EUROPE WEEKLY KICKSTART

Equity supply is rising in Europe too

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Issuance activity is accelerating. Equity issuance in Europe has picked up materially, with over €200bn raised over the past 12 months (based on ECB and BoE data), approaching levels last seen at the peak of the Tech bubble (Exhibit 1). In absolute terms, this is elevated, but when normalised to market capitalisation, it represents just 1.7%, broadly in line with historical averages of 1.4% (Exhibit 2). Our US colleagues argue the same for US equity issuance: even with large IPOs coming to market, as a share of market cap, the money raised remains in line with the historical average.

Secondary issuance dominates while IPOs remain subdued. The recent increase has been driven primarily by follow-on offerings rather than a reopening of primary markets. IPO activity remains structurally weak in Europe, with c.40 deals over the past year versus a typical ~100 in a normal cycle (Exhibit 3), consistent with still-fragile risk appetite and a delayed recovery relative to the US, where IPO markets have already reopened.

Supply concerns are rising in a broader global funding cycle. Investor focus is increasingly shifting to the risk of equity oversupply, driven by several forces. First, global issuance is intensifying, particularly in the US (with large IPOs), while issuers compete for the same marginal pool of capital. Second, Europe is likely to follow with a lag, as it typically trails the US IPO cycle by around one quarter, pointing to a potential step-up into late-2026. Third, funding pressures extend beyond equities, with both corporates and governments issuing significant debt alongside persistent fiscal deficits linked to defence, infrastructure and energy security. Fourth, the acceleration in capex, particularly around AI and strategic investment cycles, is raising aggregate capital demand across the system, a core feature of the Post Modern Cycle.

Net supply remains contained once redemptions are included. Despite elevated gross issuance, offsetting forces continue to limit the net impact on equity supply. Buybacks, while moderating outside Financials, continue to absorb liquidity, while M&A activity, including take-privates, is supporting delistings. Overall, gross redemptions have reached c.€224bn, also close to all-time highs, implying an annual 1.8% of market cap for redemptions versus 1.7% for issuance. As a result, net supply remains marginally negative in Europe, in contrast to the historical norm of positive net issuance (Exhibit 1). This sharply contrasts with previous periods of clear equity excess such as the Tech bubble, the GFC recapitalisation phase and the post-COVID issuance wave, when gross issuance approached ~3% of market cap with limited offsets (Exhibit 2).

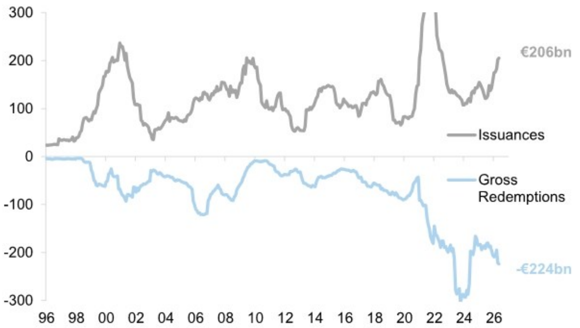
Balance sheets are strong, reinforcing the opportunistic nature of issuance. Balance sheets remain healthy; European corporates, financials, and households are, on aggregate, relatively well positioned. As a result, issuance is largely driven by favourable market conditions rather than funding stress. Elevated valuations, currently in the top quartile, are enabling companies to raise capital opportunistically. This creates a self-reinforcing dynamic: strong market absorption supports further issuance, while any pushback on supply would quickly slow the pipeline, particularly in IPOs.

Flows remain a swing factor. International investors continue to provide incremental support but remain valuation-sensitive, allocating to Europe primarily as a diversification trade rather than a high-conviction overweight. At the same time, domestic investors have been net sellers, leaving aggregate flows only marginally positive since the onset of the Middle East conflict (Exhibit 4). A sustained re-engagement of global capital likely requires clearer improvement in the macro backdrop, particularly lower energy prices, with European gas prices and economic activity remaining key variables shaping sentiment and allocation (Exhibit 5).

A capex cycle with room to run. Overall, we see no signs of oversupply (so far), suggesting companies can continue to raise capital and invest, sustaining the capex upswing. We remain in a capex super-cycle and favour beneficiaries over spenders. Our equity research analysts have revised up their CAPEX Tracker, and we have refreshed our global beneficiaries list within our Post Modern Cycle framework, with Europe's GSSTCAPX basket the best performer year to date (Exhibit 20), supported by a recent pickup in manufacturing activity (Exhibit 6).

Exhibit 1: Equity issuance in Europe has picked up materially, with over €200bn raised over the past 12 months

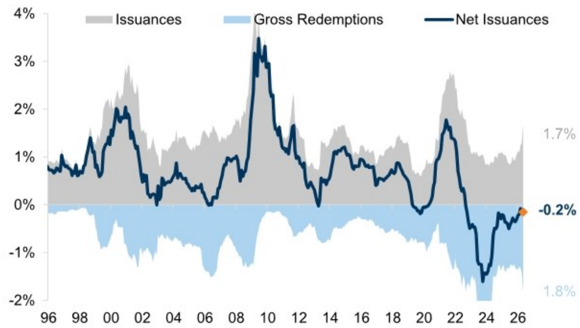
Euro area and UK



Source: Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 2: European equity issuance at just 1.7% of market cap over the past 12 months

Share of market capitalisation (Euro Area & UK)



Source: Haver Analytics, Goldman Sachs Global Investment Research

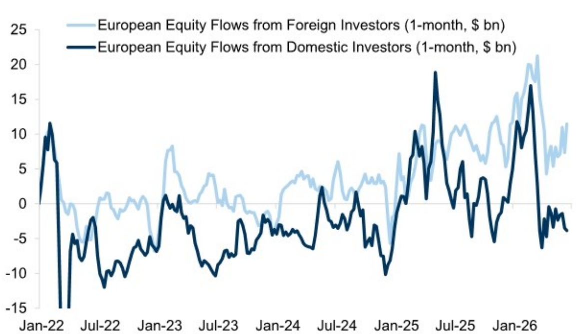
Exhibit 3: In Europe, only 40 companies completed IPOs over the last year

12m rolling sum of IPOs in Europe

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Exhibit 4: Flows into developed Europe equity from Foreign and Domestic Investors

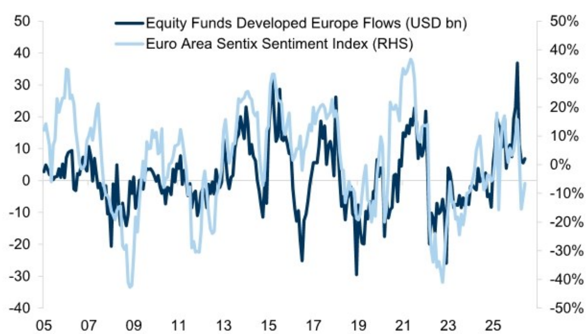
1-month rolling sum of weekly fund flows (EPFR Country Flows Database)



Source: EPFR, Goldman Sachs Global Investment Research

Exhibit 5: Sentix survey of investor expectations is closely related to the flows

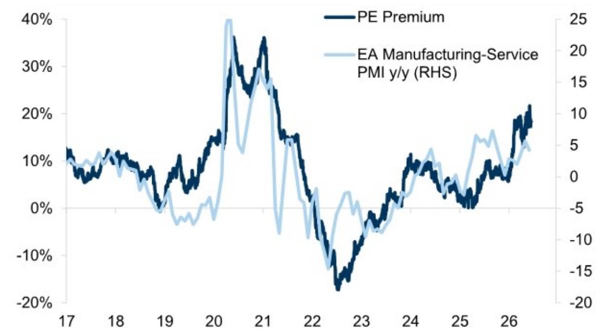
Euro Area Sentix sentiment indicator and Developed Europe monthly equity fund flows, USD bn (sum of weekly data for May)



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

Exhibit 6: Manufacturing pickup supports the outperformance of our Capex Beneficiaries basket

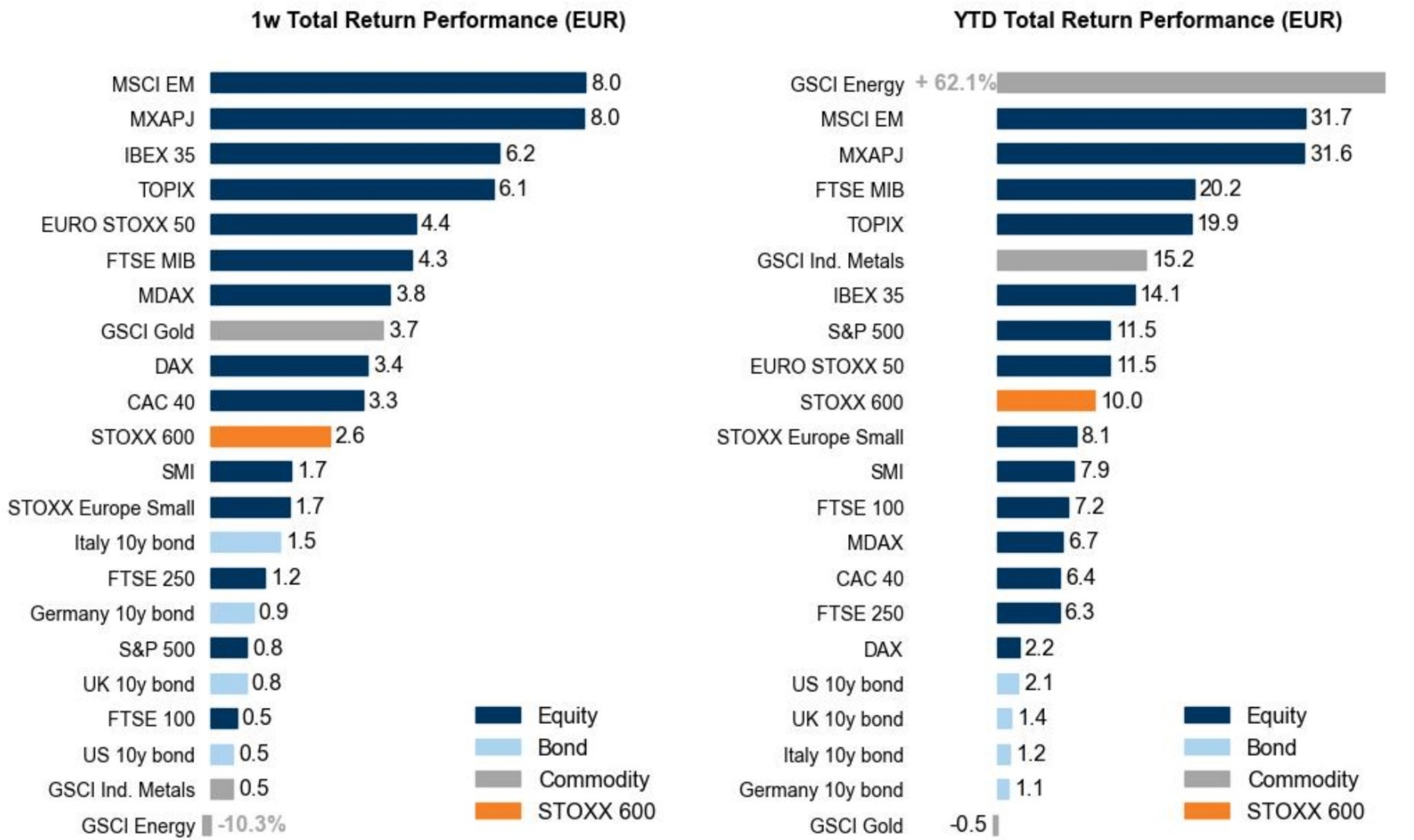
12m forward P/E premium GSSTCAPX vs. STOXX 600



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

Snapshot of Global Performance Across Assets - Total Returns (€)

