GLOBAL WEEKLY KICKSTART

# Momentum Unwinds as the Cost of Capital Rises

Global equities fell c.1% last week as the Momentum unwind continued (Exhibit 31), with AI lagging non-AI (Exhibit 28). Defensives and Capital Light outperformed Cyclicals and Capex Beneficiaries (Exhibit 30), putting further pressure on hedge funds. Our Risk Appetite Indicator fell sharply to -0.5, its lowest level since Liberation Day (Exhibit 11).

## Macro data this week

US: October FOMC meeting, advance Q3 GDP and PCE inflation, and durable goods report.

Europe: UK Budget presentation; September unemployment rates in Italy and the Euro Area, and October unemployment claims in Germany; the ECB deposit facility rate decision; preliminary third-quarter GDP estimates for France, Spain, Italy, Germany and the Euro Area; and October preliminary HICP inflation releases for Germany, France, Italy and Spain.

Japan: BOJ monetary policy meeting, October Tokyo new core CPI, and September industrial production.

AEJ: Korea and Taiwan Q3 GDP, Korea industrial production and Thailand's central bank meeting.

*Pricing is as of the close of Friday, October 23.*

## Rising Cost of Debt

- **Interest rates are moving higher amid fierce competition for capital and renewed inflationary pressure.** Since September, EUR IG and HY yields have risen by around 30bp and 90bp, while AI-related debt issuance is expected to double between 2026 and 2027.
- **Higher borrowing costs are hitting earnings.** Since 2022, interest expense has risen from 1.25% to 1.85% of sales, a 60bp margin drag worth more than 5% of earnings. As companies refinance at higher yields, management teams are increasingly focused on reducing leverage, potentially diverting capital away from investment or shareholder returns.
- **We do not expect a systemic credit event.** European leverage remains manageable, but refinancing needs, floating-rate debt and slowing earnings momentum leave weaker balance sheets increasingly exposed, while Quality should benefit.

*See more: Europe Weekly Kickstart: Rising Cost of Debt and What It Means for Corporates*

**Guillaume Jaisson**
+44(20)7552-3000 | guillaume.jaisson@gs.com
Goldman Sachs International

**Peter Oppenheimer**
+44(20)7552-5782 | peter.oppenheimer@gs.com
Goldman Sachs International

**Sharon Bell**
+44(20)7552-1341 | sharon.bell@gs.com
Goldman Sachs International

**John Kwon**
+65-6654-6337 | jongmin.kwon@gs.com
Goldman Sachs (Singapore) Pte

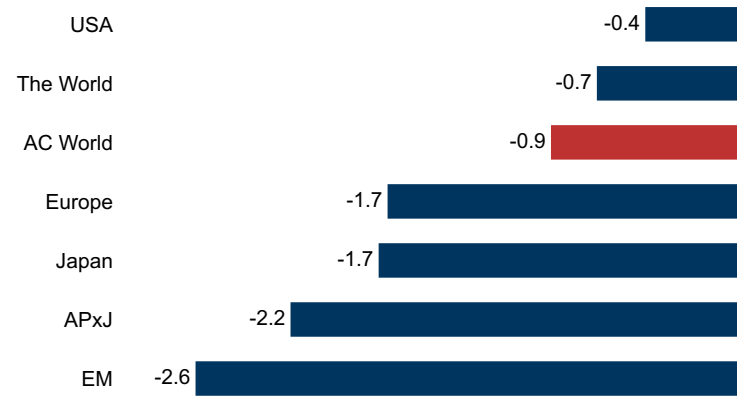
**Elena Porfidia**
+44(20)7051-5240 | elena.porfidia@gs.com
Goldman Sachs International

**Jacinta Feng**
+44(20)7051-8740 | jacinta.feng@gs.com
Goldman Sachs International

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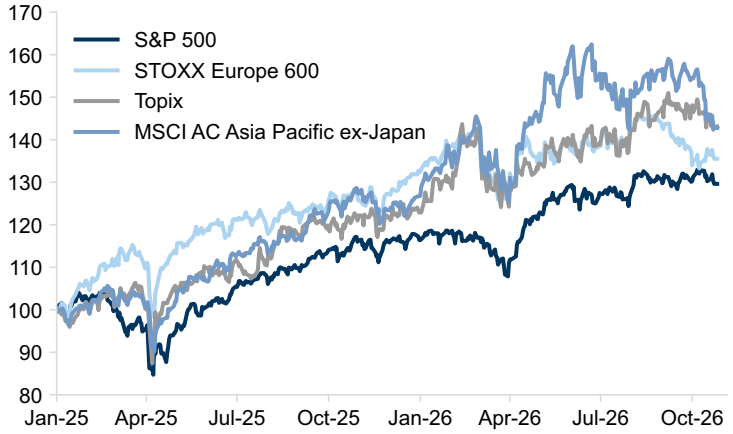
# The week at a glance — Global markets and indices

**Exhibit 1: Global market performance**
MSCI Indices, 1-week price return (USD, %)



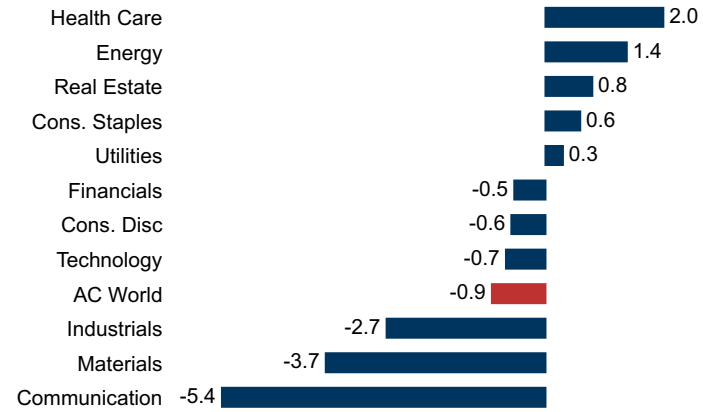

Source: Datastream, Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 2: World equity indices**
USD, indexed price performance



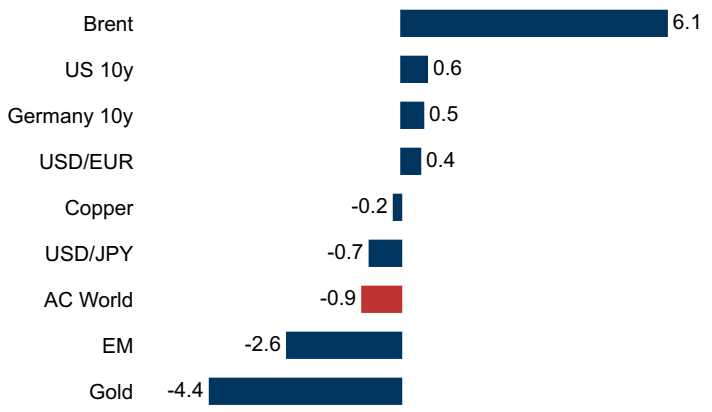

Source: Datastream, STOXX, Goldman Sachs Global Investment Research

**Exhibit 3: MSCI AC World sector performance**
MSCI Indices, 1-week price return (USD, %)




Source: Datastream, Bloomberg, Goldman Sachs Global Investment Research

**Exhibit 4: Cross-asset performance**
MSCI Indices, 1-week price return (USD, %)




Source: Datastream, Bloomberg, Goldman Sachs Global Investment Research

# Forecasts

## Exhibit 5: GDP growth, % yoy: GS vs. consensus

| Real GDP Growth | | | | | |
|---|---|---|---|---|---|
| Percent Change yoy | 2025 | 2026 | | 2027 | |
| | GS | GS | Cons* | GS | Cons* |
| USA | 2.3 | 2.3 | 2.3 | 2.1 | 2.2 |
| Japan | 1.2 | 0.9 | 0.8 | 1.2 | 0.8 |
| Euro area | 1.3 | 1.0 | 1.0 | 1.1 | 1.3 |
| Germany | 0.3 | 1.0 | 1.0 | 1.1 | 1.1 |
| France | 0.9 | 0.4 | 0.4 | 0.6 | 0.8 |
| Italy | 0.7 | 0.8 | 0.9 | 0.7 | 0.7 |
| Spain | 2.6 | 2.5 | 2.6 | 1.9 | 2.1 |
| UK | 1.2 | 1.6 | 1.3 | 1.5 | 1.2 |
| China | 5.0 | 4.6 | 4.6 | 4.6 | 4.4 |
| Developed Markets | 1.9 | 1.8 | 1.8 | 1.7 | 1.8 |
| Emerging Markets | 4.2 | 3.8 | 3.8 | 4.0 | 3.9 |
| World | 2.9 | 2.7 | 2.6 | 2.7 | 2.7 |

** Bloomberg country and GS aggregate consensus*

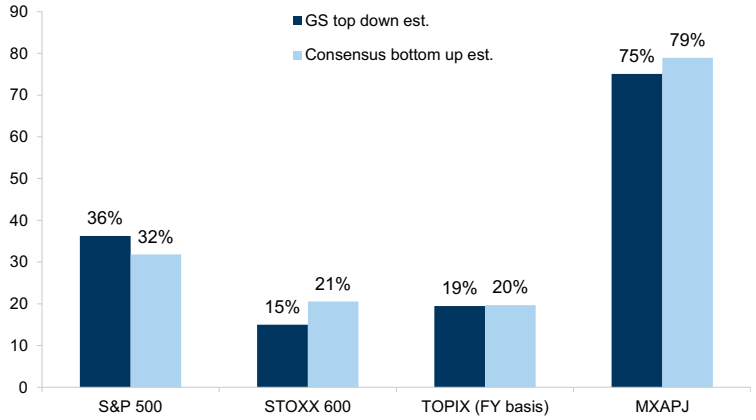
Source: Bloomberg, Goldman Sachs Global Investment Research

## Exhibit 6: Goldman Sachs Macro 3-, 6- and 12-month forecasts

| | Current | Forecast | | | Up/Downside |
|---|---|---|---|---|---|
| | | 3m | 6m | 12m | to 12m TP (%) |
| **Equities** | | | | | |
| S&P 500 | 7624 | 8000 | 8300 | 8700 | 14.1 |
| STOXX Europe 600 | 636 | 670 | 680 | 695 | 9.3 |
| MSCI Asia-Pacific Ex-Japan | 814 | 880 | 960 | 1040 | 27.8 |
| Topix | 3966 | 4400 | 4500 | 4600 | 16.0 |
| **10Y Rate (%)** | | | | | |
| US | 5.0 | 4.7 | 4.6 | 4.4 | -56 bp |
| Euro Area (Germany) | 3.3 | 3.3 | 3.3 | 3.3 | -7 bp |
| Japan | 2.8 | 3.0 | 2.9 | 2.8 | 3 bp |
| **Currencies** | | | | | |
| €/$ | 1.12 | 1.14 | 1.12 | 1.12 | 0.0 |
| £/$ | 1.34 | 1.33 | 1.29 | 1.28 | -4.3 |
| $/¥ | 157 | 158 | 155 | 150 | -4.4 |
| **Commodities** | | | | | |
| Brent Crude Oil ($/bbl) | 116.7 | 88 | 83 | 75 | -35.7 |
| NYMEX Nat. Gas ($/mmBtu) | 2.8 | 3.00 | 2.75 | 2.75 | -1.6 |
| Gold ($/troy oz) | 3996 | 4715 | 4850 | 5235 | 31.0 |
| LME Copper ($/mt) | 14472 | 15055 | 15315 | 15565 | 7.6 |

