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

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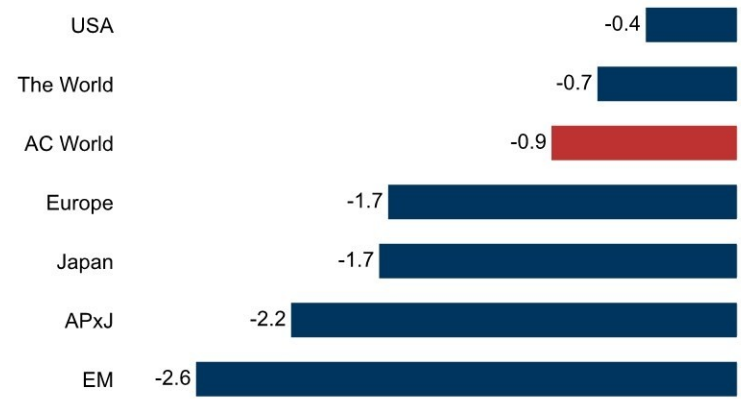
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Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to www.gs.com/research/hedge.html.

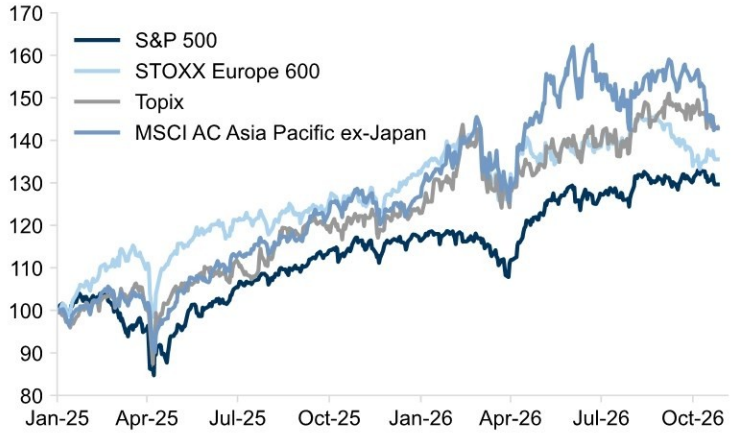
The week at a glance — Global markets and indices

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



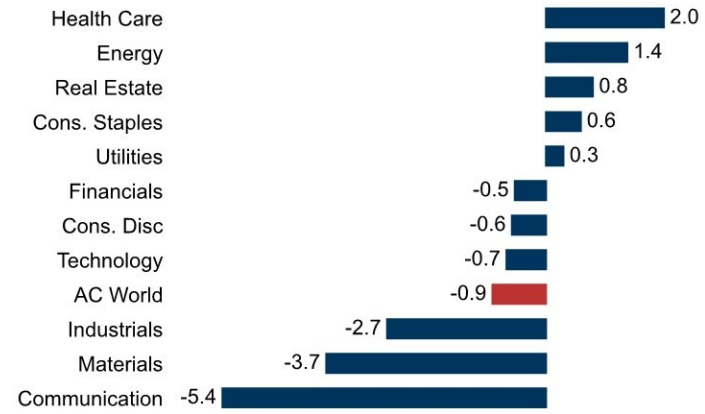
Source: Datastream, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 2: World equity indices
USD, indexed price performance



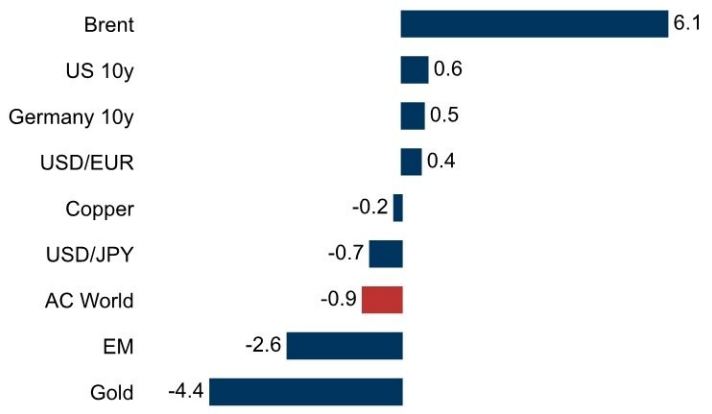
Source: Datastream, STOXX, Goldman Sachs Global Investment Research

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*

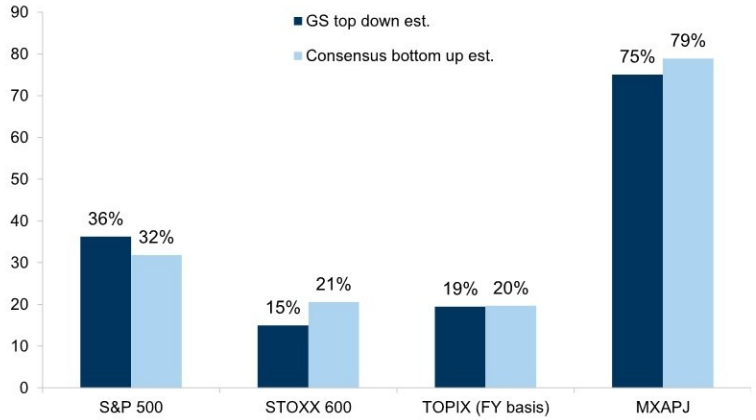
Source: Bloomberg, Goldman Sachs Global Investment Research

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

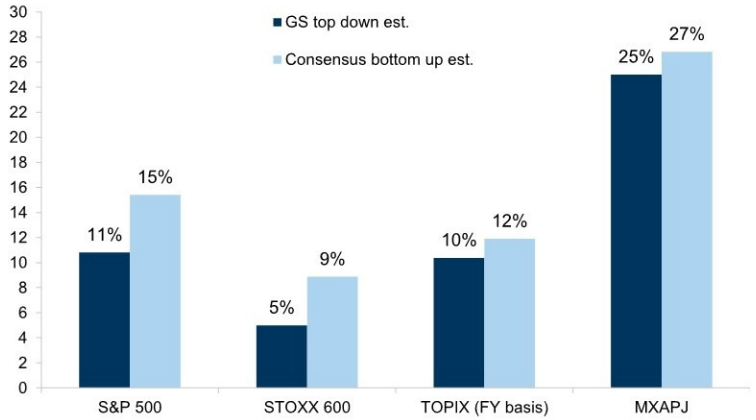
Source: Bloomberg, Datastream, STOXX, Goldman Sachs Global Investment Research

