over-year earnings growth rate for Q4 2024 in three years.

In terms of estimate revisions for companies in the S&P 500, analysts have lowered earnings estimates for Q4 2024 by a smaller margin than average. On a per-share basis, estimated earnings for the fourth quarter decreased by 2.5% during the first two months of the quarter. This decline was smaller than the 5-year average (-2.7%) and the 10-year average (-2.7%) for this period.

In terms of guidance for the fourth quarter, the percentage of S&P 500 companies issuing negative EPS guidance for Q4 2024 is above average levels. At this point in time, 102 companies in the index have issued EPS guidance for Q4 2024. Of these companies, 67 have issued negative EPS guidance and 35 have issued positive EPS guidance. The percentage of S&P 500 companies issuing negative EPS guidance for Q4 2024 is 66% (67 out of 102), which is above the 5-year average of 57% and above the 10-year average of 62%.

Due to the downward revisions to earnings estimates by analysts and the negative EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q4 2024 is lower today relative to the start of the fourth quarter. As of today, the S&P 500 is expected to report (year-over-year) earnings growth of 11.9%, compared to the estimated (year-over-year) earnings growth rate of 14.5% on September 30.

If 11.9% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth for the index.

Eight of the eleven sectors are projected to report year-over-year growth. Six of these eight sectors are predicted to report double-digit growth: Financials, Communication Services, Information Technology, Utilities, Consumer Discretionary, and Health Care. On the other hand, three sectors are predicted to report a year-over-year decline in earnings. Only one of these three sectors is projected to report a double-digit decline: Energy.

In terms of revenues, analysts have also lowered their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 4.8%, compared to the expectations for revenue growth of 5.2% on September 30.

If 4.8% is the actual revenue growth rate for the quarter, it will mark the 17th consecutive quarter of revenue growth for the index.

Eight sectors are projected to report year-over-year growth in revenue, led by the Information Technology sector. On the other hand, three sectors are predicted to report a year-over-year decline in revenue, led by the Energy and Industrials sectors.

For CY 2024, analysts expect (year-over-year) earnings growth of 9.6%. For Q1 2025 and Q2 2025, analysts are calling for earnings growth rates of 12.8% and 12.1%, respectively. For CY 2025, analysts are predicting (year-over-year) earnings growth of 15.0%.

The forward 12-month P/E ratio is 22.3, which is above the 5-year average (19.7) and above the 10-year average (18.1). This P/E ratio is also above the forward P/E ratio of 21.6 recorded at the end of the third quarter (September 30).

During the upcoming week, 2 S&P 500 companies are scheduled to report results for the third quarter and 4 S&P 500 companies are scheduled to report results for the fourth quarter.

Earnings Revisions: Energy and Materials Sectors Have Seen Largest Decreases in EPS Estimates

Slight Decrease In Estimated Earnings Growth Rate for Q4 This Week

During the past week, the estimated earnings growth rate for the S&P 500 for Q4 2024 decreased slightly to 11.9% from 12.0%. Downward revisions to EPS estimates for companies in multiple sectors were responsible for the small decrease in the overall earnings growth rate for the index during the week.

The estimated earnings growth rate for the S&P 500 for Q4 2024 of 11.9% today is below the estimate of 14.5% at the start of the quarter (September 30), as estimated earnings for the index of \$541.4 billion today are 2.3% below the estimate of \$554.3 billion at the start of the quarter. Nine sectors have recorded a decrease in dollar-level earnings due to downward revisions to earnings estimates, led by the Energy and Materials sectors. On the other hand, two sectors have recorded an increase in expected dollar-level earnings, led by the Communication Services sector.

Energy: Exxon Mobil and Chevron Lead Earnings Decrease Since September 30

The Energy sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -12.1% (to \$25.9 billion from \$29.4 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -23.2% today from -12.6% on September 30. Despite the decline in expected earnings, this sector has recorded an increase in price of 3.8% since September 30. Overall, 17 of the 22 companies (77%) in the Energy sector have seen a decrease in their mean EPS estimate during this time. Of these 17 companies, 11 have recorded a decrease in their mean EPS estimate of more than 10%, led by Valero Energy (to \$0.68 from \$1.67), Marathon Petroleum (to \$1.03 from \$1.70), and Phillips 66 (to \$1.32 from \$1.93). However, Exxon Mobil (to \$1.78 from \$1.95) and Chevron (to \$2.38 from \$2.77) have been the largest contributors to the decrease in expected (dollar-level) earnings for this sector since September 30.

Materials: 82% of Companies Have Recorded a Decrease In Earnings Since September 30

The Materials sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -10.7% (to \$10.0 billion from \$11.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.8% today from 12.9% on September 30. This sector has also witnessed the second-largest decrease in price of all eleven sectors since September 30 at -4.9%. Overall, 23 of the 28 companies (82%) in the Materials sector have seen a decrease in their mean EPS estimate during this time. Of these 23 companies, 10 have recorded a decrease in their mean EPS estimate of more than 10%, led by Albemarle Corporation (to -\$0.64 from -\$0.14), International Paper (to -\$0.08 from \$0.46), Celanese Corporation (to \$1.25 from \$3.01), Nucor Corporation (to \$0.96 from \$1.57), and Dow to (to \$0.36 from \$0.57).

Communication Services: Alphabet and Meta Platforms Lead Earnings Increase Since September 30

The Communication Services sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 3.2% (to \$61.0 billion from \$59.1 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 20.7% today from 17.0% on September 30. This sector has also witnessed the third-largest price increase of all 11 sectors since September 30 at 7.8%. Overall, 9 of the 19 companies (47%) in the Communication Services sector have seen an increase in their mean EPS estimate during this time. Of these 9 companies, 1 has recorded an increase in its mean EPS estimate of more than 10%: Fox Corporation (\$0.66 vs. \$0.56). However, Alphabet (to \$2.12 from \$2.03) and Meta Platforms (to \$6.72 from \$6.28) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Index-Level EPS Estimate: 2.5% Decrease Since September 30

The Q4 bottom-up EPS estimate (which is an aggregation of the median Q4 earnings estimates for all 500 companies in the index and can be used as a proxy for the earnings of the index) has decreased by 2.5% (to \$62.00 from \$63.60) since September 30. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 3.4% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.2% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.1% on average during a quarter.

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

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

At this point in time, 102 companies in the index have issued EPS guidance for Q4 2024. Of these 102 companies, 67 have issued negative EPS guidance and 35 have issued positive EPS guidance. The number of companies issuing negative EPS guidance for Q4 2024 is above the 5-year average of 56 and above the 10-year average of 62. The number of companies issuing positive EPS guidance is below the 5-year average of 42 and below the 10-year average of 38.

The percentage of companies issuing negative EPS guidance for Q4 2024 is 66% (67 out of 102), which is above the 5-year average of 57% and above the 10-year average of 62%.

Annual Guidance: 46% of S&P 500 Companies Issuing Negative Guidance for Current Year

At this point in time, 267 companies in the index have issued EPS guidance for the current fiscal year (FY 2024 or FY 2025). Of these 267 companies, 123 have issued negative EPS guidance and 144 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 46% (123 out of 267).

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 Growth: 11.9%

The estimated (year-over-year) earnings growth rate for Q4 2024 is 11.9%, which is above the 5-year average earnings growth rate of 10.4% and above the 10-year average earnings growth rate of 8.5%. If 11.9% is the actual growth rate for the quarter, it will mark the highest year-over-year earnings growth rate reported by the index since Q4 2021 (31.4%). It will also mark the sixth consecutive quarter of year-over-year earnings growth.

Eight of the eleven sectors are expected to report year-over-year earnings growth. Six of these eight sectors are predicted to report double-digit earnings growth: Financials, Communication Services, Information Technology, Utilities, Consumer Discretionary, and Health Care. On the other hand, three sectors are projected to report year-over-year decline in earnings. Only one sector is projected to report a double-digit earnings decline: Energy.

Financials: Banks Industry is Largest Contributor to Year-Over-Year Growth

The Financials sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 39.1%. At the industry level, 4 of the 5 industries in the sector are projected to report year-over-year earnings growth. All four of these industries are expected to report double-digit growth: Banks (181%), Consumer Finance (32%), Capital Markets (31%), and Financial Services (12%). On the other hand, the Insurance (-8%) industry is the only industry predicted to report a year-over-year decline in earnings.

The Banks industry is also expected to be the largest contributor to earnings growth for the sector. A large number of companies in this industry are benefitting from easy comparisons to weaker (GAAP) earnings reported in the year-ago quarter due to significant charges related to FDIC special assessments and other items that were included in their GAAP EPS. If this industry were excluded, the estimated earnings growth rate for the Financials sector would fall to 11.1% from 39.1%.

Communication Services: Interactive Media Industry is Largest Contributor to Year-Over-Year Growth

The Communication Services sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 20.7%. At the industry level, 4 of the 5 industries in the sector are predicted to report year-over-year earnings growth: Entertainment (52%), Wireless Telecommunication Services (36%), Interactive Media & Services (25%), and Media (9%). On the other hand, the Diversified Telecommunication Services (-3%) industry is the only industry projected to report a year-over-year decline in earnings.

The Interactive Media & Services industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Communication Services sector would fall to 14.0% from 20.7%.

Information Technology: Semiconductors Industry Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is expected to report the third-highest (year-over-year) earnings growth rate of all eleven sectors at 13.7%. At the industry level, 5 of the 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (34%), Electronic Equipment, Instruments, & Components (9%), Technology Hardware, Storage, & Peripherals (9%), Software (8%), and Communication Services (2%). On the other hand, the IT Services (-13%) industry is the only industry predicted to report a year-over-year decline in earnings.

The Semiconductors & Semiconductor Equipment industry is also expected to be the largest contributor to earnings growth for the sector. If this industry were excluded, the estimated earnings growth rate for the Financials sector would fall to 6.1% from 13.7%.

Utilities: All 5 Industries Expected to Report Year-Over-Year Growth

The Utilities sector is expected to report the fourth-highest (year-over-year) earnings growth rate of all eleven sectors at 13.1%. At the industry level, all 5 industries in the sector are projected to report year-over-year earnings growth: Independent Power and Renewable Energy Producers (201%), Water Utilities (27%), Multi-Utilities (25%), Gas Utilities (9%), and Electric Utilities (2%).

Consumer Discretionary: Amazon.com is Largest Contributor to Year-Over-Year Growth

The Consumer Discretionary sector is expected to report the fifth-highest (year-over-year) earnings growth rate of all eleven sectors at 12.5%. At the industry level, 3 of the 9 industries in the sector are projected to report year-over-year earnings growth. Two of these industries are predicted to report double-digit growth: Broadline Retail (47%) and Automobiles (13%). On the other hand, six industries are predicted to report a year-over-year decline in earnings. Four of these six industries are expected to report a double-digit decline: Distributors (-25%), Textiles, Apparel, & Luxury Goods (-15%), Leisure Products (-13%), and Household Durables (-10%).

At the company level, Amazon.com (\$1.47 vs. \$1.00) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the Consumer Discretionary sector would be projected to report a (year-over-year) decline in earnings of -0.7% instead of (year-over-year) earnings growth of 12.5%.

Health Care: Pharmaceuticals Industry is Largest Contributor to Year-Over-Year Growth

The Health Care sector is expected to report the sixth-highest (year-over-year) earnings growth rate of all eleven sectors at 12.1%. At the industry level, 3 of the 5 industries in the sector are projected to report year-over-year earnings growth: Pharmaceuticals (64%), Health Care Equipment & Supplies (4%), and Life Sciences, Tools, & Services (3%). On the other hand, two industries are predicted to report a year-over-year decline in earnings: Health Care Providers & Services (-7%) and Biotechnology (-6%).

The Pharmaceuticals industry is also expected to be the largest contributor to earnings growth for the sector. Similar to the Banks industry, a number of companies in this industry are benefitting from easy comparisons to weaker (non-GAAP) earnings reported in the year-ago quarter due to various charges that were included in their non-GAAP EPS. If this industry were excluded, the Health Care sector would be projected to report a (year-over-year) decline in earnings of -2.8% instead of (year-over-year) earnings growth of 12.1%.

Energy: 3 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -23.2%. Lower year-over-year oil prices are contributing to the year-over-year decrease in earnings for this sector, as the average price of oil to date in Q4 2024 (\$70.46) is 10% below the average price for oil in Q4 2023 (\$78.53). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in earnings: Oil & Gas Refining & Marketing (-73%), Integrated Oil & Gas (-25%), and Oil & Gas Exploration & Production (-12%). On the other hand, two sub-industries are predicted to report year-over-year growth in earnings: Oil & Gas Storage & Transportation (18%) and Oil & Gas Equipment & Services (Less than 1%).

Revenue Growth: 4.8%

The estimated (year-over-year) revenue growth rate for Q4 2024 is 4.8%, which is below the 5-year average revenue growth rate of 6.9% and below the 10-year average revenue growth rate of 5.2%. If 4.8% is the actual growth rate for the quarter, it will mark the 17th consecutive quarter of revenue growth for the index.

At the sector level, eight sectors are expected to report year-over-year growth in revenues, led by the Information Technology sector. On the other hand, two sectors are predicted to report a year-over-year decline in revenues: Energy and Industrials

Information Technology: 5 of 6 Industries Expected to Report Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) revenue growth rate of all eleven sectors at 10.9%. At the industry level, 5 of the 6 industries in the sector are predicted to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (23%), Software (11%), Communication Equipment (8%), Technology Hardware, Storage, & Peripherals (8%), and IT Services (4%). On the other hand, the Electronic Equipment, Instruments, & Components (-1%) industry is the only industry expected to report a year-over-year decline in revenues.

Energy: 2 of 5 Sub-Industries Expected to Report Year-Over-Year Decline

The Energy sector is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -2.3%. At the sub-industry level, two sub-industries are predicted to report a year-over-year decline in revenue: Oil & Gas Refining & Marketing (-12%) and Oil & Gas Exploration & Production (-2%). On the other hand, the other 3 sub-industries in the sector are projected to report year-over-year revenue growth: Oil & Gas Storage & Transportation (8%), Oil & Gas Equipment & Services (2%), and Integrated Oil & Gas (2%).

Industrials: 5 of 12 Industries Expected to Report Year-Over-Year Decline

The Industrials sector is expected to report the second-largest (year-over-year) revenue decline of all eleven sectors at -2.1%. At the industry level, 5 of the 12 industries in the sector are predicted to report a year-over-year decline in revenue, led by the Aerospace & Defense (-9%), Industrial Conglomerates (-7%), and Machinery (-6%) industries. On the other hand, 7 of the 12 industries in the sector are projected to report year-over-year revenue growth, led by the Construction & Engineering (14%) industry.

Net Profit Margin: 12.0%

The estimated net profit margin for the S&P 500 for Q4 2024 is 12.0%, which is below the previous quarter's net profit margin of 12.2%, but above the year-ago net profit margin of 11.2% and above the 5-year average of 11.5%.

At the sector level, seven sectors are expected to report a year-over-year increase in their net profit margins in Q4 2024 compared to Q4 2023, led by the Financials (17.5% vs. 13.2%) sector. On the other hand, four sectors are expected to report a year-over-year decrease in their net profit margins in Q4 2024 compared to Q4 2023, led by the Energy (8.2% vs. 10.4%) sector.

Five sectors are expected to report net profit margins in Q4 2024 that are above their 5-year averages, led by the Information Technology (26.1% vs. 23.9%) sector. On the other hand, six sectors are expected to report net profit margins in Q4 2024 that are below their 5-year averages, led by the Materials (9.2% vs. 11.2%) and Health Care (7.7% vs. 9.7%) sectors.

Forward Estimates

Earnings: S&P 500 Expected to Report Earnings Growth of 10% for CY 2024

For the fourth quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 11.9% and year-over-year growth in revenues of 4.8%. For CY 2024, S&P 500 companies are expected to report year-over-year growth in earnings of 9.6% and year-over-year growth in revenues of 5.1%.

For Q1 2025, analysts are projecting earnings growth of 12.8% and revenue growth of 5.2%.

For Q2 2025, analysts are projecting earnings growth of 12.1% and revenue growth of 5.4%.

For Q3 2025, analysts are projecting earnings growth of 15.2% and revenue growth of 5.7%.

For Q4 2025, analysts are projecting earnings growth of 16.9% and revenue growth of 6.6%.

For CY 2025, analysts are projecting earnings growth of 15.0% and revenue growth of 5.8%.

Valuation: Forward P/E Ratio is 22.3, Above the 10-Year Average (18.1)

The forward 12-month P/E ratio for the S&P 500 is 22.3. This P/E ratio is above the 5-year average of 19.7 and above the 10-year average of 18.1. It is also above the forward 12-month P/E ratio of 21.6 recorded at the end of the third quarter (September 30). Since the end of the third quarter (September 30), the price of the index has increased by 5.4%, while the forward 12-month EPS estimate has increased by 1.9%. At the sector level, the Information Technology (29.9) and Consumer Discretionary (28.9) sectors have the highest forward 12-month P/E ratios, while the Energy (14.2) sector has the lowest forward 12-month P/E ratio.

The trailing 12-month P/E ratio is 28.7, which is above the 5-year average of 24.1 and above the 10-year average of 21.9.

