azimut

AZIMUT GLOBAL VIEW

24.08.26

Main Events

Azimut Global Network

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

US PERSONAL SPENDING

Faced with the recent fall in retail investors' favorite stocks and a loss of purchasing power, are US consumers still spending?

26.08

TOKYO CPI

An acceleration in inflation would cement expectations of a rate hike at the BoJ's September meeting

27.08

JACKSON HOLE

Will Warsh provide more clarity on how he intends to steer US monetary policy and tackle inflation?

28.08

PAYROLLS REVISION

The annual payrolls revision is expected to add 185,000 jobs to the total

28.08

DM EQUITIES: Q2 2026 EARNINGS SEASON MONITOR

- **Earnings across developed markets came out exceptionally strong, surpassing expectations and marking the strongest quarterly growth rates since 2021. YoY EPS growth reached +33%, +23% and +64% in the U.S., Europe and Japan, respectively**

- **Aggregate sales for Meta, Alphabet, Amazon, and Microsoft grew approximately 22% YoY, while combined cloud revenues across AWS, Google Cloud, and Azure accelerated to a blended rate exceeding 45% YoY**

- **23% of European firms and nearly 50% of S&P 500 companies revised their full-year guidance upward. However, rising input costs, foreign exchange headwinds, trade tariffs and the macroeconomic context remain the main headwinds**

As of this writing, reporting for the Q2 2026 earnings season is well advanced, with approximately 90% of companies having released their results in the U.S. and Europe, and around 70% in Japan. Overall earnings delivery across developed markets came out exceptionally strong, surpassing pre-season expectations across all major regions and marking the strongest quarterly growth rates since 2021.

Aggregate EPS growth reached +33% YoY in the U.S., +23% YoY in Europe, and +64% YoY in Japan. The breadth of positive earnings surprises expanded significantly, with 80% of S&P 500 companies, 62% of European companies, and 71% of Japanese companies exceeding consensus EPS estimates.

Top-line delivery was similarly robust, with U.S. revenues expanding 15% YoY, European sales rising 11% YoY, and Japanese revenues growing 14% YoY. Crucially, the growth gap between the U.S. and Europe narrowed meaningfully on a median level, with median EPS growth for both regions standing at +12% YoY, while cyclical sectors continued to outpace traditional defensives globally.

United States (S&P 500)
For the Q2 quarter, U.S. companies reported 15.5% sales growth and a 33% increase in EPS. 71% of companies beat sales estimates by an aggregate 4%, with all major industry groups delivering positive top-line growth.

(continued)

On the earnings side, 78% of S&P 500 companies exceeded consensus projections, delivering a positive aggregate surprise of 7%. Growth was heavily led by Energy (+143% YoY) and the tech cohort (+51% YoY), alongside solid contributions from Financials (+21% YoY) and Cyclicals ex-Energy (+19% YoY). Non-cyclicals delivered 11% EPS growth, while Telecommunications was the primary drag on index earnings.

Despite these stellar operating results, stock price reactions were relatively muted, as companies beating EPS estimates generated a median 1-day relative outperformance of just +0.2%, whereas misses were penalized with a median decline of -1.8% to -2.3%. This subdued price action reflected elevated pre-earnings expectations, crowded positioning in tech and investor scrutiny over capital expenditures.