Exhibit 7: Cross-asset performance



Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Global Strategy Views: Indices and Asset Classes

Exhibit 8: GS forecasts across assets

18 June 2026	Current	Forecast			Up/Downside
		3m	6m	12m	to 12m TP (%)
Equities					
STOXX Europe 600 (€)	637	640	645	660	3.6
Eurostoxx 50 (€)	6323	6200	6300	6400	1.2
FTSE 100 (£)	10400	10600	10800	11000	5.8
S&P 500 ($)	7501	7600	8000	8300	10.7
MSCI Asia-Pacific Ex-Japan ($)	920	980	1030	1080	17.4
Topix (¥)	4068	4100	4200	4400	8.2
10Y Rate (%)					
US	4.5	4.5	4.4	4.3	-14 bp
Euro Area (Germany)	2.9	2.9	3.0	3.0	8 bp
UK	4.8	4.6	4.5	4.4	-35 bp
Japan	2.6	2.5	2.5	2.4	-19 bp
Currencies					
€/$	1.15	1.14	1.18	1.20	4.6
£/$	1.32	1.33	1.34	1.33	0.8
$/¥	161	160	158	155	-3.9
Commodities					
Brent Crude Oil ($/bbl)	79.9	83.0	80.0	75.0	-6.1
NYMEX Nat. Gas ($/mmBtu)	3.1	3.5	3.5	3.5	11.3
Gold ($/troy oz)	4250	4690	4900	5115	20.4
LME Copper ($/mt)	13624	13620	13735	13800	1.3

Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 9: Valuation metrics across regions

18 June 2026	P/E 12m fwd (X)	EV / EBITDA Last 12m (X)	FCF Yield Last 12m (%)	Div Yield 12m fwd (%)	P/B Last 12m (X)	ROE Last 12m (%)
STOXX Europe 600	14.7	9.5	4.5	3.3	2.3	13.9
EuroStoxx 50	15.6	11.1	4.0	3.0	2.5	14.5
FTSE 100	12.3	7.9	5.9	3.5	2.2	16.0
S&P 500	20.7	16.7	3.0	1.4	5.2	21.9
MSCI Asia Pacific ex-Japan	13.3	11.8	3.7	2.1	2.4	14.4
Topix	16.7	12.3	4.3	2.2	1.8	9.6

Source: FactSet, I/B/E/S, STOXX, Datastream, Goldman Sachs Global Investment Research

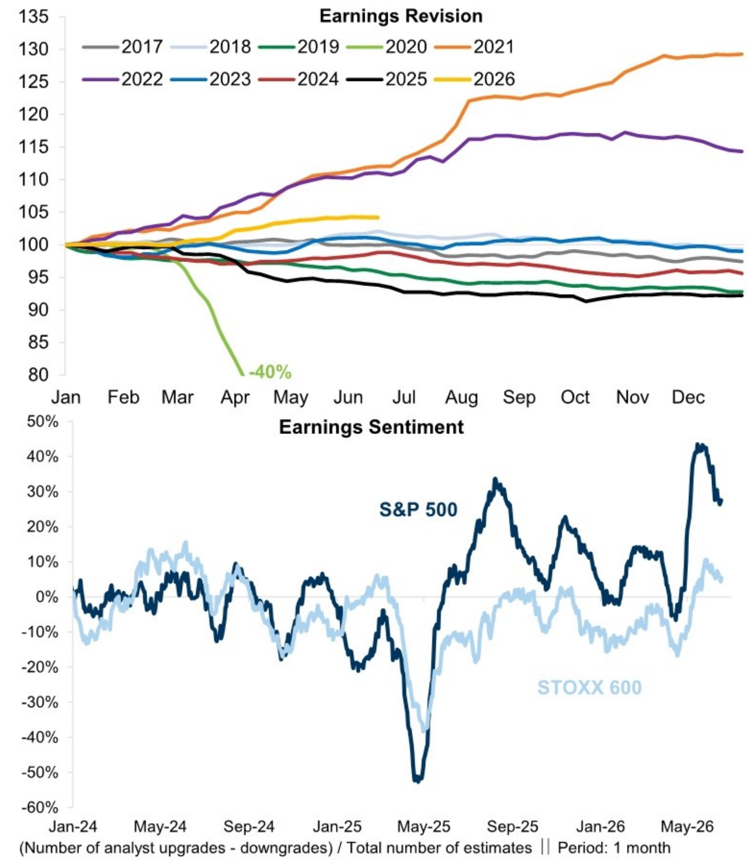
Earnings Expectations and Revisions

Exhibit 10: Expected earnings growth and revisions by sector (%)
Local currency

	EPS Growth			EPS Revisions (1-month)		EPS Revisions (YTD)	
Sector	**2026E**	**2027E**	**CAGR 26/27**	**2026E**	**2027E**	**2026E**	**2027E**
Autos and Parts	41.1	29.2	35.0	NM	(3.6)	NM	(15.8)
Basic Resources	53.3	12.0	31.0	3.7	5.5	20.3	20.4
Energy	69.7	(9.1)	24.2	1.5	0.6	55.7	23.4
Technology	20.6	23.1	21.9	0.4	1.1	8.3	12.0
Industrials	15.6	16.0	15.8	0.5	0.5	(1.4)	(0.0)
STOXX 600 ex Fin. & RE	**18.5**	**9.6**	**13.9**	**0.4**	**0.3**	**4.8**	**2.0**
Consumer Prods and Srvs	12.4	15.2	13.8	(0.5)	(0.9)	(6.2)	(6.3)
Construction and Mat.	14.1	13.1	13.6	(0.4)	(0.3)	(3.5)	(1.6)
STOXX 600	**15.0**	**9.9**	**12.4**	**0.3**	**0.3**	**4.3**	**2.5**
Banks	10.0	13.3	11.7	0.3	0.4	4.0	5.7
Chemicals	19.6	4.2	11.6	0.7	(0.4)	2.9	(4.5)
STOXX 600 ex Commod.	**9.8**	**12.2**	**11.0**	**0.1**	**0.2**	**0.0**	**0.4**
Telecoms	9.8	11.0	10.4	0.2	0.2	(1.1)	(1.5)
Retailers	9.2	10.3	9.7	(0.0)	0.4	0.6	0.9
Utilities	8.9	7.6	8.2	0.5	0.3	1.9	2.0
Insurance	7.1	7.4	7.3	0.2	(0.2)	1.1	0.8
Health Care	4.7	9.7	7.1	0.3	0.2	(1.8)	(2.1)
Financial Services	9.0	4.7	6.8	0.1	1.0	7.1	(2.7)
Travel and Leisure	(4.7)	18.9	6.5	(1.2)	(0.5)	(16.0)	(10.7)
Pers Care, D&G Stores	3.9	7.3	5.6	(0.1)	(0.3)	(4.2)	(4.7)
Media	1.0	9.9	5.4	0.4	1.1	(3.2)	(1.9)
Food, Bev. and Tobacco	2.6	8.2	5.4	0.1	0.1	(1.3)	(1.5)
Real Estate	1.3	4.2	2.8	(0.0)	0.6	(1.9)	(1.8)
GS Top-down							
STOXX 600	**10**	**5**	**7**	**-**	**-**	**-**	**-**

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Exhibit 11: STOXX Europe 600 EPS revisions & earnings sentiment
In EUR



Source: FactSet, STOXX, Goldman Sachs Global Investment Research

STOXX Europe 600 Supersectors

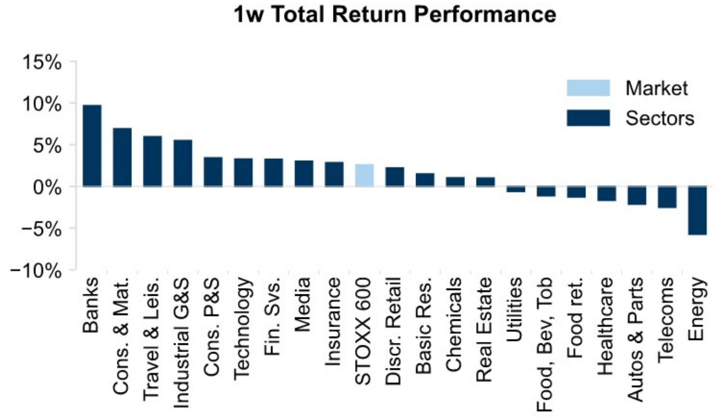
Exhibit 12: Our recommendations
STOXX Europe 600; sub-sectors in light blue

Sector and Supersector Recommendations		
Overweight	**Neutral**	**Underweight**
Banks (SX7P)	Healthcare (SXDP)	Autos and Parts (SXAP)
Construction & Materials (SXOP)	Basic Resources (SXPP)	Chemicals (SX4P)
Food, Bev. & Tob (S600FOP)	Energy (S600ENP)	Consum. P&S (S600CPP)
Pers. Care & Grocery (S600PDP)	Financial Svs (SXFP)	Media (SXMP)
Retailers (SXRP)	Industrial G&S (SXNP)	*Insurance P&C (GSSBPCIN)*
Technology (SX8P)	Insurance (SXIP)	*Steel (GSSBSTEL)*
Telecoms (SXKP)	Real Estate (SX86P)	
Aerospace (GSSBCIVA)	Travel and Leisure (SXTP)	
Defense (GSSBDEFE)	Utilities (SX6P)	
Renewables (GSSBRNEW)		

Trade Recommendations
Capital Intensive (GSSTCAPI) vs. Capital Light (GSSTCAPL)
Fiscal Infrastructure (GSSTFISC)
High Labour Cost (GSSTHLAB) vs. SXXE ex Financials

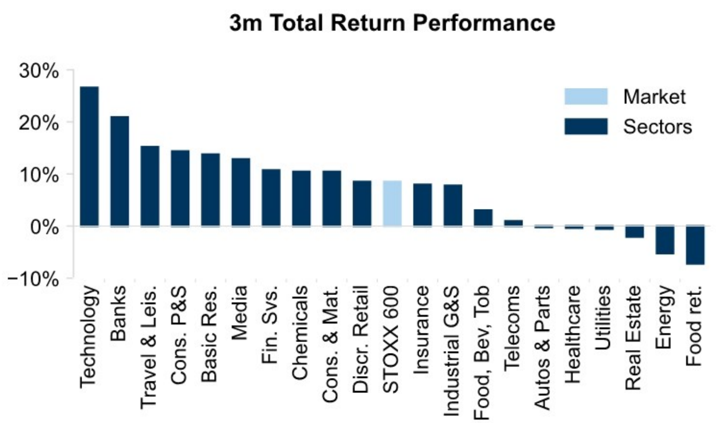
Source: Goldman Sachs Global Investment Research

Exhibit 13: 1-week sector performance
Total Return (€)



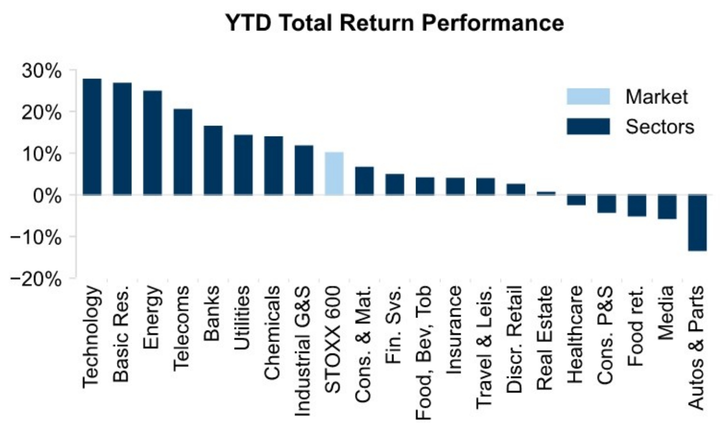
Source: Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 14: 3-month sector performance
Total Return (€)



