

The AI Weekly

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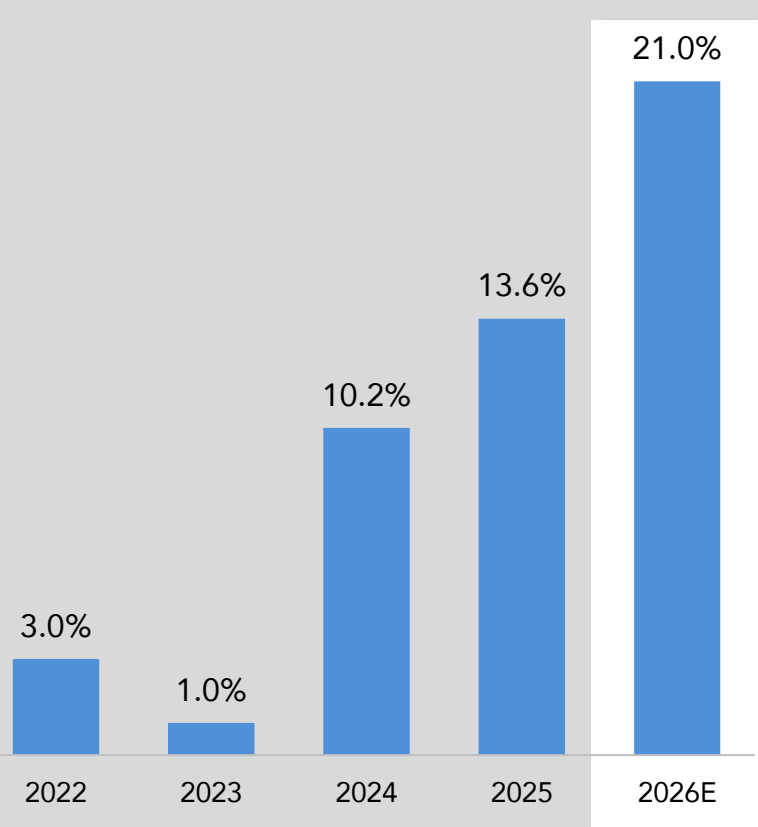
AI is Greater Than Iran War + Trade War



Q1 2026 S&P 500 earnings growth is currently expected to exceed 27%, more than double prior estimates of 13% just two months ago. Q1 also represents the sixth straight quarter of double-digit earnings growth for the index, with AI and tech related companies driving the earnings expansion.

Post-COVID S&P 500 earnings growth, y/y

Notable observations (Q1 2026)

