LPL Research Team Releases Midyear Outlook 2025: Pragmatic Optimism, Measured Expectations

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This annual report offers a comprehensive analysis of the economic and market environment, highlighting potential implications for investors and their portfolios

SAN DIEGO, July 08, 2025 (GLOBE NEWSWIRE) -- LPL Financial LLC today released its Midyear Outlook 2025: Pragmatic Optimism, Measured Expectations. Setting the tone for the second half of 2025, this report offers a comprehensive analysis of the economic and market environment, highlighting potential implications for investors and their portfolios.

The Midyear Outlook 2025 offers a grounded, data-driven view of where the economy and markets may be headed next. As we reach the halfway mark of the year, trends in income and savings underscore how markets are still recalibrating in response to persistent inflation, a more measured Federal Reserve stance, ongoing tariff uncertainties and the volatility that continues to ripple through global financial systems.

“Investors and policymakers will need to carefully evaluate the true economic impact of these policy shifts,” said Marc Zabicki, Chief Investment Officer at LPL Financial. “The base-case view is an economy that will begin to show more definitive adverse effects from trade policy with slower labor demand, weaker growth and an uptick in inflation.”

Key Highlights from the Midyear Outlook 2025

- **Uncertainty in Markets & Evolving Policy:** In the second half of the year, delayed effects of trade policy are expected to slow economic growth, soften labor demand and push inflation slightly higher. This challenging backdrop will likely keep the Federal Reserve in a cautious holding pattern on monetary policy for an extended period.
- **The State of the U.S. Economy & Potential Risks:** Debt concerns, trade uncertainty and a cautious Federal Reserve are likely to keep Treasury yields range-bound in the second half. With yields still elevated by historical standards, investors should focus on income generation through intermediate-term bonds. As the Fed eventually begins cutting short-term rates, declining cash yields will make bonds increasingly attractive for long-term income and portfolio stability.
- **Investment Strategies in More Volatile Markets:** The stock market’s outlook for the second half of the year will hinge on trade talks, AI developments, interest rate swings and tax policy. With valuations already pricing in much of the good news, gains may be modest. While volatility is expected in a tough macro environment, market pullbacks could offer smart opportunities to selectively add to equity positions.
- **Potential Trends & Opportunities in the Second Half of 2025:** With economic and policy uncertainty likely to persist, tactical portfolios should strike a balance between risk management and seizing emerging opportunities. Diversifying across asset classes, regions and alternatives can help enhance resilience. Staying alert during market volatility may present timely chances to add equity exposure at more favorable valuations.

“There’s also a strong likelihood that policy-driven uncertainty is past its high-water mark, and as it recedes, stability should gradually return, bringing with it plenty of new investment opportunities,” Zabicki added. “The environment we see ahead calls for balancing risk mitigation with proactive positioning for long-term upside opportunities—if you know where to look.”

Important Disclosures

Please see the LPL Financial Research *Midyear Outlook 2025* for additional description and disclosure.

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Media Contact:
Media.relations@LPLFinancial.com
(402) 740-2047

Tracking #: 763507