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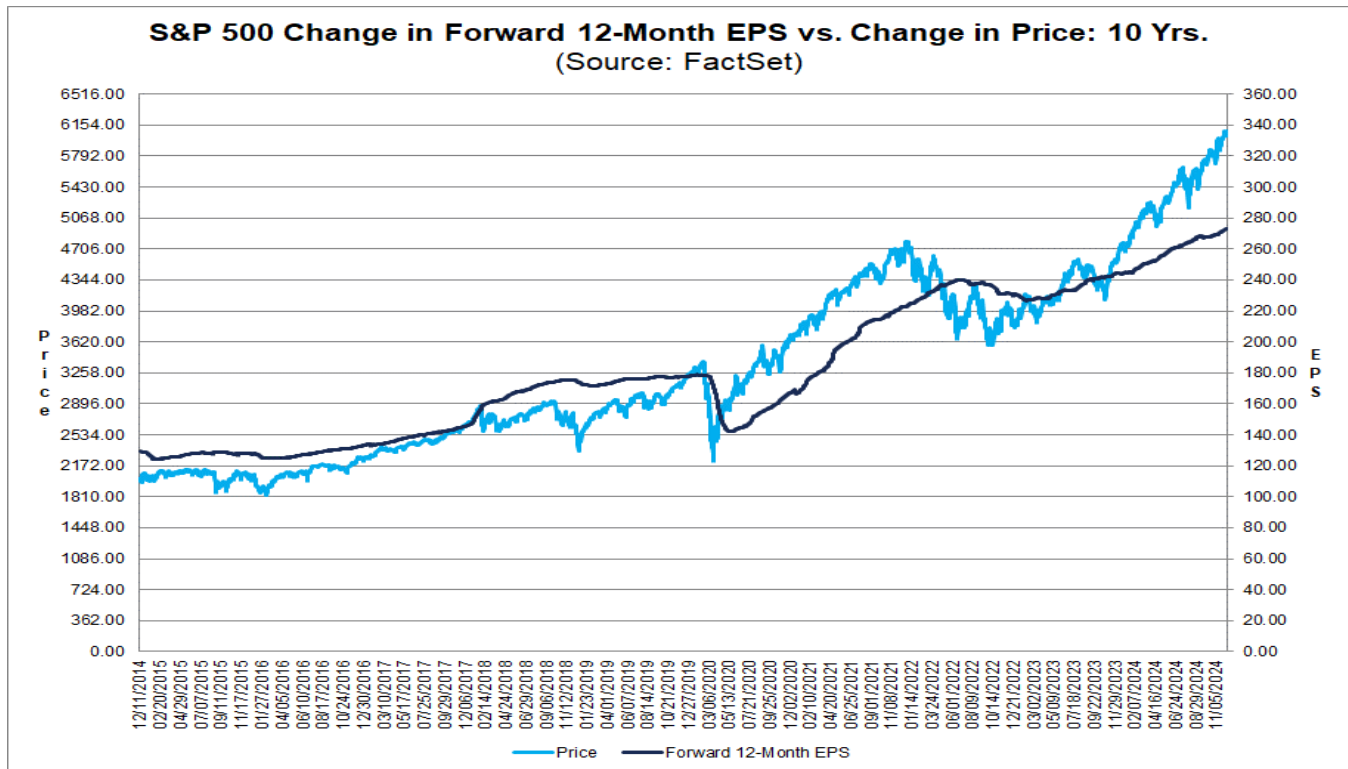
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Author’s Note: *The FactSet Earnings Insight report is being published one day early on December 12. The next edition of the report will be published on Friday, December 20.*

Key Metrics

- **Earnings Growth:** For Q4 2024, the estimated (year-over-year) earnings growth rate for the S&P 500 is 11.8%. If 11.8% 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 14.6%. 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, 71 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).



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Table of Contents

Commentary

Key Metrics	1
Table of Contents	2
Topic of the Week: 1	3
Topic of the Week: 2	6
Overview	9
Earnings Revisions	10
Earnings Guidance	11
Earnings Growth	11
Revenue Growth	13
Net Profit Margin	14
Forward Estimates & Valuation	15

Charts

Q324 Earnings & Revenue Scorecard	16
Q324 Earnings & Revenue Surprises	17
Q324 Earnings & Revenue Growth	20
Q324 Net Profit Margin	22
Q424 EPS Guidance	23
Q424 EPS Revisions	24
Q424 Earnings & Revenue Growth	25
FY24 / FY25 EPS Guidance	26
CY24 Earnings & Revenue Growth	27
CY25 Earnings & Revenue Growth	28
Geographic Revenue Exposure	29
Bottom-Up EPS Estimates	30
Forward 12-Month P/E Ratio	32
Trailing 12-Month P/E Ratio	34
Target & Ratings	35

Topic of the Week: 1

Industry Analysts Predict the S&P 500 Will Close Above 6,600 in 2025

With 2024 coming to a close, analysts are making predictions for the closing price of the S&P 500 for next year. Where do industry analysts (using a bottom-up approach) believe the S&P 500 will close at the end of 2025?

Industry analysts in aggregate predict the S&P 500 will have a closing price of 6,678.18 in 12 months. This bottom-up target price for the index is calculated by aggregating the median target price estimates (based on the company-level target prices submitted by industry analysts) for all the companies in the index. On December 11, the bottom-up target price for the S&P 500 was 6,678.18, which was 9.8% above the closing price of 6,084.19.

At the sector level, the Health Care (+19.7%), Materials (+16.8%), and Energy (+16.7%) 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 Discretionary (-3.3%) sector is expected to see the largest price decrease, as this sector has the largest downside difference between the bottom-up target price and the closing price.

At the company level, the ten stocks in the S&P 500 with the largest upside and downside differences between their median target price and closing price (on December 11) can be found on page 5.

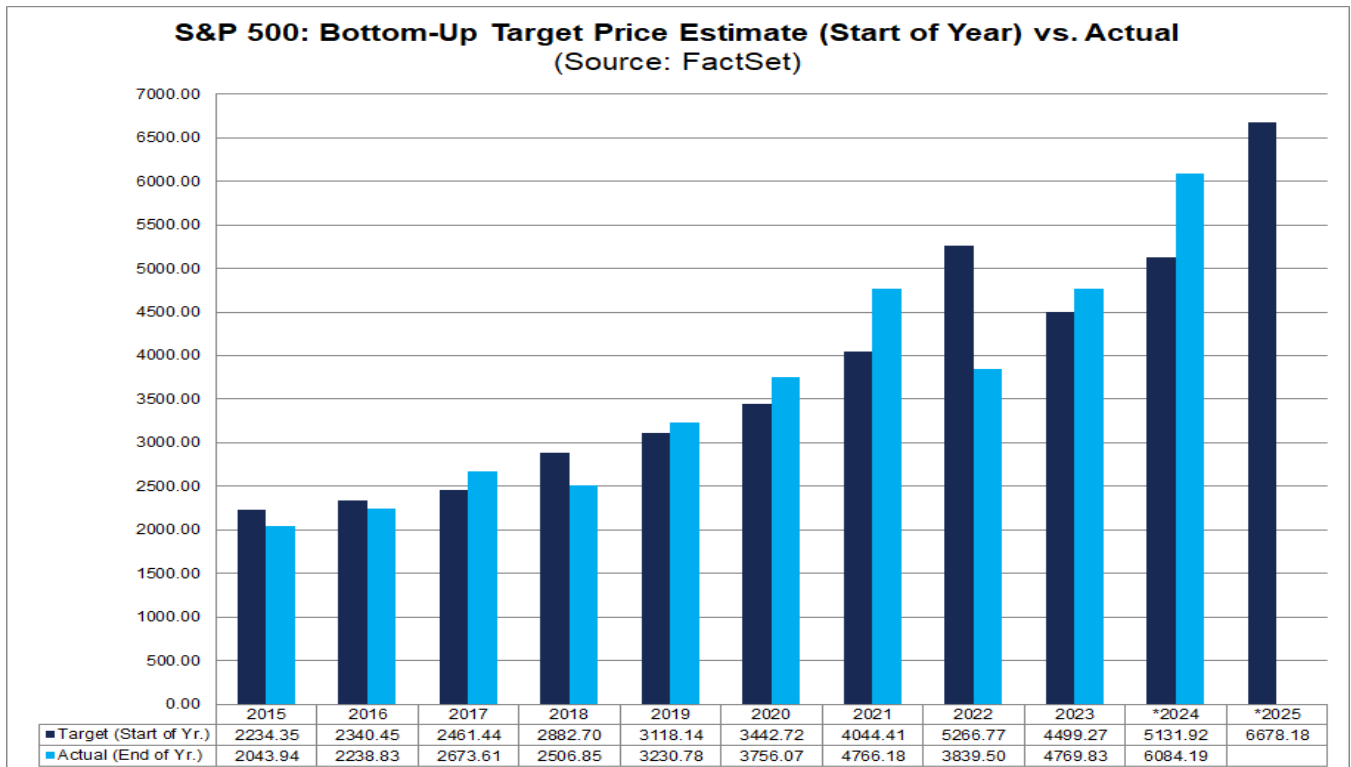
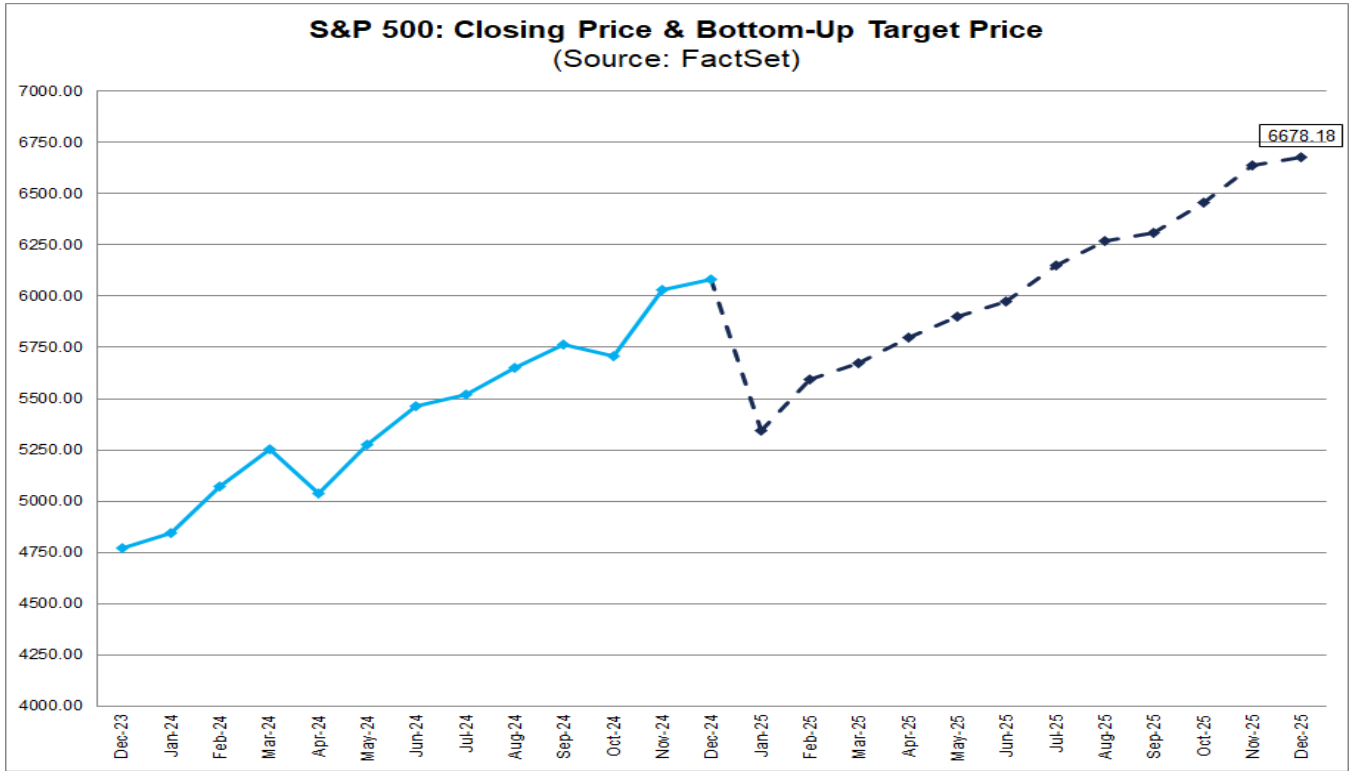
How accurate is the bottom-up target price at the start of the year?

At the end of last year (December 31, 2023), the bottom-up target price for the S&P 500 was 5,131.92. Based on yesterday's closing price of 6,084.19, industry analysts underestimated the price of the index by 15.7% at the start of CY 2024.

However, it is important to note that industry analysts have historically overestimated the closing price of the index at the start of the year.

Over the previous 20 years (2004 – 2023), the average difference between the bottom-up target price estimate at the beginning of the year (December 31) and the final price for the index for that same year has been 6.9%. In other words, industry analysts on average have overestimated the final price of the index by 6.9% one year in advance during the previous 20 years. Analysts overestimated the final value (the final value finished below the estimate) in 13 of the 20 years and underestimated the final value (the final value finished above the estimate) in the other 7 years. It is interesting to note that analysts have underestimated the final value in four of the past five years (2019 – 2023).

If one applies the average overestimation of 6.9% to the current bottom-up target price estimate (assuming the estimate changes little between now and December 31), the expected closing value for 2025 would be 6,215.94, which is 2.2% above yesterday's closing price of 6,084.19.

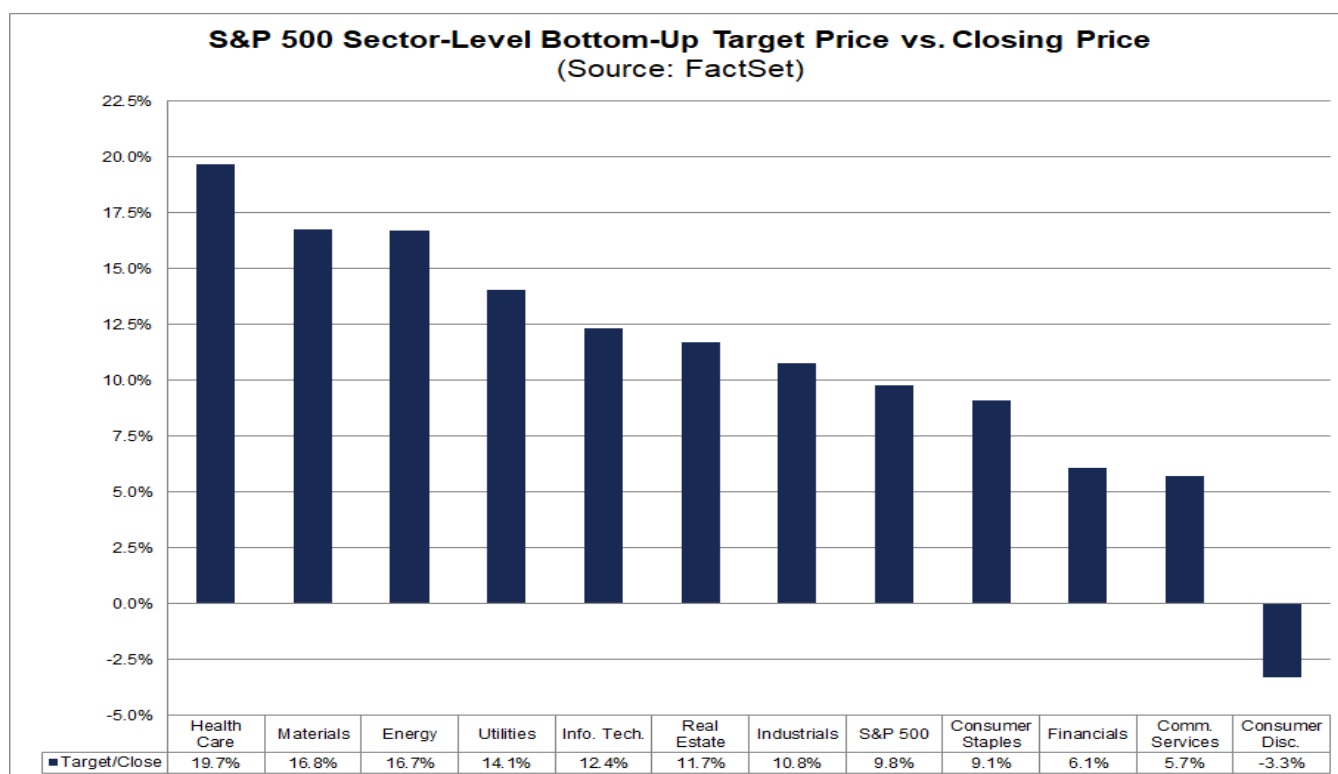


S&P 500: Difference Between Median Target Price & Closing Price: Top 10 (Source: FactSet)

Company	Target	Closing	Diff (\$)	Diff (%)
Biogen Inc.	250.00	157.46	92.54	58.8%
AES Corporation	20.50	13.59	6.91	50.8%
Uber Technologies, Inc.	90.00	61.18	28.82	47.1%
Regeneron Pharmaceuticals, Inc.	1130.00	773.00	357.00	46.2%
Centene Corporation	82.00	56.90	25.10	44.1%
Celanese Corporation	98.00	68.04	29.96	44.0%
Devon Energy Corporation	50.00	34.76	15.24	43.8%
Monolithic Power Systems, Inc.	893.50	623.82	269.68	43.2%
Caesars Entertainment Inc	53.00	37.11	15.89	42.8%
Micron Technology, Inc.	145.00	102.06	42.95	42.1%

S&P 500: Difference Between Median Target Price & Closing Price: Bottom 10 (Source: FactSet)

Company	Target	Closing	Diff (\$)	Diff (%)
Palantir Technologies Inc. Class A	39.00	72.51	-33.51	-46.2%
Tesla, Inc.	274.97	424.77	-149.80	-35.3%
Super Micro Computer, Inc.	28.00	38.29	-10.29	-26.9%
Garmin Ltd.	174.50	220.77	-46.27	-21.0%
Netflix, Inc.	825.00	936.56	-111.56	-11.9%
Blackstone Inc.	169.50	192.41	-22.91	-11.9%
Franklin Resources, Inc.	20.00	22.39	-2.39	-10.7%
Axon Enterprise Inc	585.00	642.45	-57.45	-8.9%
ServiceNow, Inc.	1050.00	1147.18	-97.18	-8.5%
Paycom Software, Inc.	220.00	240.25	-20.25	-8.4%



Topic of the Week: 2

S&P 500 CY 2024 Earnings Preview: Analysts Expect Earnings Growth of 9.5%

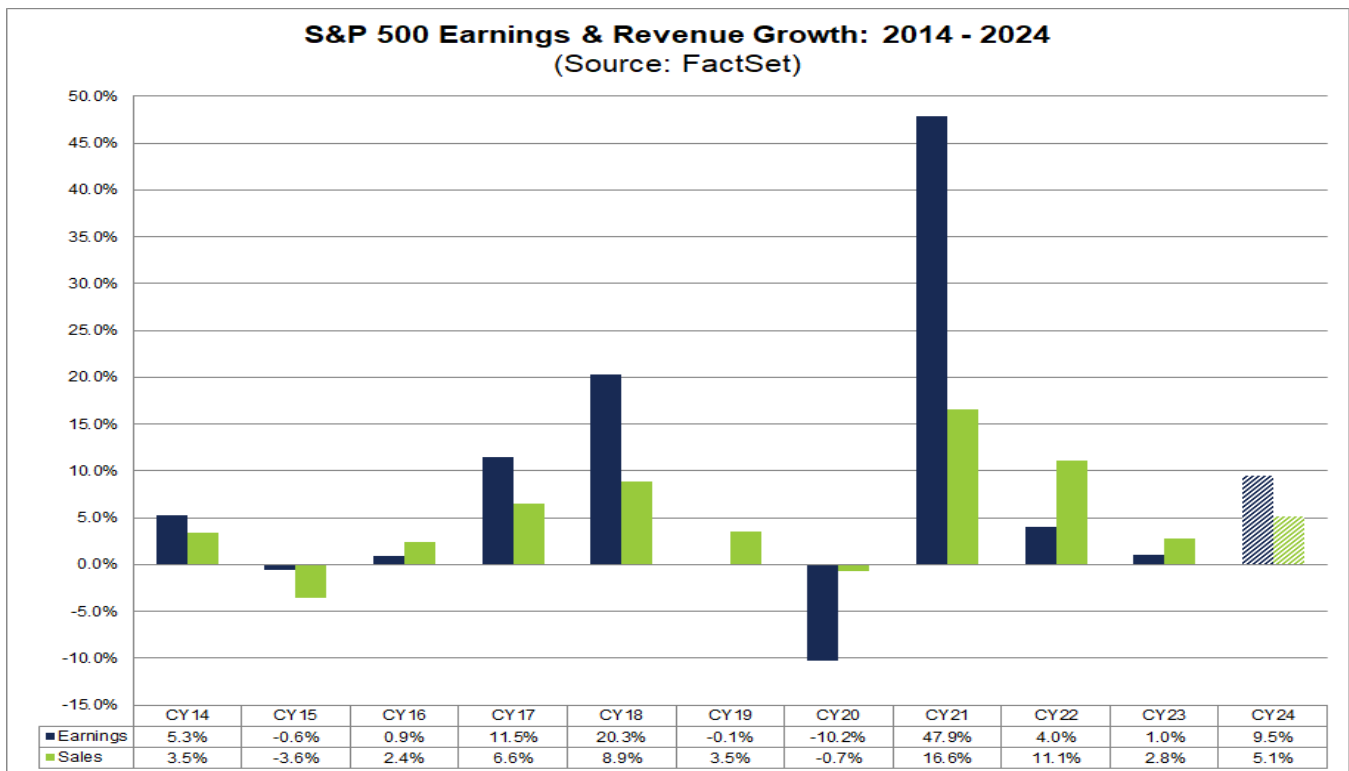
Analysts expect the S&P 500 to report earnings growth for the fourth-straight year in CY 2024. The estimated (year-over-year) earnings growth rate for CY 2024 is 9.5%, which is above the 10-year average (annual) earnings growth rate of 8.0% (2014 – 2023).

