

WHAT WILL THE WORLD LOOK LIKE IN 2025?



WHAT WILL THE WORLD LOOK LIKE IN 2024?

A HAIZUM'S COMPENDIUM

EXECUTIVE SUMMARY

*With the coming year, the **global landscape** stands at a **critical inflection point** defined by three **transformative forces** reshaping the international order:*

The return of Donald **Trump** to the U.S. presidency heralds a period of heightened **protectionism** and **transactional diplomacy**, fundamentally altering **trade dynamics** and **alliance structures**. This shift occurs as U.S. economic resilience starkly contrasts with challenges faced by other major economies, exacerbating **global imbalances** through proposed **tariff policies** and **immigration restrictions**.

Technological advancement is reaching a crucial phase as **AI** and **quantum computing** transition from innovation to **practical integration** across all sectors. As these sectors witness accelerated development alongside breakthrough achievements in **clean energy technology**, mainly driven by **Chinese** advances in **solar** and **battery** solutions, the UN has designated 2025 as the **Year of Quantum Science and Technology (IQ)**.

Regional economic trajectories demonstrate **differing trends**: while **Europe** faces **structural headwinds**, the U.S. is projected to lead with **2.5% growth in GDP** while **China** grapples with a **struggling real estate market**. **Global financial institutions** project **moderate growth** amid persistent **uncertainty** while central banks navigate the delicate **balance** between **stability** and **adaptation** to emerging risks.

The interplay of these forces makes **strategic planning** complex. Success in 2025 will depend on **anticipating** and **adapting** to changes while building **resilience** against potential **shocks**. As **geopolitical tensions** intersect with **technological transformation** and **economic realignment**, the decisions made during this pivotal year will shape the **trajectory of the global order** for years to come.

Leading **financial institutions** advocate for investment strategies centered on **diversification** through **private markets** and **alternative assets**, with particular attention to **AI infrastructure development** and **clean energy transitions**. The outlook suggests opportunities in **emerging markets** positioned to benefit from **monetary easing**, while **demographic shifts** and **energy transition** create compelling **sectoral opportunities** for strategic positioning. For decision-makers across sectors, this environment demands a **recalibration** of strategies, emphasizing **adaptability**, **innovation**, and **risk management** in an increasingly **multipolar world**.

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A WORLD AT A TURNING POINT



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As we approach **2025**, the global landscape is shaped by forces that promise to redefine the **economic, political, and technological** order. The return of Donald Trump to the White House heralds a period of heightened protectionism, reshuffled alliances, and transactional diplomacy.

Simultaneously, rapid advancements in **artificial intelligence, quantum computing, and clean energy** are accelerating innovation but also amplifying governance challenges and global competition. These shifts are occurring in an **environment of economic uncertainty**, with the United States leading in **resilience**, Europe grappling with structural weaknesses, and emerging markets navigating opportunities amidst geopolitical tensions.

The stakes for 2025 are immense: the **U.S.-China rivalry** across trade is intensifying. Across all regions, "radical uncertainty" is the defining characteristic as nations and businesses adapt to disruptions that range from **demographic shifts to climate change and unforeseen geopolitical shocks**.

Amidst these challenges, numerous opportunities are emerging: the acceleration of **AI and quantum computing** is opening new frontiers in **innovation**; **clean energy** initiatives are creating markets for **sustainable technologies**; reshaped global alliances are paving the way for novel partnerships; and emerging markets are poised to attract investment by leveraging geopolitical shifts.

The opportunities 2025 presents match the challenges it brings. Whether confronting **fiscal imbalances, embracing technology-driven growth, or balancing sustainability** with pragmatism, decision-makers must be prepared to adapt. By understanding these interconnected forces, **businesses, governments, and investors** can position themselves to lead in a world undergoing profound change. This report is your roadmap to a pivotal year—one defined by **transformation, complexity, and opportunity**.



GEOPOLITICAL OUTLOOK 2025



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NAVIGATING A REWIRED WORLD - GEOPOLITICS, TECHNOLOGY, AND THE NEW GLOBAL ORDER.

2025 will be a transformative year shaped by three interwoven forces: the return of Donald Trump to the White House, the rapid evolution of technology, and a landscape defined by radical uncertainty. These dynamics will drive significant shifts in global alliances, economic policies, and technological advancements.

● America's Return to Protectionism

- Policy Impacts: Donald Trump's "America First" agenda brings intensified trade wars, heightened tariffs, and transactional foreign policy. This approach will strain alliances and embolden adversaries like **China, Russia, and Iran**.
- Global Repercussions: Tariffs targeting China and other nations will redefine supply chains as Chinese firms expand into international markets and **manufacturing hubs** like **Mexico and Hungary**.

● Instability Across Regions

- Eastern Europe: The Ukraine-Russia war remains a critical test of U.S. influence. Any U.S.-brokered peace could signal either **American strength or retreat**.
- Middle East: Potential U.S. diplomacy in Gaza may achieve temporary ceasefires, but solutions for **long-term peace remain elusive**. Iran's shadow economy continues to challenge sanctions as it **continues to align with China**.
- Asia-Pacific: The South China Sea and Taiwan's sovereignty will test American commitments, further defining the U.S.-China rivalry.

● Technological Inflection Points

- AI and Quantum Tech: Designated by the UN as the year of quantum science, 2025 will see exponential **growth in AI and biotech**. Investments in data centers, AI-driven drug development, and autonomous systems will push boundaries and face pushback from regulation.
- Clean Energy Boom: Chinese-led advancements in solar and battery technologies outpace forecasts, driving **global clean energy transitions** despite geopolitical tensions.

● Global Economic Shifts

- Inflation to Deficits: While inflation subsides, nations face tough **fiscal challenges, balancing defense spending and growth strategies** amidst trade restrictions.
- Demographics and Workforce: Ageing populations in the West and surging youth demographics in the Middle East highlight **diverging economic opportunities and risks**, further disrupting migratory patterns.

● Radical Uncertainty and Resilience

- "Wild Cards": Geopolitical unpredictability remains high, with risks ranging from **new conflicts to geopolitical shocks** and other "black swan" events.

The interplay of protectionism, rapid technological advancement, and geopolitical realignments ensures that 2025 will be both turbulent and transformative.

THE UNITED STATES IN 2025

A NATION AT A CROSSROADS

As Donald Trump returns to the White House, 2025 presents a landscape of continuity and disruption for the United States. Armed with Republican majorities in Congress, Trump's second term begins with a rare trifecta of political power, offering him a window to implement sweeping changes domestically and redefine America's role on the world stage.