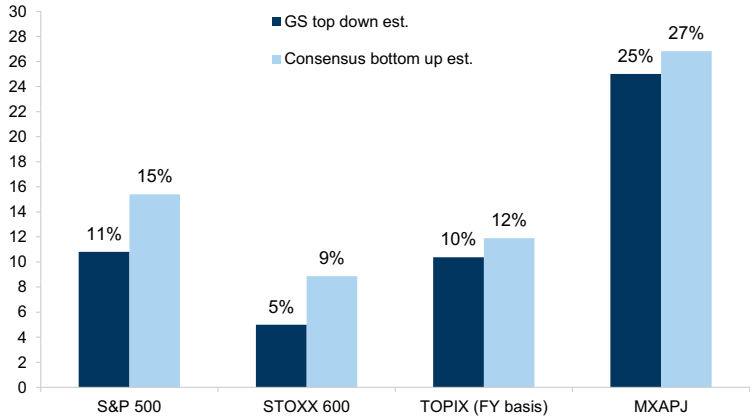
Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

## Exhibit 7: GS top-down vs. consensus bottom-up estimates of 2026 EPS growth




Source: I/B/E/S, Toyo Keizai, STOXX, MSCI, Goldman Sachs Global Investment Research

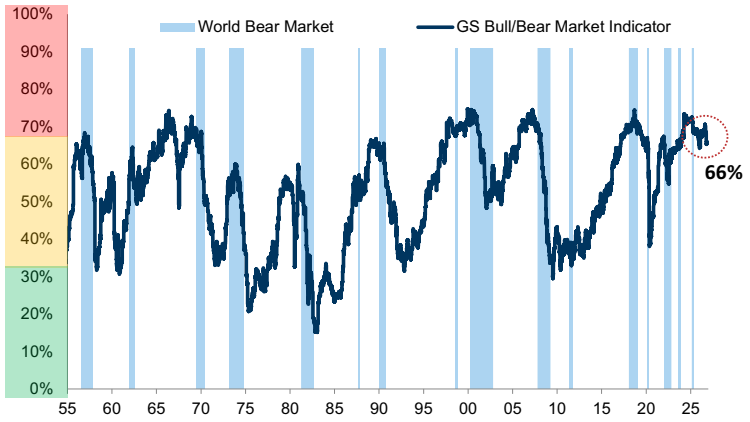
## Exhibit 8: GS top-down vs. consensus bottom-up estimates of 2027 EPS growth




Source: I/B/E/S, Toyo Keizai, STOXX, MSCI, Goldman Sachs Global Investment Research

# Risk and Sentiment indicators

**Exhibit 9: GS Bull/Bear Market Indicator (GSBLBR)**




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

**Exhibit 10: Details of components of the GS Bull/Bear Market Indicator**

GS Bull/Bear Market Indicator = Average percentile

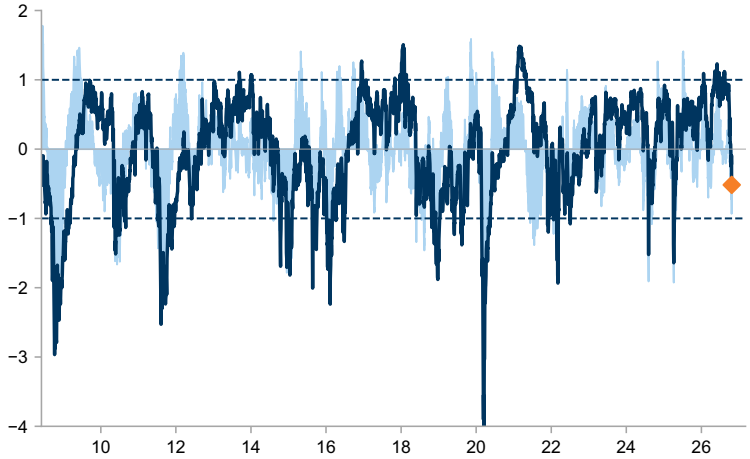
| | Level | Percentile |
|---|---|---|
| Shiller PE | 39.9 | 97% |
| Unemployment | 4.2 | 80% |
| Private sector Financial Balance | 3.7 | 61% |
| ISM | 54.5 | 57% |
| 0-6 quarter yield curve | 0.9 | 54% |
| Core Inflation | 2.6 | 47% |
| **GS Bull/Bear Market Indicator** | | **66%** |

*Note: 100th percentile means these variables are at their highest level, except for Private sector Financial Balance, yield curve and unemployment where 100% means they are at their lowest.*

Source: Haver Analytics, Datastream, Robert Shiller, Goldman Sachs Global Investment Research

**Exhibit 11: Risk Appetite Indicator (GSRAII)**

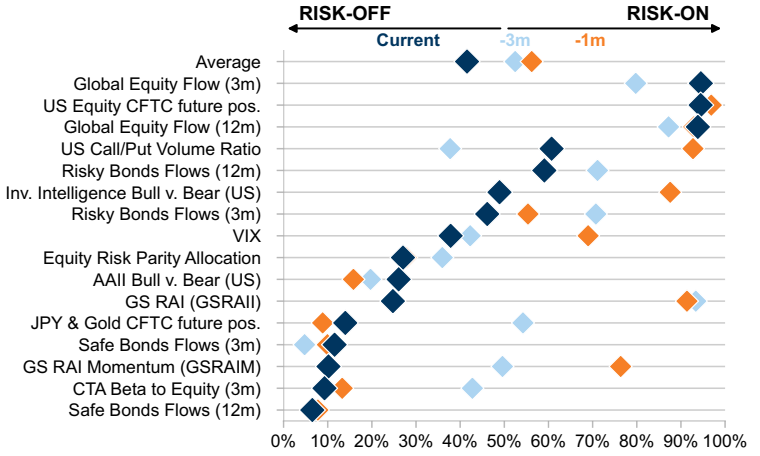
The RAI is based on 27 pair-trades across asset classes measured on z-scores rel. to last 2 years' performance, see July 2016 GOAL for details




Source: Goldman Sachs Global Investment Research

**Exhibit 12: Percentile of sentiment indicators**

Data since 2007




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

# Performance - Local indices

**Exhibit 13: Global equity market performance (local indices)**

| Market | Index | Price return (Local CCY, %) 1-week (Local) | Ytd | 1Yr |
|---|---|---|---|---|
| Indonesia | JCI | 4.9 | (37.1) | (34.3) |
| Belgium | BEL20 | 3.5 | 13.9 | 15.6 |
| Mexico | MEXBOL | 1.4 | 8.7 | 13.6 |
| Denmark | KFX | 0.8 | (2.8) | (0.3) |
| Switzerland | SMI | 0.5 | 9.0 | 15.2 |
| Norway | OSEAX | 0.3 | 30.4 | 33.6 |
| Malaysia | FBMKLCI | 0.2 | (4.1) | 0.2 |
| Singapore | FSSTI | 0.1 | 16.7 | 22.8 |
| Australia | AS51 | -0.1 | 0.9 | (2.6) |
| New Zealand | NZ 50 | -0.1 | (1.3) | (0.4) |
| Brazil | IBOV | -0.2 | 27.3 | 40.7 |
| US | SPX | -0.5 | 11.4 | 13.1 |
| Canada | SPTSX60 | -0.6 | 14.6 | 19.8 |
| Thailand | SET | -0.7 | 24.1 | 20.0 |
| Philippines | PCOMP | -0.9 | (5.4) | (5.4) |
| Netherlands | AEX | -1.0 | 19.0 | 16.2 |
| Stoxx 600 | SXXP | -1.4 | 7.4 | 10.7 |
| China (A) | SHSZ300 | -1.6 | (11.3) | (10.9) |
| Germany | DAX | -1.7 | 2.8 | 4.0 |
| Spain | IBEX | -1.7 | 9.7 | 20.2 |
| UK | UKX | -1.8 | 7.6 | 11.6 |
| Poland | WiG | -1.8 | 34.2 | 41.0 |
| South Korea | KOSPI | -2.1 | 31.7 | 44.3 |
| France | CAC | -2.2 | (4.5) | (5.4) |
| EuroStoxx 50 | SX5E | -2.2 | 4.8 | 7.1 |
| Taiwan | TWSE | -2.3 | 59.0 | 67.2 |
| Egypt | EGX30 | -2.3 | 22.1 | 35.5 |
| Hungary | HUX | -2.4 | 27.9 | 36.3 |
| India | NIFTY | -2.4 | (13.5) | (12.7) |
| Japan | TPX | -2.5 | 16.3 | 21.9 |
| Italy | FTSEMIB | -2.6 | 8.0 | 14.6 |
| South Africa | JALSH | -2.6 | (6.7) | (2.5) |
| Portugal | BVLX | -2.7 | 16.9 | 13.5 |
| Czech | PX | -2.8 | (3.8) | 10.6 |
| Greece | ASE | -3.2 | 19.3 | 24.1 |
| Sweden | OMX | -3.7 | 10.2 | 15.2 |
| Austria | ATX | -4.4 | 17.7 | 34.3 |
| HK | HSI | -4.5 | (9.9) | (11.1) |
| China (H) | HSCEI | -4.6 | (13.0) | (16.6) |
| Turkey | XU100 | -5.2 | (1.3) | 4.8 |

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| Market | Index | Relative Price return (vs MSCI AC World, USD, %) 1-week (USD) | Ytd | 1Yr |
|---|---|---|---|---|
| Indonesia | JCI | 5.6 | (52.2) | (51.9) |
| Belgium | BEL20 | 4.0 | (1.7) | (1.0) |
| Norway | OSEAX | 2.3 | 30.7 | 30.5 |
| Australia | AS51 | 1.7 | (3.9) | (7.4) |
| Brazil | IBOV | 1.5 | 28.0 | 37.8 |
| Canada | SPTSX60 | 1.5 | 2.0 | 7.4 |
| New Zealand | NZX 50 | 1.4 | (12.5) | (13.7) |
| Denmark | KFX | 1.3 | (17.6) | (16.4) |
| Switzerland | SMI | 1.2 | (5.5) | (1.3) |
| Singapore | FSSTI | 1.1 | 7.1 | 12.3 |
| Malaysia | FBMKLCI | 1.1 | (15.0) | (8.7) |
| Mexico | MEXBOL | 1.1 | (5.6) | (0.4) |
| US | SPX | 0.4 | 1.1 | 0.7 |
| China (A) | SHSZ300 | -0.4 | (17.4) | (17.3) |
| Thailand | SET | -0.4 | 5.6 | 4.5 |
| Netherlands | AEX | -0.5 | 3.2 | (0.4) |
| South Korea | KOSPI | -0.6 | 33.0 | 44.4 |
| UK | UKX | -0.6 | (3.2) | (0.3) |
| Japan | TPX | -0.8 | 6.0 | 6.2 |
| Stoxx 600 | SXXP | -0.9 | (7.9) | (5.7) |
| Philippines | PCOMP | -1.0 | (22.8) | (25.3) |
| Germany | DAX | -1.3 | (12.2) | (12.1) |
| Spain | IBEX | -1.3 | (5.6) | 3.6 |
| India | NIFTY | -1.5 | (28.4) | (31.7) |
| France | CAC | -1.7 | (19.2) | (21.2) |
| EuroStoxx 50 | SX5E | -1.7 | (10.3) | (9.2) |
| Taiwan | TWSE | -2.0 | 42.9 | 45.5 |
| Poland | WiG | -2.1 | 12.6 | 18.3 |
| Italy | FTSEMIB | -2.1 | (7.2) | (1.9) |
| Portugal | BVLX | -2.2 | 1.3 | (2.9) |
| Czech | PX | -2.4 | (19.2) | (5.8) |
| Greece | ASE | -2.7 | 3.5 | 7.3 |
| South Africa | JALSH | -2.8 | (17.3) | (10.9) |
| Hungary | HUX | -3.0 | 17.5 | 27.4 |
| Sweden | OMX | -3.0 | (8.0) | (3.5) |
| HK | HSI | -3.6 | (20.9) | (24.3) |
| China (H) | HSCEI | -3.6 | (23.9) | (29.8) |
| Austria | ATX | -3.9 | 2.0 | 17.1 |
| Turkey | XU100 | -4.7 | (25.0) | (24.0) |
| Egypt | EGX30 | -4.7 | (5.0) | 4.0 |

