3Q26 so far: Operating Profits +35.4%, Typical Company +14.5%; Margins at a Record 16.3%

What public companies' operating profits say about corporate profits this quarter

KEY NUMBERS

Operating profit (EBIT)	3Q26 so far	2Q26	1Q26	3Q25
Companies	**2,245**	**2,539**	**2,504**	**2,452**
EBIT ($bn, quarter)	$952bn	$1,065bn	$886bn	$796bn
Aggregate EBIT Y/Y	**+35.4%**	**+38.9%**	**+22.4%**	**+12.5%**
Median company Y/Y	**+14.5%**	**+15.1%**	**+10.3%**	**+9.1%**
Revenue Y/Y (same cos)	+13.2%	+15.3%	+11.4%	+8.5%
EBIT margin	16.3%	16.0%	14.5%	13.3%
change vs year ago	+2.7 pp	+2.7 pp	+1.3 pp	+0.5 pp
Median margin	11.5%	11.1%	8.9%	10.2%
Magnificent 7 EBIT Y/Y	+16.1%	+39.7%	+43.3%	+19.7%
All ex-Mag 7 Y/Y	**+40.2%**	**+38.6%**	**+17.0%**	**+10.6%**
Ex-energy, fin. & tech Y/Y	+27.5%	+11.6%	+8.6%	-3.0%
median	+13.0%	+10.7%	+5.4%	+5.7%
Profits-rising diffusion	69	68	64	64
Margin diffusion	60	61	57	57
Acceleration diffusion	50	54	53	51
% with operating loss	17%	19%	23%	20%
Pretax income Y/Y	+28.3%	+65.4%	+36.0%	+19.5%
ex investment gains	+36.7%	+50.2%	+27.6%	+17.2%
Net income Y/Y	+35.7%	+60.4%	+39.4%	+19.3%
BEA pretax profits Y/Y	–	+27.9%	+17.8%	+5.1%

Company totals (worldwide). Aggregate = sum of EBIT vs. the same companies a year earlier (losses included). Median = typical company, among those profitable a year earlier. Magnificent 7 = Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia, Tesla. Diffusion = % of companies with EBIT up Y/Y, margin up Y/Y, and EBIT growth faster than last quarter; 50 = neutral. BEA = corporate profits before tax (no IVA/CCAdj), all US corporations.

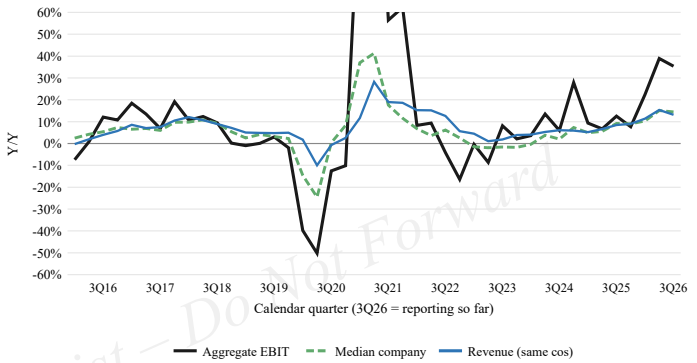
SUMMARY & OVERVIEW

The Curb Economist tracks public companies' operating profits (EBIT) as a read on corporate profits. With 2,245 of the usual ~2,471 companies reporting 3Q26, **operating profits are up +35.4% Y/Y in aggregate** (+38.9% in 2Q26, +12.5% a year ago) and the **median company's are up +14.5%**, close to 2Q26's +15.1% and well above the +6.0% average since 2016. Revenue at the same companies is up +13.2%, so profits are growing much faster than sales: the aggregate **EBIT margin is 16.3%, +2.7 pp above a year earlier and a record in our data back to 2015**.

