

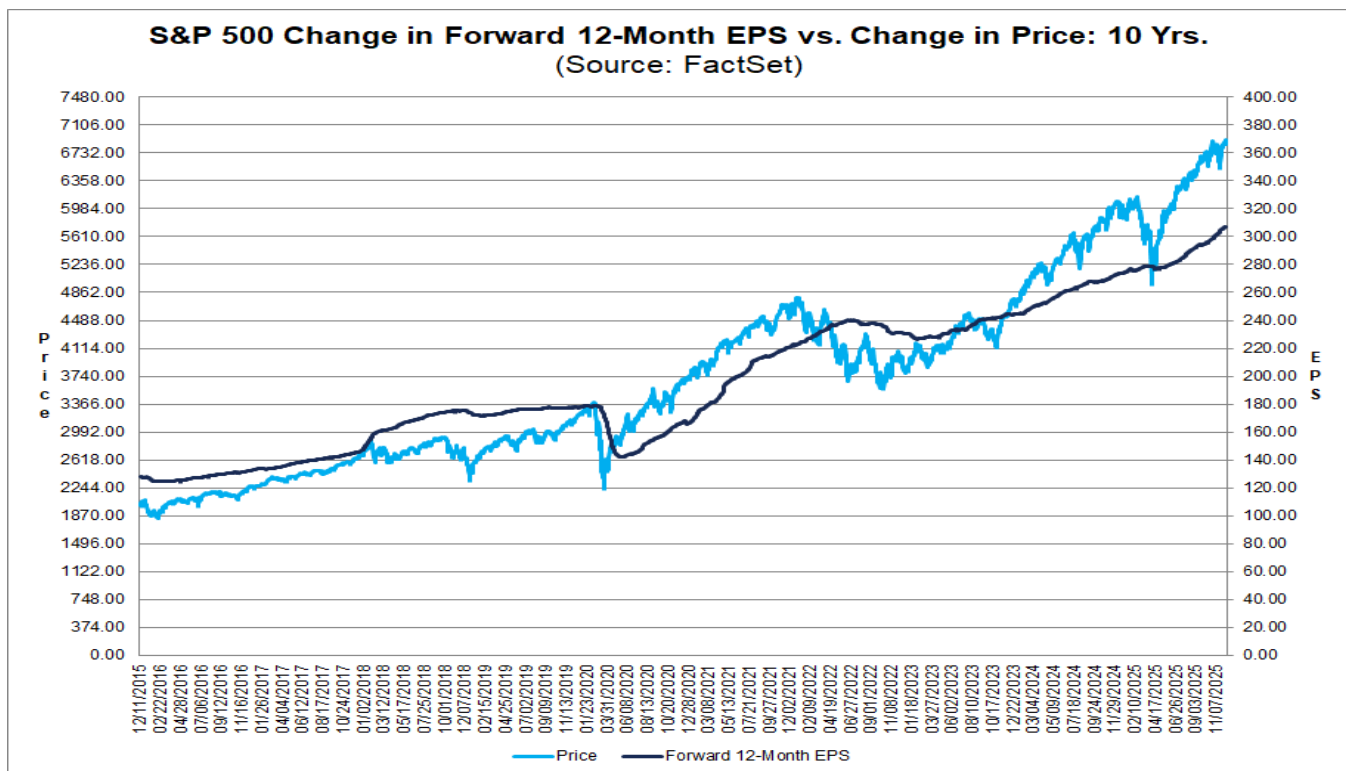
John Butters
VP, Senior Earnings Analyst
jbutters@factset.com

Media Questions/Requests
media_request@factset.com

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Key Metrics

- **Earnings Growth:** For Q4 2025, the estimated (year-over-year) earnings growth rate for the S&P 500 is 8.1%. If 8.1% is the actual growth rate for the quarter, it will mark the 10th consecutive quarter of earnings growth.
- **Earnings Revisions:** On September 30, the estimated (year-over-year) earnings growth rate for the S&P 500 for Q4 2025 was 7.2%. Four sectors are expected to report higher earnings today (compared to September 30) due to upward revisions to EPS estimates.
- **Earnings Guidance:** For Q4 2025, 56 S&P 500 companies have issued negative EPS guidance and 49 S&P 500 companies have issued positive EPS guidance.
- **Valuation:** The forward 12-month P/E ratio for the S&P 500 is 22.5. This P/E ratio is above the 5-year average (20.0) and above the 10-year average (18.7).
- **Earnings Scorecard:** For Q4 2025 (with 4 S&P 500 companies reporting actual results), 3 S&P 500 companies have reported a positive EPS surprise and 2 S&P 500 companies have reported a positive revenue surprise.



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Topic of the Week: 1

Do Industry Analysts Believe the S&P 500 Will Close Above 8,000 in 2026?

With 2025 coming to a close, market strategists (typically using a top-down approach) 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 2026?

Industry analysts in aggregate predict the S&P 500 will have a closing price of 7,968.78 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 7,968.78, which was 15.5% above the closing price of 6,901.00.

At the sector level, the Information Technology (+19.8%) 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 Financials (+8.3%) 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.

At the company level, the ten stocks (with a minimum of 3 target prices) 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 4.

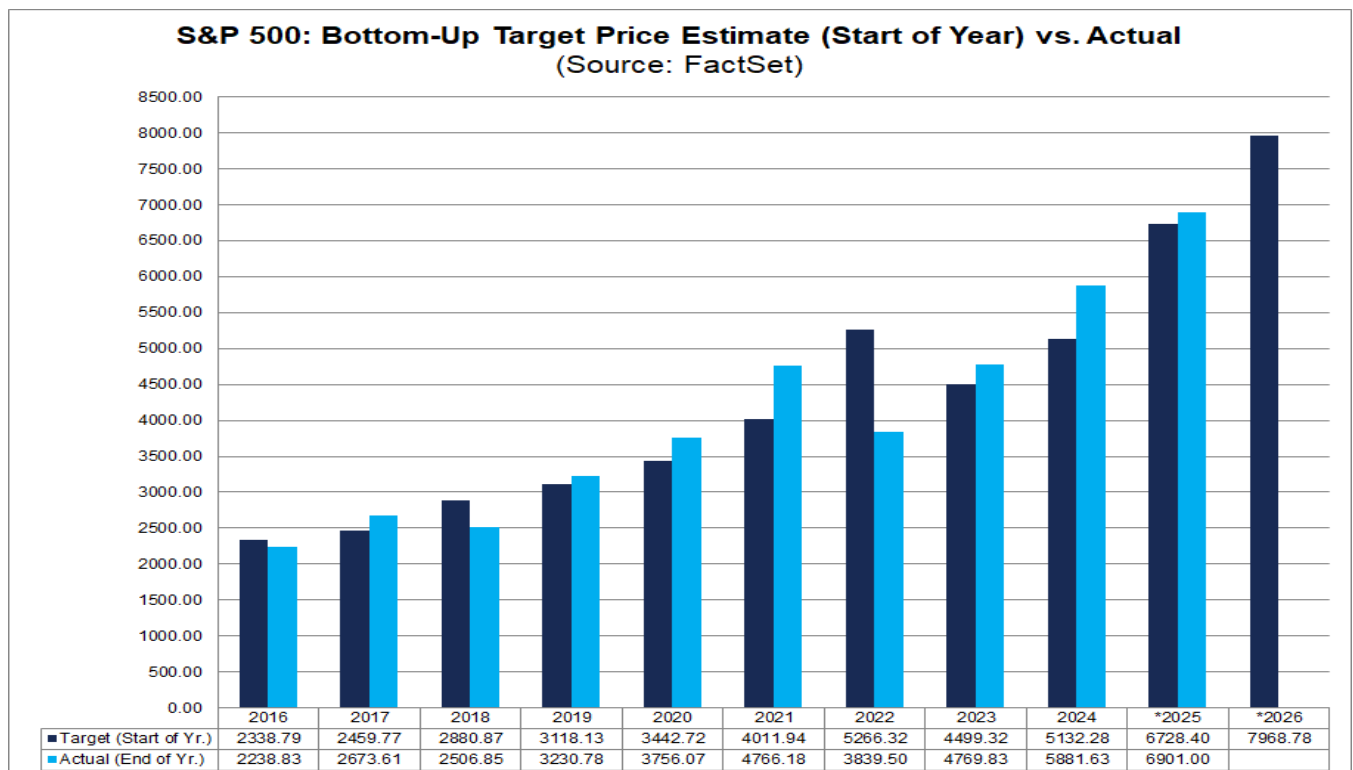
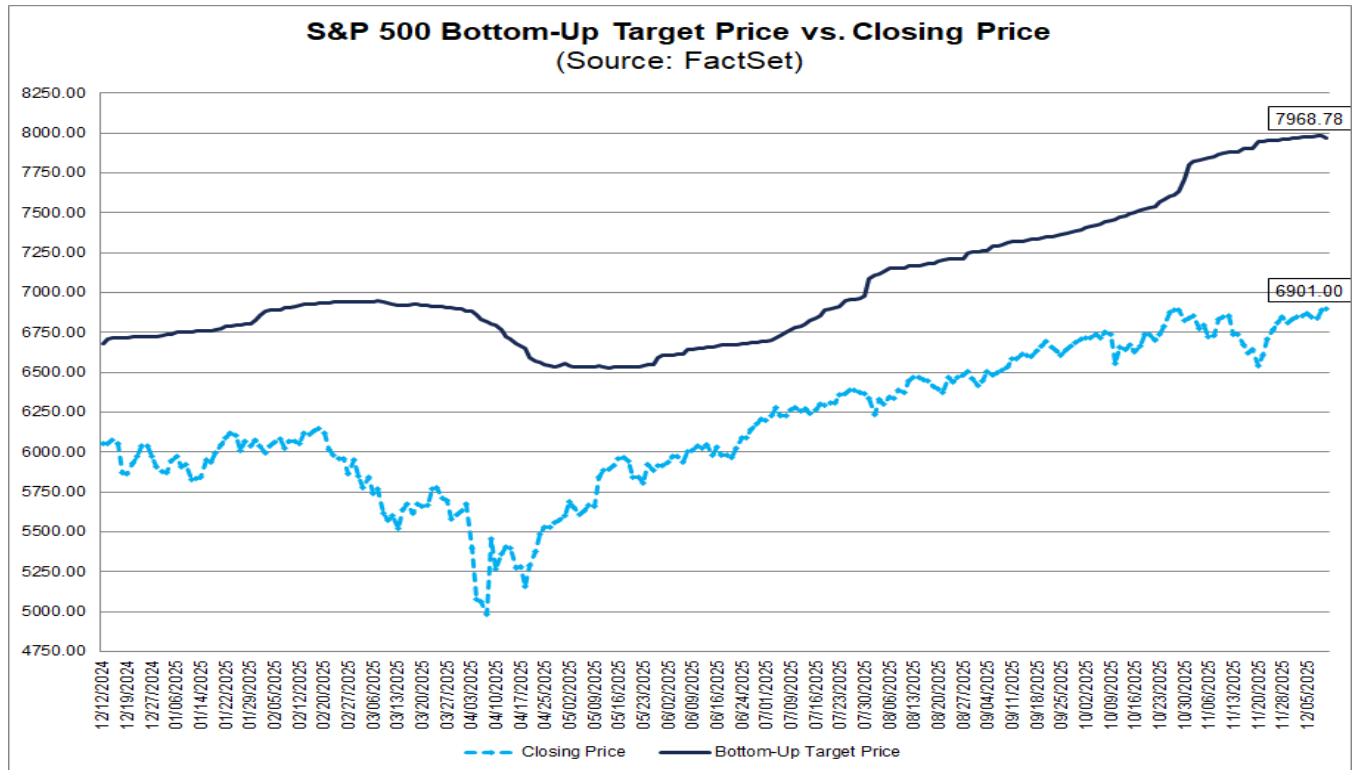
How accurate is the bottom-up target price at the start of the year?

At the end of last year (December 31, 2024), the bottom-up target price for the S&P 500 was 6,728.40. Based on yesterday's closing price of 6,901.00, analysts underestimated the price of the index by 2.5% at the start of CY 2025 as of yesterday.

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 (2005 – 2024), 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 5.9%. In other words, industry analysts on average have overestimated the final price of the index by about 5.9% one year in advance during the previous 20 years. Analysts overestimated the final value (the final value finished below the estimate) in 11 of the 20 years and underestimated the final value (the final value finished above the estimate) in the other 9 years. It is interesting to note that analysts have underestimated the final value in five of the past six years (2019 – 2024).

If one applies the average overestimation of 5.9% to the current bottom-up target price estimate (assuming the estimate changes little between now and December 31), the expected closing value for 2026 would be 7,501.28, which is 8.7% above yesterday's closing price of 6,901.00.



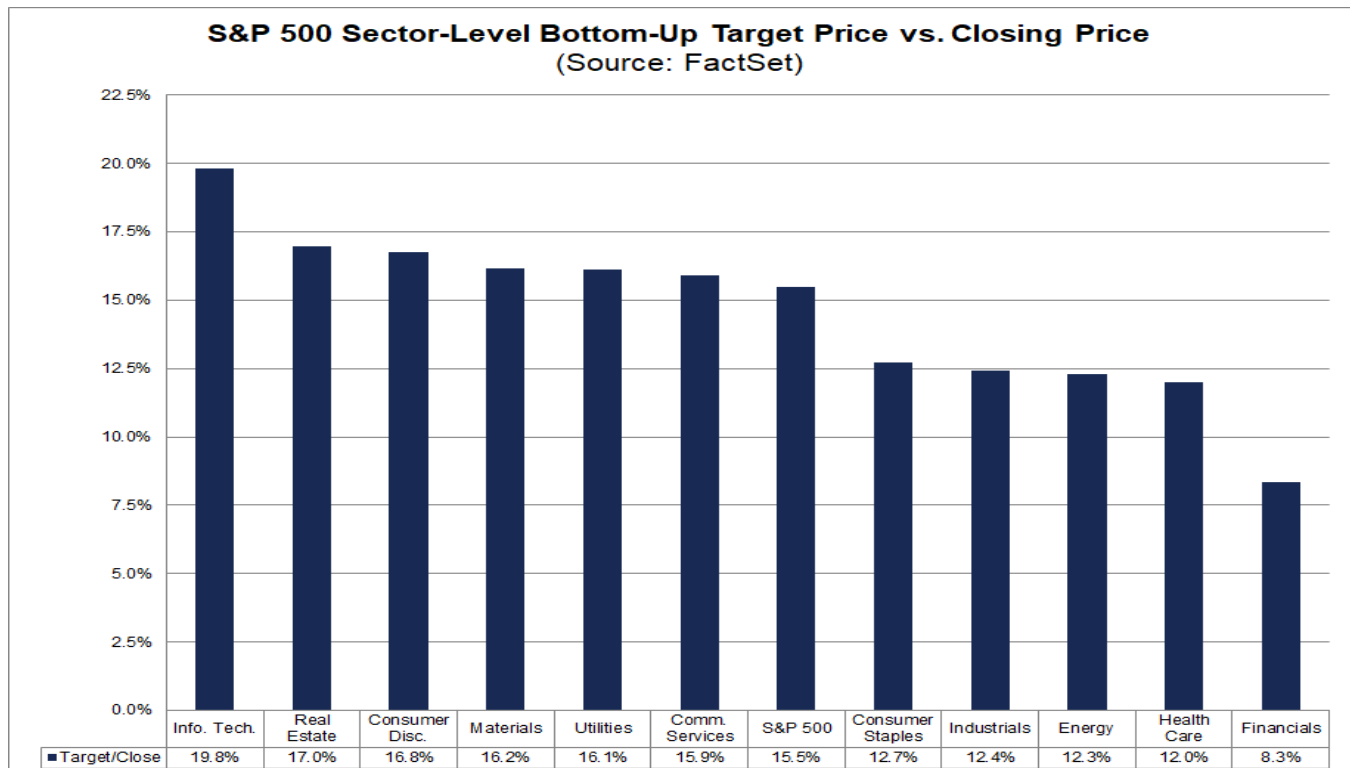
*Actual for CY25 and Target (Start of Yr.) for CY26 reflect values as of Dec. 11

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

Company	Target	Closing	Diff (\$)	Diff (%)
Trade Desk, Inc. Class A	60.00	37.02	22.98	62.1%
Oracle Corporation	300.00	198.85	101.15	50.9%
Coinbase Global, Inc. Class A	400.00	269.02	130.98	48.7%
Datadog, Inc. Class A	219.50	149.90	69.60	46.4%
News Corporation Class A	38.00	26.10	11.90	45.6%
Tyler Technologies, Inc.	660.00	453.73	206.27	45.5%
CoStar Group, Inc.	96.50	67.47	29.03	43.0%
Netflix, Inc.	134.30	94.09	40.21	42.7%
Boston Scientific Corporation	130.00	91.75	38.25	41.7%
PG&E Corporation	21.00	14.83	6.17	41.6%

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

Company	Target	Closing	Diff (\$)	Diff (%)
Albemarle Corporation	110.00	134.59	-24.59	-18.3%
Expeditors International of Washington, Inc.	129.00	153.02	-24.02	-15.7%
Southwest Airlines Co.	35.00	40.74	-5.74	-14.1%
J.B. Hunt Transport Services, Inc.	173.50	199.55	-26.05	-13.1%
Warner Bros. Discovery, Inc. Series A	26.00	29.49	-3.49	-11.8%
Goldman Sachs Group, Inc.	826.50	911.03	-84.53	-9.3%
Seagate Technology Holdings PLC	285.00	307.85	-22.85	-7.4%
Target Corporation	91.00	96.97	-5.97	-6.2%
Centene Corporation	38.00	40.46	-2.46	-6.1%
American Express Company	362.00	384.89	-22.89	-5.9%

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

Topic of the Week: 2

S&P 500 CY 2025 Earnings Preview: Analysts Expect Earnings Growth of 12.1%

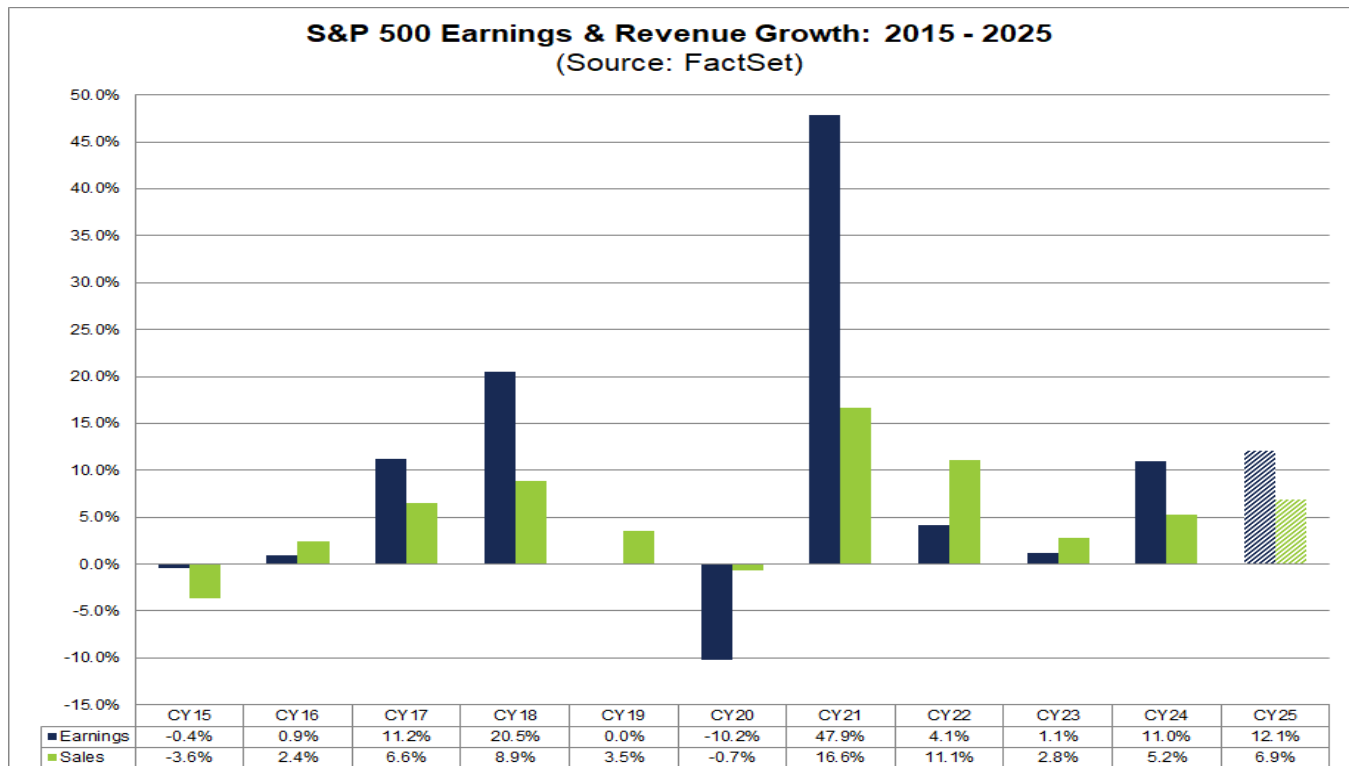
Analysts expect the S&P 500 to report double-digit earnings growth for the second-straight year in CY 2025. The estimated (year-over-year) earnings growth rate for CY 2025 is 12.1%, which is above the 10-year average (annual) earnings growth rate of 8.6% (2015 – 2024). If 12.1% is the final number for the year, it will mark the 5th consecutive year of earnings growth and 2nd consecutive year of double-digit growth.

