US Equity Strategy

1Q26 Earnings Brief: May 14

Equity Strategy

Americas

Sean Simonds
Strategist
sean.simonds@ubs.com
+1-212-713 2851

Maxwell Grinacoff, CFA
Strategist
maxwell.grinacoff@ubs.com
+1-212-713 3892

Andrew Garthwaite
Strategist
andrew.garthwaite@ubs.com
+44-20-7567 4343

Gerry Fowler
Strategist
gerry.fowler@ubs.com
+44-20-7567 5490

84.0% of the S&P 500's market cap has reported. 1Q expectations are for revenues to grow 11.2% and EPS 28.4%. 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+: 59.6%
- Financials: 24.7%
- Non-Cyclicals: 1.7%
- Cyclicals ex-Energy: 15.7%
- Energy: 0.0%

The 6 largest TECH+ companies are expected to outgrow the rest of the market as a group (EPS growth 61.2% vs. 17.9%), though forecasts vary for each company:

Big 6 TECH+ Earnings Growth (Expected vs. Actual, YoY)

- **AMZN** – 1Q26E: 6.6%; 1Q26A: 81.1%
- **META** – 1Q26E: 5.5%; 1Q26A: 62.2%
- **MSFT** – 1Q26E: 17.3%; 1Q26A: 23.3%
- **GOOGL** – 1Q26E: -7.2%; 1Q26A: 80.8%
- **AAPL** – 1Q26E: 15.5%; 1Q26A: 19.1%
- **NVDA** – 1Q26E: 115.1%; 1Q26A: Wednesday 20/05

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

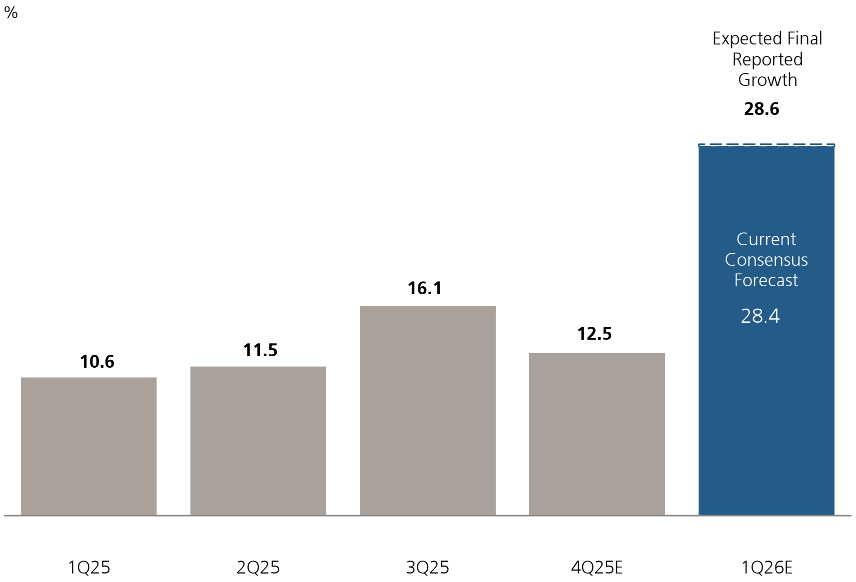
Earnings are beating estimates by 17.3% on aggregate so far, with 78% of companies topping projections to date. EPS is on pace for 28.6%, assuming the historical trend of estimate revisions through the end of reporting season.

Over the next 5 trading days, 12 companies representing 9.9% of the S&P 500's market cap will report results, including Applied Materials, Home Depot, Keysight Tech and NVIDIA.

S&P 500

Expected 1Q EPS Growth is now 28.6% YoY

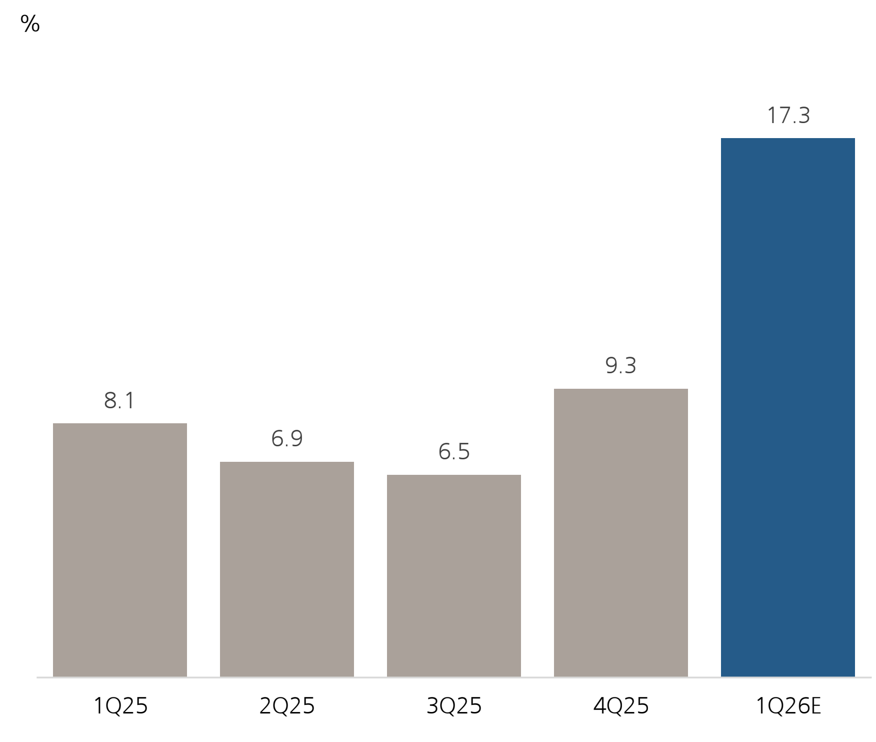
Figure 1: S&P 500 EPS Growth



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

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

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



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	**11.2**	**16.4**	**27.6**	**0.8**	**28.4**
TECH+	**25.1**	**34.1**	**59.1**	**0.5**	**59.6**
Big 6 TECH+	24.9	35.9	60.7	0.5	61.2
Rest of TECH+	25.3	30.3	55.7	0.4	56.1
Cyclicals	**7.1**	**3.5**	**10.5**	**1.3**	**11.8**
Cyclicals ex-Energy	8.0	5.7	13.8	2.0	15.7
Energy	4.4	-3.8	0.6	-0.7	0.0
Materials	10.0	31.4	41.4	0.8	42.2
Industrials	8.2	-0.8	7.4	1.6	9.0
Discretionary ex-AMZN	7.3	6.2	13.5	2.9	16.4
Non-Cyclicals	**7.4**	**-6.2**	**1.2**	**0.5**	**1.7**
Staples	6.7	-0.5	6.2	0.8	7.0
Health Care	7.0	-11.7	-4.7	0.9	-3.8
Health Care ex-MRK	*7.0*	*1.0*	*8.0*	*1.0*	*8.9*
Utilities	13.7	3.9	17.6	-1.9	15.7
REITs	11.8	-6.0	5.8	-1.7	4.1
Telcos	4.2	-9.4	-5.1	2.0	-3.1
Financials	**9.7**	**13.7**	**23.4**	**1.3**	**24.7**
S&P 500 ex-TECH+	*7.6*	*2.6*	*10.2*	*0.9*	*11.1*
S&P 500 ex-Energy	*11.8*	*17.1*	*28.8*	*0.9*	*29.7*
S&P 500 ex-Financials	*11.4*	*17.1*	*28.5*	*0.7*	*29.2*

