Answers to Investor Questions on Market Volatility

Making Sense of the Market Outlook

**WHAT?**

**WHAT DOES THE FUTURE LOOK LIKE FOR GLOBAL ECONOMIES?**

Following the longest expansion on record, the coronavirus pandemic has plunged the global economy into what could be one of the deepest but also shortest recessions in modern times.

Given the size of support measures from governments, policy makers and central banks, and the lack of any major real economic imbalances, we expect the global economy to transition from intense near-term pain to gradual healing over the next six to 12 months. The recovery, though, will likely be uneven with major setbacks.

**WHY?**

**WHY WILL THE ENVIRONMENT TO BE DIFFERENT?**

Investors should brace themselves for a very different investment landscape in a post-COVID world. Here’s why:

- **Globalization may be dialed back** as firms try to reduce the complexity and risk of global supply chains; plus, governments may look to curb trade, travel and migration.
- **More private and public debt** could challenge central bank independence as they become increasingly involved in providing support to companies.
- **A shift in household saving behavior** may reflect rising unemployment and higher levels of personal debt and caution.

**HOW?**

**HOW CAN INVESTORS MEET THE COMING CHALLENGES?**

Even though the new market environment may present some attractive opportunities, investors should focus on their goals and risk tolerance while maintaining a long-term perspective. Patience and caution will be important tools.

Read our Cyclical Outlook - [From Hurting to Healing](#)

For more insights and advice on market volatility and investing, visit pimco.com/volatility
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