

Earnings Tracker

Week 2: Strong start, but the big test is up next

Best breadth of beats since 2Q21

With week 2 behind us, results from 145 S&P 500 companies representing 30% of index earnings are now in. Despite some notable misses from big tech (e.g., [Netflix \(recap\)](#), Tesla), earnings are coming in 8% ahead of consensus overall. 79% of companies beat on EPS, 79% beat on Revenue and 66% beat on both – the healthiest breadth of beats in over four years and much better than the week 2 average of 64%/59%/45%. 3Q consensus EPS growth (blended measure of actuals & consensus estimates) is tracking 9% YoY (vs. 8% last week) – we expect growth to settle at 11% YoY (see [3Q preview](#)).

Corporate optimism & very strong guidance continue...

Based on our NLP analysis, corporate sentiment has continued to improve in 3Q after falling sharply post tariff announcements (see Exhibit 7). “Weak demand” mentions have trended lower and the ratio of companies mentioning “better/stronger” vs. “worse/weaker” is higher. It’s early, but guidance has been encouraging – so far in October, there have been 2x more above-consensus EPS guides than below, far higher than the historical average of 0.8x.

...but reactions skew negative: big penalty for misses

Companies that beat on EPS and Revenue outperformed by an avg. of 1.1ppt the next day, above last quarter’s 70bp but slightly below the historical avg. of 1.4ppt. Above-consensus EPS guides saw a larger boost of 1.8ppt. Like last quarter, the market is punishing misses much more than usual, with stocks that missed on both the top and bottom line lagging by an avg. of 5.5ppt, over 2x more than the historical avg. and tied for the second largest move in our data history, just behind the record of 7.4ppt in 2Q. The spread between reactions to beats and misses is in the 95th percentile since 2000.

Soft CPI, but apparel uptick signaling tariff impact now

Margins remained resilient in 2Q with price increases just one of many mitigation tactics cited by corporates. Despite a soft September CPI report overall, there were some signs of additional tariff-related inflation, with a notable uptick in Apparel (see [CPI recap](#)). From here, the degree to which corporates can continue to pass on price hikes for discretionary goods will depend on the labor market; companies with more exposure to high-income consumers will likely have more pricing power given building pressure on the low and middle income consumers. We are watching for broader layoff news.

Up next: The make-or-break week for 3Q (43% of EPS)

While takeaways have been mostly upbeat so far, week 3 will likely define the narrative for 3Q earnings. 170 S&P 500 companies are on deck (>40% of index EPS), including big Tech stocks Apple, Amazon, Microsoft, Meta and Alphabet. All eyes will be on AI monetization vs. spending – consensus expects hyperscaler capex to decelerate substantially from >50% in 2025 to <20% in 2026, but given the strength of revisions to capex this year, there is likely more room for 2026 estimates to rise (see Exhibit 33).

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Equity and Quant Strategy
United States

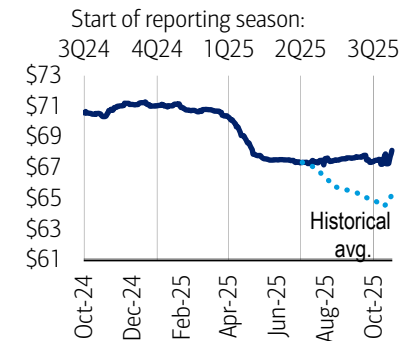
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Exhibit 1: Bottom-up 3Q EPS estimate is up 1% since Oct 1

Revision to consensus S&P 500 3Q



Source: FactSet, BofA US Equity & Quant Strategy
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Exhibit 2: S&P 500 qtrly EPS forecasts

Bottom-up consensus vs. our estimates

	Btm-up analysts	YoY	BofA Strategy	YoY
2024	\$243	10%	\$243	10%
1Q25	63.68	13%	63.68	13%
2Q25	67.03	11%	67.03	11%
3Q25E	68.14	9%	70.00	11%
4Q25E	70.16	7%	70.50	7%
2025E	\$268	11%	\$271	12%
1Q26E	70.94	11%	69.00	8%
2Q26E	75.19	12%	73.25	9%
3Q26E	78.72	16%	76.75	10%
4Q26E	80.92	15%	79.00	12%
2026E	\$305	14%	\$298	10%

Source: FactSet, BofA US Equity & Quant Strategy
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3Q25 Earnings: Week 3

Earnings commentary

Cyclical recovery

- **Texas Instruments (Semis)** – “The overall semiconductor market recovery is continuing, though at a slower pace than prior upturns” ... “there is a bit of a **wait-and-see mode with our customers**. They’re just hesitant to have clarity on what exactly are the final rules. Do I put my factory in this country or in another one? Even in our domain, think about it, the rules are still not finalized in terms of the rates of tariffs, for example, will they be or not. So, **I do see this hesitancy at the customer base, and I see it mainly on the industrial side.**”

Consumer

- **Coca-Cola (Beverages)** – “When we look from a consumer point of view, we continue to see divergency in spending between the income groups. **The pressure on middle and low-end income consumers is still there.**”
- **Deckers (Footwear)** – “For the back half, we are anticipating a more cautious consumer as the full impact of tariffs and price increases will be felt here in the US. Having said that, our brands are well positioned when the consumer shows up for the holidays.”
- **American Airlines (Airlines)** – “While premium continued to outperform main cabin, we've seen improvement in the main cabin since its low point in July. That momentum has continued into October and we're encouraged by the bookings we have taken for November and December.”

Credit

- **Capital One (Consumer Finance)** – “So, overall, we are finding in our own subprime performance, **subprime credit performance is moving in line with prime** ... There's been a lot of noise in the subprime auto space pointing to rising delinquency rates. **Our own performance in subprime auto has remained stable through this time** and again, I think this is a product of choices that we made.”

Artificial Intelligence

- **Intel (Semis)** – “Although we remain vigilant regarding macroeconomic volatility, **customer purchasing behavior and inventory levels are healthy and industry supply has tightened materially**. Furthermore, we are **increasingly confident that the rapid adoption of AI is driving growth** in traditional compute and reinforcing momentum across our businesses.”
- **Tesla (Autos)** – “On the CapEx front, while we are expecting to be around **\$9 billion for the current year, we're projecting the numbers to increase substantially in 2026** as we prepare the company for the next phase of growth in terms of not just our existing businesses, but our bets around AI initiatives, including Optimus.”
- **GE Vernova (Electrical Equipment)** – “Hyperscalers increasingly are turning to us for their electrification needs with \$400 million of orders in 3Q alone. **So far this year, we've booked roughly \$900 million in electrification orders with hyperscalers, compared to \$600 million in all of 2024.**”
- **Vertiv (Electrical Equipment)** – “So **the data center market continues to show remarkable strength**, driven by accelerating AI adoption globally. Our order pipeline and market indicators give us confidence in this trajectory.”



Best breadth of beats since 2Q21

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Exhibit 3: Consensus expects 8% net income growth in 3Q

S&P 500 consensus expectations based on current constituents & diluted shares (using actuals if reported, consensus if not yet reported)

Sector	Earnings		Sales	
	YoY%	QoQ%	YoY%	QoQ%
Consumer Disc.	(0.1%)	5.9%	6.5%	4.0%
Consumer Staples	(1.6%)	2.6%	3.2%	5.6%
Energy	(5.9%)	5.2%	(0.9%)	3.0%
Financials	20.1%	4.4%	7.7%	3.0%
Health Care	(4.6%)	(7.9%)	8.3%	1.7%
Industrials	3.7%	(8.5%)	5.5%	0.3%
Technology	21.7%	8.9%	14.5%	4.1%
Materials	17.7%	(4.8%)	4.0%	(2.8%)
Real Estate	3.7%	(0.8%)	6.2%	1.3%
Communication Services	2.5%	(6.9%)	7.6%	2.3%
Utilities	0.0%	46.6%	5.2%	12.9%
S&P 500	8.3%	2.3%	6.8%	3.0%
ex. Financials	5.7%	1.7%	6.7%	3.0%
ex. Energy	9.0%	2.1%	7.4%	3.0%
ex. Fins & Energy	6.4%	1.6%	7.4%	3.0%

Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 4: % of S&P 500 companies beating consensus on EPS and sales

Results from companies that have reported 3Q25 results

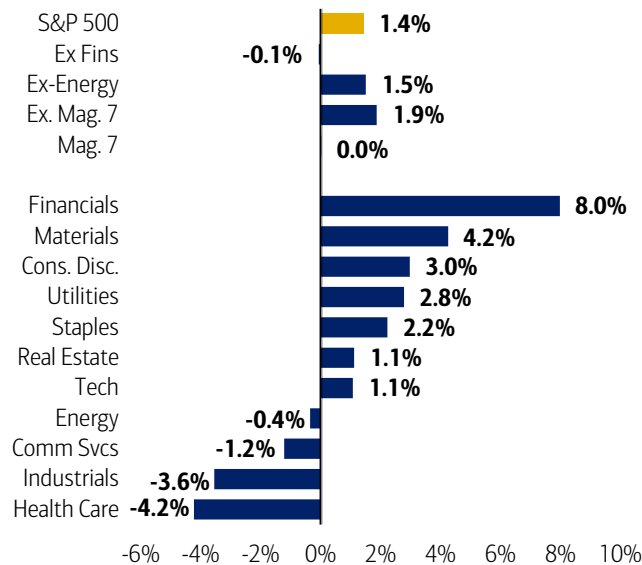
Sector	Total companies	Number Reported	% with EPS beat	% with Sales beat	% EPS & Sales beat
Cons. Disc.	50	21	71%	81%	67%
Cons. Staples	37	10	100%	80%	80%
Energy	22	6	67%	83%	50%
Financials	75	36	83%	86%	72%
Health Care	60	11	82%	91%	82%
Industrials	79	30	73%	67%	53%
Tech	68	13	85%	85%	77%
Materials	26	6	83%	67%	50%
Real Estate	31	5	80%	100%	80%
Comm. Svcs.	21	4	25%	50%	25%
Utilities	31	3	100%	33%	33%
S&P 500	500	145	79%	79%	66%

Source: FactSet, BofA US Equity & US Quant Strategy

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Exhibit 5: 3Q consensus earnings +1.4% since October 1

Revision to consensus 3Q25 earnings since start of October

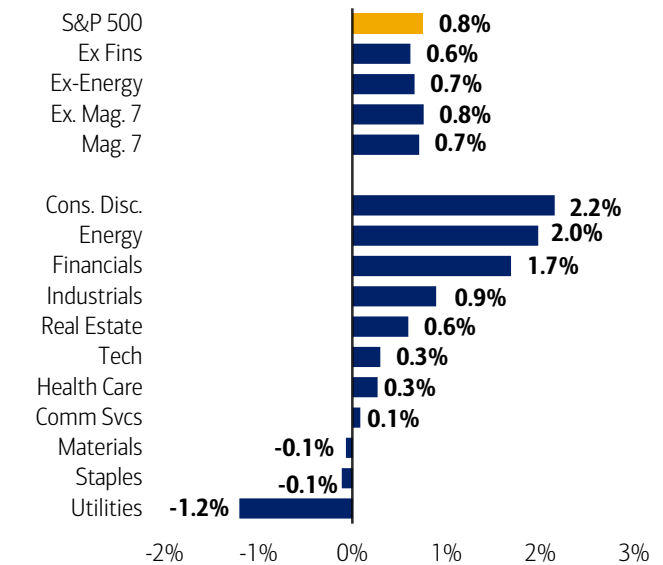


Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 6: 3Q sales expectations +0.6% ex. Fins since October 1

Revision to consensus 3Q25 sales since start of October



Source: FactSet, BofA US Equity & Quant Strategy

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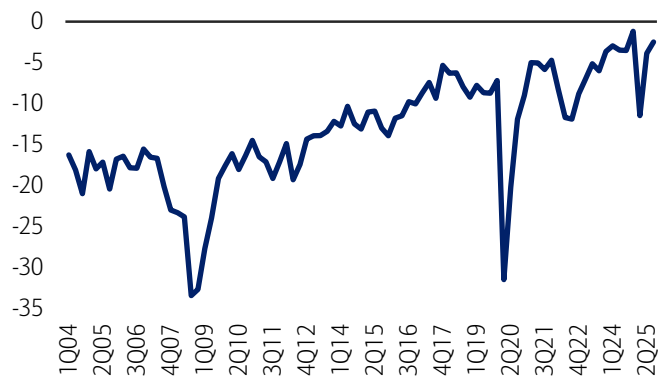


Corporate sentiment continues to improve post-tariff fall

Based on our Predictive Analytics team’s NLP analysis (see Appendix for full methodology), corporate sentiment has continued to improve in 3Q after falling sharply post tariff announcements. “Weak demand” mentions have also continued to trend down while the ratio of companies mentioning “better/stronger” vs. “worse/weaker” has trended up.