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	**456**	**500**	**2.2**	**15.1**	**17.3**	**1.7**	**4.0**	**5.7**
TECH+	**65**	**83**	**2.6**	**31.0**	**33.5**	**1.8**	**4.0**	**5.9**
Cyclicals	**161**	**174**	**2.3**	**11.6**	**13.8**	**1.8**	**4.8**	**6.6**
Energy	22	22	1.6	17.3	18.9	4.0	10.5	14.5
Materials	26	26	3.6	13.7	17.3	3.6	7.4	11.1
Industrials	76	79	2.6	3.4	6.0	1.7	4.3	6.0
Discretionary ex-AMZN	37	47	2.1	20.9	22.9	2.1	20.9	22.9
Non-Cyclicals	**154**	**167**	**1.7**	**6.0**	**7.8**	**1.8**	**2.3**	**4.2**
Staples	26	35	1.1	5.0	6.1	1.7	5.0	6.7
Health Care	55	59	1.2	9.4	10.6	1.8	4.3	6.1
Utilities	31	31	6.8	1.4	8.3	4.9	-1.7	3.2
REITs	31	31	2.4	-3.5	-1.1	1.0	0.2	1.3
Telcos	4	4	0.9	6.0	6.9	0.7	6.9	7.6
Financials	**76**	**76**	**2.7**	**3.8**	**6.4**	**0.6**	**3.4**	**4.0**

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

Price Action

Figure 5: S&P 500 Price Action

Current

%		Revenue Surprises: Beats	Revenue Surprises: Hits/Misses	
EPS Surprises	Beats	1.2	-0.5	0.8
	Hits/Misses	-1.7	-2.8	-2.2
		0.7	-1.4	

Historical Average

%		Revenue Surprises: Beats	Revenue Surprises: Hits/Misses	
EPS Surprises	Beats	1.7	-0.4	0.9
	Hits/Misses	-1.4	-3.1	-2.4
		1.1	-1.5	

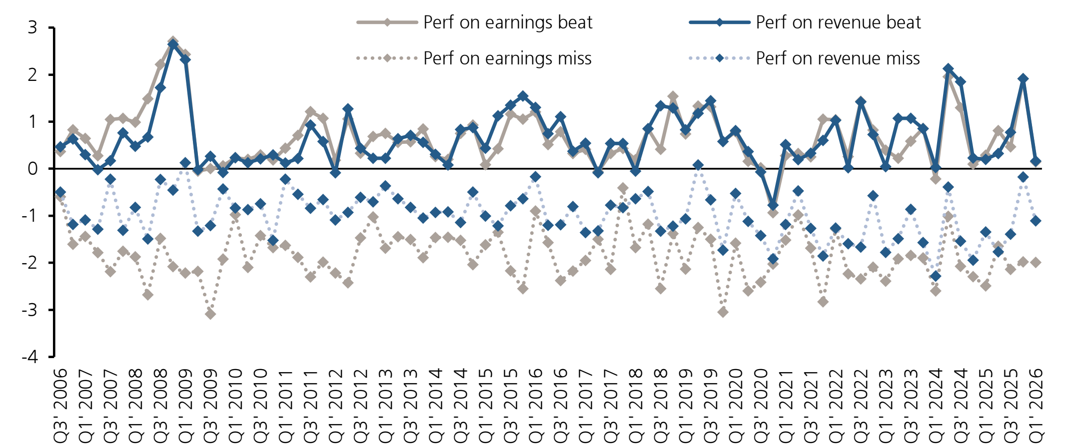
Source: Standard & Poor's, Refinitiv, FactSet, UBS
Note: Surprises calculated based on revenue beat/miss by +/- 0.25%, earnings beat/miss by +/- 1%. Price performance -1 to +1 days

Figure 6: S&P 500 Price Action Table

	Price Action (%)				
		EPS Beat with		EPS Miss with	
	Overall	Rev Beat	Rev Miss	Rev Beat	Rev Miss
S&P 500	**0.2**	**1.2**	**-0.5**	**-1.7**	**-2.8**
TECH+	**1.5**	**1.7**	**4.5**	**-8.4**	**11.9**
Cyclicals	**0.1**	**0.5**	**-0.4**	**0.3**	**-2.9**
Energy	-0.6	0.0	-1.7	0.6	-2.8
Materials	0.8	0.9	-1.7	1.9	NA
Industrials	1.0	1.6	0.7	-1.9	-1.2
Discretionary ex-AMZN	-1.9	-2.9	-0.6	1.3	-5.6
Non-Cyclicals	**0.1**	**1.8**	**-1.4**	**-2.2**	**-4.7**
Staples	1.7	2.8	-5.0	-0.2	-2.2
Health Care	-0.3	2.0	-2.8	-9.7	-11.6
Utilities	-0.6	-0.7	0.1	-1.1	0.5
REITs	0.4	2.1	-1.4	0.8	-1.4
Telcos	3.8	4.6	1.4	NA	NA
Financials	**-0.4**	**0.6**	**-1.3**	**0.1**	**-2.4**

Source: Standard & Poor's, Refinitiv, FactSet, UBS
Note: Surprises calculated based on revenue beat/miss by +/- 0.25%, earnings beat/miss by +/- 1%. Price performance -1 to +1 days

Figure 7: Relative 1d price performance (median %, current reported)



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

EPS Growth

Figure 8: 1Q26 EPS Growth YoY

	EPS	
	Weighted	Median
S&P 500	**28.4**	**12.9**
TECH+	**59.6**	**26.2**
Cyclicals	**11.8**	**11.4**
Energy	0.0	16.0
Materials	42.2	8.5
Industrials	9.0	12.0
Discretionary ex-AMZN	16.4	8.3
Non-Cyclicals	**1.7**	**7.3**
Staples	7.0	6.6
Health Care	-3.8	9.6
Utilities	15.7	7.5
REITs	4.1	2.4
Telcos	-3.1	-2.2
Financials	**24.7**	**20.0**

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 4 out of 11 groups

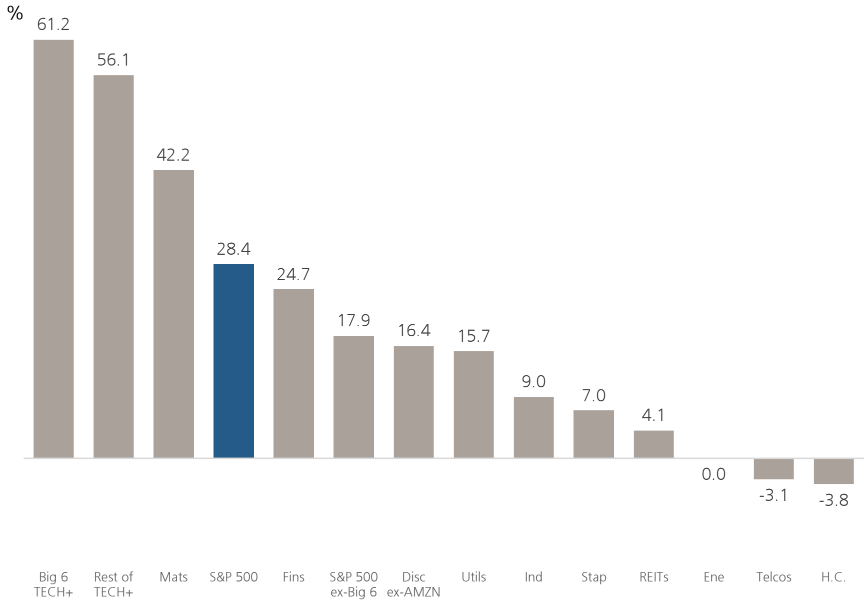
On a median basis, Tech+ and Financials are expected to see the strongest growth