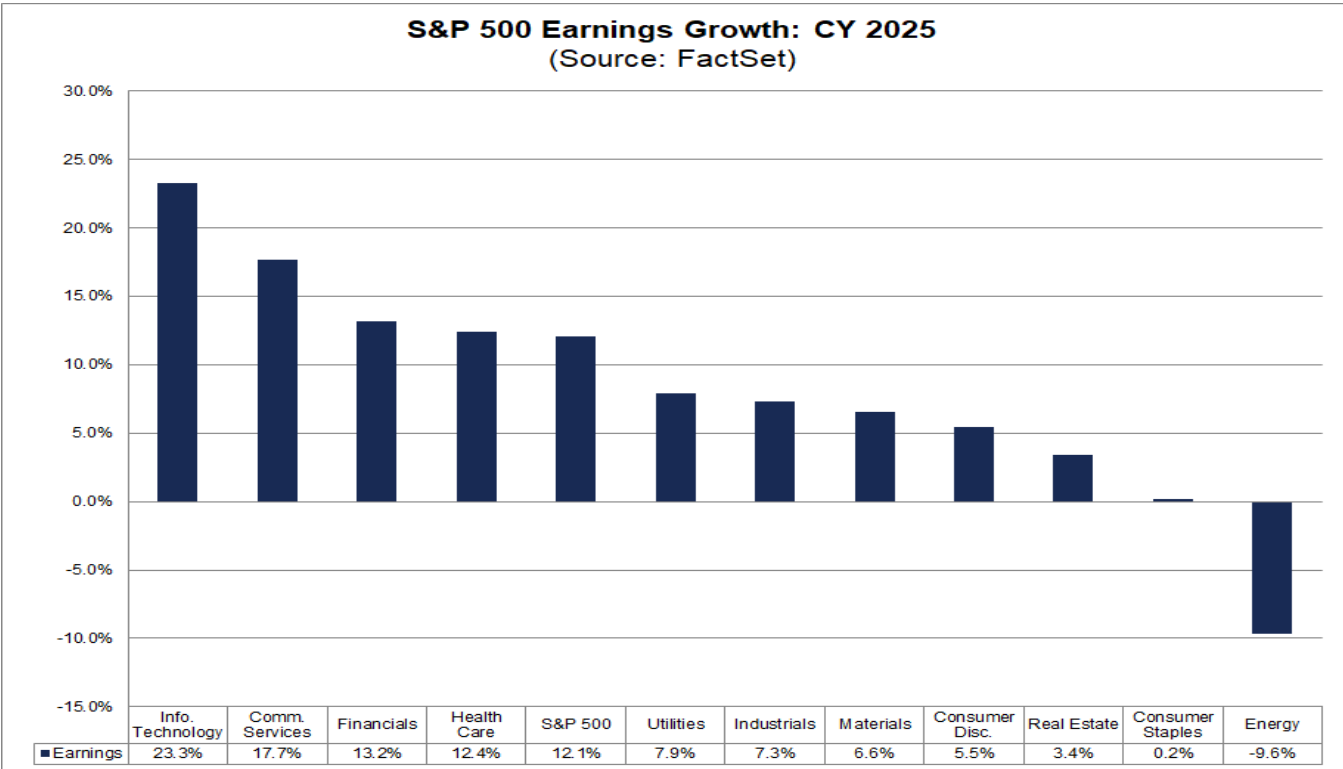
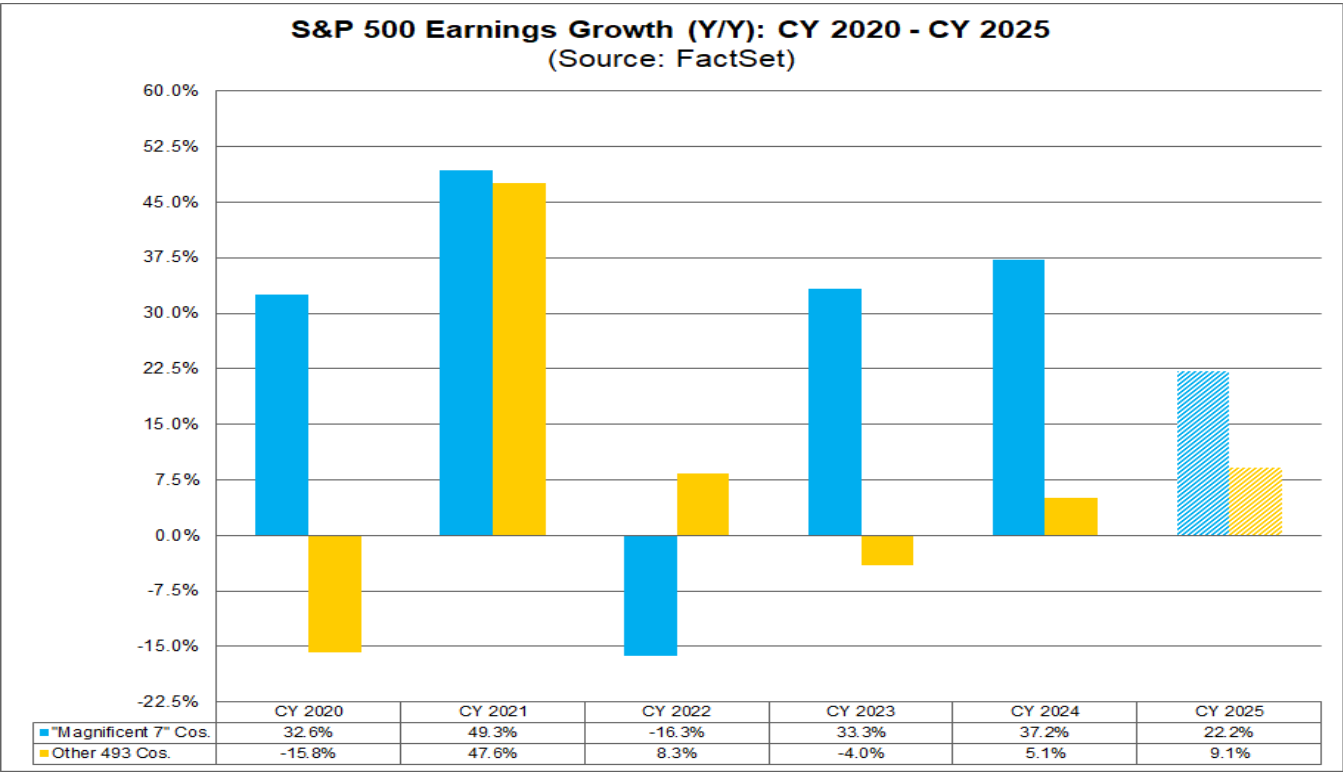
It is interesting to note that three of the top five contributors to earnings growth for CY 2025 are “Magnificent 7” companies: NVIDIA, Alphabet, and Amazon.com. Overall, analysts expect the “Magnificent 7” companies will report earnings growth of 22% in 2025. On the other hand, analysts predict the other 493 companies will report earnings growth of 9% for 2025.

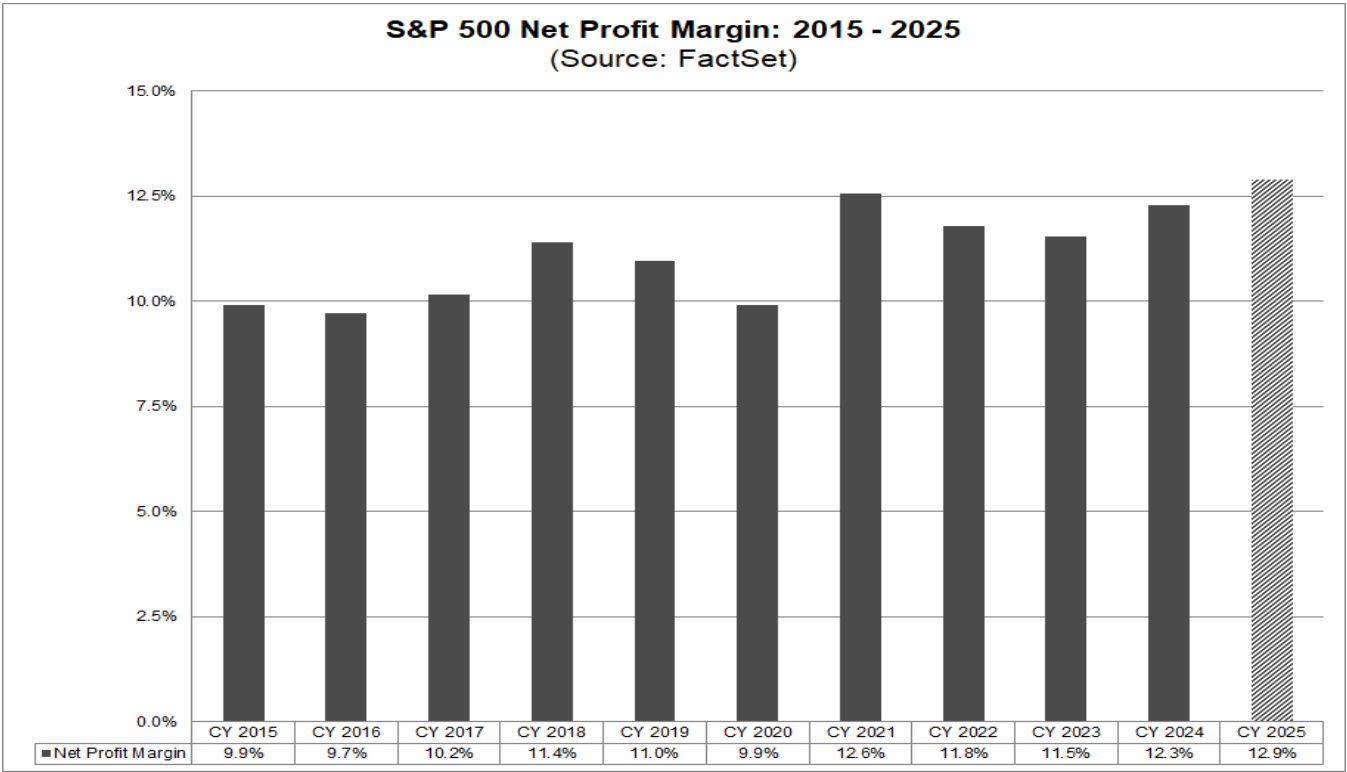
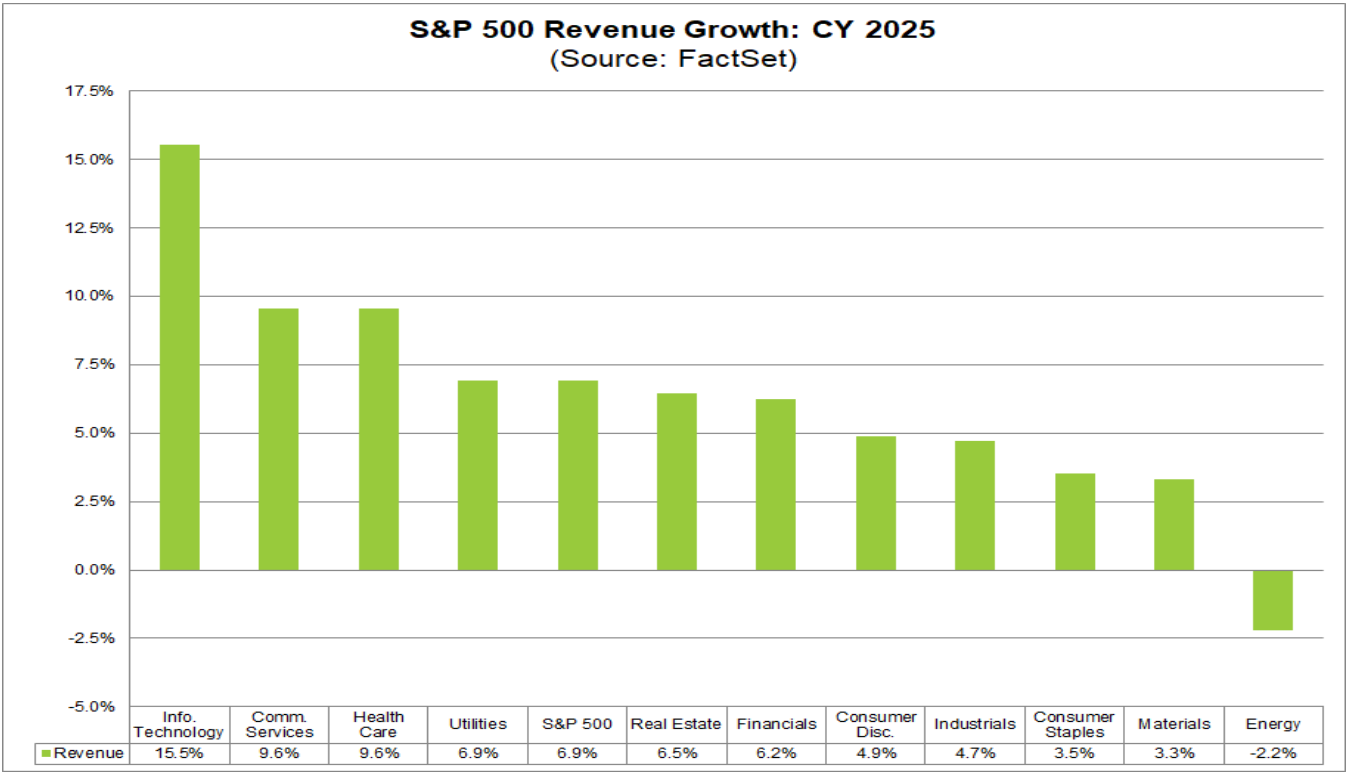
At the sector level, ten of the eleven sectors are predicted to report year-over-year earnings growth in CY 2025. Four of these ten sectors are projected to report double-digit growth: Information Technology, Communication Services, Financials, and Health Care. On the other hand, the Energy sector is the only sector predicted to report a year-over-year decline in earnings.

In terms of revenues, the estimated (year-over-year) revenue growth rate for CY 2025 is 6.9%, which is also above the trailing 10-year average (annual) revenue growth rate of 5.3% (2015 – 2024). Ten of the eleven sectors are projected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector expected to report a year-over-year decline in revenues.

The estimated net profit margin (based on aggregate estimates for revenues and earnings) for the S&P 500 for 2025 is 12.9%, which is above the 10-year average (annual) net profit margin of 11.0%. If 12.9% is the actual net profit margin for the year, it will mark the highest annual net profit margin reported by the index since FactSet began tracking this metric in 2008.







Q4 Earnings Season: By The Numbers

Overview

Heading into the final weeks of the quarter, both analysts and companies have been less pessimistic than normal in their earnings outlook for the fourth quarter. As a result, estimated earnings for the S&P 500 for the fourth quarter are higher today compared to expectations at the start of the quarter. The index is also expected to report (year-over-year) earnings growth for the 10th straight quarter.

In terms of estimate revisions for companies in the S&P 500, analysts have increased earnings estimates slightly for Q4 2025. On a per-share basis, estimated earnings for the fourth quarter have increased by 0.4% since September 30. In a typical quarter, analysts usually lower earnings estimates during the quarter. Over the past five years (20 quarters), earnings expectations have fallen by 1.6% on average during a quarter. Over the past ten years, (40 quarters), earnings expectations have fallen by 3.1% on average during a quarter.

In terms of guidance, both the number and percentage of S&P 500 companies issuing negative EPS guidance for Q4 2025 are lower than average. At this point in time, 105 companies in the index have issued EPS guidance for Q4 2025. Of these companies, 56 have issued negative EPS guidance and 49 have issued positive EPS guidance. The number of companies issuing negative EPS guidance is below the 5-year average (60) and below the 10-year average (60). The percentage of S&P 500 companies issuing negative EPS guidance for Q4 2025 is 53% (56 out of 105), which is below the 5-year average of 58% and below the 10-year average of 60%.

Due to the upward revisions to earnings estimates by analysts and the less negative EPS guidance issued by companies, the estimated (year-over-year) earnings growth rate for Q4 2025 is higher 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 8.1%, compared to the estimated (year-over-year) earnings growth rate of 7.2% on September 30.

If 8.1% is the actual growth rate for the quarter, it will mark the tenth consecutive quarter of year-over-year earnings growth for the index.

Nine of the eleven sectors are projected to report year-over-year growth, led by the Information Technology and Materials sectors. On the other hand, two sectors are predicted to report a year-over-year decline in earnings, led by the Consumer Discretionary sector.

In terms of revenues, analysts have also raised their estimates during the quarter. As of today, the S&P 500 is expected to report (year-over-year) revenue growth of 7.5%, compared to the expectations for revenue growth of 6.4% on September 30.

If 7.5% is the actual revenue growth rate for the quarter, it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st consecutive quarter of revenue growth for the index.

Ten sectors are projected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector predicted to report a year-over-year decline in revenues.

For CY 2025 analysts are predicting (year-over-year) earnings growth of 12.1%. For Q1 2026 and Q2 2026, analysts are calling for earnings growth rates of 12.4% and 13.8%, respectively. For CY 2026 analysts are projecting (year-over-year) earnings growth of 14.5%.

The forward 12-month P/E ratio is 22.5, 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, 14 S&P 500 companies (including 1 Dow 30 component) are scheduled to report results for the fourth quarter.

Earnings Revisions: Technology Sector Has Seen Largest Increase in EPS Estimates

Increase 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 2025 Increased to 8.1% from 7.7%. The positive EPS surprise reported by Oracle (\$2.26 vs. \$1.64) was the largest contributor to the increase in the overall earnings growth for the index during the past week.

The estimated earnings growth rate for the S&P 500 for Q4 2025 of 8.1% today is above the estimate of 7.2% at the start of the quarter (September 30), as estimated earnings for the index of \$620.8 billion today are 0.9% above the estimate of \$615.5 billion at the start of the quarter. Four sectors have recorded an increase in (expected) dollar-level earnings due to upward revisions to earnings estimates, led by the Information Technology, Financials, and Energy sectors. On the other hand, seven sectors have recorded a decrease in expected (dollar-level) earnings due to downward revisions to earnings estimates, led by the Utilities and Consumer Staples sectors.

Information Technology: Apple and NVIDIA Lead Earnings Increase Since September 30

The Information Technology sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 5.5% (to \$178.1 billion from \$168.8 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 24.9% today from 18.4% on September 30. This sector has also recorded an increase in price of 3.6% since September 30. Overall, 48 of the 70 companies (69%) in the Information Technology sector have seen an increase in their mean EPS estimate during this time. Of these 48 companies, 11 have recorded an increase in their mean EPS estimate of more than 10%, led by Sandisk Corporation (to \$3.32 from \$1.54), Oracle (to \$2.26 from \$1.64), Teradyne (to \$1.36 from \$1.01), Datadog (to \$0.55 from \$0.45), and Palantir Technologies (to \$0.23 from \$0.19). However, Apple (\$2.67 vs. \$2.50), NVIDIA (to \$1.51 from \$1.42), Oracle, and Microsoft (to \$3.91 from \$3.80) have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Financials: JPMorgan Chase Leads Earnings Increase Since September 30

The Financials sector has recorded the second-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 1.9% (to \$112.9 billion from \$110.8 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 6.3% today from 4.3% on September 30. This sector has also recorded an increase in price of 1.5% since September 30. Overall, 45 of the 76 companies (59%) in the Financials sector have seen an increase in their mean EPS estimate during this time. Of these 45 companies, 5 have recorded an increase in their mean EPS estimate of more than 10%: Robinhood Markets (to \$0.59 from \$0.45), Allstate (to \$8.26 from \$7.14), Cboe Global Markets (to \$2.68 from \$2.38), Morgan Stanley (to \$2.39 vs. \$2.13), and Interactive Brokers Group (to \$0.57 from \$0.52). However, JPMorgan Chase (to \$4.95 vs. \$4.77), Wells Fargo (to \$1.68 from \$1.55), and Morgan Stanley have been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Energy: Marathon Petroleum and Valero Energy Lead Earnings Increase Since September 30

The Energy sector has recorded the third-largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 1.8% (to \$24.7 billion from \$24.3 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has increased to 0.9% today from -0.5% on September 30. This sector has also recorded an increase in price of 2.3% since September 30. Overall, 7 of the 22 companies (32%) in the Energy sector have seen an increase in their mean EPS estimate during this time. Of these 7 companies, 4 have recorded an increase in their mean EPS estimate of more than 10%: Marathon Petroleum (to \$3.78 from \$2.10), Valero Energy (to \$3.40 from \$1.96), Phillips 66 (to \$2.51 vs. \$1.66), and Halliburton (to \$0.54 from \$0.47). Marathon Petroleum and Valero Energy have also been the largest contributors to the increase in expected (dollar-level) earnings for this sector since September 30.

Utilities: 68% of Companies Have Recorded a Decrease In Earnings Since September 30

On the other hand, the Utilities sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -5.5% (to \$14.4 billion from \$15.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 5.4% today from 11.5% on September 30. This sector has also recorded a decrease in price of 2.0% since September 30. Overall, 21 of the 31 companies (68%) in the Utilities sector have seen a decrease in their mean EPS estimate during this time. Of these 21 companies, 10 have recorded a decline in their mean EPS estimate of more than 10%, led by Edison International (to \$1.42 from \$2.11), NRG Energy (to \$1.03 from \$1.39), AES Corporation (to \$0.62 from \$0.75), and NextEra Energy (to \$0.57 from \$0.68).

Consumer Staples: 78% of Companies Have Recorded a Decrease In Earnings Since September 30

The Consumer Staples sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -3.6% (to \$34.6 billion from \$35.9 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 0.6% today from 4.4% on September 30. This sector has also recorded no percentage change in price (0.0%) since September 30. Overall, 28 of the 36 companies (78%) in the Consumer Staples sector have seen a decrease in their mean EPS estimate during this time. Of these 28 companies, 5 have recorded a decline in their mean EPS estimate of more than 10%: Archer-Daniels-Midland Company (to \$0.81 from \$1.51), Bunge Global (to \$1.90 from \$3.03), Mondelez International (to \$0.70 from \$0.83), Kraft Heinz (to \$0.61 from \$0.70), and Hershey (to \$1.39 from \$1.58).

Index-Level EPS Estimate: 0.4% Increase 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 increased by 0.4% (to \$70.41 from \$70.16) since September 30. In a typical quarter, analysts usually reduce earnings estimates. Over the past five years (20 quarters), earnings expectations have fallen by 1.6% on average during a quarter. Over the past ten years (40 quarters), earnings expectations have fallen by 3.1% on average during a quarter. Over the past fifteen years (60 quarters), earnings expectations have fallen by 3.3% on average during a quarter. Over the past twenty years (60 quarters), earnings expectations have fallen by 4.3% on average during a quarter.

Guidance: Number of Companies Issuing Negative EPS Guidance for Q4 is Below Average

Quarterly Guidance: Number of Companies Issuing Negative EPS Guidance for Q4 is Below Average

At this point in time, 105 companies in the index have issued EPS guidance for Q4 2025. Of these 105 companies, 56 have issued negative EPS guidance and 49 have issued positive EPS guidance. The number of S&P 500 companies issuing negative EPS guidance for Q4 2025 is below the 5-year average of 60 and below the 10-year average of 60. The number of companies issuing positive EPS guidance for Q4 2025 is above the 5-year average of 44 and above the 10-year average of 39.

The percentage of companies issuing negative EPS guidance for Q4 2025 is 53% (56 out of 105), which is below the 5-year average of 58% and below the 10-year average of 60%.

Annual Guidance: 40% of S&P 500 Companies Issuing Negative Guidance for Current Year

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, 106 have issued negative EPS guidance and 162 have issued positive EPS guidance. The percentage of companies issuing negative EPS guidance is 40% (106 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 Growth: 8.1%

The estimated (year-over-year) earnings growth rate for Q4 2025 is 8.1%, which is below the 5-year average earnings growth rate of 14.9% and below the 10-year average earnings growth rate of 9.5%. If 8.1% is the actual growth rate for the quarter, it will mark the 10th consecutive quarter of year-over-year earnings growth for the index.

Nine of the eleven sectors are expected to report year-over-year earnings growth, led by the Information Technology and Materials sectors. On the other hand, two sectors are projected to report year-over-year decline in earnings, led by the Consumer Discretionary sector.

Information Technology: NVIDIA Is Largest Contributor to Year-Over-Year Growth

The Information Technology sector is expected to report the highest (year-over-year) earnings growth rate of all eleven sectors at 24.9%. At the industry level, all 6 industries in the sector are projected to report year-over-year earnings growth: Semiconductors & Semiconductor Equipment (44%), Electronic Equipment, Instruments, & Components (26%), Software (23%), Technology Hardware, Storage, & Peripherals (11%), Communication Equipment (8%), and IT Services (5%).

At the company level, NVIDIA (\$1.51 vs. \$0.89) is expected to be the largest contributor to earnings growth for the sector. If this company were excluded, the estimated earnings growth rate for the Information Technology sector would fall to 17.0% from 24.9%.