DOMESTIC POLICY AND ECONOMIC DYNAMICS

- **Economic Momentum and Risks:** The U.S. enters 2025 as the world's strongest-performing major economy, with a GDP growth forecast of 2.5%, inflation nearing the Federal Reserve's 2% target, and unemployment at historic lows. Yet, Trump's ambitious policies on deregulation, tax cuts, and tariffs could create economic headwinds. His plans to impose sweeping tariffs on imports, particularly from China, risk reigniting inflation while exacerbating trade tensions.
- **Immigration and Bureaucratic Restructuring:** Trump's agenda prioritizes mass deportations and tighter border controls, aiming to reshape immigration patterns. Coupled with his pledge to downsize government agencies and reverse Biden-era policies, these moves could strain public systems and deepen partisan divides.
- **Fiscal Challenges:** With the federal deficit representing 6% of GDP, Trump's proposed tax cuts face scrutiny from his own party. Extending his 2017 tax reforms to appeal to his base may clash with fiscal realities and rising defense spending demands.

GEOPOLITICAL STRATEGY: REALIGNMENT AND RETRENCHMENT

- **Transactional Foreign Policy:** Trump's "America First" doctrine is poised to reduce U.S. engagement in traditional alliances further. His reluctance to support Ukraine militarily and a likely push for a quick resolution to the conflict risks emboldening Russia and testing Europe's capacity for defense.
- **Trade Wars and Alliances:** Tariff escalation, particularly against China, marks a cornerstone of Trump's second-term strategy. This aligns with his broader skepticism of multilateral agreements and preference for bilateral negotiations, reshaping global trade dynamics.
- **Strategic Restraint or Overreach?:** Within his administration, competing Republican factions will influence U.S. foreign policy. Trump's personal inclinations, favoring autocrats and trade-focused diplomacy, may lead to inconsistent global engagement, particularly in Asia and the Middle East.

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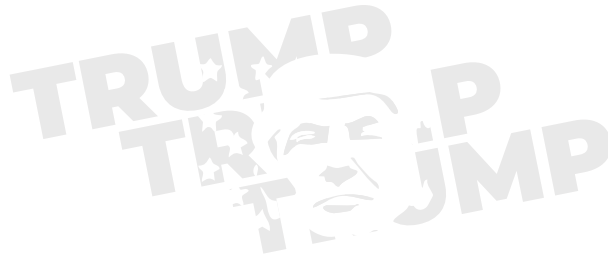
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A NATION AT A CROSSROADS

● THE DEMOCRATIC PARTY

The Democratic Party faces an **uncertain future** following Joe Biden's failed reelection bid, marked by a leadership vacuum and a lack of clear direction. Kamala **Harris is unlikely to reclaim the nomination**, leaving figures like Gretchen Whitmer, Josh Shapiro, and Andy Beshear vying for influence. The party remains **deeply divided** between leftist economic populism and centrist pragmatism, with ongoing debates on **immigration, policing, and social issues**. In opposition, congressional leaders Chuck Schumer and Hakeem Jeffries must counter Trump's unpredictable agenda while crafting a cohesive strategy for 2028. For now, the Democrats' identity is defined more by **opposition to Trump** than by a **unified vision**, with their success hinging on leaders who can win battleground states and reconnect with disillusioned working-class and middle-class voters.



● ENDURING LEGACIES AND FUTURE RISKS

Trump's second term may cement the **ideological transformation of the Republican Party** into a protectionist force, skeptical of international entanglements. While this shift reflects broader geopolitical trends, it also raises questions about America's ability to **lead amid rising global instability**. Whether his administration focuses on legacy-defining reforms or succumbs to domestic and international crises, the choices made in 2025 will resonate far beyond his presidency.

The U.S. in 2025 stands at a crossroads—poised between **economic resilience** and **policy-driven risks** and between **global leadership** and **isolation**. As it navigates these complexities, America's role as a stabilizing force in a volatile world remains uncertain.

EUROPE IN 2025

A CONTINENT UNDER PRESSURE

In 2025, Europe stands at a crossroads, balancing the imperatives of security, economic recovery, and political cohesion. With moderate growth forecasted for the Eurozone, rising geopolitical threats, and a strained fiscal environment, the continent must navigate a landscape fraught with both opportunities and challenges.

SECURITY: A FRAGILE SHIELD

- **The Ukraine War and European Defense:** Europe remains on the frontlines of Russia's aggression, with **sustained military aid to Ukraine** critical for deterrence and credibility. NATO's eastern flank has been fortified, but Europe's long-term ability to ensure its own security hinges on **increased defense spending** and **deeper military integration**. Mario Draghi's report on European competitiveness highlights that this requires addressing the EU's dependency on external sources for **critical technologies** and **resources**, undermining its strategic autonomy. Furthermore, the report points to the lack of coordinated governance among EU member states as a significant **obstacle to developing a cohesive and efficient defense strategy** essential for responding effectively to global threats.
- **Strategic Autonomy vs. Transatlantic Dependence:** With Donald Trump signaling reduced commitments to NATO, Europe faces **renewed pressure** to enhance its strategic autonomy. While initiatives like the European Defense Fund and PESCO are promising, progress remains uneven, and interoperability remains a logistical hurdle.

ECONOMIC OUTLOOK: MODEST GROWTH, FISCAL SQUEEZE

- **Moderate Growth Amid Constraints:** Eurozone GDP is projected to rise modestly in 2025, driven by **stable consumer demand** and **recovering investment**, encompassing increased spending on **infrastructure, equipment, research, and development**. However, the European Central Bank's tight **monetary policies** and **fiscal consolidation measures** may hinder sustained growth.
- **2025 EU Budget: Balancing Priorities:** The recently approved EU annual budget focuses on **investments in green transitions, digital innovation, and youth employment**. While these areas promise long-term dividends, immediate constraints—such as **reduced funding flexibility**—reflect the fiscal pressures affecting member states.
- **Green Transition Under Threat:** Europe's ambitious climate goals face challenges as **fiscal pressures** and **global competition from China's green tech sector** complicate progress. The EU must strike a balance between **driving innovation** and **managing economic pragmatism**.

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GEOPOLITICS: NAVIGATING GLOBAL REALIGNMENTS

U.S. Retrenchment and European Leadership: As America adopts a more transactional foreign policy, Europe must shoulder greater responsibility for its security and global positioning. This shift exacerbates existing divisions among member states, particularly on issues like Ukraine and defense spending.

Hybrid Threats and Migration Pressures: Europe faces rising threats from Russia's hybrid tactics – including cyberattacks, disinformation campaigns, economic pressure, proxy warfare -China's economic assertiveness, and destabilizing migration flows. Divergent national responses highlight the bloc's enduring struggle to present a united front.

