

Zacks Earnings Trends

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Q2 Earnings Results Show an Improving Growth Picture

Here are the key points:

- A positive picture is emerging from the Q2 earnings season, with an above-average proportion of companies beating consensus estimates. More importantly, the combination of a stabilizing macroeconomic backdrop and reassuring management commentary is helping to reverse the earlier negative revisions trend, with estimates for the second half of the year starting to increase again.
- For the 117 S&P 500 companies that have already reported Q2 results, total earnings are up +8.3% from the same period last year on +5.3% higher revenues, with 87.2% beating EPS estimates and 80.3% beating revenue estimates.
- The proportion of these 117 index members beating EPS and revenue estimates is tracking notably above the historical average for this group of companies. The Q2 EPS beats percentage of 87.2% for this group of index members compares to the 20-quarter average of 81.9% while the same on the revenues side is 80.3% vs. 70%.
- For the Finance sector, we now have Q2 results from 53.3% of the sector's market capitalization in the S&P 500 index. Total earnings for these Finance companies are up +17.3% from the same period last year on +5.5% higher revenues, with 91.2% beating EPS estimates and 79.4% beating revenue estimates.
- This is a notably better performance from the Finance sector relative to other recent periods, with the Q2 earnings growth pace and revenue beats percentage particularly standing out.
- Looking at Q2 as a whole by combining the actual results that have come out with estimates for the still-to-come companies, total S&P 500 earnings are expected to be up +6.9% from the same period last year on +4.5% higher revenues.
- In terms of year-over-year growth, four sectors are expected to enjoy double-digit earnings growth in Q2: Finance (+17.4%), Aerospace (+20.1%), Tech (+13.0%), and Consumer Discretionary (+107.9%). On the negative side, seven sectors are expected to earn less in Q2 relative to the year-earlier period, with double-digit declines at the Energy (-24.7%), Construction (-12.6%), and Autos (-27.9%) sectors.

- Q2 earnings growth for the S&P 500 index of +6.9% improves to +9.0% once the Energy sector's drag is removed from the aggregate numbers, but the growth pace drops to +4.4% once the Tech sector's substantial contribution is excluded and +4.5% once Finance is excluded.
- Q2 earnings for the 'Magnificent 7' group of companies are expected to be up +11.9% from the same period last year on +11.4% higher revenues. Excluding the 'Mag 7' contribution, Q2 earnings for the rest of the index would be up +4.4% (vs. +5.5%).
- For the current period (2025 Q3), total S&P 500 earnings are expected to increase +4.6% on an equivalent increase in revenues. Estimates had started stabilizing in recent weeks but have now started to increase again.
- Since the start of July, Q3 estimates have increased for half of the 16 Zacks sectors, including Finance, Tech, Consumer Discretionary, and even Autos and Energy. Estimates for the remaining 8 sectors are still decreasing, which include Construction, Basic Materials, Conglomerates, Transportation, Medical, and others.
- Looking at the calendar year picture, total S&P 500 earnings are expected to grow by +7.3% in 2025, with the growth pace improving to +8.4% when the Energy sector drag is excluded. A total of 10 sectors are expected to produce positive earnings growth in 2025, with double-digit earnings growth this year from the Aerospace (+47.9%), Consumer Discretionary (+20.2%), Medical (+11.9%), and Tech (+12.1%) sectors.
- As with Q3 estimates, we are starting to see estimates for full-year 2025 also nudge up in recent weeks. Since the start of July, full-year 2025 earnings estimates have increased for 12 of the 16 Zacks sectors, including Tech, Finance, Transportation, and Energy sectors. Sectors whose estimates remain under pressure include Medical, Construction, and Utilities.
- For the Mag 7 group, total 2025 earnings are expected to increase by +12.5% on +8.5% higher revenues. Excluding the Mag 7 contribution, total earnings for the remaining S&P 500 companies are expected to grow +5.8% in 2025, which compares to +4.0% growth in 2024 and -5.0% in 2023.
- The implied 'EPS' for the S&P 500 index, calculated using the current 2025 P/E of 24.8X and index close, as of July 22nd, is \$254.66. Using the same methodology, the index

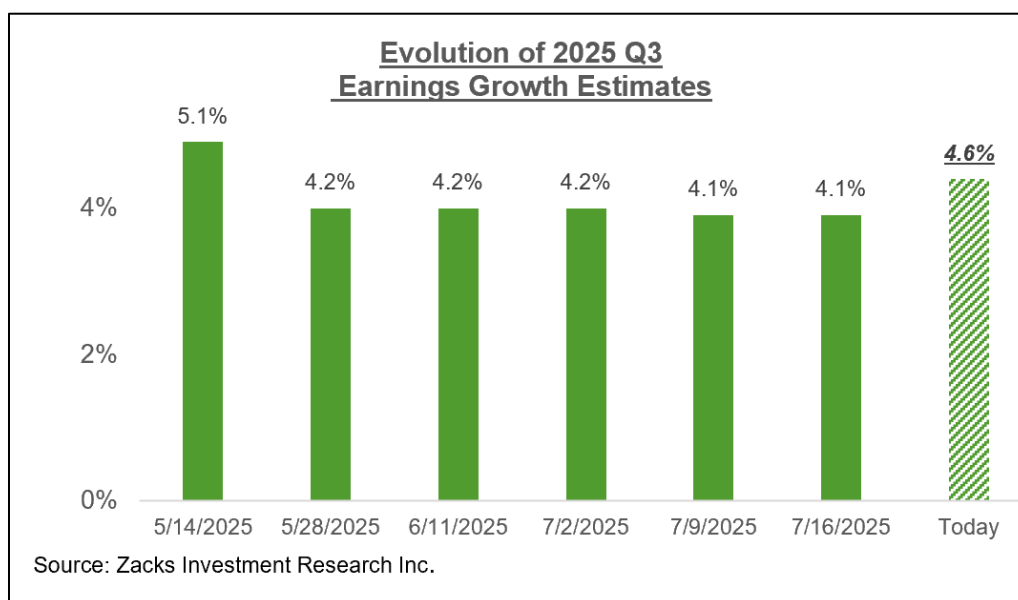
'EPS' works out to \$287.94 in 2026 (P/E of 21.9X). The multiples have been calculated using the index's total market cap and aggregate bottom-up earnings for each year.

- Using the same methodology of market cap and aggregate bottom-up earnings estimates, the index P/E works out to 22X for 2025 on an ex-Mag 7 basis. The Mag 7 companies are currently expected to bring in 24.3% of total S&P 500 earnings in 2025 and account for 32.9% of the index's total market capitalization.

An Emerging Positive Estimate Revisions Trend

Regular readers of our earnings commentary are familiar with a persistently negative revisions trend that has been in place since the start of the year, with the unfavorable trend accelerating at the beginning of Q2 with the Trump administration's tariff announcements.

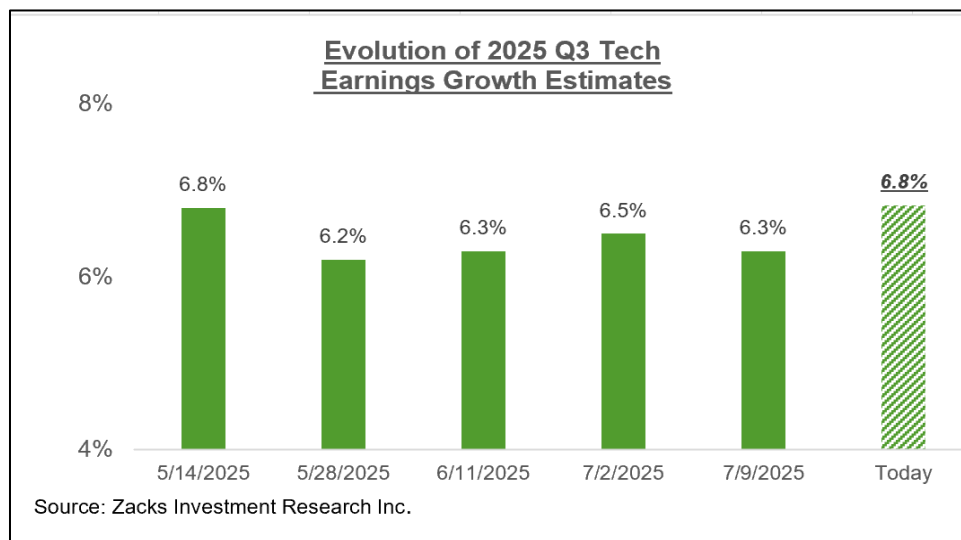
The revisions trend notably stabilized as we have gone through Q2 and has actually started turning positive in recent days. You can see this in the 2025 Q3 revisions trend below.



Since the start of Q3 this month, estimates have modestly increased for half of the 16 Zacks sectors, including Finance, Tech, Energy, Consumer Discretionary, Autos, and others.

On the negative side, Q3 estimates are still under pressure for the other 8 Zacks sectors, with significant declines to estimates for the Medical, Basic Materials, Construction, Transportation, and other sectors.

For the Tech sector, Q3 earnings are expected to be up +6.8% from the same period last year on +9.7% higher revenues. The chart below shows how the sector's Q3 earnings growth expectations have evolved over the last couple of months.



You can look at Q3 estimates for Tech players like Meta Platforms (META), Nvidia (NVDA), and others.

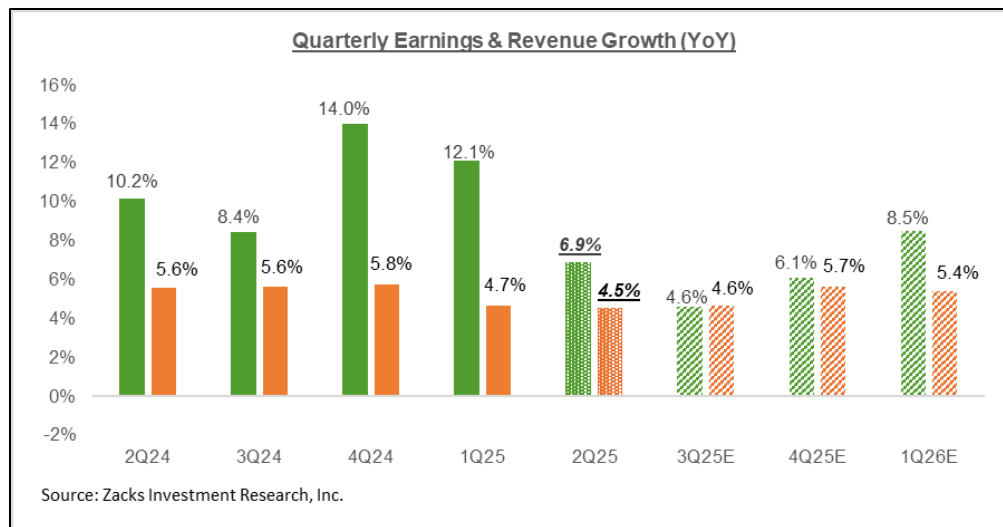
Meta, which reports Q2 results on July 30th, is currently expected to bring in \$5.92 per share in earnings in Q3. Estimates have been on a steady uptrend for Meta, with the current \$5.92 EPS estimate up +1.2% over one week and +2.6% over the past month. Nvidia, which will be the last Mag 7 company to report Q2 results on August 27th, is expected to earn \$1.60 per share in Q3, up +0.9% over the past week and +1.8% over the past month.

This positive revisions trend is even more notable for the big banks and brokers like JPMorgan, Citigroup, Goldman Sachs, and others in the Finance sector.

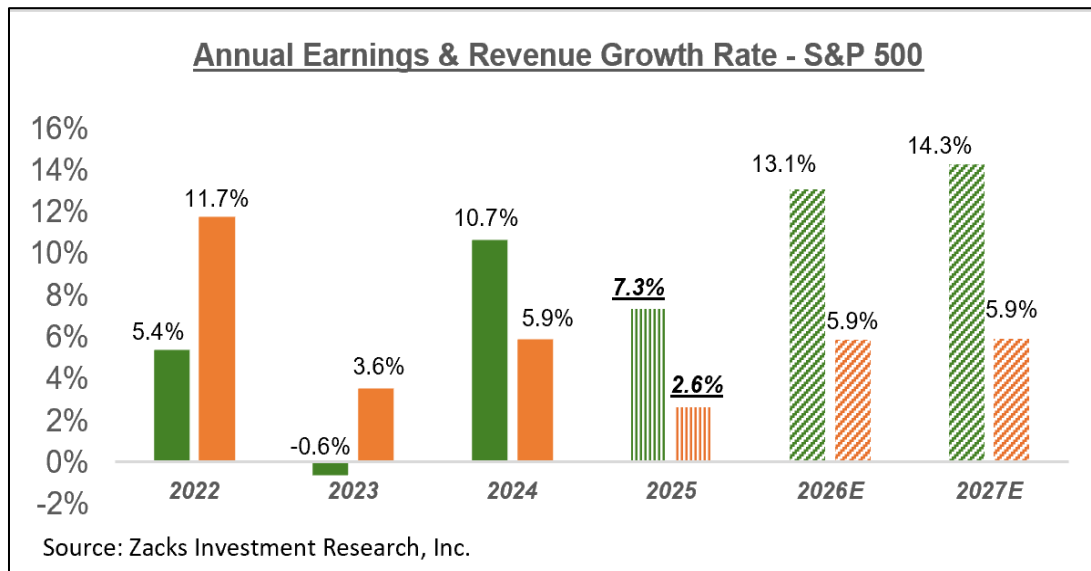
Earnings Expectations for 2025 Q2 & Beyond

The positive results from more than 23% of S&P 500 members have helped push the Q2 earnings growth expectation higher, with earnings for the S&P 500 index now expected to increase by +6.9% from the same period last year on +4.5% higher revenues.