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Source: MSCI, STOXX, Local Index Compilers, FactSet, Goldman Sachs Global Investment Research

# Sector performance across regions - Weekly

**Exhibit 14: 1-week sector performance across regions**
Light blue: below -1 standard dev. from the AC world market performance. Dark blue: above +1 standard dev. from the AC world market performance.

| Weekly Absolute Performance (%) in USD | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MSCI Index** | **US** | **Canada** | **UK** | **Germany** | **France** | **Swiss** | **Spain** | **Italy** | **Devd Euro** | **Japan** | **Korea** | **Brazil** | **India** | **China** | **Taiwan** | **AC APxJ** | **EM** | **AC World** |
| **Market** | **-0.4** | **0.2** | **-1.5** | **-1.9** | **-2.6** | **0.3** | **-2.3** | **-3.1** | **-1.7** | **-1.7** | **-0.9** | **0.4** | **-3.2** | **-4.5** | **-2.7** | **-2.2** | **-2.6** | **-0.9** |
| **Energy** | 1.5 | 1.0 | 3.1 | – | 2.9 | – | -1.6 | 4.9 | 3.0 | 3.8 | -10.9 | -0.3 | -1.8 | -4.5 | – | -2.4 | -1.9 | 1.4 |
| **Materials** | -0.2 | -7.3 | -8.6 | -0.3 | -0.8 | 1.4 | – | 3.1 | -3.3 | -3.7 | -7.5 | -4.6 | -3.4 | -6.2 | -4.1 | -5.7 | -5.8 | -3.7 |
| **Industrials** | -2.0 | 3.1 | -4.4 | -6.8 | -6.8 | -5.6 | -0.4 | -7.6 | -5.3 | -1.3 | -5.1 | -2.6 | -4.8 | -4.4 | -5.2 | -3.1 | -3.9 | -2.7 |
| Capital Goods | -3.5 | 4.4 | -8.9 | -7.4 | -7.1 | -6.8 | -1.4 | -7.6 | -6.8 | -2.5 | -5.2 | -6.8 | -5.1 | -5.0 | -6.9 | -4.3 | -4.8 | -4.3 |
| Comm & Profess. Srvcs | 5.5 | 4.9 | 5.8 | – | 4.5 | 4.8 | – | – | 5.5 | 3.7 | – | – | – | -1.7 | – | 4.9 | -1.7 | 5.1 |
| Transportation | 0.4 | 1.9 | – | -2.1 | -0.7 | -2.2 | 1.0 | – | 0.5 | 2.1 | -3.5 | 4.0 | -2.9 | -3.5 | -3.1 | -1.1 | -1.1 | 0.6 |
| **Consumer Discretionary** | 0.5 | 0.4 | 0.3 | -0.8 | -6.2 | -8.1 | 1.8 | -3.4 | -3.4 | 0.4 | -4.6 | -1.5 | -3.7 | -6.0 | -3.9 | -5.2 | -5.1 | -0.6 |
| Automobiles & Comp. | 3.4 | -2.9 | – | -1.1 | -7.3 | – | – | -3.7 | -3.0 | -1.1 | -4.2 | – | -3.3 | -2.9 | – | -3.5 | -3.5 | 1.0 |
| Cons Dur. & Apparel | 2.2 | -0.9 | – | -1.1 | -6.4 | -8.5 | – | -1.8 | -6.5 | 1.7 | -6.8 | – | -5.0 | -2.5 | – | -4.0 | -3.6 | -1.7 |
| Consumer Srvcs | -0.5 | 0.9 | 1.2 | -2.3 | -1.7 | – | 3.6 | – | 1.4 | 3.6 | – | – | -1.4 | -3.0 | – | -1.9 | -2.8 | -0.4 |
| Retailing | -0.3 | 1.5 | -2.4 | 5.8 | – | -0.3 | 1.1 | – | -1.3 | 1.1 | – | -1.5 | -6.8 | -8.3 | -3.9 | -7.7 | -7.2 | -1.1 |
| **Consumer Staples** | 0.5 | -0.1 | 0.0 | 0.3 | 3.1 | 1.2 | – | 0.9 | 1.1 | 2.1 | -3.6 | -1.1 | -4.7 | -0.7 | -0.5 | -1.3 | -1.4 | 0.6 |
| Food & Staples Retailing | 1.0 | -0.2 | 0.7 | – | -17.1 | – | – | – | -0.3 | 5.0 | – | -0.6 | -5.5 | -3.0 | 0.2 | 1.4 | -0.4 | 0.9 |
| Food Bev. & Tobacco | -0.3 | 2.4 | 0.0 | – | 0.2 | 1.2 | – | 0.9 | 1.0 | 0.8 | 0.1 | -1.2 | -4.9 | -0.3 | -0.7 | -1.7 | -0.9 | 0.1 |
| Household & Persnl Prod | 1.4 | – | -0.4 | 0.3 | 6.6 | – | – | – | 1.9 | 3.3 | -10.3 | – | -4.1 | -3.8 | – | -5.8 | -5.7 | 1.4 |
| **Health Care** | 1.6 | – | 2.9 | 0.8 | 6.7 | 3.3 | – | 1.2 | 3.7 | 3.6 | 3.6 | 3.5 | -1.8 | -2.3 | -7.5 | -0.3 | -1.2 | 2.0 |
| Healthcare Equip & Srvcs | 2.0 | – | 6.6 | 1.4 | 15.8 | 4.5 | – | – | 6.6 | 2.7 | – | 3.5 | -2.8 | 2.3 | – | 0.9 | -0.5 | 2.4 |
| Pharma & Biotech | 1.4 | – | 2.8 | 0.5 | 2.5 | 3.2 | – | 1.2 | 3.4 | 4.0 | 3.6 | – | -1.5 | -2.5 | -7.5 | -0.5 | -1.3 | 1.8 |
| **Financials** | 0.7 | 2.1 | -3.7 | -1.3 | -5.2 | -0.8 | -4.9 | -4.9 | -3.4 | -2.8 | -2.5 | 3.1 | -3.7 | -2.3 | -0.7 | -0.2 | -2.0 | -0.5 |
| Banks | -1.0 | 2.1 | -5.3 | -4.7 | -7.2 | 0.6 | -5.0 | -5.5 | -5.3 | -5.0 | -4.1 | 2.2 | -2.9 | -2.4 | 0.6 | 0.4 | -2.0 | -1.8 |
| Diversified Financials | 1.2 | 4.0 | 2.4 | -1.9 | 3.4 | -3.1 | – | -2.2 | -1.3 | -1.5 | -2.9 | 5.9 | -5.7 | -3.6 | -1.6 | -2.6 | -2.2 | 0.8 |
| Insurance | 1.9 | 1.2 | -0.4 | -0.7 | -3.4 | 1.1 | -0.1 | -2.9 | -0.5 | 1.8 | 3.2 | 1.9 | -3.8 | -1.4 | -2.9 | -1.0 | -1.6 | 0.7 |
| **Real Estate** | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Information Technology** | -0.2 | -0.4 | -0.2 | 3.4 | -0.1 | 5.7 | -6.3 | – | -2.7 | -5.3 | 0.5 | – | 0.3 | -3.1 | -2.9 | -1.8 | -1.8 | -0.7 |
| Software & Services | 2.6 | 1.5 | 6.1 | 7.1 | 3.4 | – | -6.3 | – | 5.1 | 2.1 | 7.5 | – | 0.5 | -1.1 | – | 1.0 | 0.6 | 2.7 |
| Tech Hardware & Equip | 0.3 | -14.2 | -5.1 | – | – | 5.7 | – | – | -4.8 | -5.0 | 0.2 | – | – | -3.5 | -3.4 | -1.6 | -1.6 | -0.4 |
| Semiconductor & Equip | -2.2 | – | – | -7.5 | -4.6 | – | – | – | -5.5 | -7.2 | 0.9 | – | -8.2 | -2.5 | -2.7 | -2.1 | -2.1 | -2.5 |
| **Communication Srvcs** | -6.1 | 1.9 | -2.8 | -2.5 | -2.5 | 2.2 | 0.8 | – | 0.5 | -4.4 | -3.6 | 2.3 | -1.6 | -7.0 | 1.9 | -4.8 | -4.3 | -5.4 |
| Telecom Srvcs | -3.4 | 1.9 | -1.6 | -2.5 | -2.9 | 2.2 | 0.8 | – | -1.3 | -6.5 | -5.0 | 2.3 | -1.3 | -3.2 | 1.9 | 0.1 | 0.3 | -2.7 |
| Media & Entertainment | -6.3 | – | -6.2 | – | -2.0 | – | – | – | 4.3 | 0.6 | -3.3 | – | -6.2 | -7.1 | – | -6.7 | -6.7 | -6.0 |
| **Utilities** | 0.8 | 2.5 | -0.1 | -1.3 | -2.5 | 0.6 | 0.5 | 0.4 | -0.4 | 4.0 | 0.8 | -0.1 | -4.3 | -3.2 | – | -1.6 | -1.9 | 0.3 |

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

# Sector performance across regions - YTD

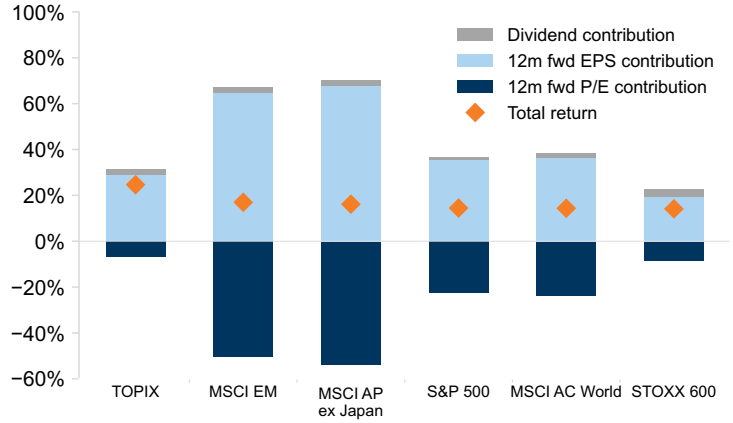
**Exhibit 15: YTD sector performance across regions**
Light blue: below -1 standard dev. from the AC world market performance. Dark blue: above +1 standard dev. from the AC world market performance.

