weekly mash -

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The last 6 weeks have been full of controversy as motives, outcomes & impact have been debated, contested & scrutinised endlessly. Given the quite definitive tweets through today, it wouldn't be a surprise to see that contention continue into the weekend; but, nevertheless, it seems the conflict is now largely done

What continues to be most apparent from a markets perspective is there remains an obvious contradiction between the views of those closest to the physical disruption (the barrels that last past unencumbered through SoH have all now reached destinations, the real supply shortage begins only now, with weeks of further delay to 'normalise' supply / let alone catch-up with lost barrel deliveries; similarly Alcoa CEO was on CNBC today saying full global production ramp is at least a year away) and those who operate in markets that discount the future (equities are through pre-war levels and anticipate a normalisation of supply, despite inevitable near-term issues)

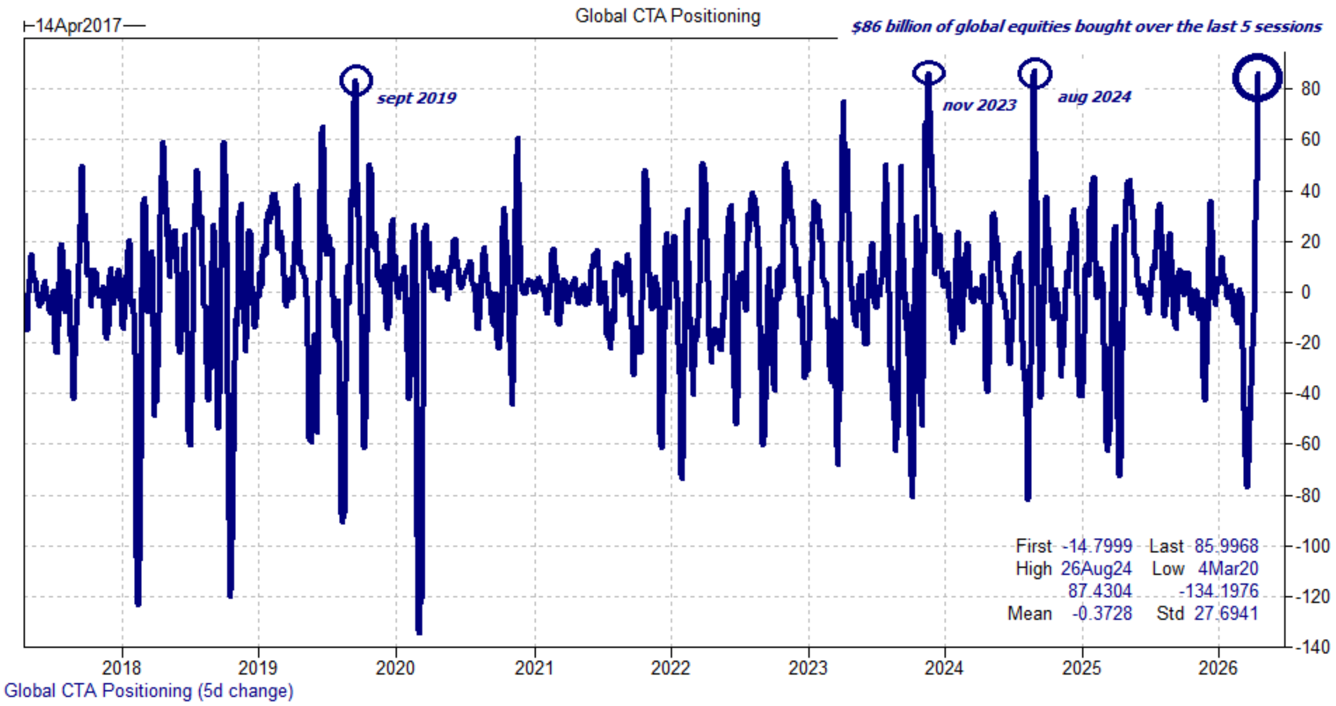
Between this tension, and predictable competing political narratives ahead, the quest for comfortable clarity will remain elusive – but in the meantime, equities have done what they do best printing new all-time-highs today in global & US indices

