Goldman Sachs Research

Portfolio Strategy Research
31 July 2026 | 4:47PM EDT

US WEEKLY KICKSTART

Q2 2026 mid-season earnings update

- **AI stock volatility during the past week has continued to follow the typical historical pattern following sharp Momentum rallies.** The sharpest Momentum rallies in recent decades have usually been followed by periods of consolidation similar to the recent drawdown. While earnings will determine the eventual direction of the trade, both history and recent investor deleveraging suggest an improved outlook going forward.
- **The Q2 reporting season has indicated continued strength in the earnings underlying the bull market.** 61% of S&P 500 companies have reported Q2 results. Of these, 64% have beaten consensus EPS forecasts by at least a standard deviation of estimates, one of the highest levels on record. While the reaction to earnings beats has been lackluster for TMT stocks, the equal-weight S&P 500 has continued to climb alongside steady EPS growth.
- **S&P 500 earnings growth in Q2 is tracking above both consensus estimates and realized growth in Q1.** S&P 500 EPS growth is tracking at 26% year/year excluding the "other income" from mega-cap tech's appreciating equity investments. Including those gains, the headline growth rate is 45%. AI infrastructure stocks account for roughly a third of S&P 500 EPS growth in Q2. The median S&P 500 company is on pace to grow EPS by 12% in Q2, above the consensus estimate of 9% coming into the season.
- **Q2 results have also catalyzed broad-based upward revisions to 2027 earnings estimates.** Since the start of the third quarter, the bottom-up consensus estimate for S&P 500 2027 EPS has been lifted by 1%, with positive revisions in most sectors and positive revision breadth across the S&P 500. The impact of rising input costs on margins remains a key risk.
- **Reports from the hyperscalers this quarter signaled rising capex spending and increasing need for external financing but also growing evidence of return on AI investments.** The hyperscalers reported $182 billion of capex spending in Q2 alongside $5 billion of free cash flow and $101 billion of debt and equity issuance. Analyst estimates now point to over $1 trillion of capex in 2027, more than $100 billion above estimates heading into the quarter, and capex that will exceed cash flow from operations from 2026 through 2028. Estimates also show continued acceleration in hyperscaler revenue growth following above-consensus cloud growth of 48% this quarter.

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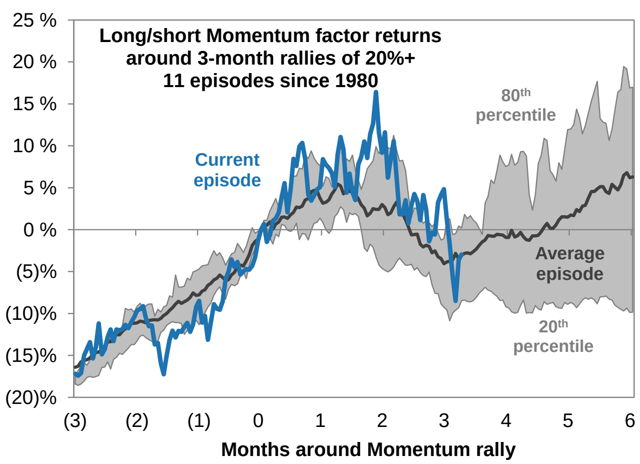
Q2 2026 earnings update

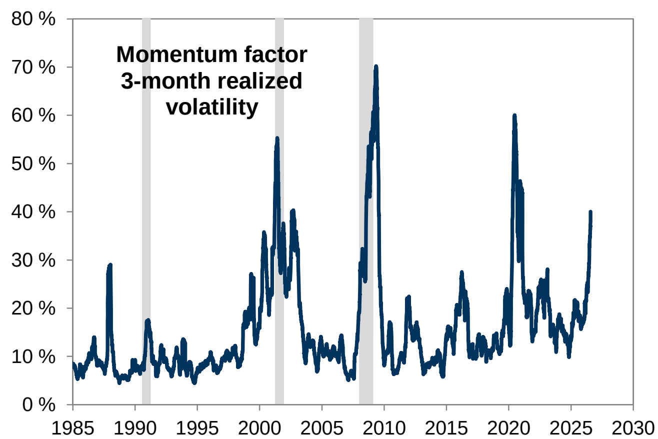
The AI trade continues to follow the typical pattern of past Momentum factor rallies, albeit with exceptional volatility. Our long/short S&P 500 Momentum factor has recently registered its highest volatility in the last few decades outside of recession and continued to swing wildly this week. However, both the historical pattern and the sharp deleveraging that has recently taken place among hedge funds and ETF investors suggest rotational volatility should diminish in coming weeks.

Exhibit 1: Historical path of Momentum following sharp rallies



Source: Goldman Sachs Global Investment Research

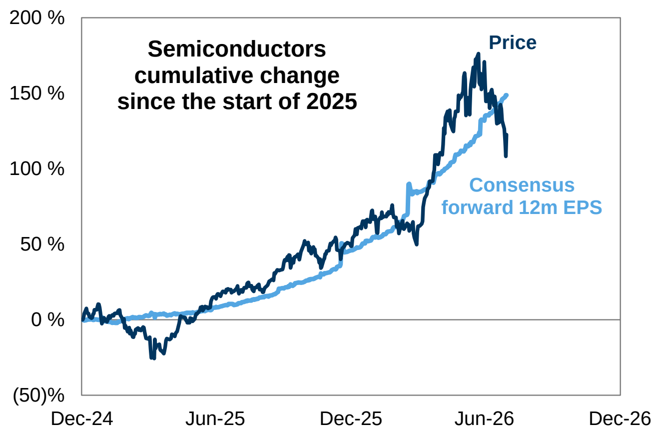
Exhibit 2: Momentum factor volatility is extremely elevated



Source: Goldman Sachs Global Investment Research

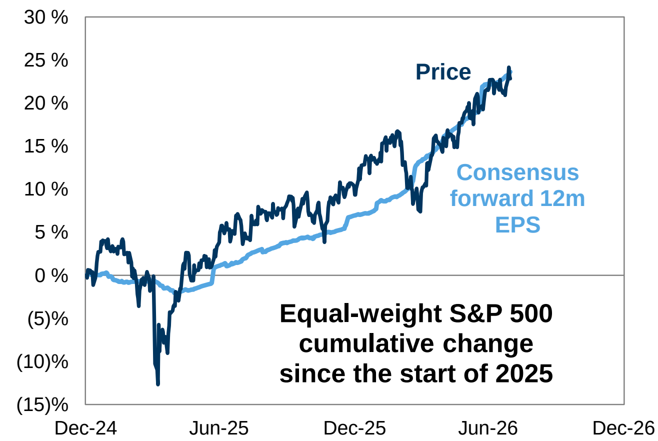
While investors debate the long-term earnings implications of the AI boom, the Q2 earnings season so far has signaled continued strength in near-term fundamentals. Among the largest AI infrastructure stocks, while recent estimate upgrades have not been as large as revisions last quarter, earnings estimates have continued to climb. Outside of the AI complex, fundamental outlooks have also remained strong, and share prices have climbed steadily alongside rising earnings.

Exhibit 3: Semiconductor price volatility has contrasted with steady near-term earnings outlook
SMH semiconductor ETF



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 4: Equal-weight S&P 500 price and EPS have climbed steadily together



Source: FactSet, Goldman Sachs Global Investment Research

61% of S&P 500 companies representing 66% of market cap have now reported Q2 2026 results, including most of the mega-cap tech stocks. Nvidia, the largest stock left to report, is scheduled to release earnings on August 26th.

Exhibit 5: 66% of S&P 500 market cap has reported earnings so far

Percent of S&P 500 market cap reporting by week

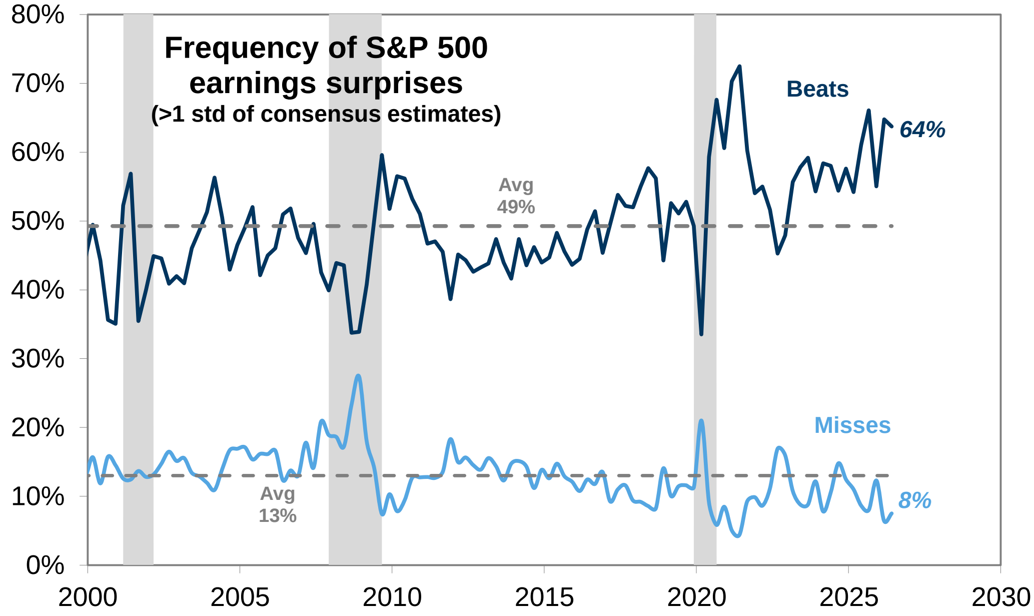
	Jul 13 - Jul 17	Jul 20 - Jul 24	Jul 27 - Jul 31	Aug 3 - Aug 7	Aug 10 - Aug 14	Aug 17 - Aug 21
S&P 500	9%	17%	37%	16%	2%	3%
Health Care	24%	8%	21%	42%	1%	0%
Utilities	0	16	48	36	0	0
Energy	0	9	52	36	0	0
Industrials	10	28	30	25	0	3
Financials	41	17	24	18	0	0
Real Estate	11	10	58	14	6	0
Consumer Discretionary	0	20	51	12	1	12
Consumer Staples	0	10	33	11	0	19
Information Technology	0	5	42	9	4	2
Materials	0	23	67	8	2	0
Communication Services	5	68	21	6	1	0

Source: Goldman Sachs Global Investment Research

Earnings surprises

Nearly 2/3 of S&P 500 companies have beaten consensus EPS estimates this quarter, one of the highest rates on record. This represents one of the highest frequency of earnings surprises on record, exceeded only by last quarter, the Q3 2025 reporting season, and the COVID reopening period in 2020-2021.

