azimut

AZIMUT GLOBAL VIEW

25.08.25

Main Events

EU CONFIDENCE — 28.08
Data on consumer and business confidence could help gauge the state of the EU economy after the imposition of tariffs

JAPAN DATA — 29.08
Tokyo CPI, industrial production and retail sales are all expected to moderate, easing pressure on the BoJ to tighten monetary policy

US PCE — 30.08
After Jackson Hole, the Fed's focus has shifted more clearly to the labor market; however, any pickup in inflation could complicate the balance within its dual mandate

US NON-FARM PAYROLLS — 05.09
Payrolls data will likely be the deciding factor for the Fed's decision later this month

Azimut Global Network

- Milan
- Abu Dhabi
- Austin
- Cairo
- Dubai
- Dublin
- Estoril
- Geneva
- Hong Kong
- Istanbul
- Lugano
- Luxembourg
- Mexico City
- Miami
- Monaco
- New York
- Rabat
- Santiago
- São Paulo
- Shanghai
- Singapore
- St Louis
- Sydney
- Taipei

Developed Markets: Q2 2025 Earnings Season Monitor

- **This earnings proved stronger than usual, particularly in the U.S. Cyclicals generally lagged on EPS delivery, while EU Financials and U.S. Big Tech stood out with stronger performance**
- **U.S. companies reported 6% sales growth and a 12% rise in EPS, translating into an EPS surprise factor of +8%. The bulk of EPS growth was driven by Communication Services (+45%), IT, and Financials. Big Tech companies continued to benefit from the growth of AI and confirmed or increased their investments in AI development**
- **In Europe, margins held up and outlooks improved, with limited tariff impact so far. Companies reported a 3% revenue decline, with a 1% negative surprise, but EPS surprised to the upside with a 3% positive beat—albeit declining by 1%.**

As of this writing, over 90% of developed market companies have reported Q2 results.

In summary, this earnings season proved stronger than usual, particularly in the US. Reported EPS growth was +12% YoY in the US versus -1% YoY in Europe, translating into EPS surprise factors of +8% and +3%, respectively. Cyclicals generally lagged on EPS delivery and beat rates across both regions, while EU Financials and US Big Tech stood out with stronger performance. Outlook commentary was more constructive than in Q1, helped by easing tariff uncertainty.

United States (S&P 500)
For the April–June quarter, U.S. companies reported 6% sales growth and a 12% rise in EPS. Notably, 69% of companies beat sales estimates, above the long-term average of 60%, with IT and Healthcare posting double-digit sales growth. The overall sales surprise was 3%, led by IT, Consumer Discretionary, and Healthcare (all with 3–4% beats).

On the earnings side, 81% of companies exceeded consensus estimates, again above historical norms. The bulk of EPS growth was driven by Communication Services (+45%), IT, and Financials (both +16%), while Energy and Materials recorded negative growth.
Stock price reactions were in line with historical averages: +50bps on beats and –170bps on misses.

(continued)

S&P: Q2 2025 summary

	No. of cos reported / Total	% reported	% cos beating EPS estimates	% cos Missing EPS estimates	EPS surprise	%yoy EPS growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
S&P500	**438 / 499**	**88%**	**81%**	**15%**	**8%**	**12%**	**69%**	**14%**	**2%**	**6%**
Energy	22 / 23	96%	71%	24%	8%	-20%	77%	18%	3%	-7%
Materials	25 / 26	96%	52%	40%	0%	-4%	44%	28%	1%	6%
Industrials	73 / 77	95%	86%	10%	6%	2%	63%	21%	1%	4%
Discretionary	36 / 51	71%	72%	19%	15%	10%	69%	11%	3%	6%
Staples	24 / 38	63%	88%	13%	5%	1%	67%	21%	0%	1%
Healthcare	57 / 60	95%	88%	12%	9%	8%	88%	4%	3%	11%
Financials	72 / 73	99%	86%	11%	9%	16%	53%	24%	1%	4%
IT	47 / 69	68%	91%	6%	7%	16%	85%	2%	4%	12%
Com. Services	20 / 20	100%	75%	20%	12%	45%	75%	0%	2%	9%
Utilities	31 / 31	100%	74%	23%	5%	1%	71%	23%	3%	7%
Real Estate	31 / 31	100%	77%	13%	1%	1%	71%	3%	2%	6%
Ex-Financials & Real Estate	**335 / 395**	**85%**	**81%**	**16%**	**9%**	**11%**	**72%**	**13%**	**3%**	**6%**
Ex-Energy	**416 / 476**	**87%**	**82%**	**14%**	**8%**	**14%**	**69%**	**14%**	**2%**	**7%**
Cyclicals	**181 / 223**	**81%**	**80%**	**15%**	**8%**	**9%**	**67%**	**15%**	**3%**	**7%**
Defensives	**132 / 149**	**89%**	**83%**	**16%**	**9%**	**19%**	**78%**	**11%**	**2%**	**9%**

