Weekend Thoughts.

13 September 2026 | 9:36 AM China Standard Time



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FICC & Equities

37/53. Fed/ECB hikes, Equities playbook, ALC/Communacopia takeaways – remain bullish AI.

Past notes:
34/53. Momentum rotation, Gold encore, Bitcoin.
33/53. Positioning check-in.
30/53. FOMO… Fear of Momentum (II)
29/53. FOMO… Fear of Momentum.

The market narrative has snapped into focus around two risks that have lingered on for months - geopolitical re-escalation and rising yields. Yields have been grinding higher throughout the year but Jackson Hole was probably the reminder that mattered. Add in the oil spike from a US-Iran re-escalation, and the two risks compounded into the same move.

Point is volatility is dormant, not dead. 15 weeks to year end and there is not much room for complacency.

X-asset strategist CMG is tactical neutral on Equities over next 3m, but still constructive on a grind higher over 12 months. **Positioning-wise, I would continue to flag the asymmetry - US Tech (vs bullish takeaways from our flagship conferences, see last section) and China looks very light versus Korea, Taiwan and Japan.**

3-Month Horizon	
Asset Class	**Weight***
Equities	**N**
MSCI Asia Pac ex Japan	↑
TOPIX	↑
S&P 500	↑
STOXX Europe 600	↓
10 yr. Gov. Bonds	**N**
US	↑
Germany	↑
UK	→
Japan	↓
Commodities	**N**
S&P GSCI Precious Metals	↑
S&P GSCI Energy	→
S&P GSCI Industrial Metals	→
Credit	**N**
USD IG	↑
USD HY	↑
EM USD	→
EUR IG	↓
EUR HY	↓
Cash	**N**

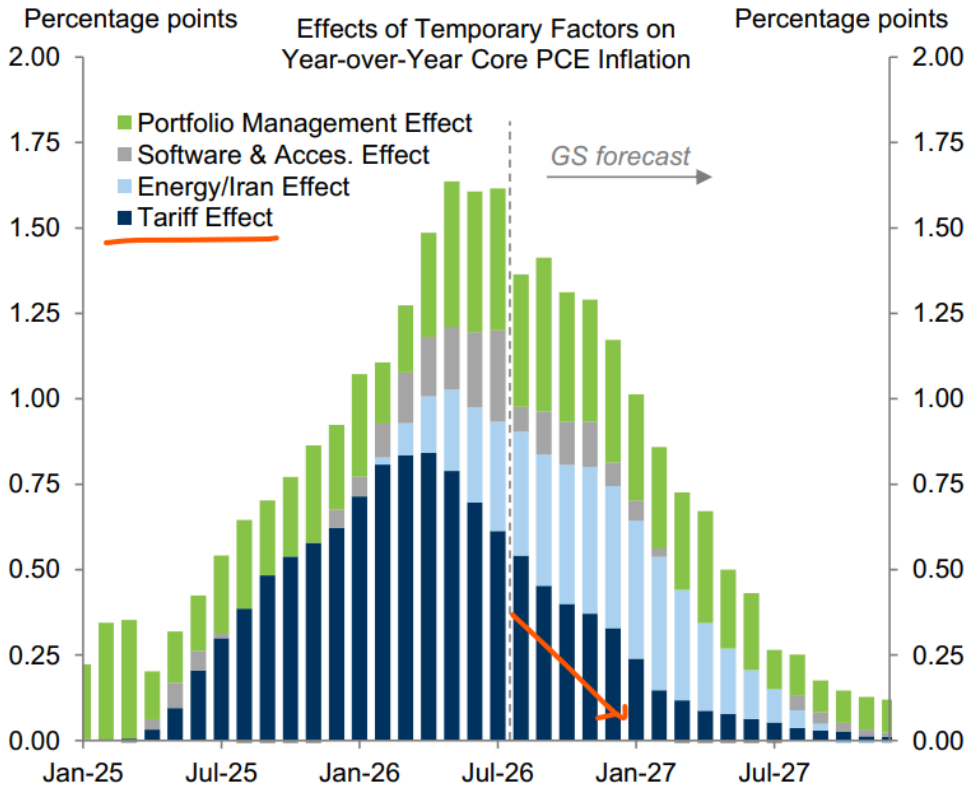
12-Month Horizon	
Asset Class	**Weight***
Equities	**OW**
MSCI Asia Pac ex Japan	↑
S&P 500	↑
TOPIX	↑
STOXX Europe 600	↓
10 yr. Gov. Bonds	**N**
UK	↑
US	↑
Germany	↑
Japan	↓
Commodities	**N**
S&P GSCI Precious Metals	↑
S&P GSCI Energy	→
S&P GSCI Industrial Metals	→
Cash	**N**
Credit	**UW**
USD IG	↑
USD HY	↑
EM USD	→
EUR IG	↓
EUR HY	↓

