Goldman Sachs Research

Portfolio Strategy Research
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US WEEKLY KICKSTART

Evaluating exuberance

- **The velocity of the recent equity market rally has generated investor anxiety about the sustainability of the bull market and spurred a search for signals that the peak is near.** AI Momentum has lifted the S&P 500 by 13% since the end of March, one of the sharpest rallies in decades.
- **Speculative mania is a poor timing indicator but one of the dynamics that has characterized the peaks of high-valuation, high-concentration bull markets in the past.** Other dynamics that have marked the ends of similar bull markets in the past include disappointing growth, extremely elevated equity issuance, and tightening Fed policy. None of these conditions describe the environment today, but each appears closer than it did just a few months ago.
- **A collection of indicators generally signals exuberance that registers above historical averages today but below the levels reached at market peaks in 2000 and 2021.** The market can decline without investor exuberance as a precondition, and the measures that reflected exuberance in prior bull markets do not necessarily need to repeat today. But we evaluate nine metrics across four categories that exhibited a median 100th percentile rank vs. history in 2000 and 95th percentile rank in 2021. Today, those measures rank in the 86th percentile since 1995.
- **Share prices:** The breadth of the recent rally has been narrow, but not nearly as narrow as during the Dot-Com Bubble. While the recent Momentum rally has been extremely sharp, unlike in prior episodes the majority of recent gains has been driven by positive earnings revisions.
- **Trading activity:** Our Speculative Trading Indicator has risen in recent months but remains below the level reached in late 2025 and well below levels in 2000 and 2021. Short interest across the S&P 500 is very elevated relative to history, signaling far less optimism than many other indicators.
- **Investor sentiment:** Survey-based measures of investor sentiment send mixed signals on the degree of exuberance. Bears slightly outnumbered bulls in the latest AAII survey, while sentiment indicated by the Yale Stock Market Confidence Indices is similar to levels in 2000 and 2021. Our US equity Sentiment Indicator reads +0.2, the lowest reading since the beginning of April.
- **Corporate sentiment:** We expect a record year for equity issuance in 2026. However, relative to market cap, issuance should register close to the average

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volume from 2015-2019, and we expect corporate equity demand will continue to outweigh supply this year.

Gauging equity market exuberance

The US equity market has enjoyed one of its sharpest rallies on record during the last several weeks, prompting investors to question the sustainability of the run. Prior to Friday's pullback, the S&P 500 had surged by 15% during the prior two months, a 99th percentile return relative to history since 1980. Relative to realized volatility, the vertical index move was the strongest in over 50 years, with a return/volatility ratio of nearly 4.

AI has been the dominant equity market theme, with AI, the Momentum factor, and the headline equity index moving hand in hand. While the S&P 500 return since the March low has been extraordinary, it had generated no return during the prior eight months since August 2025. As a result, the most recent S&P 500 trailing 6- and 12-month returns have been above-average but unexceptional. Nonetheless, the strength of the recent rally alongside persistently strong AI Momentum has generated a wave of client concern that stocks have moved "too far, too fast" and are likely reflecting an unsustainable degree of investor euphoria.

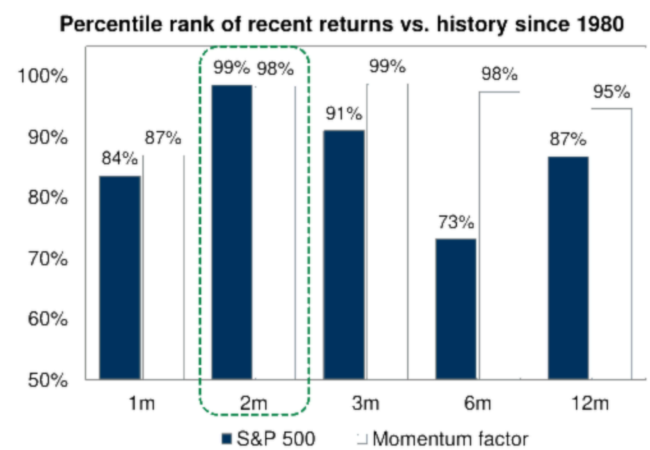
Exhibit 1: AI momentum has powered the S&P 500 to new highs

Momentum (GSMEFMOM) and AI vs. AI risk (GSTMTAIP vs. GSTMTAIR)

AI basket pair (GSTMTAIP and GSTMTAIR) developed by GBM

Source: Goldman Sachs FICC and Equities, Goldman Sachs Global Investment Research

Exhibit 2: The recent market rally has been exceptionally sharp



Source: Goldman Sachs Global Investment Research

Speculative mania is a poor timing indicator but one of the dynamics that has characterized the peaks of previous high-valuation, high-concentration bull markets. Fed Chair Alan Greenspan famously gave his speech referencing "irrational exuberance" in December 1996, more than three years before the peak of the Dot-Com Bubble.

The fundamental dynamics that have marked the peaks of prior bull markets are generally absent today but appear closer than at the start of the year. In addition to speculative mania, the ends of previous high-valuation, high-concentration bull markets have been characterized by deteriorating growth backdrops, extremely elevated equity issuance, and tightening Fed policy. None of these describe the environment today, but IPO activity is rebounding, elevated input costs are pressuring corporate profit margins, and recent rate market pricing has reflected a rising probability of Fed hikes, although our economists believe those hikes are unlikely.

While speculative mania is difficult to define, a collection of indicators generally registers above historical averages today but below levels reached at the peak of the Dot-Com Bubble and in 2021. Below, we look for signals across indicators based on share price action, investor trading activity, and investor and corporate sentiment.

Exhibit 3: Potential indicators of exuberance relative to history

	Percentile rank vs. history since 1995		
Indicator	**Dot-Com Bubble**	**2021**	**Current**
Share prices			
Momentum factor returns	100%	95%	98%
S&P 500 market breadth	100%	76%	94%
Trading activity			
GS Speculative Trading Indicator	100%	99%	86%
CBOE Put/Call ratio	100%	97%	88%
Short interest for the median S&P 500 stock	96%	89%	4%
Investor sentiment			
Yale US Stock Market Confidence Indices	100%	96%	97%
AAII Investor Sentiment	99%	92%	16%
Corporate sentiment			
Number of US IPOs	100%	87%	44%
Net US equity issuance	100%	96%	68%
Median	**100%**	**95%**	**86%**
Average	**99%**	**92%**	**66%**

Historical percentiles are inverted for market breadth, CBOE put/call ratio, and short interest. CBOE put/call ratio percentile rank is evaluated vs. history since 1997. Current value for IPOs represents annualized 2026 YTD total based on the elapsed portion of the calendar year so far.