The chart below shows expectations for 2025 Q2 in terms of what was achieved in the preceding four periods and what is currently expected for the next three quarters.



The chart below shows the overall earnings picture for the S&P 500 index on an annual basis.



We have been pleasantly surprised by the aforementioned favorable revisions trend, which validates the market's rebound from the April lows. Given the positive run of Q2 results, it will make sense for this trend to remain in place over the coming weeks as we go through this reporting cycle.

The Report in Detail

Note: This report has six sections. The first section, titled Q2 Earnings Season Scorecard, provides a real-time update of the earnings season, puts the results thus far in a historical context, and highlights the major sectors. The second section, titled the Blended Picture, presents the composite or blended Q2 expectations by combining the actual results that have come out with estimates for the still-to-come companies. The Third section, titled the Context, puts the blended Q2 expectations in the context of what was reported in the preceding quarters and what is expected in the coming quarter(s). This section provides both earnings and revenues on a quarterly basis, both the dollar amounts as well as the year-over-year growth rates. The fourth section, titled Annual Data, presents the earnings and revenues data on an annual basis. The fifth section, titled Small-Cap Earnings, presents the earnings picture for the S&P 600 index. The final section visually presents the market capitalization and earnings contribution of the 16 Zacks sectors.

Section 1 – 2025 Q2 Earnings Season Scorecard

Total earnings for the 117 S&P 500 companies that have reported already are up +8.3% from the same period last year on +5.3% higher revenues, with 87.2% beating EPS estimates and 80.3% exceeding revenue estimates.

	2025 Q2 Scorecard						
	% Reported		Earnings		Revenue		Blended Beat %
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	
Consumer Staples	26.7%	42.2%	1.2%	75.0%	1.2%	25.0%	25.0%
Consumer Discrt	20.0%	41.4%	0.9%	100.0%	2.2%	83.3%	83.3%
Retail	21.9%	10.2%	-0.1%	71.4%	7.4%	100.0%	71.4%
Medical	15.0%	27.2%	0.4%	88.9%	10.2%	100.0%	88.9%
Auto/Tires/Trks	28.6%	7.7%	-30.8%	100.0%	-3.8%	100.0%	100.0%
Basic Materials	15.0%	19.7%	-4.8%	33.3%	5.3%	66.7%	33.3%
Industrial Prod	12.5%	9.6%	2.1%	100.0%	1.8%	33.3%	33.3%
Construction	35.7%	24.7%	-25.6%	80.0%	-4.7%	100.0%	80.0%
Conglomerates	50.0%	34.6%	9.3%	100.0%	-1.6%	100.0%	100.0%
Computer & Tech	17.1%	8.9%	12.4%	100.0%	10.1%	100.0%	100.0%
Aerospace	46.2%	61.9%	12.9%	100.0%	7.4%	83.3%	83.3%
Oils/Energy	25.9%	18.9%	10.2%	71.4%	2.0%	85.7%	57.1%
Finance	37.0%	53.3%	17.3%	91.2%	5.5%	79.4%	73.5%
Utilities	3.3%	13.1%	10.0%	100.0%	10.4%	0.0%	0.0%
Transportation	30.8%	22.3%	-3.9%	75.0%	0.6%	50.0%	50.0%
Business Svcs	29.2%	13.3%	9.0%	85.7%	4.7%	85.7%	71.4%
S&P 500	23.4%	21.1%	8.3%	87.2%	5.3%	80.3%	71.8%
Excluding Finance	20.3%	16.1%	2.3%	85.5%	5.3%	80.7%	71.1%
Excluding Oil	23.3%	21.1%	8.3%	88.2%	5.4%	80.0%	72.7%
Excluding Tech	24.6%	29.8%	7.7%	85.4%	4.6%	77.7%	68.0%
Source: Zacks Investment Research, Inc.							
Data as of: July 23, 2025 www.zacks.com							

Note: Here are a few key points to keep in mind while reading this table.

- All the earnings analysis in this report pertains to the S&P 500 index, a handy proxy for the entire business world. We use the index's current membership as the basis for all period comparisons, meaning that even historical periods reflect the index's current membership.*
- We divide the corporate world into 16 sectors compared to the official S&P 11 GICS. We have stand-alone sectors like Autos, Construction, Conglomerates, Aerospace, Transportation, and Business Services that provide for a better understanding of trends in these key areas of the economy.*
- All references to 'earnings' mean 'total earnings' or 'aggregate net income' and not 'mean or median EPS.'*
- We make adjustments to reported GAAP earnings to account for non-recurring or one-time items, but we do consider employee stock options (ESOs) as a legitimate business expense. Unlike Zacks, Wall Street and all other data vendors don't treat ESO's as a recurring business expense.*

The comparison charts below show how the earnings and revenue growth rates for these 117 index members compare to other recent periods.



The comparison charts below show how the EPS and revenue beats percentages for these 117 index members compare to other recent periods.

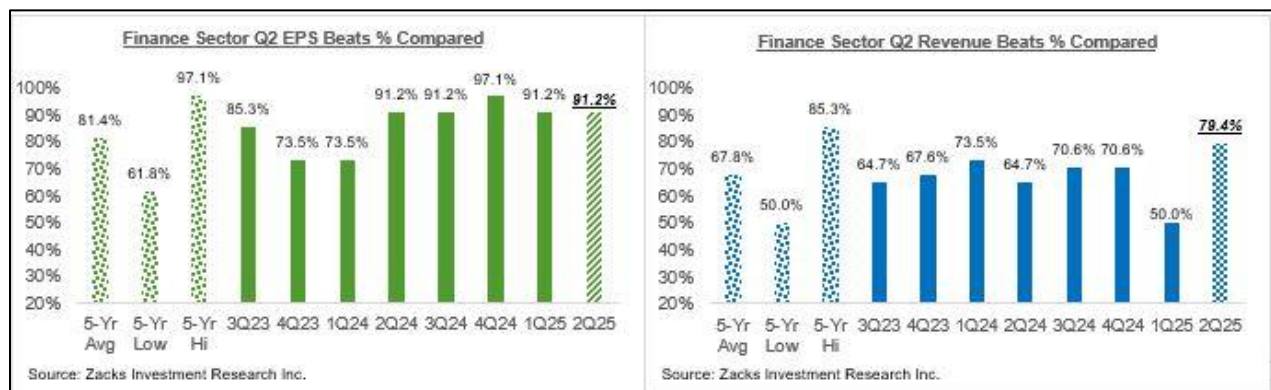


For the **Finance sector**, we now have Q2 results from 53.3% of the sector's market capitalization in the S&P 500 index. Total earnings for these Finance sector companies are up +17.3% from the same period last year on +5.5% higher revenues, with 91.2% of companies beating EPS estimates and 79.4% beating revenue estimates.

The comparison charts below put the Q2 earnings and revenue growth rates in a historical context.



The comparison charts below put the Q2 EPS and revenue beats percentages in a historical context.



Section 2 – The Blended Picture

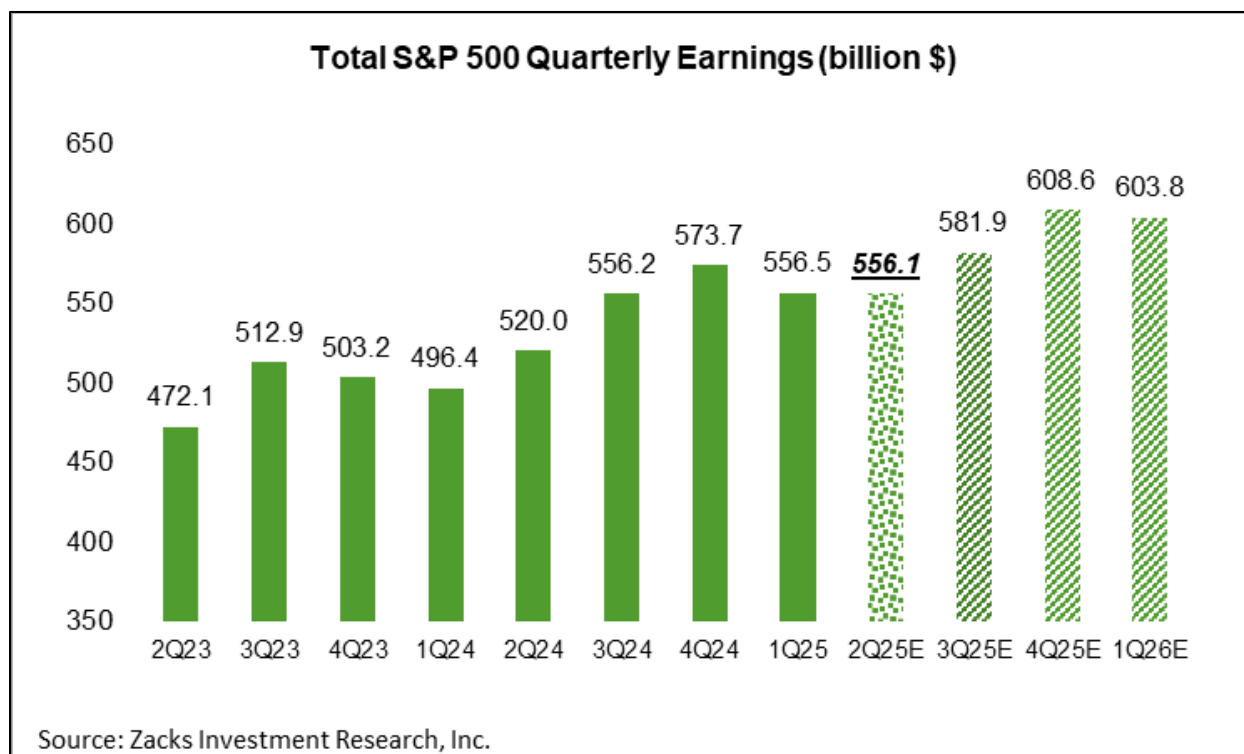
Total Q2 earnings, or aggregate net income for the S&P 500 index, are expected to be up +6.9% from the same period last year on +4.5% higher revenues. The summary table below shows the blended or composite Q2 expectations and the actuals for the preceding period (2025 Q1).

S&P 500 Blended Summary Picture						
Zacks Sectors	<u>Year-over-Year Growth</u>					
	<u>Earnings</u>		<u>Revenues</u>		<u>Margins</u>	
	<u>2Q25</u>	1Q25	<u>2Q25E</u>	1Q25	<u>2Q25E</u>	1Q25
Cons. Staples	-3.8%	-5.0%	0.5%	-2.4%	-0.57%	-0.3%
Cons. Discretionary	107.9%	5.1%	2.3%	1.2%	5.41%	0.4%
Retail/Wholesale	1.9%	10.3%	4.8%	4.0%	-0.18%	0.36%
Medical	0.9%	43.0%	7.9%	8.9%	-0.54%	2.1%
Autos	-27.9%	-37.0%	-6.4%	-4.1%	-1.51%	-2.3%
Basic Materials	-9.0%	-8.6%	2.5%	-1.2%	-1.11%	-0.7%
Industrial Products	-9.0%	-9.2%	1.8%	-4.3%	-1.56%	-0.8%
Construction	-12.6%	-10.0%	-2.3%	-1.9%	-1.33%	-0.9%
Conglomerates	6.3%	-4.9%	2.2%	-8.8%	0.68%	0.7%
Technology	13.0%	24.2%	11.8%	11.4%	0.24%	2.6%
Aerospace	20.1%	23.2%	10.4%	-0.1%	0.60%	1.6%
Oil/Energy	-24.7%	-11.1%	-8.7%	1.5%	-1.59%	-1.2%
Finance	17.4%	1.3%	4.9%	2.8%	2.15%	-0.3%
Utilities	3.4%	16.5%	6.6%	11.6%	-0.41%	0.7%
Transportation	-5.4%	8.6%	-0.8%	1.2%	-0.45%	0.5%
Business Services	7.3%	6.7%	5.7%	3.8%	0.39%	0.7%
S&P 500	6.9%	12.1%	4.5%	4.7%	0.28%	0.86%
ex Finance	4.5%	14.9%	4.5%	5.0%	0.0%	1.1%
ex Oil/Energy	9.0%	13.6%	5.7%	5.0%	0.39%	1.0%
ex Tech	4.4%	6.9%	5.5%	5.6%	-0.08%	0.1%
Source: Zacks Investment Research, Inc.						
Data as of:	<u>7/23/25</u>			www.zacks.com		

Seven of the 16 Zacks sectors are expected to earn less in 2025 Q2 relative to the year-earlier period. These include Cons. Staples (-3.8%), Autos (-27.9%), Basic Materials (-9.0%), Industrial Products (-9.0%), Construction (-12.6%), Transportation (-5.4%), and Energy (-24.7%).

