

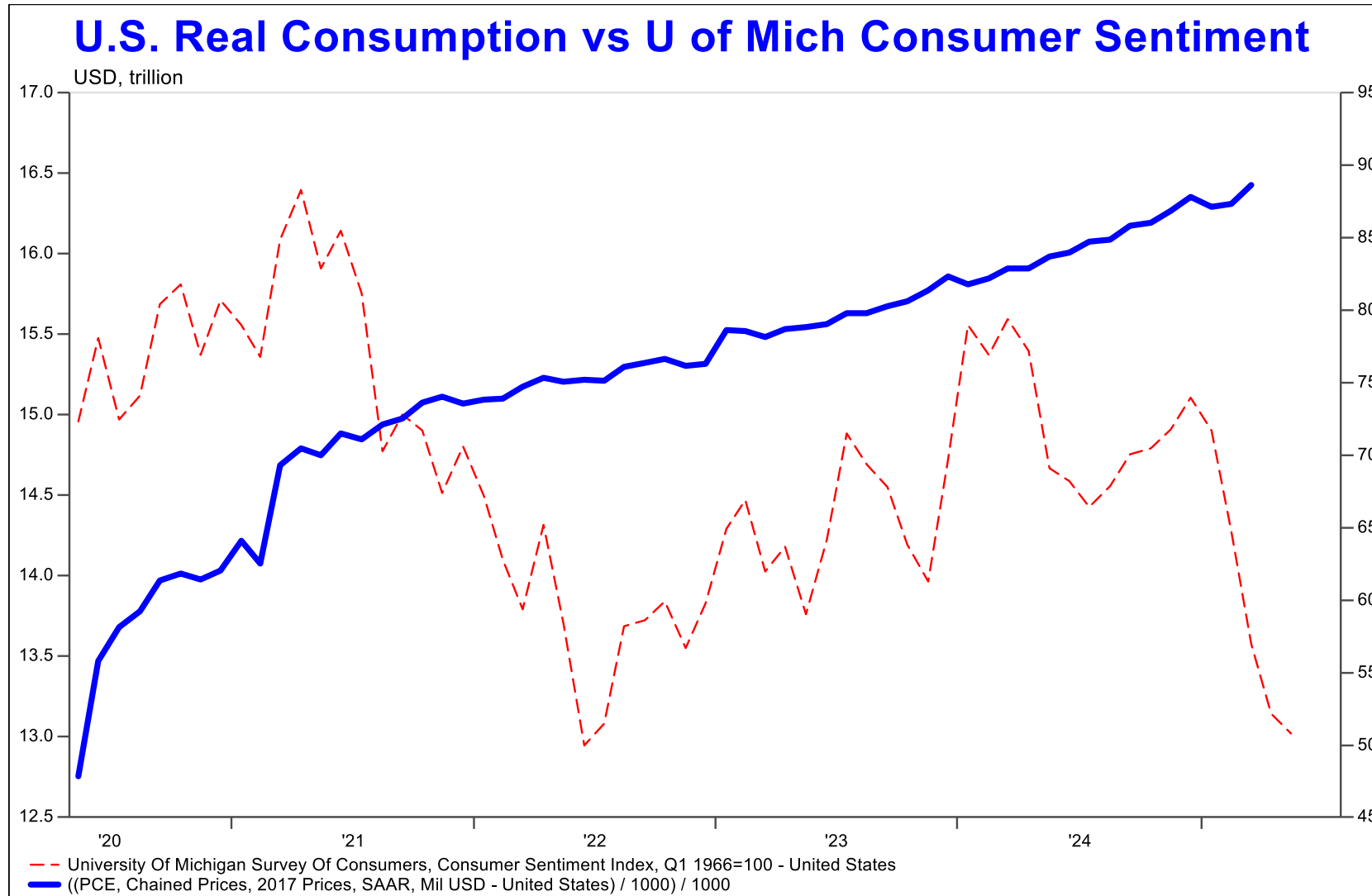
# Global Outlook 2026

**Paul Ma, CFA<sup>®</sup>**  
*Lead Portfolio Strategist*  
*Fidelity Institutional*

# The Feel Bad, Strong Economy in the US

---

# Hard data vs Soft data: Consumer Spending



Source: Factset Aug 19, 2025

3 For investment professional use only.



# Why no recession? Strong Balance Sheet

## Macro & Financial Differences vs. Recent History

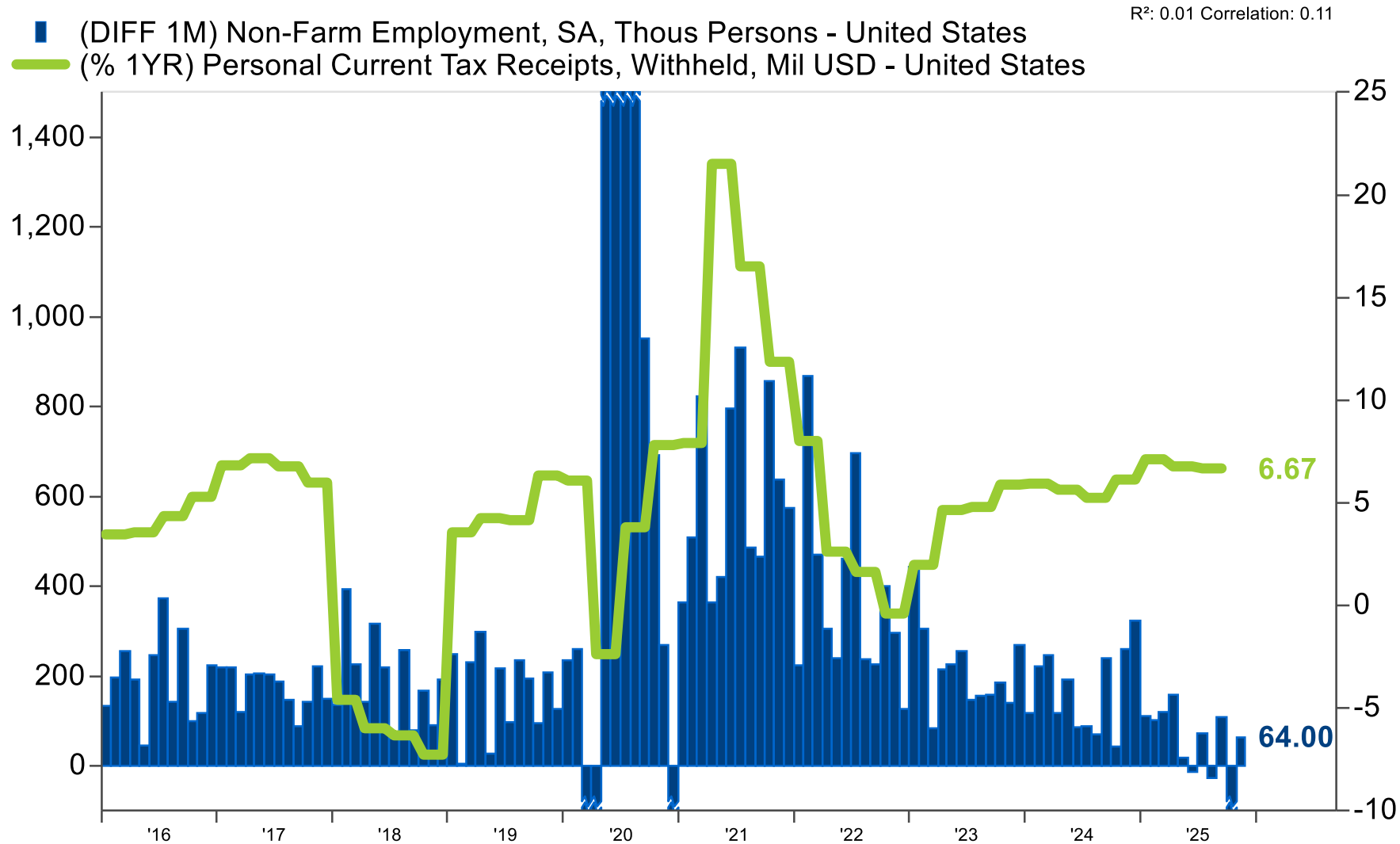
	Indicator	2000–2019 Average	2024
<b>Household Balanced Sheet</b>	Net Worth/ Disposable Income	6x	8x
<b>More manageable consumer leverage</b>	Household Credit/GDP	85%	74%
<b>More manageable corporate debt</b>	Interest Coverage	2.9x	10x
<b>Better capitalized banking system</b>	Tier One Capital Ratio	11%	14%

Tier One Capital Ratio: equity capital to total risk-weighted assets. Months Supply: Single family homes available for sale/sales of existing single-family homes. Source: Bureau of Economic Analysis, Bank for International Settlements, Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/2024.

