

# Earnings Tracker

## Week 3: Capex clarity, consumer clouds

### 75% of EPS done: 3Q EPS tracking 12% growth

318 S&P 500 companies (75% of index earnings) have now reported, beating consensus by 6% overall. The beat was helped by solid big Tech results (particularly [Alphabet \(recap\)](#) and [Amazon \(recap\)](#)) but was also broad-based – 63% of companies beat on both EPS and Revenue, on pace for the healthiest breadth since 2021. 3Q consensus EPS growth (blended measure of actuals & consensus estimates) is now tracking 12% YoY, the fourth consecutive quarter of double-digit growth.

### AI capex up, not everyone rewarded. Mind the “GAAP gap”.

Hyperscalers signaled steadfast commitment to the AI arms race, raising 2025 capex guidance, talking up 2026 spending plans and citing continued capacity constraints. The upward capex revision is not new, but price action suggests growing scrutiny – [Meta \(recap\)](#) dropped 11% after forecasting “notably larger” capex next year. It also took a large write-off, pushing the gap between GAAP and pro-forma earnings (or “GAAP gap”) higher. A widening GAAP gap can highlight deteriorating earnings quality, and has historically been accompanied by weaker returns. Also on watch: depreciation expense forecasts may be understated for 2026 and beyond – D&A expense for the big four is slated to increase by only 1ppt of revenue next year while capex is forecast to increase by 4ppt of revenue (Exhibit 9). Revenue beats are critical from here – evidenced by [Amazon \(recap\)](#) jumping 10% on the highest AWS sales growth since 2022 (+20% YoY).

### AI vs. consumer: capex offset by consumer weakness

Thanks to the strength in AI spend, S&P 500 3Q capex (blended measure of actuals & consensus estimates) is tracking roughly 20% YoY, similar to last quarter (see Exhibit 12). Capex guidance has also been strong, with 1.9x more above- than below-consensus capex guides this month (vs. the long-term avg. of 1.4x). But consumer trends have been less encouraging: [Chipotle \(recap\)](#) sank 18% after cutting revenue guidance and citing weaker low to middle income/younger consumer spend. Excluding Amazon and Tesla, Discretionary earnings are on pace to fall 2% YoY in 3Q, and Staples track -1% YoY.

### Guidance and earnings revisions remain strong overall

Guidance trends have held up so far in 3Q after improving substantially in 2Q: there were 1.9x more above- than below consensus EPS guides in October, well above the long-term average of 0.8x. Our earnings revision ratio was also strong, with the ratio of upward to downward revisions to 2026 estimates at 1.2x (vs. 0.9x long-term average). We haven’t seen cuts to 4Q25 estimates yet either – still flat since October 1.

### Last big week of earnings up next: 137 S&P companies

137 S&P 500 companies that represent 12% of index earnings are scheduled to report this week. We’ll hear more on the AI trade (semis, PLTR, CEG) and get MCD’s take on the consumer. By Friday, 90% of S&P 500 companies will have reported 3Q results – the last 10% of reporters are spread out over the following month, including NVDA on 11/19.

Trading ideas and investment strategies discussed herein may give rise to significant risk and are not suitable for all investors. Investors should have experience in relevant markets and the financial resources to absorb any losses arising from applying these ideas or strategies.

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Refer to important disclosures on page 23 to 24.

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Timestamp: 02 November 2025 06:00AM EST

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Equity and Quant Strategy  
United States

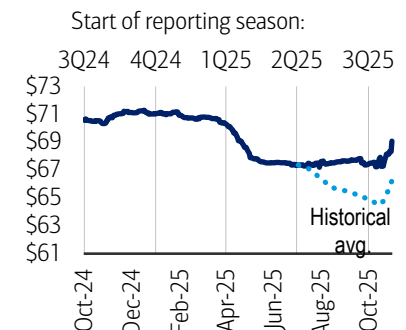
**Savita Subramanian**  
Equity & Quant Strategist  
BofA  
+1 646 855 3878  
savita.subramanian@bofa.com

**Victoria Roloff**  
Equity & Quant Strategist  
BofA  
+1 646 743 6339  
victoria.roloff@bofa.com

See Team Page for List of Analysts

### Exhibit 1: Bottom-up 3Q EPS estimate is up 2.4% 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
<b>2024</b>	<b>\$243</b>	<b>10%</b>	<b>\$243</b>	<b>10%</b>
1Q25	63.68	13%	63.68	13%
2Q25	67.03	11%	67.03	11%
3Q25E*	69.07	10%	70.00	11%
4Q25E	70.29	7%	70.50	7%
<b>2025E</b>	<b>\$269</b>	<b>11%</b>	<b>\$271</b>	<b>12%</b>
1Q26E	70.88	11%	69.00	8%
2Q26E	75.19	12%	73.25	9%
3Q26E	79.33	15%	76.75	10%
4Q26E	81.33	16%	79.00	12%
<b>2026E</b>	<b>\$305</b>	<b>14%</b>	<b>\$298</b>	<b>10%</b>

Source: FactSet, BofA US Equity & Quant Strategy  
\*Note: FactSet’s 10% growth rate for 3Q uses Meta’s GAAP EPS. Using pro-forma, we estimate 12% growth.  
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# 3Q25 Earnings: Week 3

## Earnings commentary

### Big Tech

- Alphabet (Interactive Media & Services)** – “As I've mentioned on previous earnings calls, while we have been working hard to increase capacity and have improved the pace of server deployments and data center construction, we still expect to remain in a tight demand supply environment in Q4 and 2026 ... **We now expect CapEx to be in the range of \$91 billion to \$93 billion in 2025, up from our previous estimate of \$85 billion** keeping in mind that the timing of cash payments can cause variability in the reported CapEx number. **Looking out to 2026, we expect a significant increase in CapEx**, and we'll provide more detail on our fourth quarter earnings call.”
- Meta (Interactive Media & Services)** – “We expect full year 2025 total expenses to be in the range of \$116 billion to \$118 billion, updated from our prior outlook of \$114 billion to \$118 billion and reflecting a growth rate of 22% to 24% year-over-year. **We currently expect 2025 capital expenditures, including principal payments on finance leases to be in the range of \$70 billion to \$72 billion, increased from our prior outlook of \$66 billion to \$72 billion...** We are still working through our capacity plans for next year, but we expect to **invest aggressively** to meet these needs ... **As a result, our current expectation is that CapEx dollar growth will be notably larger in 2026 than 2025.** We also anticipate total expenses will grow at a significantly faster percentage rate in 2026 than 2025, with growth primarily driven by infrastructure costs, including incremental cloud expenses and depreciation.”
- Microsoft (Software)** – “Next, capital expenditures. With accelerating demand and a growing RPO balance, we're increasing our spend on GPUs and CPUs. **Therefore, total spend will increase sequentially, and we now expect the FY 2026 growth rate to be higher than FY 2025...** In Azure, we expect Q2 revenue growth of approximately 37% in constant currency as **demand remains significantly ahead of the capacity** we have available...**we now expect to be capacity constrained through at least the end of our fiscal year.**”
- Amazon (Broadline Retail)** – “**We'll continue to make significant investments, especially in AI**, as we believe it to be a massive opportunity with the potential for strong returns on invested capital over the long term. Additionally, we continue to invest in our fulfillment and transportation network to support the growth of the business, improve delivery speeds and lower our cost to serve. These investments will support growth for many years to come. Looking ahead, **we expect our full year cash CapEx to be approximately \$125 billion in 2025, and we expect that amount will increase in 2026.**”
- Apple (Tech Hardware)** – “We don't have a great in-depth survey yet on the current iPhone 17 because it's very new in the cycle, and we give it some time to formulate. But **I would say that Apple Intelligence is a factor [for purchasing decisions]. And we're very bullish on it becoming a greater factor.** And so that's the way that we look at it ... as we've talked about before, **we are expecting increases in our CapEx spending related to AI investments.** For example, as I mentioned earlier, we did end up having investments this year to build out our Private Cloud Compute environment. And we do believe this hybrid model has served us very well, and we continue to want to leverage it.”

### Consumer

- Chipotle (Restaurants)** – “Earlier this year, as consumer sentiment declined sharply, we saw a broad-based pullback in frequency across all income cohorts. Since then, **the gap has widened with low to middle-income guests further reducing frequency.** We believe that this guest with household income below \$100,000 represents about 40% of our total sales. And based on our data, is dining out less often due to concerns about the economy and inflation. **A particularly challenged cohort is the 25 to 35-year-old age group.**”
- Visa (Transaction & Payment Processing Services)** – “Growth across consumer spend bands remained relatively consistent with Q3 with **the highest spend band continuing to grow the fastest.**”
- Kraft Heinz (Food Products)** – “**The profit revisions are a function of lower expectation of consumption in the US...**And we face incremental inflation in meat and coffee, and we didn't price certain elements of it due to competitive dynamics.”



## 75% of EPS done: 3Q EPS tracking 12% growth

318 S&P 500 companies (75% of index earnings) have now reported, beating consensus by 6% overall. The beat was helped by solid big Tech results (particularly [Alphabet \(recap\)](#) and [Amazon \(recap\)](#)) but was also broad-based – 63% of companies beat on both EPS and Revenue, on pace for the healthiest breadth since 2021. 3Q consensus EPS growth (blended measure of actuals & consensus estimates) is now tracking 12% YoY, the fourth consecutive quarter of double-digit growth.

### Exhibit 3: Consensus expects 12% 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.	7.4%	13.9%	7.1%	4.6%
Consumer Staples	(1.0%)	3.3%	3.3%	5.7%
Energy	(3.8%)	7.6%	(0.0%)	3.9%
Financials	20.7%	5.0%	7.9%	3.2%
Health Care	0.9%	(2.6%)	10.2%	3.5%
Industrials	1.6%	(10.3%)	6.3%	1.1%
Technology	23.4%	10.4%	15.3%	4.8%
Materials	14.3%	(7.6%)	4.5%	(2.3%)
Real Estate	5.9%	1.3%	6.7%	1.7%
Communication Services	15.1%	4.5%	8.8%	3.5%
Utilities	2.6%	50.4%	6.5%	14.3%
<b>S&amp;P 500</b>	<b>11.8%</b>	<b>5.5%</b>	<b>7.7%</b>	<b>3.9%</b>
ex. Financials	9.8%	5.7%	7.7%	4.0%
ex. Energy	12.6%	5.5%	8.3%	3.9%
ex. Fins & Energy	10.7%	5.6%	8.4%	4.0%

Source: FactSet, BofA US Equity & US 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

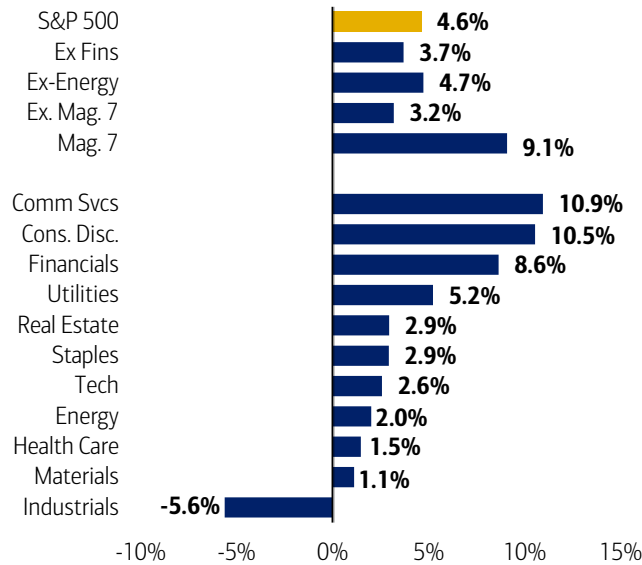
Sector	Total companies	Number Reported	% with EPS beat	% with Sales beat	% EPS & Sales beat
Cons. Disc.	50	32	69%	75%	56%
Cons. Staples	37	21	81%	62%	57%
Energy	22	11	64%	91%	55%
Financials	75	59	81%	80%	69%
Health Care	60	36	86%	89%	81%
Industrials	79	61	77%	64%	54%
Tech	68	33	85%	94%	82%
Materials	26	15	73%	80%	60%
Real Estate	31	24	63%	68%	50%
Comm. Svcs.	21	11	55%	55%	45%
Utilities	31	15	73%	73%	47%
<b>S&amp;P 500</b>	<b>500</b>	<b>318</b>	<b>76%</b>	<b>76%</b>	<b>63%</b>

