azimut

AZIMUT GLOBAL VIEW

11.05.26

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 CPI (12.05)
Investors will continue to gauge the impact of the Iran war on inflation and the Fed's reaction function

US RETAIL SALES (14.05)
Retail sales will serve as an important indicator of the war's impact on consumption and, ultimately, on overall economic growth

TRUMP-XI MEETING (14.05)
The meeting could influence U.S. trade policy and developments in the Iran war

PMI SURVEYS (21.05)
Global PMIs will serve as a crucial early indicator in assessing the impact of the war on growth

Developed Markets: Q1.2026 Earnings Season Monitor

- **In the current earnings season, earnings growth is tracking strongly above consensus expectations, particularly in the United States, where EPS growth stands at 23%**
- **The major U.S. tech giants are making a definitive shift from asset-light business models to a heavy infrastructure phase. Total investments in AI infrastructure are now estimated at $700 billion for the year**
- **Europe remains the region with the weakest earnings growth, up just 3% YoY, while revenues fell by 1%. The earning season has just started in Japan, but figures so far show a solid +17% YoY growth in EPS**

As of this writing, 82% of companies in the U.S., 72% in Europe, and 24% in Japan have reported their Q1 results. Overall, earnings growth is tracking strongly above consensus expectations. Reported EPS growth stands at +23% YoY in the U.S. and +3% YoY in Europe, implying EPS surprise factors of +18% and +2%, respectively.

In the U.S., 83% of reporting companies have beaten EPS estimates. The bulk of this growth is driven by the Technology, Communication Services, and Discretionary sectors, along with Financials. In Europe, 59% of companies have exceeded EPS estimates. Performance across the region is mixed; Discretionary and Healthcare are particularly weak, while Energy, Tech, and Utilities are delivering robust double-digit earnings growth. In Japan, 57% of companies have beaten EPS estimates, and aggregate EPS growth is +17% YoY. It is worth noting that Cyclicals are delivering much better EPS growth than traditional Defensives, further supporting a broadening of market leadership.

United States (S&P 500)
For the Q1 quarter, U.S. companies have reported 10% sales growth and a 23% increase in EPS. 73% of companies have beaten sales estimates, with an overall sales surprise of 2%. All 11 sectors are delivering positive sales growth. 83% of companies have exceeded consensus EPS estimates, delivering a massive positive surprise of 18%. 10 out of the 11 sectors are up on a year-over-year basis, with 7 sectors recording double-digit earnings growth.

(continued)

S&P: Q1 2026 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	407 / 499	82%	83%	11%	18%	23%	73%	16%	2%	10%
Energy	21 / 22	95%	81%	14%	22%	1%	71%	29%	2%	4%
Materials	25 / 26	96%	80%	12%	17%	42%	88%	8%	3%	9%
Industrials	72 / 78	92%	83%	11%	5%	7%	76%	13%	2%	9%
Discretionary	29 / 48	60%	76%	21%	48%	52%	62%	24%	2%	11%
Staples	22 / 36	61%	91%	5%	7%	7%	77%	9%	1%	11%
Healthcare	51 / 58	88%	88%	8%	11%	-4%	82%	12%	2%	7%
Financials	71 / 76	93%	83%	14%	7%	23%	59%	30%	1%	10%
IT	44 / 73	60%	93%	2%	8%	30%	80%	5%	2%	20%
Com. Services	15 / 20	75%	73%	27%	56%	50%	73%	13%	2%	14%
Utilities	27 / 31	87%	74%	11%	5%	10%	74%	22%	6%	10%
Real Estate	30 / 31	97%	73%	10%	5%	13%	73%	10%	2%	11%
Ex-Financials & Real Estate	306 / 392	78%	84%	11%	22%	23%	77%	14%	2%	10%
Ex-Energy	386 / 477	81%	83%	11%	18%	24%	74%	16%	2%	11%
Cyclicals	170 / 225	76%	84%	11%	16%	30%	76%	12%	2%	13%
Defensives	115 / 145	79%	83%	10%	29%	21%	78%	14%	2%	10%

Source: JP Morgan

The bulk of EPS growth is being driven by sectors harboring AI plays, such as Tech, Communication Services, and Discretionary, as well as Financials. Stock price reactions remain slightly negatively tilted, with misses punished harder than rewards for beats. The S&P 500 blended Q1 EPS estimate has moved up sharply on the back of better-than-expected earnings delivery.