Earnings – Growth

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

Energy is expected to be a drag

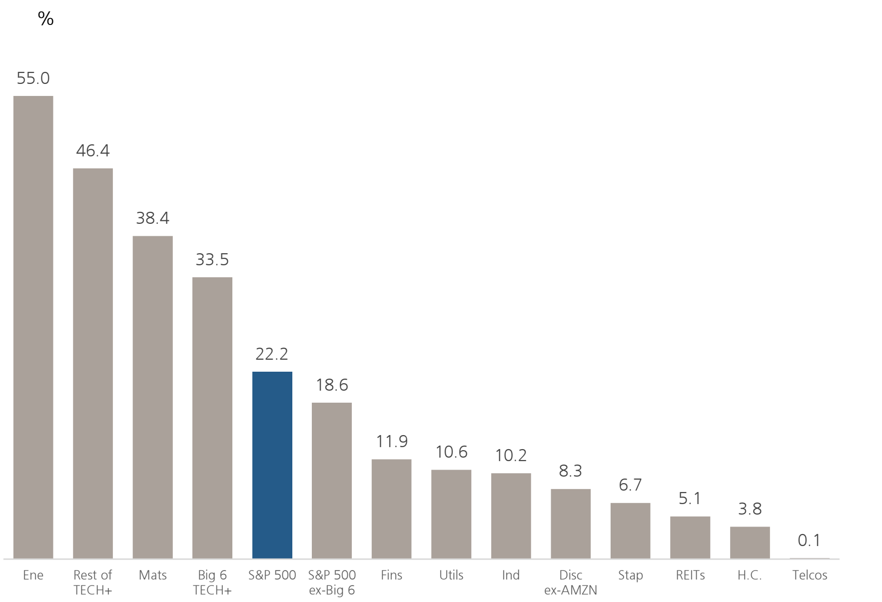
Figure 9: 1Q26 S&P 500 EPS Growth YoY



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

S&P 500 is expected to grow at 22.2% based on consensus estimates

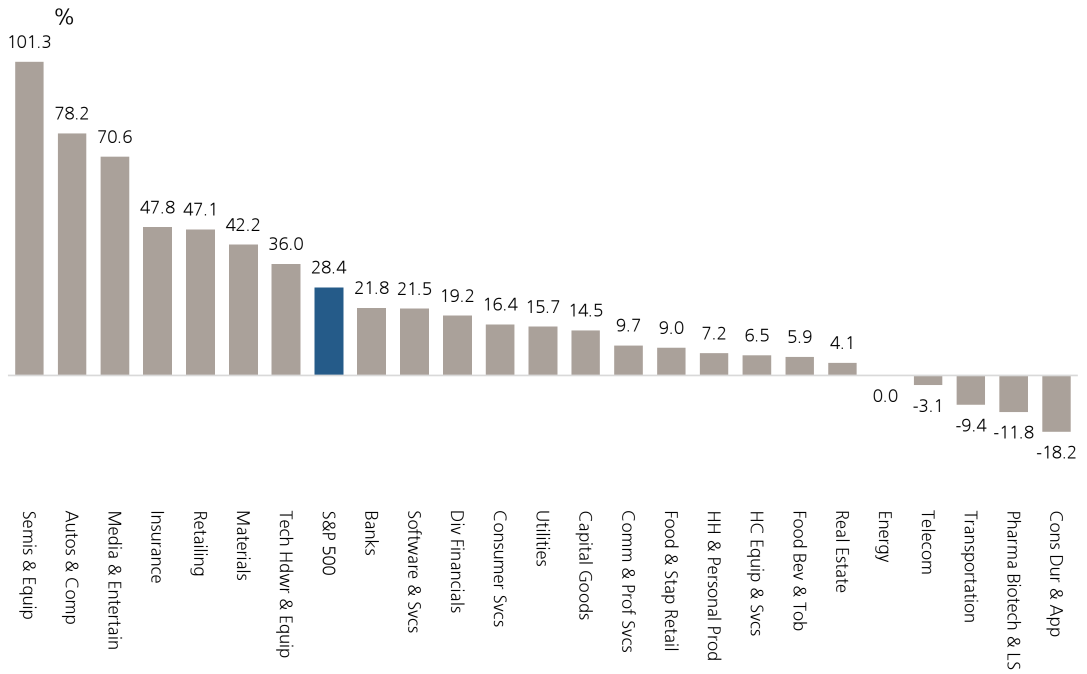
Figure 10: 2026E S&P 500 EPS Growth YoY



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

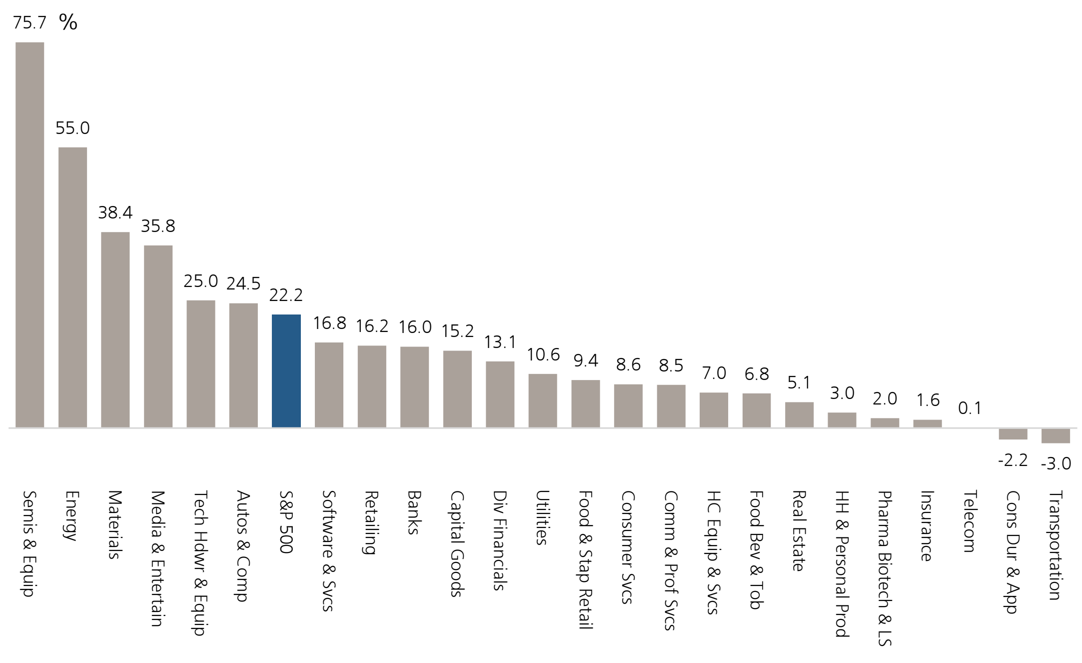
EPS Growth - Industry Group

Figure 11: 1Q26E S&P 500 Industry Group EPS Growth YoY



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

Figure 12: 2026E S&P 500 Industry Group EPS Growth YoY

