

Zacks Earnings Trends

Sheraz Mian

SMian@Zacks.com

Previewing the Q3 Earnings Season

Here are the key points:

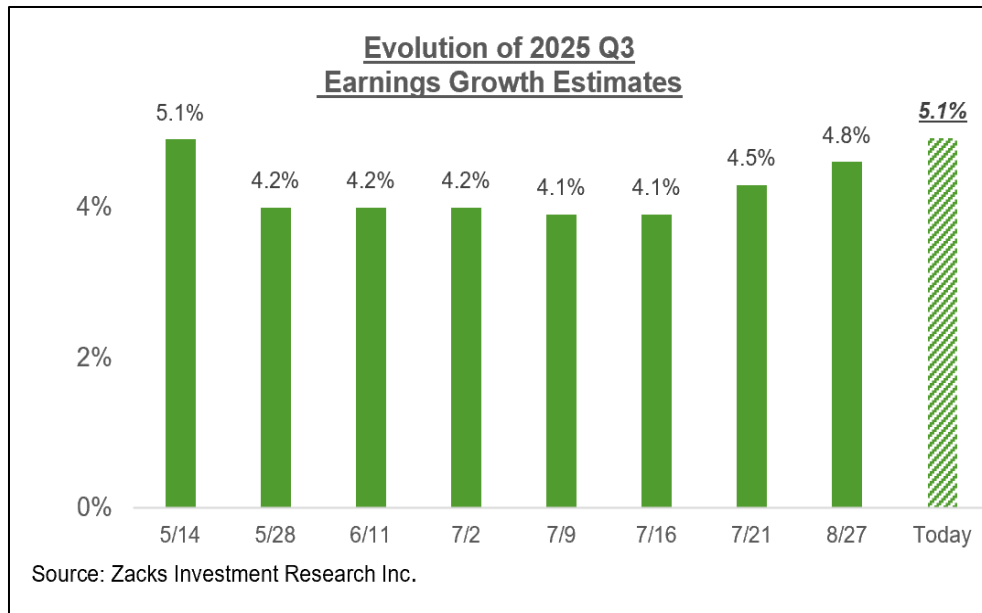
- For 2025 Q3, total S&P 500 index earnings are expected to be up +5.1% from the same period last year on +5.9% higher revenues.
- Unlike other recent periods, the revisions trend has been positive, with estimates for Q3 modestly up since the quarter got underway. Since the start of July, earnings estimates have increased for 5 of the 16 Zacks sectors, including Tech, Finance, and Energy.
- Q3 earnings estimates have been under pressure for 11 of the 16 Zacks sectors since the start of the period, with the biggest pressure at the Medical, Transportation, Basic Materials, Consumer Discretionary, Consumer Staples, Construction, and Industrial Products sectors.
- The positive revisions trend makes the overall setup for the Q3 earnings season favorable, but it raises the odds of actual results coming up short of expectations. In other words, it is reasonable to worry whether expectations for the period are too high.
- With respect to growth, Q3 earnings are expected to be above the year-earlier level for 6 of the 16 Zacks sectors, including the Aerospace (up +249.0%), Tech (+12.0%), and Finance (+8.6%) sectors.
- Q3 earnings are expected to be below the year-earlier level for 10 of the 16 Zacks sectors, including the Autos (down -32.4%), Construction (-12.4%), and Transportation (-8.6%) sectors.
- Excluding the Tech sector contribution, Q3 earnings for the rest of the S&P 500 index would be up only +2.0% (vs. +5.1% otherwise).
- For the Magnificent 7 group, Q3 earnings are expected to be up +12.1% from the same period last year on +14.5% higher revenues, which would follow the group's +26.4% earnings growth on +15.5% revenue growth in the preceding period.

- Q3 earnings for the S&P 500 index would be up only +3.0% from the same period last year if the Mag 7 group's substantial earnings contribution is excluded (vs. +5.1% otherwise).
- Looking at the calendar year picture, total S&P 500 earnings are expected to grow by +9.2% in 2025, with the growth pace improving to +10.3% 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 from the Aerospace (+57.2%), Consumer Discretionary (+21.1%), Medical (+11.2%), and Tech (+15.3%) sectors.
- As with Q3 estimates, estimates for full-year 2025 have also nudged up in recent weeks. Since the start of July, full-year 2025 earnings estimates have increased for 10 of the 16 Zacks sectors, including Tech, Finance, Retail, and Energy sectors. Sectors whose estimates remain under pressure include Medical, Autos, Construction, and Basic Materials.
- For the Mag 7 group, total 2025 earnings are expected to increase by +17.5% on +10.5% higher revenues. Excluding the Mag 7 contribution, total earnings for the remaining S&P 500 companies are expected to grow +6.7% in 2025, which compares to +4.1% growth in 2024 and -4.8% in 2023.
- The implied 'EPS' for the S&P 500 index, calculated using the current 2025 P/E of 25.2X and index close, as of September 9th, is \$258.21. Using the same methodology, the index 'EPS' works out to \$290.62 in 2026 (P/E of 22.4X). 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 22.2X for 2025 on an ex-Mag 7 basis. The Mag 7 companies are currently expected to bring in 25% of total S&P 500 earnings in 2025 and account for 33.9% of the index's total market capitalization.

Are Q3 Earnings Expectations Too High?

As we have consistently highlighted in recent weeks, the overall revisions trend remains positive, with estimates for the back half of the year steadily going up.

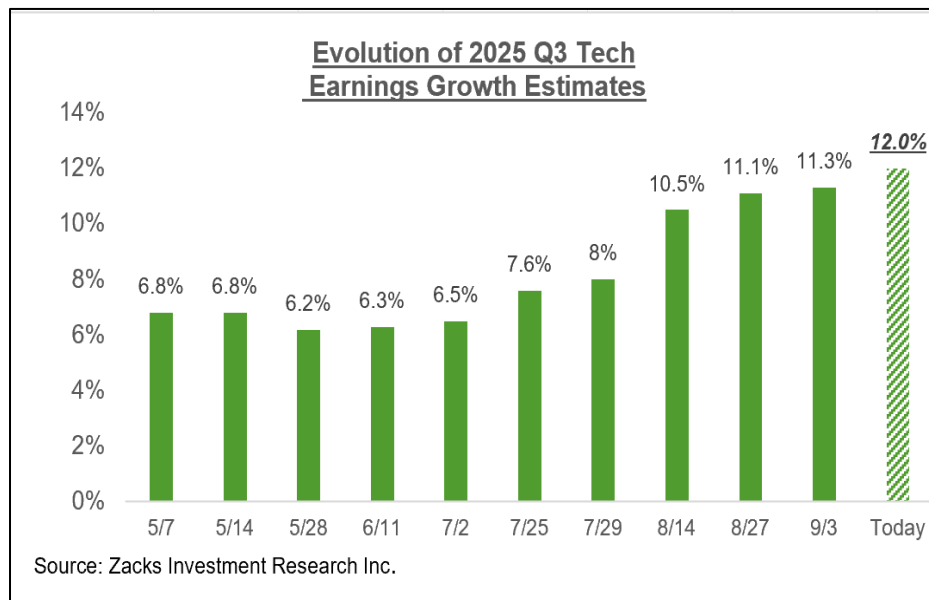
For 2025 Q3, the expectation is for earnings growth of +5.1% on +5.9% revenue gains. The chart below illustrates the evolution of Q3 earnings growth expectations over recent weeks.



Since the start of Q3 this month, estimates have increased modestly for five of the 16 Zacks sectors, including Finance, Technology, Energy, Retail, and others.

On the negative side, Q3 estimates remain under pressure for the remaining 11 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 +12.0% from the same period last year on +12.4% higher revenues. The chart below shows how the sector's Q3 earnings growth expectations have evolved over the last couple of months.



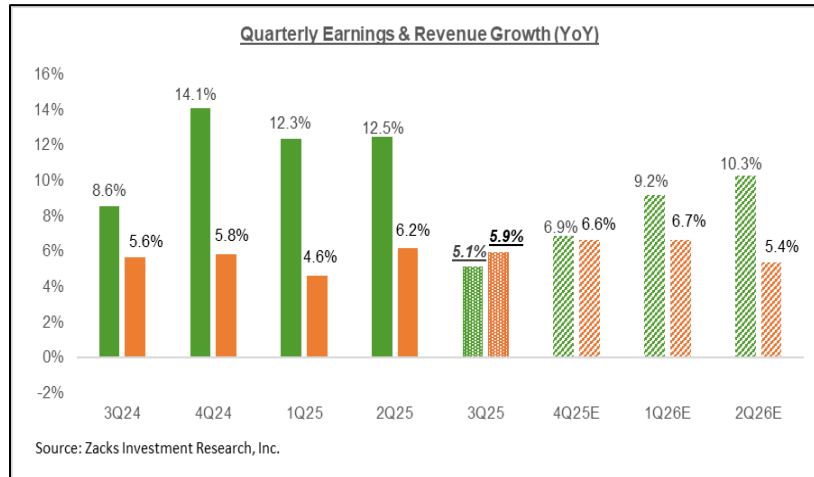
You can see the Tech sector's positive revisions trend by looking at bellwether Tech sector operators like Microsoft (MSFT), Nvidia (NVDA), and others.

Microsoft is currently expected to bring in \$3.65 per share in earnings in Q3 on \$75.37 billion in revenues, representing year-over-year changes of +10.6% and +14.9%, respectively. Microsoft's Q3 EPS estimate has increased from \$3.64 a month ago and \$3.53 two months ago.

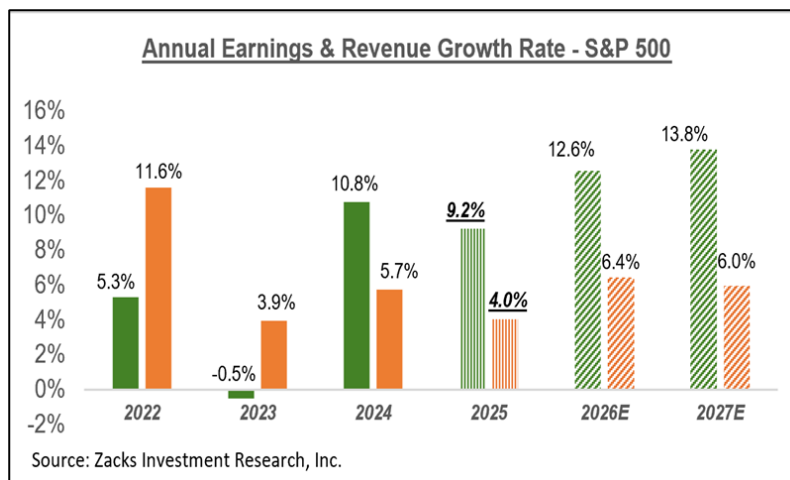
The current Q3 EPS estimate for Nvidia has risen +2.6% over the past month and +4.4% over the last two months.