Exhibit 7: Our Corporate Sentiment Indicator has continued to improve from its Liberation Day fall

Avg. negative sentiment score for S&P 500 companies (2004-3Q25 as of 10/22/2025)

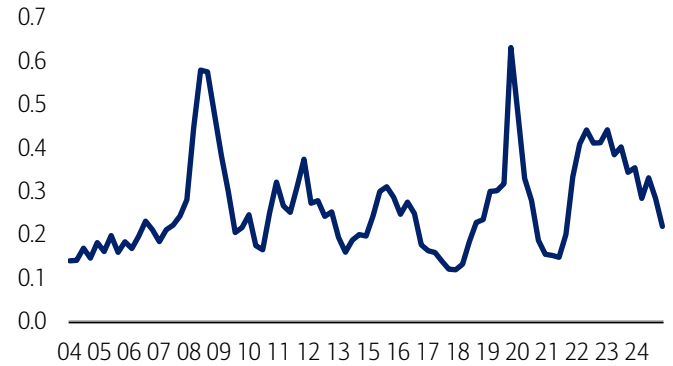


Source: BofA Global Research, FactSet

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Exhibit 8: “Weak demand” mentions have been trending down

Avg. mention of weak demand per company during earnings calls (as of 10/22/2025)

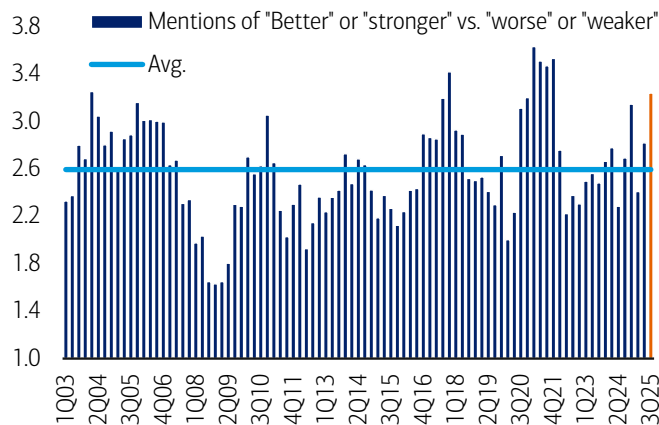


Source: BofA Global Research, FactSet. Note: mentions include "lower," "softer," "moderating," "weaker"

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Exhibit 9: The ratio of “better/stronger” mentions vs “worse/weaker” is well above average

Mentions of “better” or “stronger” vs. “worse” or “weaker” on S&P 500 earnings calls, 1Q03-3Q25 as of 10/24/25

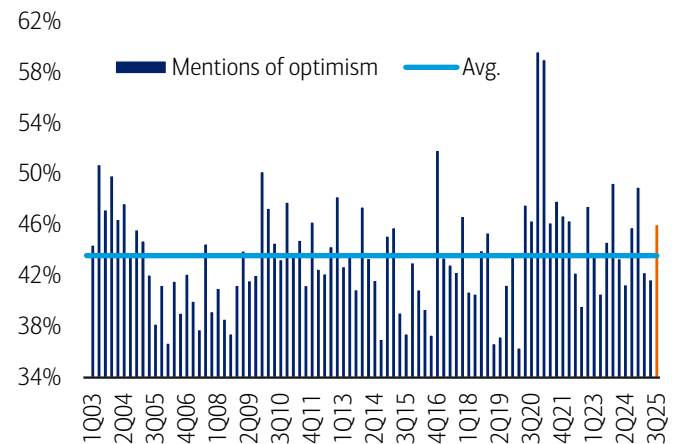


Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 10: Mentions of “optimism” also improved, now slightly above average

Mentions of “optimistic” or “optimism” on S&P 500 earnings calls, 1Q03-3Q25 as of 10/24/25



Source: BofA US Equity & Quant Strategy, FactSet

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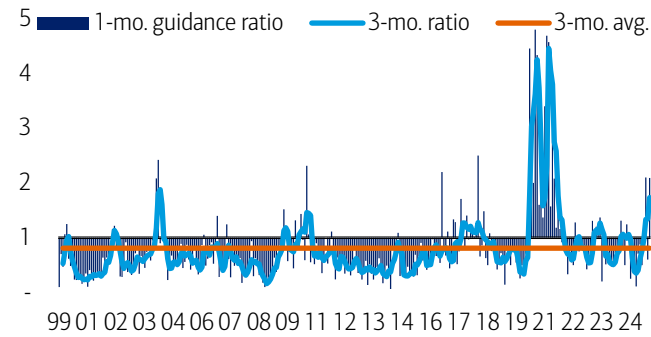


Strong guidance trends continuing in 3Q

After a weak start to the year, corporate guidance improved substantially in 2Q and has remained strong so far in 3Q. Our three-month guidance ratio (# of above- vs. below-consensus guides) was at 1.3x as of September, its highest level since 2021. While it is still early in 3Q, EPS guidance trends are encouraging – so far in October, there have been 2x more companies guiding above consensus than below, well above the historical average of 0.8x.

Exhibit 11: Still early in 3Q, but the 1m guidance ratio is tracking 2x in October (vs. long-term average of 0.8x)

S&P 500 guidance ratio (# above vs. below consensus) – 1999-10/24/25

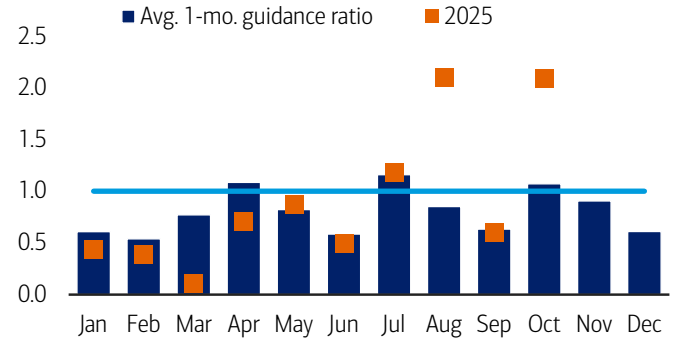


Source: BofA US Equity & Quant Strategy, Bloomberg

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Exhibit 12: Guidance has improved substantially after a weak start to the year

Average 1-mo. guidance ratio by month including YTD trend (1999-10/24/25)



Source: BofA US Equity & Quant Strategy, Bloomberg

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Reactions skew negative: big penalty for misses

Companies that beat on EPS and Revenue outperformed by an avg. of 1.1ppt the next day, above last quarter's 70bp but slightly below the historical avg. of 1.4ppt. Above-consensus EPS guides saw a larger boost of 1.8ppt. Like last quarter, the market is punishing misses much more than usual, with stocks that missed on both the top and bottom line lagging by an avg. of 5.5ppt, over 2x more than the historical avg. and tied for the second largest move in our data history, just behind the record of 7.4ppt in 2Q. The spread between reactions to beats and misses is in the 95th percentile since 2000.

Exhibit 13: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 500

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	0.9%	1.1%	0.5%	0.3%
EPS Miss	-4.8%	-7.2%	-3.8%	-3.0%
EPS In-Line	0.8%	1.1%	-4.1%	-4.9%
Sales Beat	0.4%	0.4%	-0.1%	-0.2%
Sales Miss	-0.4%	-1.3%	-1.1%	-1.9%
Sales In-Line	NA	NA	NA	NA
Both Beat	1.1%	1.4%	0.6%	0.3%
Both Miss	-5.5%	-8.5%	-4.1%	-10.4%

Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 14: Relative performance by sector vs. S&P 500

Relative performance (in ppt) of reported companies vs. S&P 500

Sector	1 day after reporting		5 days after reporting	
	Beat on both	Missed on both	Beat on both	Missed on both
Cons. Disc.	1.8%	-9.5%	-2.3%	-8.1%
Staples	0.4%	N.A.	3.6%	N.A.
Energy	4.6%	N.A.	N.A.	N.A.
Financials	-0.4%	-3.0%	-0.3%	-9.2%
Health Care	3.8%	N.A.	0.3%	N.A.
Industrials	2.6%	-3.1%	9.4%	N.A.
Tech	-1.2%	N.A.	-0.2%	N.A.
Materials	-0.4%	N.A.	N.A.	N.A.
Real Estate	1.8%	N.A.	7.8%	N.A.
Comm. Svcs.	3.7%	-9.5%	N.A.	N.A.
Utilities	-2.2%	N.A.	N.A.	N.A.
S&P 500	1.1%	-5.5%	1.4%	-8.5%

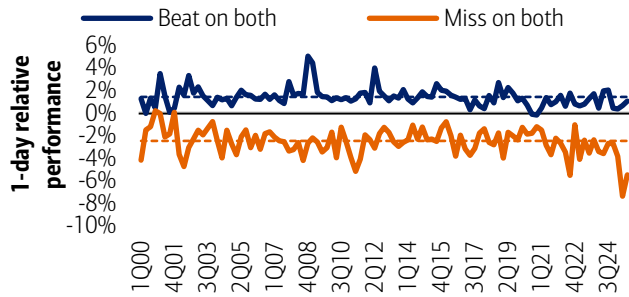
Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 15: Reward for beats is slightly below average, misses getting punished much more than usual

Rel. 1-day post-reporting performance (vs. S&P 500) on EPS & sales surprise (1Q00-3Q25)

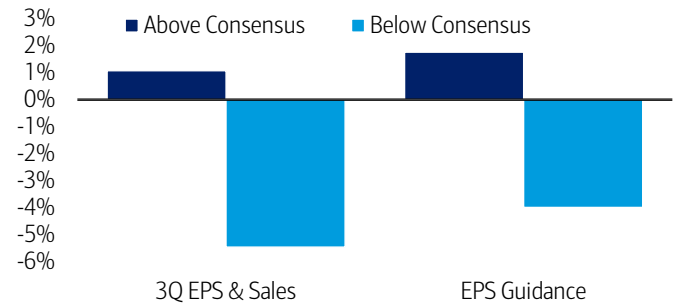


Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 16: Companies with above-consensus EPS guidance have seen a slightly stronger reward than beats so far

Rel. 1-day post-reporting performance (vs. S&P 500) on EPS & sales surprise vs. guidance surprise in 3Q



Source: FactSet, Bloomberg, BofA US Equity & Quant Strategy

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On watch: Jobs – hit to consumption growth ahead?

What are employment services companies saying?

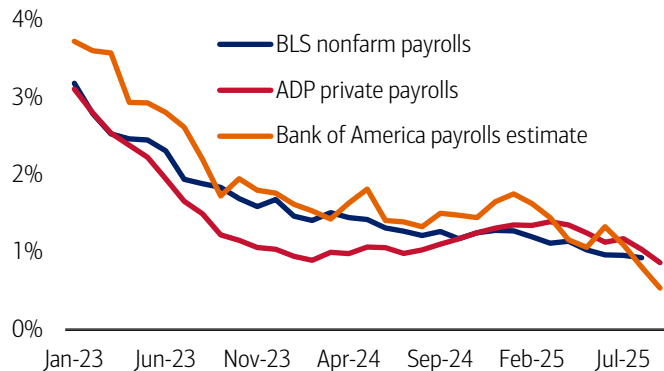
ManpowerGroup – “...the nature of how employers are holding on to their workforce, we believe, is really the memory of the post-pandemic surge in demand...they’re holding on to their workforce to a greater degree today than we have experienced in past economic slowdowns...because we think employers are informed and cautioned by that experience.”

Robert Half – “...looking back for the last three years, we analyzed the results from our roles that are vulnerable [to AI]...the customer service, the coders, the lower level, operational level positions...performed no differently than the rest...[to] the extent there's been an impact, it's on early-career entry-level people.”

Korn Ferry – “...companies are – they're not doing massive downsizing, but they're letting natural attrition take its course and they're not replacing those hires.”

Exhibit 17: An estimate of payrolls from Bank of America internal data suggests a further cooling in growth in September

Payroll estimates from Bank of America internal data, the Bureau of Labor Statistics and ADP (3-month moving averages, % YoY)

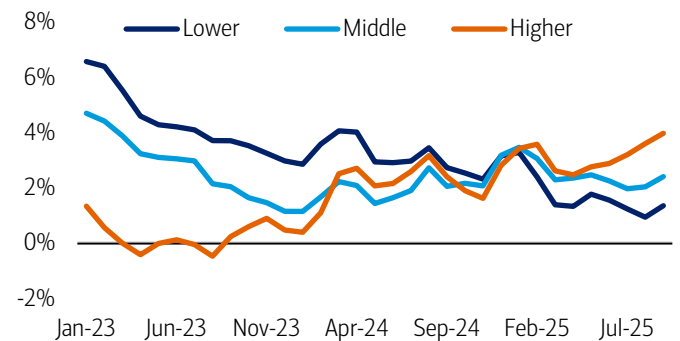


Source: Bank of America internal data, Haver Analytics. BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted, Bank of America Institute

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Exhibit 18: In September, higher-income household wage growth rose to 4.0% YoY, while for lower-income households it ticked up to 1.4% YoY

After-tax wage and salary growth by household income terciles, based on Bank of America aggregated consumer deposit data (3-month moving average, YoY%, SA)



Source: Bank of America internal data, Bank of America Institute

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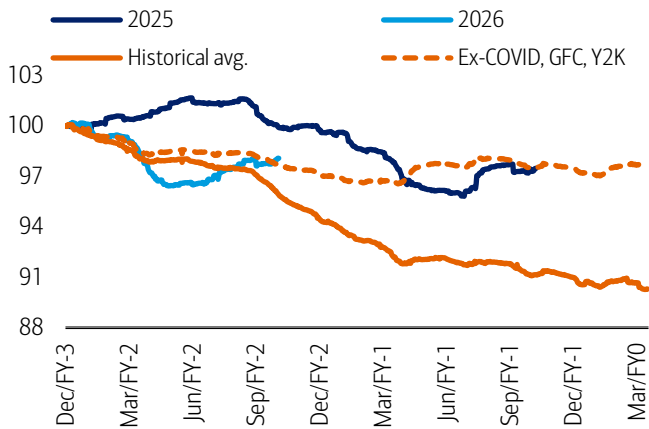


See [The Institute Employment Report: September 2025](#) for methodology, limitations, disclaimers related to Bank of America internal data.

