

US Weekly Kickstart

Whiplash! Epic momentum reversal will persist unless mega cap Tech raises forward revenue guidance

Small-caps just posted the most powerful weekly return vs. large-caps on record. Against a backdrop of extreme equity market concentration, four factors explain the reversal: (1) Decelerating inflation and increased confidence the Fed will cut in September; (2) steady economic growth data; (3) jump in prediction market probability of a Republican sweep; and (4) forecast compression in the EPS growth premium of large-cap stocks vs. peers. Small-cap and equal-weight benchmarks will continue to outperform unless the big Tech stocks' 2Q reports cause analysts to raise sales estimates for 2H 2024 and 2025. Investors are concerned that sales forecasts for hyperscalers have not risen commensurate with AI investment spending.

Performance

The S&P 500 was down 0.7% this week. Energy was the best-performing sector (+3.6%) while Communication Services was the worst-performing sector (-3.4%). We expect the S&P 500 will end 2024 at 5600 (+1.0%).

S&P 500 earnings and valuation

	Goldman Sachs Portfolio Strategy		Consensus Bottom-Up	
	2024E	2025E	2024E	2025E
EPS	\$241	\$256	\$243	\$279
Growth	8 %	6 %	9 %	14 %
P/E	NTM	2025E	NTM	2025E
	22.2x	21.7x	21.4x	19.9x

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

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Conversations we are having with clients: Epic reversal will persist unless Tech guidance rises

The small-cap Russell 2000 index (RTY) just posted the most powerful five-day outperformance vs. the large-cap S&P 500 index (SPX) in at least 40 years (Exhibit 1). Russell 2000 surged by 9% while the S&P 500 declined by 1%, a gap of 10 percentage points. During the past 3-months and YTD, the small-cap benchmark has returned 13% and 9%, respectively. The aggregate S&P 500 index has climbed by 11% during the past three months and YTD has returned an impressive 16%. The median S&P 500 stock has also returned 5% in three months and 8% YTD.

Aggregate index returns have been concentrated in the mega cap tech stocks. NVDA alone has contributed to more than one-fourth of the S&P 500's 16% YTD total return. Along with MSFT, AAPL, GOOGL, AMZN, and META, these six stocks have contributed 9 pp or 55% of the 16% YTD return. However, during the past seven days the share price of NVDA has plunged by 13% (although it is still up 138% YTD). The other stocks have generally retreated by about 7% (but have still posted YTD returns averaging 23%).

The outperformance of the mega cap tech stocks has lifted US equity market concentration to the highest level in decades. These six stocks generate 21% of S&P 500 earnings and account for 30% of S&P 500 market cap. They currently trade at a forward P/E multiple of 30x vs. 16x for the equal-weighted S&P 500 index.

Against the backdrop of extreme concentration, four recent developments ranging from macro to micro to politics explain the sharp market rotation. (1) Decelerating inflation data and increased likelihood that the Fed will begin cutting the funds rate in September; (2) steady economic growth data; (3) jump in the prediction market probability that Donald Trump will win the upcoming election and the Republicans will gain control of the Senate and retain a majority in the House of Representatives; and (4) investor focus on the upcoming compression in the growth premium of large-cap stocks vs. the rest of the index.

(1) Decelerating inflation data. On July 11th the Bureau of Labor Statistics released its monthly inflation report and the core CPI reading was well-below consensus expectations. On a year/year basis, core CPI was 3.27% compared with consensus expectation of 3.4%. Our US economics team noted that [core CPI inflation had slowed to a 41-month low and the slowest pace since January 2021's winter covid spike](#). Furthermore, on July 12th the University of Michigan survey of consumer sentiment was [released](#) and revealed a slight decline in inflation expectations over both one-year and 5-10 year horizons. The deceleration in inflation boosted investor confidence that the Fed would soon lower rates.

Fed cuts imminent. Following lower-than-expected inflation readings the futures market raised the probability of a cut in the fed funds rate at the September meeting. Roughly 30% of the outstanding debt of Russell 2000 companies consists of floating rate borrowings. When the Fed eases, interest expense for these companies will fall, and analysts will raise their EPS estimates. Stocks typically rise when EPS revisions are positive. The recent outperformance of Cyclical vs. Defensives also suggests the market expects Fed easing to boost US economic growth, and small-caps are particularly sensitive to the US growth backdrop (Exhibit 2). During the last two months

19 July 2024

of 2023, the futures market went from pricing 3 interest rates cuts in 2024 to six cuts. Concurrently, the Russell 2000 outperformed the S&P 500 by 800 bp (22% vs. 14%).

(2) Steady economic growth data. Disinflationary readings have been accompanied by solid economic growth data. Specifically, on July 16th [core retail sales](#) data was released. The 0.9% rise was 0.7 percentage points above consensus expectation. Our economists subsequently boosted their 2Q GDP estimate by 0.5pp to 2.3% (qoq, ann).

(3) Prediction market probability that Trump will win the election has risen to approximately 70%. As we [noted](#) last week, many investors view small-cap stocks as a potential "Trump trade." Small caps tend to be very sensitive to the US economic growth environment, and they strongly outperformed following Trump's 2016 election. Small caps are also more domestic-facing than large caps and less vulnerable to tariffs.

(4) Narrowing growth premium of large-cap stocks (Exhibit 3). AMZN, GOOGL, META, MSFT, and NVDA are collectively expected to grow 2024 profits by 37% compared with 5% for the median S&P 500 stock. But we have previously [noted](#) that consensus estimates of sales growth for the five stocks is forecast to slow from 22% year/year in 1Q 2024 to 17% in 2Q, and further decelerate to 16% in 3Q and 14% in 4Q. NVDA sales growth is expected to slow from 262% year/year in 1Q to 111% in 2Q, 73% in 3Q, and 56% in 4Q. In contrast, sales growth for the median S&P 500 stock will be accelerating, albeit from a slower pace (year/year growth of 2%, 3%, 4% and 5%).

The recent trend of small-cap outperformance will likely persist unless the macro environment changes substantially, or the mega-cap Tech stocks report 2Q results that causes analysts to raise revenue forecasts for the next several quarters.

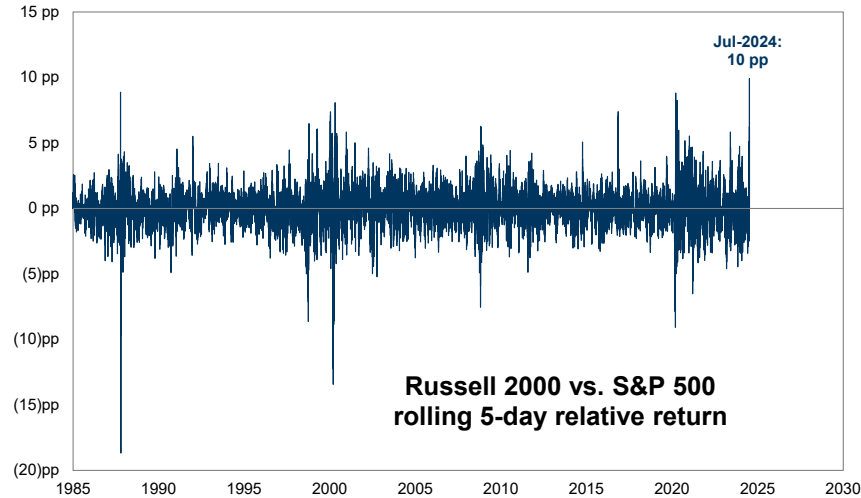
In our recent report on [AI and US Equities](#), we discussed that investors have become increasingly concerned about the prospect of "overinvestment" in AI, especially among the four hyperscalers (AMZN, META, MSFT, and GOOGL). These firms collectively spent \$357 billion on capex and R&D during the past four quarters – fully 23% of the total spending by all S&P 500 companies!

Consensus estimates of 2024 and 2025 capex and R&D spending by the hyperscalers have increased by \$65 billion compared with expectations at the start of the year. However, analysts have lifted their sales forecasts for 2025 and 2026 by only \$36 billion – a gap of nearly \$30 billion. From an earnings perspective, the shortfall is lower but still substantial (\$7 billion) given the profit estimates in 2025 and 2026 were raised by \$58 billion (Exhibit 4). Simply put, these firms during the past six months have dramatically increased their planned spending on AI initiatives but it is not apparent when the return will come – in 2027, 2028, 2029, or perhaps not at all?

In the late 1990s DotCom boom, sales revisions was the key variable to watch because it ultimately signaled when momentum reversal would be sustained. The potential resumption of the AI trade – and by extension a reversal of the recent underperformance of large-caps vs. small-caps – will depend on revenue revisions. S&P 500 outperformance will resume if big Tech beats and raises its forward sales guidance. If not, then small caps will continue to outperform. GOOGL will report on July 23, MSFT on July 30, META on July 31, and AAPL and AMZN on August 1.

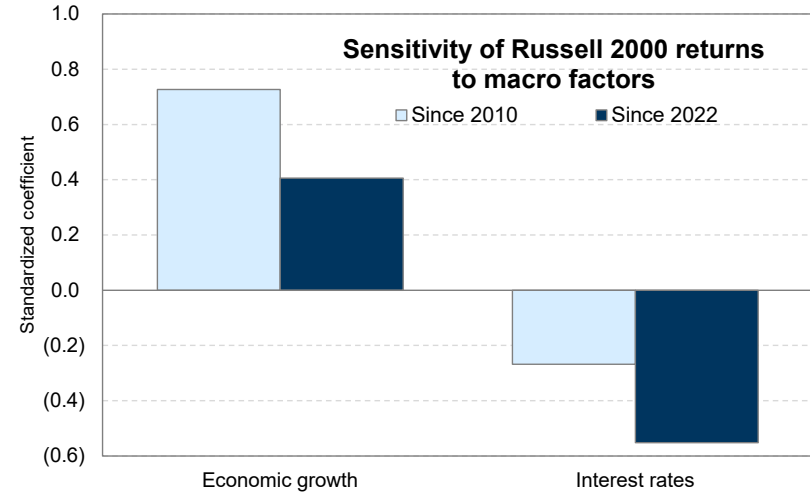
Charts we are watching: Equity rotation, macro sensitivities, earnings growth, and AI investments

Exhibit 1: This week the Russell 2000 sharply outperformed the S&P 500
as of July 18, 2024



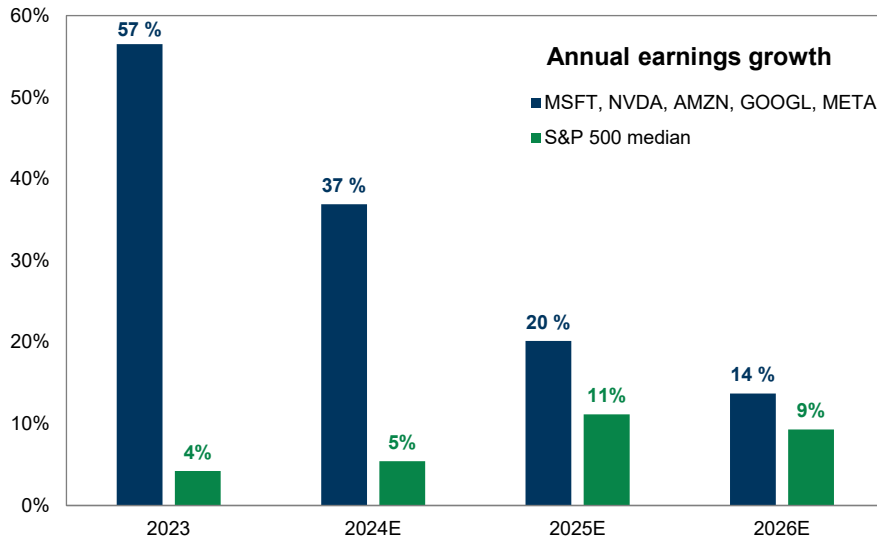
Source: Goldman Sachs Global Investment Research

Exhibit 2: Russell 2000 has recently been sensitive to economic growth and rates
as of July 18, 2024



Source: FactSet, Goldman Sachs Global Investment Research

Exhibit 3: Narrowing EPS growth differential: Big Tech vs. median S&P 500 stock
as of July 18, 2024



Source: Goldman Sachs Global Investment Research

Exhibit 4: Change in AI investment estimates exceeds sales and earnings boost
as of July 18, 2024

	YTD revision to consensus estimates					
	Capex and R&D		Sales		Earnings	
	2024E	2025E	2025E	2026E	2025E	2026E
AMZN	\$1	\$4	(\$3)	(\$2)	\$10	\$8
GOOGL	13	14	6	9	9	10
MSFT	6	10	3	-1	2	3
META	8	11	11	13	8	8
Hyperscalers	\$27	\$38	\$17	\$19	\$29	\$29
YTD estimate change	2024 + 2025 \$65 billion		2025 + 2026 \$36 billion		2025 + 2026 \$58 billion	

Source: FactSet, Goldman Sachs Global Investment Research

S&P 500 earnings results

Exhibit 5: S&P 500 2Q 2024 earnings results

as of July 19, 2024

S&P 500 EQUAL-WEIGHTED												
	Number of Companies			EARNINGS						REVENUE		
				Std Dev Surprises			Absolute Surprises		Avg 2Q Surprise	Std Dev Surprises		Avg 2Q Surprise
				Reported	Total	% of Co's	Positive	Negative		In-Line	Positive	
Consumer Discretionary	8	52	15%	75 %	0 %	25 %	88 %	13 %	7 %	25 %	38 %	(0)%
Health Care	5	63	8	60	0	40	100	0	5	20	0	1
Consumer Staples	7	38	18	57	0	43	86	14	4	0	29	(0)
Financials	27	71	38	56	7	37	74	19	10	33	19	1
Communication Services	2	19	11	50	0	50	100	0	2	50	0	1
Industrials	10	78	13	50	10	40	70	30	1	10	30	(1)
Real Estate	2	31	6	50	0	50	100	0	31	0	0	(0)
Information Technology	5	67	7	40	20	40	60	40	6	40	20	1
Energy	3	22	14	33	0	67	33	0	1	33	33	(6)
Materials	2	28	7	0	0	100	50	50	(2)	50	50	0
Utilities	0	31	0	NM	NM	NM	NM	NM	NM	NM	NM	NM
S&P 500	71	500	14%	54 %	6 %	41 %	76 %	18 %	7 %	25 %	23 %	0 %

Comparative Data (full earnings season)

1Q 2024	59 %	8 %	33 %	76 %	19 %	11 %	38 %	18 %	1 %
4Q 2023	55	12	33	73	23	9	38	17	0
3Q 2023	59	9	32	79	17	7	33	20	0
2Q 2023	57	8	35	76	20	7	42	20	1

S&P 500 CAP-WEIGHTED												
	Weight of Companies			EARNINGS						REVENUE		
				Std Dev Surprises			Absolute Surprises		Avg 2Q Surprise	Std Dev Surprises		Avg 2Q Surprise
				Reported	Total	% of Co's	Positive	Negative		In-Line	Positive	
Communication Services	1	9	7%	94 %	0 %	6 %	100 %	0 %	3 %	6 %	0 %	0 %
Consumer Discretionary	1	10	6	78	0	22	96	4	9	20	53	(0)
Real Estate	0	2	15	71	0	29	100	0	41	0	0	(1)
Financials	6	13	45	55	5	40	83	16	15	42	17	4
Health Care	3	12	25	52	0	48	100	0	4	11	0	1
Industrials	1	8	9	50	4	46	76	24	2	10	17	(0)
Energy	0	4	8	49	0	51	49	0	1	49	23	(5)
Information Technology	2	32	5	46	27	27	48	52	4	18	27	(0)
Consumer Staples	2	6	27	42	0	58	99	1	4	0	7	0
Materials	0	2	5	0	0	100	62	38	(1)	38	62	(0)
Utilities	0	2	0	NM	NM	NM	NM	NM	NM	NM	NM	NM
S&P 500	15	100	15%	54 %	5 %	40 %	84 %	14 %	9 %	24 %	15 %	2 %

Source: FactSet, Goldman Sachs Global Investment Research.