** Arrows denote preferences within asset classes.*

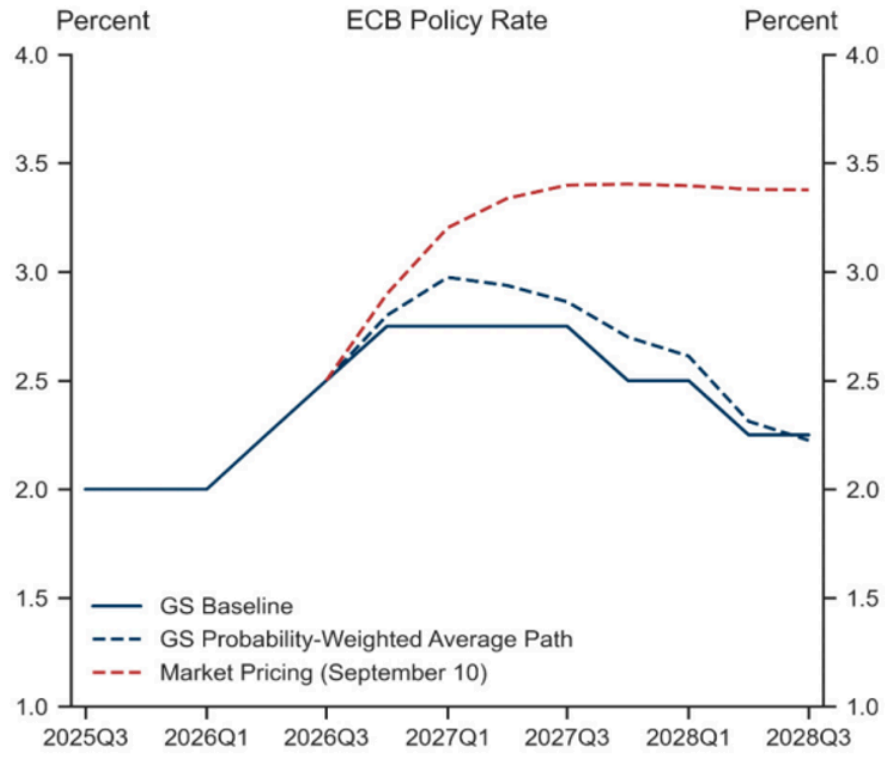
Source: Goldman Sachs Global Investment Research

1/ Macro tweaks - Fed, ECB, Oil.

Post CPI print we now expect a 25bp hike at the upcoming Sept FOMC. Interesting to note the rationale is less of an economical one, but rather we think there is a reluctance by Fed to surprise a market, which is now pricing a nearly 90% chance of a hike. Our view remains one that overshoot of the 2% inflation target can be attributed to fading one-time factors.



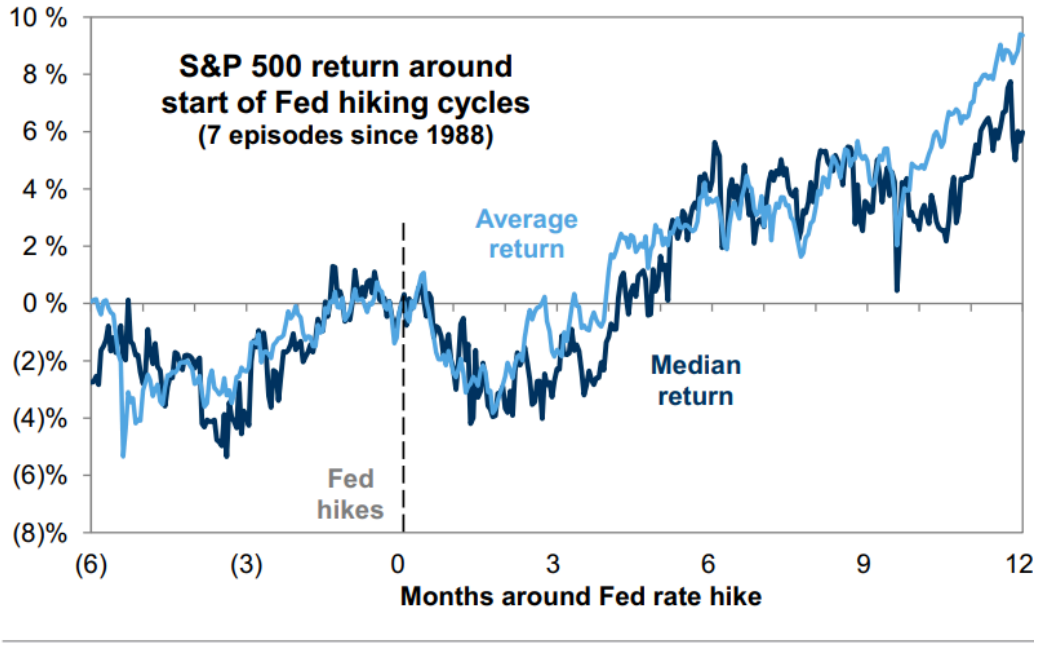
Across the Atlantic we now expect another 25bp ECB hike in Dec on back of recent macro resilience, renewed spike in energy prices and the Council's recent hawkish message. Keeping our view that the ECB will normalize the policy rate when inflation slows but timing is pushed back by two quarters to 4Q27.



