Market Commentary Blog

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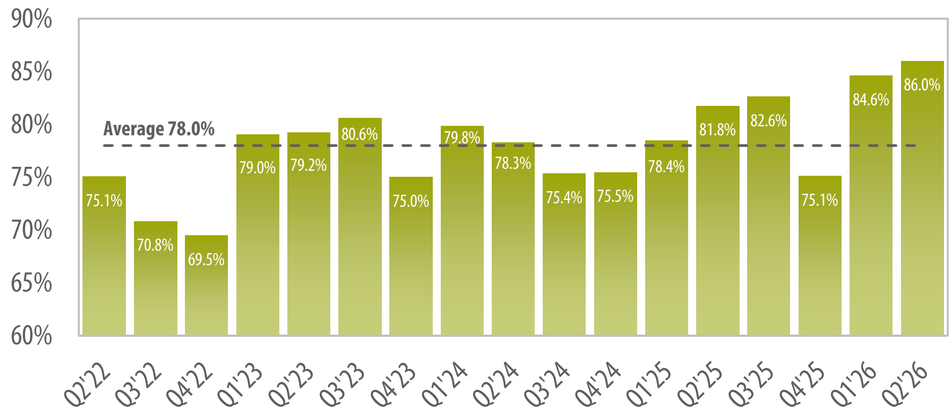
9/1/26

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 Q2'22 – Q2'26. Q2'26 beat rate based on 487 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 insight into broader equity market health, in our opinion. As of August 31, 2026, 487 of the 503 stocks (96.8%) that comprise the Index had reported Q2'26 earnings, according to data from FactSet.

The percentage of Index companies that beat earnings expectations in Q2'26 is above the 5-year average of 78.0%.

At 86.0%, Q2'26's earnings beat rate is the highest in today's dataset, besting last quarter's earnings beat rate of 84.6%. Nine of the eleven sectors that comprise the Index reported year-over-year (y-o-y) earnings growth rates of at least 10% in Q2'26.

FactSet reported that the Index's Q2'26 blended, y-o-y earnings growth rate registered a staggering 52.0% as of August 28, 2026.

Should these levels hold, they will mark the highest y-o-y earnings growth rate reported by the Index since Q2'21 (when companies had considerably weaker comparisons due to COVID-era shutdowns). It will also mark the second consecutive quarter of earnings growth above 25% and the seventh consecutive quarter of double-digit earnings growth for the Index.

Positive earnings surprises are at record levels.

Reported earnings were a record 26.5% above estimates on average. For comparison, the 5-year average earnings surprise is 7.0%.

Calendar year earnings estimates continue to climb.

FactSet data shows that analysts increased their calendar year 2026 Index earnings estimates from 311.19 to 361.34 between December 31, 2025, and August 28, 2026. The current figure represents a y-o-y increase of 31.5% in 2026.

The three sectors with the highest Q2'26 y-o-y earnings growth rates and their percentages were as follows: Energy (146.3%); Communication Services (116.9%); and Consumer Discretionary (92.4%). For comparison, the lowest y-o-y earnings growth rates were experienced by Consumer Staples (13.5%); Real Estate (8.6%); and Health Care (-6.5%).

Takeaway

An above-average number of Index constituents (86.0%) reported earnings above estimates in Q2'26, putting the Index's y-o-y earnings growth rate at a staggering 52%. Two of the Index's constituents saw unusually high positive earnings surprises from unusually large investment gains included in their GAAP earnings results. Even if we were to remove those outliers, the Index's earnings growth rate would still be an impressive 33.8% during the quarter. Calendar year earnings growth rates reflect the quarter's trend. FactSet reported that the Index's 2026 bottom-up calendar-year earnings estimates totaled a record 361.34 on August 31, 2026, representing a y-o-y increase of 31.5%. Surging earnings have compressed valuations, with the Index's forward 12-month price-to-earnings (P/E) ratio sitting at 19.6 on August 28, 2026, below the 5-year average of 19.9. Revenue estimates lend support to analysts' earnings optimism. The Index's blended revenue growth rate was 15.5% in Q2'26, marking its second consecutive quarter of double-digit revenue growth, according to FactSet.