Materials: 2 of 4 Industries Expected to Report Year-Over-Year Growth Above 20%

The Materials sector is expected to report the second-highest (year-over-year) earnings growth rate of all eleven sectors at 10.5%. At the industry level, 2 of the 4 industries in the sector are projected to report year-over-year earnings growth. Both industries are predicted to report double-digit growth: Containers & Packaging (40%) and Metals & Mining (27%). On the other hand, 2 of the 4 industries are predicted to a year-over-year decline in earnings: Chemicals (-2%) and Construction Materials (-1%).

Consumer Discretionary: Automobiles Industry Is Largest Contributor to Year-Over-Year Decline

The Consumer Discretionary sector is expected to report the largest (year-over-year) earnings decline of all eleven sectors at -4.3%. At the industry level, 6 of the 9 industries in the sector are projected to report a year-over-year earnings decline. Three of these 6 industries are predicted to report a double-digit decline: Automobiles (-36%), Household Durables (-32%), and Textiles, Apparel, & Luxury Goods (-25%). On the other hand, 3 of the 9 industries in the sector are expected to report year-over-year growth in earnings. Two of these 3 industries are predicted to report double-digit growth: Leisure Products (107%) and Hotels, Restaurants, & Leisure (11%).

At the industry level, the Automobiles industry is also expected to be the largest contributor to the earnings decline for the sector. If this industry were excluded, the estimated earnings decline for Consumer Discretionary sector would improve to -0.1% from -4.3%.

Revenue Growth: 7.5%

The estimated (year-over-year) revenue growth rate for Q4 2025 is 7.5%, which is below the 5-year average revenue growth rate of 8.0% but above the 10-year average revenue growth rate of 5.7%. If 7.5% is the actual growth rate for the quarter, it will mark the second-highest revenue growth rate reported by the index since Q3 2022 (11.0%), trailing on the previous quarter (8.4%). It will also mark the 21st consecutive quarter of revenue growth for the index.

At the sector level, ten sectors are expected to report year-over-year growth in revenues, led by the Information Technology, Communication Services, and Health Care sectors. On the other hand, the Energy sector is the only sector that is projected to report a year-over-year decline in revenues.

Information Technology: All 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 17.6%. At the industry level, all 6 industries in the sector are projected to report year-over-year revenue growth: Semiconductors & Semiconductor Equipment (30%), Software (15%), Electronic Equipment, Instruments, & Components (15%), Technology Hardware, Storage, & Peripherals (15%), Communication Equipment (9%), and IT Services (7%).

Communication Services: All 5 Industries Expected to Report 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 10.2%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Interactive Media & Services (16%), Wireless Telecommunication Services (11%), Entertainment (7%), Diversified Telecommunication Services (1%), and Media (1%).

Health Care: All 5 Industries Expected to Report Year-Over-Year Growth

The Health Care sector is expected to report the third-highest (year-over-year) revenue growth rate of all eleven sectors at 9.0%. At the industry level, all 5 industries in the sector are projected to report year-over-year revenue growth: Health Care Providers & Services (10%), Health Care Equipment & Supplies (8%), Pharmaceuticals (7%), Life Sciences, Tools, & Services (5%), and Biotechnology (4%).

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) revenue decline of all eleven sectors at -2.0%. Lower year-over-year oil prices are contributing to the year-over-year decrease in revenues for this sector, as the average price of oil to date in Q4 2025 (\$59.64) is 15% below the average price for oil in Q4 2024 (\$70.09). At the sub-industry level, 3 of the 5 sub-industries in the sector are predicted to report a year-over-year decline in revenues: Integrated Oil & Gas (-6%), Oil & Gas Refining & Marketing (-2%), and Oil & Gas Equipment & Services (-1%). On the other hand, two sub-industries are projected to report year-over-year growth in revenues: Oil & Gas Storage & Transportation (17%) and Oil & Gas Exploration & Production (3%).

Net Profit Margin: 12.8%

The estimated net profit margin for the S&P 500 for Q4 2025 is 12.8%, which is below the previous quarter's net profit margin of 13.1%, but above the year-ago net profit margin of 12.7% and above the 5-year average of 12.1%.

At the sector level, four sectors are expected to report a year-over-year increase in their net profit margins in Q4 2025 compared to Q4 2024, led by the Information Technology (28.4% vs. 26.8%) sector. On the other hand, seven sectors are expected to report a year-over-year decrease in their net profit margins in Q4 2025 compared to Q4 2024, led by the Real Estate (33.7% vs. 35.1%) sector.

Five sectors are expected to report net profit margins in Q4 2025 that are above their 5-year averages, led by the Information Technology (28.4% vs. 24.7%) sector. On the other hand, six sectors are expected to report net profit margins in Q4 2025 that are below their 5-year averages, led by the Health Care (7.1% vs. 9.3%), Materials (9.3% vs. 11.3%), and Real Estate (33.7% vs. 35.7%) sectors.

Forward Estimates & Valuation

Earnings: S&P 500 Expected to Report Earnings Growth of 12% for CY 2025

For the fourth quarter, S&P 500 companies are expected to report year-over-year growth in earnings of 8.1% and year-over-year growth in revenues of 7.5%. For CY 2025, S&P 500 companies are predicted to report year-over-year growth in earnings of 12.1% and year-over-year growth in revenues of 6.9%.

For Q1 2026, analysts are projecting earnings growth of 12.4% and revenue growth of 7.9%.

For Q2 2026, analysts are projecting earnings growth of 13.8% and revenue growth of 7.1%.

For Q3 2026, analysts are projecting earnings growth of 13.8% and revenue growth of 6.3%.

For Q4 2026, analysts are projecting earnings growth of 17.5% and revenue growth of 7.2%.

For CY 2026, analysts are projecting earnings growth of 14.5% and revenue growth of 7.1%.

Valuation: Forward P/E Ratio is 22.5, Above the 10-Year Average (18.7)

The forward 12-month P/E ratio for the S&P 500 is 22.5. 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 3.2%, while the forward 12-month EPS estimate has increased by 4.2%. At the sector level, the Consumer Discretionary (28.8) and Information Technology (28.5) sectors have the highest forward 12-month P/E ratios, while the Energy (16.0) and Financials (16.4) sectors have the lowest forward 12-month P/E ratios.

The trailing 12-month P/E ratio is 28.5, which is above the 5-year average of 25.0 and above the 10-year average of 22.9.

Targets & Ratings: Analysts Project 15.5% Increase in Price Over Next 12 Months

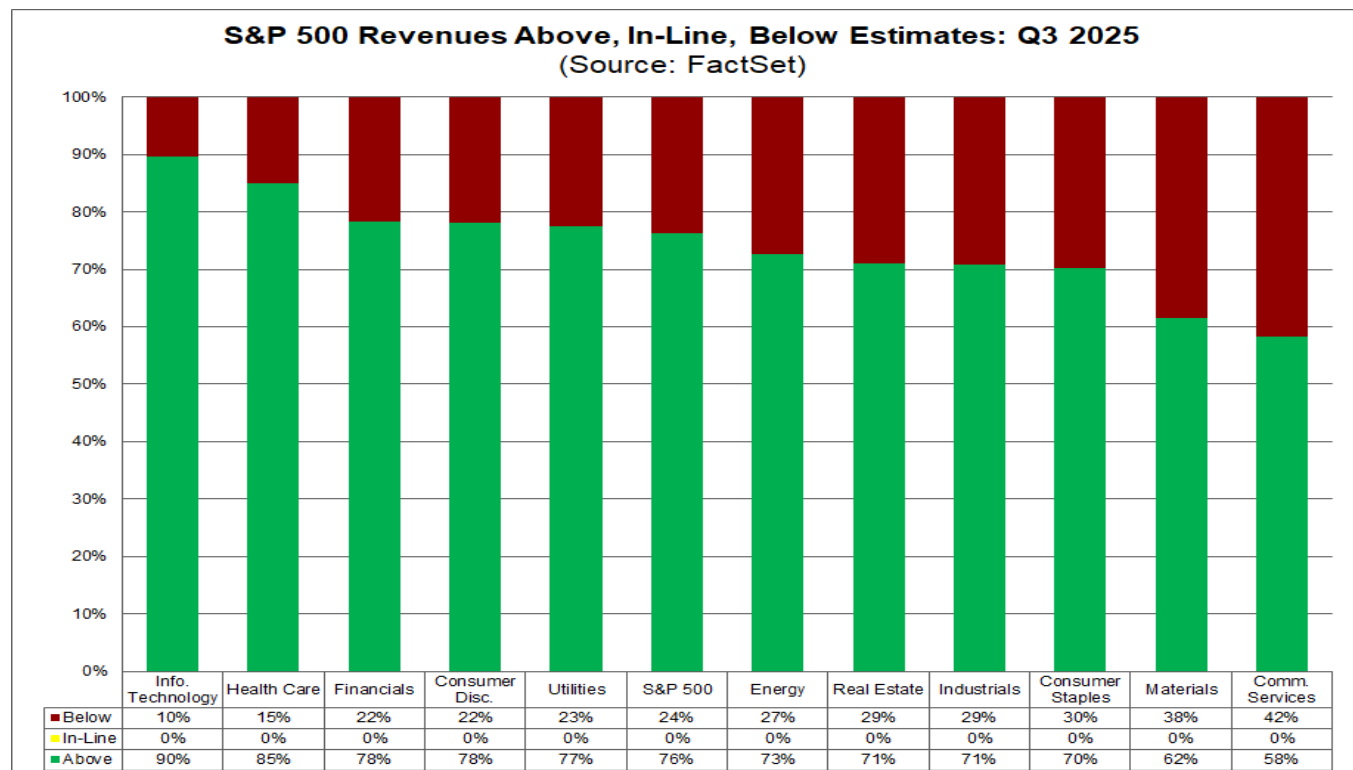
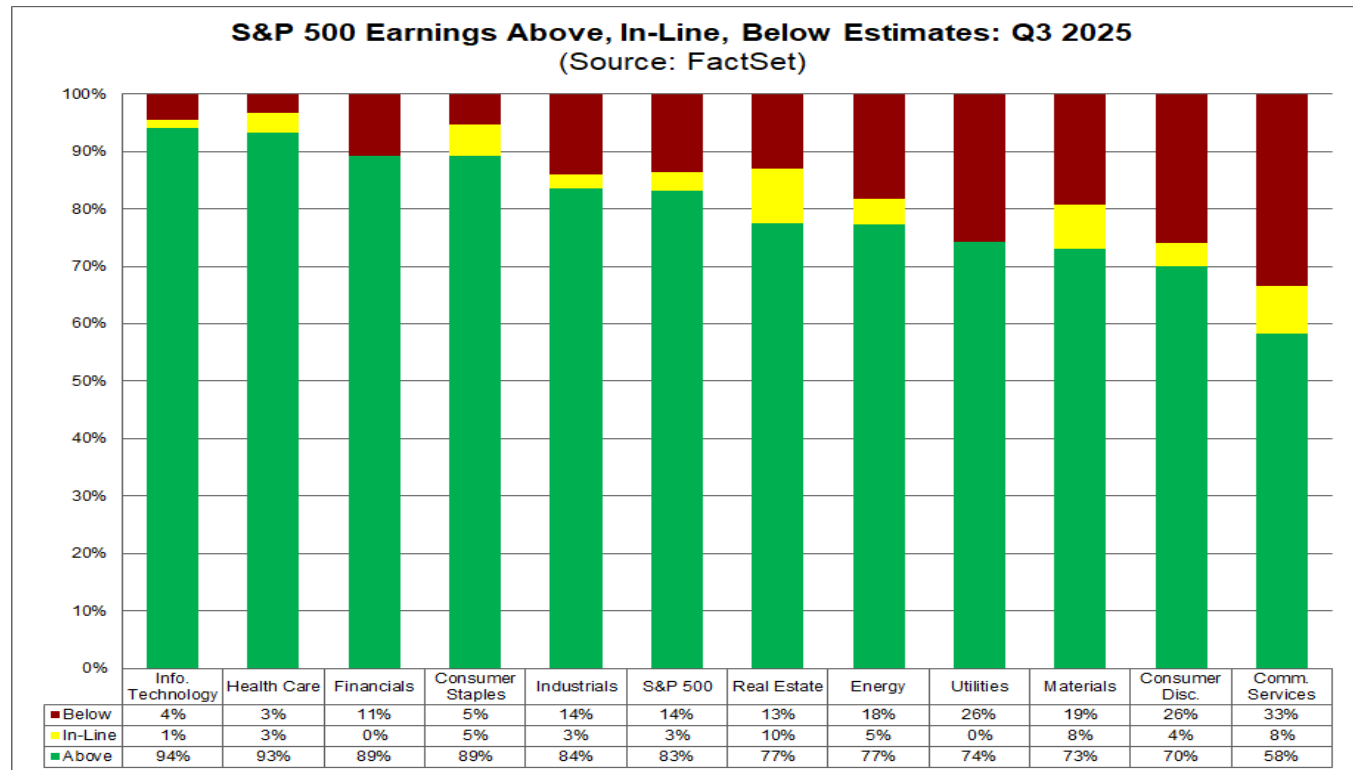
The bottom-up target price for the S&P 500 is 7968.78, which is 15.5% above the closing price of 6901.00. At the sector level, the Information Technology (+19.8%) sector is expected to see the largest price increase, as this sector has the largest upside difference between the bottom-up target price and the closing price. On the other hand, the Financials (+8.3%) 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 12,648 ratings on stocks in the S&P 500. Of these 12,648 ratings, 57.3% are Buy ratings, 37.9% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Information Technology (66%), Communication Services (65%), and Energy (65%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (44%) sector has the lowest percentage of Buy ratings.

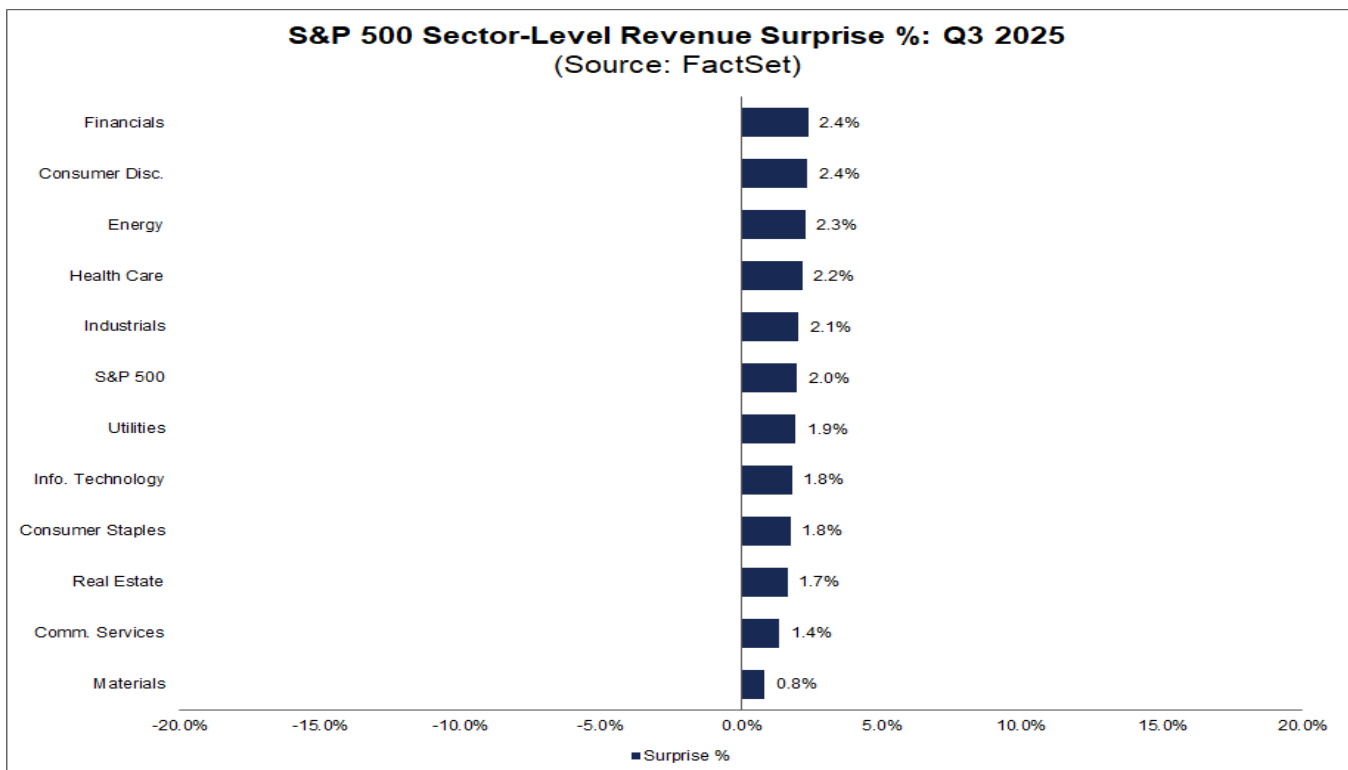
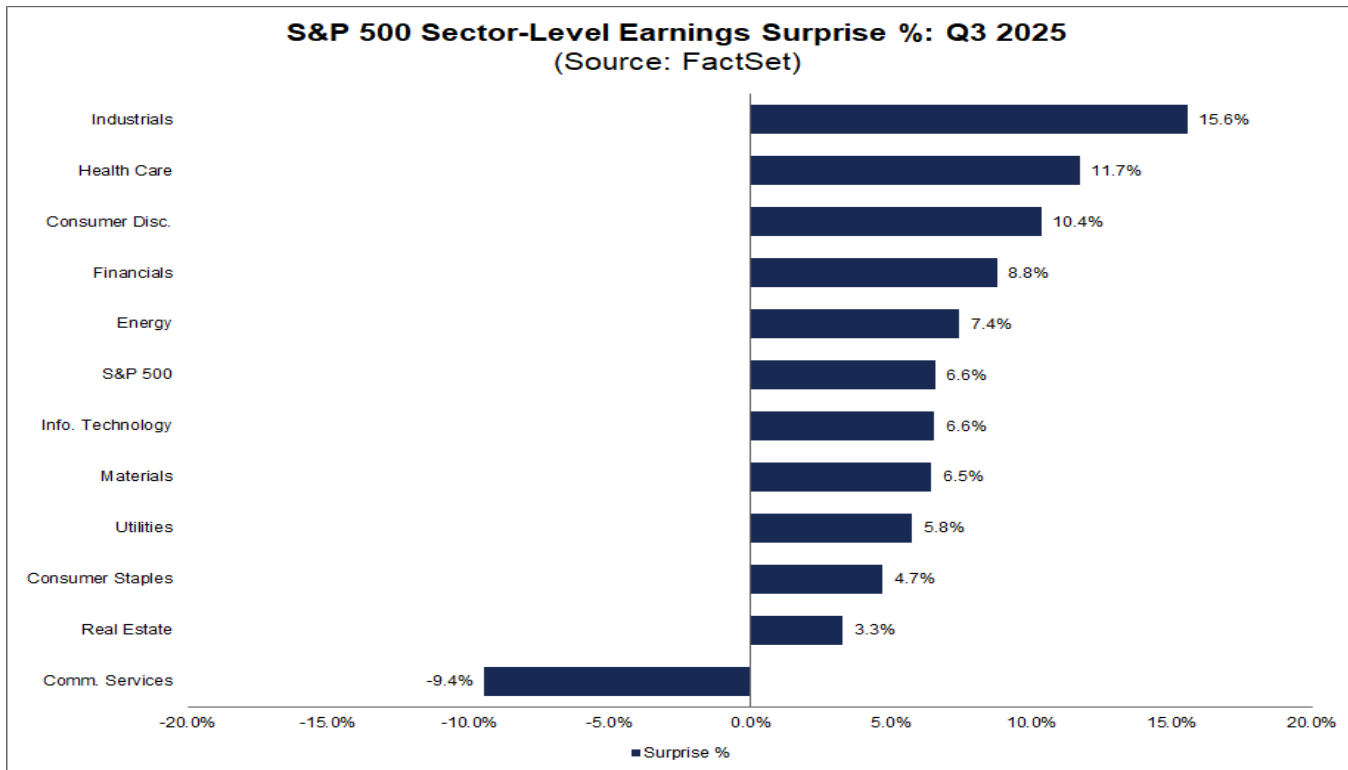
Companies Reporting Next Week: 14

