Goldman Sachs Research

Economics Research
22 April 2026 | 6:18PM EDT

What's Top of Mind in Macro Research: A fraught Iran ceasefire extension, Warsh hearing takeaways, further equity upside ahead

Jenny Grimberg
+1(212)934-0199 |
jenny.grimberg@gs.com
Goldman Sachs & Co. LLC

Allison Nathan
+1(212)357-7504 |
allison.nathan@gs.com
Goldman Sachs & Co. LLC

Ashley Rhodes
+1(212)934-4876 |
ashley.rhodes@gs.com
Goldman Sachs & Co. LLC

This week:

- **Iran conflict: a fraught ceasefire extension**
- **Fed Chair nominee Kevin Warsh's confirmation hearing: key takeaways**
- **Equities: higher now, higher ahead**

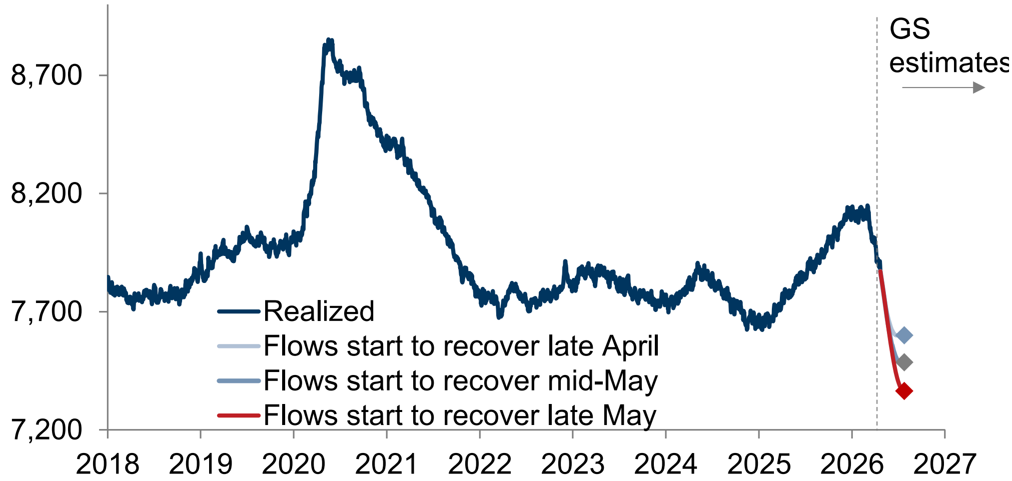
Transcript

Iran conflict: a fraught ceasefire extension

While the Trump Administration has announced an extension to the US-Iran ceasefire, Brent oil prices have again risen to over $100/bbl, and we see the risks to our oil price forecasts as skewed to the upside owing to longer-than-assumed Strait of Hormuz flow disruptions and potentially more persistent Middle East supply losses. Despite these flow disruptions and extreme draws in global visible oil inventories, crude and refined products prices remain lower than prior to the ceasefire, which we think partly owes to a decline in the risk premium, destocking, and a moderation in spot buying. But we note that destocking isn't sustainable as inventories have a natural lower bound, after which the main rebalancing mechanism for the market in the absence of a supply recovery is demand reduction, which has already started to occur.

While the situation remains fluid, the market has experienced significant relief on the back of the ceasefire and extension announcements, with most of the risk-off shift since the war began now having reversed. While we don't think this relief is premature, it nonetheless leaves markets vulnerable to further negative developments. In this environment, we see value in maintaining, and potentially increasing, hedges, with downside in European assets and upside in US credit spreads and volatility screening as the best hedges against a fresh oil shock while more cyclical assets like AUD and CAD screen well as hedges against a reemergence of recession fears.

Global visible oil inventories have sharply declined since the conflict began, and will likely reach all-time lows even if the Strait reopens by late April
Global visible total oil inventories, mb



We assume the pace of visible inventory draws equals its April 1-15 -7.6mb/d average pace while the Strait remains effectively shut, and that this pace linearly converges to zero (i.e. stable global visible inventory levels) over an 8-week period starting when Hormuz flows start to recover.

Source: IEA, Kpler, DOE, Euroilstocks, ARA, PJK, Haver Analytics, Goldman Sachs Global Investment Research.

Fed Chair nominee Kevin Warsh's confirmation hearing: key takeaways

We saw several takeaways from Fed Chair nominee Kevin Warsh's Senate confirmation hearing. Warsh said that he has not "pre-committed to any policy decision" and that the Fed should reduce the size of its balance sheet and rethink its inflation framework. Even if he is confirmed, we would not expect a major reduction in the Fed's balance sheet given the strong support around the Federal Reserve system for the current ample reserves framework, though a more limited reduction is possible. Warsh also emphasized alternative measures of underlying inflation like trimmed mean and median PCE inflation, which we note are currently running a bit below core PCE inflation, and reiterated his expectation that AI is boosting the economy's supply side and will deliver large productivity gains.

