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BRIEFINGS

The key **insights** today:

- Global GDP is forecast to grow solidly in 2025 despite trade uncertainty
- What Donald Trump's policies could mean for the Fed
- China's property market may have reached an inflection point
- The benefits of being stage-agnostic in tech investing
- Briefings Brainteaser: How heavy are the standard gold bars held by central banks?

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The global economy is forecast to grow solidly in 2025 despite trade uncertainty

Goldman Sachs Research forecasts **another solid year** of global economic growth in 2025. Our economists project the US will outperform expectations while the euro area lags behind amid fresh tariffs that are anticipated from the Trump administration.

Worldwide GDP is predicted to expand 2.7% next year on an annual average basis, just above the consensus forecast of economists surveyed by Bloomberg and matching the estimated growth in 2024. US GDP is projected to increase 2.5% in 2025, well ahead of the consensus at 1.9%. The euro area economy is expected to expand 0.8%, compared with the consensus of 1.2%.

Real GDP growth forecasts

(% change, yoy)

	2024E	2025E	2026E
World	2.7%	2.7%	2.6%
US	2.8%	2.5%	2.3%
Euro Area	0.8%	0.8%	1.0%
Germany	-0.1%	0.3%	0.8%
France	1.1%	0.7%	1.0%
Italy	0.5%	0.6%	0.9%
Spain	3.0%	2.0%	1.5%
China	4.9%	4.5%	4.0%
Japan	-0.2%	1.2%	1.1%
UK	0.9%	1.3%	1.3%
Canada	1.1%	1.9%	2.0%
India	6.7%	6.3%	6.7%
Brazil	3.1%	2.0%	2.3%
Russia	3.5%	1.2%	2.1%

Source: Goldman Sachs Research
All forecasts as of November 14, 2024. All forecasts are calculated on calendar year basis. The global growth aggregates use market FX countryweights and China NSA year-over-year growth.

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"Global labor markets have rebalanced," Goldman Sachs Research Chief Economist Jan Hatzius writes in the team's report, which is titled "Macro Outlook 2025: Tailwinds (Probably) Trump Tariffs."

"Inflation has continued to trend down and is now within striking distance of central bank targets," Hatzius writes. "And most central banks are well into the process of cutting interest rates back to more normal levels."

The world's largest economy is expected to grow faster than other developed-market countries for the third year in a row. The re-election of US President Donald Trump is predicted to result in higher tariffs on China and on imported cars, much lower immigration, some fresh tax cuts, and regulatory easing. "The biggest risk is a large across-the-board tariff, which would likely hit growth hard," Hatzius writes.

*Read **our full article** for Goldman Sachs Research's outlook on US inflation, trade policy, and the Chinese economy.*

What Trump's policies could mean for the Fed

How will the policies of president-elect Donald Trump impact monetary policy? Rob Kaplan, vice chairman at Goldman Sachs and former president of the Federal Reserve Bank of Dallas, discusses the prospects of the economy with Goldman Sachs Research's Allison Nathan in this week's episode of **Goldman Sachs Exchanges**.

What was it like serving as a Federal Reserve official during Trump's first term?

What you had to learn to do is be prepared to assess new fiscal policies — tax cuts, tariffs, and others — and try to incorporate them in your outlook.

After the election result was known, we saw investors' expectations shift toward fewer rate cuts in 2025, the presumption being that policies that will be implemented will on net be inflationary. How does the Fed grapple with that?

Well, I think I'd be careful. We just don't know yet what these policies are going to look like. My strong advice outside the Fed — and if I were at the Fed — is: Let's be risk managers, not prognosticators. Let's slow down. We're not going to have good clarity on some of these policies maybe until spring of next year.

What does it all mean for markets? What, if anything, should investors be paying more attention to?

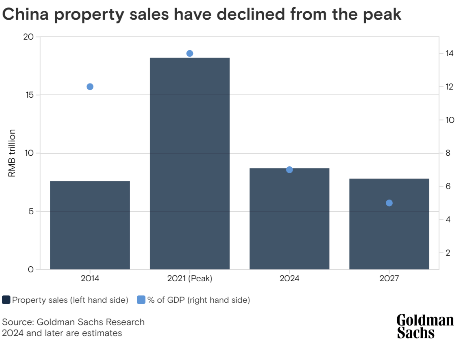
Some of the folks around the new administration have said: We want to reprivatize the economy. I think what they mean is: You may see less government-directed spending. You may see an effort to improve productivity through regulatory reform, and an effort to create more organic GDP growth. That could mean, interestingly, that topline GDP growth might actually be lower, but you might see corporate earnings benefit more.

Listen to the full ***Goldman Sachs Exchanges*** *episode for Kaplan's views on the Fed's rate-cutting cycle and the interplay between monetary and fiscal policy.*

Has China's property market reached the bottom?

China's leadership has, in recent weeks, moved aggressively to support the world's second largest economy, in part by stabilizing the housing market. "We are finally at an inflection point of the ongoing downward spiral in the housing market," **writes Yi Wang**, who leads the China real estate team in Goldman Sachs Research. "This time is different from the previous piecemeal easing measures, in our view."

More than $1 trillion of additional fiscal stimulus could be injected to help stabilize the housing market in the coming years, according to Goldman Sachs Research. The scale of the problem is huge: Our researchers estimate that China's unsold inventory of housing would amount to RMB 93 trillion ($13 trillion) if it were fully built. For comparison, there will be an estimated total of about RMB 9 trillion in property sales this year.



The housing market is still in a precarious position, and much depends on the government's follow-through on support. Without intervention, Goldman Sachs Research estimates that property values may be at risk of falling by another 20% or 25%, which would drop them to about half of the peak in prices. But the government moves are positive nonetheless, and our analysts now estimate that property prices may stabilize by late 2025.

In case you missed it: *Read* ***our previous article*** *on the prospects for China's stock market.*

Battery Ventures' Chelsea Stoner on 'stage-agnostic' tech investing

Chelsea Stoner (R), general partner at Battery Ventures, talks to Goldman Sachs' Michael Brandmeyer on Goldman Sachs Exchanges: Great Investors.

One of the hallmarks of Battery Ventures' approach to the technology sector is its willingness to invest in companies across the growth spectrum within a single fund. "Really understanding and seeing the full breadth of software businesses from early stage to more mature businesses is very powerful to help make decisions and be able to look across the spectrum," Chelsea Stoner, general partner at Battery Ventures, tells Goldman Sachs' Michael Brandmeyer in the latest episode of **Goldman Sachs Exchanges: Great Investors**.

"Oftentimes we find we thought this was a really interesting growth opportunity. But you know what: It's more of a buyout play, because it's a very sticky market and it's hard to get legacy players out, and so that is the better way to play that particular end market," she says. "So after all that hard work of figuring out a market, we'd love to deploy capital where the best risk reward is. It's just been very powerful as an investor."

In today's environment, Stoner sees attractive investment opportunities in the Series A round, or very early-stage deals, and the more mature growth businesses, such as buyouts, particularly in Europe. "That's the two ends of the barbell," she notes, "where we've seen the best opportunities so far."

Briefings Brainteaser: Heavy lifting

While individual investors usually buy gold in increments of one troy ounce, central banks purchase heftier gold bars. How many troy ounces does a standard gold bar held by central banks weigh?

A) 100
B) 200
C) 300
D) 400

Check the answer here.

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