Source: Goldman Sachs Global Investment Research

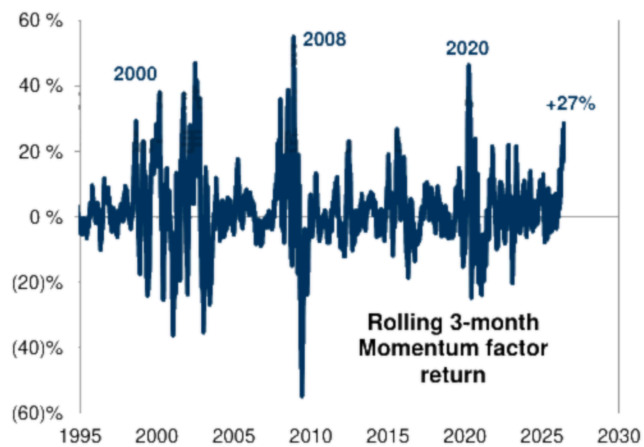
Share price action

The strength of the recent narrow-breadth Momentum rally is the dynamic generating the most widespread concern in our conversations with equity investors. Sharp Momentum factor rallies with the equity market near highs have historically boded poorly for subsequent S&P 500 returns, with comparable previous examples including late 1999 and late 2021.

However, in contrast with previous episodes, the recent rally has been driven primarily by surging near-term earnings estimates. Consensus forward S&P 500 EPS estimates have risen by 16% YTD, outpacing the 8% price return for the index, with the strongest revisions occurring among the high Momentum stocks. We continue to believe that robust earnings growth will drive further equity market upside.

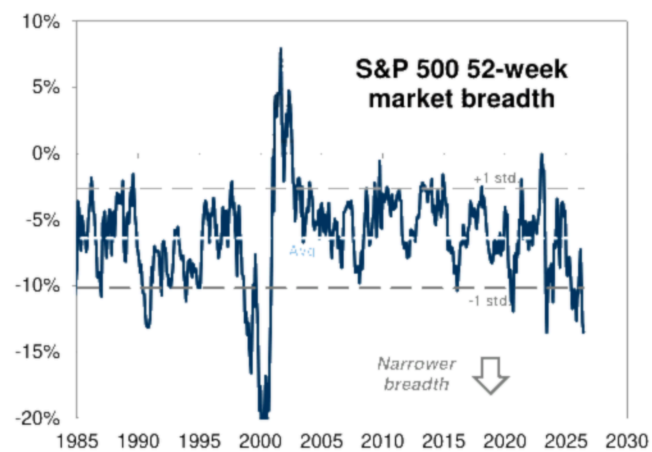
The breadth of the recent rally has been extremely narrow, but not nearly as narrow as the Dot-Com Bubble. Our preferred indicator of equity market breadth has narrowed to one of its tightest levels in recent decades, exceeded since 1980 only in 1998-2000 and briefly in mid-2023.

Exhibit 4: The recent strength of Momentum has rarely been exceeded
GSMEFMOM



Source: Goldman Sachs Global Investment Research

Exhibit 5: US equity market breadth has been very narrow



Market breadth calculated as the difference between the distance of the aggregate S&P 500 Index from its 52-week high and the distance of the median S&P 500 constituent from its 52-week high.

Source: Goldman Sachs Global Investment Research

Trading activity

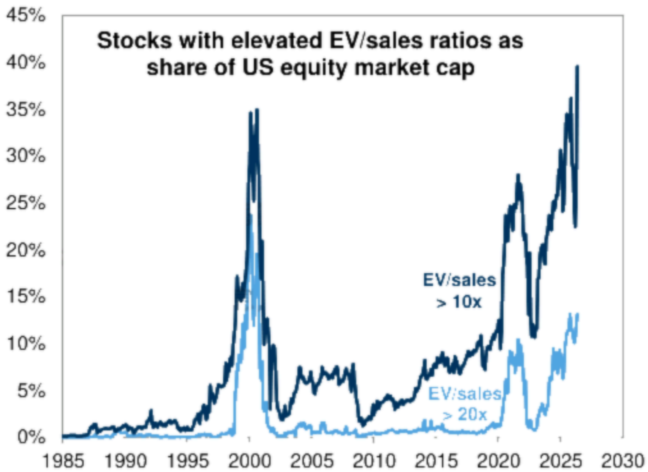
Our Speculative Trading Indicator has risen in recent months but remains below the level reached in late 2025 and well below levels in 2000 and 2021. The indicator is constructed based on trading volumes in unprofitable stocks, penny stocks, and stocks with EV/sales multiples greater than 10x. While these types of trading activity reflected surging speculative appetite in 2000, 2021, and 2025, speculative trading activity going forward may not follow the same patterns as speculative activity in the past.

Exhibit 6: Speculative Trading Indicator has recently increased but remains well below prior peaks
as of May 31, 2026

Source: Goldman Sachs Global Investment Research

Among "speculative" types of trading activity, volumes in high valuation stocks have recently been more elevated than trading activity in unprofitable stocks. The share of trading activity in unprofitable stocks remains well below past peaks, ranking in the 79th percentile since 1990. This aligns with the recent relationship between earnings revisions and the outperformance of high Momentum AI stocks. In contrast, trading activity in US stocks with high EV/sales multiples ranks close to the highest level in decades, exceeded only in 2000.

Exhibit 7: High-multiple stocks have recently become a large share of US equity market cap
trailing 12-month EV/sales



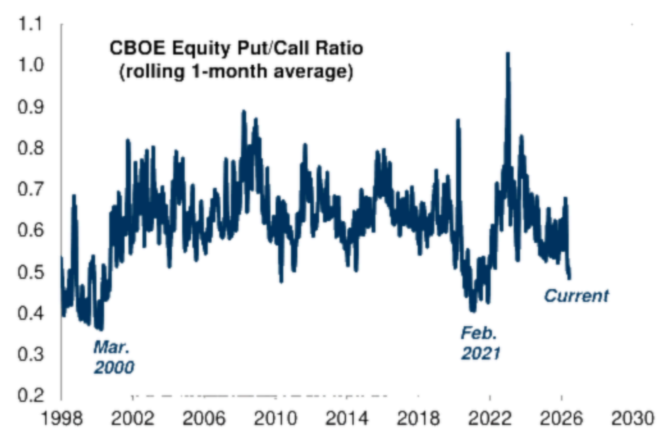
Source: Compustat, Goldman Sachs Global Investment Research

Exhibit 8: The share of trading activity in unprofitable stocks remains well below past extremes

Source: Goldman Sachs Global Investment Research

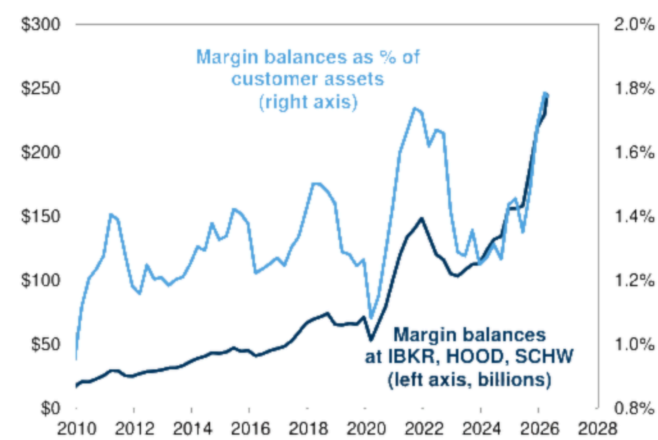
Equity call option volume and retail margin debt both reflect a recent increase in investor sentiment. CBOE options volumes show an increasing bias toward call option trading, although the put/call ratio remains above levels reached in 2000 and 2021. Retail margin balances at a selection of major brokerages have risen in recent months and now surpass levels reached during 2021.

