



MACROMATRIX

The August 2025 Playbook – Risks, Rotations, and Resilience



RCK Analytics Private Limited
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The Global Macro Landscape

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Executive Overview

Global macroeconomic conditions in August 2025 present a complex mix of slowing momentum, policy divergence, and selective resilience. While headline global growth remains positive, the pace has softened across both developed and emerging economies, reflecting the cumulative drag from tighter monetary policy, subdued credit creation, and persistent geopolitical uncertainties. The post-pandemic rebound in demand has largely run its course, leaving economies more reliant on structural drivers and targeted fiscal measures.

In the United States, the economic engine remains robust compared with peers, but there are clear signs of moderation. Consumer spending has decelerated, manufacturing sentiment has cooled, and the services sector — while still expanding — has lost some of its earlier vigor. The labor market remains tight, yet wage growth has begun to converge toward more sustainable levels, easing inflationary pressures. The euro area faces a more challenging backdrop, with uneven growth across member states and industrial activity struggling under the weight of elevated energy costs and weaker external demand.

In Asia, the divergence is stark: Japan continues to benefit from structural reforms and a favorable policy mix, while China remains mired in a slower-than-expected recovery as property sector imbalances and subdued consumer sentiment persist. Emerging markets outside Asia — particularly Latin America — are proving more resilient, supported by high real interest rates, commodity export strength, and relatively sound fiscal positions.

Financial markets are adapting to this shifting macro terrain. Equity leadership is rotating, yield curves remain deeply inverted in several advanced economies, and cross-asset correlations are adjusting as inflation volatility recedes. Against this backdrop, investors face a more nuanced landscape in which asset allocation requires balancing defensive positioning with targeted exposure to structural growth opportunities.

Macro Growth Outlook

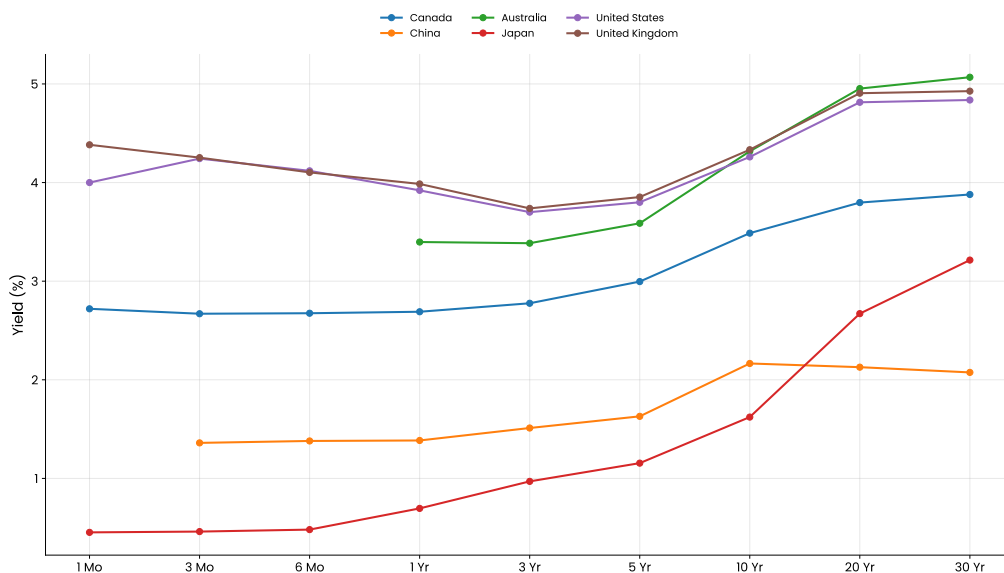
The global growth narrative in mid-2025 is shaped by three interconnected forces: (1) the lagged impact of restrictive monetary policy, (2) ongoing fiscal recalibration, and (3) a shifting trade and investment environment influenced by geopolitical alignments. Although the IMF's latest projections still peg world GDP growth for 2025 at around 2.9%, the dispersion beneath the aggregate is widening — with the U.S. and select emerging markets outperforming, while Europe and China face more pronounced headwinds.

United States: Real GDP growth in the U.S. for Q2 came in at an annualized 2.1%, a deceleration from the 2.8% pace recorded in Q1, but still comfortably above recessionary thresholds. Household consumption

growth slowed to 1.7% as the drawdown in pandemic-era savings nears exhaustion and consumer credit costs remain elevated. The ISM Manufacturing Index has held in contraction territory for seven consecutive months, signaling sustained softness in industrial output, though the ISM Services Index remains in expansion. Housing starts have stabilized, aided by a modest easing in mortgage rates from their 2024 highs, but affordability constraints continue to weigh on transaction volumes.

Labor market data suggests a gradual cooling: nonfarm payroll gains averaged 150k per month over the past quarter, down from 250k a year earlier, while the unemployment rate edged up to 4.1%. Importantly, wage growth has moderated to 3.8% y/y, aligning more closely with the Fed's inflation target over the medium term. This balance – slower growth without a collapse in employment – is consistent with the “soft landing” scenario policymakers are aiming for.

Figure 1: Yield Curves of Major Global Economies



Source: Data sourced from Yahoo! Finance as on August 24, 2025.