4 For investment professional use only.



# Jobs Data

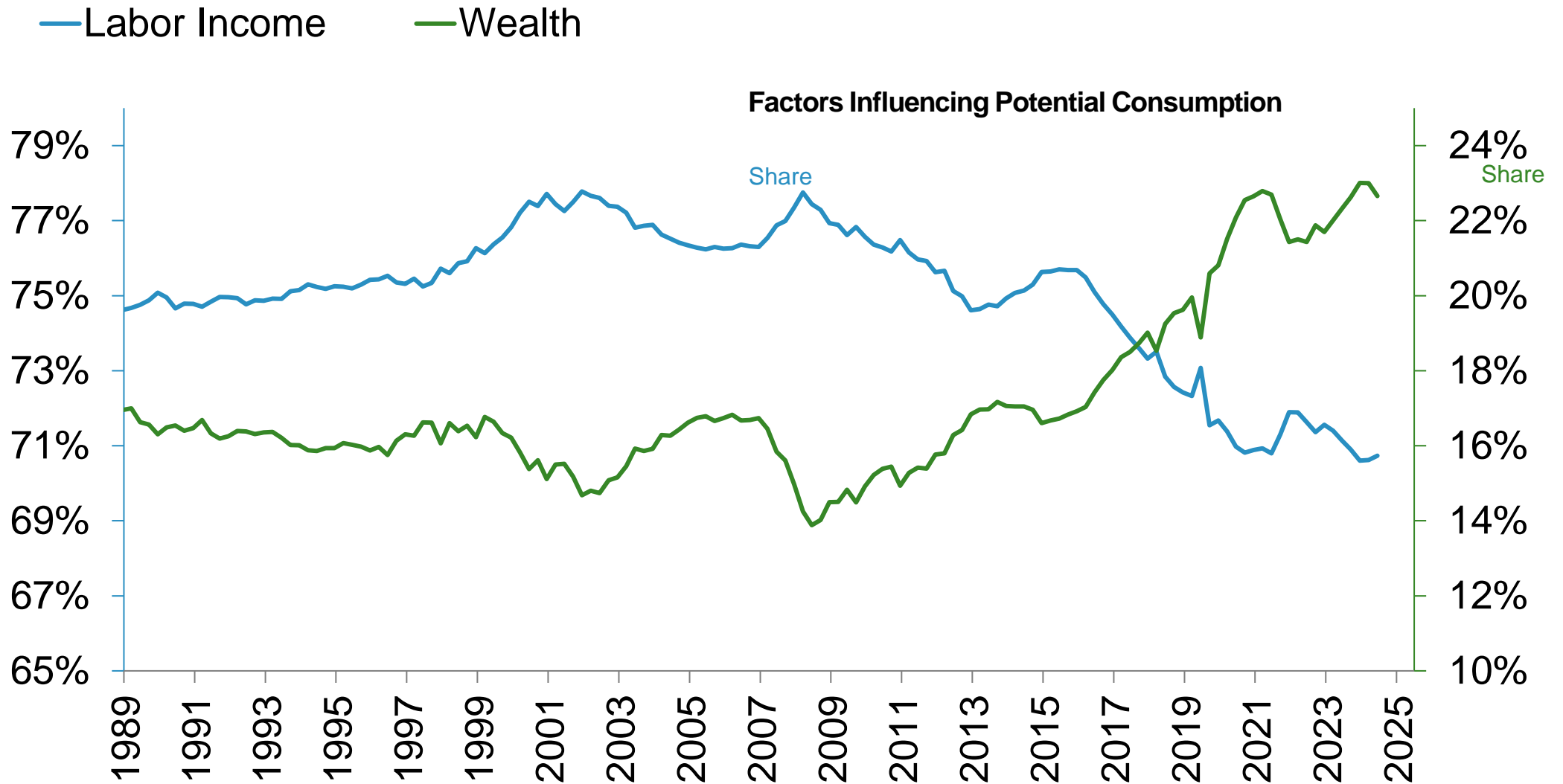


Source: Factset. Bureau of Labor Statistics. As of 1/6/2026

5 For investment professional use only.



# What's driving US Growth, if jobs market is no good

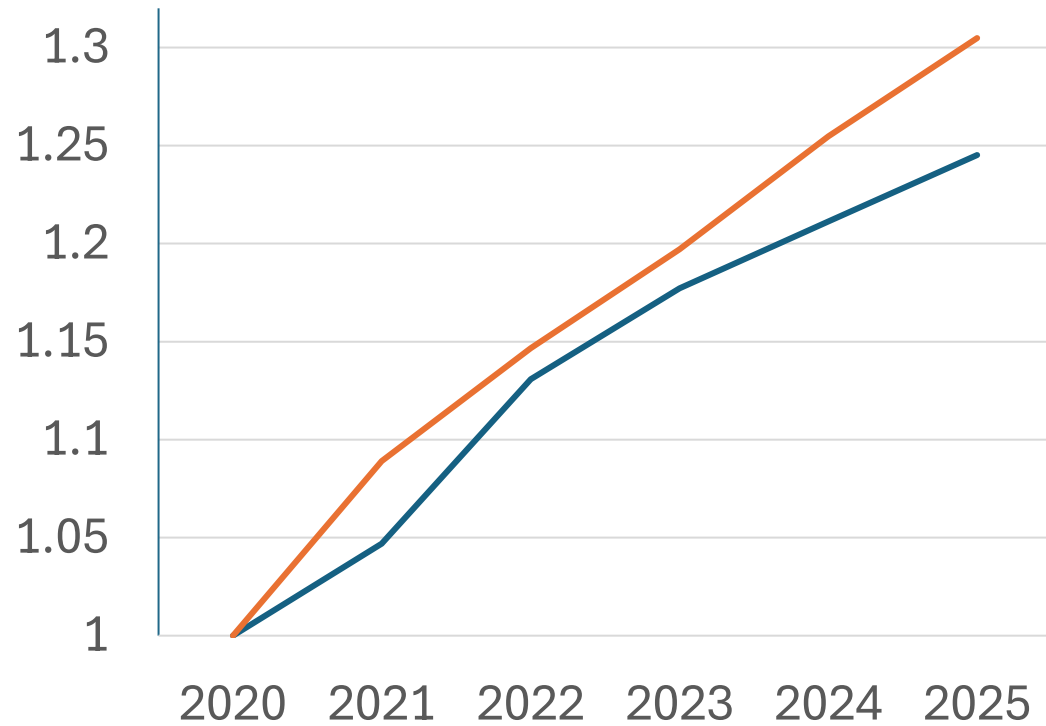


Source: Bureau of Economic Analysis, Federal Reserve, Survey of Consumer Finances, Fidelity Investments (AART) as of 1/31/25.