Upward revisions to 2025-2026 EPS since July

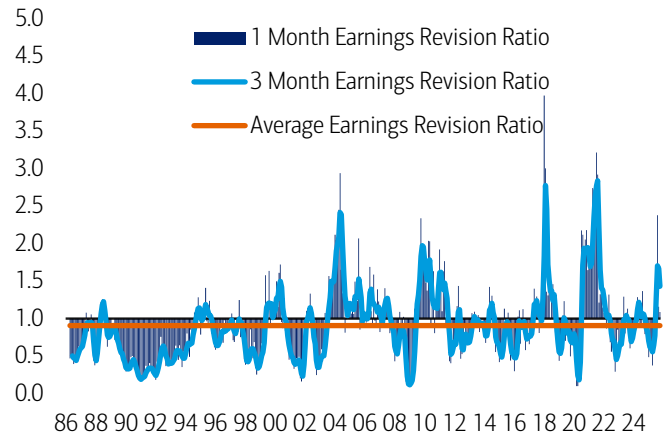
Analysts' 2025 and 2026 estimates were cut by more than they would be in a typical year on the back of President Trump's tariff announcements, but revisions stabilized and inflected higher during 2Q earnings season. The 3m earnings revision ratio (# of upward vs. downward revisions) hit its highest level since 2021 in August – it has since moderated slightly from 1.7x to 1.4x. (as of Oct. 24) but is still well above average (0.9x).

Exhibit 19: Big cuts to '25 and '26 post-Liberation Day have reversed
S&P 500 historical FY2 EPS revisions vs. 2024-25 consensus EPS (2024-25 as of 10/24/25)



Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2001-2024
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Exhibit 23: Breadth of earnings revisions also strong: 3m Earnings Revision Ratio at 1.4x (vs. 0.9x historical average)
S&P 500 Earnings Estimate Revision Ratio as of 10/24/25



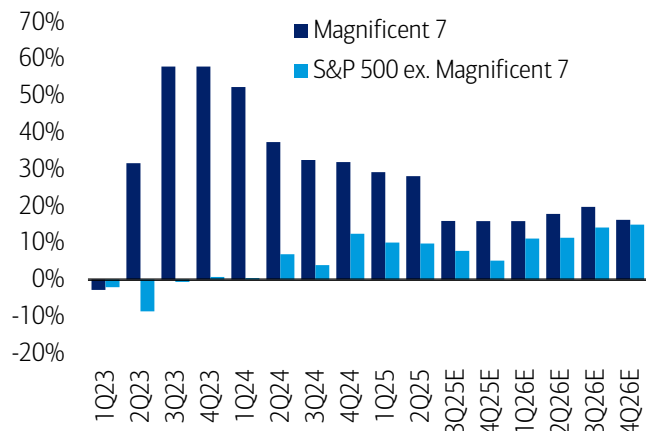
Source: BofA US Equity and Quant Strategy, FactSet/I/B/E/S

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Breadth improving, but Tech expected to continue to lead growth for now

Exhibit 24: Gap between Mag 7 and Other 493's earnings growth is narrowing, but not expected to converge until 2026

Magnificent 7 vs. the Other 493 consensus quarterly EPS YoY

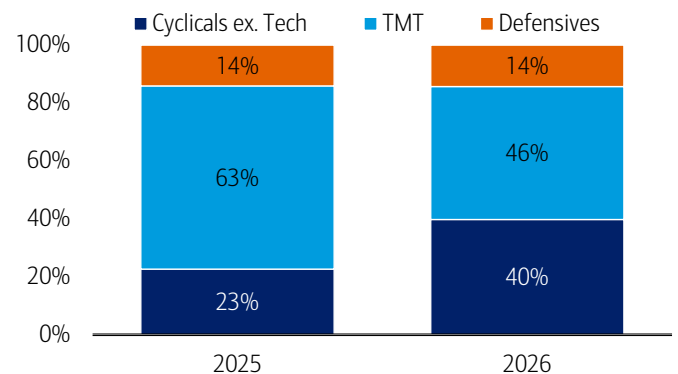


Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 22: TMT is expected to account for >60% of S&P earnings growth in '25, but <50% in '26 as cyclical growth is expected to pick up

Sector contribution to S&P 500 EPS growth in 2025-2026



Source: FactSet, BofA US Equity & Quant Strategy. Defensives include Utilities, Health Care, and Staples. Cyclical include Energy, Materials, Industrials, Discretionary, Financials, and Real Estate. TMT includes Information Technology & Comm Svcs.

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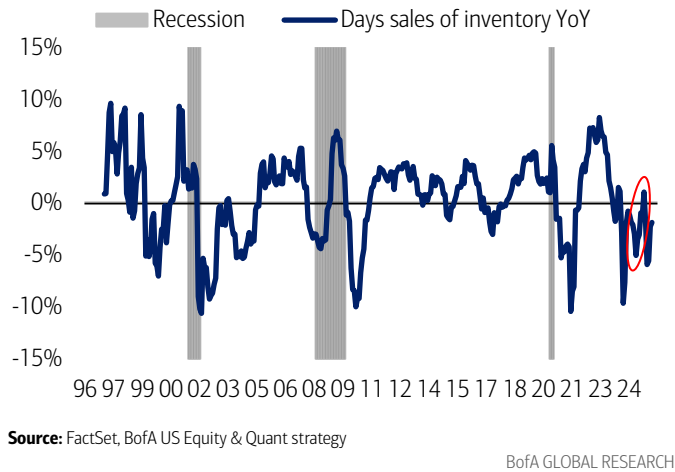


Risk: the full brunt of tariffs is ahead of us

Even if the latest escalation on tariffs for China does not hit, the impact from actual tariffs in play for the past few months may be ahead of us. Pre-ordering mitigated part of the impact so far, but won't last forever. Based on Days Sales of Inventory, the average S&P 500 company would have depleted pre-Liberation Day inventory by early June, and pre-August 7th inventory (expiration of reciprocal tariff pause) by early October, suggesting margin pressure could build in 4Q. Weakening labor markets might drive more price sensitivity, potentially limiting corporates' ability to pass through prices as they have in prior months.

Exhibit 23: Companies pre-bought inventory ahead of tariffs

S&P 500 days sales of inventory YoY (1997-present)



Source: FactSet, BofA US Equity & Quant strategy

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Exhibit 18: S&P companies carry ~2 months of inventory on average – margin pressure should build in 4Q

S&P 500 days sales of inventory (current S&P 500 constituents)

Select goods industries in S&P 500	DSI		DSI YoY		
	1Q25	2Q25	4Q24	1Q25	2Q25
Capital Goods	119	111	3%	0%	-5%
Health Care Equip & Svcs.	32	31	-7%	-6%	-5%
Pharma Biotech & Life Sci	216	210	24%	1%	2%
Semi & Semi Equip.	139	150	-10%	-21%	-8%
Materials	82	79	-1%	-3%	-1%
Food Beverage & Tobacco	76	73	0%	2%	1%
Cons. Discretionary Dist. & Retail	80	76	0%	5%	10%
Tech Hardware & Equip.	48	43	12%	2%	-8%
Autos & Components	47	42	-2%	-8%	-9%
HH & Personal Products	84	81	-4%	1%	-1%
Cons. Staples Dist. & Retail	43	38	1%	2%	-2%
Durables & Apparel ex. Homebuilders	130	130	2%	4%	6%
S&P 500	68	64	0%	-1%	-2%
1Q DSI + Liberation Day tariffs	6/11/25				
2Q DSI + Aug. 7th expiration	10/9/25				

Source: FactSet, BofA US Equity & Quant Strategy

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Tariff re-escalation: unrealistic worst-case is 23% EPS hit

While an additional 100% tariff on Chinese goods is not the base case, we include a scenario analysis of the potential hit to earnings below. Based on tariff rates prior to this escalation, we estimated tariffs represented as much as a 7% hit to annual S&P 500 operating income assuming no price pass through or other mitigation tactics. If we tack on another 100%, our worst-case estimate moves to 14%. And if China retaliates with equal force (i.e., adds an additional 100% rate on US goods), our worst-case scenario moves to 23% – a hit big enough to, in our view, call into question the likelihood of this outcome.



Exhibit 19: Pre-China escalation, we estimated the S&P 500's EBIT hit from tariffs would have been ~7% without mitigation...

S&P 500 EBIT impact of current tariff landscape prior to Friday's China trade war escalation

Sector	Sales hit to EBIT	Cost hit to EBIT	Overall EBIT hit
Energy	-1.1%	-22.4%	-23.5%
Staples	-2.1%	-21.0%	-23.1%
Discretionary	-2.1%	-14.1%	-16.2%
Materials	-5.1%	-10.3%	-15.5%
Industrials	-4.1%	-7.7%	-11.8%
Technology	-4.0%	-2.5%	-6.5%
Health Care	-1.5%	-4.4%	-5.9%
Comm. Svcs.	-1.4%	-0.2%	-1.6%
Financials	-0.2%	-0.5%	-0.7%
Real Estate	-0.4%	-0.1%	-0.5%
Utilities	0.0%	0.0%	0.0%
S&P 500	-1.9%	-5.3%	-7.2%

Source: BofA US Equity & Quant Strategy, FactSet. Assumes unitary elasticity, no FX impact and no pass-through of price. Estimated country rates: US effective tariff rates (38% China, 5% Canada/Mexico, 15% RoW) and an incremental 10% retaliatory rate from China. See Appendix for more.

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Exhibit 20: ...but if a 100% tariff on China is added, the hit could be up to 14%...

S&P 500 EBIT impact of an additional 100% tariff on Chinese goods (assumes other country rates are constant)

Sector	Sales hit to EBIT	Cost hit to EBIT	Overall EBIT hit
Staples	-2.1%	-66.9%	-68.9%
Discretionary	-2.1%	-41.5%	-43.6%
Energy	-1.1%	-24.0%	-25.2%
Materials	-5.1%	-15.6%	-20.7%
Industrials	-4.1%	-13.9%	-18.0%
Technology	-4.0%	-5.8%	-9.8%
Health Care	-1.5%	-7.7%	-9.2%
Comm. Svcs.	-1.4%	-0.4%	-1.8%
Financials	-0.2%	-1.0%	-1.2%
Real Estate	-0.4%	-0.2%	-0.6%
Utilities	0.0%	0.0%	0.0%
S&P 500	-1.9%	-12.2%	-14.0%

Source: BofA US Equity & Quant Strategy, FactSet. Assumes unitary elasticity, no FX impact and no pass-through of price. Estimated country rates: US effective tariff rates (138% China, 5% Canada/Mexico, 15% RoW) and an incremental 10% retaliatory rate from China. See Appendix for more.

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Exhibit 21: ...and if China retaliates with an additional 100%, the hit could be up to 23%

S&P 500 EBIT impact of an additional 100% tariff on Chinese goods & China retaliation of equal force (assumes other country rates are constant)

Sector	Sales hit to EBIT	Cost hit to EBIT	Overall EBIT hit
Staples	-12.2%	-66.9%	-79.1%
Discretionary	-12.4%	-41.5%	-53.8%
Materials	-30.4%	-15.6%	-46.0%
Industrials	-24.6%	-13.9%	-38.5%
Energy	-6.8%	-24.0%	-30.8%
Technology	-23.9%	-5.8%	-29.6%
Health Care	-8.9%	-7.7%	-16.6%
Comm. Svcs.	-8.3%	-0.4%	-8.8%
Real Estate	-2.5%	-0.2%	-2.7%
Financials	-1.1%	-1.0%	-2.1%
Utilities	-0.2%	0.0%	-0.2%
S&P 500	-11.2%	-12.2%	-23.4%

Source: BofA US Equity & Quant Strategy, FactSet. Assumes unitary elasticity, no FX impact and no pass-through of price. Estimated country rates: US effective tariff rates (138% China, 5% Canada/Mexico, 15% RoW) and an incremental 110% retaliatory rate from China. See Appendix for more.

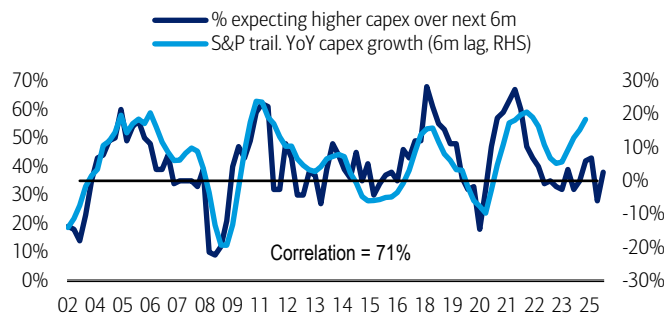
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Capex cycle slated to remain strong

Despite elevated uncertainty the capex cycle has remained strong (growing by more than 20% YoY in 2Q). AI has been the primary driver of the capex cycle so far, but we expect spend to broaden out to other sectors in 2026 given bi-partisan support for reshoring and manufacturing in the US. Tariff uncertainty likely paused projects, translating to pent-up activity in the pipeline.