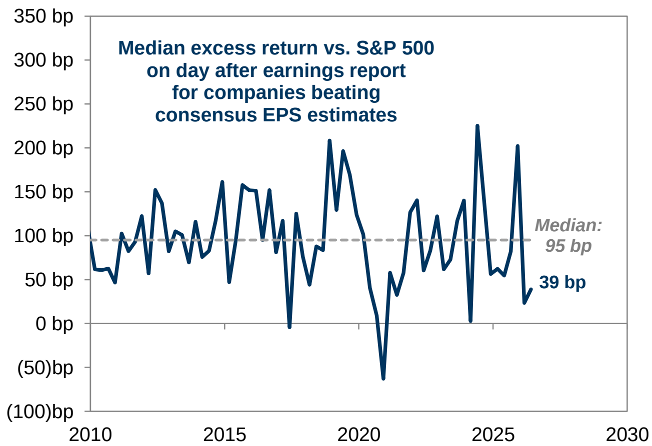
Exhibit 6: Frequency of earnings beats and misses



Source: Goldman Sachs Global Investment Research

However, the "reward" for earnings beats has been lackluster, particularly within TMT. Within TMT, the median stock beating on EPS has lagged the S&P 500 by 192 bp on the day after reporting, compared with 75 bp of outperformance for the median stock in other sectors. During the last couple decades, the median S&P 500 stock beating EPS has outperformed the S&P 500 by 95 bp on the day after reporting.

Exhibit 7: Performance of S&P 500 EPS beats



Source: Goldman Sachs Global Investment Research

Exhibit 8: Sector breakdown of performance post-EPS beat

Median 1-day return vs. S&P 500 following EPS beat

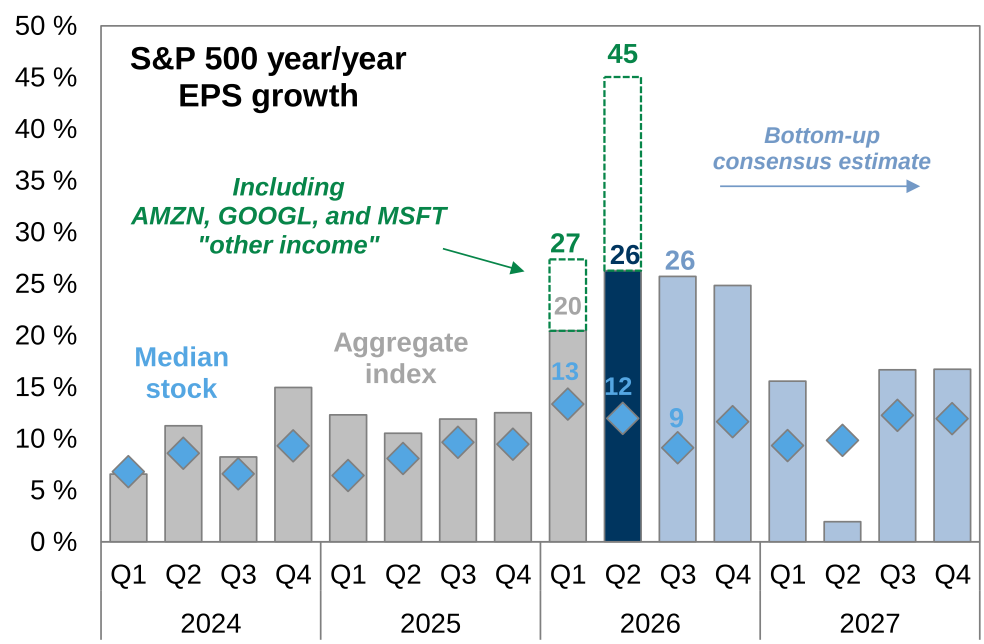
Sector	Excess return (bp)
Energy	589
Consumer Staples	346
Consumer Discretionary	214
Real Estate	201
Health Care	157
Industrials	60
Materials	22
Financials	1
Information Technology	(131)
Utilities	(142)
Communication Services	(576)
Median S&P 500 stock	**39**
TMT	**(192)**
Non-TMT	**75**

Source: Goldman Sachs Global Investment Research

Earnings growth

Aggregate S&P 500 earnings growth is tracking well above consensus estimates this quarter, even adjusting for non-recurring "other income." S&P 500 EPS growth is tracking 45% year/year in Q2 compared with a consensus estimate of 22% coming into the quarter. However, 19 pp of that growth is attributable to Alphabet and Amazon's combined $151 billion of "other income" related to equity investments. Microsoft contributed an additional $3 billion of "other income." Excluding these gains, S&P 500 EPS growth is tracking at 26%, an acceleration vs. Q1 and the fastest pace of growth since 2021. EPS growth for the median S&P 500 stock is tracking at 12% year/year, also exceeding consensus estimates, which pointed to 9% growth at the start of the season.

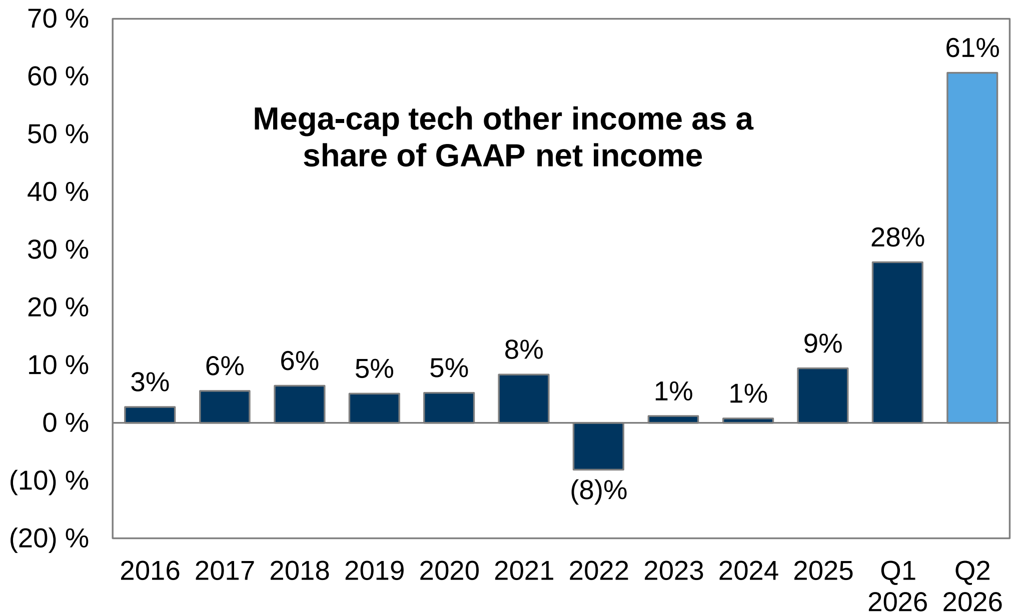
Exhibit 9: S&P 500 Q2 2026 EPS growth has accelerated, even adjusting for non-core sources of income



Source: FactSet, Goldman Sachs Global Investment Research

"Other income" has recently represented an unusually large share of mega-cap tech earnings. Last quarter, Alphabet and Amazon GAAP net income was boosted by $53 billion of combined "other income," with $49 billion explicitly stemming from equity stakes in private companies. This quarter, Alphabet reported roughly $98 billion of "other income" driven by unrealized investment gains and Amazon reported $53 billion of "other income" from private investments.

Exhibit 10: Mega-cap tech earnings continue to be lifted by "other income"
Mega-cap tech includes Alphabet, Amazon, Apple, Broadcom, Meta, Microsoft, and Nvidia



S&P 500 adjusted earnings include GAAP "other income" reported by Alphabet, Amazon, and Microsoft that includes investment gains. Q2 reflects figures for companies that have reported results so far.

Source: Bloomberg, Goldman Sachs Global Investment Research

AI infrastructure stocks are expected to account for nearly a third of S&P 500 earnings growth in Q2. Analyst estimates point to AI infrastructure stocks contributing more than half of S&P 500 earnings growth for the remainder of 2026 and in 2027.

