

## **Executive Summary**

### **Overview**

The pandemic has had an overwhelming impact on the global economy, leading to short-term contractions and uncertainties in the long term. Our project talks about how Goldman Sachs could monitor the pre-pandemic and post-pandemic trends in inflation and consumer prices, and prepare to adjust their strategies accordingly, to remain competitive and profitable in a constantly changing economic landscape.

### **Approach**

As Goldman Sachs has a huge global presence, we sectored this global influence into three regions Americas, Asia-Pacific, and EMA (Europe, Middle East, and Africa). We assessed this influence of inflation on these different regions by analyzing the Consumer Price Indices (CPI). Based on the analytical results, we drilled down to a region that had an increasing trend in our forecast.

After narrowing down to a singular region, we then performed a segment-wise analysis of this region. The segments chosen to be further analyzed were based on our understanding of the significant business impact that these segments could have on Goldman Sachs as a whole when influenced by the inflation.

### **Analysis**

Our analysis is divided into two parts: 1) Global Analysis which was performed over the regions where Goldman Sachs has a presence in. 2) Segment Analysis which was performed over a region where each business segment of Goldman Sachs was analyzed.

**Global Analysis:** For this analysis, CPI data for the countries from the three regions was used to forecast the trend for the next 20 years. Two different time series models were used in the process to come up with an accurate model, which was then used to forecast accordingly. And the key finding was the consistent growth of the Americas region and the flourishing rise of Asia in the next 20 years.

**Segment Analysis:** After determining the significant segments (Wealth Management, Services and Commodities) that could be impacted by the inflation variations. Through the ARIMA tool (covariate time series model) and with the help of various CPI and PPI indices, an indicator variable was created for each segment which would act as a symbol of reference for the rise or decline of the segment. This indicator variable has been then forecasted for the next year using both the pre-covid and post-covid data. The forecasted data from the post-covid section are then used for the recommendations for these segments, and the forecasted data from the pre-covid data are used to determine the impact events like COVID could have in the future.

### **Recommendations**

- Based on the global analysis, the Americas would be a current market that could give the returns that are expected and for the future, Asia would be a market that Goldman Sachs could explore.
- The forecasted trends of Wealth Management indicate that this would be a segment that would yield a fruitful result.
- The predictions from the Service sector show that the returns from this segment seem positive on the whole.
- The trends forecasted for the Commodities sector also show that it is a segment that could give positive output on a long run