| YTD Absolute Performance (%) in USD | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **MSCI Index** | **US** | **Canada** | **UK** | **Germany** | **France** | **Swiss** | **Spain** | **Italy** | **Devd Euro** | **Japan** | **Korea** | **Brazil** | **India** | **China** | **Taiwan** | **AC APxJ** | **EM** | **AC World** |
| **Market** | **11.2** | **11.7** | **7.3** | **-3.7** | **-8.4** | **5.0** | **6.7** | **1.2** | **2.8** | **16.0** | **58.8** | **31.0** | **-16.5** | **-19.3** | **56.7** | **12.7** | **12.4** | **10.3** |
| **Energy** | 54.3 | 32.3 | 46.6 | – | 42.5 | – | 76.5 | 61.4 | 50.7 | 26.4 | 22.9 | 109.7 | -25.3 | 10.1 | – | -3.1 | 11.1 | 44.8 |
| **Materials** | 11.6 | -3.7 | 10.8 | -0.4 | 17.1 | 3.2 | – | -27.7 | 7.8 | 7.0 | -12.8 | -2.6 | -12.4 | -24.3 | 144.7 | 1.0 | -6.0 | 4.5 |
| **Industrials** | 6.1 | 5.3 | 1.5 | -4.9 | -10.6 | 7.5 | -8.5 | 2.5 | -3.6 | 15.8 | 7.8 | 13.4 | -8.5 | -15.4 | 8.8 | 0.6 | -2.1 | 4.2 |
| Capital Goods | 6.2 | -5.5 | 3.5 | -7.0 | -11.0 | 6.2 | -15.3 | 2.5 | -4.2 | 8.8 | 7.5 | 1.6 | -8.8 | -19.4 | 0.3 | -0.3 | -3.2 | 3.0 |
| Comm & Profess. Srvcs | 2.4 | -15.4 | -3.2 | – | 2.5 | 8.7 | – | – | -2.0 | 87.6 | – | – | – | -19.9 | – | 4.0 | -24.1 | 9.3 |
| Transportation | 10.1 | 22.1 | – | 13.0 | 0.2 | 27.4 | 3.5 | – | 1.5 | 7.8 | 14.8 | 35.7 | -5.7 | -4.3 | 21.5 | 3.1 | 3.1 | 8.1 |
| **Consumer Discretionary** | -4.1 | 2.0 | 6.7 | -26.4 | -38.2 | -9.5 | -7.1 | -19.3 | -21.9 | 7.6 | 3.2 | 70.3 | -14.8 | -29.3 | -9.0 | -22.6 | -23.1 | -7.6 |
| Automobiles & Comp. | -16.9 | 19.9 | – | -34.4 | -4.1 | – | – | -18.0 | -25.8 | -3.2 | -0.7 | – | -18.7 | -31.5 | – | -19.9 | -20.0 | -15.7 |
| Cons Dur. & Apparel | -11.5 | -35.2 | – | -11.1 | -43.7 | -9.5 | – | -25.9 | -31.1 | 16.8 | 61.4 | – | -6.0 | -17.2 | – | -6.0 | -4.2 | -13.6 |
| Consumer Srvcs | -8.2 | 10.5 | 7.5 | 56.7 | 0.8 | – | -14.1 | – | 5.2 | 17.6 | – | – | -8.0 | -28.0 | – | -20.5 | -25.2 | -8.1 |
| Retailing | 3.2 | 1.3 | 11.2 | 1.0 | – | -10.0 | -3.9 | – | -15.3 | 22.5 | – | 70.3 | -9.9 | -30.4 | -7.2 | -27.2 | -27.0 | -1.5 |
| **Consumer Staples** | 14.7 | 5.9 | 3.6 | -0.1 | -1.0 | -1.3 | – | 15.6 | 3.4 | 8.0 | 30.4 | 10.0 | -25.8 | -16.3 | -0.7 | -7.0 | -7.7 | 9.6 |
| Food & Staples Retailing | 12.7 | 6.7 | 19.9 | – | -7.3 | – | – | – | 6.4 | -30.0 | – | -6.0 | -21.0 | -36.1 | -1.7 | 11.9 | -9.7 | 8.9 |
| Food Bev. & Tobacco | 17.5 | -3.9 | 4.5 | – | -20.2 | -1.3 | – | 15.6 | 3.3 | 29.9 | 34.6 | 14.4 | -24.1 | -12.0 | -0.5 | -11.5 | -4.3 | 10.8 |
| Household & Persnl Prod | 12.9 | – | -2.5 | -0.1 | 13.5 | – | – | – | 2.5 | 27.3 | 21.4 | – | -29.7 | -33.7 | – | -21.7 | -20.6 | 7.9 |
| **Health Care** | 14.2 | – | -4.3 | 3.5 | -22.2 | 13.2 | – | 5.7 | 0.4 | 7.5 | -6.7 | 17.0 | -2.0 | 8.1 | 51.6 | 4.6 | 3.3 | 10.5 |
| Healthcare Equip & Srvcs | 2.2 | – | -7.4 | -9.2 | -35.3 | -0.7 | – | – | -15.7 | 1.8 | – | 17.0 | -14.4 | -16.6 | – | -9.0 | -10.8 | 0.0 |
| Pharma & Biotech | 21.2 | – | -4.2 | 12.1 | -11.6 | 14.5 | – | 5.7 | 3.1 | 10.0 | -4.8 | – | 1.8 | 10.3 | 51.6 | 9.1 | 6.8 | 15.2 |
| **Financials** | 1.4 | 17.6 | 2.3 | 1.4 | -4.8 | -1.5 | 6.9 | -0.4 | 1.5 | 30.7 | 28.7 | 25.9 | -17.7 | 2.2 | 52.6 | 6.6 | 4.8 | 4.9 |
| Banks | -0.2 | 24.6 | 5.1 | -4.2 | -8.7 | 25.1 | 7.0 | -2.9 | 3.1 | 30.3 | 26.8 | 14.8 | -17.1 | 16.4 | 47.6 | 9.5 | 5.5 | 7.4 |
| Diversified Financials | 0.8 | -13.0 | -6.5 | 2.6 | 25.9 | -5.4 | – | 4.3 | -2.9 | 14.0 | 10.8 | 73.0 | -15.4 | -17.8 | 60.6 | -0.8 | 2.7 | 0.6 |
| Insurance | 7.2 | 12.8 | -1.6 | 1.2 | -2.9 | 1.4 | -2.2 | 13.3 | 1.2 | 40.7 | 48.6 | 29.7 | -32.4 | -21.1 | 60.7 | 1.9 | 3.1 | 7.4 |
| **Real Estate** | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Information Technology** | 21.8 | 0.8 | -1.3 | 2.1 | 13.0 | 7.7 | – | – | 24.7 | 33.4 | 104.6 | – | -24.4 | -14.7 | 58.6 | 58.7 | 59.2 | 26.0 |
| Software & Services | 6.1 | 2.9 | 9.1 | -2.3 | -10.7 | – | – | – | 1.6 | 3.7 | 35.4 | – | -24.3 | -52.0 | – | -31.3 | -29.3 | 4.6 |
| Tech Hardware & Equip | 30.7 | -12.0 | -8.8 | – | – | 7.7 | – | – | 9.3 | 38.3 | 101.5 | – | – | -11.4 | 61.0 | 67.1 | 67.1 | 36.1 |
| Semiconductor & Equip | 28.8 | – | – | 23.1 | 67.8 | – | – | – | 42.4 | 46.2 | 112.6 | – | -24.9 | 0.3 | 57.8 | 64.1 | 64.1 | 35.3 |
| **Communication Srvcs** | -4.0 | -19.6 | 5.5 | -14.1 | 1.1 | 14.3 | -7.7 | – | -4.2 | -1.5 | -23.5 | 4.7 | -14.1 | -35.8 | 17.6 | -28.4 | -25.7 | -6.5 |
| Telecom Srvcs | -11.0 | -19.6 | 15.4 | -12.6 | -4.6 | 14.3 | -7.7 | – | -2.5 | 3.3 | 36.1 | 4.7 | -13.9 | -22.5 | 18.6 | -5.6 | -0.6 | -5.1 |
| Media & Entertainment | -3.2 | – | -12.1 | – | 8.6 | – | – | – | -5.8 | -9.2 | -30.5 | – | -15.8 | -35.9 | – | -34.8 | -35.1 | -6.7 |
| **Utilities** | -0.6 | 6.4 | 9.4 | 13.0 | -1.1 | -31.2 | 16.7 | -1.3 | 8.5 | 7.0 | -34.0 | 32.4 | -10.7 | -4.3 | – | -2.2 | 2.7 | 2.5 |

