Amundi Investment Solutions

Trust must be earned

Investment Institute

It's all about confidence

Assessing risks worth taking

Cross Asset Investment Strategy | MID-YEAR OUTLOOK

JULY 2024

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"In a world with decelerating but sticky inflation and multi-speed growth, Central Banks will need to carefully assess their stance and communication. Their actions may not be synchronised, but we expect any divergences to be limited."

MONICA DEFEND
HEAD OF AMUNDI INVESTMENT INSTITUTE

"The economic context supports earnings and risky assets, but most of the upside potential is already priced in and finding clear catalysts for further gains will be challenging."

VINCENT MORTIER
GROUP CHIEF INVESTMENT OFFICER

"To navigate the uncertain transition into the next phase of the cycle, we favour high-quality equities, a positive duration stance and commodities to hedge against inflation risk."

MATTEO GERMANO
DEPUTY GROUP CHIEF INVESTMENT OFFICER

KEY INSIGHTS

The seven main convictions for H2 2024

For the second half of the year, we have identified seven key convictions that will shape our investment strategy.

1 Multi-speed growth with sticky inflation and diverging dynamics

Global growth is expected to reach 3.1% in 2024. However, there are divergences: the US is slowing down without entering a recession, the Eurozone is on a recovery path, India's strong growth continues while China is on a controlled slowdown trajectory. Inflation has been stickier than expected, but it is expected to decelerate further towards Central Bank targets in 2025. This will allow Central Banks to initiate and continue the new cycle of cuts at different speeds.

2 Geopolitical risk is high and rising

Geopolitical risk is expected to increase in the coming years, with factors such as protectionism, sanctions, tariffs, export controls and trade wars intensifying. Some regions, notably Europe, may be less able to afford the costs. The outcome of the US election will be pivotal, as US foreign policy in particular is expected to differ significantly under a Biden or a Trump presidency, although confrontation with China is expected to rise in any case.

H1 2024: mid-year in review

	Macro views vs our 2024 outlook expectations	Financial markets views vs our 2024 expectations
CONFIRMED	▪ Persistent **geopolitical** tensions ▪ **Europe anaemic** growth ▪ **Emerging Markets (EM) resilient** and fragmented picture ▪ **India strong** growth ▪ **Moderating global inflation** pressures ▪ **Low inflation** in **China**	▪ **Equities** Japan and India strong performance, China weakness ▪ **Bonds** appealing yields in a trading range ▪ **Commodity prices** sustained by geopolitical tensions ▪ **Recovery in balanced allocations** ▪ **Strong USD**, weak CHF, weak commodities FX
SURPRISE	▪ **United States no recession** thanks to strong consumption driven by benign household wealth. Stickier inflation ▪ **Fed and ECB pivot postponed** ▪ **China more resilient** compared to our expectations ▪ **Less dovish EM Central Banks**	▪ High volatility in bonds with **strong repricing of Central Bank expectations** ▪ **Very strong equity markets**, with concentration risk further increased, particularly in the US market ▪ **High Yield outperformance** with spreads well below long-term average ▪ **Weak JPY**

Source: Amundi Investment Institute as of 3 July 2024. DM: developed markets. EM: emerging markets. CB: central banks. Economy and markets expectations refer to our 2024 investment outlook.

3

Equity: time for a breather and broadening

Equities are still attractive unless we enter a recession, which is not our base case. However, there are concerns about excessive valuations in US mega caps. Opportunities abound in US quality, value and international equity. In Europe, consider small-cap stocks to capitalise on the economic recovery, attractive valuations and the ECB cutting rates.

4

Seize opportunities in bonds and prepare for structural steepening

After trading in a narrow range, yields are set for a new course with rate cuts approaching and curves expected to structurally steepen. With yields already at historically appealing levels, a window of opportunity is opening. We favour government bonds and investment grade credit which maintain the best risk/reward profile. EM bonds also offer an attractive risk-return profile and will benefit from the Fed cuts in the second semester.

5

Emerging Markets will benefit from Fed easing and domestic resilience

Resilient growth, supply chain rebalancing and Fed rate cuts mean Emerging Market equities offer interesting opportunities. They are also supported by attractive valuations compared to the US. We favour Latam and Asia, with India in focus thanks to its robust growth and transformative trajectory. Bonds also will be lifted by Fed cuts, with local currencies set to become attractive.

6

Enhance the asset allocation with commodities and real and alternative assets

It's time to strike a balance between opportunities from supportive earnings dynamics and appealing bond yields with risks from high uncertainty about growth and inflation. This means combining a positive equity stance with a long-duration bias and searching for additional sources of diversification, such as commodities, and real and alternative assets, including hedge funds. These assets will be key to enhancing portfolios' risk-return profile.

7

Look for companies that will help ramp up the energy transition

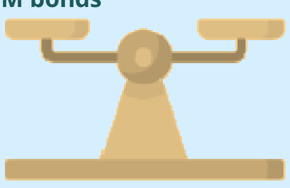
To achieve a low-carbon energy system, the world must triple renewable capacity by 2030. This means investing heavily in critical minerals and expanding electricity grids. Investors should focus on companies that can drive the energy transition in both Developed and Emerging Markets.

Building resilient portfolios

Core allocation

+ Positive on equities and EM bonds

+ Positive on duration



Balance the positive risk stance with duration

Diversification layers

- Gold
- Cyclical commodities
- Inflation strategies*

Favour equity, duration, and commodities in a late cycle characterised by persistent inflation and geopolitical risks.

*Inflation strategies include Inflation-linked bonds and inflation breakeven.

SETTING THE SCENE

Harnessing multi-speed growth and divergent dynamics in H2

KEY TAKEAWAYS

In this cycle, restrictive monetary policies and fading fiscal expansion are curbing inflation and growth, without triggering a recession in the main economic areas. Now it is time for Central Banks to start a new cycle of cuts to avoid an excessive slowdown. Diverging growth rates, sticky inflation, limited fiscal space and geopolitical risks will add uncertainty to this transition into the next phase of the cycle. To navigate it, we favour high-quality equities, maintain a positive duration stance and consider commodities.

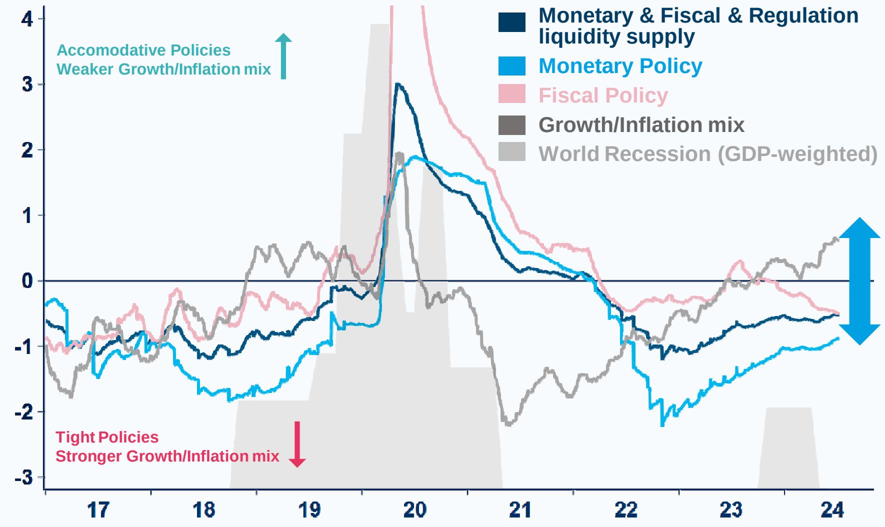
In the aftermath of last year's global inflation surge, and the subsequent tightening of monetary policies, the economic outlook now looks increasingly fragmented. The US is slowing down, the European Union is gradually recovering, China is in a controlled and policy-supported slowdown, and countries such as India are experiencing strong growth. On the inflation side, price pressures are more persistent than expected, but gradually normalising allowing major Central Bank to start cutting rates.

In this peculiar cycle, **investing will require confidence in the search for an asset allocation that can withstand different scenarios** with markets in some areas being priced for the best despite uncertainty stemming from geopolitical risks and the upcoming US elections. For the second half of the year, it's key to assess five "Big Bifurcation" themes to provide valuable insights into the unique nature of this cycle.

1. US income and wealth inequalities to weigh on US consumption: The increase in wealth has allowed US consumers to deplete their savings to historically low levels, with an average savings rate of 3.6% in May, compared to a pre-pandemic average of 5.2% (6% if shortened to the post-Great Financial Crisis). Our projections indicate a very gradual return towards a more normal level given high wealth levels and a progressive slowdown in US growth driven by lower consumption. However, should consumption remain strong, thanks to household balance sheets remaining benign, this could lead to a slower disinflationary path. We expect bond markets to face ongoing high volatility in this disinflation phase.

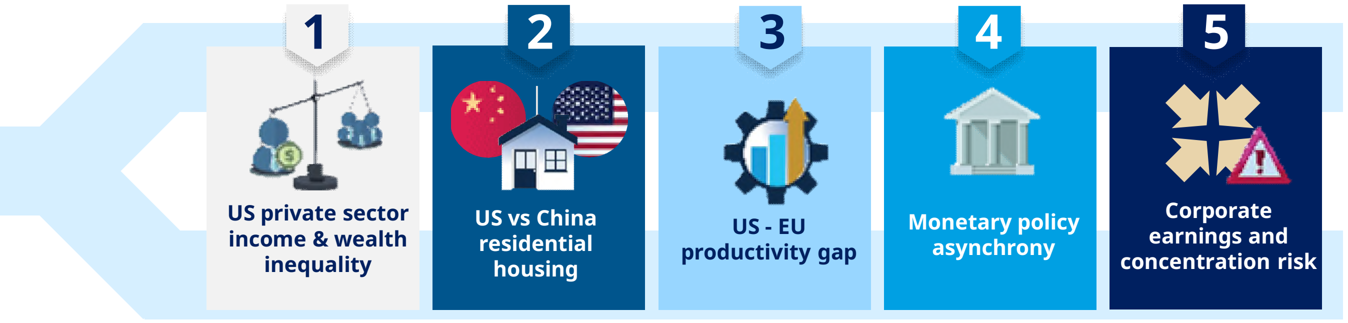
→ Keep a positive and active duration stance.

Developed Markets' macro policies restrictive, while growth & inflation moderate



Source: Macrobond, Bloomberg, Amundi Investment Institute, data as of 5 July 2024. Monetary: includes rates, size of B/S, emergency interventions, duration of assets, Fiscal: includes budget deficit, debt, duration of funding, type of spending. Regulation (in the overall liquidity supply): includes various trackers of financial, labour, environmental regulations, banks reserve requirement. Data are expressed in zscore. It includes data for US, Euro area, UK, Japan.

