

Weekly Market Directions

Trust must be earned



"While the change in China's policy stance is a significant development, we believe the market's focus will shift increasingly towards the execution of these policies."

Monica Defend

Head of Amundi Investment Institute

All eyes on China

While volatility may stay high, Chinese policymakers willingness to conduct broad easing is supportive.

We think under Trump 2.0, increased stimulus is a better approach than trade retaliations or currency devaluation.

We expect 50 basis points policy rate cuts in the first half of 2025 and additional fiscal spending in 2025.

Markets in search for further upside potential in the Chinese stock market



Source: Amundi Investment Institute, Bloomberg as of 5 December 2024.

Markets had been waiting for signs of policymakers becoming more accommodative after the initial hint in late September. While we expect volatility to continue, as data such as the latest retail sales, confirm the slowdown, we also note that the leadership has turned to an unambiguous pro-growth stance and willing to conduct broad easing, amid a notable increase of US trade policy uncertainty. The annual Central Economic Work Conference decided that boosting consumption and improving investment returns will be the priority for 2025, by expanding fiscal spending and enhancing monetary easing. While continuing to invest in national strategic projects, the government vowed to increase the consumer goods upgrade programme for households, and to stabilise property and equity markets.

Actionable ideas



Emerging market equities

The emerging world offers many investment opportunities beyond China, based on different growth stories such as India and Latin America



Multi-asset investing

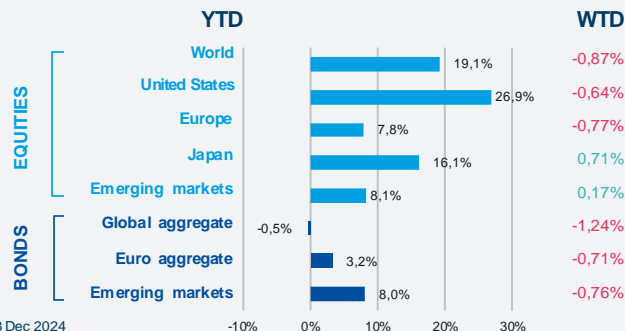
Multi-asset investors can exploit potential opportunities across asset classes and capitalise on tactical opportunities that may open up in emerging markets

This week at a glance

Global and US equities declined as markets tried to judge the Fed's policy path. Most long-term bond yields inched higher. In commodities, gold and oil prices surged. Oil was supported by newsflow around fresh US sanctions and expectations of a policy boost to Chinese growth.

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 13 Dec 2024
Please refer to the last page for additional information on the indices.

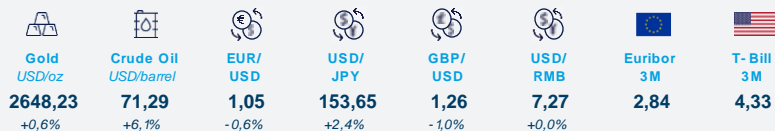
Government bond yields

2 and 10 years government bond yields and 1 week change

	2YR	10YR
US	4,25 ▲	4,40 ▲
Germany	2,07 ▲	2,26 ▲
France	2,23 ▲	3,04 ▲
Italy	2,42 ▲	3,39 ▲
UK	4,30 ▲	4,41 ▲
Japan	0,56 ▼	1,03 ▼

Source: Bloomberg, data as at 13 Dec 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Commodities, FX and short term rates



Source: Bloomberg, data as at 13 Dec 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Investment Institute Macro Focus

Americas



US CPI accelerated slightly

US inflation for the month of November accelerated marginally at 0.3% MoM, but the number was still as expected. The increase was mainly driven by shelter and food components. Core CPI, inflation excluding food and energy prices, held at levels similar to previous month. Looking forward, inflation is likely to maintain its downward trajectory, although we could witness some volatility due to certain sticky components.

Europe



ECB downgrades its growth forecasts

The ECB downgraded its GDP growth projections to 0.7% and 1.1% for this year and the next, respectively. The bank also cut its policy rates, as expected, for the fourth time this year. The bank expects that an easing monetary policy will encourage companies to increase investments. At the same time, rising real incomes may be likely to support household consumption.

Asia



Korea more likely to ease amid prolonged uncertainty

Political uncertainty following President Yoon's [impeachment](#) process is likely to persist into 2025. We anticipate a prolonged period of market volatility. This is expected to trigger additional monetary and fiscal easing, including earlier rate cuts and supplementary budget. Challenges remain for Korean assets in the short term amid elevated political uncertainty, while, over the medium term, opportunities could arise.



NOTES

Page 2

Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD)

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **13 December 2024**. The chart shows the CSI 300 stock index.

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

GLOSSARY

Central Economic Work Conference: An annual meeting held in China which sets the national agenda for the economy of China and its financial and banking sectors.

CPI: Consumer Price Index.

ECB: European Central Bank.

EZ: Eurozone.

Fed (Federal Reserve): The central banking system of the United States.

GDP: Gross Domestic Product.

MoM: month on month.

YoY: year on year.

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



IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of **13 December 2024**. Diversification does not guarantee a profit or protect against a loss. This document is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product.

Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: **13 December 2024**.

Document ID: 4096113

The content of this document is approved by Amundi Asset Management, a French société par actions simplifiée, a portfolio management company approved by the “Autorité des marchés financiers” or “AMF” under the number GP 04000036 whose registered office is located 91-93 boulevard Pasteur, 75015 Paris – France –, under the Paris trade register number 437 574 452 RCS - www.amundi.com

Photo credit: ©iStock/Getty Images Plus

MSCI Disclaimer available [here](#)