Exhibit 9: Put/Call Ratio signals investor bullishness



Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 10: Margin balances at several retail brokers have surged
as of April 30, 2026



Source: Company data, Goldman Sachs Global Investment Research

Elevated short interest signals less investor optimism than many other indicators. Short interest for the median S&P 500 stock has surged to 3.2% of market cap, the highest level in recent decades outside of the Financial Crisis. The ratio registered close to 1.5% in both 2000 and 2021.

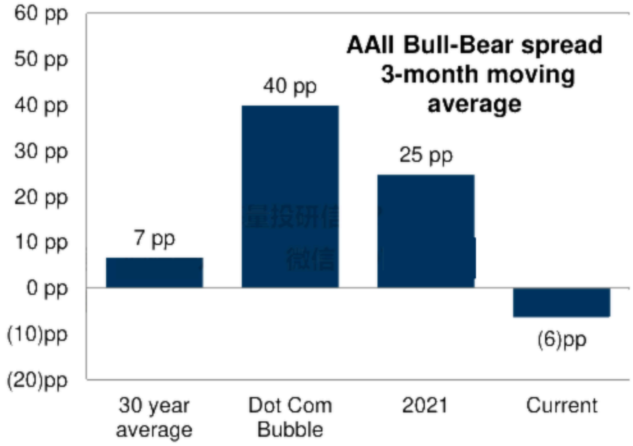
Exhibit 11: Short interest for the median S&P 500 stock is very elevated vs. history

Source: FactSet, Goldman Sachs Global Investment Research

Investor sentiment

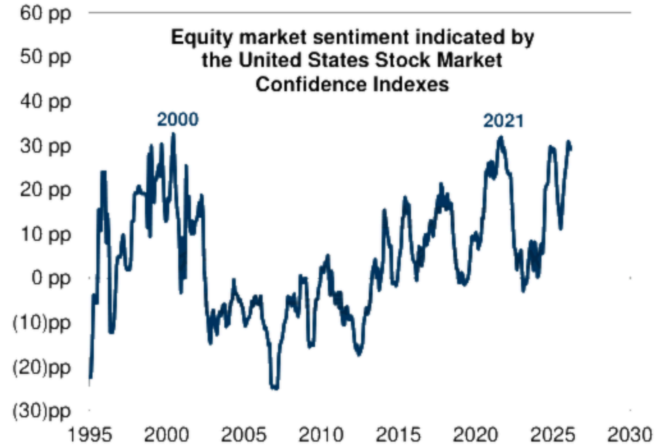
Survey-based measures of investor sentiment also send mixed signals on the degree of exuberance. The American Association of Individual Investors (AAII) survey, which tracks bullish versus bearish sentiment on the stock market, remains well below its 30-year average. In fact, as of the latest weekly reading, survey respondents with bearish views (37%) outnumbered respondents with bullish views (36%). In contrast, sentiment indicated by the Yale School of Management Stock Market Confidence Indices is similar to levels in 2000 and 2021, with investors expressing a strong desire to buy on equity market dips despite little confidence in whether current equity market valuations are appropriate.

Exhibit 12: AAII survey sentiment remains close to neutral



Source: American Association of Individual Investors, Goldman Sachs Global Investment Research

Exhibit 13: Yale's Stock Market Confidence Indices show similar current investor sentiment as in 2000 and 2021
as of March 31, 2026

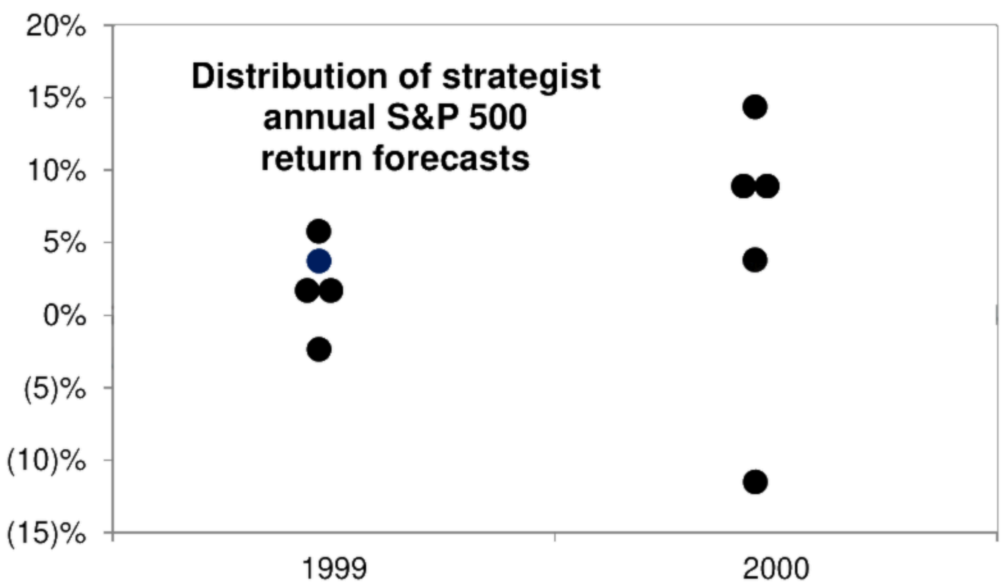


Calculated as the difference between the Buy-on Dips Confidence and Valuation Confidence sub-indices

Source: Yale School of Management, Goldman Sachs Global Investment Research

Equity market strategists have a wide range of views today, but the same was true in 2000. Strategist year-end 2026 price targets for the S&P 500 collected by Bloomberg since the start of May range from 7181 (-3% below the current level) to 8250 (+12%). Entering 2000, strategist return forecasts ranged from -12% to +15%. While some called for double-digit equity market gains, arguing that technology and globalism had rendered old valuation metrics "useless," others pushed back, with one noting that P/E ratios remained too high and that the NASDAQ was still in "la la land."