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

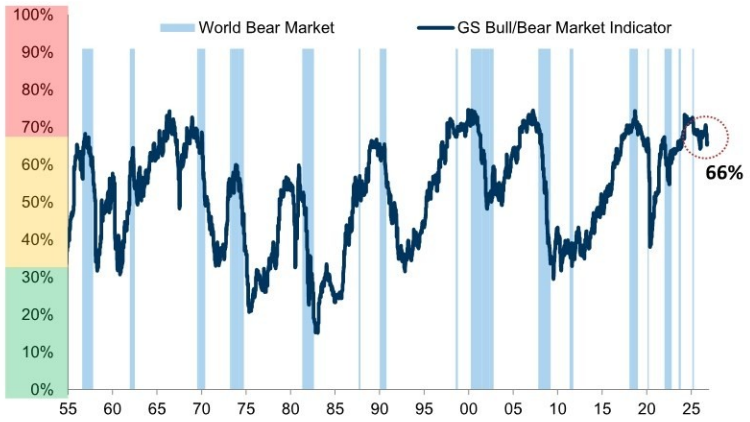
Exhibit 8: GS top-down vs. consensus bottom-up estimates of 2027 EPS growth



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

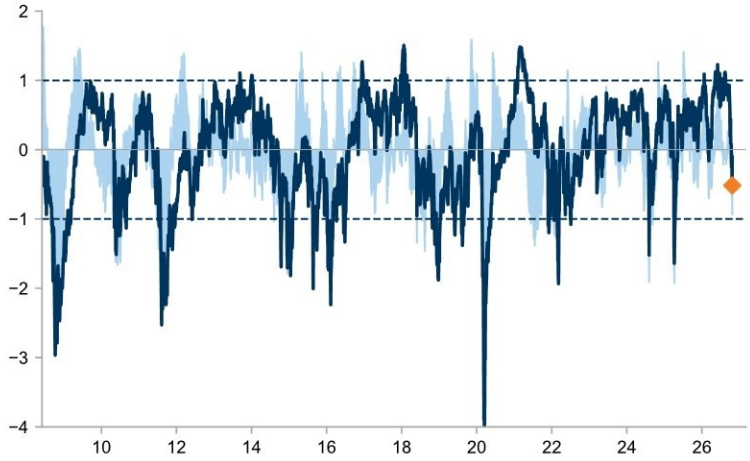
	Level	Percentile
Shiller PE	39.9	97%
Unemployment	4.2	80%
Private sector Financial Balance	3.7	61%
ISM	54.5	57%
0-6 quarter yield curve	0.9	54%
Core Inflation	2.6	47%
GS Bull/Bear Market Indicator		**66%**

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)

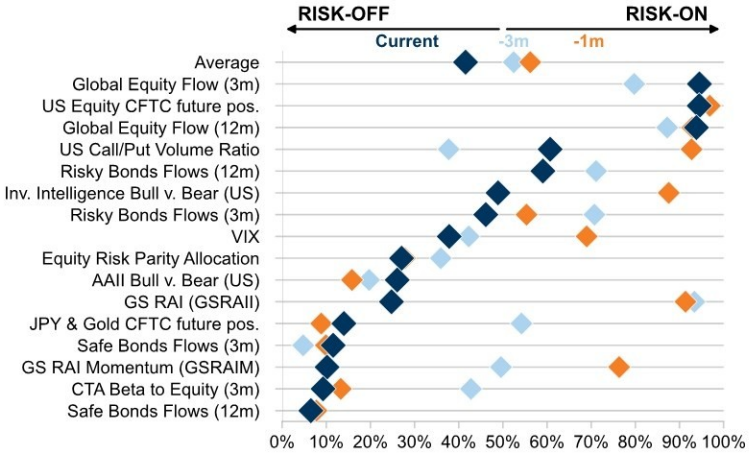
The RAI is based on 27 pair-trades across asset classes measured on z-scores rel. to last 2 years' performance, see July 2016 GOAL for details



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	NZX 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

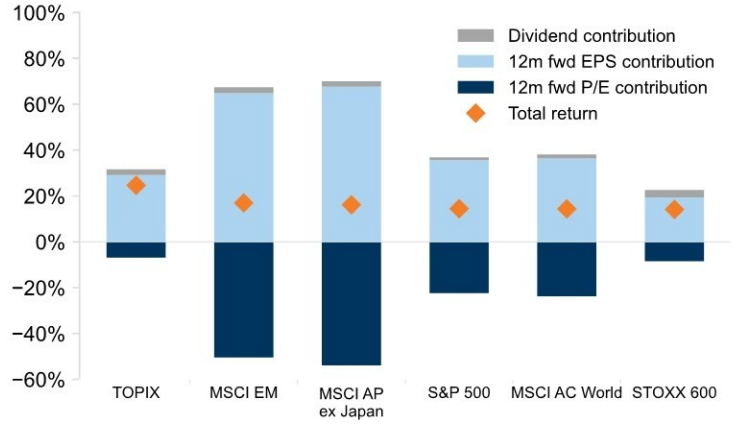
Exhibit 15: YTD sector performance across regions
Light blue: below -1 standard dev. from the AC world market performance. Dark blue: above +1 standard dev. from the AC world market performance.

