

Trust must be earned

An era of conflicting choices

Equities touched new highs, but uncertainty over a US government shutdown and some credit events in the US caused some volatility. This boosted the appeal of bonds. Additionally, concerns over government debt and fiscal deficit enhanced the allure of gold (store of value). Looking ahead, investors should keep a global approach in bonds and equities.



Amundi Investment Institute

Marketing Communication



Earnings are the engine for equities

We acknowledge the potential of artificial intelligence to boost corporate earnings in the long term. But we are also mindful of excessive valuations. We believe a good balance between these two is offered by equities in Europe, Japan and the UK. In the US, we are neutral overall.



US inflation expectations are important for bonds

If US consumers are forced to pay the cost of high import tariffs, market inflation expectations for the future may rise. This could affect US bonds, and hence, we remain neutral here. We look for potential value in Europe, including in Italy, and in the UK.



Stars align for EM

Robust emerging markets economic growth and interest rate cuts by the Fed may be positive for this asset class. We favour high income bonds in Latin America. In equities, we like India, Brazil and Mexico.



Moderately positive on risk assets

A low-growth environment, without a recession, underscores the need to stay constructive on equities and credit. At the other end of the spectrum, this should be balanced with government bonds and gold. Following the substantial rally in the price of metal, we are less positive than before.

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Play on fundamentals, not exuberance

Weakening US labour markets, and potential delays to German fiscal stimulus may affect economic activity. However, growth will still remain decent, at a time when central banks are cutting rates. Hence, we are constructive on quality credit and equities, and maintain a well-diversified* stance.



Glossary

- Bond: is a fixed-income investment that represents a loan made by an investor to a borrower, usually corporate or governmental
- 2. ECB: European Central Bank
- 3. EM: Emerging Market
- **4. FED:** Federal Reserve is the central banking system of the United States.

IMPORTANT INFORMATION

*Diversification does not quarantee a profit nor protect against a loss.

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