

Trust must be earned

# Markets between love and fear

Markets continue to show positive sentiment despite concerns over international trade tariffs, inflation and economic growth. We think instead of being carried away by excessive optimism or sitting on the side-lines, investors could potentially explore quality risk assets and stay diversified\*.



Amundi Investment Institute



## Broadening of the rally to Europe and India

This year the markets have confirmed our stance of rally-broadening to Europe, given their better valuations compared with US. In addition, Asian markets such as India appear even more attractive after the recent volatility.



## Government bonds may offer respite in times of stress

Bonds in regions such as Europe and the UK may do well amid concerns over growth and geopolitical tensions. In addition, we see a potential for the ECB to cut rates further, and that is supportive of European bonds.



## Quality could make all the difference in credit

Companies with strong balance sheets and low debt in high grade credit are potentially a good long term opportunity. For instance, quality EU credit could potentially offer good returns and may better withstand uncertainty around growth.



## EM yields may boost returns

While the geopolitical risks remain, bonds in emerging markets such as India are worth considering, as they may offer relatively high yields and potential diversification\* benefits.



# Positive but not euphoric on risk

Overall growth environment is benign but Trump's tariffs and geopolitical tensions are creating uncertainty. This is a backdrop for staying mildly positive on risk and maintaining potential safeguards in the form of government bonds and commodities such as gold.



## Glossary

- 1. ECB:** European Central Bank
- 2. EM:** Emerging Markets
- 3. Inflation:** Increase of the general level of prices for goods and services, decreasing purchasing power as a result.

## IMPORTANT INFORMATION

\*Diversification does not guarantee a profit nor protect against a loss.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management and is as of 5 March 2025.

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

Date of First Use: 5 March 2025

Doc id: 4297227

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

