

US Equity Strategy

1Q26 Earnings Brief: April 20

11.5% of the S&P 500's market cap has reported. 1Q expectations are for revenues to grow 9.5% and EPS 14.1%. Projected EPS growth among groups varies significantly, as shown below (a blend of consensus estimates and reported results where available):

Expected EPS Growth YoY

- TECH+: 30.9%
- Financials: 22.3%
- Non-Cyclicals: -4.6%
- Cyclicals ex-Energy: 5.3%
- Energy: -8.8%

The 6 largest TECH+ companies are expected to outgrow the rest of the market as a group (EPS growth 24.4% vs. 10.9%), though forecasts vary for each company (NVDA: 115.3%, MSFT: 17.2%, AAPL: 15.1%, AMZN: 6.2%, META: 4.5%, GOOG: -5.3%).

Current consensus estimates suggest only TECH+ and Financials are expected to outpace the S&P 500, while Telecom is expected to be a drag on 1Q earnings.

Earnings are beating estimates by 9.3% on aggregate so far, with 80% of companies topping projections to date. EPS is on pace for 17.3%, assuming the historical trend of estimate revisions through the end of reporting season.

Over the next 5 trading days, 93 companies representing 15.5% of the S&P 500's market cap will report results, including General Electric, RTX, Tesla, IBM, Intel, Gilead Sciences and Procter & Gamble.

Equity Strategy

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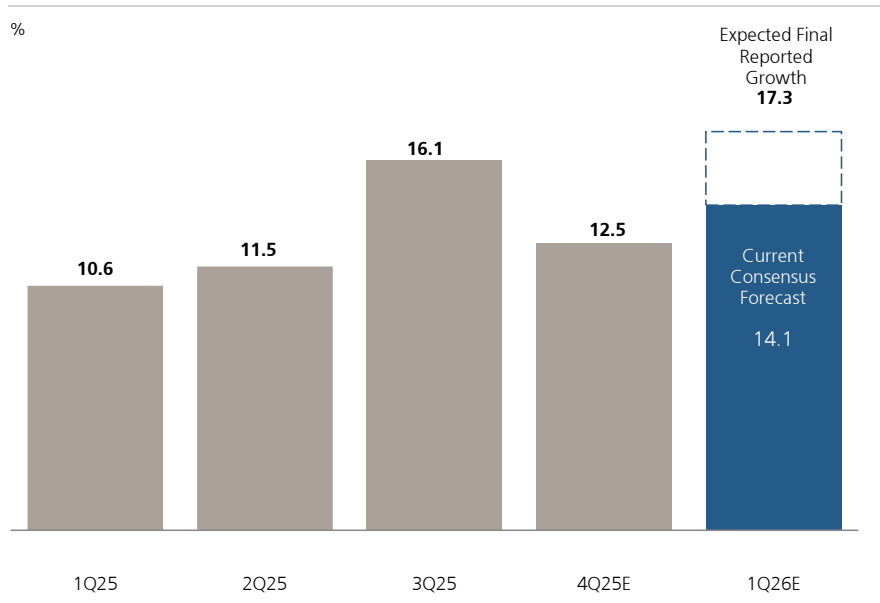
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S&P 500

Expected 1Q EPS Growth is now 17.3% YoY

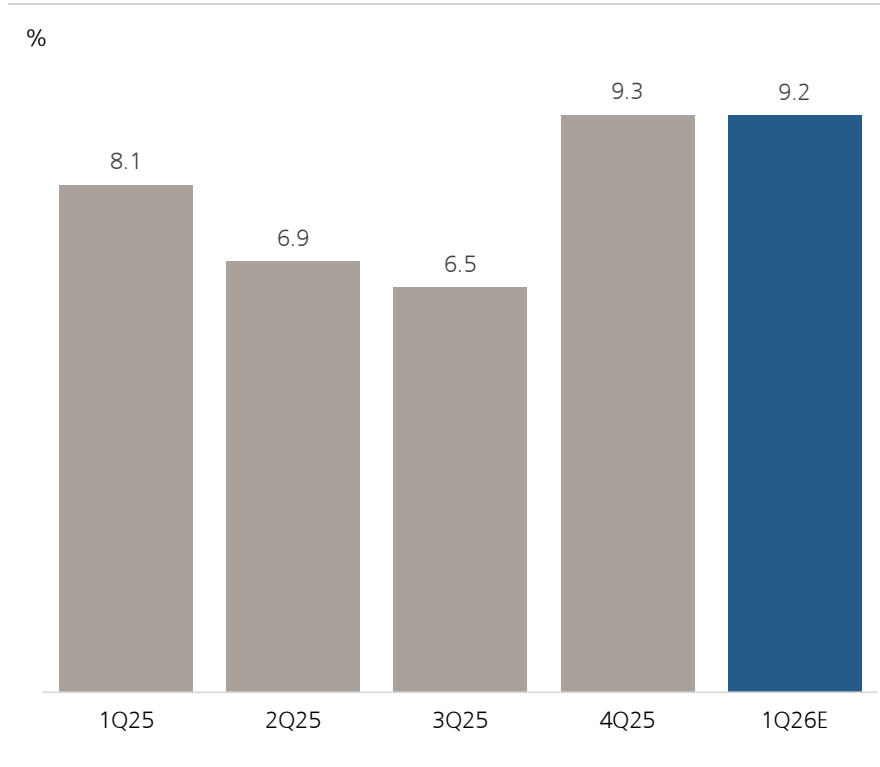
Figure 1: S&P 500 EPS Growth



Source: Standard & Poor's, Refinitiv, FactSet, UBS

Figure 2: S&P 500 EPS Growth - Impact from TECH+

TECH+ has had an outsized impact on S&P 500 EPS growth over the past year



Source: Standard & Poor's, Refinitiv, FactSet, UBS

Note: Impact calculated as difference in EPS growth between S&P 500 and S&P 500 ex-TECH+

S&P 500

Figure 3: 1Q26 Earnings Dashboard – S&P 500

	Weighted Growth YoY (%)				
	Revenue	Margins	Earnings	Buybacks	EPS
S&P 500	9.5	4.0	13.4	0.7	14.1
TECH+	23.1	7.3	30.5	0.4	30.9
Big 6 TECH+	22.6	1.4	24.0	0.4	24.4
Rest of TECH+	23.9	20.2	44.1	0.4	44.5
Cyclicals	5.0	-4.4	0.6	1.1	1.7
Energy	3.0	-11.2	-8.2	-0.6	-8.8
Materials	6.3	14.8	21.1	0.7	21.8
Industrials	5.8	-3.2	2.5	1.5	4.0
Discretionary ex-AMZN	5.6	-7.1	-1.5	2.5	1.1
Non-Cyclicals	6.0	-11.1	-5.1	0.4	-4.6
Staples	6.2	-4.8	1.4	0.7	2.2
Health Care	5.8	-18.1	-12.3	0.9	-11.4
<i>Health Care ex-MRK</i>	5.9	-5.4	0.5	0.9	1.4
Utilities	8.2	0.2	8.4	-1.8	6.6
REITs	9.0	-1.9	7.1	-1.7	5.4
Telcos	3.3	-14.3	-11.1	1.9	-9.1
Financials	7.7	13.3	21.0	1.3	22.3
<i>S&P 500 ex-TECH+</i>	6.0	-1.9	4.0	0.9	4.9
<i>S&P 500 ex-Energy</i>	10.0	4.4	14.4	0.8	15.2
<i>S&P 500 ex-Financials</i>	9.7	2.0	11.7	0.6	12.3