The Earnings Big Picture

The chart below shows expectations for 2025 Q3 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.



The aforementioned favorable revisions trend validates the market's rebound from the April lows. It will be interesting to see if this positive revisions trend will remain in place, as the Q3 reporting cycle gets underway.

The robust backlog numbers from Oracle suggest that the trend can continue. But we have to keep in mind that Oracle's pipeline strength primarily reflects developments in the artificial intelligence space that were already being credited for the Mag 7 group's prominence. It remains to be seen whether the favorable trend will be reflected in non-tech areas of the economy.

The Report in Detail

Note: This report has six sections. The first section, titled Q3 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 Q3 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 Q3 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 – Q3 Earnings Scorecard

We are counting the quarterly report from Oracle for its fiscal quarter ending in August as the start of the Q3 earnings season. The Q3 reporting cycle will really get going when the big banks start reporting results on October 14th, but we will have seen Oracle-type August-quarter results from almost two dozen S&P 500 members. All of these August-quarter results get counted as part of the 2025 Q3 tally.

Oracle shares jumped on the quarterly results, as the company beat EPS estimates but came up short on the top line. The company's earnings increased +4.4% from the same period last year on +12.2% higher revenues. But what excited the market was the company's blockbuster backlog numbers that show an impressive growth momentum in the coming periods.

Section 2 – The Blended Picture

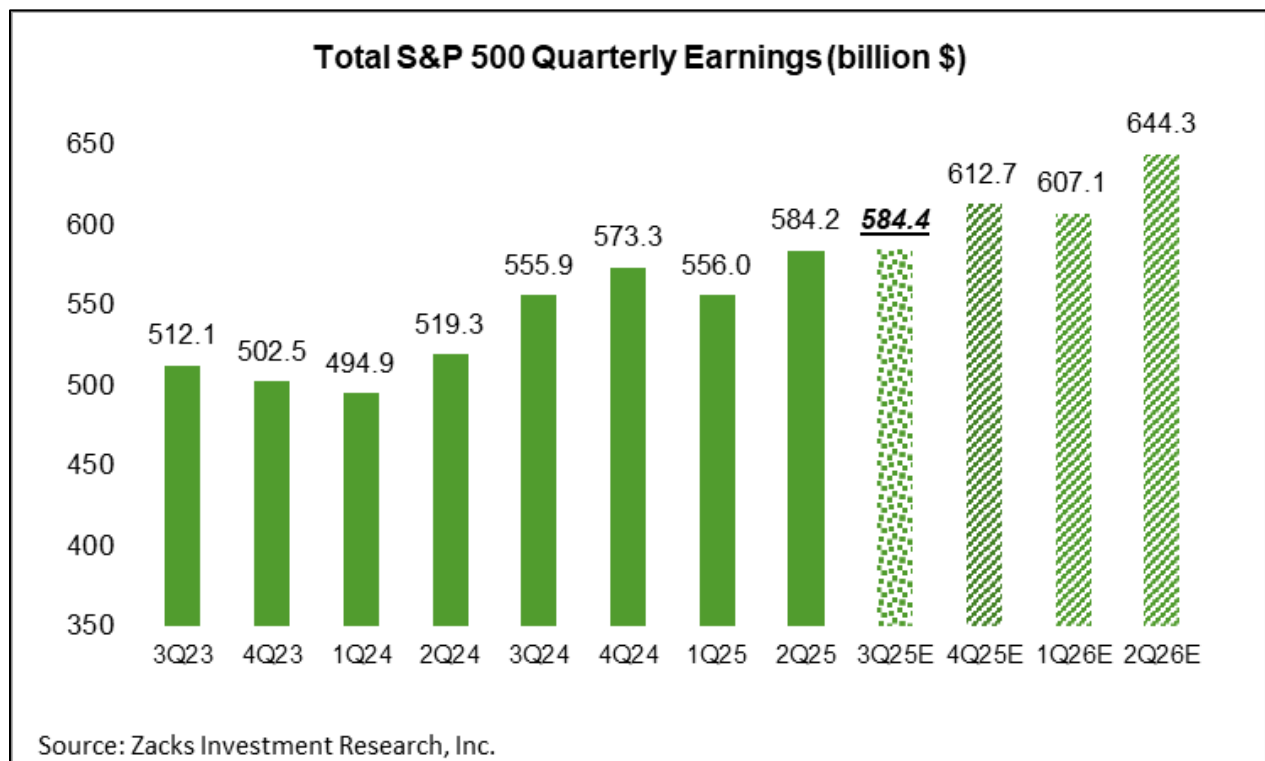
Total Q3 earnings, or aggregate net income for the S&P 500 index, are expected to be up +5.1% from the same period last year on +5.9% higher revenues. The summary table below shows the blended or composite Q3 expectations and the actuals for the preceding period (2025 Q2).

S&P 500 Blended Summary Picture						
Zacks Sectors	Year-over-Year Growth					
	Earnings		Revenues		Margins	
	3Q25	2Q25	3Q25E	2Q25	3Q25E	2Q25
Cons. Staples	-6.2%	0.6%	1.3%	0.7%	-1.02%	0.0%
Cons. Discretionary	-6.5%	135.5%	1.3%	4.0%	-0.94%	6.7%
Retail/Wholesale	4.7%	13.3%	5.6%	6.0%	-0.06%	0.45%
Medical	-0.1%	7.7%	7.9%	10.8%	-0.61%	-0.2%
Autos	-32.4%	-23.3%	-5.1%	-2.1%	-2.02%	-1.4%
Basic Materials	4.2%	-7.6%	10.1%	4.7%	-0.48%	-1.2%
Industrial Products	-1.7%	-5.6%	7.8%	2.9%	-1.25%	-1.2%
Construction	-12.4%	-11.1%	1.0%	-1.9%	-1.70%	-1.2%
Conglomerates	-2.1%	8.6%	1.7%	4.3%	-0.65%	0.7%
Technology	12.0%	21.8%	12.4%	14.3%	-0.09%	1.5%
Aerospace	249.0%	26.6%	10.2%	11.7%	5.11%	0.9%
Oil/Energy	-4.2%	-16.8%	-1.4%	-6.7%	-0.24%	-1.0%
Finance	8.6%	14.0%	5.4%	4.0%	0.55%	1.7%
Utilities	-3.1%	4.4%	4.9%	7.3%	-1.35%	-0.4%
Transportation	-8.6%	-4.4%	-1.2%	0.1%	-0.62%	-0.4%
Business Services	4.5%	11.7%	8.1%	7.0%	-0.89%	1.1%
S&P 500	5.1%	12.5%	5.9%	6.2%	-0.10%	0.74%
ex Finance	4.4%	12.1%	6.0%	6.5%	-0.2%	0.6%
ex Oil/Energy	5.6%	14.3%	6.6%	7.3%	-0.12%	0.8%
ex Tech	2.0%	8.5%	6.9%	7.3%	-0.35%	0.1%
Source: Zacks Investment Research, Inc.						
Data as of: 9/10/25 www.zacks.com						

Ten of the 16 Zacks sectors are expected to earn less in 2025 Q3 relative to the year-earlier period. These include Cons. Staples (-6.2%), Cons. Discretionary (-6.5%), Medical (-0.1%), Autos (-32.4%), Industrial Products (-1.7%), Construction (-12.4%), Conglomerates (-2.1%), Transportation (-8.6%), and Energy (-4.2%).

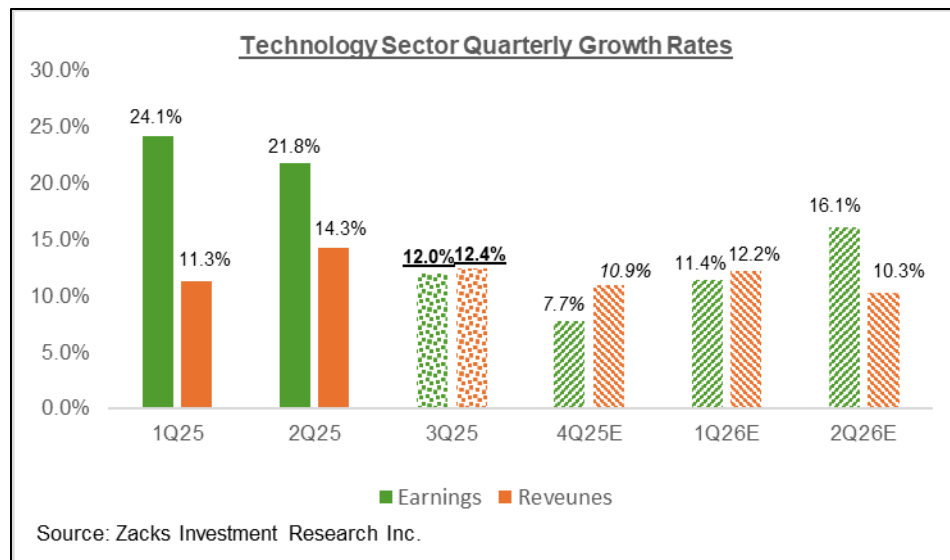
On the positive side, six of the 16 Zacks sectors are projected to post positive growth, including Basic Materials (+4.2%), Retail (+4.7%), Technology (+12.0%), Aerospace (+249.0%), Finance (+8.6%), and Business Services (+4.5%).

The chart below shows the absolute quarterly dollar total estimate for 2025 Q3 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.



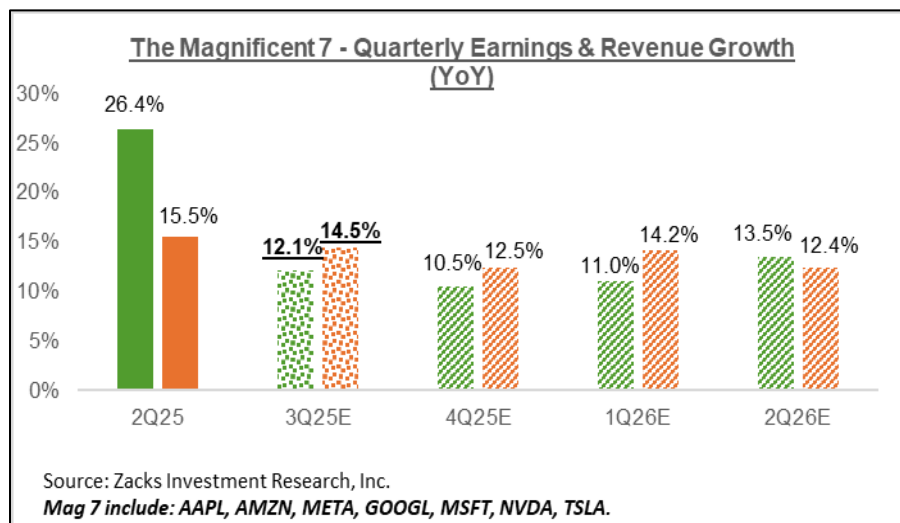
As you can see above, the quarterly earnings tally is expected to be a hair above the all-time quarterly record established in the preceding period (2025 Q2).