Exhibit 26: % of CEOs expecting higher capex over the next six months increased from 28% to 38% in 3Q, roughly in line with average

Business Roundtable CEO Survey: % expecting higher capex over the next 6 mos. vs. S&P 500 TTM YoY capex with a 6-mo lag (4Q02-3Q25)

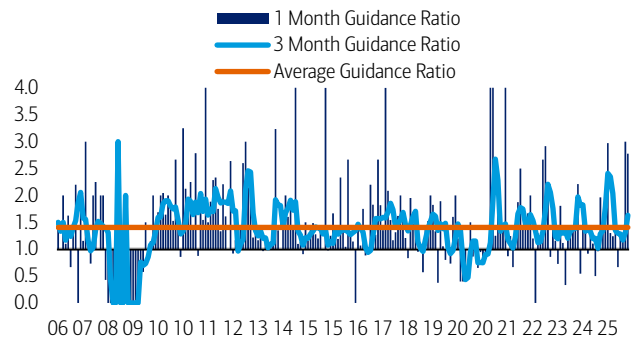


Source: Haver Analytics, FactSet, BofA US Equity & Quant Strategy

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Exhibit 27: Still early, but the 1m capex guidance ratio is tracking strong at 2.8x in October (vs. 1.4x historical average)

S&P 500 capex guidance ratio (2006-10/24/25)



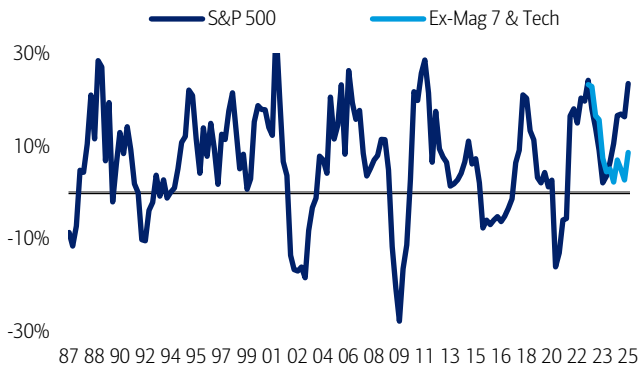
Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 30: Capex growth remains strongest in big Tech, but also started to accelerate for the rest of the index in 2Q

S&P 500 quarterly capex YoY (1987-2Q25)

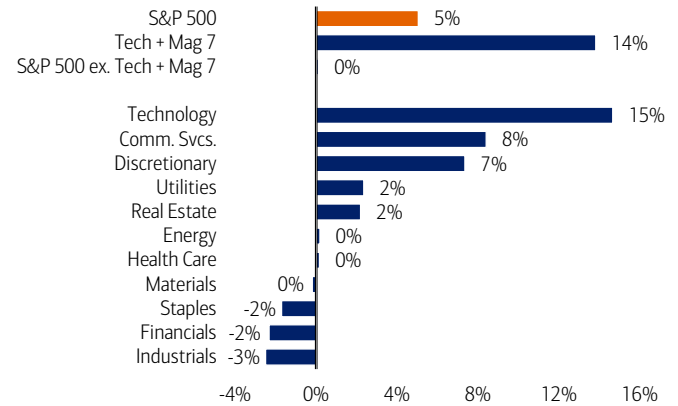


Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 31: 2025 capex estimates for Tech + Mag 7 have been revised up 14% since Liberation Day, while the rest of the market is flat

Revisions to 2025 S&P 500 capex since Liberation Day (as of 10/23/2025)



Source: BofA US Equity & Quant Strategy, FactSet

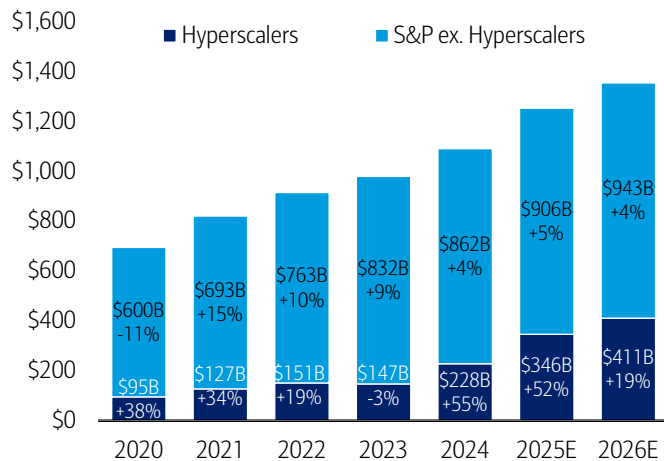
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AI arms race alive and well

Hyperscalers (MSFT, AMZN, GOOGL, META) are expected to spend a combined \$350bn in 2025 and \$410bn in 2026. Semis are the most obvious beneficiaries of hyperscaler spend but increased power usage from AI and the physical build out of data centers should also lead to more demand for electrification, construction, utilities, commodities, etc., ultimately creating jobs and spurring consumption.

Exhibit 30: Hyperscalers' capex growth is expected to decelerate in 2026...

S&P 500 and hyperscalers (MSFT, AMZN, GOOGL, META) capex

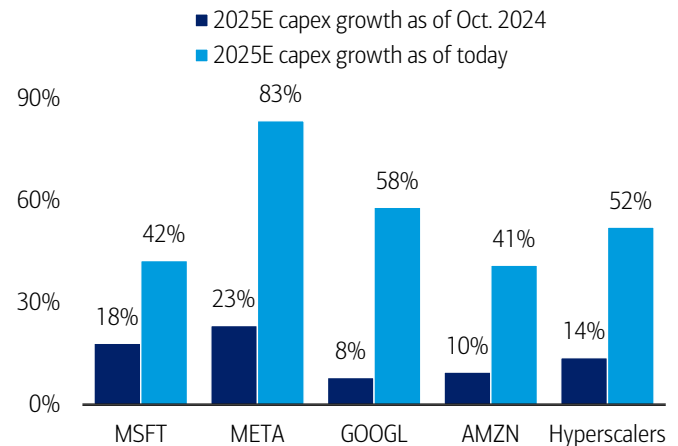


Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 33: ...but given strong upward revisions to 2025 capex estimates over the past year, 2026 estimates may have more to rise

2025 hyperscaler capex growth estimated in October 2024 vs. today



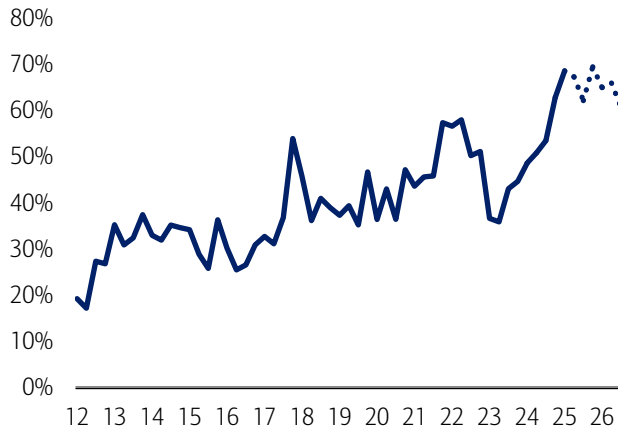
Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 34: Hyperscalers' capex as % of operating cash flow is expected to remain high for the foreseeable future

MSFT, AMZN, GOOGL, META – capex as % of operating cash flow (2012-4Q26E)

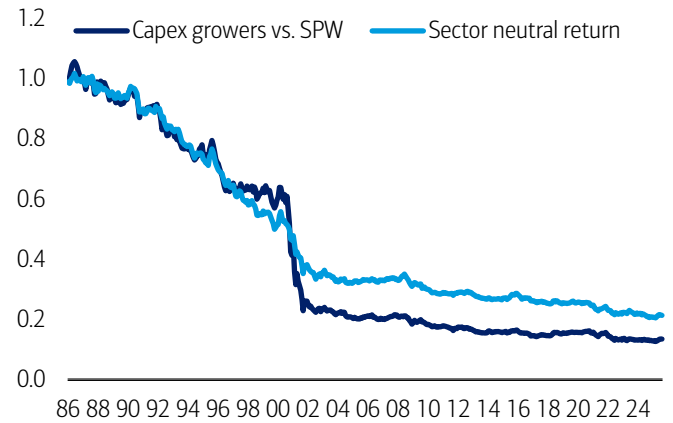


Source: BofA US Equity & Quant Strategy, FactSet

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Exhibit 33: Risk to hyperscalers: capex growers have historically underperformed

Relative performance of top decile in LTM capex YoY vs. the equal-weighted S&P 500 (1986-9/25)



Source: BofA US Equity & Quant Strategy, FactSet

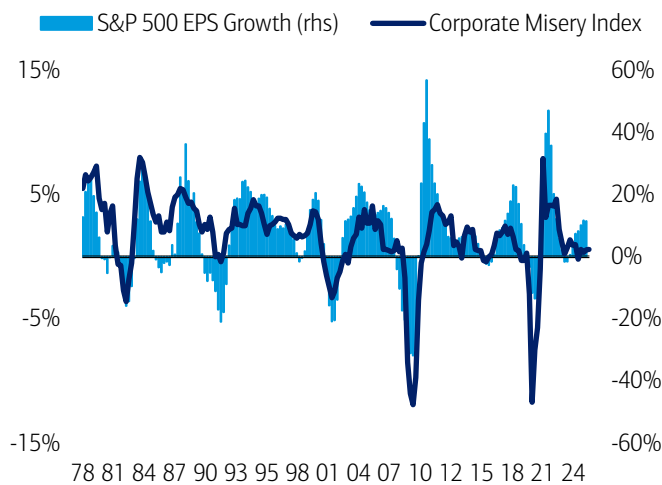
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Corporate Misery Indicator remained weak in 3Q

Our Corporate Misery Indicator, a macro gauge of the profit cycle, remained near zero but still positive in 3Q, suggesting a tough operating environment for corporates. CPI ticked up, but macro (coincident indicators) ticked down and wage growth (AHE) remained at the same level we saw at the end of 2Q. Analysts are penciling in relatively stable net margins this quarter (12.4%, which is up 10bp YoY but down 10bp QoQ).

Exhibit 36: Our Corporate Misery indicator (macro gauge of the profit cycle) remained weak in 3Q

BofA Corp. Misery Indicator (lower=more miserable) 4Q78-3Q25*



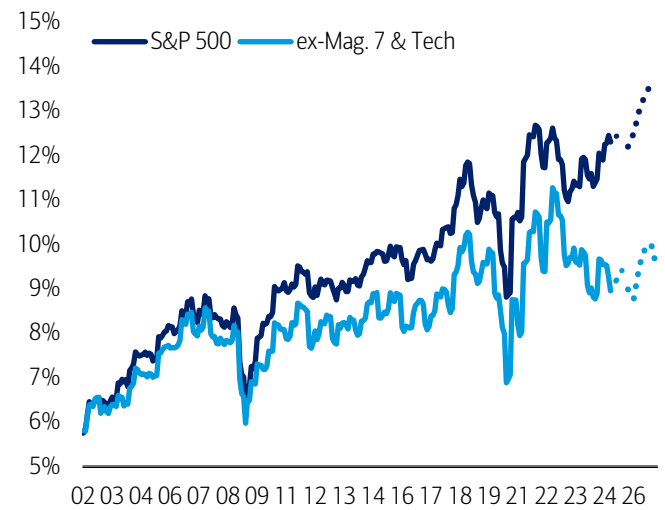
Disclaimer: The indicator identified as BofA Corporate Misery Indicator above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, without the prior written consent of BofA Global Research. This indicator was not created to act as a benchmark. Note: see Appendix for full details/methodology. *3Q25 CPI data as of Sept, AHE and COI data as of Aug.

