

Buy the dip, don't sell the rip

9 April 2026

Overview

- The US-Iran two-week ceasefire is currently on a tactical pause, not a firm resolution. Relief rallies reflect eased tail risk; markets should shift focus back to earnings and fundamentals as geopolitical shock fades.
- The first-quarter US earnings season will drive markets, with forecasts showing solid earnings growth. Rising positive guidance suggests corporates remain resilient despite war risk, tariffs and lingering macro uncertainty.
- Historically, strong earnings growth has curtailed severe drawdowns, cushioning exogenous shocks. Improving pre-announcements and a low bar for beating earnings expectations argue for continued equity exposure even as volatility persists and headlines remain unsettled.
- Key takeaway: Stay constructively invested, diversified and disciplined. Avoid reactive de-risking, and use volatility or weakness to upgrade portfolio quality, reinforcing the core message—buy the dip, don't sell the rip.

Two-week ceasefire declared

The announced two-week ceasefire between the US and Iran should be read as a tactical pause, not a strategic settlement. The near-term tail risk around Hormuz has eased, and that has been enough to trigger a big relief move across oil and equities. This is the danger of trying to time the markets.

As with most geopolitical events, markets are unlikely to stay focused on geopolitics alone for long. With immediate shock fading, investor attention should rotate quickly back to fundamentals, with the US first-quarter reporting season beginning in earnest next week. That, in our view, is where the more durable support for equities still lies over the balance of this quarter.

Figure 1: Big moves post-ceasefire announcement

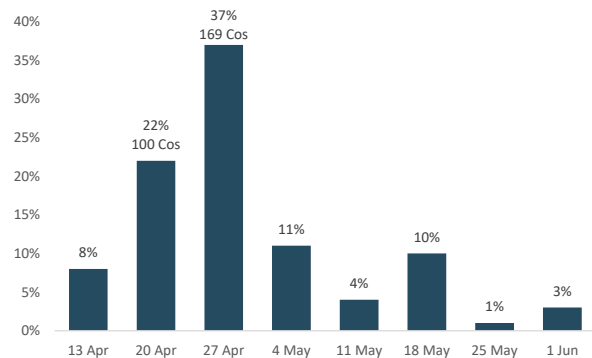
Indices	1 day move (%)	% from ATH
S&P 500	2.5	3.1
Nasdaq 100	2.9	4.9
Stoxx 50	5.0	4.6
DAX	5.1	5.6
Nikkei 225	5.4	5.1
Hang Seng	3.1	7.7

Source: Bloomberg, UOB Private Bank

The major companies to first report earnings will be the big banks, which should set the tone for how investors think about credit, capital markets activity, loan growth and the early read-through on business confidence. From there, the reporting calendar becomes far more intense. The weeks of 20 April and 27 April should mark the peak of the season, with 269

S&P 500 companies, representing roughly 59% of index market capitalisation, due to report. Alongside the headline numbers, the market will be listening closely to management guidance, especially any commentary on costs, margins, pricing discipline and supply-chain pressures.

Figure 2: 1Q 2026 earnings starting soon



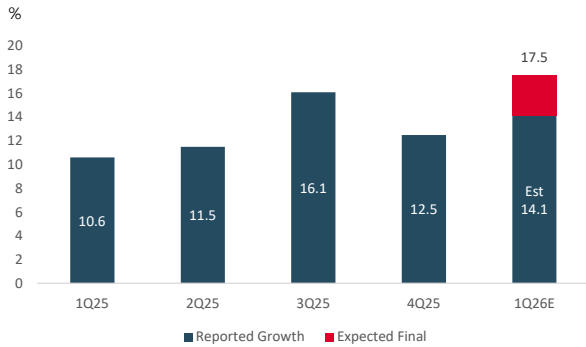
Source: UBS, UOB Private Bank

On earnings, the backdrop remains supportive. FactSet's latest data show the current blended estimate for S&P 500 first-quarter earnings growth at 13.2% year on year, up from 12.8% at the start of the quarter, while revenue growth is projected at 9.7%. In our view, the earnings bar still looks beatable, and we would not be surprised if actual growth ultimately lands closer to 17% once the season is complete. In an environment with strong earnings growth, large market drawdowns have historically been uncommon; resilient profits provide an important cushion against macro and geopolitical shocks.