# Affordability

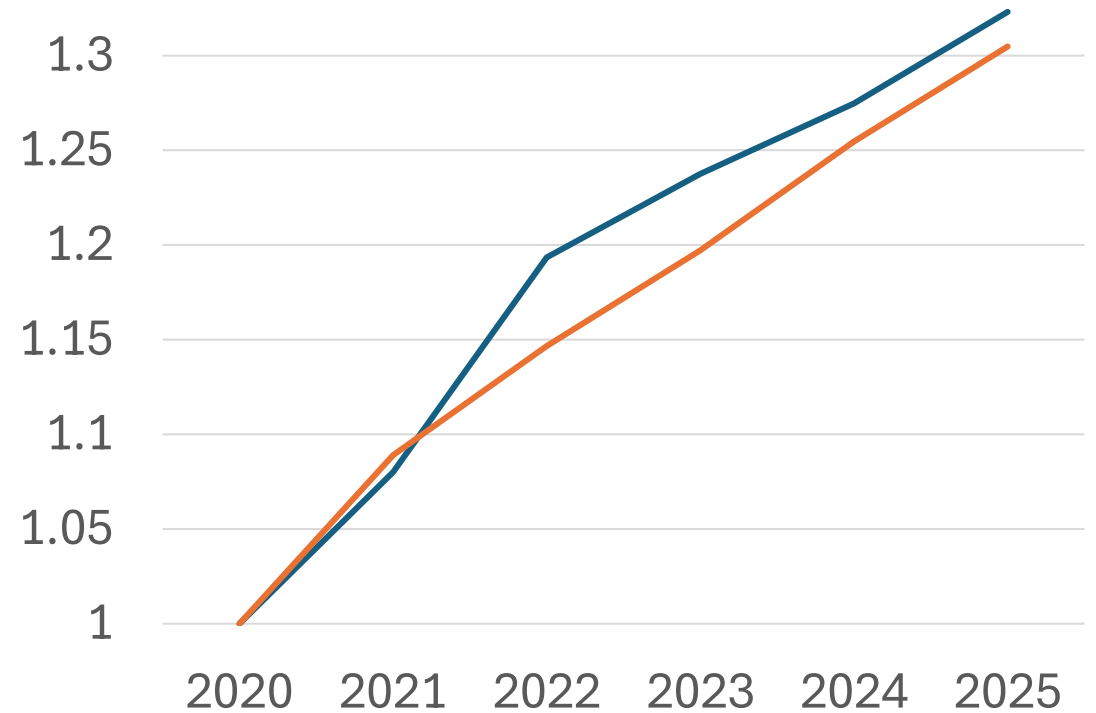
## Wage Growth vs Inflation

— Inflation — Wage Growth



## Affordability: Wage Growth vs. Common Man Inflation

— Common Man CPI — Wage Growth

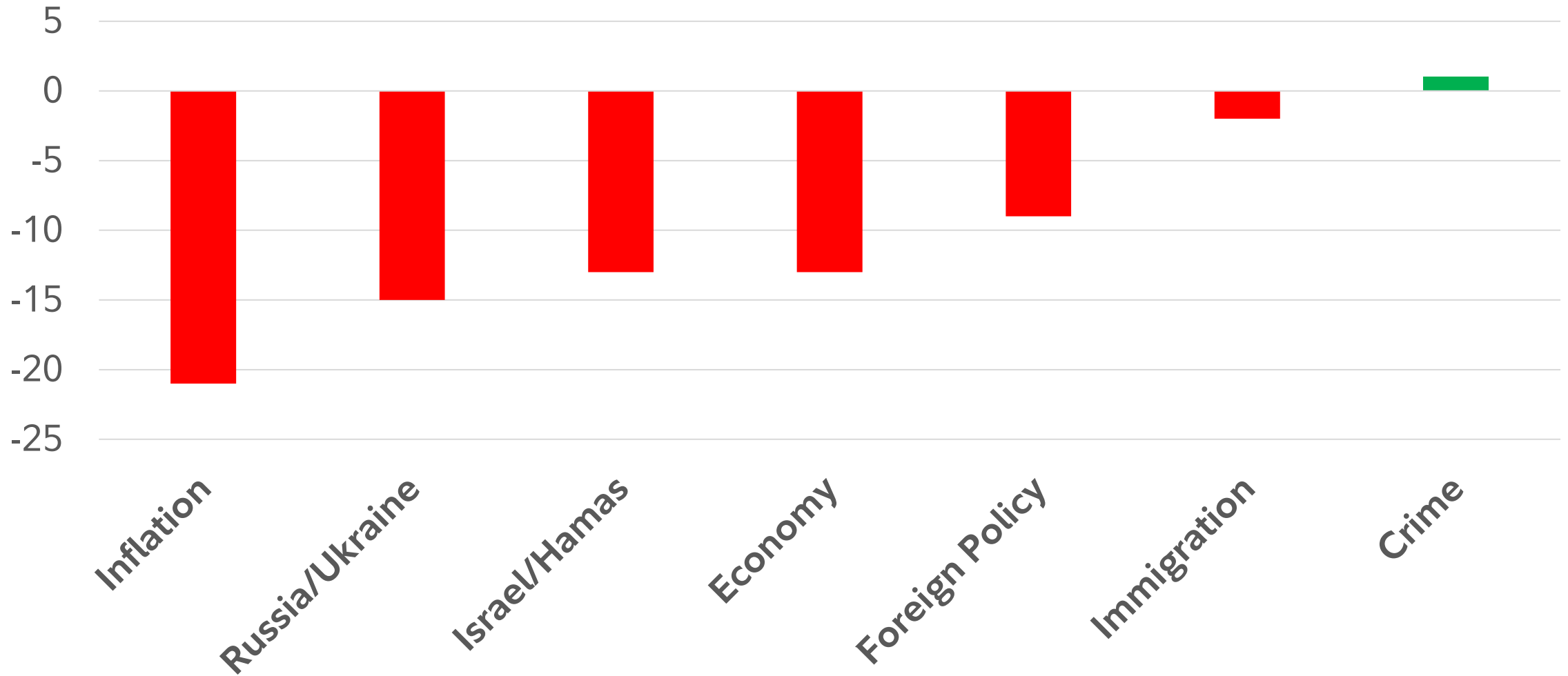


Source: Bureau of Labor Statistics. 1/6/2026.

7 For investment professional use only.



# Trump's average net approval ratings on issues



Source: Real clear politics 9/10/2025.

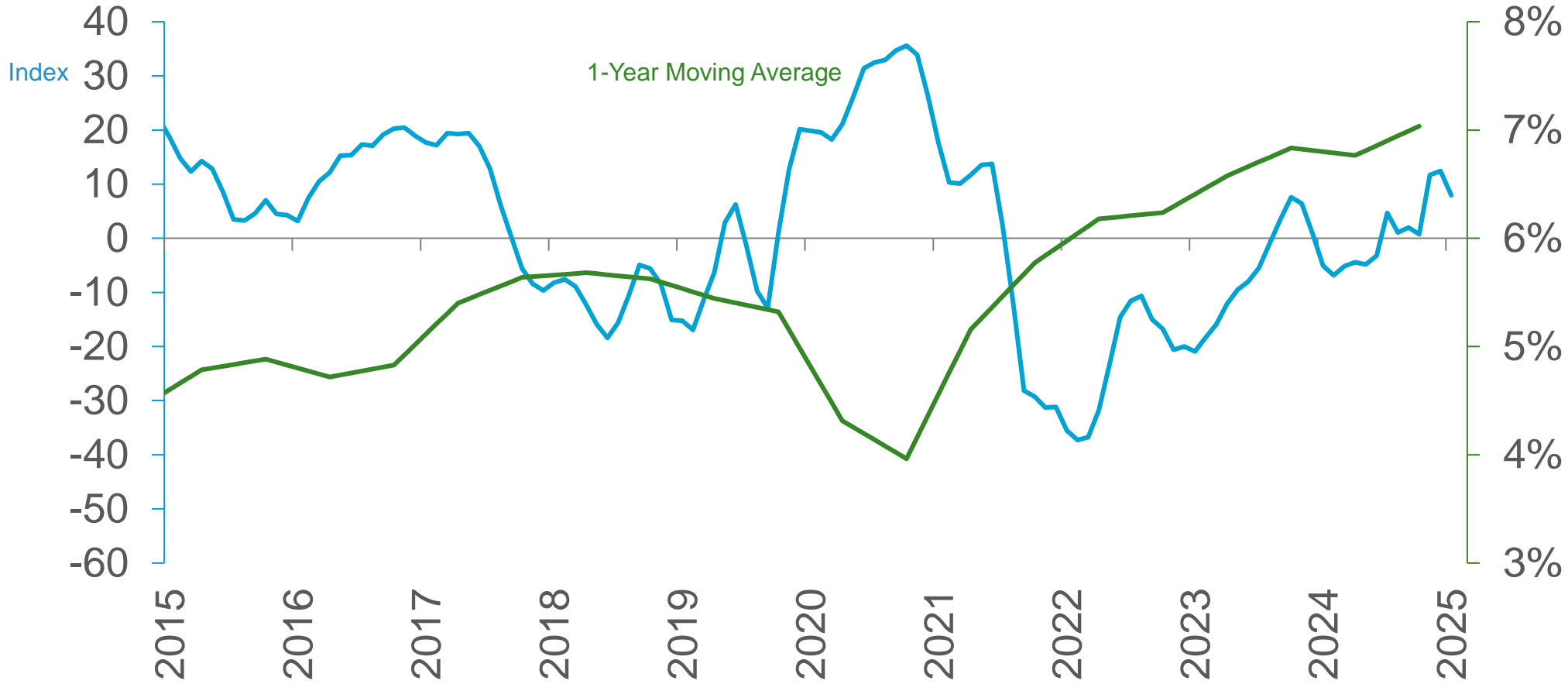
# Global Economy: Global Rising Tide

---

# Europe and Japan looking better Economically

— EU Economic Sentiment      — Japan Forecast: Profits as a Share of Sales

## Global Business and Investor Sentiment Forecasts

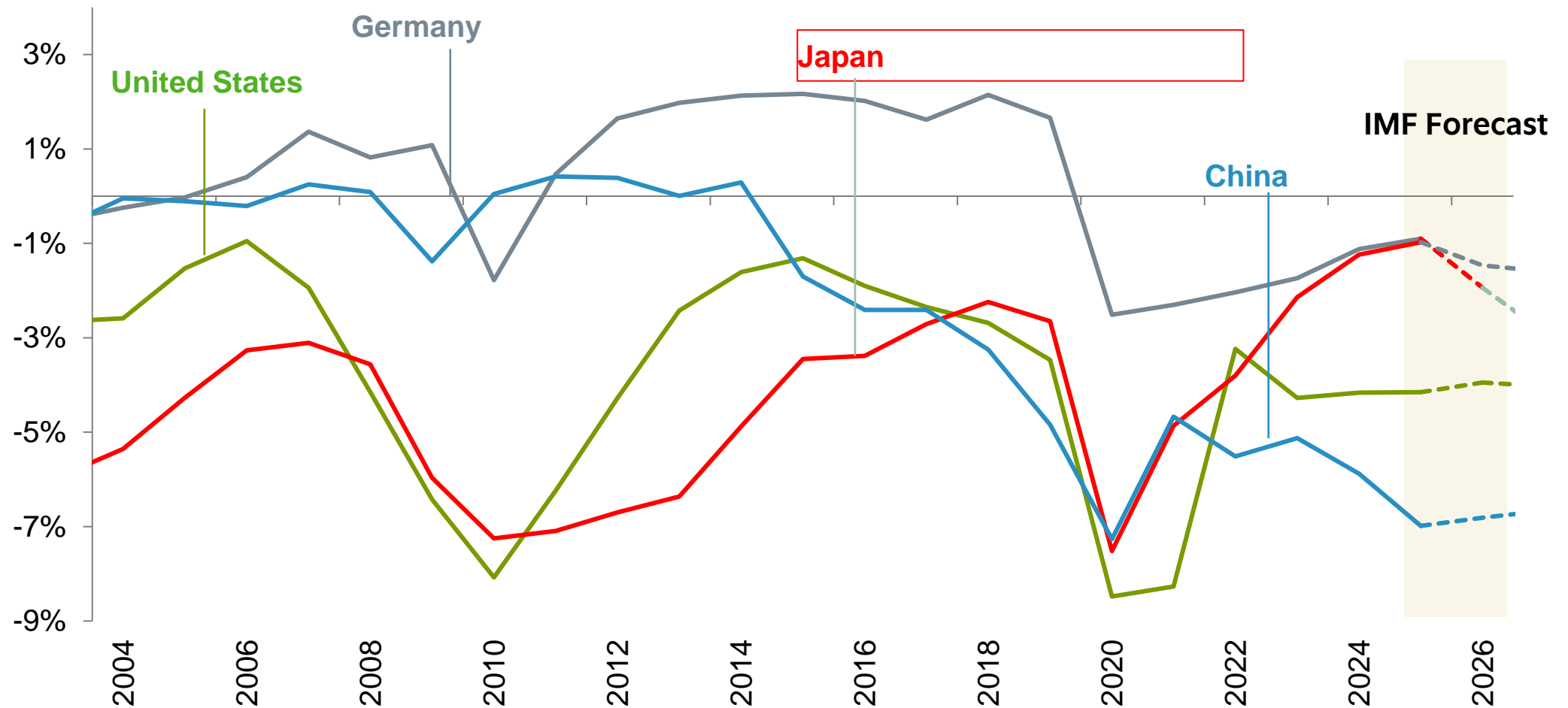


LEFT: Source: Sentix Behavioral Indices survey of investors, Bank of Japan TANKAN Survey of businesses, Fidelity Investments (AART). Japan Profits to Sales data is as of 6/30/25. EU economic sentiment data is as of 9/30/25 .