Eurozone: The euro area remains mired in a sluggish growth environment. Q2 GDP was flat quarter-on-quarter, with Germany and Italy contracting modestly while France and Spain posted marginal gains. Manufacturing PMIs remain deeply in contraction territory across the bloc, reflecting weak external demand and ongoing cost pressures from elevated energy prices. Services activity, which has been the mainstay of growth, has also softened, particularly in tourism-dependent economies facing lower discretionary spending from global visitors. Fiscal space is constrained by high debt loads, and the European Commission's renewed emphasis on fiscal discipline may limit the scope for counter-cyclical measures.

Asia ex-China: Japan continues to deliver above-trend growth, with Q2 GDP expanding at 1.4% y/y, underpinned by robust business investment, export strength in high-tech manufacturing, and ongoing corporate governance reforms that are attracting foreign inflows into equities. The Bank of Japan's

gradual approach to normalizing policy has kept financial conditions supportive, while the weaker yen has bolstered export competitiveness.

Elsewhere in Asia, South Korea and Taiwan are benefiting from the cyclical upturn in semiconductor demand, though domestic consumption remains tepid. India's growth, while slowing from the breakneck pace of early 2024, remains among the highest globally at 6.3% y/y, supported by public infrastructure spending and strong corporate capex.

China: China's recovery continues to underwhelm relative to expectations. Q2 GDP growth of 4.4% y/y marked only a marginal improvement from Q1, as the property sector's drag persists and export momentum falters amid weaker global demand. Fiscal stimulus has been targeted but modest in scale, and monetary easing has been cautious, reflecting concerns over capital outflows and currency stability. Consumer confidence remains subdued, as evidenced by retail sales growth of just 2.8% y/y. While the government has outlined a roadmap for technology self-sufficiency and industrial upgrading, the near-term growth trajectory is constrained.

Emerging Markets: Latin America, particularly Brazil and Mexico, continues to benefit from high real interest rates that anchor inflation expectations and support currency stability. Brazil's agricultural exports and Mexico's nearshoring tailwinds are providing structural growth drivers, even as global manufacturing demand softens. In contrast, some EM Asia economies reliant on Chinese demand — such as Thailand and Malaysia — are feeling the pinch from slower tourist arrivals and weaker commodity prices.

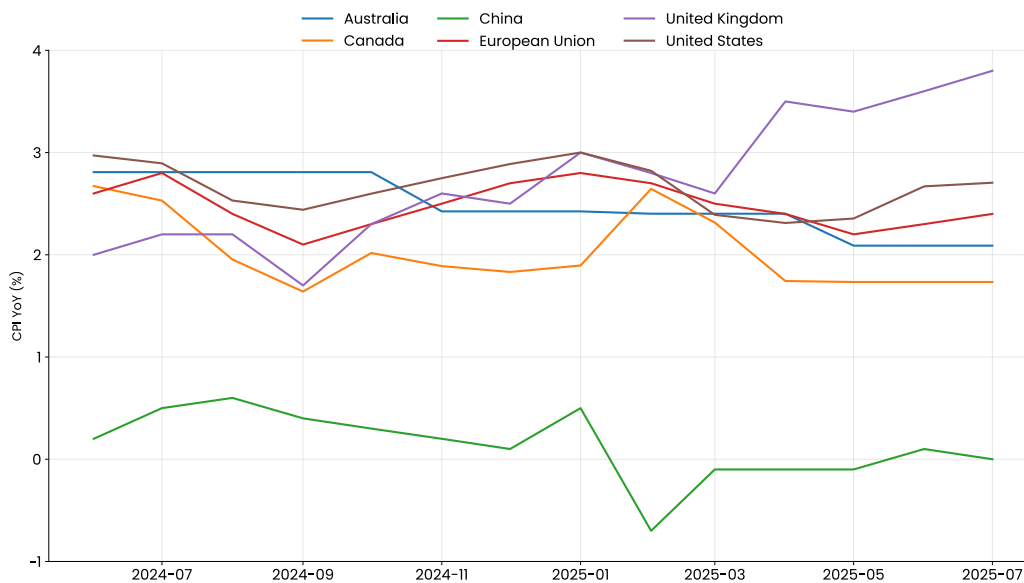
Risks, Shocks and Macro Cross-currents

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Inflation Dynamics & Central Bank Policy

Inflation trends in 2025 reflect a broad-based deceleration from the peaks of 2022–2023, but the pace and composition of the slowdown vary meaningfully across regions. The global disinflationary impulse is being driven by three key factors: (1) the fading of supply chain disruptions, (2) moderation in commodity prices, and (3) softening domestic demand. However, while headline inflation has eased, core inflation remains sticky in several economies, underscoring the challenge for central banks in declaring victory too soon.

Figure 2: Inflation in China, Canada, and Australia Seems to Cool off, While Others Continue to Rise