BOJ remains set to hike at next Friday's meeting.

Meanwhile our oil analysts have raised their Brent forecasts by $5/bbl to $85 by end of year, and $80 in 2027, reflecting the assumption that Middle East shipping disruptions persist into next year.

2/ Equities vs Higher Rates – History Playbook.
US equities typically struggle in the subsequent 3 months post Fed hikes, but have generated average returns of +9% in the following 12 months. Worth noting current markets are already pricing more than three hikes within the next year - the 'hawkish' bar is high. What's key is earnings momentum, and so far corporate results and balance sheets are both robust.



Source: Goldman Sachs Global Investment Research

Sectorial view. Energy and Tech have delivered the strongest returns in the 3 months post hike. But results have been inconsistent across different episodes.

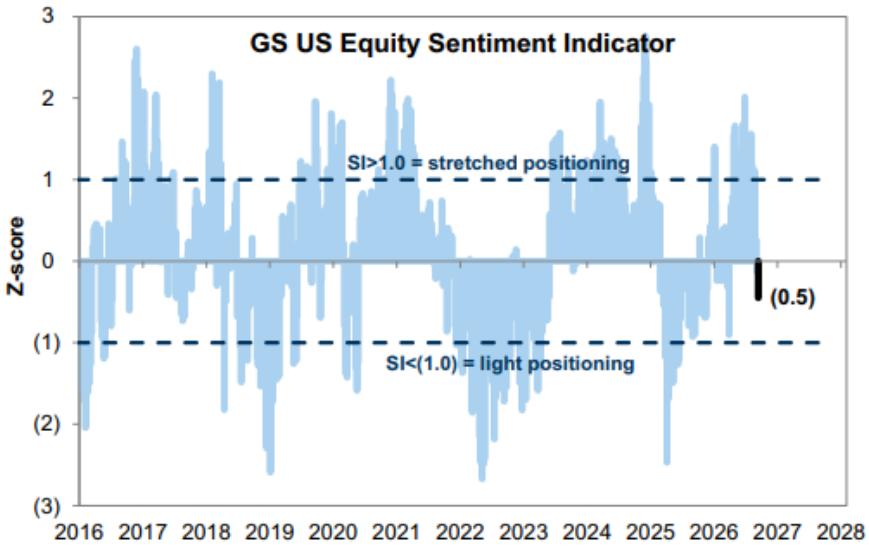
S&P 500 returns during 3 months following first Fed rate hike

	1988	1994	1997	1999	2004	2015	2022	Median	% positive
S&P 500 return	7 %	(3)%	13 %	(6)%	(2)%	(2)%	(16)%	(2)%	29%
Sector excess return vs. SPX (pp)									
Energy	(5)	(1)	(6)	5	13	4	25	**4**	57
Info Tech	8	4	11	12	(8)	(0)	(3)	**4**	57
Materials	6	(2)	(6)	(2)	5	3	5	**3**	57
Industrials	(0)	(2)	2	1	2	3	1	**1**	71
Utilities	(1)	(5)	(11)	1	9	15	8	**1**	57
Financials	5	3	(0)	(9)	2	(8)	(3)	**(0)**	43
Comm Services	(0)	2	(5)	(0)	3	3	(4)	**(0)**	43
Staples	(5)	1	(1)	(4)	(3)	6	8	**(1)**	43
Discretionary	2	(1)	(4)	(5)	1	(1)	(9)	**(1)**	29
Health Care	(6)	1	4	(3)	(4)	(5)	5	**(3)**	43

