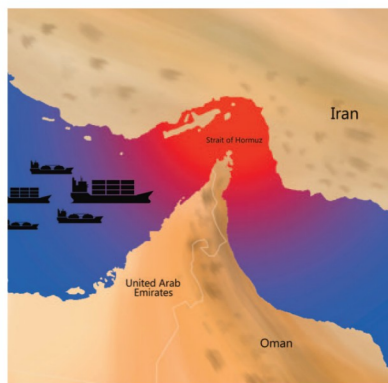


TOP of MIND

IRAN CONFLICT: HOW LONG, AND HOW BAD?



The unprecedented US and Israeli coordinated attack on Iran has resulted in the largest energy supply disruption in history. With seemingly no end to the conflict in sight, its potential duration, impact on global energy supplies, and economic and market implications are Top of Mind. Chatham House's Sanam Vakil and long-time US Middle East advisor Dennis Ross agree that an end to the conflict doesn't look imminent owing to (the lack of) incentives on Iran's side and its chokehold on the Strait of Hormuz, which stands in the way of the US declaring victory. To that end, Vice Admiral Kevin Donegan, USN (ret) explains that military convoys would be capable of ensuring safe transit through the Strait, but not of restoring oil flows to anywhere near normal levels. So, we explore the growing implications of these

disruptions for energy prices, the global economy, and markets, finding that assets are pricing an inflationary shock, but not a growth shock, which could be the next shoe to drop.



For now, all evidence suggests that the conflict will persist—Iran isn't yet signaling that it wants out, and the US has yet to achieve an outcome it can plausibly claim as a victory.

- Sanam Vakil

The key to the US being able to walk away is the Strait of Hormuz... [Trump] likely can rightly claim today that Iran won't be able to pose a conventional threat to its neighbors for at least five years. But he can't say he's won and stop as long as Iran controls who can and can't export oil and sail through the Strait.

- Dennis Ross

I'm confident the US and its allies have the capability to escort commercial ships through the Strait... [but] it is important to distinguish between capability and capacity. Convoys would never be able to restore oil flows through the Strait to normal levels.

- Kevin Donegan



WHAT'S INSIDE

INTERVIEWS WITH:

Vice Admiral Kevin Donegan, USN (ret), Former Commander of the US Navy's Fifth Fleet and Commander of the 32 Nation Combined Maritime Forces in the Middle East

Ambassador Dennis Ross, Fellow, The Washington Institute for Near East Policy, Former Director of Policy Planning, Special Middle East Coordinator, and National Security Council senior director for the Central Region

Sanam Vakil, Director of the Middle East and North Africa Programme, Chatham House

IRAN WAR: US POLITICAL PRESSURES

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SIZING THE ENERGY SHOCK

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IRAN CONFLICT: GROWING ECONOMIC IMPACTS

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Kamakshya Trivedi, GS Markets Research

MENA ECONOMIES: BIG HIT, POSSIBLE SCARS

Farouk Soussa, GS MENA Economics Research

...AND MORE

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Macro news and views

We provide a brief snapshot on the most important economies for the global markets

US

Latest GS proprietary datapoints/major changes in views

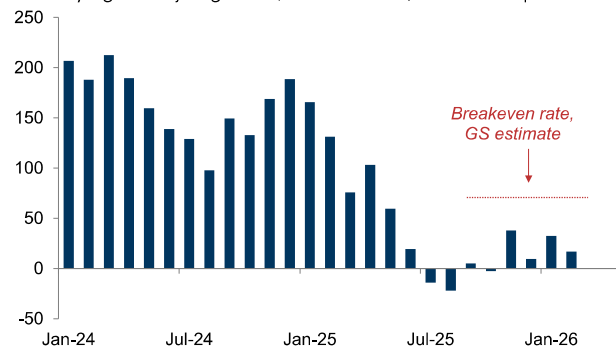
- We lowered our 2026 US growth forecast and raised our 2026 US inflation forecast to reflect higher oil prices amid the Iran war, with growth risks skewed further to the downside and inflation risks to the upside.
- We pushed back our forecast for the next Fed cut from Jun to Sep, with a second cut in Dec to the same terminal rate of 3-3.25% given the higher inflation path we now expect.

Datapoints/trends we're focused on

- Labor market, which we expect to soften further.

Labor market softening concerns: alive and well

Underlying trend job growth, GS estimate, thousands per month



Note: We estimate underlying trend job growth as $0.75 \times 3\text{-month average payroll growth} + 0.25 \times 9\text{-month average household employment growth}$.

Source: Goldman Sachs GIR.

Japan

Latest GS proprietary datapoints/major changes in views

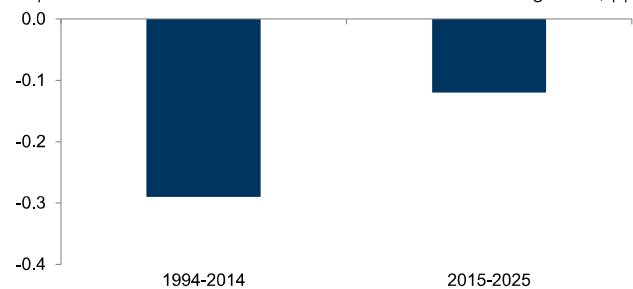
- We lowered our CY26/27 real GDP growth forecasts and raised our 2026 core CPI inflation forecast to reflect higher energy prices, though the sensitivity of growth to rising oil prices is smaller than in the past.

Datapoints/trends we're focused on

- BoJ policy; we continue to expect the next hike in July, but the uncertainty around timing remains high as inflationary pressures from higher energy prices could prompt an earlier hike while rising growth concerns could delay further hikes.
- 2026 *shunto* negotiations; the first round of collected data will likely confirm high wage hike momentum this year.

Higher oil prices: less shocking than in the past

Impact of a 1% deterioration in terms of trade on GDP growth, pp



Note: Impulse response from a VAR model with terms of trade (logarithmic difference) and GDP (logarithmic difference) as endogenous variables, and the real effective exchange rate (logarithmic difference) and overseas GDP (logarithmic difference) as exogenous variables.

Source: Goldman Sachs GIR.

Europe

Latest GS proprietary datapoints/major changes in views

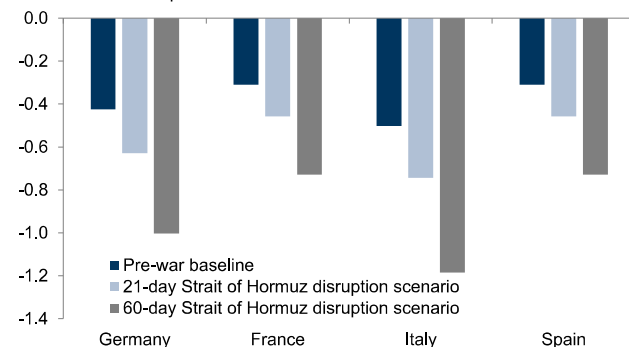
- We further lowered our 2026 Euro area real GDP growth forecast and raised our 2026 headline inflation forecast to reflect more prolonged oil disruptions amid the Iran war.
- We now expect the BoE to remain on hold for longer and expect Bank Rate to remain at 3.75% through 2026 (vs. quarterly cuts from July previously) given the growing energy shock.

Datapoints/trends we're focused on

- ECB policy; we continue to expect the ECB to remain on hold this year, although the likelihood of hikes has risen given the continued upward pressure on energy prices.

Europe: energy price shock to growth

Model-implied peak effect of energy price shock on the level of real GDP vs. pre-conflict baseline, %



Source: Goldman Sachs GIR.

Emerging Markets (EM)

Latest GS proprietary datapoints/major changes in views

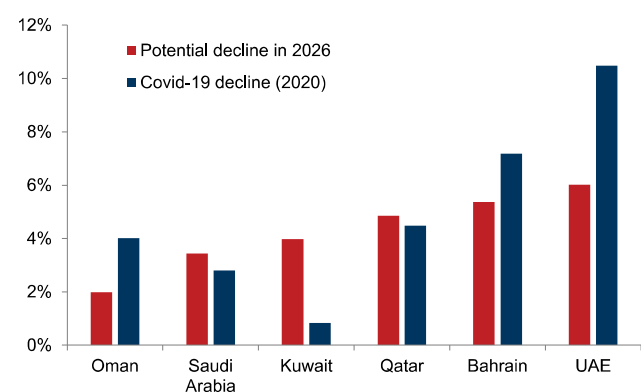
- We raised our 2026 GDP growth forecasts in Brazil and Ecuador but lowered them in Mexico, Chile, and Peru while revising inflation higher across the region amid the Iran war.
- We lowered our 2026 GDP growth forecast for China and most other Asian economies while revising inflation up across the region to reflect higher energy prices.

Datapoints/trends we're focused on

- GCC economies, some of which could see a larger decline in non-oil GDP amid the Iran war than during the pandemic.
- Hungary elections, in which Viktor Orban's Fidesz party faces its strongest challenge since returning to office.

GCC: potentially bigger growth hit than Covid

Decline in non-oil GDP among GCC economies, %



Source: Haver Analytics, Goldman Sachs GIR.

Iran conflict: how long, and how bad?

The unprecedented US and Israeli coordinated attack on Iran has resulted in the largest energy supply disruption in history (see pg. 9), as shipping traffic in the Strait of Hormuz—through which 20% of global oil supplies typically flow—has ground to a near halt and regional energy infrastructure has become the latest target in the conflict. While the economic and market impacts have so far remained relatively muted, the longer the conflict and the resulting chokehold on the Strait of Hormuz and global energy supply last, the less likely that will remain the case. With seemingly no end to the conflict in sight as it continues to escalate, its potential duration, impact on global energy supplies, and economic and market implications are Top of Mind.

To gain insight on when and how the conflict could end, we first turn to Sanam Vakil, Director of the Middle East and North Africa Programme at Chatham House, Ambassador Dennis Ross, Fellow at The Washington Institute for Near East Policy, and Alec Phillips, GS Chief US Political Economist.

Vakil, a longtime Iran watcher, argues that Iran views the conflict as nothing less than an “existential struggle” and is prepared to use its ample asymmetric drone capabilities for as long as is required to guarantee the Islamic Republic’s long-term survival, which likely entails sanctions relief. “Until Iran sees a credible path to those guarantees,” she says, “it has little incentive to end this war.”

Ambassador Ross, who served as a Middle East advisor in five US administrations, contends that President Trump likely would have already declared victory and ended the war were it not for Iran controlling transit through the Strait of Hormuz, which has the potential to inflict substantial pain on the global economy. Until that chokehold is broken, he says, the US cannot unilaterally end the war. Ross sees mediation—potentially facilitated by Russian President Putin—as the quickest way to end the war if the US can’t wrest control of the Strait, though he doesn’t see the conditions to enter a mediation in place at this point and says it isn’t clear who would even mediate on the Iranian side now that Former Speaker of the Parliament Ali Larijani has been killed. So, Ross seems to agree that an end to the war doesn’t look imminent.

While Phillips takes no view on when the war will end, he argues that US political considerations don’t seem to be much of a constraint on the war’s duration for now, but that could change if gasoline prices continue to rise. While he explains that the Trump Administration has some tools in its toolbox to lower energy prices—several of which it has already deployed—these may not be enough to completely offset the price shock.

Given the critical role the Strait of Hormuz is playing in the conflict and its potential outcome, we then speak with Vice Admiral Kevin Donegan, USN, Former Commander of the US Navy’s Fifth Fleet, to better understand the potential capability and capacity to restore flows through the Strait. He’s confident US and allied military convoys would be capable of ensuring

safe transit through the Strait, explaining that the US and many other nations have long rehearsed how to keep vital waterways in the region open. But he clarifies that convoys would never be able to restore oil flows to normal levels, noting that potentially only 20% of flows could be restored. Returning oil flows to pre-conflict levels, he says, would ultimately require Iran to stop harassing ships, which is a matter of incentives and leverage on all sides. But, even then, he argues that restoring flows would not be a matter of simply flipping a switch, because recovering the trust that transit would indeed be safe would take time.

With a quick end to the conflict seeming increasingly elusive and global energy prices already high, GS Commodities Strategists Samantha Dart, Daan Struyven, and Alexandra Paulus then lay out potential energy supply disruption scenarios and the implications for prices, with a gradual recovery in oil supplies from here allowing Brent prices to decline close to \$70/bbl in 4Q26 and a ramp-up in Qatari LNG production starting in early April allowing TTF prices to gradually decline to €30-40/MWh in 2H26.

But, they estimate that longer disruptions could present substantial upside risk to prices, with Brent likely to exceed its 2008 all-time high if depressed flows keep the market focused on the risk of lengthier disruptions. And even if LNG supplies begin to recover in the short term, they warn that the damage to Qatari LNG infrastructure is likely to delay the significant pressure on global LNG prices that they’ve expected from “the largest ever LNG supply growth wave” from 2027.

So, how hard might the global economy be hit? Joseph Briggs, GS Senior Global Economist, provides some useful rules of thumb: each 10% increase in oil prices lowers global GDP by a bit more than 0.1%, raises global headline inflation by 0.2pp—with larger impacts in Asia ex-China and Europe—and leads core inflation 0.03-0.06% higher, depending on the country. For now, these rules imply moderate hits to growth and boosts to inflation, but those impacts could quickly grow should energy flows remain disrupted for a prolonged period. (Farouk Soussa, GS Senior MENA Economist, then zeros in on the hit to MENA economies in particular, finding a significant near-term hit and possible long-term scars).

And what about markets? Kamakshya Trivedi, GS Chief FX and EM Strategist, explains that markets so far have generally priced the conflict and resulting spike in energy prices as an inflationary shock, suggesting that growth downside could be the next shoe to drop if disruptions continue. If it is, he sees equities and relatively resilient cyclical assets facing increased pressure and the recent hawkish repricing in front-end yields reversing, creating an environment for a key safe haven to shine: the Japanese Yen.

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Interview with Sanam Vakil

Sanam Vakil is Director of the Middle East and North Africa Programme at Chatham House. Below, she argues that Iran views the current conflict as an existential struggle and will not seek an end until it receives guarantees that ensure the Islamic Republic's long-term survival.

