PIMCO

PM CHARTBOOK

Charting the Business Cycle With Richard Clarida

APRIL 2025, GLOBAL ECONOMIC ADVISOR

Former Federal Reserve Vice Chair Richard Clarida shares three charts highlighting possible macro inflection points in the business cycle: from growth and inflation to debt and labor.

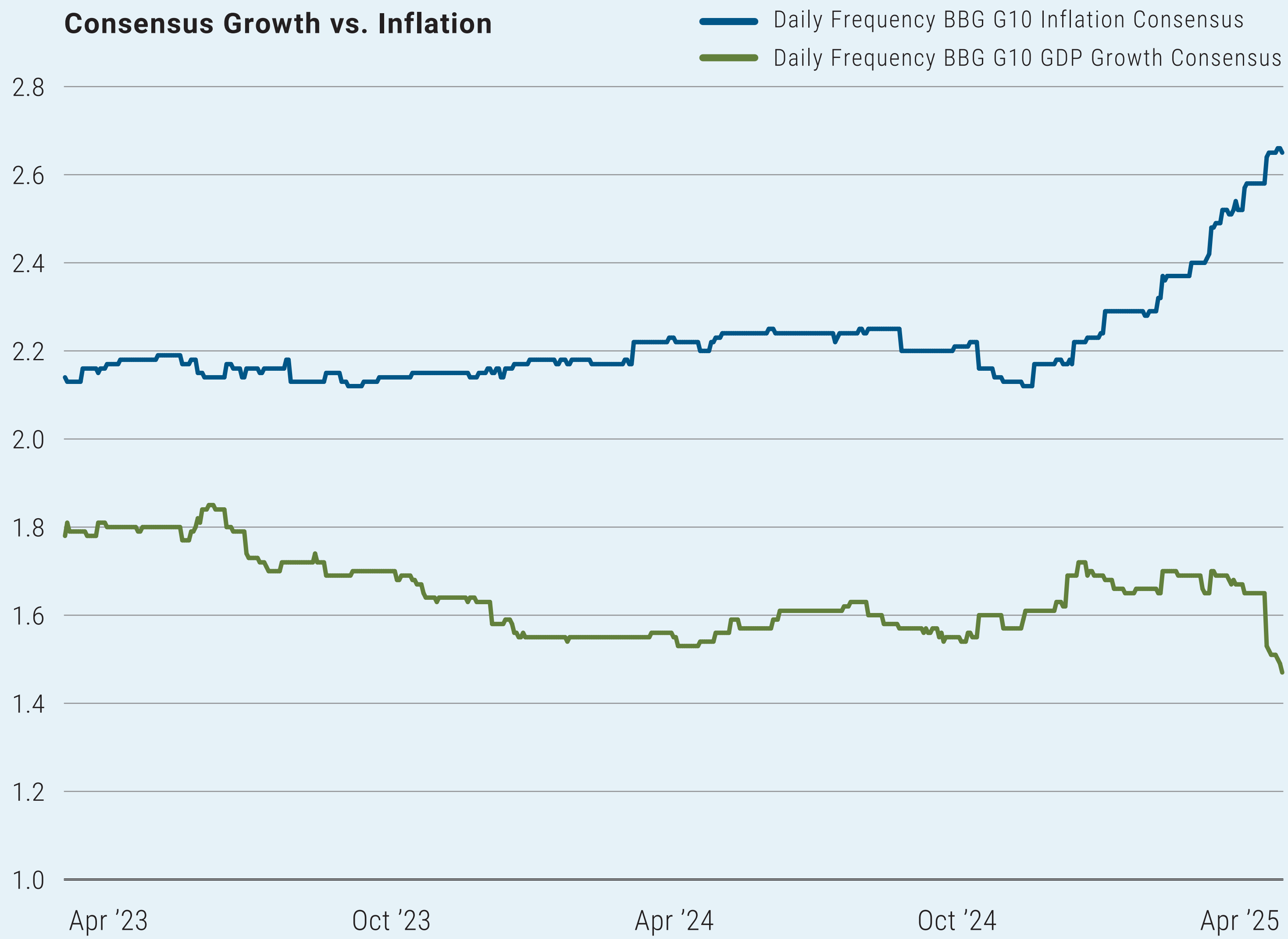
Macro instability drives consensus views on weaker growth, higher inflation

Policy choices are roiling markets and shaking confidence among consumers and businesses.

The consensus outlook for G-10 developed economies has shifted sharply toward lower growth—or even contraction—amid significant inflationary pressure.

Is a widespread bout of stagflation on the horizon? And how can central banks manage the competing risks to growth, employment, and price stability?

Data as of April 2025.
Source: Bloomberg, PIMCO.
Bloomberg consensus is the average of surveyed participants on their forecasts for G10 GDP Annual (YoY%) and G10 CPI Inflation (YoY%).