Exhibit 11: Top 10 contributors to S&P 500 Q2 earnings growth
* indicates company has not yet reported Q2 results

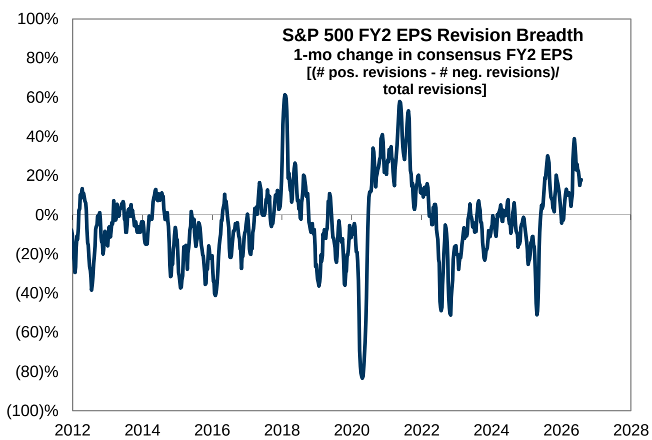
			Contribution to consensus y/y SPX EPS growth					
			2026					
Name	**Ticker**	**Report date**	**Q1**	**Q2**	**Q3**	**Q4**	**2026**	**2027**
Alphabet Inc.	GOOGL	July 22	16 %	28 %	1 %	3 %	14 %	(16)%
Amazon.com, Inc.	AMZN	July 30	8	16	0	3	8	(7)
Micron Technology, Inc.	MU	June 24	8	10	20	22	14	18
NVIDIA Corp.*	NVDA	August 26	17	9	16	16	14	23
Chevron Corp.	CVX	July 31	(1)	3	3	2	2	(1)
Exxonmobil Holdings Corp.	XOM	July 31	(2)	3	4	3	2	(0)
Microsoft Corp.	MSFT	July 29	4	3	3	3	3	5
Broadcom Inc.*	AVGO	September 4	3	3	6	6	4	9
Apple Inc.	AAPL	July 30	3	2	1	1	2	4
JPMorgan Chase & Co.	JPM	July 14	1	2	1	2	2	(1)
Top 10 contributors			**57 %**	**79 %**	**55 %**	**61 %**	**65 %**	**33 %**
AI infrastructure stocks			**40**	**29**	**54**	**53**	**42**	**64**

Source: Goldman Sachs Global Investment Research

Earnings revisions

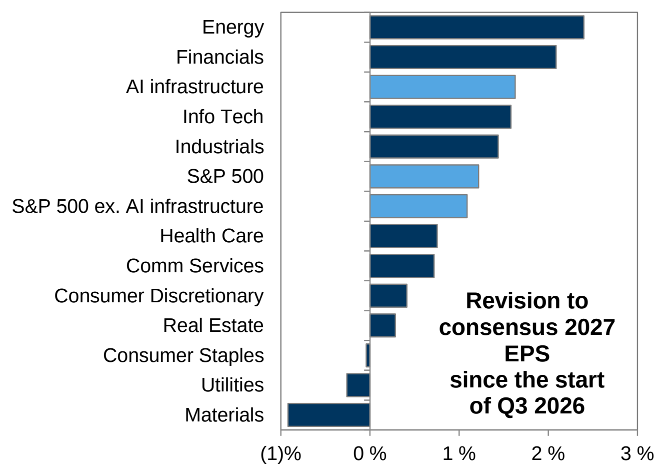
In addition to strong backward-looking results, Q2 reports have driven continued upward revisions to analyst 2027 earnings estimates. Since the start of Q3, consensus estimates for S&P 500 2027 EPS have been revised up by 1%, with the strongest revisions to Energy and Financials. Broad based upward revisions to 2027 earnings have been reflected in continued positive revision breadth across the S&P 500.

Exhibit 12: Earnings revision breadth has remained positive



Source: FactSet, Goldman Sachs Global Investment Research

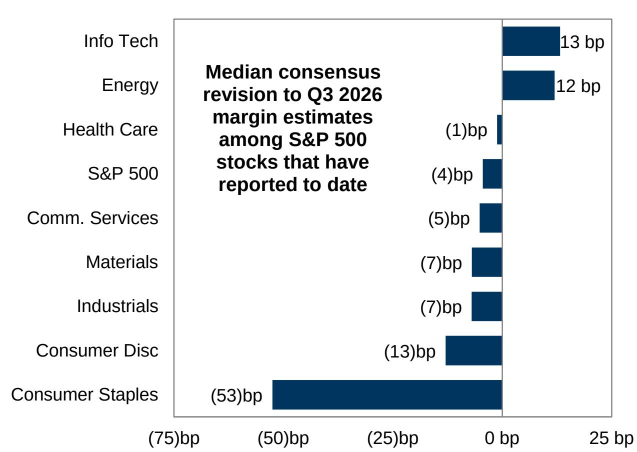
Exhibit 13: Recent revisions to consensus 2027 earnings estimates have been positive in most sectors



Source: FactSet, Goldman Sachs Global Investment Research

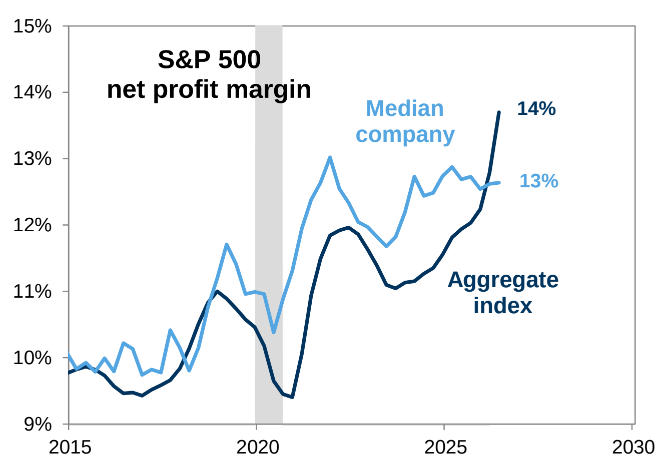
Input cost pressures remain a risk to corporate profitability. Net profit margins for the median S&P 500 stock have remained relatively unchanged during the past several quarters as companies managed headwinds from tariffs and energy prices. While the profitability of the largest tech stocks has continued to lift margins for the aggregate S&P 500, analysts have recently trimmed Q3 margin estimates for most stocks that have reported Q2 results.

Exhibit 14: Consumer facing stocks have experienced downward revisions to margin estimates



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 15: Profit margins for the median stock have trended sideways during the past several quarters

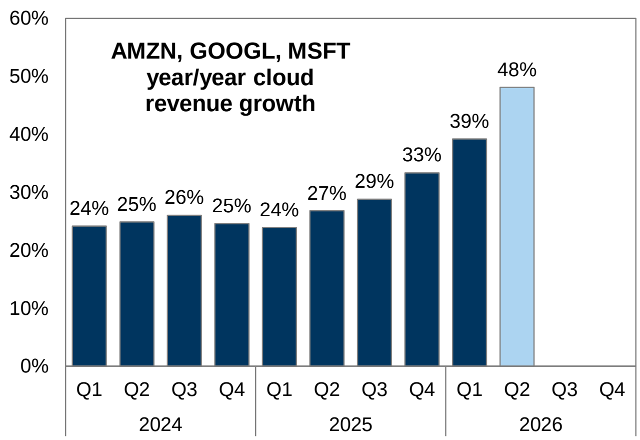


Source: Compustat, Goldman Sachs Global Investment Research

AI investment and monetization

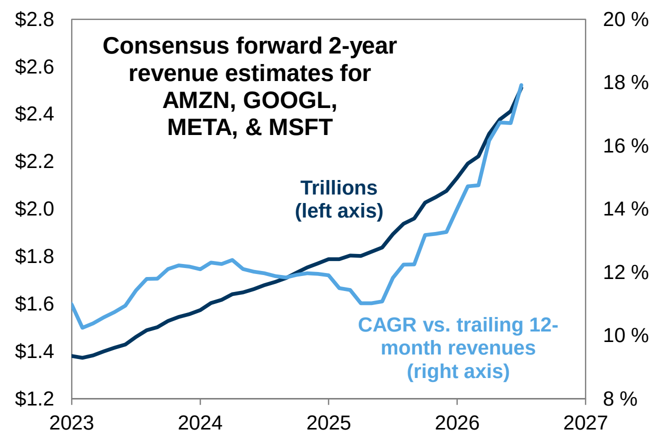
Hyperscaler results this quarter showed increasing evidence of return on AI investment in the form of strong revenues. Alphabet, Amazon, and Microsoft each reported above-consensus revenue growth, with cloud revenues rising by 48% year/year in Q2, an acceleration from 39% growth in Q1. Meta reported revenue growth of 28%, in line with consensus estimates. Continuing the trend of the last few quarters, consensus estimates for the group's future revenues continued to accelerate, with analysts now expecting collective revenues across business segments to grow at an annualized rate of 18% during the next two years.

Exhibit 16: Cloud revenue growth accelerated in Q2



Source: Goldman Sachs Global Investment Research

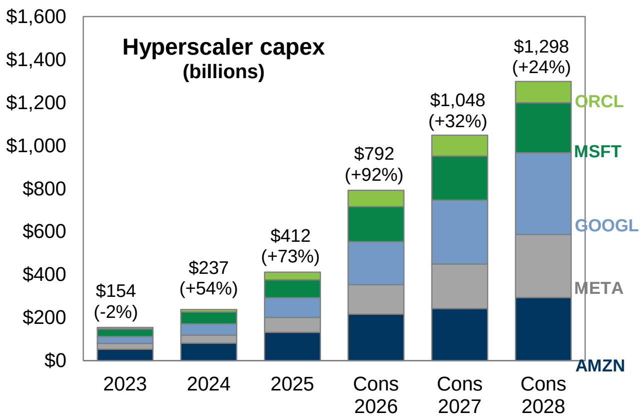
Exhibit 17: Outlook for hyperscaler revenue growth continues to strengthen



Source: FactSet, Goldman Sachs Global Investment Research

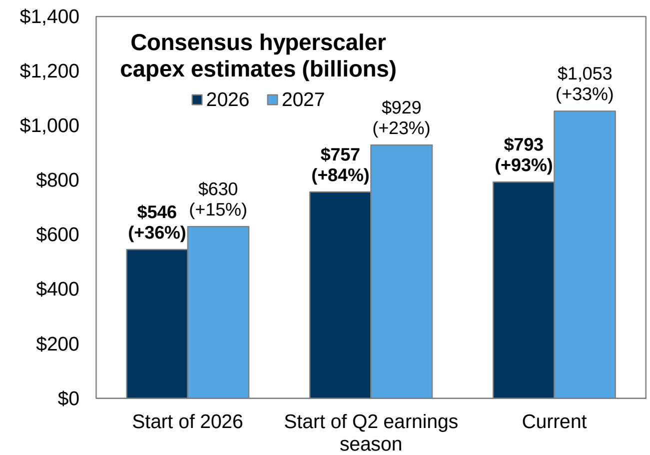
Estimates for hyperscaler capex in 2026 rose only modestly this quarter but forecasts for spending in 2027 jumped by nearly $125 billion. In previous years, the typical pattern was for moderate capex revisions in the middle of the calendar year. While consensus estimates for 2026 hyperscaler capex have been lifted by a relatively modest $36 billion since the start of the reporting season, 2027 capex estimates have jumped from $929 billion (23% annual growth) to over $1 trillion (33% growth).