# However, Japanese stimulus not good for the Yen

## Fiscal policy impulse

Cyclically adjusted primary balance % of GDP

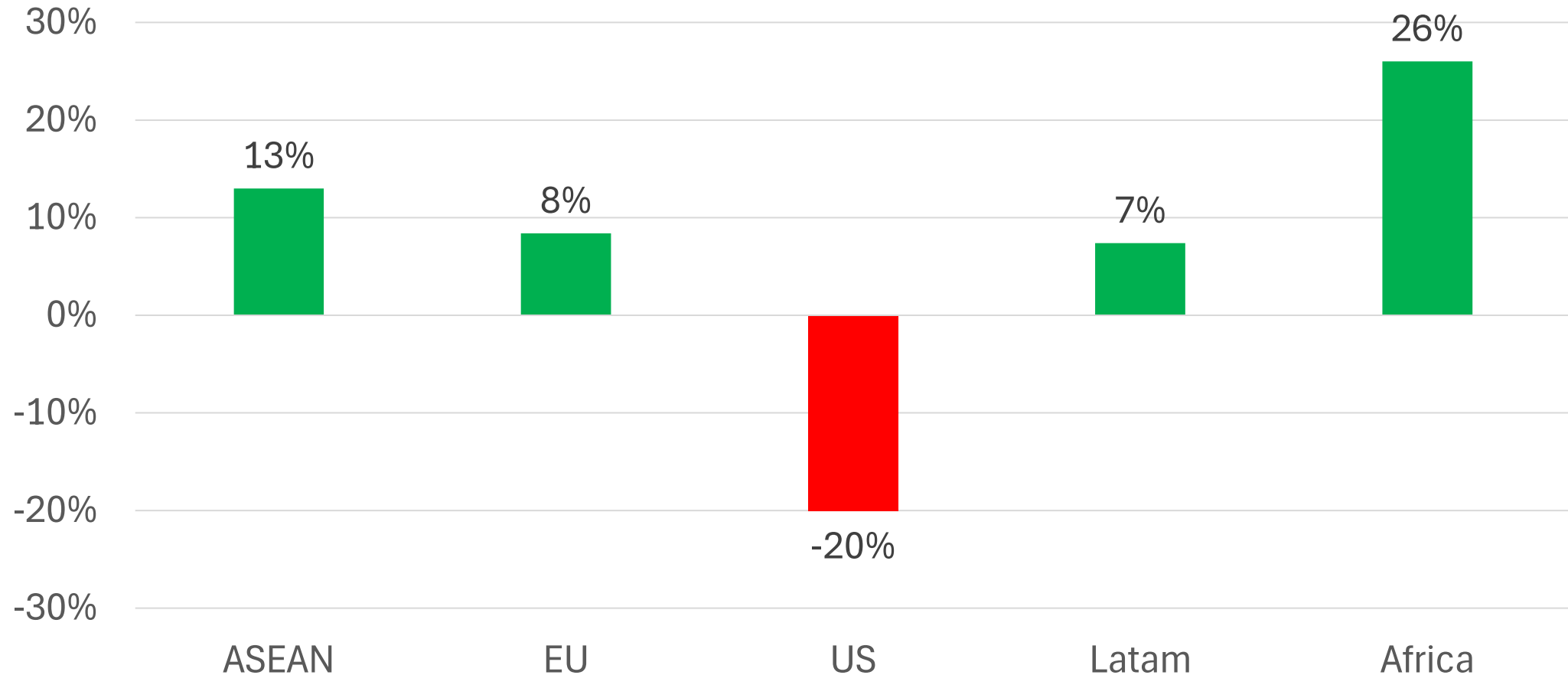


Source: Fiscal impulse as measured by cyclically adjusted primary deficit as a percentage of GDP. Source: International Monetary Fund (IMF), Macrobond, Fidelity Investments (AART), data as of 2024 and projected through 2026.

# China Export increased 5.5% globally to \$1.2T surplus in 2025

Beneficiaries: China, Copper, Gold. Hurt: Other exporters

China Export: 2025 vs 2024



Source: General Administration of Customs of the People's Republic of China. 1/14/2026.