Total **Tech sector** earnings are expected to grow +12.0% in Q3 on +12.4% higher revenues, which follows earnings growth of +21.8% on +14.3% higher revenues in the preceding quarter (2025 Q2). The Tech sector's growth pace is expected to continue, as shown below.

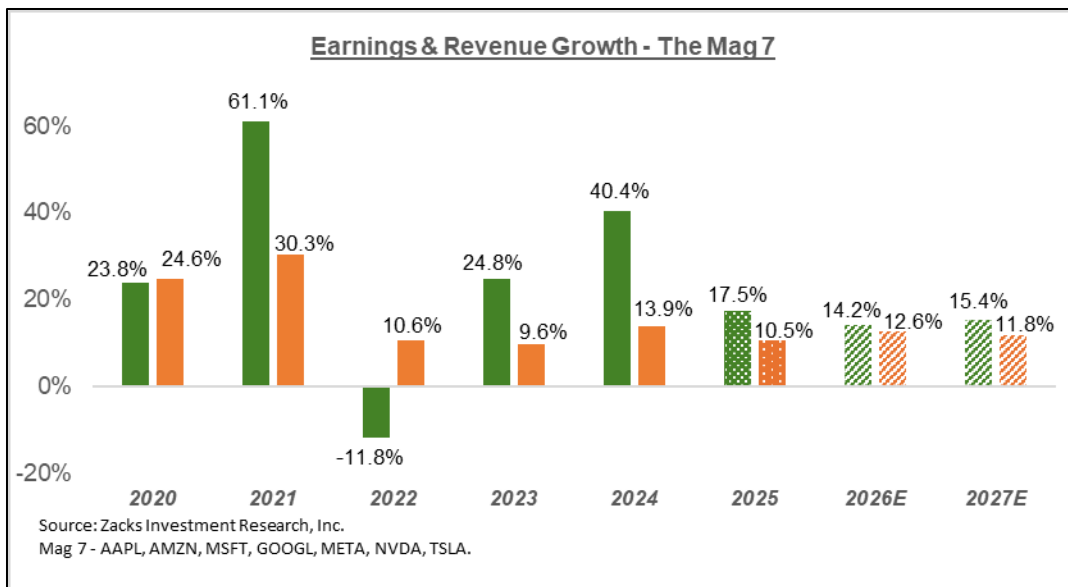


The Magnificent 7

For the 'Mag 7' companies - Microsoft, Alphabet, Meta, Apple, Tesla, Nvidia, and Amazon - total Q3 earnings are expected to be up +12.1% on +14.5% higher revenues. This follows the group's +26.4% earnings growth in Q2 on +15.5% higher revenues, as the chart below shows.



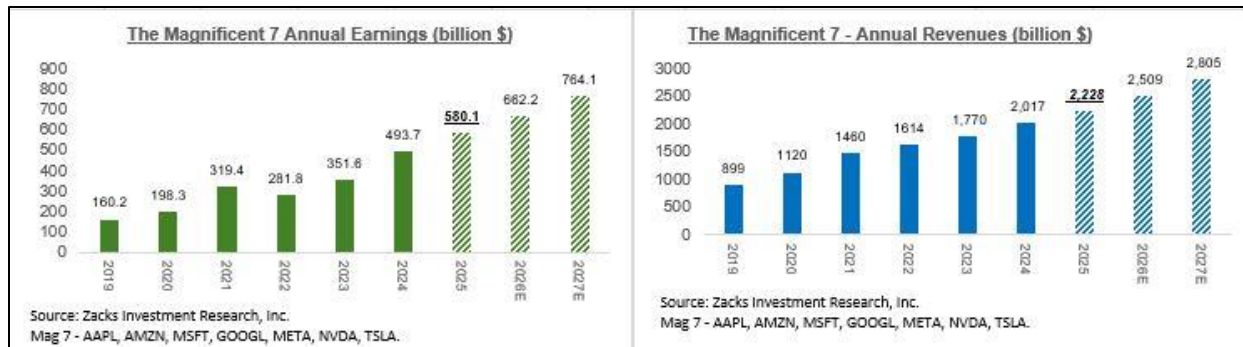
The chart below shows the group's earnings picture on an annual basis.



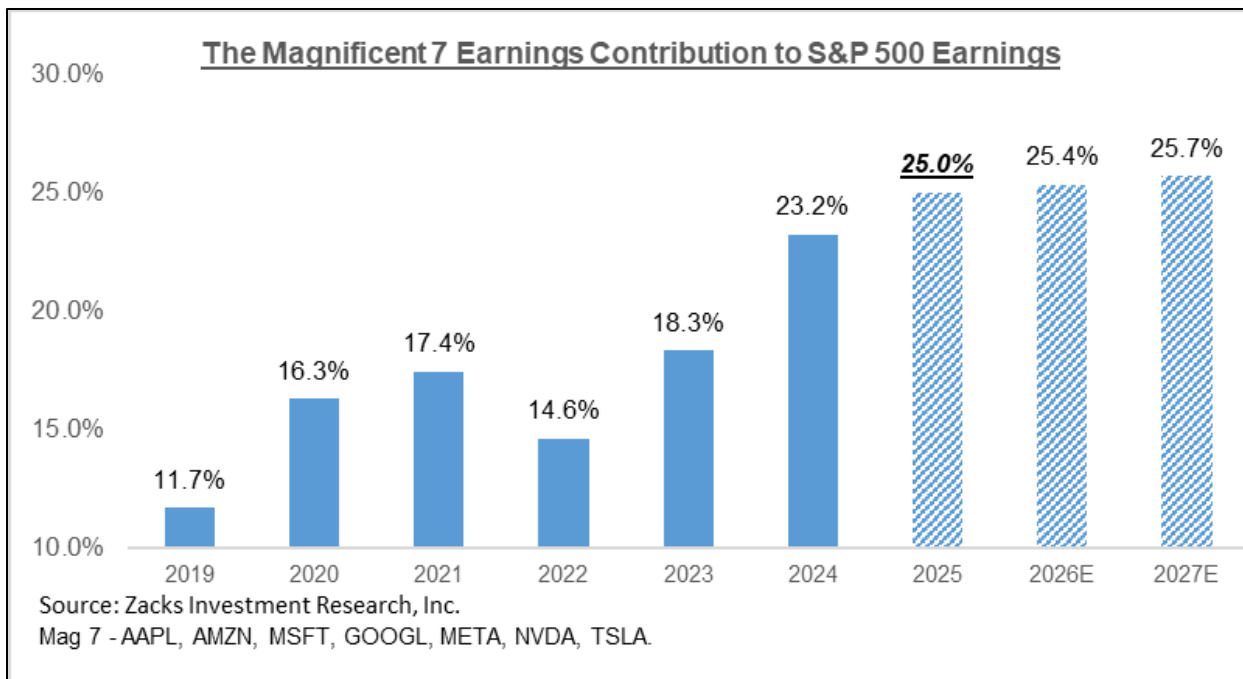
Estimates for aggregate 2025 Mag 7 earnings peaked in mid-March and had been on a steady downtrend, but started going back up from May onwards, as the chart below shows. Please note that we have rounded up/down the numbers, so that the image looks less 'busy'.



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.

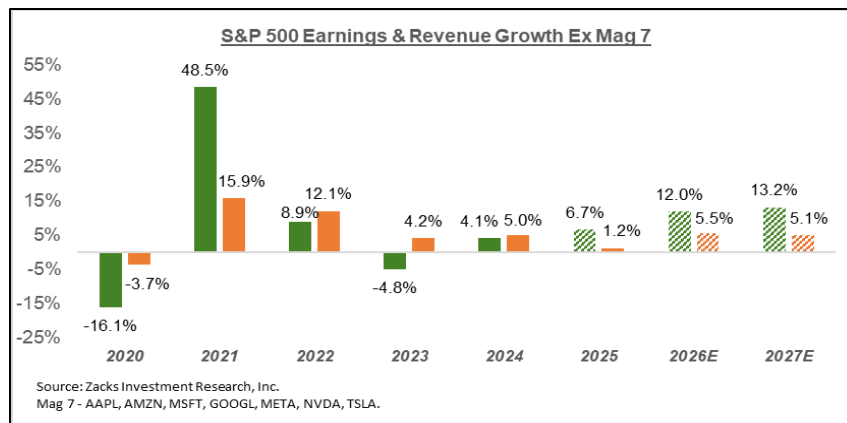


The Mag 7 stocks accounted for 24.1% of all S&P 500 earnings in 2025 Q2, with the proportion expected to increase to 24.7% in 2025 Q3. The chart below shows the group's earnings contribution on an annual basis.



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 25.0% 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 +6.7% pace, up from 2024's +4.1% pace, even if the substantial contribution from the Mag 7 group is excluded, as the chart below shows.

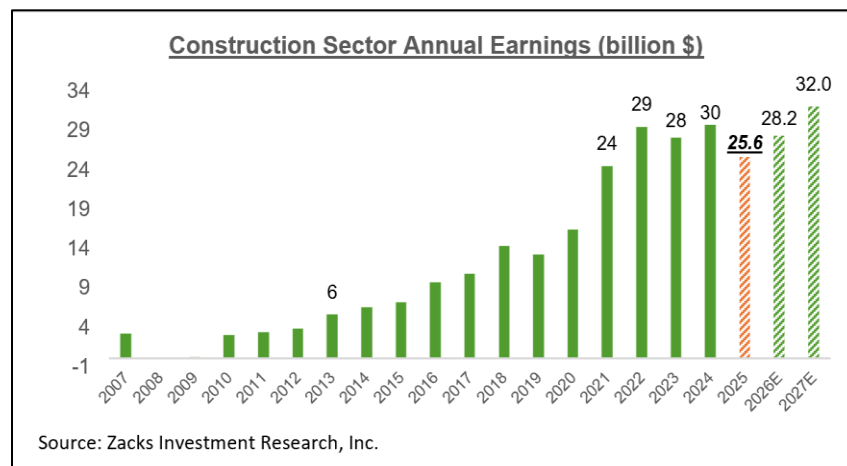


Q3 earnings for the **Construction sector** are expected to decline -12.4% from the same period last year on +1% higher revenues. This would be the third quarter in a row of double-digit earnings decline for the sector, which has been hit hard by elevated interest rates and the Trump administration's restrictive immigration policy.