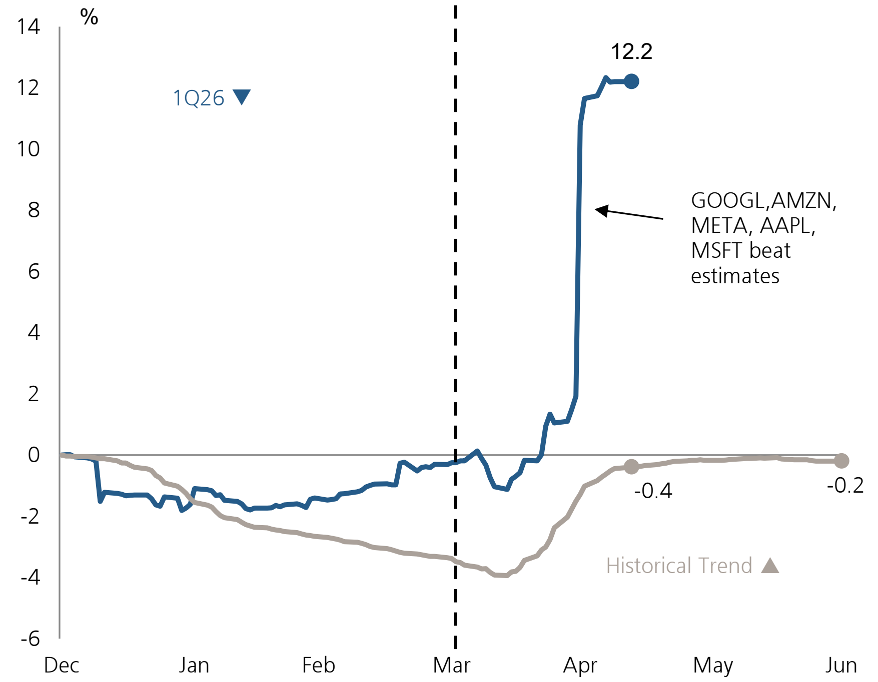


Source: Standard & Poor's, Refinitiv, FactSet, UBS

EPS Revisions

Figure 13: Consensus S&P 500 1Q26 EPS Revisions

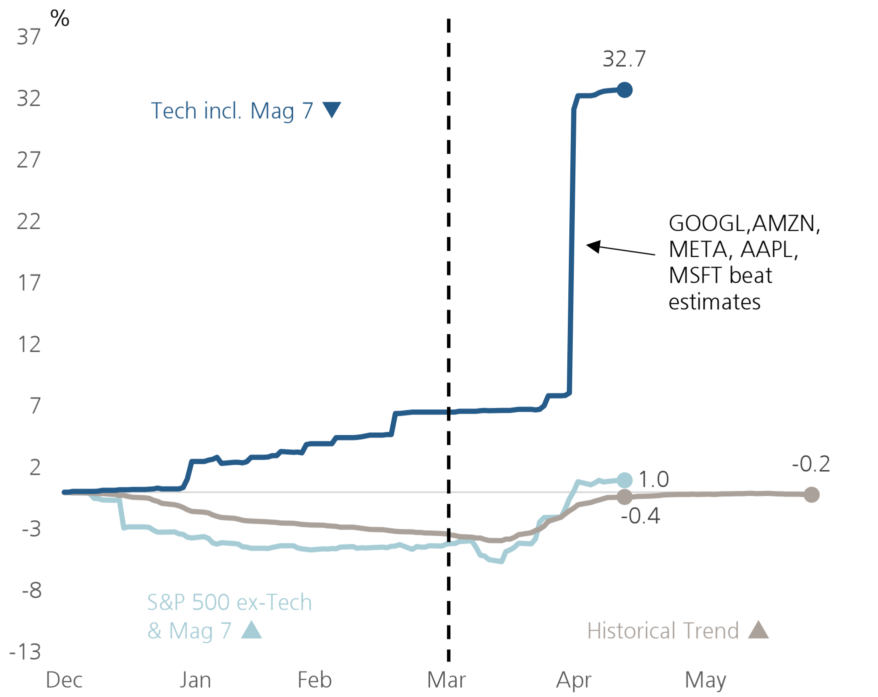
Earnings estimates typically decline going into reporting season, and improve as results come in



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

Figure 14: Consensus S&P 500 1Q26 EPS Revisions

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

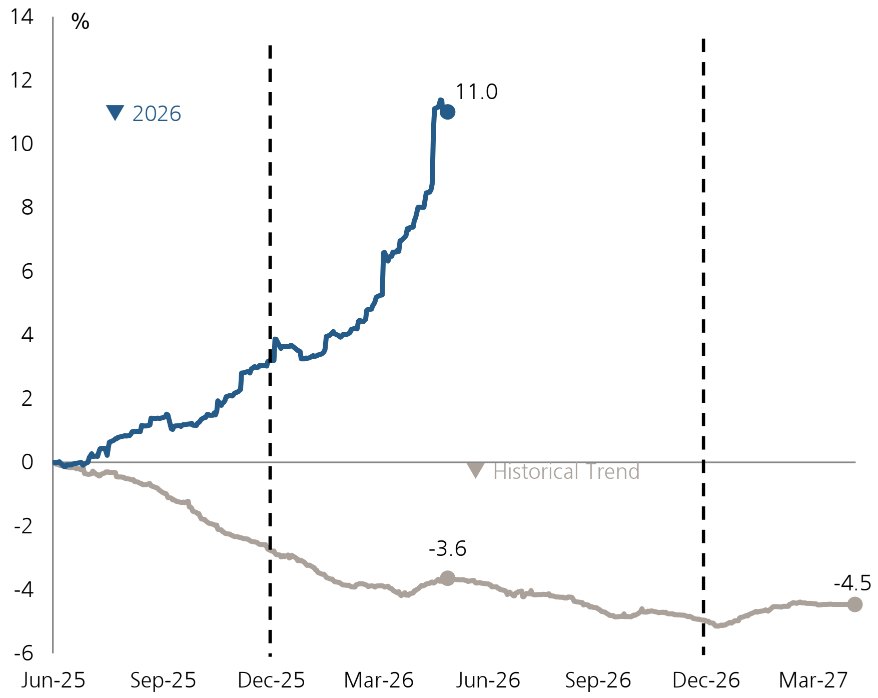


Source: Standard & Poor's, Refinitiv, FactSet, UBS

EPS Revisions

Figure 15: Consensus S&P 500 2026 EPS Revisions

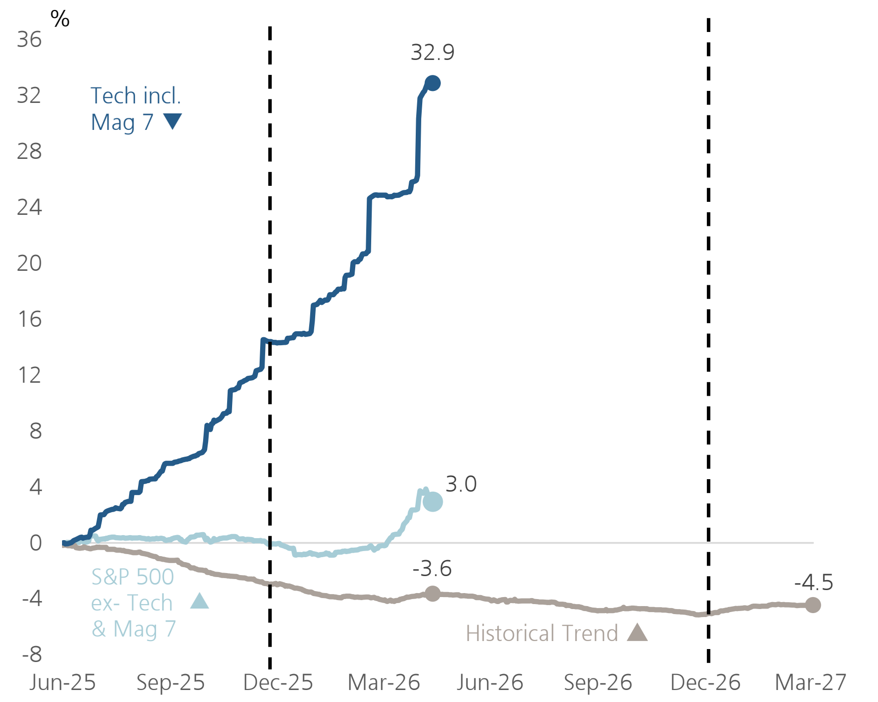
2026 revisions have started out very strong once again