Source: Standard & Poor's, Refinitiv, FactSet, UBS
Note: Blend of actuals where available and estimates

Figure 4: 1Q26 Surprise Dashboard – S&P 500

	Surprise (%)			Surprise (%) - Median				
	Rptd	Total	Revenue	Margins	Earnings	Revenue	Margins	Earnings
S&P 500	49	500	2.3	7.0	9.3	1.0	2.6	3.5
TECH+	6	83	7.5	10.7	18.2	1.8	2.4	4.2
Cyclicals	12	174	0.8	8.3	9.1	0.5	2.4	2.8
Energy	0	22	NA	NA	NA	NA	NA	NA
Materials	1	26	0.4	4.0	4.3	0.4	4.0	4.3
Industrials	6	79	1.9	9.4	11.3	1.2	1.7	2.8
Discretionary ex-AMZN	5	47	-0.6	7.2	6.6	-0.6	7.2	6.6
Non-Cyclicals	9	167	1.1	0.2	1.3	1.5	-0.8	0.7
Staples	6	35	1.0	0.6	1.6	1.5	0.6	2.1
Health Care	2	59	1.7	-0.6	1.2	1.7	-0.7	1.0
Utilities	0	31	NA	NA	NA	NA	NA	NA
REITs	1	31	-3.9	4.7	0.7	-3.9	4.7	0.7
Telcos	0	4	NA	NA	NA	NA	NA	NA
Financials	22	76	1.8	6.4	8.2	0.9	5.5	6.4

Source: Standard & Poor's, Refinitiv, FactSet, UBS
Note: Surprise calculated based on revenue beat/miss by +/- 0.25%, earnings beat/miss by +/- 1%

EPS Growth

Figure 5: 1Q26 EPS Growth YoY

	EPS	
	Weighted	Median
S&P 500	14.1	7.2
TECH+	30.9	17.3
Cyclicals	1.7	5.5
Energy	-8.8	1.5
Materials	21.8	6.0
Industrials	4.0	5.6
Discretionary ex-AMZN	1.1	3.0
Non-Cyclicals	-4.6	3.0
Staples	2.2	2.3
Health Care	-11.4	5.1
Utilities	6.6	4.1
REITs	5.4	2.3
Telcos	-9.1	-11.2
Financials	22.3	17.9

Source: Standard & Poor's, Refinitiv, FactSet, UBS

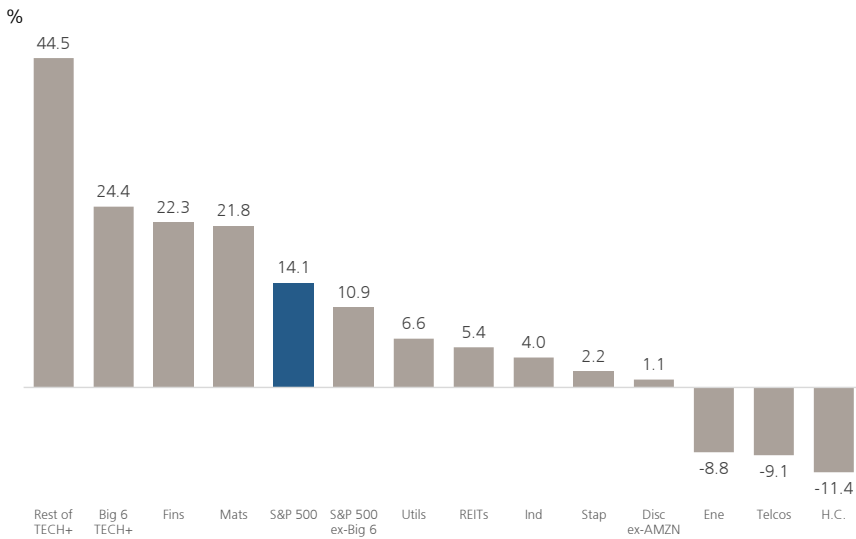
Note: AMZN is included in TECH+, not Cyclicals / Discretionary

The median company is expected to outgrow the cap-weighted index in 5 out of 11 groups

On a median basis, Financials and Tech+ are expected to see the strongest growth

Earnings – Growth

Figure 6: 1Q26 S&P 500 EPS Growth YoY

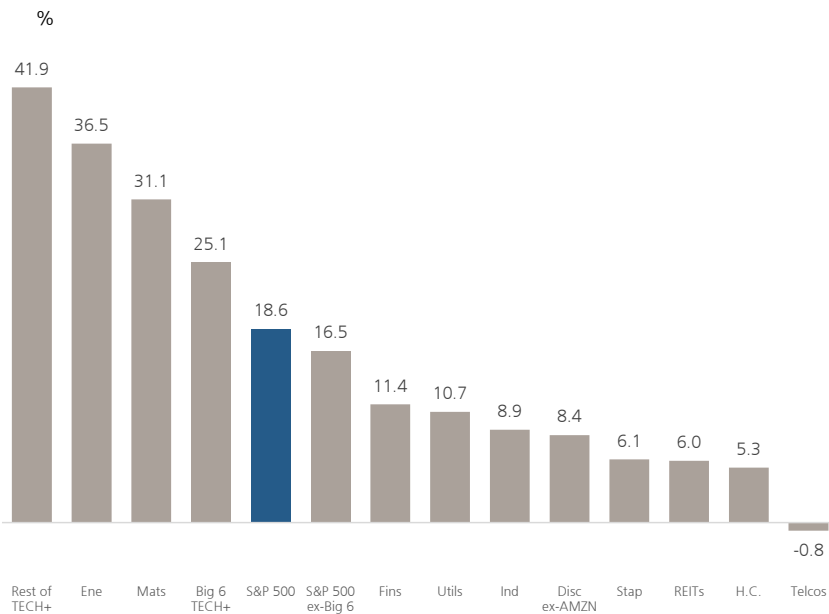


Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: AMZN included in TECH+, not Discretionary; blend of actuals where available and estimates