Equities: higher now, higher ahead

As geopolitical sentiment has improved as investors have become more confident that the Iran conflict will ultimately be resolved—even if near-term uncertainty remains high—the US equity market has hit new all-time highs, and we expect it to do so again in the coming months on the back of continued earnings growth. Indeed, we expect 12% EPS growth this year to lift the S&P 500 to 7600 by year-end. Given our forecast of solid but below-trend US GDP growth over the next few quarters, we think investors should tilt portfolios toward secular growth companies with idiosyncratic earnings tailwinds and limited exposure to AI disruption. These include firms tied to investment in power infrastructure as well as the non-software names in our "Rule of 10" secular growth screen (which identifies S&P 500 companies with realized and expected annual sales growth of at least 10% in each of 2024-2028).

European and EM equity markets have also rebounded from their conflict lows, and we see further upside ahead. Specifically, we expect the STOXX 600 to end the year at a modestly higher 625 as earnings momentum likely continues to support the market. We also recently raised our 12m MSCI EM target to 1750 (from 1680) to reflect earnings upgrades in Korea and Taiwan on the back of strong memory export growth and solid Q1 sales/export data, respectively. Within EM, we continue to prefer North Asia over South Asia, favor Brazil, and think South Africa offers attractive risk/reward, and remain bullish on the secular themes of Defense, AI, and Renewables.

What else is on our radar?

- We're watching US consumer spending amid upcoming tax refunds and the recent surge in gasoline prices. We find that tax refunds are on track to rise by $50bn year/year owing to last year's One Big Beautiful Bill Act (OBBBA), with the Act also likely to benefit consumers through lower tax payments. That said, these tailwinds will likely be more than offset by headwinds from higher gasoline prices, and we expect weak US real consumption growth over the coming months, particularly for those in the lowest income quintile.
- We're also continuing to watch how AI will impact profit pools and capex spending. On the profit pools front, our equity analysts believe autonomous vehicles (AVs) could disrupt existing transportation markets over the long term, estimating that the global robotaxi and AV trucking markets could become about $415bn and $560bn markets by 2035, respectively. On the capex front, we estimate that AI hyperscaler capex spending could total as much as $700-$725bn this year alone and expect the funding mix to be balanced between a range of asset classes over the next several years, including syndicated credit markets, private markets, and bank financing.

Relevant research

Iran conflict: a fraught ceasefire extension: GOAL Post (4/21/2026); Oil Tracker (4/21/2026); Global Markets Comment (4/19/2026); Oil Analyst (4/17/2026)

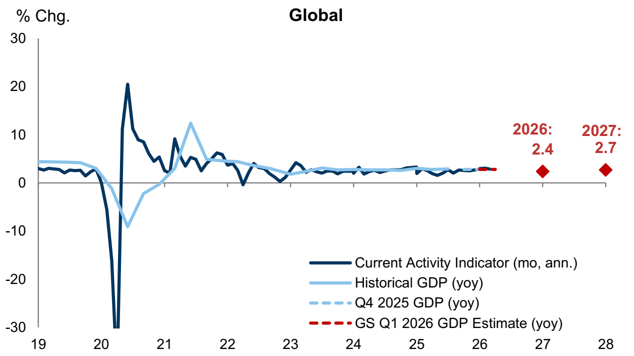
Fed Chair nominee Kevin Warsh's confirmation hearing: key takeaways: USA (4/21/2026); US Daily (2/1/2026)

Equities: higher now, higher ahead: US Strategy Views (4/20/2026); EM Weekly Kickstart (4/17/2026); Europe Weekly Kickstart (4/17/2026); US Weekly Kickstart (4/17/2026); The EM Trader (4/15/2026); Taiwan Weekly Kickstart (4/11/2026); US Weekly Kickstart (4/10/2026); South Korea Tech (4/1/2026)

What else is on our radar: Credit Notes (4/21/2026); US Economics Analyst (4/20/2026); Global AVs (4/16/2026); US Equity Views (2/24/2026)

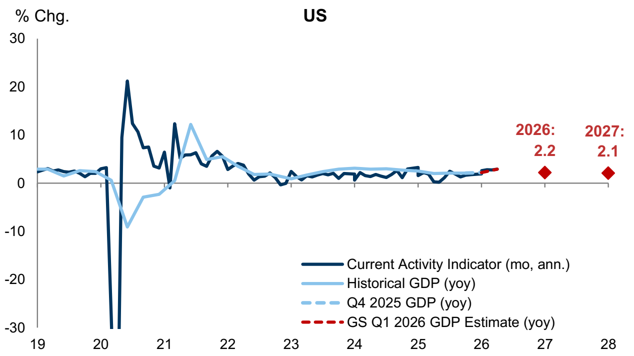
Macro at a glance

Global GDP vs. CAI



Source: Haver Analytics, Goldman Sachs Global Investment Research.