Exhibit 14: Equity strategist return forecasts at the starts of 1999 and 2000

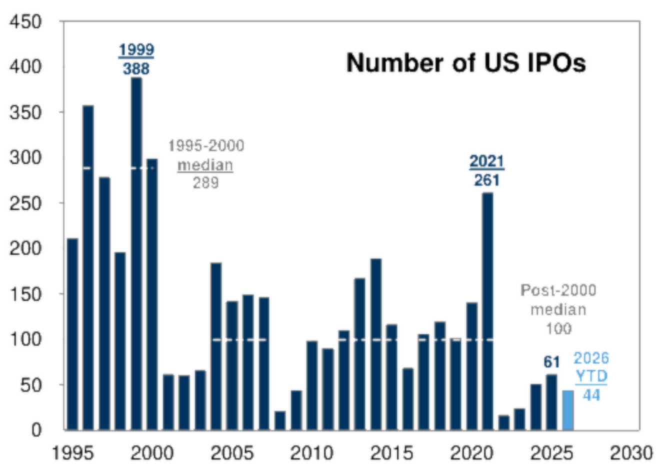


Source: Bloomberg, Goldman Sachs Global Investment Research

Corporate sentiment

While recent IPO activity has been subdued, equity issuance is increasing. The number of IPOs this year is on track to match the long-term annual average of 100. However, activity is increasing, and we expect a record year for the dollar value of US equity issuance in 2026. Relative to equity market cap, however, issuance should register close to the average volume from 2015-2019, and we expect corporate equity demand will continue to outweigh supply this year.

Exhibit 15: The number of IPOs remains below average and well below prior cycle peaks
US deals greater than $25 million in value



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 16: Net US public equity issuance has increased but is below past peaks

Net issuance calculated as the change in equity market cap in excess of the change implied by stock returns. Measure includes all US public companies with data listed on the Nasdaq, New York, and American stock exchanges. Analysis does not include preferred stock issuance.

Source: Compustat, Goldman Sachs Global Investment Research

S&P 500 earnings and return forecasts

Pricing as of June 4, 2026, unless otherwise noted.

Exhibit 17: Goldman Sachs top-down S&P 500 forecasts

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 18: Goldman Sachs and consensus forecasts for S&P 500 earnings and returns

	Goldman Sachs forecast	Bottom-up analyst consensus	Top-down strategist consensus
S&P 500 EPS			
2025	**$275**	$275	$275
Y/Y growth	***12 %***	*12 %*	*12 %*
2026	**$340**	$341	$320
Y/Y growth	***24 %***	*24 %*	*16 %*
2027	**$385**	$396	$364
Y/Y growth	***13 %***	*16 %*	*14 %*
S&P 500 P/E			
Current on NTM EPS	**21x**	21x	22x
S&P 500 price target			
YE 2026	**8000**	NA	7600
Return to target	***5 %***		*0 %*
12-month	**8300**	8600	NA
Return to target	***9 %***	*13 %*	

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Biggest stock movers this week

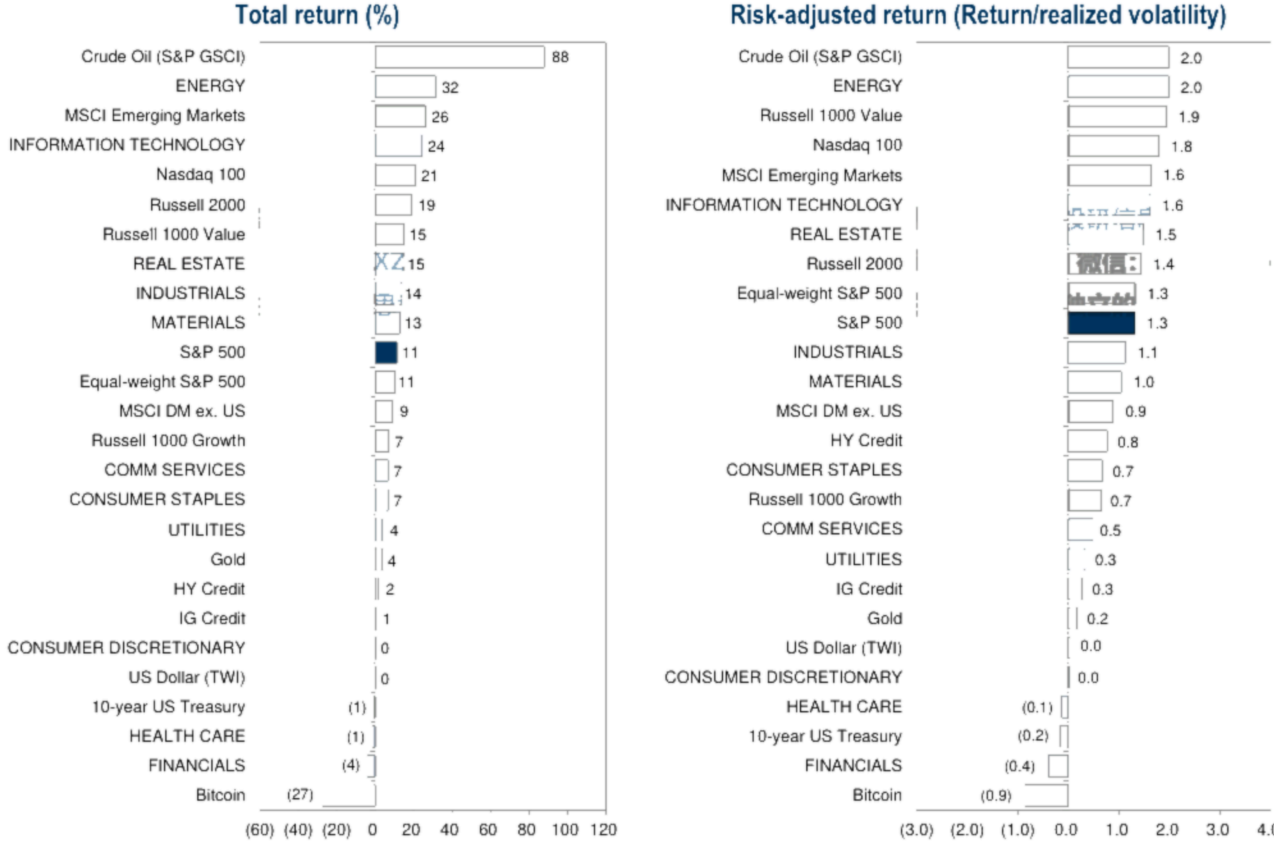
Exhibit 19: S&P 500 stocks with the largest moves this week
as of June 5, 2026