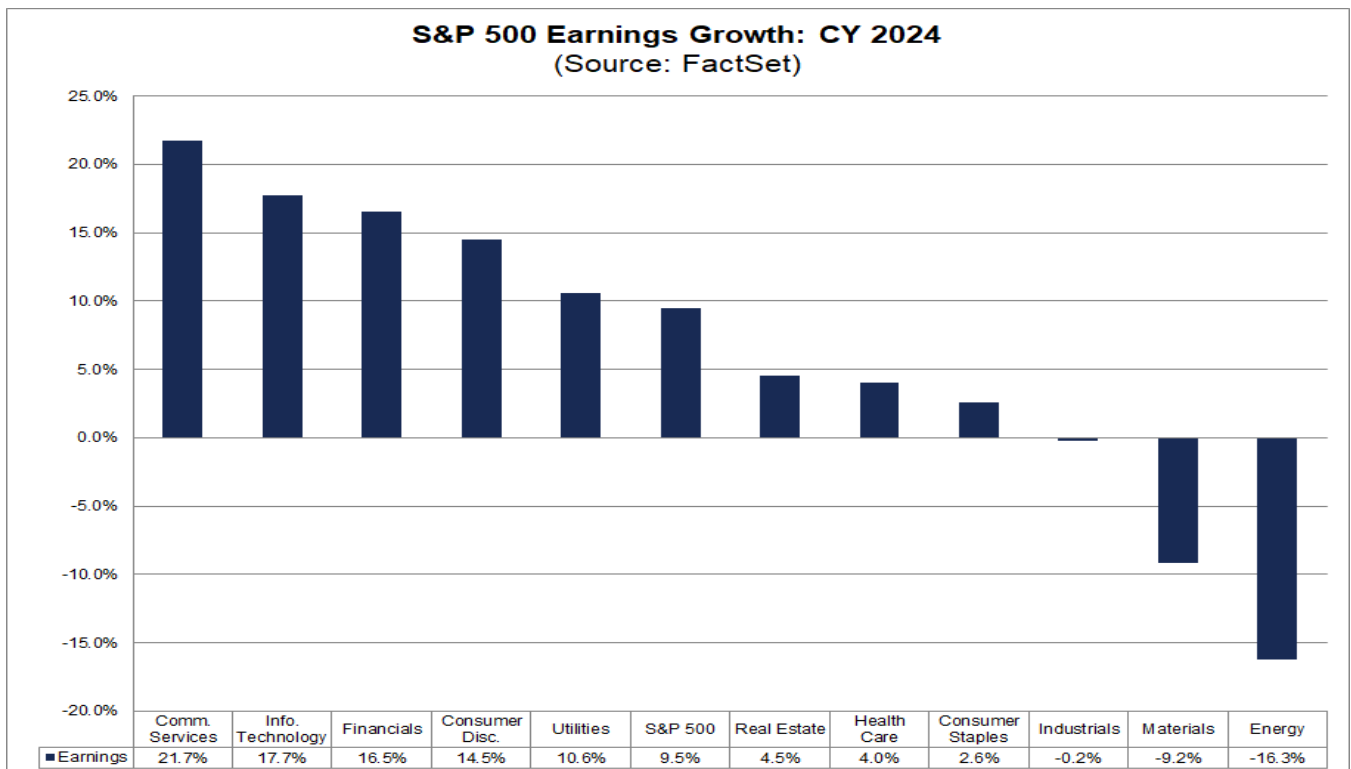
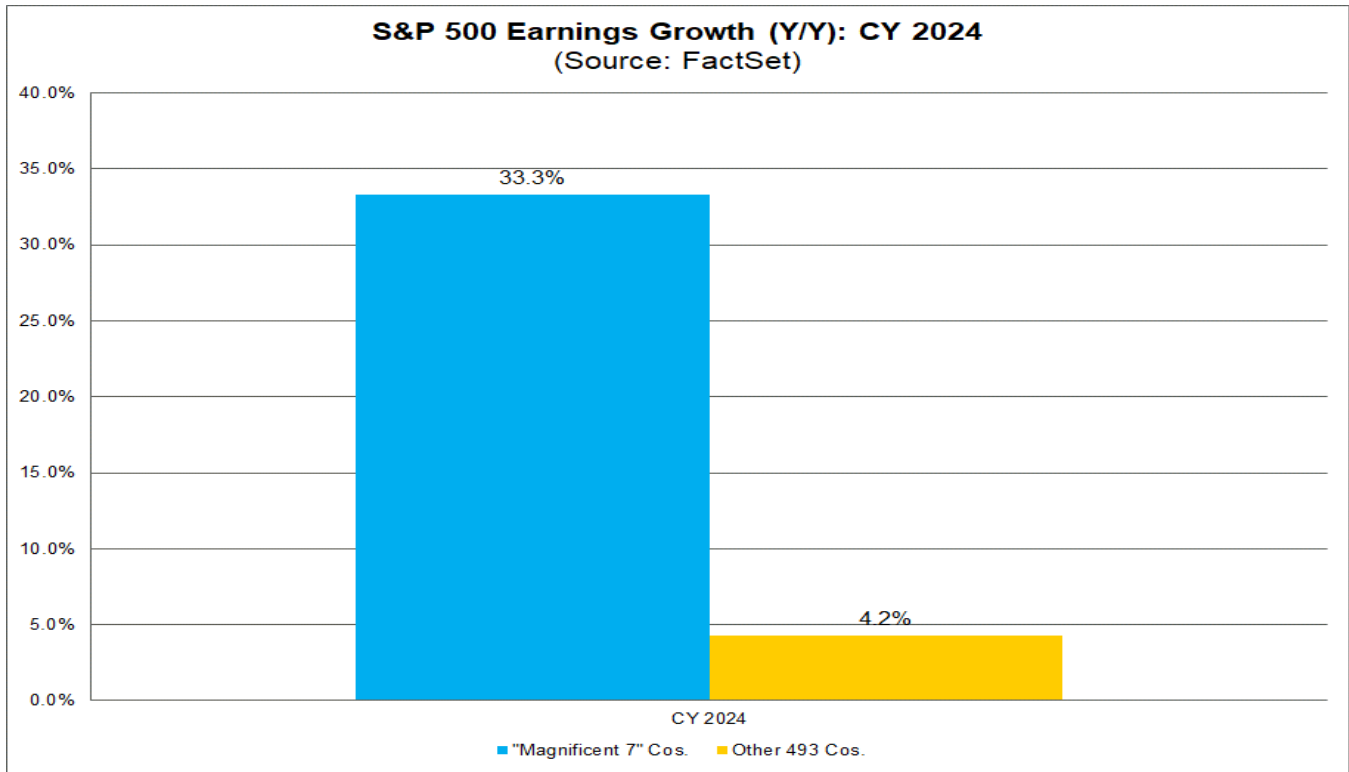
It is interesting to note that four of the top five contributors to earnings growth for CY 2024 are “Magnificent 7” companies: NVIDIA, Amazon.com, Alphabet, and Meta Platforms. Overall, analysts expect the “Magnificent 7” companies will report earnings growth of 33% in 2024. On the other hand, analysts predict the other 493 companies will report earnings growth of just over 4% for 2024.

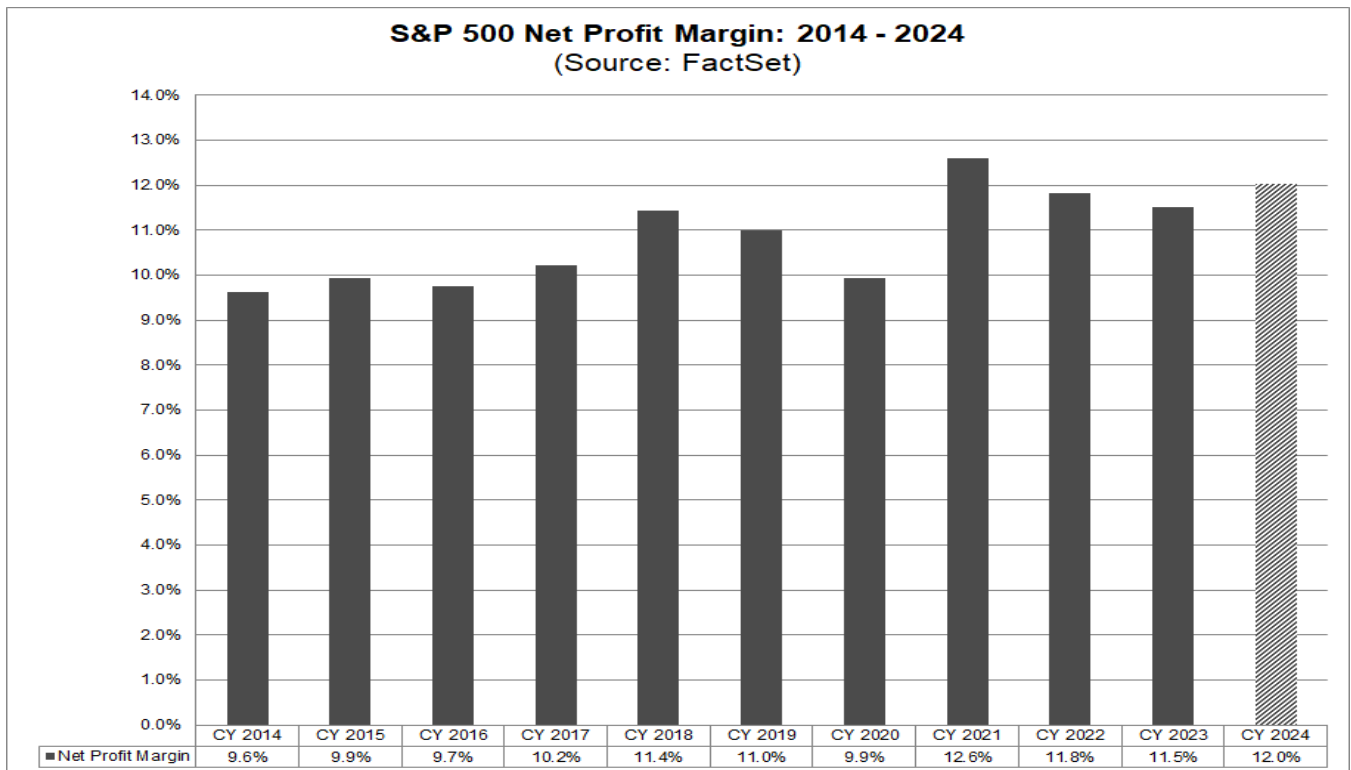
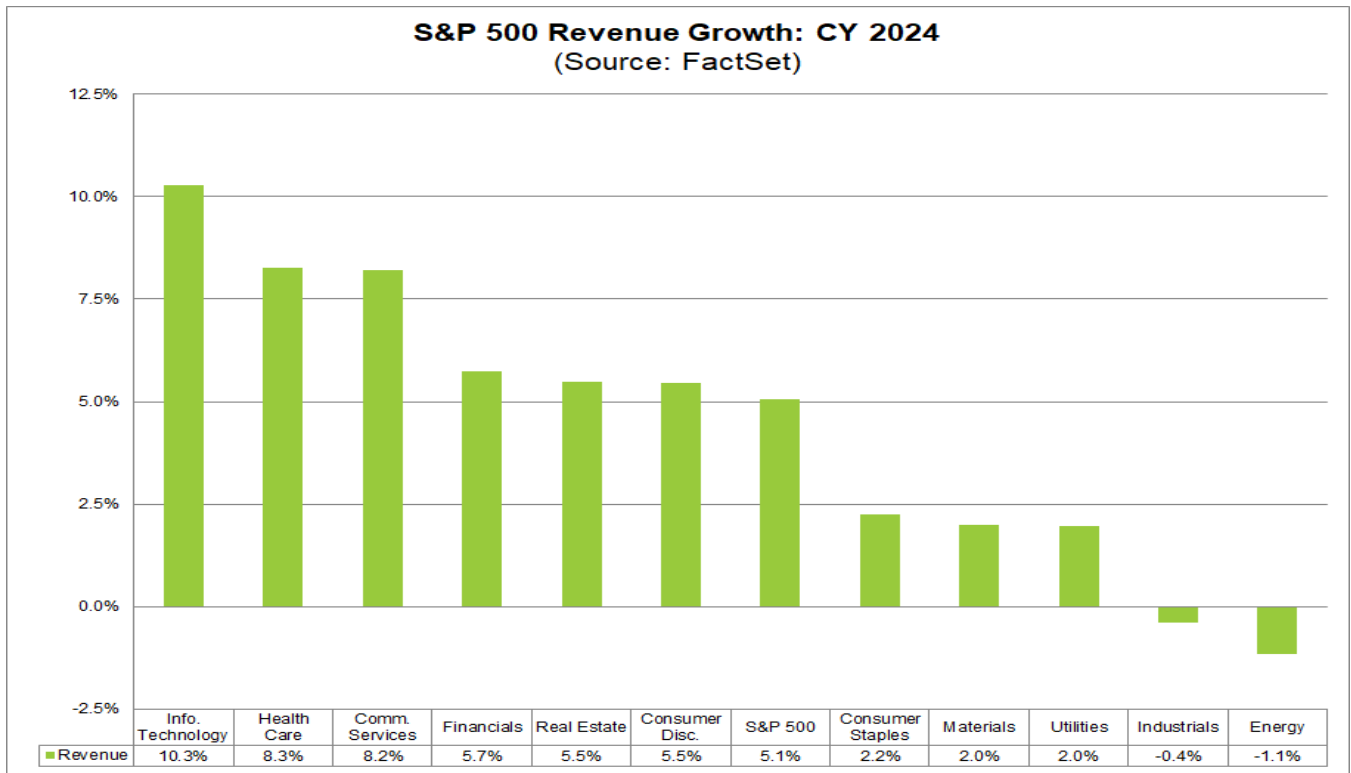
At the sector level, eight of the eleven sectors are predicted to report year-over-year earnings growth in CY 2024. Five of these eight sectors are projected to report double-digit growth: Communication Services, Information Technology, Financials, Consumer Discretionary, and Utilities. On the other hand, three sectors are predicted to report a year-over-year decline in earnings. Only one of these sectors is predicted to a report a double-digit decline: Energy.

In terms of revenues, the estimated (year-over-year) revenue growth rate for CY 2024 is 5.1%, which is equal to the trailing 10-year average (annual) revenue growth rate of 5.1% (2014 – 2023). Nine of the eleven sectors are projected to report year-over-year growth in revenues, led by the Information Technology, Health Care, and Communication Services sectors. On the other hand, two sectors are expected to report a year-over-year decline in revenues, led by the Energy sector.

The estimated net profit margin (based on aggregate estimates for revenues and earnings) for the S&P 500 for 2024 is 12.0%, which is above the 10-year average (annual) net profit margin of 10.8%.







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 have decreased by 2.6% to date. This decline is smaller than the 5-year average (-3.4%) and the 10-year average (-3.3%) for a quarter.

In terms of guidance for the fourth quarter, the number of S&P 500 companies issuing negative EPS guidance for Q4 2024 is above average levels. At this point in time, 106 companies in the index have issued EPS guidance for Q4 2024. Of these companies, 71 have issued negative EPS guidance and 35 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q4 2024 is above the 5-year average of 56 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 11.8%, compared to the estimated (year-over-year) earnings growth rate of 14.6% on September 30.

If 11.8% 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.

Seven of the eleven sectors are projected to report year-over-year growth. Six of these seven sectors are predicted to report double-digit growth: Financials, Communication Services, Information Technology, Utilities, Consumer Discretionary, and Health Care. On the other hand, four sectors are predicted to report a year-over-year decline in earnings. Only one of these four 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 9.5%. 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, 1 S&P 500 company is scheduled to report results for the third quarter and 14 S&P 500 companies (including 1 Dow 30 component) 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 11.8% from 11.9%. 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 11.8% today is below the estimate of 14.6% at the start of the quarter (September 30), as estimated earnings for the index of \$541.2 billion today are 2.4% below the estimate of \$554.4 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 -12.7% (to \$25.7 billion from \$29.4 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -23.7% today from -12.6% on September 30. Despite the decline in expected earnings, this sector has recorded an increase in price of 1.3% 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 \$0.53 from \$1.67), Marathon Petroleum (to \$0.79 from \$1.70), and Phillips 66 (to \$1.20 from \$1.93). However, Exxon Mobil (to \$1.79 from \$1.95) and Chevron (to \$2.37 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 -11.9% (to \$9.8 billion from \$11.2 billion). As a result, this sector is expected to report a year-over-year decline in earnings of -0.6% compared to estimated (year-over-year) earnings growth of 12.9% on September 30. This sector has also witnessed the second-largest decrease in price of all eleven sectors since September 30 at -6.5%. 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 \$0.89 from \$1.57), Dow (to \$0.33 from \$0.57), and LyondellBasell Industries (to \$1.08 from \$1.79).

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 20.8% today from 17.0% on September 30. This sector has also witnessed the second-largest price increase of all 11 sectors since September 30 at 14.0%. Overall, 8 of the 19 companies (42%) in the Communication Services sector have seen an increase in their mean EPS estimate during this time. Of these 8 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 \$6.73 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: 2.6% 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 2.6% (to \$61.96 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 for Q4 is Above 5-Year and 10-Year Averages**Quarterly Guidance: Negative Guidance for Q4 is Above 5-Year and 10-Year Averages**

At this point in time, 106 companies in the index have issued EPS guidance for Q4 2024. Of these 106 companies, 71 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 67% (71 out of 106), which is above the 5-year average of 57% and above the 10-year average of 62%.

Annual Guidance: 47% 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, 126 have issued negative EPS guidance and 141 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 47% (126 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: 11.8%

The estimated (year-over-year) earnings growth rate for Q4 2024 is 11.8%, 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 11.8% 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.

Seven of the eleven sectors are expected to report year-over-year earnings growth. Six of these seven sectors are predicted to report double-digit earnings growth: Financials, Communication Services, Information Technology, Utilities, Consumer Discretionary, and Health Care. On the other hand, four 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 39.2%. 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 (182%), Consumer Finance (33%), Capital Markets (32%), 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 11.2% from 39.2%.

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 20.8%. At the industry level, 4 of the 5 industries in the sector are predicted to report year-over-year earnings growth: Entertainment (51%), Wireless Telecommunication Services (37%), 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 14.2% from 20.8%.

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 13.8%. 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 Information Technology sector would fall to 6.2% from 13.8%.

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 (196%), 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 12.3%. At the industry level, 3 of the 9 industries in the sector are projected to report year-over-year earnings growth. Two of these three industries are predicted to report double-digit growth: Broadline Retail (47%) and Automobiles (14%). 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 (-16%), 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 12.3%.

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 12.0%. 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 (4%). 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 -2.7% instead of (year-over-year) earnings growth of 12.0%.

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 -23.7%. 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 (\$70.32) 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 (-78%), 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 (19%) 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 (along with the Industrials sector) is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -2.2%. 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%), Integrated Oil & Gas (3%), and Oil & Gas Equipment & Services (2%).

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

The Industrials sector (along with the Energy sector) is expected to report the largest (year-over-year) revenue decline of all eleven sectors at -2.2%. 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 (-8%), 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 11.6%.

At the sector level, six 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 (8.1% vs. 10.4%) sector. The Materials sector is expected to see no year-over-year change in net profit margin at 9.1%.