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

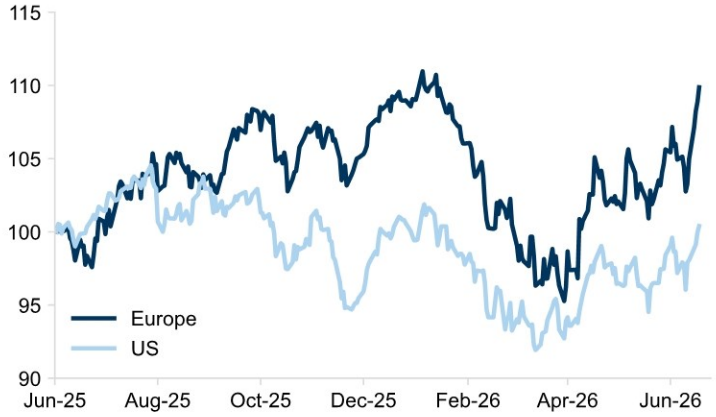
Exhibit 15: YTD sector performance
Total Return (€)



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

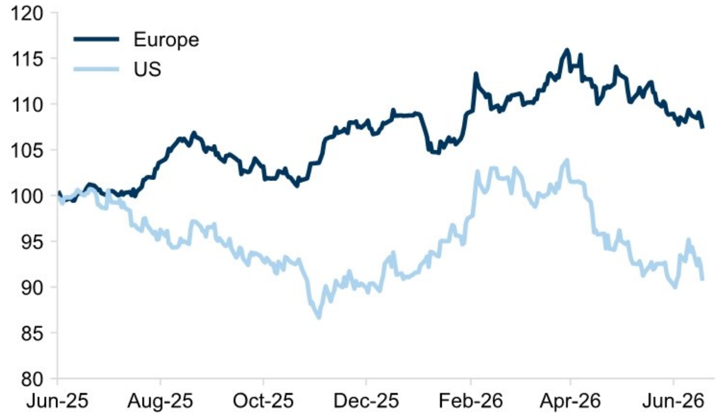
Style Performance

Exhibit 16: Cyclicals vs. Defensives
Cyclicals = Equal Weighted: Industrials, Financials and Cons Discretionary. Defensives = Equal Weighted: Utilities, Health Care, Com Services, Cons Staples



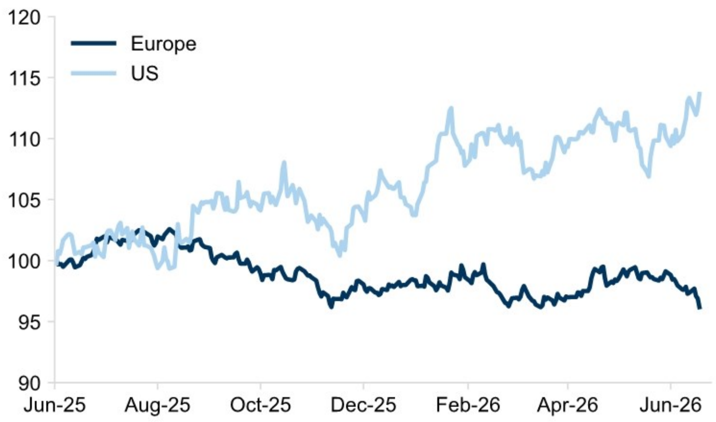
Source: Datastream, Goldman Sachs Global Investment Research

Exhibit 17: Value vs. Growth price performance
MSCI indices



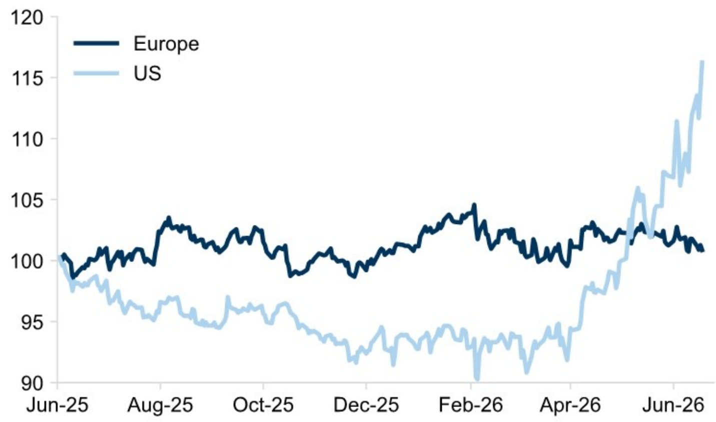
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 18: Small-cap vs. Large-cap price performance
US: Russell 2000 vs. SPX; Europe: STOXX Small vs. STOXX Europe Large



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

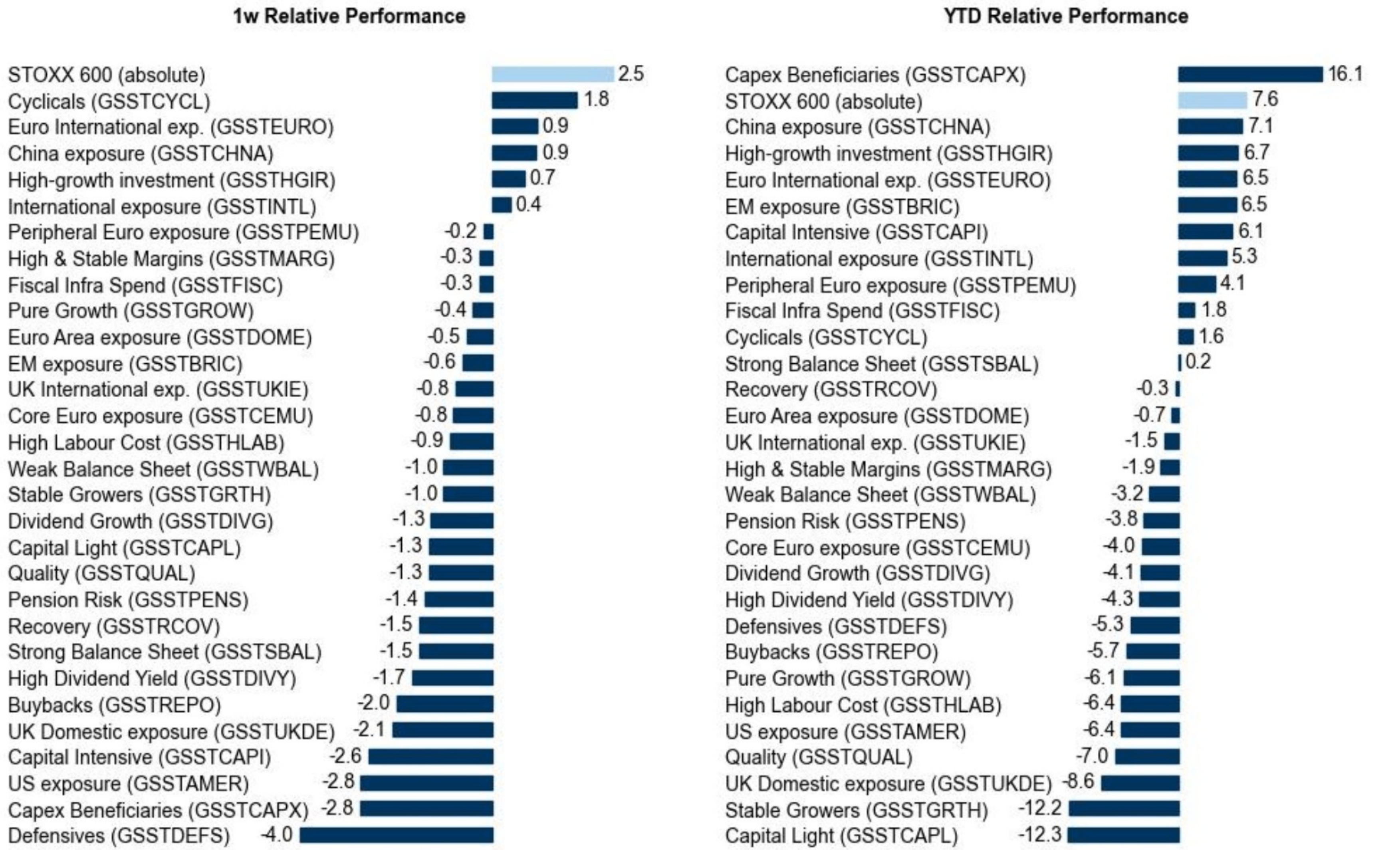
Exhibit 19: Momentum vs. Market
MSCI indices



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Thematic Baskets – Price performance

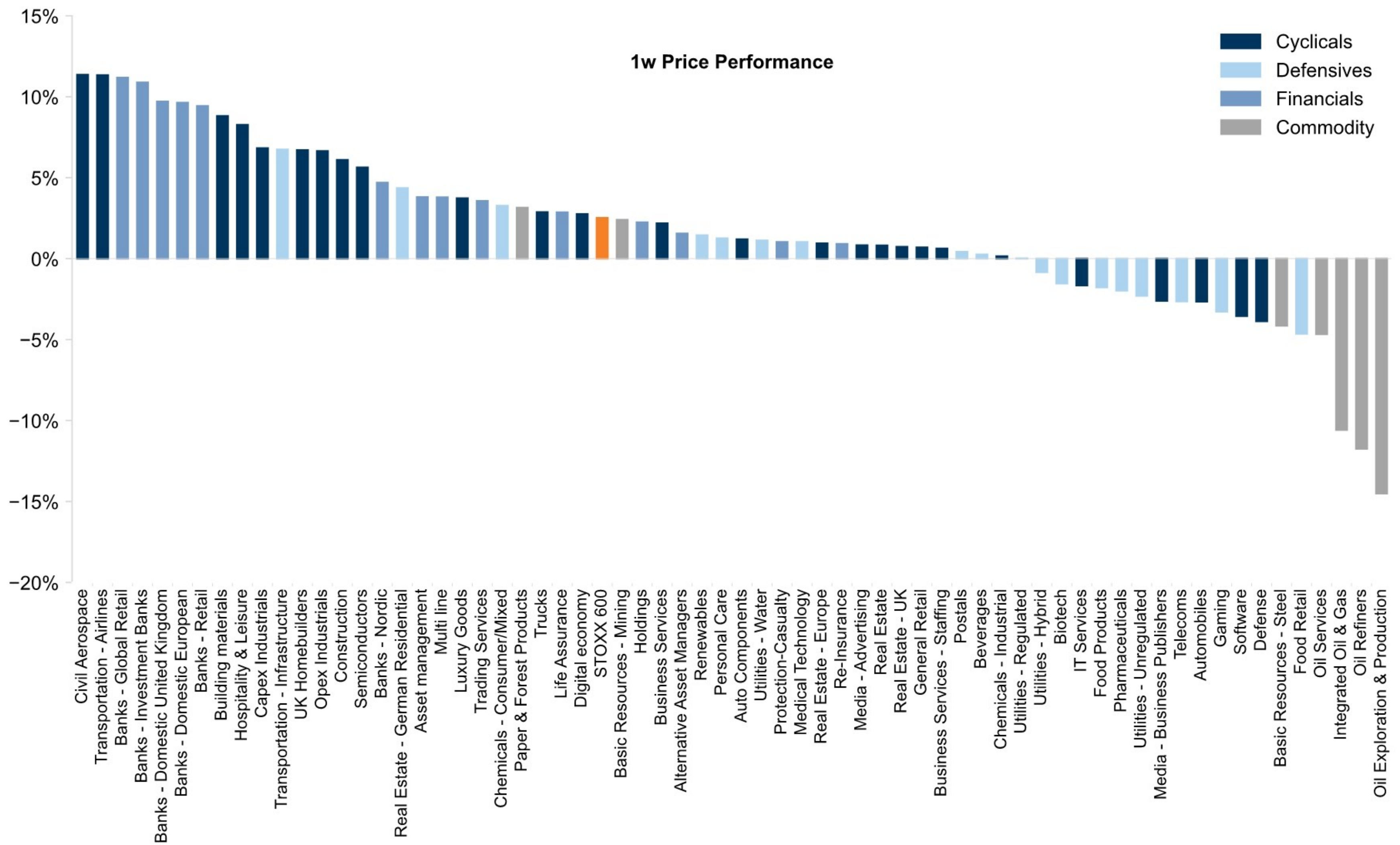
Exhibit 20: Thematic basket relative performance