The views stated herein are those of the interviewee and do not necessarily reflect those of Goldman Sachs.



Ashley Rhodes: Fundamentally, what is this conflict about for Iran?

Sanam Vakil: Tehran sees the US and Israel as waging a regime change war. So, what remains of the Iranian regime is fighting for its very survival. Its strategy is to spread the costs of the war as widely as possible, so that when off-ramps emerge, the war will

have become so costly for everyone involved that Iran can obtain guarantees that it will not be repeated again whenever external powers see fit. This strategy reflects lessons from the Twelve-Day War in June 2025, which Iran felt it conceded too early on, signaling weakness and inviting future challenges. So, Iran isn't seeking a quick de-escalation but rather responding to what it perceives as an existential struggle.

Ashley Rhodes: But Iran is also bearing a tremendous cost in this conflict. How long can it continue to do so?

Sanam Vakil: In conventional terms, the US and Israel are the dominant military players and will likely succeed in destroying/degrading Iran's ballistic missile capabilities, its defense industrial complex, and the remnants of its nuclear program. But Iran isn't fighting this war on conventional terms. Instead, it's playing for time—dragging the conflict out, spreading out the costs, and forcing the US, Israel, and regional countries to drain their resources, thereby putting them on the defensive. Iran's strength lies in asymmetric capabilities like low-cost drones that can continue to inflict damage even as the US and Israel make conventional military gains. That Iran is still able to do so three weeks into the conflict underscores that it can continue to endure significant costs.

Ashley Rhodes: How has Mojtaba Khamenei's selection as the new Supreme Leader influenced Iran's strategy?

Sanam Vakil: Mojtaba Khamenei's appointment as Supreme Leader in the wake of his father's death has had little to no impact. His elevation is largely symbolic and likely reflects the regime's desire to preserve the status quo. The Islamic Republic is often presented as a personalistic theocracy. In reality, it's a bureaucratic, institutional system in which power is distributed among various factions. The Islamic Revolutionary Guard Corps (IRGC) is particularly important given its responsibility for the war effort and internal security, but the importance of Speaker of the Parliament Ghalibaf and President Pezeshkian shouldn't be discounted.

The system is prepared for leadership losses and continues to operate even with Mojtaba reportedly incapacitated. The IRGC is managing the day-to-day defensive response through a decentralized, mosaic command structure, while the technocratic civilian government runs the country. And should Mojtaba be removed, another leader would emerge, underscoring the regime's resilience and cadre of loyalists. The

Islamic Republic has endured for 47 years because its leadership unites in times of crisis. This time is no different.

Ashley Rhodes: How and who could end this war?

Sanam Vakil: This war won't end simply because the US or Israel decide it should. The lesson Iran learned in the Twelve-Day War is that this conflict must end in a conclusive way that guarantees the Islamic Republic's longer-term survival, which entails securing an agreement to that effect. Iran is currently making extreme zero-sum demands, including that US military bases not be used to strike it. But Iran ultimately needs sanctions relief, which will require negotiations in which both it and the US make concessions on longstanding issues—including Iran's nuclear program and broader regional security. Until Iran sees a credible path to those guarantees, it has little incentive to end this war.

Ashley Rhodes: How likely is a domestic uprising that brings an end to the conflict?

Sanam Vakil: Historically, sustained protests or mobilizations are rare during wartime, and this conflict has allowed the regime to intensify internal security, restrict movement, and suppress dissent under the banner of national defense. In that sense, the war actually works *against* the emergence of an uprising, which no doubt factors into the regime's motivations for continuing the war, particularly with the brutal way the massive January protests have been handled on people's minds.

While most Iranians remain deeply dissatisfied with the system and fearful that the war will further entrench the Islamic Republic, they lack the organizational and military capacity to mobilize. Revolutions require unity and planning—qualities absent in the fragmented opposition. And even if the regime emerges from the war militarily weakened, it will likely remain capable of suppressing internal dissent. So, I don't see a scenario where domestic unrest hastens the end of the war.

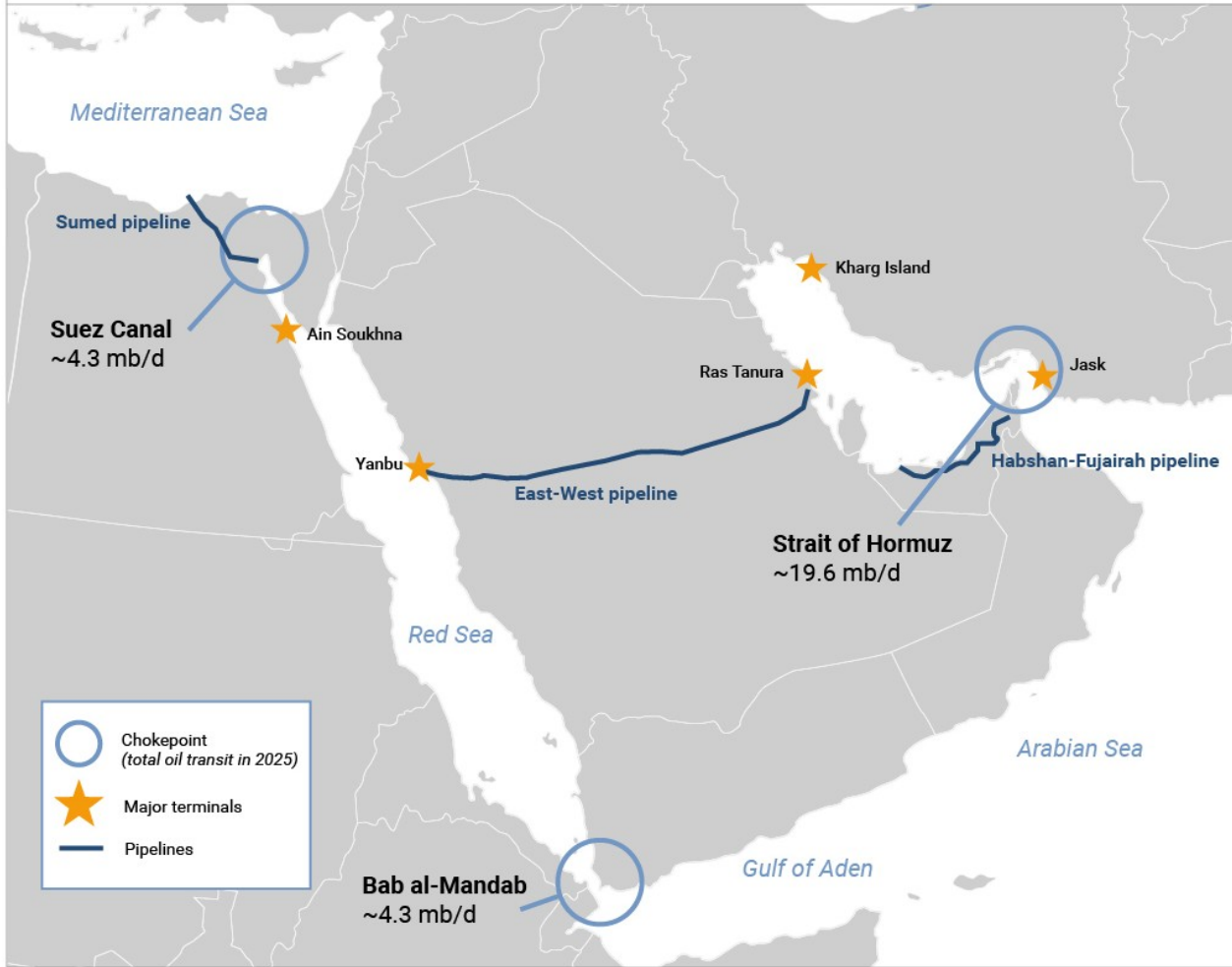
Ashley Rhodes: What are you watching most closely to determine when and how this conflict could end?

Sanam Vakil: First and foremost, I'm watching Iran's appetite for further escalation. Although Iran initially focused its efforts on disrupting Gulf economic activity and effectively closing the Strait of Hormuz, it recently broadened its approach by launching direct attacks on regional energy infrastructure.

I'm also watching for any Iranian statements that indicate interest in an off-ramp and, importantly, the specific terms it asks for. A softening of Iran's current out-of-left-field demands may indicate a shift in Tehran's cost-benefit calculus and reveal that Iran is ready to enter serious negotiations. But for now, all evidence suggests that the conflict will persist—Iran isn't yet signaling that it wants out, and the US has yet to achieve an outcome it can plausibly claim as a victory. Until one or both of those dynamics meaningfully changes, we should expect this war to continue.

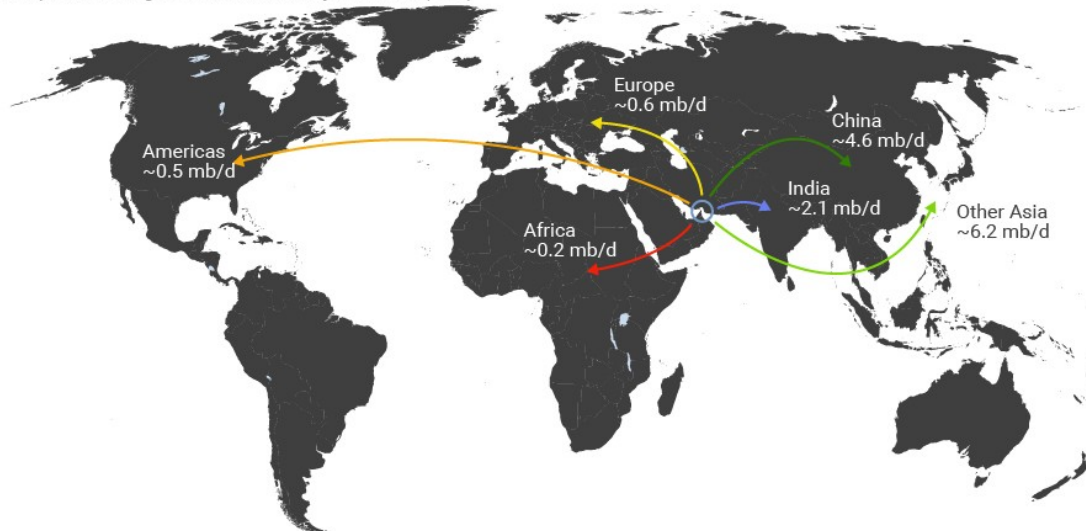
Middle East oil flows, mapped out

Although the Saudi East-West Pipeline and the UAE Habshan-Fujairah route can redirect some oil flows amid disruptions to the Strait of Hormuz, their estimated spare capacity remains low...



...and is likely insufficient to compensate for the large volume of oil normally transported through the Strait to the rest of the world

Crude oil exports transiting the Strait of Hormuz by destination (2025)



Note: Top map does not show all energy infrastructure in the region.
 Source: Bloomberg, IEA, Kpler, Library of Congress, Goldman Sachs GIR.
 Special thanks to GS Commodities Research analyst Alexandra Paulus for data.

Interview with Dennis Ross

Ambassador Dennis Ross is Fellow at The Washington Institute for Near East Policy. Previously, he served as Director of Policy Planning under President H.W. Bush, Special Middle East Coordinator under President Clinton, and National Security Council Senior Director for the Central Region under President Obama. Below, he argues that control of the Strait of Hormuz will remain key in determining how and when the conflict ends.

The views stated herein are those of the interviewee and do not necessarily reflect those of Goldman Sachs.



Allison Nathan: There are conflicting narratives about how the US and Israel came to go to war together for the first time. What's your view?

Ambassador Dennis Ross: On both the far-right and the far-left of the US political spectrum there is a narrative that Israel dragged the US into this war. Destroying Iranian capabilities that

threaten Israel and the broader region has been a strategic priority for Israeli Prime Minister Netanyahu for 30 years. I refer to it as his “Winston Churchill issue.” And he has undoubtedly made the case for this to President Trump. So, it's possible that Netanyahu influenced Trump's thinking. During Trump's first term, Israel, in a covert operation in Tehran, seized 55,000 documents—the “nuclear archive”—that detailed Iran's nuclear program. This archive demonstrated that, contrary to its denials, Iran had been developing nuclear weapons—with plans for at least five such weapons. So, perhaps Netanyahu was able to influence Trump's thinking with the intelligence that Israel provided in the past and more recently.

But Trump made the decision to go to war. It was Trump who built up a huge armada in the region and said in response to the Iranian protests in January that the US was “locked and loaded” and “help was on the way.” In fact, the day after US Secretary of State Rubio explained the imminent need for the US to strike Iran because Israel was planning to do so and the US would be a target for Iranian retaliation, so better for the US to strike first, Trump disagreed, saying instead that he probably forced Israel's hand. I've never seen anybody who determines what President Trump does other than himself.

If anything, it's Netanyahu who cannot say no to Trump. Trump has all the leverage in the world on Netanyahu. He has put Trump on a pedestal for all the help and support he has provided to Israel over the years, including a readiness to attack Iran last June, which no other US president had been willing to do. So, when Trump decides, Netanyahu responds. For example, when Iran fired missiles at Israel just after a ceasefire in the Twelve-Day War was supposed to go into effect, and Israel launched 50 planes in response, Trump told Netanyahu to turn those planes around, and he did.

Allison Nathan: Iran poses an existential threat to Israel, but not to the US. So, why now for the US to strike Iran?

Ambassador Dennis Ross: I don't speak for the Administration and am humble about predicting Trump. But my interpretation is that the Administration saw this as a moment of opportunity. Although Trump said the US had obliterated Iran's nuclear capability last June, intelligence suggested that the Iranians

were beginning to clean out some of their nuclear weapon sites, probably with an eye to reconstituting them. That created a perceived need to do something. But it was the absence of any significant air defense in the wake of the Twelve-Day War, which left Iran militarily vulnerable, that created a sense of opportunity. There was also the sense that the Iranian regime might be teetering given the massive January protests and the brutality with which the regime responded, which was seen as a sign of weakness. So, the Administration seemed to assume—wrongly—that taking out the Supreme Leader would lead to regime collapse and seized the opportunity to strike.

