

# US Weekly Kickstart

## Lifting our 12-month S&P 500 target to 5100 as inflation falls, the Fed turns dovish, and real yields plunge

We raise our year-end 2024 S&P 500 index target to 5100 representing 8% upside from the current level. Decelerating inflation and Fed easing will keep real yields low and support a P/E multiple greater than 19x. Since late October, S&P 500 has surged by 15% and Russell 2000 has soared by 23% as real rates plummeted from 2.5% to 1.7%. Our prior year-end 2024 forecast assumed yields of 2.3% and a P/E of 18x. Upside risk exists to our above-consensus EPS estimate of 5% growth. The improved macro outlook implies a more conducive environment for bringing IPOs to market. Resilient growth and falling rates should benefit stocks with weaker balance sheets, particularly those that are sensitive to economic growth.

### Performance

The S&P 500 was up 3.0% this week. Real Estate was the best-performing sector (+6.5%) while Communication Services was the worst-performing sector (-0.4%). We expect the S&P 500 will end 2024 at 5100 (+8.1%).

#### S&P 500 earnings and valuation

	Goldman Sachs Portfolio Strategy		Consensus Bottom-Up	
	2023E	2024E	2023E	2024E
EPS	\$224	\$237	\$221	\$245
Growth	1 %	5 %	(0)%	11 %
	NTM	2024E	NTM	2024E
P/E	20.0x	19.9x	19.6x	19.2x

Source: I/B/E/S, FirstCall, Goldman Sachs Investment Research

### Table of Contents

Markets and money flow	6
Market performance	7
Sector performance	8
Style and size	13
Strategy baskets	14
Earnings, sales, and revisions	19
Valuation	20
Factors	22
Fund flows, fund performance, and short interest	23
Correlation, breadth, and dispersion	24
Economics	25
Goldman Sachs macro forecasts	26

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## Conversations we are having with clients: Raising our S&P 500 12-month price target to 5100

**We raise our S&P 500 year-end 2024 price target to 5100 representing 8% upside from the current level.** This outcome aligns with the [scenario](#) we outlined last week, where lower inflation and dovish Fed policy allow real yields to fall. The new year-end 2024 target reflects a P/E greater than 19x compared with our prior target of 4700 that forecast a multiple of 18x. Our 3-month and 6-month targets are 4800 and 4900.

**The bevy of encouraging economic data releases this week support our upwardly revised equity market outlook.** The CPI and PPI reports this week both signaled that inflation is nearing the Fed's target. Our economists expect that core PCE inflation will register just 3.1% year/year in November. In fact, by some measures the trend is already at or near 2%. Above-consensus retail sales growth further evidenced economic resilience, while lower-than-expected jobless claims affirmed that the labor market remains healthy.

**Equities were already pricing positive economic activity but now reflect an even more robust outlook.** The performance of cyclical vs. defensive stocks has moved from pricing GDP growth of 1.5% to above 3% during the last seven weeks (Exhibit 3).

**Our stronger view of the equity market also dovetails with our colleagues' upgrades to the US GDP growth and interest rate outlooks.** Following the Fed's dovish signaling, our economists now expect the FOMC will cut the policy rate sooner and faster than they previously anticipated. Their revised funds rate [forecast](#) assumes consecutive 25 bp cuts in March, May, and June followed by quarterly cuts that will place the policy rate at 4.0%-4.25% at year-end 2024. Futures prices currently imply a total of six cuts to 3.75%-4.0% by the end of next year.

**Our interest rate strategists also revised their [forecast](#) to reflect the Fed pivot.** They now expect the 10-year Treasury yield will fall to 3.75% in 1H 2024 (previously 4.65%) before rising to 4.0% at the end of next year (previously 4.55%), only 10 bp above the current level of 3.9%. The move in real yields has been particularly dramatic and strongly influences equity valuations. In October, the real rate equaled 2.5% but it has since plummeted to 1.7%. The yield gap between real rates and earnings yield now equals 350 bps. We forecast it will remain roughly at this level at year-end 2024.

**We see upside risk to our above-consensus S&P 500 earnings estimate of 5% year/year growth in 2024.** Our top-down EPS estimate of \$237 compares with the median strategist estimate of \$230. Financial conditions have loosened substantially since October and should boost economic activity and company earnings.

**The improved macro outlook implies a more conducive environment for bringing IPOs to market during 2024.** Our [IPO Barometer](#) gauges whether the macro environment is favorable to IPO issuance by combining measures relating to equity market performance, valuation, interest rates, CEO confidence, and economic activity. The barometer has rebounded to 89, near the level associated with the typical frequency of IPOs. Looking ahead, higher share prices and an improving cost of capital would imply the friendliest new issuance environment in nearly 2 years (Ex. 5).

**We do not view the potential for increased equity issuance in 2024 as a headwind to stock performance during the next 12 months.** We would expect that the lower cost of capital driving issuance would simultaneously boost buyback activity, helping offset the net effect on equity supply. In addition, falling yields might represent one catalyst for a reversal of recent fund flow dynamics that have challenged equities. Investors have poured \$1.4 *trillion* into money market funds YTD as interest rates have climbed, while US equity funds have received just \$95 *billion* of inflows (Exhibit 6). As rates begin to fall investors may rotate some of their cash holdings toward stocks.

**A lower cost of capital should also allow stocks with weak balance sheets to "catch up" to the few stocks that have led the market in 2023.** A small group of stocks has been responsible for the bulk of equity returns this year. The seven largest companies in the S&P 500 now account for 28% of S&P 500 market cap, and market breadth hovers near 0.5 standard deviations below average (Ex. 7). The Information Technology sector has delivered stellar returns (+56% YTD). Despite the long duration of those companies' cash flows, investors had expected their strong balance sheets to insulate them from rising interest rates.

**Looking forward, the new regime of both improving growth and falling rates should support stocks with weaker balance sheets, particularly those that are sensitive to economic growth.** We published our [2024 US Equity Outlook](#) in mid-November and recommended that investors tactically own beaten-down cyclicals to capture upside around positive economic data surprises. During the last month, the equal-weighted screen has soared by 10%, outpacing both the aggregate (+5%) and equal-weight (+8%) S&P 500 indices. Similarly, the Russell 2000 index outpaced the S&P 500 by 5 pp on Wednesday and Thursday as markets priced the likelihood of lower interest rates coupled with stronger growth. An environment of falling interest rates and improving economic growth expectations historically has been supportive for small-caps, which have recently traded at depressed valuations.

**Our High Sharpe Ratio basket (ticker: GSTHSHRP) represents another method of screening for cyclical laggards that should outperform if the operating outlook continues to strengthen.** GSTHSHRP identifies companies with the highest prospective risk-adjusted returns relative to their sector peers. We define a stock's prospective Sharpe Ratio as the return to the consensus 12-month price target divided by the 6-month option-implied volatility. The strategy has a long track record of outperforming the S&P 500 on an absolute and risk-adjusted return basis. But YTD, it has lagged the S&P 500 by 11 pp and outpaced the equal weighted index by just 1 pp.

**We rebalance our High Sharpe Ratio basket in this report.** The median constituent is expected to generate more than 4x the return of the median S&P 500 stock during the next 12 months (19% vs. 4%) with a similar level of implied volatility (24). As a result, based on consensus targets, the basket is projected to generate a risk-adjusted return that is more than 4x greater than the S&P 500 (0.9 vs. 0.2). Constituent turnover was high in our semi-annual rebalance with 33 new constituents out of 50 (Exhibit 9).

# Charts we are watching: S&P 500 year-end 2024 price target and NTM P/E multiple

**Exhibit 1: Our new S&P 500 price target for year-end 2024 is 5100**

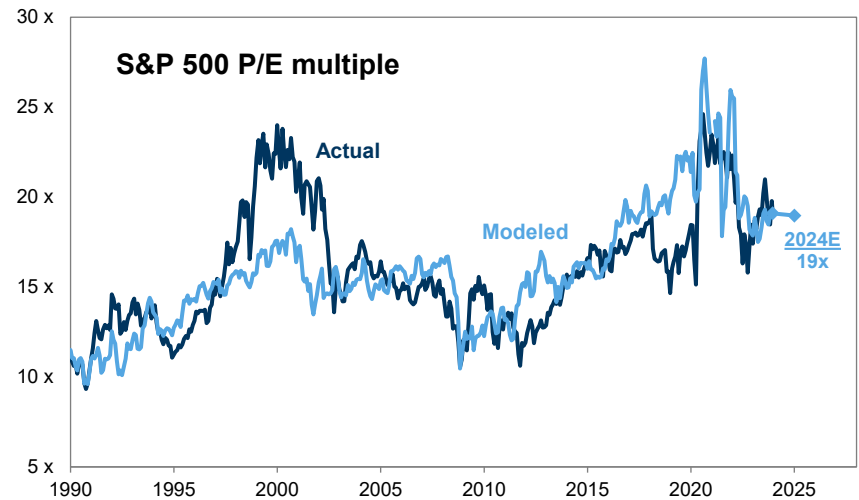
as of December 14, 2023



Source: Goldman Sachs Global Investment Research

**Exhibit 2: We expect the S&P 500 P/E multiple to remain above 19x at YE 2024**

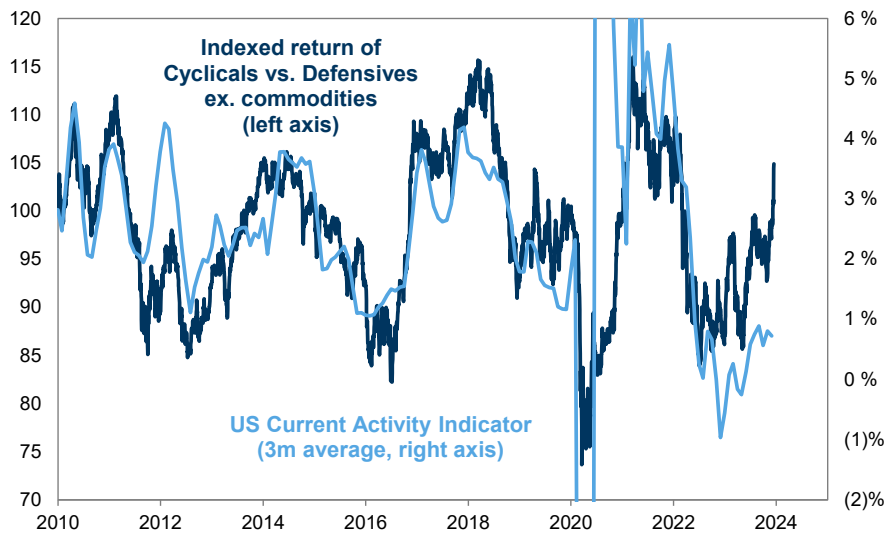
as of December 14, 2023



Source: Goldman Sachs Global Investment Research

**Exhibit 3: Equities appear to price US GDP growth above 3%**

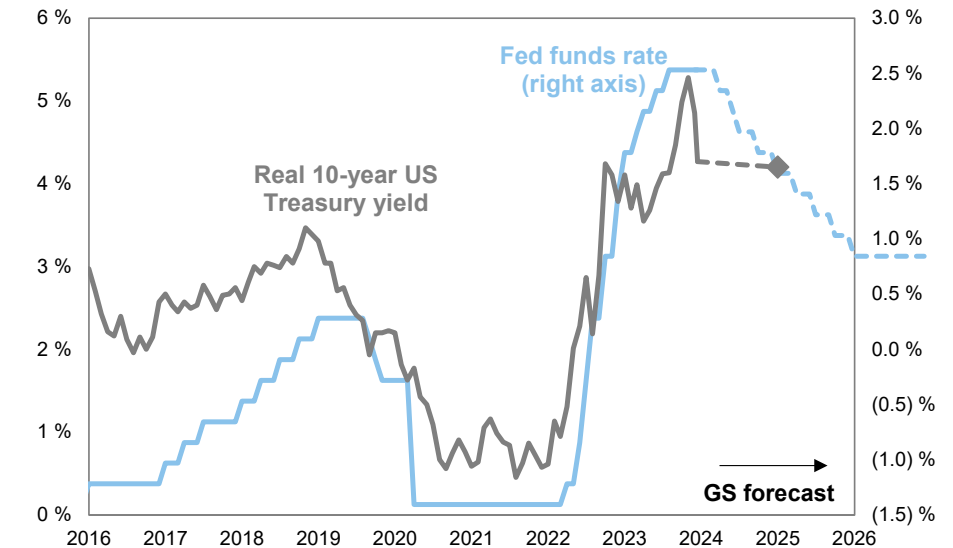
as of December 15, 2023



Source: Goldman Sachs Global Investment Research

**Exhibit 4: GS expectations for Fed funds rate and real 10-year US Treasury yield**

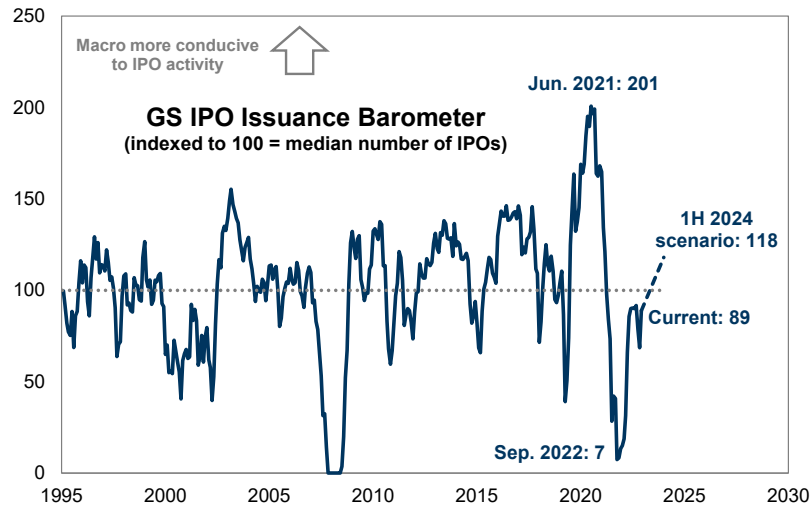
as of December 14, 2023



Source: Goldman Sachs Global Investment Research

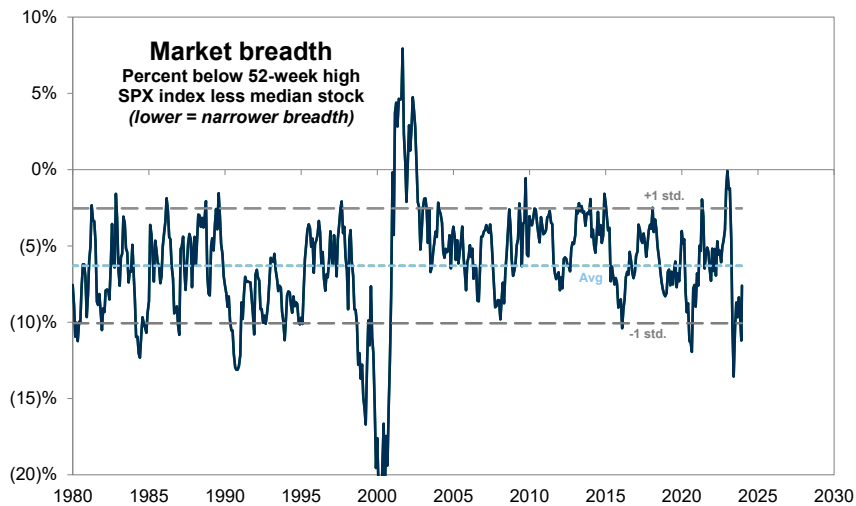
# Charts we are watching: IPO Issuance Barometer, fund flows, and equity market breadth

**Exhibit 5: GS IPO Issuance Barometer now registers 89 and could rise in 2024**  
as of December 14, 2023



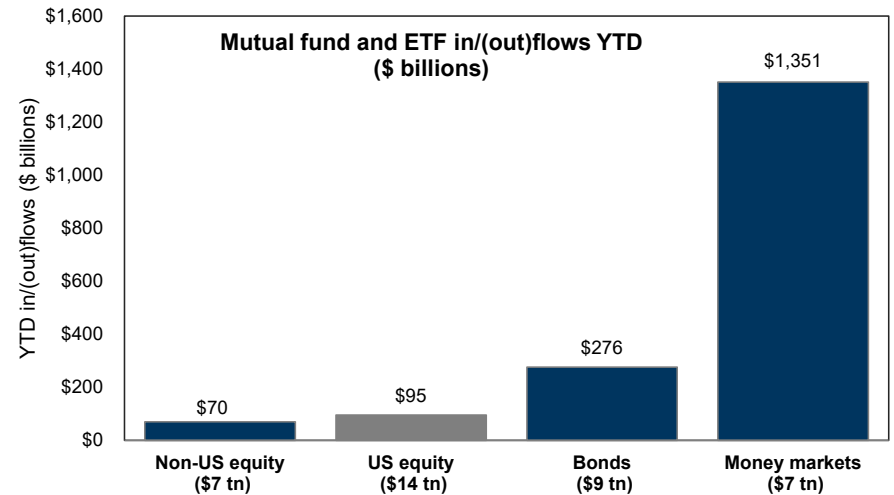
Source: Goldman Sachs Global Investment Research

