



Asset  
Management

# GSAM | Macro Insights

## Macro Meets the Bottom Line

Our discussion last month about the impact of dollar strength on corporate profits tipped off a broader conversation about how other top-down themes may be impacting the bottom line. Earnings reports, interviews with executives and data on corporate behavior all provide insights into how boardrooms are responding to prevailing macro trends. While these themes are not the driving principles in our security selection, in this month's [GSAM Macro Insights](#), we discuss the challenges they pose and how the varying success of corporate strategies to address them are relevant to our investment choices.

- In our *Focus Piece*, we consider the implications of three macro themes that emerged as common refrains in first quarter earnings reports: oil price fluctuations, weak inflation and patchy global demand ([p.4-5](#)).
- Our high-level takeaways from the latest crop of earnings are 1) despite headwinds to revenue growth, companies have found ways to expand margins, and 2) opportunities in European equities may be increasing relative to the US. Executives paint the picture in the *Notes* on [p.6](#).
- Our broadly positive outlook for the largest developed economies supports our selective overweights in Equities and Corporate Credit. Meanwhile, the big news in rates markets corresponds with our negative outlook for the sector globally (see *Asset Allocation*, [p.3](#)).

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