Amundi
Investment Solutions

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




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