The Bar Is Set High

The Week Ahead – 17 July 2026

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Pole vaulters know that even the slightest touch can bring the bar down. During the second-quarter earnings season, companies and investors may find themselves facing a similar challenge. Even a strong jump may not be enough if the bar has been set a little too high.

One indication that expectations may be elevated in certain areas can be found in analysts' behaviour during the quarter. Under normal circumstances, they tend to lower their earnings estimates as a reporting period progresses. This pattern did not hold in the recently completed second quarter of 2026. Since 31 March, analysts have raised their earnings forecasts for the constituents of the S&P 500 to such an extent that estimated index earnings have increased by 3.4%. This marks the strongest upward revision during a reporting quarter since 2021 (see Chart of the Week). A significant share of these upgrades has been driven by the energy sector, which benefited from the temporary surge in oil prices. At the same time, optimism surrounding the technology sector remains firmly intact.

Companies themselves appear to have laid the groundwork for these upward revisions. In the US, the number of positive pre-announcements reached a record high, with the vast majority originating from the technology sector. Parts of the industry continue to experience a boom, fuelled by the enormous investment wave surrounding artificial intelligence (AI).

More broadly, US companies continue to benefit from robust revenue growth and near-record profit margins. As a result, S&P 500 earnings are expected to rise by well over 20% year-on-year in the second quarter. Europe is some

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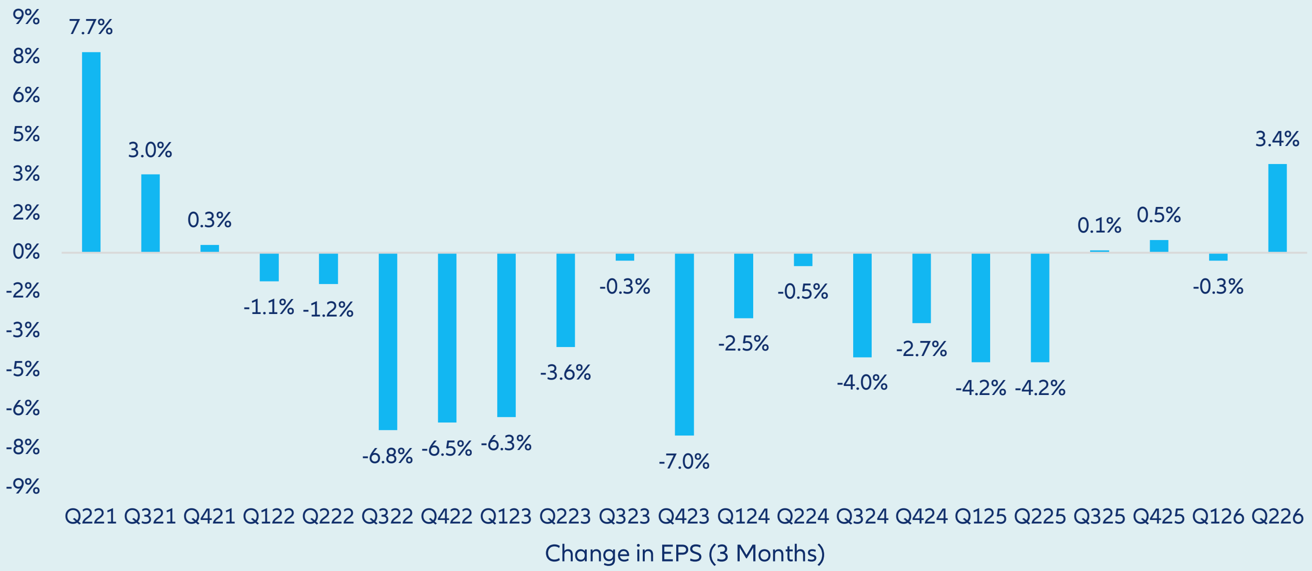

Source: AllianzGI Global Economics & Strategy, Factset Earnings Insight, as of July 2, 2026.

way from matching such growth rates. More modest revenue growth and lower profit margins compared with the US continue to constrain earnings momentum. Nevertheless, earnings for the STOXX 600 are also expected to increase by around 14% year-on-year. Compared with recent quarters, that would represent a strong outcome. Here too, the energy sector is providing meaningful support.

The most dynamic growth rates by far, however, are likely to be recorded in Asia, albeit among only a handful of companies. For Korean and Taiwanese suppliers to the AI industry, earnings are expected to multiply even compared with the previous quarter.