On the positive side, nine of the 16 Zacks sectors are projected to post positive growth, including Cons. Discretionary (+107.9%), Retail (+1.9%), Medical (+0.9%), Conglomerates (+6.3%), Technology (+13.0%), Aerospace (+20.1%), Finance (+17.4%), Utilities (+3.4%), and Business Services (+7.3%).

The chart nearby shows the absolute quarterly dollar total for 2025 Q2 for the index as a whole in the context of what was actually achieved in the last eight periods and what is expected in the following three quarters.



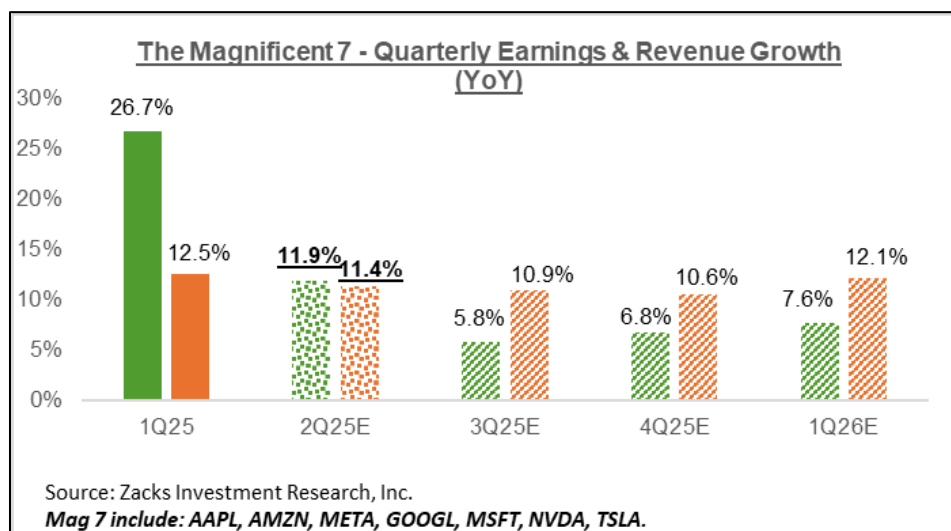
As you can see above, the quarterly earnings tally is on track to be the fourth-highest ever behind 2024 Q3/Q4 and 2025 Q1, even though the year-over-year growth rate represents a deceleration from the last few quarters.

Total **Tech sector** earnings are expected to grow +13.0% in Q2 on +11.8% higher revenues, which follows earnings growth of +24.2% on +11.4% higher revenues in the preceding quarter (2025 Q1). The Tech sector's growth pace is expected to continue, as shown below.

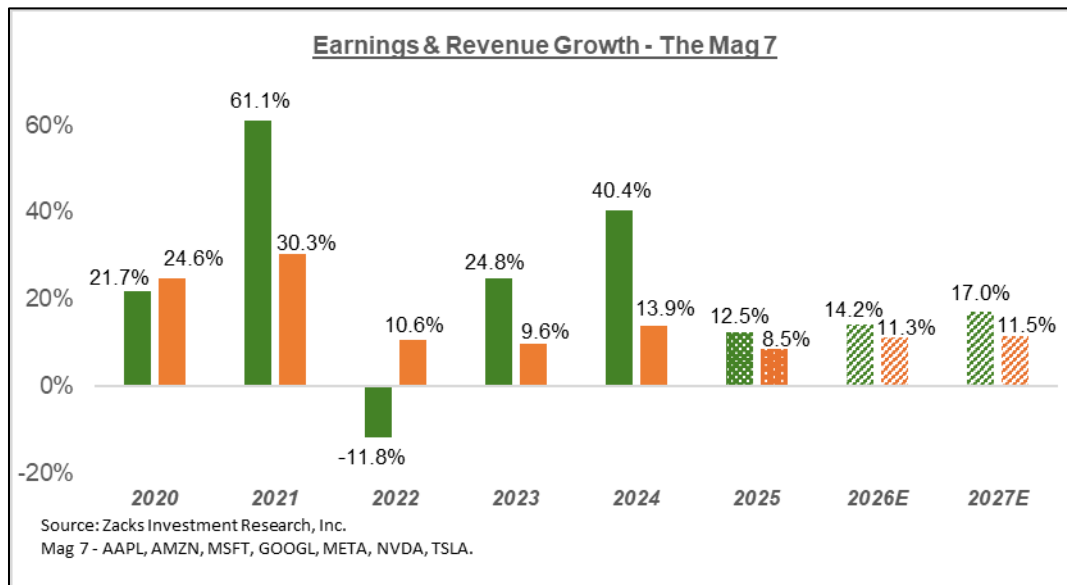


The Magnificent 7

For the 'Mag 7' companies - Microsoft, Alphabet, Meta, Apple, Tesla, Nvidia, and Amazon - total Q2 earnings are expected to be up +11.9% on +11.4% higher revenues. This follows the group's +26.7% earnings growth in Q1 on +12.5% higher revenues, as the chart below shows.



The chart below shows the group's earnings picture on an annual basis.



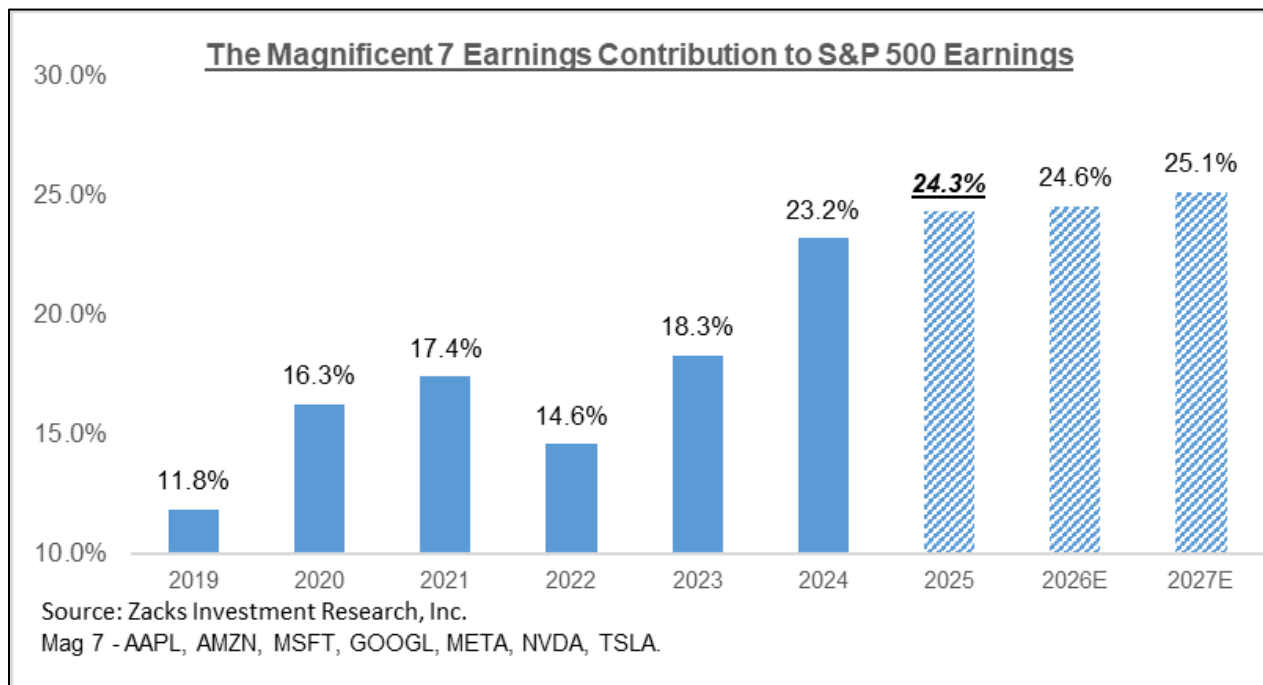
Estimates for aggregate 2025 Mag 7 earnings peaked in mid-March and had been on a steady downtrend, but have since started to rise after the group's Q1 earnings results, as the chart below shows.



The charts below show the dollar-level Mag 7 earnings and revenues, estimates for the current year and the next two, and actuals for the preceding six years.

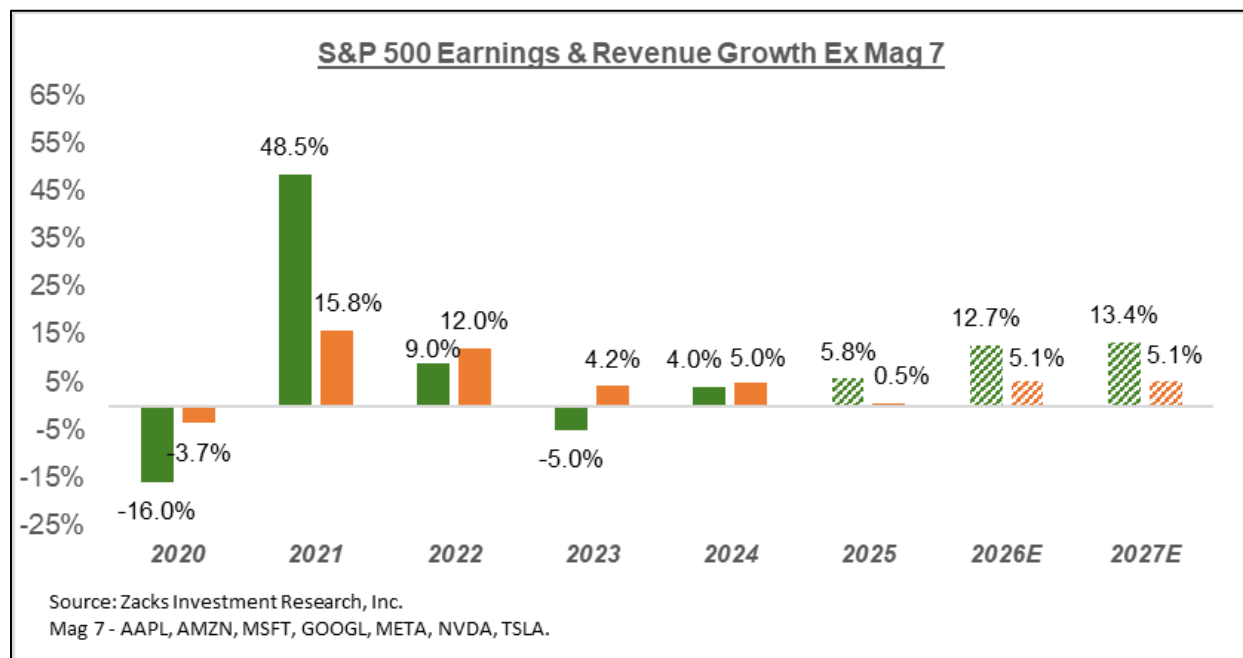


The Mag 7 stocks accounted for 24.9% of all S&P 500 earnings in 2025 Q1, with the proportion expected to decrease to 22.4% in 2025 Q2. The chart below shows the group's earnings contribution on an annual basis.



As you can see above, these 7 mega-cap companies combined accounted for 23.2% of all S&P 500 earnings in 2024, up from 18.3% in 2023 and 11.6% in 2019. The Mag 7 is expected to bring in 24.3% of total index earnings in 2025, but the rest of the 493 index members also start pitching in.

In fact, S&P 500 earnings in 2025 will grow at a +5.8% pace, up from 2024's +4.0% pace, even if the substantial contribution from the Mag 7 group is excluded, as the chart below shows.



Section Three - The Context

Let's compare earnings expectations for 2025 Q2 to what companies earned in the last few quarters and what they are expected to earn in the coming quarters.

Table 2 – Earnings Growth Context

Zacks Sectors	Earnings Growth (YoY)								
	1Q26E	4Q25E	3Q25E	2Q25	1Q25	4Q24	3Q24	2Q24	1Q24
Consumer Staples	5.4%	3.9%	-2.0%	-3.8%	-5.0%	2.7%	3.3%	3.1%	5.9%
Consumer Discrt	13.7%	5.3%	1.3%	107.9%	5.1%	19.0%	12.4%	-40.9%	24.0%
Retail	7.6%	0.2%	3.7%	1.9%	10.3%	26.6%	17.2%	19.1%	36.0%
Medical	3.4%	7.8%	5.1%	0.9%	43.0%	13.4%	7.8%	16.1%	-24.5%
Auto/Tires/Trks	21.7%	-10.3%	-29.3%	-27.9%	-37.0%	-7.1%	9.2%	-13.4%	-18.8%
Basic Materials	24.8%	14.4%	8.5%	-9.0%	-8.6%	-1.2%	-6.9%	-12.6%	-20.8%
Industrial Prod	8.2%	4.0%	1.8%	-9.0%	-9.2%	-3.5%	-6.5%	-2.7%	4.0%
Construction	5.6%	-10.0%	-10.7%	-12.6%	-10.0%	0.9%	-1.7%	6.6%	15.0%
Conglomerates	1.6%	6.2%	-4.1%	6.3%	-4.9%	-17.1%	-7.3%	0.0%	13.0%
Computer & Tech	8.2%	4.9%	6.9%	13.0%	24.2%	26.4%	23.2%	22.8%	29.8%
Aerospace	10.4%	73.2%	257.3%	20.1%	23.2%	-38.5%	-61.3%	-2.9%	13.0%
Oils/Energy	2.1%	0.9%	-4.5%	-24.7%	-11.1%	-22.4%	-23.1%	N/M	N/M
Finance	13.4%	11.1%	6.4%	17.4%	1.3%	17.1%	5.9%	10.6%	13.6%
Utilities	0.9%	9.0%	-2.1%	3.4%	16.5%	8.8%	12.2%	13.7%	10.0%
Transportation	13.8%	-6.6%	-4.1%	-5.4%	8.6%	15.1%	N/M	N/M	N/M
Business Svcs	10.4%	6.4%	5.8%	7.3%	6.7%	11.6%	11.9%	10.8%	13.5%
S&P 500	8.5%	6.1%	4.6%	6.9%	12.1%	14.0%	8.4%	10.2%	7.6%
Excluding Finance	7.4%	5.0%	4.2%	4.5%	14.9%	13.4%	9.0%	10.0%	6.2%
Excluding Oil	8.8%	6.3%	5.1%	9.0%	13.6%	16.7%	10.9%	10.9%	10.6%

Source: Zacks Investment Research, Inc.