Allison Nathan: Some divergence seems to exist between the US and Israel's war strategy/goals. Is that true?

Ambassador Dennis Ross: I see more convergence than divergence between their war aims right now. Israel absolutely aims to end the current Iranian regime. That might be Trump's preference too, but this war will probably end without the regime collapsing, even if it has been terribly weakened. So, US and Israeli goals likely diverge somewhat in that sense.

But their goals converge in the shared conviction that Iran's military capabilities must be damaged sufficiently to avoid the need for another war anytime soon. As I mentioned, Iran was already beginning to return to its nuclear sites and had also recovered most of its ballistic missile production capability since the Twelve-Day War. Money and weapons were flowing back to Iran's proxy network, even as the proxies have proven largely ineffective yet expensive to support. So, the Iranians were acting as if the dramatic weakening of the proxies and the Twelve-Day war had never happened; whatever the cost, they had learned no lessons and were keeping the same strategy. Both Trump and Netanyahu wanted the Iranians to understand that strategy would end one way or the other. As such, the US and Israel's key shared objective in this conflict is to weaken Iran to the point that even if it wanted to reconstitute its proxies, nuclear program, and ballistic missile and drone capability, the cost would be simply too great. Bottom line: the goal is to ensure Iran cannot practically pose a threat to Israel and others in the region for at least five years, if not longer.

Allison Nathan: Iran seems to be pursuing a strategy of inflicting as much pain as possible in the hopes of securing a better outcome for itself. Is there a point at which the costs of the war will be too great for the US/Israel to bear?

Ambassador Dennis Ross: This is an area where I see potential for a real divergence between the two countries. The Israelis can continue this conflict for as long as it takes. While Netanyahu doesn't have strong support in the country writ large, he has almost 100% support for dealing with the Iran threat. Remember, Ayatollah Ali Khamenei had a clock ticking

down to the end of the Israeli state in downtown Tehran. The Israeli public has been sleeping in shelters every night for fear of missile strikes from Iran or its proxies. The attitude is do enough that this won't be necessary again for a long time.

That's not the case in the US. This conflict marks a rare instance of the US going to war without the support of the majority of the public. So, Trump isn't benefiting from a "rally around the flag" effect, which may owe partly to the lack of any serious effort on the Administration's part to explain what it's doing and why. That said, the President likely feels he has some license to continue for now. I'm not sure that those around him who are worried about affordability given surging energy and fertilizer prices, which will lead to higher gasoline, airline, food prices, and beyond, agree. But my sense is that the President will care more about the inflationary implications of the conflict as the midterm elections approach. So, he has some license but probably also some endpoint in mind.

Allison Nathan: Can the US/Israel end the war unilaterally?

Ambassador Dennis Ross: The key to the US being able to walk away is the Strait of Hormuz. On his own, Trump probably would have already declared victory, pointing to the amount of damage the US and Israel have done to Iran's key targets, naval, missile, and drone capabilities, and nuclear weapons program. He likely can rightly claim today that Iran won't be able to pose a conventional threat to its neighbors for at least five years. But he can't say he's won and stop as long as Iran controls who can and can't export oil and sail through the Strait.

At this point, the Iranian threat has been severely diminished; it's firing a relatively small number of ballistic missiles and even drones every day. Some of this is Iran holding back to preserve an ongoing capability to fire missiles and drones to try to outlast the US. But Iran also doesn't have the capability to fire much more in no small part because the US can act preemptively once launchers emerge. Given the amount of firepower the Iranians still retain, they are likely capable of continuing to fire at their current rate for at least several more weeks, if not longer. So, Iran's capacity to threaten hasn't disappeared, but has been severely reduced. If this, combined with a convoy system that helps protect ships, enables the US to wrest control of the Strait away from Iran, Trump would be able to declare an end to the war. And even if the Iranians don't agree, there wouldn't be much they could do about it. Of course, many questions remain about whether the US can achieve such control. It may not be possible to stop Iran from threatening ships without seizing territory along its coast. A US Marine Expeditionary Unit is currently en route to the Middle East, which may open the door for island seizures, and the US and some allies have seemingly stepped up their efforts to reopen the Strait.

Allison Nathan: If the US can't gain control of the Strait, would a quick end to the war still be possible?

Ambassador Dennis Ross: Barring wresting control of the Strait, the only way the conflict resolves soon is through mediation. Russian President Putin seems well-placed to serve as the mediator since Iran doesn't really have any other friends, so it has incentive to respond to him, and Putin also has a direct line into Trump, who also seems to be somewhat responsive to Putin. Both sides have something to offer in a negotiation. Iran

could cede control of the Strait and pledge to not close it again and hand over its 440 kilograms of highly enriched uranium—or more likely allow the Russians to excavate it from its current position, buried deep under rubble, making it a massive project for anyone—which would allow Trump to say he's put an end to the Iranian nuclear program for a very long time. In return, Iranians—as well as the Russians, if they do help—would seek guarantees of no new attacks on Iran as long as they continue to comply with the agreement as well as some sanctions relief.

But the conditions to enter a mediation don't seem to be in place at this point as both sides further harden their positions. My sense is Trump would still need to show a changed reality in the Strait before any mediation could occur to avoid looking like the one who needs a way out. He is sending even more forces to the region in the hopes of gaining the whip hand to that end. But Iran also wants to show it's not the one who needs to end the war, even as the costs continue to grow. So, mediation seems more likely than a unilateral end as long as the Strait is in play, but it doesn't seem imminent.

Allison Nathan: Who would Putin mediate with in Iran?

Ambassador Dennis Ross: If one person embodied the leadership in the wake of Ali Khamenei's death, it wasn't Mojtaba Khamenei but Former Speaker of the Parliament Ali Larijani, who was recently also killed. Larijani had relationships with every regime faction, including the Islamic Revolutionary Guard Corps (IRGC). If anyone could orchestrate a move to end the war through mediation, it would have been him.

Although Mojtaba Khamenei has received much attention, he seems unlikely to be able to speak for the regime. His physical state remains unclear. Even if we assume he is physically ok, he lacks authority. He was his father's son but had no public persona or religious credentials that would have made him an ayatollah. He ran the Supreme Leader's office, which had significant power and tentacles in every institution and facet of Iranian society, but he was just an implementer. President Pezeshkian also doesn't have the same access as Larijani did to the different factions nor his authority or credibility. Perhaps Mohammad Bagher Ghalibaf, the current Speaker of the Parliament, could provide some weight, but that's unclear. So, a hole currently exists in the Iranian leadership lineup, which reduces the prospect of a mediated outcome in the near term.

Allison Nathan: So, what are you watching from here?

Ambassador Dennis Ross: I am watching the Russians and the Chinese. As we discussed, the Russians can play a major role as mediator. The Chinese, though, can pressure the Iranians. The Iranian position has always been that if they can't export, nobody can. But right now, the Iranians are saying that they can export and will determine who else can. The minute the US takes the stand that Iran won't be allowed to export if it continues to prevent others from doing so, China would likely strongly object given its dependency on Middle Eastern energy supplies and would pressure the Iranians to change course. Again, at the end of the day, this all comes down to the Strait of Hormuz. Trump cannot end the war as long as Iran controls it. So, either the US does something dramatic to deny Iran that leverage or waits until conditions shift enough to allow for a mediated outcome. That's what we should be watching for.

Iran war: US political pressures

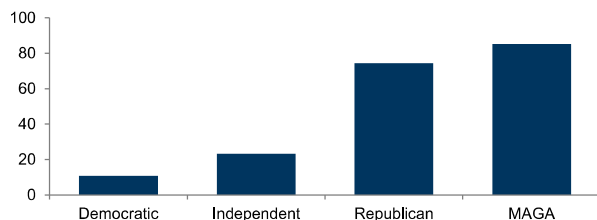
Alec Phillips explores US political pressures amid the Iran war and the Administration's response to the energy price shock

President Trump and his cabinet have consistently indicated the Iran war will likely last 4-6 weeks. On March 15, Energy Secretary Wright said it would end "in the next few weeks" and on March 17, Trump described the timetable as "a couple more weeks, not much longer." While US military objectives—elimination of Iran's nuclear program, missile capabilities, and naval assets—will likely drive US decisions, the economic and political costs of the war could become constraints.

So far, the lack of broad public backing for the war does not appear to be weighing on support for the Administration or congressional Republicans. Polls conducted before and after the first US strikes show Trump's approval rating holding steady at 42.6%, while support for Republicans in this year's midterm election is also roughly unchanged (Democrats still lead by 4pp). Importantly, President Trump's base appears to broadly support the war, with self-reported MAGA supporters viewing the war even more favorably than Republicans overall.

President Trump's base appears to broadly support the war

Support for the war/strikes on Iran, %



Source: YouGov, NBC, CNN, Angus-Reid, Goldman Sachs GIR.

But public opinion may become a constraint if retail gasoline prices, currently hovering around \$4/gallon (national average), rise further. Financial and commodity markets could also play a role. On March 17, President Trump indicated that markets influenced his thinking on striking Iran, citing record equity market prices as providing an opening to enter the conflict.

A soft check on the war's duration might come from the War Powers Resolution of 1973, which requires the president to obtain congressional authorization for the use of military force within 60 days. While unlikely to force a change in military strategy, nearing the 60-day mark could raise public pressure to clarify objectives and endpoints.

Trump also signaled that his planned early-April meeting with Chinese President Xi would be postponed by around six weeks. With this meeting seemingly unlikely to occur while the conflict remains ongoing, the timing might also provide some insight into how Trump is thinking about the duration of the conflict. In the meantime, the White House has taken a few steps to lower energy prices:

- **Release from the Strategic Petroleum Reserve (SPR):** In coordination with IEA members, the US announced a draw of 172mb over 120 days, or an average of 1.4mb/d. In theory, the total amount or daily rate could increase, as the SPR holds 415mb with a theoretical maximum draw rate of around 4mb/d for 30 days and around 2mb/d after 60 days. On March 19, Treasury Secretary Bessent suggested US

SPR releases could exceed the recently-announced amounts. However, we expect the Administration to be cautious for now, as US SPR stocks are already below 60% of capacity following the 2022-2023 drawdowns and would drop to 33% by mid-year under the recently-announced plan.

- **Sanctions relief:** Treasury waived sanctions on purchases of Russian crude and refined products on the water as of March 12 (estimated at 130mb). On March 19, Bessent suggested the US might similarly waive sanctions on Iranian oil on the water (estimated at 105mb). Treasury also provided a general license to purchase Venezuelan oil that, unlike the Russia-related waiver, is not explicitly temporary and applies to new production as well as to oil on the water.
- **Jones Act waiver:** The 1920 Jones Act prohibits shipping between US ports by foreign-built/flagged/owned vessels. The Administration waived this rule for 60 days, which could ease oil and refined products transport from the Gulf Coast (including the SPR) to other US regions (particularly the East Coast). This might incrementally reduce fuel prices and also signals the Administration's willingness to temporarily break with policies it supports to address higher energy costs.

Further steps are possible. The Administration seems likely to waive limits on gasoline's ethanol content in summer, allowing for a greater share of lower-cost ethanol in gasoline blends.

The President also likely has the authority under IEEPA to ban the export of crude and refined products and might become more inclined to use it if disagreements with allies reemerge over military assistance in and around the Persian Gulf. That said, Wright said on March 12 that an export ban was not under consideration, and media reports indicate White House officials reiterated this to oil executives on March 19. It is also far from clear that a ban would benefit US consumers, and it could discourage domestic shale oil production. So, while very plausible, we don't view such a ban as the base case.

Other policy changes would require congressional support. The most obvious would be a suspension of the \$0.18/gallon federal gas tax, which raises around \$30bn/yr. We think the odds lean against it, as a good chance exists that prices would have started to fall by the time Congress could agree. While we expect a few states to consider suspending their gas taxes, which collectively raise \$42bn/yr, as some did in 2022, a broad suspension seems unlikely as states no longer have the fiscal cushion they did following Covid-related federal fiscal relief.

Beyond fuel taxes, the recent developments look likely to restart talk of a second party-line fiscal package passed through the reconciliation process, but we remain skeptical that major legislation along these lines will pass this year. Trump looks likely to soon request \$100-200bn in supplemental defense funding, but Democrats will likely object and thin Republican majorities make passage of a party-line reconciliation bill difficult. However, if such a spending package gains political momentum, it could become a vehicle for other items like a gas tax holiday or affordability-focused measures. For now though, we do not expect such a package to pass this year.

Alec Phillips, Chief US Political Economist

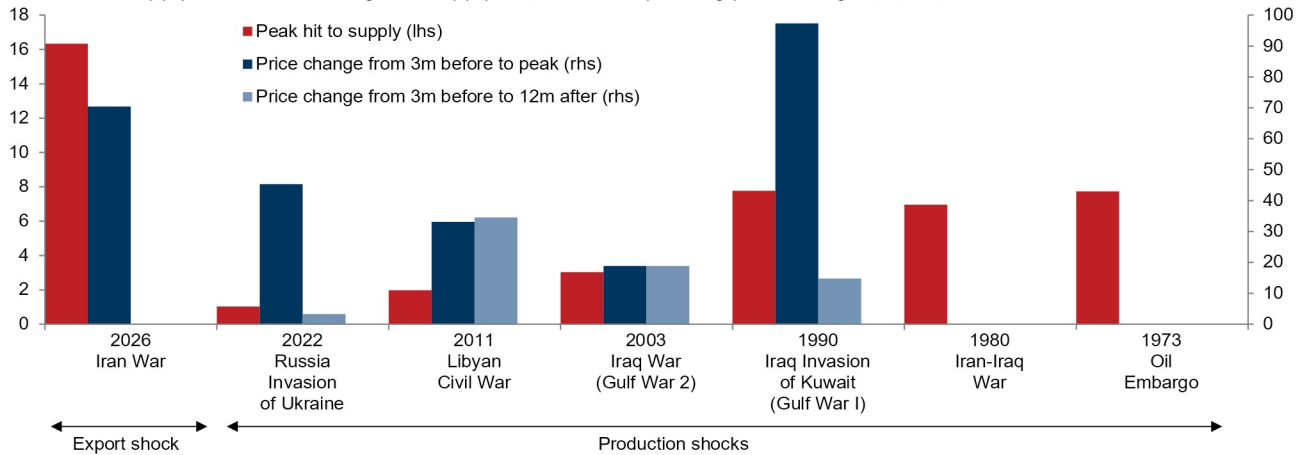
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The oil supply disruption, visualized

The size of the current hit to oil flows from the Persian Gulf marks the largest oil supply shock in history...