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. 24.0%) 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 (9.1% vs. 11.1%) and Health Care (7.7% vs. 9.6%) 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 11.8% 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 9.5% and year-over-year growth in revenues of 5.1%. 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 5.6%, while the forward 12-month EPS estimate has increased by 2.1%. At the sector level, the Consumer Discretionary (30.0) and Information Technology (29.7) sectors have the highest forward 12-month P/E ratios, while the Energy (13.9) 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

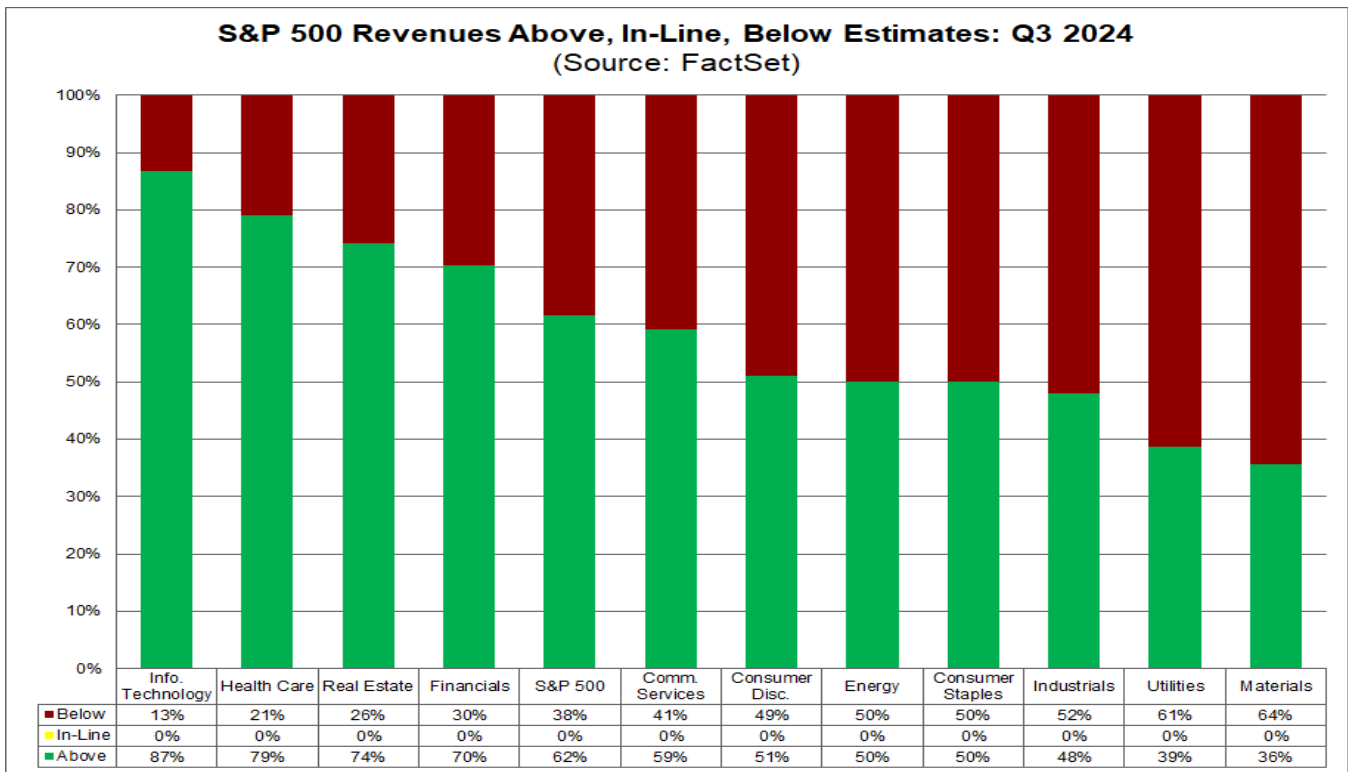
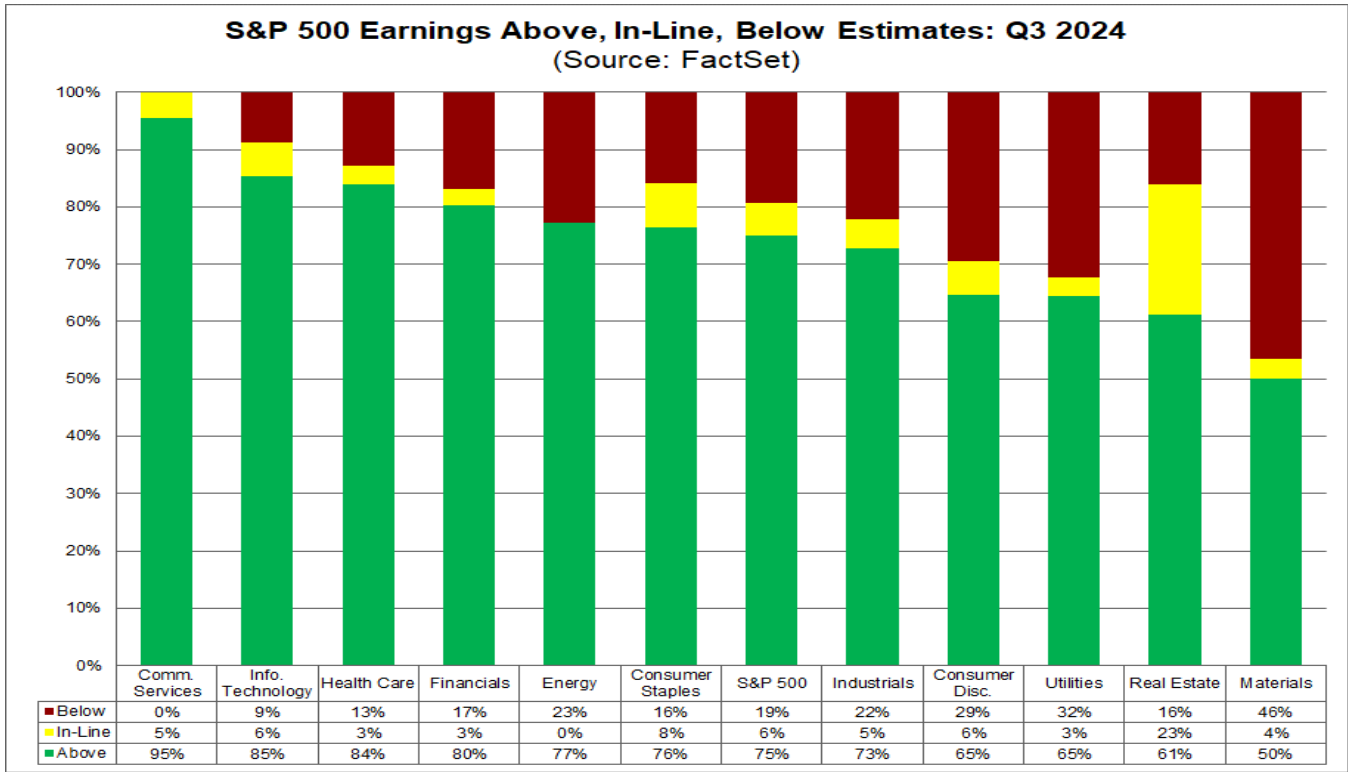
The bottom-up target price for the S&P 500 is 6678.18, which is 9.8% above the closing price of 6084.19. At the sector level, the Health Care (+19.7%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Consumer Discretionary (-3.3%) sector is expected to see the largest price decrease, as this sector has the largest downside 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 12,122 ratings, 53.7% are Buy ratings, 40.4% are Hold ratings, and 5.9% are Sell ratings. At the sector level, the Communication Services (62%), Energy (61%), 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.

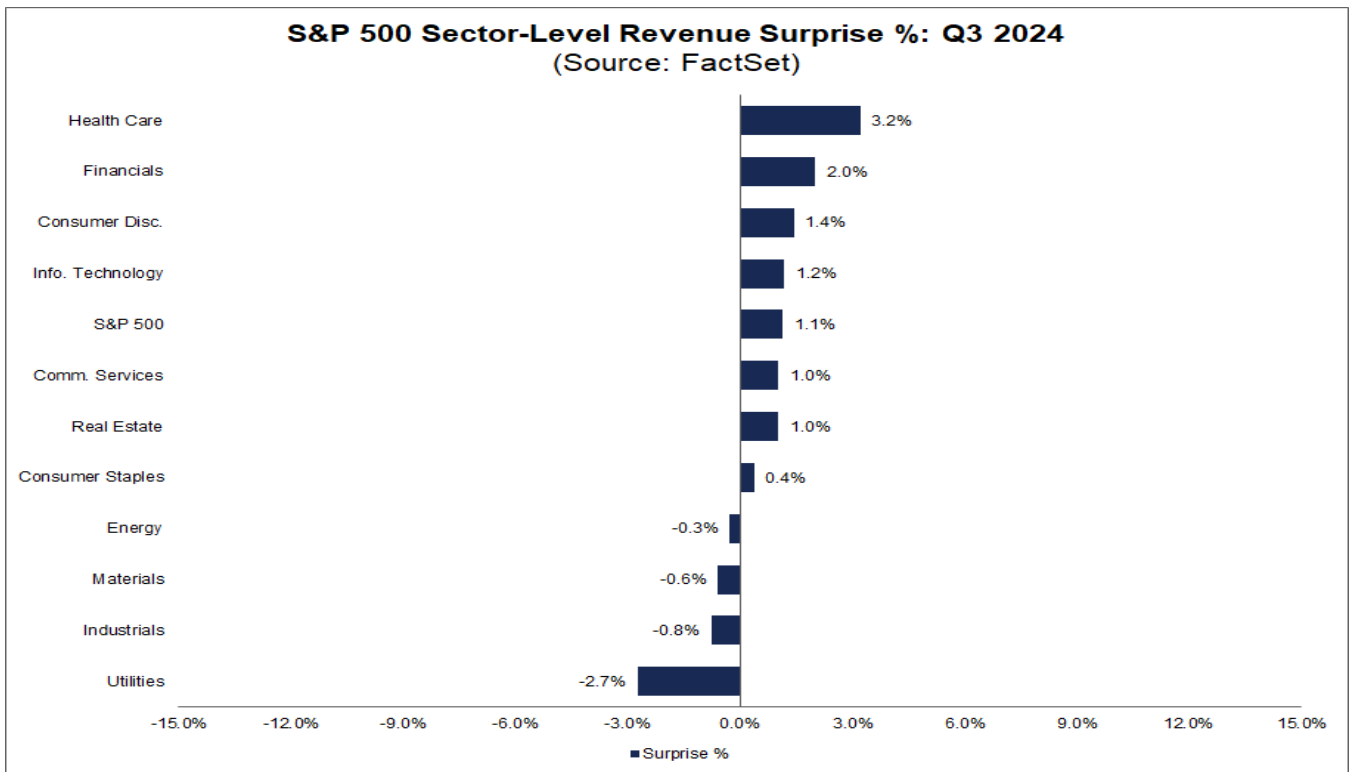
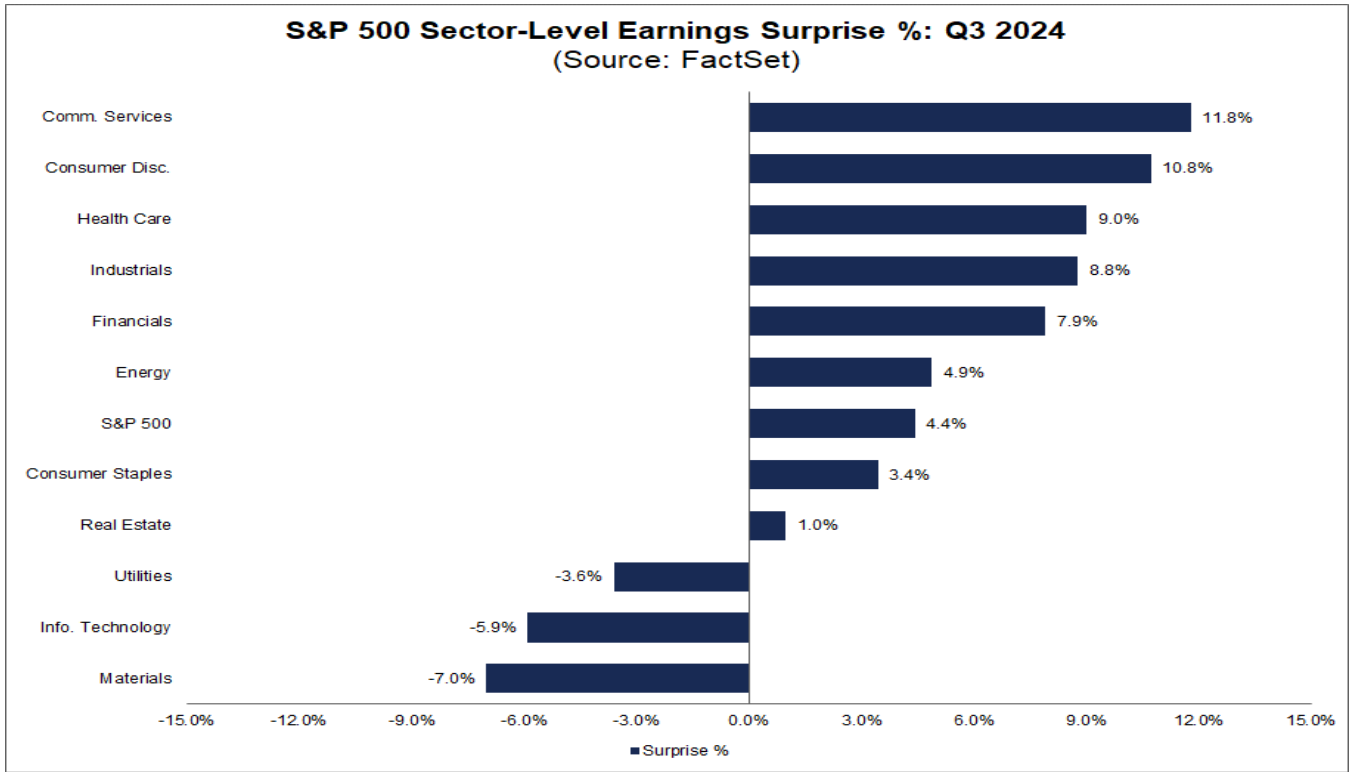
Companies Reporting Next Week: 15

During the upcoming week, 1 S&P 500 company is scheduled to report results for the third quarter and 14 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

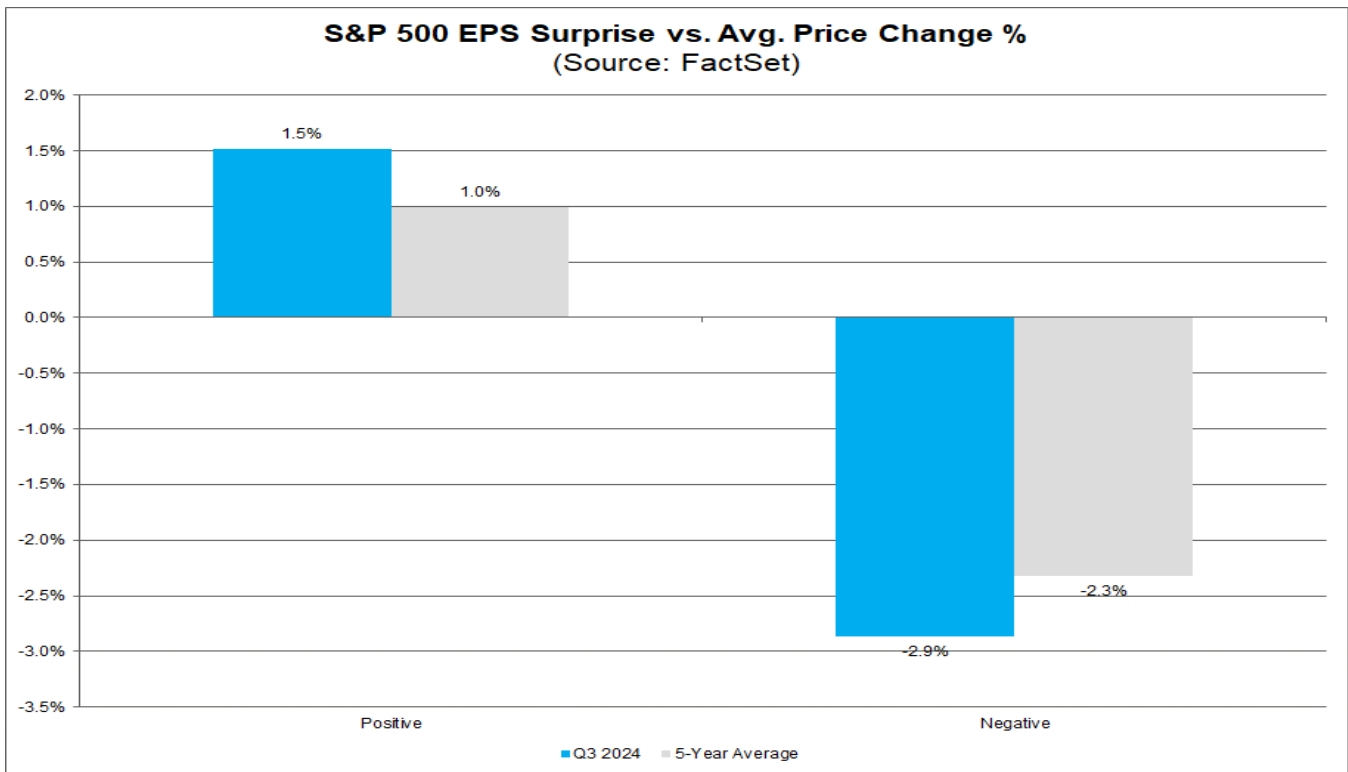
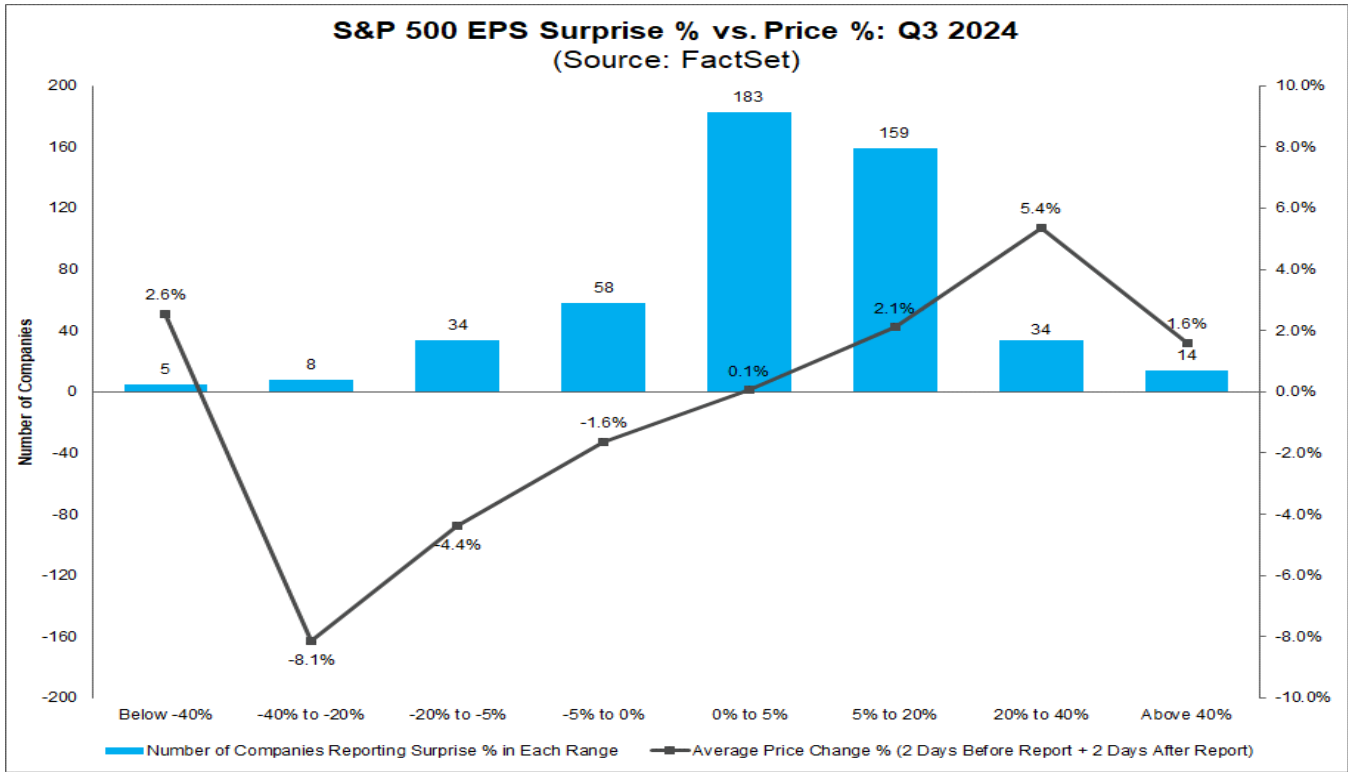
Q3 2024: Scorecard



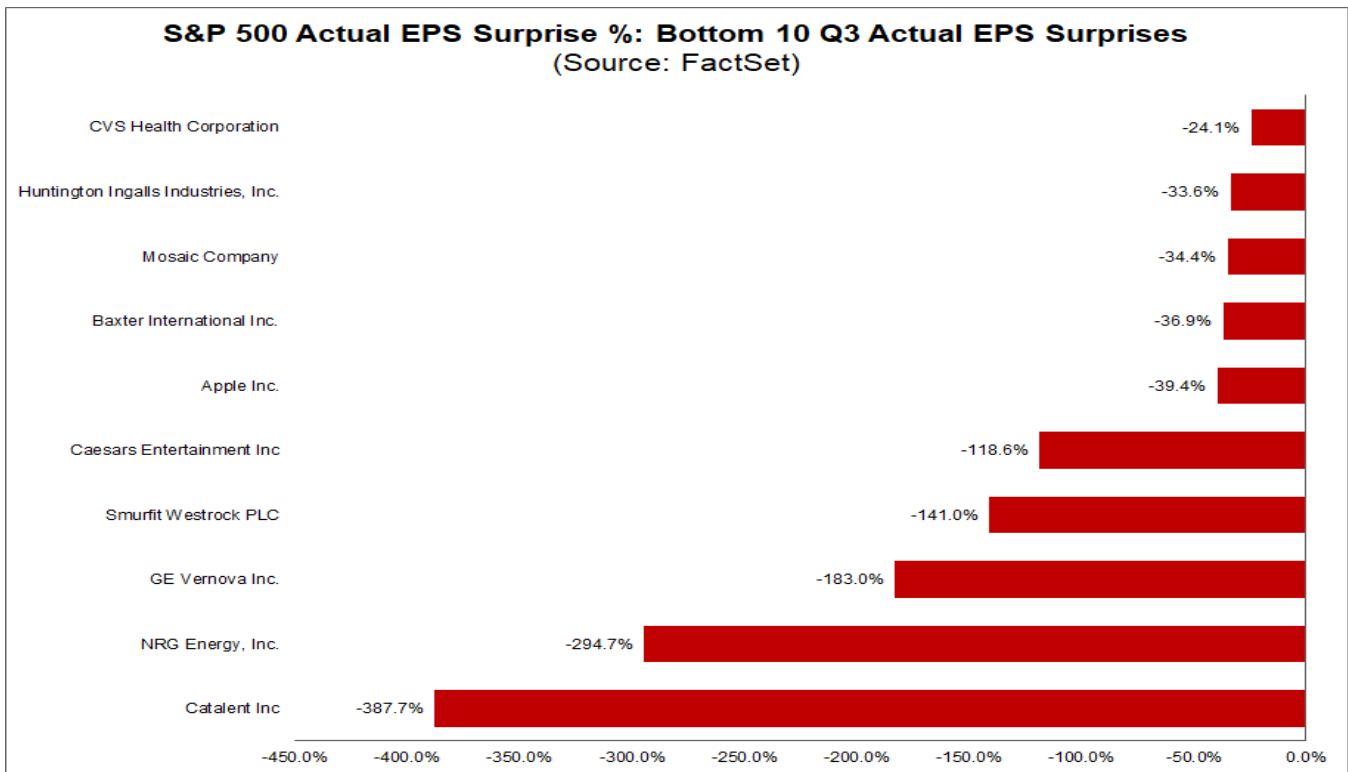
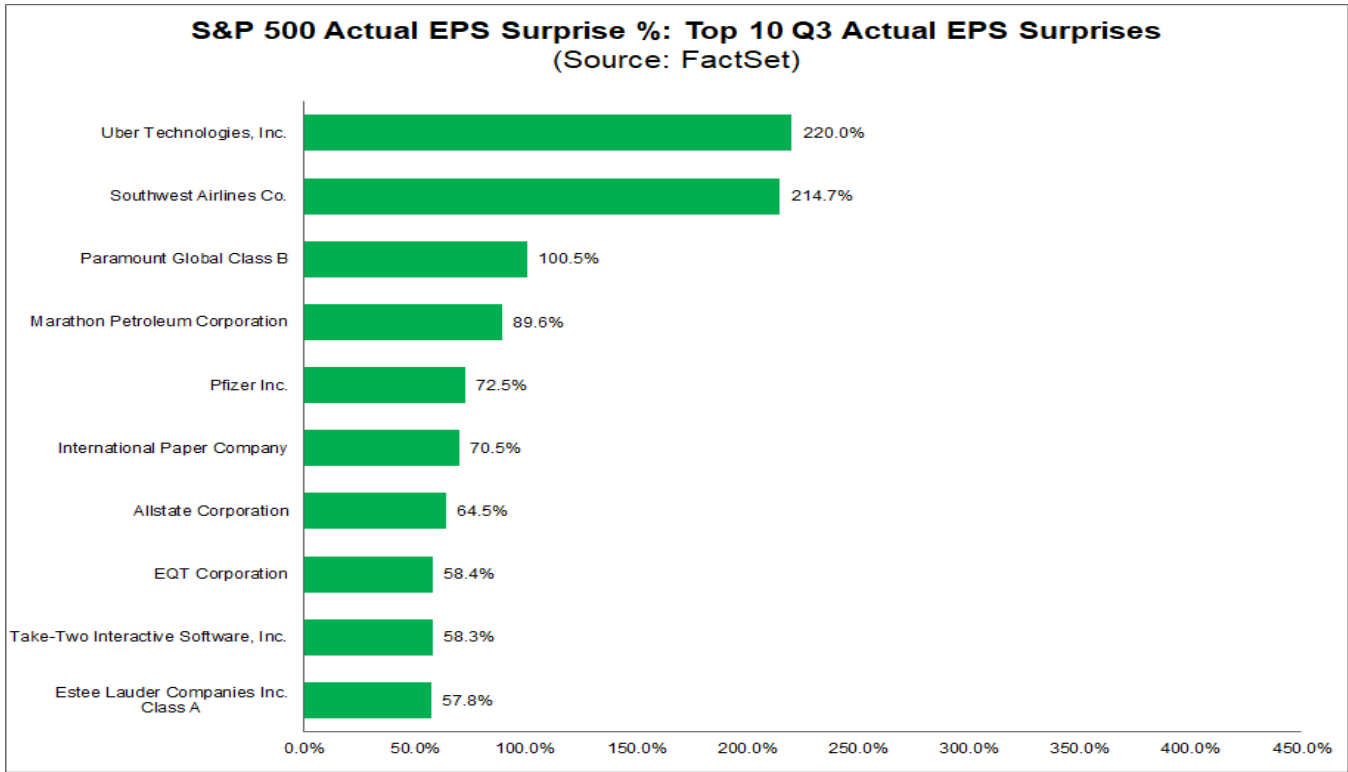
Q3 2024: Surprise