Big Tech

With the exception of Nvidia, the major U.S. technology giants have released Q1 2026 results, revealing a definitive shift from asset-light business models to a heavy infrastructure phase. Aggregate sales for Meta, Google, Amazon, and Microsoft grew 20% YoY, while cloud service monetization showed significant acceleration, rising to 41% YoY, up from 35% in Q4 2025.

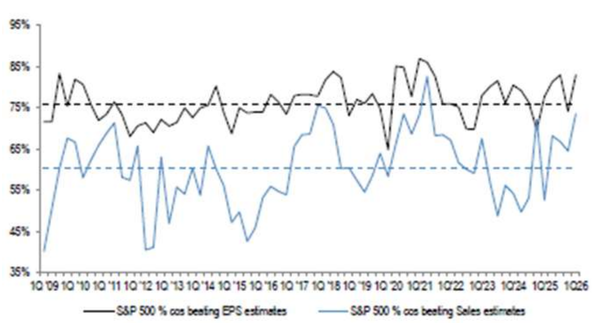
Alphabet reported further acceleration in Google Cloud growth, prompting a second major revision to its infrastructure spend. Management raised 2026 capex guidance to USD180–190bn, up from the previous USD175–185bn range and nearly double last year's USD91bn.

Meta's stock fell following its report as investors reacted to another upward revision in spending. The company raised its 2026 capex outlook to USD125–145bn to account for higher memory costs and expanded data center investments. Despite the spend, Meta emphasized that AI is increasingly driving growth within its ecosystem, particularly through automated coding and agent-based productivity.

Microsoft guided for further acceleration in cloud revenue, fueled by its OpenAI partnership and scaling Azure capacity. To meet this demand, Microsoft raised its 2026 capex guidance to USD190bn. The company noted that roughly USD25bn of the cost increase is attributed to rising memory and component prices rather than just volume.

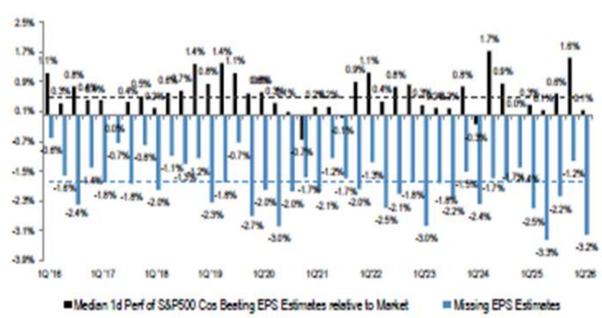
Amazon maintained its massive 2026 capex guide of USD200bn, representing a 52% YoY increase and the highest in the group. Management's tone regarding internal silicon, such as Trainium and Inferentia, was notably positive, suggesting a strategic shift to reduce reliance on third-party chips over the next several years as they deploy significant capital.