Exhibit 18: Analysts now expect nearly $800 billion in hyperscaler capex this year



Source: FactSet, Goldman Sachs Global Investment Research

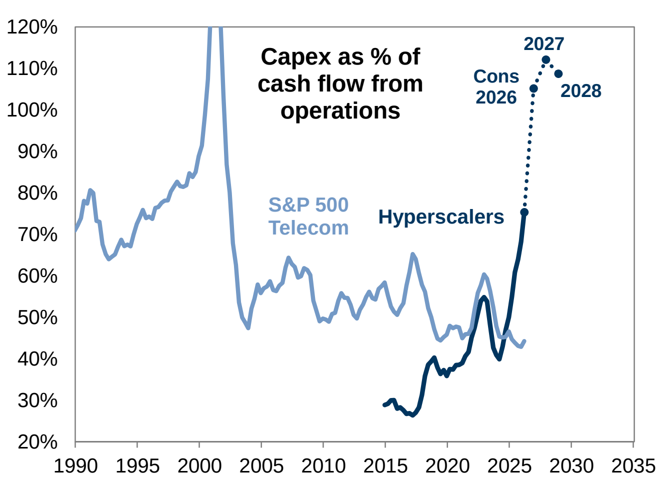
Exhibit 19: Capex spending estimates continued to rise this reporting season



Source: FactSet, Goldman Sachs Global Investment Research

Analyst estimates now show hyperscaler capex exceeding cash flow from operations from 2026 through 2028. The need for additional funding has driven an increase in hyperscaler debt issuance and a growing focus of equity investors on corporate credit spreads. Hyperscaler Q2 cash flow statements reported a collective $182 billion in capex alongside $51 billion of debt issuance, $50 billion of equity issuance, and just $5 billion of free cash flow. Equity issuance will likely increase in coming quarters. Likewise, our credit strategists expect the share of hyperscaler capex that is debt-funded to increase in 2027, with the companies issuing approximately $400 billion of IG debt globally next year.

Exhibit 20: Analysts expect capex spending will continue to pressure free cash flow



Source: Compustat, FactSet, Goldman Sachs Global Investment Research

Exhibit 21: Summary of hyperscaler cash flows

		Q2 2026 reported cash flows (billions)				
Company name	Ticker	Cash flow from operations	Capex	Free cash flow	Equity issuance	Debt issuance
Amazon.com, Inc.	AMZN	$45	$54	($9)	$0	$10
Alphabet Inc.	GOOGL	39	45	(6)	50	21
Microsoft Corporation	MSFT	55	36	20	1	0
Meta Platforms Inc	META	32	30	2	0	24
Oracle Corporation	ORCL	15	16	(2)	0	(4)
Total		**$186**	**$182**	**$5**	**$50**	**$51**

Source: FactSet, Goldman Sachs Global Investment Research

Earnings call commentary from the hyperscalers supported the view that capex spending will continue to be funded with external sources of capital. Below are select quotes from hyperscalers on the topic of debt and equity issuance.

- Oracle Corp. (ORCL), June 10: “To support our capital investments program, we expect to raise around $40 billion in debt and equity in our fiscal year 2027, and that includes our already announced $20 billion at-the-market equity issuance. We don't anticipate raising additional debt funding in calendar year 2026."

- Alphabet, Inc (GOOGL) July 22: "As you've seen in our results today, we continue to generate very healthy, strong cash flow from operations. So that's our first source of funding. And then we look at debt and most recently we did the equity raise. And we have expanded our debt portfolio quite significantly over the past 12 months... But we also want to make sure we have a resilient, not just growth outlook, but also a resilient balance sheet, and a strong balance sheet, healthy balance sheet, which is the rationale behind expanding into the equity markets. At this point, we're not planning to go back to the equity markets, with the exception of as you recall, part of our equity offering was the ATM or At-The-Market offering that we will do to address the stock-based comp – or the tax on SBC, which we'll do for some period of time."
- Meta Platforms, Inc (META) July 29: "Our strong operating cash flow certainly has put us in a position of strength as it pertains to funding our infrastructure buildout. But we've also been evolving our capital structure in recent years to include a greater mix of debt as we work to bring down our cost of capital. And we have generally found it prudent to continue adding cost-efficient long duration sources of capital as we make investments in initiatives that themselves have long time horizons, especially AI infrastructure projects. We've also broadened our aperture there to include partnerships like the one we announced with BlackRock yesterday. And we'll continue to be thoughtful about evaluating the appropriate different sources of capital over time as we evaluate future projects."
- Amazon.com, Inc (AMZN) July 30: "You've seen us issue debt this year. We have a lot of options available to us as we continue to fund this growth that we're seeing in AWS. So we'll continue to look at all the options and make the appropriate decision at the right time."

Earnings season summary

Exhibit 22: S&P 500 Q2 2026 earnings results
as of July 31, 2026

S&P 500 EQUAL-WEIGHTED

	Number of Companies			EARNINGS						REVENUE		
				Std Dev Surprises			Absolute Surprises		Avg 2Q	Std Dev Surprises		Avg 2Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Health Care	30	59	51%	**80 %**	0 %	20 %	100 %	0 %	17 %	**70 %**	0 %	5 %
Information Technology	35	74	47	**74**	3	20	89	9	10	**63**	3	3
Industrials	60	81	74	**73**	10	15	83	12	6	**63**	8	2
Financials	60	76	79	**67**	5	28	88	10	10	**57**	17	3
Consumer Discretionary	28	47	60	**57**	14	29	75	21	23	**29**	7	1
Consumer Staples	14	34	41	**57**	0	43	71	29	7	**57**	0	2
Energy	9	21	43	**56**	0	44	78	22	11	**44**	0	6
Materials	19	26	73	**53**	0	47	79	16	6	**37**	21	1
Communication Services	10	20	50	**50**	10	40	90	10	31	**30**	10	0
Real Estate	23	31	74	**48**	13	39	61	39	14	**26**	0	4
Utilities	18	31	58	**33**	28	39	56	44	(2)	**17**	22	(2)
S&P 500	**306**	**500**	**61%**	**64 %**	**8 %**	**28 %**	**82 %**	**16 %**	**11 %**	**50 %**	**9 %**	**3 %**
Comparative Data (full earnings season)												
1Q 2026				65 %	7 %	28 %	84 %	13 %	13 %	55 %	9 %	2 %
4Q 2025				55	12	33	73	23	11	51	13	2
3Q 2025				66	8	26	82	15	10	52	9	2
2Q 2025				60	9	31	78	17	9	53	7	2

S&P 500 CAP-WEIGHTED

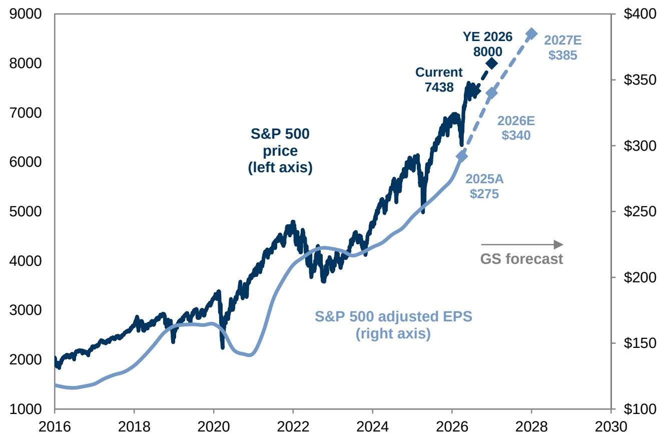
	Weight of Companies			EARNINGS						REVENUE		
				Std Dev Surprises			Absolute Surprises		Avg 2Q	Std Dev Surprises		Avg 2Q
	Reported	Total	% of Co's	Positive	Negative	In-Line	Positive	Negative	Surprise	Positive	Negative	Surprise
Financials	10	13	82%	**85 %**	2 %	14 %	95 %	4 %	16 %	**77 %**	8 %	6 %
Industrials	6	9	71	**77**	14	8	82	14	(1)	**78**	3	4
Health Care	5	9	53	**76**	0	24	100	0	12	**72**	0	3
Consumer Discretionary	7	9	74	**71**	22	7	76	22	7	**82**	1	4
Communication Services	9	9	94	**69**	21	10	79	21	135	**86**	3	2
Information Technology	20	37	53	**57**	2	41	98	2	11	**91**	2	4
Utilities	1	2	63	**49**	22	28	67	33	1	**15**	17	(3)
Materials	2	2	90	**46**	0	54	83	14	5	**44**	24	1
Real Estate	2	2	80	**45**	8	46	62	38	17	**49**	0	4
Consumer Staples	3	5	66	**44**	0	56	62	38	3	**71**	0	2
Energy	2	3	64	**44**	0	56	50	50	6	**16**	0	7
S&P 500	**66**	**100**	**66%**	**66 %**	**8 %**	**26 %**	**86 %**	**13 %**	**26 %**	**77 %**	**4 %**	**4 %**

Source: FactSet, Goldman Sachs Global Investment Research

S&P 500 earnings and return forecasts

Pricing as of July 30, 2026, unless otherwise noted.

