High Five – 2025 Outlook (Third of a Series)

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The hope is for enough positive GDP momentum to keep adding new jobs and improving productivity. December's labor report showed 256,000 job adds, and core CPI decelerating modestly to 3.2%. And while other inflation data remained stubbornly above the Fed's target, investors should draw confidence from a resilient backdrop. At a portfolio level, we have also seen companies adapt to higher-for-longer, keep cash levels robust.

Rate stability creates more certainty around valuations, which we expect to lead to meaningful pick-up in M&A activity. This builds on the trend we saw in 2024, when North American M&A reached over $1.5 trillion by the end of Q3, not far off the 2023 full-year $1.7 trillion total.

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