

# Q1 2026 S&P 500 Earnings Update

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EPS GROWTH (Q1E)

**13.0%**

6th straight double-digit quarter

REVENUE GROWTH (Q1E)

**9.7%**

Year-over-year

FWD P/E RATIO

**19.9**

5Y avg: 19.9

NET PROFIT MARGIN

**13.2%**

Year ago: 12.8%

## KEY THEME THIS QUARTER

AI capex drives IT and semiconductor outperformance — with tariff risk emerging as the headwind to watch.

EARNINGS GROWTH

**EPS +13.0% YoY**

Sixth straight double-digit quarter. Breadth remains broad-based outside of Health Care.

EPS GUIDANCE

**60** positive pre-announcements

**50** negative pre-announcements

45% negative vs. 58% 5-year average — guidance posture improving.

## SECTOR EARNINGS & REVENUE GROWTH (Q1 2026E)

SECTOR	EPS GROWTH	REV GROWTH	NOTE
Information Technology	+45.1%	+27.4%	AI and semiconductor demand driving growth
Materials	+24.7%	+5.3%	Metals and mining recovery supporting growth
Financials	+14.7%	+9.9%	Insurance and capital markets leading gains
Health Care	-8.6%	+5.8%	Pharma write-downs weigh on sector results

## ANALYST RATINGS DISTRIBUTION

**58.6%**

BUY

**36.2%**

HOLD

**5.2%**

SELL

# Forward Outlook & Valuation Context

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## FORWARD EPS GROWTH ESTIMATES

Q2 2026 <b>18.7%</b>	Q3 2026 <b>20.8%</b>	Q4 2026 <b>19.0%</b>	CY 2026 <b>17.1%</b>
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**BIOTECH / HEALTH CARE NOTE**

**Biotech +13%**

Pharma drag from write-downs offsets biotech strength. Key PDUFA events cluster in Q2 — a potential catalyst window for the sub-sector.

**VALUATION CONTEXT**

**Fwd P/E 19.9x**

In line with the 5-year average and above the 10-year average of 18.9x. Multiple expansion has done much of the recent index work; earnings must now carry the load.

## FULL-YEAR TRAJECTORY

PERIOD	EPS GROWTH (E)	READ
Q2 2026	<b>+18.7%</b>	Acceleration off Q1 base
Q3 2026	<b>+20.8%</b>	Projected peak quarter
Q4 2026	<b>+19.0%</b>	Sustained double-digit growth
CY 2026	<b>+17.1%</b>	Full-year blended estimate

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