Source: BofA US Equity & Quant Strategy, Conference Board, BLS

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Exhibit 37: Margin expansion is expected to be strongest in Tech

S&P 500 ex-Fins quarterly net margins (2002-2026E)



Source: BofA Equity & Quant Strategy, FactSet

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Exhibit 36: Consensus expects margins to fall by 10bp QoQ (but up 10bp YoY) in 3Q; Tech is expected to drive margin expansion through the rest of 2025, with broader margin expansion across sectors is 2026

S&P 500 quarterly net margins by sectors (consensus)

Sector	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E
Consumer Discretionary	6.8%	8.6%	10.1%	7.8%	8.3%	9.5%	10.5%	9.2%	8.7%	9.4%	9.8%	8.6%	8.9%	9.8%	10.7%	9.6%
Consumer Staples	6.1%	6.4%	6.3%	6.2%	6.4%	6.6%	6.5%	6.1%	6.0%	6.7%	6.6%	6.4%	6.5%	7.0%	6.8%	6.7%
Energy	12.6%	10.0%	10.8%	10.7%	9.5%	9.1%	8.4%	7.8%	8.2%	7.7%	7.9%	7.8%	8.3%	8.8%	9.0%	8.7%
Financials	18.4%	17.6%	18.9%	17.2%	19.1%	19.0%	19.0%	20.8%	19.5%	20.9%	21.1%	20.6%	21.0%	21.0%	21.3%	21.8%
Health Care	9.3%	7.6%	8.0%	7.4%	7.8%	8.3%	8.3%	7.7%	8.7%	8.1%	7.3%	7.4%	8.7%	8.3%	8.2%	7.8%
Industrials	9.5%	11.4%	10.2%	10.2%	9.1%	10.8%	9.8%	11.4%	10.3%	10.7%	9.7%	10.5%	10.7%	11.8%	11.6%	11.6%
Information Technology	22.8%	24.0%	25.4%	26.5%	26.1%	25.6%	25.6%	27.3%	25.9%	26.0%	27.3%	28.6%	28.4%	28.6%	29.4%	30.3%
Materials	11.2%	11.9%	10.1%	8.9%	9.4%	11.1%	8.9%	8.8%	9.1%	10.5%	10.0%	9.6%	10.4%	12.0%	11.2%	11.1%
Real Estate	36.0%	37.1%	35.5%	35.3%	36.3%	35.8%	35.1%	34.7%	35.1%	34.6%	34.1%	33.9%	35.1%	35.6%	35.6%	36.4%
Communication Services	13.9%	16.1%	17.6%	16.3%	18.6%	18.4%	20.4%	19.9%	22.6%	21.4%	19.4%	19.4%	20.4%	21.1%	20.8%	20.7%
Utilities	10.4%	12.2%	15.8%	12.6%	14.6%	13.8%	17.5%	12.9%	14.1%	12.8%	16.6%	13.6%	14.7%	13.3%	16.9%	14.1%
S&P 500 ex. Financials	11.1%	11.3%	11.9%	11.5%	11.7%	12.0%	12.3%	12.3%	12.5%	12.5%	12.4%	12.6%	13.1%	13.4%	13.7%	13.6%
S&P 500 ex. Fins & Energy	12.0%	12.1%	12.8%	12.2%	12.6%	12.9%	13.2%	13.4%	13.4%	13.6%	13.5%	13.6%	14.1%	14.4%	14.7%	14.7%
ex. Energy	10.9%	11.5%	12.0%	11.6%	11.9%	12.3%	12.7%	12.7%	12.8%	12.9%	12.7%	12.9%	13.5%	13.8%	14.1%	14.0%
ex. Energy	12.0%	12.3%	13.0%	12.3%	12.9%	13.2%	13.5%	13.8%	13.8%	14.0%	13.9%	14.0%	14.5%	14.8%	15.1%	15.1%

Source: FactSet, BofA US Equity & Quant Strategy

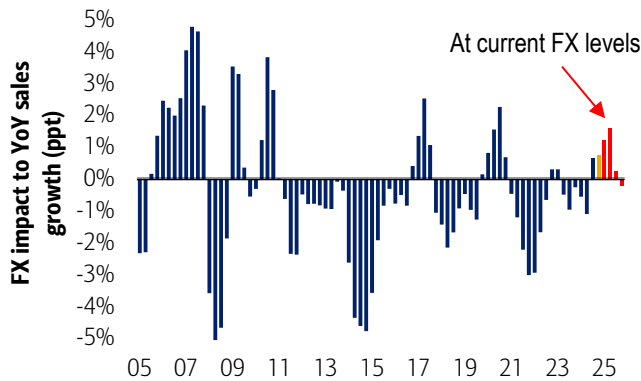
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FX continued to be a tailwind in 3Q

We estimate that FX was a 70bp tailwind in 3Q, similar to 2Q. By sector, Tech is estimated to have seen the biggest tailwind (140bp), followed by Materials (120bp). In general, we estimate every 10% drop in the USD translates to a 3% boost to EPS, all else equal. Since 2001, the average % of companies beating on sales is 65% when the USD weakened vs. 54% when it strengthened.

Exhibit 37: FX was a 70bp tailwind in 3Q25

Estimated currency impact (in ppt) to S&P 500 quarterly YoY sales growth, 4Q05-3Q25 and 4Q25-3Q26E based on current FX

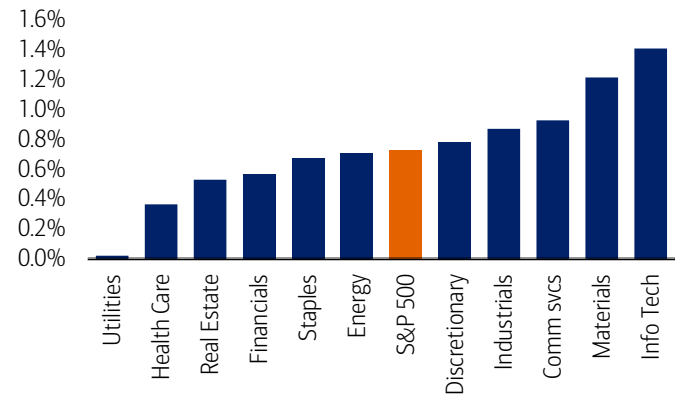


Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 38: We estimate Tech and Materials saw the biggest FX boost in 3Q

Estimated FX impact to YoY sales growth in 3Q25 by sector



Source: FactSet, BofA US Equity & Quant Strategy

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S&P 500 companies reporting in Week 3

Below we list confirmed/tentative dates for S&P 500 companies reporting this week.

Exhibit 39: S&P 500 companies scheduled to report in Week 3 (\$100B+ highlighted in blue)

Week 3 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
10/27/2025	WELL	WELLTOWER INC	Real Estate	118	Confirmed	3
10/27/2025	CDNS	CADENCE DESIGN SYS INC	Information Technology	92	Tentative	3
10/27/2025	WM	WASTE MANAGEMENT INC	Industrials	87	Tentative	3
10/27/2025	NXPI	NXP SEMICONDUCTORS NV	Information Technology	56	Confirmed	3
10/27/2025	KDP	KEURIG DR PEPPER INC	Consumer Staples	37	Confirmed	3
10/27/2025	HIG	HARTFORD INSURANCE GROUP INC	Financials	35	Tentative	3
10/27/2025	ACGL	ARCH CAPITAL GROUP LTD	Financials	33	Confirmed	3
10/27/2025	NUE	NUCOR CORP	Materials	32	Confirmed	3
10/27/2025	BRO	BROWN & BROWN INC	Financials	29	Confirmed	3
10/27/2025	CINF	CINCINNATI FINANCIAL CORP	Financials	24	Confirmed	3
10/27/2025	PFGE	PRINCIPAL FINANCIAL GROUP	Financials	18	Confirmed	3
10/27/2025	FFIV	F5 INC	Information Technology	17	Confirmed	3
10/27/2025	ARE	ALEXANDRIA REAL ESTATE EQUIT	Real Estate	13	Confirmed	3
10/27/2025	UHS	UNIVERSAL HEALTH SERVICES-B	Health Care	13	Confirmed	3
10/27/2025	RVTY	REVVITY INC	Health Care	11	Confirmed	3
10/28/2025	V	VISA INC-CLASS A SHARES	Financials	681	Confirmed	3
10/28/2025	UNH	UNITEDHEALTH GROUP INC	Health Care	326	Confirmed	3
10/28/2025	NEE	NEXTERA ENERGY INC	Utilities	171	Confirmed	3
10/28/2025	BKNG	BOOKING HOLDINGS INC	Consumer Discretionary	165	Confirmed	3
10/28/2025	AMT	AMERICAN TOWER CORP	Real Estate	89	Confirmed	3
10/28/2025	RCL	ROYAL CARIBBEAN CRUISES LTD	Consumer Discretionary	86	Tentative	3
10/28/2025	SHW	SHERWIN-WILLIAMS CO/THE	Materials	83	Confirmed	3
10/28/2025	MDLZ	MONDELEZ INTERNATIONAL INC-A	Consumer Staples	79	Confirmed	3
10/28/2025	ECL	ECOLAB INC	Materials	78	Confirmed	3
10/28/2025	UPS	UNITED PARCEL SERVICE-CL B	Industrials	74	Confirmed	3
10/28/2025	GLW	CORNING INC	Information Technology	74	Tentative	3
10/28/2025	PYPL	PAYPAL HOLDINGS INC	Financials	67	Confirmed	3
10/28/2025	REGN	REGENERON PHARMACEUTICALS	Health Care	61	Tentative	3
10/28/2025	EA	ELECTRONIC ARTS INC	Communication Services	50	Tentative	3
10/28/2025	CARR	CARRIER GLOBAL CORP	Industrials	49	Confirmed	3
10/28/2025	STX	SEAGATE TECHNOLOGY HOLDINGS	Information Technology	48	Confirmed	3
10/28/2025	DHI	DR HORTON INC	Consumer Discretionary	47	Confirmed	3
10/28/2025	OKE	ONEOK INC	Energy	44	Confirmed	3
10/28/2025	MSCI	MSCI INC	Financials	42	Confirmed	3
10/28/2025	SYY	SYSCO CORP	Consumer Staples	37	Confirmed	3
10/28/2025	IQV	IQVIA HOLDINGS INC	Health Care	37	Confirmed	3
10/28/2025	XYL	XYLEM INC	Industrials	36	Confirmed	3
10/28/2025	CSGP	COSTAR GROUP INC	Real Estate	33	Confirmed	3
10/28/2025	VLTO	VERALTO CORP	Industrials	26	Confirmed	3
10/28/2025	EXE	EXPAND ENERGY CORP	Energy	25	Confirmed	3
10/28/2025	EQR	EQUITY RESIDENTIAL	Real Estate	24	Confirmed	3
10/28/2025	LH	LABCORP HOLDINGS INC	Health Care	24	Confirmed	3
10/28/2025	PPG	PPG INDUSTRIES INC	Materials	23	Confirmed	3
10/28/2025	TER	TERADYNE INC	Information Technology	23	Confirmed	3
10/28/2025	HUBB	HUBBELL INC	Industrials	23	Confirmed	3
10/28/2025	EIX	EDISON INTERNATIONAL	Utilities	22	Tentative	3
10/28/2025	INCY	INCYTE CORP	Health Care	17	Confirmed	3
10/28/2025	ZBRA	ZEBRA TECHNOLOGIES CORP-CL A	Information Technology	16	Confirmed	3
10/28/2025	REG	REGENCY CENTERS CORP	Real Estate	14	Confirmed	3
10/28/2025	BXP	BXP INC	Real Estate	12	Confirmed	3
10/28/2025	IVZ	INVESCO LTD	Financials	10	Confirmed	3
10/28/2025	AOS	SMITH (A.O.) CORP	Industrials	10	Confirmed	3
10/29/2025	MSFT	MICROSOFT CORP	Information Technology	3,869	Confirmed	3
10/29/2025	GOOG	ALPHABET INC-CL C	Communication Services	3,065	Confirmed	3
10/29/2025	GOOGL	ALPHABET INC-CL A	Communication Services	3,065	Confirmed	3
10/29/2025	META	META PLATFORMS INC-CLASS A	Communication Services	1,844	Confirmed	3
10/29/2025	CAT	CATERPILLAR INC	Industrials	244	Confirmed	3
10/29/2025	NOW	SERVICENOW INC	Information Technology	195	Confirmed	3
10/29/2025	BA	BOEING CO/THE	Industrials	165	Confirmed	3
10/29/2025	VZ	VERIZON COMMUNICATIONS INC	Communication Services	162	Confirmed	3
10/29/2025	KLAC	KLA CORP	Information Technology	153	Tentative	3



Exhibit 39: S&P 500 companies scheduled to report in Week 3 (\$100B+ highlighted in blue)