TECH+ and Financials are expected to outpace the rest of the market

Telcos is expected to be a drag

Figure 7: 2026E S&P 500 EPS Growth YoY

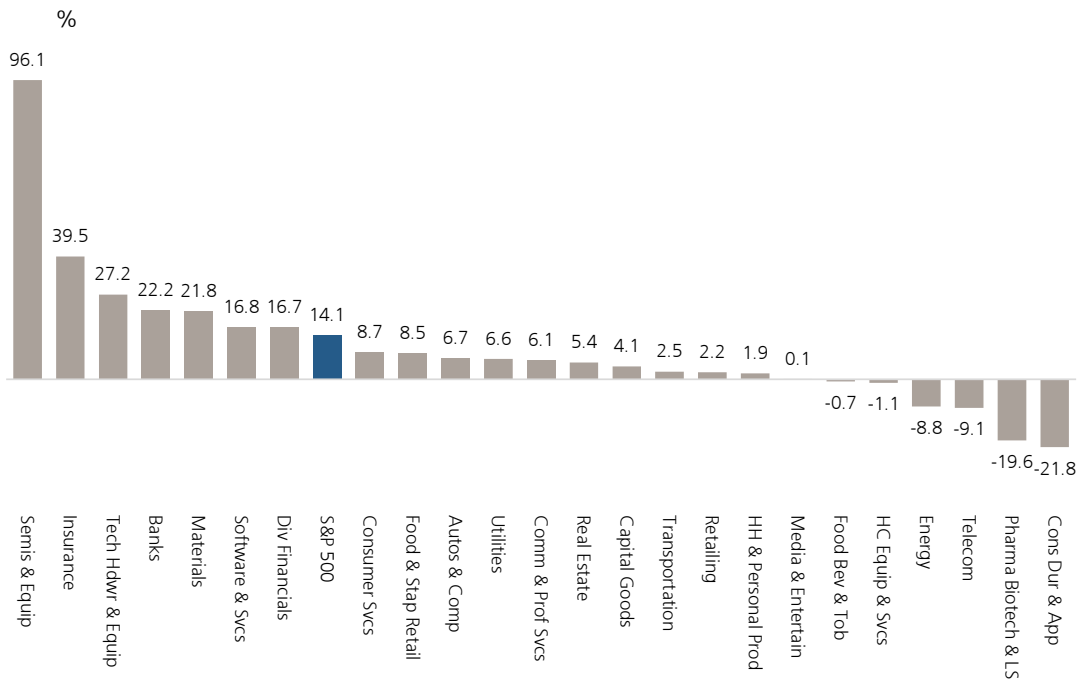


Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: AMZN included in TECH+, not Discretionary

S&P 500 is expected to grow at 18.6% based on consensus estimates

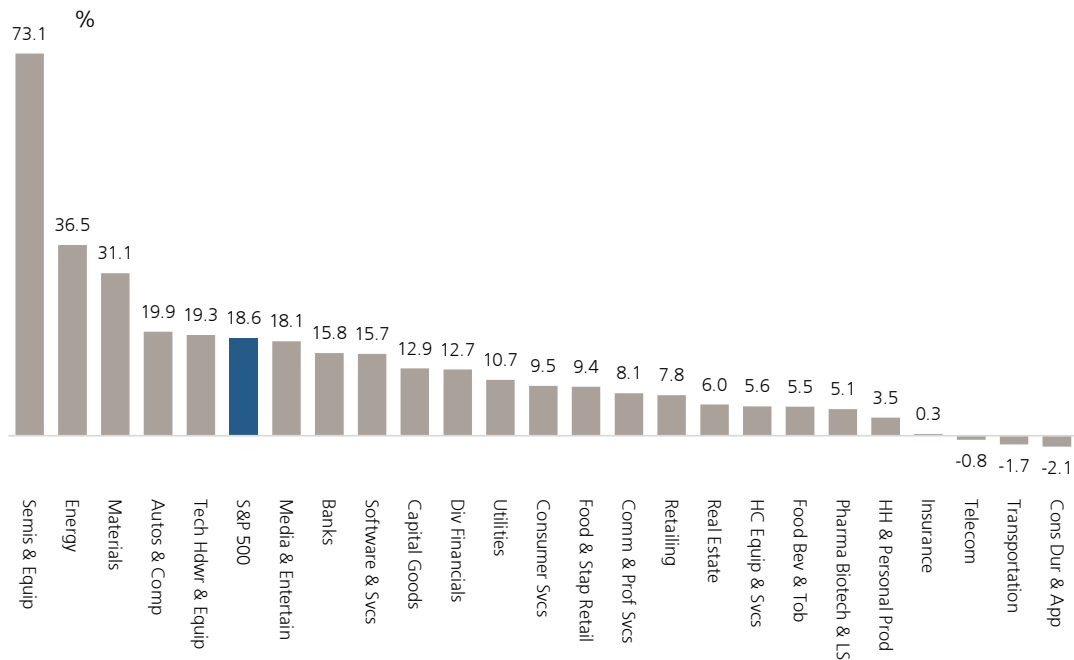
EPS Growth - Industry Group

Figure 8: 1Q26E S&P 500 Industry Group EPS Growth YoY



Source: Standard & Poor's, Refinitiv, FactSet, UBS

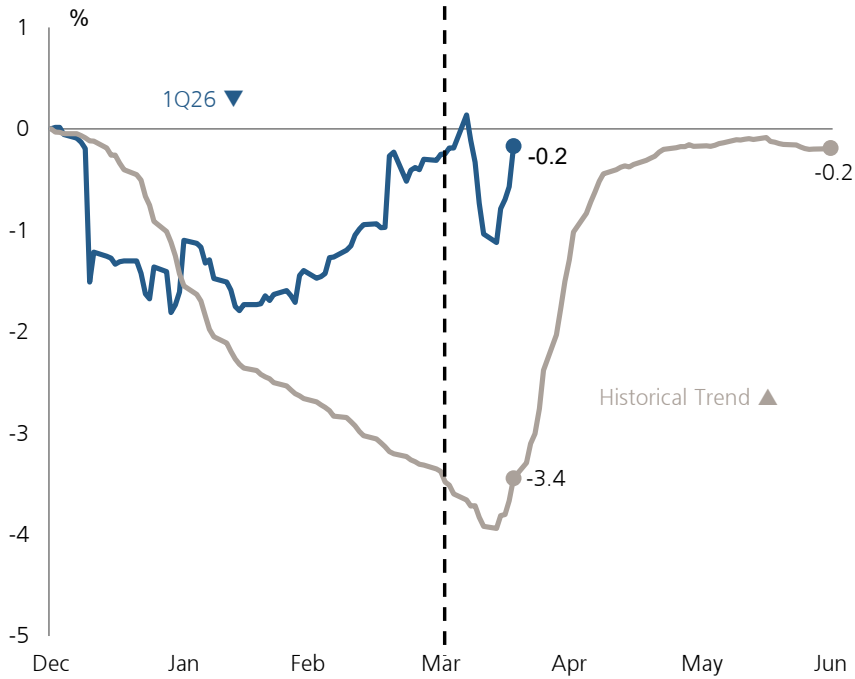
Figure 9: 2026E S&P 500 Industry Group EPS Growth YoY