Historical oil supply hit events (% of global supply, lhs) vs. corresponding price change (% , rhs)

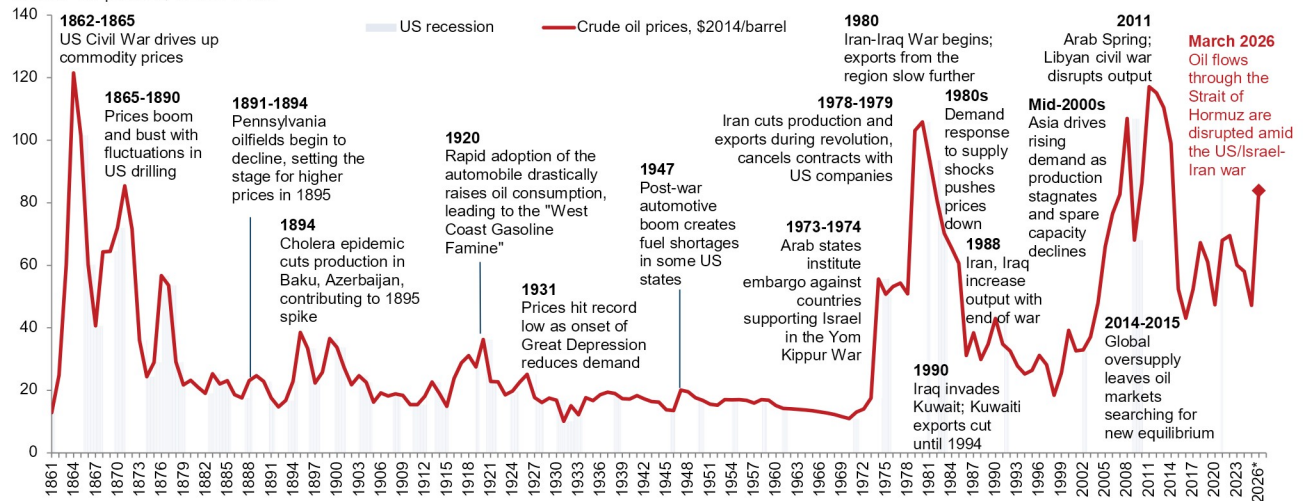


Note: Peak price is the highest daily close price. For the 2026 Iran War, peak hit to supply is defined as the estimated latest hit to Persian Gulf oil exports based on reported vessel count; peak price is taken to be the highest realized daily close price since February 28.

Source: IEA, ICE, Goldman Sachs GIR.

...which has led oil prices sharply higher, although the oil price response is so far smaller than during the 2003 Iraq War and 1980 Iran-Iraq war...

Crude oil prices, \$2014/bbl

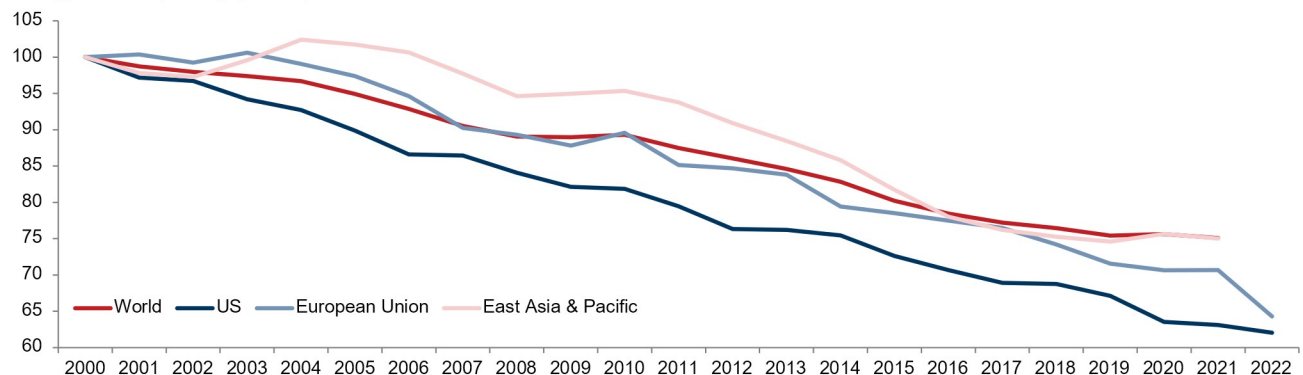


Note: 2026 is year-to-date data.

Source: Bloomberg, BP, Federal Reserve, Haver Analytics, various news sources, Goldman Sachs GIR.

...potentially as the world is much less vulnerable to oil price shocks now than it was in prior decades amid declining energy intensity

Energy intensity (megajoules per \$2021 PPP GDP), indexed, 2000=100



*Data as of 2022 for EU and US; data as of 2021 for World and East Asia & Pacific.

Source: World Bank, Goldman Sachs GIR.

Special thanks to GS Commodities Research analyst Alexandra Paulus for data.

Interview with Kevin Donegan

Vice Admiral Kevin Donegan, USN (ret) served as Commander of the US Navy's Fifth Fleet, Commander of the 32 Nation Combined Maritime Forces in the Middle East, and Director of the Navy Staff and Deputy Chief of Naval Operations for Operations, Strategy and Planning at the Pentagon. Below, he argues that the US has made significant progress in achieving its military objectives in the Iran conflict, but restoring Strait of Hormuz oil flows to normal levels won't be achieved through military convoys alone.

The views stated herein are those of the interviewee and do not necessarily reflect those of Goldman Sachs.



Jenny Grimberg: What are the US military objectives in the Iran conflict?

Vice Admiral Kevin Donegan:

Despite all the political back and forth, the US military campaign's objectives have always been clear and stable: destroy the Iranian national security apparatus' ability to project power

outside their borders by degrading Iran's extensive ballistic missile and attack drone capabilities and the naval capabilities used to hold the economic chokepoint of the Strait of Hormuz hostage. The US has unsurprisingly done a good job in defanging Iran and degrading those capabilities. The US' targeting of Iran's mobile launchers and command-and-control nodes and use of Low-cost Uncrewed Combat Attack Systems (LUCAS) has significantly reduced Iran's ability to launch ballistic missiles and drones—Iran went from launching 1,000 missiles on day one of the conflict to a few hundred each day after during the first week to now only around several dozen missiles a day. The US Navy has also sunk or damaged almost all Iranian Navy vessels.

Iran has retaliated in several ways, most of which were expected—the US always knew Iran would hold the Strait of Hormuz hostage and attack regional US military bases and Gulf allies' territory. What has been unexpected is Iran's willingness to attack Gulf nations' regional civilian infrastructure—hotels, airports, etc.—in an effort to drive the Gulf states to pressure the US to end the conflict. But the Gulf states haven't done so, either publicly or behind the scenes, and are instead more worried about the prospect of the US ending its military campaign too early. The last thing they want is for the conflict to end with a half-defanged Iran.

“Despite all the political back and forth, the US military campaign's objectives have always been clear and stable: destroy the Iranian national security apparatus' ability to project power outside their borders.”

Jenny Grimberg: Can the US ultimately “finish the job” without putting boots on the ground?

Vice Admiral Kevin Donegan: Yes. The US undoubtedly has enough firepower to accomplish its military objectives. The US initially used advanced at-range weapons like Tomahawk Land

Attack Missiles (TLAMs) and extended-range missiles to gain air superiority over Iran. Now that it has air superiority and can conduct land, sea, and air operations without Iranian interference, it has shifted to using its ample arsenal of lower-tech and lower-cost weapons. The US' ability to achieve its objectives using its military hardware has never been in doubt.

What's likely impossible to achieve without boots on the ground is regime change. The first wave of US/Israeli strikes changed the regime's leadership, not the regime itself, which remains even after successive waves of strikes. The Islamic Revolutionary Guard Corps (IRGC), the core pillar of the regime, is deeply woven into Iranian society, from internal security to banking institutions to construction companies. It also has an internal security apparatus that oppresses the population and its own intelligence arm. And it controls Iran's missiles, drones, and sea mining capabilities. So, the IRGC isn't a traditional military, and the US would have to dismantle most of the Iranian government system to remove the IRGC, which would require ground forces. But again, regime change has never been a US military objective. President Trump and the Israelis have mentioned it, but the Commander of US Central Command (CENTCOM) Admiral Brad Cooper and Chairman of the Joint Chiefs of Staff General Dan Caine were never given this as an objective.

“The US has unsurprisingly done a good job in defanging Iran and degrading [Iran's] capabilities.”

Jenny Grimberg: Even if the US has gone a long way toward achieving its military objectives, won't Iran's asymmetric capabilities—its low-cost drones and sea mines—present ongoing challenges?

Vice Admiral Kevin Donegan: While the threat from ballistic missiles will likely be constrained as Iran remains leery of firing them for fear of exposing launch and storage sites, prolific weapons will remain a threat. Iran manufactures attack drones by the tens of thousands. This drone threat will be severely degraded but will never be zero. As a result, we can expect this threat, which is most effective against soft targets, to linger even after the US military operation ends.

Iran also has plenty of sea mines, ranging from the simple to the sophisticated, that it can threaten to lay in vital waterways. But the US and Israeli military campaign has destroyed many Iranian minelaying vessels and storage bunkers. So, Iran can no longer deploy sophisticated, anchored mines in specific

locations, instead having to resort to deploying drifting mines from non-military vessels like fishing boats. These mines are unpredictable because they are a slave to the strong currents in the Strait of Hormuz and may not stay in the areas that are problematic for ships.

Laying sea mines in the Strait of Hormuz is also ultimately counterproductive to Iran's needs because the vast majority of Iran's oil exports flow through it and up to 60% of Iran's government budget comes from oil exports, mostly to China. For that reason, the rhetoric that has come out of Iran is not that it has closed the Strait, but that it *controls* the Strait.

“While the threat from ballistic missiles will likely be constrained as Iran remains leery of firing them for fear of exposing launch and storage sites, prolific weapons will remain a threat.”

Jenny Grimberg: If Iran wants to continue causing trouble in the Strait of Hormuz, is it practical to think that convoys could successfully transit through it?

Vice Admiral Kevin Donegan: I'm confident the US and its allies have the capability to escort commercial ships through the Strait. The US has long rehearsed how to keep the Strait of Hormuz and the Bab al-Mandab Strait open, and under much more challenging conditions than exist today in terms of Iranian capabilities. The most recent such exercises took place in early 2025 with 30 nations participating.

The US can obviously deploy meaningful capabilities, but so can many other countries, whether it's ships, staff, or experience. The US 5th Fleet Commander knows exactly what each nation can contribute because this exercise has been rehearsed annually for the past 15 years. France and Australia have very capable ships, and France has experience owing to its fight against the Houthis in the Red Sea. Greece has also received substantial training because of the Houthis in particular. The UK, Germany, Japan, South Korea, Turkey, Italy, Spain, and Egypt are also equipped to participate to varying degrees.

The basic idea would be to create a mobile sanctuary of security as the ships transit the Strait, which would include air cover, ships, drones, satellite assets, and intelligence. Securing a convoy is actually more achievable today than what's been planned for because of the US' air superiority over the Iranian coast and the severe degradation of Iranian military capability. And while Iran, even with no radar capabilities, will be able to locate the convoys, which would certainly be targets, the US will likely have little tolerance for hostile boats in the water near the convoys and is well-equipped to deal with the residual Iranian capabilities launched from shore to attack the convoys.

Whether the US and other countries have the political will and desire to participate in a convoy is a different question, and one we're currently seeing play out. The Trump Administration said that restoring the free flow of commerce through the Strait of

Hormuz should be everybody's job. While many countries initially refused or were noncommittal, the leaders of the UK, France, Germany, Italy, the Netherlands, and Japan have since issued a joint statement expressing their "readiness to contribute to appropriate efforts to ensure safe passage through the Strait." Caine has also said that some allies are using Apache attack helicopters to "handle one-way attack drones" as part of a stepped-up effort to reopen the Strait. How this issue evolves bears close watch.

Jenny Grimberg: Even if convoys could allow some ship passage through the Strait, could they do so at the scale required to restore the flows the global economy needs?

Vice Admiral Kevin Donegan: No. It is important to distinguish between capability and capacity. Convoys would never be able to restore oil flows through the Strait to normal levels. They don't scale well because ships must be escorted out as well as back in.

So, convoys may only be able to restore potentially 20% of normal oil flows, with overland pipelines adding another 15-20%, though this will depend significantly on how the conflict ends and how Iran reacts to the first few escorts. The bottom line is that no on-off switch exists here—the conflict won't stop one day and oil flow normally the next. A negotiated ceasefire would be the fastest path to restoring normal flow. And even then, shipping, insurance, tanker, and LNG companies would need time to gauge Iran's behavior and gain trust before resuming transit.

“I'm confident the US and its allies have the capability to escort commercial ships through the Strait... [but] it is important to distinguish between capability and capacity. Convoys would never be able to restore oil flows through the Strait to normal levels.”

Ultimately, restoring oil flows to pre-conflict levels will require Iran to stop harassing ships in the Strait. It may not be incentivized to do so now, especially if the IRGC is currently making decisions as opposed to more seasoned political figures like the late Ali Larijani that tend to think more about the longer-term picture. But my sense is that eventually the Iranian regime will, because it needs cash and sanctions relief to appease its population and wants to ensure its survival, which is its singular most important goal.