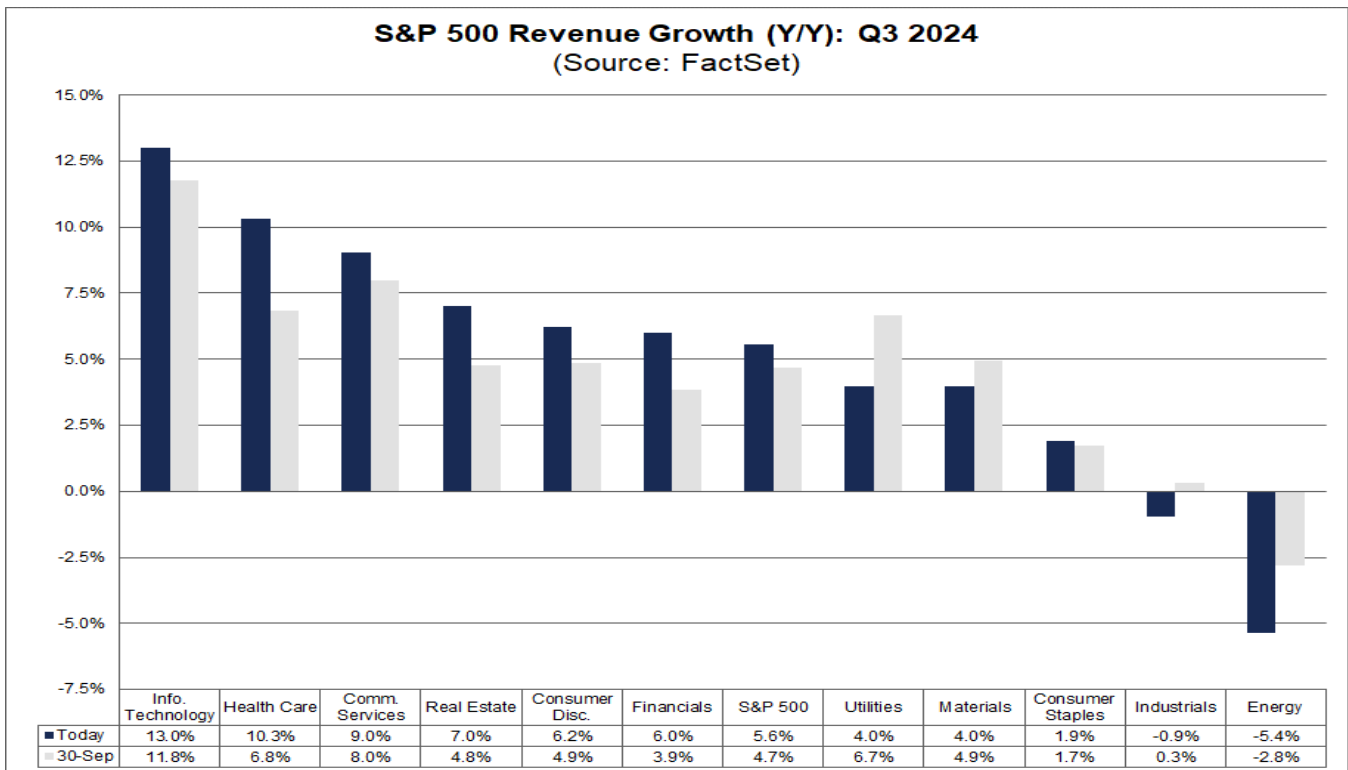
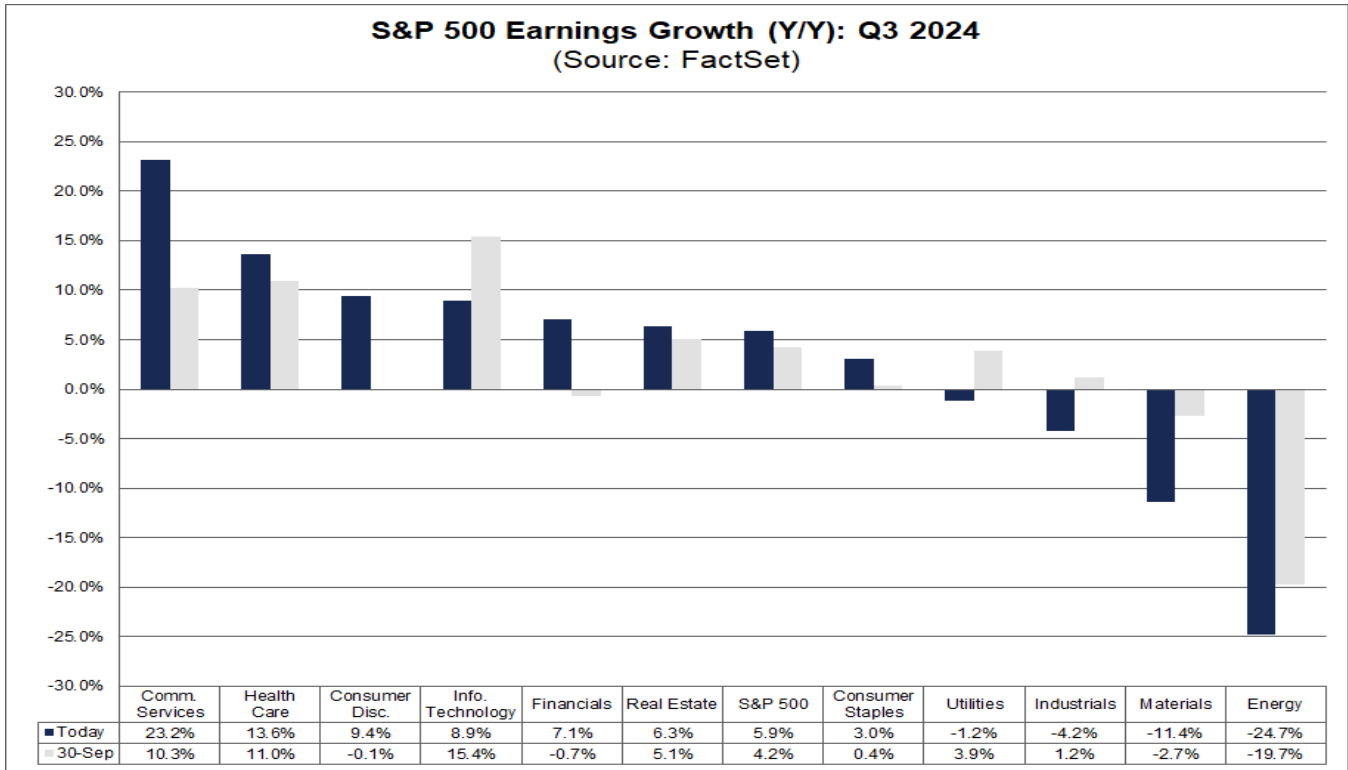
Q3 2024: Surprise



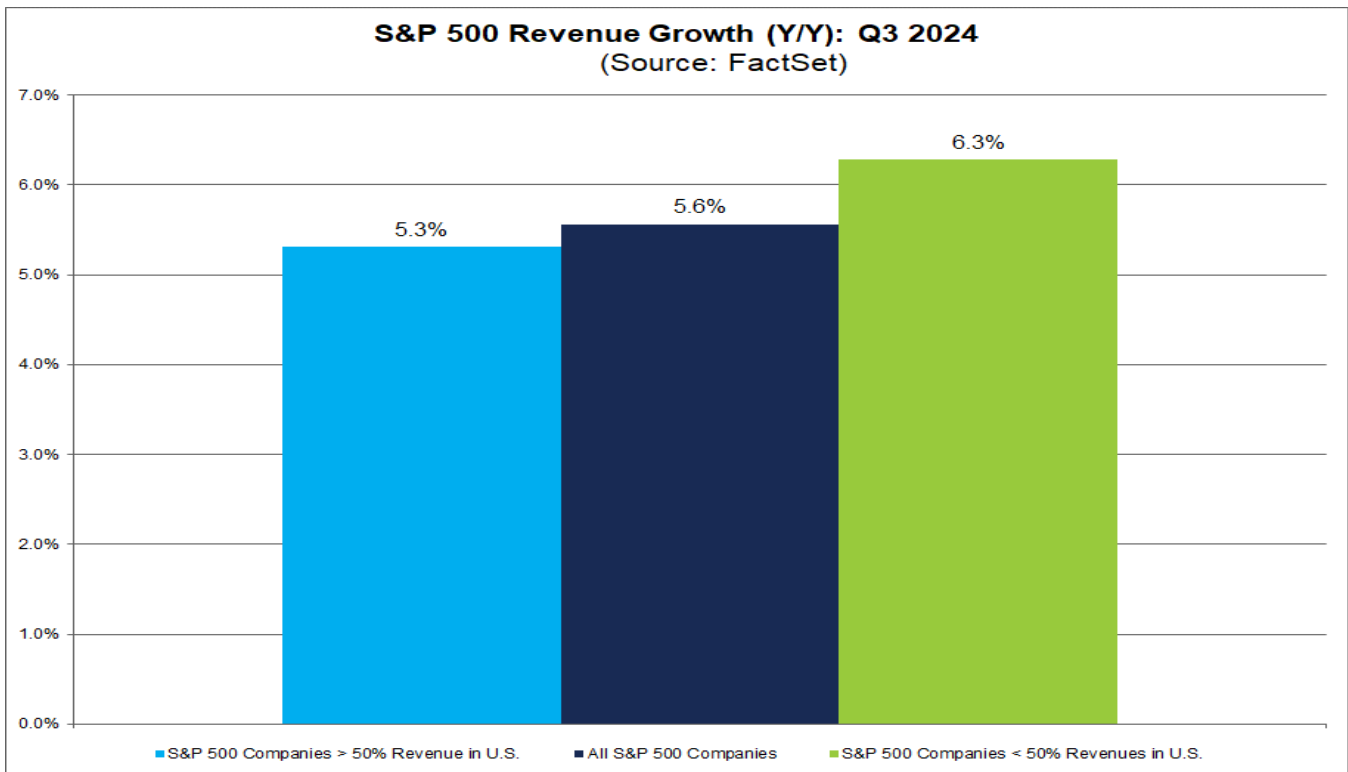
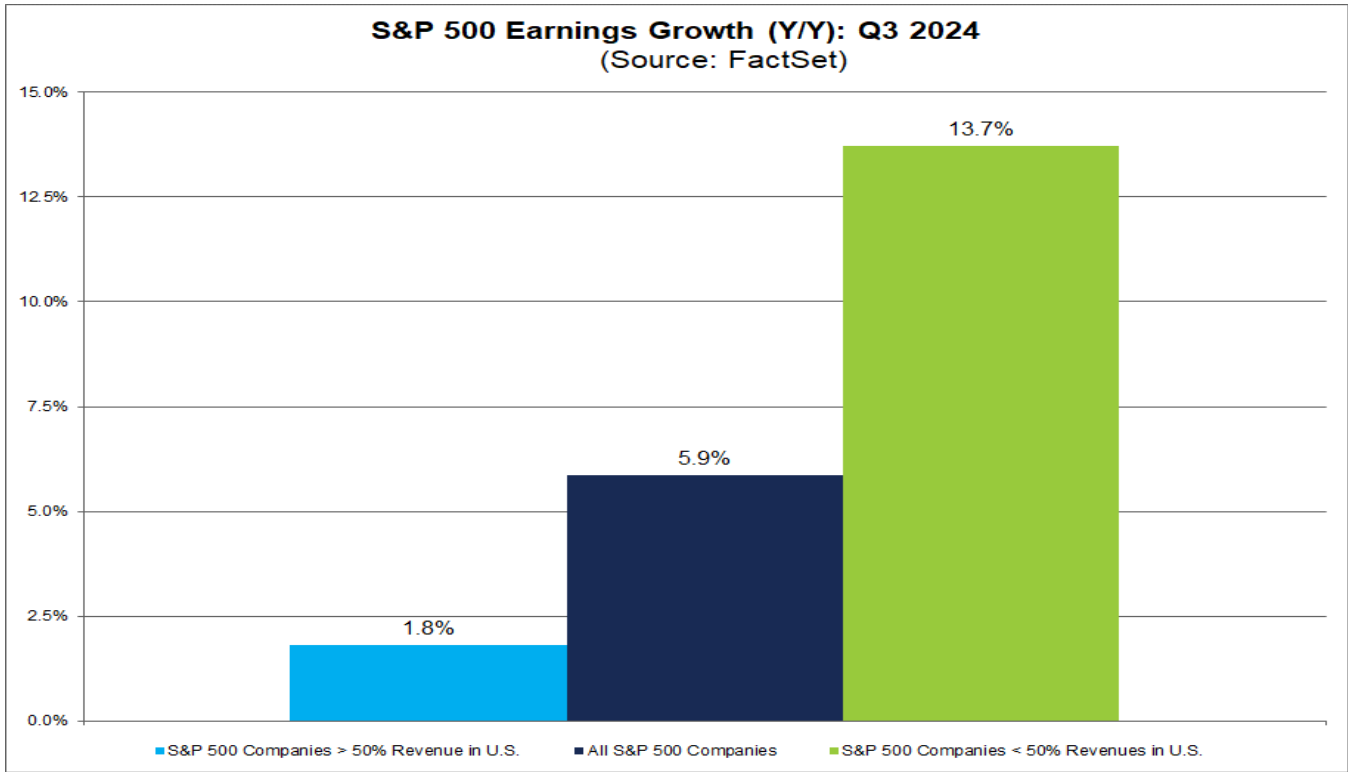
Q3 2024: Surprise



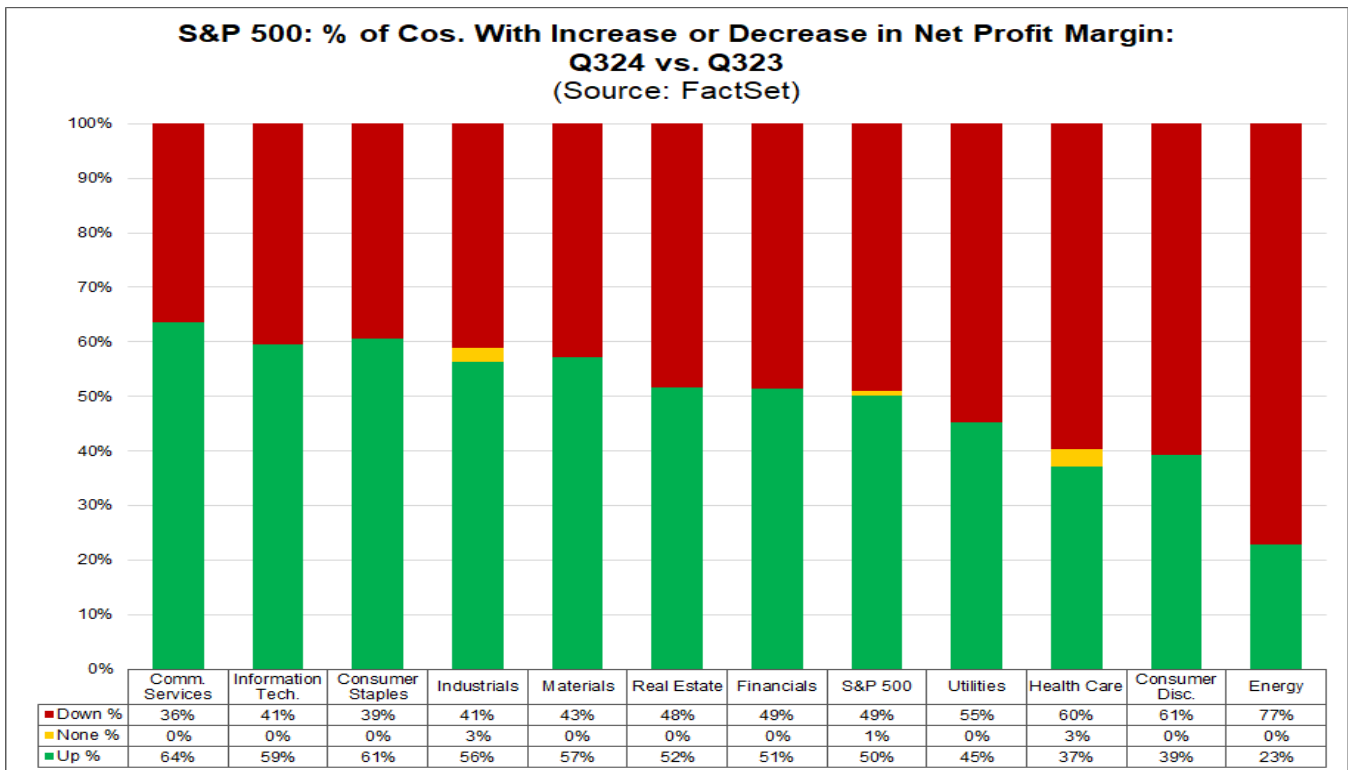
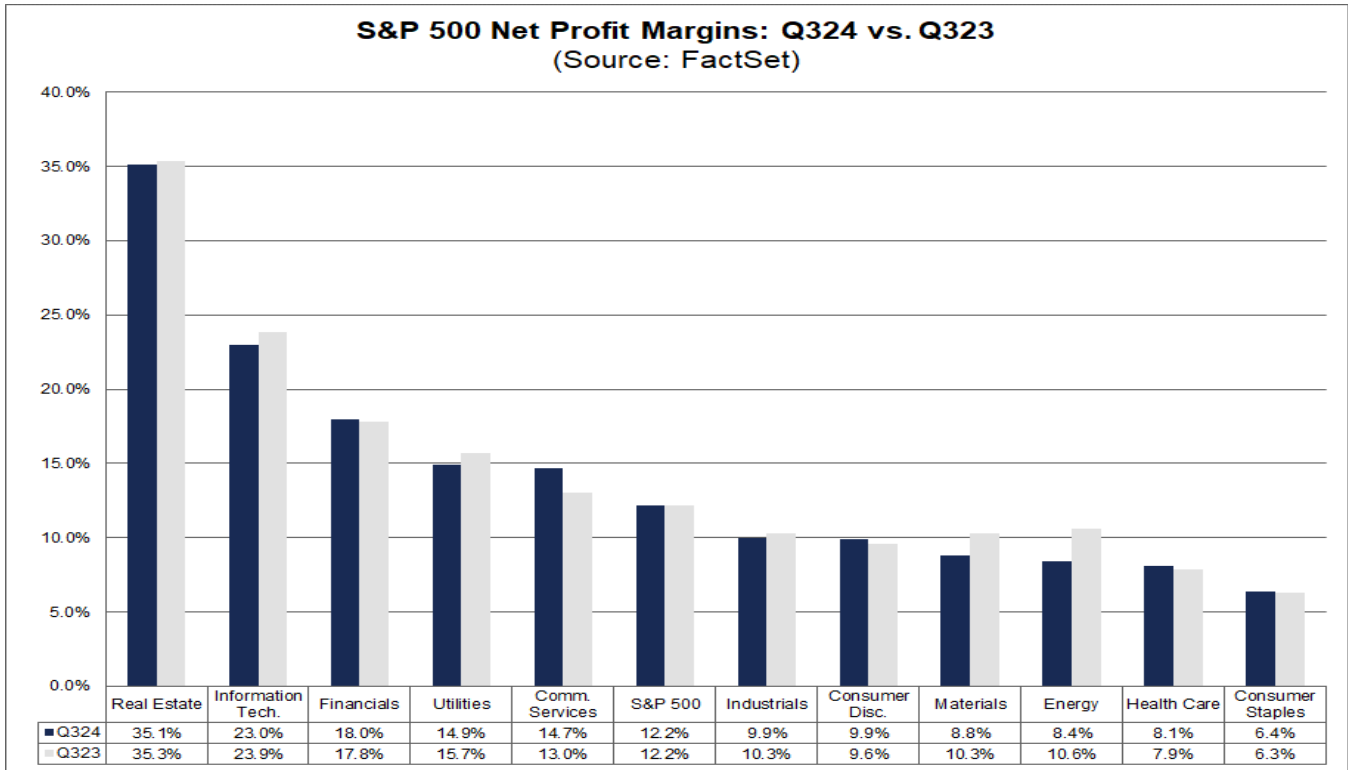
Q3 2024: Growth