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

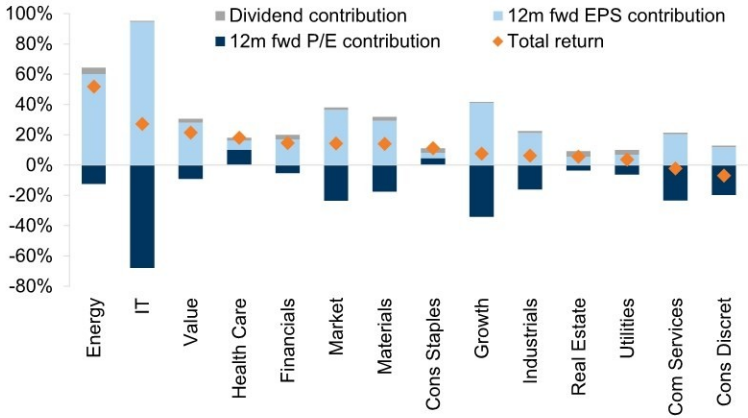
Earnings & Contribution

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



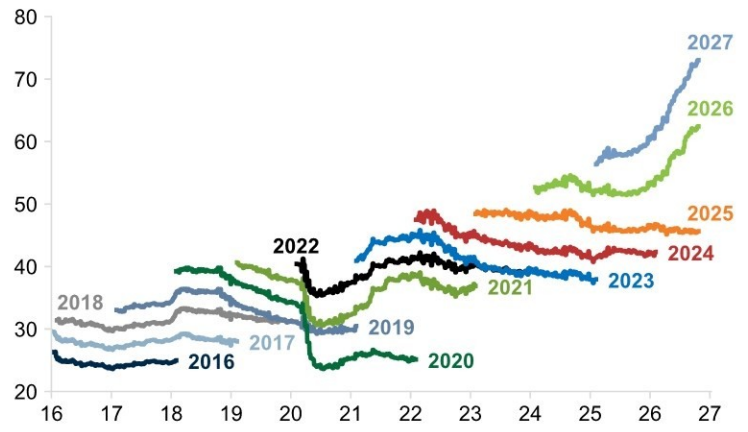
Source: FactSet, STOXX, Goldman Sachs Global Investment Research

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

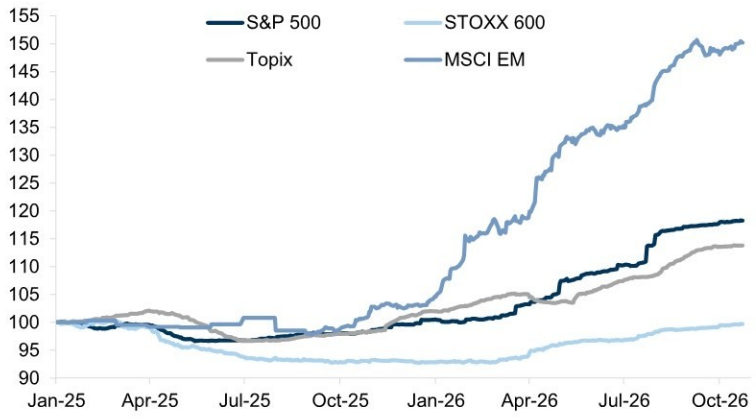
Exhibit 19: MSCI AC World EPS
Consensus estimates in USD



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

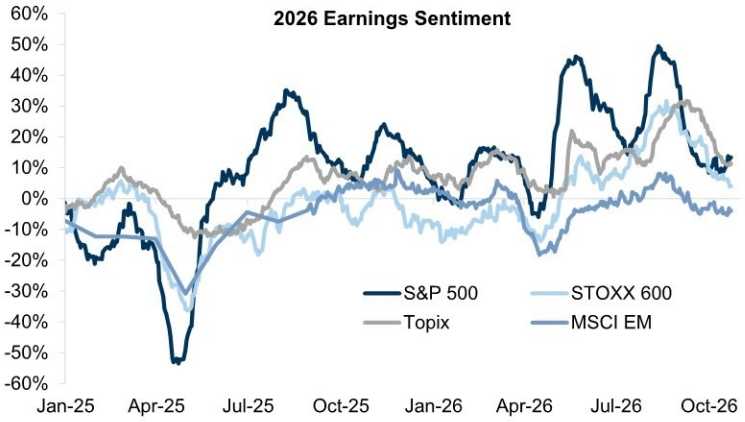
Earnings revisions

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



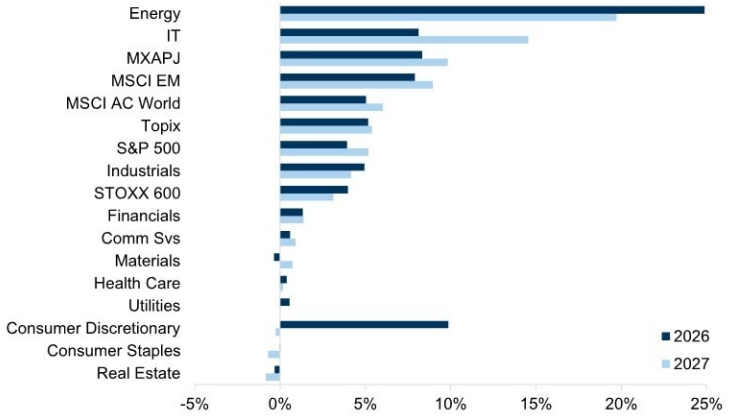
Source: FactSet, STOXX, Goldman Sachs Global Investment Research

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



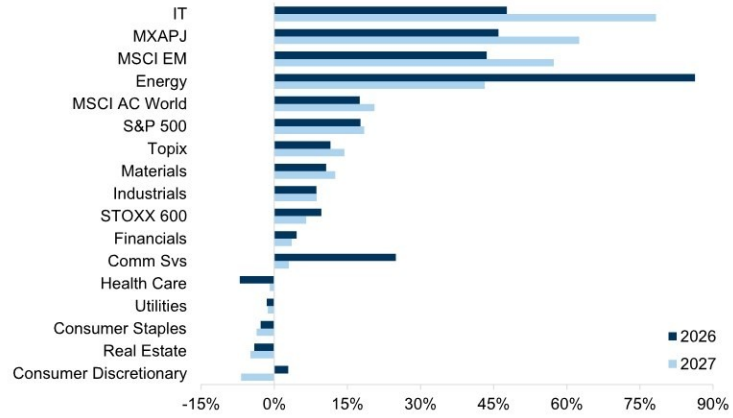
Source: FactSet, STOXX, Goldman Sachs Global Investment Research