Exhibit 23: Goldman Sachs top-down S&P 500 forecasts



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 24: Goldman Sachs and consensus forecasts for S&P 500 earnings and returns

	Goldman Sachs forecast	Bottom-up analyst consensus	Top-down strategist consensus
S&P 500 EPS			
2025	**$275**	$275	$275
Y/Y growth	***12 %***	*12 %*	*12 %*
2026	**$340**	$359	$334
Y/Y growth	***24 %***	*31 %*	*21 %*
2027	**$385**	$404	$386
Y/Y growth	***13 %***	*12 %*	*16 %*
S&P 500 P/E			
Current on NTM EPS	**20x**	20x	20x
S&P 500 price target			
YE 2026	**8000**	NA	7975
Return to target	***8 %***		*7 %*
12-month	**8300**	8900	NA
Return to target	***12 %***	*20 %*	

Source: Bloomberg, FactSet, Goldman Sachs Global Investment Research

Biggest stock movers this week

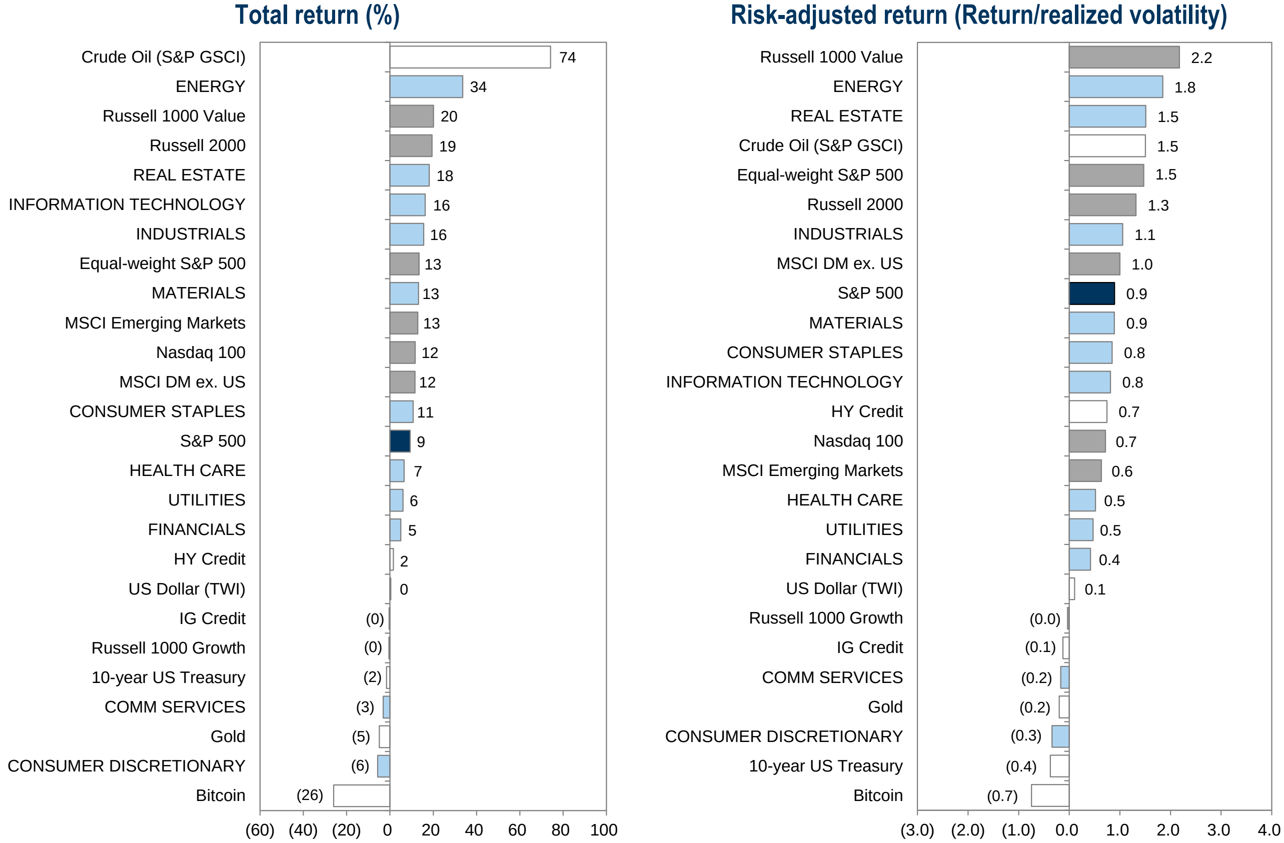
Exhibit 25: S&P 500 stocks with the largest moves this week
as of July 31, 2026

Company	Ticker	Industry group	Total return: This week	3m	6m	12m	Market cap (bn)	Consensus 2026 EPS growth	Fwd 12m P/E
Top 10 returns this week									
Cognizant Tech Solutions	CTSH	Software & Services	**22 %**	3 %	(34)%	(25)%	$24	7 %	9x
Garmin Ltd.	GRMN	Consumer Durables & Apparel	**22**	19	49	37	57	17	29
Microsoft Corp.	MSFT	Software & Services	**21**	11	5	(11)	3,350	20	24
Workday Inc.	WDAY	Software & Services	**18**	29	(10)	(33)	39	10	14
Charter Communications	CHTR	Media & Entertainment	**18**	(14)	(31)	(49)	17	10	3
Chipotle Mexican Grill	CMG	Consumer Services	**17**	13	(1)	(12)	49	(4)	29
Baxter Intl	BAX	Health Care Equipment & Svcs	**17**	52	33	(4)	14	(15)	12
Amazon.com Inc.	AMZN	Consumer Discretionary Retail	**17**	(11)	(2)	2	2,533	24	29
DexCom Inc.	DXCM	Health Care Equipment & Svcs	**17**	25	2	(16)	29	38	30
Regeneron Pharmaceuticals	REGN	Pharma Biotech & Life Sciences	**16**	5	(0)	34	77	6	13
Bottom 10 returns this week									
Lennox Intl	LII	Capital Goods	**(23)%**	(22)%	(15)%	(31)%	$14	4 %	17x
C.H. Robinson Worldwide	CHRW	Transportation	**(20)**	(19)	(24)	53	17	21	21
Vertiv Holdings	VRT	Capital Goods	**(16)**	(31)	22	58	88	59	32
NXP Semiconductors	NXPI	Semiconductors & Semi Equip	**(14)**	(16)	9	13	62	26	14
Sandisk Corp.	SNDK	Tech Hardware & Equipment	**(14)**	17	122	2850	190	2015	7
Bunge Global SA	BG	Food Beverage & Tobacco	**(12)**	(17)	(7)	35	20	29	10
GoDaddy Inc.	GDDY	Software & Services	**(12)**	14	(1)	(39)	13	12	10
KLA Corp.	KLAC	Semiconductors & Semi Equip	**(11)**	3	27	96	236	27	34
Corteva Inc.	CTVA	Materials	**(11)**	11	23	25	60	12	20
QUALCOMM Inc.	QCOM	Semiconductors & Semi Equip	**(11)**	(15)	1	(3)	159	(22)	16
Median S&P 500 stock			**1 %**	4 %	7 %	13 %	$44	10 %	18x
S&P 500 Index			**1**	3	8	18	66,573	31	20

Source: FactSet, Goldman Sachs Global Investment Research

YTD absolute and risk-adjusted returns

Exhibit 26: YTD asset returns and return/volatility ratios

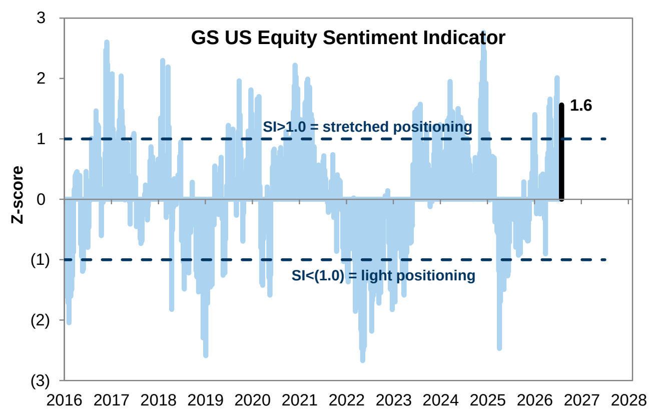


Crude oil represents S&P GSCI Crude Oil Index.