PLANNING FOR WAR TO SECURE PEACE

"If Europe wants peace, it must plan for war", this principle, highlighted by the European Council, underpins the **urgent need for Europe to modernize its defense capabilities**. While the EU budget allocates resources for security, bureaucratic inertia and fragmented national priorities slow implementation. Closing **critical gaps in cyber defense, logistics, and supply chain resilience** will be essential to safeguarding Europe's future. Mario Draghi's report on European competitiveness underscores that these challenges are symptomatic of a broader **lack of coordination** and **strategic alignment** among EU member states. The report emphasizes the need for unified governance mechanisms to **streamline decision-making** and **ensure that investments in critical sectors**, including defense and supply chains, are deployed effectively to enhance the EU's resilience and autonomy.



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POLITICAL COHESION: A DELICATE BALANCE

Populism and Euroscepticism: As showcased in the 2024 European elections, populist and Eurosceptic forces continue to gain momentum. This trend complicates consensus-building within the EU and threatens to undermine key policy initiatives, including migration reform and fiscal alignment.

Migration and Solidarity: Renewed pressures from Mediterranean and Balkans migration routes test Europe's unity. The demand for equitable burden-sharing highlights the persistent divide between northern and southern member states, catalyzing the issue of interoperability.

2025 AND BEYOND: STRATEGIC PREDICTIONS

Three strategic trends will shape Europe's trajectory:

Digital and Green Synergies: Investments in **AI**, **quantum computing**, and **renewable energy** will redefine Europe's economic competitiveness, but only if leaders **overcome bureaucratic barriers** and **foster collaboration** in the private sector.

Resilience in Supply Chains: Diversifying away from **overreliance on China** remains a priority, particularly in **critical sectors** like semiconductors and clean technology.

Workforce and Demographic Shifts: As Europe's workforce **ages**, **automation**, and **upskilling** will be pivotal to **maintain productivity** and address **labor shortages**.

THE PATH AHEAD

Europe is a continent that must balance internal challenges and external threats. Moderate economic growth, while reassuring, is insufficient to address long-term structural weaknesses. Security remains **fragile, requiring a unified vision and enhanced capabilities**. Political cohesion, strained by populist pressures, will test Europe's ability to act decisively.

Whether Europe emerges stronger or more fragmented will depend on its **leaders' ability to reconcile competing priorities**. The choices made in 2025 will determine whether Europe can thrive in a rapidly shifting global order—or risk being left behind.

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STRATEGIC PATHWAYS FOR UKRAINE AND THE MIDDLE EAST IN 2025

UKRAINE: A FRAGILE PATH TO PEACE

The war in Ukraine, now entering its third year, may wind down in 2025, but the trajectory of its resolution remains uncertain. Recent developments suggest that both Russia and Ukraine are approaching a stalemate, with neither side achieving decisive gains. Western analysts point to several dynamics shaping the outcome:

- **Diplomatic Challenges:** Peace negotiations could gain momentum as exhaustion mounts on both sides, yet **fundamental disagreements** over territorial integrity and **security guarantees** persist. Russia demands recognition of territorial annexations, while Ukraine insists on restoring sovereignty—a gap that remains difficult to bridge.
- **American Influence:** Donald Trump's return to the White House adds complexity. His pledge to broker a swift resolution may involve **pressuring Ukraine into concessions** that could leave it vulnerable to future aggression. The **degree of European unity** in supporting Ukraine's sovereignty will become **critical as U.S. military aid** will likely decrease.
- **Human and Economic Cost:** The prolonged conflict has **devastated Ukraine's economy and infrastructure**, with reconstruction estimated to require hundreds of billions of dollars. Even as combat slows, rebuilding will hinge on sustained international support, **testing** the resilience of **Western alliances**.



A ceasefire, if achieved, could reduce violence but risks entrenching a frozen conflict, leaving long-term peace elusive and Ukraine's geopolitical future precarious.

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STRATEGIC PATHWAYS FOR UKRAINE AND THE MIDDLE EAST IN 2025



MIDDLE EAST: A REGION AT A CROSSROADS

The Middle East in 2025 is defined by enduring conflicts, strategic shifts, and the influence of key leaders.

Three Key Leaders Driving the Region's Future:

- ***Israel and Gaza:*** Netanyahu may pursue a fragile ceasefire with Hamas to **stabilize Israel's economy**, but without progress toward a Palestinian state, **tensions remain unresolved**, risking future violence.
- ***Iran's Proxy Strategy:*** Iran continues leveraging **regional instability** through proxies in Iraq, Syria, and Lebanon, **emboldened** by closer ties with **China** and resilient despite sanctions.
- ***Turkey's Ambitions:*** Erdoğan maintains a delicate balance between the West and Russia, leveraging Turkey's geopolitical position to enhance its **influence in energy and defense**.

BROADER REGIONAL CHALLENGES:

- **Economic Strain:** Conflicts in Gaza and Lebanon **burden economies**, with Israel grappling to attract foreign investment.
- **Youth Unrest:** Growing youth populations in Iraq and Egypt face limited opportunities, **driving social unrest and migration pressures**.

The region's trajectory depends on whether leaders prioritize pragmatism over ideology. Without inclusive governance and economic stability, escalating conflicts could threaten global energy security and amplify migration crises.

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STRATEGIC PERSPECTIVES FROM GLOBAL BANKS

ALLIANZ: NAVIGATING ECONOMIC DIVERGENCE AND INVESTMENT OPPORTUNITIES AMID GLOBAL VOLATILITY

- **Soft Landing in the U.S.:** Growth is expected to be around 2%, supported by labor market resilience and corporate profits.
- **Geopolitical Risks:** Potential trade conflicts under a second Trump presidency, along with ongoing tensions in Ukraine and the Middle East.
- **Monetary Easing:** Rate cuts anticipated in 2025 - Fed to 3.5% and ECB to 2.25%.
- **Asset Allocation:** Shift towards illiquid investments such as private debt and infrastructure for diversification.
- **Economic Divergence:** U.S. growth to outpace Europe and Japan; China grapples with structural economic hurdles.
- **Equity and Bonds:** Favorable outlook for risky assets, though vigilance is needed given market volatility.
- **Inflation Trends:** Inflation is expected to approach 2% targets globally, but potential re-acceleration risks remain.