Targets & Ratings: Analysts Project 10% Increase in Price Over Next 12 Months

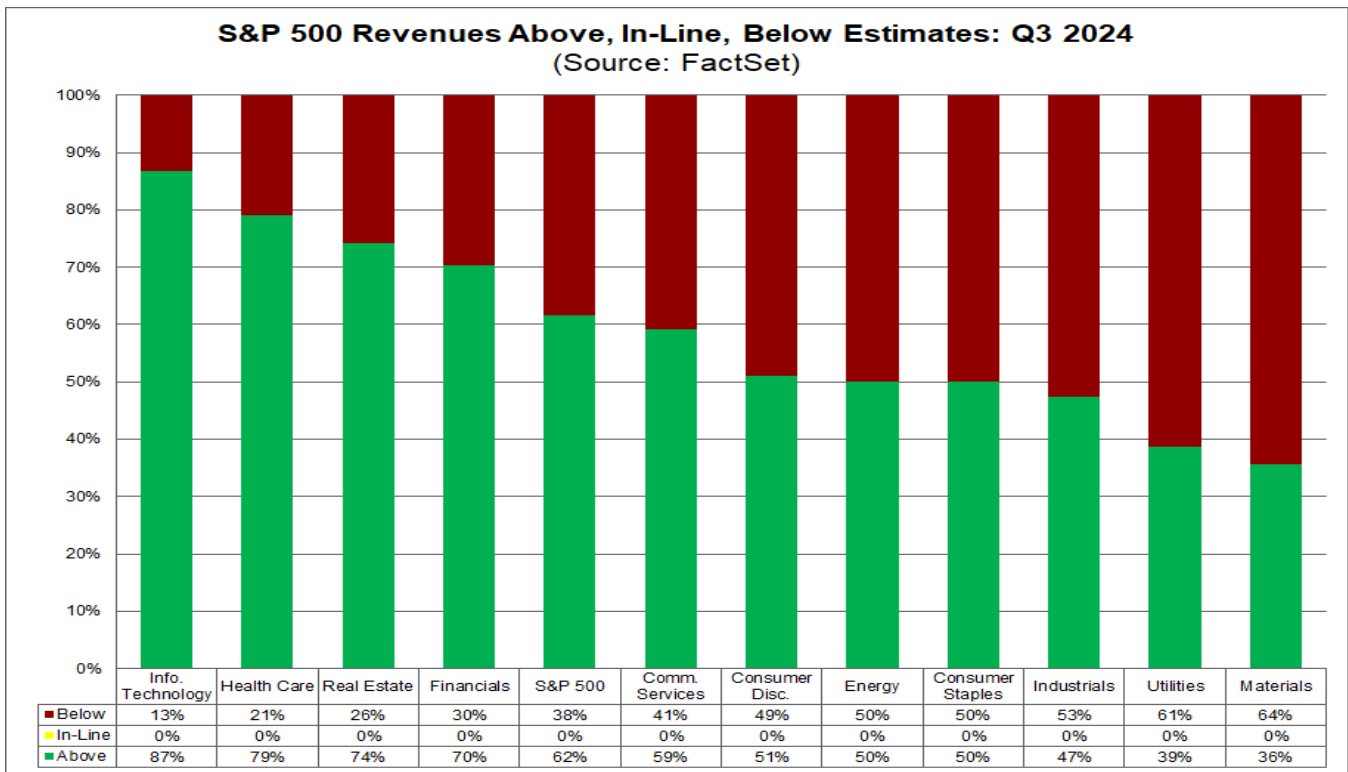
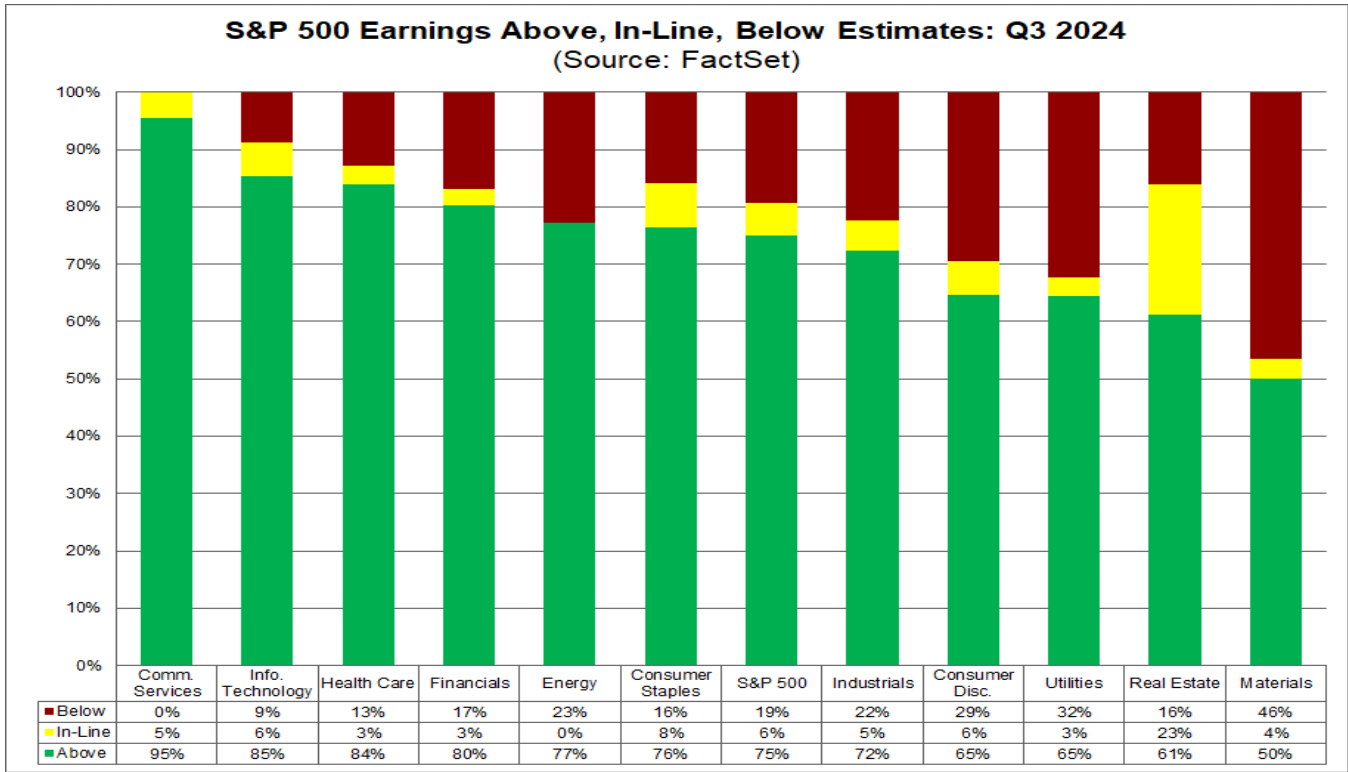
The bottom-up target price for the S&P 500 is 6665.62, which is 9.7% above the closing price of 6075.11. At the sector level, the Health Care (+17.5%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Consumer Discretionary (+0.2%) 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 12,055 ratings on stocks in the S&P 500. Of these 12,055 ratings, 53.7% are Buy ratings, 40.3% are Hold ratings, and 5.9% are Sell ratings. At the sector level, the Communication Services (62%), Energy (62%), and Information Technology (61%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

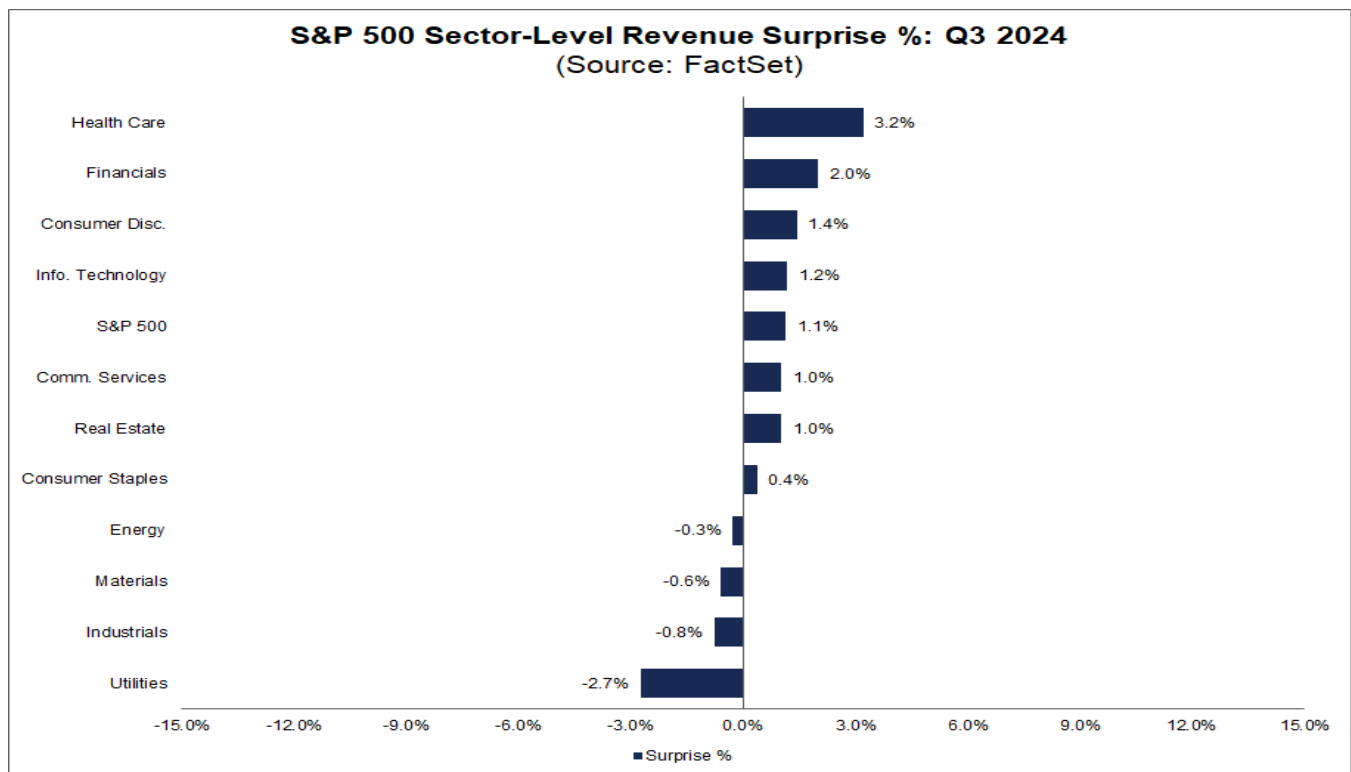
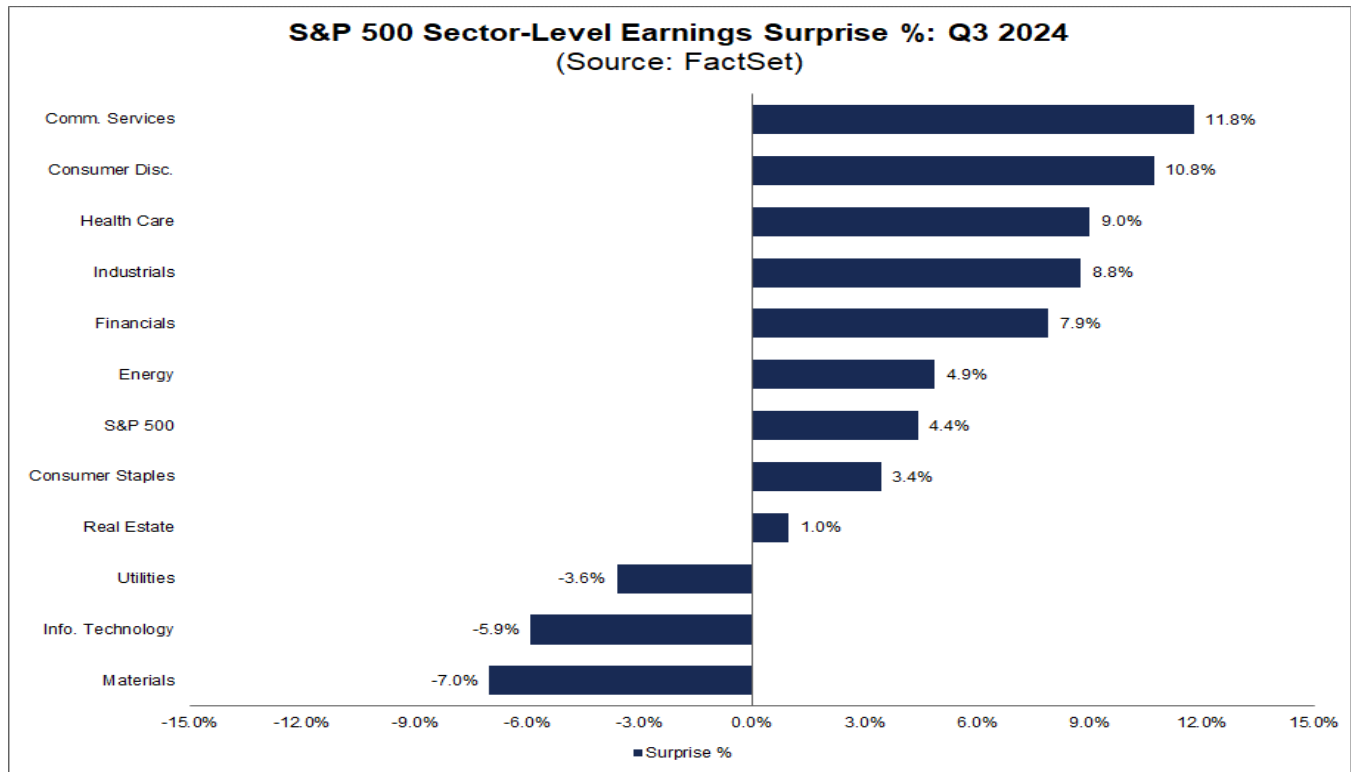
Companies Reporting Next Week: 6

During the upcoming week, 2 S&P 500 companies are scheduled to report results for the third quarter and 4 S&P 500 companies are scheduled to report results for the fourth quarter.

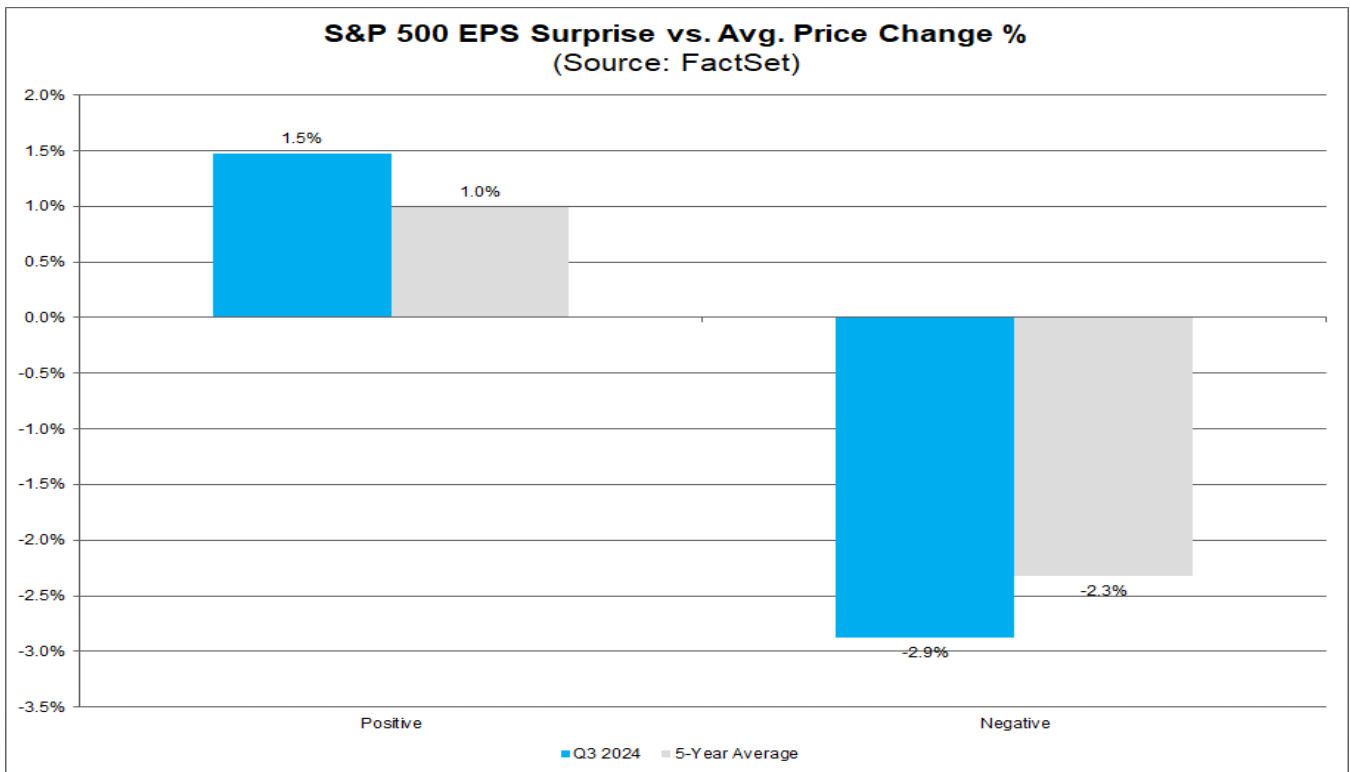
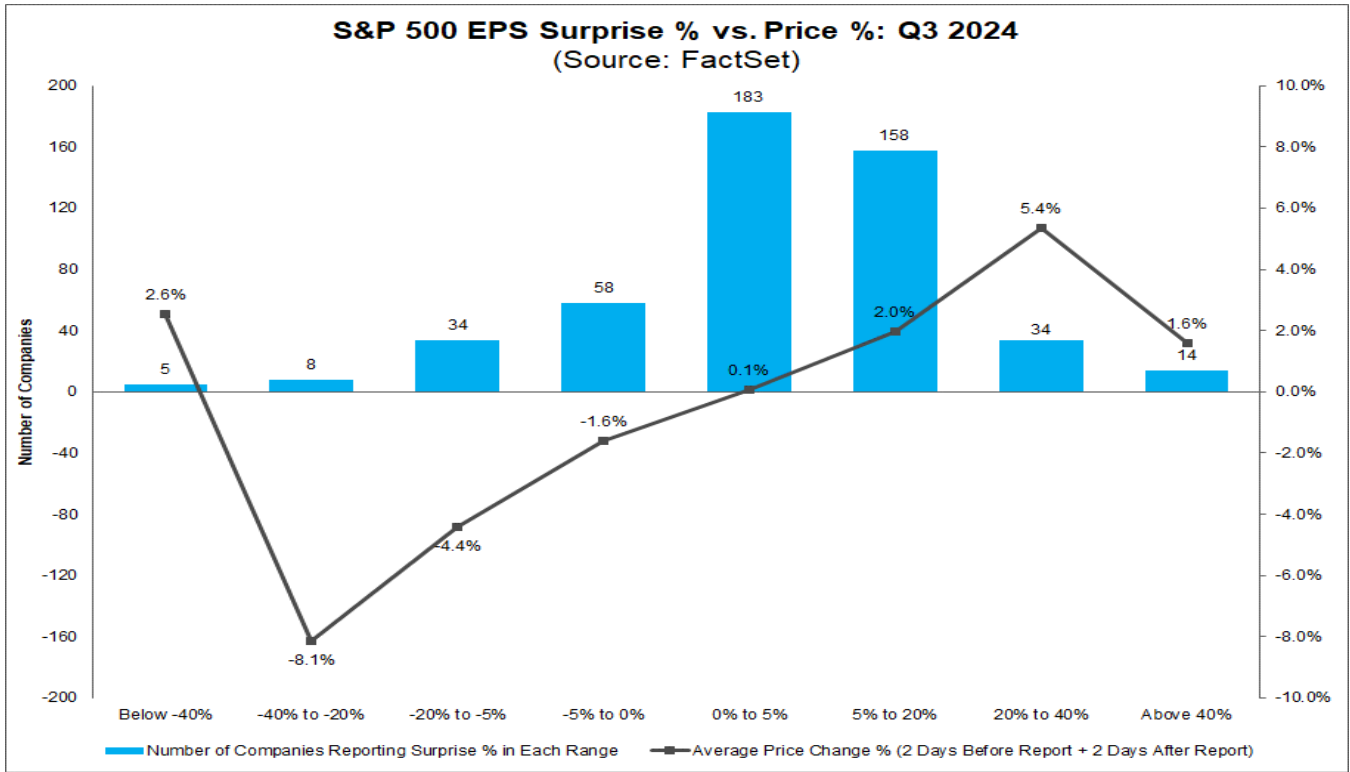
Q3 2024: Scorecard