With so much optimism already priced into certain sectors, even minor disappointments could be punished severely. Keeping this in mind may help investors navigate the coming weeks. From a macroeconomic perspective, the optimistic outlook is not without foundation. Recent sentiment and economic indicators have surprised on the upside, while resilient growth in global trade has often served as a reliable signal of strong earnings growth in the past.

The Week Ahead

The European Central Bank's (ECB) interest-rate decision on Thursday and the flash PMI readings on Friday will be the key events in the week ahead.

Against the backdrop of recently volatile energy prices and other sources of uncertainty, the ECB's communication will be scrutinised closely, although a change in interest rates appears unlikely. From a monetary-policy perspective, the market's attention is likely to shift increasingly towards the US Federal Reserve, where a rate hike at the end of July cannot be ruled out.

As for the purchasing managers' indices, the key question is whether and, if so, by how much they can continue to improve in the face of the renewed conflict in the Middle East.

Upcoming political events 2026

- 22–23 July: EZB Central Bank Meeting
- 28–29 July: FED Central Bank Meeting
- 30 July: BoE Central Bank Meeting
- 30–31 July: BoJ Central Bank Meeting
- 30–31 July: G20 Finance Ministers meeting

Also due next week are Germany's ZEW economic sentiment survey and UK labour-market data (Tuesday), UK inflation data (Wednesday), preliminary eurozone consumer-confidence figures for July (Thursday), and Japanese inflation data on Friday.

If holidays or summer vacations are on the agenda in the coming weeks, try not to set the bar too high.

Wishing you all the best,
Stefan Rondorf.

Calendar Week 30

Day	Country	Indicator	Period	Consensus	Previous
Monday	CN	Loan Prime Rate 1Y	Jul	--	3.00%
	CN	Loan Prime Rate 5Y	Jul	--	3.50%
	GE	Producer Prices YY	Jun	--	2.2%
	UK	House Price Rightmove YY	Jul	--	-0.5%
Tuesday	GE	ZEW Economic Sentiment	Jul	--	10.5
	GE	ZEW Current Conditions	Jul	--	-81.0
	UK	Claimant Count Unem Chng	Jun	--	31.2k
	UK	ILO Unemployment Rate	May	--	4.9%
	UK	Employment Change	May	--	100k
	UK	Avg Wk Earnings 3M YY	May	--	4.4%
	UK	Avg Earnings (Ex-Bonus)	May	--	3.4%
	UK	HMRC Payrolls Change	Jun	--	2k
	GE	ZEW Economic Sentiment	Jul	--	10.5
Wednesday	JN	Exports YY	Jun	--	16.8%
	JN	Imports YY	Jun	--	12.5%
	JN	Trade Balance Total Yen	Jun	--	-391.8B
	UK	Core CPI YY	Jun	--	2.6%
	UK	CPI YY	Jun	--	2.8%
	UK	RPI YY	Jun	--	3.1%
	UK	RPIX YY	Jun	--	3.0%
	UK	PPI Input Prices YY NSA	Jun	--	8.7%
	UK	PPI Output Prices YY NSA	Jun	--	4.0%
	UK	PPI Core Output YY NSA	Jun	--	2.3%
Thursday	EC	ECB Refinancing Rate	Jul	--	2.40%
	EC	ECB Deposit Rate	Jul	--	2.25%
	EC	Consumer Confid. Flash	Jul	--	-17.7
	UK	CBI Business Optimism	Q3	--	-65
	US	Cont Jobless Clm	6 Jul, w/e	--	--
	US	Initial Jobless Clm	13 Jul, w/e	--	--
Friday	JN	CPI, Core Nationwide YY	Jun	--	1.4%
	JN	CPI, Overall Nationwide	Jun	--	1.5%
	UK	Retail Sales YY	Jun	--	3.2%
	UK	Retail Sales Ex-Fuel YY	Jun	--	4.6%
	UK	Flash Composite PMI	Jul	--	49.3
	UK	Flash Manufacturing PMI	Jul	--	52.5
	UK	Flash Services PMI	Jul	--	48.8
	US	S&P Global Mfg PMI Flash	Jul	--	53.9
	US	S&P Global Svcs PMI Flash	Jul	--	51.2
	US	New Home Sales-Units	Jun	--	0.580M

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.