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

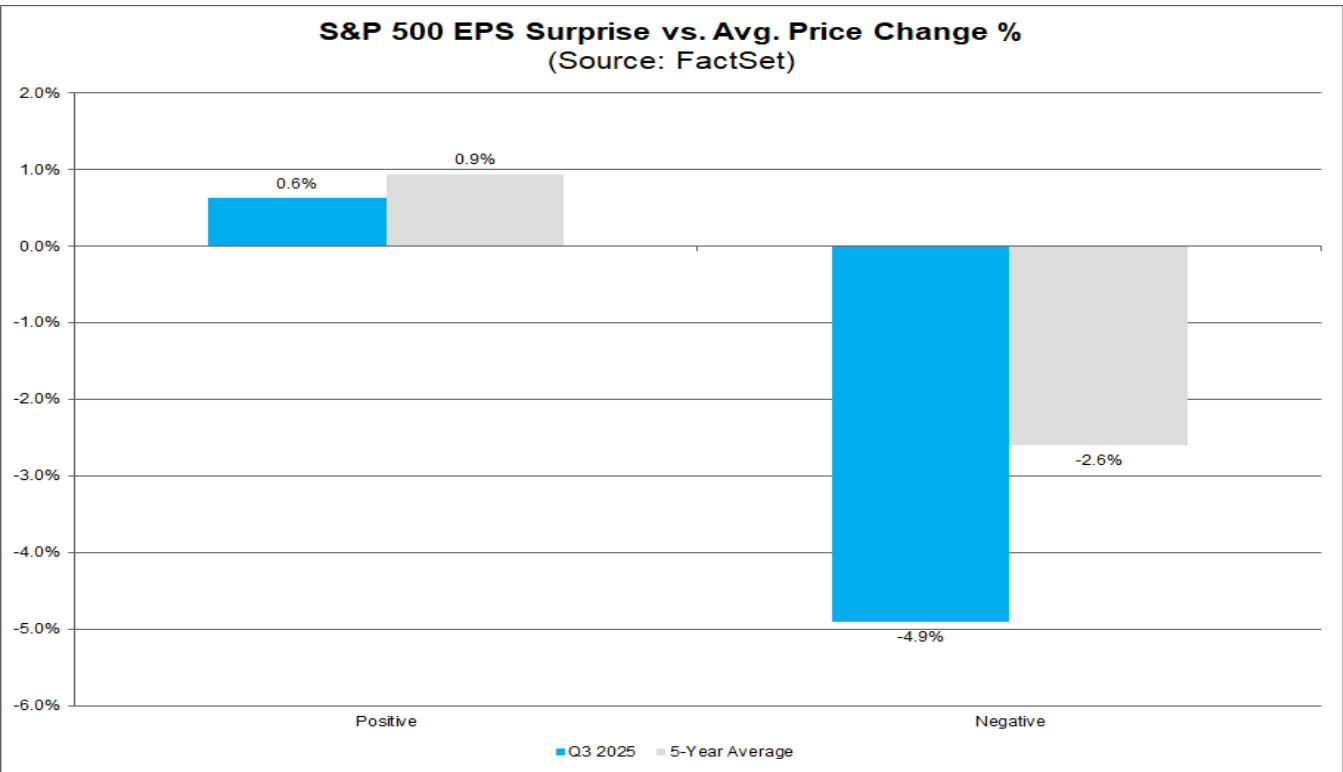
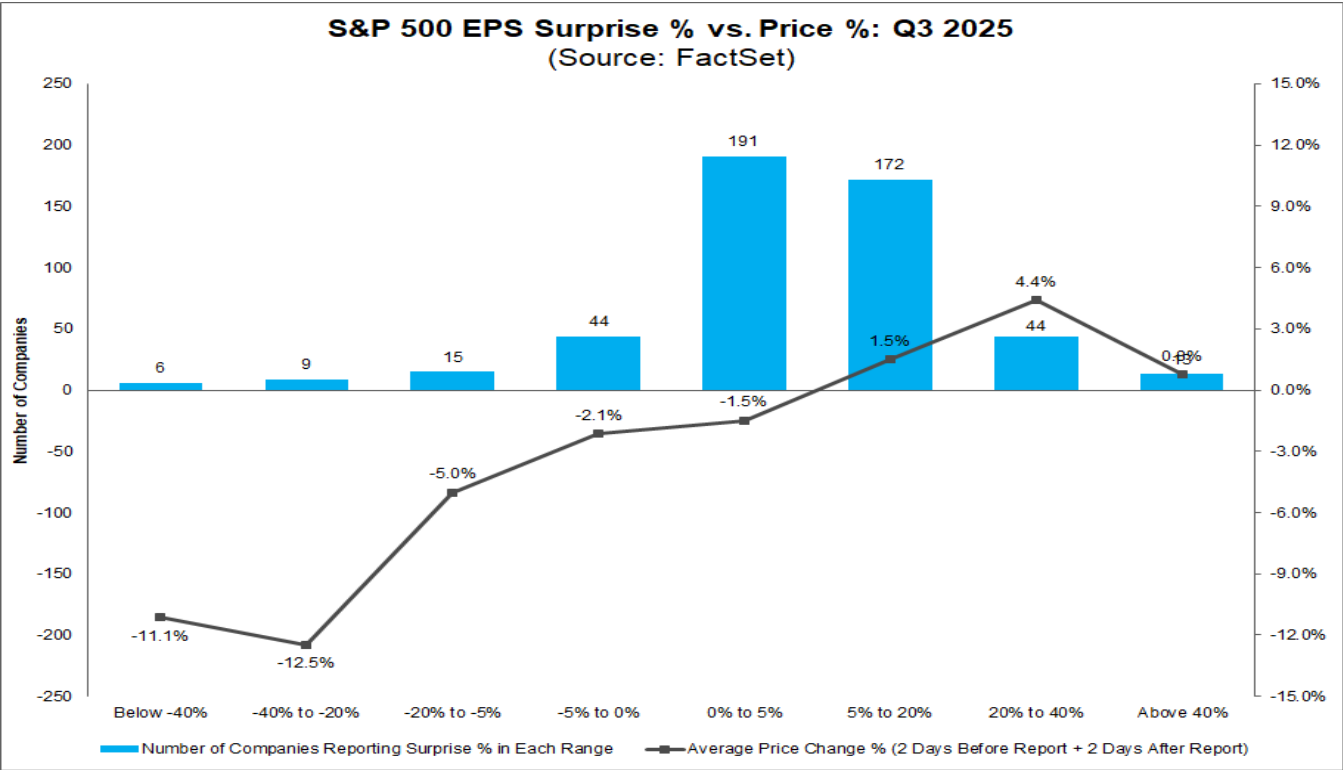
Q3 2025: Scorecard



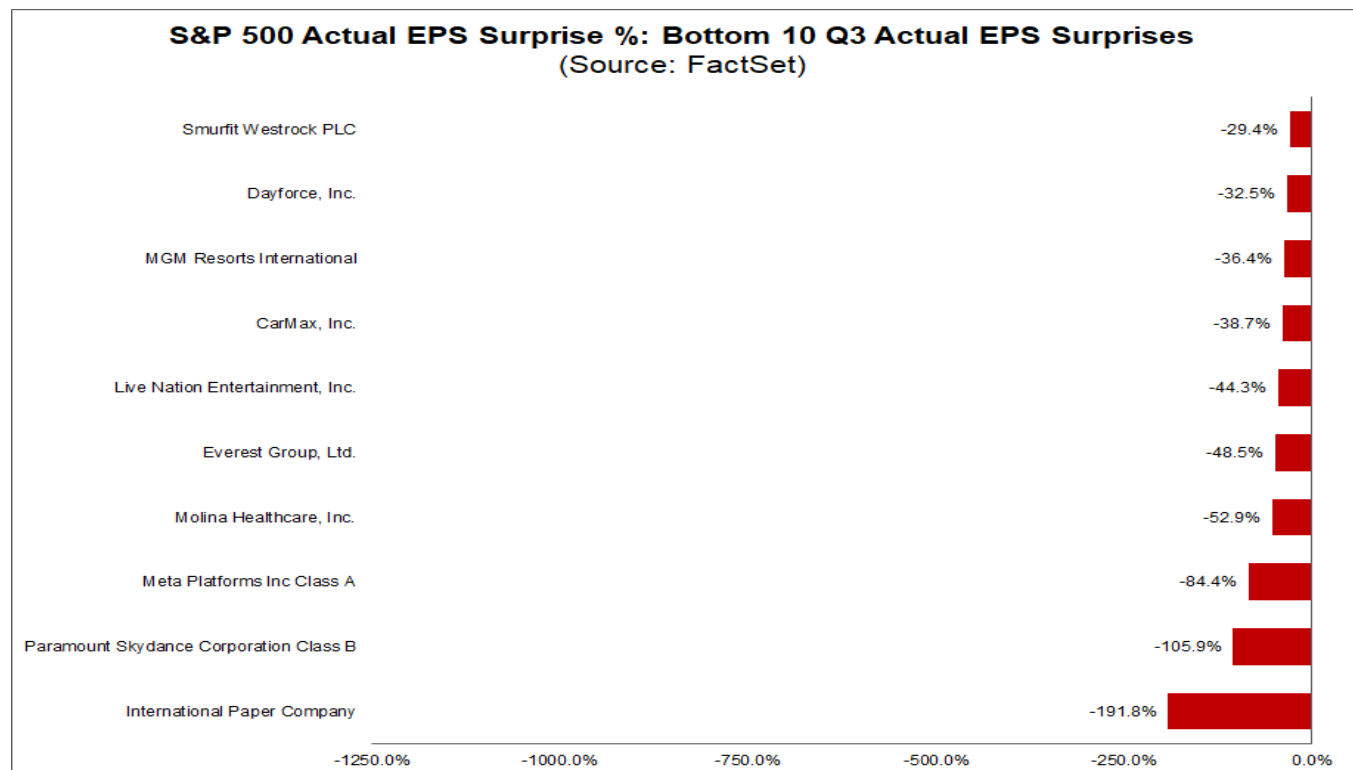
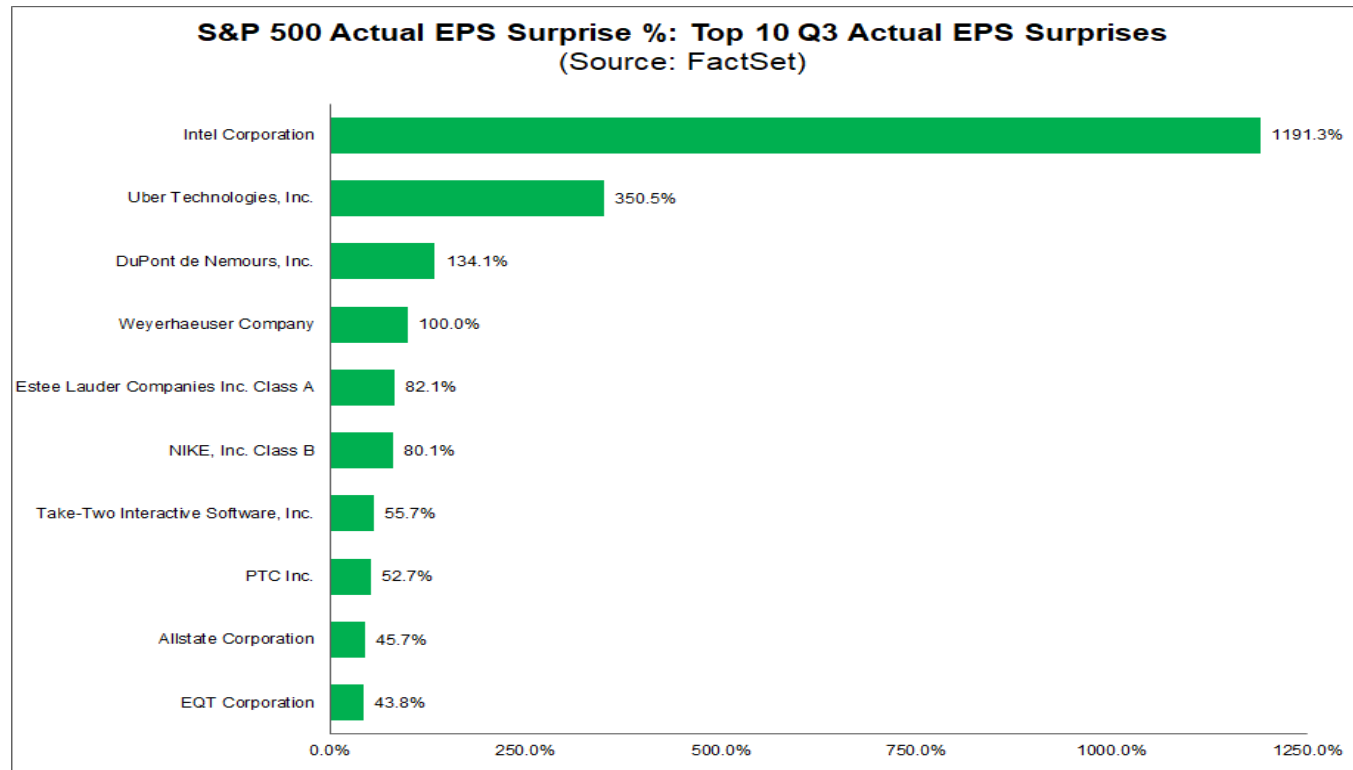
Q3 2025: Surprise



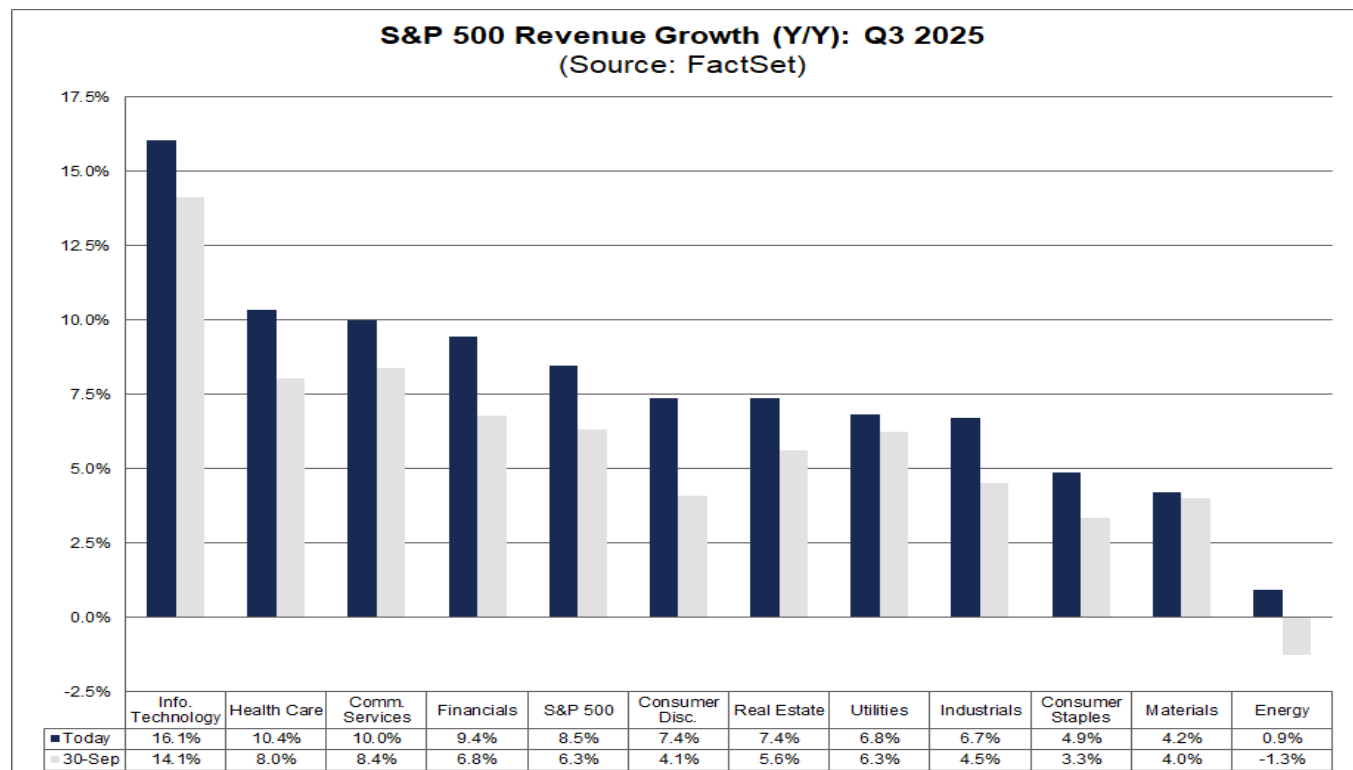
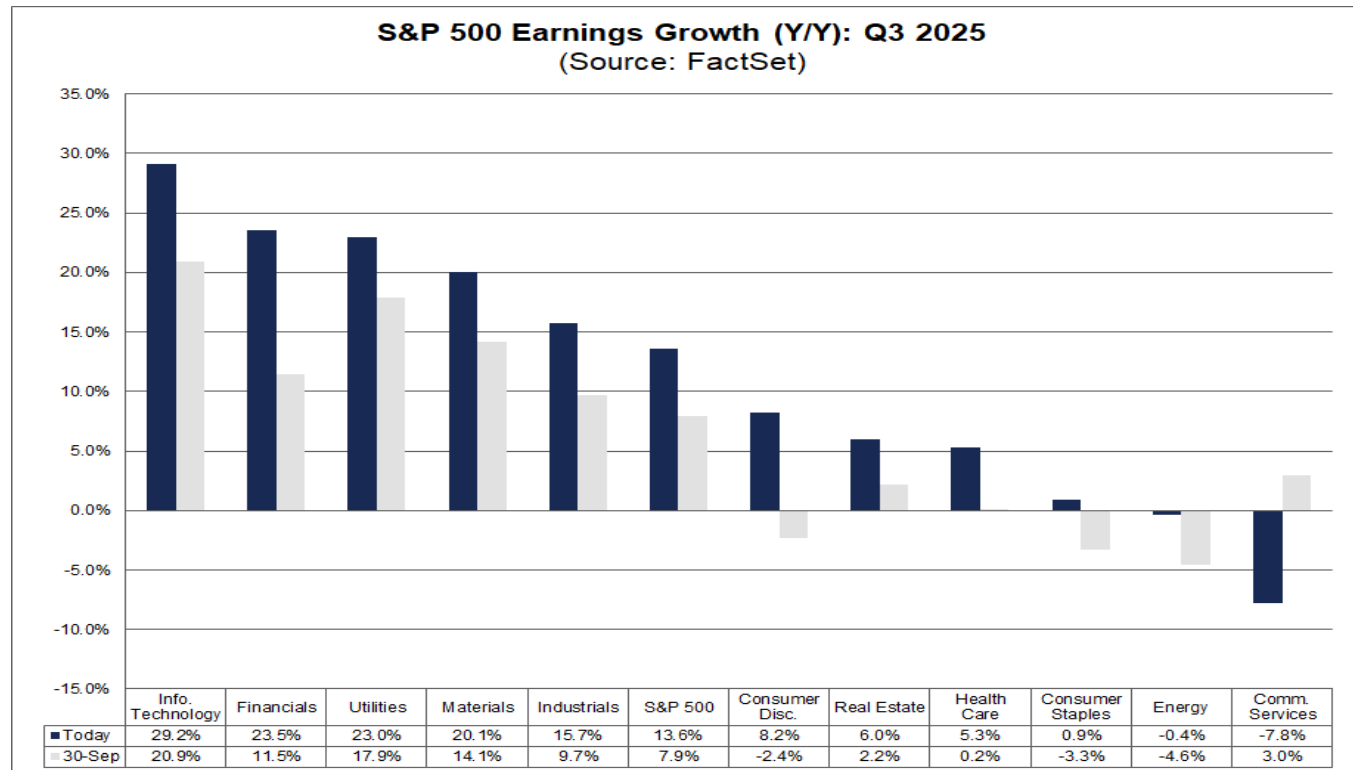
Q3 2025: Surprise



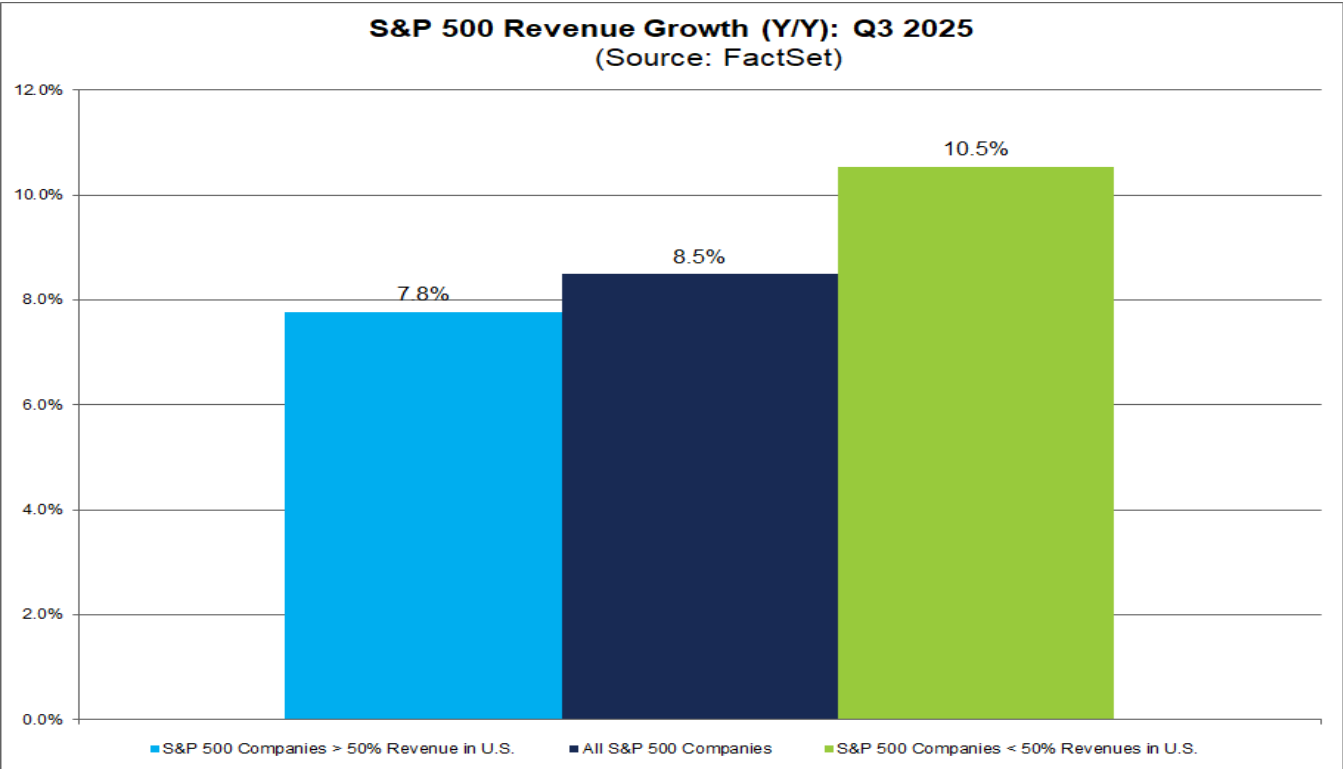
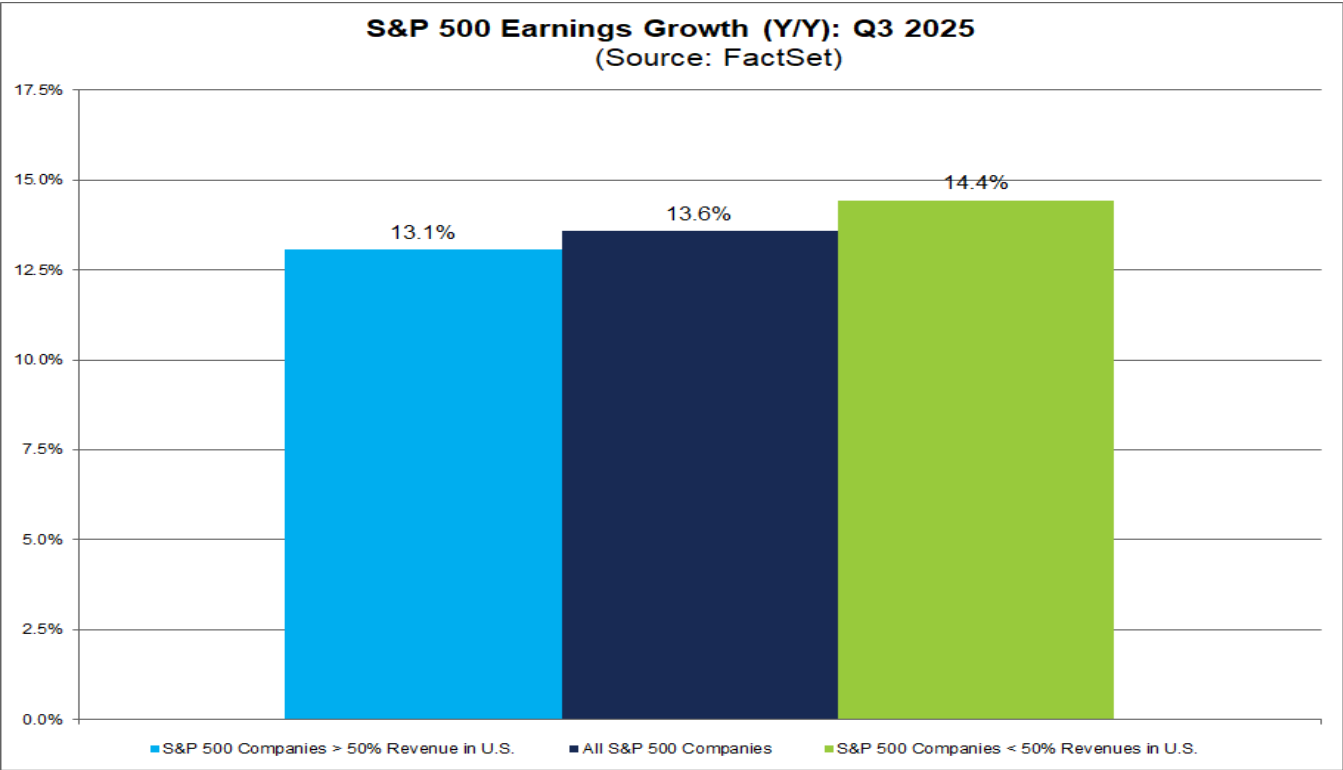
Q3 2025: Surprise