Eight quick points on markets & opportunities :

1) Its well covered, well modelled and well communicated, but the impact of both the US retail bid and global CTA (trend following) futures flow has been a significant mechanical support to equities in this latest leg higher. CTAs had got to max model net shorts 10 days ago, so much so that they were a net buyer in any price evolution. Thanks to Brian Garrett for the chart, but the last 5 sessions have seen max length added back, with more to come (c $70b more to buy in the next week if equity prices flat) :

Date	Preceding 1-Week (%)	Following 2-Week (%)	Following 1-Month (%)	Following 3-Month (%)
16-Sep-19	0.66	-0.71	-0.28	6.45
17-Nov-23	2.24	1.79	4.55	10.89
26-Aug-24	0.15	-2.6	2.29	7.21
average	1.02	(0.51)	2.19	8.18

**** past performance is not indicative of future returns / bloomberg data / as of 16apr2026***

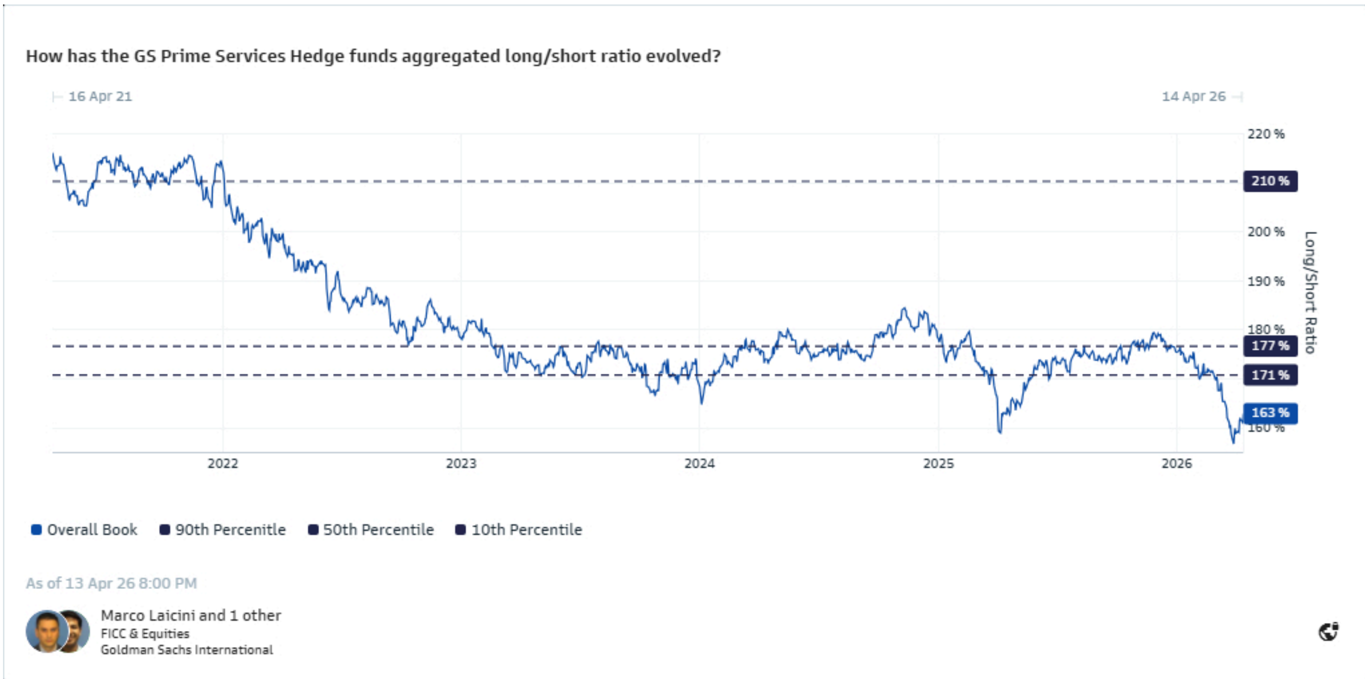


source :: gs global banking and markets / bloomberg data / as of 16apr2026 / past performance not indicative future returns