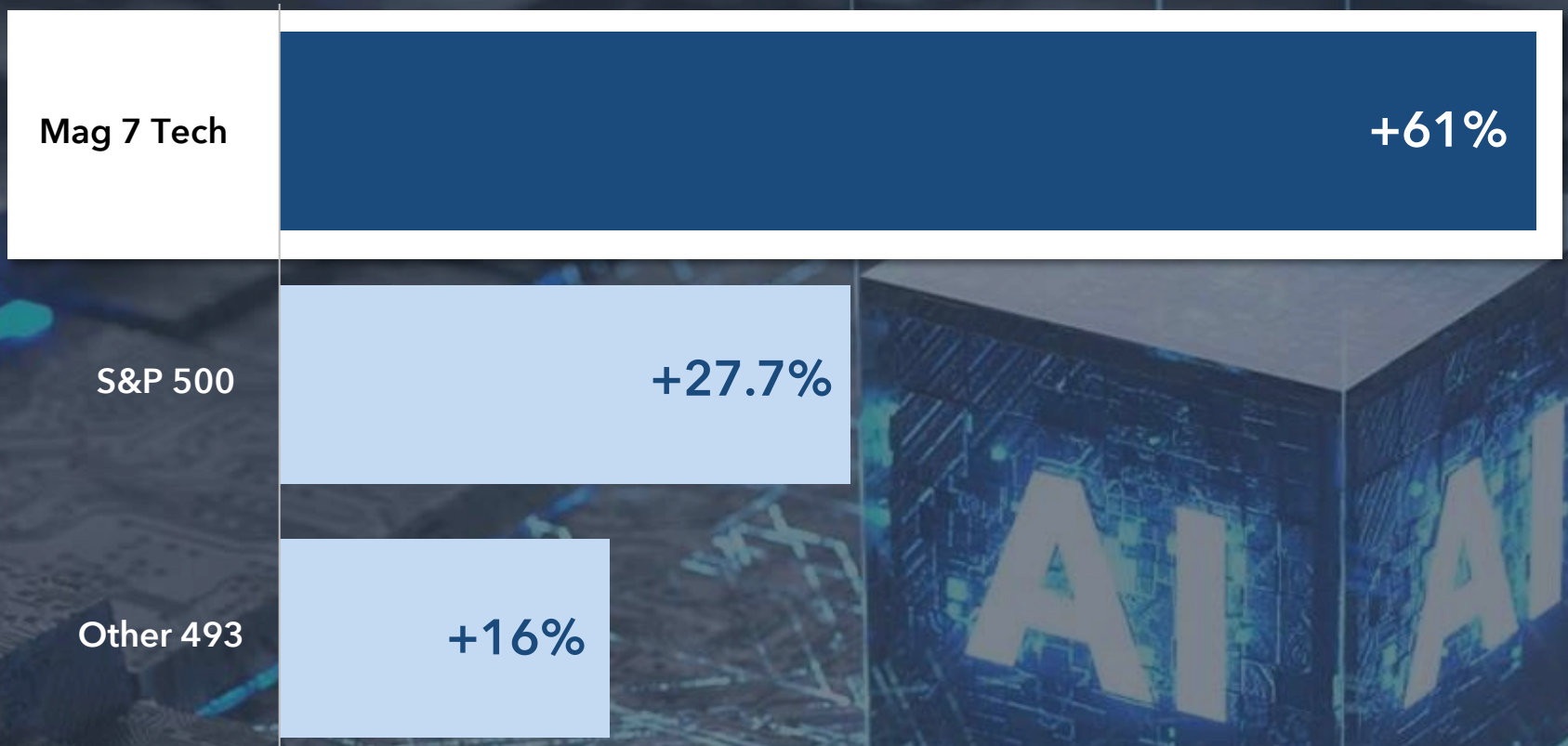


- Q1 earnings growth expectations have doubled since March
- 84% beat earnings expectations
- 80% beat revenue expectations
- Mag 7 (AI) dominating at +60% EPS growth
- Tech & communications leading all sectors
- 12% margins near post-COVID highs

Source: (1) FactSet, Earnings Insight Report (May 8, 2026).

AI Is Driving S&P 500 Earnings Growth

Q1 2026E earnings growth (S&P 500)



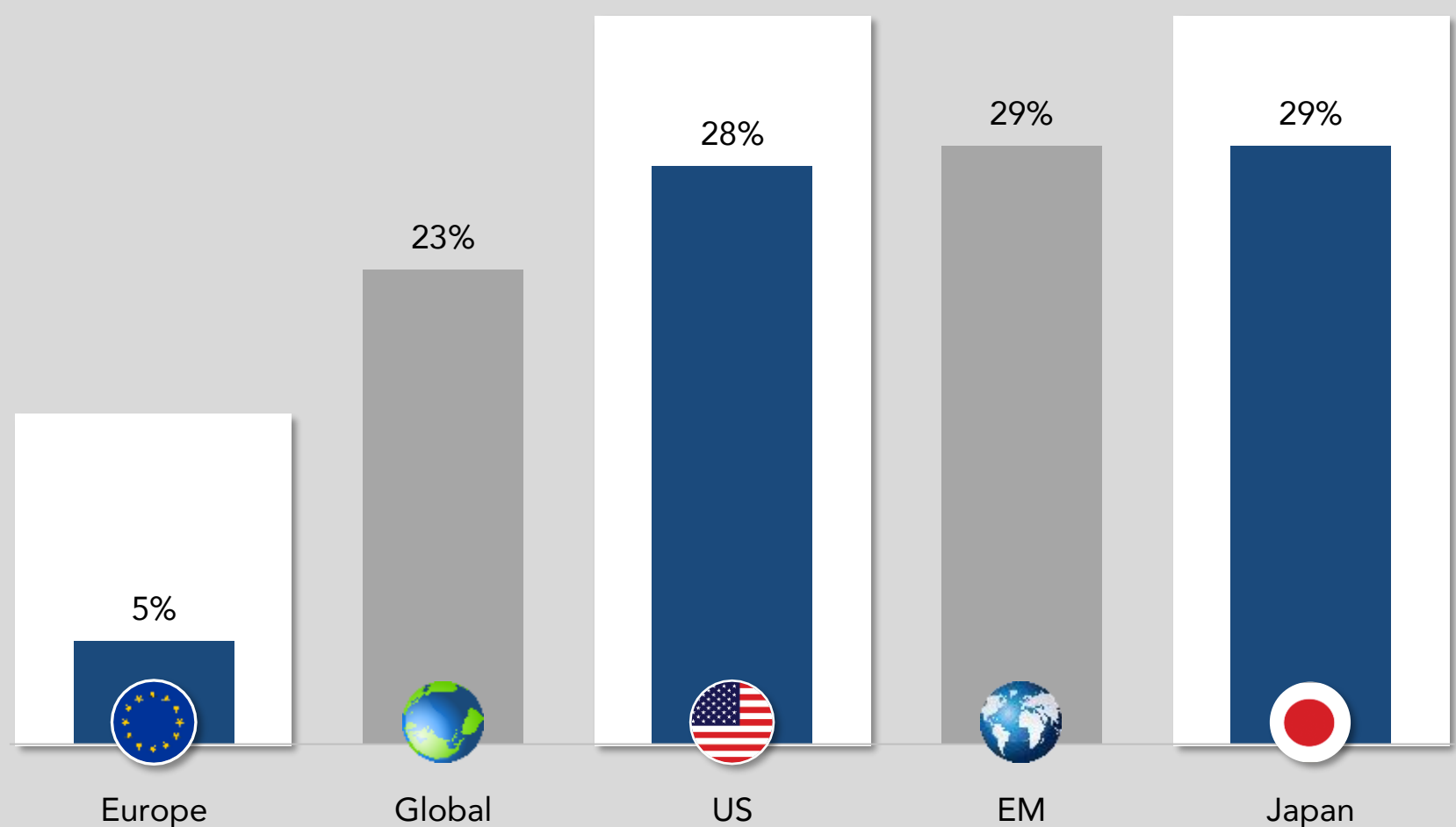
Source: (1) FactSet, "Earnings Insight" (May 8, 2026). Analyst estimates.