APOLLO GLOBAL: STRATEGIC INSIGHTS AND ECONOMIC PROJECTIONS FOR 2025

- **Resilient Growth Amid Structural Challenges:** Global GDP growth is forecasted to maintain momentum at approximately **3.5% in 2025**, driven by robust demand in emerging markets and the continuation of **digital and energy transitions**. However, advanced economies face headwinds from **elevated interest rates** and **fiscal constraints**.
- **Private Markets Leadership:** With a rising need for capital in infrastructure, real estate, and private credit, Apollo emphasizes the strategic importance of **private equity and private debt** markets in driving economic resilience and innovation.
- **Geopolitical and Macroeconomic Realignments:** Shifts in global trade dynamics, exacerbated by geopolitical tensions, are expected to **create opportunities in localized supply chain investments** and **cross-border partnerships**, particularly in Asia and the Middle East.
- **Inflation and Central Bank Policies:** While **inflation rates** are set to **decline**, they remain above pre-pandemic levels, compelling central banks to maintain a **cautious stance on monetary easing**. A bifurcated recovery between developed and emerging markets further complicates the policy landscape.
- **Energy Transition and Green Investment:** Accelerating energy transition strategies will require **significant capital deployment**. Apollo highlights investment opportunities in **renewable energy, carbon capture, and sustainable infrastructure** to address long-term climate goals and energy security concerns.

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BARCLAYS: STRATEGIES FOR NAVIGATING A TRANSFORMING GLOBAL ECONOMY

● Global Economic Outlook:

- The U.S. leads with projected **2.1% GDP growth for 2025**, supported by rate cuts, but faces inflationary and tariff risks. The **Eurozone shows modest recovery** (0.7% growth), bolstered by ECB measures but hindered by political risks and Germany's industrial challenges.
- **China's growth slows to 4%**, driven by demographic shifts and real estate struggles, with targeted **policies stabilizing high-tech and green investments**.
- The UK **anticipates 1.2% growth**, balancing cooling inflation with **fiscal expansion**, creating undervalued equity and credit opportunities.

● Investment Trends:

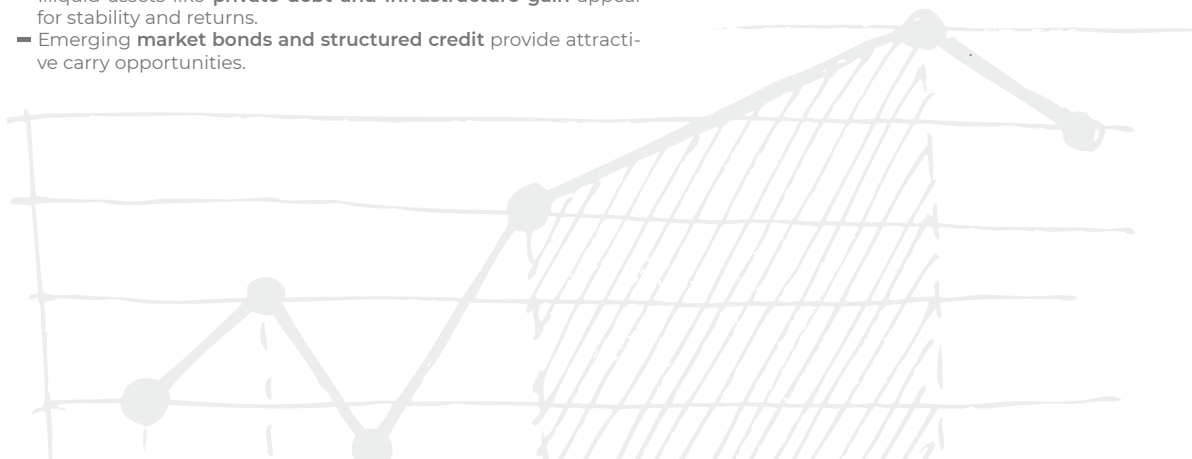
- **Diversification and selectivity** remain vital across equities and fixed-income markets.
- Illiquid assets like **private debt and infrastructure gain** appeal for stability and returns.
- Emerging **market bonds and structured credit** provide attractive carry opportunities.

● Sector-Specific Insights:

- **AI applications** in finance and healthcare show promise, but broader productivity gains face resource and societal constraints.
- ESG trends emphasize **emissions, and sustainable resource use biodiversity, carbon**, urging investors to align with emerging standards.

● Geopolitical and Policy Risks:

- U.S. fiscal and tariff policies, Eurozone political risks, and China's structural challenges shape investment landscapes, requiring **caution and adaptability**.



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BLACKROCK: 2025 INVESTMENT LANDSCAPE - AI REVOLUTION, ECONOMIC SHIFTS, AND STRATEGIC OPPORTUNITIES

● AI Transformation:

- Continued investment in AI infrastructure is driving the "Build Phase," focusing on the **tools, systems, and foundational infrastructure** needed to support and scale transformative applications.
- By 2025, AI is expected to be integrated across industries, with **generative AI** revolutionizing drug discovery and operational efficiency.

● Rate Sensitivity and Recovery:

- Modest rate cuts create tailwinds for rate-sensitive assets like **biotech, gold, and digital assets**.
- Falling borrowing costs could rejuvenate **R&D in healthcare** and support the broader growth of **innovation-driven sectors**.

● Rebuilding the U.S. Physical Economy:

- **Infrastructure, manufacturing, and housing** gain momentum through bipartisan policies and increased private investment.
- **Reshoring initiatives** and **accelerated construction** address long-standing gaps in domestic supply chains and housing.

● Healthcare Innovation:

- **Aging populations and advancements in personalized medicine** drive demand for breakthrough therapies.
- Significant cost reductions and time savings in drug development emerge as **AI transforms healthcare R&D**.

● Digital Assets and Bitcoin:

- **Bitcoin's** appeal grows with regulatory clarity as rate cuts **reduce opportunity costs** relative to traditional assets.
- **Digital assets** are increasingly viewed as diversifiers for investment portfolios.

● Geopolitical and Economic Implications of AI:

- The global race for AI supremacy prompts fragmented **regulations** and increased focus on **cybersecurity**.
- Firms with substantial domestic operations may benefit as governments prioritize **securing strategic technologies** and **data**.





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BNP PARIBAS: NAVIGATING A VOLATILE WORLD THROUGH SUSTAINABILITY AND INNOVATION

- **Macroeconomic Outlook:** Global economy trending toward soft landing with **easing inflation and expected central bank rate cuts**, though risks remain. Notable regional disparities persist with U.S. outperforming Europe, China facing **real estate challenges**, and **potential impact from U.S. policy changes** under Trump administration.
- **Investment Landscape:** Multiple opportunities emerging across **sustainability financing, fixed income markets, and private credit** sector. Key areas include **transition finance, natural capital investments** (agriculture, forestry, water), **emerging market debt, Eurozone investment-grade credit, and expanded retail access** through ELTIF 2.0 for private credit markets.
- **Transformation Drivers:** Focus on **clean energy transition and AI transformation**, with renewable energy costs decreasing and projected to dominate global power demand. Specific opportunities in **grid modernization, climate adaptation infrastructure, and AI infrastructure** (data centers), along with productivity-enhancing AI applications.
- **Strategic Considerations:** Emphasis on active portfolio management and **diversification** across **public and private markets**, specifically targeting sectors aligned with **sustainability and innovation for long-term** growth and resilience.

