2027 Outlook

Macro Pulse

The sweet spot vs. the swing factors

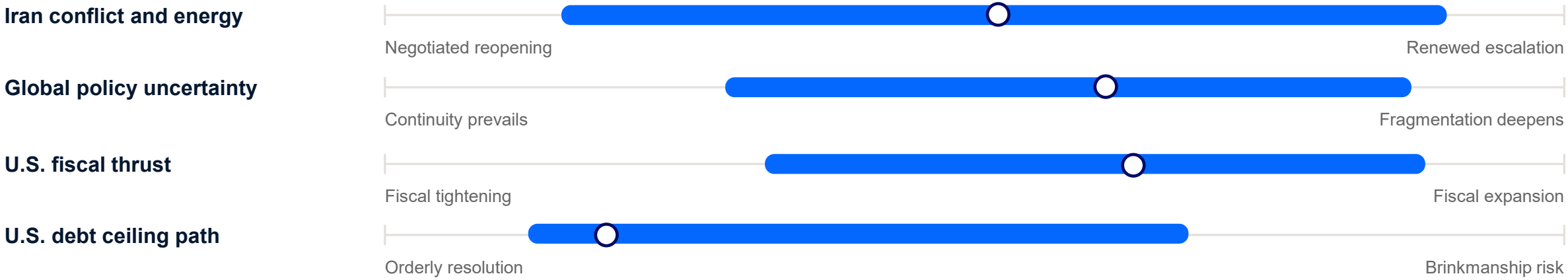


Each bar shows the span of outcomes we consider plausible for 2027. The marker is our current central case. The end labels are the tails – outcomes we would not rule out, but do not expect.

Anchors – high conviction, narrow range



Swing factors – wide range, outcome-dependent



NEW YORK LIFE Investment Management

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Our outlook for 2027 is constructive, with markets in a “sweet spot” characterized by resilient economic growth and interest rates that, while restrictive, have yet to materially weigh on corporate earnings. While market performance has been strong, the range of potential outcomes is wide amid ongoing uncertainty surrounding the Iran conflict, global elections, and central bank policy. **We believe investors should use this period to build resilience, favoring quality, shorter-duration credit, and diversifiers while maintaining exposure to U.S. market leadership.**

Asset class	GMS portfolio construction views
Equity	• **Modestly overweight U.S. large cap equities**, favoring companies with strong earnings quality. We expect AI-related companies with strong free cash flow to merit premium valuations; we are wary of hyperscalers with investment consistently pressuring free cash flow. • **Neutral U.S. small cap**, favoring companies with strong profitability. • **Neutral ex-U.S. developed equities**: overweight Japan due to ROI-improving reforms; underweight Europe due to election uncertainty. • **For new equity exposure**, favor materials, digital infrastructure, and high-quality small caps.
Fixed income	• **Cautious on core bonds**; volatility in long rates creates buying opportunities for duration above a ~4.7% 10Y Treasury yield. • Keeping **credit exposure (IG / HY) shorter maturity** to manage rate volatility and credit risk. Balancing short duration credit exposure with **longer duration in infrastructure debt**, leaning into the steeper municipal curves. • **Upgrading exposure to floating rate** bank loans, biasing toward the highest-quality as rising rates pair with a still-resilient macro backdrop.
Alternatives	• Considering gold and commodities as potential diversifiers during periods of inflation and geopolitical uncertainty. **Considering gold/precious metals/industrial metals** as a 5-20% satellite sourced from equity. • Liquid real estate less favored in an elevated rate environment.
Private assets	• For qualified investors, favor lower middle market opportunities across private equity and private credit, where we see greater resilience.

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For the full outlook visit: nylim.com/global-markets/macro-pulse

Important disclosures

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