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

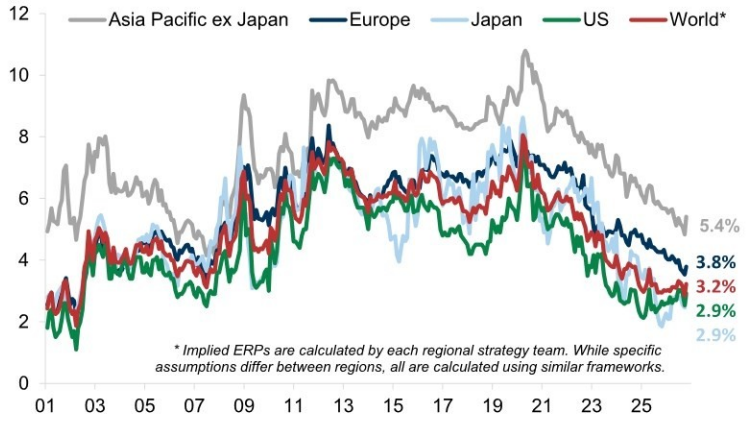
Valuation

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



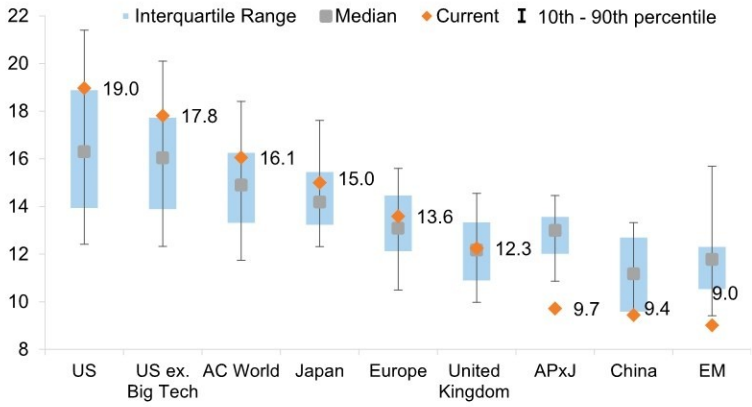
Source: Datastream, I/B/E/S, Goldman Sachs Global Investment Research

Exhibit 25: Global market implied ERP (%)



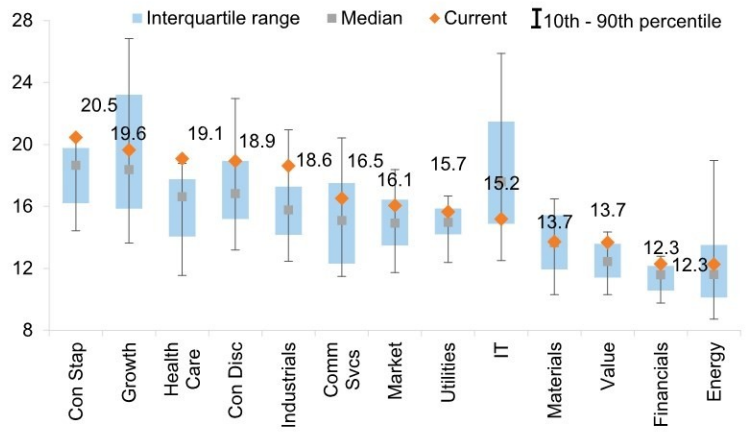
Source: Goldman Sachs Global Investment Research

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

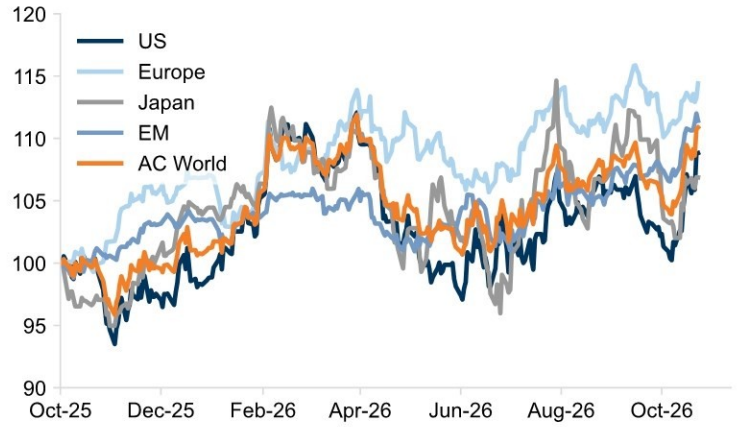
Exhibit 27: MSCI World sector/style valuations
12-month forward P/Es relative to the last 20 years



Source: FactSet, Datastream, Goldman Sachs Global Investment Research

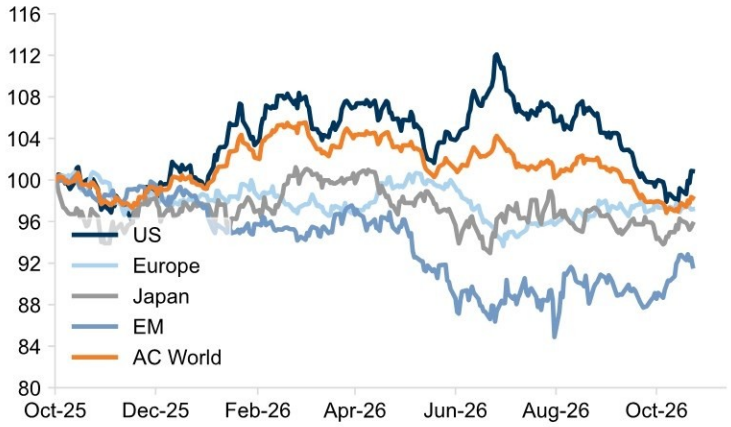
Style performance

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



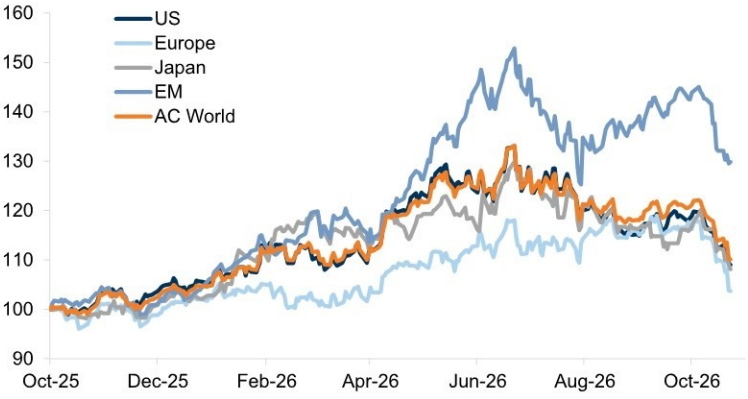
Source: Datastream, Goldman Sachs Global Investment Research