Source: Standard & Poor's, Refinitiv, FactSet, UBS

EPS Revisions

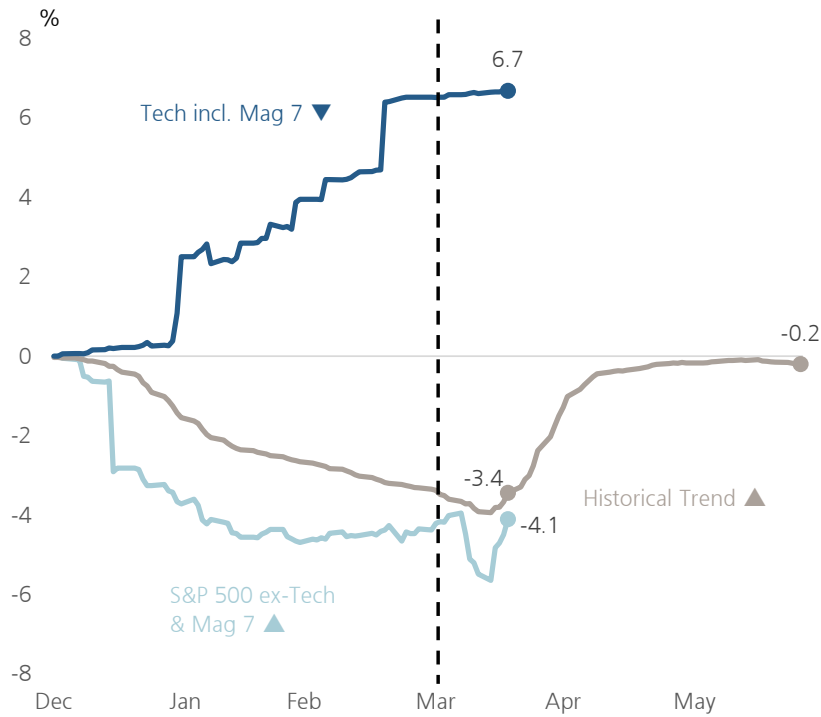
Figure 10: Consensus S&P 500 1Q26 EPS Revisions



Source: Standard & Poor's, Refinitiv, FactSet, UBS

Earnings estimates typically decline going into reporting season, and improve as results come in

Figure 11: Consensus S&P 500 1Q26 EPS Revisions



Source: Standard & Poor's, Refinitiv, FactSet, UBS

Tech+ is still a positive for S&P 500 earnings, but the overhang from ex-Tech may be subsiding



EPS Revisions

Figure 12: Consensus S&P 500 2026 EPS Revisions

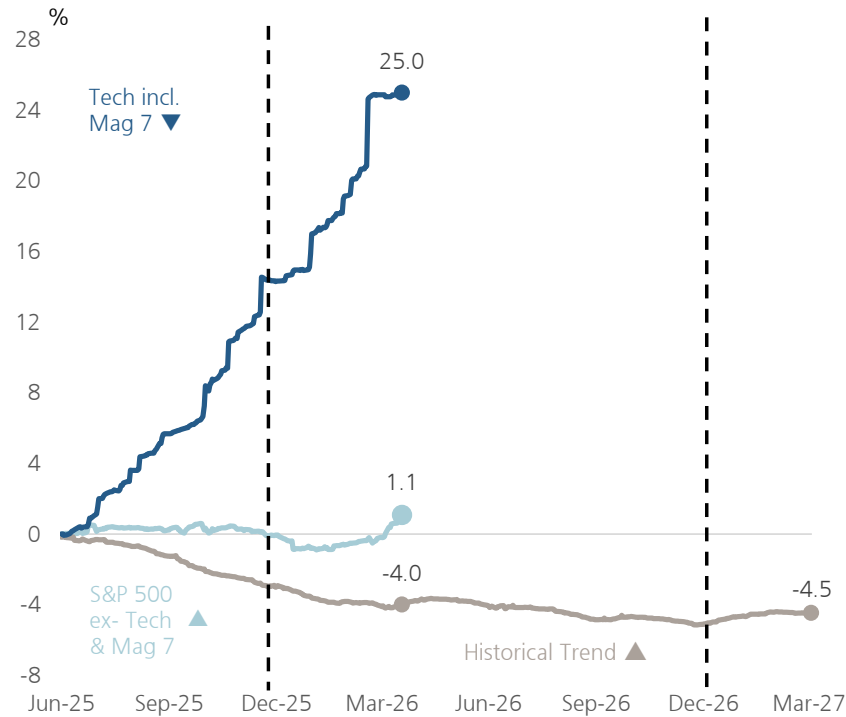
2026 revisions have started out very strong once again