Bottom-line takeaways:

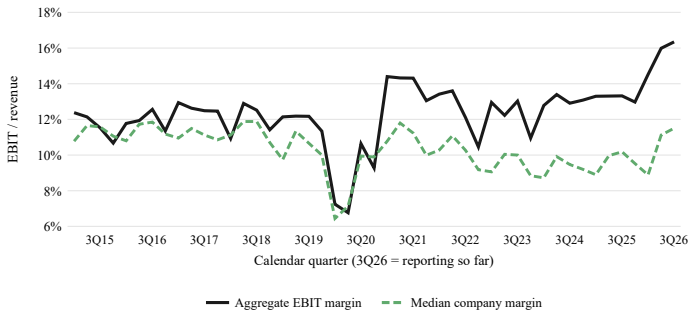
1. **This is the strongest profit growth outside the 2021 reopening.** Aggregate EBIT growth of +35.4% follows +38.9% in 2Q26; the median company (+14.5%) is growing at about two and a half times its post-2016 average. Operating leverage is doing the work: revenue +13.2%, profits +35.4%.
2. **It is not just Big Tech.** Excluding the Magnificent 7, operating profits are up +40.2% (+38.6% in 2Q26); excluding energy, financials and technology altogether they are up +27.5%, with a median of +13.0%. The Magnificent 7 (+16.1% so far, Nvidia not yet reported) account for only 9% of the dollar gain this quarter.
3. **Gains are widespread.** 69 of every 100 companies earned more than a year earlier, the most since 2Q21 (average 59), and 60 of 100 widened their margins (average 52). The share of companies losing money at the operating line is 17%, down from 20% a year ago.
4. **Public-company profits are running well ahead of BEA's corporate profits.** Our pretax income excluding investment gains grew +50.2% in 2Q26 vs. +27.9% for BEA's pretax profits. The two move together (correlation 0.85 since 2016), but the public-company figure has run +10.1 pp higher on average.

OPERATING PROFIT (EBIT) GROWTH Y/Y: AGGREGATE VS. MEDIAN COMPANY



Watchlist companies, SEC 10-Q/10-K income statements. Revenue = the same companies' revenue growth, for comparison: profits growing faster than revenue = margins expanding. Axis cut at ±60%; off the chart: 1Q21, 2Q21, 4Q21 (most extreme: Aggregate EBIT +170% in 2Q21).

EBIT MARGIN: AGGREGATE AND MEDIAN COMPANY



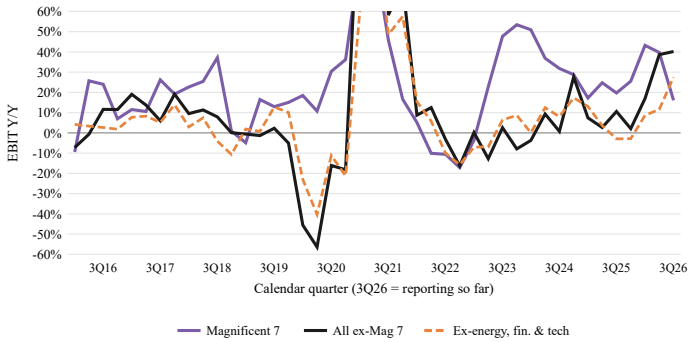
Aggregate = sum of EBIT / sum of revenue of the companies counted each quarter (so the mix shifts as companies are added). Median = typical company's EBIT / revenue.

THE MAGNIFICENT 7 VS. EVERYONE ELSE

The Magnificent 7 earned 17% of tracked operating profits in 3Q26 so far (vs. 9% in 2Q19). Their profits grew +16.1% so far; Amazon, Microsoft and Alphabet are up strongly while Meta's operating income fell, and Nvidia, the largest single contributor in 2Q26, reports later in November. Outside the group, growth has *accelerated*: +10.6% a year ago, +38.6% in 2Q26 and +40.2% in 3Q26 so far. In 2Q26 the Magnificent 7 supplied 22% of the dollar increase; in 3Q26 so far, 9%.

Property of The Curb Economist — Do Not Forward

EBIT GROWTH Y/Y: MAGNIFICENT 7 VS. THE REST



Magnificent 7 = Apple, Microsoft, Amazon, Alphabet, Meta, Nvidia, Tesla. Ex-energy, fin. & tech = all companies outside energy, financials and technology. Axis cut at ±60%; off the chart: 1Q21, 2Q21, 4Q21 (most extreme: All ex-Mag 7 +190% in 2Q21).

