

Investment Institute

Commodity volatility amid the Fed's new chair

CROSS ASSET INVESTMENT STRATEGY

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TABLE OF CONTENTS

TOPIC OF THE MONTH

Gold, silver, copper, oil: forces shaping the market	4
--	-------------------

What could a Warsh-led Fed mean for markets?	8
--	-------------------

GLOBAL INVESTMENT VIEWS

CIO views: Central banks into a thus-far resilient economy	12
---	--------------------

Fixed Income: Neutral duration with regional divergences	15
---	--------------------

Equities: Diversify with small and mid caps in Europe	16
--	--------------------

Multi-Asset: Risk-on: recalibrate, but not retreat	17
---	--------------------

Amundi views by asset classes	18
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“Gold, silver, copper, and oil are reacting to a mix of structural demand shifts, geopolitical risks, and short-term speculation. Within commodities, we favour a combination of gold—which remains a structural diversifier—and copper, supported by strong long-term fundamentals.”

MONICA DEFEND
HEAD OF AMUNDI INVESTMENT INSTITUTE

“Diversification is the anchor in volatile markets. In equities, we continue to be mindful of concentration risk and favour structural stories—such as corporate governance reform in Japan, fiscal stimulus in Germany, and opportunities in artificial intelligence and technology, focusing on companies with strong balance sheet discipline.”



VINCENT MORTIER
GROUP CHIEF INVESTMENT OFFICER

TOPIC OF THE MONTH

Gold, silver, copper, oil: forces shaping the market

January's end brought a bout of extreme volatility across commodity markets. Several commodities appear to have been hit by a correction after short-term euphoria, likely prompting the unwinding of speculative positions at month-end in silver, platinum, tin, US natural gas (NG) and the euro.

Silver tumbled about 26% on Friday, January 30, and US natural gas suffered a similar decline on Monday, February 2. As a result, volatility in precious metals and gas has surged to more than double its historical levels.

Gold, silver, copper and oil are reacting to a mix of structural demand shifts, geopolitical risk and short-term speculation. While central bank buying and safe-haven flows underpin gold, silver's rally is partly explained by a near-term supply deficit and industrial demand. Copper faces a long-term structural gap driven by electrification and the AI buildout, and oil remains exposed to asymmetric geopolitical tail risks.

A balanced barbell strategy, combining gold with industrial metals exposure, plus a modest allocation to alternatives, can improve portfolio resilience.

Key implications for commodities in 2026



Gold's rally is driven more by long-term structural drivers (central bank demand, geopolitical hedging) than near-term fundamentals; a risk premium of 5-10% is reasonable but the upside risk is significant.



Silver has a current ~10% undersupply and benefits from industrial demand, but it looks more volatile and less clear-cut than gold for hedging purposes.



Copper faces a projected 50% demand increase by 2040 to ≈42 million metric tonnes* with supply constrained by long project lead times, grade declines and geopolitical concentration.

*Source "Copper supply gap to widen 24% by 2040 as electrification accelerates: study" by S&P Global



Oil price sensitivity is roughly +\$5-7 per barrel (bbl) for each 1 million barrels per day (mb/d) change in supply; baseline fair value sits around \$60-70/bbl, but disruptions involving Iran or the Strait of Hormuz could push prices much higher.



Tactical allocation: favour gold for diversification, selective exposure to copper (or tin) for the green/AI supercycle and maintain at least ~10% in alternatives where mandates allow.

The current commodities market is best read as a mix of enduring structural shifts and short-term speculative positioning. Expectations about the coming years — not narrowly defined price targets — are driving much of the action. Investors should therefore think in scenarios and risk premia rather than single-point forecasts.

AUTHORS

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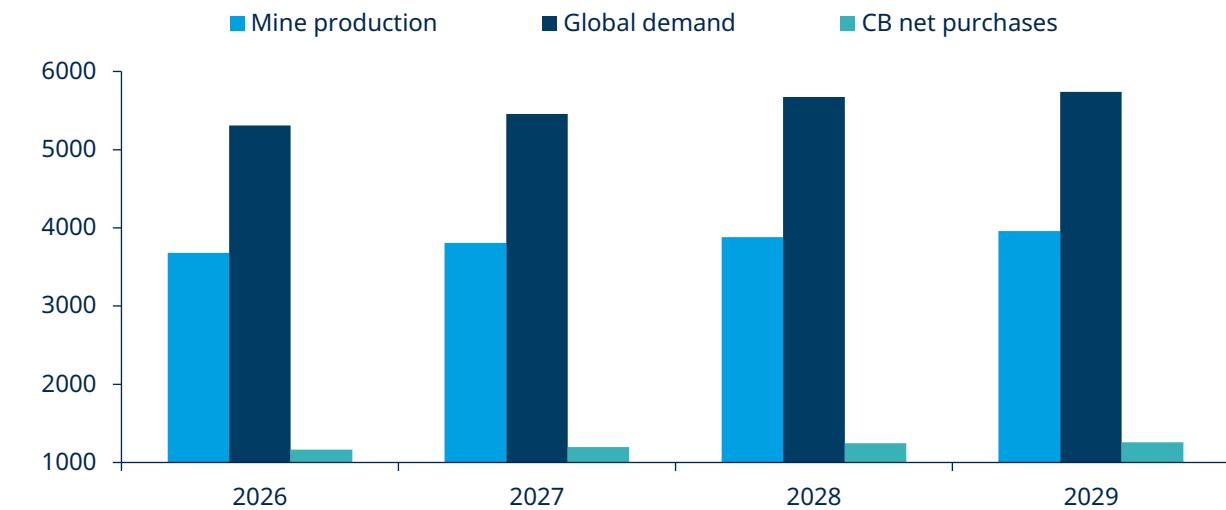
HEAD OF CROSS ASSET
STRATEGY, AMUNDI
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INSTITUTE

As structural shifts and short-term speculation drive commodities, a barbell strategy pairs gold for protection with industrial metals to benefit from electrification and the AI buildout."

Gold: structural support, geopolitical hedge

Gold's recent advance can be justified more by medium-to-long-term structural factors than by immediate fundamental changes. Central banks in emerging markets remain significant buyers — conservative estimates point to large cumulative purchases (on the order of several thousand tonnes) that would create persistent demand despite slowing purchases in the second half of 2025 due to skyrocketing prices (central bank purchases in 2025 totalled 863 tonnes).