The US also has cards to play. It has the capability to hold crucial Iranian flows from Kharg Island hostage. The US could also stop the "shadow fleet" carriers on either side of the Gulf that are moving Iranian oil. And regional Gulf nations like Oman and Qatar can also apply pressure. So, restoration of flows is not so much a question of convoys but of incentives and leverage on all sides, and no switch exists to just turn on flows when the conflict ends.

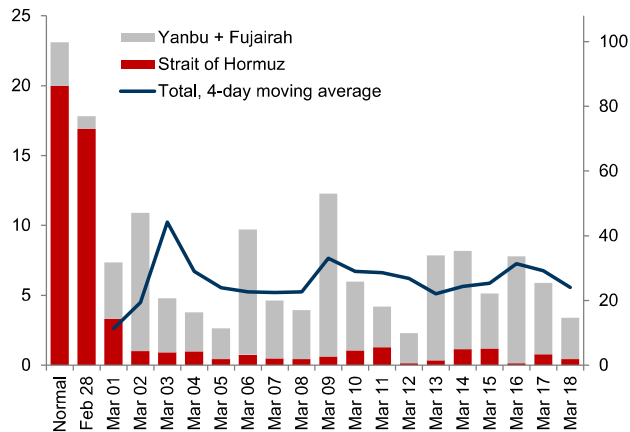
Sizing the energy shock

The GS commodity research team explores energy disruptions amid the Iran war

As the world continues to digest the largest shock to energy supplies in history, we assess the impact on prices, finding that price risks are skewed to the upside both in the short term and over the longer term given the potential for lengthier disruptions and persistent supply losses.

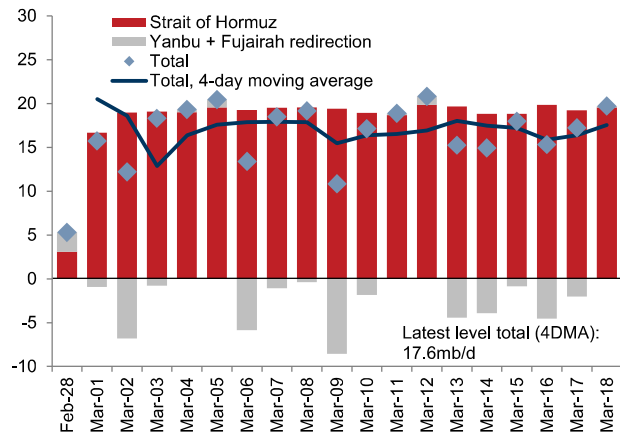
The estimated hit to oil flows from the Persian Gulf is 17.6mb/d, making today's shock the largest in history

Est. oil flows from Persian Gulf based on reported vessel count, mb/d (lhs), % of normal (rhs)



Note: Normal flows are assumed to be 20mb/d for Strait of Hormuz and 2025 average for Yanbu (1.4mb/d) + Fujairah (1.7mb/d). Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs GIR.

Est. hit to Persian Gulf oil exports based on reported vessel count, mb/d



Note: Hit is calculated relative to normal flows. Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs GIR.

Current state of the oil shock: the largest in history

We estimate that the hit to total oil flows from the Persian Gulf stands at 17.6mb/d (17% of global supply), making today's shock the largest in history and 18 times larger than the peak April 2022 hit to Russian oil production. Oil flows through the Strait of Hormuz are down 97% from their normal levels (0.6mb/d versus 20mb/d normal) as the physical risks of crossing the Strait remain very high, with the latest confirmed attack on an oil tanker occurring three days ago. Some flows are being redirected to pipeline-adjacent ports outside of the Persian Gulf, most notably Yanbu (Red Sea, Saudi Arabia) via the Saudi East-West pipeline and Fujairah (Gulf of Oman, UAE)

via the Habshan-Fujairah pipeline, but the extent of redirection is capped by the combined spare capacity of the two pipelines —our latest estimate of net redirections stands at just 1.8mb/d.

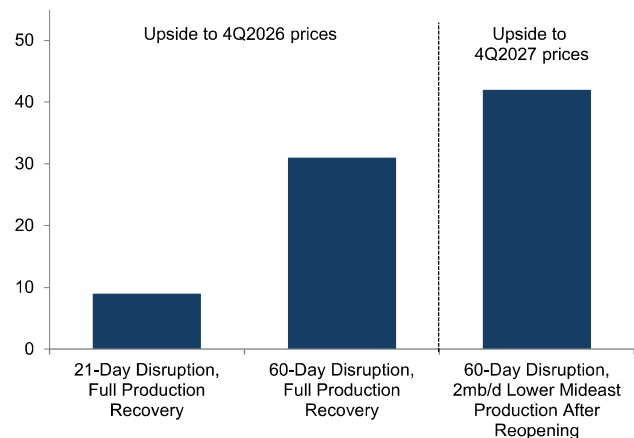
Near-term oil prices: high risk premium required

We expect oil prices to continue trending higher in the short term, until the market gains more certainty about how long the disruption will last, especially in light of increasing strikes on energy infrastructure. This risk premium is required to generate enough precautionary demand destruction to hedge against the risk that commercial oil inventories might fall to critically low levels. Brent is likely to exceed its 2008 all-time high if depressed flows keep the market focused on the risk of lengthier disruptions. Any rise in market-perceived risks of US export restrictions would likely further widen the Brent-WTI price gap.

Medium-term oil prices: the longer, the higher

Given the fluidity of the situation, we consider three scenarios to assess the potential direction of oil prices over the medium term.

Given uncertainty around the longevity of the conflict and associated oil disruptions, we consider three potential scenarios GS estimated impact on 4Q2026/4Q2027 Brent oil prices under different Strait of Hormuz disruption and recovery scenarios, \$/bbl



Source: Goldman Sachs GIR.

For the first two scenarios, we estimate 2026Q4 prices, relative to a no-Iran shock counterfactual of \$62/bbl, as a function of 1) cumulative hits to production and commercial oil inventories, 2) global policy responses, and 3) a boost from positioning.

In a (most optimistic) first scenario where flows through the Strait of Hormuz gradually recover from here and return to pre-war levels within a month, we would expect prices to average \$71/bbl in 4Q2026. This supply shock would translate into a 6% (617mb) hit to global commercial oil inventories. The release of strategic petroleum reserves (SPR) by [IEA member states](#) and China, as well as the uptake of Russian oil on water, would likely offset 50% of the hit, translating into \$6/bbl upside to fair value prices. We assume positioning would provide an additional \$3/bbl boost, bringing our estimate of 4Q2026 price upside to \$9/bbl.

In a second scenario where flows remain disrupted for 60 days (through April 28th), we think 4Q2026 prices would average \$93/bbl, as the supply shock would lead to a

significantly larger nearly 20% (1816mb) hit to global commercial oil inventories. Even with increased releases of global SPR (although constrained by logistical speed limits) and Russian oil on water, policy responses would likely only offset about 30% of the hit, translating into upside of \$26/bbl. Combined with an additional \$5/bbl boost from positioning, we estimate 4Q2026 price upside at \$31/bbl.

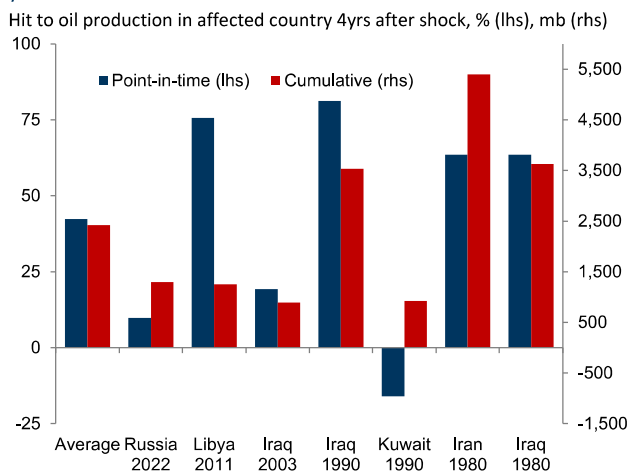
Finally, in a third, more extreme scenario where Hormuz flows remain very low for 60 days and significant scarring to long-run supply occurs (specifically, that Middle Eastern production remains 2mb/d lower after the Strait opens), we estimate that prices would reach about \$110/bbl in 4Q2027, consisting of over \$40/bbl of upside relative to a no-Iran shock counterfactual of roughly \$70/bbl.

Risks to long-term oil prices

We also consider four risks to long-term oil prices—two on the supply side and two on the demand side.

On the supply side, the primary long-term risk to prices is the potential for oil supply to remain low for longer if production potential is damaged, which would pose upside price risk. The five prior largest supply shocks (Iran-Iraq War, Gulf War I, Gulf War II, Libyan Civil War, and Russian invasion of Ukraine) suggest that production four years after the shock remains over 40% below normal levels, largely driven by damage to oil infrastructure and low investment. This risk could be particularly significant to today's shock given that Iran and the seven other Persian Gulf countries collectively produced 30% of the world's crude oil in 2025. Additionally, roughly 25% of the region's crude oil is produced offshore, where engineering and geological complexity requires significantly longer ramp-up times than for onshore production.

The five prior largest supply shocks suggest that production four years after the shock remains over 40% below normal levels



Note: We estimate point-in-time production hit as percent decrease in a country's production four years after the shock relative to the pre-shock oil production. We estimate cumulative production hit as a total decrease in a country's production over the four years of the shock relative to the pre-shock oil production. Source: IEA, EIA, Goldman Sachs GIR.

But oil supply could be higher than expected if OPEC deploys spare capacity, i.e., production that can be brought online quickly and sustained for a few months, to help stabilize the market, which would limit the upside to prices.

On the demand side, faster strategic stock building from 2027 on low end-2026 reserves and higher SPR targets in response to lingering uncertainty would pose an upside risk to prices. But slowing demand should high prices accelerate fuel efficiency gains and shifts to other fuels, or the energy shock weigh meaningfully on GDP growth, would pressure prices in the other direction.

On net, we think risks to oil prices are skewed to the upside in the short term and over the longer term. The persistence of several prior large supply shocks underscores the risk that oil prices may stay above \$100/bbl for longer in risk scenarios with lengthier disruptions and large persistent supply losses.

European natural gas: risk of a tighter longer-term outlook

Similar to oil, on the natural gas side the recent escalation of events and the associated increased risk that supply disruptions linger have increased the risk premium embedded in European natural gas prices, which are now more than 90% above pre-war levels, at €61/MWh (\$21/mmBtu). These price levels incentivize max gas-to-coal switching in power generation, but are not high enough to incentivize switching from gas into oil products.

Assuming Qatari LNG production begins to ramp up from early April, near-term prices would likely rise modestly, with the Apr/May TTF contract rising to €75/70MWh to reflect a higher risk premium and higher front-loaded demand destruction (gas-to-oil switching), until the market sees an actual increase in supply. As this early demand destruction creates a greater supply cushion, natural gas prices should be able to price gradually lower vs coal, with 2H26 TTF in the €30-40/MWh range.

However, the longer it takes for the ramp-up in Qatari LNG production to start, the longer European gas prices would likely stay in the oil switching range, above €70/MWh, to generate incremental demand destruction. A particularly longer disruption, with Qatari LNG production at zero for two months or longer, could lift prompt TTF contracts further still, likely close to €100/MWh (\$35/mmBtu), to broaden industrial demand destruction across Europe and Asia in order to offset these supply losses ahead of the winter. And the long-term (3-5 years) damage to Qatari production capacity inflicted by recent attacks, worth 3% of global LNG supply, along with announced delays to the construction of Qatar's new LNG trains, would likely slow the largest ever LNG supply growth wave from 2027 we've expected, and delay the resulting significant downside pressure on European gas prices.

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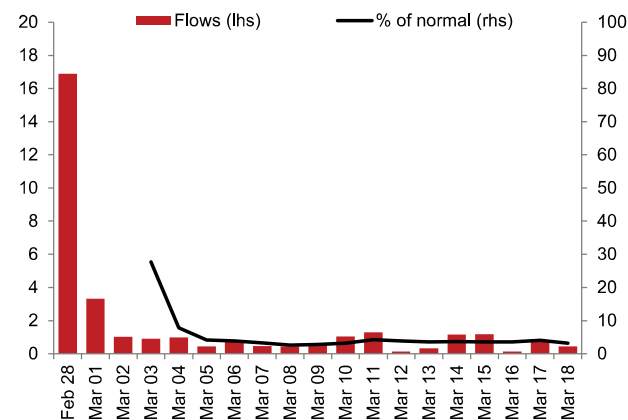
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Disruptions caused by the Iran conflict...

Estimated daily oil flows through the critical Strait of Hormuz are down 90%+ from normal levels...

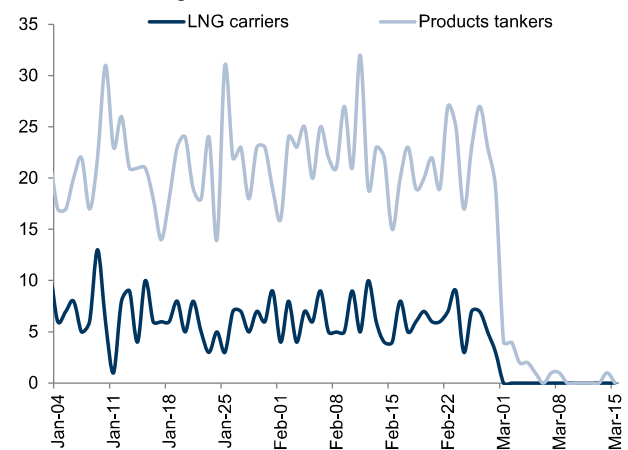
Estimated oil exports through the Strait of Hormuz based on reported vessel count, mb/d (lhs), % of normal (rhs)



Note: Vessel count as a % of normal is based on an average of S&P and Kpler data on the daily # of oil tankers crossing the Strait of Hormuz relative to the Jan 1-Feb 14 average for S&P and Feb 28 for Kpler. Flows are estimated by applying this proportion to assumed normal flows of 20mb/d (average over last ~8 years). Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs GIR.

Gas and refined product tankers have also largely stopped transiting the Strait of Hormuz amid the conflict...