**Exhibit 7: Market breadth hovers near 0.5 standard deviations below average**  
as of December 14, 2023



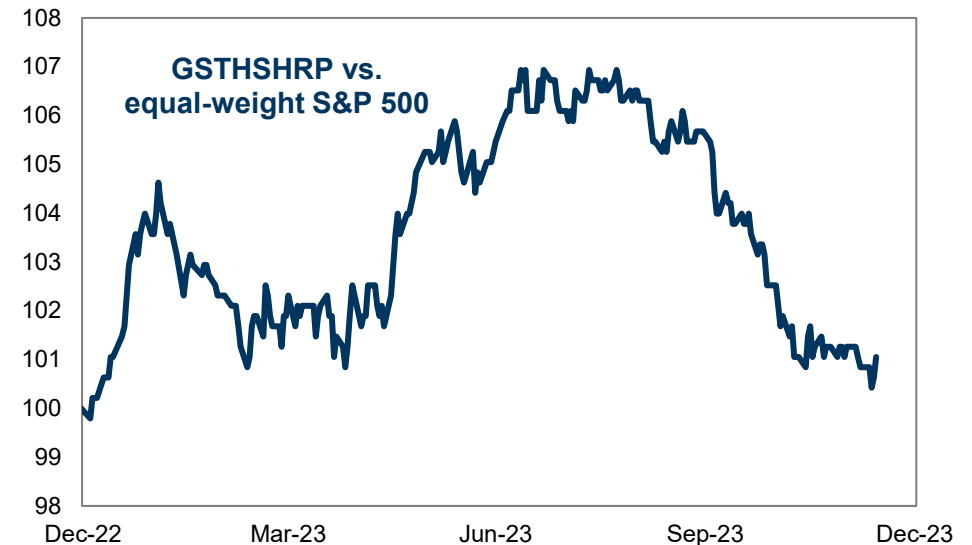
Source: Goldman Sachs Global Investment Research

**Exhibit 6: Limited US equity inflows vs. \$1.4 trillion in money market inflows**  
as of December 14, 2023



Source: Goldman Sachs Global Investment Research

**Exhibit 8: Performance of High Sharpe Ratio basket vs. equal-weight S&P 500**  
as of December 14, 2023



Source: Goldman Sachs Global Investment Research

# Constituents of our High Sharpe Ratio basket (GSTHSHRP)

## Exhibit 9: Constituents of our High Sharpe Ratio basket

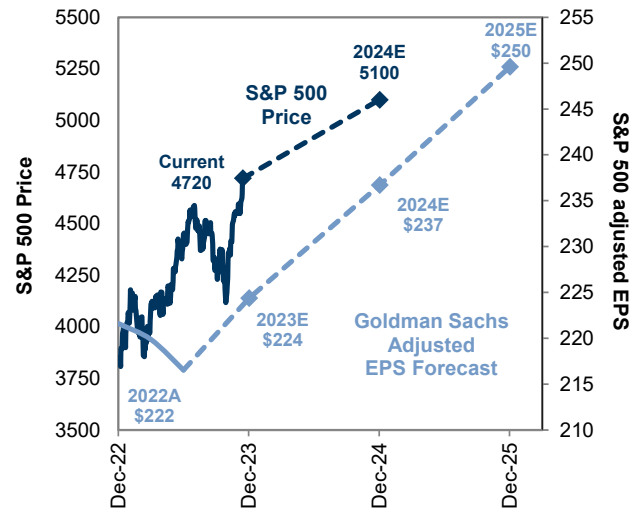
as of December 14, 2023; **bold** indicates new constituent

Company	Ticker	NTM P/E	YTD return	Return to consensus price target	6-mo implied volatility	Expected return / implied vol
<b>COMMUNICATION SERVICES</b>						
T-Mobile US Inc.	TMUS	16 x	13 %	17 %	19 %	<b>0.9</b>
Charter Communications	CHTR	<b>10</b>	<b>13</b>	<b>21</b>	<b>30</b>	<b>0.7</b>
Fox Corp.	FOXA	<b>9</b>	<b>1</b>	<b>16</b>	<b>24</b>	<b>0.7</b>
News Corp.	NWSA	<b>30</b>	<b>29</b>	<b>18</b>	<b>26</b>	<b>0.7</b>
<b>CONSUMER DISCRETIONARY</b>						
LKQ Corp.	LKQ	11 x	(11)%	32 %	24 %	<b>1.3</b>
Las Vegas Sands	LVS	<b>16</b>	<b>2</b>	<b>34</b>	<b>30</b>	<b>1.2</b>
Wynn Resorts, Limited	WYNN	<b>19</b>	<b>10</b>	<b>29</b>	<b>32</b>	<b>0.9</b>
General Motors	GM	<b>5</b>	<b>9</b>	<b>26</b>	<b>30</b>	<b>0.9</b>
Aptiv PLC	APTIV	15	(5)	29	34	<b>0.8</b>
Starbucks Corp.	SBUX	<b>23</b>	<b>1</b>	<b>17</b>	<b>22</b>	<b>0.8</b>
<b>CONSUMER STAPLES</b>						
Bunge Global SA	BG	9 x	8 %	30 %	24 %	<b>1.3</b>
Constellation Brands	STZ	<b>18</b>	<b>6</b>	<b>22</b>	<b>21</b>	<b>1.1</b>
Walmart Inc.	WMT	<b>22</b>	<b>9</b>	<b>18</b>	<b>18</b>	<b>1.0</b>
<b>ENERGY</b>						
Exxon Mobil Corp.	XOM	<b>11 x</b>	<b>(5)%</b>	<b>27 %</b>	<b>24 %</b>	<b>1.1</b>
Halliburton	HAL	10	(7)	36	33	<b>1.1</b>
<b>FINANCIALS</b>						
Arch Capital Group	ACGL	<b>10 x</b>	<b>19 %</b>	<b>28 %</b>	<b>23 %</b>	<b>1.2</b>
Berkshire Hathaway	BRK.B	<b>21</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>1.1</b>
Everest Group Ltd.	EG	<b>6</b>	<b>11</b>	<b>26</b>	<b>25</b>	<b>1.0</b>
MetLife Inc.	MET	7	(4)	17	22	<b>0.8</b>
Assurant Inc.	AIZ	<b>11</b>	<b>34</b>	<b>15</b>	<b>22</b>	<b>0.7</b>
Arthur J. Gallagher	AJG	<b>23</b>	<b>22</b>	<b>13</b>	<b>20</b>	<b>0.7</b>
Cincinnati Financial	CINF	<b>17</b>	<b>5</b>	<b>12</b>	<b>22</b>	<b>0.5</b>
<b>HEALTH CARE</b>						
Viatis Inc.	VTRS	4 x	(2)%	41 %	29 %	<b>1.4</b>
Pfizer Inc.	PFE	<b>11</b>	<b>(47)</b>	<b>33</b>	<b>28</b>	<b>1.2</b>
Humana Inc.	HUM	15	(8)	24	26	<b>0.9</b>
Becton, Dickinson	BDX	<b>18</b>	<b>(5)</b>	<b>17</b>	<b>19</b>	<b>0.9</b>
Bio-Rad Laboratories	BIO	27	(26)	31	34	<b>0.9</b>
Moderna Inc.	MRNA	NM	(52)	51	57	<b>0.9</b>
Company	Ticker	NTM P/E	YTD return	Return to consensus price target	6-mo implied volatility	Expected return / implied vol
<b>INDUSTRIALS</b>						
United Airlines Holdings	UAL	<b>5 x</b>	<b>16 %</b>	<b>37 %</b>	<b>37 %</b>	<b>1.0</b>
Jacobs Solutions	J	16	8	19	21	<b>0.9</b>
Alaska Air Group	ALK	8	(9)	29	34	<b>0.9</b>
Johnson Controls Intl	JCI	<b>14</b>	<b>(14)</b>	<b>21</b>	<b>24</b>	<b>0.9</b>
<b>INFORMATION TECHNOLOGY</b>						
Oracle Corp.	ORCL	<b>17 x</b>	<b>25 %</b>	<b>26 %</b>	<b>26 %</b>	<b>1.0</b>
First Solar Inc.	FSLR	12	6	45	48	<b>0.9</b>
NVIDIA Corp.	NVDA	<b>25</b>	<b>231</b>	<b>33</b>	<b>40</b>	<b>0.8</b>
Teledyne Technologies	TDY	21	7	12	19	<b>0.6</b>
Tyler Technologies	TYL	<b>47</b>	<b>27</b>	<b>13</b>	<b>24</b>	<b>0.5</b>
Gen Digital Inc.	GEN	11	10	13	27	<b>0.5</b>
VeriSign Inc.	VRSN	<b>26</b>	<b>2</b>	<b>9</b>	<b>20</b>	<b>0.5</b>
Microsoft Corp.	MSFT	<b>30</b>	<b>54</b>	<b>11</b>	<b>24</b>	<b>0.5</b>
Cisco Systems Inc.	CSCO	13	7	9	21	<b>0.4</b>
Motorola Solutions	MSI	<b>25</b>	<b>24</b>	<b>7</b>	<b>19</b>	<b>0.4</b>
Synopsys Inc.	SNPS	<b>40</b>	<b>73</b>	<b>9</b>	<b>27</b>	<b>0.3</b>
Juniper Networks	JNPR	13	(5)	7	23	<b>0.3</b>
Adobe Inc.	ADBE	<b>32</b>	<b>74</b>	<b>9</b>	<b>30</b>	<b>0.3</b>
ANSYS Inc.	ANSS	<b>31</b>	<b>22</b>	<b>8</b>	<b>27</b>	<b>0.3</b>
TE Connectivity	TEL	<b>19</b>	<b>27</b>	<b>5</b>	<b>19</b>	<b>0.3</b>
<b>MATERIALS</b>						
Corteva Inc.	CTVA	<b>15 x</b>	<b>(20)%</b>	<b>25 %</b>	<b>27 %</b>	<b>0.9</b>
<b>REAL ESTATE</b>						
VICI Properties	VICI	<b>12 x</b>	<b>2 %</b>	<b>10 %</b>	<b>19 %</b>	<b>0.6</b>
<b>UTILITIES</b>						
Exelon Corp.	EXC	<b>15 x</b>	<b>(9)%</b>	<b>15 %</b>	<b>21 %</b>	<b>0.7</b>
GSTHSHRP median		<b>15 x</b>	<b>7 %</b>	<b>19 %</b>	<b>24 %</b>	<b>0.9</b>
S&P 500 median		<b>18</b>	<b>11</b>	<b>4</b>	<b>24</b>	<b>0.2</b>

Source: FactSet, Goldman Sachs Global Investment Research.

# Markets and Money Flow

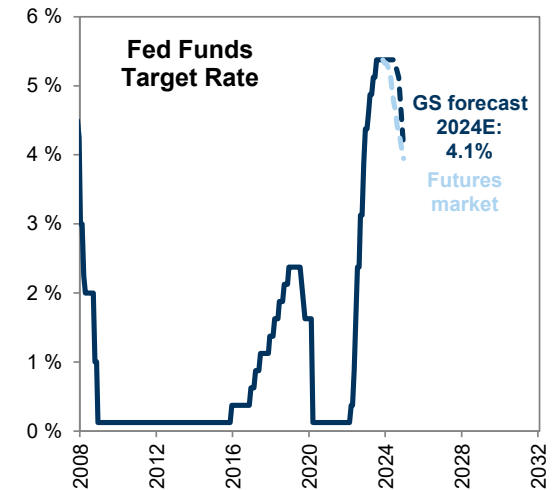
## S&P 500 level and EPS



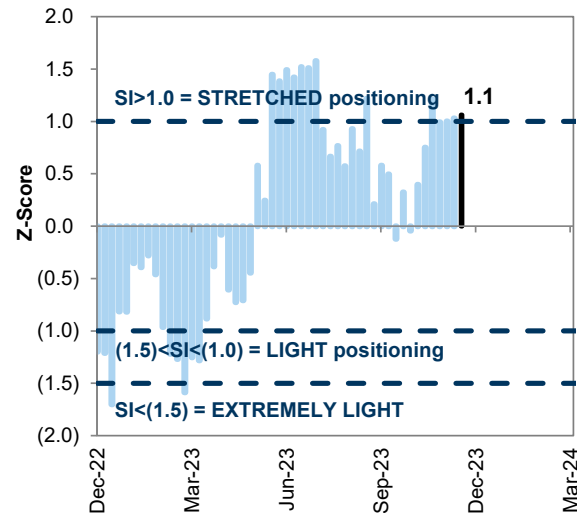
## 10-yr. Treasury Yields



## Fed Funds Target Rate



## Sentiment Indicator



Note: Sentiment Indicator measures stock positioning across retail, institutional, and foreign investors versus the past 12 months. Readings below -1.0 or above +1.0 indicate extreme positions that are significant in predicting future returns.

## 10-yr Real Treasury Yields

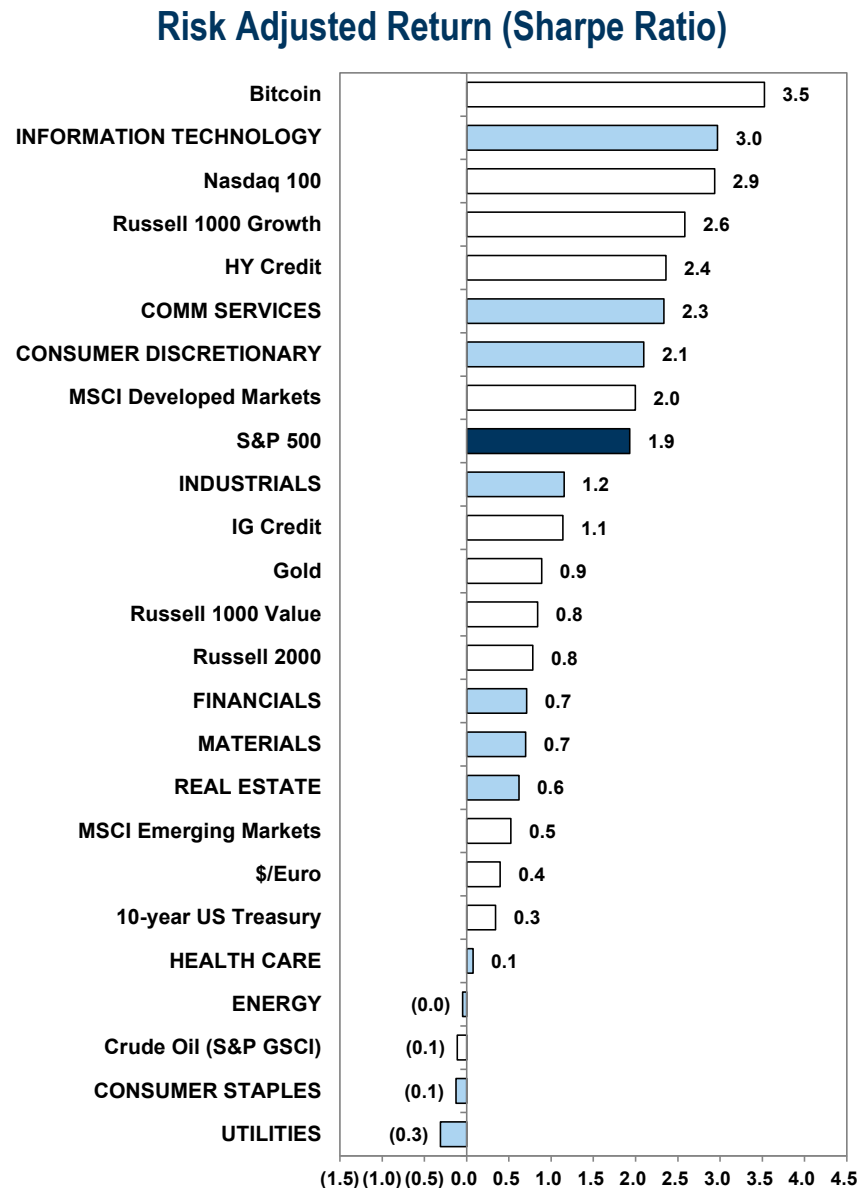
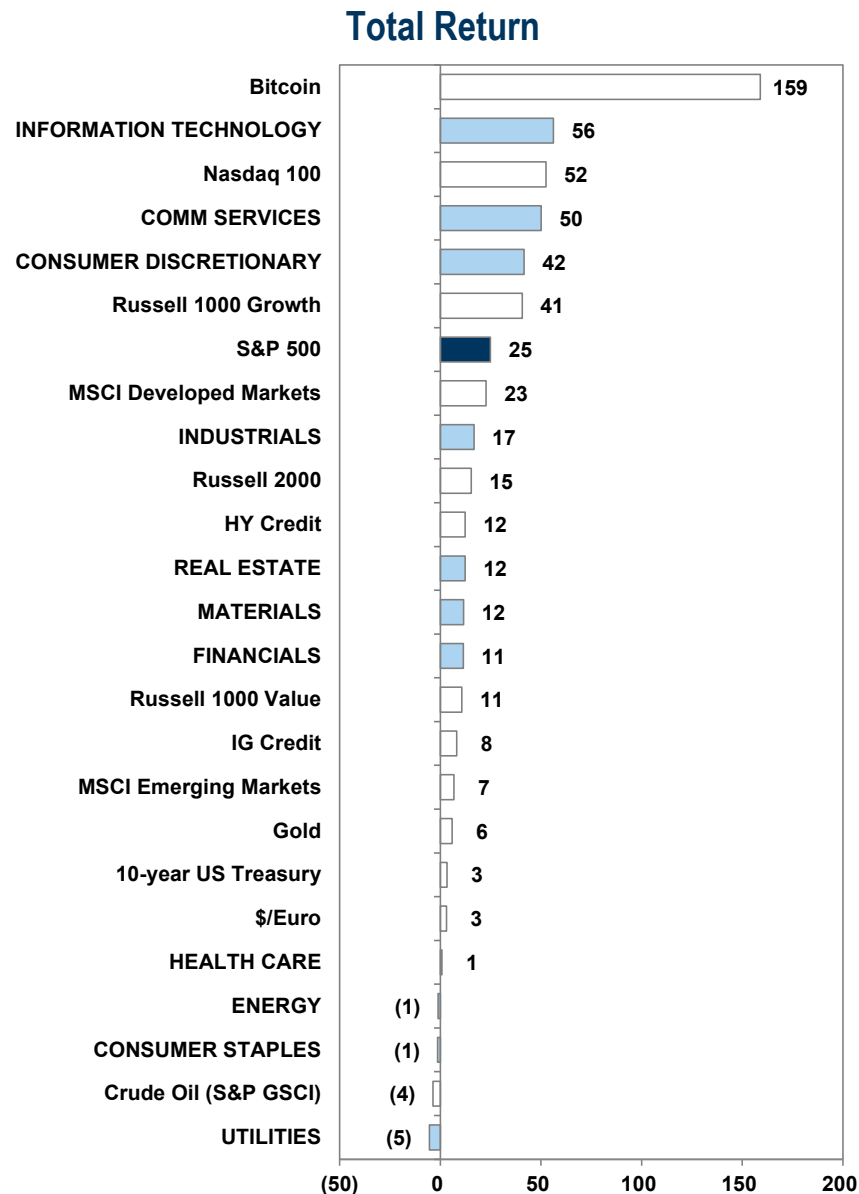