WHAT IS DRIVING IT: BIGGEST DOLLAR CHANGES VS. A YEAR AGO

Memory chips are the single biggest story: Micron's operating income rose by about $40bn from a year earlier, 3Q26 so far alone adding almost 6 points to the aggregate, with SanDisk also among the leaders. Oil companies and refiners (Exxon Mobil, Chevron, Marathon Petroleum, Valero) are next, along with Amazon, Alphabet and Microsoft. EchoStar's gain is a comparison effect: it booked a $16.6bn operating loss a year earlier. The biggest declines (Meta, Johnson & Johnson, Fiserv, Charter) are company-specific; Fiserv and Charter swung to operating losses. All figures are GAAP as reported, so one-time charges and gains are included.

3Q26 so far: largest increases					
Ticker	**Company**	**EBIT**	**Y/Y**	**$bn chg.**	**pp of agg.**
MU	Micron	$44bn	+1097%	+40.1	+5.7
ECHO	Echostar	$0.1bn	loss→profit	+16.8	+2.4
AMZN	Amazon	$28bn	+61%	+10.7	+1.5
XOM	Exxon Mobil	$21bn	+94%	+10.4	+1.5
GOOGL	Alphabet	$41bn	+30%	+9.3	+1.3
SNDK	Sandisk	$9bn	+4889%	+8.6	+1.2
CVX	Chevron	$14bn	+141%	+8.1	+1.2
MSFT	Microsoft	$46bn	+21%	+8.0	+1.1
MPC	Marathon Petroleum	$10bn	+285%	+7.7	+1.1
VLO	Valero Energy	$9bn	+501%	+7.6	+1.1

3Q26 so far: largest decreases					
Ticker	**Company**	**EBIT**	**Y/Y**	**$bn chg.**	**pp of agg.**
META	Meta	$13bn	-37%	-7.5	-1.1
JNJ	Johnson & Johnson	$0.3bn	-97%	-7.5	-1.1
FISV	Fiserv	$-5bn	-483%	-6.9	-1.0
CHTR	Charter Communications	$-4bn	-213%	-6.7	-0.9
APO	Apollo Global Management	$-1bn	-150%	-4.3	-0.6
CARR	Carrier Global	$-2bn	-522%	-2.8	-0.4

pp of agg. = the company's dollar change in EBIT as a share of all counted companies' year-ago EBIT; summed over all companies it equals the aggregate Y/Y.

BY SECTOR, 3Q26 SO FAR

Every sector with ten or more companies grew profits in 3Q26 so far. **Technology** (+50.4%, median +26.0%) contributes +13.1 points of the aggregate, and **energy** (+108.3%) another +7.7 as oil and refining profits recover from a weak year-ago quarter. The broadening is clearest in **industrials** (+18.4%, median +18.8%, margin up for 62 of 100 companies), **materials** (+40.4%) and **utilities** (+20.6%). **Health care** swung from a decline in 2Q26 to +23.5%. Telecom's aggregate is not meaningful because of EchoStar's year-ago loss. The weakest medians are in telecom (+1.7%), consumer staples (+2.0%) and health care (+5.8%).

Sector	Cos	EBIT	Agg. Y/Y	Median	Margin	Margin chg. (pp)	Margin DI	pp of agg.	2Q26 agg.
Technology	330	$274bn	+50.4%	+26.0%	28.2%	+3.9	71	+13.1	+66.1%
Energy	137	$104bn	+108.3%	+31.3%	19.1%	+6.8	57	+7.7	+121.8%
Cons. cyclicals	282	$94bn	+32.4%	+10.4%	10.5%	+2.1	58	+3.3	+19.1%
Financials	402	$173bn	+10.3%	+11.7%	24.1%	+1.6	59	+2.3	+44.9%
Health care	319	$79bn	+23.5%	+5.8%	7.9%	+1.1	58	+2.1	-1.1%
Industrials	352	$85bn	+18.4%	+18.8%	12.1%	+0.4	62	+1.9	+11.7%
Telecom	25	$15bn	–	+1.7%	10.8%	+8.1	60	+1.7	+14.2%
Materials	113	$29bn	+40.4%	+13.8%	12.7%	+2.5	54	+1.2	+20.0%
Utilities	66	$42bn	+20.6%	+14.1%	22.9%	+1.0	62	+1.0	+12.6%
Cons. staples	87	$41bn	+20.0%	+2.0%	11.7%	+1.5	48	+1.0	+17.5%
Real Estate	120	$15bn	+8.7%	+12.0%	18.5%	-0.6	52	+0.2	-6.6%
Education	12	$0.5bn	+3.3%	+18.4%	10.4%	-0.2	75	+0.0	+16.6%
All	**2,245**	**$952bn**	**+35.4%**	**+14.5%**	**16.3%**	**+2.7**	**60**	**+35.4**	**+38.9%**

