

# US Equity Strategy

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## **2026 Outlook: Great Potential**

January 9, 2026

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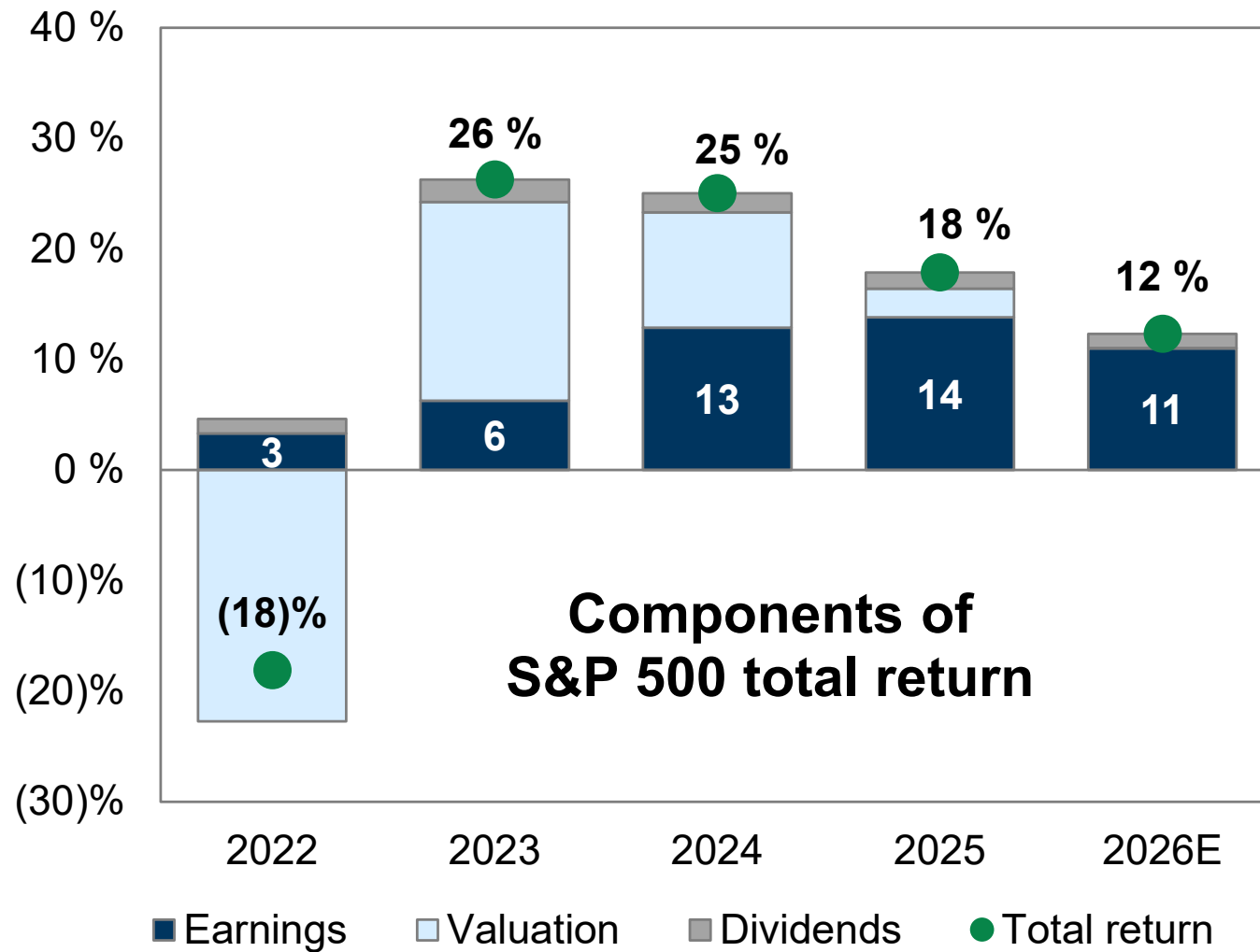
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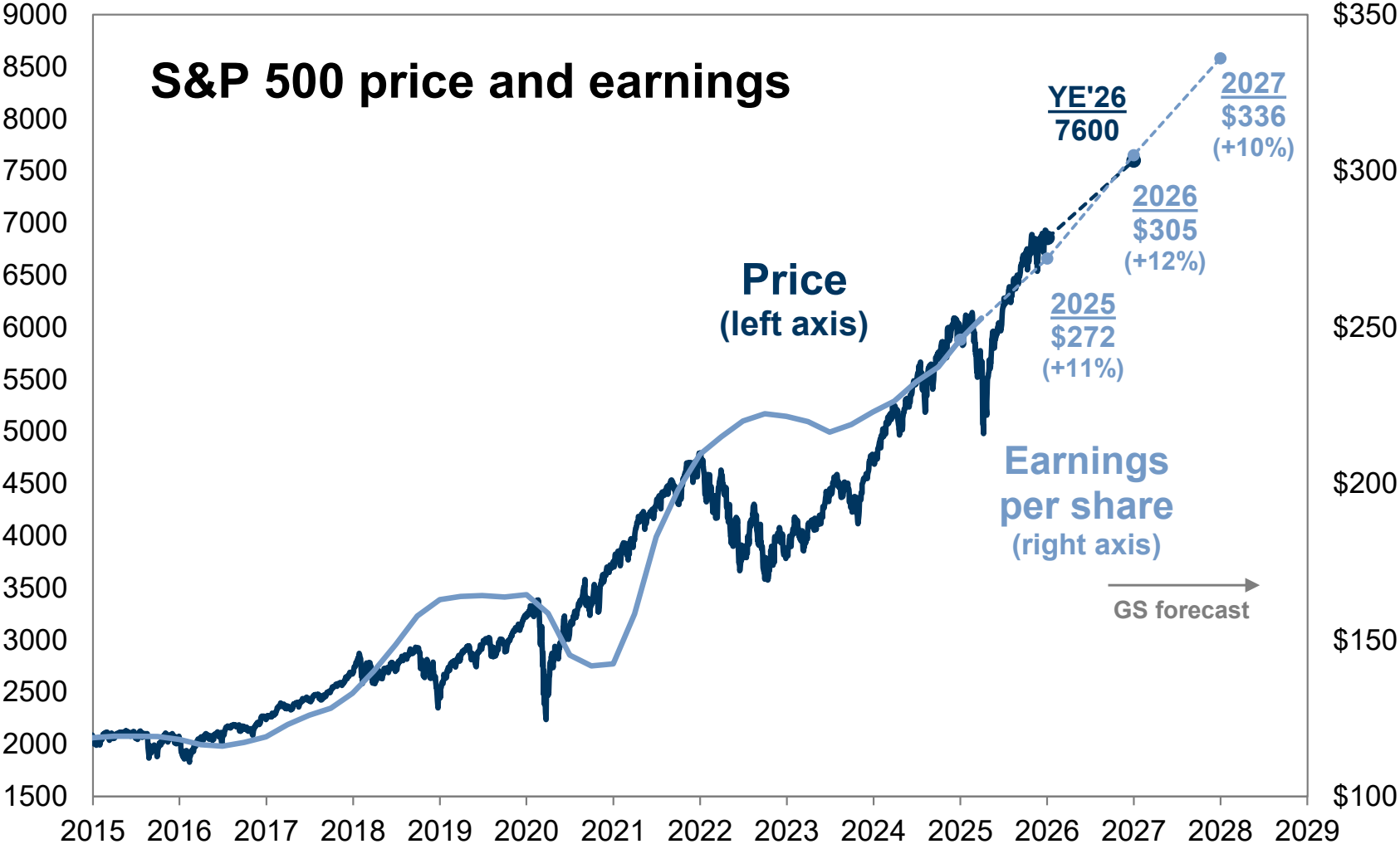
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# Earnings growth is the primary driver of equity returns



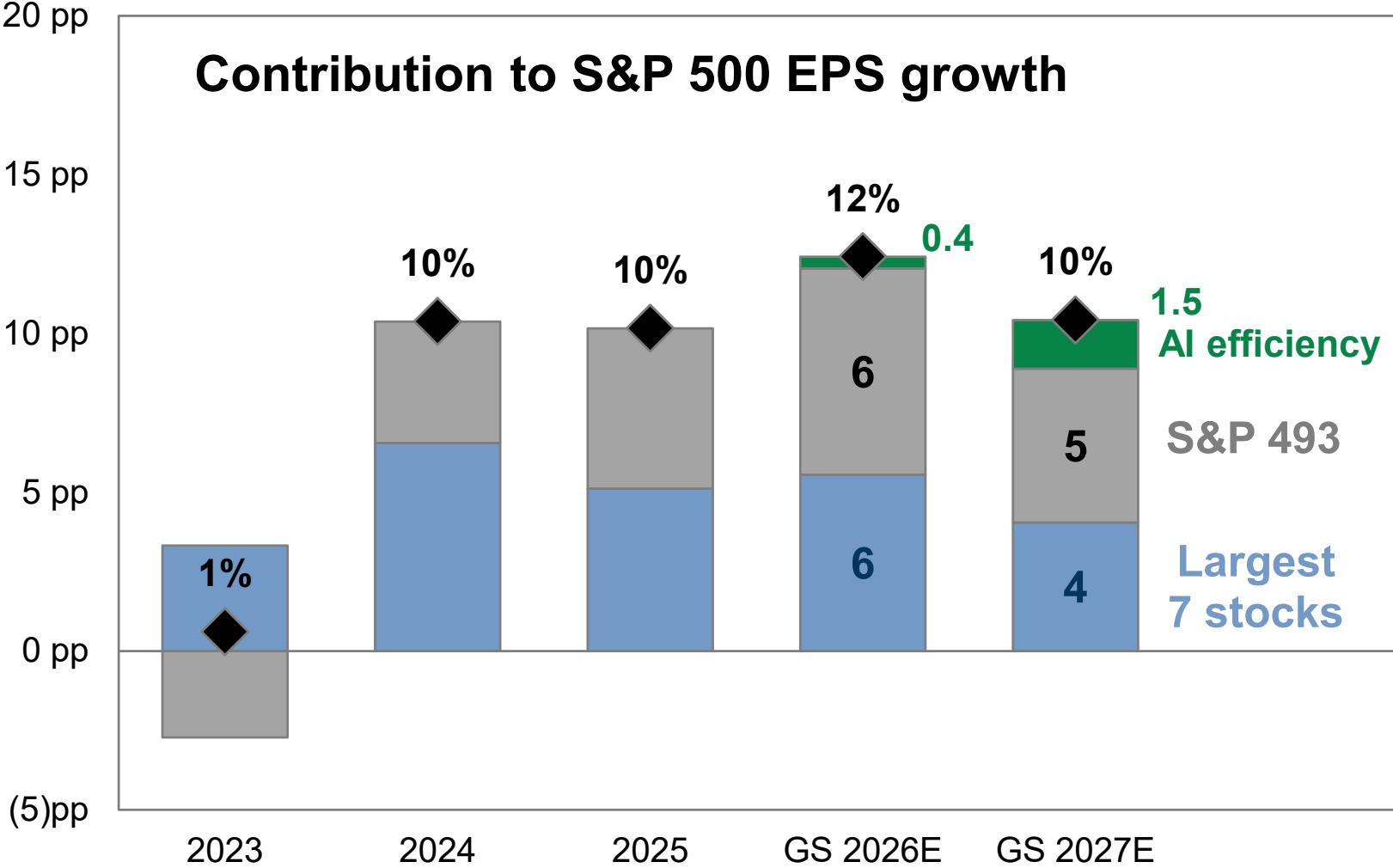
Source: Compustat, Goldman Sachs Global Investment Research.