12 For investment professional use only.

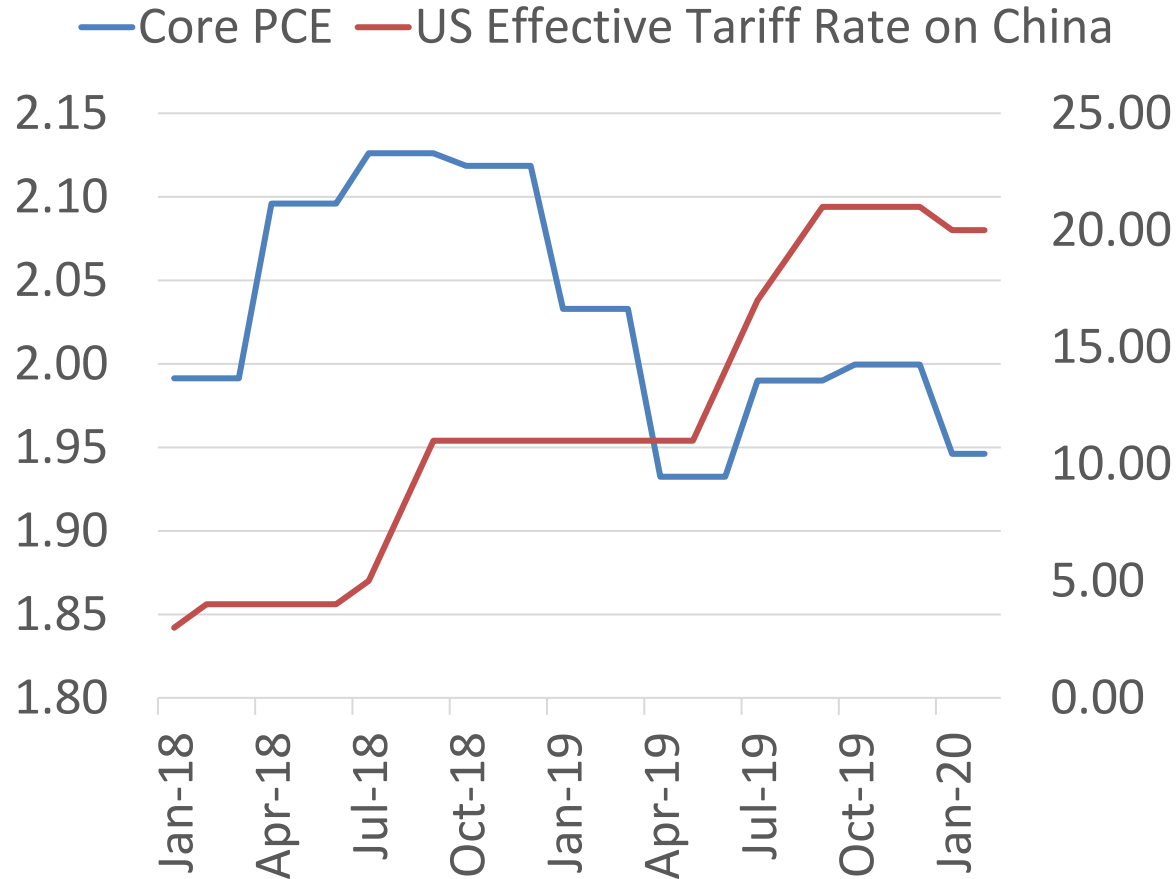


# Tariff

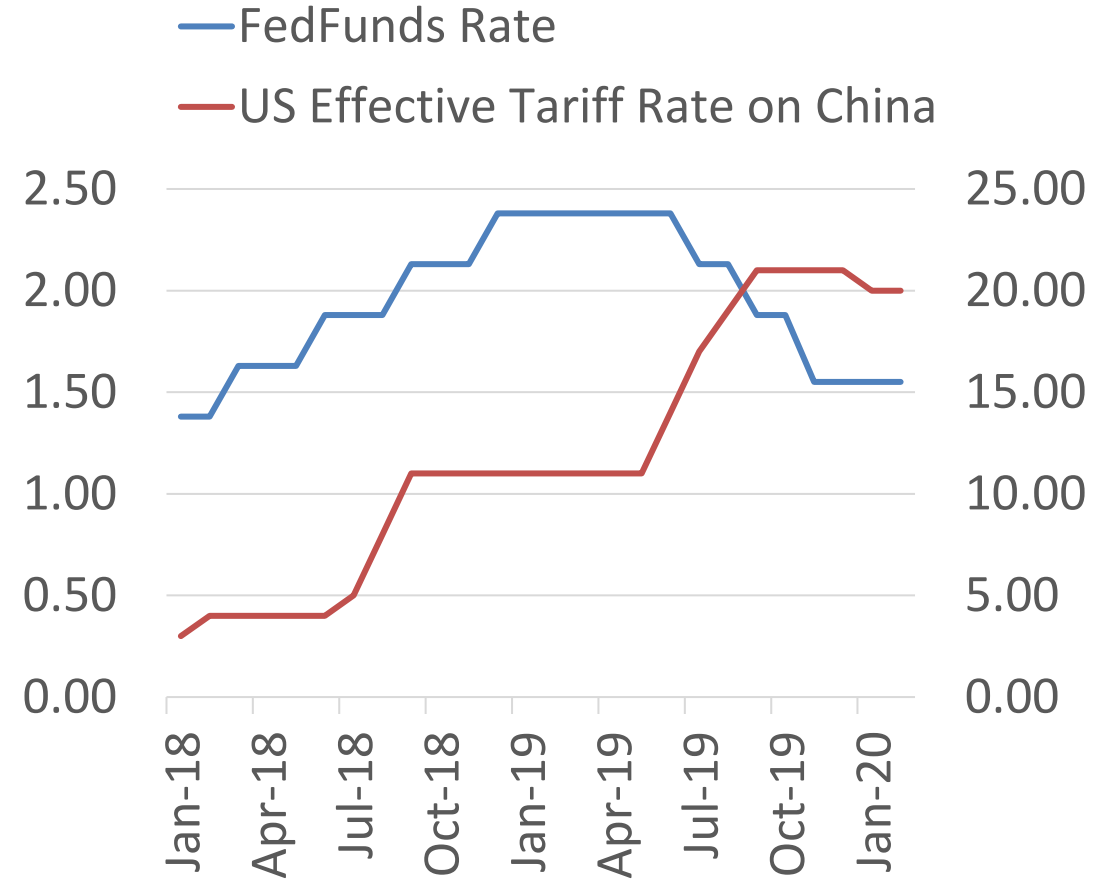
---

# I am a Tariff Man: Trump 1.0

## Inflation impact from China Tariff



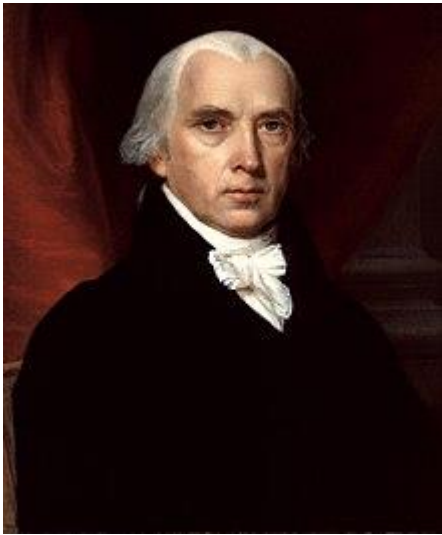
## Tariff and the Fed



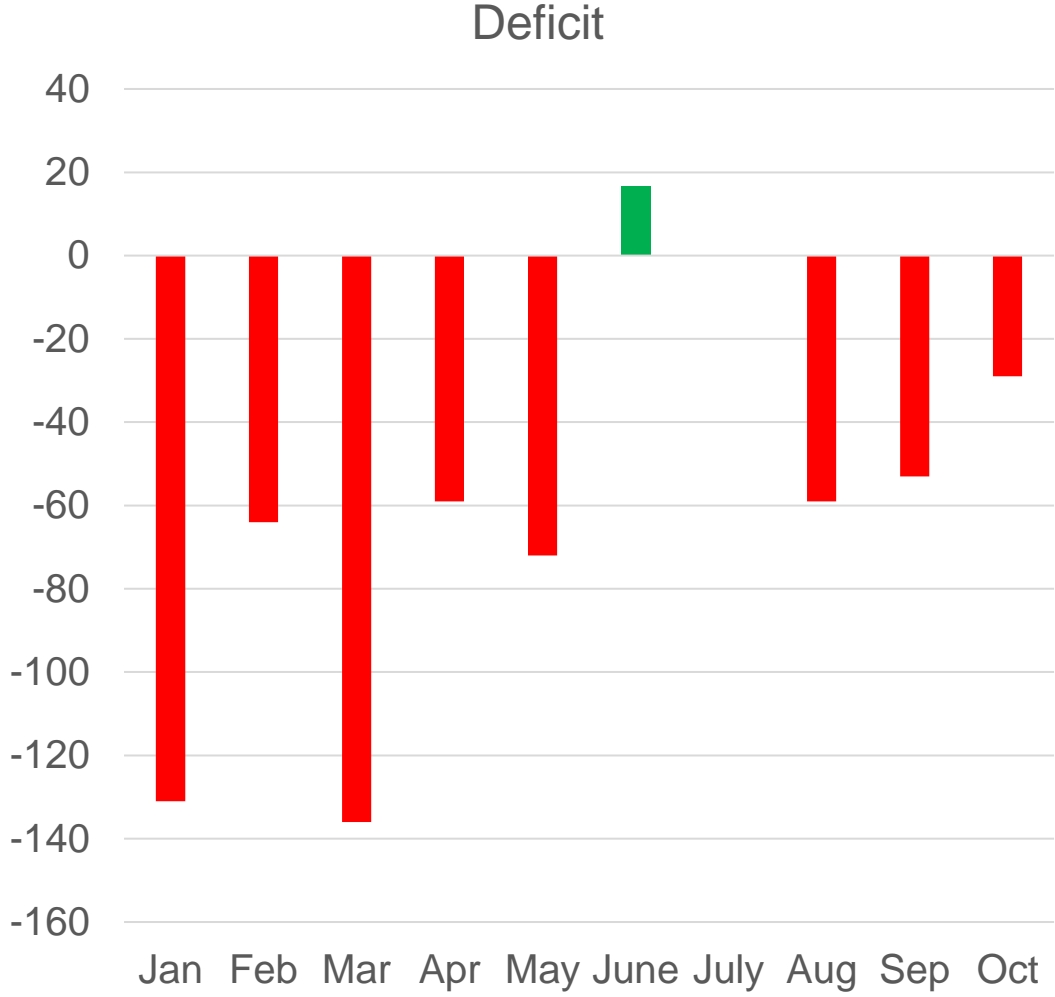
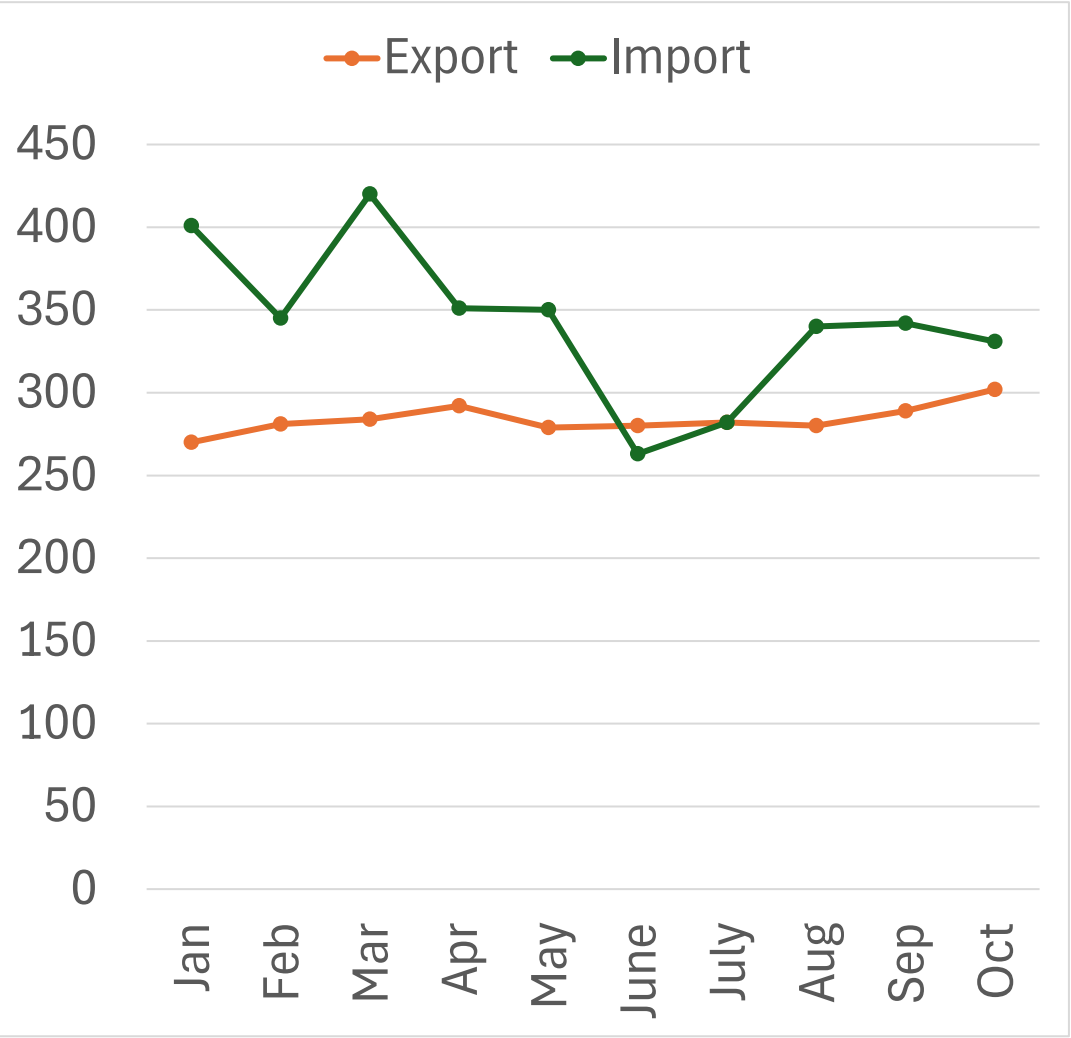
Source: Factset