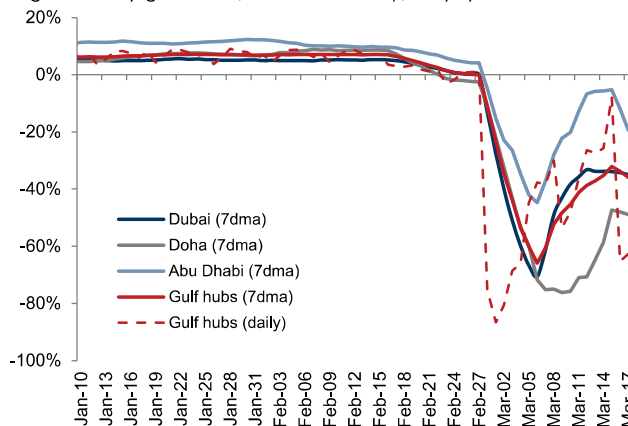
Number transiting the Strait of Hormuz



Source: Clarksons Research, Goldman Sachs GIR.

The conflict initially resulted in a significant reduction in flights to and from the Gulf, though some of that has now recovered

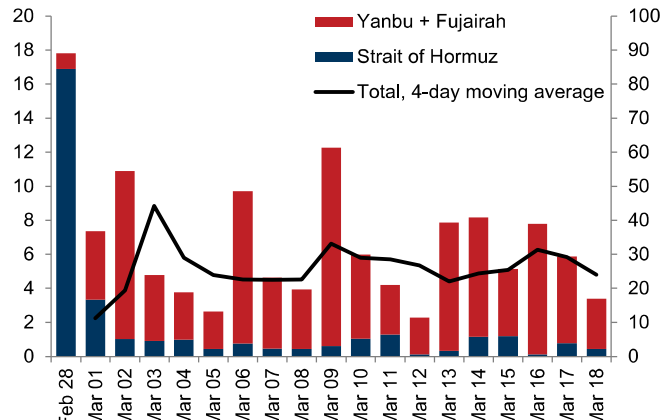
Flights in key gulf hubs, 7dma and daily, % yoy



Source: OAG, Flight Aware, Goldman Sachs GIR.

...leading to increased redirection via the ports in Yanbu (Red Sea, Saudi Arabia) and Fujairah (Gulf of Oman, UAE)

Estimated oil flows from Persian Gulf based on reported vessel count, mb/d (lhs), % of normal (rhs)



Note: Normal flows are assumed to be 20mb/d for the Strait of Hormuz and 2025 average for Yanbu (1.4mb/d)+Fujairah (1.7mb/d).

Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs GIR.

...and shipments of chemical products from the Middle East, where sizable amounts of such products are produced, have been disrupted according to major trade publications

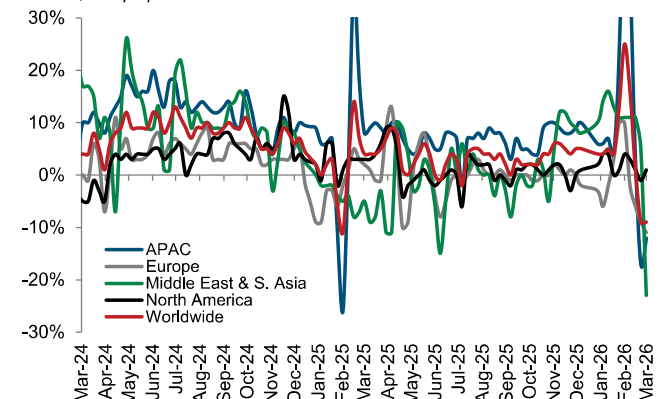
Regional exports by chemical chain as a share of global exports

Chemical product	Iran	UAE/Kuwait/Qatar	Eastern Saudi Arabia
Ammonia	~5% of global exports	~4% of global exports	>10% of global exports
Urea	>5% of global exports	>10% of global exports	>5% of global exports
Phosphate	N/A	N/A	>10% of global exports
Sulfur	<5% of global exports	>20% of global exports	>10% of global exports
Polyethylene	>5% of global exports	>5% of global exports	>5% of global exports
MDI	Small	N/A	>10% of global exports
Caustic	Small	<5% of global exports	Small
PVC	N/A	N/A	N/A
MTBE	<5% of global exports	<5% of global exports	>15% of global exports
TiO2	N/A	N/A	N/A
Methanol	>15% of global exports	Small	>15% of global exports

Source: ICIS, Argus, IFA, COMTrade, CMA, S&P Global, Goldman Sachs GIR.

Global air cargo volumes, which Middle East airlines account for 13% of, have also fallen amid the conflict

Global top-20 forwarders' chargeable air cargo weight by origin, 14dma, % yoy



Source: World ACD, Goldman Sachs GIR.

...have led to increased prices

Oil prices have significantly increased, now exceeding \$100/bbl, though they remain below the highs of the energy crisis
Brent crude oil prices, \$/bbl



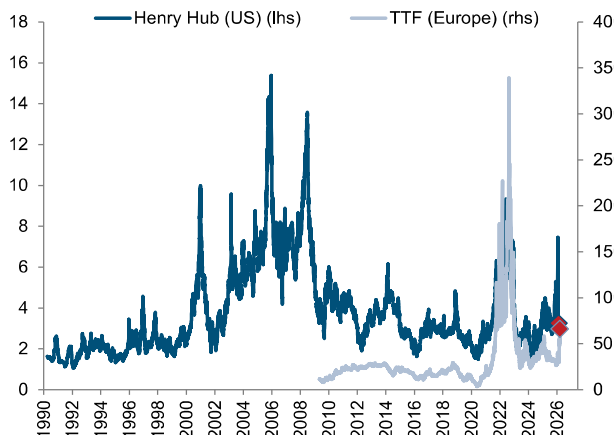
Source: Bloomberg, Goldman Sachs GIR.

US gasoline prices have also risen, from around \$3/gallon before the conflict began to nearly \$4/gallon currently
US all grades all formulations retail gasoline prices, \$/gallon



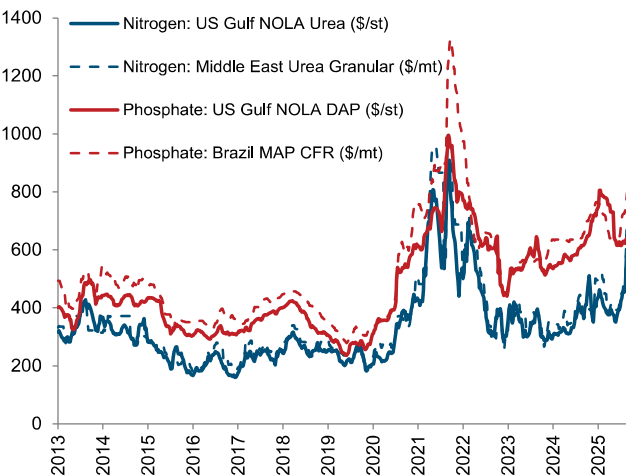
Source: EIA, Haver Analytics, Goldman Sachs GIR.

European natural gas prices have nearly doubled since the conflict began, while US prices have risen only ~11%
Henry Hub prices, \$/MMBtu (lhs), TTF prices, €/MWh (rhs)



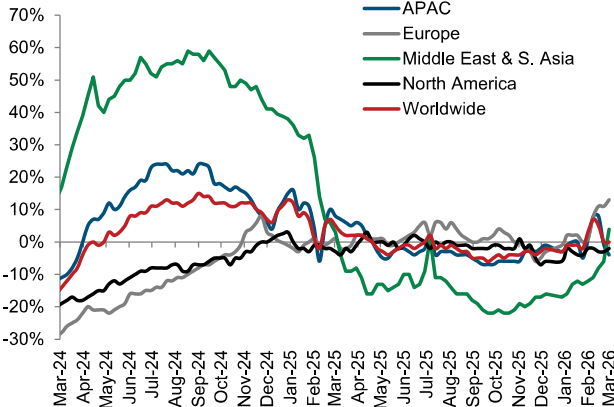
Source: Bloomberg, Goldman Sachs GIR.

Fertilizer product prices have increased
Spot prices of fertilizer products (key benchmarks for each)



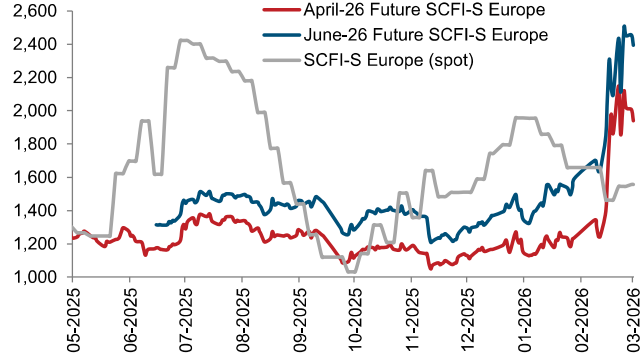
Source: Bloomberg, Goldman Sachs GIR.

Air cargo rates have risen for cargo from Asia and Europe
Top-20 forwarders' air cargo yields by origin, 14dma, % yoy



Source: World ACD, Goldman Sachs GIR.

In container shipping, future freight rates have increased as carriers have implemented fuel and emergency surcharges
Future SCFI-S (Shanghai Containerized Freight Index based on Settled Rates) Europe (futures contracts) (index, base=1,000 points as of 6/1/2020)



Source: Clarksons Research, Bloomberg, Goldman Sachs GIR.

Special thanks to GS Commodities Research team (Alexandra Paulus), US Chemical Equity Research team (Duffy Fischer and Jordan Lee), and European Transportation Equity Research team (Patrick Creuset and Nathan Arnaud) for data.

Iran conflict: growing economic impacts

Joseph Briggs assesses the global economic impacts from the ongoing Iran conflict

As the Iran conflict ends its third week, we continue to think that the biggest economic impacts will come through higher energy prices, which will slow growth and boost inflation in most countries, with the risks skewed toward more growth downside and inflation upside. But we see limited risk that the large second-round inflation effects that were a prominent feature of the 2021-2022 pandemic shock will re-emerge, as—unlike in 2021-2022—the major risk to global supply and inflation today is mostly confined to energy.

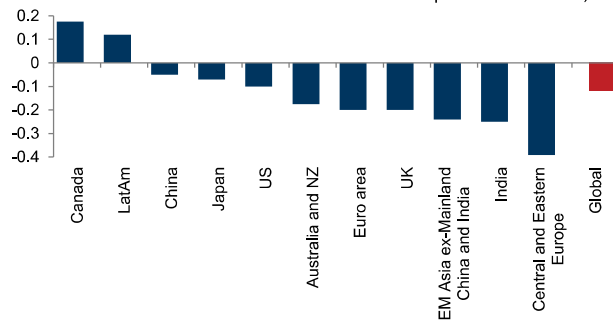
Economic impacts: rules of thumb

To gauge the economic impacts of the conflict, we rely on rules-of-thumb estimates of how higher oil prices affect GDP and consumer prices. On the growth front, our rules-of-thumb imply that each 10% increase in oil prices lowers global GDP by a bit more than 0.1%, reflecting real income and spending drags that are only partially offset by boosts to income and spending in oil exporters such as Canada and some LatAm economies.

On the inflation front, our rules-of-thumb imply that each 10% rise in oil prices raises global headline inflation by 0.2pp, with larger impacts in Asia ex-China and Europe, owing to increases in energy costs and indirect effects on downstream production. The core inflation impacts are smaller, ranging from 3-6bp for each 10% increase in oil prices depending on the country.

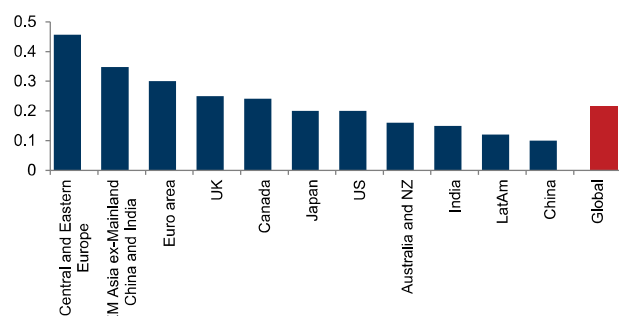
Each 10% increase in oil prices lowers global GDP by 0.1%...

GS rules of thumb effect of a sustained 10% rise in oil prices on real GDP, %



...and boosts global headline CPI by 0.2%

GS rules of thumb effect of a sustained 10% rise in oil prices on headline CPI, %



Source: Goldman Sachs GIR.

As such, a sustained rise in oil prices will likely have a sizable impact on the global economy. To level set, prior to the conflict, we expected global GDP growth of 2.9% this year on an annual average basis and headline inflation of 2.3% on a Q4/Q4 basis.

Our rules of thumb imply that the current three-week disruption will result in a 0.3% drag to global GDP and 0.5-0.6% boost to global prices. In a 30-day disruption scenario, we estimate a 0.5% headwind to global GDP and 0.9% boost to global prices. And in a 60-day disruption scenario, we estimate a 0.9% headwind to global GDP and 1.7% boost to global prices. And the longer the Strait of Hormuz disruptions extend, the greater the hit to growth and boost to inflation.

Even on top of these direct macro implications of higher oil prices, we see macro risks further skewed toward growth downside and inflation upside for two reasons. First, the disruption of Qatari gas supplies, which account for around 20% of global LNG supply, poses additional challenges for Asia and Europe, especially after the recent attacks on energy infrastructure. While the US remains relatively insulated owing to its status as the world's largest natural gas producer, Asia and Europe's heavy reliance on LNG leaves prices and industrial production more exposed. Second, the recent tightening in financial conditions—our global FCI has tightened by 51bp since the conflict began—could slow growth further if sustained.

Not your brother's supply disruption

The recent selloff in front-end rates signals an expectation that global central banks will be especially sensitive to higher inflation given the memory of post-pandemic supply disruptions and associated inflation surge. While the size of this energy shock will likely prompt some caution among policymakers on rate cuts, a key difference from 2021-2022 is that today's supply shock appears concentrated in the energy sector, whereas the energy price increases of 2022 were only one aspect of a much broader global supply chain crisis and inflation surge. We see three reasons why the impacts on non-energy supply will likely be less severe this time around.