# Outlook for S&P 500 earnings and price



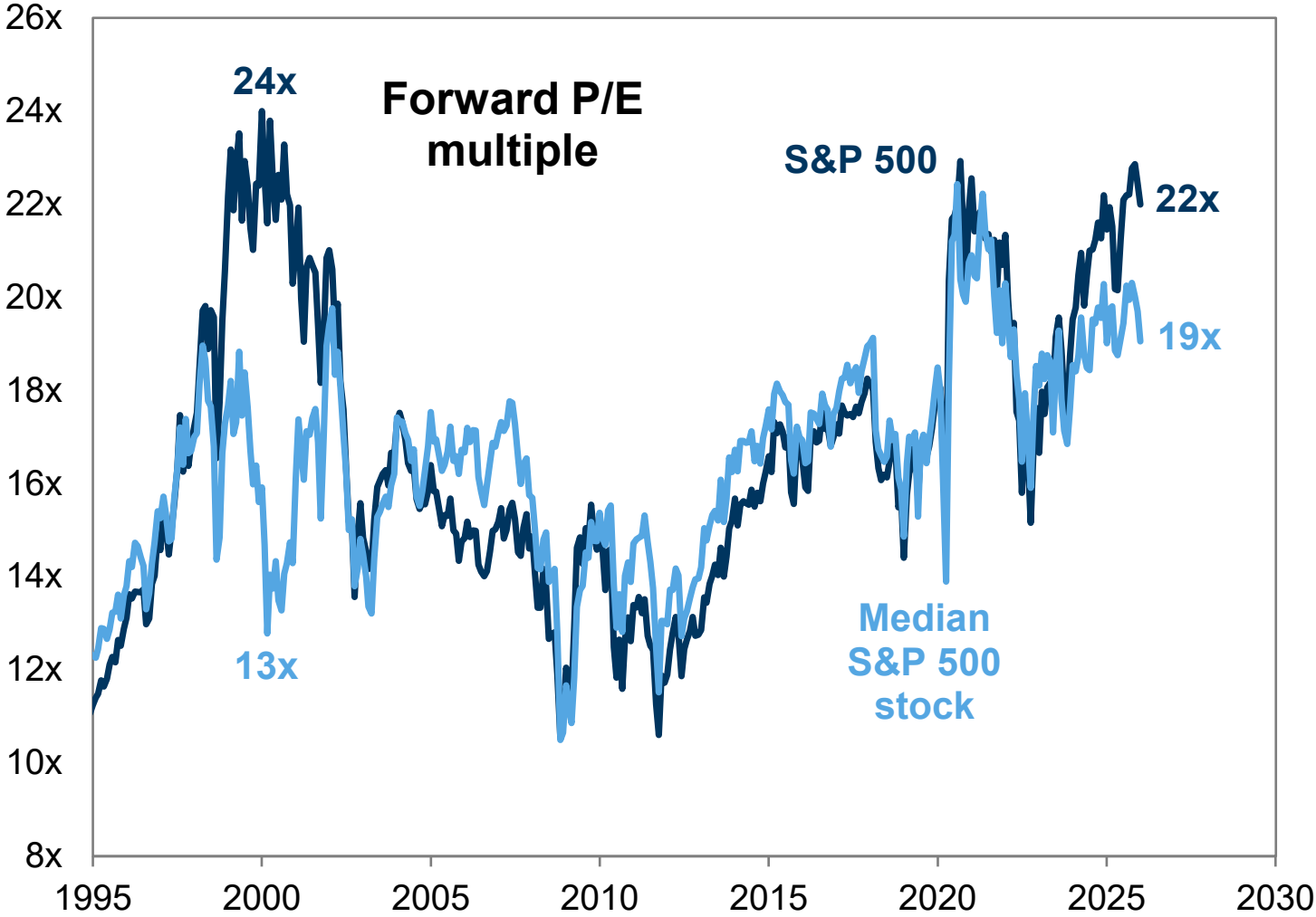
Source: Compustat, Goldman Sachs Global Investment Research.

# The 7 largest stocks account for nearly 50% of S&P 500 EPS growth



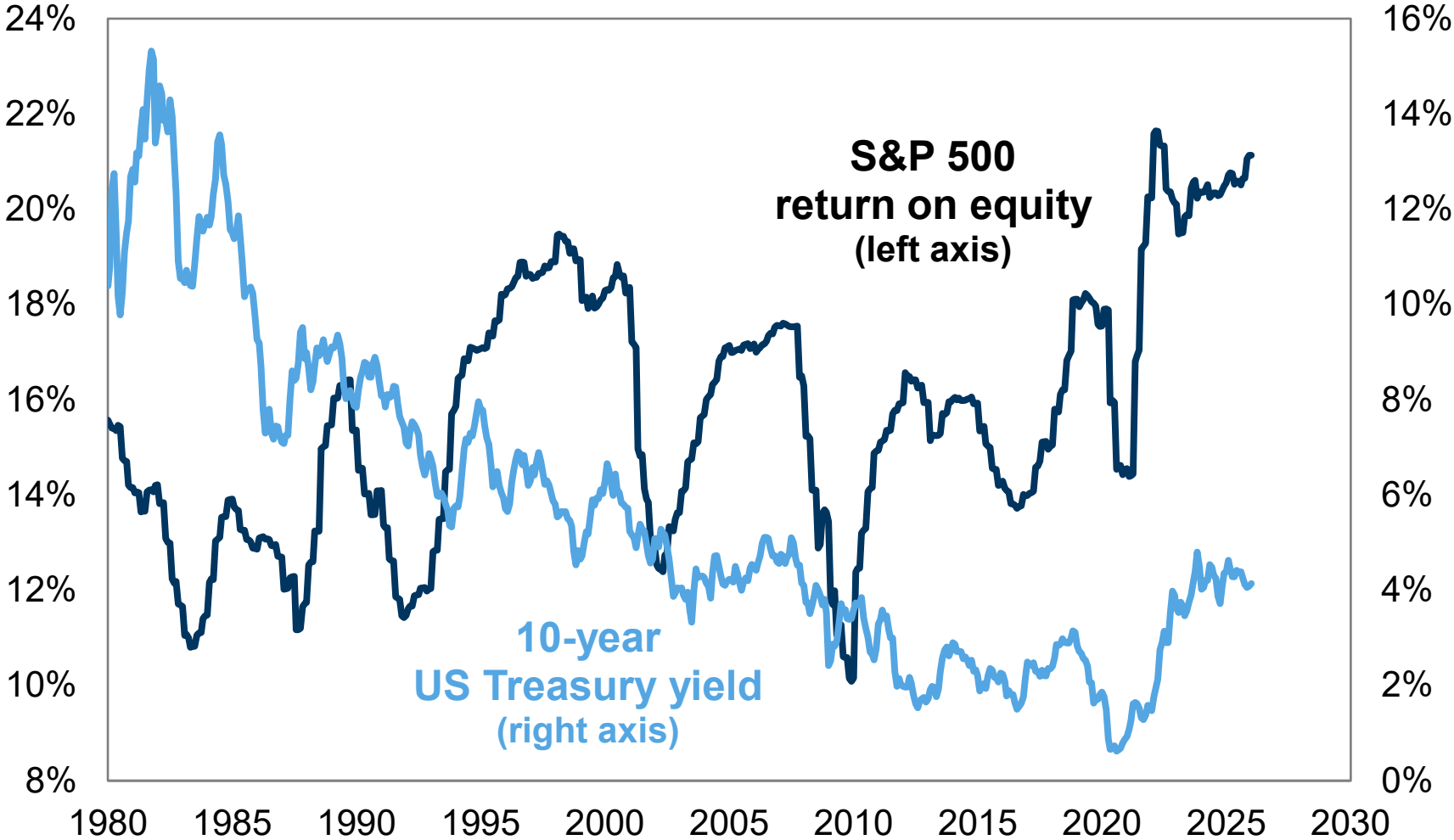
Source: Goldman Sachs Global Investment Research.

# Aggregate S&P 500 index and median stock trade at elevated valuations



Source: FactSet, Goldman Sachs Global Investment Research.

# Fundamentals support above average equity valuation multiples



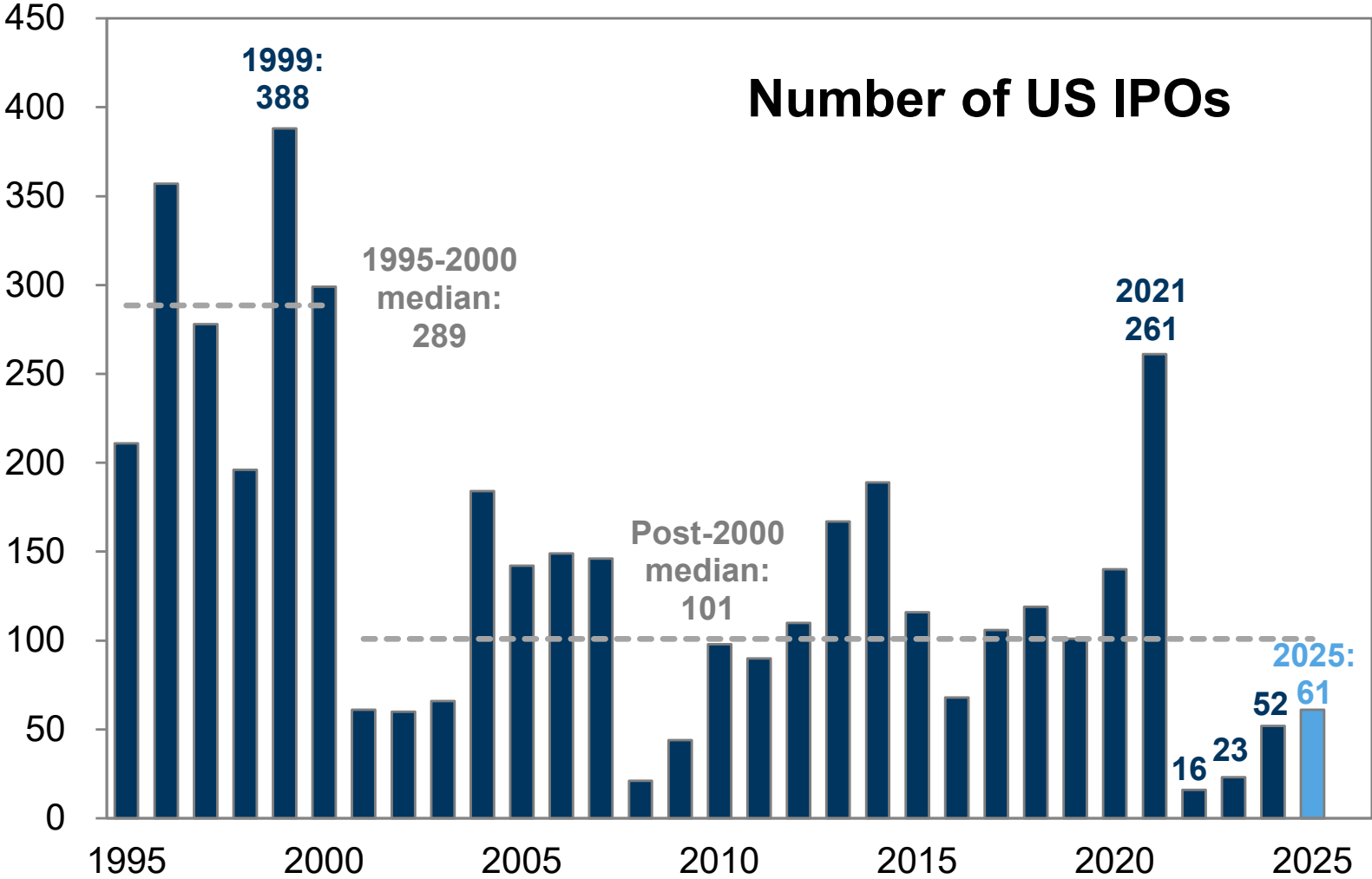
Source: Compustat, Goldman Sachs Global Investment Research.