BNY MELLON: LONG-TERM CAPITAL MARKET ASSUMPTIONS

- **AI-Driven Growth:**
 - Early adopters of AI are poised for higher earnings growth, particularly in **U.S. equities**, which benefit from advanced AI infrastructure and innovation.
 - Developed markets show moderate **AI adoption** while emerging markets face slower integration due to reliance on physical labor.
- **Equity Market Projections:**
 - U.S. equities are expected to deliver a **7.5% return** over the next decade, driven by AI integration and corporate profitability.
 - Emerging markets outperform with projected returns of **7.7%**, while non-U.S. developed markets lag slightly at **6.7%**.
- **Fixed Income Opportunities:**
 - U.S. Treasury markets are forecasted to achieve a **2.2% real return**, with high-yield **bonds offering 6.0%** due to current yields and easing monetary policies.
 - Emerging market local currency bonds remain attractive, with a **4.0% expected return** driven by stable currencies and supportive valuations.
- **Alternatives in Focus:**
 - U.S. private equity projects a robust **9.7% return**, highlighting its appeal in a diversified portfolio.
 - Hedge funds and absolute return strategies offer **additional diversification**, balancing risk in volatile markets.
- **Portfolio Diversification:**
 - Elevated **stock-bond correlations** emphasize the role of alternatives to enhance portfolio stability.
 - Long-duration **Treasuries gain** from monetary easing while steepening yield curves temper credit sector performance.

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DEUTSCHE BANK: NAVIGATING GROWTH AND GLOBAL TRANSFORMATIONS IN 2025

- **Global Economic Growth:** Modest expansion with global GDP projected at 3.1%, driven by Asia's sustained momentum and the U.S.'s robust productivity-led economy. Europe remains a laggard, highlighting the need for structural investment.
- **Shift to Fiscal Policy:** The dominance of monetary policy is giving way to fiscal initiatives, particularly in the U.S. and Japan, with expansive government investments expected to spur growth.
- **Equity Market Dynamics:** Strong profit growth, particularly in the U.S., underpins a positive outlook for equities. European and Asian markets offer selective opportunities, while volatility persists as a central theme.
- **Alternative Investments:** Infrastructure and private equity are gaining traction, aligning with global trends in digital transformation, energy transition, and supply chain resilience.
- **Risks and Uncertainties:** Trade tensions, geopolitical developments, and inflationary pressures necessitate active risk management and diversified portfolios to navigate potential disruptions.

EUROPEAN CENTRAL BANK: 2025 ECONOMIC OUTLOOK

- **Global Economic Growth:** The euro area economy is projected to grow at 1.1% in 2025, supported by rising real wages and employment, alongside easing financing conditions. However, geopolitical tensions and subdued consumer confidence may temper the pace of recovery.
- **Shift to Fiscal Policy:** Headline inflation is expected to decline toward the ECB's target of 2% by mid-2025. Core inflation pressures, particularly in services, are set to moderate as energy price base effects fade and wage growth decelerates.
- **Equity Market Dynamics:** Labour productivity is anticipated to rebound gradually as cyclical disruptions ease, while unemployment rates are forecast to reach historic lows. Structural challenges, such as demographic shifts, remain key considerations for sustained growth.
- **Alternative Investments:** While fiscal policies aim for consolidation, investments funded by the Next Generation EU (NGEU) programme will continue to bolster growth, particularly in green and digital transitions, through 2027.
- **Risks and Uncertainties:** Trade is expected to contribute marginally to growth, contingent on steady foreign demand. Persistent competitiveness issues, however, pose risks to export performance, highlighting the need for structural reforms to support long-term resilience.

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GOLDMAN SACHS: KEY TRENDS AND INVESTMENT IMPLICATIONS

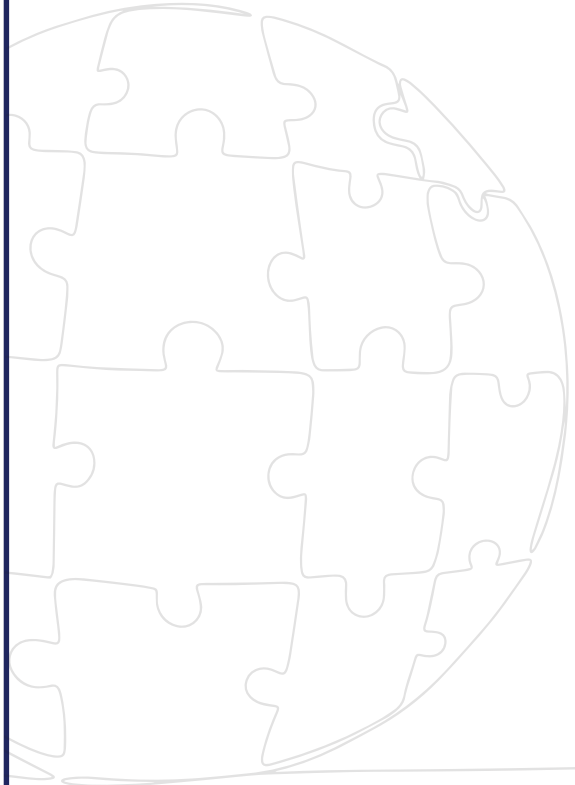
- **Global Economic Trends:**
 - Projected global GDP growth of **2.7% in 2025**, with the **U.S.** outperforming at **2.5%** and **Europe** lagging at **0.8%** due to trade uncertainties.
 - **Core U.S. inflation** expected to slow to **2.4%** by late 2025, supporting real income growth amid easing global monetary policies.
- **Trade and Policy Dynamics:**
 - **U.S. tariff risks** targeting China and automotive imports may reduce **U.S. GDP by 0.2%** and **global GDP by 0.4%**.
 - **Euro** area and **China** face growth headwinds, with GDP projections of **0.8%** and **4.5%**, respectively.
- **Market and Investment Strategies:**
 - **S&P 500** forecasted to deliver a **10%** total return in 2025, driven by earnings growth, despite high P/E valuations (21.7x).
 - **M&A activity** in the U.S. predicted to rise **25%** YoY, with \$325 billion in cash M&A spending (+20%), aided by relaxed regulations and favorable conditions.
 - **Investment** focus shifts to **mid-cap stocks** for **lower valuation risks** and diversification into less macro-sensitive sectors amidst AI and trade risks.
- **AI and Sectoral Opportunities:**
 - **AI investment** enters "Phase 3", emphasizing application rollout and monetization in software and services.
 - Companies leveraging **AI-driven revenue models** expected to deliver secular growth opportunities.

