

# INSIDE THE **Buy • Side**

INDUSTRIAL SENTIMENT SURVEY®



***corbin***

**Q4'25**

ISSUE: 43

January 22, 2026

# INSIDE THE Buy-Side®

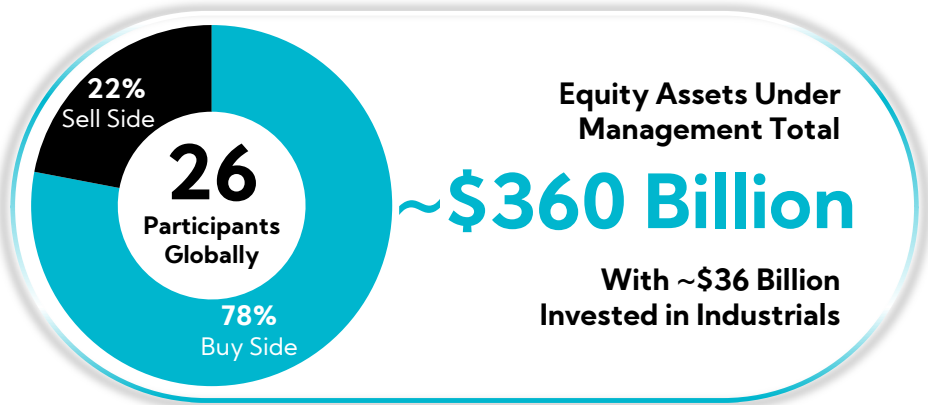
INDUSTRIAL SENTIMENT SURVEY®

Since 2007, we have surveyed institutional investors and analysts globally on the equity markets, world economy, and business climate. At the start of every earnings season, we publish our flagship *Inside The Buy-Side® Industrial Sentiment Survey®*, which captures real-time investor sentiment and trends.

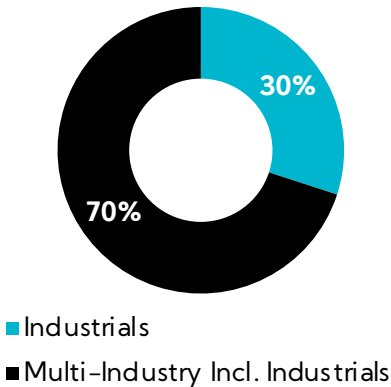
At the nexus of institutional investors and public companies globally, our thought leadership and guidance, grounded in trusted data and best practice, support outperformance.

Survey Timeframe: December 8, 2025 – January 16, 2026

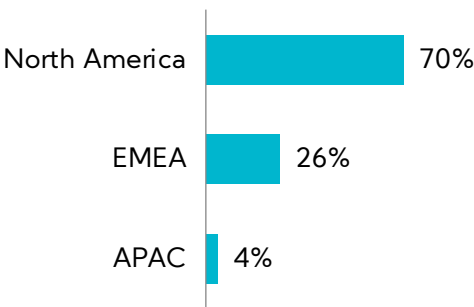
## Survey Scope



BY TYPE

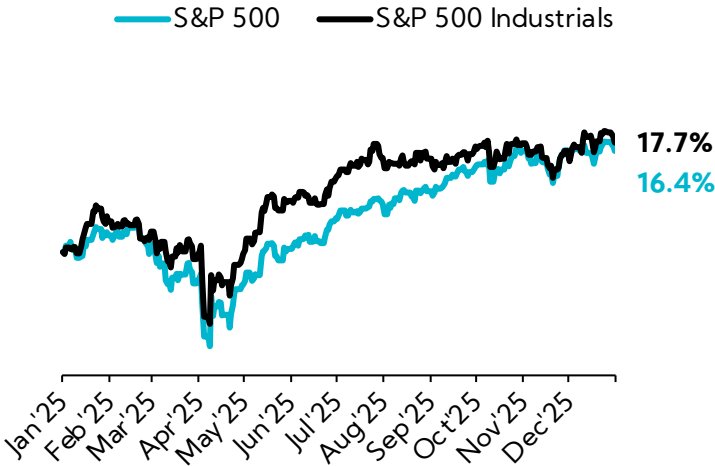


BY REGION



Market Performance <sup>1</sup>	YTD	Q4'25	Q4'24
DJIA	0.9%	3.6%	0.5%
NASDAQ	(1.2%)	2.6%	6.1%
S&P 500	(0.7%)	2.4%	2.1%
S&P 500 Industrials	5.5%	0.5%	(2.7%)
Russell 2000	6.6%	1.9%	0.01%

2025 PERFORMANCE: S&P 500 vs S&P 500 INDUSTRIALS (INDEXED)



<sup>1</sup>Source: FactSet; YTD as of 1/20/26 Market Close



# Growth Remains in Focus as AI and Data Centers Take Center Stage, While Concerns Around Tariffs, Input Costs, and Geopolitics Linger

VISUAL REPRESENTATION OF SURVEY COMMENTARY: UNDERLYING SENTIMENT

■ Positive ■ Neutral ■ Negative



Quarterly Ranking (1-30)

Top Mentions	Q/Q
AI	↑ 4
Tariffs	↓ 1
Demand	UNCH
Costs	↑ 21
Growth	↓ 3

# Cautiously Optimistic Investor Sentiment Prevails as Intact Secular Growth Trends and Constructive Views on Order Rates Support Firm Setup in 2026; Policy Impact Serves as a Governor

## Investor Sentiment and Perceived Executive Tone Characterized as Cautious Optimism with Expectations for Sequential Revenue and EPS Improvement as well as Higher 2026 Guides

- **56%** of investors characterize sentiment as *Neutral to Bullish* or *Bullish*, little changed QoQ, though outright *Bullish* views continue to ebb; *Bearish* and *Neutral to Bearish* sentiment decreases to lowest levels in a year
  - Investor views reflect confidence in secular growth drivers concentrated around AI / data centers, energy infrastructure, and A&D, though near-term caution around tariffs, the consumer, and a weak housing market persist
- **63%** describe executive tone as *Neutral to Bullish* or *Bullish*, a slight increase QoQ; those describing management as *Neutral to Bearish* or *Bearish* decreases to just 10%, the lowest seen in a year
- A majority, **55%**, expect Q4 earnings to be *In Line* with consensus, while those expecting beats increases to 40% from last quarter's 29%
- Majority anticipate EPS and Revenue improvement, 55% and 45%, respectively; Margins and FCF expected to remain stable or improve
- Most anticipate 2026 annual guides across KPIs to be *Higher* than 2025 actuals, with the exception of Margins, which are expected to be *In Line* to *Higher* amid tariff and other rising expenses

## 2026 Organic Growth Expectations Upbeat amid Pick-up in Short-cycle Orders and Data Center Buildout; Tariff and Other Policy Impacts, as Well as Pockets of Weakness Temper Sentiment Modestly

