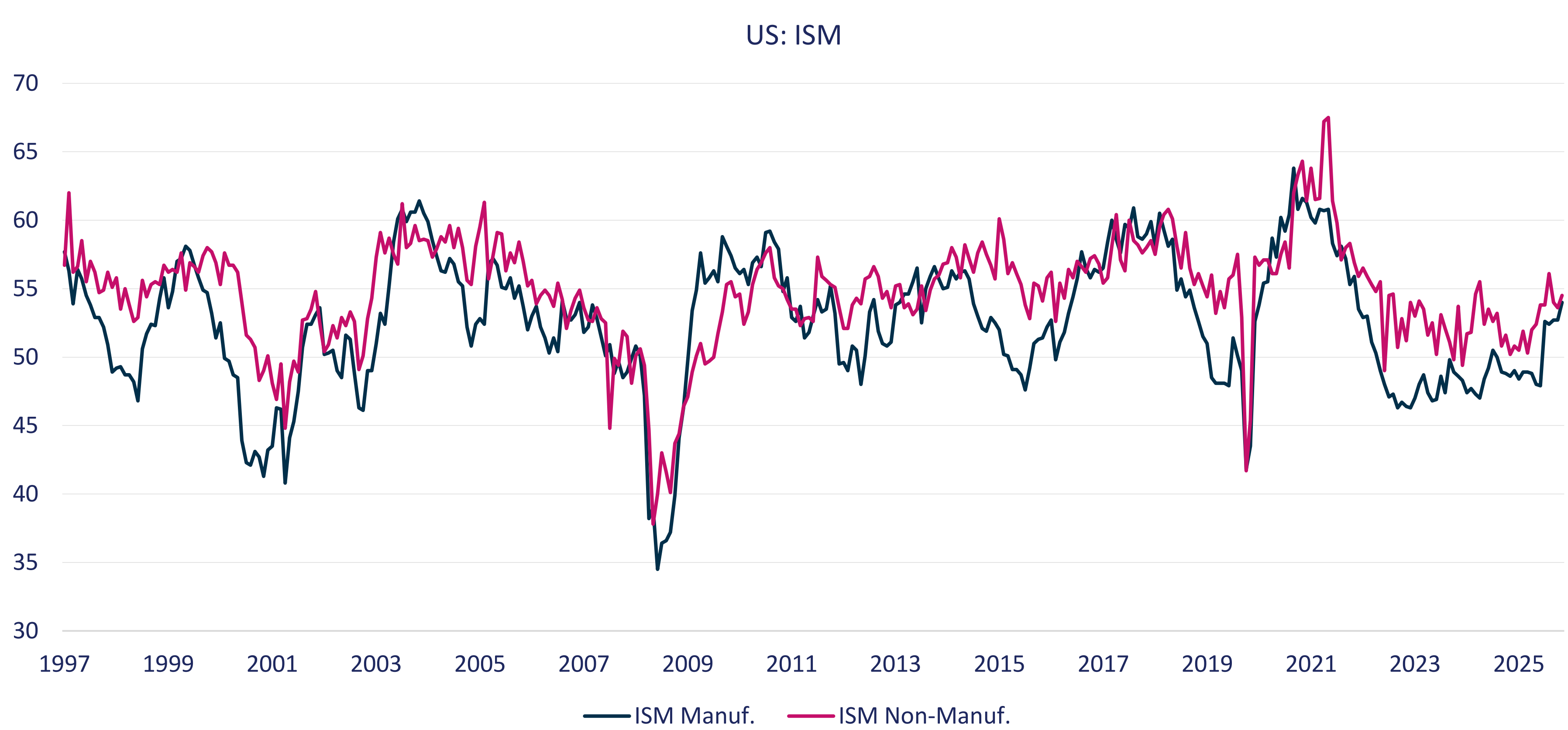
Sumus' Version

June 2026

Markets had a very strong Q2 performance driven primally by an exceptional earnings growth. The scenario is still positive, with the earnings momentum solid and an easing of inflation pressures after the come back of oil prices. Looking at expected earnings, the momentum is broad based within sectors and geographical areas.

Last quarter equity markets had an impressive rally, with the S&P500 up 14.9%, STOXX Europe up 11.4% and the MSCI World in euro up 14.6%.
This even in a macro environment characterized by a spike in oil price which led to a pickup of inflation and a change of attitude by the Central Banks. The ECB and the BOJ increased their reference interest rates and the Fed moved from and easing bias to a tightening bias.
There are three explanations for this movement:

1) The expectation that the war in Iran would soon come to an end, allowing oil prices to quickly return to pre-war levels, an assumption that markets seem to have priced correctly.
2) Growth in the US proved to be resilient, supported by the huge investments in AI. The data of ISM indexes point to a service sector still at a high level while the manufacturing sector is improving with the index at the highest since May 2022.



3) Earnings growth was much better than expected in Q1 (+26% vs. +12%) and expectations increased significantly for full year 2026 to +24%.

In the second half of the year, we expect:

1) A continuation of the strong earnings momentum.
2) Inflation pressures easing allowing the Central Banks to be not too hawkish.

The scenario is still favorable for equity markets.

Earnings growth in the US is exceptional for the Energy and IT sectors, but it is good for all the other sectors (except for Health Care).

Source Yardeni

Looking to different geographical markets, again earnings growth looks solid everywhere.
Even in Europe, where GDP growth is expected weak this year, the earnings momentum is strong.

	EPS growth (%change)			
	2025E	2026E	2027E	2028E
MSCI Europe	(0.4)	17.1	10.4	10.1
S&P 500	13.5	24.0	17.4	13.9
Topix	11.0	10.7	11.6	10.2
MSCI EM	10.2	56.1	19.7	10.7
MSCI AC World	10.2	26.1	15.7	12.2

Source JPM

In conclusion, the scenario is positive for the equity markets in general and not so dependent by the AI boom.

Sumus Investment Committee