Source: FactSet, BofA US Equity & US Quant Strategy

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### Exhibit 5: 3Q consensus earnings +4.6% since October 1

Revision to consensus 3Q25 earnings since start of October

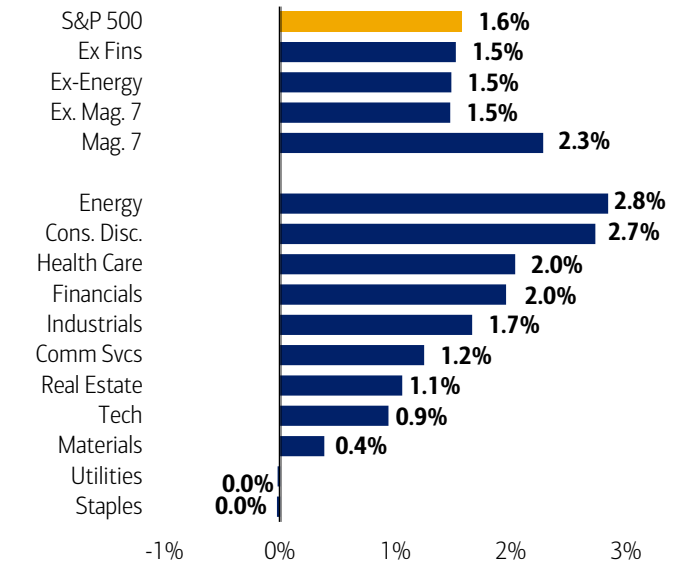


Source: FactSet, BofA US Equity & Quant Strategy

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### Exhibit 6: 3Q sales expectations +1.5% 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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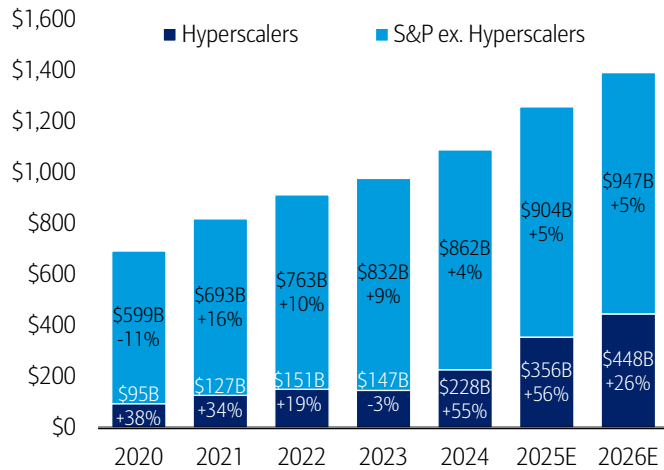


## AI arms race alive and well

Hyperscalers signaled steadfast commitment to the AI arms race, raising 2025 capex guidance, talking up 2026 spending plans and citing continued capacity constraints. The upward revision to capex is not a new story, but price action suggested growing scrutiny of spend – [Meta \(recap\)](#) dropped 11% after forecasting “notably larger” capex next year and posting expense growth (+32% YoY) than outpaced revenue growth (+26% YoY). Meanwhile, [Amazon \(recap\)](#) jumped 10% on the back of AWS sales growing at their fastest pace since 2022 (+20% YoY).

### Exhibit 7: Hyperscalers expected to spend \$360bn in 2025 and \$450bn in 2026

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



Source: BofA US Equity & Quant Strategy, FactSet

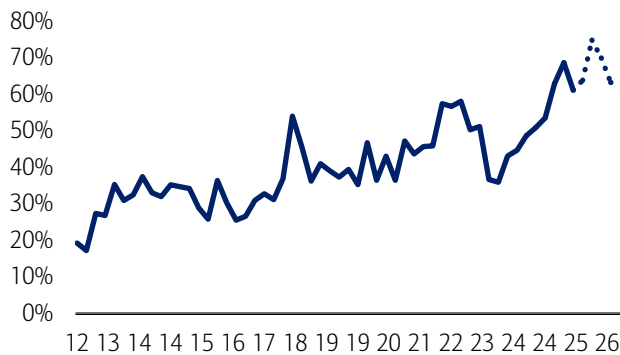
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### No signs of pulling back:

- **Alphabet:** “Looking out to 2026, we expect a significant increase in CapEx.”
- **Meta:** “Our current expectation is that CapEx dollar growth will be notably larger in 2026 than 2025.”
- **Microsoft:** “Total spend will increase sequentially, and we now expect the FY 2026 growth rate to be higher than FY 2025.”
- **Amazon:** “We expect our full year cash CapEx to be approximately \$125 billion in 2025, and we expect that amount will increase in 2026.”

### Exhibit 8: Hyperscalers’ capex as a % 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)

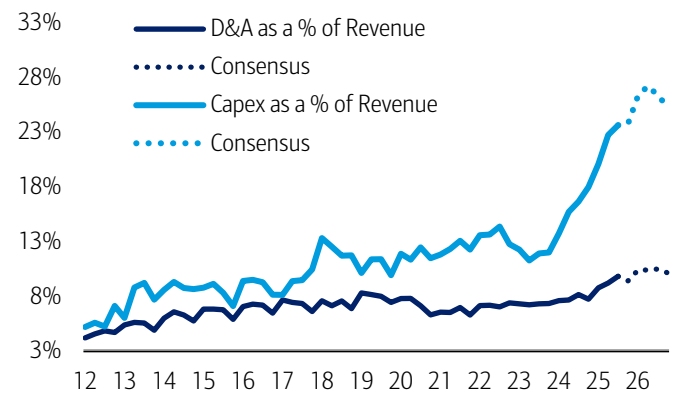


Source: BofA US Equity & Quant Strategy, FactSet

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### Exhibit 9: Capacity expansion: Capex as a % of revenue far outpacing depreciation; more room for depreciation to rise from here

MSFT, AMZN, GOOGL, META – capex and D&A as % of revenue (2012-4Q26E)



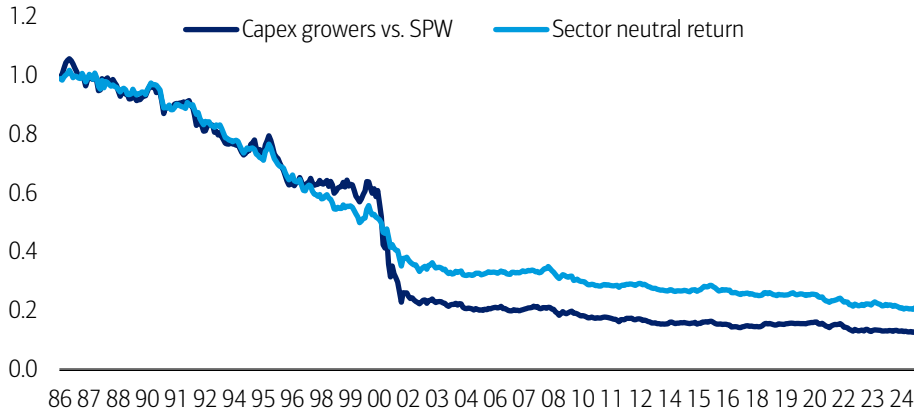
Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 10: 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

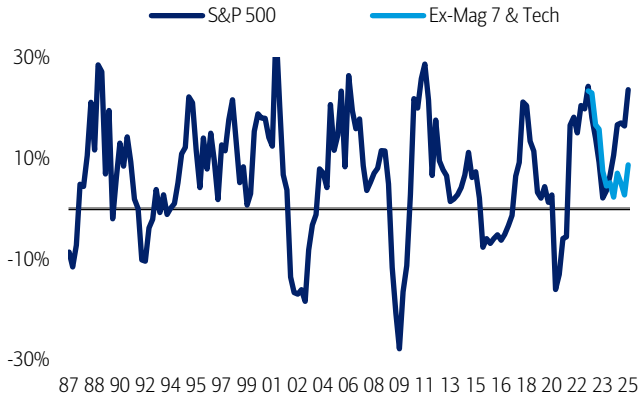
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**Capex cycle slated to remain strong**

Despite elevated uncertainty, S&P 500 capex has remained strong, growing >20% YoY in 2Q and on pace for similar growth this quarter (see Exhibit 12). AI has been the primary driver of the capex cycle so far, but we expect spend to broaden out to other sectors from here 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 11: In 2Q, capex growth was strongest in big Tech, but also picked up for the rest of the index (+24% overall vs. +9% ex. Mag 7)**

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



Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 12: In 3Q, S&P 500 capex (blended measure of actuals & consensus) is on pace to grow 21% YoY, ~6% ex. Tech & Mag 7**

S&P 500 3Q25 YoY capex growth by sector

Sector	3Q25 capex	3Q24 Capex	Aggregate YoY	Contribution to growth
Cons. Disc.	58,278	43,364	34%	28%
Staples	17,439	17,228	1%	0%
Energy	29,949	36,614	(18%)	(12%)
Financials	3,330	2,582	29%	1%
Health Care	11,787	10,498	12%	2%
Industrials	19,515	19,219	2%	1%
Tech	49,240	38,527	28%	20%
Materials	9,985	11,123	(10%)	(2%)
Real Estate	3,661	2,506	46%	2%
Comm. Svcs.	63,804	40,400	58%	44%
Utilities	40,095	31,459	27%	16%
<b>S&amp;P 500</b>	<b>307,082</b>	<b>253,519</b>	<b>21%</b>	
<b>ex. Tech + Mag. 7</b>	<b>177,717</b>	<b>167,541</b>	<b>6%</b>	

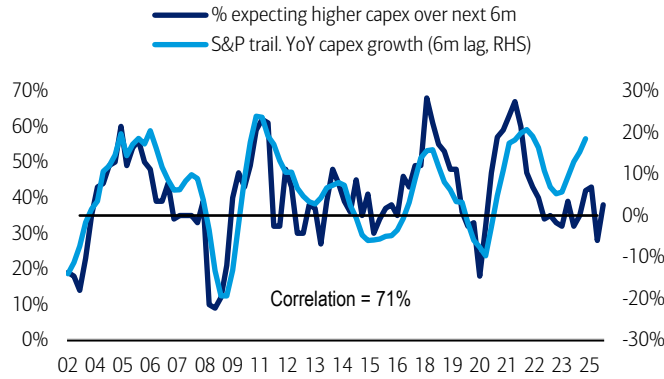
Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 13: % 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)

