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Focus Money

Interview: "This leads to a radical uncertainty"

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In an insightful interview, Ingo Mainert, Chief Investment Officer Multi-Core, Allianz Global Investors, discusses the economic implications of Donald Trump's policies, highlighting a shift from U.S. exceptionalism to isolationism. Mainert explains how Trump's approach, termed "Trumponomics," which includes tariffs, deregulation, low taxes, and restrictive immigration policies, is contributing to a stagflationary environment, causing radical uncertainty in global trade. This uncertainty is reflected in the global trade policy uncertainty index reaching historic highs.

Mainert expresses concerns about a potential trade war between the U.S. and its major trading partners, noting a decline in consumer confidence and hesitancy in corporate investments. He mentions a CNBC survey indicating that 60% of American CFOs anticipate a recession in the U.S. in the latter half of the year. Mainert suggests that the Federal Reserve might lower interest rates if necessary, as the economic momentum weakens.

Discussing the impact of tariffs, Mainert notes that markets initially perceived them as negotiation tools, but now realize Trump's seriousness in addressing the U.S. budget deficit. This realization has led to a shift in investment patterns, with significant movement away from U.S. equities, as evidenced by a Bank of America survey. Mainert highlights that this shift is contributing to the questioning of U.S. exceptionalism, potentially leading to unintended isolation.

Mainert also comments on the performance of European markets, which are currently outperforming the U.S. He attributes this to a combination of factors, including the EU's "Rearm Europe" program and substantial economic packages in Germany, expected to boost growth by 2026. Despite historical disappointments, Mainert remains cautiously optimistic about Europe's economic prospects.

In terms of investment strategy, Mainert advises focusing on European equities and gold, given the rising uncertainty in the U.S. He suggests that long-term investors might find German government bonds attractive at certain yield levels and sees potential in mid and small-cap stocks. Mainert emphasizes a diversified investment approach, prioritizing quality stocks over growth.

Mainert concludes by discussing global markets, noting structural progress in China despite demographic challenges and Japan's gradual normalization after decades of deflation. He reiterates the importance of gold in portfolios and expresses renewed optimism for mixed funds and German equities, which are experiencing a renaissance. Overall, Mainert's insights provide



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a comprehensive overview of the current economic landscape and investment strategies amidst global uncertainties.