Global demand set to stay (tonnes)

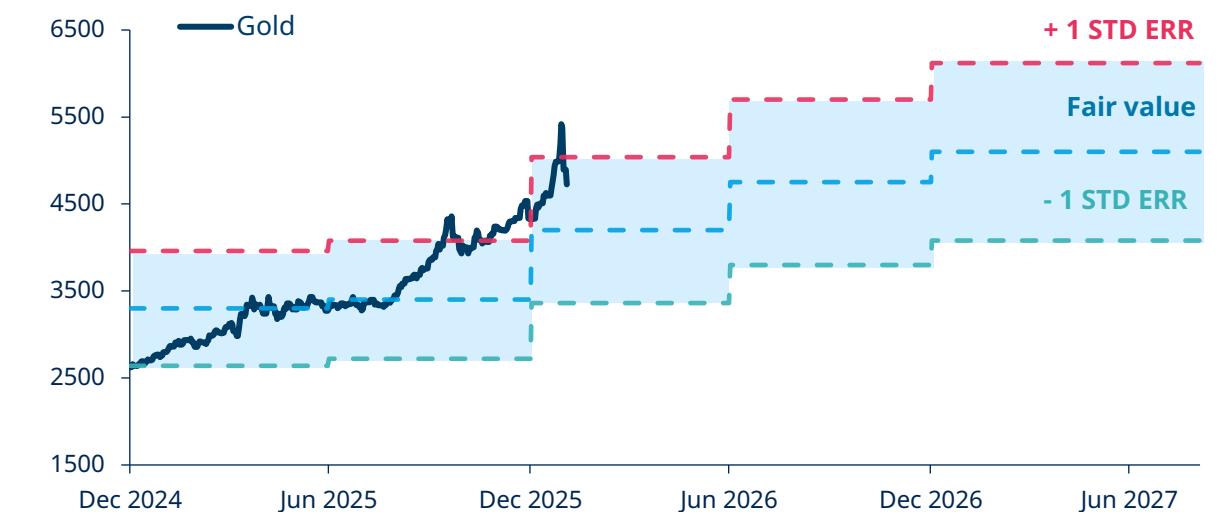


Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026.

These flows, combined with elevated geopolitical risk and the metal's portfolio diversification role, create a risk premium that we peg broadly in the 5-10% range today. That premium could expand materially if market participants increasingly price in structural undersupply.

Technically, price action has been strong and there are few reliable short signals; strategically, gold is the clearer hedge among precious metals. For investors seeking a safe haven against geopolitical shocks and policy uncertainty, gold offers a more visible and defensible case than silver.

Gold price compared with fair value (USD/oz)



Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026.

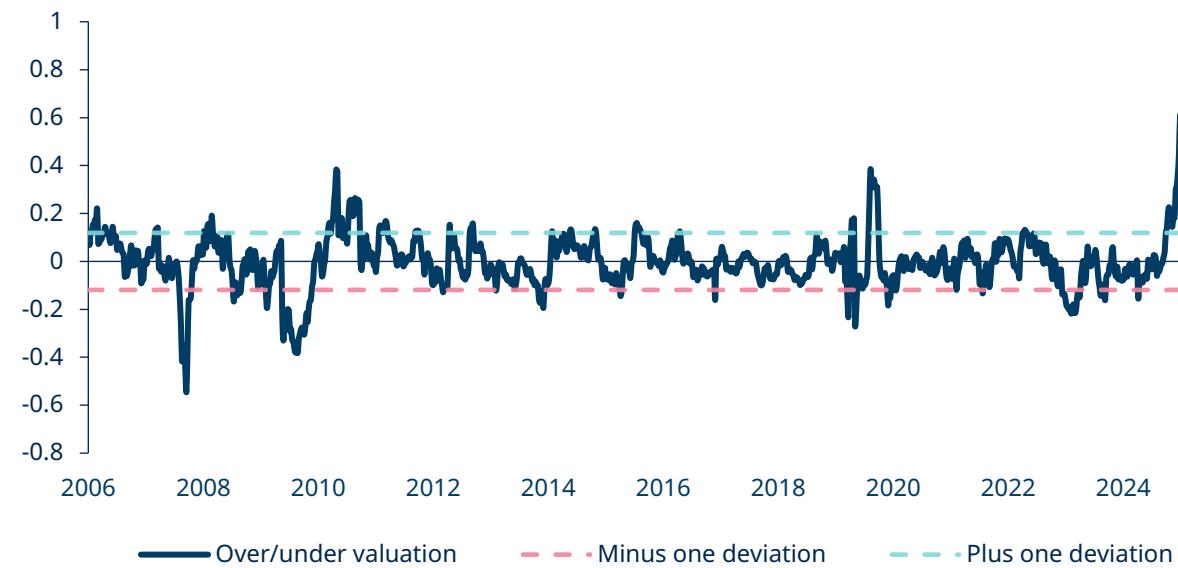
Silver: a 10% undersupply, but more vulnerable

Silver's market dynamics differ from gold's. Current estimates suggest roughly a 10% undersupply — a fact that helps explain much of the investor interest — and the metal benefits from both precious-metal demand and an expanding industrial role in the green transition and AI hardware. China's increasing appetite for silver, alongside its use in photovoltaics (solar panels) and electronics, reinforces the demand backdrop.

However, silver's price move has at times outpaced what clear macro fundamentals would dictate. It remains more exposed to speculative flows and can be more volatile than gold. From an investment standpoint, a light stance on silver makes sense for investors who want the insurance qualities of precious metals but prefer the relative stability of gold.

"Silver is supported by a roughly 10% undersupply and rising industrial demand, but recent gains have outpaced macro fundamentals, making it more volatile than gold."

Silver's recent movements are barely explained by fundamentals



Source: Amundi Investment Institute, Bloomberg. Fair value is calculated considering: growth (LEI sector), US rates, US CPI, credit spreads, FX (USD, EUR, JPY, CNY), central bank balance sheets (Fed, ECB, BoJ). Dislocation is the difference between the current price levels and fair values. Data is as of February 2026.

Copper: the backbone of electrification and AI

Copper's medium- to long-term outlook remains structurally bullish. Consumption is projected to rise by roughly 50% by 2040, driven by AI data centers, renewable energy build-outs, electric vehicles (which use about three times the copper of internal-combustion vehicles), and grid modernisation. That trajectory could push global demand towards approximately 42 million metric tonnes.

Supply, however, is slow to respond. New greenfield mines, built from scratch, typically require 10-15 years to come online; existing operations face declining ore grades; and production is geographically concentrated in countries such as Chile and Peru, which introduces political and social risk. Recycling helps, but it cannot close the gap by itself unless prices rise substantially enough to incentivise large-scale scrap returns. Taken together, these factors argue for a long-term structural deficit, making copper (and in some cases tin) a preferred industrial exposure to benefit from electrification and AI infrastructure investment.