Week 3 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
10/29/2025	ADP	AUTOMATIC DATA PROCESSING	Industrials	114	Confirmed	3
10/29/2025	CVS	CVS HEALTH CORP	Health Care	103	Tentative	3
10/29/2025	SBUX	STARBUCKS CORP	Consumer Discretionary	97	Confirmed	3
10/29/2025	EQIX	EQUINIX INC	Real Estate	81	Tentative	3
10/29/2025	TEL	TE CONNECTIVITY PLC	Information Technology	69	Confirmed	3
10/29/2025	FI	FISERV INC	Financials	67	Confirmed	3
10/29/2025	CMG	CHIPOTLE MEXICAN GRILL INC	Consumer Discretionary	56	Confirmed	3
10/29/2025	PSX	PHILLIPS 66	Energy	55	Confirmed	3
10/29/2025	PSA	PUBLIC STORAGE	Real Estate	54	Confirmed	3
10/29/2025	GRMN	GARMIN LTD	Consumer Discretionary	48	Confirmed	3
10/29/2025	EBAY	EBAY INC	Consumer Discretionary	44	Tentative	3
10/29/2025	ETR	ENTERGY CORP	Utilities	43	Confirmed	3
10/29/2025	OTIS	OTIS WORLDWIDE CORP	Industrials	36	Tentative	3
10/29/2025	PRU	PRUDENTIAL FINANCIAL INC	Financials	36	Confirmed	3
10/29/2025	GEHC	GE HEALTHCARE TECHNOLOGY	Health Care	35	Confirmed	3
10/29/2025	CTSH	COGNIZANT TECH SOLUTIONS-A	Information Technology	33	Confirmed	3
10/29/2025	VRSK	VERISK ANALYTICS INC	Industrials	33	Confirmed	3
10/29/2025	EXR	EXTRA SPACE STORAGE INC	Real Estate	32	Confirmed	3
10/29/2025	VTR	VENTAS INC	Real Estate	32	Confirmed	3
10/29/2025	KHC	KRAFT HEINZ CO/THE	Consumer Staples	30	Confirmed	3
10/29/2025	AWK	AMERICAN WATER WORKS CO INC	Utilities	29	Confirmed	3
10/29/2025	ODFL	OLD DOMINION FREIGHT LINE	Industrials	29	Tentative	3
10/29/2025	ROL	ROLLINS INC	Industrials	28	Confirmed	3
10/29/2025	AVB	AVALONBAY COMMUNITIES INC	Real Estate	27	Confirmed	3
10/29/2025	SW	SMURFIT WESTROCK PLC	Materials	22	Confirmed	3
10/29/2025	TYL	TYLER TECHNOLOGIES INC	Information Technology	22	Confirmed	3
10/29/2025	NI	NISOURCE INC	Utilities	21	Confirmed	3
10/29/2025	INVH	INVITATION HOMES INC	Real Estate	18	Confirmed	3
10/29/2025	ESS	ESSEX PROPERTY TRUST INC	Real Estate	17	Confirmed	3
10/29/2025	CNC	CENTENE CORP	Health Care	17	Confirmed	3
10/29/2025	FTV	FORTIVE CORP	Industrials	17	Tentative	3
10/29/2025	MAA	MID-AMERICA APARTMENT COMM	Real Estate	16	Confirmed	3
10/29/2025	CHRW	C.H. ROBINSON WORLDWIDE INC	Industrials	15	Confirmed	3
10/29/2025	EG	EVEREST GROUP LTD	Financials	15	Confirmed	3
10/29/2025	MAS	MASCO CORP	Industrials	15	Confirmed	3
10/29/2025	IEX	IDEX CORP	Industrials	13	Confirmed	3
10/29/2025	UDR	UDR INC	Real Estate	12	Confirmed	3
10/29/2025	GNRC	GENERAC HOLDINGS INC	Industrials	11	Confirmed	3
10/29/2025	DAY	DAYFORCE INC	Industrials	11	Confirmed	3
10/29/2025	ALGN	ALIGN TECHNOLOGY INC	Health Care	10	Confirmed	3
10/29/2025	DVA	DAVITA INC	Health Care	9	Confirmed	3
10/29/2025	MGM	MGM RESORTS INTERNATIONAL	Consumer Discretionary	9	Confirmed	3
10/30/2025	AAPL	APPLE INC	Information Technology	3,852	Tentative	3
10/30/2025	AMZN	AMAZON.COM INC	Consumer Discretionary	2,358	Tentative	3
10/30/2025	LLY	ELI LILLY & CO	Health Care	777	Confirmed	3
10/30/2025	MA	MASTERCARD INC - A	Financials	519	Confirmed	3
10/30/2025	MRK	MERCK & CO. INC.	Health Care	218	Tentative	3
10/30/2025	SPGI	S&P GLOBAL INC	Financials	151	Confirmed	3
10/30/2025	GILD	GILEAD SCIENCES INC	Health Care	150	Confirmed	3
10/30/2025	SYK	STRYKER CORP	Health Care	146	Confirmed	3
10/30/2025	MO	ALTRIA GROUP INC	Consumer Staples	108	Confirmed	3
10/30/2025	CMCSA	COMCAST CORP-CLASS A	Communication Services	108	Confirmed	3
10/30/2025	SO	SOUTHERN CO/THE	Utilities	106	Confirmed	3
10/30/2025	TT	TRANE TECHNOLOGIES PLC	Industrials	93	Tentative	3
10/30/2025	ICE	INTERCONTINENTAL EXCHANGE IN	Financials	90	Tentative	3
10/30/2025	BMJ	BRISTOL-MYERS SQUIBB CO	Health Care	89	Confirmed	3
10/30/2025	COIN	COINBASE GLOBAL INC -CLASS A	Financials	86	Confirmed	3
10/30/2025	CI	THE CIGNA GROUP	Health Care	81	Confirmed	3
10/30/2025	HWM	HOWMET AEROSPACE INC	Industrials	81	Confirmed	3
10/30/2025	MSI	MOTOROLA SOLUTIONS INC	Information Technology	74	Confirmed	3
10/30/2025	AJG	ARTHUR J GALLAGHER & CO	Financials	72	Confirmed	3
10/30/2025	RSG	REPUBLIC SERVICES INC	Industrials	70	Confirmed	3
10/30/2025	PWR	QUANTA SERVICES INC	Industrials	64	Confirmed	3
10/30/2025	LHX	L3HARRIS TECHNOLOGIES INC	Industrials	55	Confirmed	3



Exhibit 39: S&P 500 companies scheduled to report in Week 3 (\$100B+ highlighted in blue)

Week 3 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
10/30/2025	MPWR	MONOLITHIC POWER SYSTEMS INC	Information Technology	51	Confirmed	3
10/30/2025	XEL	XCEL ENERGY INC	Utilities	48	Confirmed	3
10/30/2025	AMP	AMERIPRISE FINANCIAL INC	Financials	45	Confirmed	3
10/30/2025	EW	EDWARDS LIFESCIENCES CORP	Health Care	45	Confirmed	3
10/30/2025	AME	AMETEK INC	Industrials	44	Confirmed	3
10/30/2025	WDC	WESTERN DIGITAL CORP	Information Technology	43	Confirmed	3
10/30/2025	KMB	KIMBERLY-CLARK CORP	Consumer Staples	39	Confirmed	3
10/30/2025	RMD	RESMED INC	Health Care	39	Confirmed	3
10/30/2025	VMC	VULCAN MATERIALS CO	Materials	39	Confirmed	3
10/30/2025	CAH	CARDINAL HEALTH INC	Health Care	38	Confirmed	3
10/30/2025	WEC	WEC ENERGY GROUP INC	Utilities	37	Confirmed	3
10/30/2025	HSY	HERSHEY CO/THE	Consumer Staples	37	Confirmed	3
10/30/2025	EL	ESTEE LAUDER COMPANIES-CL A	Consumer Staples	36	Confirmed	3
10/30/2025	VICI	VICI PROPERTIES INC	Real Estate	34	Confirmed	3
10/30/2025	WTW	WILLIS TOWERS WATSON PLC	Financials	32	Confirmed	3
10/30/2025	IR	INGERSOLL-RAND INC	Industrials	32	Confirmed	3
10/30/2025	EME	EMCOR GROUP INC	Industrials	31	Confirmed	3
10/30/2025	DTE	DTE ENERGY COMPANY	Utilities	29	Confirmed	3
10/30/2025	K	KELLANOVA	Consumer Staples	29	Confirmed	3
10/30/2025	DXCM	DEXCOM INC	Health Care	28	Confirmed	3
10/30/2025	IP	INTERNATIONAL PAPER CO	Materials	26	Confirmed	3
10/30/2025	FOX	FOX CORP - CLASS B	Communication Services	25	Confirmed	3
10/30/2025	FOXA	FOX CORP - CLASS A	Communication Services	25	Confirmed	3
10/30/2025	FSLR	FIRST SOLAR INC	Information Technology	25	Confirmed	3
10/30/2025	CMS	CMS ENERGY CORP	Utilities	22	Confirmed	3
10/30/2025	BIIB	BIOGEN INC	Health Care	22	Confirmed	3
10/30/2025	APTIV	APTIV PLC	Consumer Discretionary	19	Confirmed	3
10/30/2025	GGDY	GODADDY INC - CLASS A	Information Technology	18	Confirmed	3
10/30/2025	WY	WEYERHAEUSER CO	Real Estate	17	Confirmed	3
10/30/2025	ERIE	ERIE INDEMNITY COMPANY-CL A	Financials	17	Confirmed	3
10/30/2025	KIM	KIMCO REALTY CORP	Real Estate	15	Confirmed	3
10/30/2025	BLDR	BUILDERS FIRSTSOURCE INC	Industrials	14	Confirmed	3
10/30/2025	BAX	BAXTER INTERNATIONAL INC	Health Care	12	Tentative	3
10/30/2025	HII	HUNTINGTON INGALLS INDUSTRIE	Industrials	11	Confirmed	3
10/30/2025	LKQ	LKQ CORP	Consumer Discretionary	8	Confirmed	3
10/31/2025	XOM	EXXON MOBIL CORP	Energy	494	Confirmed	3
10/31/2025	ABBV	ABBVIE INC	Health Care	403	Confirmed	3
10/31/2025	CVX	CHEVRON CORP	Energy	321	Tentative	3
10/31/2025	LIN	LINDE PLC	Materials	211	Confirmed	3
10/31/2025	AON	AON PLC-CLASS A	Financials	74	Confirmed	3
10/31/2025	CL	COLGATE-PALMOLIVE CO	Consumer Staples	63	Tentative	3
10/31/2025	D	DOMINION ENERGY INC	Utilities	52	Tentative	3
10/31/2025	GWW	WW GRAINGER INC	Industrials	46	Confirmed	3
10/31/2025	CHTR	CHARTER COMMUNICATIONS INC-A	Communication Services	37	Confirmed	3
10/31/2025	CBOE	CBOE GLOBAL MARKETS INC	Financials	25	Confirmed	3
10/31/2025	TROW	T ROWE PRICE GROUP INC	Financials	23	Confirmed	3
10/31/2025	CHD	CHURCH & DWIGHT CO INC	Consumer Staples	21	Confirmed	3
10/31/2025	LYB	LYONDELLBASELL INDU-CL A	Materials	15	Confirmed	3
10/31/2025	FRT	FEDERAL REALTY INVS TRUST	Real Estate	9	Confirmed	3

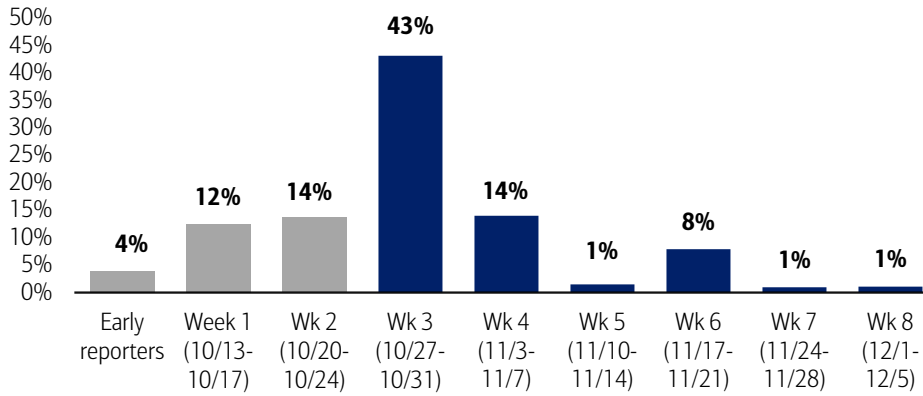
Source: Bloomberg, BofA US Equity & US Quant Strategy

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3Q25 Reporting by Week

Exhibit 40: S&P 500 3Q25 Earnings Reporting by Week
% of earnings by sector

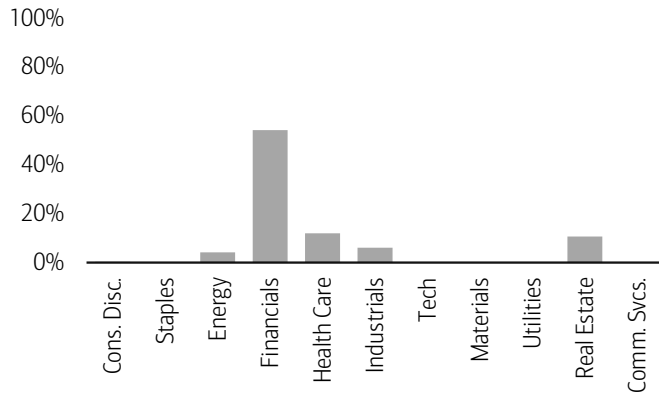


Source: Bloomberg, BofA US Equity & Quant Strategy

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Exhibit 43: Week 1: % 3Q earnings reported by sector

% of earnings by sector

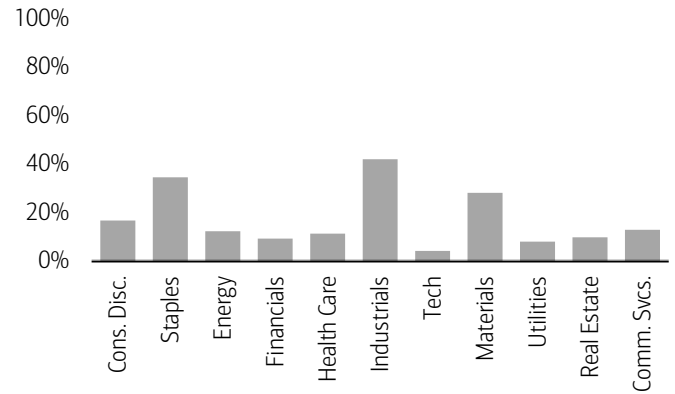


Source: Bloomberg, BofA US Equity & Quant Strategy

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Exhibit 44: Week 2: % 3Q earnings reported by sector