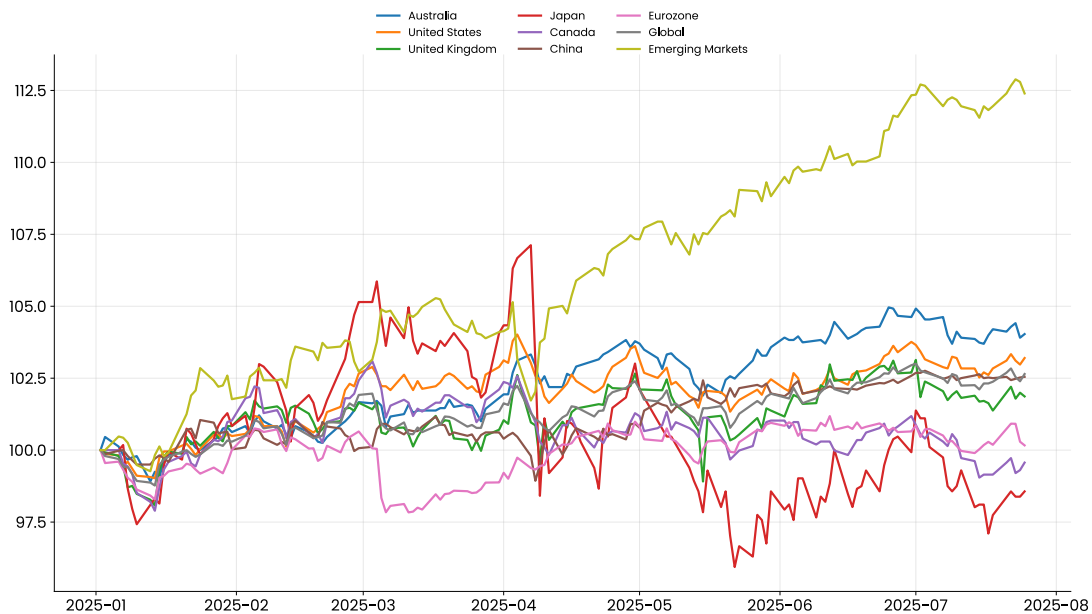
Source: Data sourced from Yahoo! Finance as on August 24, 2025. ^GSPC – S&P 500 Index (US Large Cap), DJIA – Dow Jones Industrial Average (US Industrials), ^IXIC – NASDAQ Composite Index (US Tech), ^RUT – Russell 2000 Index (US Small Cap), ^FTSE – FTSE 100 Index (UK Large Cap), ^STOXX50E – EURO STOXX 50 (Eurozone Equities), ^N225 – Nikkei 225 Index (Japan Equities), VEMAX – Vanguard Emerging Markets Stock Index Fund (Emerging Markets Equities).

In the United States, headline CPI slowed to 2.6% y/y in July from 3.4% at the start of the year, aided by declines in energy prices and a moderation in shelter costs. Core CPI stands at 3.1%, still above the Federal Reserve’s 2% target but on a steady downward trajectory. Importantly, the breadth of price increases has narrowed, suggesting that inflation pressures are becoming more sector-specific rather than economy-wide. The Fed has maintained the policy rate at 5.25–5.50% for three consecutive meetings, signaling a “data-dependent” approach, with market pricing now implying the first rate cut in early 2026 rather than late 2025.

The euro area's inflation path is similarly moderating, with headline HICP at 2.8% y/y and core at 3.2%. However, price pressures in services remain persistent, driven by elevated wage settlements in tight labor markets. The European Central Bank faces a delicate balancing act: cutting too soon risks reigniting inflation, while holding rates high for too long could exacerbate the region's already fragile growth. Current market expectations point toward the first ECB rate cut in Q2 2026, contingent on further evidence of core inflation softening.

Japan remains an outlier, with inflation persistently above the Bank of Japan's 2% target for the first sustained period in decades. July CPI printed at 2.5% y/y, supported by wage gains and pass-through effects from a weaker yen. The BOJ has begun to normalize policy gradually, widening the yield curve control band and signaling readiness for further adjustments should inflation expectations remain anchored above target.

Figure 3: Emerging Market Bonds Significantly Outshine Other Major Economies on a YTD basis



Source: Data sourced from Yahoo! Finance as on August 24, 2025. Australia – iShares Core Composite Bond ETF (GOVT.AX), United States – iShares U.S. Treasury Bond ETF (GOVT), United Kingdom – iShares UK Gilts ETF (IGL.L), Japan – Daiwa ETF-TOPIX Mid Small (2621.T), Canada – iShares Canadian Government Bond Index ETF (XGB.TO), China – VanEck China Bond ETF (CBON), Eurozone – iShares Global Government Bond EUR Hedged ETF (XGLE.L), Global – Vanguard Total World Bond ETF (BNDW), Emerging Markets – VanEck J.P. Morgan EM Local Currency Bond ETF (EMLC)

In emerging markets, inflation outcomes are increasingly differentiated. Brazil's headline inflation has eased to 3.4%, enabling the Banco Central do Brasil to cut rates for the fourth consecutive meeting, while Mexico's inflation at 4.2% has kept Banxico on hold. In Asia, India's CPI remains elevated at 5.1%, driven by food price volatility, prompting the Reserve Bank of India to maintain a restrictive stance despite strong growth.

From a policy coordination perspective, the divergence in monetary cycles is becoming more pronounced. Advanced economy central banks are largely in "pause" mode, while several EM central banks have shifted into easing cycles, taking advantage of stronger disinflation trends and stable