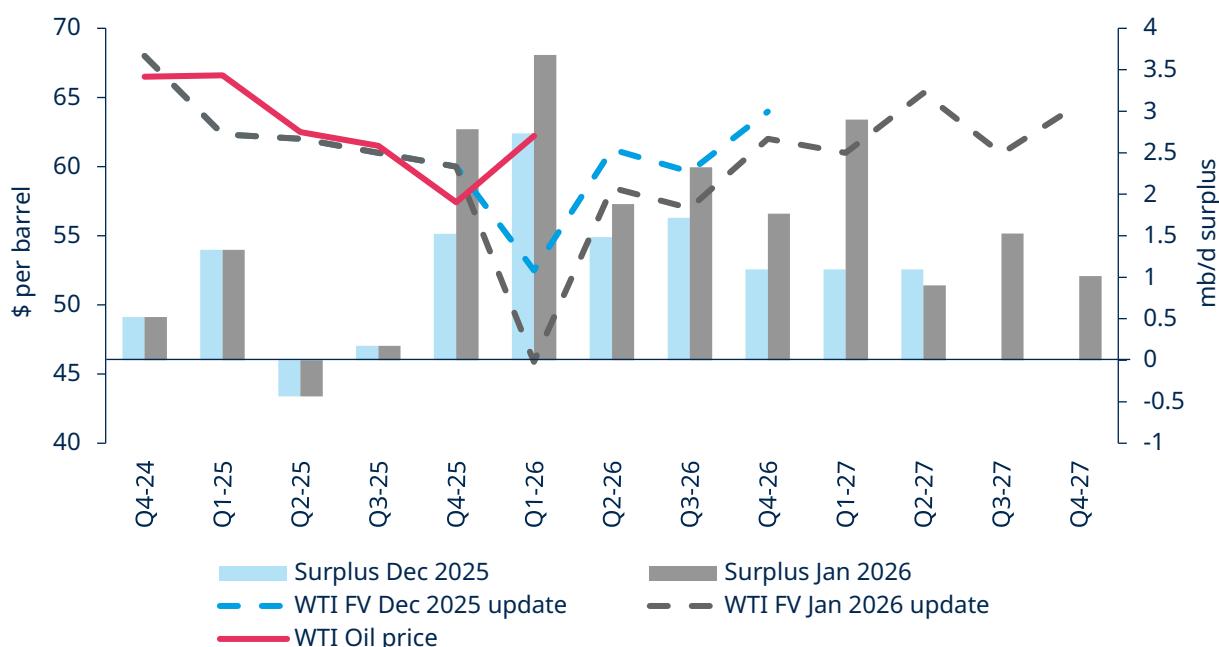
"Copper is central to electrification, with demand projected to rise about 50% by 2040 while supply remains slow to respond, supporting a structural deficit and making it a preferred industrial exposure."

Oil: asymmetric risks, sensible baseline

Oil stands apart because its near-term price is highly sensitive to supply shocks and geopolitics. A useful rule of thumb is that each 1 mb/d change in supply tends to move the equilibrium by about \$5-7 per barrel. This sensitivity frames scenarios: a rapid, large-scale ramp-up from sidelined producers (the ‘flooding’ story) is difficult to execute quickly and is therefore a low-probability driver for a sustained price collapse. In contrast, supply disruptions (the ‘upside’ story) — whether a large outage in Iran or a temporary blockage of the Strait of Hormuz — can generate sharp spikes.

Iran represents an upside tail risk because outages are disruptive rather than additive; a total Iranian outage (≈ 3.3 mb/d) could add roughly \$17-23/bbl, potentially lifting equilibrium prices into the \$80-100+ range in extreme circumstances. A significant Strait of Hormuz disruption would be even more consequential given approximately 20-25 mb/d transiting through the chokepoint, but prolonged closures are operationally and politically hard to sustain. Balancing these tail risks, a mid-cycle fair-value band around \$60-70/bbl appears most defensible today, with the caveat that brief overshoots above \$100 remain possible under severe disruption.

WTI oil: spot price and fair value (USD/bbl) amid shifting surplus (mb/d)



Source: Amundi Investment Institute, Bloomberg. Data is as of February 2026. FV = Fair Value by Amundi Investment Institute. The chart illustrates how changes in the expected surplus between the December 2025 projections and the January 2026 projections impacted the revision of the WTI fair value estimates.

Investment implications: barbell strategy and alternatives

Given the mix of drivers, a barbell approach makes sense: combine gold for its hedging characteristics with selected industrial metals exposure (copper or tin) to capture the structural upside from electrification, AI and infrastructure spending. Silver can play a satellite role for tactical exposure, but core hedging should favour gold.

Portfolio construction should also consider increased allocations to alternatives and dynamic asset allocation tools in this complex environment. Where mandates permit, committing at least 10% to alternative investments — strategies that can include commodity-focused funds, real assets, and other diversifiers — can provide valuable convexity against stagflationary shocks and geopolitical tail events.

Short-term price targets are of limited use in markets driven by evolving expectations and asymmetric risks. Instead, investors should model scenarios (recessions, financial stresses, supply outages) and size positions to reflect both the probability and the potential impact of those scenarios. With long lead times for critical supply responses in metals and the persistent geopolitical overhang for energy, commodities are likely to remain an important element of diversified portfolios — but they require active management and a clear view on time horizon and risk tolerance.

TOPIC OF THE MONTH

What could a Warsh-led Fed mean for markets?



On 30 January 2026, Donald Trump tapped Kevin Warsh — a former Fed governor between 2006 and 2011, and prominent policy hawk in a few past episodes — to take over from Jerome Powell as the US Federal Reserve Chair when Powell's term ends in May.

With markets digesting the implications of Warsh's nomination and his recent statements, we turned to Alessia Berardi, Head of Global Macroeconomics, for her take on how investors are reading the news, the main themes emerging from Warsh's communications, and what might lie ahead for Fed policy as the economic outlook continues to shift.

Alessia, how would you characterise Kevin Warsh's policy stance based on his past speeches and the current economic environment?

Having followed Kevin Warsh's communications over time, it's clear he has historically prioritised inflation control over growth targets, frequently criticising quantitative (QE) and suggesting that the Fed has, at times, exceeded its monetary remit. His recent statements acknowledge that the current strength of the US economy is rooted in an innovation-led cycle, with **growth fuelled by productivity gains from unprecedented technological advances**. In addition, this is supporting **stronger growth with limited inflationary pressure, therefore justifying the ongoing normalisation of rates**.

Given this background, **a Warsh-led Fed is likely to continue the ongoing cycle in line with what economic fundamentals justify**. Another key factor to look at is also whether Powell remains on the Federal Open Market Committee (FOMC), as each vote carries equal weight and could influence the committee's direction.

While we continue to assess both opportunities and challenges presented by AI, the US economy's strength remains uneven.

Turning to markets, how have they reacted to Warsh's nomination?

Under Warsh, the Fed is perceived by the market as less aggressively dovish than expected before the nomination. **Compared to the other names on Trump's shortlist, Warsh appears the least dovish option, shifting the distribution of outcomes toward fewer or slower cuts, less appetite for re-accelerating balance-sheet expansion, eventually resulting in higher term premia**. That could imply tighter financial conditions over time, even though he has also publicly pushed for lower rates recently.

