Market Commentary Blog

Cash Flow *and Carey*



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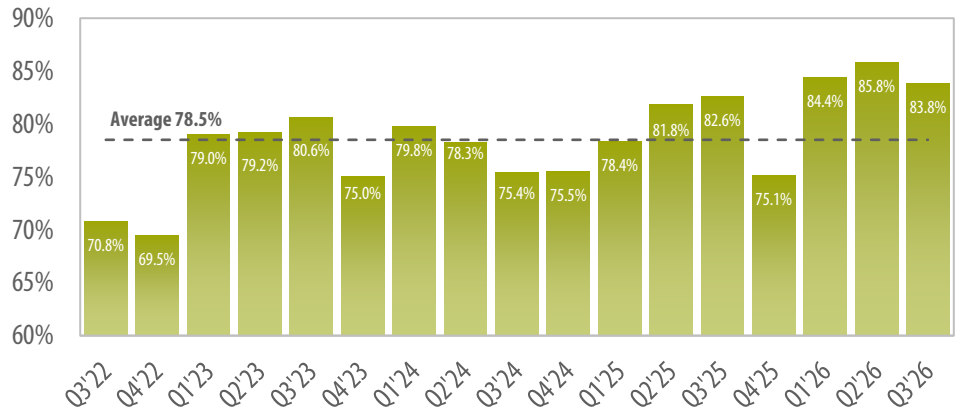


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A Snapshot of the S&P 500 Index Earnings Beat Rate

Percent of S&P 500 Companies That Beat Their Quarterly Earnings Estimates



FactSet Research Systems. Average spans Q3'22 – Q3'26. Q3'26 beat rate based on 464 company results.

View from the Observation Deck

We update this post on an ongoing basis to provide investors with insight regarding the earnings climate of the S&P 500 Index ("Index"). While quarterly earnings estimates are a useful indicator of a company's financial performance, they are not guarantees. Equity analysts continually adjust their projections as new information is obtained. That said, a comparison of analyst estimates with actual company results may offer investors a look into broader equity market health, in our opinion. As of November 17, 2026, 464 of the 503 stocks (92.2%) that comprise the Index had reported Q3'26 earnings, according to data from FactSet.

At 83.8%, Q3'26's earnings beat rate is above the chart's average of 78.5% and the third highest in today's dataset, behind Q1'26 (84.4%) and Q2'26 (85.8%).

Even so, the earnings surprise percentage, measured as aggregate earnings in excess of estimates, is just 3.1% so far in Q3'26, representing the metric's lowest level since Q4'22. Seven of the eleven sectors that comprise the Index reported year-over-year (y-o-y) earnings growth rates of at least 10% in Q3'26.

FactSet reported that the Index's Q3'26 blended, y-o-y earnings growth rate was 31.9% as of November 13, 2026.

Should these levels hold, they will mark the third consecutive quarter of earnings growth above 25% and the eighth consecutive quarter of double-digit earnings growth for the Index.

Calendar-year earnings estimates continue to climb.

FactSet data shows that analysts increased their calendar-year 2026 Index earnings estimates from 311.20 to 366.69 between December 31, 2025, and November 18, 2026.

The three sectors with the highest Q3'26 y-o-y earnings growth rates and their percentages were as follows: Energy (151.2%); Information Technology (69.4%); and Materials (29.8%). For comparison, the lowest y-o-y earnings growth rates were reported by Consumer Staples (7.4%), Financials (6.4%), and Consumer Discretionary (3.8%) as of November 13.

Takeaway

An above-average number of Index constituents (83.8%) reported earnings above estimates in Q3'26. Noteworthy company-specific developments and growing concerns regarding AI company financing led to broad market rotation, with total returns for the Information Technology and Communication Services sectors plummeting by 14.7% and 13.5%, respectively, quarter to date through November 18. Consumer Staples and Utilities benefited as investors rotated to their relatively consistent cash flows. The sectors posted quarter-to-date total returns of 14.3% (Consumer Staples) and 10.4% (Utilities). Earnings estimates have continued to improve, despite these concerns. FactSet reported that the Index's 2026 bottom-up calendar-year earnings estimates totaled a record 366.69 on November 18, up from 361.81 on September 30, 2026, and 311.20 on December 31, 2025. Surging earnings have compressed valuations, with the Index's forward 12-month price-to-earnings (P/E) ratio sitting at 17.7 on November 6 – the metric's lowest level since November 1, 2023. Revenue growth lends support to analysts' earnings optimism. The Index's Q3'26 blended revenue growth rate was 14.4% on November 13. Should this hold, it would mark the highest revenue growth rate reported by the Index since Q4'21 (16.3%).

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, while the S&P sector and subsector indices are capitalization-weighted and comprised of S&P 500 constituents representing a specific sector or industry.

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