US GDP vs. CAI

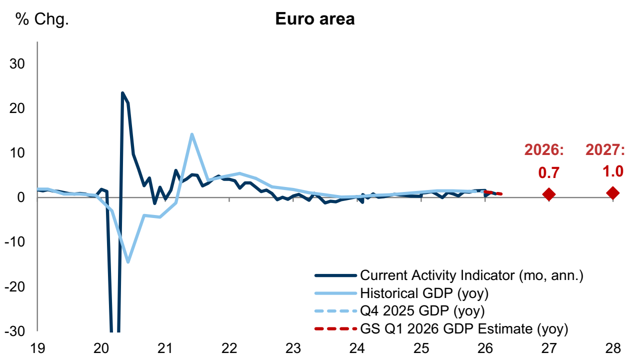


Source: Haver Analytics, Goldman Sachs Global Investment Research.

China GDP vs. CAI

Source: Haver Analytics, Goldman Sachs Global Investment Research.

Euro area GDP vs. CAI



Source: Haver Analytics, Goldman Sachs Global Investment Research.

Key GS economic and market forecasts

Economics

GDP growth (%)	2026 GS (Q4/Q4)	2026 Cons. (Q4/Q4)	2026 GS (CY)	2026 Cons. (CY)	2027 GS (CY)	2027 Cons. (CY)
Global	2.2	--	2.4	2.7	2.7	2.6
US	2.0	2.1	2.2	2.2	2.1	2.2
China	4.6	4.6	4.7	5.0	4.7	4.6
Euro area	0.6	0.9	0.7	1.4	1.0	0.9

Policy rates (%)	2026 GS	2026 Mkt.	2027 GS	2027 Mkt.
US	3.13	3.50	3.13	3.26
Euro area	2.50	2.40	2.00	2.38
China	1.40	1.48	1.30	--
Japan	1.00	1.21	1.50	1.71

Markets

Interest rates 10Yr (%)	Last	E2026	E2027
US	4.30	4.10	4.15
Germany	3.00	3.00	3.00
Japan	2.38	2.00	2.00
UK	4.75	4.40	4.25

FX	Last	3m	12m
EUR/$	1.18	1.14	1.20
GBP/$	1.35	1.33	1.33
$/JPY	159	160	155
$/CNY	6.80	6.85	6.70

Commodities	Last	2Q26	4Q26
Crude Oil, Brent ($/bbl)	98	90	80
Nat Gas, NYMEX ($/mmBtu)	2.70	3.50	3.50
Nat Gas, TTF (EUR/MWh)	42.37	50	40
Copper ($/mt)	13,164	12,700	12,500
Gold ($/troy oz)	4,777	4,865	5,308

Credit (bp)		Last	2Q26	4Q26
USD	IG	79	95	90
	HY	269	335	315
EUR	IG	89	120	114
	HY	284	375	360

Equities

S&P 500	E2026 GS	E2026 Cons.	E2027 GS	E2027 Cons.
Price	7,600			
EPS	$309	$326	$342	$379
Growth	12%	19%	10%	16%

Returns (%)	12m	YTD	E2026 P/E
S&P 500	7.6	3.2	22.4x
MXAPJ	11.2	14.5	14x
Topix	11.4	10.6	18.6x
STOXX 600	1.6	3.9	15.3x

Consumer	2026 CPI (%, yoy)	2026 Unemp. Rate	2027 CPI (%, yoy)	2027 Unemp. Rate
US	2.7	4.6	2.1	4.4
Euro area	2.9	6.3	2.1	6.2
China	1.0	--	1.0	--

Wage Tracker 2026 (%)	Q1	Q2	Q3	Q4
US	3.7	--	--	--
Euro area	--	--	--	--
China	--	--	--	--

GS CAI is a measure of current growth. For more information on the methodology of the CAI please see "Technical Updates to Our Global CAIs," Global Economics Comment, September 1, 2025. Market pricing as of April 21, 2026.

Source: Bloomberg, Goldman Sachs Global Investment Research.

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Contributing Authors: Jenny Grimberg Goldman Sachs & Co. LLC, Allison Nathan Goldman Sachs & Co. LLC, Ashley Rhodes Goldman Sachs & Co. LLC.

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