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

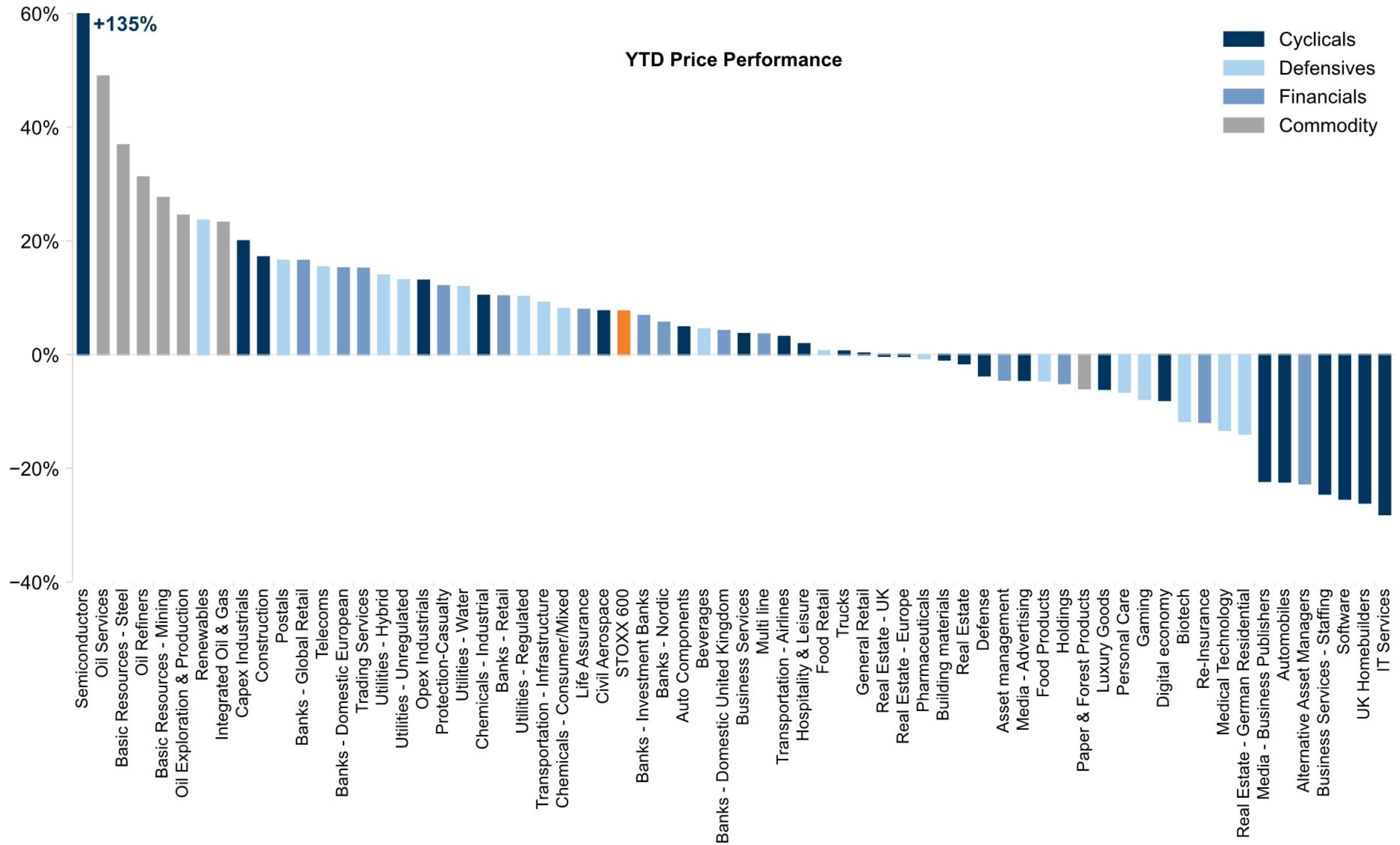
Sub-Sector Performance

Exhibit 21: 1-week sub-sector price performance



Source: Bloomberg, Goldman Sachs Global Investment Research

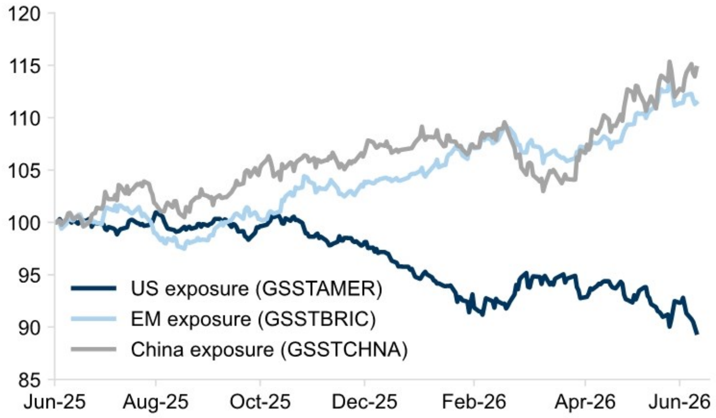
Exhibit 22: YTD Sub-sector price performance



Source: Bloomberg, Goldman Sachs Global Investment Research

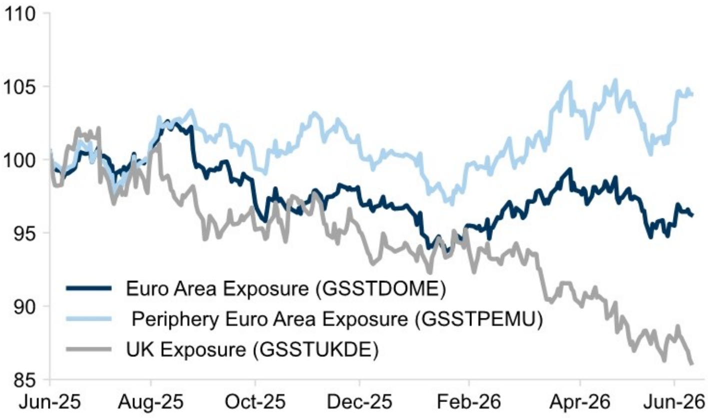
Thematic Baskets

Exhibit 23: International Exposure Baskets
Relative performance vs. SXXP (EUR)



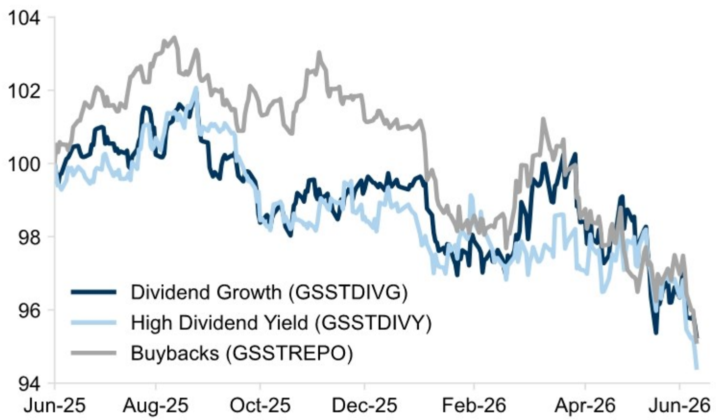
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 24: Domestic Exposure Baskets
Relative performance vs. SXXP (EUR)



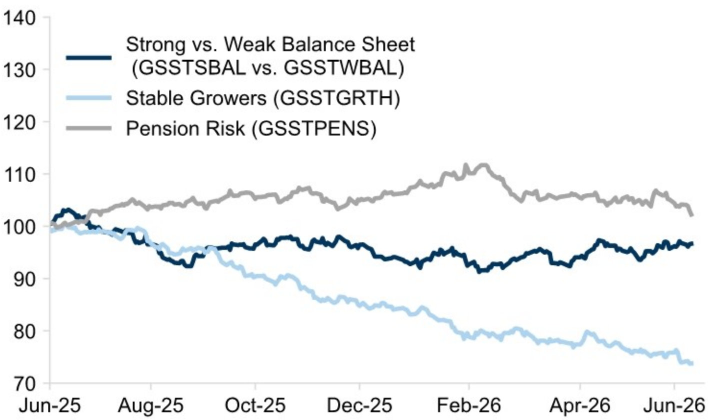
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 25: Shareholder Return Baskets
Relative performance vs. SXXP (EUR)



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 26: Fundamental Thematic Baskets
Relative performance vs. SXXP (EUR)



Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Thematic Basket Valuation

Strategy in Style
> For more on our basket methodology, please click here
> Our baskets and constituents can be accessed via Bloomberg using the ticker followed by <Index> (e.g. <GSSTGRTH Index><Go> or MEMB <Go>)

