

## Macro at a Glance: Latest views and forecasts

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Changes to flag this week:

- Raised our 2025 LME aluminum price forecast to \$2,400/mt (from \$2,300/mt) to reflect a less severe-than-expected hit to global activity from the trade war but lowered our 2026 price forecast to \$2,230/mt (from \$2,540/mt) to reflect likely softer balances further out.

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### Watching

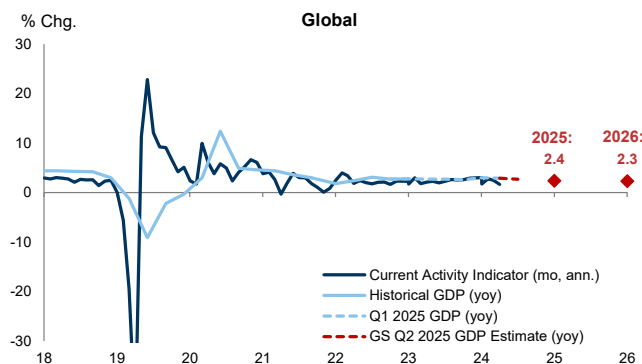
- **Globally**, we expect real GDP growth to slow to 2.4% yoy in 2025, reflecting headwinds from higher US tariffs. We expect global core inflation to remain relatively steady this year and end the year at around 2.8% as the tariff-driven boost to inflation in the US is largely offset by disinflationary impulses from declines in shelter inflation and wage inflation as well as lower energy prices.
- **In the US**, we expect real GDP growth to slow to 1.0% in 2025 on a Q4/Q4 basis as the rise in tariffs we expect and elevated policy uncertainty weigh on disposable income, consumer spending, and business investment. We see a 35% probability of entering a recession over the next 12 months. We expect core PCE inflation to rise to 3.6% yoy by end-2025 reflecting a boost from higher tariffs. We expect the unemployment rate to rise to 4.5% by end-2025.
- **We expect the Fed** to deliver a series of three 25bp rate cuts starting in December and cut at every other meeting to a terminal rate range of 3.5-3.75%.
- **In the Euro area**, we expect real GDP growth of 0.9% yoy in 2025 amid higher US tariffs and still elevated trade policy uncertainty, although firmer growth abroad and easier financial conditions should provide some support. We expect core inflation to fall to 2.1% by end-2025, reflecting a further cooling in services inflation, lower demand, as well as a modest disinflationary impulse from excess supply amid higher US tariffs.
- **We expect the ECB** to continue delivering sequential 25bp cuts until the policy rate reaches 1.75% in July 2025, with the risks skewed toward more cuts given ongoing trade policy uncertainty.
- **In China**, we expect above-consensus real GDP growth of 4.6% yoy in 2025 amid the de-escalation in US-China trade tensions, although recent US court

developments imply additional uncertainty in the forward tariff trajectory and domestic data show continued challenges in the property market. We expect inflation to remain very low this year with CPI inflation and PPI inflation likely to end the year at 0% and -2.1%, respectively, amid deflationary forces from the trade war and falling commodity prices.

- **WATCH US POLICY AND GEOPOLITICAL DEVELOPMENTS.** Uncertainty about US policy and especially tariff policy remains high, presenting substantial risk to the US and global economies. Geopolitical developments also remain important to watch as the conflict in the Middle East continues, US-China relations remain fraught, and a potential resolution to the Russia-Ukraine war remains highly uncertain.

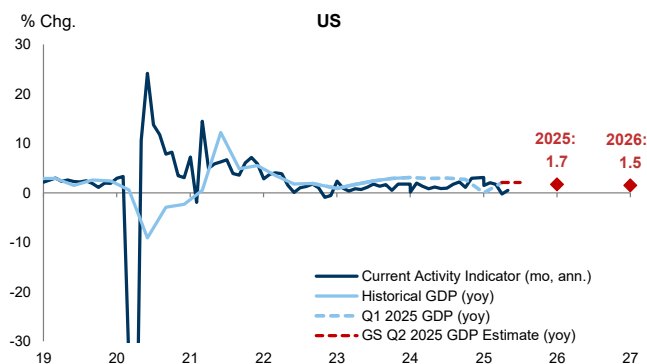
## Growth

### Global GDP vs. CAI



Source: Haver Analytics, Goldman Sachs Global Investment Research.