Sorted by contribution to aggregate growth; sectors with 10+ companies. Margin DI = % of the sector's companies whose EBIT margin rose Y/Y. 2Q26 agg. = all companies that reported 2Q26.

BY COMPANY SIZE: BIG VS. SMALL

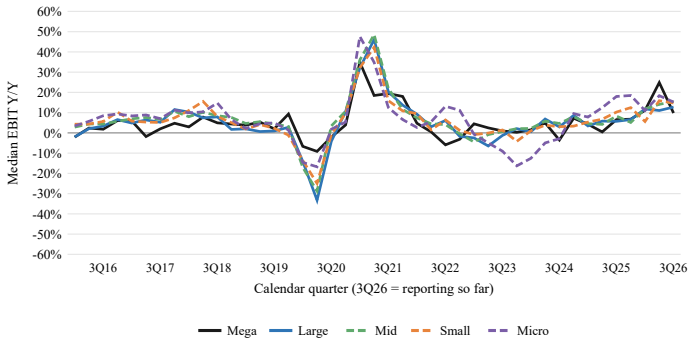
Smaller companies are growing profits faster than the giants. The median company with $0.5–2B of annual revenue grew EBIT +14.8% and the median mid-size company (+15.5%), vs. +9.8% for the 71 companies with $50B+ of revenue, whose median slowed from +24.9% in 2Q26. In aggregate, large ($10–50B) companies are up +44.9%, mid-size +43.6% and small +54.8%. Margins widened for a majority in every size group. Micro-caps (under $0.5B revenue) are a mix of profits and losses that nearly cancel, so their aggregate growth is not meaningful; their median is +15.3%.

Size (annual revenue)	Cos	EBIT	Agg. Y/Y	Median	Margin	Margin chg. (pp)	Margin DI	pp of agg.	2Q26 agg.
Mega	71	$434bn	+24.7%	+9.8%	15.0%	+1.7	58	+12.2	+40.5%
Large	298	$350bn	+44.9%	+12.7%	19.0%	+3.7	55	+15.5	+33.4%
Mid	628	$136bn	+43.6%	+15.5%	16.2%	+3.3	60	+5.9	+44.4%
Small	690	$29bn	+54.8%	+14.8%	13.5%	+3.7	61	+1.5	+33.9%
Micro	558	$3bn	–	+15.3%	7.2%	+7.0	62	+0.4	–
All	**2,245**	**$952bn**	**+35.4%**	**+14.5%**	**16.3%**	**+2.7**	**60**	**+35.4**	**+38.9%**

Size = year-ago quarterly revenue x 4: Mega $50B+, Large $10–50B, Mid $2–10B, Small $0.5–2B, Micro under $0.5B.

Property of The Curb Economist – Do Not Forward

MEDIAN COMPANY EBIT GROWTH Y/Y BY SIZE

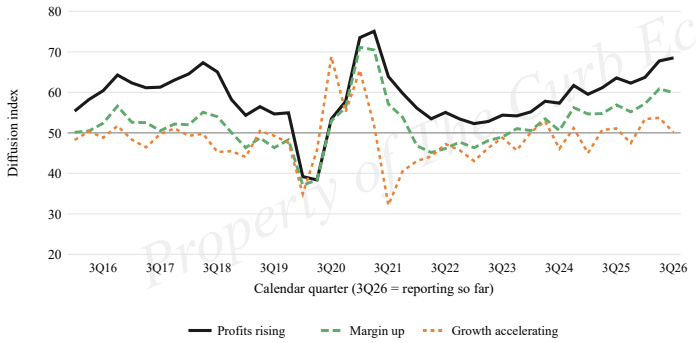


Median growth among companies with positive year-ago EBIT, by size bucket.