# The Original Tariff Man: Alexander Hamilton



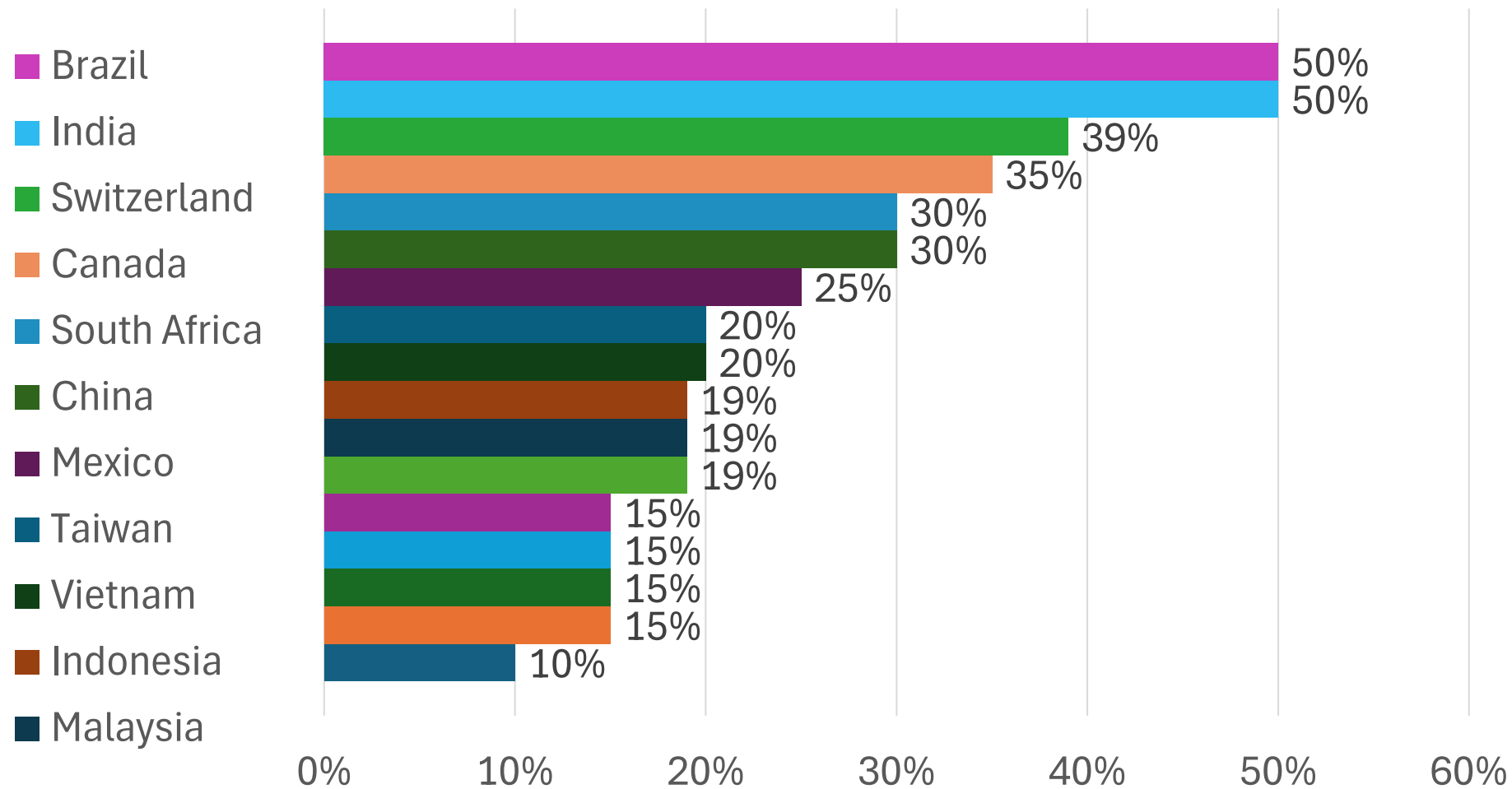
# Tariff is driving down Trade Deficit (\$ bil in 2025)



Source: US Bureau of Economic Analysis..



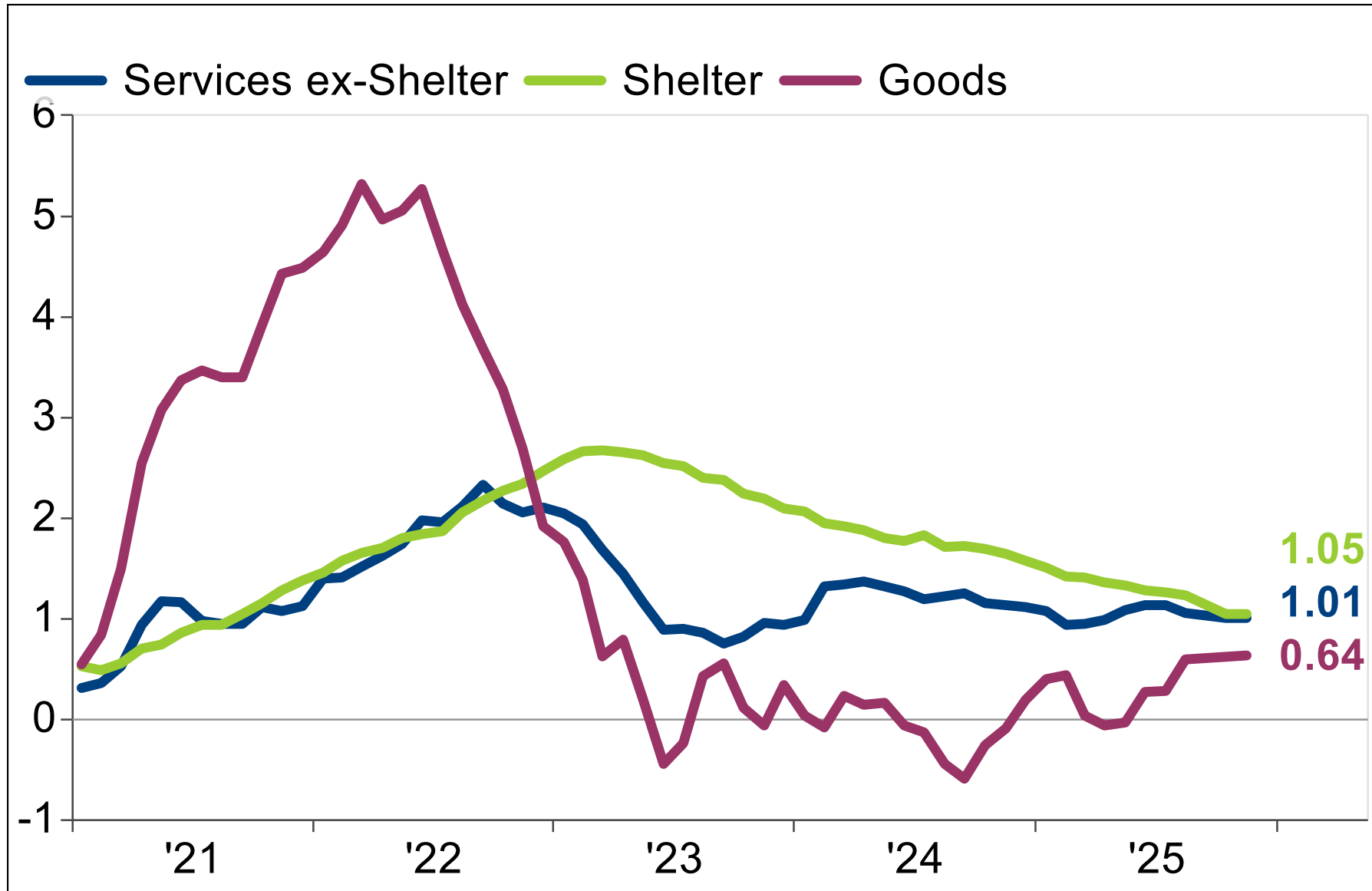
# Tariff Backup Plan: IEEPA replaced with section 338 of Tariff Act of 1930