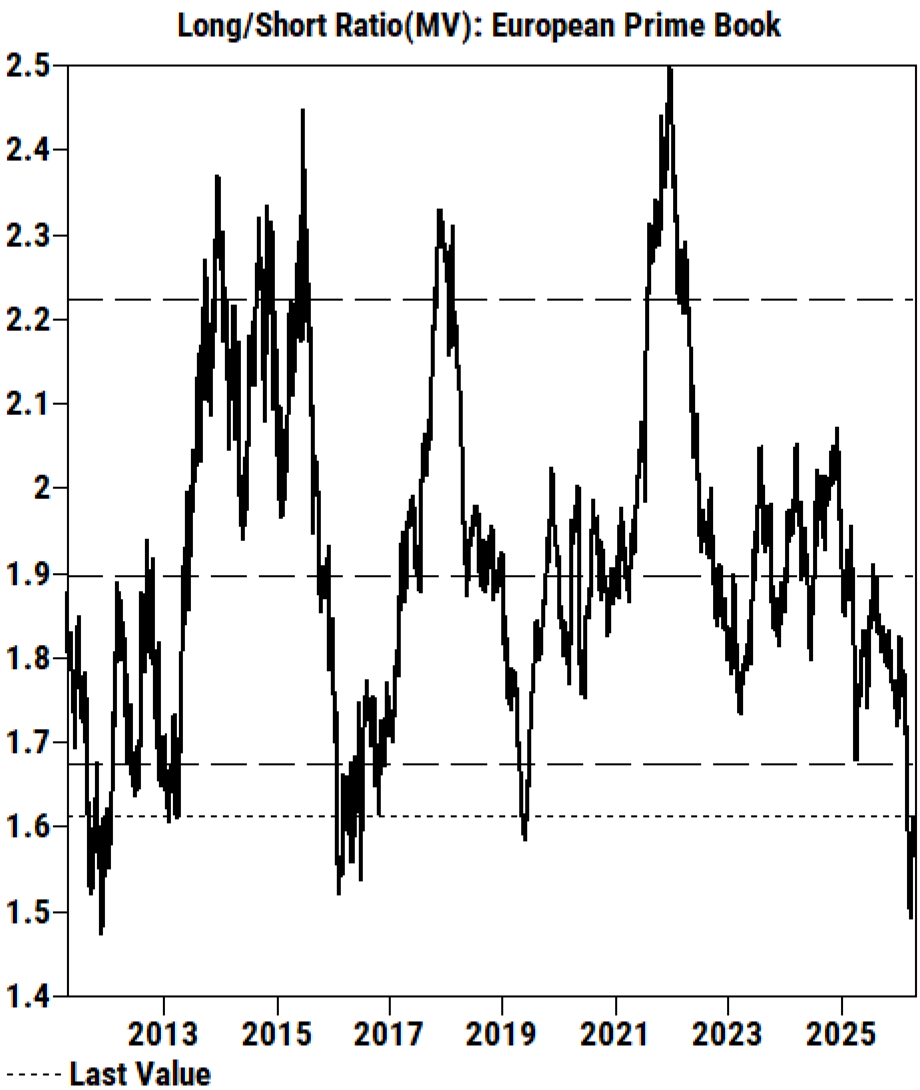
2) It wasn't just CTAs that sold into weakness and need to add back. Looking across our prime data :

- Aggregate L/S ratio for total global Prime book dropped from 177% to just below 160%, and has recovered to 163% so far (chart 1);
- Only 40% of macro products (index & ETFs) that were short sold in March have been bought back so far;
- European L/S ratios have bounced from a 10yr low of 1.5x to 1.6x, but have plenty of room to recover to pre-conflict levels of >1.7x (chart 2).

Aggregate long/short ratio for the overall Prime book fell to the lowest level in 10+ years in March and has ticked up only modestly so far in April.

