

The S&P 500 is about to have a big 2025, Goldman Sachs says — even without the 'Magnificent 7'

Goldman Sachs analysts forecast that the S&P 500 will reach 6,500 by the end of next year, but with a Big Tech slowdown

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Photo: Xinhua News Agency (Getty Images)

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GS -1.15%

MS -1.03%

AAPL +0.11%

MSFT +0.42%

AMZN +1.44%

After Morgan Stanley's ([MS -1.03%](#) ▼) bullish outlook, another financial giant has joined the optimistic chorus for the S&P 500 in 2025. What's more, it expects the growth of the S&P 500 to occur without relying on the outperformance of the Magnificent Seven, marking a notable shift in market dynamics.

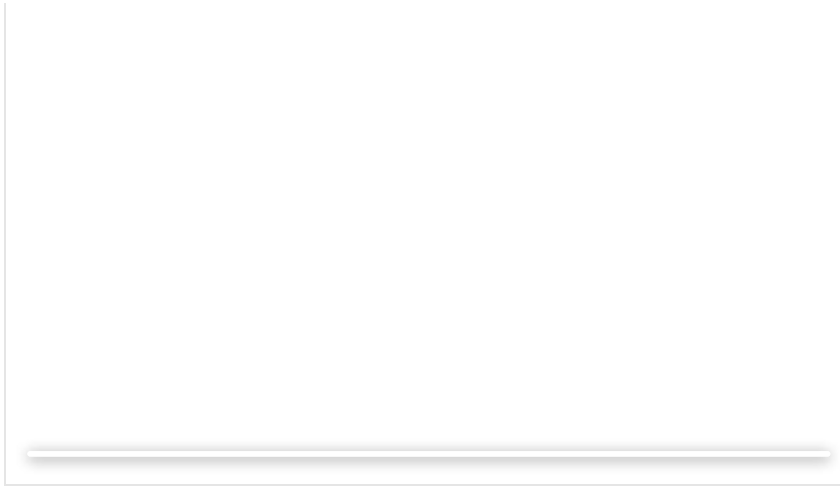
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On Tuesday, Goldman Sachs' ([GS -1.15% ▼](#)) chief U.S. equity strategist, David Kostin, released a report projecting an 11% rise in the S&P 500, with the index expected to hit 6,500 by the end of 2025. This aligns closely with [Morgan Stanley's forecast](#), which set the same target just a day earlier.

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Goldman's analysts anticipate that the dominance of the [“Magnificent Seven” tech stocks](#) — Apple Inc. ([AAPL +0.11% ▲](#)), Microsoft Corp. ([MSFT +0.42% ▲](#)), Amazon.com Inc. ([AMZN +1.44% ▲](#)), Alphabet Inc. ([GOOGL +1.61% ▲](#)) (the parent company of Google), Meta Platforms Inc. ([META +1.21% ▲](#)) (formerly Facebook), Nvidia Corp. ([NVDA +4.84% ▲](#)) and Tesla Inc. ([TSLA +2.13% ▲](#)) — may taper off in 2025. While these companies have driven significant market gains in recent years, analysts suggest that their influence might narrow as broader sectors contribute more evenly to market growth.

The “Magnificent Seven” stocks are projected to slow down

The “Magnificent Seven” tech stocks have significantly outpaced the other 493 stocks in the S&P 500 over the past few years. In 2023, these seven companies delivered a remarkable 63 percentage points of outperformance over the rest of the index and have continued their dominance in 2024, outperforming by 22 percentage points year-to-date. However, this gap is expected to narrow in 2025. According to consensus estimates, the outperformance margin is projected to shrink to just seven percentage points.

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Similarly, the earnings per share (EPS) growth premium enjoyed by the Magnificent Seven is expected to narrow significantly in 2025. In 2024, the seven tech giants outpaced the rest of the S&P 500 by a robust 30 percentage points in EPS growth. However, this advantage is forecasted to shrink dramatically, with the EPS growth premium for the Magnificent Seven expected to compress to just 6 percentage points in 2025.

This slowdown signals a broader market transition, with other sectors poised to deliver stronger performance and gradually erode the dominance of these high-flying tech stocks. It suggests a potential diversification of market leadership, as contributions to overall growth become more evenly distributed across a wider range of industries in the coming year.