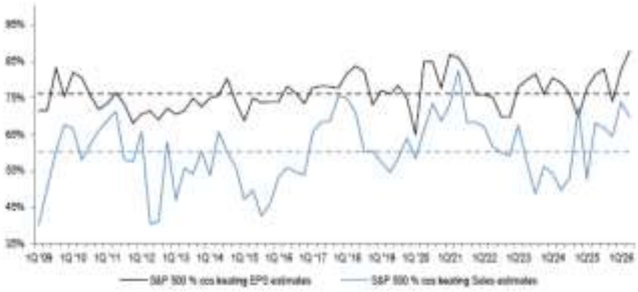
S&P: Q2 2026 summary

	Weighted Growth YoY (%)				
	Revenue	Margins	Earnings	Buybacks	EPS
S&P 500	15.5	16.9	32.4	1.0	33.4
TECH+	**29.7**	**20.8**	**50.5**	**0.1**	**50.6**
Big 6 TECH+	27.4	4.0	32.0	-0.3	31.7
Rest of TECH+	32.9	54.6	87.5	1.3	88.8
Rest of TECH+ ex-MU	*24.7*	*24.6*	*49.2*	*1.1*	*50.4*
Cyclicals	**16.9**	**26.6**	**43.5**	**1.1**	**44.5**
Cyclicals ex-Energy	8.3	8.5	16.7	1.8	18.5
Energy	42.2	106.7	148.9	-5.8	143.1
Materials	8.0	28.2	36.1	2.1	38.2
Industrials	11.5	4.9	16.5	1.7	18.1
Discretionary ex-AMZN	4.7	4.2	8.9	1.9	10.8
Non-Cyclicals	**7.2**	**3.2**	**10.4**	**0.4**	**10.9**
Staples	8.1	0.1	8.2	0.7	8.9
Health Care	7.4	5.7	13.0	0.7	13.7
Utilities	5.3	6.1	11.5	-1.8	9.7
REITs	11.8	-1.6	10.2	-2.2	8.0
Telcos	0.8	-0.7	0.0	2.9	2.9
Financials	**13.8**	**4.5**	**18.2**	**3.0**	**21.2**
S&P 500 ex-TECH+	*11.7*	*11.0*	*22.8*	*1.4*	*24.2*
S&P 500 ex-Energy	*13.4*	*14.2*	*27.6*	*1.1*	*28.7*
S&P 500 ex-Financials	*15.7*	*20.1*	*35.8*	*0.5*	*36.3*

Source:Standard & Poor's, Refinitiv, Factset, Ubs

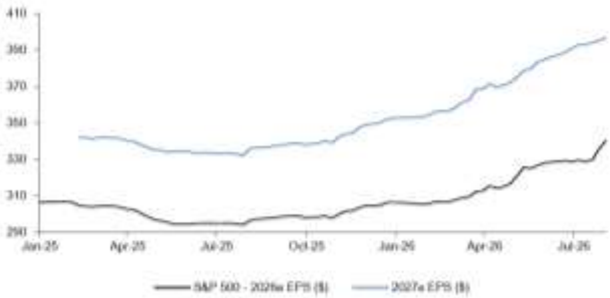
Following the strong delivery, consensus 2026 EPS estimates for the S&P 500 inflected sharply higher, with consensus now expecting +24% YoY growth.

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



Source: JP Morgan

S&P: 2026 and 2027 EPS estimates evolution



Source: JP Morgan

Big Tech

All six major U.S. technology giants have reported Q2 2026 results, confirming that the cohort remains in full infrastructure build-out mode. Aggregate sales for Meta, Alphabet, Amazon, and Microsoft grew approximately 22% YoY, while combined cloud revenues across AWS, Google Cloud, and Azure accelerated to a blended rate exceeding 45% YoY.

Alphabet delivered a standout cloud print with Google Cloud revenue up 82% YoY to $24.8 billion and a contracted backlog expanding to $514 billion. Management raised FY2026 capex guidance to $195–205 billion and flagged a further significant step-up in 2027, sending the stock down approximately 6% as free cash flow turned negative.

Meta beat on revenue at $60.8 billion but missed on EPS due to legal costs, raising its FY2026 capex floor to $130–145 billion and causing shares to fall 9% after hours amid skepticism over the monetization timeline for AI agents.

Microsoft reported $90.0 billion in total revenue (+18% YoY), with Intelligent Cloud rising 31% to $39.3 billion and AI annualized recurring revenue surpassing $37 billion; the company also restructured its OpenAI partnership into a non-exclusive arrangement without revenue share.

Amazon provided the clearest positive surprise as AWS sales surged 37% YoY to $42.2 billion, its fastest growth since Q4 2021, doubling AWS operating income to $16.6 billion and driving a 9% stock rally.

Apple posted revenue of $111.2 billion (+17% YoY), driven by a 22% surge in iPhone sales and record Services revenue of $31.0 billion, while confirming John Ternus as Tim Cook's successor alongside a new $100 billion buyback authorization.

[1] Net International Investment Position (NIIP): The difference between a country's foreign assets and its foreign liabilities.

(continued)

Nvidia, reporting August 26, is expected to post $92.1 billion in revenue (+97% YoY) driven by the Blackwell Ultra platform, while committing up to $105 billion to back a 4 GW AI factory campus in Ohio leased by OpenAI.

Combined FY2026 capex across the four hyperscalers now stands at approximately $715 billion as cloud backlogs exceed $500 billion at both AWS and Google Cloud.

Europe (STOXX 600)
With 80% of STOXX 600 companies reporting, Q2 earnings surged 23% YoY, marking the strongest earnings performance in nearly four years. Sales growth reached +11%, representing a sharp top-line recovery from previous trade disruptions and currency headwinds.

