

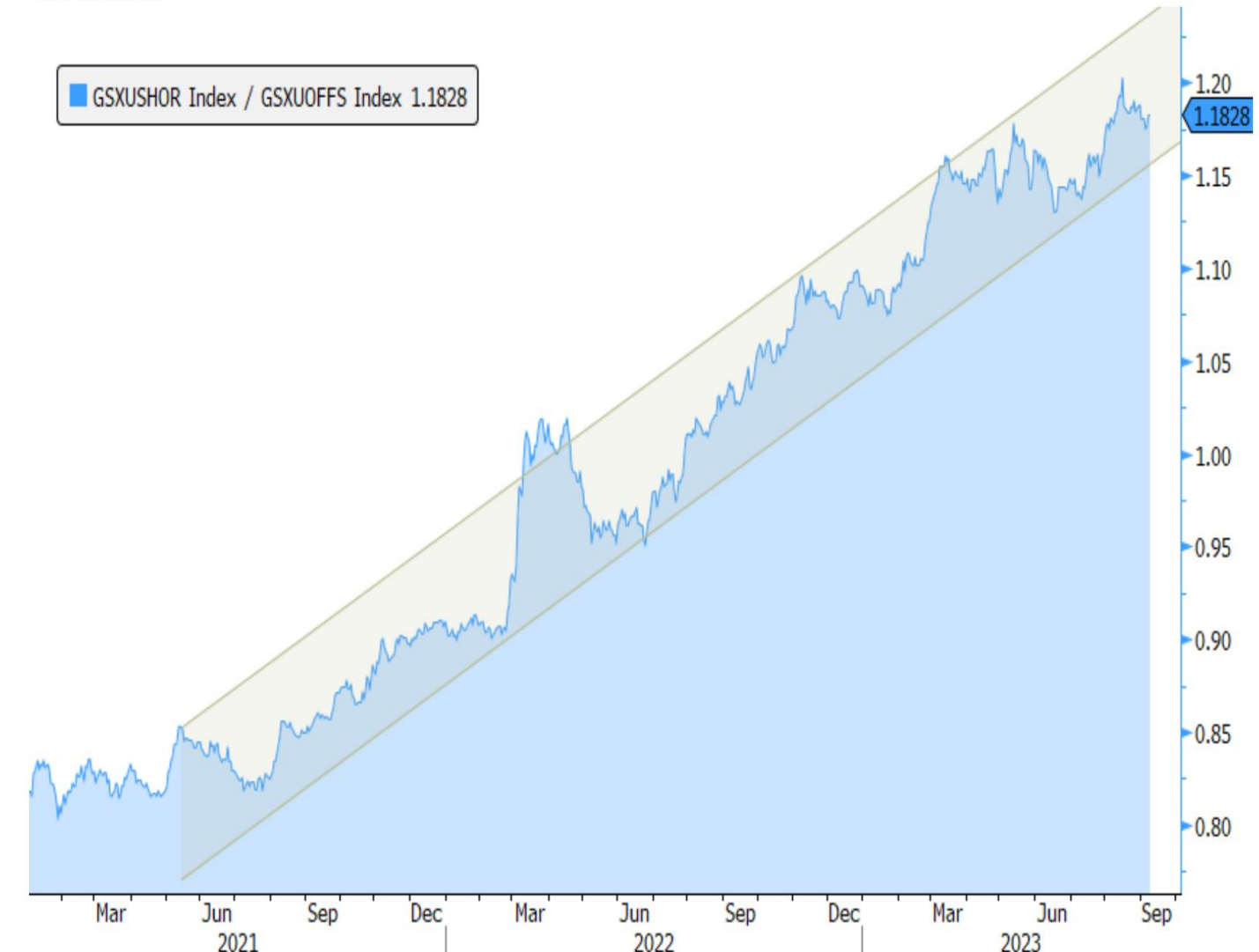


Sept, 16th 2023

# Brave New World

**Onshoring is a big theme now.**

US-China de-coupling is sustaining the rotation into onshore businesses: US Onshore vs Offshore Pair  
GSPUSHOR



GSXUSHOR Index (GS US Onshore & Onshoring Beneficiaries) Daily 01JAN2021-08SEP2023 Copyright © 2023 Bloomberg Finance L.P. 08-Sep-2023 13:40:53