## Volatility



Source: Haver, EPFR, FactSet, CFTC, and Goldman Sachs Global Investment Research.

# Market Performance: YTD absolute and risk-adjusted returns

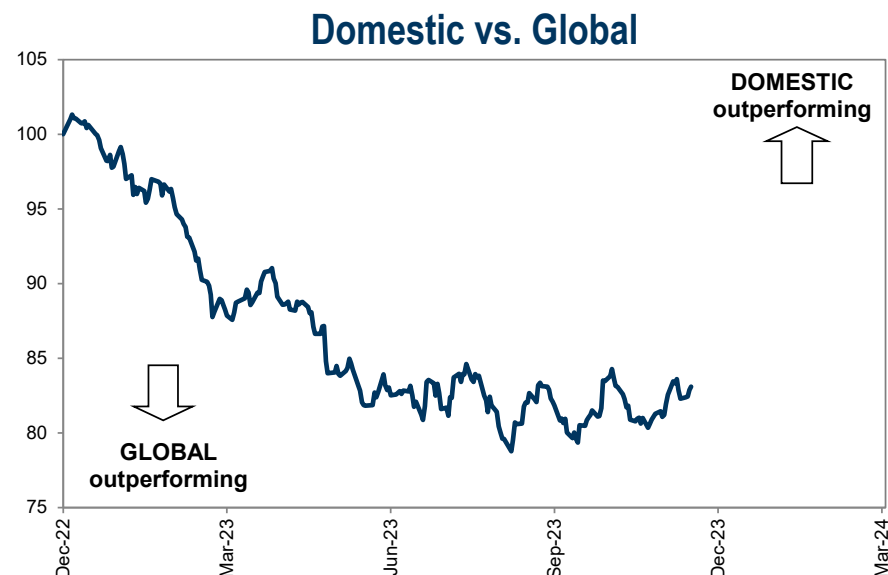
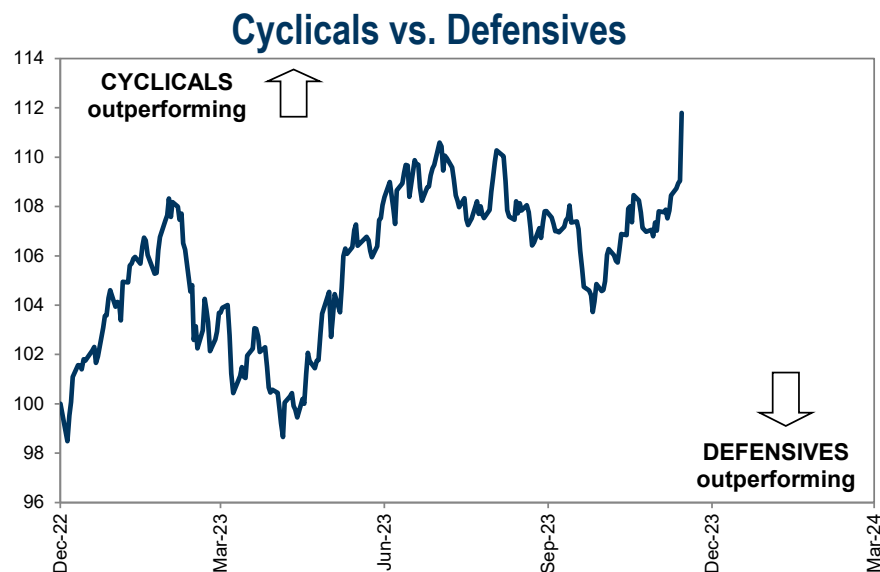


Note: Crude Oil (S&P GSCI) return represents S&P GSCI Crude Oil Index total return. Spot change equals (11)% YTD.

Source: Haver, FactSet, and Goldman Sachs Global Investment Research.



# Sector Baskets Performance



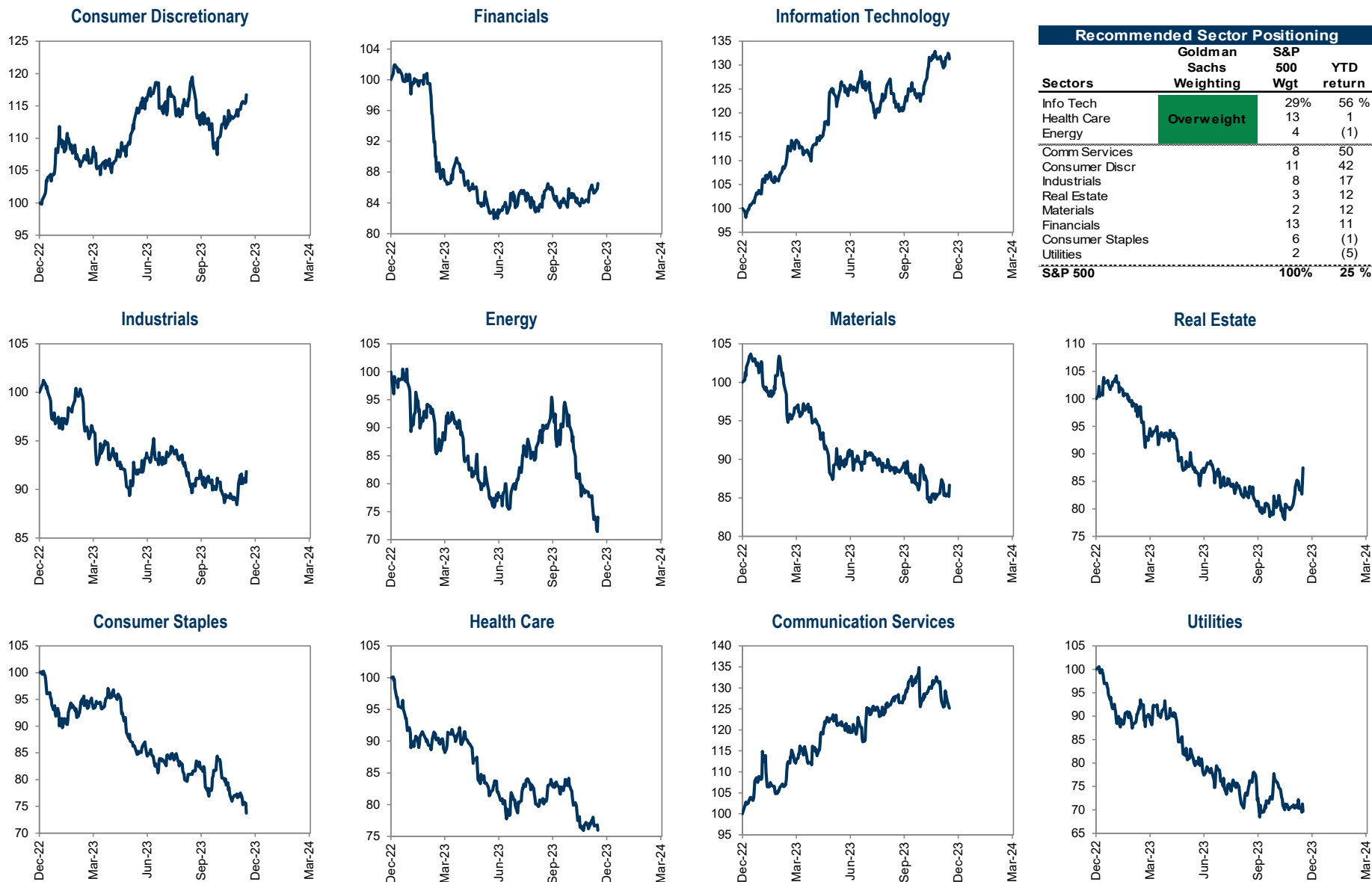
## Performance and fundamentals of our sector baskets

Basket	Bloomberg Ticker <GSSBXXXX>	# of Stocks	% of S&P 500 Cap	Beta	Non-US Sales	Earnings Growth		Sales Growth		NTM P/E	LTM P/B	Div Yield	Total Return				
						2023E	2024E	2023E	2024E				1 Wk	1 Mo	3 Mo	LTM	YTD
Cyclicals	CYCL	294	56 %	1.1	35%	2 %	10 %	(2)%	5 %	19.0x	4.3x	1.4 %	4.5 %	7 %	7 %	26 %	31 %
Defensives	DEFS	206	44	1.0	23	(2)	13	4	5	20.4	4.8	1.6	1.4	4	4	15	19
Global	GLBL	273	65 %	1.1	45%	(4)%	14 %	(1)%	5 %	20.7x	6.1x	1.3 %	2.8 %	4 %	5 %	25 %	31 %
Domestic	DOMS	227	35	0.9	15	9	7	5	5	17.8	3.0	1.8	3.4	7	6	11	14
Global Cyclicals	GCYC	175	34 %	1.2	45%	(5)%	12 %	(3)%	5 %	20.2x	5.9x	1.3 %	4.7 %	6 %	6 %	30 %	37 %
Global Defensives	GDEF	98	31	1.0	45	(3)	16	2	6	21.3	6.4	1.3	0.7	2	3	20	25
Domestic Cyclicals	DCYC	119	22	1.0	21	14	8	3	6	17.4	3.0	1.5	3.9	8	7	18	20
Domestic Defensives	DDEF	108	13	0.8	10	1	7	7	5	18.5	3.1	2.4	2.7	6	6	4	7
Services-providing	SERV	285	56 %	1.1	20%	14 %	9 %	6 %	6 %	19.5x	3.9x	1.4 %	2.1 %	4 %	6 %	22 %	26 %
Goods-producing	GOOD	215	44	1.0	42	(13)	14	(4)	4	19.7	5.5	1.6	4.0	6	4	18	23
<b>S&amp;P 500</b>		<b>500</b>	<b>100 %</b>	<b>1.1</b>	<b>29%</b>	<b>(0)%</b>	<b>11 %</b>	<b>2 %</b>	<b>5 %</b>	<b>19.6x</b>	<b>4.5x</b>	<b>1.5 %</b>	<b>3.0 %</b>	<b>5 %</b>	<b>5 %</b>	<b>20 %</b>	<b>25 %</b>

Source: FactSet and Goldman Sachs Global Investment Research.