70% of European firms beat sales estimates, while 62% exceeded EPS estimates with a positive surprise factor of 5%. The bulk of earnings growth was driven by Energy (+133% YoY), which benefited from conflict-driven oil price increases, as well as Materials (+31% YoY), Tech (+22% YoY), and Financials/Banks (+11% to +13% YoY). Excluding Energy, European EPS growth remained healthy at +11% YoY. Consumer Discretionary was the primary lagging sector, printing a soft 3% EPS growth. Like the U.S., market reactions to results were asymmetric, as European companies beating estimates gained a median relative +0.6%, whereas earnings misses were penalized by -1.4%.

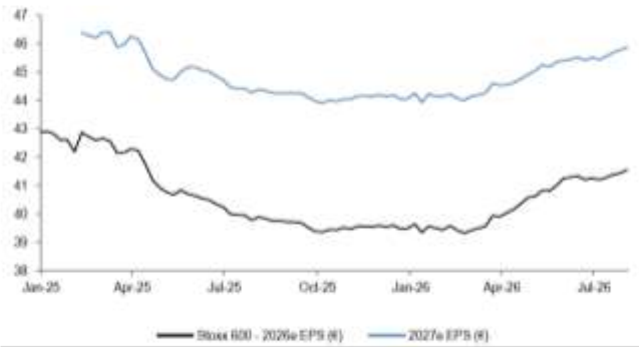
STOXX 600: Q2 2026 summary

Results snapshot	SXXP			
	Sales y/y	Sales beats	EPS y/y	EPS beats
Energy	36.8%	67%	133.1%	56%
Materials	9.3%	65%	31.5%	64%
Industrials	9.4%	81%	18.8%	49%
Tech	11.2%	71%	22.3%	75%
Cons. Disc.	-2.5%	47%	3.0%	44%
Comm. Svcs.	1.9%	53%	9.1%	33%
Cons. Stap.	3.2%	38%	12.4%	50%
Healthcare	4.4%	81%	1.3%	81%
Utilities	6.5%	67%	9.4%	64%
Financials	7.3%	76%	11.1%	81%
Banks	9.4%	80%	13.1%	83%
Market	**11.0%**	**70%**	**22.8%**	**62%**
Market ex Energy	**5.5%**	**72%**	**11.1%**	**63%**
Market ex Fins	**11.8%**	**70%**	**30.7%**	**57%**
Cyclicals	**5.4%**	**72%**	**16.9%**	**53%**
Defensives	**4.0%**	**64%**	**4.3%**	**62%**

Source: Barclays

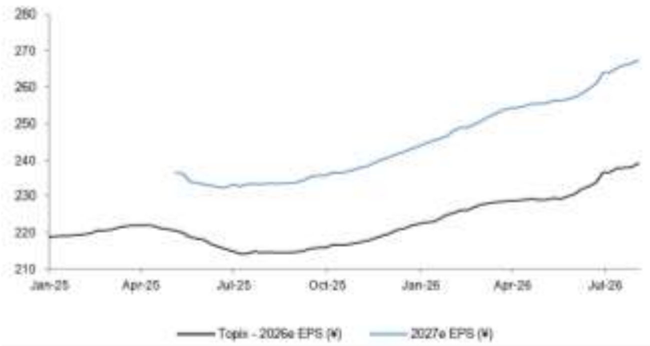
Consensus FY26 EPS estimates for MSCI Europe have been revised upward to 15% driven by sustained momentum in banks and capital expenditure plays.

STOXX 600: 2026 and 2027 EPS estimates evolution



Source: JP Morgan

TOPIX: 2026 and 2027 EPS estimates



Source: Source: JP Morgan

Japan (Topix)
With 66% of companies having reported Q1 FY27 results (Q2 calendar quarter), Japanese corporate delivery proved exceptionally strong. 71% of reporting companies beat Net Profit estimates, delivering an aggregate net profit growth of +64% YoY and a positive surprise of 15%. 13 out of 15 sectors printed positive earnings growth, led by Electrical Appliances & Precision (+92% YoY), Autos & Transportation (+92% YoY), Raw Materials & Chemicals (+61% YoY), Banks (+41% YoY), and Energy Resources (+442% YoY).

On the top line, 68% of companies exceeded revenue expectations, generating overall sales growth of +14% YoY with 16 out of 17 sectors recording expansion. In response to this broad-based operational strength, consensus 2026 EPS estimates for the Topix index moved steadily higher to ¥239 per share (representing 15% YoY growth), while 2027 EPS expectations expanded to ¥267 per share.