The Big Bifurcations at play



Source: Amundi Investment Institute.

2. US vs China residential housing dynamics: The US economy has benefitted from resilient consumption, also helped by the positive dynamics of its residential housing market. On the other hand, Chinese households – heavily invested in real estate (with property investment accounting for almost 70% of their balance sheets) – have experienced a significant wealth shock due to declining property values. Moving ahead, tailwinds in the US will likely diminish, while China will focus on controlling its structural slowdown through supportive policies. With China and Emerging Markets equity markets being relatively cheap overall, this could support a return of investor appetite for these markets. However, investors will have to assess geopolitical and idiosyncratic risks.

→ Keep a neutral stance on China and seek selective opportunities in Emerging Markets.

While H1 confirmed the US's supremacy, in H2 we expect market rotations with lagging areas, such as Europe and Emerging Markets, catching up.

3. US vs EU productivity gap and market pricing: The US experienced strong post-pandemic growth, driven by a surge in new businesses, especially in the high-tech sectors, and job growth in healthcare, retail services and government. This has prompted a strong rally for the US equity market. Conversely, Europe's recovery has been slower, worsened by the energy crisis. Despite Europe's weaker productivity growth, we expect a gradual recovery in 2025 as the impact of the energy shock fades. With Europe rebounding towards potential growth at a time when the US is projected to slow, we expect the appeal of European equities to continue and the divergences between the Fed and the ECB to be limited.

→ In equities, look for opportunities in Europe, including small caps.

4. Monetary policy asynchrony: We have observed differences in monetary policy between the US and Emerging Markets, and in Europe where rate cuts have started before the Fed. Fundamentals support the continuation of easing cycles in Emerging Markets as long as the Fed does not raise rates (which is not our base case). We anticipate that the Fed will begin cutting rates by September, only slightly diverging from other G10 Central Banks. While we are not concerned that this scenario will result in significant imported inflation for non-US G10 countries, it could create volatility in the foreign exchange market.

→ As the Fed shifts its stance and the US dollar weakens, favour Emerging Market bonds in local currency. Gold could also benefit from lower rates.

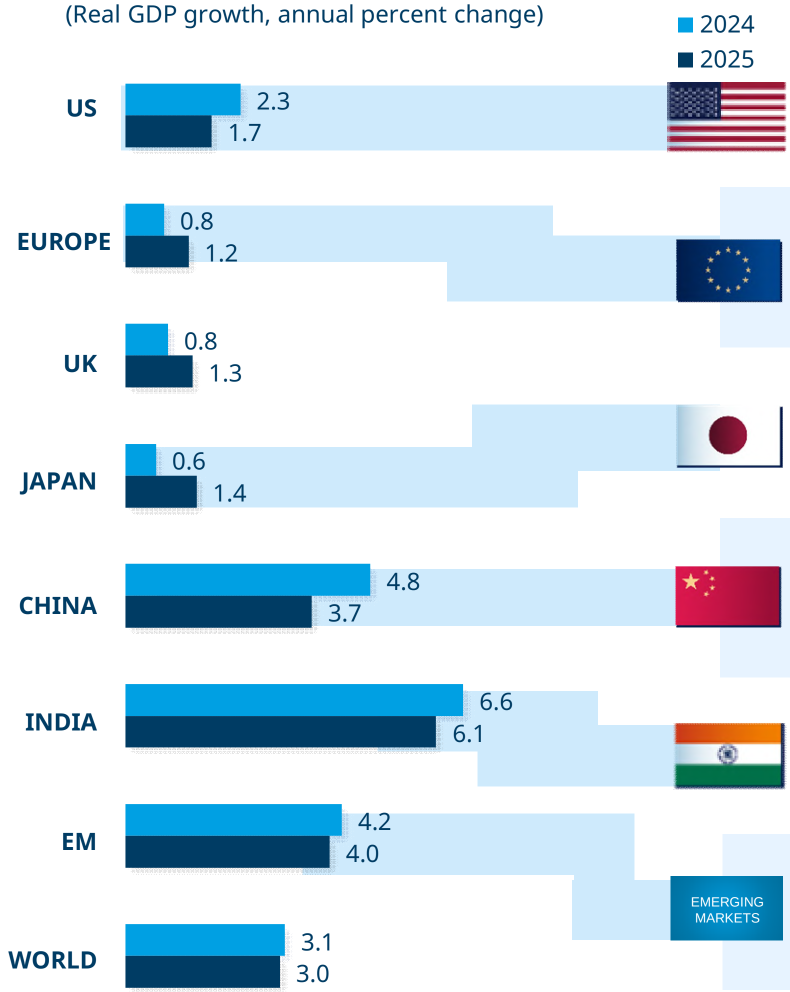
5. Corporate earnings and concentration risk: In the US, we have revised our forecast for 8% earnings per share (EPS) growth in 2024. Initially, this growth was driven by the Magnificent 7 and industrial sectors, but we now anticipate a more balanced earnings profile. In Europe and Japan, we expect to see accelerated EPS growth in the second half of the year, which will compensate for weaker results in the first half.

→ Focus on quality and value, and stay cautious on the market concentration risk seen in many markets.

INFOGRAPHIC

Multi-speed growth with inflation slowing down

Amundi Investment Institute Projections at 9 July 2024
(Real GDP growth, annual percent change)



US landing, eventually
Converging to potential from high growth as domestic demand rebalances.

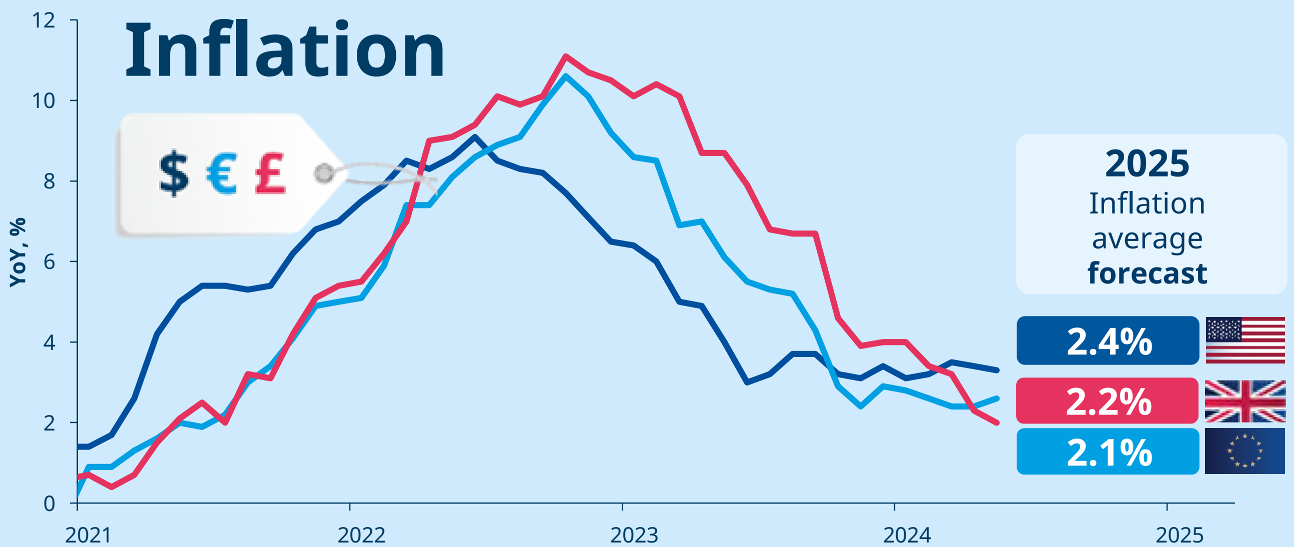
Europe multi-speed recovery
Steadily recovering as the effects of past shocks recede with Spain in the lead and Germany on the weak side.

Japan: above-trend growth to last
Consumption is slowly gaining traction, with purchasing power slowly rebuilding.

China growth: a dual-track recovery
Controlled slowdown with weak domestic demand, main positive contribution from exports.

India robust economic momentum
The investment cycle continues to support strong growth.

EM in a fragmented world
EM resilience will continue, with Central Banks on the dovish side.



Source: Amundi Investment Institute, as of 3 July 2024. DM = Developed Markets; EM = Emerging Markets.