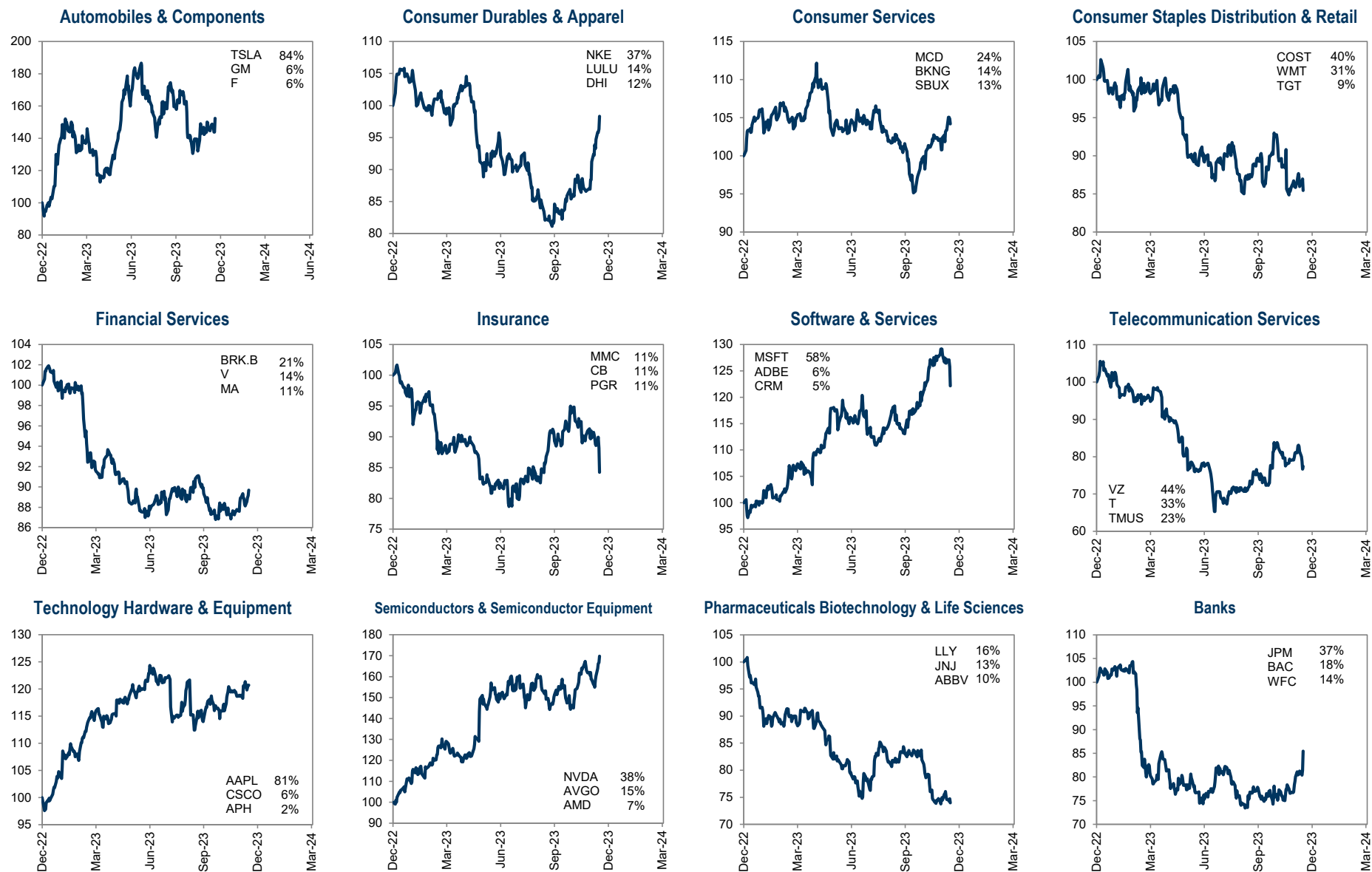


# Sectors – Relative Performance vs. S&P 500



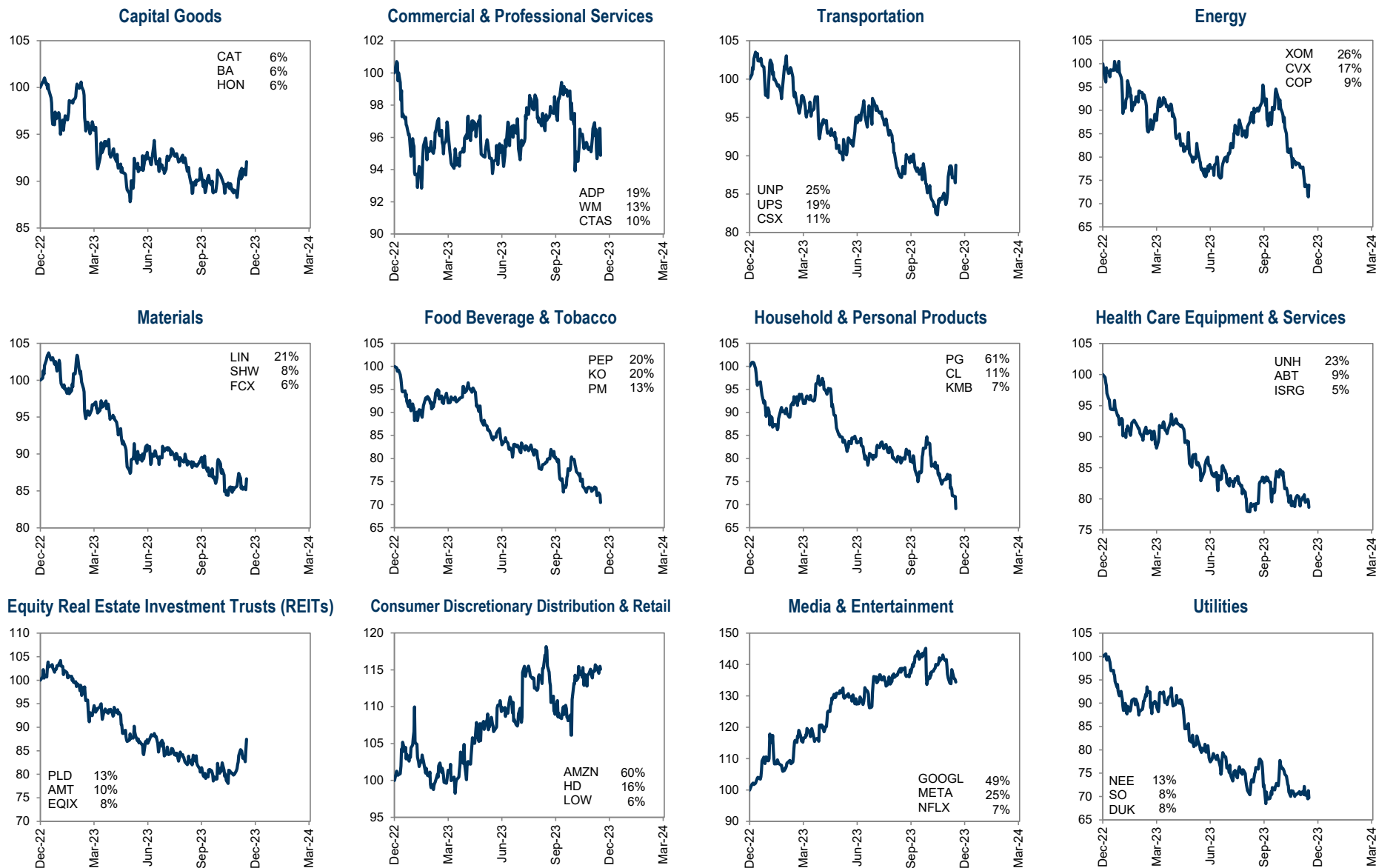
Source: FactSet and Goldman Sachs Global Investment Research.

# Industry Groups – Relative Performance vs. S&P 500 and 3 largest stocks



Source: FactSet, compiled by Goldman Sachs Global Investment Research.

# Industry Groups – Relative Performance vs. S&P 500 and 3 largest stocks (continued)



Source: FactSet, compiled by Goldman Sachs Global Investment Research.

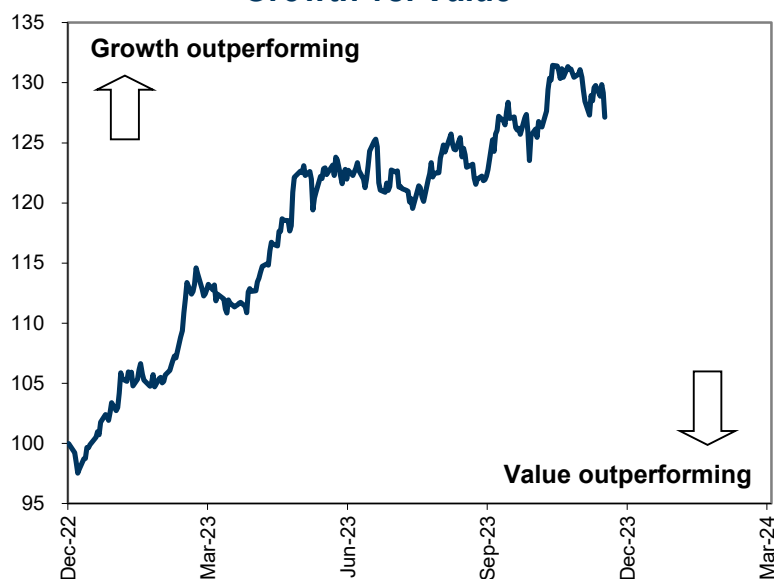
# S&P 500 Sector and Industry Group Performance

S&P 500		Weight	1 Week	1 Month	3 Months	Last 12 Months	YTD		
		100 %	3.0 %	5.2 %	5 %	20 %	25 %		
S E C T O R	Real Estate	3 %	6.5 %	12.8 %	10 %	7 %	12 %	Top quartile	
	Materials	2	4.6	7.4	4	6	12	Bottom quartile	
	Financials	13	4.5	8.9	8	11	11		
	Industrials	8	4.2	8.1	8	14	17		
	Energy	4	4.2	(0.2)	(9)	2	(1)		
	Consumer Discretionary	11	3.4	6.4	2	32	42		
	Information Technology	29	2.7	3.9	11	45	56		
	Health Care	13	2.6	5.8	2	(2)	1		
	Utilities	2	2.4	5.1	1	(7)	(5)		
	Consumer Staples	6	0.9	1.9	(1)	(3)	(1)		
	Communication Services	8	(0.4)	1.0	2	43	50		
								Region	Cycle
I N D U S T R Y  G R O U P	Banks	3 %	8.3 %	16.2 %	17 %	11 %	10 %	Domestic	Cyclicals
	Semiconductors & Semiconductor Equipment	8	8.2	6.5	13	76	95	Global	Cyclicals
	Consumer Durables & Apparel	1	7.6	15.6	22	26	23	Global	Cyclicals
	Equity Real Estate Investment Trusts (REITs)	2	6.5	12.8	10	7	12	Domestic	Defensives
	Capital Goods	6	4.6	8.1	9	16	17	Global	Cyclicals
	Materials	2	4.6	7.4	4	6	12	Global	Cyclicals
	Financial Services	8	4.6	8.5	5	12	15	Domestic	Cyclicals
	Automobiles & Components	2	4.4	7.7	(8)	44	77	Global	Cyclicals
	Energy	4	4.2	(0.2)	(9)	2	(1)	Global	Cyclicals
	Transportation	2	3.7	11.4	7	8	14	Domestic	Cyclicals
	Consumer Services	2	3.5	6.7	6	23	29	Global	Cyclicals
	Commercial & Professional Services	1	2.7	4.4	3	15	20	Domestic	Cyclicals
	Pharmaceuticals Biotechnology & Life Sciences	7	2.7	5.7	(1)	(4)	(1)	Global	Defensives
	Technology Hardware & Equipment	9	2.5	5.4	11	34	46	Global	Cyclicals
	Health Care Equipment & Services	5	2.5	6.0	7	1	4	Domestic	Defensives
	Utilities	2	2.4	5.1	1	(7)	(5)	Domestic	Defensives
	Consumer Discretionary Distribution & Retail	6	2.3	4.4	3	33	40	Domestic	Cyclicals
	Consumer Staples Distribution & Retail	2	1.8	3.0	4	5	10	Domestic	Defensives
	Food Beverage & Tobacco	3	1.2	2.9	(3)	(6)	(5)	Global	Defensives
	Media & Entertainment	8	(0.2)	0.4	1	51	59	Global	Defensives
	Software & Services	12	(0.5)	1.2	9	39	47	Global	Defensives
	Household & Personal Products	1	(0.7)	(1.5)	(4)	(7)	(6)	Global	Defensives
	Insurance	2	(0.9)	0.1	4	9	9	Domestic	Cyclicals
	Telecommunication Services	1	(1.7)	6.2	12	3	2	Domestic	Defensives

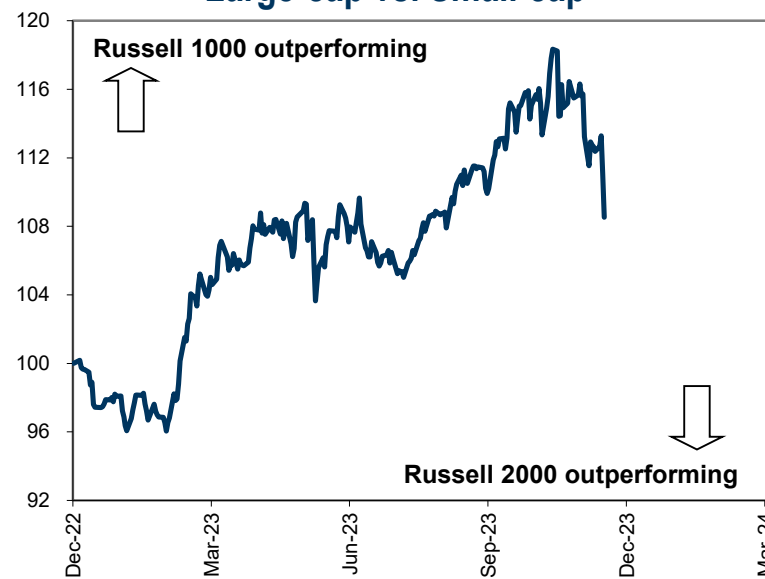
Source: FactSet and Goldman Sachs Global Investment Research.

## Style and Size

### Growth vs. Value



### Large-cap vs. Small-cap



### Sectors: Russell 1000 Growth vs. Value

Russell Sector	1-Week (% Return)			YTD (% Return)		
	Growth	Value	Δ (bps)	Growth	Value	Δ (bps)
Utilities	3	2	28	14	(4)	1,809
Energy	4	4	4	(9)	(1)	(790)
Health Care	3	3	(35)	12	(7)	1,850
Consumer Staples	0	1	(44)	(2)	(5)	315
Industrials	4	5	(132)	18	20	(200)
Materials	3	5	(166)	23	10	1,323
Cons Discretionary	3	5	(216)	48	15	3,257
Financials	3	6	(222)	23	13	1,001
Technology	2	5	(349)	64	64	55
<b>Index</b>	<b>2</b>	<b>4</b>	<b>(199)</b>	<b>41</b>	<b>11</b>	<b>3,001</b>

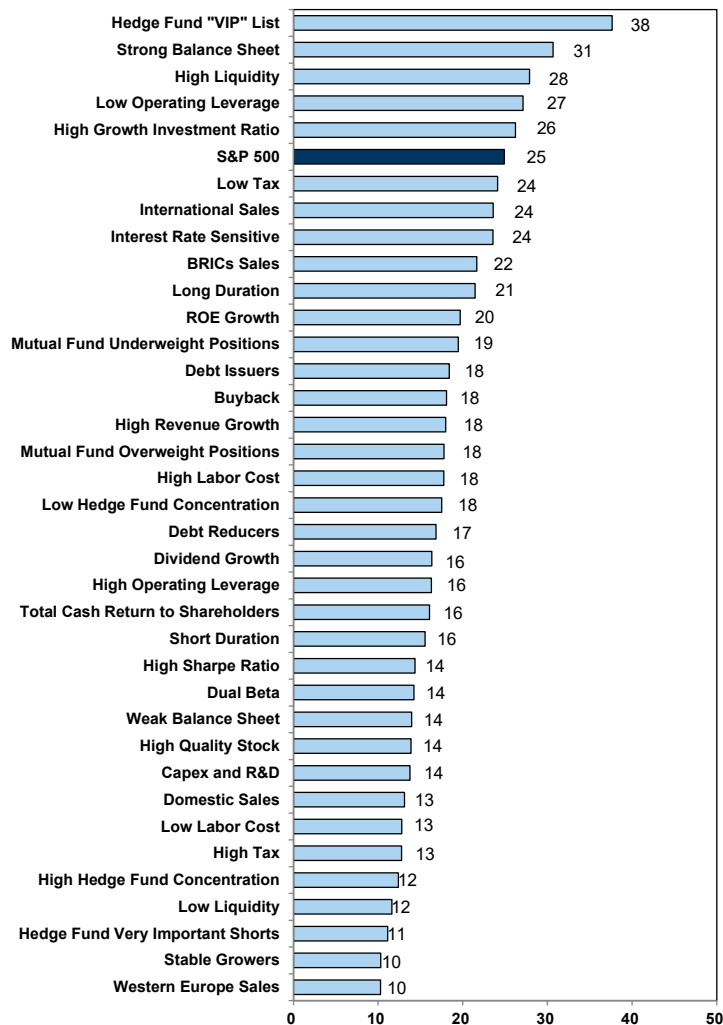
### Sectors: Russell 1000 vs. Russell 2000

Russell Sector	1-Week (% Return)			YTD (% Return)		
	R1000	R2000	Δ (bps)	R1000	R2000	Δ (bps)
Utilities	2	3	(97)	(3)	(6)	264
Energy	4	6	(133)	(2)	7	(898)
Materials	5	6	(160)	12	13	(81)
Industrials	4	7	(230)	19	27	(821)
Consumer Staples	1	3	(255)	(4)	11	(1,493)
Financials	5	8	(326)	15	12	283
Cons Discretionary	4	8	(404)	36	25	1,109
Health Care	3	7	(437)	1	4	(317)
Technology	2	8	(585)	64	27	3,746
<b>Index</b>	<b>3</b>	<b>7</b>	<b>(392)</b>	<b>25</b>	<b>15</b>	<b>984</b>

Source: FactSet and Goldman Sachs Global Investment Research.

# US Portfolio Strategy Baskets are available on GS [Marquee](#) platform

## YTD Performance



	Ticker	Total Return			P/E	EV/Sales	'23 EPS
		1 wk	1 mo	YTD	NTM	NTM	growth
Macroeconomic	Dual Beta	GSTHBETA	9.2 %	16 %	14 %	17x	2.8x (26.5)%
	Interest Rate Sensitive	GSTHUSTY	5.5	10	24	13	1.8 3.5
	High Tax	GSTHHTAX	3.9	8	13	17	2.0 4.6
	Low Tax	GSTHLTAX	5.0	7	24	18	3.8 2.4
	High Labor Cost	GSTHHLAB	3.8	8	18	19	3.2 4.8
	Low Labor Cost	GSTHLLAB	4.4	7	13	15	2.5 (2.7)
Geographic Sales	Domestic Sales	GSTHAINT	4.0 %	9 %	13 %	16x	2.2x (2.2)%
	International Sales	GSTHINTL	6.3	9	24	20	3.8 (1.5)
	BRICs Sales	GSTHBRIC	6.6	9	22	16	4.0 (4.5)
	Western Europe Sales	GSTHWEUR	5.4	8	10	17	3.2 (2.5)
Fundamental	High Revenue Growth	GSTHREVG	5.0 %	10 %	18 %	20x	3.6x 19.8 %
	High Operating Leverage	GSTHOPHI	4.2	9	16	17	2.0 9.0
	Low Operating Leverage	GSTHOPLO	5.5	8	27	23	5.0 1.1
	Stable Growers	GSTHSTGR	2.7	5	10	21	3.9 9.6
	ROE Growth	GSTHGROE	5.3	11	20	17	2.7 2.4
	High Quality Stock	GSTHQUAL	4.6	7	14	25	4.5 9.7
	Long Duration	GSTHL DUR	7.1	15	21	36	5.3 17.3
	Short Duration	GSTHSDUR	6.8	13	16	10	1.6 (23.3)
	Strong Balance Sheet	GSTHSBAL	4.5	6	31	29	5.7 5.0
Uses of Cash	Weak Balance Sheet	GSTHWBAL	4.7	11	14	14	2.4 4.1
	Capex and R&D	GSTHCAPX	5.9 %	12 %	14 %	13x	2.5x (4.4)%
	Total Cash Return to Shareholders	GSTHCASH	5.5	9	16	13	1.9 0.7
	Buyback	GSTHREPO	4.8	8	18	14	2.8 4.4
	Dividend Growth	GSTHDIVG	5.6	11	16	13	2.4 (1.4)
	High Growth Investment Ratio	GSTHHGIR	5.6	10	26	18	4.1 2.0
	Debt Issuers	GSTHDISS	6.1	10	18	15	3.1 (4.4)
Risk & Liquidity	Debt Reducers	GSTHDRED	5.1	10	17	16	3.0 3.9
	High Sharpe Ratio	GSTHSHRP	5.2 %	9 %	14 %	15x	2.3x (0.5)%
	High Liquidity	GSTHHLIQ	2.7	5	28	20	4.0 7.6
Hedge Funds & Mutual Funds	Low Liquidity	GSTHLLIQ	8.3	15	12	21	3.7 0.4
	Hedge Fund "VIP" List	GSTHHVIP	3.1 %	5 %	38 %	20x	4.0x 14.7 %
	Hedge Fund Very Important Shorts	GSTHVISP	4.0	8	11	20	3.9 2.2
	High Hedge Fund Concentration	GSTHHFHI	7.4	14	12	15	2.6 (3.7)
	Low Hedge Fund Concentration	GSTHHFSL	6.0	10	18	24	4.2 1.3
	Mutual Fund Overweight Positions	GSTHMFOW	3.7	7	18	15	2.7 10.2
	Mutual Fund Underweight Positions	GSTHMFUW	3.3	6	19	22	4.5 5.0
S&P 500 Median						18	3.0 3.4

For details and constituents of our baskets see [Anatomy of our US Portfolio Strategy Thematic and Sector Baskets](#), March 8, 2023

Source: FactSet and Goldman Sachs Global Investment Research.