2Q earnings calendar (week of July 22nd)

Exhibit 6: Expected report dates for S&P 500 stocks reporting week of July 22nd

as of July 19, 2024

Sector	Company name	Ticker	YTD Return	Mkt Cap (\$ bil)	Consensus 2Q 2024				P/E (NTM)
					EPS	Std. Dev.	3 Mo Revision	Yr/Yr Growth	
Monday, July 22, 2024									
Communication Services	Verizon Communications	VZ	15 %	\$ 174	\$ 1.15	\$ 0.01	(0)%	(5)%	8.9 x
Financials	Brown & Brown Inc.	BRO	30	26	0.88	0.02	4	29	24.2
	Truist Financial	TFC	12	54	0.82	0.09	(4)	(14)	11.1
	W. R. Berkley Corp.	WRB	12	20	0.92	0.04	(6)	21	12.5
Health Care	IQVIA Holdings Inc.	IQV	(5)	40	2.57	0.04	(4)	6	18.6
Information Technology	Cadence Design Systems	CDNS	15	85	1.22	0.01	(13)	0	48.8
	NXP Semiconductors	NXPI	20	70	3.21	0.01	3	(7)	18.3
Materials	Nucor Corp.	NUE	(8)	38	2.35	0.14	(36)	(59)	13.6
Real Estate	Alexandria Real Estate Equities	ARE	1	22	0.80	0.13	(1)	57	33.3
Tuesday, July 23, 2024									
Communication Services	Alphabet Inc.	GOOGL	33 %	\$ 2145	\$ 1.85	\$ 0.08	9 %	28 %	23.0 x
	Comcast Corp.	CMCSA	(12)	148	1.12	0.03	(2)	(1)	8.7
Consumer Discretionary	General Motors	GM	34	55	2.74	0.18	15	44	5.0
	Genuine Parts	GPC	(0)	19	2.59	0.09	0	6	13.2
	NVR Inc.	NVR	15	25	121.21	4.37	(0)	4	16.0
	PulteGroup Inc.	PHM	11	24	3.27	0.09	10	2	8.6
	Tesla Inc.	TSLA	(3)	769	0.62	0.11	(2)	(32)	82.8
Consumer Staples	Coca-Cola Co.	KO	9	272	0.81	0.01	0	3	21.6
	Kimberly-Clark	KMB	18	47	1.71	0.04	3	4	19.3
	Philip Morris Intl	PM	15	163	1.57	0.03	(3)	(2)	15.8
Energy	EQT Corp.	EQT	(3)	16	(0.20)	0.10	NM	(16)	14.1
Financials	Capital One Financial	COF	7	53	3.35	0.27	(1)	(5)	9.6
	Chubb Limited	CB	15	105	5.15	0.34	(6)	5	11.4
	Invesco Ltd.	IVZ	(8)	7	0.40	0.03	(6)	28	9.2
	Moody's Corp.	MCO	14	81	3.01	0.15	12	31	37.8
	MSCI Inc.	MSCI	(12)	39	3.56	0.06	(3)	9	31.3
	Visa Inc.	V	1	413	2.42	0.03	(1)	12	24.1
Health Care	Danaher Corp.	DHR	7	182	1.57	0.02	(7)	(23)	30.2
	HCA Healthcare Inc.	HCA	18	83	4.88	0.29	(0)	14	14.3
	Quest Diagnostics	DGX	6	16	2.34	0.04	(1)	2	15.6
Industrials	A. O. Smith Corp.	AOS	5	10	1.06	0.02	(1)	5	20.4
	GE Aerospace	GE	60	177	0.99	0.08	7	46	35.3
	Lockheed Martin	LMT	3	110	6.46	0.16	1	(2)	17.0
	PACCAR Inc.	PCAR	6	54	2.14	0.07	2	(8)	12.2
	Pentair plc	PNR	9	13	1.15	0.02	(1)	11	17.5
	United Parcel Service	UPS	(10)	101	1.99	0.06	(2)	(22)	15.4
Information Technology	Enphase Energy Inc.	ENPH	(15)	15	0.48	0.10	(22)	(68)	28.7
	Seagate Tech Holdings	STX	26	22	0.74	0.07	24	NM	18.3
	Texas Instruments	TXN	19	182	1.17	0.03	(1)	(38)	34.9
Materials	Avery Dennison	AVY	9	18	2.26	0.03	(1)	18	21.7
	Freeport-McMoRan	FCX	22	74	0.39	0.07	16	11	26.4
	Packaging of America	PKG	14	16	2.14	0.03	(4)	(7)	19.4
	Sherwin-Williams	SHW	1	80	3.49	0.08	(0)	6	26.0
Real Estate	CoStar Group Inc.	CSGP	(14)	31	0.09	0.00	(0)	(71)	77.8

Source: FactSet, Goldman Sachs Global Investment Research.

2Q earnings calendar (week of July 22nd)

Exhibit 6 (continued): Expected report dates for S&P 500 stocks reporting week of July 22nd

as of July 19, 2024

Sector	Company name	Ticker	YTD Return	Mkt Cap (\$ bil)	Consensus 2Q 2024				P/E (NTM)
					EPS	Std. Dev.	3 Mo Revision	Yr/Yr Growth	
Wednesday, July 24, 2024									
Communication Services	AT&T Inc.	T	18 %	\$ 135	\$ 0.57	\$ 0.02	(1)%	(10)%	8.4 x
	Interpublic Grp of Cos.	IPG	(10)	11	0.59	0.02	(5)	4	9.9
Consumer Discretionary	Chipotle Mexican Grill	CMG	26	79	0.32	0.01	5	25	46.6
	Ford Motor Co.	F	15	53	0.68	0.07	15	(5)	6.9
	Las Vegas Sands	LVS	(13)	32	0.57	0.08	(7)	23	14.1
	O'Reilly Automotive	ORLY	9	61	11.04	0.17	(1)	8	23.2
Consumer Staples	Lamb Weston Holdings	LW	(26)	11	1.26	0.04	(0)	3	12.6
Financials	Ameriprise Financial	AMP	17	44	8.54	0.11	(1)	15	12.0
	CME Group Inc.	CME	(6)	71	2.54	0.04	7	11	19.9
	Fiserv Inc.	FI	14	88	2.10	0.04	1	16	16.0
	Globe Life Inc.	GL	(29)	8	2.90	0.03	1	11	6.9
	Raymond James Financial	RJF	9	25	2.32	0.07	(5)	25	12.1
Health Care	Align Technology	ALGN	(6)	19	2.31	0.05	(3)	4	24.9
	Boston Scientific	BSX	33	113	0.58	0.01	3	9	30.8
	Edwards Lifesciences	EW	22	56	0.69	0.01	(1)	5	31.5
	Molina Healthcare	MOH	(20)	17	5.62	0.22	(0)	(0)	11.5
	Thermo Fisher Scientific	TMO	2	207	5.12	0.04	(0)	(1)	23.5
	Universal Health Svc.	UHS	21	11	3.29	0.12	1	30	12.6
Industrials	Allegion Public Limited	ALLE	(5)	10	1.84	0.03	1	5	16.2
	Fortive Corp.	FTV	2	26	0.92	0.01	(2)	8	18.8
	GE Vernova Inc.	GEV	NM	48	0.76	0.15	(3)	NM	38.6
	General Dynamics	GD	11	78	3.27	0.10	(5)	21	18.4
	Old Dominion Freight Line	ODFL	(8)	41	1.45	0.01	(11)	10	29.2
	Otis Worldwide	OTIS	12	40	1.03	0.01	3	12	24.4
	Republic Services	RSG	21	63	1.53	0.07	(0)	8	30.9
	Rollins Inc.	ROL	14	24	0.27	0.01	0	16	46.8
	United Rentals Inc.	URI	17	44	10.53	0.46	(0)	7	14.5
	Waste Management	WM	19	85	1.83	0.06	6	21	27.4
	Westinghouse Air Brake Technologies	WAB	28	29	1.88	0.09	12	34	20.7
	Information Technology	Amphenol Corp.	APH	41	84	0.41	0.01	3	13
International Bus. Machines		IBM	11	164	2.19	0.05	(5)	1	17.5
KLA Corp.		KLAC	47	115	6.15	0.14	8	14	29.6
Roper Technologies		ROP	2	60	4.46	0.03	(1)	8	29.2
ServiceNow Inc.		NOW	6	154	2.84	0.09	(1)	20	50.3
TE Connectivity		TEL	11	47	1.86	0.02	(4)	5	19.0
Teledyne Technologies		TDY	(12)	19	4.49	0.05	(10)	(4)	19.3
Teradyne Inc.		TER	43	24	0.77	0.03	27	(3)	38.4
Tyler Technologies		TYL	23	22	2.30	0.06	2	15	52.2
Materials	International Paper	IP	22	15	0.41	0.03	(10)	(30)	17.2
	Newmont Corp.	NEM	16	54	0.64	0.11	23	93	14.8
Real Estate	Invitation Homes	INVH	6	22	0.18	0.03	0	(16)	45.4
Utilities	NextEra Energy Inc.	NEE	25	153	0.98	0.09	4	11	21.0

Source: FactSet, Goldman Sachs Global Investment Research.

2Q earnings calendar (week of July 22nd)

Exhibit 6 (continued): Expected report dates for S&P 500 stocks reporting week of July 22nd

as of July 19, 2024

Sector	Company name	Ticker	YTD Return	Mkt Cap (\$ bil)	Consensus 2Q 2024				P/E (NTM)	
					EPS	Std. Dev.	3 Mo Revision	Yr/Yr Growth		
Thursday, July 25, 2024										
Consumer Discretionary	Deckers Outdoor	DECK	33 %	\$ 23	\$ 3.43	\$ 0.40	19 %	42 %	27.5 x	
	Hasbro Inc.	HAS	18	8	0.78	0.09	9	60	14.8	
	LKQ Corp.	LKQ	(10)	11	1.03	0.04	(8)	(5)	10.3	
	Mohawk Industries	MHK	17	8	2.75	0.03	2	(0)	11.7	
	Pool Corp.	POOL	(20)	12	4.90	0.03	(21)	(17)	26.6	
	Royal Caribbean Group	RCL	26	42	2.75	0.05	16	51	13.6	
	Tractor Supply	TSCO	23	28	3.92	0.05	0	2	24.0	
Consumer Staples	Keurig Dr Pepper	KDP	(1)	44	0.45	0.01	(2)	7	16.2	
Energy	Baker Hughes	BKR	2	34	0.49	0.01	4	26	14.6	
	Valero Energy Corp.	VLO	14	48	2.60	0.12	(55)	(52)	10.4	
Financials	Arthur J. Gallagher	AJG	21	59	2.24	0.01	(1)	18	25.0	
	Cincinnati Financial	CINF	19	19	0.96	0.10	(13)	(21)	18.1	
	Hartford Financial Svc.	HIG	27	30	2.24	0.11	(9)	19	9.5	
	Nasdaq Inc.	NDAQ	8	36	0.64	0.01	(6)	(10)	21.5	
	Principal Financial Grp	PFG	8	20	1.85	0.05	(3)	21	10.5	
	Willis Towers Watson Public Limited	WTW	9	27	2.33	0.07	(3)	14	15.1	
Health Care	AbbVie Inc.	ABBV	12	300	2.56	0.03	(9)	(12)	14.6	
	DexCom Inc.	DXCM	(9)	45	0.39	0.02	(2)	13	55.3	
	West Pharmaceutical Svc.	WST	(5)	24	1.74	0.11	(13)	(17)	39.5	
Industrials	American Airlines Group	AAL	(22)	7	1.06	0.08	(9)	(45)	4.5	
	Carrier Global	CARR	16	60	0.85	0.02	0	7	22.3	
	Dover Corp.	DOV	19	25	2.21	0.05	0	8	19.1	
	Honeywell Intl	HON	4	140	2.42	0.02	2	8	20.0	
	L3Harris Technologies	LHX	11	44	3.18	0.05	2	7	16.9	
	Masco Corp.	MAS	4	15	1.18	0.02	(4)	(1)	15.9	
	Norfolk Southern	NSC	(5)	50	2.86	0.07	(2)	(3)	17.4	
	Northrop Grumman	NOC	(7)	64	5.92	0.10	(1)	11	16.5	
	RTX Corp.	RTX	22	135	1.30	0.04	(1)	1	17.6	
	Southwest Airlines	LUV	(6)	16	0.51	0.04	(34)	(53)	21.6	
	Union Pacific Corp.	UNP	(6)	140	2.71	0.04	(0)	6	19.1	
	Veralto Corp.	VLTO	18	24	0.81	0.02	0	NM	27.9	
	Information Technology	Juniper Networks	JNPR	28	12	0.44	0.09	(15)	(23)	17.9
		VeriSign Inc.	VRSN	(15)	17	1.94	0.00	NM	8	21.1
Materials	Dow Inc.	DOW	(2)	37	0.72	0.04	(5)	(4)	14.8	
	Eastman Chemical	EMN	11	12	2.02	0.04	(2)	1	11.8	
Real Estate	CBRE Group Inc.	CBRE	0	28	0.77	0.21	(18)	(6)	18.5	
	Digital Realty Trust	DLR	19	51	0.24	0.09	5	(36)	106.3	
	Healthpeak Properties	DOC	6	14	0.09	0.04	(8)	0	47.2	
	Weyerhaeuser	WY	(15)	21	0.22	0.05	(35)	(30)	28.6	
Utilities	CMS Energy Corp.	CMS	6	18	0.63	0.03	(2)	(16)	17.5	
	DTE Energy Co.	DTE	5	23	1.21	0.12	2	22	16.3	
	Edison Intl	EIX	6	29	1.05	0.02	(3)	4	14.1	
	PG&E Corp.	PCG	(0)	38	0.30	0.04	(2)	30	12.7	

Source: FactSet, Goldman Sachs Global Investment Research.

2Q earnings calendar (week of July 22nd)

Exhibit 6 (continued): Expected report dates for S&P 500 stocks reporting week of July 22nd

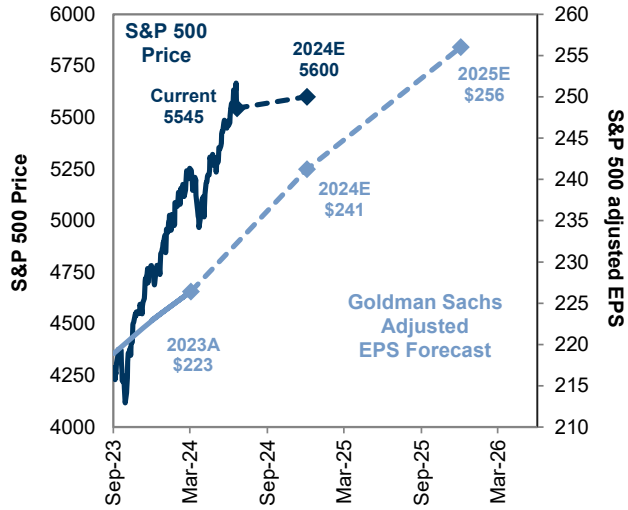
as of July 19, 2024

Sector	Company name	Ticker	YTD Return	Mkt Cap (\$ bil)	Consensus 2Q 2024				P/E (NTM)
					EPS	Std. Dev.	3 Mo Revision	Yr/Yr Growth	
Friday, July 26, 2024									
Communication Services	Charter Communications	CHTR	(22)%	\$ 44	\$ 7.98	\$ 0.54	(6)%	(1)%	9.4 x
Consumer Staples	Colgate-Palmolive	CL	24	80	0.87	0.01	1	13	26.5
Financials	Aon Plc	AON	2	65	3.08	0.06	(4)	12	18.1
	Franklin Resources	BEN	(20)	12	0.58	0.03	(9)	(8)	8.6
	T. Rowe Price Group	TROW	11	26	2.27	0.06	3	12	12.9
Health Care	Bristol-Myers Squibb	BMY	(17)	83	1.65	0.12	(6)	(5)	10.5
	Centene Corp.	CNC	(9)	36	1.96	0.12	(1)	(7)	9.3
Industrials	3M Co.	MMM	16	57	1.69	0.06	(7)	(22)	13.7

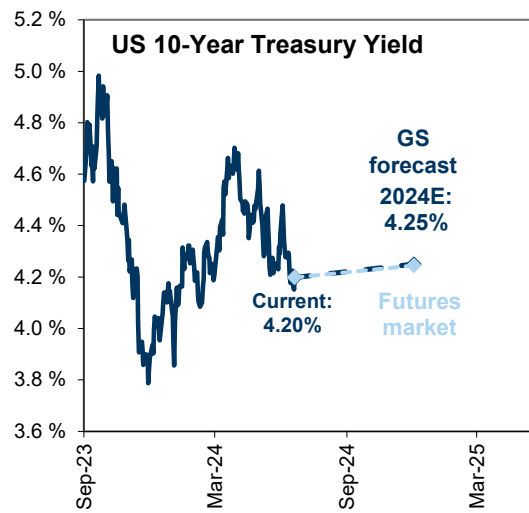
Source: FactSet, Goldman Sachs Global Investment Research.

Markets and Money Flow

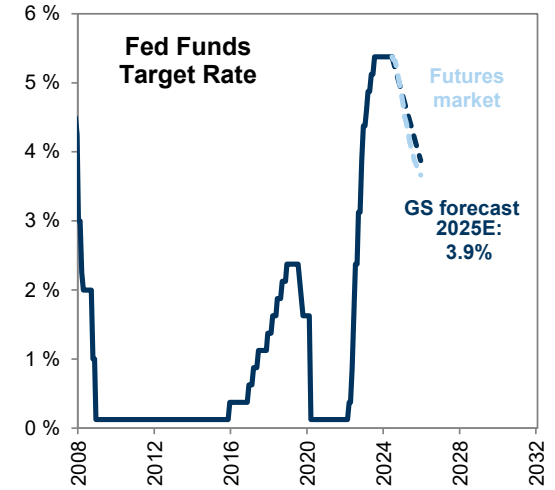
S&P 500 level and EPS



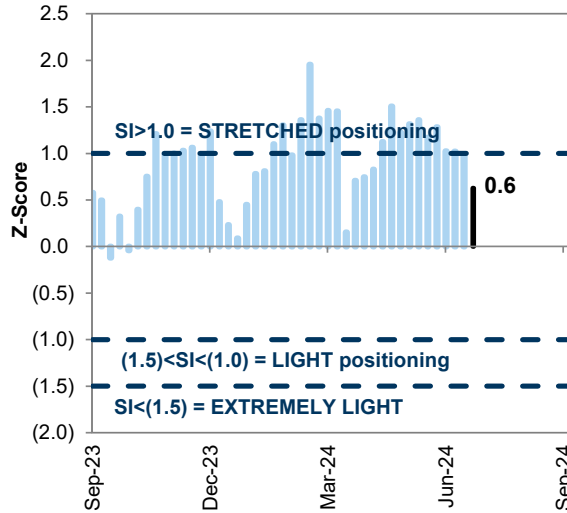
10-yr. Treasury Yields



Fed Funds Target Rate



Sentiment Indicator

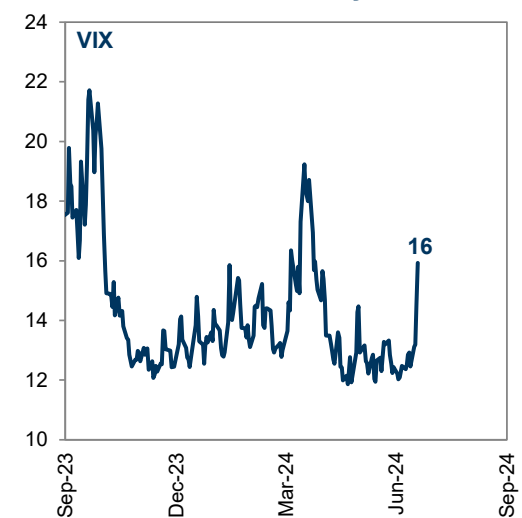


Note: Sentiment Indicator measures stock positioning across retail, institutional, and foreign investors versus the past 12 months. Readings below -1.0 or above +1.0 indicate extreme positions that are significant in predicting future returns.