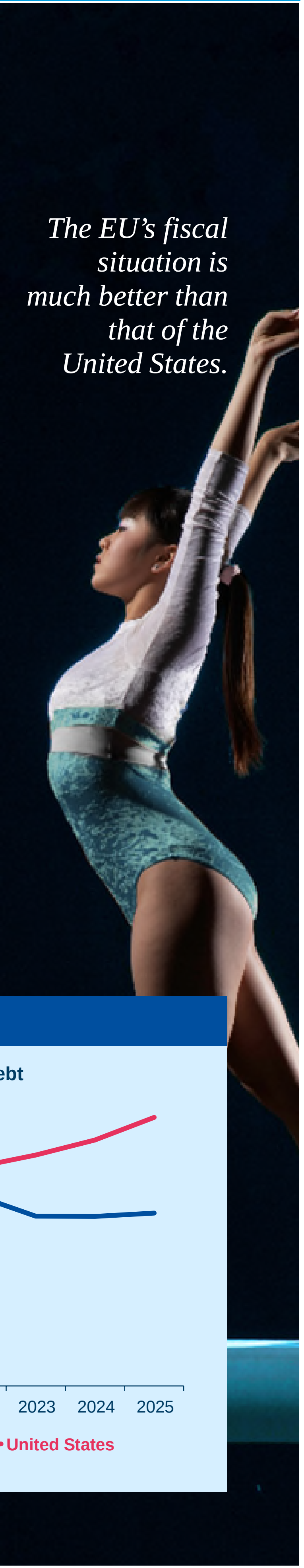
MACRO

Towards fiscal consolidation? Yes, but gently

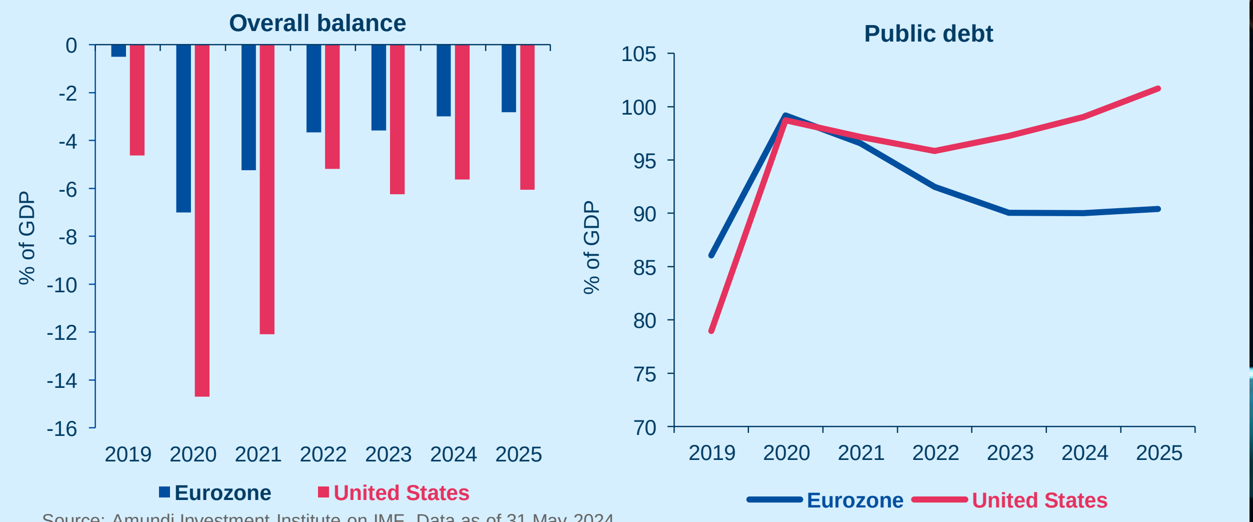
The EU's public deficit (3.5% of GDP in 2023) should fall to around 3.0% of GDP in 2024 and 2025 thanks to a more restrictive discretionary fiscal policy, with the gradual withdrawal of energy-related measures and the reduction of subsidies for private investment. In 2023, the public debt-to-GDP ratio stood at 90% in the Eurozone (EZ), admittedly 9pp below its peak of 99% of GDP (2020), but still 4pp above its pre-Covid level. This ratio should stabilise in the EZ in 2024, rising slightly in 2025 due to the combined effect of higher debt servicing costs and slower nominal growth. **Primary deficits,** though smaller**, will continue to weigh on debt trends in 2024-25,** although widely varying from country to country. All in all, **a slightly restrictive fiscal stance** (of 0.5% of GDP) **is anticipated** by the European Commission for 2024. On the other hand, capital expenditure financed by RRF* grants should make a positive contribution to GDP growth in most countries. For 2025, assuming policies are unchanged, the fiscal stance would be broadly neutral in the EU. However, the need to bring debt ratios back on a downward trajectory could lead to **a more restrictive fiscal policy in 2025 in certain countries**. **Particular attention will be paid to France, Belgium and Italy**, as the EU commission has just initiated an excessive-deficit procedure against them (as well as against Poland, Hungary, Malta and Slovakia). The presentation of their **fiscal plans** in **mid-October** will be closely watched.

In the United States, fiscal policy appears to be neutral or even slightly expansionary in 2024. In the absence of any policy change, the primary deficit is likely to remain at around 3% of GDP over the coming years. At this level, the debt-to-GDP ratio would rise by around 2pp per year. It is estimated that a federal primary budget surplus of around 1.5% of GDP would be needed if only to stabilise the debt. **The budgetary efforts required to stabilise debt are thus far greater in the US than in Europe**, but US elections in November make the fiscal outlook highly uncertain. This may eventually lead markets to demand much higher compensation to fund ever-larger US debt burdens.

The EU's fiscal situation is much better than that of the United States.



US vs Europe public finance and debt



Source: Amundi Investment Institute on IMF. Data as of 31 May 2024.
*RRF is the Recovery and Resilience Facility, a temporary instrument part of the NextGeneration EU plan.

Investors must assess evolving risks to adjust positions and implement hedging options.

GEOPOLITICS

A new window of vulnerability opens in the second half of the year

Our analysis suggests that geopolitical risk is likely to rise for the remainder of this decade. Protectionism, sanctions, tariffs, export controls and trade wars will only intensify. History tells us that the more economic friction, the higher the risk of military conflict. **The next few months will be crucial in determining the direction of various geopolitical hotspots**.

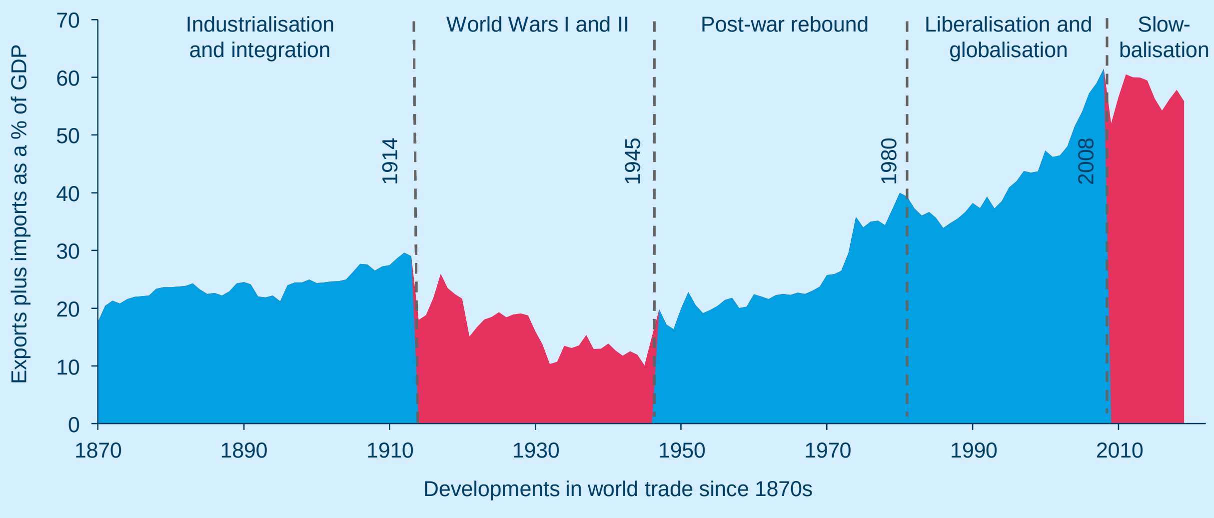
The **outcome of the US election will be pivotal** with US foreign policy differing significantly under a Biden or Trump presidency, although **any incoming US administration will preside over worsening ties with China.** The period between November and January, which could see a change in the US administration, presents a window of vulnerability, both domestically and internationally. Forces seeking to weaken US influence in the world could decide to explore how far they can go. China's military manoeuvres in the South China Sea and North Korea's positioning towards the South must be monitored.

We anticipate increased fighting between Russia and Ukraine in the second half of the year. Russia aims to capture as much territory as possible before a potential change in the US administration and a possible ceasefire. At the same time, Ukraine's defensive capabilities are likely to improve with the arrival of new weaponry and more manpower at the front.

The crisis in Israel and Gaza will likely continue in the second half of the year due to Israel's war goals and domestic politics. An escalation between Israel and Lebanon, as well as between Israel and Iran, remains possible and both could end up involving the US.

In Europe, a new EU Commission and parliament will come into office and will need to adapt to the new geopolitical realities. Europe will have to refine its approach to China: balancing growing tensions without 'rocking the boat' as the EU relies on Chinese inputs for its green ambitions and can also benefit geopolitically and economically from the US/China rivalry.

Developments in world trade since 1870



Source: Amundi Investment Institute on "Our world in data" database from Klasing and Milionis (2014), ECB and other sources.

Geopolitical risk implications on commodities

The dynamics of commodities and geopolitical tensions are interconnected. Crude **oil** is a key stress marker in the Middle East. **Base metals** are tied to the energy transition and implicitly to the US-China tech war, amid mining tightness and supply concentration. **Metals** are a crucial stake in Africa too, where the West is competing with China for influence. **Natural gas** and **wheat** are being weaponised in the Ukraine war, while access to Russian resources is being dramatically reshaped. Beyond its safe-haven status, **gold** is increasingly used as a means to diversify away from dollar transactions. **Water**, another crucial mineral resource, sees demand from climate change, urbanisation, mining and industry colliding with tighter and more concentrated water supplies. Commodities are thus connected to most geopolitical tensions.

Metals are overtaking energy as the key barometer for geopolitical risk.

Commodity prices suggest geopolitical risk is set to structurally intensify, but we see more risk coming from Asia than from the Middle East. Supply/demand dynamics matter more for crude prices than escalation risk in the Middle East. The implied odds that a major oil producer is drawn into a broad conflict, leading to a supply shock, are low. The bigger geopolitical forces in the region are filling the void left by the US's strategic refocus on Asia and the gradual phasing out of fossil fuels. This calls for diplomatic normalisation, a refocus on the economy and carrying out a number of mega projects, including Saudi's Vision 2030 project. **Metals now appear more exposed to geopolitics than energy**, particularly copper and rare earths. Rising gold prices evidence the general perception of structurally higher geopolitical risk.

We see oil prices in a range slightly tilted to the downside. Gold would reach $2500/oz and copper prices would settle above $10000/t.

Focus on oil

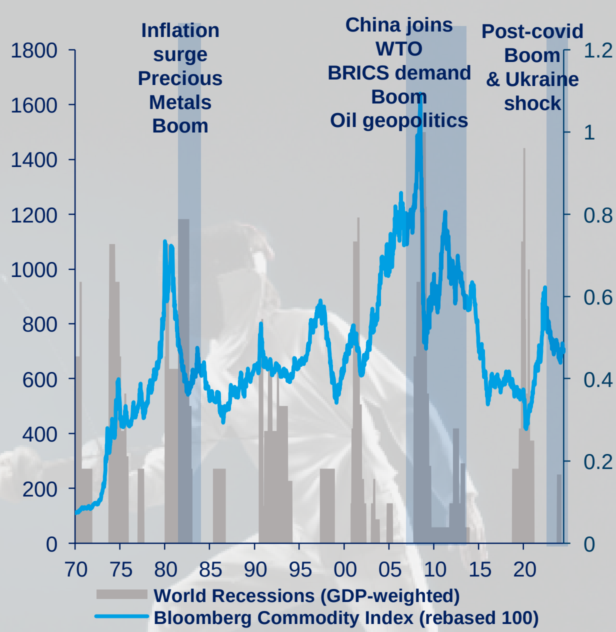
OPEC+ announces its QT but will stay data dependent. The cartel announced an extension of the group-wide 1.5mbd production cuts until the end of 2025 but plans to wind down its 2.2mbd voluntary cuts from October 2024 over 12 months, if allowed by market conditions.

The news suggests that OPEC+ intends to normalise its output even at the cost of slightly lower prices. The cartel likely hopes that lower rates would provide room to absorb spare capacity by then and that the phasing out of fossil fuels will be slower than planned.

In nuance, the supply of extra barrels would be lower than announced as some countries exceed their quotas. Also, after months of dissension, the decision reached a wider consensus. Finally, slightly lower prices put pressure on non-OPEC output.

We are keeping our 3M target at $85/b for Brent, and believe markets may be overreacting, while we have revised our 12M target down to $80/b.