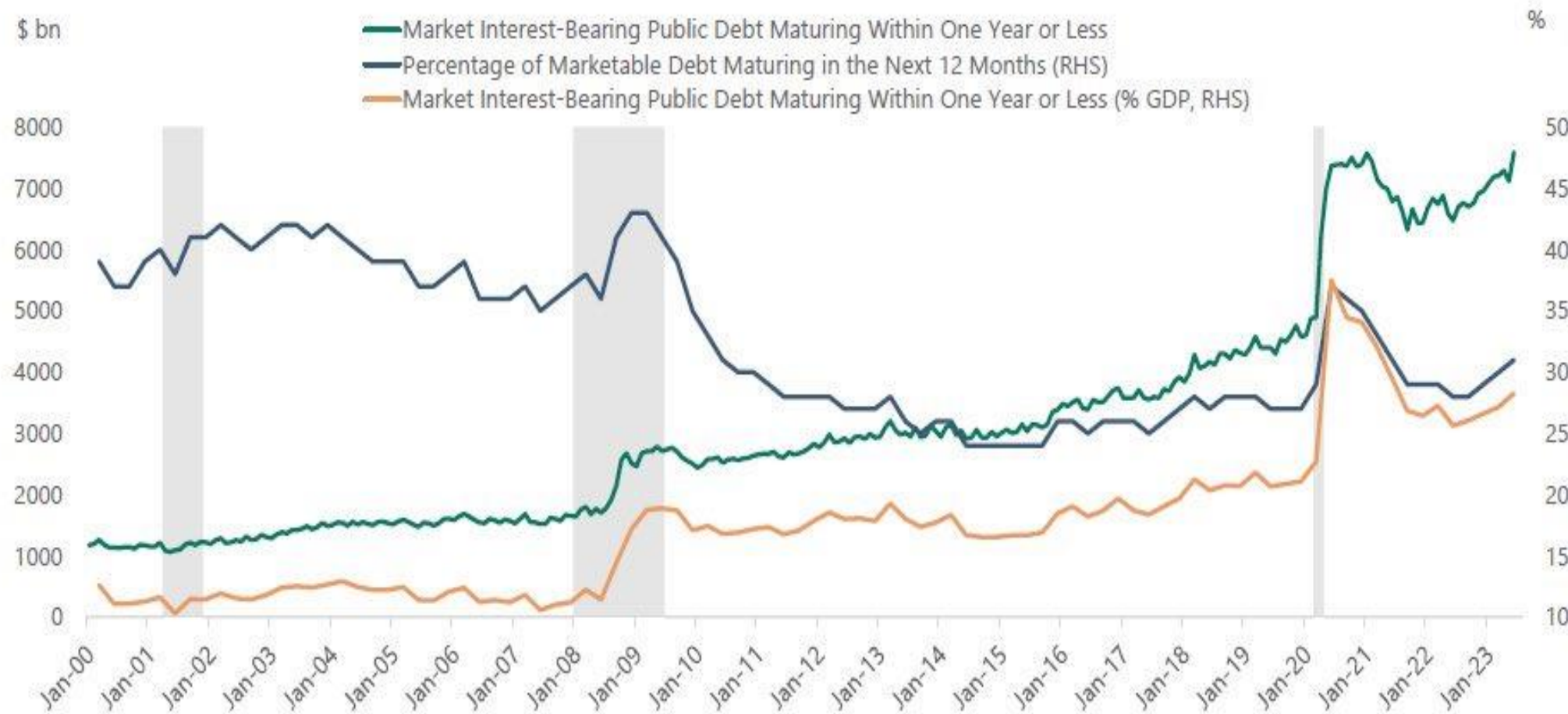
Source: Goldman Sachs FICC & Equities, Bloomberg, as of September 2023. Past performance is not illustrative of forward returns.

US/China de-coupling with broader implications. Our US Onshore vs Offshore pair GSPUSHOR is up +38% since Sept 2021 with a remarkable Sharpe ratio, which illustrate the persistence of this trend. (Goldman Sachs)

# Don't worry. Fed will do buybacks next year.

APOLLO

31% of all US government debt outstanding, or \$7.6trn, will mature over the next year



We believe that the Fed will follow BoJ buying Japanese bonds and ECB buying Italian bonds. There is no other option left.