10-yr Real Treasury Yields



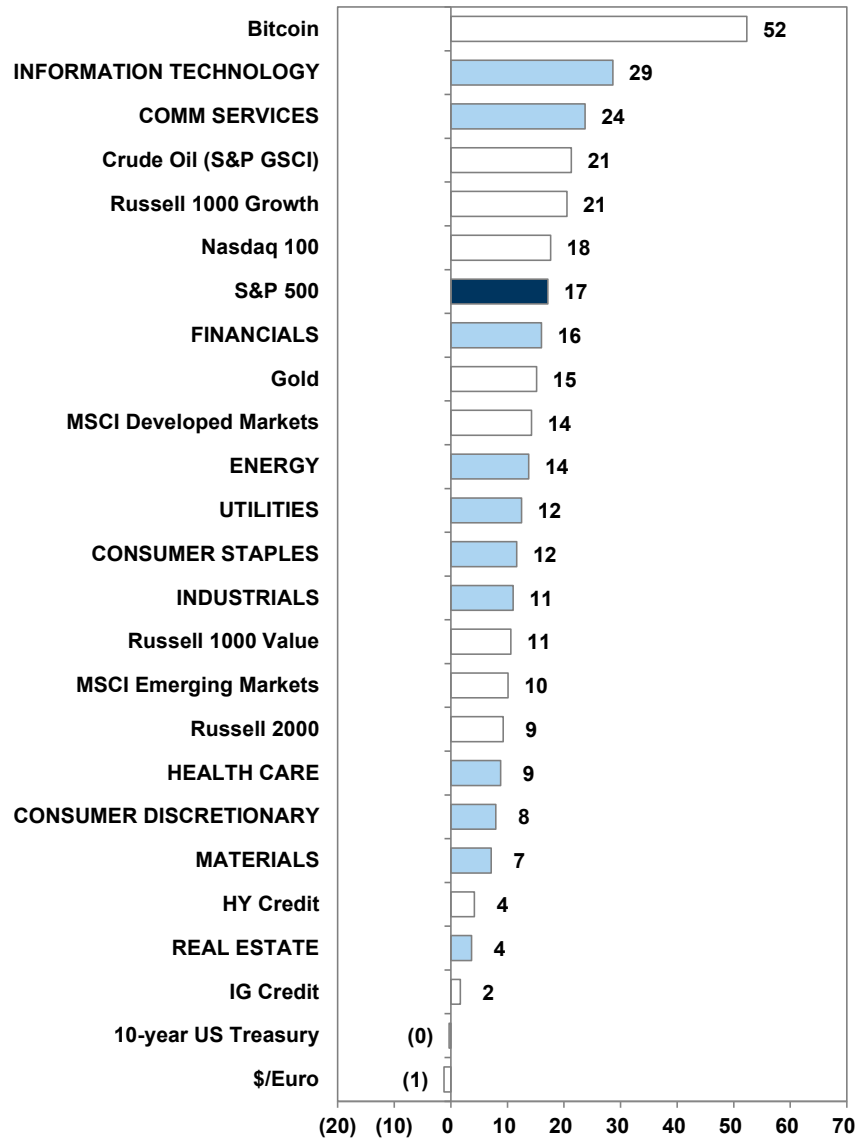
Volatility



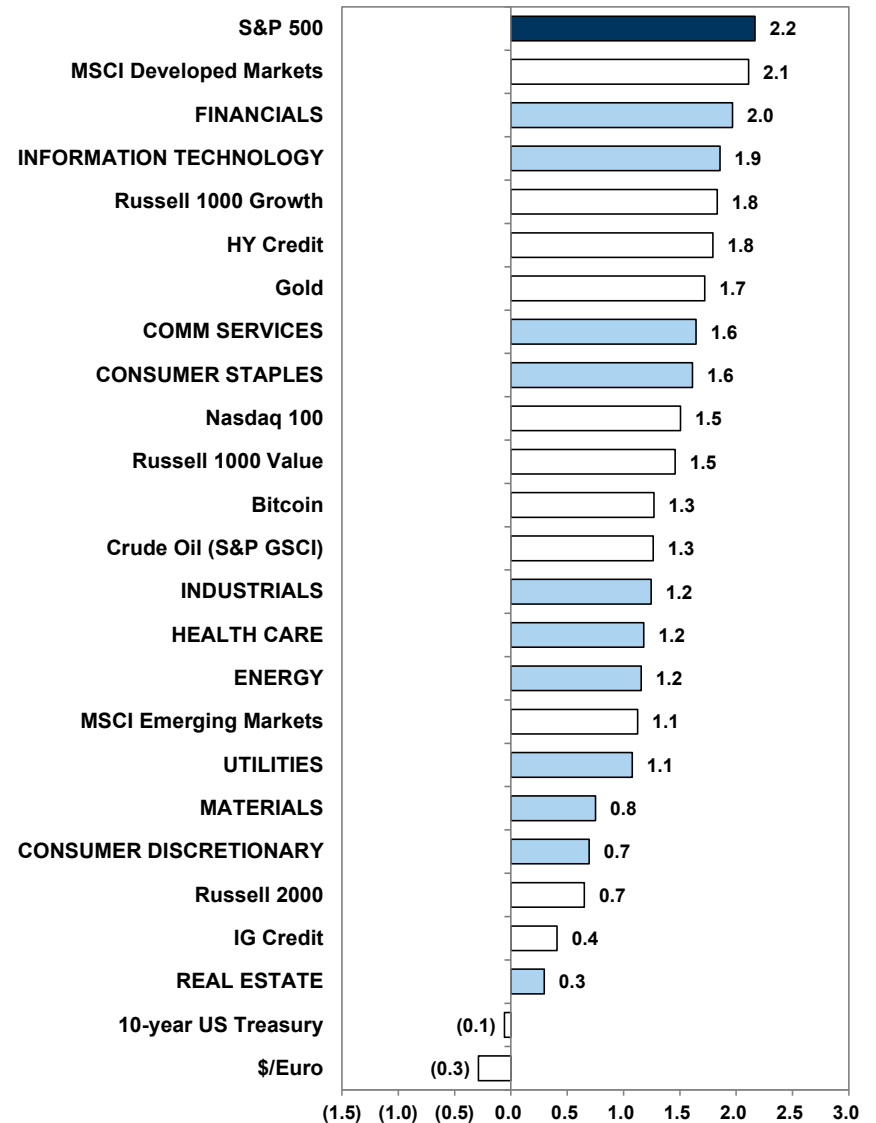
Source: Haver, EPFR, FactSet, CFTC, and Goldman Sachs Global Investment Research.

Market Performance: YTD absolute and risk-adjusted returns

Total Return



Risk Adjusted Return (Sharpe Ratio)

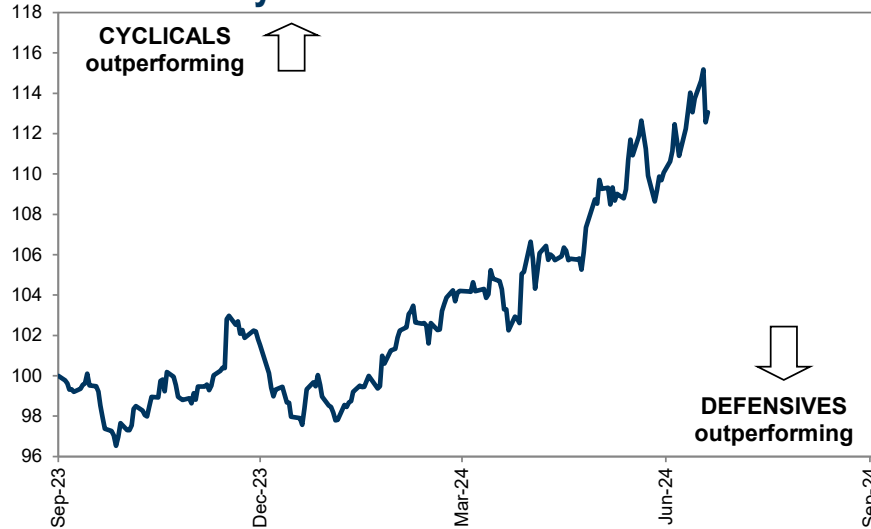


Note: Crude Oil (S&P GSCI) return represents S&P GSCI Crude Oil Index total return. Spot change equals 10% YTD.

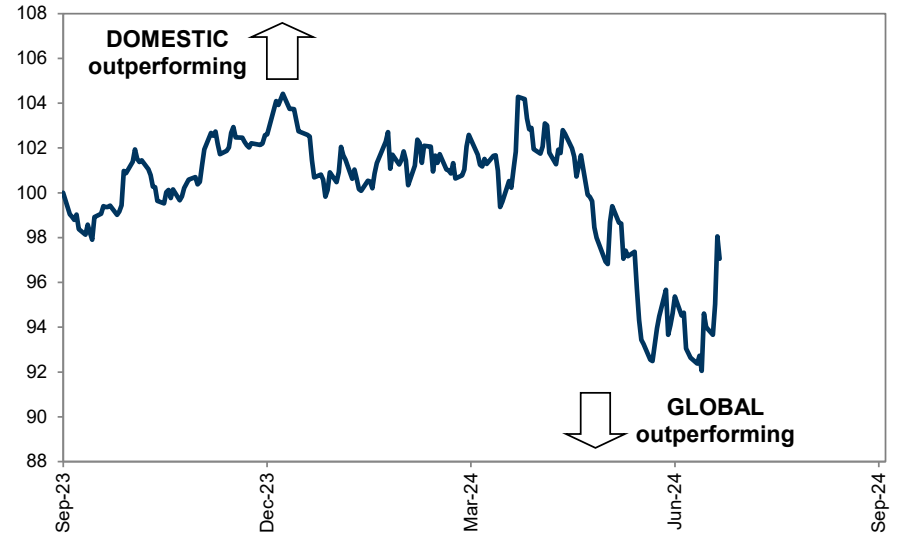
Source: Haver, FactSet, and Goldman Sachs Global Investment Research.

Sector Baskets Performance

Cyclicals vs. Defensives



Domestic vs. Global

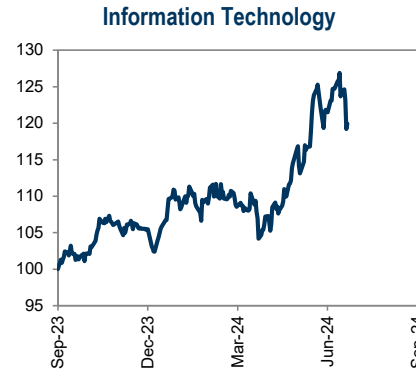
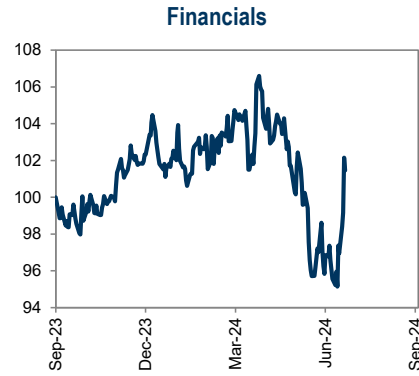
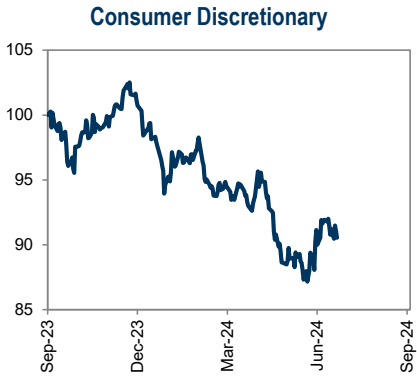


Performance and fundamentals of our sector baskets

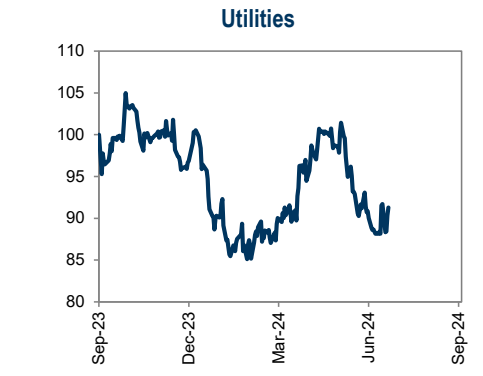
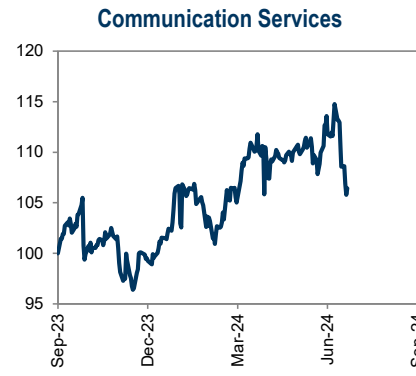
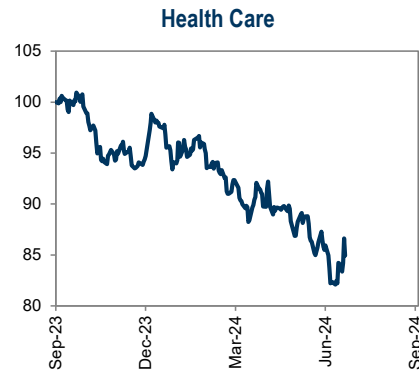
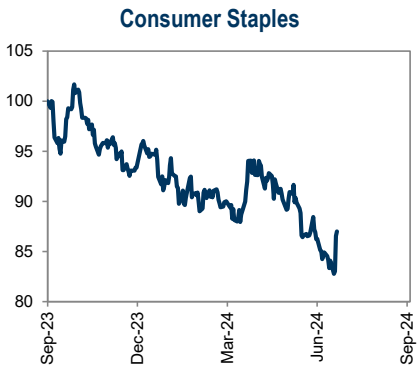
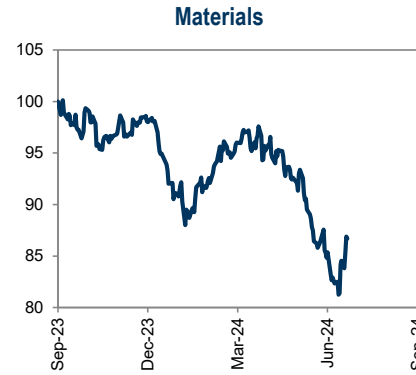
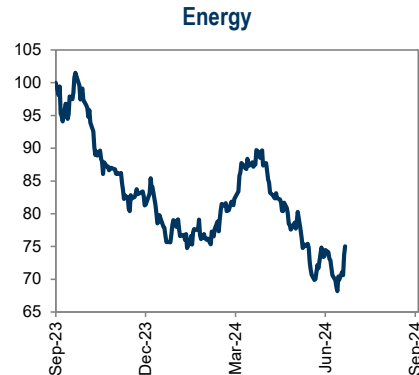
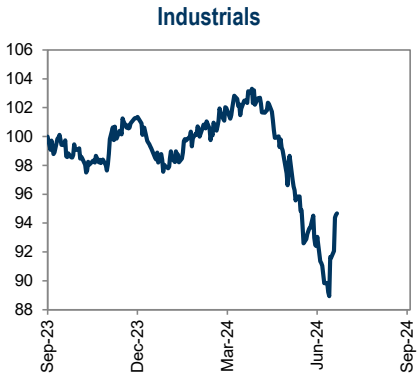
Basket	Bloomberg Ticker <GSSBXXXX>	# of Stocks	% of S&P 500 Cap	Beta	Non-US Sales	Earnings Growth		Sales Growth		NTM P/E	LTM P/B	Div Yield	Total Return				
						2024E	2025E	2024E	2025E				1 Wk	1 Mo	3 Mo	LTM	YTD
Cyclicals	CYCL	292	57 %	1.2	35%	9 %	15 %	4 %	6 %	21.1x	4.9x	1.2 %	(0.5)%	1 %	15 %	28 %	22 %
Defensives	DEFS	208	43	1.0	23	10	14	6	6	21.8	5.4	1.6	(0.6)	1	7	17	12
Global	GLBL	274	67 %	1.2	45%	10 %	17 %	4 %	6 %	23.0x	7.1x	1.2 %	(1.2)%	0 %	13 %	24 %	19 %
Domestic	DOMS	226	33	1.0	15	9	11	6	6	18.7	3.3	1.7	0.7	4	8	21	14
Global Cyclicals	GCYC	175	36 %	1.3	45%	8 %	18 %	3 %	6 %	23.1x	7.0x	1.1 %	(1.1)%	(0)%	19 %	29 %	24 %
Domestic Cyclicals	DCYC	117	21	1.0	21	11	12	6	7	18.3	3.3	1.3	0.3	4	8	26	16
Global Defensives	GDEF	99	31	1.0	45	13	16	5	7	22.9	7.2	1.3	(1.3)	0	6	19	13
Domestic Defensives	DDEF	109	12	0.8	10	5	10	6	5	19.3	3.3	2.3	1.2	3	9	15	10
Services-providing	SERV	264	48 %	1.1	20%	11 %	12 %	7 %	6 %	20.0x	4.1x	1.4 %	(0.2)%	2 %	7 %	22 %	14 %
Goods-producing	GOOD	236	52	1.1	42	8	18	3	6	22.8	6.6	1.3	(1.0)	0	16	25	21
S&P 500		500	100 %	1.1	29%	9 %	14 %	4 %	5 %	21.4x	5.1x	1.3 %	(0.7)%	1 %	11 %	24 %	17 %

Source: FactSet and Goldman Sachs Global Investment Research.