Immediate market moves have reflected less uncertainty around the Chair appointment and a return to greater orthodoxy in monetary policymaking. The reduced uncertainty has impacted the speculative and crowded positions in precious metals, accumulated during January in gold and even more in silver; while the perception that a Warsh Fed would be less inclined to support markets with rapid cuts or new QE in response to volatility yields, has supported the dollar; yields have risen, while equities have fallen.

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"Warsh has historically prioritised inflation control, but today's productivity-led growth could allow easing to continue cautiously, and only as fundamentals justify."

All in all, it is fair to say that the short end of the curve appears more anchored than before with more limited downside risk.

So, what are your expectations for the Fed?

The jury is out about what a Fed under Warsh is going to do, given that his views may have evolved alongside the economic and political regime shifts we all acknowledge. However, **he seems to recognise that the current US momentum is driven by innovation and supply-side growth and the absence of inflation pressure continues to support the case for rate cuts that we now expect in the second half of the year.**

There's been speculation about whether Warsh might favour different monetary tools, but **our outlook remains fundamentally driven — easing and QE serve distinct purposes and shouldn't be seen as interchangeable.** Given the macro backdrop, we expect the Fed to remain cautious and data-dependent, likely holding off on rate cuts in the near term and possibly keeping policy tighter for longer than previously anticipated. That said, in the event of liquidity shocks, for example, in the private markets, a broader toolbox is definitely on the table.

Looking ahead, we still see the Fed funds rate reaching the mid-point of the FOMC's 2.8–3.6% range by the end of 2026, with cuts most likely between July and September. However, any further cuts will require clear evidence of sustained disinflation, without a re-acceleration in growth or second-round inflation effects.

"We expect the Fed to remain cautious and data-dependent, with any cuts likely to come over the summer — provided there is clear and sustained evidence of disinflation."

Key indicators to watch for the Fed's next move

What to watch	— and why it matters	Key dates and signals
Data gaps	Limited Q2 data by 17 June means confidence in softening demand is low; Q1 GDP may look strong due to base effects.	<ul style="list-style-type: none"> Q1 GDP, partial Q2 data (April/May)
Inflation signals	CPI (Consumer Price Index) may tick up temporarily, but Core PCE (Personal Consumption Expenditures) is the Fed's focus; a clear, sustained downtrend is needed for a cut.	<ul style="list-style-type: none"> Core PCE still drifting lower but near 2.5% (May/June)
Labour market & wages	Slowing payrolls, participation, and wage growth would strengthen the case for easing.	<ul style="list-style-type: none"> Watch wage growth, payrolls
Financial conditions	Market moves, credit spreads, and global risks can shift the timing; risk-on backdrop unless a crisis hits.	<ul style="list-style-type: none"> Equity/bond moves, credit spreads
Political optics	Cuts close to elections risk political backlash; Fed likely to wait for consistent data.	<ul style="list-style-type: none"> US midterm elections in November
Communication & sequence	Expect 'data-dependent' messaging; 29 July is a cleaner tactical window, with September next.	<ul style="list-style-type: none"> July 29 FOMC, September 16 FOMC

Source: Amundi Investment Institute, Bloomberg, Conference Board. Monthly data as of January 2026.

Reassessing the US economic outlook

by Annalisa Usardi, CFA, Senior Economist, Head of Advanced Economy Modelling, AII

What is the economic context the next Fed Chair will inherit in terms of growth and inflation?

Activity indicators signal robust economic momentum ending 2025 and entering 2026 (associated with significant productivity gains) which cautions against further aggressive policy at this final stage of the Fed cutting cycle. **This stronger-than-expected momentum has prompted us to revise our US growth forecast for 2026 upwards.** We now expect GDP growth to be closer to 2.5% year-on-year, with Q4-on-Q4 growth expected around 2%, still on the lower end of the Fed's central tendency projections. The risks, though, are still tilted to the upside.

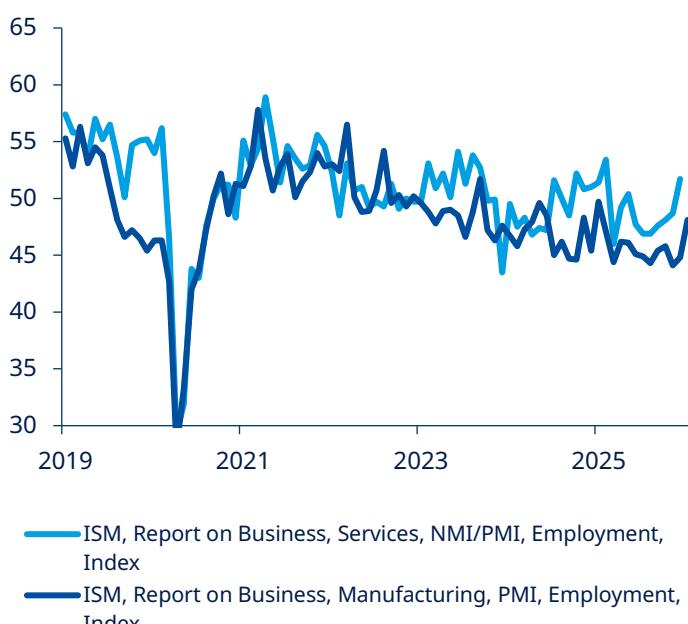
On inflation, we see it staying within a 2.4% to 3% corridor in 2026. CPI should show signs of more pronounced moderation in the coming months, followed by a modest pickup mid-year before resuming its downward trend. Core PCE is expected to decline gradually, holding near 2.5% through mid-year, with more evident moderation likely in the second half. Services inflation, largely driven by rents, should ease as measured components align with actual rent trends, supporting further disinflation in core services. **Overall, we expect inflationary pressures to ease further, helped by moderating unit labour costs and improving productivity, alongside a gradual moderation in wage growth.**

US productivity has reaccelerated (labour productivity index level, deviation from 2005-2019 trend)



Source: Amundi Investment Institute, Macrobond. Data as of end Q3 2025.

Tentative signs of stabilisation and improvement (index level)



Source: Amundi Investment Institute, Bloomberg, Conference Board. Monthly data as of January 2026.

Turning to the job market, what are the latest trends and what should we expect going forward?

Recent labour market data has been mixed, after a period where the numbers suggested early signs of stabilisation. On the positive side, surveys like the Institute for Supply Management (ISM) indices and the Purchasing Managers' Index (PMI) are pointing to an improved outlook for hiring. Also, small businesses have recently reported the strongest hiring intentions and plan to increase compensation, albeit more modestly than in the past.

Other figures are leaning more towards weakness. JOLTS (Job Openings and Labor Turnover Survey) showed an unexpected drop in job openings in December; ADP (Automatic Data Processing) payroll growth in January was weaker than anticipated; and unemployment claims have risen. However, employee layoffs remain contained. These indicators suggest the labour market conditions remain on the weak side, but they do not point to a crisis.