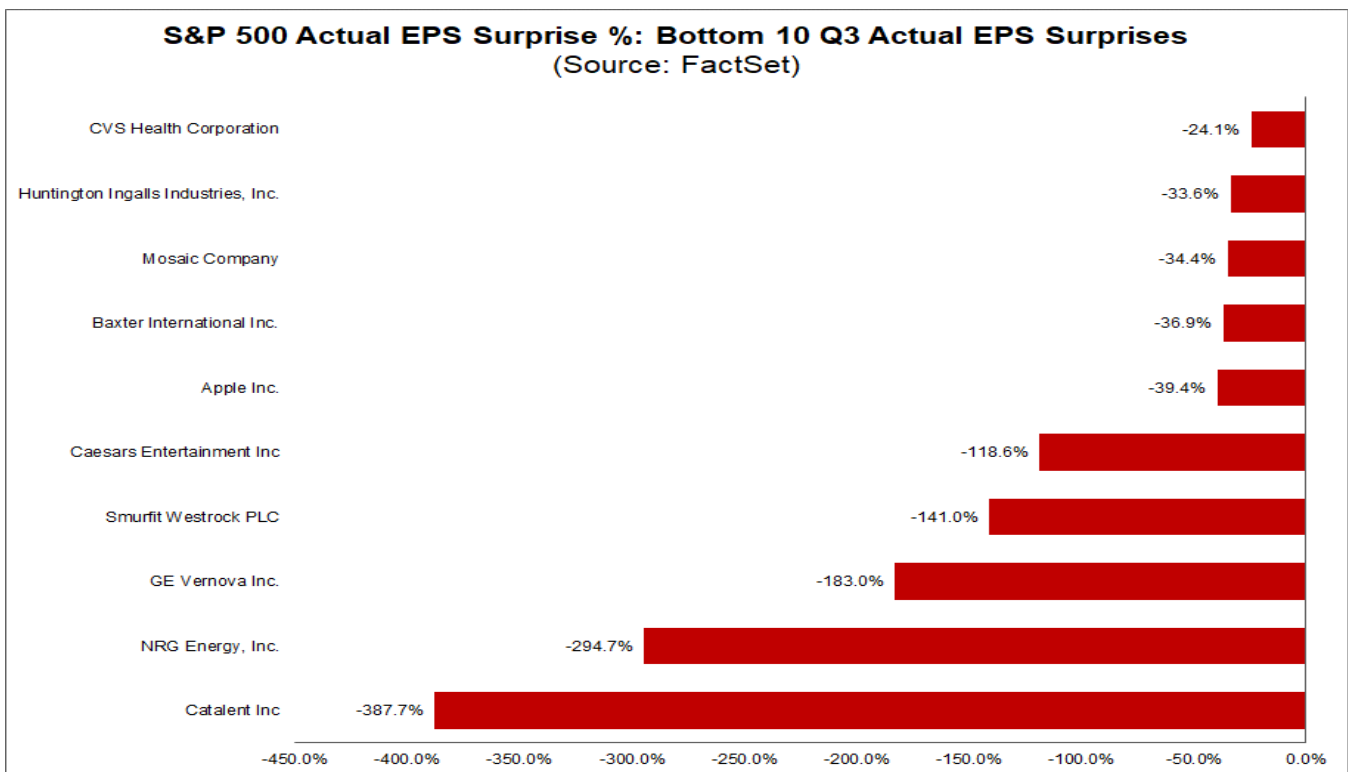
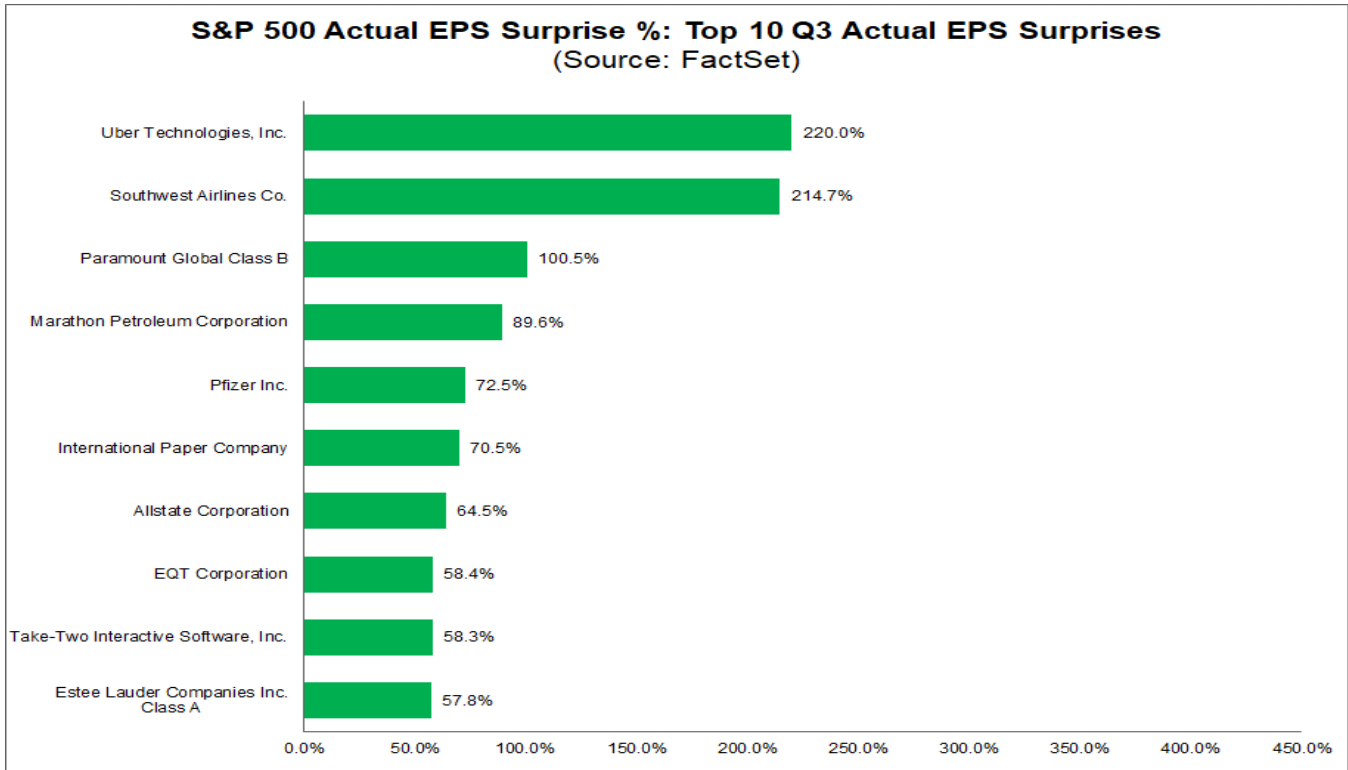
Q3 2024: Surprise



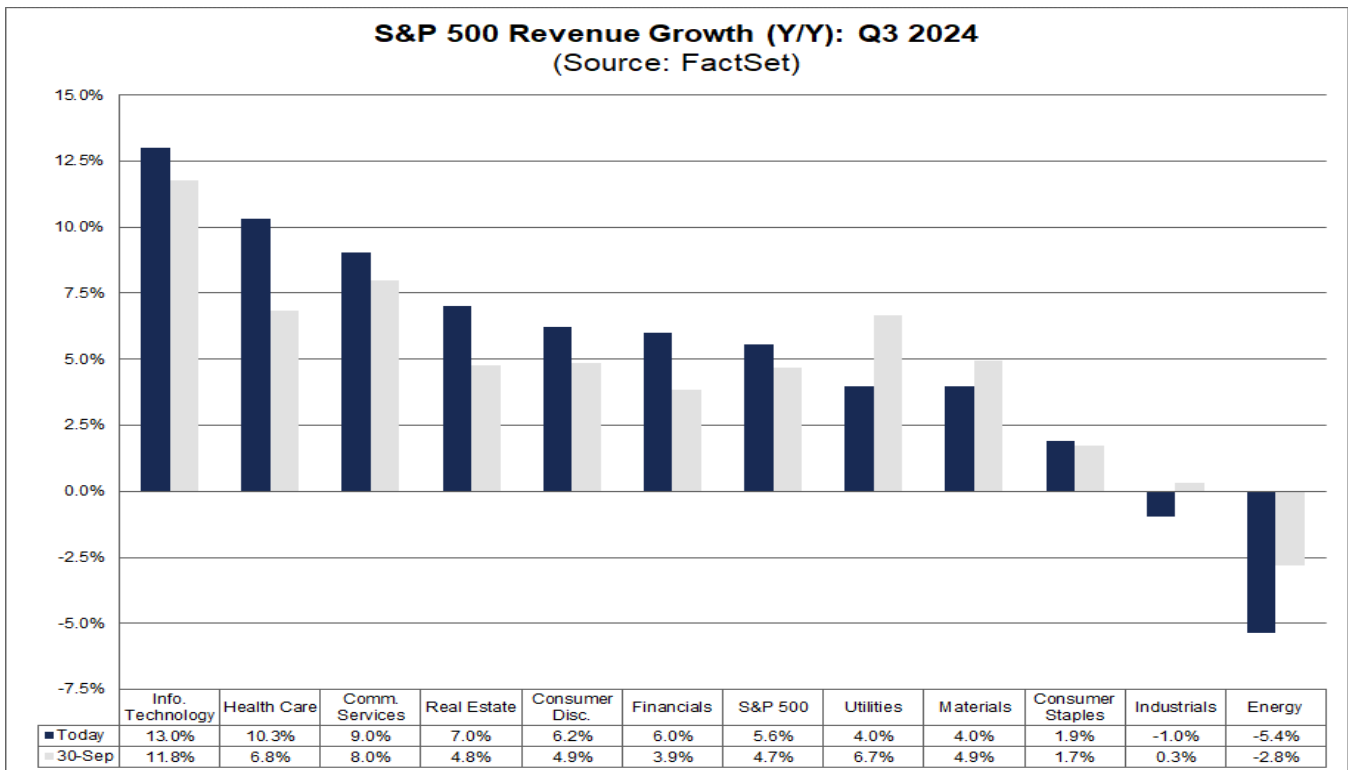
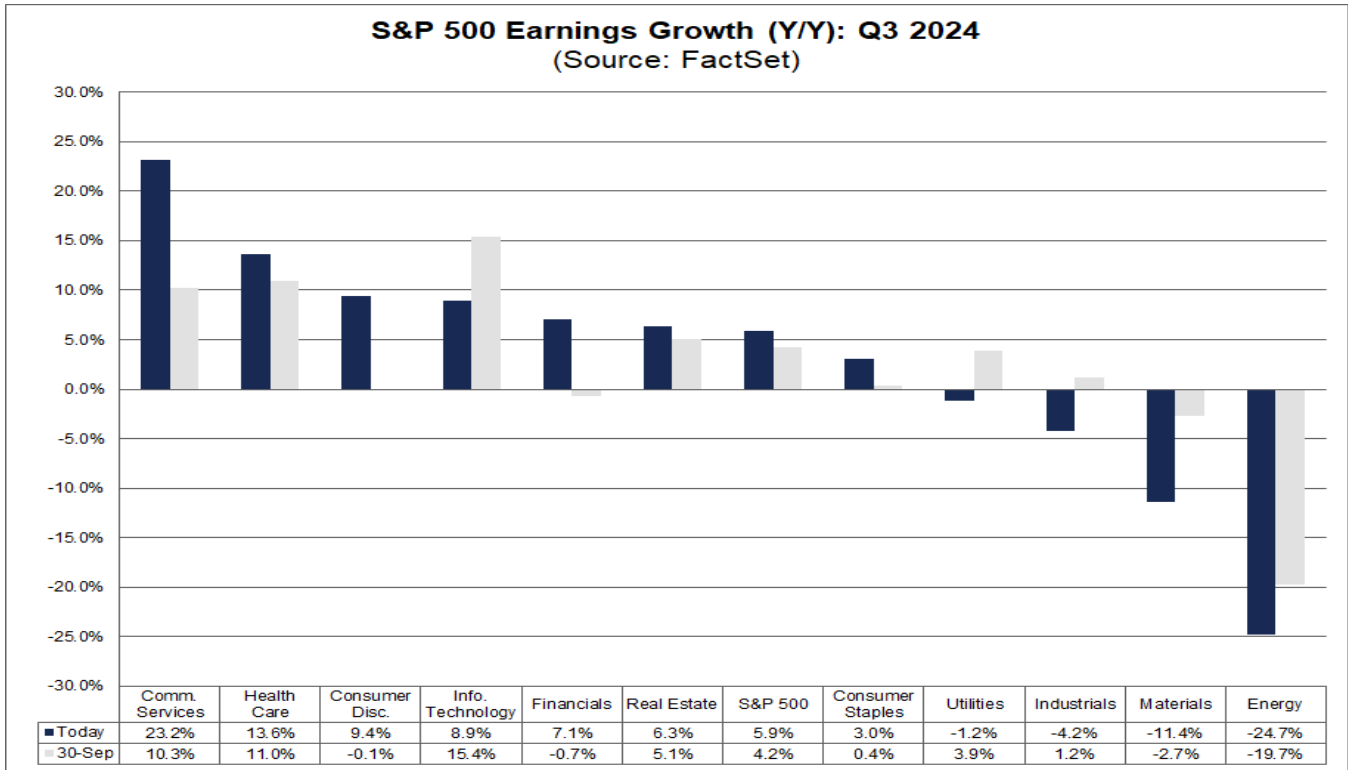
Q3 2024: Surprise



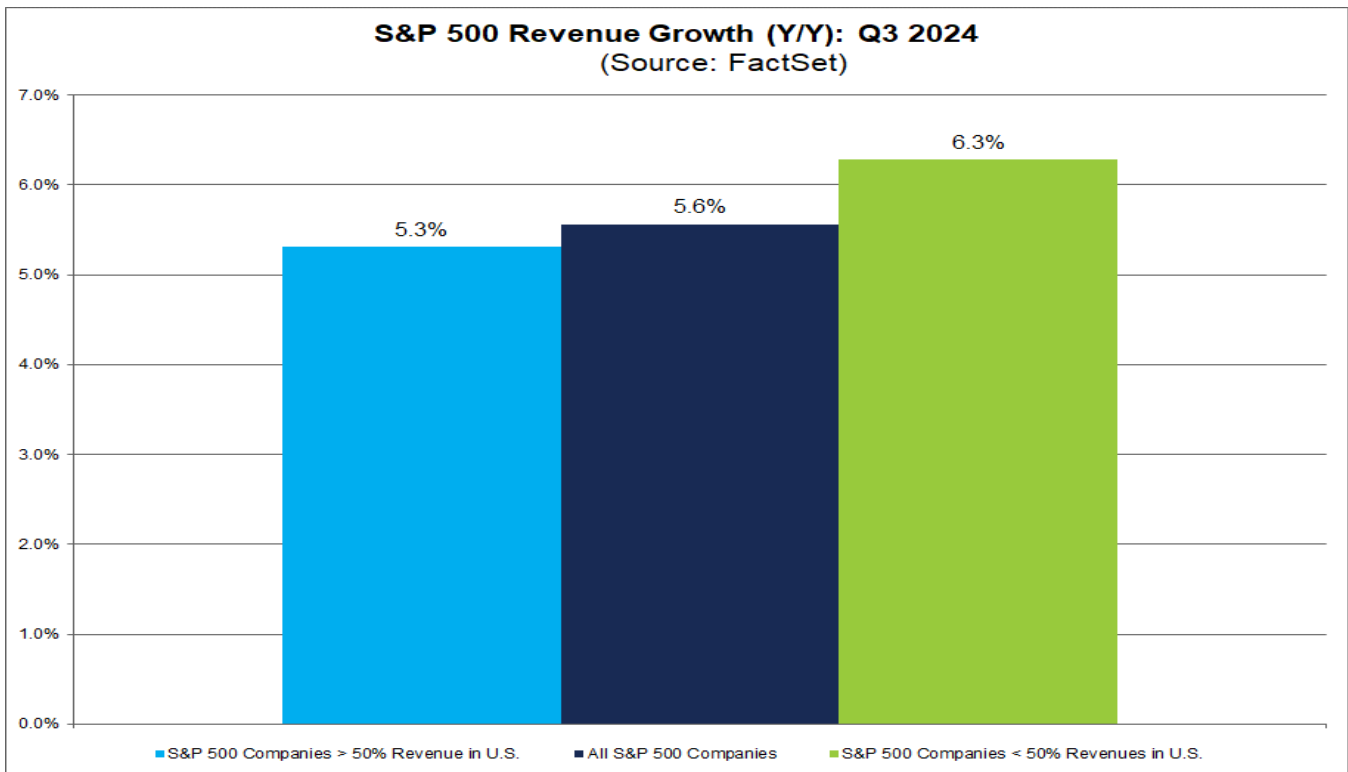
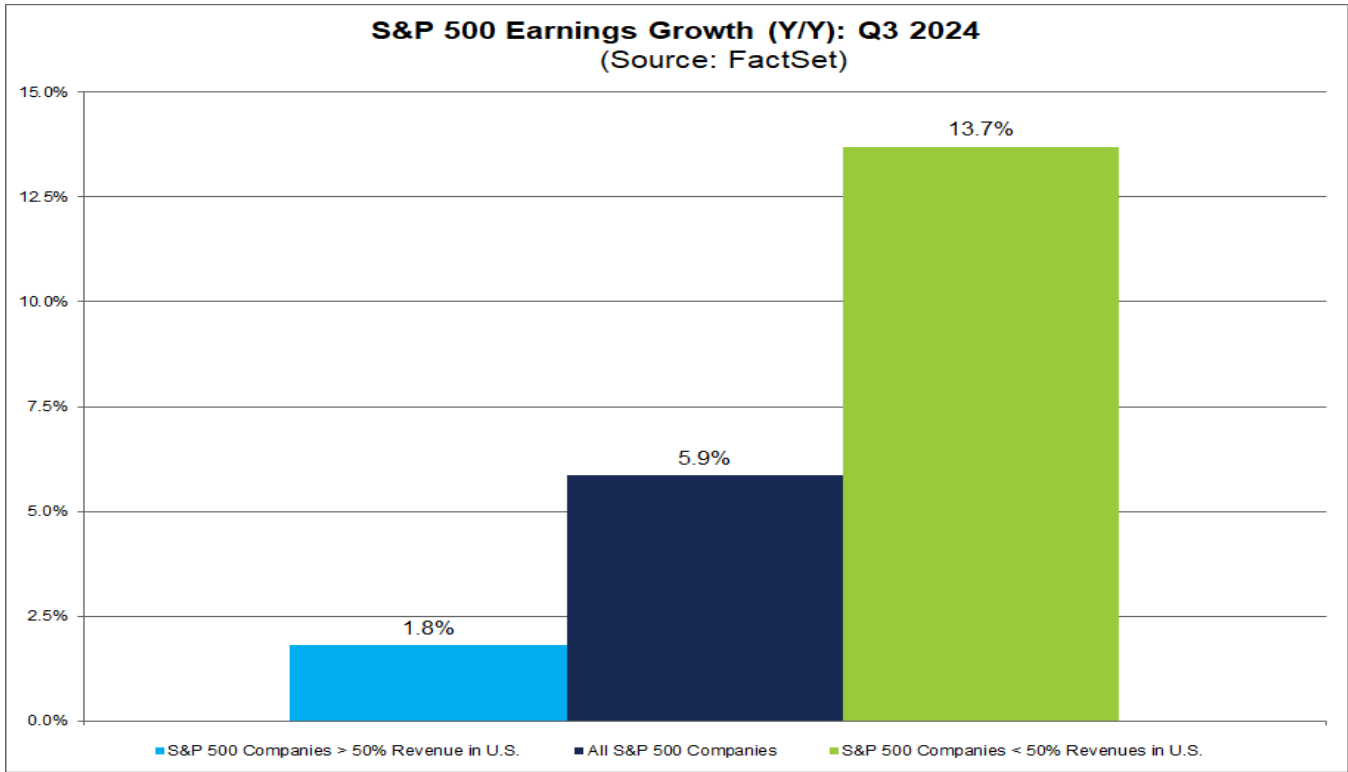
Q3 2024: Surprise