# US Portfolio Strategy Baskets – Relative performance vs. S&P 500

## Macroeconomics

### Dual Beta



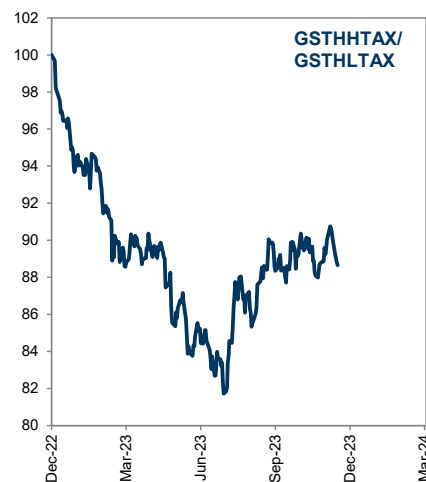
### Interest Rate Sensitive



### Low vs. High Labor Cost

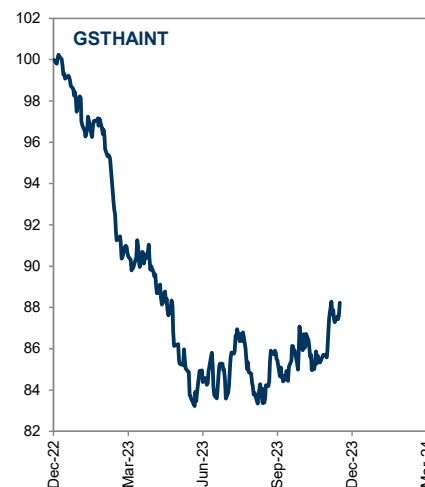


### High vs. Low Tax Rate



## Geographic Sales

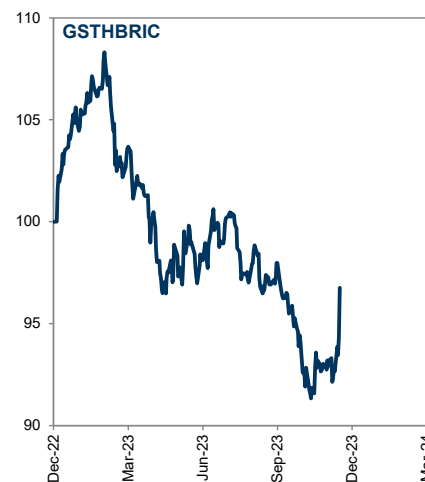
### US Sales



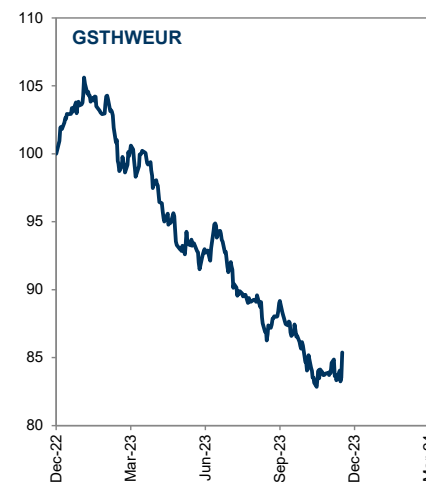
### International Sales



### BRICs Sales



### Western Europe Sales

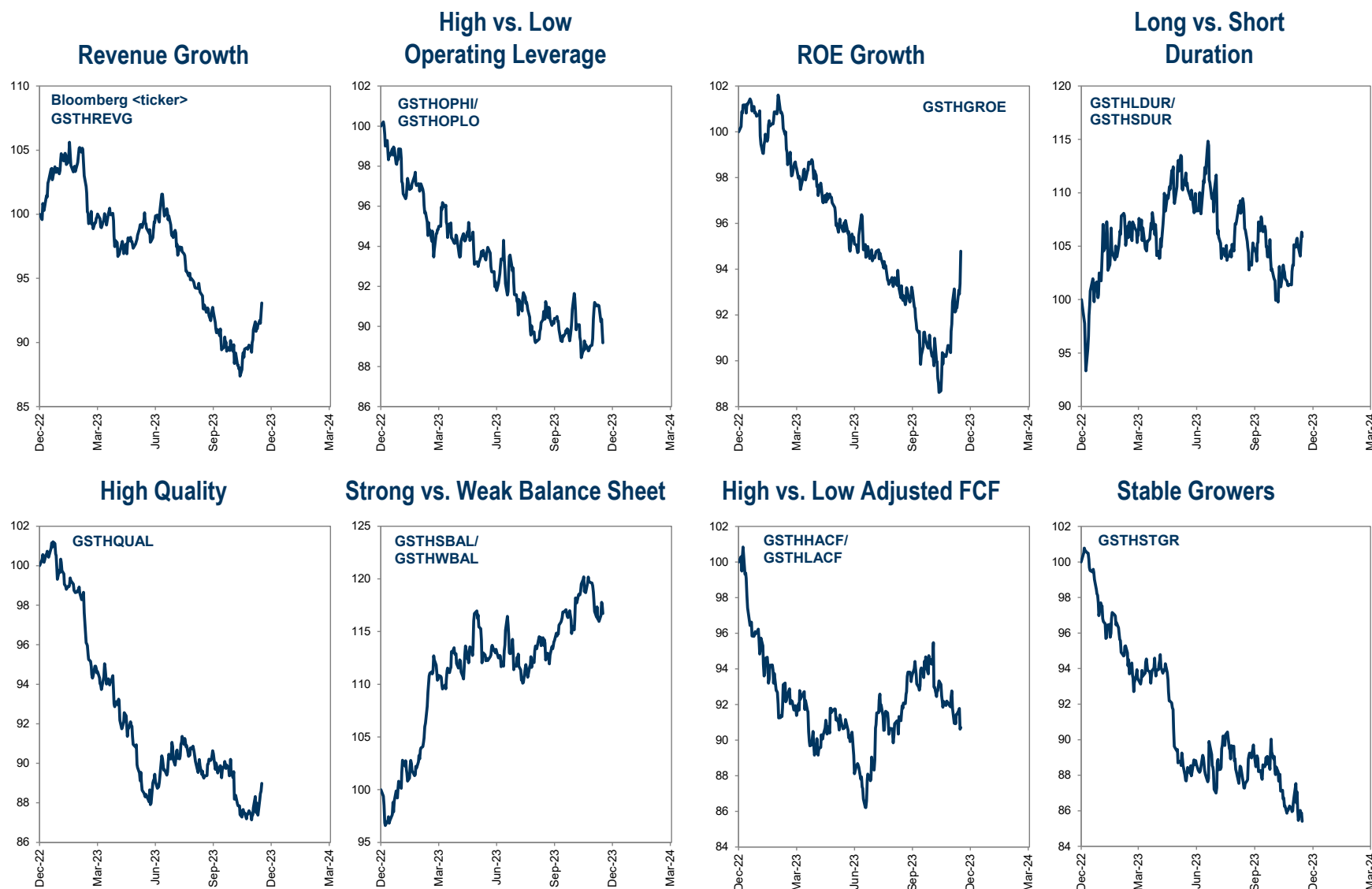


Source: FactSet and Goldman Sachs Global Investment Research.



# US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

## Fundamentals



Source: FactSet and Goldman Sachs Global Investment Research.

# US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

## Uses of Cash

### Capex and R&D



### High Growth Investment Ratio



### Debt Reducers vs. Issuers



## Risk & Liquidity

### High Sharpe Ratio



### Total Cash Return



### Buybacks



### Dividend Growth



### Low vs. High Liquidity

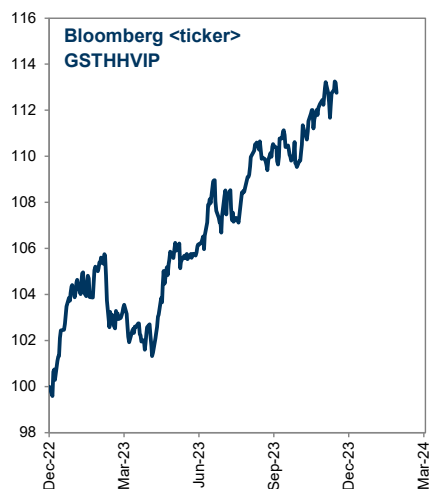


Source: FactSet and Goldman Sachs Global Investment Research.

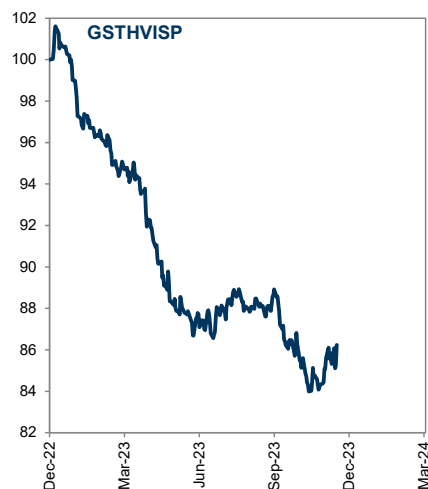
# US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

## Hedge Fund Ownership

### Hedge Fund VIP



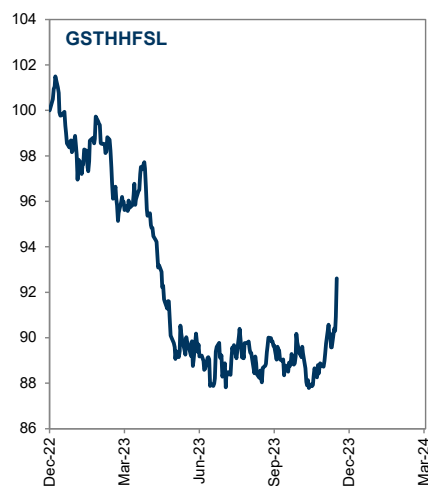
### Short Positions



### High Concentration



### Low Concentration



## Mutual Fund Ownership

### Overweight Positions



### Underweight Positions



Source: FactSet and Goldman Sachs Global Investment Research.

# S&P 500 Earnings, Sales and Revisions

## GS Top-Down EPS & Consensus Bottom-Up EPS

	2022A	Adjusted EPS				Adjusted EPS			
		GS Top-Down		Consensus Bottom-Up		Contribution		EPS growth	
		Contribution	EPS growth	Contribution	EPS growth	2023E	2024E	2023E	2024E
Information Technology	\$42	\$44	\$48	4 %	10 %	\$44	\$51	6 %	16 %
Financials	37	39	40	6	3	40	42	9	5
Health Care	37	32	34	(13)	5	29	34	(21)	17
Communication Services	18	21	23	15	8	21	24	14	15
Industrials	17	19	19	10	3	19	21	9	11
Consumer Discretionary	14	18	19	25	8	18	21	30	14
Consumer Staples	13	15	15	8	5	14	15	7	7
Utilities	6	7	7	11	1	6	7	8	9
Materials	7	6	6	(16)	(1)	6	6	(21)	4
Real Estate	6	6	6	1	0	6	7	3	5
<b>S&amp;P 500 ex-Energy</b>	<b>198</b>	<b>205</b>	<b>217</b>	<b>4</b>	<b>5</b>	<b>204</b>	<b>228</b>	<b>3</b>	<b>12</b>
Energy	24	19	20	(21)	6	17	17	(29)	3
<b>S&amp;P 500 EPS</b>	<b>\$222</b>	<b>\$224</b>	<b>\$237</b>	<b>1 %</b>	<b>5 %</b>	<b>\$221</b>	<b>\$245</b>	<b>(0)%</b>	<b>11 %</b>

## Earnings & Sales Revisions (Consensus)

	EPS REVISIONS				SALES REVISIONS			
	1 month		3 month		1 month		3 month	
	23E	24E	23E	24E	23E	24E	23E	24E
Information Technology	1.7 %	1.4 %	2.4 %	1.1 %	0.3 %	0.8 %	0.3 %	0.2 %
Utilities	0.3	(0.3)	(0.7)	(0.6)	NM	NM	NM	NM
<b>S&amp;P 500 ex. Energy</b>	<b>0.2</b>	<b>(0.0)</b>	<b>(0.2)</b>	<b>(1.2)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.1)</b>	<b>(0.4)</b>
Financials	0.1	(0.1)	1.7	(1.0)	NM	NM	NM	NM
Industrials	0.1	(0.8)	(1.4)	(3.2)	(0.0)	(0.4)	(0.0)	(0.5)
<b>S&amp;P 500</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.9)</b>	<b>(0.0)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>(0.2)</b>
Materials	(0.0)	(1.0)	(3.0)	(6.1)	(0.1)	0.2	(1.1)	(1.5)
Real Estate	(0.1)	(1.0)	0.3	(4.3)	NM	NM	NM	NM
Consumer Staples	(0.2)	0.0	(0.3)	(1.6)	0.1	(0.1)	(0.1)	(1.1)
Consumer Discretionary	(0.3)	0.4	2.3	(0.5)	(0.4)	(0.7)	(0.8)	(1.4)
Communication Services	(0.3)	(0.3)	1.0	(0.2)	(0.0)	(0.1)	0.0	(0.1)
Energy	(1.1)	(2.4)	1.3	2.1	(0.5)	(1.4)	1.4	1.8
Health Care	(1.1)	(1.4)	(7.2)	(3.3)	0.2	0.5	0.3	0.3

## Earnings Growth (consensus bottom-up)

	2023 Earnings Per Share Growth				Annual	
	1QA	2QA	3QE	4QE	2023E	2024E
Consumer Discretionary	23 %	32 %	40 %	21 %	30 %	14 %
Communication Services	(16)	5	38	37	14	15
Financials	4	7	22	5	9	5
Industrials	20	12	7	(1)	9	11
Utilities	(20)	6	15	46	8	9
Consumer Staples	2	10	9	5	7	7
Information Technology	(10)	4	14	16	6	16
<b>S&amp;P 500 ex. Energy</b>	<b>(5)</b>	<b>1</b>	<b>11</b>	<b>7</b>	<b>3</b>	<b>12</b>
Real Estate	7	3	1	1	3	5
<b>S&amp;P 500</b>	<b>(3)</b>	<b>(6)</b>	<b>5</b>	<b>3</b>	<b>(0)</b>	<b>11</b>
Health Care	(16)	(27)	(19)	(20)	(21)	17
Materials	(21)	(25)	(15)	(20)	(21)	4
Energy	17	(51)	(36)	(26)	(29)	3

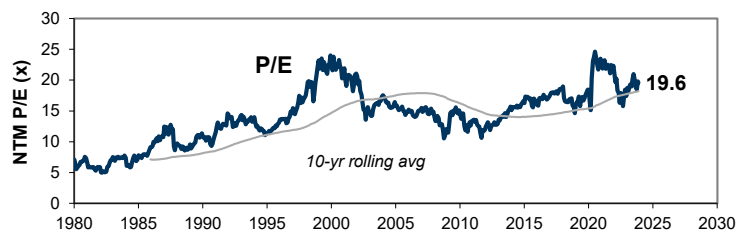
## Sales Growth (consensus bottom-up)

	2023E Sales Per Share Growth				Annual	
	1QA	2QA	3QE	4QE	2023E	2024E
Consumer Staples	11 %	8 %	9 %	8 %	9 %	3 %
Consumer Discretionary	9	10	7	2	7	6
Health Care	6	7	8	4	6	5
<b>S&amp;P 500 ex. Energy</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>3</b>	<b>5</b>	<b>5</b>
Industrials	8	4	2	1	4	5
<b>S&amp;P 500</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>5</b>
Communication Services	(1)	2	4	2	1	6
Information Technology	(2)	(1)	3	5	1	9
Materials	(3)	(8)	(6)	(6)	(6)	2
Energy	(3)	(28)	(15)	(7)	(14)	1

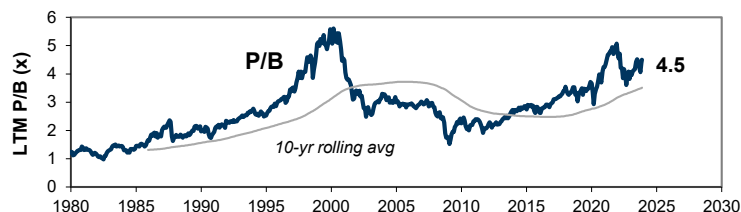
Source: FirstCall, I/B/E/S, FactSet, and Goldman Sachs Global Investment Research.