Source: Standard & Poor's, Refinitiv, FactSet, UBS

Figure 13: Consensus S&P 500 2026 EPS Revisions

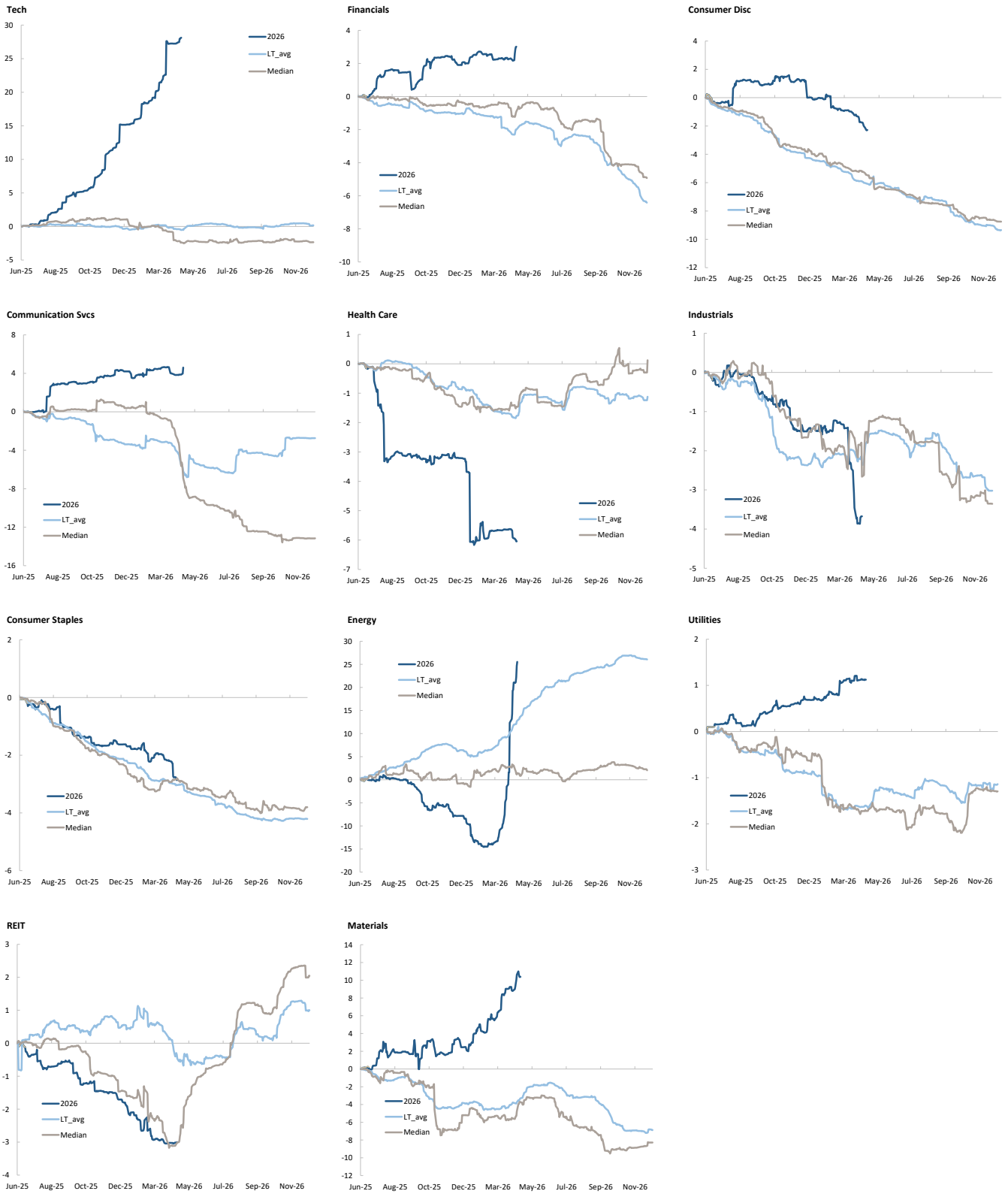
Even for ex-Tech which had been revised down -4% historically



Source: Standard & Poor's, Refinitiv, FactSet, UBS

EPS Revisions

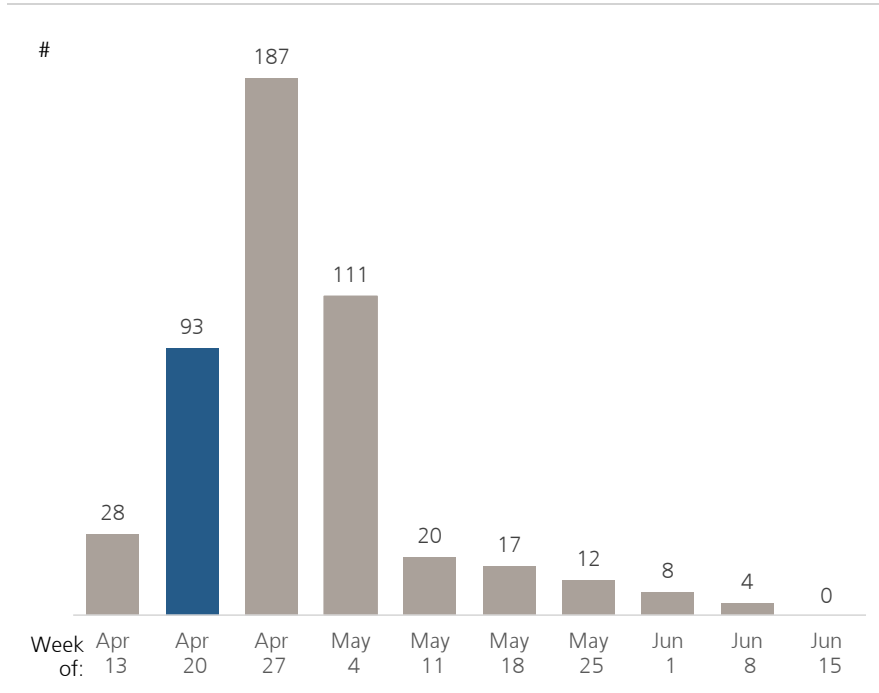
Figure 14: S&P 500 Sector 2026 EPS Revision Path vs History



