



The market fog could be starting to lift. (UBS)

Five reasons US equities are Attractive

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The fog is lifting: while we anticipate volatility and signs of economic weakness on the road to tariff agreements, especially with China, the path from here seems clearer. We outline below five reasons we find US equities Attractive.

The door has been opened for constructive bilateral tariff negotiations with President Trump's pause on the implementation of "reciprocal" tariffs, although there is still likely to be a variety of changes and developments from here.

Here are five reasons why the Chief Investment Office (CIO) thinks US equities are Attractive with a 6–12-month view:

1. A more favorable economic environment under selective rather than universal tariffs
2. Prospect of an eventual initiation of trade negotiations with China
3. Shift in focus toward pro-growth fiscal policy
4. Potential trigger of a Fed put in the event of further market dislocations
5. Historically strong performance following momentum sell-offs

The tariff-induced slowdown in economic activity, as well as the higher costs, will lead to a slowdown in corporate profit growth. We have already accounted for this in our expectations for no profit growth this year with a 2025 S&P 500 EPS estimate of USD 250. But the economy should rebound next year as businesses and consumers adjust to the tariffs, with an assist from Fed rate cuts and certainty on tax policy. We look for EPS of USD 275 (10% growth) in 2026.

So while we expect equity markets to remain choppy, the risk-reward for stocks is looking more appealing, especially now that we know that President Trump is attuned to the risks from his tariff policies. We maintain our year-end 2025 S&P 500 price target of 5,800.

For more, see our latest [Signal over noise #7: In defense of US exceptionalism—five reasons US equities are Attractive](#), 14 April, 2025.

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