# Valuation: Absolute and Relative

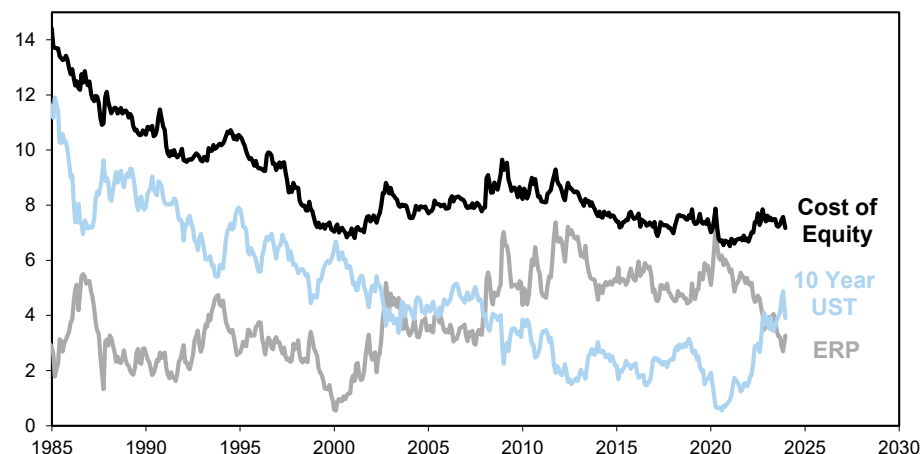
## S&P 500 NTM P/E



## S&P 500 LTM P/B



## S&P 500 Cost of Equity = ERP + 10-yr UST



We estimate the equity risk premium (ERP) using our DDM framework to model expected future cash flows.

We solve for the cost of equity that implies the market is at 'fair value' and then deduct the 10-year US treasury.

## Current aggregate valuation metrics - absolute

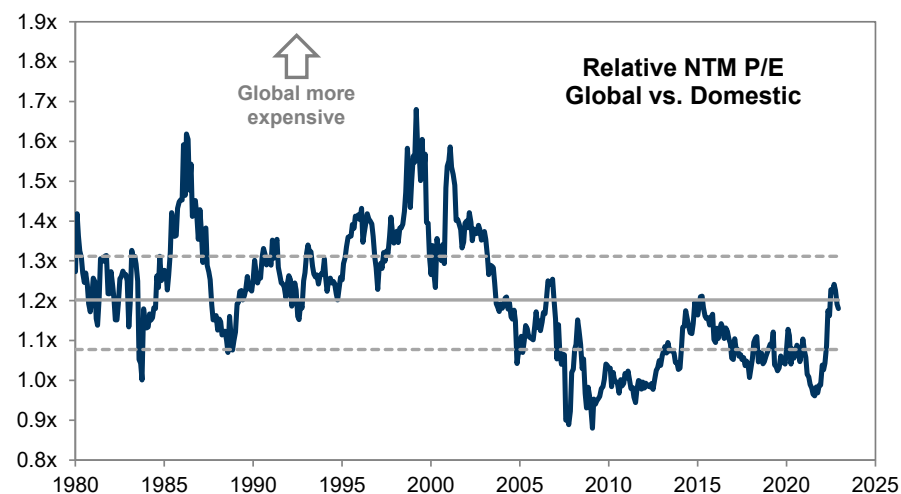
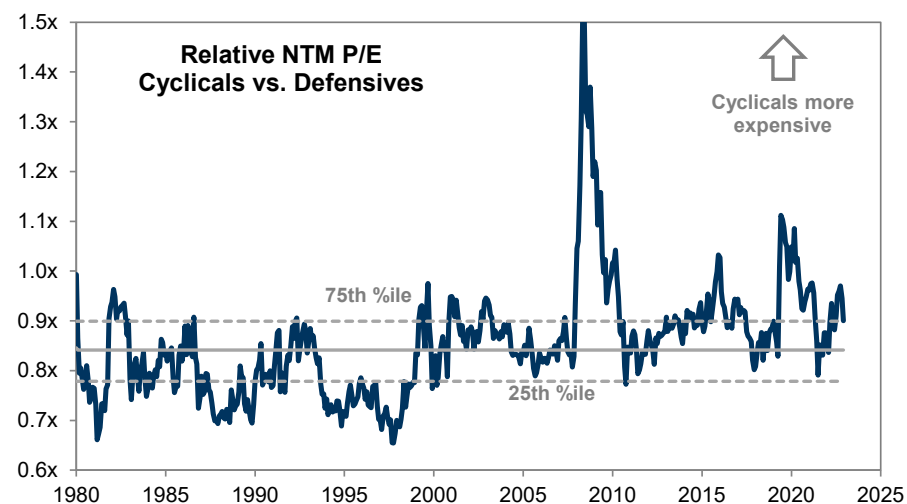
	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	PEG Ratio	NTM P/E
<b>S&amp;P 500</b>	<b>2.8x</b>	<b>14.1x</b>	<b>4.5x</b>	<b>3.7 %</b>	<b>1.3x</b>	<b>19.6x</b>
Energy	1.4	5.7	2.2	9.0	5.7	10.8
Financials	NM	NM	2.0	NM	1.2	14.6
Utilities	NM	11.7	2.0	(5.5)	2.7	16.1
Comm Services	3.5	9.9	3.7	5.7	0.8	16.7
Real Estate	NM	NM	3.2	NM	5.1	17.3
Health Care	1.9	13.9	4.7	4.7	2.1	17.7
Cons Staples	1.6	13.6	5.8	4.1	2.5	18.9
Materials	2.5	11.3	3.0	3.9	2.2	19.1
Industrials	2.5	13.6	5.7	3.8	1.7	19.2
Cons Discr	2.6	16.4	9.9	3.0	3.0	25.3
Info Tech	7.8	23.5	11.6	2.8	1.2	26.7

## Current relative valuation vs. historical average (Z-score)

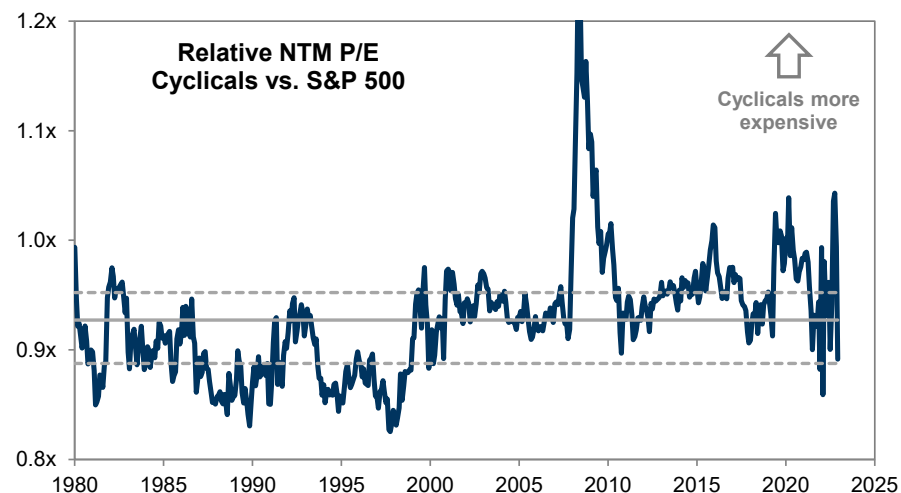
	10-year						30-year	
	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	PEG Ratio	P/E	Median Z-Score	Median Z-Score
<b>S&amp;P 500</b>	<b>1.2</b>	<b>0.5</b>	<b>1.5</b>	<b>1.4</b>	<b>(0.3)</b>	<b>0.6</b>	<b>0.9</b>	<b>1.1</b>
Comm Services	(2.0)	(2.5)	(1.4)	(3.2)	(1.8)	(2.3)	(2.2)	(1.9)
Real Estate	NM	NM	(2.1)	NM	0.7	(1.5)	(1.5)	(0.6)
Cons Staples	(1.5)	(0.9)	(1.7)	(0.2)	0.1	(1.3)	(1.1)	(1.3)
Energy	(1.1)	(1.0)	(0.4)	(1.3)	0.6	(0.8)	(0.9)	(1.3)
Financials	NM	NM	(0.7)	NM	(0.1)	(1.3)	(0.7)	(0.7)
Industrials	(1.2)	(0.5)	(1.1)	(0.6)	0.0	(0.0)	(0.5)	0.4
Materials	(1.1)	(0.8)	(1.0)	(0.1)	1.9	0.2	(0.5)	(0.3)
Health Care	(1.6)	(0.3)	(1.9)	0.2	1.8	(0.1)	(0.2)	(0.8)
Utilities	NM	(0.9)	(2.1)	1.9	(0.2)	(0.1)	(0.2)	0.3
Cons Discr	(0.1)	(0.3)	0.2	(0.5)	5.0	(0.2)	(0.2)	0.8
Info Tech	2.5	2.7	1.2	1.6	(0.8)	2.0	1.8	1.4

Source: FactSet, I/B/E/S, FirstCall, and Goldman Sachs Global Investment Research.

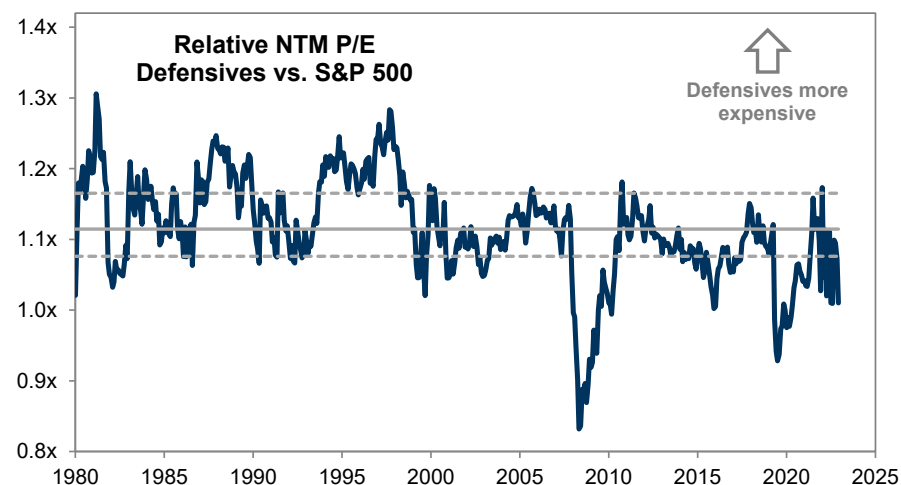
## Valuation: Sector baskets



### Cyclicals vs. S&P 500

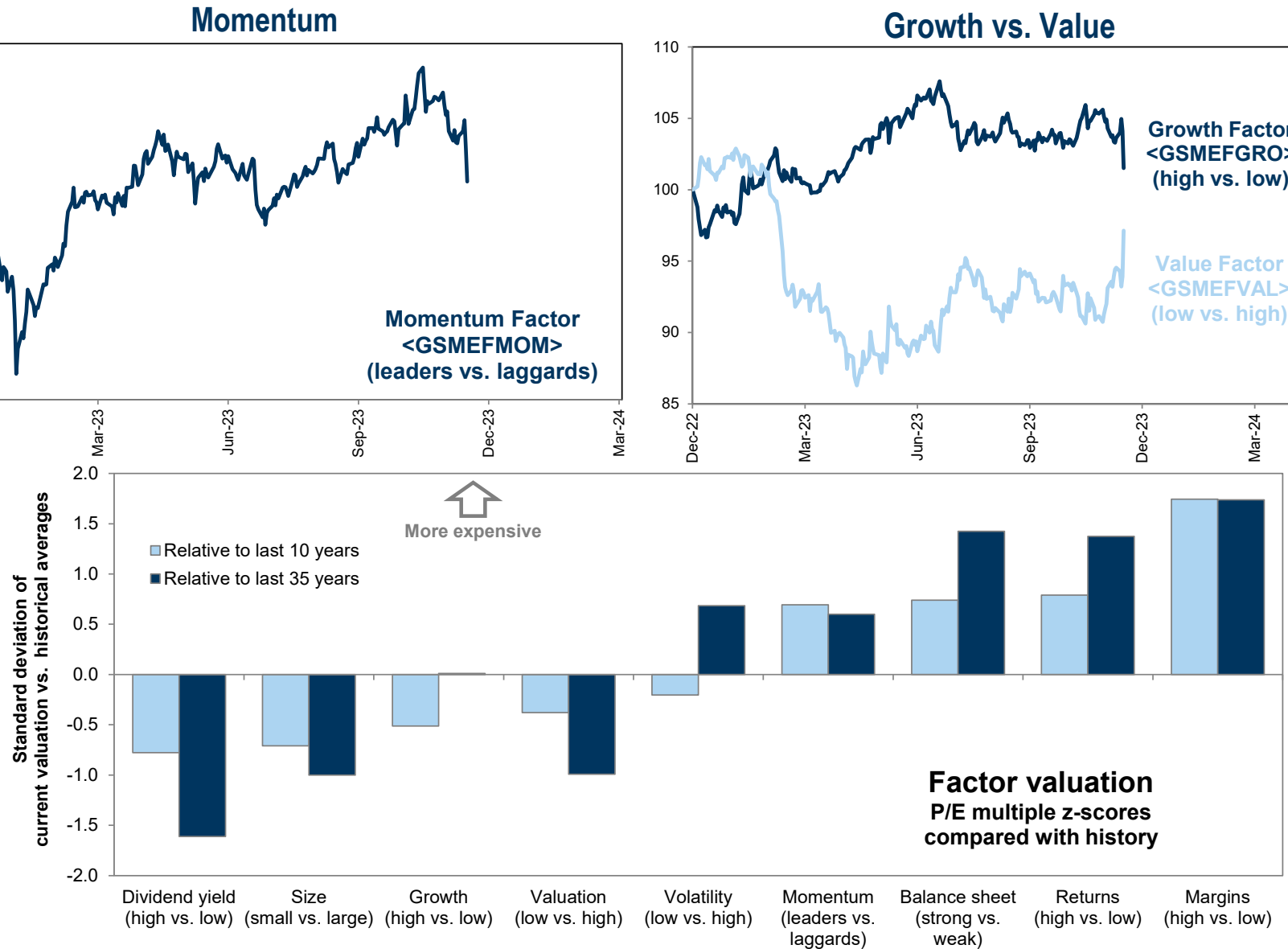


### Defensives vs. S&P 500



Source: Compustat, FactSet, I/B/E/S, and Goldman Sachs Global Investment Research.

# Factors: Performance and Valuation

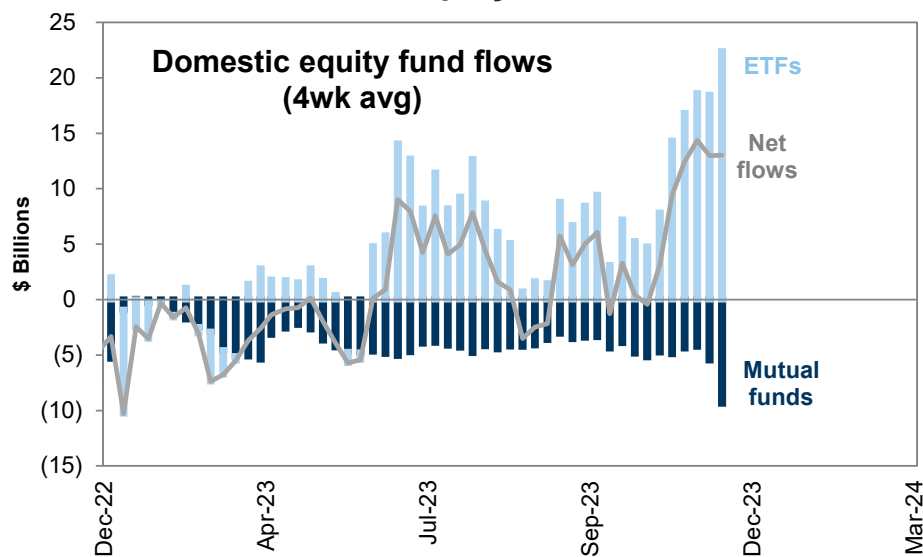


Source: Compustat, FactSet, I/B/E/S, and Goldman Sachs Global Investment Research.