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

Sentiment and flows

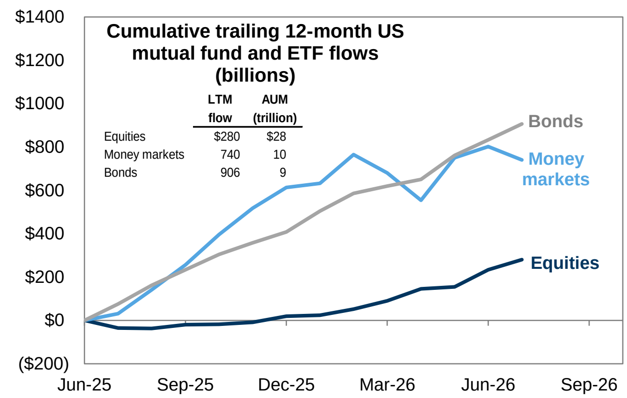
Exhibit 27: GS US Equity Sentiment Indicator of investor positioning
as of July 31, 2026



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

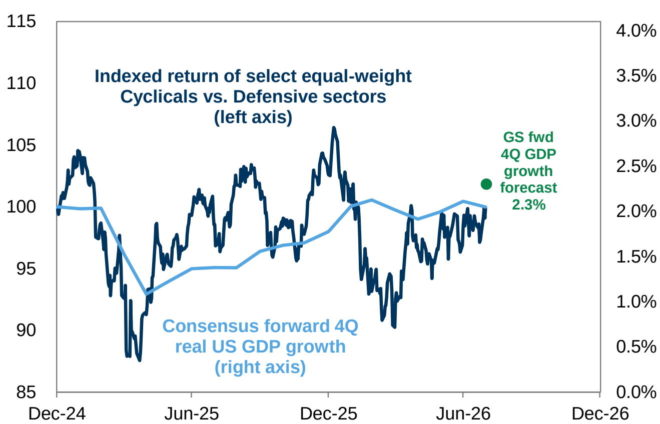
Exhibit 28: Recent mutual fund and ETF flows



Source: EPFR, Goldman Sachs Global Investment Research

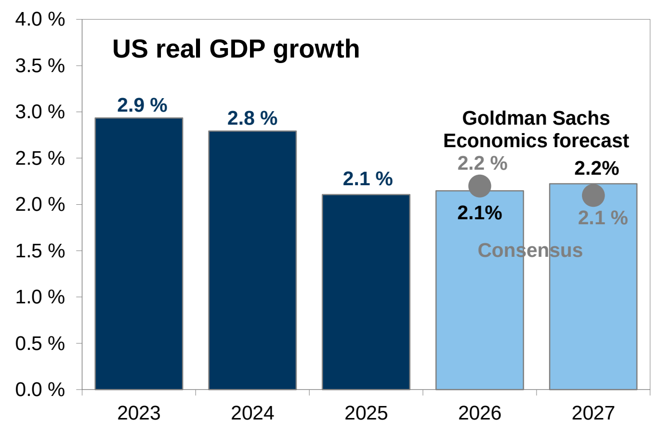
Economic growth

Exhibit 29: US equity market internal pricing of economic growth



Source: Bloomberg, Goldman Sachs Global Investment Research

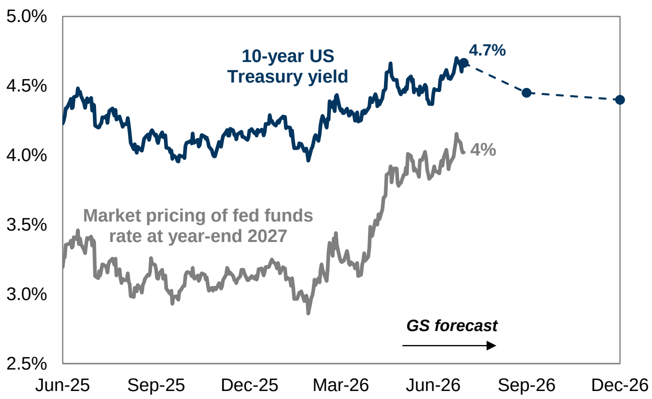
Exhibit 30: Goldman Sachs and consensus forecasts for US real GDP growth



Source: Bloomberg, Goldman Sachs Global Investment Research

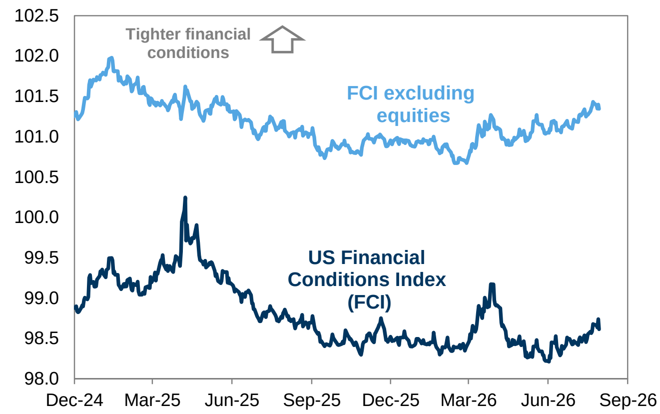
Interest rates and financial conditions

Exhibit 31: Market pricing of near-term and long-term interest rate outlook



Source: Goldman Sachs Global Investment Research

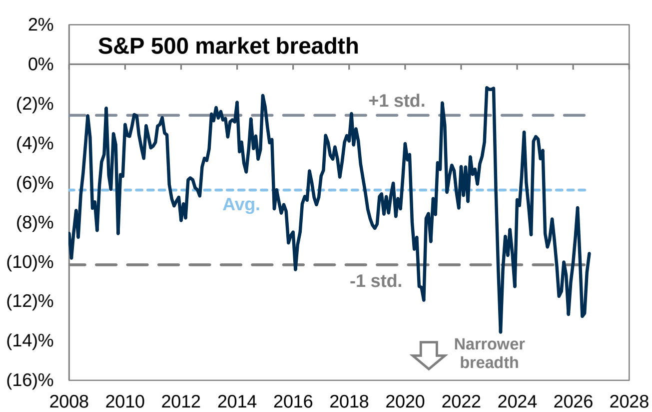
Exhibit 32: Goldman Sachs Financial Conditions Index



Source: Goldman Sachs Global Investment Research

Market breadth and concentration

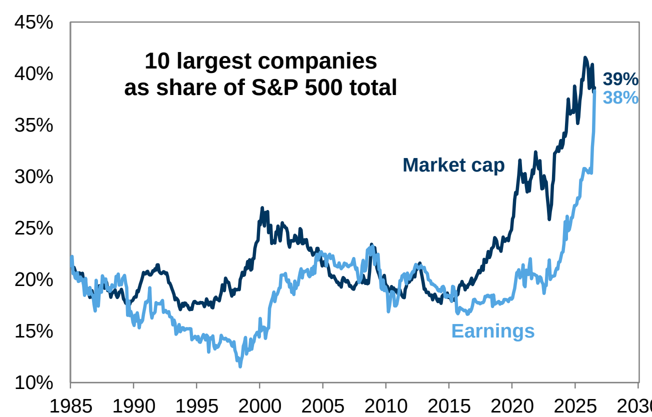
Exhibit 33: S&P 500 52-week market breadth



Market breadth calculated as the difference between the distance of the aggregate S&P 500 Index from its 52-week high and the distance of the median S&P 500 constituent from its 52-week high. When the aggregate index is much closer to its 52-week high than is the median stock, market breadth is narrow.

Source: Goldman Sachs Global Investment Research

Exhibit 34: Concentration of S&P 500 market cap and earnings in the 10 largest index constituents

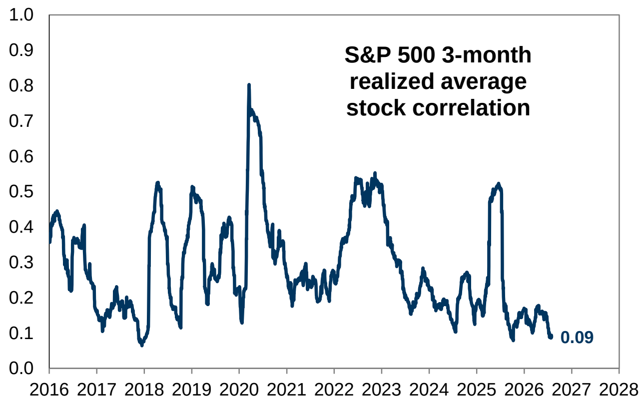


Earnings reflect consensus forward 12-month estimates.

Source: Compustat, IBES, FactSet, Goldman Sachs Global Investment Research

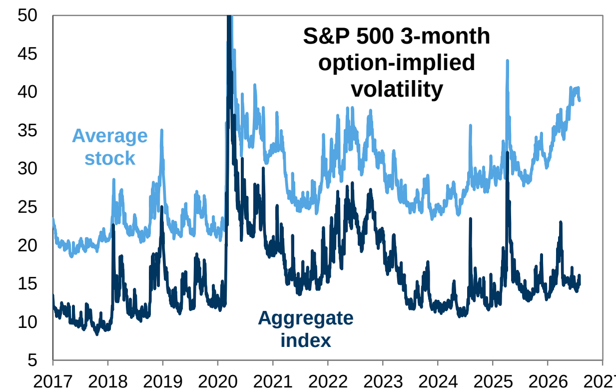
Correlation and volatility

Exhibit 35: S&P 500 realized average stock correlation



Source: Goldman Sachs Global Investment Research

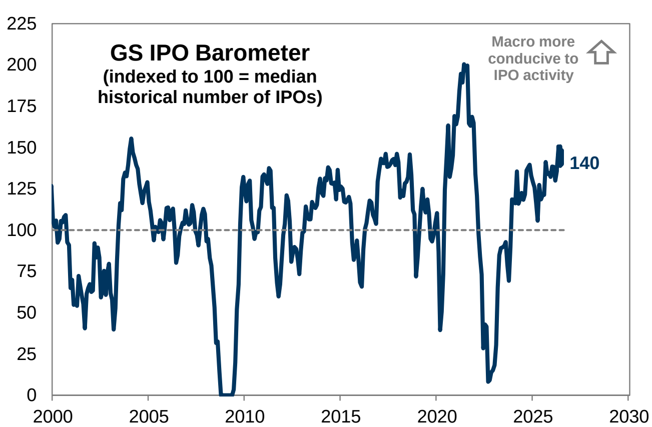
Exhibit 36: S&P 500 implied volatility



Source: Goldman Sachs Global Investment Research

IPO Barometer and mutual fund performance

Exhibit 37: Goldman Sachs IPO Barometer



The Goldman Sachs IPO Barometer combines five indicators that gauge the conduciveness of the macro environment to IPO activity.

