Amundi
Investment Solutions

Trust must be earned

Central banks easing into a thus-far resilient economy

Global equities touched new highs in 2025, and emerging market stocks reached close to their 2021 levels. Looking ahead, fiscal policy is likely to do the heavy-lifting, particularly in the US, Germany, and Japan, with monetary policy also expected to provide support. Hence, consumption, labour markets, and the inflation environment will drive policy decisions.

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Marketing Communication

Regional divergences in fixed income markets

While the global economy has been reasonably resilient, there are some minor nuances across the main regions. For instance, in the Eurozone, wage inflation is low, and overall disinflation looks on track. We are constructive on European and UK bonds, and are slightly less cautious on Japan.

European small & mid cap equities may offer diversification*

Europe is making strong commitment to high public spending and to onshoring strategic supply chains. We favour more domestically-exposed SMID segments in Europe, and like UK and Japanese markets.

A weakening dollar may support emerging markets

We are optimistic on EM bonds and may benefit from USD weakness. We selectively like bonds in Brazil, Hungary and India, where yields are attractive, and inflation is decelerating. In equities, we see potential opportunities in countries such as India linked with domestic consumption.

Benefit from income potential of European credit

In EU high grade credit, we believe the financials sector is attractive with its high capital buffers and profitability. In High Yield, where we are neutral overall, select names in telecom and financials may offer good value.

Recalibrate towards quality

Mixed macro signals in the US indicate an adjustment towards quality assets in European and Japanese equities. Additionally, we think investors could potentially consider protections in the form of gold and select government bonds.

Glossary

1. **Bond:** is a fixed-income investment that represents a loan made by an investor to a borrower, usually corporate or governmental
2. **Disinflation:** Decrease in the rate of inflation
3. **EM:** Emerging Market
4. **SMID:** Small and Mid-Cap

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 3 January 2026.

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