# Speculative trading activity rose in 2025 but is well below extremes



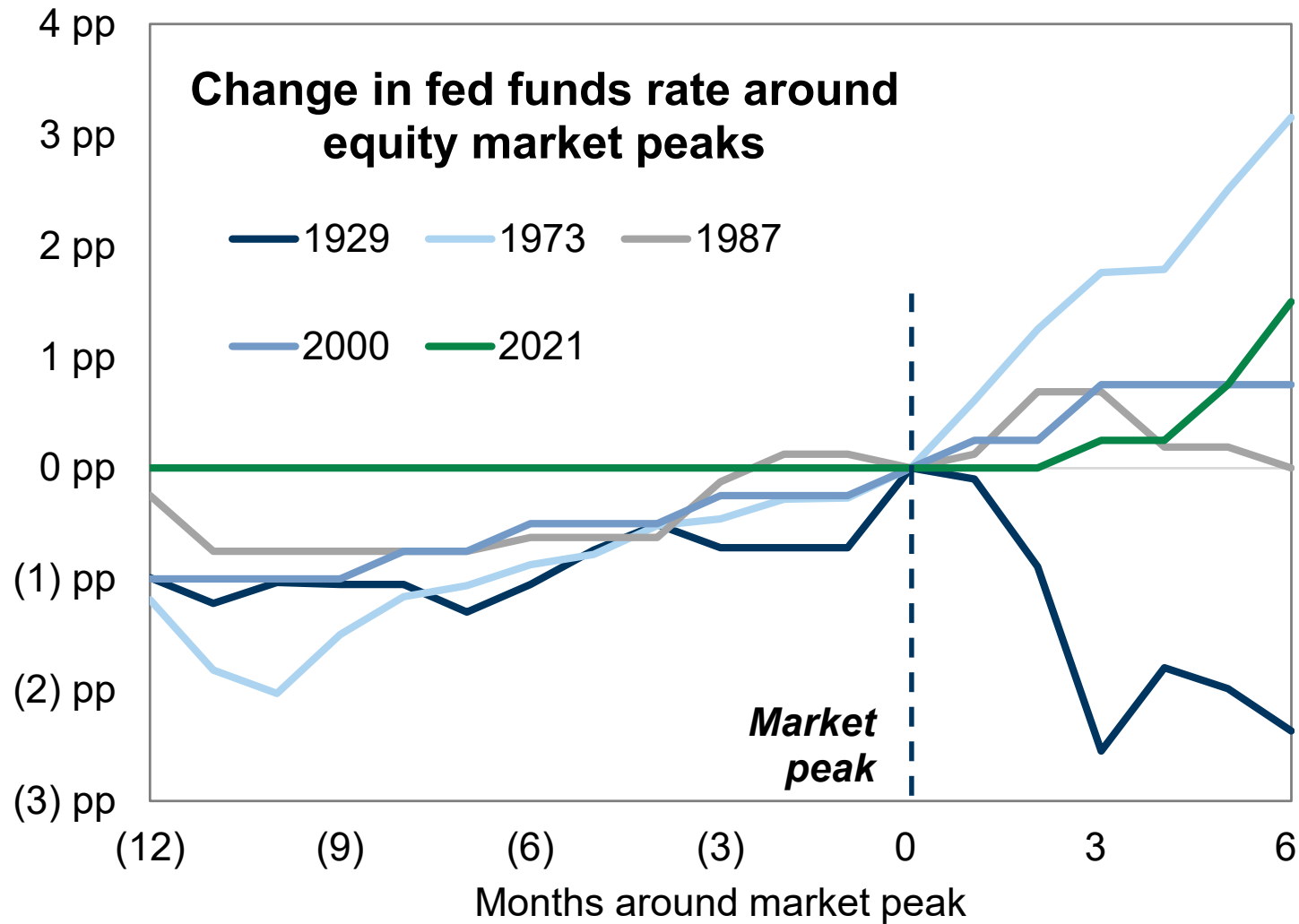
Source: Goldman Sachs Global Investment Research.

# IPO activity rebounded in 2025 but remains below average levels



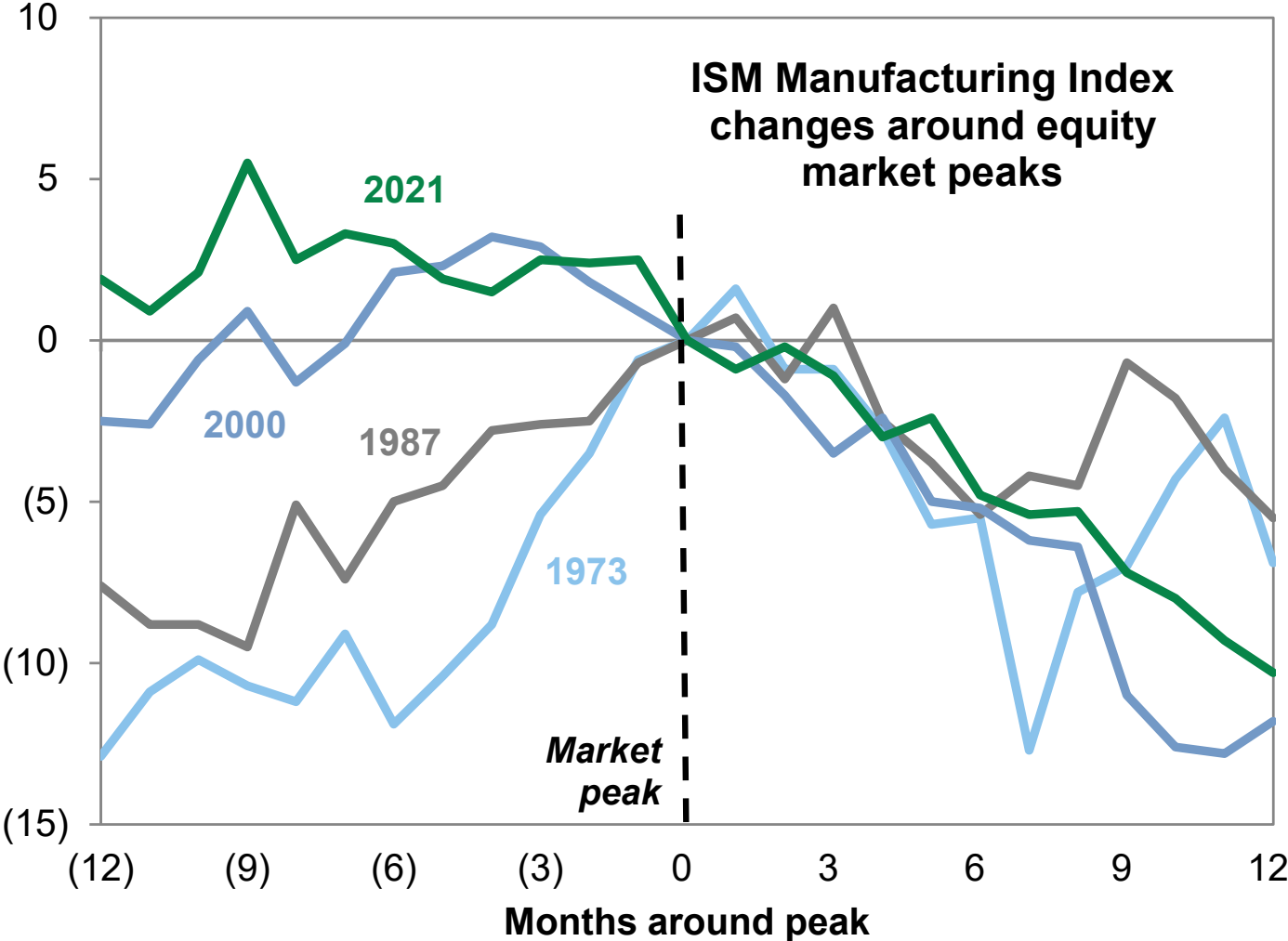
Source: FactSet, Goldman Sachs Global Investment Research.

# Past overextended equity markets have peaked amid Fed tightening



Source: Federal Reserve, Goldman Sachs Global Investment Research.

# Equity market peaks typically coincide with growth deterioration



Source: ISM, Goldman Sachs Global Investment Research.

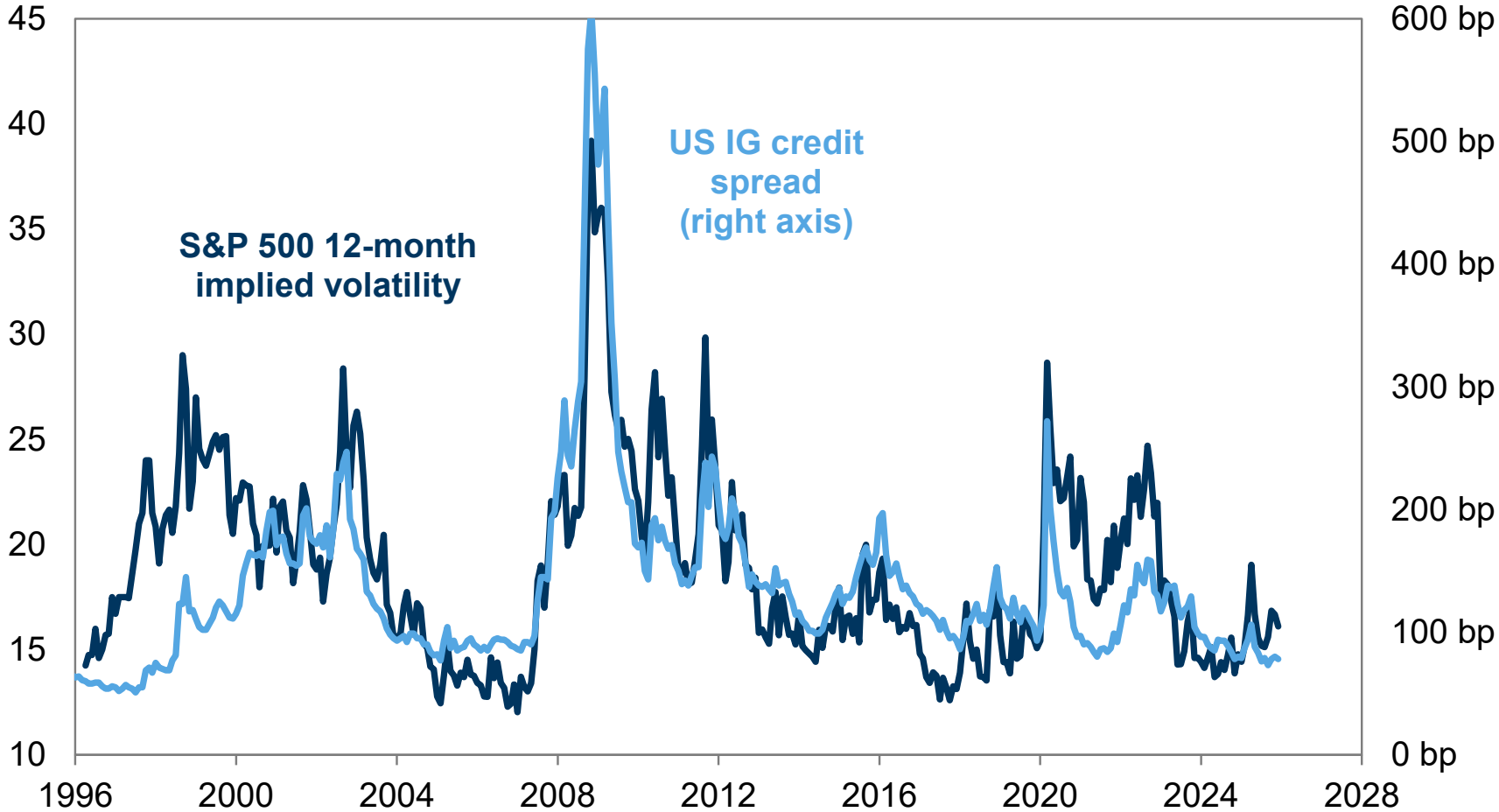
# GS macro outlook indicates upside risk to equity valuation multiples

## Average 12-month change in S&P 500 P/E since 1980

		Fed funds rate			
		Cutting	Stable	Hiking	All
US real GDP growth	Accelerating	15 %	7 %	1 %	10 %
	Stable	14 %	4 %	(5)%	5 %
	Decelerating but growing	4 %	5 %	(4)%	(0)%
	Decelerating & contracting	(8)%	(4)%	(15)%	(9)%
	All	9 %	5 %	(4)%	4 %