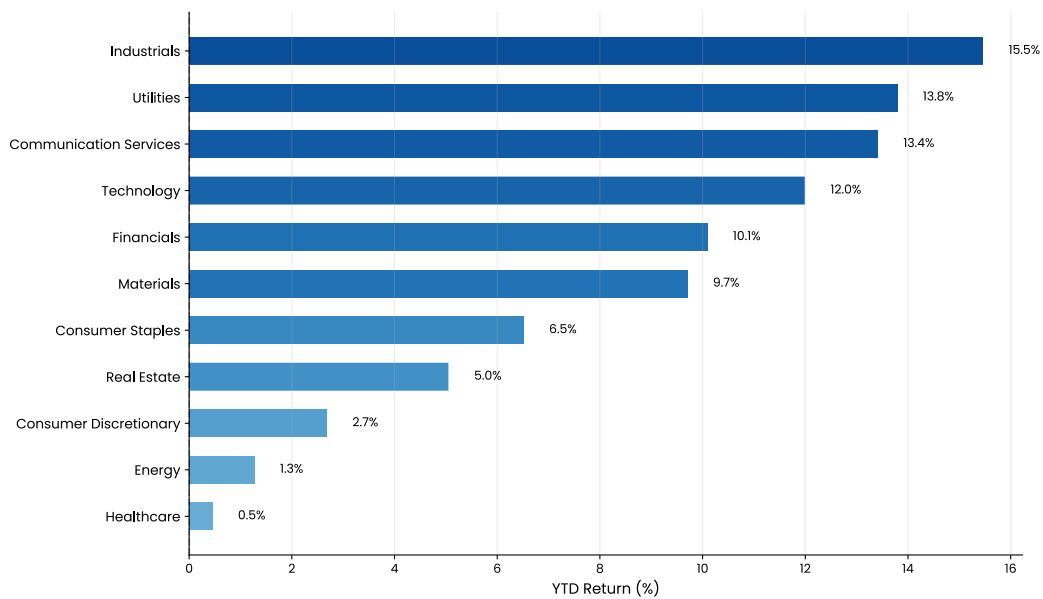
currencies. This divergence is shaping capital flows, with investors increasingly favoring high real yield EM debt over low-yield DM bonds.

Equity Market Leadership & Sectoral Trends

Global equity markets in 2025 are undergoing a rotation in leadership as macro conditions, earnings momentum, and valuation dynamics shift. The broad rally that characterized 2023–2024 — driven primarily by mega-cap technology stocks and artificial intelligence narratives — has given way to a more selective environment in which sector dispersion is widening.

In the United States, the S&P 500 is up 7.5% year-to-date, with gains increasingly concentrated in cyclicals and defensive growth names rather than the “Magnificent Seven” tech cohort that dominated prior years. Financials have outperformed on the back of stable net interest margins and a steeper yield curve, while industrials have benefited from public infrastructure spending and the manufacturing reshoring theme. Energy stocks, after lagging in 2024, have rebounded strongly amid supply-side constraints in crude oil and refined products. Conversely, the once-unassailable AI and cloud computing leaders have faced valuation headwinds as earnings growth expectations normalize.

Figure 4: All S&P 500 Sectors Registered Positive Performances, Led by Industrials and Utilities



Source: Data sourced from Yahoo! Finance as on August 24, 2025.

The euro area’s equity markets remain subdued, with the STOXX Europe 600 essentially flat year-to-date, reflecting weaker earnings revisions and lingering macro uncertainty. Defensive sectors such as healthcare and utilities have provided relative outperformance, while cyclicals like consumer discretionary and industrials have underperformed amid sluggish demand. Dividend yields remain a key support for European equities, particularly in income-oriented strategies.

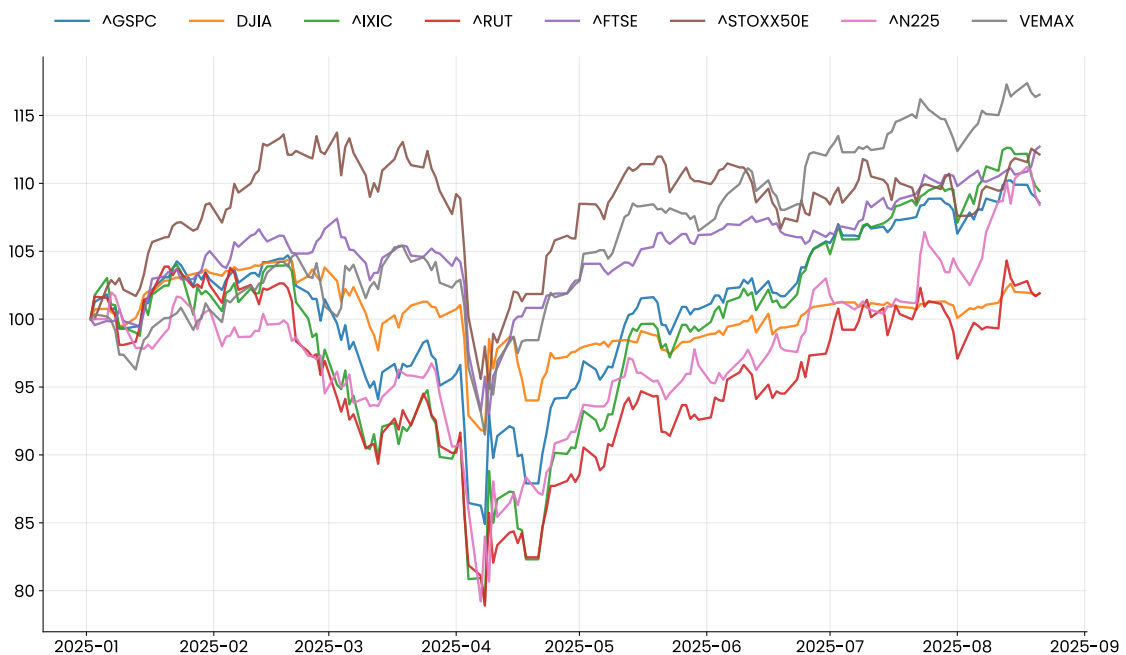
In Japan, the Nikkei 225's 12% YTD gain has been underpinned by continued foreign inflows, governance reforms, and the currency tailwind from a weaker yen. Export-oriented sectors, particularly in technology hardware and precision machinery, have led the rally, while domestic demand-driven sectors have lagged.