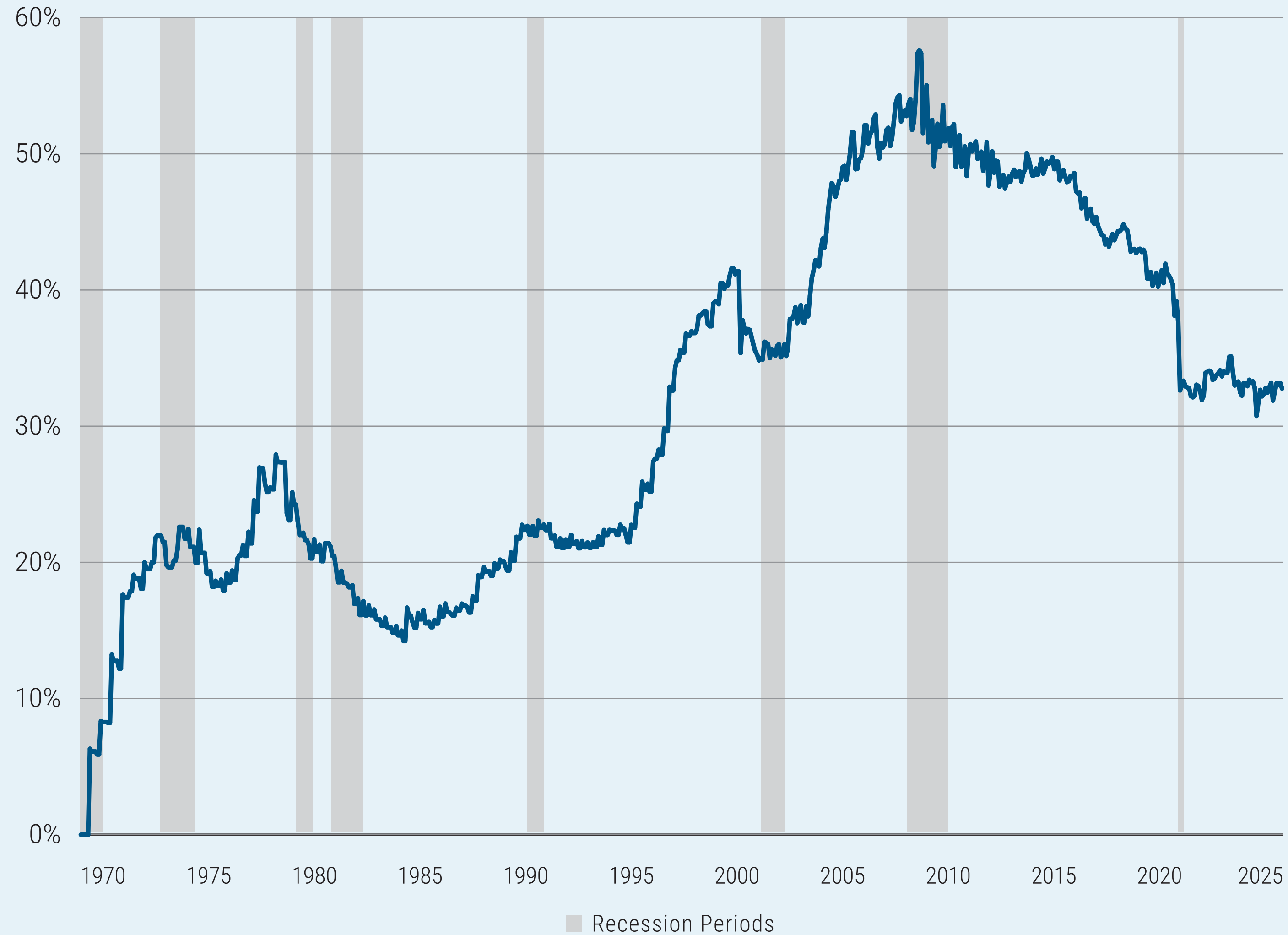


Foreign investors' share of U.S. debt could decline further

To compound stagflation concerns, U.S. Treasury issues have not been absorbed at the same pace by foreign investors since 2014.

This long-term trend could be further exacerbated by countries that face recent tariff announcements while holding large amounts of Treasuries—uncertainty could subject foreign investors to further slow or cease buying Treasuries.