Sectors – Relative Performance vs. S&P 500

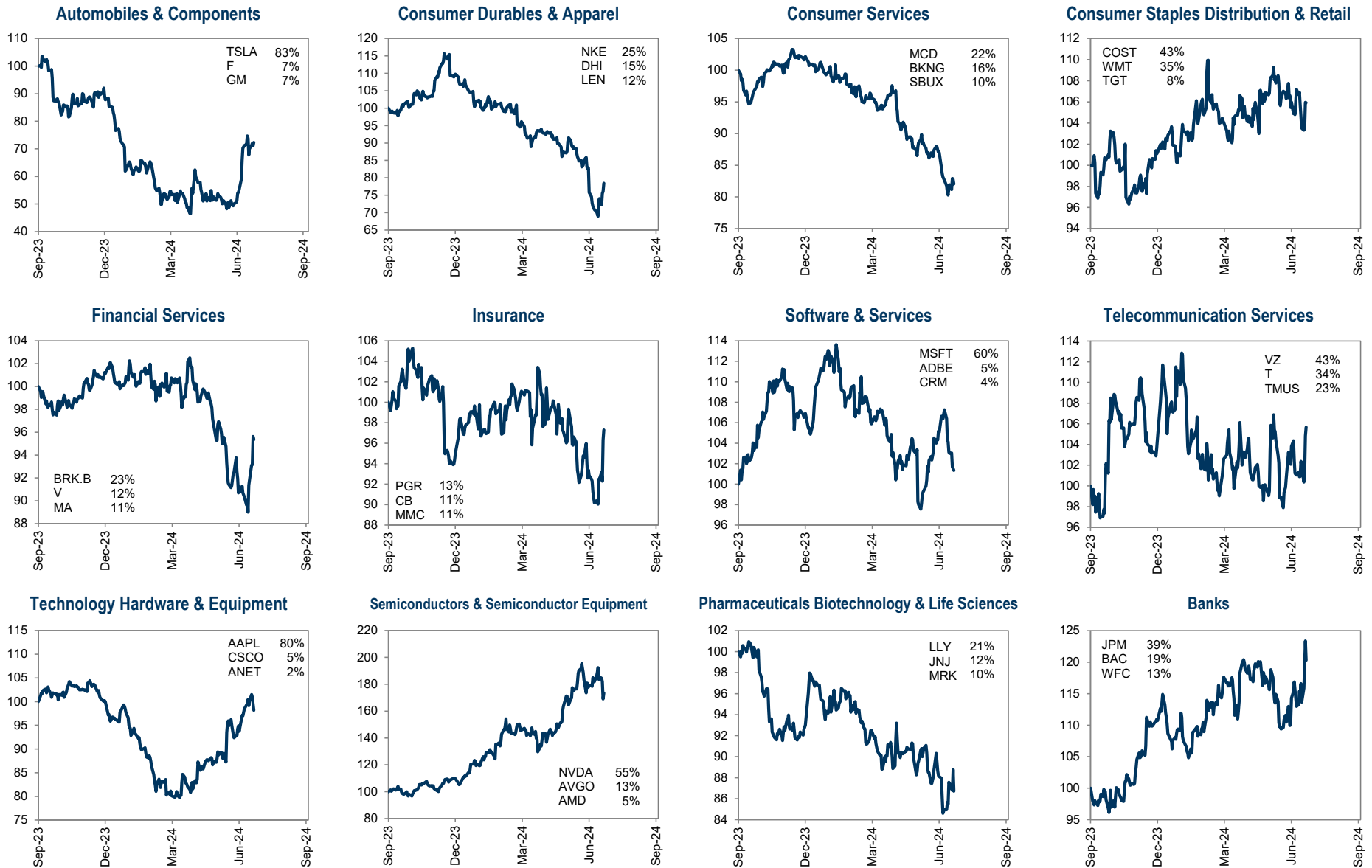


Recommended Sector Positioning			
Sectors	Goldman Sachs Weighting	S&P 500 Wgt	YTD return
Info Tech	Overweight	32%	29 %
Energy		4	14
Utilities		2	12
Consumer Staples		6	12
Health Care		12	9
Comm Services		9	24
Financials		13	16
Industrials		8	11
Consumer Discr		10	8
Materials		2	7
Real Estate		2	4
S&P 500		100%	17 %



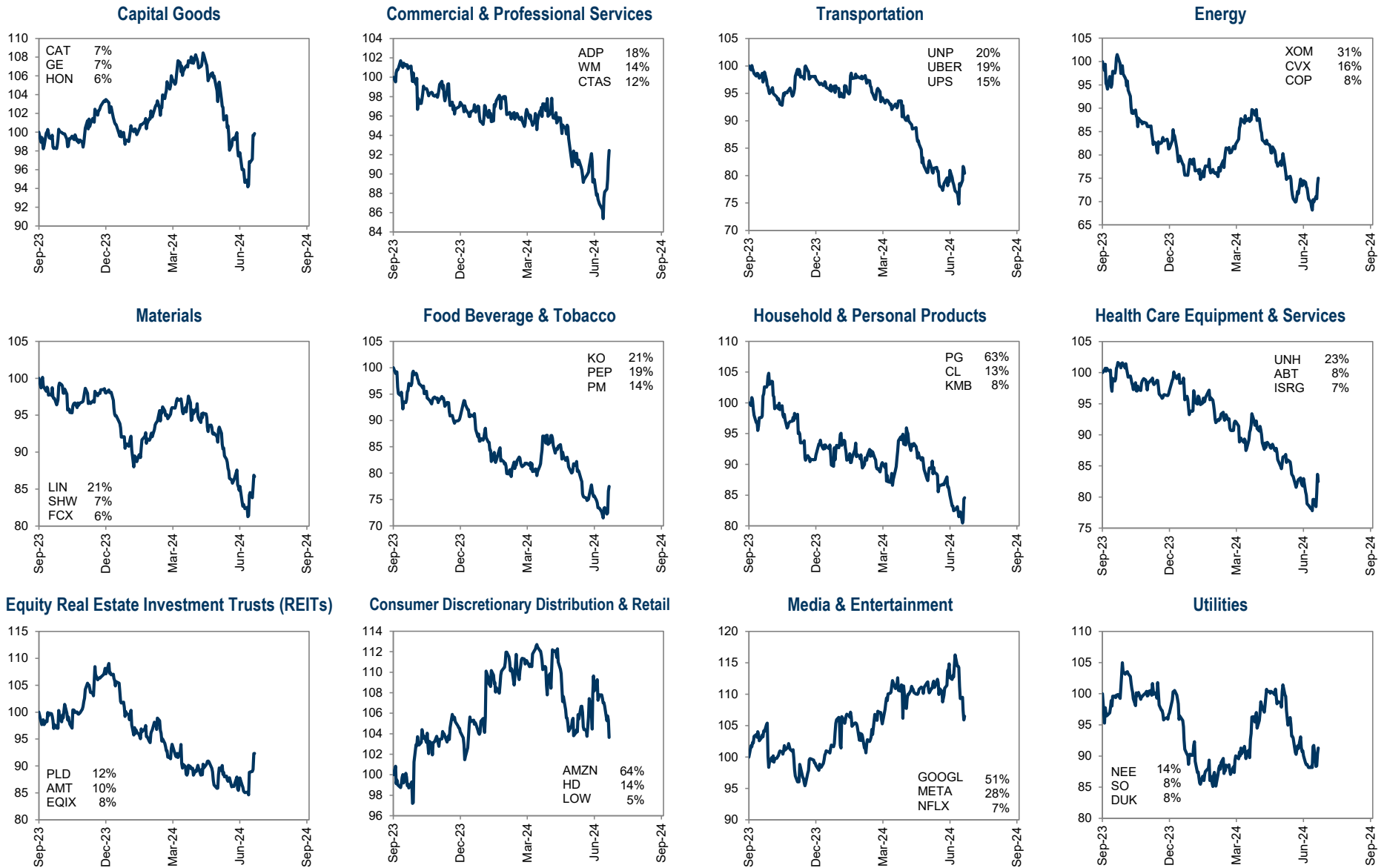
Source: FactSet and Goldman Sachs Global Investment Research.

Industry Groups – Relative Performance vs. S&P 500 and 3 largest stocks



Source: FactSet, data compiled by Goldman Sachs Global Investment Research.

Industry Groups – Relative Performance vs. S&P 500 and 3 largest stocks (continued)



Source: FactSet, data compiled by Goldman Sachs Global Investment Research.

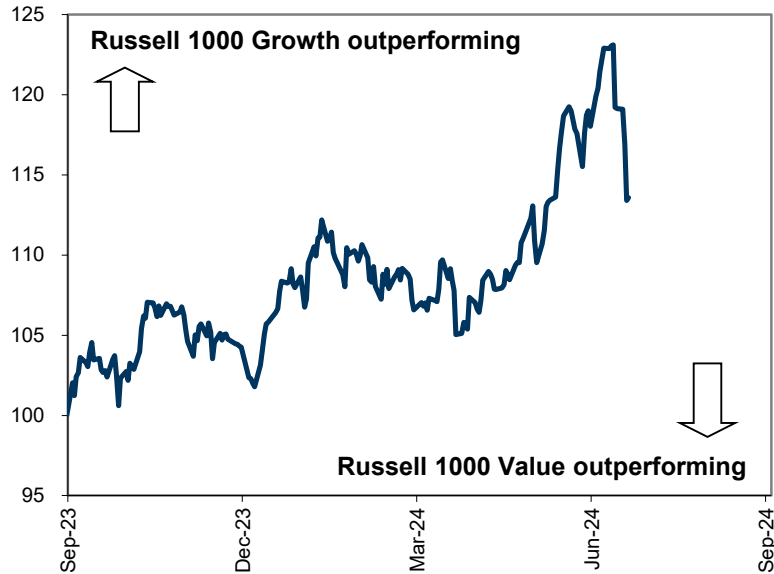
S&P 500 Sector and Industry Group Performance

S&P 500		Weight	1 Week	1 Month	3 Months	Last 12 Months	YTD		
		100 %	(0.7)%	1.1 %	11 %	24 %	17 %		
S E C T O R	Energy	4 %	3.6 %	6.5 %	0 %	18 %	14 %	Top quartile	
	Financials	13	2.4	5.4	9	26	16	Bottom quartile	
	Real Estate	2	2.1	6.5	16	11	4		
	Consumer Staples	6	1.7	1.7	7	11	12		
	Industrials	8	1.7	2.4	4	17	11		
	Materials	2	1.4	2.1	3	10	7		
	Health Care	12	(0.2)	1.3	7	13	9		
	Consumer Discretionary	10	(0.9)	4.2	9	12	8		
	Utilities	2	(0.9)	2.1	10	11	12		
	Information Technology	32	(3.0)	(2.5)	21	37	29		
Communication Services	9	(3.4)	0.0	6	37	24			
I N D U S T R Y G R O U P	Consumer Durables & Apparel	1 %	3.7 %	(2.9)%	(2)%	(4)%	(10)%	Global	Cyclicals
	Automobiles & Components	2	3.6	30.1	55	(12)	4	Global	Cyclicals
	Energy	4	3.6	6.5	0	18	14	Global	Cyclicals
	Commercial & Professional Services	1	3.3	3.3	8	18	13	Domestic	Cyclicals
	Insurance	2	3.1	4.5	8	33	20	Domestic	Cyclicals
	Food Beverage & Tobacco	3	3.1	4.0	6	1	6	Global	Defensives
	Financial Services	7	2.5	4.6	7	19	12	Domestic	Cyclicals
	Equity Real Estate Investment Trusts (REITs)	2	2.1	6.5	16	11	4	Domestic	Defensives
	Banks	3	1.9	7.8	15	39	23	Domestic	Cyclicals
	Telecommunication Services	1	1.8	6.0	12	42	17	Domestic	Defensives
	Health Care Equipment & Services	5	1.8	2.2	4	5	4	Domestic	Defensives
	Capital Goods	5	1.6	1.6	5	22	13	Global	Cyclicals
	Materials	2	1.4	2.1	3	10	7	Global	Cyclicals
	Household & Personal Products	1	1.3	(0.6)	5	9	12	Global	Defensives
	Transportation	2	0.8	4.3	1	0	2	Domestic	Cyclicals
	Consumer Staples Distribution & Retail	2	0.2	0.3	11	32	21	Domestic	Defensives
	Consumer Services	2	(0.2)	(2.6)	(0)	4	(1)	Global	Cyclicals
	Utilities	2	(0.9)	2.1	10	11	12	Domestic	Defensives
	Technology Hardware & Equipment	9	(1.5)	3.7	29	16	16	Global	Cyclicals
	Pharmaceuticals Biotechnology & Life Sciences	7	(1.5)	0.6	9	19	12	Global	Defensives
Software & Services	12	(2.0)	0.3	8	20	11	Global	Defensives	
Consumer Discretionary Distribution & Retail	6	(3.1)	1.0	4	28	16	Domestic	Cyclicals	
Media & Entertainment	8	(4.0)	(0.6)	5	37	24	Global	Defensives	
Semiconductors & Semiconductor Equipment	12	(5.1)	(9.1)	30	87	68	Global	Cyclicals	

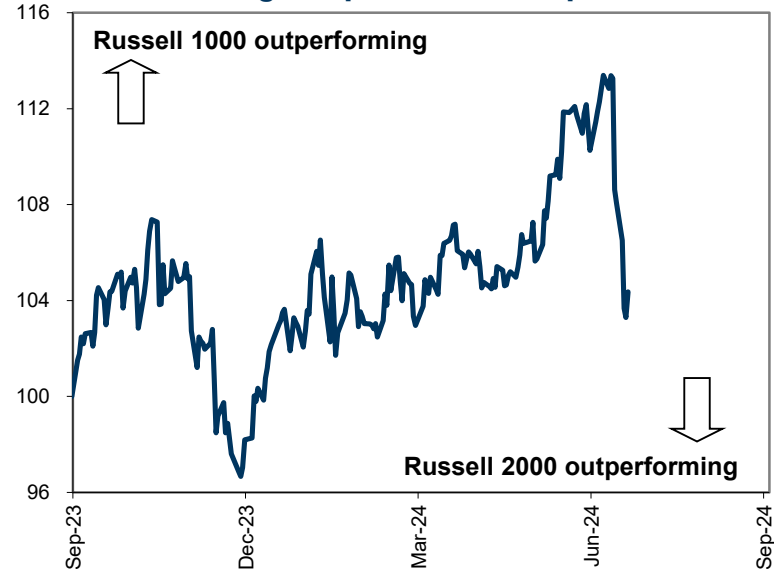
Source: FactSet and Goldman Sachs Global Investment Research.

Style and Size

Growth vs. Value



Large-cap vs. Small-cap



Sectors: Russell 1000 Growth vs. Value

Russell Sector	1-Week (% Return)			YTD (% Return)		
	Growth	Value	Δ (bps)	Growth	Value	Δ (bps)
Industrials	3	2	41	5	13	(749)
Materials	1	1	38	16	4	1,131
Consumer Staples	2	2	(11)	6	7	(186)
Financials	2	2	(14)	17	19	(147)
Energy	3	3	(58)	13	14	(23)
Utilities	(2)	(0)	(183)	22	14	807
Technology	(4)	(0)	(338)	30	10	2,010
Cons Discretionary	(2)	2	(396)	11	6	444
Health Care	(5)	2	(675)	13	4	813
Index	(3)	2	(482)	21	11	988

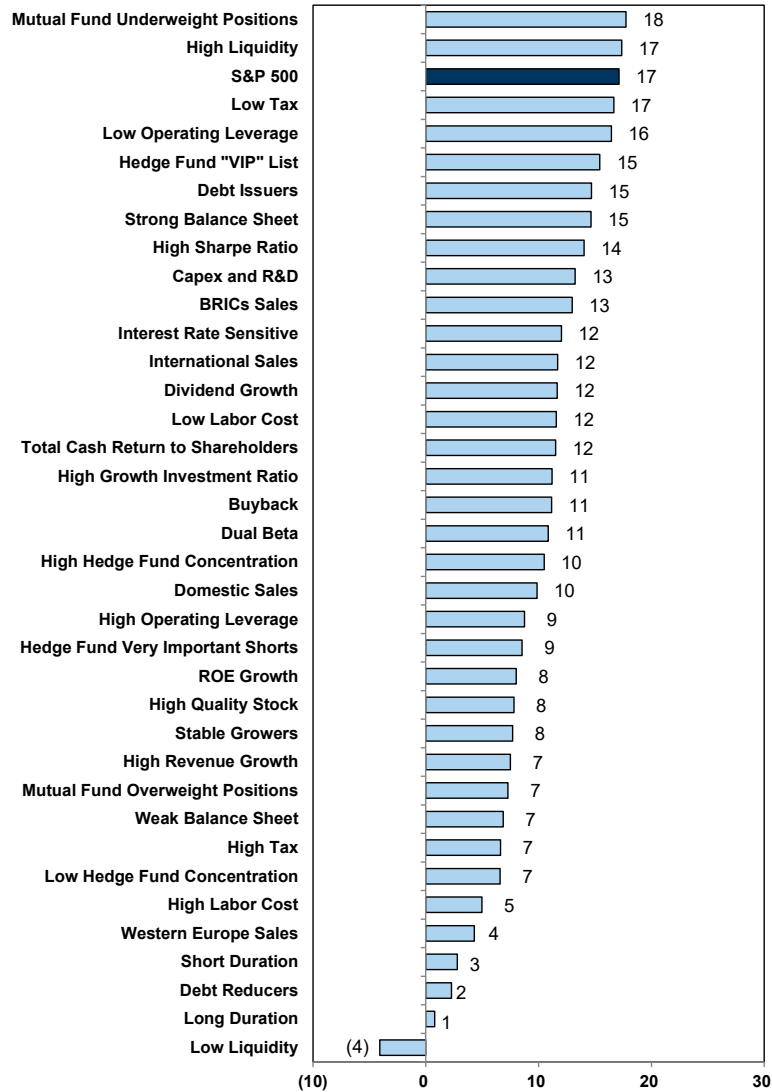
Sectors: Russell 1000 vs. Russell 2000

Russell Sector	1-Week (% Return)			YTD (% Return)		
	R1000	R2000	Δ (bps)	R1000	R2000	Δ (bps)
Energy	3	2	113	13	9	489
Consumer Staples	2	3	(44)	7	7	(9)
Health Care	(0)	1	(135)	9	9	(37)
Industrials	3	4	(146)	9	13	(331)
Materials	1	3	(259)	6	7	(97)
Cons Discretionary	(1)	3	(439)	10	4	539
Utilities	(0)	4	(483)	15	8	636
Financials	2	7	(490)	18	9	901
Technology	(4)	1	(493)	28	14	1,384
Index	(1)	3	(406)	16	9	687

Source: FactSet and Goldman Sachs Global Investment Research.