Commodity price boom since the 70s



Source: Amundi Investment Institute on Bloomberg. Data as of 1 July 2024. Base 100 at 1 Jan 1970.

Main and alternative scenarios

	Probability 70% **MAIN SCENARIO** Resilient multi-speed growth	Probability 20% **DOWNSIDE SCENARIO** Renewed stagflationary pressure	Probability 10% **UPSIDE SCENARIO** More disinflation with productivity gains
GEOPOLITICS	▪ Ukraine/Russia: ongoing fighting (no ceasefire in sight). ▪ Israel: Higher risk of escalation. But military conflict to stay local. ▪ China/US: a controlled downward trajectory. ▪ More protectionism, friend-shoring	▪ Worsening Ukraine war. ▪ Widening conflict in the Middle East. ▪ More protectionism and increased retaliation to protectionist measures.	▪ De-escalation / ceasefire in Ukraine. ▪ Permanent ceasefire between Israel and Hamas ▪ Lower energy / food prices.
INFLATION & POLICY MIX	▪ Disinflation trend in place but slower, sticky core (services) ▪ DM CBs: Fed funds rate -50bp by end-2024, ECB -75bp. ▪ Most EM CBs at peak rates. ▪ Different fiscal policies: restrictive stance in the EU; still supportive in the US; moderate targeted measures in China.	▪ Sticky or resurging inflation leads to tighter financial conditions. ▪ Financial stress. ▪ Central Banks initially refrain from cutting rates because of inflation. A possible recession could lead to rate cuts, but only later.	▪ Faster disinflation. ▪ More rate cuts than in the central scenario.
GROWTH PATH	▪ Resilient multispeed growth: slow recovery in Europe; a mild deceleration in the US; controlled slowdown in China. ▪ Growth gap still favours EM.	▪ Recessionary outlook.	▪ Growth returning to potential earlier. ▪ US potential growth revised up.
CLIMATE CHANGE	▪ Climate change hampers growth and exacerbates stagflationary trends.	▪ Further policy delays imply more adverse climate events.	▪ More decisive policy measures to address transition to Net Zero.

Risks to main scenario

LOW — Probability — HIGH

	10%	15%	20%	20%
	Market disruption triggered by credit event or other accidents	**CBs wrongly calibrating monetary policy leading to a recession**	**Geopolitical crisis with global spillovers**	**Reacceleration of inflation (US)**
MARKET IMPACT	**Positive** for US Treasuries, cash and gold. **Negative** for credit.	**Positive** for cash, JPY, gold, quality vs growth, and defensives vs cyclicals. **Negative** for risky assets and commodity exporters.	**Positive** for DM govies, cash, gold, USD, volatility, defensive assets and oil. **Negative** for credit, equities and EM.	**Positive** for TIPS, gold, commodity FX and real assets. **Negative** for bonds, equities, DM FX and EM assets.

Source: Amundi Investment Institute as of 3 July 2024. DM: developed markets. EM: emerging markets. CB: central banks. USD: US dollar. TIPS: Treasury inflation-protected securities. FX: foreign exchange markets..

INVESTMENT CONVICTIONS FOR H2 2024

Amundi asset class views for H2 2024

	Asset class	Stance as of 19 June 24	Direction of views for H2 2024	
EQUITY PLATFORM	United States	=	=	Stable
	US equal weighted	=/+	=/+	Stable
	Europe	=/+	+	Improving
	Japan	=	=/+	Improving
	China	=	=	Stable
	Emerging Markets ex-China	+	+	Stable
	India	+	+	Stable
FIXED INCOME PLATFORM	US govies	=/+	+	Improving
	US IG corporate	=	=	Stable
	US HY corporate	-	-	Stable
	EU govies (core)	=	+	Improving
	EU govies (peripherals)	=	=	Stable
	EU IG corporate	+	+	Stable
	EU HY corporate	-/=	-/=	Stable
	China govies	=	=	Stable
	EM bonds HC	=/+	+	Improving
	EM bonds LC	=	+	Improving
OTHER	Gold	=	=/+	Improving
	Oil	=/+	=/+	Stable
	Currencies (USD vs. G10)	=/+	-/=	Deteriorating

Source: Amundi Investment Institute, as of 19 June 2024. DM: developed markets. EM: emerging markets. Summary of views expressed at the most recent global investment committee held on 23 May 2024.

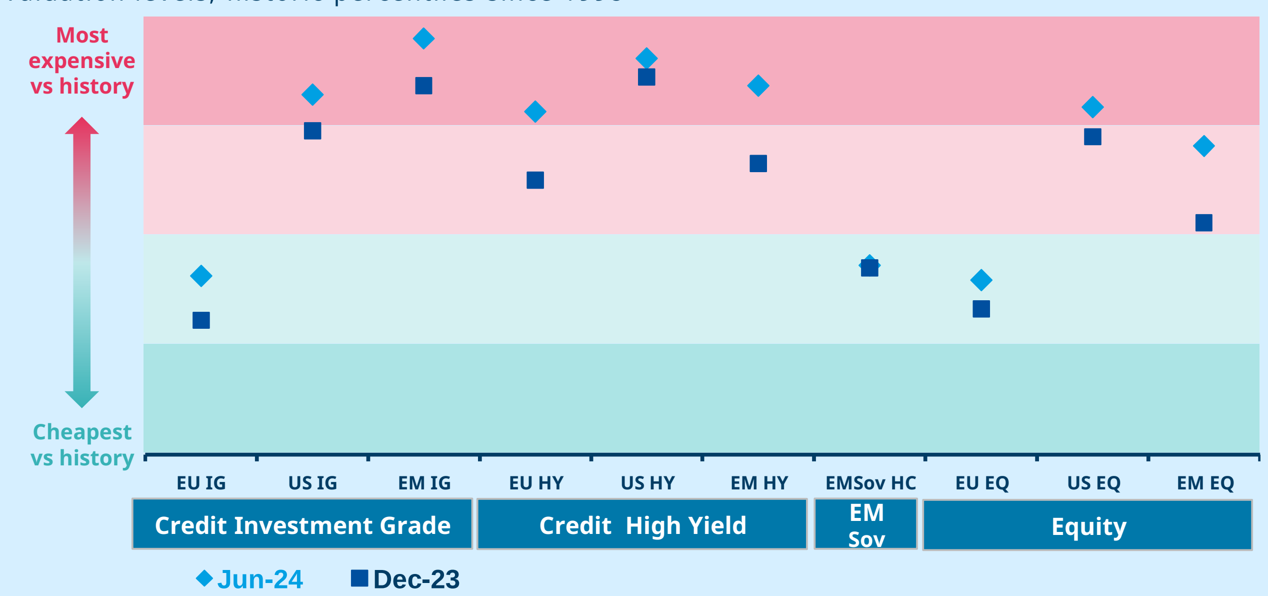
-- - Negative = Neutral + ++ Positive

The investment sequence

	End 2024
Dynamic asset allocation in a late cycle with inflation risk	After becoming slightly positive in equities in Q1, we expect to maintain this stance and look at commodities in the search for hedges against inflation risk.
Bonds' appeal with Central Banks at a turning point	We hold a positive view on US duration and expect to add further to European duration. In credit we continue to favour IG vs HY.
Broaden the opportunity set in equities	Equities are appealing in a no-recession scenario. But there are some excesses in the US in particular. Look at Europe including small caps, the US beyond of the mega caps and international equities.
EM winners in a fragmented world	Look at long-term winners (India), nearshoring stories across EM, winners in the energy transition (commodity-rich countries) and technological advances (China).
Energy transition and structural themes	Explore structural themes in a world in transformation: sustainable infrastructure, water, green bonds and artificial intelligence.
Diversify with real and alternative assets	In a market environment that may offer fewer directional opportunities, real and alternative assets are key to enhancing the overall portfolio risk-return profile.

Seek opportunities worth taking in a world of tight valuations

Valuation levels, historic percentiles since 1998



Source: Amundi Investment Institute, Bloomberg, Datastream, latest monthly data as of 28 June 2024. EU IG, US IG, EM IG, EU HY, US HY, EM HY are ICE BofA corporate bond indices. IG: investment grade. HY: high yield. EM Sov HC: JP Morgan EMBI Global Diversified. EU EQ, US EQ, EM EQ are MSCI indices for equity markets. All indices refer to a specific region (EU: Europe, US: United States, EM: emerging markets. Analysis is based on spreads for bond indices and on twelve-month forward PE ratio for equity indices. Valuation are in historic percentile since 1998. Cheapest means is in the first quartile, Most expensive is in the fourth quartile.

CROSS ASSET

Dynamic asset allocation in a late cycle with normalising inflation

The central scenario for the rest of 2024 is a “late cycle” with normalising inflation. This will have three main consequences:

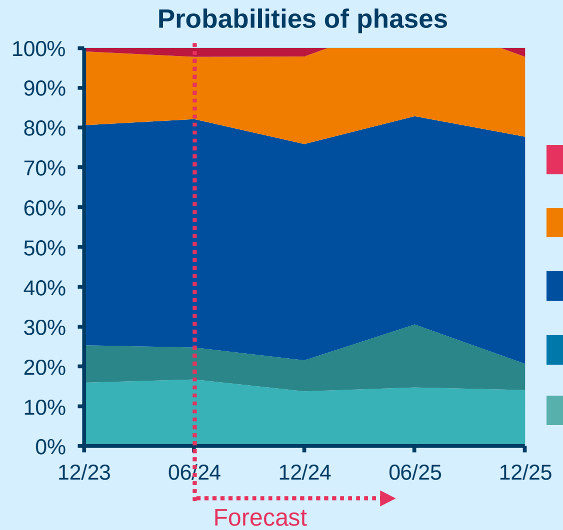
1. Equity – bond correlation to decrease. As price pressures stabilise to more conventional levels, the correlation between equity and bond returns will decrease. Bonds are gradually regaining their hedging property against risky assets in a balanced-portfolio context.

2. Late cycle favours a positive stance on DM equity and high-quality credit. The constructive outlook for the economic cycle is mainly driven by global revenues and profits, which are expected to grow by 5% and 8%, respectively. The resilient labour market and positive wealth effect from strong markets and residential real estate performance should support consumption as well as revenue growth. Receding inflation should help keep costs under control. Labour costs have moderated recently and are not expected to be a headwind in 2024. Producer prices cooled down in Q1, helping margins and profits. However, financial costs remain a main concern, and weakness in the bottom line may persist if rates remain higher for longer.

3. Balance exposure to take into account the risk of a worse-than-expected slowdown in the US and stickier-than-expected inflation. In particular, as we move towards 2025, our Advanced Investment Phazer (see chart below) suggests a higher probability of a correction, which calls for keeping a significant exposure to government bonds. Finally, the risk of stickier inflation suggests a moderate exposure to cyclical commodities.

