

APRIL 9, 2025

Macro Pulse

Staying grounded when sands shift

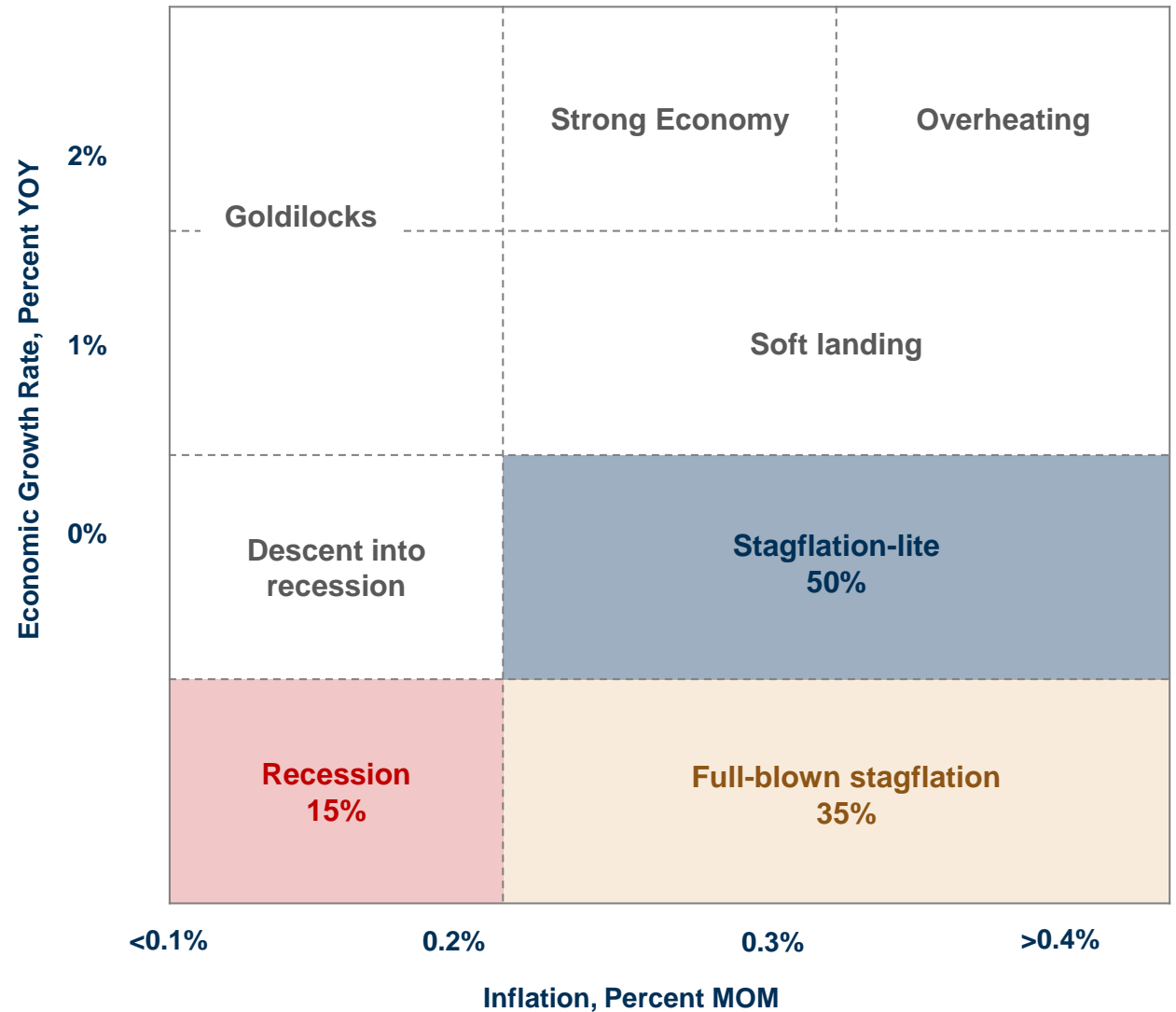
Amid rampant uncertainty, it can be difficult for investors to be forward-looking. But we see clear through lines. Now is a time when investors can leverage frameworks to chart the course ahead.

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Peak policy uncertainty has forced us to split the difference between stagflation and recession risks.

Updated scenarios for growth and inflation in the U.S.



Views of the New York Life Investments Global Market Strategy team, 2025.

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How to invest our macro views: high conviction ideas

	OUR VIEW	HOW TO INVEST
EQUITY	<ul style="list-style-type: none"> We're at peak policy uncertainty, and equity market volatility can depress investor confidence. Europe's increased defense and infrastructure spending, as well as faster interest rate cuts, may bolster ex-U.S. returns. The AI trend is here to stay, with digital and energy infrastructure already seeing sustained investment. 	<ol style="list-style-type: none"> Stay invested but diversified; earning quality is paramount in volatility. Q1 pace of ex-U.S. outperformance may slow: diversify geographically amid global shocks. We strongly prefer large cap equities. Small caps will likely underperform unless growth improves: unlikely this year. Diversify equity exposure into broader AI themes, including energy and digital infrastructure.
FIXED INCOME	<ul style="list-style-type: none"> The Fed is likely to stay on hold due to inflation risks. Growth and inflation uncertainty suggest higher and more volatile market interest rates. We can't predict a near-term peak or trough in Treasury rates, making duration an unreliable return source. U.S. public credit quality remains strong historically, supported by resilient economic activity. 	<ol style="list-style-type: none"> As long as short duration corporate and municipal credit quality remains robust, we have high conviction in credit allocation. Volatility in the Treasury curve leads to a shorter duration preference, using short duration credit (IG, HY, munis) and balanced with structured products and taxable munis. Strong fundamentals make structured credit and convertible bonds attractive. Only the strongest floating rate loans are likely to hold up.
ALTERNATIVES	<ul style="list-style-type: none"> Geopolitical risks have increased since COVID-19, affecting U.S. safe-harbor assets. Investors can hedge with diversification and inflation-aware exposures. Global trends toward re-globalization, digitization (AI), and energy independence indicate capital intensity, infrastructure investment, and stickier inflation. Private markets allocation is growing and democratizing. 	<ol style="list-style-type: none"> Consider a geopolitical risk hedge with equal parts oil, gold, and bitcoin, as a satellite sourced from equity. Inflation-aware assets like commodities, materials, and real estate may benefit from the macroeconomic backdrop. Qualified investors seeking diversification into private markets may consider the less correlated lower middle market.

Global Market Strategy

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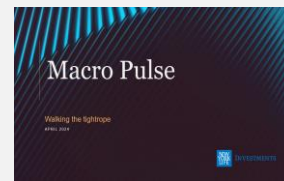
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MACRO PULSE: *Economic & market commentary, high conviction ideas*

In an ever-changing landscape, understanding the trajectory of macro trends and economic forecasts is critical to making informed investment decisions.



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- Swan Lake: the risks that would most disrupt consensus in 2025



Private markets

- Global market outlook