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

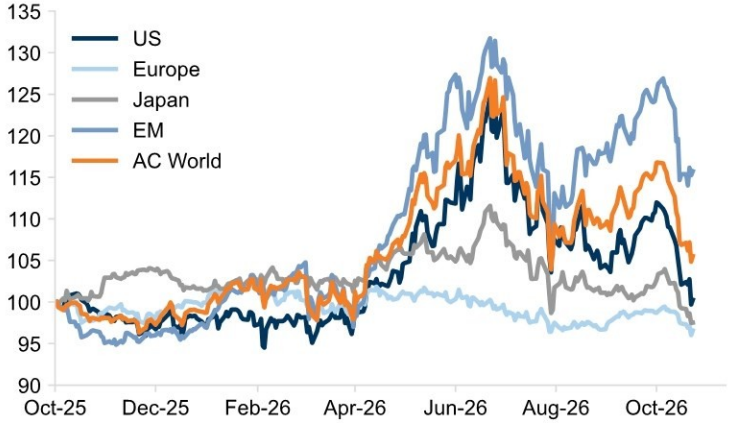
Exhibit 30: Cyclicals vs. Defensives
MSCI Indices relative price return (USD)



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

Source: Datastream, Worldscope, Goldman Sachs Global Investment Research

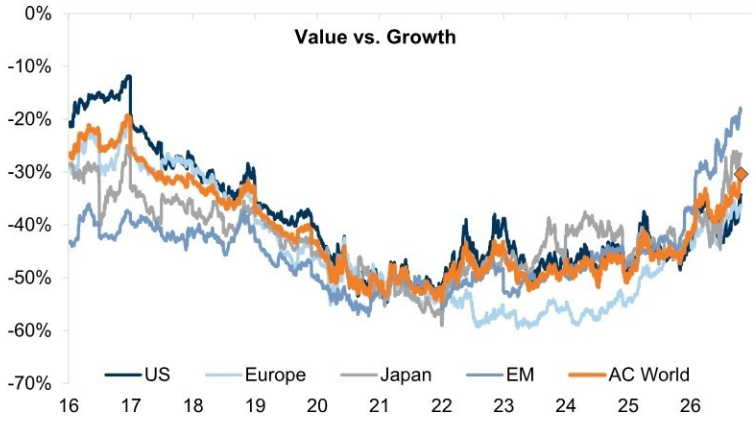
Exhibit 31: Momentum vs. Market
MSCI Momentum Indices relative price return (USD)



Source: Datastream, Goldman Sachs Global Investment Research

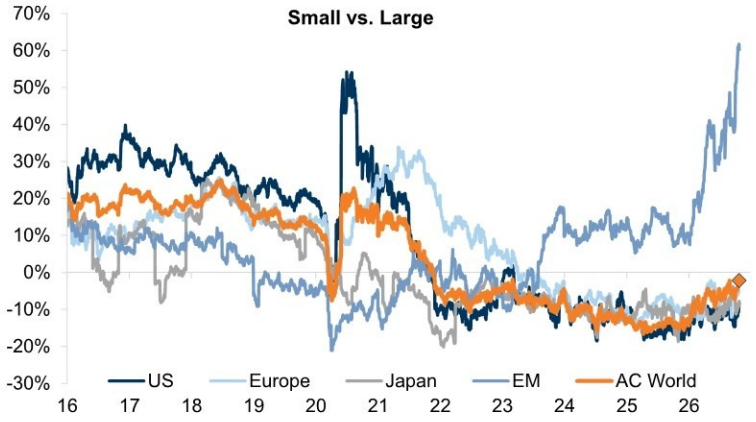
Style valuation

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



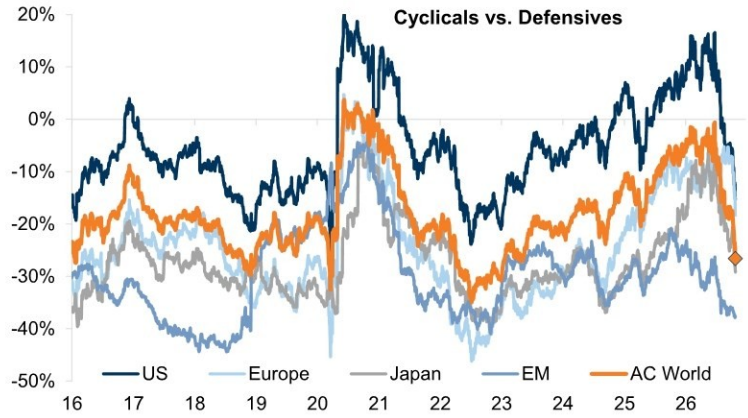
Source: FactSet, Goldman Sachs Global Investment Research

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

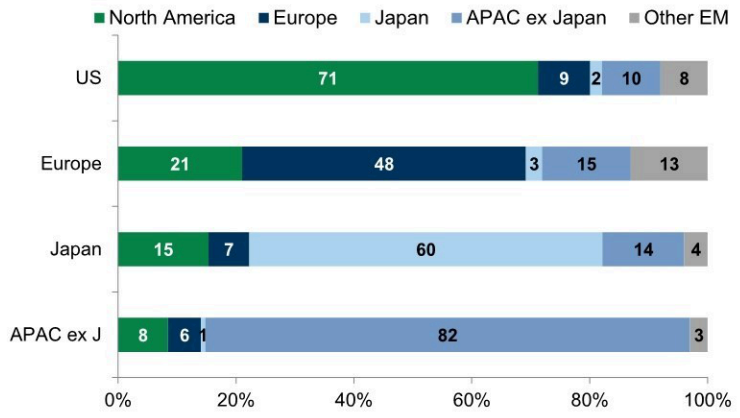
Exhibit 37: GS recommended sector weightings by region

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

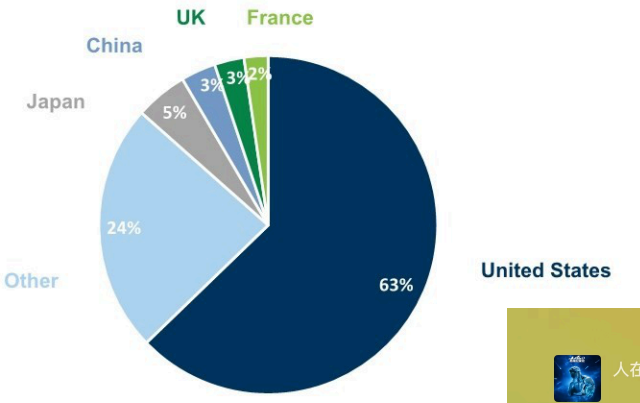
MSCI Indices. See our Portfolio Passport 2024.