Company	Ticker	Industry group	Total return: This week	3m	6m	12m	Market cap (bn)	Consensus 2026 EPS growth	Fwd 12m P/E
Top 10 returns this week									
Hewlett Packard Enterprise	HPE	Tech Hardware & Equipment	**15 %**	151 %	137 %	208 %	$71	75 %	13x
Humana Inc.	HUM	Health Care Equipment & Svcs	**14**	92	39	54	42	(49)	32
Medtronic Plc	MDT	Health Care Equipment & Svcs	**11**	(14)	(18)	(1)	105	2	14
Cooper Companies	COO	Health Care Equipment & Svcs	**10**	(24)	(19)	(8)	12	10	14
MGM Resorts Intl	MGM	Consumer Services	**9**	31	35	50	12	(45)	28
Axon Enterprise	AXON	Capital Goods	**9**	(10)	(7)	(34)	41	13	58
W. R. Berkley Corp.	WRB	Insurance	**8**	(6)	(5)	(8)	25	8	15
Solventum Corp.	SOLV	Health Care Equipment & Svcs	**8**	17	(3)	10	14	7	12
Old Dominion Freight Line	ODFL	Transportation	**8**	14	60	53	51	12	43
Host Hotels & Resorts	HST	Equity REITs	**8**	23	47	67	17	10	25
Bottom 10 returns this week									
Coinbase Global	COIN	Financial Services	**(19)%**	(21)%	(40)%	(36)%	$43	(77)%	59x
Cboe Global Markets	CBOE	Financial Services	**(15)**	(5)	13	29	30	28	21
Ciena Corp.	CIEN	Tech Hardware & Equipment	**(15)**	56	174	538	76	108	63
Ford Motor Co.	F	Automobiles & Components	**(15)**	21	19	57	61	54	10
Palantir Technologies	PLTR	Software & Services	**(13)**	(8)	(20)	9	340	97	86
Robinhood Markets	HOOD	Financial Services	**(13)**	7	(36)	22	80	(9)	41
Broadcom Inc.	AVGO	Semiconductors & Semi Equip	**(13)**	32	10	62	1,983	87	25
Global Payments	GPN	Financial Services	**(13)**	(12)	(14)	(10)	19	33	5
Intel Corp.	INTC	Semiconductors & Semi Equip	**(12)**	145	176	452	562	173	94
QUALCOMM Inc.	QCOM	Semiconductors & Semi Equip	**(12)**	76	41	67	256	(19)	23
Median S&P 500 stock			**1 %**	(2)%	6 %	11 %	$41	10 %	18x
S&P 500 Index			**(3)**	11	11	29	67,831	24	21

Source: FactSet, Goldman Sachs Global Investment Research

YTD absolute and risk-adjusted returns

Exhibit 20: YTD asset returns and return/volatility ratios

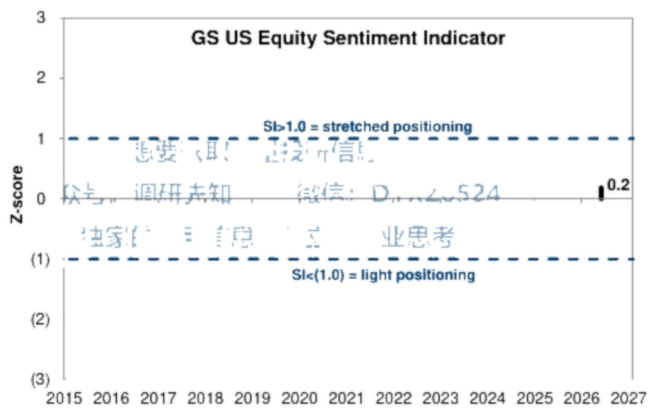


Crude oil represents S&P GSCI Crude Oil Index.

Source: FactSet, Haver Analytics, Goldman Sachs Global Investment Research

Sentiment and flows

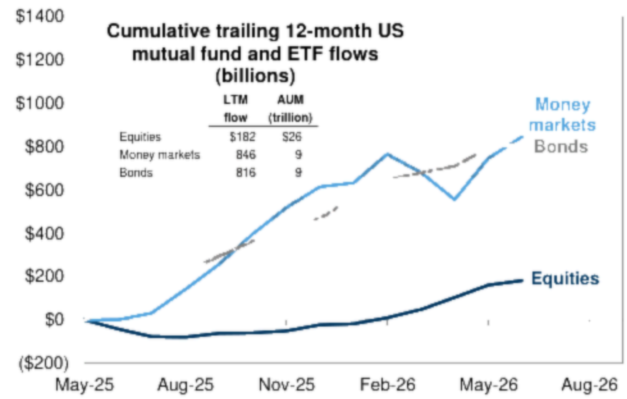
Exhibit 21: GS US Equity Sentiment Indicator of investor positioning
as of June 5, 2026



The Sentiment Indicator combines 9 measures of positioning across institutional, retail, and foreign investors and has historically been a statistically significant signal for near-term S&P 500 returns.

Source: Goldman Sachs Global Investment Research

Exhibit 22: Recent mutual fund and ETF flows



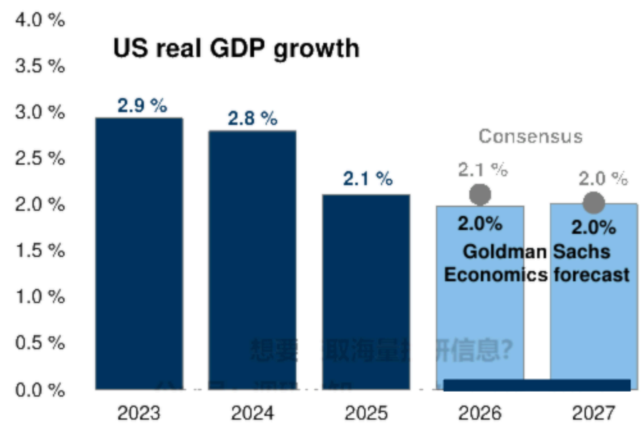
Source: EPFR, Goldman Sachs Global Investment Research

Economic growth

Exhibit 23: US equity market internal pricing of economic growth

Source: Bloomberg, Goldman Sachs Global Investment Research

Exhibit 24: Goldman Sachs and consensus forecasts for US real GDP growth



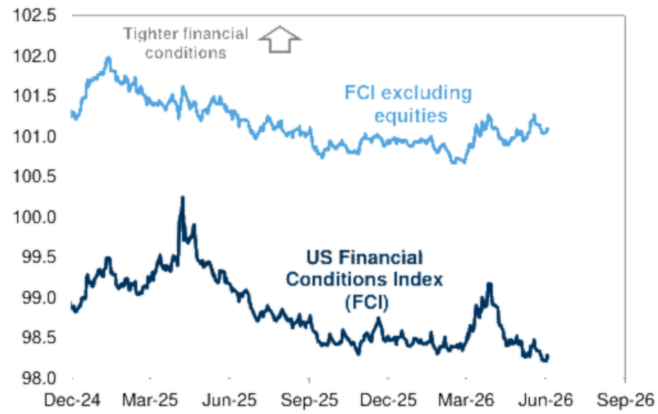
Source: Bloomberg, Goldman Sachs Global Investment Research

Interest rates and financial conditions

Exhibit 25: Market pricing of near-term and long-term interest rate outlook

Source: Goldman Sachs Global Investment Research

Exhibit 26: Goldman Sachs Financial Conditions Index



Source: Goldman Sachs Global Investment Research

Market breadth and concentration

Exhibit 27: S&P 500 52-week market breadth

Market breadth calculated as the difference between the distance of the aggregate S&P 500 Index from its 52-week high and the distance of the median S&P 500 constituent from its 52-week high. When the aggregate index is much closer to its 52-week high than is the median stock, market breadth is narrow.