# Mean reversion on its way.

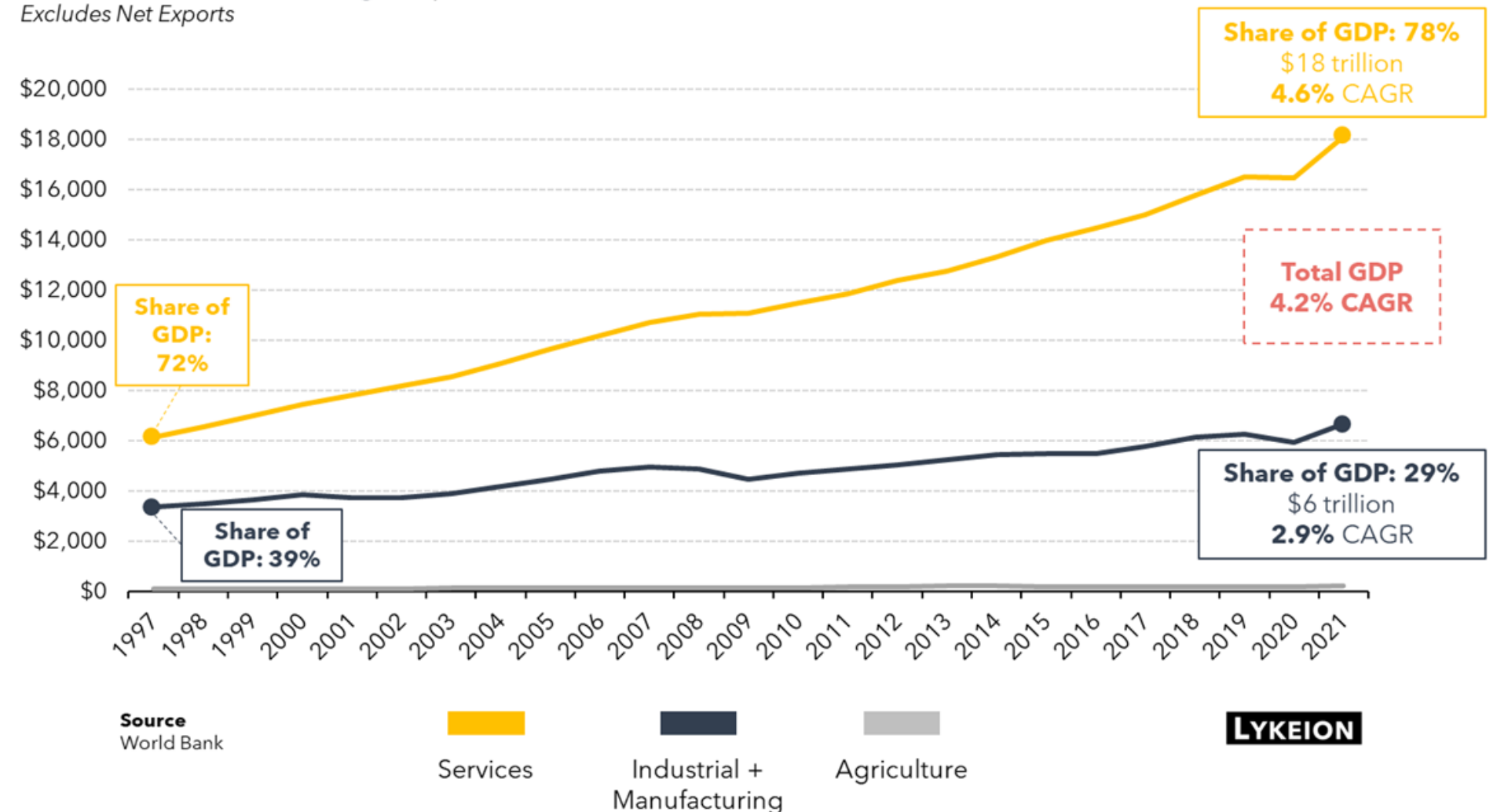
Shifting geopolitical forces have forced government policy (IRA, CHIPS, IIJA) and corporates to rethink their capex spending, and our big bet is that this ratio has likely peaked, and a slow, but eventually meaningful reversion is underway. And by the way, this is a Western trend, not a U.S. one.

