

Cash Flow and Carey



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S&P 500 Index Earnings & Revenue Growth Rate Estimates

S&P 500 & Sector Indices (Estimated Y-O-Y Earnings & Revenue Growth Rates as of 1/24/25)

	2024 Earnings Est.	2025 Earnings Est.	2024 Revenue Est.	2025 Revenue Est.
S&P 500 Index	10.1%	12.4%	5.3%	5.6%
Communication Services	26.8%	11.0%	6.5%	7.7%
Consumer Discretionary	15.2%	10.1%	4.9%	5.3%
Consumer Staples	2.8%	4.3%	3.0%	3.4%
Energy	-21.2%	5.4%	0.4%	-1.7%
Financials	14.7%	7.1%	6.4%	5.1%
Health Care	2.2%	20.0%	7.3%	6.6%
Industrials	-0.7%	14.8%	0.2%	5.1%
Information Technology	20.8%	19.4%	12.9%	12.2%
Materials	-8.5%	11.9%	-0.1%	0.4%
Real Estate	5.6%	2.4%	5.5%	4.8%
Utilities	15.1%	8.0%	1.1%	6.3%

Source: Bloomberg. Consensus estimates using fiscal year revenue from each company.

View from the Observation Deck

With fourth quarter earnings season well underway, we wanted to provide an update regarding estimated 2024 and 2025 earnings and revenue growth rates for the companies that comprise the S&P 500 Index (“Index”). On January 28, 2025, the Index closed at 6,067.70, representing an increase of 27.21% on a price-only basis from when it closed at 4,769.83 on December 29, 2023, according to data from Bloomberg. For comparison, from 1928-2024 (97 years) the Index posted an average annual total return of 9.71%. We have maintained that increased revenues could boost earnings and provide the catalyst that drives equity returns higher going forward. We believe that the Index’s continued price improvement is reflective, in part, of that scenario playing out.

The most recent estimates reveal favorable earnings growth expectations in 2024 and 2025.

As today’s table shows, earnings for the companies that comprise the Index are estimated to increase by a combined 10.1% and 12.4%, respectively, year-over-year (y-o-y) in 2024 and 2025. In our last post on this topic, these figures stood at 9.7% and 12.8%, respectively ([click here](#)). Keep in mind that estimates for 2024 reflect favorable comparisons to 2023’s earnings which declined by 0.9% in 2023 (not in table). In 2024, earnings are estimated to decline in three of the eleven sectors that comprise the Index (Energy, Industrials, and Materials), unchanged from our last post. In 2025, however, earnings are estimated to increase for each of the Index’s sectors.

Revenue growth rate estimates remain favorable.

As of January 24, 2025, the estimated revenue growth rate for the companies in the Index stood at 5.3% and 5.6%, respectively, in 2024 and 2025. These figures increased since our last post when they stood at 5.2% and 5.5%, respectively. Ten of the eleven sectors that comprise the S&P 500 Index reflect positive y-o-y revenue growth rate estimates for 2024, with five of them estimated to surpass 5.0%. For comparison, seven of the eleven sectors are estimated to see revenue growth in excess of 5.0% in 2025.

Takeaway

As we’ve previously observed, equity markets are forward-looking discounting mechanisms, meaning the price of an efficient market should reflect the sum-effect of present and future (expected) events. With that in mind, we believe that the recent total returns in the S&P 500 Index, which increased by 26.26% & 25.00% in 2023 and 2024, respectively, are representative of the earnings and revenue growth rates shown in today’s table. Notably, earnings estimates reveal that analysts expect much broader market participation in 2025 than in 2024. Time will ultimately reveal the accuracy of these estimates, but we maintain that higher revenues could be the best catalyst for growing earnings, and in turn, drive equity prices higher.