

Earnings boom put to the test

The **Week Ahead** – 16 October 2026



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After an exceptionally strong second-quarter reporting season and earnings estimates that have continued to rise since then, one question arises ahead of the start of the quarterly results: **How much longer can this strength last?**

Analysts and companies are entering the season with a degree of confidence rarely seen before. In the US, earnings growth of almost 30% year on year is expected, and in Europe 21%. Outside of economic recoveries from a recession, these are exceptionally high figures. At the same time, share prices have been through a decline in valuations over the summer. Prices have no longer kept pace with the rising earnings estimates. The coming weeks are likely to provide clear indications as to

which side will move towards the other: prices or earnings?

Looking at the changes in earnings estimates ("revisions"), these continue to rise at an unusually strong pace. However, this momentum is gradually losing strength. Measured by the second derivative, the change in revision momentum, a shift from "extremely strong" to "merely strong" is emerging. The movement continues to be led by US growth stocks and by stocks from Korea and Taiwan. The euro area, too, has at times seen strong upward revisions, although these have recently flattened out again. Particularly consistent upward revisions can be observed in **Japan**. Importantly, an expected flattening of revision momentum does not mean that estimates are being cut, only that they are being raised less sharply (see our chart of the week).

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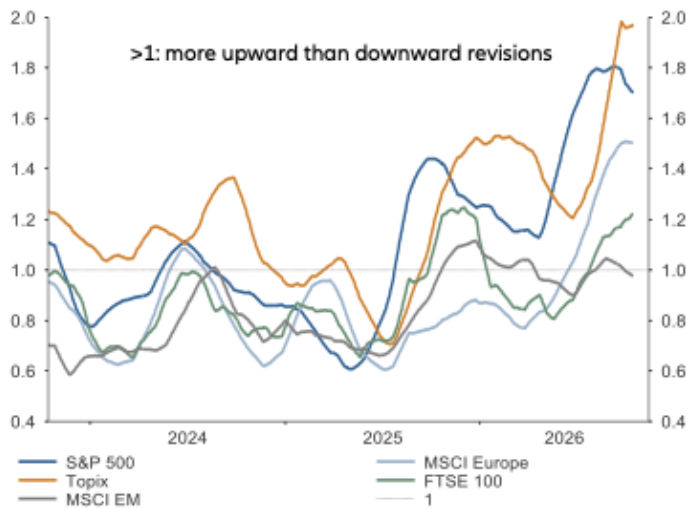
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Gradually fading from very high levels

Earnings revisions ratios (#of up/down revisions, 3m moving average) of major global equity indices



Source: LSEG Datastream, AllianzGI Global Capital Markets & Thematic Research, 14.10.2026. Past performance does not predict future returns.

Alongside analysts, companies are also entering the reporting season in a very optimistic mood. In the US, this is reflected in a record number of positive pre-announcements. As in the second quarter, the upbeat sentiment in the **technology sector** stands out in particular. The macro environment provides a good basis for a successful reporting season: real-time estimates of US gross domestic product (GDP), rising purchasing managers' indices (PMIs) in the euro area and indicators of economic surprises all look promising, in some cases even slightly better than ahead of the second quarter.

For all this optimism, it is striking that it has recently been reflected only very modestly in share prices. Major indices have tended to move sideways in recent months. Markets have been held back above all by broader headwinds. The stagflation risk arising from the Iran war and the start of a globally synchronised monetary tightening cycle have fuelled rising bond yields. These developments now appear to be well understood, however, and there is no reason to assume that they will necessarily intensify further. The reporting season could therefore become a welcome opportunity to turn the focus back to the robust profit situation for a majority of companies.

Overall, the strong earnings environment remains the most important pillar of support for equity markets for the time being. Provided that the macro risks currently in focus – which include, for example, supply shocks related to Iran or global monetary tightening – do not intensify significantly, there is potential for a positive reaction from equity investors, given valuations that have already come down and despite the high level of optimism. This may only fully materialise once the event risk of the US congressional elections (**midterms**) is behind us.