Source: FactSet, MSCI, Goldman Sachs Global Investment Research

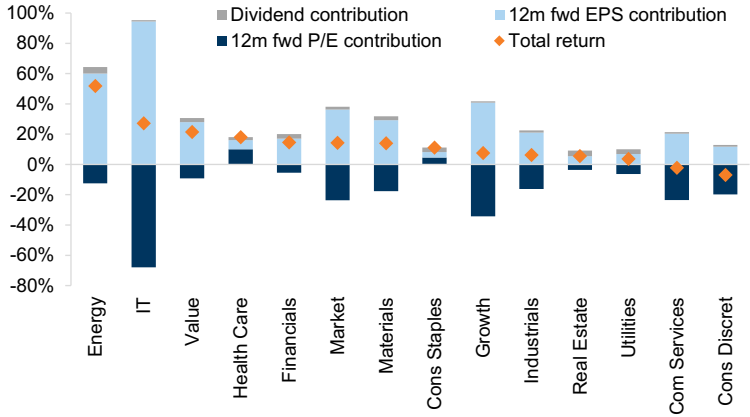
# Earnings & Contribution

**Exhibit 16: 12m trailing return contribution**
12m trailing return in local currency




Source: Datastream, STOXX, Goldman Sachs Global Investment Research

**Exhibit 17: MSCI AC World 12m trailing return contribution by sector/style**
12m trailing return in USD



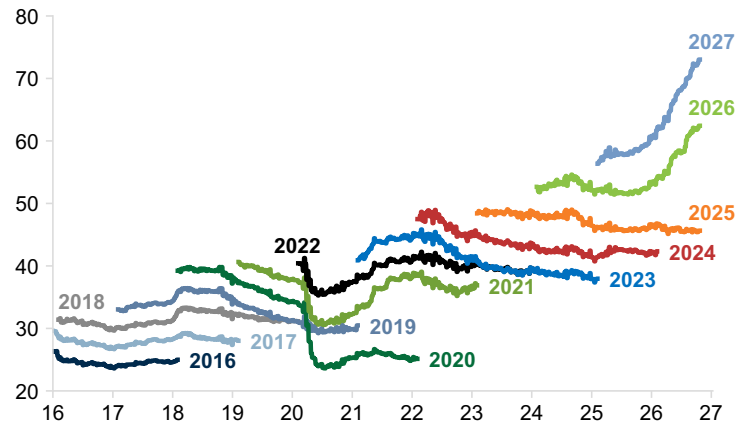

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

**Exhibit 18: Sales growth, EPS growth and net margins**
Consensus estimates

| | Sales Growth (%) | | EPS Growth (%) | | Net Margin (%) | |
|---|---|---|---|---|---|---|
| | 2026E | 2027E | 2026E | 2027E | 2026E | 2027E |
| S&P 500 | 12.0 | 8.7 | 31.8 | 15.4 | 16.2 | 17.0 |
| STOXX 600 | 7.9 | 2.6 | 20.6 | 8.9 | 11.3 | 11.8 |
| TOPIX (FY basis) | 6.1 | 4.3 | 19.6 | 11.9 | 7.7 | 8.2 |
| MSCI AP ex Japan | 22.1 | 15.9 | 78.9 | 26.8 | 17.4 | 18.7 |
| MSCI EM | 22.5 | 15.1 | 79.1 | 25.5 | 17.3 | 18.5 |
| **MSCI AC World** | **12.3** | **8.2** | **35.5** | **16.4** | **14.9** | **15.9** |
| Energy | 24.0 | -7.0 | 94.6 | -10.7 | 11.8 | 11.0 |
| Materials | 13.7 | 3.2 | 46.9 | 12.1 | 11.1 | 11.9 |
| Industrials | 8.6 | 7.6 | 22.2 | 14.3 | 10.2 | 10.7 |
| Cons. Discretionary | 7.2 | 6.9 | 29.8 | 7.3 | 8.4 | 8.2 |
| Cons. Staples | 5.3 | 4.1 | 6.7 | 7.4 | 6.8 | 7.0 |
| Health Care | 6.0 | 4.6 | 2.5 | 18.9 | 9.1 | 10.4 |
| Financials | 5.0 | 5.6 | 12.7 | 9.6 | 22.6 | 22.9 |
| IT | 41.0 | 31.1 | 88.6 | 42.5 | 29.2 | 31.2 |
| Communication Svs | 11.0 | 10.4 | 37.3 | -7.1 | 22.4 | 18.9 |
| Utilities | 5.0 | 4.2 | 9.1 | 8.5 | 11.4 | 11.9 |
| Real Estate | 5.5 | 5.5 | 8.8 | 7.1 | 17.7 | 18.5 |

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

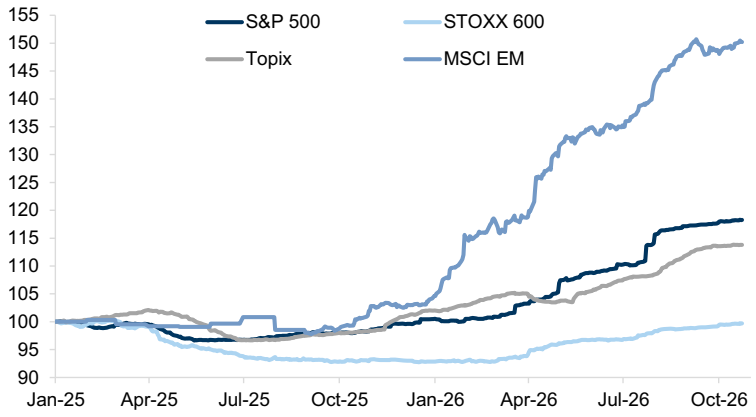
**Exhibit 19: MSCI AC World EPS**
Consensus estimates in USD




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

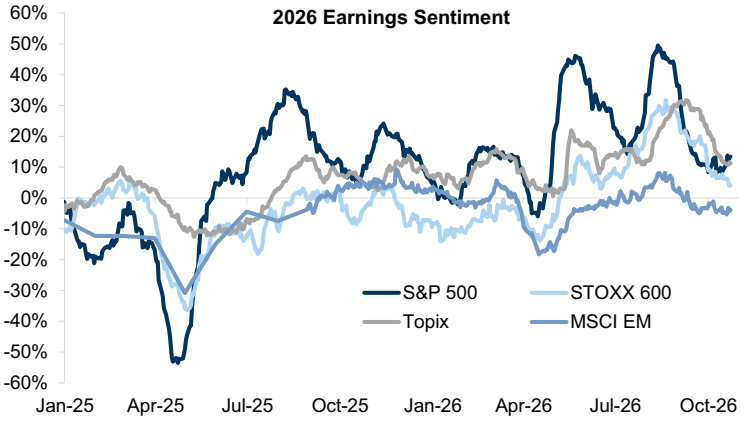
# Earnings revisions

**Exhibit 20: 2026 EPS revisions**
Indexed to 100. Local currency



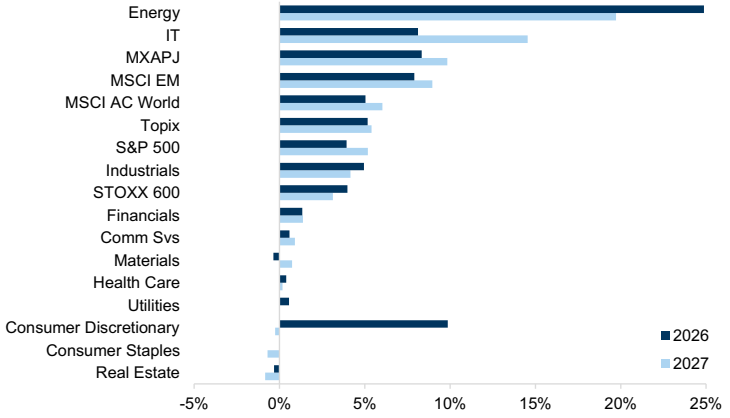

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

**Exhibit 21: 2026 Earnings Sentiment**
(nb upgrades - nb downgrades) / nb estimates over the past month



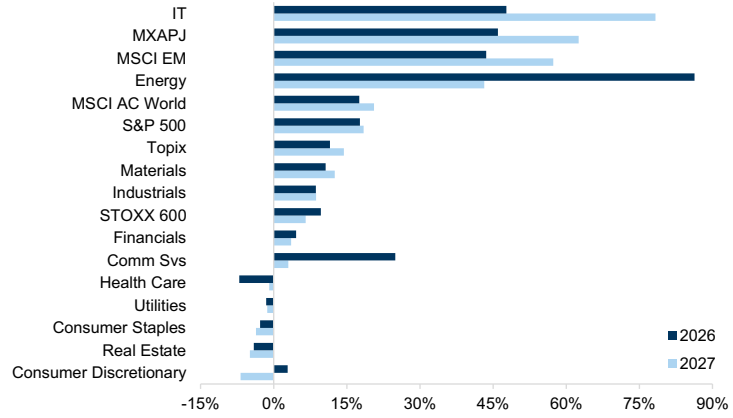

Source: FactSet, STOXX, Goldman Sachs Global Investment Research

**Exhibit 22: 3-month EPS revision**
MSCI AC World sectors and Global Regions. Local currency




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

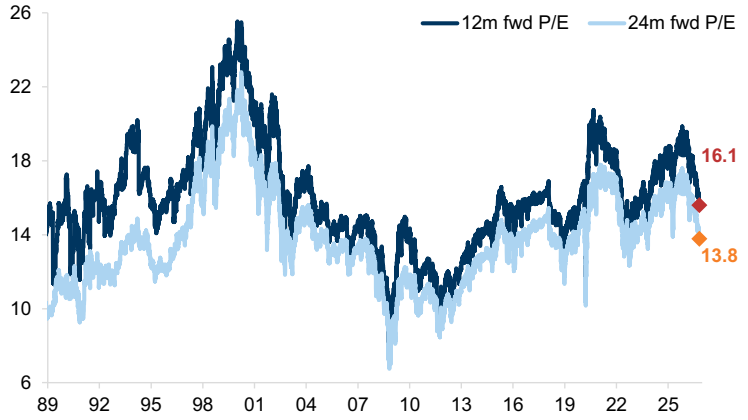
**Exhibit 23: Year-to-date EPS revisions**
MSCI AC World sectors and Global Regions. Local currency




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

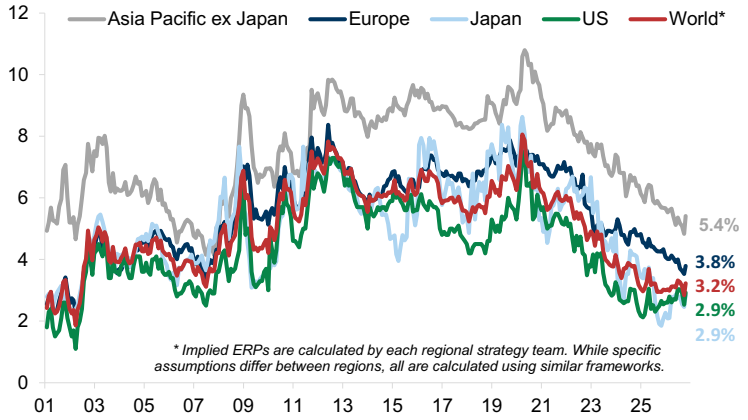
# Valuation

**Exhibit 24: 12m and 24m fwd MSCI AC World stock valuation**
12m and 24m fwd P/E



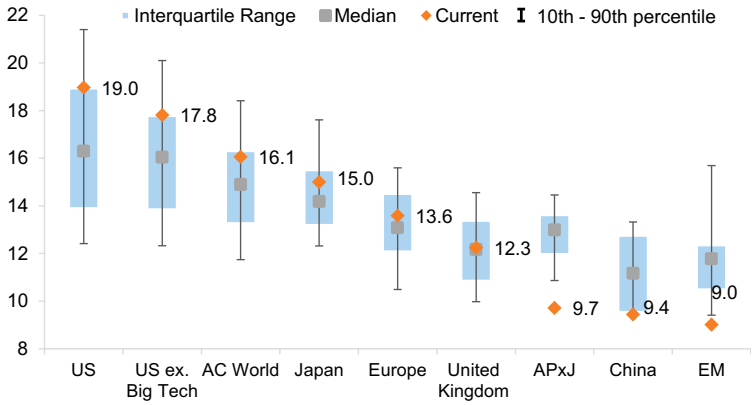

Source: Datastream, I/B/E/S, Goldman Sachs Global Investment Research

**Exhibit 25: Global market implied ERP (%)**



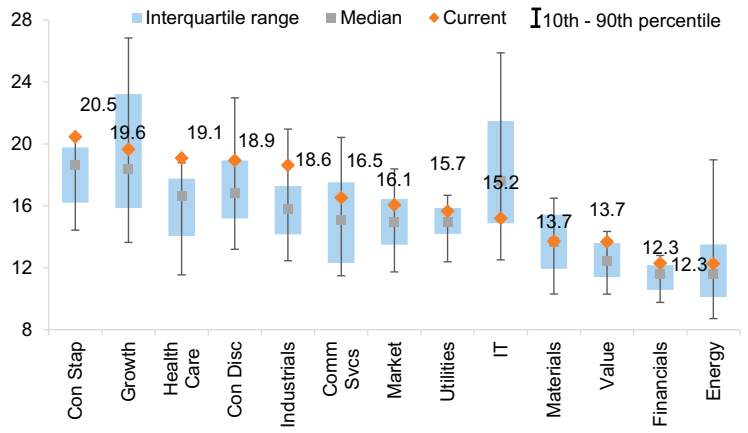

Source: Goldman Sachs Global Investment Research

**Exhibit 26: MSCI Regions valuations**
12-month forward P/Es relative to the last 20 years - STOXX 600 P/E for Europe, S&P 500 P/E for US