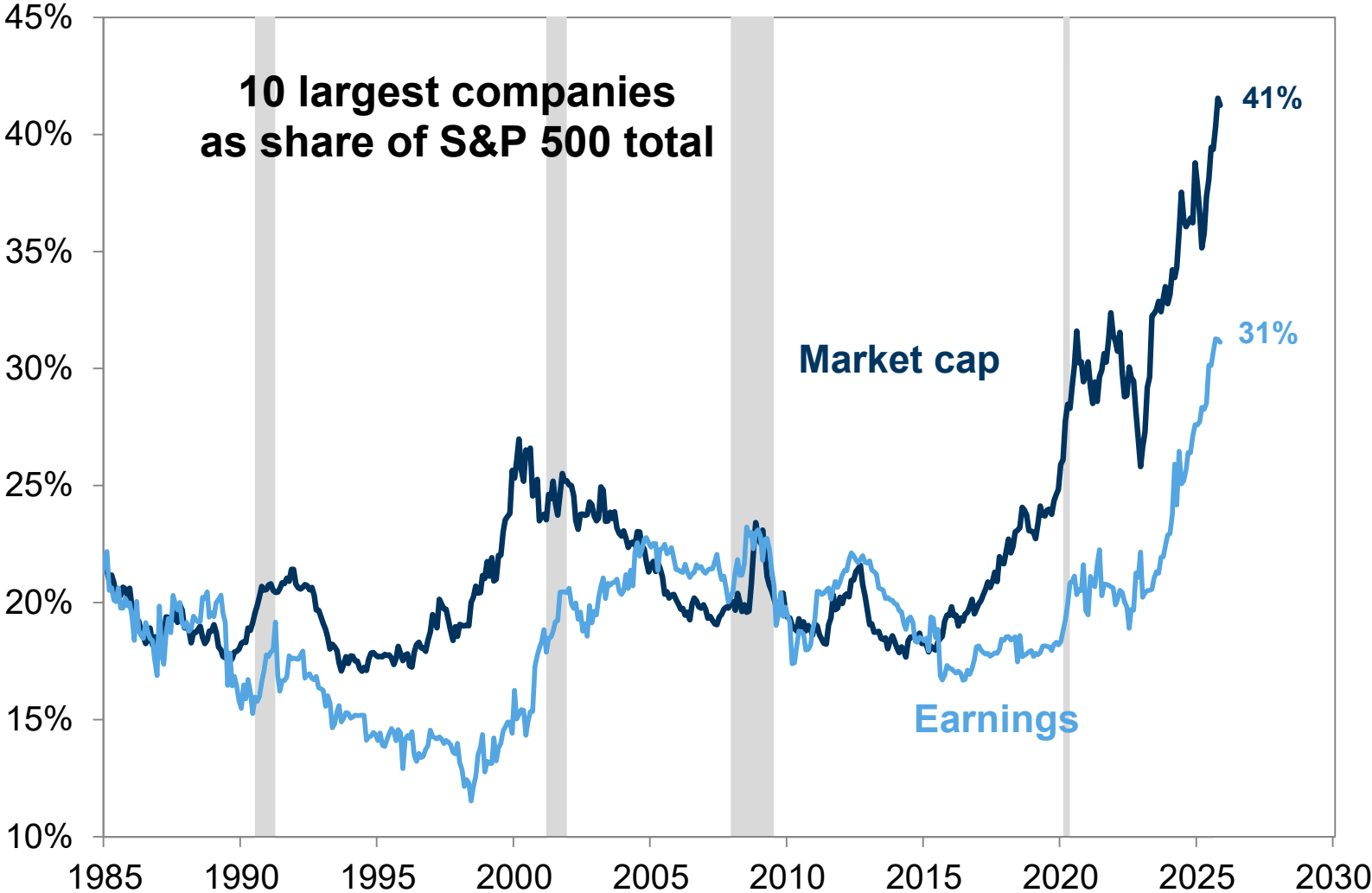
Source: Goldman Sachs Global Investment Research.

# Credit spreads and equity implied volatility conducive for risk mitigation



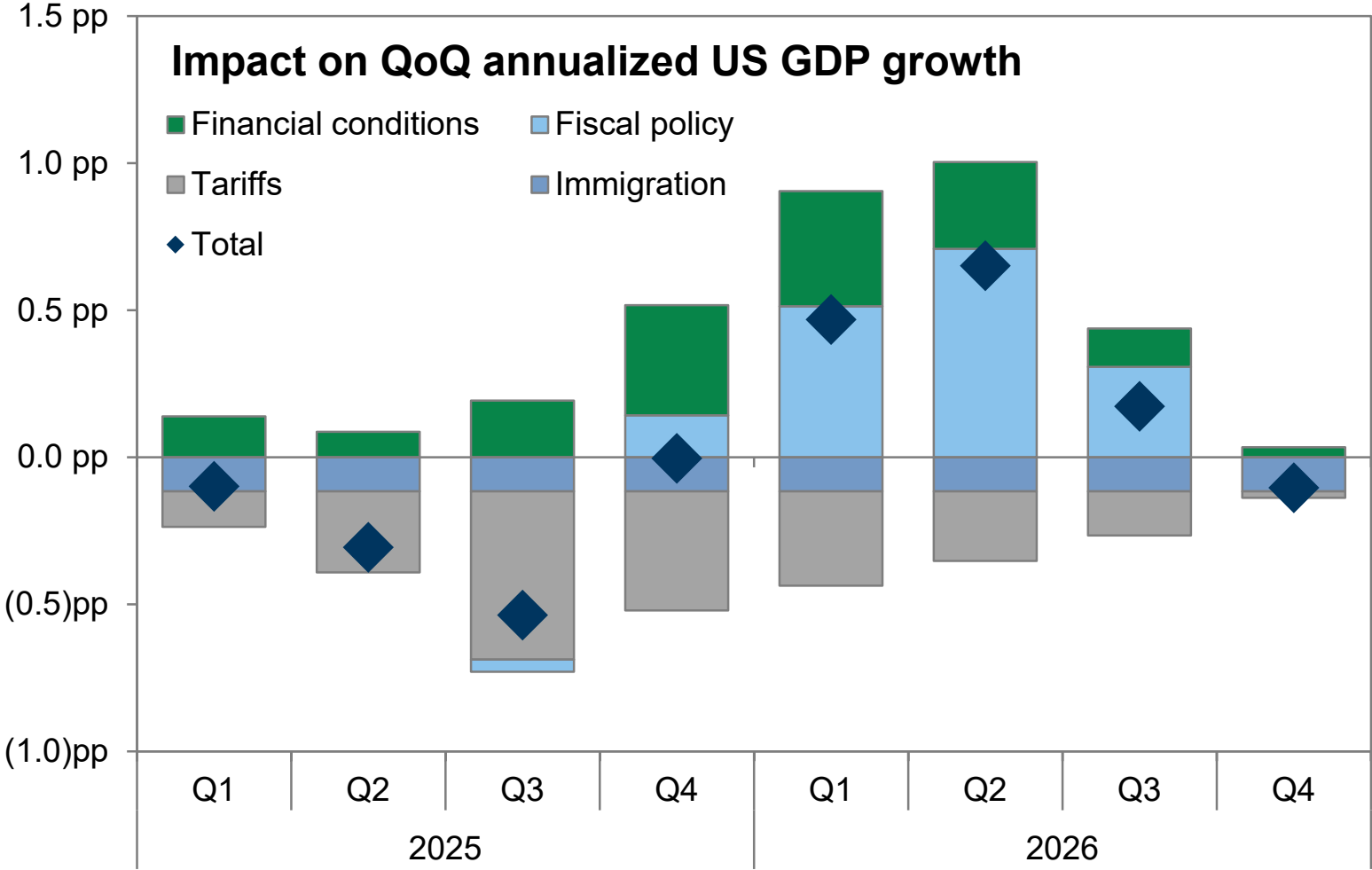
Source: Bloomberg, Goldman Sachs Global Investment Research.

# Record US equity market concentration increased further in 2025



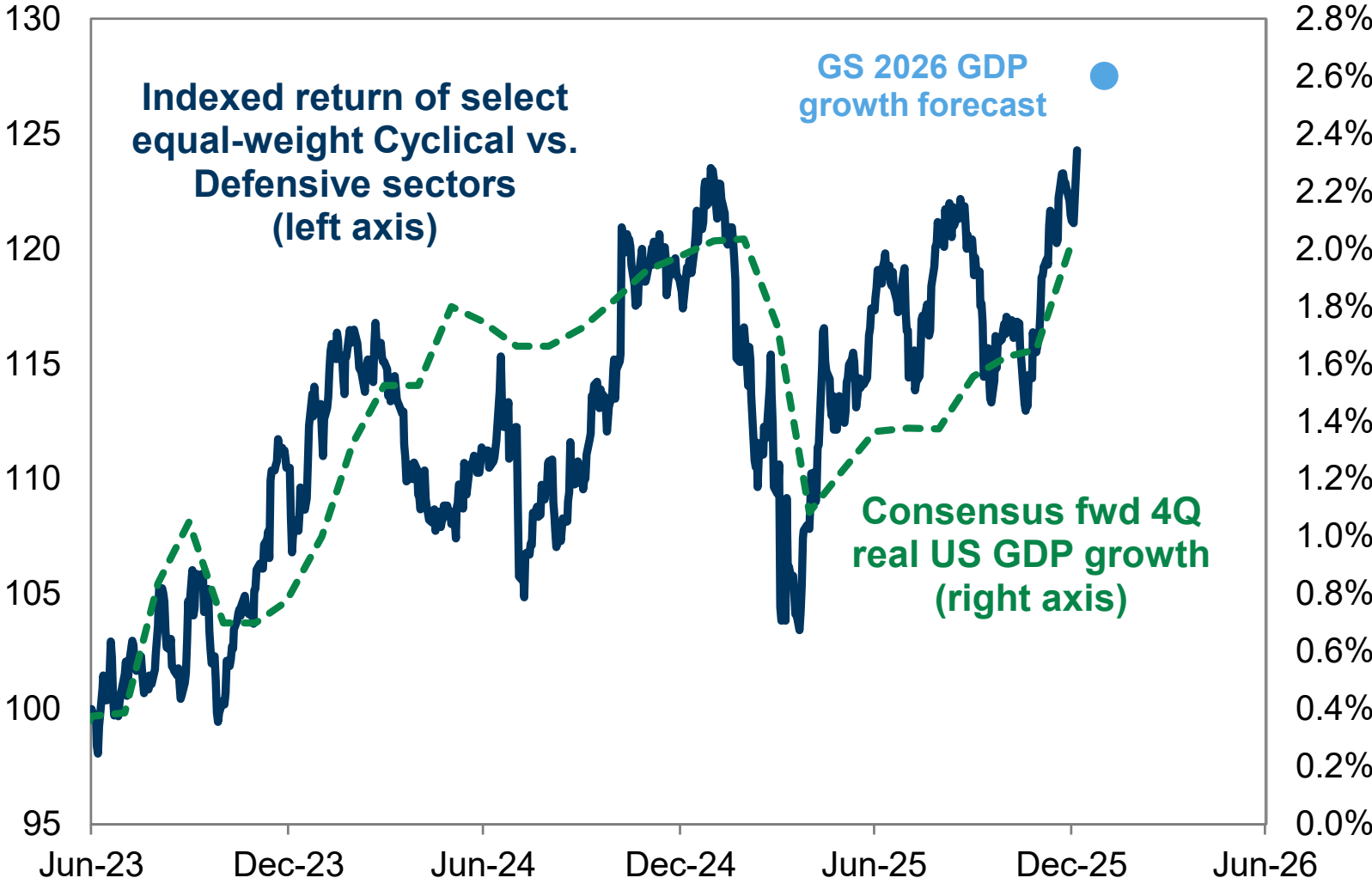
Source: Compustat, Goldman Sachs Global Investment Research.