HINES:

2025 REAL ESTATE'S TURNING POINT, RECOVERY AMIDST TRANSITION

- **Housing Investment Opportunities:** Acute global **housing shortages** and **rising mortgage rates** are driving a shift toward rental markets, making single-family rentals and multifamily developments key areas for institutional investment.
- **Resilient Retail Sector:** Retail continues to thrive, led by **open-air, grocery-anchored formats**, supported by strong consumer sentiment, wage growth, and recovering markets in Europe and Asia.
- **Industrial Sector Strength:** Despite cooling, the industrial sector remains attractive due to embedded **NOI growth, e-commerce demand, and supply chain** stabilization.
- **Office and Regional Insights:** Stabilizing office markets and energy- efficient spaces offer tactical opportunities, while **66% of global markets** are in a "Buy" phase, led by Europe and Asia in industrial and residential sectors.

HSBC: ADAPTING TO A MULTIPOLAR WORLD



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● Macro Trends and Policy Dynamics:

- Global growth is expected to stabilize at modest levels, with **inflation ranging** from 2 % to 3% range across most economies.

● U.S. and Europe: Diverging Paths:

- The **U.S.** is anticipated to achieve a "soft landing" with **moderating growth** and **shallow rate cuts**.
- **Europe** remains in a **slow recovery**, hindered by weak manufacturing and low productivity.

● Emerging Markets (EM) and Frontier Economies:

- **EM assets** remain **undervalued**, presenting significant upside potential amid favorable valuations and higher growth.
- **India** leads as the **fastest-growing large economy**, benefiting from robust domestic demand and infrastructure investment.

● Investment Themes for 2025:

- A shift towards **value stocks**, **small caps**, and **real assets** as market leadership rotates.
- **Private credit** and **securitized debt** offer **opportunities** for diversification and yield in a high-for-longer rate environment.
- Decarbonization and digital transformation drive material demand, positioning the **materials sector for long-term growth**.

● Geopolitical and Market Risks:

- **Rising protectionism** and **trade disruptions** pose challenges to global growth.
- High valuations in U.S. equities and the possibility of escalating geopolitical tensions underline the need for **active** and **flexible investment** strategies.

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NAVIGATING SHIFTING DYNAMICS IN BANKING AND PRIVATE MARKETS

● Regulatory Shifts and Impact:

- The CMDI framework updates focus on crisis management and deposit protection, and CRR III revisions introduce **stricter capital requirements and complexities** for preferred senior bonds, likely leading to broader spreads and rating adjustments.
- **Banks face challenges** with depositor preference changes and shifts in liability hierarchies, impacting funding strategies.

● ECB Rate Cuts and Loan Quality:

- **Rate cuts of 125bps** are expected in the first half of 2025, alleviating pressure on loan quality and benefiting banks with cyclical exposures such as real estate.
- **Credit costs remain elevated** but below 2024 levels, with Southern European banks positioned to benefit from stronger economic growth.

● Bank Bond Issuance Trends:

- **EUR bank bond** supply is forecasted at **€400bn**, slightly below 2024 levels, driven by increased redemptions and the end of TLTRO III repayments.
- **Sustainable bond** issuance is projected to **decline to €70bn**, reflecting broader issuance trends and evolving EU Green Bond standards.

● Private Market Vulnerabilities:

- **Private markets**, though **resilient**, face risks like financial leverage, interconnectedness, and liquidity challenges.
- Stress in **private markets** could indirectly **affect banks** through contagion in broader NBFIs sectors.

● Strategic Opportunities for Banks:

- Banks focusing on fee-based income and leveraging M&A opportunities are better positioned in a **lower-rate environment**.
- **ESG remains a priority**, with green bonds dominating sustainable issuance amid modest growth in sustainable loan portfolios.



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J.P. MORGAN:

TRANSITIONING FROM CYCLICAL RECOVERY TO POLICY-DRIVEN MARKETS

● U.S. Economic Outlook:

- Real GDP growth is projected at 2.1% in 2025, supported by robust consumer spending and moderate inflation trends stabilizing at 2.0% by year-end.
- The **Federal Reserve** is expected to conclude its easing cycle after cutting rates to 3.75% or 4%, with potential pauses influenced by policy uncertainty.

● Policy and Geopolitical Risks:

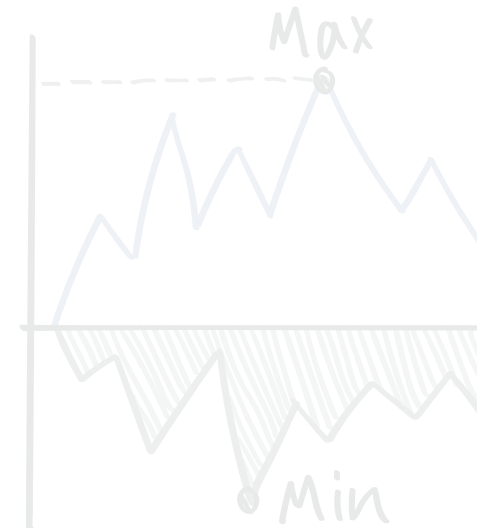
- The reelection of Donald **Trump** introduces potential policy shifts, including tax cuts, reduced immigration, deregulation, and new tariffs, with varying impacts on growth and inflation.
- Proposed tariffs on **Chinese imports** could elevate inflation by up to 5.1% and strain global trade dynamics.

● Market Dynamics:

- The **S&P 500 earnings growth** is forecast to accelerate to **15%**, with broader market leadership emerging beyond the "Magnificent" - the seven largest and most influential tech-focused companies in the U.S. stock market.
- **International equities face headwinds** from U.S.-centric policies and a strong dollar but offer valuation-driven opportunities in regions like Japan, India, and Taiwan.

● Investment Strategies:

- Alternatives such as private credit and infrastructure gain prominence for diversification and **income generation in a high-rate environment**.
- **Fixed-income opportunities** lie in extending duration, embracing high-quality credit, and exploring municipal bonds for tax-equivalent yield advantages.
- Sector-specific themes include **AI infrastructure** build-out, energy **transition investments**, and **supply chain diversification**.