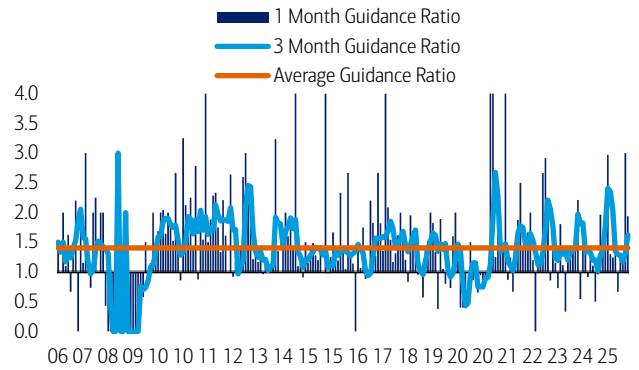


Source: Haver Analytics, FactSet, BofA US Equity & Quant Strategy

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**Exhibit 14: Capex guidance was in October (1.9x more above- than below-consensus capex guides vs. 1.4x long-term avg.)**

S&P 500 capex guidance ratio (2006-10/31/25)



Source: FactSet, BofA US Equity & Quant Strategy

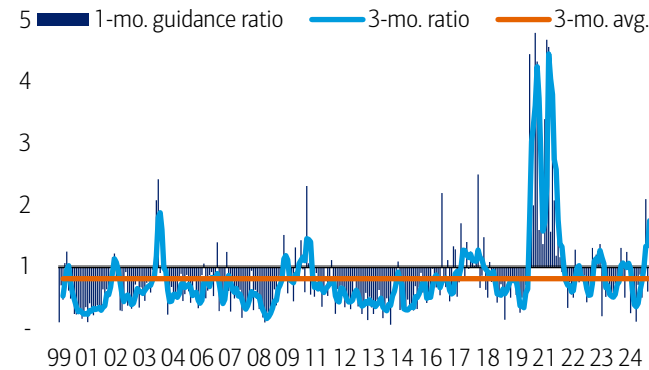
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**Positive guidance trends continue into 3Q**

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 – in October, there were 1.9x more companies guiding above consensus than below, well above the historical average of 0.8x.

**Exhibit 15: The 1m guidance ratio was 1.9x in October (vs. long-term average of 0.8x)**

S&P 500 guidance ratio (# above vs. below consensus) – 1999-10/31/25

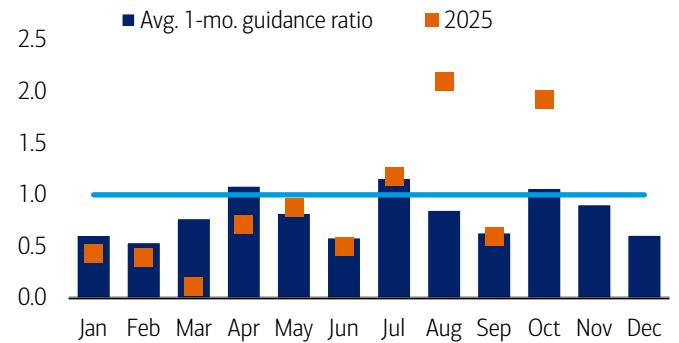


Source: BofA US Equity & Quant Strategy, Bloomberg

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**Exhibit 16: Guidance has improved substantially after a weak start to the year**

Average 1-mo. guidance ratio by month including YTD trend (1999-10/31/25)



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 0.9ppt the next day, above last quarter’s 0.7ppt but still below the historical avg. of 1.4ppt. Above-consensus EPS guides saw a slightly larger boost of 1.3ppt. 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 7.2ppt, nearly 3x more than the historical avg. and the second largest move in our data history, just behind the record of 7.4ppt in 2Q.



**Exhibit 17: 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	0.6%	-0.5%	-1.1%	-1.2%
EPS Miss	-4.0%	-7.9%	-7.5%	-7.4%
EPS In-Line	-1.1%	-2.9%	-5.4%	-7.9%
Sales Beat	0.4%	-1.3%	-1.2%	-2.1%
Sales Miss	-2.3%	-2.8%	-5.9%	-3.7%
Sales In-Line	1.8%	NA	-7.1%	NA
<b>Both Beat</b>	<b>0.9%</b>	<b>-0.2%</b>	<b>-0.6%</b>	<b>-1.1%</b>
<b>Both Miss</b>	<b>-7.2%</b>	<b>-6.7%</b>	<b>-11.3%</b>	<b>-6.2%</b>

Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 18: Relative performance by sector vs. S&P 500**

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

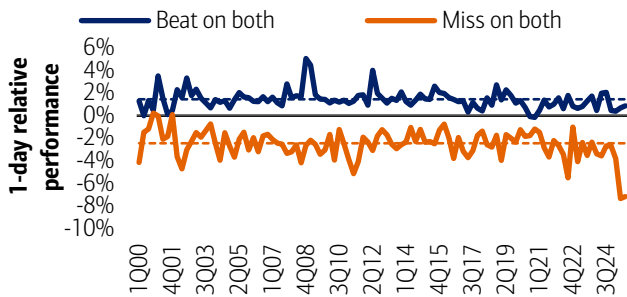
Sector	1 day after reporting		5 days after reporting	
	Beat on both	Missed on both	Beat on both	Missed on both
Cons. Disc.	0.8%	-9.5%	-1.9%	-8.1%
Staples	0.6%	N.A.	1.7%	N.A.
Energy	2.3%	N.A.	5.7%	N.A.
Financials	0.2%	-10.6%	-1.2%	-6.2%
Health Care	1.4%	-5.2%	0.9%	N.A.
Industrials	2.3%	-3.9%	1.0%	-3.8%
Tech	0.7%	N.A.	0.9%	N.A.
Materials	0.2%	-11.7%	-0.7%	N.A.
Real Estate	-0.8%	-9.7%	-3.5%	N.A.
Comm. Svcs.	0.5%	-2.9%	-4.6%	-13.5%
Utilities	0.1%	N.A.	-6.0%	N.A.
<b>S&amp;P 500</b>	<b>0.9%</b>	<b>-7.2%</b>	<b>-0.2%</b>	<b>-6.7%</b>

Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 19: 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)

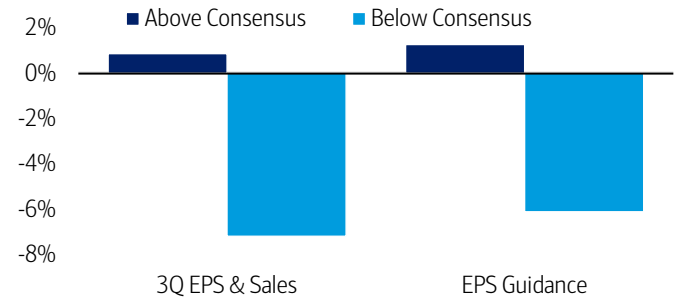


Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 20: 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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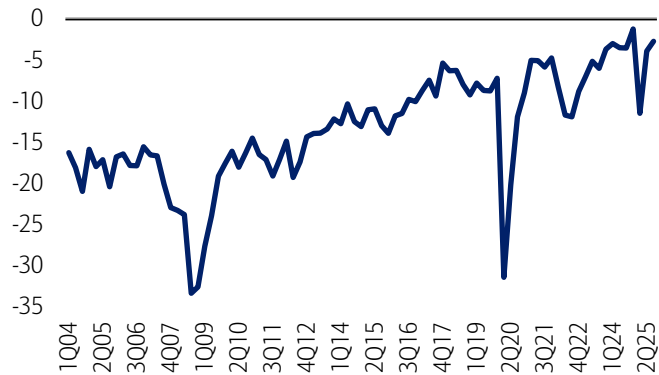
**Corporate sentiment continues to improve post-tariff fall**

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 declined over the past year but remain above average, while the ratio of companies mentioning “better/stronger” vs. “worst/weaker” has trended up.



**Exhibit 21: 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 10/29/2025)

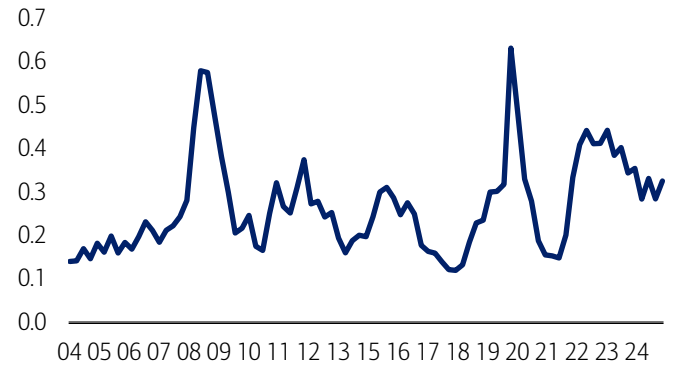


Source: BofA Global Research, FactSet

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**Exhibit 22: “Weak demand” mentions have declined over the past year but are still elevated**

Avg. mention of weak demand per company during earnings calls (as of 10/29/2025)

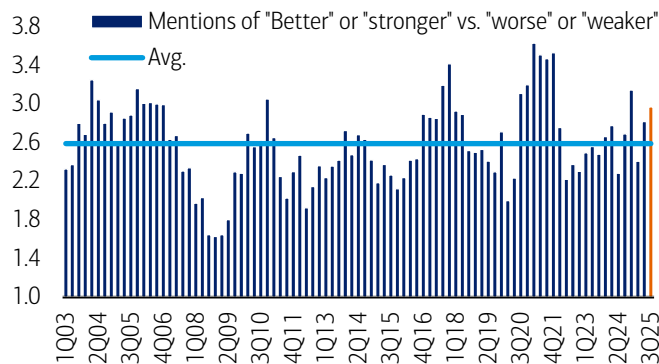


Source: BofA Global Research, FactSet. Note: mentions include "lower," "softer," "moderating," "weaker"

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**Exhibit 23: The ratio of “better/stronger” mentions vs “worse/weaker” is above average**

Mentions of “better” or “stronger” vs. “worse” or “weaker” on S&P 500 earnings calls, 1Q03-3Q25 as of 10/31/25

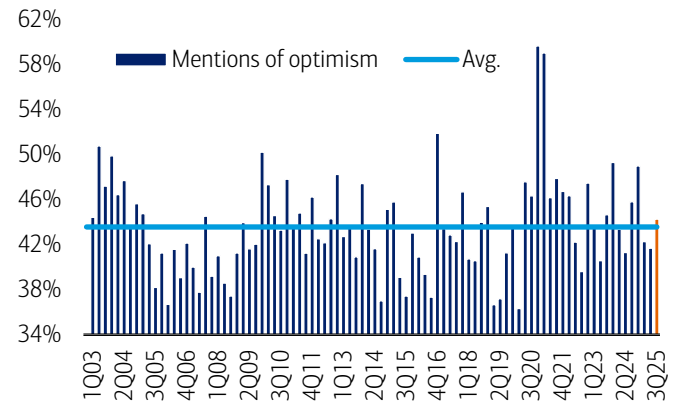


Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 24: Mentions of “optimism” are roughly in line with average**

Mentions of “optimistic” or “optimism” on S&P 500 earnings calls, 1Q03-3Q25 as of 10/31/25



Source: BofA US Equity & Quant Strategy, FactSet

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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.”