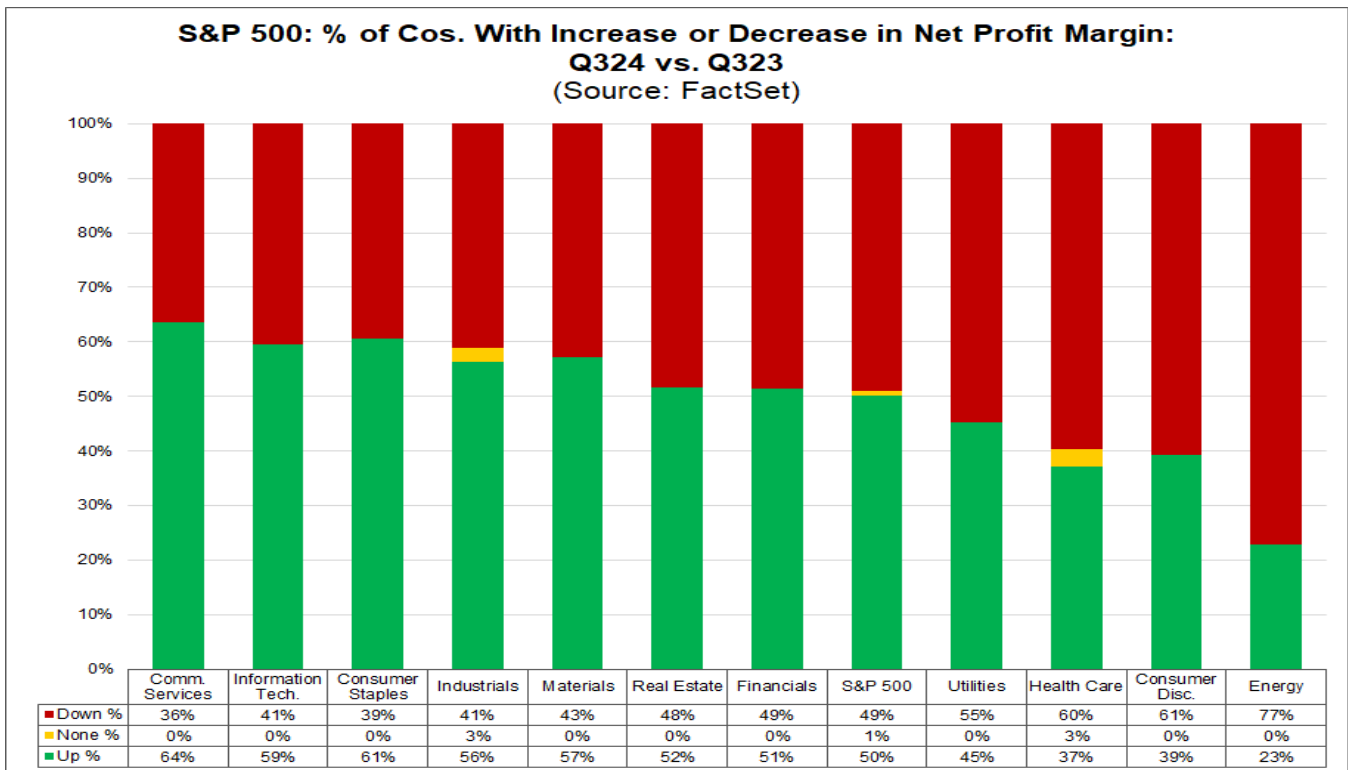
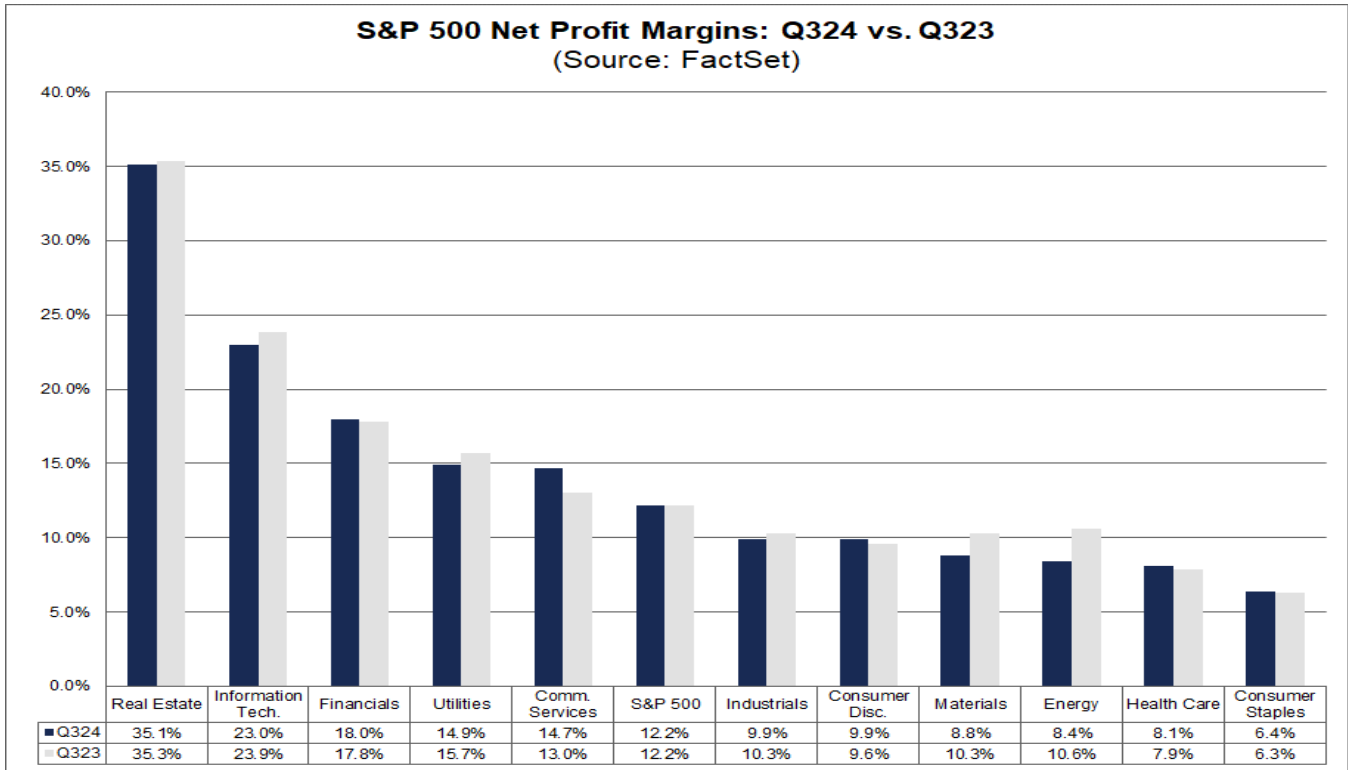
Q3 2024: Growth



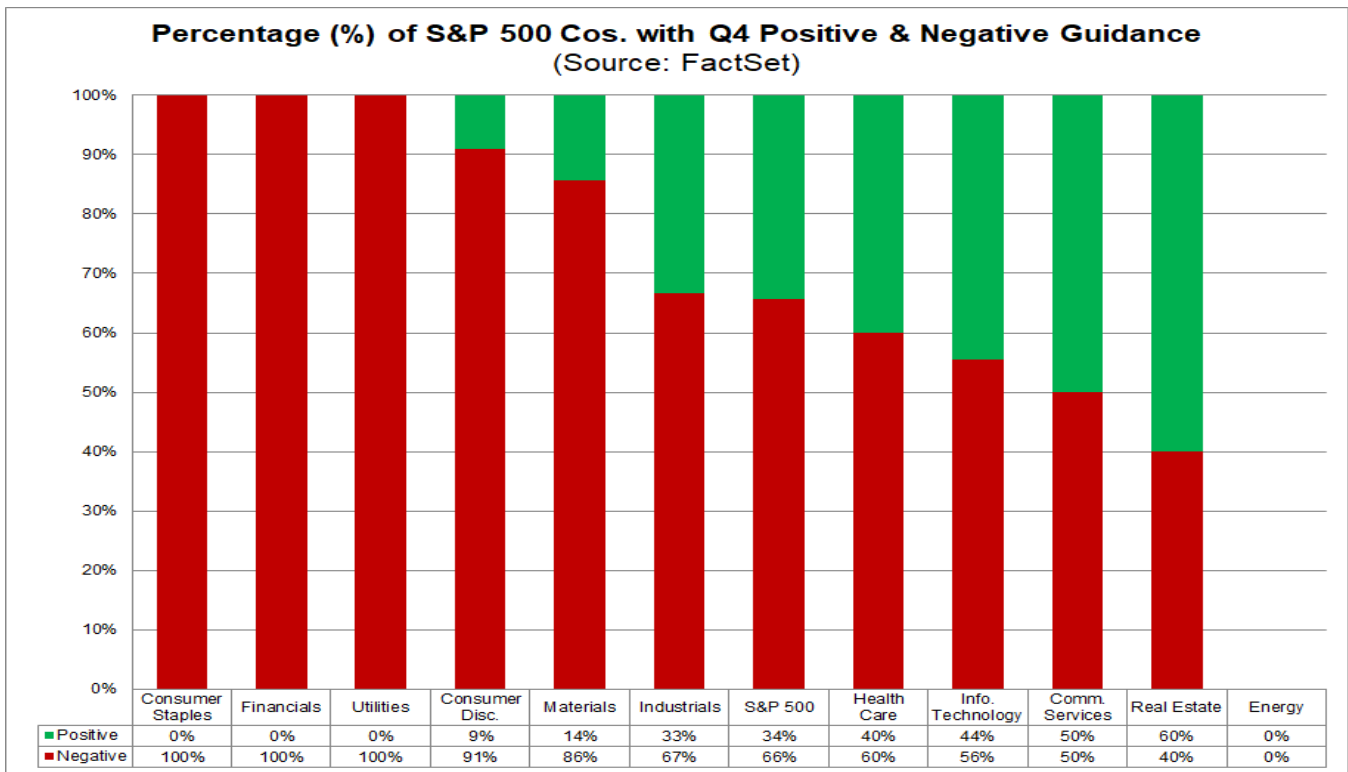
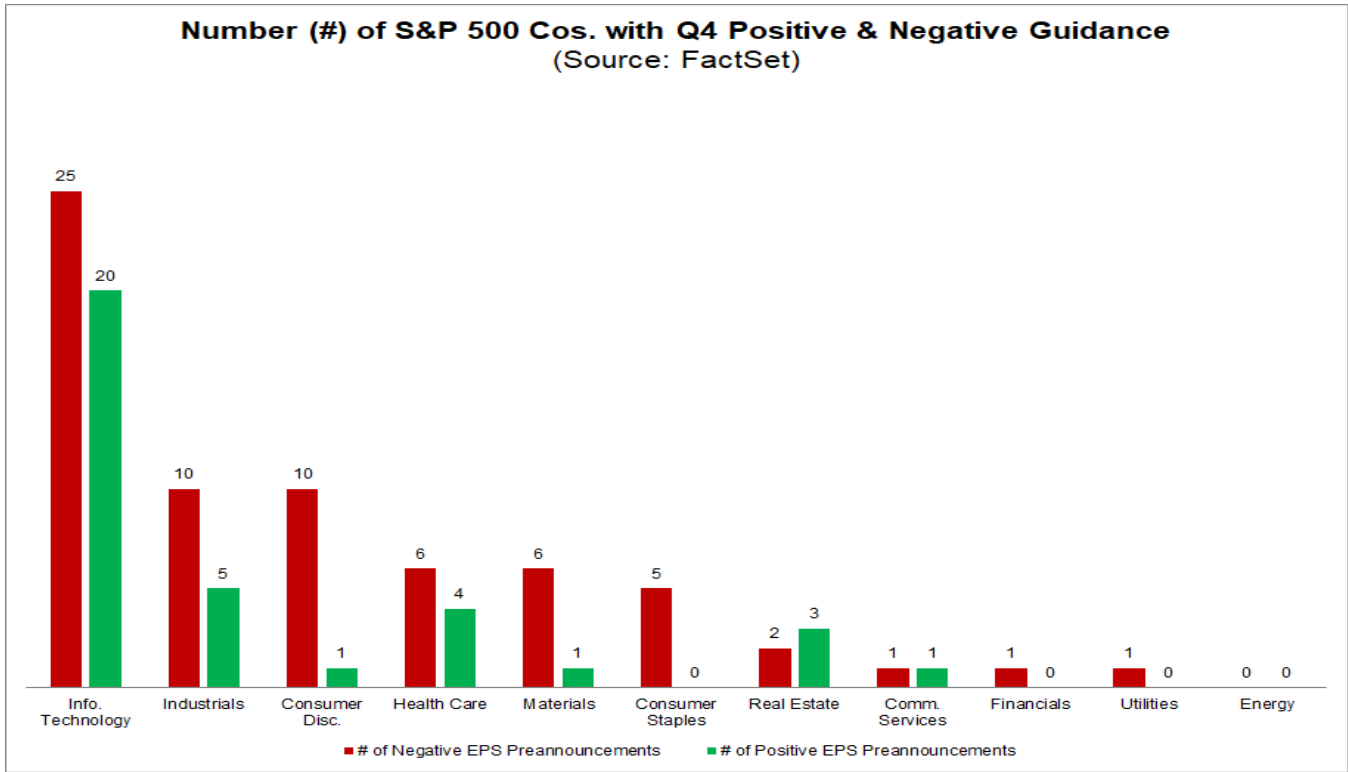
Q3 2024: Growth



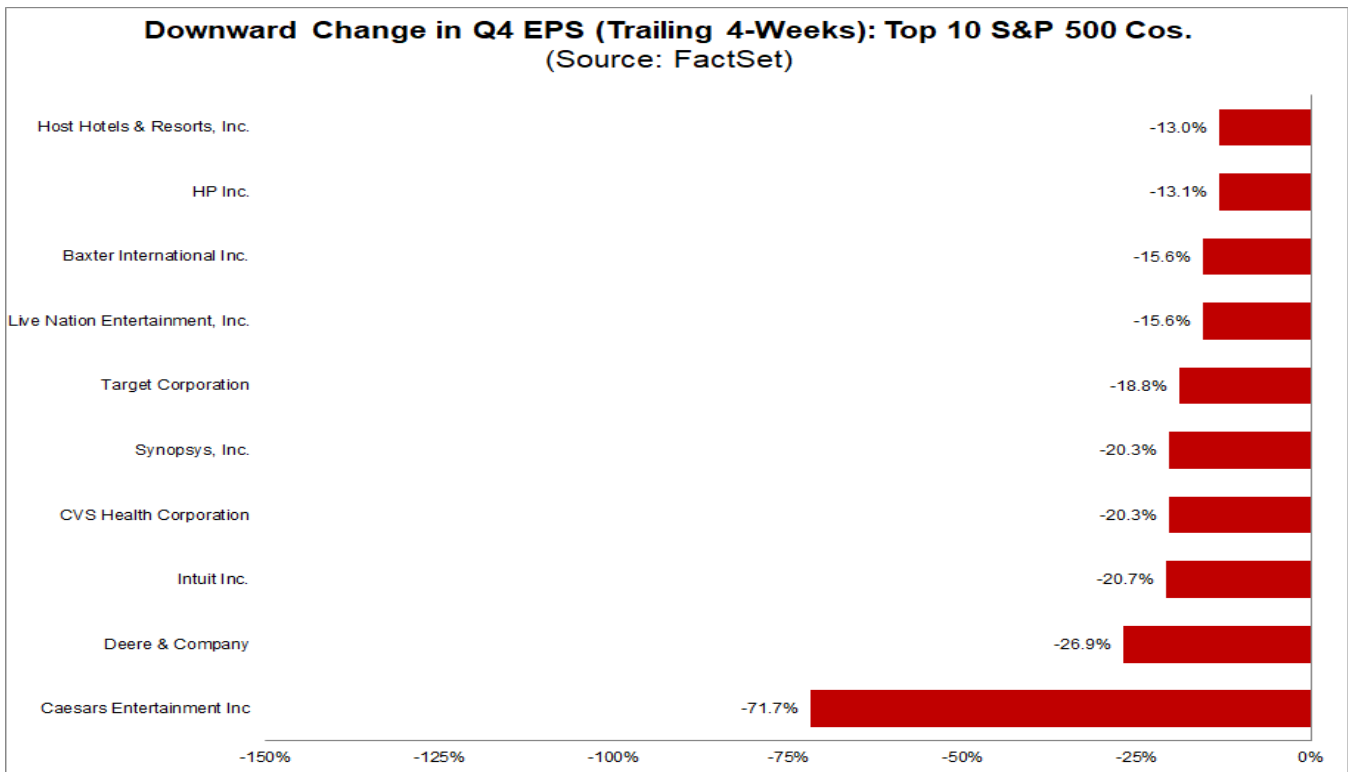
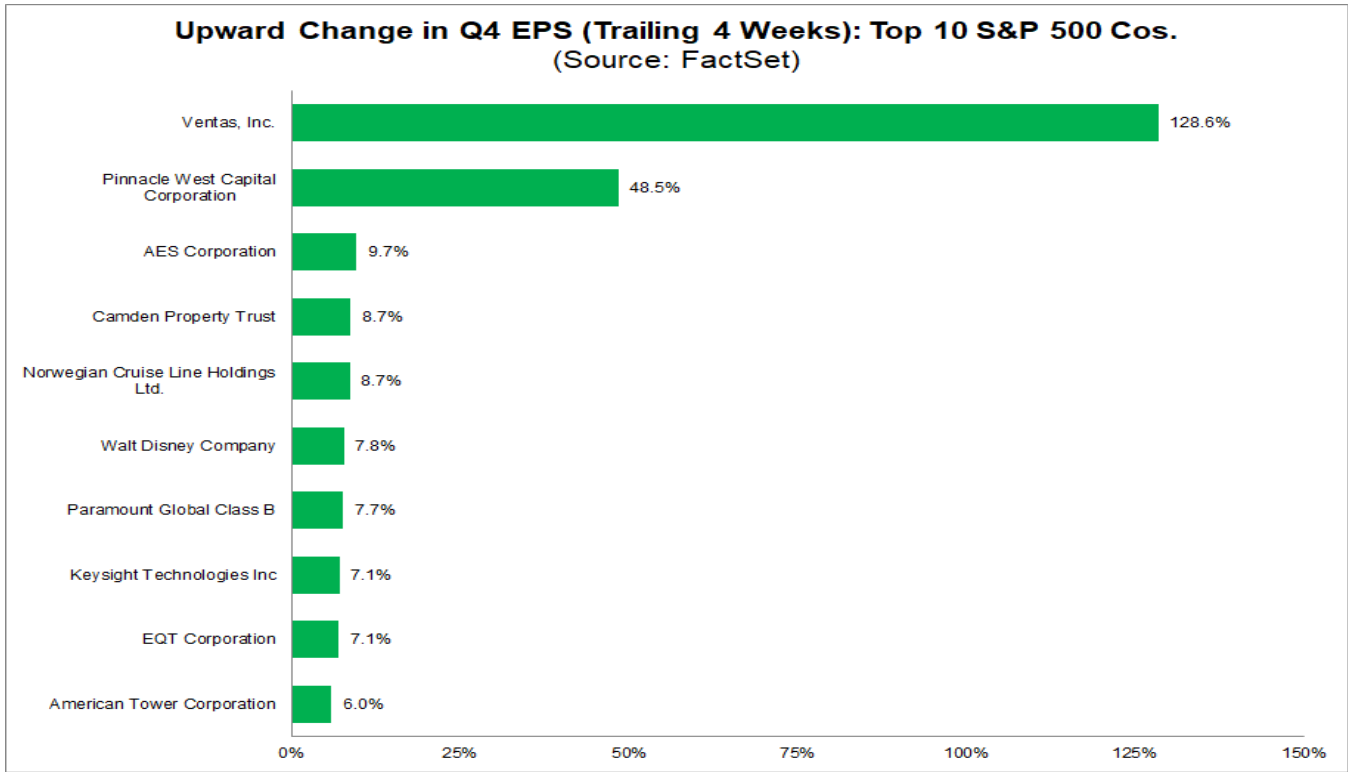
Q3 2024: Net Profit Margin