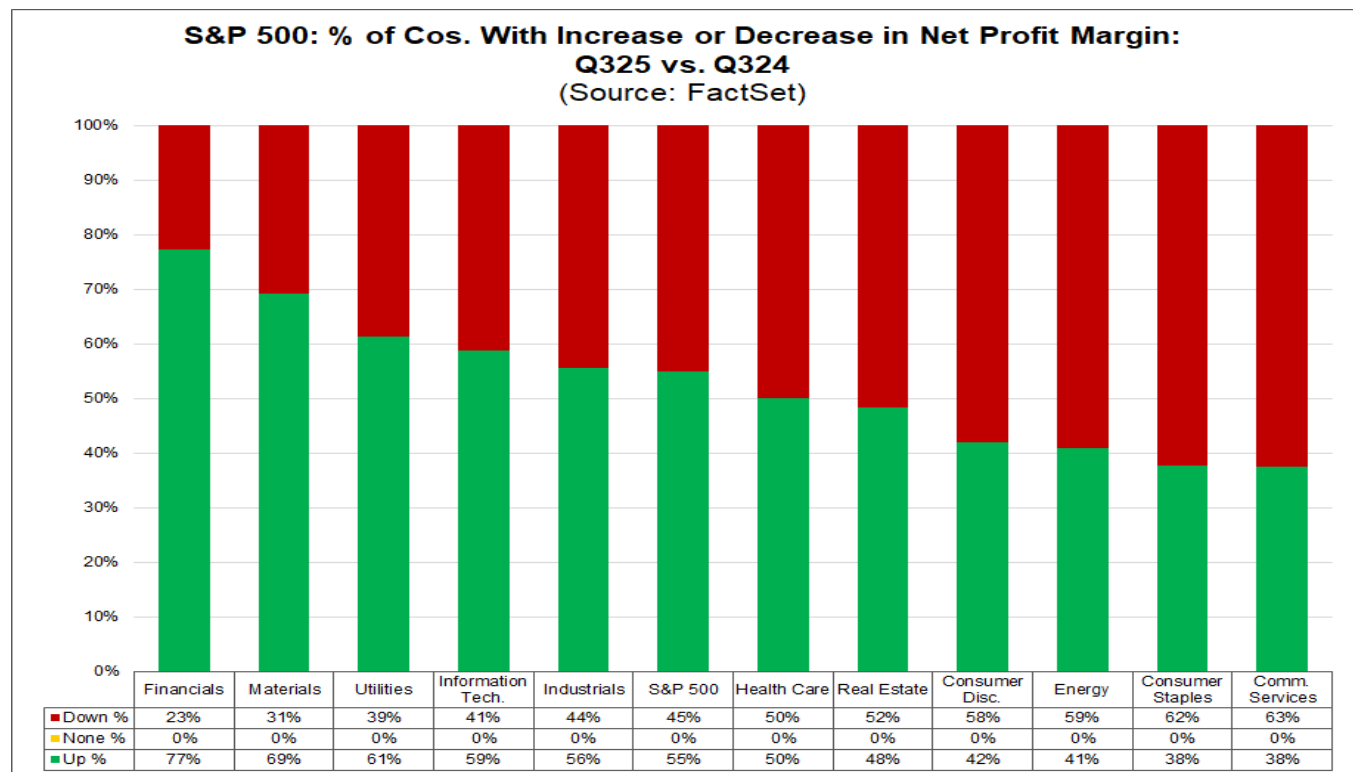
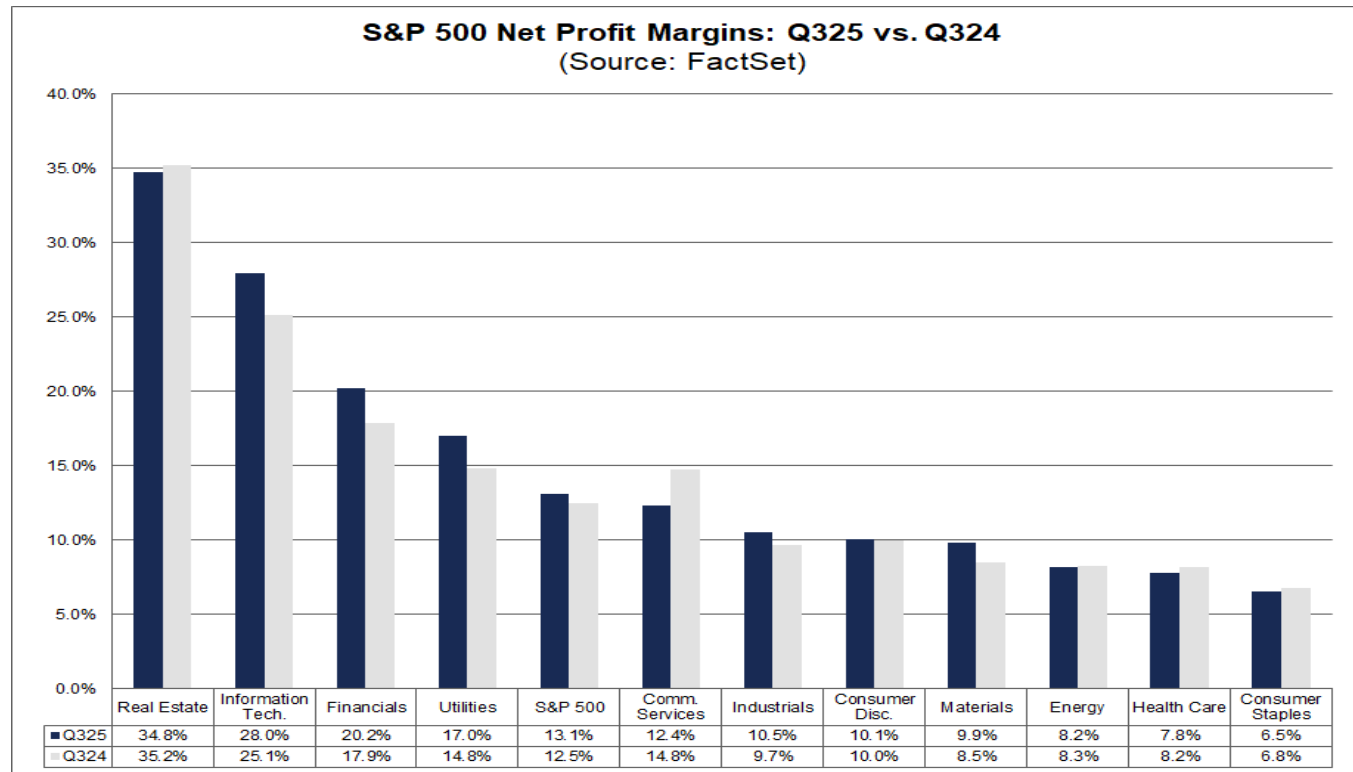
Q3 2025: Growth



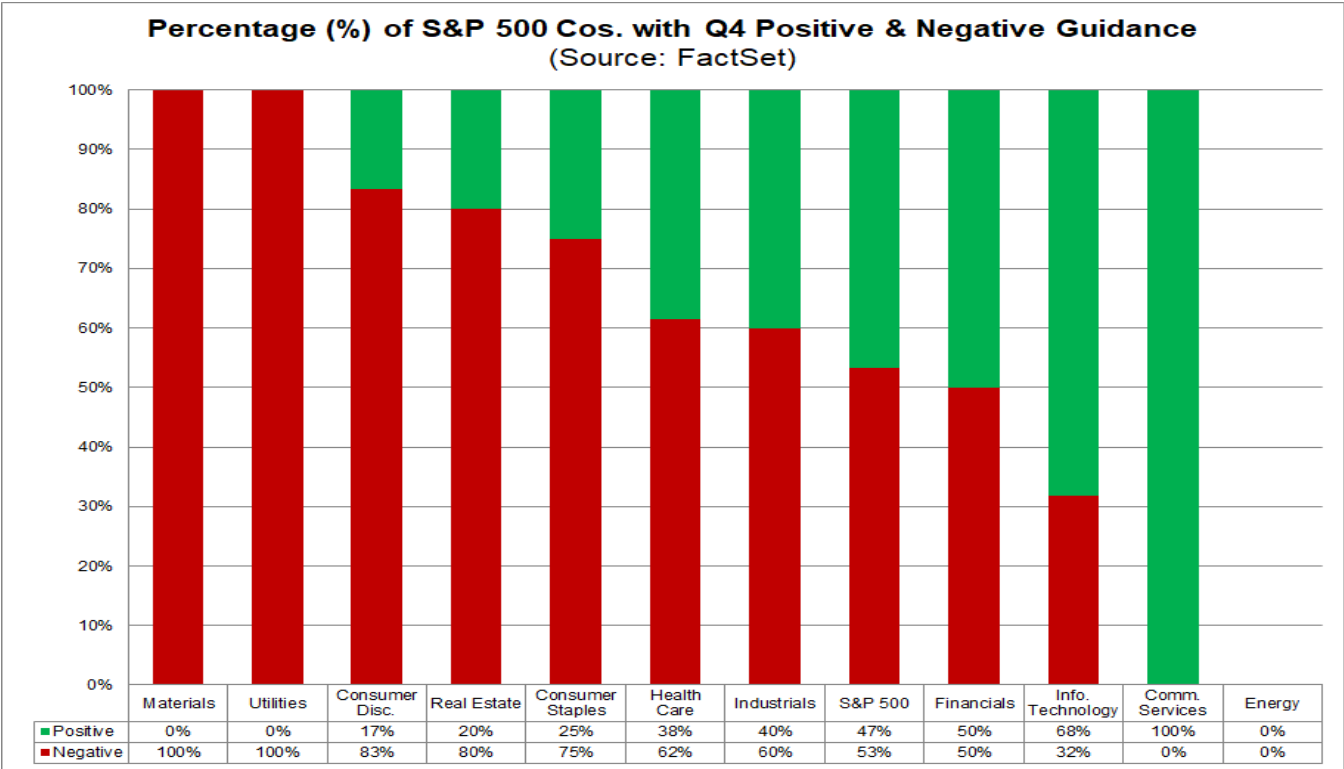
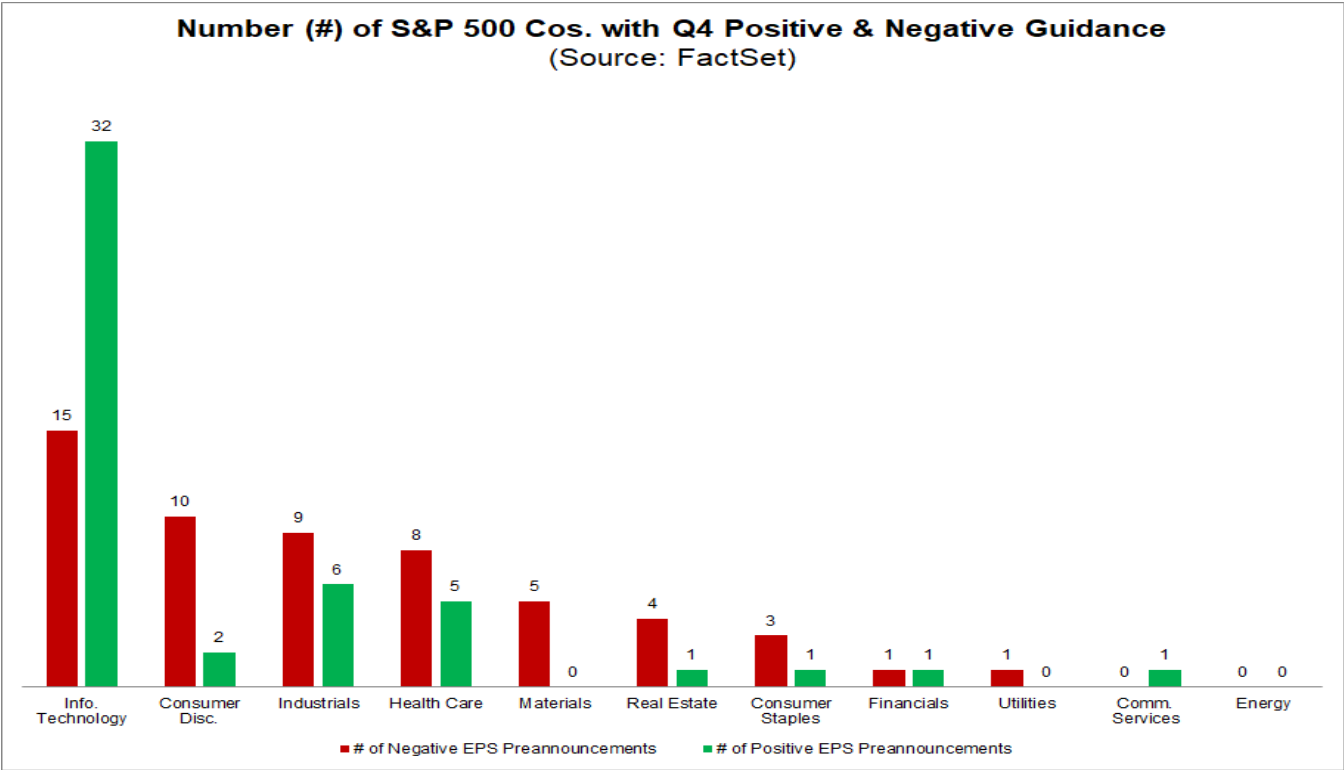
Q3 2025: Growth



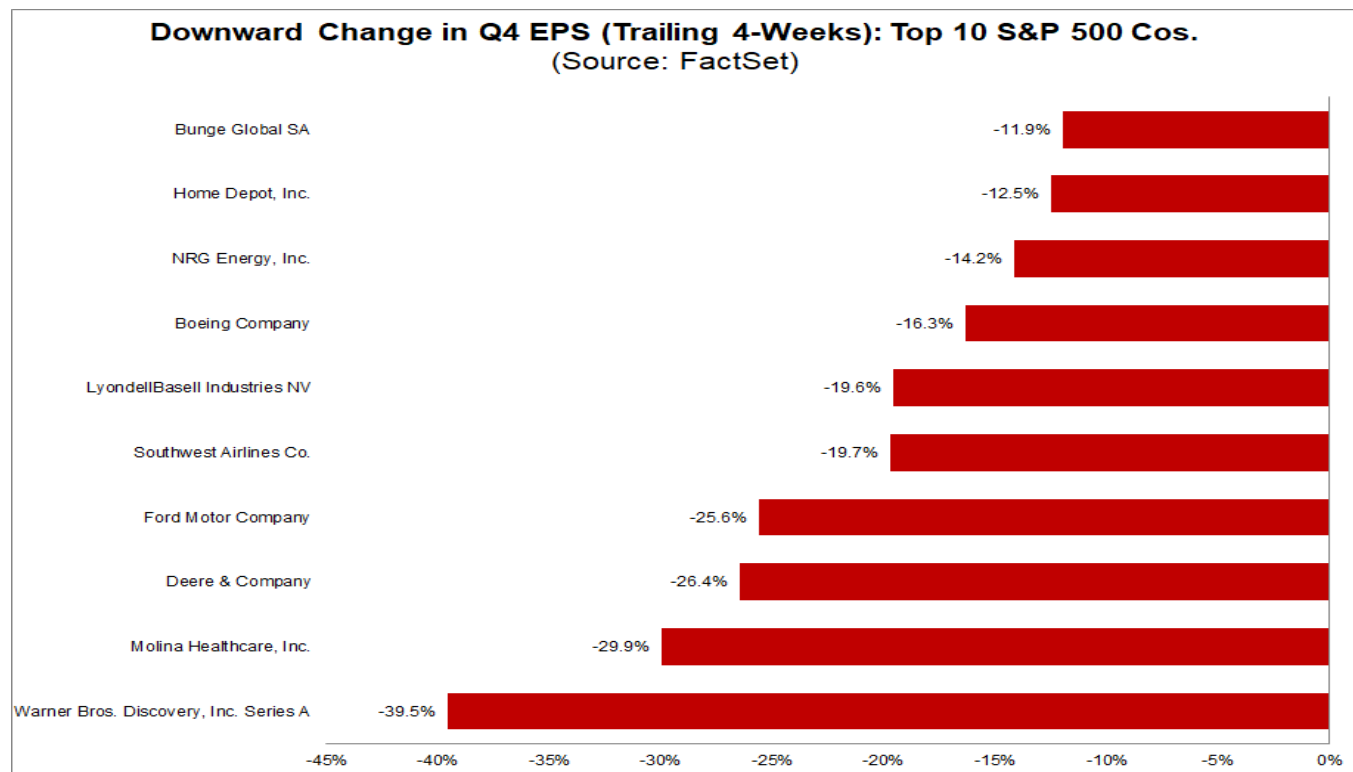
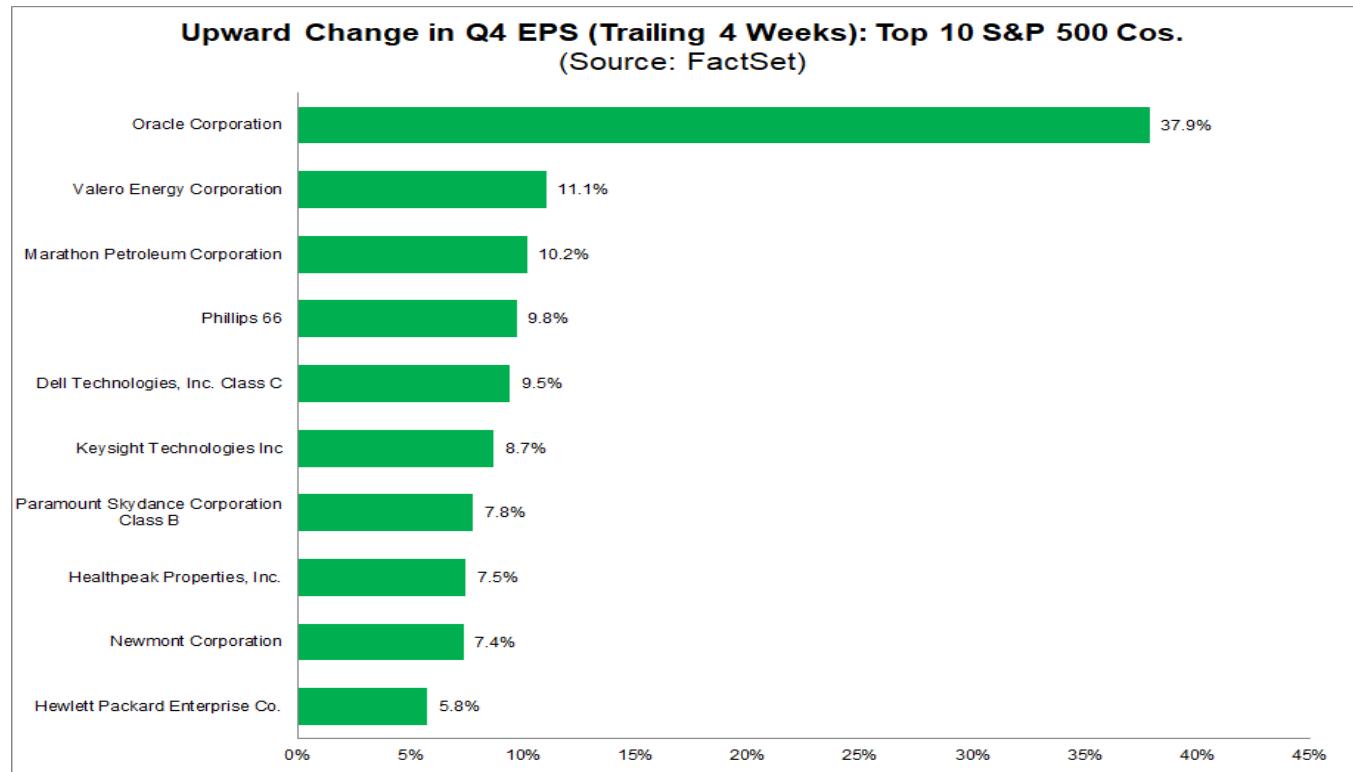
Q3 2025: Net Profit Margin