AI Also Evident in Global Earnings Growth



European corporate earnings, driven less by tech and AI, has lagged in the low-single digit range in the post-COVID period. Japanese earnings growth has risen to 4-year highs, while robust EM growth has been driven by AI-related demand.

Q1 2026 corporate earnings growth



Source: (1) FactSet. Bloomberg. Earnings for the US and EM are in USD terms, for Europe in EUR and for Japan in JPY.

AI Is Driving the US Economy



Estimated growth of US economy in Q1 2026



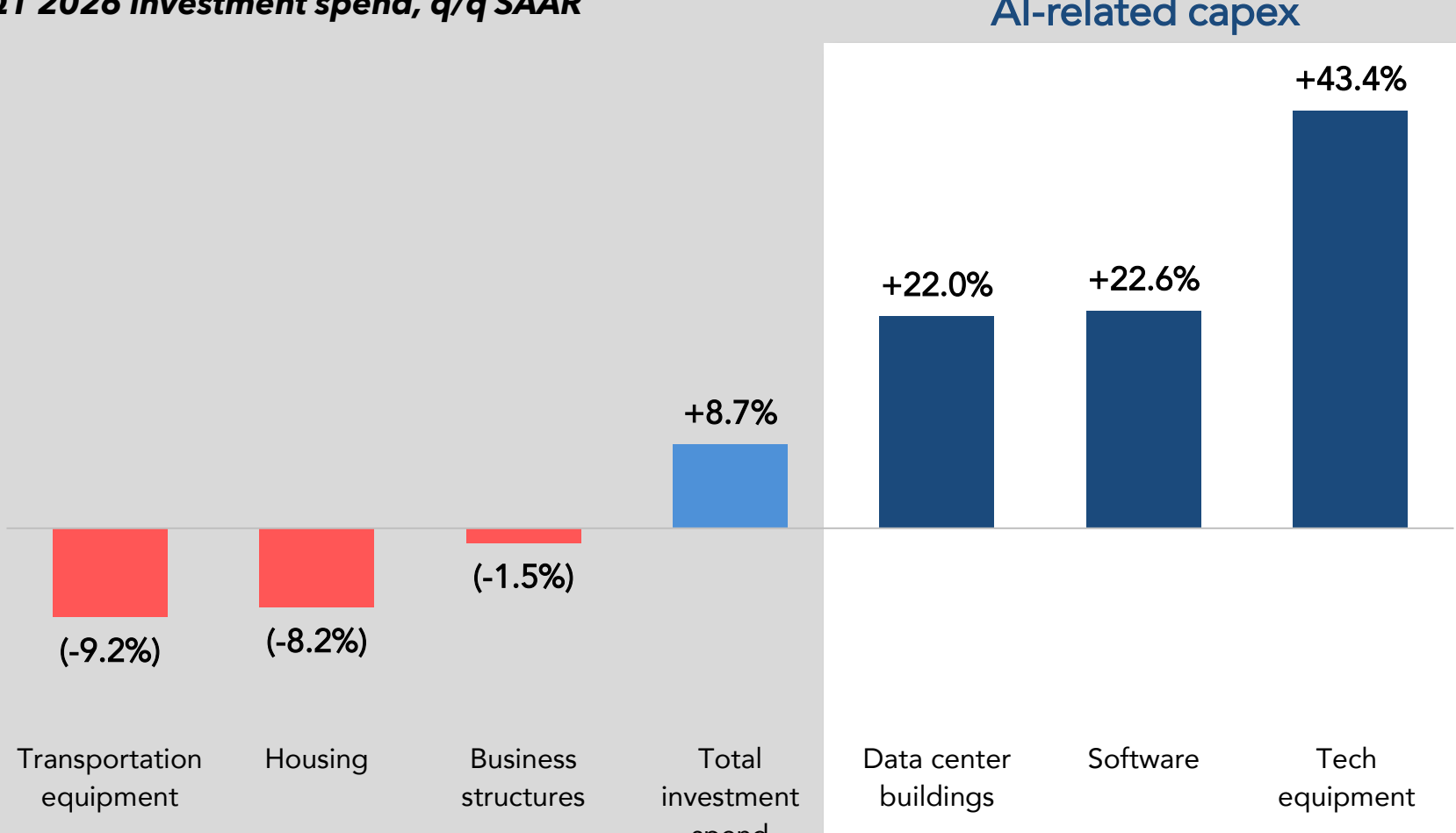
Source: (1) WSJ, "AI is Distorting Practically Everything About the Economy" (Greg Ip).