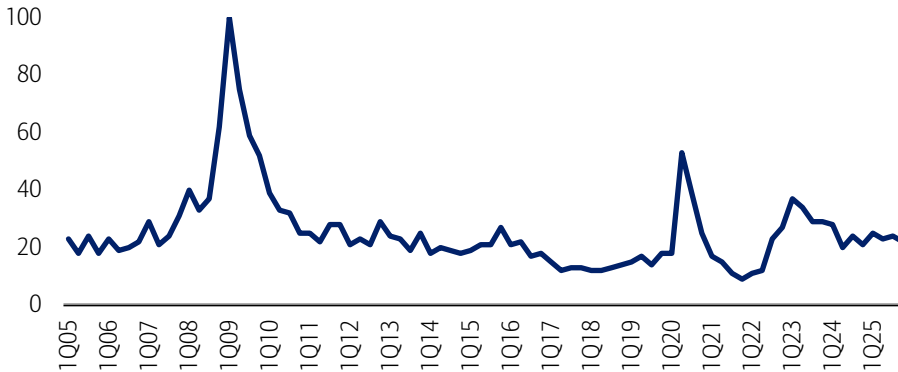
**Robert Half** – “...looking back for the last three years, we analyzed the results from our roles that are vulnerable [to AI]...the customer service, the coders, the lower level, operational level positions...performed no differently than the rest...[to] the extent there’s been an impact, it’s on early-career 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 25: Despite recent headlines (e.g., Amazon, UPS, Target), layoff mentions in US large cap earnings transcripts remain relatively low overall**

Normalized trend score (0-100) of “layoff” mentions (as of 10/31/2025), includes US companies >10bn in market cap

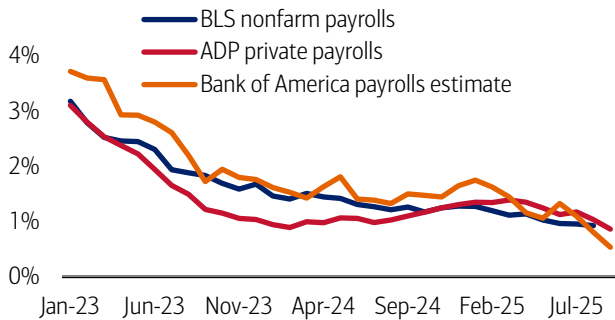


Source: Alphasense

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**Exhibit 26: 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)

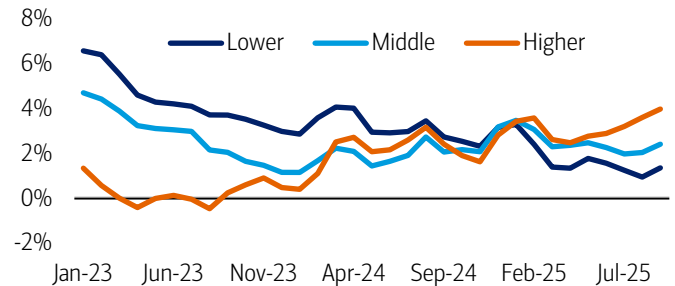


Source: Bank of America internal data, Haver Analytics. BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted, Bank of America Institute

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**Exhibit 27: 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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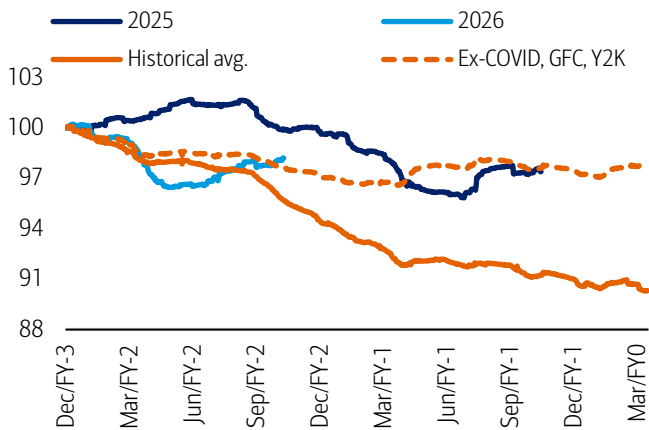
See [The Institute Employment Report: September 2025](#) for methodology, limitations, disclaimers related to Bank of America internal data.

**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 1.5x. (as of Oct. 31) but is still well above average (0.9x).



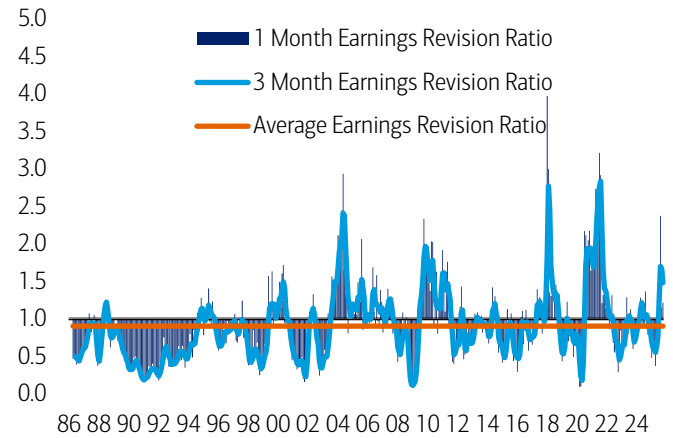
**Exhibit 28: Big cuts to '25 and '26 post-Liberation Day have reversed**  
 S&P 500 historical FY2 EPS revisions vs. 2024-25 consensus EPS (2024-25 as of 10/31/25)



Source: BofA US Equity & Quant Strategy, FactSet; Note: historical average based on 2001-2024  
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**Exhibit 29: The 1m earnings revisions ratio is 1.2x, bringing the 3m ratio to 1.5x (vs. 0.9x historical average)**

S&P 500 Earnings Estimate Revision Ratio as of 10/31/25



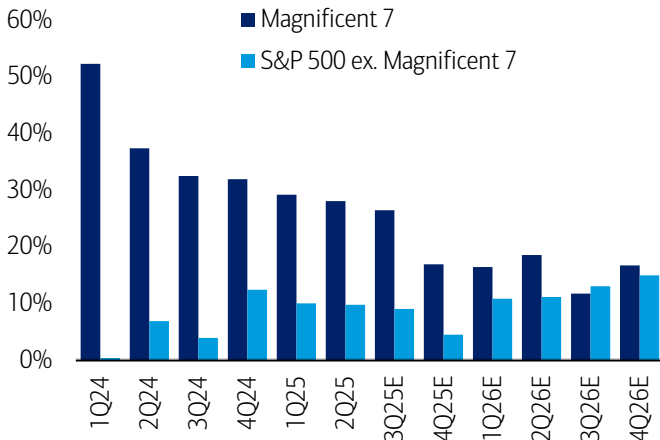
Source: BofA US Equity and Quant Strategy, FactSet/I/B/E/S

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

**Exhibit 30: Gap between Mag 7 and Other 493's earnings growth has narrowed, but not expected to converge until 2026**

Magnificent 7 vs. the Other 493 consensus quarterly EPS YoY

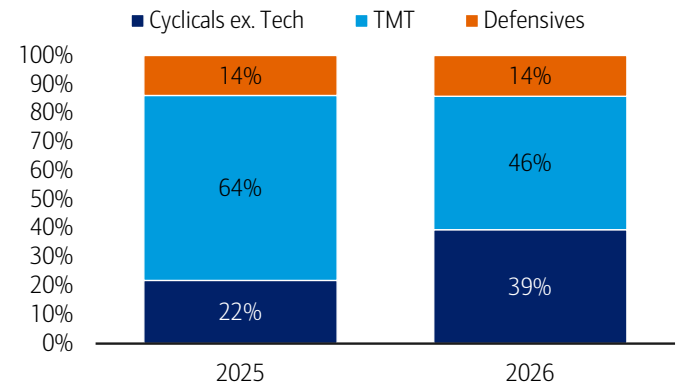


Source: BofA US Equity & Quant Strategy, FactSet

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**Exhibit 31: 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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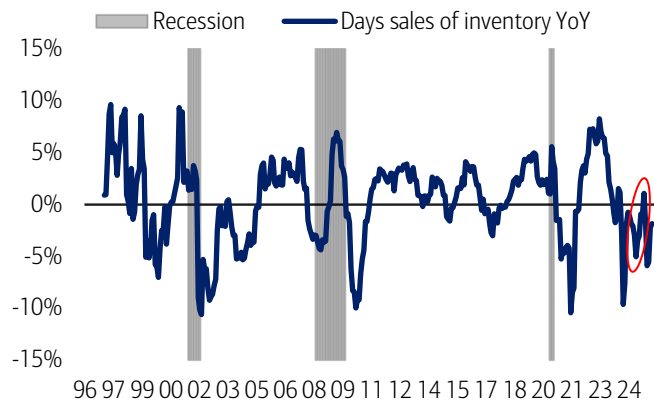
**Risk: the full brunt of tariffs is ahead of us**

S&P 500 companies have effectively navigated tariffs so far without a significant hit to margins at the index level. 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 7<sup>th</sup> 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 32: 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 33: 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		2Q25
	1Q25	2Q25	4Q24	1Q25	
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%
<b>S&amp;P 500</b>	<b>68</b>	<b>64</b>	<b>0%</b>	<b>-1%</b>	<b>-2%</b>
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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**Exhibit 34: We estimate the S&P 500 operating income hit from tariffs would be ~7% without mitigation under our current tariff assumptions**

Impact to S&P 500 operating income using estimates of US effective tariff rates (31% China, 5% Canada/Mexico, 15% RoW) and an incremental 10% retaliatory rate from China

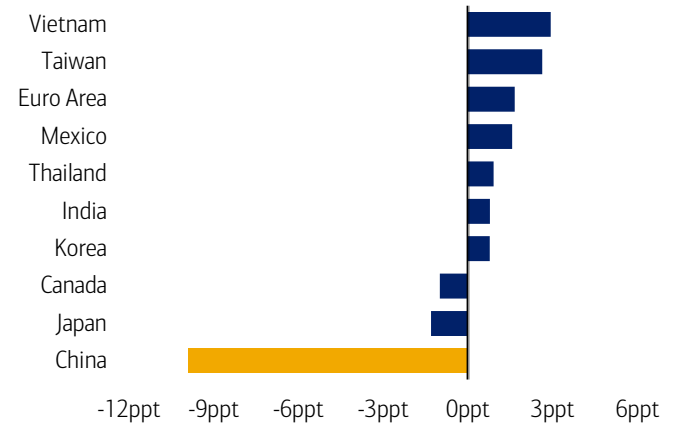
Sector	Sales hit to EBIT	Cost hit to EBIT	Overall EBIT hit
Energy	-1.1%	-22.3%	-23.4%
Consumer Staples	-2.1%	-17.8%	-19.9%
Materials	-5.1%	-10.0%	-15.1%
Consumer Discretionary	-2.1%	-12.2%	-14.3%
Industrials	-4.1%	-7.3%	-11.4%
Information Technology	-4.0%	-2.3%	-6.3%
Health Care	-1.5%	-4.2%	-5.7%
Communication Services	-1.4%	-0.2%	-1.6%
Financials	-0.5%	-0.5%	-1.0%
Real Estate	-0.4%	-0.1%	-0.5%
Utilities	0.0%	0.0%	0.0%
<b>S&amp;P 500</b>	<b>-2.0%</b>	<b>-4.8%</b>	<b>-6.8%</b>

Source: BofA US Equity & Quant Strategy, FactSet. Framework assumes unitary elasticity, no FX impact and no pass-through of price. See Appendix for full set of assumptions.

