

After Trump victory, all eyes on inflation

Markets are concerned about the impact of Donald Trump's policies on US and the global economy. We think a lot will depend on actual implementation and for the moment US growth remains resilient. We keep a mildly positive stance on risk assets.



Amundi Investment Institute



Staying flexible in fixed income

Declining price pressures in the developed world are currently positive for bonds and that should allow the Fed and ECB to cut rates. However, volatility on inflation and risks from government policies mean an agile stance is essential to navigate fixed income markets.



Diversifying towards attractive segments in equities

Some corners of the US markets such as large caps are expensive. Investors could explore segments which show earnings resilience, for instance value, mid caps and small caps in the US and Europe. We also see potential opportunities in Japan.



EM are home to many divergent stories

Trump's policies and any change to Fed's monetary easing stance could affect the asset class. But still EM debt presents ample opportunities, for instance in Turkey and South Africa. Even equities in Asia (India and Indonesia) offer potential long term prospects.



Balancing yield and quality in credit

The extra return offered by credit, over and above government bonds, is currently attractive. But we prefer to do it through what we believe are quality sectors such as banking and insurance in European high grade.



Aim to capture upside in risk assets

A resilient US economy and rate cuts by the Fed and the ECB paint a slightly positive picture for segments that show a potential for strong earnings growth. We like to balance this with a positive stance on gold and select government bonds.



Glossary

- 1. Inflation:** Increase of the general level of prices for goods and services, decreasing purchasing power as a result.
- 2. Central bank:** Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.
- 3. Value:** Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.
- 4. EM** = Emerging markets,
DM = Developed markets.
- 5. Fed** = Federal Reserve,
ECB = European Central Bank

IMPORTANT INFORMATION

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

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