

## Macro Pulse for April 6

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- The March jobs report, delivering 178k payrolls, exceeded both consensus expectations of 65k and job losses of 133k in February. Resilient job creation may ease market concerns of near-term stagflationary dynamics amid higher oil prices, but also may solidify consensus expectations for no Fed cuts in 2026. We take a more balanced approach to Fed expectations, mindful that inflationary pressures may eat into corporate profits and consumer demand: 1-2 Fed cuts are still possible, but likely delayed.
- Inflation data for March, to be released this week, is likely to include the initial impact of the Iran conflict. Energy has been an overt drag on CPI for over 3 years; even without considering secondary effects of energy costs on other goods and services, higher gas prices have the potential to drag headline price growth into an upward trend over the coming months.

## Macro Pulse: macro spillovers from the Strait

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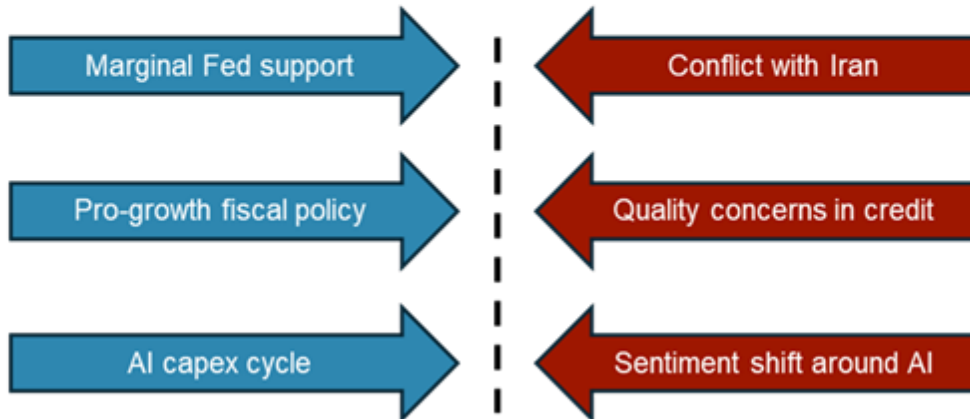
The U.S. economy and markets entered 2026 with a fair bit of momentum. This constructive backdrop has not disappeared, but it has become harder to sustain.

The Fed remains data dependent, while the conflict with Iran has reopened macro risks around higher oil prices. At the same time, select pockets of stress in private credit and narrow AI-led leadership have made markets more sensitive to shifts in sentiment and liquidity. The year that started with consensus optimism is now better described as a tug of war between the drivers still supporting growth and a growing list of disruptors. **Our Macro Pulse for April ([available here](#)) focuses on how these disruptors, namely the Iran conflict, filter into our base case and influence our expectations for global policy dynamics, as well as both corporate and consumer health.**

In our view, the appropriate response is diversification: not making one big bet on how these risks unfold but building portfolios that can absorb a wider range of outcomes.

### Drivers are still in place, but disruptors are becoming harder to ignore

*Our base case remains constructive, but less comfortable. The same **drivers** that are still supporting growth and markets are also being challenged by a wider set of macro and market risks. The key question is not whether support has disappeared, but whether the **disruptors** become strong enough to overwhelm it.*



Source: New York Life Investment Management, Global Market Strategy, April 2026.

#### Drivers of the base case outlook

- **Continued support from the Federal Reserve**
  - The Fed is still a cushion, just no longer a clean easing story. We believe the Fed will still lean supportive if growth weakens, even if higher oil prices and renewed inflation risk make policymakers less comfortable delivering cuts quickly. Importantly, even while on hold, the Fed is in modestly dovish territory as it reinvests proceeds into short-term Treasuries, providing a modest liquidity drip.
- **Additional fiscal support ahead of the midterm elections**
  - We went into the year expecting fiscal policy to lean pro-growth: large deficits, the impact of the One Big Beautiful Bill filtering through the economy, and the political incentive to avoid a sharp slowdown heading into the midterms contributed to this view. The Iran conflict now raises the possibility of additional defense spending and even fiscal outlays to smooth the impact of higher oil prices on consumers, altering the nature of a pro-growth fiscal stance.
- **The AI race's impact on growth and investment**
  - AI remains one of the clearest sources of corporate investment; tech firms remain the greatest hub of profitability within global equity markets. The buildout in data centers, chips, power, and related infrastructure is still moving ahead, which should continue to support capital spending and earnings even as investors become more demanding in how quickly these capabilities are monetized.

#### Disruptors to the base case



- **The U.S. conflict with Iran**
  - The key market risk of this conflict is its duration. **With the length of conflict highly uncertain, for the time being we have baked in a temporary, not protracted, shock to energy prices into our global macro base case.** The Strait of Hormuz remains one of the world’s most important energy chokepoints, carrying roughly one-fifth of global petroleum liquids consumption and LNG trade. The longer the conflict keeps energy prices elevated, the greater the risk that this geopolitical shock becomes a broader inflation and growth problem, especially for economies that are more exposed to imported energy.
- **Signs of a maturing credit cycle are clear**
  - Recent pockets of stress have renewed investor scrutiny of where we are in the credit cycle. High profile bankruptcies, rapid valuation adjustments, high redemption activity at select BDCs, and a gradual increase in defaults have heightened scrutiny around credit risk. We do not view recent developments as indicative of an imminent systemic credit event. But as liquidity tailwinds fade and the credit cycle extends, we continue to advocate for selectivity and strong underwriting as performance dispersion is likely to rise.
- **Sentiment shift around AI**
  - Recent market action has shown how quickly weakness in large cap tech can weigh on broader indices when sentiment shifts. Agentic AI capabilities have driven some of this sentiment shift, pulling forward the timeline for concerns around AI-led disintermediation, including in software. We believe it is premature for the market to determine “winners and losers” in how AI is applied, and remain focused on how large cap tech’s strong profitability continues to enable ongoing physical investment.

### Portfolio strategy

Our base case remains constructive, even as material risks shift rapidly. In equities, we remain fully invested, including in large cap equities. For new equity deployments, valuations look meaningfully more attractive across more sectors than at the start of the year, opening consideration for entry points. We would favor areas that can still benefit from policy and AI tailwinds, including digital infrastructure and high-quality small caps.

In fixed income and alternatives, the message is income, selectivity, and diversification. We continue to prefer shorter-duration credit to help manage rate and spread volatility, while being more selective in less liquid parts of the market. For qualified investors, resilient middle-market private equity and credit can still play a role. We also continue to see a role for gold and commodities as portfolio diversifiers as geopolitics and sticky inflation remain live risks.



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