Source: JP Morgan

BIG TECH

With the exception of Nvidia, which reports on August 27, all major U.S. technology companies have released Q2 results.

Microsoft reported revenue of $76.4bn, up 17% YoY in constant currency, and operating income of $34.3bn with a 45% margin, expanding 170 bps YoY. Commercial bookings rose 30% YoY, and commercial RPO reached $368bn, up 35%. Azure grew 39% YoY in constant currency, a 4-pt acceleration from Q1. Microsoft 365 Commercial Cloud revenue increased 16% YoY, supported by 6% seat growth. Capex, including leases, was $24.2bn, and free cash flow reached $25.6bn.Meta reported Q2 revenue of $47.5bn, with ad revenue up 22% YoY in constant currency. EPS was $7.14, supported by costs of $27.1bn. Q3 revenue guidance of $47.5–50.5bn implies 16–23.5% YoY growth. FY opex guidance was revised to $114–118bn, and capex to $66–72bn, with further growth expected in FY26. Time spent watching video on Facebook and Instagram increased 20% YoY, driving ad volume growth of 11%.

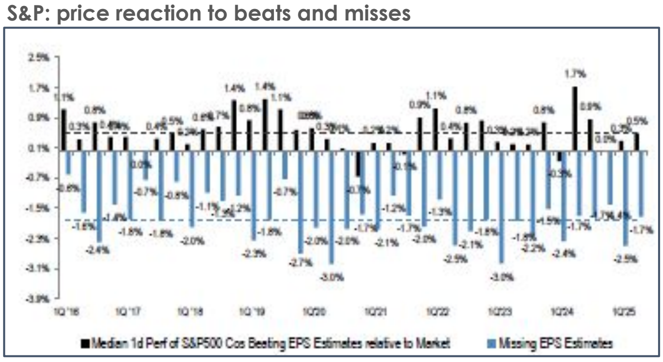
Amazon posted Q2 revenue of $167.7bn and operating profit of $19.2bn. E-commerce was supported by 12% growth in paid units and 22% growth in advertising revenue. AWS grew 17.5% YoY with operating profit of $10.16bn and a margin of 32.9%, down 650 bps sequentially. Capex reached $32.2bn, and FY guidance was raised to about $118bn.

Apple reported revenue of $94.0bn, up 10% YoY, and operating profit of $28.2bn with a 30% margin. iPhone sales were $44.6bn, up 13% YoY, while Services revenue grew 13% YoY. Tariff-related costs added $800m in Q2 and are expected to reach $1.1bn in Q3.