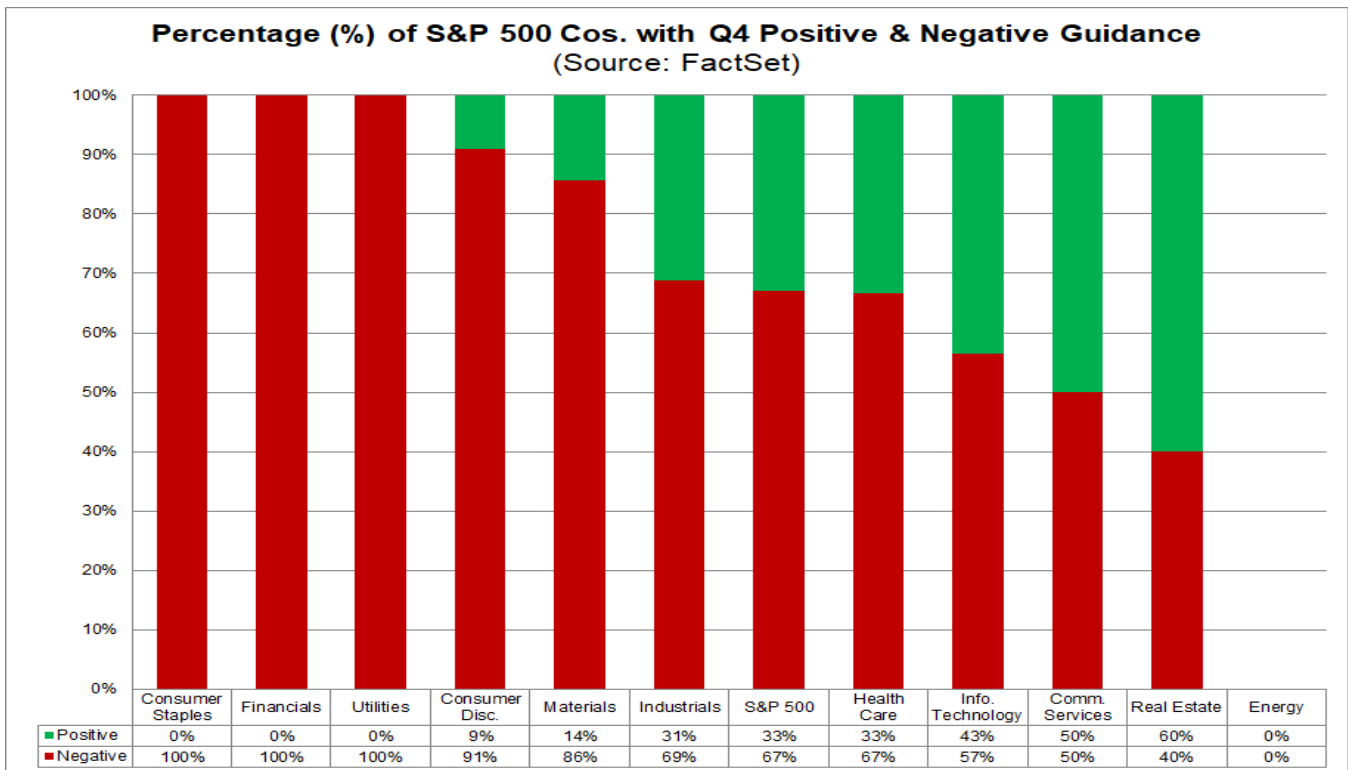
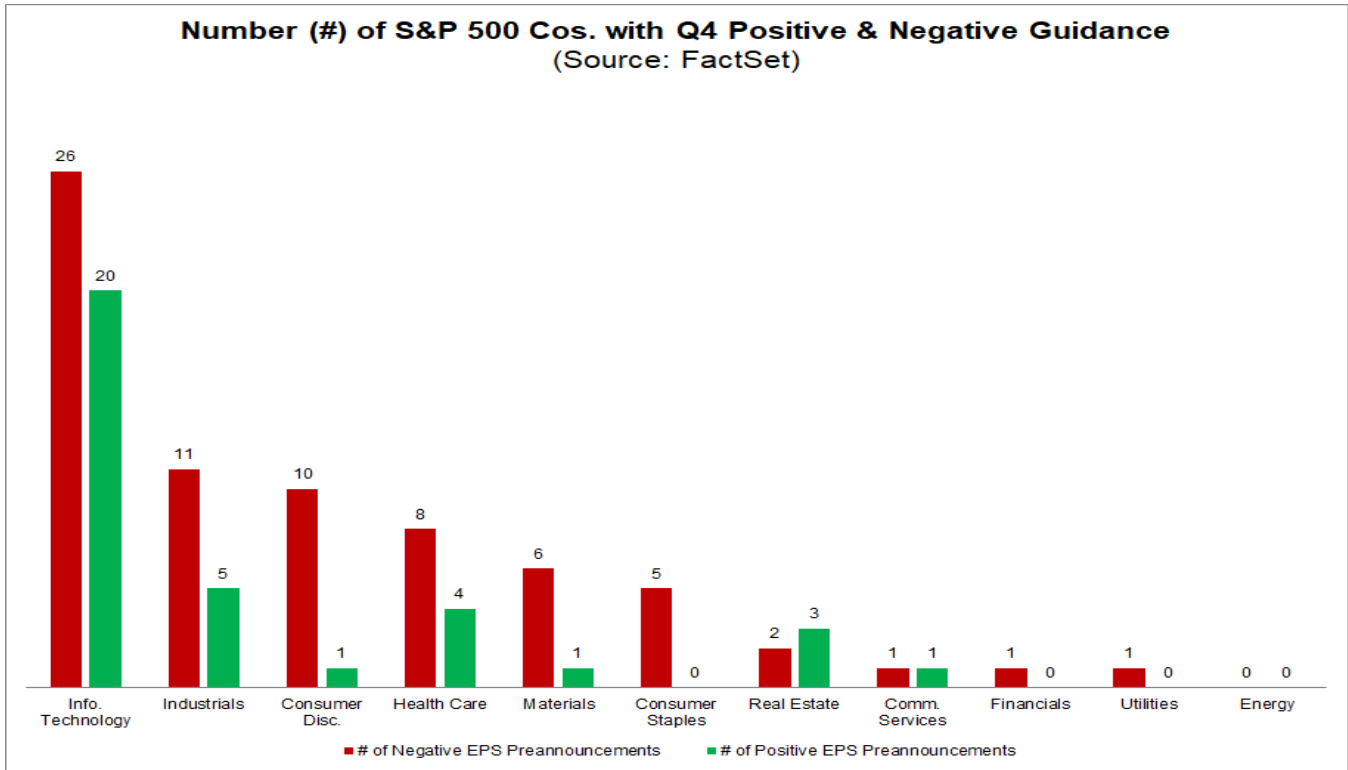
Q3 2024: Growth



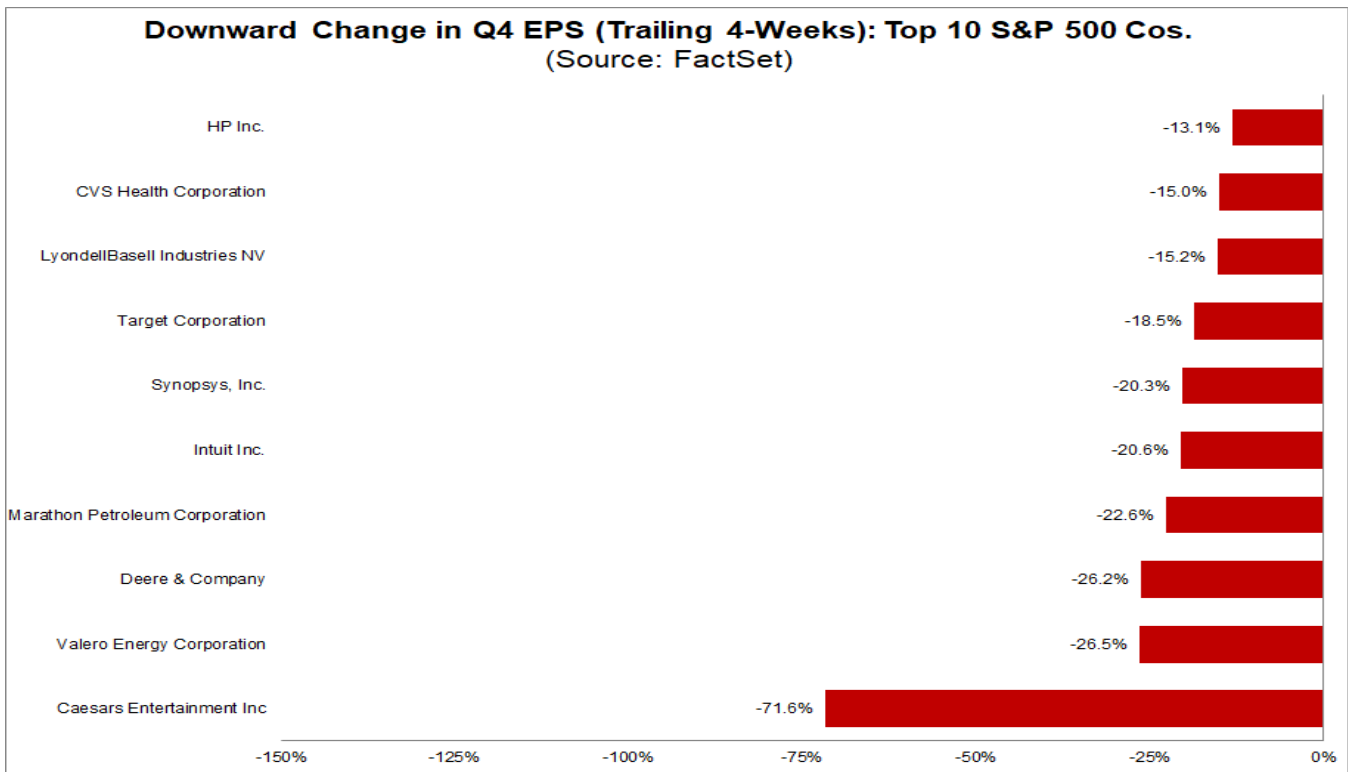
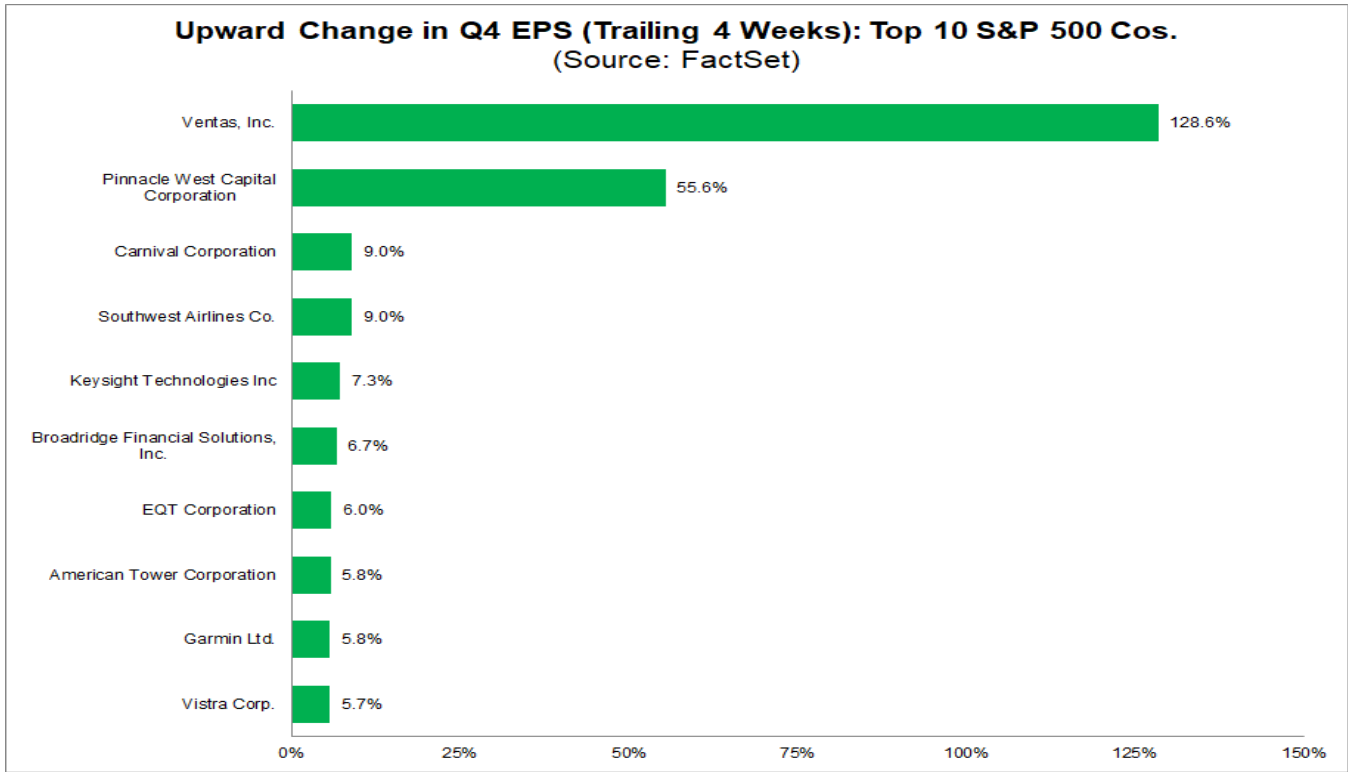
Q3 2024: Net Profit Margin



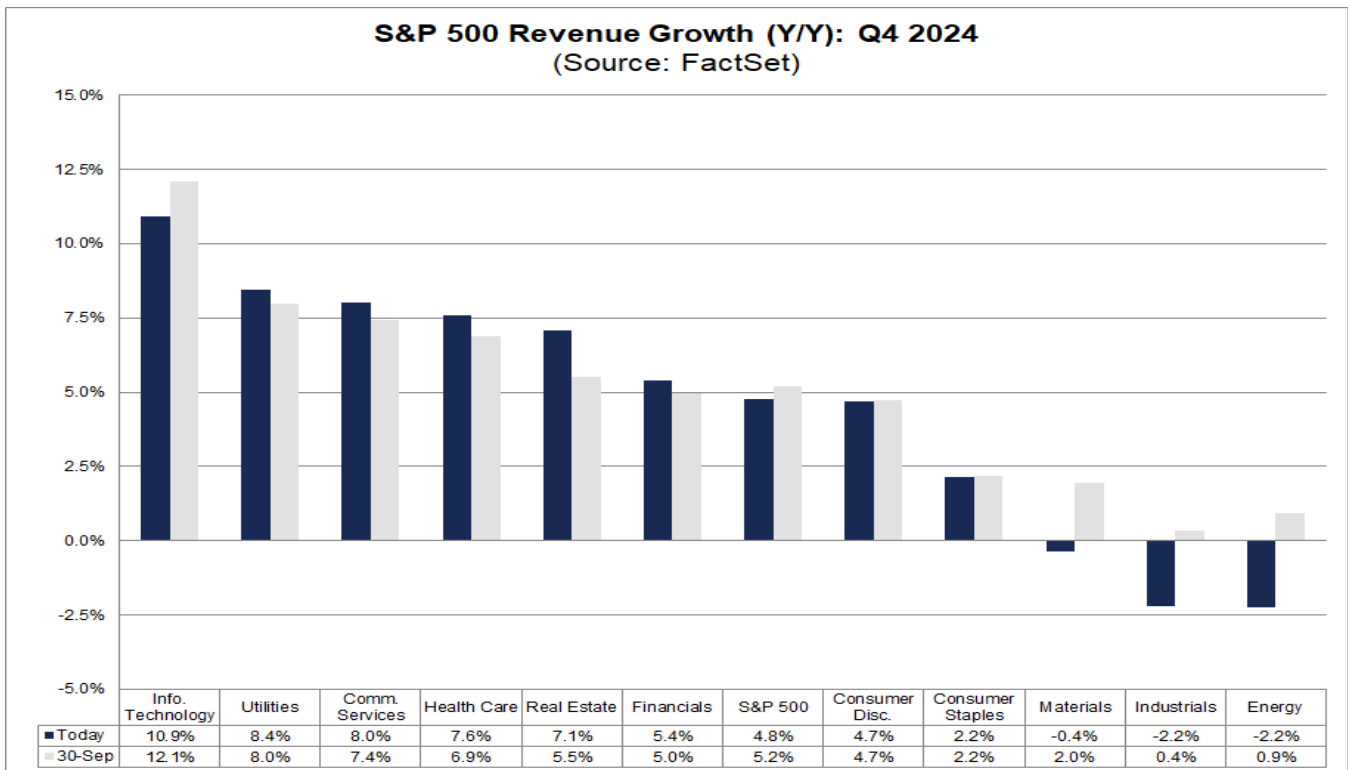
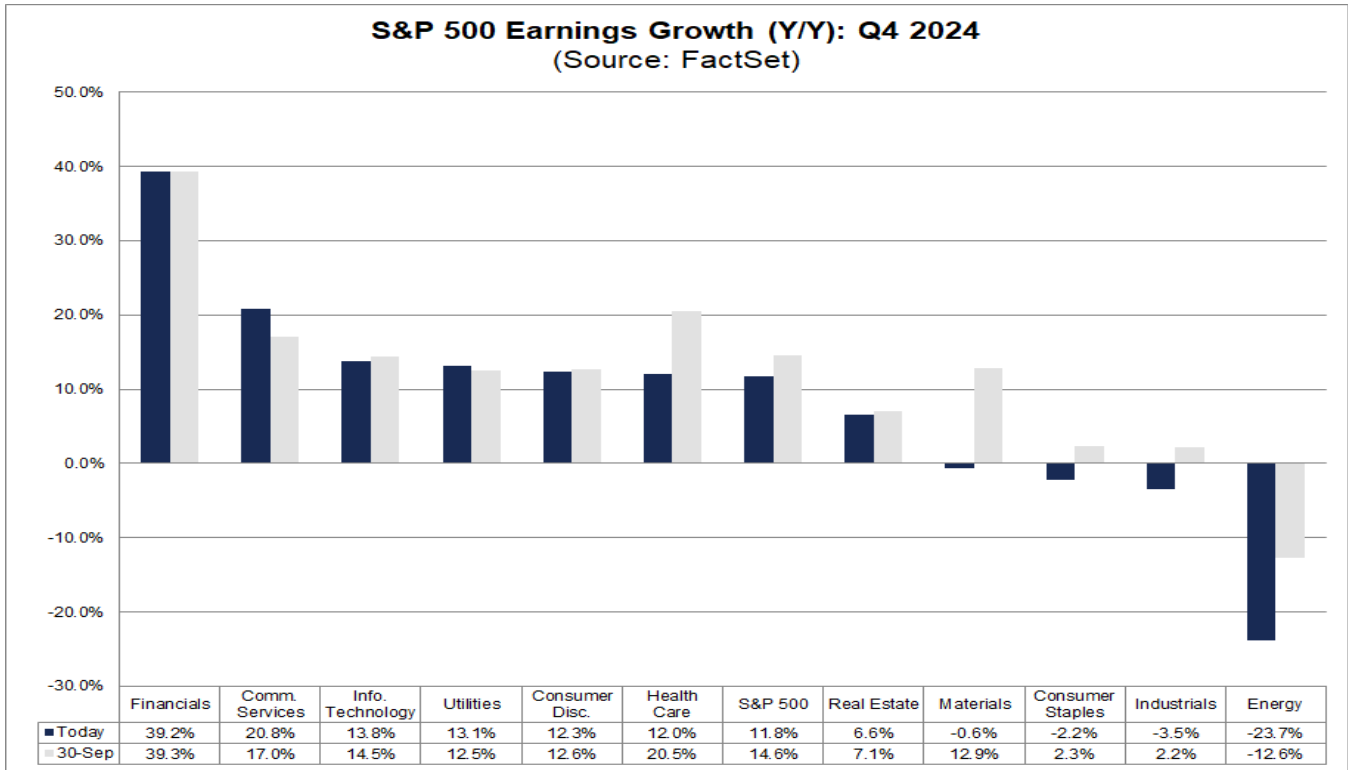
Q4 2024: Guidance