We expect a continuation of the late cycle for the second half of the year which supports maintaining our current mildly positive stance for risky assets.

Advanced Investment Phazer



	Growth: GDP	Growth: EPS	Inflation	Monetary policy	Leverage, financial conditions
Contraction	▼▼	▼▼	▼▼	▲▲	▼
Correction	▼	▼	▼▼	▲	◁▷
Late Cycle	▲	◁▷	◁▷	◁▷	▼
Recovery	▲▲	▲▲	▲	▼	▲
Asset Reflation	◁▷	▲	▼	▲	▲

Source: Amundi Investment Institute. Data is as of 11 June 2024.

FIXED INCOME

Bonds appeal with Central Banks turning to rate cuts

KEY TAKEAWAYS

In H2 2024, we expect the Federal Reserve and the Bank of England to follow the ECB and begin the easing cycle. However, the pace of disinflation may be affected by the persistence of domestic and services inflation, recent wage data in the face of a resilient growth environment and geopolitical factors. These factors could potentially pose challenges to the anticipated easing path.

Overall, we believe that the trading range in yields experienced over the past 18 months is over, and we are moving towards a new phase when rates will start moving lower. A positive view on duration and the steepening of the curves are our main convictions for fixed income over the coming months.

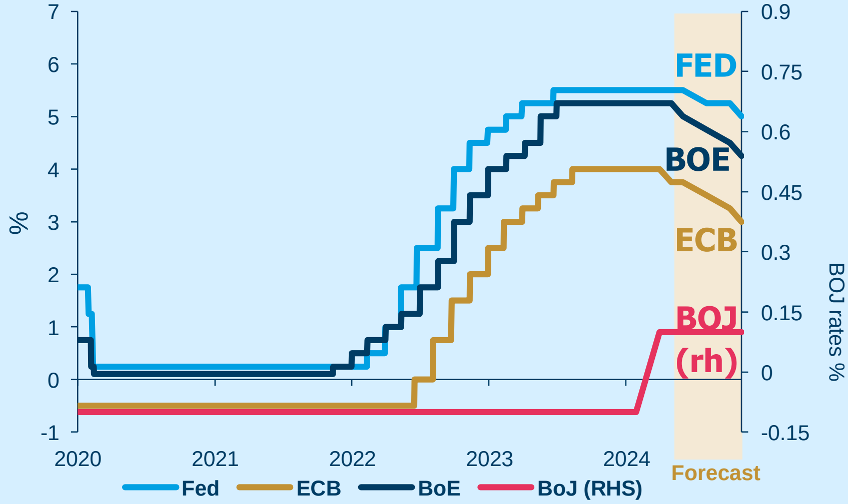
The Fed's overall tone remains dovish, although it calls for patience on rate cuts. Jerome Powell confirmed no easing until officials have gained "greater confidence that inflation is moving sustainably toward 2%". However, the bar is very high for restarting rate hikes and Jerome Powell reiterated that financial conditions are restrictive. The Fed is unlikely to let the timing of general elections play a role.

The ECB did not commit to a path of rate cuts after its first cut in June. Christine Lagarde confirmed that decisions will remain "data dependent and meeting-by-meeting". The combination of high wage growth and weak productivity in the eurozone meant services inflation was expected "to remain elevated for most of this year". The recent pick-up in growth momentum reduces the urgency to cut rates.

The BoE acknowledged recent ongoing progress in the disinflationary trend. However, BoE members want to see wider evidence that price pressures are receding before cutting rates. Indeed, the recent upside surprise in inflation and wages pushed back rate cut expectations.

The BoJ will stay on hold in H2 given the slow rebound in consumptions and peaking inflation.

Central Banks' rates and forecasts



"With rate cuts approaching and yields already at historically appealing levels it's time to favour a long-duration stance."

Source: Amundi Investment Institute forecasts, as of end of June 2024. Fed rate = Upper Fed Funds target range. ECB rate = Deposit rate. BOJ on right scale.

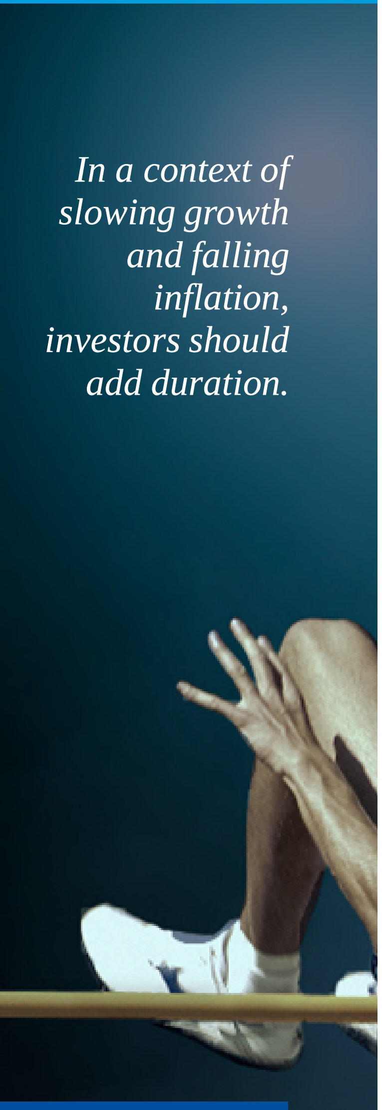
Government bonds – time to add duration

Volatility should remain at the short end of the US curve. The Fed rate path remains highly uncertain and data-dependent. The resilience of the US economy allows the Fed to take extra time to obtain more evidence that inflation is headed in the right direction, before cutting rates. The FOMC's dovish pivot at the end of last year helped ease financial conditions and thus increased the likelihood that the economy will remain solid which could raise the probability of delayed cuts.

Valuations are supportive for the US 5-year segment which should be well positioned if the US labour market and economy indeed show signs of moderation as we expect. In this scenario, it becomes more likely that the Fed will implement cuts, causing the market's priced terminal rate of the easing cycle (currently at 3.9%) to decline. Additionally, the 5-year segment will also be well supported if rates remain higher for a longer period, as this would potentially lead to more pain for the US economy and a more pronounced easing cycle.

Long-term inflation breakevens* still price in low inflation risk and do not seem to price in concerns over other periods of inflation above Central Bank targets or of inflation being structurally different. Post-elections, markets could start pricing a risk premium around inflationary policies in the US.

In 2024, Euro government bond rates have increased due to positive surprises in domestic economic activity and a strong influence from the US. We believe there is value in the short end of the yield curve as disinflation in the Eurozone should lead to an easing cycle. The ECB may diverge from the Fed's policies to some extent. Despite the market's upward revision of the ECB's terminal rate, there has been no impact on risk appetite or the economic outlook. However, if rates remain high for an extended period of time, and the ECB is slow to implement rate cuts, there is a greater risk of economic harm becoming evident. We expect the 2s10s curve to steepen as the ECB implements rate cuts.



In a context of slowing growth and falling inflation, investors should add duration.

"What if" scenarios: fixed income's expected performance under various scenarios

	BASE SCENARIO	ALTERNATIVE SCENARIOS			
Asset Class	**Resilient & multi-speed growth with sticky inflation & geopolitical tensions**	**Geopolitical escalation**	**Strong growth in DM -> inflation pressure**	**Deep recession**	**Credit event amid tightening**
Money Markets					
Core Govies					
Credit IG					
High Yield					
EM[1] bonds					

Colours indicate expected performance from negative (red) to neutral (grey) to positive (green) on an absolute and relative vs own history under different scenarios. For illustrative purposes.

*The breakeven inflation rate represents a measure of expected inflation derived from the difference between the nominal yield on a fixed-rate investment and the real yield on a similar inflation-linked investment.

The positive credit trend is set to continue in H2 - Favour IG vs HY and Europe vs US

2024 is proving good, with credit markets outperforming. Most importantly, the market has been resilient to the repricing of rates expectations which has driven government bond yields higher year-to-date. Positive macro surprises, attractive overall valuations and supportive technicals are the main factors supporting spread compression, mostly balancing the negative impact from duration on total returns so far.

Looking at the second half of the year, we **expect total returns to remain positive, driven by both the carry component and the projected fall in bond yields, as the rate cycles finally start to turn.**

Our positive outlook for corporate bonds is based on three major macro pillars:

1. Resilient economic activity,
2. Sticky inflation prints finally moving close to 2% in 2025,
3. Rate cuts starting in the summer.

Current valuations suggest spreads look tight by historical standards in absolute terms, but attractive in relative terms versus government bond yields, as the credit risk premium is also a function of risk-free yield levels. We expect technicals to remain supportive and to keep experiencing strong demand as well as absorbing higher supply volumes versus previous years, continuing to push new issue concessions down.

The **preference for financials vs non-financials in Europe** is supported by both more attractive relative valuations and by IG supply tilted strongly to non-financials. Fundamentals show credit metrics are still mostly sound with a more cautious attitude towards re-leveraging in Europe, bottoming margins and impacts from higher rates on the average cost of overall debt remain modest. In the HY space, thanks to resilient growth and easy financial conditions, the current default cycle looks modest by historical standards and is mostly concentrated among low-rated, vulnerable issuers.

We, therefore, reiterate our positive stance on credit, **mostly in the IG space with a preference for European valuations**, **although we remain cautious on lower-rated names in the HY space**, with risks posed to the latter by stickier-than-expected inflation and higher-for-longer rates.

Macroeconomic uncertainty and FX market imbalances: Exploring alternatives to the USD

The recent high macroeconomic uncertainty is reflected in the few excesses that have built up in the FX market since 2021: excluding JPY, the gap between “core” and “non-core” currencies in G10 has widened. As global conditions shift towards more market-friendly directions in H2, we expect some of these imbalances to correct.

USD: The reacceleration of US inflation makes it hard to find alternatives in the short run but doesn’t change the destination. We expect the USD to weaken on 1) fading US growth and 2) the higher Fed cuts demanded by the market.

If not the USD, what else? In a falling nominal growth scenario, the textbook solution would be to increase the JPY and wait for the bottoming-out in sentiment to buy more cyclical exposure. As 2024 deviates from the textbook, we suggest the following tilts. **1) Add currencies whose CBs may not be in a hurry to cut** (the UK, Eurozone and US show smaller spikes in debt services ratios relative to the rest of G10); **2) Remain long carry, avoiding extreme positions** (CHF better funder than JPY); **3) Be selective in beta exposure** (AUD, NOK > CAD, SEK, NZD).

Main convictions for H2 2024

- **USD**: from OW to UW on Fed cuts, high valuation
- **EUR**: from UW to OW
- **JPY**: from neutral to shy OW in Q3
- **GBP**: from UW to OW

The US dollar has been strong, but the direction is towards a weakening

Source: Bloomberg, Amundi Investment Institute.
Data as of 27 June 2024. DXY: US Dollar Index.