# Fund Flows, Fund Performance, and Short Interest

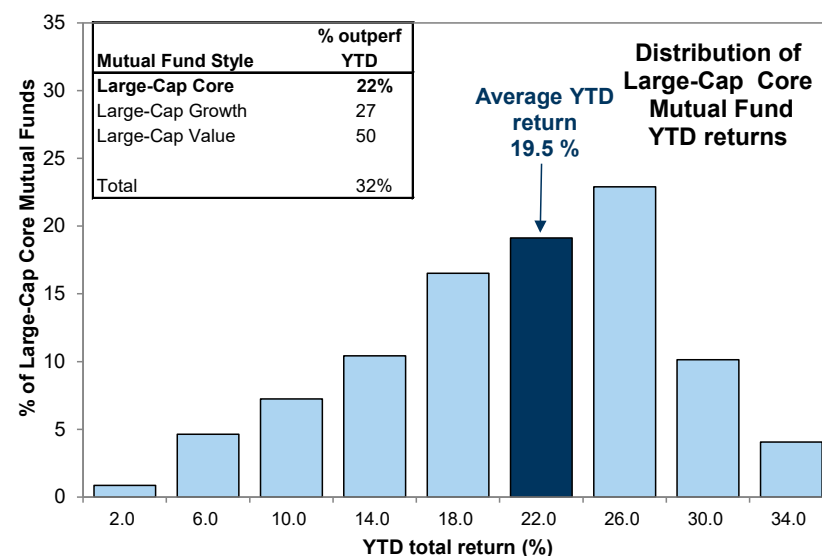
## Domestic equity fund flows



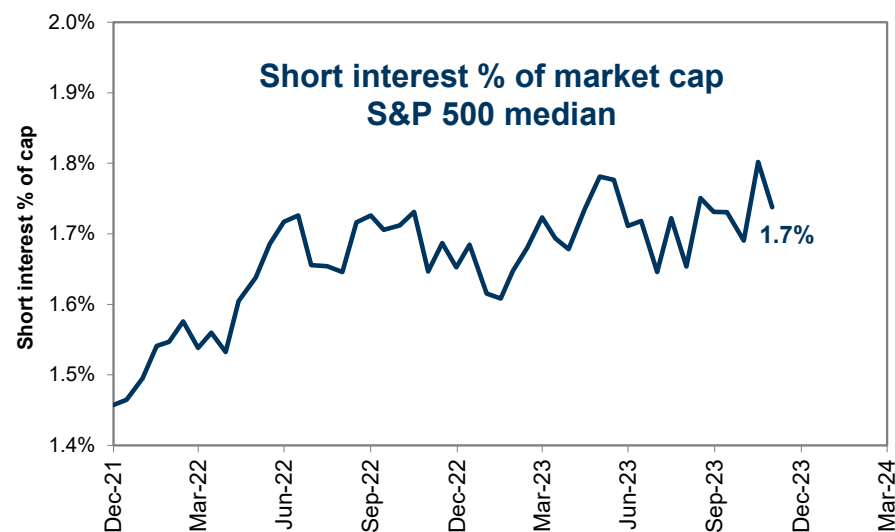
## Weekly fund flows

(\$ billions)	EPFR Mutual Fund Flows			EPFR ETF Fund Flows		
	Total Assets	4-Wk Avg Flows	Total Flows YTD	Total Assets	4-Wk Avg Flows	Total Flows YTD
<b>All Equity</b>	<b>8,997</b>	<b>(15.6)</b>	<b>(360.3)</b>	<b>8,619</b>	<b>27.4</b>	<b>533.9</b>
U.S. Equity	3,883	(9.4)	(209.8)	5,556	22.4	304.7
Equity Income	663	(1.8)	(35.3)	530	0.8	29.3
Int'l Equity	4,511	(5.0)	(134.6)	2,362	4.1	182.3
Global	603	(1.2)	(15.9)	702	0.9	46.9
ESG/SRI	1,135	(1.0)	(13.2)	394	1.1	37.2
<b>All Bonds</b>	<b>4,889</b>	<b>(1.2)</b>	<b>(17.5)</b>	<b>2,071</b>	<b>4.4</b>	<b>293.5</b>
All Taxable Bond	4,097	(0.8)	(26.1)	1,370	6.0	126.5
Gov't Treasury	417	(0.0)	24.9	580	(2.0)	153.3
Municipal Bond	375	(0.4)	(16.3)	121	0.3	13.7
ESG/SRI	475	0.2	10.3	97	0.5	16.9
<b>Money Market</b>	<b>8,323</b>	<b>41.2</b>	<b>1,334.7</b>	<b>84</b>	<b>1.0</b>	<b>16.3</b>

## Mutual Fund Performance



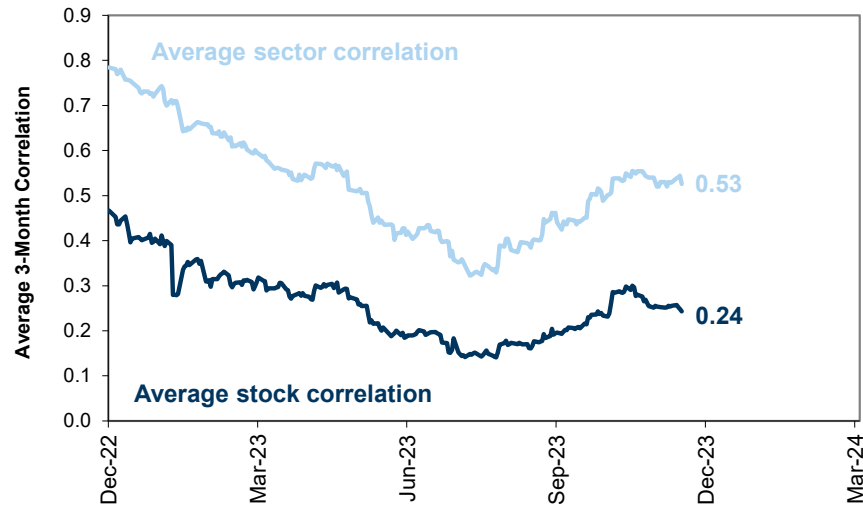
## Short Interest



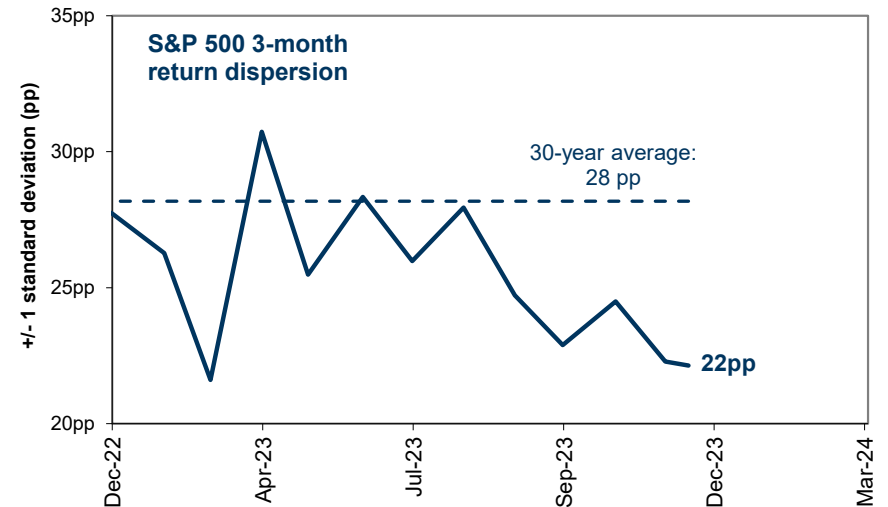
Source: FactSet, EPFR, and Goldman Sachs Global Investment Research.

# Correlation, Breadth and Dispersion

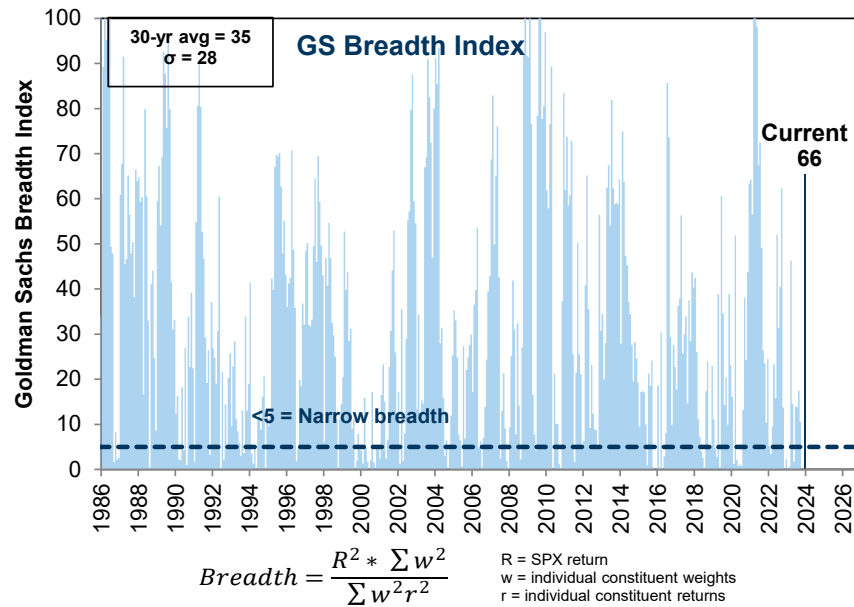
## Sector and Stock Correlation



## S&P 500 3-month Return Dispersion



## Goldman Sachs Breadth Index (GSBI)

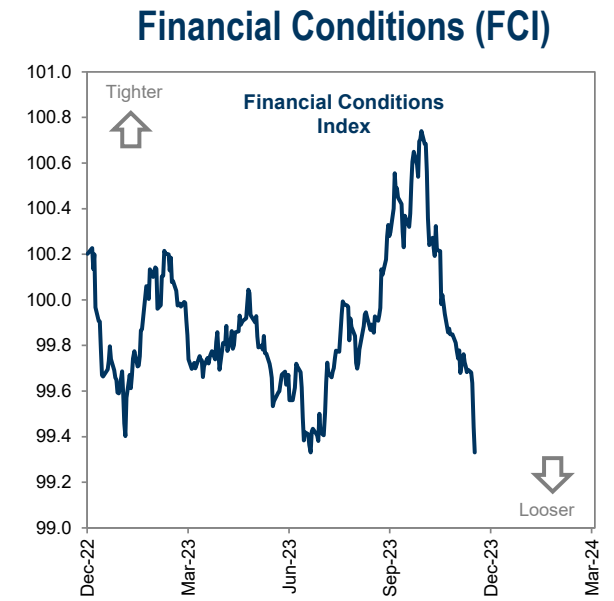
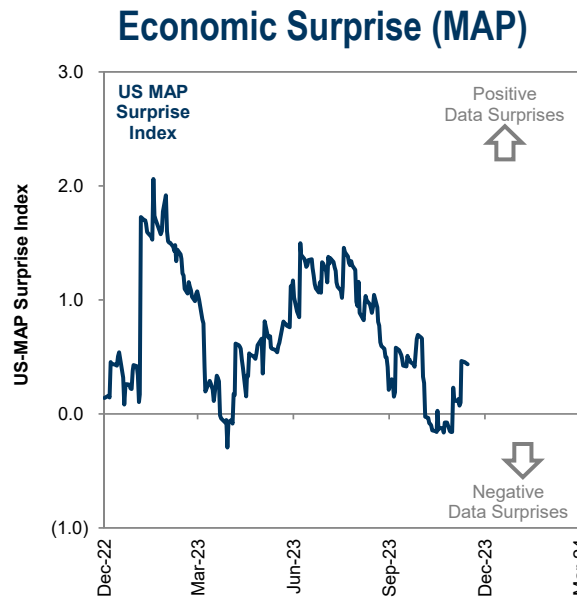
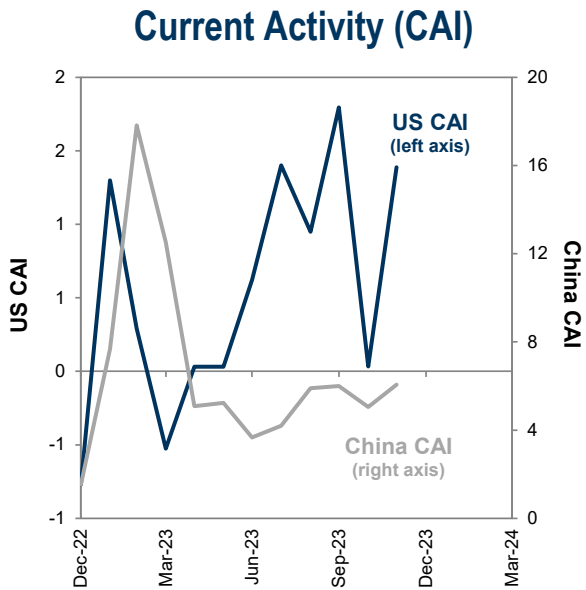
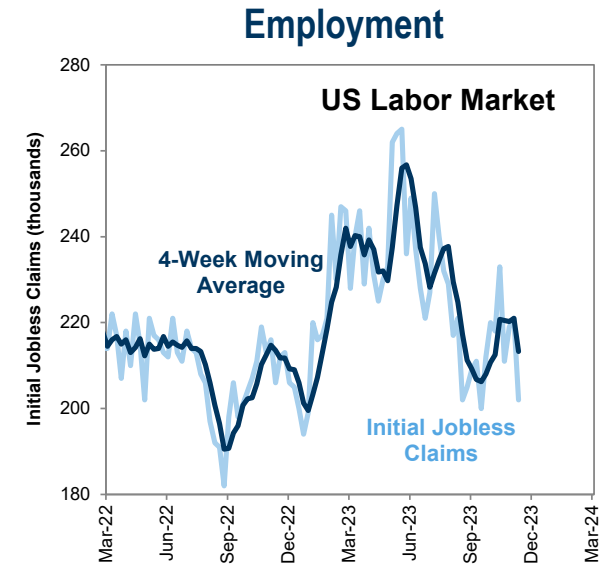
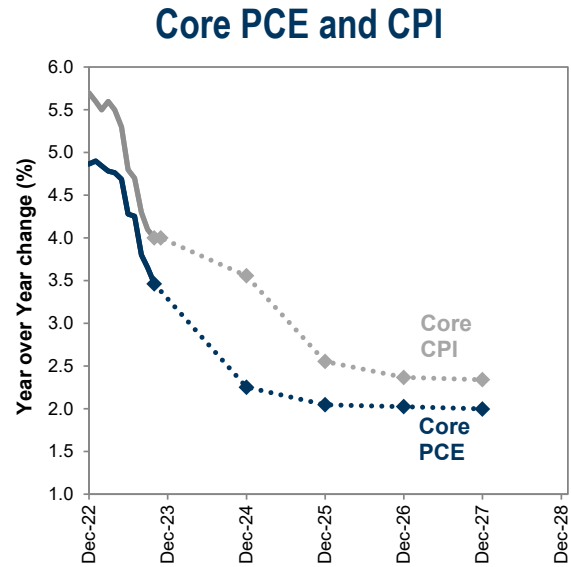
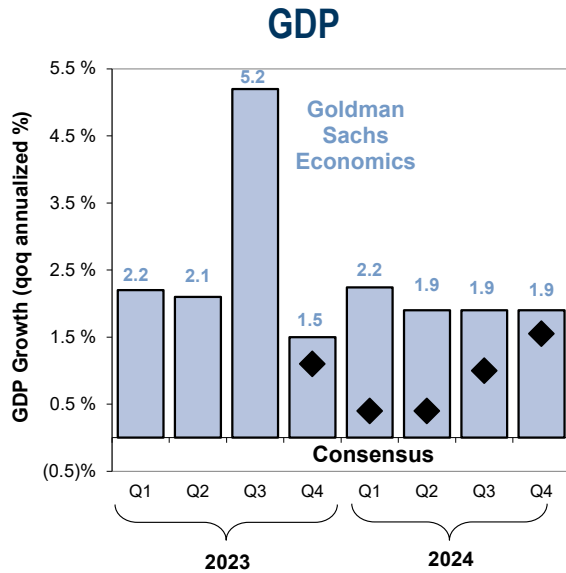


## Return Dispersion

	+/- 1 Standard Deviation					
	1-Month Returns			3-Month Returns		
	Current Dec 14	30-Year Average	Historical %ile	Current Dec 14	30-Year Average	Historical %ile
<b>S&amp;P 500</b>	<b>18 pp</b>	<b>16 pp</b>	<b>74 %</b>	<b>22 pp</b>	<b>28 pp</b>	<b>21 %</b>
Real Estate	14 pp	9 pp	90 %	15 pp	15 pp	57 %
Financials	21	13	91	19	22	54
Consumer Discretionary	21	17	84	27	29	51
Materials	12	14	42	22	25	42
Communication Services	17	16	73	22	27	41
Health Care	18	15	80	22	26	36
Utilities	10	10	67	13	17	36
Industrials	13	13	58	18	23	28
Information Technology	17	19	43	24	34	19
Consumer Staples	14	13	78	15	22	8
Energy	9	14	19	13	25	4

Source: FactSet and Goldman Sachs Global Investment Research.