Exhibit 27: GS Thematic basket valuation metrics

Baskets	Bloomberg	Relative Total Return			EPS Growth		Sales Growth		EPS Momentum				P/E	EV/	Cash Flow	Dividend	Price /
					2025E -	2026E -	2025E -	2026E -	1m change		YTD change			EBITDA	Yield	Yield	Book
	Ticker	1w	1m	YTD	2026E	2027E	2026E	2027E	2026	2027	2026	2027	NTM	NTM	LTM	NTM	LTM
18 June, 2026		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)					
Macro Baskets																	
Defensives	GSSTDEFS	-4.0	-5.4	-5.1	6.7	7.1	2.6	4.0	0.2	0.0	0.2	-1.3	14.7	10.5	6.2	3.9	1.9
Cyclicals	GSSTCYCL	1.8	2.6	1.4	19.9	16.5	4.0	3.0	0.5	-0.1	-3.9	-4.9	13.0	23.2	4.4	3.2	1.3
Capex Beneficiaries	GSSTCAPX	-2.7	-2.8	15.9	32.7	7.6	6.4	1.2	1.6	1.4	18.8	8.9	16.2	12.9	4.2	2.9	2.0
Fiscal Infrastructure Spending	GSSTFISC	-0.4	-4.0	1.5	25.1	18.4	2.8	5.5	0.8	0.3	0.1	0.1	19.2	10.9	3.6	2.6	2.5
Fundamental Baskets																	
Recovery	GSSTRCOV	-1.6	-2.6	0.2	16.3	15.2	2.7	2.9	0.0	-1.1	-4.4	-5.6	10.8	6.8	9.1	3.9	1.1
Pension Risk	GSSTPENS	-1.5	-2.5	-3.9	24.9	28.2	1.8	3.0	-0.1	0.0	-12.3	-7.0	10.8	6.2	7.5	3.7	1.1
Pure Growth	GSSTGROW	-0.5	-0.3	-7.2	22.2	19.9	11.0	10.8	0.3	0.4	-3.1	-3.3	21.6	16.5	4.6	1.8	5.0
Stable Growers	GSSTGRTH	-1.1	-3.0	-12.9	7.3	10.9	6.3	7.1	0.4	0.6	-1.8	-2.1	17.6	13.0	5.2	2.4	3.7
High & Stable Margins	GSSTMARG	-0.4	-0.3	-2.3	10.3	8.0	3.9	4.5	0.3	0.5	3.7	1.7	18.1	14.6	4.4	2.9	3.4
Quality	GSSTQUAL	-1.4	-2.0	-7.1	7.8	7.8	4.6	3.9	0.3	0.1	3.7	1.8	16.2	13.0	4.8	3.4	3.3
Strong Balance Sheet	GSSTSBAL	-1.6	-1.2	-0.7	9.9	9.7	5.8	4.7	0.6	0.4	5.3	3.5	20.4	15.7	4.3	2.1	3.1
Weak Balance Sheet	GSSTWBAL	-1.0	-3.1	-2.8	25.7	13.0	0.8	3.7	0.4	0.4	-4.0	-3.4	11.8	8.3	9.0	3.5	1.6
EU High Labour Cost	GSSTHLAB	-1.0	-2.1	-6.1	11.8	17.9	1.4	3.7	0.0	-0.6	-6.5	-4.4	12.8	7.1	9.1	3.3	1.4
Capital Intensive	GSSTCAPI	-2.6	-1.7	5.6	24.4	7.9	5.4	2.1	0.0	0.0	9.6	4.3	14.6	14.9	4.9	3.3	1.6
Capital Light	GSSTCAPL	-1.4	-3.6	-12.8	7.7	11.5	2.4	3.9	-0.1	0.0	-3.0	-2.7	15.8	11.9	7.2	2.9	2.8
Shareholder Return Baskets																	
High Dividend Yield	GSSTDIVY	-1.7	-3.1	-3.6	12.6	7.2	3.8	2.2	0.2	-0.1	4.0	0.7	11.2	8.6	7.3	4.9	1.8
Dividend growth	GSSTDIVG	-1.3	-2.8	-3.6	24.8	5.5	6.1	1.9	0.2	-0.4	4.5	-0.1	10.5	8.8	8.5	4.3	1.8
Buybacks	GSSTREPO	-2.0	-2.6	-5.3	21.4	8.5	5.1	0.2	0.0	-1.9	1.1	-2.7	12.0	11.5	7.6	3.7	1.4
High Growth Investment Ratio	GSSTHGIR	0.7	0.2	5.5	13.7	17.0	7.4	7.4	0.1	-0.5	1.5	0.3	19.4	14.4	3.0	1.9	3.1
International Baskets																	
International Exposure	GSSTINTL	0.3	0.4	4.9	11.7	7.8	6.4	3.6	0.7	0.1	6.9	3.1	14.8	16.5	5.6	2.8	2.4
Euro International Exposure	GSSTEURO	0.9	1.8	6.2	13.4	12.8	4.4	5.2	0.2	0.2	-0.3	0.4	15.3	15.7	4.7	2.8	2.2
UK International Exposure	GSSTUKIE	-0.8	-3.1	-2.3	17.9	9.4	9.3	2.1	1.3	0.7	7.0	2.4	14.4	9.4	7.1	3.0	2.5
US Exposure	GSSTAMER	-2.8	-4.6	-6.7	9.9	10.3	4.4	4.2	0.1	-0.7	-1.0	-4.6	14.7	11.1	5.7	2.9	2.3
China Exposure	GSSTCHNA	0.8	2.8	6.5	16.2	20.3	1.3	3.8	-1.5	-0.6	-2.9	-0.7	18.3	18.6	4.6	2.5	1.7
EM Exposure	GSSTBRIC	-0.5	0.9	6.1	25.4	10.9	4.7	3.1	0.7	0.5	7.5	3.7	16.0	14.8	5.8	2.8	1.9
Domestic Baskets																	
Domestic Eurozone	GSSTDOME	-0.5	-0.5	0.0	8.8	8.6	3.7	1.9	-0.2	-0.1	-0.3	-0.1	13.1	10.4	5.8	4.7	1.5
Core Eurozone	GSSTCEMU	-0.4	-2.8	-5.8	7.8	11.1	2.3	3.6	-0.3	-0.3	-2.7	-1.2	12.5	10.9	7.1	4.6	1.4
Periphery Eurozone	GSSTPEMU	-0.2	1.1	4.6	10.1	5.1	7.5	-2.5	0.0	0.2	3.4	1.5	13.8	9.8	4.0	4.8	1.9
UK Domestic Exposure	GSSTUKDE	-1.9	-1.5	-8.6	3.7	7.5	2.2	3.0	0.2	-0.1	-2.5	-3.8	12.3	8.3	4.3	4.5	1.6
STOXX Europe 600	**SXXP**	**2.5**	**4.7**	**10.0**	**15.0**	**9.9**	**5.8**	**3.2**	**0.3**	**0.3**	**4.3**	**2.5**	**14.7**	**8.8**	**4.5**	**3.3**	**2.3**

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Europe Sector Valuation

Exhibit 28: Sector valuation

Sectors June 18, 2026	STOXX 600 Wgt	Total Return 1 wk (%)	Total Return 1 mo (%)	Total Return YTD (%)	EPS Growth 2025E-2026E (%)	EPS Growth 2026E-2027E (%)	Goldman Sachs EPS Growth 2025E-2026E (%)	Goldman Sachs EPS Growth 2026E-2027E (%)	EPS Momentum One month change 2026	EPS Momentum One month change 2027	Sales Growth 2025E-2026E (%)	Sales Growth 2026E-2027E (%)	Expd. ROE 2026	P/E Mult. NTM	EV / EBITDA NTM	Cash Flow Yield LTM	Div Yld NTM	Price / Book Value LTM	Net Debt / Equity (%)
Automobiles and Parts	1.8	(2.1)	(2.4)	(13.3)	41.1	29.2	46.6	31.0	(4.6)	(3.6)	0.6	3.0	4.5	7.9	6.0	6.8	4.7	0.4	87
Banks	13.2	9.6	12.0	16.3	10.0	13.3	12.4	15.2	0.3	0.4	NM	NM	13.9	10.3	NM	NM	4.9	1.5	NM
Basic Resources	3.0	1.5	1.7	26.6	53.3	12.0	56.9	10.7	3.7	5.5	13.9	0.7	12.6	13.9	6.1	3.2	3.3	1.8	30
Chemicals	2.1	1.0	2.8	13.8	19.6	4.2	22.3	0.4	0.7	(0.4)	4.1	1.9	11.0	18.8	9.2	4.2	3.1	2.1	40
Construction and Materials	3.1	6.9	6.4	6.5	14.1	13.1	7.2	10.3	(0.4)	(0.3)	3.9	5.6	14.5	17.5	9.3	5.6	2.7	2.7	53
Consumer Products and Services	5.1	3.4	10.9	(4.1)	12.4	15.2	12.1	15.2	(0.5)	(0.9)	3.9	6.3	14.0	23.6	13.5	3.0	2.2	3.6	43
Energy	6.5	(5.7)	(8.9)	24.8	69.7	(9.1)	67.3	(11.3)	1.5	0.6	15.8	(5.5)	20.4	9.6	4.2	8.4	4.1	1.9	35
Financial Services	4.3	3.2	3.2	4.8	9.0	4.7	8.5	5.2	0.1	1.0	NM	NM	12.0	12.7	NM	NM	3.0	1.5	NM
Food Beverage and Tobacco	5.1	(1.1)	(0.9)	4.0	2.6	8.2	2.3	7.8	0.1	0.1	1.4	3.5	17.6	14.7	10.0	5.8	3.9	2.7	80
Health Care	13.2	(1.6)	0.4	(2.2)	4.7	9.7	4.2	8.1	0.3	0.2	3.5	5.8	21.3	15.1	10.2	5.3	2.6	3.4	45
Industrial Goods and Services	14.8	5.5	7.0	11.6	15.6	16.0	12.5	18.6	0.5	0.5	5.9	6.9	17.6	22.0	12.1	4.0	2.0	4.4	39
Insurance	5.3	2.8	1.5	3.8	7.1	7.4	5.2	7.9	0.2	(0.2)	NM	NM	18.7	11.5	NM	NM	5.3	2.3	NM
Media	0.5	3.0	0.3	(5.6)	1.0	9.9	1.8	9.7	0.4	1.1	1.7	5.2	16.3	12.9	9.0	7.4	3.5	2.2	14
Personal Care Drug and Grocery Stores	2.1	(1.3)	(0.4)	(5.0)	3.9	7.3	3.2	6.8	(0.1)	(0.3)	2.7	3.2	21.5	13.9	7.9	7.9	3.9	3.1	91
Real Estate	1.1	1.0	1.6	0.5	1.3	4.2	0.8	4.1	(0.0)	0.6	NM	NM	5.8	14.3	NM	NM	4.8	0.9	NM
Retail	0.9	2.2	12.4	2.4	9.2	10.3	7.0	10.3	(0.0)	0.4	4.7	5.2	22.6	18.1	10.3	5.0	3.1	4.3	55
Technology	9.6	3.3	14.1	27.6	20.6	23.1	24.7	25.3	0.4	1.1	11.6	11.8	23.8	27.5	20.1	2.4	1.0	7.7	5
Telecommunications	3.0	(2.5)	(4.7)	20.4	9.8	11.0	16.3	17.0	0.2	0.2	3.1	3.9	11.7	16.5	6.3	7.9	3.8	2.0	140
Travel and Leisure	0.8	5.9	12.3	3.8	(4.7)	18.9	(3.2)	13.4	(1.2)	(0.5)	3.6	4.5	18.0	NM	5.7	7.0	2.6	2.6	93
Utilities	4.6	(0.6)	1.4	14.2	8.9	7.6	6.7	9.0	0.5	0.3	2.0	3.6	14.4	15.3	8.6	(2.2)	4.1	2.3	125
Stoxx 600		2.5	4.7	10.0	15.0	9.9	15.4	10.2	0.3	0.3	5.8	3.2	15.1	14.7	8.8	4.5	3.3	2.3	61
Stoxx 600 ex Financials & RE		1.2	3.7	9.6	18.5	9.6	18.5	9.3	0.4	0.3	5.8	3.2	15.9	16.6	8.8	4.5	2.7	2.8	61
Stoxx 600 (median)		1.4	2.5	6.4	8.0	10.9	8.5	11.4	0.0	0.0	4.2	5.0	15.9	14.4	8.7	5.6	3.2	2.2	44
EuroStoxx 50	34.9	4.4	8.2	11.5	15.0	12.2	15.4	13.0	(0.1)	0.1	4.3	4.6	15.1	15.6	10.2	4.0	3.0	2.5	65
Stoxx Large	82.9	2.8	5.1	10.2	14.7	10.1	15.4	10.3	0.3	0.3	6.6	3.1	15.9	14.7	9.2	4.4	3.2	2.5	62
Stoxx Mid	11.9	1.3	2.8	9.2	19.6	7.5	17.4	8.0	0.6	0.7	4.2	3.2	12.6	14.7	7.8	4.5	3.5	2.0	58
Stoxx Small	4.7	1.7	2.5	8.1	10.0	12.9	9.0	14.1	0.1	(0.1)	4.0	3.7	11.4	13.4	7.1	5.4	3.7	1.6	64