S&P: % of companies beating quarterly EPS / SALES

Source: JP Morgan

S&P: price reaction to beats and misses



Source: JP Morgan

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STOXX 600: Q2 2025 summary

	No. of cos reported / Total	% reported	% cos beating EPS estimates	% cos Missing EPS estimates	EPS surprise	%yoy EPS growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
Stoxx600	**361 / 420**	**86%**	**61%**	**39%**	**3%**	**-1%**	**37%**	**45%**	**-1%**	**-3%**
Energy	18 / 19	95%	63%	38%	2%	-29%	44%	56%	5%	-13%
Materials	33 / 37	89%	46%	54%	-9%	-16%	13%	69%	-3%	-6%
Industrials	79 / 87	91%	49%	51%	2%	11%	38%	46%	0%	3%
Discretionary	29 / 43	67%	50%	50%	0%	-38%	23%	65%	-2%	-5%
Staples	23 / 32	72%	64%	36%	3%	-1%	23%	41%	-1%	0%
Healthcare	30 / 43	70%	58%	42%	3%	16%	38%	31%	1%	4%
Financials	76 / 75	101%	77%	23%	4%	3%	58%	32%	-6%	-4%
IT	20 / 23	87%	76%	24%	5%	38%	45%	15%	-1%	4%
Com. Services	21 / 26	81%	64%	36%	-2%	6%	24%	52%	0%	-2%
Utilities	17 / 20	85%	58%	42%	5%	14%	43%	57%	-7%	-1%
Real Estate	15 / 15	100%	71%	29%	1%	6%	20%	50%	-2%	1%
Ex-Financials & Real Estate	**270 / 330**	**82%**	**56%**	**44%**	**2%**	**-4%**	**32%**	**48%**	**0%**	**-3%**
Ex-Energy	**343 / 401**	**86%**	**61%**	**39%**	**3%**	**3%**	**37%**	**44%**	**-2%**	**-1%**
Cyclicals	**161 / 190**	**85%**	**53%**	**47%**	**0%**	**-5%**	**31%**	**50%**	**-1%**	**-1%**
Defensives	**91 / 121**	**75%**	**61%**	**39%**	**3%**	**12%**	**31%**	**43%**	**-1%**	**0%**

Source: JP Morgan

Alphabet posted net income of $28.2bn, up 19% YoY. Core search and advertising revenue rose 12% YoY to $54.2bn. Cloud revenue grew by nearly one-third, and AI investment plans were increased by $10bn to $85bn for the year.

EUROPE (STOXX 600)

Q2 earnings cleared a low bar despite FX headwinds. Margins held up, and outlook commentary improved, with limited tariff impact so far.

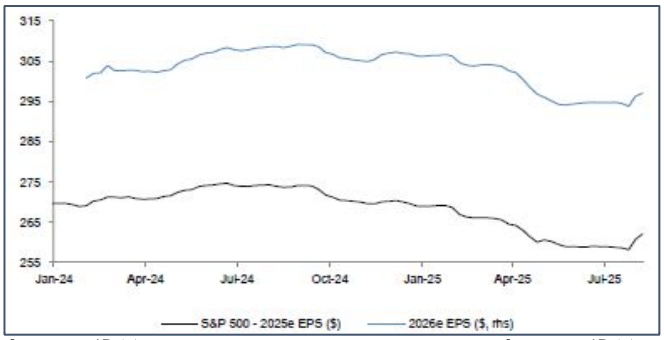
STOXX 600 companies reported a 3% revenue decline, with a 1% negative surprise (in line excluding Financials and Real Estate). Materials, Financials, and Utilities recorded the largest revenue misses, while Industrials and Communication Services delivered in line to slightly better results.

Net income declined by 1%, but EPS surprised to the upside with a 3% positive beat. IT, Utilities, and Financials delivered mid-single-digit EPS beats, highlighting resilience in parts of the market.

EPS revisions in Europe remain negative, with FY25 growth estimates still under pressure. However, with the euro stabilizing and cuts already aggressive relative to history, the downgrade cycle may be easing.

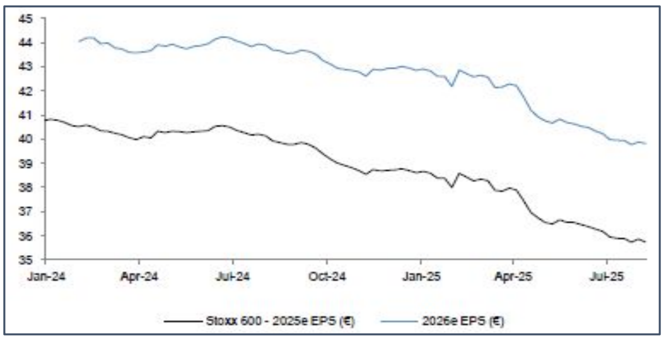
Financials now have higher FY25 EPS growth estimates than both Cyclicals and Defensives. Transport, Retail, Semiconductors, and Financials have seen upgrades, while Autos, Materials, and Durables have faced further downgrades since earnings season began.