A woman with long dark hair, seen from the side and back, is looking at a tablet device. She is wearing a dark, double-breasted jacket. The background is a blurred cityscape at night with bokeh lights from buildings and traffic.

GLOBAL
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VIEWS

GLOBAL INVESTMENT VIEWS

Markets content with a 'not too cold' economy

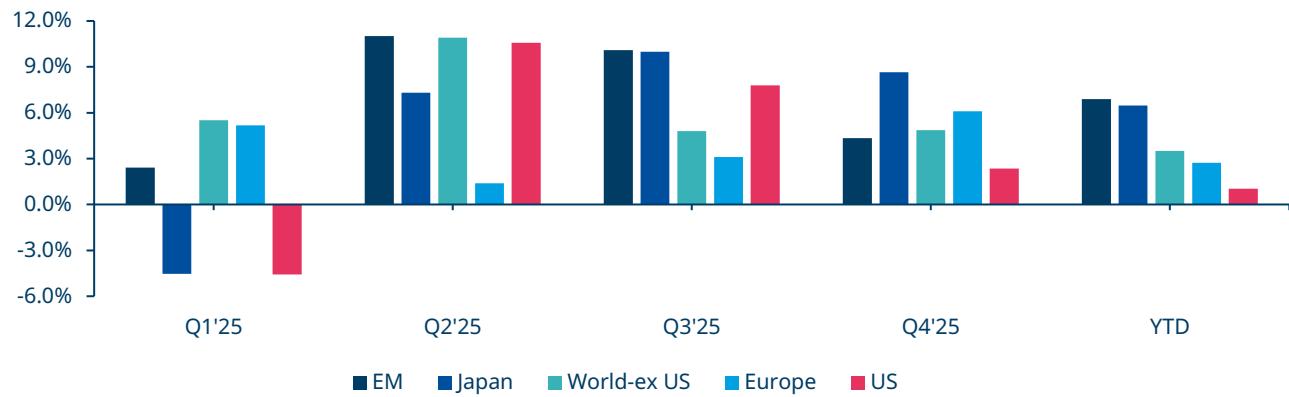
The year began eventfully, with the US using its military strength and economic leverage to achieve President Trump's foreign policy goals. The Fed receiving subpoenas and military action in Venezuela did not move oil prices and risk assets. But his threats to the sovereignty of a NATO ally sparked temporary volatility, with markets eventually recovering from that scare and US lagging the other regions. Fiscal profligacy and inflation concerns in Japan pushed bond yields up.

We think economic growth that is neither too hot nor too cold to trigger a recession, along with a high degree of complacency among markets participants, could explain the continued appreciation of risk assets. In this scenario, modest GDP expansion and disinflation is allowing central banks to move cautiously, preserving market liquidity.

The path ahead is fraught with risks to the independence of the Fed, and Trump's domestic policies as well as his stated intention to shake-up traditional alliances. Any challenge to the Fed could result in de-anchoring of inflation expectations (not our base case but risks are rising). **All this favours our views of diversification out of US assets, and for Europe to pursue its strategic autonomy.** For now, we observe strong US economic momentum, and have raised our Eurozone (EZ) growth projections:

- EZ growth slightly better than our previous expectations, but not as high ECB projections (1.2% vs 1.0%, real GDP). We now expect 1.0% growth, mainly due to strength in France and Spain. Our projections are supported by real disposable income, a boost to investment from rate cuts already implemented, and funds deployment under the NGEU in peripheral countries. However, we are monitoring the consumption dynamics and labour markets across the region.

Equities maintain momentum: Japan and EM are leading the way, and US is lagging so far



Source: Amundi Investment Institute, Bloomberg, as on 23 January 2026. MSCI Indices for EM and World ex US, S&P500 for US, Stoxx 600 for Europe and Topic for Japan. All indices are priced in local currencies.



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- **US CPI revised down for the year, from 3.0% to 2.8%.** But we expect inflation to remain above the Fed's 2% target for longer, particularly if we consider the fiscal push and upcoming mid-term elections. We expect shelter inflation – about a third of CPI – to decelerate, which would pull down overall inflation. Second, the pass-through of higher tariffs to consumers has been limited, and businesses are absorbing the higher costs. We continue to monitor this.
- **Chinese GDP looks set to decelerate this year to 4.4% from 2025**, owing to both weak domestic activity (correction in the housing sector and consumption) and softer external demand. We believe the government will deliver mild, targeted stimulus to avert a hard landing, but it is unlikely to implement a large-scale policy stimulus. The recent end-December announcement is in line with this view.
- **Gold prices see a structural boost.** Gold will be driven higher by geopolitical tensions (including Trump's unorthodox policies), structural trends (higher deficits/debt), and demand from central banks. While recent US actions in Venezuela did not move oil prices, any potential escalation with Iran is a more relevant upside trigger because the risk would be supply disruption (through the Strait of Hormuz) rather than additional supply. That said, oil markets are currently in surplus, and we expect downward pressure on prices in Q1. As the surplus diminishes in the second half, Brent prices could settle in the range of \$60–70/bbl.

In an environment of disinflation in Europe, fiscal support and 'political noise' in the US, and China stabilising to a lower growth rate, we stay risk-on with our asset class views as follows:

- **In fixed income**, we are neutral on duration overall, but slightly cautious on the US and positive on Europe, including peripherals, and the UK. Corporate credit offers good carry, particularly in EU IG BBB and BB-rated credit. Risks are around sticky inflation which is not our base case. We look for carry in emerging markets (EM) bonds – the global economic backdrop is encouraging – through a selective lens.
- **In equities**, we favour structural stories in the form of corporate governance reform in Japan, fiscal stimulus in Germany, and exploring names outside of the artificial intelligence euphoria. EMs are another area where we are constructive due to strong economic activity and Fed.
- **In multi asset**, we have upgraded our views on gold to benefit from its stability-providing characteristics and downgraded oil. In EM, we've cautiously raised our stance on Latin American equities. Overall, we prefer keeping a balanced, risk-on stance.

Trump's actions on Greenland/NATO, the US mid-term elections, and tariffs and the European response will drive the near-term market momentum.

Overall risk sentiment

Risk off

Risk on



Strong momentum is partially offset by extreme valuations, leading us to maintain our risk stance.

Changes vs the previous month

- **Multi asset**: More positive on gold, cautious on oil; more constructive on EM equities, but slightly less positive on the US and Europe.
- **FX**: Upgraded USD to neutral, and turned slightly cautious on the EUR in the near term.

Overall risk sentiment is a qualitative view towards risk assets (credit, equity, commodities) expressed by the various investment platforms and shared at the global investment committee. Our stance may be adjusted to reflect any change in the market and economic backdrop.