Foreign Holdings of U.S. Treasury Securities as a Share of Outstanding Public Debt



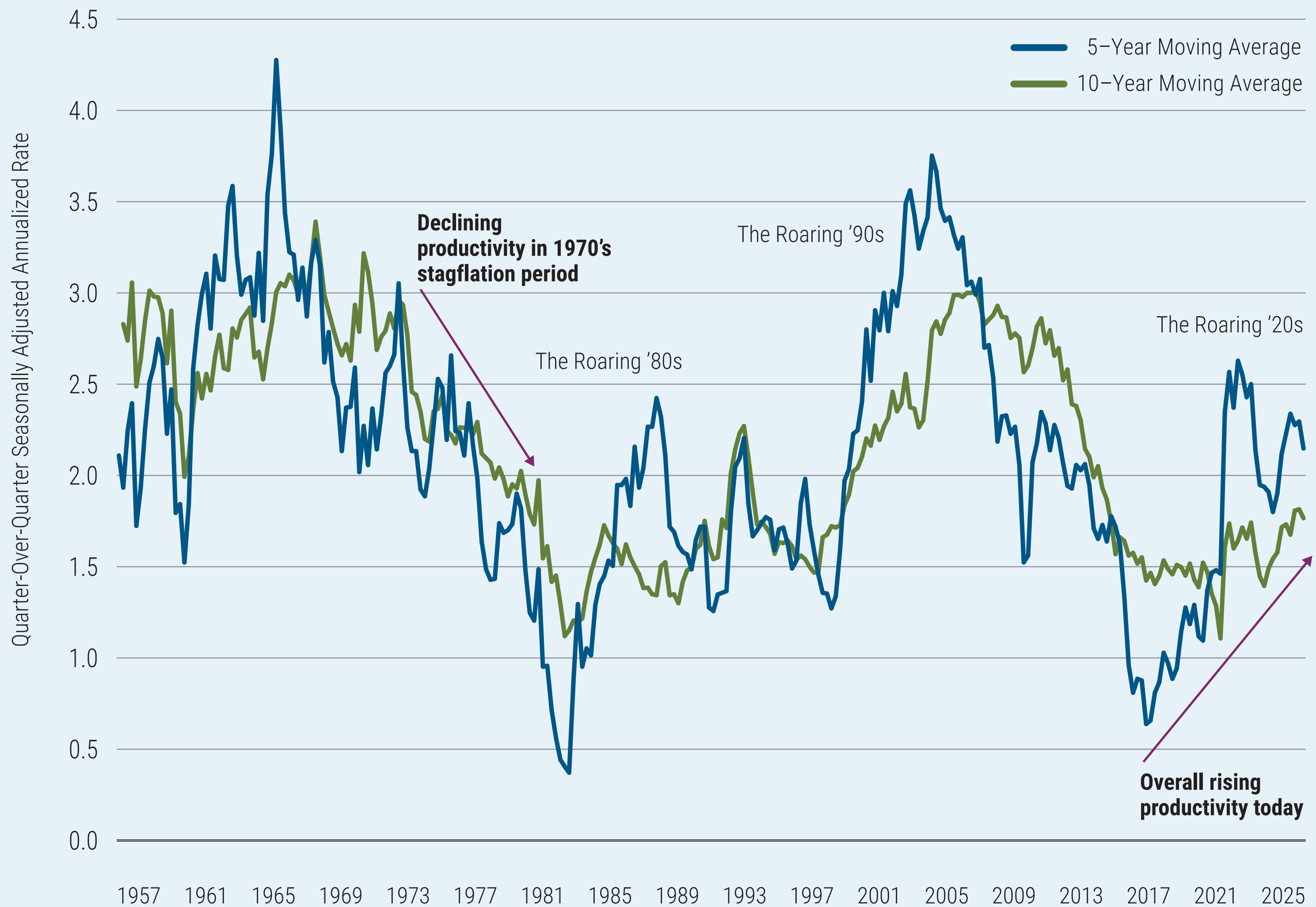
Data as of April 2025.
Source: Haver Analytics, Bloomberg, US Treasury, Federal Reserve, PIMCO.
Refer to Appendix for additional outlook and risk information

U.S. labor productivity appears resilient amid stagflationary pressure

Even so, unlike the stagflation period of the 1970s that saw a large drop in U.S. labor productivity partly attributed to the energy crisis, U.S. labor productivity has held up fairly well.

Looking ahead, productive labor markets could help balance—to some degree—the inflationary pressures and trade-related uncertainty likely to hinder U.S. economic growth and activity.

U.S. Labor Output Per Hour Growth



Data as of January 2025.
Source: Bloomberg, BLS, PIMCO.
Past performance is not a guarantee or a reliable indicator of future results

Appendix

Performance
Past performance is not a guarantee or a reliable indicator of future results

Charts
Performance results for certain charts and graphs may be limited by date ranges specified on those charts and graphs; different time periods may produce different results. Charts are provided for illustrative purposes and are not indicative of the past or future performance of any PIMCO product

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It is not possible to invest directly in an unmanaged index

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Appendix

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