# Above-consensus and accelerating US GDP growth in early 2026



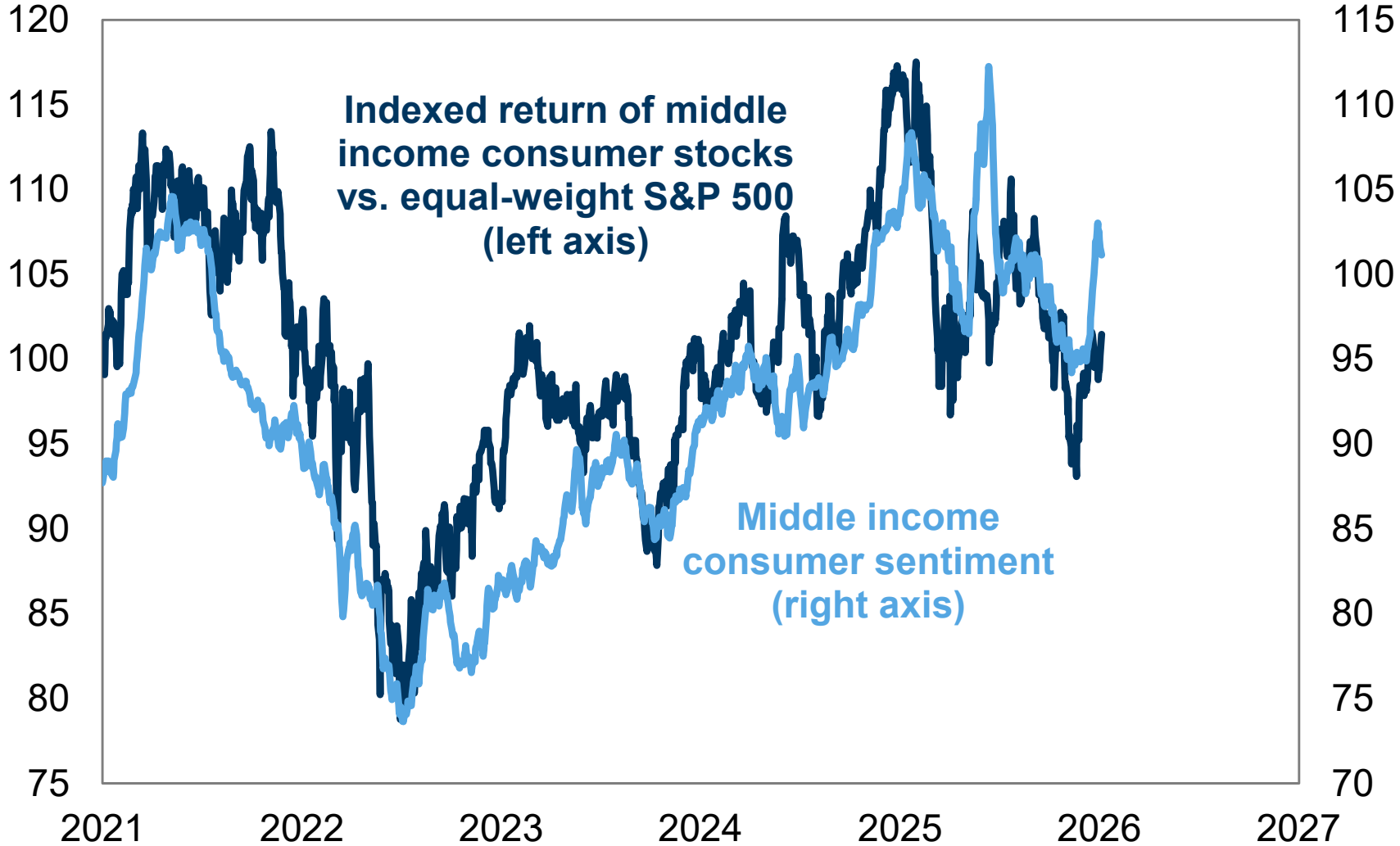
Source: Goldman Sachs Global Investment Research.

# Equity market pricing of US GDP growth remains below GS forecast



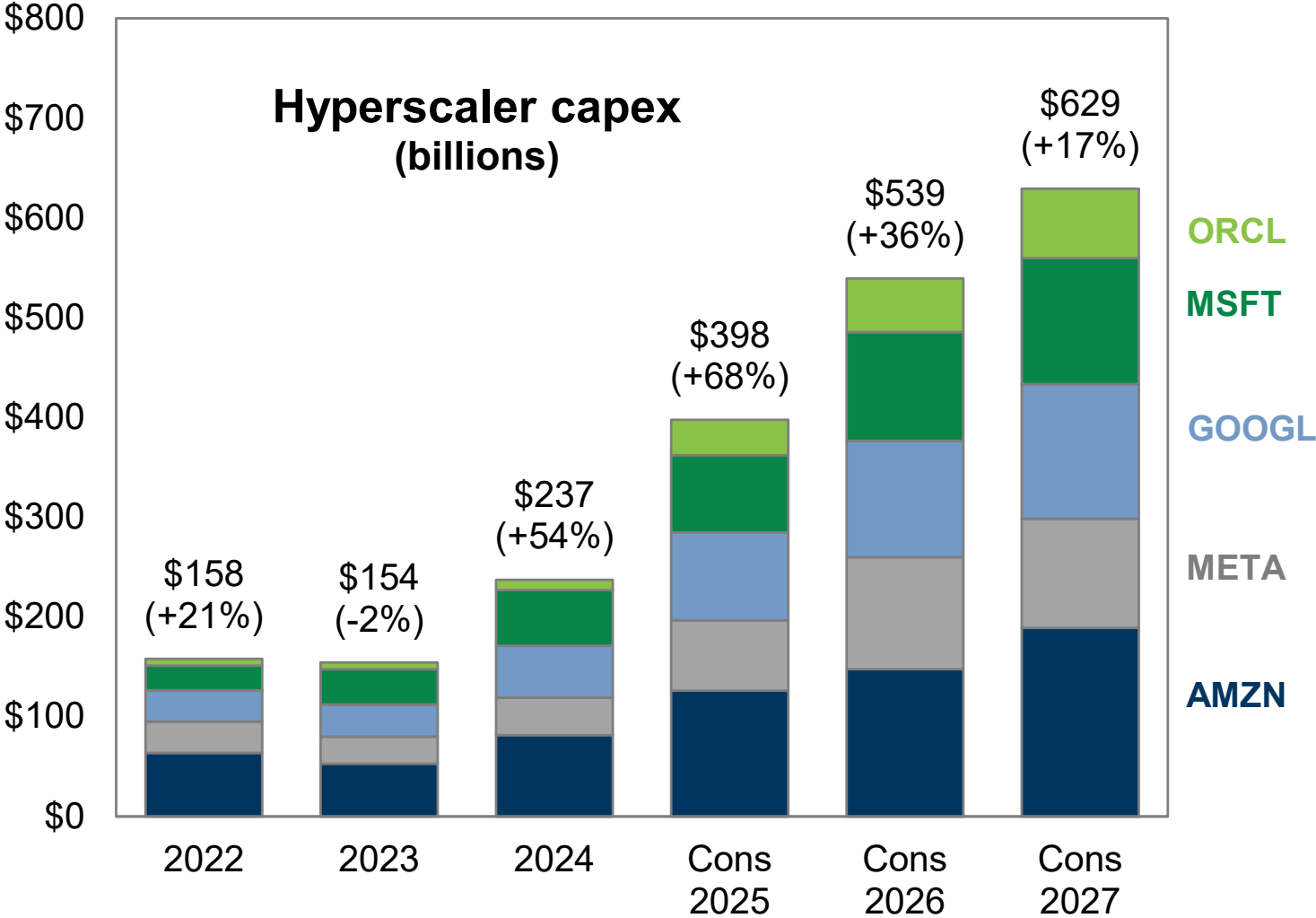
Source: Bloomberg, Goldman Sachs Global Investment Research.

# Potential upside for of middle income consumer stocks



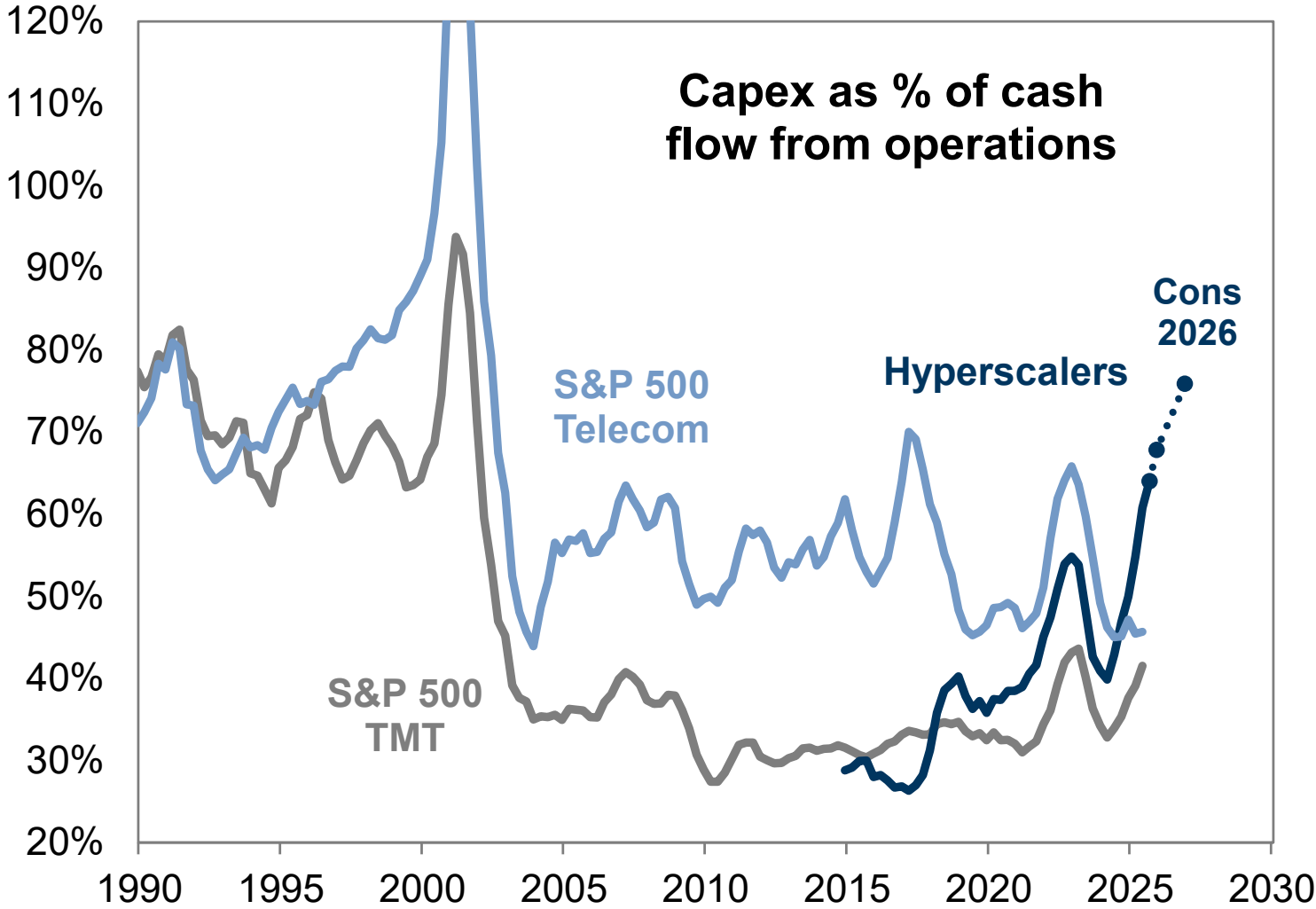
Source: Morning Consult, FactSet, Goldman Sachs Global Investment Research.