% of earnings by sector

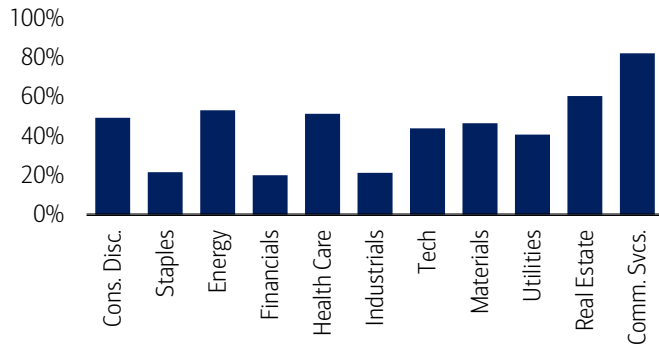


Source: Bloomberg, BofA US Equity & Quant Strategy

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Exhibit 43: Week 3: % 3Q earnings reporting by sector

% of earnings by sector

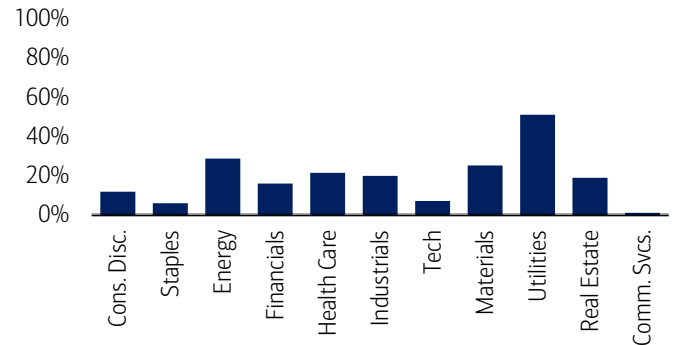


Source: Bloomberg, BofA US Equity & Quant Strategy

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Exhibit 44: Week 4: % 3Q earnings reporting by sector

% of earnings by sector



Source: Bloomberg, BofA US Equity & Quant Strategy

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SMID cap 3Q25 earnings tracker

Small caps

- 72 S&P 600 stocks have reported. Analysts expect small cap 3Q earnings to be +13% YoY (vs.+10% last quarter), but the median small cap is to see earnings 3% YoY (vs. +5% in 2Q).
- Sales are expected to be +2% YoY and +4% YoY median (similar to 2Q).
- So far, 3Q small cap earnings are tracking 2% above consensus expectations at the start of October (biggest upward revision in Tech) while sales are in-line.
- So far, 65% of companies beat on EPS, 50% beat on sales and 43% beat on both.

Exhibit 44: Small cap 3Q25 growth expectations and proportion of beats so far

S&P 600 consensus 3Q25 earnings and sales growth and % positive surprises

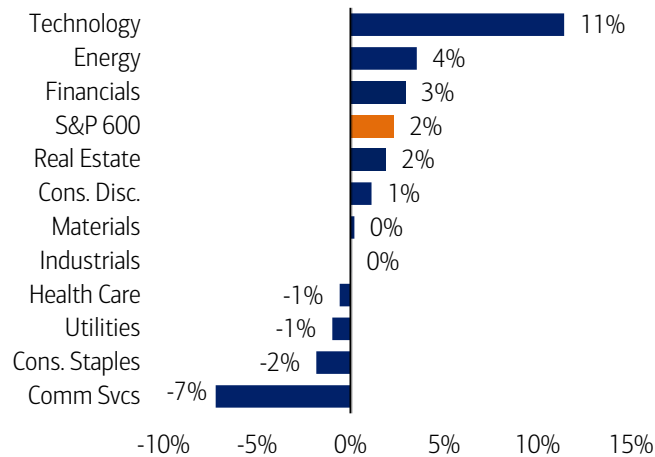
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	23	1	50.0%	-12.5%	-8.9%	3.2%	0%	0%	0%
Cons. Disc.	84	5	-3.7%	1.7%	1.0%	3.9%	80%	60%	60%
Cons. Staples	24	3	2.5%	-4.4%	3.3%	7.2%	33%	33%	33%
Energy	32	5	71.2%	-21.9%	-4.2%	0.1%	60%	60%	40%
Financials	117	31	11.6%	16.6%	14.0%	8.5%	58%	32%	29%
Health Care	72	2	-8.1%	-3.1%	2.7%	6.8%	50%	100%	50%
Industrials	91	12	12.8%	7.5%	2.3%	3.3%	75%	75%	75%
Technology	71	4	145.1%	-1.5%	5.0%	8.0%	100%	75%	75%
Materials	27	4	-8.5%	0.1%	-1.2%	3.1%	100%	50%	50%
Real Estate	48	5	0.5%	-0.9%	-5.5%	3.7%	60%	60%	20%
Utilities	13	0	-6.6%	5.8%	-21.2%	10.9%	N.A.	N.A.	N.A.
S&P 600	602	72	13.4%	2.8%	1.7%	4.2%	65%	50%	43%
Ex-Financials	485	41	14.1%	8.0%	0.4%	54.8%	71%	63%	54%
Ex-Energy	570	67	11.5%	0.0%	2.3%	56.6%	66%	49%	43%

Source: FactSet, BofA US Equity & US Quant Strategy

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Exhibit 48: Small cap earnings are tracking 2% higher than consensus estimates at the start of reporting season

S&P 600 3Q25E consensus earnings vs. estimate on 10/1/25

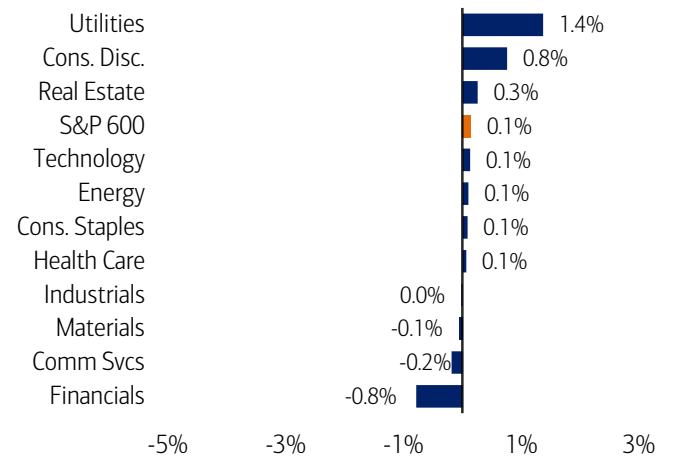


Source: FactSet, BofA US Equity & US Quant Strategy

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Exhibit 49: Small cap sales are tracking in-line with consensus estimates at the start of reporting season

S&P 600 3Q25E consensus sales vs. estimate on 10/1/25



Source: FactSet, BofA US Equity & US Quant Strategy

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Mid caps

- 64 S&P 400 stocks have reported. Analysts expect mid cap 3Q earnings to be +4% YoY (similar to last quarter). The median mid cap is to see earnings +6% YoY (vs +7% in 2Q).
- Sales are expected to be +5% YoY and +5% YoY median (similar to 2Q).
- So far, 3Q earnings expectations for the index is 2% above consensus vs. the start of Oct. (Financials/Energy tracking the most above), while sales are also tracking in-line with expectations at the start of October (Energy tracking the most above).
- So far, 66% of companies beat on EPS, 66% beat on sales and 45% on both.

Exhibit 44: Mid cap 3Q25 growth expectations and proportion of beats so far

S&P 400 consensus 3Q25 earnings and sales growth and % positive surprises

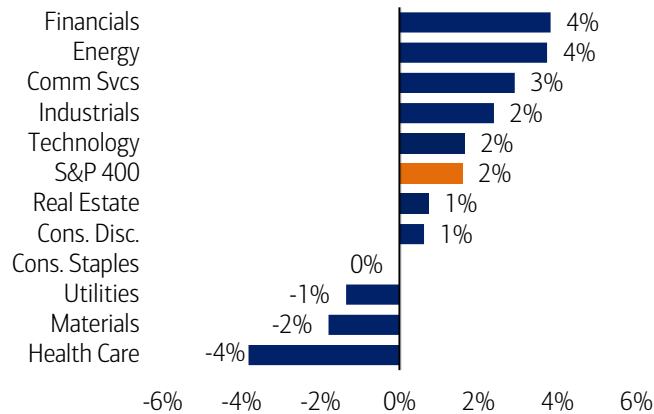
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	7	0	-59.3%	18.2%	-1.7%	3.2%	N.A.	N.A.	N.A.
Cons. Disc.	61	8	-7.7%	-5.2%	3.1%	3.9%	88%	50%	50%
Cons. Staples	19	1	3.8%	4.5%	6.3%	7.2%	100%	0%	0%
Energy	18	2	-9.0%	-25.2%	-3.6%	0.1%	0%	100%	0%
Financials	69	28	14.2%	12.6%	8.7%	8.5%	79%	64%	54%
Health Care	33	1	2.5%	2.4%	5.2%	6.8%	100%	100%	100%
Industrials	80	9	1.6%	5.5%	2.0%	3.3%	33%	67%	0%
Technology	46	4	19.8%	8.1%	6.8%	8.0%	100%	100%	100%
Materials	24	7	-1.6%	1.3%	2.1%	3.1%	29%	57%	29%
Real Estate	28	4	7.0%	4.1%	48.0%	3.7%	50%	75%	25%
Utilities	16	0	-3.2%	7.0%	11.2%	10.9%	N.A.	N.A.	N.A.
S&P 400	401	64	4.4%	5.7%	4.7%	5.1%	66%	66%	45%
Ex-Financials	332	36	1.1%	4.5%	4.2%	4.7%	56%	67%	39%
Ex-Energy	383	62	5.3%	5.7%	5.3%	5.3%	68%	65%	47%

Source: FactSet, BofA US Equity & US Quant Strategy

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Exhibit 58: Mid cap earnings are tracking in-line with consensus estimates at the start of reporting season

S&P 400 3Q25E consensus earnings vs. estimate on 10/1/25

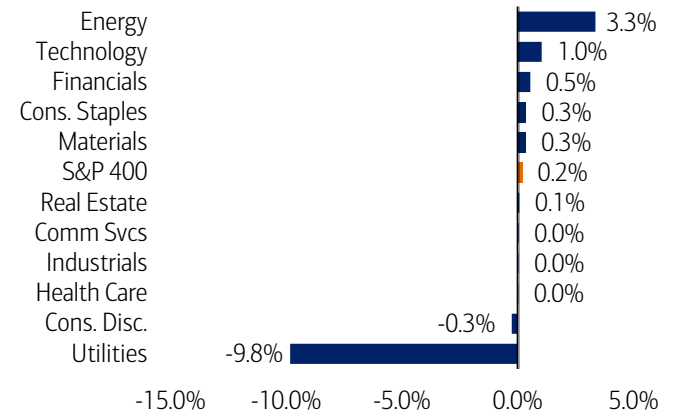


Source: FactSet, BofA US Equity & US Quant Strategy

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Exhibit 59: Mid cap sales are tracking in-line with consensus estimates at the start of reporting season

S&P 400 3Q25E consensus sales vs. estimate on 10/1/25



Source: FactSet, BofA US Equity & US Quant Strategy

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Misses punished more than beats rewarded in small caps

So far, small caps that missed on EPS and sales have underperformed the S&P 600 by 3ppt the following day. Beats have outperformed by 1ppt. Mid caps that have missed have actually outperformed the following day (by a similar magnitude that beats were rewarded: 2ppt), though lagged over a 5-day period.



Exhibit 32: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 600

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	0.9%	-2.2%	1.3%	-5.3%
EPS Miss	-5.0%	4.4%	-8.2%	4.0%
EPS In-Line	1.4%	-0.5%	-0.1%	-4.0%
Sales Beat	0.6%	-2.9%	2.2%	-4.7%
Sales Miss	-1.3%	1.1%	-5.2%	-1.2%
Sales In-Line	-2.5%	0.4%	-6.6%	-6.3%
Both Beat	1.1%	-4.2%	3.1%	-8.2%
Both Miss	-3.2%	4.4%	-7.7%	4.0%

Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 3: 3Q25 earnings reactions based on surprise

Relative performance (in ppt) of reported companies vs. S&P 400

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	1.4%	0.2%	0.9%	-0.7%
EPS Miss	-1.4%	-8.3%	2.3%	-3.3%
EPS In-Line	-1.3%	-1.0%	-0.6%	0.3%
Sales Beat	0.8%	-1.7%	1.5%	-0.8%
Sales Miss	0.1%	-1.7%	0.7%	-0.1%
Sales In-Line	-1.3%	-2.9%	-2.5%	-4.2%
Both Beat	1.7%	0.4%	1.2%	-1.9%
Both Miss	1.6%	-5.0%	3.8%	-8.7%

Source: FactSet, BofA US Equity & Quant Strategy

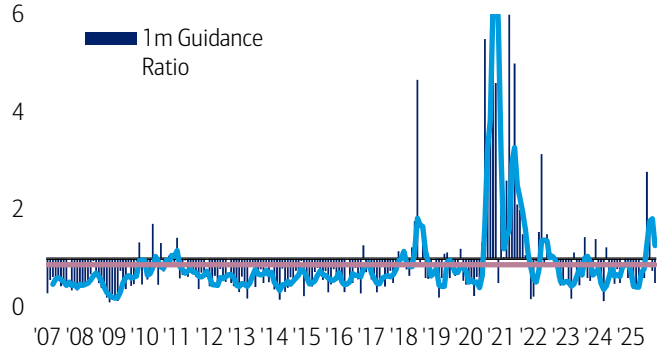
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Guidance strong in recent months

- SMID caps tend to report later than large caps, so guidance has been light so far.
- Out of the companies that have issued guidance, the guidance ratio (# above-vs. below-consensus) is well above its long-term average for both small and mid caps on a 3m basis (1.27 vs 0.87 for small and 1.33 vs 0.91 for mid). Guidance in Oct. MTD is light, with the 1m ratio tracking weaker in small (0.5) vs. mid (2.0).

