

Weekly Market Directions

Trust must be earned



"With ongoing inflation swings, central banks will be increasingly data-dependent."

Monica Defend

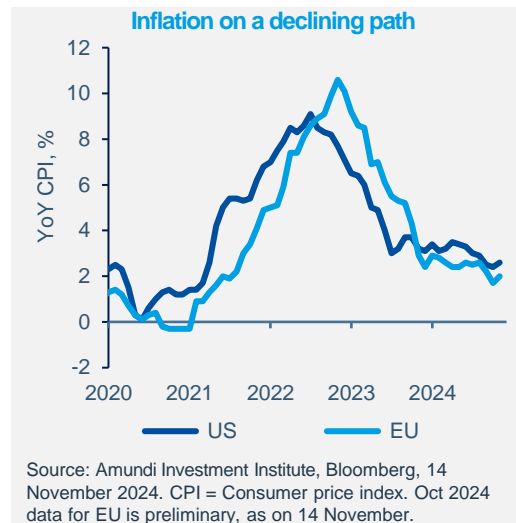
Head of Amundi Investment Institute

Inflation trend is falling

Price pressures in the US and eurozone are abating, although some inflation components could be volatile.

On the growth front, economic recovery in Europe will continue, and, the US is also likely to avoid a recession.

This scenario calls for a global approach and a balanced stance across the US and Europe.



US CPI for October accelerated slightly to 2.6% owing to some sticky components around shelter. This latest data points to the volatility we expect around inflation (particularly if policies of new US administration are implemented), but we think the overall path is declining for now. In the eurozone, preliminary inflation data for October also points to a declining trend. While we believe the ECB could keep a close eye on data, the central bank could continue its monetary easing and reduce rates in December. These rate cuts, along with increases in real income (income less inflation), should boost household consumption and demand in Europe. We expect an uneven recovery across countries, with national policies playing a key role. In the US, a mild economic deceleration is likely. The overall environment is likely to remain benign.

Actionable ideas



European fixed income

High quality credit in EU offers potential scope for additional income. At the other end, government bonds may provide the much needed stability in times of any stress in the economy.



US equities

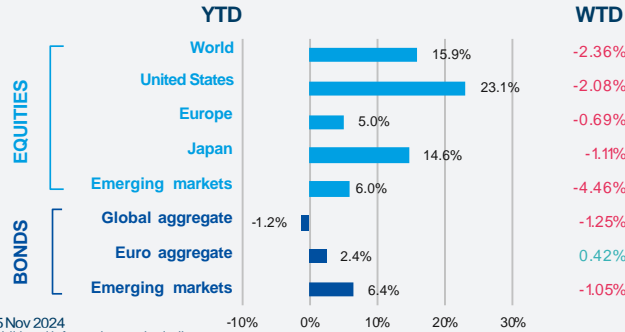
In an environment of only a marginal slowdown in growth in the US, some corners of US equities such as equally weighted segments, value and quality may provide sustainable returns.

This week at a glance

Global stocks pared back gains as they assessed the path of the Fed's monetary policy. Emerging market equities were dragged lower by weak sentiment in China. Bond yields were mixed. However, the US dollar rose, putting downward pressure on commodities such as oil.

Equity and bond markets

Asset class performance year to date and week to date



Source: Bloomberg, data as at 15 Nov 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 | 4.31 | ▲ | 4.44 | ▲ |
| | Germany | 2.12 | ▼ | 2.35 | ▼ |
| | France | 2.33 | ▼ | 3.08 | ▼ |
| | Italy | 2.57 | ▼ | 3.55 | ▼ |
| | UK | 4.39 | ▼ | 4.47 | ▲ |
| | Japan | 0.55 | ▲ | 1.07 | ▲ |

Source: Bloomberg, data as at 15 Nov 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Commodities, FX and short term rates

| | | | | | | | |
|----------------|-------------------------|-------------|-------------|-------------|-------------|---------------|--------------|
| | | | | | | | |
| Gold USD/oz | Crude Oil USD/barrel | EUR/ USD | USD/ JPY | GBP/ USD | USD/ RMB | Euribor 3M | T-Bill 3M |
| 2563.25 | 67.02 | 1.05 | 154.30 | 1.26 | 7.23 | 3.00 | 4.50 |
| -4.5% | -4.8% | -1.7% | +1.1% | -2.3% | +0.6% | | |

Source: Bloomberg, data as at 15 Nov 2024
Trend represented refer to 1 week changes. Please refer to the last page for additional information.

Amundi Investment Institute Macro Focus

Americas



US inflation inched up but momentum decelerating

Monthly readings for October CPI came in line with consensus expectations. We think that the disinflationary trend is still progressing, although some components such as rents remain sticky at the moment. We stay vigilant on all such components and on any impetus coming from policies of the new US administration next year.

Europe



Eurozone economic survey subdued in November

The ZEW economic sentiment index for November deteriorated. This reflects lacklustre economic growth ending 2024 and entering next year. In addition, the uncertainty related to the outcome of the US elections and concerns around potential US tariffs on eurozone exports may have affected sentiment. While we expect Europe to continue its recovery, we acknowledge some downside risks to our outlook from such tariffs.

Asia



Indian inflation accelerated in October

India headline CPI came in at 6.2%, year-on-year, with significant contribution from the food component. The number is slightly above the target range (2%-6%) of the Reserve Bank of India (RBI). Core inflation, headline excluding food and energy, dynamics were relatively subdued. Despite the RBI moving to a more neutral stance at the latest meeting in October, we think the central bank will stay on hold at its next meeting in December.



NOTES

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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 [15 November 2024](#). The chart shows the S&P 500 index and the S&P equal weighted index.

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

GLOSSARY

CPI: Consumer Price Index a measure of inflation

Consumption: Use of goods and services by households

Disinflationary: A temporary slowing of the pace of price inflation

ECB: European Central Bank

EZ: Eurozone

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

GDP: Gross Domestic Product

Volatility: Volatility is a measure of how much and how quickly prices move over a given span of time

ZEW economic sentiment index: A leading indicator for the German economy. measures the level of optimism that analysts have about the expected economic developments over the next 6 months.

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