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

Figure 16: Consensus S&P 500 2026 EPS Revisions

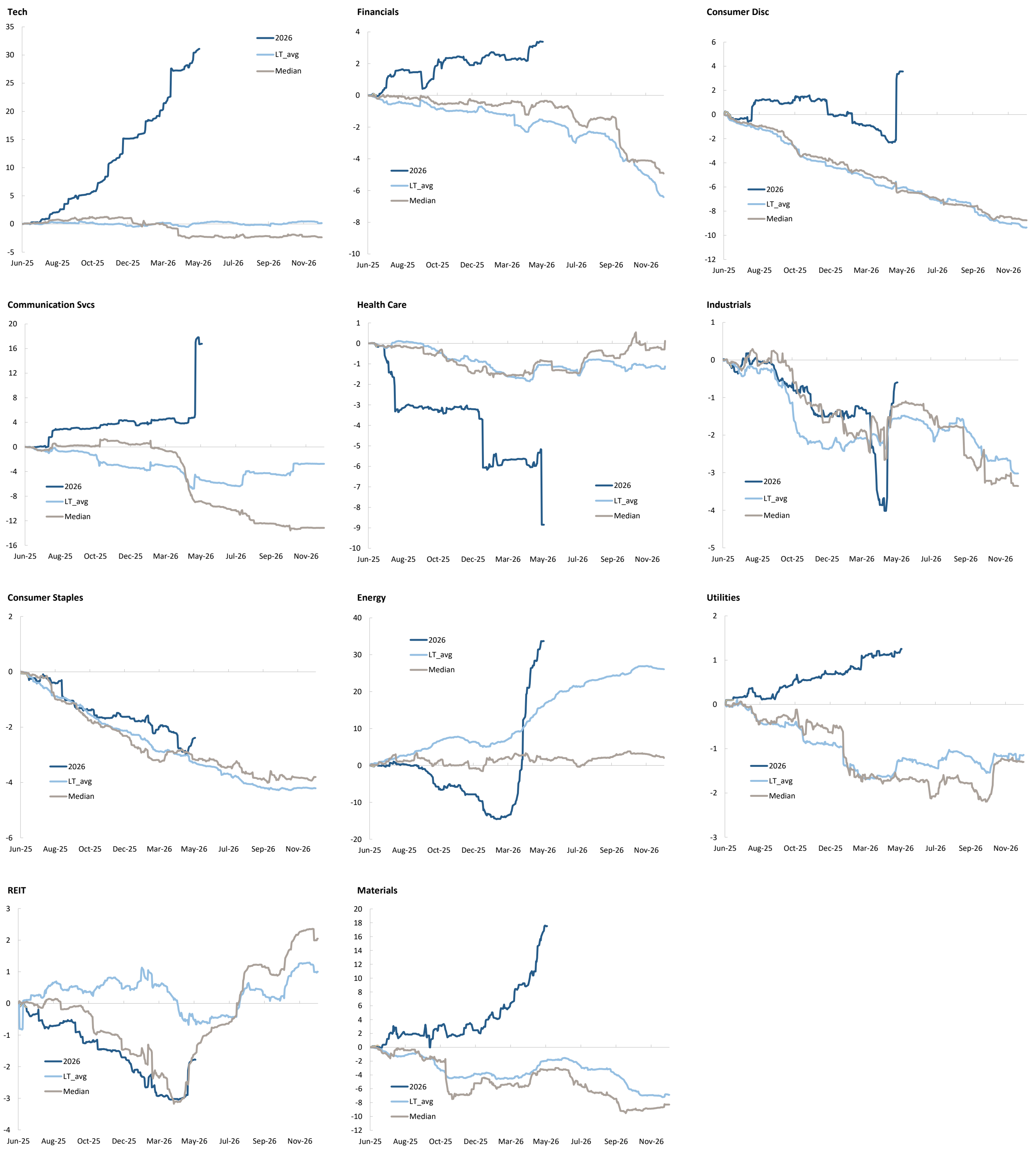
Even for ex-Tech which had been revised down -4% historically



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

EPS Revisions

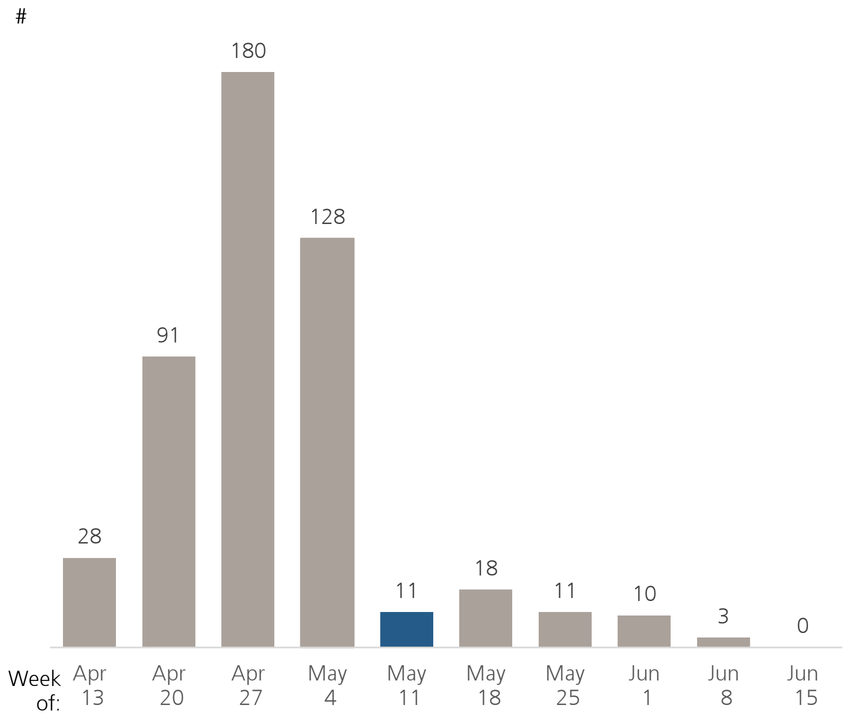
Figure 17: S&P 500 Sector 2026 EPS Revision Path vs History



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

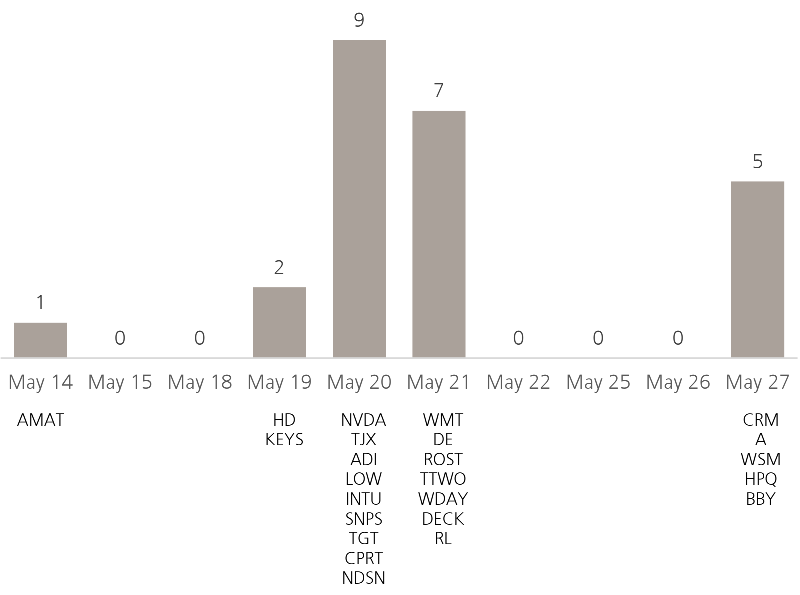
1Q26 Calendar

Figure 18: Number of Companies Reporting by Week



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

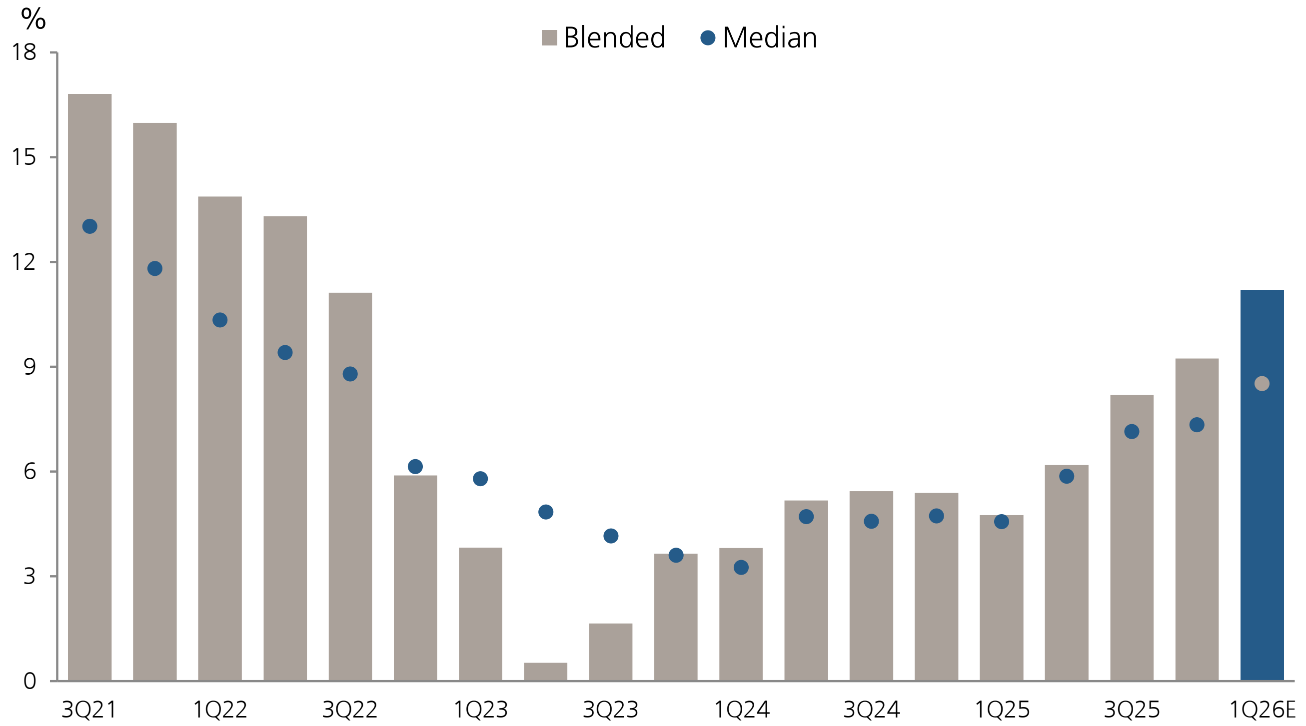
Figure 19: Key Companies Reporting Over the Next 2 Weeks