(continued)

TOPIX: Q1 '27 summary (April- June quarter)

	No. of cos reported / Total	% reported	% cos beating NP estimates	% cos Missing NP estimates	NP surprise	%yoy NP growth	% cos beating Sales estimates	% cos Missing Sales estimates	Sales surprise	%yoy Sales growth
TSE Prime comp.	**799 / 1212**	**66%**	**71%**	**29%**	**15%**	**64%**	**68%**	**32%**	**3%**	**14%**
Elec Appl. & Prec.	90 / 126	71%	72%	28%	20%	92%	79%	21%	5%	22%
Autos & Trans.	33 / 44	75%	57%	43%	21%	92%	83%	17%	4%	11%
Machinery	50 / 85	59%	65%	35%	15%	48%	67%	33%	2%	11%
Steel & Nonfer	26 / 39	67%	73%	27%	28%	-	71%	29%	6%	23%
Raw. & Chem.	70 / 107	65%	74%	26%	24%	61%	72%	28%	4%	10%
Pharmaceutical	20 / 23	87%	75%	25%	19%	31%	69%	31%	4%	16%
Const. & Mater.	64 / 99	65%	64%	36%	12%	52%	66%	34%	2%	7%
IT & Service	122 / 204	60%	66%	34%	8%	22%	56%	44%	1%	9%
Retail Trade	69 / 99	70%	61%	39%	4%	24%	61%	39%	0%	6%
Foods	34 / 56	61%	68%	32%	11%	0%	52%	48%	0%	6%
Transprt. & Logi.	33 / 52	63%	63%	37%	9%	-5%	74%	26%	2%	10%
Elec. Pwr. & Gas	19 / 21	90%	80%	20%	27%	-	57%	43%	0%	8%
Real Estate	18 / 32	56%	80%	20%	18%	1%	20%	80%	-3%	-2%
Comm. & Whole.	65 / 101	64%	88%	12%	25%	32%	93%	7%	6%	21%
Energy Reso.	4 / 9	44%	50%	50%	-15%	442%	50%	50%	-14%	14%
Banks	54 / 69	78%	95%	5%	27%	41%	79%	21%	11%	26%
Fin ex Bank	28 / 46	61%	100%	0%	22%	75%	75%	25%	5%	19%
Overseas demand	**199 / 294**	**68%**	**68%**	**32%**	**21%**	**102%**	**76%**	**24%**	**4%**	**15%**
Domestic demand	**449 / 693**	**65%**	**68%**	**32%**	**15%**	**48%**	**61%**	**39%**	**1%**	**8%**
Defensive	**175 / 251**	**70%**	**67%**	**33%**	**14%**	**70%**	**63%**	**38%**	**1%**	**8%**
Cyclical	**368 / 551**	**67%**	**76%**	**24%**	**18%**	**70%**	**76%**	**24%**	**2%**	**17%**

Source: JP Morgan

Transcript Analysis and Guidance

Analysis of corporate earnings call transcripts for Q2 2026 indicates a distinctly positive shift in management sentiment, centered on strengthening demand, improved guidance, and resilient profit margins.

52% of transcript discussions focused on corporate outlooks, where positive guidance sentiment reached 76% at the STOXX 600 level, prompting 23% of European firms and nearly 50% of S&P 500 companies to revise their full-year guidance upward, the highest share since 2021/2022.

Artificial Intelligence remained the standout bullish theme (98% positive sentiment), with conversations shifting from theoretical potential toward execution, operational efficiency, and quantifiable cost savings.

Transcripts takeaways

Q2 2026	Positive	Neutral	Negative	mentions as % of total
Demand	85%	10%	5%	56%
Guidance/Outlook	76%	21%	3%	52%
Margins	80%	11%	9%	49%
Economy	10%	18%	72%	41%
Capex	76%	21%	3%	37%
Input Cost	9%	11%	80%	33%
FX	15%	20%	65%	27%
Artificial Intelligence	98%	2%	0%	23%
Dividends	81%	18%	1%	20%
Labour	42%	34%	23%	18%
Inventory	21%	69%	10%	18%
Buybacks	85%	15%	0%	13%
China	42%	29%	29%	13%
Tariffs	14%	14%	73%	11%

Source: Company transcripts, Barclays data science research

Demand commentary was overwhelmingly constructive (85% positive mentions), while margin commentary showed broad-based optimism (80% positive) as operating leverage improved.

In contrast, management sentiment regarding the broader macro economy (72% negative mentions), input costs (80% negative), foreign exchange headwinds (65% negative), and trade tariffs (73% negative) remained cautious.

Capex commentary was very strong at 76% positive sentiment, led by Utilities and Tech, while capital return messaging remained highly supportive, evidenced by 81% positive dividend sentiment and 85% positive buyback sentiment.

