

Economist Nouriel Roubini sees a 'mini stagflationary shock' coming in the second half of 2025







An economist and investor nicknamed "Dr. Doom" sees a rough patch ahead for the U.S. economy, but isn't advocating any panicked selling.

Nouriel Roubini told CNBC that he expects the core personal consumption expenditures index — the Federal Reserve's preferred inflation metric — to reach about 3.5% by the end of the year, and economic growth to weaken and possibly turn negative. Best known for calling the 2008 Global Financial Crisis, Roubini said the second half will amount to "a mini stagflationary shock," and that the Fed will hold off on rate cuts until at least December.

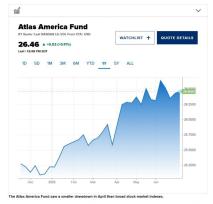
That view includes an expectation of a "mild" resolution to trade negotiations that ends with many countries facing a 15% rate,

"I'm not expecting, certainly, anything close to April 2," Roubini said, referring to the tariff levels announced by President Donald Trump that day that sparked a steep market sell-off.

Roubini, a Harvard-trained economist, has a long track record in the academia, government and the private sector. The "Dr. Doom" moniker refers to numerous macroeconomic warnings he has issued throughout his career. His hit rate is not perfect, but he was early in warning about the financial crisis and a virusinduced recession in 2020.

He is also one of the portfolio managers on the Atlas America Fund (USAF), an ETF launched late last year that aims to guard against economic risks from structurally higher inflation to climate change. The fund is designed to be less volatile than the stock market but is "not a portfolio for doomsday," Roubini said.

The fund is still small and thinly traded, with only about \$17 million in assets, according to FactSet. But performance has been solid. The multi-asset fund has gained more than 5% since inception last November. That trailis the S&P 500 ±, but USAF has shown its defensive mettle, falling less than 3% in the days following the April 2 "Liberation Day" tariff announcements, when U.S. stocks soon fell roughly 20%.



"We don't particularly want outsized returns in one month. We'd rather have the slow and steady uptick, which is exactly what we've been seeing," said Puneet Agarwal, one of other portfolio managers for USAF.

The portfolio, which includes large positions in gold, short-term U.S. government debt and exposure to agricultural commodities, has changed some since the fund's launch. USAF has recently added exposure to defense technology and cybersecurity stocks, and bought short-term inflation-protected bonds, while dialing back holdings in real estate, Agarwal said.

The fund's large bet on gold helped it outperform the stock market earlier this year, but also contributed to USAF's relatively sluggish performance in June. Roubini said the bet on gold is part of a longer-term theory that the world is moving away from the U.S. dollar.

"We're not expecting things to crash. But the trend is clear and it is going [in] one direction," Roubini said.