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**Exhibit 35: Good news: US imports from China have declined vs. 2018**

Changes in market share in US imports since 2018 (TTM vs. 2018)



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

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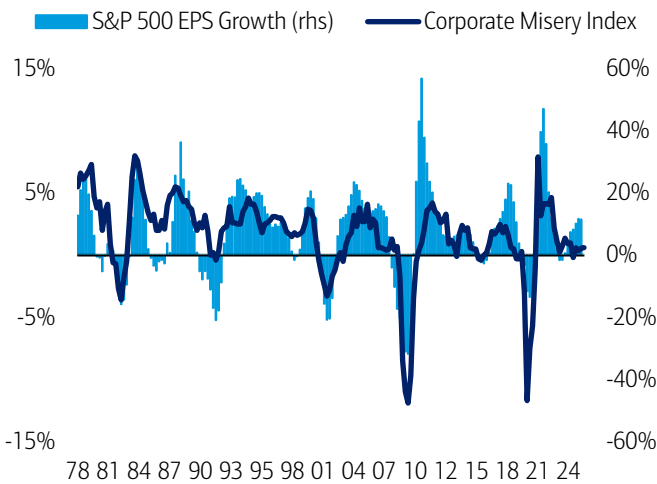
**Corporate Misery Indicator remained weak in 3Q**

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. Despite a tough macro environment, S&P 500 ex. Financials net margin is tracking 12.7% in 3Q, up 40bp YoY and 20bp 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\*



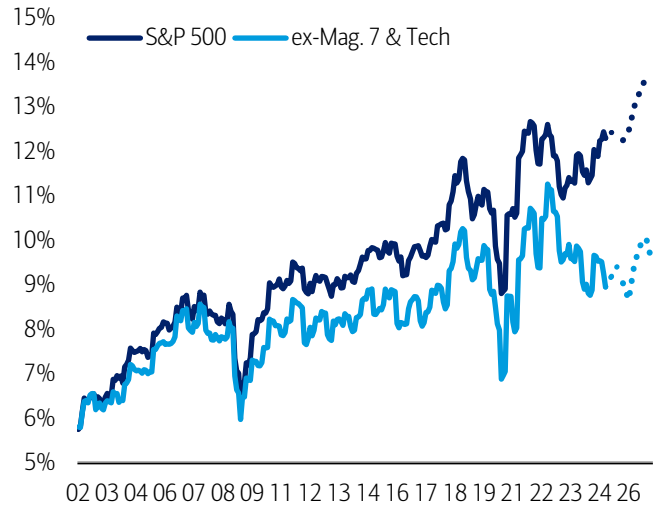
Disclaimer: The indicator identified as BofA Corporate Misery Indicator above is intended to be an indicative metric only and may not be used for reference purposes or as a measure of performance for any financial instrument or contract, or otherwise relied upon by third parties for any other purpose, 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 38: Net margin ex. Financials is tracking 12.7% in 3Q (up 40bp YoY and 20bp QoQ)**

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%	10.4%	8.5%	8.8%	9.9%	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%	6.3%	6.4%	6.9%	6.9%	6.6%
Energy	12.6%	10.0%	10.8%	10.7%	9.5%	9.1%	8.4%	7.8%	8.2%	7.7%	8.0%	7.9%	8.3%	8.9%	9.1%	8.8%
Financials	18.4%	17.6%	18.9%	17.2%	19.1%	19.0%	19.0%	20.8%	19.5%	20.9%	21.2%	20.5%	20.9%	20.9%	21.3%	21.7%
Health Care	9.3%	7.6%	8.0%	7.4%	7.8%	8.3%	8.3%	7.7%	8.7%	8.1%	7.6%	7.3%	8.6%	8.3%	8.1%	7.8%
Industrials	9.5%	11.4%	10.2%	10.2%	9.1%	10.8%	9.8%	11.4%	10.3%	10.7%	9.5%	10.4%	10.5%	11.7%	11.6%	11.5%
Information Technology	22.8%	24.0%	25.4%	26.5%	26.1%	25.6%	25.6%	27.3%	25.9%	26.0%	27.5%	28.7%	28.5%	28.7%	29.6%	30.4%
Materials	11.2%	11.9%	10.1%	8.9%	9.4%	11.1%	8.9%	8.8%	9.1%	10.5%	9.7%	9.5%	10.4%	12.0%	11.2%	11.0%
Real Estate	36.0%	37.1%	35.5%	35.3%	36.3%	35.8%	35.1%	34.7%	35.1%	34.6%	34.7%	33.9%	34.3%	34.8%	35.4%	34.6%
Communication Services	13.9%	16.1%	17.6%	16.3%	18.6%	18.4%	20.4%	19.9%	22.6%	21.4%	21.6%	19.4%	20.1%	20.8%	20.7%	20.5%
Utilities	10.4%	12.2%	15.8%	12.6%	14.6%	13.8%	17.5%	12.9%	14.1%	12.8%	16.8%	13.3%	14.6%	13.5%	16.8%	14.3%
<b>S&amp;P 500 ex. Financials</b>	<b>11.1%</b>	<b>11.3%</b>	<b>11.9%</b>	<b>11.5%</b>	<b>11.7%</b>	<b>12.0%</b>	<b>12.3%</b>	<b>12.3%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>12.7%</b>	<b>12.5%</b>	<b>13.0%</b>	<b>13.4%</b>	<b>13.7%</b>	<b>13.6%</b>
<b>S&amp;P 500</b>	<b>12.0%</b>	<b>12.1%</b>	<b>12.8%</b>	<b>12.2%</b>	<b>12.6%</b>	<b>12.9%</b>	<b>13.2%</b>	<b>13.4%</b>	<b>13.4%</b>	<b>13.6%</b>	<b>13.8%</b>	<b>13.5%</b>	<b>14.1%</b>	<b>14.4%</b>	<b>14.7%</b>	<b>14.6%</b>
<b>ex. Fins &amp; Energy</b>	<b>10.9%</b>	<b>11.5%</b>	<b>12.0%</b>	<b>11.6%</b>	<b>11.9%</b>	<b>12.3%</b>	<b>12.7%</b>	<b>12.7%</b>	<b>12.8%</b>	<b>12.9%</b>	<b>13.1%</b>	<b>12.9%</b>	<b>13.4%</b>	<b>13.8%</b>	<b>14.1%</b>	<b>14.0%</b>
<b>ex. Energy</b>	<b>12.0%</b>	<b>12.3%</b>	<b>13.0%</b>	<b>12.3%</b>	<b>12.9%</b>	<b>13.2%</b>	<b>13.5%</b>	<b>13.8%</b>	<b>13.8%</b>	<b>14.0%</b>	<b>14.2%</b>	<b>13.9%</b>	<b>14.5%</b>	<b>14.8%</b>	<b>15.1%</b>	<b>15.0%</b>

Source: FactSet, BofA US Equity & Quant Strategy

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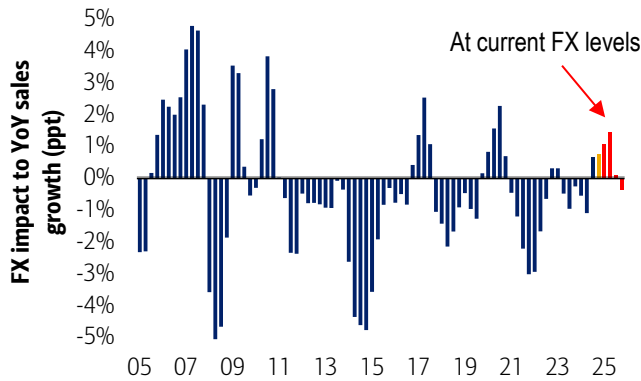
**FX continued to be a tailwind in 3Q**

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 39: 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

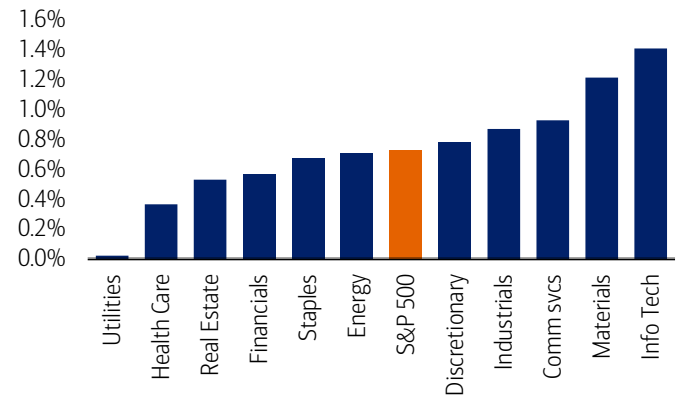


Source: FactSet, BofA US Equity & Quant Strategy

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**Exhibit 40: 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 4**

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

**Exhibit 41: S&P 500 companies scheduled to report in Week 4 (\$100B+ highlighted in blue)**

Week 4 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
11/3/2025	PLTR	PALANTIR TECHNOLOGIES INC-A	Information Technology	476	Confirmed	4
11/3/2025	VRTX	VERTEX PHARMACEUTICALS INC	Health Care	109	Tentative	4
11/3/2025	WMB	WILLIAMS COS INC	Energy	71	Confirmed	4
11/3/2025	SPG	SIMON PROPERTY GROUP INC	Real Estate	57	Confirmed	4
11/3/2025	O	REALTY INCOME CORP	Real Estate	53	Confirmed	4
11/3/2025	IDXX	IDEXX LABORATORIES INC	Health Care	50	Confirmed	4
11/3/2025	FANG	DIAMONDBACK ENERGY INC	Energy	41	Confirmed	4
11/3/2025	PEG	PUBLIC SERVICE ENTERPRISE GP	Utilities	40	Confirmed	4
11/3/2025	L	LOEWS CORP	Financials	21	Confirmed	4
11/3/2025	SBAC	SBA COMMUNICATIONS CORP	Real Estate	21	Confirmed	4
11/3/2025	ON	ON SEMICONDUCTOR	Information Technology	20	Confirmed	4
11/3/2025	CTRA	COTERRA ENERGY INC	Energy	18	Confirmed	4
11/3/2025	HOLX	HOLOGIC INC	Health Care	16	Confirmed	4
11/3/2025	CLX	CLOROX COMPANY	Consumer Staples	14	Confirmed	4
11/3/2025	PNW	PINNACLE WEST CAPITAL	Utilities	11	Confirmed	4
11/3/2025	EMN	EASTMAN CHEMICAL CO	Materials	7	Confirmed	4
11/4/2025	AMD	ADVANCED MICRO DEVICES	Information Technology	416	Tentative	4
11/4/2025	UBER	UBER TECHNOLOGIES INC	Industrials	201	Tentative	4
11/4/2025	ANET	ARISTA NETWORKS INC	Information Technology	198	Confirmed	4
11/4/2025	AMGN	AMGEN INC	Health Care	161	Confirmed	4
11/4/2025	ETN	EATON CORP PLC	Industrials	149	Confirmed	4
11/4/2025	PFE	PFIZER INC	Health Care	140	Tentative	4
11/4/2025	APO	APOLLO GLOBAL MANAGEMENT INC	Financials	72	Confirmed	4
11/4/2025	MAR	MARRIOTT INTERNATIONAL -CL A	Consumer Discretionary	71	Confirmed	4
11/4/2025	ZTS	ZOETIS INC	Health Care	64	Tentative	4
11/4/2025	MPC	MARATHON PETROLEUM CORP	Energy	59	Confirmed	4
11/4/2025	AXON	AXON ENTERPRISE INC	Industrials	57	Confirmed	4
11/4/2025	AFL	AFLAC INC	Financials	57	Confirmed	4
11/4/2025	EXC	EXELON CORP	Utilities	47	Confirmed	4
11/4/2025	AIG	AMERICAN INTERNATIONAL GROUP	Financials	44	Confirmed	4
11/4/2025	CTVA	CORTEVA INC	Materials	42	Confirmed	4
11/4/2025	YUM	YUM! BRANDS INC	Consumer Discretionary	38	Confirmed	4
11/4/2025	MLM	MARTIN MARIETTA MATERIALS	Materials	37	Confirmed	4
11/4/2025	LYV	LIVE NATION ENTERTAINMENT IN	Communication Services	35	Confirmed	4
11/4/2025	SMCI	SUPER MICRO COMPUTER INC	Information Technology	31	Tentative	4
11/4/2025	ADM	ARCHER-DANIELS-MIDLAND CO	Consumer Staples	29	Confirmed	4
11/4/2025	ES	EVERSOURCE ENERGY	Utilities	27	Confirmed	4