S&P: 2025 and 2026 EPS estimates evolution



Source: JP Morgan

STOXX 600: 2025 and 2026 EPS estimates evolution



Source: JP Morgan

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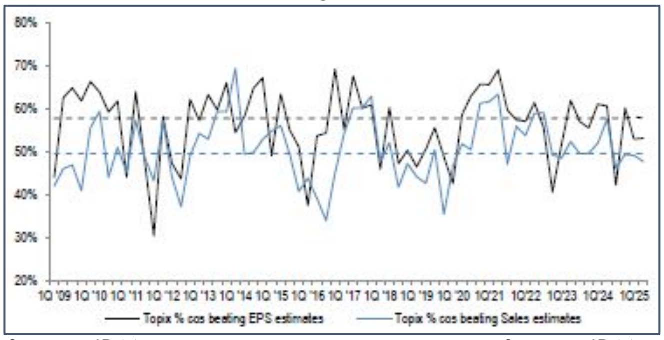
TOPIX: Q1 2026 summary (April-June quarter)

	No. of cos reported / Total	% reported	% cos beating EPS estimates	% cos Missing EPS estimates	EPS surprise	%yoy EPS growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
Topix	**1437 / 1593**	**90%**	**53%**	**47%**	**3%**	**-4%**	**48%**	**43%**	**0%**	**0%**
Energy	14 / 15	93%	80%	20%	7%	-66%	71%	29%	12%	-12%
Materials	153 / 160	96%	43%	57%	-10%	-26%	43%	51%	-2%	-4%
Industrials	406 / 439	92%	54%	46%	2%	-6%	46%	40%	-2%	0%
Discretionary	216 / 269	80%	67%	33%	2%	-30%	50%	39%	1%	0%
Staples	109 / 133	82%	38%	62%	-11%	-6%	44%	44%	0%	4%
Healthcare	77 / 85	91%	42%	58%	3%	-4%	46%	51%	-1%	1%
Financials	121 / 125	97%	69%	31%	15%	16%	58%	40%	3%	0%
IT	224 / 239	94%	48%	52%	4%	13%	49%	43%	-1%	1%
Com. Services	64 / 72	89%	42%	58%	1%	68%	37%	51%	0%	7%
Utilities	23 / 23	100%	33%	67%	-8%	15%	69%	19%	1%	-2%
Real Estate	30 / 33	91%	81%	19%	9%	5%	50%	40%	0%	6%
Ex-Financials & Real Estate	**1286 / 1435**	**90%**	**50%**	**50%**	**0%**	**-9%**	**47%**	**43%**	**0%**	**0%**
Ex-Energy	**1423 / 1578**	**90%**	**53%**	**47%**	**3%**	**-3%**	**48%**	**43%**	**0%**	**1%**
Cyclicals	**999 / 1107**	**90%**	**54%**	**46%**	**2%**	**-15%**	**47%**	**42%**	**-1%**	**0%**
Defensives	**273 / 313**	**87%**	**40%**	**60%**	**-3%**	**18%**	**45%**	**46%**	**0%**	**3%**

Source: JP Morgan

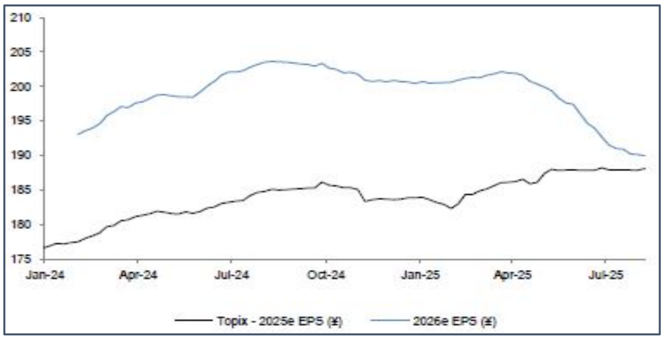
JAPAN (Topix)
Around 90% of Topix companies have reported Q1 FY26 results, with 53% beating EPS estimates. Aggregate EPS growth stands at –4% YoY, with 5 of 11 sectors delivering positive earnings growth. On revenues, 48% of companies beat estimates, with overall growth flat and 5 of 11 sectors posting positive top-line momentum. Looking ahead, Japan is expected to post 1,3% EPS growth this current fiscal year.

