



While CIO expects volatility to pick up in the near term amid a range of macro uncertainties, favorable fundamentals should continue to support global equities' next leg up. (UBS)

Robust earnings growth should underpin further gains in US stocks

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Global stock markets advanced at the start of the week despite macro uncertainty. The gains come even as the backdrop appears far from conducive to risk sentiment.

European officials remain divided on potential peacekeeping plans in Ukraine, while the region's growth looks uneven amid political uncertainty. US President Donald Trump's proposed tariffs would have a significant impact across the globe, while government funding negotiations in Congress have stalled ahead of a key 14 March deadline to prevent a shutdown.

But we continue to favor global equities in our portfolios, and view the US and Asia ex-Japan markets as Attractive.

- **Robust earnings growth should underpin further gains in US stocks.** We continue to believe that eventual US tariffs are likely to be targeted measures rather than blanket levies given the White House's focus on growth and lower inflation. We therefore see room for the US equity rally to continue, supported by a resilient economy, healthy earnings, AI tailwinds, and monetary policy easing. Fourth quarter results so far suggest corporate profits are on track to grow by around 10% for the three-month period, and we expect another 9% growth in earnings for 2025. Investors have also moved past the initial DeepSeek scare in January, with big tech's commitment to AI investments and improving monetization trends reinforcing our confidence in the broader AI story.

So while we expect volatility to pick up in the near term amid a range of macro uncertainties, favorable fundamentals should continue to support global equities' next leg up. Investors can consider capital preservation strategies to manage downside risks.

Original report: [Global stocks can extend rally despite uncertainty, 18 February 2025.](#)

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