

MAY 5, 2025

# Macro Pulse

## Soft data, hard questions

Amid rampant global policy uncertainty, investors face a difficult truth: **clarity may not come soon**. Capital-intensive investment is rising across asset classes and geographies, traditional asset class relationships are decoupling, and private markets are growing and democratizing. We believe **this is a critical moment for investors to rethink portfolios**.

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## How to invest our macro views: high conviction ideas

OUR VIEW	HOW TO INVEST
<b>EQUITY</b>	
<ul style="list-style-type: none"><li>Market uncertainty persists. Focus on quality earnings.</li><li>U.S. policy uncertainty is resulting in shifting asset class relationships, including lower demand for U.S. assets on the margin. In response, we favor broader, more global diversification.</li><li>Small cap public equities are cost-sensitive and have fewer options to adjust supply chains.</li><li>The AI trend is here to stay, with digital and energy infrastructure already benefiting.</li></ul>	<ol style="list-style-type: none"><li>1 Generate income by deploying equity-like risk in high yield credit, where 2-3 year fundamentals are strong and yield is attractive.</li><li>2 Ex-U.S. outperformance is likely to slow, but geographic diversification is prudent.</li><li>3 We favor large cap equities in public markets; small caps will underperform until rates fall and growth is more resilient.</li><li>4 Add AI exposure via energy, materials, and digital infrastructure.</li></ol>
<b>FIXED INCOME</b>	
<ul style="list-style-type: none"><li>Fed policy rates are lower, and downside risks are rising. Counter reinvestment risk by deploying cash. We expect the Fed to hold on cutting interest rates.</li><li>Uncertainty around Treasury rates makes duration less reliable.</li><li>U.S. public credit quality (interest coverage, maturity timeline) remains strong historically, backed by steady economic activity.</li></ul>	<ol style="list-style-type: none"><li>6 As long as short duration corporate and municipal credit quality remains robust, we have high conviction in credit allocation.</li><li>7 Given Treasury curve volatility, prefer neutral-to-short duration, blending short-term credit with structured credit and taxable munis.</li><li>8 Strong fundamentals make structured credit and convertible bonds attractive. Only the strongest floating rate loans are likely to hold up in our opinion.</li></ol>
<b>ALTERNATIVES</b>	
<ul style="list-style-type: none"><li>Geopolitical risks are rising and closer to U.S. assets. Hedge with diversification and inflation-aware exposures.</li><li>Despite U.S. trade policy uncertainty, trends like re-globalization, digitization (AI), and energy independence support capital spending and stickier inflation.</li><li>Private markets allocation is growing and democratizing.</li></ul>	<ol style="list-style-type: none"><li>9 Hedge geopolitical risk with oil, gold, and bitcoin funded from equities.</li><li>10 Inflation-aware assets such as commodities, materials, and real estate may benefit from the macroeconomic backdrop.</li><li>11 Qualified investors seeking diversification into private markets may consider the less correlated lower middle market.</li></ol>

For the full story visit [newyorklifeinvestments.com/global-markets/macro-pulse](https://newyorklifeinvestments.com/global-markets/macro-pulse).

# Global Market Strategy

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



#### Private markets

- Global market outlook





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