Data as of: July 23, 2025 www.zacks.com

Note – N/M means ‘not meaningful,’ reflecting the year-over-year change from negative earnings to positive earnings.

Table 3 – Revenue Growth Context

Zacks Sectors	Revenue Growth (YoY)								
	1Q26E	4Q25E	3Q25E	2Q25E	1Q25	4Q24	3Q24	2Q24	1Q24
Cons. Staples	4.4%	3.0%	2.1%	0.5%	-2.4%	0.9%	0.0%	-0.6%	2.5%
Cons. Discretionary	4.8%	3.7%	2.1%	2.3%	1.2%	2.8%	3.1%	1.5%	3.4%
Retail/Wholesale	5.5%	4.0%	4.2%	4.8%	4.0%	5.1%	5.0%	4.6%	5.2%
Medical	5.4%	7.2%	6.8%	7.9%	8.9%	9.4%	10.7%	7.4%	6.2%
Autos	1.0%	-6.6%	-6.3%	-6.4%	-4.1%	3.9%	5.7%	4.6%	1.9%
Basic Materials	4.2%	3.9%	0.4%	2.5%	-1.2%	-0.4%	1.7%	-4.5%	-5.5%
Industrial Products	8.4%	8.2%	6.9%	1.8%	-4.3%	-4.6%	-4.7%	-3.3%	-2.5%
Construction	4.8%	1.3%	1.8%	-2.3%	-1.9%	1.6%	2.5%	6.0%	8.6%
Conglomerates	3.7%	3.0%	0.3%	2.2%	-8.8%	-8.9%	-8.6%	-9.4%	1.3%
Technology	10.5%	9.4%	9.9%	11.8%	11.4%	11.4%	12.1%	10.7%	9.1%
Aerospace	7.2%	11.5%	9.5%	10.4%	-0.1%	-10.0%	-3.8%	-3.5%	6.9%
Oil/Energy	-4.7%	-1.7%	-3.4%	-8.7%	1.5%	2.6%	-2.8%	10.4%	-2.4%
Finance	6.5%	9.2%	5.2%	4.9%	2.8%	8.0%	6.1%	5.9%	7.4%
Utilities	2.8%	8.9%	5.1%	6.6%	11.6%	1.5%	3.7%	3.5%	-8.6%
Transportation	2.6%	-0.2%	-0.5%	-0.8%	1.2%	2.7%	3.2%	2.5%	0.3%
Business Services	7.8%	8.0%	8.1%	5.7%	3.8%	5.2%	4.9%	7.2%	8.1%
S&P 500	5.4%	5.7%	4.6%	4.5%	4.7%	5.8%	5.6%	5.6%	4.4%
ex Finance	5.3%	5.2%	4.6%	4.5%	5.0%	5.5%	5.6%	5.5%	4.0%
ex Oil/Energy	6.3%	6.3%	5.3%	5.7%	5.0%	6.0%	6.4%	5.2%	5.1%

Source: Zacks Investment Research, Inc.

Data as of: July 23, 2025

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The next two tables present the same data in a different format – instead of year-over-year growth rates, we have the dollar level of total earnings and revenues for each of these quarters.

Table 4 – Total Quarterly Earnings

<u>Zacks Sectors</u>	<u>Quarterly Earnings (billion dollars)</u>								
	<u>1Q26E</u>	<u>4Q25E</u>	<u>3Q25E</u>	<u>2Q25</u>	<u>1Q25</u>	<u>4Q24</u>	<u>3Q24</u>	<u>2Q24</u>	<u>1Q24</u>
Cons. Staples	25.0	26.1	26.7	25.9	23.7	25.2	27.3	27.0	25.0
Cons. Discretionary	18.9	18.4	22.1	18.5	16.6	17.5	21.8	8.913	15.8
Retail/Wholesale	44.3	46.9	45.5	43.1	41.1	46.8	43.9	42.3	37.3
Medical	77.2	72.5	74.2	68.5	74.6	67.2	70.5	67.9	52.2
Autos	6.6	6.2	7.0	6.8	5.5	6.9	9.9	9.5	8.7
Basic Materials	10.4	9.8	10.5	9.6	8.3	8.5	9.7	10.6	9.1
Industrial Products	12.1	11.5	11.8	11.3	11.2	11.1	11.6	12.4	12.3
Construction	5.6	6.2	7.3	7.0	5.3	6.9	8.2	8.0	5.9
Conglomerates	2.7	2.7	2.7	2.9	2.7	2.5	2.8	2.7	2.8
Technology	202.2	212.5	186.1	174.6	186.8	202.7	174.1	154.6	150.4
Aerospace	9.7	9.3	8.7	8.5	8.8	5.4	2.4	7.1	7.1
Oil/Energy	27.7	27.1	27.4	23.7	27.1	26.9	28.7	31.5	30.5
Finance	116.0	115.4	104.8	113.4	102.3	103.9	98.5	96.6	100.9
Utilities	18.0	14.3	18.9	13.4	17.8	13.1	19.3	13.0	15.3
Transportation	7.8	9.7	8.7	10.0	6.9	10.4	9.1	10.6	6.3
Business Services	19.6	20.1	19.5	18.8	17.8	18.9	18.5	17.5	16.6
S&P 500	603.8	608.6	581.9	556.1	556.5	573.7	556.2	520.0	496.4
ex Finance	487.8	493.2	477.1	442.7	454.2	469.8	457.7	423.4	395.4
ex - Oil	576.1	581.6	554.5	532.3	529.4	546.9	527.5	488.5	465.8
Source: Zacks Investment Research, Inc.									
Data as of:	July 23, 2025								www.zacks.com

Table 5 – Total Quarterly Revenues

<u>Zacks Sectors</u>	<u>Quarterly Revenues (billion dollars)</u>								
	<u>1Q26E</u>	<u>4Q25E</u>	<u>3Q25E</u>	<u>2Q25E</u>	<u>1Q25</u>	<u>4Q24</u>	<u>3Q24</u>	<u>2Q24</u>	<u>1Q24</u>
Cons. Staples	195.6	213.2	203.8	202.5	187.4	207.0	199.6	201.6	192.1
Cons. Discretionary	175.3	185.2	181.8	174.0	167.2	178.6	178.0	170.1	165.3
Retail/Wholesale	700.1	751.7	718.3	688.7	663.5	722.7	689.2	657.4	637.9
Medical	913.6	937.9	915.6	889.5	866.6	875.2	857.2	824.1	796.1
Autos	125.4	133.0	132.7	134.8	124.2	142.4	141.6	144.1	129.4
Basic Materials	107.9	109.9	110.4	109.3	103.5	105.8	110.0	106.7	104.7
Industrial Products	87.3	84.5	87.2	86.2	80.5	78.1	81.6	84.7	84.1
Construction	57.4	60.5	64.9	62.3	54.8	59.7	63.8	63.7	55.8
Conglomerates	16.2	16.4	16.1	16.2	15.6	15.9	16.0	15.8	17.1
Technology	808.0	851.1	776.5	756.0	731.1	778.1	706.7	676.3	656.2
Aerospace	113.4	119.8	112.9	113.5	105.8	107.5	103.1	102.7	105.8
Oil/Energy	315.6	332.3	329.6	319.7	331.0	338.1	341.3	350.0	326.2
Finance	582.8	597.9	564.0	561.3	547.3	547.6	536.1	535.2	532.5
Utilities	119.9	109.4	115.8	102.0	116.6	100.4	110.1	95.7	104.5
Transportation	106.2	111.2	108.3	108.8	103.4	111.4	108.8	109.7	102.3
Business Services	75.2	77.7	75.8	73.9	69.7	72.0	70.2	70.0	67.2
S&P 500	4499.8	4691.7	4513.7	4398.8	4268.4	4440.4	4313.3	4207.6	4077.3
ex Finance	3917.0	4093.8	3949.7	3837.4	3721.1	3892.8	3777.2	3672.4	3544.8
ex Oil/Energy	4184.2	4359.4	4184.2	4079.1	3937.3	4102.3	3972.1	3857.6	3751.1

Source: Zacks Investment Research, Inc.

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It may be obvious, but it's still useful to explain what we mean by total earnings.

This means the sum of net income for all companies in the S&P 500. For historical periods through the reported 2025 Q2 results, we have taken the total earnings (net income, not EPS) for each company in the S&P 500 and added them up to arrive at the sector and index level totals (we do adjust reported GAAP earnings for non-recurring items, but consider employee stock options as a legitimate business expense).

For the coming quarters, including the still-to-come 2025 Q2 results, we have taken the Zacks Consensus EPS for each company in the index, multiplied that by the corresponding share count (from the last reported quarter) to arrive at the total earnings for each company. And then we aggregated them to arrive at the totals for each sector and the index as a whole. The lack of accuracy in real-time share count notwithstanding, this gives us a fairly accurate view of the total earnings picture.

Section 4 - Annual Earnings

Total earnings or aggregate net income for the S&P 500 index for 2025 are expected to be up +7.3%, with 2026 earnings expected to be up +13.1%. Earnings growth for 2025 improves to +8.4% on an ex-Energy basis.

Table 6 – Summary Annual Earnings Picture

Zacks Sectors	Annual Summary - Year-over-Year Change								
	Earnings			Revenues			Margins		
	2026E	2025	2024	2026E	2025	2024	2026E	2025	2024
Cons. Staples	5.5%	-1.4%	4.3%	2.8%	0.6%	0.1%	0.33%	-0.26%	0.53%
Cons. Discretionary	12.6%	20.2%	8.2%	4.4%	2.0%	3.2%	0.85%	1.63%	0.43%
Retail/Wholesale	12.6%	4.1%	22.9%	5.7%	4.8%	5.0%	0.40%	-0.04%	0.92%
Medical	11.7%	11.9%	4.2%	6.2%	7.3%	8.9%	0.41%	0.33%	-0.35%
Autos	18.0%	-25.2%	-8.2%	2.6%	-7.7%	4.4%	0.74%	-1.16%	-0.84%
Basic Materials	16.0%	1.7%	-11.1%	3.4%	2.3%	-0.8%	1.08%	-0.05%	-1.05%
Industrial Products	11.8%	-5.4%	-0.6%	7.8%	-1.9%	-1.6%	0.51%	-0.50%	0.14%
Construction	11.2%	-14.1%	6.0%	5.0%	1.2%	6.5%	0.62%	-1.87%	-0.06%
Conglomerates	7.7%	3.1%	-6.5%	3.9%	1.6%	2.9%	0.62%	0.25%	-1.68%
Technology	14.6%	12.1%	26.2%	9.8%	11.8%	10.1%	1.08%	0.06%	3.11%
Aerospace	30.5%	47.9%	-21.9%	7.4%	8.2%	4.9%	1.58%	1.96%	-1.83%
Oil/Energy	17.3%	-11.7%	N/M	1.2%	-0.8%	-0.9%	1.26%	-0.97%	-1.85%
Finance	11.5%	9.3%	11.3%	5.8%	3.1%	7.6%	1.04%	1.08%	0.60%
Utilities	7.9%	6.9%	11.1%	4.5%	8.3%	0.1%	0.48%	-0.19%	1.47%
Transportation	14.3%	-3.6%	-0.1%	3.9%	-0.3%	1.7%	0.82%	-0.28%	-0.16%
Business Services	13.1%	6.2%	13.2%	7.5%	7.3%	7.8%	1.32%	-0.27%	1.23%
S&P 500	13.1%	7.3%	10.7%	5.9%	4.9%	5.6%	0.87%	0.30%	0.58%
ex Finance	13.4%	6.9%	10.5%	5.9%	5.1%	5.3%	0.85%	0.20%	0.56%
ex Oil/Energy	12.9%	8.4%	13.0%	6.3%	5.3%	6.2%	0.82%	0.38%	0.78%
Source: Zacks Investment Research, Inc.									
Data as of: July 23, 2025									
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Table 8 – Annual Earnings Growth