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

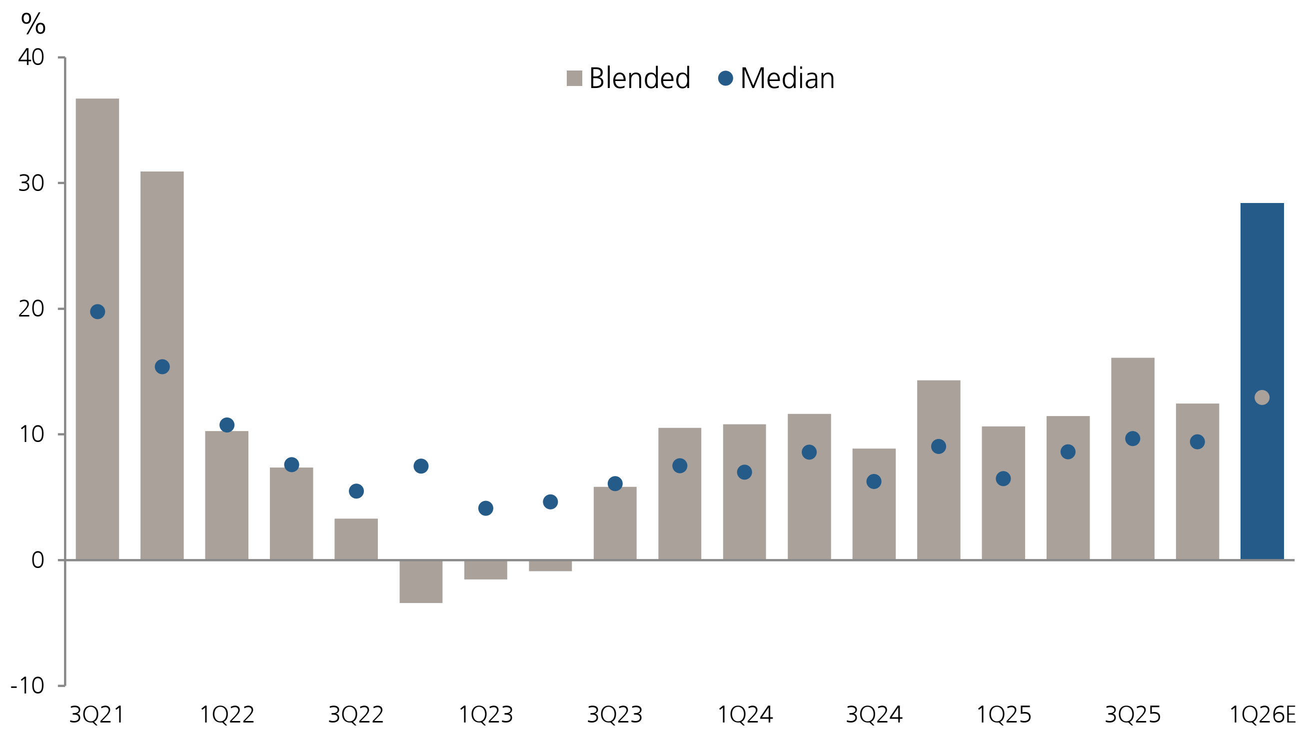
Historical Growth Trends

Figure 20: 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

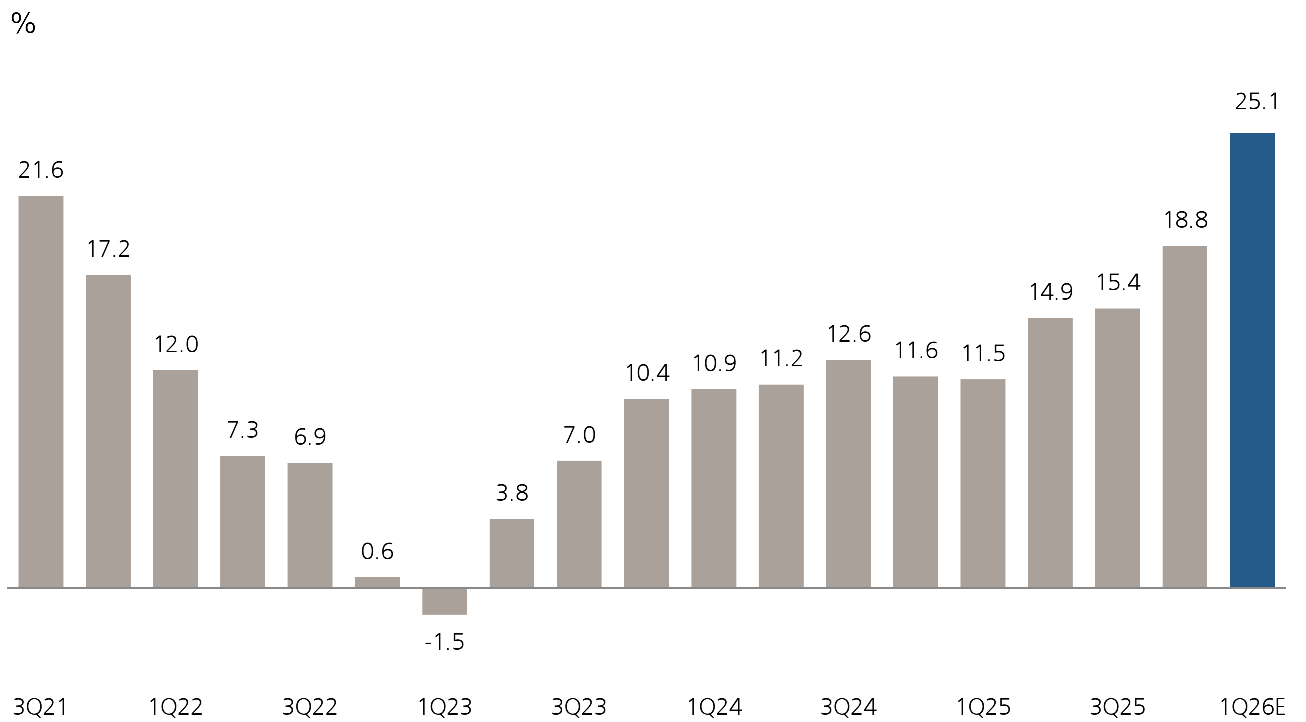
Figure 21: S&P 500 EPS Growth



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

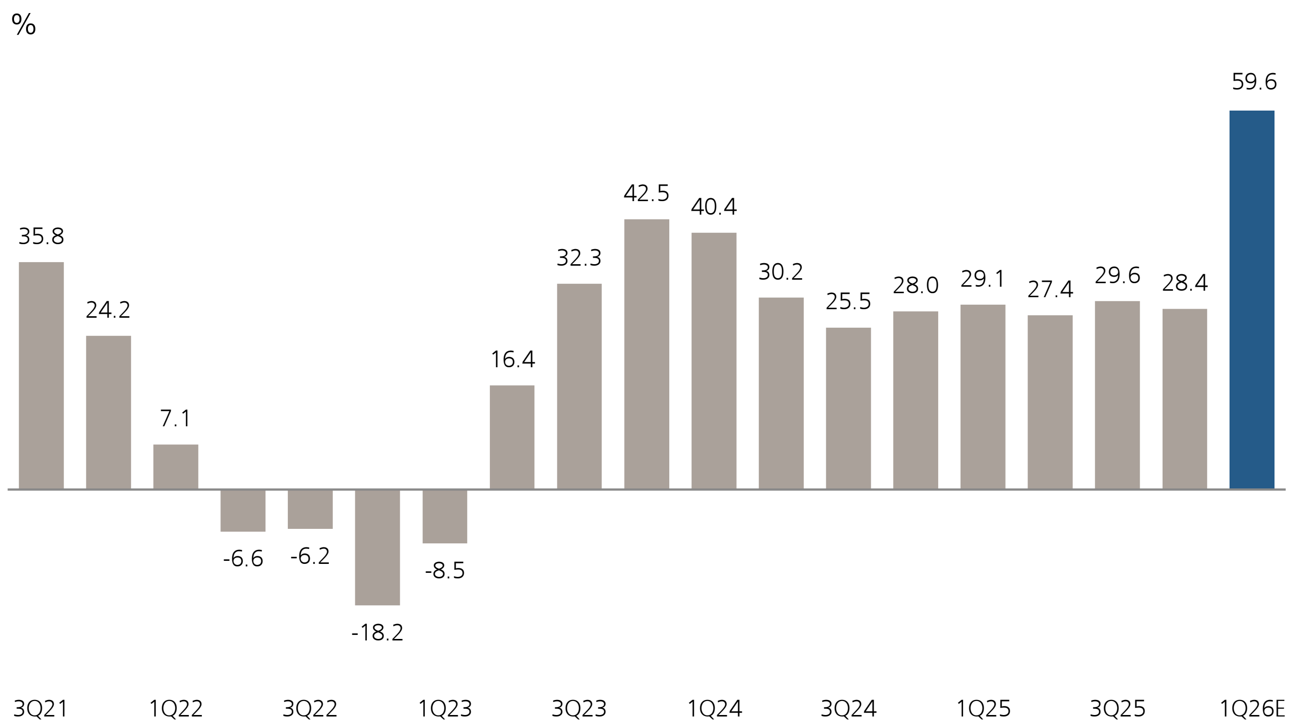
Historical Growth Trends

Figure 22: Tech+ Revenue Growth



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

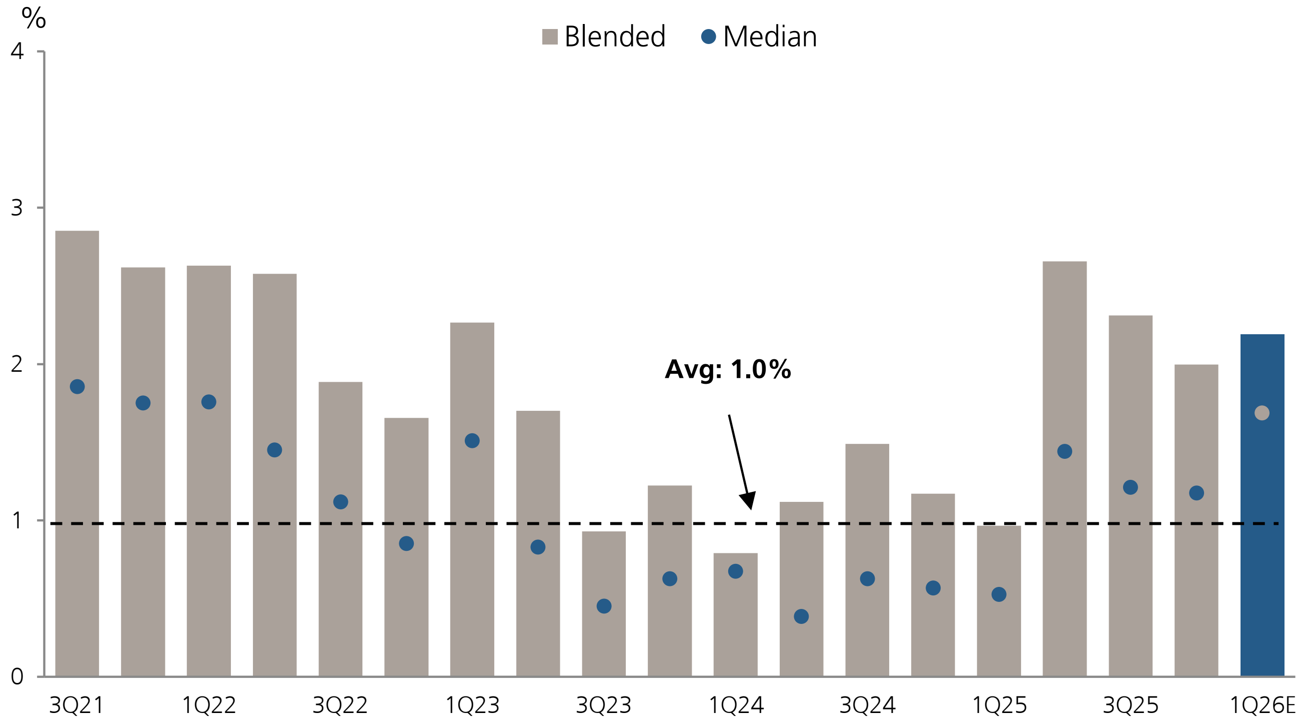
Figure 23: Tech+ EPS Growth



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

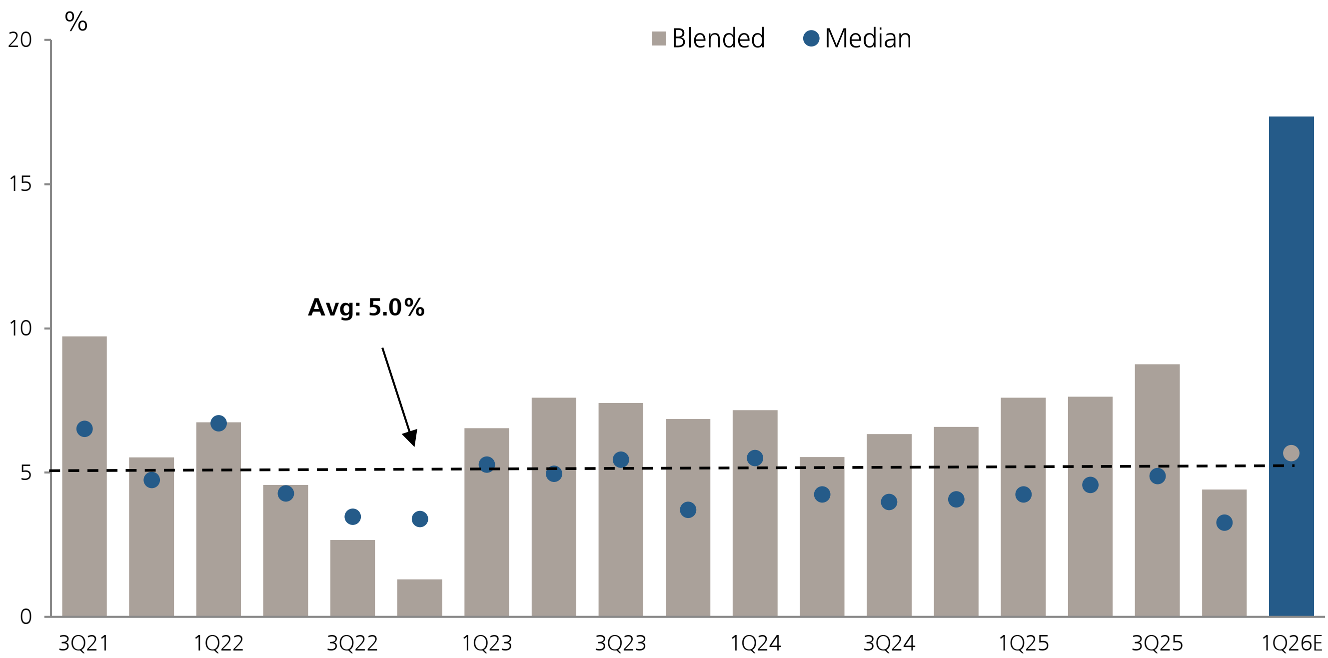
Historical Surprise Trends

Figure 24: S&P 500 Revenue Surprise



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

Figure 25: S&P 500 Earnings Surprise



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

Historical Growth Trends

Figure 26: S&P 500 Revenue Dashboard

			Revenue Growth (%)			Revenue Surprise		
	Rptd	Total	Reptd	Unreptd	Blended	Pct (%)	% Beat	% Miss
S&P 500	**456**	**500**	**10.5**	**17.2**	**11.2**	**2.2**	**74**	**18**
TECH+	**65**	**83**	**21.2**	**43.5**	**25.1**	**2.6**	**86**	**5**
Cyclicals	**161**	**174**	**7.2**	**5.7**	**7.1**	**2.3**	**75**	**17**
Energy	22	22	4.4	NA	4.4	1.6	68	27
Materials	26	26	10.0	NA	10.0	3.6	85	12
Industrials	76	79	8.3	3.0	8.2	2.6	79	11
Discretionary ex-AMZN	37	47	7.8	6.1	7.3	2.1	65	27
Non-Cyclicals	**154**	**167**	**7.9**	**4.0**	**7.4**	**1.7**	**77**	**16**
Staples	26	35	8.9	3.7	6.7	1.1	88	4
Health Care	55	59	6.9	7.8	7.0	1.2	80	16
Utilities	31	31	13.7	NA	13.7	6.8	74	23
REITs	31	31	11.8	NA	11.8	2.4	61	23
Telcos	4	4	4.2	NA	4.2	0.9	75	25
Financials	**76**	**76**	**9.7**	**NA**	**9.7**	**2.7**	**55**	**33**

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 27: S&P 500 Earnings Dashboard

