(UBS)

Earnings season should reinforce view that the bull market remains intact

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US-China trade tensions have dominated headlines in recent days, with the US administration calling Beijing's expansion of rare earth export controls a threat to the global supply chain, and President Donald Trump saying he might stop trade in cooking oil with China. These remarks came after China sanctioned US units of a South Korean shipping giant and threatened more retaliatory measures in response to US curbs on the Chinese shipping sector.

US equities have regained some poise this week, recouping more than half of the 2.7% loss sustained on Friday when Trump threatened fresh tariffs on Chinese imports. Treasury Secretary Scott Bessent on Wednesday suggested the possibility of extending the US-China trade truce, and the third-quarter earnings season is off to a good start with solid results from US banks and several tech firms.

Early reporters typically provide a good indication of how the rest of the earnings season will play out, and we expect another good reporting period ahead, which could be a catalyst for US equities overall.

We believe the third-quarter earnings season will reinforce our view that the bull market remains intact. We estimate S&P 500 earnings per share growth to modestly improve from 8% in the second quarter to 10% in the third quarter. Investors should ensure they have adequate allocation to equities, especially in areas exposed to transformational innovation opportunities such as *AI, Power and resources*, and *Longevity*.

Original report – **Third-quarter earnings may offer a positive catalyst for stocks, 16 October 2025.**

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