The Construction sector is the second smallest Zacks sector in the S&P 500 index (Conglomerates is the smallest), accounting for 1% of the index's market capitalization and expected to bring in 1.1% of the index's total earnings for the coming four-quarter period. The sector's earnings are expected to decline -13.9% in 2025, which would follow +6% growth in 2024 and -4.6% decline in 2023.

Construction sector earnings are projected to grow by 10.4% in 2026 and 13.2% in 2027, indicating a return to positive growth.

The chart below shows the annual aggregate earnings totals for the sector. Please note that we have rounded the totals for the preceding periods.



As you can see above, the 2025 total is on track to be the lowest in the last four years.

Section Three - The Context

Let's compare earnings expectations for 2025 Q3 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)								
	2Q26E	1Q26E	4Q25E	3Q25	2Q25	1Q25	4Q24	3Q24	2Q24
Consumer Staples	5.9%	4.6%	0.8%	-6.2%	0.6%	-5.0%	2.7%	3.3%	3.1%
Consumer Discrt	5.5%	14.1%	0.7%	-6.5%	135.5%	5.1%	19.0%	12.4%	-40.9%
Retail	7.3%	7.5%	1.8%	4.7%	13.3%	12.0%	27.4%	18.1%	20.5%
Medical	1.2%	-1.5%	3.2%	-0.1%	7.7%	43.0%	13.4%	7.8%	16.1%
Auto/Tires/Trks	0.2%	17.9%	-15.7%	-32.4%	-23.3%	-37.0%	-7.1%	9.2%	-13.4%
Basic Materials	18.5%	22.5%	16.2%	4.2%	-7.6%	-8.6%	-1.2%	-6.9%	-12.6%
Industrial Prod	8.9%	5.8%	-0.1%	-1.7%	-5.6%	-9.2%	-3.5%	-6.5%	-2.7%
Construction	8.5%	4.0%	-9.2%	-12.4%	-11.1%	-10.0%	0.9%	-1.7%	6.6%
Conglomerates	1.4%	0.8%	6.4%	-2.1%	8.6%	-4.9%	-17.1%	-7.3%	0.0%
Computer & Tech	16.1%	11.4%	7.7%	12.0%	21.8%	24.1%	26.5%	23.5%	23.2%
Aerospace	17.5%	9.4%	70.8%	249.0%	26.6%	23.2%	-38.5%	-61.3%	-2.9%
Oils/Energy	18.4%	3.4%	0.0%	-4.2%	-16.8%	-10.1%	-22.8%	N/M	N/M
Finance	8.0%	15.3%	14.3%	8.6%	14.0%	1.4%	17.2%	5.9%	10.7%
Utilities	9.3%	4.4%	12.1%	-3.1%	4.4%	16.5%	8.8%	12.2%	13.7%
Transportation	11.0%	10.3%	-8.4%	-8.6%	-4.4%	8.6%	N/M	N/M	N/M
Business Svcs	8.9%	9.7%	6.1%	4.5%	11.7%	6.7%	11.6%	11.9%	10.8%
S&P 500	10.3%	9.2%	6.9%	5.1%	12.5%	12.3%	14.1%	8.6%	10.2%
Excluding Finance	10.8%	7.8%	5.2%	4.4%	12.1%	15.2%	13.5%	9.1%	10.1%
Excluding Oil	9.9%	9.5%	7.2%	5.6%	14.3%	13.8%	16.8%	11.1%	11.1%

Source: Zacks Investment Research, Inc.

Data as of: September 10, 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)								
	2Q26E	1Q26E	4Q25E	3Q25E	2Q25	1Q25	4Q24	3Q24	2Q24
Cons. Staples	3.0%	3.5%	3.6%	1.3%	0.7%	-2.4%	0.7%	0.0%	-0.5%
Cons. Discretionary	5.1%	5.0%	4.4%	1.3%	4.0%	1.0%	2.8%	3.2%	0.9%
Retail/Wholesale	4.2%	7.9%	5.2%	5.6%	6.0%	3.6%	5.4%	5.1%	4.7%
Medical	5.3%	6.3%	8.2%	7.9%	10.8%	8.9%	9.4%	10.7%	7.4%
Autos	-3.2%	1.4%	-6.7%	-5.1%	-2.1%	-4.1%	3.9%	5.7%	4.6%
Basic Materials	10.1%	14.6%	13.2%	10.1%	4.7%	-1.2%	-0.4%	1.7%	-4.5%
Industrial Products	5.8%	8.5%	9.0%	7.8%	2.9%	-4.3%	-4.6%	-4.7%	-3.3%
Construction	4.8%	4.4%	1.8%	1.0%	-1.9%	-1.9%	1.6%	2.5%	6.0%
Conglomerates	3.7%	4.2%	4.6%	1.7%	4.3%	-8.8%	-8.9%	-8.6%	-9.4%
Technology	10.3%	12.2%	10.9%	12.4%	14.3%	11.3%	11.4%	12.0%	11.0%
Aerospace	4.4%	7.0%	11.6%	10.2%	11.7%	-0.1%	-10.0%	-3.8%	-3.5%
Oil/Energy	-1.2%	-4.5%	-0.2%	-1.4%	-6.7%	1.6%	2.6%	-2.9%	10.2%
Finance	6.2%	6.8%	7.9%	5.4%	4.0%	2.8%	8.0%	6.1%	5.9%
Utilities	7.3%	7.5%	9.1%	4.9%	7.3%	11.6%	1.5%	3.7%	3.5%
Transportation	2.7%	2.0%	-0.3%	-1.2%	0.1%	0.8%	3.3%	3.1%	2.2%
Business Services	6.7%	8.1%	8.3%	8.1%	7.0%	3.8%	5.2%	4.9%	7.1%
S&P 500	5.4%	6.7%	6.6%	5.9%	6.2%	4.6%	5.8%	5.6%	5.6%
ex Finance	5.3%	6.6%	6.4%	6.0%	6.5%	4.9%	5.5%	5.6%	5.6%
ex Oil/Energy	5.9%	7.6%	7.2%	6.6%	7.3%	4.9%	6.1%	6.5%	5.2%
Source: Zacks Investment Research, Inc.									
Data as of: <u>September 10, 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.

Table 4 – Total Quarterly Earnings

<u>Zacks Sectors</u>	<u>Quarterly Earnings (billion dollars)</u>								
	<u>2Q26E</u>	<u>1Q26E</u>	<u>4Q25E</u>	<u>3Q25</u>	<u>2Q25</u>	<u>1Q25</u>	<u>4Q24</u>	<u>3Q24</u>	<u>2Q24</u>
Cons. Staples	28.7	24.8	25.4	25.6	27.1	23.7	25.2	27.3	27.0
Cons. Discretionary	22.2	18.9	17.6	20.4	21.0	16.6	17.5	21.785	8.9
Retail/Wholesale	50.7	43.6	47.2	45.6	47.3	40.6	46.4	43.5	41.7
Medical	73.9	73.6	69.4	70.5	73.1	74.6	67.2	70.5	67.9
Autos	7.3	6.4	5.8	6.7	7.2	5.5	6.9	9.9	9.5
Basic Materials	11.6	10.2	9.9	10.1	9.8	8.3	8.5	9.7	10.6
Industrial Products	12.7	11.8	11.0	11.4	11.7	11.2	11.1	11.6	12.4
Construction	7.7	5.5	6.2	7.2	7.1	5.3	6.9	8.2	8.0
Conglomerates	3.0	2.7	2.7	2.7	2.9	2.7	2.5	2.8	2.7
Technology	219.2	208.5	218.7	195.5	188.9	187.2	203.0	174.6	155.1
Aerospace	10.5	9.6	9.2	8.5	9.0	8.8	5.4	2.4	7.1
Oil/Energy	30.3	27.5	26.3	26.9	25.6	26.6	26.3	28.1	30.7
Finance	119.1	118.2	119.0	107.2	110.3	102.5	104.1	98.7	96.8
Utilities	14.8	18.6	14.7	18.7	13.5	17.8	13.1	19.3	13.0
Transportation	11.2	7.6	9.5	8.3	10.1	6.9	10.4	9.1	10.6
Business Services	21.3	19.5	20.1	19.3	19.5	17.8	18.9	18.5	17.5
S&P 500	644.3	607.1	612.7	584.4	584.2	556.0	573.3	555.9	519.3
ex Finance	525.2	488.9	493.7	477.2	473.9	453.6	469.2	457.2	422.5
ex - Oil	614.0	579.6	586.4	557.5	558.6	529.5	547.0	527.8	488.6
Source: Zacks Investment Research, Inc.									
Data as of: September 10, 2025									
www.zacks.com									

Table 5 – Total Quarterly Revenues

<u>Zacks Sectors</u>	<u>Quarterly Revenues (billion dollars)</u>								
	<u>2Q26E</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>
Cons. Staples	209.4	194.1	213.3	202.5	203.2	187.5	205.8	199.8	201.9
Cons. Discretionary	184.8	175.3	185.3	181.2	175.8	167.0	177.5	178.8	169.1
Retail/Wholesale	698.6	664.3	718.2	687.7	670.3	615.8	682.6	651.2	632.1
Medical	961.2	921.2	946.9	925.3	912.7	866.6	875.2	857.2	824.1
Autos	136.5	125.9	132.8	134.4	141.0	124.2	142.4	141.6	144.1
Basic Materials	123.0	118.6	119.8	121.2	111.7	103.5	105.8	110.0	106.7
Industrial Products	92.2	87.4	85.1	88.0	87.1	80.5	78.1	81.6	84.7
Construction	65.5	57.2	60.8	64.4	62.5	54.8	59.7	63.8	63.7
Conglomerates	17.1	16.3	16.6	16.3	16.5	15.6	15.9	16.0	15.8
Technology	861.7	828.4	871.8	802.5	781.4	738.2	785.8	714.0	683.7
Aerospace	119.8	113.2	120.0	113.6	114.7	105.8	107.5	103.1	102.7
Oil/Energy	319.4	313.3	334.2	333.5	323.5	328.1	334.9	338.1	346.7
Finance	592.3	586.0	592.4	566.7	557.7	548.7	549.0	537.5	536.4
Utilities	110.2	125.3	109.5	115.5	102.6	116.6	100.4	110.1	95.7
Transportation	112.2	105.5	111.3	107.9	109.2	103.5	111.6	109.2	109.1
Business Services	79.9	75.5	78.0	75.9	74.9	69.8	72.0	70.2	70.0
S&P 500	4683.8	4507.4	4696.0	4536.5	4445.0	4226.2	4404.2	4282.4	4186.5
ex Finance	4091.5	3921.5	4103.6	3969.8	3887.2	3677.6	3855.2	3744.9	3650.1
ex Oil/Energy	4364.3	4194.2	4361.8	4203.0	4121.5	3898.1	4069.3	3944.3	3839.8

Source: Zacks Investment Research, Inc.