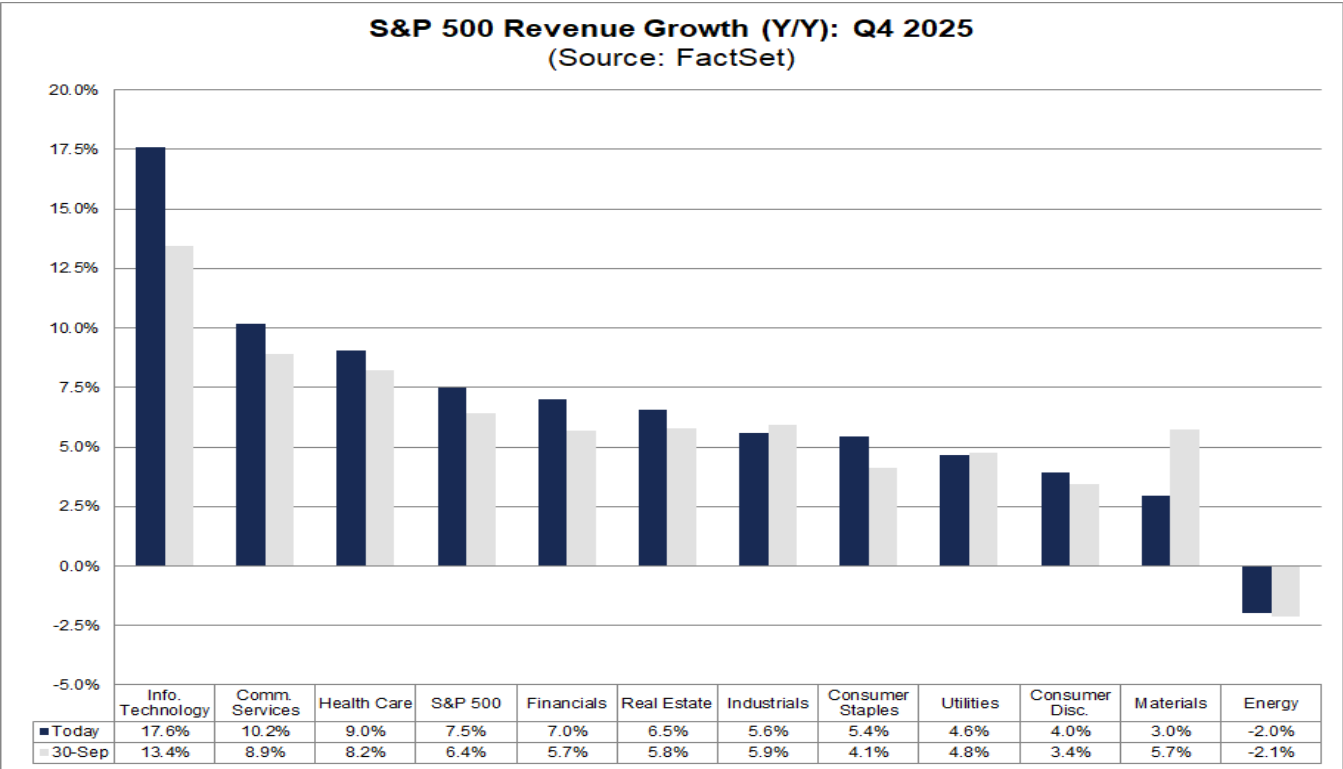
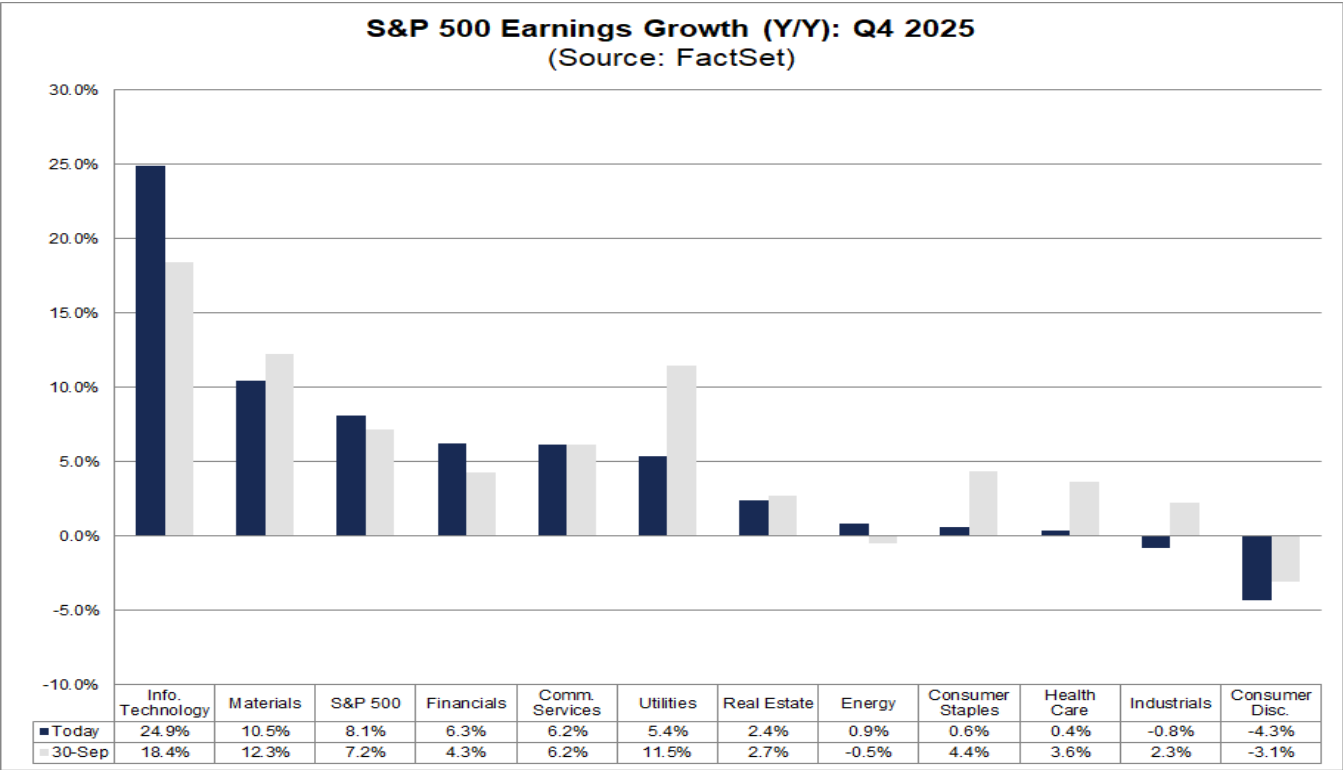
Q4 2025: Guidance



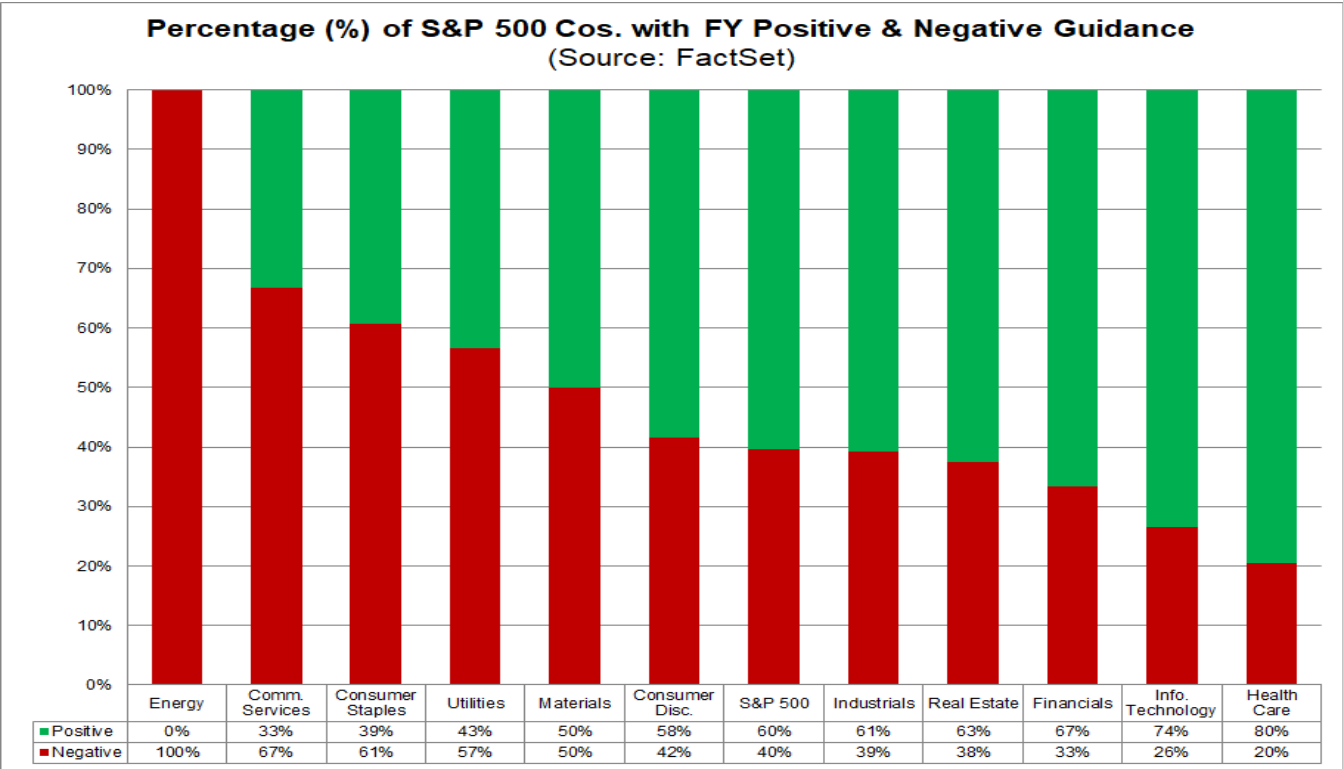
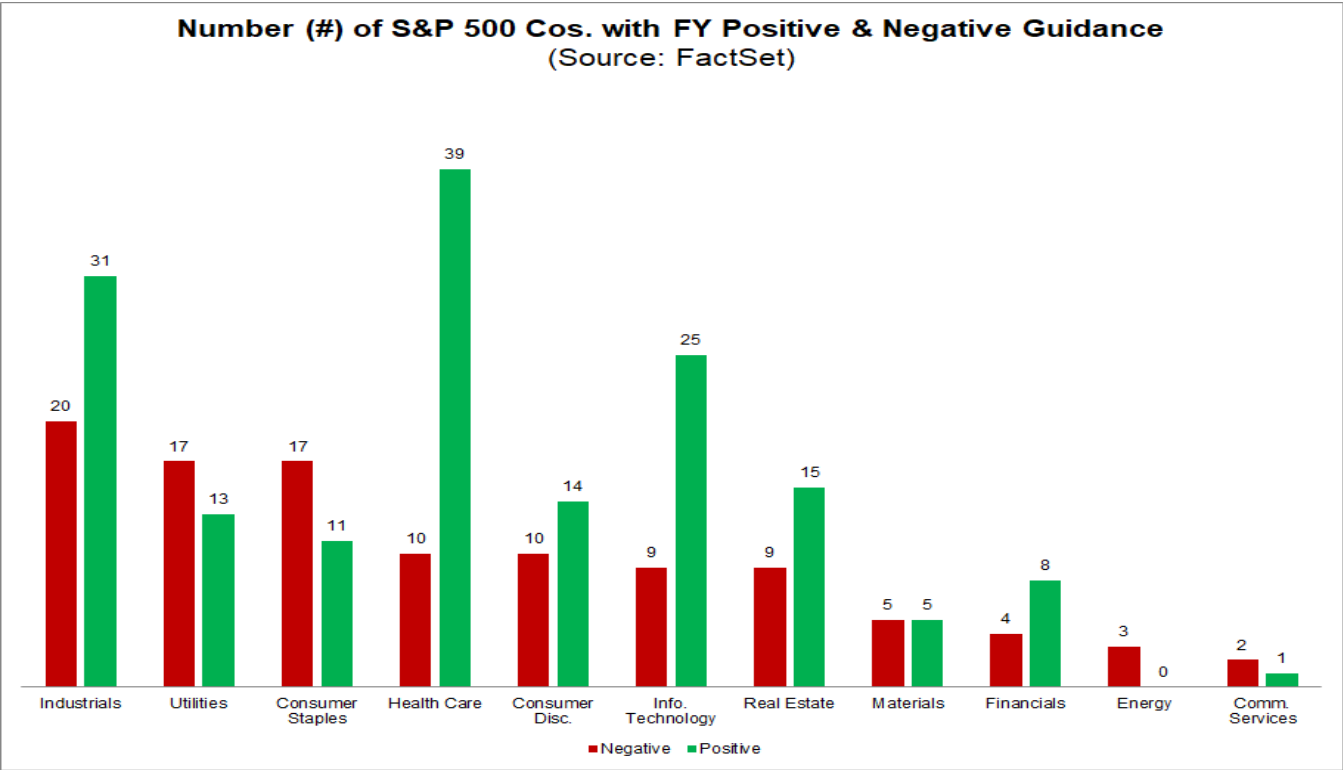
Q4 2025: EPS Revisions



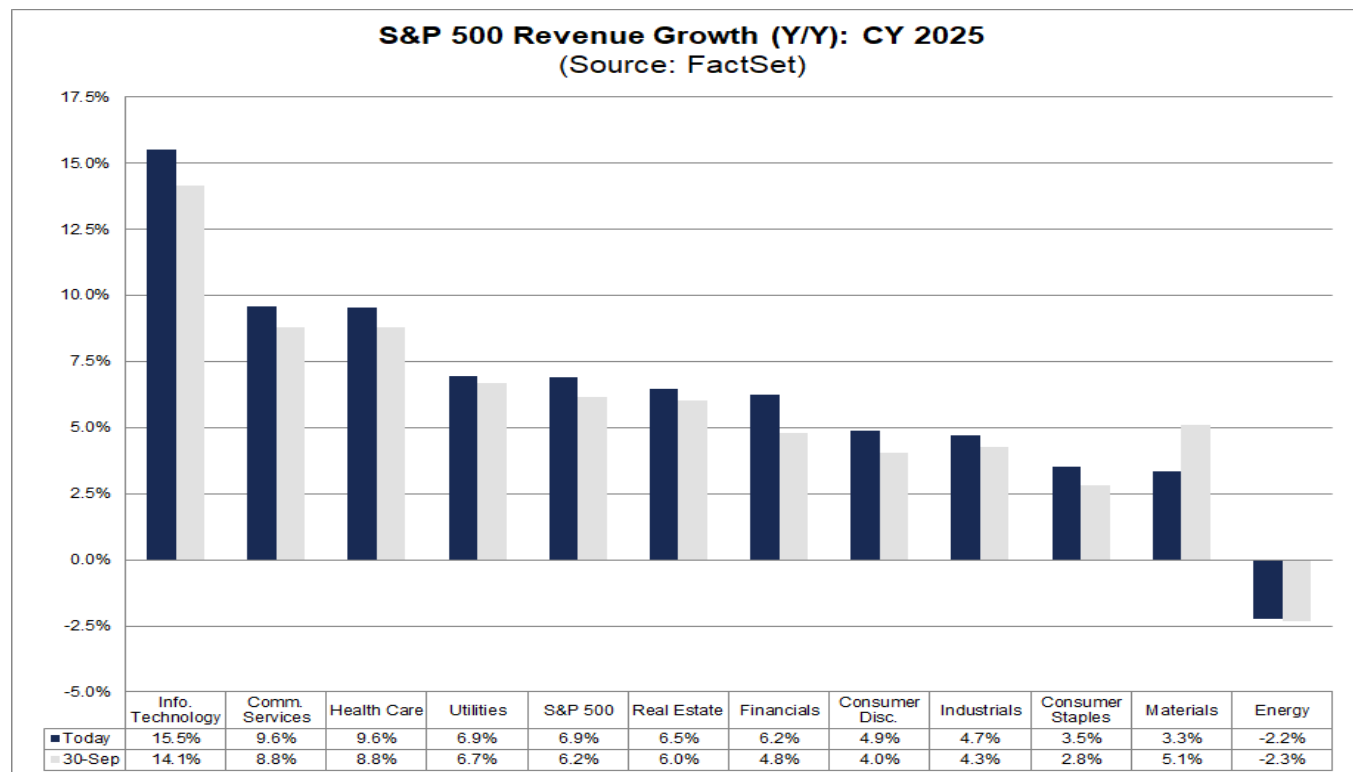
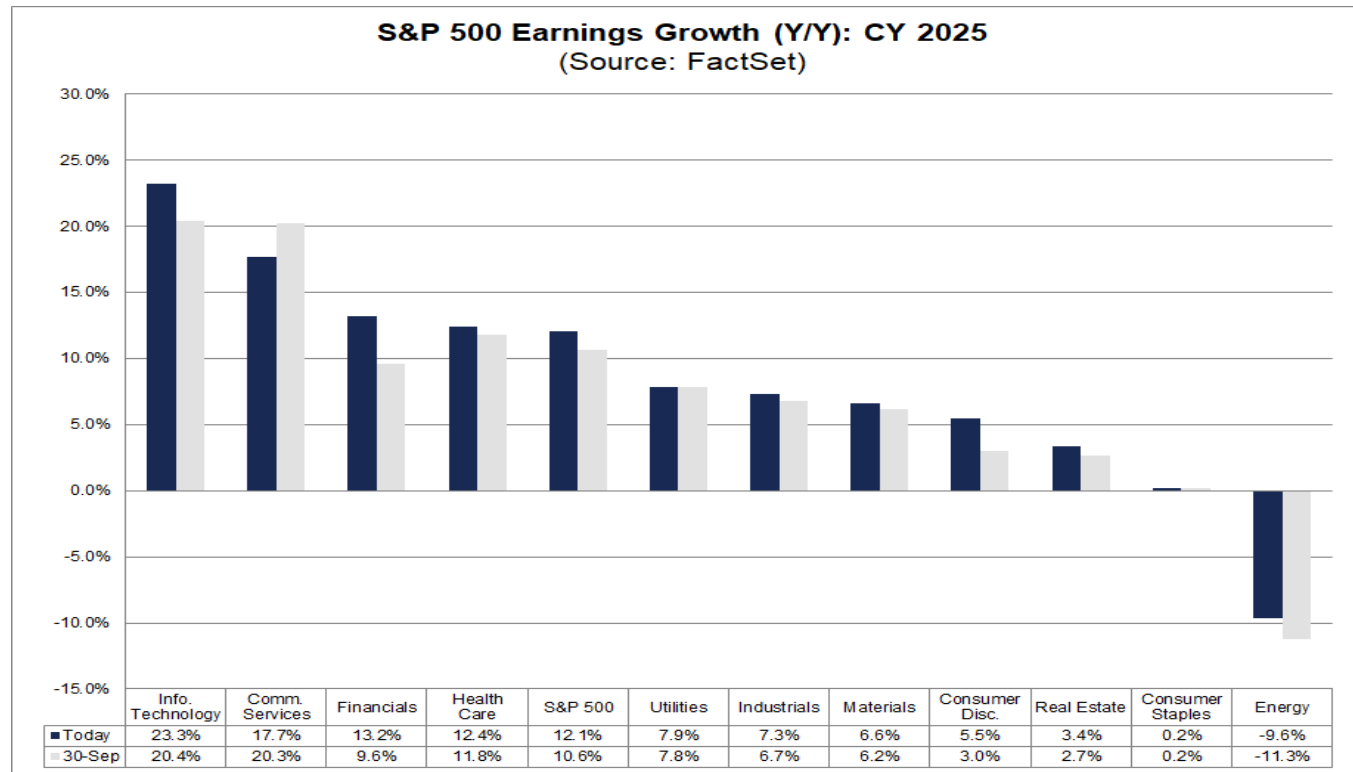
Q4 2025: Growth



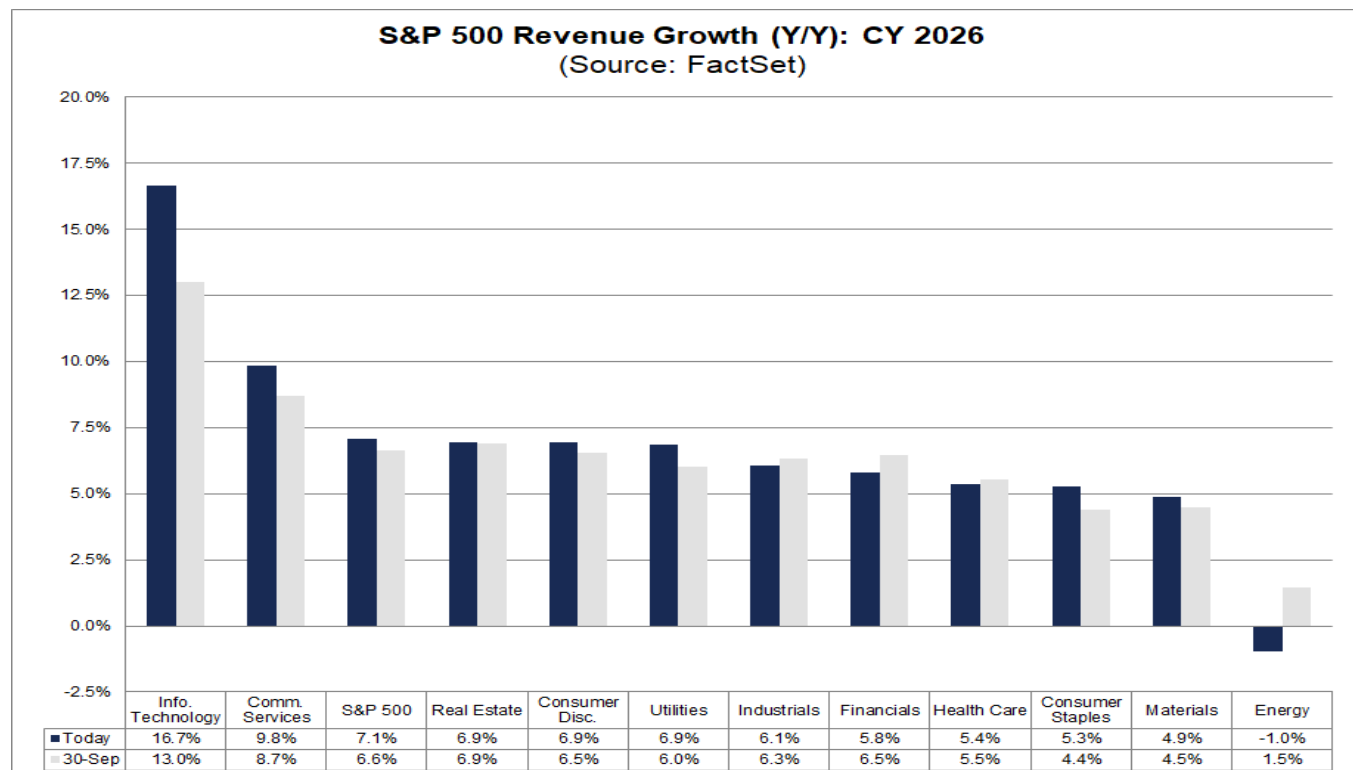
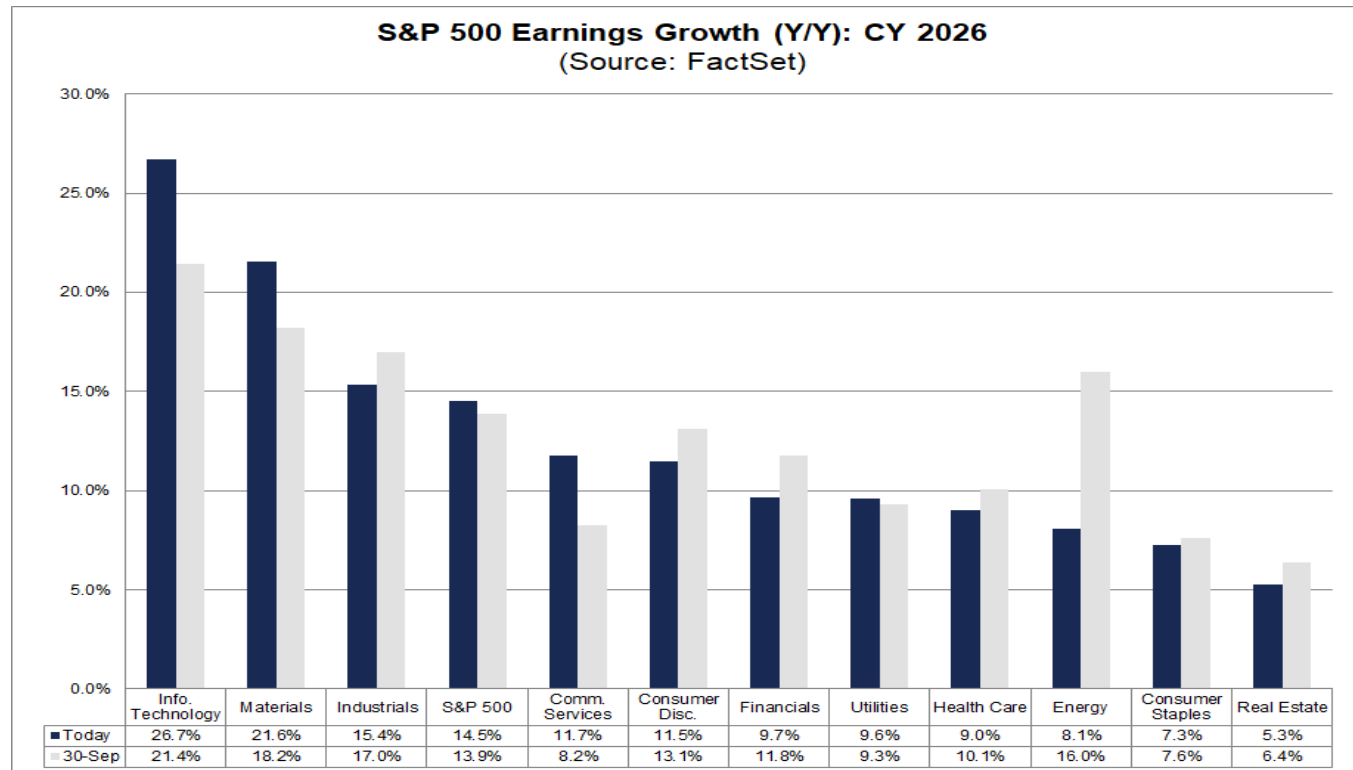
FY 2025 / 2026: EPS Guidance