## Long-Term Trends Don't Mean Forever

A quick look at U.S. GDP drivers.

### U.S. GDP by Sector

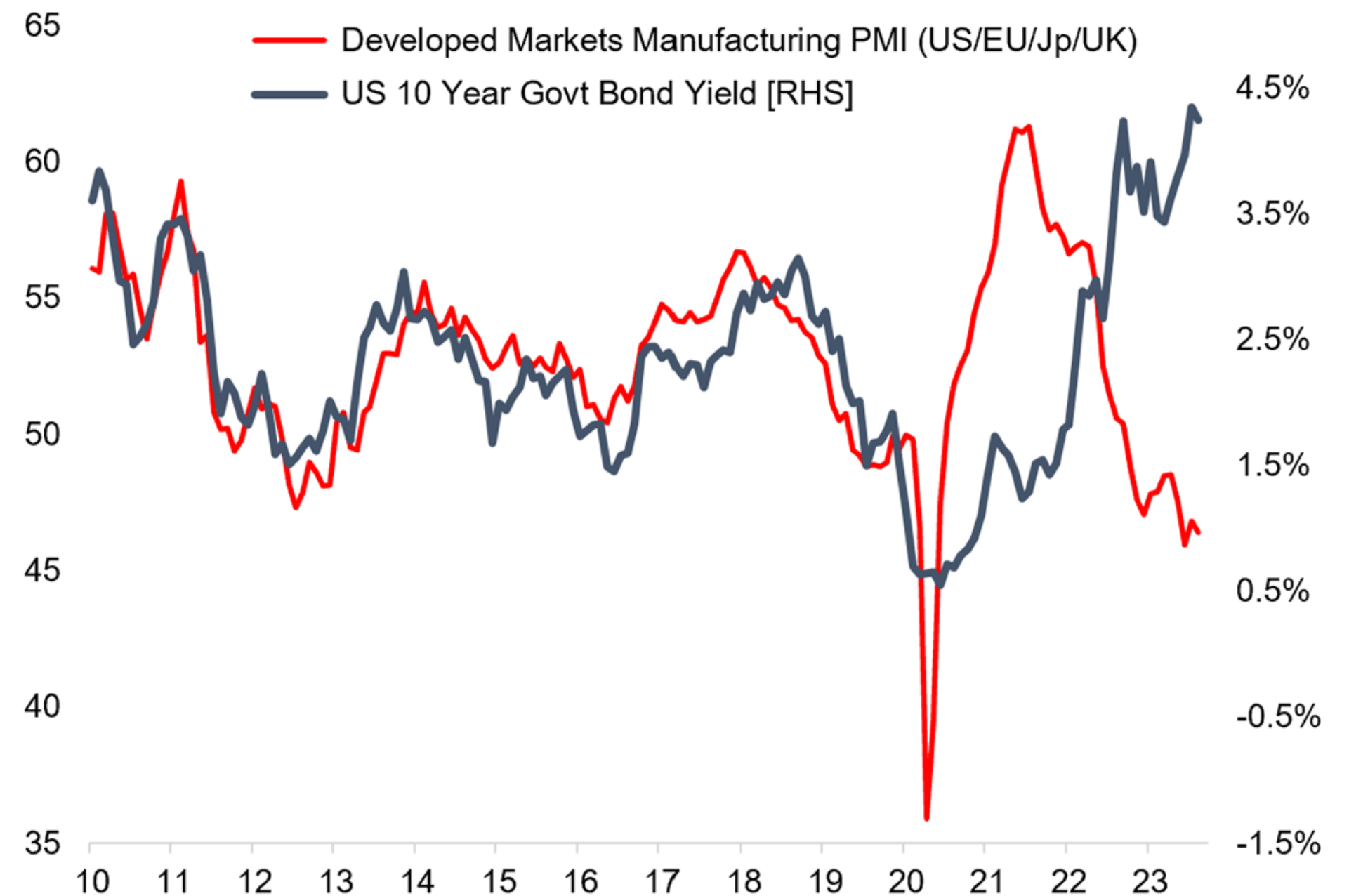
Services-to-Manufacturing is up from 1.8x to 2.7x  
Excludes Net Exports



# Correlations not working anymore.

G-7 practically confiscated Russia's Forex reserves after Ukraine/Russia war. Since then, G-7 bonds have lost global buyers.