ECB= European Central Bank, DM= Developed Markets, EM = Emerging Markets, CBs = central banks, IG = investment grade, HY = high yield, HC = Hard Currency, LC = Local Currency. For other definitions see the last page of this document.

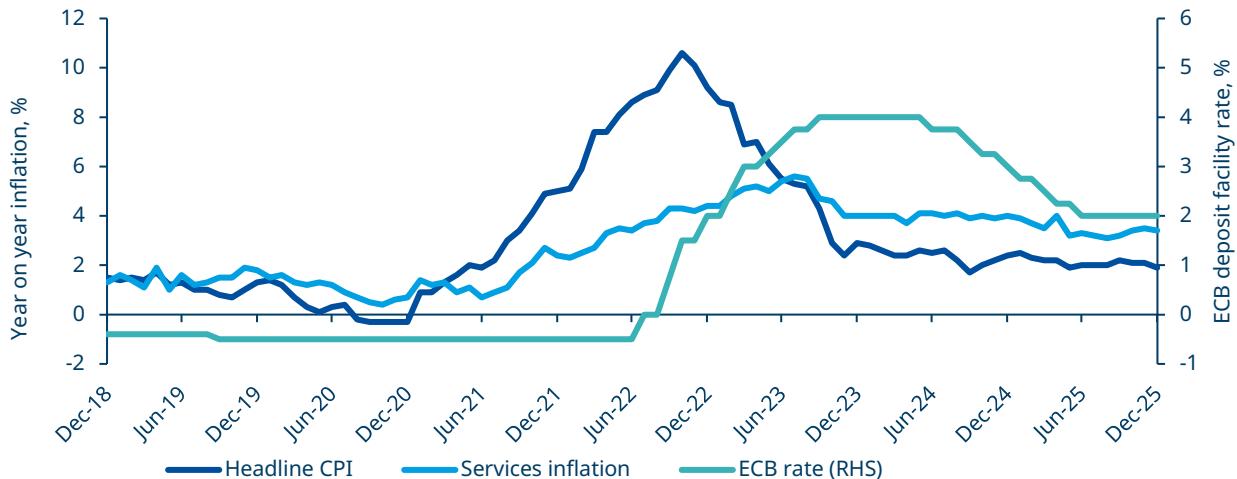
Inflation: the key to the ECB's policy puzzle

Market pricing with respect to ECB rate cuts is asymmetrical, implying they do not expect a rate cut. However, we think the disinflation trajectory will be maintained in the eurozone (EZ), with price pressures undershooting the ECB's 2% target. As a result, for us, the probability of interest rate reductions is much higher than the probability of a hike. We are also monitoring how the more dovish voices in the ECB could gain prominence and that could further tilt the case towards rate cuts.

In the US, the Fed's independence, the leadership transition, and labour markets (showing signs of weakening) would keep the market's attention. We maintain our global focus on yield curves, and look for carry through corporate credit and emerging market bonds in a selective manner.

Duration and yield curves	Corporate credit	EM bonds and FX
<ul style="list-style-type: none"> We remain constructive on UK and EZ duration, with a positive stance on peripheral countries. We expect curve steepening in the medium term, but acknowledge that it is a consensual view that has progressed significantly. Hence, while overall rooting for curve steepening, we are tactically reducing this view on the 10y-30y part. We are neutral on Japan and slightly cautious on US duration (2y and 30y), but are constructive on linkers. 	<ul style="list-style-type: none"> From a global view, we like EU over the UK and US. Prefer carry over beta in corporate credit. We favour financials over non-financials because of their strong capital buffers, and short-dated credit over longer-dated. Additionally, we look for a balance between yield and quality. Currently, we believe credit at the low end of the capital structure (BBB-rated for instance) provides attractive carry. 	<ul style="list-style-type: none"> Global macro backdrop is supportive for EM, but geopolitics could create volatility. We remain constructive, and believe 2026 will be a year of carry for EM bonds. In LC, HC and corporate bonds, we prefer high yield. Regionally, we like Sub-Saharan Africa, LatAm (e.g., Argentina). In FX, we have tactically downgraded the EUR and upgraded the USD to neutral. Two rate cuts by the Fed are already priced in the markets. On EM FX, we stay constructive.

Europe: inflation, including services, and domestic consumption are key for ECB rate cuts



Source: Amundi Investment Institute, Bloomberg, Eurostat. Latest month-end values as of 22 January 2025.

EQUITIESAUTHORS

Prefer structural stories over euphoria

US and European equities reached record levels in January despite mixed economic and geopolitical newsflow. Now, valuation dispersion across regions, together with earnings strength, will determine which markets outperform. The reporting season now under way will test EPS growth and, more importantly, capex. In the US, we are concerned about concentration risks, political uncertainty, and misallocation of capital in the AI space. These risks do not justify the current valuations that markets are demanding.

We reaffirm our conviction in diversifying away from the US and AI hyperscalers towards structural stories such as Japan, EM and Europe. Overall, we aim to benefit from volatility when presented with a good balance between valuations and earnings potential.

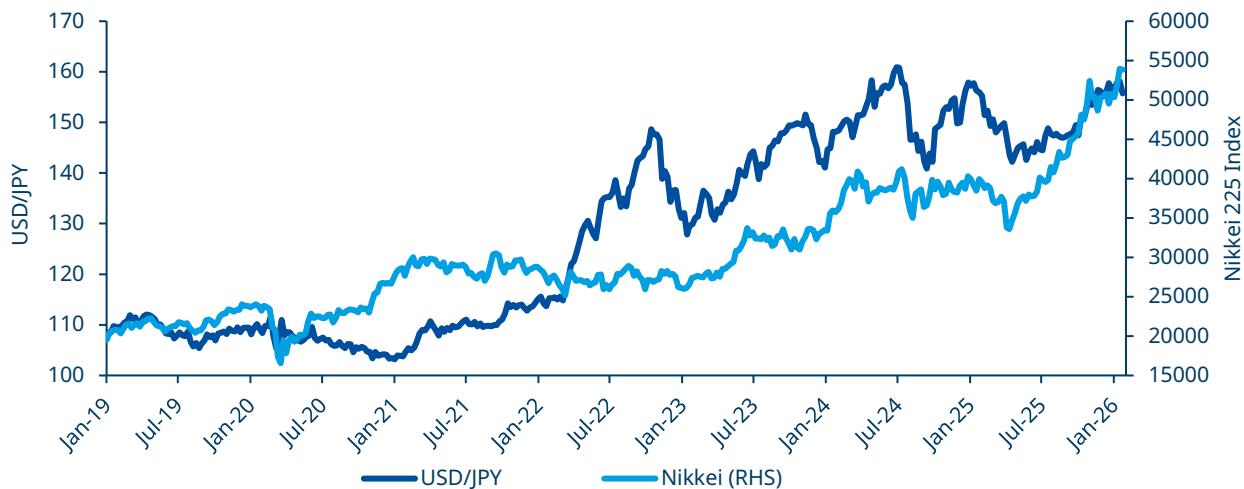
Developed Markets

- In Europe, it's reassuring that earnings growth accelerated last year. At current valuations, high single-digit earnings growth this year will be necessary for European markets to do well. Sector-wise, we like financials, industrials, healthcare, and consumer staples. In Japan, near term volatility related to normalisation of rates, yen strength, and politics is possible, but the long-term structural story remains compelling.
- There is a strong case for mid and small caps in Europe and Japan as the valuations discount to large caps is extreme. Quality, in terms of return on capital and debt ratios, is also improving.
- In AI, we focus on the electrical engineering, power demand, and AI-deployment subsectors.