Source: MSCI, FactSet, Goldman Sachs Global Investment Research

Exhibit 39: Country Composition

MSCI AC World Index

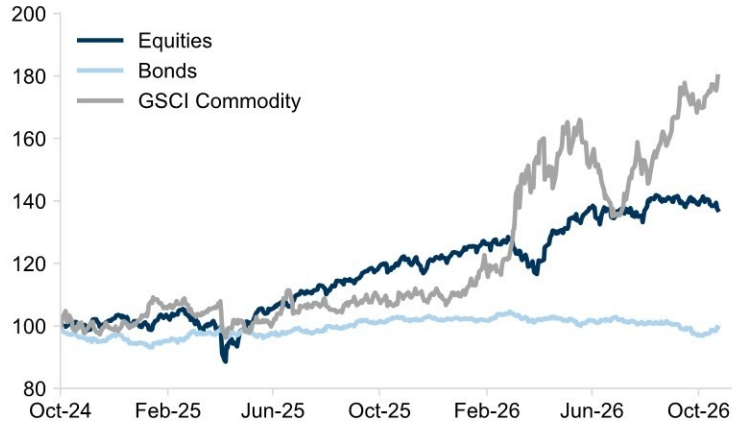


Source: FactSet, Goldman Sachs Global Investment Research

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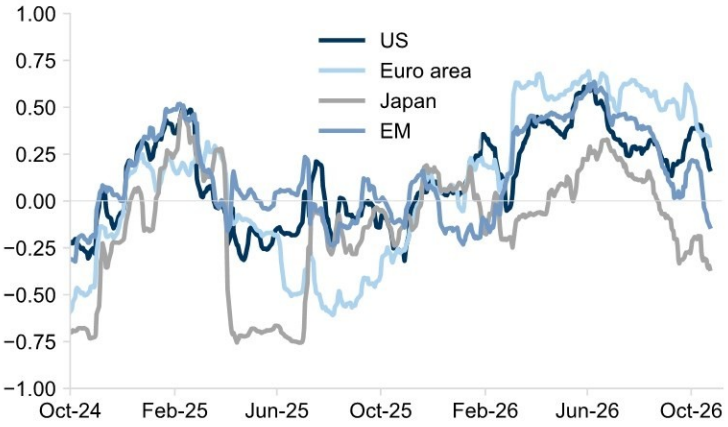
Cross-asset performance and correlation

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



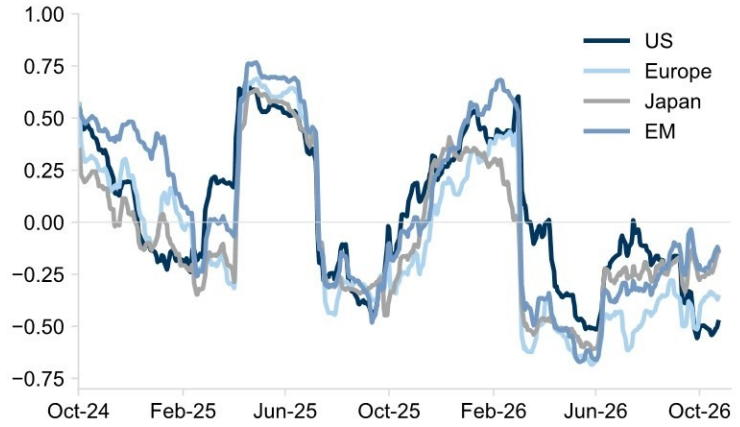
Source: FactSet, Goldman Sachs Global Investment Research

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



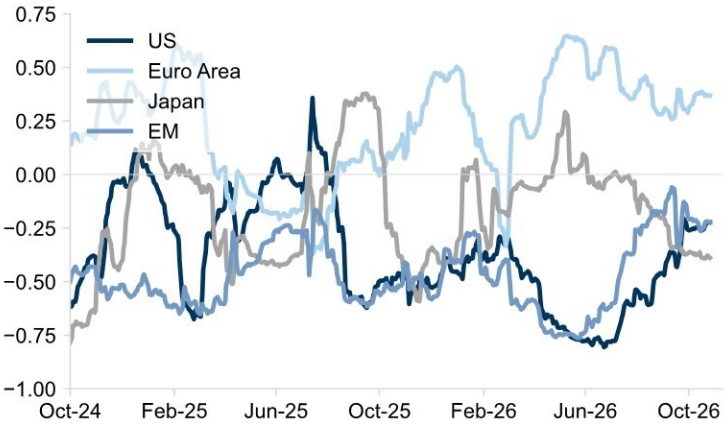
Source: Datastream, STOXX, Goldman Sachs Global Investment Research

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

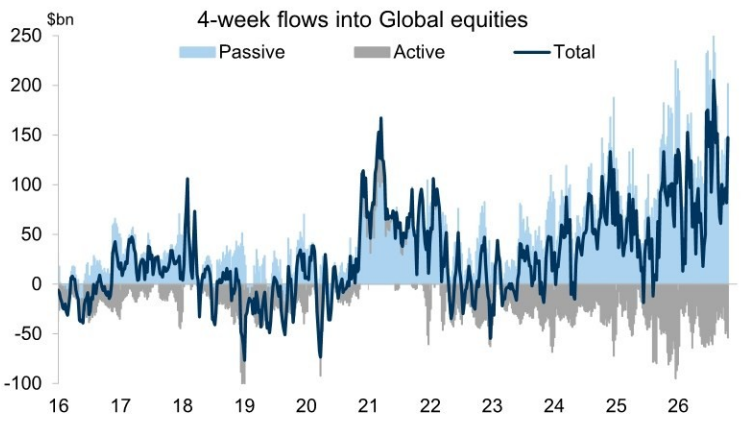
Exhibit 43: 3m rolling equity/FX correlation of weekly returns
S&P 500 vs. GS USD TWI; EURO STOXX 50 vs. EUR/USD; Topix vs. JPY/USD;MSCI EM vs. GS USD TWI