Source: Goldman Sachs Global Investment Research

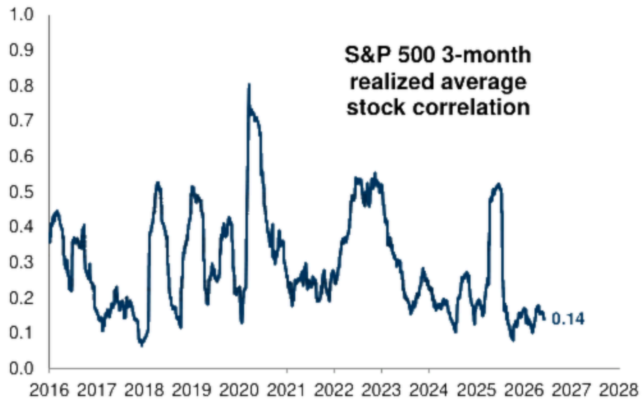
Exhibit 28: Concentration of S&P 500 market cap and earnings in the 10 largest index constituents

Earnings reflect consensus forward 12-month estimates.

Source: Compustat, IBES, FactSet, Goldman Sachs Global Investment Research

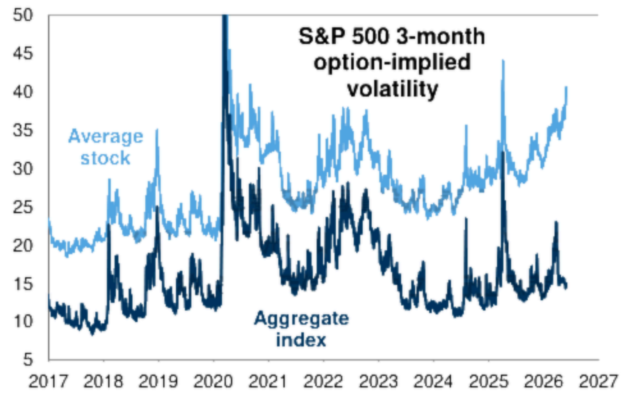
Correlation and volatility

Exhibit 29: S&P 500 realized average stock correlation



Source: Goldman Sachs Global Investment Research

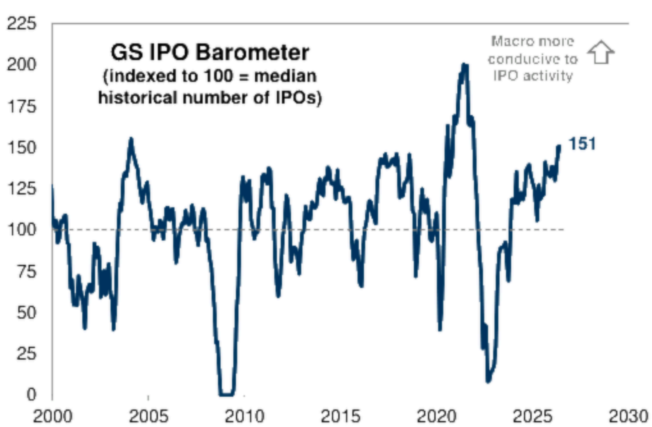
Exhibit 30: S&P 500 implied volatility



Source: Goldman Sachs Global Investment Research

IPO Barometer and mutual fund performance

Exhibit 31: Goldman Sachs IPO Barometer



The Goldman Sachs IPO Barometer combines five indicators that gauge the conduciveness of the macro environment to IPO activity.

Source: Goldman Sachs Global Investment Research

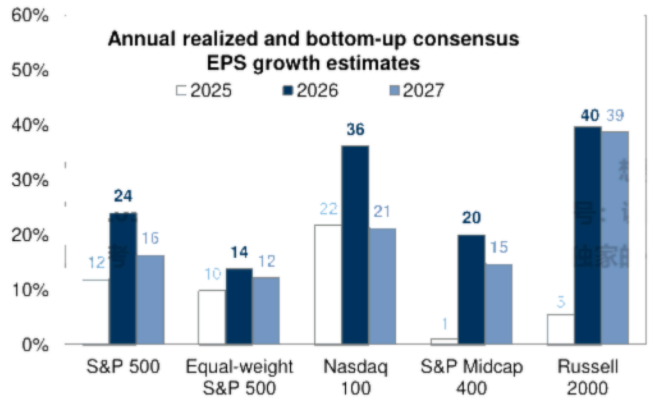
Exhibit 32: US equity mutual fund returns relative to benchmarks

Mutual fund style	Average YTD return	% outperforming benchmarks YTD
Large-cap core	10%	31%
Large-cap growth	8	55
Large-cap value	10	15
Large-cap total	**9%**	**33%**
Small-cap core	16%	23%

Source: FactSet, Goldman Sachs Global Investment Research

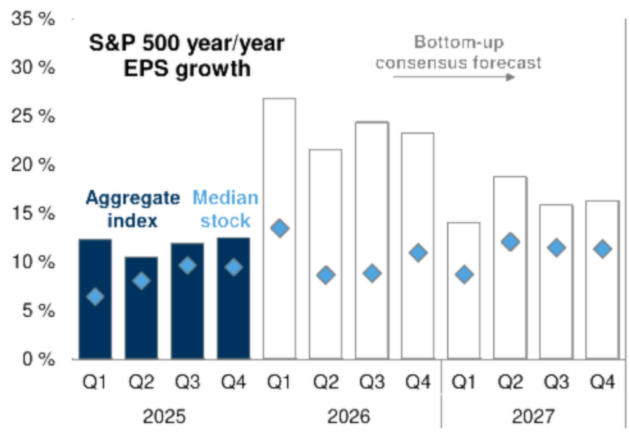
Earnings growth

Exhibit 33: Realized and consensus EPS growth for select US equity indices



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 34: Realized and consensus year/year S&P 500 EPS growth



Source: FactSet, Goldman Sachs Global Investment Research

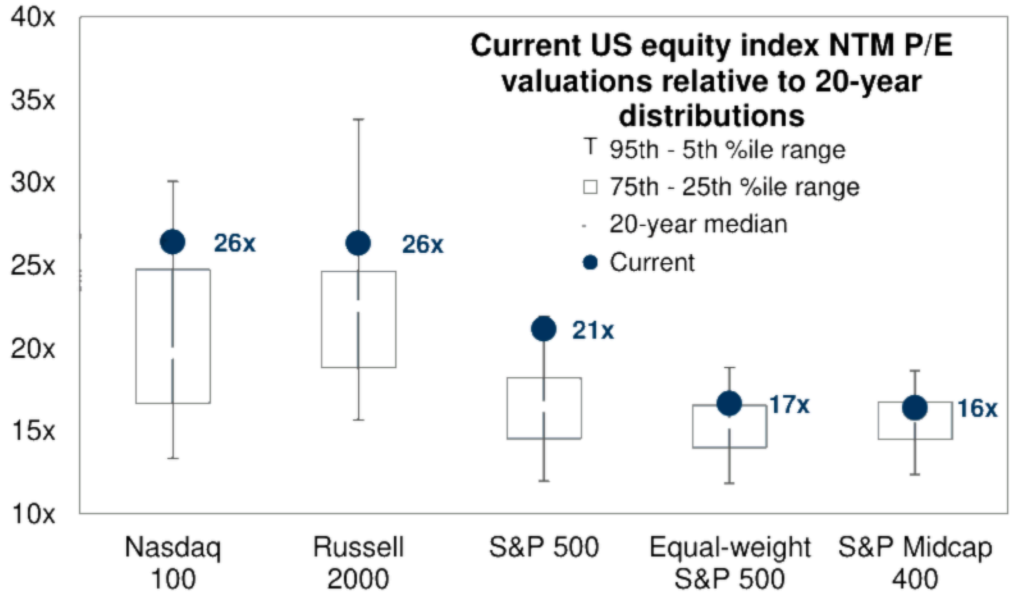
Exhibit 35: S&P 500 FY2 earnings revision breadth

Revision breadth calculated as [(# of companies with positive EPS revisions)-(# of companies with negative revisions)]/(total # of companies). Revisions reflect FY2 EPS estimate changes during a rolling 1-month window.