DIFFUSION INDEXES: HOW WIDESPREAD IS PROFIT GROWTH?

Three diffusion indexes measure how widespread profit growth is. The **profits-rising index** (share of companies with higher EBIT than a year ago) is 69, after 68 in 2Q26, vs. a 59 average since 2016. The **margin index** (share with a wider EBIT margin) is 60 (52 average). The **acceleration index** (share whose profit growth beat their own prior-quarter growth) is 50, near its 48 average: profit growth is very broad, but no longer broadening further.

PROFIT DIFFUSION INDEXES



Profits rising = % of companies with EBIT above a year earlier (in dollars, so loss-makers count). Margin up = % with EBIT / revenue above a year earlier. Accelerating = % whose EBIT growth beat their own prior-quarter growth (profitable both years). 50 = neutral.

Quarter	Profits rising	Margin up	Accel.	% loss-making	Agg. Y/Y	Median Y/Y
3Q24	57	51	46	23%	+6.0%	+2.0%
4Q24	62	56	51	22%	+27.9%	+7.3%
1Q25	60	55	45	24%	+9.3%	+4.9%
2Q25	61	55	51	21%	+6.7%	+5.6%
3Q25	64	57	51	20%	+12.5%	+9.1%
4Q25	62	55	47	23%	+7.7%	+9.0%
1Q26	64	57	53	23%	+22.4%	+10.3%
2Q26	68	61	54	19%	+38.9%	+15.1%
3Q26 so far	**69**	**60**	**50**	**17%**	**+35.4%**	**+14.5%**
Average since 2016	59	52	48	20%	+13.1%	+6.0%

GUIDANCE: WHAT COMPANIES EXPECT FOR 4Q26

Few companies guide operating profit: 34 have given a 4Q26 operating-profit guide so far, mostly technology companies. The 12 GAAP guides (led by Amazon) imply +27.2% growth from the same companies' year-ago operating income (median +53.0%); the 22 non-GAAP guides are +89.5% above the same companies' guides a year earlier (median +41.3%). Companies beat their own guides: the 9 GAAP guiders that have reported 3Q26 guided +39.8% and delivered +57.5%, a median beat of +11.1%. These guides describe the AI-driven technology sector, not the whole market, so we do not use them to forecast the aggregate.

Quarter	GAAP operating-profit guides				Non-GAAP guides (guide on guide)			All-co. agg. EBIT Y/Y
	Cos	Implied Y/Y	Actual Y/Y	Median actual vs. guide	Cos	Implied Y/Y	Median	
4Q24	16	+48.3%	+66.0%	+20.2%	33	+76.1%	+37.6%	+27.9%
1Q25	14	+28.4%	+25.3%	+12.1%	39	+64.1%	+34.9%	+9.3%
2Q25	12	+6.1%	+31.9%	+18.1%	34	+43.1%	+34.9%	+6.7%
3Q25	18	+5.2%	+1.9%	+3.2%	43	+41.2%	+45.6%	+12.5%
4Q25	14	+45.8%	+53.8%	+3.7%	41	+67.4%	+42.1%	+7.7%
1Q26	18	+73.9%	+92.6%	+10.5%	43	+84.0%	+57.1%	+22.4%
2Q26	22	+65.1%	+87.1%	+11.7%	43	+59.1%	+42.0%	+38.9%
3Q26	21	+76.8%	+57.5%	+11.1%	45	+69.9%	+50.9%	+35.4%
4Q26	**12**	**+27.2%**	–	–	**22**	**+89.5%**	**+41.3%**	–