Source: Goldman Sachs Global Investment Research

US equity sentiment has lightened up in recent weeks

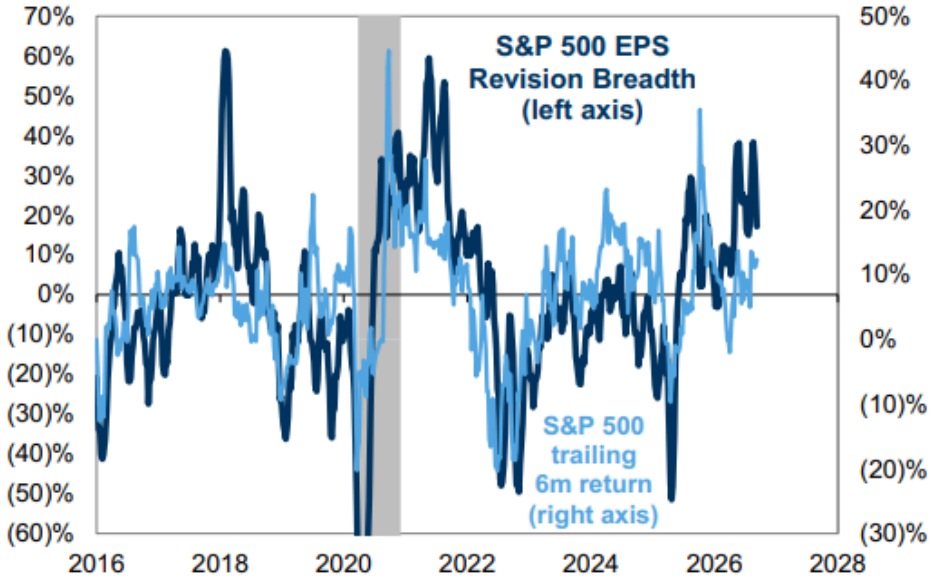
as of September 11, 2026



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

While earnings momentum remains strong



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.

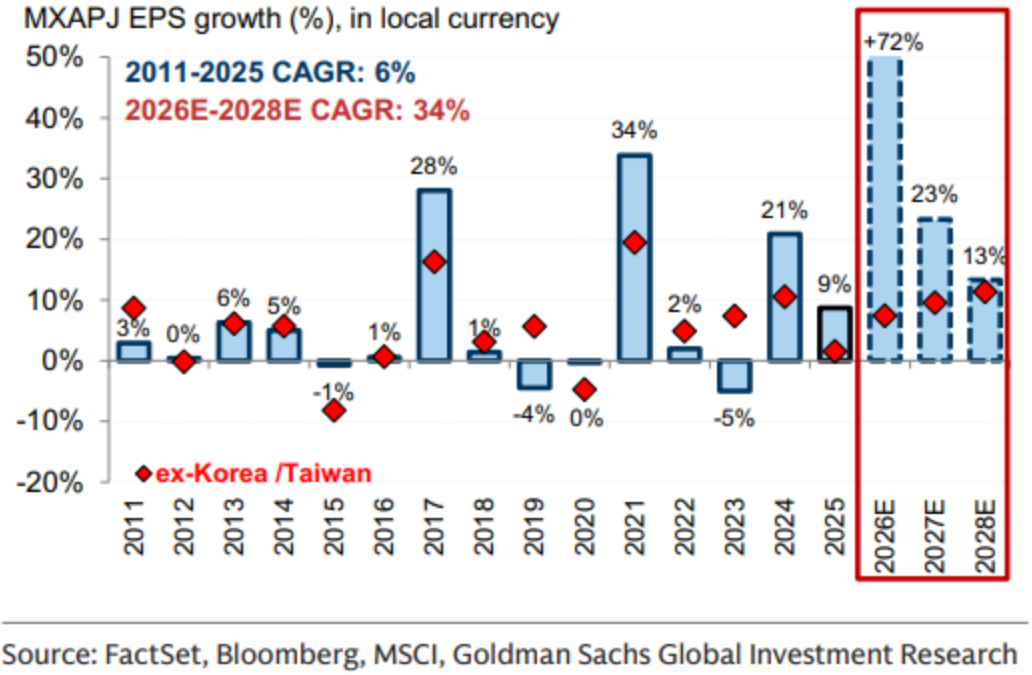
Source: FactSet, Goldman Sachs Global Investment Research

Asia playbook vs higher rates and stronger USD is well flagged. Below is the regional sensitivity. Past 1m performance looks pretty in-line with below: JCI +2% has topped the Asia leadership board while Japan (-5%) and India (-4%) are amongst bottom performers.