# Analysts expect hyperscaler capex to total nearly \$550 billion in 2026



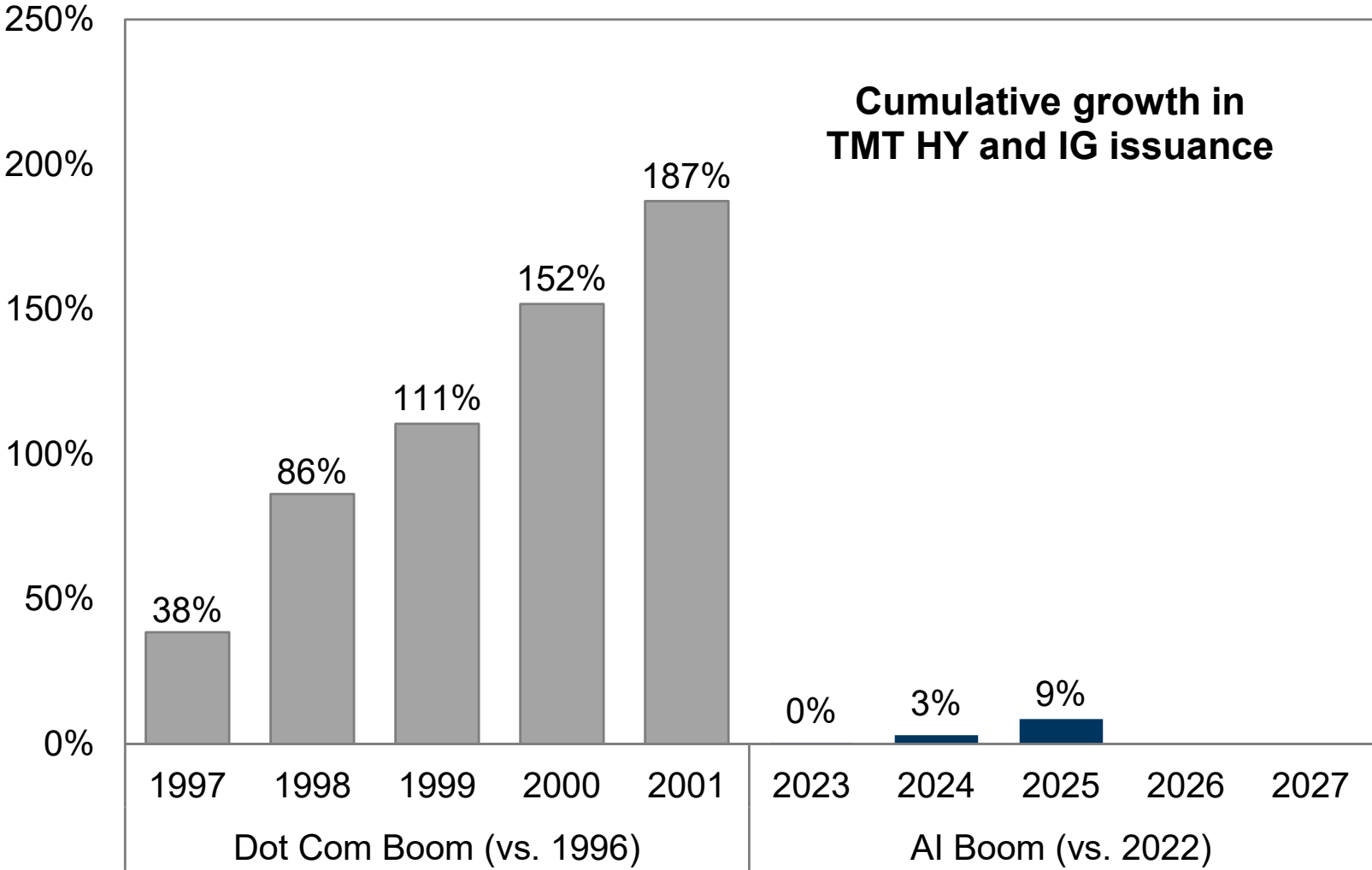
Source: FactSet, Goldman Sachs Global Investment Research.

# Hyperscaler capex is on pace to reach 75% of cash flows in 2026



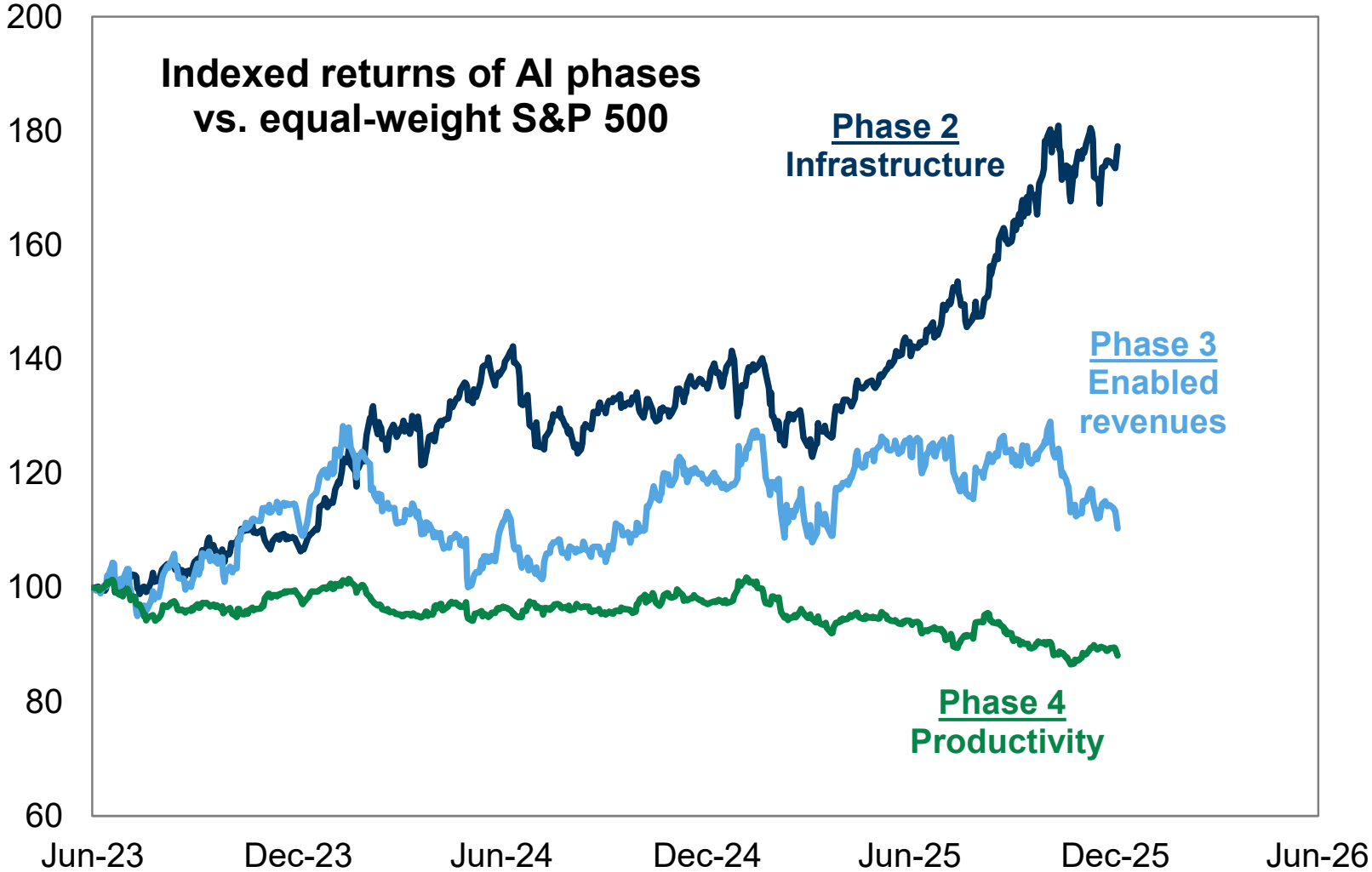
Source: Compustat, FactSet, Goldman Sachs Global Investment Research.

# Recent growth in TMT-related debt has paled relative to the late 1990s



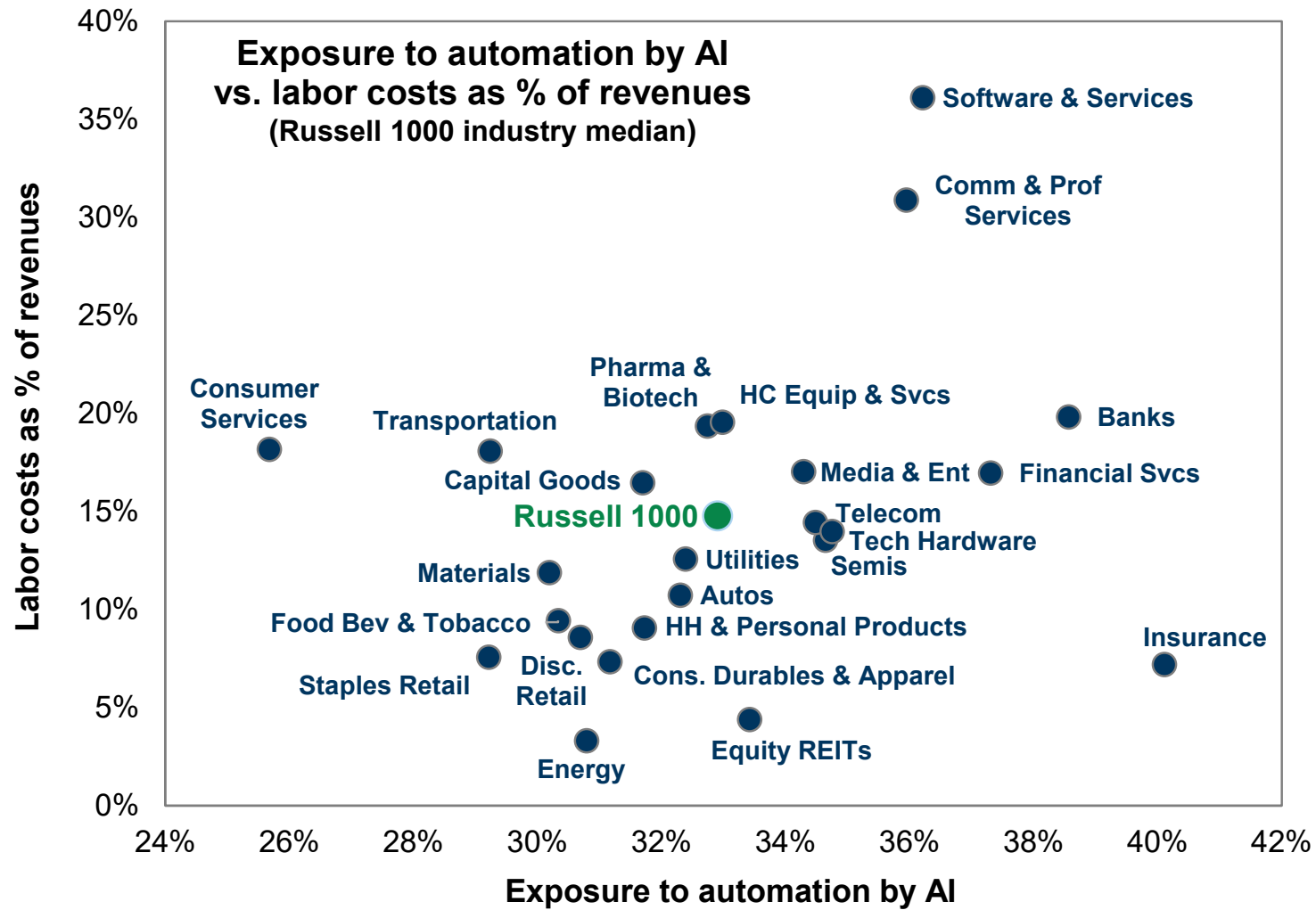
Source: Bloomberg, Goldman Sachs Global Investment Research.