Source: Standard & Poor's, Refinitiv, FactSet, UBS

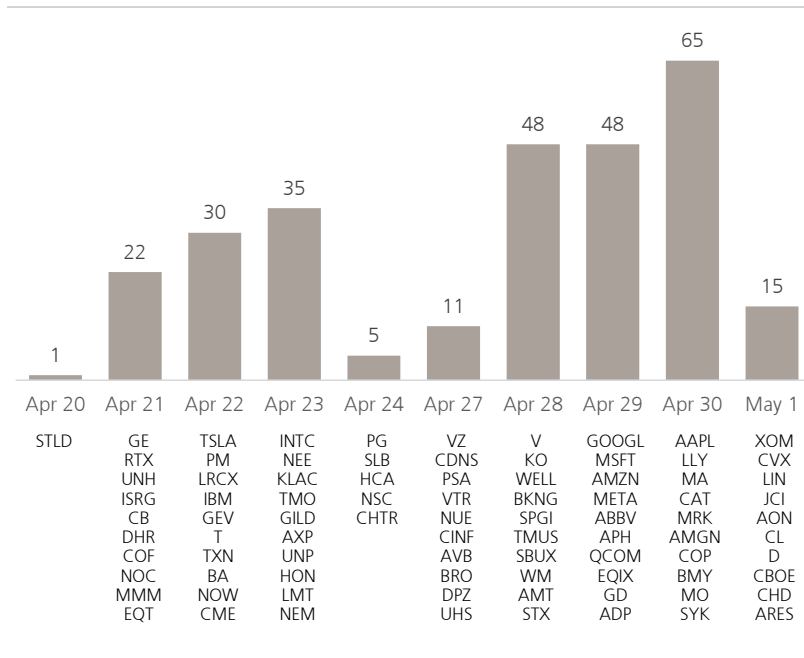
1Q26 Calendar

Figure 15: Number of Companies Reporting by Week



Source: Standard & Poor's, Bloomberg, FactSet, UBS

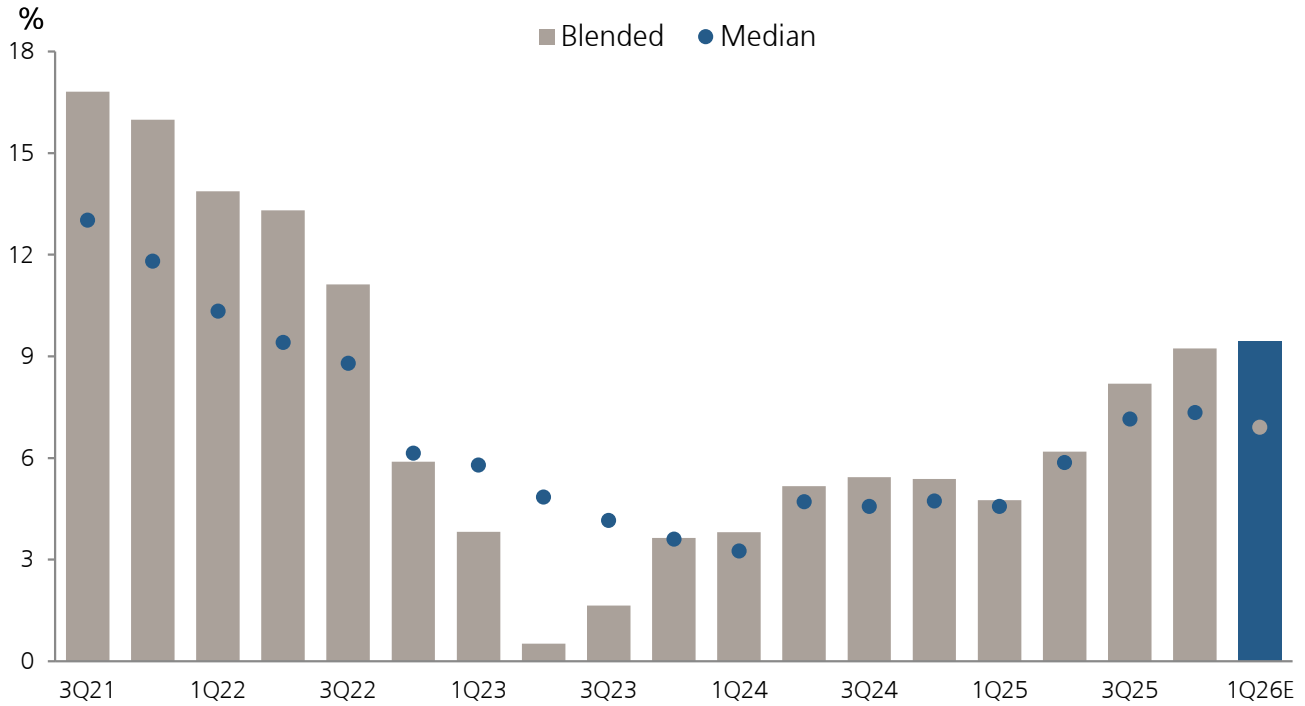
Figure 16: Key Companies Reporting Over the Next 2 Weeks



Source: Standard & Poor's, Bloomberg, FactSet, UBS
 Note: Max of 10 companies per day listed

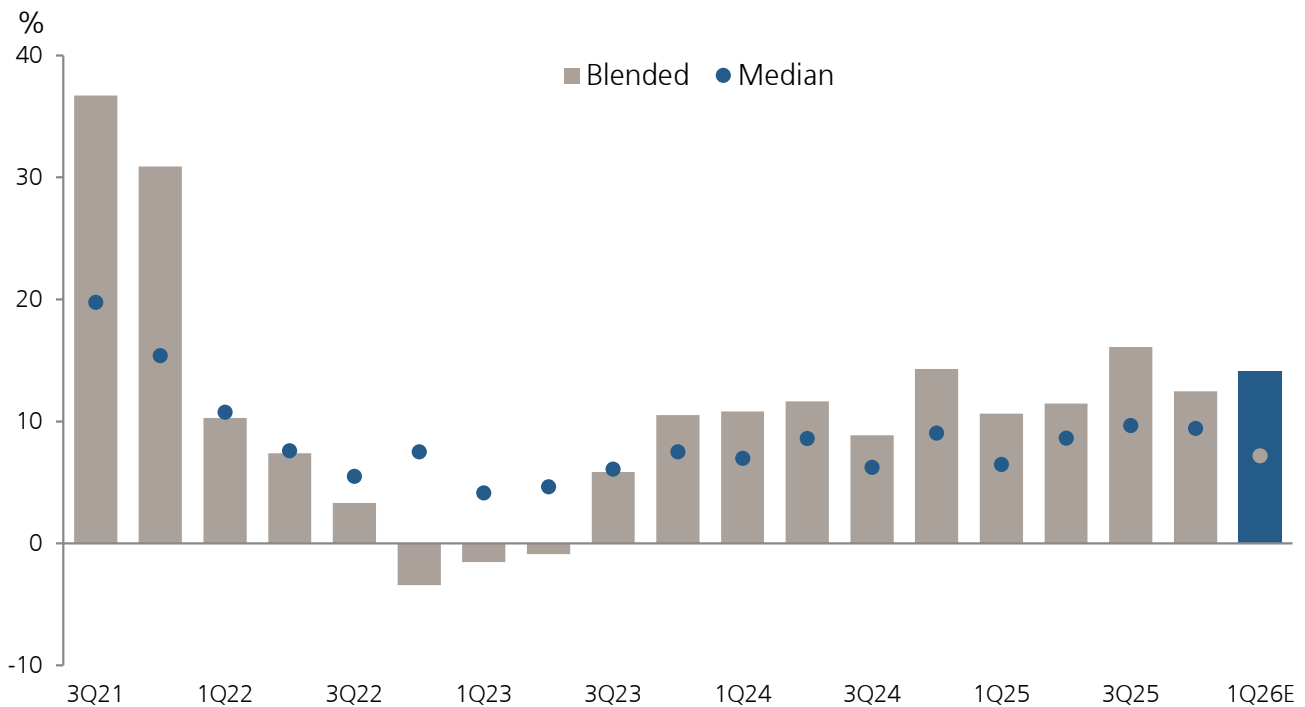
Historical Growth Trends

Figure 17: S&P 500 Revenue Growth



Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: YoY growth of current constituents; blend of unreported and reported numbers where available

