Views and Research

14 September 2026 | 7:49 PM China Standard Time

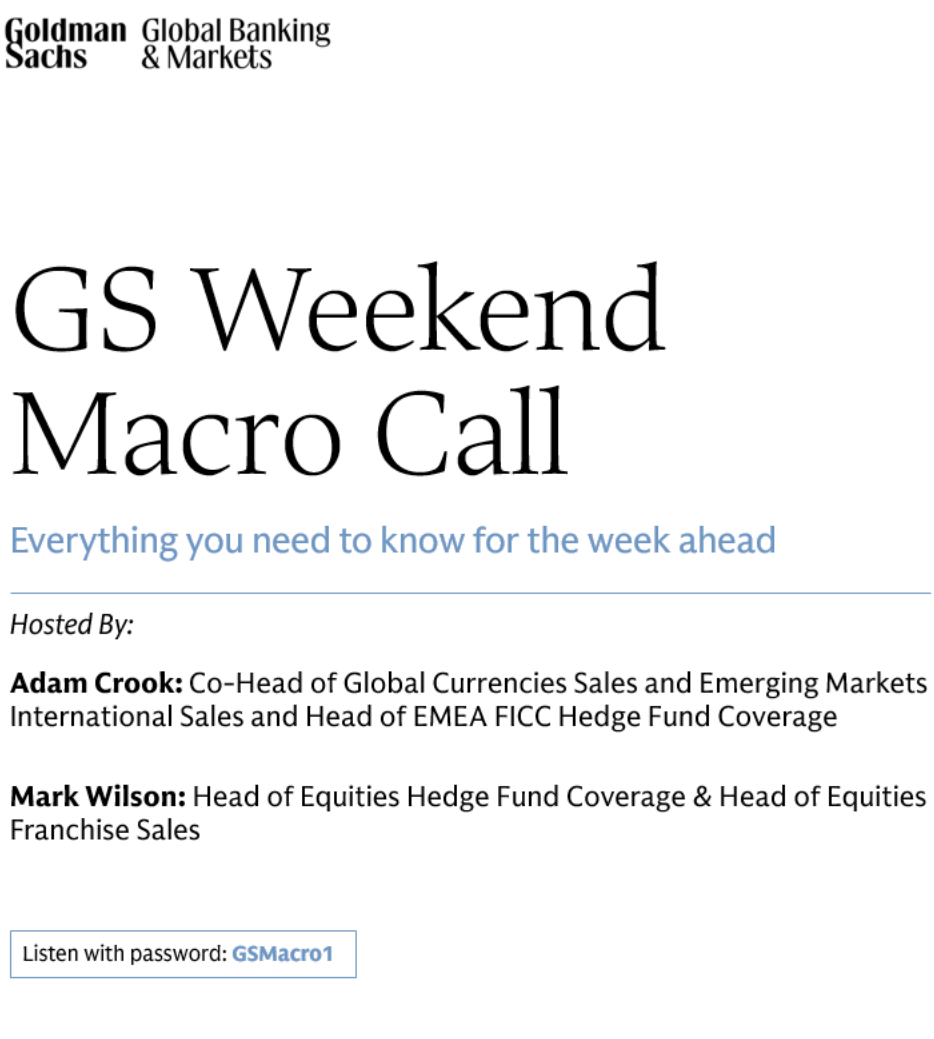
Douglas Millowitz
Goldman Sachs Bank USA
FICC & Equities

1-GS Weekend Macro Call: CPI, Buybacks, Gold, X-Asset Vulnerability to Energy, JPY, ECB, + More...

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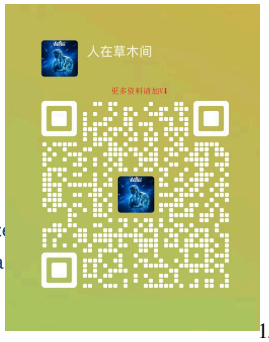
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2-Global FX Trader: The Walk After the Talk

We have attributed Dollar weakness over the last couple of months to three factors: (i) a more uncertain reaction function and the perc
preference to curtail higher yields, and (iii) idiosyncratic policies to support some of the most undervalued currencies, especially in Asia



the downside for the Dollar, in part because of the uncertainty around next week's decision, and the relatively higher bar to "out-hawk" the currency market when th this point.

On the undervalued currencies seeing policy support, the Yen has gotten more attention than any other currency in recent months. We emphasize that the policy ste encouraging repatriation—are exactly what we have been saying would be required for the Yen to durably strengthen. That said, we think tactical risks have increase backdrop should be negative for the Yen, and we think policymakers will probably move more slowly than recent price action implies. On net, we think the Yen is a be tactical length should at least be paired against other vulnerable currencies like the Euro.

Finally, while the recent rise in energy prices has had a limited impact on these G3 currencies, we note there is a clear effect on some more vulnerable EM currencies l both, for different reasons, but expect these currencies to remain vulnerable to terms of trade in the near term. We see more near-term domestic support for HUF, b HUF longs with PLN shorts.

https://marquee.gs.com/content/research/en/reports/2026/09/11/1c4d44c7-d8e4-4399-b5ae-ea912e44ca5e.html

3-US Economics Analyst: A Hike Without a Signal?