Emerging market equities have shown mixed performance. Latin American benchmarks, particularly Brazil's Bovespa, have gained on commodity price stability and rate-cut tailwinds, whereas Asia ex-China markets have outperformed China itself. The MSCI China Index remains in negative territory for the year, reflecting persistent concerns over property sector weakness, regulatory overhang, and subdued corporate profitability.

From a thematic perspective, three sector narratives are defining 2025:

- **Energy Transition Plays** – Renewables and clean tech remain volatile but are seeing renewed capital inflows as policy clarity improves in both the U.S. and Europe.
- **Healthcare Resilience** – Ageing demographics and biotech innovation are supporting sustained earnings growth, making healthcare a preferred defensive growth sector.
- **Industrial Renaissance** – Infrastructure stimulus, supply chain reconfiguration, and defense spending are driving multi-year order books for select industrial names.

Figure 5: Major Global Markets (YTD)



Source: Data sourced from Yahoo! Finance as on August 24, 2025. ^GSPC – S&P 500 Index (US Large Cap), DJIA – Dow Jones Industrial Average (US Industrials), ^IXIC – NASDAQ Composite Index (US Tech), ^RUT – Russell 2000 Index (US Small Cap), ^FTSE – FTSE 100 Index (UK Large Cap), ^STOXX50E – EURO STOXX 50 (Eurozone Equities), ^N225 – Nikkei 225 Index (Japan Equities).

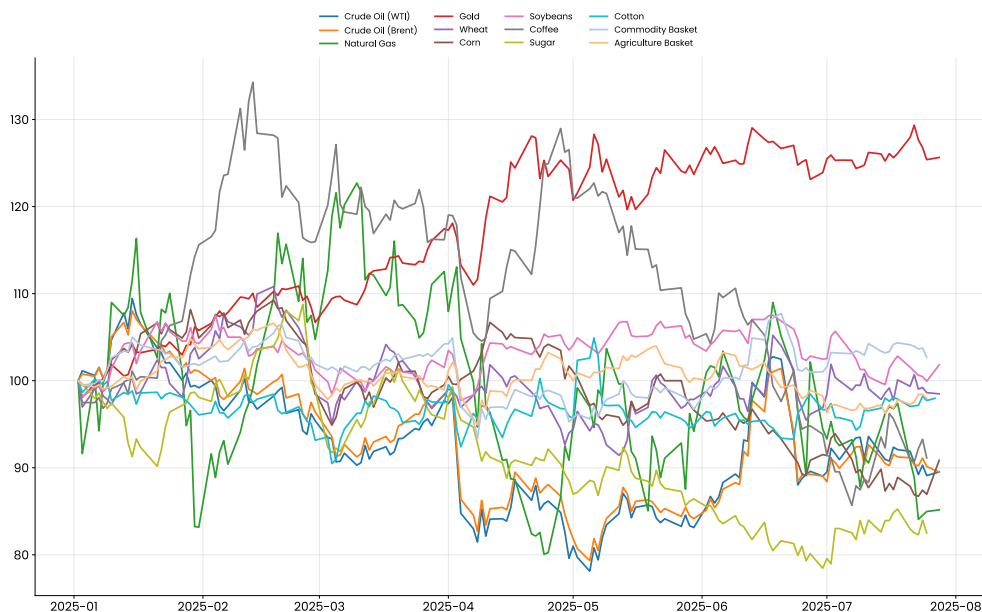
Commodities & Currency Markets

The commodities complex in 2025 is shaped by a confluence of macroeconomic moderation, supply-side disruptions, and policy shifts tied to the energy transition. The Bloomberg Commodity Index is down 3.2% year-to-date, masking stark divergences across sub-sectors.

Energy remains the most geopolitically sensitive segment. Brent crude prices, which started the year near \$82 per barrel, briefly spiked above \$95 in late Q2 following supply outages in the Middle East and hurricane-related disruptions in the U.S. Gulf Coast. However, prices have since moderated to around \$88 as demand growth in China underwhelmed and OPEC+ signaled willingness to ease production cuts if market tightness persists. The oil futures curve has flattened, suggesting the market is moving away from a deep backwardation structure toward a more balanced near-term supply-demand outlook. Natural gas markets remain volatile, with European TTF prices holding in a \$25–30/MWh range due to storage levels running above five-year averages, despite reduced Russian pipeline flows.

Metals present a mixed picture. Copper prices, often seen as a proxy for industrial momentum, have been resilient, trading around \$4.10/lb. on expectations of renewed infrastructure stimulus in China and supply disruptions in Chile. Aluminum has underperformed on weaker construction demand, while nickel and cobalt – key inputs for EV batteries – have faced pricing pressure from oversupply in Indonesia. Gold, by contrast, continues to attract safe-haven flows, trading near \$2,150/oz as real yields stabilize and central bank purchases remain elevated, particularly from EM central banks diversifying away from the U.S. dollar.