EQUITY

Finding catch-up opportunities as equities pause for breath

The recent cycle in equity markets has been a special one. The inflation peak came well before the recession kick, starting the equity rally in October 2022. The Fed pause coincided with the low point in the ISM manufacturing index and reinforced expectations of a continuation in the rebound for profits that started in Q3 23 thanks to US mega caps, further driving gains in 2024. **For 2024, earnings growth will be sound.** In the US, we expect +8% earnings per share (EPS) growth, while in Europe, following the trough reached in the first quarter of the year, we should see an overall growth of +2% in 2024. **In 2025, both areas should experience further earnings growth, at around mid-single digits.**

So, with this positive view on earnings, where can the market go from here? **While the Fed put remains supportive, equity indices are already anticipating an improving economic outlook** (implicitly pricing manufacturing PMIs towards 60 in the US and 55 in Europe) but the upcoming presidential election in the US will also add further uncertainty. Against this backdrop, we expect equity markets to be range-bound, making regional choices look less attractive overall. We see some appeal in the UK (attractive valuations and low beta) for now, while opportunities could arise for value and pro-cyclical markets such as Europe, when reaching the bottom of the trading range. In terms of styles, **the strong rally of the Magnificent 7 in the US could fade, along with their contribution to earnings.** In the US, equal weighting would make sense, without abandoning the search for quality. In Europe, we continue to favour value and quality as core positions. Interest rate cuts should eventually benefit small caps, given they trade at an extreme discount to large caps and offer resilient earnings. Lastly, progress in corporate governance (TSE reforms) in Japan and the diminishing risk of deflation continue to support value.

Regarding sectors, our stance is balanced between cyclicals and defensives. We expect to look for cyclical opportunities at the bottom of the trading range, as long as the PMIs continue to improve and the Fed maintains its put.

We expect broad-based capitalisation-weighted indices to remain in narrow ranges (-5%/+5%) in H2 2024.

Main Developed Market equity convictions as of June 2024

REGIONS

	--	-	=	+	++
USA			◆		
Europe			◆ (=/+)		
EMU			◆		
UK			◆ (=/+)		
Japan			◆		
Pac. ex Jp			◆		

GLOBAL STYLES

	--	-	=	+	++
Growth		◆ (-/=)			
Value				◆	
Small caps			◆ (=/+)		
Quality				◆	
Low Vol.			◆		
Momentum			◆		
High Divid.			◆		

GLOBAL SECTORS

	--	-	=	+	++
Financials				◆	
Cons. Discr.		◆			
Com. Servic.				◆	
IT			◆		
Industrials				◆	
Materials			◆		
Energy			◆		
Health Care				◆	
Staples		◆			
Utilities			◆		
Real Estate			◆		

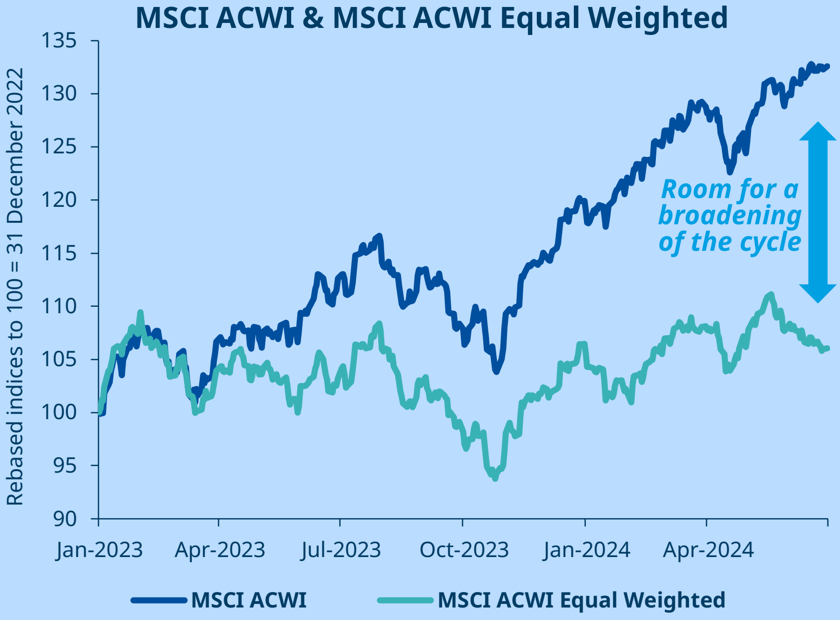
Source: Amundi Investment Institute, as of 19 June 2024. Global styles and Global Sectors refers to views on MSCI World factor and sectors indexes.

Broadening the opportunity set in equities

Globally we expect a breather and the broadening of the rally to continue

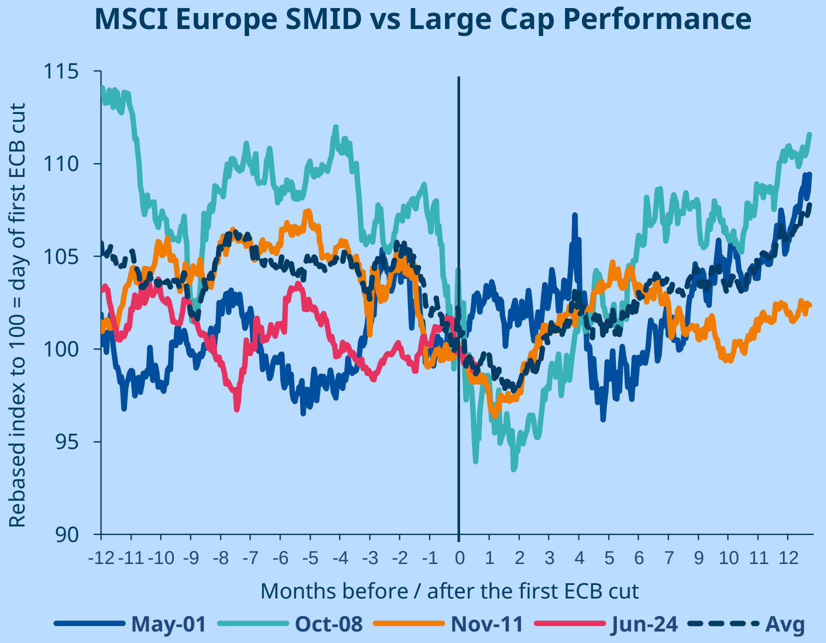
There is room for the equal-weighted index to close the gap with the market capitalisation index.

In fact, the very high concentration of profit growth around certain sectors and names should gradually give way to a more balanced earnings profile.



Source: Amundi Investment Institute, Refinitiv. Data is as of 30 June 2024.

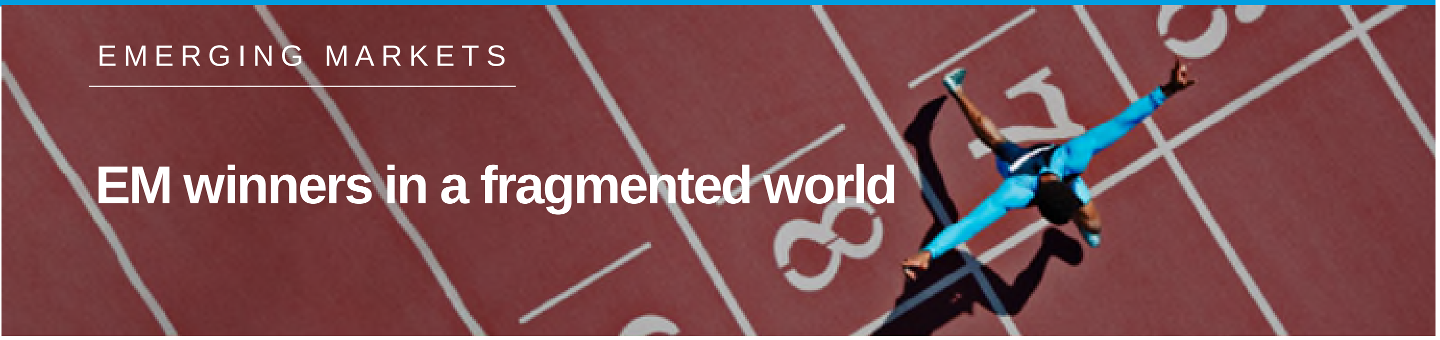
In Europe, small- and mid-caps could see a comeback in H2



Source: Amundi Investment Institute, Refinitiv. Data is as of 28 June 2024. The y-axis represents the ratio between MSCI Europe small- and mid-caps, and large-caps.

European small-cap stocks could outperform in the second half of the year supported by stronger earnings and a 20-year low valuation gap vs large caps.

The ECB could be an additional support. Small- and mid-caps historically outperform large-caps after the first ECB rate cut post a hiking cycle.



EMERGING MARKETS

EM winners in a fragmented world

Emerging Markets (EM) are playing a crucial role in driving the global economic recovery in 2024. We see three themes playing out:

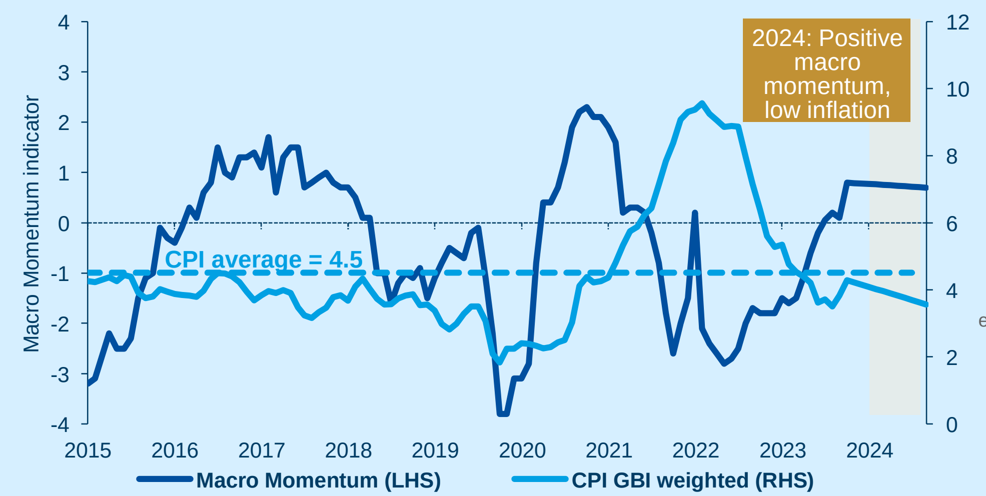
1. Resilient, but not robust Emerging Market economic cycle: **The weak macroeconomic momentum in the second half of 2023 has become positive in 2024** and is expected to improve moderately throughout the year. The recovery, driven by the export cycle, has also started to impact domestic demand due to a less restrictive policy mix.

