

Trust must be earned

The fiscal lever returns in an uncertain global order

US President Trump's stance on tariffs and international relations has fastened the realisation of fiscal support in Europe. China has also come out with its own stimulus programme. But uncertainty remains high on tariff and in this environment, we call for a vigilant and a diversified* stance.



Amundi Investment Institute

Marketing Communication



Agility on bonds in times of uncertainty

Pressures on economic growth, as a result of an uncertain economic backdrop, underscore the need to stay positive and agile on government bonds in regions such as Europe and the UK.



Focus on robust businesses

We believe select corners of US stocks are expensive and we tend to stay cautious on them. However, investors could focus on quality businesses that can withstand international trade war and have differentiated products. We selectively favour value, EM and Europe.



Explore the income potential of credit

Corporate fundamentals in segments such as European high grade are strong. Investors should aim to benefit from the yields in credit but should not ignore quality and risks around liquidity.



Keep a vigilant, diversified* stance

Volatility in markets may affect the expensive segments more than the stable assets. Hence, investors should explore assets such as gold that may provide relative safeguards. At the same time, we think, quality emerging market bonds may offer good long term potential.



Stay balanced going forward

We see downside risks to US consumption as a result of high import tariffs. The resulting counter tariffs increase uncertainty for the markets and the global economy. Thus, we prefer to stay balanced in favour of government bonds, gold and other quality assets.



Glossary

1. **Downside Risk:** Potential for investments to lose value in the short term
2. **EM:** Emerging Market
3. **Liquidity:** Ability to buy/sell an asset without significantly affecting its price

IMPORTANT INFORMATION

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

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