- We added a 25bp rate hike at this week's September FOMC meeting to our forecast last Friday following the August CPI report. The report had little impact on our nearly 90%, high enough that the FOMC will likely want to avoid the market reaction that would likely follow from remaining on hold. We continue to expect two cu December (vs. June and December previously). We have also raised our forecast for the terminal rate to 3.25-3.5% (vs. 3-3.25% previously).
- We do not see a strong economic case for raising the funds rate. We think that all of the overshoot of 2% can be attributed to one-time factors whose impact is lik a roughly 2.5% pace over the last three months is an early sign of this, that high inflation looks broad-based mainly because of tariff effects, that inflation expecta the economy is not overheated, which is the usual rationale for raising rates. We think that some FOMC participants will sympathize with these points and as a resu

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4- Connecting You to GS.. Thoughts from the Floor...Adam Crook

Connecting you to GS: *Japan: Is there a plausible trigger for a repatriation and how can we tell if it is happening? Oil @ $100: Is the right-side of the distribution still capped by s What is latest on polling, client flows and plausible outcomes? GS Communacopia Conference: What are the high level take-aways for macro investors? Around the desks: What pc*

Trades we Like: 'I am the House Now' - How to get Long-JPY -> *We have seen a material shift in sentiment toward the JPY in recent weeks: The 'buy-the-dip' approach to USDJ clients, and our franchise is becoming more attuned to the potential for a structural move stronger in the JPY, driven by: i) Potential for near-term re-allocation towards domestic l inflation risks; iii) Potential for peak of the US rates cycle; iv) Potential for major local life-insurers to crystallise losses in foreign bonds in to fiscal half-year end.*

i) Buy 6mnth Downside in USDJPY + EURJPY: *Cleanest expression of the JPY stronger-trade -> i)* ***Buy 6m 140 USDJPY Digi Put for 11.15% USD*** *(Max leverage ~9x);* ***ii) Buy 6n*** *~9x).*
ii) JPY Stronger through FX Correlation*: USDJPY Lower, USD Stronger vs EUR + AUD ->* ***i) Buy 11 Dec Dual Binary EURUSD < ATMS vs USDJPY < 150 for 8% USD*** *(Max 12.5x l* ***USDJPY < 150 for 6% USD*** *(Max leverage ~16.5x).*
iii) USDJPY lower, JGB Yields Lower, NKY Higher*: Attractive for a world where Japanese investors shift away from unhedged foreign assets + back to domestic assets ->* ***Buy a 1*** ***vs Nikkei up 8% for 5.5% USD*** *(Max leverage ~18x)*
iv) EURJPY Lower vs NKY / SPX Higher*: Constructive Equity backdrop vs idiosyncratic JPY strength -> i) Buy Mar-2027 Expiry Dual Binary NKY > 70,000 vs EURJPY < 98% for 1(Binary SPX > 8,100 vs EURJPY < 95% for 10% USD (Max 10x leverage) -> Selling Equity/USDJPY Corr at +25% and +10% respectively.*

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5-Asia market thoughts post US CPI print | GS EM Marketstrats

With slightly above-expectation CPI, market is nearly fully pricing in Fed hike this week already (and a total of 92bp priced for the next year) and GIR now officially ca continue to put pressure on Asia FX and rates. With intensified physical disruption at SoH and Red Sea (latest news on suspension of Saudi's East-West pipeline), and running low), further upside in oil prices remains possible, until Trump TACOs. With this backdrop, there are a few trades we like in Asia

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6-US Weekly Kickstart: The impact of higher interest rates on equities in charts

- Our recent conversations with both corporate executives and portfolio managers have focused on the impact of higher rates on equities. The 30-year US Treasury years. Our economists expect the Fed to hike the funds rate by 25 bp next week.
- Rising interest rates are a headwind for equity valuations, but earnings are the most important driver of stocks. The S&P 500 forward P/E has declined from 22x at nonetheless sits within 2% of its record high.
- While the S&P 500 P/E multiple has declined this year, valuations relative to bonds have been roughly unchanged. The equity risk premium is currently 3% and has of the level of rates, elevated interest rate volatility also creates a challenge for stocks.

- Equities typically struggle when the Fed starts to hike rates, but we expect the bull market to continue. The S&P 500 has generated an average 3-month return of - decades, and Fed tightening is one of the dynamics that has characterized the end of other major bull markets during the past century. However, equities have oft has generated an average return of +9% during the 12 months following the first hike. Today, the market is already pricing more than three hikes within the next ye robust.

https://marquee.gs.com/content/research/en/reports/2026/09/11/9ea20386-f7b3-4ffd-be71-848319b01f86.html

7-US Daily: Adding a Hike in September

- We now expect a 25bp hike at the September FOMC meeting next week (vs. a hold previously). Additional hikes at later meetings are possible but are not our base PCE forecast slightly to 0.26% and has not changed our fundamental inflation view, we think that the FOMC will want to avoid the market reaction that would likely pricing a nearly 90% chance of a hike.
- We do not see a strong economic case for raising the funds rate. We continue to think that all of the overshoot of the 2% target can be attributed to one-time fact in core PCE inflation to a roughly 2.5% pace over the last three months is an early sign of this, that the economy is not overheated, that inflation expectations are r rate hikes are unlikely to appreciably offset the impact of supply shocks. We suspect that some FOMC participants will agree with this, and for that reason we see t implies.
- But we suspect that most FOMC participants will worry about the potential market reaction to not delivering a hike that recent Fed communication has guided the Jackson Hole speech led the market to expect a hike if the inflation news was imperfect, and while the CPI was not concerning, it was imperfect. As a result, the FO for market perceptions of the Fed's credibility and about the immediate reaction of longer-term interest rates. Recent increases in oil prices might also make FOM hiking.

https://marquee.gs.com/content/research/en/reports/2026/09/11/2b83364e-eaa3-4506-8c48-f634c7b70aaa.html