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

European Indices Valuation

Exhibit 29: European indices valuation

Country Indices			Total Return			EPS Growth		Goldman Sachs EPS Growth		EPS Momentum One month change		Sales Growth		Expd.	P/E	EV /	Cash Flow	Div	Price / Book	Net Debt /
			1 wk	1 mo	YTD	2025E-2026E	2026E-2027E	2025E-2026E	2026E-2027E			2025E-2026E	2026E-2027E	ROE	Mult.	EBITDA	Yield	Yld	Value	Equity
June 18, 2026		Price	(%)	(%)	(%)	(%)	(%)	(%)	(%)	2026	2027	(%)	(%)	2026	NTM	NTM	LTM	NTM	LTM	(%)
STOXX Europe 600	Europe	637	2.5	4.7	10.0	15.0	9.9	15.4	10.2	0.3	0.3	5.8	3.2	15.1	14.7	8.8	4.5	3.3	2.3	61
EuroStoxx 50	Euro Area	6323	4.4	8.2	11.5	15.0	12.2	15.4	13.0	(0.1)	0.1	4.3	4.6	15.1	15.6	10.2	4.0	3.0	2.5	65
FTSE 100	UK	10400	1.0	1.0	6.6	19.5	7.2	20.0	7.9	0.1	0.2	10.8	(0.6)	14.5	12.3	7.3	5.9	3.5	2.2	68
FTSE 250	UK	23331	1.6	3.6	5.7	13.8	11.6	14.4	11.5	0.1	(0.6)	5.3	2.9	9.8	11.9	5.5	7.5	4.2	1.3	61
DAX 40	Germany	25027	3.4	3.0	2.2	12.5	16.0	10.8	18.1	(0.8)	(0.5)	2.8	5.3	10.0	14.4	7.7	5.3	3.0	1.5	78
MDAX 50	Germany	32666	3.8	3.9	6.7	37.9	31.2	26.7	29.6	(0.4)	(0.0)	4.9	5.5	7.3	15.7	6.8	3.0	2.3	1.6	45
CAC 40	France	8468	3.3	6.5	6.4	19.9	10.2	21.9	10.0	0.1	0.1	4.7	4.4	14.5	14.6	9.2	3.7	3.3	2.2	46
SMI 20	Switzerland	13766	1.7	4.0	6.8	8.7	10.6	5.7	10.3	1.1	0.9	2.4	5.1	23.2	17.4	12.6	4.6	3.1	4.2	58
MIB 40	Italy	52688	4.3	8.3	20.2	12.8	11.6	18.0	13.1	(0.1)	0.1	6.2	3.4	14.7	12.8	7.0	1.9	4.6	2.0	80
IBEX 35	Spain	19404	6.2	9.4	14.1	12.1	12.7	23.5	14.8	0.2	0.4	7.0	2.3	14.8	13.6	8.9	2.5	3.7	2.2	85
AEX 25	Netherlands	1081	1.8	6.8	15.5	17.0	17.2	15.8	19.5	0.3	0.4	11.7	0.2	11.4	21.0	9.9	5.0	1.9	2.8	32
OMX Stockholm 30	Sweden	3179	3.7	4.1	12.6	5.0	3.6	7.5	2.2	0.5	0.5	4.2	6.4	15.0	15.8	11.0	4.1	2.9	2.4	40
OMX Copenhagen 20	Denmark	1501	(0.9)	(1.3)	(4.5)	(4.5)	5.1	11.1	(3.4)	1.2	0.4	3.2	2.8	13.0	15.6	7.5	4.0	3.0	2.1	24
OBX Oslo 25	Norway	1873	(4.1)	(5.7)	17.2	56.0	(6.3)	57.3	(6.2)	4.8	3.7	12.8	(6.0)	15.9	10.8	3.3	4.6	5.5	2.1	47

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Long-Term Valuation – Europe

Exhibit 30: STOXX Europe 600 12m fwd P/E

Source: Datastream, I/B/E/S, STOXX, Goldman Sachs Global Investment Research

Exhibit 31: European valuation levels and historical percentiles

Europe STOXX 600. Percentile since 2000

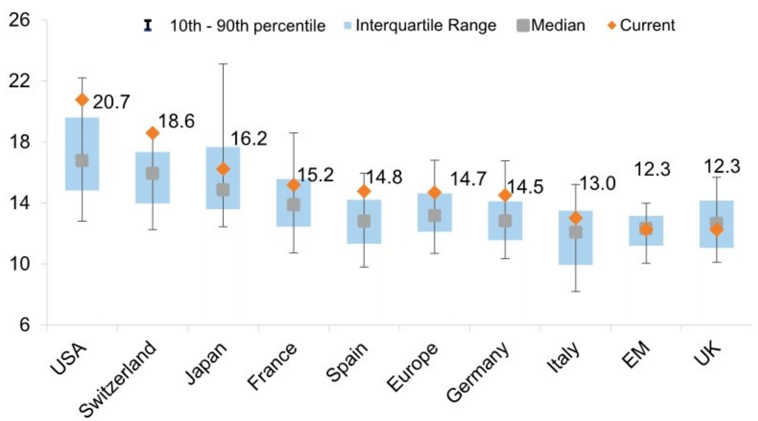
	Metrics	Current Level	Historical Percentile*	Median
Equity (SXXP)	NTM EV / Sales	2.0	93%	85%
	NTM EV / EBITDA	8.8	87%	
	NTM Price / Book	2.2	93%	
	NTM P/E	14.7	73%	
	NTM Free cash flow yield	5.0	85%	
	Cyclically Adjusted P/E	19.8	78%	
	ERP (%)	4.0	73%	
Rates	Germany 10-y Bond Yield	2.9%	42%	55%
	UK 10-y Bond Yield	4.8%	18%	
Credit	High Yield YTM	5.8%	63%	
	Investment Grade YTM	3.6%	48%	
	High Yield spread	259bp	67%	
	Investment Grade spread	89bp	81%	

*High percentile = High valuation

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

Exhibit 32: Global valuation range

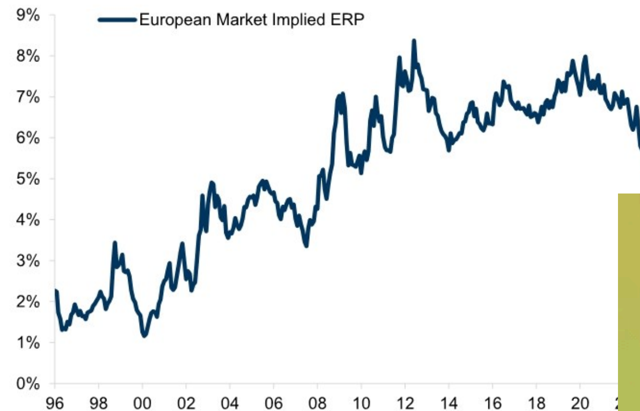
12m fwd P/E multiple. Data since 2000



Source: Datastream, Worldscope, Goldman Sachs Global Investment Research

Exhibit 33: Market implied ERP

Pan-Europe

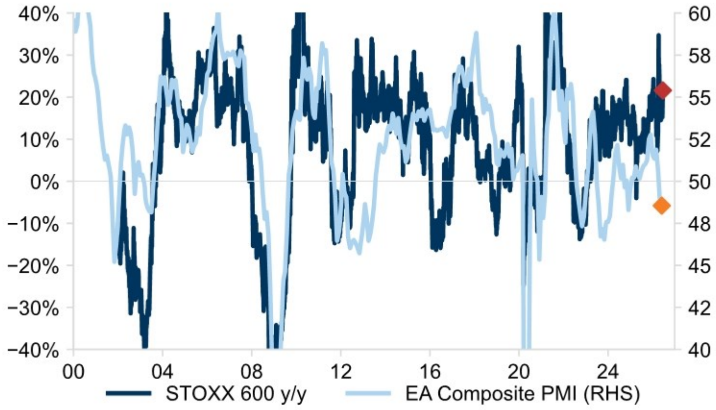


Source: Goldman Sachs Global Investment Research

Style Performance

Exhibit 34: Europe STOXX 600 and Europe Composite PMI

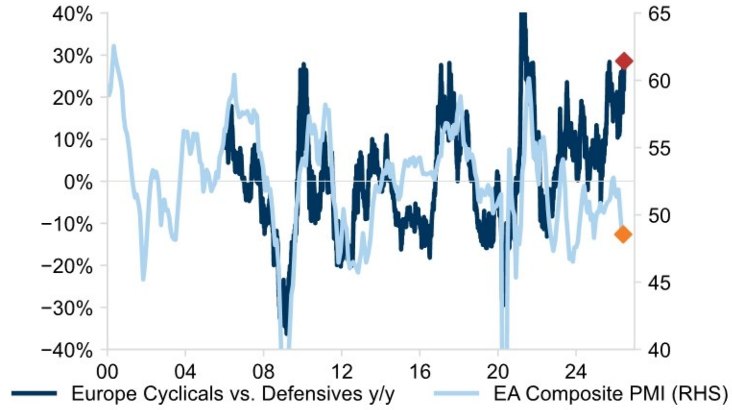
Europe STOXX 600 (Y/Y % Chg) and Europe Composite PMI (RHS)



Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 35: Cyclicals vs. Defensives and Europe Composite PMI

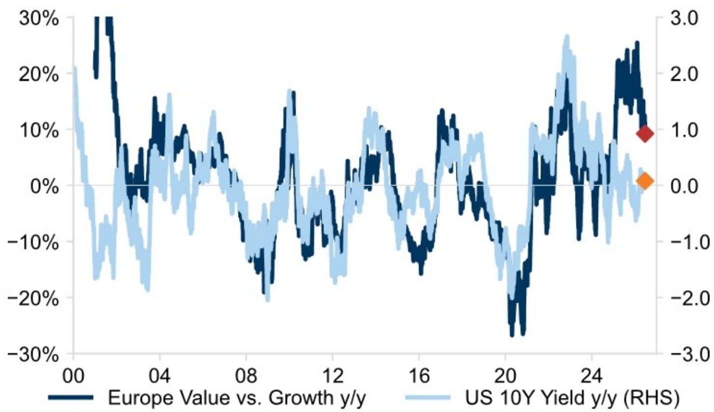
Europe Cyclicals vs. Defensives (Y/Y % Chg) and Europe Composite PMI (RHS)



Source: Bloomberg, Datastream, Goldman Sachs Global Investment Research

Exhibit 36: MSCI Europe Value vs. Growth and US 10y Bond Yield

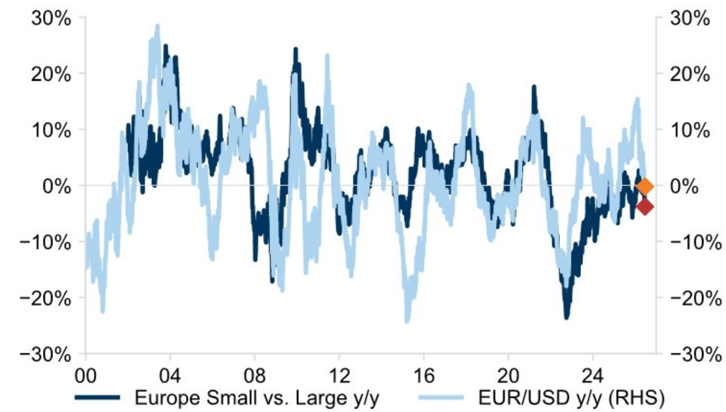
MSCI Europe Value vs. Growth (Y/Y % Chg) and US 10y Bond Yield (Y/Y Chg, RHS)



Source: Bloomberg, Datastream, Goldman Sachs Global Investment Research

Exhibit 37: Europe STOXX Small vs. Large and EUR/USD

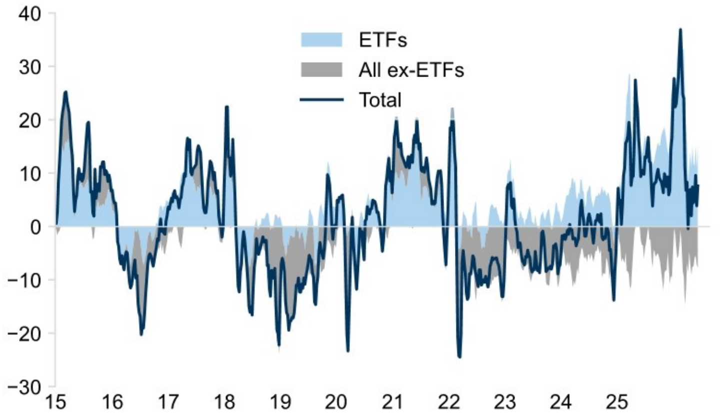
Europe STOXX Small vs. Europe STOXX Large (Y/Y % Chg) and EUR/USD (Y/Y % Chg, RHS)



Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

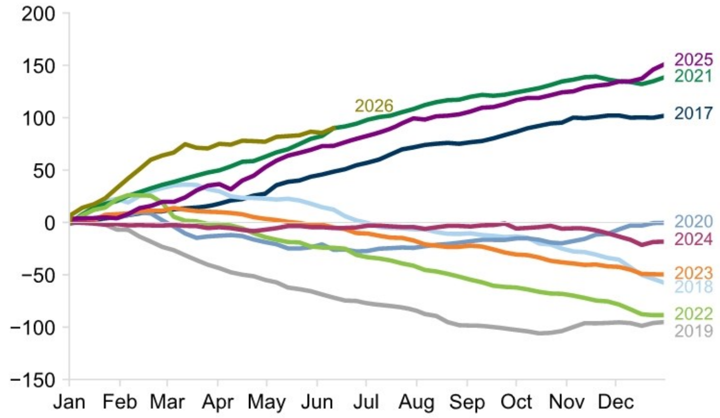
Flows from Global Investors into European Funds

Exhibit 38: 1-month rolling flows from Global investors into European equities
Weekly fund flows (EPFR Country Flows Database)



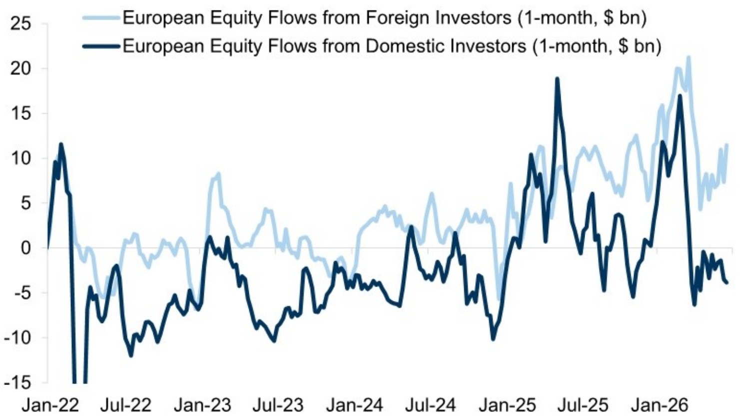
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 39: Calendarised flows from Global investors into European equities
Weekly fund flows (EPFR Country Flows Database)



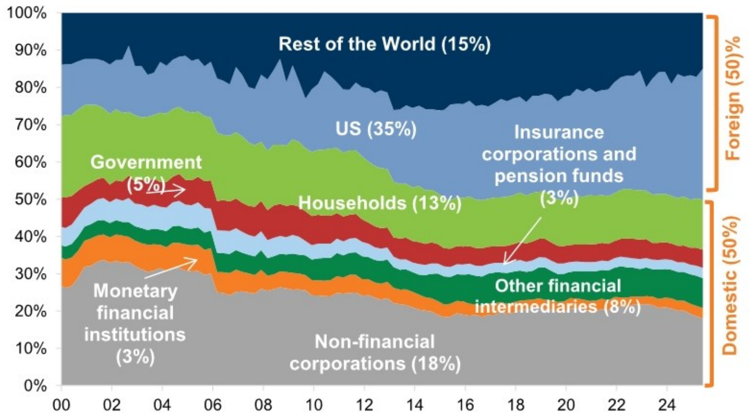
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

Exhibit 40: Flows into developed Europe equity from Foreign and Domestic Investors
1-month rolling sum of weekly fund flows (EPFR Country Flows Database)



Source: EPFR, Goldman Sachs Global Investment Research

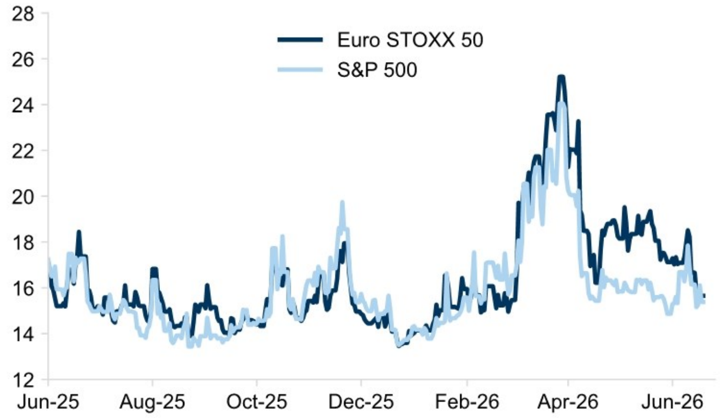
Exhibit 41: Ownership of Euro area equities



Source: ECB, US Treasury, IMF, Haver Analytics, Goldman Sachs Global Investment Research

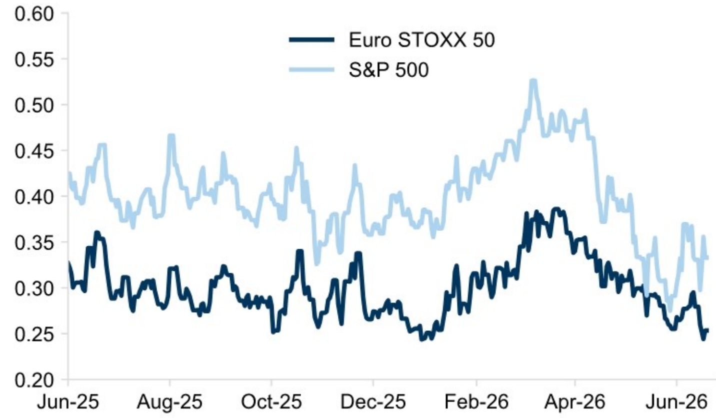
Volatility, Skew, Dispersion and Correlations

Exhibit 42: Implied volatility
(3-month ATM)



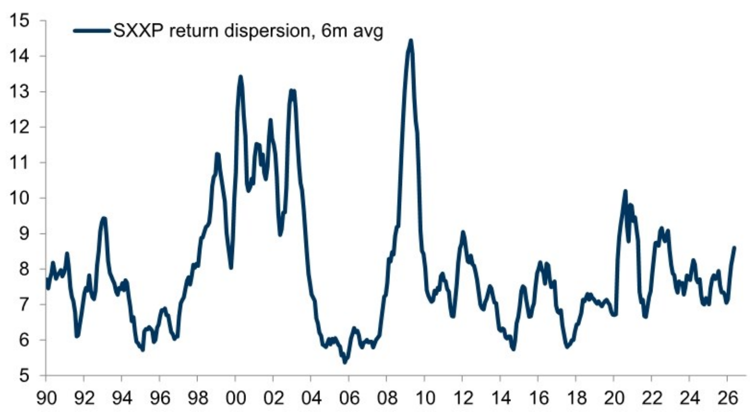
Source: STOXX, Goldman Sachs Global Investment Research

Exhibit 43: Normalised skew
(3-month, 25 delta)



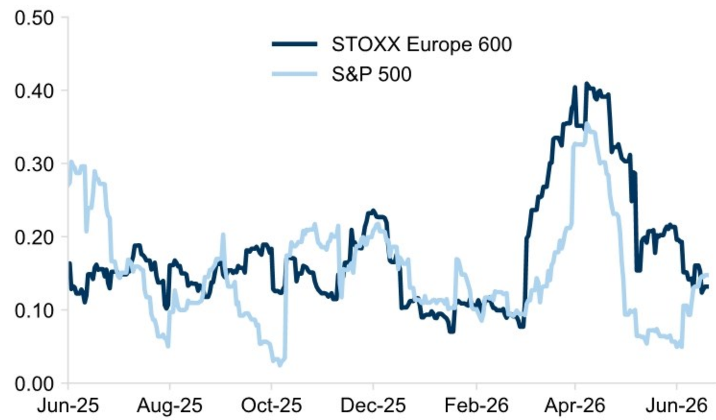
Source: STOXX, Goldman Sachs Global Investment Research

Exhibit 44: STOXX Europe 600 return dispersion
6-month average of monthly return dispersion



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

Exhibit 45: 1-month average pairwise correlation



Source: STOXX, Goldman Sachs Global Investment Research

Europe Indices Sales Exposure

Exhibit 46: Sales exposure across indices

Index	Region	Domestic	Europe	North America	Asia - Pacific	Emerging Markets	Others
STOXX Europe 600	**Europe**	**-**	**42%**	**24%**	**19%**	**15%**	**0%**
EuroStoxx 50	Euro Area	-	39%	21%	22%	18%	0%
FTSE 100	UK	24%	14%	28%	23%	11%	0%
FTSE 250	UK	56%	13%	14%	8%	10%	0%
DAX	Germany	20%	25%	25%	16%	14%	0%
MDAX	Germany	32%	24%	17%	14%	14%	0%
CAC	France	16%	24%	25%	19%	16%	0%
SMI	Switzerland	6%	23%	36%	19%	15%	0%
MIB	Italy	51%	23%	8%	6%	12%	0%
IBEX	Spain	32%	24%	12%	5%	27%	0%
AEX	Netherlands	9%	17%	22%	38%	15%	0%
MSCI Nordic countries	Scandinavia	24%	22%	28%	14%	13%	0%

	Sector	Europe	North America	Asia - Pacific	Emerging Markets	Others
STOXX Europe 600		**42%**	**24%**	**19%**	**15%**	**0%**
	Auto & Parts	40%	25%	19%	14%	1%
	Banks	68%	6%	10%	17%	0%
	Basic Resources	24%	14%	47%	15%	0%
	Chemicals	31%	28%	21%	20%	0%
	Construction & Mat.	48%	27%	10%	16%	0%
	Financial Services	54%	26%	9%	8%	2%
	Food, Bev. & Tobacco	28%	30%	17%	26%	0%
	Health Care	24%	45%	18%	13%	0%
	Industrial Gds & Svs	36%	28%	19%	16%	0%
	Insurance	57%	19%	13%	11%	0%
	Media	31%	48%	12%	9%	0%
	Energy	44%	18%	17%	21%	0%
	Pers. Care, Drug & Groc.	40%	22%	19%	19%	0%
	Real Estate	95%	2%	0%	3%	0%
	Retail	69%	10%	8%	13%	0%
	Technology	20%	22%	48%	10%	0%
	Telecommunications	59%	25%	5%	11%	0%
	Travel & Leisure	62%	19%	8%	11%	0%
	Utilities	74%	13%	1%	12%	0%