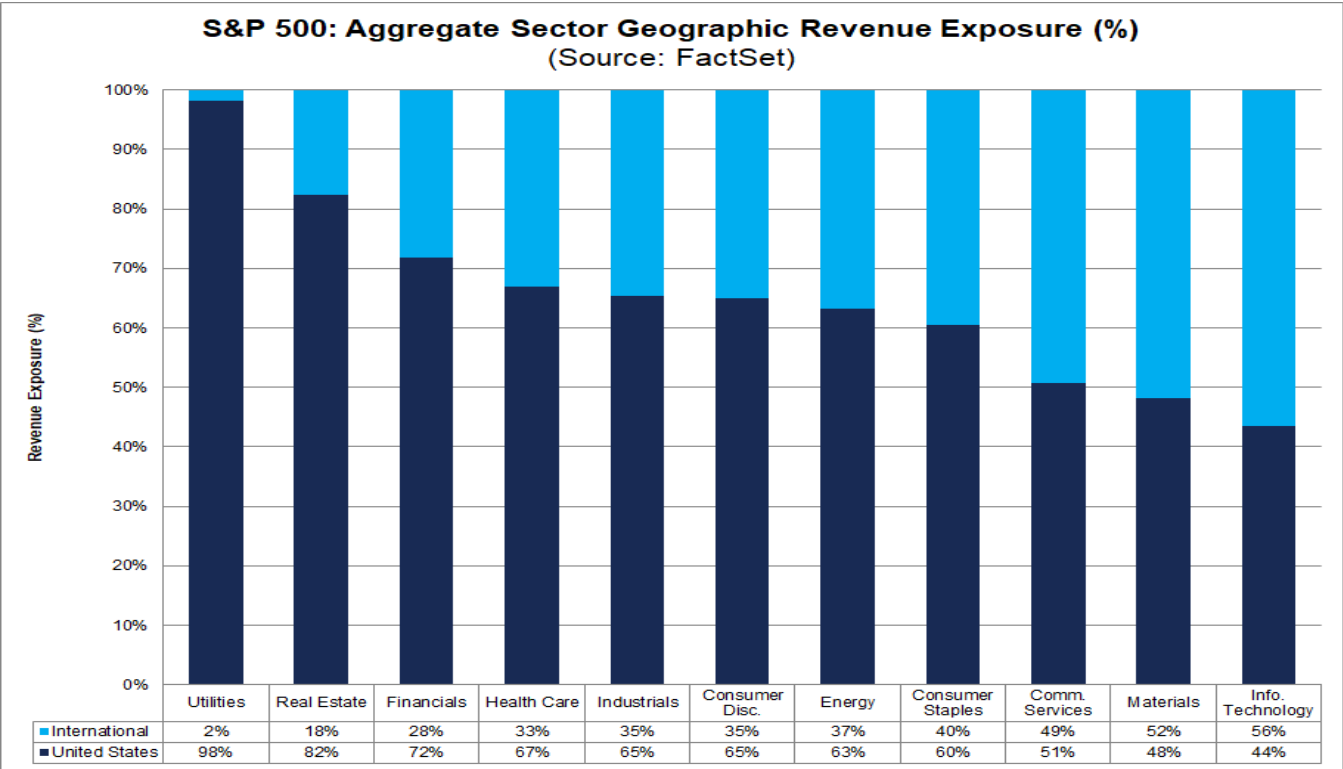
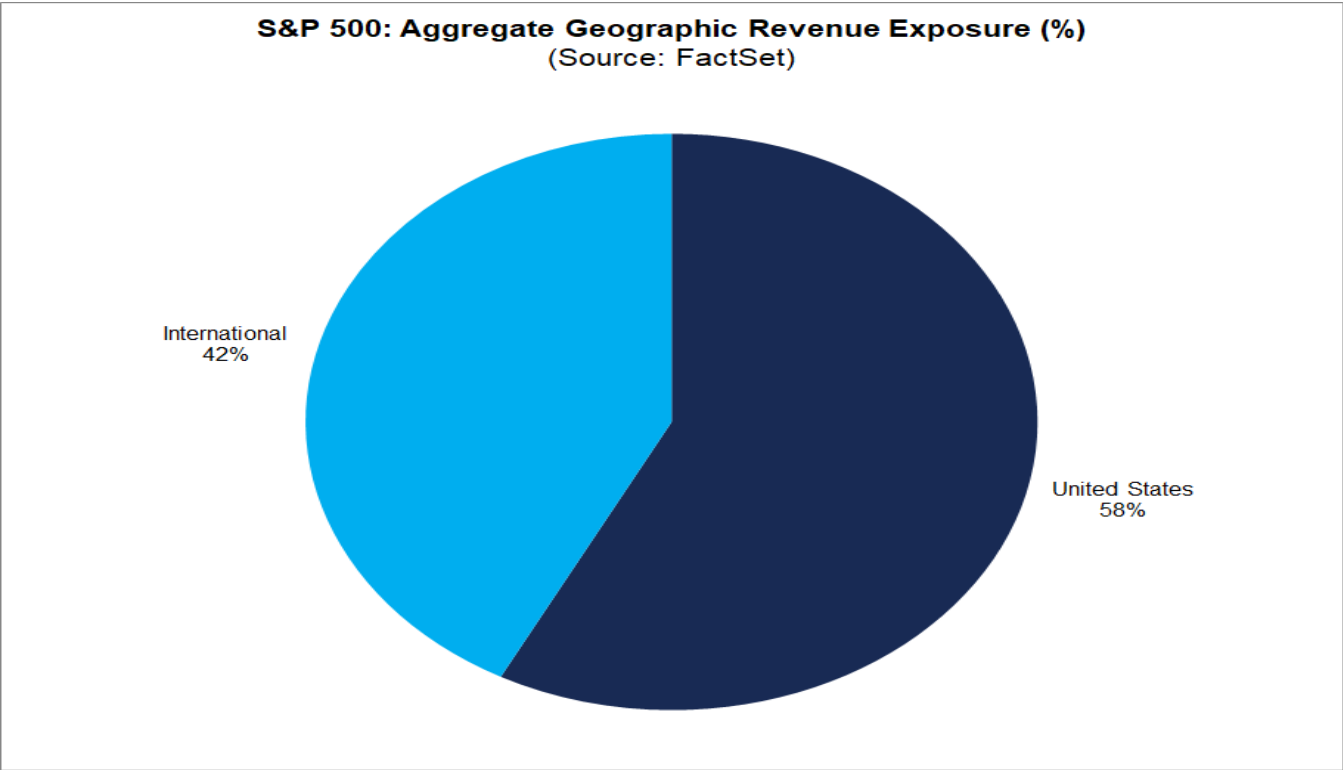
CY 2025: Growth



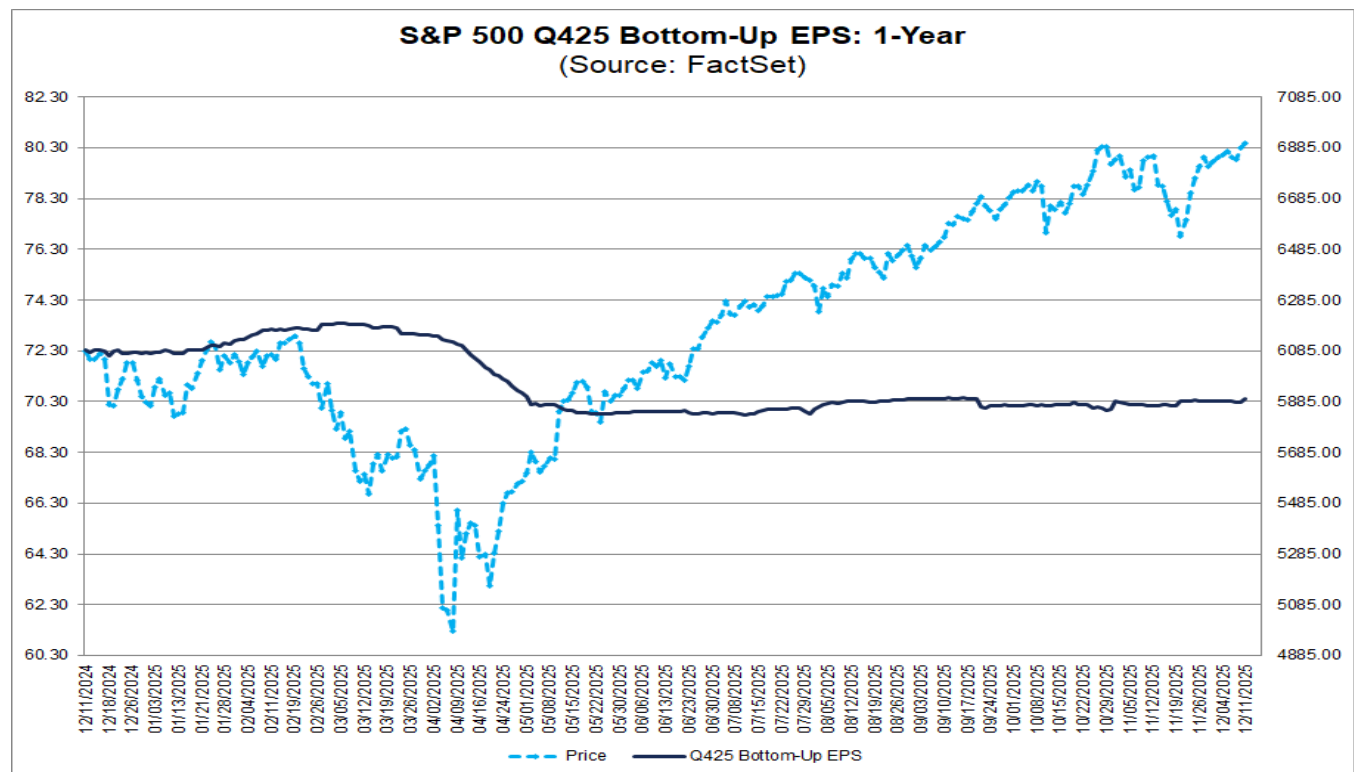
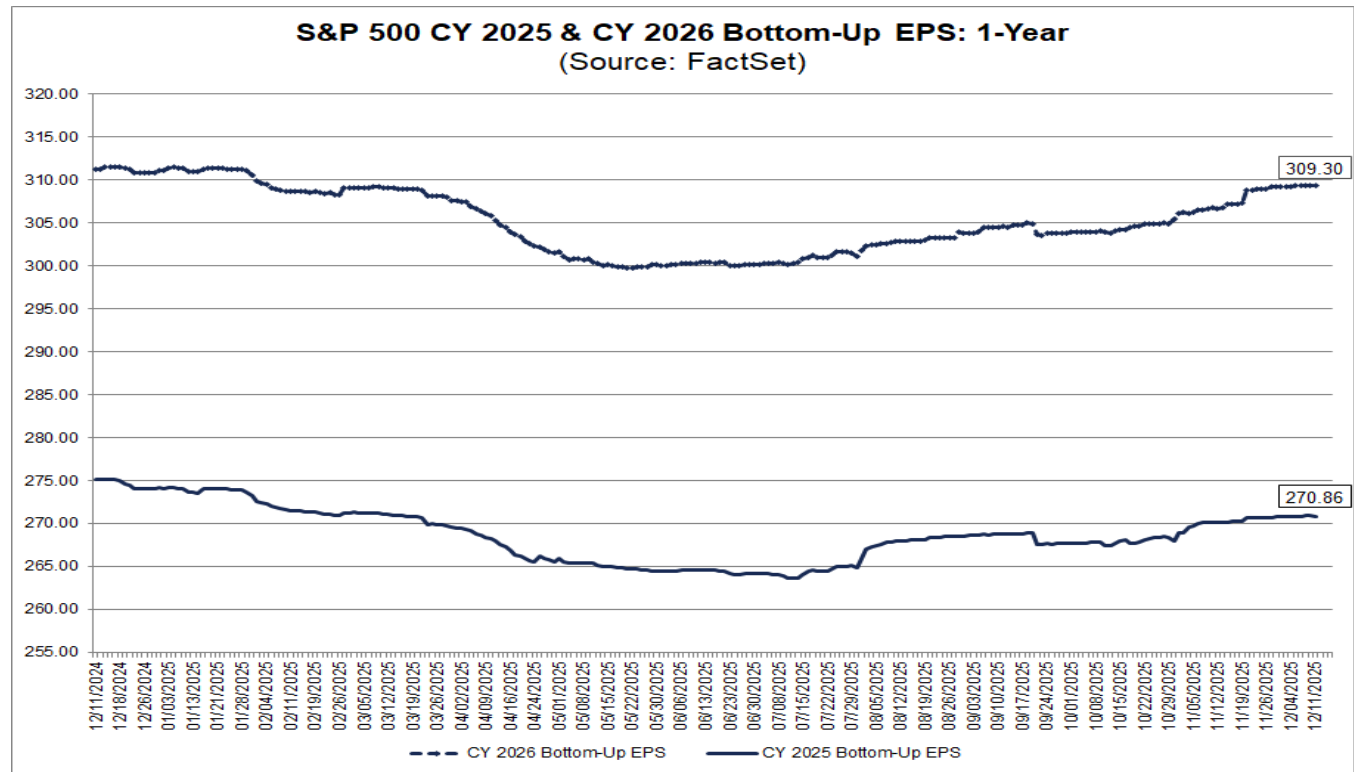
CY 2026: Growth



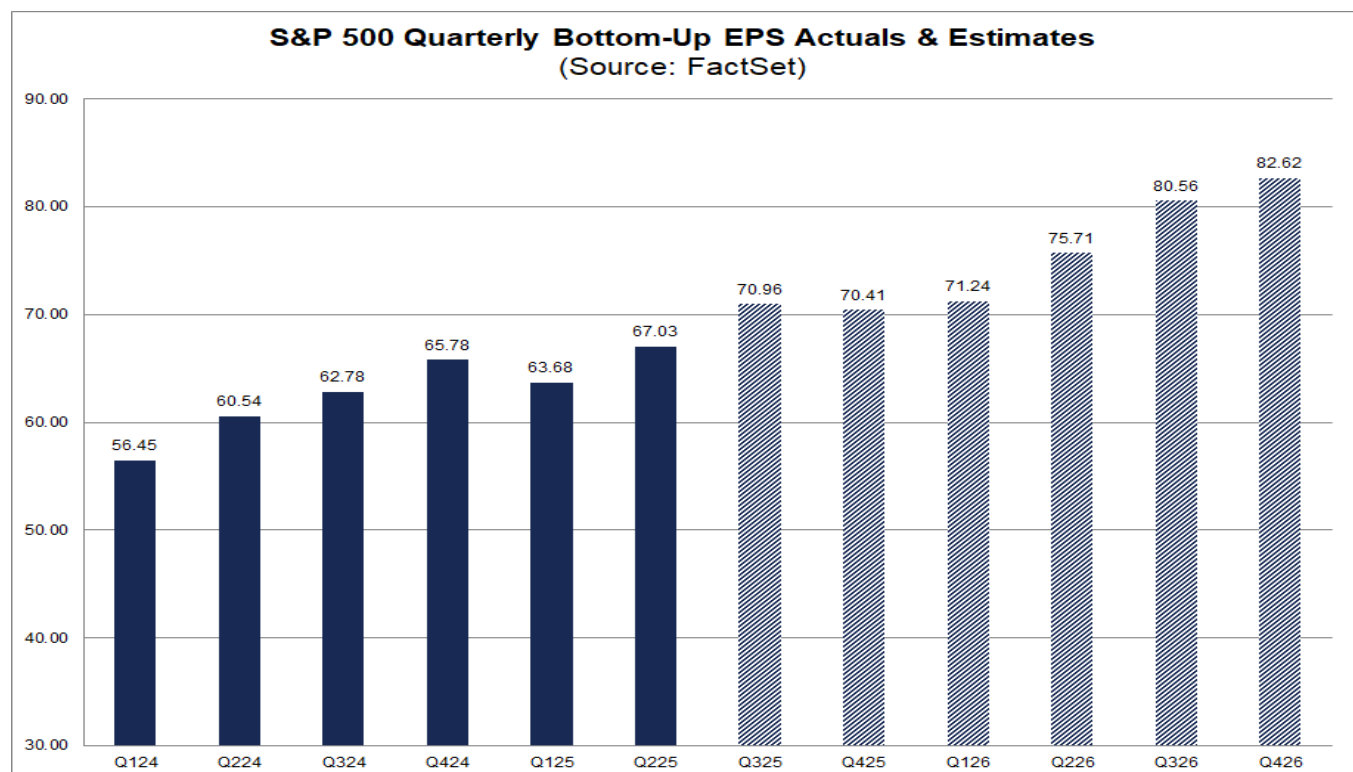
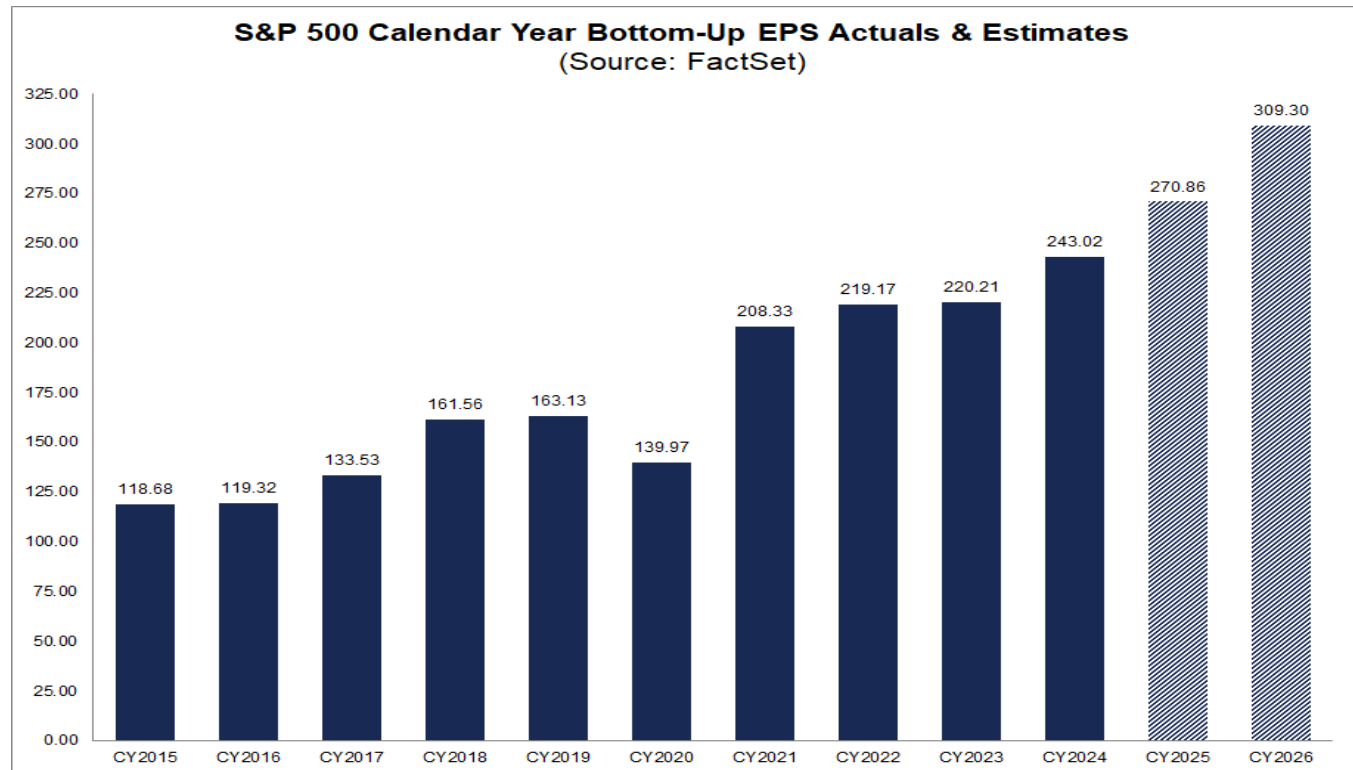
Geographic Revenue Exposure



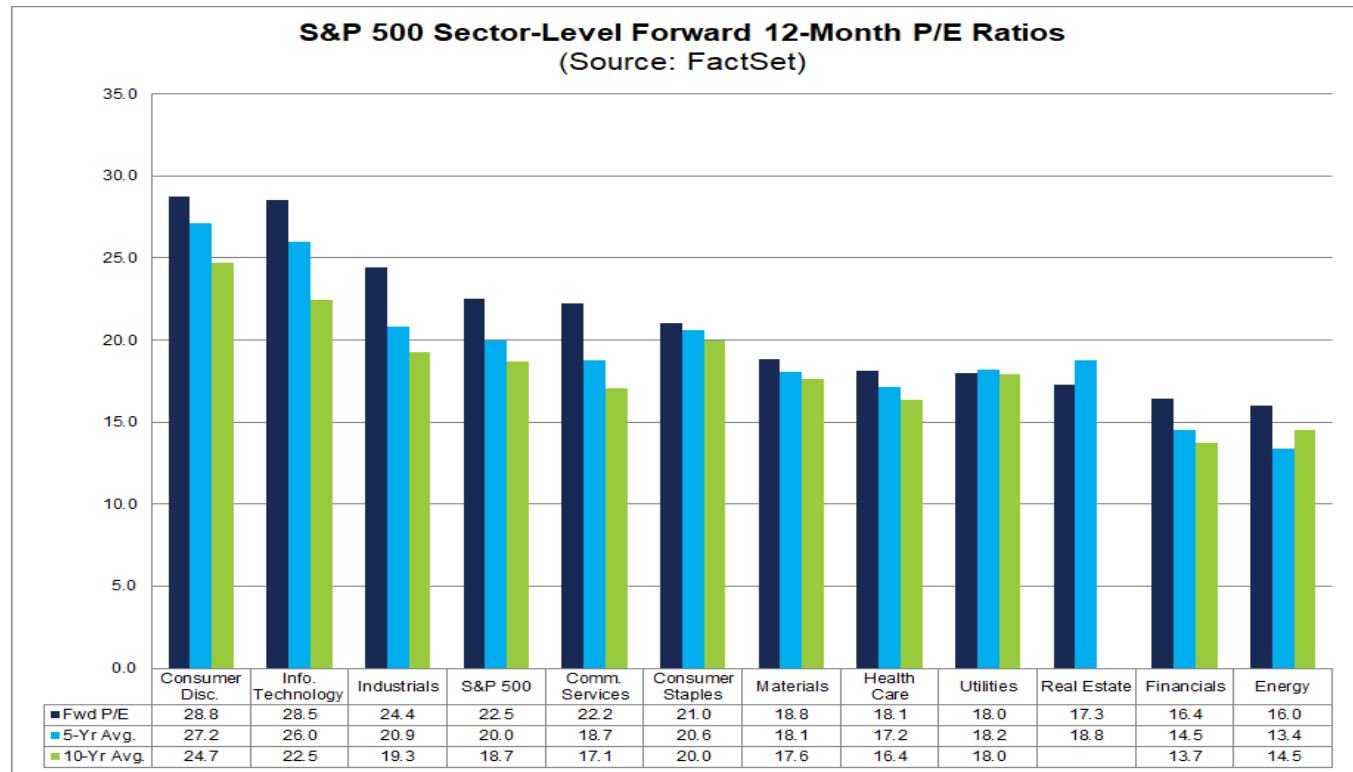
Bottom-Up EPS Estimates



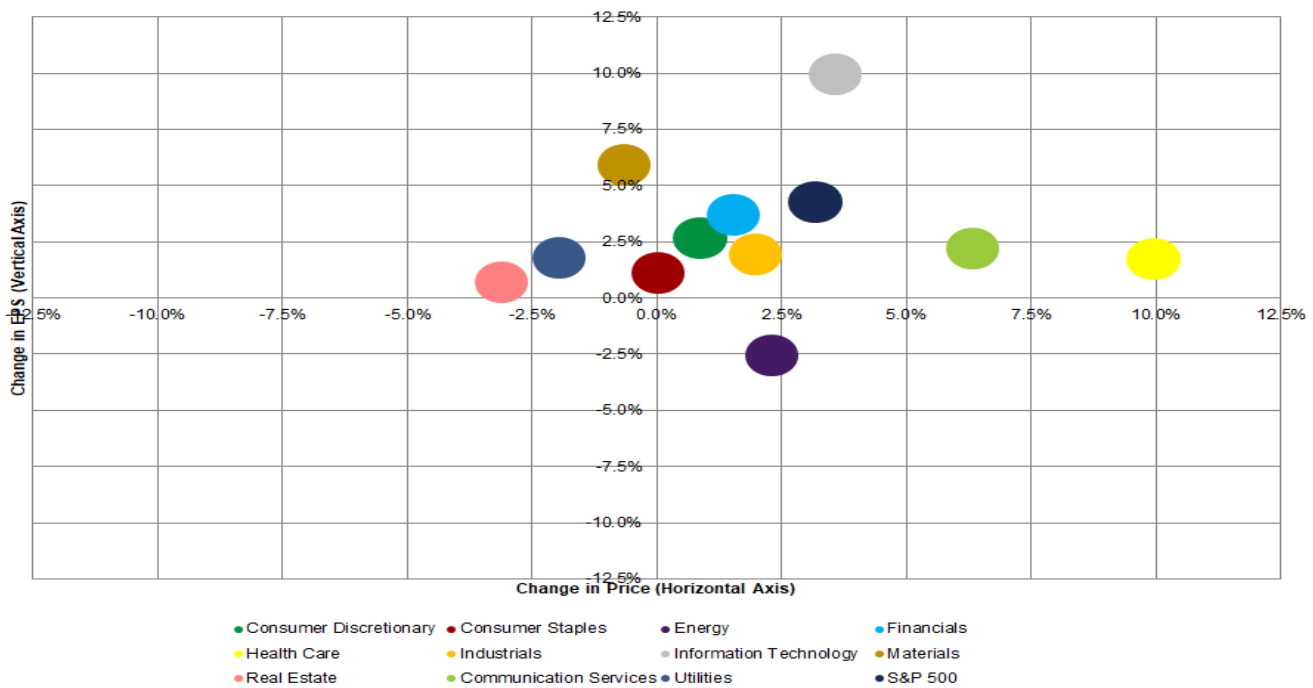
Bottom-Up EPS Estimates: Current & Historical