US Portfolio Strategy Baskets are available on GS [Marquee](#) platform

YTD Performance



	Ticker	Total Return			P/E	EV/Sales	'24 EPS growth	
		1 wk	1 mo	YTD				
Macroeconomic	Dual Beta	GSTHBETA	(1.2)%	0 %	11 %	18x	2.7x	6.0 %
	Interest Rate Sensitive	GSTHUSTY	(0.1)	3	12	14	2.2	5.0
	High Tax	GSTHHTAX	1.3	2	7	17	2.0	5.7
	Low Tax	GSTHLTAX	(0.8)	(1)	17	17	3.8	8.5
	High Labor Cost	GSTHHLAB	1.4	3	5	19	3.1	7.0
	Low Labor Cost	GSTHLLAB	0.3	1	12	17	2.6	5.6
Geographic Sales	Domestic Sales	GSTHAINT	1.6 %	4 %	10 %	16x	2.2x	2.7 %
	International Sales	GSTHINTL	(0.4)	0	12	21	4.7	7.6
	BRICs Sales	GSTHBRIC	(0.4)	0	13	18	3.8	5.9
	Western Europe Sales	GSTHWEUR	1.7	4	4	18	3.2	4.3
Fundamental	High Revenue Growth	GSTHREVG	0.5 %	2 %	7 %	21x	4.1x	8.1 %
	High Operating Leverage	GSTHOPHI	(0.0)	3	9	19	3.1	11.3
	Low Operating Leverage	GSTHOPLO	(0.4)	0	16	23	6.0	7.3
	Stable Growers	GSTHSTGR	1.8	3	8	22	3.9	7.5
	ROE Growth	GSTHGROE	0.1	1	8	19	3.1	18.8
	High Quality Stock	GSTHQUAL	0.6	2	8	24	4.6	8.5
	Long Duration	GSTHLDUR	(1.5)	2	1	46	5.8	20.3
	Short Duration	GSTHSDUR	1.9	5	3	10	1.6	(15.0)
	Strong Balance Sheet	GSTHSBAL	(1.8)	(0)	15	31	6.9	11.0
Weak Balance Sheet	GSTHWBAL	1.3	5	7	14	2.7	2.5	
Uses of Cash	Capex and R&D	GSTHCAPX	0.0 %	1 %	13 %	12x	2.3x	3.9 %
	Total Cash Return to Shareholders	GSTHCASH	1.2	3	12	12	2.1	3.4
	Buyback	GSTHREPO	0.6	2	11	15	2.1	5.7
	Dividend Growth	GSTHDIVG	2.5	4	12	15	2.9	1.1
	High Growth Investment Ratio	GSTHHGIR	(1.7)	1	11	19	3.9	8.5
	Debt Issuers	GSTHDISS	0.2	2	15	16	3.0	6.1
	Debt Reducers	GSTHDRED	1.0	2	2	15	2.5	2.0
Risk & Liquidity	High Sharpe Ratio	GSTHSHRP	2.5 %	4 %	14 %	17x	2.9x	5.0 %
	High Liquidity	GSTHHLIQ	0.2	1	17	22	4.5	8.1
	Low Liquidity	GSTHLLIQ	4.1	9	(4)	19	2.7	4.2
Hedge Funds & Mutual Funds	Hedge Fund "VIP" List	GSTHHVIP	(2.3)%	(1)%	15 %	21x	4.3x	19.2 %
	Hedge Fund Very Important Shorts	GSTHVISP	1.1	2	9	20	3.9	5.1
	High Hedge Fund Concentration	GSTHHFHI	(0.9)	2	10	14	1.9	11.7
	Low Hedge Fund Concentration	GSTHHFSL	3.9	5	7	25	3.0	2.1
	Mutual Fund Overweight Positions	GSTHMFOW	0.5	2	7	17	3.0	8.4
	Mutual Fund Underweight Positions	GSTHMFUW	0.7	4	18	23	4.6	7.0
S&P 500 Median					18	3.1	6.4	

For details and constituents of our baskets see [Anatomy of our US Portfolio Strategy Thematic and Sector Baskets](#), March 8, 2023

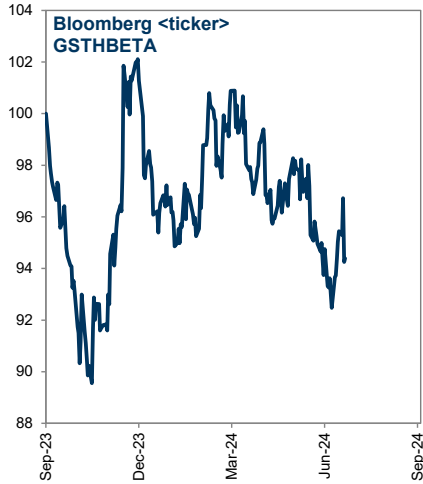
Source: FactSet and Goldman Sachs Global Investment Research.

US Portfolio Strategy Baskets – Relative performance vs. S&P 500

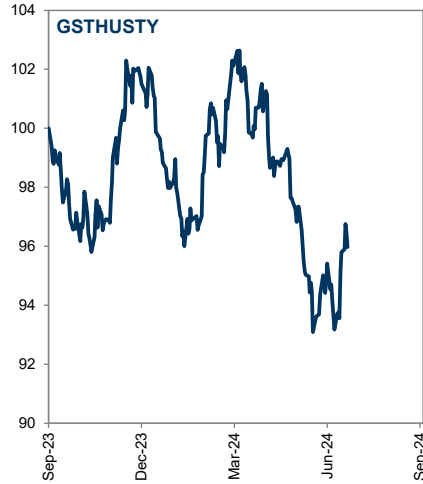
Macroeconomics

Geographic Sales

Dual Beta



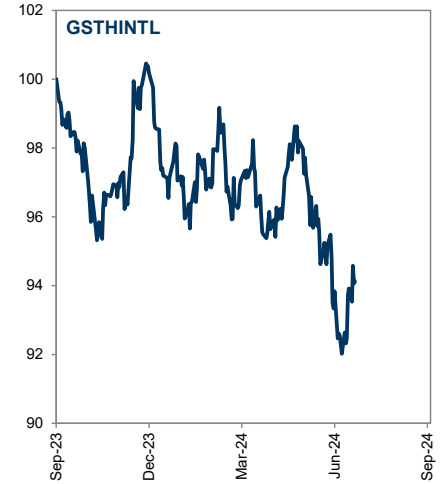
Interest Rate Sensitive



US Sales



International Sales



Low vs. High Labor Cost



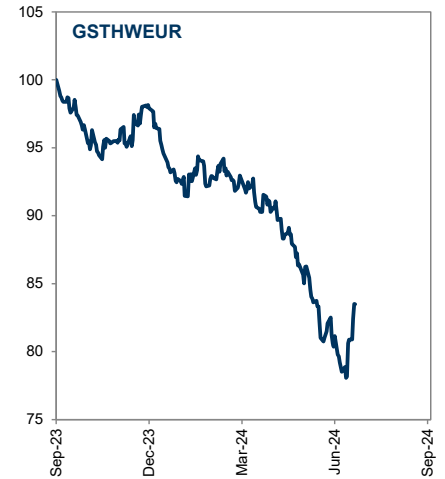
High vs. Low Tax Rate



BRICs Sales



Western Europe Sales



Source: FactSet and Goldman Sachs Global Investment Research.

US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

Fundamentals



Source: FactSet and Goldman Sachs Global Investment Research.

US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

Uses of Cash

Risk & Liquidity

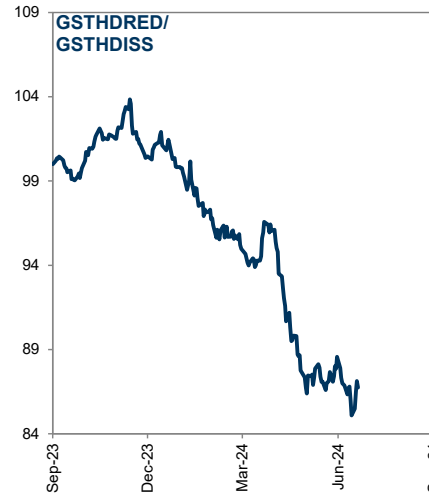
Capex and R&D



High Growth Investment Ratio



Debt Reducers vs. Issuers



High Sharpe Ratio



Total Cash Return



Buybacks



Dividend Growth



Low vs. High Liquidity



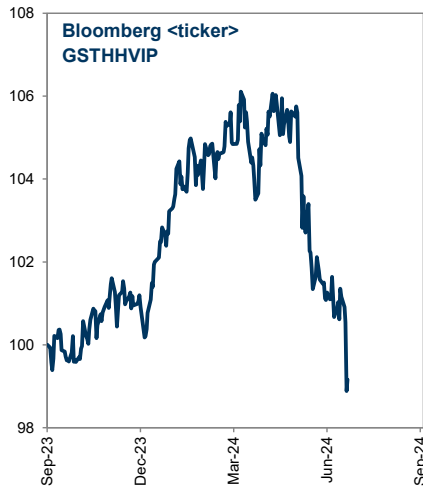
Source: FactSet and Goldman Sachs Global Investment Research.

US Portfolio Strategy Baskets – Relative performance vs. S&P 500 (continued)

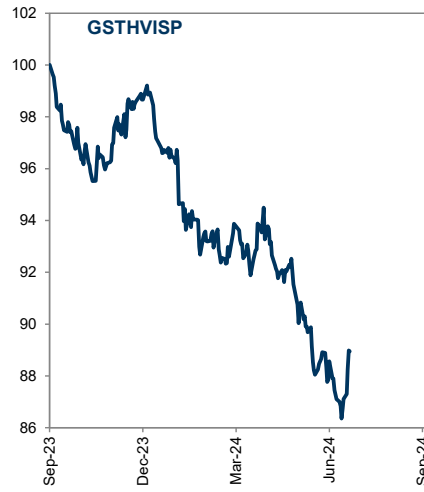
Hedge Fund Ownership

Mutual Fund Ownership

Hedge Fund VIP



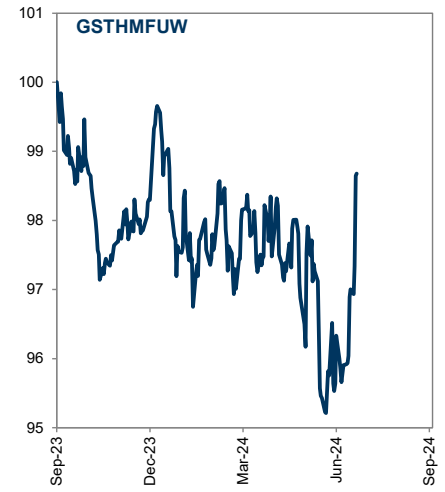
Short Positions



Overweight Positions



Underweight Positions



High Concentration



Low Concentration



Source: FactSet and Goldman Sachs Global Investment Research.

S&P 500 Earnings, Sales and Revisions

GS Top-Down EPS & Consensus Bottom-Up EPS

	2023A	Adjusted EPS GS Top-Down				Adjusted EPS Consensus Bottom-Up			
		Contribution		EPS growth		Contribution		EPS growth	
		2024E	2025E	2024E	2025E	2024E	2025E	2024E	2025E
Information Technology	\$45	\$52	\$56	14 %	10 %	\$54	\$65	19 %	20 %
Financials	40	42	44	5	5	44	48	9	9
Health Care	29	32	35	10	7	31	37	5	19
Communication Services	21	24	26	14	9	25	28	20	13
Consumer Discretionary	19	21	23	13	8	21	24	11	15
Industrials	19	20	21	7	4	20	23	5	14
Consumer Staples	14	15	16	4	4	15	16	5	8
Utilities	6	7	7	8	4	7	8	17	8
Real Estate	6	6	7	5	4	6	7	5	10
Materials	6	6	6	4	2	6	6	(2)	13
S&P 500 ex-Energy	206	225	240	9	7	229	261	11	14
Energy	17	16	16	(7)	(1)	15	17	(13)	17
S&P 500 EPS	\$223	\$241	\$256	8 %	6 %	\$243	\$279	9 %	14 %

Earnings & Sales Revisions (Consensus)

	EPS REVISIONS				SALES REVISIONS			
	1 month		3 month		1 month		3 month	
	24E	25E	24E	25E	24E	25E	24E	25E
Financials	1.5 %	0.4 %	2.1 %	0.7 %	NM	NM	NM	NM
Communication Services	0.3	(0.2)	3.9	2.8	0.0	0.2	(0.0)	0.2
Consumer Discretionary	0.1	(0.3)	2.4	1.5	(0.2)	(0.2)	(0.6)	(1.0)
Information Technology	0.1	0.3	1.7	3.5	(0.0)	0.4	0.7	2.2
S&P 500 ex. Energy	(0.0)	0.0	0.8	1.2	(0.1)	(0.0)	(0.2)	(0.1)
Utilities	(0.2)	(0.1)	0.6	0.9	NM	NM	NM	NM
Consumer Staples	(0.3)	(0.6)	0.1	(0.6)	(0.2)	(0.3)	(0.3)	(0.3)
S&P 500	(0.3)	(0.1)	0.4	1.1	(0.2)	(0.1)	(0.2)	(0.1)
Real Estate	(0.6)	1.2	1.5	1.1	NM	NM	NM	NM
Materials	(0.8)	0.8	(1.0)	1.6	(0.1)	0.4	(0.6)	0.1
Industrials	(1.2)	(0.9)	(2.5)	(1.5)	(0.4)	(0.4)	(1.6)	(1.2)
Health Care	(1.5)	0.0	(2.8)	(0.7)	0.0	0.1	0.1	(0.2)
Energy	(5.0)	(2.4)	(5.8)	(1.5)	(1.0)	(0.9)	(0.1)	0.2

Earnings Growth (consensus bottom-up)

	2024 Earnings Per Share Growth				Annual	
	1QA	2QE	3QE	4QE	2024E	2025E
Communication Services	38 %	17 %	11 %	17 %	20 %	13 %
Information Technology	27	17	17	18	19	20
Utilities	34	11	13	11	17	8
S&P 500 ex. Energy	10	10	8	15	11	14
Consumer Discretionary	24	7	2	14	11	15
S&P 500	7	9	7	14	9	14
Financials	11	12	(0)	14	9	9
Consumer Staples	9	2	4	5	5	8
Real Estate	2	0	5	13	5	10
Health Care	(26)	15	12	23	5	19
Industrials	6	(3)	10	6	5	14
Materials	(21)	(12)	9	24	(2)	13
Energy	(29)	(4)	(10)	(5)	(13)	17

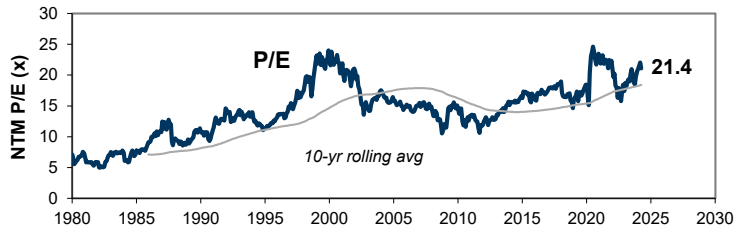
Sales Growth (consensus bottom-up)

	2024E Sales Per Share Growth				Annual	
	1QA	2QE	3QE	4QE	2024E	2025E
Information Technology	9 %	12 %	14 %	13 %	12 %	12 %
Health Care	5	5	6	7	6	3
Communication Services	6	4	7	6	6	6
S&P 500 ex. Energy	5	4	6	6	5	5
Industrials	6	4	6	3	5	4
S&P 500	4	4	5	5	4	5
Consumer Discretionary	4	2	3	3	3	6
Consumer Staples	3	3	2	2	3	5
Energy	(6)	3	(5)	0	(2)	2
Materials	(7)	(8)	(3)	(0)	(5)	2

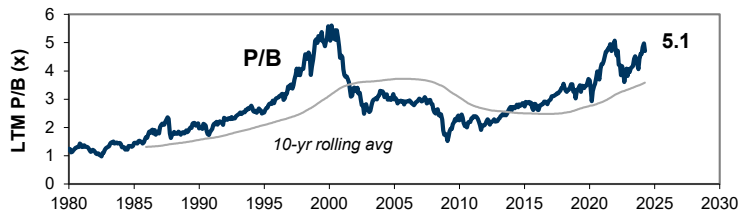
Source: FirstCall, I/B/E/S, FactSet, and Goldman Sachs Global Investment Research.