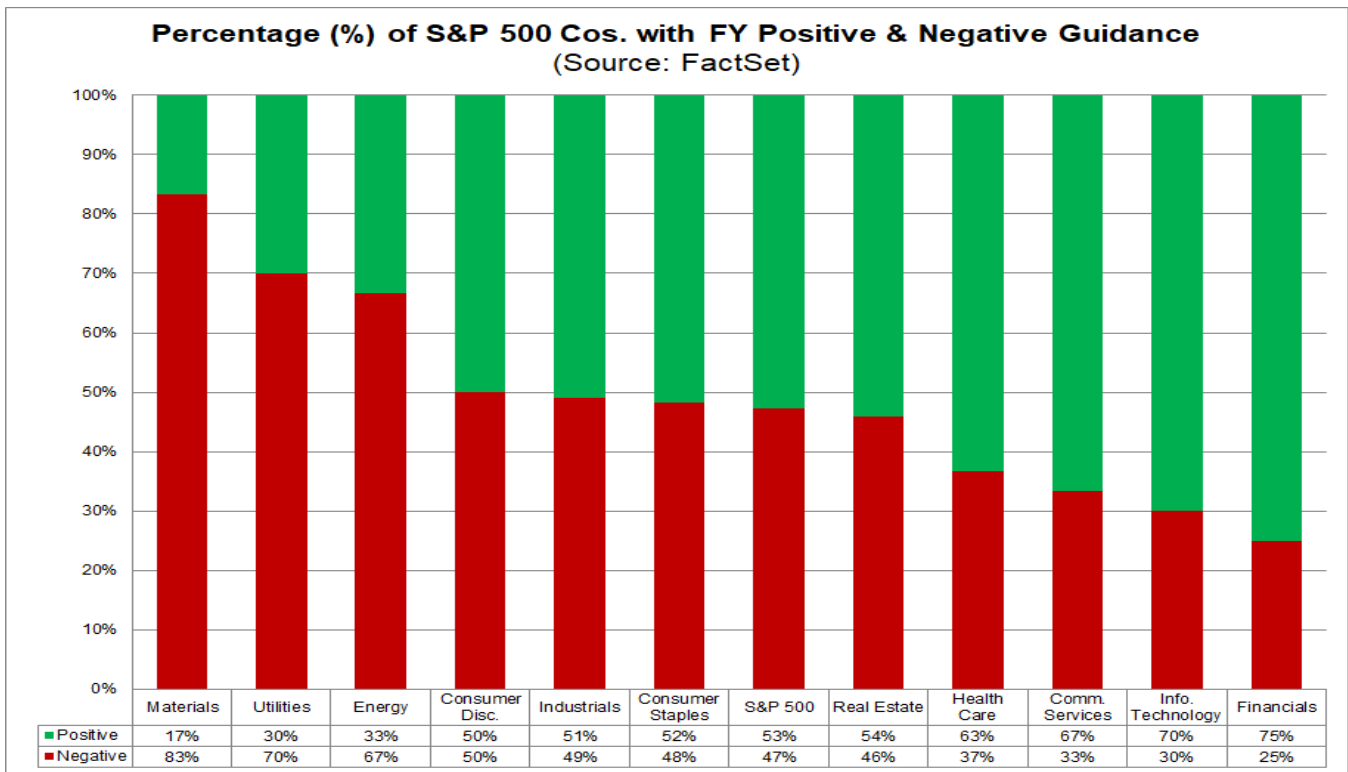
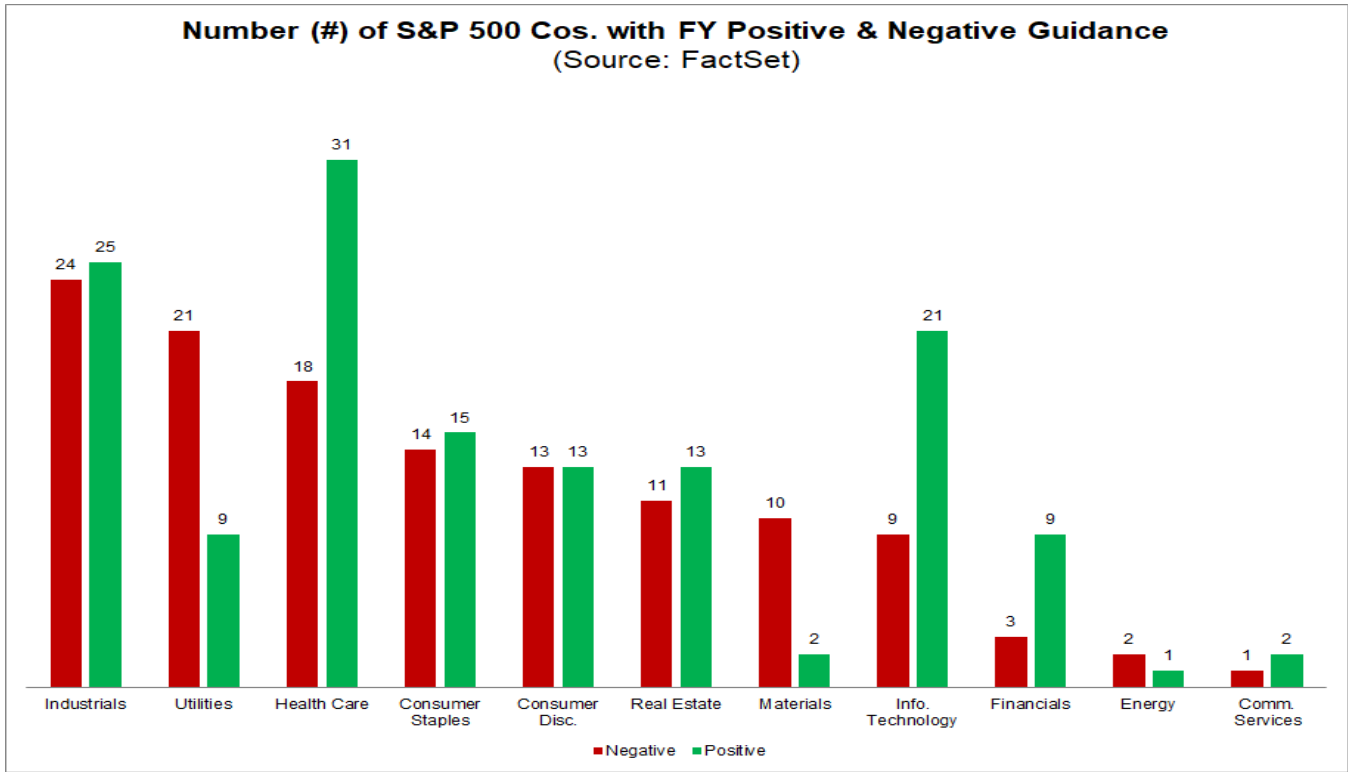
Q4 2024: EPS Revisions



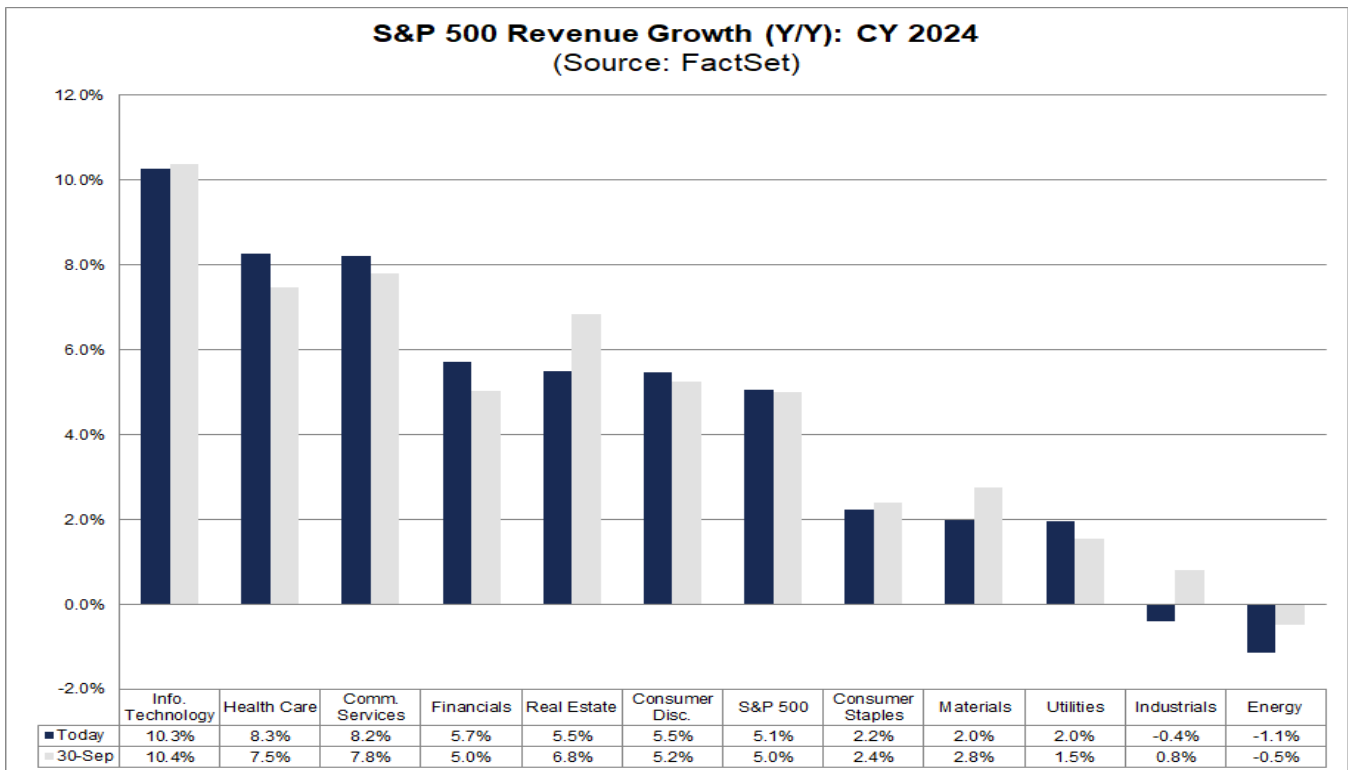
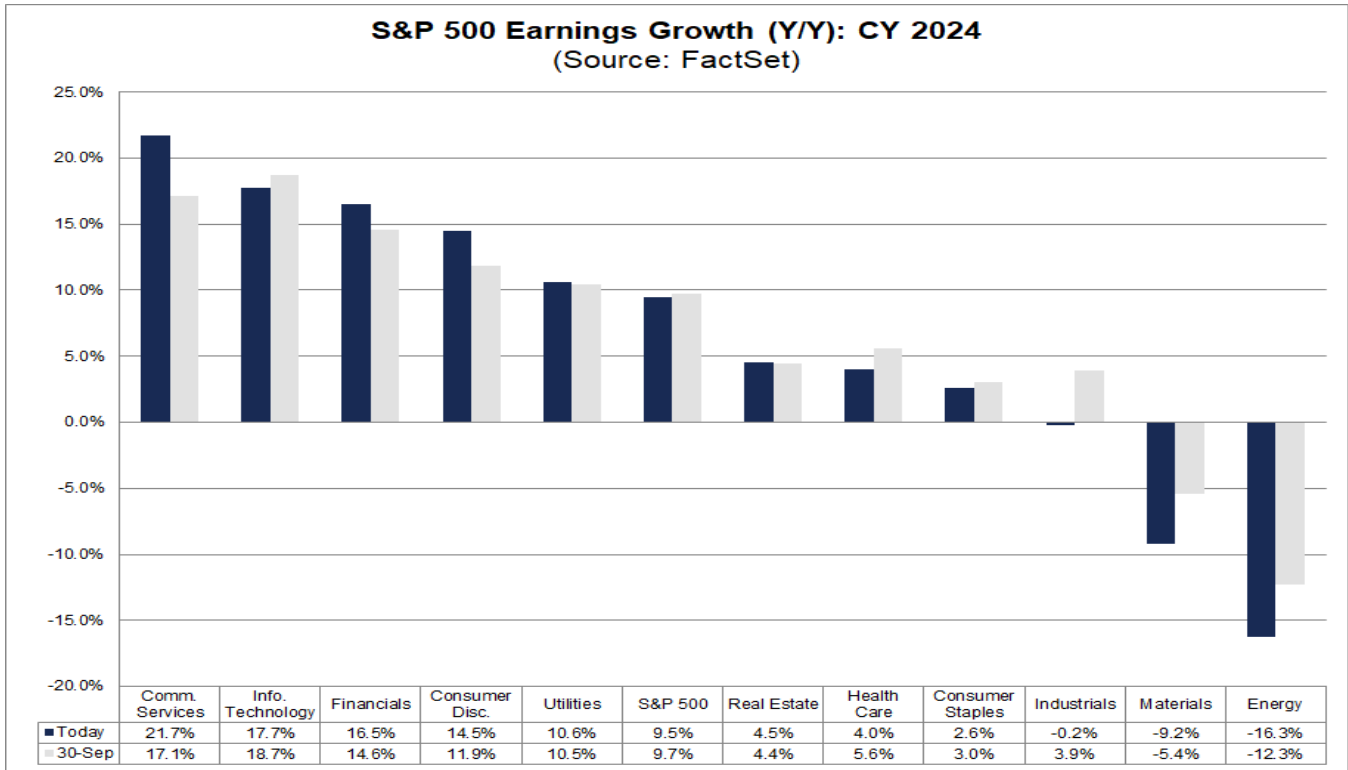
Q4 2024: Growth



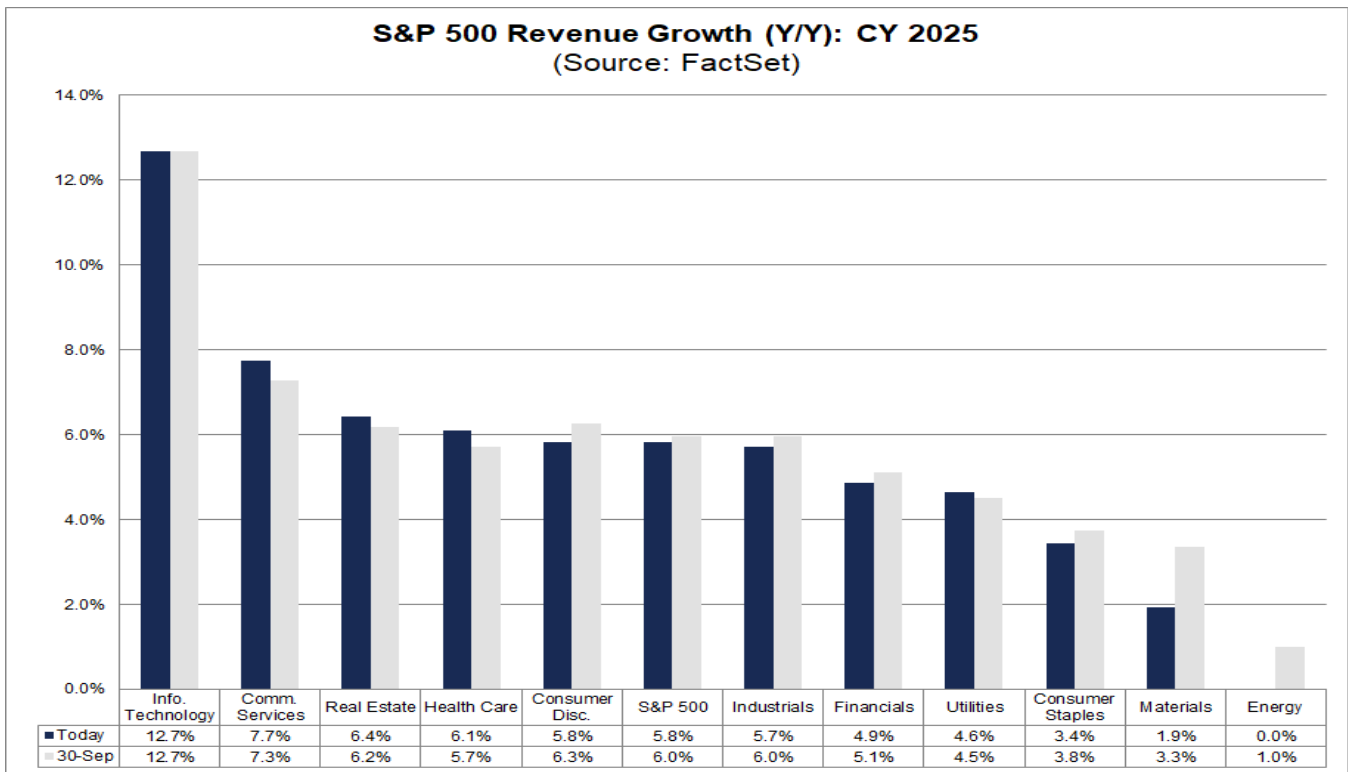
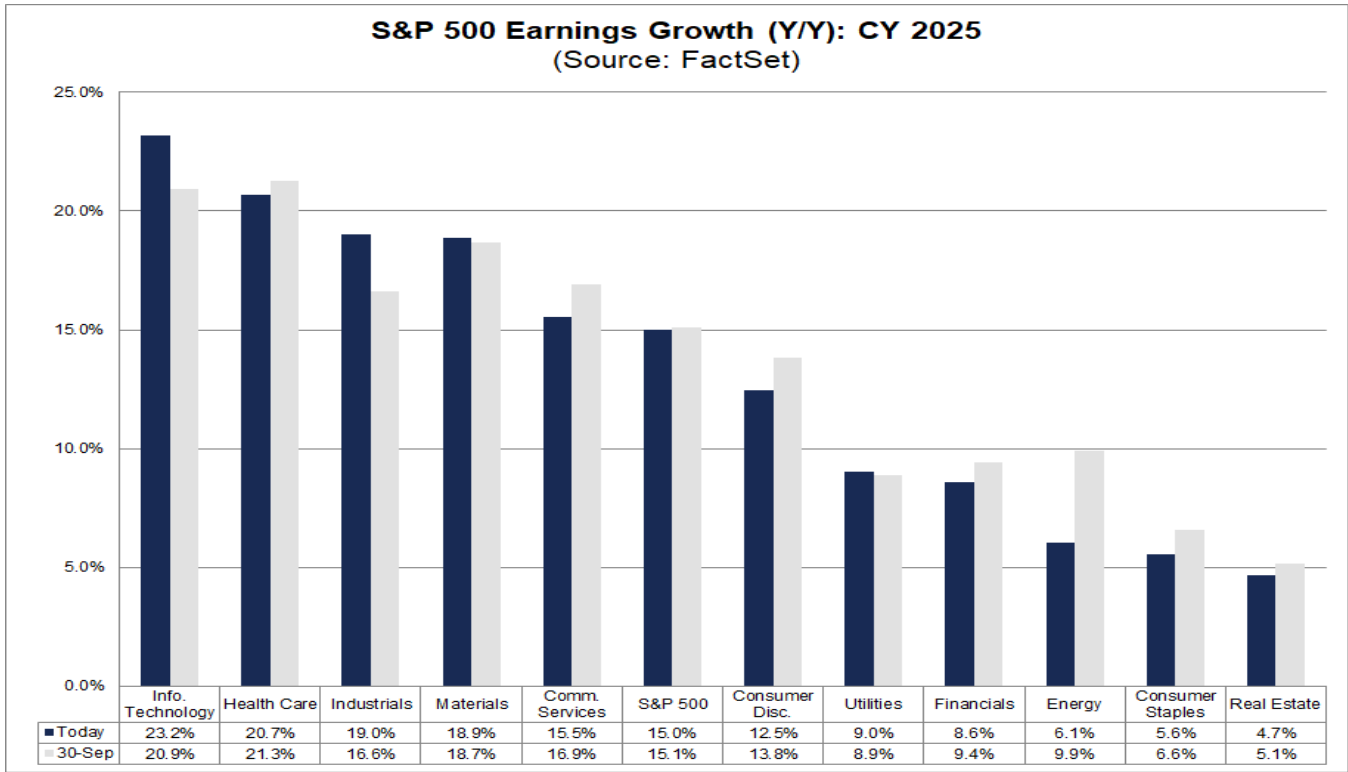
FY 2024 / 2025: EPS Guidance



