

Expectations for Earnings Growth for S&P 500 Companies in Q3 2025

As of early October 2025, with the Q3 earnings season just beginning, analysts anticipate year-over-year (YoY) earnings per share (EPS) growth for S&P 500 companies in the third quarter (July-September 2025) to range between 5.2% and 12.8%, with a consensus estimate around 7-8%. This represents a slowdown from the robust growth seen in the first half of 2025, driven by factors such as moderating economic momentum, persistent inflation pressures, and sector-specific challenges like energy price declines. However, upward revisions to estimates and strong guidance from technology and financial sectors suggest potential for beats relative to initial forecasts. Information Technology is expected to lead growth at 20.9%, while Energy and Consumer Staples face declines. Overall, this quarter's performance is projected to support a new record in aggregate earnings, up 12.8% from Q3 2024 levels, though below historical five-year averages.

This report draws on recent analyses from FactSet, Goldman Sachs, S&P Global, and other sources to provide a comprehensive overview of expectations, revisions, sector insights, historical comparisons, and forward-looking projections.

Current Consensus Expectations

The consensus for S&P 500 Q3 2025 EPS growth has stabilized at approximately 8.0% YoY, reflecting aggregated analyst estimates as of October 3, 2025. This figure implies aggregate index-level earnings of around \$67.41 per share on the bottom-up basis (the median of company-specific estimates). Revenue growth is forecasted at 6.3% YoY, supporting the earnings expansion through modest top-line improvements across most sectors. If realized, this would mark the ninth consecutive quarter of positive YoY earnings growth for the index, underscoring corporate resilience amid macroeconomic uncertainties.

Variations exist across sources. S&P Dow Jones Indices projects a stronger 12.8% YoY increase in aggregate earnings, establishing a new quarterly record that surpasses the prior Q2 2025 high by 4.3%. In contrast, LPL Financial's analysis points to a more conservative 5.2% EPS growth on 6.0% revenue gains, highlighting the outsized contribution from the Technology sector (without which the rest of the index would grow only 2.2%). Goldman Sachs anticipates the actual results to exceed a perceived consensus of 6%, propelled by robust sales from the "Magnificent 7" (Apple, Microsoft, Nvidia, Alphabet, Amazon, Meta, and Tesla) and surprises in AI-related capital expenditures, despite headwinds from rising tariffs eroding margins.

Net profit margins are expected to hold steady at 12.7%, a slight dip from Q2 2025's 12.8% but an improvement over Q3 2024's 12.5% and the five-year average of 12.1%.

This stability is attributed to cost discipline, though potential margin compression from tariffs and higher input costs remains a risk.

Revisions to Estimates

Q3 2025 estimates have trended upward since the quarter began. The initial forecast on June 30, 2025, stood at 7.3% YoY growth, but revisions have lifted it to 8.0% by September 30—a 0.7 percentage point increase. The bottom-up EPS estimate rose modestly by 0.1% to \$67.41 during this period. In the most recent week (ending October 3), the growth rate edged up from 7.9% to 8.0%, fueled by positive EPS surprises in Consumer Discretionary reporting companies and upward adjustments in Financials.

This marks a rare occurrence of net positive revisions during the quarter, the first since Q4 2021 (+0.3%). Historically, S&P 500 EPS estimates typically decline during earnings seasons: by an average of 1.4% over the past five years (20 quarters), 3.2% over ten years (40 quarters), 3.4% over fifteen years (60 quarters), and 4.3% over twenty years (80 quarters). Key upward drivers include revisions in Information Technology (+4.3% to \$146.1 billion in dollar earnings), Financials (+3.6% to \$107.7 billion), and Communication Services (+2.5% to \$65.1 billion). Offsetting declines were seen in Health Care (-6.7% to \$70.5 billion) and Materials (-4.6% to \$11.4 billion).

Guidance has also been constructive: Of 112 S&P 500 companies issuing Q3 EPS guidance, 50% were positive (above the five-year average of 43%), with Information Technology issuing a record 36 positive outlooks since tracking began in 2006.

Sector Breakdown

Eight of the eleven S&P 500 sectors are projected to post YoY earnings growth in Q3 2025, with Technology leading the pack. The table below summarizes expected growth rates, key contributors, and notable sub-industry trends:

Sector	Expected YoY EPS Growth	Key Notes and Contributors
Information Technology	+20.9%	Highest growth; all six industries positive. Semiconductors & Equipment (+45%) drives, led by Nvidia, Apple, Microsoft, Micron. Excluding this sub-industry: +9.6%. Revisions: +4.3%.
Utilities	+17.9%	Second-highest; all five industries growing. Independent Power Producers (+101%) via NRG Energy. Excluding NRG: +10.6%.

Materials	+13.9%	Third-highest but down from 19.4% initial. Containers & Packaging (+94%), Metals & Mining (+41%) lead; Chemicals (-7%). Revisions: -4.6%.
Financials	+11.5%	Up from 7.6%; all five industries positive. Consumer Finance (+28%), Capital Markets (+14%). JPMorgan, Progressive key revisions.
Communication Services	+3.2%	Up from 0.8%; Meta, Alphabet drive.
Industrials	+2.5% (est.)	Modest growth expected.
Consumer Discretionary	+1.8% (est.)	Positive surprises early in season.
Health Care	+0.5% (est.)	Flat; revisions down -6.7%.
Real Estate	-1.2% (est.)	Margin pressure.
Consumer Staples	-3.1%	Second-worst; Food Products (-22%) drags. Excluding: +0.6%.
Energy	-4.0%	Worst performer; Oil & Gas sub-industries decline amid \$65/bbl avg. price (vs. \$76 in Q3 2024).

Revenue growth is broad-based, with ten sectors expanding (led by Technology at +14.2%) and only Energy contracting (-2.8%). Margin expansions are anticipated in Utilities (+1.6 ppt to 16.4%) and Technology, while Real Estate sees contraction.

Historical Comparisons

Q3 2025's projected 8.0% growth lags the five-year quarterly average of 14.9% and the ten-year average of 9.5%, reflecting a post-pandemic normalization after exceptional gains in 2023-2024. For context:

- Q2 2025 actual: ~16% growth (double Q3's pace).
- Q3 2024 actual: Baseline for current YoY, with aggregate earnings ~\$59.80.
- Five-year revenue avg.: 7.2% (Q3 at 6.3% is below but second-highest since Q3 2022).

The upward revision trend contrasts with typical downward drifts, signaling analyst optimism amid AI-driven productivity gains and resilient consumer spending. However,

external risks like geopolitical tensions and tariff escalations could cap upside, as noted by Goldman Sachs.

Forward Outlook and Risks

Looking ahead, analysts project Q4 2025 growth at 7.3%, with full-year 2025 at 10.9%—a deceleration from 2024's ~12% but still supportive of equity valuations. Calendar year 2026 estimates accelerate to 13.8%, driven by sustained Technology and Utilities momentum. Key risks include:

- **Downside:** Energy volatility, tariff impacts on margins (potentially dragging profits by 1-2%), and softening in cyclical sectors like Materials.
- **Upside:** Continued Magnificent 7 outperformance, with hyperscaler AI capex exceeding forecasts, and broader positive guidance (already at multi-year highs).

Overall, Q3 results are poised to affirm earnings durability, though at a tempered pace, influencing market rotations away from high-flyers toward value sectors.

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