

MARKET INSIGHTS

MARCH 2025



PARK EDGE

After a persistent battle between Quad 2-Reflation and Quad 3-Inflation, the current Market Regime has evolved to Quad 4–Deflation, where growth and inflation are both expected to slow. This is not unexpected in that our 3-12 month asset class outlook for equities flipped negative two months ago.

Our view is that inflation softens modestly for a few months but then plateaus at a level uncomfortably above the Federal Reserve’s target and heads back up to 3%, setting up a new Market Regime battle where Quad 3 is likely to dethrone Quad 4. Both regimes are risk-off.

Given the current regime, several adjustments have been enacted to manage risk actively and are summarized in the tables below.

As we’ve said since the election, policy uncertainty is as high as we’ve seen in our careers, which implies the range of probable market outcomes is just as wide. Confirming this, the [Global Economic Policy Uncertainty Index](#) has gone parabolic and is at all-time highs.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	MARCH 2025	FEBRUARY 2025	3 - 12 MONTH OUTLOOK *
EQUITIES	DEFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE
FIXED INCOME	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
COMMODITIES	DEFENSIVE LONG	DEFENSIVE LONG	NEUTRAL
US DOLLAR	OFFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE
RFR (3M TBILL)	DEFENSIVE LONG	DEFENSIVE LONG	NEUTRAL
BITCOIN	OFFENSIVE LONG	OFFENSIVE LONG	NEUTRAL

MODEL SNAPSHOT:

MODEL	EQUITIES		FIXED INCOME	
	MARCH 2025	FEBRUARY 2025	MARCH 2025	FEBRUARY 2025
BOND	NO POSITION	NO POSITION	DEFENSIVE LONG	DEFENSIVE LONG
PEA CORE STOCK	OFFENSIVE LONG	OFFENSIVE LONG	NO POSITION	NO POSITION
MODERATE ARM	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
DIVIDEND INCOME	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
MACRO PERSIST	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
SYSTEMATIC MACRO	NEUTRAL	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
ALL ASSET	DEFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
FOCUS	OFFENSIVE LONG	OFFENSIVE LONG	DEFENSIVE LONG	DEFENSIVE LONG
Special Situation Equity	OFFENSIVE LONG	OFFENSIVE LONG	NO POSITION	NO POSITION

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CURRENT MARKET REGIME:

Quadrant	MARKET REGIME	<i>* As mentioned last month, the Economic Regime outlook 3- & 6-month probability has been replaced with a 3-12 month outlook for each asset class above. The outlook is derived quantitatively based on the expected rate of change in both real economy (growth, inflation, employment, corporate profits and fiscal policy) and financial economy (liquidity, credit, monetary policy, positioning and sentiment) variables. We hope this change is more informative to readers.</i>
	Current % Share	
GOLDILOCKS / Quad 1	24%	
REFLATION / Quad 2	26%	
INFLATION / Quad 3	23%	
DEFLATION / Quad 4	27%	

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