Data as of: September 10, 2025 www.zacks.com

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 Q3 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 Q3 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 +9.2%, with 2026 earnings expected to be up +12.6%. Earnings growth for 2025 improves to +10.3% 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	3.9%	-0.6%	4.3%	2.8%	0.4%	0.1%	0.14%	-0.12%	0.53%
Cons. Discretionary	10.0%	21.1%	8.2%	4.5%	2.5%	3.2%	0.57%	1.67%	0.43%
Retail/Wholesale	11.5%	7.8%	24.2%	6.3%	5.6%	4.9%	0.33%	0.13%	1.02%
Medical	9.6%	11.2%	4.2%	6.3%	5.9%	9.2%	0.25%	0.38%	-0.37%
Autos	16.3%	-26.7%	-8.2%	2.0%	-6.6%	4.4%	0.67%	-1.31%	-0.84%
Basic Materials	17.8%	0.7%	-11.1%	7.6%	8.9%	-0.2%	0.79%	-0.68%	-1.11%
Industrial Products	11.4%	-5.9%	-0.6%	7.7%	-1.1%	-1.6%	0.45%	-0.68%	0.14%
Construction	10.4%	-13.9%	6.0%	4.9%	-2.6%	5.5%	0.56%	-1.38%	0.06%
Conglomerates	7.0%	3.9%	-6.5%	4.0%	2.7%	2.9%	0.49%	0.20%	-1.68%
Technology	15.5%	15.3%	26.6%	11.0%	13.0%	9.7%	0.99%	0.50%	3.21%
Aerospace	23.2%	57.2%	-21.9%	7.4%	9.1%	4.9%	1.14%	2.36%	-1.83%
Oil/Energy	16.9%	-10.3%	N/M	1.4%	0.2%	-1.1%	1.20%	-0.91%	-1.95%
Finance	10.5%	11.7%	11.3%	6.1%	-4.8%	8.7%	0.83%	2.91%	0.39%
Utilities	8.5%	7.0%	11.1%	7.0%	8.6%	0.1%	0.20%	-0.21%	1.47%
Transportation	14.2%	-5.0%	-0.1%	3.8%	-0.2%	1.7%	0.81%	-0.41%	-0.16%
Business Services	12.7%	6.4%	13.2%	7.7%	6.0%	7.9%	1.17%	0.08%	1.20%
S&P 500	12.6%	9.2%	10.8%	6.4%	4.0%	5.7%	0.75%	0.62%	0.56%
ex Finance	13.0%	8.7%	10.6%	6.5%	5.5%	5.3%	0.74%	0.35%	0.57%
ex Oil/Energy	12.3%	10.3%	13.2%	6.8%	4.4%	6.4%	0.70%	0.73%	0.77%
Source: Zacks Investment Research, Inc.									
Data as of:	September 10, 2025								www.zacks.com

Table 8 – Annual Earnings Growth

	Earnings Growth (YoY)								
	2027E	2026E	2025	2024	2023	2022	2021	2020	2019
Consumer Staples	7.7%	3.9%	-0.6%	4.3%	3.2%	3.9%	11.8%	2.3%	2.4%
Consumer Discrt	16.5%	10.0%	21.1%	8.2%	23.8%	53.4%	140.1%	-78.2%	13.3%
Retail	15.2%	11.5%	7.8%	24.2%	23.0%	-18.1%	44.9%	6.2%	5.4%
Medical	12.0%	9.6%	11.2%	4.2%	-21.3%	7.5%	26.3%	10.7%	9.2%
Auto/Tires/Trks	13.9%	16.3%	-26.7%	-8.2%	-3.6%	39.9%	104.1%	-21.8%	-12.4%
Basic Materials	12.7%	17.8%	0.7%	-11.1%	-26.0%	3.8%	107.5%	-8.0%	-14.6%
Industrial Prod	11.3%	11.4%	-5.9%	-0.6%	16.4%	12.0%	44.6%	-10.9%	2.6%
Construction	13.2%	10.4%	-13.9%	6.0%	-4.6%	20.5%	48.9%	24.1%	-7.5%
Conglomerates	7.5%	7.0%	3.9%	-6.5%	-4.1%	1.3%	14.1%	-10.1%	-8.5%
Computer & Tech	14.4%	15.5%	15.3%	26.6%	9.3%	-4.9%	40.8%	7.0%	-4.7%
Aerospace	15.5%	23.2%	57.2%	-21.9%	15.5%	3.0%	135.6%	-65.9%	-22.0%
Oils/Energy	25.9%	16.9%	-10.3%	-19.2%	-28.6%	156.4%	-2988.3%	-105.3%	-31.3%
Finance	12.6%	10.5%	11.7%	11.3%	9.9%	-16.5%	61.7%	-18.1%	4.0%
Utilities	7.9%	8.5%	7.0%	11.1%	8.9%	2.9%	2.3%	2.4%	11.4%
Transportation	11.0%	14.2%	-5.0%	-0.1%	-9.2%	61.2%	360.3%	-84.8%	5.1%
Business Svcs	13.6%	12.7%	6.4%	13.2%	8.1%	12.7%	23.9%	-2.3%	19.7%
S&P 500	13.8%	12.6%	9.2%	10.8%	-0.5%	5.3%	50.5%	-11.4%	-0.1%
Excluding Finance	14.0%	13.0%	8.7%	10.6%	-2.6%	11.2%	47.8%	-9.6%	-1.1%
Excluding Oil	13.2%	12.3%	10.3%	13.2%	2.7%	-1.4%	43.8%	-7.8%	1.7%

Source: Zacks Investment Research, Inc.

Data as of: September 10, 2025

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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	115.5	107.2	103.2	103.8	99.5	96.4	92.8	83.0	81.1
Cons. Discretionary	98.0	84.1	76.4	63.1	58.3	47.1	30.7	12.8	58.8
Retail/Wholesale	230.4	200.0	179.4	166.5	134.1	109.0	133.1	91.8	86.5
Medical	350.3	312.9	285.4	256.6	246.4	313.2	291.4	230.7	208.4
Autos	34.0	29.8	25.6	34.9	38.1	39.5	28.2	13.8	17.7
Basic Materials	50.8	45.1	38.3	38.0	42.7	57.7	55.6	26.8	29.1
Industrial Products	55.7	50.1	44.9	47.8	48.1	41.3	36.9	25.5	28.6
Construction	32.0	28.2	25.6	29.7	28.0	29.4	24.4	16.4	13.2
Conglomerates	12.6	11.7	10.9	10.5	11.2	11.7	11.6	10.1	11.3
Technology	1019.2	891.0	771.6	669.0	528.5	483.6	508.7	361.4	337.8
Aerospace	49.6	43.0	34.9	22.2	28.4	24.6	23.9	10.1	29.7
Oil/Energy	151.4	120.3	102.9	114.7	141.9	198.9	77.6	-2.7	50.2
Finance	554.9	492.8	445.9	399.2	358.7	326.5	390.9	241.7	295.1
Utilities	76.3	70.8	65.2	61.0	54.9	50.4	49.0	47.9	46.8
Transportation	44.1	39.7	34.8	36.6	36.7	40.4	25.1	5.4	35.9
Business Services	95.9	84.4	74.9	70.5	62.2	57.6	51.1	41.2	42.2
S&P 500	2970.7	2611.3	2320.1	2124.1	1917.7	1927.4	1830.7	1216.1	1372.5
ex Finance	2415.8	2118.4	1874.2	1724.9	1558.9	1600.9	1439.8	974.4	1077.4
ex - Oil	2819.3	2490.9	2217.1	2009.4	1775.7	1728.5	1753.1	1218.8	1322.3
ex Tech	1951.5	1720.2	1548.5	1455.1	1389.2	1443.7	1322.0	854.7	1034.7

Source: Zacks Investment Research, Inc.

Data as of: September 10, 2025

Table 9 – Annual Revenues Growth

Zacks Sectors	Revenue Growth (YoY)								
	2027E	2026E	<u>2025</u>	2024	2023	2022	2021	2020	2019
Cons. Staples	2.9%	2.8%	0.4%	0.1%	3.3%	10.0%	9.7%	0.5%	5.6%
Cons. Discretionary	4.5%	4.5%	2.5%	3.2%	10.8%	21.9%	13.6%	-15.5%	9.7%
Retail/Wholesale	6.6%	6.3%	5.6%	4.9%	4.9%	7.7%	12.8%	12.1%	5.6%
Medical	6.3%	6.3%	5.9%	9.2%	10.3%	9.6%	13.7%	9.4%	15.9%
Autos	7.1%	2.0%	-6.6%	4.4%	13.3%	22.9%	14.2%	-12.5%	-2.2%
Basic Materials	2.2%	7.6%	8.9%	-0.2%	-10.3%	8.9%	34.1%	-6.0%	-5.4%
Industrial Products	5.4%	7.7%	-1.1%	-1.6%	6.9%	11.2%	14.2%	-7.0%	0.0%
Construction	5.8%	4.9%	-2.6%	5.5%	5.4%	8.5%	16.0%	-0.7%	4.1%
Conglomerates	3.8%	4.0%	2.7%	2.9%	-0.6%	-11.6%	7.6%	-5.8%	-7.7%
Technology	9.3%	11.0%	13.0%	9.7%	-1.9%	8.0%	15.4%	4.7%	2.9%
Aerospace	6.4%	7.4%	9.1%	4.9%	9.1%	-4.3%	-1.2%	-3.2%	0.2%
Oil/Energy	1.8%	1.4%	0.2%	-1.1%	-14.4%	42.3%	64.3%	-33.0%	-2.2%
Finance	4.7%	6.1%	-4.8%	8.7%	16.0%	4.0%	15.9%	-2.8%	5.6%
Utilities	4.5%	7.0%	8.6%	0.1%	-0.7%	16.2%	14.2%	-7.4%	0.8%
Transportation	3.6%	3.8%	-0.2%	1.7%	-2.7%	20.7%	28.2%	-18.5%	3.8%
Business Services	7.6%	7.7%	6.0%	7.9%	8.4%	8.5%	11.6%	6.2%	10.2%
S&P 500	6.0%	6.4%	4.0%	5.7%	3.9%	11.6%	17.2%	-1.2%	5.1%
ex Finance	6.1%	6.5%	5.5%	5.3%	2.3%	12.8%	17.4%	-0.9%	5.0%
ex Oil/Energy	6.3%	6.8%	4.4%	6.4%	6.0%	9.0%	14.4%	1.7%	5.8%
Source: Zacks Investment Research, Inc.									
Data as of:	<u>September 10, 2025</u>						www.zacks.com		

The Margins Picture

Net margins (aggregate net income divided by aggregate revenues) are expected to be 12.9% in Q3, down from 13.1% in the preceding period and 13.0% in the year-earlier level. The chart below shows the year-over-year changes in net margins.