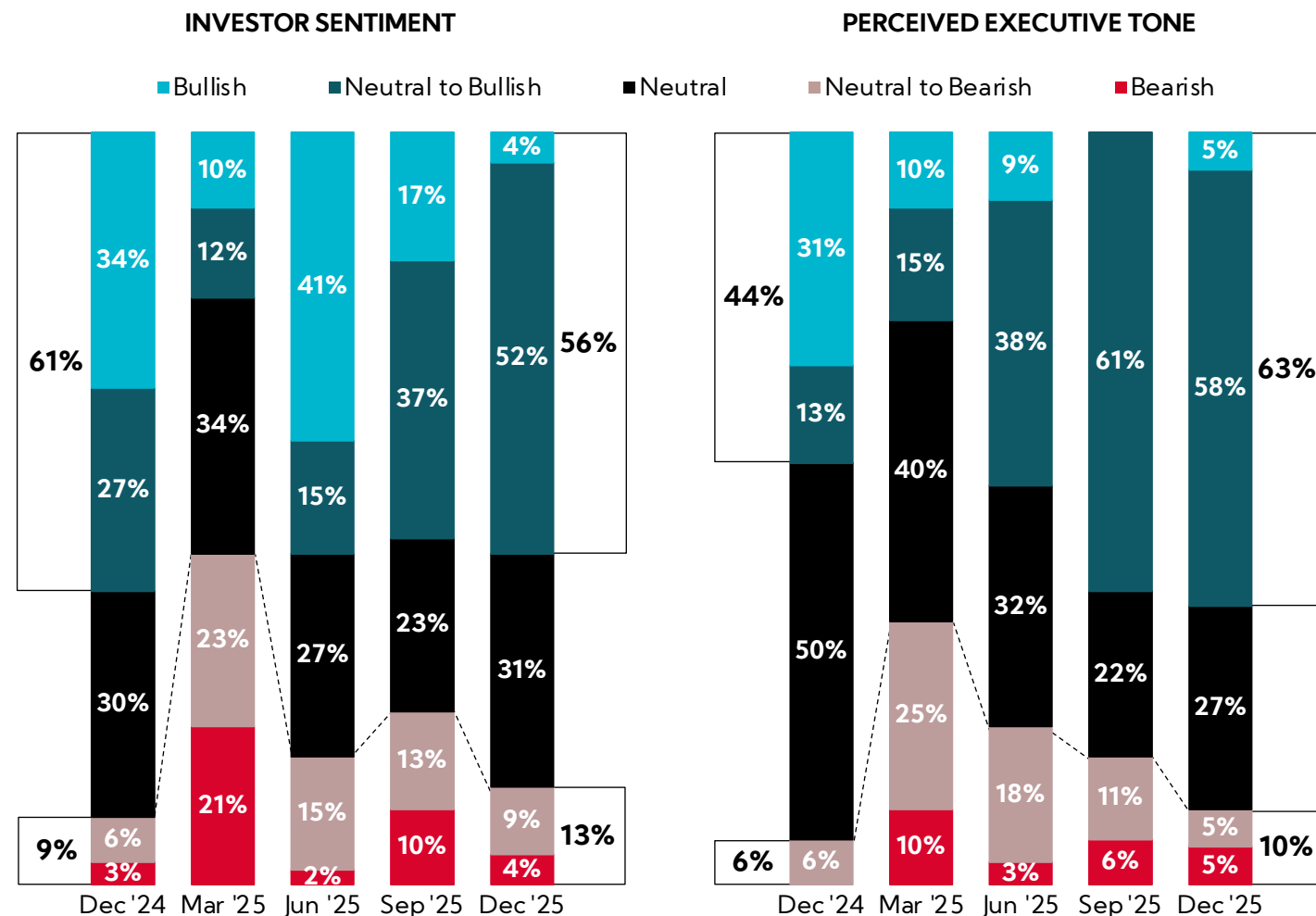
- **59%** anticipate 2026 industrial organic growth to be *Higher*, with only 16% expecting *Lower* growth YoY
- Investors continue to prioritize Growth over Margins – **63%** to **37%**, respectively – in line with the shift identified last quarter
  - ~**60%** expect industrial order rates to *Accelerate Somewhat* to *Strongly Accelerate*, across both short- and long-cycle products
- **56%** expect a *Moderate Increase* in growth capex, up from 45% last quarter
- *Growth/Demand* remains the leading topic for upcoming earnings calls, though *Margin Sustainability* sees a sharp increase amid tariffs, rising costs, and capex plans
- ~**60%** believe current inventory levels for the demand environment are *Just Right*
- *Tariffs* continue to top investor concerns, with more than 60% expecting financial impact within the next six months; over 20% report already observing fallout
  - 74% have *Some Concern* over tariffs impacting Margin performance and 66% report the same for Growth

## Reinvestment Preference Climbs to Near-Record Levels, with Higher Capex Anticipated in 2026; Most Industries See an Influx of Bulls...Housing and Consumer-linked Markets Remain Out-of-Favor

- **82%** favor reinvestment, an increase from 64% last quarter, trailing only the Dec. 2024 Trump Bump and Jun. 2021 Capex Supercycle
  - Interest in *Share Buybacks* dips to 13% after two quarters of record support
  - *M&A* rises to 31% from 21%, with bolt-on deals in favor and notably less anathema toward the large, transformational variety
- **Defense** maintains its top spot on the Bull leader board, while most industries see an influx of bulls, led by **Machinery, Industrial Equipment & Components**, and **Commercial Aero**
- **Paper & Packaging** sees the most bears with nary a bull in sight; **Resi** and **Non-resi Construction** out-of-favor along with **Auto** and **Transportation (Trucks)**

# Cautiously Optimistic Industrial Sentiment Supported by Secular Tailwinds and Improving Short-cycle Views; Management Tone Seen as Slightly More Upbeat

Fewer outright bulls observed QoQ, reflecting near-term caution around tariffs, the consumer, and housing; still, fewer bears also identified



## Bullish / Neutral to Bullish

*"Strong earnings and outlook."*  
**Buy Side, N. America, Generalist**

*"Tax relief."*  
**Buy Side, N. America, Generalist**

*"Short cycle improving, tariffs issues waning, cautious optimism on economy."*  
**Buy Side, N. America, Generalist**

*"Some individual secular drivers and an expectation that sometime in 2026, the cyclical picture brightens."*  
**Buy Side, N. America, Industrials**

*"Constructive equity and debt markets, against the backdrop of global geopolitical risks."*  
**Buy Side, Australia, Generalist**

*"Tariffs."*  
**Buy Side, N. America, Generalist**

*"Several structural trends (electrification, AI, general infrastructure, etc.) are driving demand growth for years to come."*  
**Buy Side, Europe, Industrials**

*"Persisting data center strength; green shoots around short-cycle recovery."*  
**Sell Side, N. America, Industrials**

*"Future FCF."*  
**Sell Side, N. America, Industrials**

## Neutral

*"Uncertainty on the overall macro."*  
**Buy Side, N. America, Generalist**

*"Weak U.S. dollar, sluggish labor, weak housing turnover."*  
**Buy Side, N. America, Generalist**

*"Uncertainty about the evolution of the tax and global growth in 2026."*  
**Buy Side, Europe, Generalist**

*"Haven't seen any meaningful signs of demand recovery."*  
**Buy Side, Europe, Generalist**

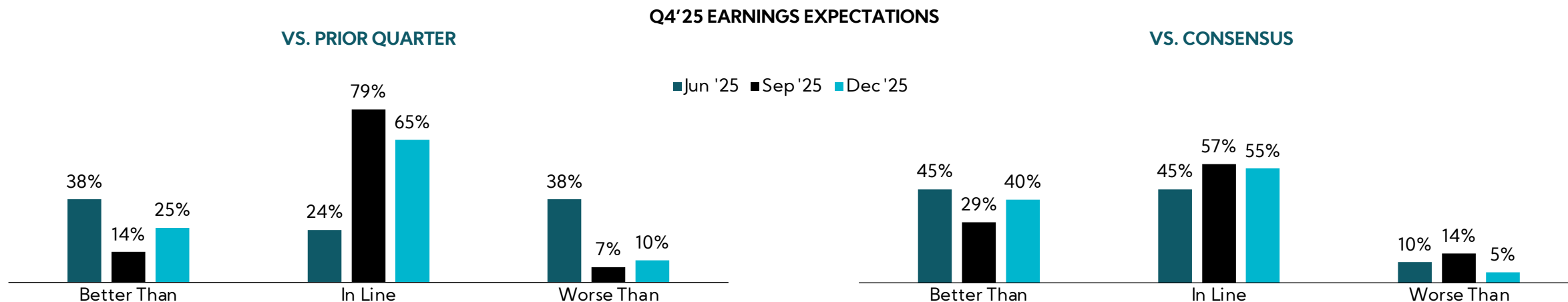
## Neutral to Bearish

*"The housing market is somewhat depressed."*  
**Buy Side, N. America, Industrials**