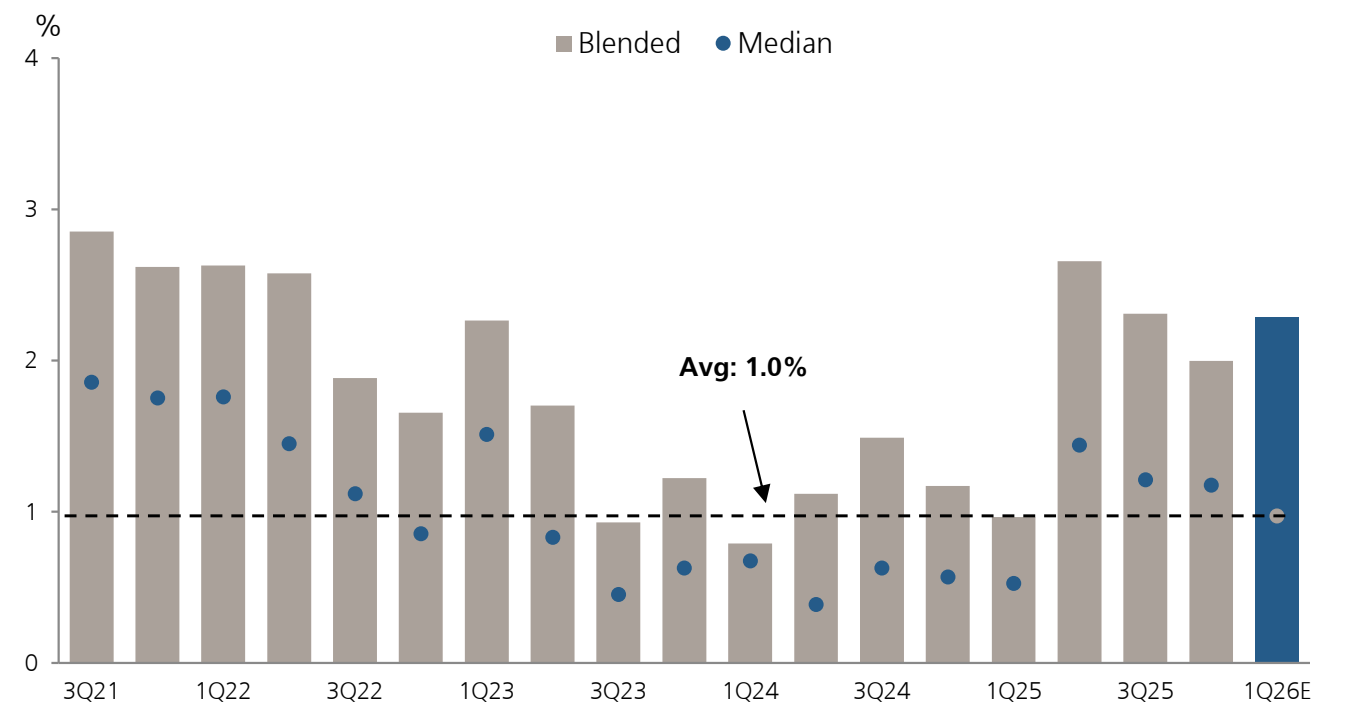
Figure 18: S&P 500 EPS Growth



Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: YoY growth of current constituents; blend of unreported and reported numbers where available

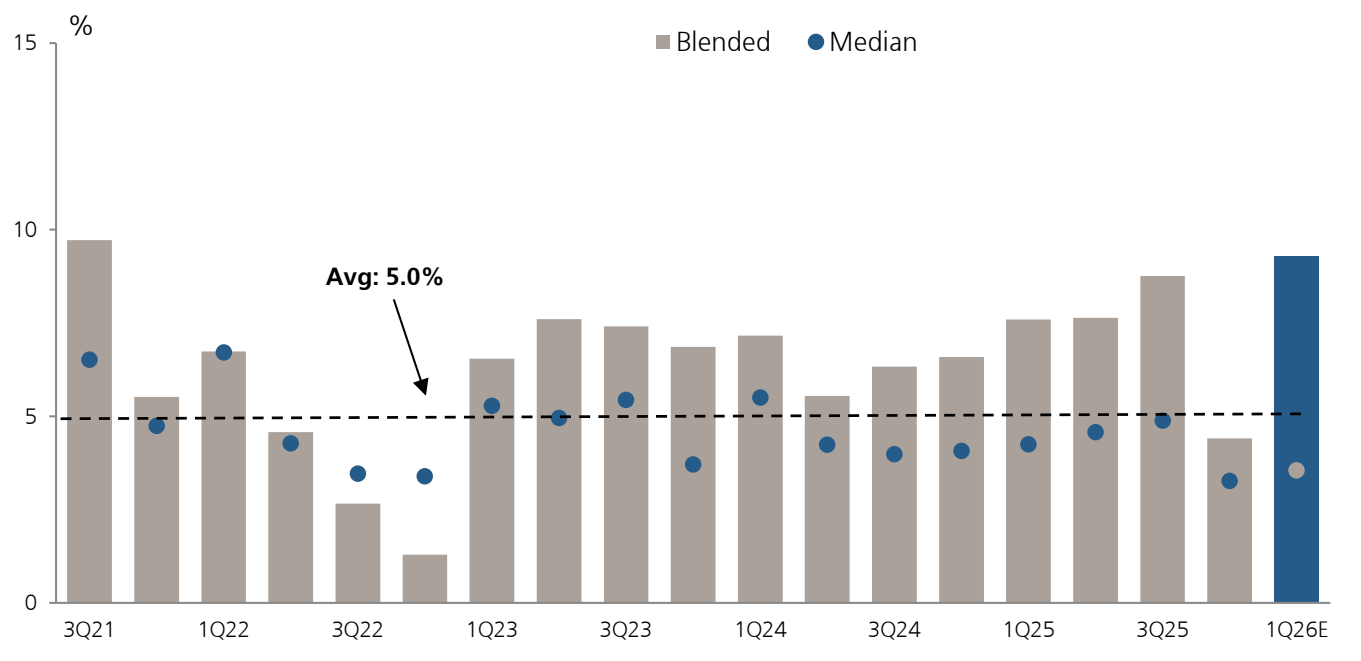
Historical Surprise Trends

Figure 19: S&P 500 Revenue Surprise



Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: Beat/Miss +/- 0.25%

Figure 20: S&P 500 Earnings Surprise



Source: Standard & Poor's, Refinitiv, FactSet, UBS
 Note: Beat/Miss +/- 1%

Historical Growth Trends

Figure 21: S&P 500 Revenue Dashboard

	Revenue Growth (%)					Revenue Surprise		
	Rptd	Total	Reptd	Unreptd	Blended	Pct (%)	% Beat	% Miss
S&P 500	49	500	12.4	9.0	9.5	2.3	78	18
TECH+	6	83	40.9	21.8	23.1	7.5	100	NA
Cyclicals	12	174	4.9	5.0	5.0	0.8	75	17
Energy	0	22	NA	3.0	3.0	NA	NA	NA
Materials	1	26	4.9	6.3	6.3	0.4	100	NA
Industrials	6	79	9.1	5.4	5.8	1.9	83	NA
Discretionary ex-AMZN	5	47	-0.5	6.3	5.6	-0.6	60	40
Non-Cyclicals	9	167	8.0	5.9	6.0	1.1	89	11
Staples	6	35	7.6	5.9	6.2	1.0	100	NA
Health Care	2	59	9.2	5.7	5.8	1.7	100	NA
Utilities	0	31	NA	8.2	8.2	NA	NA	NA
REITs	1	31	6.9	9.2	9.0	-3.9	NA	100
Telcos	0	4	NA	3.3	3.3	NA	NA	NA
Financials	22	76	10.4	5.7	7.7	1.8	68	27

Source: Standard & Poor's, Refinitiv, FactSet, UBS

Note: YoY growth of current constituents; blend of unreported and reported numbers where available; Beat/Miss +/- 0.25%.