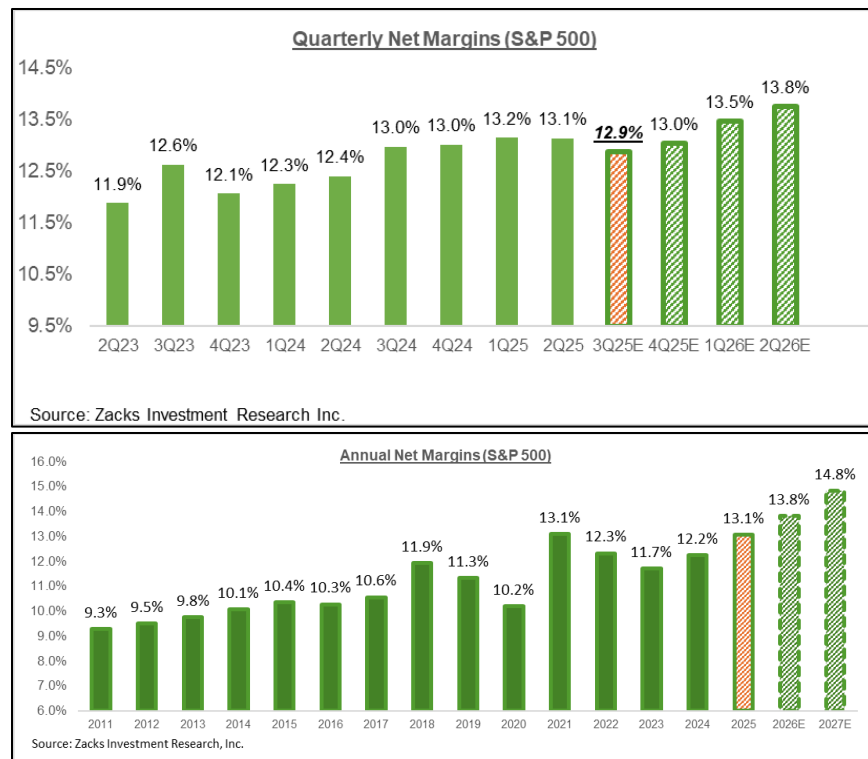


Looking at net margins on an annual basis, full-year 2025 margins are expected to reach 13.1%, up from 2024's 12.2% and 2023's 11.6%. The expectation is for margins to rise next year to 13.8%.

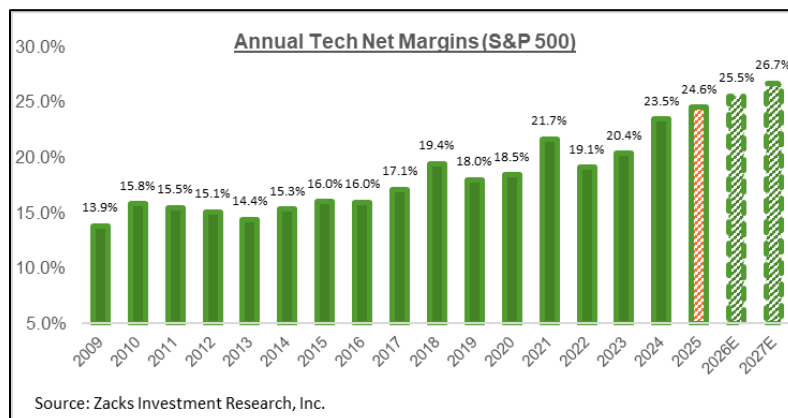
The charts below show current margins expectations in a historical context. The first chart shows margins on a quarterly basis, while the second shows annual margins since 2007.

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 as a whole, 2025 Q3 earnings are expected to be up +9.3% from the same period last year on +3.7% 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	-9.0%	-5.4%	-1.5%	1.0%	-0.3%	-0.2%
Cons. Discretionary	-5.0%	-15.9%	3.1%	-2.7%	-0.5%	-0.5%
Retail/Wholesale	2.7%	-15.2%	1.9%	1.2%	0.0%	-0.5%
Medical	24.7%	6.8%	-2.7%	3.0%	1.6%	0.2%
Autos	2.1%	14.4%	-3.3%	-3.6%	0.2%	0.6%
Basic Materials	2.0%	-2.4%	1.7%	-2.3%	0.0%	0.0%
Industrial Products	-8.2%	7.9%	2.9%	2.6%	-0.7%	0.3%
Construction	3.3%	-1.0%	30.3%	31.1%	-1.9%	-1.9%
Conglomerates	181.1%	-454.5%	-13.2%	-16.9%	13.1%	-8.3%
Technology	36.4%	42.5%	2.6%	-0.3%	1.5%	1.7%
Aerospace	34.2%	20.0%	11.1%	6.4%	1.1%	0.5%
Oil/Energy	-15.8%	-16.3%	0.1%	0.5%	-0.9%	-0.7%
Finance	4.6%	16.7%	5.4%	2.8%	-0.1%	1.6%
Utilities	52.1%	-28.2%	-9.1%	-7.0%	1.3%	-1.3%
Transportation	-284.8%	-92.9%	-0.2%	-0.5%	4.6%	-0.6%
Business Services	13.0%	-46.1%	35.2%	24.3%	-1.2%	-3.4%
S&P 600	9.3%	2.0%	3.7%	2.4%	0.3%	0.0%
ex Finance	11.8%	-5.0%	3.4%	2.4%	0.4%	-0.3%
ex Oil/Energy	11.4%	3.4%	4.1%	2.6%	0.5%	0.0%

Source: Zacks Investment Research, Inc.

Data as of: September 10, 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 Q3 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	7.4%	-1.0%	-5.2%	-9.0%	-5.4%	11.0%	-3.7%	13.3%	-23.5%
Consumer Discret	17.9%	-9.0%	-16.7%	-5.0%	-15.9%	48%	-12.4%	-6.9%	-23.8%
Retail	12.5%	-2.9%	-1.4%	2.7%	-15.2%	1.1%	-7.0%	-15.6%	-12.9%
Medical	-14.5%	10.2%	-1.2%	24.7%	6.8%	17.3%	5.9%	7.3%	39.6%
Auto/Tires/Trks	5.8%	14.5%	-2.9%	2.1%	14.4%	17.9%	14.2%	-12.3%	4.7%
Basic Materials	20.4%	10.8%	-15.1%	2.0%	-2.4%	-6.9%	2.6%	-11.1%	-33.1%
Industrial Prod	10.6%	13.6%	7.5%	-8.2%	7.9%	-4.2%	-12.9%	-4.9%	-14.1%
Construction	-2.2%	-14.1%	-8.9%	3.3%	-1.0%	19.5%	2.9%	5.6%	11.9%
Conglomerates	-194.1%	-455.3%	-211.7%	181.1%	-454.5%	-193.5%	-223.3%	135.2%	-194.3%
Computer & Tech	18.2%	14.7%	21.8%	36.4%	42.5%	13.6%	78.6%	-8.3%	-61.3%
Aerospace	41.1%	34.2%	10.1%	34.2%	20.0%	78.2%	24.7%	39.0%	0.0%
Oils/Energy	12.6%	-36.3%	131.1%	-15.8%	-16.3%	N/M	N/M	-27.0%	-49.0%
Finance	34.4%	24.1%	49.1%	4.6%	16.7%	29.0%	1.4%	37.6%	-14.1%
Utilities	-36.8%	-43.5%	-48.7%	52.1%	-28.2%	-7.4%	-3.4%	-57.1%	15.2%
Transportation	5457.3%	65.3%	22.9%	-284.8%	-92.9%	-8.0%	-47.0%	-123.7%	-88.4%
Business Svcs	176.3%	70.5%	26.4%	13.0%	-46.1%	-4.4%	4.8%	13.9%	3.3%
S&P 600	23.8%	10.3%	19.9%	9.3%	2.0%	12.8%	-8.9%	-2.9%	-23.1%
Excluding Finance	17.6%	3.9%	6.2%	11.8%	-5.0%	6.5%	-13.0%	-16.0%	-26.7%
Excluding Oil	24.5%	13.6%	16.9%	11.4%	3.4%	14.7%	-0.7%	-0.1%	-20.0%
Source: Zacks Investment Research, Inc.									
Data as of:	September 10, 2025								www.zacks.com