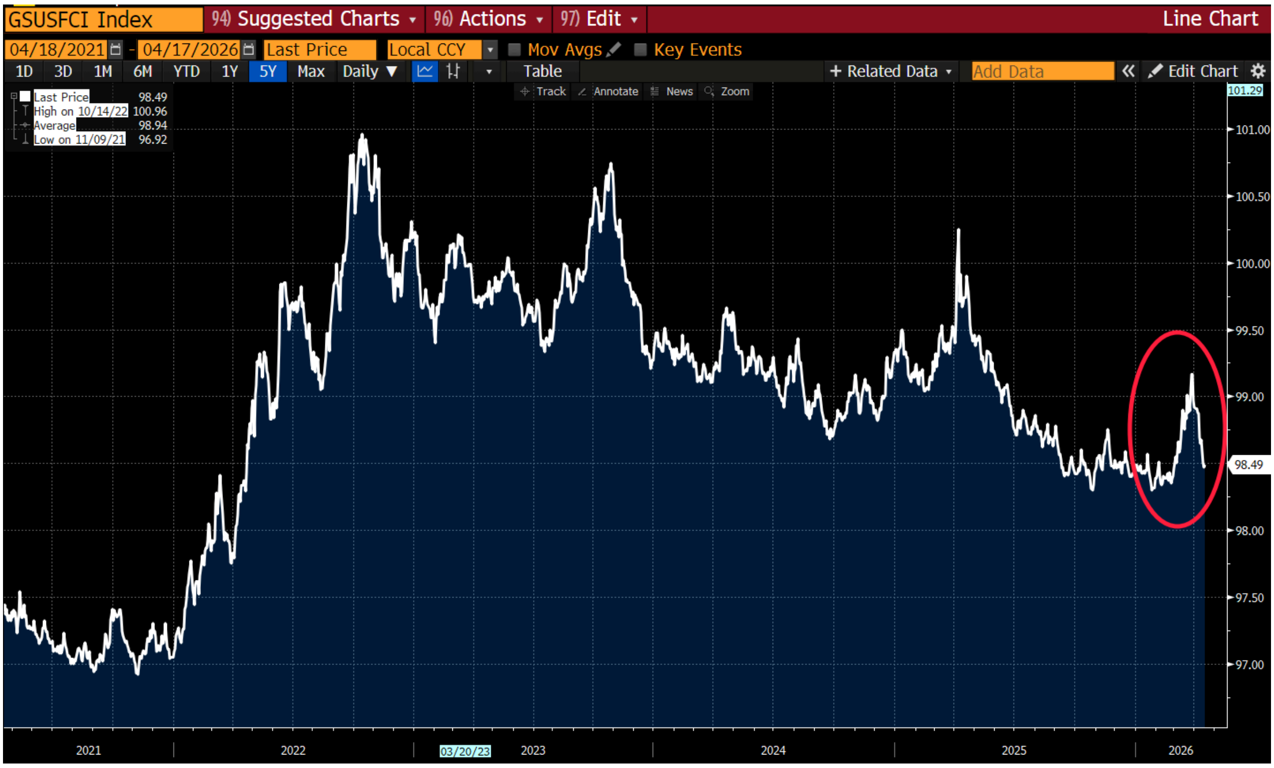


Source: Marquee MarketView



3) The debates surrounding 'US exceptionalism' aren't going away – and so watching broad USD indices continue to consolidate around the bottom of the post-GFC channel is notable.

4) Our current commodity team oil price forecasts had assumed a 6-week disruption to flows through the Strait of Hormuz, which now looks reasonably accurate. Based on that we cut 50bps from our 2026 GDP est (2.0%) and added 1pp to our headline PCE forecast (to 2.1%) and bumped our core PCE forecast by 30bps to 2.5%. Our econ team did a helpful MTM of all our forecasts 4 days ago which is worth pulling up (here), but what stands out most to me now is just how quickly the financial conditions tightening has reversed (chart below). By the way, for good order – worth flagging that we're still forecasting 2 Fed cuts this year in Sept & Dec.