# Inflation

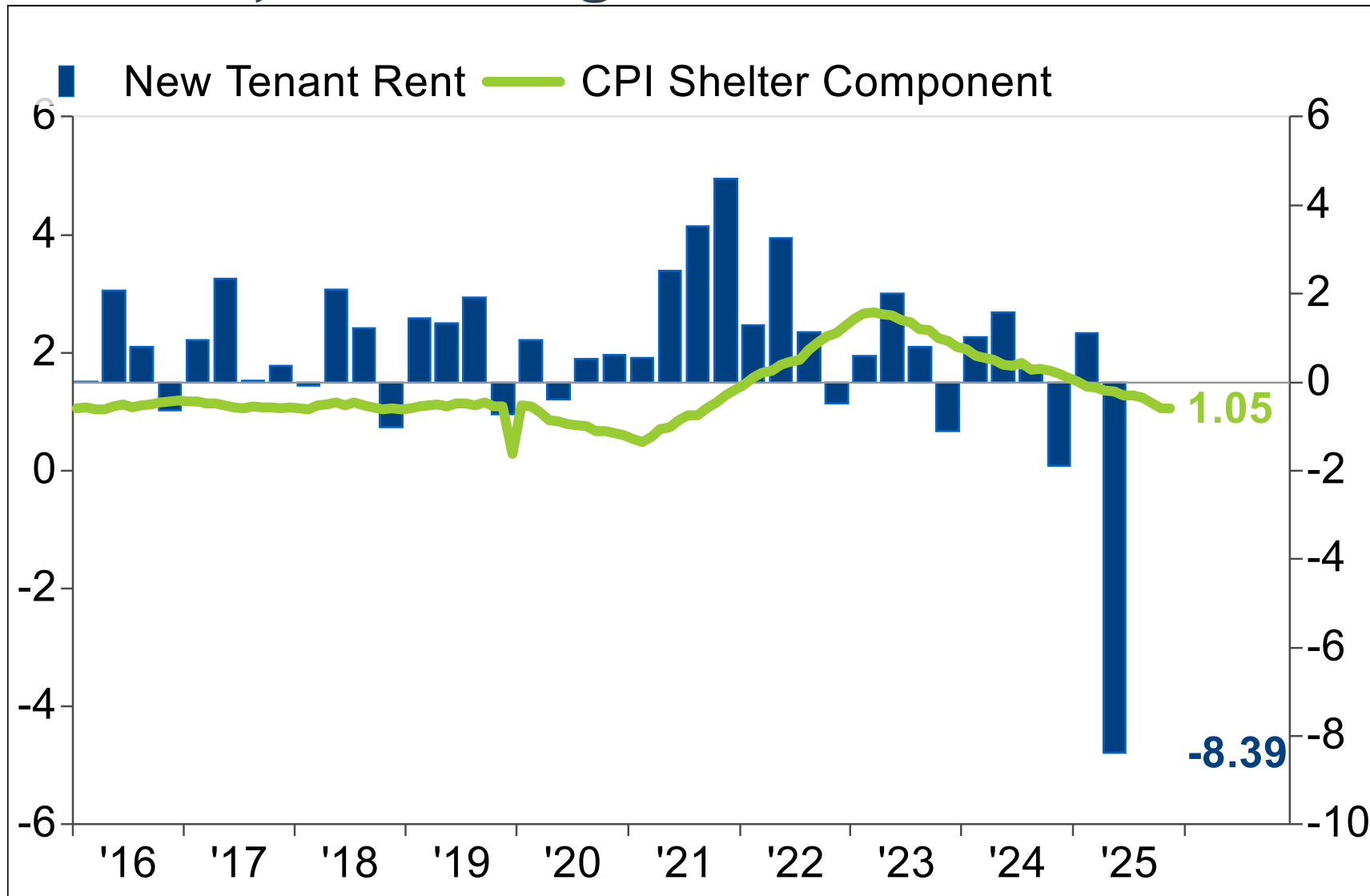
---

# Sticky Inflation?



Source: Factset as of 01/06/2026.  
For investment professional use only.

# What Market may be missing: Shelter Inflation trend

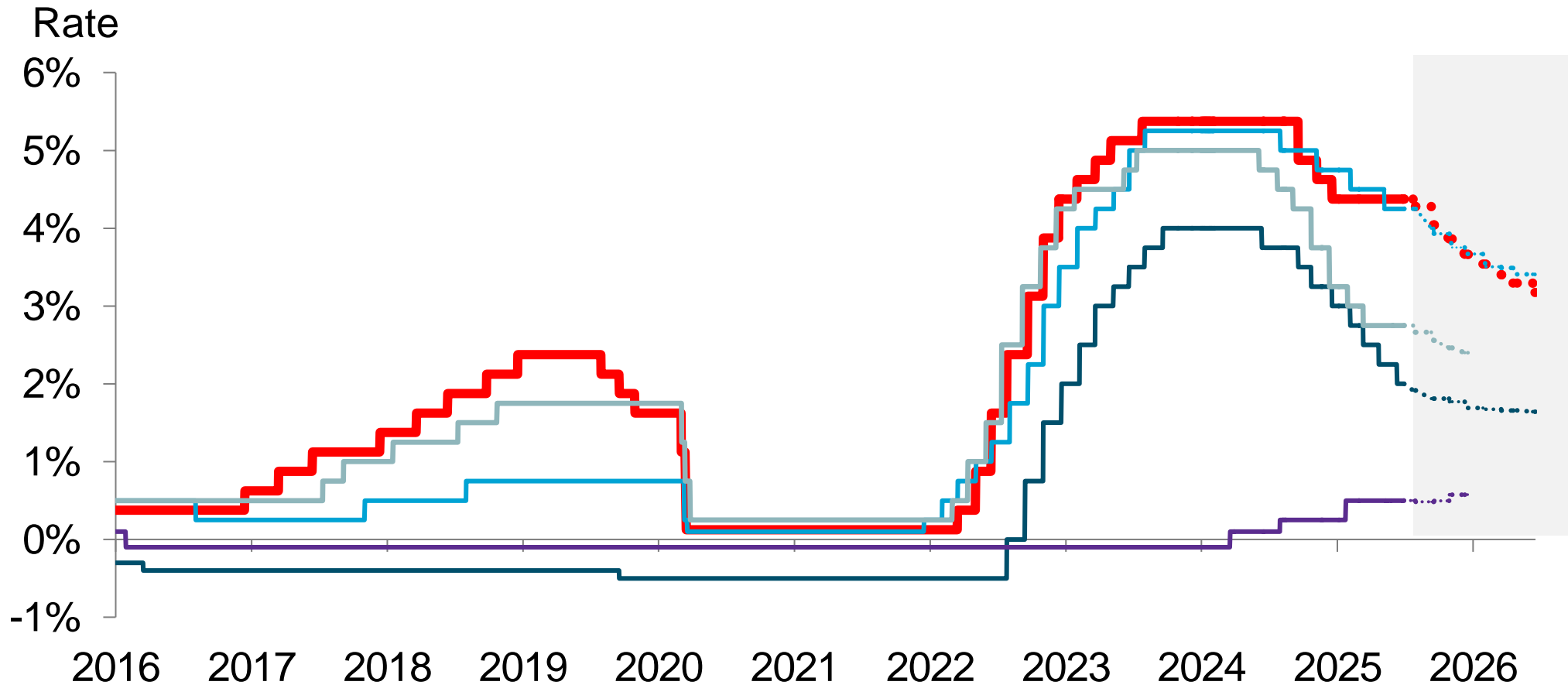


Source: Factset as of 01/06/2026.

# Fed: To cut or not to cut

## Global Short-Term Policy Rates

— U.S. — Eurozone — UK — Canada — Japan

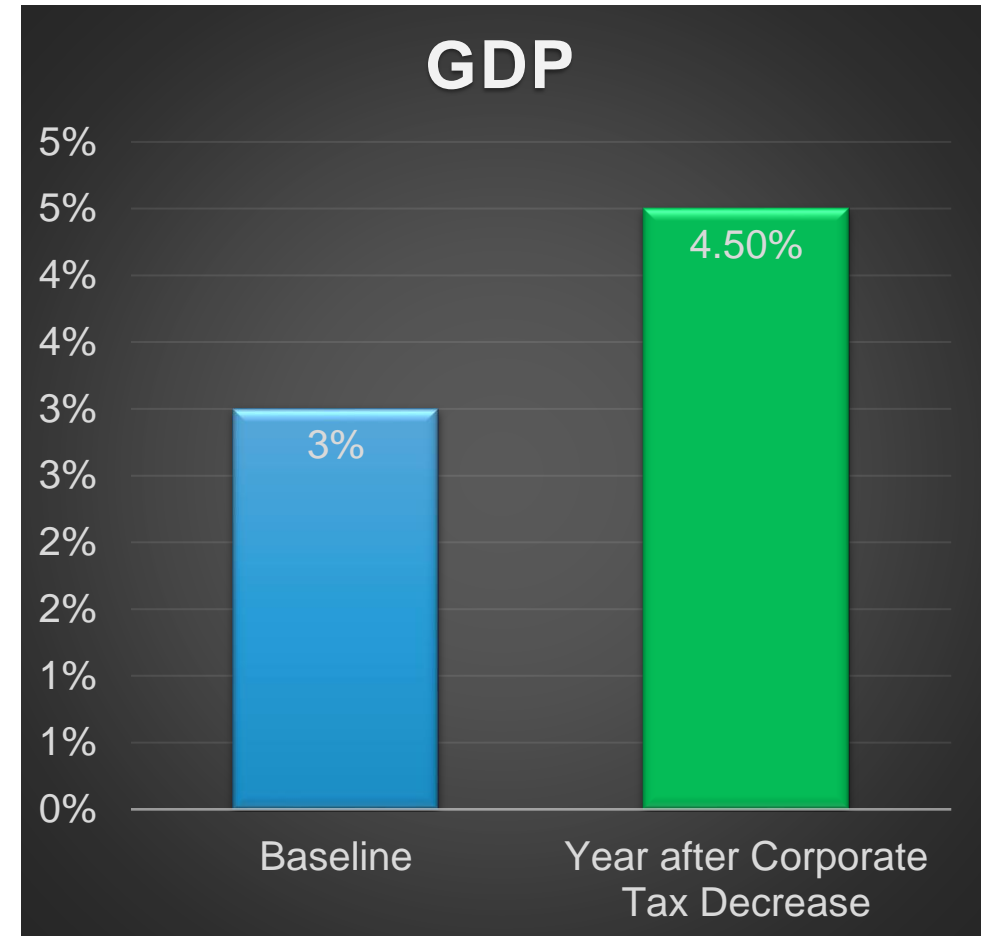
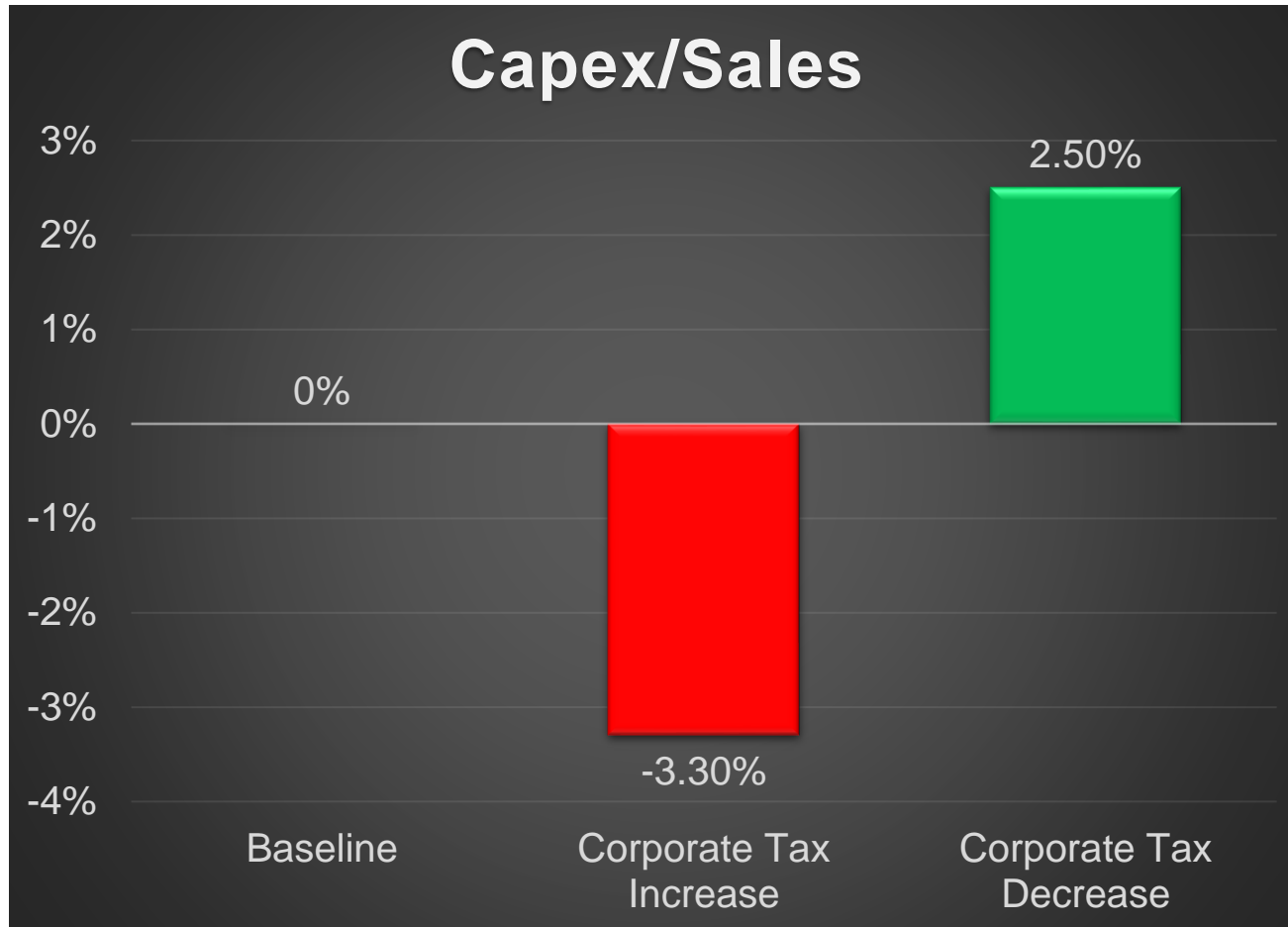