AI Driving Historic US Capex Supercycle



Q1 2026 investment spend, q/q SAAR

AI-related capex

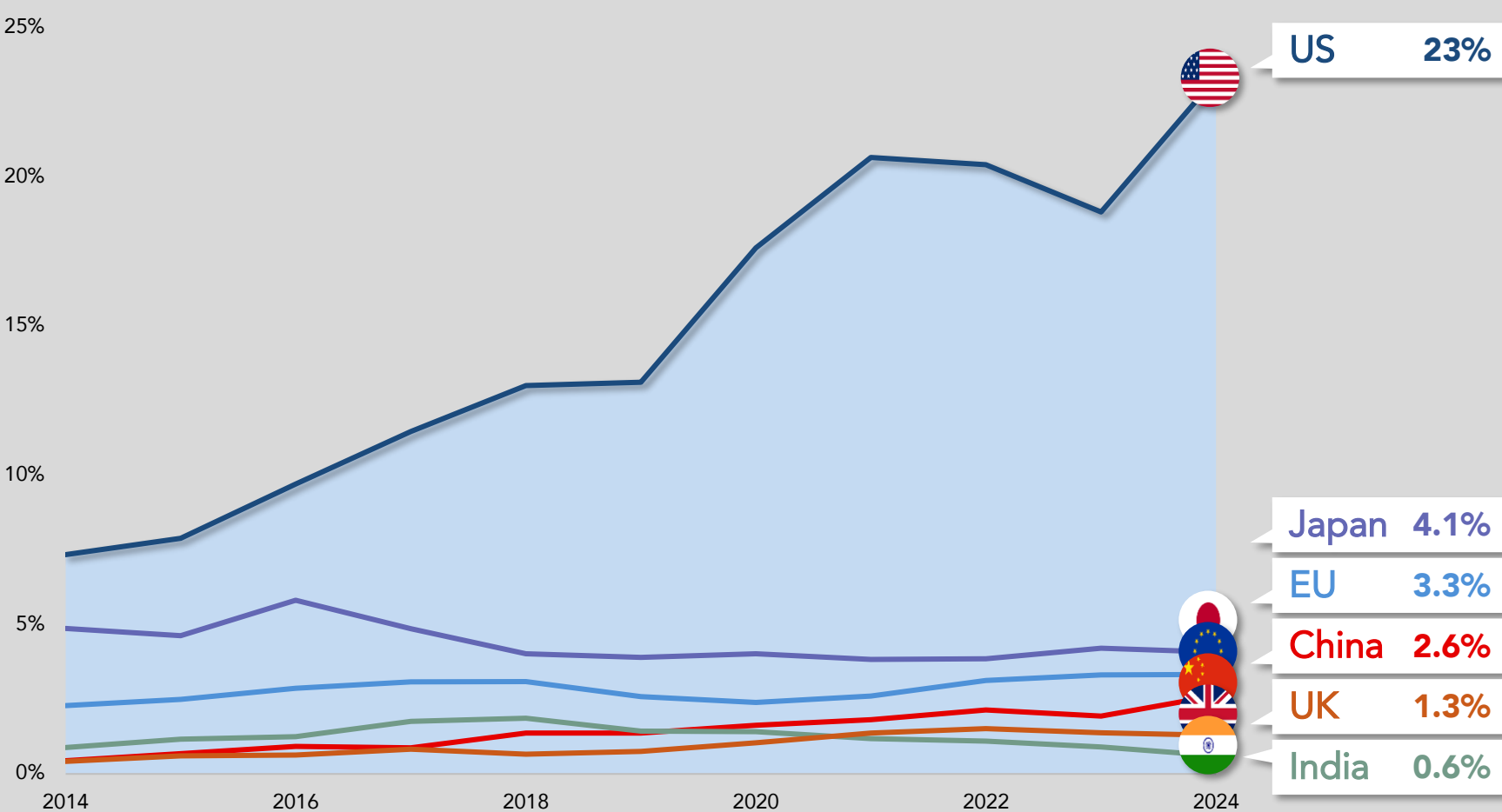


Source: (1) WSJ, "AI is Distorting Practically Everything About the Economy" (Greg Ip). BEA. Bloomberg. Data as of May 11, 2026.

AI Share of Total Capital Expenditure



