How could markets react?

Kenneth T. Kozlowski, CFP, CLU, ChFC
Chief Investment Officer
Equitable Investment Management

In the wake of an extreme geopolitical event, investors may seek to understand the impact on individual markets. In this analysis, earnings and profit margins may be pressured, and the shape of the yield curve (as ever) is the chart to watch.

Potential Implications of Russian Invasion of Ukraine on Global Markets

MFS Investment Management

For global equity markets, we expect top-down effects, with potential sector rotation impact. Given the potential ripple effects of the invasion on growth, it is likely that earnings expectations will be revised downward. Corporate margins are also likely to come under further pressure, assuming supply bottlenecks become more entrenched, and we anticipate longer duration growth sensitive equities may be most impacted. In contrast, defensive sectors, together with energy may be better positioned to weather the shock.

For fixed income markets, a risk-off regime may take over as the result of the crisis. This would likely result in some spread widening, particularly in high-yield and emerging markets, combined with some flattening of the U.S. Treasury curve. A flight to safety suggests that the upward rate normalization, which was well under way in U.S. Treasuries, will likely be on pause. Meanwhile, in traditional risk-off scenarios, the U.S. dollar typically benefits as a defensive asset, with negative repercussions for higher-beta currencies, including emerging market foreign exchange.

IMPORTANT INFORMATION

Information provided in this newsletter is general in nature, is provided for informational purposes only, and should not be construed as investment advice. The views and opinions expressed are those of the authors as of the date of their contribution and do not necessarily represent the views of their affiliated investment advisors, Equitable Investment Management Group, LLC or its affiliates. Any such views and opinions are subject to change at any time based on market or other conditions and are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Securities and sectors referenced should not be construed as a solicitation or recommendation or be used as the sole basis for any investment decision.

The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person.

Equitable is the brand name of the retirement and protection subsidiaries of Equitable Holdings, Inc., including Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY), Equitable Financial Life Insurance Company of America (Equitable America), an AZ stock company with main administrative headquarters in Jersey City, NJ, and Equitable Distributors, LLC. Equitable Advisors is the brand name of Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI and TN). "Equitable Investment Management" is the brand name for Equitable Investment Management Group, LLC, a registered investment adviser. Equitable Investment Management is a wholly owned subsidiary of Equitable Financial and an affiliate of Equitable Advisors LLC, (member FINRA, SIPC), a registered broker/dealer (Equitable Financial Advisors in MI and TN).

Past performance is not a guarantee of future results.

This information has been established on the basis of data, projections, forecasts, anticipations and hypotheses, which are subjective. These analyses and conclusions are the expression of an opinion, based on available data at a specific date. Due to the subjective aspect of these analyses, the effective evolution of the economic variables and values of the financial markets could be significantly different from the projections, forecasts, anticipations and hypotheses communicated in this material.

Take Five Views and the Quick Take feature commentary from individuals who are affiliated with investment portfolios that are available through Equitable variable life insurance, variable annuity and 1290 Mutual Fund products. MFS Investment Management is not affiliated with Equitable Holdings, Inc.

Variable life insurance is issued by Equitable Financial Life Insurance Company of America (Equitable America) (an AZ stock company with main administrative headquarters in Jersey City, NJ); variable annuities are issued by Equitable Financial Life Insurance Company (Equitable Financial) (NY, NY). Co-distributed by Equitable Advisors, LLC (member FINRA, SIPC) (Equitable Financial Advisors in MI and TN) and Equitable Distributors, LLC. Equitable Investment Management Group, LLC is a wholly owned subsidiary of Equitable Financial. All companies are affiliated and, except for Equitable America, all are located at 1290 Avenue of the Americas, NY, NY 10104, (212) 554-1234.

Please consider the charges, risks, expenses, and investment objectives carefully before purchasing a variable life insurance policy or variable annuity. For a prospectus containing this and other information, please contact a financial professional or visit equitable.com. Please read the prospectus carefully before you invest or send money.

Variable Life Insurance, Variable Annuities and Mutual Funds: • Are Not Deposits of Any Bank • Are Not FDIC Insured • Are Not Insured by Any Federal Government Agency • Are Not Bank Guaranteed • May Go Down in Value

© 2022 Equitable Holdings, Inc. All rights reserved. GE-3736436.3 (2/22) (Exp. 2/24) | Cat. #164507 (2/22)

EQUITABLE