

S&P 500 Index EPS, Explained

This week's "Three on Thursday" takes a closer look at earnings per share (EPS) for the S&P 500 Index, one of the most widely followed measures in the market. For this index, EPS isn't as simple as total earnings divided by a standard share count. Instead, it's calculated by adding up the total profits of all 500 companies and then converting that into a per-share figure using a standardized divisor maintained by S&P Dow Jones Indices. This divisor acts like an adjusted share base, accounting for stock splits, buybacks, new companies entering the index, and others leaving, so the numbers stay consistent over time. Put simply, S&P 500 Index EPS is total earnings divided by this standardized divisor—not a traditional share count. So how are earnings holding up today, and where might they be headed next? We break it down in the table and two charts below.

S&P 500 Index For Q1 2026 as of 4/22

Earnings

Total Companies Reported out of 500	86
Total Market Capitalization Reported	17.2%
Preseason forecast EPS Growth (YOY)	12.4%
Lastest EPS Growth (YOY)	12.9%
Positive Surprises	80.2%
Negative Surprises	14.0%
In-Line	5.8%

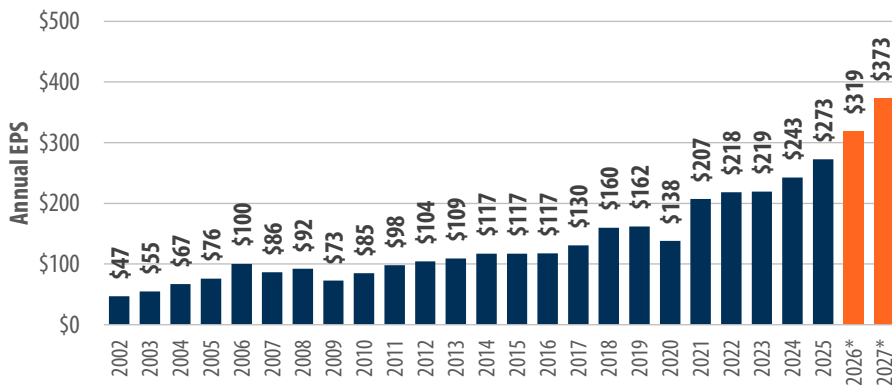
Sales

Total Companies Reported out of 500	86
Total Market Capitalization Reported	17.2%
Preseason forecast EPS Growth (YOY)	9.4%
Lastest EPS Growth (YOY)	9.7%
Positive Surprises	65.1%
Negative Surprises	18.6%
In-Line	16.3%

Source: Bloomberg, First Trust Advisors. Data as of 4/22/2026.

So far, Q1 2026 earnings season is off to a strong start. While only 86 companies have reported, blended earnings (combining actual results with estimates for those yet to report) are up 12.9% from a year ago, slightly ahead of the 12.4% growth expected before the season began. If that pace holds, it would mark the sixth consecutive quarter of double-digit year-over-year earnings growth. Revenue growth has followed the same trend, coming in above pre-season expectations and rising 9.7% from a year ago.

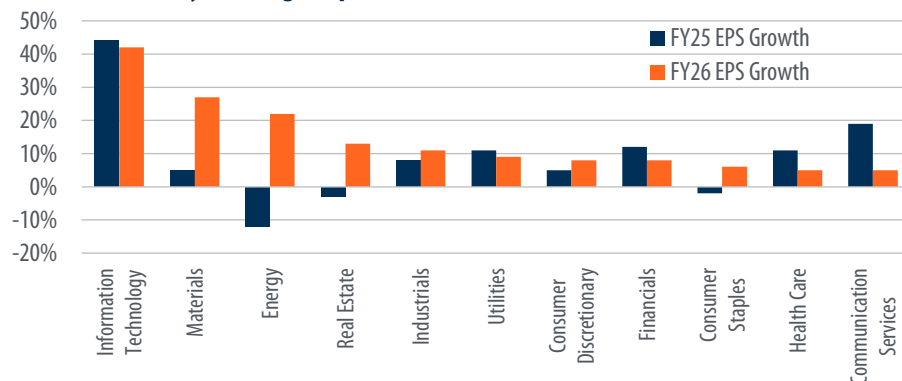
EPS of S&P 500 Index



Source: Capital IQ, First Trust Advisors. Data from 2/28/03 - 3/31/26. * Estimates are based on calendar year aggregate consensus.

Over time, stock prices tend to follow earnings—and the path of earnings for the S&P 500 Index tells a powerful story. In 2020, pandemic shutdowns caused a sharp drop in profits, with EPS falling from \$162 in 2019 to \$138, a decline of 15%. But that downturn proved short-lived. Earnings rebounded quickly, reaching a then-record \$207 just one year later. Since then, the trend has been steadily higher, with EPS climbing to a new peak of \$273 in 2025. Looking ahead, expectations remain strong, with analysts forecasting earnings growth of about 17% in both 2026 and 2027—among the fastest back-to-back gains in recent years.

S&P 500 Industry Earnings Expected Growth Rates



Source: Bloomberg, First Trust Advisors. Earnings growth rates are based on aggregate sell-side estimates.

Sector-level earnings growth tells a much more uneven story beneath the surface. While all 11 industries in the S&P 500 Index are expected to post positive earnings growth in 2026, the pace of that growth is far from uniform. In fact, 6 of the 11 sectors are projected to see accelerating earnings growth versus 2025. The largest turnaround comes from Energy, which is expected to swing from a -12% decline in 2025 to +22% growth in 2026. Materials also show a sharp acceleration, jumping from 5% to 27%. On the other end of the spectrum, some of last year's leaders are expected to cool. Communication Services is projected to slow from 19% growth in 2025 to just 5% in 2026, while Financials and Health Care also see more modest growth rates.

Past performance is no guarantee of future results. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Index data is for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and investors cannot invest directly in an index.

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