Source: FactSet, Goldman Sachs Global Investment Research

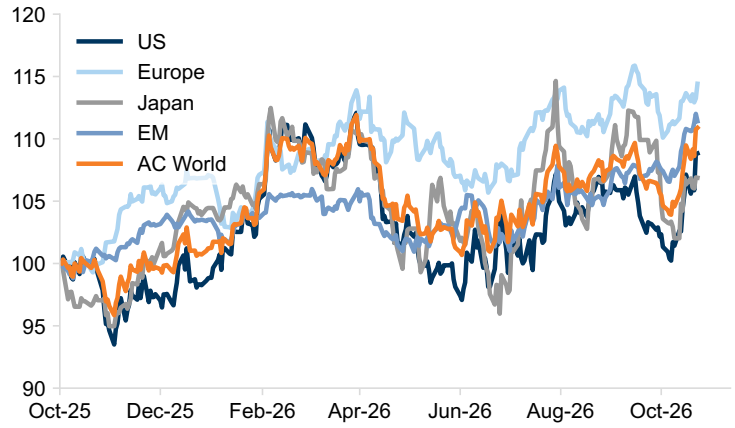
**Exhibit 27: MSCI World sector/style valuations**
12-month forward P/Es relative to the last 20 years




Source: FactSet, Datastream, Goldman Sachs Global Investment Research

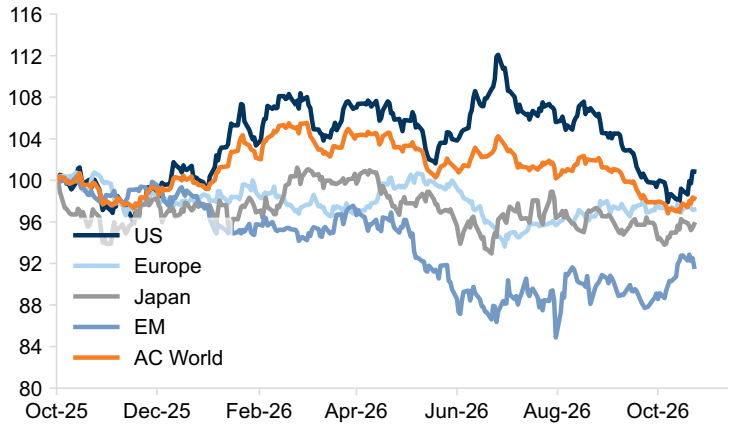
# Style performance

**Exhibit 28: Value vs. Growth**
MSCI Indices relative price return (USD)



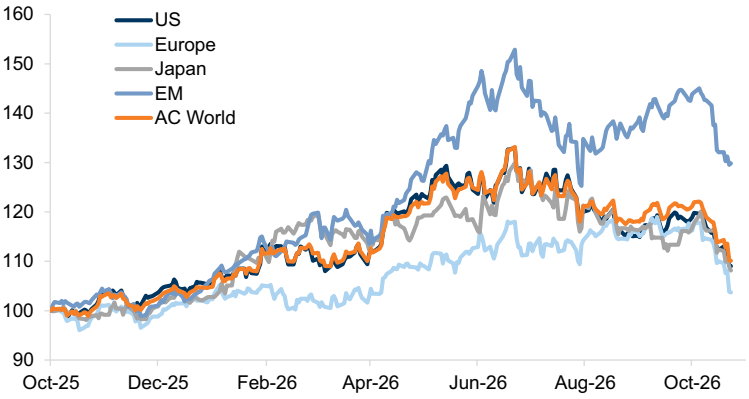

Source: Datastream, Goldman Sachs Global Investment Research

**Exhibit 29: Small-cap vs. Large-cap**
US: MSCI USA Small vs. MSCI USA Large; Europe: MSCI Europe Small vs. MSCI Europe Large; MSCI Japan Small vs. MSCI Japan Large; MSCI EM Small vs. MSCI EM Large




Source: Datastream, STOXX, Goldman Sachs Global Investment Research

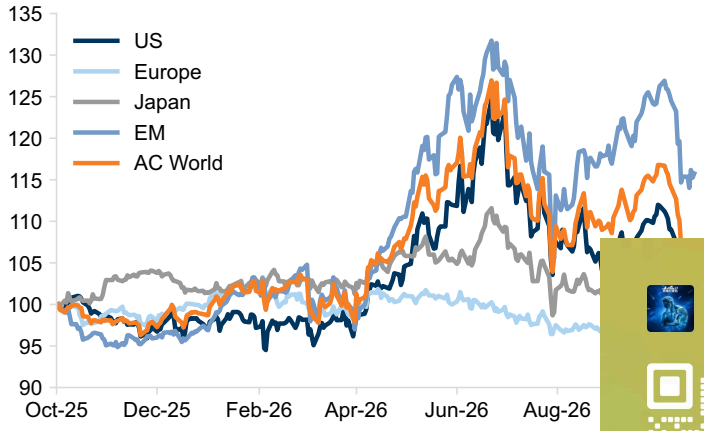
**Exhibit 30: Cyclicals vs. Defensives**
MSCI Indices relative price return (USD)




For details on the construction of the indices, please see: Cyclicals vs. Defensives: A global implementation

Source: Datastream, Worldscope, Goldman Sachs Global Investment Research

**Exhibit 31: Momentum vs. Market**
MSCI Momentum Indices relative price return (USD)

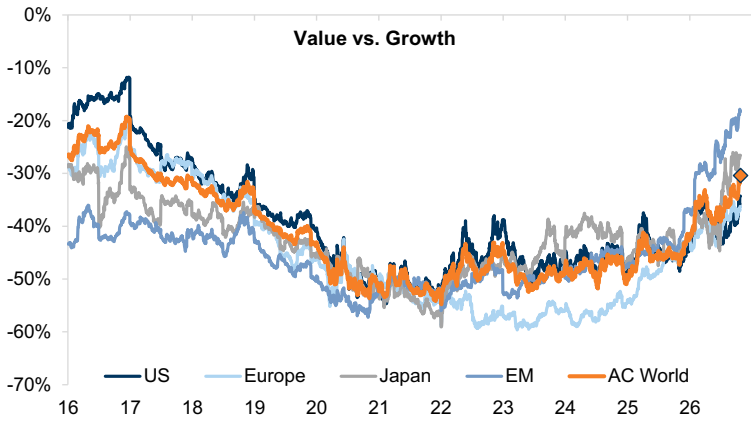



Source: Datastream, Goldman Sachs Global Investment Research

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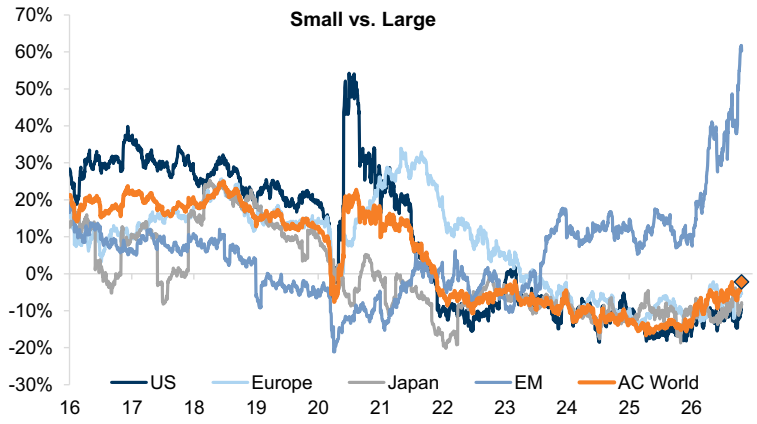
# Style valuation

**Exhibit 32: Value vs. Growth**
12m fwd P/E Premium (or Discount)



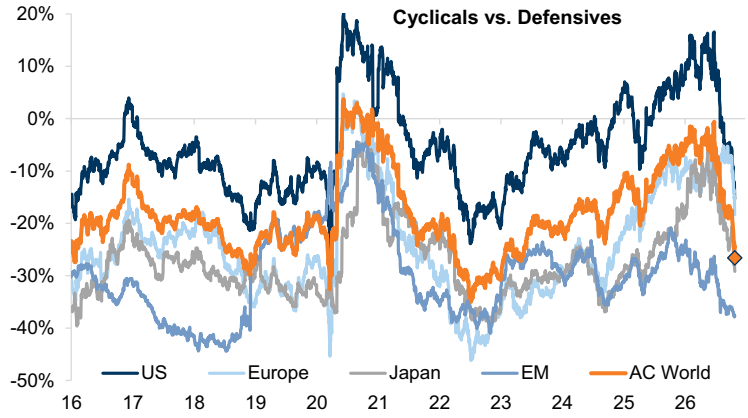

Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 33: Small vs. Large**
12m fwd P/E Premium (or Discount)




Source: FactSet, Goldman Sachs Global Investment Research

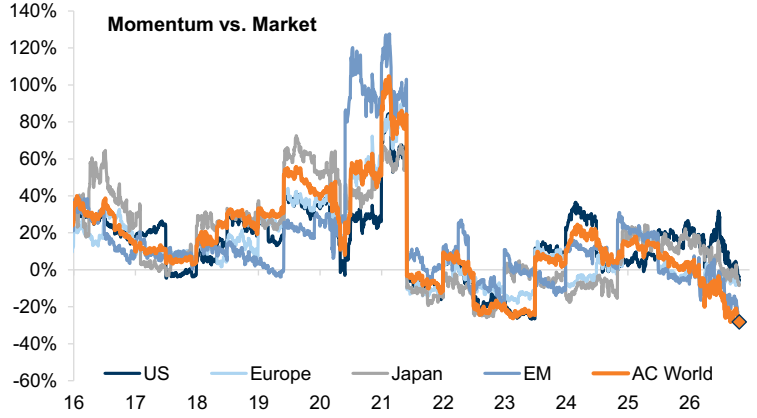
**Exhibit 34: Cyclicals vs. Defensives**
12m fwd P/E Premium (or Discount)




For details on the construction of the indices, please see: Cyclicals vs. Defensives: A global implementation

Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 35: Momentum vs. Market**
12m fwd P/E Premium (or Discount)




Source: FactSet, Goldman Sachs Global Investment Research

# Sector weights, geographical exposure and concentration

**Exhibit 36: Index sector composition**

| GICS Sector | U.S. | Europe | Japan | APxJ | AC World |
|---|---|---|---|---|---|
| Energy | 3.3 | 4.3 | 0.8 | 3.2 | 3.8 |
| Materials | 2.1 | 5.7 | 3.5 | 5.7 | 3.6 |
| Industrials | 8.7 | 17.9 | 23.4 | 7.2 | 10.7 |
| Consumer Discretionary | 10.6 | 8.7 | 18.3 | 13.7 | 10.7 |
| Consumer Staples | 6.0 | 10.3 | 5.6 | 3.9 | 6.4 |
| Health Care | 10.8 | 14.0 | 7.6 | 4.5 | 9.9 |
| Financials | 14.0 | 22.7 | 15.8 | 25.4 | 18.0 |
| Real Estate | 2.3 | 0.8 | 2.5 | 2.8 | 2.1 |
| Information Technology | 30.2 | 7.0 | 13.2 | 21.1 | 23.7 |
| Communication Services | 9.4 | 4.2 | 8.2 | 9.9 | 8.3 |
| Utilities | 2.5 | 4.3 | 1.1 | 2.6 | 2.8 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