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KKR: ADDRESSING DIGITAL POWER PROBLEM AND INVESTMENT TRENDS

- **Housing Investment Opportunities:** Data center electricity consumption is projected to triple by 2030, driven by AI and cloud computing growth, creating significant infrastructure investment opportunities across both digital and power sectors.
- **Energy Transition Strategy:** Renewable energy remains a core focus, with major investments in solar, wind, and green hydrogen, while critical challenges in energy storage and transmission are acknowledged. Traditional energy sources, particularly natural gas and nuclear, maintain importance for grid stability during transition
- **Strategic Industry Collaboration:** Notable initiatives include KKR's \$50 billion partnership with Energy Capital Partners, demonstrating the essential cooperation between utilities, data center operators, and policymakers to address infrastructure challenges
- **Infrastructure Investment Thesis:** Private capital deployment focuses on stable, inflation-linked returns through scalable investments in high-demand sectors including fiber optics, wireless towers, and data centers, positioning infrastructure as a resilient long-term asset class
- **Asynchronous Recovery:** Global recovery patterns remain uneven, with rolling recessions and recoveries creating unique investment opportunities. Nations like the U.S. and India are leading growth, while Europe and China face economic headwinds.
- **Regime Change and Productivity:** U.S. productivity gains continue to drive nominal earnings growth, reinforcing the cycle's momentum. However, increased geopolitical tensions and energy transition challenges demand innovative investment strategies.

LAZARD: EUROPE AND EMERGING MARKETS NAVIGATING DIVERGING OPPORTUNITIES.

- **European Market Dynamics:** The ECB's rate reduction policy is supporting equity markets amid falling inflation below 2%, though Germany's economic challenges and manufacturing weakness introduce uncertainty. Notable market behavior includes strategic corporate actions like spin-offs and share buybacks, with defensive sectors demonstrating superior performance compared to cyclical industries
- **European Investment Opportunities:** Fixed income markets present compelling prospects, particularly in European high-yield and Nordic bonds, which showcase strong fundamentals and attractive spreads. While inflation risks persist, the declining rate environment provides favorable conditions for fixed income investments
- **Emerging Markets Performance:** Emerging market equities are outperforming developed markets, supported by robust earnings growth, attractive valuations, Federal Reserve easing policies, and China's economic stimulus measures. The debt markets in emerging economies are benefiting from global rate reductions, with particular strength in local bonds and currencies
- **Risk Considerations:** Significant factors include potential U.S. election impacts on trade policies, particularly regarding tariffs targeting China, which could affect global supply chains and vulnerable markets such as South Korea and Malaysia. This geopolitical dimension adds complexity to both developed and emerging market investment decisions



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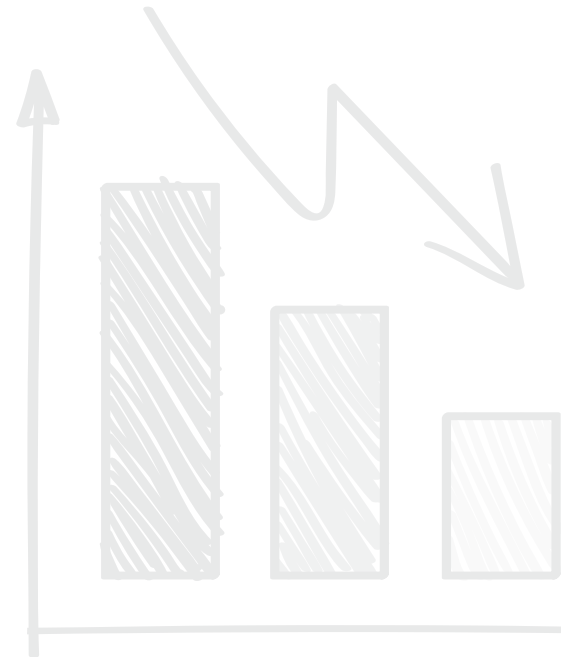
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MORGAN STANLEY: POLICY SHIFTS AND STRATEGIC OPPORTUNITIES IN A MODERATING GLOBAL ECONOMY

- **Global Growth Outlook:**
 - Global GDP growth forecasted at 3% in 2025, slowing to 2.9% in 2026 due to **U.S. policy shifts and China's challenges** impacting emerging markets.
 - **Europe** is projected to **grow** modestly at 1%, while **Japan** sees **stable growth** supported by wage inflation and a soft landing.
- **U.S. Economic Challenges:**
 - **U.S. GDP** growth expected at 2.1% in 2025 but may **decelerate** to 1.6% in 2026 as tariffs and immigration restrictions weigh on consumer spending and labor markets.
 - **Inflationary pressures** could emerge in late 2025, driven by higher prices from new tariffs and reduced immigration.
- **Regional Disparities and Emerging Markets:**
 - **China** faces **deflationary challenges** and manufacturing overcapacity, with limited impact of stimulus measures on consumption.
 - **Emerging markets** encounter **trade-related headwinds**, but present selective opportunities supported by global monetary easing.
- **Market and Investment Strategies:**
 - Elevated **equity valuations** are underpinned by strong fundamentals, especially in the U.S. and Japan.
 - U.S. Treasury yields are likely to decline with **Fed rate cuts**, favoring equities over corporate credit later in 2025.
 - Overweight **U.S. and Japanese equities**, stay neutral on European equities due to tariff risks and consider leveraged loans for balanced fixed-income returns.



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ROYAL BANK OF CANADA: NAVIGATING TRADE TENSIONS AND STRUCTURAL SHIFTS

- **European Market Challenges and Policy Response:** European economies face significant headwinds from proposed **U.S. tariffs (10-20%)** and increased **Chinese export competition**. The ECB is preparing substantial monetary easing with projected **rate cuts up to 100 basis points** in 2025, though policy implementation is complicated by diverging growth patterns between Northern and Southern Europe.
- **European Investment Landscape:** Despite regional challenges, select opportunities exist in European equities, particularly in **semiconductors, industrial gases, and healthcare sectors**, with globally oriented European firms showing resilience. Fixed income markets present attractive opportunities in **high-quality bonds** from Spain and The Netherlands, while Greek bonds outperform **Italian debt** despite lower ratings.
- **Artificial Intelligence and Demographic Trends:** AI continues to drive transformative growth across sectors, particularly in **infrastructure development** and **generative AI** applications, creating substantial demand for supporting technologies. Simultaneously, **aging populations** are generating significant investment opportunities in healthcare, biotech, and financial services sectors.
- **Energy Transition Momentum:** The renewable energy sector demonstrates increasing dominance in **global energy markets**, supported by record-low costs for solar and wind power generation. Critical growth areas include **utility-scale energy storage** and **grid modernization initiatives**, which are essential for supporting broader electrification efforts and enhancing energy system resilience.