**Exhibit 41: S&P 500 companies scheduled to report in Week 4 (\$100B+ highlighted in blue)**

Week 4 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
11/4/2025	BR	BROADRIDGE FINANCIAL SOLUTIO	Industrials	26	Confirmed	4
11/4/2025	LDOS	LEIDOS HOLDINGS INC	Industrials	24	Tentative	4
11/4/2025	CDW	CDW CORP/DE	Information Technology	21	Confirmed	4
11/4/2025	WAT	WATERS CORP	Health Care	21	Tentative	4
11/4/2025	GPN	GLOBAL PAYMENTS INC	Financials	19	Confirmed	4
11/4/2025	IT	GARTNER INC	Information Technology	19	Confirmed	4
11/4/2025	EXPD	EXPEDITORS INTL WASH INC	Industrials	17	Confirmed	4
11/4/2025	IFF	INTL FLAVORS & FRAGRANCES	Materials	16	Confirmed	4
11/4/2025	BALL	BALL CORP	Materials	13	Confirmed	4
11/4/2025	SWKS	SKYWORKS SOLUTIONS INC	Information Technology	12	Confirmed	4
11/4/2025	JKHY	JACK HENRY & ASSOCIATES INC	Financials	11	Confirmed	4
11/4/2025	AIZ	ASSURANT INC	Financials	11	Confirmed	4
11/4/2025	SWK	STANLEY BLACK & DECKER INC	Industrials	10	Confirmed	4
11/4/2025	NCLH	NORWEGIAN CRUISE LINE HOLDIN	Consumer Discretionary	10	Confirmed	4
11/4/2025	AES	AES CORP	Utilities	10	Tentative	4
11/4/2025	MOS	MOSAIC CO/THE	Materials	9	Confirmed	4
11/4/2025	TAP	MOLSON COORS BEVERAGE CO - B	Consumer Staples	9	Confirmed	4
11/4/2025	MTCH	MATCH GROUP INC	Communication Services	8	Confirmed	4
11/4/2025	HSIC	HENRY SCHEIN INC	Health Care	8	Confirmed	4
11/5/2025	APP	APPROVIN CORP-CLASS A	Information Technology	216	Confirmed	4
11/5/2025	MCD	MCDONALD'S CORP	Consumer Discretionary	213	Tentative	4
11/5/2025	QCOM	QUALCOMM INC	Information Technology	195	Confirmed	4
11/5/2025	HOOD	ROBINHOOD MARKETS INC - A	Financials	130	Confirmed	4
11/5/2025	DASH	DOORDASH INC - A	Consumer Discretionary	109	Confirmed	4
11/5/2025	MCK	MCKESSON CORP	Health Care	101	Confirmed	4
11/5/2025	EMR	EMERSON ELECTRIC CO	Industrials	79	Confirmed	4
11/5/2025	JCI	JOHNSON CONTROLS INTERNATION	Industrials	75	Tentative	4
11/5/2025	FTNT	FORTINET INC	Information Technology	66	Confirmed	4
11/5/2025	COR	CENCORA INC	Health Care	65	Confirmed	4
11/5/2025	SRE	SEMPRA	Utilities	60	Confirmed	4
11/5/2025	MET	METLIFE INC	Financials	53	Confirmed	4
11/5/2025	ALL	ALLSTATE CORP	Financials	50	Confirmed	4
11/5/2025	FICO	FAIR ISAAC CORP	Information Technology	40	Confirmed	4
11/5/2025	TKO	TKO GROUP HOLDINGS INC	Communication Services	37	Confirmed	4
11/5/2025	HUM	HUMANA INC	Health Care	33	Confirmed	4
11/5/2025	TRGP	TARGA RESOURCES CORP	Energy	33	Confirmed	4
11/5/2025	FIS	FIDELITY NATIONAL INFO SERV	Financials	33	Confirmed	4
11/5/2025	IRM	IRON MOUNTAIN INC	Real Estate	30	Confirmed	4
11/5/2025	AEE	AMEREN CORPORATION	Utilities	28	Tentative	4
11/5/2025	ATO	ATMOS ENERGY CORP	Utilities	28	Confirmed	4
11/5/2025	PPL	PPL CORP	Utilities	27	Confirmed	4
11/5/2025	PTC	PTC INC	Information Technology	24	Confirmed	4
11/5/2025	STE	STERIS PLC	Health Care	23	Confirmed	4
11/5/2025	TPL	TEXAS PACIFIC LAND CORP	Energy	22	Confirmed	4
11/5/2025	DVN	DEVON ENERGY CORP	Energy	21	Confirmed	4
11/5/2025	ZBH	ZIMMER BIOMET HOLDINGS INC	Health Care	20	Confirmed	4
11/5/2025	TRMB	TRIMBLE INC	Information Technology	19	Tentative	4
11/5/2025	BG	BUNGE GLOBAL SA	Consumer Staples	19	Confirmed	4
11/5/2025	CPAY	CORPAY INC	Financials	18	Confirmed	4
11/5/2025	AMCR	AMCOR PLC	Materials	18	Confirmed	4
11/5/2025	CF	CF INDUSTRIES HOLDINGS INC	Materials	13	Confirmed	4
11/5/2025	ALB	ALBEMARLE CORP	Materials	12	Confirmed	4
11/5/2025	HST	HOST HOTELS & RESORTS INC	Real Estate	11	Confirmed	4
11/5/2025	PAYC	PAYCOM SOFTWARE INC	Industrials	11	Confirmed	4
11/5/2025	TECH	BIO-TECHNE CORP	Health Care	10	Tentative	4
11/5/2025	CRL	CHARLES RIVER LABORATORIES	Health Care	9	Confirmed	4
11/5/2025	APA	APA CORP	Energy	8	Tentative	4
11/6/2025	COP	CONOCOPHILLIPS	Energy	111	Confirmed	4
11/6/2025	PH	PARKER HANNIFIN CORP	Industrials	98	Confirmed	4
11/6/2025	ABNB	AIRBNB INC-CLASS A	Consumer Discretionary	79	Confirmed	4
11/6/2025	MNST	MONSTER BEVERAGE CORP	Consumer Staples	65	Confirmed	4
11/6/2025	VST	VISTRA CORP	Utilities	64	Confirmed	4
11/6/2025	CMI	CUMMINS INC	Industrials	60	Tentative	4
11/6/2025	EOG	EOG RESOURCES INC	Energy	58	Tentative	4



**Exhibit 41: S&P 500 companies scheduled to report in Week 4 (\$100B+ highlighted in blue)**

Week 4 schedule

Report Date	Ticker	Company Name	Sector	Market Cap (\$B)	Status	Week
11/6/2025	DDOG	DATADOG INC - CLASS A	Information Technology	57	Confirmed	4
11/6/2025	WBD	WARNER BROS DISCOVERY INC	Communication Services	56	Confirmed	4
11/6/2025	APD	AIR PRODUCTS & CHEMICALS INC	Materials	54	Tentative	4
11/6/2025	BDX	BECTON DICKINSON AND CO	Health Care	51	Confirmed	4
11/6/2025	TTWO	TAKE-TWO INTERACTIVE SOFTWARE	Communication Services	47	Confirmed	4
11/6/2025	XYZ	BLOCK INC	Financials	46	Confirmed	4
11/6/2025	ROK	ROCKWELL AUTOMATION INC	Industrials	41	Confirmed	4
11/6/2025	ED	CONSOLIDATED EDISON INC	Utilities	35	Confirmed	4
11/6/2025	DD	DUPONT DE NEMOURS INC	Materials	34	Confirmed	4
11/6/2025	MCHP	MICROCHIP TECHNOLOGY INC	Information Technology	34	Tentative	4
11/6/2025	NRG	NRG ENERGY INC	Utilities	33	Confirmed	4
11/6/2025	MTD	METTLER-TOLEDO INTERNATIONAL	Health Care	29	Confirmed	4
11/6/2025	KVUE	KENVUE INC	Consumer Staples	28	Confirmed	4
11/6/2025	EXPE	EXPEDIA GROUP INC	Consumer Discretionary	27	Confirmed	4
11/6/2025	TTD	TRADE DESK INC/THE -CLASS A	Communication Services	25	Confirmed	4
11/6/2025	TPR	TAPESTRY INC	Consumer Discretionary	23	Confirmed	4
11/6/2025	PODD	INSULET CORP	Health Care	22	Tentative	4
11/6/2025	RL	RALPH LAUREN CORP	Consumer Discretionary	19	Confirmed	4
11/6/2025	EVERG	EVERGY INC	Utilities	18	Confirmed	4
11/6/2025	LNT	ALLIANT ENERGY CORP	Utilities	17	Confirmed	4
11/6/2025	GEN	GEN DIGITAL INC	Information Technology	16	Confirmed	4
11/6/2025	NWS	NEWS CORP - CLASS B	Communication Services	16	Confirmed	4
11/6/2025	NWSA	NEWS CORP - CLASS A	Communication Services	16	Confirmed	4
11/6/2025	WYNN	WYNN RESORTS LTD	Consumer Discretionary	12	Confirmed	4
11/6/2025	SOLV	SOLVENTUM CORP	Health Care	12	Confirmed	4
11/6/2025	VTRS	VIATRIS INC	Health Care	12	Confirmed	4
11/6/2025	AKAM	AKAMAI TECHNOLOGIES INC	Information Technology	11	Tentative	4
11/6/2025	CPT	CAMDEN PROPERTY TRUST	Real Estate	11	Confirmed	4
11/6/2025	MRNA	MODERNA INC	Health Care	11	Confirmed	4
11/6/2025	EPAM	EPAM SYSTEMS INC	Information Technology	9	Tentative	4
11/6/2025	SOLS	SOLSTICE ADV MATERIALS INC	Materials	7	Confirmed	4
11/7/2025	CEG	CONSTELLATION ENERGY	Utilities	118	Confirmed	4
11/7/2025	DUK	DUKE ENERGY CORP	Utilities	97	Confirmed	4
11/7/2025	TDG	TRANSDIGM GROUP INC	Industrials	74	Estimated	4
11/7/2025	BEN	FRANKLIN RESOURCES INC	Financials	12	Confirmed	4

