Topic of the Week

"Mag 7" Reported Lower Earnings Growth Than Other 493 S&P 500 Companies for Q3

With NVIDIA reporting actual results for Q3 on November 17, all the companies in the "Magnificent 7" have now reported earnings for the third quarter. How did the earnings reported by these seven companies perform relative to analyst expectations and year-ago results?

On September 30, the estimated earnings growth rate for the "Magnificent 7" companies for Q3 2026 was 33.6%. Overall, 57% (4 out of 7) of the "Magnificent 7" companies reported a positive EPS surprise, compared to 84% for all S&P 500 companies. Earnings reported by the "Magnificent 7" companies fell short of estimates by 4.9% in aggregate, while earnings reported by all S&P 500 companies have exceeded estimates by 3.5% in aggregate.

As a result of this subpar performance relative to expectations, the actual earnings growth rate for the "Magnificent 7" companies for Q3 is 27.0%, which is below the estimate of 33.6% on September 30.

On the other hand, the blended (combines actual results for companies that have reported and estimated results for companies yet to report) earnings growth rate for the other 493 S&P 500 companies has increased to 34.7% today from 27.7% on September 30. Thus, the actual earnings growth rate for the "Magnificent 7" companies for Q3 2026 (27.0%) is lower than the blended earnings growth rate for the other 493 S&P 500 companies for Q3 2026 (32.6%).

If these results hold until the end of the earnings season, this will mark the first time the "Magnificent 7" companies have reported lower earnings growth than the other 493 S&P 500 companies since Q4 2022 (-30.6% vs. 1.6%).