Quarterly Revenue Growth

	Revenue Growth (YoY)								
	1Q26E	4Q25E	3Q25E	2Q25E	1Q25	4Q24	3Q24	2Q24	1Q24
Cons. Staples	2.5%	2.0%	-1.3%	-1.5%	1.0%	2.3%	1.4%	6.4%	0.8%
Cons. Discretionary	2.9%	3.3%	-0.3%	3.1%	-2.7%	1.7%	-0.2%	-3.9%	-3.8%
Retail/Wholesale	3.4%	2.2%	2.8%	1.9%	1.2%	1.8%	0.3%	1.3%	1.0%
Medical	-3.3%	-0.3%	-3.3%	-2.7%	3.0%	7.7%	7.2%	6.2%	11.5%
Autos	-2.5%	-2.5%	-0.9%	-3.3%	-3.6%	-2.6%	-3.6%	-1.5%	1.7%
Basic Materials	3.2%	1.7%	-1.0%	1.7%	-2.3%	-1.0%	-4.1%	-2.9%	-6.7%
Industrial Products	5.6%	6.9%	3.9%	2.9%	2.6%	1.3%	6.1%	1.8%	0.0%
Construction	1.6%	0.0%	7.6%	30.3%	31.1%	34.2%	22.1%	3.7%	0.3%
Conglomerates	3.3%	-10.3%	-13.4%	-13.2%	-16.9%	-0.8%	-5.1%	-6.2%	-6.9%
Technology	6.0%	4.8%	4.2%	2.6%	-0.3%	-0.1%	-6.3%	-1.0%	-1.2%
Aerospace	1.2%	4.1%	4.4%	11.1%	6.4%	10.5%	11.2%	10.8%	9.9%
Oil/Energy	2.0%	3.0%	-1.0%	0.1%	0.5%	-8.3%	-5.0%	0.5%	-8.0%
Finance	7.6%	6.7%	7.4%	5.4%	2.8%	18.2%	1.8%	9.8%	13.1%
Utilities	-9.1%	-10.5%	-10.7%	-9.1%	-7.0%	-10.3%	-4.4%	-5.0%	-8.3%
Transportation	4.8%	1.4%	2.2%	-0.2%	-0.5%	3.8%	1.0%	-1.1%	-2.8%
Business Services	9.6%	38.6%	34.9%	35.2%	24.3%	2.3%	2.9%	2.8%	0.6%
S&P 600	3.2%	3.6%	2.8%	3.7%	2.4%	4.1%	0.9%	1.9%	0.7%
ex Finance	2.5%	3.1%	2.1%	3.4%	2.4%	2.1%	0.8%	0.7%	-1.1%
ex Oil/Energy	3.4%	3.7%	3.2%	4.1%	2.6%	5.5%	1.5%	2.1%	1.7%
Source: Zacks Investment Research, Inc.									
Data as of:	September 10, 2025								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	0.58	0.93	0.71	0.76	0.54	0.94	0.75	0.83	0.57
Cons. Discretionary	0.83	1.23	1.27	1.46	0.70	1.36	1.52	1.53	0.84
Retail/Wholesale	1.30	2.13	1.18	1.65	1.16	2.20	1.19	1.60	1.37
Medical	1.22	1.85	1.22	1.56	1.43	1.68	1.23	1.25	1.34
Autos	0.65	0.55	0.62	0.67	0.61	0.48	0.64	0.65	0.54
Basic Materials	1.26	1.04	0.98	1.22	1.05	0.94	1.15	1.20	1.07
Industrial Products	1.21	1.20	1.19	1.11	1.09	1.06	1.11	1.21	1.01
Construction	1.11	1.22	1.49	1.61	1.13	1.43	1.64	1.56	1.15
Conglomerates	0.11	0.21	0.12	0.36	-0.12	-0.06	-0.11	0.13	0.03
Technology	1.72	2.07	1.66	1.66	1.46	1.81	1.37	1.22	1.02
Aerospace	0.14	0.13	0.12	0.15	0.10	0.10	0.11	0.11	0.09
Oil/Energy	1.12	0.90	1.09	1.35	1.00	1.41	0.47	1.61	1.19
Finance	8.51	8.64	8.63	7.53	6.33	6.96	5.79	7.20	5.43
Utilities	0.24	0.28	0.10	0.25	0.38	0.49	0.20	0.16	0.53
Transportation	0.39	0.50	0.52	0.50	0.01	0.30	0.42	-0.27	0.10
Business Services	0.89	1.08	0.92	0.83	0.32	0.64	0.73	0.73	0.60
S&P 600	21.28	23.96	21.81	22.65	17.20	21.72	18.20	20.73	16.86
ex Finance	12.77	15.32	13.18	15.13	10.86	14.75	12.41	13.53	11.43
ex - Oil	20.16	23.06	20.73	21.30	16.20	20.30	17.73	19.12	15.67
Source: Zacks Investment Research, Inc.									
Data as of:	September 10, 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	23.30	22.23	22.06	21.65	22.85	22.53	22.40	21.42
Cons. Discretionary	21.77	23.74	23.42	23.48	21.16	22.97	23.50	22.77	21.75
Retail/Wholesale	47.15	51.62	45.66	46.20	45.59	50.49	44.43	45.32	45.06
Medical	21.67	22.76	21.41	21.44	22.41	22.82	22.14	22.04	21.77
Autos	14.81	14.32	15.05	15.50	15.19	14.68	15.19	16.03	15.75
Basic Materials	16.57	17.21	16.66	17.43	16.06	16.93	16.83	17.15	16.43
Industrial Products	19.37	19.60	19.46	19.32	18.34	18.34	18.73	18.78	17.87
Construction	19.40	21.00	21.57	21.90	19.10	20.99	20.04	16.81	14.58
Conglomerates	1.81	2.00	1.87	1.89	1.75	2.23	2.17	2.17	2.11
Technology	27.79	28.25	27.73	27.30	26.21	26.95	26.60	26.62	26.30
Aerospace	2.23	2.18	2.17	2.35	2.20	2.09	2.08	2.12	2.07
Oil/Energy	29.63	29.56	30.20	29.73	29.05	28.70	30.51	29.71	28.92
Finance	49.49	50.17	48.69	48.85	45.97	47.02	45.34	46.35	44.73
Utilities	7.70	7.29	7.39	7.53	8.47	8.15	8.28	8.28	9.10
Transportation	16.66	16.96	17.53	16.67	15.89	16.73	17.15	16.71	15.97
Business Services	13.57	14.22	14.07	13.83	12.38	10.26	10.43	10.23	9.96
S&P 600	331.80	344.16	335.12	335.48	321.41	332.20	325.91	323.47	313.78
ex Finance	282.32	293.99	286.43	286.64	275.44	285.18	280.57	277.12	269.05
ex Oil/Energy	302.17	314.60	304.92	305.75	292.36	303.50	295.41	293.76	284.86
Source: Zacks Investment Research, Inc.									
Data as of:	September 10, 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.

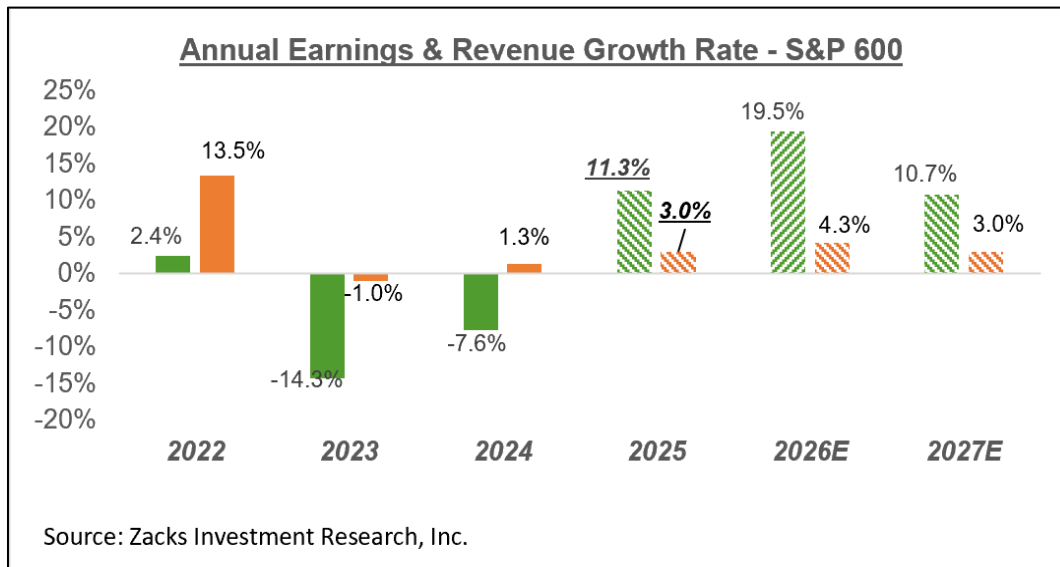
Zacks Sectors	Earnings Growth (YoY) - S&P 600							
	2027E	2026E	2025	2024	2023	2022	2021	2020
Consumer Staples	9.5%	8.5%	-5.1%	-5.6%	-19.0%	-0.6%	16.6%	-2.7%
Consumer Discrt	7.9%	17.6%	-7.2%	-6.0%	-13.7%	-3.9%	167.8%	-49.0%
Retail	11.7%	13.1%	-4.5%	-10.4%	-14.7%	-16.3%	256.2%	-50.4%
Medical	29.9%	35.8%	-11.7%	8.7%	-13.3%	-13.9%	134.1%	-1.9%
Auto/Tires/Trks	11.7%	16.8%	4.0%	8.6%	-8.9%	-5.8%	91.5%	-42.3%
Basic Materials	10.6%	28.7%	2.9%	-24.0%	-25.3%	24.4%	108.8%	-14.2%
Industrial Prod	7.1%	15.7%	0.2%	3.0%	8.7%	10.8%	30.2%	-25.4%
Construction	10.9%	11.0%	-10.5%	0.7%	-8.2%	34.3%	77.6%	31.7%
Conglomerates	16.5%	12.1%	-1537.4%	-123.9%	-120.1%	-496.1%	-347.0%	-142.1%
Computer & Tech	7.6%	24.4%	41.5%	-27.1%	-25.4%	22.4%	84.8%	-40.6%
Aerospace	20.7%	23.7%	38.0%	-2.6%	-6.1%	12.0%	-7.0%	-1.6%
Oils/Energy	21.0%	35.7%	-11.3%	-40.0%	-7.7%	382.8%	-278.9%	-147.0%
Finance	4.0%	10.2%	35.6%	9.8%	-10.5%	-21.1%	73.2%	-21.7%
Utilities	8.9%	118.2%	-63.6%	-21.6%	-47.4%	-12.9%	10.6%	23.5%
Transportation	42.3%	113.1%	-11.2%	-48.7%	-39.3%	25.1%	2587.9%	-94.7%
Business Svcs	13.3%	37.1%	25.9%	3.2%	-6.3%	18.0%	28.2%	-21.6%
S&P 600	10.7%	19.5%	11.3%	-7.6%	-14.3%	2.4%	98.8%	-30.2%
Excluding Finance	14.6%	25.4%	-0.1%	-14.1%	-15.6%	14.3%	114.7%	-34.6%
Excluding Oil	10.1%	18.6%	12.9%	-4.1%	-14.9%	-5.0%	90.8%	-26.3%
Source: Zacks Investment Research, Inc.								
Data as of:	September 10, 2025			www.zacks.com				

<u>Zacks Sectors</u>	<u>Annual Earnings (billion dollars)</u>							
	2027E	2026E	<u>2025</u>	2024	2023	2022	2021	2020
Cons. Staples	3.5	3.2	2.9	3.1	3.3	4.0	4.1	3.5
Cons. Discretionary	6.0	5.5	4.7	5.1	5.4	6.3	6.5	2.4
Retail/Wholesale	7.5	6.7	5.9	6.2	6.9	8.1	9.7	2.7
Medical	9.1	7.0	5.1	5.8	5.3	6.2	7.2	3.1
Autos	3.2	2.8	2.4	2.3	2.2	2.4	2.5	1.3
Basic Materials	5.9	5.3	4.1	4.0	5.3	7.0	5.7	2.7
Industrial Products	5.7	5.3	4.6	4.6	4.5	4.1	3.7	2.9
Construction	6.7	6.0	5.4	6.0	6.0	6.5	4.9	2.7
Conglomerates	0.7	0.6	0.6	0.0	0.2	-0.8	0.2	-0.1
Technology	8.8	8.2	6.6	4.6	6.4	8.5	7.0	3.8
Aerospace	0.7	0.6	0.5	0.3	0.4	0.4	0.3	0.4
Oil/Energy	7.2	5.9	4.4	4.9	8.2	8.9	1.8	-1.0
Finance	38.6	37.2	33.7	24.9	22.6	25.3	32.0	18.5
Utilities	1.1	1.0	0.5	1.3	1.6	3.1	3.5	3.2
Transportation	4.2	3.0	1.4	1.6	3.0	5.0	4.0	0.1
Business Services	5.5	4.8	3.5	2.8	2.7	2.9	2.5	1.9
S&P 600	114.2	103.2	86.4	77.6	84.0	97.9	95.6	48.1
ex Finance	75.6	66.0	52.6	52.7	61.3	72.7	63.6	29.6
ex - Oil	107.1	97.2	82.0	72.6	75.7	89.0	93.7	49.1