Source: FactSet, Goldman Sachs Global Investment Research

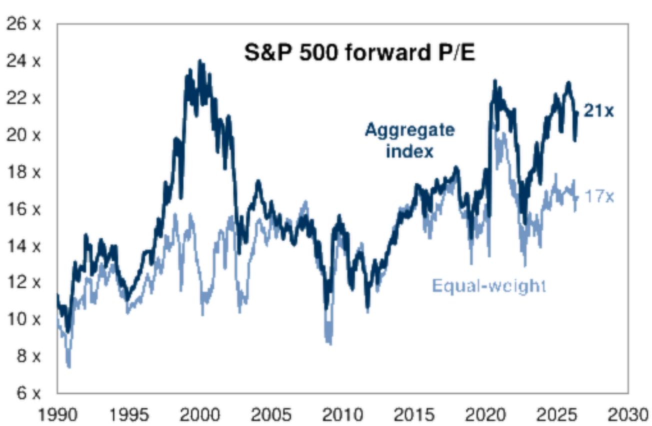
Valuations

Exhibit 36: US equity index P/E valuations vs. history



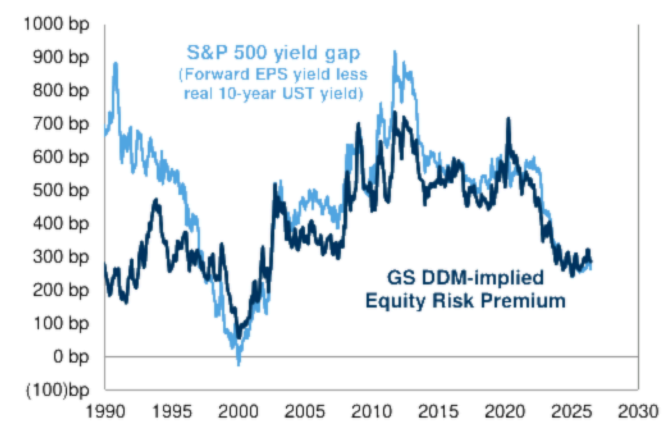
Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 37: S&P 500 consensus forward 12-month P/E



Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 38: S&P 500 valuation relative to US Treasury yields



Equity risk premium calculated by solving for the discount rate that equates the fair value of our multi-stage S&P 500 dividend discount model to the current market price and subtracting the 10-year US Treasury yield.

Source: Goldman Sachs Global Investment Research

Sector returns, earnings, and valuations

Exhibit 39: Sector and industry group returns

Top quartile
Bottom quartile

	S&P 500	Index weight	1 Week	1 Month	3 Months	Last 12 Mo	YTD	GS allocation
	S&P 500	100 %	0.3 %	5 %	11 %	29 %	11 %	
SECTOR	Energy	3 %	**3.2 %**	(1)%	5 %	48 %	32 %	
	Information Technology	39	**2.3**	15	30	53	24	
	Financials	11	**1.8**	1	2	4	(4)	
	Industrials	8	**1.3**	3	0	24	14	
	Health Care	8	**0.8**	5	(3)	16	(1)	OW
	Materials	2	**0.6**	2	(1)	18	13	OW
	Real Estate	2	**(0.3)**	1	3	14	15	
	Utilities	2	**(1.5)**	(5)	(6)	12	4	
	Consumer Staples	5	**(2.7)**	(3)	(6)	3	7	
	Communication Services	10	**(3.9)**	(3)	7	36	7	
	Consumer Discretionary	9	**(4.8)**	(2)	4	13	0	
INDUSTRY GROUP	Banks	3 %	**5.3 %**	3 %	6 %	27 %	0 %	
	Energy	3	**3.2**	(1)	5	48	32	
	Software & Services	9	**3.0**	10	11	(6)	(9)	
	Technology Hardware & Equipment	11	**2.5**	16	30	76	32	
	Commercial & Professional Svcs	1	**2.2**	1	(9)	(24)	(11)	
	Health Care Equipment & Services	3	**1.9**	3	(5)	(4)	(8)	
	Semiconductors & Semi Equipment	19	**1.8**	17	42	99	45	
	Capital Goods	6	**1.3**	3	1	34	18	
	Insurance	1	**0.8**	(1)	(5)	(9)	(5)	
	Transportation	1	**0.6**	7	2	27	12	
	Materials	2	**0.6**	2	(1)	18	13	
	Financial Services	7	**0.4**	1	2	(1)	(6)	
	Pharma Biotech & Life Sciences	5	**0.1**	6	(2)	31	3	
	Real Estate Investment Trusts (REITs)	2	**(0.3)**	1	3	14	15	
	Consumer Services	2	**(1.3)**	(0)	(5)	(4)	(6)	
	Utilities	2	**(1.5)**	(5)	(6)	12	4	
	Consumer Staples Retail	2	**(1.9)**	(6)	(6)	7	8	
	Consumer Durables & Apparel	0	**(1.9)**	2	(12)	(5)	(8)	
	Food Beverage & Tobacco	2	**(2.6)**	(1)	(3)	7	9	
	Media & Entertainment	9	**(3.7)**	(2)	10	41	8	
	Household & Personal Products	1	**(4.5)**	(1)	(10)	(12)	(0)	
	Automobiles & Components	2	**(5.1)**	8	4	29	(5)	
	Consumer Discretionary Retail	5	**(5.9)**	(5)	8	14	5	
	Telecommunication Services	1	**(7.2)**	(10)	(18)	(10)	(3)	

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 40: Earnings contributions and growth by S&P 500 sector

	GS top-down					Consensus bottom-up			
	Contribution			EPS growth		Contribution		EPS growth	
Sector	2025	**2026**	2027	**2026**	2027	2026	2027	2026	2027
Info Tech	$70	**$110**	$140	**56 %**	27 %	$107	$138	51 %	29 %
Financials	52	**56**	61	**8**	9	56	63	8	11
Comm Services	29	**36**	38	**24**	5	37	39	26	6
Health Care	33	**34**	39	**2**	14	34	40	1	18
Cons Discretionary	23	**24**	26	**7**	7	26	29	14	14
Industrials	21	**23**	25	**9**	9	23	28	9	19
Energy	12	**19**	17	**60**	(10)	19	18	63	(7)
Consumer Staples	15	**15**	16	**4**	4	15	17	4	8
Utilities	8	**8**	9	**7**	6	9	10	14	8
Materials	5	**8**	8	**39**	5	8	8	42	10
Real Estate	6	**7**	7	**5**	6	7	8	15	8
S&P 500	$275	**$340**	$385	**24 %**	13 %	$341	$396	24 %	16 %