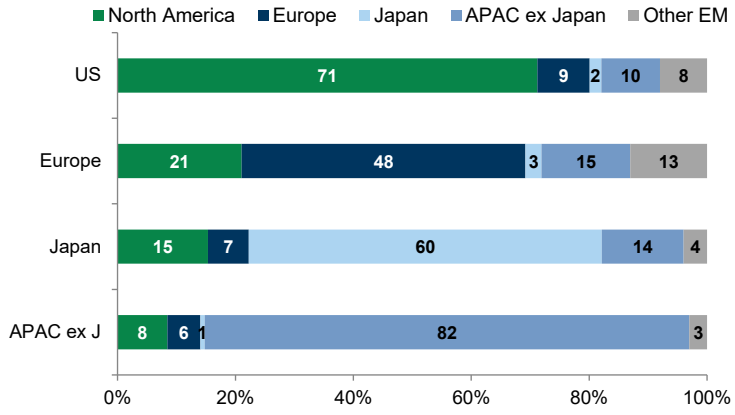
Source: MSCI, FactSet, Goldman Sachs Global Investment Research

**Exhibit 37: GS recommended sector weightings by region**

| GICS Sector | U.S. | Europe | Japan | APxJ |
|---|---|---|---|---|
| Energy | N | N | N | N |
| Materials | OW | N | N | N |
| Industrials | N | N | OW | OW |
| Consumer discretionary | N | UW | N | N |
| Consumer staples | N | N | UW | UW |
| Health care | OW | UW | UW | OW |
| Financials | N | OW | OW | OW |
| Real Estate | N | N | N | N |
| Information technology | N | OW | OW | OW |
| Communication services | N | OW | OW | N |
| Utilities | N | N | UW | UW |

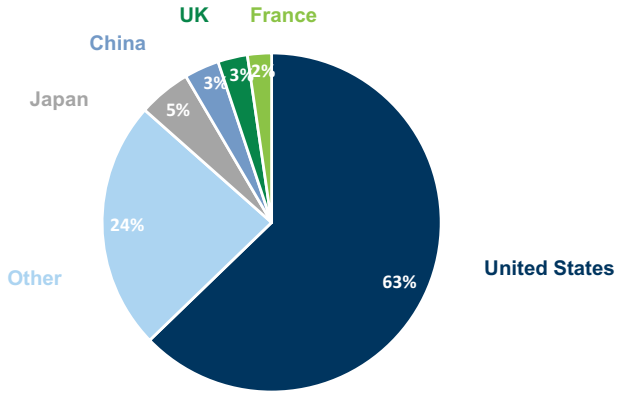
Source: Goldman Sachs Global Investment Research

**Exhibit 38: Geographical Sales Exposure**
MSCI Indices. See our Portfolio Passport 2024.




Source: MSCI, FactSet, Goldman Sachs Global Investment Research

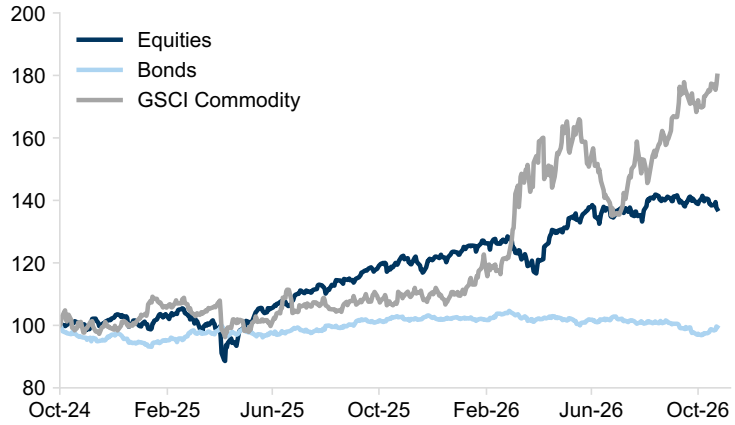
**Exhibit 39: Country Composition**
MSCI AC World Index




Source: FactSet, Goldman Sachs Global Investment Research

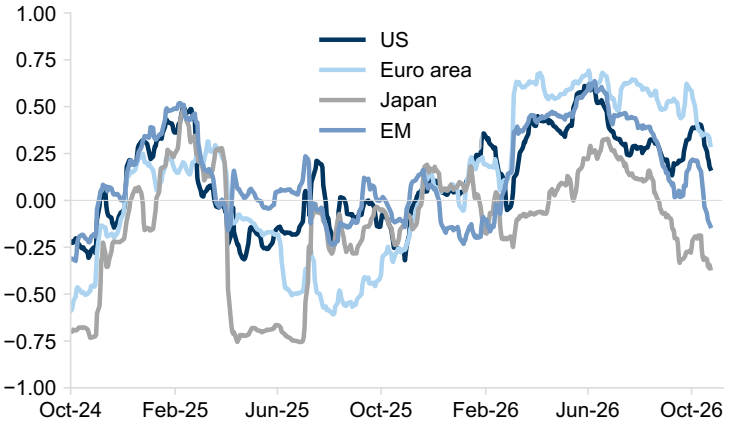
# Cross-asset performance and correlation

**Exhibit 40: Performance of equities, bonds and commodities**
Indexed USD total returns, Equities refer to MSCI AC World, Commodities refer to S&P GSCI® & Bonds refer to US 10y Govt. bonds



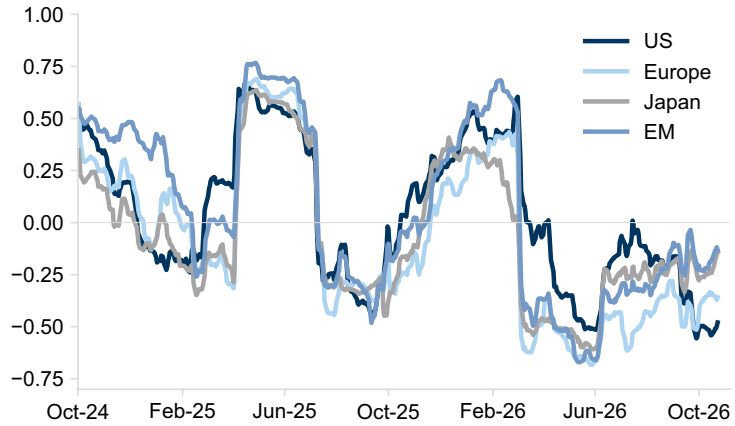

Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 41: 3m rolling equity/bond correlation of weekly returns**
S&P 500 vs. US 10y Index; EURO STOXX 50 vs. Germany 10y Index; Topix vs. Japan 10y Index; MSCI EM vs. US 10y Index



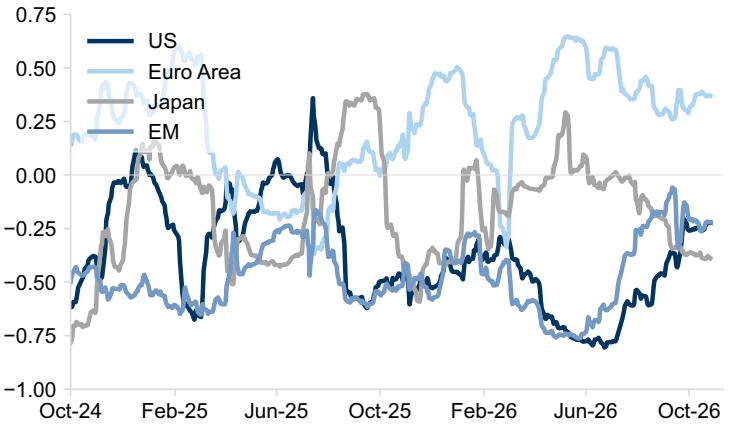

Source: Datastream, STOXX, Goldman Sachs Global Investment Research

**Exhibit 42: 3m correlation of weekly returns with GSCI Total Return Index**
Correlation vs. GSCI Commodities Total Return Index




Source: Datastream, Goldman Sachs Global Investment Research

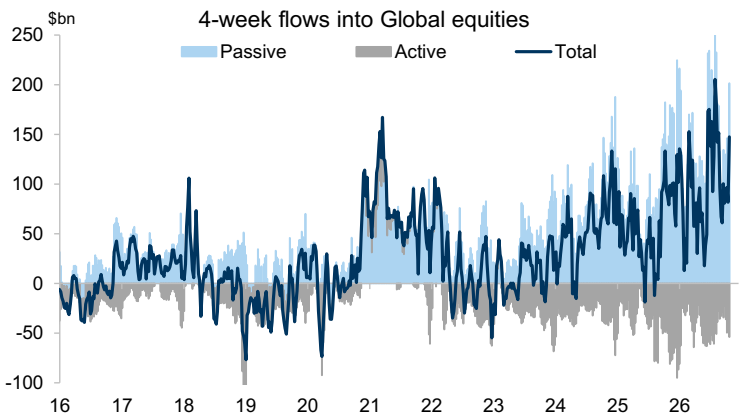
**Exhibit 43: 3m rolling equity/FX correlation of weekly returns**
S&P 500 vs. GS USD TWI; EURO STOXX 50 vs. EUR/USD; Topix vs. JPY/USD;MSCI EM vs. GS USD TWI




Source: Datastream, STOXX, Goldman Sachs Global Investment Research

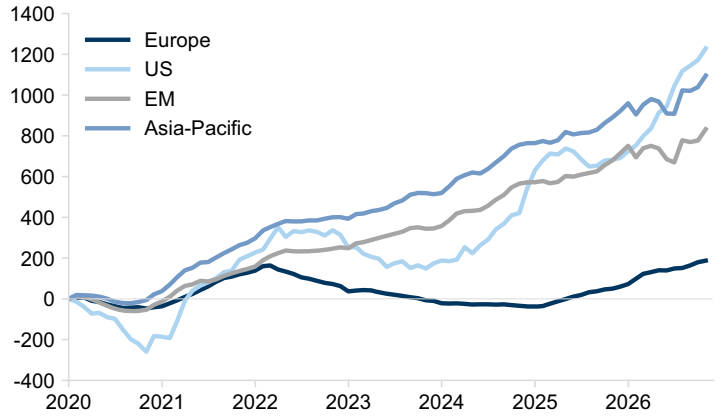
# Flows from Global investors into equity funds

**Exhibit 44: Monthly flows from Global investors into DM and EM equity funds**
In USD bn.



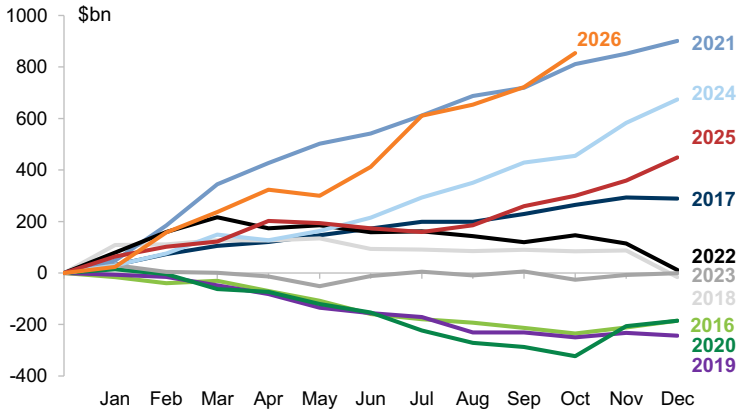

Source: EPFR, Goldman Sachs Global Investment Research

**Exhibit 45: Cumulative flows into equity by regions**
Monthly flows, USD bn. EPFR Country Flows (weekly data for current month).