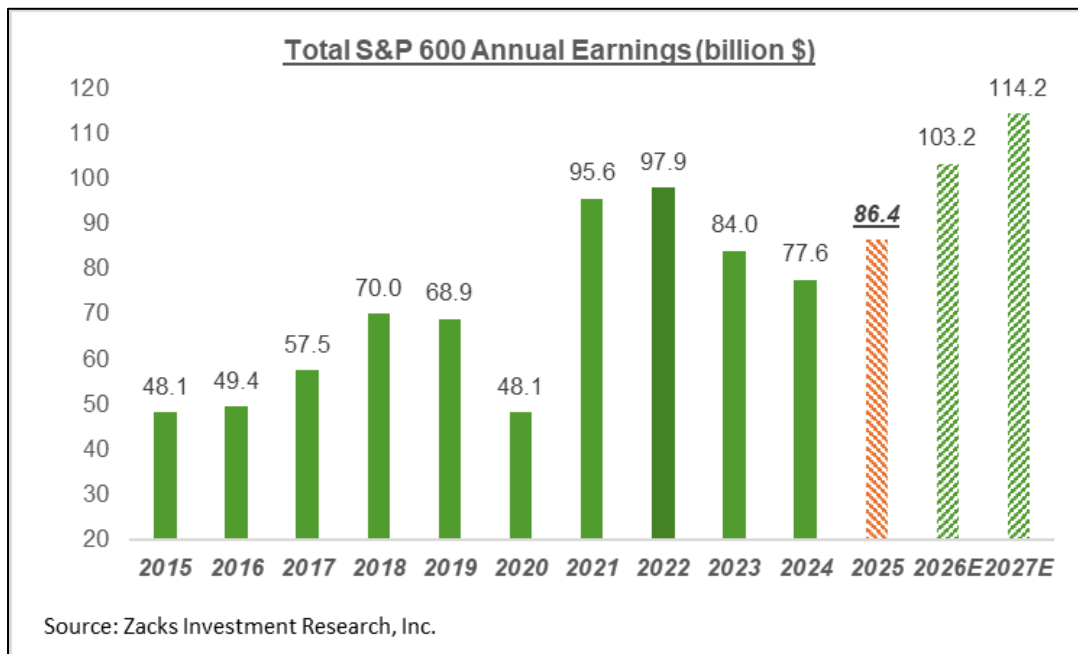
Source: Zacks Investment Research, Inc.

Data as of: September 10, 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.

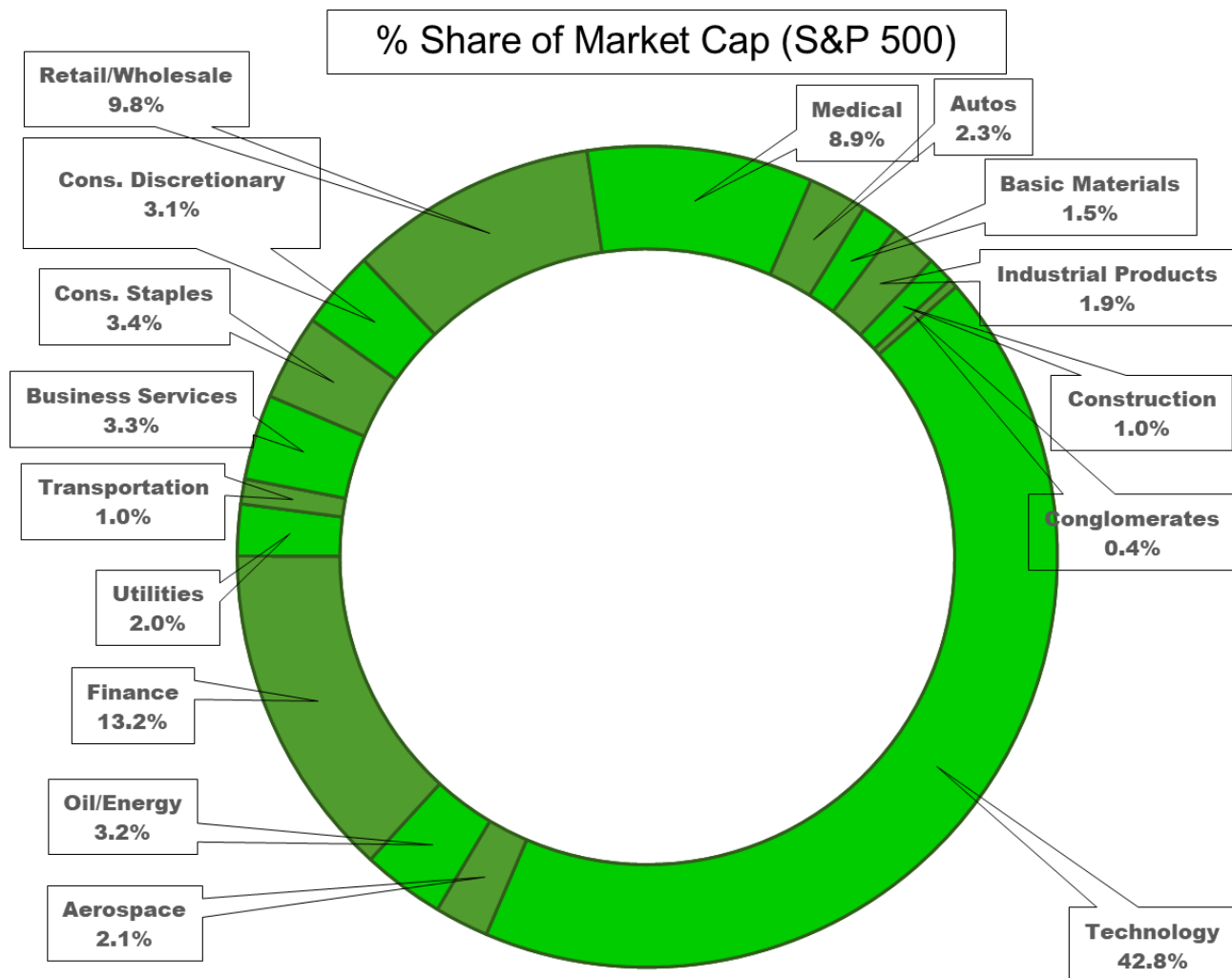


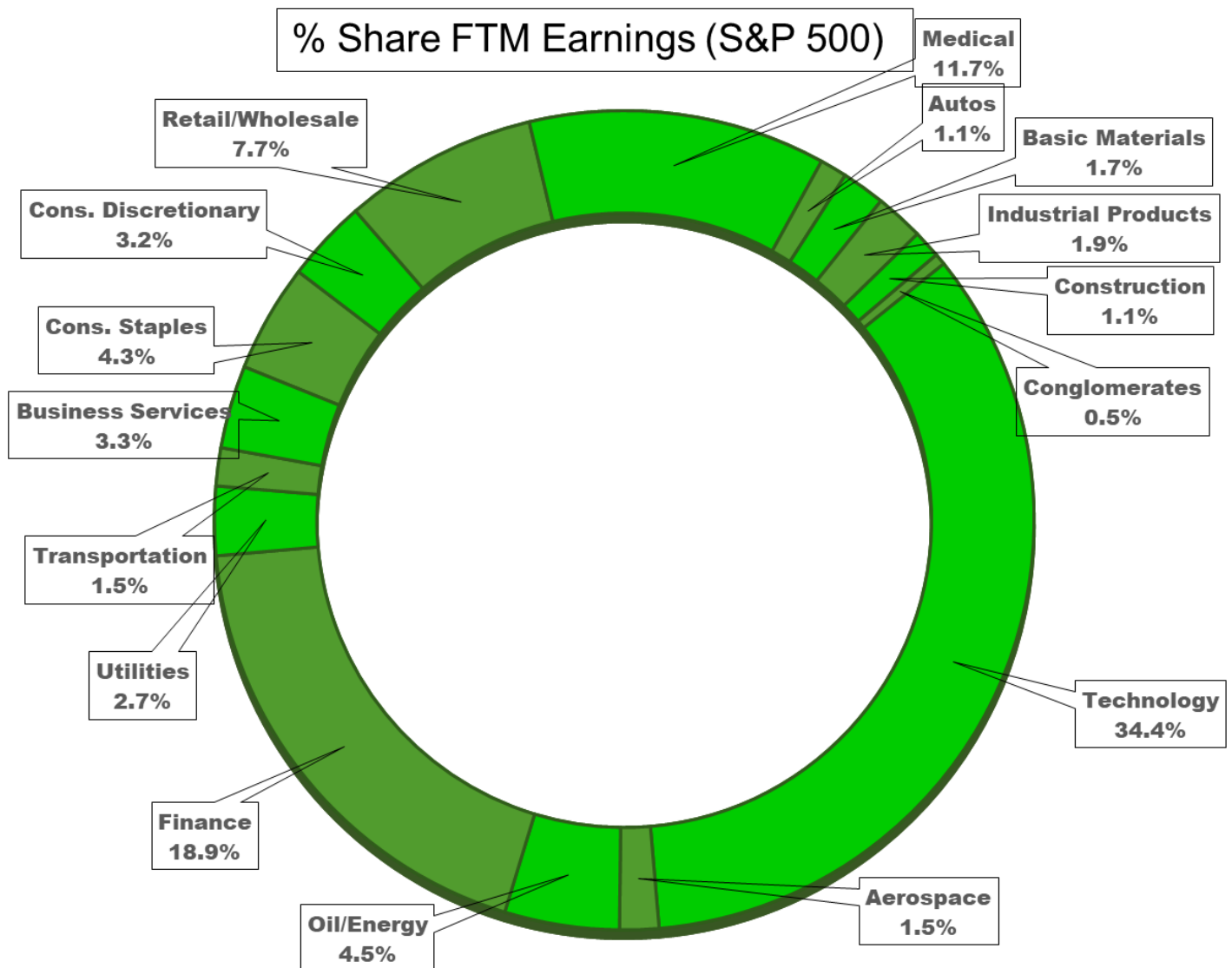
Section 6: Market Cap vs. Total Earnings

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?

Contact Terry Ruffolo at 312-265-9213 or at truffolo@zacks.com

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