### US GDP vs. CAI



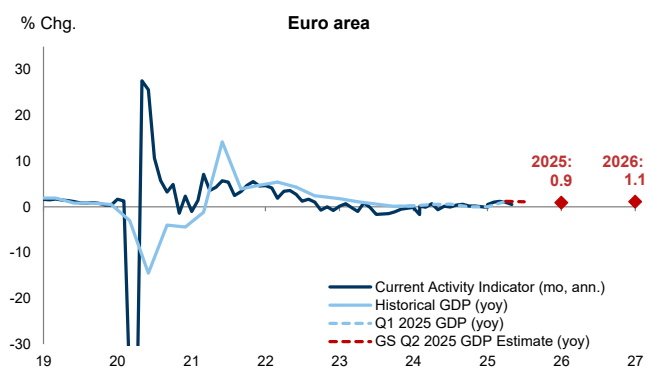
Source: Haver Analytics, Goldman Sachs Global Investment Research.

### 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.

Forecasts

Key GS economic and market forecasts

Economics							Markets								Equities									
GDP growth (%)	2025				2026		Interest rates 10Yr (%)	Last	E2025	E2026	FX	Last	3m	12m	S&P 500	E2025		E2026		Returns (%)	12m	YTD	E2025 P/E	
	GS (Q4/Q4)	Cons. (Q4/Q4)	GS (CY)	Cons. (CY)	GS (CY)	Cons. (CY)										GS	Cons.	GS	Cons.					
Global	1.8	--	2.4	2.3	2.3	2.3	US	4.46	4.50	4.55	EUR/\$	1.14	1.12	1.20	Price	6,100				S&P 500	8.9	1.5	23.1x	
US	1.0	0.9	1.7	1.4	1.5	1.6	Germany	2.50	2.80	3.25	GBP/\$	1.35	1.32	1.39	EPS	\$262	\$263	\$280	\$300	MXAPJ	8.2	7.2	14.4x	
China	3.7	4.0	4.6	4.5	3.8	4.1	Japan	1.48	1.80	1.90	\$/JPY	144	142	135	Growth	7%	7%	7%	14%	Topix	4.7	-0.5	14.7x	
Euro area	0.6	0.7	0.9	0.8	1.1	1.1	UK	4.55	4.25	4.25	\$/CNY	7.17	7.20	7.00						STOXX 600	3.9	8.0	15x	
Policy rates (%)	2025				2026		Commodities				Credit (bp)	Last	2Q25	4Q25	Consumer	2025		2026		Wage Tracker 2025 (%)				
	GS	Mkt.			GS	Mkt.		Last	3m	12m						CPI (%, yoy)	Unemp. Rate	CPI (%, yoy)	Unemp. Rate	Q1	Q2	Q3	Q4	
US	4.13	3.84			3.63	3.26	Crude Oil, Brent (\$/bbl)	66	60	56	USD	IG	86	105	95	US	3.1	4.5	3.1	4.4	3.8	--	--	--
Euro area	1.75	1.60			1.75	1.66	Nat Gas, NYMEX (\$/mmBtu)	3.72	3.90	4.50		HY	309	335	303	Euro area	2.0	6.4	1.8	6.5	--	--	--	--
China	1.30	1.34			1.10	--	Nat Gas, TTF (EUR/MWh)	35.74	39	29	EUR	IG	110	116	108	China	0.0	--	1.0	--	--	--	--	--
Japan	0.50	0.91			1.00	1.00	Copper (\$/mt)	9,686	9,100	10,050		HY	323	355	330									
							Gold (\$/troy oz)	3,335	3,370	3,920														

GS CAI is a measure of current growth. For more information on the methodology of the CAI please see “Lessons Learned: Re-engineering Our CAIs in Light of the Pandemic Recession,” Global Economics Analyst, Sep. 29, 2020. Market pricing as of June 3, 2025.

Source: Bloomberg, Goldman Sachs Global Investment Research.

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