Goldman Sachs Outlooks

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Jan Hatzius: Our global economic outlook is sturdy growth, stagnant jobs, stable prices.
We're pretty optimistic on growth in the United States, driven by less tariff drag, a boost from tax cuts, and easier financial conditions. We expect growth at 4.8% in China, with a more mixed narrative, strength on the goods producing side and on the export side, but a weaker domestic economy, especially in the property sector. And we expect growth of 1.3% in the Euro area. You have boost from fiscal expansion in Germany and continued strength in Spain. That's offset by some of the long-standing structural problems of the Euro area. I think the biggest risk in the near term is that the labor market softening that we've seen turns more disruptive. If we were to see additional increases in the unemployment rate in the US, in particular, that could trigger a downturn in the economy. It's certainly possible that the AI narrative, which has been very positive for equity markets, sees a setback. We don't think that we're over investing in AI as far as the fundamentals are concerned. But it is also true that the increase in valuations has gone quite far. So that's another force that we're very much focused on.

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