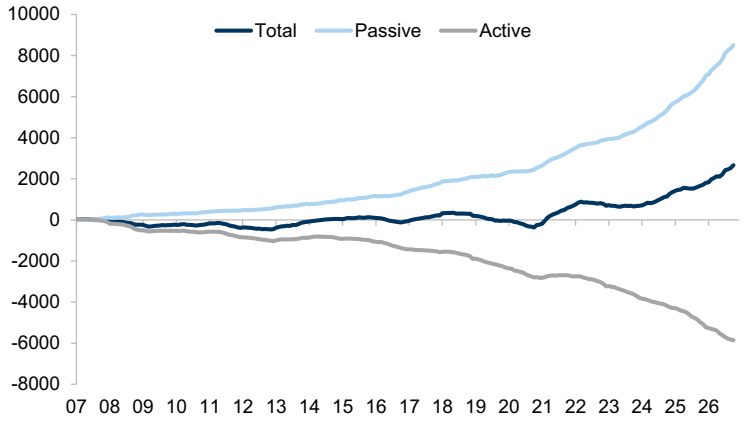

Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

**Exhibit 46: Calendarised flows from Global investors into DM and EM equity funds**
In USD bn




Source: EPFR, Goldman Sachs Global Investment Research

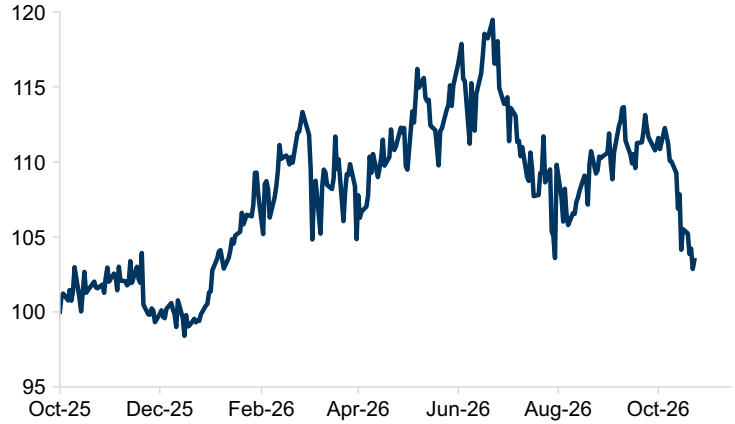
**Exhibit 47: Cumulative flows from Global investors into DM and EM funds**
Active and Passive funds. Monthly flows, USD bn. EPFR Country Flows (weekly data for current month)




Source: EPFR, Goldman Sachs Global Investment Research

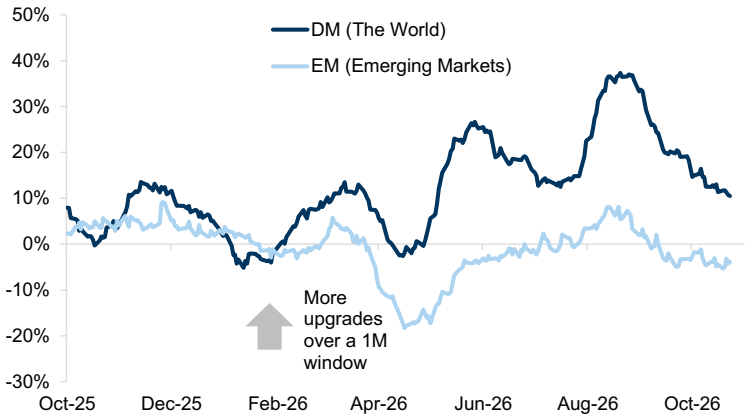
# Emerging Markets vs. Developed Markets

**Exhibit 48: EM vs. DM performance**
Relative price performance, indexed to 100 from 1 year ago



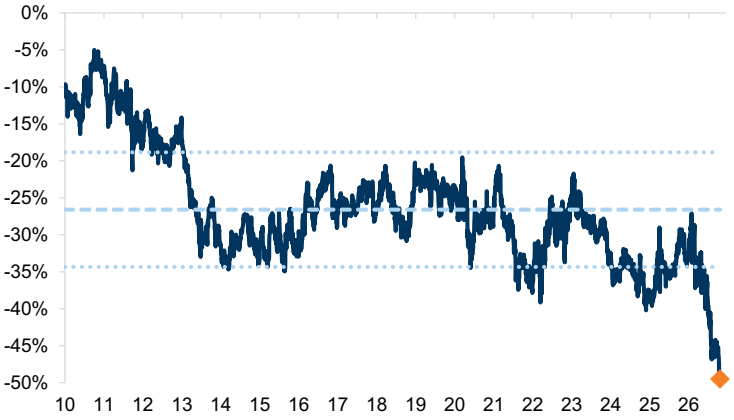

Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 49: 2026 earnings sentiment % for MSCI The World and EM**
Earnings sentiment = (upgrades – downgrades) / total estimates on all stocks



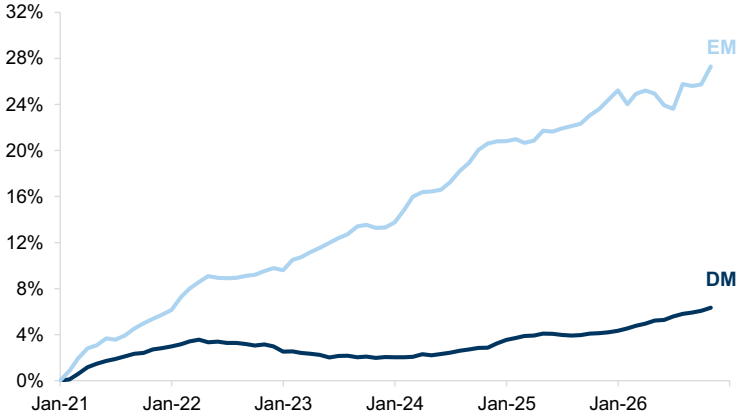

Source: FactSet, Goldman Sachs Global Investment Research

**Exhibit 50: EM vs. DM valuation**
12-month forward P/E Premium (Discount)




Source: FactSet, Goldman Sachs Global Investment Research

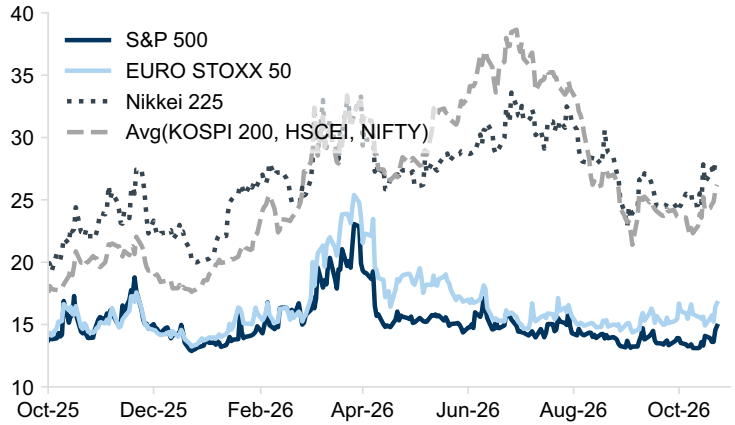
**Exhibit 51: EM vs. DM Cumulative flows (% Total Net Assets)**
Monthly flows, EPFR Country Flows (weekly data for current month).




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

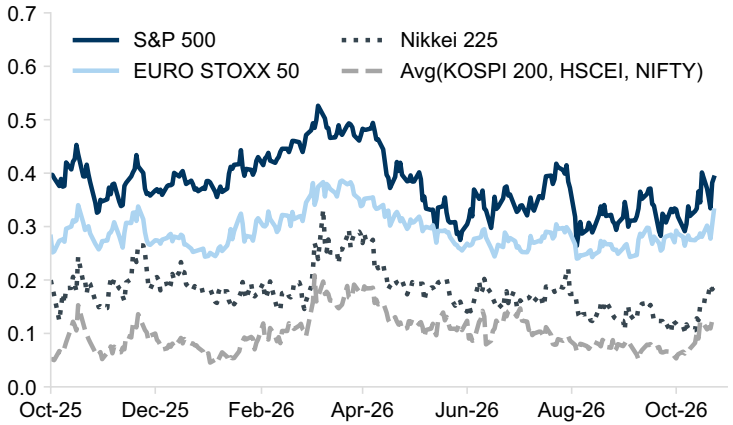
# Vol, skew and dividends

**Exhibit 52: Implied volatility of 3-month atms**



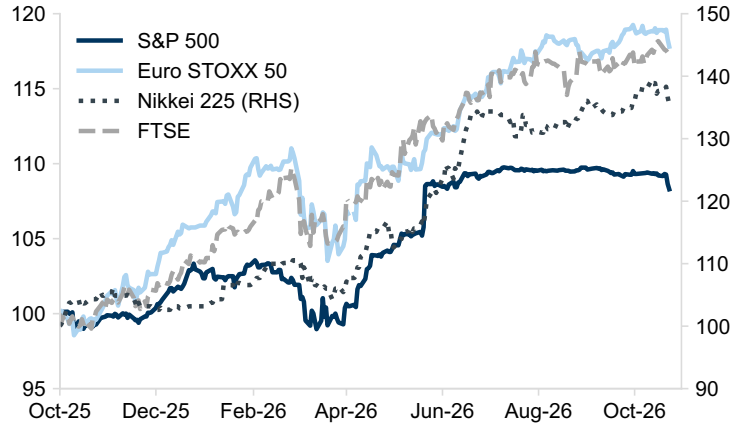

Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

**Exhibit 53: 3-month normalised skew**



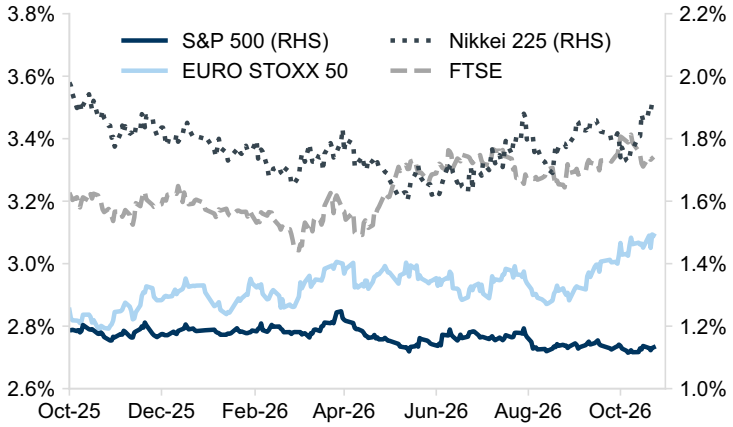

Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

**Exhibit 54: 2027 dividend markets, rebased to 100**




Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

**Exhibit 55: 2027 implied dividend yield**




Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research