# Phases of the AI trade



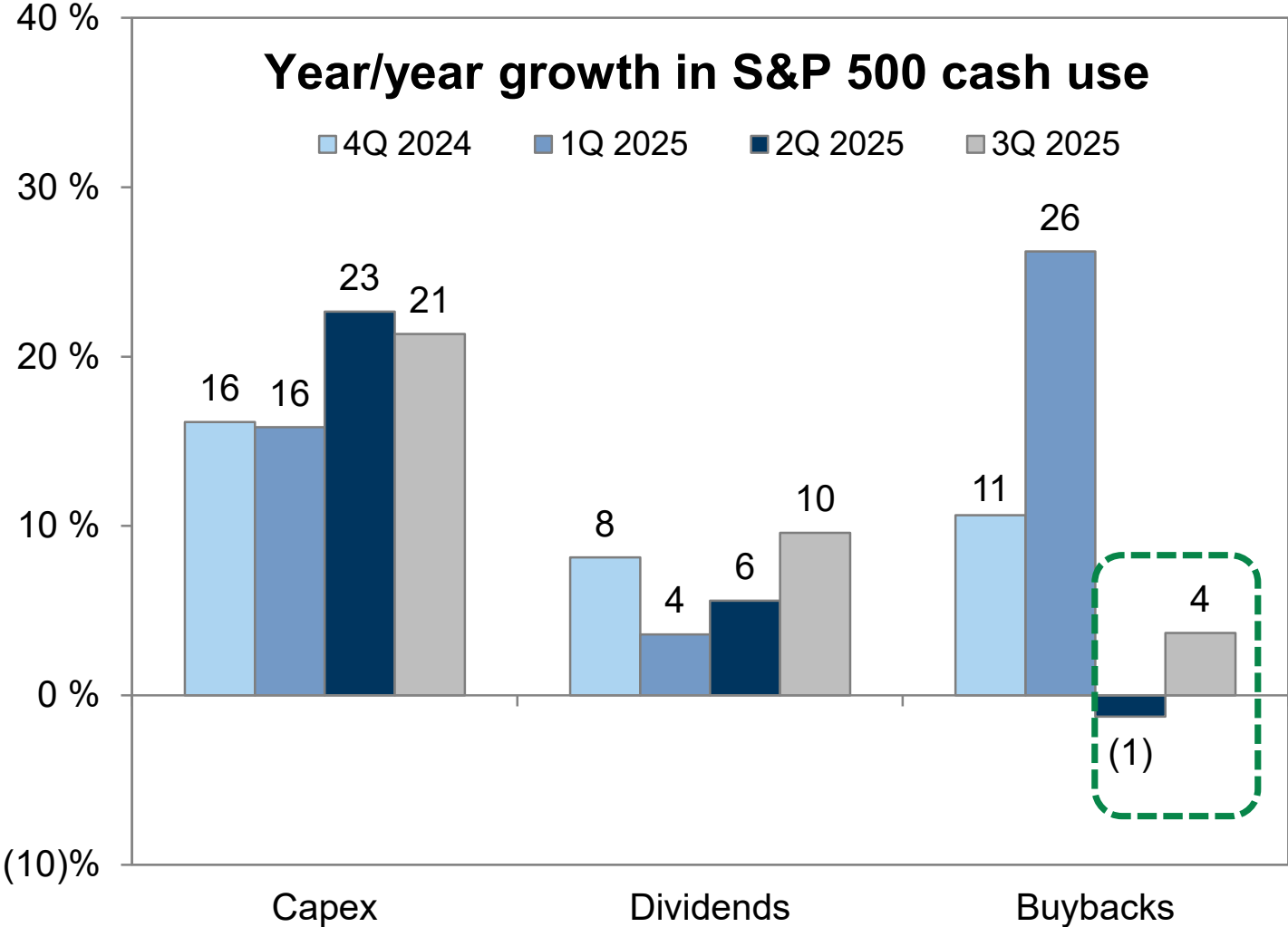
Source: Goldman Sachs Global Investment Research.

# Identifying potential AI productivity beneficiaries



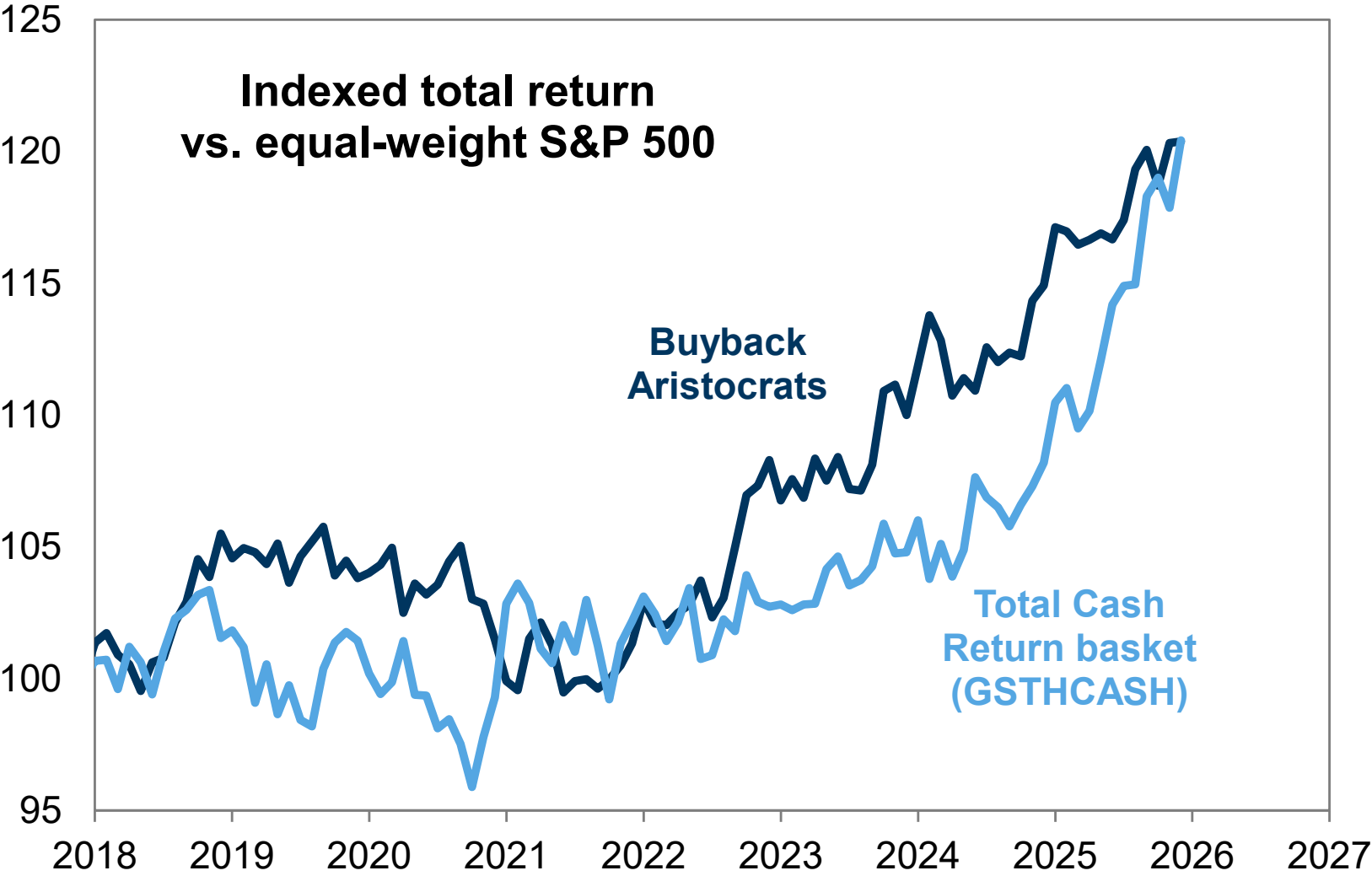
Source: Revelio, Company filings, Goldman Sachs Global Investment Research.

# S&P 500 buyback growth has stalled during the last two quarters



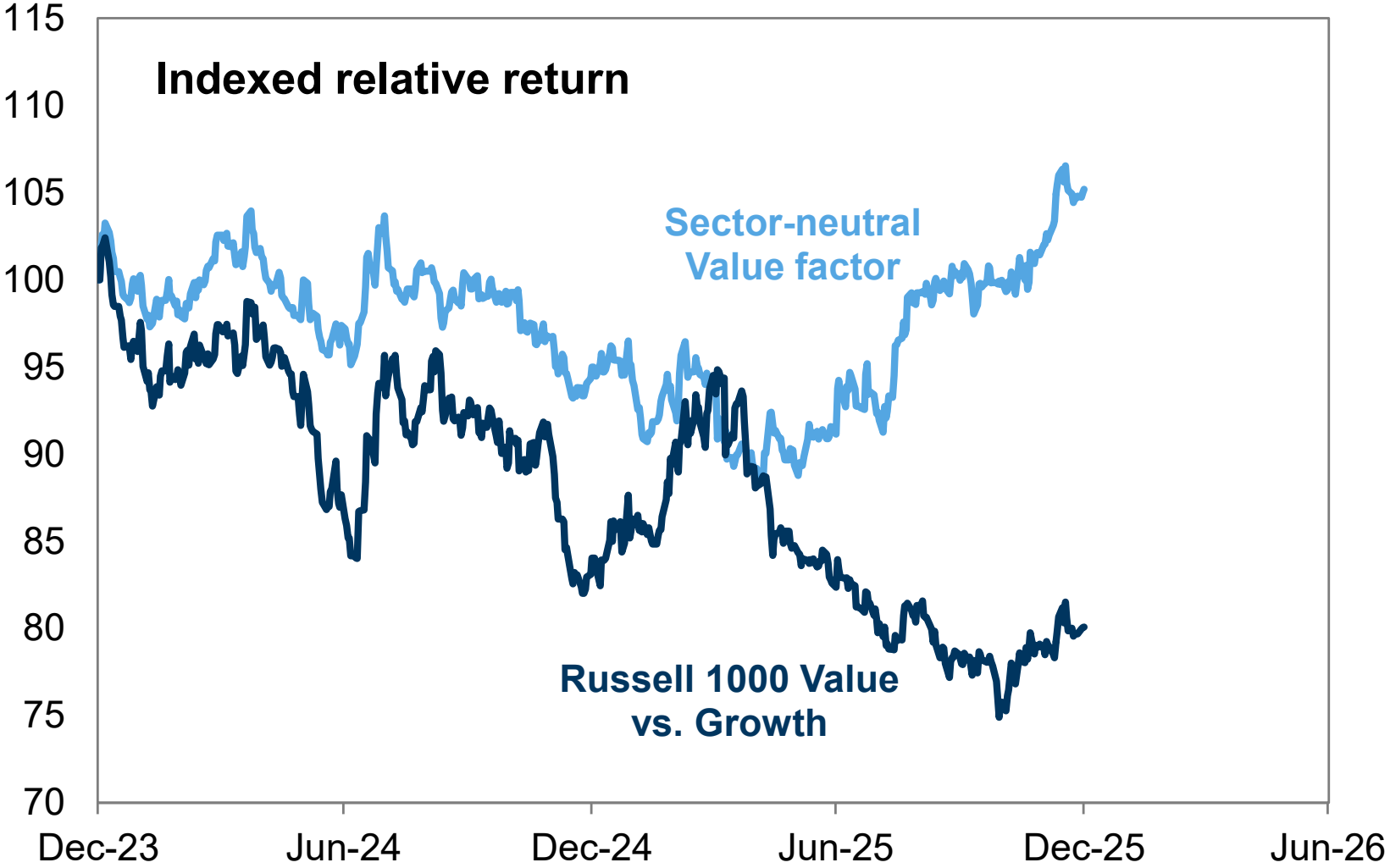
Source: FactSet, Goldman Sachs Global Investment Research.