5) The last time Nasdaq was up 13 consecutive sessions was in January 1992 … The last time it went 12 straight sessions was 2009. Nevertheless, perhaps as striking is the strength in Dow Transports; the 25% move April-to-date doesn't speak to a market unduly worried about the economic outlook (btw – 8% of that 25% move has come from the somewhat inexplicable 250% rally in Avis rental car stock .. but even excluding that transport's price performance stands out) :

6) Following on from the transports point, it wasn't very long ago AI concerns were drastically up-ending stocks : logistics & freight company CH Robinson went from being lauded as an example of early AI productivity winner to losing 25% of market value in mid-February as the market extrapolated AI capability to undoing CH Robinson's integrated freight offering … The stock's recovered all that move and more since strong numbers and confident guidance this week, but its a reminder of the opportunity created amidst AI-uncertainty.

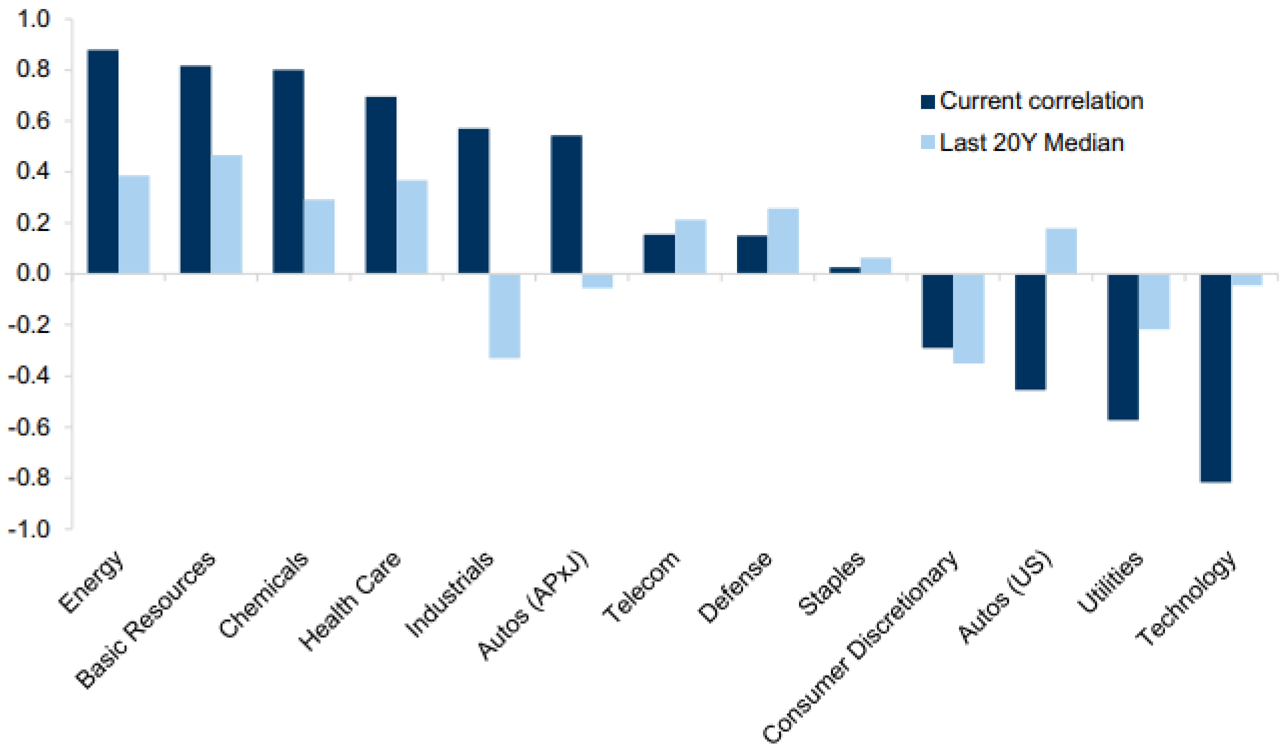
Our software team have written a number of excellent reports on "moats" and business model defensibility, but their update "Revisiting Moats IV: Shifting Centre of Gravity" makes a compelling case that much of the market's current extrapolation of AI-threat is likely wrong (my emphasis added) :