Valuation: Absolute and Relative

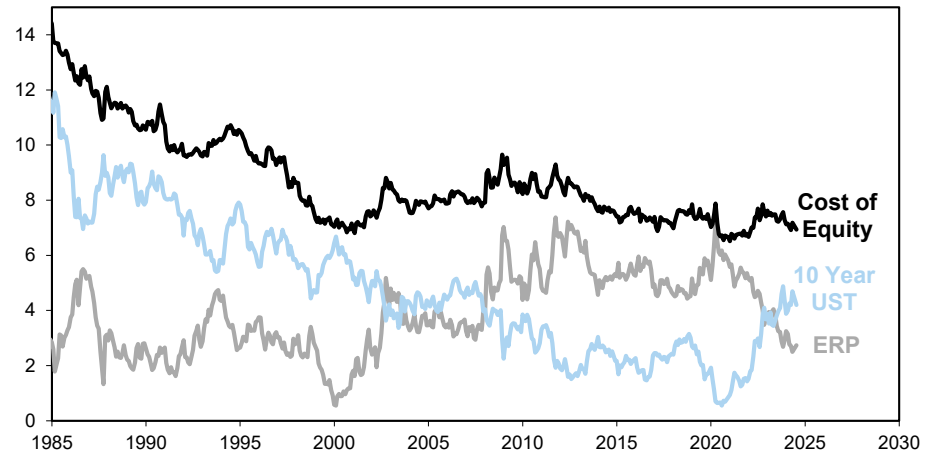
S&P 500 NTM P/E



S&P 500 LTM P/B



S&P 500 Cost of Equity = ERP + 10-yr UST



We estimate the equity risk premium (ERP) using our DDM framework to model expected future cash flows. We solve for the cost of equity that implies the market is at 'fair value' and then deduct the 10-year US treasury.

Current aggregate valuation metrics - absolute

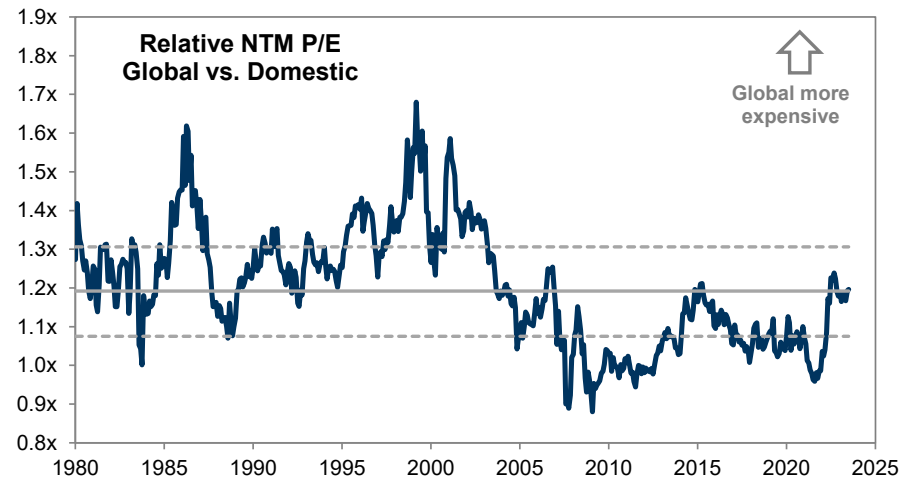
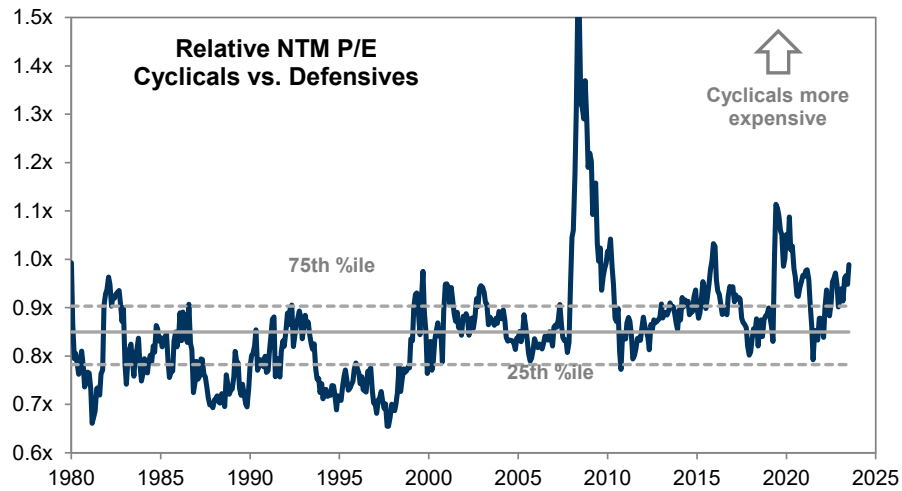
	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	PEG Ratio	NTM P/E
S&P 500	3.3x	16.0x	5.1x	3.1 %	1.3x	21.4x
Energy	1.6	7.2	2.4	6.5	2.2	12.6
Financials	NM	NM	2.2	NM	1.3	15.6
Utilities	NM	11.6	2.2	(4.0)	2.2	16.7
Real Estate	NM	NM	3.1	NM	5.3	17.5
Comm Services	4.1	11.5	4.4	5.0	1.0	18.7
Health Care	1.9	15.6	5.1	3.3	0.9	18.9
Materials	2.8	12.6	3.2	3.1	1.6	19.6
Cons Staples	1.7	14.3	6.4	4.1	2.6	20.5
Industrials	2.7	14.5	6.2	3.5	1.7	21.0
Cons Discr	2.8	16.3	9.8	3.1	1.3	24.9
Info Tech	9.5	27.5	13.7	2.4	1.4	29.7

Current relative valuation vs. historical average (Z-score)

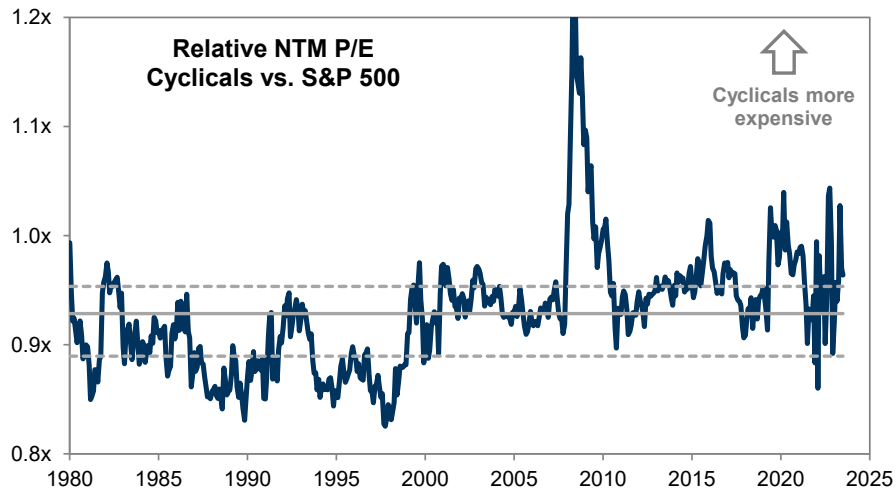
	10-year						30-year	
	EV/ Sales	EV/ EBITDA	Price/ Book	FCF Yield	PEG Ratio	P/E	Median Z-Score	Median Z-Score
S&P 500	1.9	1.2	2.1	2.5	(0.4)	1.2	1.6	1.7
Comm Services	(1.7)	(2.2)	(1.0)	(2.6)	(0.2)	(1.9)	(1.8)	(1.3)
Real Estate	NM	NM	(2.2)	NM	1.5	(1.7)	(1.7)	(0.9)
Cons Staples	(1.6)	(1.4)	(1.6)	(1.2)	0.3	(1.3)	(1.3)	(1.6)
Health Care	(1.9)	(0.3)	(2.0)	1.9	(1.8)	(0.2)	(1.0)	(1.2)
Industrials	(2.2)	(1.0)	(1.5)	(1.0)	0.0	(0.1)	(1.0)	0.1
Cons Discr	(1.2)	(1.3)	(0.6)	(1.3)	0.2	(0.7)	(0.9)	0.2
Financials	NM	NM	(0.9)	NM	0.3	(1.6)	(0.9)	(0.9)
Utilities	NM	(1.8)	(1.9)	0.5	(0.8)	(0.4)	(0.8)	(0.2)
Energy	(1.0)	(0.9)	(0.4)	(0.8)	0.2	(0.8)	(0.8)	(1.2)
Materials	(1.2)	(0.8)	(1.1)	0.2	0.3	(0.3)	(0.5)	(0.5)
Info Tech	2.4	2.5	1.3	1.3	0.2	1.9	1.6	1.4

Source: FactSet, I/B/E/S, FirstCall, and Goldman Sachs Global Investment Research.

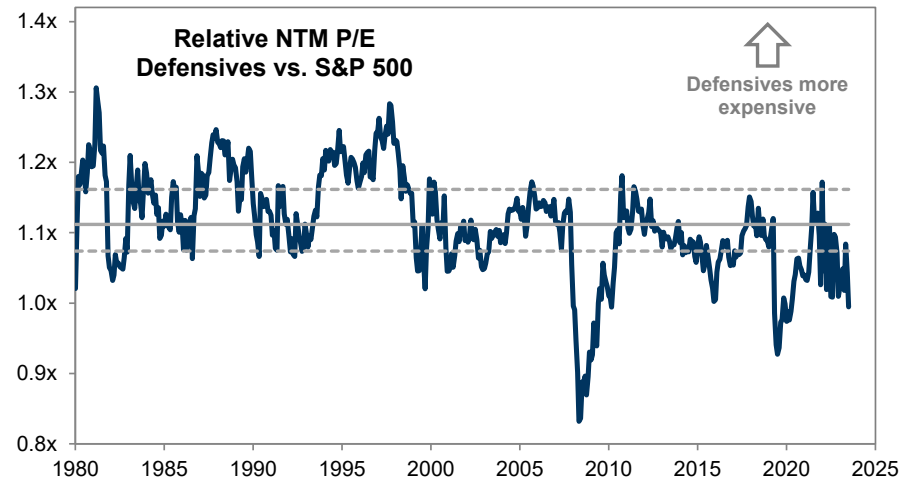
Valuation: Sector baskets



Cyclicals vs. S&P 500

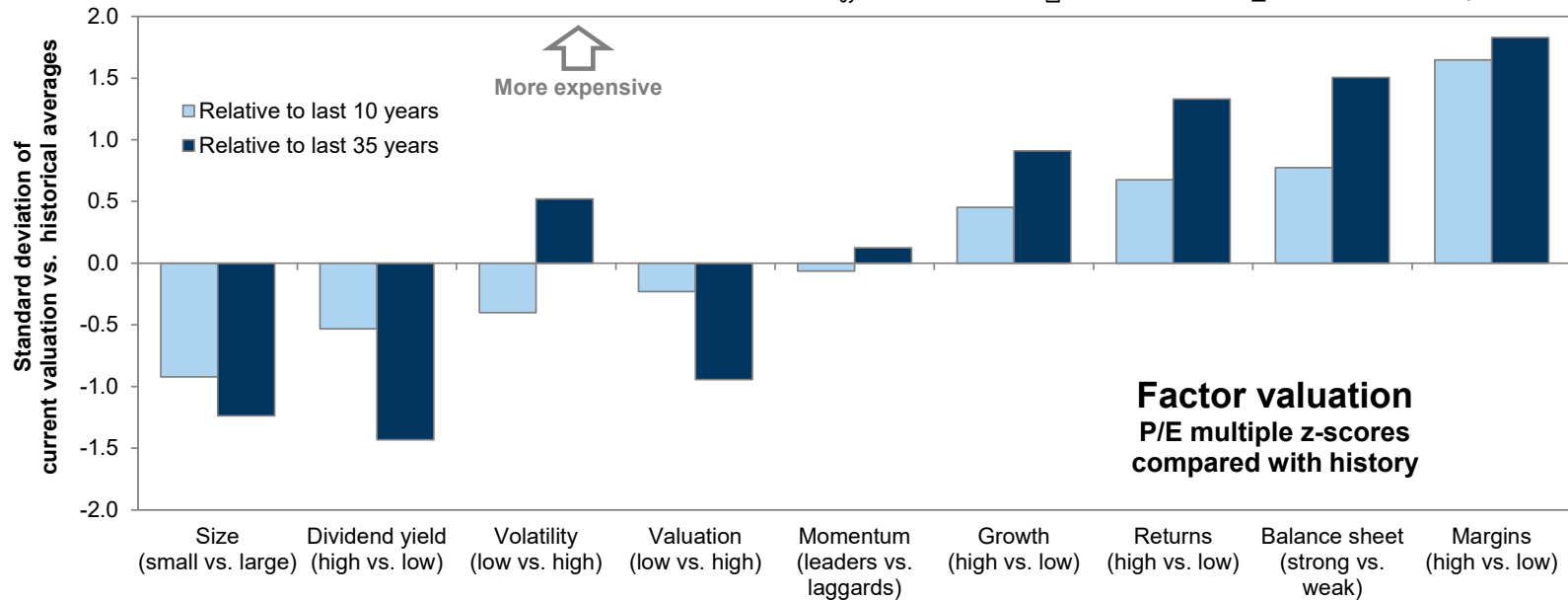
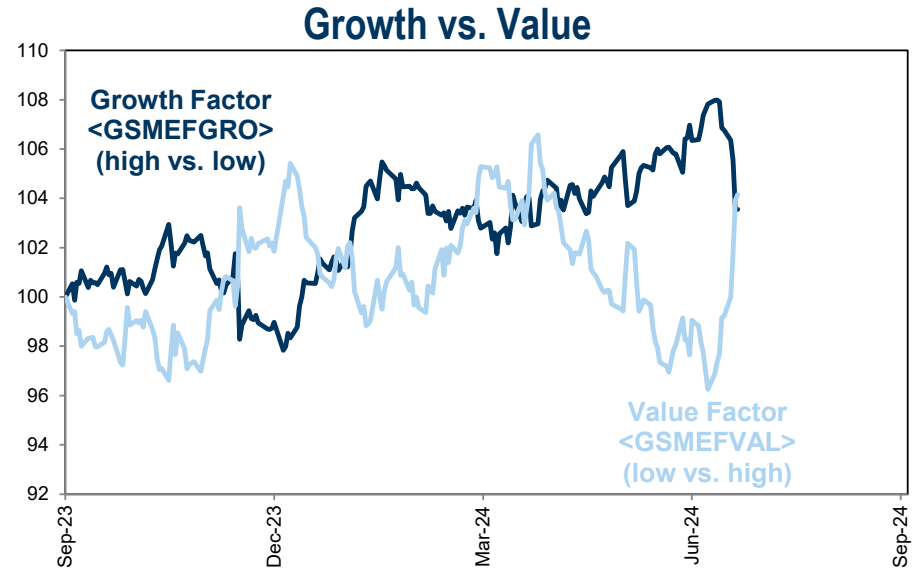
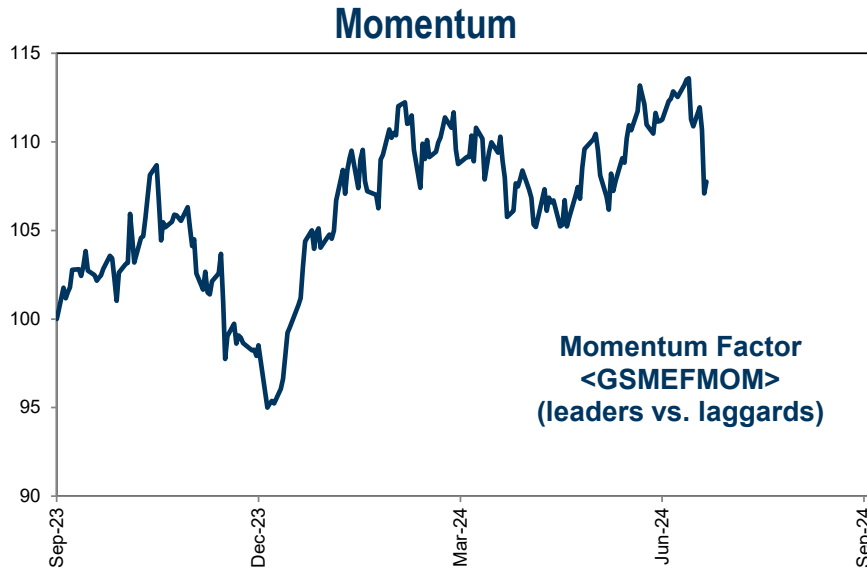


Defensives vs. S&P 500



Source: Compustat, FactSet, I/B/E/S, and Goldman Sachs Global Investment Research.