	Earnings Growth (YoY)								
	2027E	2026E	2025	2024	2023	2022	2021	2020	2019
Consumer Staples	8.2%	5.5%	-1.4%	4.3%	3.2%	3.9%	11.8%	2.3%	2.4%
Consumer Discrt	16.3%	12.6%	20.2%	8.2%	23.8%	53.4%	140.1%	-78.2%	13.3%
Retail	15.2%	12.6%	4.1%	22.9%	21.3%	-17.6%	43.4%	4.4%	4.5%
Medical	12.1%	11.7%	11.9%	4.2%	-21.3%	7.5%	26.3%	10.7%	9.2%
Auto/Tires/Trks	8.9%	18.0%	-25.2%	-8.2%	-3.6%	39.9%	104.1%	-21.8%	-12.4%
Basic Materials	14.0%	16.0%	1.7%	-11.1%	-26.0%	3.8%	107.5%	-8.0%	-14.6%
Industrial Prod	10.6%	11.8%	-5.4%	-0.6%	16.4%	12.0%	44.6%	-10.9%	2.6%
Construction	15.8%	11.2%	-14.1%	6.0%	-4.6%	20.5%	48.9%	24.1%	-7.5%
Conglomerates	7.8%	7.7%	3.1%	-6.5%	-4.1%	1.3%	14.1%	-10.1%	-8.5%
Computer & Tech	15.2%	14.6%	12.1%	26.3%	9.1%	-4.8%	40.7%	7.0%	-4.7%
Aerospace	15.3%	30.5%	47.9%	-21.9%	15.5%	3.0%	135.6%	-65.9%	-22.0%
Oils/Energy	33.2%	17.3%	-11.7%	-18.0%	-28.6%	157.0%	-2285.7%	-107.2%	-31.5%
Finance	12.4%	11.5%	9.3%	11.3%	9.8%	-16.5%	61.7%	-18.1%	4.0%
Utilities	7.8%	7.9%	6.9%	11.1%	8.9%	2.9%	2.3%	2.4%	11.4%
Transportation	8.6%	14.3%	-3.6%	-0.1%	-9.2%	61.2%	360.3%	-84.8%	5.1%
Business Svcs	12.9%	13.1%	6.2%	13.2%	8.1%	12.7%	23.9%	-2.3%	19.7%
S&P 500	14.3%	13.1%	7.3%	10.7%	-0.6%	5.4%	50.6%	-11.5%	-0.1%
Excluding Finance	14.7%	13.4%	6.9%	10.5%	-2.8%	11.3%	47.8%	-9.7%	-1.2%
Excluding Oil	13.4%	12.9%	8.4%	13.0%	2.6%	-1.4%	43.7%	-7.9%	1.6%

Source: Zacks Investment Research, Inc.

Data as of: July 23, 2025 www.zacks.com

Table 8 (b) – Aggregate Annual Earnings Totals

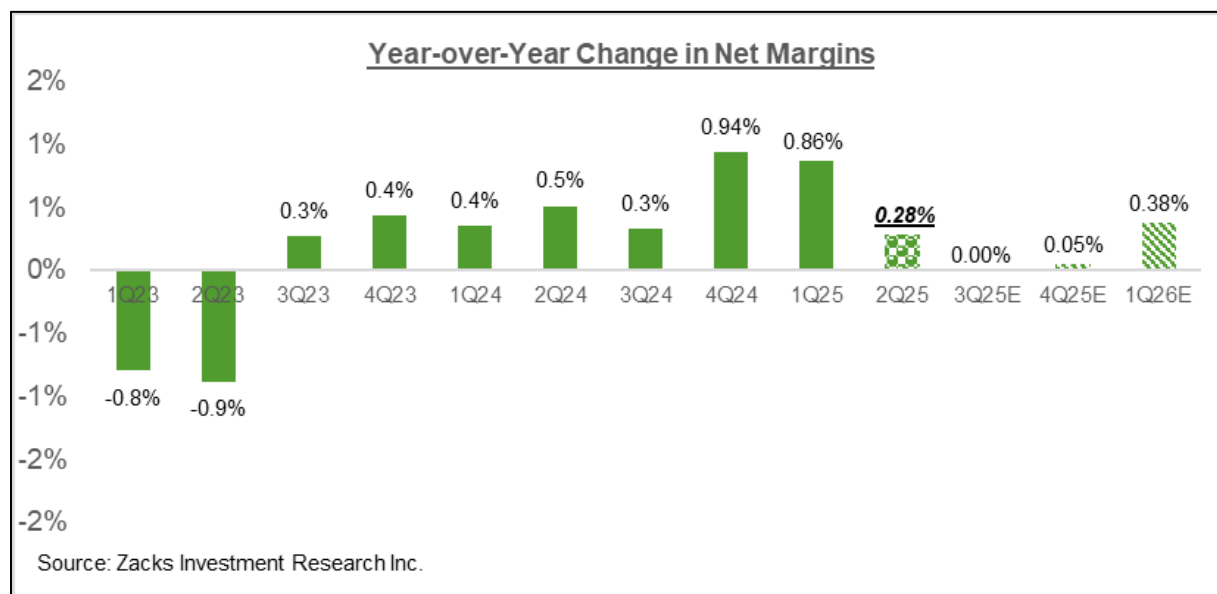
<u>Zacks Sectors</u>	<u>Annual Earnings (billion dollars)</u>								
	2027E	2026E	<u>2025</u>	2024	2023	2022	2021	2020	2019
Cons. Staples	116.8	108.0	102.3	103.8	99.5	96.4	92.8	83.0	81.1
Cons. Discretionary	99.3	85.4	75.9	63.1	58.3	47.1	30.7	12.8	58.8
Retail/Wholesale	228.0	197.9	175.8	169.0	137.5	113.4	137.7	96.0	92.0
Medical	359.4	320.6	287.1	256.6	246.4	313.2	291.4	230.7	208.4
Autos	33.6	30.9	26.1	34.9	38.1	39.5	28.2	13.8	17.7
Basic Materials	51.1	44.8	38.6	38.0	42.7	57.7	55.6	26.8	29.1
Industrial Products	55.9	50.6	45.2	47.8	48.1	41.3	36.9	25.5	28.6
Construction	32.9	28.4	25.5	29.7	28.0	29.4	24.4	16.4	13.2
Conglomerates	12.6	11.7	10.8	10.5	11.2	11.7	11.6	10.1	11.3
Technology	987.3	857.0	747.6	666.9	528.2	484.0	508.3	361.1	337.6
Aerospace	49.4	42.8	32.8	22.2	28.4	24.6	23.9	10.1	29.7
Oil/Energy	162.5	122.0	104.0	117.7	143.5	201.1	78.2	-3.6	50.0
Finance	545.9	485.7	435.5	398.5	358.1	326.1	390.5	241.5	294.9
Utilities	75.8	70.3	65.2	61.0	54.9	50.4	49.0	47.9	46.8
Transportation	43.8	40.4	35.3	36.6	36.7	40.4	25.1	5.4	35.9
Business Services	95.6	84.6	74.8	70.5	62.2	57.6	51.1	41.2	42.2
S&P 500	2949.8	2581.0	2282.6	2126.7	1921.7	1933.9	1835.2	1218.9	1377.4
ex Finance	2403.9	2095.3	1847.1	1728.2	1563.6	1607.9	1444.7	977.4	1082.5
ex - Oil	2787.4	2459.0	2178.6	2009.0	1778.3	1732.9	1757.0	1222.5	1327.5
ex Tech	1962.5	1723.9	1535.0	1459.8	1393.6	1449.9	1327.0	857.8	1039.8
Source: Zacks Investment Research, Inc.									
Data as of: <u>July 23, 2025</u>									

Table 9 – Annual Revenues Growth

Zacks Sectors	Revenue Growth (YoY)								
	2027E	2026E	<u>2025</u>	2024	2023	2022	2021	2020	2019
Cons. Staples	2.5%	2.8%	0.6%	0.1%	3.3%	10.0%	9.7%	0.5%	5.6%
Cons. Discretionary	4.2%	4.4%	2.0%	3.2%	11.1%	21.9%	13.6%	-15.5%	9.7%
Retail/Wholesale	6.2%	5.7%	4.8%	5.0%	4.9%	7.3%	12.5%	11.4%	4.5%
Medical	6.4%	6.2%	7.3%	8.9%	5.5%	9.3%	13.1%	9.3%	15.4%
Autos	6.8%	2.6%	-7.7%	4.4%	13.3%	22.9%	14.2%	-12.5%	-2.2%
Basic Materials	2.6%	3.4%	2.3%	-0.8%	-10.9%	9.4%	36.9%	-6.3%	-5.6%
Industrial Products	5.2%	7.8%	-1.9%	-1.6%	6.9%	11.2%	14.2%	-7.0%	2.0%
Construction	6.4%	5.0%	1.2%	6.5%	5.3%	10.9%	19.3%	0.0%	4.4%
Conglomerates	3.6%	3.9%	1.6%	2.9%	-0.6%	-11.6%	7.6%	-5.8%	-7.7%
Technology	8.9%	9.8%	11.8%	10.1%	2.0%	8.3%	16.0%	4.0%	2.9%
Aerospace	6.3%	7.4%	8.2%	4.9%	9.1%	-4.3%	-1.2%	-3.2%	0.2%
Oil/Energy	4.1%	1.2%	-0.8%	-0.9%	-14.3%	42.4%	64.3%	-33.0%	-2.1%
Finance	4.4%	5.8%	3.1%	7.6%	12.2%	2.4%	16.4%	-1.8%	4.8%
Utilities	4.8%	4.5%	8.3%	0.1%	-0.7%	16.2%	14.2%	-7.4%	0.8%
Transportation	3.9%	3.9%	-0.3%	1.7%	-2.7%	20.7%	28.2%	-18.5%	3.8%
Business Services	7.2%	7.5%	7.3%	7.8%	6.7%	8.5%	11.6%	6.2%	10.2%
S&P 500	5.9%	5.9%	4.9%	5.6%	3.2%	11.4%	17.3%	-1.1%	4.8%
ex Finance	6.2%	5.9%	5.1%	5.3%	2.0%	12.8%	17.4%	-1.0%	4.8%
ex Oil/Energy	6.1%	6.3%	5.3%	6.2%	5.2%	8.8%	14.5%	1.7%	5.5%
Source: Zacks Investment Research, Inc.									
Data as of:	<u>July 23, 2025</u>						www.zacks.com		

The Margins Picture

Net margins (aggregate net income divided by aggregate revenues) are expected to be 12.6% in Q2, down from 13.0% in the preceding period and up from 12.4% in the year-earlier level. The chart below shows the year-over-year changes in net margins.

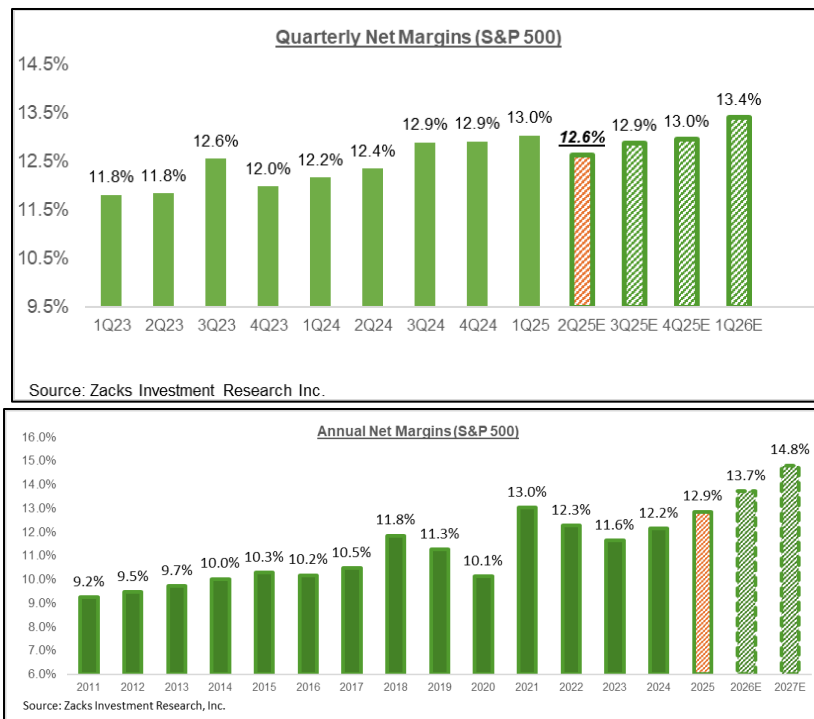


Looking at net margins on an annual basis, full-year 2025 margins are expected to reach 12.9%, up from 2024's 12.2% and 2023's 11.6%. The expectation is for margins to rise next year to 13.7%.