AI firms' share of total capital expenditure, by country



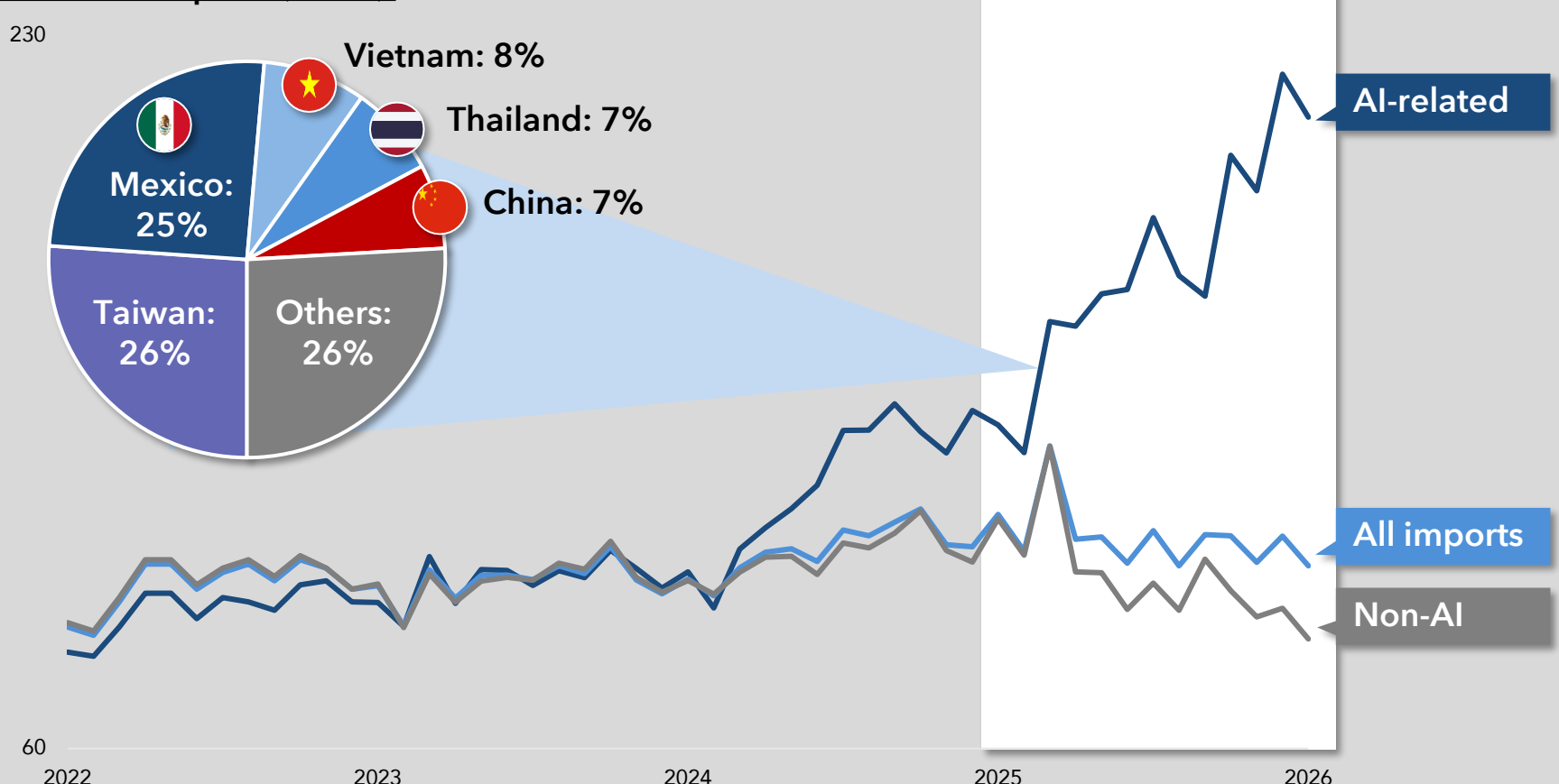
Source: (1) BIS, "The Geography of AI Firms" (April 2026). S&P Global. Share of capex is the sum of capex across AI firms divided by the sum across all public firms in each country.