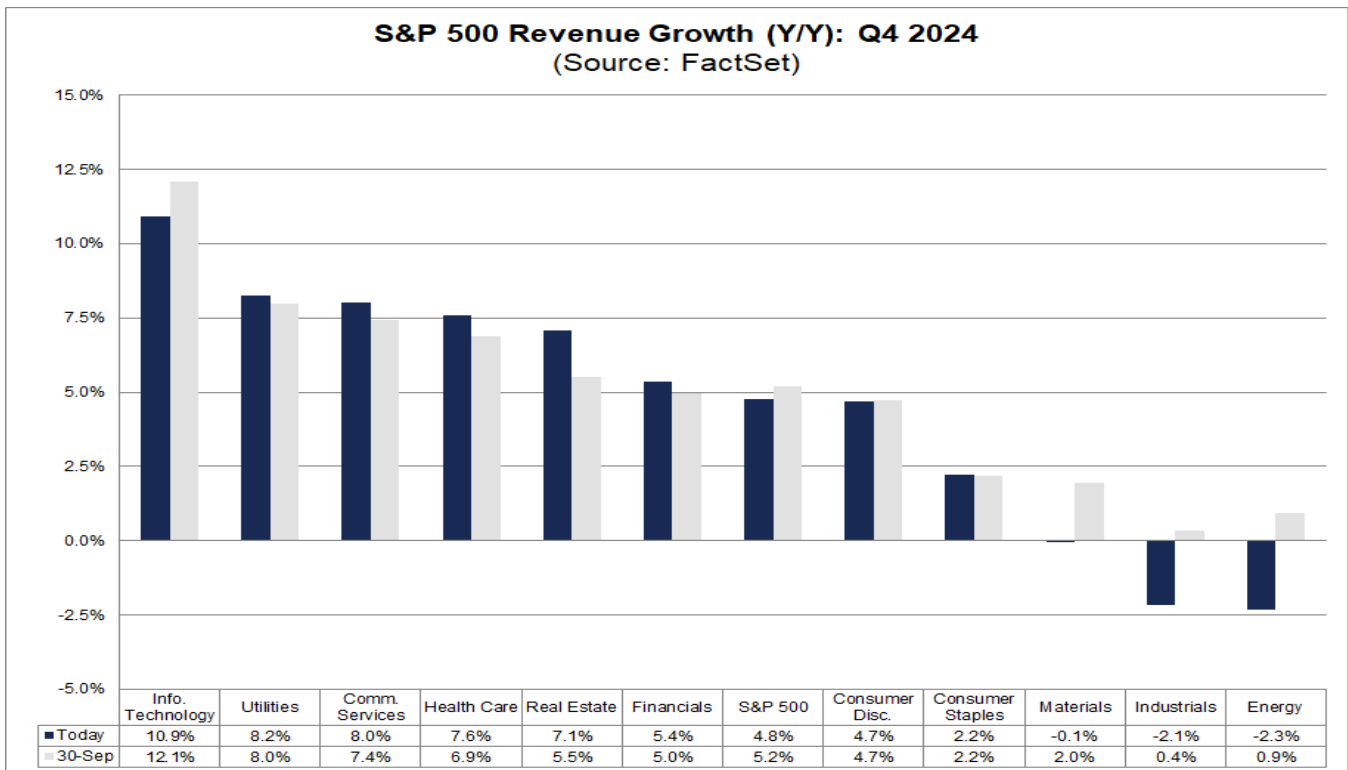
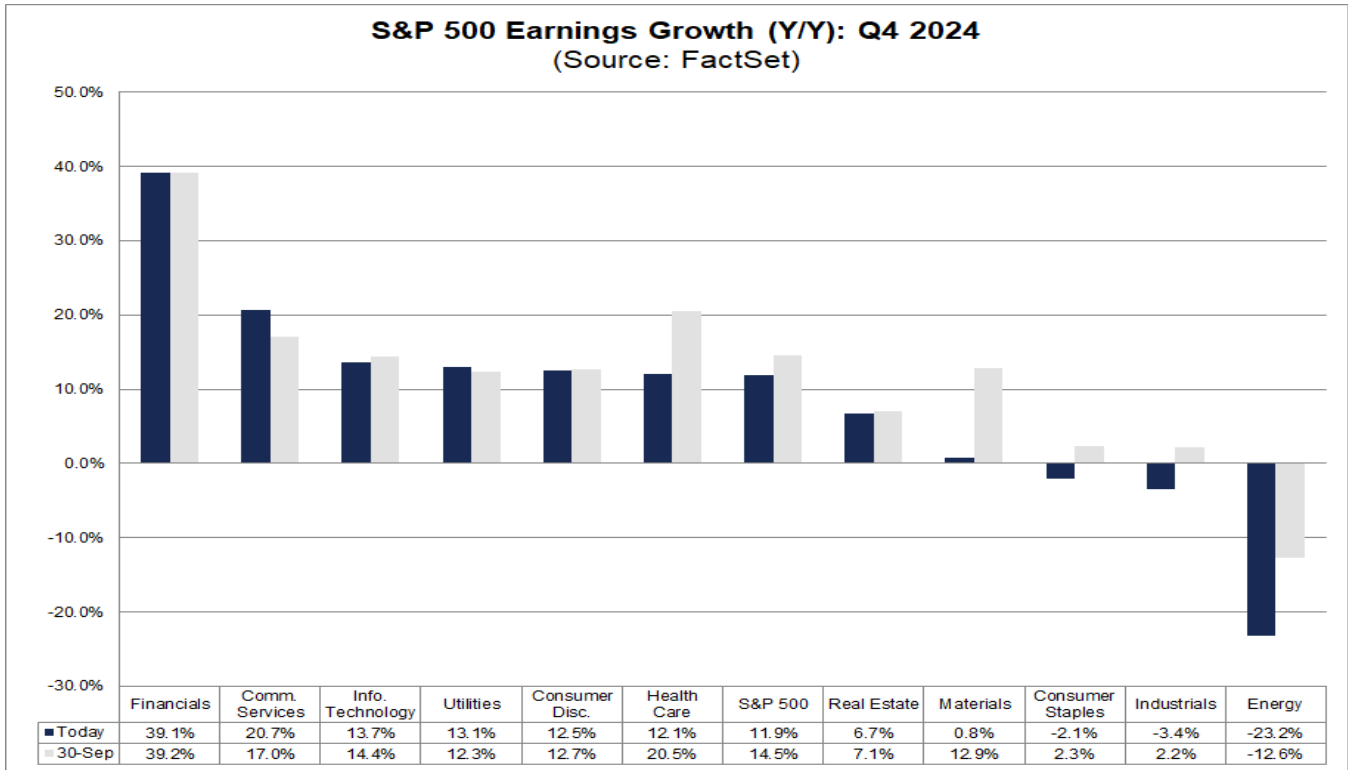
Q4 2024: Guidance



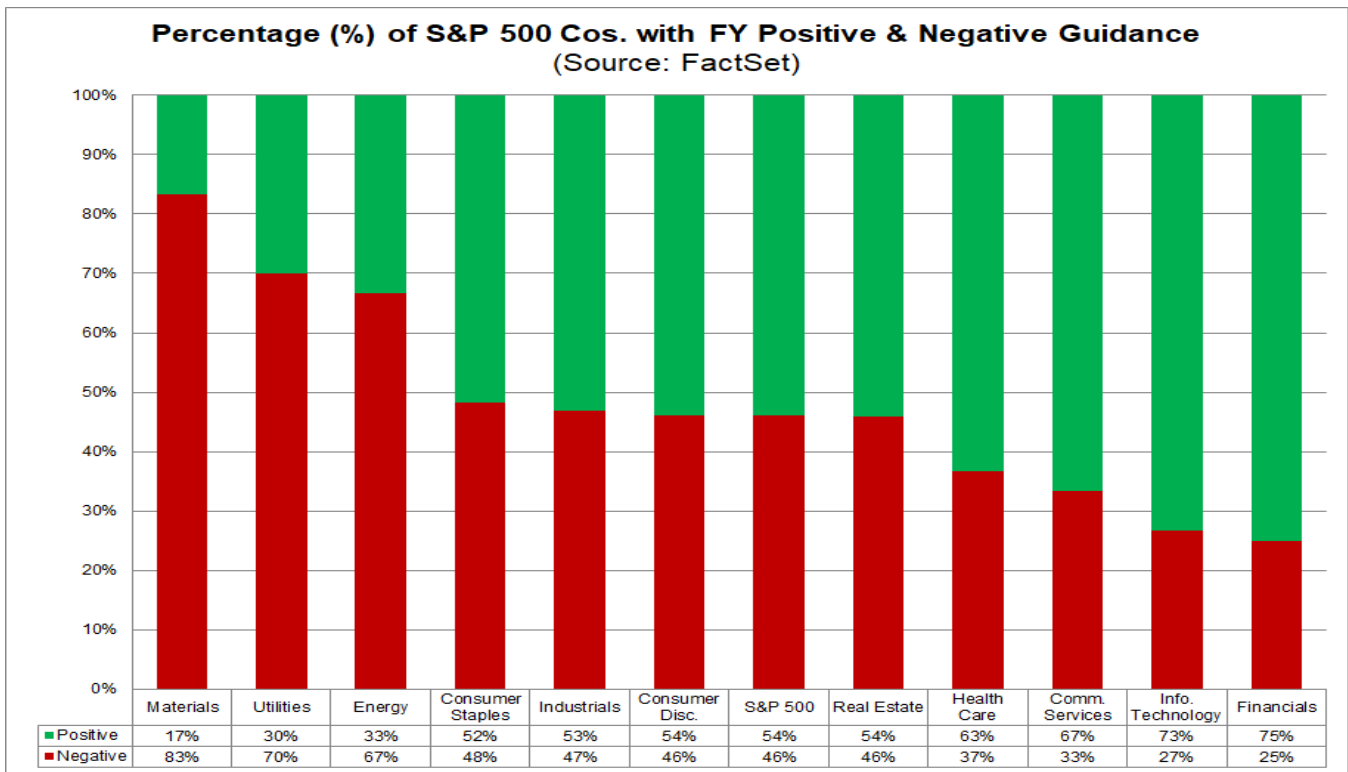
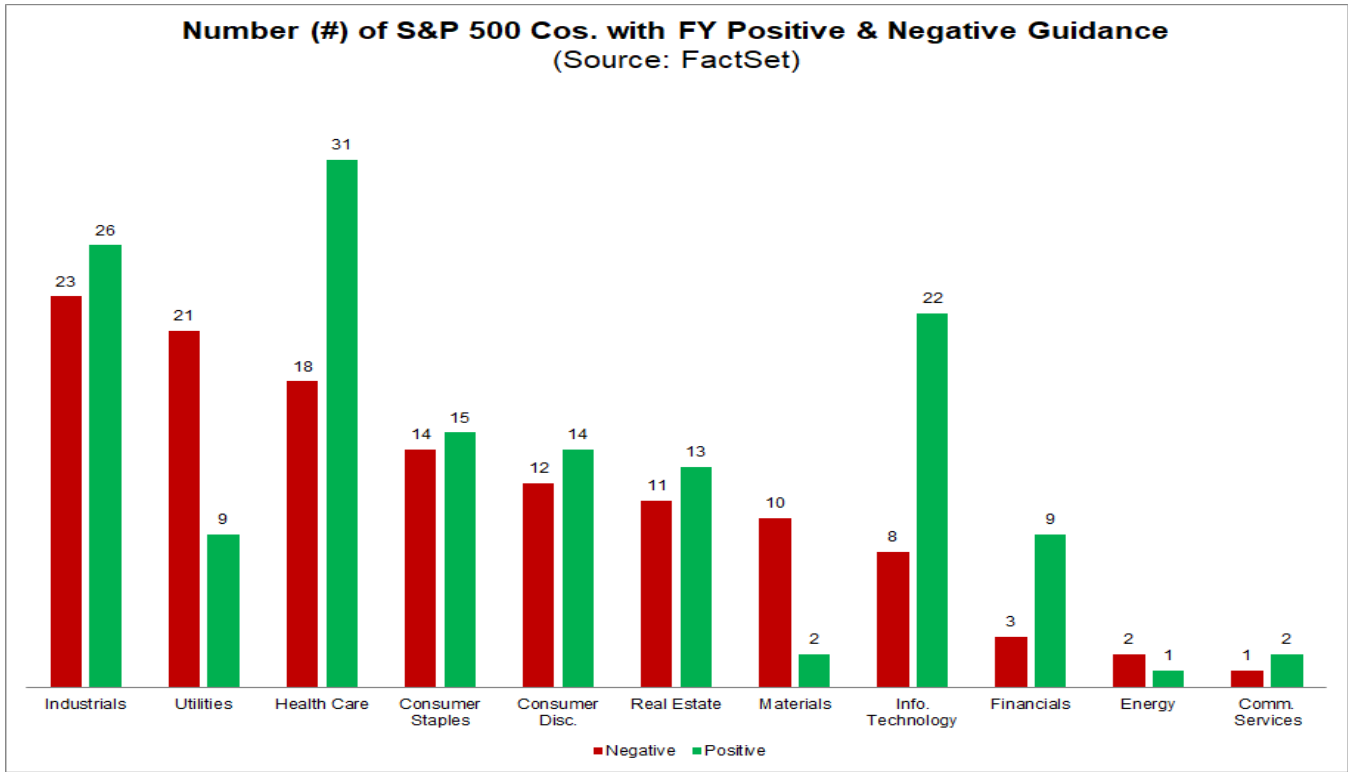
Q4 2024: EPS Revisions