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Figure 3: S&P 500 quarterly earnings growth

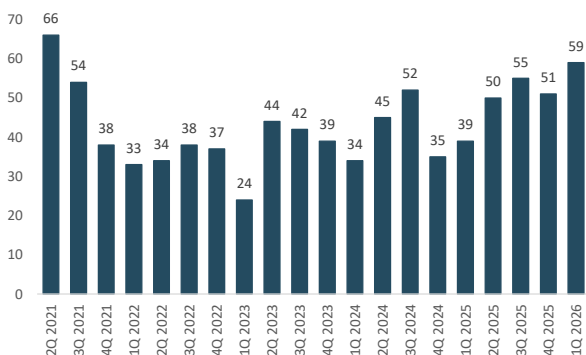


Source: Bloomberg, UOB Private Bank

Encouragingly, the quality of corporate pre-announcements has improved. FactSet data show that 59 S&P 500 companies have issued positive EPS guidance for 1Q, against 51 negative pre-announcements. That is the highest number of positive guides since 2Q 2021, and the highest percentage of positive guidance since 3Q 2021. We see that as an important signal. It suggests that, despite the war premium, tariff noise and lingering uncertainty over global growth, US corporates are heading into earnings season with solid underlying strength.

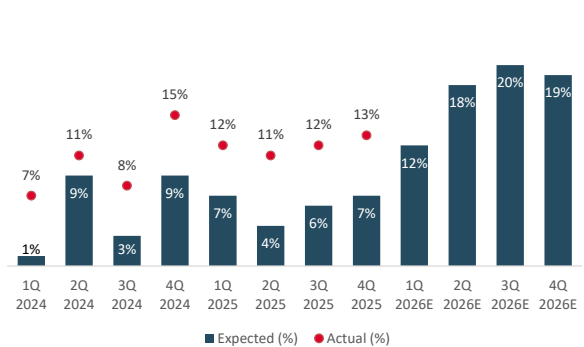
We note increasing traction in select themes. "Energy independence" will spur investments in renewables, electrification and energy storage. "Energy friction" that could shift baseline inflation higher will move investors to real assets, industrial equipment makers that help build out energy assets and utility companies that have hedged power costs.

Figure 4: Companies with positive guidance



Source: Bloomberg, UOB Private Bank

Figure 5: S&P 500 EPS growth actual vs estimates

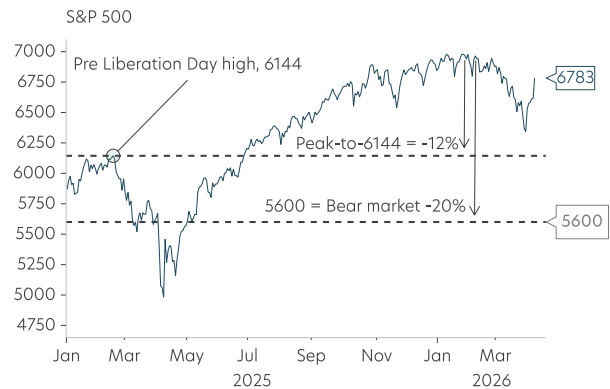


Source: Bloomberg, UOB Private Bank

Our portfolio stance remains unchanged. Despite the ceasefire, financial markets may remain volatile until there is a credible long-term resolution to the conflict. However, investors should continue to stay invested, while maintaining diversification, disciplined risk budgeting and appropriate position sizing. We would avoid concentrating too heavily on any single geopolitical scenario or commodity outlook.

The more important question for markets over the next few weeks will not be whether the ceasefire dominates headlines, but whether earnings and guidance can reassert the fundamental bull case. For now, we retain a constructive view on risk assets in 2Q 2026 and would use periods of weakness to upgrade portfolio quality rather than de-risk indiscriminately. In short, buy the dip and don't sell the rip.

Figure 6: S&P 500 technical levels to watch



Source: Bloomberg, UOB Private Bank

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Update on cybersecurity

Project Glasswing is Anthropic's flagship attempt to deploy frontier AI defensively, not commercially. Built around the unreleased Claude Mythos Preview model, the initiative brings Anthropic together with major incumbents including AWS, Apple, Google, Microsoft, NVIDIA, CrowdStrike and Palo Alto Networks to identify and remediate critical software vulnerabilities at scale. The core insight is that AI systems are now capable of finding flaws faster and more comprehensively than all but the very best human teams—posing systemic risk if those capabilities diffuse to attackers first. Rather than releasing the model, Anthropic has opted for a gated, collaborative approach and committed significant resources to open-source security.

This development validates what we have previously argued: native AI companies would ultimately collaborate with incumbent cybersecurity firms rather than compete head-on. CTOs are unlikely to entrust long-term enterprise defence to fast-moving, heavily loss-making AI natives at the expense of stable, battle-tested vendors.

Having said that, valuation compression remains plausible as investors reassess competitive moats, revenue attribution, and how much AI value accrues to incumbents versus model providers.

Figure 7: Cybersecurity and software



Source: Bloomberg, UOB Private Bank

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