*"Weak U.S. housing starts, weak U.S. consumer sentiment, tariff costs, and geopolitical uncertainty."*  
**Sell Side, N. America, Industrials**

# Most Investors Expect Q4'25 Results to Be Flat QoQ and Meet or Beat Consensus, Continuing Last Quarter's Trend

60% believe Q4'25 results will surpass Q4'24 prints



## Better Than

*"Improving economic environment."* **Buy Side, N. America, Generalist**

*"Application of Lean thinking in the companies in my research universe."* **Sell Side, N. America, Industrials**

## In Line

*"Analysts have revised / tweaked their estimates, allowing for this sector's actuals to be in line."* **Buy Side, N. America, Generalist**

*"Supply chain."* **Buy Side, N. America, Generalist**

*"The government shutdown could negatively impact QoQ and YoY earnings."* **Buy Side, N. America, Industrials**

*"Data center-centric names will have strong earnings and drive upside, balanced by building products names with persisting challenges."* **Sell Side, N. America, Industrials**

*"Lackluster industrial activities are well understood by the market and expectations appear to be low."* **Buy Side, Europe, Generalist**

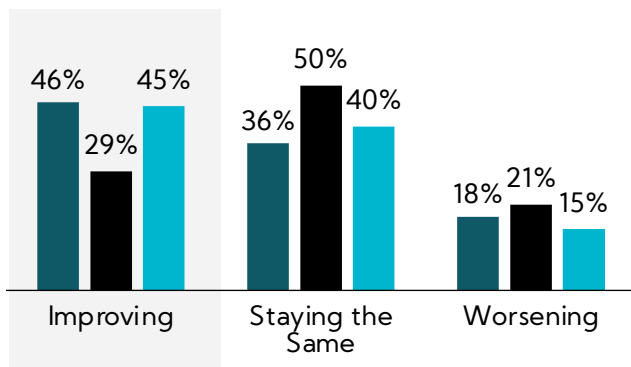
## Worse Than

*"Typical seasonal slowing, weak consumer confidence, oversupply, and weak pricing."* **Sell Side, N. America, Industrials**

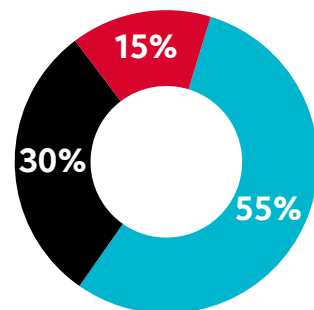
# More Are Now Expecting Sequential Revenue and EPS Improvement as Well as Higher 2026 Guides Across All KPIs Except for Margins, Where Most Expect More of the Same