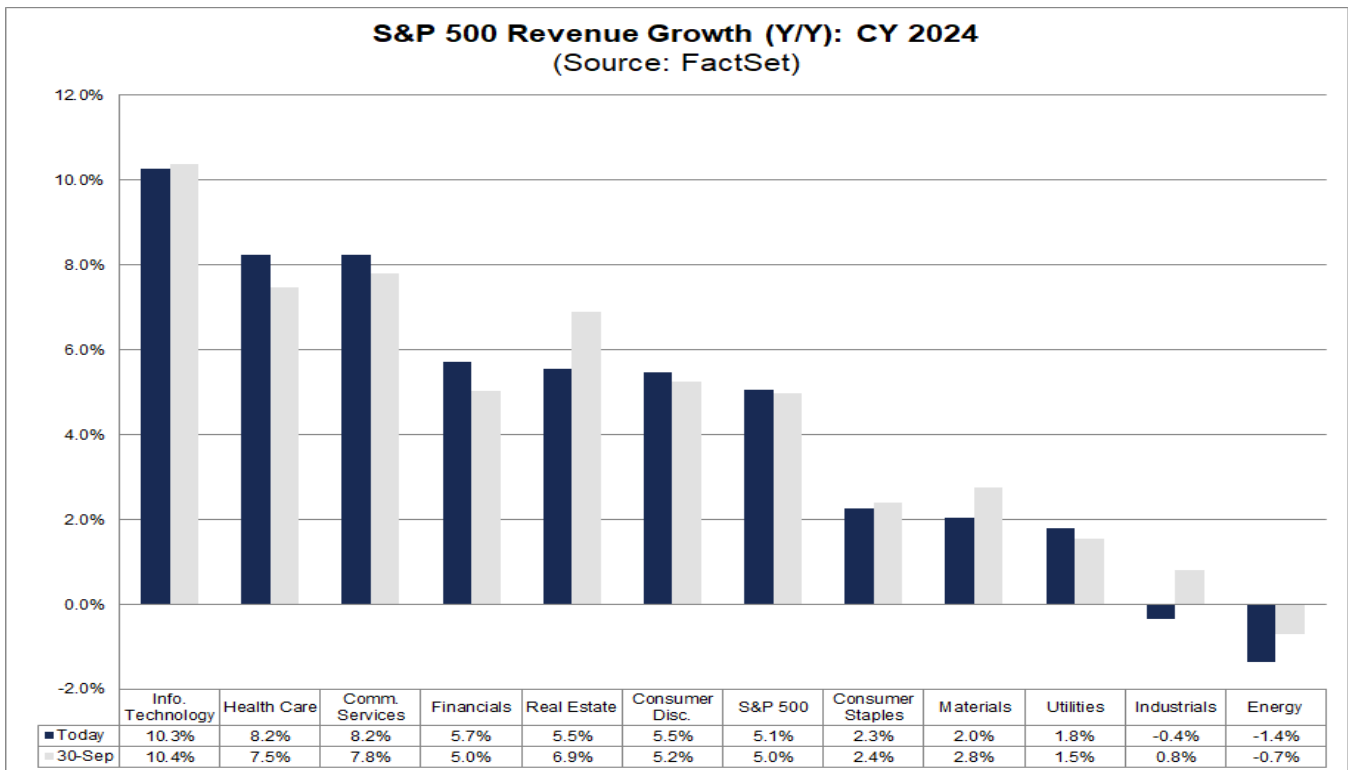
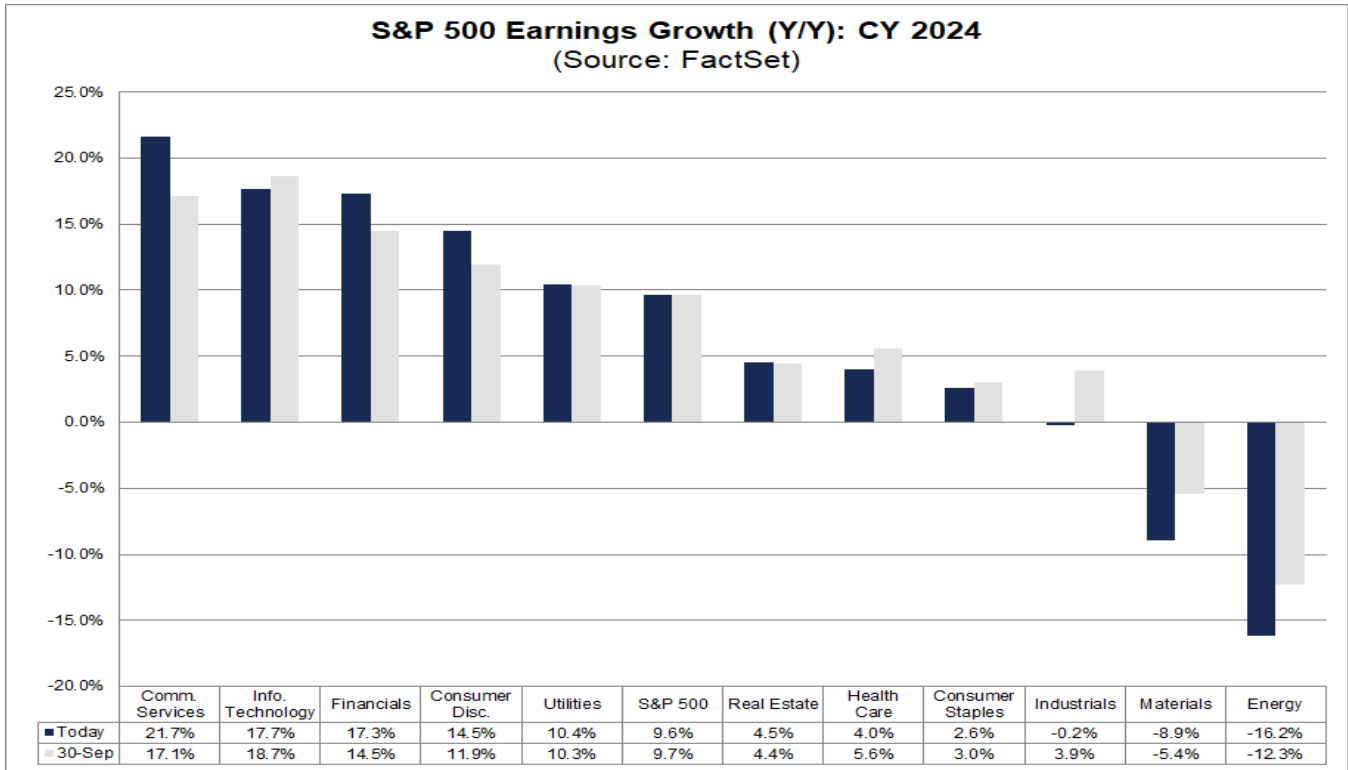
Q4 2024: Growth



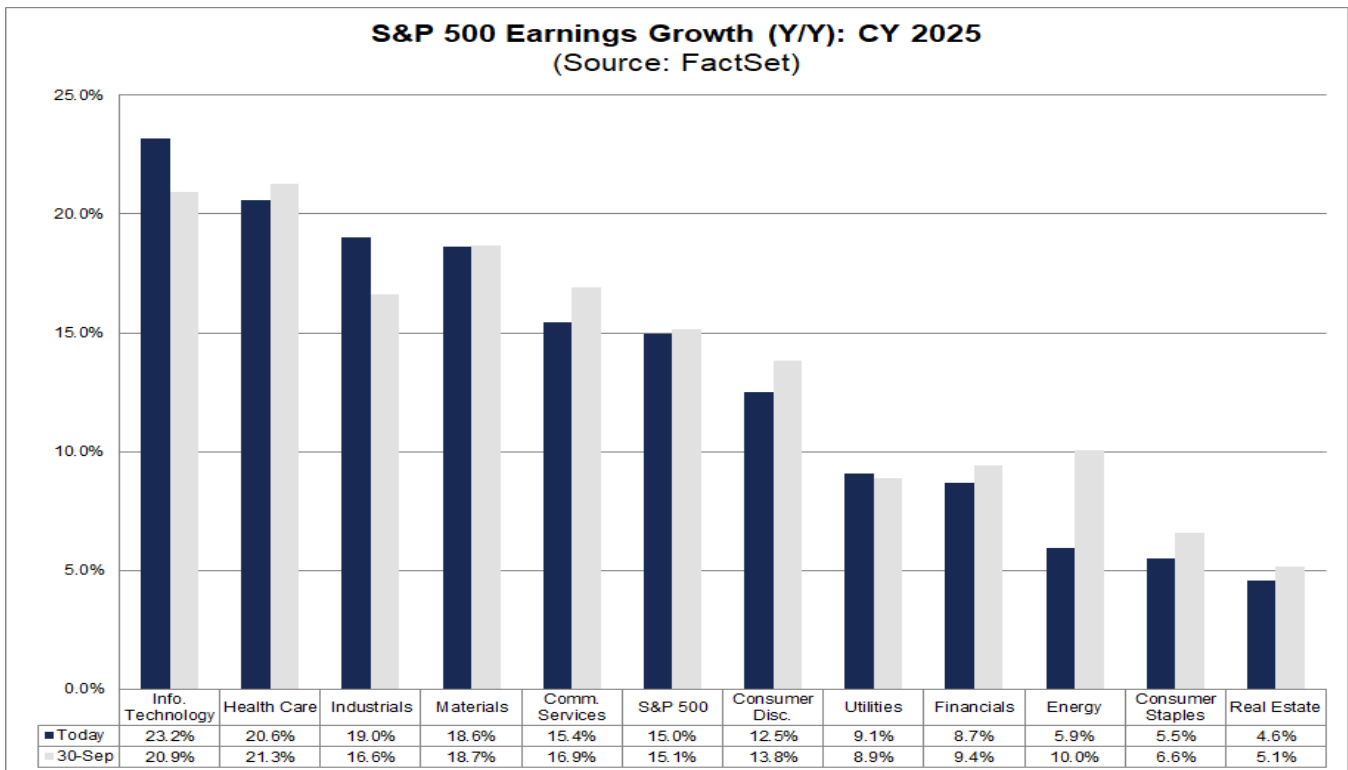
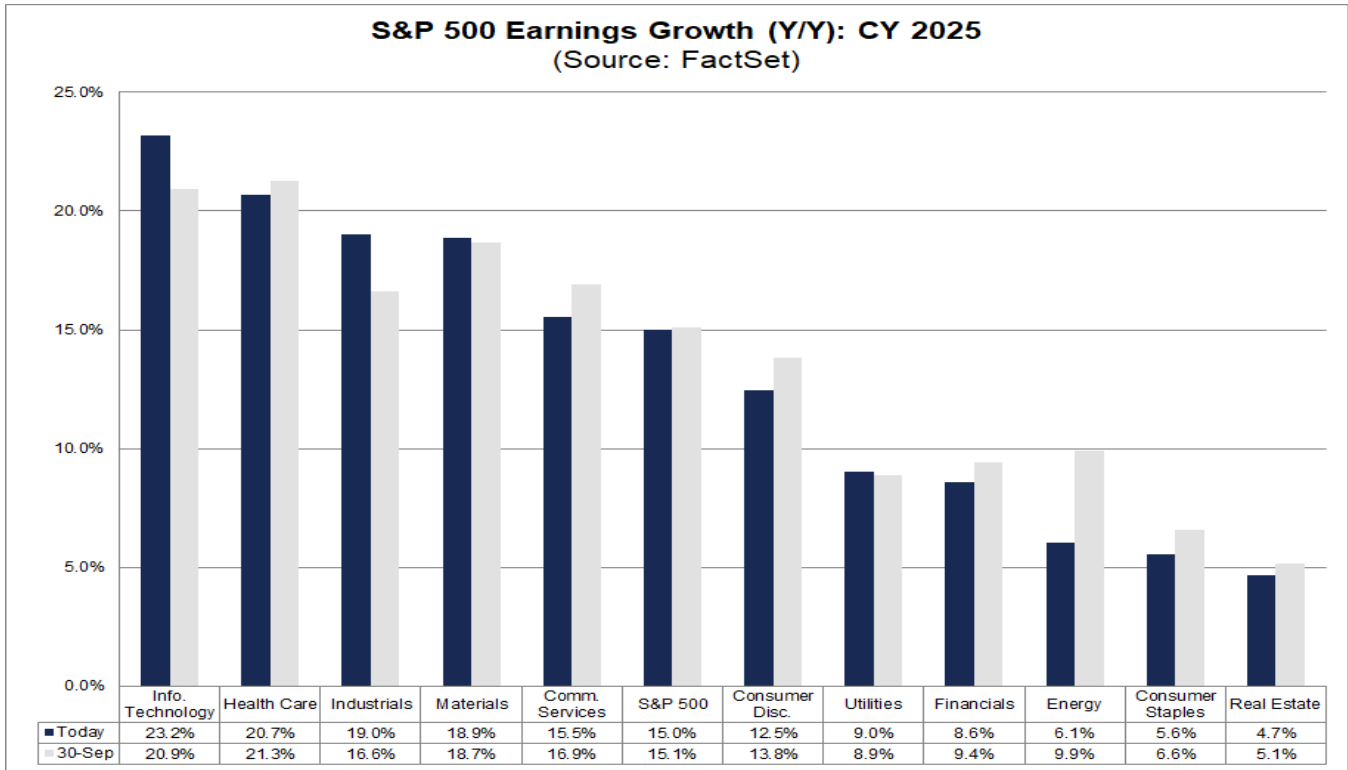
FY 2024 / 2025: EPS Guidance



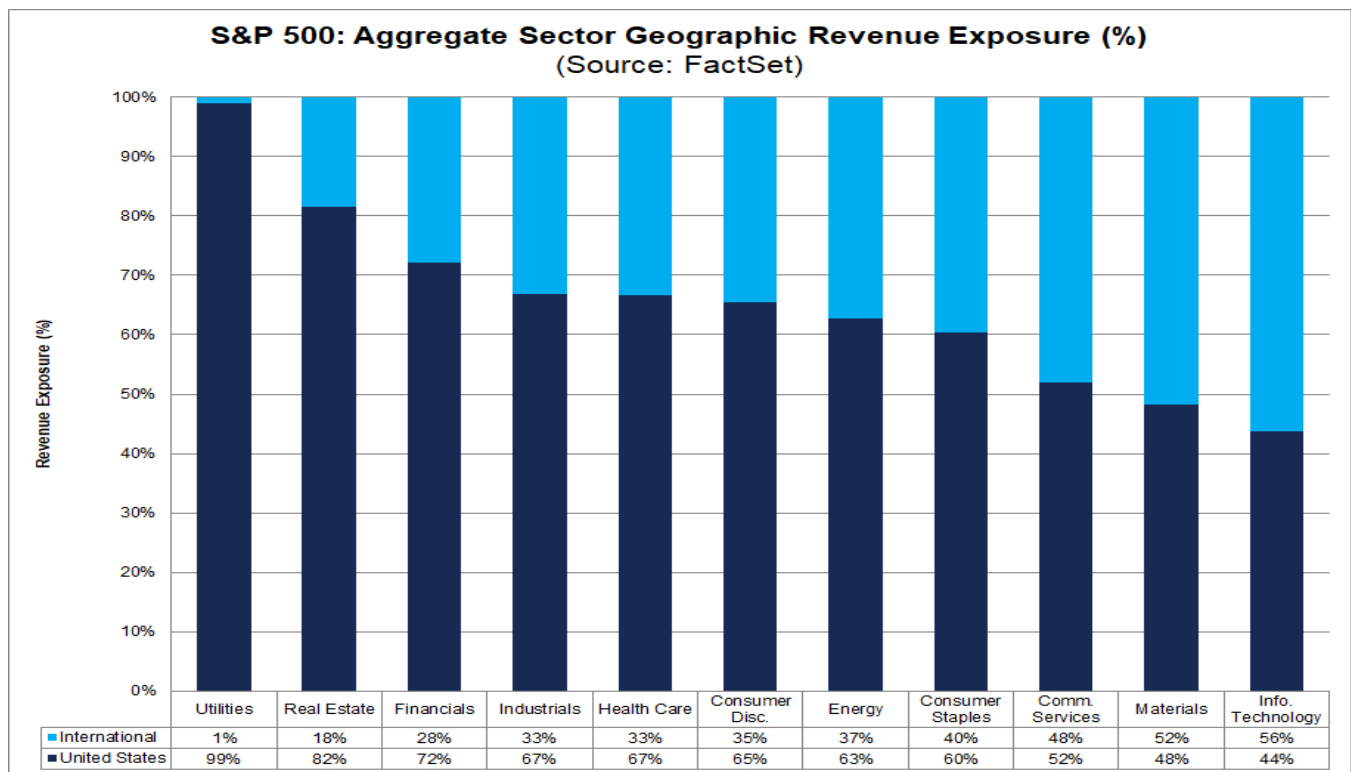
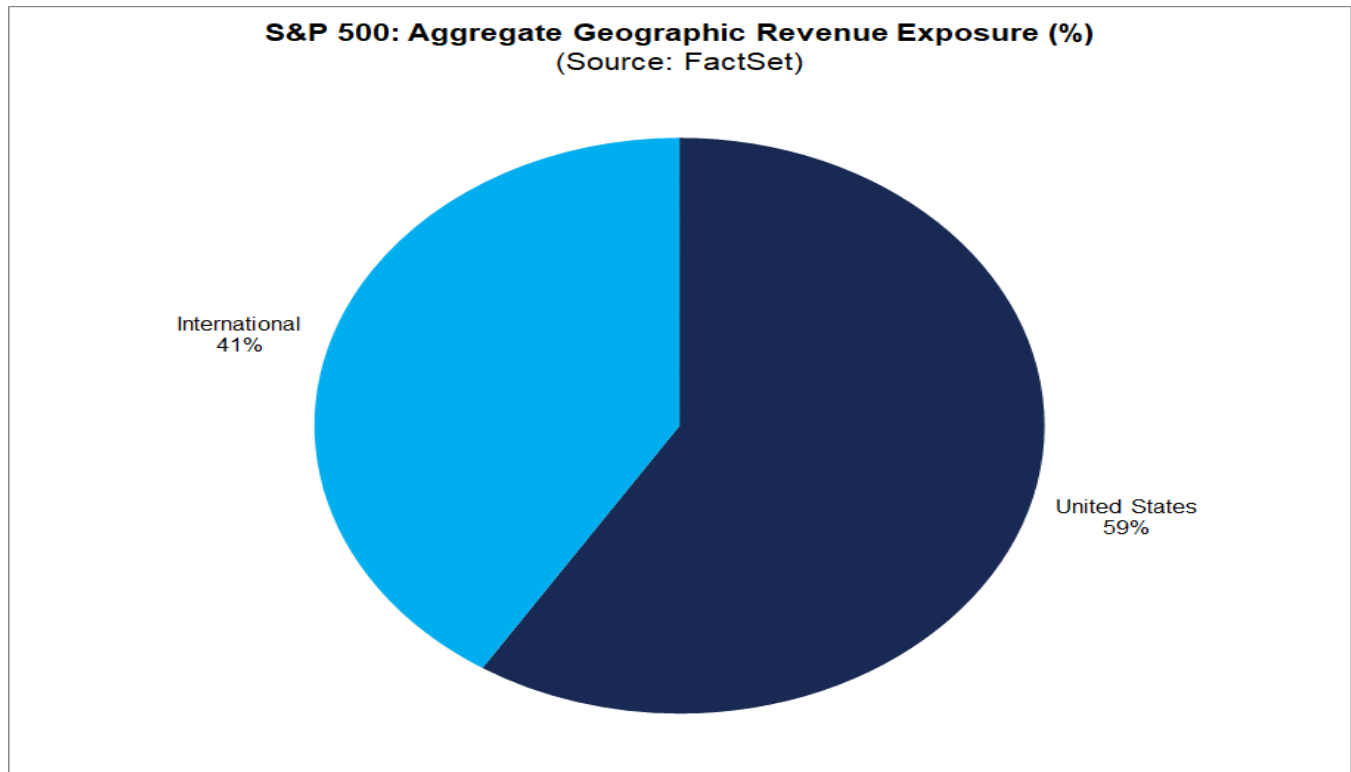
CY 2024: Growth