# Economics



Our Current Activity Indicator (CAI) measures the growth signal in major high-frequency activity indicators for the US economy, expressed in GDP-equivalent units.

Source: FactSet and Goldman Sachs Global Investment Research.

# Goldman Sachs Global Macro Forecasts

## Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to Target
<b>Equities</b>						
TOPIX	level	2321	2500	2600	2650	14 %
<b>S&amp;P 500</b>	<b>level</b>	<b>4720</b>	<b>4800</b>	<b>4900</b>	<b>5100</b>	<b>8</b>
MXAPJ	level	510	515	525	550	8
STOXX Europe 600	level	477	470	480	500	5
<b>Ten Year Rates</b>						
Japan	%	0.7	0.7	0.8	0.9	22 bp
US	%	3.9	3.9	3.8	4.0	9
Euro Area (Germany)	%	2.1	2.1	2.1	2.0	(13)
<b>Corporate Bonds</b>						
High yield	bp	334	350	342	325	(9)bp
Investment grade	bp	99	98	97	95	(4)
<b>Currencies</b>						
Sterling / US Dollar	£/\$	1.28	1.28	1.30	1.35	6 %
Euro / US Dollar	EUR/\$	1.10	1.08	1.10	1.12	2
US Dollar / Yen	\$/¥	142	145	142	140	(1)
<b>Commodities</b>						
NYMEX Nat. Gas	\$/mmBtu	2.39	2.55	2.45	3.25	36 %
WTI Crude Oil	\$/bbl	72	82	88	89	24
Brent Crude Oil	\$/bbl	77	86	92	94	23
ICE TTF Nat. Gas	\$/mmBtu	11	13	13	14	22
LME Copper	\$/mt	8462	8400	8850	10000	18
COMEX Gold	\$/troy oz	2045	2050	2050	2050	0

	EPS Forecast			EPS Growth		NTM P/E		Div Yield
	2022	2023	2024	2023	2024	Current	YE 2023	
TOPIX	¥ 144	¥ 161	¥ 174	12 %	8 %	13.4 x	15.2 x	2.5 %
<b>S&amp;P 500</b>	<b>\$ 222</b>	<b>\$ 224</b>	<b>\$ 237</b>	<b>1</b>	<b>5</b>	<b>20.0</b>	<b>19.0</b>	<b>1.6</b>
MXAPJ	\$ 37	\$ 35	\$ 40	(4)	15	12.8	13.8	3.0
STOXX Europe 600	€ 35	€ 36	€ 39	3	7	12.3	12.8	3.6

Source: FactSet and Goldman Sachs Global Investment Research.

## Goldman Sachs US Economics Forecasts

	Share of GDP	% Annual Change			
		2022	2023E	2024E	2025E
<b>OUTPUT AND SPENDING</b>					
<b>Real GDP</b>	<b>100%</b>	<b>1.9%</b>	<b>2.5%</b>	<b>2.3%</b>	<b>1.9%</b>
Consumer Spending	69	2.5	2.2	2.3	1.9
Total Fixed Investment	18	1.3	0.4	1.9	2.7
Business Fixed Investment	15	5.2	4.4	2.4	2.7
Structures	3	(2.1)	12.2	2.6	0.1
Equipment	6	5.2	0.1	1.9	3.0
IP Products	6	9.1	4.5	2.9	3.9
Residential Investment	3	(9.0)	(11.3)	(0.1)	2.8
Federal Government Spending	7	(2.8)	4.2	1.4	
State and Local Government	10	0.2	3.6	1.0	0.9
Net Exports (Bil.)	(4)	(1,051)	(934)	(918)	(914)
<b>HOUSING MARKET</b>					
Housing Starts (000s)		1,551	1,390	1,335	1,430
New Home Sales (000s)		637	680	723	771
Existing Home Sales (000s)		5,081	4,092	3,834	4,240
Case-Shiller Home Prices (%)		7.5	3.5	0.6	3.8
<b>INFLATION</b>					
Core CPI		5.7	3.9	2.7	2.5
Core PCE		4.9	3.2	2.4	2.2
<b>LABOR MARKET</b>					
<b>Unemployment Rate</b>		<b>3.5</b>	<b>3.7</b>	<b>3.7</b>	<b>3.7</b>
U6 Underemployment Rate		6.5	7.0	7.0	7.0
Payrolls (000s)		479	269	146	91
<b>GOVERNMENT FINANCE</b>					
Federal Budget (FY, Bil.)		(1375)	(1700)	(1700)	(1900)
Federal debt-to-GDP ratio (FY, %)		96	96	98	101
<b>FINANCIAL INDICATORS</b>					
Fed Funds Rate		4.4	5.4	4.1	3.4
<b>10-year Treasury Rate</b>		<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	<b>4.0</b>

### Real GDP

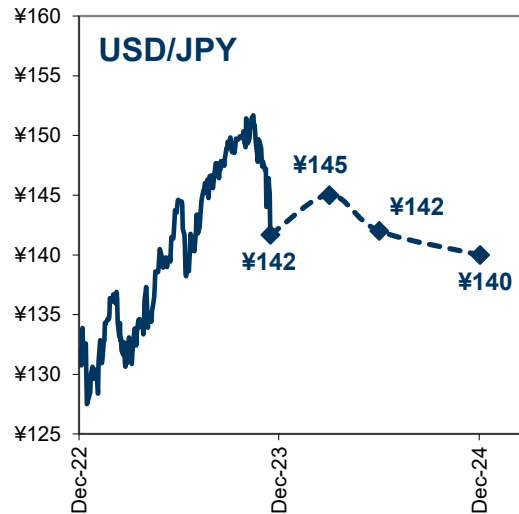
	2022A	2023A	2024E	2025E
<b>China</b>	<b>3.0 %</b>	<b>5.6 %</b>	<b>4.8 %</b>	<b>4.2 %</b>
World	3.0	2.7	2.6	2.7
<b>USA</b>	<b>1.9</b>	<b>2.5</b>	<b>2.3</b>	<b>1.9</b>
Russia	(1.3)	2.3	2.2	1.1
Australia	3.8	2.0	1.8	2.4
Brazil	3.1	3.0	1.7	2.3
Spain	5.8	2.4	1.5	1.7
<b>Japan</b>	<b>0.9</b>	<b>2.1</b>	<b>1.3</b>	<b>1.1</b>
France	2.5	0.9	1.0	1.3
Italy	3.9	0.7	0.8	1.2
<b>Euro Area</b>	<b>3.4</b>	<b>0.5</b>	<b>0.7</b>	<b>1.4</b>
UK	4.3	0.5	0.6	1.0
Germany	1.9	(0.1)	0.3	1.1

# Goldman Sachs Global Macro Forecasts

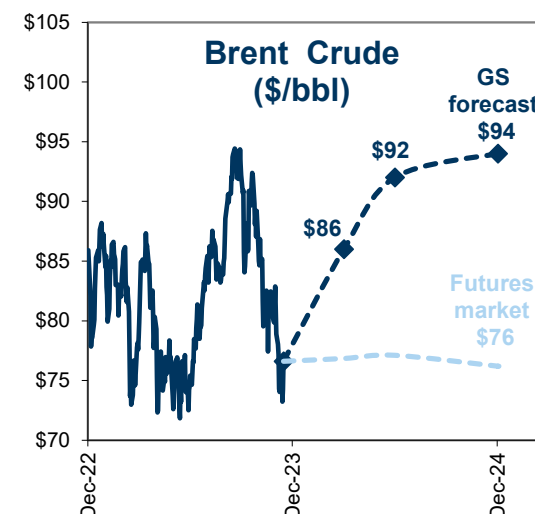
EURO



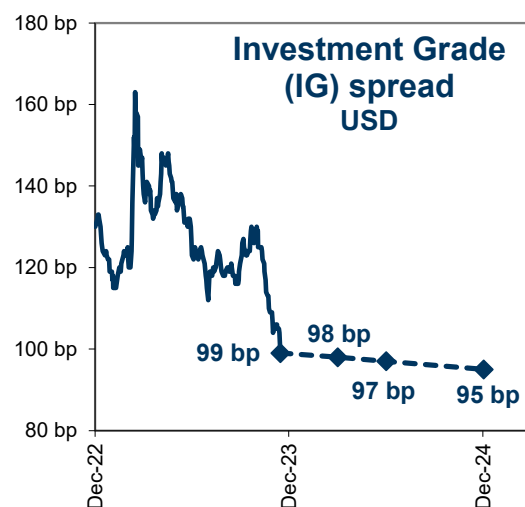
YEN



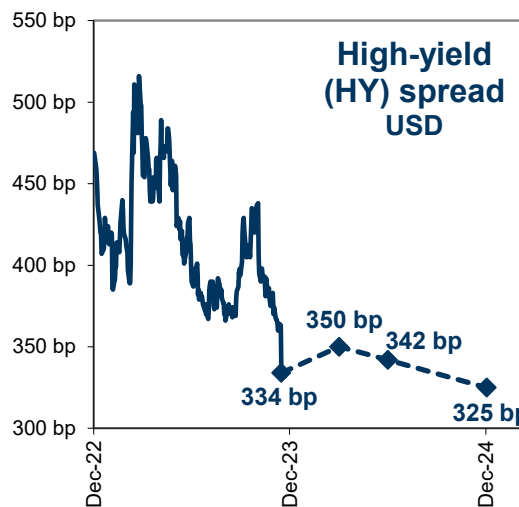
OIL



Investment Grade (IG) spread



High-Yield (HY) spread



Global Equity Market performance

Market	Price Return (%) US Dollar				Local Currency
	1-Wk	1-Mo	3-Mo	YTD	
Germany (Dax)	3 %	9 %	9 %	24 %	20 %
<b>U.S. (S&amp;P 500)</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>23</b>	<b>23</b>
France (CAC 40)	4	7	7	21	17
India (MSCI India)	2	9	7	17	17
Europe (DJ Stoxx 600)	4	7	7	16	12
Japan (TOPIX)	(0)	5	0	14	23
Korea (KOSPI)	4	7	1	11	14
Canada (MSCI Canada)	4	6	2	9	8
UK (FTSE 100)	3	5	2	9	3
MSCI EM	2	3	1	4	4
Australia (ASX 200)	5	9	7	4	5
China (MSCI China)	(0)	(4)	(8)	(15)	(15)
<b>Average</b>	<b>3 %</b>	<b>6 %</b>	<b>3 %</b>	<b>11 %</b>	<b>11 %</b>

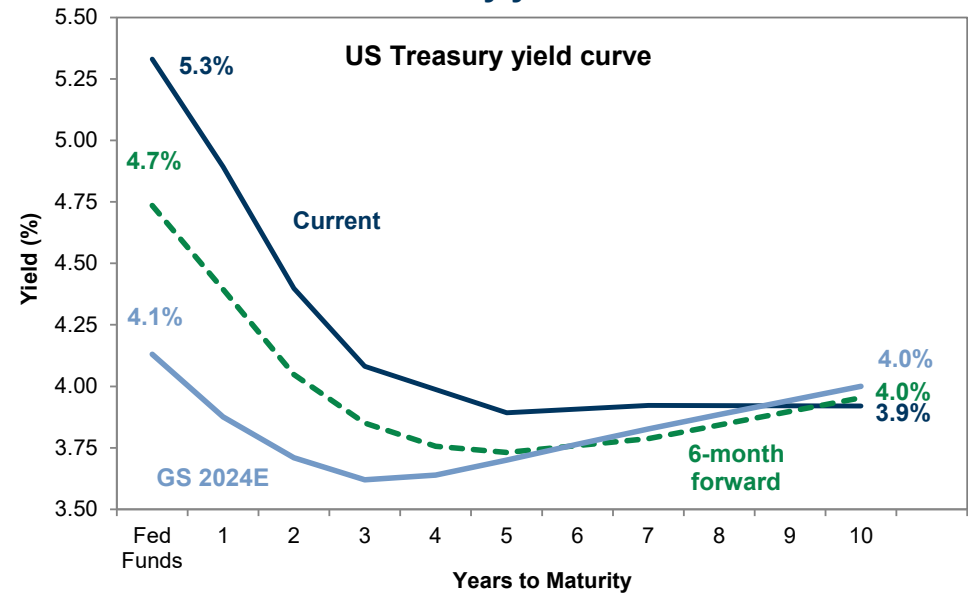
Source: FactSet and Goldman Sachs Global Investment Research.

# Politics and policies

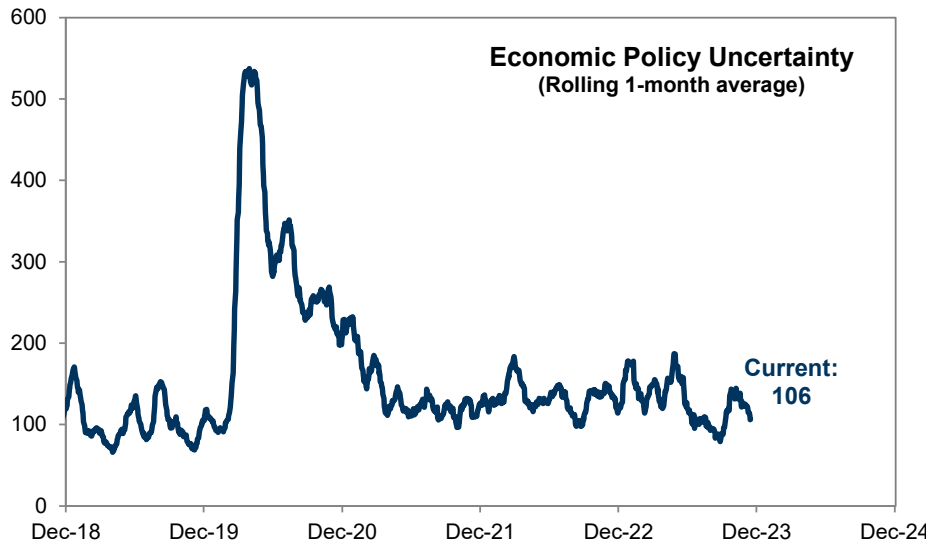
## Market-implied change in fed funds rate



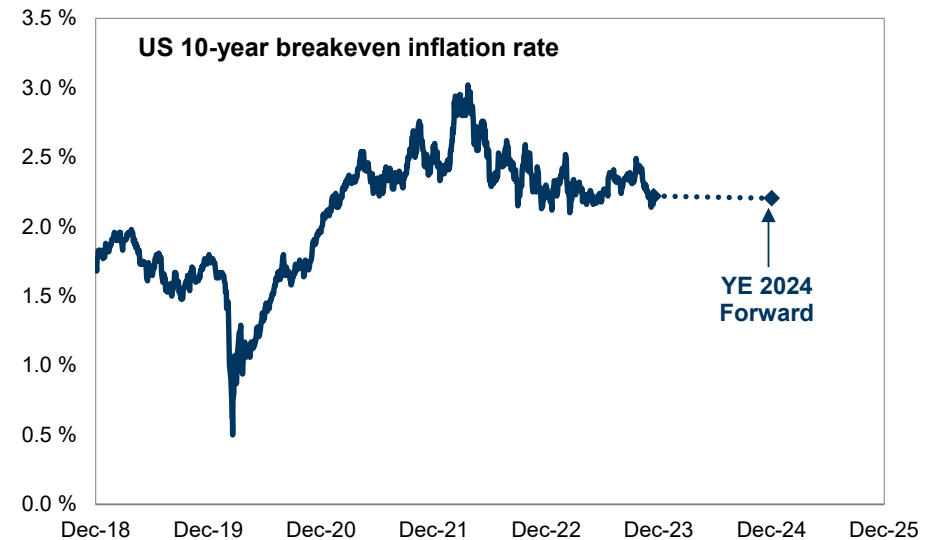
## US Treasury yield curve



## Economic Policy Uncertainty



## Breakeven inflation



Source: FactSet, PolicyUncertainty.com, Federal Reserve Bank, Haver Analytics, and Goldman Sachs Global Investment Research.

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We, David J. Kostin, Ben Snider, Ryan Hammond, Cormac Connors, Lily Calcagnini, Jenny Ma and Daniel Chavez, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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