Dotted lines represent market rate expectations using OIS swaps. They end at the peak expected policy rate by the market. Source: U.S. Federal Reserve Board, ECB, Bank of Japan, Bank of England, Bloomberg Finance L.P., Fidelity Investments (AART), as of 12/31/24.

# Tax Cut Impact

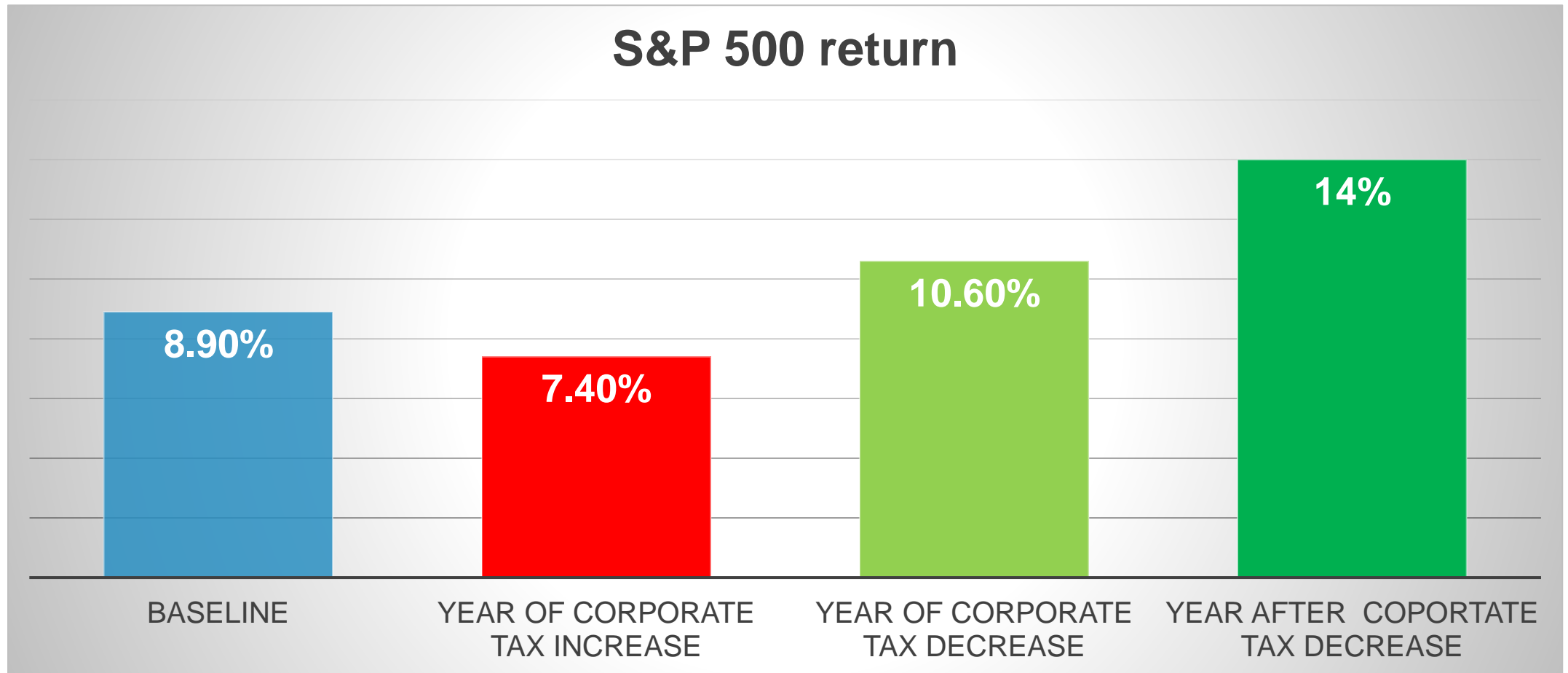
---

# Corporate Tax Cut Impact on Economy (1962-2024)



Past performance is no guarantee of future results. Capex-to-sales: A measure of a company's capital expenditures (capex) as a percentage of its sales revenue. Data represents calendar years between 1962 and 2024. Analysis based on the S&P 500. Sources: Haver Analytics and Fidelity Investments, as of 6/30/25.

# Corporate Tax Cut Impact on Market (1962-2024)



Past performance is no guarantee of future results. It is not possible to invest directly in an index. All market indices are unmanaged. All data gathered and analyzed annually from January 1962 to 2024. Analysis based on the S&P 500. Sources: Haver Analytics and Fidelity Investments, as of 12/31/24.

# Important Information

Safir: Fidelity Investments that is comprised of several legal entities that provide a variety of services to intermediaries and other institutional clients including but not limited to clearing, custody, and brokerage services provided by National Financial Services LLC or Fidelity Brokerage Services LLC. Members NYSE, SIPC. None of the legal entities that comprise FBS and NFS have been involved with the preparation of the content supplied by Safir nor do they guarantee, or assume any responsibility for its content.

Catchlight: Fidelity Investments that is comprised of several legal entities that provide a variety of services to intermediaries and other institutional clients including but not limited to clearing, custody, and brokerage services provided by National Financial Services LLC or Fidelity Brokerage Services LLC or Fidelity Brokerage Services LLC. Members NYSE, SIPC. None of the legal entities that comprise FBS and NFS have been involved with the preparation of the content supplied by Catchlight nor do they guarantee, or assume any responsibility for its content.

Fidelity Institutional Wealth Adviser LLC ("FIWA")<sup>®</sup> is a registered investment adviser and an indirect, wholly owned subsidiary of FMR LLC. Fidelity Managed Account Xchange<sup>®</sup> ("FMAX") is offered by FIWA, an affiliate of Fidelity Brokerage Services LLC and National Financial Services LLC, Members NYSE, SIPC. FMAX provides investment advisory and platform services for a fee. *FMAX is not a brokerage product.*

Fidelity Investments<sup>®</sup> provides investment products through Fidelity Distributors Company LLC; clearing, custody, or other brokerage services through National Financial Services LLC or Fidelity Brokerage Services LLC, Members NYSE, SIPC; and institutional advisory services through Fidelity Institutional Wealth Adviser LLC.

The projections or other information generated by the Efficient Frontier tool regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Please note that results may vary with each use and over time.

The limitations of the Efficient Frontier tool include: The fact that the output is based on expected/estimated assumptions. Using the Efficient Frontier tool to create an "efficient" portfolio may also produce portfolios that are heavily weighted in one or a few asset classes if the assumptions regarding those asset classes are relatively more favorable than the other asset classes. For that reason, constraints may be placed on either the minimum or maximum exposure that the Efficient Frontier tool can make recommendations for each asset class in order to prevent concentrated asset allocations. • Results are based on capital market assumptions at the asset class level. All investment decisions involve risk, or the possibility that your investment will lose value. The value of an investment will fluctuate over time and may be worth less than its original cost.

© 2024 FMR LLC. All rights reserved.

1132190.16.0