## REVENUE

Q4'25 SEQ. PERFORMANCE EXPECTATIONS

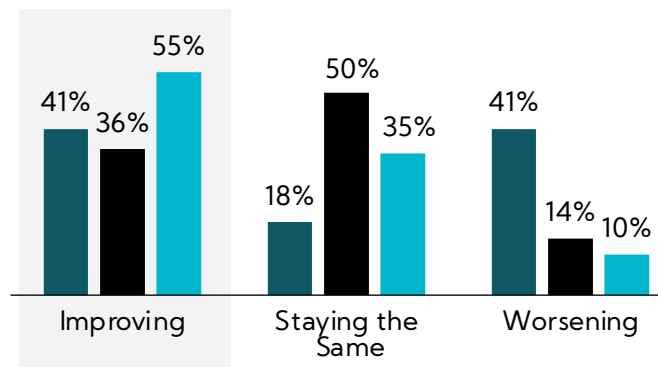


2026 GUIDANCE EXPECTATIONS VS. 2025 ACTUALS

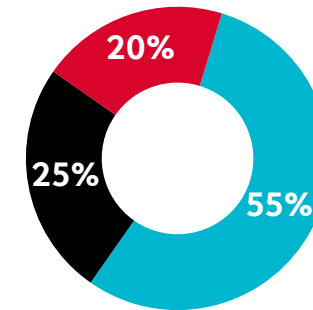


## EPS

Q4'25 SEQ. PERFORMANCE EXPECTATIONS



2026 GUIDANCE EXPECTATIONS VS. 2025 ACTUALS

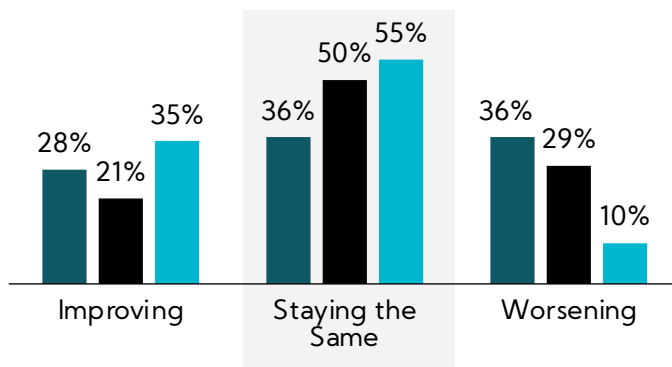


■ Jun '25 ■ Sep '25 ■ Dec '25

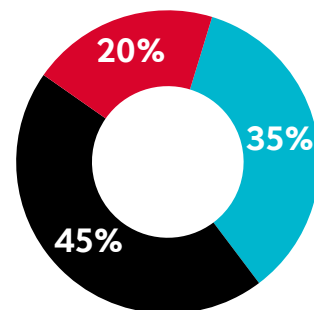
■ Higher ■ In Line ■ Lower

## OPERATING MARGINS

Q4'25 SEQ. PERFORMANCE EXPECTATIONS

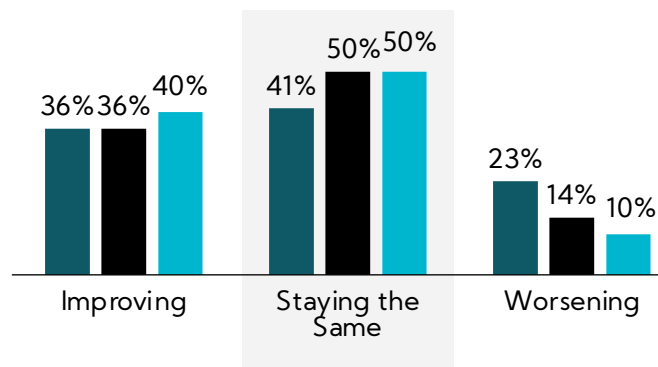


2026 GUIDANCE EXPECTATIONS VS. 2025 ACTUALS

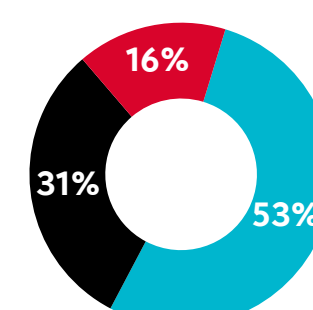


## FCF

Q4'25 SEQ. PERFORMANCE EXPECTATIONS



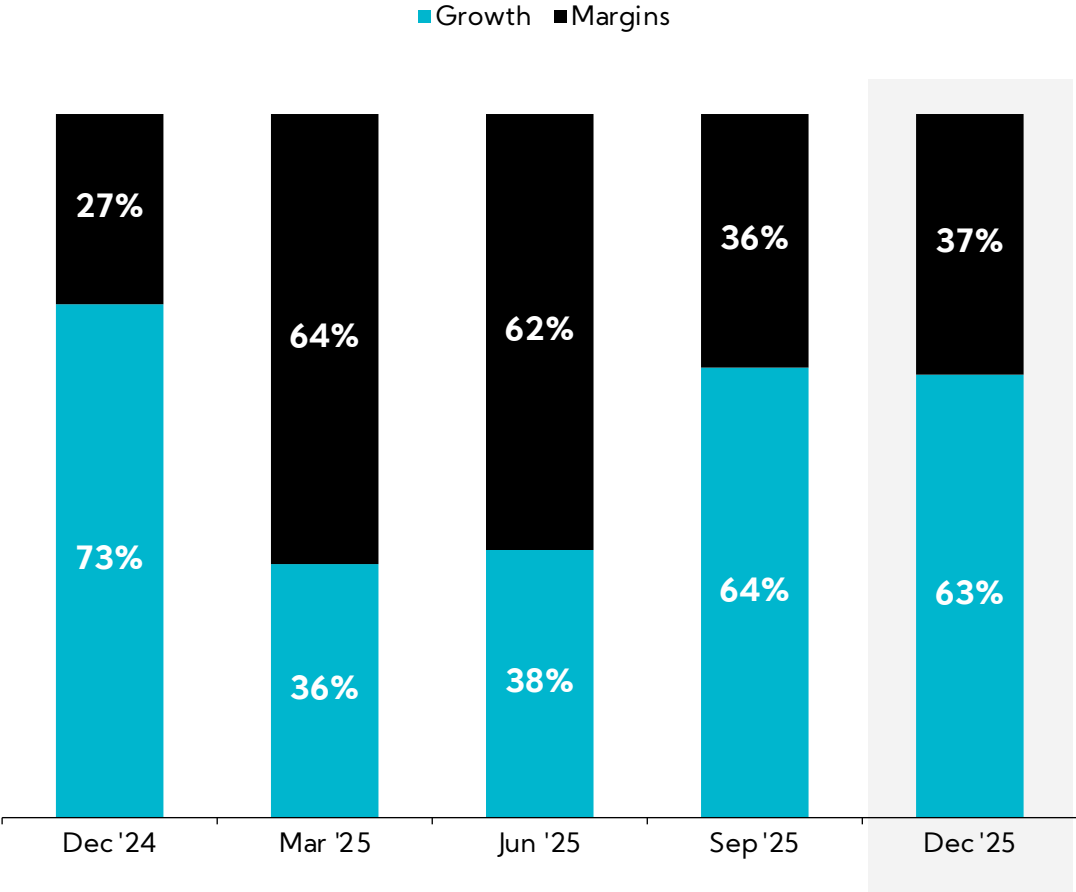
2026 GUIDANCE EXPECTATIONS VS. 2025 ACTUALS



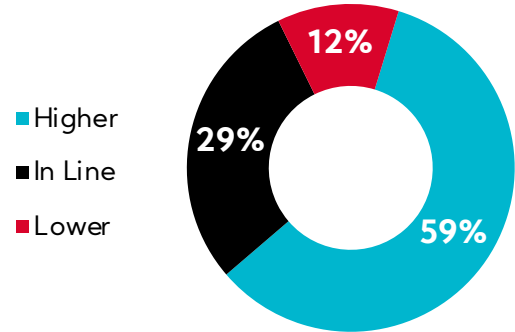
# Continuing Last Quarter's Shift, Growth Remains In Focus; Expectations for Gradual Order Rate Improvement across Both Short- and Long-cycle Products Supports 2026 Organic Growth Views

57% of respondents believe current inventory levels for the demand environment are *Just Right*

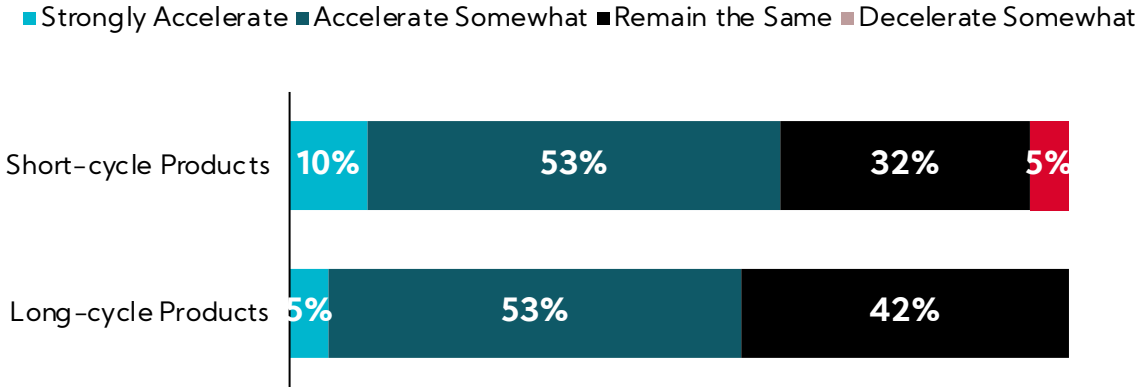
KPI PRIORITIZATION AT THIS POINT IN THE CYCLE



2026 INDUSTRIAL ORGANIC GROWTH RELATIVE TO 2025



INDUSTRIAL ORDER RATE EXPECTATIONS OVER THE NEXT SIX MONTHS





# Top Concerns from Around the Globe

Tariffs continue to dominate global investor concerns, albeit easing QoQ, while the economy, policy, and inflation risks reinforce a level of caution; supply chain back on the board this quarter

	Unaided	(QoQ Change)	
1	44%	(↓ 17pts)	Tariffs
2	29%	(↑ 10pts)	Economy
3	25%	(↑ 11pts)	Interest Rates
4	25%	(↑ 17pts)	Policy Uncertainty
5	24%	(↑ 16pts)	Inflation
6	20%	(↑ 6pts)	Supply Chain

## Commentary

"Market conditions, competitive intensity increasing across markets, overcapacity of supply on most of the end markets." **Buy Side, N. America, Industrials**

"Inability to fully pass through tariffs, other inflation pressures, and capex curtailment." **Buy Side, N. America, Industrials**

"AI-related over-ordering and data center debt levels, weak U.S. currency, residential construction weakness." **Buy Side, N. America, Generalist**

"Inflation, geopolitical, interest rates." **Buy Side, N. America, Generalist**

"Valuation, policy errors, execution." **Buy Side, N. America, Generalist**

"Impacts of fiscal & monetary policy, duration of tariff situation, supply chain impacts." **Buy Side, N. America, Generalist**

"Tariffs, economy, sentiment." **Buy Side, N. America, Generalist**

"AI disruption of certain business models, delayed tariffs impact on the broader economy, and weak consumer demand." **Buy Side, Europe, Industrials**

"Tariffs, investment sentiment." **Buy Side, Europe, Generalist**

"AI bubble risk, tariffs, economic slowdown." **Buy Side, Europe, Generalist**

"Slowing global growth, new tax war, unpredictable U.S. president." **Buy Side, Europe, Generalist**

"Geopolitical risks, labor shortage, supply chain constraints, inflation, interest rates." **Buy Side, Australia, Generalist**

"Inflation is driving demand destruction, international market health, and residential construction demand." **Sell Side, N. America, Industrials**

"Weak housing market, weak consumer confidence, policy interference." **Sell Side, N. America, Industrials**