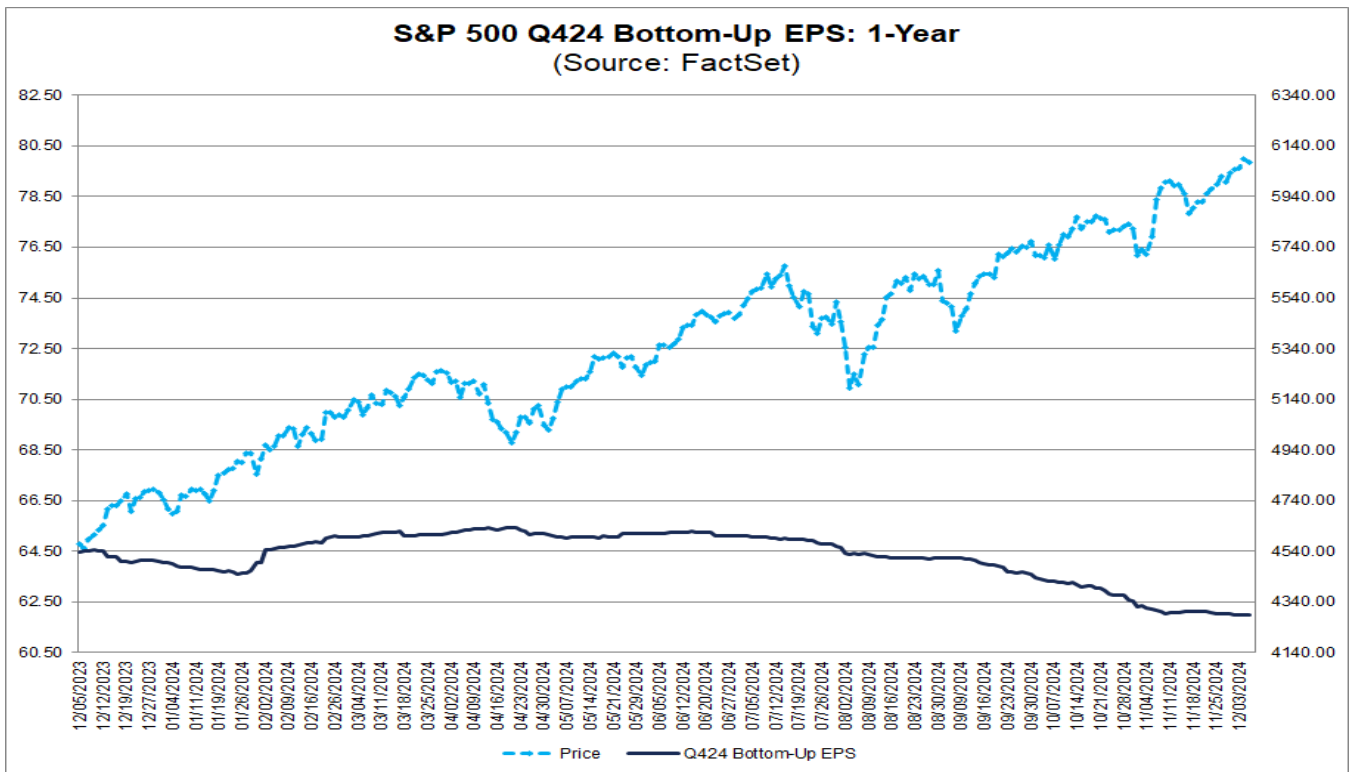
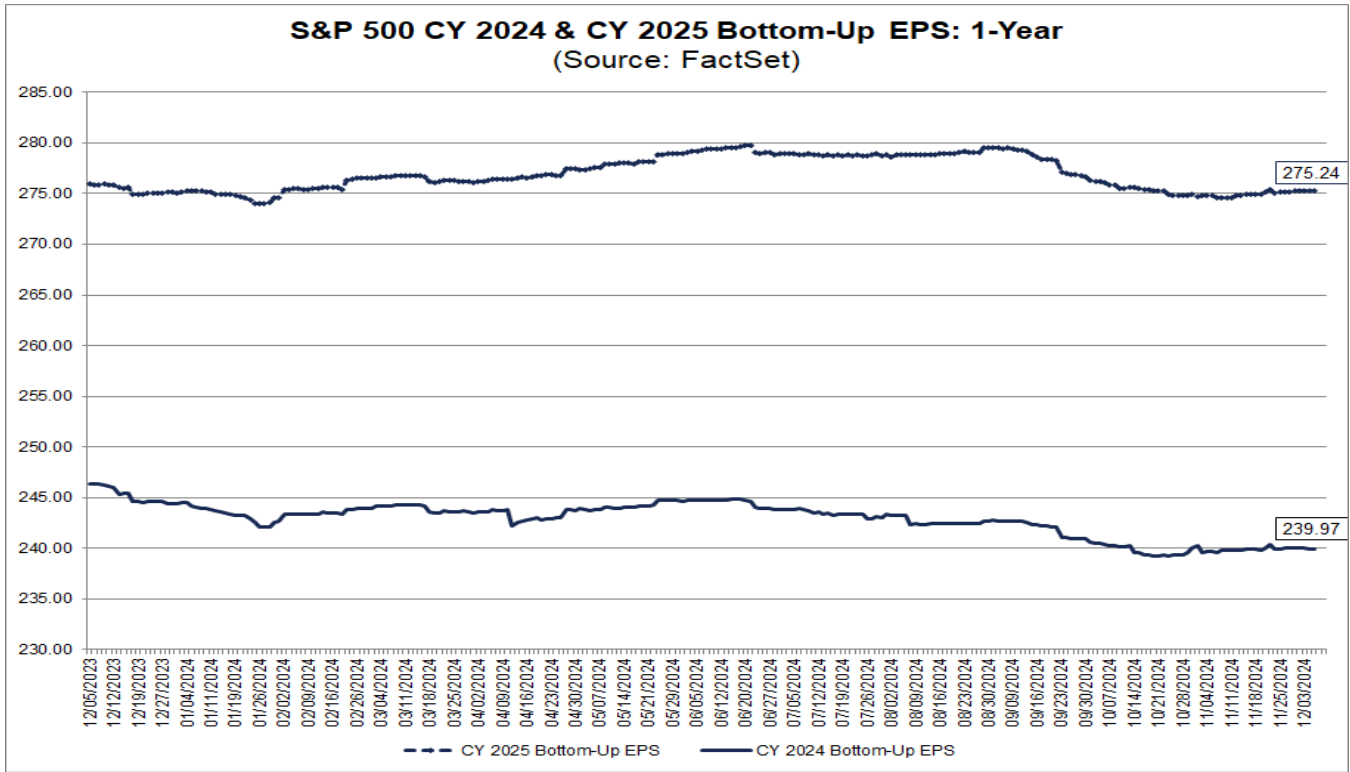
CY 2025: Growth



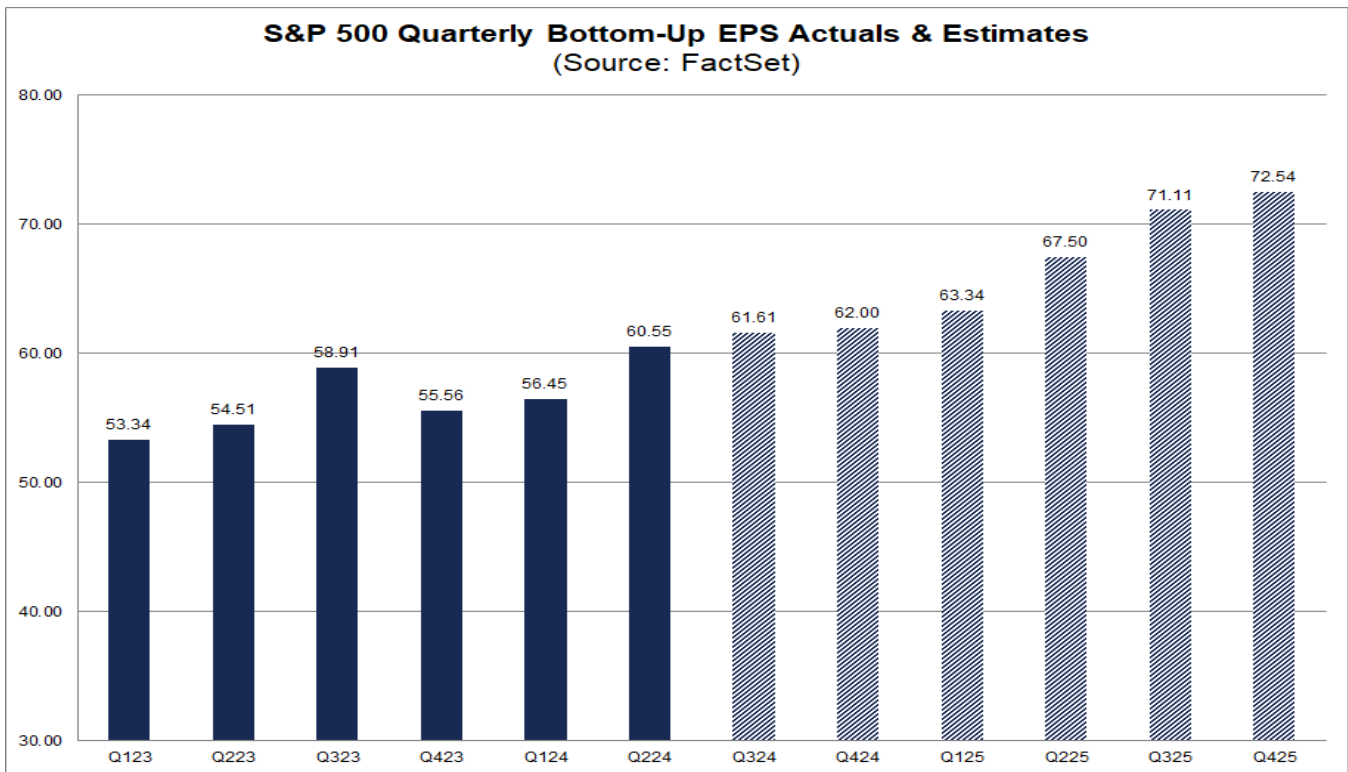
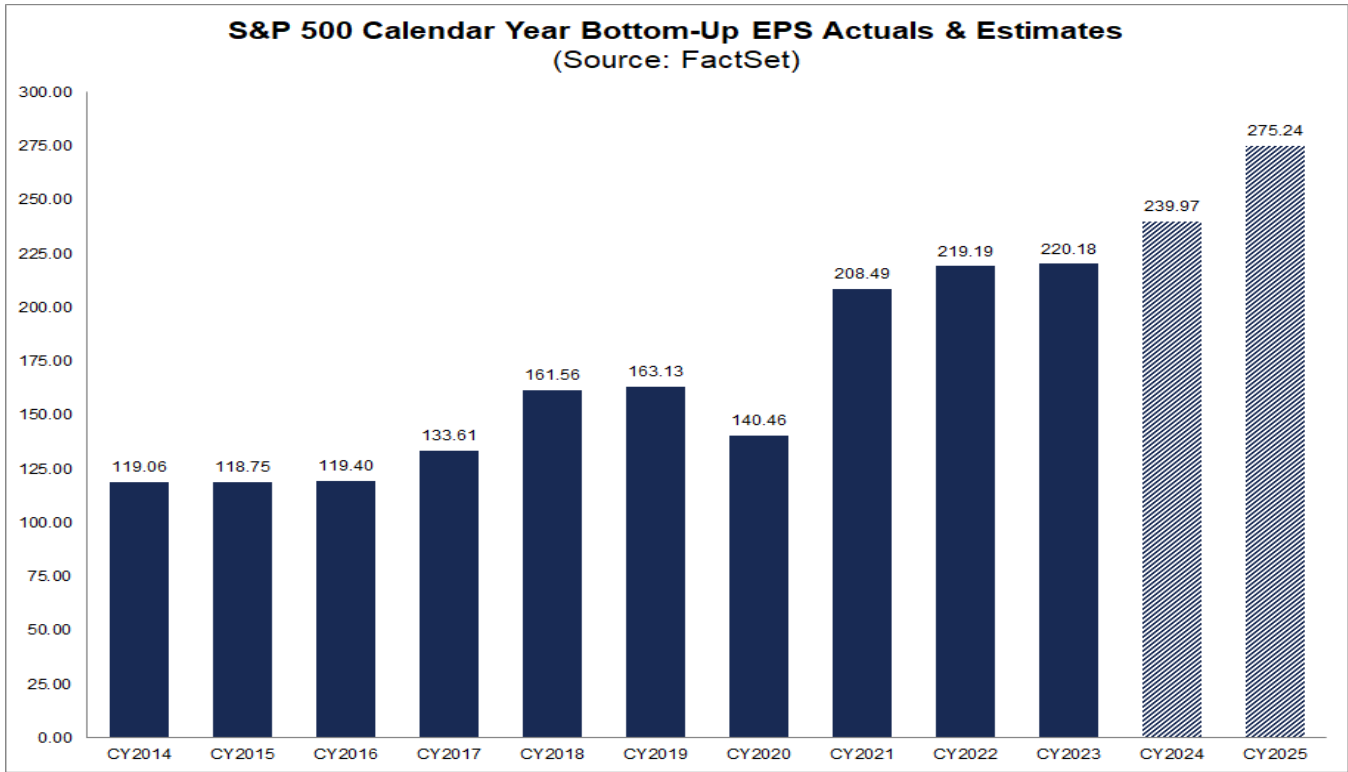
Geographic Revenue Exposure



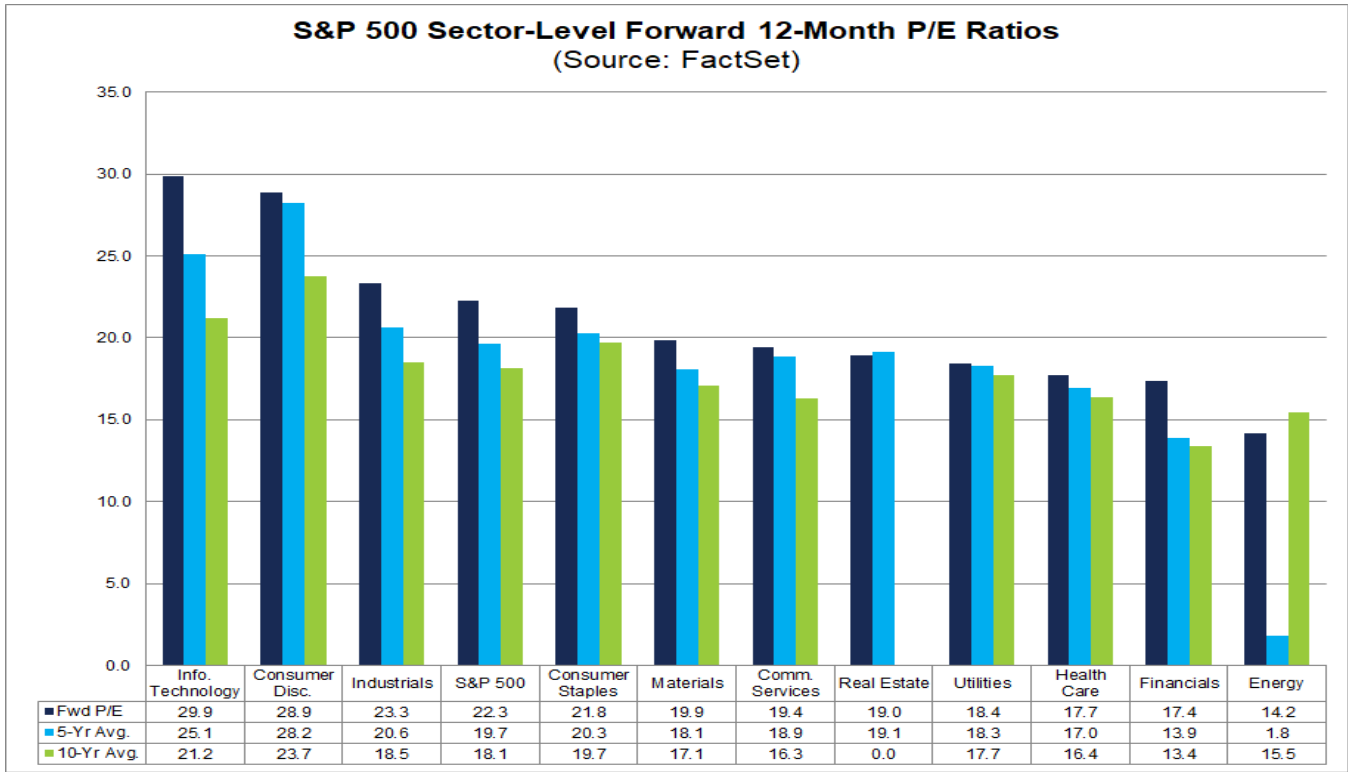
Bottom-Up EPS Estimates



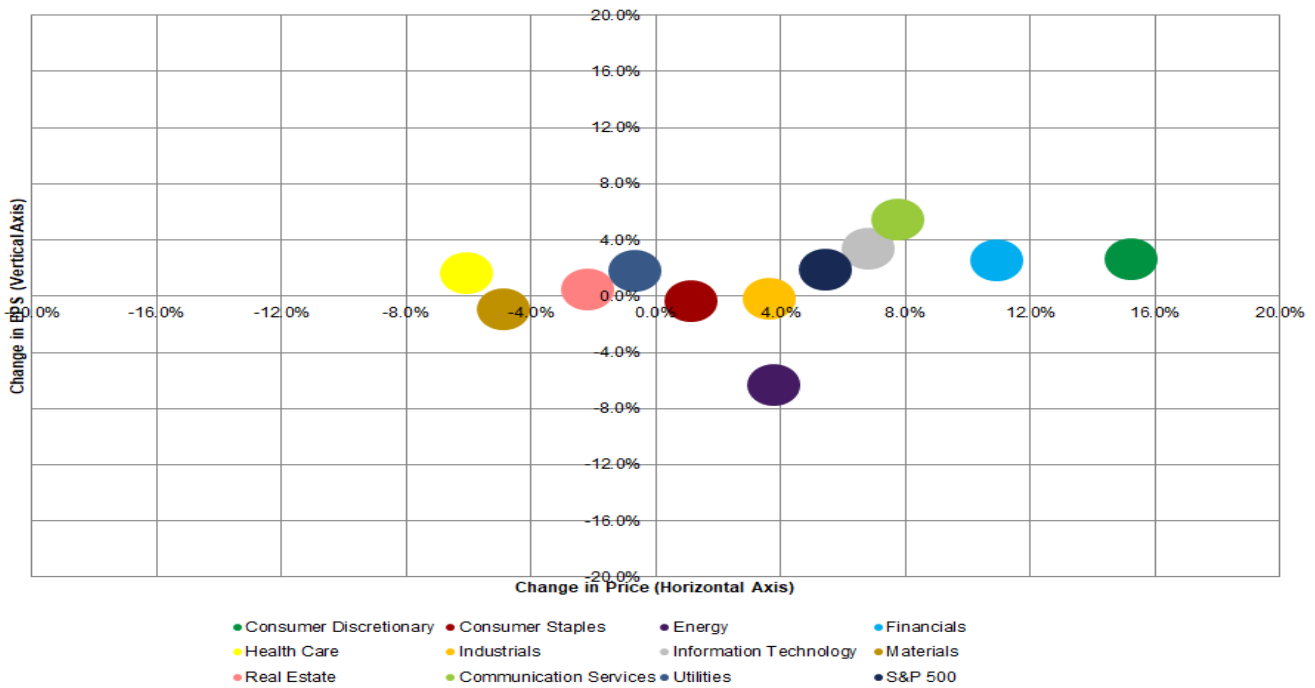
Bottom-Up EPS Estimates: Current & Historical