			Earnings Growth (%)			Earnings Surprise		
	Rptd	Total	Reptd	Unreptd	Blended	Pct (%)	% Beat	% Miss
S&P 500	**456**	**500**	**24.8**	**49.6**	**27.6**	**17.3**	**78**	**11**
TECH+	**65**	**83**	**55.5**	**72.4**	**59.1**	**33.5**	**88**	**5**
Cyclicals	**161**	**174**	**12.2**	**-3.2**	**10.5**	**13.8**	**77**	**12**
Energy	22	22	0.6	NA	0.6	18.9	73	18
Materials	26	26	41.4	NA	41.4	17.3	77	4
Industrials	76	79	8.5	-10.5	7.4	6.0	82	9
Discretionary ex-AMZN	37	47	20.6	-1.3	13.5	22.9	70	19
Non-Cyclicals	**154**	**167**	**1.1**	**2.5**	**1.2**	**7.8**	**73**	**13**
Staples	26	35	6.5	4.7	6.2	6.1	85	8
Health Care	55	59	-4.8	-2.1	-4.7	10.6	84	9
Utilities	31	31	17.6	NA	17.6	8.3	65	13
REITs	31	31	5.8	NA	5.8	-1.1	52	23
Telcos	4	4	-5.1	NA	-5.1	6.9	100	NA
Financials	**76**	**76**	**23.4**	**NA**	**23.4**	**6.4**	**79**	**12**

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 28: Sales

	NTM			2026			2027		
	Current	3m ago	Change (%)	Current	3m ago	Change (%)	Current	3m ago	Change (%)
S&P 500	**2239.0**	**2154.1**	**3.9**	**2184.1**	**2135.6**	**2.3**	**2336.0**	**2289.1**	**2.1**
Health Care	1236.7	1235.5	0.1	1214.3	1227.3	-1.1	1276.2	1295.4	-1.5
Cons Staples	594.9	586.5	1.4	586.1	583.7	0.4	610.5	607.0	0.6
Financials	273.9	268.4	2.0	268.6	266.6	0.8	283.1	281.3	0.6
Industrials	509.0	496.9	2.4	495.7	492.6	0.6	532.5	528.2	0.8
Cons Disc	718.9	700.9	2.6	699.9	694.9	0.7	752.4	744.4	1.1
Real Estate	45.0	43.8	2.8	43.9	43.4	1.1	46.9	46.4	1.0
Utilities	166.6	160.7	3.7	163.5	159.5	2.5	172.0	168.7	1.9
Comm Svs	106.4	102.6	3.7	102.8	101.5	1.3	112.7	110.6	2.0
Materials	286.0	272.6	4.9	282.7	271.1	4.3	291.9	283.2	3.1
Tech	813.7	731.9	11.2	764.5	719.4	6.3	900.6	823.0	9.4
Energy	576.1	503.9	14.3	586.8	500.8	17.2	557.3	526.1	5.9

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

