



Lower rates, solid earnings, and innovation tailwinds should continue to support further gains for US equities, but selectivity and risk management remain key. (UBS)

Can the US bull market continue its record run?

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With the long-awaited Fed rate cut finally a reality, investors now need to see if the US bull market can sustain its recent momentum. Historically, Fed easing cycles, especially those not accompanied by recession, have provided a favorable backdrop for equities.

Despite some signs of labor market cooling, the broader economic picture remains positive. The Atlanta Fed GDPNow estimate points to 3.3% third-quarter growth, while retail sales rose 5% year over year in August.

Corporate earnings growth has been robust, with S&P 500 profits up 8% in the second quarter, well ahead of initial expectations, and the vast majority of companies beat their sales estimates. Looking ahead, the Chief Investment Office (CIO) expects S&P 500 EPS growth of 8.0% in 2025 and 7.5% in 2026, supported by strong balance sheets and ongoing AI-driven investment. CIO's base case sees the S&P 500 reaching 6,800 by June 2026, though they acknowledge the current environment appears to be pricing something closer to our bull case scenario, which, if sustained, could see the S&P trade as high as 7,500 by mid-2026.

There are reasons for some near-term caution. Valuations are now elevated, with the S&P 500's forward P/E at 22.6x, near the top of its 20-year range, and market concentration remains high: The Magnificent 7 are expected to contribute more than two-thirds of S&P 500 EPS growth next year. After such a strong run, a period of consolidation would not be surprising. With this in mind, CIO recommends phasing into equities and using potential market dips to add exposure to preferred areas, particularly sectors benefiting from transformational innovation such as AI, power and resources, and longevity. Within US equities, CIO favors tech, health care, utilities, and financials. Lower rates, solid earnings, and innovation tailwinds should continue to support further gains for US equities, but selectivity and risk management remain key.



For more on why CIO believes the bull market remains intact, please see UBS GWM CIO Mark Haefele's latest [Monthly Letter](#).

Original report: [Weekly Global: What to watch in the week ahead, 22 September 2025](#).

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