

# Cash Flow and Carey



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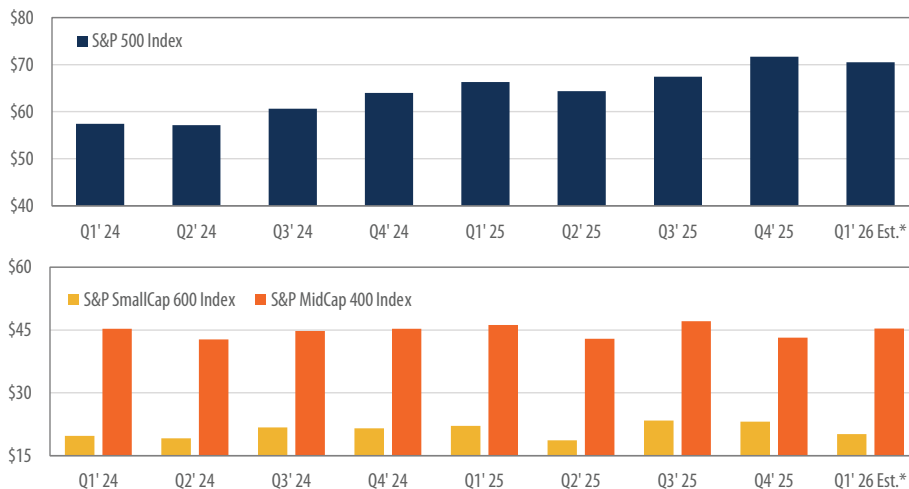
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This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. 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.

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## Corporate Earnings Estimates Signal Strength Ahead

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



Source: Bloomberg. Data as of 3/2/26. \*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 earnings per share (EPS) from Q1'24 through Q4'25. They also include Bloomberg's estimated EPS for Q1'26.

**As the chart reveals, two of the three indices saw EPS increase year-over-year (y-o-y) in Q4'25.**

Year-over-year EPS increased by 12.1% (LargeCap Index) and 7.3% (SmallCap Index) in Q4'25. By contrast, MidCap Index EPS are estimated to decline by 4.7% y-o-y during the quarter.

**Looking ahead, estimated 2026 calendar year EPS for each Index were as follows (not in the charts): S&P 500 Index (\$314.39); S&P MidCap 400 Index (\$207.66); S&P SmallCap 600 Index (\$101.66).**

Year-over-year earnings growth rates implied by these estimates are as follows: S&P 500 Index (+16.8%); S&P MidCap 400 Index (+15.2%); S&P SmallCap 600 Index (+16.1%). Calendar year 2026 estimates are particularly notable for the MidCap and SmallCap Indices, which are estimated to see EPS decline by 1.8% and 8.8% y-o-y, respectively, in Q1'26. In our view, this may imply that analysts expect an increasingly fruitful climate among small and mid-sized companies as the year unfolds.

### Takeaway

Our last post provided insight into the earnings and revenue growth rate estimates of the S&P 500 Index and its sectors. Today's discussion expands our view to include the earnings climate for the mid and small-cap segments of the market. 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. Near-term data is mixed, in our opinion, with MidCap and SmallCap Index EPS estimated to decline by 1.8% and 8.8%, respectively, in Q1'26. That said, the EPS for each of these Indices are estimated to reach record highs 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.