We are more convicted in the Software TAM: companies are moving to sell units of labor or productivity, which allow them to capture more budget; and AI Natives are selling into the white space between traditional SaaS silos. As the frontier labs set new highs on benchmarking and associated inference costs, the industry is countering by redistributing value throughout the stack. This was most evident to us in the discussions around using open source distilled models and the focus on roadmaps that are either independent from the frontier labs because they are specialized, or weighted to proprietary SLMs. This dynamic is one of the more compelling reasons why enterprises will likely engage with an ecosystem of software providers that are independent of any one model provider: the enterprise benefits from much more efficient routing and lower inference costs, and is not exposed to step function changes in price if any one model provider stops subsidizing tokens.

7) Of all the charts that have been produced over the last few months showcasing the shift in market leadership, the increases in market breadth, and the break in capital-light companies equity outperformance versus capital & asset intensive – this is one of my favourite illustrations to what's occurred recently ::

> Companies that are capital intensive have seen significant re-rating as the fears of intangible asset erosion have escalated :

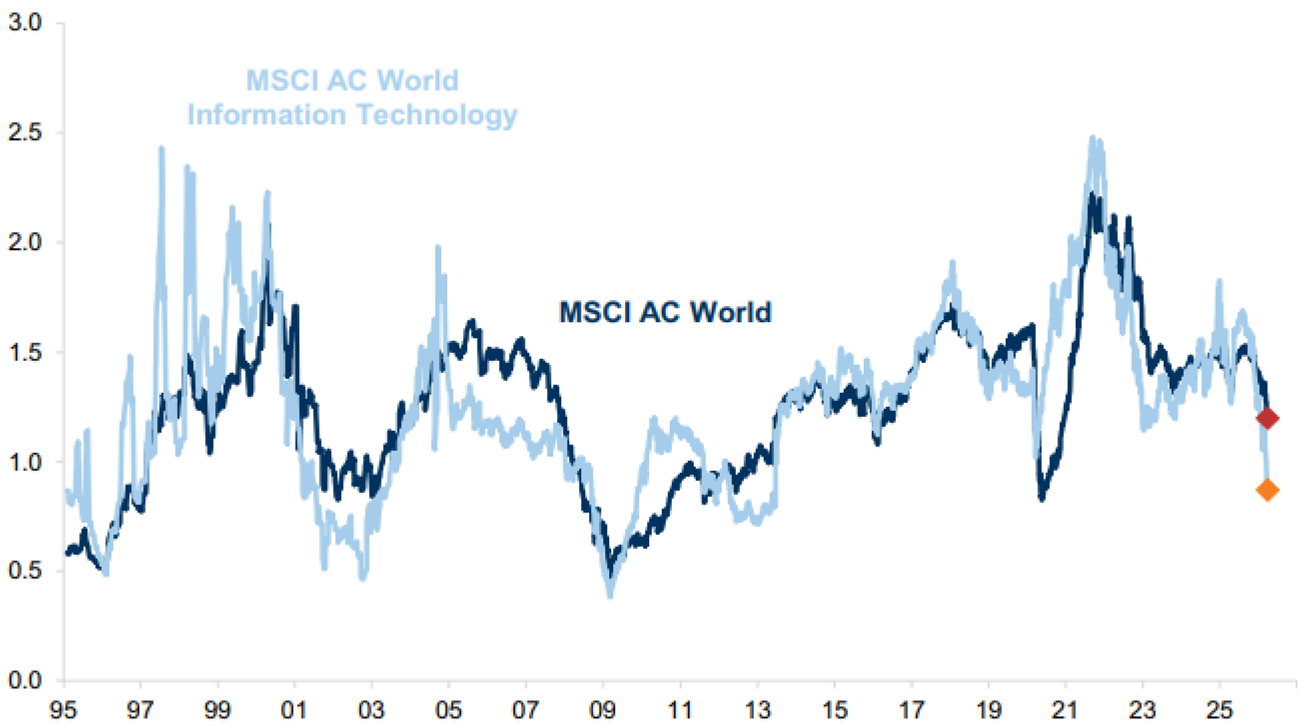
Exhibit 13: Energy has enjoyed a P/E premium for rising capex, while technology has de-rated
3-year rolling correlation between CAPEX/Sales and P/E premium vs. the Market (DM, unless otherwise indicated)