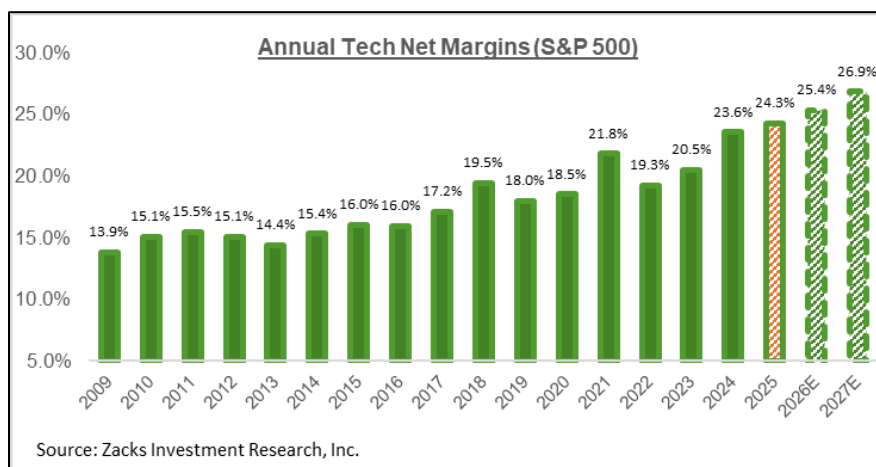
The charts below show current margins expectations in a historical context. The first chart shows margins on a quarterly basis, while the second shows annual margins since 2007.

As you can see in the annual chart, margins reached their cyclical high point in 2018 due to the tax cut legislation but modestly contracted the following year (2019) and pulled back massively in 2020 due to the pandemic. Margins bounced back impressively in 2021, reaching a new all-time record.

The expectation is that the ongoing inflationary pressures ease over time, with margins expanding in 2025.



A significant portion of the margin gains this year is coming from the Tech sector, as the chart below illustrates.



The Tech sector's favorable margin outlook reflects the ever-rising share of space's profitability from the higher-margin software and services side. Current optimism about the coming AI boom is likely a big contributor to expectations for next year and beyond. The emerging tariff regime is expected to become a new headwind for the margins outlook, even if only part of the incrementally higher expense is passed on to end consumers. It is still too early to precisely model the earnings and margins impact of these macroeconomic developments, but there is little doubt that the net effect will be negative.

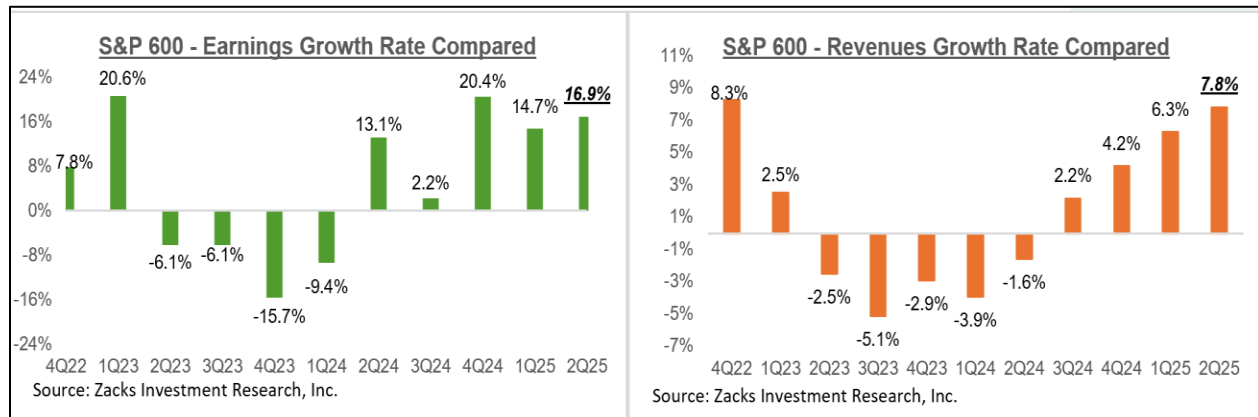
Section 5 - The Small-Cap Data – S&P 600 Index

For the S&P 600 index, we now have Q2 results from 62 index members. Total earnings for these companies are up +16.9% from the same period last year on +7.8% higher revenues, with 71% beating EPS estimates and an equal proportion beating revenue estimates.

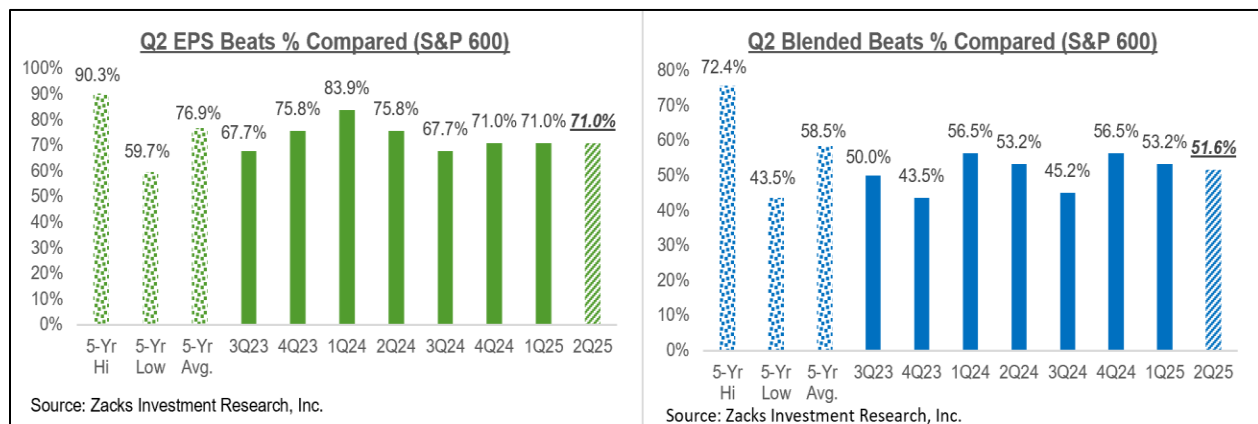
	2025 Q2 Scorecard - S&P 600 Index						
	% Reported		Earnings		Revenue		Blended Beat %
	Total Companies	Total Market Cap	Growth YoY	Beat %	Growth YoY	Beat %	
Consumer Staples	12.0%	13.6%	-7.1%	66.7%	0.3%	66.7%	66.7%
Consumer Disc.	5.3%	4.2%	-4.2%	100.0%	8.1%	100.0%	100.0%
Retail	2.9%	3.3%	9.4%	0.0%	7.2%	100.0%	0.0%
Medical	1.5%	0.4%	40.0%	100.0%	10.8%	100.0%	100.0%
Autos	0.0%	0.0%	-	-	-	-	-
Basic Materials	13.0%	14.3%	100.0%	100.0%	14.8%	100.0%	100.0%
Industrial Prod	17.6%	14.8%	1.8%	83.3%	5.9%	66.7%	50.0%
Construction	13.6%	8.4%	-10.0%	66.7%	1.9%	66.7%	33.3%
Conglomerates	0.0%	0.0%	-	-	-	-	-
Tech	9.9%	10.7%	84.7%	71.4%	20.7%	71.4%	42.9%
Aerospace	20.0%	12.8%	35.5%	100.0%	14.9%	100.0%	100.0%
Oil/Energy	0.0%	0.0%	-	-	-	-	-
Finance	18.8%	19.3%	8.6%	65.6%	6.9%	65.6%	46.9%
Utilities	0.0%	0.0%	-	-	-	-	-
Transportation	10.0%	5.9%	59.5%	50.0%	0.7%	50.0%	0.0%
Business Svcs	3.7%	1.1%	7.1%	100.0%	7.5%	100.0%	100.0%
S&P 600	10.3%	9.9%	16.9%	71.0%	7.8%	71.0%	51.6%
Excluding Finance	6.9%	6.2%	28.2%	76.7%	8.2%	76.7%	56.7%
Excluding Oil	10.9%	10.4%	16.9%	71.0%	7.8%	71.0%	51.6%
Source: Zacks Investment Research, Inc.							
Data as of:	July 23, 2025						www.zacks.com

The proportion of these 62 index members beating both EPS and revenue estimates or the so-called 'blended beats %' is 51.6%.

The comparison charts below put the Q2 earnings and revenue growth rates in a historical context.



The comparison charts below put the Q2 EPS and revenue beats percentages in a historical context.



For the S&P 600 index as a whole, 2025 Q2 earnings are expected to be up +0.5% from the same period last year on +2.6% higher revenues, as the summary table below shows.

Zacks Sectors	Year-over-Year Growth - S&P 600					
	Earnings		Revenues		Margins	
	2Q25E	1Q25	2Q25E	1Q25	2Q25E	1Q25
Cons. Staples	-22.4%	-5.4%	-3.1%	1.1%	-0.7%	-0.2%
Cons. Discretionary	-11.8%	-15.9%	2.3%	-3.0%	-0.9%	-0.5%
Retail/Wholesale	-9.2%	-16.3%	1.4%	1.0%	-0.4%	-0.5%
Medical	-15.3%	5.6%	0.5%	2.9%	-0.9%	0.2%
Autos	-4.0%	14.4%	-3.3%	-3.6%	0.0%	0.6%
Basic Materials	-1.2%	-2.4%	0.5%	-1.0%	-0.1%	-0.1%
Industrial Products	-6.0%	7.9%	0.9%	2.3%	-0.4%	0.3%
Construction	-7.5%	-1.0%	25.6%	31.0%	-2.5%	-1.9%
Conglomerates	-6.4%	-454.5%	-13.3%	-16.9%	0.5%	-8.3%
Technology	11.0%	47.2%	-0.1%	-0.3%	0.5%	1.8%
Aerospace	21.9%	28.7%	5.4%	7.0%	0.7%	0.9%
Oil/Energy	-42.5%	-17.4%	-1.8%	0.1%	-2.2%	-0.7%
Finance	14.5%	16.8%	3.2%	2.8%	1.7%	1.6%
Utilities	-82.2%	-28.2%	-1.7%	-7.0%	-1.6%	-1.3%
Transportation	-245.8%	-92.9%	1.2%	-0.5%	3.9%	-0.6%
Business Services	0.5%	-45.1%	28.8%	24.0%	-1.4%	-3.3%
S&P 600	0.5%	2.0%	2.6%	2.4%	-0.1%	0.0%
ex Finance	-6.9%	-5.0%	2.5%	2.3%	-0.4%	-0.3%
ex Oil/Energy	4.1%	3.4%	3.0%	2.6%	0.1%	0.0%
Source: Zacks Investment Research, Inc.						
Data as of: July 23, 2025 www.zacks.com						

The Detailed Small-Cap Earnings Picture (S&P 600)

Let's take a look at how consensus earnings expectations for 2025 Q2 compared to what companies earned in the last few quarters and what they are expected to earn in the coming quarters.

Quarterly Earnings Growth

	Earnings Growth (YoY)								
	1Q26E	4Q25E	3Q25E	2Q25E	1Q25	4Q24	3Q24	2Q24	1Q24
Consumer Staples	8.4%	-1.5%	8.3%	-22.4%	-5.4%	11.0%	-3.7%	13.3%	-23.5%
Consumer Discret	25.4%	-14.0%	-13.1%	-11.8%	-15.9%	48%	-12.4%	-6.9%	-23.8%
Retail	13.1%	-1.3%	1.7%	-9.2%	-16.3%	-0.2%	-7.6%	-15.9%	-12.9%
Medical	-14.2%	14.2%	14.1%	-15.3%	5.6%	15.7%	4.5%	4.6%	38.7%
Auto/Tires/Trks	7.6%	24.2%	-1.6%	-4.0%	14.4%	17.9%	14.2%	-12.3%	4.7%
Basic Materials	34.6%	17.8%	-1.1%	-1.2%	-2.4%	-6.9%	2.6%	-11.1%	-33.1%
Industrial Prod	5.0%	6.1%	5.9%	-6.0%	7.9%	-4.2%	-12.9%	-4.9%	-14.1%
Construction	0.0%	-6.5%	-4.5%	-7.5%	-1.0%	19.5%	2.9%	7.2%	11.9%
Conglomerates	-193.2%	-444.3%	-234.0%	-6.4%	-454.5%	-193.5%	-223.3%	135.2%	-194.3%
Computer & Tech	8.5%	9.0%	22.0%	11.0%	47.2%	14.4%	60.0%	-7.8%	-63.1%
Aerospace	14.8%	15.9%	15.5%	21.9%	28.7%	183.3%	40.7%	46.7%	-10.0%
Oils/Energy	23.3%	-21.3%	200.7%	-42.5%	-17.4%	N/M	N/M	-28.0%	-50.5%
Finance	28.1%	26.8%	47.9%	14.5%	16.8%	27.8%	3.1%	37.9%	-14.2%
Utilities	-72.3%	-56.6%	-140.7%	-82.2%	-28.2%	-7.4%	-3.4%	-57.1%	15.2%
Transportation	6815.5%	79.4%	51.9%	-245.8%	-92.9%	-8.0%	-47.0%	-123.7%	-88.4%
Business Svcs	164.5%	68.9%	25.8%	0.5%	-45.1%	-10.5%	5.3%	3.6%	2.7%
S&P 600	21.8%	12.2%	24.0%	0.5%	2.0%	12.2%	-9.0%	-3.3%	-23.5%
Excluding Finance	18.2%	5.3%	12.9%	-6.9%	-5.0%	6.1%	-13.7%	-16.6%	-27.3%
Excluding Oil	21.8%	14.5%	19.7%	4.1%	3.4%	14.0%	-0.8%	-0.4%	-20.3%

Source: Zacks Investment Research, Inc.