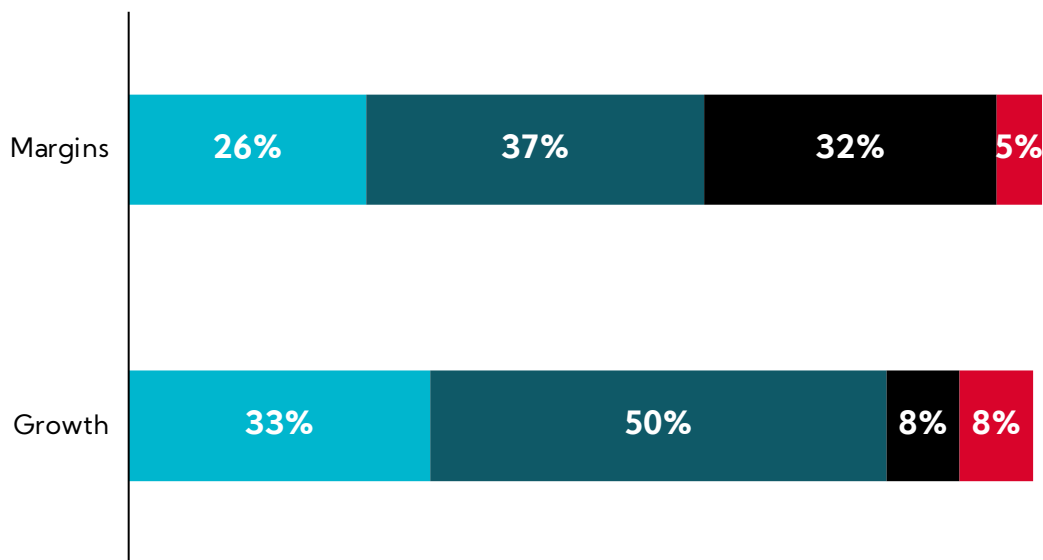
"U.S. market, rate environment." **Sell Side, Europe, Generalist**

## Tariff Concerns Vary with Most Expecting to See Continued Company Impact – Largely on Margins – in the Next Six Months; the China Hangover Continues

More than 80% of investors report tariffs are already impacting results or will do so imminently, while 72% assign a *High* level of risk to companies with China exposure, an increase from 59% that assigned *High* to *Very High* level of risk last quarter

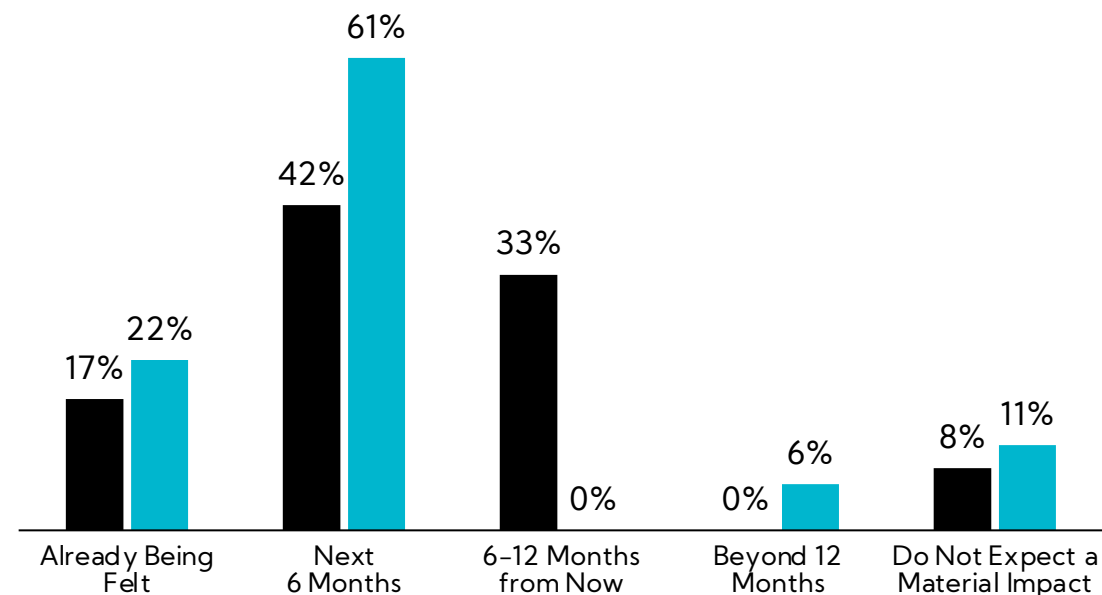
CONCERN REGARDING TARIFF HEADWINDS ON INDUSTRIAL 2025 RESULTS

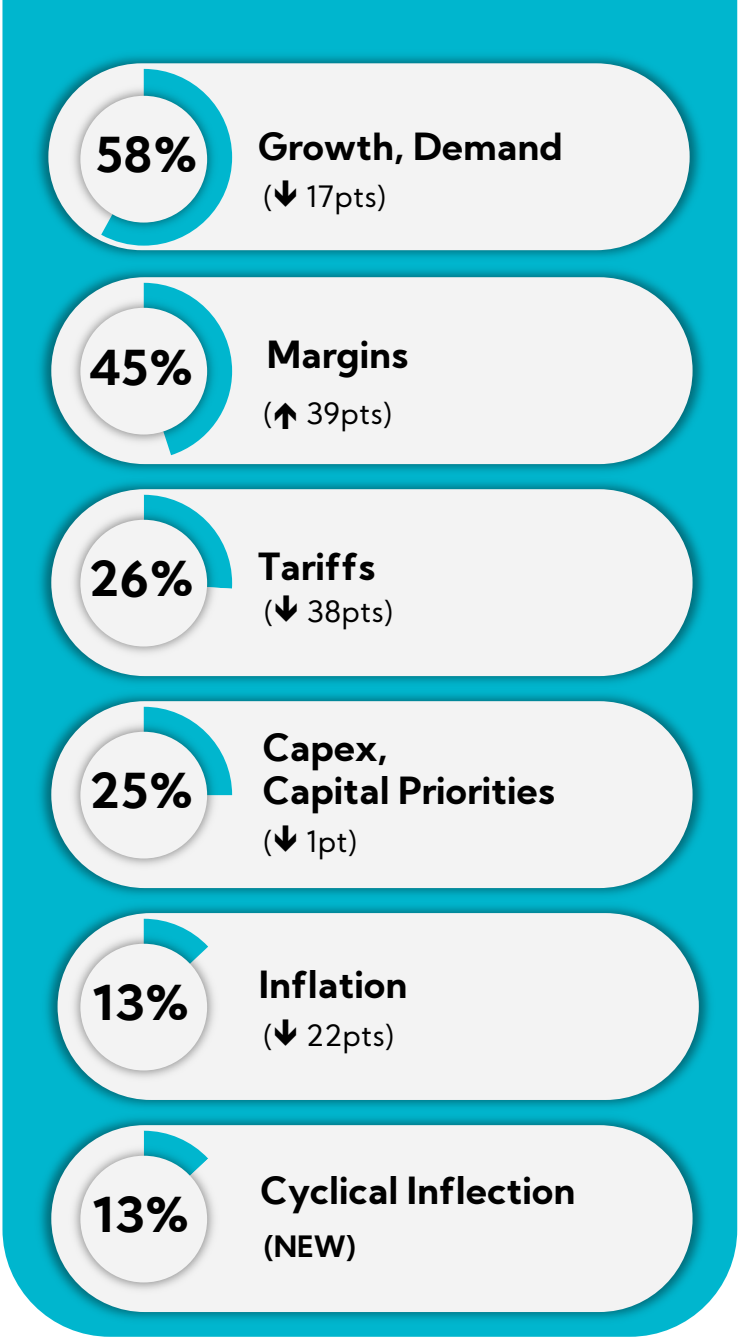
■ Not Concerned ■ Somewhat Concerned ■ Concerned ■ Very Concerned