Source: Datastream, Goldman Sachs Global Investment Research

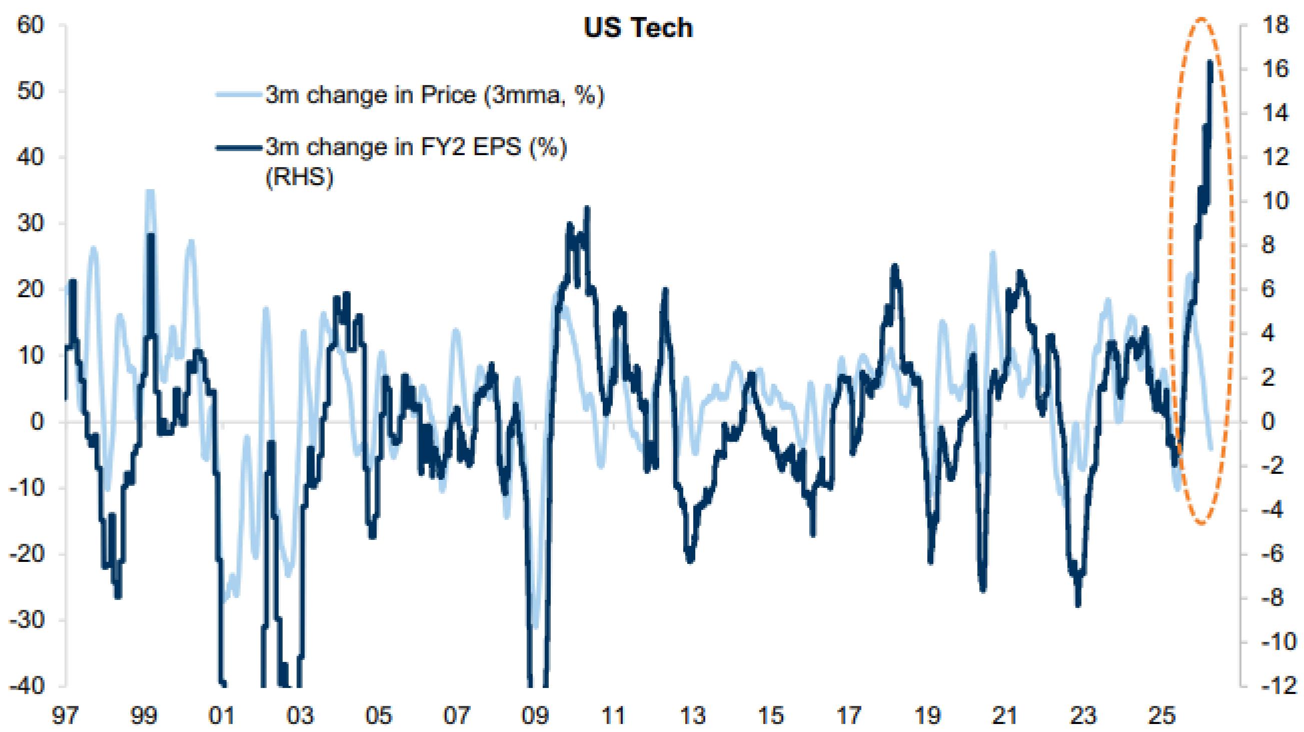
8) I've been a fairly consistent advocate for relative weightings to non-US markets and non-US tech in recent years. However, as the conflict in the Middle East has gone on, opportunities in US tech have begun to look more compelling. While cognisant of the unresolved tensions mentioned above related to US$ direction & US exceptionalism, Peter Oppenheimer's note 'The Technology Value Opportunity' is essential reading at a time when swathes of US tech have dramtically de-rated. 3 self-explanatory highlight charts that point to the opportunity, at a moment when Mag-7 and mega-cap tech correlations have declined dramatically ::