Source: Goldman Sachs Global Investment Research

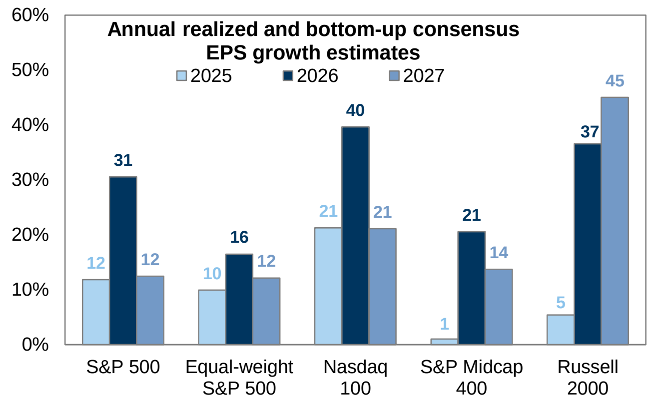
Exhibit 38: US equity mutual fund returns relative to benchmarks

Mutual fund style	Average YTD return	% outperforming benchmarks YTD
Large-cap core	9%	44%
Large-cap growth	4	77
Large-cap value	13	10
Large-cap total	**9%**	**44%**
Small-cap core	18%	41%

Source: FactSet, Goldman Sachs Global Investment Research

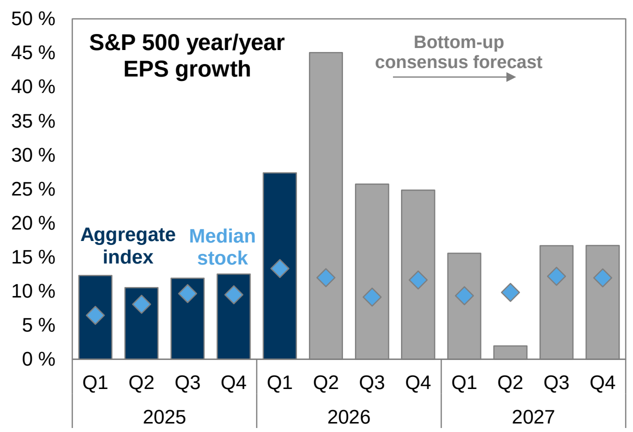
Earnings growth

Exhibit 39: Realized and consensus EPS growth for select US equity indices



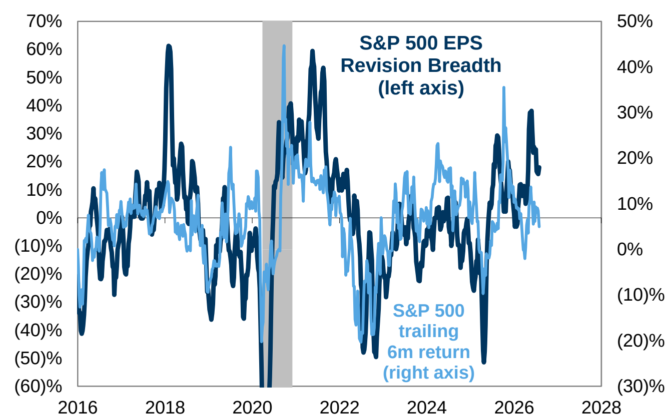
Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 40: Realized and consensus year/year S&P 500 EPS growth



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 41: S&P 500 FY2 earnings revision breadth

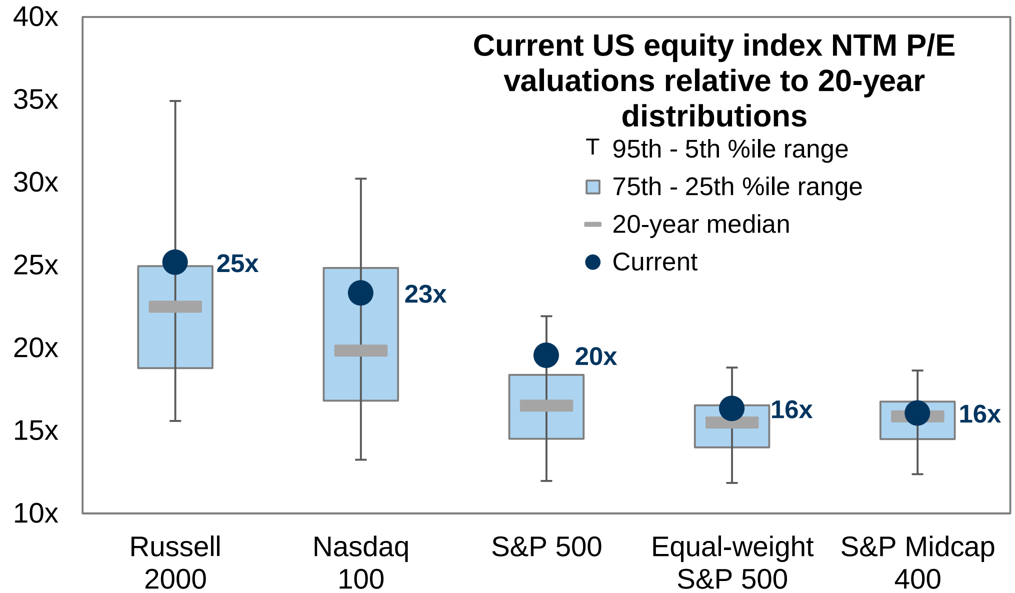


Revision breadth calculated as [(# of companies with positive EPS revisions)-(# of companies with negative revisions)]/(total # of companies). Revisions reflect FY2 EPS estimate changes during a rolling 1-month window.

Source: FactSet, Goldman Sachs Global Investment Research

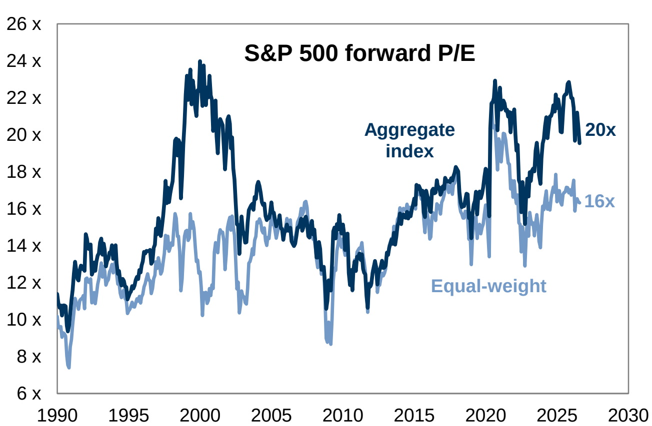
Valuations

Exhibit 42: US equity index P/E valuations vs. history



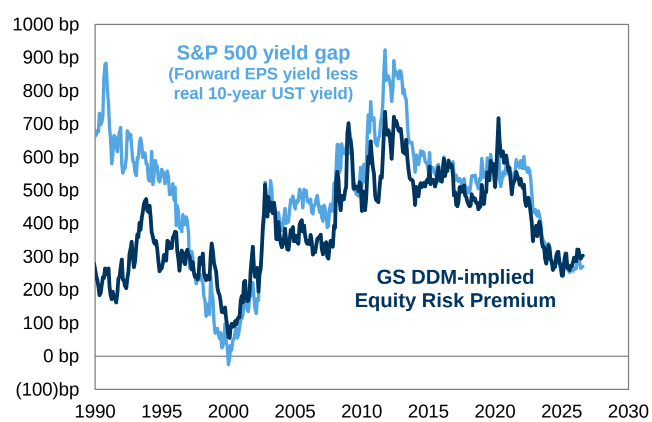
Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 43: S&P 500 consensus forward 12-month P/E



Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Exhibit 44: S&P 500 valuation relative to US Treasury yields



Equity risk premium calculated by solving for the discount rate that equates the fair value of our multi-stage S&P 500 dividend discount model to the current market price and subtracting the 10-year US Treasury yield.

Source: Goldman Sachs Global Investment Research

Sector returns, earnings, and valuations

Exhibit 45: Sector and industry group returns

Top quartile / Bottom quartile

	S&P 500	Index weight	1 Week	1 Month	3 Months	Last 12 Mo	YTD	GS allocation
	S&P 500	100 %	0.4 %	(1)%	3 %	18 %	9 %	
	Consumer Staples	5 %	2.6 %	2 %	(0)%	10 %	11 %	
	Materials	2	2.5	1	0	17	13	OW
S	Consumer Discretionary	9	2.3	(5)	(7)	1	(6)	
E	Financials	13	2.1	6	10	10	5	
C	Health Care	9	1.2	3	13	24	7	OW
T	Communication Services	9	1.2	(4)	(12)	16	(3)	
O	Real Estate	2	0.4	3	3	17	18	
R	Information Technology	37	(0.5)	(3)	9	27	16	
	Energy	3	(0.7)	12	0	39	34	
	Industrials	9	(2.0)	(4)	2	19	16	
	Utilities	2	(3.3)	(2)	(4)	8	6	
	Software & Services	9 %	12.9 %	11 %	9 %	(16)%	(11)%	
	Consumer Services	2	7.4	3	5	(0)	1	
	Consumer Durables & Apparel	0	7.2	2	1	(8)	(5)	
	Telecommunication Services	1	3.8	8	(8)	(8)	(0)	
	Consumer Staples Retail	2	3.3	1	(8)	11	7	
I	Health Care Equipment & Services	3	3.2	5	7	6	(2)	
N	Insurance	2	3.2	8	14	14	9	
D	Food Beverage & Tobacco	2	3.0	5	6	16	16	
U	Financial Services	7	2.8	7	8	3	2	
S	Commercial & Professional Svcs	1	2.6	10	7	(15)	(5)	
T	Materials	2	2.5	1	0	17	13	
R	Consumer Discretionary Retail	5	1.6	(1)	(8)	2	1	
Y	Media & Entertainment	9	0.9	(5)	(13)	19	(3)	
	Technology Hardware & Equipment	11	0.7	3	19	67	33	
G	Real Estate Investment Trusts (REITs)	2	0.4	3	3	17	18	
R	Pharma Biotech & Life Sciences	6	0.2	2	16	37	12	
O	Banks	4	0.1	5	11	24	10	
U	Household & Personal Products	1	0.1	(0)	2	(3)	5	
P	Energy	3	(0.7)	12	0	39	34	
	Automobiles & Components	2	(2.0)	(23)	(15)	2	(27)	
	Capital Goods	7	(2.3)	(6)	1	24	19	
	Transportation	1	(3.3)	(1)	5	26	15	
	Utilities	2	(3.3)	(2)	(4)	8	6	
	Semiconductors & Semi Equipment	17	(7.0)	(12)	3	45	28	