EXPECTATIONS FOR INDUSTRIALS TO EXPERIENCE THE GREATEST FINANCIAL IMPACT FROM TARIFFS

■ Sep '25 ■ Dec '25





58%

Growth, Demand

(↓ 17pts)

45%

Margins

(↑ 39pts)

26%

Tariffs

(↓ 38pts)

25%

Capex,  
Capital Priorities

(↓ 1pt)

13%

Inflation

(↓ 22pts)

13%

Cyclical Inflection

(NEW)

## Topics of Interest for Upcoming Earnings Calls

While growth and demand remain the primary focus area, margin sustainability has risen sharply higher on investor agendas this quarter as they evaluate rising costs and capex trends

### N. American Views

*"Pace of growth as quarter ended, regional disparities, any signs of a cyclical inflection."* **Buy Side, Industrials**

*"Internal abilities to preserve margins in deteriorating environments."* **Buy Side, Industrials**

*"Tariffs are going to be relevant given what may happen. That's probably first and foremost, and the impact of oil and gas sector spending, capex for A&D budgets."* **Buy Side, Generalist**

*"Quality of backlog, pricing power, hiring plans."* **Buy Side, Generalist**

*"Outlook, M&A, capital allocation."* **Buy Side, Generalist**

*"Ability to sustain margins, efforts to manage, mitigate impact, forward expectations given fluid situation."* **Buy Side, Generalist**

*"Inventory, tariffs, sentiment."* **Buy Side, Generalist**

*"Cost reduction, including headcount reduction, matching supply to weak demand, and changes in trade flows."* **Sell Side, Industrials**

*"Any early impacts from bonus depreciation legislation in the OBBBA, any signs that recent rate cuts are supporting projects moving forward that wasn't penciled in before."* **Sell Side, Industrials**

*"Orders, margins."* **Buy Side, Generalist**

*"Demand drivers and new products introductions, industry conditions."* **Buy Side, Generalist**

### European Views

*"Order books, margins, cost increase."* **Buy Side, Generalist**

*"Impact of tariffs, impact of AI on business (both on costs and revenues/margins)."* **Buy Side, Industrials**

*"2026 margin outlook, U.S. environment."* **Sell Side, Generalist**

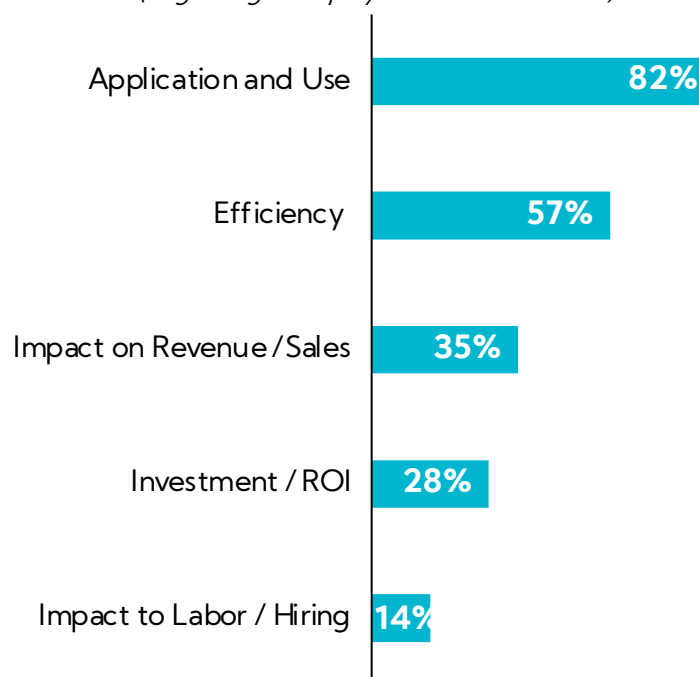
# AI and Data Center Investment Remains the Leading Secular Growth Driver for Industrials

Regarding use of AI, investors seek clarification on how it is being applied, efficiency gains, and path to measurable returns

## TOP 3 SECULAR GROWTH TRENDS FOR INDUSTRIALS

- 1 AI / Data Center Buildout
- 2 Energy Infrastructure
- 3 Aerospace & Defense

## TOP AI QUESTIONS FOR INDUSTRIALS (Regarding AI Deployment in the Business)



"How is AI improving your operations? Do you see competition in AI applications? Is AI allowing you to spend less on software or labor?" **Buy Side, N. America, Industrials**

"Are you cutting office staff? How far along is robotics?" **Buy Side, N. America, Generalist**

"How do you use [AI]? Can it reduce costs? Can you reduce labor costs?" **Buy Side, N. America, Generalist**

"Plan for use / application & desired outcome(s), expectations for results, enhancements & efficiencies expected, ROI – when, how, and what." **Buy Side, N. America, Generalist**

"Backlog growth, bookings strength, durability, and visibility." **Buy Side, N. America, Generalist**

"How will you implement [AI]? What will be the benefit of it? Will it increase your profitability?" **Buy Side, Europe, Generalist**

"What are the revenue opportunities, what are the cost reduction or efficiency opportunities, how much do you plan to spend on AI, and what's the return?" **Buy Side, Europe, Generalist**

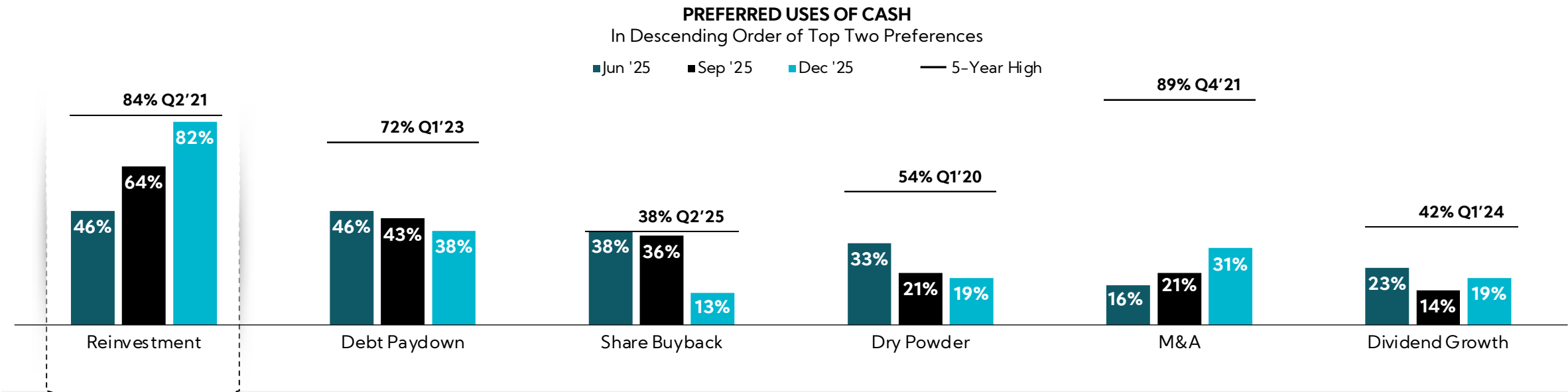
"How to best use it, finding AI experts, training." **Sell Side, N. America, Industrials**

"What are you doing to increase your exposure to the AI data center infrastructure boom? How are you using AI to accelerate product development? How are you using AI to streamline your operations and sales force?" **Sell Side, N. America, Industrials**