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 41: S&P 500 sector P/E valuations relative to history

	Consensus forward 12-month P/E valuation				
		Absolute P/E %ile rank vs. history		P/E vs. S&P 500 %ile rank vs. history	
	Current P/E	10-year	30-year	10-year	30-year
Consumer Discretionary	**26x**	50%	83%	23%	70%
Industrials	**25**	87	96	97	99
Information Technology	**25**	66	68	59	47
Consumer Staples	**21**	75	78	39	20
S&P 500	**21**	**64**	**82**		
Communication Services	**20**	62	63	38	13
Real Estate	**18**	61	77	33	31
Materials	**18**	48	67	19	12
Utilities	**18**	57	86	55	63
Health Care	**18**	70	63	33	16
Financials	**15**	38	65	2	4
Energy	**14**	36	48	36	17

Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Thematic baskets

Exhibit 42: Recent performance of select Goldman Sachs Research baskets
basket returns expressed relative to the equal-weight S&P 500 except for long/short basket pairs as noted

Top quartile
Bottom quartile

	Basket / Index	Ticker (GSTH____)	Total returns 1 Wk	3 Mo	12 Mo	YTD
	S&P 500	SPX	0.3 %	11 %	29 %	11 %
	Equal-weight S&P 500	SPW	1.2	4	21	11
Macro-economic	Dual Beta	BETA	3.9 %	42 %	96 %	50 %
	Interest Rate Sensitive	USTY	2.1	25	31	21
	Low vs. High Labor Cost	LLAB / HLAB	0.5	10	23	15
	High vs. Low Tax Rate	HTAX / LTAX	(0.9)	(7)	(6)	(2)
Geographic sales	EM Sales	BRIC	2.6 %	44 %	90 %	56 %
	International Sales	INTL	1.6	30	52	35
	US Sales	AINT	0.6	5	(12)	(3)
	Western Europe Sales	WEUR	0.4	11	12	8
Fundamental	High vs. Low Operating Leverage	OPHI / OPLO	3.0 %	4 %	(6)%	(2)%
	ROE Growth	GROE	2.2	25	47	35
	Stable Growers	STGR	0.1	(3)	(18)	(9)
	High Quality	QUAL	(0.6)	(4)	(15)	(9)
	Long vs. Short Duration	LDUR / SDUR	(1.1)	2	(22)	(9)
	Strong vs. Weak Balance Sheet	SBAL / WBAL	(4.9)	(7)	(24)	(13)
Uses of cash	Capex and R&D	CAPX	3.4 %	34 %	67 %	40 %
	Dividend Growth	DIVG	1.8	11	19	8
	Total Cash Return	CASH	1.6	12	16	7
	Buybacks	REPO	1.4	10	6	3
	High Growth Investment	HGIR	1.2	29	48	29
	Debt Reducers vs. Issuers	DRED / DISS	(2.0)	11	25	13
Ownership, risk & liquidity	Mutual Fund Over- vs. Underweights	MFOW / MFUW	0.8 %	(20)%	(33)%	(25)%
	Low vs. High Liquidity	LLIQ / HLIQ	0.8	(14)	(19)	(14)
	High Sharpe Ratio	SHRP	(0.3)	(5)	(15)	(9)
	Hedge Fund VIP	HVIP	(0.4)	15	17	8
Equity research	SMB Exposure	GSRHSMBX	1.4 %	3 %	(21)%	(11)%
	M&A Candidates	GSRHACQN	(0.3)	7	17	(6)
	Gov't Exposure	GSRHGOVT	(2.9)	(3)	20	(1)
	Oil Input Cost	GSRHOILX	(8.4)	(11)	(17)	(8)

Basket returns and constituents can be accessed via GS Marquee or Bloomberg using the indicated tickers.

Source: Goldman Sachs Global Investment Research

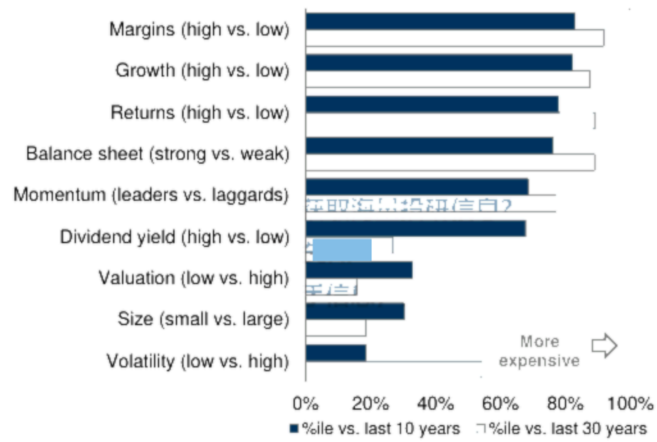
Factors

Exhibit 43: Indexed return of select equity factors

Factor performance and constituents can be viewed on GS Marquee or Bloomberg using the tickers indicated on the chart.

Source: Goldman Sachs Global Investment Research

Exhibit 44: Equity factor valuations relative to history



Source: Goldman Sachs Global Investment Research

Goldman Sachs global macro research cross-asset forecasts

Exhibit 45: Goldman Sachs macro research asset forecasts

Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to 12m target
Equities						
MXAPJ	level	907	980	1030	1080	**19 %**
TOPIX	level	3952	4100	4200	4400	**11**
S&P 500	**level**	**7584**	**7600**	**8000**	**8300**	**9**
STOXX Europe 600	level	624	640	645	660	**6**
10-year rates						
Euro Area (Germany)	%	2.5	3.0	3.0	3.0	**55 bp**
Japan	%	2.7	2.5	2.5	2.4	**(27)**
US	%	4.5	4.2	4.1	4.1	**(37)**
Corporate bonds						
Investment grade	bp	74	92	90	NA	**NA**
High yield	bp	262	325	315	NA	**NA**
Currencies						
Euro / US dollar	EUR/$	1.16	1.14	1.18	1.20	**3 %**
Sterling / US dollar	£/$	1.34	1.33	1.34	1.33	**(1)**
US dollar / Yen	$/¥	160	160	158	155	**(3)**
Commodities						
COMEX gold	$/troy oz	4505	4805	4990	5445	**21 %**
NYMEX nat. gas	$/mmBtu	3	3.50	3.50	3.50	**5**
LME copper	$/mt	13872	13620	13735	13800	**(1)**
Brent crude oil	$/bbl	95	94	91	86	**(10)**

Source: FactSet, Goldman Sachs Global Investment Research