First, non-energy trade with Gulf economies accounts for only 1% of global trade, with major DMs and EMs even less exposed. By contrast, the 2021-2022 China and East Asia trade disruptions affected 20% of global trade.

Second, while Gulf exporters account for a large share of global production for certain chemical and metal products—including helium, sulfur, methanol, polyethylene, aluminum, and fertilizers—Gulf production of these products accounts for less than 0.02% of global GDP. By contrast, disruptions to semiconductor production in 2022 affected trade worth ~1% of global GDP. Even more importantly, these product disruptions are unlikely to create shortages in critical, non-substitutable inputs that would lead to broader production shutdowns.

Third, the problematic shipping disruptions of 2021-2022 appear less likely to repeat. Gulf economies are not major re-exporters of most products (aside from boats), non-tanker ocean shipping costs have ticked down since the conflict began, and the recent rise in airfreight prices, while notable, implies only a modest uplift to global inflation (<5bp). Taken together, this limits the risk that the large second-round inflation effects observed in 2021-2022 will re-emerge.

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Markets: growth, the next shoe to drop?

Kamakshya Trivedi argues that growth downside could be the next shoe to drop in markets if the war extends and escalates

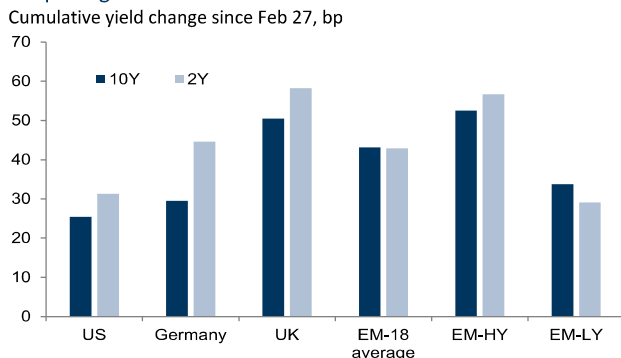
The Iran war and resulting spike in energy prices have reverberated sharply across global markets. Two particular features of the price action stand out. First, apart from positioning unwinds, global markets have priced this as an inflationary shock across DM and EM economies, with hawkish policy implications that have pushed rates higher and to a more limited extent, equity prices lower. Second, energy price shocks produce winners and losers, and the relative performance of assets, including FX and regional equities, have reflected those terms-of-trade (ToT) differences. Markets have been slower to focus on the growth implications of the energy shock, suggesting that growth downside could be the next shoe to drop.

Interest rates: inflation fears drive a hawkish repricing

The ~50% increase in oil prices as a result of the effective shutdown of energy transit through the Strait of Hormuz was quickly reflected in inflation fears and interest rate pricing. That shift is understandable, and generally in line with the direction of revisions in our economic forecasts toward higher headline inflation, smaller increases in core inflation, and later interest rate cuts across the US, UK, and some EMs.

That said, the initial reactions across interest rates markets were even more acute, probably reflecting a couple of factors. First, coming into this shock, we and most investors expected a relatively benign inflation outlook for this year (vs. 2025) given soft wage inflation and structural considerations such as China's export disinflation and potential AI impacts. So, market participants were likely wrong-footed going into this shock. Indeed, the largest reactions occurred in markets that were priced for the most rate cuts, including UK front-ends in G10 and Hungary in EM. Second, the trauma of the 2022 inflation shock, during which interest rates rose much more than initially anticipated, is still fresh in market participants' minds. While it's certainly possible that the current energy shock can worsen, the sharp post-Covid economic uncoiling amid large fiscal support as well as the supply chain bottlenecks that led to higher and more sustained inflation in 2022 are absent today (see pg. 16).

Front-end yields have risen sharply as inflation fears erode rate cut pricing across G10 and EM



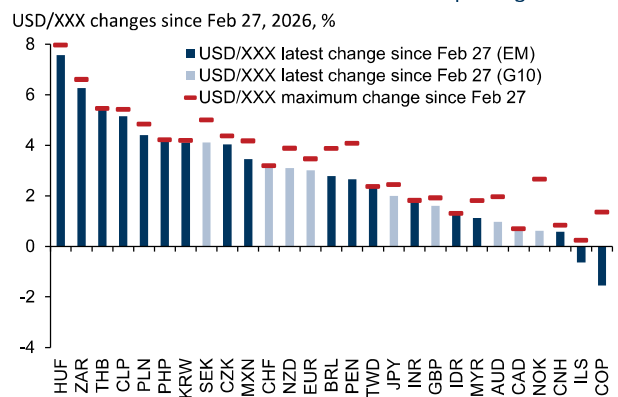
Source: Bloomberg, Goldman Sachs GIR.

FX and equities: an energy ToT shock

In contrast to the broadly hawkish rates response, the FX response has been more differentiated. The Dollar has appreciated broadly, as expected during a global risk-off event that also fuels a sharp rise in energy prices, as the Dollar sits on the right side of the ToT shock. By contrast, most European and Asian currencies are on the wrong side of that shock, and as the war has progressed, global FX pairs have increasingly reflected those differences. Within G10, the currencies of energy exporters like Norway and Canada have outperformed. Likewise, within EM, the currencies of energy producers Malaysia and Brazil have outperformed, and the Colombian Peso has appreciated in nominal terms versus the Dollar. We expect the ToT shock to remain the dominant driver of FX markets for now and, as such, see these trends continuing over the near term.

In equities, positioning unwinds dominated the initial selloffs, with European and Asian markets that had seen the strongest performance in the past year underperforming the most. But the price action has since become more fundamentally driven, with markets such as India and CEEMEA, where earnings are more fundamentally vulnerable, experiencing only limited rebounds while North Asia and China markets, where earnings are more resilient to the shock, have modestly recovered. Looking forward, we expect this type of differentiation to extend as long as energy prices remain elevated.

Relative FX weakness versus the Dollar lines up along the ToT axis



Source: Bloomberg, Goldman Sachs GIR.

Growth downside: the next shoe to drop?

While the market has been quick to reflect the inflation and ToT implications of the energy shock, it has been slower to appreciate the growth downside that could follow. That reflects a belief—also evidenced in the downward-sloping oil and gas futures curves—that the war will be relatively short-lived. If that confidence is misplaced and the energy price increases prove more durable, markets will need to price in a more significant hit to global growth and earnings. In that scenario, DM and EM equities as well as other cyclical assets such as copper and the Australian Dollar that have been quite resilient so far would face increased pressure, with some of the hawkish pressure on front-end yields also reversing. Such simultaneous pressure on equities and yields should also lead the Japanese Yen to rival the Dollar as the safe-haven currency of choice.

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MENA economies: big hit, possible scars

Farouk Soussa lays out the near-term hit, and possible long-term scars, to MENA economies

The Iran war is unambiguously bad for business in the Gulf, resulting in sharp declines in oil and gas production and revenues as well as broader economic activity. Beyond the near-term hit, the war could also leave lasting scars on regional economies, though much will depend on the regional energy landscape and geopolitical order that emerges once the dust settles, which remains far from clear.

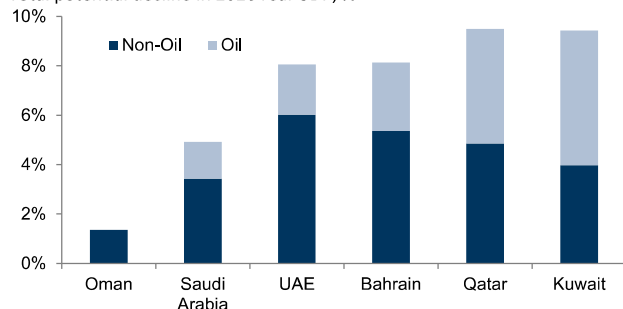
Hits to the oil and non-oil economies

The hits to oil and gas production are significant but uneven across the GCC. In a scenario in which the conflict depresses energy production at current levels until the end of April before gradually recovering to pre-war levels over a two-month period, we find that Kuwait and Bahrain would lose over a fifth of oil production this year. In Qatar, missile damage to the 77mtpa Ras Laffan LNG plant will shut in 17% of the country's LNG production for the next 2-3 years, according to Qatar Energy CEO Saad Al-Kaabi. We estimate that total production there could be down as much as one-third this year. Saudi Arabia and the UAE, which both have capacity to divert flows away from the Strait of Hormuz, would lose around 10% and 15% of production, respectively. Oman, which sits outside the Strait, is largely unaffected from an oil production perspective.

Beyond oil and gas, the war is significantly negatively impacting near-term economic activity, including tourism, aviation, logistics, hospitality, domestic trade, manufacturing, and financial services. While the final impact remains uncertain, we estimate that the economic hit could be as large as, if not larger, than that experienced during the Covid pandemic. The combined effect of oil and gas production losses and a broader decline in economic activity could see GCC economies contract this year by more than any other time in the past 30 years.

GCC economies will see large hits to oil and non-oil output

Total potential decline in 2026 real GDP, %



Source: Haver Analytics, Goldman Sachs GIR.

Serious financial implications

The financial implications of the war are also serious. We estimate that the GCC collectively is losing roughly \$700m in oil revenues alone each day as the conflict endures, bringing total losses so far to over \$15bn. Two months of disruption at current levels and losses would approach \$80bn. And losses in natural gas and other energy supplies will only add to these figures. While such a loss would be manageable for GCC economies given their wealth, it would necessitate even more borrowing than we had anticipated prior to the war, which

could have implications for credit spreads in the medium term. Much, though, will depend on how oil and gas prices evolve after the end of hostilities. Should prices adjust slowly to their pre-war path, then higher earnings may compensate Gulf producers for the losses endured during the war. If, on the other hand, prices correct sharply downward, these losses will crystallize over the course of the year.

More questions than answers over the longer term

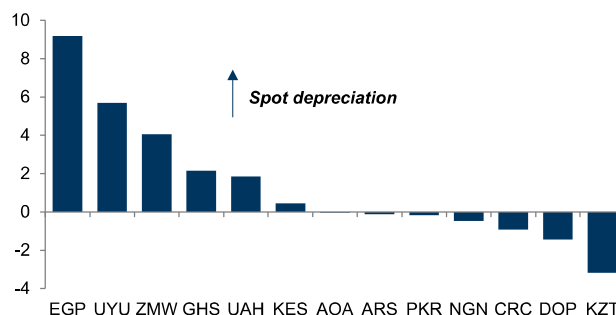
Beyond the immediate hit to energy production, revenues, and growth, markets are also mulling the longer-term implications of the war for GCC economic prospects. In particular, questions have arisen about potential scarring to consumer and investor confidence in the region; whether populations, the majority of which are expat workers, would recover to pre-war levels and over what time period; and whether plans to grow and diversify economies through increased investment in non-oil sectors will be affected, especially around AI/data centers which were one of the early casualties of Iran's retaliatory attacks against its GCC neighbors. The answers to these questions will shape the longer-term implications of the war for GCC economies, though much will depend on the regional geopolitical order that emerges once the dust settles, which remains highly uncertain.

Spillovers beyond the GCC

The impact of the conflict extends beyond the GCC, affecting other countries across the MENA region. The kinetic action is directly impacting Iraq, Jordan, and Syria, with each experiencing varying levels of economic disturbance. Ongoing conflict between Israel and Hezbollah in Lebanon as well as fears of further escalation casts a dark shadow over the country's economic future and the recovery prospects for Lebanon's defaulted Eurobonds. Egypt, a key focus for international investors given the popularity of the local market carry trade over the past two years, is experiencing considerable financial contagion. A combination of heavy pre-war positioning, generalized risk-off behavior, and overblown fears about the impact on the Egyptian economy have led to a significant portfolio retrenchment among investors, leaving the Egyptian Pound (EGP) as the worst performer among frontier FX since the start of the war. However, despite the short-term volatility, we remain constructive on EGP over the medium term as we believe that a combination of robust FX buffers and a (so far) refreshingly orthodox policy response will likely underpin investor and local confidence.

EGP has been the worst performer among frontier currencies

USD/XXX change since the start of the war, %



Source: Bloomberg, Goldman Sachs GIR.

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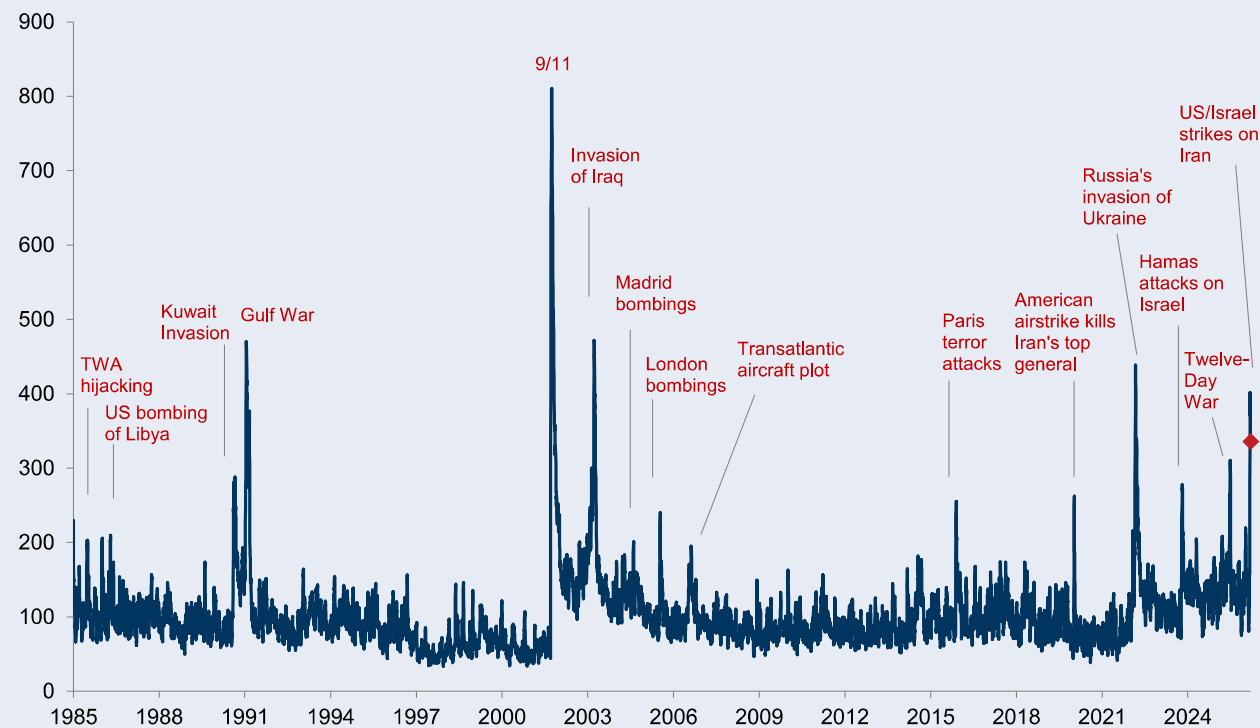
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Geopolitical risk through the years

Geopolitical tensions, which take many different forms, are difficult to measure. One proxy for assessing the geopolitical environment is the news-based Geopolitical Risk Index developed by economists from the Federal Reserve Board.

