

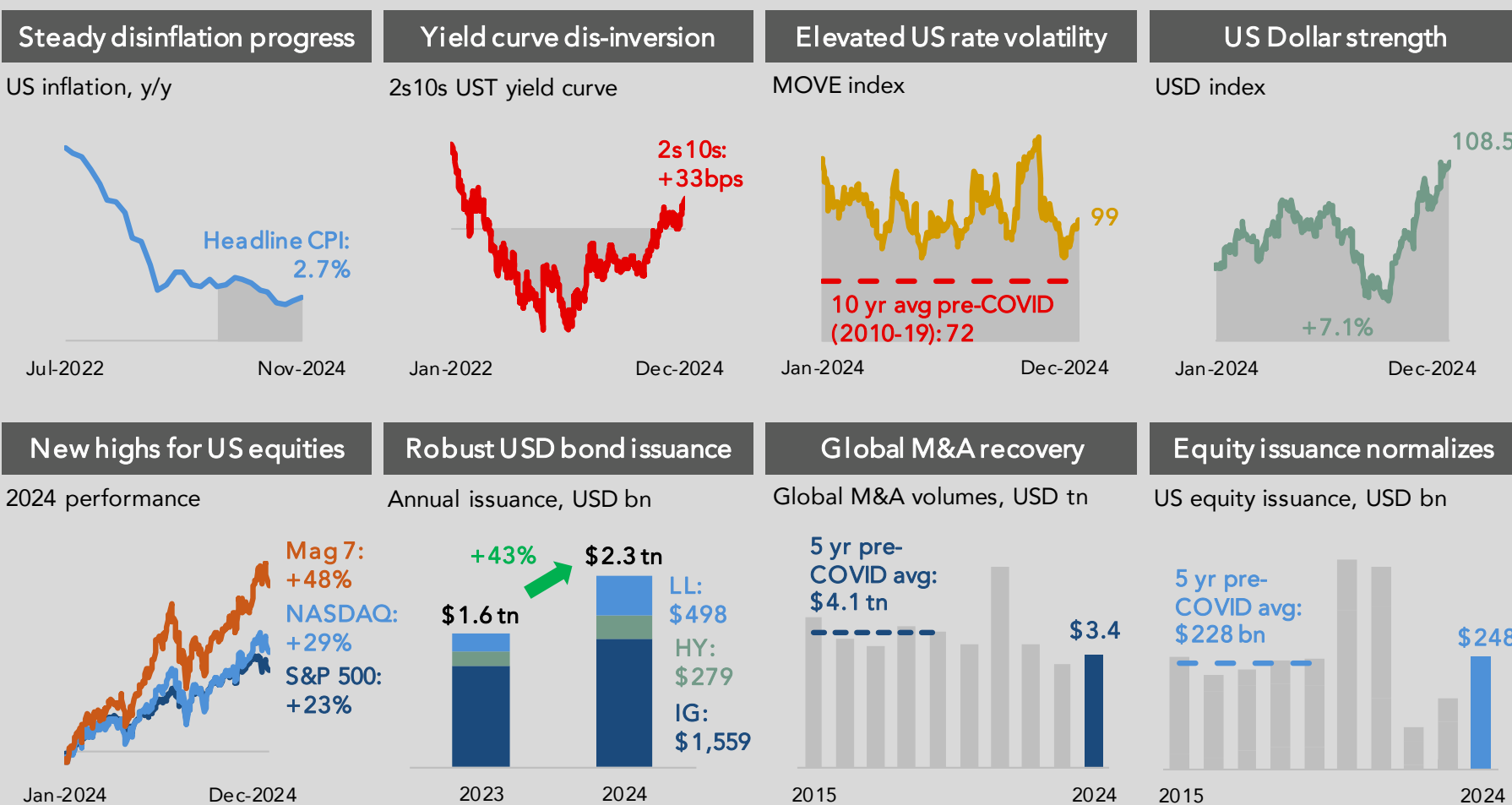
# Chart of the Day

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## 2024 Creating the Backdrop for 2025

The significant political and market events of 2024 have created much of the backdrop that will shape the year ahead.



## Key Themes for Markets in 2025

2025 Global Market Themes
1. "Higher friction" geopolitics; de-globalization
2. Elevated corporate activity (capex, buybacks, M&A, financing)
3. Market sensitivity to fiscal expansion
4. Elevated tariff & trade war risk
5. Synchronized global monetary easing cycle
6. More shallow Fed easing path
7. Global growth below trend (China, Europe); US above trend (animal spirits, productivity)
8. Resilient USD credit markets
9. Neutral-to-bearish energy prices
10. US Dollar strength

2025 USD Credit Market Themes
1. Goldilocks macro backdrop for credit (economy, earnings, Fed)
2. Elevated rate volatility (fiscal, trade)
3. Yield-driven technical demand for corporate credit (duration + risk)
4. Balance sheet strengthening (earnings, margins, leverage, coverage)
5. HY default cycle past peak; trending lower
6. Moderately bearish credit spreads (from multi-decade tights)
7. Robust 2025 new issue volumes across credit spectrum (IG, HY, loans)
8. Manageable 2025 maturity walls
9. Rising M&A driven financing (animal spirits, deregulation, tax)
10. Industry-differentiation on exposure to Trump tariffs & trade policy

