Promise and Pressure

Three powerful, interconnected forces are defining a new market frontier: Artificial intelligence (AI), global fragmentation and inflation. The overarching challenge: How should you invest in a world where the promise of productivity growth driven by AI collides with the pressure of stickier, more volatile inflation and a fractured world order?

1

Position for the AI revolution

AI could drive the cost of expertise toward zero—a transformation as profound as the rise of computing. Some estimate agentic models could reach human-level performance by spring 2026. Meanwhile, capital investment in AI-related businesses is massive, and adoption is accelerating.

AI-related investment contributed more to U.S. GDP growth than consumer spending in 2025.

IMPLEMENTATION OPPORTUNITY

Seek exposure across the AI value chain, from semiconductors to power generators to cloud computing providers, in public and private markets. Focus on companies integrating AI to boost productivity. Actively manage portfolios to avoid business models at risk of technological obsolescence. Capture the upside of the AI revolution while avoiding the risks of overexuberance.

2

Think fragmentation, not globalization

The global order is splintering into competing blocs, contested supply chains and fragile alliances. Access to natural resources and energy is now a strategic priority. As these dynamics redirect trade and capital flows, they are creating interesting prospects for investment gains (and losses).

Today, tariffs affect nearly 70% of U.S. goods imports by value, and the effective tariff rate is approaching 15%-20%.

IMPLEMENTATION OPPORTUNITY

Invest in sectors and assets that benefit from onshoring, nearshoring and supply chain reconfiguration. These include: infrastructure, utilities, industrials, logistics, critical minerals, and traditional defense and cybersecurity companies.

3

Prepare for inflation's structural shift

Inflation is a central variable in portfolio construction, and it's undergoing a structural shift that makes it an even greater risk to your wealth. We think inflation will be more volatile than it was before the pandemic, and more susceptible to upward shocks. Is your wealth plan intentional about maintaining purchasing power and reducing portfolio fragility?

U.S. household net worth is over $175 trillion, up more than 50% from pre-pandemic levels.

IMPLEMENTATION OPPORTUNITY

Diversify into real assets, infrastructure and strategies with a positive correlation to inflation to help maintain purchasing power and make portfolios more resilient.

In summary

Investors are embarking on a new frontier, one full of promise and pressure. AI heralds a profound transformation. Globalization is giving way to fragmentation. Inflation remains a persistent threat to long-term purchasing power. Your J.P. Morgan team can help you craft a plan to capture the promise and manage the pressure of the new investing environment.

To read our full 2026 Outlook, click here.