Figure 29: Margins

	NTM			2026			2027		
	Current	3m ago	Change (pp)	Current	3m ago	Change (pp)	Current	3m ago	Change (pp)
S&P 500	**15.7**	**14.8**	**0.9**	**15.3**	**14.6**	**0.6**	**16.4**	**15.8**	**0.6**
Real Estate	33.7	34.0	-0.3	33.9	34.1	-0.2	33.5	33.8	-0.3
Utilities	15.1	15.3	-0.1	14.9	15.2	-0.3	15.5	15.7	-0.2
Cons Staples	7.1	7.1	0.0	7.0	7.1	-0.1	7.3	7.4	-0.1
Health Care	8.1	7.9	0.1	7.7	7.9	-0.2	8.7	8.5	0.2
Industrials	11.5	11.3	0.3	11.2	11.2	0.0	12.1	12.0	0.0
Financials	21.4	21.1	0.3	21.0	21.0	0.0	22.1	22.2	-0.1
Cons Disc	10.1	9.6	0.5	9.9	9.5	0.4	10.4	10.4	0.0
Materials	12.6	11.7	0.9	12.3	11.6	0.7	13.0	12.6	0.4
Comm Svs	22.0	20.3	1.7	22.3	20.1	2.1	21.6	21.3	0.4
Tech	32.5	30.7	1.8	31.7	30.5	1.2	33.7	32.3	1.4
Energy	10.8	8.2	2.6	10.8	8.1	2.7	10.9	9.2	1.6

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

Figure 30: EPS

	NTM			2026			2027		
	Current	3m ago	Change (%)	Current	3m ago	Change (%)	Current	3m ago	Change (%)
S&P 500	**351.4**	**318.3**	**10.4**	**333.5**	**312.4**	**6.7**	**383.2**	**361.3**	**6.1**
Cons Staples	42.4	41.9	1.2	41.3	41.5	-0.5	44.5	44.8	-0.8
Health Care	99.6	98.0	1.7	93.1	96.4	-3.3	111.0	109.9	1.0
Real Estate	15.2	14.9	1.9	14.9	14.8	0.6	15.7	15.7	0.2
Utilities	25.2	24.6	2.7	24.4	24.3	0.4	26.7	26.6	0.5
Financials	58.7	56.7	3.5	56.5	55.9	0.9	62.7	62.5	0.3
Industrials	58.6	56.0	4.7	55.5	54.9	1.0	64.2	63.6	1.0
Cons Disc	72.5	67.5	7.4	69.3	66.1	4.8	78.1	77.1	1.3
Comm Svs	23.4	20.8	12.5	22.9	20.5	11.9	24.4	23.5	3.7
Materials	35.9	31.8	12.8	34.7	31.3	10.9	38.0	35.7	6.5
Tech	264.5	225.0	17.5	242.5	219.5	10.5	303.3	265.6	14.2
Energy	62.3	41.4	50.3	63.2	40.4	56.3	60.5	48.5	24.8

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

Please contact us to be added to our daily distribution list.

*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.