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



Source: JP Morgan

S&P: price reaction to beats and misses



Source: JP Morgan

(continued)

STOXX 600: Q1 2026 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	291 / 406	72%	59%	41%	2%	3%	42%	37%	-1%	-1%
Energy	16 / 20	80%	43%	57%	4%	21%	53%	47%	1%	1%
Materials	23 / 27	85%	76%	24%	9%	2%	39%	35%	0%	-6%
Industrials	69 / 88	78%	46%	54%	-3%	-4%	38%	54%	-5%	-4%
Discretionary	25 / 39	64%	67%	33%	-11%	-20%	32%	44%	-1%	-4%
Staples	22 / 27	81%	70%	30%	3%	0%	45%	15%	0%	-2%
Healthcare	27 / 32	84%	58%	42%	3%	-5%	33%	33%	0%	1%
Financials	58 / 82	71%	65%	35%	4%	6%	54%	25%	1%	4%
IT	20 / 24	83%	59%	41%	5%	11%	40%	30%	-1%	5%
Com. Services	15 / 24	63%	44%	56%	-3%	4%	29%	36%	0%	0%
Utilities	10 / 26	38%	78%	22%	0%	18%	60%	30%	5%	1%
Real Estate	6 / 17	35%	100%	0%	35%	9%	50%	50%	0%	-1%
Ex-Financials & Real Estate	227 / 307	74%	57%	43%	1%	2%	39%	40%	-1%	-2%
Ex-Energy	275 / 386	71%	60%	40%	2%	1%	42%	37%	-1%	-1%
Cyclicals	137 / 178	77%	56%	44%	-2%	-4%	38%	46%	-2%	-3%
Defensives	74 / 109	68%	62%	38%	3%	0%	39%	28%	1%	0%

Source: JP Morgan

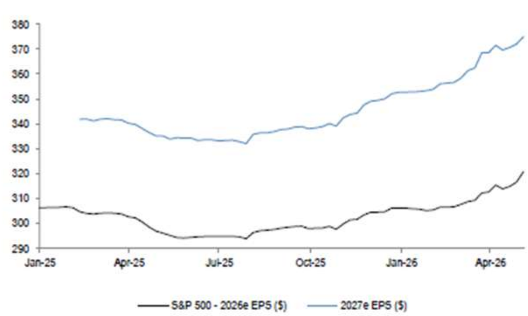
Apple delivered a record March quarter, driven by double-digit gains in both products and services, with the iPhone remaining the primary growth engine. Regionally, China was a standout performer, growing nearly 30%.

The combined capex of this cohort is now estimated at USD700bn for the year. Consensus is emerging that AI is transitioning from a research tool to a core economic driver, with agents as the next major use case.

EUROPE (STOXX 600)
With 72% of companies reporting, Q1 earnings show 3% YoY growth. STOXX 600 companies reported a 1% revenue decline, lagging estimates by 1%. On the top line, 42% of companies are beating sales estimates, but 6 out of 11 sectors are printing negative or flat sales growth. EPS growth is at +3% YoY, with a positive surprise of 2% and 59% of companies beating on income. The Discretionary and Healthcare sectors are particularly weak this quarter; conversely, Energy, Tech, and Utilities are recording double-digit earnings growth, with Financials also acting as a positive driver.

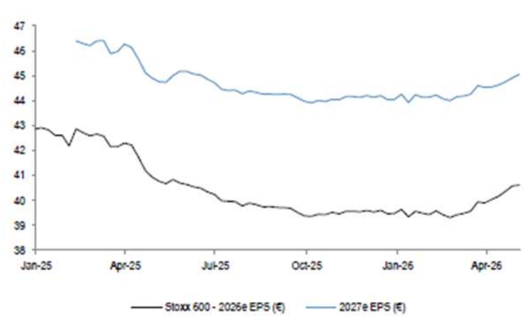
Stock price reactions have been slightly negatively tilted, with misses penalized more heavily than beats. FY26 EPS growth estimates continue to nudge higher, largely due to upgrades in the Energy and Semiconductor sectors, while consumer segments like Luxury, Autos, and Leisure have seen small downgrades.

S&P: 2026 and 2027 EPS estimates evolution



Source: JP Morgan

STOXX 600: 2026 and 2027 EPS estimates evolution



Source: JP Morgan

JAPAN (Topix)
With 24% of Topix companies having reported Q1 results, 57% are beating EPS estimates. Aggregate EPS growth stands at +17% YoY. 9 out of 16 reporting sectors are printing positive earnings growth. On revenues, 57% of companies have beaten estimates, delivering overall sales growth of +6% YoY. 13 out of 16 reporting sectors are recording positive top-line growth, with Pharma, Real Estate and Electricals leading the pack.