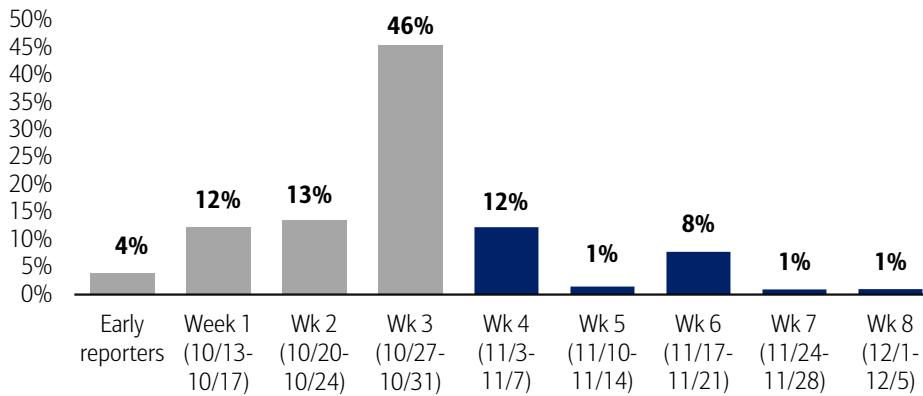
Source: Bloomberg

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### 3Q25 Reporting by Week

**Exhibit 42: S&P 500 3Q25 Earnings Reporting by Week**  
% of earnings by sector

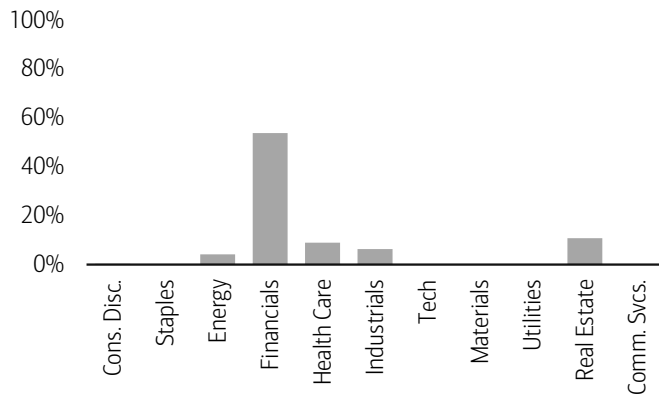


Source: Bloomberg, BofA US Equity & Quant Strategy

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

% of earnings by sector

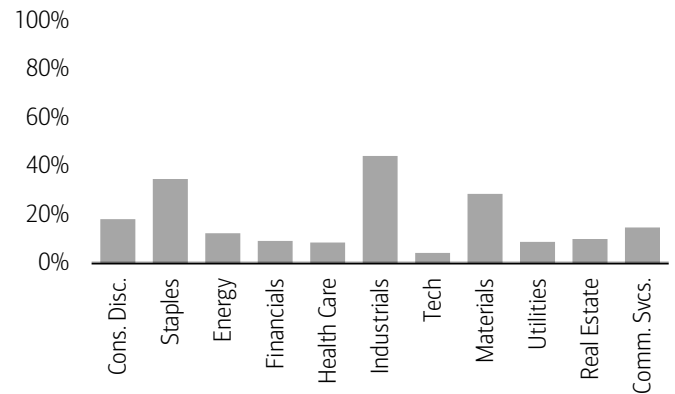


Source: Bloomberg, BofA US Equity & Quant Strategy

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

% of earnings by sector

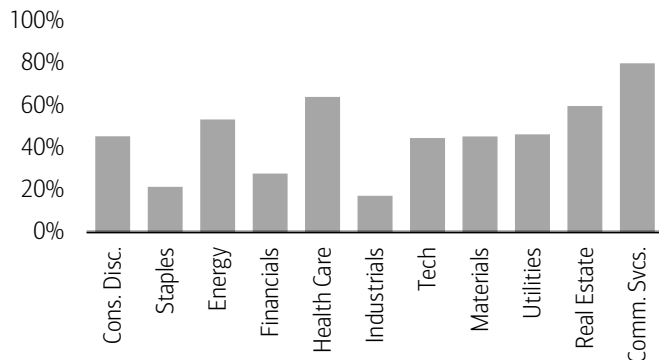


Source: Bloomberg, BofA US Equity & Quant Strategy

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**Exhibit 45: Week 3: % 3Q earnings reporting by sector**

% of earnings by sector

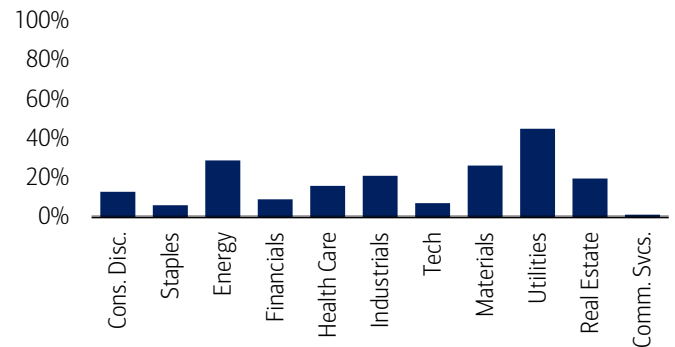


Source: Bloomberg, BofA US Equity & Quant Strategy

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**Exhibit 46: 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

- 209 S&P 600 stocks have reported. Analysts expect small cap 3Q earnings to be +15% 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 +5% YoY median (similar to last quarter).
- 3Q small cap earnings are tracking 4% above consensus expectations at the start of Oct. (biggest upward revisions in Comm. Svcs./Tech) while sales are in-line.
- So far, 60% of companies beat on EPS, 54% beat on sales and 38% beat on both (weaker breadth of beats than last quarter and fewer beats vs. large caps).

### Exhibit 47: Small cap 3Q25 growth expectations and proportion of beats so far

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

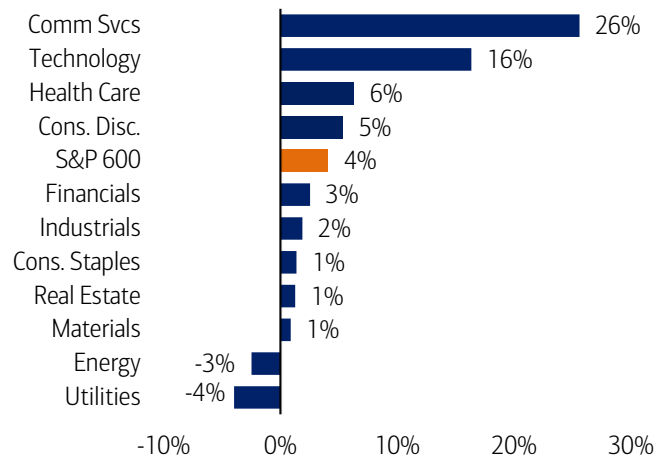
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	23	2	103.1%	-12.5%	-8.9%	3.3%	0%	0%	0%
Cons. Disc.	84	26	0.3%	1.7%	1.2%	4.8%	69%	62%	46%
Cons. Staples	24	9	6.0%	1.3%	3.5%	6.9%	67%	56%	56%
Energy	32	11	61.2%	-20.6%	-3.7%	2.5%	45%	73%	36%
Financials	117	74	11.1%	16.0%	11.5%	8.5%	53%	34%	23%
Health Care	72	9	-1.6%	-2.9%	3.0%	6.8%	67%	78%	44%
Industrials	91	28	14.9%	8.1%	2.5%	3.6%	64%	57%	50%
Technology	71	20	156.0%	-1.3%	5.0%	8.0%	85%	85%	75%
Materials	27	10	-7.9%	2.6%	-1.7%	3.1%	70%	40%	30%
Real Estate	48	19	-0.2%	-2.1%	3.6%	3.7%	42%	74%	26%
Utilities	13	1	-9.4%	5.8%	-21.3%	10.5%	100%	100%	100%
<b>S&amp;P 600</b>	<b>602</b>	<b>209</b>	<b>15.4%</b>	<b>3.0%</b>	<b>1.9%</b>	<b>4.6%</b>	<b>60%</b>	<b>54%</b>	<b>38%</b>
Ex-Financials	485	135	17.1%	8.2%	0.9%	55.5%	64%	65%	47%
Ex-Energy	570	198	13.8%	0.0%	2.4%	56.8%	61%	53%	38%

Source: FactSet, BofA US Equity & US Quant Strategy

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### Exhibit 48: Small cap earnings are tracking 4% higher than consensus estimates at the start of reporting season

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

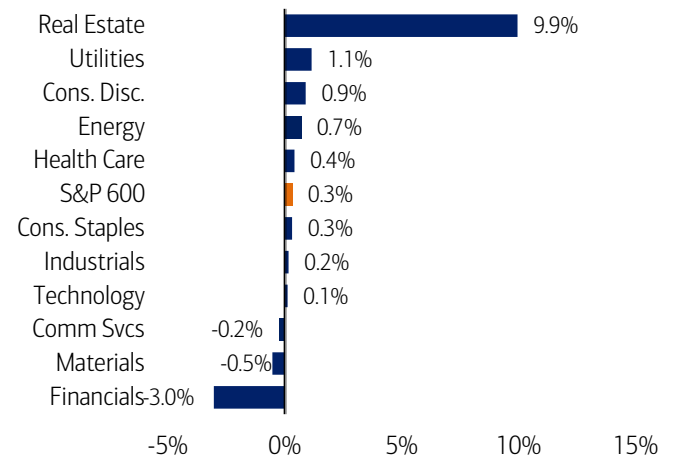


Source: FactSet, BofA US Equity & US Quant Strategy

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### Exhibit 49: Small cap sales are tracking essentially 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

- 167 S&P 400 stocks have reported. Analysts expect mid cap 3Q earnings to be +6% YoY (vs. +3% last quarter). The median mid cap is to see earnings +6% YoY (vs +7% in 2Q).
- Sales are expected to be +5% YoY and +6% YoY median (a slight acceleration vs 2Q).
- 3Q earnings expectations are tracking 3% above where consensus stood at the start of Oct. (Comm. Svcs./Energy tracking the most above), while sales are tracking 1% above consensus at the start of October (Financials/Tech tracking the most above).
- So far, 66% of companies beat on EPS, 62% beat on sales and 47% on both (a lower breadth of beats vs. last quarter and better than small caps' 3Q stats).

### Exhibit 50: Mid cap 3Q25 growth expectations and proportion of beats so far

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

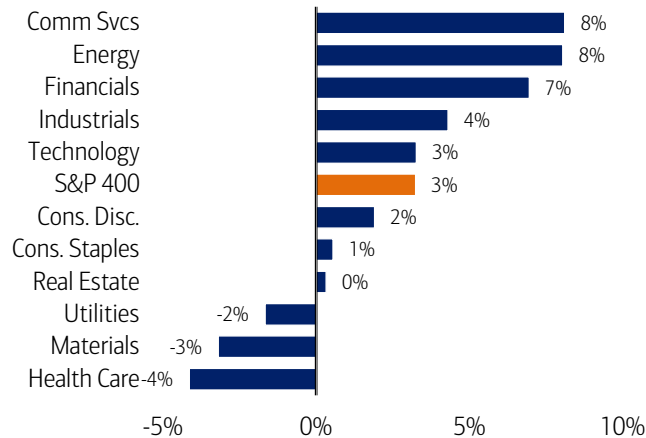
Sector	Total Companies	Number Reported	Earnings YoY%	Median earnings YoY%	Sales YoY%	Median sales YoY%	% With EPS Beat	% With Sales Beat	Both Beat %
Comm Svcs	7	2	-57.3%	18.2%	-1.5%	3.3%	50%	100%	50%
Cons. Disc.	61	20	-6.5%	-5.3%	3.5%	4.8%	80%	60%	60%
Cons. Staples	19	5	4.7%	4.5%	6.4%	6.9%	80%	40%	20%
Energy	18	8	-5.2%	-27.3%	-1.9%	2.5%	25%	63%	25%
Financials	69	45	17.6%	18.7%	8.9%	8.5%	78%	62%	53%
Health Care	33	11	2.2%	8.5%	5.6%	6.8%	64%	45%	45%
Industrials	80	39	3.5%	7.8%	2.5%	3.6%	64%	62%	49%
Technology	46	12	21.7%	9.2%	7.5%	8.0%	83%	92%	75%
Materials	24	10	-3.0%	0.0%	1.9%	3.1%	40%	50%	20%
Real Estate	28	13	6.6%	4.6%	48.4%	3.7%	46%	62%	23%
Utilities	16	2	-3.5%	6.9%	11.1%	10.5%	50%	100%	50%
<b>S&amp;P 400</b>	<b>401</b>	<b>167</b>	<b>6.1%</b>	<b>6.5%</b>	<b>5.1%</b>	<b>5.9%</b>	<b>66%</b>	<b>62%</b>	<b>47%</b>
Ex-Financials	332	122	2.2%	5.3%	4.7%	4.9%	62%	62%	45%
Ex-Energy	383	159	6.8%	6.5%	5.6%	5.9%	69%	62%	48%