Source: Datastream, STOXX, Goldman Sachs Global Investment Research

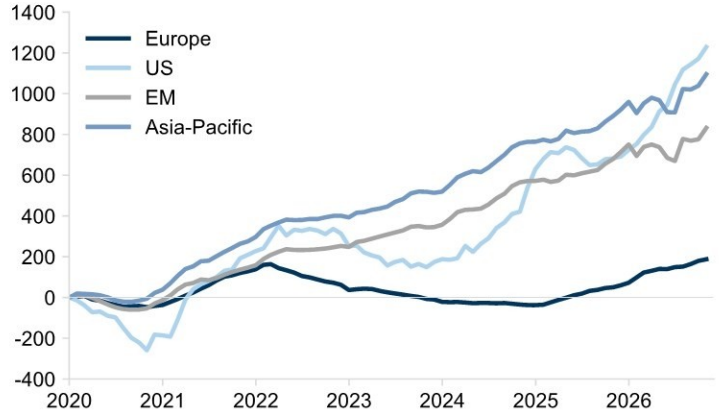
Flows from Global investors into equity funds

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



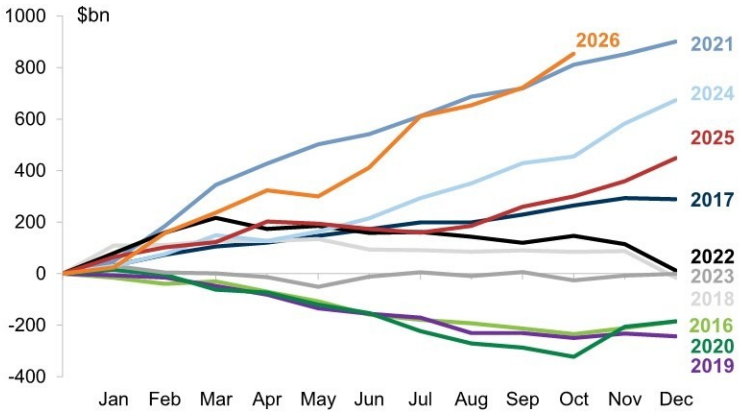
Source: EPFR, Goldman Sachs Global Investment Research

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



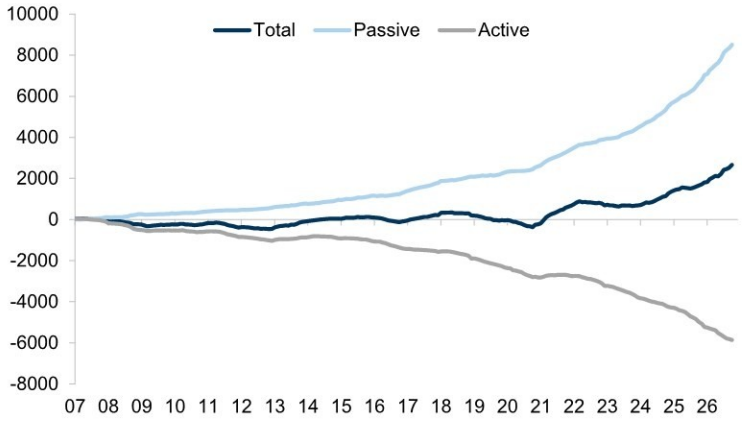
Source: EPFR, Haver Analytics, Goldman Sachs Global Investment Research

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



Source: EPFR, Goldman Sachs Global Investment Research

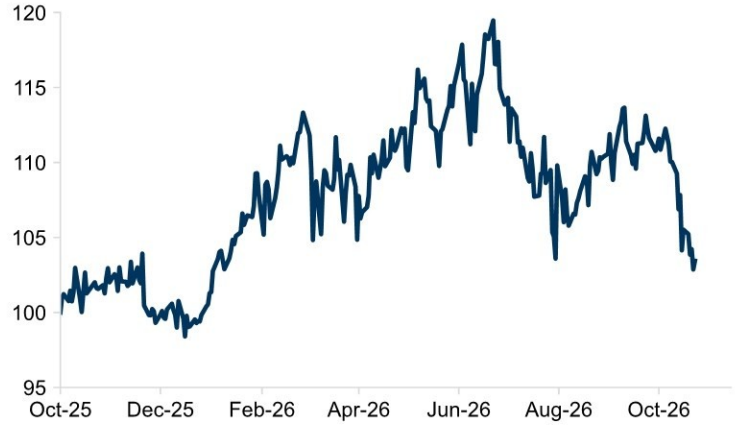
Exhibit 47: Cumulative flows from Global investors into DM and EM funds
Active and Passive funds. Monthly flows, USD bn. EPFR Country Flows (weekly data for current month)



Source: EPFR, Goldman Sachs Global Investment Research

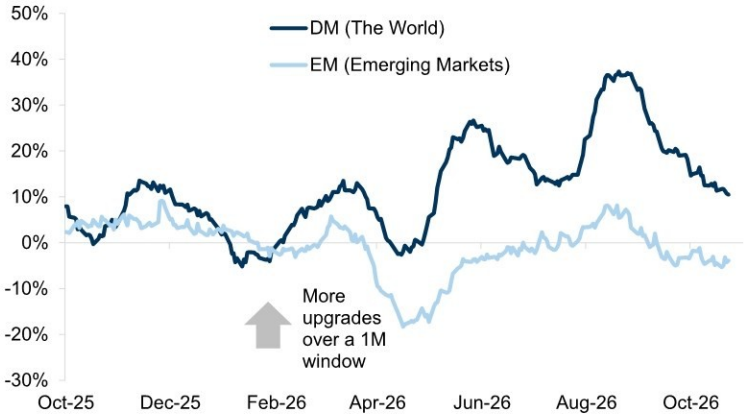
Emerging Markets vs. Developed Markets

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



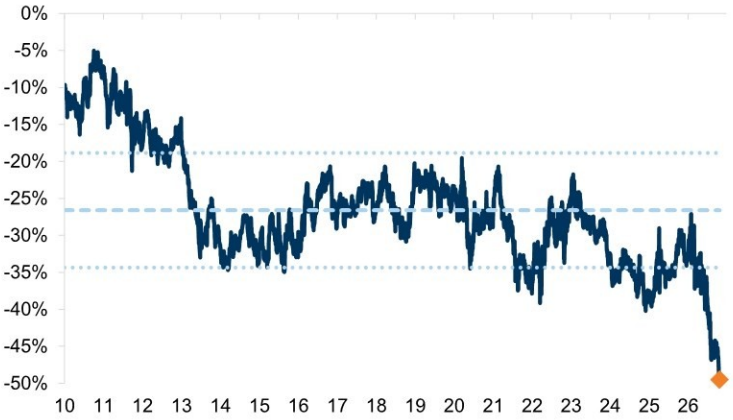
Source: FactSet, Goldman Sachs Global Investment Research