Data as of: July 23, 2025

www.zacks.com

Quarterly Revenue Growth

	Revenue Growth (YoY)								
	1Q26E	4Q25E	3Q25E	2Q25E	1Q25	4Q24	3Q24	2Q24	1Q24
Cons. Staples	2.8%	0.9%	0.6%	-3.1%	1.1%	2.1%	1.5%	5.8%	1.4%
Cons. Discretionary	3.7%	2.7%	0.8%	2.3%	-3.0%	1.7%	-0.5%	-4.0%	-4.0%
Retail/Wholesale	3.2%	2.1%	2.2%	1.4%	1.0%	1.8%	0.4%	1.3%	1.2%
Medical	3.5%	6.0%	4.3%	0.5%	2.9%	7.7%	7.0%	6.2%	11.6%
Autos	-2.8%	0.3%	-0.3%	-3.3%	-3.6%	-2.6%	-3.6%	-1.5%	1.7%
Basic Materials	3.7%	2.0%	-0.1%	0.5%	-1.0%	-2.3%	0.5%	-4.5%	-8.6%
Industrial Products	2.4%	3.1%	0.7%	0.9%	2.3%	1.6%	5.9%	1.8%	0.3%
Construction	2.3%	2.3%	10.0%	25.6%	31.0%	27.7%	21.2%	3.8%	1.1%
Conglomerates	3.3%	-10.1%	-11.8%	-13.3%	-16.9%	-0.8%	-5.1%	-6.2%	-6.9%
Technology	3.3%	2.6%	2.0%	-0.1%	-0.3%	-0.2%	-6.4%	-1.1%	-1.2%
Aerospace	5.4%	6.0%	6.6%	5.4%	7.0%	12.0%	5.1%	6.7%	4.2%
Oil/Energy	-0.5%	3.1%	-0.6%	-1.8%	0.1%	-8.7%	-5.3%	0.2%	-8.7%
Finance	8.5%	8.4%	8.8%	3.2%	2.8%	18.8%	1.7%	9.6%	12.9%
Utilities	-0.3%	-0.6%	-1.5%	-1.7%	-7.0%	-10.3%	-4.4%	-5.0%	-8.3%
Transportation	5.9%	2.4%	3.4%	1.2%	-0.5%	3.8%	1.0%	-1.1%	-2.8%
Business Services	10.0%	34.1%	30.5%	28.8%	24.0%	2.5%	3.0%	2.9%	0.9%
S&P 600	3.6%	4.2%	3.8%	2.6%	2.4%	3.9%	1.0%	1.8%	0.6%
ex Finance	2.8%	3.5%	2.9%	2.5%	2.3%	1.7%	0.9%	0.5%	-1.2%
ex Oil/Energy	4.0%	4.3%	4.2%	3.0%	2.6%	5.2%	1.7%	1.9%	1.7%
Source: Zacks Investment Research, Inc.									
Data as of: <u>July 23, 2025</u> www.zacks.com									

The next two tables present the same data in a different format – instead of year-over-year growth rates, we have the dollar level of total earnings and revenues for each of these quarters.

Total Quarterly Earnings

<u>Zacks Sectors</u>	<u>Quarterly Earnings (billion dollars)</u>								
	<u>1Q26E</u>	<u>4Q25E</u>	<u>3Q25E</u>	<u>2Q25E</u>	<u>1Q25</u>	<u>4Q24</u>	<u>3Q24</u>	<u>2Q24</u>	<u>1Q24</u>
Cons. Staples	0.59	0.92	0.81	0.65	0.54	0.94	0.75	0.83	0.57
Cons. Discretionary	0.88	1.17	1.32	1.35	0.70	1.36	1.52	1.53	0.84
Retail/Wholesale	1.37	2.21	1.30	1.53	1.21	2.24	1.27	1.68	1.44
Medical	1.21	1.89	1.39	1.04	1.41	1.66	1.22	1.23	1.34
Autos	0.66	0.60	0.63	0.63	0.61	0.48	0.64	0.65	0.54
Basic Materials	1.41	1.10	1.14	1.18	1.05	0.94	1.15	1.20	1.07
Industrial Products	1.15	1.12	1.18	1.14	1.09	1.06	1.11	1.21	1.01
Construction	1.13	1.33	1.56	1.46	1.13	1.43	1.64	1.58	1.15
Conglomerates	0.11	0.20	0.15	0.12	-0.12	-0.06	-0.11	0.13	0.03
Technology	1.57	1.95	1.65	1.33	1.44	1.79	1.35	1.20	0.98
Aerospace	0.16	0.14	0.14	0.13	0.14	0.12	0.12	0.11	0.11
Oil/Energy	1.18	1.09	1.31	0.91	0.96	1.39	0.44	1.59	1.16
Finance	8.13	8.77	8.60	8.28	6.34	6.92	5.82	7.23	5.43
Utilities	0.11	0.21	-0.08	0.03	0.38	0.49	0.20	0.16	0.53
Transportation	0.48	0.54	0.64	0.39	0.01	0.30	0.42	-0.27	0.10
Business Services	0.88	1.03	0.95	0.69	0.33	0.61	0.76	0.69	0.61
S&P 600	21.01	24.27	22.68	20.86	17.24	21.64	18.29	20.75	16.90
ex Finance	12.88	15.50	14.08	12.58	10.90	14.72	12.47	13.52	11.47
ex - Oil	19.82	23.18	21.37	19.95	16.28	20.25	17.85	19.16	15.74
Source: Zacks Investment Research, Inc.									
Data as of:	July 23, 2025								www.zacks.com

Total Quarterly Revenues

	<u>Quarterly Revenues (billion dollars)</u>								
	<u>1Q26E</u>	<u>4Q25E</u>	<u>3Q25E</u>	<u>2Q25E</u>	<u>Q421</u>	<u>4Q24</u>	<u>3Q24</u>	<u>2Q24</u>	<u>1Q24</u>
Cons. Staples	22.19	23.31	22.31	21.89	21.59	23.10	22.17	22.58	21.35
Cons. Discretionary	21.87	23.69	23.58	23.32	21.08	23.07	23.39	22.80	21.73
Retail/Wholesale	48.43	52.84	46.89	47.40	46.92	51.75	45.90	46.77	46.47
Medical	23.07	24.06	22.96	22.06	22.29	22.71	22.01	21.95	21.66
Autos	14.76	14.73	15.15	15.50	15.19	14.68	15.19	16.03	15.75
Basic Materials	16.82	16.84	16.73	17.16	16.22	16.51	16.75	17.08	16.39
Industrial Products	18.70	18.95	18.87	18.94	18.26	18.39	18.73	18.77	17.86
Construction	19.54	21.45	22.02	21.19	19.09	20.96	20.02	16.87	14.57
Conglomerates	1.81	2.00	1.91	1.89	1.75	2.23	2.17	2.17	2.11
Technology	26.79	27.36	26.84	26.28	25.92	26.66	26.31	26.32	26.01
Aerospace	2.64	2.56	2.50	2.52	2.51	2.42	2.35	2.39	2.34
Oil/Energy	28.59	29.27	29.99	28.88	28.72	28.39	30.18	29.40	28.70
Finance	50.25	51.31	49.68	48.17	46.32	47.35	45.66	46.69	45.08
Utilities	8.44	8.11	8.16	8.14	8.47	8.15	8.28	8.28	9.10
Transportation	16.83	17.12	17.72	16.91	15.89	16.73	17.15	16.71	15.97
Business Services	13.87	14.09	13.94	13.47	12.62	10.51	10.68	10.46	10.18
S&P 600	334.59	347.70	339.23	333.71	322.82	333.60	326.92	325.26	315.26
ex Finance	284.35	296.39	289.55	285.55	276.51	286.25	281.25	278.58	270.18
ex Oil/Energy	306.00	318.43	309.24	304.83	294.10	305.21	296.74	295.86	286.56
Source: Zacks Investment Research, Inc.									
Data as of:	July 23, 2025								www.zacks.com

Looking at the small-cap index on an annual basis, earnings growth is expected to resume in 2025 after two years of declines, as the following two tables show.

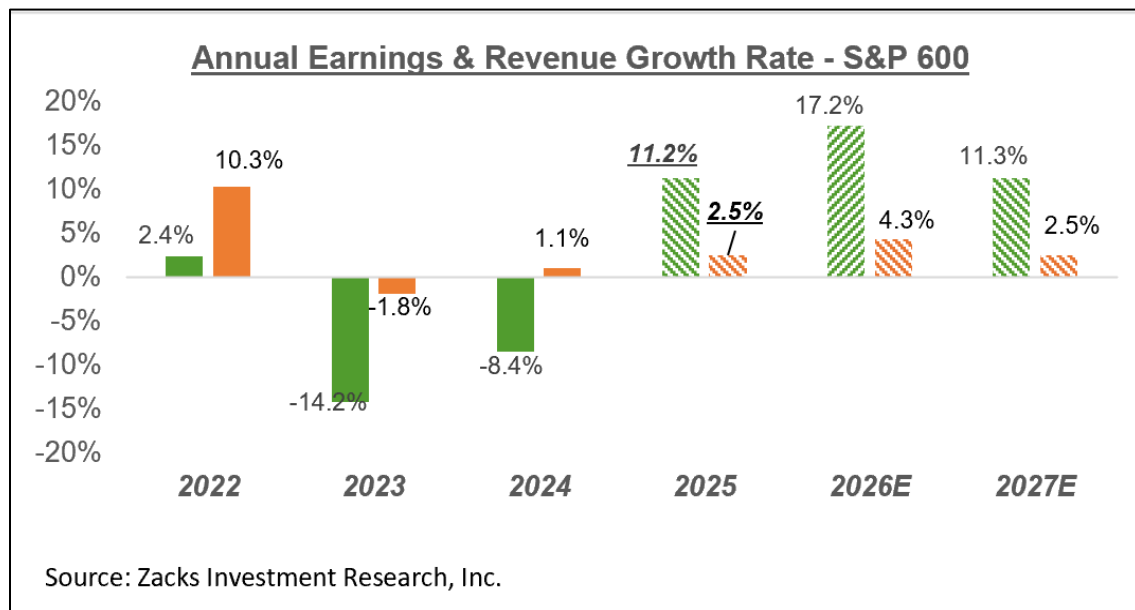
Zacks Sectors	Earnings Growth (YoY) - S&P 600								
	2027E	2026E	2025	2024	2023	2022	2021	2020	2019
Consumer Staples	6.7%	5.8%	-1.8%	-5.6%	-19.0%	-0.6%	16.6%	-2.7%	5.7%
Consumer Discrt	15.6%	22.8%	-10.1%	-6.0%	-13.7%	-3.9%	167.8%	-49.0%	4.2%
Retail	13.9%	13.1%	-6.2%	-10.6%	-13.4%	-14.2%	245.8%	-49.3%	-1.8%
Medical	26.6%	27.9%	-3.1%	2.3%	-13.5%	-13.8%	132.6%	-1.2%	-2.8%
Auto/Tires/Trks	6.4%	11.6%	5.0%	8.6%	-8.9%	-5.8%	91.5%	-42.3%	-28.6%
Basic Materials	12.2%	5.8%	6.4%	-24.0%	-25.3%	24.4%	108.8%	-14.2%	-27.7%
Industrial Prod	4.7%	10.7%	-0.4%	3.0%	8.7%	10.8%	30.2%	-25.4%	-10.4%
Construction	8.9%	12.0%	-9.5%	0.7%	-8.2%	34.3%	77.6%	31.7%	-1.4%
Conglomerates	14.9%	80.7%	-1022.4%	-123.9%	-120.1%	-496.1%	-347.0%	-142.1%	64.2%
Computer & Tech	13.7%	19.8%	38.4%	-29.4%	-24.5%	24.7%	52.9%	-29.4%	-10.4%
Aerospace	21.2%	24.1%	53.8%	-16.7%	-4.7%	28.3%	-33.2%	1.4%	15.0%
Oils/Energy	20.7%	36.4%	-6.6%	-44.0%	-7.7%	382.8%	-278.9%	-147.0%	-21.3%
Finance	4.1%	10.6%	33.1%	11.4%	-10.8%	-22.0%	89.8%	-28.3%	9.5%
Utilities	19.9%	-16.7%	-65.4%	-21.6%	-47.4%	-12.9%	10.6%	23.5%	9.0%
Transportation	33.9%	102.4%	-4.7%	-48.7%	-39.3%	25.1%	2587.9%	-94.7%	9.9%
Business Svcs	18.8%	41.9%	22.6%	0.3%	-6.3%	17.6%	29.0%	-21.0%	0.6%
S&P 600	11.3%	17.2%	11.2%	-8.4%	-14.2%	2.4%	101.4%	-31.2%	-1.5%
Excluding Finance	15.4%	21.4%	0.8%	-15.6%	-15.3%	14.8%	107.8%	-32.7%	-6.4%
Excluding Oil	10.7%	16.2%	12.4%	-4.6%	-14.8%	-5.0%	93.3%	-27.4%	-0.7%
Source: Zacks Investment Research, Inc.									
Data as of: <u>July 23, 2025</u>									www.zacks.com