Source: FactSet, BofA US Equity & US Quant Strategy

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### Exhibit 58: Mid cap earnings are tracking 3% higher than consensus estimates at the start of reporting season

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

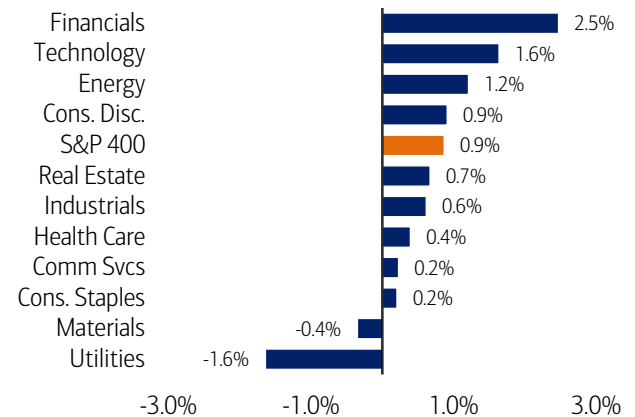


Source: FactSet, BofA US Equity & US Quant Strategy

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### Exhibit 59: Mid cap sales are tracking 1% higher than 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 on both have slightly outperformed the S&P 400 the following day (by 30bp), though eventually they underperformed the index over the subsequent 5 days (but by just 1ppt). Beats have outperformed by 1ppt the following day, similar to in small caps.



**Exhibit 51: 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	0.2%	0.7%	2.1%	0.5%
EPS Miss	-3.5%	-4.9%	-6.3%	-8.3%
EPS In-Line	-1.3%	-0.5%	-1.9%	-1.5%
Sales Beat	0.6%	-0.6%	3.0%	0.6%
Sales Miss	-3.8%	-1.0%	-6.8%	-5.2%
Sales In-Line	-2.4%	-1.9%	-5.7%	-5.7%
<b>Both Beat</b>	<b>1.4%</b>	<b>0.4%</b>	<b>4.5%</b>	<b>1.5%</b>
<b>Both Miss</b>	<b>-2.7%</b>	<b>-2.3%</b>	<b>-6.6%</b>	<b>-7.3%</b>

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	1.1%	0.4%	1.0%	-0.2%
EPS Miss	-1.2%	-3.5%	-0.3%	0.3%
EPS In-Line	-2.3%	-1.0%	-2.2%	-0.5%
Sales Beat	0.4%	-0.1%	0.9%	0.3%
Sales Miss	-0.6%	-1.7%	-1.4%	-1.1%
Sales In-Line	0.0%	-0.1%	0.7%	-1.3%
<b>Both Beat</b>	<b>1.4%</b>	<b>0.7%</b>	<b>1.5%</b>	<b>0.0%</b>
<b>Both Miss</b>	<b>0.3%</b>	<b>-1.4%</b>	<b>0.1%</b>	<b>0.6%</b>

Source: FactSet, BofA US Equity & Quant Strategy

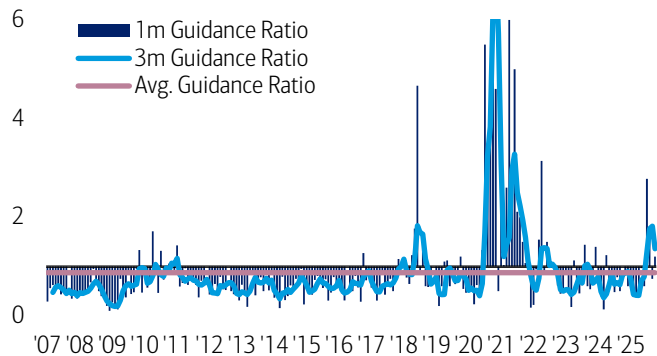
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**Strong guidance so far in October**

- So far this earnings season, more SMID cap companies have guided above vs. below consensus: the 1m guidance ratio so far in October is 1.2x in both small and mid caps, also above the historical average of 0.9x for both.
- The three-month guidance ratio is currently 1.4x for small and 1.2x for mid. Large caps have seen an even higher guidance ratio, but all three are above average.

**Exhibit 52: Small cap 3m earnings guidance ratio of 1.4x is above avg. of 0.9x; 1.2x for 1m.**

S&P 600 management guidance ratio (# above- vs. below-consensus) as of 10/31/25

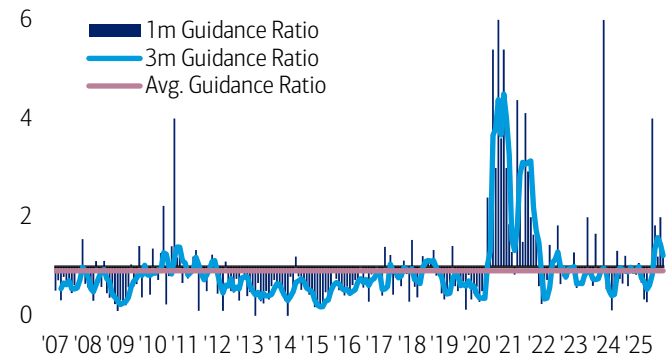


Source: Bloomberg, BofA US Equity & US Quant Strategy

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**Exhibit 53: Mid cap 3m earnings guidance ratio of 1.2x is above avg. of 0.9x so far in Oct.; 1.2x for 1m.**

S&P 400 management guidance ratio (# above- vs. below-consensus) as of 10/31/25



Source: Bloomberg, BofA US Equity & US Quant Strategy

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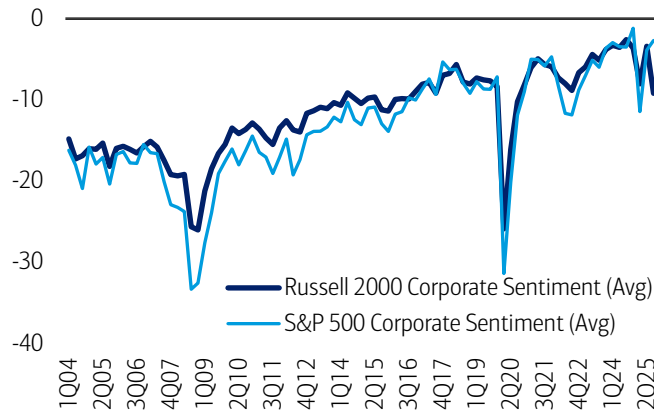
**Corporate sentiment has weakened so far for small caps**

Corporate sentiment on earnings calls has improved for large caps so far this earnings season, but deteriorated for small caps despite strong guidance. But in recent earnings seasons, sentiment from small caps was tracking weak early in the earnings season and improved as the earnings season progressed so we'll have a better sense next week if we're seeing the same trend as only one-third of the index has reported so far.



**Exhibit 54: Corporate sentiment has improved for large caps but deteriorated for small caps so far this earnings season**

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

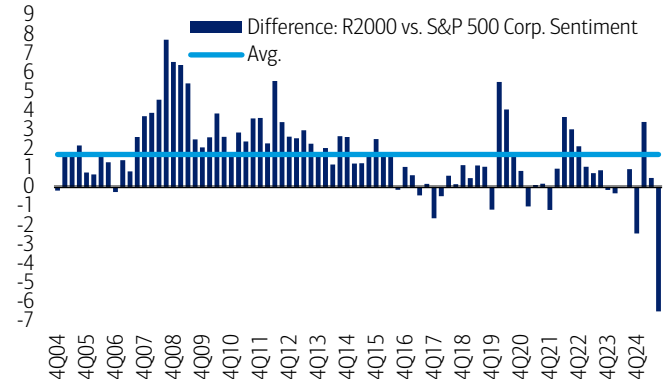


Source: FactSet, BofA Global Research

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**Exhibit 55: Spread in corporate sentiment scores on earnings calls for small vs. large caps is tracking at extreme lows so far (but in recent qtrs.. has tended to improve for small caps as more companies report)**

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

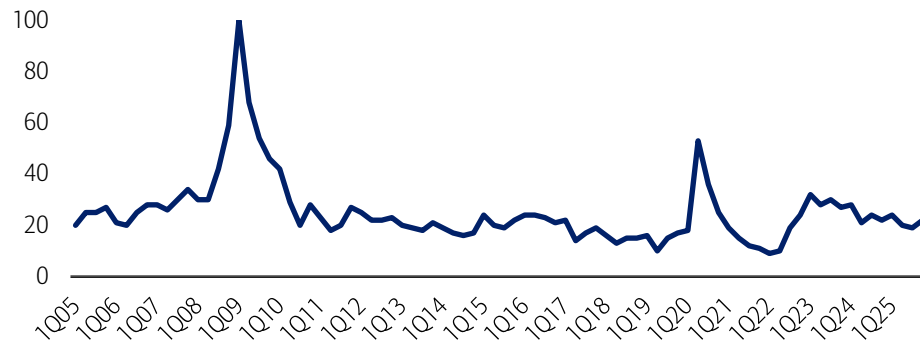
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**Only a slight tick-up in layoffs so far for small caps**

Layoff announcements for small caps have so far ticked up just slightly q/q but are still below 2023-24 levels (where they have generally trended down since the recent peak in 1Q23 during the earnings recession).

**Exhibit 56: Small caps have seen just a slight sequential uptick in layoff announcements**

Trend score in layoff announcements in small caps, 2005-3Q25 earnings season to date (100=peak)



Source: AlphaSense, BofA Global Research

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**Credit commentary: so far, no broad-based issues**

Reporting is close to wrapping up for banks, and our read on credit commentary from SMID banks has been stable to mixed, with many reporting stable or improving credit conditions while several increased reserves conservatively or saw an uptick in charge-offs. Aside from any disclosed exposures to Tricolor, First Brands etc, Commercial Real Estate (CRE) remained an area of concern cited by a few banks. But overall, more of the credit headlines occurred during the prior week (e.g. Zion) than last week.

**Mixed tariff commentary**

As we noted in the 3Q Preview, small caps had ~70 days of inventory when the Aug. reciprocal tariffs went into effect, suggesting a risk there could be an uptick in tariff impacts felt in 4Q (though Trump’s meeting with President Xi and the reduction in fentanyl tariffs provides some offset). Our parsing of tariff commentary on SMID earnings calls so far shows that some companies expect a heavier impact in subsequent quarters (e.g. Levi Strauss), while others noted successful pass-through of pricing/anticipated fully mitigation (e.g. [Fortune Brands](#), [Five Below](#)).



# 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: 31% US on China (10% baseline + 10% fentanyl + 11% effective rate 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).
- 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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## Research Analysts

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**Savita Subramanian**

Equity & Quant Strategist  
BofAS  
[savita.subramanian@bofa.com](mailto:savita.subramanian@bofa.com)

**Victoria Roloff**

Equity & Quant Strategist  
BofAS  
[victoria.roloff@bofa.com](mailto:victoria.roloff@bofa.com)

**Jill Carey Hall, CFA**

Equity & Quant Strategist  
BofAS  
[jill.carey@bofa.com](mailto:jill.carey@bofa.com)

**Alex Makedon**

Equity & Quant Strategist  
BofAS  
[alex.makedon@bofa.com](mailto:alex.makedon@bofa.com)

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