	3-Month Returns (USD) Following the First Rate Hike								
	Mar 1988	Feb 1994	Mar 1997	Jun 1999	Jun 2004	Dec 2015	Mar 2022	Median (All)	Median Since
MXAPJ	16	(16)	4	(7)	6	(0)	(6)	**(0) %**	**(0) %**
Indonesia	23	(27)	6	(35)	17	16	(7)	**6 %**	**16 %**
Australia	21	(13)	8	(6)	8	5	(11)	**5**	**5**
Philippines	23	6	(13)	(24)	10	4	(11)	**4**	**4**
China	-	(28)	10	(17)	7	(9)	4	**(2)**	**4**
Malaysia	25	(9)	(14)	(3)	3	9	(10)	**(3)**	**3**
Singapore	13	(1)	(0)	(4)	9	3	(14)	**(0)**	**3**
Thailand	19	(13)	(28)	(32)	(0)	11	(10)	**(10)**	**(0)**
Hong Kong	6	(29)	15	(7)	10	(3)	(2)	**(2)**	**(2)**
Korea	11	(4)	17	(10)	4	(2)	(12)	**(2)**	**(2)**
Taiwan	46	(5)	16	(8)	(3)	6	(11)	**(3)**	**(3)**
India	-	(8)	10	21	15	(4)	(12)	**3**	**(4)**
Japan	(6)	3	22	16	(8)	(6)	(10)	**(6)**	**(8)**

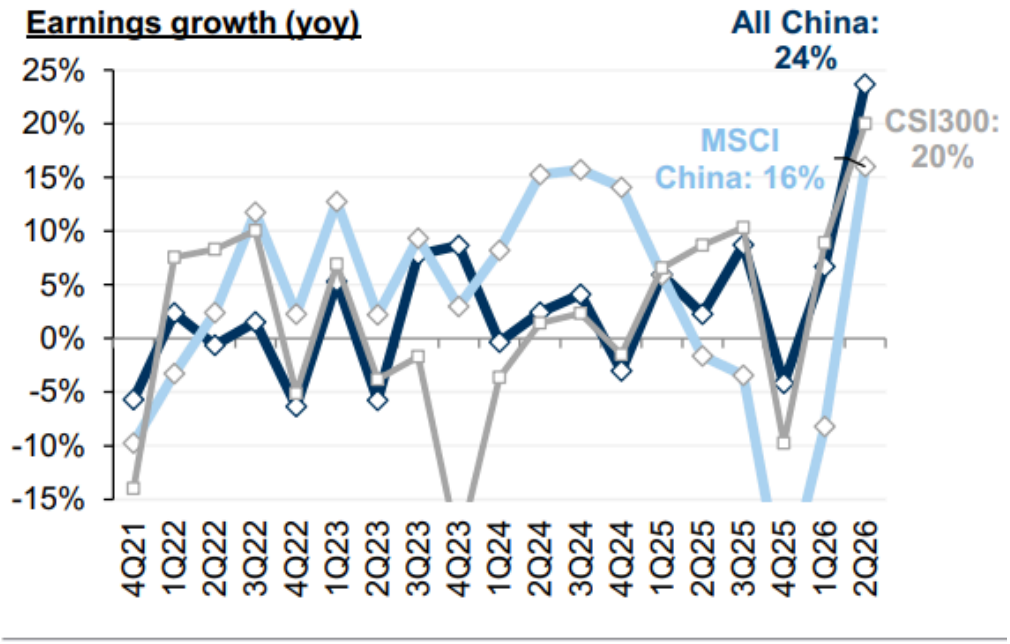
Source: FactSet, MSCI, Data compiled by Goldman Sachs Global Investment Research

Similar to US, key will be corporate earnings delivery which can more than offset higher rates. We are looking for 34% earnings CAGR through 2028 after a prolonged period of subpar earnings momentum. Recent $30/bbl rise in oil prices, if sustained, will translate into *'only'* a 4% drag on MXAPJ earnings.



