



(UBS)

What do we expect for 2Q?

28 March 2025, 2:45 pm CET, written by UBS Editorial Team US Editorial Team

Volatility is likely to pick up in the near term, with the Trump administration expected to announce tariffs on most major trading partners on 2 April.

With stagflation concerns rising on the back of the US trade policy agenda, we will be watching for signs that the US consumer is weakening and whether tariffs are likely to impact the Fed's policy rate setting decisions.

We will also be analyzing the direct and indirect effect of tariffs and trends in AI monetization in the first-quarter earnings season which begins in mid-April.

The newsflow could improve thereafter. Once tariffs have been threatened, negotiations to reduce them can begin. Progress on a budget reconciliation bill to extend 2017 TCJA tax cuts could shift focus to market-positive elements of the Trump agenda. And we anticipate the Fed will resume interest rate cuts as we head toward the second half of the year.

So how do we invest?

- **Take advantage of US volatility.** Volatility is expected to rise in the coming weeks. However, we anticipate that US equities will deliver meaningful returns and outperform other markets over the balance of the year.
- **Go long longevity.** We foresee a vast future market for our new Longevity idea. Recent market declines have, in our view, created an opportune moment to invest, particularly in the US health care sector.
- **Be selective in Europe and Asia.** After broad rallies to start the year, investors should be selective in Europe and Asia from here.
- **Seek durable income.** Uncertainty has risen, yet bond yields remain elevated. Investors have an opportunity to seek durable portfolio income.

- **Trade the range in currencies.** We expect most major currency pairs to trade within established ranges, providing an opportunity to boost portfolio income by selling volatility.
- **Navigate political risks.** Gold, oil, and capital preservation strategies can help investors diversify amid market risks.

We also reiterate our strategic MIFs with a focus on the need to Diversify with and within alternatives plus Put cash to work, Optimize your leverage, Strengthen your core, Be active, and Go sustainable.

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