Emerging markets

- A combination of monetary by the Fed and ECB, and expectations of robust economic growth across the region (with divergences) keeps us constructive on EM.
- We like LatAm, emerging Europe, and the UAE. LatAm valuations are attractive, and we are monitoring the political environment. In Brazil, we expect positive earnings growth in the next 12 months.
- In China, we are assessing the government's anti-involution policies and measures to rein in excess capacity, but for now we stay neutral. While the government is shifting the growth model to rely on domestic consumption, we think this will take some time. We are cautious on Taiwan and Saudi Arabia.
- From a sector perspective, we like communication services.

Japan: the long-term reasoning is intact, but yen strength may cause near term volatility



Source: Amundi Investment Institute, Bloomberg, latest weekly data as on 23 January 2026. Upward move on the left vertical axis indicates yen weakening, downward shift shows yen strength.

MULTI-ASSET

Strengthen safeguards, finetune risk

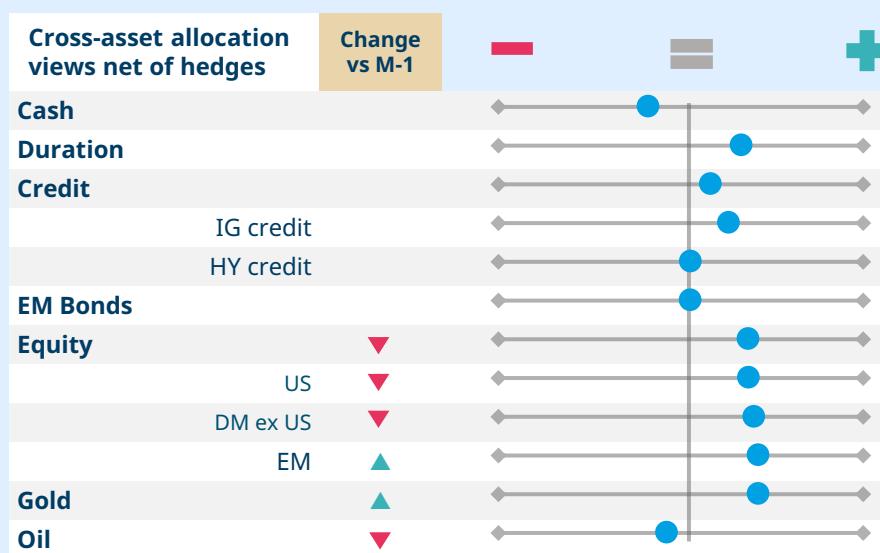
The economic backdrop in the US and Europe is reasonable, but there are indications of slowing US labour markets when valuations are high across many asset classes. Additionally, recent geopolitical newsflow underscores the need for caution, with an overall mild pro-risk stance. Our positive views on equities and credit are supported by a solid profit cycle, robust momentum, and ample liquidity. **Specifically, we explore areas of value in EM, and would like to underscore the need to amplify safeguards through gold and reinforce hedges in US and European risk assets.**

While we are positive on equities through the Europe, the UK and US, we have carefully upgraded our stance on EM by turning positive on LatAm. In general, LatAm offers attractive relative valuations compared with the rest of the EM. Brazil, the region's largest economy, is in a monetary- cycle; this, coupled with expectations of strong earnings this year, should be positive for Brazilian equities.

We are constructive on US (5Y) and EU (10Y) duration. In the US, weakness in labour markets is combined with a limited pass through of higher tariffs to inflation. We remain positive on USTs due to potential weakness in growth or corporate earnings, and any tightening of financial conditions but have hedged this view through derivatives. We also continue to prefer Italian BTPs over the Bunds, but are cautious on JGBs as fiscal pressures persist. Corporate credit in EU IG is likely to show robust demand.

In commodities, we have become more constructive on gold. While medium term catalysts persist, now an increased preference for physical deliveries of gold over derivatives signal market expectations of stress. On oil, however, we have turned cautious amid limited price support from OPEC. In FX, we are positive on NOK and JPY vs the EUR. BoJ rates normalisation could trigger a JPY rally, whereas high inflation in Norway should prevent the central bank from reducing rates.

Amundi Multi Asset Investment Views*



▼ Downgrade vs previous month

▲ Upgrade vs previous month

Source: Amundi, as of 21 January 2026. Changes M-1 include from previous month. The table represents the main investment convictions (including hedging) of the Multi Asset Platforms.

*The views are expressed relative to a Reference Asset Allocation (with benchmark 45% equity, 45% bonds, 5% commodities, 5% cash) with “=” being neutral. The + and - may not sum-up due to potential use of derivatives in the implementation. This is an assessment at a specific time, and it can be subject to change at any time. This information is not intended to be a forecast of future results and should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is for illustrative purposes and does not represent the actual current, past or future asset allocation or portfolio of any Amundi product.