Boom in AI-Related US Imports



Breakdown of monthly US imports (2022-2026)

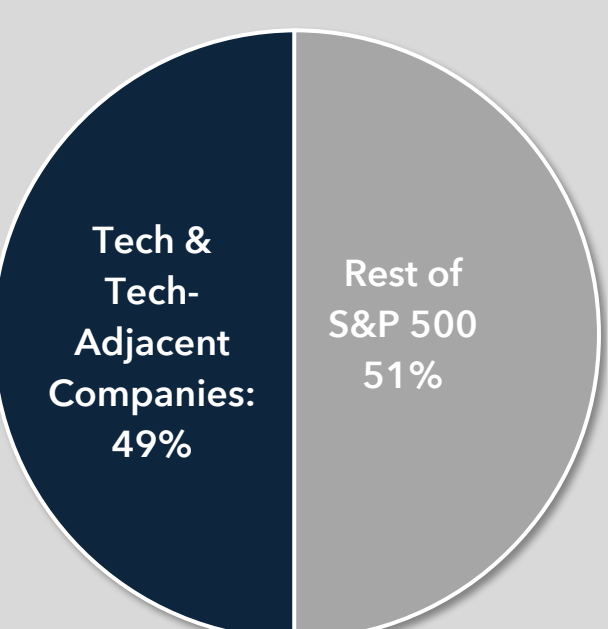
AI-related imports (2025):



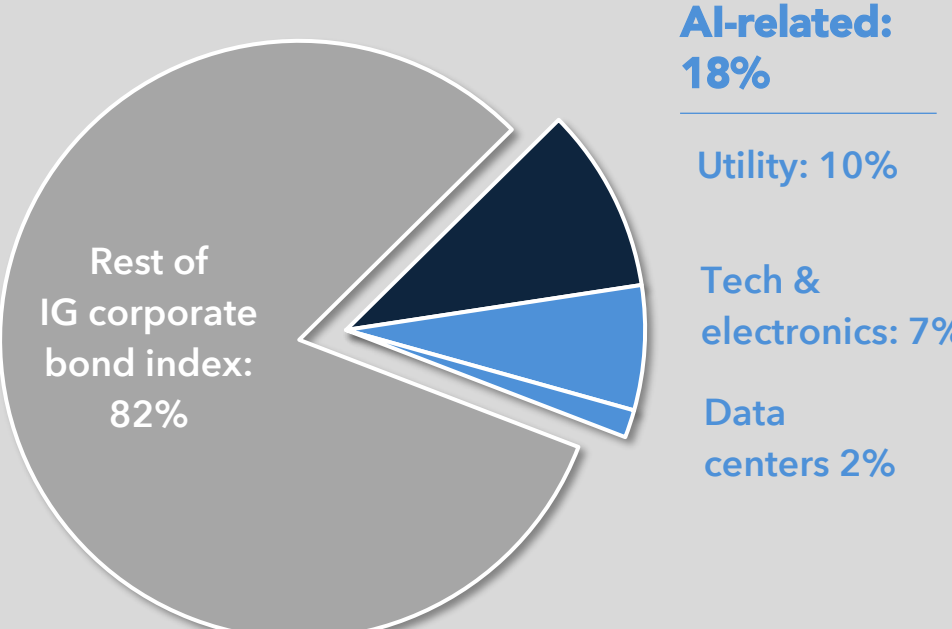
Source: (1-2) Federal Reserve of Minneapolis, "Trade in AI-Related Products" (April 2026). US Census Bureau. International Trade Commission. Data is indexed to 100 to the average monthly imports in 2023. Imports measured in nominal dollar volume and classified as high, medium, or low relevance to AI infrastructure using an LLM.

