PIMCO

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:

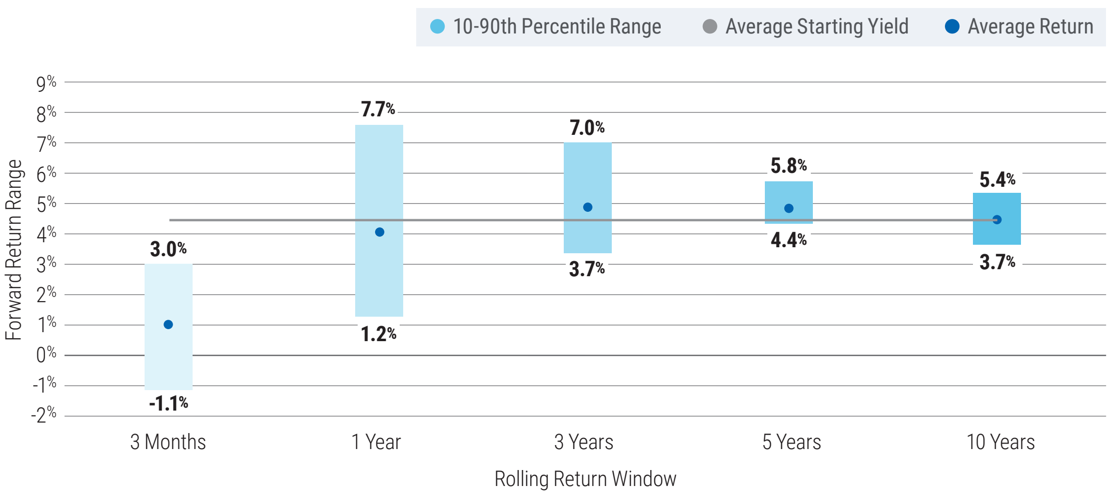
- **Tariff outlook:** Scope, scale, and longevity of U.S. tariffs hinge on reducing the trade deficit, rebalancing global trade, and other factors. Investors may see base tariff rates remain higher, alongside more aggressive tariffs on select goods or countries, even amidst new trade deals.
- **U.S. economic effects:** Risk of recession has increased as consumers, businesses and markets navigate the uncertainty. Inflation risks have returned as tariffs may increase prices.
- **The Fed's challenge:** The Fed will likely react more slowly to economic weakness but may focus on reducing rates if labor markets weaken.

WHAT IT MEANS FOR INVESTORS:

- **Longer-term rewards:** Despite short-term volatility, current yields have consistently rewarded long-term investors as income accumulates over time – see chart at right.
- **High quality focus:** Favor higher quality fixed income markets, which still offer attractive starting yields.
- **Seek stability and diversification:** Having the flexibility to take advantage of global opportunities across asset classes may be rewarded as economies and markets diverge.

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%



Percentage of Rolling Periods with Positive Returns				
71%	95%	100%	100%	100%

As of 31 March 2025; 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.

Access our latest resources and insights on tariff turbulence and what it means for your clients' portfolios on [Advisor Forum](#)

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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.

Hypothetical illustrations have many inherent limitations, some of which are described below. No representation is being made that any account will or is likely to achieve results similar to those shown. In fact there are frequently sharp differences between hypothetical results and actual results subsequently achieved by any particular trading program.

One of the limitations of hypothetical results is that they are generally prepared with the benefit of hindsight. In additional, hypothetical scenarios do not involve financial risk, and no hypothetical illustration can completely account for the impact of financial risk in actual trading. For example, the ability to withstand losses or to adhere to a particular trading program in spite of trading losses are material points which can also adversely affect actual trading results. There are numerous other factors related to the markets in general or to the implementation if any specific trading program which cannot be fully accounted for in the preparation of a hypothetical illustration and all of which can adversely affect actual results.

Statements concerning **financial market trends or portfolio strategies** are based on current market conditions, which will fluctuate. Different types of investments involve varying degrees of risk. 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 long-term, especially during periods of downturn in the market. No representation is being made that any account, product, or strategy will or is likely to achieve profits, losses, or results similar to those shown.

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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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