Upcoming political events 2026

• 12–18 Oct	THA	IMF/World Bank Annual Meetings
• 27 Oct	ISR	Knesset election
• 27–28 Oct	FED	Central Bank Meeting
• 29 Oct	ECB	Central Bank Meeting
• 29–30 Oct	BoJ	Central Bank Meeting
• 29–30 Oct	EU	Budget negotiations, key phase

The week ahead

Alongside the reporting season, which is gathering pace, Friday's (flash) PMIs are likely to be the most important economic data points of the week. The key question is whether persistently high energy prices or political uncertainty in France and Germany have weighed on the business climate, which has improved in recent months, or whether other growth drivers can offset this. The PMIs attract particular attention in the euro area, but are also published in Japan, the UK and the US. In addition, Chinese activity data and inflation figures from Japan and the UK will be in focus.

China kicks off the week on Monday. Growth in industrial production is expected to pick up to 5.3% in September, from

5.2% previously, and retail sales growth to 0.5% from 0.4%. For third-quarter GDP, the consensus expects 4.3%, the same rate as in the previous quarter. On Tuesday, the Chinese central bank follows with the setting of its reference rates.

In Germany, the ZEW index of economic expectations is due on Tuesday, followed on Thursday by flash consumer confidence for the euro area. In the UK, inflation comes into focus on Wednesday: headline consumer price inflation was most recently 3.1%, and the core rate 2.6%.

Japan's consumer prices are also due on Friday. From the US, weekly initial jobless claims are released on Thursday and, on Friday, alongside the PMIs, the University of Michigan consumer sentiment index (most recently 46.3).

Fingers crossed for the earnings season,
Stefan Rondorf

Calendar Week 43

Day	Country	Indicator	Period	Consensus	Previous
Monday	CN	Industrial Output YY	Sep	5.3%	5.2%
	CN	Retail Sales YY	Sep	0.5%	0.4%
	CN	GDP YY	Q3	4.3%	4.3%
	JN	Tertiary Ind Act NSA	Aug	--	0.9%
	UK	House Price Rightmove YY	Oct	--	-1.0%
	US	NAHB Housing Market Indx	Oct	--	32
Tuesday	CN	Loan Prime Rate 1Y	Oct	--	3.00%
	CN	Loan Prime Rate 5Y	Oct	--	3.50%
	GE	Producer Prices YY	Sep	--	4.6%
	GE	ZEW Economic Sentiment	Oct	--	34.7
	GE	ZEW Current Conditions	Oct	--	-47.1
	UK	Claimant Count Unem Chng	Sep	--	27.8k
	UK	ILO Unemployment Rate	Aug	--	4.9%
	UK	Employment Change	Aug	--	67k
	UK	Avg Wk Earnings 3M YY	Aug	--	3.9%
	UK	Avg Earnings (Ex-Bonus)	Aug	--	3.5%
	UK	HMRC Payrolls Change	Sep	--	-26k
	US	Housing Starts Number	Sep	1.290M	1.275M
Wednesday	JN	Exports YY	Sep	--	19.3%
	JN	Imports YY	Sep	--	28.0%
	JN	Trade Balance Total Yen	Sep	--	-1.11T
	UK	Core CPI YY	Sep	--	2.6%
	UK	CPI YY	Sep	--	3.1%
	UK	RPI YY	Sep	--	3.4%
	UK	RPIX YY	Sep	--	3.3%
	UK	PPI Input Prices YY NSA	Sep	--	6.1%
	UK	PPI Output Prices YY NSA	Sep	--	3.7%
	UK	PPI Core Output YY NSA	Sep	--	2.7%
Thursday	EC	Consumer Confid. Flash	Oct	--	-16.5
	UK	CBI Business Optimism	Q4	--	-36
	US	Initial Jobless Clm	12 Oct, w/e	--	--
	US	Cont Jobless Clm	5 Oct, w/e	--	--
Friday	JN	CPI, Core Nationwide YY	Sep	--	1.7%
	JN	CPI, Overall Nationwide	Sep	--	1.9%
	UK	Retail Sales YY	Sep	--	2.4%
	UK	Retail Sales Ex-Fuel YY	Sep	--	2.7%
	UK	Flash Composite PMI	Oct	--	52.0
	UK	Flash Manufacturing PMI	Oct	--	51.9
	UK	Flash Services PMI	Oct	--	52.1
	US	S&P Global Mfg PMI Flash	Oct	--	55.9
	US	S&P Global Svcs PMI Flash	Oct	--	58.8
	US	U Mich Sentiment Final	Oct	--	46.3

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.

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