# The market is rewarding companies prioritizing cash return



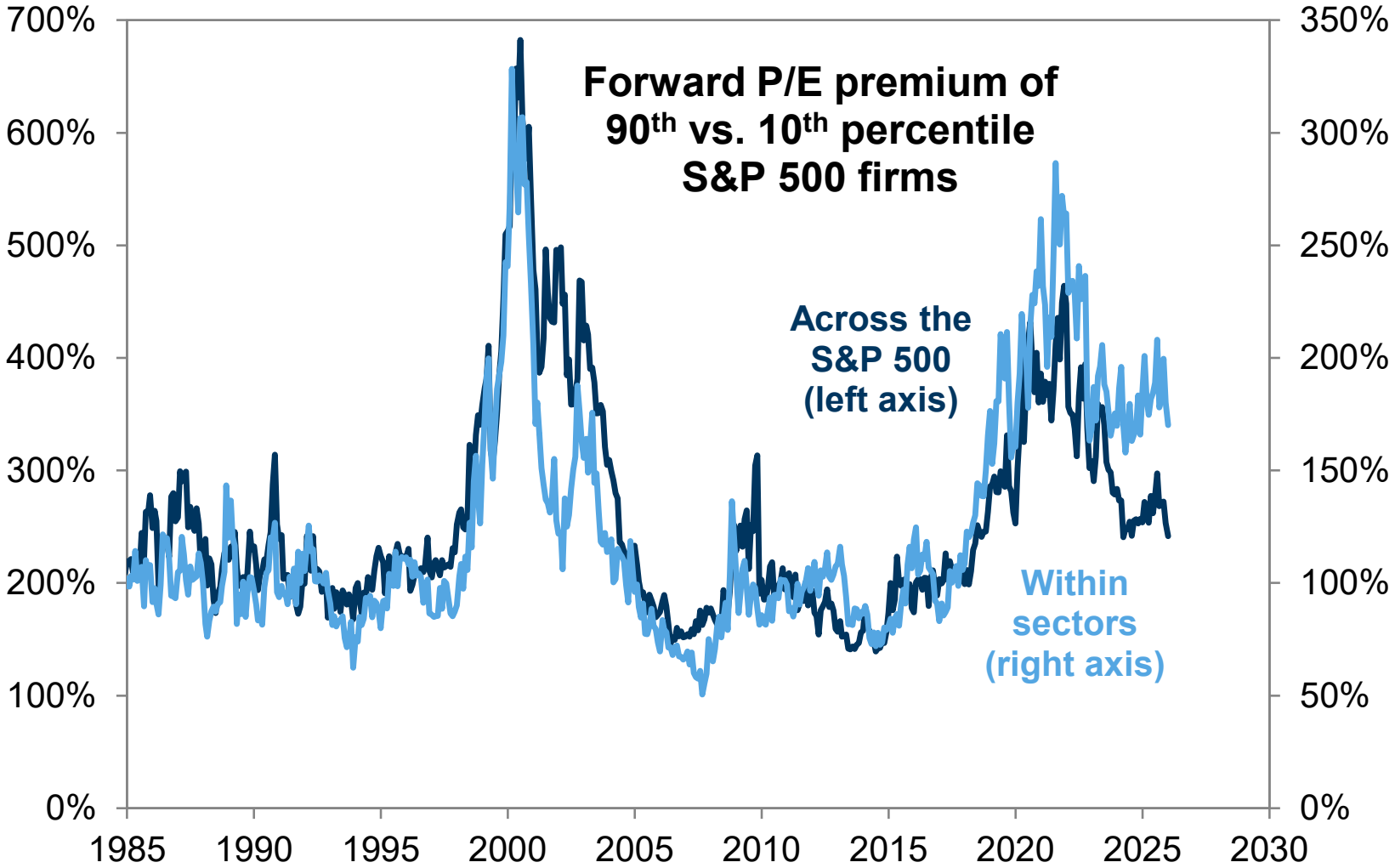
Source: Compustat, Goldman Sachs Global Investment Research.

# Controlling for sector composition, Value outperformed in 2H 2025



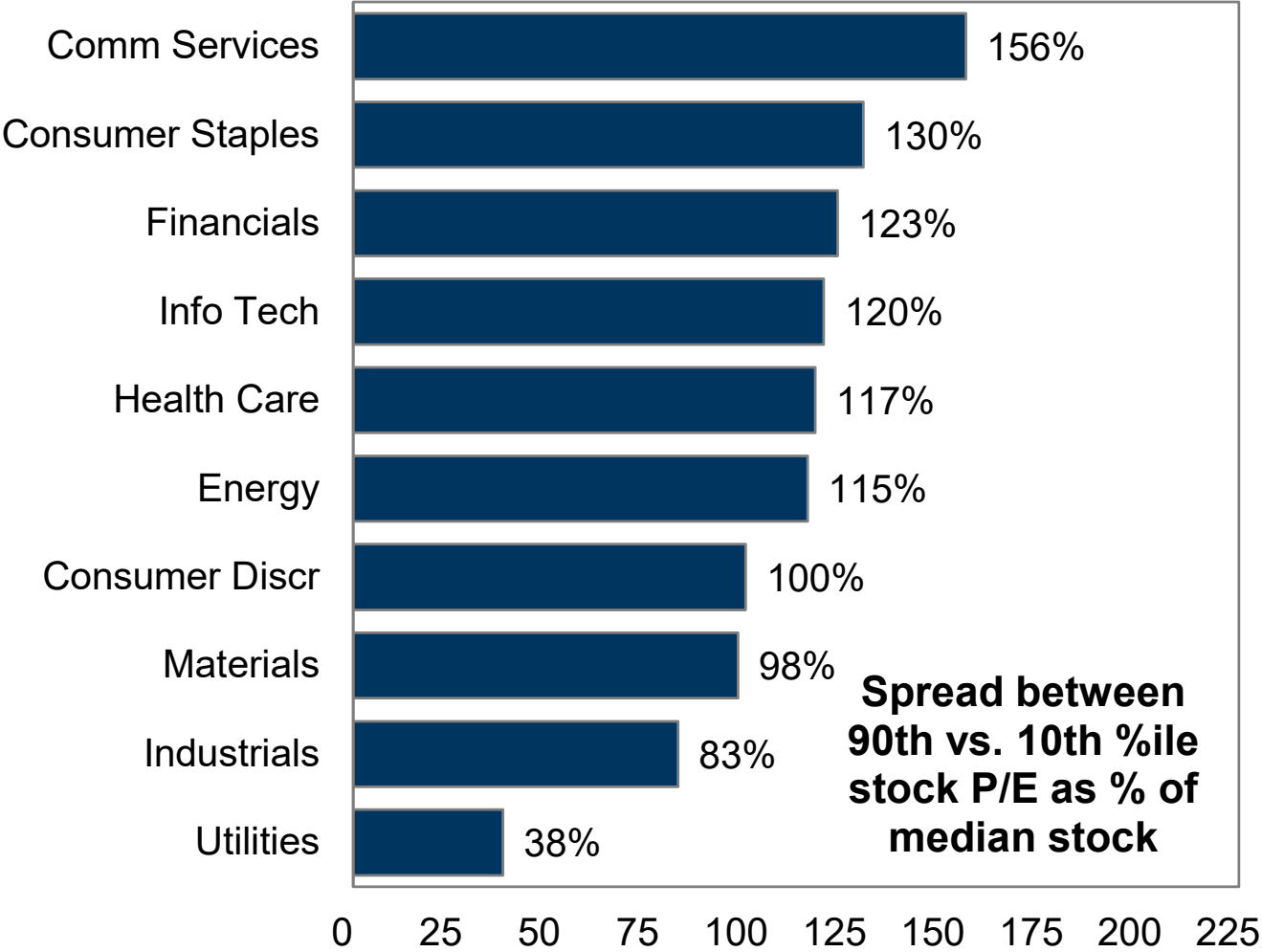
Source: Goldman Sachs Global Investment Research.

# Valuation dispersion remains wide, particularly within sectors



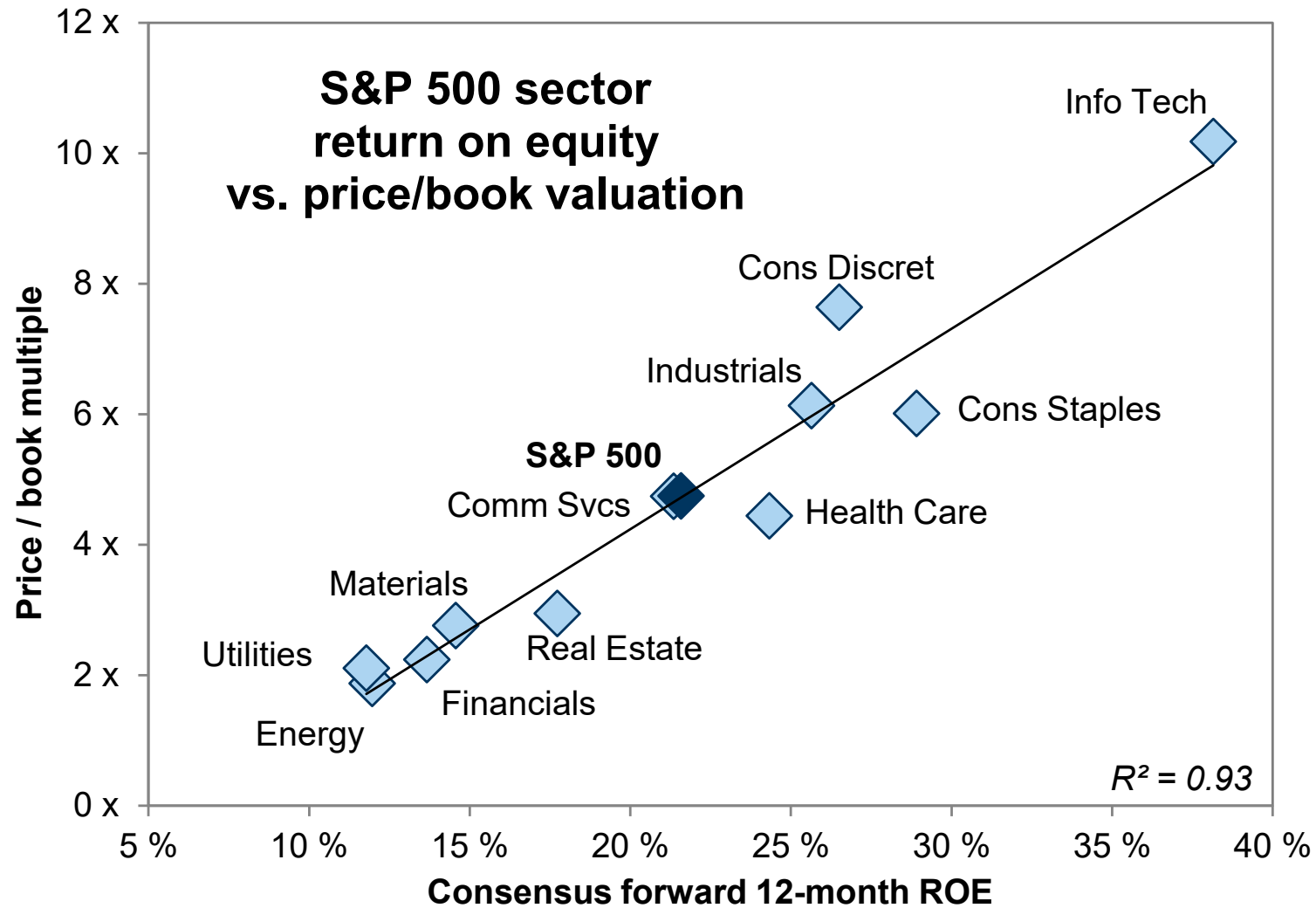
Source: Goldman Sachs Global Investment Research.

# Valuation dispersion is wide within most sectors



Source: Compustat, Goldman Sachs Global Investment Research.

# Health Care trades at a discount to ROE-implied P/B valuation



Source: FactSet, Goldman Sachs Global Investment Research.

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# Disclosure Appendix

January 8, 2026

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