<u>Zacks Sectors</u>	<u>Annual Earnings (billion dollars)</u>								
	2027E	2026E	<u>2025</u>	2024	2023	2022	2021	2020	2019
Cons. Staples	3.4	3.2	3.0	3.1	3.3	4.0	4.1	3.5	3.6
Cons. Discretionary	6.5	5.6	4.6	5.1	5.4	6.3	6.5	2.4	4.8
Retail/Wholesale	7.9	7.0	6.1	6.6	7.3	8.5	9.9	2.9	5.6
Medical	8.6	6.8	5.3	5.5	5.4	6.2	7.2	3.1	3.1
Autos	2.9	2.7	2.5	2.3	2.2	2.4	2.5	1.3	2.3
Basic Materials	5.0	4.5	4.3	4.0	5.3	7.0	5.7	2.7	3.2
Industrial Products	5.3	5.1	4.6	4.6	4.5	4.1	3.7	2.9	3.8
Construction	6.7	6.1	5.5	6.0	6.0	6.5	4.9	2.7	2.1
Conglomerates	0.7	0.6	0.4	0.0	0.2	-0.8	0.2	-0.1	0.2
Technology	8.6	7.5	6.3	4.6	6.5	8.5	6.9	4.5	6.4
Aerospace	0.8	0.6	0.5	0.3	0.4	0.4	0.3	0.5	0.5
Oil/Energy	7.1	5.9	4.3	4.6	8.2	8.9	1.8	-1.0	2.2
Finance	38.5	37.0	33.4	25.1	22.6	25.3	32.4	17.1	23.8
Utilities	0.4	0.4	0.4	1.3	1.6	3.1	3.5	3.2	2.6
Transportation	4.0	3.0	1.5	1.6	3.0	5.0	4.0	0.1	2.8
Business Services	5.8	4.9	3.4	2.8	2.8	3.0	2.5	2.0	2.5
S&P 600	112.3	101.0	86.1	77.4	84.5	98.5	96.2	47.8	69.4
ex Finance	73.8	64.0	52.7	52.3	62.0	73.2	63.7	30.7	45.6
ex - Oil	105.2	95.1	81.8	72.8	76.3	89.6	94.3	48.8	67.2

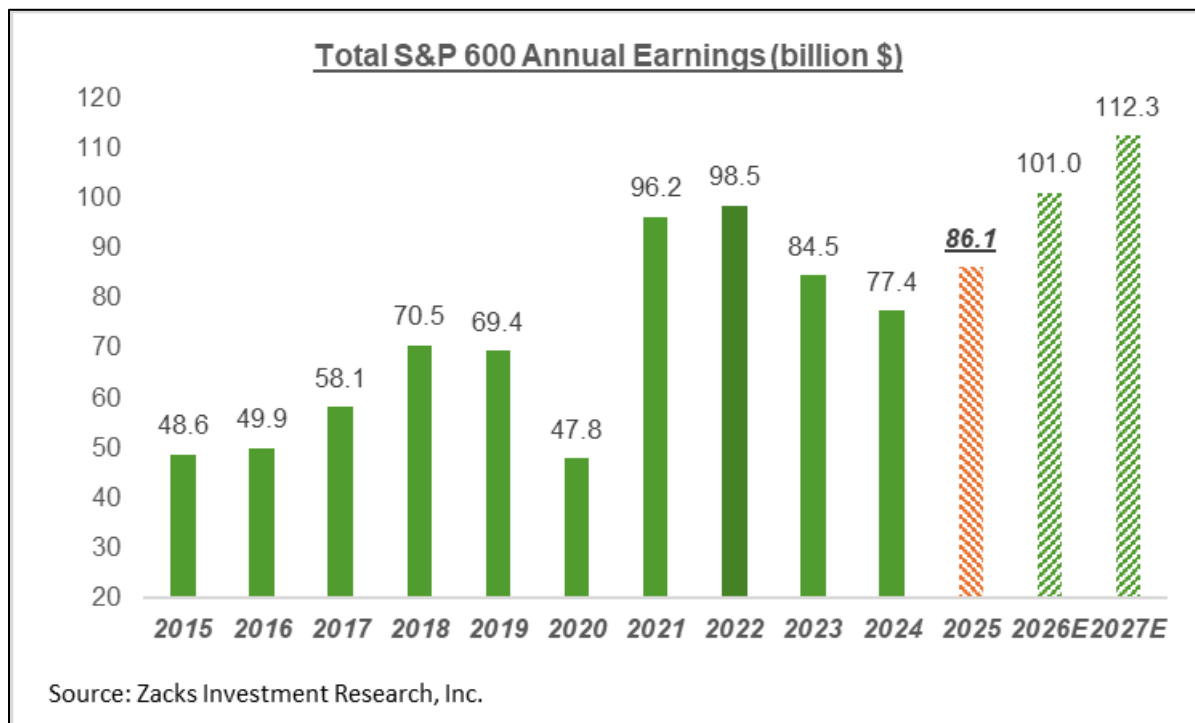
Source: Zacks Investment Research, Inc.

Data as of: July 23, 2025

The chart below shows the small-cap index's annual earnings and revenue growth.



The chart below represents the small-cap index's total earnings instead of the growth rates, showing the impact of the pandemic on earnings.

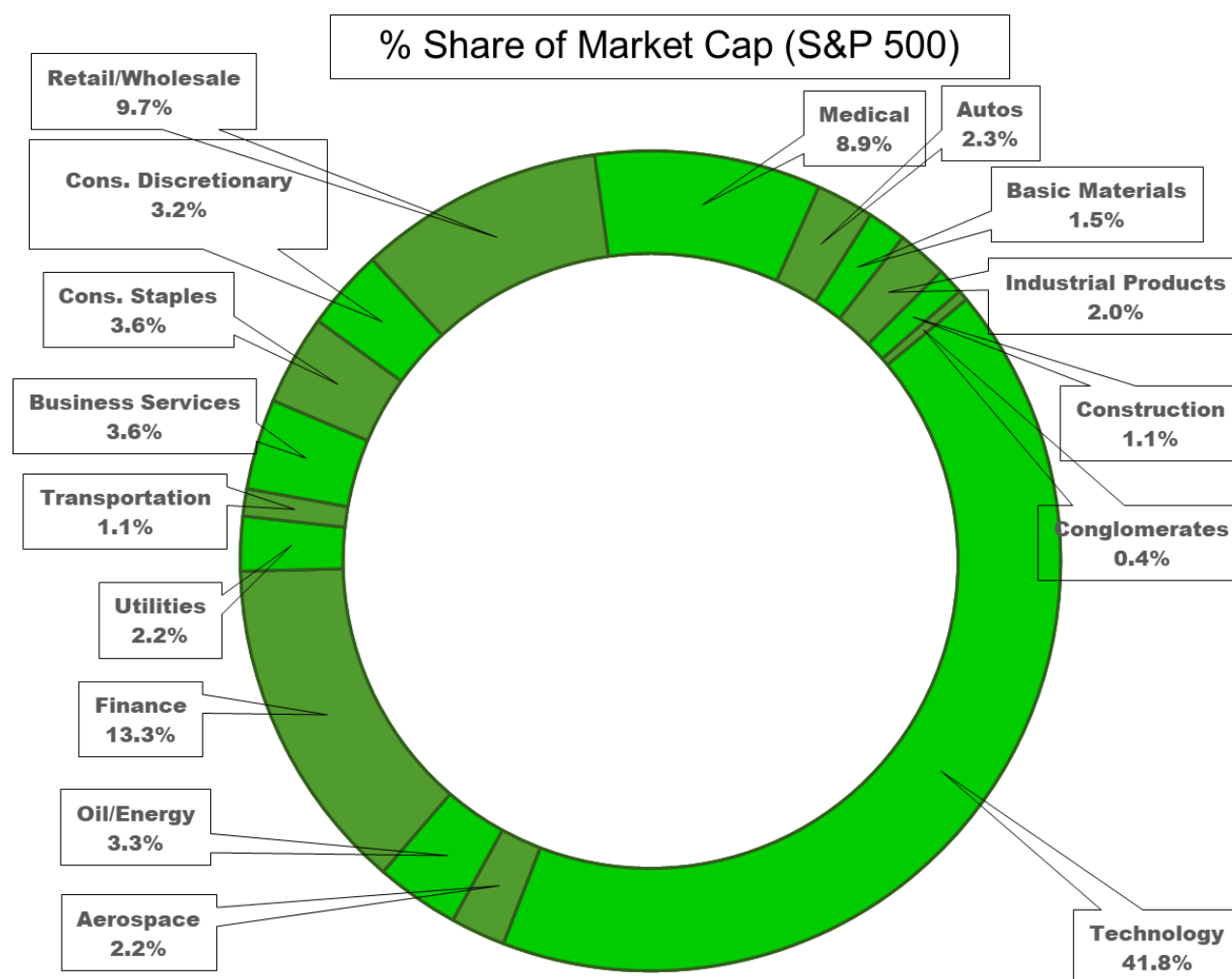


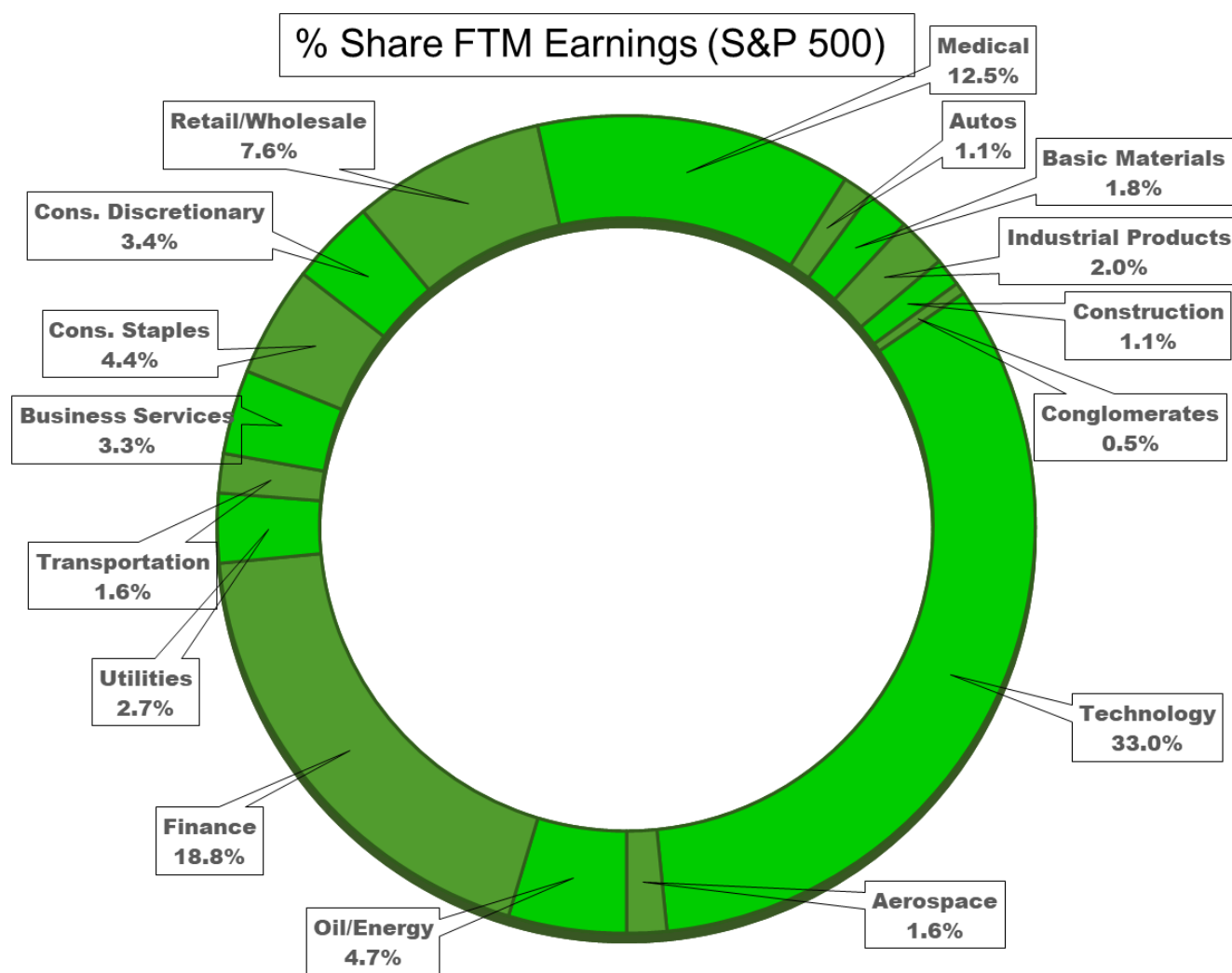
Section 6: Market Cap vs. Total Earnings

The charts below show the share of total forward 12-month earnings (next four quarters) as well as the share of total market capitalization for each of the 16 Zacks sectors in the S&P 500 index. Since the S&P 500 is a market-cap-weighted index, each sector's market cap share is also its index weight.

The Finance and Technology sectors account for the lion's share of the index's total market capitalization and also contribute a large proportion of its total earnings. Technology is by far the biggest earnings contributor, as you can see in the charts below.

Relative market cap weights in the small-cap S&P 600 index are totally different from the large-cap index. The Finance sector is a much bigger part of the small-cap index, while the Tech sector is a significantly smaller part.





Want more information about this report or about Zacks Investment Research?

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