Figure 6: Gold Continues its Rally Amid Other Commodities Dropping



Source: Data sourced from Yahoo! Finance as on August 24, 2025. Crude Oil (WTI) – NYMEX WTI Crude Oil Futures (CL=F), Crude Oil (Brent) – ICE Brent Crude Oil Futures (BZ=F), Natural Gas – NYMEX Natural Gas Futures (NG=F), Gold – COMEX Gold Futures (GC=F), Wheat – CBOT, Wheat Futures (ZW=F), Corn – CBOT Corn Futures (ZC=F), Soybeans – CBOT Soybean Futures (ZS=F), Coffee – ICE Coffee C Futures (KC=F), Sugar – ICE Sugar No.11 Futures (SB=F), Cotton – ICE Cotton No.2 Futures (CT=F), Commodity Basket – Invesco DB Commodity Index Tracking Fund (DBC), Agriculture Basket – Invesco DB Agriculture Fund (DBA).

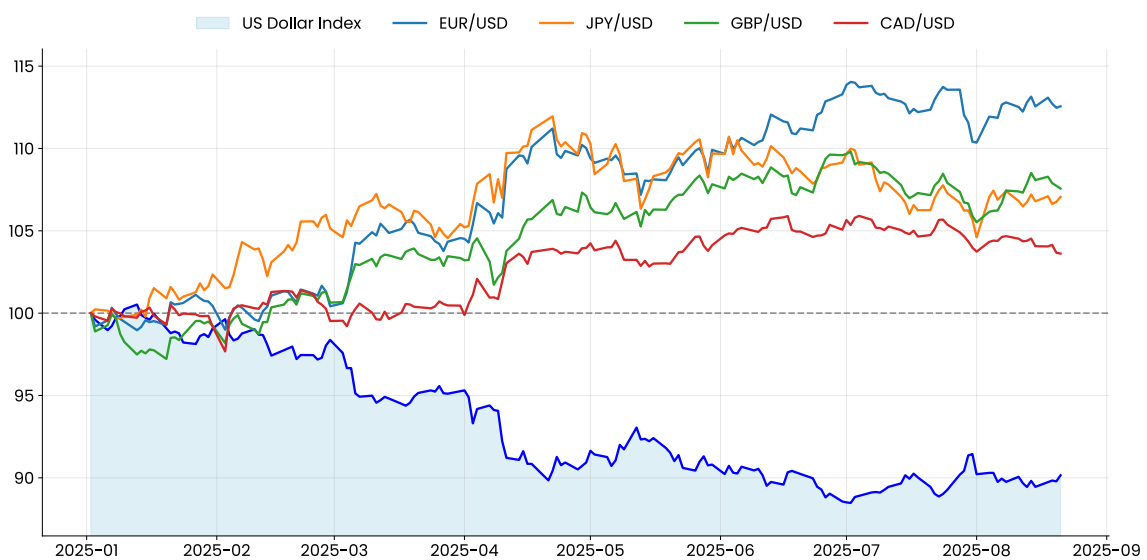
Agricultural commodities have moved lower in aggregate as strong harvests in the U.S. and Brazil offset weather-related risks in parts of Asia. Wheat prices are down 14% YTD, while soybeans have declined 9%, easing pressure on food inflation in many emerging markets. However, the climate-sensitive nature of this segment means risks remain asymmetrically skewed toward price spikes in the event of extreme weather events or export restrictions.

Turning to foreign exchange markets, the U.S. dollar's broad performance has been characterized by stability against major DM currencies but renewed strength against a number of EM currencies. The DXY index is up 2.1% YTD, supported by resilient U.S. growth data and interest rate differentials that continue to favor the greenback. The euro has traded in a tight \$1.07–\$1.10 range, with ECB policy expectations anchoring volatility, while the Japanese yen has weakened past ¥155 per dollar as yield differentials remain wide despite gradual BOJ policy normalization.

In EM FX, the Brazilian real has appreciated modestly, supported by high real rates and improved fiscal outlook, whereas the South African rand has weakened on power supply constraints and weaker commodity export volumes. In Asia, the Indian rupee has remained remarkably stable, with RBI intervention smoothing volatility, while the Chinese yuan has faced moderate depreciation pressure as capital outflows persist.

The interplay between commodity markets and FX has become increasingly important for portfolio allocation. Commodity exporters with high real yields, such as Brazil and Mexico, are attracting inflows into local bonds, while import-dependent EMs are facing external account pressure. This bifurcation underscores the need for differentiated EM exposure rather than broad-brush positioning.

Figure 7: Major Global Currencies Continue to Appreciate Against the U.S. Dollar



Source: Data sourced from Yahoo! Finance as on August 24, 2025.

