Macroeconomics

An August of Discontent

Market Volatility and Macroeconomic Uncertainty

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In early August, market participants experienced a sharp reminder that elevated macroeconomic uncertainty has not yet faded. A series of geopolitical and macroeconomic events prompted an unwinding of carry and momentum trades across the macro space, and there was a sudden reassessment of whether recession risk had truly receded to the degree implied by asset prices.

In this note, we cover why investors should not shrug off this August ruction as a blip. In an environment of continued uncertainty, episodes of volatility will likely persist. We discuss the importance of building a well-diversified portfolio that is resilient to a wide range of future economic scenarios.

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