Amundi Investment Solutions

Trust must be earned

Tariffs and fiscal policy, the moment of truth

Mounting concerns over fiscal deficits and debt in the US, Europe and Japan, international trade negotiations and geopolitical risks in the Middle East have been driving the markets. In this environment, investors should stay balanced with a mildly positive stance on risk assets.

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Marketing Communication

Trump's 'big beautiful bill' in limelight

Debt worries in the US and government stimulus expectations in Europe underscore the need for investors to seek value across different regions. We favour a global approach to bonds and see curve steepening opportunities in Europe and the UK.[2]

Trade negotiations will keep uncertainty high

US approach to trade discussions is ambiguous and may create volatility in equities, particularly in the more expensive areas. We favour attractive and quality segments that could fair well amid this volatility. These include European small and mid caps, the UK and Japan.

Domestic-driven opportunities in EM

Emerging market growth remains robust, and the region is home to many businesses focused on domestic consumption, for example, in Indian equities. Elsewhere, in emerging Europe (Hungary) and Latin America (Colombia, Peru), there are good opportunities in the bonds space.

Search for income in quality credit and banks

Investors should refrain from moving too far down the credit quality spectrum. Healthy corporate balance sheets and ECB rate cuts indicate strong potential for EU credit, particularly EU banks. At a global level, we like sectors such as banks and pharmaceuticals.

Stay disciplined and risk aware

Economic growth and earnings should stay steady, but high global debt, inflation risks in the US, and high valuations mean now is not the best time to increase risk exposure. Investors should explore opportunities in European, Japanese, and emerging market stocks, while adding diversifiers like gold and government bonds.

Glossary

1. **Bond:** is a fixed-income investment that represents a loan made by an investor to a borrower, usually corporate or governmental
2. **Yield curve steepening:** increase in the difference of yields between long term and short term bonds.
3. **Equity:** is the remaining value of an asset or investment after considering or paying any debt owed; the term is also used to refer to capital used for funding or a brand's value
4. **ECB:** European Central Bank
5. **EU:** European Union
6. **Credit:** is a contractual agreement in which a borrower receives a sum of money or something else of value and commits to repaying the lender later, typically with interest
7. **EM:** Emerging Market

IMPORTANT INFORMATION

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