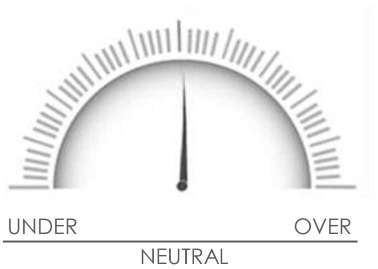
Asset Allocation View

	−	=	+
Equity			
Developed Markets		■	
Emerging Markets		■	
Fixed Income			
Developed Markets Sovereign		■	
Developed Markets Corporate			■
Emerging Markets			■
Commodities			Upgrade
Currencies		*Commentary below*	

− UNDER = NEUTRAL + OVER

Equity

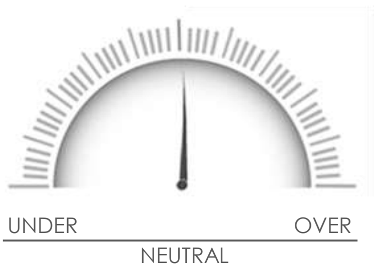
Developed Markets



We maintained the **Neutral** recommendation on Developed Market equities. Rising nominal and real interest rates, uncertainties surrounding the Fed's monetary policy, lofty valuations, unfavorable seasonality, and ever-present geopolitical risks all point to the need for greater caution. However, in light of the ongoing rotation within the major indices and another exceptionally strong earnings season as detailed in the prologue of this report, any correction that may occur is still viewed as an opportunity to accumulate stocks.

US	=	**Europe**	+	**Japan**	=

Emerging Markets



We kept our **Neutral** stance on Emerging Market equities. The same factors—both positive and negative—mentioned above also apply to emerging markets. Emerging markets continue to trade at a discount compared to developed countries, but the weight of the technology sector—and semiconductors in particular—which now stands at around 40%, continues to distort the typical characteristics of emerging markets, once more value-oriented and closely tied to the economic performance of individual countries. The long-term outlook remains positive, but it is advisable to wait for volatility to normalize before considering increasing exposure.

Asia ex-Japan	=	**EEMEA**	=	**LATAM**	=

Fixed Income

Developed Markets Sovereign

We have maintained our **Neutral** recommendation on Developed Market sovereign bonds. Although interest rates continue to rise, the news flow remains negative due to persistent geopolitical risks, growing underlying inflationary pressures, mounting concerns about fiscal indiscipline, miscommunication by politicians and policymakers, and the upcoming elections in the United States and Europe. Given the highly uncertain situation, the short- and intermediate segments of the curves continue to be preferred.

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

Developed Markets Corporate

We kept our **Slightly Overweight** recommendation on Developed Market corporate bonds. The hunt for yield continues, fueled by ample liquidity, with spreads nearing all-time lows. If global growth continues to hold up relatively well, there is no reason to be overly cautious and exit the market prematurely. However, some signs of unease are beginning to emerge in connection with the skyrocketing increase in debt issuance linked to the AI buildup. Within credit, we continue to prefer investment-grade bonds over high-yield.

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

Emerging Markets

We left our recommendation on Emerging Markets Debt unchanged at **Slightly Overweight**. The reasons are the same as those just outlined for developed countries' corporate bonds. However, the renewed weakness of the U.S. dollar could provide a boost to the asset class.

Local Currency	=	**Hard Currency IG**	=	**Hard Currency HY**	=

Commodities

We have upgraded our recommendation for commodities to **Slightly Overweight.** Following Bessent's announcement regarding the doubling of purchases of long-dated Treasury bonds—which hints at the possibility of yield curve control—we have turned positive on precious metals. Furthermore, due to El Niño and potential difficulties in securing fertilizer supplies as a consequence of the closure of the Strait of Hormuz, we have also grown more positive on agricultural commodities.

Precious	+	**Energy**	=	**Industrial**	=	**Agricultural**	+

Currencies

We have lowered once again our recommendation on the US Dollar, this time to **Neutral with a bearish bias.** Bessent's announcement regarding the doubling of purchases of long-dated Treasury bonds—which hints at the possibility of yield curve control—is likely to continue to weigh on the greenback.

Similarly, the recommendation on the Euro has been upgraded to **Neutral with a bullish bias**. This is not only in relation to the downgrade of the US dollar to neutral, but also to the fact that the ECB could be the only major central bank to hike rates in September.

The recommendation on the **Chinese Renminbi** remains **Neutral** due to the persistent weakness in its domestic economy**.**

The outlook for other **emerging market currencies** has been confirmed as **Neutral with a bullish bias**, with a preference for currencies of countries that are net exporters of commodities.

Euro	=	**USD**	+	**CNY**	=	**Other EM**	=