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



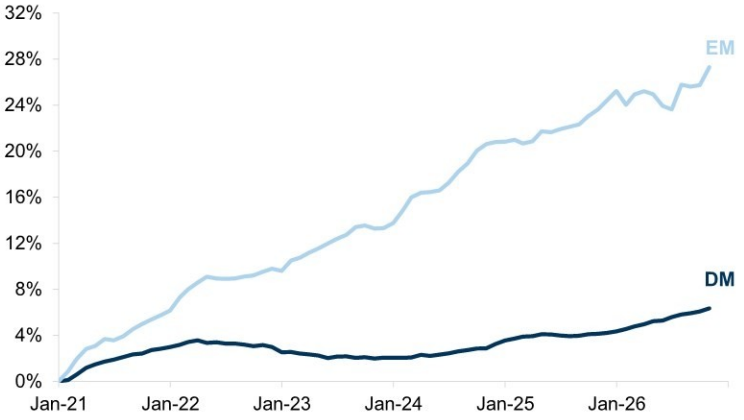
Source: FactSet, Goldman Sachs Global Investment Research

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



Source: FactSet, Goldman Sachs Global Investment Research

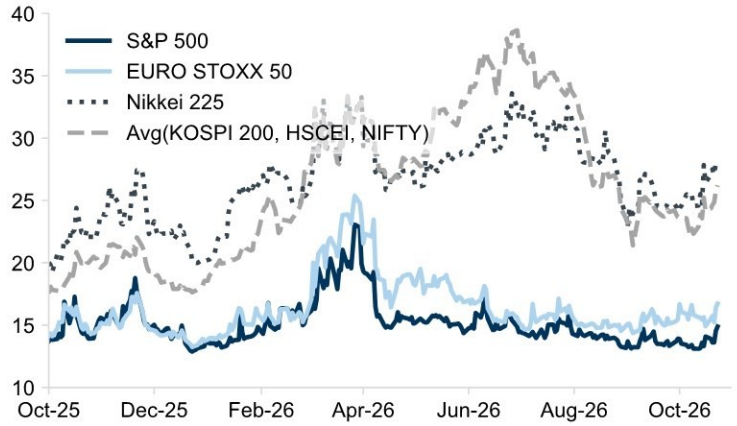
Exhibit 51: EM vs. DM Cumulative flows (% Total Net Assets)
Monthly flows, EPFR Country Flows (weekly data for current month).



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

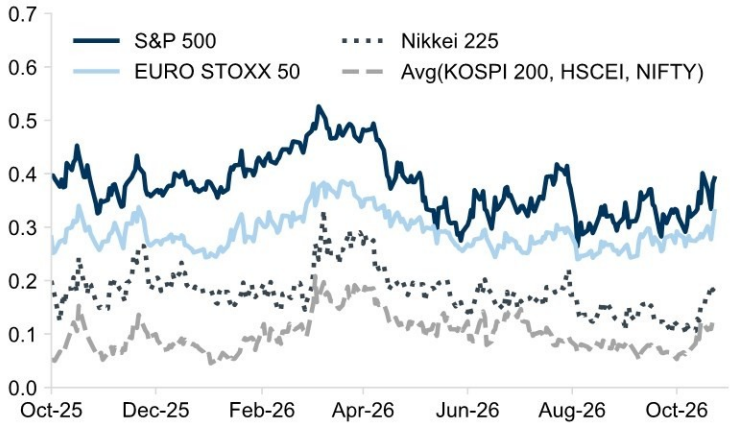
Vol, skew and dividends

Exhibit 52: Implied volatility of 3-month atms



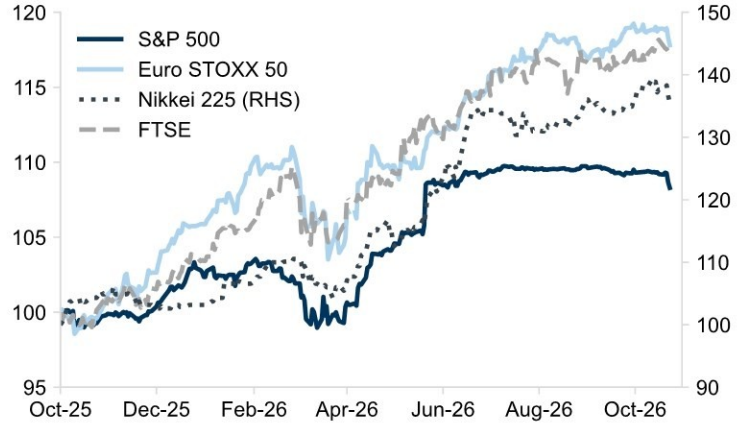
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

Exhibit 53: 3-month normalised skew



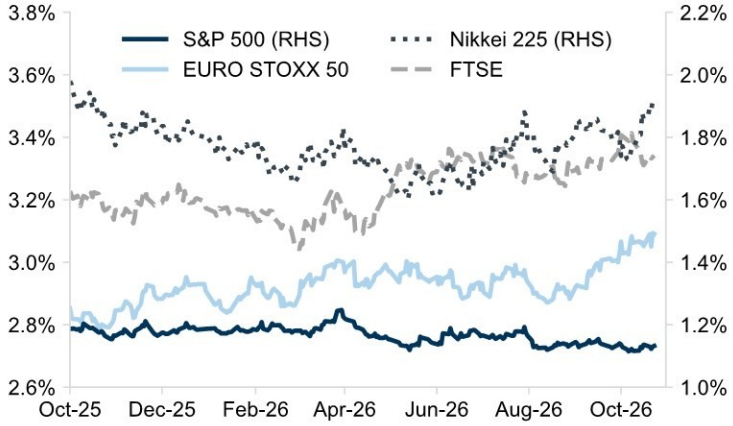
Source: Bloomberg, STOXX, Goldman Sachs Global Investment Research

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

Disclosure Appendix

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