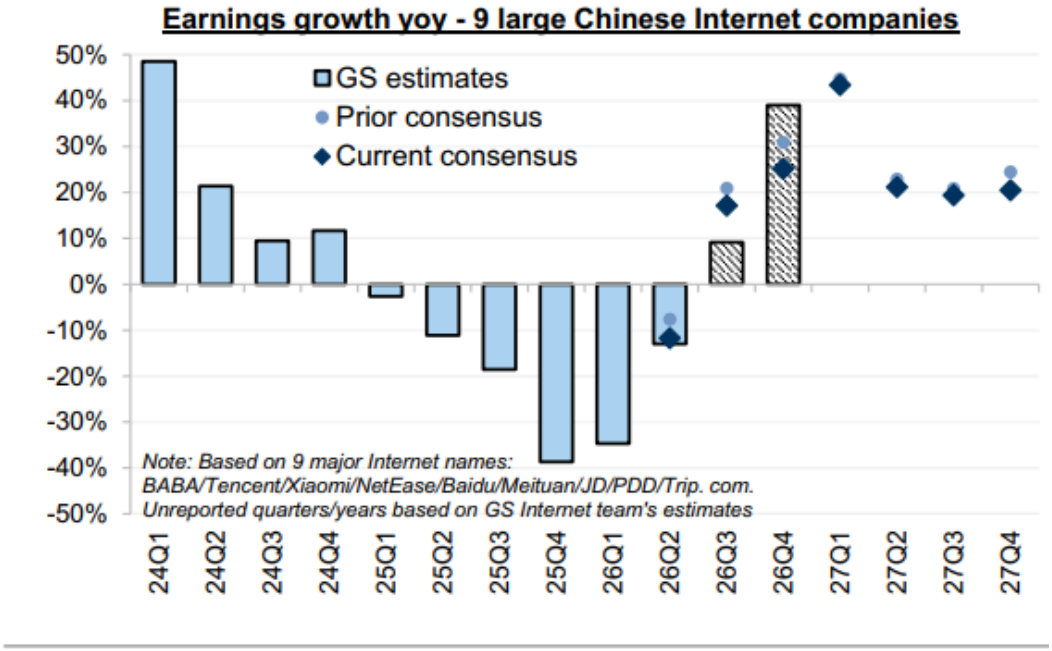
Source: FactSet, Bloomberg, MSCI, Goldman Sachs Global Investment Research

Needless to say Korea and Taiwan will be key drivers to the above. Worth flagging that despite all the macro headlines, all-China earnings growth *accelerated* to +24% yoy in 2Q26 (vs. +6% in 1Q26). This is the highest quarterly growth in 5 years.



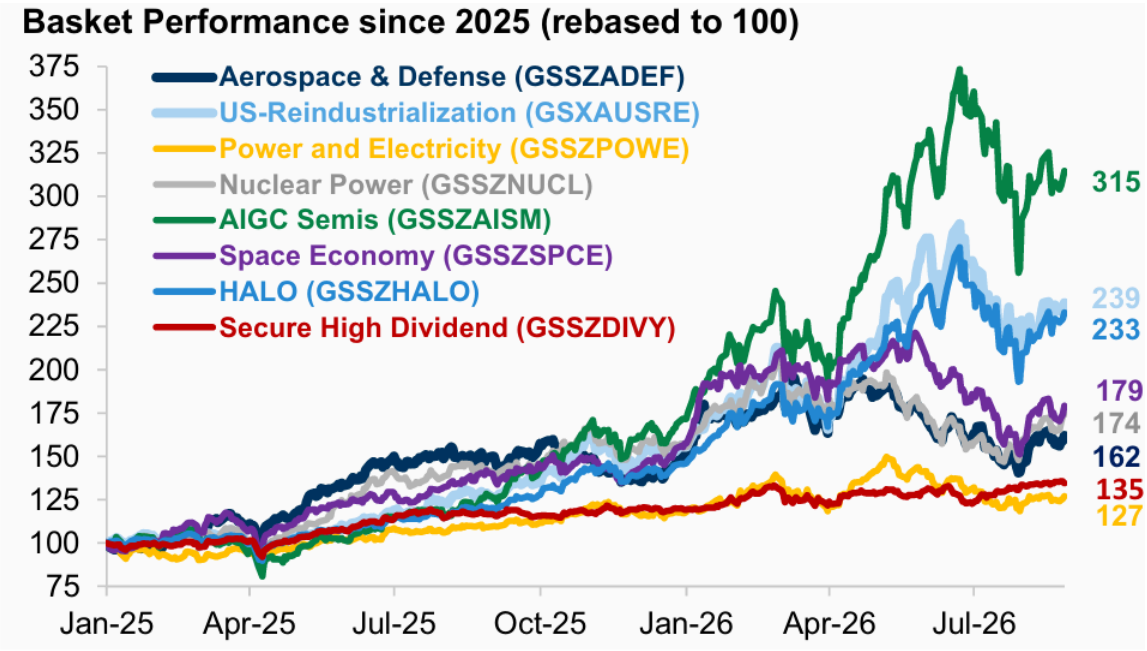
Source: FactSet, Wind, MSCI, CSI, Goldman Sachs Global Investment Research

Even Internet earnings growth seems to be bottoming out, supported by narrowing food delivery subsidies and cloud/AI monetization.