For more details, see our Portfolio Passport

Source: STOXX, Goldman Sachs Global Investment Research

European Indices Sector Weights

Exhibit 47: Sector weights

Sector Breakdown	STOXX 600	Euro Stoxx 50	STOXX Small	STOXX Mid	STOXX Large	FTSE 100	FTSE 250	DAX	MDAX	CAC	SMI	MIB	IBEX	AEX	OBX Oslo	OMX Stockholm	OMX Copenhagen
Automobiles and Parts	1.7	3.3	1.7	2.1	1.7	0.0	0.0	6.3	9.0	2.0	0.0	9.8	0.0	0.0	0.0	0.0	0.0
Banks	14.1	16.9	9.2	6.2	15.6	17.9	3.0	4.7	0.0	8.8	0.0	36.2	42.8	6.6	13.4	12.7	9.0
Basic Resources	3.0	0.0	4.4	3.0	2.9	10.2	2.5	0.0	3.9	1.3	0.0	0.0	5.5	1.6	7.2	2.7	0.0
Chemicals	2.1	3.3	3.6	2.8	1.9	0.2	1.8	5.0	7.6	5.9	1.4	0.0	0.0	0.9	3.9	0.0	0.0
Construction and Materials	3.2	2.2	5.0	5.1	2.8	0.0	4.5	1.3	6.8	6.5	6.8	0.0	5.5	0.0	0.9	4.4	2.4
Consumer Products and Services	5.2	6.9	4.8	4.0	5.4	2.6	2.7	1.7	7.6	16.5	11.3	1.4	0.0	0.0	0.0	0.0	1.7
Energy	5.9	6.9	4.4	5.5	6.1	10.3	1.8	7.0	3.2	8.0	0.0	7.6	3.2	13.0	28.9	0.0	5.2
Financial Services	4.3	0.9	11.9	5.1	3.7	5.1	43.0	2.5	3.2	0.6	9.6	3.9	0.0	1.1	0.0	14.0	0.0
Food, Beverage and Tobacco	5.0	2.9	4.1	5.3	5.0	6.5	3.4	0.0	0.0	2.8	12.8	0.7	0.0	3.1	11.6	0.0	3.8
Health Care	12.7	4.6	5.2	5.9	2.0	13.5	2.1	7.4	6.2	7.7	37.2	1.2	0.7	1.1	0.0	22.9	53.6
Industrial Goods and Services	15.2	15.9	16.1	21.0	14.3	10.8	10.5	26.2	19.8	24.9	9.2	11.2	0.2	2.9	14.9	34.2	20.4
Insurance	5.3	5.9	2.0	7.1	5.3	3.4	0.7	12.2	3.6	3.8	9.5	7.1	0.5	2.5	8.7	0.0	1.6
Media	0.5	0.0	1.9	0.4	0.4	0.7	2.2	0.0	3.1	0.9	0.0	t	0.0	1.3	0.0	0.0	0.0
Personal Care, Drug and Grocery Stores	2.1	0.6	1.4	3.0	2.0	6.9	1.1	0.5	0.6	0.5	0.0	0.0	0.0	9.2	0.0	1.4	0.0
Real Estate	1.1	0.0	7.1	4.7	0.1	1.1	7.3	0.9	5.1	0.5	0.0	0.0	1.3	0.3	0.0	0.0	0.0
Retail	0.9	1.4	1.8	1.8	0.7	1.1	3.5	0.3	1.7	0.0	0.0	0.0	7.3	0.0	0.0	0.7	0.0
Technology	9.7	21.6	7.3	2.5	10.9	2.1	3.4	14.7	8.4	3.7	1.1	6.1	3.2	55.4	4.2	1.5	0.0
Telecommunications	2.8	2.0	2.4	2.9	2.8	1.5	1.1	5.1	2.9	1.6	1.2	0.2	4.7	1.0	5.7	4.7	0.0
Travel and Leisure	0.8	0.0	2.4	3.2	0.4	1.5	3.5	0.0	7.2	0.5	0.0	0.0	2.9	0.0	0.8	0.7	0.0
Utilities	4.4	4.5	3.3	8.2	3.9	4.5	1.9	4.3	0.0	3.5	0.0	14.6	22.2	0.0	0.0	0.0	2.3

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

Sector Correlations

Exhibit 48: Europe sectors: cross-asset correlations

5y correlation of w/w relative returns

	Equity			Bonds						FX	Credit		Commodities		Risk	
	Global Cyclicals vs. Defensives	Global Value vs. Growth	EM vs. DM	US nominal yield	US real yield	Breakeven inflation	Yield Curve (US 10y-2y)	German 10y BY	BTP-Bund spread	USDEUR	EUR IG spread	EUR HY spread	Brent	Copper	VIX	Risk Appetite Indicator
Banks	0.51	0.43	0.03	0.38	0.24	0.22	0.09	0.36	-0.23	-0.13	-0.32	-0.28	0.13	0.14	-0.18	0.41
Automobiles and Parts	0.51	0.12	0.03	0.18	0.03	0.23	0.00	0.15	-0.22	-0.19	-0.35	-0.39	0.10	0.12	-0.23	0.36
Insurance	0.32	0.44	-0.03	0.15	-0.01	0.25	-0.04	0.10	-0.28	-0.11	-0.32	-0.38	0.12	0.06	-0.22	0.28
Industrial Goods and Services	0.46	-0.16	-0.20	-0.08	-0.23	0.23	-0.06	-0.13	-0.25	-0.31	-0.38	-0.42	0.09	0.22	-0.27	0.32
Basic Resources	0.39	0.18	0.27	0.10	-0.08	0.30	0.06	0.10	-0.08	-0.16	-0.14	-0.16	0.33	0.61	-0.10	0.23
Energy	0.34	0.43	0.10	0.23	-0.03	0.42	0.05	0.21	-0.16	0.07	-0.11	-0.19	0.48	0.16	-0.18	0.26
Construction and Materials	0.38	0.09	-0.19	-0.12	-0.28	0.24	-0.01	-0.14	-0.29	-0.26	-0.33	-0.40	0.10	0.18	-0.29	0.28
Travel and Leisure	0.44	0.04	-0.12	0.05	-0.13	0.27	-0.03	-0.03	-0.25	-0.23	-0.41	-0.47	0.13	0.21	-0.35	0.42
Financial Services	0.32	-0.19	-0.16	-0.18	-0.30	0.18	-0.17	-0.22	-0.24	-0.33	-0.38	-0.44	0.10	0.21	-0.35	0.34
Consumer Products and Services	0.21	-0.27	0.04	-0.14	-0.15	0.01	-0.02	-0.11	-0.15	-0.24	-0.11	-0.12	-0.10	0.18	-0.11	0.15
Technology	0.30	-0.65	-0.06	-0.18	-0.20	0.01	-0.08	-0.19	-0.15	-0.23	-0.11	-0.16	0.03	0.19	-0.20	0.21
Chemicals	-0.12	0.01	-0.06	-0.02	0.07	-0.14	0.12	0.02	0.11	0.05	0.10	0.16	-0.06	-0.01	0.16	-0.16
Retailers	0.09	-0.13	-0.06	-0.13	-0.07	-0.10	0.03	-0.09	-0.03	-0.18	-0.05	-0.01	-0.10	0.03	-0.03	0.06
Media	-0.08	-0.06	-0.18	0.03	0.03	-0.01	0.03	-0.10	0.11	0.06	-0.07	-0.09	-0.04	-0.14	0.00	-0.07
Real Estate	-0.01	-0.01	-0.10	-0.44	-0.44	-0.01	-0.15	-0.45	-0.17	-0.27	-0.18	-0.18	-0.01	0.09	-0.05	-0.10
Telecommunications	-0.38	0.20	0.01	0.02	0.15	-0.20	0.11	0.05	0.07	0.28	0.37	0.41	-0.11	-0.31	0.22	-0.28
Utilities	-0.48	0.11	-0.11	-0.25	-0.15	-0.16	0.00	-0.25	0.04	0.01	0.16	0.20	-0.19	-0.19	0.18	-0.38
Personal Care, Drug and Grocery Stores	-0.64	-0.07	0.10	-0.08	0.18	-0.41	0.06	-0.04	0.38	0.29	0.49	0.54	-0.37	-0.41	0.45	-0.56
Food, Beverage and Tobacco	-0.67	0.04	0.09	-0.06	0.17	-0.36	0.06	-0.04	0.38	0.34	0.45	0.49	-0.26	-0.37	0.42	-0.56
Health Care	-0.74	-0.15	0.03	-0.13	0.11	-0.37	-0.03	-0.08	0.39	0.33	0.47	0.50	-0.26	-0.35	0.33	-0.49

Source: Bloomberg, Goldman Sachs Global Investment Research

Economics

Exhibit 49: Real GDP forecasts

Percent Change yoy	2025	2026		2027	
	GS	GS	Cons*	GS	Cons*
USA	2.1	2.1	2.1	2.1	2.0
Japan	1.1	0.5	0.6	1.0	0.8
Euro area	1.5	0.3	0.8	0.9	1.2
Germany	0.3	0.7	0.6	1.0	1.2
France	0.9	0.4	0.7	0.6	0.9
Italy	0.7	0.6	0.6	0.5	0.7
Spain	2.8	2.1	2.2	1.5	1.8
UK	1.4	1.2	0.9	1.3	1.1
China	5.0	4.7	4.6	4.7	4.4
Developed Markets	1.8	1.4	1.9	1.7	1.5
Emerging Markets	4.2	3.7	4.0	4.0	3.9
World	2.8	2.4	2.8	2.7	2.5

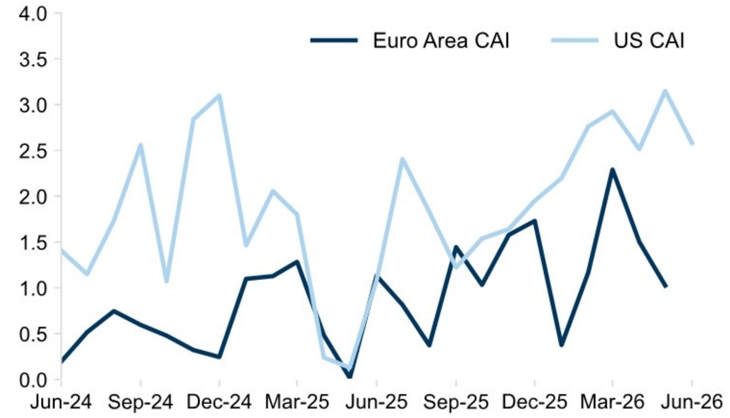
Real GDP Growth

** Bloomberg country and GS aggregate consensus*

Source: Consensus Economics, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 50: Current Activity Index (CAI)

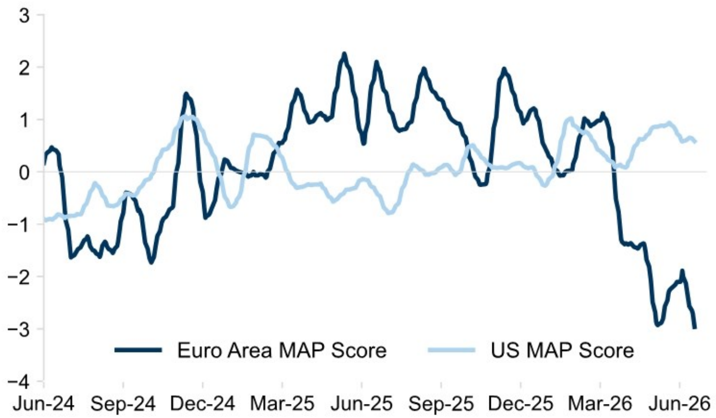
GS Proprietary Index



Source: Goldman Sachs Global Investment Research

Exhibit 51: Macro-data Assessment Platform (MAP)

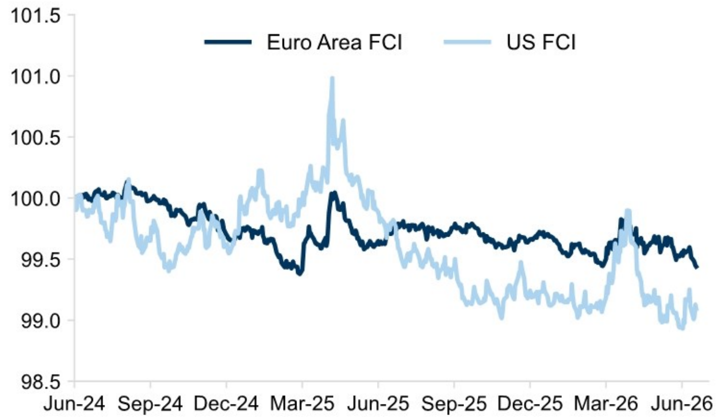
Economic surprise. GS Proprietary Index



Source: Goldman Sachs Global Investment Research

Exhibit 52: Goldman Sachs Financial Conditions Index (GSFCI)

GS Proprietary Index



Source: Goldman Sachs Global Investment Research

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