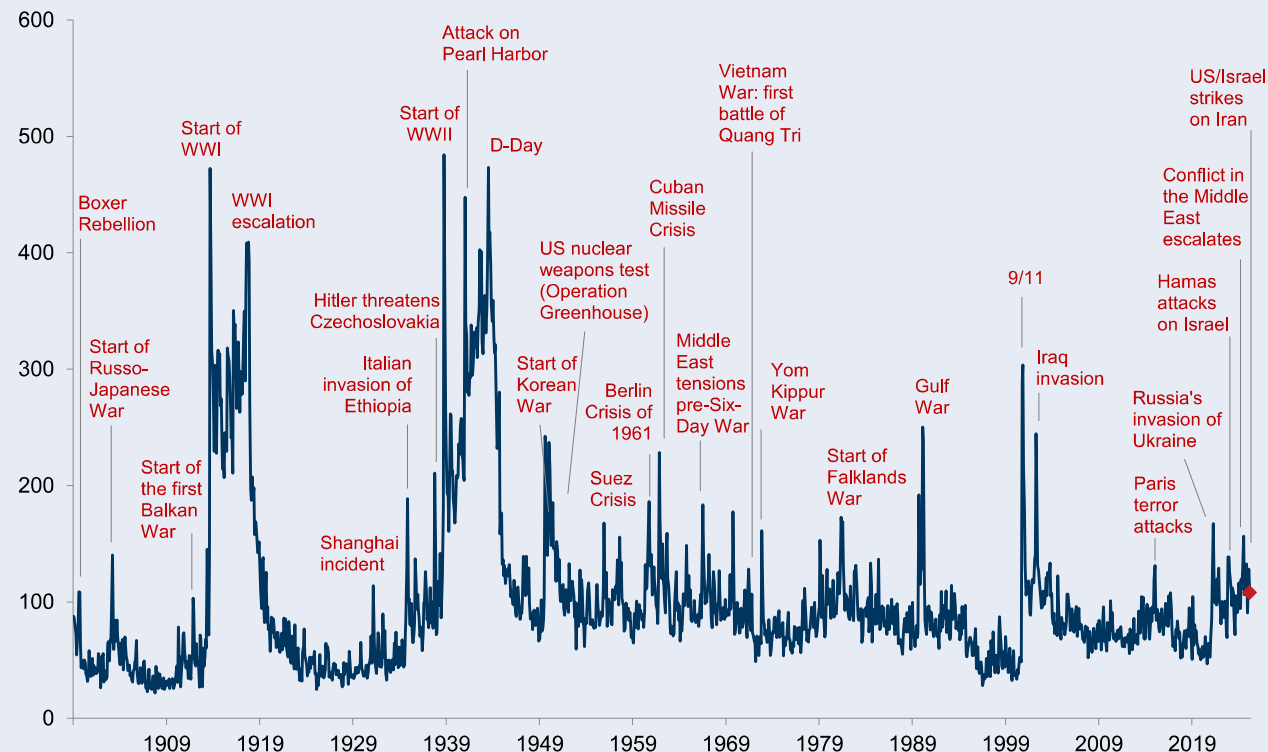
1985-Present

Daily Geopolitical Risk Index, 1985-2019=100



1900-Present

Monthly Geopolitical Risk Index, 1900-2019=100



Note: Daily index as of March 18 and monthly index as of March 1. The index from 1985 on counts the number of articles in 11 US, UK, and Canadian newspapers mentioning phrases related to geopolitical tensions. The index from 1900 on performs the same analysis using the archives of three newspapers: the New York Times, the Wall Street Journal, and the Financial Times. The choice of newspapers for both indices implies a measure of geopolitical risk as covered by the Anglo-Saxon press. See [here](#) for more information.

Source: [Dario Caldara and Matteo Iacoviello](#), Federal Reserve Board, Goldman Sachs GIR.

Summary of our key forecasts

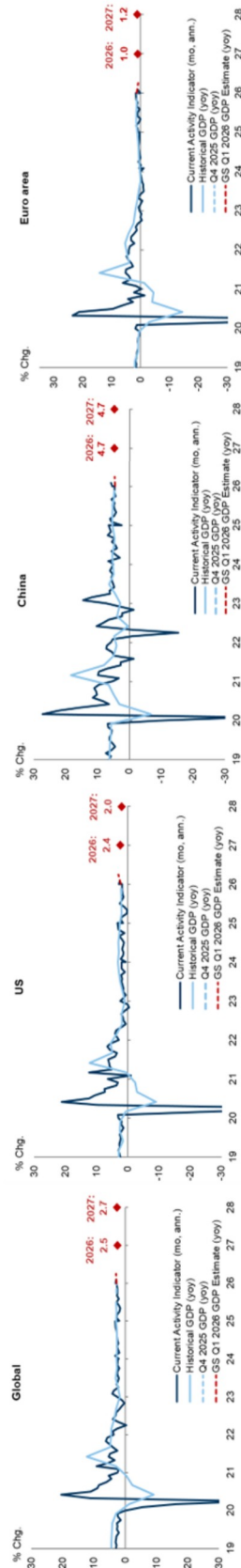
GS GIR: Macro at a glance

Watching

- **WATCH THE IRAN WAR.** The severity and longevity of the Iran conflict remain highly uncertain and further escalation that results in more prolonged energy disruptions could have significant impacts on economies and markets.
- **Globally,** we expect real GDP growth of 2.5% yoy in 2026 amid rising real income growth but growing headwinds from higher energy prices owing to the Iran war. We expect global core inflation to decline to 2.4% by the end of 2026, reflecting a fading tariff boost and further normalization in shelter and wage inflation but a boost from higher energy prices.
- **In the US,** we expect real GDP growth of 2.2% on a Q4/Q4 basis in 2026, reflecting a boost from tax cuts but a drag from higher oil prices, tighter financial conditions, and elevated geopolitical risk. We expect core PCE inflation to fall to 2.4% yoy by the end of 2026, as the tariff boost fades and wage and shelter inflation continue to cool, though higher oil prices provide some upward pressure. We expect the unemployment rate to end 2026 at 4.6%.
- **We expect the Fed** to deliver two 25bp cuts this year in September and December for a terminal rate range of 3-3.25%.
- **In the Euro area,** we expect real GDP growth of 1.0% on a Q4/Q4 basis in 2026, reflecting real income gains and expansionary German fiscal policy but a drag from higher energy prices and more intense export competition with China. We expect core inflation to fall to 2.2% by end-2026 as energy price pressure is partly offset by cooling wage inflation, a stronger Euro, and the potential for a negative inflation effect from Chinese trade rerouting.
- **We expect the ECB** to remain on hold this year, although the likelihood of hikes has risen given the continued upward pressure on energy prices.
- **In China,** we expect real GDP growth of 4.7% yoy in 2026 as resilient export growth, continued government policy easing, and a decreasing drag from the ongoing property market downturn offset headwinds from higher energy prices and sluggish domestic demand. We expect CPI/PPI inflation to rise to 0.9%/0.8% yoy this year owing to government policy efforts, a low base, and rising global commodity prices.

Goldman Sachs Global Investment Research.

Growth



Source: Haver Analytics, Goldman Sachs Global Investment Research. Note: GS CAI is a measure of current growth. For more information on the methodology of the CAI please see "Technical Updates to Our Global CAIs," Global Economics Comment, Sep. 01, 2025.

Forecasts

Economics	2026		2027		Interest rates 10Yr (%)		Markets		Equities	
	GS (Q4/Q4) (CY)	GS (CY)	GS (Q4/Q4) (CY)	GS (CY)	Last	E2026	Last	E2027	12m	YTD
GDP growth (%)	2.4	2.5	2.7	2.7	2.6	2.7	2.6	2.7	2.6	2.7
Global	2.4	2.5	2.7	2.7	2.6	2.7	2.6	2.7	2.6	2.7
US	2.2	2.1	2.4	2.2	2.0	2.5	2.96	3.00	3.00	3.00
China	4.6	4.7	4.7	5.0	4.6	4.6	2.26	2.00	2.00	2.00
Euro area	1.0	1.3	1.0	1.4	1.2	1.2	4.73	4.25	4.00	3.80
Policy rates (%)										
US	3.13	3.47					109	75	71	
Euro area	2.00	2.45					3.17	3.75	4.00	
China	1.30	1.40					61.98	43	29	
Japan	1.00	1.16					12.046	13.000	12.400	
Commodities										
Crude Oil, Brent (\$/bbl)							4.600	4.805	5.445	
Nat Gas, NYMEX (\$/mmBtu)							1.09	1.14	1.20	
Nat Gas, TTF (EUR/MWh)							1.34	1.33	1.33	
Copper (\$/mt)							158	160	155	
Gold (\$/troy oz)							6.87	6.85	6.70	
Equities										
S&P 500							1.15	1.14	1.20	
MSCI EAFE							1.34	1.33	1.33	
MSCI ACWI							1.58	1.60	1.55	
Stoxx 600							6.87	6.85	6.70	
Volatility										
VIX										
Wage Tracker 2026 (%)										
Q1										
Q2										
Q3										
Q4										

Source: Bloomberg, Goldman Sachs Global Investment Research. For important disclosures, see the Disclosure Appendix or go to www.gs.com/research/hedge.html.

Glossary of GS proprietary indices

Current Activity Indicator (CAI)

GS CAIs measure the growth signal in a broad range of weekly and monthly indicators, offering an alternative to Gross Domestic Product (GDP). GDP is an imperfect guide to current activity: In most countries, it is only available quarterly and is released with a substantial delay, and its initial estimates are often heavily revised. GDP also ignores important measures of real activity, such as employment and the purchasing managers' indexes (PMIs). All of these problems reduce the effectiveness of GDP for investment and policy decisions. Our CAIs aim to address GDP's shortcomings and provide a timelier read on the pace of growth.

For more, see our CAI page and Global Economics Comment: Technical Updates to Our Global CAIs.

Dynamic Equilibrium Exchange Rates (DEER)

The GSDEER framework establishes an equilibrium (or "fair") value of the real exchange rate based on relative productivity and terms-of-trade differentials.

For more, see our GSDEER page, Global Economics Paper No. 227: Finding Fair Value in EM FX, 26 January 2016, and Global Markets Analyst: A Look at Valuation Across G10 FX, 29 June 2017.

Financial Conditions Index (FCI)

GS FCIs gauge the "looseness" or "tightness" of financial conditions across the world's major economies, incorporating variables that directly affect spending on domestically produced goods and services. FCIs can provide valuable information about the economic growth outlook and the direct and indirect effects of monetary policy on real economic activity.

FCIs for the G10 economies are calculated as a weighted average of a policy rate, a long-term risk-free bond yield, a corporate credit spread, an equity price variable, and a trade-weighted exchange rate; the Euro area FCI also includes a sovereign credit spread. The weights mirror the effects of the financial variables on real GDP growth in our models over a one-year horizon. FCIs for emerging markets are calculated as a weighted average of a short-term interest rate, a long-term swap rate, a CDS spread, an equity price variable, a trade-weighted exchange rate, and—in economies with large foreign-currency-denominated debt stocks—a debt-weighted exchange rate index.

For more, see our FCI page, Global Economics Analyst: Our New G10 Financial Conditions Indices, 20 April 2017, and Global Economics Analyst: Tracking EM Financial Conditions – Our New FCIs, 6 October 2017.

Goldman Sachs Analyst Index (GSAI)

The US GSAI is based on a monthly survey of GS equity analysts to obtain their assessments of business conditions in the industries they follow. The results provide timely "bottom-up" information about US economic activity to supplement and cross-check our analysis of "top-down" data. Based on analysts' responses, we create a diffusion index for economic activity comparable to the ISM's indexes for activity in the manufacturing and nonmanufacturing sectors.

Macro-Data Assessment Platform (MAP)

GS MAP scores facilitate rapid interpretation of new data releases for economic indicators worldwide. MAP summarizes the importance of a specific data release (i.e., its historical correlation with GDP) and the degree of surprise relative to the consensus forecast. The sign on the degree of surprise characterizes underperformance with a negative number and outperformance with a positive number. Each of these two components is ranked on a scale from 0 to 5, with the MAP score being the product of the two, i.e., from -25 to +25. For example, a MAP score of +20 (5;+4) would indicate that the data has a very high correlation to GDP (5) and that it came out well above consensus expectations (+4), for a total MAP value of +20.

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Disclosure Appendix

Reg AC

We, Allison Nathan, Jenny Grimberg, Ashley Rhodes, Joseph Briggs, Samantha Dart, Alec Phillips, Farouk Soussa, Daan Struyven, Kamakshya Trivedi and Alexandra Paulus, hereby certify that all of the views expressed in this report accurately reflect our personal views, which have not been influenced by considerations of the firm's business or client relationships.

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Iran is subject to comprehensive sanctions by the United States.

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