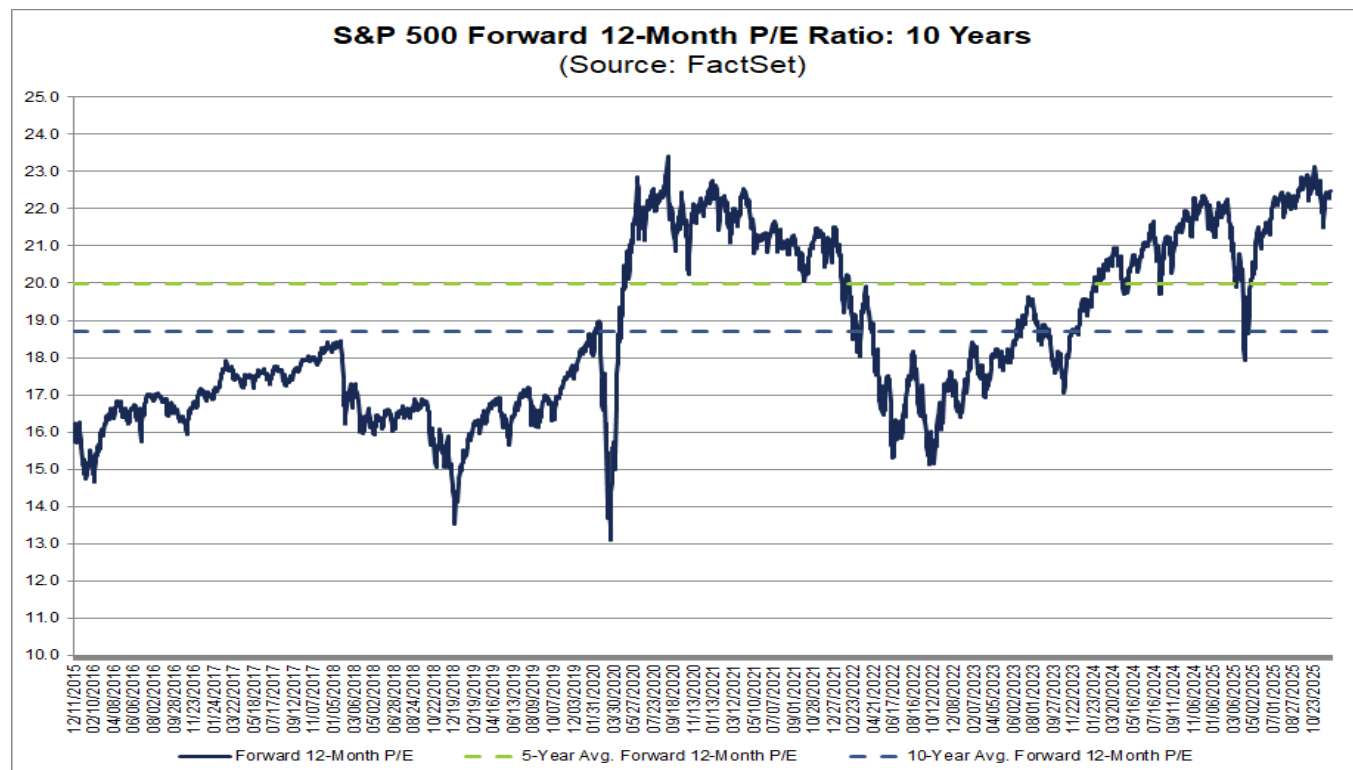
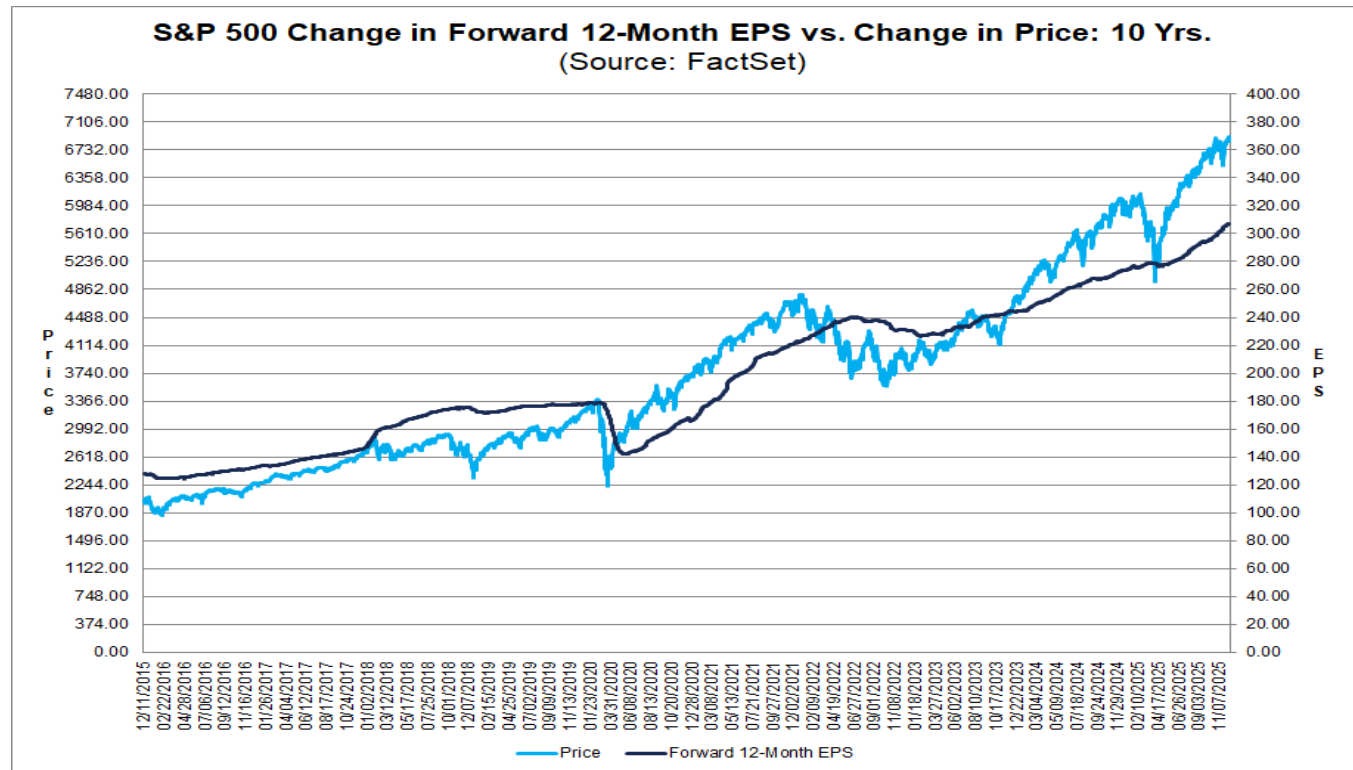
Forward 12M P/E Ratio: Sector Level



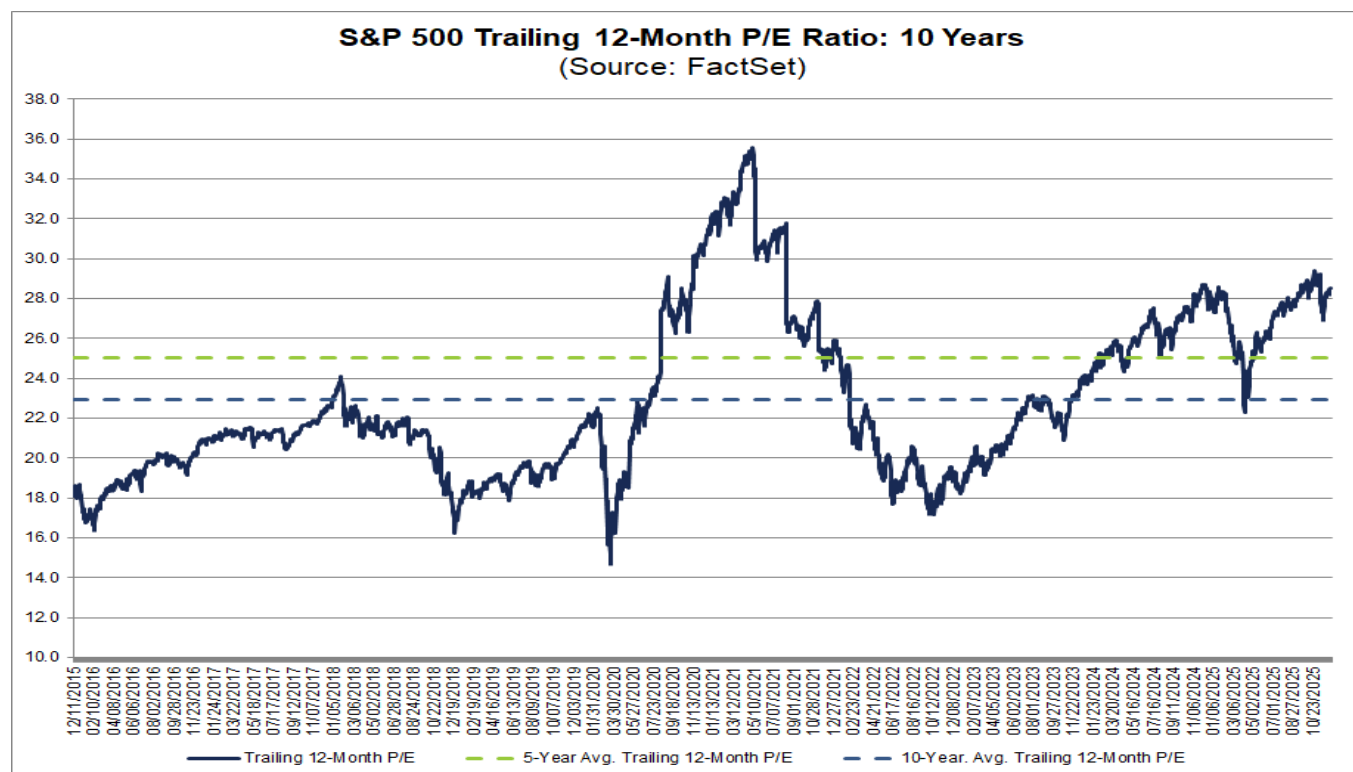
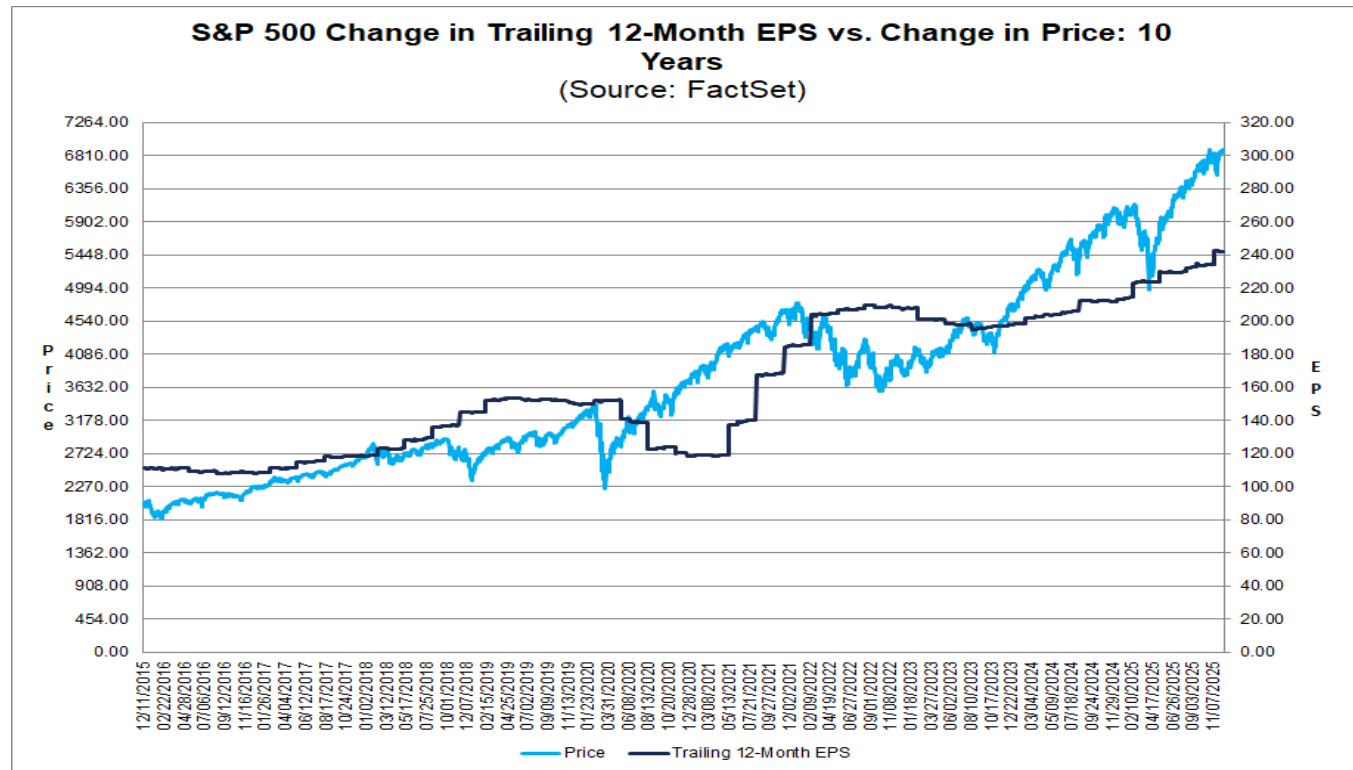
Sector-Level Change in Fwd. 12-Month EPS vs. Price: Since Sep 30
(Source: FactSet)



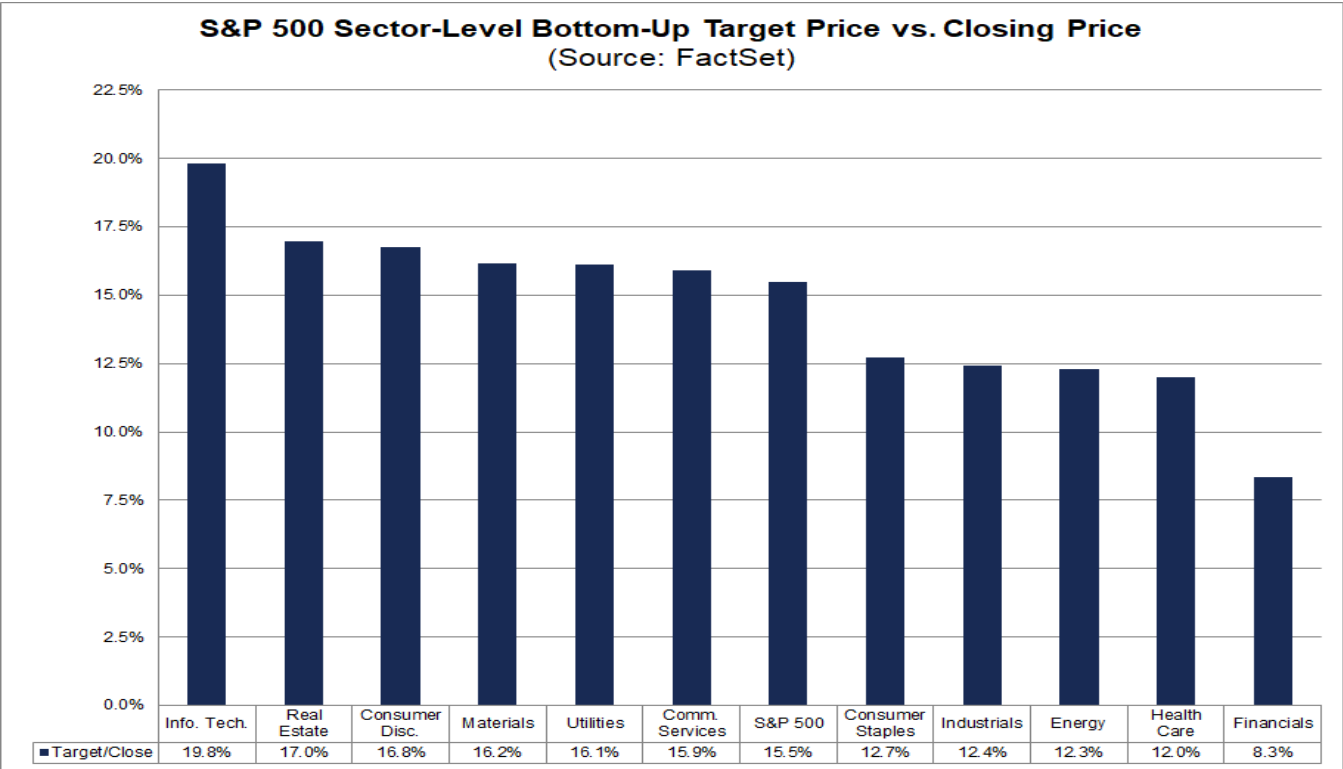
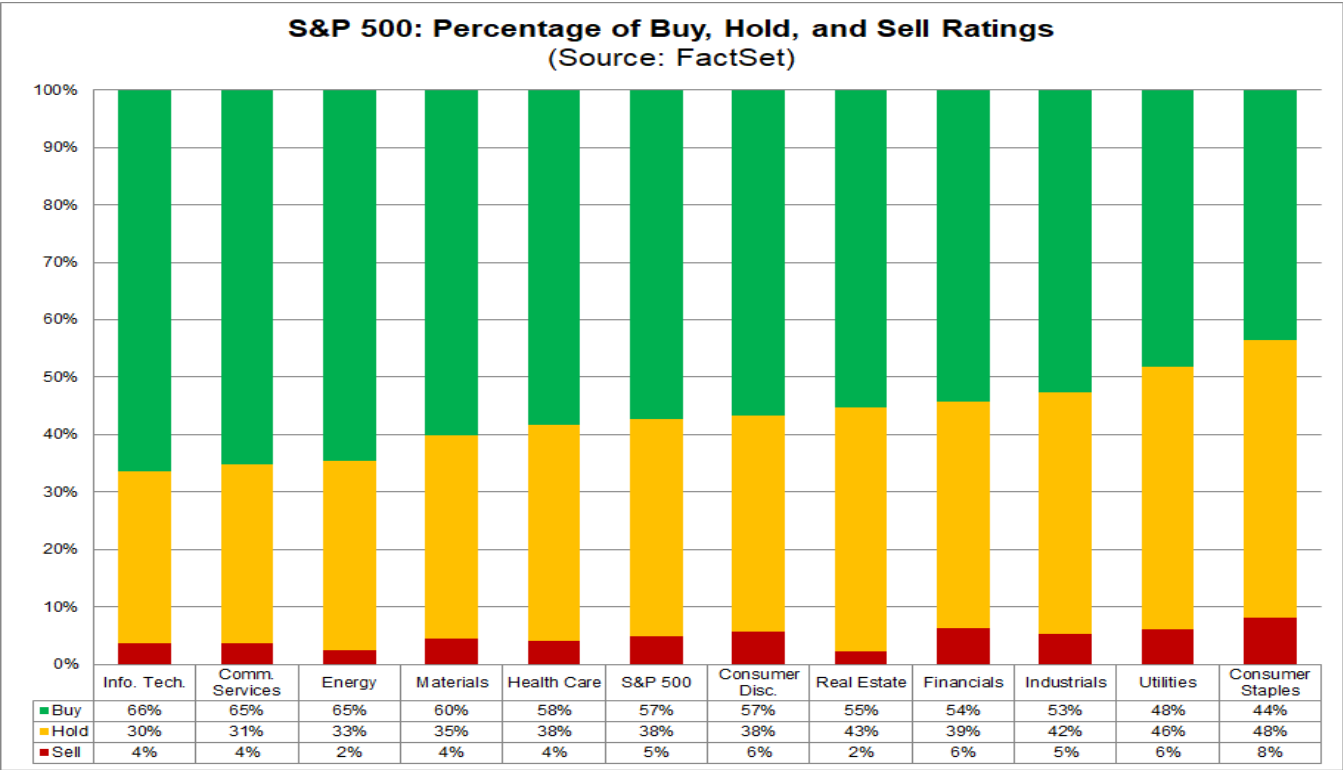
Forward 12M P/E Ratio: 10-Years



Trailing 12M P/E Ratio: 10-Years



Targets & Ratings



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