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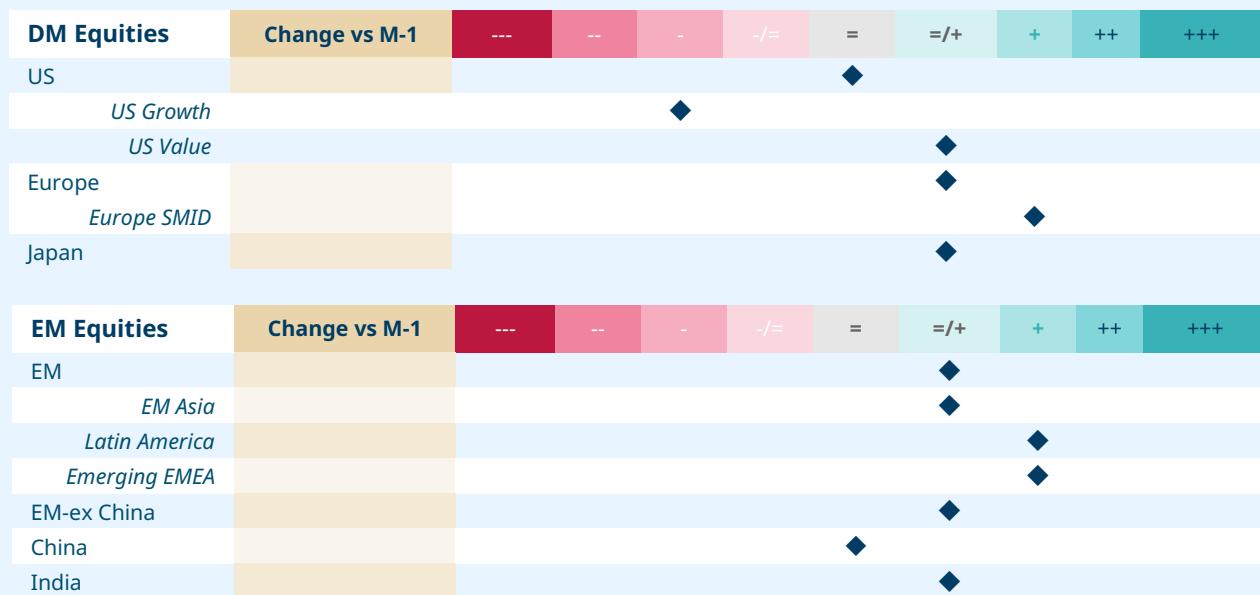
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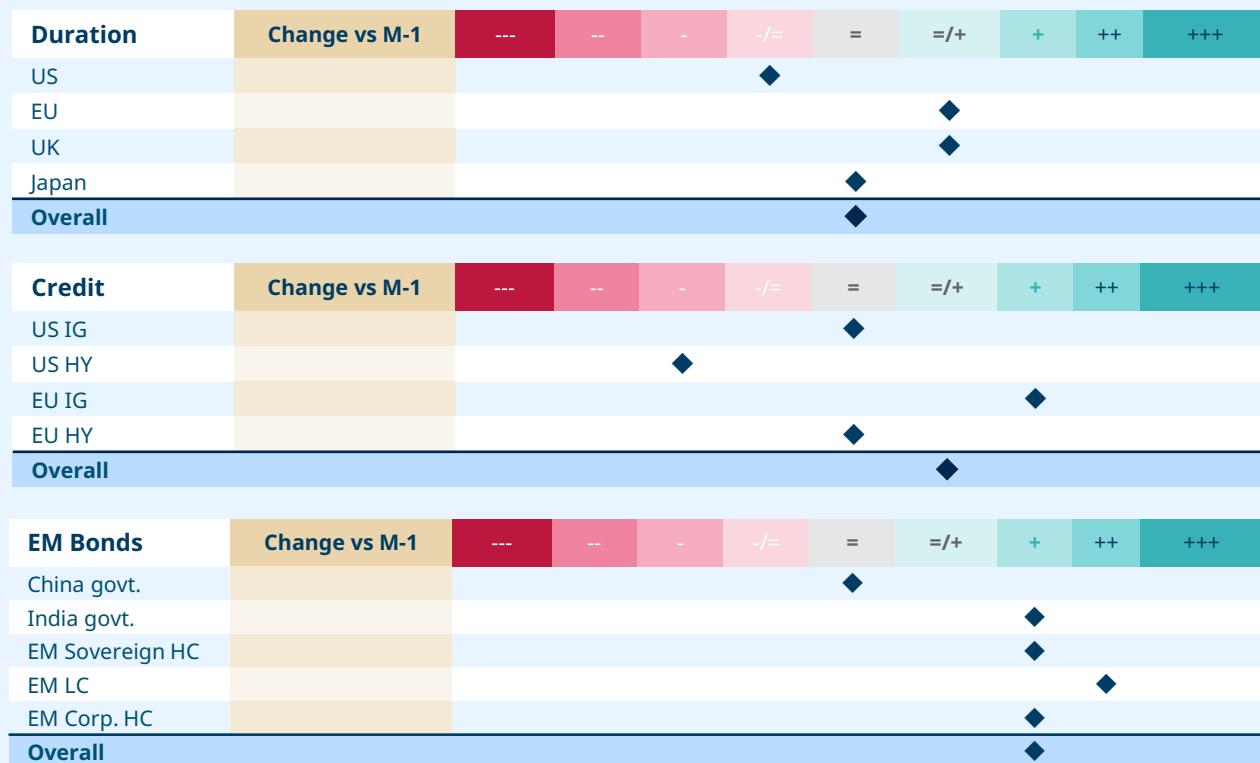
"We have raised our stance marginally on emerging market equities, and upgraded gold due to higher geopolitical tensions and benefit from its stability."

Amundi views by asset classes

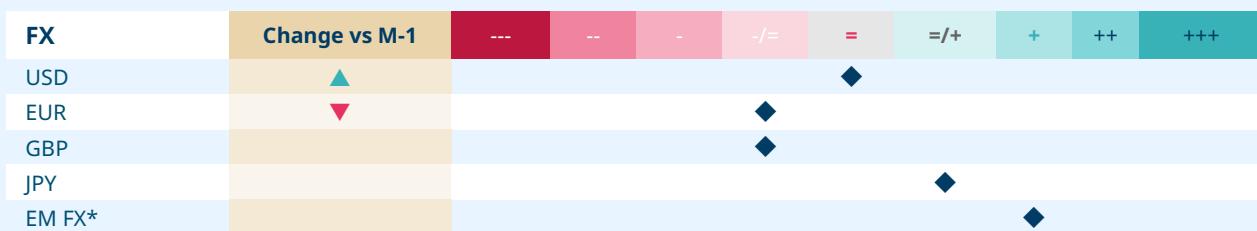
Equity Views



Fixed Income Views



Global FX views



Source: Summary of views expressed at the most recent **global investment committee (GIC) and discussions after, as on 21 January 2026**. The table shows absolute views on each asset class and are expressed on a 9 scale range, where = refers to a neutral stance. This material represents an assessment of the market at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research, investment advice or a recommendation regarding any fund or any security in particular. This information is strictly for illustrative and educational purposes and is subject to change. This information does not represent the actual current, past or future asset allocation or portfolio of any Amundi product. FX table shows absolute FX views of the GIC. * Represents a consolidated view of multiple EM currencies.

Downgrade vs previous month
Upgrade vs previous month

DEFINITION ABBREVIATIONS

Currency abbreviations: USD – US dollar, BRL – Brazilian real, JPY – Japanese yen, GBP – British pound sterling, EUR – Euro, CAD – Canadian dollar, SEK – Swedish krona, NOK – Norwegian krone, CHF – Swiss Franc, NZD – New Zealand dollar, AUD – Australian dollar, CNY – Chinese Renminbi, CLP – Chilean Peso, MXN – Mexican Peso, IDR – Indonesian Rupiah, RUB – Russian Ruble, ZAR – South African Rand, TRY – Turkish lira, KRW – South Korean Won, THB – Thai Baht, HUF – Hungarian Forint.

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