TOPIX: % of companies beating quarterly EPS / SALES



Source: JP Morgan

TOPIX: 2025 and 2026 EPS estimates



Source: JP Morgan

What we learned: Transcript Analysis, Capital return and Guidance
Earnings call transcripts for Q2 2025 indicate that FX remained the dominant headwind, with nearly 90% of firms citing a negative impact from currency moves.

The sectors most affected were Energy, Communication Services, Consumer Discretionary, and Materials. Tariff risks were less pronounced overall, though Industrials and Consumer Discretionary recorded more frequent mentions of FX and tariffs as simultaneous headwinds.

The outlook tone improved relative to Q1. Many firms that had previously highlighted tariff uncertainty reported greater visibility, contributing to a modest pickup in net positive guidance sentiment. Communication Services, Technology, and Healthcare were the most constructive on guidance, while Materials and Consumer Discretionary remained cautious

Transcripts takeaways

Q2 2025	Positive	Neutral	Negative	mentions as % of total
Margins	61%	19%	20%	78%
Guidance/Outlook	27%	62%	11%	77%
FX	4%	11%	86%	58%
Economy	7%	42%	51%	58%
Dividends	97%	2%	1%	45%
Tariffs	0%	51%	49%	37%
Capex	31%	50%	19%	34%
Buybacks	96%	3%	1%	31%
Inventory	15%	48%	36%	25%
Inflation	26%	37%	37%	24%
Demand	48%	21%	32%	23%
China	29%	27%	44%	23%
Artificial Intelligence	95%	5%	0%	21%
Layoff	0%	19%	81%	11%

Source: Alphasense, Barclays research

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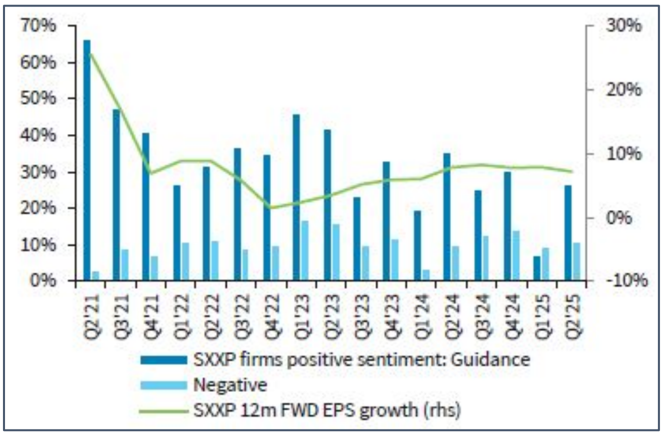
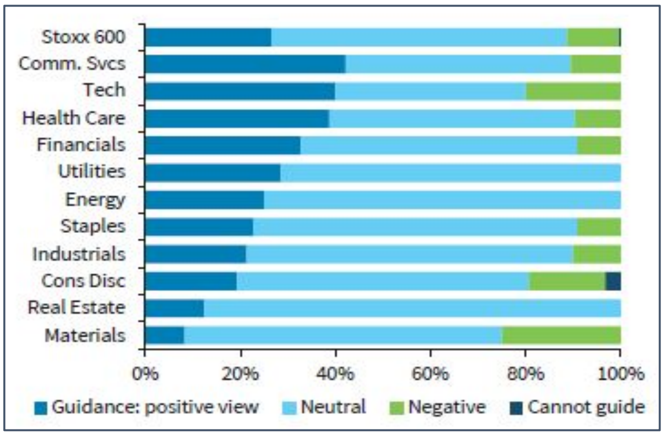
Margin commentary also strengthened: resilience was underlined by firms highlighting the ability to offset FX pressure, with Energy, Industrials, and Materials the most optimistic on margin expansion, while Financials and Discretionary were least positive.