Figure 22: S&P 500 Earnings Dashboard

	Earnings Growth (%)					Earnings Surprise		
	Rptd	Total	Reptd	Unreptd	Blended	Pct (%)	% Beat	% Miss
S&P 500	49	500	29.5	10.4	13.4	9.3	80	8
TECH+	6	83	118.2	25.0	30.5	18.2	83	17
Cyclicals	12	174	1.2	0.6	0.6	9.1	67	8
Energy	0	22	NA	-8.2	-8.2	NA	NA	NA
Materials	1	26	2.9	21.9	21.1	4.3	100	NA
Industrials	6	79	17.0	1.5	2.5	11.3	67	NA
Discretionary ex-AMZN	5	47	-18.9	0.1	-1.5	6.6	60	20
Non-Cyclicals	9	167	0.3	-5.7	-5.1	1.3	44	22
Staples	6	35	0.4	1.6	1.4	1.6	50	33
Health Care	2	59	-0.6	-13.8	-12.3	1.2	50	NA
Utilities	0	31	NA	8.4	8.4	NA	NA	NA
REITs	1	31	5.9	7.3	7.1	0.7	NA	NA
Telcos	0	4	NA	-11.1	-11.1	NA	NA	NA
Financials	22	76	21.7	20.2	21.0	8.2	100	NA

Source: Standard & Poor's, Refinitiv, FactSet, UBS

Note: YoY growth of current constituents; blend of unreported and reported numbers where available; Beat/Miss +/- 1.0%

Full Year Revisions

Figure 23: Sales

	NTM			2026			2027		
	Current	3m ago	Change (%)	Current	3m ago	Change (%)	Current	3m ago	Change (%)
S&P 500	2204.1	2133.6	3.3	2160.1	2127.0	1.6	2310.1	2277.8	1.4
Health Care	1236.0	1230.1	0.5	1216.3	1226.7	-0.8	1283.3	1303.5	-1.5
Cons Disc	706.2	698.4	1.1	691.8	696.2	-0.6	740.9	746.3	-0.7
Cons Staples	593.1	584.6	1.5	586.2	583.6	0.4	609.8	606.9	0.5
Industrials	500.3	490.1	2.1	489.7	488.6	0.2	525.8	523.0	0.5
Financials	271.8	266.2	2.1	267.4	265.5	0.7	282.2	280.5	0.6
Utilities	165.5	161.6	2.4	162.7	161.2	0.9	172.1	170.0	1.2
Materials	279.8	270.1	3.6	276.2	269.6	2.5	288.5	281.4	2.5
Real Estate	44.6	43.0	3.7	43.8	42.9	2.1	46.6	45.5	2.5
Comm Svs	104.1	100.0	4.1	101.5	99.7	1.8	110.6	107.4	3.0
Energy	556.2	505.4	10.0	561.5	504.5	11.3	543.2	524.3	3.6
Tech	786.9	711.1	10.7	750.5	706.8	6.2	874.7	805.7	8.6

Source: Standard & Poor's, Refinitiv, FactSet, UBS

Figure 24: Margins

	NTM			2026			2027		
	Current	3m ago	Change (pp)	Current	3m ago	Change (pp)	Current	3m ago	Change (pp)
S&P 500	15.4	14.6	0.8	15.0	14.6	0.4	16.3	15.7	0.5
Real Estate	33.6	34.6	-1.0	33.6	34.6	-1.0	33.6	34.7	-1.0
Cons Staples	7.1	7.1	0.0	7.0	7.1	-0.1	7.3	7.4	-0.1
Industrials	11.3	11.3	0.0	11.0	11.3	-0.3	12.1	12.1	-0.1
Utilities	15.1	15.1	0.0	15.0	15.1	-0.1	15.5	15.6	-0.1
Comm Svs	20.5	20.5	0.1	20.2	20.4	-0.2	21.3	21.6	-0.3
Cons Disc	9.7	9.6	0.1	9.4	9.6	-0.2	10.4	10.5	-0.1
Health Care	8.1	7.9	0.2	7.9	7.8	0.1	8.6	8.4	0.1
Financials	21.4	21.1	0.3	21.0	21.1	0.0	22.2	22.2	0.0
Materials	12.2	11.5	0.7	11.8	11.4	0.4	13.0	12.4	0.7
Tech	32.3	30.4	1.8	31.6	30.3	1.2	33.7	32.1	1.6
Energy	10.6	8.3	2.3	10.6	8.2	2.3	10.7	9.6	1.1

Source: Standard & Poor's, Refinitiv, FactSet, UBS

Figure 25: EPS

	NTM			2026			2027		
	Current	3m ago	Change (%)	Current	3m ago	Change (%)	Current	3m ago	Change (%)
S&P 500	339.4	312.5	8.6	324.3	310.4	4.5	376.0	358.4	4.9
Real Estate	15.0	14.9	0.7	14.7	14.8	-0.9	15.7	15.8	-0.6
Cons Staples	42.0	41.7	0.9	41.1	41.5	-1.1	44.3	44.8	-1.0
Cons Disc	68.7	67.4	2.0	65.4	66.9	-2.2	76.7	78.2	-1.9
Industrials	56.6	55.4	2.2	53.8	55.0	-2.2	63.4	63.5	-0.1
Utilities	25.0	24.4	2.7	24.4	24.3	0.4	26.6	26.5	0.4
Financials	58.1	56.2	3.4	56.3	55.9	0.6	62.5	62.3	0.4
Health Care	100.1	96.6	3.6	96.0	96.0	0.0	110.0	110.0	0.0
Comm Svs	21.4	20.5	4.5	20.5	20.3	0.8	23.5	23.1	1.6
Materials	34.0	31.0	9.9	32.6	30.8	5.8	37.5	34.8	7.9
Tech	253.9	216.3	17.4	237.0	214.4	10.6	294.7	258.8	13.9
Energy	59.0	42.0	40.6	59.4	41.6	42.7	58.2	50.4	15.5

Source: Standard & Poor's, Refinitiv, FactSet, UBS

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*The authors would like to thank **Bharat Jain** for assisting in the preparation of this research report.*

Valuation Method and Risk Statement

Equity market returns are influenced by corporate earnings, interest rates, risk premia, as well as other variables influenced by the business cycle. The outlook for any and all of these variables is subject to change.