Source: MSCI, FactSet, Goldman Sachs Global Investment Research

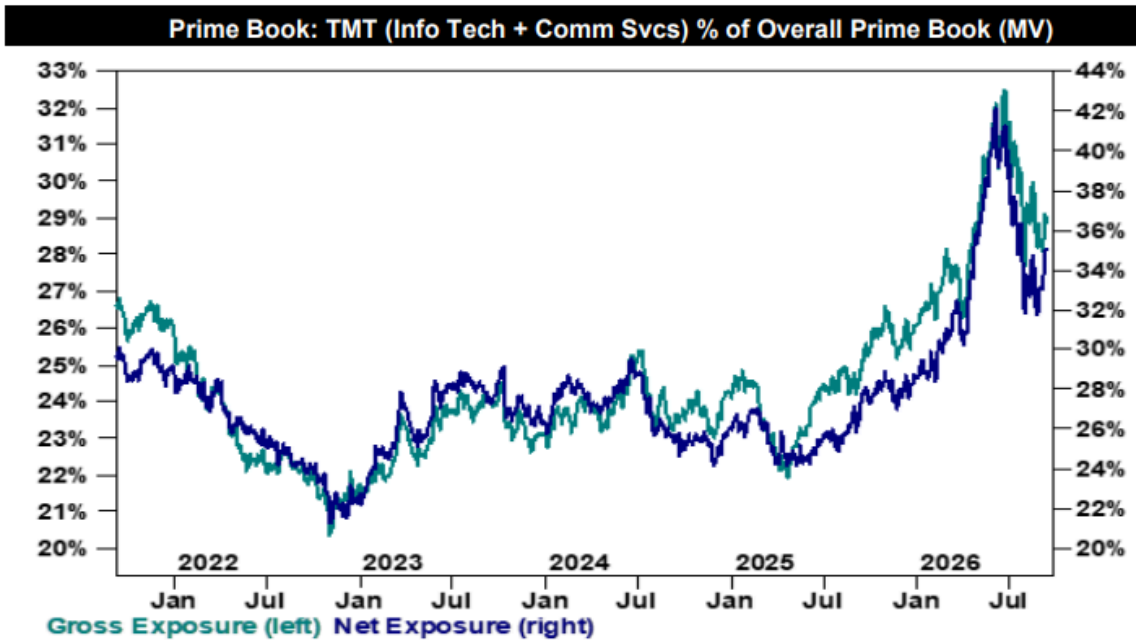
Into the home stretch is good recap of our Asia views through year end as well as key regional themes:



Source: FactSet, MSCI, Goldman Sachs Global Investment Research

3/ Flows – What caught my eye

I thought it was interesting that GS Prime books saw **the largest weekly net buying into global TMT equities in 7 months (long buys; led by US), while Financials were by far the most $ net sold global sector (short sales).** In fact, the two-week long buying into US TMT stocks ranks in the 97th percentile on 5-year look back. Probably relates back to my earlier flag that US TMT positioning had fallen to the 25th percentile on 1/3 year look back.



In August, Asia funds raised exposure in India/China vs trimming in Korea/Taiwan benchmark)

AEJ funds (US$90 bn - Active Fund Only)

Market	OW/UW allocation (in bp)	Market	1-mth chg	3-mth chg
China	330	India	30	105
Hong Kong	170	China	20	100
Singapore	165	Hong Kong	10	15
Indonesia	70	Thailand	5	15
Thailand	50	Indonesia	5	15
Philippines	20	Philippines	1	15
Malaysia	-40	Malaysia	(5)	10
Korea	-110	Singapore	(15)	(0)
India	-210	Taiwan	(15)	(255)
Taiwan	-575	Korea	(20)	(35)

Note: The allocation of AEJ mandate only includes active funds, as of Aug '26

Source: EPFR, Goldman Sachs Global Investment Research

India in on a roll. FII flows have inflected in 3Q. Recent GS GIR marketing schedules in Singapore were fully packed. Capital market activities are also stepping up. Sumeet Kariwala's What Could Drive the Return of Private Banks is a must-read.