Tech as Pervasive Megatrend in Markets

Breakdown of S&P 500 companies, % of total



Breakdown of S&P 500 companies, % of total



Top 10 Market Caps > G7 GDP (ex-US)

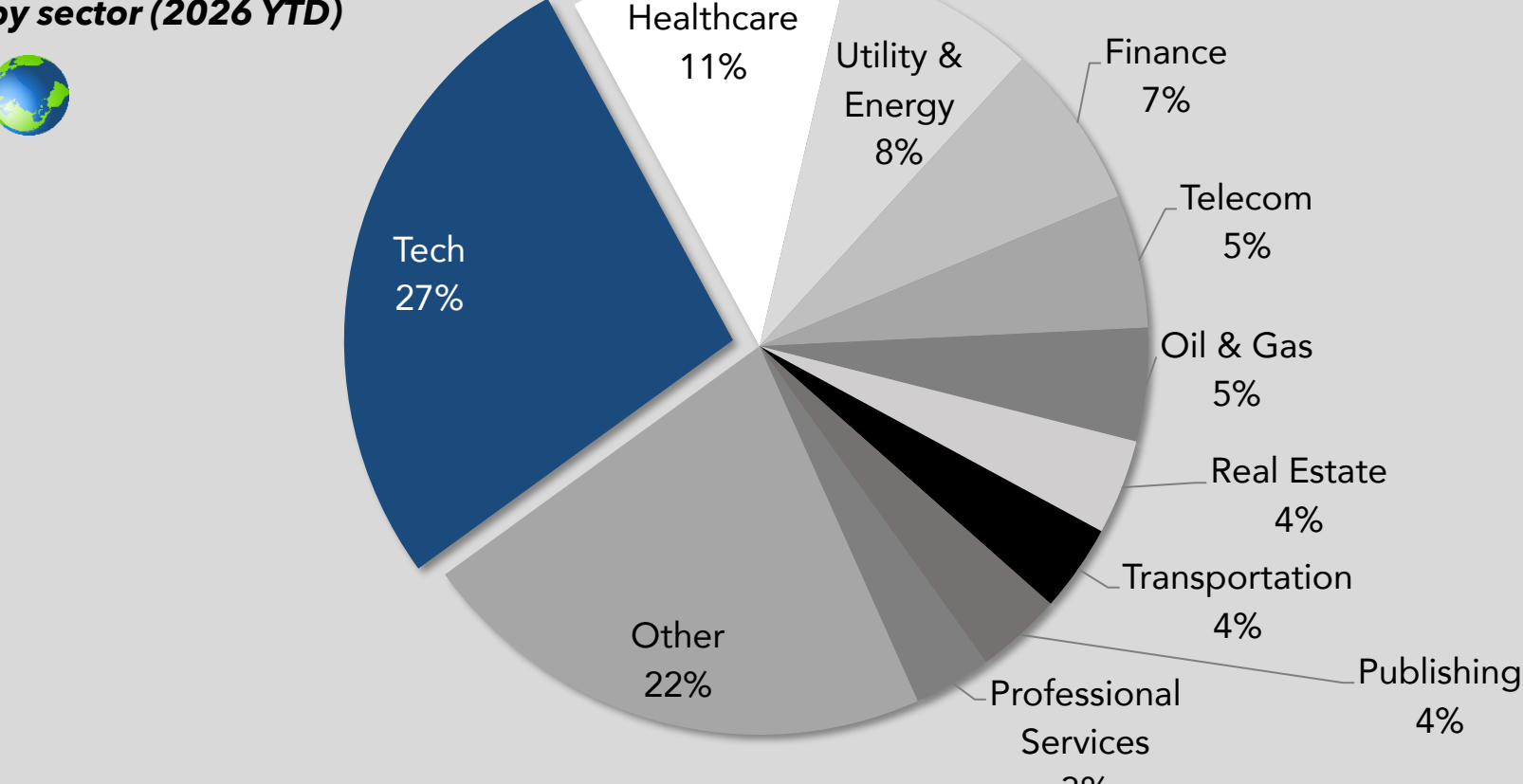
Top 10 public company market cap vs. G7 GDP (ex-US), USD tn



Source: (1) Bloomberg. IMF, "World Economic Outlook (April 2026)". A16z. Data as of May 11, 2026.