Guidance



Source: Alphasense, Barclays research

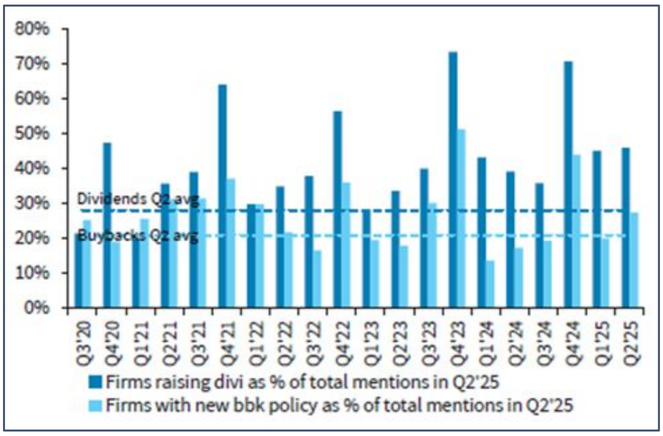
Guidance



Source: Alphasense, Barclays research

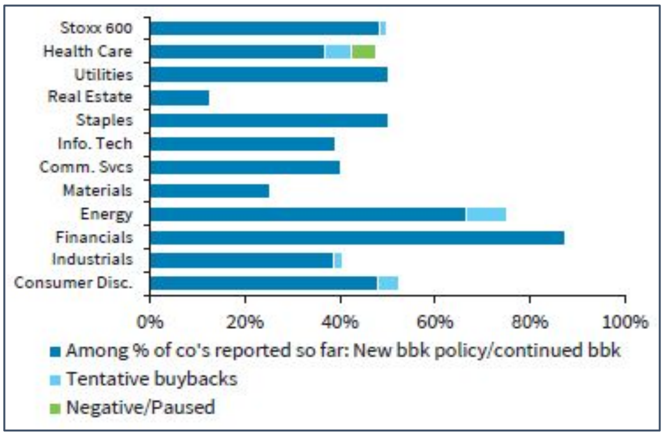
Finally, capital return programs remained robust. Dividend announcements continued at elevated levels, while buybacks saw a notable increase versus Q1, led by Financials and Energy. Overall, capital return policies remain a consistent source of support, even as firms flag macro uncertainty.

Dividends/Buybacks



Source: Alphasense, Barclays research

Dividends/Buybacks



Source: Alphasense, Barclays research

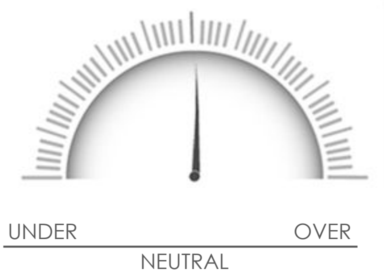
Asset Allocation View

Equity			
Developed Markets		Upgrade	
Emerging Markets			
Fixed Income			
Developed Markets Sovereign			
Developed Markets Corporate			
Emerging Markets			
Commodities			
Currencies		*Commentary below*	

UNDER NEUTRAL OVER

Equity

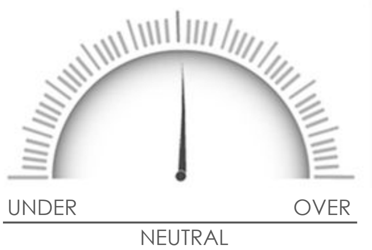
Developed Markets



We have shifted our recommendation on Developed Market Equities back to **Neutral**, with a cautious outlook. Jerome Powell's comments at Jackson Hole supporting a potential interest rate cut reduce the likelihood of near-term volatility. Most committee members do not anticipate any significant catalyst for higher volatility before the next meeting in September. That said, a cautious stance remains warranted. Rising inflation data could still trigger a spike in volatility, and historically, September has tended to be a volatile month. For now, a neutral with caution stance appears appropriate. Looking further ahead, the outlook could shift if inflation accelerates or if the economy slows.

US	Europe	Japan

Emerging Markets

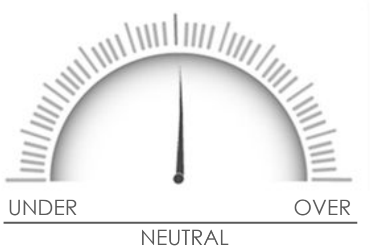


We maintain our **Neutral** recommendation on Emerging Market Equities with a positive bias. Like developed markets, emerging economies have also experienced a strong rally in recent weeks, supported in part by dollar weakness. Despite this rally, valuations in emerging markets remain at a significant discount compared to developed markets, which underpins our relatively more favorable stance. As long as dollar weakness persists, Emerging Markets are likely to remain an attractive asset class. Within this space, China Tech and value sectors continue to be key areas of focus.