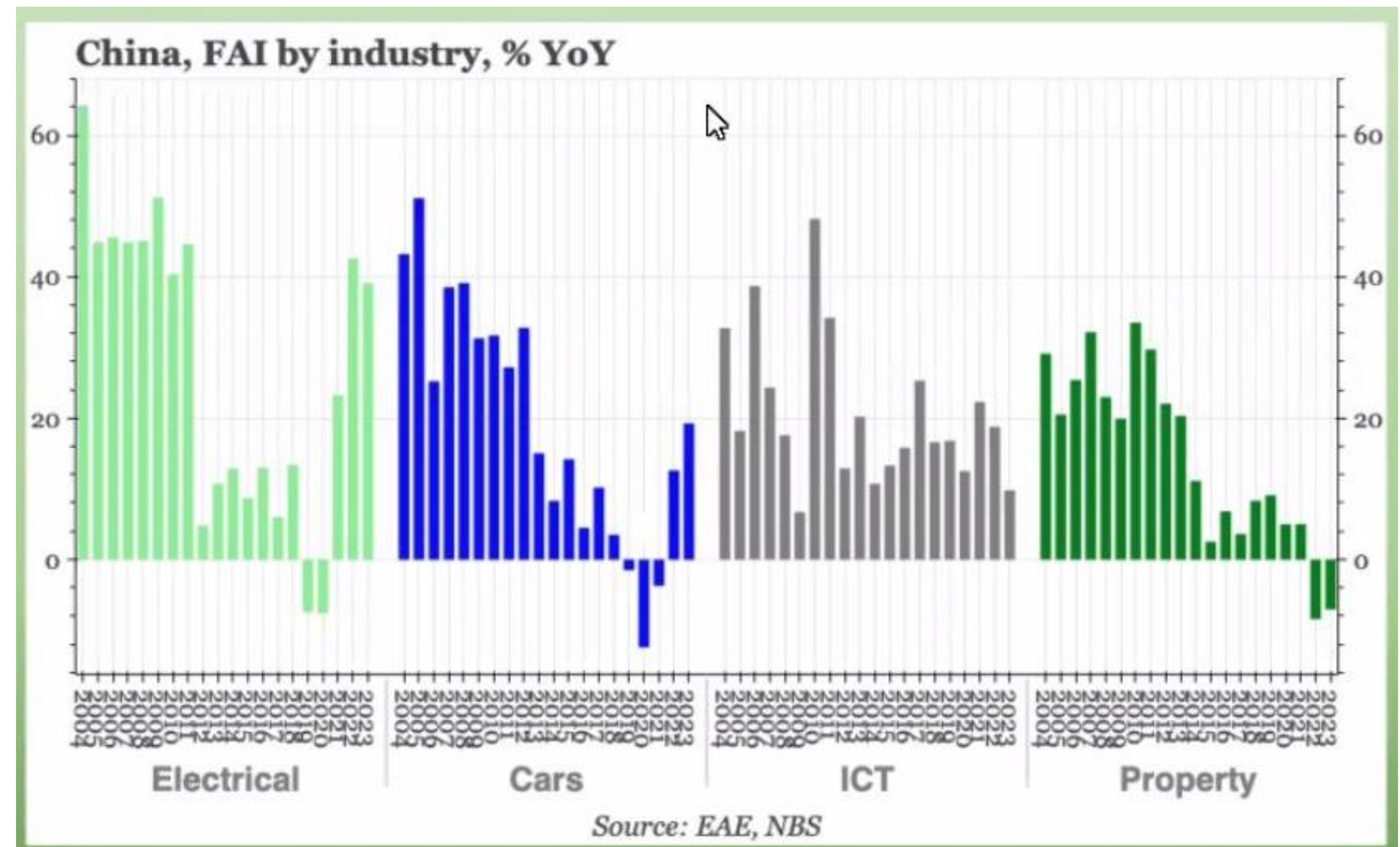
## DM PMI vs Bond Yields



Source: Topdown Charts, Refinitiv Datastream, Markit

topdowncharts.com

# China trying to rebalance its economy.



China's economy has been over reliant on property prices for its growth. That seems to be changing slowly but it is a long-drawn process

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