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SANTANDER: BALANCING STABILITY AND TRANSFORMATIVE OPPORTUNITIES

- **Macroeconomic Environment:**
 - Global growth stabilizes as inflation moderates, supported by **central banks normalizing interest** rates through 2025.
 - **Geopolitical tensions**, including the U.S.-China tech rivalry, the conflict in Ukraine, and Middle East instability, remain key risks to global stability.
- **Investment Opportunities:**
 - **Fixed Income:** Opportunities in duration management and high-yield bonds emerge as rate cuts support income generation.
 - **Equities:** Favor high-quality companies with strong balance sheets and those benefiting from AI-driven productivity gains.
 - **Private Markets and Commodities:** Diversify portfolios with private equity, real assets, and commodities for enhanced resilience and returns.
- **Technology and Energy Transitions:**
 - **AI, robotics, biotechnology, and clean energy** are pivotal themes driving long-term growth.
 - Infrastructure investments in renewables and data centers are critical to meet **rising energy** and **digital demands**.
- **Strategic Recommendations:**
 - Active management is essential to navigate uncertainties and capture **opportunities in transformative sectors**.
 - Broader asset allocation across traditional and alternative investments enhances diversification and risk mitigation.



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T. ROWE PRICE: TRANSITIONING TO NEW GROWTH PARADIGMS

- **Global Economic Transition:**
 - A manufacturing-led recovery is expected in H2 2025, driven by pent-up demand, **AI adoption**, and **infrastructure investments**.
 - Easing **monetary policies in Europe and emerging markets** support growth, though China's uncertainties continue to weigh on global performance.
- **U.S. Market Dynamics:**
 - **U.S. growth** remains robust due to productivity gains and fiscal initiatives like the **Inflation Reduction Act** despite slowing job creation.
 - **Federal Reserve rate cuts** may boost small-cap stocks and financials, creating opportunities in cyclical sectors.
- **Global Investment Opportunities:**
 - Value and small-cap stocks are well-positioned for growth in markets like **Japan** and **South Korea**, aided by **corporate reforms** and **governance improvements**.
 - **Emerging markets** present yield **opportunities** in local currency bonds and corporate credit, supported by easing monetary policies and currency stabilization.
- **Innovation and Private Markets:**
 - Advances in AI, healthcare, and renewable energy drive **investment**, with **biopharma**, **clean energy infrastructure**, **semiconductors**, **software**, and **cybersecurity** leading growth.
 - Rising demand for **private credit** and a **favorable rate cycle** may revitalize IPO markets, M&A activity, and income opportunities in high-yield bonds and bank loans



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THE NEXT STAGE OF THE ROARING 20S

- **Global Economic Outlook:**
 - **Global growth** is expected to remain **steady**, with the U.S. leading at 2.1% and Europe growing unevenly at around 1%.
 - **China** faces **headwinds** from tariffs and structural challenges, while **India** emerges as a significant **growth leader**.
- **U.S. Policy Impacts:**
 - A **Trump** presidency introduces **tariff risks** that could impact trade and inflation, with the potential for a stagflationary scenario.
 - **Tax cuts** and **deregulation** may offset negative impacts, supporting U.S. equity markets, with the S&P 500 forecasted to reach 6,600 by year-end.
- **Investment Strategies:**
 - **Lower Rates:** Central bank **rate cuts** favor **investment-grade bonds** with mid-single-digit returns.
 - **Equities:** **U.S.** and **Asia ex-Japan** equities are preferred, while Eurozone small- and mid-caps and Swiss dividend stocks stand out in Europe.
 - **Commodities:** Gold and transition metals like copper present opportunities amid geopolitical risks and rising demand from **energy transitions**.
 - **Real Estate:** **Logistics, data centers,** and **multifamily housing** are key growth areas due to constrained supply and rising demand.
- **Technological and Structural Themes:**
 - **Artificial intelligence** and **power/resource** innovation are highlighted as transformative sectors with outsized **growth potential**.
 - The "5Ds" of debt, deglobalization, demographics, decarbonization, and digitalization **remain central** to shaping long-term market trends.



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STRATEGIC TAKEAWAYS FOR 2025 AND BEYOND

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2025 will be a year of **profound transformation**, where **interconnected forces** across **geopolitics, technology, and economics** shape the **global order**. To navigate this complexity, businesses, governments, and individuals must adopt **strategies** rooted in **adaptability, foresight, and innovation**.

Geopolitical realignments are creating significant shifts in the global landscape, with the return of **U.S. protectionism** under a second **Trump** administration signaling a reshuffling of **alliances, supply chains, and trade norms**. As Europe faces mounting **pressure** to assert its **strategic autonomy**, emerging markets must pivot to capitalize on **shifting investment flows** and regional opportunities. Organizations must monitor these dynamics closely to maintain alignment with new realities while building **resilience** against potential **disruptions**.

The **technological transformation** will reach new heights in 2025, as **AI** and **quantum computing** transition from promising innovations to widespread **integration**, revolutionizing sectors from **healthcare to finance**. **China's leadership** in **clean energy** advancements will accelerate the **global green transition** while challenging Western markets to **innovate and compete**. Organizations face the imperative to **invest strategically** in technology while addressing the **ethical, governance, and infrastructure** challenges that accompany these advancements.

Economic volatility will require careful navigation, as global markets face a delicate balancing act between **easing inflation, slowing growth, and geopolitical uncertainties** that shape **fiscal and monetary policies**. The investment landscape demands prioritizing **diversification**, seeking **opportunities** in emerging sectors like **AI-driven productivity** and **sustainable infrastructure**, while remaining vigilant against headwinds such as **protectionist** policies and **energy supply disruptions**.

Regional and sectoral opportunities present a varied landscape: the **U.S.** is positioned to lead in **growth and innovation**, while **Europe** grapples with challenges in **manufacturing and strategic cohesion** that could impact its prospects. **Emerging markets**, particularly **India**, offer promising **opportunities** driven by favorable **demographics** and **infrastructure expansion**.

The **lessons of 2024** have reinforced the critical importance of preparing for **improbable events**. Organizational leadership must emphasize **resilience** through **comprehensive scenario planning, robust crisis management, and adaptive governance frameworks**. Those organizations that successfully embed resilience into their strategic planning will be best positioned not only to **mitigate risks** but also to uncover **new opportunities** during periods of disruption.

2025 is not merely another year but a **defining moment** in the **global trajectory**. **Geopolitics, technology, and economics** interplay demands a proactive and integrated approach. Nations and organizations that embrace **innovation**, prepare for **uncertainty**, and lead with **vision** will shape the outcomes not only of this transformative year but also of the **decade** ahead.

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