

Cash Flow and Carey



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S&P 500 Index Earnings & Revenue Growth Rate Estimates

S&P 500 & Sector Indices (Estimated Y-O-Y Earnings & Revenue Growth Rates as of 5/16/25)

	2025 Earnings Est.	2026 Earnings Est.	2025 Revenue Est.	2026 Revenue Est.
S&P 500 Index	7.4%	13.1%	4.3%	5.9%
Communication Services	11.5%	9.1%	6.1%	6.7%
Consumer Discretionary	-0.9%	15.4%	2.9%	6.4%
Consumer Staples	-0.7%	8.1%	1.8%	3.9%
Energy	-11.8%	20.4%	-6.2%	2.3%
Financials	3.4%	12.5%	3.6%	6.2%
Health Care	14.7%	10.0%	7.5%	5.6%
Industrials	6.9%	14.6%	3.4%	6.2%
Information Technology	16.2%	17.0%	10.9%	10.1%
Materials	2.0%	16.4%	2.2%	4.4%
Real Estate	0.5%	6.7%	4.5%	6.8%
Utilities	9.2%	7.8%	6.7%	2.6%

Source: Bloomberg. Consensus estimates using fiscal year revenue from each company.

View from the Observation Deck

As the Q1'25 earnings season concludes, we thought it would be timely to provide an update regarding 2025 and 2026 earnings and revenue growth rate estimates for the sectors that comprise the S&P 500 Index ("Index"). The Index closed at 5,940.46 on 5/20/25, down 2.97% (total return) from its all-time high of 6,144.15 (2/19/25), but up a staggering 19.41% (total return) from its most recent low of 4,982.77 (4/8/25). For comparison, from 1928-2024 (97 years) the Index posted an average annual total return of 9.71%. The table above presents the 2025 and 2026 calendar year earnings and revenue growth rate estimates for the broader S&P 500 Index and each of its 11 sectors.

Despite a decline since our last post, earnings growth estimates remain favorable in 2025.

Earnings for the companies that comprise the Index are estimated to increase by 7.4% year-over-year (y-o-y) in 2025, down from 12.4% in our last post on this topic in January ([click here](#)). Three sectors are estimated to see earnings decline y-o-y in 2025: Energy (-11.8%); Consumer Discretionary (-0.9%); and Consumer Staples (-0.7%). In 2026, however, earnings are estimated to increase for each of the Index's 11 sectors, with Energy leading the way amidst favorable comparisons to 2025's earnings.

Revenue growth rate estimates remain favorable as well.

As of 5/16/25, the Index's 2025 estimated y-o-y revenue growth rate stood at 4.3%, down from 5.6% on 1/24/25. Ten of the eleven sectors that comprise the S&P 500 Index reflect positive y-o-y revenue growth rate estimates for 2025, with four of them estimated to surpass 5.0%, down from seven in our last post. Information Technology commands the highest estimated revenue growth rates at 10.9% and 10.1% in 2025 and 2026, respectively.

Takeaway

Equity markets are forward-looking discounting mechanisms, meaning the price of an efficient market should reflect the sum-effect of present and future (expected) events. In our view, this years' volatility is an indication of the difficulty market participants have had in discounting potential tariffs and weakening economic data against corporate earnings and revenues. While they are lower than where they stood in January, the Index's current-year earnings and revenue estimates continue to reflect strength. Notably, next year's estimates are even higher. As always, estimates are subject to change as new information is disclosed within the market. Time will ultimately reveal the accuracy of these estimates, but we maintain that higher revenues could be the best catalyst for earnings growth, which in turn, may continue to drive equity prices higher.