(continued)

TOPIX: Q4 '26 summary (January- March 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.	285 / 1168	24%	57%	43%	6%	17%	57%	43%	1%	6%
Elec Appl. & Prec.	31 / 121	26%	68%	32%	13%	21%	85%	15%	4%	12%
Autos & Trans.	11 / 44	25%	63%	38%	42%	60%	75%	25%	3%	8%
Machinery	13 / 79	16%	70%	30%	9%	-9%	67%	33%	5%	7%
Steel & Nonfer	8 / 38	21%	0%	100%	-20%	40%	25%	75%	-2%	9%
Raw. & Chem.	21 / 109	19%	25%	75%	-12%	-3%	47%	53%	0%	7%
Pharmoeutical	1 / 24	4%	0%	100%	-22%	-42%	100%	0%	4%	17%
Const. & Mater.	16 / 96	17%	88%	13%	19%	95%	60%	40%	1%	7%
IT & Service	48 / 197	24%	48%	52%	0%	-62%	51%	49%	0%	5%
Retail Trade	50 / 92	54%	60%	40%	11%	-3%	46%	54%	0%	-1%
Foods	9 / 53	17%	43%	57%	0%	-	71%	29%	3%	9%
Transprt. & Logi.	15 / 51	29%	100%	0%	58%	9%	70%	30%	1%	8%
Elec. Pwr. & Gas	15 / 21	71%	11%	89%	-47%	52%	8%	92%	-4%	-6%
Real Estate	6 / 28	21%	75%	25%	18%	79%	50%	50%	0%	35%
Comm. & Whole.	21 / 95	22%	50%	50%	-1%	13%	57%	43%	2%	7%
Energy Reso.	0 / 7	0%	-	-	-	-	-	-	-	-
Banks	2 / 68	3%	-	-	-	-9%	-	-	-	-
Fin ex Bank	18 / 45	40%	60%	40%	5%	35%	60%	40%	4%	15%
Overseas demand	63 / 282	22%	66%	34%	11%	22%	75%	25%	2%	10%
Domestic demand	181 / 671	27%	54%	46%	3%	11%	49%	51%	0%	2%
Defensive	90 / 241	37%	54%	46%	0%	19%	46%	54%	1%	0%
Cyclical	110 / 525	21%	63%	37%	10%	21%	69%	31%	2%	9%

Source: JP Morgan

Transcript Analysis, Capital return and Guidance

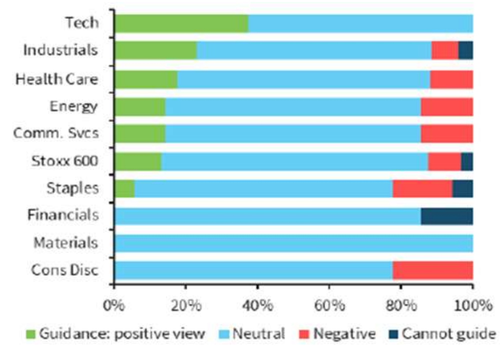
Earnings call transcripts for Q1 2026 indicate uncertainty regarding the economic outlook owing to headwinds from the US-Iran war. Almost 75% of reported European firms are noting an impact from the conflict through weaker demand, supply chain issues, or higher input costs.

Regarding guidance sentiment, Tech and Industrials have been the most bullish so far. In contrast, Consumer Discretionary and Staples have been the most bearish. Artificial Intelligence remains a dominant theme, helping drive operational efficiency gains across sectors, with Industrials and Tech seeing direct tailwinds to demand as well.