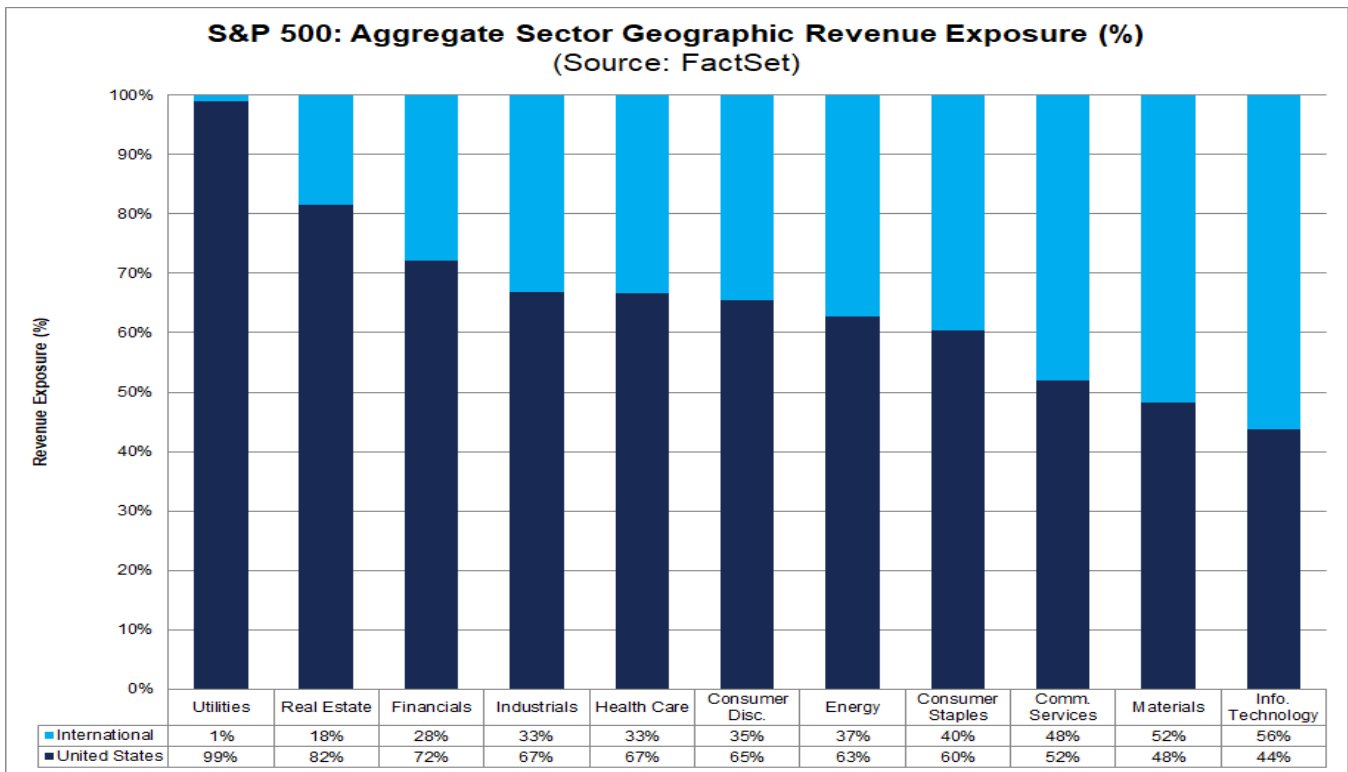
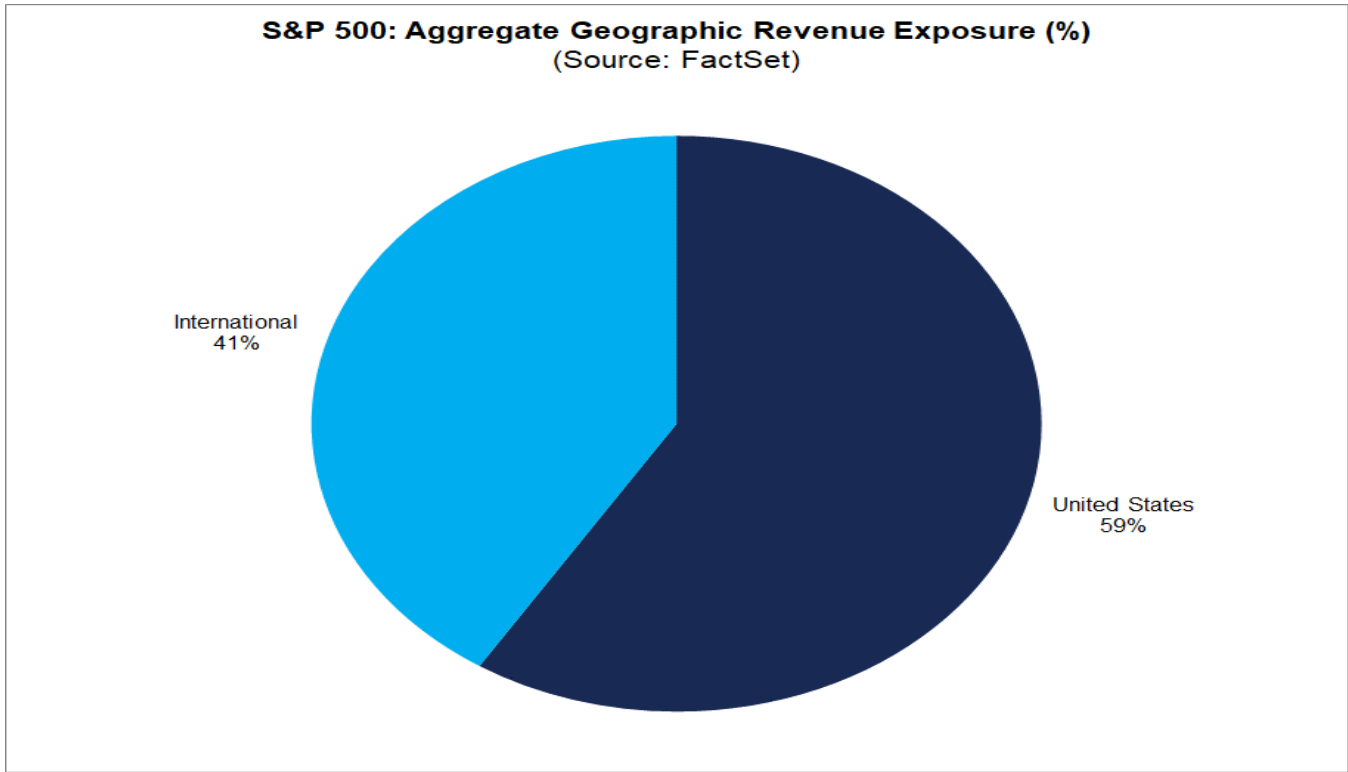
CY 2024: Growth



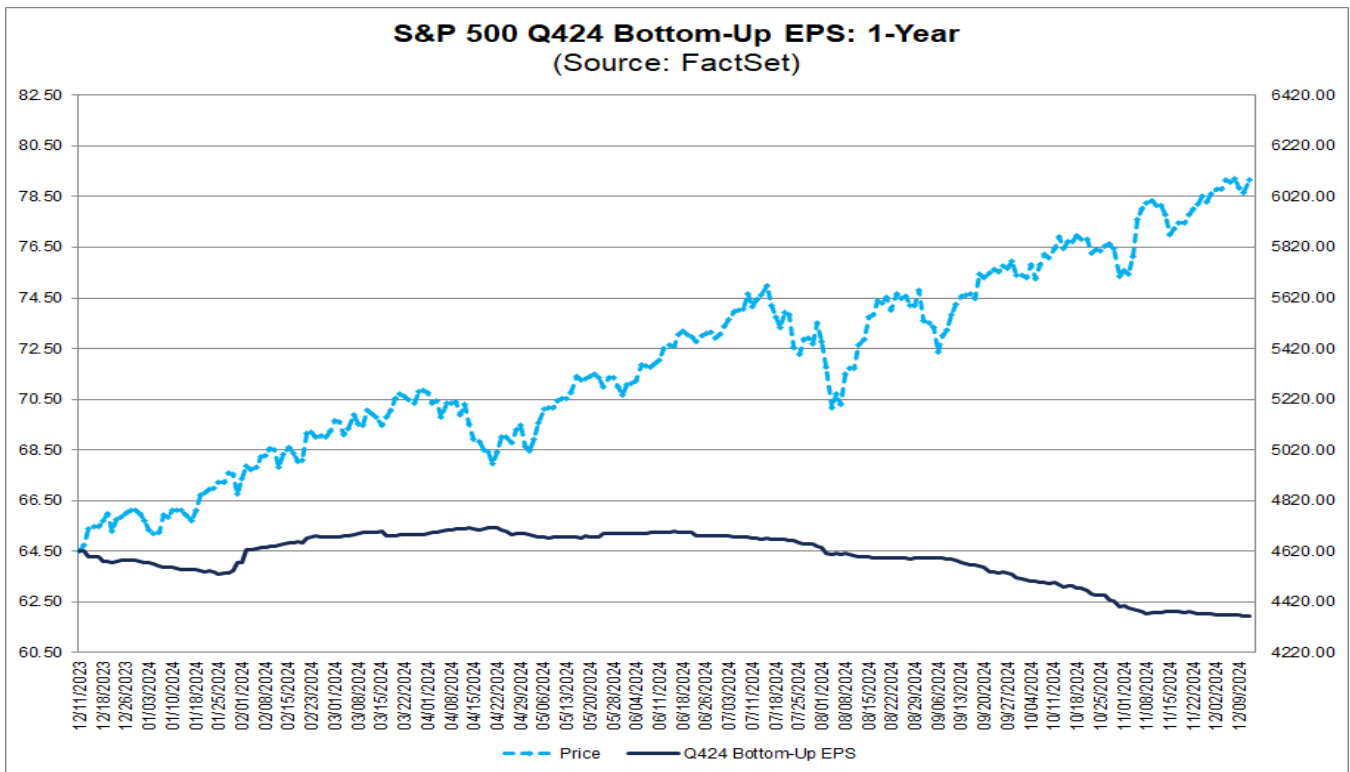
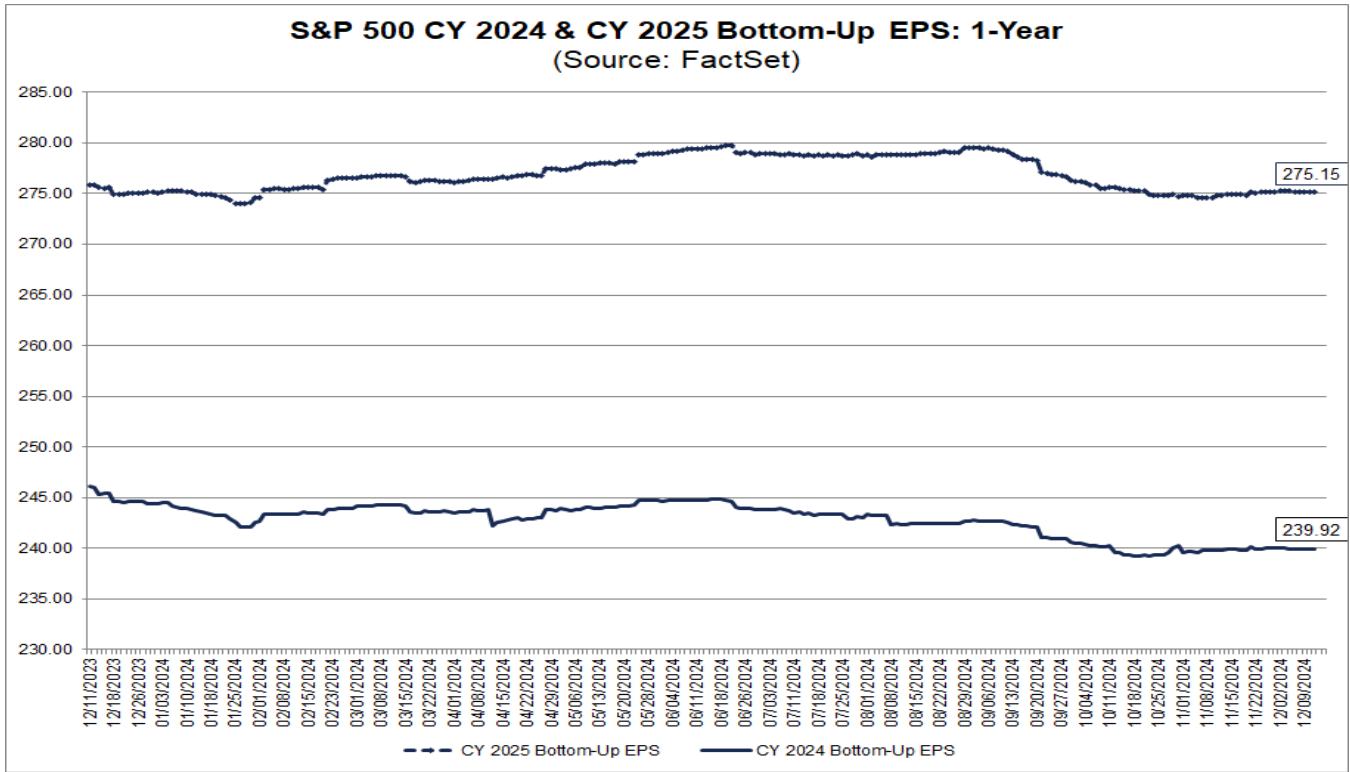
CY 2025: Growth



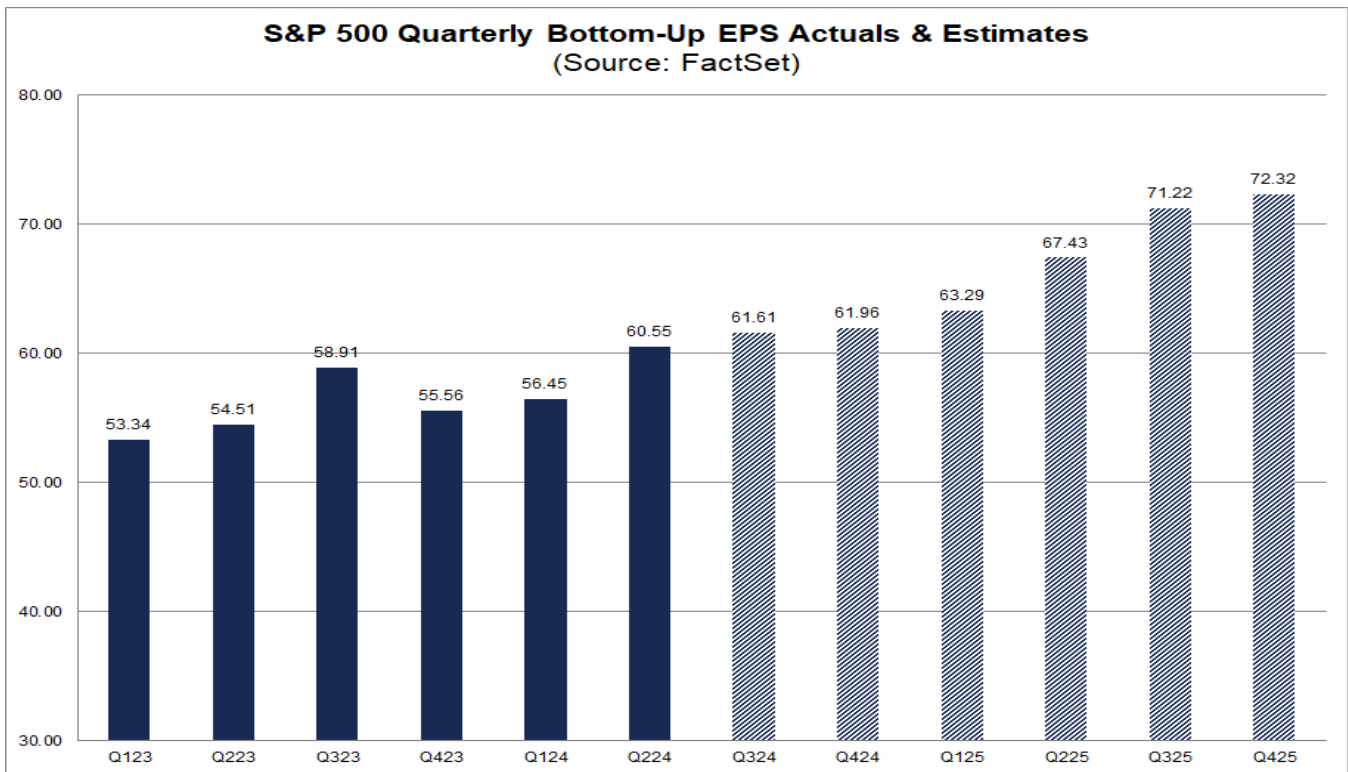
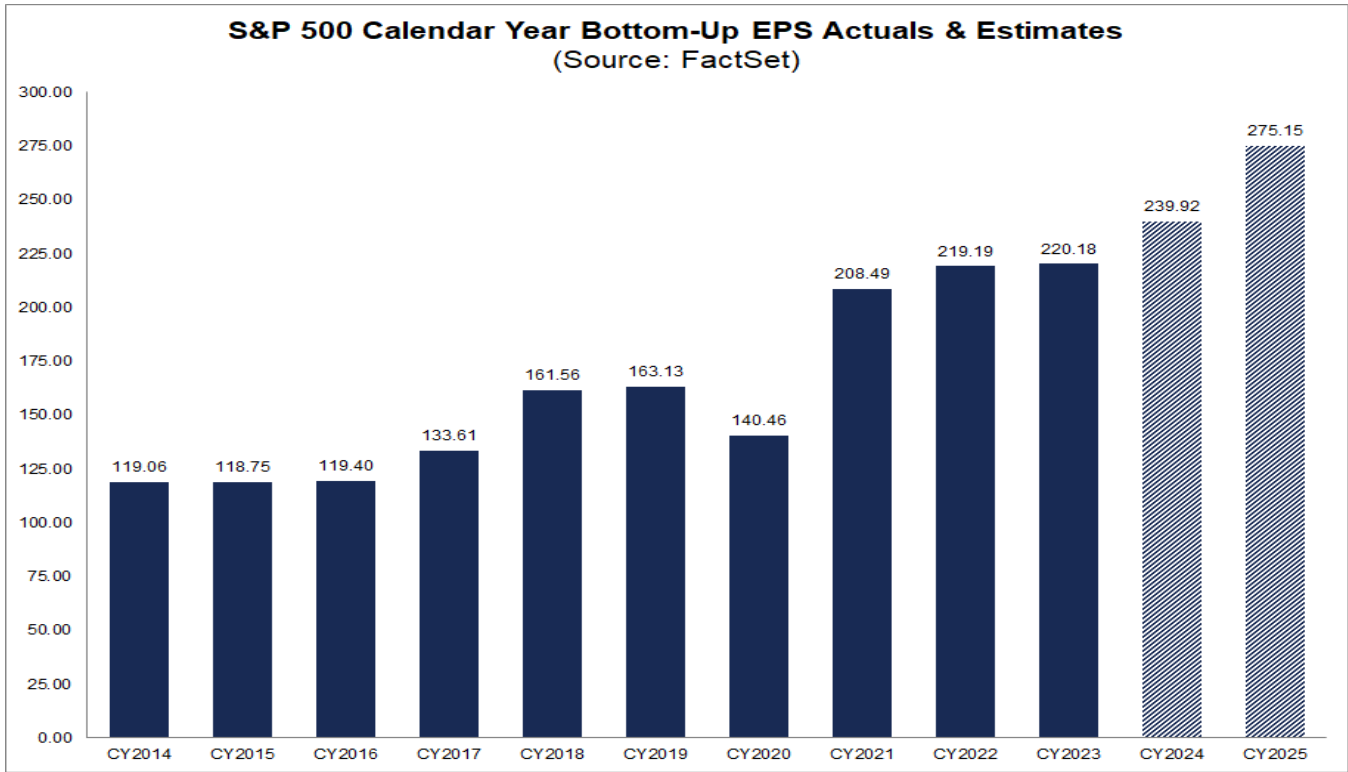
Geographic Revenue Exposure



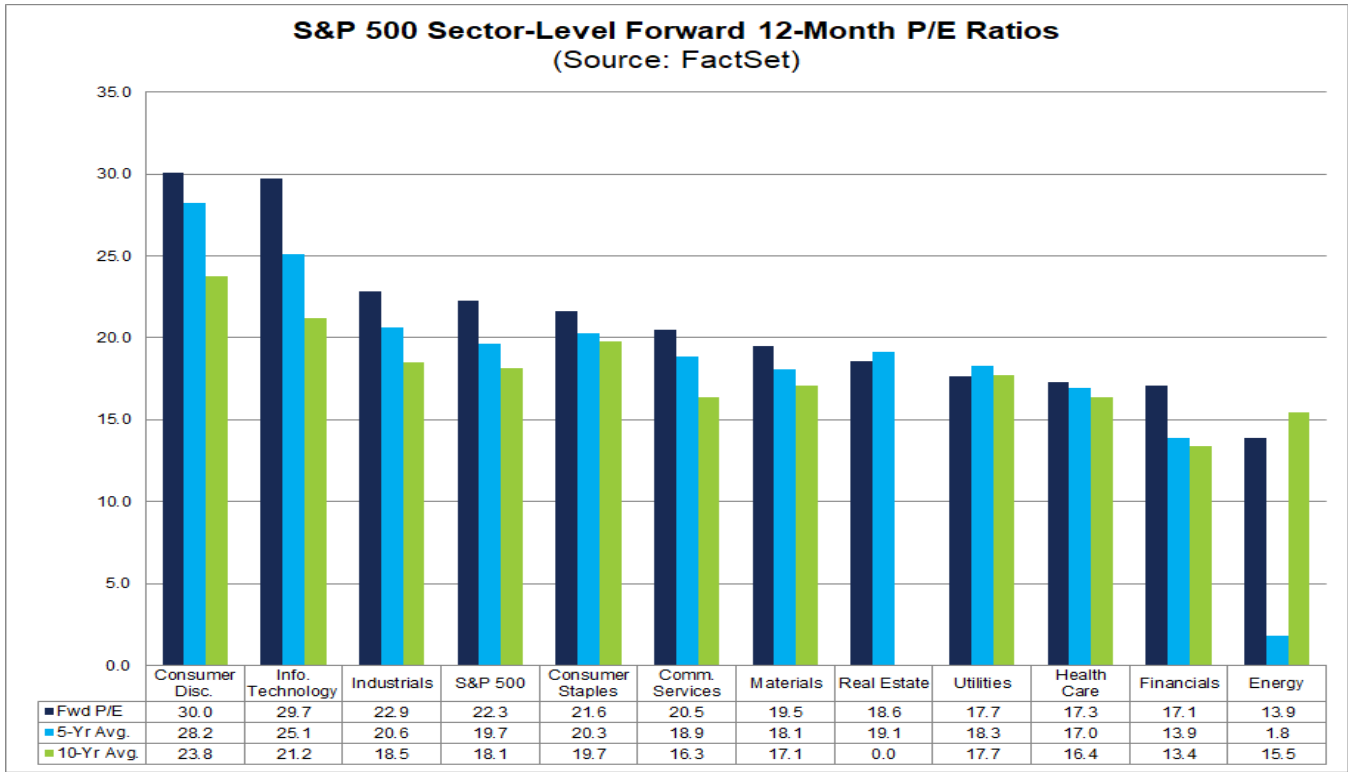
Bottom-Up EPS Estimates



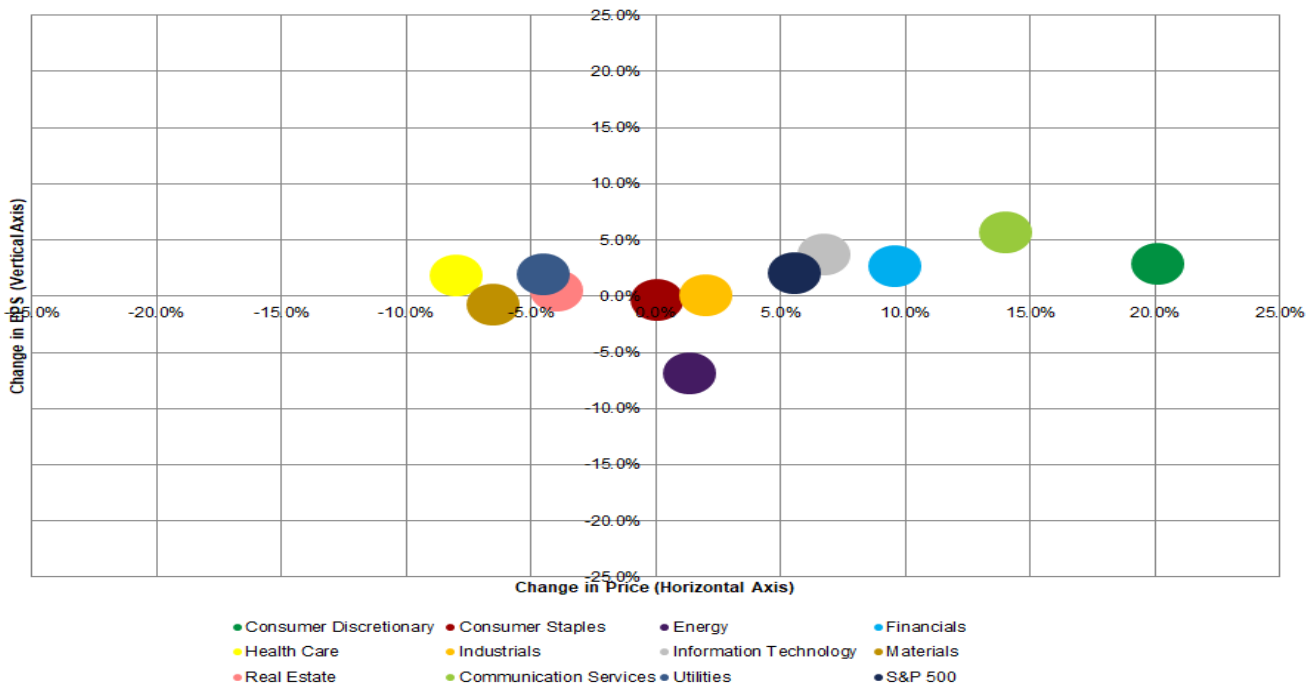
Bottom-Up EPS Estimates: Current & Historical