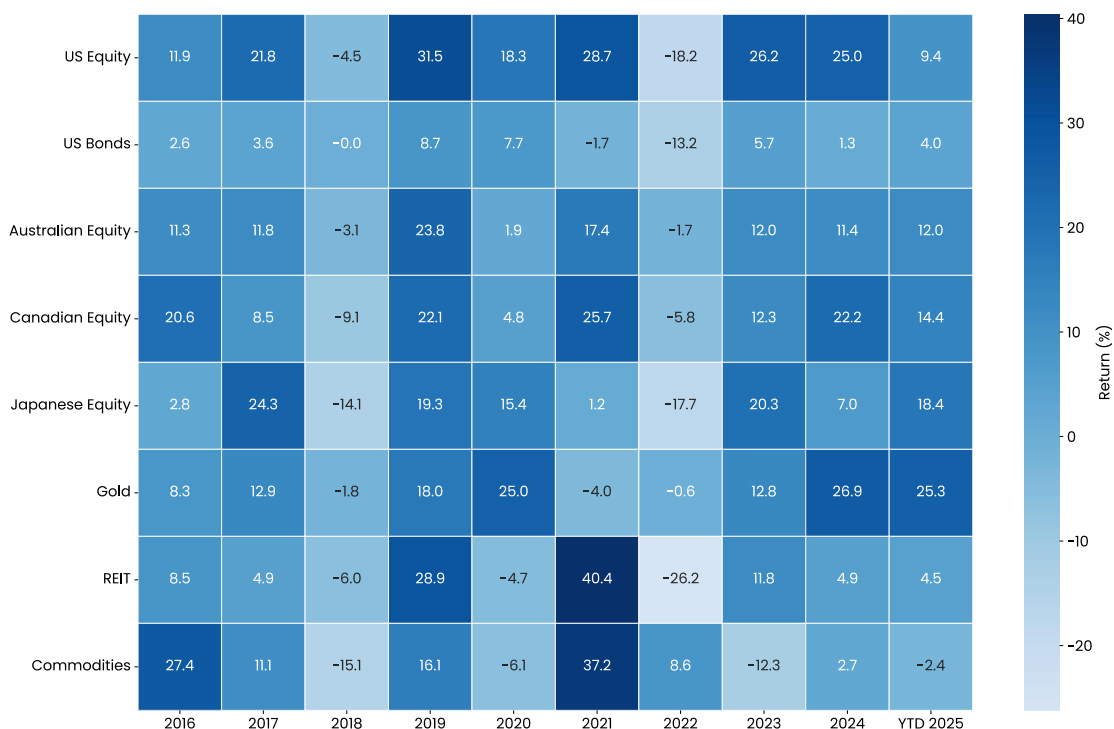
Fixed Income & Credit Conditions

Global fixed income markets in 2025 are navigating a late-cycle environment marked by policy rate peaks, moderating inflation, and diverging monetary policy paths. The shape of yield curves, credit spreads, and issuance trends reflect investors' balancing act between capturing carry and avoiding duration risk in the face of uncertain growth trajectories.

Government bond markets in advanced economies have seen notable curve steepening in recent months, driven primarily by front-end stability and modest increases in long-end yields. In the U.S., the 2s10s Treasury spread has moved from -45 bps in January to near +5 bps by August, signaling a partial unwinding of the deep inversion that characterized 2023-2024. This steepening has been underpinned by reduced recession fears, continued Treasury supply pressure from fiscal deficits, and investors' preference for locking in longer yields before eventual policy easing.

The euro area has witnessed a similar steepening, though less pronounced, as Bund yields at the 10-year tenor hover around 2.55% while short-end rates remain anchored near 3.75%. The UK gilt curve has steepened more sharply on the back of faster-than-expected disinflation, prompting markets to price earlier Bank of England cuts. In Japan, the JGB curve has shifted higher in parallel as the BOJ gradually increases the flexibility of its yield curve control regime, allowing 10-year yields to rise toward 1.25%.

Figure 8: Global Asset Class Performance



Source: Data sourced from Yahoo! Finance as on August 24, 2025. US Equity – Vanguard 500 Index Fund (VFIAX), US Bonds – Vanguard Total Bond Market Index Fund (VBTLX), Australian Equity – Vanguard Australian Shares Index ETF (VAS.AX), Canadian Equity – Vanguard FTSE Canada All Cap Index ETF (VCN.TO), Japanese Equity – iShares MSCI Japan ETF (EWJ), Gold – iShares Gold Trust (IAU), REIT – Vanguard Real Estate Index Fund (VGSLX), Commodities – S&P-GSCI Commodity Index Future (GD=F).

Credit markets remain well-supported, with global investment grade (IG) spreads hovering near cycle tights of 115 bps over Treasuries. High-yield (HY) spreads are wider at 400 bps but remain far below levels that would signal distress. Strong corporate balance sheets, high cash buffers, and disciplined capital expenditure have underpinned credit quality, while default rates have stayed contained at around 2.2% in the U.S. and 1.5% in Europe.

Issuance patterns have shifted toward longer maturities as companies take advantage of relatively low long-term yields before anticipated central bank cuts. In the U.S., IG issuance is up 8% YTD, with a notable increase in green and sustainability-linked bonds. In the leveraged finance space, loan issuance has been more subdued, reflecting tighter bank lending standards and the preference of issuers for bond markets over bank loans.

Emerging market debt has benefited from the yield differential theme. Hard currency EM bonds have tightened to around 310 bps over Treasuries, while local currency bonds are attracting inflows thanks to double-digit nominal yields and declining inflation. Latin America remains the standout, particularly Brazil, Colombia, and Mexico, while frontier markets remain more volatile due to political risk and lower liquidity.

Liquidity conditions in credit markets have improved compared to the stress episodes of 2022–2023, aided by the absence of major idiosyncratic shocks. However, market depth is still lower than pre-pandemic norms, meaning that periods of volatility can still lead to disproportionate spread widening.

From a strategy perspective, the fixed income backdrop favors a barbell approach — combining front-end carry trades with selective long-duration exposure — alongside tactical credit risk-taking in BB-rated HY and crossover IG names. The steepening trend, if sustained, may also revive interest in curve trades and relative-value positioning across geographies.