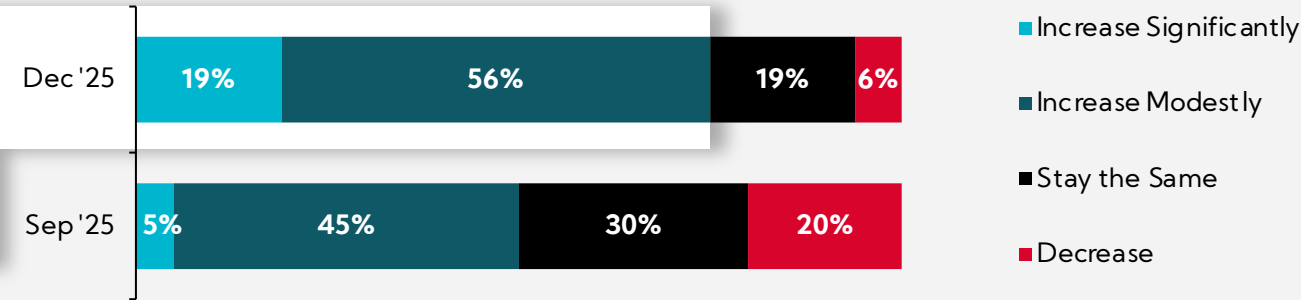
# Reinvestment Preference Climbs to Near-record Levels, Just Shy of Support Levels Captured During Jun. '21 Capex Supercycle; Majority Expect Capex to Increase Over the Next Six Months

In Q3'25, Industrials saw capex increases of 7% YoY and 2% QoQ



## EXPECTATIONS FOR GROWTH CAPEX ACROSS INDUSTRIALS OVER THE NEXT SIX MONTHS

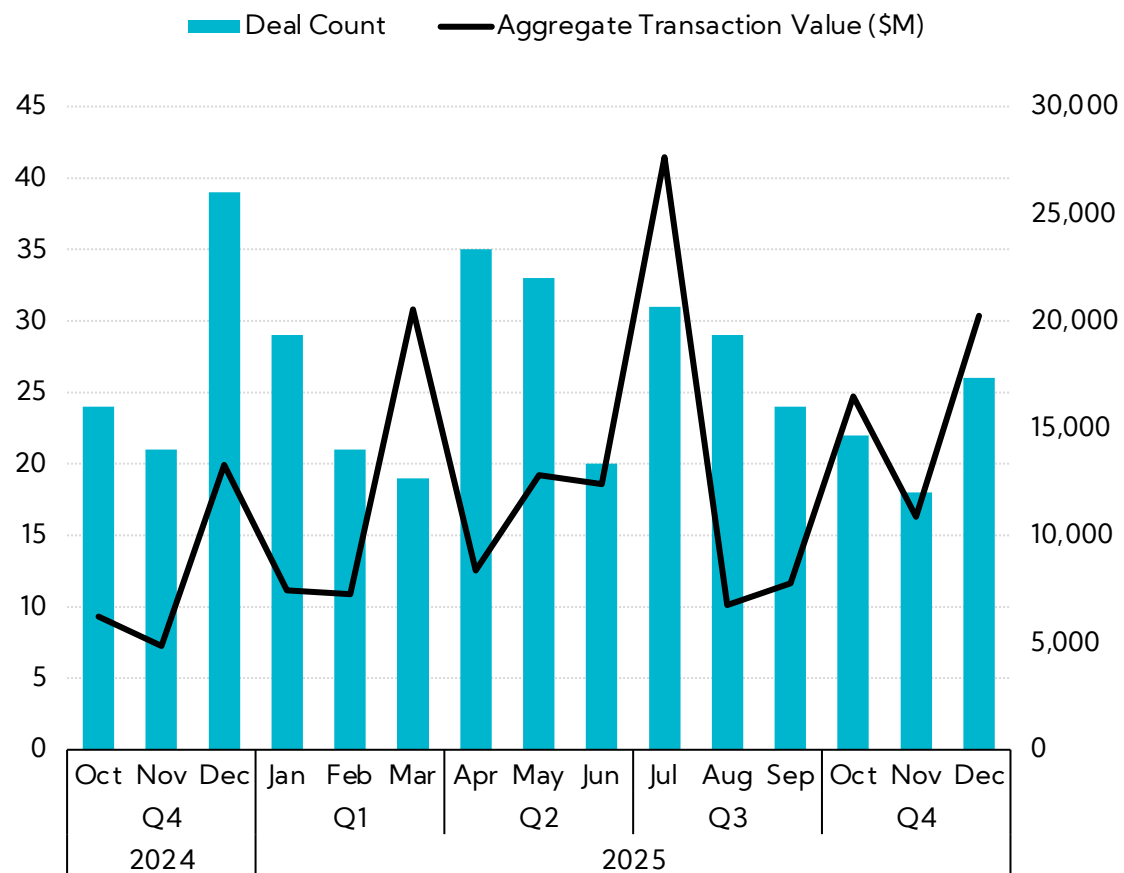
**75%** of investors are expecting a *Modest to Significant Increase* for growth capex across Industrials, an increase from 50% last quarter



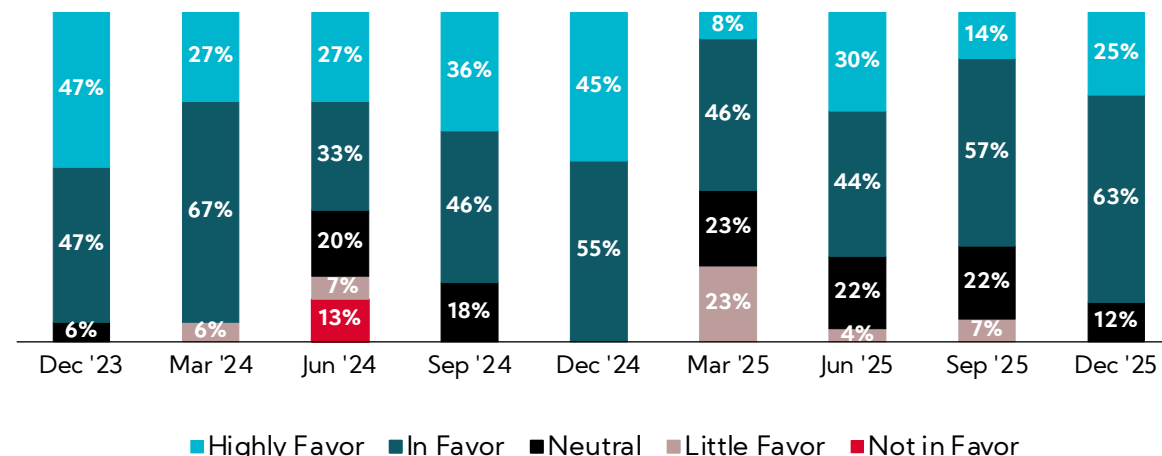
# Amid a Strong Deal Backdrop, Investors Continue to Favor Bolt-on M&A and, While Still Hesitant, Transformational Deals See the Highest *In Favor* Levels Since Q3'23

While total Industrial M&A deal count decreased 21% YoY for Q4, aggregate transaction value was up 95%