Transcripts takeaways

Source: Alphasense, Barclays research

Guidance



Source: Alphasense, Barclays research

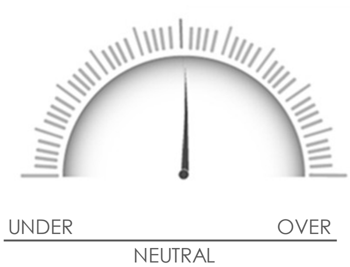
Asset Allocation View

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

− UNDER = NEUTRAL + OVER

Equity

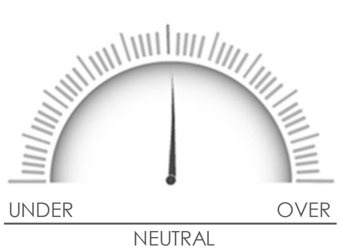
Developed Markets



We maintained the **Neutral** recommendation on Developed Market equities. Markets continue to be supported by strong earnings and revenue growth, as discussed in the Prologue. Hopes also remain for a swift resolution to the conflict in Iran and the reopening of the Strait of Hormuz. In the short term, a pullback appears increasingly likely, particularly in sectors — such as semiconductors — that have seen parabolic rises in recent weeks. That said, solid economic growth, especially in the United States, combined with a persistently inflationary environment, continues to underpin our positive medium-term outlook. Among developed regions, Europe remains the area of greatest caution for the committee.

US	=	**Europe**	−	**Japan**	=

Emerging Markets



We kept our **Neutral** stance on Emerging Market equities. The same considerations outlined above for developed markets apply equally to emerging markets, which additionally trade at lower valuations, enhancing their relative attractiveness. Many of these markets also hold substantial reserves and are net exporters of commodities, positioning them to benefit from the ongoing rise in commodity prices. Finally, emerging markets offer the greatest rebound potential should the conflict subside and the Strait of Hormuz reopen — particularly in Asia, as the region most reliant on imports passing through that chokepoint.

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

Fixed Income

Developed Markets Sovereign

UNDER OVER
NEUTRAL

We have kept our **Neutral** recommendation on Developed Market sovereign bonds. However, there is growing concern about the short-term trajectory of interest rates, given that central banks—despite having left rates unchanged—have nevertheless signaled a tightening bias for the coming months. Delays in reopening the Strait of Hormuz could lead to further increases in energy commodity prices, exposing yield curves to the risk of further shift upward.

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

Developed Markets Corporate

UNDER OVER
NEUTRAL

We maintained our **Neutral** recommendation on Developed Market corporate bonds. Global growth continues to hold up relatively well, and demand for bonds remains strong, underpinned by ample liquidity, with new issues oversubscribed in the primary market and spreads narrowing once again in the secondary market. That said, spreads are once again near multi-year lows and do not yet sufficiently compensate for the riskier environment. Within credit, investment-grade bonds remain our preferred allocation over high-yield.

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

Emerging Markets

UNDER OVER
NEUTRAL

We have kept our **Neutral** recommendation on Emerging Markets Debt. The reasons are the same as those just outlined for developed countries' corporate bonds.

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

Commodities

UNDER OVER
NEUTRAL

Our recommendation for commodities remains **Neutral**. We remain cautious on precious metals, given headwinds from central bank selling and the possibility that investors who accumulated positions over the past year — drawn by their significant outperformance relative to other asset classes — may begin rotating back into technology stocks, which have risen steadily in recent weeks. Over the medium to long term, however, our view remains positive. On industrial metals, we are more bullish, driven by growing competition for essential raw materials.

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

Currencies

We maintained our **Neutral** recommendation on the US Dollar. After the central bank meetings held in the past weeks, we don't see any catalysts for significant movements in either direction.

The view on the Euro remains **Neutral** as well for the same reason.

We have maintained our recommendation on the **Chinese Renminbi** to **Neutral with a bullish bias**.

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

Euro	=	USD	=	CNY	=	Other EM	+