

# Cash Flow and Carey



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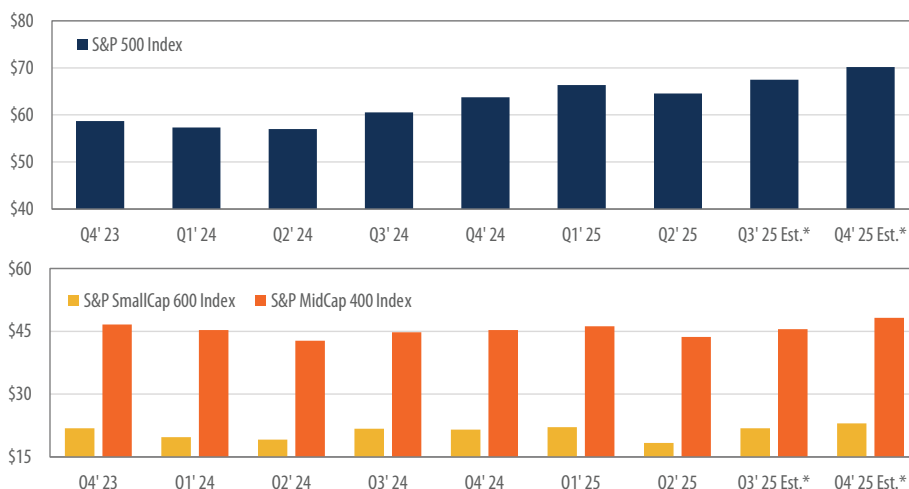
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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The S&P 500 Equal Weighted Index is the equal-weight version of the S&P 500 Index. The 11 major sector indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400 and S&P SmallCap 600 constituents representing a specific sector.

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## Corporate Earnings Estimates Signal Strength Ahead

### Major U.S. Equity Index Earnings + Estimates (Quarterly)



Source: Bloomberg. Data as of 8/18/25. \*Represents consensus estimates for each index constituent.

Past Performance is no guarantee of future results.

### View from the Observation Deck

Today's charts are intended to give investors a visual perspective on historical and estimated earnings performance for the S&P 500 Index ("LargeCap Index"), the S&P MidCap 400 Index ("MidCap Index"), and the S&P SmallCap 600 Index ("SmallCap Index"). The charts track each Index's quarterly reported earnings per share (EPS) beginning in Q4'23 through Q2'25. They also include Bloomberg's estimated EPS for Q3'25 and Q4'25.

**As you can see, quarter-over-quarter EPS declined for each Index in Q1'24, Q2'24, and Q2'25.**

That said, we do not find these periodic declines worrying for several reasons. Most notably, year-over-year (y-o-y) comparisons were positive for the LargeCap and MidCap Indices during each of those quarters. Additionally, annual EPS for the LargeCap Index are estimated to total a record \$268.32 and \$299.30 in 2025 and 2026, respectively, with MidCap and SmallCap companies recovering slightly more slowly (they are estimated to post record annualized EPS in 2026). Finally, our observations do not account for potential seasonality.

**Estimated 2025 calendar year EPS for each Index were as follows (not in the charts): S&P 500 Index (\$268.32); S&P MidCap 400 Index (\$180.36); S&P SmallCap 600 Index (\$85.11).**

Year-over-year earnings growth rates implied by these estimates are as follows: S&P 500 Index (+12.52%); S&P MidCap 400 Index (+1.16%); S&P SmallCap 600 Index (+5.77%). Despite their estimated growth, annual EPS for the MidCap and SmallCap Indices remain below their all-time highs of \$194.25 and \$97.53, respectively, which were both set in 2022. The overall trend is positive, however, and may imply that analysts expect a favorable climate for small and mid-sized companies in the near-term.

### Takeaway

We wrote about this year's earnings estimate volatility in a post last week ([click here](#)), attributing favorable developments in U.S. trade policy and economic data to upwardly revised estimates for the LargeCap Index. Today's publication provides an extended view into the earnings climate of the mid and small-cap segments of the market as well. We believe that corporate earnings drive the direction of stock prices over time, especially when the major indices are trading at or near record highs. As the data shows, EPS are expected to trend higher across each of these Indices over the next several quarters, with full year estimates reaching record-highs for Mid and Small-Caps in 2026. As always, these are estimates and are subject to change (and have changed since our last post). We will continue to report back as developments warrant.