MAY 2026

Macro Pulse

Pricing past the blockade

Geopolitical risk has added complexity to the macro backdrop, but markets are increasingly looking through the Iran conflict, with many global equity markets at or near all-time highs. While the U.S.–Iran ceasefire remains in place, traffic through the Strait of Hormuz is still constrained, and the longer disruptions persist, the harder it will be to ignore the underlying economic effects. The challenge is less about isolated risks to growth or inflation, and more about how sustained pressure on energy, trade and confidence could complicate the policy response.

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New York Life Investment Management

Our view remains that supportive policy and liquidity conditions should continue to underpin markets and investment conditions, but the path forward is likely to be less linear, more volatile, and more headline-driven than it appeared at the start of the year.

	Our view	How to invest
Equity	• Markets have shifted from early risk-on to a geopolitically driven risk-off phase and back toward risk-on; higher oil prices may delay additional policy easing. • Opportunities for diversification in U.S. large-cap value, high-quality small caps, and short-duration credit. • AI is likely to remain a key equity market driver, with sustained profitability, especially in tech. • U.S. assets may strengthen amid geopolitical risks and oil shocks, supporting continued outperformance alongside balanced ex-U.S. exposure.	• Maintain full allocation to U.S. large-cap equities, prioritizing earnings quality. • Keep U.S. small-cap and ex-U.S. developed exposure neutral, focusing on quality and AI/policy tailwinds. • Diversify new equity allocations into materials and AI-linked infrastructure, along with high-quality small caps.
Fixed income	• The U.S. credit cycle is maturing; overall quality remains robust, though lower-quality segments (e.g., CCCs and parts of private credit) appear more vulnerable. • Higher yields and wider spreads have improved income potential and provide a cushion against uncertainty. • Economic resilience supports credit fundamentals, though some areas warrant greater selectivity. • A "buy and hold" short-duration corporate credit approach can help maximize quality benefits while reducing rate sensitivity.	• Keep IG/HY/muni credit duration shorter to manage rate volatility and credit risk. • Balance short-duration exposure with longer-duration infrastructure debt, leaning into steeper municipal curves. • Maintain an underweight to floating-rate bank loans.
Private markets	• Allocations continue to grow, increasing competition for high-quality assets, particularly in large deals; selectivity remains key. • Deal activity has improved, but macro uncertainty and credit stress may temper opportunities.	Use resilient mid-market private credit and equity for qualified investor portfolios.
Alternatives	• Commodities and gold have historically diversified portfolios during inflation surges; recent geopolitical events reinforce this role. • Inflation may remain elevated due to tariffs, oil, supply chain shifts, and AI-related infrastructure spending. • Geopolitical shocks are becoming more frequent, influencing even traditional "safe haven" U.S. assets.	Hedge inflation and geopolitical risk with gold and commodities, considering a ~5–20% allocation sourced from equities.

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Macro Pulse

Iran conflict: Drivers hold, while disruptors rise

Investment Management

Base case holds, but the path is less linear, more volatile, and more headline-driven

Supportive policy and liquidity continue to underpin markets, with markets increasingly looking through geopolitical risk, but sustained pressure on energy, trade, and confidence is complicating the outlook.

Supports remain in place

- **Supportive, on hold longer** — Biased towards easing if growth softens
- **Pro-growth fiscal policy** — Backs growth and demand
- **AI capex cycle** — Earnings and market leadership

VS.

Risks are rising

- **Conflict with Iran** — Raises risk of sustained energy and shipping disruption
- **Credit stress** — Maturing cycle; quality concerns building
- **Narrow leadership** — AI gains concentrated; sentiment risk

Key risks

- Sustained oil shock (duration)
- Tighter financial conditions
- Reversal in narrow leadership

Oil drives the outcome

The duration of oil prices will determine how the shock feeds through the economy.

- **Moderate Oil increases** → Inflation pressure slower growth
- **Sustained Oil increases** → Stagflation risk higher downside

Duration matters more than the initial move.

Global impacts are diverging

U.S.	Europe	Japan	China
Resilient Stagflation risk	Energy exposure Weaker growth	Energy exposure FX pressure	Buffers near-term Downside if prolonged

Global Market Strategy

At New York Life Investment Management

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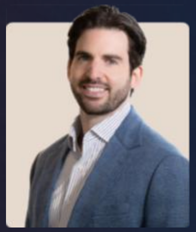

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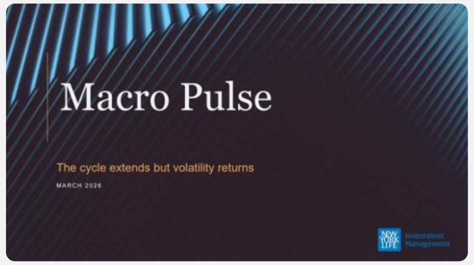
Insights and content offerings

Public-approved resources

MACRO PULSE: *Economic & market commentary, high conviction ideas*

In an ever-changing landscape, understanding the trajectory of macrotrends and economic forecasts is critical to making informed investment decisions.



Comprehensive outlook
(& quarterly webinars)

Weekly market update

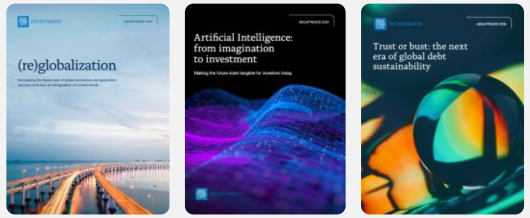
From the desk...
(timely response to market movement)

Weekly podcast &
bi-weekly video series

THOUGHT LEADERSHIP: *Thematic reports, portfolio construction, etc.*

Megatrends

- Trust or Bust: The Next Era of Global Debt Sustainability
- Artificial intelligence: From imagination to investment
- (re)globalization



Politics and geopolitics

- Geopolitical risk in a shifting world order
- Swan Lake: The risks that would most disrupt consensus in 2026

Private markets

- Global market outlook

Investment Management

Important disclosures

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions. The precious metals market can be significantly affected by international monetary and political developments such as currency devaluations or revaluations, central bank movements, economic and social conditions within a country, trade imbalances, or trade or currency restrictions between countries. Fluctuations in the price of precious metals often dramatically affect the profitability of companies in the precious metals sector. The precious metals market is extremely volatile, and investing directly in physical precious metals may not be appropriate for most investors.

Prospective investors should be aware that investments in private funds or alternative investment strategies are suitable only qualified investors who do not require liquidity and who can bear the economic risk, including the potential for a complete loss, of their investment. A Qualified Investor, also known as an accredited investor, is an individual or entity that is legally permitted to invest in hedge funds, venture capital funds, private equity offerings, and other private placements. This qualification is typically based on the investor's income and net worth.

All investments are subject to market risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market. Active management typically involves higher fees than passive management.

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