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 46: Earnings contributions and growth by S&P 500 sector

	GS top-down					Consensus bottom-up			
	Contribution			EPS growth		Contribution		EPS growth	
Sector	2025	2026	2027	2026	2027	2026	2027	2026	2027
Info Tech	$70	$110	$140	56 %	27 %	$111	$146	58 %	31 %
Financials	52	56	61	8	9	58	63	12	8
Comm Services	29	36	38	24	5	44	39	51	(12)
Health Care	33	34	39	2	14	33	40	(1)	21
Cons Discretionary	23	24	26	7	7	30	29	34	(4)
Industrials	21	23	25	9	9	24	28	13	15
Energy	12	19	17	60	(10)	19	18	65	(8)
Consumer Staples	15	15	16	4	4	15	16	3	7
Utilities	8	8	9	7	6	9	9	14	5
Materials	5	8	8	39	5	8	8	39	11
Real Estate	6	7	7	5	6	7	8	16	6
S&P 500	$275	$340	$385	24 %	13 %	$359	$404	31 %	12 %

Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 47: S&P 500 sector P/E valuations relative to history

	Consensus forward 12-month P/E valuation				
		Absolute P/E		P/E vs. S&P 500	
	Current	%ile rank vs. history		%ile rank vs. history	
	P/E	10-year	30-year	10-year	30-year
Industrials	24x	80%	93%	96%	99%
Consumer Discretionary	24	39	79	19	68
Consumer Staples	22	83	84	71	61
Information Technology	21	48	57	52	41
S&P 500	**20**	**52**	**73**		
Real Estate	19	66	81	45	38
Health Care	18	83	75	81	39
Utilities	18	55	85	81	83
Materials	17	30	55	27	17
Communication Services	17	12	14	3	1
Financials	15	48	72	33	35
Energy	14	36	48	45	23

Source: Compustat, FactSet, IBES, Goldman Sachs Global Investment Research

Thematic baskets

Exhibit 48: Recent performance of select Goldman Sachs Research baskets
basket returns expressed relative to the equal-weight S&P 500 except for long/short basket pairs as noted

Top quartile
Bottom quartile

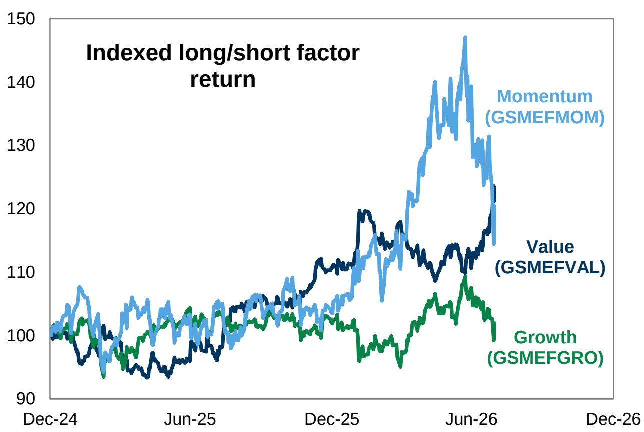
	Basket / Index	Ticker (GSTH____)	Total returns 1 Wk	3 Mo	12 Mo	YTD
	S&P 500	SPX	0.4 %	3 %	18 %	9 %
	Equal-weight S&P 500	SPW	1.6	6	18	13
Macro-economic	High vs. Low Tax Rate	HTAX / LTAX	(0.2)%	(0)%	3 %	2 %
	Low vs. High Labor Cost	LLAB / HLAB	(3.4)	(2)	15	11
	Interest Rate Sensitive	USTY	(4.1)	2	15	12
	Dual Beta	BETA	(5.2)	9	58	35
Geographic sales	US Sales	AINT	1.3 %	3 %	(8)%	(5)%
	Western Europe Sales	WEUR	(0.3)	(3)	(0)	(1)
	International Sales	INTL	(4.3)	0	35	21
	EM Sales	BRIC	(5.4)	6	61	38
Fundamental	High vs. Low Operating Leverage	OPHI / OPLO	2.8 %	14 %	(0)%	3 %
	Stable Growers	STGR	1.5	(7)	(18)	(12)
	High Quality	QUAL	(0.1)	(8)	(14)	(11)
	ROE Growth	GROE	(1.7)	4	33	26
	Long vs. Short Duration	LDUR / SDUR	(5.1)	3	(27)	(19)
	Strong vs. Weak Balance Sheet	SBAL / WBAL	(8.2)	(11)	(22)	(17)
Uses of cash	Debt Reducers vs. Issuers	DRED / DISS	2.6 %	1 %	20 %	10 %
	Dividend Growth	DIVG	2.4	3	11	4
	Buybacks	REPO	1.7	1	2	(1)
	Total Cash Return	CASH	1.7	3	9	3
	High Growth Investment	HGIR	(0.6)	1	25	16
	Capex and R&D	CAPX	(2.6)	5	39	23
Ownership, risk & liquidity	High Sharpe Ratio	SHRP	2.4 %	(0)%	(14)%	(10)%
	Mutual Fund Over- vs. Underweights	MFOW / MFUW	2.3	(4)	(21)	(16)
	Low vs. High Liquidity	LLIQ / HLIQ	0.4	(6)	(9)	(5)
	Hedge Fund VIP	HVIP	(5.5)	(5)	2	(3)
Equity research	Oil Input Cost	GSRHOILX	1.6 %	2 %	(3)%	2 %
	SMB Exposure	GSRHSMBX	0.4	5	(14)	(9)
	M&A Candidates	GSRHACQN	0.3	15	30	6
	Gov't Exposure	GSRHGOVT	(2.5)	(0)	11	(3)

Basket returns and constituents can be accessed via GS Marquee or Bloomberg using the indicated tickers.

Source: Goldman Sachs Global Investment Research

Factors

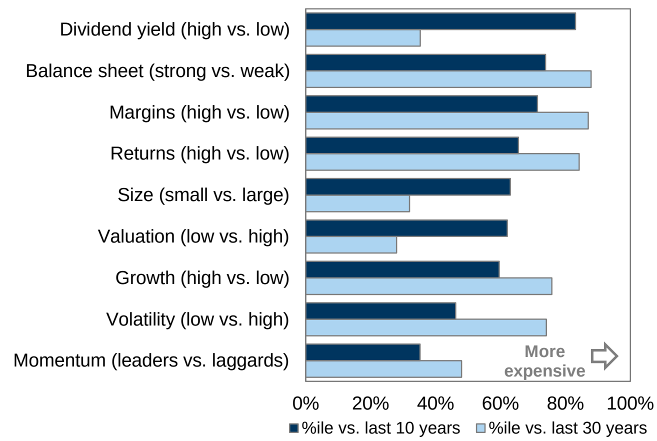
Exhibit 49: Indexed return of select equity factors



Factor performance and constituents can be viewed on GS Marquee or Bloomberg using the tickers indicated on the chart.

Source: Goldman Sachs Global Investment Research

Exhibit 50: Equity factor valuations relative to history



Source: Goldman Sachs Global Investment Research

Goldman Sachs global macro research cross-asset forecasts

Exhibit 51: Goldman Sachs macro research asset forecasts

Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to 12m target
Equities						
MXAPJ	level	812	980	1030	1080	**33 %**
TOPIX	level	3953	4200	4300	4500	**14**
S&P 500	**level**	**7438**	**7600**	**8000**	**8300**	**12**
STOXX Europe 600	level	650	640	645	660	**2**
10-year rates						
Euro Area (Germany)	%	2.5	3.0	3.0	3.0	**55 bp**
US	%	4.7	4.5	4.4	4.3	**(37)**
Japan	%	2.8	2.5	2.5	2.4	**(40)**
Corporate bonds						
High yield	bp	283	305	295	280	**(3)bp**
Investment grade	bp	80	85	82	78	**(2)**
Currencies						
US dollar / Yen	$/¥	159	162	163	165	**4 %**
Euro / US dollar	EUR/$	1.15	1.14	1.12	1.12	**(3)**
Sterling / US dollar	£/$	1.34	1.33	1.29	1.28	**(5)**
Commodities						
NYMEX nat. gas	$/mmBtu	3	3.50	3.50	3.50	**27 %**
COMEX gold	$/troy oz	4161	4690	4900	5115	**23**
LME copper	$/mt	13795	13620	13735	13800	**0**
Brent crude oil	$/bbl	87	81	79	74	**(15)**

Source: FactSet, Goldman Sachs Global Investment Research