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NEWS RELEASE

T. ROWE PRICE RELEASES 2025 MIDYEAR INVESTMENT OUTLOOK

Investing in a post-globalization world with reconfigured global trade necessitates a careful assessment of market opportunities and risks

BALTIMORE (June 9, 2025) – T. Rowe Price, a global investment management firm and a leader in retirement, released its [midyear outlook](#) for global financial markets for the remainder of 2025. Underpinning the outlook for the next six months is an accelerated trend toward deglobalization, a tariff-driven reconfiguration of global trade, an expected broadening of stock market opportunities globally beyond U.S. equities and mega-cap tech stocks, and a bond market regime change driven by trade policy changes and German fiscal expansion.

Some key takeaways from the 2025 Midyear Market Outlook include:

- **Economics:** The global economy is under pressure from multiple directions. Trade war fallout could slow the global economy. U.S. fiscal and tax policy will likely take center stage in the second half of the year. Expect rising costs for businesses and a reduction in consumer purchasing power.
- **Equities:** The broadening of equity markets should continue, reducing the U.S./mega-cap market concentration of recent years in favor of value stocks and select emerging markets.
- **Fixed income:** The fundamental shift in the global fixed income landscape is manifested in above-target inflation in some developed markets, especially the U.S. Corporate bonds are likely entering an economic downturn with historically high credit quality, positioning them more defensively than in the past.
- **Multi-asset:** Inflation protection and equity diversification will receive renewed emphasis in T. Rowe Price multi-asset portfolios. Inflation protected bonds and real assets can provide effective hedges against expected inflation. More attractive valuations signal favoring international and value equities in determining multi-asset portfolio allocations.

While there continues to be a place for both active and passive management in investors' portfolios, this challenging market environment, including higher interest rates, more volatile markets, and greater policy uncertainty, supports the conditions for active managers to outperform.

QUOTES

Blerina Uruçi, chief U.S. economist

"The U.S. administration's tariffs—combined with any retaliatory measures from its trading partners—will deliver a supply shock to the U.S. and a demand shock to the rest of the world, including China and Europe. The severity of these shocks will depend on the outcome of ongoing trade negotiations and legal challenges, but it seems certain that the world's two largest economies, the U.S. and China, will

experience lower economic growth than projected at the beginning of the year—and the ramifications of this will be felt across the globe, irrespective of any individual trade deals struck.”

Josh Nelson, head of Global Equity

“An expanding opportunity set in stock markets was on its way prior to last year’s U.S. presidential election; the trade policies implemented since then have merely sped up the process. We believe this will lead to an expansion of investable stocks in the U.S. and abroad. We are returning to an investing environment in which more sectors and regions can generate meaningful returns—an environment demanding diversification and favoring active management. The broadening of equity market leadership is likely to favor value stocks and select emerging markets.”

Ken Orchard, head of International Fixed Income

“The U.S. administration’s tariffs and the massive German fiscal expansion have broken historical precedent and shifted the global fixed income landscape, resulting in a weaker outlook for developed market sovereign bonds and a stronger one for credit and some emerging markets. The likelihood of a global recession—with the U.S. leading the downturn—has also increased. However, instead of a traditional recession, what may transpire—especially in the U.S.—is a longer period of subpar growth with both higher unemployment and higher inflation.”

Tim Murray, Capital Markets strategist

“In times of rapid geopolitical change, we tend to lean more heavily than usual on asset class valuations when making portfolio allocation decisions. Even after the concentrated selling pressure on growth stocks and value’s relative outperformance in early 2025, value stocks look relatively more attractive than growth stocks moving forward. In a typical economic growth downturn or recession, we would expect U.S. equities to hold up better than international stocks. But we believe the underlying dynamics of this year’s slump may be different, leading us to modestly favor non-U.S. shares.”

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Founded in 1937, T. Rowe Price (NASDAQ: TROW) helps people around the world achieve their long-term investment goals. As a large global asset management company known for investment excellence, retirement leadership, and independent proprietary research, the firm is built on a culture of integrity that puts client interests first. Investors rely on the award-winning firm for its retirement expertise and active management approach of equity, fixed income, alternatives, and multi-asset investment capabilities. T. Rowe Price manages USD \$1.56 trillion in assets under management as of April 30, 2025, and serves millions of clients globally. News and other updates can be found on [Facebook](#), [Instagram](#), [LinkedIn](#), [X](#), [YouTube](#), and troweprice.com/newsroom.

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