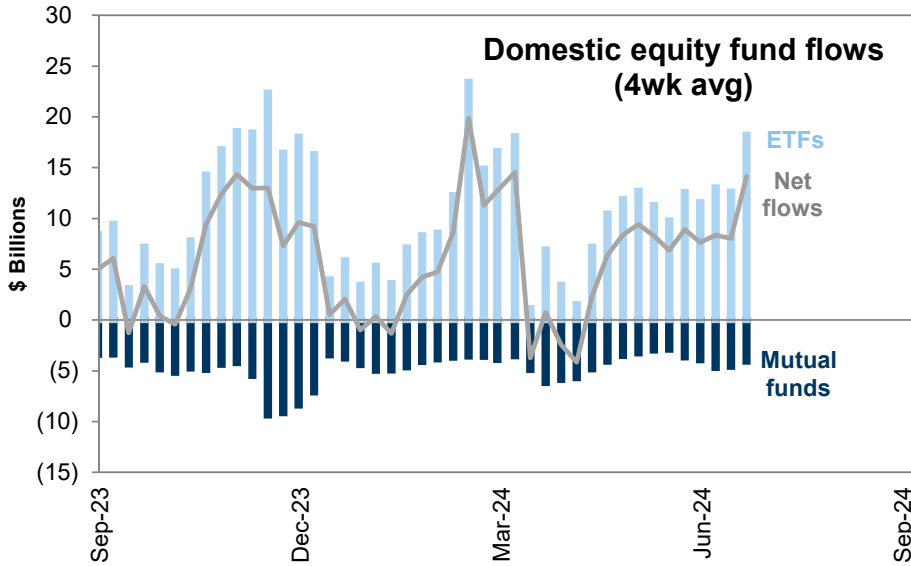
Factors: Performance and Valuation



Source: Compustat, FactSet, I/B/E/S, and Goldman Sachs Global Investment Research.

Fund Flows, Fund Performance, and Short Interest

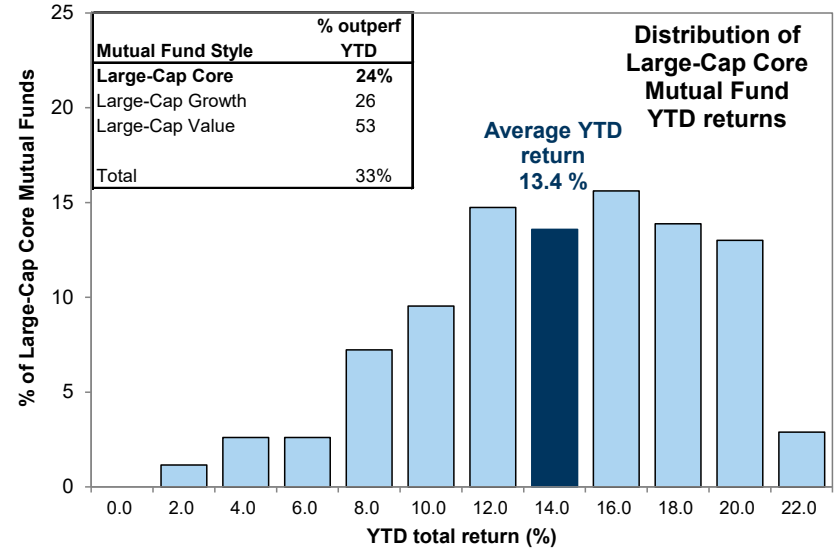
Domestic equity fund flows



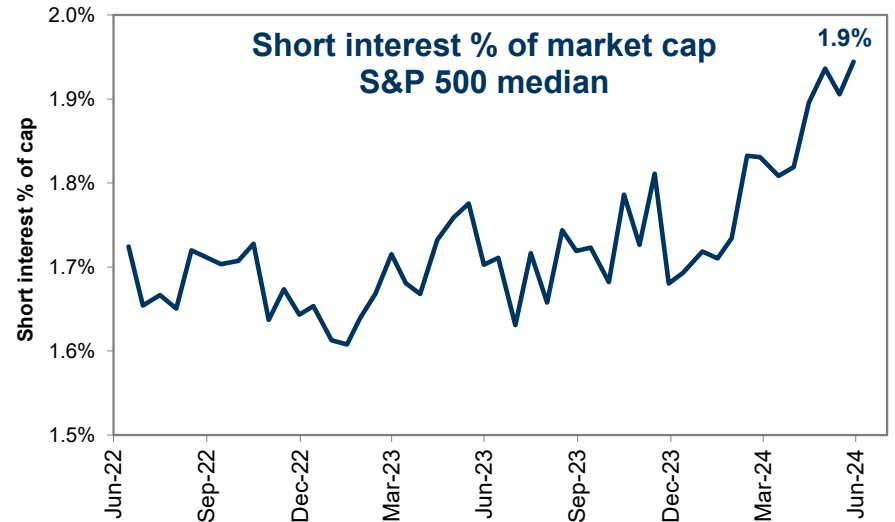
Weekly fund flows

(\$ billions)	EPFR Mutual Fund Flows			EPFR ETF Fund Flows		
	Total Assets	4-Wk Avg Flows	Total Flows YTD	Total Assets	4-Wk Avg Flows	Total Flows YTD
All Equity	10,418	(7.0)	(224.1)	10,504	26.4	524.0
U.S. Equity	4,576	(4.1)	(123.9)	6,846	18.2	315.1
Equity Income	758	(0.7)	(25.7)	627	1.7	32.5
Int'l Equity	5,145	(2.5)	(91.7)	2,840	6.0	171.9
Global	696	(0.4)	(8.6)	817	2.1	37.0
ESG/SRI	1,362	(1.1)	(40.8)	459	1.5	3.7
All Bonds	5,319	3.8	146.3	2,323	11.3	195.3
All Taxable Bond	4,349	3.5	129.6	1,531	6.6	129.7
Gov't Treasury	524	0.1	11.1	664	4.5	61.0
Municipal Bond	447	0.2	5.6	129	0.3	4.7
ESG/SRI	526	0.7	19.0	118	0.6	15.2
Money Market	8,773	22.6	381.9	98	1.0	12.1

Mutual Fund Performance



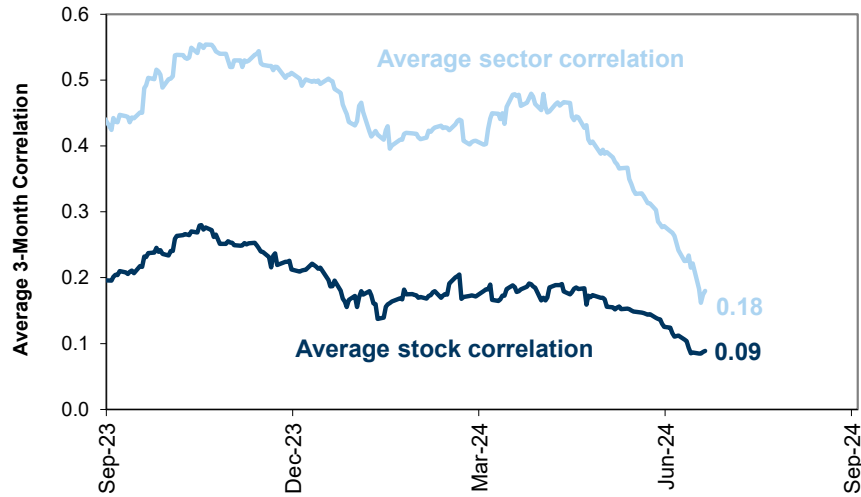
Short Interest



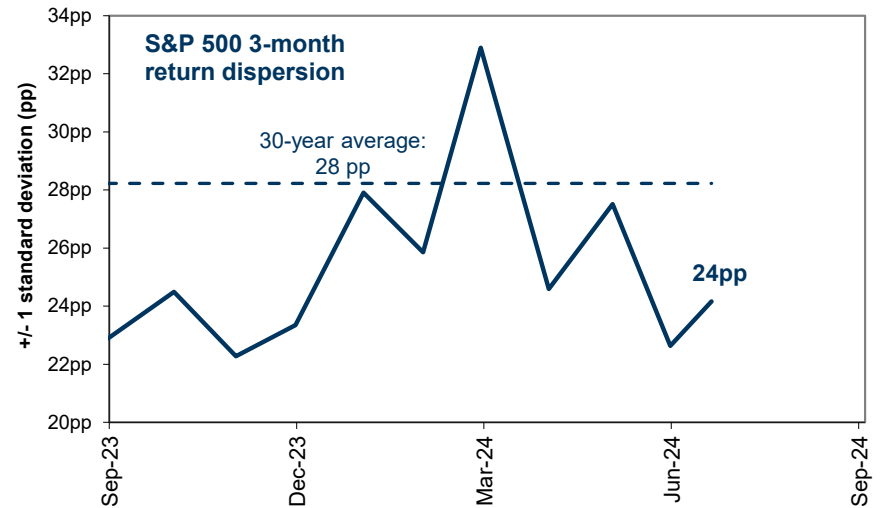
Source: FactSet, EPFR, and Goldman Sachs Global Investment Research.

Correlation, Breadth and Dispersion

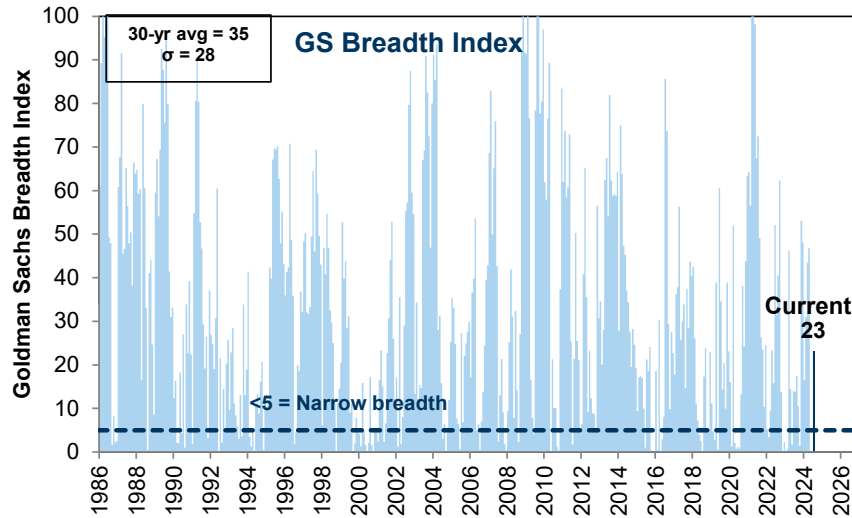
Sector and Stock Correlation



S&P 500 3-month Return Dispersion



Goldman Sachs Breadth Index (GSBI)



$$Breadth = \frac{R^2 * \sum w^2}{\sum w^2 r^2}$$

R = SPX return
w = individual constituent weights
r = individual constituent returns

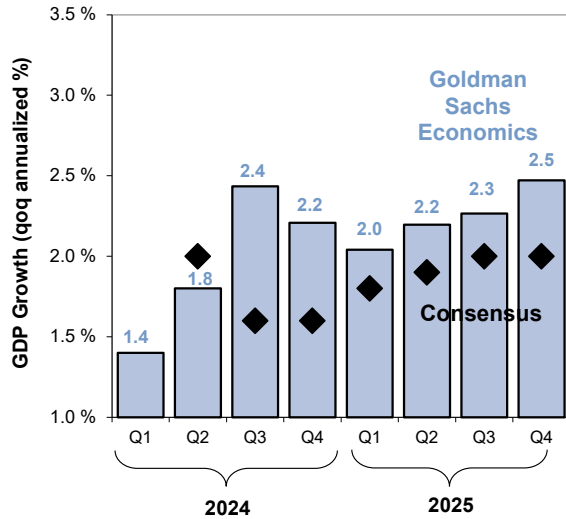
Return Dispersion

	+/- 1 Standard Deviation					
	1-Month Returns			3-Month Returns		
	Current Jul 18	30-Year Average	Historical %ile	Current Jul 18	30-Year Average	Historical %ile
S&P 500	15 pp	16 pp	53 %	24 pp	28 pp	41 %
Consumer Staples	15 pp	13 pp	80 %	25 pp	22 pp	79 %
Consumer Discretionary	23	17	88	31	29	72
Real Estate	7	9	38	17	15	68
Information Technology	18	19	60	30	33	53
Financials	12	13	62	19	22	50
Health Care	12	15	33	23	26	47
Industrials	12	13	46	20	23	44
Materials	9	14	9	22	25	41
Energy	11	14	32	19	25	29
Communication Services	17	16	67	19	27	21
Utilities	13	10	81	10	18	17

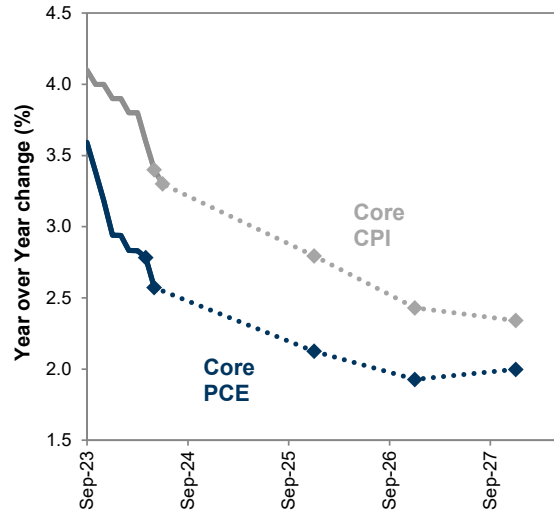
Source: FactSet and Goldman Sachs Global Investment Research.

Economics

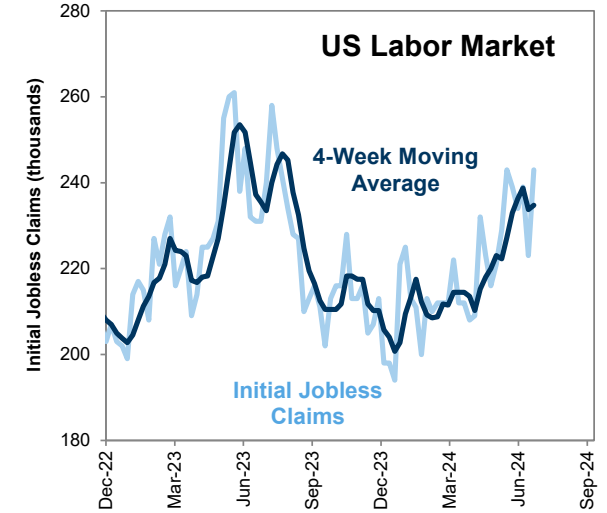
GDP



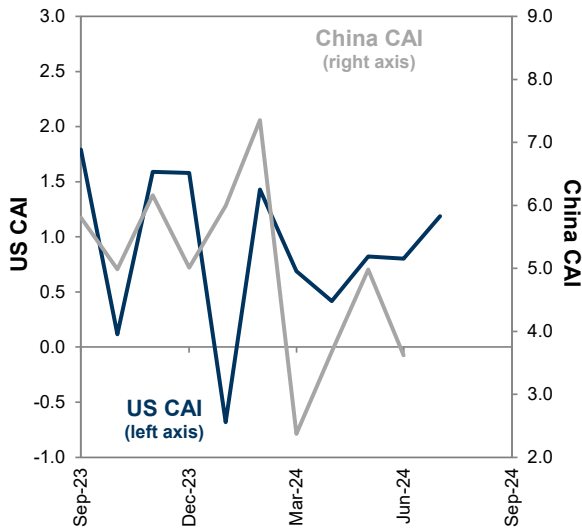
Core PCE and CPI



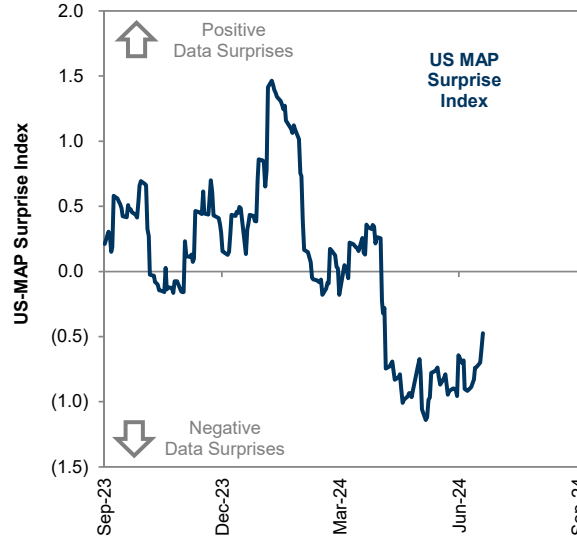
Employment



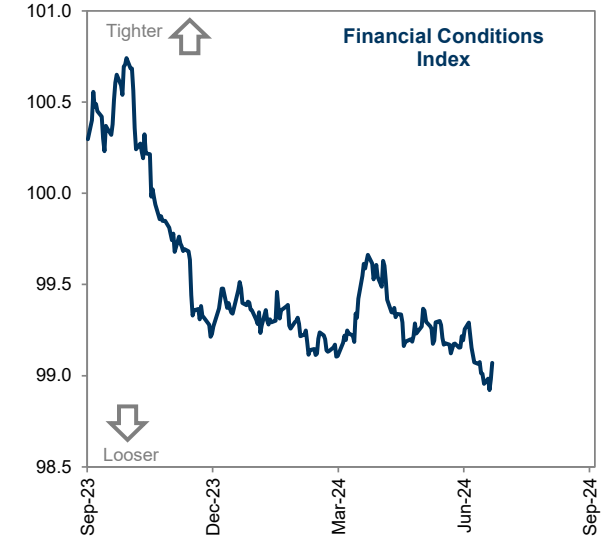
Current Activity (CAI)



Economic Surprise (MAP)



Financial Conditions (FCI)



Our Current Activity Indicator (CAI) measures the growth signal in major high-frequency activity indicators for the US economy, expressed in GDP-equivalent units.

Source: FactSet and Goldman Sachs Global Investment Research.