Asia ex-Japan	EEMEA	LATAM

Fixed Income

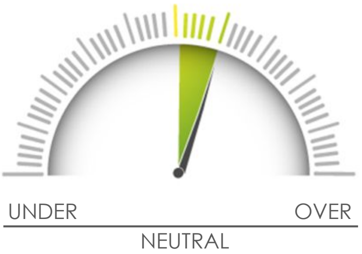
Developed Markets Sovereign



We have maintained our **Neutral** recommendation on Developed Markets Sovereign Bonds. A growing number of committee members believe there is a risk of further steepening in the yield curves, particularly in the United States. This reflects the possibility that central banks—including the Fed—may begin lowering interest rates, while the economy either continues to show signs of resilience (as in the US) or faces renewed fiscal slippage. Within a neutral recommendation, we therefore continue to favor the short to medium-long segments of the curve, while remaining cautious on the very long ends.

EU Core	=	EU Periphery	=	US Treasury	=	Japanese JGB	=

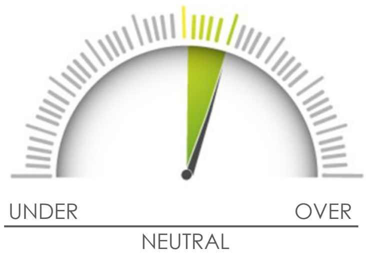
Developed Markets Corporate



We have maintained our **Slightly Overweight** recommendation on Developed Market Corporates. Demand for credit remains strong, and until clearer signs of an economic slowdown emerge, remaining underexposed would not be advisable—despite spreads being relatively tight. We continue to favor investment-grade bonds over high-yield bonds.

IG Europe	+	IG US	+	HY Europe	−	HY US	−

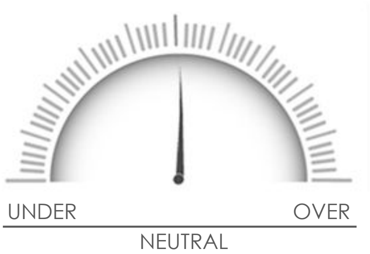
Emerging Markets



We have maintained our **Slightly Overweight** recommendation on Emerging Market Bonds. The rapid narrowing of spreads on developed market bonds makes emerging market bond spreads relatively more attractive than similarly rated bonds issued by developed markets. Additionally, the continued diversification away from U.S. assets by international investors could further support capital flows into emerging markets.

Local Currency	=	Hard Currency IG	=	Hard Currency HY	=

Commodities



We have maintained our **Neutral** recommendation on Commodities. Within the asset class, we have upgraded precious metals to a positive bias, supported by dollar weakness. Gold continues to be viewed as a safe-haven store of value in such an environment. Over the longer term, demand for precious metals should remain resilient, driven by a potentially weaker dollar and ongoing concerns over fiscal slippage in public finances globally. At the same time, caution remains warranted for cyclical commodities, in the case of a slowdown in the global economy.

Precious	+	Energy	=	Industrial	=	Agricultural	=

Currencies

The consensus view on the US dollar is **Neutral with a bearish bias**. Following Jerome Powell's clear signal in Jackson Hole of potential interest rate cuts in the coming months, the committee does not anticipate any near-term recovery for the dollar.

The view on the Euro si **Neutral with a bullish bias**, mostly as a reflex of the view on the US Dollar.

We have maintained our **Neutral** stance on the **Chinese Renminbi**, awaiting more clarity on the outcome of the ongoing trade negotiations with the United States.

The outlook for other **emerging market currencies** has been confirmed as **Neutral with a bullish bias**. The massive YTD outperformance of emerging debt strategies has been gaining momentum among investors, despite the uncertainties still surrounding trade relationships.

Euro	USD	CNY	Other EM
=	−	=	+