

## Navigating Global Markets Now

Cut through the market noise with our expert insights on the fast-moving policies and their implications for global markets and investors.

### WHAT WE THINK:

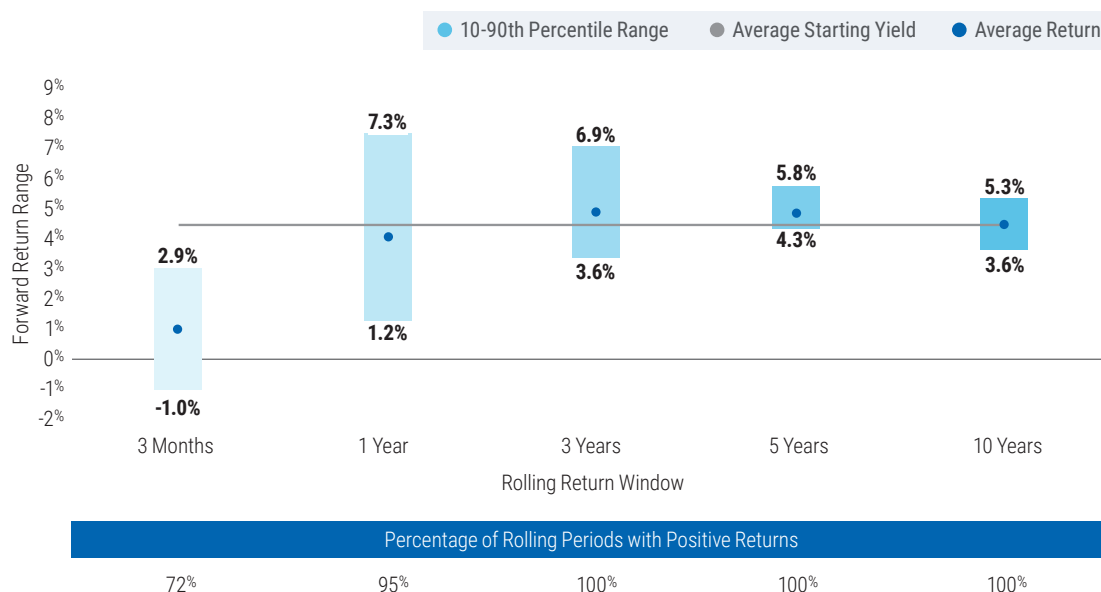
- **Short Term Inflation Pressures, Long Term Near Target:** Energy shock lifts near term inflation risks, but tighter financial conditions limit sustained pressure on inflation.
- **Resilient but Uneven Growth:** Global growth, largely supported by AI, remains resilient though recession risks have risen.
- **Policy Tug of War:** Central banks are unlikely to go along with the market's expectations; high debt levels limit fiscal capacity to offset shocks.

### WHAT IT MEANS FOR INVESTORS:

Despite the potential for near-term volatility, data suggests that current yields more consistently reward patient, long-term fixed income investors with returns near their starting yields as their time horizon grows.

## Though Short-Term Returns Can Vary, Long-Term Returns Tend to Anchor on Starting Yields

Bloomberg U.S. Aggregate Return Distribution when starting yields are between 4-5%



As of 31 March 2026; Source: Bloomberg, PIMCO.

**Past performance is not a guarantee nor a reliable indicator of future performance.**

Yield and return are shown for the Bloomberg U.S. Aggregate Bond Index since its inception. Refer to Appendix for additional index and risk information.

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

**A word about risk: 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. **High yield, lower-rated securities** involve greater risk than higher-rated securities; portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not. **Asset allocation** is the process of distributing investments among various classes of investments (e.g., stocks and bonds). It does not guarantee future results, ensure a profit or protect against loss.

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**Bloomberg U.S. Aggregate Index** represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

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