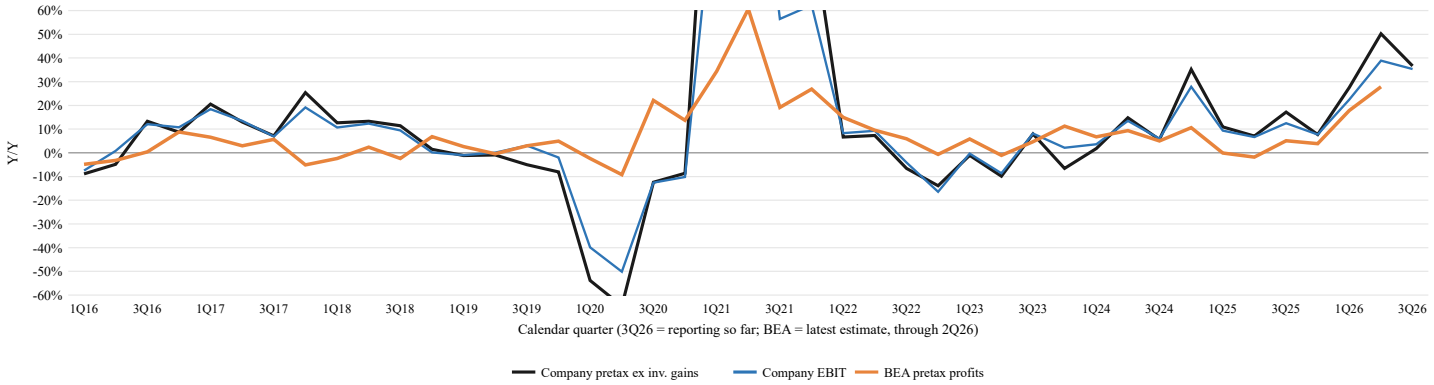
Companies that guide quarterly revenue and give operating income, an operating margin, or gross margin plus operating expenses for the next quarter (Revenue Guidance history; first guide per quarter). GAAP implied Y/Y = sum of guides / the same companies' year-ago operating income. Non-GAAP guides are compared with the same company's non-GAAP guide a year earlier. Actual = reported operating income of the GAAP guiders that have reported.

COMPANY PROFITS VS. BEA CORPORATE PROFITS

BEA's corporate profits cover all US corporations, private as well as public, and exclude capital gains, so we compare them with our companies' pretax income after taking out investment gains (Nvidia, Alphabet and Amazon have booked large gains on AI stakes; Berkshire Hathaway's pretax income swings with its stock portfolio). In 2Q26, the latest BEA quarter, that measure grew +50.2% vs. +27.9% for BEA pretax profits (+20.8% for the headline measure with inventory and depreciation adjustments). Since 2016 the two correlate at 0.85 over 42 quarters, with the public-company series +10.1 pp higher on average: our sample is weighted toward today's large, fast-growing listed companies. Reported pretax income (with the gains) grew +65.4% in 2Q26 and +28.3% in 3Q26 so far.

Property of the Curb Economist. Do Not Distribute

COMPANY PRETAX INCOME (EX INVESTMENT GAINS) AND EBIT VS. BEA CORPORATE PROFITS BEFORE TAX, Y/Y



BEA = national-income corporate profits before tax without inventory valuation and capital consumption adjustments (FRED A053RC1Q027SBEA): all US corporations, public and private, including earnings of foreign affiliates. Company figures = Watchlist public companies, worldwide. Axis cut at ±60%; off the chart: 2Q20, 1Q21, 2Q21, 3Q21, 4Q21 (most extreme: Company pretax ex inv. gains +266% in 2Q21).

*Method: Watchlist companies (*TCE *Excel Stock Sheet). EBIT = operating income (us-gaap OperatingIncomeLoss); companies with no operating-income line (banks, insurers, many REITs) use income before taxes, and non-financial companies without one use pretax income plus interest expense. Source: SEC 10-Q/10-K XBRL (Financial Statement & Notes data sets, plus filings since the latest monthly file read directly from EDGAR). Both years of each comparison come from the same filing; Q4 = full year less nine months. Fiscal quarters are placed in the nearest calendar quarter. Counted: companies with EBIT for both years and year-ago quarterly revenue of at least $10M; obvious tagging errors dropped. Aggregates include losses; the median uses companies profitable a year earlier. 3Q26 is preliminary (2,245 of the usual ~2,471 companies). Figures are GAAP as reported (one-time charges and gains included). Source:* TCE *Corporate Profits Tracker.*

Property of The Curb Economist – Do Not Forward