FII Flows (US$bn)

Markets	2026 YTD	1Q	2Q	Jul	Aug	WTD
Japan	64.2	18.9	30.4	2.6	(4.7)	-
India	(24.9)	(15.8)	5.4	2.5	2.4	0.1
Korea	(113.2)	(37.0)	(4.1)	(6.1)	(8.6)	(2.4)
Taiwan	(39.2)	(20.7)	12.3	(23.3)	9.1	(0.9)
Philippines	(0.4)	0.1	(0.4)	0.1	(0.2)	(0.0)
Indonesia	(4.1)	(1.9)	(1.4)	0.1	0.1	(0.2)
Thailand	1.8	0.6	(1.2)	1.5	(0.7)	0.1
Malaysia	(1.7)	0.3	(0.5)	0.1	(0.5)	0.0
EM Asia ex China	(181.7)	(74.3)	10.2	(25.2)	1.5	(3.3)
H-shares (SB)	51.1	28.3	37.5	8.0	1.3	2.6



4/ Asia Leaders Conference, SF Communacopia

Takeaways and replays of our flagship events here and here. TMT spec sales Peter Callahan has also written great notes – click.

Top 10 most requested companies at our SF event:
MSFT, DDOG, CRWV, SHOP, AVGO, AMD, NVDA, NBIS, TSM, NFL

Below plots Top 30 most requested (alphabetical order) at the APAC flagship event for this year versus 2025. Green = repeats. The incremental shift in focus towards TMT was pretty obvious.

2025 ALC	2026 ALC
Alibaba Group Holding Ltd	Alibaba Group Holding Ltd
Anker Innovations Technology Co Ltd	Anker Innovations Technology Co Ltd
Anta Sports Products Ltd	Anta Sports Products Ltd
Atour Lifestyle Holdings	Atour Lifestyle Holdings
GDS Holdings Limited	GDS Holdings Limited
H World Group Ltd	H World Group Ltd
Hua Hong Grace Semiconductor	Hua Hong Grace Semiconductor
JD.com Inc	JD.com Inc
Kuaishou Technology	Kuaishou Technology
Laopu Gold Co Ltd	Laopu Gold Co Ltd
Meituan	Meituan
Midea Group Co Ltd	Midea Group Co Ltd
Tencent Holdings Ltd	Tencent Holdings Ltd
Tencent Music Entertainment	Tencent Music Entertainment
VNET Group Inc	VNET Group Inc
Xiaomi Corporation	Xiaomi Corporation
Chagee Holdings Limited	Anhui Yingliu Electromechanical Co Ltd
Chow Tai Fook Jewellery	Baidu Inc
Foxconn Industrial Internet Co Ltd - FII	BYD Company Ltd
Grab Holdings Ltd	Han's Laser Technology Industry Group Co Ltd
Guming Holdings Ltd	Horizon Robotics
Li Ning Company Limited	Iluvatar CoreX
Meitu Inc	Kingboard Laminates Holdings
Miniso Group Holding Ltd	Kioxia Holdings Corp
Shenzhen Envicool Technology Co Ltd	Minimax Group Inc
Trip.com Group Ltd	Moore Threads Tech Co Ltd
UBTech Robotics Corp Ltd	Shanghai Biren Technology Co Ltd

Yum China Holdings Inc	Shenzhen Megmeet Electrical Co Ltd
Zhejiang Sanhua Intelligent Controls Co Ltd	Weichai Power Co Ltd
Zhongji Innolight Co Ltd	Z Ai Co Ltd

The Tech tone from both events was decisively positive with companies citing strong AI demand impulse versus tight supply. Semis companies highlighted long-term demand visibility, structural supply chain challenges, signs of a cyclical recovery in Analog, and an emerging opportunity in edge Physical AI. In Hardware segment, AI-driven networking remains robust and margins are strong, despite ongoing supply chain constraints. Software and Cloud companies highlighted momentum across AI monetization and adoption.

All said, AI positioning especially in US tech names feels light on back of recent macro headwinds. Across the Tech spectrum the Power theme is likely the most underappreciated AI bottleneck right now. HF positioning clean up has been most acute: Power Up America (GSX1POW1) L/S ratio now sits in the 4th percentile 1-year look back. European Power (GSXEPOWR) L/S ratio is in its 20th percentile. Updated one of my favorite charts:



Our EU+APAC baskets team will be marketing in Singapore 8-9 Oct. Shout if you like to join our group luncheon to discuss top themes and best ideas.

Leave you with these for now. Good luck.