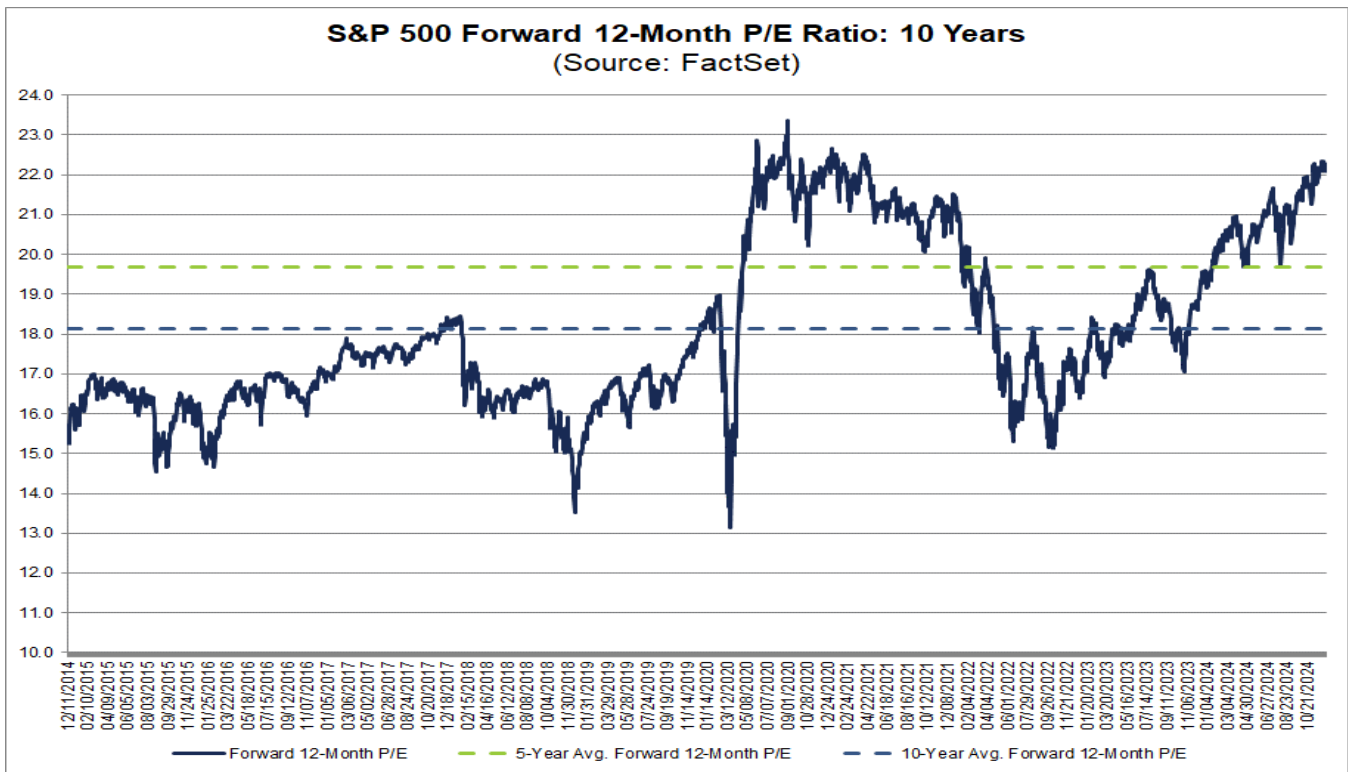
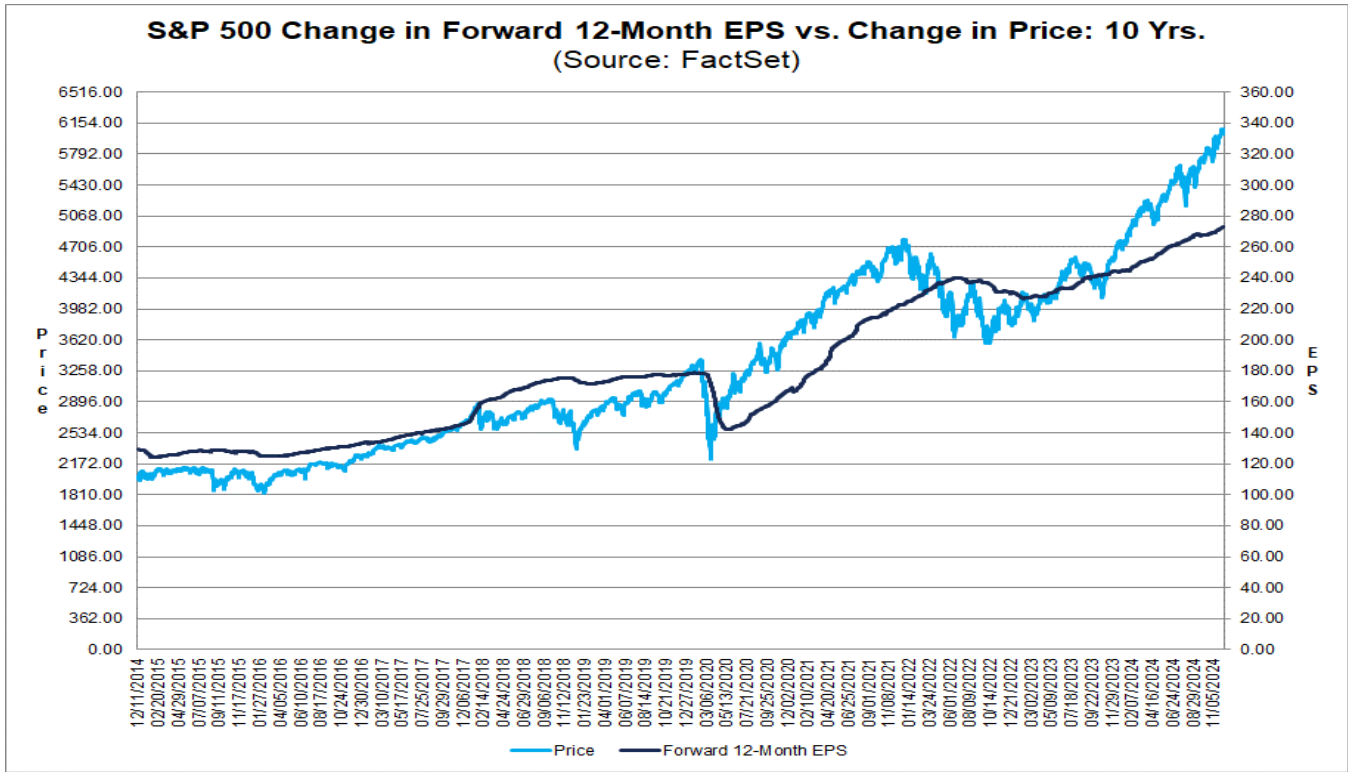
Forward 12M P/E Ratio: Sector Level



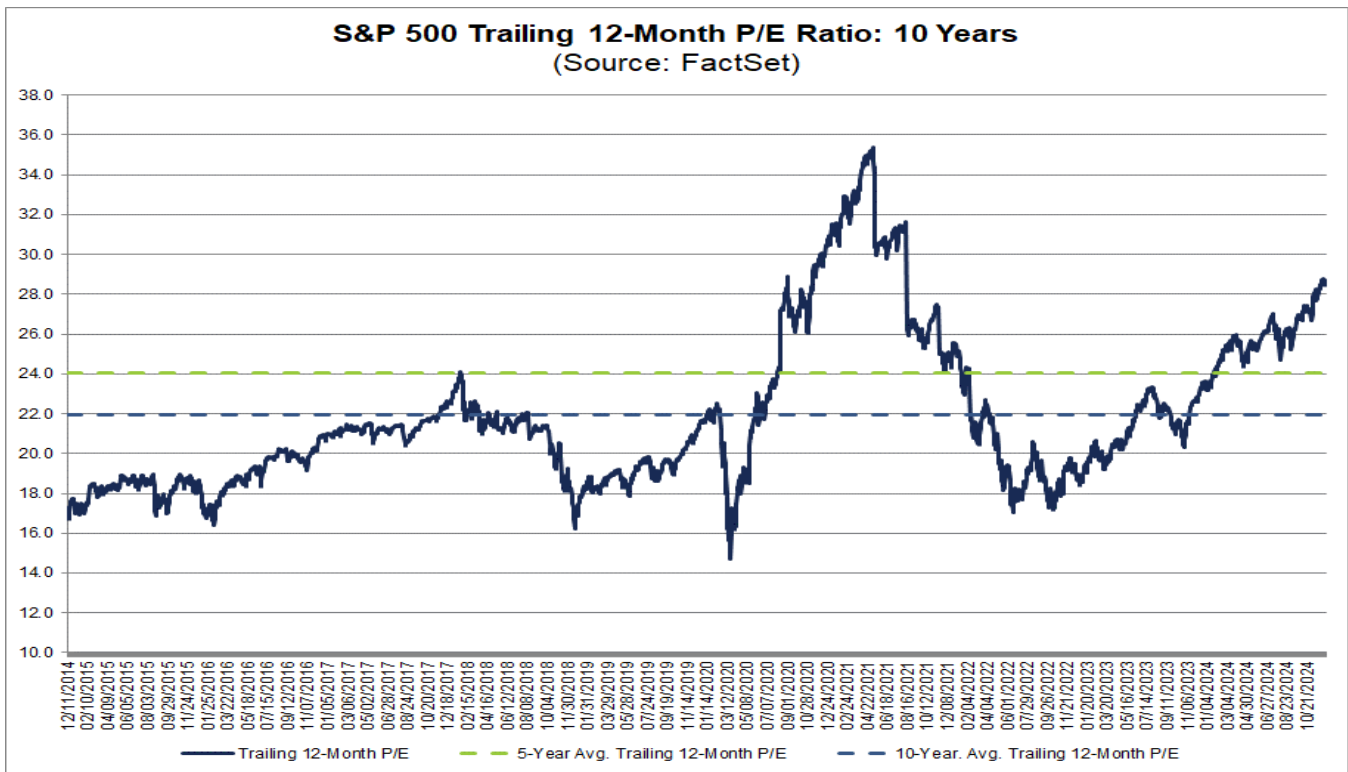
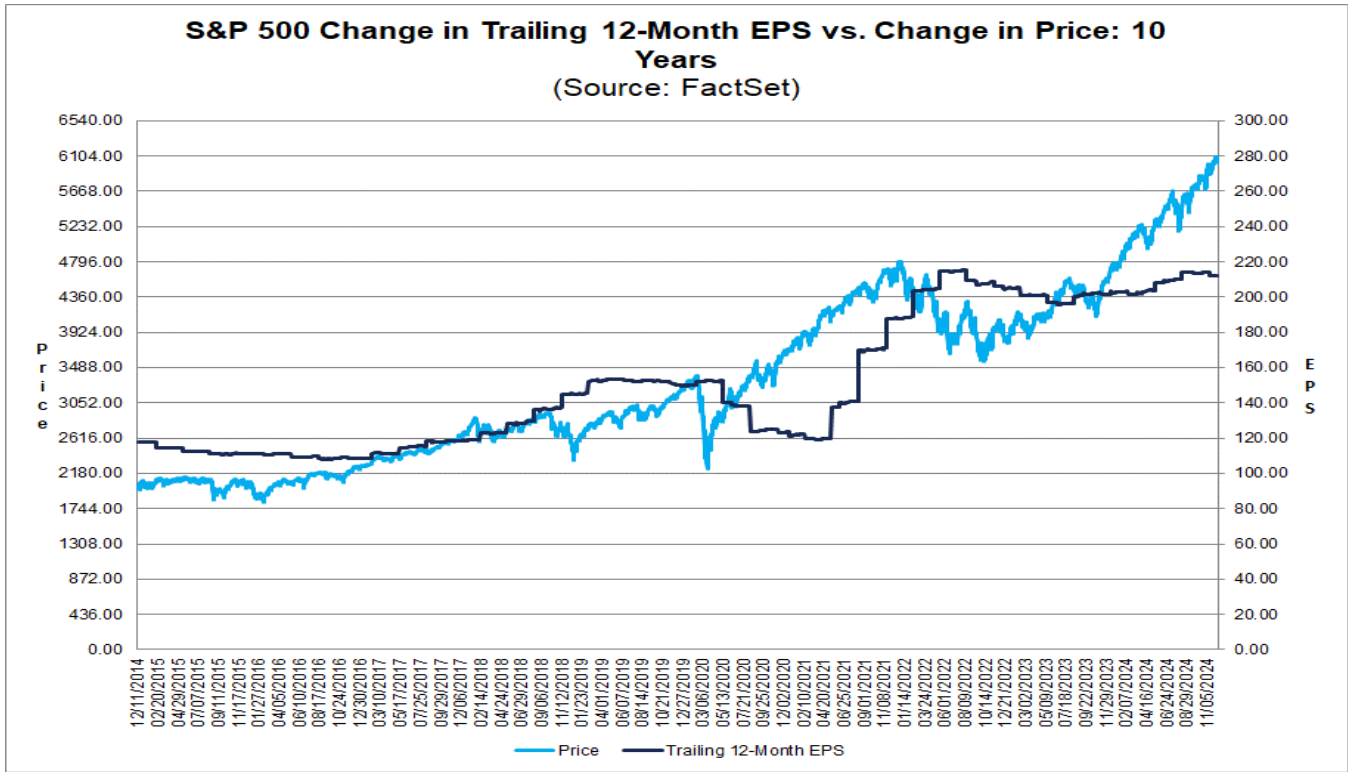
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Sep. 30 (Source: FactSet)



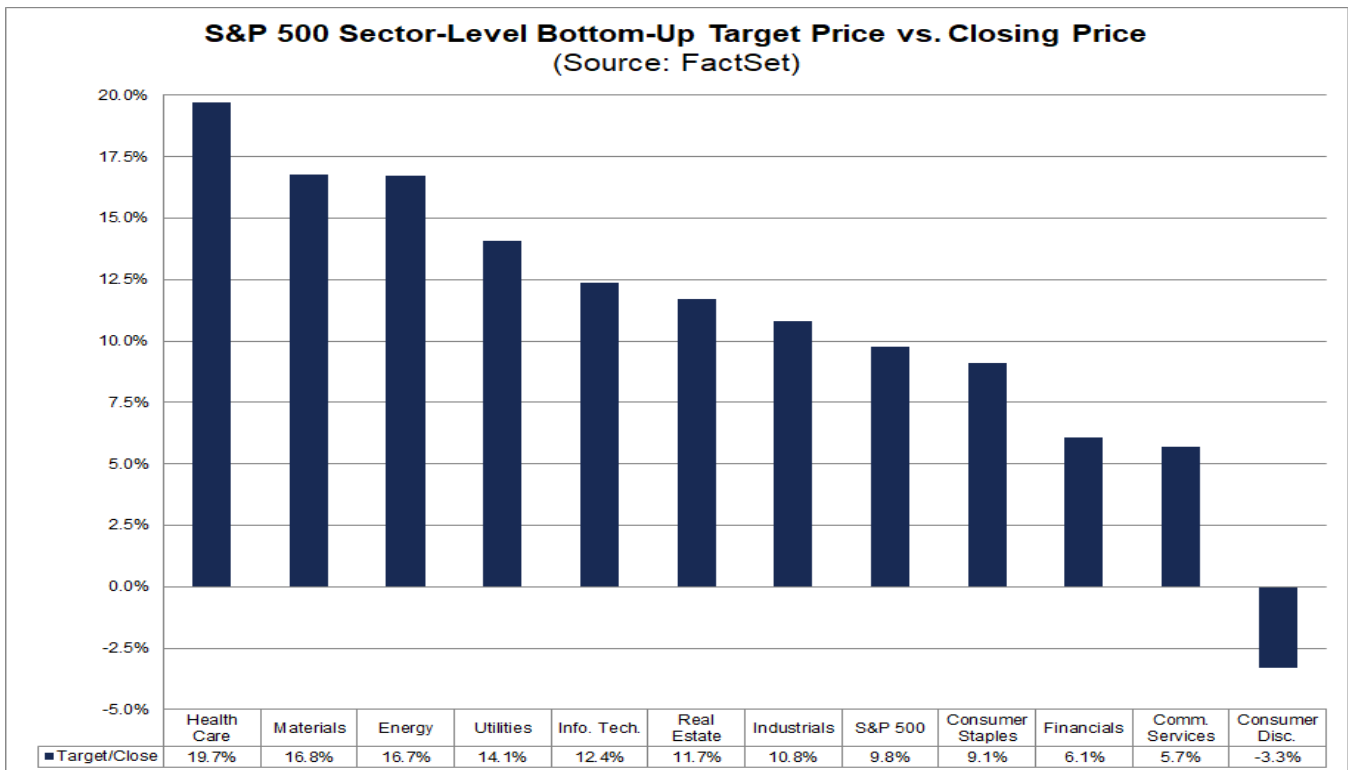
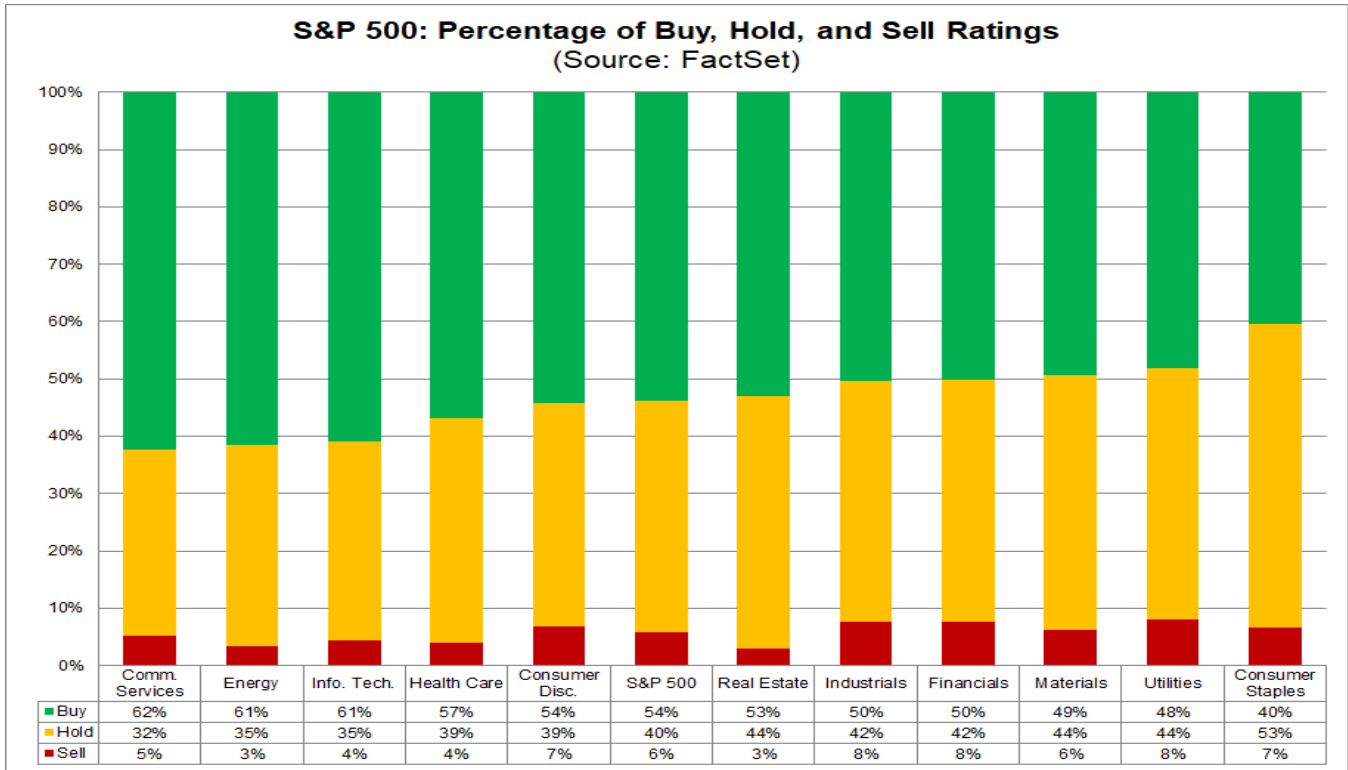
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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