



CYCLICAL OUTLOOK OCTOBER 2025

# Tariffs, Technology, and Transition

PIMCO's quarterly Cyclical Forum gives us an opportunity to come together amid the short-term noise to discuss the structural forces shaping the global economy and financial markets over the next year. This feels especially useful at a time of sweeping change.

## Macroeconomic Backdrop

Tariffs, Technology, and Transition explores the forces driving institutional shifts, growing frictions, and the environment that will reveal enduring opportunities in the year ahead.



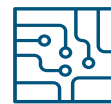
### Clashing forces

Trade frictions, the tech investment boom, and strains on institutions widen the gap between winners and losers



### Tariff effects kick in

Mounting tariff pressure and tighter fiscal space set to slow economies that benefited from earlier trade actions



### Tech investment rolls on

The AI investment boom bolsters the outlook even as global data signals weakening before targeted stimulus kicks in

## Investment Opportunities

Shifting landscapes can reveal both new and enduring 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.



### Lock in elevated yields

Starting yields support returns and income potential – especially with central banks poised to cut rates further



### Global diversification

Abundance of global fixed income opportunities can help fortify portfolios and identify sources of outperformance



### Credit continuum

Opportunities across public and private credit markets should be evaluated on differences in liquidity and economic sensitivity

**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.

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