Exhibit 5: The PEG ratio for technology is below that of the global aggregate market
PEG ratio (12m fwd P/E divided by second 12m fwd EPS growth)



Source: Datastream, Goldman Sachs Global Investment Research

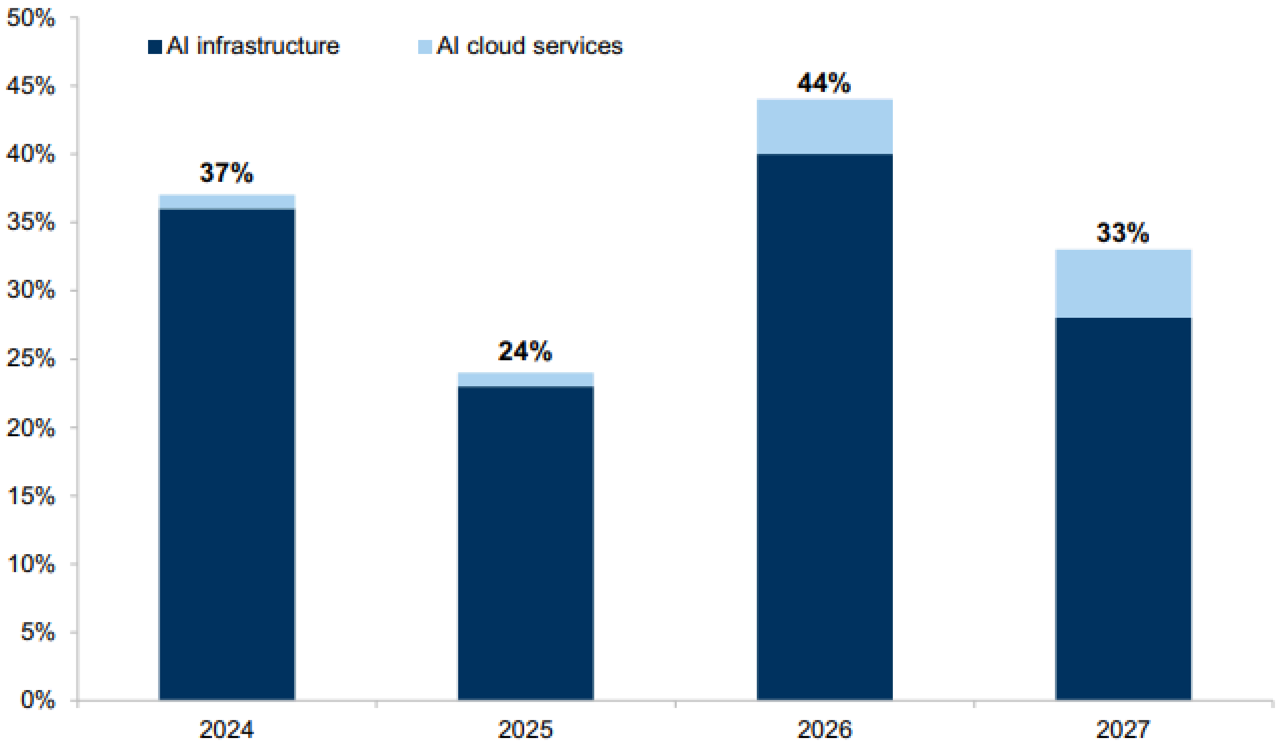
Exhibit 18: US technology EPS and performance have been highly correlated up until recently



Source: Datastream, Goldman Sachs Global Investment Research

Exhibit 19: AI infrastructure investment should contribute roughly 40% of S&P 500 EPS growth this year

Estimated share of S&P 500 EPS growth



Source: FactSet, Goldman Sachs Global Investment Research

Good weekend. Mark

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