2. Fed's impact on Emerging Market Central Banks: If the Fed makes even a marginal pivot or stays on hold, **the environment for Emerging Market Central Banks would remain favourable, as several have already begun their easing cycle.** Domestic economic conditions, particularly inflation, have influenced the current monetary policy cycle in Emerging Markets. While disinflation is expected to continue gradually, it may fall short of inflation targets in Latin America and Eastern Europe in the second half of 2024. This means the easing path may not be as pronounced as the hiking path. **The Fed's actions should not dictate a directional change for most Emerging Market Central Banks.** However, in some cases in Asia, the first Fed rate cut could trigger the start of easing, as these Central Banks can afford to be more patient.

3. Prudent fiscal approach: **Fiscal authorities in Emerging Markets have adopted a prudent approach** to address the excessive fiscal imbalances accumulated since the recent crisis. However, fiscal adjustments remain challenging. While 2024 is expected to end without further debt ballooning, some countries, such as Mexico, Thailand and China, are at a higher risk of a significant deterioration in their fiscal accounts. On the other hand, countries like Hungary, Poland and, to some extent, India are making decent improvements towards a more sustainable debt trajectory.

Emerging Markets, particularly India, are playing a crucial role in driving the global economic recovery in 2024 due to their resilience, adaptability and sound policy frameworks.

Emerging Markets' slightly positive macro momentum with receding inflation



Source: Amundi Investment Institute on Bloomberg data. Data as of 31 May 2024. The Macro Momentum is based on a broad-based set of indicators aimed at assessing short-term momentum building in the economy. To follow the pillars considered: GDP expectations revisions, Domestic and External Demand Momentum, Fiscal Impulse Revision, Inflation Short Term expectations and Central Banks stance expectations for Brazil, Chile, China, Colombia, Czech Republic, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Peru, Poland, Russia, South Africa, Taiwan, Thailand, Turkey.

China growth: a dual-track recovery

China's economic growth in Q1 outpaced expectations, growing 5.3% YoY. The recovery has been uneven, with net exports contributing significantly more to GDP in Q1 compared to 2023 (+1.4 percentage points), while the boost from investment and consumption declined (-1.3pp).

Domestically, there has been no significant resurgence in demand. Despite recent policy announcements, sales of new homes have continued to decline through May and early June. Additionally, consumer confidence and consumption are recovering at a slower pace, hindered by a bleak labour market outlook.

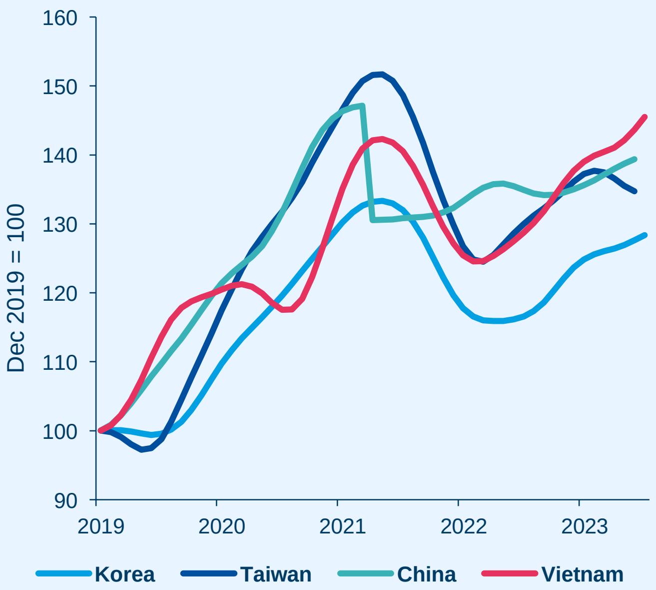
However, **exports have continued to exceed expectations.** Despite concerns about excess capacity, a rebound in the global semiconductor cycle, coupled with increased shipments to ASEAN and Belt & Road countries, has supported overall production growth. This has led us to revise our growth forecasts upward.

Looking ahead to the second half of the year, **we anticipate that this dual-track recovery will persist, with external demand expected to be the primary driver of growth.**

India's robust economic momentum to continue

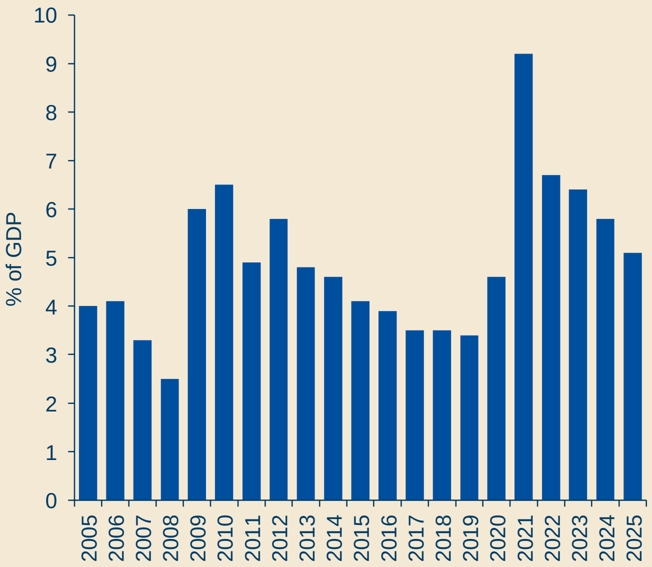
India's economic growth performance continues to be well sustained. **Domestic demand is the driver and investments should remain robust in the second half of the year.** A more broadly constructive outlook for consumption is likely to come on the back of marginally larger support for households. Thanks to the generous RBI dividend, **the government has been able to meet and even reduce the last fiscal year's deficit** and it still has a buffer to use in the current fiscal year (around 0.3% of GDP). Therefore, the increase in social expenditure should impair neither the fiscal consolidation path (5.1% fiscal year 2025 deficit target from 5.8% in FY24), nor revert the focus towards capex. The aforementioned fiscal support results from the disappointing election outcome for the incumbent coalition and the need to devolve more resources to the neglected parts of the economy. Headline inflation is expected to remain well anchored in the upper band of the RBI's target range for the rest of the year, while core inflation continues to be more benign. Vibrant growth dynamics and inflation not exceeding the target, together with the Federal Reserve starting its easing cycle, should allow the **RBI to keep a prudent approach to its monetary policy** and start easing by the end of 2024.

Asia exports trend, USD



Source: Amundi Investment Institute, CEIC. Data is as of June 2024.

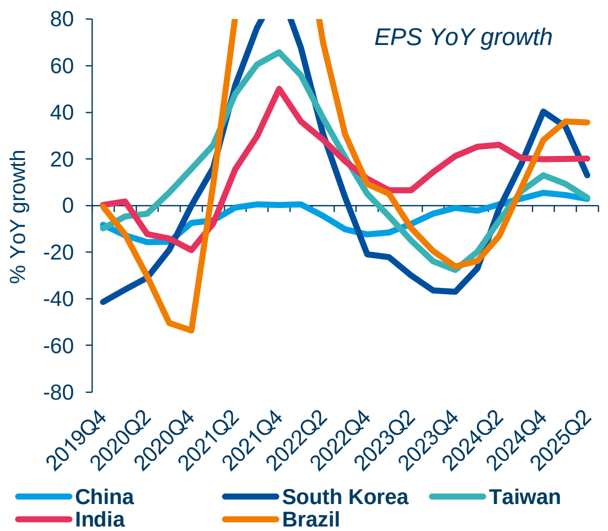
India's fiscal deficit trajectory



Source: Amundi Investment Institute, Bloomberg, Central Statistics Office India. Data is as of 30 June 2024.

EM directions for the second half of 2024

EM equities are favoured amid recovering earnings growth in the second half of the year



Source: Amundi Investment Institute on Bloomberg data. Data as of 3 July 2024.

We are positive on EM equities driven by strong demand and economic growth. Country-wise we like:

India benefits from **supply chain relocation** and internal policies and its capex cycle

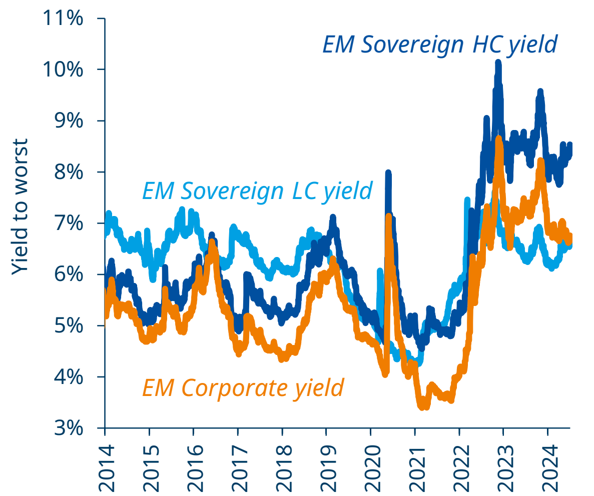
Indonesia benefits from **structural tailwinds** such as exposure to critical minerals and favourable demographics

South Korea favoured by improving corporate governance

Brazil benefits from being **first to cut rates,** attractive valuations and growth supported by agriculture

Regarding **China**, recent supportive policies are encouraging, but we remain neutral overall

EM bonds offer attractive yields. Overall, we are positive across the board



Source: Amundi Investment Institute on Bloomberg data. Data as of 3 July 2024. Sovereign LC = J.P. Morgan GBI-EM Global Diversified Composite LOC, Sovereign HC = J.P. Morgan EMBI Global Diversified Composite, Corporate = J.P. Morgan Corporate EMBI Broad Diversified Composite Index.

The higher-for-longer rates narrative from the Fed is putting some pressure on EM debt, but we remain positive with a selective mindset.

EM Sovereign HC

EM hard currency debt: we are positive amid a supportive macro backdrop. Valuations and carry are attractive in HY vs IG and thus we maintain our preference for the former

EM Sovereign LC

EM local currency debt: we are selective and exploring high-yielding countries such as those in Latin America

EM Corporate

EM corporate: we are positive, favouring HY over IG given the former's attractive valuations

What can we expect in EM currencies vs the US dollar (USD)?

