PIMCO

SECULAR OUTLOOK JUNE 2026

Rupture and Resilience

PIMCO's Secular Outlook examines the structural forces shaping the global economy and markets over the next five years. As the world undergoes a rupture – where old assumptions on globalization, policy support, and low volatility no longer hold – investment opportunities remain abundant, anchored by the generational reset in bond yields.

Macroeconomic Backdrop

A global economic outlook for fractured alliances, fiscal strain, and massive-scale AI investment could drive divergent possibilities across countries and asset classes.

Rupture, not transition

Deepening fragmentation across economies should raise volatility, reshape supply chains and capital flows

Resilience to be tested

Domestic and foreign policies are increasingly influencing economics, widening dispersion across regions and asset classes

Fat tails – in both directions

AI is driving material capex, with potential to accelerate productivity and disinflation while broadening dispersion

Investment Opportunities

In a post-rupture world, resilient portfolios are built around liquid, high quality fixed income, an up-in-quality bias in credit, and broad global diversification. Discipline and resilience matter.

Seize the yield advantage

High quality bonds can generate compelling income, anchor portfolios, and pursue competitive risk-adjusted returns

Credit selectivity is key

The credit cycle has turned: Evaluate quality, structure, and liquidity trade-offs across the public-private continuum

Seek deliberate diversification

Active management can enhance portfolio resilience while capitalizing upon structural and idiosyncratic alpha opportunities

As of June 2026. Source: PIMCO. For Illustrative Purposes Only.

"Fatter tails" refers to a wider range of outcomes, with a higher likelihood of both positive and negative scenarios being further from the average. "Alpha" refers to active value add or outperformance, vs. benchmark.

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