PIMCO

SECULAR OUTLOOK 2025

The Fragmentation Era

PIMCO's annual Secular Forum helps us step back from the noise of short-term market fluctuations and consider the structural forces shaping the global economy and financial markets over the next five years. This feels particularly important in 2025 as the traditional world order – in which economics shaped politics – is turned on its head.

Macroeconomic Backdrop

The Fragmentation Era explores the sharp policy shifts transforming longstanding trade, security, and economic alliances, with the effects set to reverberate for years.

New world order

U.S. dollar could weaken in a more fragmented, multipolar world but will maintain its global reserve status

Rising debt levels

Limited fiscal space amplifies economic risks, with more reliance on central banks

Persistent volatility

Rewriting of trade and security alliances can influence which countries and industries thrive or struggle

Investment Opportunities

Volatility can create diverse opportunities for active managers with deep, global resources. We believe bond yields can provide cushion across a variety of economic scenarios, and that active management is critical to identifying attractive investments across markets and maturities.

Yield advantage

Seek the yield advantage in bonds (vs. equities); high quality fixed income can help enhance income and hedge portfolios

Global diversification

Divergent inflation, growth, and trade outlooks; DM and EM offer opportunities for higher yields and diversification of portfolio risk and returns

Active opportunities

Favor medium-term bonds, capitalize on valuation gaps in public and private markets, and opportunities in asset-based finance

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

All investments contain risk and may lose value. Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed.

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Investors should consult their investment professional prior to making an investment decision. Outlook and strategies are subject to change without notice.

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