Goldman Sachs Global Macro Forecasts

Goldman Sachs Global Macro Forecasts

	units	Current	3m	6m	12m	Change to Target
Equities						
MXAPJ	level	579	570	595	615	6 %
STOXX Europe 600	level	514	510	530	540	5
S&P 500	level	5545	5400	5600	5700	3
TOPIX	level	2869	2800	2800	2900	1
Ten Year Rates						
Japan	%	1.0	1.1	1.3	1.6	55 bp
US	%	4.2	4.3	4.3	4.2	0
Euro Area (Germany)	%	2.4	2.3	2.3	2.2	(21)
Corporate Bonds						
High yield	bp	303	297	294	291	(12)bp
Investment grade	bp	91	89	90	90	(1)
Currencies						
Euro / US dollar	EUR/\$	1.09	1.05	1.05	1.08	(1)%
Sterling / US dollar	£/\$	1.30	1.24	1.24	1.28	(1)
US dollar / Yen	\$/¥	157	155	155	150	(4)
Commodities						
NYMEX Nat. Gas	\$/mmBtu	2	2.80	3.25	4.00	88 %
LME Copper	\$/mt	9342	10500	11500	13000	39
COMEX Gold	\$/troy oz	2456	2600	2700	2700	10
ICE TTF Nat. Gas	\$/mmBtu	10	10	11	11	0
WTI Crude Oil	\$/bbl	78	81	79	76	(3)
Brent Crude Oil	\$/bbl	85	86	84	81	(5)

	EPS Forecast			EPS Growth		NTM P/E		Div Yield
	2023	2024	2025	2024	2025	Current	YE 2024	
MXAPJ	\$ 33	\$ 38	\$ 44	17 %	12 %	13.9 x	13.9 x	2.7 %
STOXX Europe 600	€ 35	€ 37	€ 39	6	4	13.6	14.0	3.5
S&P 500	\$ 223	\$ 241	\$ 256	8	6	22.2	21.9	1.4
TOPIX	¥ 168	¥ 187	¥ 197	11	6	14.9	14.7	2.3

Goldman Sachs US Economics Forecasts

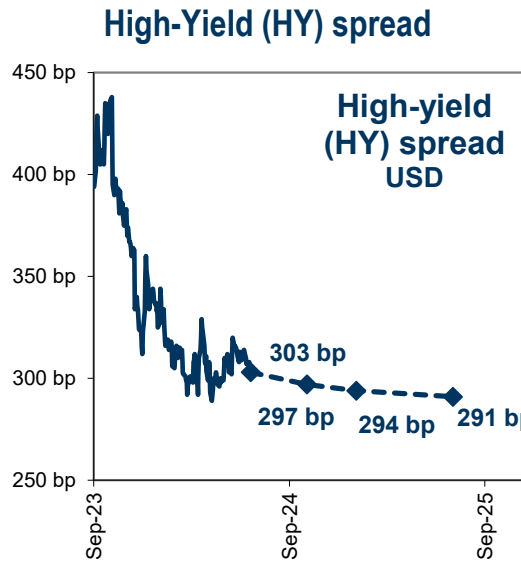
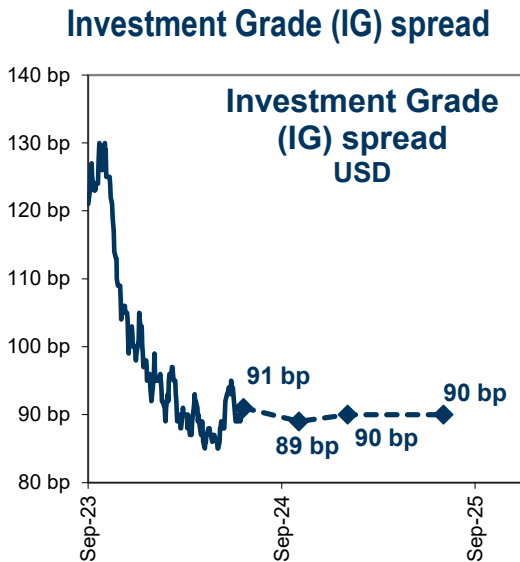
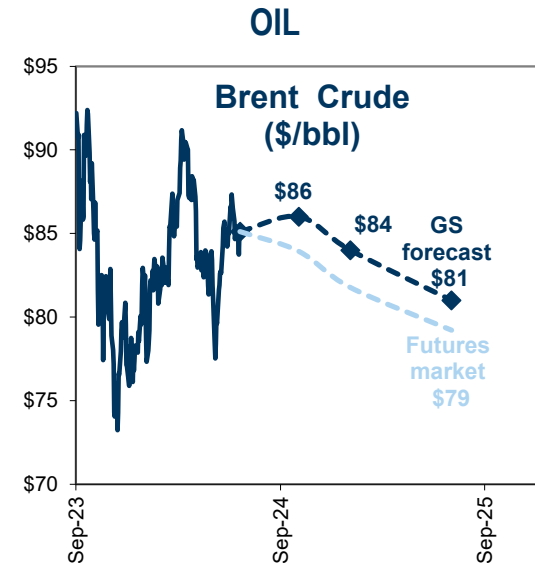
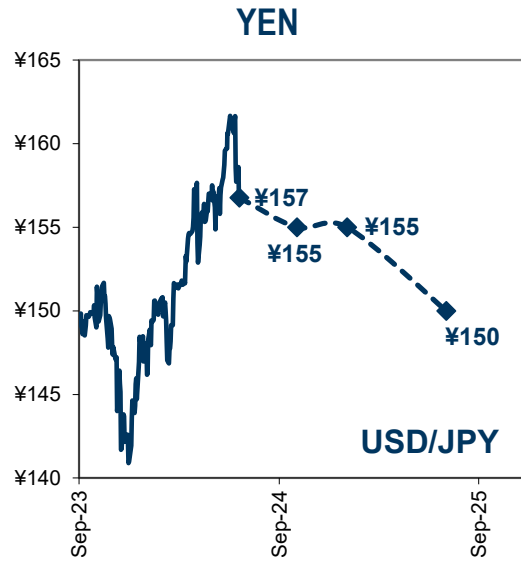
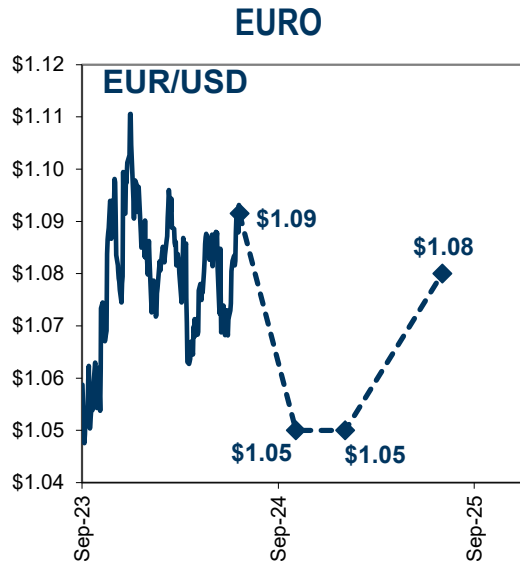
	Share of GDP	% Annual Change			
		2022	2023	2024E	2025E
OUTPUT AND SPENDING					
Real GDP	100%	1.9%	2.5%	2.7%	2.2%
Consumer Spending	69	2.5	2.2	2.4	2.3
Total Fixed Investment	18	1.3	0.6	3.7	3.1
Business Fixed Investment	15	5.2	4.5	3.7	3.8
Structures	3	(2.1)	13.2	3.5	(0.3)
Equipment	5	5.2	(0.3)	2.7	6.0
IP Products	6	9.1	4.5	4.6	4.1
Residential Investment	3	(9.0)	(10.6)	3.8	0.5
Federal Government Spending	7	(2.8)	4.2	1.3	0.0
State and Local Government	11	0.2	4.0	3.3	1.1
Net Exports (Bil.)	(4)	(1,051)	(928)	(999)	(1,012)
HOUSING MARKET					
Housing Starts (000s)		1,552	1,421	1,384	1,453
New Home Sales (000s)		637	666	687	768
Existing Home Sales (000s)		5,087	4,101	4,084	4,237
Case-Shiller Home Prices (%)		7.5	5.1	3.8	4.4
INFLATION					
Core CPI		5.7	3.9	3.2	2.7
Core PCE		4.9	2.9	2.7	2.1
LABOR MARKET					
Unemployment Rate		3.5	3.7	4.0	3.9
U6 Underemployment Rate		6.5	7.1	7.2	7.2
Payrolls (000s)		377	251	199	100
GOVERNMENT FINANCE					
Federal Budget (FY, Bil.)		(1376)	(1695)	(1800)	(1900)
Federal debt-to-GDP ratio (FY, %)		96	97	97	99
FINANCIAL INDICATORS					
Fed Funds Rate		4.4	5.4	4.9	3.9
10-year Treasury Rate		3.9	3.9	4.3	4.1

Real GDP

	2023A	2024E	2025E	2026E
China	5.6 %	5.0 %	4.3 %	4.0 %
Russia	3.2	3.5	1.4	2.1
World	2.7	2.7	2.8	2.6
USA	2.5	2.7	2.2	2.1
Spain	2.5	2.4	1.7	1.4
Brazil	2.9	1.6	2.3	2.4
Australia	2.0	1.4	2.4	2.5
UK	0.1	1.2	1.6	1.5
Italy	1.0	1.1	1.2	0.9
France	1.1	1.1	1.2	1.1
Euro Area	0.6	0.8	1.4	1.2
Germany	0.0	0.2	1.1	1.3
Japan	1.8	(0.1)	1.4	1.2

Source: FactSet and Goldman Sachs Global Investment Research.

Goldman Sachs Global Macro Forecasts



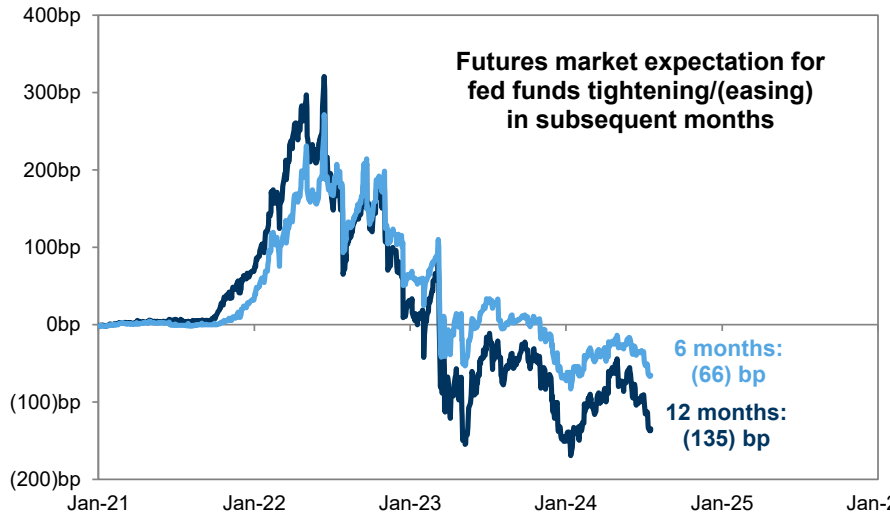
Global Equity Market performance

Market	Price Return (%) US Dollar				Local Currency
	1-Wk	1-Mo	3-Mo	YTD	
India (MSCI India)	1 %	4 %	14 %	20 %	20 %
U.S. (S&P 500)	(1)	1	11	16	16
Japan (TOPIX)	(1)	6	6	9	21
Germany (Dax)	(1)	3	5	8	10
MSCI EM	(2)	2	9	8	12
UK (FTSE 100)	0	2	9	8	6
Europe (DJ Stoxx 600)	(1)	1	5	6	7
Australia (ASX 200)	1	5	10	4	6
Canada (MSCI Canada)	0	5	5	4	8
China (MSCI China)	(1)	(2)	6	4	4
France (CAC 40)	(0)	1	(3)	(1)	1
Korea (KOSPI)	(3)	2	6	(1)	6
Average	(1)%	3 %	7 %	7 %	10 %

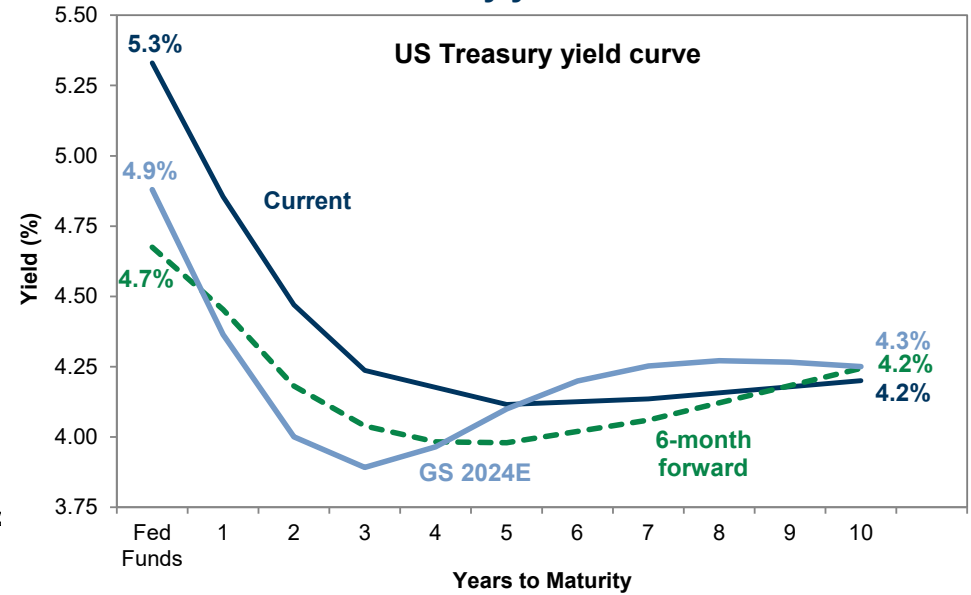
Source: FactSet and Goldman Sachs Global Investment Research.

Politics and policies

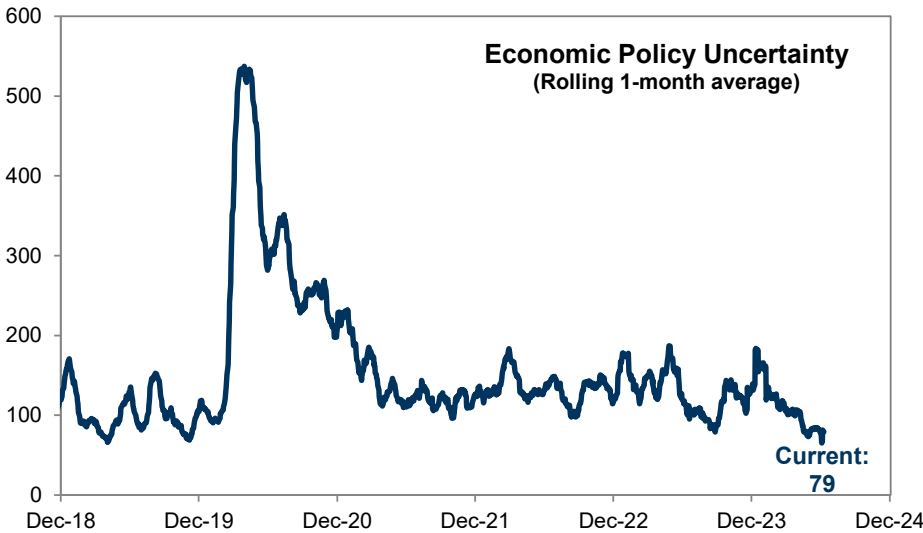
Market-implied change in fed funds rate



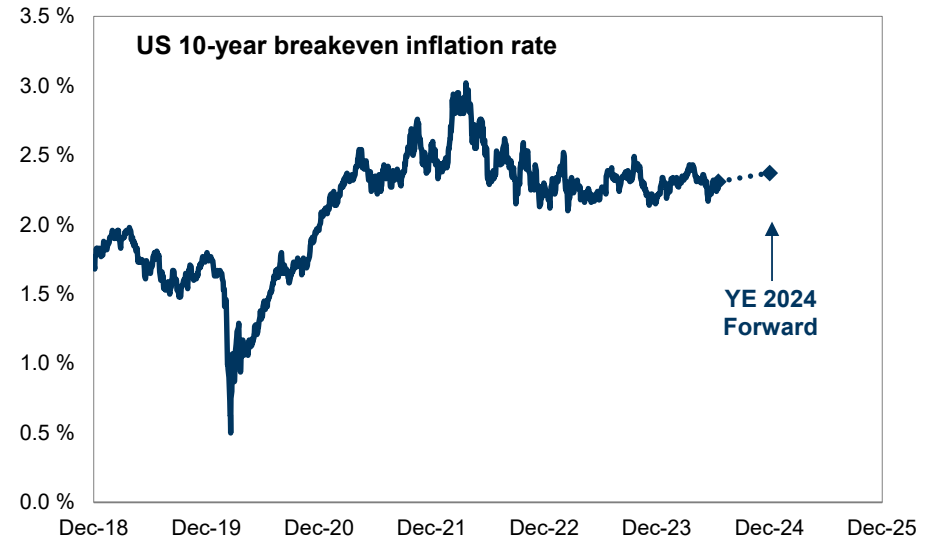
US Treasury yield curve



Economic Policy Uncertainty



Breakeven inflation



Source: FactSet, PolicyUncertainty.com, Federal Reserve Bank, Haver Analytics, and Goldman Sachs Global Investment Research.

Disclosure Appendix

Reg AC

We, David J. Kostin, Ben Snider, Ryan Hammond, Jenny Ma and Daniel Chavez, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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