Exhibit 52: Small cap 3m earnings guidance ratio of 1.3x is above avg. of 0.9x so far in Oct.; 0.5x for 1m.

S&P 600 management guidance ratio (# above- vs. below-consensus) as of 10/24/25

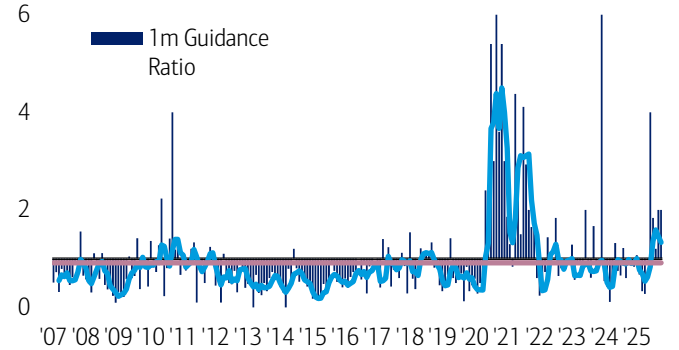


Source: Bloomberg, BofA US Equity & US Quant Strategy

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Exhibit 53: Mid cap 3m earnings guidance ratio of 1.3x is above avg. of 0.9x so far in Oct.; 2.0x for 1m.

S&P 400 management guidance ratio (# above- vs. below-consensus) as of 10/24/25



Source: Bloomberg, BofA US Equity & US Quant Strategy

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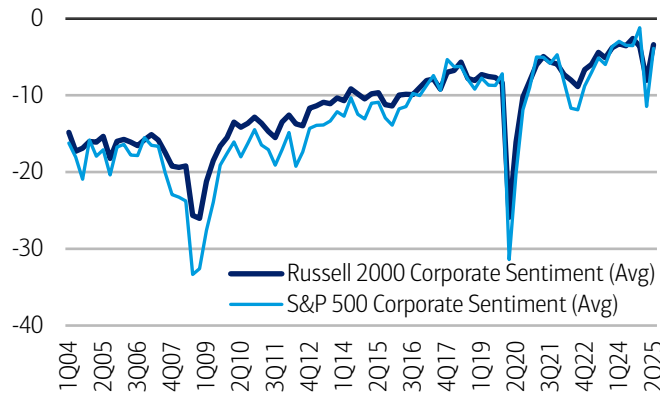
Corporate sentiment has improved

Corporate sentiment on earnings calls has improved for both large and small caps both last quarter and 3Q to date, where 2Q sentiment for small caps vs. large caps was above the historical average, and positive but sub-avg. so far (but still early in earnings season).



Exhibit 54: Corporate sentiment has improved for both large and small caps in 2Q and 3Q earnings season to date

Avg. sentiment score for reported Russell 2000 and S&P 500 companies 4Q04-3Q25 (as of 10/24/25)

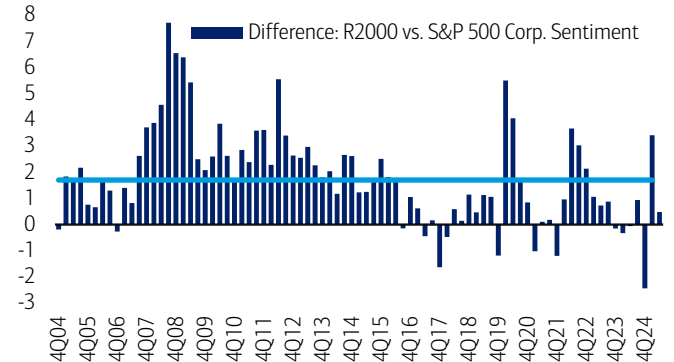


Source: FactSet, BofA Global Research

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Exhibit 55: Spread in corporate sentiment scores on earnings calls for small vs. large caps improved last earnings season (to above average) and so far is positive but below-avg. in 3Q (but still early)

Avg. sentiment score for reported Russell 2000 companies vs. the same for S&P 500 companies, 4Q04-2Q25 (as of 10/24/25)



Source: FactSet, BofA Global Research

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Watching credit commentary

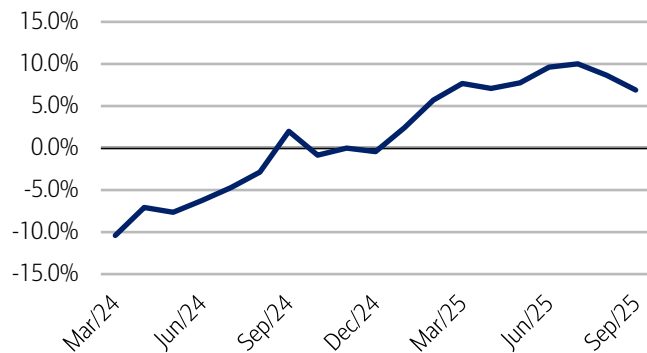
Our read on credit commentary from small/mid cap banks has been mixed, with a number of banks reporting stable or improving credit conditions while some increased reserves conservatively or experienced an uptick in charge-offs. Aside from any disclosed exposures to Tricolor, First Brands or Cantor, Commercial Real Estate (CRE) remained an area of concern cited by a few banks. Banks continue to report this week.

Evidence of AI use increasing by SMIDs – potential margin benefit

According to data from the Bank of America Institute’s Small Business Checkpoint, AI adoption has broadened to smaller firms, with small business payments to technology services +6.9% YoY in Sept, with the strongest spending growth in the Manufacturing and Construction sectors. Small caps have thinner margins and are more labor-intensive than large caps and thus stand to gain from AI-driven cost/efficiency improvements.

Exhibit 56: Small business payments to tech services was up 6.9% year-over-year (YoY) in September

Small business payments to technology services per client (monthly, 3-month moving average, YoY%)

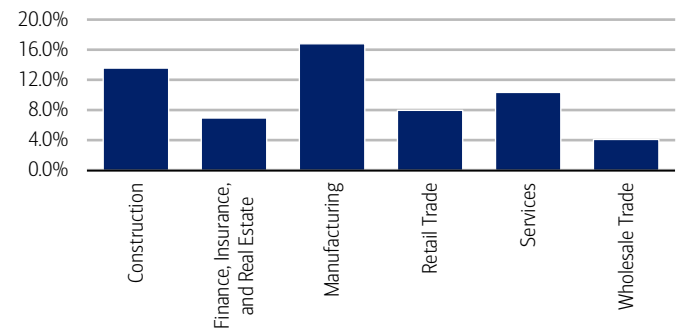


Source: Bank of America internal data

Note: Technology services includes software, information technology, and technical services firm
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Exhibit 57: Small business payments growth to tech services was strongest in manufacturing and construction year-to-date

Small business payments to technology services per client by sector (average 2025 year-to-date, YoY%)



Source: Bank of America internal data

Note: Year-to-date is through September month-end. Technology services includes software, information technology (IT), and technical services firms
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Appendix - Methodology

Guidance Ratios

Earnings guidance: We track the number of instances of above- vs. below-consensus management guidance for earnings over the last three months for S&P 500 companies. If a company issues changes to its outlook more than once in a one-month period, we incorporate all instances of guidance into our aggregate number. The ratio also includes all instances of above- or below-consensus earnings guidance issued by a company (for example, if they issue both quarterly and annual guidance). The one-month and three-month revision ratios are calculated as they are for estimate revision ratios. The data source is Bloomberg. For companies that provide both GAAP and Operating guidance, or for REITs that provide both EPS and FFO guidance, we remove one data point if both data points provide the same guidance direction, otherwise both data points are used.

Capex guidance: We track the number of instances of above- vs. below-consensus management guidance for planned capex over the last three months for S&P 500 companies, calculated the same way as above; data source is FactSet.

Methodology: Earnings Calls Sentiment

With the help of BofA's Predictive Analytics team, we parsed through earnings calls transcripts to calculate sentiment for the S&P500 universe of companies that have reported since 31st March 2020. We use the Loughran McDonald's financial dictionary to calculate sentiment scores as per the definition below.

Sentiment score = No. of Unique positive words – No. of unique negative and uncertainty words

The sentiment score is computed with three different filters: the full transcript, management discussion and answers of CEO/CFO from Q/A section. Calculated scores were then averaged on the Sector level. Loughran-McDonald Sentiment and Uncertainty:

1. **Loughran-McDonald Sentiment:** Examples of positive words include **accomplish, achieve, outperform, stabilize, strength** and negative words such as **abandon, abnormal, downturn, evade, failing, stagnate**. In total, the lexicon has 2,355 negative words and 354 positive words.
2. **Loughran-McDonald Uncertainty:** Examples of uncertain words include **almost, ambiguity, hidden, fluctuate, doubts, unclear**. In total, the lexicon has 297 words.

Note that the charts show the sentiment score multiplied by (- 1) and after applying the natural log to normalize the data on the same scale. Our Predictive Analytics team is currently researching more advance modeling approaches including Deep Learning so please stay tuned for future enhancements.

Earnings Revision ratios

Beginning in April 1986 (and January 2006 for Real Estate), we calculate the ratio between the number of companies in the S&P 500 for which Thomson Financial consensus earnings estimates have been raised versus those that have been lowered. We apply the same calculation to the S&P 500 GICS Sectors (where we use FFO for REITs within Real Estate). One-month revision ratios are computed as the number of companies for which estimates this month are higher than they were last month, divided by the number of companies for which estimates this month are lower than they were last month. For example, within a particular subgroup of the market, if consensus estimates have increased for 5 companies and have decreased for 10, the estimate revision ratio will be 0.5 (5 divided by 10).

The three-month revision ratio is similarly defined as the total number of earnings estimate increases divided by total number of earnings estimate decreases during the last three months. For example, in February 2002, the three-month revision ratio is computed as the total number of companies with increased monthly estimates, divided



by the total number of companies with decreased estimates throughout December 2001, January 2002, and February 2002.

We similarly calculate the S&P 600 (small cap) earnings revision ratios (one-month and three-month) by the same methodology, with data beginning in February 2001.

For earnings/sales estimates, we look at the change in the FY1 estimate (current unreported year) if there's more than 120 days between the current date and the company's fiscal year-end date, otherwise we look at the change in the FY2 estimate (next unreported year).

BofA Corporate Misery Indicator methodology

The Corporate Misery Indicator is our macro-based predictor of the profits cycle and is based on the CPI, Average Hourly Earnings, and the Coincident Indicators. Our theory is that corporate profits are a function of how many units a company sells and their margin per unit. Implicitly, these factors incorporate productivity because enhanced productivity will result in either better margins or more units sold for the same inputs.

We use the YoY change in the Coincident Indicators as a proxy for units, because the Coincident Indicators are a proxy for Real GDP, a measure of unit growth. We use the spread between the YoY change in the CPI and the YoY change in Average Hourly Earnings to approximate margins. When the indicator declines, it implies that profits are being squeezed. This has historically coincided with a decelerating profits cycle.

Corporate Misery Indicator = CPI (YoY) – Average Hourly Earnings (YoY) + Coincident Indicators (YoY).

Tariff EPS impact methodology

Current assumptions:

- Effective tariff rates: ~38% US on China (under 30% incremental after accounting for exemptions plus ~11% effective prior to 2025), 5% US on Canada/Mexico (BofA estimate based on current rates plus USMCA exemptions), 15% on Europe and RoW, 17% China on US (10% incremental retaliatory plus 7% effective prior to 2025).
 - Note: In our scenario analysis included in this report, we tweaked the assumptions by adding an additional 100% on China (based on the recent announcement) and adding an additional 100% retaliatory rate from China on US goods. Both of these rates were assumed to be on top of any existing tariffs.
- S&P 500's bottom-up revenue exposure (analyst input for certain names and BofA analyst input otherwise): 4% in China, 1% in Canada, 1% in Mexico, 7% in Europe, 12% in RoW.
- Labor as % of total OPEX = 37% based on bottom-up analysis (BofA analyst input for certain names and BEA (Bureau of Economic Analysis) industry-level data otherwise)
- Imports as a % of total non-labor OPEX = 13% based on bottom-up analysis (BofA analyst input for certain names and BEA (Bureau of Economic Analysis) industry-level data otherwise)
 - Import market share: 18% from China, 17% from Mexico, 13% from Canada, 16% from Europe

We raise import material costs from each country by the incremental tariff amount. Other costs stay unchanged.

We assume all manufacturing resulting in S&P 500 foreign sales takes place in the US (i.e., would be subject to retaliatory tariffs).



For our worst-case scenario analysis, we assume no pricing increase and unitary elasticity (e.g. if prices increase by 25% on tariffs, volume declines by 20%).



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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R1}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R1} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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