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Special Update

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Progress Report on Q4 2025 S&P 500 Earnings

The Q4 2025 earnings season for the S&P 500, covering the period ending December 31, 2025, is well underway as of early February 2026. With approximately one-third of companies having reported results by January 30, 2026, the index is demonstrating robust performance despite some metrics falling below historical averages. The blended earnings growth rate has improved significantly since the start of the season, driven by positive surprises in key sectors like Information Technology and Industrials. The season's outcomes could influence market sentiment, especially as the S&P 500 trades near record highs amid expectations for continued economic resilience.

Reporting Progress

As of January 30, 2026, 33% of S&P 500 companies (approximately 165 firms) have released their Q4 2025 earnings results. This marks a significant advancement from earlier in the season; for instance, only 7% reported earnings by January 16, 2026. The pace is typical for this stage, with peak reporting weeks occurring between late January and late February 2026. An additional 127 companies, including four Dow 30 components, were scheduled to report in the week following January 30, potentially pushing the reported percentage closer to 60% by early February.

Social media discussions on platforms like X (formerly Twitter) highlight ongoing interest in the season, with analysts noting that by late January, around 13% to 25% of companies had reported, depending on the specific date referenced.

These informal updates suggest a steady flow of releases, with focus intensifying on "Magnificent Seven" tech giants like Microsoft, Meta, Tesla, and Apple, whose results were anticipated to sway broader index performance.

Earnings Performance

The percentage of companies reporting actual EPS above analyst estimates stands at 75%, which is below the five-year average of 78% and the ten-year average of 76%. However, the magnitude of these positive surprises is notably strong at 9.1%, surpassing the five-year average of 7.7% and the ten-year average of 7.0%. This has contributed to an upward revision in the blended earnings growth rate, which combines actual results with estimates for unreported companies.

The current blended year-over-year EPS growth rate for Q4 2025 is 11.9%, a marked improvement from 8.2% the previous week and 8.3% at the end of the quarter on December 31, 2025. If realized, this would represent the fifth consecutive quarter of double-digit growth for the S&P 500. Earlier previews had forecasted growth around 8.3%, indicating that actual results are outperforming initial expectations. Market observers note that this trend reflects resilient corporate fundamentals amid economic uncertainties.

Revenue Performance

Revenue beats are occurring at a rate of 65%, below the five-year average of 70% and the ten-year average of 66%. The aggregate revenue surprise magnitude is 1.2%, also underperforming historical averages (five-year: 2.0%; ten-year: 1.4%). Despite this, the blended revenue growth rate is 8.2%, slightly up from 7.8% the prior week and stable compared to quarter-end estimates. This would mark the 21st consecutive quarter of revenue growth and the second-highest rate since Q3 2022 if achieved.

Sector-Level Breakdown

Performance varies significantly across sectors, with technology and cyclical areas leading gains. The following table summarizes year-over-year changes based on blended data as of January 30, 2026:

Sector	EPS Growth (%)	Revenue Growth (%)	Key Notes
Information Technology	Positive (Leading)	Positive (Leading)	Strong surprises driving index uplift; AI investments paying off.
Industrials	Positive (Leading)	Positive	Positive EPS and revenue surprises contributing to revisions.
Communication Services	Positive (Leading)	Positive (Leading)	Benefiting from digital ad recovery and content demand.
Consumer Discretionary	Positive	Positive	Resilient consumer spending.
Financials	Positive	Positive	Early bank reports showed mixed but overall positive beats.
Consumer Staples	Positive	Positive	Stable demand for essentials.
Utilities	Positive	Positive	Regulatory support and infrastructure investments.
Real Estate	Positive	Positive	Interest rate environment aiding recovery.
Health Care	Negative (Leading Decline)	Positive	Margin pressures from rising costs.
Materials	Negative	Positive	Commodity price volatility.
Sector	**EPS Growth (%)**	**Revenue Growth (%)**	**Key Notes**
Energy	Negative	Negative (Only Decline)	Oil price fluctuations impacting profitability.

Eight of eleven sectors are reporting EPS growth, while ten show revenue increases. The "Magnificent Seven" (large tech firms) have shown mixed results, with some lagging expectations, potentially shifting focus to small caps and broader market participation. Net profit margins across reported companies average 13.2%, the highest since 2009, with forecasts suggesting even higher margins in 2026.

Key Surprises and Notable Companies

Positive EPS surprises have been concentrated in Industrials, Information Technology, and Communication Services, accounting for the bulk of the blended growth rate increase. For example, early reports from banks like JPMorgan set a positive tone, though Microsoft faced pressure from slower cloud growth. On the negative side, sectors like autos (within Consumer Discretionary) are projected to see a 24% EPS drop. Overall, 81% of early reporters beat expectations, above the historical 75% average, signaling potential market strength.

Forward Outlook

Analysts project continued growth, with Q1 2026 EPS expected to rise 11.7% year-over-year, accelerating to 14.9% in Q2 2026. Full-year 2026 calendar earnings are forecasted at 14.3% to 14.9%, up from 12.4% in 2025. The forward 12-month P/E ratio is 22.2, above five-year (20.0) and ten-year (18.8) averages, reflecting optimism but also potential valuation risks. Broader earnings participation beyond Big Tech is expected to support the index, with small caps potentially surging.

Conclusion

The Q4 2025 earnings season is progressing favorably, with stronger-than-expected surprises boosting growth estimates and underscoring corporate resilience. While beat rates are slightly below averages, the magnitude of surprises and sector leadership in tech and industrials bode well for the S&P 500. As more companies report in February, including key players in the upcoming week, the full picture will emerge. This could sustain the index's momentum near 7,000, though investors should monitor guidance for 2026 amid economic variables like Federal Reserve policies.

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