

Trust must be earned

Searching for bright spots in a trickier phase

Recent US inflation data makes central banks' task difficult. But overall the inflation trajectory is likely to slow. This, coupled with resilient growth, calls for a slightly positive risk stance through markets with strong earnings potential.



Amundi Investment Institute



Higher yields keep bonds attractive

Market's assessment of rate cuts by central banks has caused yields to rise recently. Government bonds such as those in the US and UK may continue to offer good risk-free returns.



Economic growth, earnings could drive equities

Improving growth prospects in regions such as Europe and EM (India, Indonesia) may open up opportunities. Globally, value and quality sectors are also attractive.



Aim for quality credit across the world

Companies with strong business models and low interest costs are preferred. For instance, high grade EU credit and select countries in Asia, Latin America offer such opportunities.



Build resilience to withstand geopolitical tensions

Geopolitical risks in Middle East may affect market volatility and commodities such as oil could help withstand these risks. In addition, gold could act as a good diversifier¹ in times of stress.

¹Diversification does not guarantee a profit or protect against a loss.



Recalibrate but do not increase risks

As the economy evolves, investors may look to adjust their stance, in favour of attractively-priced global equities in select regions with robust growth outlooks.



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. Commodities:** Refer to raw materials used to create the products consumers buy, from food to furniture to gasoline or petrol.
- 4. Value:** Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.
- 5. EM** = Emerging markets,
DM = Developed markets.

IMPORTANT INFORMATION

Diversification does not guarantee a profit or protect against a loss. Unless otherwise stated, all information contained in this document is from Amundi Asset Management and is as of 7th May 2024.

The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management, and are subject to change at any time based on market and other conditions and there can be no assurances that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, as securities recommendations, or as an indication of trading on behalf of any Amundi Asset Management product. There is no guarantee that market forecasts discussed will be realised or that these trends will continue.

Investments involve certain risks, including political and currency risks. Investment return and principal value may go down as well as up and could result in the loss of all capital invested. This material does not constitute an offer to buy or a solicitation to sell any units of any investment fund or any services.

Amundi Asset Management - Amundi AM, French joint stock company (Société par actions simplifiée) with a capital stock of 1 143 615 555. Portfolio management company approved by the French Financial Markets Authority (Autorité des marchés Financiers - AMF) under no.GP 04000036 Head office: 91-93, boulevard Pasteur, 75015 Paris – France

Doc ID: 3569382

Date of First Use: 9th May 2024

Discover [more insights](#) from the Amundi Investment Institute.

