

Mixed economic signals open up opportunities

Recent US data has been resilient but we are seeing some pressures in labour markets. In Europe, growth is uneven across countries. We think this environment calls for a slightly constructive stance on risk and not for an outright increase in risk.



Amundi Investment Institute



Easing inflation positive for government bonds

While we could witness some volatility on inflation, the overall inflation trajectory is downward sloping. This should allow central banks such as the ECB to cut policy rates, in an environment that is supportive of European and UK bonds.



Quality makes all the difference in corporate credit

Investors could potentially explore credit in regions such as Europe. This could potentially be done with a tilt towards high grade credit for instance in the European banking sector.



Allure of emerging markets stays high

At a time of rate cuts by the Fed and the ECB, the extra yield offered by EM bonds such as those in Latin America (Brazil), emerging Europe (Romania) becomes even more important. But the outcome of US elections could cause near term volatility.



Search for bright spots in equities

The no-recession scenario in US could allow for a good backdrop in what we believe are attractively-priced equities such as value, small caps. We also like segments such as Europe, Japan and emerging markets (India, Indonesia).



Play the markets with a balanced stance

Investors may tilt towards segments where fundamentals are strong to benefit from market upside. In addition, the stability of government bonds and gold could offset volatility coming from slowing growth and geopolitical risks.



Glossary

- 1. Inflation:** Increase of the general level of prices for goods and services, decreasing purchasing power as a result.
- 2. Central bank:** Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.
- 3. Investment grade:** Refers to securities for which the Standard & Poors rating is greater than or equal to BBB- and considered by them as having a low risk of non-repayment.
- 4. Quality:** Financially healthy companies with strong balance sheets.
- 5. Value:** Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.
- 6. Volatility:** The rate at which the price of a security increases or decreases for a given set of returns
- 7. EM** = Emerging markets,
DM = Developed markets.

IMPORTANT INFORMATION

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