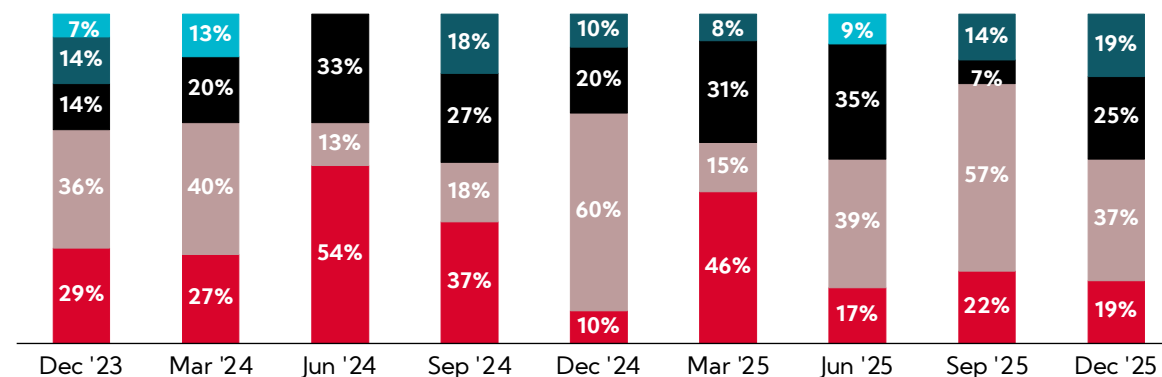
## NORTH AMERICA INDUSTRIAL M&A ACTIVITY<sup>1</sup>



## BOLT-ON ACQUISITIONS



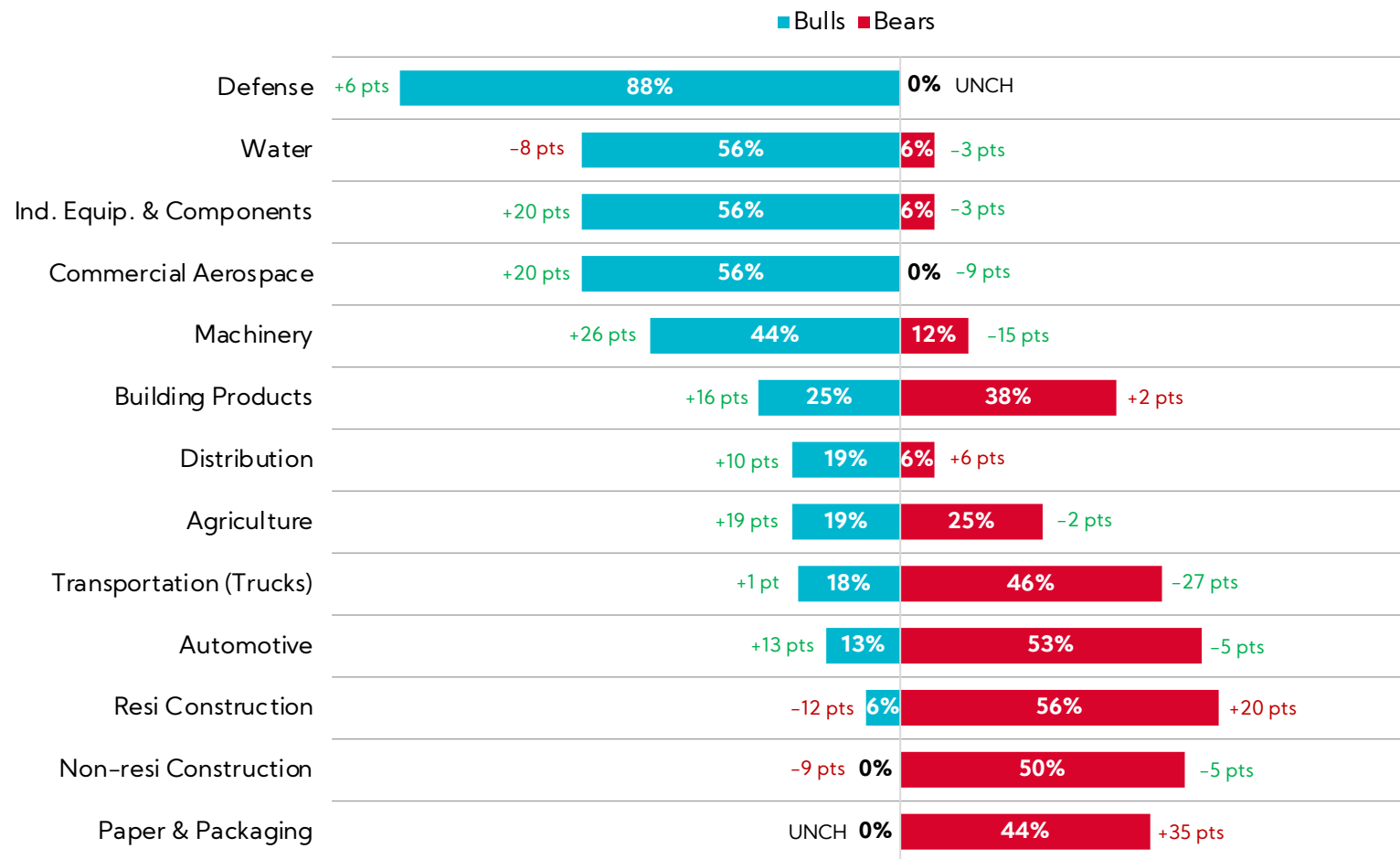
## LARGE/TRANSFORMATIONAL ACQUISITIONS



<sup>1</sup> Source: FactSet, includes completed M&A transactions valued above \$1M

# Most Industries See Influx of Bulls, with Defense Again On Top and Machinery & Equipment Receiving Notable Increases QoQ; Consumer-linked Markets Remain Out-of-favor

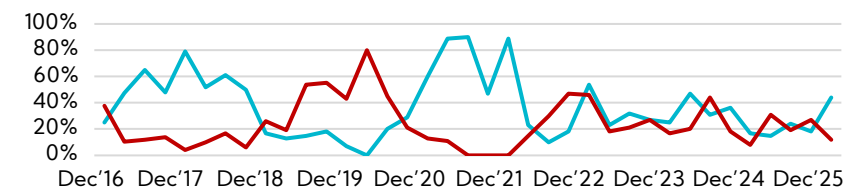
## BULLS VS BEARS



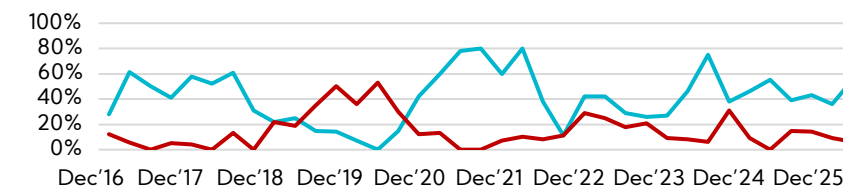
"Pts" reflect QoQ change

## LARGEST BULL and BEAR SENTIMENT GAINERS

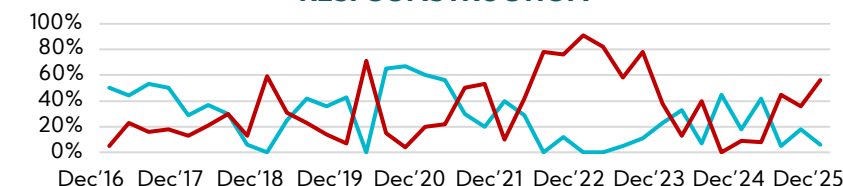
### MACHINERY



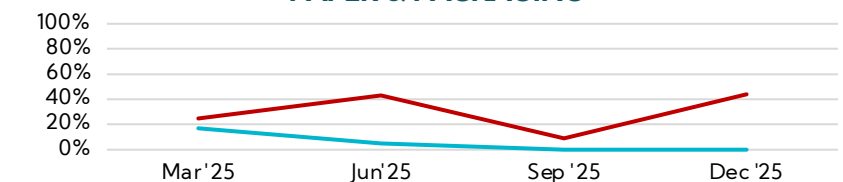
### INDUSTRIAL EQUIPMENT & COMPONENTS



### RESI CONSTRUCTION



### PAPER & PACKAGING





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- Executive Coaching