## Summary Conclusions for 2025

Global Economy in 2025	Indicator	Trend
Global GDP growth	↓	Red
Global inflation	↓	Green
US GDP growth	↓ ↑	Red Green
US inflation	↓ ↑	Green Red
US unemployment	↑	Red
China GDP growth	↓	Red
Japan GDP growth	↓	Red
EU GDP growth	↓	Red
India GDP growth	↓	Red
Global trade volumes	↓	Red

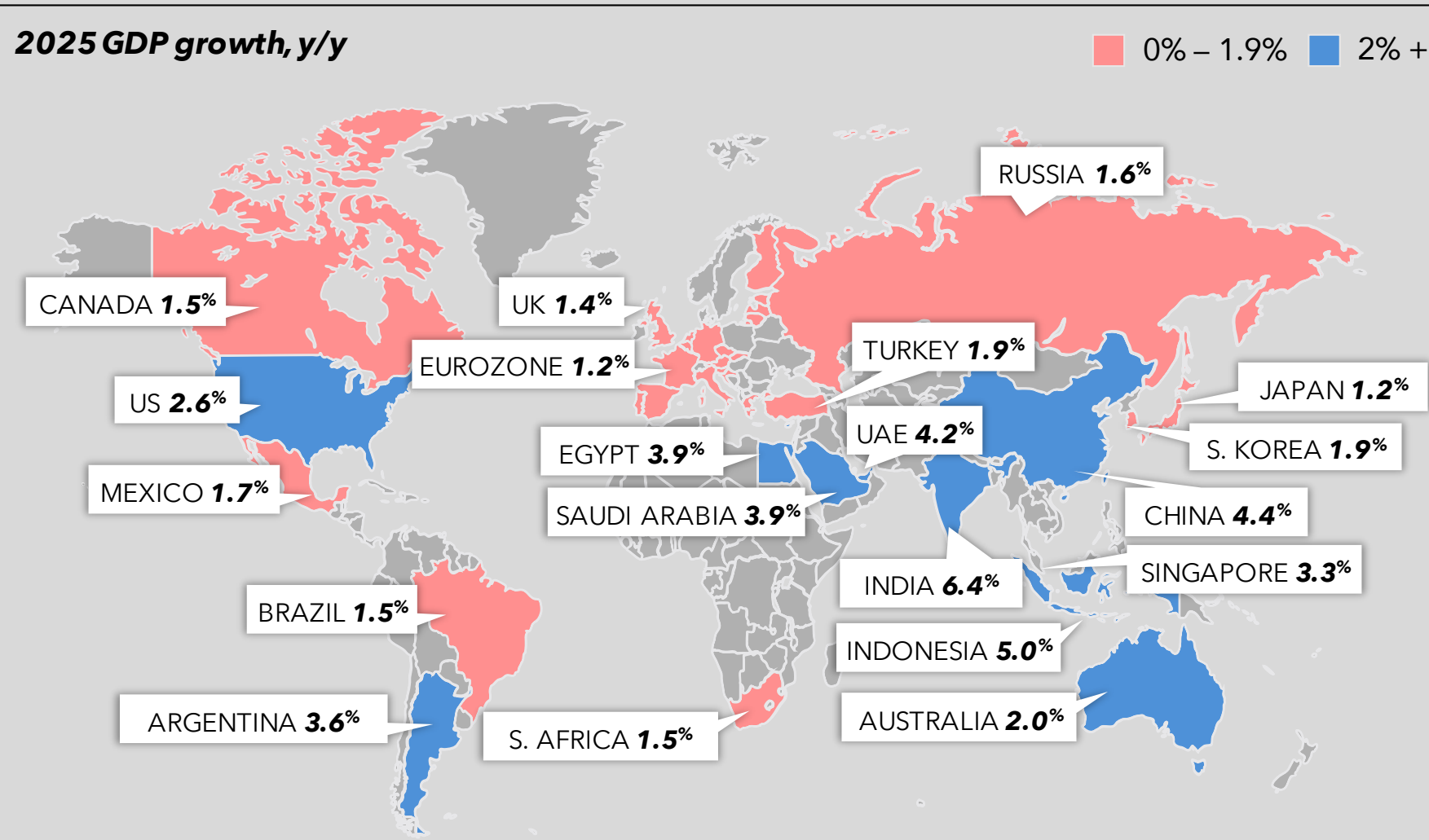
Earnings & Deal Activity in 2025	Indicator	Trend
S&P 500 earnings	↑	Green
Global M&A volumes	↑	Green
USD IG issuance	↓	Red
USD HY issuance	↑	Green
Equity & IPO volumes	↑	Green

Global Markets in 2025	Indicator	Trend
UST rates	↓	Green
IG credit spreads	↑	Red
HY credit spreads	↑	Red
US Dollar	↑ ↓	Red Green
Oil prices	↓	Red

## Subdued Global Economy in 2025

As evident in softer commodity prices, global economic growth has generally been below trend going into 2025, and is highly vulnerable to trade policy escalation. While China and Europe have been notably underperforming among large advanced economies, growth in the US and India has been quite resilient.



Source: (1-8) Bloomberg, CreditSights, Dealogic, CFR, MUFG Capital Markets. Data as of December 31, 2024. (9) Oxford Economics. Data as of January 7, 2025.

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"Macro stability isn't everything, but without it, you have nothing."