

Weekly Market Directions



Amundi
Investment Solutions

Trust must be earned



“As the Fed moves to reduce policy guidance, uncertainty over the short-rate path is likely to rise, creating additional volatility along the yield curve”.

Monica Defend

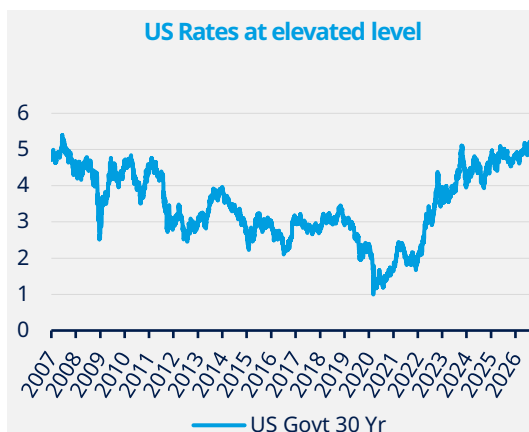
Head of Amundi Investment Institute

Fed on hold, markets in action

The Fed left interest rates in the range of 3.5% - 3.75%. The decision was not unanimous, with 3 dissenters in favour of a hike, revealing divisions within the FOMC.

Fed Chair Warsh reiterated the Fed's commitment to restoring price stability, while emphasising efforts to rethink the Fed's framework for inflation analysis.

Two-year yields fell as investors scaled back expectations of near-term hikes, while 30-year yields rose to a 19-year high, pointing to a higher risk-premium.



Source: Amundi Investment Institute, Bloomberg, as at 31 July.

The Fed left interest rates unchanged at Kevin Warsh's second meeting as Chair, reinforcing our view that his hawkishness remains stronger in rhetoric than in action. Warsh described the stance as “watchful thinking”, rather than “watchful waiting”, suggesting a more active assessment of the economic backdrop. He also noted that financial conditions have tightened materially as yields have risen, framing markets as an important source of information, while reiterating plans to reduce policy guidance. Recent benign inflation data likely gave the Fed room to stay on hold, but Warsh's description of the economy as solid and inflation still above target has left investors sceptical. Bond-market movements in the immediate aftermath of the meeting highlighted uncertainty over the short-rate path and inflation dynamics. In our view, the Fed is likely to remain on hold until Q2 next year, before easing resumes as inflation normalises amid softer demand and lower tensions in the Middle East.

**Key
dates**



3 Aug

China PMI
Manufacturing, EZ PMI
Manufacturing, US ISM
Manufacturing

5 Aug

China PMI services, EZ
PMI Services, US ISM
Services, India policy
rate

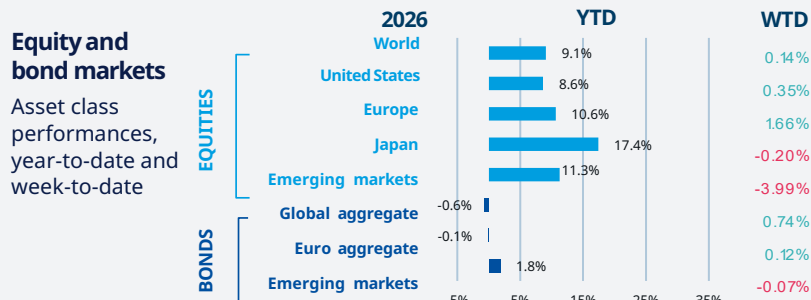
6 Aug

EZ Retail sales, US
Nonfarm Payrolls

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This week at a glance

Equity markets in aggregate found some relief at the end of the week after robust earnings partially offset worries about valuations and the profitability of AI-related investments. In the US, yields were mixed, with 30-year yields rising while 2-year yields fell in reaction to the FOMC's decision to leave rates unchanged. Oil fell amid hopes of easing tensions in the Middle East. In FX, the yen strengthened.



Source: Bloomberg, data as of 31 July 2026. Please refer to the last page for additional information on the indices.

Government bond yields

2- and 10-year government bond yields, and 1-week changes

		2YR		10YR	
	US	4.25	▼	4.65	▼
	Germany	2.79	▼	3.16	▼
	France	2.96	▼	3.95	▼
	Italy	2.97	▼	3.97	▼
	UK	4.34	▼	4.98	▼
	Japan	1.49	▼	2.79	▼

Source: Bloomberg, data as of 31 July 2026. Please refer to the last page for additional information on the indices. The trend shown refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

Gold USD/oz	Crude Oil USD/barrel	EUR/ USD	USD/ JPY	GBP/ USD	USD/ RMB	Euribor 3M	T-Bill 3M
4053.22	82.97	1.15	159.79	1.35	6.75	2.48	3.67
+0.0%	-7.1%	+12%	-2.47%	+10%	-0.3%		

Source: Bloomberg, data as of 31 July 2026. Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas



US growth underpinned by strong domestic demand

US GDP expanded at an annualised pace of 1.5% in Q2, down from 2.1%, but the headline slowdown masks a strong underlying composition. Consumer spending (3.2%) was supported by fiscal stimulus in the first half of the year. Non-residential fixed investment (8.4%) was supported by industrial and transportation equipment, and software investment. Housing investment (1.5%) posted its first quarterly increase since Q4 2024. Overall, we confirm our view of an economy which grows at 2% or marginally above, and that is not particularly affected by the energy shock.

Europe



Euro Area growth proves resilient

Euro Area GDP expanded by 0.4% in Q2, higher than expected. However, excluding Ireland, growth is in line with our expectations at 0.2%, with Germany, France and Italy all posting the same rate, and Spain growing higher. The steady growth in the Euro Area economy highlights that households and businesses have not significantly reduced spending despite tensions in the Middle East. Looking ahead, barring further rises in energy prices, the Euro Area might continue to grow below potential, avoiding a more severe slowdown.

Asia



China signals more proactive policy support

China's policymakers signalled a shift towards more proactive economic support as growth momentum slowed in the second quarter, and headwinds intensified. While stopping short of a major stimulus pivot, the leadership called for stronger countercyclical adjustment and faster deployment of fiscal resources, aiming to reverse the contractionary policy stance of recent months. It also prioritised more balanced trade development, likely in response to elevated trade tensions with the EU.

NOTES

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Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD).

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **31 July 2026**. The chart shows the price of gold.

Diversification does not guarantee a profit or protect against a loss.

GLOSSARY

BoJ: Bank of Japan
CPI: Consumer Price Index
ECB: European Central Bank
EZ: Euro Area
FED: Federal Reserve
FOMC: Federal Open Market Committee
GDP: Gross Domestic Product
MoM: Month-on-Month
YoY: Year-on Year
PCE: Personal Consumption Expenditure
PMI: Sentiment index of enterprises
PPI: Producer Price Index
UAE: United Arab Emirates
US: United States of America
UK: United Kingdom
YTD: Year to date
WTD: Week to date

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