Strategic Implications and Market Positioning

3

Macro Risks & Forward Outlook

Despite the improving macro balance, the global economy is entering a phase where risks are more asymmetric and policy responses more constrained. The tailwinds from post-pandemic reopening, fiscal stimulus, and aggressive inventory restocking have largely faded, leaving economies more exposed to shocks.

Inflation persistence remains a key risk. While headline CPI in major economies has moderated — the U.S. down to 2.6%, euro area at 2.3%, and UK at 2.8% — core services inflation is proving sticky, largely due to wage dynamics in tight labor markets. In the U.S., wage growth is still running near 4.4% YoY, well above the level consistent with a 2% inflation target. In Europe, strong collective bargaining agreements and elevated energy pass-through effects mean the disinflation path could be bumpier than markets expect. A resurgence in energy prices, particularly if geopolitical risks flare in the Middle East or Eastern Europe, could quickly feed into inflation expectations and delay monetary easing.

Geopolitical fragmentation continues to shape trade flows and investment decisions. The U.S.–China relationship remains strained despite recent diplomatic exchanges, with tariffs and investment restrictions still in place. Supply chain “de-risking” is leading to a slow but steady reconfiguration of global manufacturing hubs toward Southeast Asia, India, and Mexico. While this improves resilience, it also carries cost implications in the near term. The ongoing Russia–Ukraine war continues to disrupt grain exports and maintain elevated risk premia in certain commodity markets. Meanwhile, political transitions in several large economies — including the U.S., UK, and India — introduce policy uncertainty, particularly around fiscal discipline and trade policy.

Financial stability risks have shifted from the banking sector toward the shadow finance universe. Private credit markets have expanded rapidly in the past three years, with AUM now exceeding \$1.8 trillion globally. While these vehicles have filled a gap left by deleveraging banks, they operate with lower transparency and face potential refinancing pressures if credit spreads widen sharply. Similarly, leveraged ETFs and concentrated positions in AI-related equities could amplify volatility in the event of a sharp risk-off episode.

On the emerging market front, external vulnerabilities remain concentrated in frontier economies with high debt burdens and limited reserve buffers. The IMF’s latest Global Financial Stability Report flagged that over 40% of low-income countries are at high risk of debt distress. A stronger U.S. dollar and tighter global liquidity could trigger renewed capital outflows from these markets.

Looking ahead to the next 12 months, the base case remains one of slow but positive global growth (~3.0%), with inflation converging toward central bank targets and monetary policy gradually normalizing. However, this outlook is highly sensitive to three swing factors:

- The pace and magnitude of central bank cuts — too slow could dampen growth, too fast could reignite inflation.
- Energy price shocks — driven by supply disruptions or demand surprises.
- Policy credibility — particularly fiscal discipline in high-debt advanced economies like the U.S., Japan, and Italy.

In this environment, asset allocation strategies will need to be flexible, risk-aware, and regionally differentiated.

Strategic Takeaways

From a portfolio construction perspective, the macro landscape argues for balance rather than concentrated bets. The interplay of moderating inflation, peak policy rates, and selective growth resilience suggests that neither a full-risk-on nor a fully defensive stance is optimal.

In equities, the tilt remains toward quality — companies with strong pricing power, healthy free cash flows, and low refinancing needs. In the U.S., the earnings outlook for 2025 points to mid-single-digit EPS growth, led by technology, healthcare, and industrial automation. However, valuations are stretched in the AI-exposed mega caps, making selective trimming prudent. Europe offers a value tilt, with financials and select industrials benefiting from a steeper yield curve. In Asia, India and ASEAN markets stand out for structural growth, while China remains a tactical rather than strategic overweight until policy clarity improves.

In fixed income, the steepening of yield curves opens opportunities for barbell strategies — combining front-end carry trades (to benefit from still-elevated policy rates) with selective long-duration exposure in sovereigns where cuts are priced but not yet delivered. Credit remains attractive, particularly in the BB and crossover IG space, but selectivity is critical given idiosyncratic risks. EM local bonds in high real-yield markets such as Brazil, Mexico, and Indonesia remain a compelling source of both carry and diversification.

In commodities, the case for strategic allocation to gold is underpinned by persistent geopolitical risk and ongoing central bank diversification away from the U.S. dollar. Energy exposure should be managed tactically, given the binary nature of supply disruptions. Industrial metals may see support from infrastructure and clean energy investment, but oversupply risks in certain battery metals warrant caution.

In currencies, the dollar is likely to remain supported in the short term by growth and rate differentials, but a gradual depreciation bias could emerge in 2026 as the Fed moves deeper into its easing cycle. Selective EM FX exposure — favoring high-yielders with strong external accounts — can add alpha.

The overarching strategic theme is that macro dispersion — across regions, asset classes, and sectors — will remain high. This favors active management, factor diversification, and nimble tactical shifts. Passive beta exposure to “global growth” will likely underperform more targeted allocations that exploit these divergences.

Finally, investors should build resilience into portfolios — not just through asset class diversification, but also by integrating scenario planning for tail risks. This means stress-testing for higher-for-longer inflation, geopolitical escalation, and liquidity shocks. In an era where structural shifts (energy transition, demographic changes, technological acceleration) are overlaying cyclical dynamics, adaptability is the most valuable portfolio trait.



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