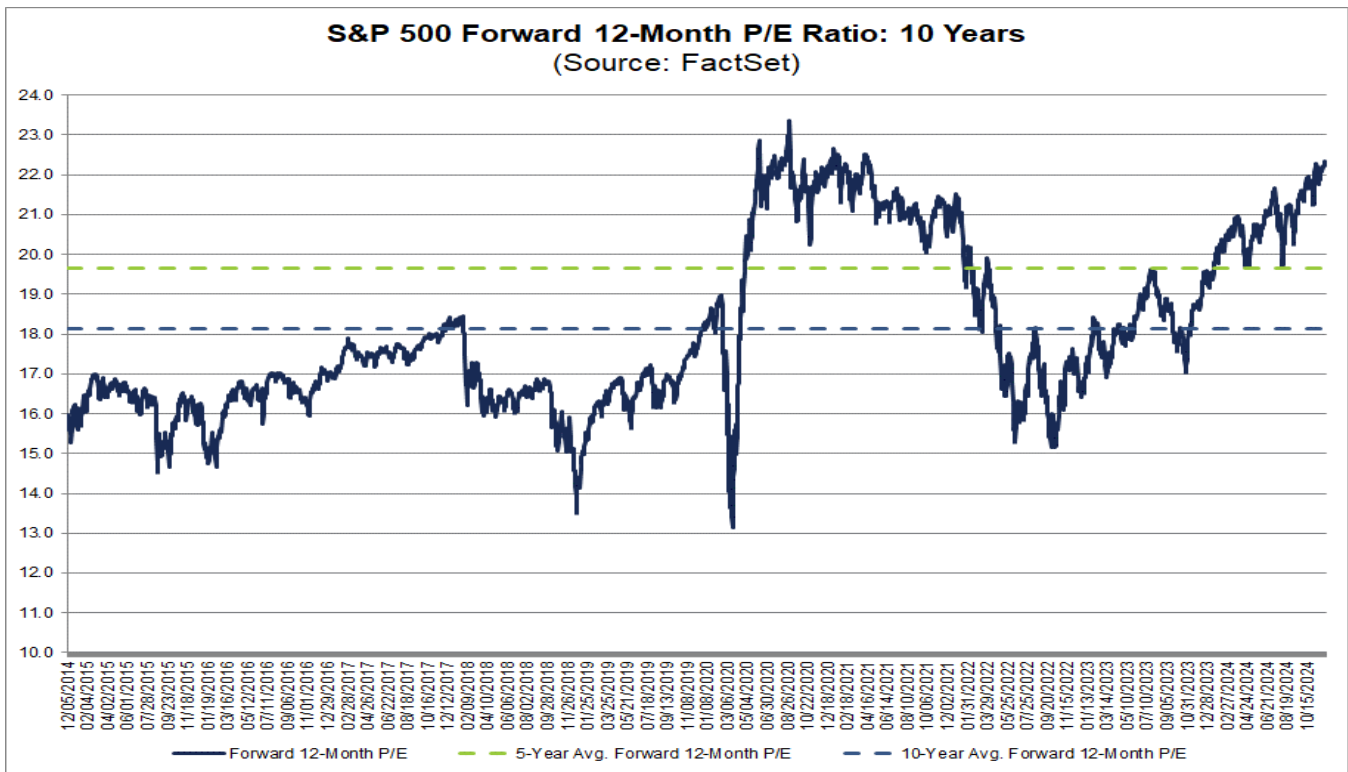
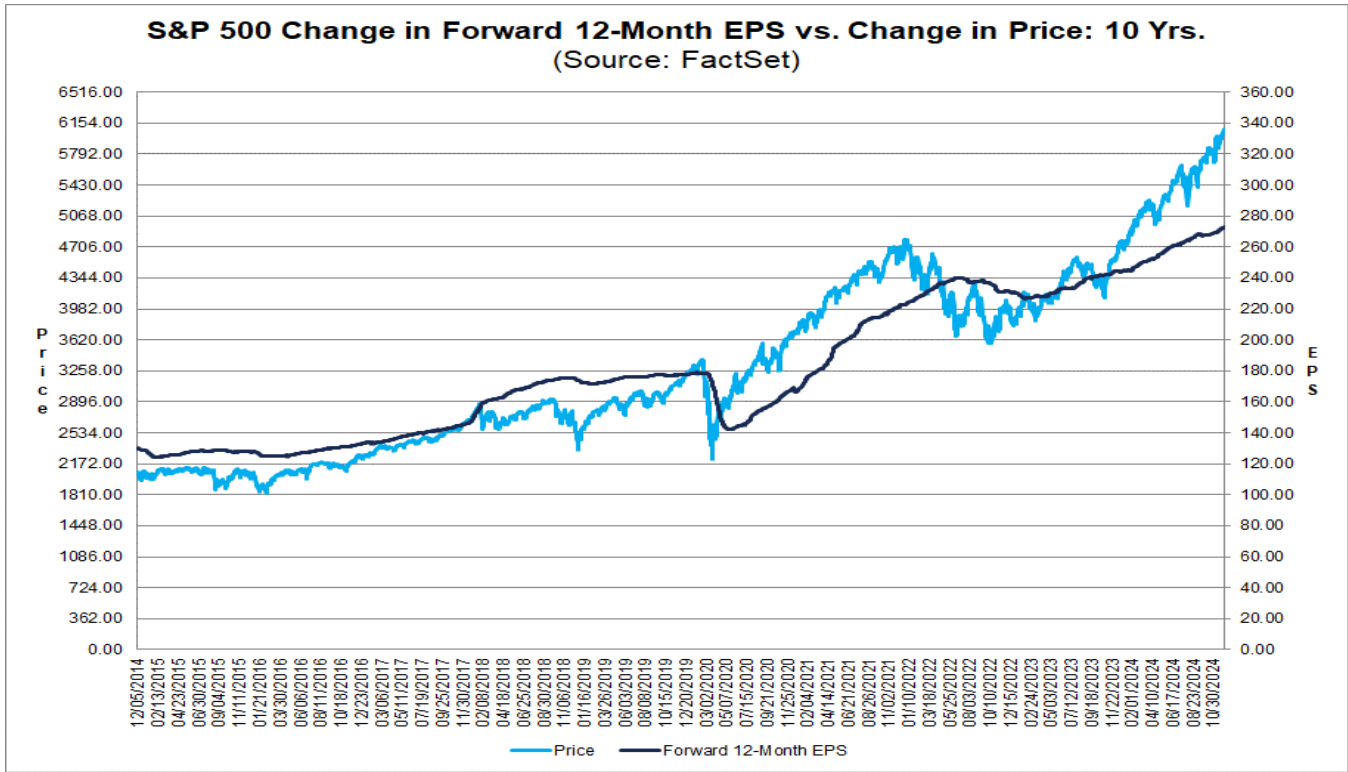
Forward 12M P/E Ratio: Sector Level



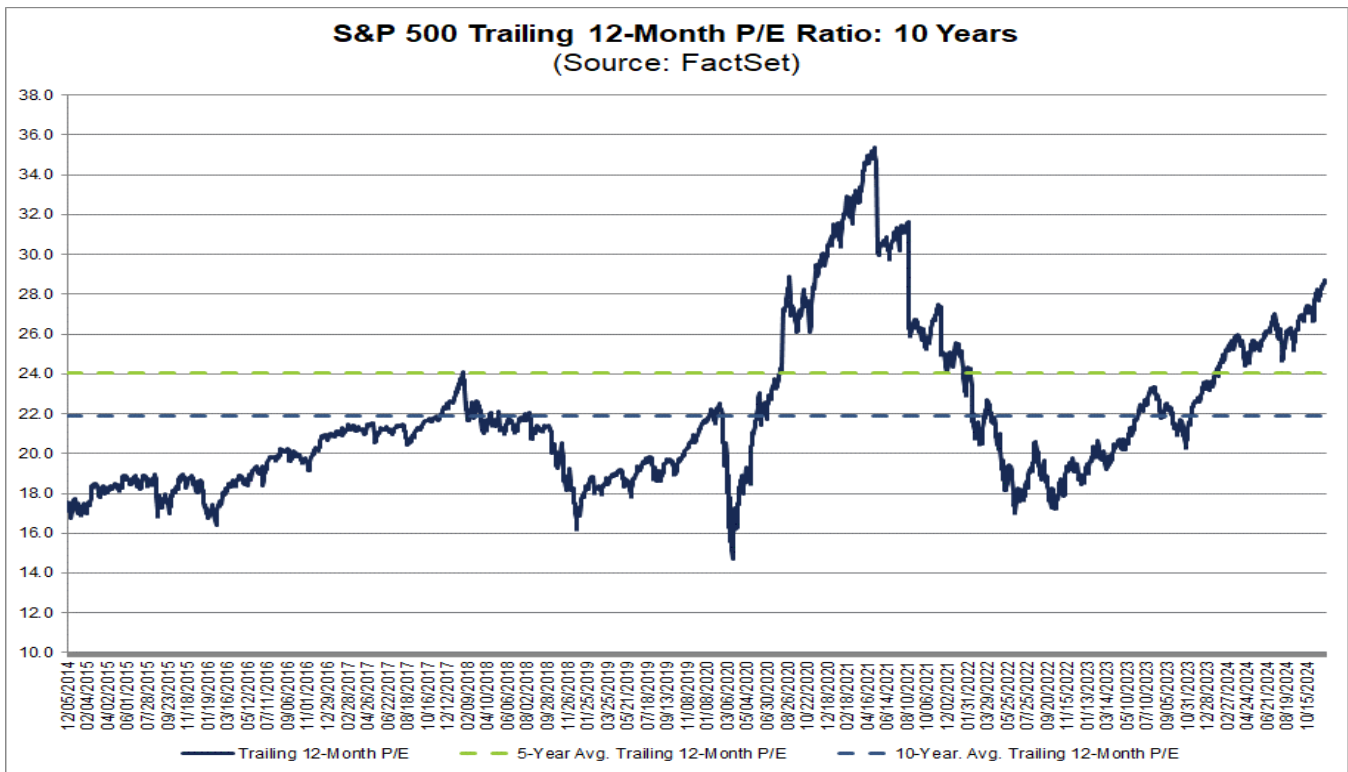
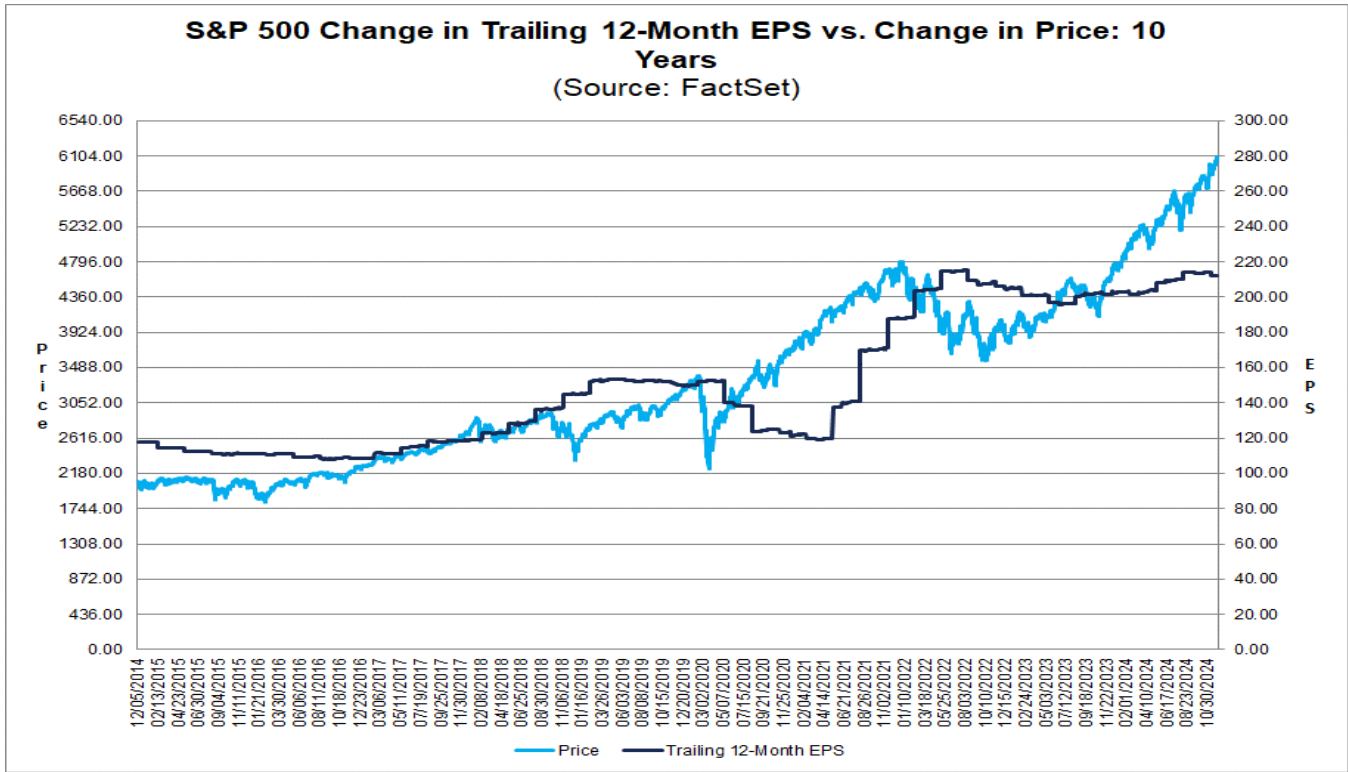
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Sep. 30 (Source: FactSet)



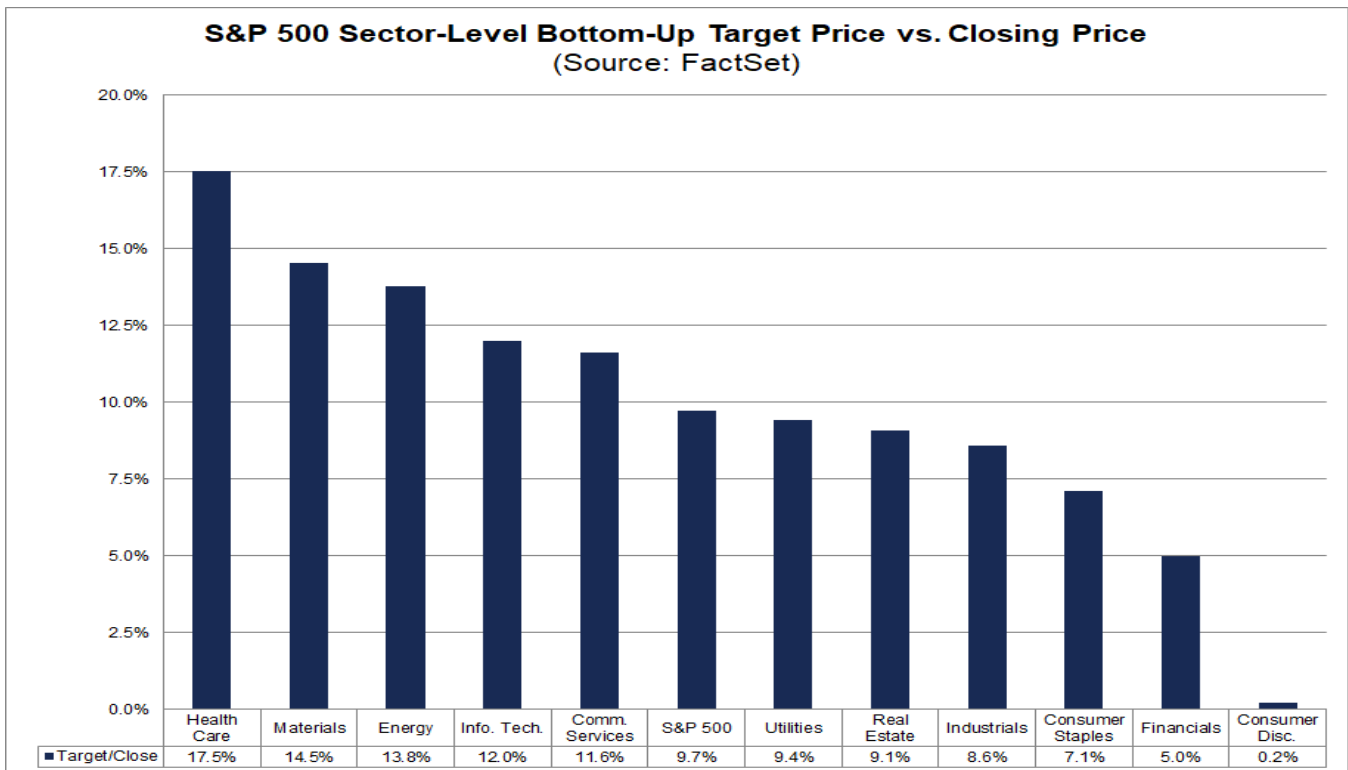
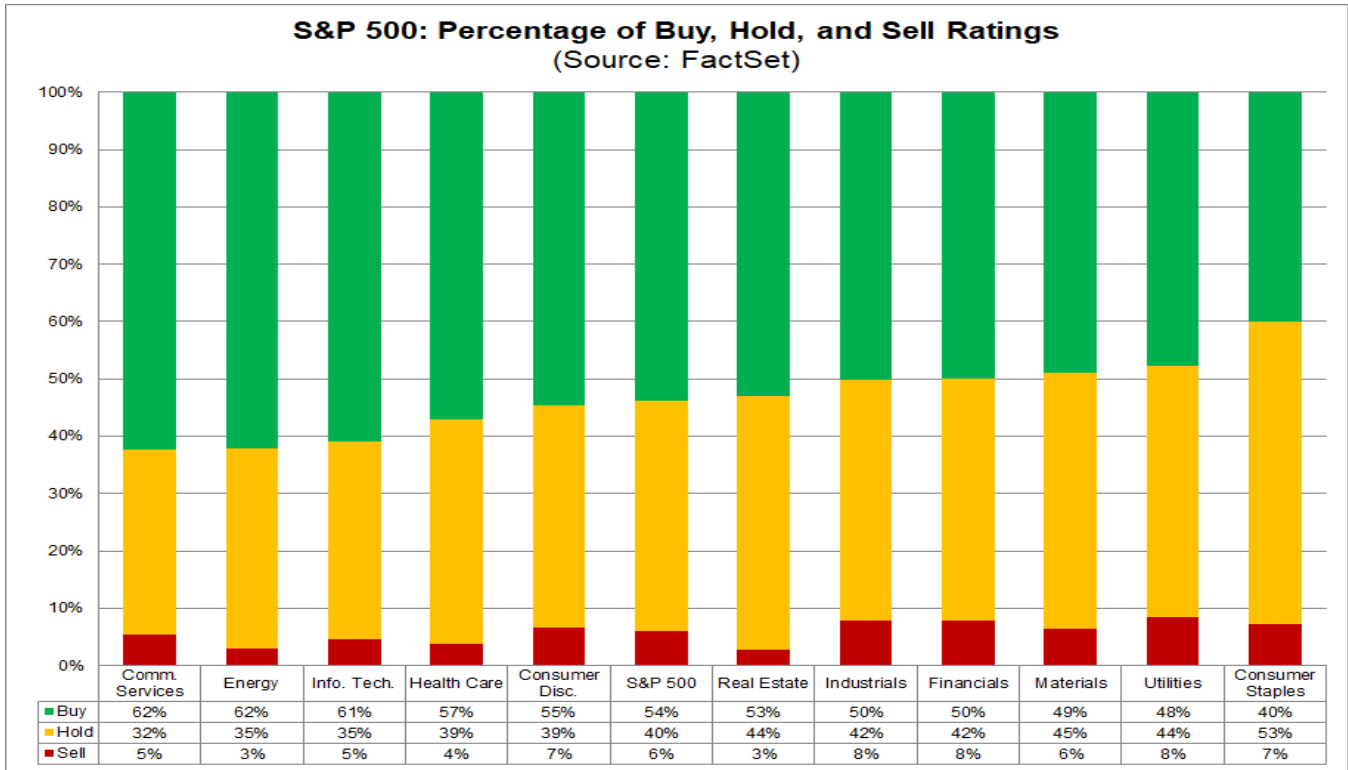
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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