

Special Update

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S&P 500 Q1 Earnings Performance: April 2025

The S&P 500's first-quarter (Q1) 2025 earnings season has shown robust performance, with companies reporting strong results despite initial concerns over tariff impacts and economic slowdown. As of May 2, 2025, 72% of S&P 500 companies, representing a significant portion of market capitalization, have reported actual results, with earnings growth and revenue performance exceeding expectations (3). The blended earnings growth rate for Q1 2025 is 12.9%, a notable increase from the 8.9% projected a week earlier and significantly higher than the 7.2% estimated at the quarter's end on March 31 (6). This marks the seventh consecutive quarter of year-over-year earnings growth for the index, driven by strong performances in key sectors (1). Approximately 76% of companies have reported earnings per share (EPS) above analyst estimates, slightly below the five-year average of 77% but above the ten-year average of 75%, with earnings surpassing estimates by 5% on average (5). Revenue growth has also been solid, with a blended rate of 4.8%, up from 4.4% at the quarter's end, marking the 18th consecutive quarter of revenue growth (3).

Ten sectors reported year-over-year revenue growth, led by Information Technology and Health Care, while the Industrials sector saw a decline (2). Sector performance highlights include Health Care and Information Technology as the primary drivers of earnings growth, with the latter benefiting from companies like Nvidia, Amazon, and Microsoft (4). The "Magnificent 7" tech firms contributed 45% of net earnings growth, though their outperformance margin over the broader index narrowed (4). Conversely, sectors like Materials and Consumer Discretionary faced significant downward revisions, with companies such as Ford and Tesla dragging on growth (4). The blended net profit margin for Q1 2025 is 12.4%, above the five-year average but below the previous quarter's margin (2). Despite the strong results, challenges remain. Pre-season downward revisions were the largest since Q4 2023, reflecting tariff-related uncertainties (7). Only 57.9% of early reporters beat expectations, the lowest since 2008, though later reports improved the beat rate (4). Analysts project slower earnings growth for Q2 2025 at 5.7%, indicating potential headwinds (3). Overall, Q1 2025 earnings reflect corporate resilience amid economic and policy uncertainties.

References:

- [1] FactSet. (2025, April 11). S&P 500 will likely report earnings growth above 10% for Q1. <https://insight.factset.com>
- [2] FactSet. (2025, April 17). S&P 500 earnings season update: April 17, 2025. <https://insight.factset.com>
- [3] FactSet. (2025, May 2). S&P 500 earnings season update: May 2, 2025. <https://insight.factset.com>
- [4] Lipper Alpha Insight. (2025, April 9). S&P 500 2025 Q1 earnings preview: A clearing event or more uncertainty? <https://lipperalpha.refinitiv.com>
- [5] @doc_mcgraw. (2025, May 5). GS reminds us: Earnings: 76% of S&P mkt cap has now reported. <https://t.co/1>
- [6] @PiQSuite. (2025, May 1). S&P 500 Q1 2025 yr-over-yr earnings growth now seen at 12.9% vs 8.9% a week ago - LSEG. <https://t.co/>
- [7] Reuters. (2025, March 24). First-quarter US earnings outlook looks less rosy with tariff worries in focus. <https://www.reuters.com>

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