While a Fed move to cut rates will evenutally support EM currencies, for the time being we remain more neutal, as the higher-for-longer environment is supportive for the USD. We favour ultra-high yielding currencies such as **Brazilian Real, Peruvian Sol, Indonesian Rupee and Indian Rupee.**

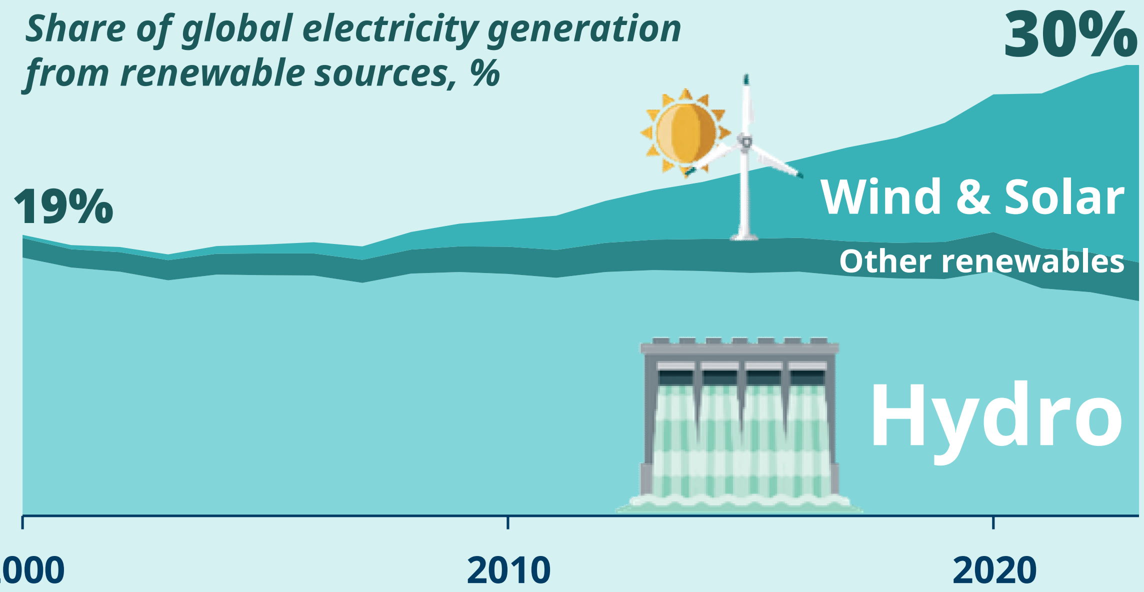
INFOGRAPHIC

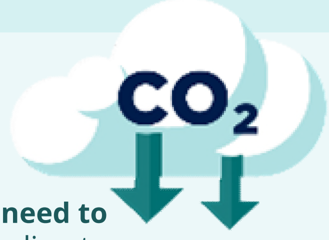
Energy transition needs to accelerate further

PROGRESS

The transition to clean energy sources has made significant progress, with renewables accounting for 30% of global electricity generation in 2023. This growth has been driven by the increasing adoption of solar and wind energy.

Share of global electricity generation from renewable sources, %





Future goals and challenges

x3

To achieve a low-carbon energy system, there is **a need to triple the installed capacity of renewables**, according to the International Energy Agency (IEA). This would require significant investment in critical minerals and the expansion of electricity grids.

Implications for investors

Investors should focus on companies that can enable the energy transition in both Developed and Emerging Markets. These companies will play a crucial role in driving the adoption of clean energy sources and achieving decarbonisation goals. Additionally, investments in critical minerals and electricity grid infrastructure may present opportunities for investors particularly in Emerging Markets.

Source: Amundi Investment Institute, EMBER Global Electricity Review 2024.

REAL AND ALTERNATIVES

Diversify with real and alternative assets

Hedge funds (HF) to benefit from abundant alpha opportunities

Amid economic fragmentation and collapsing micro correlations: we favour L/S neutral, EM fixed income, and merger arbitrage strategies.

The current macro backdrop sees moderate growth and evidence of continued disinflation, a conviction shared by Central Banks, which judge new rate hikes as improbable. With few tail risks clouding the short-term horizon, markets see a **favourable asymmetry of risk that is boosting cyclical assets**. Yet, macro uncertainty remains elevated amid data dependence, rate hesitations and a stretched cyclical rally. The economic cycle is also going through frequent inflections with uneven regional dynamics.

Implications for HF. Frequent macro inflections remain a challenge for top-down styles, which face market trials and errors. We expect a more supportive backdrop when a more convincing monetary policy pivot from the Fed materialises. Until then, we favour systematic over discretionary styles. We see equity volatility staying low in the short term, also limiting market timing opportunities. On the positive side, securities' price increasingly reflects their underlying fundamentals – a consequence of elevated rates – which is highly favourable for hedge funds. Meanwhile, greater economic fragmentation opens relative arbitrage opportunities. **As a result, securities-picking is shining, amid collapsing correlations**. The return of corporate activity, a source of micro catalysts, provides additional good news for event driven and long/short equity strategies.

The appeal of HF for diversification remains intact given the unreliable equity/bond correlation and the need to protect against a greater variety of risks. Given their reduced net market exposure, HF also benefit from an **extra cash contribution** (around 2% per year). Finally, thanks to their reduced exposures and relative style, HF provide **access to riskier assets at affordable risk**, particularly in the credit HY and EM segments. **For the second half of 2024, we favour L/S equity neutral and EM fixed income strategies. Merger arbitrage should also be appealing.**

Hedge fund views for H2 2024

		- -	-	=	+	+ +
L/S equity	Directional			X	X	
	Market neutral				X	
Event-driven	Merger arbitrage			X	X	
	Special situations			X		
FI arbitrage	L/S credit			X		
	FI EM arbitrage				X	
	FI macro arbitrage				X	
Global macro	Global macro		X	X		
CTAs	CTAs			X		

Source: Amundi Investment Institute, as of 10 June 2024.

Private Markets: infrastructure favoured by the energy transition, private equity improving, private debt benefiting from high interest rates while real estate set to stabilise

In the current environment of late-cycle economic growth and changing interest rate expectations, the private market and real estate asset classes offer relatively attractive investment opportunities as well as risk and return diversification.

We favour infrastructure investment given its stable pricing, steady cash flow and strong growth outlook. Although transaction volumes are lower than a few years ago, the market is robust given the energy transition. Decarbonisation is a priority for governments, but private funding is vital to build renewable energy infrastructure, digitalise activities and redesign supply chains.

Turning to private equity, transaction volumes have slowed and a fall in pricing has occurred, although they are now recovering. Due to higher valuation multiples on the listed markets, **the private equity market is more interesting now than it was six months ago.** In the **private debt market**, the high interest rates have ensured that the asset class remains attractive. In addition, a reduction in bank lending has resulted in private debt managers having greater bargaining power in lending negotiations.

However, the **real estate sector has faced challenges** due to high interest rate levels and uncertainty. This context has led to a decline in capital values compared to mid-2022. Despite this, in the leasing markets, **the outlook for real estate properties in the central business districts continues to be more robust in the short term**. We expect those properties to benefit from the current relatively strong demand for high-quality real estate and restricted supply. Outside of these areas, the rent outlook for offices is weaker due to oversupply while the logistics and hotel segments are doing better.

Looking forward, we expect the market values of prime real estate assets to somewhat stabilise over the second half of this year. The key factor in allowing a rebound in investment volumes, in our view, will be a much-needed convergence between buyers' and sellers' price expectations. Furthermore, we believe that it is vital for investors that ESG issues are factored into investments' cash-flow forecasts. Overall, we consider that a large part of valuation repricing for prime assets has probably already happened.

Private Markets views for H2 2024

	Infrastructure	Private equity	Private debt	Real estate
H2 2024 outlook	++	-/=	+	-/=
Inflation protection	++	=	++	+
Diversification benefit	+++	+	+	++

Source: Amundi Investment Institute, as of 3 July 2024.

FORECASTS

Macroeconomic forecasts

Macroeconomic forecasts as of 9 July 2024						
Annual averages, %	Real GDP growth, YoY, %			Inflation (CPI), YoY, %		
	2023	2024	2025	2023	2024	2025
Developed countries	**1.6**	**1.5**	**1.5**	**4.7**	**2.8**	**2.3**
United States	2.5	2.3	1.7	4.1	3.3	2.5
Eurozone	0.6	0.8	1.2	5.4	2.4	2.2
Germany	*0.0*	*0.2*	*1.0*	*6.1*	*2.4*	*2.3*
France	*0.9*	*0.9*	*1.3*	*5.7*	*2.5*	*2.1*
Italy	*1.0*	*0.8*	*0.9*	*5.9*	*1.4*	*2.2*
Spain	*2.5*	*2.1*	*1.6*	*3.4*	*3.2*	*2.2*
United Kingdom	0.1	0.8	1.3	7.5	2.4	2.1
Japan	1.9	0.6	1.4	3.3	2.4	2.0
Emerging countries	**4.3**	**4.2**	**4.0**	**5.8**	**5.4**	**4.0**
China	5.2	4.8	3.7	0.2	0.4	0.5
India	7.8	6.6	6.1	5.7	4.8	5.8
Indonesia	5.0	5.1	4.9	3.7	2.8	3.2
Brazil	2.9	2.0	2.3	4.6	4.3	3.5
Mexico	3.2	1.8	1.5	5.6	4.5	3.8
Russia	3.6	3.0	1.5	6.0	7.3	5.7
South Africa	0.7	0.8	1.4	5.9	5.2	4.6
Turkey	4.5	4.5	2.5	53.4	59.0	28.9
World	**3.2**	**3.1**	**3.0**	**5.3**	**4.4**	**3.4**

Central Banks' official rates forecasts, %					
	9 July 2024	Amundi Q4 24	Consensus Q4 24	Amundi Q2 25	Consensus Q2 25
United States*	5.50	5.00	5.35	4.25	4.75
Eurozone**	3.75	3.00	3.70	2.50	3.15
United Kingdom	5.25	4.25	5.14	3.75	4.65
Japan	0.10	0.10	0.25	0.50	0.50
China***	3.45	3.15	3.25	2.85	3.25
India****	6.50	6.25	6.20	6.00	5.95
Brazil	10.50	10.50	10.25	10.00	9.50
Russia	16.00	16.00	16.15	14.00	13.65

Source: Amundi Investment Institute. Forecasts are as of 9 July 2024. CPI: consumer price index. *: Upper Fed Funds target range. **: Deposit rate. ***: One-year loan prime rate. ****: Repurchase rate. Q4 2024 indicates end of December 2024; Q2 2025 indicates end of June 2025.

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DEFINITION ABBREVIATIONS

Currency abbreviations: USD – US dollar, BRL – Brazilian real, JPY – Japanese yen, GBP – British pound sterling, EUR – Euro, CAD – Canadian dollar, SEK – Swedish krona, NOK – Norwegian krone, CHF – Swiss Franc, NZD – New Zealand dollar, AUD – Australian dollar, CNY – Chinese Renminbi, CLP – Chilean Peso, MXN – Mexican Peso, IDR – Indonesian Rupiah, RUB – Russian Ruble, ZAR – South African Rand, TRY – Turkish lira, KRW – South Korean Won, THB – Thai Baht, HUF – Hungarian Forint.

IMPORTANT INFORMATION

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