Tech Nearly 30% of Global M&A Activity

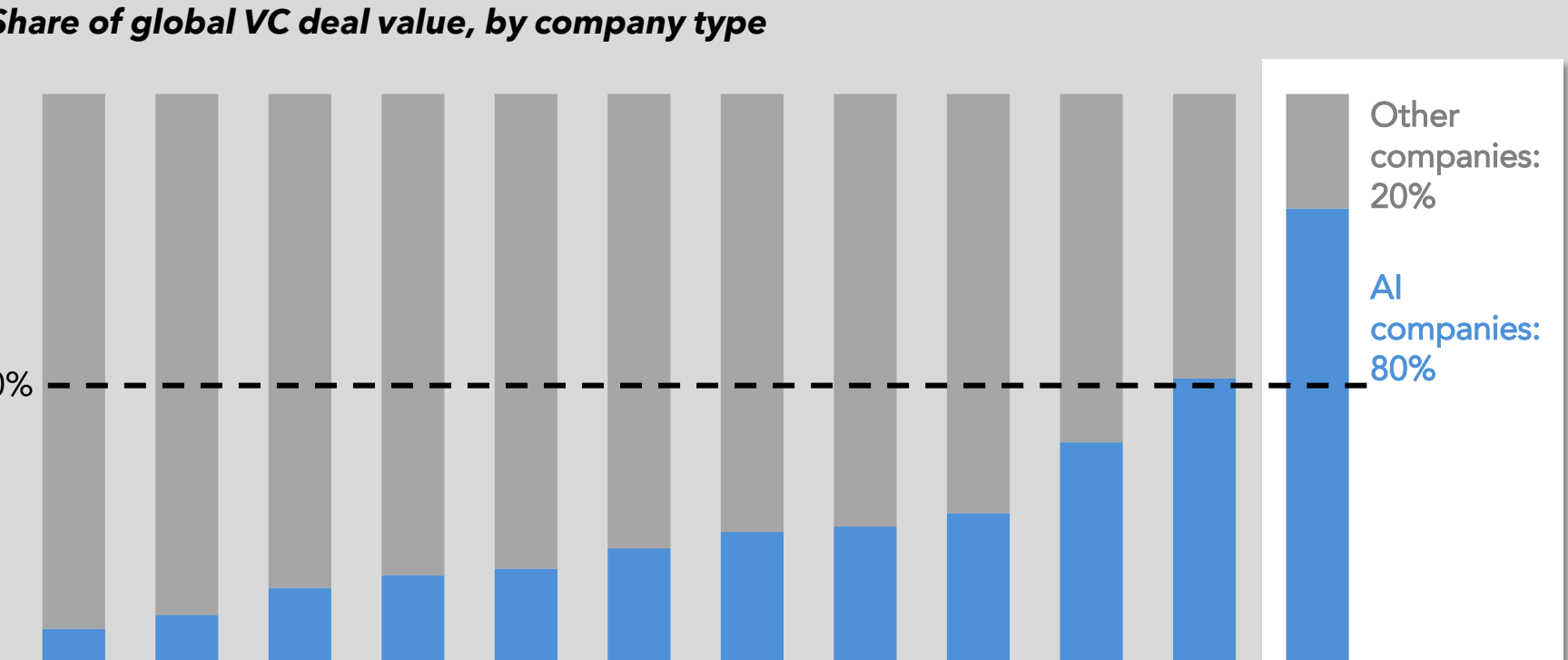
Global M&A activity, by sector (2026 YTD)



Source: (1) Dealogic. Cortex. Data through May 11, 2026, accessed on May 11, 2026.

80% of Global VC Activity is Now AI

Share of global VC deal value, by company type



Source: (1) Pitchbook, "Q1 2026 Global VC First Look." Data through March 31, 2026.

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"Macro stability isn't everything, but without it, you have nothing."